

# 2022 Nubiz Economic Review

## The Labor Shortage

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# Breaking Down the Labor Shortage

## Short Term

- Quick labor market update
- Lingering COVID effects on job market
- The Great Resignation!

## Long Term

- Structural changes
- Shifting workforce, even pre-pandemic



# Quick Labor Market Update

## Employment is above pre-pandemic levels.

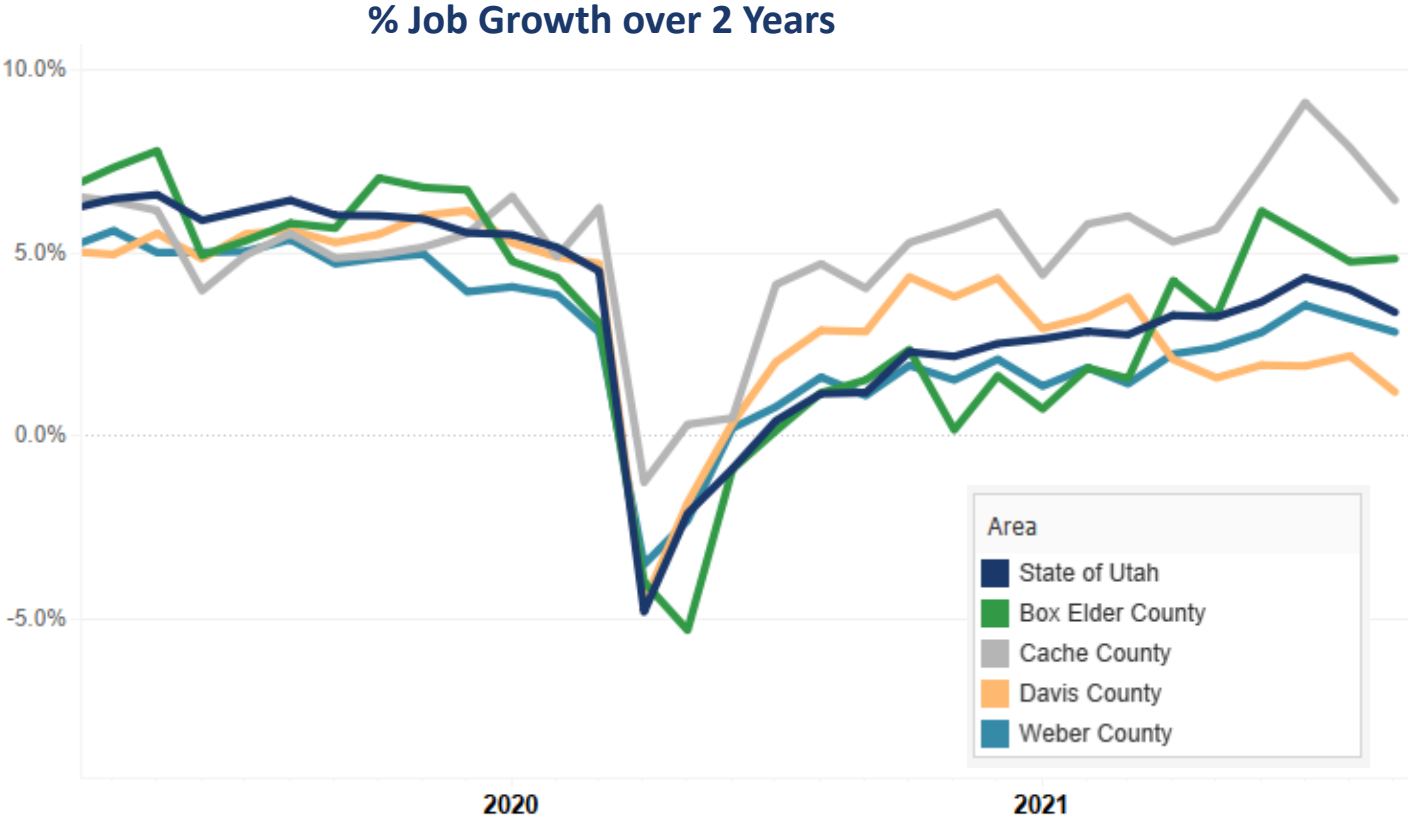
- Northern Utah has gained over 10,000 jobs since January 2020 (over 53K in the State)
- Positive job growth despite nation still -2.6% over the same period.

## Unemployment rate at record low.

- Labor force participation down by half a percent.
- Employment-population ratio equal to before the pandemic.

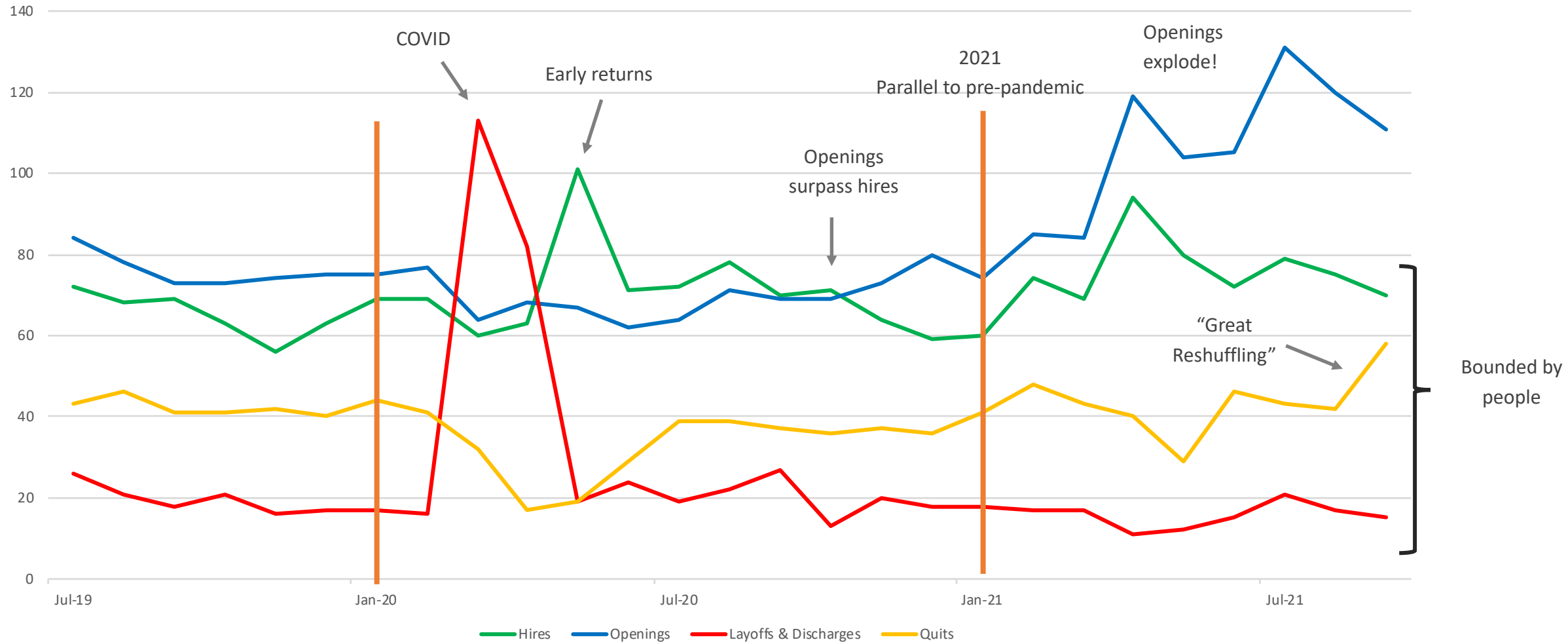
## Growth hindered by labor availability.

- Not enough workers for available jobs.
- Lack of labor to higher labor costs.



# Utah JOLTS – Catching Up to Now

Utah JOLTS Data in Thousands, Seasonally Adjusted



Data Source: Utah Department of Workforce Services, JOLTS

# The Great Reshuffling

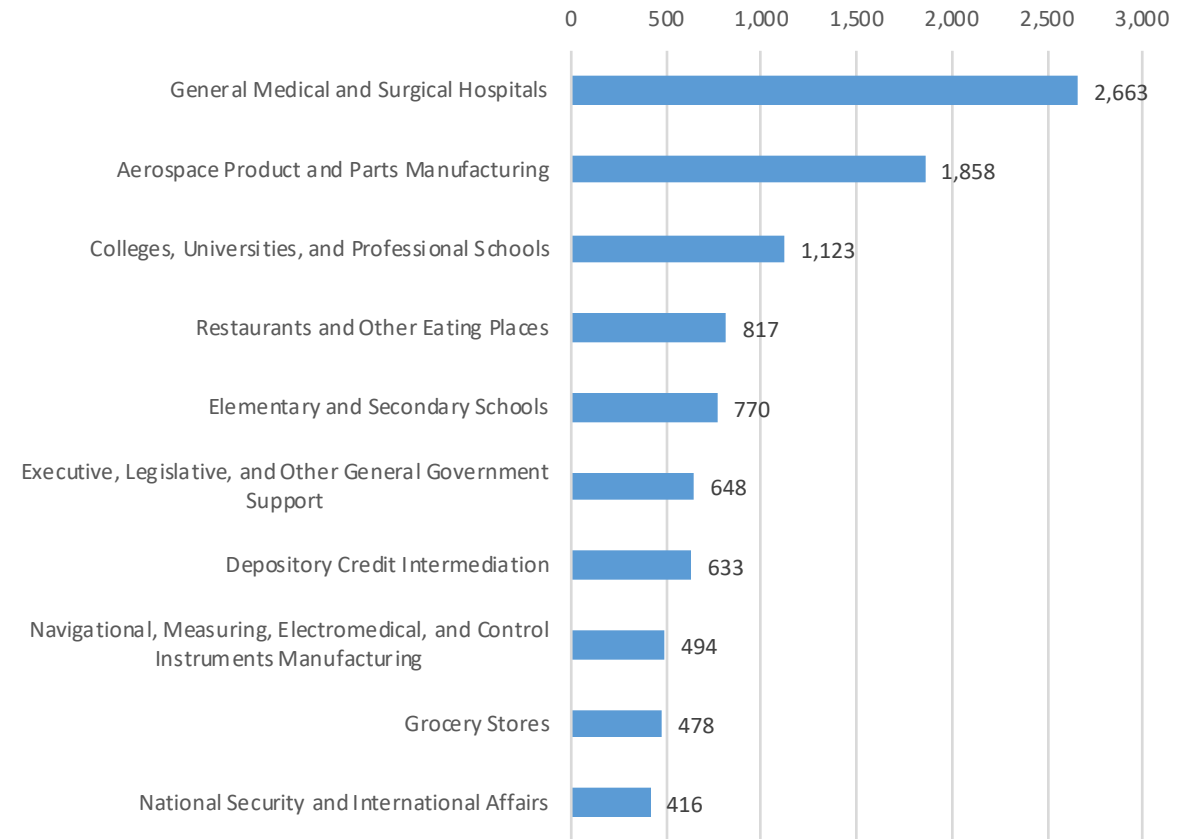
Northern Utah has an unemployment rate of 1.5%

Utah has an unemployment rate of 1.9%

In December, we had **6,350 unemployed** people (which includes **1,300 on unemployment benefits**) in Northern Utah (32,000/5,500 state).

In the last 6 months, we've seen just under **30,000 jobs postings** online (150,000 state).

Northern Utah Job Postings



# Current Concerns

## Inflation and Wage Gains

- High inflation exacerbates cost of wage growth.
- Upward wage pressure at the bottom

## Housing Affordability

- Housing limits labor availability.
- Worst affordability on record.

## Long Term Labor Replacement

- Population problems.
- Changing workforce participation, even pre-pandemic.





# Wage Gains from 2020

Wage gains aren't spread evenly.

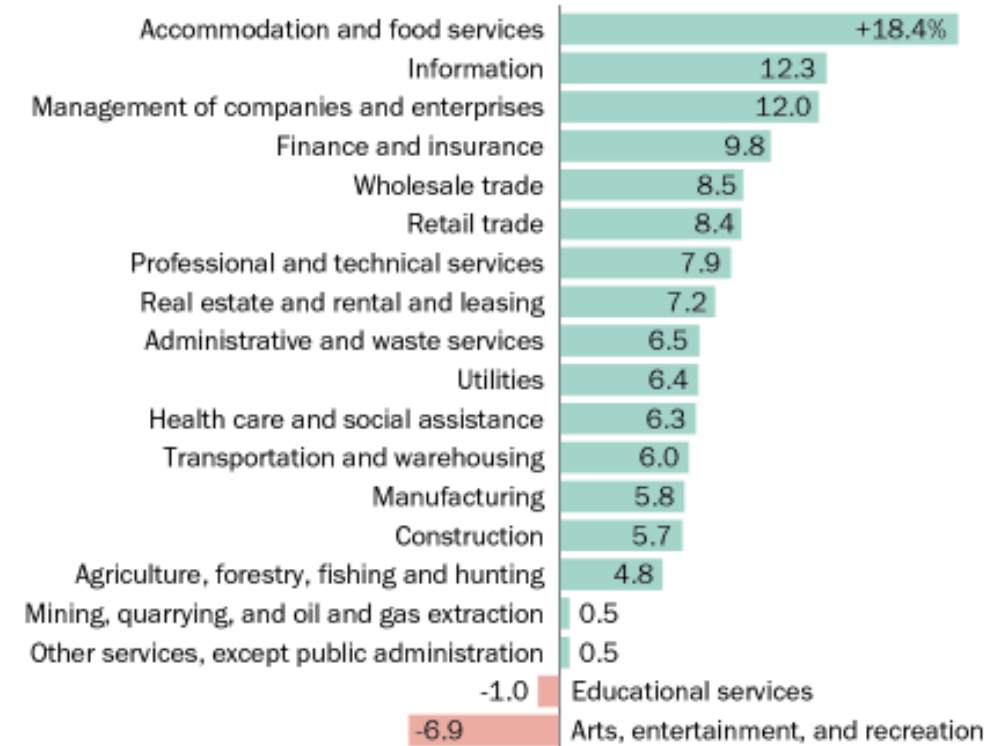
- Industry matters.
- Wage gains decrease value of tenure/seniority.

US inflation hit 39-year high of 7%.

Money is a metric... and a lot of measurements have changed.

## Since lockdown spring of 2020, hospitality sector wages have risen the most of all industries

*% change in average weekly wage for private sector workers between second quarter of 2020 and second quarter of 2021*



Note: Jobs unclassified to any industry or sector not shown.

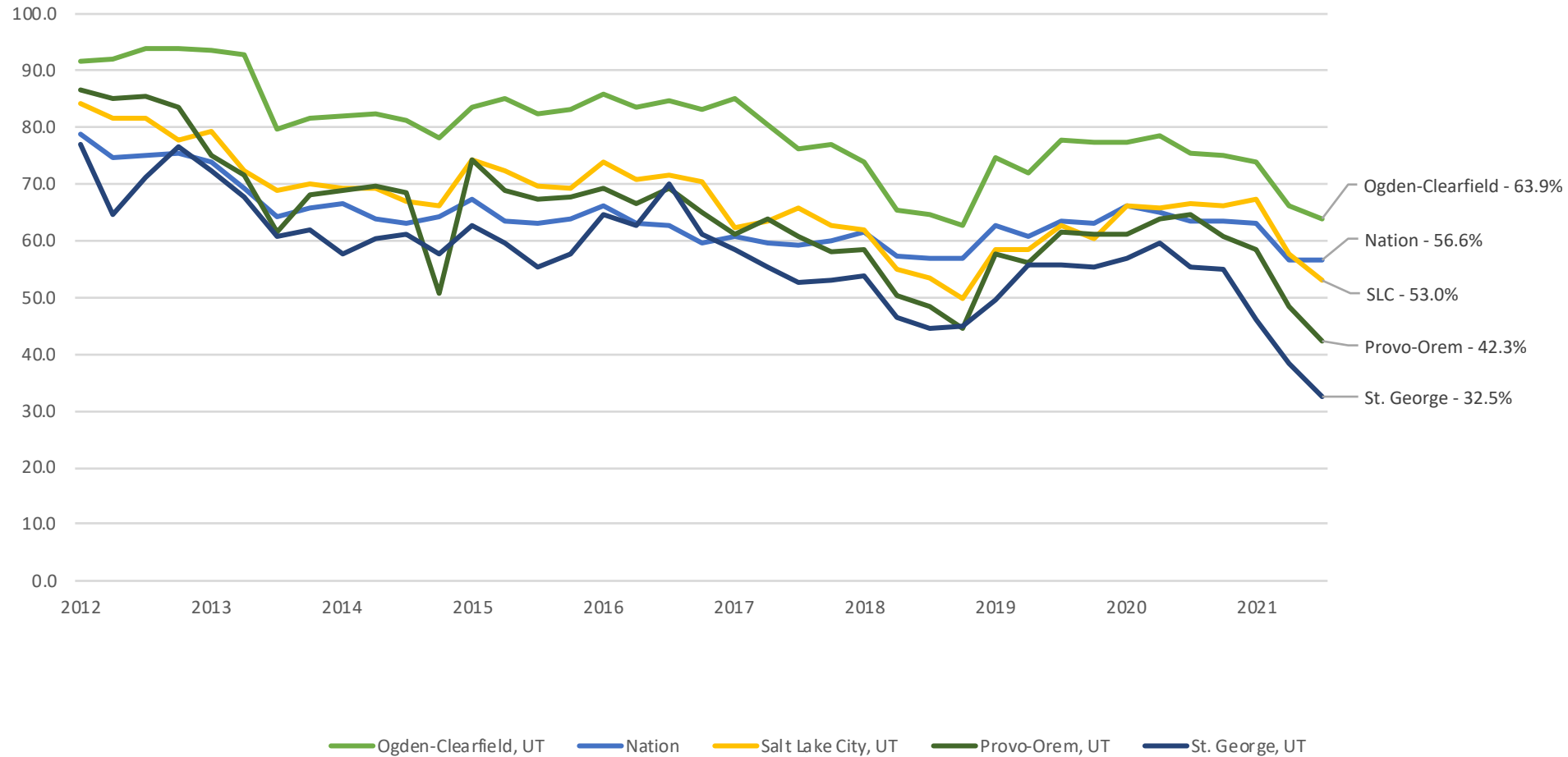
Source: Pew Research Center analysis of Quarterly Census of Employment and Wages.

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# Affordability of Housing

Housing Opportunity Index

- **Lowest affordability on record.**
- **Different rural vs urban impact.**



Data Source: National Association of Home Builders, Wells Fargo



## Long Term Structural Changes

# Tight labor markets shifting into blue collar and manual services

### Massive retirement of baby boomers. This is why the current era of labor shortages is different.

Never before have such a large number of retirements and almost zero growth in the working-age population happened before.

### The recovery in labor force participation has been disappointing

Overall, the tight labor market has led to an increase in labor force participation in recent years. But the improvement has not been remotely fast enough to prevent the labor market from tightening and has been somewhat disappointing, especially for men.

### The working-age population of non-college graduates is shrinking.

The share of young adults enrolling in four-year colleges is growing. On the flip side, the number without a bachelor's degree is shrinking.

### Young men without college degrees are less likely to be in the labor force

Their decline in participation is partly because they are much more likely to be single, living with their parents, and have less of a need to earn income. These trends are more structural than cyclical and will be hard to reverse.



### More stories



Who Are the Adults Not Vaccinated Against COVID?



U.S. Population Grew 0.1% in 2021, Slowest Rate Since Founding of the Nation

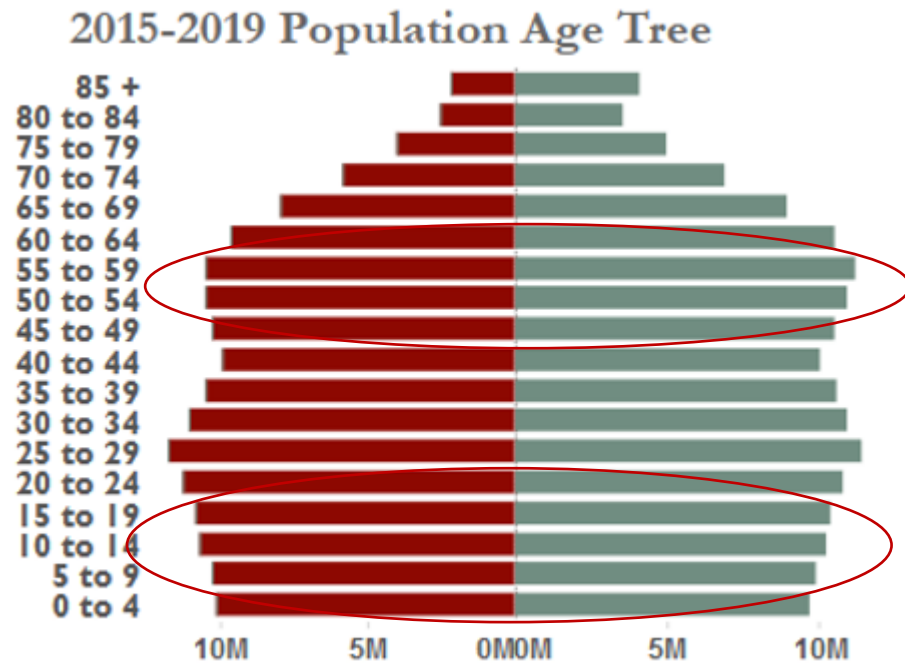


Net International Migration at Lowest Levels in Decades



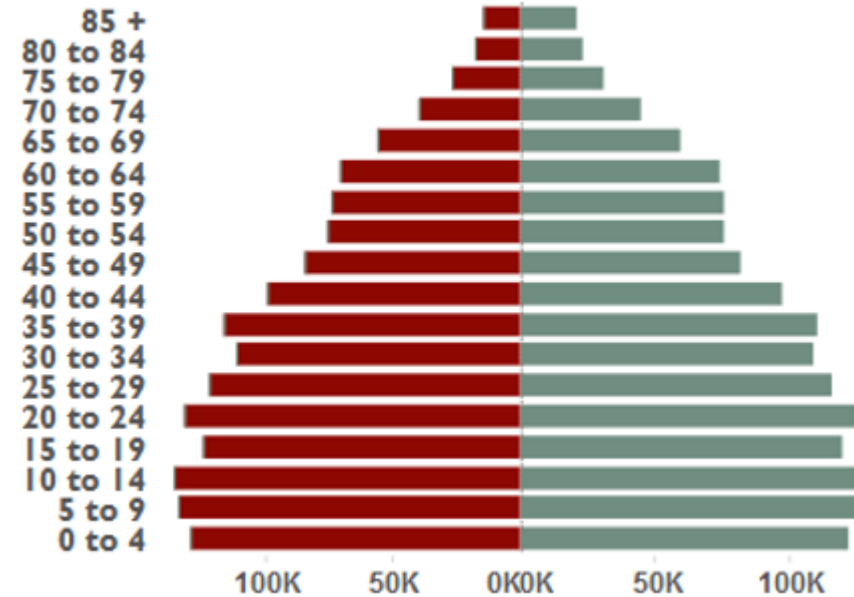
# Retiring Baby Boomers

## United States

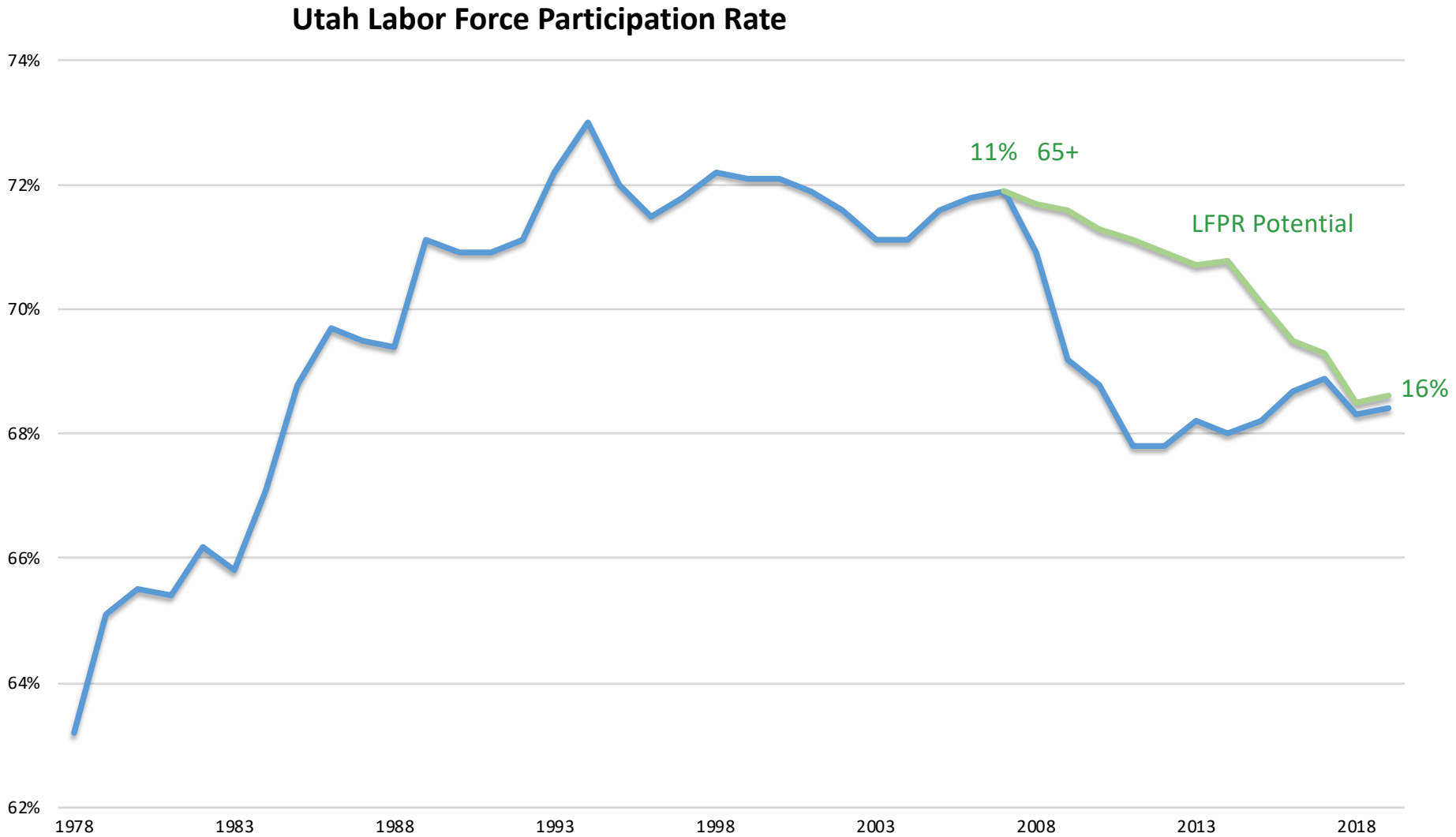


## Utah

2015-2019 Population Age Tree

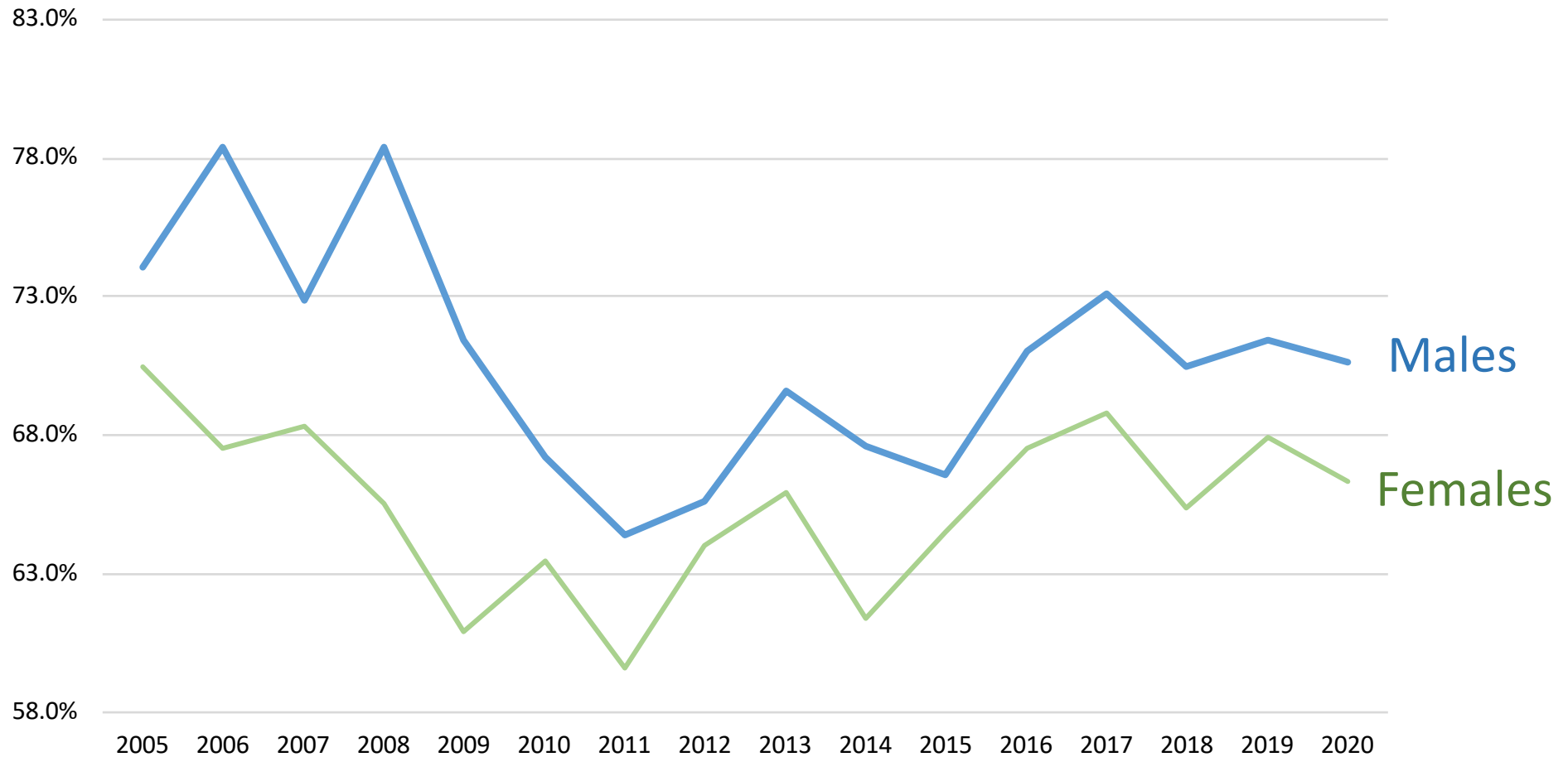


# The Slow Leak of Labor



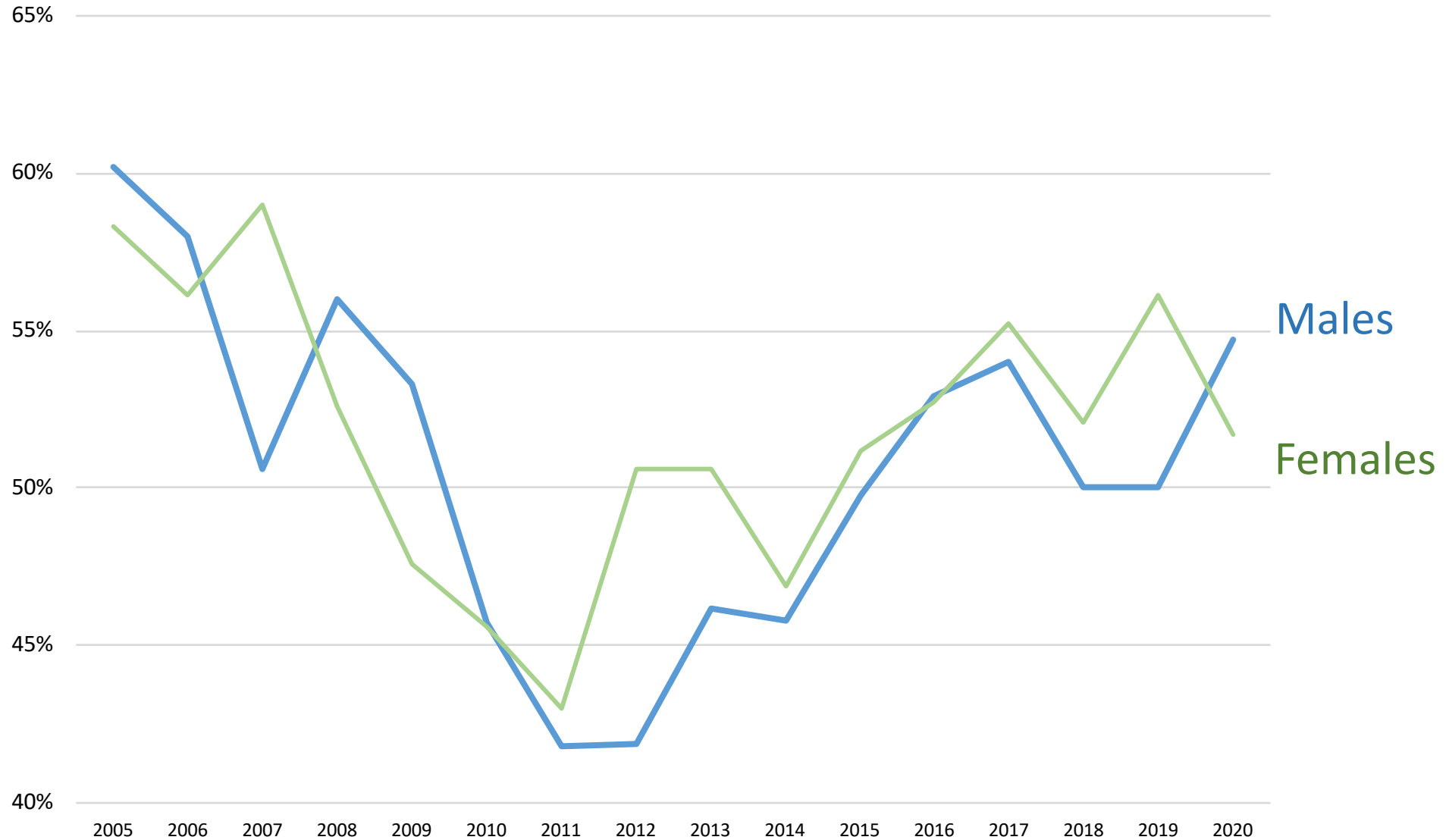
# Declining Participation of Youth

Utah labor force participation 16 -24 males/females



# Declining Participation of Youth

Utah labor force participation rate 16 -19 male/female



# The Takeaway

- Labor shortage is real and complex.
- Labor is a commodity.
- Good and bad effects.

**The backbone of the free market is people acting in their own best interest.**



# Questions?



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