



Colorado Economic Chronicle

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National Economy

The economy experienced weak growth during the fourth quarter of 2002, and while growth for the entire year in 2002 was lukewarm, it was far better than 2001's recessionary performance. Inflation-adjusted gross domestic product (GDP) increased at a 1.4% annual pace in the fourth quarter of 2002. While this was much slower than growth in the third quarter, it was clear that the third quarter's 4.0% growth rate was unsustainable. Volatility in the auto sales market due to a constantly changing incentive environment caused weakness in consumer spending during the fourth quarter. Consumer spending likely remained weak during the first quarter of 2003, as war worries and a stagnant stock market continued to suppress spending. The end of the war and a slight rebound in stocks should help the economy over the next several months, however. Good news from the fourth quarter was found in business spending, which increased for the first time in over two years.

Growth in the business sector is needed to help boost the economy as consumers pull back some of their spending.

The **employment** sector continued to show weakness in March, as the economy shed another 108,000 jobs, following a revised loss of 357,000 jobs during February. Despite the job losses, the unemployment rate held steady at 5.8%. The **unemployment rate** held steady because many people have exited the labor

force as job hopes fade. The labor force participation rate dropped to its lowest level since 1993. The only sector of the economy to add jobs during March was construction, but it had suffered weather-related losses in February. As would be expected with the negative conditions in the economy, the faltering airline industry, and the war, transportation employment continued to decline. Manufacturing employment declined again during March, and has dropped by 66,000 jobs this year. New unemployment claims have been above 400,000 since mid-February. The four-week moving average of new unemployment claims is at an 11-month high.

"The four-week moving average of new unemployment claims is at an 11-month high."

While **consumers** have slowed their activity over the past several months, they continue to provide what legs the economy has. While **personal income** increased 0.3% during February, disposable income grew only 0.2%, the slowest rate of increase since last July. While consumer spending showed no growth during February, it was slowed primarily by the declining auto sales and the impact of winter storms. Consumers were also impacted by war worries, rising energy prices, and terror alerts. Fortu-

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nately, all of these factors have subsided to some extent in recent weeks. While the consumer sentiment index from the University of Michigan declined in March, the preliminary estimate for April indicated a rise in confidence.

The latest news for the **construction** industry was mixed. Construction spending and existing home sales declined, while new residential construction increased. Although existing homes sales declined during February, they remained at a very high level despite winter storms and war worries. New residential starts bounced back in March from a decline in February. Continuing low mortgage rates are providing a lifeline to home buyers. New construction permits are down, however, with multi-family units seeing a significant drop, pointing towards a slow-down in construction in the future. Overall construction spending declined modestly during February. The only notable point in the numbers was a decline in public-sector spending. If state and federal budget situations are leading to a decline in spending, the economy will lose a segment of construction that has been very important during the downturn.

Data released for the **manufacturing** sector during the past month was not very encouraging. Durable goods orders fell and indicated that business investment spending was likely down. The declines stretched across the board and as expected led to a decline in factory orders. Industrial production fell in March and vehicle sales declined. In addition, both of the indexes from the Institute for Supply Management (manufacturing and non-

manufacturing) fell significantly in March, indicating that a rebound is not immediately on the horizon. Both indexes fell below the 50% level that indicates growth.

There was mixed news on the **inflation** front during March. Agricultural prices were unchanged from the prior month and consumer prices increased just 0.3%. Producer prices, however, jumped 1.5% in March after increasing by 1.0% in February and 1.6% in January. Producer prices during the first quarter increased at an annualized rate of over 17%. On the positive side, most of the increase has been driven by higher energy costs, which should be moderating now that the war is effectively over and oil prices have fallen. It is important that inflation does not increase excessively in the near term so that the Fed is not forced to change to a less accommodative policy on interest rates.

“Several factors are now working towards more positive conditions in the future. . .”

Overall news for the national economy still suggests significant weakness. Several factors are now working towards more positive conditions in the future, however. These factors include a quick end to the war in Iraq, moderating fears of terrorist strikes, continuing low interest rates, and more reasonable energy prices.

Colorado Economy

Only a limited amount of economic data is available for the first two months of 2003. The data indicates ongoing weakness in the Colorado economy. Employment fell again in February, housing permits were below year-ago levels, and state sales tax receipts for February economic activity were 5.1% below the prior year.

Colorado's Economy at a Glance

<i>Key Indicators</i>	<i>Direction</i>	<i>Assessment</i>
Nonfarm Employment Growth	↓	Weak
Unemployment Rate	↔	Weak
Mortgage Rates	↓	Good
Retail Trade Sales	↓	Weak
Home Prices	↔	Neutral
Nonresidential Construction	↓	Bad
Colorado Inflation Rate	↓	Good
Overall Rating	↔	Weak

Employment

Colorado employment on a seasonally adjusted basis fell by 5,400 jobs in February, following a revised 1,400 job loss in January. Only two industry sectors added jobs, while six industries lost jobs. The industries with a gain included financial activities (+500) and professional and business services (+300). The industries with a loss included construction (-1,200), manufacturing (-1,000), trade, transportation, and utilities (-1,600), education and health services (-700), leisure and hospitality (-1,100), and government (-700). Seasonally adjusted employment declined 0.6% through February compared with a year ago. On a positive note, however, Colorado employment on a not seasonally adjusted basis was unchanged through February.

“ . . . Colorado employment on a not seasonally adjusted basis was unchanged through February.”

A small hint that an economic turnaround is about to begin came from job announcements over the past two months. Announced job losses were still high at over 1,900. However, announced job gains totaled nearly 2,300.

The statewide unemployment rate was unchanged in February at 5.5%. The average unemployment rate in 2002 was revised to 5.7%. The original estimate for the 2002 unemployment rate was 5.3%. The rate in 2001 was 3.7%.

Colorado's information technology (IT) sector was one of the hardest hit sectors during the slump of the past two years. A study by Access Data Consulting Corp. revealed that 45% of the state's IT firms downsized in 2002, compared with 38.2% nationwide. On a positive note for the sector, slightly more firms expect to hire this year than in 2002.

Residential Construction and Real Estate

According to the U.S. Census Bureau, total housing permits decreased 2.9% year-to-date through February compared with the same time period in 2002. Housing permits decreased 12.2% in 2002. Single-

family construction has been healthier than multi-family construction. The number of permits issued for single-family homes increased 6.9% year-to-date through February after decreasing 2.6% in 2002. The number of permits issued for multi-family homes decreased 29.5% through February after decreasing 31.4% in 2002.

The residential real estate market in the metro-Denver area continues to be weak. According to Coldwell Banker Residential Brokerage, the number of unsold homes on the market was 30.8% higher and 18% fewer homes were put under contract in March compared with a year ago. Buoyed by low mortgage rates, prices continue to grow, although at sluggish rates. The *average* price of a single-family home in the metro-Denver area increased 1.6% to \$269,277 in March compared with year-ago levels. The average resale price had declined in February. The *median* price in March increased 2.3% to \$224,000.

Meanwhile, the number of foreclosures initiated during the first quarter of 2003 increased 31% to 1,873 foreclosures, compared with the first quarter of 2002. In addition to layoffs, the number of foreclosures have increased as a result of the sluggish real estate market, since it has become more difficult for homeowners to sell to avoid foreclosure. Conditions in the residential real estate market are expected to remain sluggish through at least the remainder of this year, and could worsen if mortgage rates rise.

“ . . . the value of nonresidential construction decreased 31.3% through February. . . ”

Nonresidential Construction

According to F.W. Dodge, the value of nonresidential construction decreased 31.3% through February, compared with the first two months of 2002. Nonresidential construction decreased 20.9% in 2002. Activity declined in every major category except public and hospital and health treatment buildings. The value of construction in the commercial and manufacturing sectors decreased 33.4% and 45.3%, respectively.

Plans were announced to begin construction on the 2 million-square-foot Lark Ridge Mall in 2004. The mall will be located off Interstate-25 between 168th Avenue and E-470. The mall is expected to open in 2005. Once complete, it will be the largest mall in Colorado.

Construction began in early March on a 16,000-square-foot building in Broomfield that will contain three office condominiums. The three spaces have already been put under contract by a dentist, a coffee shop, and a veterinarian clinic. The building is located on Xavier Lane near Sheridan Boulevard and 136th Avenue.

Inflation

The state's economic slowdown led to low inflation during 2002, as retailers had little pricing power and inflation in housing moderated. The Denver-Boulder-Greeley consumer price index advanced only 1.9%. Apparel costs declined 9.3% last year, the fourth drop in the past five years. Housing costs advanced only 1.7%, marked by a 14.0% decline in fuel and utilities costs. More importantly, the shelter component of housing dropped in the second half of 2002 relative to the first half, perhaps signaling that the strong rise in housing prices over the past decade is over. Medical care costs increased 3.6%, the smallest rise since a 3.5% increase in 1998.

Manufacturing

The Colorado Front Range Manufacturing survey indicated deteriorating conditions for the industry. The March index was 47 compared with 53.7 in February. An index level below 50 indicates contraction. Seven components of the survey indicated a contraction, three components indicated expansion, and one component was neutral.

Tourism and Gaming

Tourism in the metro-Denver area struggled in 2002. According to the Metro Denver Quarterly Tourism Indicators report, attendance at Denver attractions decreased 2.1%, passenger boardings at Denver In-

ternational Airport decreased 1%, while spending on lodging nights increased 1.5% in 2002. Overall, consumer spending decreased 9.3%. Meanwhile, skier visits to Colorado's ski resorts increased 7.7% season-to-date through February compared with a year ago, according to Colorado Ski Country USA.

“Tourism in the metro-Denver area struggled in 2002.”

The Butterfly Pavilion, located in Westminster, started construction on a \$2.4 million, 13,000-square-foot expansion of its facility. The facility is visited by an average of 250,000 people each year, although the 17,000-square-foot facility was designed to serve only 100,000 visitors annually. The expansion will include a large classroom, 2,000 square feet of office space, and more than 3,000 square feet of exhibit space. The expansion is expected to be complete in early 2004.

The Cumbres & Toltec Scenic Railroad will begin running one locomotive along its 64-mile narrow-gauge tourist line between Chama and Antonito on Memorial Day weekend. The railroad's commission expects to receive a \$1.2 million federal grant from the Economic Development Authority within the next few months. The railroad usually runs three locomotives, but two will not be run this year because of improvements required by federal standards. The railroad hopes to have all three running next year.

Wildfires and the drought took a large gulp out of Colorado's whitewater rafting industry in 2002. According to the Colorado River Outfitters Association, visits to the rafting industry in Colorado decreased a record 39% in 2002, to about 320,000 visits from about 524,000 visits in 2001. The rafting industry's total economic impact was \$126 million in 2001.

“The huge March snowstorm contributed to a 10.2% decline in gaming revenue from the previous year.”

The huge March snowstorm contributed to a 10.2% decline in gaming revenue from the previous year. 20 of 26 casinos in Black Hawk and Central City

were closed for at least two days, while roads to the Cripple Creek casinos were shut down for one day. Gaming revenue in February posted a 9.0% drop from the prior year. Persistent snow during the last week of February caused many gamblers to stay at home.

Transportation

Denver-based Frontier Airlines carried 313,000 passengers in February, up 36.7% from February 2002. This increase is partly attributable to the airline's average one-way fare dropping from \$132 to \$105 in February 2003. Also, Frontier Airlines has announced that it will increase its service from Denver to Tampa and Reno. Beginning June 15, Frontier will fly two daily round-trip flights to the cities.

Beginning as early as June 2003, Aspen Executive Air will provide daily service between Aspen and Dallas, Oakland, and Burbank, on three, 16-seat luxury jets. Fares will range between \$1,200 and \$1,500 for a weekend round-trip, and \$500 to \$600 for a weekday. The new airline will have a staff of ten headquartered in Aspen.

Due to slower off-season travel, America West Airlines suspended its single-flight-a-day service between Montrose and Phoenix from April 5 to May 21. The suspension of America West service leaves United Express as the Montrose Regional Airport's sole year-round airline, providing seven daily flights between Montrose and Denver on weekdays and eight daily flights on weekends.

Agriculture

The big March snowstorm nourished the hopes of the state's farmers. Nearly 50% of the wheat crop was rated in good or excellent condition, compared with 15% a year ago. The wheat crop of 2002 was less than one half of the ten-year average production.

Uncertainty with respect to drought conditions and the availability of stored water will lead to fewer choices for crop plantings, according to the Colorado

“The big March snowstorm nourished the hopes of the state's farmers.”

Agricultural Statistics Service. Planting of water-intensive corn will decrease 17% this year. Other crops with reduced planting include barley, sunflowers, dry beans, and sugar beets. Crops with increased planting include wheat, hay, and oats.

Drought uncertainty has also reduced the number of cattle on feed for slaughter in Colorado. The March 1 number of cattle was 14% below a year ago.

Energy

The largest number of new gas wells will be developed in Garfield County this year. EnCana Oil and Gas Inc. will drill as many as 200 wells southeast of Rifle. Expected production from the new wells was not announced, but the Mamm Creek field has an expected life of 30 or 40 more years.

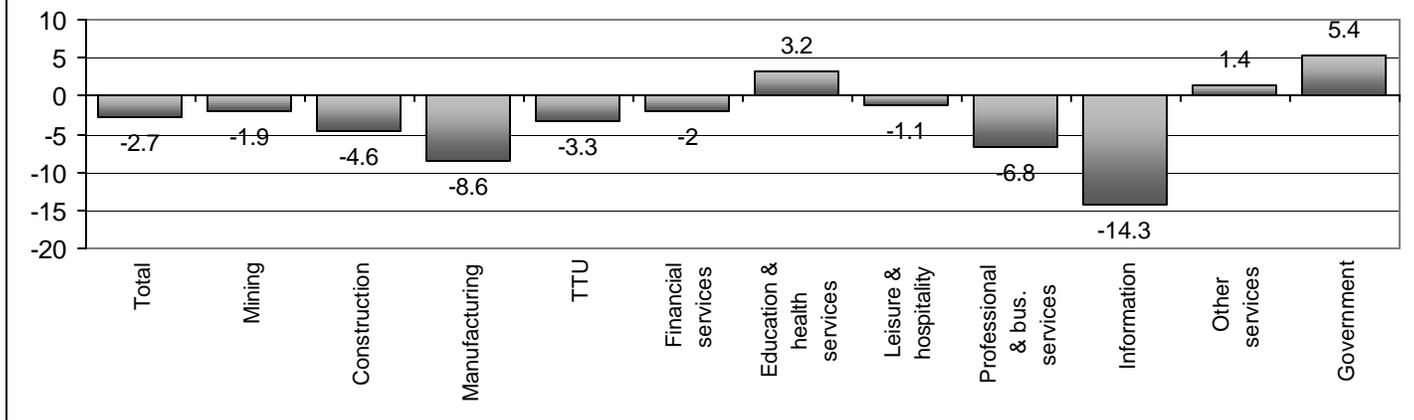
Xcel Energy notified the Colorado Public Utilities Commission of its intentions to seek higher natural gas rates. Natural gas prices in Colorado are typically below national prices because of a supply bottleneck. The large production in Colorado has stayed within the state because of low pipeline capacity to other markets, putting downward pressure on gas prices. The expansion of the Kern River pipeline will enable more Colorado gas to be transported to big markets in Southern California. The expansion will reduce the available supply in Colorado and place upward pressure on local prices.

“The metro-Denver area had a 2.7% job loss, or 32,300 jobs, in 2002.”

Metro Denver

The metro-Denver area had a 2.7% job loss, or 32,300 jobs, in 2002. The private sector job loss was 4.0%. Information services, including the telecom-

Figure 1. Metro Denver Percentage Change in Employment, 2002



*TTU—Trade, Transportation, Utilities

munications sector, lost 14.3% of its 2001 job base. Manufacturing (-8.6%) and professional and business services (-6.8%) had the other significant large losses. Only three industries gained jobs in 2002. The government sector gain (5.4%) was concentrated in local government (8.5%). State government employment did not change, while federal government employment increased 0.3%.

Several job announcements were made during the past two months. A restructuring by DirecTV in **Castle Rock** resulted in the elimination of 75 jobs in February. The company will concentrate its Castle Rock operations on local television distribution and will no longer provide services such as premium channels or pay-for-TV. Ball Corp. purchased Metal Packaging International Inc., a rival Colorado company. Ball intends to close the firm's factory. Ball does not have enough jobs to absorb the work force at Metal Packaging International, meaning that up to 106 jobs could be eliminated. Another merger of packaging companies will mean the loss of approximately 110 jobs in **Golden**. Graphic Packaging Corp. will merge with an Atlanta company. The corporate positions will be relocated to Atlanta or eliminated. The firm's manufacturing operations and its 200 jobs will remain in Golden.

“The merger will add at least 250 jobs to Gart's Englewood headquarters.”

Two firms will add jobs in the metro-Denver area. Gart Sports Co. will merge with Florida-based The Sports Authority. The merger will add at least 250 jobs to Gart's **Englewood** headquarters. Pfizer Inc., a drug manufacturer, will open a sales office in **Greenwood Village**. The number of new jobs was not announced, but the leased space would typically house 300 workers. Only 25 jobs have been committed at this time.

“...the City and County of Denver delayed construction of a \$125 million hotel at Denver International Airport.”

In February, the City and County of Denver delayed construction of a \$125 million hotel at Denver International Airport citing concerns about the economy, the then-looming war in Iraq, and uncertainty surrounding the United Airlines bankruptcy. The city also wished to concentrate its efforts on construction of an 1,100-room convention hotel in downtown Denver. The delay will be at least six months.

Boulder Region

Nonagricultural employment in the Boulder metropolitan statistical area decreased 3.3% in 2002, or by 6,300 jobs, after increasing 2.9% in 2001. Figure 2 shows employment growth by major industry sector in 2002. The information services sector experienced the most significant job losses decreasing 11.9%. The telecommunications sector in Boulder, a

subsector of the information services sector, lost 19.4% of its work force in 2002. Other sectors that experienced significant job losses include the manufacturing sector (-9.1%), the mining and construction sector (-7.1%), and the professional and business services sector (-6.7%). Three sectors gained jobs: education and health services (+ 1.9%), other services (+ 7.3%), and government (+ 3.9%).

“...The telecommunications sector in Boulder... lost 19.4% of its work force in 2002.”

Boulder-based data storage manufacturer Exabyte Corp. laid off 42 people in **Boulder** in March. The company's work force has fallen from about 1,300 in 1998 to its current level of 350, which includes 310 employees in Boulder. The cuts were made in an effort to return the company to profitability.

Boulder-based biotech firm Array BioPharma Inc. laid off 30 workers in March, or about 10% of its work force, from its Boulder and Longmont locations. The layoffs were a result of the weak economy and loss of two large contracts. After the layoffs, the company employs about 255 people in Boulder and Longmont.

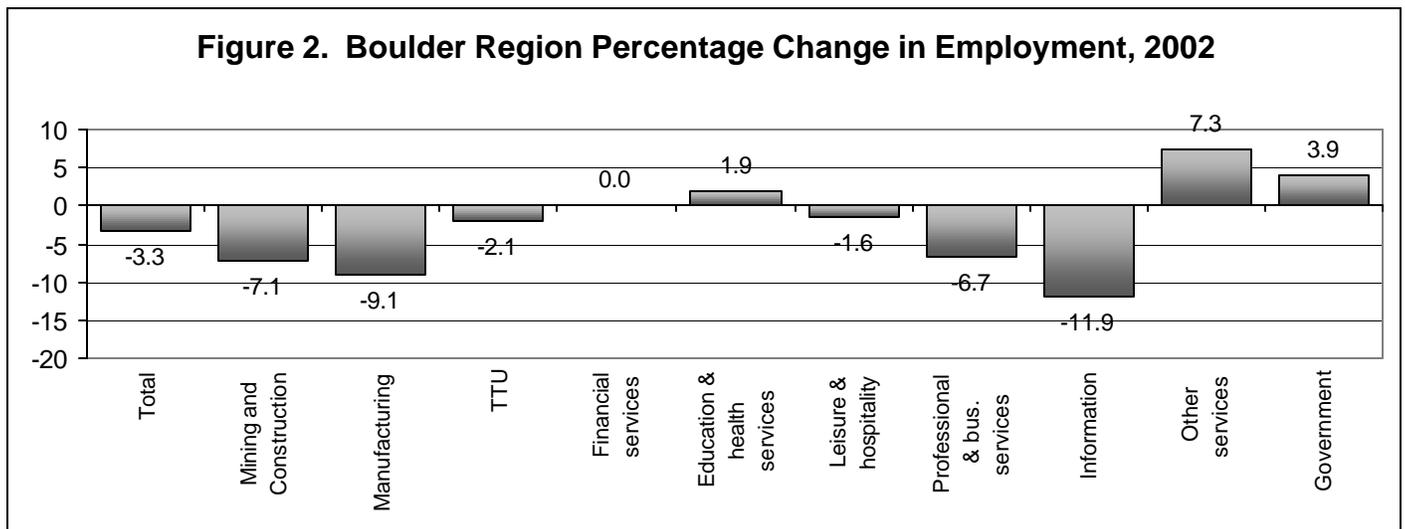
Wireless and online business software and services company Lightbridge Inc. announced that they will restructure and eliminate between 100 and 130 positions at their **Broomfield** call center.

Retail trade in Boulder and Broomfield counties collectively increased a slight 0.3% in 2002 compared with 2001. Sales tax revenues to the City of Boulder decreased 8% in 2002 compared with 2001. In addition to the weak economy, the decrease is attributable to the ongoing decline of Crossroads Mall and the loss of business to other retail centers in the area. Warehouse Entertainment Inc. recently announced that they will close two Boulder media stores by May and eliminate between 12 and 20 positions.

Meanwhile, sales tax revenues to the City of Broomfield totaled \$31.3 million in 2002, 8.7% higher than the amount collected in 2001. Much of the increase was attributable to new retail, particularly surrounding the FlatIron Crossing Mall. The FlatIron district, which includes MainStreet at FlatIron and FlatIron Crossing Village, generated \$15.7 million in 2002, a 12.1% increase over 2001.

Sales tax revenues in Longmont remained flat, while Lafayette sales taxes increased 3.8%, respectively. The 3.1% decrease in sales tax revenue to the City of Louisville was blamed on the closure of a Kmart store last summer. However, Hobby Lobby recently announced that they would occupy most of the space vacated by Kmart, while the national bargain chain Big Lots has shown interest in the remaining space. Sales tax revenues to the City of Superior increased 18.1% in 2002. Much of the increase was due to new retail.

According to F.W. Dodge, the value of nonresiden-



tial construction in Boulder County decreased 42.7% through February compared with the same time period in 2002, after decreasing 11.9% in 2002 and 10.5% in 2001. The hospital and health treatment sector was the only sector that showed an increase in activity.

According to the U.S. Census Bureau, the number of housing permits granted in the Boulder-Longmont metropolitan area increased 10.8% through the first two months of the year compared with the same time period in 2002. Permits for single-family homes decreased 19.9% through February. However, permits for multi-family housing increased 90.8% over the same time period. Total permits in Boulder County decreased 21.8% in 2002, with single-family permits decreasing 2.8% and multi-family permits decreasing 47.8%.

Northern Region

The northern region had one of the state's strongest economies in 2002. Employment growth in the region was 2.6%. Weld County employment increased 3.5%, while Larimer County had a gain of 2.0%. However, the region's unemployment rate escalated from 3.7% in 2001 to 5.5% in 2002.

“The northern region had one of the state's strongest economies in 2002.”

A 250-suite Embassy Suites Hotel is planned to break ground in 2004 at the Interstate 25/U.S. 34 intersection in **Loveland**. The hotel will include an 80,000-square-foot convention center and will cost \$35 million to construct. Construction of a \$15 million Marriott is also expected to begin in the same area next year. Also in Loveland, Wolf Electronix Corp., an electronic control board maker, plans to lease a 14,500-square-foot building and hire 30 people. When fully operational, the plant will employ 100 workers. Meanwhile, **Erie** has seen the opening of a bank, doctor's office, auto body center, tanning salon, and novelty shop over the past several months. A hotel is also in the planning stages in **Fort Collins**. Two acres of land off of Harmony Road is being

considered for a 90-room Holiday Inn Express. In addition, Fort Collins will see a new Whole Foods market and a Borders Books & Music store filling the majority of space available in the former Montgomery Ward building on College Avenue. Meanwhile, construction is underway on Bank One's third location in Fort Collins.

“Fort Collins will also see significant residential development begin this year.”

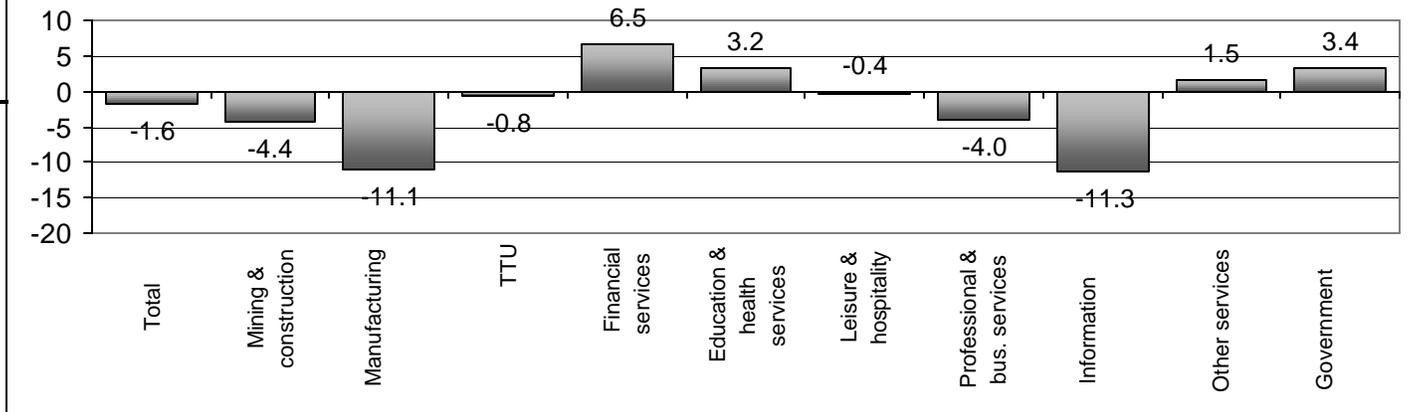
Fort Collins will also see significant residential development begin this year. Work will begin in September on a 653-home neighborhood east of the Fort Collins Country Club. The development, which will include 78 duplex homes, 125 multifamily units, and 450 single-family homes, will feature a 7-acre park and trails. Another development, called Side Hill, will begin this summer. It will contain 220 condos, 146 town homes, 40 mixed-use homes, and 560 single-family homes on 226 acres at the intersection of Timberline and Drake roads. Finally, Centex homes will build between 600 and 1,000 single-family homes at the intersection of county roads 11 and 52. Preparation of the land for that project will begin this summer.

State Farm Insurance will increase its employment in **Greeley** with the addition of 260 workers to its headquarters there over the next two years. The company is currently constructing a three-building campus and will have 1,300 employees at the new campus by the end of June. Hewlett-Packard, however, is in the process of moving 600 employees out of Greeley to plants in Loveland and Fort Collins. Nearby, the Western Sugar Cooperative laid off 40 workers at its Greeley maintenance operation in February. If the sugar beet harvest is down this year, the plant may not operate at all.

El Paso County

According to the Colorado Department of Labor, employment in El Paso County declined 1.6% in 2002. The manufacturing and information sectors were particularly hard hit with job losses of over

Figure 3. Colorado Springs Region Percentage Change in Employment, 2002



11%. The county's unemployment rate soared to 6.6% in 2002, compared with 4.5% in 2001.

**Table 1
Western Region Employment Growth and Unemployment Rates**

“The manufacturing and information sectors were particularly hard hit with job losses of over 11%.”

Peterson Air Force Base in **Colorado Springs** will see its work force in the U.S. Space Command fall by 1,225 during the next seven years. 755 of those positions will be eliminated by October 2004, mostly through attrition and retirements.

ICT Group Inc. will open a customer service center for Virgin Mobile USA LLC in Colorado Springs by May. The center will eventually employ approximately 500 workers to handle calls for Virgin Mobile phone service. This is the third call center expansion announced in Colorado Springs during the past six months, coming on the heels of expansions for Hewlett-Packard Co. and Progressive Insurance.

Colorado Springs will also see a large new shopping center near the Air Force Academy. The 76-acre development will include 578,000-square-feet of retail space and a hotel. The first stores should open by the start of 2005. A contract has also been awarded for the construction of a 500-bed privately run prison in Colorado Springs. The prison will employ 120 to 150 workers and will house parole violators and inmates making the transition back into society. The state will pay the prison approximately \$53 per day per inmate.

County	2002 Employment Growth Rate	2002 Unemployment Rate	2001 Employment Growth Rate	2001 Unemployment Rate
Archuleta	5.7	5.7	4.0	4.3
Delta	5.8	4.9	3.4	4.0
Dolores	3.6	11.0	-1.2	6.8
Garfield	2.1	3.9	2.2	2.5
Gunnison	0.5	5.8	-0.9	4.8
Hinsdale	-11.3	2.9	-4.1	2.9
La Plata	2.9	4.4	0.2	3.7
Mesa	4.6	4.9	1.4	3.9
Moffat	1.8	5.8	0.4	4.9
Montezuma	1.8	5.9	-1.5	4.8
Montrose	2.3	5.6	0.8	4.8
Ouray	2.3	4.1	0.5	3.1
Rio Blanco	4.7	2.3	1.8	2.4
San Juan	11.0	16.0	-0.4	16.0
San Miguel	0.1	5.2	2.2	3.9
Western Total	3.3	4.9	1.1	3.9

Western Region

In late March, Home Depot opened its doors in **Montrose**. The 95,000-square-foot store employs roughly 150 people. 60% of the jobs are full-time positions. Eleven workers will staff a new golf equipment company near Durango. Tom Wishon Golf Technology will conduct research design, market, and take orders for the equipment. Manufacturing of the equipment will not take place at the facility.

“...39 percent of households in Delta County are burdened by high housing costs.”

An affordable housing study commissioned by the West Central Housing Development Organization shows that 39 percent of households in **Delta County** are burdened by high housing costs. Delta County wages rank near the bottom among Colorado counties.

The market for high-end real estate in **Durango** boomed in 2002. In 2002, 60 homes had a sales price of \$500,000 or higher according to the Durango Area Association of Realtors. The total more than doubled that of 2001.

Mountain Region

The Mountain region eked out a small employment gain of 0.5% in 2002. The unemployment rate for the region averaged 4.4% in 2002.

According to the Aspen Board of Realtors Multiple Listing Service, single-family home sales increased 11.5% and condominium sales soared 22.4% in **Aspen** and **Snowmass Village** in 2002. The median sale price of a home in Aspen increased from \$3.27 million to \$3.54 million. However, vacant land sales continued to be sluggish in both markets, suggesting that future construction activity will be limited. Meanwhile, single-family home and condominium sales in Basalt fell 5% and 27%, respectively.

Basalt will gain commercial space this spring with the opening of the 28,000-square-foot Riverwalk building. Several small stores and restaurants will

Table 2
Mountain Region Employment Growth and Unemployment Rates

County	2002 Employment Growth Rate	2002 Unemployment Rate	2001 Employment Growth Rate	2001 Unemployment Rate
Chaffee	3.3	3.5	0.1	2.7
Clear Creek	4.9	5.5	-2.2	3.7
Eagle	-1.9	4.4	0.3	2.8
Gilpin	3.1	4.3	-1.2	3.0
Grand	2.5	3.7	2.5	3.0
Jackson	4.6	5.9	-9.6	2.5
Lake	-1.9	7.7	-4.0	4.8
Park	2.8	4.8	-0.3	3.1
Pitkin	-1.2	4.4	0.5	3.4
Routt	3.6	3.1	3.9	2.2
Summit	-1.9	4.3	0.1	2.7
Teller	-1.2	4.7	-2.6	2.9
Mountain Total	0.5	4.4	0.0	2.9

occupy the space which will be pre-leased.

A new Target store opened in Silverthorne in March. The store employs 170 workers. Forty percent of the workers are full time.

“Pueblo will gain up to 450 jobs from Adams Aircraft in the next three years.”

Southern

In late February, Boeing officials announced that they will be moving the Delta rockets plant from **Pueblo** to Decatur, Alabama. The move will displace the plant's 250 workers, with about 160 being offered the option to move to Decatur. Boeing will vacate its nearly 450,000 square feet of office and manufacturing space by the end of 2004.

Thirty-five employees at the Foxworth-Galbraith Truss Plant in Pueblo were laid off in February. Ten employees were transferred to the company's Colorado Springs facility.

More positive news came from Adam Aircraft, and Arapahoe County-based manufacturer of light planes. Pueblo will gain up to 450 jobs from Adams Aircraft in the next three years. The Pueblo facility will make the company's A500 twin-engine, six-seat planes.

Seven workers will be hired to staff a new 10,000-square-foot greenhouse in **Colorado City**. CSS Potato Farms Inc. will grow potatoes in the sterile, disease-free environment of the greenhouse. Production is expected to total 2 million "minitubers" annually. A 5,000-square-foot office building will accompany the greenhouse construction. The greenhouse space could triple later.

“Redevelopment of a Safeway store in Alamosa will lead to new jobs.”

Redevelopment of a Safeway store in **Alamosa** will lead to new jobs. K-BOBS Steakhouse is scheduled to open in April with 45 permanent employees. A Blockbuster Video store will also open in the redeveloped building.

A 24-acre site south of Alamosa will have approximately 24 residential building sites, a victim services center, and housing for farm workers. The latter housing will provide 39 three- and four-bedroom units. The developer was seeking to have the land annexed to Alamosa.

Construction began this month on the second phase of Pueblo West Marketplace. The second phase consists of a shopping center, and tenants will include a Eckerd's drug store. Plans for the 20-acre site call for 10 free-standing businesses.

There are several housing projects in various phases in Pueblo. Today's Homes has three new subdivisions going in on the north side of Pueblo. Also, the first phase of a 70-unit tract of single-family homes

**Table 3
Southern Region Employment Growth and
Unemployment Rates**

County	2002 Employment Growth Rate	2002 Unemploy- ment Rate	2001 Employment Growth Rate	2001 Unemploy- ment Rate
Alamosa	1.2	6.3	1.2	5.6
Conejos	1.2	8.4	1.0	7.9
Costilla	-4.3	9.9	-3.8	9.6
Custer	8.8	3.2	1.6	3.5
El Paso	0.5	6.6	0.2	4.5
Fremont	-1.5	5.4	0.3	4.0
Huerfano	9.8	6.1	-1.5	5.6
Las Animas	8.9	4.2	3.5	4.2
Mineral	2.2	2.4	1.4	2.4
Pueblo	1.1	7.0	-1.0	5.2
Rio Grande	3.6	7.5	-3.9	7.6
Saguache	3.6	8.6	1.0	8.4
Southern Total	0.9	6.5	0.1	4.7

is underway in north Pueblo. The Village at Eagle View will have three models, with starting prices around \$180,000.

Eastern Plains Region

The eastern plains region of Colorado had robust employment growth in 2002. Employment increased 3.1% in 2002, compared with only 0.1% in 2001. However, the unemployment rate increased from 3.0% to 4.0%.

Neoplan, a bus manufacturer in Lamar, laid off 20 employees in late January. A short-term delay in receipts caused the layoffs. The bus plant has orders that exceed the production level of the last two years.

Table 4
Eastern Region Employment Growth and
Unemployment Rates

County	2002 Employment Growth Rate	2002 Unemploy- ment Rate	2001 Employment Growth Rate	2001 Unemploy- ment Rate
Baca	-0.3	3.0	-2.9	2.9
Bent	-11.0	8.4	-7.6	4.6
Cheyenne	2.4	3.5	0.4	2.4
Crowley	2.7	4.8	-3.4	3.6
Elbert	8.7	4.4	4.4	2.8
Kiowa	-0.4	4.3	1.6	2.5
Kit Carson	1.9	2.7	0.5	2
Lincoln	3.1	2.4	1.2	1.5
Logan	1.0	3.7	3.1	3.3
Morgan	3.4	3.6	0.2	2.7
Otero	2.8	6.5	-2.9	5.1
Phillips	3.2	2.4	-0.1	2.3
Prowers	2.5	3.5	-4.7	3.0
Sedgewick	3.4	3.6	-5.0	3.0
Washington	-1.9	3.6	-3.4	2.5
Yuma	3.1	2.2	2.2	2.1
Eastern Total	3.1	4.0	0.1	3.0

Regional Growth 2002 Economic Statistics

	Alamosa	Boulder	Colorado Springs	Metro Denver	Durango	Fort Collins	Grand Junction	Greeley	Lamar	Montrose	Pueblo	Ski Counties (Eagle, Pitkin, and Summit)	Steamboat Springs	Sterling
Employment Growth ◆ (through December 2002)	1.2	-3.3	-1.6	-2.7	2.9	2.0	4.6	3.5	2.5	2.3	1.1	-1.7	3.6	1.0
Unemployment Rate ◇◆ (not seasonally adjusted) (2002 average)	6.3	5.7	6.6	5.9	4.4	5.2	4.9	6.1	3.5	5.6	7.0	4.4	3.1	3.7
Retail Trade Sales Growth ▼△ (through December 2002)	5.2	-15.7	1.5	-1.1	-0.3	2.3	3.9	8.2	-12.0	0.5	1.4	-2.4	-0.7	-1.8
Growth in Value of Non-residential Construction* (through December 2002)	-38.6	-11.9	12.1	-30.1	①	5.9	-23.6	-32.9	②	③	-23.9	-9.0	-64.8	④
Housing Permit Growth ° (through December 2002)	-6.6	-21.8	-4.1	-20.0	24.5	-9.5	9.0	2.2	-88.5	0.3	-6.3	-1.0	26.9	-50.3

- ◇ Actual level not growth rate.
- ◆ Colorado Department of Labor and Employment data.
- * F.W. Dodge data.
- ° F.W. Dodge & U.S. Census Bureau
- ▼ Colorado Department of Revenue data.
- △ Boulder retail trade excludes Broomfield City and County since November 2001.
- ① \$15.6 million was contracted in 2002, while \$2.3 million was contracted in 2001.
- ② Nothing was contracted in 2002, while \$994,000 was contracted in 2001.
- ③ \$11.5 million was contracted in 2002, while \$3.8 million was contracted in 2001.
- ④ \$13.7 million was contracted in 2002, while \$2.7 million was contracted in 2001.

Colorado Indicators

Indicator	2002 Annual Average	2001 Annual Average
Nonfarm Employment Growth ✉	-1.9%	0.6%
Unemployment Rate ✉ ‡ (seasonally adjusted)	5.7	3.7
Housing Permit Growth ~ Single family	-12.2	1.5
Apartment	-2.6	-3.2
	-31.4	12.5
Growth in Value of Nonresidential Construction §	-20.9	0.7
Retail	-8.3	12.7
Offices	-43.8	-35.0
Factories	-77.3	194.4

- ✉ Colorado Department of Labor and Employment data.
- ‡ Actual level, not growth rate.
- ~ U.S. Census Bureau data.
- § F.W. Dodge data.

Note: An inflation rate is not calculated for the state. The Denver-Boulder-Greeley inflation rate is often used as a proxy for Colorado's inflation rate. The Denver-Boulder-Greeley inflation rate was 1.9% in 2002, compared with 4.7% in 2001.