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Economic Recovery in the Rocky Mountain West: Metro Trends and Bottom-up Responses

Mark Muro

Brookings Institution, mmuro@brookings.edu

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BROOKINGS MOUNTAIN WEST

Economic Recovery in the Rocky Mountain West:

Metro Trends and Bottom-up Responses

Rocky Mountain West Urban Leadership Symposium

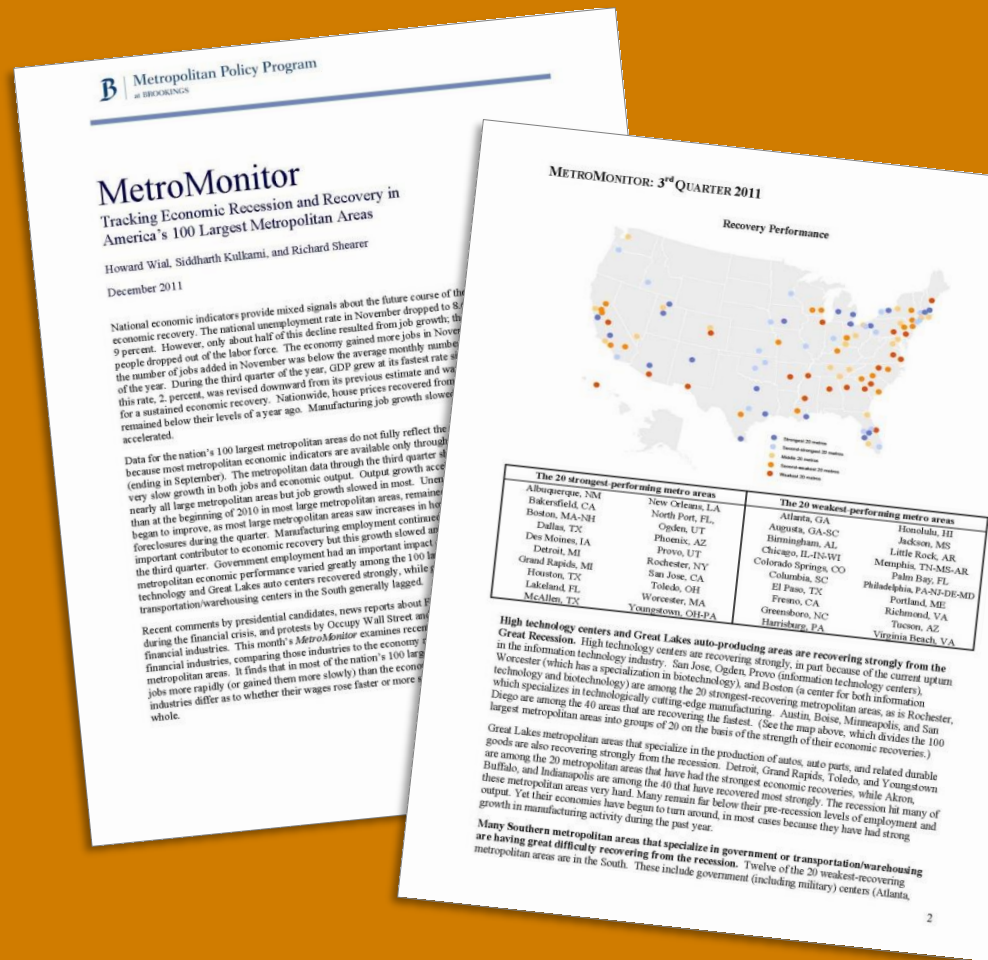
Mark Muro

February 15, 2011

Agenda

- National trends from Brookings' ***MetroMonitor***
- Mountain West trends from the ***MountainMonitor***
- “Bottom-up” responses

National trends from Brookings' *MetroMonitor*

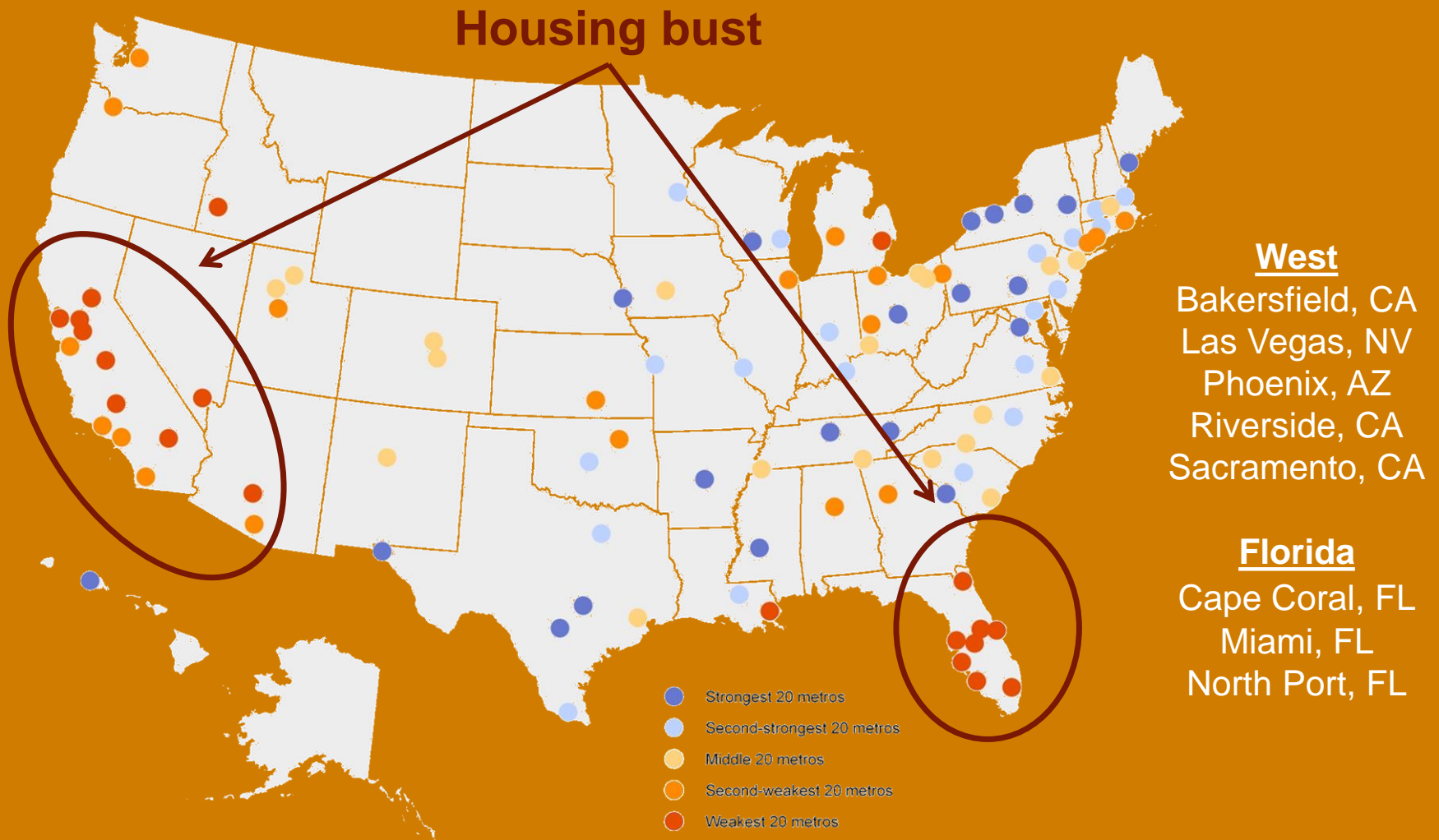


MetroMonitor. Methodology

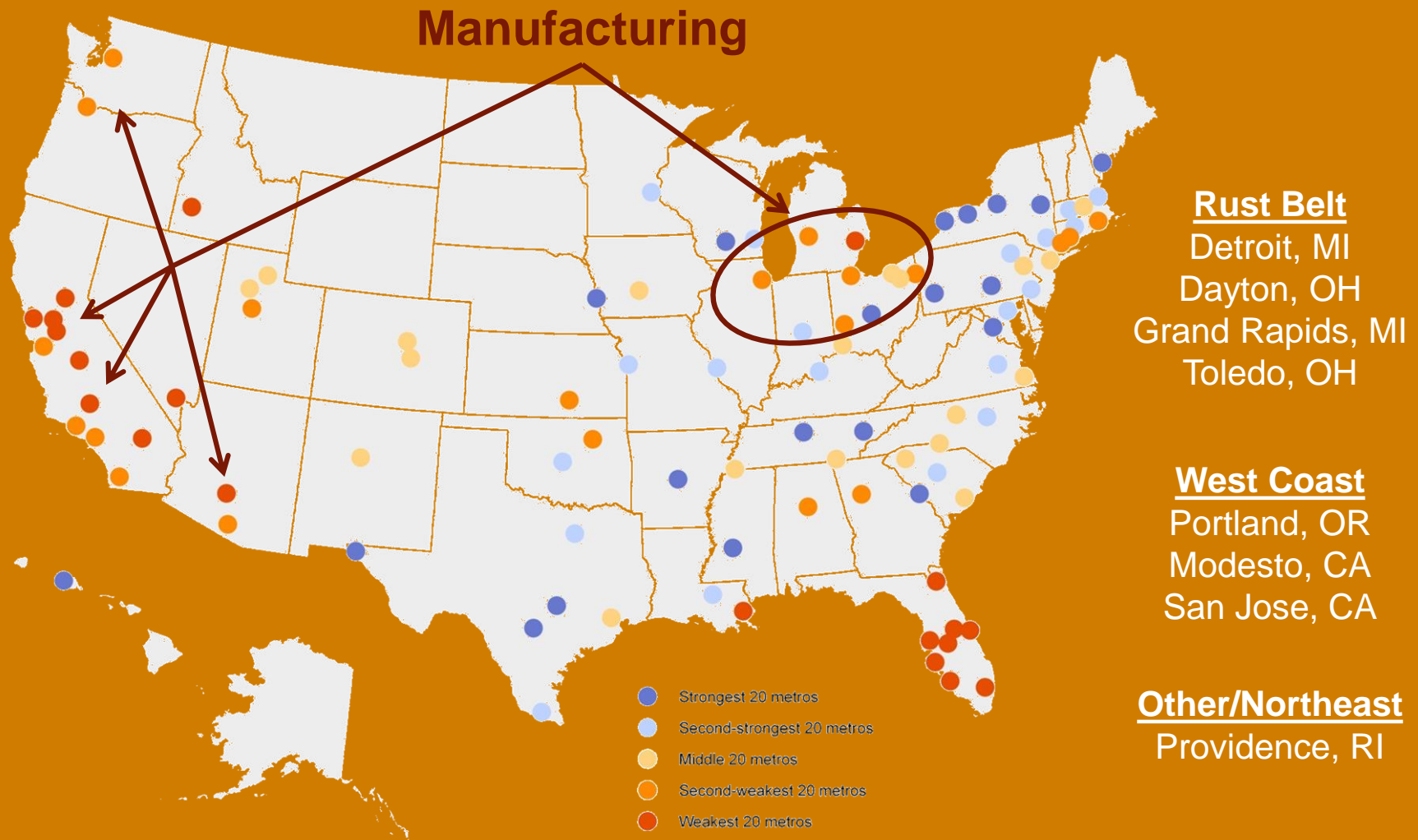
The *MetroMonitor* tracks progress over the recession and recovery on five separate indicators and a composite measure of overall performance

- ✓ Employment
- ✓ Unemployment rate
- ✓ Gross metropolitan product (GMP)
- ✓ Housing prices
- ✓ Real estate-owned properties (foreclosures)

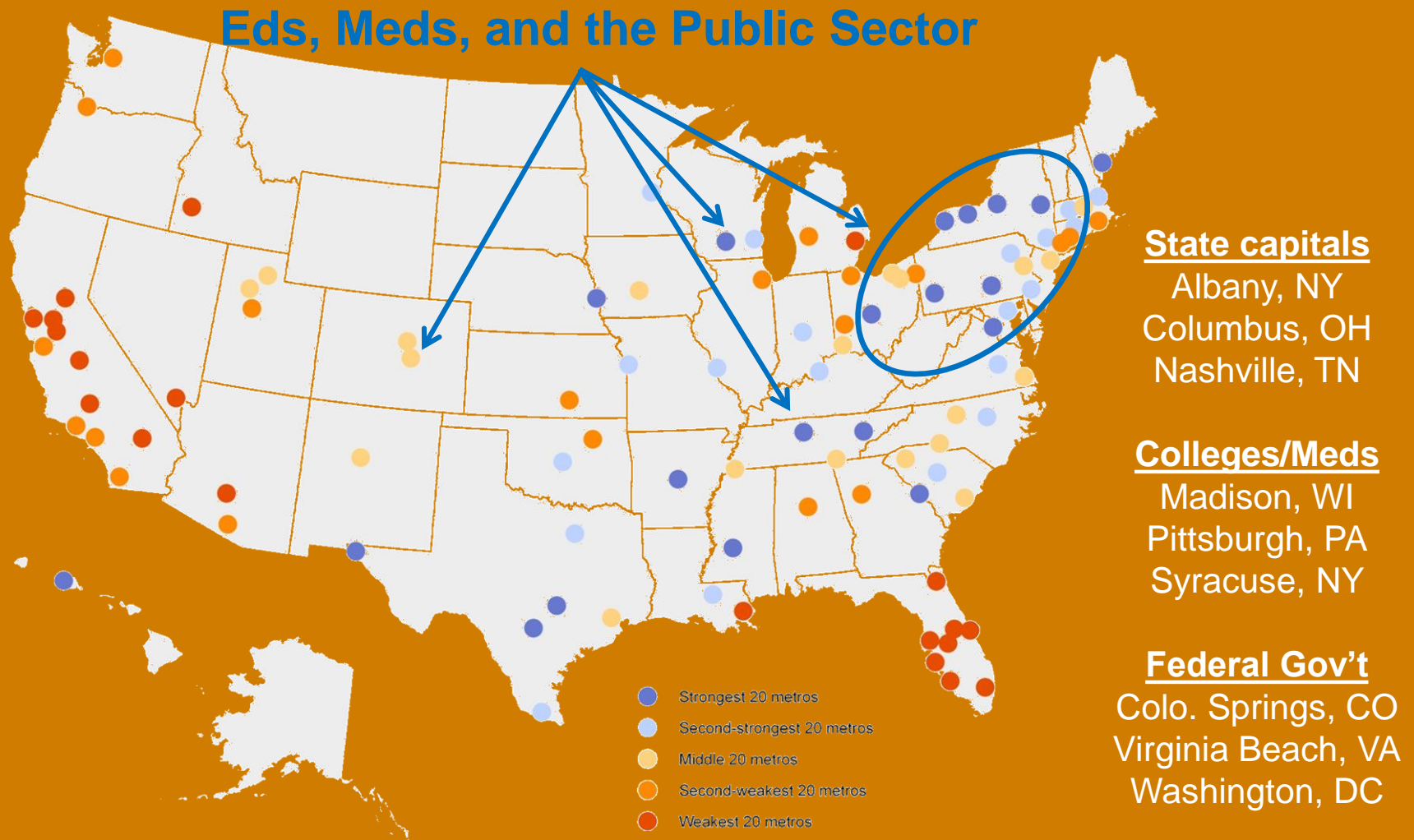
Recession performance: Housing boom-to-bust metros were the epicenter of the recession



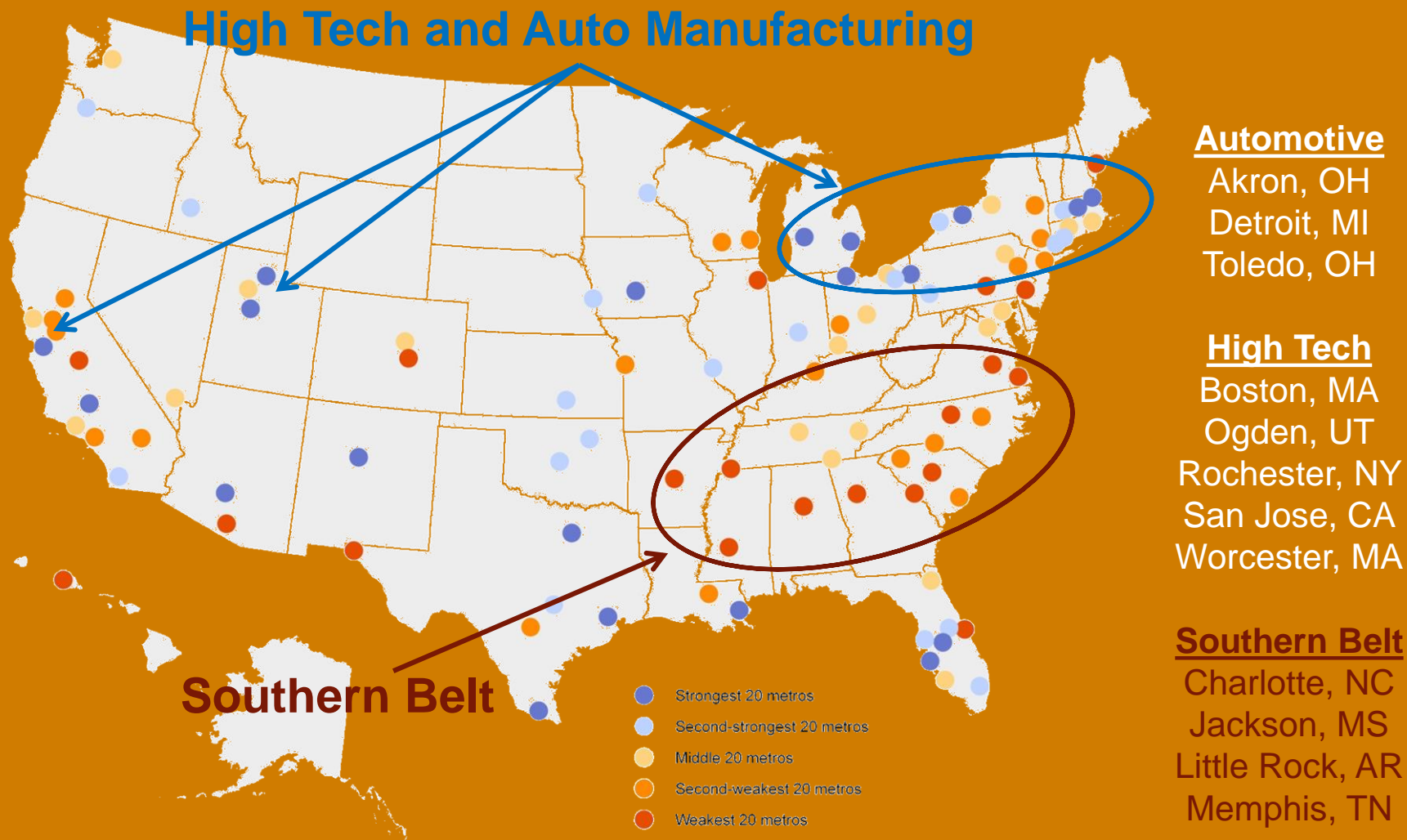
Recession performance: Manufacturing contracted severely—especially in the auto-dependent Rust Belt



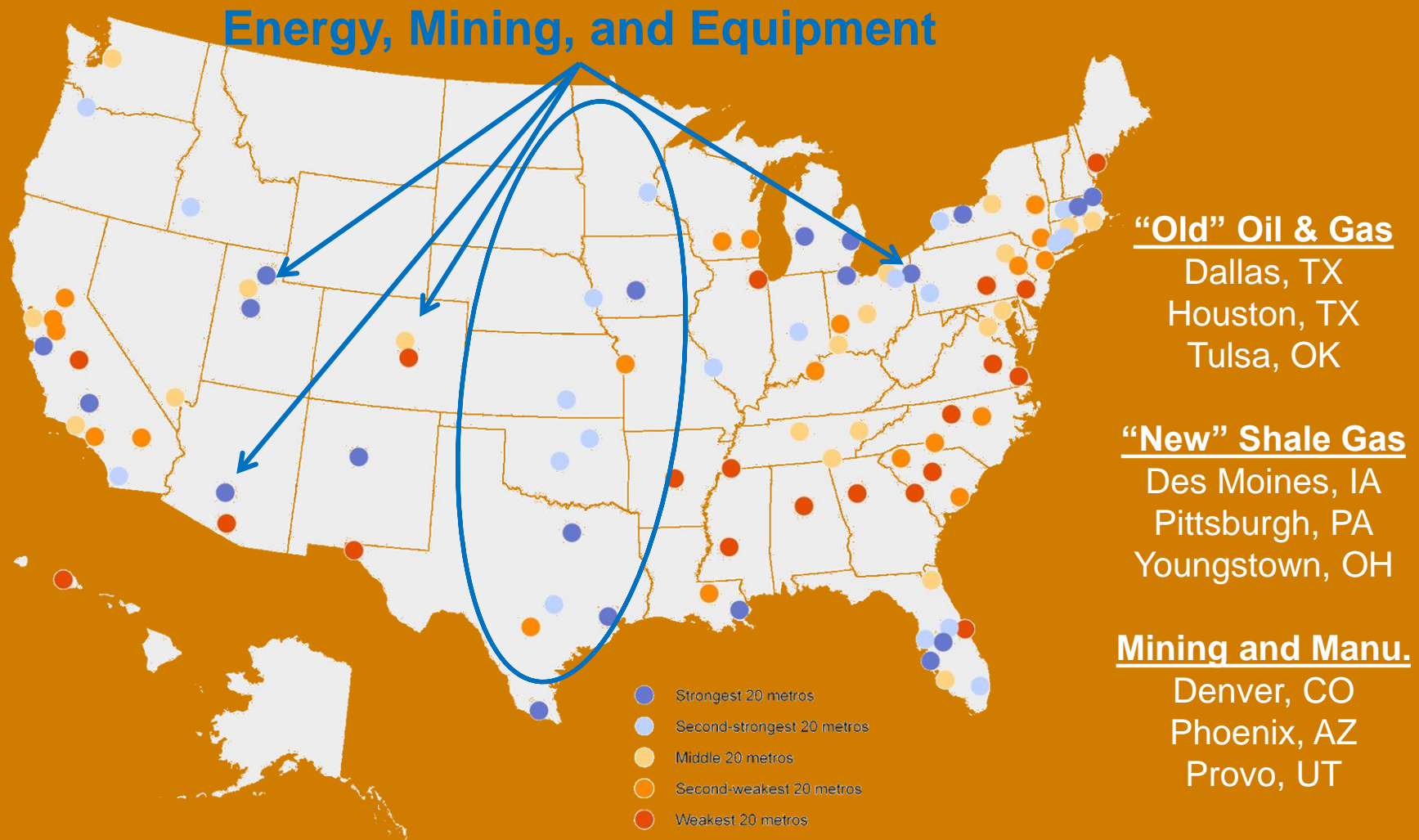
Recession performance: Education, healthcare, and the public sector provided initial stability



Recovery performance: Rebounds in high tech and auto manufacturing contrast malaise in lower-road sectors



Recovery performance: Commodities-driven growth is spreading via shale gas and equipment manufacturing



Mountain West trends from the *MountainMonitor*



- ✓ Companion drill-down to the national *Monitor*
- ✓ Focus on the 10 largest metros in the Intermountain West
- ✓ Covers Arizona, Colorado, Idaho, Nevada, New Mexico, and Utah

Recession spared no corner of the Intermountain West

Overall performance over the recession

3rd Quintile

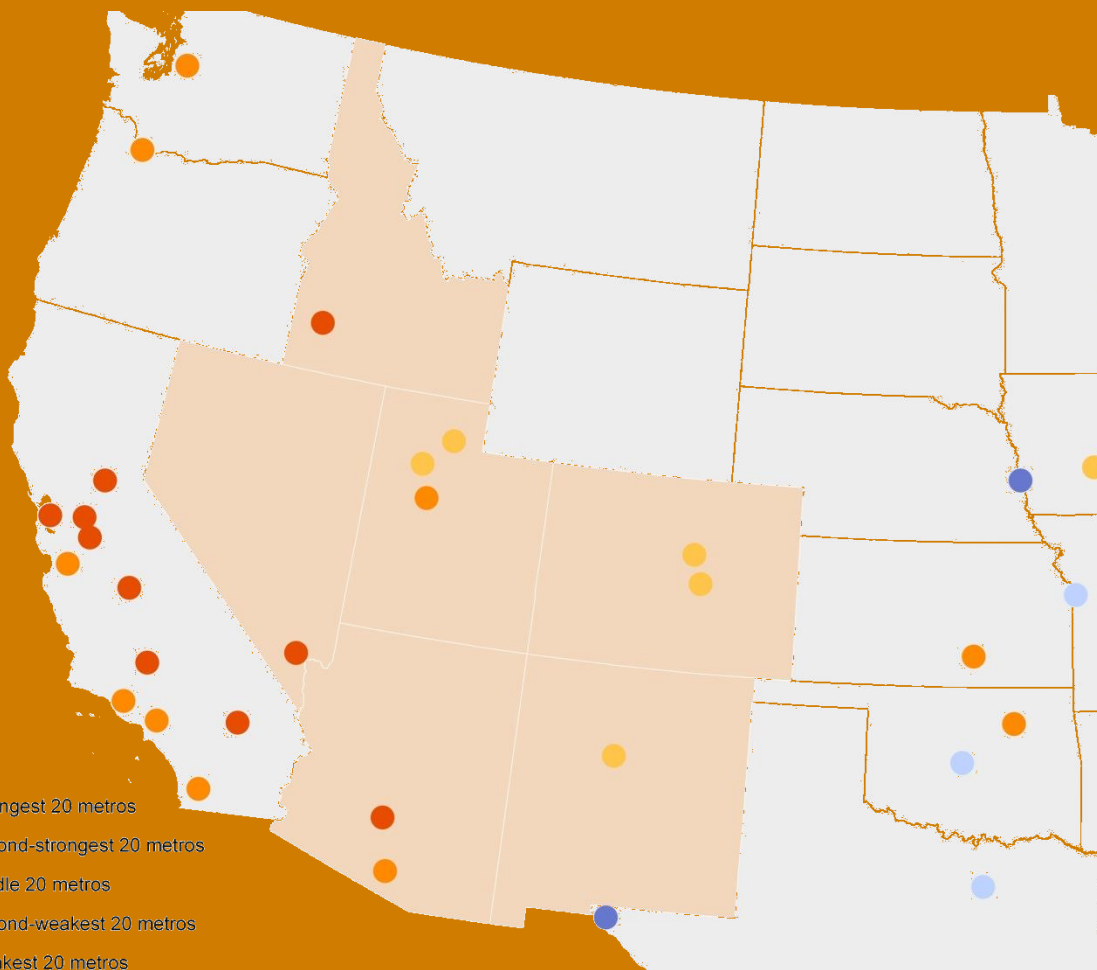
Albuquerque
Colorado Springs
Denver
Ogden
Salt Lake City

4th Quintile

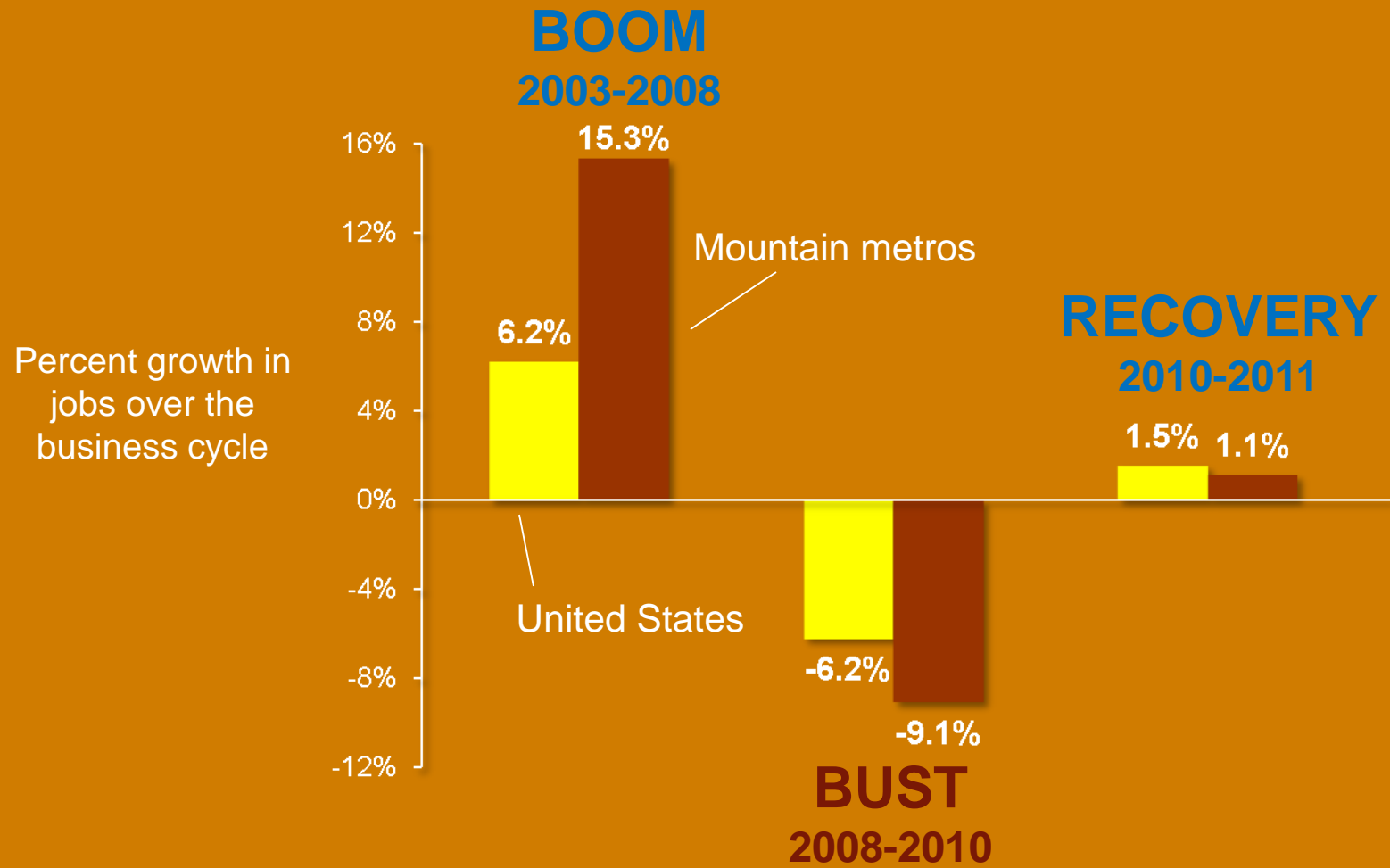
Provo
Tucson

5th Quintile

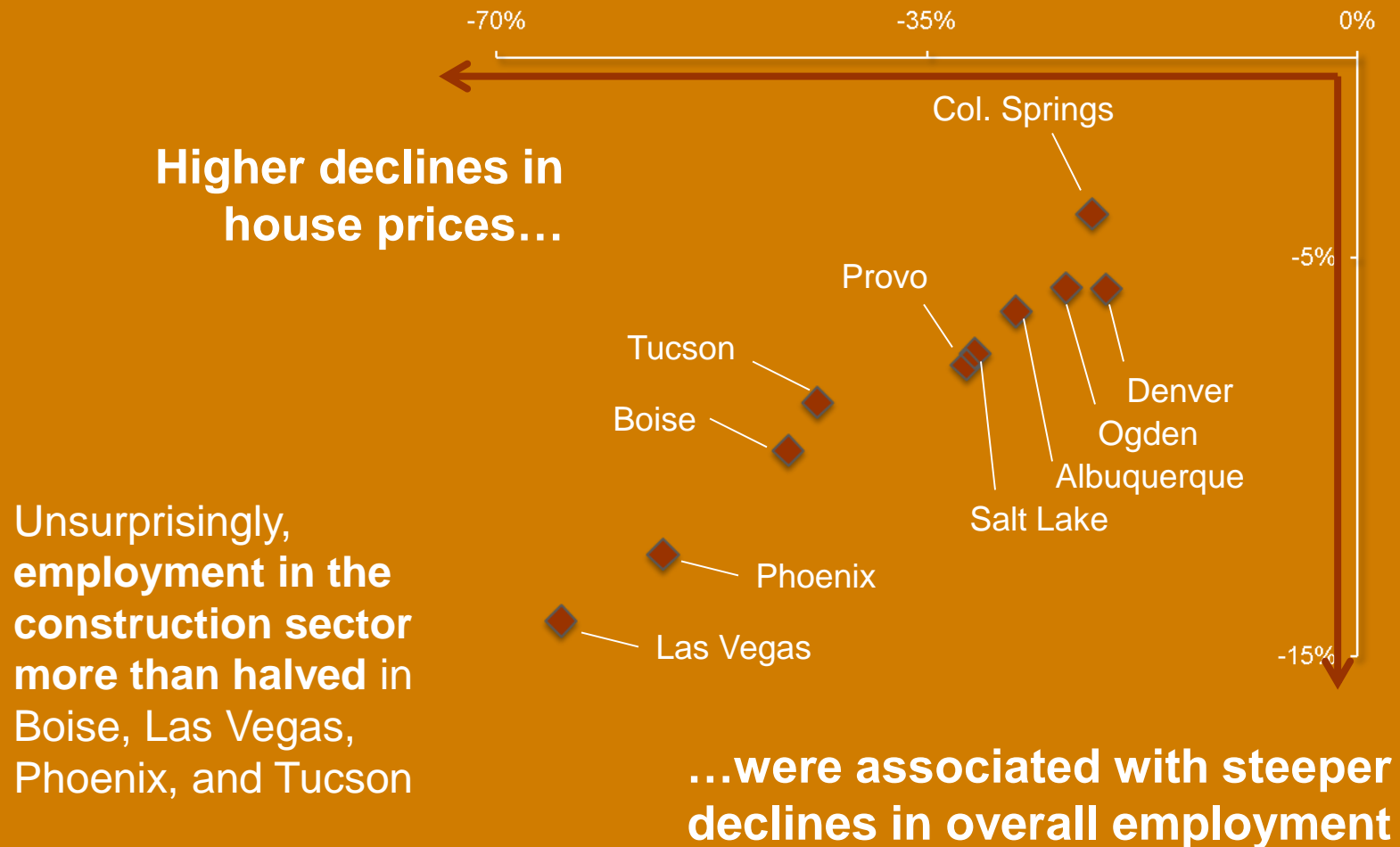
Boise
Las Vegas
Phoenix



Mountain metros enjoyed an extreme boom, an exaggerated bust, and now struggle with a more anemic recovery



Involvement in the real estate crash proved disastrous for the region's western edge



Recession was shallower but broad-based across the region's eastern edge



Albuquerque

Colorado Springs

Denver

Ogden

Provo

Salt Lake City

Nevertheless, **construction and manufacturing lost proportionally more jobs** than all other sectors in every metro, with the exception of Tucson

Recovery has been variable across the region; the early typologies of recession have broken down

Overall performance over the recovery

1st Quintile

Albuquerque
Ogden
Provo
Phoenix

2nd Quintile

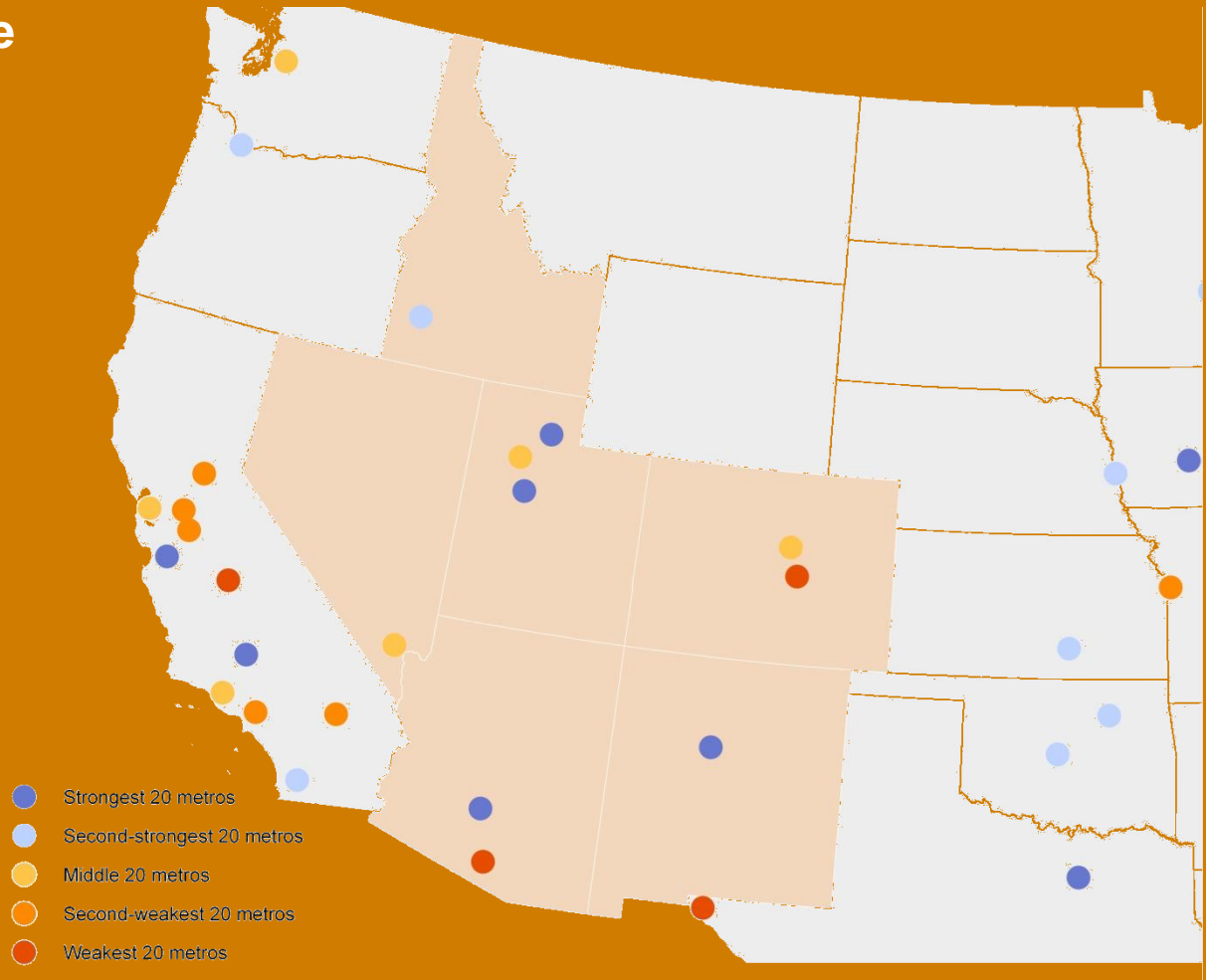
Boise

3rd Quintile

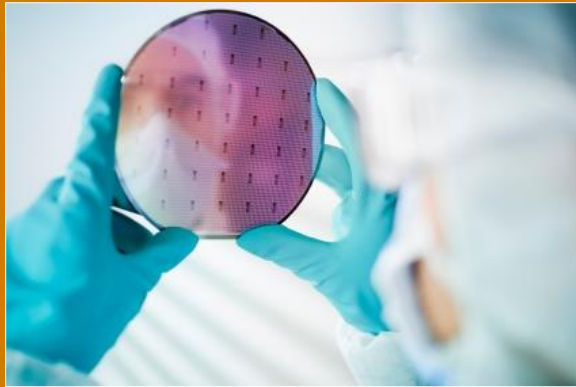
Denver
Las Vegas
Salt Lake City

5th Quintile

Colorado Springs
Tucson



Recovery has favored high-tech and manufacturing metros



Albuquerque

Ogden

Provo

Phoenix

Salt Lake City

Manufacturing has grown 12.7 percent above trough in Provo, 10.2 percent above trough in Ogden, and 4.8 percent above trough in Boise

The region's strongest exporters are also its fastest recoverers

Over-the-recession exports grew **12.2 percent annually in Albuquerque**—fastest among the nation's large metros.

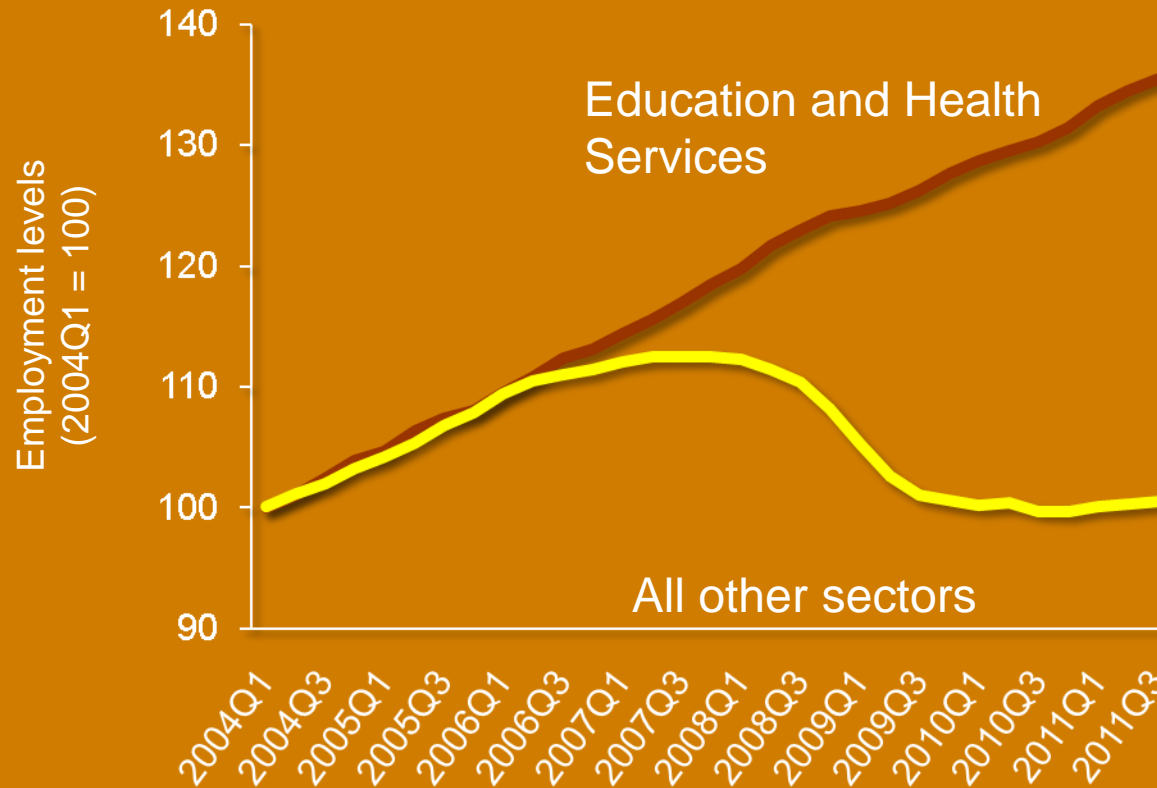
Export growth averaged **4 percent in Utah's metros**, all of which landed in the top quintile.



These metros **dominated export growth to the BICs**—making outsized contributions to national and global rebalancing

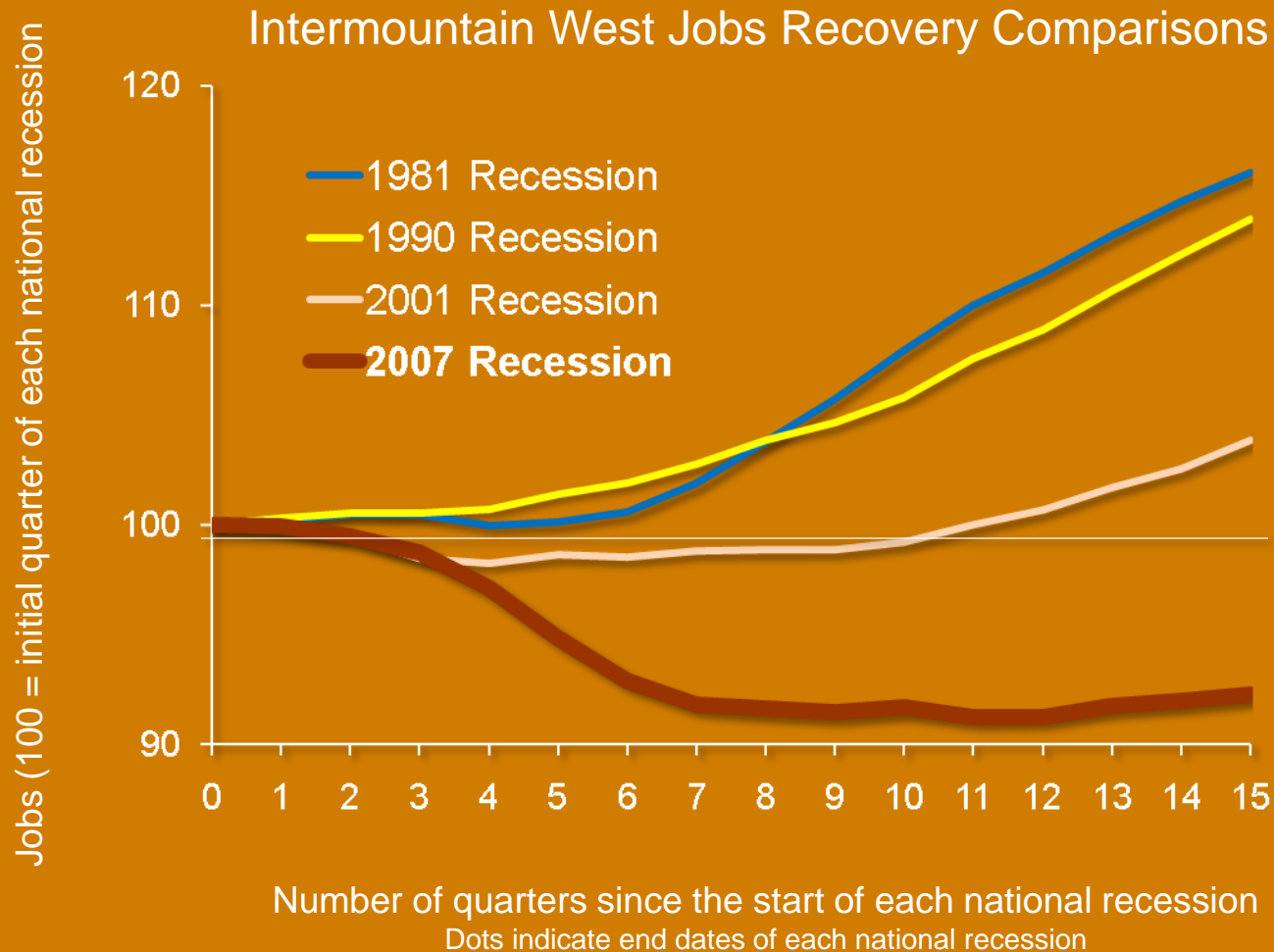
...and these top exporters all fall in the **first or second quintile on overall recovery**

Education and healthcare has been a continuous and welcome source of jobs for Mountain metros

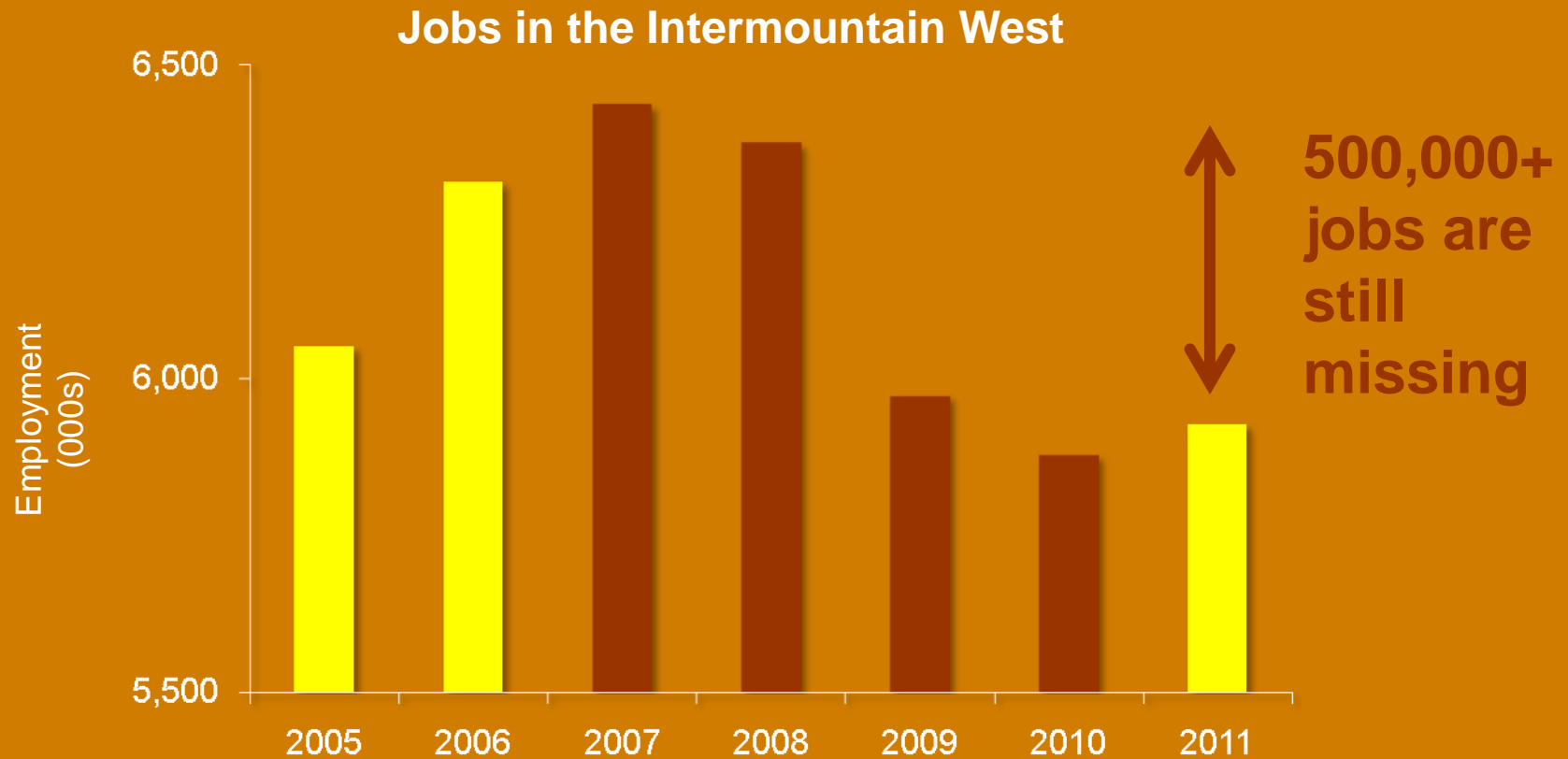


In **Boise, Denver, Ogden, and Phoenix**, education and healthcare added jobs in every single quarter of recession and recovery

By any measure the situation is still grave: This time really is different



The region faces a massive jobs deficit



Don't expect much help from the feds

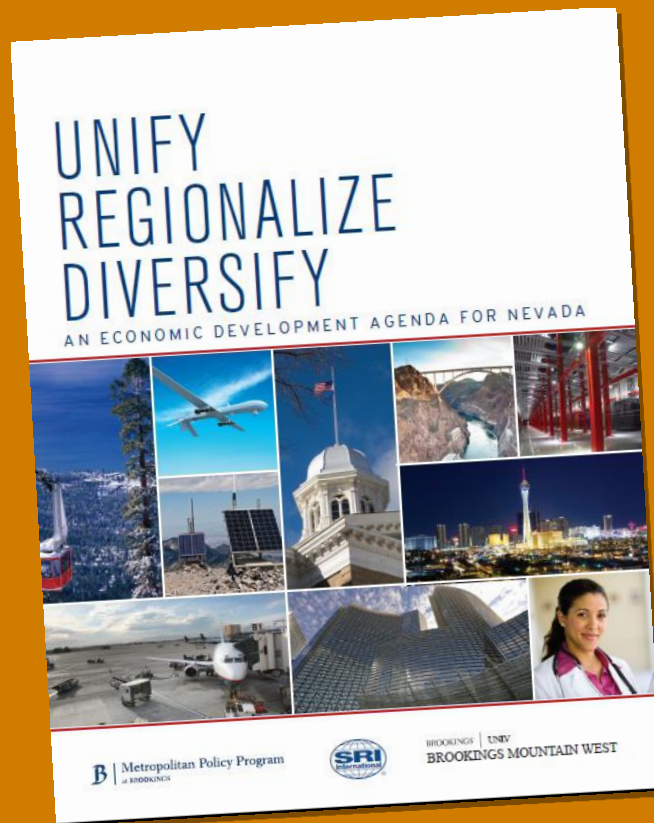


Bottom-up responses

With the feds absent, state, local, and regional leaders are working to accelerate the recovery



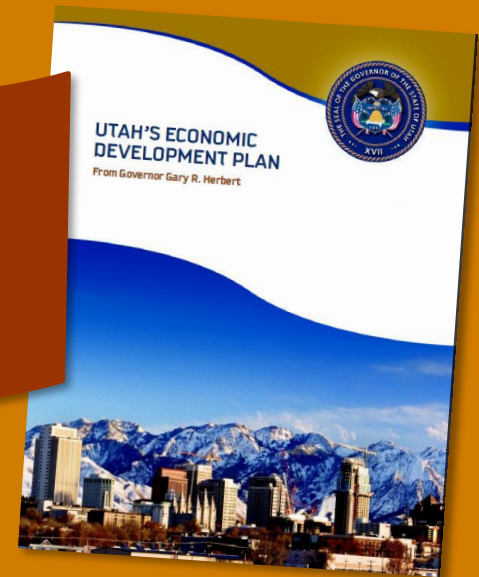
Nevada is coalescing around a shared strategy for diversification



Utah is aligning disparate organizations and agencies in service of an urgent mission

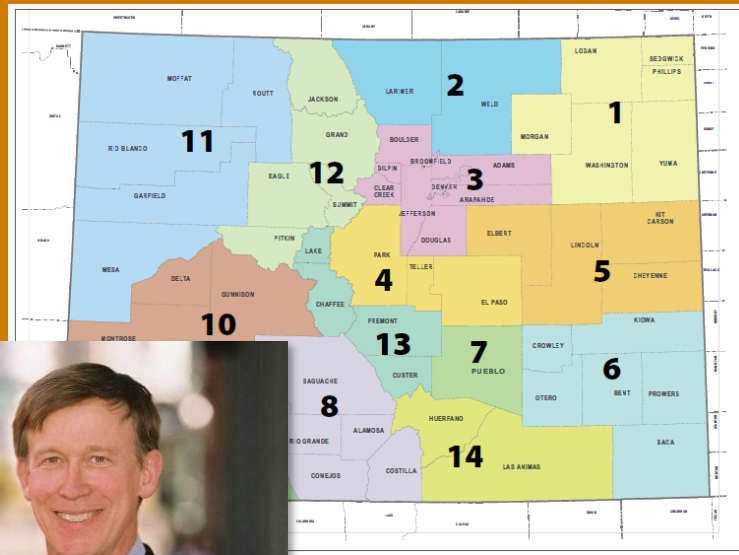


**Mission: 100,000
private sector jobs in
1,000 days**



Colorado is aiding and abetting regional bottom-up initiatives

Regions informed the Governor's statewide blueprint. Now, regions are formulating tailored strategies (complete with success metrics) around their own priorities and the blueprint's primary objectives



- ✓ A comprehensive statewide but region-based industry cluster strategy
- ✓ Vertical and horizontal alignment of priorities, plans, and resources
- ✓ Local ownership of economic development



Phoenix, AZ is engaging globally on exports with a metropolitan business plan



- ✓ Innovation-fueled, value-driven, technology-based economic development
- ✓ Export-oriented and rooted in clusters
- ✓ Special focus on cleantech



Denver is going all out to attract FDI and establish itself as a hub for international business

- ✓ Establishing “**reverse trade missions**” for in-bound investors
- ✓ Targeting investment from countries with direct air connections to DIA
- ✓ Pursuing **air links to Asia**
- ✓ Capitalizing on unique assets in aerospace and as an HQ hub
- ✓ Leveraging FDI to **build out clusters** and complete development plans
- ✓ Linking DIA to downtown via **FasTracks**



Las Vegas is building an “innovation district” in the Fremont East District of downtown



A 1.5 square mile, \$350 million downtown redevelopment

- \$60 million in renovation of city hall for **Zappo's corporate campus**
- \$100 million in **residential redevelopment**
- \$50 million to recruitment of **tech start-ups** via seed investments of \$100,000 a piece
- \$50 million towards **small businesses** and amenities
- \$50 million towards **schools** (incl. partnership with Teach for America)



BROOKINGS MOUNTAIN WEST

Mark Muro

Washington Director, Brookings Mountain West,
Senior Fellow and Policy Director, Brookings Metropolitan Policy Program

Follow me on Twitter: [@markmuro1](#)

For more information

<http://www.brookings.edu/metro/MetroMonitor.aspx>