

2000

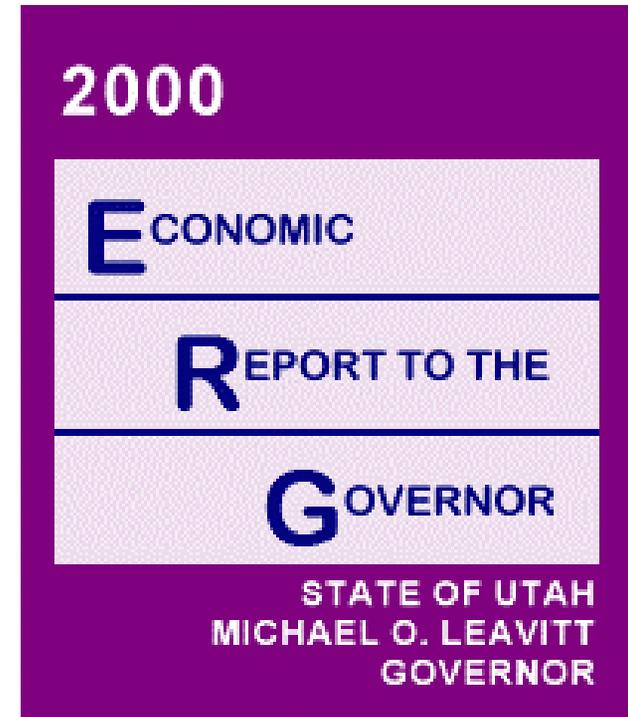
Economic Report to the Governor

Presented to:
Utah Employer's Conference
January 12, 2000

Presented by:
Natalie Gochnour
Governor's Office of Planning and Budget

Overview

- **Contributors**
- **Highlights**
 - **Moderation**
 - **Stabilization**
 - **Transition**
 - **Position**
- **Outlook**



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Council of Economic Advisors

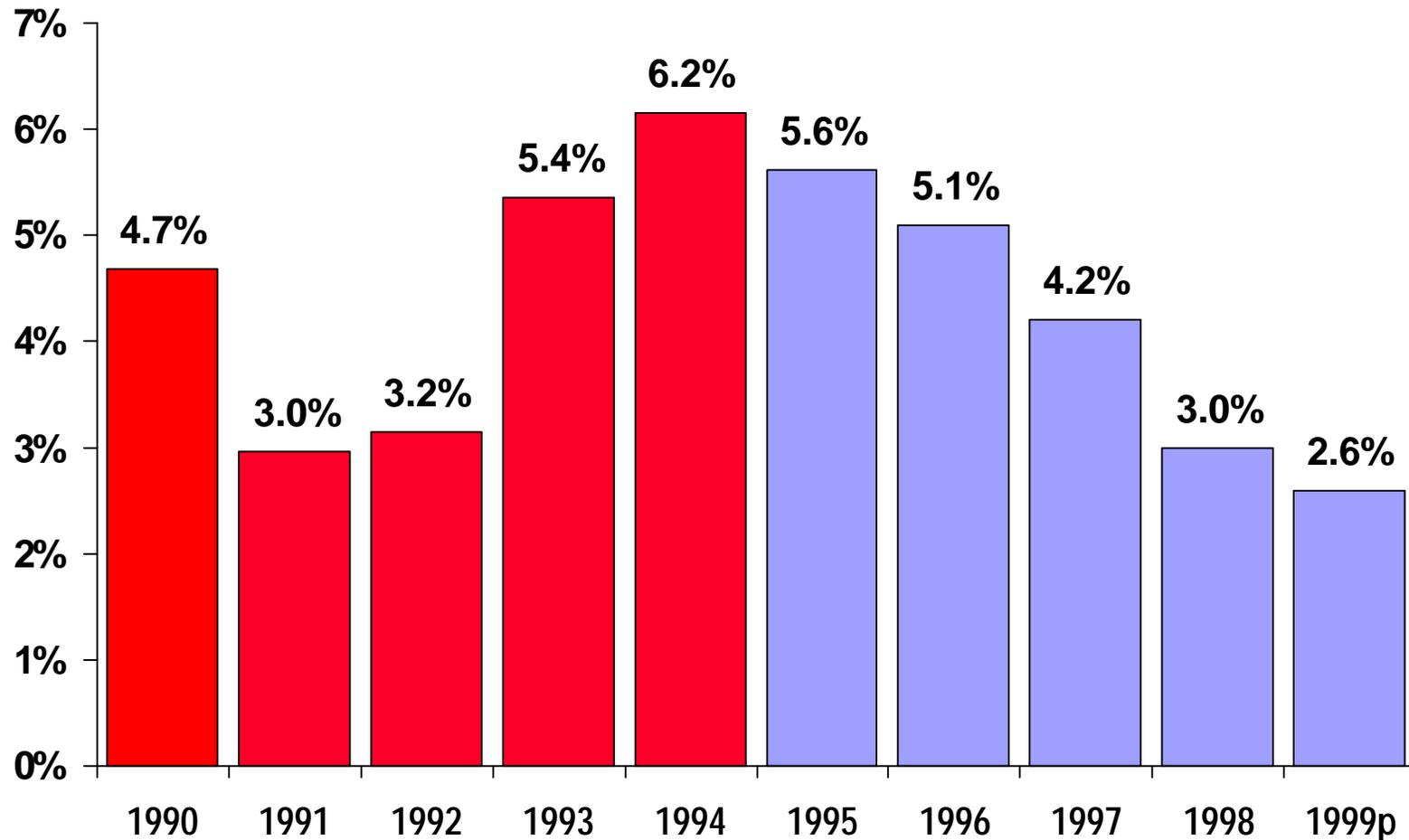


Major Contributors

- **Bureau of Economic and Business Research**
- **Utah Foundation**
- **First Security Bank**
- **Utah State University**
- **Utah Transit Authority**
- **State Government Agencies**
 - **Workforce Services**
 - **Tax Commission**
 - **Community and Economic Development**
 - **Natural Resources**
 - **Governor's Office of Planning and Budget**
 - **Legislative Fiscal Analyst**

Moderation

Utah's Rate of Job Growth has Fallen for the Past Five Years

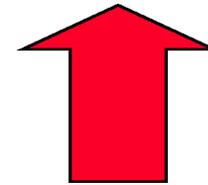


Source: Utah Department of Workforce Services

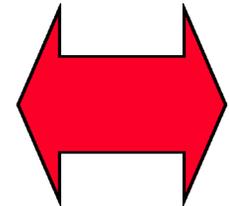
Moderation

Industry Focus

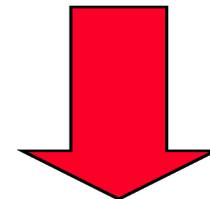
■ **Tourism and Defense**



■ **Exports and High Technology**

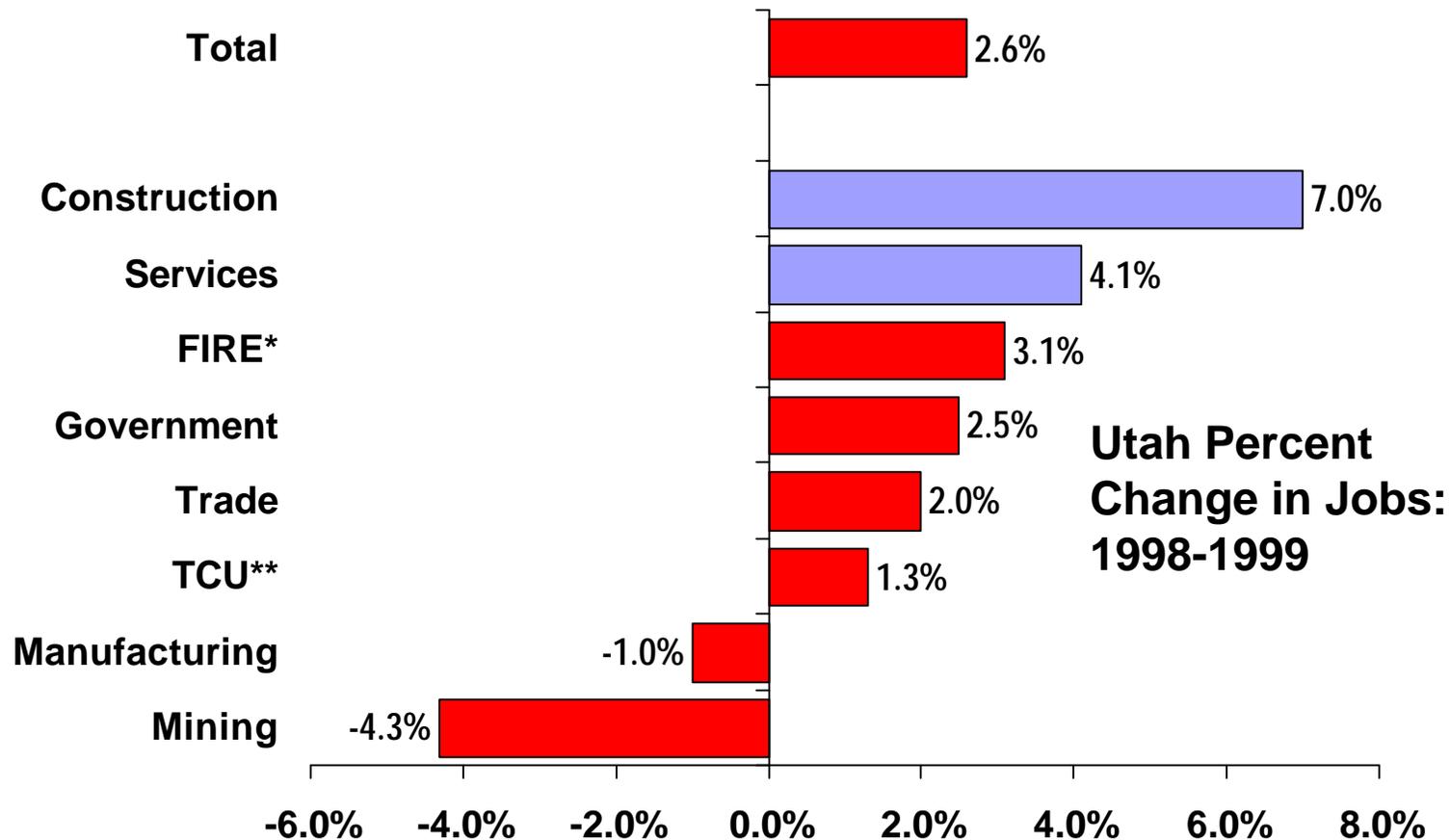


■ **Energy, Minerals, and
Agriculture**



Moderation

Construction and Services are the Major Catalysts for Growth



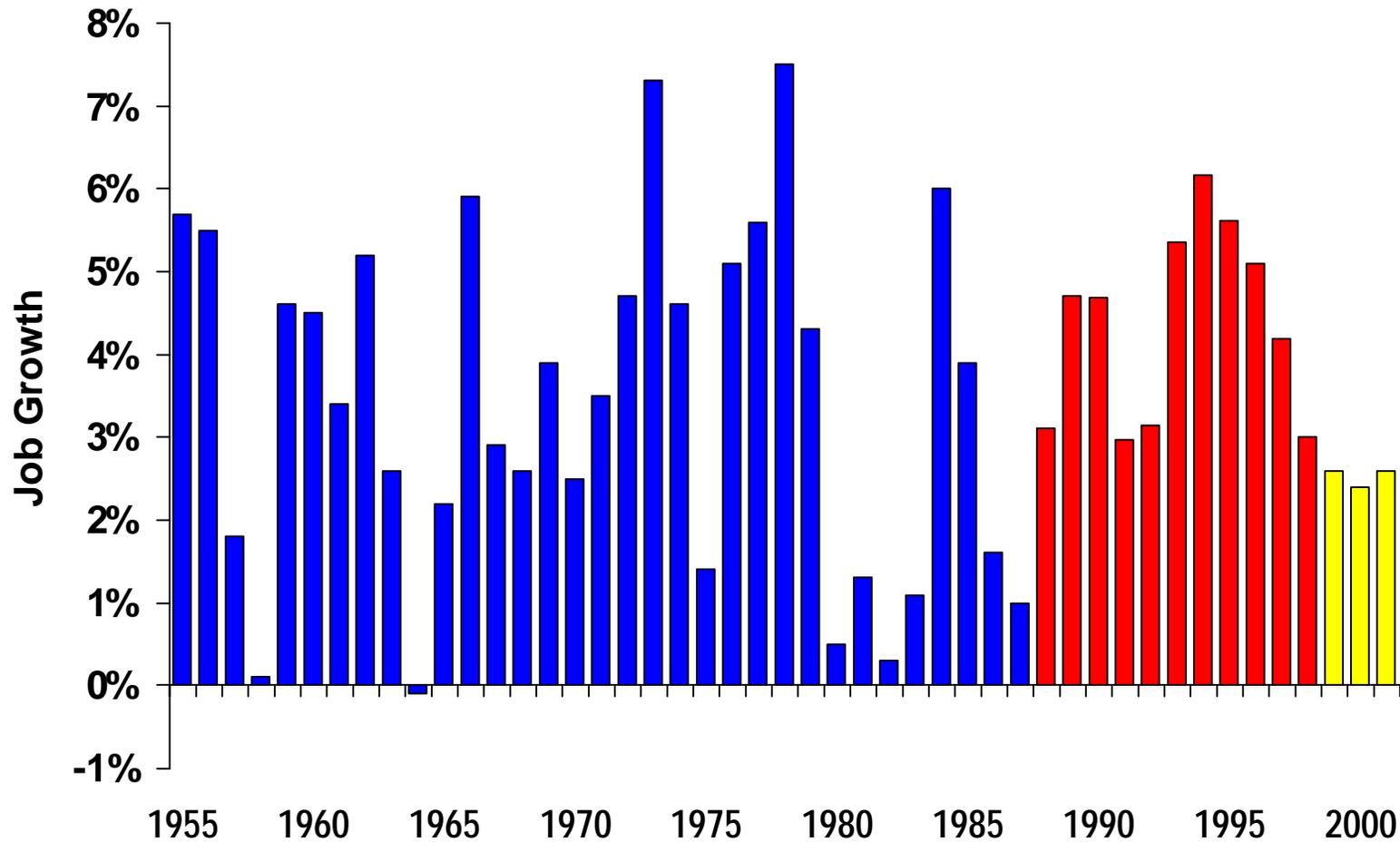
*Finance, Insurance and Real Estate

**Transportation, Communication and Utilities

Source: Utah Department of Workforce Services

Stabilization

Utah's Longest Sustained Expansion Leads to Steady, More Modest Growth

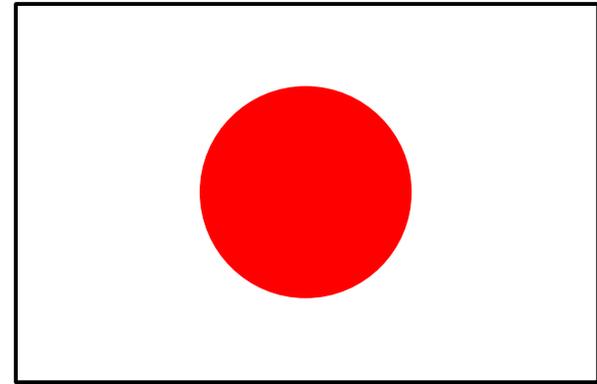


Source: Utah Department of Workforce Services

Stabilization

*Utah's Steady Growth Path Occurs
Within the Context of International
Recovery and National Prosperity*

- The worst of the Asian financial crisis appears to have ended
- In February 2000, the U.S. economy is poised to post its longest expansion ever



Transition

*With the Boom Over, Utah's Economy
Enters a Period of Transition*

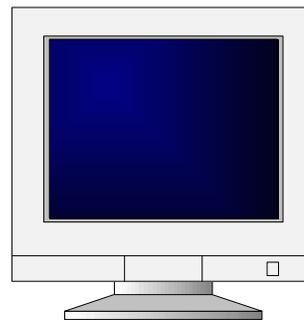
- **Construction Pause**



- **Olympic Acceleration**



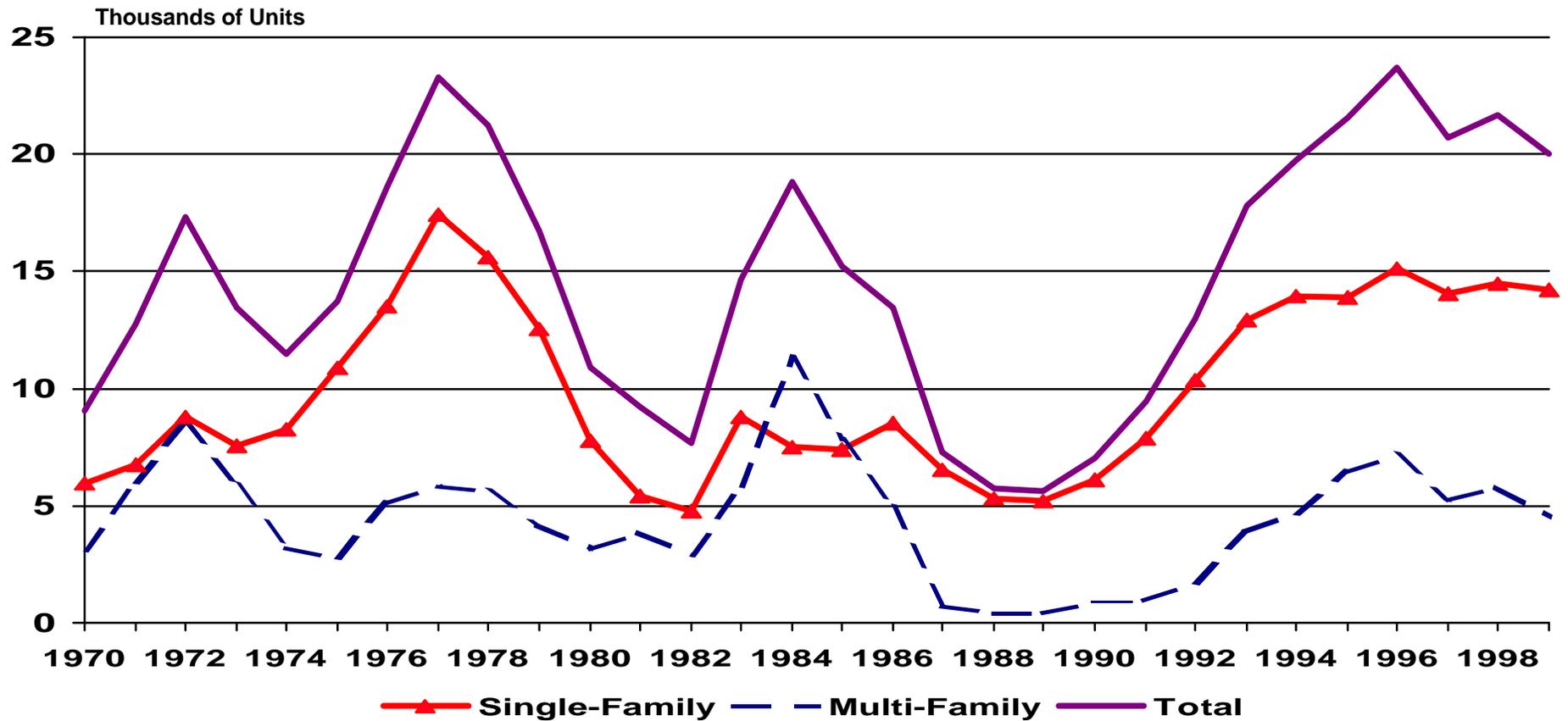
- **New Economic Environment**



Transition

Construction Activity is Very Cyclical

Utah Residential Construction Activity: 1970 to 1999



Source: University of Utah, David Eccles School of Business, Bureau of Economic and Business Research

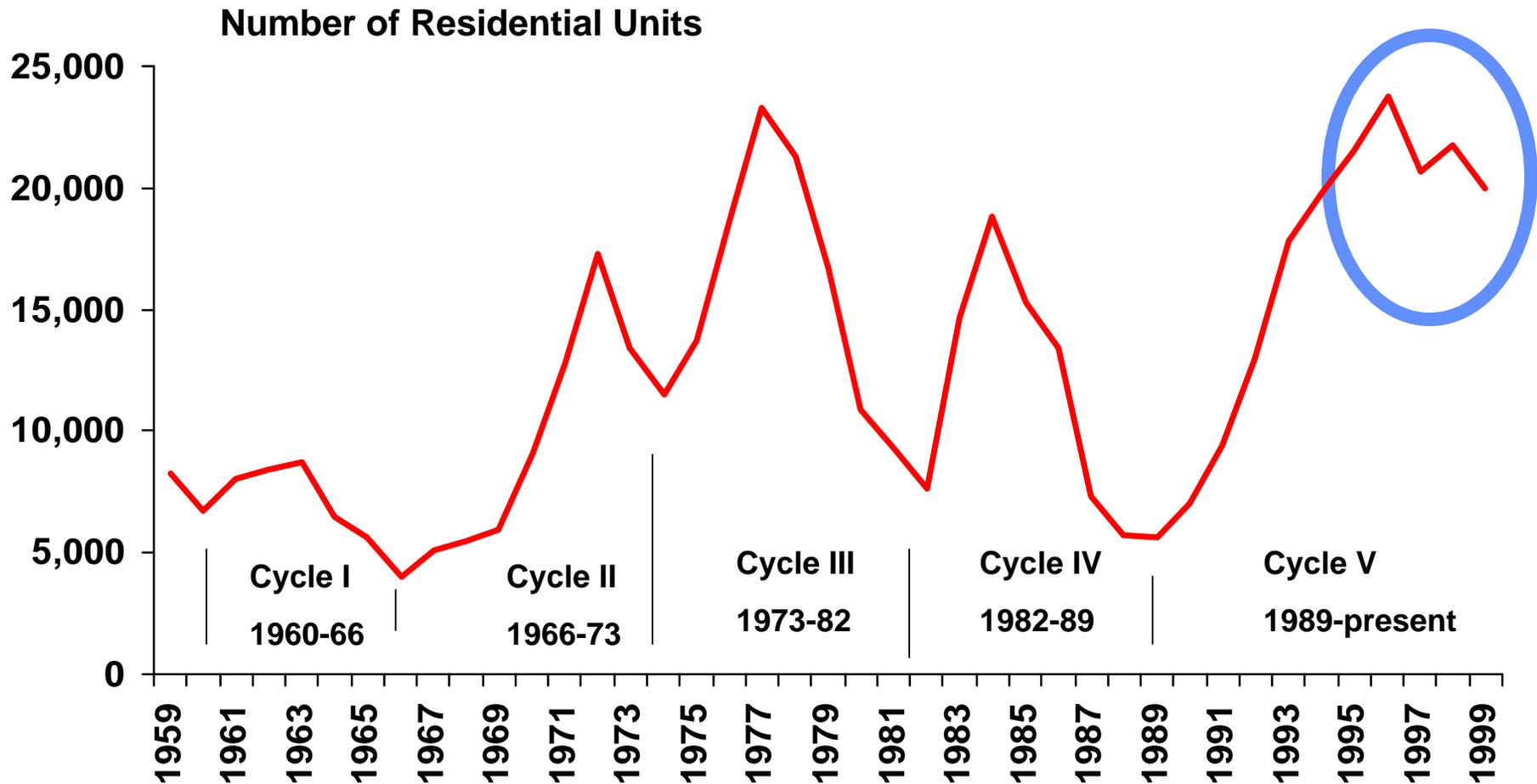
Transition

Utah's Construction Boom has been Significant

- Total value of new construction reached another all-time high in 1999
- Current boom is now in its ninth year
- There are currently 73,000 construction jobs in the state, nearly three times as many as existed at the start of the decade
- One out of every six housing units in the state was built since 1990
- Large non-residential projects include
 - Interstate 15 (\$1.6 billion)
 - TRAX (\$312 million)
 - LDS Conference Center (\$240 million)

Transition

Utah's Residential Construction Cycle Shows Extraordinary Post-Peak Strength



Source: Bureau of Economic and Business Research

Transition

The 2002 Olympics Creates an Acceleration Effect

- **The existence, timing, and extent of acceleration is difficult to identify**
 - E-Center
 - U of U Rice Stadium
 - U of U Student Housing (Olympic Village)
 - TRAX
 - Trappers Loop Road
 - Ski Area Expansions
 - New Hotels
 - Gateway
 - Interstate 15
 - LDS Assembly Hall



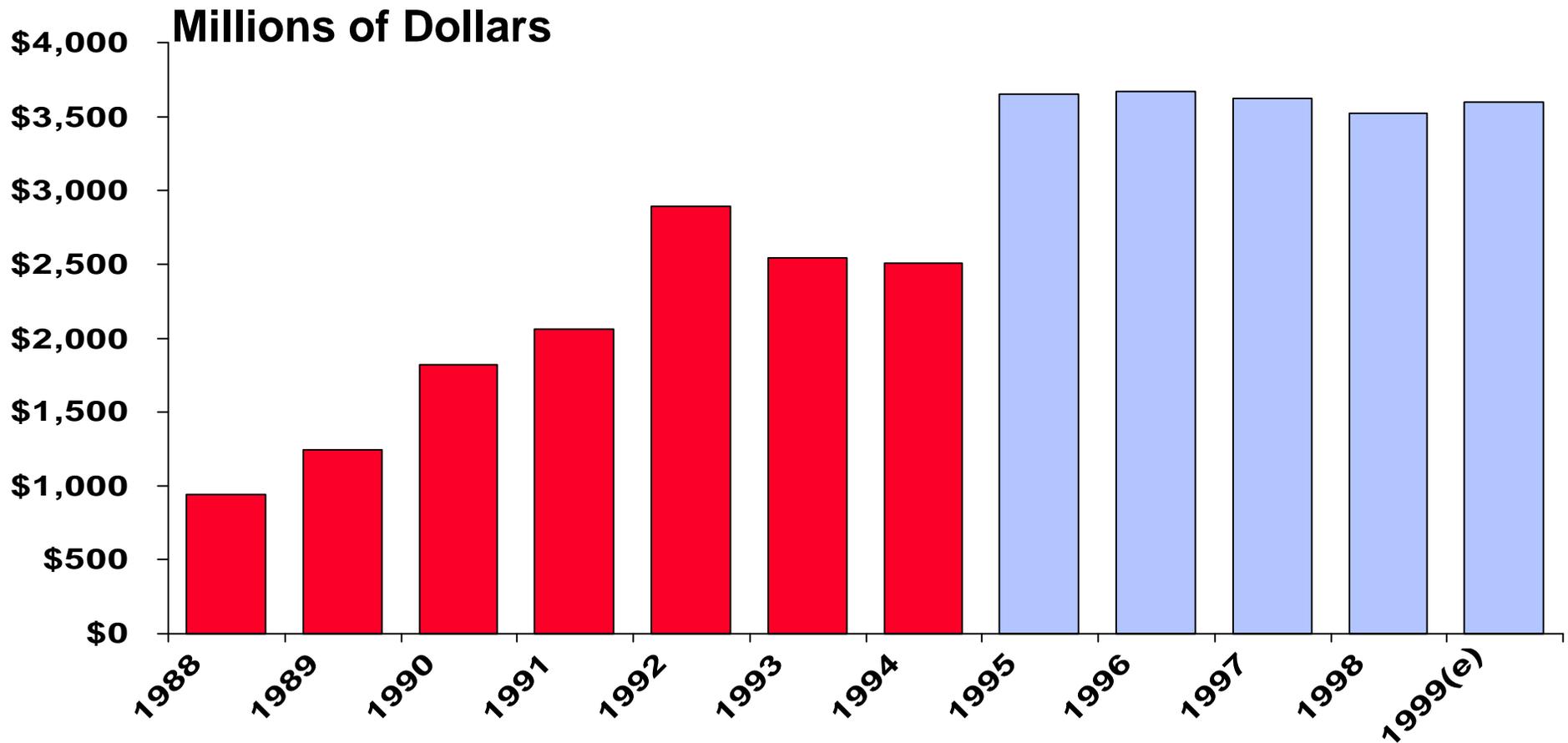
Transition

A New Economic Environment is Emerging

- **Increasing globalization**
- **More intense competition**
- **Accelerating pace of technological change**
- **Transition from industry-based to knowledge-based activity**

Transition

*Utah's International Exports
have been Flat for Five Years*

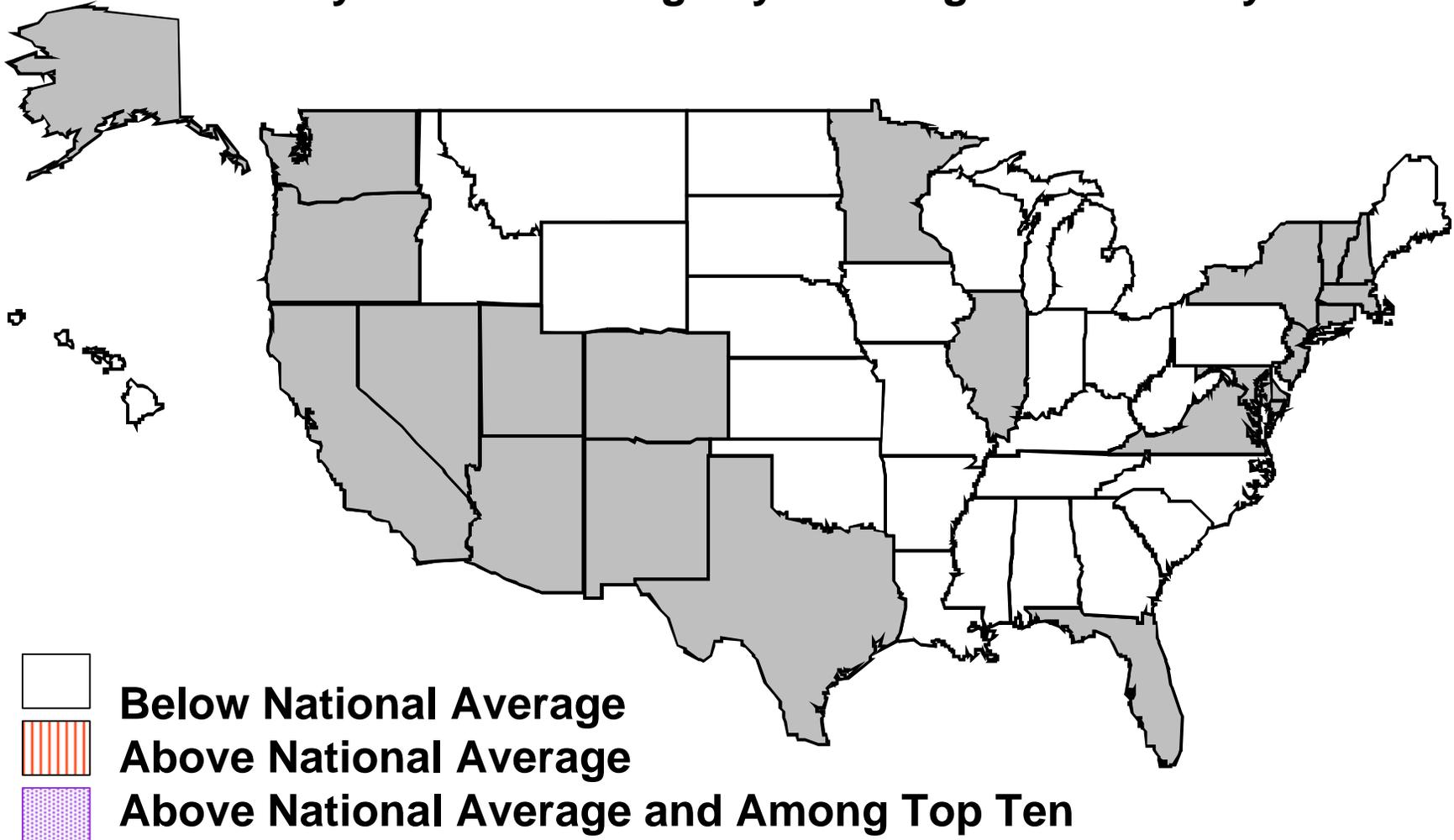


Source: U.S. Census Bureau, Massachusetts Institute for Social and Economic Research

Transition

*But ... Utah Ranks Among the Top States
in Readiness for the New Economy*

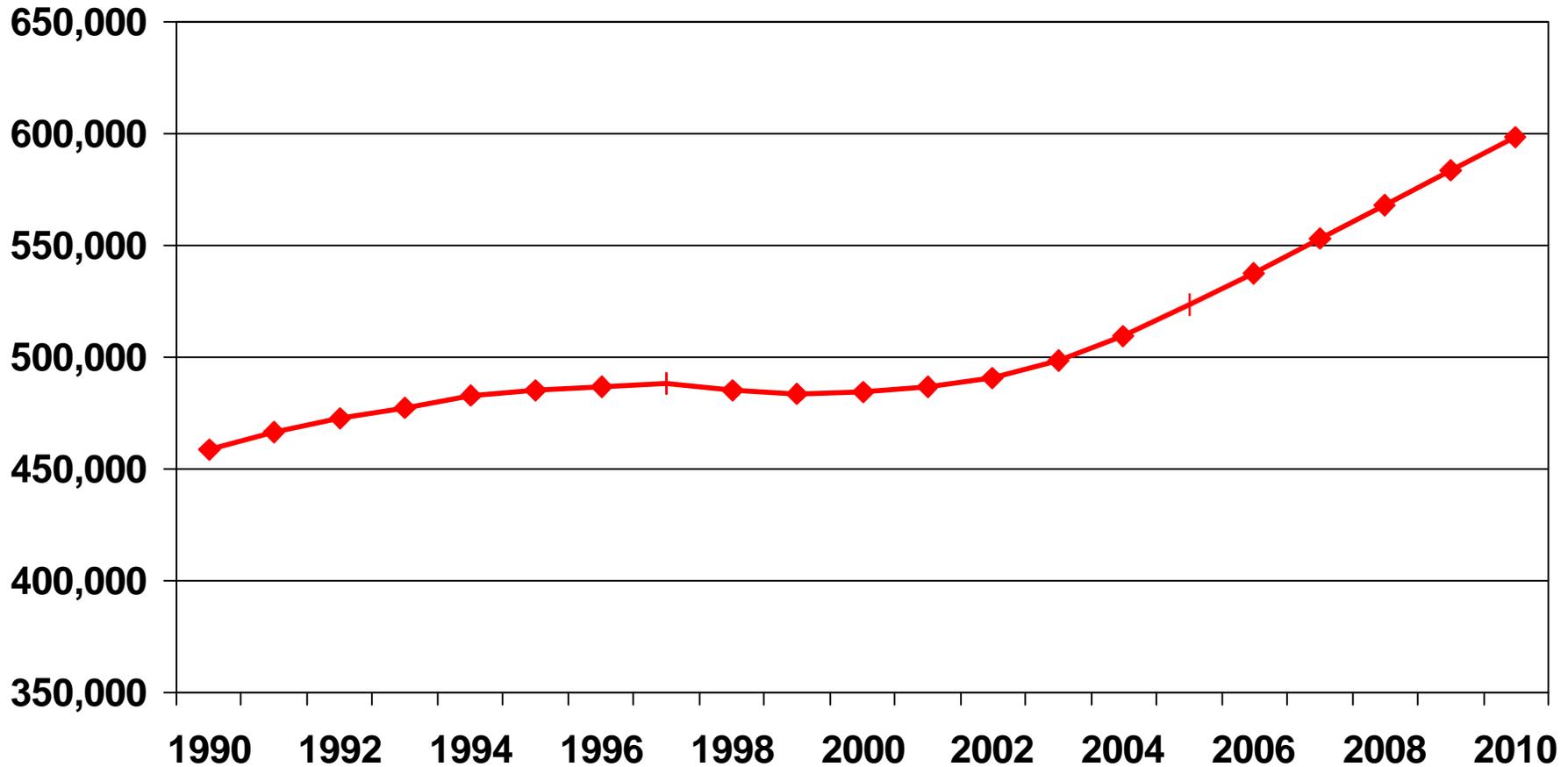
New Economy Index: Rankings by the Progressive Policy Institute



Transition

Utah's Demographics Pose Opportunities and Challenges

Utah Population Ages 5-17



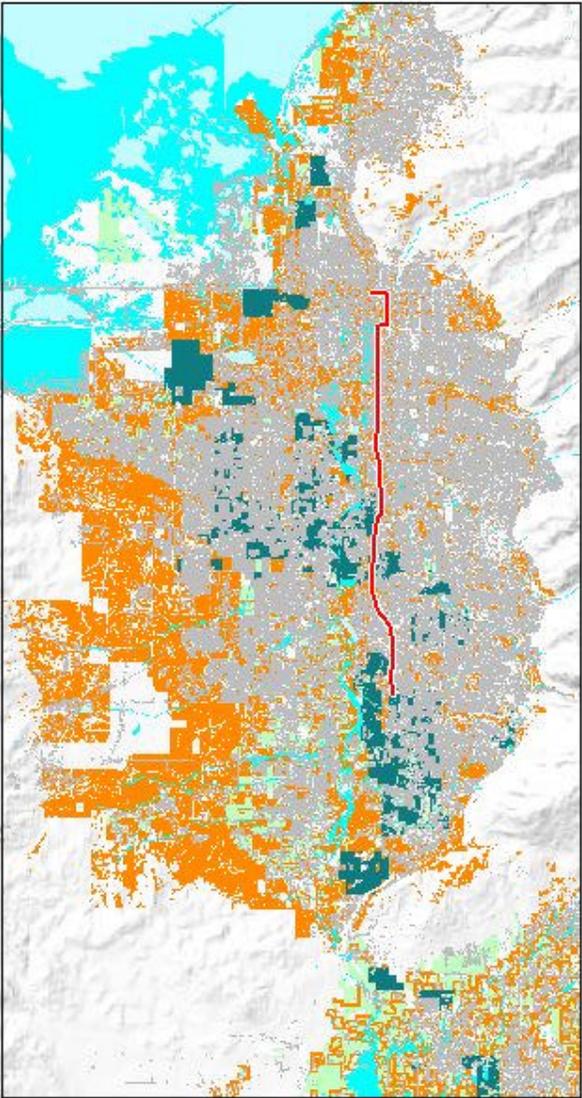
Source: Governor's Office of Planning and Budget

Position

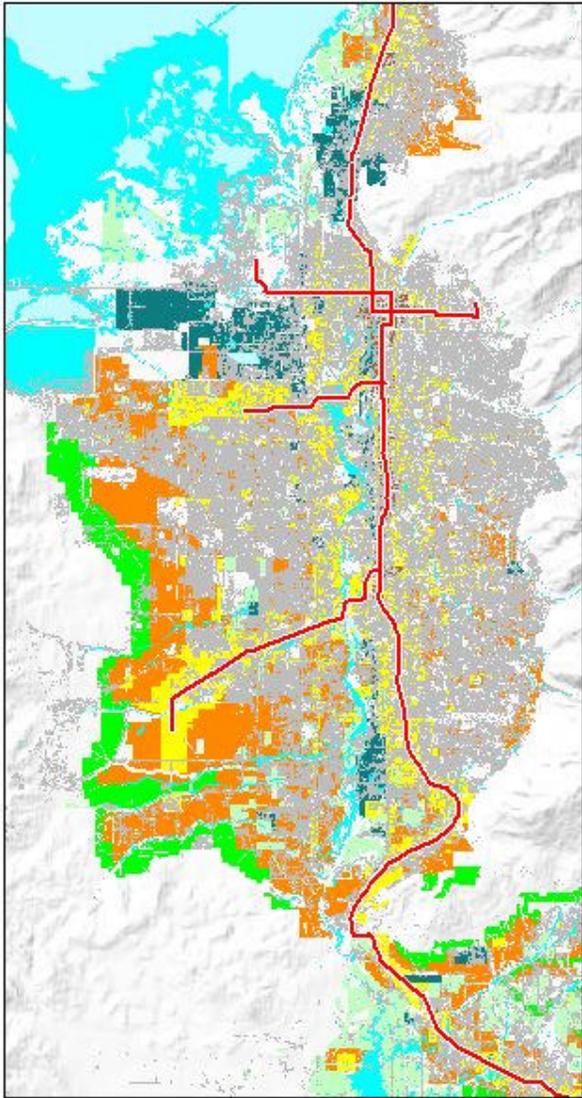
Utah is Well-Positioned to Prosper in the New Economic Environment

- **Concentration of Knowledge Jobs**
 - Utah ranks 11th among states
- **Workforce**
 - Utah ranks 3rd among states
- **Technology and Innovation**
 - Utah has a variety of positive rankings
- **Quality of Life/Education/Infrastructure**
 - Keystones of state government's role

Position -- Quality Growth Takes Center Stage



Baseline Scenario



Quality Growth Strategy

Development Types

Non-Walkable Development

- Low Density Residential
- Industrial, Office, Activity Center

Walkable Development

- Town & Village
- Downtown

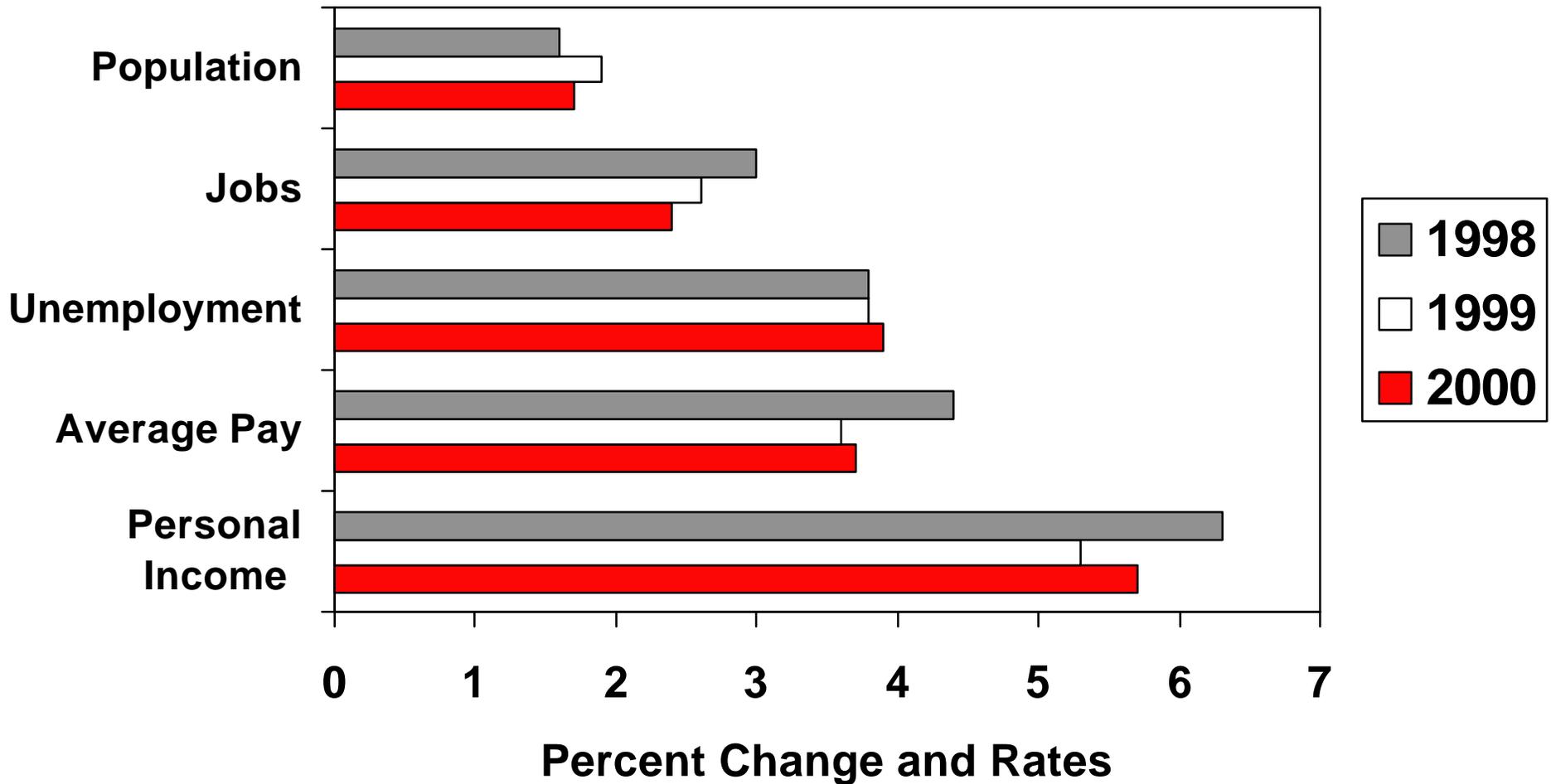
Critical Lands Conserved

- Rural Cluster
- Rail Transit

- Existing Development
- Water Bodies
- Wetlands & Floodplain
- Farmland

Outlook

Utah's Expansion has Matured; Expect 2000 to be a Repeat of 1999



Source: Council of Economic Advisors