



Colorado Economic Chronicle

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National Economy

Inflation-adjusted **gross domestic product** (GDP) increased at a relatively meek 1.6% annual rate in the second quarter of 1999. The growth rate was revised down from previous estimates of 2.3% and 1.8%. The slowdown came after much stronger growth in the first quarter, when the economy grew at a 4.3% annual pace. The economy continues to be affected by record trade deficits, which cost an estimated 1.4 percentage points to the second quarter figures. While exports rose 4.9%, imports surged by 15.1%, leading to a trade deficit of \$34.4 billion during the quarter. Inventory accumulation was surprisingly weak, thus also affecting economic performance. Once again, consumer spending led the way, as personal consumption expenditures increased at a 4.8% annual rate. Gross private domestic investment grew at a meager 0.3% annual pace. The economy's performance is expected to rebound for the third quarter.

Employment rose by 124,000 in August, while the unemployment rate fell back to a 29-year low of 4.2%. Service jobs increased by 132,000 nationwide, while retail jobs showed little change. The manufacturing sector continued to decline, cutting 63,000 jobs in August, wiping out a gain of 51,000 jobs in July. Construction jobs fell by 29,000. **Personal income** increased by 0.5% in August; however, spending increased by 0.9%, thus leading to a negative saving rate again. The saving rate was a negative 1.5%, matching the record low set previously in May. The resulting income gains from the booming stock market are not measured in personal income. However,

consumption spending from the realized gains is counted, thus creating a mismatch of consumption spending vs. income. September marked the third consecutive month of declining **consumer confidence**. Despite the recent declines, consumer confidence remained at historically high levels.

"Industrial capacity utilization also increased in August, rising to its highest level since last November."

Other than the loss in manufacturing jobs, the **industrial sector** had positive news. Orders for durable goods from the nation's factories rose 0.9% in August, spurred by a 4.6% increase in the volatile transportation sector. Durable-goods orders have increased for 12 of the past 15 months. U.S. industrial production rose for the seventh consecutive month in August with a 0.3% gain. Industrial capacity utilization also increased in August, rising to its highest level since last November. Meanwhile, the National Association of Purchasing Management's index rose to 57.8 in September, marking the eighth consecutive month of expansion. An index above 50 indicates growth in the country's manufacturing economy. The price component of the index increased significantly, from 59.8 in August to 67.6 in September. Forty-two percent of purchasing managers said they paid higher prices for materials, while only six percent of managers said they paid lower prices. This may be an indication of the falling value of the dollar relative to other currencies.

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The Federal Reserve Board increased the **federal funds rate** by 0.25 percentage points in late August, following a similar increase in June. The Fed also increased the discount rate, the interest rate charged by the Fed on loans to its banks, by 0.25 percentage points at its August meeting. Other interest rate measures experienced similar hikes. Mortgage rates, as noted below, have been rising, and the interest rate on the 30-year Treasury bond rose to above six percent. The Fed did not increase interest rates at its October 5 meeting, but did change its overall bias on future policy for rate changes to one of tightening. The Fed remains concerned about the pace of economic growth *vis-a-vis* inflation.

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The impact of rising mortgage rates on **home sales and starts** was mixed. New construction of homes and apartments rose at a 0.4% annual rate in August, after a revised 3.9% increase in July. Construction of single-family homes fell 1.3%, while starts on condos and apartments rose 6.6%. Mortgage rates hit a high of 8.15% for the year in mid-August. Builders indicated that shortages of workers and construction materials influenced new home construction to a greater extent than mortgage rates. Sales of *new homes* were also positive in August, rising to the second-highest level on record. Sales rose 2.9% to 983,000 at a seasonally adjusted annual rate. However, sales of existing single-family homes fell by 2.8% in August, the second consecutive monthly decline. Sales of *existing homes* reached an all-time annualized high in June before falling in July and August. The decrease was attributed to rising

mortgage rates. The average rate on a 30-year fixed-rate mortgage was 7.94% in August, up from 7.63% in July and just over a full percentage point higher than one year ago.

The producer and consumer price indices surged in August. However, the core rate of inflation in both indices remained subdued. **Producer prices** rose 0.5% in August, led by increases in energy prices and food costs. Overall energy costs increased 3.7% in August, with a 9.1% gain in gasoline prices and a 5.3% gain in heating oil prices leading the way. Meanwhile, food prices increased 0.4%. The exclusion of the volatile energy and food categories meant that the so-called core rate of inflation in the producer price index actually declined 0.1%. **Consumer prices** increased 0.3% in August, similarly led by an increase in energy costs. The core rate of inflation at the consumer level was only 0.1% in August. Consumer prices have been rising at an annual rate of 2.6% in 1999. Most of the increase over last year's 1.6% increase is attributable to higher energy costs.

Overall, the national economy is healthy and the prospects for continuing growth are solid. The low annual growth for GDP in the second quarter was caused by record trade deficits and slower-than-expected inventory accumulation. Gradual improvement in the trade balance is expected as international economies recover from economic downturns. Additionally, inventories are expected to increase as businesses address Y2K concerns about product and material availability and boost inventories. Inflation remains low at the current time, but future interest rate increases to head off inflation will likely produce an economic slowdown.

Colorado Economy

The Colorado economy has remained strong with no major changes in the past several months. Nonfarm employment continues to increase at a healthy pace as does retail trade sales, residential construction, and nonresidential construction. The unemployment rate decreased slightly in August and continues to reveal the tight labor market in Colorado. There are some

concerns that the tight labor market is not allowing businesses to attract quality workers and is thus creating a difficult environment from which to operate. If this trend continues, businesses may yield to wage pressure in order to attract or keep workers, potentially resulting in higher inflation.

Employment

Nonfarm employment in Colorado increased 2.5% through August 1999 compared with the same time period in 1998. This reflects a slight decrease in the rate of nonfarm employment growth from June and continues to be somewhat slower than the growth seen in early 1999 and 1998. The statewide unemployment rate decreased to 2.8% in August 1999, down from 3.0% in July. Through August, the statewide unemployment rate averaged 2.9%.

"The statewide unemployment rate decreased to 3.0% in July 1999, down from 3.1% in June."

Over the past two months, several companies made announcements regarding their employment levels. A few of the job changes were caused by mergers including the loss of 125 positions in the mining industry due to the merger between Cyprus Amax Minerals Co. and Phelps Dodge Corp., the loss of 450 to 500 jobs in the public utilities industry due to KN Energy Inc.'s merger with Kinder Morgan Inc., the potential loss of positions due to the merger of New Century Energies (the parent company of Public Service Company of Colorado) and Northern States Power, and reductions at Primestar due to its merger with DirecTV. Other job losses will come in the services sector with the announced cuts at Blue Cross Blue Shield of Colorado of 142 employees and the layoff of 47 workers at Cahners Business Information. Also, 290 employees at RMH Teleservices, Inc. in Colorado Springs will be out of work as RMH, which provides services for MCI WorldCom Inc., will move these services to other locations around the country. However, MCI will be opening a new customer service center and RMH employees have been encouraged to apply. The manufacturing industry will also lose 60 jobs as the manufacturing operations at Kaman Instrumentation Corp. are moved to Connecticut.

Significant job gains were also announced. Boeing will add 75 more positions in Colorado Springs within the next year after already hiring 125 employees since the end of August. TPA Inc. filled the office space vacated by Qual-Med in Pueblo and plans to hire 200 workers by the end of the year to staff its regional service center. Safeco announced that they will build a call center in the Denver area which will eventually employ 300 workers. All of the gains and losses

identified here are discussed in more detail later in the *Chronicle*.

In other employment related news, the Vectra Bank Colorado Small Business Index rose slightly in August to 94.8 from 94.0 in July. The increase indicates that the overall business conditions for small business improved during August. The increase in the index came despite the tight labor market and an increase in interest rates.

Residential Construction

The average price of a single-family home in the metro-Denver area jumped back to record levels in September after dipping slightly in August. The average single-family home in the metro area sold for \$214,696 in September which represents a 12.9% increase over the average in September 1998. An even larger increase of 13.6% was seen in the median price of single-family homes sold in the metro area. In September 1999, the median price of a single-family residence sold in the metro Denver area was \$174,900. The median, which is not affected as significantly by large or small values, is probably a better measure of the typical home that is sold.

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F.W. Dodge reported that the number of residential units under construction increased by 13.7% through

Colorado's Economy at a Glance

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

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 2.9% through the first half of 1999, following a 2.4% rate in 1998.

August 1999 over the same period in 1998. The increase was led by a 32.7% increase in the construction of apartment units and an 8.2% increase in single-family homes. New two-family home construction remained essentially flat, increasing less than one percent.

There were several residential construction projects announced across the metro-Denver area. Single-family residential developments include the Leander Parks subdivision in Arvada that could include up to 900 homes as well as 26 acres of commercial development. Another subdivision development announced recently is near DIA and includes 323 single-family homes and 160 to 180 apartment units. The single-family homes in this subdivision are expected to range in price from \$150,000 to \$180,000. Furthermore, 400 single-family residences are planned for construction on 230 acres in Castle Rock if the land can be rezoned for residential use.

In addition to the single-family residence developments discussed above, there were several multi-family projects announced recently. Plans were released to build 115 condominium units on land across from the Cherry Creek Mall. This development is expected to contain some units priced from \$200,000 to \$400,000 with a few units on the penthouse level ranging up to \$2 million. Also, in Englewood, developers of the CityCenter announced that they plan to build an additional 200 apartments, increasing the total housing units in the development to 500, after plans failed to attract a movie theater to the location.

Nonresidential Construction

The value of statewide nonresidential construction increased by 21.7% through August 1999 over the same period in 1998, according to F.W. Dodge. This increase is led by a near doubling in the value of education and science construction across Colorado.

"The value of statewide nonresidential construction increased by 21.7% through August 1999 . . ."

Other significant increases were seen in manufacturing and amusement construction which registered increases of 78.6% and 86.2%, respectively. These

large construction gains were offset somewhat by decreases in the commercial and religious sectors. These two sectors saw construction values decrease by 10.8% and 16.0%, respectively.

Significant new nonresidential construction projects include four office parks in the metro-Denver area. Three of these office parks are on the south side of the metro area and the other one is in Westminster. Other nonresidential construction around Colorado include a commercial development in downtown Colorado Springs, military construction projects at several military sites around Colorado Springs, a fiber-optic network in the southwest part of Colorado, and an electric plant in Fort Morgan. These nonresidential construction projects are discussed in more detail later in the *Chronicle*.

Income

"Not only does Colorado have one of the highest median household incomes, it also has one of the lowest rates of poverty, . . ."

A U.S. Census Bureau report showed that Colorado ranked seventh nationally in median household income. Based on data collected over 1997 and 1998, the median income in Colorado was \$45,253 which amounts to a 4.7% increase over the previous year's figure. However, Colorado did slip two spots when ranked among all 50 states. Not only does Colorado have one of the highest median household incomes, it also has one of the lowest rates of poverty, with 8.7% of Colorado households with incomes below the federal poverty level of \$16,660. This percentage ranked third among all states and amounts to a 7.4% decrease from last year's figures.

Inflation

The Denver-Boulder-Greeley inflation rate increased slightly, to 2.9%, through the first half of 1999. Still, the local inflation rate is low by historical standards. While inflation was 2.4% in 1998, it has averaged 3.7% since 1990. Housing costs increased 5.2% over the first half of 1998, while medical costs rose 4.4%. Food and beverage prices increased 3.7%, while the inflation rate for transportation posted a small 0.1% gain. Apparel and upkeep costs declined 2.9% from a

year ago. Local inflation over the full year ending June 1999 increased 2.8% over the comparable period a year ago. An inflation rate is not calculated for the entire state. Therefore, the Denver-Boulder-Greeley rate is often used as a proxy for the state.

Higher Education

The University of Northern Colorado saw record freshman enrollment of 2,330 people for the 1999-00 academic year. The previous record for freshman enrollment was set in 1970. Additionally, total enrollment of 11,058 students is near UNC's record enrollment set in 1974. The total increase in students amounts to a 3.6% increase over 1998-99 enrollment.

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The University of Colorado at Colorado Springs (CU-Colorado Springs) continued to make improvements to attract more students. In addition to the student dormitories and classroom buildings that opened in the past several years, CU-Colorado Springs is currently in the middle of three other construction projects. The largest is a \$29 million renovation of the library. Other renovations include an \$11 million renovation of Cragmor Hall and Cragmor Manor and a \$5.4 million renovation of the student center. The recent construction may have helped attract new students to CU-Colorado Springs which has seen enrollment increase every year for the last three years. A 13% enrollment increase is expected for the current academic year.

Agriculture

The number of cattle on feed for slaughter in Colorado was 960,000 head as of September 1, 1999. This reflects no change from the number at the beginning of August, but is a 14% increase over the count in September 1998. While price changes from mid-August to mid-September for steers and heifers, cows, and calves ranged from -2.4% to 8.2%, prices for all three groups of cattle increased significantly over their levels in 1998. The price increases over September 1998 range from 9.7% for cows to 22.0% for calves.

Colorado crops are not experiencing the price increases that the cattle industry has seen over the last year. Corn, wheat, barley, and potatoes have all seen decreases in price from mid-August to mid-September of -6.5%, -3.9%, -1.0%, and -25.7%. Corn, wheat, and potatoes are also down from the mid-September 1998 price with decreases ranging from -3.6% to -7.0%. However, barley is 6.1% higher in mid-September 1999 than its price one year earlier.

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Heavy late summer rains had significant impacts on the sweet corn harvest in Western Slope counties and on the barley harvest in the San Luis Valley. Much of this year's sweet corn crop had to be left in muddy fields because farmers were unable to move in the heavy equipment required to harvest the crop. Sweet corn only has a harvest window of three days. The remaining unharvested crop will be turned into cattle feed leading to losses of approximately \$300 per acre.

San Luis Valley barley growers contract with Coors Brewing Co. to provide 3.5 million bushels of barley which would have amounted to about \$12 million in sales for the Valley's farmers. However, rains in August and September turned much of the barley crop brown causing Coors to reject approximately two-thirds of the crop. The barley that was rejected by Coors will be chopped into cattle feed and sold for about \$1.50 per bushel, about one-half what Coors would have paid.

Ski Industry

The ski industry invested a record \$233 million in expansions that is expected to increase skier visits over last season provided the resorts see good snowfall. Vail plans to open 520 acres, or 60%, of its Category III expansion in January under the name Blue Sky Basin. Construction went better than expected as Vail is opening the new terrain a full year ahead of schedule.

Winter Park and Copper Mountain plan to open new base area developments for the 1999-00 ski season. Winter Park's new base area cost \$90 million and includes 230 condominium units along with retail and restaurant space. Copper Mountain's development

also includes 108 condominium units, as well as a day lodge. The new buildings at Copper Mountain are the second phase in a ten-year, \$500 million investment. Crested Butte will open 43 units that will house 122 employees. The units will rent for an average of \$350.

The Ritz-Carlton Hotel Co. announced that they will build a luxury time-share complex in Aspen and a hotel in Beaver Creek. The development in Aspen calls for 73 units to be built at Aspen Highlands. The hotel in Beaver Creek is a \$145 million investment that will include 240 rooms, a luxury spa, restaurants, meeting space, and a ballroom. The hotel should be completed by late 2001.

Tourism

The news for the tourism industry across Colorado was almost exclusively positive over the last several months. Totals for the second quarter of 1999 increased for almost every indicator of tourism performance over the second quarter of 1998. The largest gain was seen by the gaming industry which saw an 18.5% increase in revenues in the second quarter of 1999. Additionally, gaming adjusted gross proceeds in August 1999 of \$50.1 million set a record for August and was slightly more than \$1 million from the all-time record set in July 1999. Other tourism indicators that showed increases include DIA passenger traffic, lodging nights, restaurant spending, and other consumer spending. The only indicator which decreased in the second quarter of 1999 was attraction attendance.

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In other tourism news, DIA officials announced that they reached an agreement with United Airlines which will lease previously empty gates at DIA's A concourse. The increased presence of United at DIA will allow them to increase the number of flights from 300 per day to 400 per day. Also, a bill passed through the United States Congress that will turn the Black Canyon of the Gunnison National Monument into a national park. Of greatest significance regarding the name change is that the new law allows the U.S. Park Service to acquire 3,000 acres of privately owned lands that are within the park's boundaries once agreements with current land owners can be reached.

Metropolitan Denver

Led by the mergers between AT&T and MediaOne and Qwest and US WEST Inc., Colorado led the country for mergers and acquisitions in the second quarter of 1999. According to Mergerstat, the total value of these two mergers amounted to \$90.6 billion while the total for all mergers and acquisitions in the state totaled \$130 billion and included 123 deals.

"... Colorado led the country for mergers and acquisitions in the second quarter of 1999."

Due to some of the recent mergers involving area companies, layoffs were announced as companies eliminate redundant positions. The largest of these layoffs involves the DirecTV acquisition of Primestar. Primestar, which had their headquarters in Arapahoe County and a customer service center in Denver, employed 900 people in the metro area. Since the acquisition by DirecTV, the size of the workforce has been cut to 565 and another 465 positions will be eliminated when DirecTV closes the service center. DirecTV does plan to move some operations into the Denver area that are expected to employ approximately 300 workers.

Other layoffs that were announced due to mergers include 450 to 500 positions at KN Energy in their proposed merger with Kinder Morgan. Plans under the merger call for KN Energy to move its

Colorado Indicators Year-to-Date Growth Rates

Indicator	August 1999	July 1999	1998 Annual Average
Nonfarm Employment * Growth	2.5%	2.6%	3.6%
Unemployment Rate ▽ * (Seasonally adjusted)	2.8	3.0	3.8
Housing Permit Growth §	13.7	13.2	-0.5
Single-Family	8.2	9.0	26.6
Apartments	32.7	29.2	-42.5
Growth in Value of Nonresidential Construction §	21.7	19.3	-22.0
Retail	2.6	-0.4	-15.3
Offices	-2.1	-9.6	9.5
Factories	-53.9	-54.0	-70.5

▽ Actual level, not growth rate.

§ F.W. Dodge data.

* Colorado Department of Labor and Employment data.

headquarters to Houston. Approximately 275 of these job cuts have already been accounted for due to attrition at KN Energy. Cyprus-Amax, which recently agreed to be bought by Phelps Dodge Corp., will close its headquarters in Arapahoe County and move to Phoenix, Arizona, costing the Denver area 125 jobs. It has not been announced how the merger will affect mining operations in Colorado, including the Henderson molybdenum mine in Clear Creek County.

Potential job losses were also announced due to the merger between Northern States Power and New Century Energies, the parent company of Public Service Company of Colorado. Approximately 800 positions will be lost when the merger is finalized, however, most of the losses will come through attrition. Combined, the companies employ 13,000 people in 12 states with 3,100 employees in Colorado. It has not been announced how these cutbacks will affect Colorado.

Other job losses include 142 positions at Blue Cross Blue Shield of Colorado due to poor performance. Blue Cross Blue Shield announced earlier that they had lost 80,000 customers during the fiscal year ending June 30, 1999, and lost its position as the state's largest insurer. Cahners Business Information, a publisher of business trade magazines, announced that they would lay off 47 workers in their Highlands Ranch office. The layoffs will come in the production and circulation staffs and will not impact publication of the trade magazines.

"Several large commercial development projects were announced with many focused on the south side of the metro area."

One significant announcement that will bring jobs to the metro-Denver area was that Safeco, a large insurer, will open a call center in the area. The call center, which will reach full employment within a couple of years, should employ about 300 workers. However, 75 of these workers currently work for Safeco in their Lakewood office.

Several large commercial development projects were announced with many focused on the south side of the metro area. A four-story, 195,000-square-foot luxury office building will be built near I-25 and County Line Road. Also, a 480-acre business campus will be built near E-470 and Peoria Street. This development is a \$650 million investment that will include industrial,

office, retail, and some residential construction. The first phase of the development will include 6.5 million square feet of commercial space and almost 300 housing units. Another luxury office building on the south side of the metro area is a 10-story, 265,000-square-foot facility near Fiddlers Green that is valued at \$40 million. Construction on this building should begin within the next couple of months. A smaller second building, 180,000 square feet, is also planned for the location.

The U.S. 36 corridor also added a large commercial development project. Currently, only one 4-story, 120,000-square-foot building is being planned for the 80 acres located near Highway 36 and Church Ranch Road. However, if completely developed, the area could include up to 1.3 million square feet of commercial space.

A TownPlace Suites by Marriott will be built near downtown Denver at the location of the A.B. Hirschfeld Press building at Seventh Avenue and Acoma Street. The \$11.1 million project will consist of 123 rooms and cater to extended-stay travelers.

A new 70,000-square-foot office building on Tower Road will be the new headquarters for Frontier Airlines once the building is completed in late 2000. Frontier wanted to move their headquarters closer to DIA. The developers of the location of Frontier's headquarters will add another 80,000 square feet of office and retail space once the Frontier building is completed.

Boulder County

Amgen Inc. opened their new biotechnology plant in Longmont at the beginning of October. The 450,000-square-foot facility will produce Amgen's anemia treatment which is used by dialysis patients. Amgen, which employed 300 workers in Longmont at the end of 1998, anticipates having approximately 450 employees by the end of 1999.

Ball Aerospace & Technology Corp. was awarded a \$50 million contract from NASA to develop spacecraft that will fly in formation. The goal of the project is to develop satellites that can fly in formation one-half mile apart and act as a powerful telescope. The plans call for the spacecraft to be launched in 2005 if the project is successful.

Southern Region

Plans were announced to build a 13-story, 276,000-square-foot office tower in downtown **Colorado Springs**. The total cost of the project is \$36 million and should be completed by March 2001. It is anticipated that demand for the office space will be strong as the vacancy rate in downtown Colorado Springs for office space was 5.9% in mid-1999. This office tower will be the first new high-rise in the area since 1990.

"The 2000 defense authorization bill will finance \$115 million worth of construction projects at military installations around Colorado Springs."

Other nonresidential construction around Colorado Springs will come in the form of military construction. The 2000 defense authorization bill will finance \$115 million worth of construction projects at military installations around Colorado Springs. The projects include \$65 million for a space complex and fire station at Peterson Air Force Base, \$17 million for an academic hall at the Air Force Academy, \$4.4 million for a warehouse at Fort Carson, and \$16.1 million for a child-care center, fitness center, and sewers at Schriever Air Force Base.

In other military construction news, Fort Carson announced that they had reached an agreement to build new housing as well as update current housing on the base. Fort Carson, which becomes the first major military installation to privatize its on base housing, will get 840 new homes as well as renovations to its existing 1,823 housing units over the next five years. The total cost to Fort Carson Family Housing LLC (FCFH), the private entity which won the Fort Carson project, is approximately \$200 million. In exchange for their investment, FCFH will receive rents from soldiers living in the units over the next 50 years.

Boeing, the lead contractor to design a system to protect the United States from nuclear attack, plans to add 75 employees to their new Colorado Springs location. Currently, Boeing employs 125 workers at this location to work on the \$1.6 billion contract. It is possible that Boeing could add an additional 100 employees next year if the system is ready for deployment.

Job cuts were also announced in the manufacturing and service industries. The manufacturing industry will lose 60 jobs in the Colorado Springs area when Kaman Instrumentation Corp. moves its manufacturing operations to Connecticut. Kaman will keep its headquarters in Colorado Springs and continue to employ 38 workers in the area.

"The manufacturing industry will lose 60 jobs in the Colorado Springs area when Kaman Instrumentation Corp. moves its manufacturing operations to Connecticut."

RMH Teleservices Inc. closed their call center in Colorado Springs leaving approximately 290 workers without jobs. RMH, which has other call centers around the country, performed services for MCI WorldCom Inc. that verified when customers had switched to MCI, a process that is required by law. RMH will continue to perform these services for MCI, although at other locations across the country. The good side to RMH's departure from Colorado Springs is that MCI will occupy the vacated space and open a customer service center. The new customer service center will employ 250 workers in addition to the 800 workers who already work at MCI call centers in the Colorado Springs area.

Other job gains came in **Pueblo** when TPA Inc. opened a regional service center. TPA, a provider of health care administration for employers, occupied the site vacated by Qual-Med in downtown Pueblo. TPA, which employs 1,100 workers across the nation, will employ 200 workers at the Pueblo location by the end of the year.

Western Slope

Plans were announced to build a \$40 million fiber-optic network in southwestern Colorado. The network, which should be completed by the end of 2000, will allow current businesses in the southwestern part of the state to expand and new companies to move into the area due to the increased telecommunications capacity. The network will also allow for high-speed Internet access which is currently not available in the region.

Northern Region

Construction began on a \$115 million, natural gas powered electric plant in **Fort Morgan**. The power plant is being built to meet the increasing demand for electricity and is the first new power plant to be built in Colorado in 15 years. However, it will not be the

last as it is anticipated that the demand for power in Colorado will increase by 67% over the next 18 years and Colorado will add one new plant every year over this time period.

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 August 1999)	0.9	2.8	2.3	2.8	1.9	2.8	1.7	-0.5	3.4	3.4	1.6	2.2	2.1	0.6
Unemployment Rate ⊗ ♦ (not seasonally adjusted) (in August 1999)	5.2	2.7	3.2	2.4	3.7	2.9	3.4	3.8	3.0	4.3	4.6	1.8	1.9	2.9
Retail Trade Sales Growth ∇ (through June 1999)	-1.1	10.5	6.2	8.4	9.1	7.0	6.3	-1.1	5.2	4.1	5.5	-0.4	9.4	-8.3
Housing Permit Growth * (through August 1999)	18.9	-13.9	25.8	11.7	-19.5	47.2	57.1	20.2	31.0	38.2	12.3	29.0	16.7	♠
Growth in Value of Non-residential Construction * (through August 1999)	Ψ	41.8	19.9	40.0	♣	42.4	∩	-16.3	≠	-79.6	-32.6	-5.4	-93.4	22.0

§ Nonfarm Employment Growth.

⊗ Actual level not growth rate.

♦ Colorado Department of Labor and Employment data.

* F.W. Dodge data.

∇ Colorado Department of Revenue data.

♠ 200 units were permitted through August 1999, while 97 units were permitted through August 1998.

Ψ \$6.5 million was contracted through August 1999, while \$1.8 million was contracted through August 1998.

♣ \$15.9 million was contracted through August 1999, while \$3.1 million was contracted through August 1998.

∩ \$34.1 million was contracted through August 1999, while \$14.9 million was permitted through August 1998.

≠ Nothing was contracted through August 1999, while \$4.5 million was contracted through August 1998.

An in-depth analysis of the economies of ten regions in the state can be found at:

www.state.co.us/gov_dir/leg_dir/lcs/focus/index.html