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ECONOMIC GROWTH IN MOUNTAIN WEST METROPOLITAN AREAS

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PURPOSE

This Fact Sheet highlights trends in America's economic progress, demonstrating how four metropolitan statistical areas (MSAs) in the Mountain West region (Salt Lake City, Phoenix-Mesa-Scottsdale, Las Vegas-Henderson-Paradise, and Denver-Aurora-Lakewood) fared from 2016 to 2017 and from 2007 to 2017 compared to the national economy and the 100 largest metropolitan economies.

KEY FINDINGS:

1. Growth was widespread across the 100 largest metropolitan areas between 2016 and 2017, but entrepreneurship declined over the last decade. The Phoenix, Las Vegas, and Salt Lake City metro areas all suffered more than a ten percent decline in jobs at young firms, while Denver's entrepreneurship grew by over ten percent.
2. Prosperity rose in most places, but standards of living remain below 2007 levels in many metros. The Salt Lake City and Denver metro areas both saw an increase in prosperity and in the standard of living over the last decade, while the Las Vegas and Phoenix metro areas saw a decrease in prosperity and standard of living from 2007-2017, despite growth across all four metro areas from 2016-2017.
3. Most metro areas grew more inclusive but earnings in many areas, including Las Vegas and Phoenix, had yet to reach pre-recession levels by 2017.
4. More metro areas registered increases in racial gaps over the last decade for median earnings and relative poverty than achieved declines.
5. The Salt Lake City and Denver metro areas outperformed the Las Vegas and Phoenix metro areas in every category except inclusion by race. Denver is the only metro area in the 100 largest metro areas to achieve across the board improvements in growth, prosperity, inclusion, and inclusion by race.

MEASUREMENTS

Using the metropolitan area economic information gathered from EMSI estimates and the U.S. Census Bureau compiled by the Brookings Metro Monitor Report, the Bureau of Economic Analysis, and the Federal Reserve Economic Data, the following table and figures show the economic trends in the selected Mountain West region metropolitan statistical areas.

Tables 2-5 use data compiled by the Metro Monitor 2019 to evaluate the economic trends of the Las Vegas-Henderson-Paradise MSA, the Denver-Aurora-Lakewood MSA, The Salt Lake City MSA, and the Phoenix-Mesa-Scottsdale MSA in "growth (size and dynamism of the regional economy), prosperity (average wealth and income the regional economy produces), inclusion (how changes in growth and prosperity are distributed among the region's individuals and households), and racial inclusion (whether regional changes in inclusion expand or narrow differences by race and ethnicity)" from 2007-2017 and from 2016-2017.¹ Metropolitan Statistical Areas (MSAs) are defined by the Office of Management and Budget as follows: "A region generally consisting of a large population nucleus and adjacent territory with a high degree of economic and social integration, as measured by community ties."²

¹ Brookings, Metropolitan Policy Program. (2019, March 21). *Inclusive economic growth proves elusive in metropolitan America* [Press release]. Retrieved from https://www.brookings.edu/wp-content/uploads/2019/03/PressRelease_MetroMonitor2019_Final.pdf

² Office of Management and Budget: 2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas (Vol. 75, Rep. No. 123). (n.d.). Federal Register. Retrieved from <https://www.govinfo.gov/content/pkg/FR-2010-06-28/pdf/2010-15605.pdf>.

Table 1 includes the population in the first and last year the data accounts for. Mountain West metros shown below are listed by population size.

TABLE 1: POPULATION SIZE IN THE MOUNTAIN WEST

Metropolitan Statistical Area (MSA)	Population	
	2007 ³	2017 ⁴
Phoenix-Mesa-Scottsdale, AZ	4,179,427	4,737,270
Denver-Aurora-Lakewood, CO	2,464,866	2,888,227
Las Vegas-Henderson-Paradise, NV	1,836,333	2,204,079
Salt Lake City, UT	1,099,973	1,203,105

I. GROWTH

Growth measures indicate the change in the size of an economy and the amount of entrepreneurship. Positive economic growth “creates new opportunities for individuals”³ and entrepreneurship reflects investor confidence in future growth prospects. Measurements include the percent change in jobs measured by the total number of occupied full- and part-time employment positions, the percent change in Gross Metropolitan Product (GMP) indicating the total value of goods and services produced in a metropolitan area (including wages and profits), and the percent change in jobs at young firms to measure entrepreneurship. In Table 2, green represents a positive percent change, and red represents a negative percent change.

While all of the metro areas evaluated in this fact sheet experienced job growth from 2016-2017 and from 2007-2017, they fared differently in terms of GMP and in entrepreneurship. Table 2 shows that Denver and Salt Lake City both experienced over a 20% increase in GMP from 2007-2017. Phoenix and Las Vegas experienced far less growth over that period; Phoenix experienced a modest increase and Las Vegas faced a decline in the decade following the recession. Entrepreneurship (as measured by the number of jobs at new firms) decreased by just over 10% in both Salt Lake City and Phoenix, Las Vegas experienced a nearly 20% decline in jobs at young firms, and Denver experienced over 10 percent increase in the number of jobs at young firms. Each of these indicators demonstrate Denver’s success compared the other major metro areas in the Mountain West and Las Vegas’ struggle to grow.

TABLE 2: GROWTH IN LARGE MOUNTAIN WEST METRO AREAS

	Salt Lake City MSA		Phoenix MSA		Denver MSA		Las Vegas MSA	
	2016-17	2007-17	2016-17	2007-17	2016-17	2007-17	2016-17	2007-17
Jobs	2.5%	17.1%	2.8%	6%	2.1%	18%	3%	4.4%
Gross Metropolitan Product	2.9%	22.2%	3.3%	5.7%	3.7%	26.7%	1.8%	-3.7%
Jobs at Young Firms	5%	-11.6%	7.9%	-13.6%	8.8%	11.3%	3.5%	-19.7%

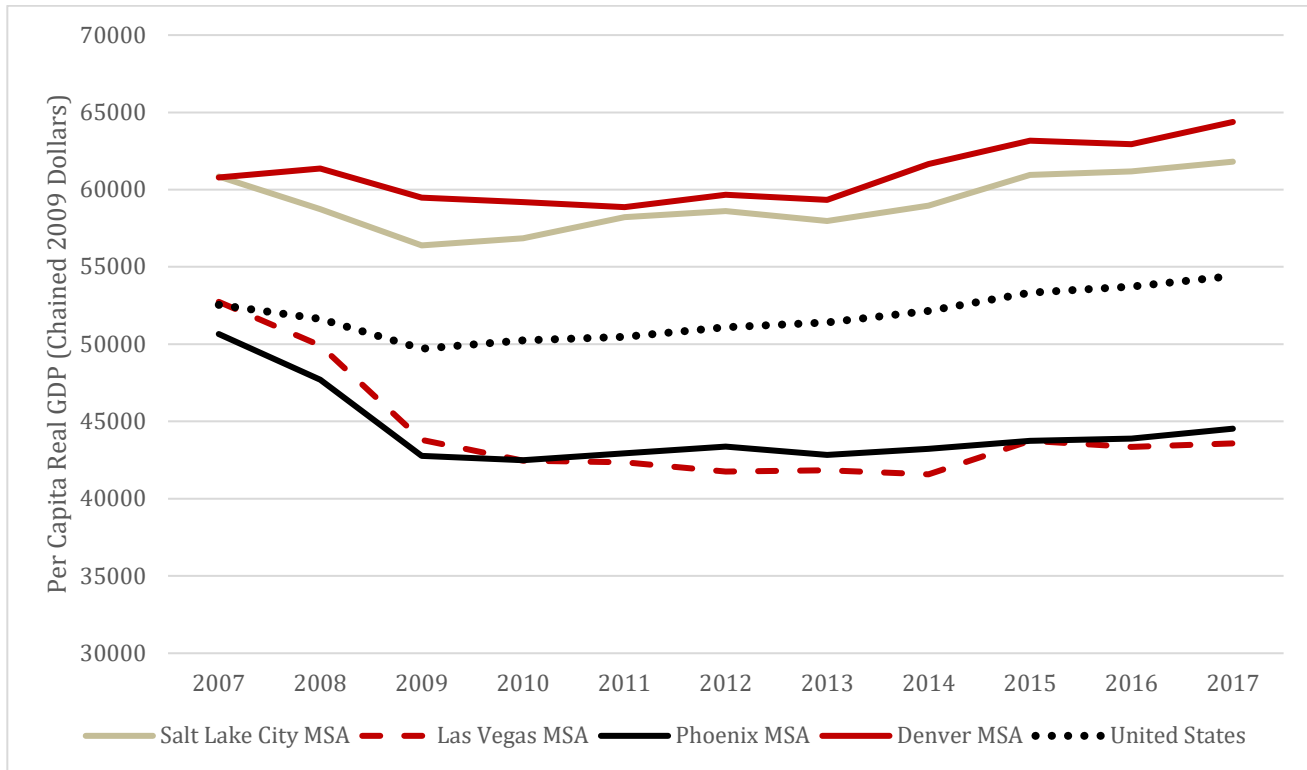
³ US Census Bureau. (2009, June). Population Change in Central and Outlying Counties Tables. Retrieved from <https://www.census.gov/data/tables/time-series/demo/metro-micro/p25-1136.html>

⁴ United States Census Bureau. (2017, July 01). American FactFinder. Retrieved from <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>

⁵ Descriptions of the recorded measures can be reviewed in Berube, A., Shah, I., Friedhoff, A., & Shearer, C. (2019, March 21). *Metro Monitor 2019: Inclusion remains elusive amid widespread growth and rising prosperity* (Rep.). Retrieved May 22, 2019, from Brookings website: <https://www.brookings.edu/research/metro-monitor-2019-inclusion-remains-elusive-amid-widespread-metro-growth-and-rising-prosperity/>

Figure 1 uses data collected for the large Mountain West MSAs over time from Bureau of Economic Analysis. It displays a relatively stagnant Gross Domestic Product (GDP) per capita, with the Salt Lake City and Denver metro areas experiencing a slight increase in the past decade, while the Las Vegas and Phoenix metro areas' Real GDP per capita has declined. This is consistent with the data in Table 2 that describes changing GMP, GDP measured in the metro area, and with Table 3 which shows declining prosperity indicators as a result of declining productivity and standard of living (both measurements that are directly related to GDP) in the Las Vegas and Phoenix metro areas in the past decade and the increasing productivity and standard of living in the Salt Lake City and Denver metro areas.

FIGURE 1: REAL GDP PER CAPITA IN THE MOUNTAIN WEST LARGE METROS COMPARED TO THE UNITED STATES, 2007-2017⁶



II. PROSPERITY

Prosperity indications reflect the change in wealth and income produced by an economy. Increasing productivity and wages improve living standards. Prosperity is measured by the percent change in productivity (the GMP divided by the number of jobs), the percentage change in standard of living (GMP divided by the metro area’s population), and the percentage change in average annual wage. In Table 3, green represents a positive percent change, and red represents a negative percent change.

Table 3 indicates a sizable decrease in productivity in Las Vegas from both 2007-2017 and from 2016-2017, a slight decrease in Phoenix’s productivity over the decade, and an increase in productivity for both Salt Lake City and Denver over the same time period. While GMP gives an impression of the health of each metro area’s economy, the standard of living indicator helps explain how members of the community experience the economy. For example, even though Las Vegas only

⁶ Bureau of Economic Analysis. (2018, September 18). Regional Data GDP and Personal Income: Per capita real GDP by metropolitan area. Retrieved May 22, 2019, from <https://apps.bea.gov/iTable/iTable.cfm?isuri=1&reqid=70&step=1#isuri=1&reqid=70&step=1>

experienced a slight decrease in GMP from 2007-2017, its standard of living dropped by nearly 20 percent. Phoenix’s standard of living also declined by over 10%, consistent with its poor performance in growth indicators.

TABLE 3: PROSPERITY MEASURES IN THE MOUNTAIN WEST

	Salt Lake City MSA		Phoenix MSA		Denver MSA		Las Vegas MSA	
	2016-17	2007-17	2016-17	2007-17	2016-17	2007-17	2016-17	2007-17
Productivity	0.4%	4.4%	0.5%	-0.2%	1.6%	7.4%	-1.2%	-7.8%
Standard of Living	1.4%	5.4%	1.4%	-10.3%	2.4%	6.1%	-0.4%	-18.4%
Average Annual Wage	1%	9.1%	1.2%	3.1%	2.5%	8.2%	-0.2%	-3.3%

III. INCLUSION

Inclusion shows how the benefits of prosperity are distributed between laborers. The combination of inclusivity and growth can “increase human capital and raise aggregate demand, boosting prosperity and growth.”⁷ Inclusion is measured by the change in median earnings, relative earnings poverty (the share of people earning less than half of the median wage), and the employment rate. In Table 4, green represents an improvement for each measure, and red represents a decline in the measure.

Consistent with growth and prosperity measures, Table 4 displays that Salt Lake City and Denver performed better overall when compared to Phoenix and Las Vegas in inclusion. Las Vegas was impacted the most negatively from 2007-2017, with over 10% decline in median earnings and a 13.1% increase in poverty, trailing behind the measurements of the other large MSAs in the Mountain West.

TABLE 4: INCLUSION IN THE MOUNTAIN WEST

	Salt Lake City MSA		Phoenix MSA		Denver MSA		Las Vegas MSA	
	2016-17	2007-17	2016-17	2007-17	2016-17	2007-17	2016-17	2007-17
Median Earnings	0.7%	3.1%	6%	-2.9%	-0.1%	1.1%	4.5%	-11.5%
Relative Poverty	0.2%	-0.6%	-1.7%	4.9%	-3.1%	-12.1%	1.5%	13.1%
Employment Rate	1.7%	2.1%	1%	0.1%	1.8%	3.3%	0.7%	-1.9%

IV. INCLUSION BY RACE

Inclusivity, by race indicators, show the gap between the non-Hispanic white population and people of color on indication of the measurements of inclusion (median earnings, relative earnings poverty, and the employment rate). In Table 5, green represents a decrease in the gap, and red represents an increase.

⁷ Ibid.

Table 5 shows that while Las Vegas performed worse than the other metro areas in terms of growth, prosperity, and inclusion, the city made strides in the inclusion by race category, reducing the earnings gap between white people and people of color by over \$2,000, far more than the others.

TABLE 5: INCLUSION BY RACE IN THE MOUNTAIN WEST

	Salt Lake City MSA		Phoenix MSA		Denver MSA		Las Vegas MSA	
	2016-17	2007-17	2016-17	2007-17	2016-17	2007-17	2016-17	2007-17
White/People of Color Median Earnings Gap	-\$2,186	\$60	-\$2,834	-\$1,564	\$182	-\$310	-\$3,060	-\$2,024
White/People of Color Relative Poverty Gap	0 pts	5.6 pts	-0.3 pts	1 pts	-2.6 pts	-6.2 pts	-3.4 pts	-0.5 pts
White/People of Color Employment Rate Gap	1.6 pts	-0.7 pts	0.3 pts	-0.7 pts	-2.7 pts	-0.6 pts	-0.7 pts	-0.8 pts