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Mountain Monitor

Tracking Economic Performance in the Intermountain West's Metropolitan Areas

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With the national economy gaining steam, the 10 major metro areas of the Mountain West ended 2014 with another quarter of strong economic performance. On the four indicators of economic vitality measured by the *Mountain Monitor*—employment growth, output growth, changes in unemployment, and house price growth—with only a few exceptions, every metro area registered advances on every indicator. Such widespread progress heretofore eluded the region, where recovery from the Great Recession has been characterized by unevenness.

In aggregate, the 10 Mountain metro areas ended 2014 with their fastest quarter of job growth of the year. Employment increased by 0.8 percent compared to 0.6 percent nationwide. Individually, every major metro area in the region except Colorado Springs saw employment increase, with six of the 10 creating jobs significantly faster than the country as a whole.

The rate of output growth in the region tapered somewhat, however, in line with the national economy. The value of all goods and services produced in the region's 10 major metro areas increased by only 0.8 percent, compared to 1.3 percent in the third quarter. Only Utah's three metro areas bucked the trend and saw output growth accelerate.

The unemployment rate fell in only half of the region's major metro areas over the fourth quarter. This split, however, stemmed primarily from the fact that, given past unemployment declines, several of the region's metro areas—such as in Utah—have little room for further reductions. In any case, Boise, Colorado Springs, and Denver all saw unemployment fall at least twice as quickly in percentage-point terms as the country as a whole.

Finally, Denver became the first major metro area in the region—and one of only four in the country—to fully close the book on the housing crisis. At the end of 2014, house prices in Denver reached levels last seen before the Great Recession. All of its regional peers except Colorado Springs beat the national average in terms of house price growth over the quarter, reinforcing the region's leadership in the national housing recovery.

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Stepping back, this quarter's *Monitor* highlights several key developments. Utah's metro areas came roaring back at the end of the year, and Boise made significant progress. Las Vegas, by contrast, saw its recovery slow but still managed to keep all indicators pointing in the right direction. Growth rates in Denver fell back to earth after an exceptionally strong third quarter, but remained strong. Questions persist, however, about the vitality of the Albuquerque, Colorado Springs, and Tucson economies.

Albuquerque. Albuquerque's economy improved somewhat in the last quarter of the year. Employment expanded by 0.7 percent, and this swift acceleration from the previous quarter provided Albuquerque with its fastest quarterly job growth since before the recession. The metro area remains farther away from pre-recession peak employment levels than any other in the region, however. Albuquerque was the only metro area in the region to see output contract over the fourth quarter; it fell by 0.2 percent. The unemployment rate decreased for the third straight quarter, falling 0.3 percentage points to 6.4 percent. Despite that fall, Albuquerque still contended with the second-highest unemployment rate in the region. House prices, meanwhile, rose by 1.6 percent over the quarter. That increase topped the national figure of 1.5 percent and represented the fastest quarterly increase of the year for the metro area.

Boise. Economic recovery advanced on all fronts in Boise in the fourth quarter. The rate of job growth accelerated throughout 2014, and the metro area closed the year with a rapid 1.2 percent expansion in employment. Output increased by 1.0 percent over the quarter, a performance that ranked in the top fifth of large metro areas nationwide. The unemployment rate fell by 0.7 percentage points, a decline that brought the metro area's unemployment rate below the 4.0 percent threshold to 3.5 percent. That gave Boise the lowest unemployment rate in the region outside of Utah and one far below the national average of 5.7 percent. Home prices rose by 1.7 percent over the quarter and ended the year on a strong note.

Colorado Springs. Colorado Springs' economy lost some momentum at the end of the year. Employment contracted by 0.1 percent over the fourth quarter—the third quarter in a row of effectively nonexistent job growth for the metro area. After a strong third quarter, the rate of expansion in output slowed by a full percentage point to 0.3 percent. What's more, after rapid declines in the middle of the year, the unemployment rate fell by a comparatively tame 0.6 percentage points. At 5.2 percent, the unemployment rate in Colorado Springs remained significantly higher than in neighboring Denver but still below the national average. As for house prices, their rate of increase slowed to 1.1 percent after more robust price growth in the third quarter. This slowing left Colorado Springs as the only metro area in the region where the housing recovery proceeded more slowly than it did nationally in the fourth quarter.

Denver. Denver remained one of the strongest economic performers in the region. The rate of job growth held steady over the fourth quarter at a strong 0.8 percent to cap out a year of steady expansion. After posting the fastest output growth in the country in the third quarter, though, the value of all goods and services produced in Denver increased by only 0.6 percent over the fourth quarter—just below the national average of 0.7 percent. The unemployment rate in Denver fell by another 0.6 percent over the quarter to 4.0 percent—not far from the pre-recession low of 3.6 percent. In addition, a rapid 3.3 percent increase in home prices over the quarter positioned Denver to end 2014 with a milestone: It became the first metro area in the region to fully escape the housing crisis as prices matched, for the first time, their pre-recession levels. Denver joins only three other metro areas from Texas in having achieved this.

Las Vegas. Las Vegas' recovery weakened at the end of the year. Job growth ground to an unexpected halt over the fourth quarter, after a rapid 0.8 percent expansion in the third. The rate of output growth also slackened, from 1.5 percent in the third quarter to 0.9 percent in the fourth. The unemployment rate fell only slightly over the fourth quarter, by 0.2 percentage points, leaving Las Vegas still saddled with the highest unemployment rate in the region, 7.0 percent. Las Vegas did, however, chalk up another quarter of strong house price growth, with an increase of 3.0 percent. That appreciation marked a slowing but still ranked southern Nevada third in the Mountain region on this indicator.

Ogden. Ogden's economy came back to life in the fourth quarter. After halting advances for most of the year, the rate of job growth accelerated to 1.7 percent over the fourth quarter, the strongest performance in the region. Output increased by 1.3 percent in the fastest expansion of the year for the metro area. The unemployment rate increased very slightly from its low base to 3.7 percent—still subdued by national and regional standards. For the second straight quarter, home prices in the metro area increased by 1.6 percent.

Phoenix. The pace of recovery accelerated on some fronts and slowed on others in Phoenix over the quarter. Employment expanded by 1.3 percent—faster than at any point over the past year. This marks the metro area's second straight quarter of greater than 1.0 percent quarterly job growth. Output growth slowed from the third quarter to the fourth, however, ending the year at 0.6 percent. Inroads against unemployment stalled at the end of the year as well. The unemployment rate ticked upward by 0.1 percentage points to 5.9 percent, above the national average. The rate of increase in house prices jumped to 2.7 percent over the fourth quarter, the most momentum the metro area's housing market enjoyed all year.

Provo. Provo closed 2014 with a strong quarter. It registered its fastest job growth of the year as employment increased by 1.6 percent. The rate of output growth doubled to 1.4 percent from the third quarter to the fourth, one of the fastest expansions in the country. The unemployment rate held steady at 3.4 percent at the end of the year, a tie with Salt Lake City for the lowest unemployment rate in both the region and the country. Home prices increased faster in Provo than they did in any other major metro area in the region over the fourth quarter: Local house prices increased by 3.5 percent compared to 1.2 percent over the third quarter.

Salt Lake City. Salt Lake City's economy again performed strongly. In contrast to its Utah neighbors, job growth slowed from 1.0 percent over the third quarter to 0.3 percent over the fourth. The value of all goods and services produced in the metro area, however, increased by 1.9 percent over the fourth quarter, faster than in any other large metro area in the country. The unemployment rate rose by 0.1 percentage points, nevertheless leaving the metro at a nation-beating low of 3.4 percent, matching its neighbor, Provo. The rate of increase in house prices accelerated over the quarter to 2.0 percent, below average for the region but not nationally.

Tucson. Tucson concluded the year in mixed fashion. Employment expanded by 0.4 percent in the fourth quarter, less than the national growth rate of 0.6 percent. Output increased by 0.8 percent, slower than in the third quarter but still above the national average of 0.7 percent. However, Tucson ended the year experiencing a modest increase in unemployment. The unemployment rate ticked 0.2 percentage points higher to 6.2 percent, after declining for most of the year. Concluding a year of fits and starts in the housing market, the rate of increase in home prices fell to the national average of 1.5 percent over the fourth quarter.

Summary table of performance over the past two quarters

Metro Area	Employment		Output		Unemployment		House prices	
	2014Q3 to 2014Q4	2014Q2 to 2014Q3	2014Q3 to 2014Q4	2014Q2 to 2014Q3	2014Q3 to 2014Q4	Rate 2014Q4	2014Q3 to 2014Q4	2014Q2 to 2014Q3
Albuquerque, NM	0.7%	0.1%	-0.2%	-0.1%	-0.3%	6.4%	1.6%	0.9%
Boise City-Nampa, ID	1.2%	0.7%	1.0%	1.2%	-0.7%	3.5%	1.7%	1.2%
Colorado Springs, CO	-0.1%	0.0%	0.3%	1.3%	-0.6%	5.2%	1.1%	1.4%
Denver-Aurora, CO	0.8%	0.7%	0.6%	1.9%	-0.6%	4.0%	3.3%	2.4%
Las Vegas-Paradise, NV	0.0%	0.8%	0.9%	1.5%	-0.2%	7.0%	3.0%	3.6%
Ogden-Clearfield, UT	1.7%	-0.1%	1.3%	0.4%	0.1%	3.7%	1.6%	1.6%
Phoenix-Mesa-Glendale, AZ	1.3%	1.1%	0.6%	1.1%	0.1%	5.9%	2.7%	1.2%
Provo-Orem, UT	1.6%	0.7%	1.4%	0.7%	0.0%	3.4%	3.5%	1.2%
Salt Lake City, UT	0.3%	1.0%	1.9%	1.3%	0.1%	3.4%	2.0%	1.2%
Tucson, AZ	0.4%	0.5%	0.8%	1.2%	0.2%	6.2%	1.5%	2.3%
United States	**0.6%**	**0.5%**	**0.7%**	**1.0%**	**-0.3%**	**5.7%**	**1.5%**	**1.4%**

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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