

## *Research* .....

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#### **NO. 1 RANKING IN PRODUCTIVITY HELPS KEEP UTAH ECONOMY AFLOAT**

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The Salt Lake Tribune

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Since the recession struck, no city in the United States has had more productive workers than Salt Lake City.

That's one conclusion in the Metro Monitor, published quarterly by the Washington, DC.-based Brookings Institution Metropolitan Policy Program, which also teams with the University of Nevada Las Vegas on a supporting study that looks specifically at cities in the Intermountain West.

Salt Lake City finished first in the United States with an 8.3 percent growth rate for its gross metropolitan product (GMP) since its economy peaked in the fourth quarter of 2008. GMP measures the total value of goods and services produced.

"Your productivity gains are significant," said Kenan Fikri, a Brookings research assistant who co-authored the Intermountain West report.

He noted that Salt Lake City's output far outdistanced the national average (0.9 percent), even though its employment growth since the depths of the recession was only 27th best in the country.

"Because employment is not growing, you guys are doing what you did before more efficiently, just without more people," Fikri added.

For those who lost jobs during the downturn that enhanced performance perhaps offers little satisfaction.

But the accelerated productivity was sufficient enough to overcome rising foreclosure rates and falling house prices that the two Brookings reports characterized Utah's three metropolitan areas — Ogden-Clearfield and Provo-Orem, along with Salt Lake City — as being part of a "relatively robust" recovery from the recession.

The Ogden-Clearfield area also was quite productive, posting the 13th-best GMP output (4.6 percent) since its economy peaked in the fourth quarter of 2007, just as the recession began. In addition, only five metro areas in the country had better performances in the first quarter of 2011 than Ogden-Clearfield.

Provo and Orem were in the middle of the pack. GMP has risen less than 1 percent in the Utah County metro area since the end of 2007, placing it 48th among the top 100 U.S. metro areas.

Nor has Utah County kept pace with its northern neighbors in terms of adding jobs. Employment is still 6.6 percent off of the pre-recession peak. Ogden-Clearfield's is down 4.9 percent, Salt Lake City's 4.5 percent.

But Salt Lake City did post the country's seventh-best employment gain between January and March. It went up 1.0 percent, compared with a 0.3 percent average increase nationally.

"Quarterly job gains in Salt Lake City, Denver and Ogden have gradually accumulated to bring these metros closer to putting the recession behind them than the [rest of the] nation," wrote Fikri and co-author Jonathan Rothwell.

These gains are needed to overcome bleak news out of the housing industry.

In 2011's first quarter, foreclosure rates in Utah's three metro areas were among the country's eight worst.

Home prices were 20 percent to 28 percent below peak levels in all three communities. They also fell more in the past three months than in all but 13 other metro areas. Ogden was the worst, with a three-month drop of 6.3 percent.

Government employment has helped the Provo-Orem area weather the economic storm, Fikri and Rothwell said. While governments around the U.S. have reduced their payrolls by 0.5 percent since the recession began, agencies in Provo-Orem area have increased theirs by 7.7 percent.

"The two toughest economic challenges facing the nation in the wake of the Great Recession — how to translate output recovery into jobs and how to shake the burden of a depressed housing market — loom supersized over the 10 metropolitan areas of the Intermountain West," the Brookings report concluded.

"Welcome progress was made toward recovery in every one of the region's metros in the first quarter, but the pace was uncertain and the jobs picture clouded by continued troubles in the housing market and the threat of further public-sector layoffs."

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