

Colorado Economic Chronicle

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Inside this issue:

National Economy	1
Colorado Economy	4
Metro Denver	6
Colorado Springs	8
Pueblo—Southern Mountains	10
San Luis Valley and Southwest Region	11
Mountain Region	13
Western Region	15
Northern Region	17
Eastern Plains	19

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NATIONAL ECONOMY

By Todd Herreid

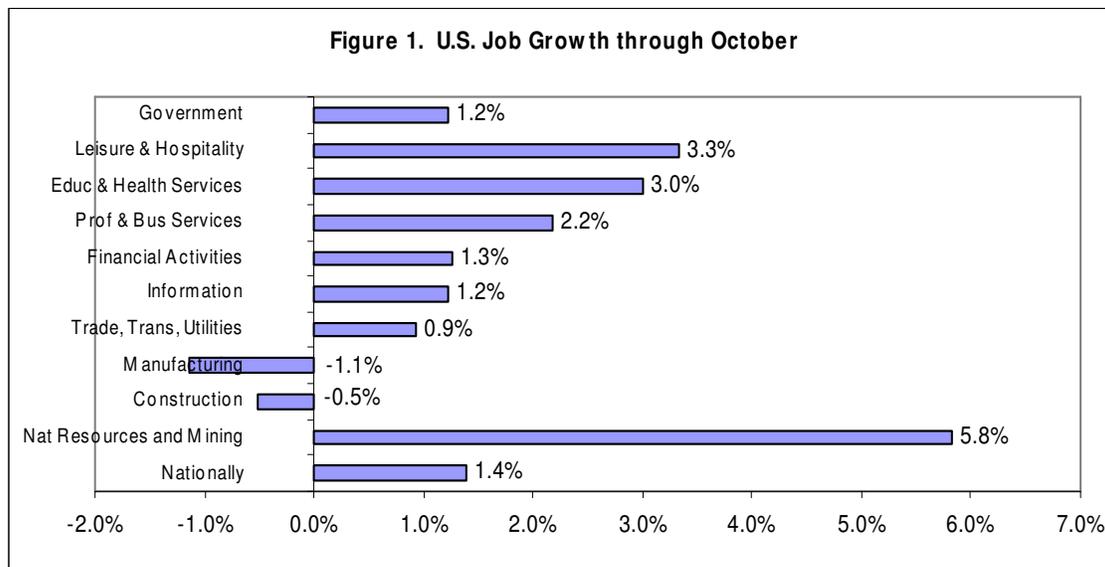
The national economy continues to demonstrate surprising resiliency in spite of higher oil prices, credit problems, and softness in the housing market. The nation's **gross domestic product (GDP)**, adjusted for inflation, grew by 3.9 percent in the third quarter of 2007. This follows growth of 3.8 percent in the second quarter and 0.6 percent in the first quarter.

The principal drivers of growth in the third quarter were consumer spending, business investment, government expenditures, and exports. Personal consumption expenditures increased 3.0 percent in the third quarter and business fixed investment spending increased 7.9 percent. An increase in business inventories also boosted economic growth. In addition, government spending and exports advanced in the most recent quarter, growing 3.7 percent and 16.2 percent, respectively. A depreciating dollar helped to boost exports of goods and services. These gains were offset by a decline in residential investment and an increase in imports.

While the summer performance of the economy looks promising, there are danger signs on the horizon. Ongoing concerns about the housing market, job prospects, and energy prices are pushing consumer confidence lower. The Conference Board's **consumer**

confidence index has declined for three consecutive months, going from 111.9 in July to 95.6 in October. The index now stands near a two-year low. To the degree that consumer confidence affects spending decisions, the decline could spillover into the holiday shopping season and dampen fourth quarter economic growth.

The **labor market**, however, saw gains in job activity in October as nonfarm employment increased by 166,000 jobs. The October gain followed growth in August and September of 93,000 and 96,000 jobs, respectively. October's growth was the highest in the past five months. Although the job gains were certainly good news, about one-third of the growth occurred in relatively low wage sectors, such as restaurant employment and temporary workers. Other sectors experiencing job growth were professional and business services and health care. Those two sectors added almost 100,000 jobs in October. In other positive news, construction employment was relatively unchanged in October compared with the prior month. Since its peak in September 2006, construction employment has fallen by 124,000 jobs. On the negative side, employment continued to fall in manufacturing. Manufacturing employment declined by 21,000 jobs in October and the industry has lost 275,000



jobs since June 2006. Figure 1 shows job growth in the nation through October by industry.

The **unemployment rate**, meanwhile, remained unchanged at 4.7 percent compared with September, although it is up slightly from a year earlier when the rate was 4.4 percent. For persons who are high school graduates, the unemployment rate was 4.6 percent in October. For persons with some college training or an associate degree, the unemployment rate was 3.5 percent. For persons with a Bachelor's degree and higher, the rate was 2.1 percent in October.

Although **manufacturing** employment is declining, a survey prepared by the *Institute of Supply Management* (ISM), shows that manufacturing activity continued to expand, albeit at a slower pace. The reason for the discrepancy between jobs and output is that productivity gains have allowed the industry to grow with a smaller workforce. In October, the ISM index stood at 50.9, with a reading above 50.0 indicating economic growth. The index, however, has declined in four consecutive months, causing some concern. In addition, one of the strongest components of the index was for manufacturing inventories, which could be borrowing growth from subsequent months if those inventories cannot be sold.

The **residential housing** sector continues to be the weakest part of the nation's economy. In the third quarter of 2007, residential housing investment declined by 20.1 percent. New and existing home sales have declined significantly from their expansionary peaks and the weakness in the markets will remain for some time. The recent mortgage market turmoil may result in a continuing housing slowdown that extends well into 2008.

New residential construction has slowed considerably and the volume of existing homes for sale has increased dramatically. Privately-owned housing units authorized by building permits in September were 1.226 million, which was 7.3 percent lower than in August 2007 and 25.9 percent lower than September 2006. Single-family permits in September 2007 were 868,000, 7.1 percent lower than the August 2007 level.

Inflation, as measured by the consumer price index (CPI), has remained relatively steady in the past year, and does not appear to pose an immediate concern for policymakers. The CPI increased 2.8 percent in October compared with the same month in the prior year. In all of 2006, the CPI was up 3.2 percent. In the first nine months of this year, the CPI is up 2.5 percent compared with the same period in

2006. In addition, a key measure of inflation tracked by the Federal Reserve is the core CPI, which is the CPI less food and energy prices. This measure has also remained relatively steady in 2007. Through September, the core CPI is up 2.3 percent. In all of 2006, the core CPI increased 2.5 percent. As long as inflation remains relatively dormant, the Federal Reserve may have the flexibility to reduce interest rates further.

In reaction to the housing market problems, a potentially slowing economy, and mild inflation, the Federal Reserve lowered its target for the federal funds rate to 4.5 percent from 4.75 percent at its latest meeting. This may provide some short term relief for homeowners who have adjustable rate mortgages (ARMs). As long as interest rates remain relatively low, homeowners with ARMs may see some restraint in the degree to which monthly mortgage payments rise. This may dampen the pace of foreclosures in the future. The lowering of interest rates will also provide liquidity for banks that have been exposed to additional mortgage loan defaults.

COLORADO ECONOMY

By Todd Herreid

Table 1
Statewide Economic Indicators

	2005	2006	YTD thru September 2007
Employment /1	2.2%	2.4%	2.0%
Unemployment Rate (2007 figure is for September)	5.1%	4.3%	3.9%
Personal Income/2	6.2%	6.5%	6.0%
Wages and Salaries	5.7%	7.4%	6.5%
Housing Permit /3	-0.2%	-15.0%	-26.0%
Value of Nonresidential Const. /4	28.3%	2.0%	3.9%
Retail Trade Sales /5	5.1%	5.5%	5.3%

1/ U.S. Department of Labor Statistics. Data through 2006 are from the QCEW program. 2007 data are from the CES survey.

2/ Bureau of Economic Analysis. Income data through the second quarter of 2007.

3/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction.

4/ F.W. Dodge

5/ Colorado Department of Revenue; data through July 2007.

Like the nation, Colorado's economy continues to perform solidly. So far in 2007, employment, personal income, retail sales, and nonresidential construction have posted modest gains. In addition, business confidence remains strong. However, Colorado's single-family housing market continues to exhibit problems, similar to the rest of the country. Although a correction in the housing market is expected to persist into 2008, it is not likely to trigger a downturn. Table 1 shows annual and year-to-date economic indicators for the state.

Nonfarm employment increased 2.0 percent through September of this year compared with the same period in 2006. Colorado's **unemployment rate** edged up slightly to 3.9 percent in September from 3.8 percent in August. The annual unemployment rate has declined each year since it hit a high of 6.2 percent in 2003. Last year, the unemployment rate averaged 4.3 percent.

Employment gains and losses were spread unevenly across industries in the state through September. Because of the boom in natural gas production in the state, the natural resources and mining sector grew the fastest, at 19.7 percent compared with the same period in 2006. Other sectors, such as professional and business services, education and health services, and leisure and hospitality, saw healthy employment gains between 3.3 percent and 4.1 percent. In addition, after six years of declining employment, the information sector registered job gains in the first nine months of the year. On the downside, jobs related to the housing market and the manufacturing sector declined through September — construction employment fell 1.2 percent and manufacturing jobs fell 1.7 percent. Figure 2 illustrates job growth in the state through September, by industry.

Colorado's **personal income** increased 6.5 percent in the second quarter, compared with the same quarter in 2006, according to estimates released by the U.S. Bureau of Economic Analysis. Compared with other states, Colorado ranked 14th in personal income growth in the second quarter. In the first six months of the year, personal income was up 6.0 percent compared with the same time period in 2006. **Wages and salaries** – which comprise about 60 percent of personal income – increased 6.5 percent in the first six months of 2007 compared with the same period last year. Industries with the fastest earnings growth in the second quarter were mining, professional and business services, and wholesale trade.

Consumer spending in Colorado, as measured by **retail trade sales**, was up 5.3 percent through July. This compares with 5.5 percent growth in all of 2006. As described in the regional sections, the western and mountain areas of the state continued to outperform other areas of the state. Spending in those areas grew at double-digit rates. In contrast, the eastern plains, Pueblo, and Colorado Springs areas performed worse than the statewide average. None of those three regions had retail sales growth greater than 3.7 percent.

A number of economic factors have contributed to sluggish consumer spending. Higher energy prices for gasoline and home-heating fuels, lackluster home equity growth, and deteriorating credit conditions have all pinched consumers.

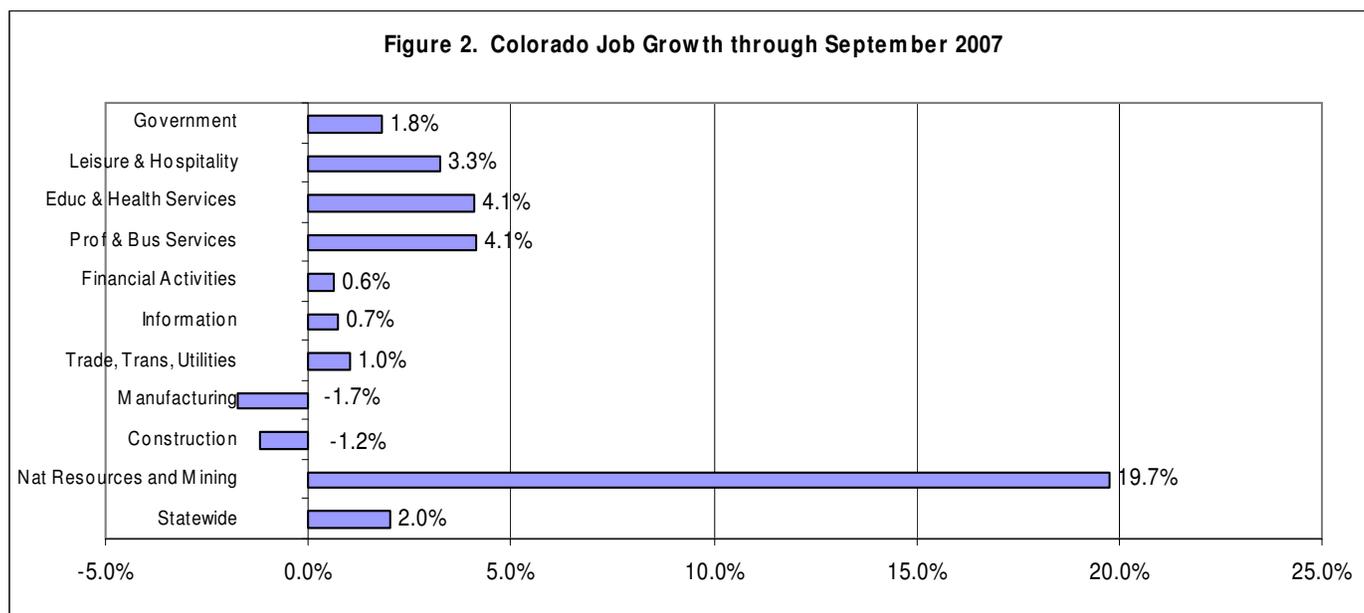
The number of **housing permits** issued in the state continued a downward trend that started at the beginning of 2006. New privately-owned housing unit permits were down 26.0 percent through September 2007, compared with the same period in 2006. Single-family permits were down 31.9 percent and multi-family permits were down 2.2 percent. Although statewide housing permit growth continued to decline in 2007, two regions in the central and northern mountains saw significant growth. As described in the regional sections, housing permits increased in Routt County and in the combined counties of Eagle, Pitkin, and Summit. The area that saw the largest decline in home building permits was Pueblo County.

Similarly, sales of existing homes in the western U.S. continued to trend downward. Sales dropped 9.9 percent in September compared with the prior month. Compared with September of last year, existing home sales fell 27.8 percent. The median sales price of existing homes also dropped 8.8 percent in September compared with September of last year.

Adding to the concern surrounding the housing market is the high foreclosure rate in the state. The Colorado housing market is on pace to see a 27 percent increase in foreclosure filings this year, with 19,460 being filed in the first six months of the year, according to a recent state Division of Housing report. The division anticipates more than 36,000 defaults this year.

The value of **nonresidential construction** activity increased 3.9 percent through September 2007 after increasing 2.1 percent in 2006 and 30.4 percent in 2005. The increase was mostly caused by gains related to hospitals and health care facilities, commercial projects, and government buildings. Offsetting these gains in value were construction contracts for manufacturing facilities, education and science facilities, and amusement projects.

In summary, the state's economy is expected to continue to grow, although at a slightly slower pace than in 2006. Employment in Colorado's major job sectors continues to advance and wage and salary growth remains solid. This should fuel further gains in consumer spending and business investment in the state.



METRO DENVER

By Jason Schrock

Table 2
Metro-Denver Region Economic Indicators

Broomfield, Boulder, Denver, Adams, Arapahoe,
Douglas, and Jefferson counties

	2005	2006	YTD thru September 2007
Employment /1	1.9%	2.1%	1.8%
Unemployment Rate (2007 figure is for September)	5.1%	4.4%	3.8%
Housing Permit /2	-4.3%	-14.5%	-24.0%
Value of Nonresidential Const. /3	6.8%	-13.4%	14.5%
Retail Trade Sales /4	3.7%	4.1%	4.2%

1/ U.S. Department of Labor, Bureau of Labor Statistics. Data through 2006 are from the QCEW program. 2007 data are from the CES survey.

2/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction.

3/ F.W. Dodge; excludes Broomfield County.

4/ Colorado Department of Revenue; data through July 2007.

The metro Denver region drives much of the economic activity for the state and the economic health of Colorado depends greatly on the area. As shown in Table 2, with the exception of indicators tied to the single family housing market, the region's economic indicators were positive through September.

Employment data for metro Denver show that the region's economy is thus far weathering the slump in the housing market and the recent turmoil in the credit markets. The unemployment rate continues to remain low, at 3.8 percent in September. Further, nonfarm employment increased 1.8 percent through September. Employment in the professional and business services sector, which is important to the region's economy due to its size and relatively high wage levels, grew 4.2 percent. Also, employment growth of 4.2 percent in the leisure and hospitality sector indicates that tourism and business travel in the region continues to be strong.

The recent problems in the credit markets, particularly related to mortgage financing, do not appear to be significantly impacting finance-related employment overall in metro Denver according to preliminary data from the federal Bureau of Labor Statistics. Although metro Denver (excluding Boulder) employment growth in the financial-related sectors has been flat through September, there has not been any measurable declines posted since August, when most of the significant credit disruptions occurred.

However, on the negative side, construction employment shows that the housing slump is impacting construction-related jobs. Employment in the construction of buildings and the specialty trade contractors sector, which includes construction-related workers such as carpenters, painters, plumbers, and electrical workers, were both down through September at 1.3 and 2.8 percent, respectively.

As further evidence of the depressed housing market, the number of new housing units authorized was down 24.0 percent through September. The decline was driven by a 36.2 percent decline in the number of single family homes authorized. Further, sales of new homes in 2007 continued to fall. Sales dropped 33 percent in the first half of 2007 over the same period in 2006 according to a report by the Genesis Group, a real estate market analysis firm. The depressed housing market has caused significant financial problems for area home builders.

However, nonresidential construction activity is positive overall. The value of nonresidential construction contracts increased 14.5 percent through September. Though Boulder saw a 39.2 percent decrease in the value of nonresidential construction contracts, the rest of the metro Denver area pulled up the total with a 22.2 percent increase. Finally, retail trade sales were up 4.2 percent in the metro-Denver area through July, similar to the 4.1 percent growth recorded in 2006.

Recent Economic News

- Over 19,000 foreclosures were filed in the Denver area through September, a 37 percent increase over the same time period in 2006, and almost equaling the record total of foreclosures for all of 2006. The City of Denver reported the largest number of foreclosures and the biggest percentage increase at 50.6 percent. The northeast Denver neighborhoods of Montbello and Green Valley Ranch are experiencing a particularly high rate of foreclosures.
- Despite the high number of foreclosures, the Standard & Poor's Case-Shiller Home Price Index indicated that metro area homes appreciated 0.3 percent overall from July to August, the fifth consecutive monthly increase in area home values. Further, the August increase was the highest among 20 select metropolitan areas nationwide, which showed an overall average decline in value of 0.7 percent. However, some Denver metro area neighborhoods, especially those with lower-priced homes, are experiencing declining home values.
- A \$125 million office tower recently broke ground in downtown Denver at 16th and Delgany streets. The project is the first phase of a 690,000 square foot development that will include office, retail, and residential space. The development is the first project for the Union Station redevelopment.
- Biotechnology company Amgen Inc. recently laid off 23 people at its Boulder area locations as part of its worldwide cutback of 2,200 positions. The layoffs are occurring in order to save costs as a result of slowing sales. A company spokesperson indicated that no more layoffs were planned for its Boulder locations.
- The construction of St. Anthony West hospital recently began at the Federal Center in Lakewood. The hospital is being built to accommodate the move of St. Anthony Central hospital from its Denver site. The hospital's move adds to the list of hospitals that either have moved or plan to move out of Denver. Children's Hospital and the University of Colorado Health Science Center have already moved to the former Fitzsimons campus, while the VA hospital is also moving to Fitzsimons.
- Centura Health, Colorado's largest health care provider, recently announced plans to build a full service hospital in Castle Rock. A Centura spokesperson indicated that Castle Rock was an underserved area with about 96 percent of the its residents getting hospital care in Denver.
- Broomfield and surrounding communities are expecting a boom in the construction of hotels, reflecting a national trend. The hotel boom in the area is being credited to a strong tourism market and the large amount of business travel to the area due to its relatively large number of business headquarters. There is the potential for up to seven new hotels to begin construction in Broomfield starting next summer.

COLORADO SPRINGS

By Leora Starr

Table 3
Colorado Springs Economic Indicators
El Paso County

	2005	2006	YTD thru September 2007
Employment /1	1.7%	2.3%	0.7%
Unemployment Rate (2007 figure is for September)	5.3%	4.6%	4.3%
Housing Permit /2	3.6%	-34.3%	-31.8%
Value of Nonresidential Const. /3	141.5%	-39.0%	-11.1%
Retail Trade Sales /4	5.2%	5.1%	3.6%

1/ U.S. Department of Labor and Employment. Data through 2006 are from the QCEW program. 2007 data are from the CES survey.

2/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction in the Colorado Springs metropolitan area.

3/ F.W. Dodge.

4/ Colorado Department of Revenue; data through July 2007.

The Colorado Springs economy continues to slow down, most notably in real estate and construction as conditions worsen in 2007. The slowdown appears to be spreading to other sectors of the economy with declines in manufacturing, information technology, and hospitality. Table 3 displays current economic indicators for the region.

Nonfarm employment in the region remained weak, increasing by only 0.7 percent through September, down significantly from the 2.3 percent growth rate recorded in 2006. The unemployment rate, however, declined from an average of 4.6 percent in 2006 to 4.3 percent in September 2007. On the positive side, retail sales in El Paso County are up 3.6 percent and enplanement activity increased 9.1 percent since this time last year.

Construction indicators were negative in the first nine months of 2007. Permits for housing units decreased 31.8 percent in Colorado Springs. While nonresidential construction decreased 11.1 percent during the same time period, the decline in this

sector was not as steep as the previous two years. Although construction in the housing sector will continue to be a problem through 2008, two Colorado Springs Air Force bases are beginning housing projects that will extend construction activity into the next three years. The new and renovated houses are designed to be pedestrian-friendly and energy-efficient.

The change in commercial vacancy rates is mixed, with office vacancy rates increasing slightly while retail and industrial are edging down.

Recent Economic News:

- MyHealthFunds Inc. opened headquarters in northern Colorado Springs with a staff of nine and hopes to double that by year end. Continued expansion could lead to as many as 200 employees within five years. The start-up company helps employers control employee health care costs through health savings accounts, a new concept that has doubled in the state over the year.
- The cost of living increased to that of the nation after a three year decline, mostly due to increases in gasoline and rising house prices. While the price of a 2,400 square foot new house increased, the houses are being built more energy-efficient. On average, home energy costs were \$116, the seventh lowest among nearly 300 cities nationwide.
- A Wal-Mart Supercenter opened in Woodland Park in September. The new store is 140,000 square feet - slightly smaller than other Colorado Springs Wal-Marts. Shoppers who normally travel to Colorado Springs no longer have to drive Ute Pass to get to Wal-Mart.
- The Banning Lewis Ranch is continuing development on the eastern edge of Colorado Springs. Previously banned from development, the 24,000-acre property will eventually include

75,000 homes, a recreation center, a swimming pool, tennis courts, ballfields, trails, and a park. The community includes a K-8 charter school with 500 students enrolled and 600 children on a waiting list.

- After almost 30 years of calling Colorado Springs home, the U.S. Olympic Committee is considering relocating its headquarters outside of the city. While Colorado Springs is still on its list of choices, other communities are under consideration.
- Passenger traffic increased 9.1 percent over the year at the Colorado Springs Airport due to reduced restrictions and new carriers. Most activity was due to passengers boarding United Express headed for Denver International Airport. Also, Frontier Airlines has chosen to relocate its heavy maintenance hangar to Colorado Springs, moving 220 jobs along with it.

PUEBLO — SOUTHERN MOUNTAINS

By Danica Bracken

Table 4
Pueblo Region Economic Indicators
Pueblo, Fremont, Custer, Huerfano,
and Las Animas counties

	2005	2006	YTD thru September 2007
Employment /1			
Pueblo MSA only	0.9%	2.6%	3.6%
Unemployment Rate	6.5%	5.5%	4.4%
(2007 figure is for September)			
Housing Permit /2			
Pueblo County	-3.4%	10.6%	-45.9%
Value of Nonresidential Const. /3			
Pueblo County	-46.6%	632.3%	-67.3%
Retail Trade Sales /4			
2007 Retail Trade is YTD through July	5.3%	6.0%	3.7%

1/ U.S. Department of Labor, Bureau of Labor Statistics. Data through 2006 are from the QCEW program. 2007 data are from the CES survey.

2/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction.

3/ F.W. Dodge.

4/ Colorado Department of Revenue; data through July 2007.

Economic indicators for the Pueblo and southern mountains region continued to show a mixed economic picture through September. Compared with 2006, nonfarm employment has continued to expand and the unemployment rate has declined. Table 4 shows economic indicators for the Pueblo region.

Employment increased 3.6 percent in the Pueblo Metropolitan Area through September, compared with the first three quarters of 2006. Employment in Pueblo's professional and business services sector, which is a key sector with relatively high wages, recorded a 16 percent increase through September. The unemployment rate for the entire region was 4.4 percent in September. The unemployment rate for the region has been falling each year since 2003. The counties of Pueblo and Fremont, which contain the majority of the region's workforce, recorded unemployment rates of 4.5 and 4.7 percent respec-

tively. Las Animas County, which has a significant amount of mineral extraction activity taking place, had the region's lowest unemployment rate of 3.4 percent.

On the residential housing front, home construction fell sharply in Pueblo County. New home permits fell 45.9 percent through September compared with a 10.6 percent increase in 2006. The value of nonresidential construction was down 67.3 percent through September, increasing 632.3 percent in 2006. The large increase for 2006 was primarily due to a single, \$250 million permit filed in November 2006 for a manufacturing facility. The strongest growth was in the value of construction of stores and food service facility projects, garages and service stations, and hospital and health treatment facilities. The value of amusement-related projects declined 65 percent.

Consumer spending in the region, measured by retail trade sales, was a positive 3.7 percent in Pueblo County, lower than the 6.0 percent recorded for 2006 and below the statewide average of 5.3 percent. Fremont County, which represents the second largest portion of the region's sales, reported a modest 0.8 percent increase through September. Custer County reported a 13.2 percent increase in retail sales, while Las Animas County saw a 16.2 percent decline.

Recent Economic News:

- Best Buy recently opened its first 20,000-square-foot store in the Pueblo Crossing Shopping Center. The store has hired 75 workers and will hire more for the holidays. Two-thirds of the employees are part-time.
- DCS Development plans to build a 49-unit luxury townhome community in Canon City. Cranberry Park Community will offer maintenance free living units from 1,428-square feet to 2,200-square feet on an 11-acre property. Custom-tailored townhouses will also be available.

SAN LUIS VALLEY AND SOUTHWEST REGION

By Ron Kirk

Table 5

San Luis Region Economic Indicators

Alamosa, Archuleta, Conejos, Costilla, Dolores, Hinsdale, La Plata, Mineral, Montezuma, Rio Grande, Saguache, and San Juan counties

	2005	2006	YTD thru September 2007
Employment /1	1.4%	3.3%	1.7%
Unemployment Rate (2007 figure is for September)	5.1%	4.3%	3.4%
Crop Price Changes /2			
Barley (U.S. average)	1.1%	24.2%	68.8%
Alfalfa Hay	18.8%	37.3%	7.7%
Potatoes	78.7%	-8.0%	0.6%
Summer Potato Production (Cwt) /2	-6.4%	-1.0%	-22.2%
Housing Permit /3			
Alamosa County	-39.4%	-2.5%	-40.7%
La Plata County	-1.4%	-25.5%	-4.3%
Value of Nonresidential Const. /3			
Alamosa County	-44.1%	-22.4%	365.5%
La Plata County	-82.8%	74.4%	956.4%
Retail Trade Sales /4	7.3%	9.8%	5.1%

1/ Colorado Department of Labor and Employment. Data through 2006 are from the QCEW program. 2007 data are from the LAUS (household survey)

2/ Colorado Agricultural Statistics Service. Compares September 2007 to September 2006.

3/ F.W. Dodge. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) contracted for construction.

4/ Colorado Department of Revenue; data through July 2007.

The San Luis Valley and southwest region's economic performance was mixed through September. Job growth was slow, retail sales were modest when compared to 2006, and there were continued declines in single-family housing contracts for construction. However, on the positive side, the region continued to have a low unemployment rate, nonresidential construction in Alamosa and La Plata counties was robust, and crop prices continued to remain strong. Table 5 displays key economic indicators for the region.

Employment increased 1.7 percent through September, compared with 3.3 percent growth in 2006. La Plata County, which has over 40 percent of the region's labor force, registered positive job growth of 4.2 percent through September based on a survey of households by the state labor department. The other two counties that comprise a large portion of the region's labor force – Alamosa and Montezuma counties – had flat job growth. However, the region's unemployment rate for September was 3.4 percent, down from an average of 4.3 percent in 2006 and 5.1 percent in 2005. The unemployment rate in Hinsdale County was especially low in September at 2.0 percent. Costilla County had the region's highest unemployment rate at 6.4 percent.

After a strong start to the year, retail sales have tapered off, growing 5.1 percent through July, below the state's growth rate of 5.3 percent. La Plata County's retail sales, which represent almost half of the entire region's sales, grew 4.3 percent. However, the two other large contributors to the region's retail sales, Alamosa and Montezuma counties, saw more solid growth at 10.0 percent and 5.7 percent, respectively. Within the region, San Juan County saw the largest jump in retail sales through July posting a 12.1 percent increase.

The region's single-family housing trend mirrors most other parts of the state as the number of housing units contracted for construction declined 40.7 percent in Alamosa County and 4.3 percent in La Plata County, according to F.W. Dodge. Foreclosures in La Plata County are up this year despite the recent dip in third quarter filings. Sixty-four foreclosures were filed through the third quarter of 2007 as compared to 50 foreclosures filed in 2006.

After a slow start to the year, growth in the value of nonresidential construction rocketed in both Alamosa and La Plata counties through September. In Alamosa County, nonresidential construction was led by contracts for schools and colleges, while in

La Plata County, contracts for lodging facilities, offices and bank buildings, libraries and museums, and public buildings, contributed to the significant increase.

Recent Economic News:

- The San Luis Valley Regional Airport reported increases in air traffic, noting that about 10,000 people will use the airport in 2007, up from 6,000 airline passengers in 2006.
- In La Plata County near Ignacio, construction of the Sky Ute Casino Resort, featuring a 150-room hotel, is scheduled for completion in December 2008. The resort is expected to employ between 400 and 600 people.

MOUNTAIN REGION

By Ron Kirk

Table 6
Mountain Region Economic Indicators

Routt, Jackson, Grand, Eagle, Summit, Pitkin, Lake, Park, Teller, Clear Creek, Gilpin, and Chaffee, counties

	2005	2006	YTD thru September 2007
Employment /1	3.2%	3.5%	2.3%
Unemployment Rate (2007 figure is for September)	4.3%	3.6%	3.0%
Housing Permit /2			
Eagle, Pitkin, & Summit Counties	20.9%	12.4%	21.8%
Routt County	34.0%	-10.5%	64.7%
Value of Nonresidential Const. /2			
Eagle, Pitkin, & Summit Counties	11.2%	67.3%	7.8%
Routt County	-10.3%	98.0%	119.8%
Retail Trade Sales /3	8.8%	12.6%	10.1%

1/ Colorado Department of Labor and Employment. Data through 2006 are from the QCEW program. 2007 data are from the LAUS (household) survey.

2/ F.W. Dodge. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) contracted for construction.

3/ Colorado Department of Revenue; data through July 2007.

Economic indicators for the mountain region reflect a healthy economy. Counties in the region are seeing vibrant growth in housing permits and healthy retail sales activity. Routt County is experiencing significant growth in nonresidential construction. Table 6 displays the major economic indicators for the mountain region.

Employment expanded at a healthy 2.3 percent rate through September, compared with the same period in 2006. However, this was less than the 3.5 percent growth recorded for all of 2006. The region's unemployment rate inched up to 3.0 percent in September from 2.9 percent in July. The 3.0 percent rate is lower than the 3.6 percent rate recorded in 2006 and less than the statewide unemployment rate of 3.9 percent.

Construction activity within the region is showing strong growth. On the residential side, housing units contracted for construction increased 21.8 percent through September in Eagle, Pitkin, and Summit counties. Routt County had a 64.7 percent growth rate in housing units contracted for construction. These counties in the mountain region were the only counties statewide that posted an increase in housing permit growth. Real estate sales in the mountain region are no doubt driving some of the housing permit growth. For example, Pitkin County's real estate market remained ahead of last year's record pace, according to Land Title Guarantee Company. When looking at 2007, the dollar volume in Pitkin County was \$1.79 billion through August compared with \$1.64 billion in the prior year. This represents a 9.1 percent increase thus far in 2007. Total real estate sales in Pitkin County set a record high of \$2.64 billion in 2006.

Growth in the value of nonresidential construction in Eagle, Pitkin, and Summit counties was 7.8 percent, while Routt County had an increase of 119.8 percent. The increase in Routt County is largely attributed to construction contracts for schools, colleges, museums, and libraries.

Retail trade improved in each county within the region during the first seven months of 2007 with the exception of Gilpin County, which experienced a 34.7 percent decrease. Park and Eagle counties saw the largest increase in retail trade sales growth, at 19.1 and 15.2 percent, respectively.

Recent Economic News

- The Snowmass Village Town Council approved the development of a Viceroy Hotel in Snowmass's Base Village. The 256-room, \$130 million, Viceroy Hotel is expected to be constructed in less than two years by developer Related WestPac. The project will feature an additional 10,000 square feet of conference facilities.

- Intrawest, the world's second-largest ski corporation, recently purchased Steamboat Ski & Resort Corporation. The purchase is expected to result in more than \$600 million in development over the next five years. Some of the development will include high-end condos at the mountain's base. Intrawest will also spend \$16 million on ski-area improvements.
- Steamboat Springs announced plans to hire 20 additional bus drivers to operate local public bus service during the winter season.

WESTERN REGION

By Natalie Mullis

Table 7
Western Region Economic Indicators
 Moffat, Rio Blanco, Garfield, Mesa, Delta, Montrose,
 San Miguel, Ouray, and Gunnison counties

	2005	2006	YTD thru September 2007
Employment /1			
Western Region	4.9%	5.9%	4.7%
Mesa County	2.8%	4.3%	5.0%
Unemployment Rate	4.6%	3.6%	2.8%
(2007 figure is for September)			
Housing Permit			
Mesa County 2/	-3.0%	4.6%	-7.5%
Montrose County 3/	22.4%	-5.3%	-31.2%
Value of Nonresidential Const. /3			
Mesa County	287.8%	-59.7%	303.1%
Montrose County	-54.9%	82.7%	-44.0%
Retail Trade Sales /4	10.5%	14.2%	12.6%
1/ Colorado Department of Labor and Employment. 2005 and 2006 data are from the QCEW program. 2007 data are from the Current Population (household) survey for the region and from the CES survey for Mesa County.			
2/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) contracted for construction.			
3/ F.W. Dodge. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) contracted for construction.			
4/ Colorado Department of Revenue; data through July 2007.			

Caught up in a boom in the oil and gas industry, the western region remains the fastest growing region in the state. Portions of the western region are grappling with growth so strong that significant stress is being borne by communities and local infrastructure.

Employment in the western region has increased at a rate near five to six percent since 2005. Rapid expansion in the number of high-paying jobs in the oil and gas industry have generated growth in other sectors as well, particular in the number of service- and retail-related jobs. Although still growing at a heady rate through September of this year, growth appears to be slowing somewhat from the pace of the last few years. A shortage of labor is likely a culprit for the somewhat slower rate; the unemployment rate

has plummeted over this period from 5.1 percent in 2004 to 2.8 percent in September, a level indicative of a significant shortage of labor.

Jobs in Rio Blanco County have increased at a double-digit pace for nearly three years in a row; jobs are also growing at a very agile pace in Garfield and Mesa counties. Rio Blanco and Garfield counties had alarmingly low unemployment rates in September at 2.2 percent and 2.1 percent, respectively. Job growth has slowed considerably in Moffat and San Miguel counties so far in 2007, while Ouray County has experienced a decrease; all three of these counties had unemployment rates less than 3.0 percent in September. Meanwhile, consumer spending, as measured by retail trade sales, increased 12.6 percent in the region through September after growing at a double-digit pace in 2005 and 2006.

The number of permits for residential construction decreased in both Mesa and Montrose counties through September 2007 compared with the same time period a year before. While we do not have data for residential construction in Garfield and Rio Blanco counties, where most of the growth oil and gas drilling is occurring, it is likely that significant residential construction is underway there or will be within the next year. According to the Land Title Guarantee Company of Glenwood Springs, the average price of a home in the town of Rifle has increased from \$238,413 in December 2007 to \$307,909 in July. Several temporary living quarters, known as "man camps" are planned or already under construction. For example, ConocoPhillips announced plans in September to build a 154-person "man camp" in the Piceance Creek area.

The value of nonresidential construction in Mesa County is up more than 300 percent through September compared with the same time period in 2006, while the value of nonresidential construction in Montrose County is down 44.0 percent. The increase in Mesa County is the result of a single permit filed in May for a \$200 million hospital; if not for the

hospital the value of nonresidential construction would have decreased 5.3 percent year-to-date through September.

Recent Economic News

- Passenger counts at Grand Junction Regional Airport increased 8.3 percent year-to-date through August, compared with the first eight months of 2006.
- The number of vehicles registered in Mesa County reached unprecedented historical heights during the summer of 2007. Mesa County expects to register 12,000 vehicles this year, nearly double the number registered in 2006.
- Wal-Mart will open a new SuperCenter in Craig in November. The store will employ 268 people.

NORTHERN REGION

By Leora Starr

Table 8
Northern Region Economic Indicators
Weld and Larimer counties

	2005	2006	YTD thru September 2007
Employment /1			
Larimer County	2.1%	1.9%	1.8%
Weld County	2.9%	4.4%	3.3%
Unemployment Rate			
Larimer County	4.4%	3.9%	3.2%
Weld County	5.1%	4.6%	3.9%
(2007 figure is for September)			
State Cattle and Calf Inventory /2	6.0%	-11.5%	-11.5%
Housing Permit /3			
Larimer County	-14.8%	-17.5%	-41.0%
Weld County	-2.2%	-30.3%	-36.1%
Value of Nonresidential Const. /4			
Larimer County	-56.4%	72.7%	-5.7%
Weld County	-35.8%	-17.6%	23.1%
Retail Trade Sales /5			
Larimer County	5.7%	5.2%	5.0%
Weld County	8.9%	7.0%	6.9%

1/ U.S. Department of Labor, Bureau of Labor Statistics. Data through 2006 are from the QCEW program. 2007 data are from the CES survey.

2/ Colorado Agricultural Statistics Service. Compares September 2007 to September 2006.

3/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction.

4/ F.W. Dodge.

5/ Colorado Department of Revenue; data through July 2007.

The economy in the northern region is gradually slowing, with employment growth following the downward trend. The residential construction sector has plummeted, while indicators for the nonresidential construction sector are mixed. Table 8 shows key economic indicators for the region. On the plus side, though growth in retail sales has slowed, the decrease was marginal and the unemployment rate continues to decline.

Employment growth dropped from its 2006 levels. Employment increased 1.8 percent through September 2007 in Larimer County and Weld County reported a 3.3 percent increase. In 2006, Larimer and Weld counties had job growth of 1.9 and 4.4 percent respectively. In September, Larimer County reported a 3.2 percent unemployment rate and Weld County reported a slightly higher rate of 3.9 percent.

The value of nonresidential construction declined 5.7 percent in Larimer County and was up 23.1 percent in Weld County. Last year, the overall picture was reversed as Larimer County recorded gains in the value of nonresidential construction and Weld County recorded losses.

The northern region is in the third year of a substantial correction in the residential construction sector. Rising interest rates, high levels of construction during the last decade, and high rates of foreclosures were joined over the last few months with a much-needed tightening in the credit markets to dampen activity in the sector. Larimer County recorded a 41.0 percent decrease in housing units authorized for construction and Weld County recorded a 36.1 percent decrease. Each year since 2004, the number of housing units authorized for construction in the northern region has decreased.

The growth in consumer spending, measured by retail trade sales, slowed slightly from 2006 levels. Larimer County recorded a 5.0 percent increase in retail trade sales through September, while Weld County saw a 6.9 percent increase.

Recent Economic News

- Wal-Mart relocated its store closer to the City of Loveland, better serving Loveland and southern Larimer County residents, and bringing 450 jobs along with it. The new super-center is over 200,000 square feet and includes a sushi bar. This has encouraged overall development in the area, most notably along the U.S. 287 corridor.

- JBS-Swift's Greeley meat-packing plant has hired approximately 800 workers for the new 'second shift' and plans to hire an additional 500 workers over the next two months from both Larimer and Weld counties.
- Kohl's department store opened its new 88,000-square-foot store in Loveland, providing 150 new jobs to the area. The new building dons a modern look, with large windows and spacious fitting rooms and is located next to Lowe's off of U.S. Highway 34.

EASTERN PLAINS

By Danica Bracken

Table 9

Eastern Region Economic Indicators

Logan, Sedgwick, Phillips, Morgan, Washington, Yuma, Elbert, Lincoln, Kit Carson, Cheyenne, Crowley, Kiowa, Otero, Bent, Prowers, and Baca counties

	2005	2006	YTD thru September 2007
Employment /1	0.4%	-1.0%	-3.2%
Unemployment Rate (2007 figure is for September)	4.6%	4.2%	3.5%
Crop Price Changes /2			
Winter Wheat	3.1%	15.1%	71.5%
Corn	0.9%	32.7%	40.7%
Alfalfa Hay	16.3%	37.3%	7.7%
Dry Beans	32.9%	32.1%	42.9%
State Crop Production /2 (compares October 2007 to October 2006)			
Sorghum production	-36.9%	0.9%	95.3%
Corn	0.1%	-4.6%	17.4%
Winter Wheat	N/A	-24.4%	135.6%
Sugar Beets	-0.6%	N/A	-17.2%
2006 is estimated production for the year.			
State Cattle and Calf Inventory /2	4.2%	0.0%	-11.5%
Retail Trade Sales /3	5.4%	6.7%	3.4%
1/ Colorado Department of Labor and Employment. Data through 2006 are from the QCEW program. 2007 data are from the LAUS (household survey)			
2/ Colorado Agricultural Statistics Service. Compares September 2007 to September 2006 production.			
3/ Colorado Department of Revenue; data through July 2007.			

Economic indicators for the eastern region continued to show a mixed economic picture through September. Unemployment was a low 3.5 percent in September, though employment declined 3.2 percent so far this year. This paradox exists because the size of the labor force in the eastern plains has declined. Compared with 2006, unemployment has improved while nonfarm employment has declined. Table 9 shows economic indicators for the eastern region for 2005, 2006, and the first nine months of 2007.

The blizzards that swept the state last winter continue to affect the number of cattle and calves in Colorado feedlots, resulting in an 11.5 percent loss in inventory so far this year. On the flip side, the bliz-

zards brought much welcomed moisture at the right time to the eastern plains in the midst of drought conditions, leading to improvements in state crop production this season, with the exception of sugar beets. Sorghum, corn, and winter wheat saw production gains of 95.3 percent, 17.4 percent, and 135.6 percent respectively. Production of sugar beets declined 17.2 percent through September. Sugar beet crops were planted on less acreage this season.

Crop prices were up through September due to low yields in eastern Kansas and Oklahoma, which normally supply the majority of grains to the national market. Because of growing demand for ethanol, corn prices are up. It is also likely that the national trend of planting less of certain crops in favor of more corn production is taking place. The price of winter wheat was up 71.5 percent. Corn, alfalfa hay, and dry beans were also up, 40.7 percent, 7.7 percent, and 42.9 percent respectively.

Consumer spending in the region, measured by retail trade sales, was a positive 3.4 percent. Consumer spending was especially strong in specific parts of the region. Spending increased 9.2 percent in Logan County, 9.4 percent in Phillip's County, and 8.8 percent in Yuma County. Meanwhile, consumer spending decreased 25.9 percent in Washington County, bringing down the regional average.

Recent Economic News

- Northeastern Junior College hired 19 new employees this autumn to work on its human resource leadership team.
- BioFuel Energy Corporation has delayed its plans to build ethanol production facilities. The proposed Panda Ethanol Plant in Yuma has not been able to finalize its financing. Ethanol prices have declined 29.6 percent this year and the Bio-Fuel Energy Corporation's stock price has dropped in recent months. The plant was expected to create jobs and produce 105 million gallons of ethanol each year.