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Mountain Monitor

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

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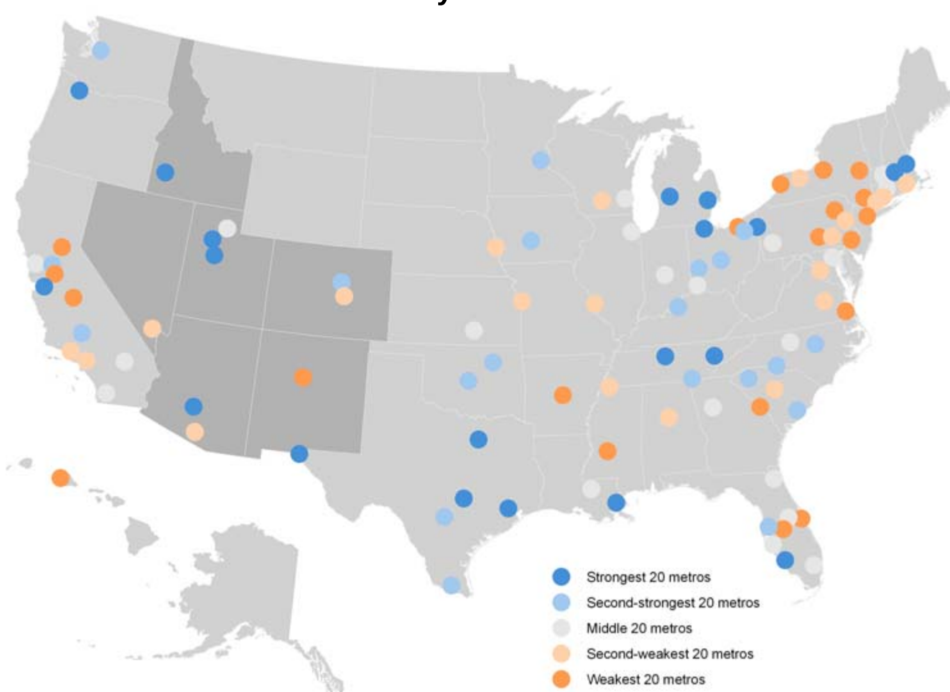
Data for the second quarter of 2012 reveal that the large metropolitan areas of the Mountain region were undergoing some of both the strongest and weakest economic recoveries in the nation—even as the pace of recovery across the region as a whole slackened. The result is a new geography. Crash-blasted Boise and Phoenix, along with Utah's metropolitan areas, are now recovering relatively strongly while Colorado's metropolitan areas and Albuquerque, Las Vegas, and Tucson struggle.

Recovery Performance



Please visit the Monitor's *new 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 most recent economic data report that the national economic recovery progressed slowly over the summer months. Metropolitan level data now available for the second quarter of 2012 make it clear that even before the summer lethargy the economic recovery was losing steam across many regions, including the Intermountain West.

Along these lines, the region's 10 major metropolitan areas continued to progress in their disparate ways along the road to recovery through the second quarter. Albuquerque continued its struggle to translate steady output growth into jobs. Colorado Springs and Denver ended the second quarter contending with some of the region's highest unemployment rates. A relatively strong recovery in Phoenix still had not helped Tucson. And the pace of recovery weakened in both Utah's strong metros and Las Vegas—the epicenter of the recession. As always, conditions varied greatly across the metropolitan Mountain West.

Overall performance

Mountain metro areas largely held their ground in terms of overall recovery performance compared to the rest of the country in the second quarter of 2012. On the *Monitor's* measure of overall recovery—which takes into account changes in employment, unemployment, output, and house prices from each metropolitan area's respective troughs through the second quarter of 2012—three Mountain metros ceded considerable position relative to their peers nationally while two advanced. To be sure, four Mountain metro areas—Boise, Phoenix, Provo, and Salt Lake City—maintained their ranking in the first quintile. Slackening recoveries knocked Colorado Springs, Denver, and Ogden down the rankings. With slow but steady progress lifting Las Vegas, only Albuquerque remained in the lowest performance quintile.

Employment

Overall, employment in the 10 major metropolitan areas of the Intermountain West grew by 0.4 percent in the second quarter of 2012, doubling the national growth rate over the period. However, individual metropolitan areas experienced greatly varied conditions in their job markets.

Eight of the region's major metro areas added jobs in the second quarter and two lost them. Boise and Provo led the region as two of only six large metro areas nationally posting employment gains of 1.0 percent or more. By contrast, employment fell 0.2 percent in Tucson and 0.3 percent in Albuquerque. Rebounds in construction jobs boosted employment levels in Boise and Phoenix. Manufacturing, education, and leisure and hospitality industries broadly bolstered job rolls across the region.

Employment growth slowed at the regional level from the first quarter to the second. Stronger gains in Boise, Colorado Springs, Las Vegas, and Provo were outweighed by renewed job losses in Albuquerque and Tucson, and by steep slowdowns in growth Denver, Phoenix, and Salt Lake City.

Notwithstanding the mixed jobs story in the second quarter, employment has been quicker to recover from its low-point in the Mountain metro areas than it has been elsewhere. Since employment levels hit their nadir regionally and nationally in the first quarter of 2010, employment has increased by 2.8 percent nationally, by 2.9 percent across the country's 100 largest metro areas, and by 3.1 percent in the Intermountain West metro areas altogether. Jobs recovery has been patchy, however. The metro areas on Utah's Wasatch Front have experienced consistent job growth but employment levels reached a new low in Albuquerque in the second quarter of 2012—one of only two metropolitan areas in the country still waiting for the job losses associated with the Great Recession to cease.

Unemployment

Unemployment held steady across the major metro areas of the Intermountain West as a group from the first quarter of 2012 to the second, just as it did nationally. The unemployment rate declined slightly, by 0.1 percentage points, across the country's 100 largest metropolitan areas over the quarter but registered no change at the aggregate regional level.

At the metropolitan level, the unemployment rate declined in five of the region's metro areas and increased in five others. Albuquerque and Las Vegas posted relatively rapid declines—0.6 percentage points—over the second quarter. By contrast, the region's historically more resilient metropolitan areas experienced unemployment rate *increases*—in the range of 0.2 to 0.3 percentage points in the Utah metro areas and 0.4 to 0.5 percentage points in the Colorado metro areas.

Unemployment rates have fallen from their high-points comparatively quickly in the Intermountain West. Since peaking, the combined unemployment rate of the region's metro areas has fallen by 1.8 percentage points, compared to 1.7 percent in large metro areas nationally. The unemployment rate has fallen by more than 2.0 percentage points in six Mountain metro areas—Las Vegas, Ogden, Phoenix, Provo, Salt Lake City, and Tucson—but by less than 1.0 percentage points in Colorado's large metropolitan areas.

Along these lines, headline unemployment rates were broadly lower in the region than nationally in the second quarter. Unemployment ran at 8.2 percent of the labor force nationally and in the nation's largest metropolitan areas but resided at 7.9 percent in the Mountain metro areas, ranging from 5.8 percent in Salt Lake City to 9.5 percent in Colorado Springs and 12.0 percent in Las Vegas.

Output

Output expanded at a slower rate in the metropolitan Mountain West over the second quarter than it did nationally or in the country's 100 largest metro areas. Output increased by just 0.3 percent in the Intermountain West metro areas as a group in the second quarter of 2012, when it increased by 0.4 percent across the country's 100 largest metro areas and 0.6 percent nationally.

To be sure, output increased in nine of the region's metro areas over the second quarter. Only in Las Vegas did it decrease, driven by continued pain in the real estate, finance, and construction industries. Output expanded fastest in Ogden, at 0.8 percent, and it expanded faster than nationally in Provo, Salt Lake City, and Tucson. Manufacturing, information, mining, and trade industries drove growth in Utah, while rebounding output in government, construction, and manufacturing industries boosted Tucson.

Still, the rate of output growth slowed from the first quarter to the second across the region as a whole and in eight out of 10 of the region's major metropolitan areas individually, just as it did across the nation's largest metropolitan areas collectively. Arizona metro areas stood apart with higher growth rates in the second quarter than in the first. Las Vegas suffered the sharpest reversal of progress with a swing from 1.6 percent growth over the first quarter to a 0.2 percent contraction over the second.

The region's output recovery has progressed comparatively slowly. Output has expanded by 7.6 percent nationally during the recovery and by 6.8 percent across the country's largest metropolitan areas, but only by 6.2 percent in the metro areas of the Intermountain West. Altogether, five Mountain metro areas have seen output increase as fast, or faster, than have the nation's 100 largest metropolitan areas as a group. Progress ranges from 11.6 percent growth in output over the recovery period in Salt Lake City to a meager 2.9 percent expansion in production in Las Vegas.

House prices

House prices declined by less in the Intermountain West in the second quarter of 2012 than they did nationally or across the country's largest metropolitan areas as a whole. House prices fell by 1.0 percent nationally and by 0.9 percent in the nation's largest metro areas during the second quarter but only by 0.7 percent across the Intermountain West metro areas as a group.

Home prices fell in every Mountain metro area with the exception of Phoenix in the second quarter, where they increased by 0.5 percent. Only five other large metros across the country registered any increase in home prices the second quarter. Albuquerque, Ogden, and Colorado Springs registered some of the steepest declines among large metros nationally—ranging from 2.2 percent in Albuquerque to 2.7 percent in Colorado Springs.

In half of the region's metros, price declines slowed from the first quarter of 2012 to the second—a welcome sign that a turnaround may be approaching. In Utah's three metros, Colorado Springs, and Boise, however, price declines accelerated.

Six Mountain metro areas counted themselves among the 87 major metropolitan areas nationally in which house prices hit new lows in the second quarter of 2012. Housing markets in Albuquerque, Colorado Springs, Las Vegas, Ogden, Salt Lake City, and Tucson plumbed new depths in the second quarter. In Boise and Phoenix, by contrast, home prices closed out the second quarter 3.9 percent and 4.1 percent above their low-points, respectively.

* * *

In sum, the Mountain West's metropolitan areas performed only somewhat better than the rest of the country in the second quarter of 2012, boosted by signs of life in job and housing markets at a time of generally tepid growth nationally.

As always, the region's metro areas exhibited significant variation in the pace of their recovery. The second quarter provided new evidence of the patchiness and anemia of the region's economic recovery. All told, the slowness of the national economic recovery—as felt in the metropolitan areas of the Intermountain West—continued to try Westerners' patience in the second quarter and raise serious questions about the economic vitality of both the region and the nation.

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 2012Q2	Peak to trough	Trough to 2012Q2	2012Q1 to 2012Q2	Peak to 2012Q2	Peak to trough	Trough to 2012Q2	2012Q1 to 2012Q2
Albuquerque, NM	-6.6%	-7.0%	0.0%	-0.3%	3.6%	-1.2%	5.0%	0.2%
Boise City-Nampa, ID	-5.7%	-9.8%	3.5%	1.3%	2.6%	-5.9%	8.7%	0.5%
Colorado Springs, CO	-0.4%	-3.3%	2.9%	0.4%	1.5%	-6.1%	7.7%	0.2%
Denver-Aurora, CO	-1.4%	-5.9%	4.4%	0.5%	2.2%	-3.6%	6.0%	0.1%
Las Vegas-Paradise, NV	-12.1%	-15.4%	1.5%	0.6%	-11.0%	-14.2%	2.9%	-0.2%
Ogden-Clearfield, UT	-3.2%	-5.9%	2.5%	0.2%	5.6%	-0.6%	6.6%	0.8%
Phoenix-Mesa-Glendale, AZ	-9.3%	-14.3%	3.7%	0.3%	-5.8%	-13.0%	6.8%	0.5%
Provo-Orem, UT	-2.2%	-8.3%	5.9%	1.1%	6.2%	-1.1%	7.7%	0.7%
Salt Lake City, UT	-0.9%	-6.5%	5.5%	0.2%	6.7%	-4.2%	11.6%	0.6%
Tucson, AZ	-7.2%	-9.0%	1.2%	-0.2%	-6.2%	-10.1%	3.6%	0.7%
Intermountain West metro areas	-5.8%	-9.4%	3.1%	0.4%	-1.0%	-7.3%	6.2%	0.3%
Top 100 metro areas	-3.4%	-6.5%	2.9%	0.2%	1.0%	-5.7%	6.8%	0.4%
United States	-3.3%	-6.3%	2.8%	0.2%	1.2%	-6.3%	7.6%	0.6%

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 *Metro Monitor*—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 *Metro Monitor* 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 *Metro Monitor'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 it's 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/

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