



Colorado Economic Chronicle

A Research Newsletter

Legislative Council
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National Economy

The national economy turned in a surprisingly positive performance in the third quarter of 1998. Inflation-adjusted **gross domestic product** grew at an annual rate of 3.9% from July through September, more than twice the rate posted in the second quarter. Consumer spending, which comprises about two-thirds of the nation's output, grew at an annualized pace of 4.1%, compared with a 6.1% annual rate in the first half of the year. Private domestic investment increased at a 7.5% pace, largely due to increases in residential construction. Overall government expenditures increased at a 1.6% pace, with federal expenditures declining 1.6% and state and local expenditures growing 3.4%. The international sector remained a problem for the U.S. economy; exports declined at a 1.9% rate while imports grew at a 1.3% rate. It appears the 1998 trade deficit will exceed last year's by 50% and will post a record level. Meanwhile, the Federal Reserve Board lowered interest rates for a third time this year in November. In response to the three rate cuts, the Dow Jones Industrial Average staged an amazing recovery from the declines that occurred in October and hovered near its record highs in early December.

"Inflation-adjusted gross domestic product grew at an annual rate of 3.9% from July through September, more than twice the rate posted in the second quarter."

The **consumer** sector was mostly positive in October and November. The nation's employers added an impressive 267,000 jobs in November and the

unemployment rate fell to 4.4%. Employment gains were posted in many sectors including services (150,000), retail trade (65,000) and construction (47,000). There were declines in a few sectors, and manufacturing employment took the biggest hit, with a loss of 47,000 jobs. The Commerce Department reported that personal incomes increased 0.4% in October, while consumption of goods and services grew 0.5%. Retail sales, a narrower measure of consumption because it excludes services, increased 1.0% in October, with auto sales accounting for half of the increase. The Conference Board reported that its index of consumer confidence increased in November, ending a string of four straight declines. Meanwhile, the Labor Department reported that the Employment Cost Index, which measures the cost of wages, salaries, and benefits earned by American workers, increased 1.0% in the third quarter of 1998.

The **housing and construction** sectors were mixed in recent months. New home starts surged 7.5% in October, spurred in part by a resumption of building activity that had been delayed by Hurricane Georges. Construction of new apartments exploded 23.6%, while new home starts increased 3.0%. Sales of *existing* homes increased 2.1% in October, with a median sales price of \$130,900. Sales of *new* homes increased 0.8% in October with a median sales price of \$150,000. Meanwhile, spending on all new construction increased 0.4% in September. Residential construction spending increased 1.1%, nonresidential construction spending declined 1.9%, and government construction spending increased 1.8%.

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News from the **manufacturing** sector was negative in October. The Federal Reserve reported that output from the nation's mines, factories, and utilities declined 0.1% in the month. While manufacturing output increased slightly, mining and utility output declined. For the third quarter of 1998, industrial production fell slightly, marking the first quarterly decline since the 1991 recession. The National Association of Purchasing Management reported that its index fell in October (for the fifth month in a row) and continued to indicate a contraction in the industry. Even though production increased in the month, the index declined because of weak orders. Indeed, the Commerce Department reported that orders for durable goods (those intended to last three years or more) fell 1.7% in October.

Price increases remain weak. In October, prices at both the consumer and wholesale levels increased

0.2%. Through October 1998, consumer prices were up 1.6% over the same period in 1997, while the comparable figure for wholesale prices is -2.4%.

"The current expansion is now the second-longest since the end of World War II."

The national economy performed relatively well in recent months, but the manufacturing sector continues to suffer from the impacts of the Asian crisis. Consumers continued to spend, reflecting confidence in a strong job market, recovering stock prices, and lower interest rates. The housing sector was mostly positive and inflation was mild. The current expansion is now the second-longest since the end of World War II. To become the longest post-World War II expansion, it will need to continue through February 2000.

Colorado Economy

Colorado's economy continued on a healthy growth path through October and November. Although still robust, employment growth has slowed slightly in response to international economic problems, especially among oil and gas advanced technology companies. However, the average unemployment rate remains very low for the year, and this has been accompanied by low inflation. The value of existing home sales in the metro-Denver area exceeded \$7 billion through November, achieving a record level. New residential units under construction have increased, but the value of nonresidential construction declined 22.3% through the first 10 months of 1998.

3.6% in September to 3.7% in October, but remained well below the national average of 4.6%.

Job gains were minimal in October. Benchmark Tape Systems of Boulder announced plans to hire 25 people by 1999. Ecrix Corp. of Boulder will hire 40 employees before the end of summer 1999. Eastman Kodak plans to hire 40 people in its Windsor location.

There were more job losses than job gains. Three oil and gas firms will reduce local work forces. Amoco will either lay off or relocate 380 Denver employees; Texaco will layoff some of its 450 Denver employees; and Coastal Corp. relocated 50 jobs out of the state.

"Although still robust, employment growth has slowed slightly in response to international economic problems, especially among oil and gas advanced technology companies."

Employment

Colorado's nonfarm employment grew 3.5% through October 1998. This growth is slightly slower than 1997's gain, but remains healthy nonetheless. The seasonally adjusted unemployment rate rose from

Colorado's Economy at a Glance

Key Indicators	Direction	Assessment
Nonfarm Employment Growth	↑	Good
Unemployment Rate	↑	Neutral
Mortgage Rates	↓	Good
Retail Trade Sales	↑	Good
Home Resales	↑	Good
Nonresidential Construction	↓	Bad
Colorado Inflation Rate	↓	Good
Overall Rating	↑	Good

The Asian economic crisis has caused further layoffs in the advanced technology industry. EFTC Corp. will close its Greeley Plant, laying off 210 employees. LSI Logic announced plans to lay off 69 employees, in addition to the 205 layoffs reported in last month's *Chronicle*. Kentek Information Systems of Boulder will cut 25% of its 257-member work force. Kaiser Permanente cut between 175 and 200 positions. FirstPlus Financial Group eliminated 101 positions at its Greenwood Village Office. These and other job gains and losses are discussed in greater detail throughout the *Chronicle*.

Residential Construction

The real estate market continues to be healthy in Colorado. Through November, the dollar value of existing home sales in the metro-Denver area reached a record \$7.2 billion, which is nearly \$1 billion higher than the dollar value of existing home sales for all of 1997. According to Perry & Butler Realty Inc., the number of properties under contract to be sold increased 19.7% through November 1998, compared with the same period in 1997. The average price of an existing single-family home sold was \$185,565 through November 1998, up 9.8% from the first 11 months of 1997.

"Through November, the dollar value of existing home sales in the metro-Denver area reached a record \$7.2 billion, which is nearly \$1 billion higher than the dollar value of existing home sales for all of 1997."

The *number* of residential units under construction in Colorado increased by 9.1% through October 1998, according to F.W. Dodge. The *value* of residential construction increased at a stronger pace, 12.5%, indicating that more expensive homes are being built. Single-family home building rose 11.2% through October, while the number of apartment units under construction fell 67.0%.

The metro-Denver apartment market is becoming increasingly tight and expensive. The average monthly rental rate in the Denver area jumped \$25, to a record \$685 during the third quarter of 1998. Concurrently, the vacancy rate fell from 4.6% to 3.9%, the lowest rate since the first quarter of 1995.

Cleveland-based developer Forest City is building 300 apartment units and a 38,000-square-foot retail center at the former site of Cinderella City in Englewood. In addition, Forest City and developer Mark Taylor are one of two finalists to develop the 100,000-square-foot Town Center at the former Lowry Air Force Base. If selected, they plan to build Grand Lowry Lofts, a \$27 million, 259-unit apartment complex.

Five residential high-rise condominium complexes are planned or under construction in Denver. A two-tower project, No. 25 Downing, is scheduled to begin construction in February 1999 and will include 80 units. Penn Development LLC is building a \$25 million, 16-story, 76-unit condominium tower at 400 E. Third Ave. A \$25 million, 16-story, 72-unit condominium tower is scheduled to open in February 2000 in the Golden Triangle Neighborhood. Shortly after tenants moved into Phase I of the \$4.5 million Flour Mill Lofts building, plans were announced to construct a 10-story, 30-condominium Phase II building in the Central Platte Valley. Finally, Trieste Lofts, an eight-story, 24-unit tower is also under construction.

Pinnacle Homes & Design will build Wildfire Ridge, a 44-unit condominium development, on 6.2 acres in Estes Park. Construction will begin late this fall. Prices will range between \$95,000 and \$145,000.

Nonresidential Construction

"F.W. Dodge reported that the value of nonresidential construction declined 22.3% through October 1998, compared to the same time a year ago."

F.W. Dodge reported that the value of nonresidential construction declined 22.3% through October 1998, compared to the same time a year ago. With the exception of the construction of office buildings and hospitals and health treatment facilities, every sector showed a decrease in activity. The manufacturing sector as a whole declined 71.8%, and the education and science, dormitory, public building, and amusement sectors also registered large declines. Retail construction declined 28.0%. The F.W. Dodge

data tend to presage the actual level of nonresidential building activity, and therefore indicate that a slowdown will occur in 1999. Meanwhile, although nonresidential construction is declining according to F.W. Dodge, this decline came off of a 56%, two-year increase in 1996 and 1997.

According to the Frederick Ross Company, third quarter nonresidential vacancy rates were low. The retail vacancy rate in Denver was 5.28%, the office vacancy rate dropped to 8.16%, and the industrial vacancy rate dropped to 5.75%.

Preliminary plans were announced to build Mile High Country Centre at the former site of Stapleton International Airport. The \$200 million sports, retail, and entertainment complex will lie on 200 acres of the site. The 1.5-million-square-foot complex will include a 24-screen movie theater, sporting-goods stores, and many sports activity facilities. Pending funding issues, construction could begin as early as December 1999. In addition, there are long-term plans to develop an additional 17 million square feet of commercial space, 10,500 homes and apartments, and other infrastructure.

"Douglas County's Meridian International Business Park expects to add up to 3 million square feet and 4,600 employees during the next 12 months."

Douglas County's Meridian International Business Park expects to add up to 3 million square feet and 4,600 employees during the next 12 months. These additions include facilities for First Data and American Family Insurance. Tele-Communications Inc. is progressing on the construction of its headquarters, a \$50 million building in the office park. Long-term plans for the office park are to grow to 10.5 million square feet and 17,000 employees, which would make it the largest office park in the Denver metro area. Meanwhile, Lucent Technologies announced plans to build a \$200 million campus in the Highlands Ranch Business Park, which is also located in Douglas County. It will include three 200,000-square-foot, six-story buildings. The Denver Airport Marriott, a \$25 million, 238-room full service hotel, opened at Gateway Park near Denver International Airport on November 18.

Advanced Technology

Level 3 Communications, a startup telecommunications company that has long-term plans to employ 1,200 workers in Colorado, opened its Denver office in October. The 42,000-square-foot office will initially house 75 employees until the completion of its headquarters building in Broomfield's Interlocken Business Park.

"EFTC Corp. is shuttering its Greeley Plant in a response to falling revenues, and will lay off 210 people in the process."

Problems with the Asian export markets are negatively affecting the industry. LSI Logic will close its assembly plant in Fort Collins, laying off 69 employees. The computer chip manufacturer also closed its wafer-test plant in Colorado Springs, laying off 205 employees. EFTC Corp. is shuttering its Greeley Plant in a response to falling revenues, and will lay off 210 people in the process. The company will offer positions to laid off employees at plants outside of the state. EFTC's headquarters will remain in Denver, however.

Biotechnology

Amgen, Inc. announced plans to build a 252,000-square-foot addition to its 96,500-square-foot **Boulder** plant within the next ten years. The first phase of the expansion, a 36,000-square-foot addition, is tentatively scheduled to begin construction in mid-1999. In addition, Amgen is nearing completion of a 450,000-square-foot building in **Longmont**, the first phase of a new plant. Amgen currently employs 100 in Longmont and expects to hire 60 within a year.

According to a study by Colorado Venture Centers Inc., Colorado's quality of life is drawing more biomedical companies to the state. With most companies concentrated in Boulder, Jefferson, and Arapahoe counties, Colorado's biomedical industry provides more than \$3 billion in direct revenue to the state's economy and employs 18,000 people.

Education

Recent bond elections will spur construction of \$552.2 million of educational facilities across Colorado. The largest bond issue passed was for the Denver Public Schools, which will use \$304 million to build six new elementary schools, three middle schools, and renovate or add classrooms to 28 existing schools.

"Recent bond elections will spur construction of \$552.2 million of educational facilities across Colorado."

The University of Colorado at Boulder was awarded a record \$181.7 million in research grants in its 1997-1998 academic year. The largest grants awarded included \$56 million from the National Aeronautics and Space Administration, \$32.8 million from the National Science Foundation, \$23.5 million from the U.S. Department of Health and Human Services, and \$15.0 million from the U.S. Commerce Department. According to the National Science Foundation, the University of Colorado ranks ninth among public universities and 17th among all universities in research grant awards.

Retail

Consumer spending accelerated in 1998, growing 6.6% through August, compared with a 5.9% growth rate in 1997. This acceleration in growth is even stronger when adjusted for inflation. Inflation-adjusted consumer spending growth is 4.1% thus far in 1998 versus 2.6% in 1997.

The Denver Pavilions, a \$200-million retail and entertainment complex, opened in early November. The complex includes a United Artists movie theater and several restaurants new to the Denver area. Sales by some tenants are expected to gross as high as \$1,000 per square foot and rents in the complex range from \$35 to \$125 per square foot.

International Trade

Through the second quarter of 1998, Colorado exports to Asia fell 4.8%, according to the Colorado

International Trade Office. Exports to other major trading partners increased, however. Colorado's exports to Europe grew 4.1%, exports to Canada grew 16.7%, and exports to Mexico grew 11.4%. Total Colorado exports to all foreign countries grew 2.0%.

Tourism

Total visits for Colorado's national parks fell by 2% through September, compared with the same period last year. Rocky Mountain National Park, the state's largest national park, reported 1% more visits through September 1998 than through September 1997.

"Colorado's ski resorts are spending a record \$158 million for capital improvements."

Colorado's ski resorts are spending a record \$158 million for capital improvements. Copper Mountain is spending the most, at \$67 million. Vail Associates invested \$59 million among its Vail, Beaver Creek, Breckenridge and Keystone ski areas. Vail Associates will build a new mid-mountain restaurant on Breckenridge and a new mid-mountain childrens activity area at Vail. Loveland plans to construct a new 5,000-square-foot sport shop. Powderhorn will build a new snowshoe center. Silver Creek will build a new accelerated learning center and a new adaptive sports center for visitors with physical disabilities.

Energy

Amoco Corp. and Coastal Corp. are both closing their Denver headquarters. Amoco will either relocate or lay off 380 Denver employees. Some laid-off employees have been offered transfers to Amoco's Houston office. Coastal Corp. will relocate 50 employees to either Vernal, Utah, or Houston, Texas. The oil and gas companies blame increased competition and depressed prices resulting from the Asian economic slump for the office closures.

"Amoco Corp. and Coastal Corp. are both closing their Denver headquarters."

Some of Texaco Inc.'s 450 Denver employees will lose their jobs. Worldwide, Texaco will cut 1,000 jobs

in exploration and production in an attempt to save \$200 million a year. Once again, the layoffs are a result of low oil prices.

The Ladder Creek Helium Plant opened near Cheyenne Wells in October. This facility is only the twelfth plant in the world capable of producing liquified helium. The plant has a long-term, \$6 million contract to sell up to 150 million cubic feet of liquid helium. The \$100 million plant employs 24.

Transportation

United Airlines plans to increase daily departures from Denver International Airport (DIA) to 400 by the year 2002, from 303 today. In order to do so, DIA's Concourse B may need to be expanded or some United gates may need to be relocated to Concourse A. United Airlines employs 8,000 workers in Denver. DIA announced plans to make \$53 million in capital improvements during 1999. The improvements will be funded from a \$310 million bond issue approved by Denver voters on November 3.

Gaming

Two new large casinos will be built in Black Hawk. Construction began on the 300,000-square-foot, \$65 million Riviera Black Hawk Casino in October. Scheduled for completion in December 1999, the Riviera will include 1,000 gaming devices, a victorian bar, a 400-seat restaurant and entertainment center, and 530 covered parking spaces. The Isle of Capri Casino in Black Hawk has been given licensing approval by the Colorado Limited Gaming Control Commission. Nearing completion, the 100,000-square-foot, \$100 million casino will have 1,100 covered parking spaces, 1,100 slots and 24 gaming tables and will open on December 27, 1998.

Agriculture

The number of cattle and calves on feed for the slaughter market in Colorado hit a record high as of November 1, 1998. The inventory was 3% higher than a year earlier. Meanwhile, wheat, barley, and corn prices are on the rise again after falling through much of 1998. For example, in October, wheat prices increased 15.2% since mid-September, but were still

19.6% lower than in mid-October 1997. Steer and heifer, potato, and dry-bean prices continued to decline, however.

"Colorado farm exports are expected to decline between 15% and 20% this year in response to falling prices and declining demand from Asian countries . . ."

Colorado farm exports are expected to decline between 15% and 20% this year in response to falling prices and declining demand from Asian countries, according to the Colorado Department of Agriculture. Wheat and beef exports will be the hardest hit.

Metropolitan Denver

According to a study by the Brookings Institution and the Fannie Mae Foundation, the downtown **Denver** population is expected to increase 166% by 2010. Of the 21 cities they considered, Denver is expected to grow at a faster pace than all but Houston and Cleveland. Denver has the third lowest federal, state, and local business taxes among 27 metropolitan areas surveyed in Vertex Inc.'s 1998 *City Business Tax Study*. Vertex is a Pennsylvania-based state and local tax research firm.

The metro area's health care industry is cutting jobs. In an effort to reduce costs, Kaiser Permanente of Colorado will eliminate 175 to 200 metro-area jobs. The nonprofit health plan will close medical laboratories and cut administrative, nursing, and pharmacy positions. Centura Health is also reducing expenses. In November, the company halted plans to open new metro-area facilities.

For the second year in a row, PricewaterhouseCoopers ranked Denver's commercial real estate market 11th out of 18 cities in its *Emerging Trends and Real Estate 1999* report. Denver's ranking was low because of concerns about overbuilding.

"Development along the U.S. 36 corridor is booming."

Development along the U.S. 36 corridor is booming. In addition to surging development and an Omni Hotel

at Interlocken Business Park, there is as much as 4.7 million square feet of multi-tenant office space either under construction or in the planning stages. This figure includes the Broomfield Market, a 1.6-million-square-foot commercial development, and MidCities, a 2.1-million-square-foot commercial development. Both developments include hotels, retail space and office space. A significant amount of retail space is also under construction along the corridor. Interlocken is adding 166,000 square feet of retail space. Nearby, the \$200 million FlatIron Crossing Mall is under construction and will encompass 1.5 million square feet when completed. The 1.5-million-square-foot Westminster Promenade will boast a conference center and a Westin Hotel. In addition, \$276 million in new homes is estimated to be under construction along the U.S. 36 corridor. The Northwest Parkway toll road is being considered to lessen congestion in the area. The \$100 million, 10-mile road would connect U.S. 36 with E-470.

"A multitude of development has been proposed along the E-470 tollway."

A multitude of development has been proposed along the E-470 tollway. Construction on a 95-room TownePlace Suites by Marriott hotel will begin in February on East Mineral Avenue and South Chester Street. Opus Northwest LLC has proposed construction of a 60,000-square-foot building with 360 parking spaces in the Inverness Office Park. A large amount of home building is proposed for the corridor. Smoky Hill Associates LLC proposed construction of 470 houses in Arapahoe County near E-470, while a 608-unit apartment complex is proposed at Arapahoe Road and Liverpool Street in Aurora. Two hundred one-acre, single-family home sites are proposed off of Quebec Street in Adams County. Wheatland Estates, a 70-lot, 150-acre single-family home development is proposed in Adams County. Kaufman and Broad plans to develop a separate 84 acres in the Trail Ridge subdivision. Finally, Smoky Hill Associates LLC proposed construction of an additional 470 single-family houses near the intersection of Smoky Hill and Gun Club roads.

In the downtown Denver area the Denver Pavilions, a retail and entertainment complex, opened at the lower end of the 16th Street Mall in early November. Redevelopment of 1616 Glenarm Place will begin

early in 1999. The building will become a 530-room, \$68 million addition to the W Hotels chain. The hotel is scheduled to open in the spring of 2000. Construction of a \$10 million parking garage and retail center began on the 16th Street mall between Champa and Curtis streets. The garage will hold 600 parking spaces and 22,000 square feet of retail on the ground floor.

The City of **Morrison** and CAMAS Colorado Inc. will build a \$2.3 million reservoir and water treatment facility north of U.S. 285. Cooley Reservoir will hold 500 acre-feet of water and be used for raw, untreated water storage purposes. The City of Morrison will take possession of Cooley Reservoir on January 2001.

Boulder County

Kentek Information Systems, Inc., will cut 25% of its 257-member work force in response to declining sales and a delay in the development of a new printer. The majority of the job cuts will come from its engineering staff at its **Boulder** headquarters. Kentek manufactures laser printers and supplies.

Boulder County is the home of three separate startup data storage firms. OnStream Inc. began operations in March and employs 40. Benchmark Tape Systems, a nine-month-old company with 25 employees, expects to hire another 25 employees by next year. Two-year-old Ecrix Corp. expects to double its 40-employee work force within the next nine months.

Etkin Johnson Group, a Denver-based developer, plans to build two Marriott Hotels in **Longmont**. The 78-room Courtyard by Marriott and the 84-room Residence Inn by Marriott will be located on seven acres of land at the Longmont Business Center.

Northern Region

Eastman Kodak Co. will hire 40 employees to staff a new 35-millimeter film-finishing unit in the **Windsor** plant. The film will be used in the Hollywood motion-picture industry.

According to F.W. Dodge, the number of residential units under construction increased 49.6% in Weld County through October. The number of apartment units under construction fell 76.2%, thus the vast majority of new residential construction in Weld County are single- and two-family homes.

Southern Region

In October, Kentucky-based Ashland Chemical opened its new \$40 million, 200,000-square-foot plant in **Pueblo**. Ashland Chemical manufactures chemicals for the computer-chip industry. The plant will employ 130 people.

"In October, Kentucky-based Ashland Chemical opened its new \$40 million, 200,000-square-foot plant in Pueblo."

Cuchara Mountain Resort expects to undergo a \$30 million to \$40 million expansion. Real estate development plans include 53 homes, a 12-building ski-run townhome project, a 50-room hotel, and an upscale 200-room hotel. Cuchara Mountain Resort also hopes to nearly double its current 228 acres of skiable terrain.

The 4th Infantry Division is moving its headquarters back to Fort Carson, which is located south of **Colorado Springs**. Reserve troops from Arkansas, Oregon, and Oklahoma will be trained alongside full-time troops. Within the next year, approximately 150 active-duty reserve troops will be added.

Focus on the Family, a Colorado Springs non-profit organization, is constructing a fourth building and will expand its welcome center. The new 132,000-square-foot building will house 100 of its current employees and will provide space for another 175 employees and 50 students.

The Colorado Springs tourism industry had a good year in 1998. Despite a \$4 increase in the Pikes Peak Highway toll, 4,000 more visitors drove to the top of Pikes Peak in 1998 than in 1997. Visitor counts at Santa's Workshop in Cascade were up 2% from last year. The U.S. Olympic Complex in Colorado Springs had a 28% increase in visitors during the first eight months of this year compared with the same time period last year. Finally, the Cheyenne Mountain Zoo

enjoyed a 14% increase in visitors through August 1998 over 1997.

Western and Mountain Region

There are tentative plans to build 36 condominiums next to the Bell Tower Mall in **Breckenridge**. Prices will range from \$300,000 to \$500,000. In addition, Bell Tower Mall would be replaced by a 25,000-square-foot retail and restaurant complex. According to the Summit County Clerk and Recorder, the average sales price of a single-family home sold in Breckenridge has climbed 55.6% in the last nine months, to \$656,000. This figure may be skewed by the sale of some high-priced homes, however.

Canadian Intrawest Corp. will rebuild the base village at **Copper Mountain**. The \$67 million development will include three new buildings. Base One, a building with 35,000 square feet of commercial space and 63 condominium-units, will replace Copper's Clocktower building. The Mill Club will house a five-star restaurant and 31 condominiums. Next door to the Mill Club on West Lake, Crossroads Inn will include 51 condominiums. There will be 80,000 square feet of commercial space among the three buildings. Construction will begin in April 1999. If demand is sufficient, Intrawest may build a fourth building, Two Bears, with 84 condominiums.

"In October, Avon city council members approved plans for the Village of Avon, a 1,790-acre development that would double the size of the city."

In October, **Avon** city council members approved plans for the Village of Avon, a 1,790-acre development that would double the size of the city. The Village of Avon includes parks, schools, an ice skating rink, 650,000 square feet of commercial development, 2,400 homes, and a freeway interchange. Construction will begin in the spring of 2000 and will continue for the next 20 years. Construction began on one of two office buildings totaling 55,000 square feet in **Durango** during November. Scheduled for completion in summer 1999, the \$1 million, 25,000-square-foot building will house workers from seven federal government agencies, including the Internal Revenue Service, the U.S. Attorney's Office, the U.S. Marshal's Office and the U.S. Geological Survey. The U.S. Forest Service and the Bureau of Land Management will house a total of 100 employees in

Colorado Indicators
Year-to-Date Growth Rates

building a 12,000-square-foot building in the Durango Technology Center.

Indicator	October 1998	September 1998	1997 Annual Average
Nonfarm Employment * Growth	3.5%	3.5%	4.0%
Unemployment Rate ∇ * (Seasonally adjusted)	3.7	3.6	3.3
Housing Permit Growth § Single-Family	9.1	10.1	-0.5
Apartments	11.2	12.1	4.7
	-67.0	-66.4	-13.6
Growth in Value of Nonresidential Construction § Retail	-22.3	-24.5	22.3
Offices	-28.0	-29.8	-11.7
Factories	3.1	-0.8	43.6
	-84.3	-83.3	20.2

∇ Actual level, not growth rate.

§ F.W. Dodge data.

* Colorado Department of Labor and Employment data.

Note: An inflation rate is not calculated for the state. The Denver-Boulder inflation rate is often used as a proxy for Colorado's inflation rate. The Denver-Boulder inflation rate was 2.2% through the first half of 1998, following a 3.3% rate in 1997.

the second building. In addition, Goff Engineering is

Regional Growth
Cumulative Year-to-Date Growth Rates

	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 October 1998)	6.1	§ 3.4	§ 2.2	§ 3.5	6.2	4.8	5.5	5.8	6.1	6.4	§ 2.9	4.2	2.9	1.7
Unemployment Rate ⊗ ◆ (not seasonally adjusted) (in October 1998)	5.4	3.1	4.0	2.8	3.9	3.5	4.0	4.1	3.3	4.6	6.2	4.5	2.3	4.4
Retail Trade Sales Growth ∇ (through August 1998)	4.3	4.8	6.2	7.7	12.2	6.2	6.7	9.2	5.5	5.9	5.2	6.3	9.3	-2.5
Housing Permit Growth * (through October 1998)	89	10.1	8.4	7.8	-18.3	8.5	17.4	49.6	68.9	10.8	14.6	7.1	-0.5	15.1
Growth in Value of Non-residential Construction * (through October 1998)	-50.8	-24.3	-31.1	-18.7	-63.8	-40.2	-49.2	33.1	♣	-39.4	-61.6	-60.2	14.2	-72.9

§ Nonfarm Employment Growth.

⊗ Actual level not growth rate.

◆ Colorado Department of Labor and Employment data.

* F.W. Dodge data.

∇ Colorado Department of Revenue data.

♣ \$4.5 million was contracted through October 1998, while \$700,000 was contracted through the same period in 1997.