Economic Recovery in the Rocky Mountain West:

Metro Trends and Bottom-up Responses

Rocky Mountain West Urban Leadership Symposium

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Agenda

• National trends from Brookings’ *MetroMonitor*

• Mountain West trends from the *MountainMonitor*

• “Bottom-up” responses
National trends from Brookings’ MetroMonitor
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.

- West
  - Bakersfield, CA
  - Las Vegas, NV
  - Phoenix, AZ
  - Riverside, CA
  - Sacramento, CA

- Florida
  - Cape Coral, FL
  - Miami, FL
  - North Port, FL
Recession performance: Manufacturing contracted severely—especially in the auto-dependent Rust Belt.

**Rust Belt**
- Detroit, MI
- Dayton, OH
- Grand Rapids, MI
- Toledo, OH

**West Coast**
- Portland, OR
- Modesto, CA
- San Jose, CA

**Other/Northeast**
- Providence, RI
Recession performance: Education, healthcare, and the public sector provided initial stability

Eds, Meds, and the Public Sector

State capitals
Albany, NY
Columbus, OH
Nashville, TN

Colleges/Meds
Madison, WI
Pittsburgh, PA
Syracuse, NY

Federal Gov’t
Colo. Springs, CO
Virginia Beach, VA
Washington, DC
Recovery performance: Rebounds in high tech and auto manufacturing contrast malaise in lower-road sectors

High Tech and Auto Manufacturing

Automotive
Akron, OH
Detroit, MI
Toledo, OH, OH

High Tech
Boston, MA
Ogden, UT
Rochester, NY
San Jose, CA
Worcester, MA

Southern Belt
Charlotte, NC
Jackson, MS
Little Rock, AR
Memphis, TN
Recovery performance: Commodities-driven growth is spreading via shale gas and equipment manufacturing.
Mountain West trends from the *Mountain Monitor*

- 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.

- **BOOM** 2003-2008: Mountain metros experienced a 15.3% percent growth in jobs over the business cycle.
- **BUST** 2008-2010: United States experienced a -6.2% and Mountain metros experienced a -9.1% percent growth in jobs over the business cycle.
- **RECOVERY** 2010-2011: United States experienced a 1.5% and Mountain metros experienced a 1.1% percent growth in jobs over the business cycle.
Involvement in the real estate crash proved disastrous for the region’s western edge.

Higher declines in house prices…

Unsurprisingly, employment in the construction sector more than halved in Boise, Las Vegas, Phoenix, and Tucson.

…were associated with steeper declines in overall employment.
Recession was shallower but broad-based across the region’s eastern edge

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

Legend:
- Strongest 20 metros
- Second-strongest 20 metros
- Middle 20 metros
- Second-weakest 20 metros
- Weakest 20 metros
Recovery has favored high-tech and manufacturing metros

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

Intermountain West Jobs Recovery Comparisons

Number of quarters since the start of each national recession

Dots indicate end dates of each national recession
The region faces a massive jobs deficit

500,000+ jobs are still missing
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.

- $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)

A 1.5 square mile, $350 million downtown redevelopment
For more information
http://www.brookings.edu/metro/MetroMonitor.aspx