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Mountain Monitor - 4th Quarter 2013

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BROOKINGS MOUNTAIN WEST

Mountain Monitor

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

Kenan Fikri and Mark Muro

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The quarter's Mountain Monitor finds that the pace of economic recovery in the Mountain West region's major metropolitan areas converged toward that of the rest of the nation in the last quarter of 2013.

While quarterly performance on the Monitor's four indicators of economic recovery—employment, output, the unemployment rate, and house prices—varied considerably across the 10 major metro areas of the region, their combined performance broadly slowed to track with the rate of national economic recovery. The quarter's average job growth remained unchanged in the region at 0.4 percent as the national economy caught up. The gap between the national unemployment rate and the average unemployment rate in the region narrowed to only 0.3 percentage points. Output growth slowed both in the Mountain West and nationally. And the pace of the Mountain West housing recovery slackened somewhat even as house price appreciation accelerated nationally.

Performance naturally varied by metro area, however. Tucson finally saw the value of its output exceed pre-recession levels as neighboring Phoenix closed 2013 on the cusp of reaching the same milestone. Albuquerque's feeble recovery stalled again in the fourth quarter. Continued recovery on all indicators has left Boise looking less and less like the Sun Belt housing bust case study it resembled immediately after the recession and increasingly like peers in Colorado and Utah. Denver and Colorado Springs both saw unemployment decline solidly but otherwise their performance diverged. For their part, Utah's three major metro areas continued to perform robustly on most metrics.

For complete information on each metropolitan area's economic performance across indicators and compared to peers, visit Brookings' new [Metro Monitor website](#). Here's a preview of how economic recovery progressed in the Mountain West's 10 major metro areas in the fourth quarter of 2013:

Albuquerque. Job growth turned negative again in [Albuquerque](#) in the fourth quarter, as employment levels declined by 0.3 percent. Albuquerque has experienced one of the weakest job recoveries in the country, with employment levels closing 2013 only 1.3 percent above their post-recession lows. The unemployment rate remained unchanged over the quarter at 6.7 percent of the labor force, the national average. Quarterly output growth slowed to 0.6 percent and trailed the national average for another quarter. House prices rose by 0.6 percent compared to the regional average of 3.4 percent.

Boise. The rate of job growth in [Boise](#) fell below the national average in the fourth quarter to only 0.2 percent. The number of employed persons there closed the year 1.5 percent below the metropolitan area's pre-recession peak, however, leaving Boise the next major metro area in the region poised to pass that hurdle. Other readings were strongly positive. The unemployment rate fell to 5.4 percent—well below the national rate of 6.7 percent and the lowest level in the Mountain West outside of Utah. Output grew at a rate of 0.9 percent for the second straight quarter, a strong performance nationally. Finally, home prices increased by 3.2 percent over the quarter and rose 12.2 percent over the year, well outpacing the national growth rate of 4.5 percent.

Colorado Springs. Job growth turned slightly negative in the fourth quarter as employment contracted by 0.2 percent, making [Colorado Springs](#) one of the three metro areas in the region to lose jobs at the end of the year. Despite the decline, Colorado Springs still ended 2013 with more jobs than it had before the onset of the recession. The unemployment rate fell by 0.7 percentage points over the quarter to 7.5 percent, the second-highest unemployment rate in the region after Las Vegas. Output, meanwhile, expanded by a meager 0.2 percent in the fourth quarter and contrasted starkly with the comparatively robust growth seen in much of the rest of the region. Similarly, home prices rose by just 0.4 percent over the quarter and by 2.2 percent over the year.

Denver. Employment growth in [Denver](#) fell to 0.2 percent, ending a year of otherwise robust progress with a slowdown. With that said, the unemployment rate fell 0.7 percentage points to a new post-recession low of 6.0 percent. Output expanded strongly by 1.0 percent in the fourth quarter and production levels in Denver ended the year 8.0 percent above their pre-recession peak. Home prices, for their part, continued to climb. Prices rose by 2.5 percent over the quarter and 10.0 percent over the year.

Las Vegas. [Las Vegas](#) posted one of the fastest quarterly rates of job growth in the region in the fourth quarter as employment increased by 0.8 percent—double the national and regional averages. Nevertheless, the unemployment rate remained unchanged at 9.1 percent, the highest in the region and one of the highest of any large metro area in the nation. The rate of output growth slowed slightly over the quarter to 0.7 percent. In general Las Vegas has struggled to restore output; since the lowest point of the recession, output in Las Vegas has expanded by just 7.6 percent compared to the Mountain West average of 11.0 percent. In addition, Las Vegas remains the only metro area in which output has neither approached nor surpassed its pre-2009 peak. Home prices, though, increased faster in Las Vegas during the fourth quarter than anywhere else in the region, rising by 6.1 percent and compared to 1.9 percent nationally. The Las Vegas housing market performed better than all other metro markets in the region in 2013, although it still has the most to recover to reach pre-recession levels.

Ogden. After contracting slightly in the third quarter, employment in [Ogden](#) increased by 0.4 percent in the fourth quarter—in line with regional and national averages. The unemployment rate continued to decline steadily and ended 2013 at 4.3 percent. Ogden posted the strongest quarterly increase in output in the region as production expanded by 1.4 percent, doubling the previous two quarters' growth rates. House price growth also accelerated from 1.5 percent in the third quarter to 2.1 percent in the fourth.

Phoenix. Employment in metro [Phoenix](#) surged 0.8 percent in the fourth quarter, ensuring that the Valley of the Sun tied Las Vegas for the fastest job growth in the region. In addition, the unemployment rate finally fell by 0.4 percentage points in the fourth quarter to 6.5 percent, after barely budging for most of 2013. The rate of output expansion, meanwhile, moderated to a still-strong 1.0 percent in the fourth quarter. Phoenix closed 2013 with production levels a mere 0.1 percent below pre-recession peaks—a major milestone. Home prices, for their part, continued their upward climb and rose 4.6 percent over the quarter, the fastest quarterly increase posted all year. Altogether in 2013, home prices in Phoenix rose 17.2 percent, behind only Las Vegas in the region.

Provo. Employment increased by 0.7 percent over the fourth quarter in [Provo](#) after declining slightly the quarter before. Provo ended 2013 with 5.7 percent more jobs than it had before the recession hit—a performance unequaled by any other metro area in the region. In keeping with that, the unemployment rate declined by a half a percentage point over the quarter, to 4.0 percent—well below the national average. The rate of output growth slowed to 0.6 percent in the fourth quarter, however, and fell behind the national average. House prices increased by 2.4 percent, down from 2.8 percent in the third quarter.

Salt Lake City. [Salt Lake City's](#) robust employment recovery lost steam at the end of 2013 and the number of jobs in the metro area actually declined by 0.4 percent, an anomalous finding that may disappear with later data updates. The unemployment rate, for its part, fell below 4 percent for the first time in five years: at 3.9 percent, Salt Lake City ended 2013 with the region's lowest unemployment rate. Output growth slowed too, though, to 1.1 percent even as it outpaced the national average by 0.3 percent. Home prices rose by 2.4 percent over the quarter and 8.4 percent cumulatively over the year.

Tucson. The rate of job growth held steady at 0.3 percent in [Tucson](#) from the third quarter into the fourth. Unemployment fell by the regional average of 0.4 percentage points to 6.6 percent after having risen in the second and third quarters of the year. Production increased strongly as output rose by 1.1 percent and lifted Tucson's gross product above its previous peak, reached in 2007. Home prices posted their strongest increase in 2013 in the last quarter and rose by 2.5 percent—boosting a relative late-comer to the region's housing recovery.

Summary table of performance over the past two quarters

Metro Area	Employment		Output		Unemployment		House prices	
	2013Q3 to 2013Q4	2013Q2 to 2013Q3	2013Q3 to 2013Q4	2013Q2 to 2013Q3	2013Q3 to 2013Q4	Rate 2013Q4	2013Q3 to 2013Q4	2013Q2 to 2013Q3
Albuquerque, NM	-0.3%	0.4%	0.6%	0.8%	0.0%	6.7%	0.6%	0.1%
Boise City-Nampa, ID	0.2%	0.5%	0.9%	0.9%	-0.7%	5.4%	3.2%	4.1%
Colorado Springs, CO	-0.2%	0.1%	0.2%	0.3%	-0.7%	7.5%	0.4%	1.5%
Denver-Aurora, CO	0.2%	0.7%	1.0%	1.1%	-0.7%	6.0%	2.5%	4.2%
Las Vegas-Paradise, NV	0.8%	0.1%	0.7%	0.9%	0.0%	9.1%	6.1%	6.2%
Ogden-Clearfield, UT	0.4%	-0.1%	1.4%	0.7%	-0.3%	4.3%	2.1%	1.5%
Phoenix-Mesa-Glendale, AZ	0.8%	0.6%	1.0%	1.4%	-0.4%	6.5%	4.6%	4.3%
Provo-Orem, UT	0.7%	-0.3%	0.6%	1.1%	-0.5%	4.0%	2.6%	3.0%
Salt Lake City, UT	-0.4%	0.6%	1.1%	1.6%	-0.4%	3.9%	2.4%	2.8%
Tucson, AZ	0.3%	0.3%	1.1%	1.4%	-0.4%	6.6%	2.5%	0.5%
Intermountain West metro areas	0.4%	0.4%	0.9%	1.1%	-0.4%	6.4%	3.4%	3.6%
Top 100 metro areas	0.4%	0.4%	0.7%	1.1%	-0.4%	6.9%	2.6%	1.8%
United States	0.4%	0.3%	0.8%	1.1%	-0.5%	6.7%	1.9%	1.7%

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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