



Twelfth Federal Reserve District

Regional Economic Briefing

March 2005

Overview

- Economic activity in the Twelfth Federal Reserve District continues to expand at a solid pace, in line with the nation.
- Data for November through January show slightly faster employment growth in the District than in the nation.
- District unemployment edged down further through January.
- In other developments, District residential markets remain strong, with sales and prices increasing solidly in most areas.
- Moreover, District travel and tourism activity has increased recently.

Other Regional Information from the Federal Reserve Bank of San Francisco



Beige Book: 12th District and National Summary

<http://www.federalreserve.gov/fomc/BeigeBook/2005/20050309/default.htm>



Learn more about productivity and the economy in your region by visiting the Center for the Study of Innovation and Productivity:

<http://www.frbsf.org/csip/index.php>

**FRBSF
Economic
Letters**

Help-Wanted Advertising and Job Vacancies

<http://www.frbsf.org/publications/economics/letter/2005/e12005-02.html>

Productivity Growth and the Retail Sector

<http://www.frbsf.org/publications/economics/letter/2004/e12004-37.html>

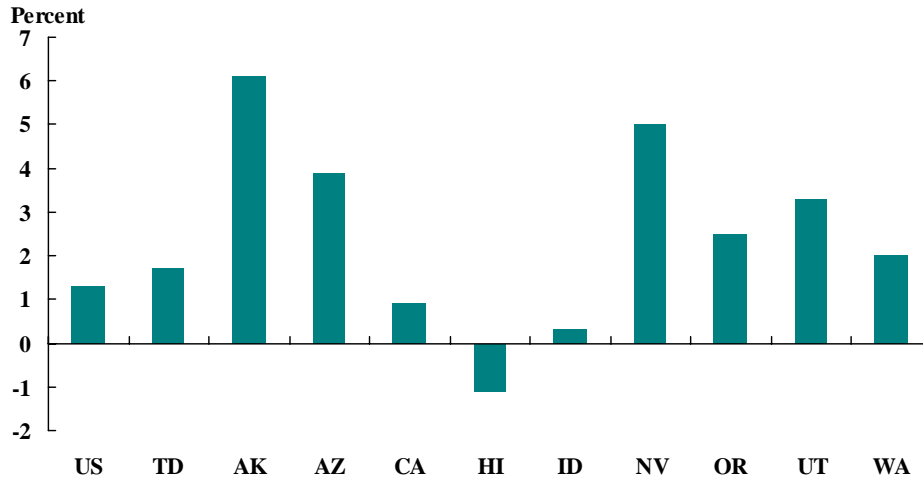
Regional Economic Briefing is produced eight times a year under the auspices of the Applied Microeconomics and Regional Research Section of the Federal Reserve Bank of San Francisco's Economic Research Department. The analyses represent the views of the staff and do not necessarily reflect the official views of the senior bank management of the Federal Reserve Bank of San Francisco or the Federal Reserve System.

Electronic subscriptions are available through www.frbsf.org/economics/index.html

District Job Growth

Non-farm Employment Growth, by State, January 2005

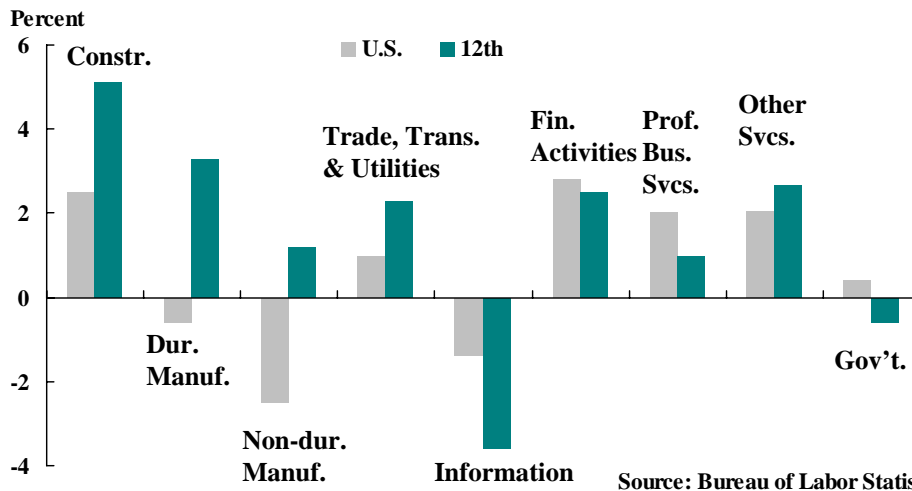
(3-month annualized percent change)



Source: Bureau of Labor Statistics.

Non-farm Employment Growth, By Sector, January 2005

(3-month annualized percent change)

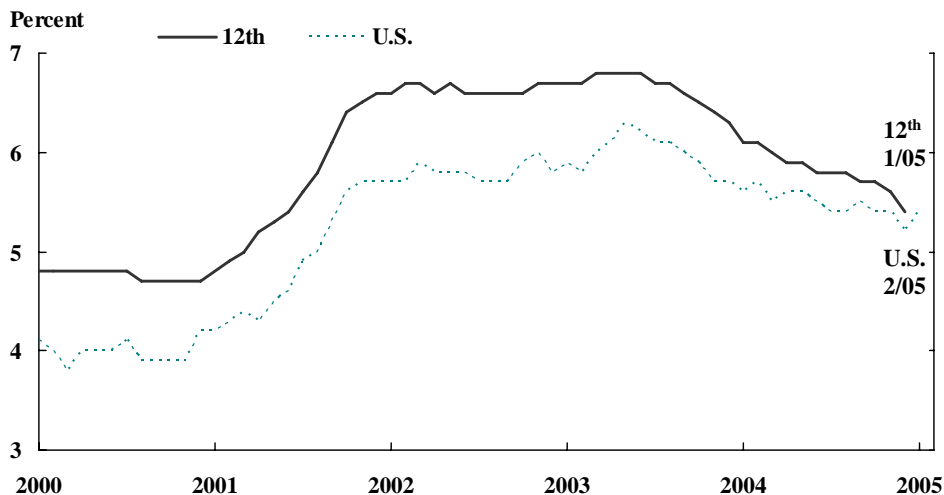


Source: Bureau of Labor Statistics.

- Employment growth in the District in November through January exceeded that in the U.S.
 - Growth in the intermountain states and in Alaska was especially strong.
- The construction, manufacturing, and trade/transportation/utilities sectors accounted for most of the difference between District and U.S. employment growth during the period.

Unemployment and Labor Force Compensation

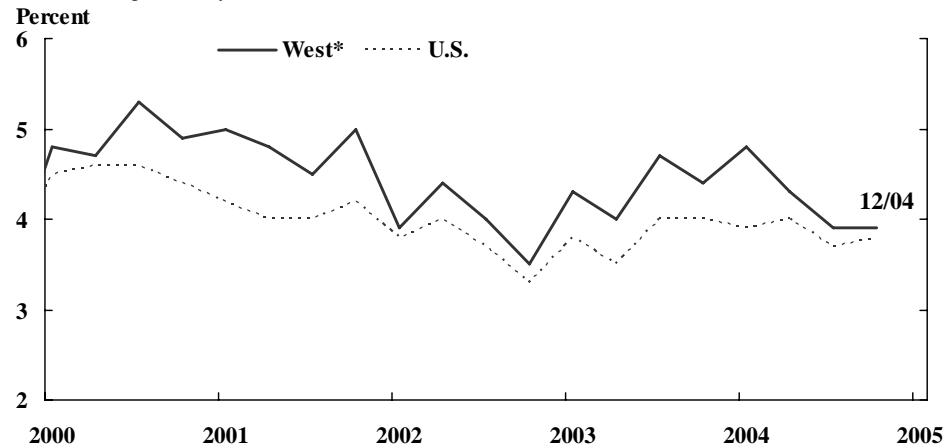
Unemployment Rate, U.S. and 12th District



Source: Bureau of Labor Statistics.

Employment Cost Index - Total Compensation

(Percent change from a year earlier)



Source: Bureau of Labor Statistics.

*Alaska, Arizona, California Hawaii, Idaho, Nevada, Oregon, Utah, Washington, Colorado, Montana, New Mexico, and Wyoming.

- The District unemployment rate continued to fall through January.
- The growth rate of total labor compensation in the West declined sharply in 2004.
 - The slowdown in total compensation growth owed to a deceleration in the pace of wage and salary growth.

Other Developments

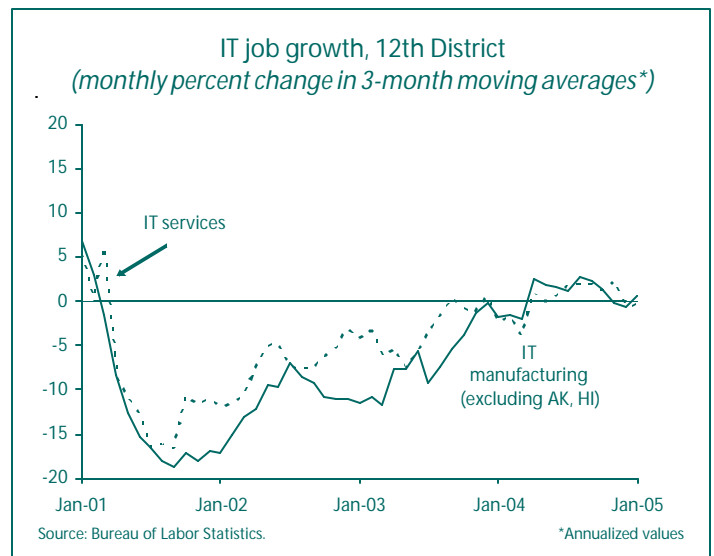
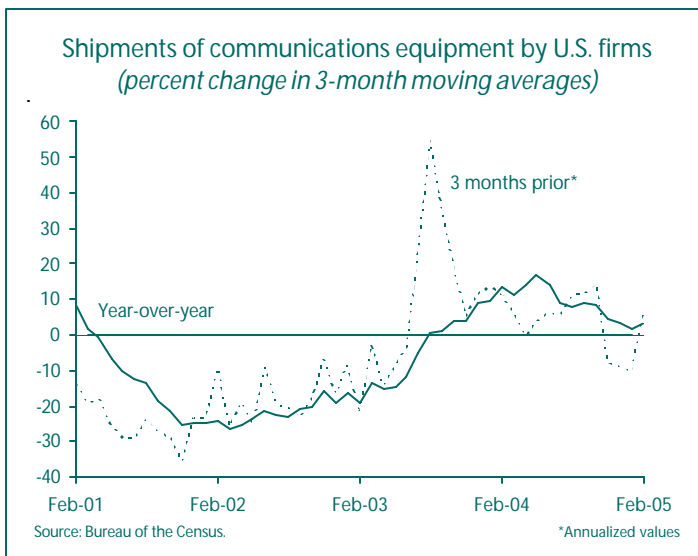
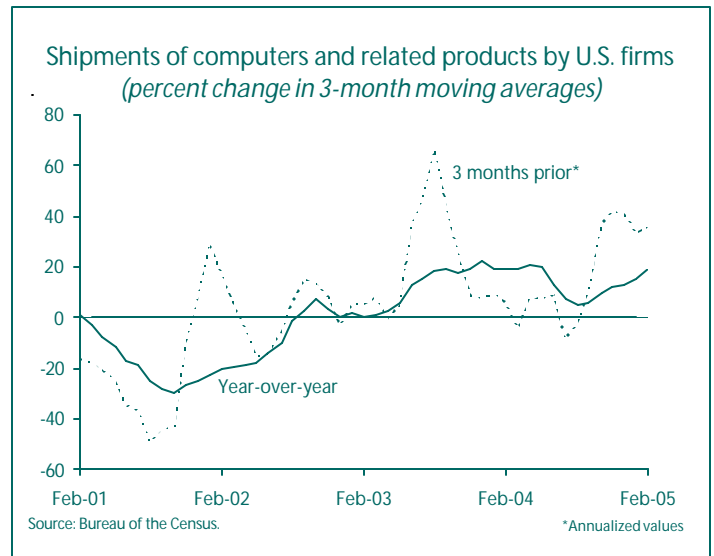
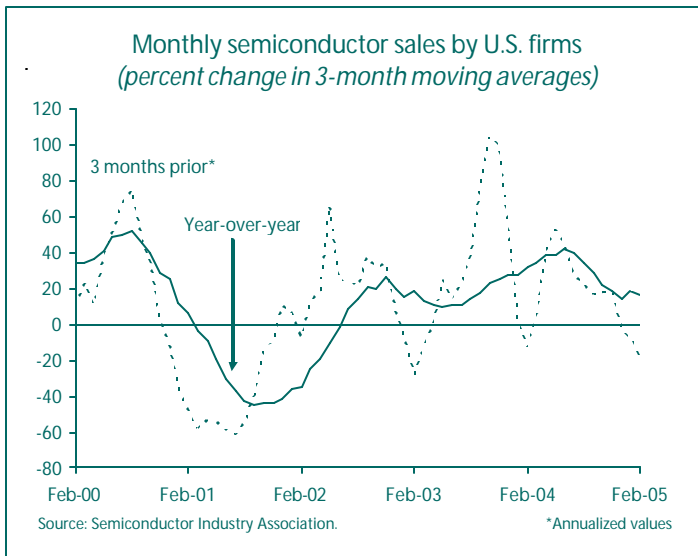
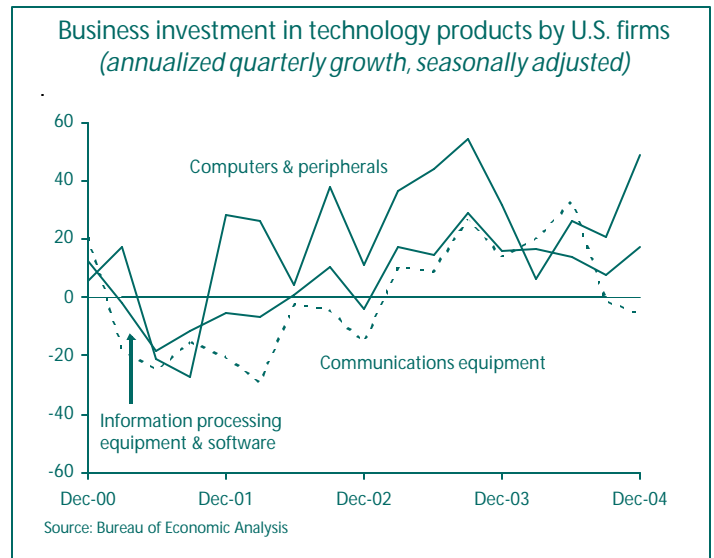
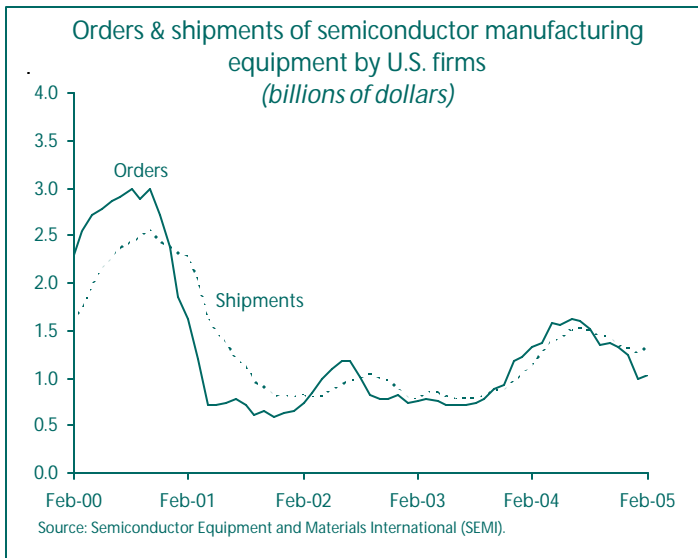
Real Estate

- Data through the fourth quarter of 2004 showed District demand for residential real estate generally remaining robust.
 - Sales of existing homes increased in most District states during the fourth quarter relative to a year earlier (See pages 7, 9, and 11).
 - The rate of home-price appreciation remained elevated in most areas (See pages 7, 9, and 11).

Travel and Tourism

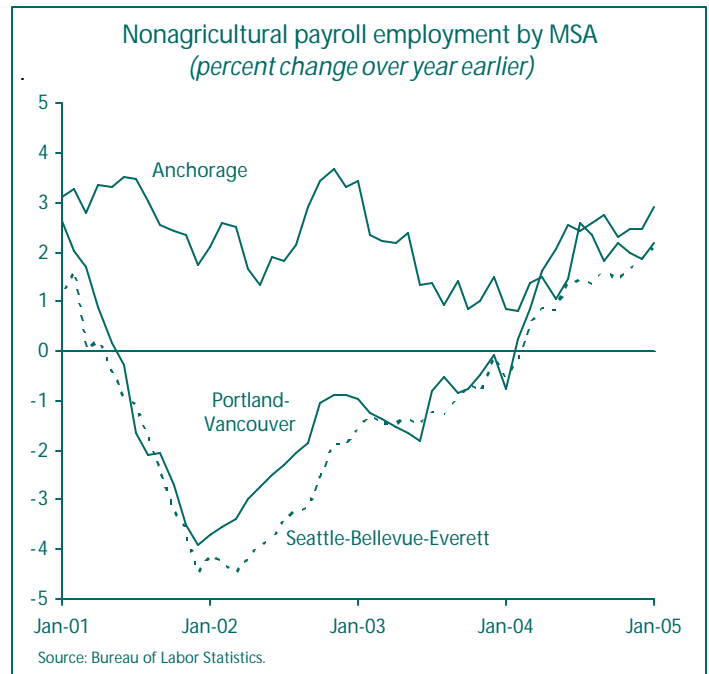
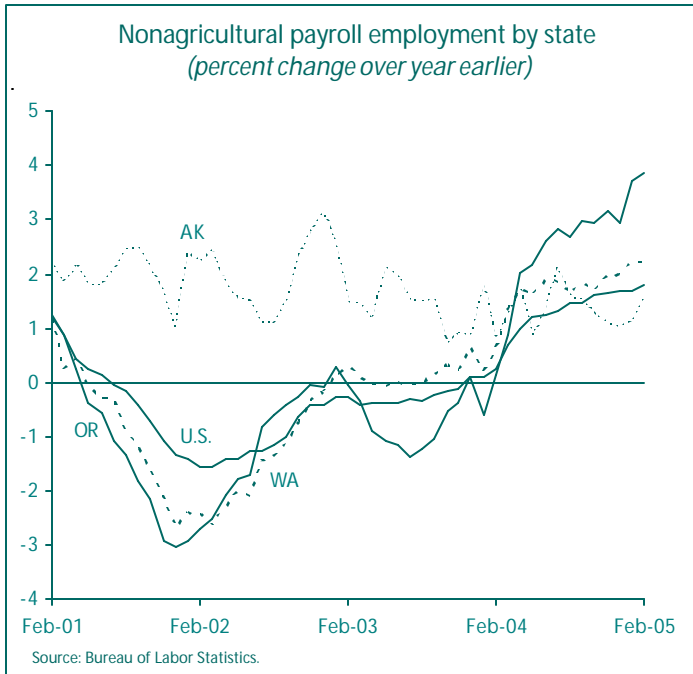
- District travel and tourism activity has heightened recently.
 - Domestic and international traffic has increased.
 - Hotel occupancy and average daily room rates have been stable or increasing in the District's major tourist destinations, including Hawaii, Las Vegas, Southern California, and the San Francisco Bay Area.

High-tech Watch





Alaska • Oregon • Washington



Employment by Industry

	Total Employed (thousands)	Percent Change			
		Feb-05	1-mo. ^a	3-mo. ^a	YTD ^a 12-mo.
Alaska					
Total	305.1	-9.3	1.5	1.6	1.5
Natural Resources & Mining	10.3	0.0	17.2	12.5	2.0
Construction	18.2	6.8	6.9	6.9	5.8
Manufacturing	11.4	-91.5	-15.9	2.0	-0.4
Trade, Transportation & Utilities	61.9	-1.9	-3.2	-6.5	1.1
Information	6.8	0.0	0.0	-8.4	-1.4
Financial Activities	14.7	8.5	-5.3	4.2	0.7
Professional & Business Svcs.	23.3	0.0	0.0	0.0	1.3
Educational & Health Svcs.	35.6	10.7	9.5	10.7	3.8
Leisure & Hospitality	30.2	0.0	4.1	6.2	2.7
Other Services	11.5	-7.2	-8.8	-13.0	3.8
Government	81.7	-1.5	3.5	4.5	0.5
Oregon					
Total	1,631.4	7.7	4.4	5.8	3.9
Natural Resources & Mining	9.8	-11.5	8.6	0.0	3.2
Construction	85.8	16.7	7.3	12.0	8.1
Manufacturing	204.5	13.2	5.7	8.3	4.4
Trade, Transportation & Utilities	328.9	3.7	7.0	8.4	3.8
Information	33.5	15.2	7.2	15.1	2.4
Financial Activities	98.2	1.2	4.2	3.7	2.5
Professional & Business Svcs.	182.0	13.4	5.0	6.9	5.1
Educational & Health Svcs.	196.4	15.9	0.8	-1.2	3.4
Leisure & Hospitality	160.7	12.8	3.3	6.6	5.0
Other Services	58.6	-3.3	4.7	3.7	3.1
Government	273.6	-2.2	2.8	5.0	2.2

	Total Employed (thousands)	Percent Change			
		Feb-05	1-mo. ^a	3-mo. ^a	YTD ^a 12-mo.
Washington					
Total	2,734.6	4.9	2.5	2.7	2.2
Natural Resources & Mining	9.0	0.0	-4.3	0.0	3.4
Construction	167.8	27.8	7.0	10.2	4.2
Manufacturing	267.4	3.7	3.5	3.9	1.9
Trade, Transportation & Utilities	532.7	10.5	5.3	4.4	3.8
Information	92.9	-3.8	2.6	3.3	0.9
Financial Activities	151.7	2.4	-0.8	-2.7	0.0
Professional & Business Svcs.	306.9	4.8	1.6	2.6	3.7
Educational & Health Svcs.	324.7	3.4	3.7	4.6	2.7
Leisure & Hospitality	255.9	1.4	1.7	1.2	1.3
Other Services	101.1	-1.2	1.2	1.2	1.8
Government	524.5	-0.2	-0.6	-0.2	0.6

^a Annualized.

Unemployment Rates (%)

	Feb-05	Jan-05	Dec-04	Nov-04	Feb-04
Alaska	7.2	7.3	7.6	7.6	7.7
Oregon	6.6	6.3	7.0	7.2	7.7
Washington	5.5	5.4	5.9	5.9	6.6
U.S.	5.4	5.2	5.4	5.4	5.6

Note: Unemployment rates are from the household employment survey; all other data are for nonagricultural payroll employment. All data are seasonally adjusted.

Source: Bureau of Labor Statistics.

Residential permits— February 2005

	3-mo. average number	Moving average percent change	
		3-mo. ^a	12-mo. ^a
Alaska	267.9	13.0	-5.2
Oregon	2,565.3	18.3	20.1
Washington	4,578.9	2.2	18.9

Source: Bureau of the Census.

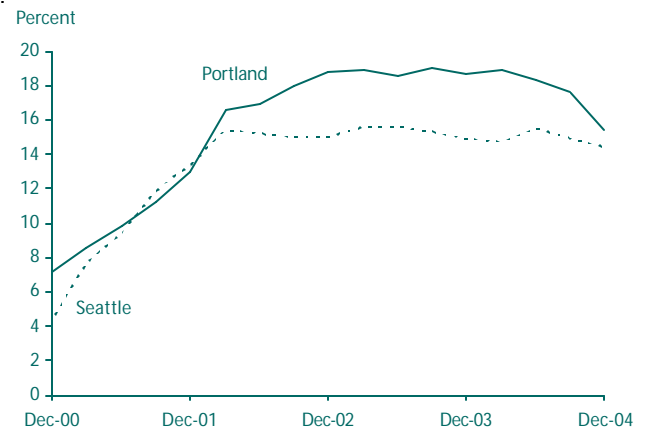
Non-residential construction awards— February 2005

	3-mo. average \$ millions	Moving average percent change	
		3-mo. ^a	12-mo. ^a
Alaska	22.2	-43.5	-28.9
Oregon	166.0	27.3	-1.5
Washington	244.5	-24.8	-10.8

^aUnderlying data are seasonally adjusted moving averages.

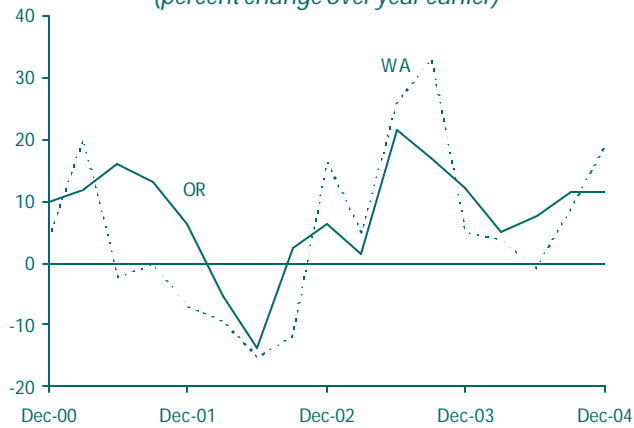
Source: F.W. Dodge.

Metro area office vacancy rates



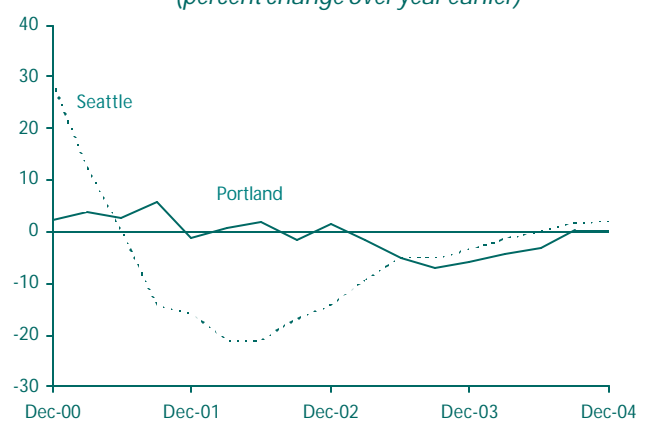
Source: Torto Wheaton Research.

Sales of existing homes (percent change over year earlier)



Source: National Association of Realtors.

Metro area office gross rents (percent change over year earlier)



Source: Torto Wheaton Research.

Home price index (percent change over year earlier)



Source: Office of Federal Housing Enterprise Oversight.

Export update

	\$ billions		Percent Change**		
	2004	Jan-05*	Jan-03	Jan-04	Jan-05
Alaska	3.1	0.1	4.7	7.4	16.5
Oregon	10.3	0.8	22.0	1.4	6.9
Washington	32.6	2.0	-3.3	0.5	-2.4

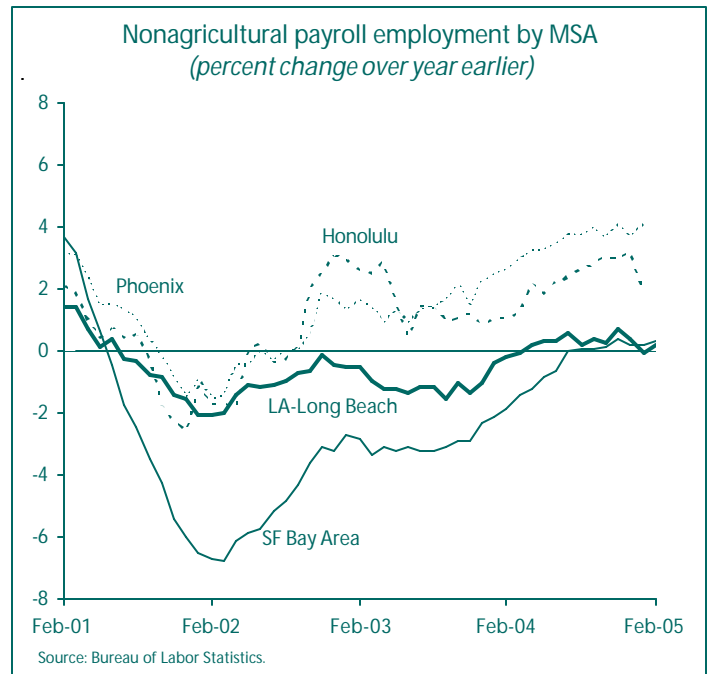
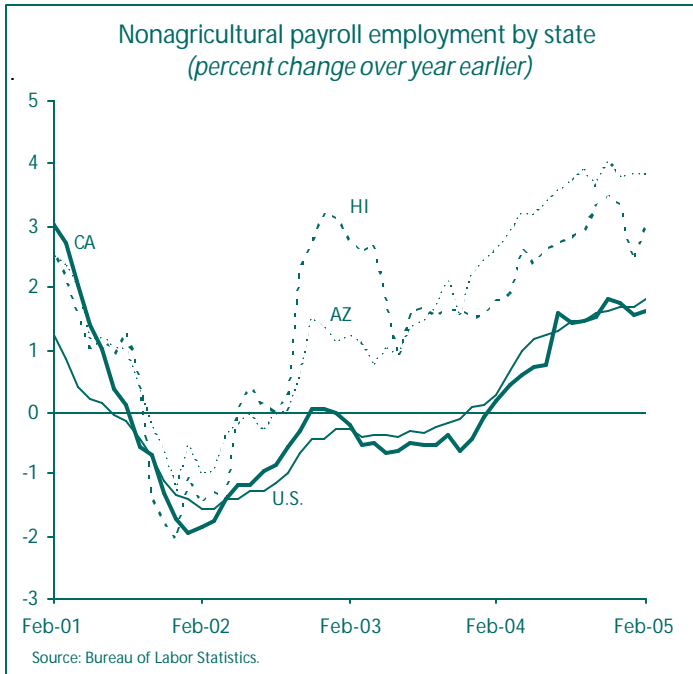
* Year-to-date values.

** Percent change from past 12 months relative to prior 12 months.

Source: Census FT900 Supplement, Origin of Movement Series.



Arizona • California • Hawaii



Employment by Industry

	Total Employed (thousands)	Percent Change			
		Feb-05	1-mo. ^a	3-mo. ^a	YTD ^a 12-mo.
Arizona					
Total	2,428.7	2.7	2.6	3.5	3.8
Natural Resources & Mining	9.1	19.0	15.2	21.4	12.8
Construction	201.2	12.7	8.6	10.1	8.9
Manufacturing	177.0	4.9	3.2	5.6	0.6
Trade, Transportation & Utilities	477.1	-0.9	6.7	8.1	4.8
Information	46.3	-5.1	-3.5	0.9	-4.6
Financial Activities	165.1	-2.2	0.0	-1.1	1.8
Professional & Business Svcs.	341.4	2.5	-1.0	-2.9	4.4
Educational & Health Svcs.	269.0	2.7	5.2	6.0	5.8
Leisure & Hospitality	247.0	-0.5	3.1	3.5	3.6
Other Services	89.4	-4.9	-2.6	-3.7	-0.1
Government	407.7	7.7	-1.7	3.1	3.1
Hawaii					
Total	592.0	8.7	0.4	0.7	3.0
Natural Resources, Mining & Construction	30.9	12.4	5.4	6.0	7.7
Manufacturing	15.6	-7.4	2.6	0.0	0.6
Trade, Transportation & Utilities	114.9	12.2	2.1	2.7	4.9
Information	11.2	-8.5	-0.4	3.3	10.9
Financial Activities	29.2	2.7	7.9	14.4	1.8
Professional & Business Svcs.	72.0	2.8	4.8	5.7	2.3
Educational & Health Svcs.	68.8	-1.7	3.0	1.8	3.3
Leisure & Hospitality	106.3	5.8	4.6	4.6	3.9
Other Services	24.0	-4.9	-1.6	0.0	-1.2
Government	119.3	23.8	-9.8	-4.4	0.3

	Total Employed (thousands)	Percent Change			
		Feb-05	1-mo. ^a	3-mo. ^a	YTD ^a 12-mo.
California					
Total	14,681.6	2.3	0.7	1.5	1.6
Natural Resources & Mining	22.8	5.4	-5.1	-9.9	-0.9
Construction	880.9	15.8	7.2	7.5	6.4
Manufacturing	1,535.8	-1.8	0.5	0.3	0.4
Trade, Transportation & Utilities	2764.8	-1.4	-2.3	-3.0	1.3
Information	484.7	25.9	-5.3	7.2	-1.2
Financial Activities	917.8	0.0	1.9	0.9	2.7
Professional & Business Svcs.	2,135.9	5.3	1.4	1.6	3.1
Educational & Health Svcs.	1,578.1	0.5	2.0	2.7	1.6
Leisure & Hospitality	1,468.0	-0.7	3.4	5.9	2.6
Other Services	509.4	5.1	2.6	3.9	1.3
Government	2,383.4	1.0	-0.7	0.7	-0.5

Unemployment Rates (%)

	Feb-05	Jan-05	Dec-04	Nov-04	Feb-04
Arizona	4.4	4.2	4.5	4.6	5.3
Hawaii	3.0	2.9	3.0	3.1	3.6
California	5.8	5.8	6.0	6.0	6.4
U.S.	5.4	5.2	5.4	5.4	5.6

Note: Unemployment rates are from the household employment survey; all other data are for nonagricultural payroll employment. All data are seasonally adjusted.

Source: Bureau of Labor Statistics.

^a Annualized.

Residential permits— February 2005

	3-mo. average number	Moving average percent change	
		3-mo. ^a	12-mo. ^a
Arizona	7,469.3	6.8	20.1
California	16,714.0	-8.0	10.9
Hawaii	584.3	-16.6	25.4

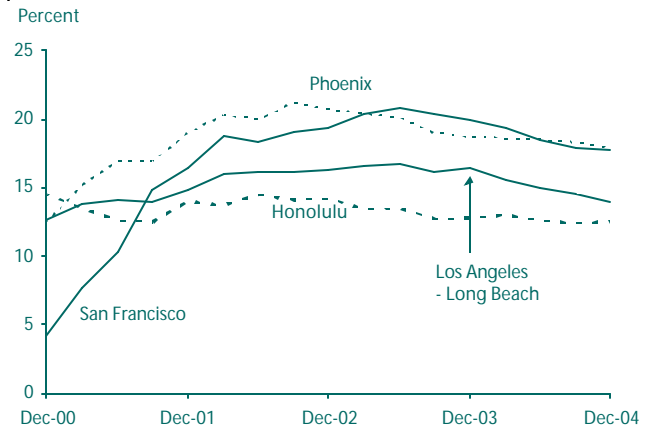
Source: Bureau of the Census.

Non-residential construction awards— February 2005

	3-mo. average \$ millions	Moving average percent change	
		3-mo. ^a	12-mo. ^a
Arizona	279.3	-19.0	-14.1
California	1,205.5	-5.0	-6.1
Hawaii	33.9	22.9	-27.1

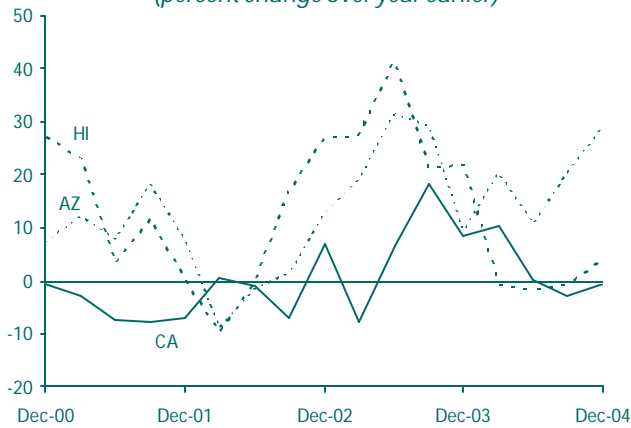
^a Underlying data are seasonally adjusted moving averages.
Source: F.W. Dodge.

Metro area office vacancy rates



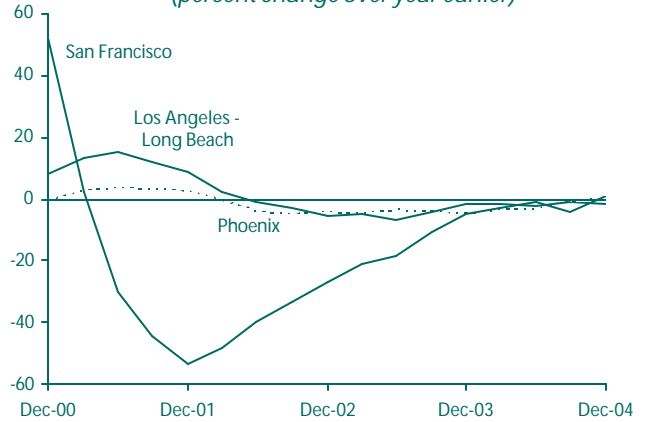
Source: Torto Wheaton Research.

Sales of existing homes (percent change over year earlier)



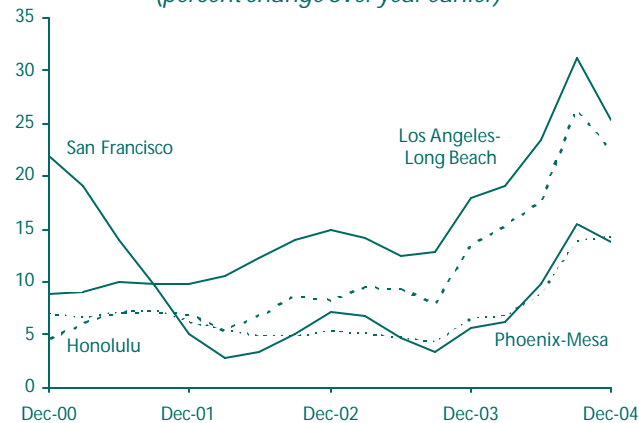
Source: National Association of Realtors.

Metro area office gross rents (percent change over year earlier)



Source: Torto Wheaton Research.

Home price index (percent change over year earlier)



Source: Office of Federal Housing Enterprise Oversight.

Export update

	\$ billions		Percent Change**		
	2004	Jan-05*	Jan-03	Jan-04	Jan-05
Arizona	11.2	0.8	-1.2	13.3	-8.3
California	91.0	7.2	-12.4	2.3	16.0
Hawaii	0.3	0.1	47.2	-33.9	21.7

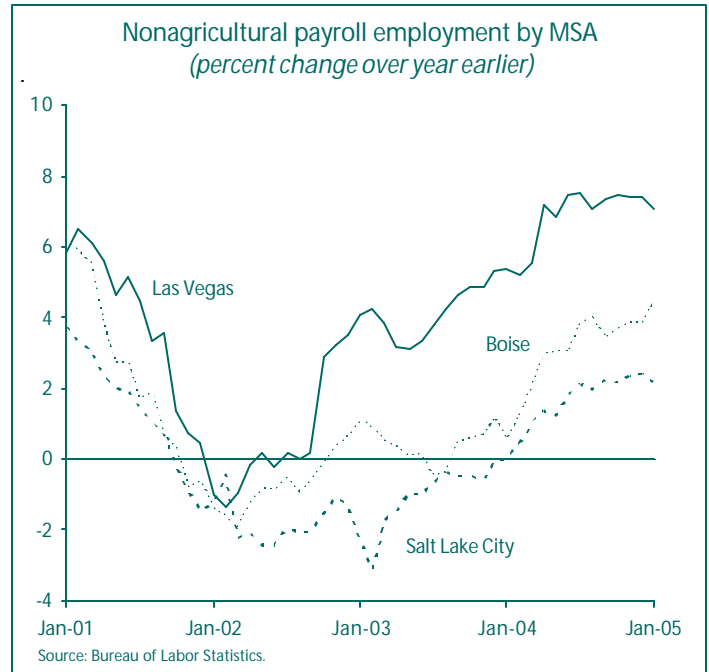
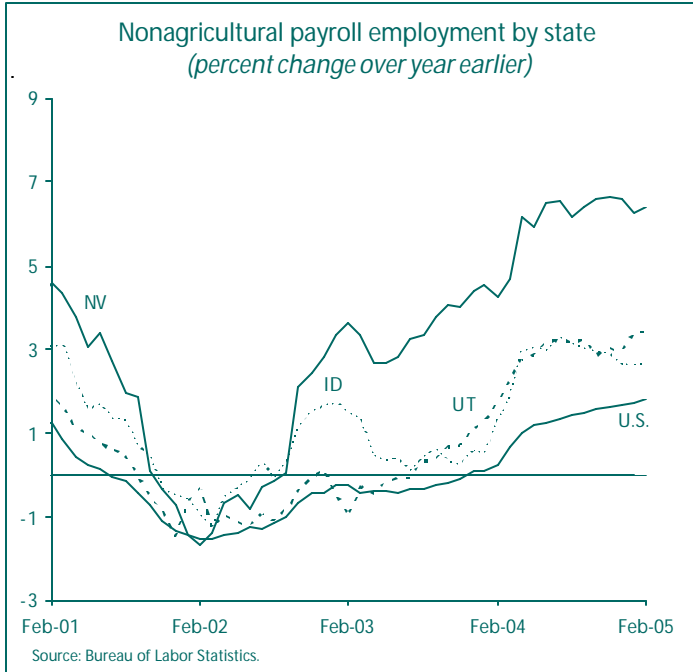
* Year-to-date values.

** Percent change from past 12 months relative to prior 12 months.

Source: Census FT900 Supplement, Origin of Movement Series.



Idaho • Nevada • Utah



Employment by Industry

	Total Employed (thousands)	Percent Change			
		Feb-05	1-mo. ^a	3-mo. ^a	YTD ^a 12-mo.
Idaho					
Total	595.1	7.6	2.8	3.7	2.7
Natural Resources & Mining	3.9	0.0	-9.6	-14.1	2.6
Construction	41.4	22.7	9.2	10.8	7.8
Manufacturing	60.8	2.0	-0.7	-2.0	-0.7
Trade, Transportation & Utilities	118.2	4.2	-0.7	-4.0	1.3
Information	10.1	3.3	1.0	5.4	8.7
Financial Activities	28.5	4.2	1.7	3.8	3.7
Professional & Business Svcs.	75.6	13.6	10.1	18.4	5.7
Educational & Health Svcs.	66.7	7.6	4.4	4.5	4.4
Leisure & Hospitality	56.3	11.3	4.4	6.6	1.3
Other Services	18.4	3.6	1.6	1.5	1.8
Government	115.3	2.1	-1.0	0.0	1.4
Nevada					
Total	1,194.6	4.6	5.0	3.9	6.4
Natural Resources & Mining	10.2	0.0	8.2	6.1	10.9
Construction	129.2	24.1	16.4	18.5	18.4
Manufacturing	47.1	1.3	4.3	4.1	4.6
Trade, Transportation & Utilities	209.9	5.3	2.9	-2.3	4.1
Information	14.3	-13.1	-6.4	-5.2	-1.9
Financial Activities	63.5	5.8	12.9	6.9	5.5
Professional & Business Svcs.	138.3	-7.5	7.9	2.6	8.6
Educational & Health Svcs.	82.8	4.8	5.8	5.7	6.2
Leisure & Hospitality	319.7	6.2	6.2	7.8	3.8
Other Services	38.8	8.8	8.0	8.8	19.6
Government	141.4	3.5	2.3	2.1	4.0

^a Annualized.

	Total Employed (thousands)	Percent Change			
		Feb-05	1-mo. ^a	3-mo. ^a	YTD ^a 12-mo.
Utah					
Total	1,127.7	3.6	5.3	6.4	3.4
Natural Resources & Mining	7.7	-0.3	19.7	24.4	12.2
Construction	76.4	22.9	18.7	30.3	9.1
Manufacturing	115.8	-8.9	-0.7	-4.5	2.1
Trade, Transportation & Utilities	224.8	3.8	7.1	8.7	3.6
Information	31.2	29.3	15.5	19.7	3.7
Financial Activities	66.7	4.0	8.2	16.6	4.1
Professional & Business Svcs.	141.1	0.0	5.6	5.3	2.8
Educational & Health Svcs.	126.2	3.9	2.9	0.0	3.9
Leisure & Hospitality	104.6	3.5	6.8	7.2	4.2
Other Services	33.5	7.2	7.4	10.2	3.2
Government	200.7	-0.6	2.8	4.0	1.9

Unemployment Rates (%)

	Feb-05	Jan-05	Dec-04	Nov-04	Feb-04
Idaho	4.1	4.3	4.4	4.5	5.0
Nevada	3.9	3.9	4.0	4.0	4.7
Utah	4.8	4.9	5.0	5.1	5.4
U.S.	5.4	5.2	5.4	5.4	5.6

Note: Unemployment rates are from the household employment survey; all other data are for nonagricultural payroll employment. All data are seasonally adjusted.

Source: Bureau of Labor Statistics.

Residential permits— February 2005

	3-mo. average number	Moving average percent change	
		3-mo. ^a	12-mo. ^a
Idaho	1,732.3	21.7	21.9
Nevada	2,841.7	-3.7	-5.3
Utah	2,279.9	4.5	16.8

Source: Bureau of the Census.

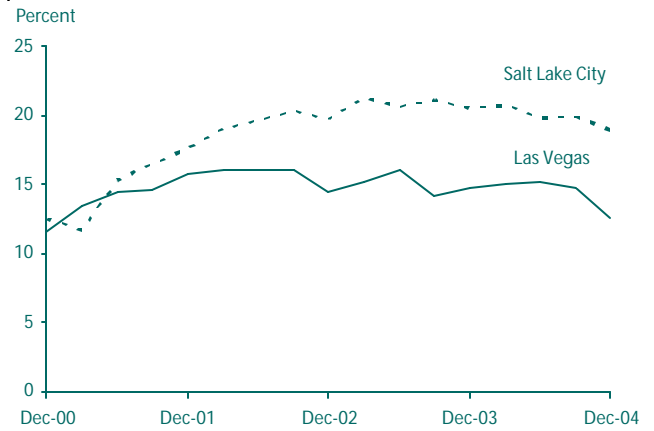
Non-residential construction awards— February 2005

	3-mo. average \$ millions	Moving average percent change	
		3-mo. ^a	12-mo. ^a
Idaho	50.8	-36.0	21.6
Nevada	158.9	-27.7	8.0
Utah	126.0	30.6	35.3

^a Underlying data are seasonally adjusted moving averages.

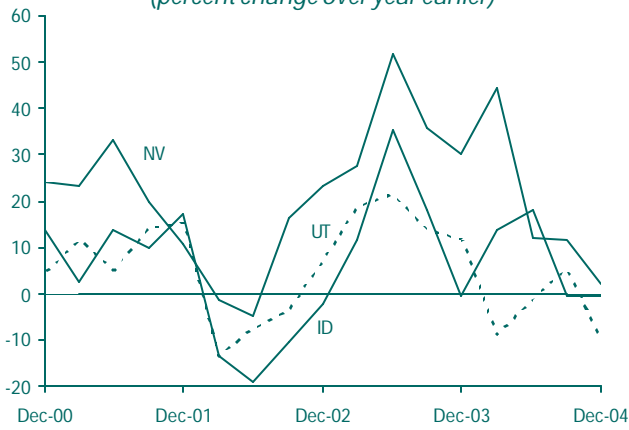
Source: F.W. Dodge.

Metro area office vacancy rates



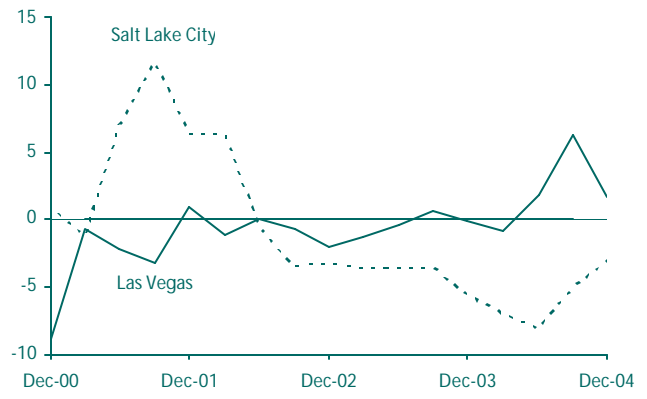
Source: Torto Wheaton Research.

Sales of existing homes
(percent change over year earlier)



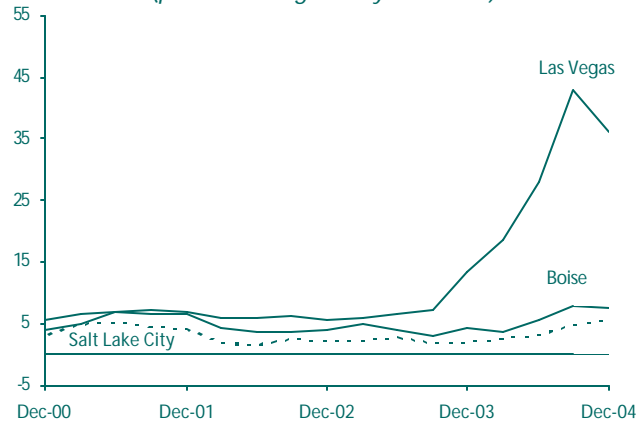
Source: National Association of Realtors.

Metro area office gross rents
(percent change over year earlier)



Source: Torto Wheaton Research.

Home price index
(percent change over year earlier)



Source: Office of Federal Housing Enterprise Oversight.

Export update

	\$ billions		Percent Change**		
	2004	Jan-05*	Jan-03	Jan-04	Jan-05
Idaho	2.7	0.2	-6.3	23.3	36.4
Nevada	2.4	0.3	-18.1	94.4	45.2
Utah	4.6	0.4	23.2	-7.6	14.9

* Year-to-date values.

** Percent change from past 12 months relative to prior 12 months.

Source: Census FT900 Supplement, Origin of Movement Series.