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Mountain Monitor - 3rd Quarter 2013

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Mountain Monitor

Tracking Economic Recession and Recovery in the Intermountain West's Metropolitan Areas

Kenan Fikri and Mark Muro

December 2013

The quarter's Mountain Monitor marks the four-year anniversary of [Brookings Mountain West's](#) quarterly tracking of the uneven pace of recovery across the major metro areas of the Intermountain West and it finds that, although the region continues to outperform the national economy the rate of recovery slowed moderately in the region's metro areas.

As a group, Mountain region metro areas advanced on all four indicators of economic recovery tracked by the Monitor—employment, output, unemployment, and house prices—but their progress was more restrained in the third quarter of 2013 than it was in the second.

Beneath the regional headline of moderating growth, however, a number of noteworthy developments from individual metro areas stand out.

In sum, the region appeared to remain split at the close of the third quarter between those metro areas where the legacy of the Great Recession is fading steadily, such as Denver, Las Vegas, and Salt Lake City, and places such as Albuquerque, Colorado Springs, and Tucson that were still struggling to regain their footing after a brutal once-in-a-generation economic shock.

Here's how things looked in the region's 10 major metropolitan areas in the third quarter:

Albuquerque. Albuquerque's job market turned a corner in the second quarter of 2013 with a strong 1.2 percent increase in employment after having posted fresh job losses only one quarter before. Output increased by 0.5 percent, slightly faster than in the second quarter. The unemployment rate fell by 0.3 percentage points over the quarter to 6.7 percent. House prices, meanwhile, remained flat, rising by only 0.1 percent over the quarter and remaining 17.1 percent below their pre-recession peak.

Boise. The rate of job growth in Boise fell from 0.9 percent in the second quarter of 2013 to 0.3 percent in the third, in line with the national average. Boise's output recovery also tracked the national average and slowed slightly from 0.7 percent in the second quarter to 0.6 percent to the third. Meanwhile, the unemployment rate notched upwards by 0.1 percentage points over the third quarter to 6.2 percent. At

the same time Boise's housing market recovery accelerated as prices rose by 4.2 percent. Over the year, home prices have increased by 14.7 percent—one of the strongest rebounds in the country.

Colorado Springs. Job growth turned slightly negative in Colorado Springs in the third quarter as employment shrank by 0.1 percent after increasing by 0.7 percent in the previous quarter. Likewise, the metro's economic output continued to stagnate as it expanded by a meager 0.1 percent in the third quarter. Unemployment also remained nearly unchanged, falling by 0.1 percentage points to 8.2 percent—the second highest in the region and a full percentage point above the national average. With that said, Colorado Springs' housing recovery accelerated and prices increased by 1.6 percent—the highest quarterly growth rate all year.

Denver. The rate of job growth in Denver increased slightly from 0.8 percent in the second quarter to 0.9 percent in the third—one of the fastest growth rates in the country. Denver's economy continued to expand output at a steady 0.6 percent rate. The unemployment rate fell 0.2 percentage points to 6.7 percent. Denver's housing market recovery gained steam over the third quarter as home prices increased by 3.9 percent and have risen by a cumulative 10.3 percent over the past year.

Las Vegas. Las Vegas' employment recovery accelerated in the third quarter as job growth increased to 0.8 percent, well above the national average. Output grew by 0.6 percent for the second straight quarter, in line with the national average. Las Vegas also posted the largest quarterly decline in joblessness in the region as its unemployment rate fell by 0.6 percentage points to 9.1 percent. House prices, for that matter, rose faster in Las Vegas than they did in any other large metro area in the country in the third quarter, increasing by 5.9 percent. Despite the quarter's strong gains and 22.6 percent growth over the year, however, house prices still stood—barely—below 50 percent of their former peaks.

Ogden. The rate of job growth slowed considerably in Ogden from a 1.7-percent expansion in employment in the second quarter to a lower but still-strong 0.5 percent expansion in the third. Ogden's output growth slowed similarly sharply, falling from 1.4 percent in the second quarter to 0.5 percent in the third. The unemployment rate declined in the third quarter by 0.2 percentage points to 4.6 percent. House prices continued to rise in Ogden in the third quarter but more slowly than in the second; this quarter's 1.8 percent increase contributed to 6.2 percent growth over the year.

Phoenix. Employment recovery progressed at an average pace in the third quarter in Phoenix, with employment increasing by 0.3 percent. Phoenix performed better in terms of output, with its economy expanding by 0.9 percent in the third quarter, one of the fastest growth rates in the country. The metro area's unemployment recovery stagnated with the unemployment rate unchanged at 6.9 percent—0.3 percentage points below the national average. The region's housing recovery slowed from 5.6 percent growth in the second quarter to still-strong 4.0 percent growth in the third quarter. By the end of the quarter the house price index in Phoenix was approaching two-thirds of its pre-recession high mark.

Provo. Provo enjoyed the fastest job growth among all of the nation's large metro areas in the third quarter as employment expanded by 1.8 percent, up from 1.6 percent in the second quarter. The rate of output growth slowed slightly, by contrast, and fell from 0.6 percent in the second quarter to 0.5 percent in the third. Provo's well below-average unemployment rate fell further by 0.1 percentage points over the third quarter to 4.5 percent. House prices, meanwhile, increased by 3.0 percent—a slowdown over the second quarter but a strong performance compared to the 1.5 percent increase nationally.

Salt Lake City. The employment growth rate fell to 0.7 percent in Salt Lake City in the third quarter but remained faster than the national and regional averages. The rate of output growth slowed too, from a heady 1.6 percent in the second quarter to 0.9 percent in the third—which still counted as one of the fastest output expansions in the country. Salt Lake City ended the third quarter with the lowest

unemployment rate in the region at 4.3 percent—down a slight 0.1 percentage point over the previous quarter. House prices increased by 3.0 percent over the quarter and by 9.9 percent over the year.

Tucson. Tucson posted renewed job losses in the second quarter as employment declined by 0.4 percent. Output growth remained positive and high compared to peers, at 0.8 percent during the third quarter, but came in below the second quarter’s 1.0 percent growth rate. The unemployment rate remained unchanged over the quarter at 7.0 percent. Tucson’s housing recovery progressed slowly with house prices increasing by only 0.7 percent—down from 2.5 percent in the second quarter and below the national average of 1.5 percent.

Summary Table

| Metro Area | Employment | | Output | | Unemployment | | House prices | |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|-------------|------------------|------------------|
| | 2013Q2 to 2013Q3 | 2013Q1 to 2013Q2 | 2013Q2 to 2013Q3 | 2013Q1 to 2013Q2 | 2013Q2 to 2013Q3 | Rate 2013Q3 | 2013Q2 to 2013Q3 | 2012Q3 to 2013Q3 |
| Albuquerque, NM | 1.2% | -0.4% | 0.5% | 0.4% | -0.3% | 6.7% | 0.1% | 0.5% |
| Boise City-Nampa, ID | 0.3% | 0.9% | 0.6% | 0.7% | 0.1% | 6.2% | 4.2% | 14.7% |
| Colorado Springs, CO | -0.1% | 0.7% | 0.1% | 0.0% | -0.1% | 8.2% | 1.6% | 4.7% |
| Denver-Aurora, CO | 0.9% | 0.8% | 0.6% | 0.6% | -0.2% | 6.7% | 3.9% | 10.3% |
| Las Vegas-Paradise, NV | 0.8% | 0.5% | 0.6% | 0.6% | -0.6% | 9.1% | 5.9% | 22.6% |
| Ogden-Clearfield, UT | 0.5% | 1.7% | 0.5% | 1.4% | -0.2% | 4.6% | 1.8% | 6.2% |
| Phoenix-Mesa-Glendale, AZ | 0.3% | 0.6% | 0.9% | 1.0% | 0.0% | 6.9% | 4.0% | 18.1% |
| Provo-Orem, UT | 1.8% | 1.6% | 0.5% | 0.6% | -0.1% | 4.5% | 3.0% | 10.7% |
| Salt Lake City, UT | 0.7% | 1.1% | 0.9% | 1.6% | -0.1% | 4.3% | 3.0% | 9.9% |
| Tucson, AZ | -0.4% | 0.2% | 0.8% | 1.0% | 0.0% | 7.0% | 0.7% | 5.8% |
| Intermountain West metro areas | 0.6% | 0.7% | 0.7% | 0.8% | -0.2% | 6.8% | 3.4% | 4.1% |
| Top 100 metro areas | 0.3% | 0.4% | 0.5% | 0.7% | -0.2% | 7.2% | 2.2% | 2.1% |
| United States | 0.3% | 0.4% | 0.6% | 0.7% | -- | -- | 1.5% | 1.6% |

Please visit the Monitor’s interactive website for additional materials, including individual metro profiles with job and output information by industry and trendline graphics across each indicator at www.brookings.edu/metromonitor.

About the Metropolitan Policy Program at the Brookings Institution

Created in 1996, the Brookings Institution's Metropolitan Policy Program provides decision makers with cutting-edge research and policy ideas for improving the health and prosperity of cities and metropolitan areas including their component cities, suburbs, and rural areas. To learn more visit: www.brookings.edu/metro

Brookings Mountain West

Established in 2009 as a partnership between the Brookings Institution and the University of Nevada, Las Vegas (UNLV), Brookings Mountain West (BMW) seeks to bring high-quality independent and influential public policy research to the critical issues facing the dynamic metropolitan areas of the Mountain West region. In this, the new initiative builds upon the work of Brookings' Metropolitan Policy Program, which focuses on helping metropolitan areas like Las Vegas grow in robust, inclusive, and sustainable ways through attention to the fundamental drivers of prosperity such as innovation, infrastructure, human capital, and quality of place, as well as regional governance. Along those lines, BMW, along with partners throughout the Mountain West, takes a deep interest in such areas as infrastructure improvement, economic growth, demographic change, environmental impact, alternative energy, and real estate investment.

As the Mountain West emerges as a new American Heartland, it will play an increasingly significant role in shaping national policy discussions. BMW provides a forum for this dialogue and offers knowledge-based policy solutions to help improve the quality of life in the West. Learn more at <http://brookingsmtnwest.unlv.edu/>

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