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Mountain Monitor

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

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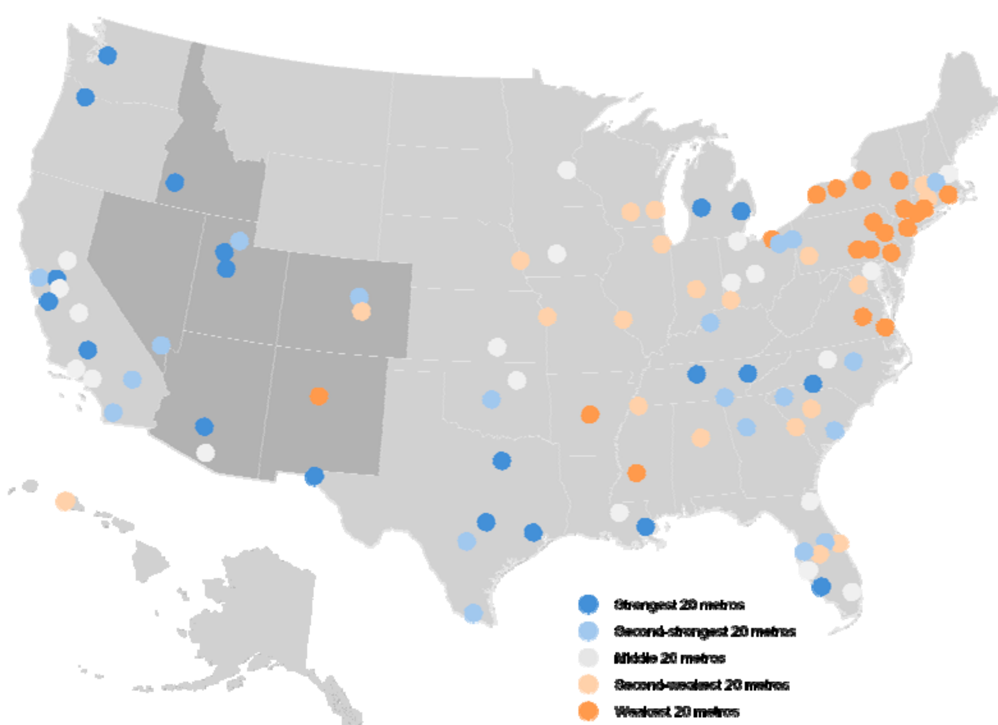
March 2013

Indicators of economic recovery depicted continued progress in the major metropolitan areas of the Mountain West in the fourth quarter of 2012. The region's employment recovery gained momentum, and solid home-price increases in the region contributed to the nation's broader housing recovery. Such inroads bode well for further advances in 2013. At the same time, the region's output recovery slowed and unemployment refused to budge.

Recovery Performance



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

Metropolitan Policy Program at BROOKINGS

Introduction

The national recession officially ended in June 2009, yet as of February 2013—44 months later—the U.S. economy still supports 3 million fewer jobs than when the recession started in late 2007. Job growth continues at a modest but consistent pace, unemployment continues to tick down, and housing prices are finally rebounding. While U.S. GDP growth was essentially flat in the fourth quarter, economists don't expect it to turn negative. Beneath this slow and steady progress, data only now available at the sub-national level for the fourth quarter of 2012 reveal tremendous variation in the rate of recovery across the nation's major metropolitan areas. Nowhere is that variation more apparent than on the landscape of the Intermountain West.

During the fourth quarter the 10 major metropolitan areas of the Mountain West largely maintained their progress along the road to recovery. Jobs growth accelerated strongly across much of the region, and the Mountain West ended the quarter with the nation's most robust housing market recovery. The good news was tempered by a stark slow-down in output growth, however, and the region's unemployment recovery lost momentum or stagnated completely in most of the region's major metropolitan areas.

Salt Lake City emerged as the only metropolitan area in the region to have finally achieved a full employment recovery by the end of 2012. Las Vegas, for its part, advanced on every metric over the fourth quarter even as it faced the region's longest road to recovery. By contrast, Colorado Springs struggled to make gains on all fronts, and national and regional recoveries had left Albuquerque completely behind.

Overall performance

Overall recovery in the Mountain region's largest metropolitan areas continued apace in the fourth quarter of 2012. On the Monitor's measure of overall recovery—which takes into account changes in employment, unemployment, output, and house prices together from each metropolitan area's respective troughs through the fourth quarter of 2012—nine Mountain-region metropolitan areas saw no change in standing relative to peers nationally over the quarter. A strong end to 2012 proved sufficient to advance Las Vegas ahead two full quintiles over the quarter into the second-strongest group of performers since recession's end. Of the metro areas with no change, Boise, Phoenix, Provo, and Salt Lake City remained among the most strongly recovering metropolitan areas in the country. Denver, Las Vegas, and Ogden followed in the second-strongest performance quintile on this composite measure. Tucson landed in the third quintile; Colorado Springs in the fourth; and Albuquerque, with the region's slowest recovery, languished in the fifth.

Employment

The employment recovery accelerated in nine of the 10 largest metropolitan areas in the Mountain West at the end of 2012. Job growth was positive in nine major metropolitan areas in the region in the fourth quarter of 2012. What is more, the rate of growth increased in all of these except Phoenix, where it slowed slightly to 0.7 percent but still remained above the national average. Six Mountain metro areas—Boise, Denver, Ogden, Phoenix, Provo, and Salt Lake City—closed 2012 with four consecutive quarters of job growth. By contrast, employment levels in Albuquerque fell for the fourth straight quarter, by 0.2 percent in the last three months of 2012, to a new low. Another 21 metropolitan areas nationally saw employment levels decline in the fourth quarter.

Overall, Mountain metro areas together led the nation with their strong employment growth over the quarter. Employment expanded faster than it did nationally in all but two Mountain metro areas. Five metro areas—Boise, Las Vegas, Ogden, Salt Lake City, and Tucson—fell into the top quintile of their peers on this measure, with quarterly growth rates of 0.8 percent or higher, compared to 0.4 percent for large metro areas nationally.

Despite recent gains and increasing momentum, however, the region as a whole stood several quarters away from a full employment recovery. Employment levels at the end of 2012 remained 2.8 percent below their pre-recession peaks nationally but fully 4.8 percent below their peaks in the Mountain West metropolitan areas as a group. The road to full recovery remained longest for Las Vegas, where employment levels stood 11.0 percent below their peak, but Albuquerque, Boise, Phoenix, and Tucson each ended the year with relatively steep jobs deficits that ranged from 4.3 percent to 7.9 percent of pre-recession peak employment as well. Colorado Springs, Denver, Ogden, and Provo all closed 2012 closer to full recovery than the nation. These metropolitan areas still faced persisting job deficits that ranged from 1.7 percent of peak employment in Colorado Springs to 0.5 percent in Denver.

Five years since the onset of the Great Recession, Salt Lake City stood alone among its regional peers—and with only 13 other metropolitan areas nationally—as the only Mountain metro to have achieved a full employment recovery.

Unemployment

The region's unemployment recovery slowed in the fourth quarter. Despite the strong quarterly uptick in job creation across much of the region, Mountain metro areas largely made less progress in lowering unemployment rates in the fourth quarter than they did in the third. Unemployment rates remained unchanged over the quarter in Utah's three metro areas. Boise, Colorado Springs, Denver, Las Vegas, Phoenix, and Tucson all saw unemployment rates decline, but only in Colorado Springs and Las Vegas did progress accelerate. The 1.3 percentage point decline registered in Las Vegas ranked as the fastest in the country, and provided much needed inroads against the region's highest rate of joblessness. At the same time, the unemployment rate increased in Albuquerque by 0.1 percentage points.

The slower fourth quarter notwithstanding, Mountain region metropolitan areas generally closed 2012 with unemployment rates well below the national average. The average unemployment rate for the nation's large metropolitan areas stood at 7.7 percent at the end of 2012. By comparison, unemployment averaged 7.3 percent in the Mountain region's major metropolitan areas overall. However, the average number masks significant persistent, yet declining, variation across the region.

Unemployment rates remained comparatively high in Colorado Springs and Las Vegas, which fell into the bottom quintile of their peers nationally on this measure with unemployment rates of 9.0 percent and 10.4 percent, respectively. At the other end, Utah's three metro areas claimed some of the lowest unemployment rates in the nation, with joblessness running at 5.5 percent of the workforce or less. The remaining Mountain metro areas closed 2012 with unemployment rates below the national average and ranging from 6.4 percent in Boise to 7.6 percent in Denver.

Output

The region's output recovery slowed considerably in the fourth quarter, as it did nationally. The gross metropolitan product (GMP), or output, of the 10 major metropolitan areas of the Mountain West altogether expanded by a meager 0.2 percent over the fourth quarter, down from 0.9 percent in the third. Output growth ground to a halt nationally, too, and actually fell slightly, by 0.1 percent, across the nation's largest metropolitan areas as a group.

The rate of output growth slowed in all 10 major Mountain region metropolitan areas from the third quarter of 2012 to the fourth. In Colorado Springs and Denver, output growth actually turned negative and GMP contracted by 0.5 and 0.3 percent, respectively. Despite the slowdown across the region, four Mountain metro areas—Boise, Ogden, Phoenix, and Tucson—performed well compared to peers nationwide and landed in the top quintile of performance with quarterly growth rates ranging from 0.3 to 0.6 percent.

Six Mountain metropolitan areas—Boise, Ogden, Phoenix, Provo, Salt Lake City, and Tucson—closed 2012 with four consecutive quarters of output growth. Colorado Springs, on the other hand, ended the year with four straight quarters of contraction.

The metropolitan Mountain West closed 2012 on the cusp of a full output recovery. The size of the region's 10 largest metropolitan economies combined stood a mere 0.2 percent below its pre-recession peak at the close of the fourth quarter. The nation, however, closed the year with an economy already 1.9 percent larger than it was before the recession.

Progress towards a complete output recovery varied considerably across the region. Seven of the region's major metro areas had already achieved a full output recovery by the end of the fourth quarter and proceeded to expand: by 0.4 percent in Colorado Springs, 2.1 percent in Denver, 3.5 percent in Boise, 3.7 percent in Albuquerque, and over 7 percent in Utah's three major metro areas. Only Las Vegas, Phoenix, and Tucson continued to confront severe output deficits; gaps stood at 3.9 percent, 4.0 percent, and 9.3 percent, respectively. Nationally, 46 metropolitan areas had fully recovered by the end of 2012.

House prices

Mountain West metropolitan areas continued to lead the nation's housing recovery in the fourth quarter. In nine of the region's 10 major metropolitan areas home prices rose faster than the national average of 0.3 percent growth over the quarter. Boise, Las Vegas, and Phoenix chalked up the highest quarterly house price increases—ranging from 3.2 to 3.9 percent, respectively—among the country's 100 largest metropolitan areas. Provo, Salt Lake City, and Tucson also landed in the top quintile of performers nationally on this measure; Colorado Springs, Denver, and Ogden joined them in the top half. Home prices fell again at the end of 2012 in Albuquerque, along with 14 other metropolitan areas nationally, by 0.4 percent after increasing in the third quarter.

Momentum on this indicator was also variable. The rate of house price increases accelerated in three Mountain metro areas and slowed in seven others from the third quarter to the fourth—only two quarters into the national housing recovery. Boise, Las Vegas, and Provo registered the faster increases: In Las Vegas the rate of growth jumped from 2.1 percent in the third quarter to 3.3 percent in the fourth.

The region closed 2012 with a housing recovery that has progressed much faster than the nation's. The nation's home prices ended 2012 on average only 0.8 percent above their post-recession lows. Every Mountain West metropolitan area beat that, with increases ranging from 15.0 percent in Phoenix, 11.4 percent in Boise, and 5.5 percent in Las Vegas, on the high end, to 2.6 percent in Colorado Springs and 0.9 percent in Albuquerque, on the low end. Phoenix and Boise, for their part, ended the year claiming the nation's first and second most robust housing recoveries.

Recent advances in the region's housing markets notwithstanding, home prices remained only 83.0 percent of their pre-recession peaks in Denver and 74.5 percent of their peaks in Salt Lake City at the end of the fourth quarter. In Phoenix, home prices stood at only half of what they once were, and home values in Las Vegas languished at 36.5 percent of their former heights. For comparison, nationally home values ended 2012 at 72.2 percent of their former peaks.

* * *

Appendix Table. Changes in employment and output (gross product) over the time periods reported in the *Mountain Monitor*

	Change in Employment				Change in Output			
Metro Area	Peak to 2012Q4	Peak to trough	Trough to 2012Q4	2012Q3 to 2012Q4	Peak to 2012Q4	Peak to trough	Trough to 2012Q4	2012Q3 to 2012Q4
Albuquerque, NM	-6.8%	-6.8%	0.0%	-0.2%	3.7%	-1.1%	4.9%	0.1%
Boise City-Nampa, ID	-4.3%	-8.8%	4.9%	1.2%	3.5%	-5.6%	9.6%	0.3%
Colorado Springs, CO	-1.7%	-3.2%	1.6%	0.1%	0.4%	-5.8%	6.5%	-0.5%
Denver-Aurora, CO	-0.5%	-5.5%	5.3%	0.5%	2.1%	-3.6%	5.8%	-0.3%
Las Vegas-Paradise, NV	-11.0%	-13.4%	2.7%	1.1%	-9.3%	-12.5%	3.7%	0.2%
Ogden-Clearfield, UT	-2.2%	-5.6%	3.5%	0.9%	7.5%	-0.8%	8.3%	0.5%
Phoenix-Mesa-Glendale, AZ	-7.9%	-12.5%	5.3%	0.7%	-3.9%	-11.7%	8.9%	0.6%
Provo-Orem, UT	-1.0%	-7.7%	7.2%	0.8%	7.1%	-0.9%	8.2%	0.0%
Salt Lake City, UT	0.6%	-6.1%	7.2%	1.3%	8.1%	-4.0%	12.6%	0.3%
Tucson, AZ	-6.8%	-8.3%	1.6%	0.8%	-4.0%	-9.3%	5.9%	0.4%
Intermountain West metro areas	-4.8%	-8.6%	4.1%	0.7%	-0.2%	-6.9%	7.2%	0.2%
Top 100 metro areas	-2.8%	-6.1%	3.5%	0.4%	1.5%	-5.4%	7.3%	-0.1%
United States	-2.8%	-6.0%	3.3%	0.4%	1.9%	-5.9%	8.3%	0.1%

Visit www.brookings.edu/metromonitor for detailed metropolitan area profiles with complete rankings across indicators, data on employment and output changes by industry, graphics depicting indicator trends over time, and more.

Guide to the Mountain Monitor

Overview

The Mountain Monitor—a companion product to Brookings' national MetroMonitor—tracks quarterly indicators of economic recession and recovery in the six-state Mountain region's 10 major metropolitan areas that fall within the 100 most populous nationally. The six states are Arizona, Colorado, Idaho, Nevada, New Mexico, and Utah.

The purpose of the MetroMonitor is to track the performance of the 100 largest U.S. metropolitan areas in the aftermath of the great recession. We analyze recovery performance on four key indicators—total employment, unemployment, total output (gross product), and house prices—capturing the change from each metro area's low point or trough to the most recent quarter of available data (metro area data typically lag national statistics by a quarter).

For each of the four key indicators, the MetroMonitor's interactive webpage also presents the current level as a share of the peak level to demonstrate how well each metro area has recovered from its pre-recession peak (100% = a full recovery) and we show percent changes for the two most recent quarters of available data to demonstrate current trajectories.

Finally, to help understand what is driving performance the *Monitor* and the interactive present recent changes in employment and output for each metro area's major industries.

Indicators and methodology

In order to define troughs in each metro area, we first define peaks. For each of the four key indicators, a peak is defined as the highest level attained between the first quarter of 2004 (or in the case of house prices, 2005) and the second quarter of 2009; in some metro areas where this peak occurred in the second quarter of 2009, the peak was defined as the highest level attained between 2004 (or 2005) and the most recent quarter of losses prior to the second quarter of 2009. A trough is then defined as the lowest level reached since a peak.

- **Employment**: Total wage and salary jobs, seasonally adjusted. *Source: Moody's Analytics.*
- **Unemployment rate**: Percentage of the labor force that was unemployed in the last month of the quarter, seasonally adjusted. *Source: Bureau of Labor Statistics.*
- **Total output (gross product or GMP)**: Total value of goods and services produced in a metropolitan area. Commonly referred to as gross metropolitan product and analogous to GDP. *Source: Moody's Analytics.*
- **Housing prices**: Prices of single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. *Source: Federal Housing Finance Agency House Price Index.*
- **Overall recovery**: An index of recovery which averages the standardized scores for the four key indicators from trough to the current quarter. We present each metro area's rank on this measure.
- **Recent industry changes**: Percent change in total employment and total output by industry. *Source: Moody's Analytics*.

Interactive *MetroMonitor* maps and individual metro pages complete with trendline graphics for each indicator, data on recent industry changes, and more, are available 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/

Acknowledgments

Brookings Mountain West and the *Mountain Monitor* team wish to thank Neal Smatresk and William Brown at UNLV as well as the numerous leaders in the Mountain metro areas who have informed this work. At Brookings, the team wishes to thank Alec Friedhoff, Sid Kulkarni, and Alan Berube for their substantial contributions on the data and content and David Jackson for his helpful edits.

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