

Economic Insights

2025 Year in Review & 2026 Outlook

Utah Economic Outlook and Public Policy Summit
January 16, 2026

INFORMED DECISIONS™

Our purpose is to help
UTAH'S LEADERS MAKE

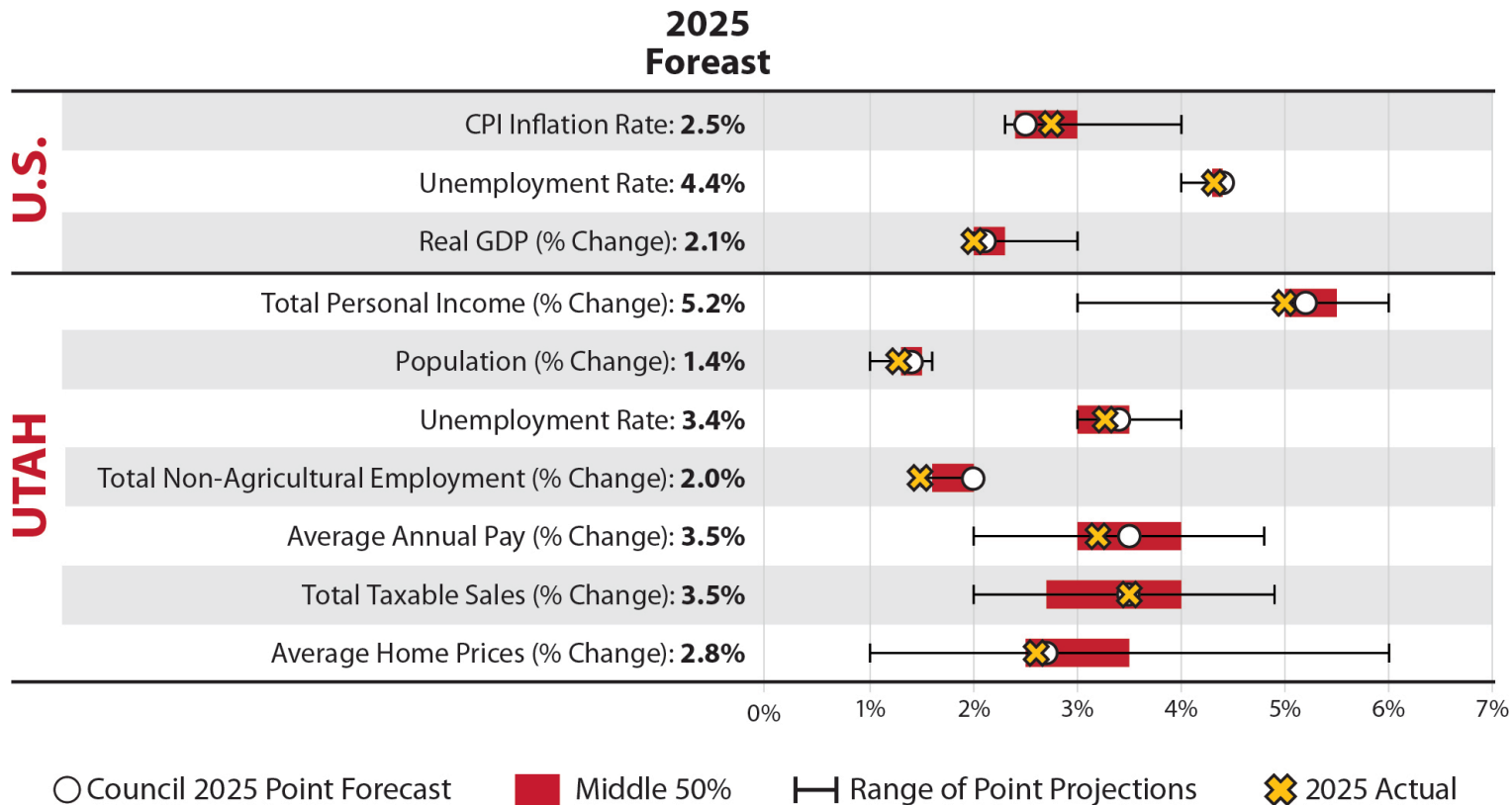
INFORMED DECISIONS™

Today's Economic Playlist

1. **2025 Review** – Hardiness Amid Policy Change
2. **Outlook** – Moderate Expansion
3. **Think Long-Term** – Future Generations

Accuracy

Utah Economic Council 2025 Forecast & Preliminary 2025 Actuals



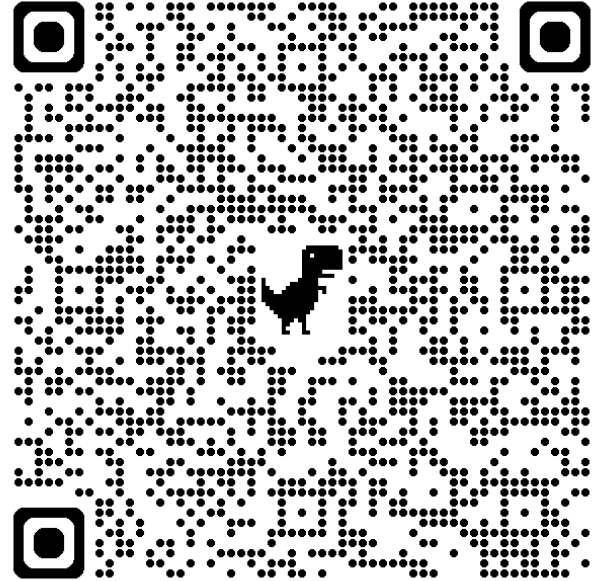
VOLUME TWO
September 2025

KEEPERS OF THE FLAME

UTAH'S OLYMPIC-SIZED OPPORTUNITY

Natalie Gochnour | Phil Dean | Jennifer Robinson

 **Kem C. Gardner
POLICY INSTITUTE**
THE UNIVERSITY OF UTAH
DAVID ECCLES SCHOOL OF BUSINESS



Utah's Magnificent Seven

Major Achievements in Utah's Economic Success Story

- 1 Economic dynamism and diversity
- 2 High household income and low poverty
- 3 Upward mobility
- 4 Widespread prosperity
- 5 Well-trained and educated workforce
- 6 Fast growing population and youthfulness
- 7 Social cohesion

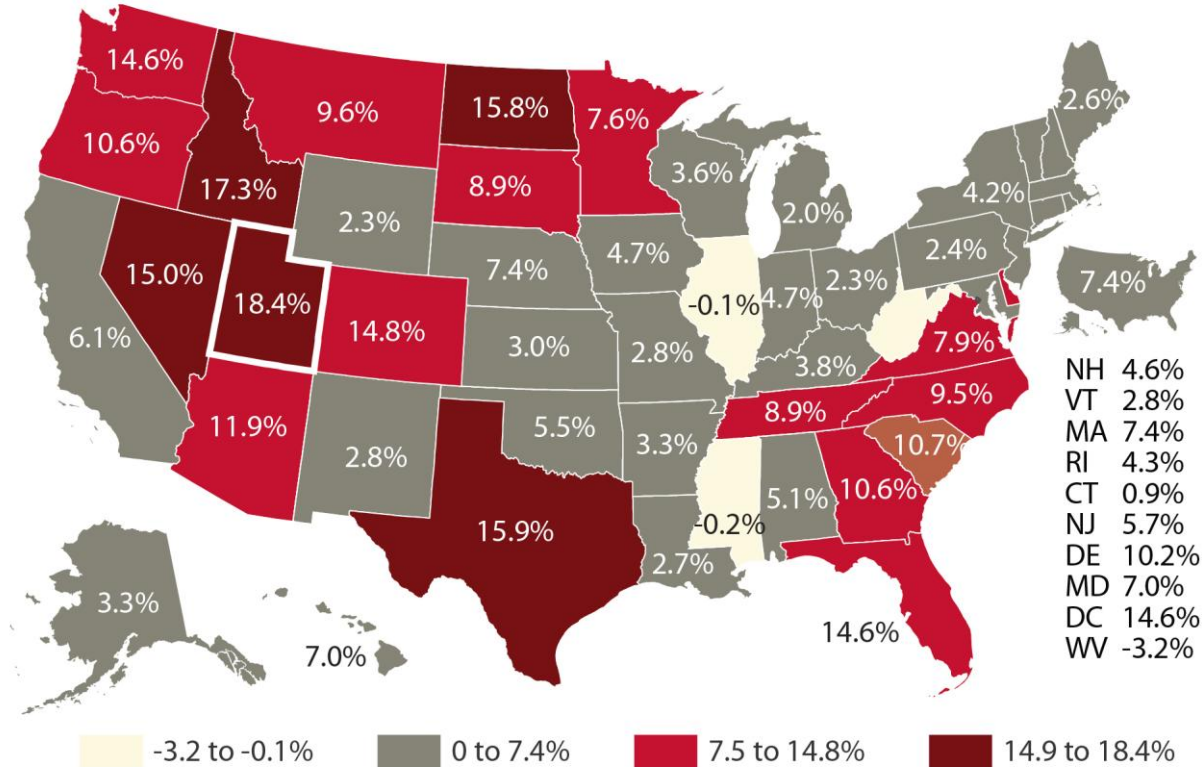
Utah's Troubling Seven

Challenges Threaten Utah's Long-term Success

- 1 Housing affordability and homelessness
- 2 Traffic congestion
- 3 Third grade reading proficiency
- 4 College graduation rates
- 5 Water and Great Salt Lake
- 6 Energy supply
- 7 Behavioral health

Rocky Mountain High, Part I

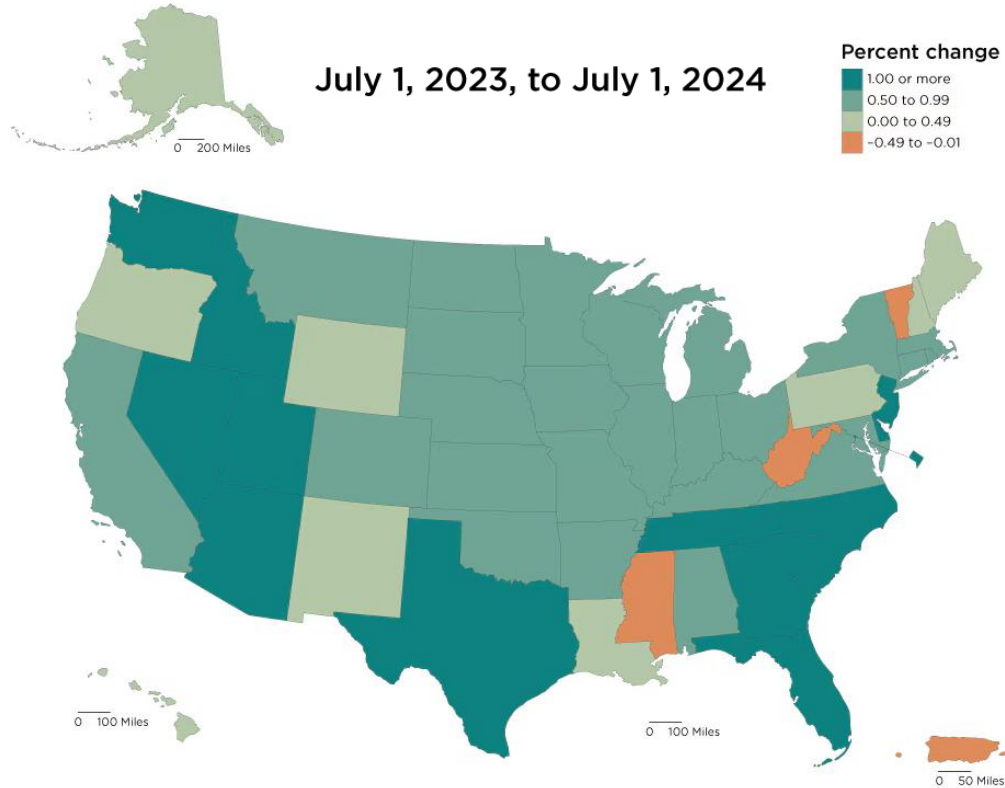
Percent Change, 2010 to 2020 Census



Source: 2020 Apportionment Data, U.S. Census Bureau

Rocky Mountain High, Part II

Mountain Region and South Continue to Lead Population Growth

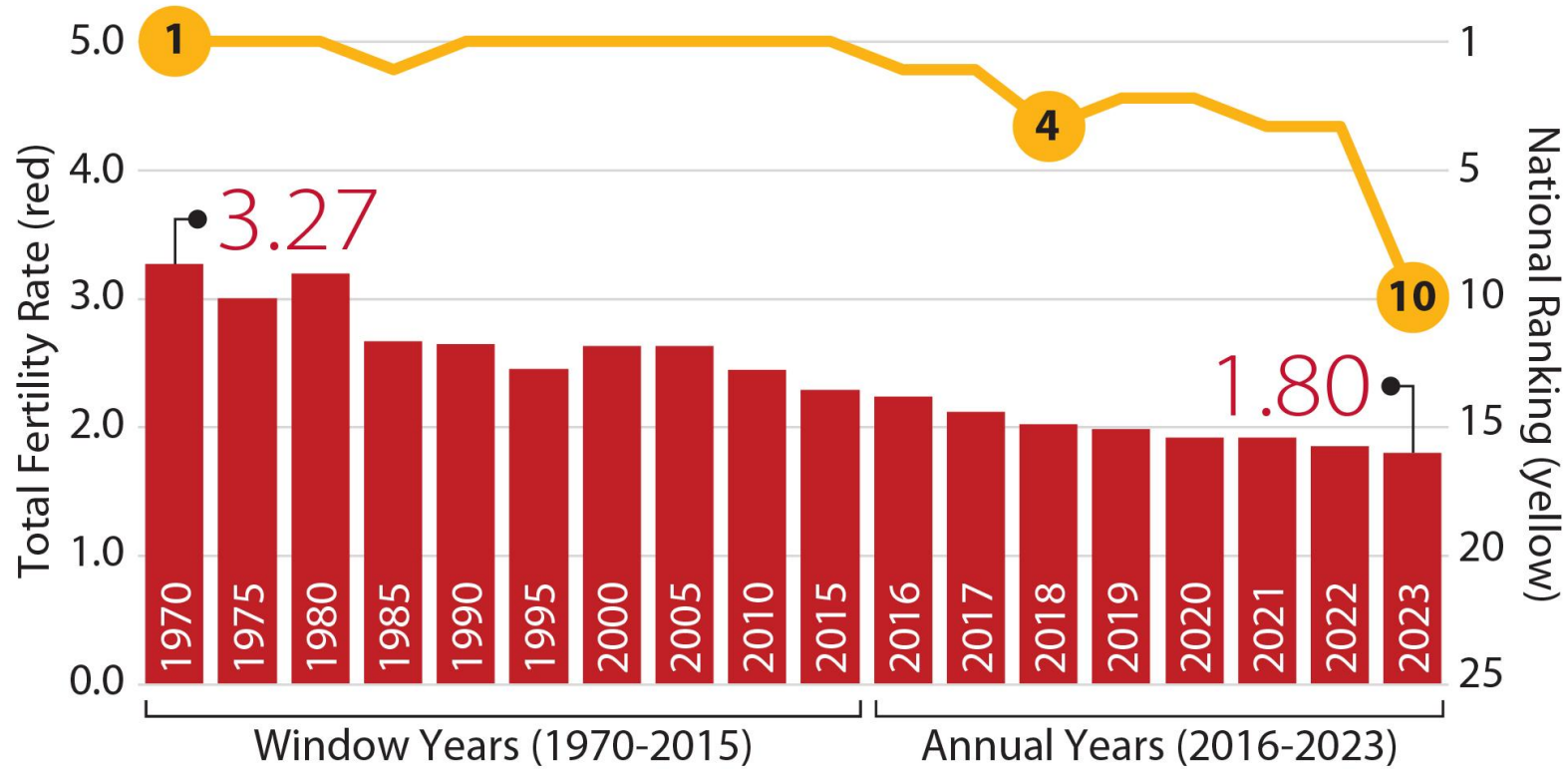


State/District	Population Growth Rate
DC	2.2
Florida	2.0
Texas	1.8
Utah	1.8
South Carolina	1.7
Nevada	1.7
Idaho	1.5
North Carolina	1.5
Delaware	1.5
Arizona	1.5

Source: U.S.
Census Bureau

Sweet Child O' Mine II

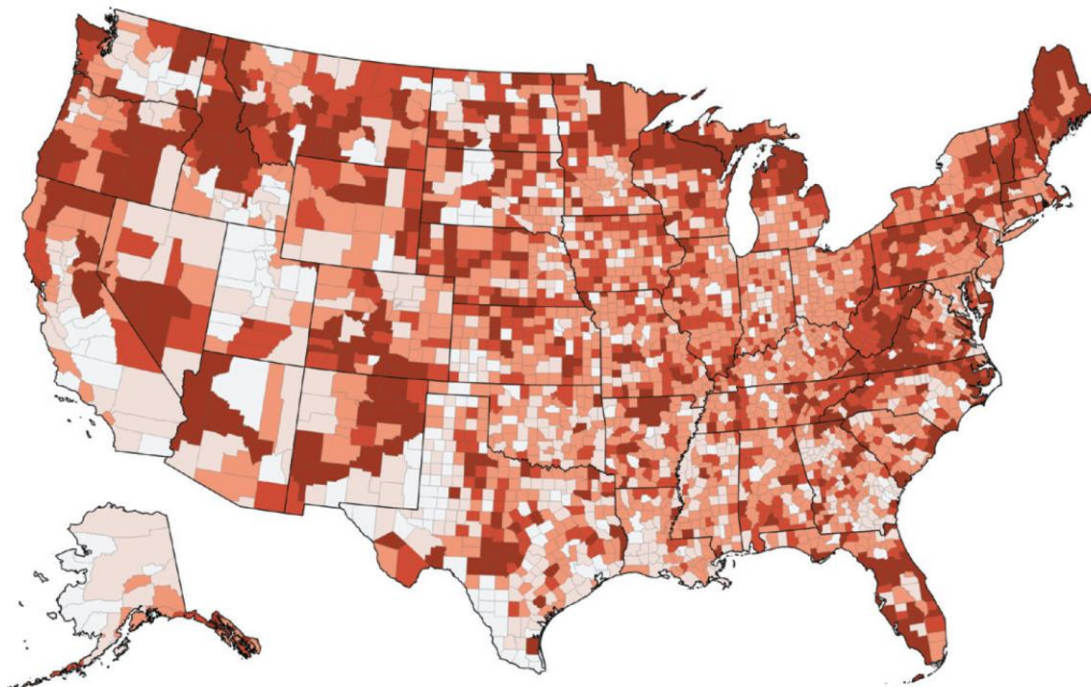
Utah Fertility Rate Well Below Replacement



Source: National Center for Health Statistics

Forever Young

Utah Remains the Youngest State (By Far)...



Note: Utah's median age of 32.4 ranks youngest in the nation. U.S. median age: 39.1
Source: U.S. Census Bureau

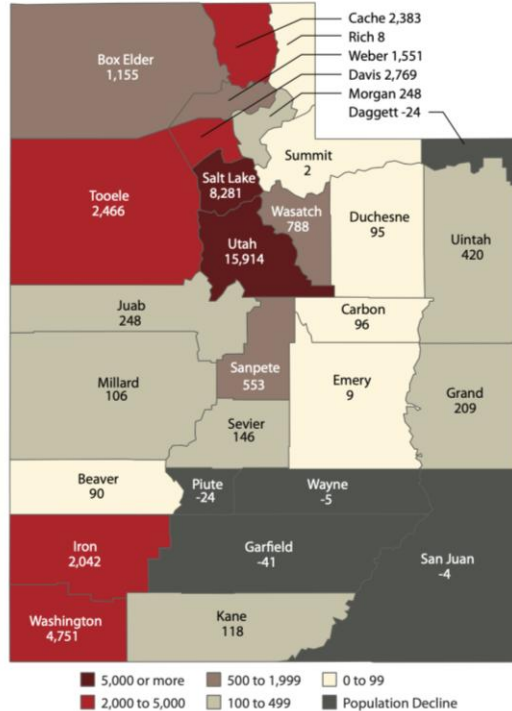
34.9 or less 35.0 to 38.9 39.0 to 42.9 43.0 to 45.9 46.0 or more

Growing Pains

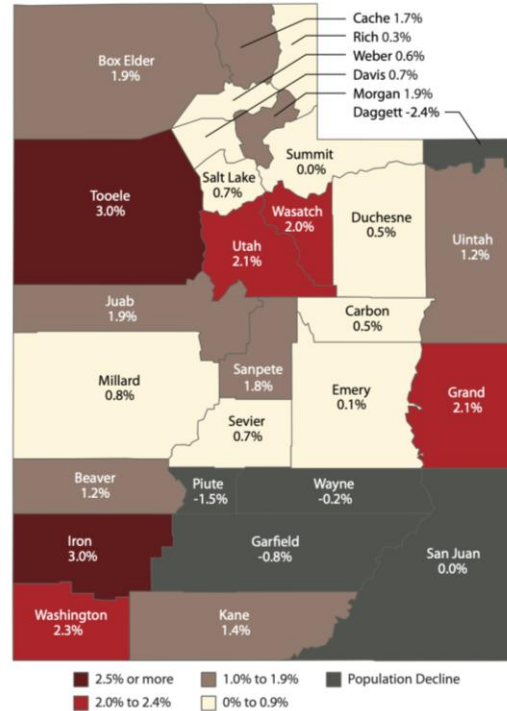
Utah's Growth Moderates but Continues

Figure 7: Absolute and Percentage Changes in County Population, 2024-2025

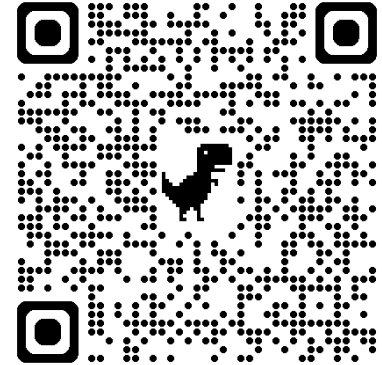
Absolute Change



Percent Change



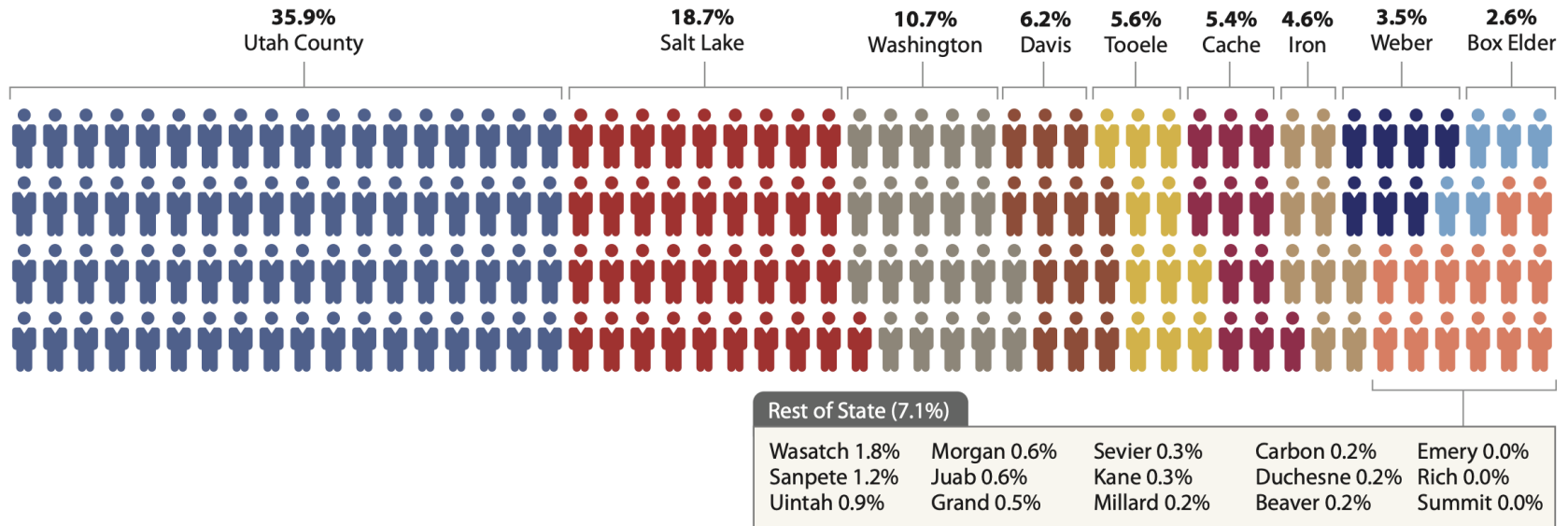
Source: Utah Population Committee, Kem C. Gardner Policy Institute



Then I'll Be Happy

"Happy Valley" Leads the Way

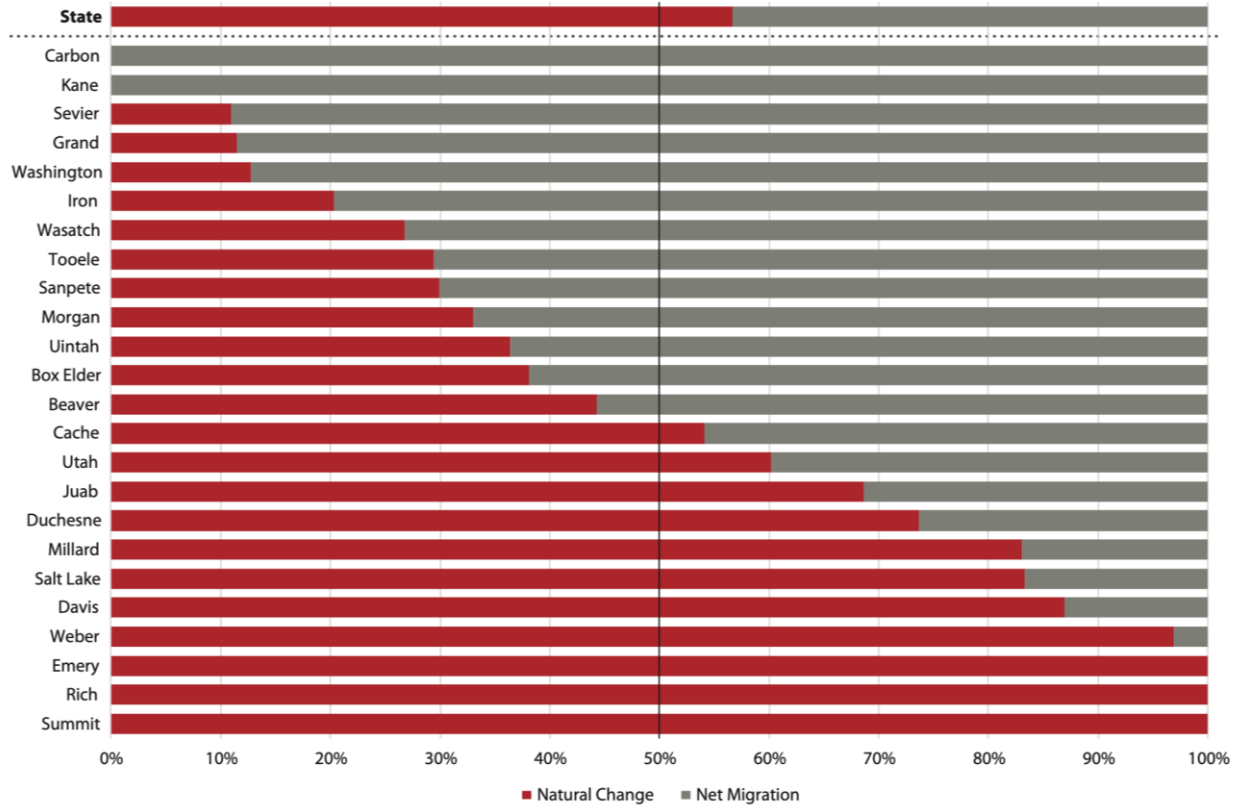
Figure 8: County Share of State Population Growth, 2024-2025



Source: Utah Population Committee, Kem C. Gardner Policy Institute

Hello

Figure 9: Share of Population Growth by Components of Change by County, 2024-2025



Note: Daggett, Garfield, Piute, San Juan, and Wayne counties are not included due to population declines
Source: Utah Population Committee, Kem C. Gardner Policy Institute

Makin' Plans

Trump Administration Overarching Economic Goals

1. **Trade deficit** – Reduce the U.S. trade deficit & rebalance global trade
 2. **Deficits** – Lower U.S. federal fiscal deficits (tariff revenue)
 3. **Labor** – Reverse decades-long decline in labor's share of income
- ✓ **Taxes** – Make permanent Trump 1.0 tax cuts & other (OBBA)

Sources: PIMCO Macro Signposts and Kem C. Gardner Policy Institute

Party in the U.S.A.

U.S. World's Largest Economy (By Far)



Rise Up

Sizable Tariff Revenue

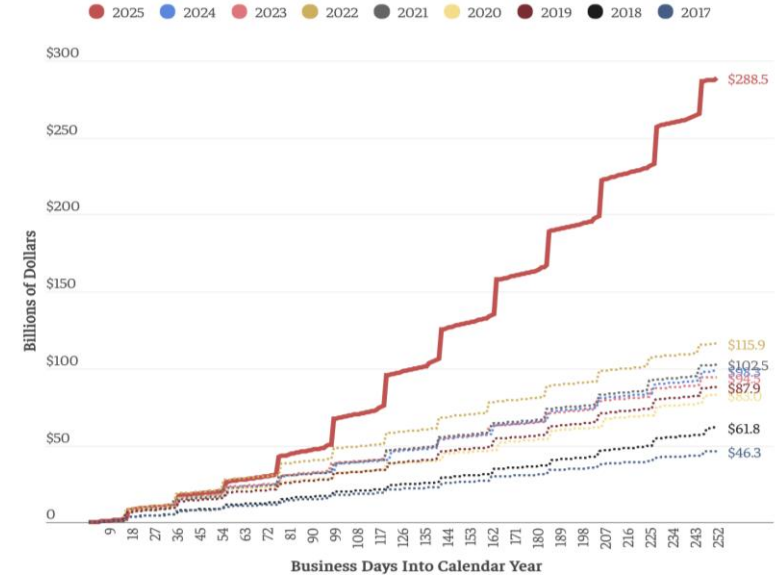


Congressional Budget Office
Nonpartisan Analysis for the U.S. Congress

About CBO Topics Cost Estimates

- Tariffs implemented January 6 – Nov 15 would decrease primary deficits by \$2.5 trillion across the 2025-2035 period
- By reducing primary deficits, tariffs would also reduce federal interest costs by an additional \$0.5 trillion
- As a result, tariffs would reduce total deficits by \$3.0 trillion

In 2025, the U.S. Brought in \$289 Billion in Revenue From Gross Tariff and Certain Other Excise Taxes, Tens of Billions Above Levels in Recent Years



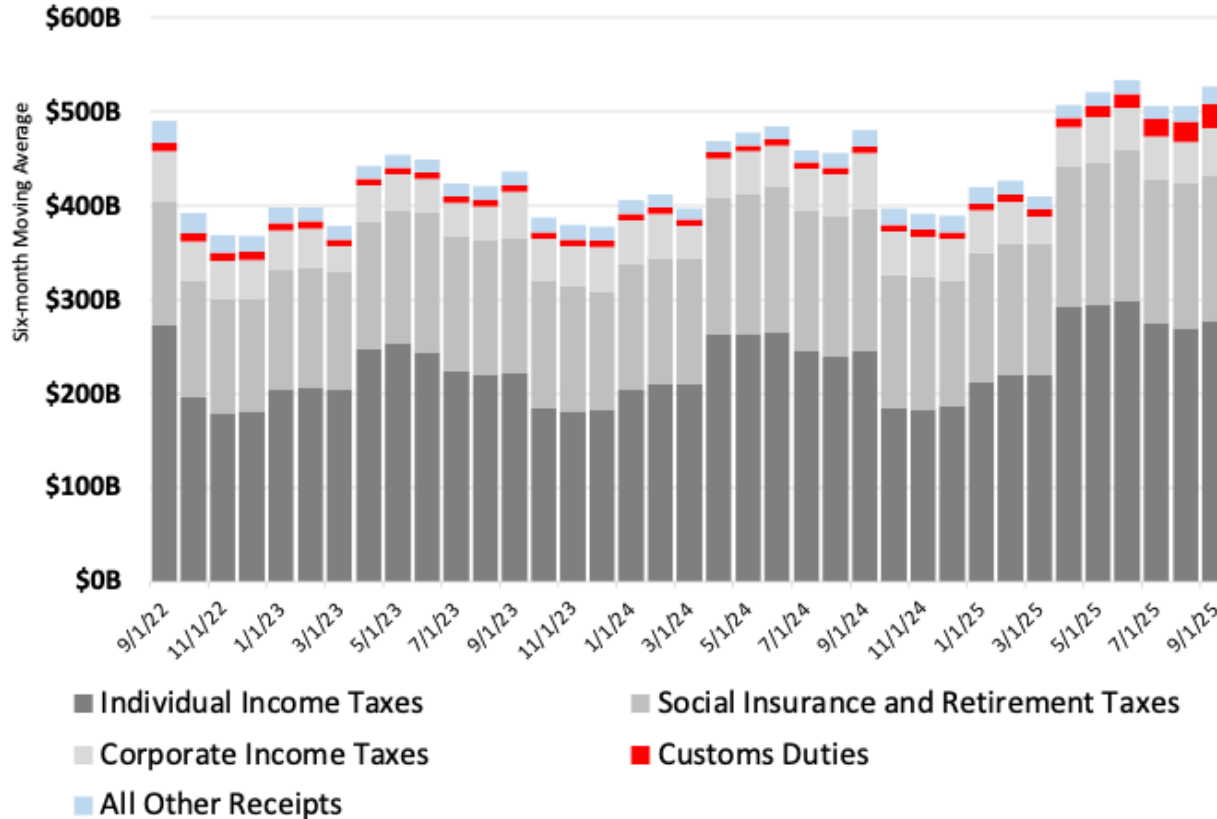
Notes: Totals represent gross tariff and certain other excise tax revenue. Net tariff revenue - which removes "certain other excise tax revenue" and incorporates tariff rebates/refunds - is typically 80-85% of gross tariff and other excise tax revenue and is reflected in Treasury Monthly Statements. Dollars are not adjusted for inflation.

Source: Daily Treasury Statements

Source: Bipartisan Policy Center

New Kid in Town

Federal Net Receipts by Category Six-month Moving Average



Source: U.S. Treasury

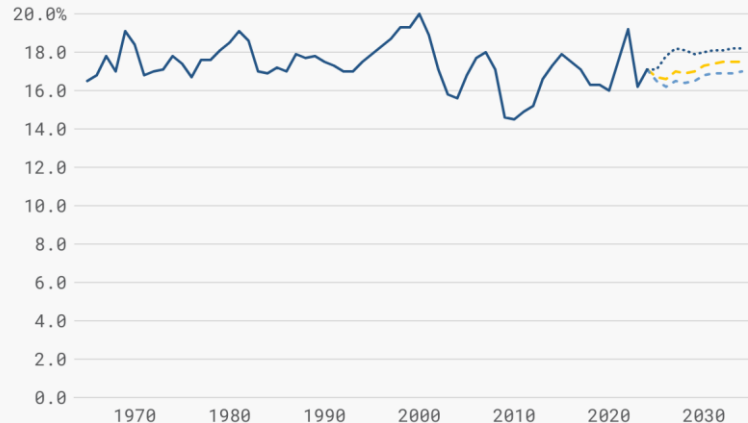
Big, Big Plans

One Big Beautiful Bill Act Increases Federal Deficit (and Therefore Debt)

OBBBA Tax Cuts Partially Offset by Higher Tariffs

Federal Tax Revenue as a Share of GDP, Fiscal Years 1965 to 2034

— Actual ···· CBO Projection January 2025 - - - TF Projection Post-OBBBA
- - - TF Projection Post-OBBBA and Tariffs



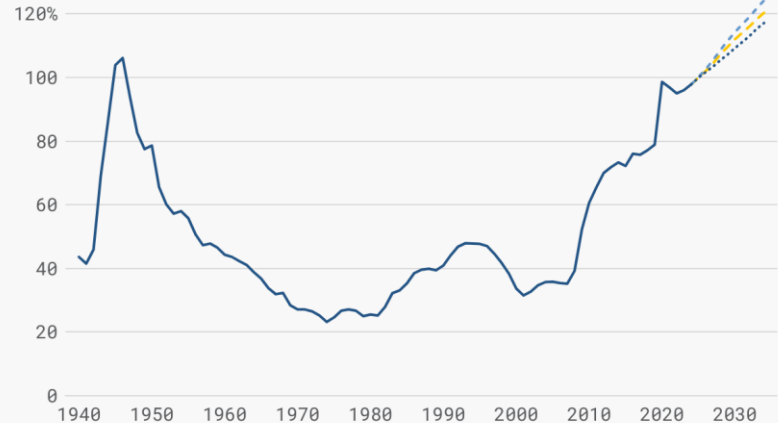
Note: Tax Foundation projections include dynamic effects on revenue, GDP, and other variables.
Source: Congressional Budget Office, "Historical Budget Data" and "The Budget and Economic Outlook: 2025 to 2035," January 2025; Tax Foundation General Equilibrium Model, November 2025.



US Headed for Record Debt Burden by 2028

Publicly Held Debt as a Share of GDP, Fiscal Years 1940 to 2034

— Actual ···· CBO Projection January 2025 - - - TF Projection Post-OBBBA
- - - TF Projection Post-OBBBA and Tariffs



Note: Tax Foundation projections include dynamic effects on revenue, GDP, and other variables.
Source: US Office of Management and Budget, "Historical Tables"; Congressional Budget Office, "The Budget and Economic Outlook: 2025 to 2035," January 2025; Tax Foundation General Equilibrium Model, November 2025.



You Make Me Feel Brand New

Previous Provisions v. New H.R. 1 Tax Provisions

- **Previously-existing provisions extended**
 - Macroeconomic forecasts generally did NOT assume sizable individual income tax increases at the end of 2025 due to legal/technical (but highly unlikely) expiration of many TCJA provisions
- **Examples of selected new provisions**
 - Tips
 - Overtime
 - Senior deduction
 - Contributions – charitable and school scholarship
 - New car loan
 - Child savings account
 - Business depreciation
 - Business research & development

The Thunder Rolls

Recent Publications Highlight Federal / State Relationship



Data Summaries

-  Federal Employment
-  Federal Debt and Deficit
-  Federal Funds in Utah's State Budget
-  Public Lands
-  Defense
-  Travel and Tourism
-  Medicaid
-  Balance of Payments
-  Research Funding

Nearly 130 years ago, Utah became the 45th state in the nation. This long battle for statehood set in motion a beneficial and, at times, tumultuous relationship between the U.S. government and the Beehive State. Among other national contributions, Utah settled vast acreages of land, led out on women's suffrage, provided raw materials for the building of the nation, served as the connection point for the transcontinental railroad, supported two World Wars, and, more recently, emerged as one of the nation's most successful and dynamic economies. As the federal government reinvents itself through significant policy changes and cost-cutting measures, Utah decision-makers will benefit from a data summary of many of the key economic linkages between Utah and the federal government.

Source: Gardner Policy Institute

Under Pressure

Federal Employment

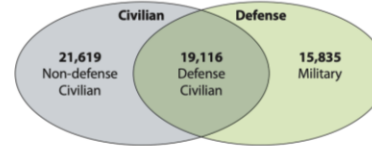
Size and Composition

Nearly 57,000 federal employees work in Utah, consisting of non-defense civilian employees (nearly 22,000), defense civilian employees (about 19,000), and military personnel (roughly 16,000). Most federal employees in Utah work for the Department of Defense (primarily Hill Air Force Base), Department of Treasury (primarily Internal Revenue Service), the U.S. Postal Service, and Department of Veterans Affairs.

Utah's share of federal jobs to total jobs ranks 14th among U.S. states at 2.4% when excluding the military and 23rd (at 3.3%) when including military employment.¹ Compared with sectors of a similar size in Utah, this ranks slightly higher than the information sector but below the wholesale trade sector.

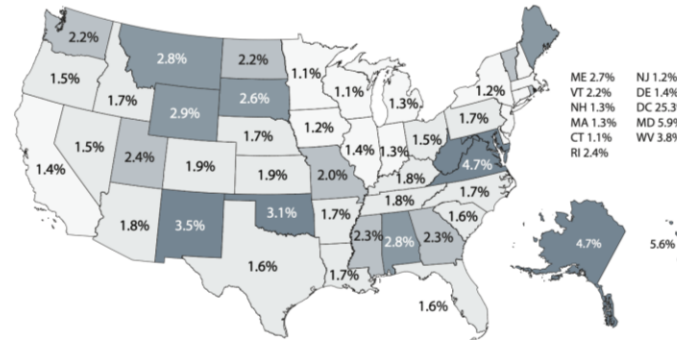
Table 1: Federal Employees in Utah, 2024

Employment Type	Employees
Non-defense Civilian	21,619
Defense Civilian	19,116
Military	15,835
Total	56,569
Defense share	61.8%



Note: Employment represents average job counts from quarterly data between 2023 Q3 and 2024 Q2, inclusive.
Sources: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (Civilian) and Department of Defense (Military)

Figure 1: Federal Civilian Employment Shares by State, 2024



Note: Employment represents average job counts from quarterly data between 2023 Q3 and 2024 Q2, inclusive.
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages

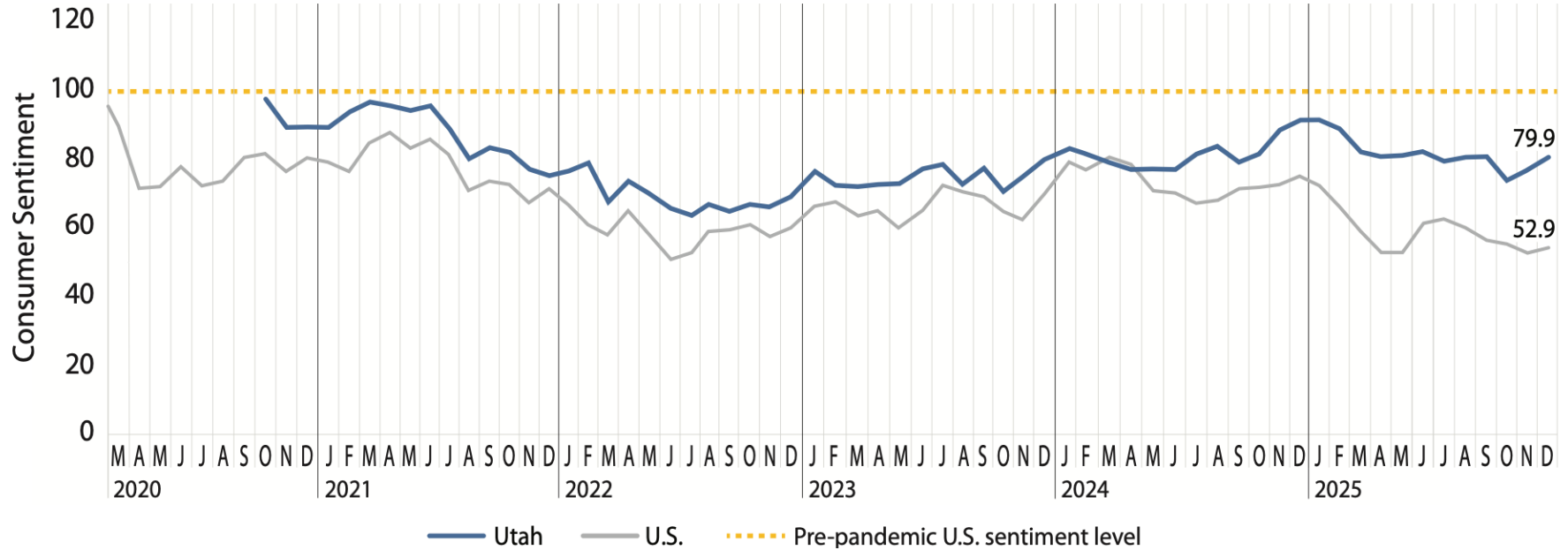
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Source: Gardner Policy Institute

Anxiety

Utah and U.S. Consumer Sentiment Index

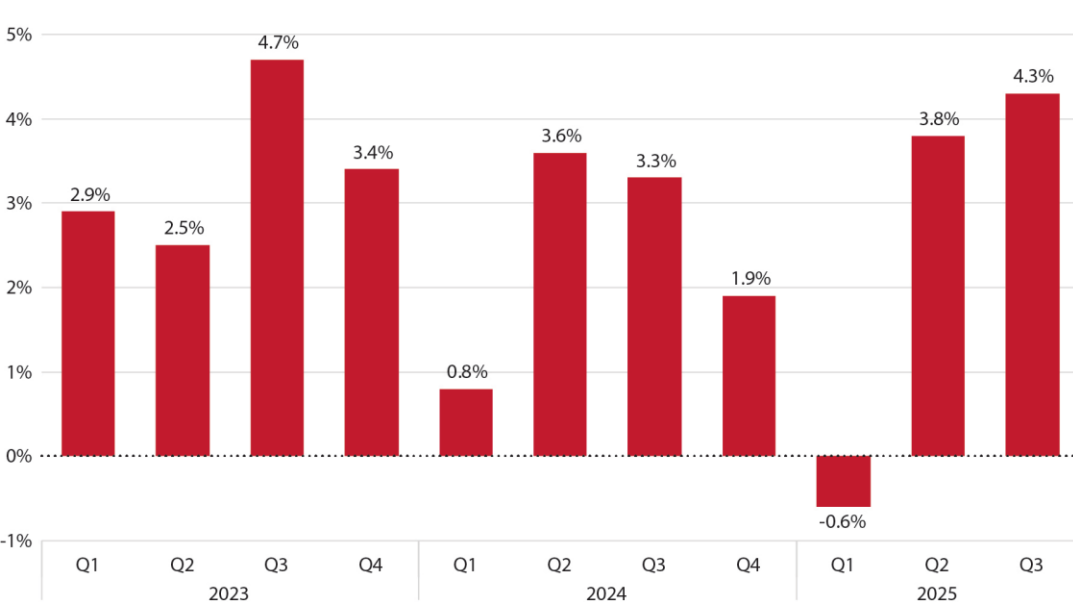
Consumer Sentiment Index: Utah and U.S.



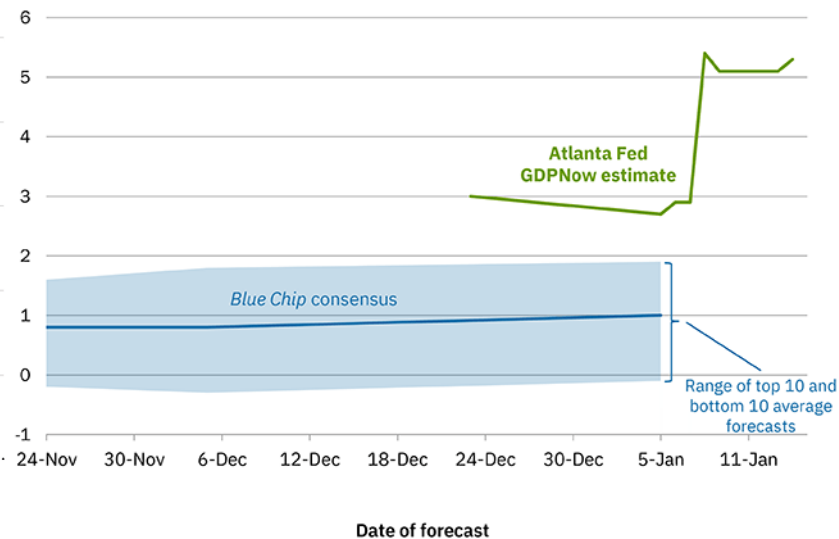
Source: Zions Bank, University of Michigan, and Kem C. Gardner Institute

Better Now & Time After Time

U.S. GDP Declined Slightly in Q1, then Returned to Strong Growth in Q2&3 (&Q4)



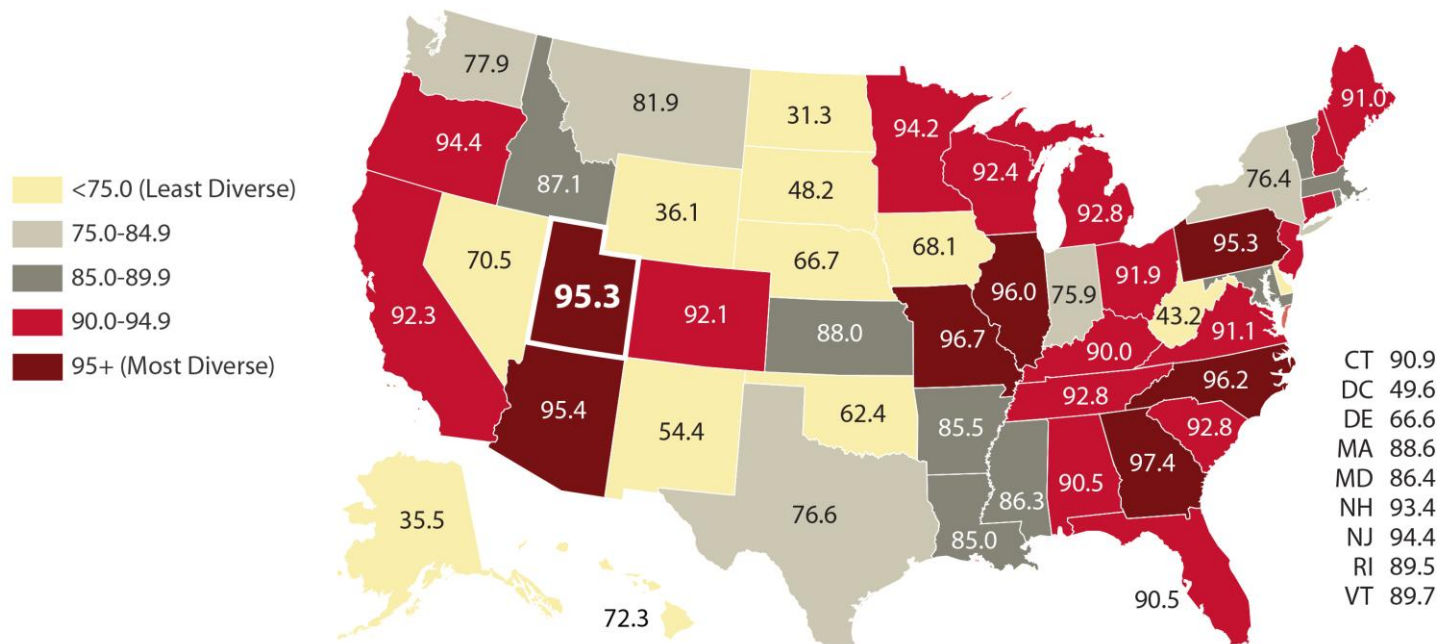
Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q4
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

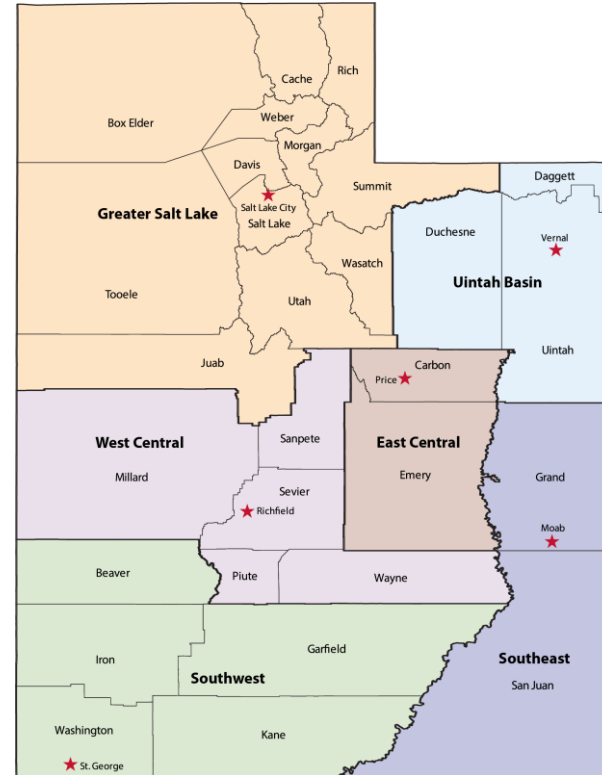
Utah Among Most Diverse Economies Measured by GDP



Draw the Line

Utah's Economic Regions

**Economies follow
linkages, not boundaries**



Southwest Region Utah's Second Most Diverse Economic Region

The figure consists of two maps of Utah, each showing the percentage of the population that is White. The maps use a color scale from dark brown (80+%) to light beige (<20.0%).

Left Map: Percentage of the population that is White

Region	Percentage
Greater Salt Lake	96.2
Utah Basin	14.3
West Central	65.6
East Central	38.5
Southwest	86.4
Southeast	48.5

Right Map: Percentage of the population that is Black

Region	Percentage
Box Elder	54.5
Tooele	79.8
Salt Lake	94.0
Utah	84.8
Wasatch	73.8
Summit	45.2
Duchesne	10.2
Carbon	54.5
Emery	15.5
Grand	47.8
Wayne	51.7
Garfield	38.9
San Juan	27.2
Kane	48.0
Washington	84.1
Iron	78.4
Beaver	45.2
Piute	25.5
Sevier	42.1
Sanpete	61.9
Millard	37.4
Juab	69.2

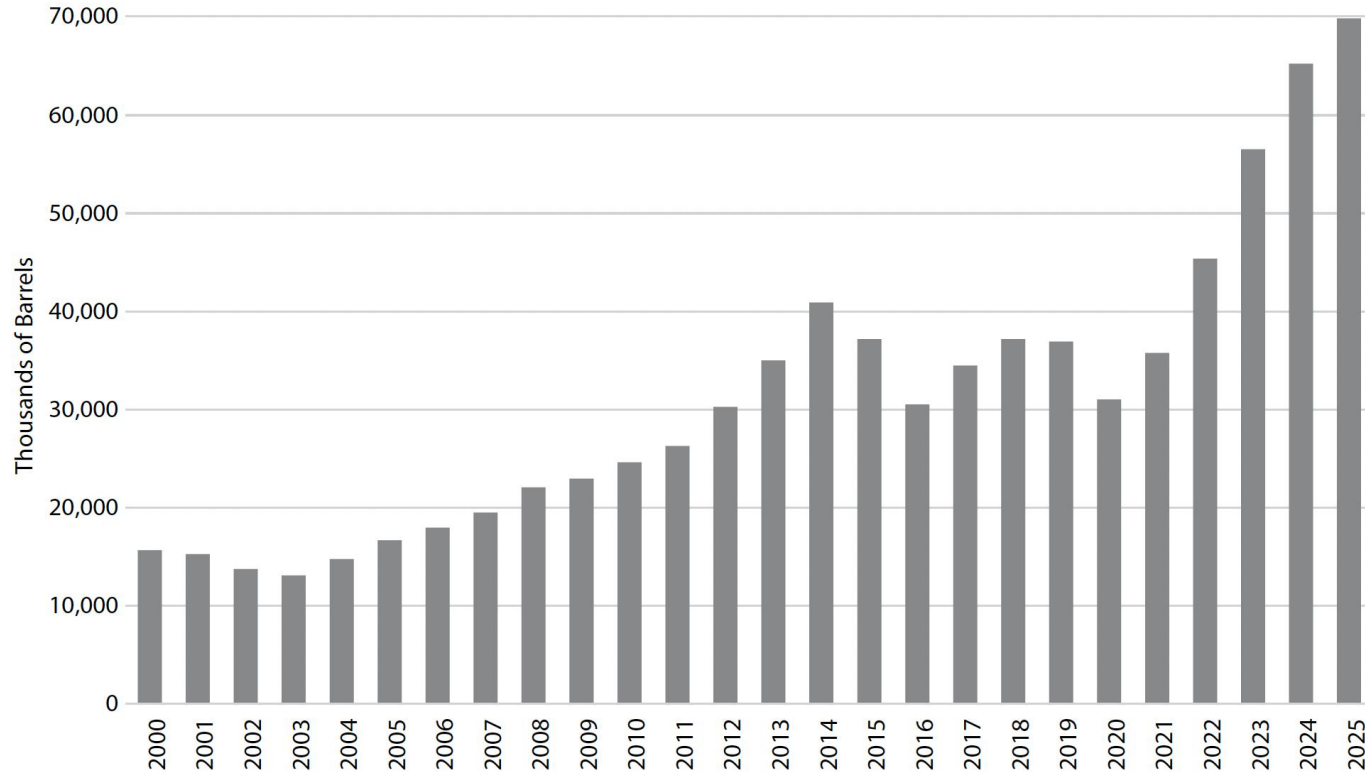
Legend:

- 80+ (Most Diverse)
- 60.0-79.9
- 40.0-59.9
- 20.0-39.9
- <20.0 (Least Diverse)

Source: Kem C. Gardner Policy Institute analysis of U.S. Bureau Economic Analysis and Utah Department of Workforce Services employment data

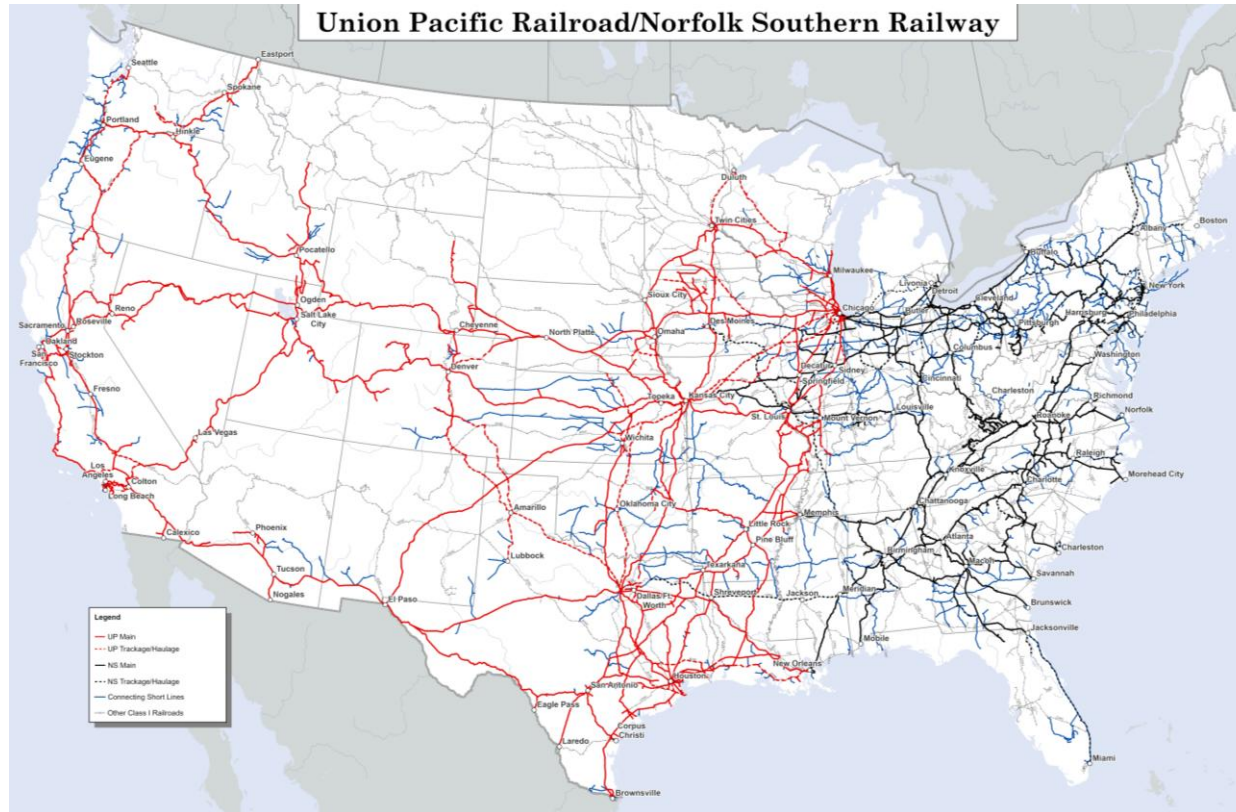
Running Up That Hill

Utah Oil Production Hit All-time High in 2025

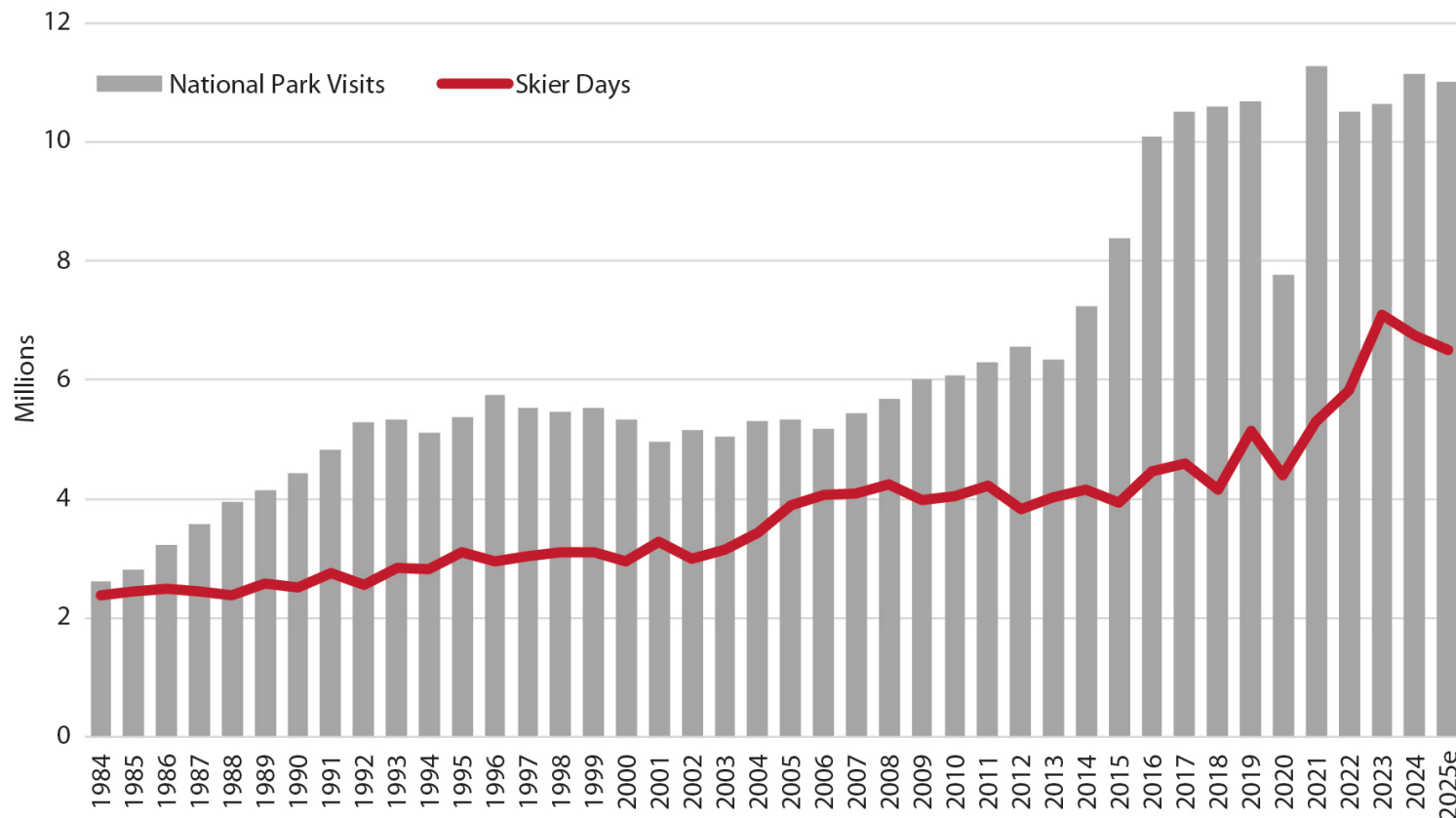


I've Been Workin' On the Railroad

Connecting the Crossroads of the West with the East



Let's Go Outside



Moving In the Dark

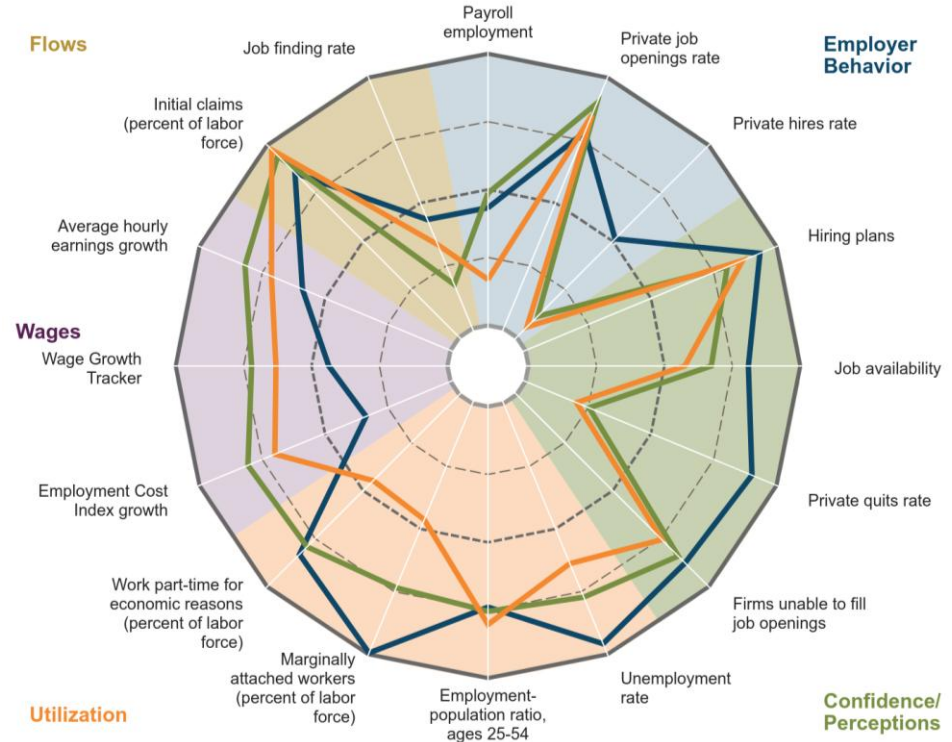
Federal Economic Data During the Shutdown

Stars

Softer but Still-Resilient U.S. Labor Markets

Labor Market Distributions Spider Chart

Data since March 1994



Sources: U.S. Bureau of Labor Statistics, U.S. Department of Labor, National Federation of Independent Business, The Conference Board, and Haver Analytics
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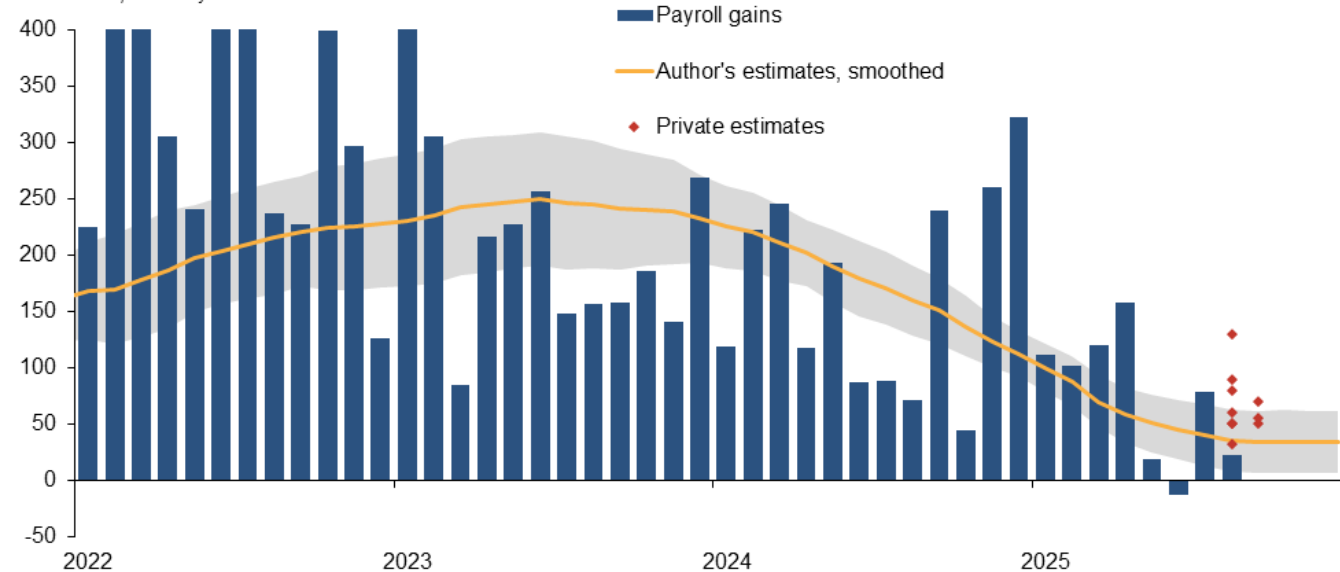
The Times They Are a Changin'

Lower Immigration Demands Less Job Growth to Pace

Chart 3

Breakeven estimate and recent payrolls trend lower

Thousands, monthly



NOTE: Gray area illustrates estimate range.

SOURCES: Bureau of Labor Statistics; author's calculations.

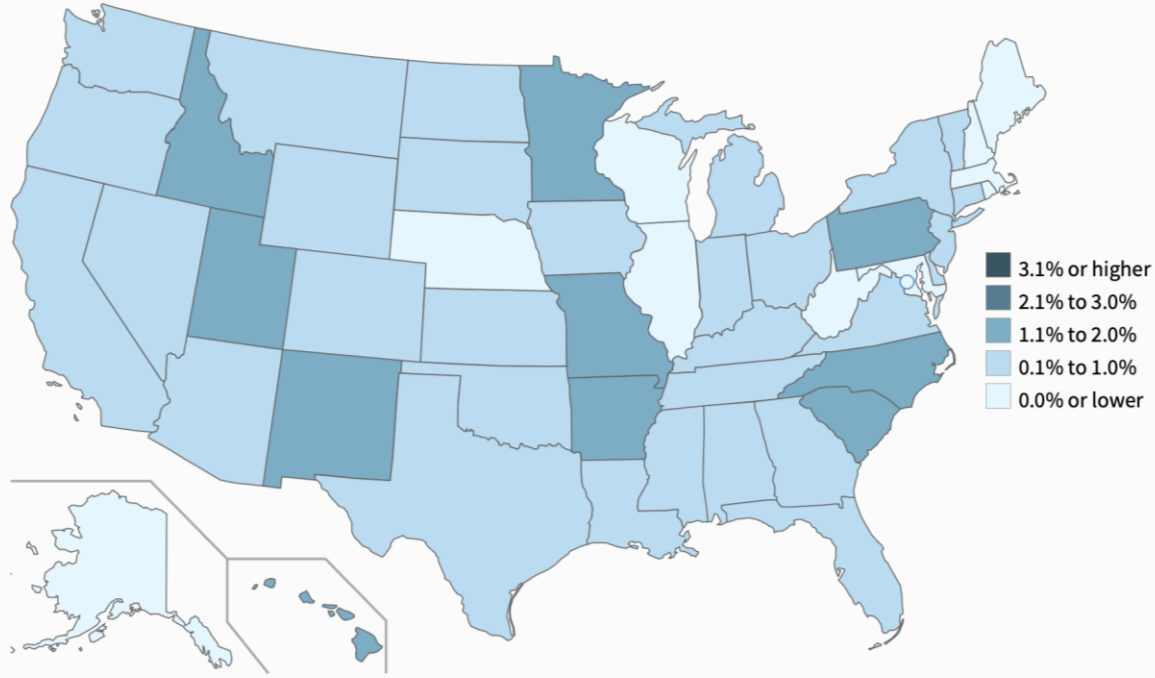
Federal Reserve Bank of Dallas

Good Things Grow

Utah Remains Among Nation's Job Growth Leaders

PERCENT CHANGE IN NONFARM EMPLOYMENT BY STATE | NOV. 2024 TO NOV. 2025 (P)

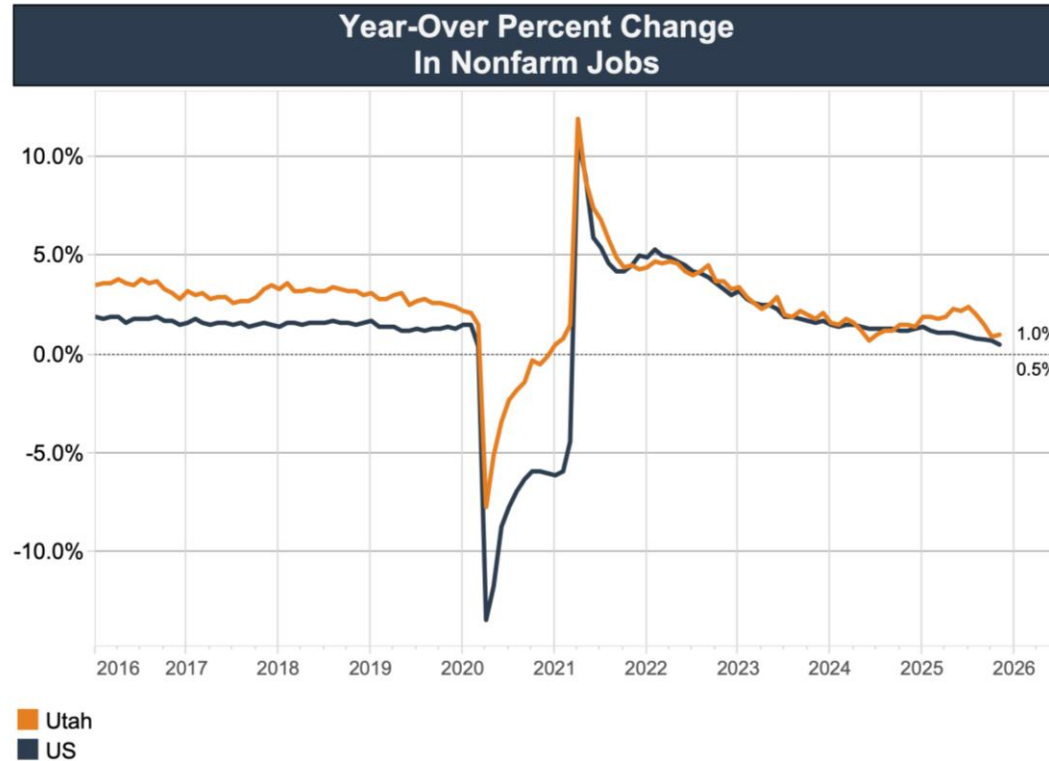
Mouse over a state to see its rate change



Source: U.S. Bureau of
Labor Statistics

Slow Down Summer

Utah Job Growth Rate Moderated in Latter Half of 2025

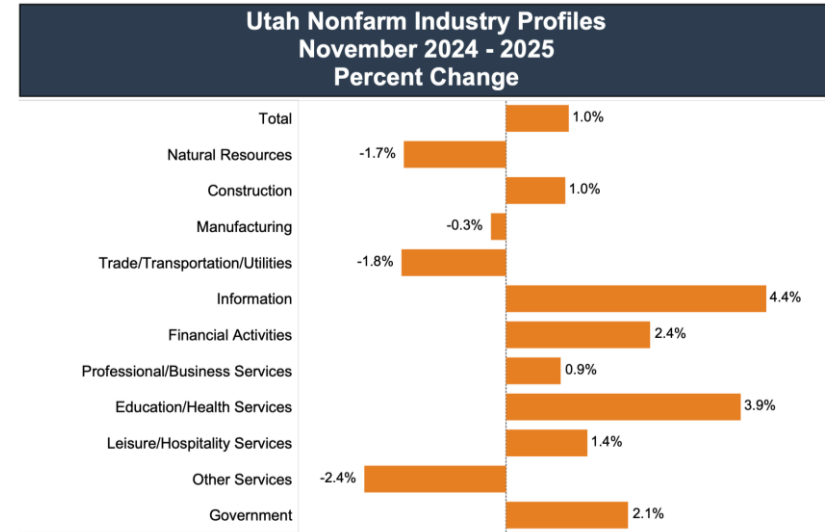
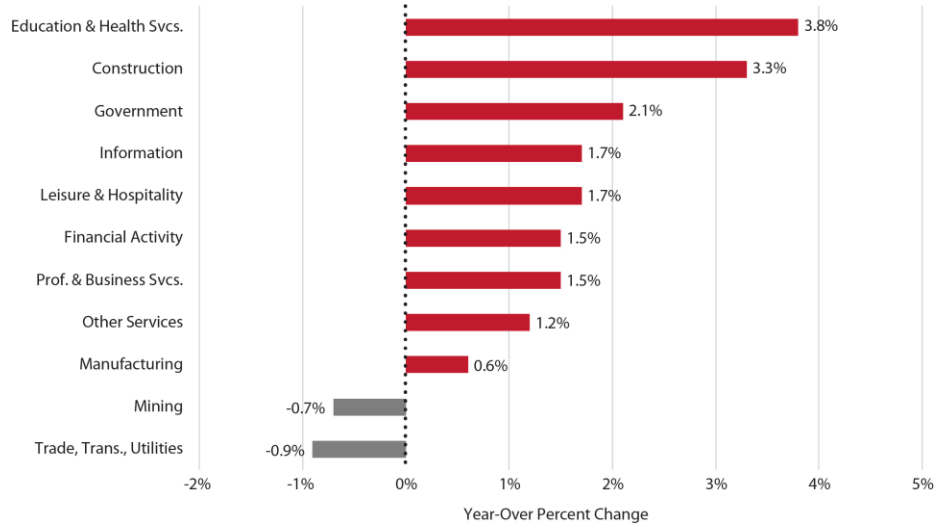


Source: Utah Department
of Workforce Services

When I'm 64 & Too Much Information

Job Growth by Industry

2025 Full-year Estimates

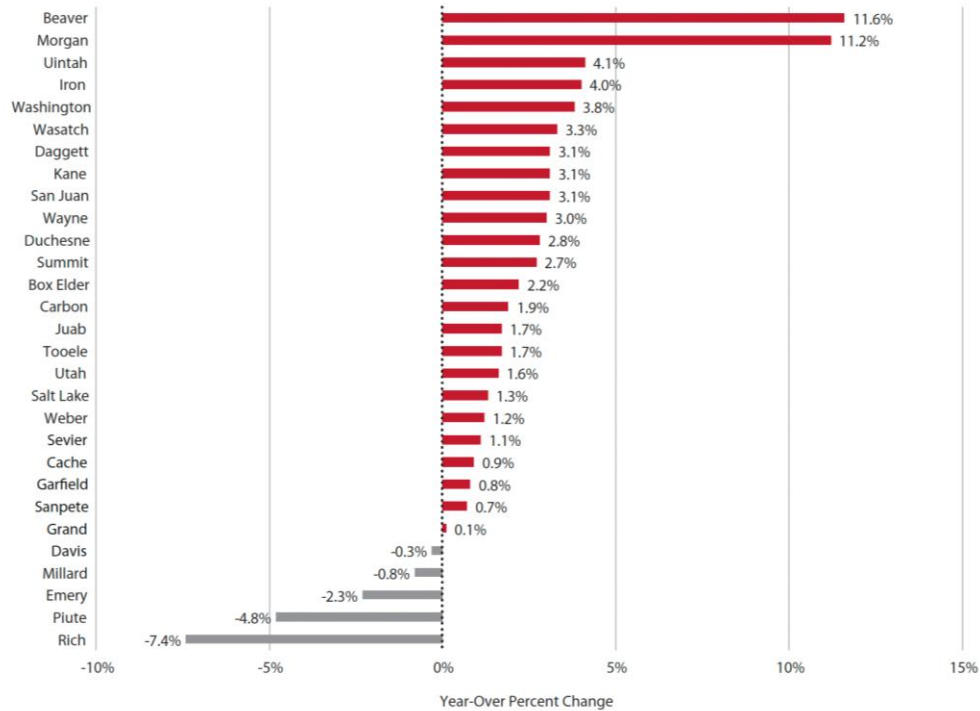


Source: Utah Department of
Workforce Services

Who's Counting

Job Growth by County in 2025

Figure 1.14: Utah Employment Percent Change by County, 2024–2025e

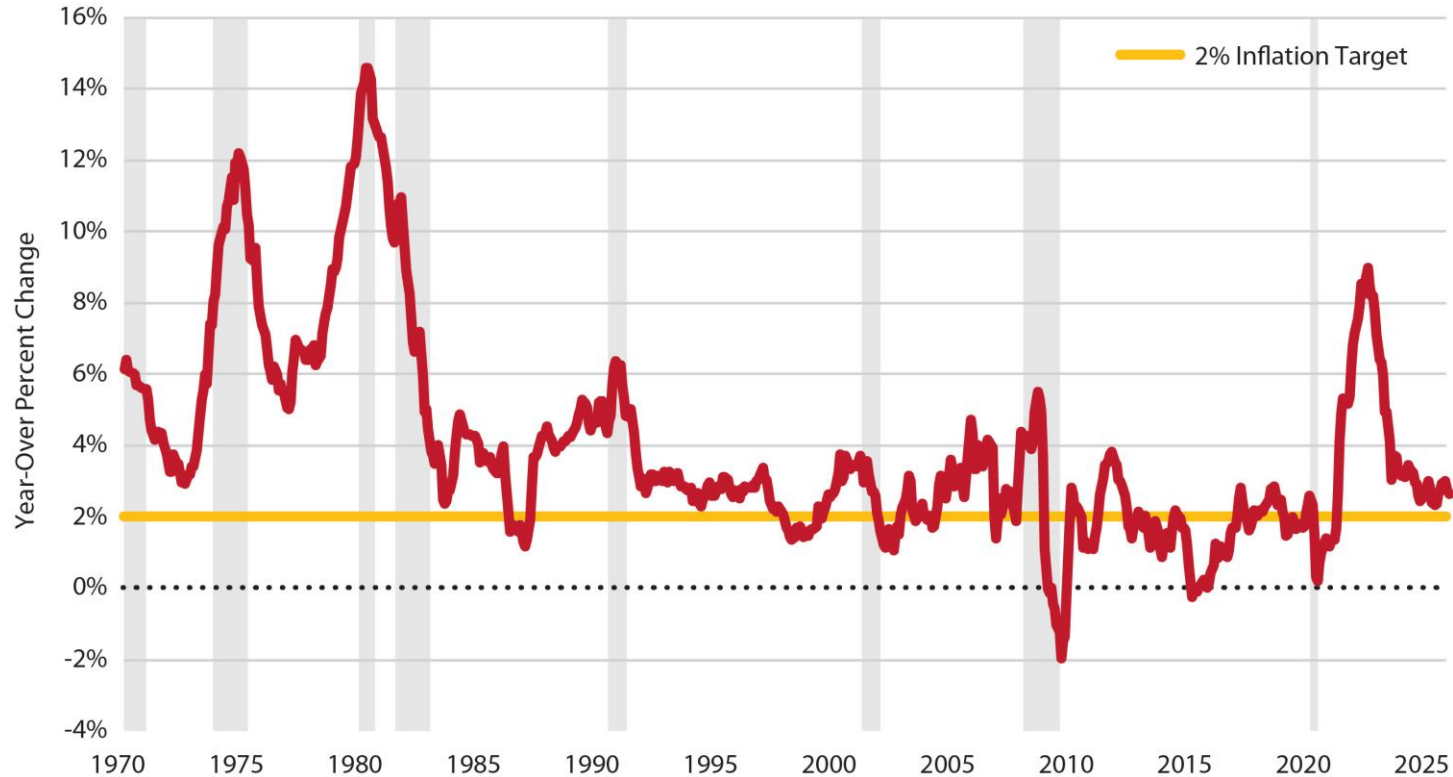


Note: e=estimate

Source: U.S. Bureau of Labor Statistics and Utah Department of Workforce Services

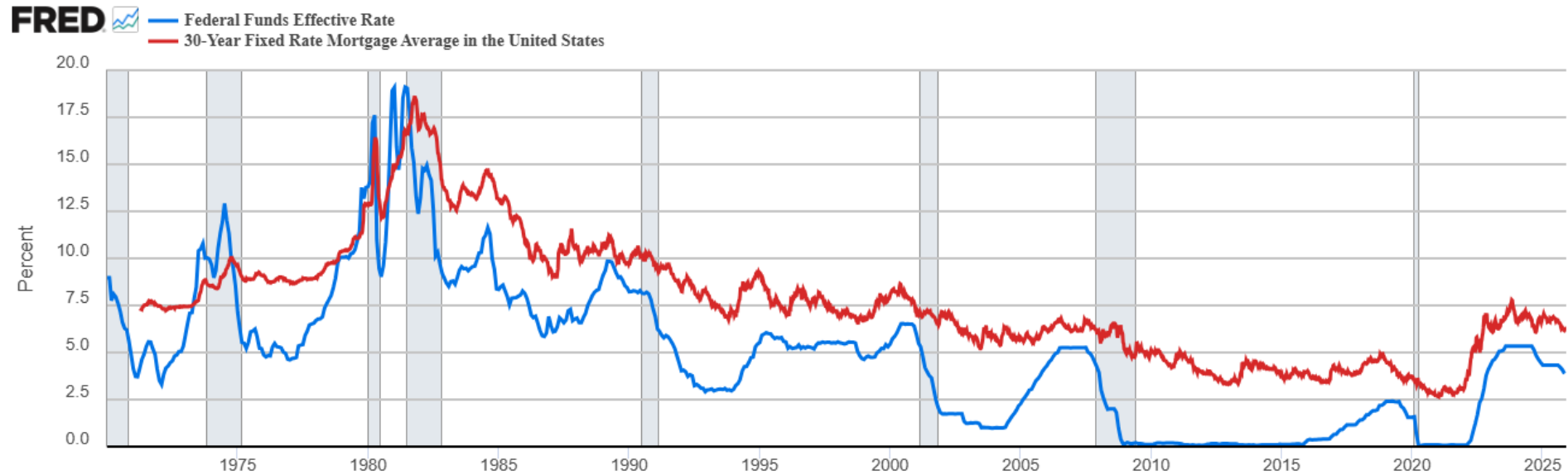
High Cost of Living

Will Inflation Return to 2% Target?



Long Time...Perspective

Interest Rates Higher than Recent History but Not Longer-Term History

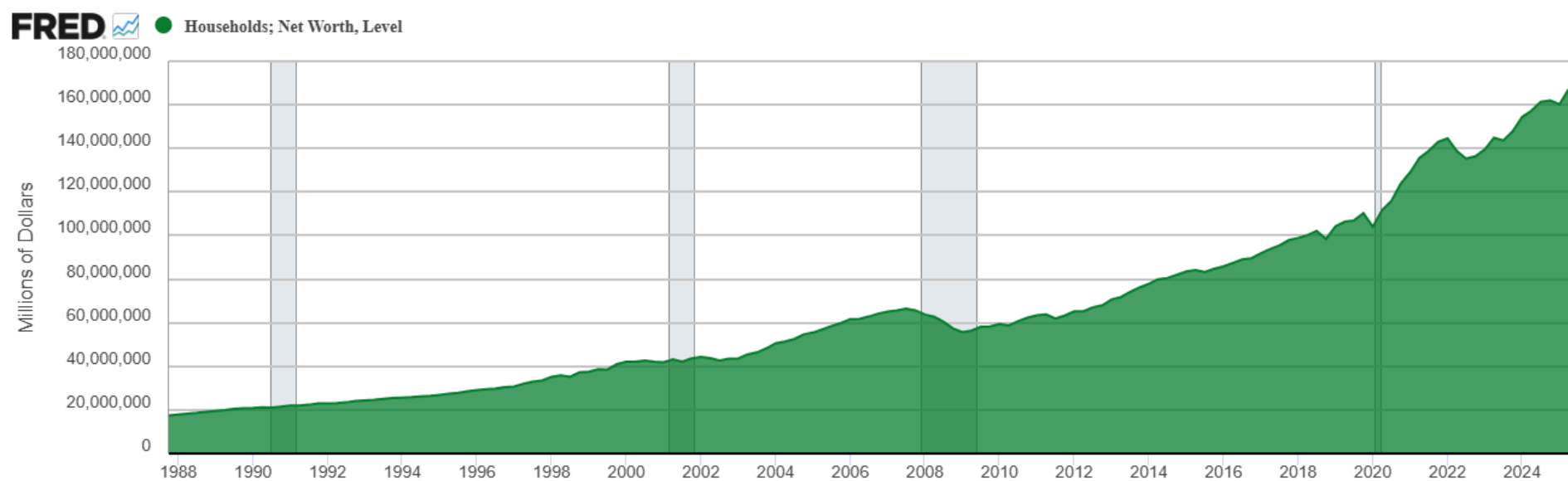


Sources: Board of Governors of the Federal Reserve System (US); Freddie Mac via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

You Raise Me Up

Households Spend from Both
Accumulated Wealth & Annual Income Flows

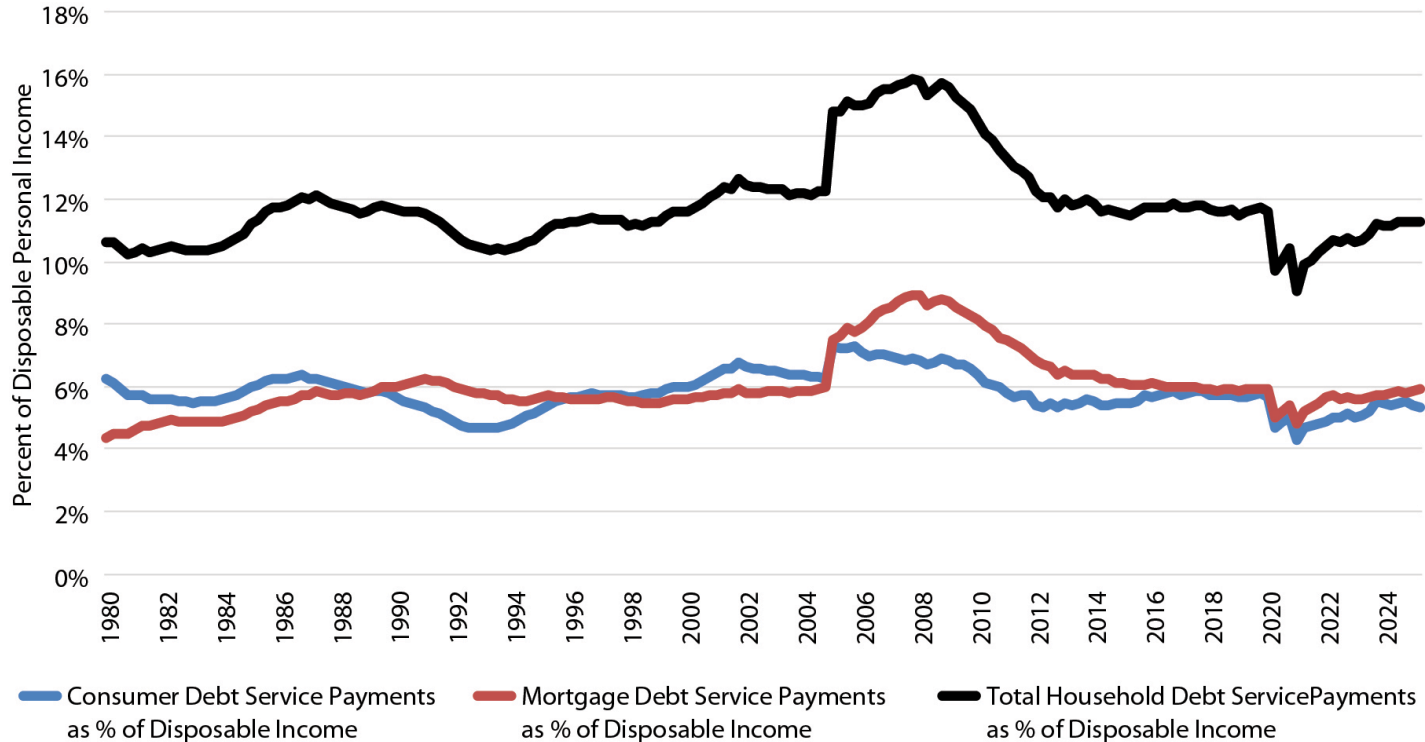


Source: Board of Governors of the Federal Reserve System (US) via FRED®
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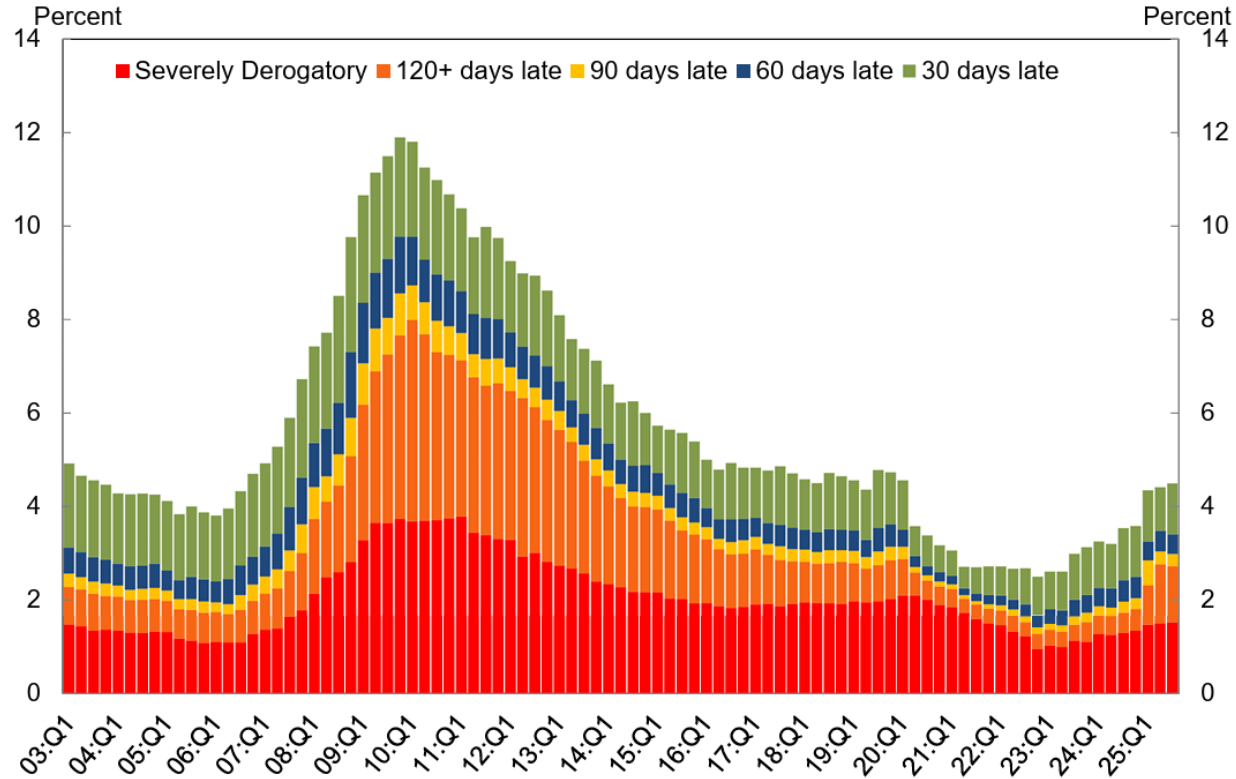
Pay It Back

Even With Household Debt Up in Aggregate,
Payments Manageable on Average...



Running Up That Hill

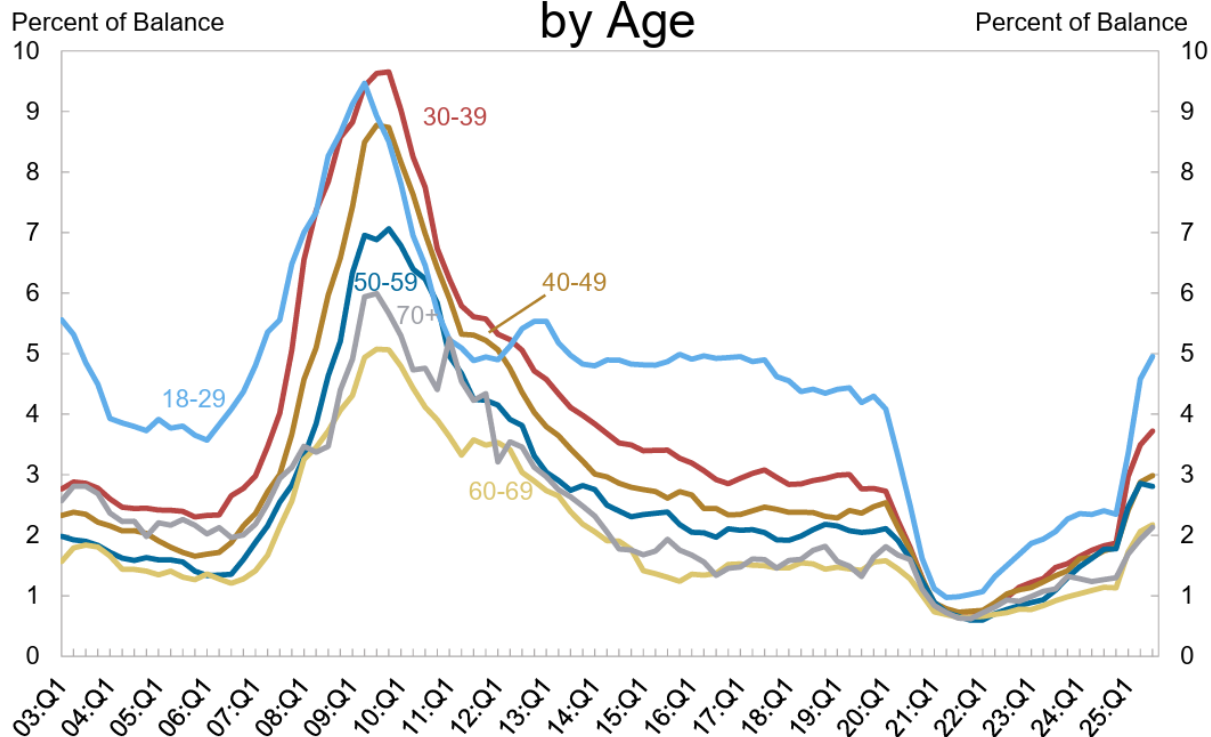
Total Balance by Delinquency Status



Source: New York Fed Consumer Credit Panel/Equifax

Young American Heart

Transition into Serious Delinquency (90+) by Age



Note: 4 Quarter Moving Sum.

Age is defined as the current year minus the birthyear of the borrower.

Age groups are re-defined each year.

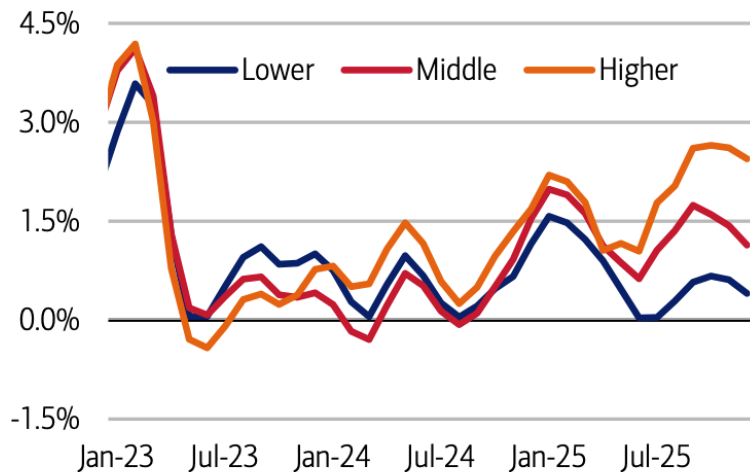
Source: New York Fed Consumer Credit Panel/Equifax

Separate Ways

Emerging K-shaped Economy

Exhibit 2: Lower-income households' spending growth was 0.4% YoY in December, compared to 2.4% for higher-income peers

Total credit and debit card spending per household, according to Bank of America card data, by household income terciles (3-month moving average, YoY%, SA)

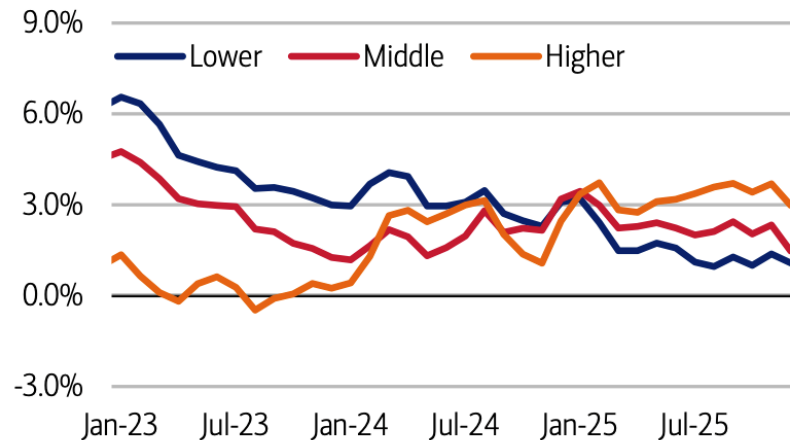


Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

Exhibit 3: In December, higher- and middle-income household wage growth slowed to 3% YoY and 1.5%, respectively, while for lower-income households it ticked down to 1.1% YoY

After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit data (3-month moving average, YoY%, SA)

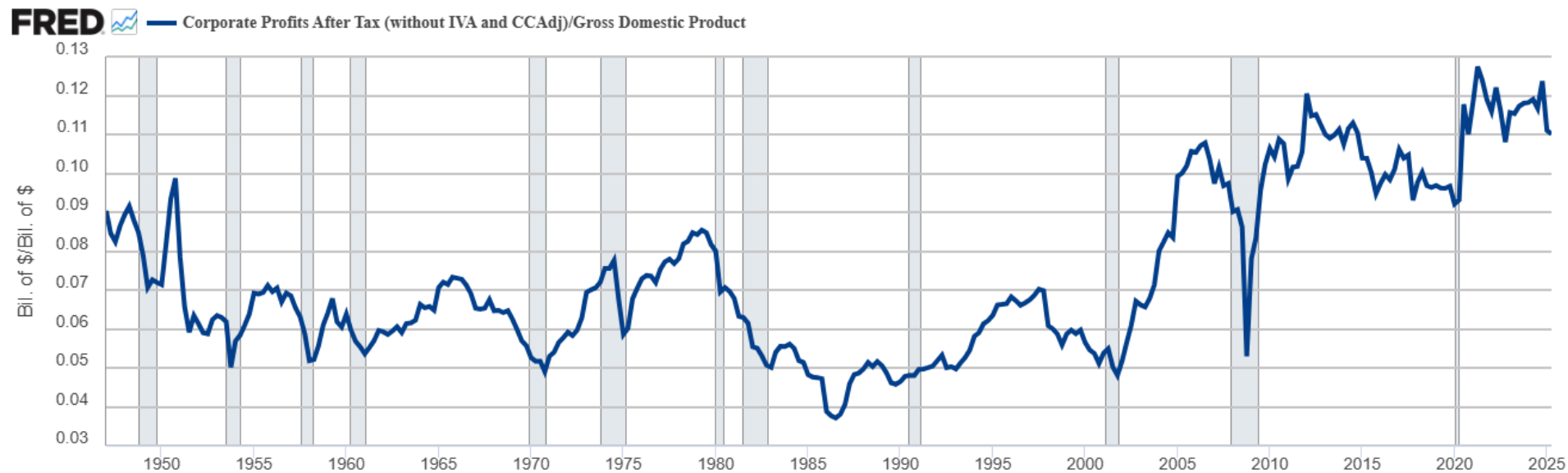


Source: Bank of America internal data

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Take You Higher

Corporate Profits as % of GDP Near All-Time Highs

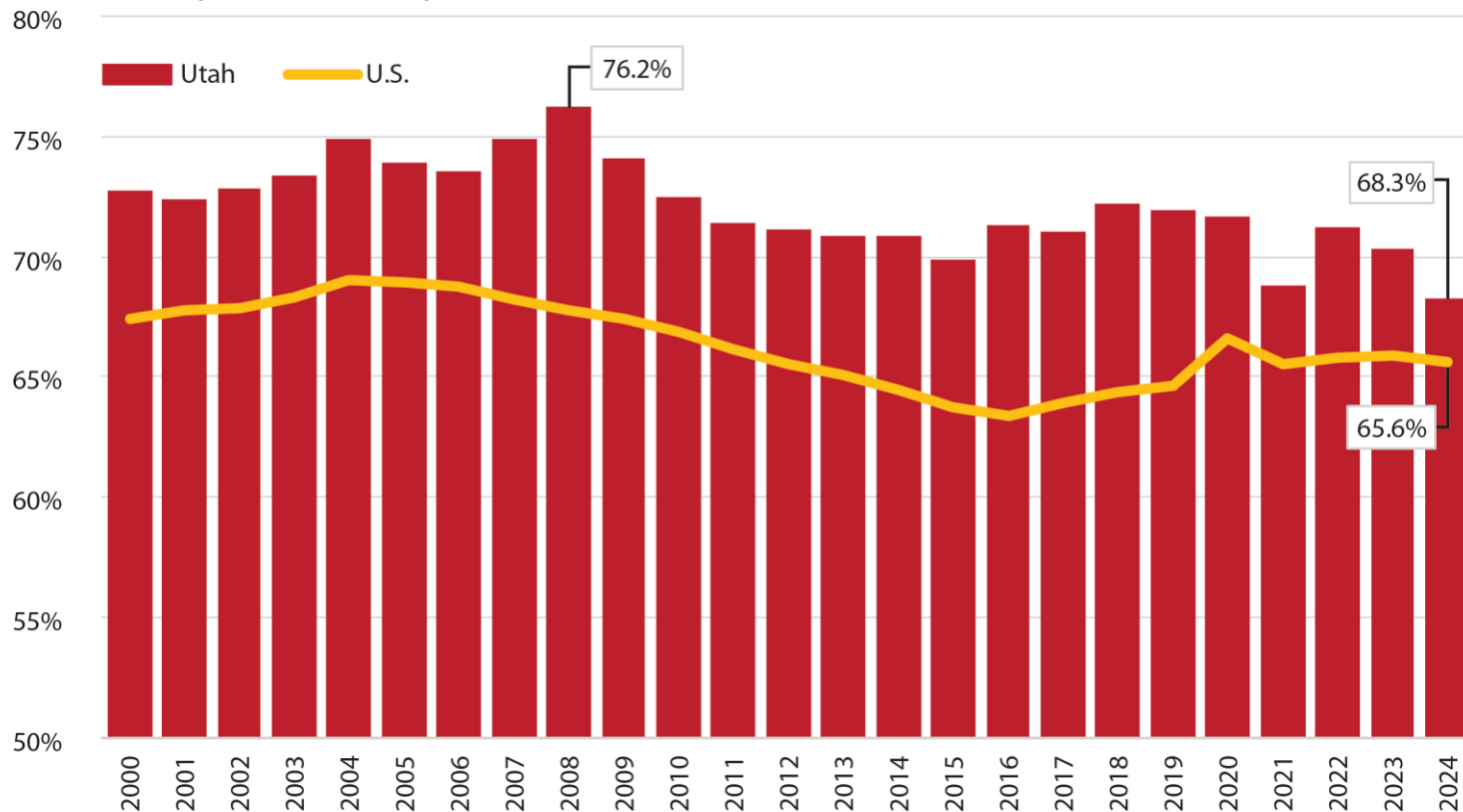


Source: U.S. Bureau of Economic Analysis via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

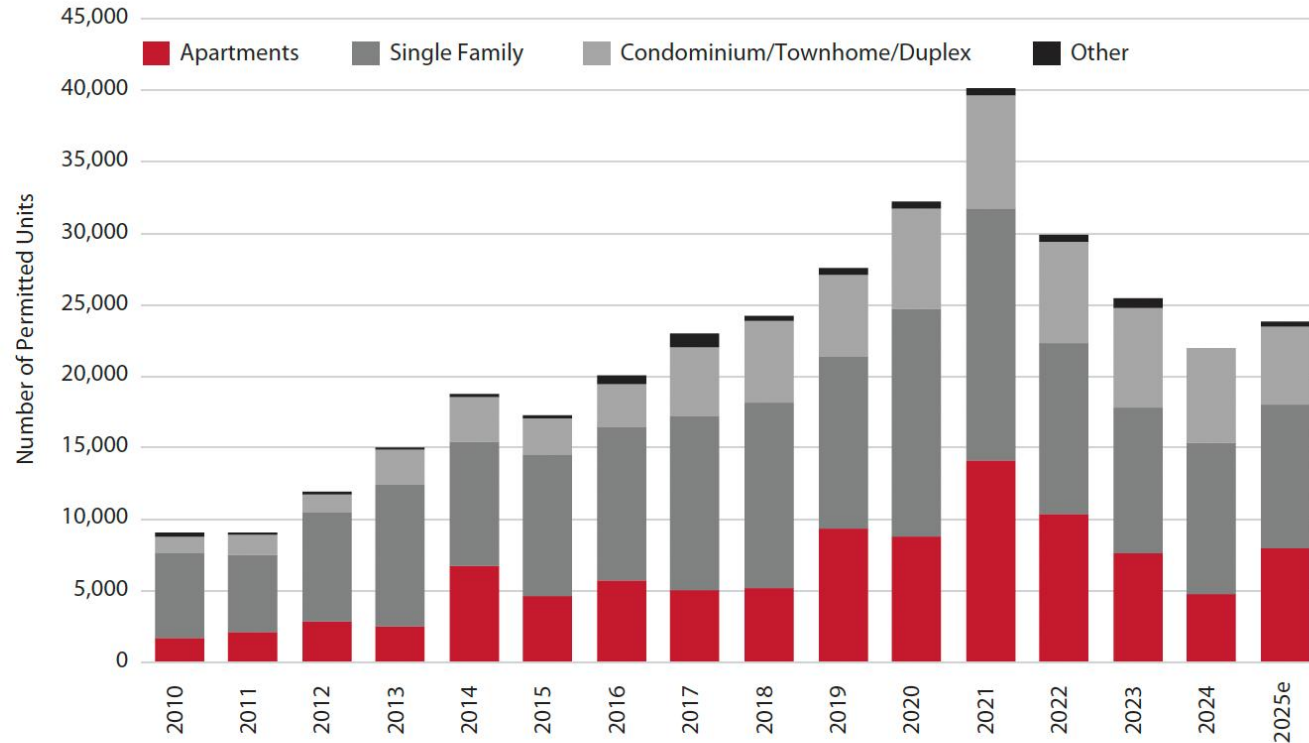
Danger Zone / What Don't Belong to Me

Homeownership Rate Drops to Lowest Level in Decades, Now Ranks 30th in Nation



Build Me Up Buttercup

Residential Construction Increased in 2025

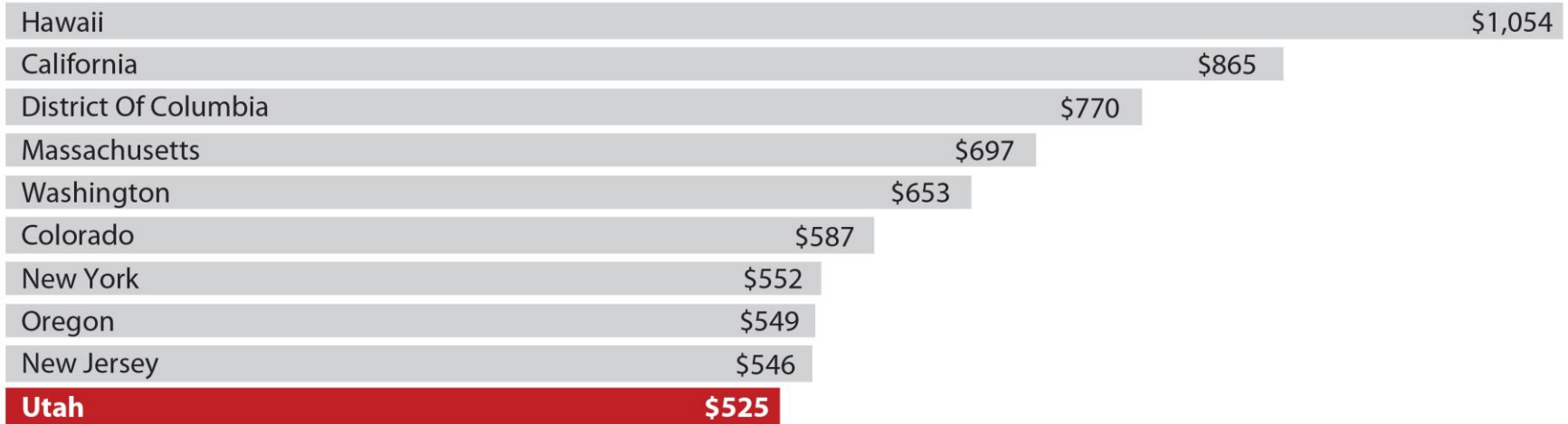


Note: e=estimate. "Other" includes group quarters, mobile homes and cabins, and other residential units.

Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute

Take Me Home

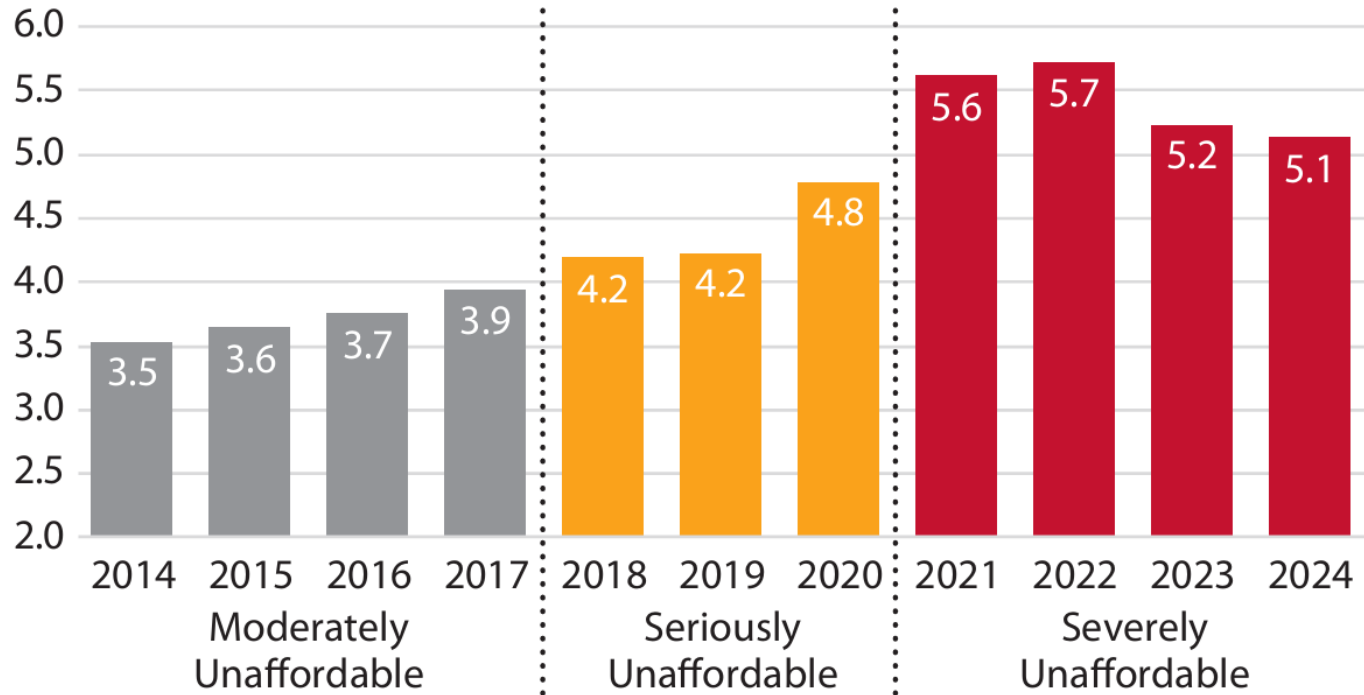
Even with Relatively Flat Growth, Utah House Prices Among Nation's Highest



Source: National Association of Realtors,
Single family homes, 2025Q2

Under Pressure

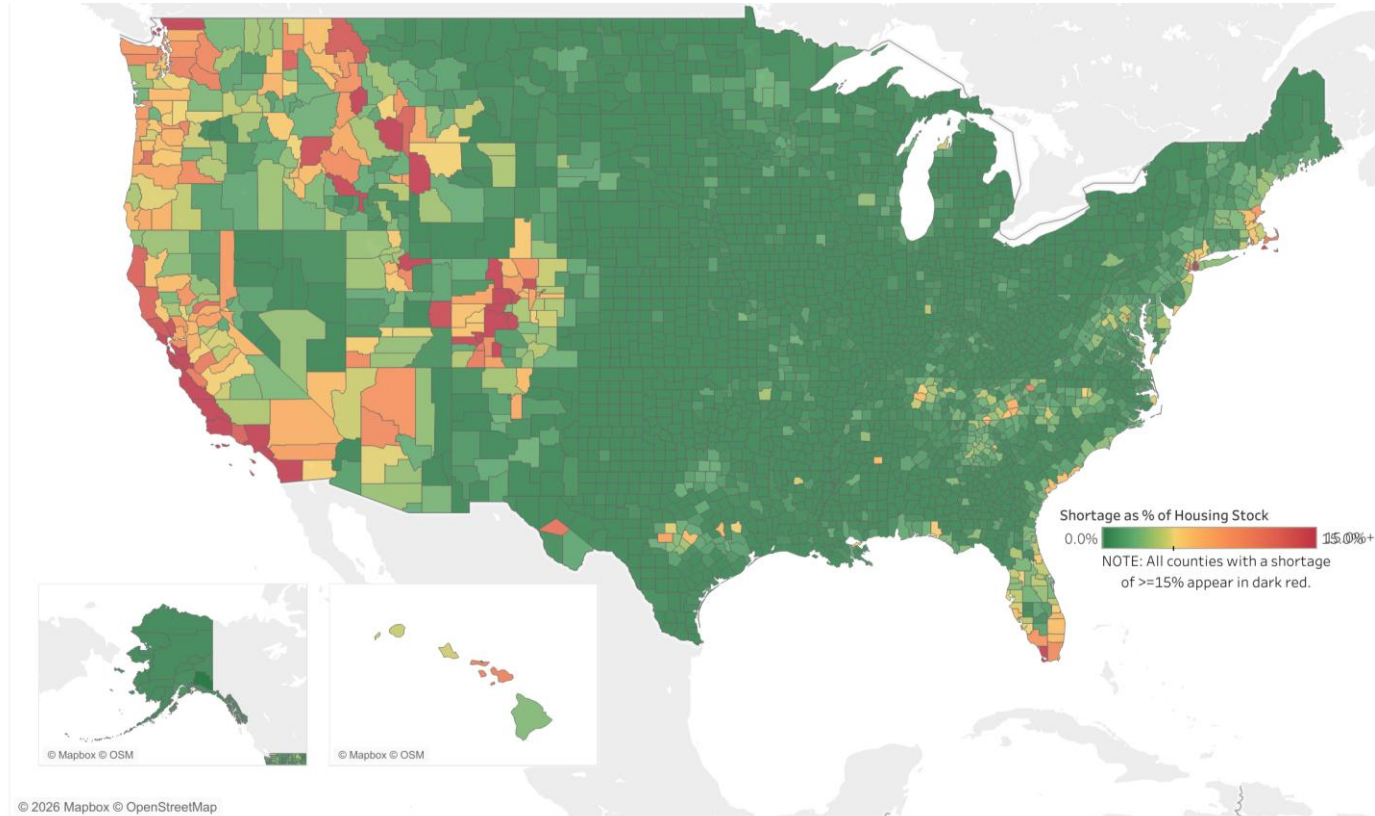
Median Multiple – Utah More Unaffordable for New Buyers



Source: U.S. Census Bureau, American Community Survey and UtahRealEstate.com

Long Story Short

Estimated Housing Shortage by County



Source:
American
Enterprise
Institute

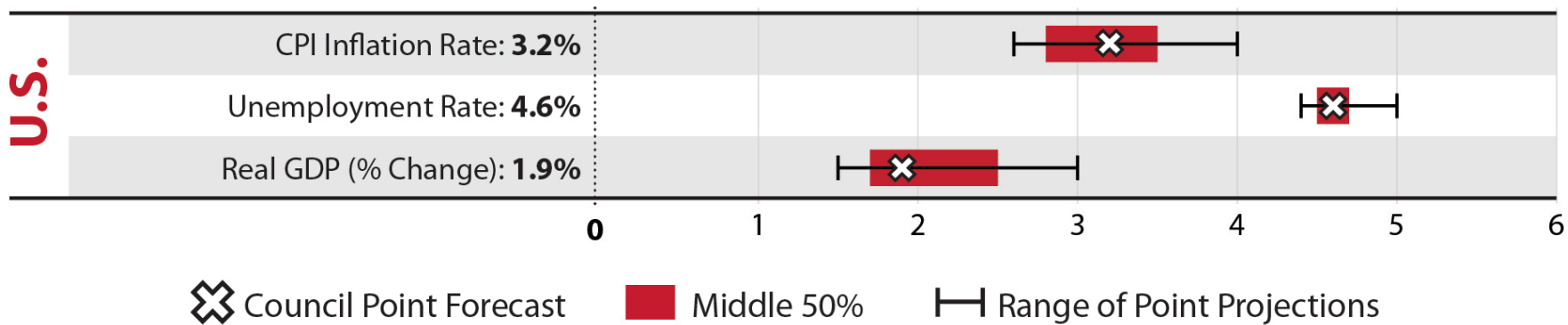
Hold On with Patience? Turbulence?

Piecing Together the Continuing Price Uncertainty Puzzle

- **Overall price level** – Sticky inflation or fully normalized?
- **Interest rates (price of borrowing money)**
 - Remain at current levels or drop?
 - Continuing short-term and long-term rate divergence or re-alignment?
- **Wages (price of labor)** – Continued high growth to recoup previously-lost real wages or slowing job growth reducing wage pressures? How does immigration policy impact wages?
- **Home prices** – Interest rate lock-in effect and excess demand driving continued growth or slowing job growth minimizing increases?
- **Energy prices** – Will energy prices continue to decrease with an administration that facilitates fossil fuel expansion and international events?
- **Business input prices** – Will tariff policy changes impact business inputs?

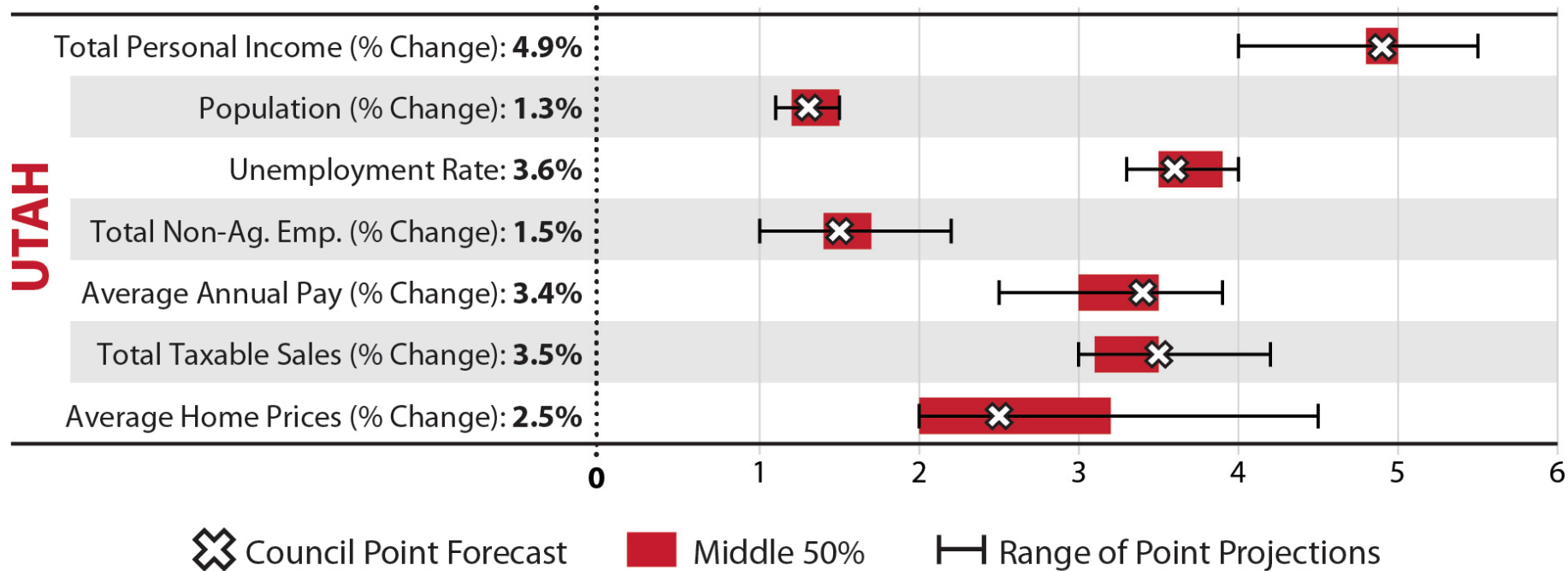
Sideways

Utah Economic Council 2026 Forecast



Sideways

Utah Economic Council 2026 Forecast



Slow It Down

Potential Economic Headwinds



- Higher inflation & interest rates
- AI or stock bubble
- Trade disruptions
- Geopolitical risk
- Healthcare funding
- Housing affordability

Mr. Brightside & High Hopes

Potential Economic Tailwinds



- Lower inflation & interest rates
- Federal tax reduction impacts
- Trade & geopolitical dividends
- Major Utah projects
- Utah's strong fundamentals

Don't Stop Me Now / End of the Road

Final Economic Takeaways

1. U.S. economic growth forecast to continue at a moderate level
2. Long-term interest rates (like mortgages) likely to remain elevated until inflation abates, may drop moderately
3. Utah well situated for continuing but moderating growth
4. High housing prices will likely constrain Utah's economic growth – more basic / starter supply needed

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