



# Colorado Economic Chronicle

A Research Newsletter

Legislative Council  
Denver, Colorado

**Tom Dunn**  
Chief Economist

**John Butler**  
Economist

**Natalie Mullis**  
Economist

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## National Economy

As expected, the national economy continued its strong growth through January. The current expansion is now the longest in history. Inflation-adjusted **gross domestic product** (GDP) climbed at a 5.8% annual pace in the fourth quarter of 1999 compared with a 5.7% annual pace in the third quarter of 1999. For the year, GDP increased 4.0% after a 4.3% increase in 1998. On the negative side, the trade deficit hit another record in November, having set record highs in eight of the first eleven months in 1999. Exports and imports both increased in November by 0.7% and 1.4%, respectively.

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*“Consumer confidence rose to the highest level since the start of the index in 1967 . . .”*

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**Consumer confidence** rose to the highest level since the start of the index in 1967, increasing to 144.7 in January from 141.4 in December. Evidence of high consumer confidence is clearly indicated in consumer spending which increased by 0.8% in December after a revised increase of 0.7% in November. Consumer spending increased 7.0% in 1999, the strongest increase since 1989. Personal income increased 5.9% in 1999, the same rate of increase as in 1998. The saving rate fell to a record low of 1.5% in December from 2.0% in November. The saving rate for 1999 of 2.4% was a record annual low, down from 3.7% in 1998. It is important to note that strong stock market gains

over the past several years have led to increased wealth and spending, but are not included in the saving rate.

The **unemployment rate** fell to 4.0% in January as employers added 387,000 jobs. The increase in employment in January followed a strong increase in December of 316,000 positions. In January, large employment gains were made in the construction sector which was aided by good weather across the nation. The services sector also had strong employment gains and added 256,000 positions. The manufacturing sector, which cut nearly 250,000 jobs in 1999, added 13,000 positions in January and continued its recovery from the overseas financial crisis which cut demand for U.S. goods and services. The current unemployment rate is the lowest rate since January 1970, when the rate stood at 3.9%.

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*“The current unemployment rate is the lowest rate since January 1970 . . .”*

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Average hourly earnings increased 0.4% in January following a 0.3% increase in December. In addition to the wage increase in January, the employment cost index increased 1.1% in the last quarter of 1999. This index, which measures wages, salaries, and benefits, had a total increase of 3.4% in 1999. The strong increases in wages and salaries added to inflation fears, prompting the

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Federal Reserve Board to increase the federal funds rate and the discount rate by 0.25 percentage points at its February 2 meeting.

The National Association of Purchasing Management's **manufacturing** index decreased to 56.3% in January from 56.8% in January. An index value of greater than 50% indicates an expanding manufacturing industry. The manufacturing industry is facing higher raw materials costs that could be a sign of future inflation. The component of the index that tracks raw materials prices increased to 72.6% in January from 68.3% in December.

The **construction** sector continued to see significant growth at the end of 1999, although rising interest rates could slow the construction boom. Total construction increased 2% in December to its highest level ever, an annualized rate of \$730.3 billion. For the year, total construction spending was up 6%, following an increase of 7.6% in 1998. Strong increases in government projects, including schools and highways, continue to drive the construction boom. Housing construction also continues to increase despite rising mortgage rates. Housing starts increased 7.1% in December and were helped by mild weather across the country. New home sales were up 4.5% in December which helped establish 1999 as a record year. 904,000 new homes were sold last year, a 2% increase over 1998. Existing home sales also rose to record levels in 1999. Nearly 5.2 million existing homes were sold in 1999, an increase of 4.6% over 1998. However, existing home sales were down 1.4% in December

possibly due to the increased cost of borrowing. Mortgage rates in December rose to 7.9% and were well over 8% during January. Mortgage rates were 6.8% one year ago. The strong demand for housing helped push the median sales price of new and existing homes in 1999 up 4.8% and 3.8% over 1998 prices, respectively.

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**Consumer inflation** was 2.2% in 1999 which is considerably stronger than the 1.6% increase in 1998. The core rate of inflation, which excludes food and energy, increased 2.1% in 1999. This is the smallest increase in the core index since 1965 and compares with a 2.3% increase in 1998. Wholesale prices increased by 1.8% in 1999 which is the largest gain since 1995. Excluding food and energy, the core wholesale price index jumped 1.7% in 1999 after increasing by 0.9% in 1998.

The national economy's expansion continued through the end of 1999 and into 2000. The current economy is marked with strong job growth, low unemployment, increased construction, and increased consumer confidence and spending. The combination of these factors has increased inflation fears and has led the Federal Reserve Board to increase interest rates in hopes of cooling down the economy. Although there is no significant sign of inflation in the current economy, the Fed hopes to stop any inflationary pressures before they have a significant impact on the continuation of the expansion.

## Colorado Economy

Colorado's economy was healthy in 1999 and is expected to continue growing at a healthy, although slower rate, in 2000. A shortage of skilled workers plagued the economy in 1999 as the unemployment rate was extremely low; however, retail trade sales were strong and construction continued to grow despite rising interest rates. Meanwhile, the tourism industry thrived in 1999, with the exception of the skiing industry.

## Employment

Colorado's nonfarm employment grew 2.3% in 1999, after growing 3.6% in 1998. Job growth slowed somewhat in 1999 compared with 1998, primarily due to a persistent shortage of workers. The seasonally adjusted unemployment rate averaged a very low 2.9% in 1999, after averaging 3.8% in 1998. The seasonally adjusted

unemployment rate remained low at 3.0% in December, up from 2.8% in November.

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Job gains were announced in the advanced technology, retail, and services sectors. Intel Corporation will initially hire 1,000 people for a new flash memory-chip manufacturing plant in Colorado Springs. Meanwhile, WalMart hired 300 people to staff a new store in Castle Rock, and StarTek USA will hire 200 people for a new project management operation in Grand Junction.

Job losses occurred in the advanced technology, manufacturing, retail, health care, and mining sectors. In the advanced technology sector, Lockheed Martin will lay off between 90 and 120 people in the Denver area, Storage Technology Corp. will lay off an additional 600 employees for a total of 1,200 since last summer, and Boulder-based Powerworx Online Inc. laid off between 60 and 70 people in late January due to lower than expected earnings. In the manufacturing sector, Boulder-based MedTech laid off 18 people due to lower than expected earnings, and Rocky Mountain Clothing Co. will close its Rocky Ford plant in Otero County, laying off 64 people by April. Meanwhile, City Market will lay off 100 administrative employees at its headquarters in Grand Junction, and PacifiCare Health Systems Inc. will lay off 180 people in Colorado. Thirteen people lost their jobs when the Grett Dairy of Olathe closed down, and the Twentymile Coal Mine in Routt County laid off 25 people due to worsening market conditions.

Meanwhile, two companies announced that they would be relocating jobs within Colorado. Graphic Packaging will close its Boulder plant and move most of its 200 Boulder employees to a new plant in Golden, and Hewlett-Packard will move its 640 employees from Greeley to its Fort Collins campus.

## Residential Construction and Real Estate

Although mortgage rates rose by more than a percentage point between December 1998 and December 1999, growth in residential construction remained strong in 1999 and the residential real estate market remained hot through January 2000. According to F.W. Dodge, residential construction increased 14.2% in 1999 compared with 1998. Most of the growth occurred in the construction of apartment buildings, which increased 53.0% in 1999, while single-family home construction grew 3.7%. Meanwhile, Perry and Butler Inc. reported that the number of homes available for sale in metro Denver hit the lowest level since 1993, with only 8,010 homes on the market in January 2000.

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Limited supply and high demand, particularly among homes selling for less than \$200,000, has caused metro-Denver’s real estate market to remain hot and prices to continue rising despite higher mortgage rates. The average price of a single-family home in metro Denver was \$218,461 in January, down slightly from its December 1999 level but 9.9% higher than in January of 1999. As a result of tight supply and high demand, growth in residential construction and the residential real estate market should remain strong in 2000 despite a shortage of skilled labor in the construction industry and persistent upward pressure on mortgage rates.

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### Colorado's Economy at a Glance

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

Meanwhile, apartment rental prices in metro Denver increased substantially during 1999, while vacancy rates rose slightly amid torrid construction activity for high-end apartment buildings. The average rental rate of an apartment in metro Denver grew to \$734 in the fourth quarter of 1999, up from \$695 a year earlier. Meanwhile, the apartment vacancy rate in metro Denver rose to 5.2% in the fourth quarter of 1999, up from 4.4% at the end of 1998, and the highest level since the second quarter of 1996, when it was 5.3%. The increase in the vacancy rate is partially due to the large number of new units that were added to the market during 1999; 7,761 new units were added, the largest number since 1985. In addition, another 13,000 units are currently under construction. Many of the new units and those currently under construction are high-end apartments, giving more impetus to rising rental prices.

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Numerous high-end apartment and condominium buildings are planned for Denver’s Central Platte Valley. Plans were announced to build the first three buildings of the \$1 billion, 1,000-unit Riverfront Park Project along the 16<sup>th</sup> Street extension. Construction will begin this spring on Park Place, a 7-story, 71-unit loft-style condominium building. Later in 2000, construction will begin on the 13-story, 58-unit Riverfront Tower and the 6-story, 53-unit Promenade Lofts. Each building will include retail space on the first floor. Condo prices will range from the low \$200,000s to \$2.5 million. Meanwhile, separate plans were announced to build a \$30 million luxury apartment complex nearby at 15<sup>th</sup> and Delgany streets, featuring an average-size unit of 1,850 square feet.

Plans were announced for a more moderate rental development on the former site of Cinderella City in Englewood. Construction is expected to begin in July or August on the 450 rental units, ranging from 625 square feet to 1,300 square feet. The

plan also includes a Civic Center in the former Foley’s building and a 129,000-square-foot WalMart store and other retail development.

Several residential developments are planned in Douglas County. Three developments are planned for the area near Parker between Hilltop and Parker roads. Reata North will include 1,100 single-family homes, Reata West will include 300 multi-family homes, and Reata South will include 160 single-family homes. Plans for the three developments also include a golf course, a private country club, and a lodge. Meanwhile, plans were announced for The Estates at Living Water, a 640-acre development in southern Douglas County. The development will include 18 single-family homes, each on a 35-acre lot and a private man-made lake.

## **Nonresidential Construction**

According to F.W. Dodge, the value of nonresidential construction in Colorado increased 25.1% in 1999 after declining 12.0% in 1998. This growth was fueled by strong growth in the manufacturing (up 202.0%), education and science (up 102.3%), public buildings (up 64.6%), and hospital and health treatment (up 49.9%) sectors. Meanwhile, the value of construction declined 1.9% in the commercial sector.

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Substantial development is currently underway or planned in three separate business parks near Centennial Airport, located northeast of Interstate-25 and E-470. The developer of InterPort, a three-story, 60,000-square-foot building that will house a restaurant, announced tentative plans to build a total of 2.5 million square feet among 50 separate buildings in a 200-acre business park called Centennial InterPort over the next ten years. Tentative plans were announced to build as much as 1.5 million square feet on 100 acres nearby in a development called Concord Business Center.

Meanwhile, American Furniture Warehouse announced plans to build a 635,000-square-foot warehouse in Compark, a third business center located near Centennial Airport.

Construction began in January on the first building planned for the Dry Creek Corporate Center located at Interstate-25 and Dry Creek Road. The three-story, 94,000-square-foot building is expected to be completed this summer. Plans for the office park include a total of 900,000 square feet of office space.

Qwest Communications International will open 111,000 square feet of data storage facilities in the Highlands Ranch Business Park in April 2000. The facilities could accommodate up to 360 employees.

## Manufacturing

The Front Range Purchasing Managers' Index was 54.7 in January, down slightly from December's level, but still solidly above the level of 50 that indicates an expanding manufacturing industry in Colorado. Business conditions for manufacturing companies along the front range were aided by growing production and higher levels of new orders, but were hindered by a low availability of skilled labor.

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## Mining

The Bureau of Land Management gave final approval in January for the construction of new mining facilities for American Soda's \$250 million nahcolite mining project near **Parachute**. American Soda plans to use the facilities to produce 800,000 tons of soda ash and 150,000 tons of sodium bicarbonate annually to be used for a variety of products, including baking soda,

artificial sweeteners, livestock feed, glass, and detergents. The plant is expected to open in 2001 with 135 employees, pending approval by the Environmental Protection Agency.

The Twentymile Coal Mine near **Steamboat Springs** laid off 25 people as a result of worsening market conditions that include a warm fall and a coal surplus. Twentymile, which currently employs 320 people, expects to lay off another five people at an undetermined time in the future. The mine produces more than 8 million tons of coal annually.

## Transportation

Activity at the **Jefferson County** Airport took off in 1999, primarily as a result of brisk growth at Interlocken Business Park in Broomfield and Westmoor Technology Park in Westminster. The number of flight operations (takeoffs and landings) increased by 10,000 in 1999 to more than 172,000.

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*“United Airlines announced tentative plans for a \$400 million expansion at Denver International Airport . . .”*

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While airline boardings rose 3.8% to 35 million at **Denver International Airport** in 1999, they fell 5.9% at **Colorado Springs Airport** to 1.2 million boardings. According to a Colorado Springs Airport official, the airport is suffering because airlines flying to Colorado Springs raised fares, causing many passengers to drive to Denver before boarding a plane. However, the number of markets a business traveler can reach from Colorado Springs rose during the year.

United Airlines announced tentative plans for a \$400 million expansion at Denver International Airport that include demolishing its current commuter terminal on concourse B, and building a new U-shaped commuter-airline terminal on Concourse A and a new tunnel linking concourses A and B. The plan is an attempt to create more capacity for United Airlines to expand the number of daily departures from 300 to 400 by 2005.

## Gaming and Tourism

Gaming continues to pay big for casinos in Colorado's three gaming towns of **Black Hawk**, **Central City**, and **Cripple Creek**. Casinos in the three towns brought in a new record of \$547.2 million in adjusted gross proceeds (total revenues less winnings) during 1999, up 14.2% from 1998.

Visits to Colorado's national parks and monuments rose 4.8% in 1999 to 6.2 million. Visits rose at every site in the state except Dinosaur and Bent's Old Fort, where visits declined by 2.2% and 10.4%, respectively. Visits to Rocky Mountain National Park, Colorado's largest national park, rose 5.0% to 3.2 million in 1999. Meanwhile, more than a million people have visited Colorado's Ocean Journey Aquarium since it opened in June 1999.

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The Denver Art Museum's Impressionism exhibit was visited by 215,000 people during its ten-week tenure in Denver. According to a study by BBC Research and Consulting, 43,000 came from outside the six-county metro area with the primary purpose of seeing the exhibition, and collectively spent \$9 million on lodging, dining, and entertainment outside of the museum. Meanwhile, museum attendance was up 80% compared with the same ten-week period a year before, and gift shop revenue during the show was \$1.2 million, rather than the estimated \$200,000 that would have occurred without the show.

According to a report by Horwath Hospitality Consulting/Montgomery & Associates, hotel occupancy rates in the Denver area dropped to 66.6% in 1999 from 78.4% in 1998, while the average room rate remained fairly steady at \$90.37 in 1999, down two cents from 1998. The drop in the occupancy rate occurred because of a large increase in the supply of hotel rooms; the number of hotel rooms in the Denver area increased 13% in 1999 and 10% in 1998.

Meanwhile, Colorado Ski Country USA reported that skier visits to Colorado's ski areas during October through December of 1999 fell 16.8% compared with the same period in 1998. Poor snowfall was blamed for the low level of skier visits, with Colorado's snowpack only 45% of the average as of January 1, 2000.

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## Agriculture

The number of cattle and calves on feed for the slaughter market in Colorado as of January 1, 2000, was 1.6% lower than a year earlier. Meanwhile, cow and calf prices increased in January compared with a year ago and steer and heifer prices were lower in January than a year ago. Mid-January cow and calf prices were 11.2% and 24.3% higher than mid-January 1999 levels, while steer and heifer prices were 2.7% lower than one year ago.

Wheat, corn, and barley prices were all substantially lower in January than a year ago. Mid-January wheat, corn, and barley prices were 19.2%, 5.7%, and 18.3% lower than mid-January 1999 levels. However, corn and barley prices rose in January compared with December, while wheat prices continued to fall.

Thirteen employees were laid off when the Grett Dairy, located in **Olathe** in Montrose County, closed down after 51 years in business.

## Metropolitan Denver

The value of nonresidential construction in the six-county metro area, which includes Adams, Arapahoe, Denver, Douglas, and Jefferson counties, grew 25.0% in 1999 over 1998. Construction experienced strong gains in the manufacturing, dormitories, public buildings,

education/science, and hospital/health treatment sectors, while construction in the commercial sector held steady. Meanwhile, residential construction in metro Denver grew 15.6% in 1999, primarily a result of strong growth in the construction of apartment buildings and multi-family homes.

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According to Chicago Title Corporation's 24<sup>th</sup> annual survey of new and used homes, the median price of a home paid by *first-time* buyers in metro Denver grew 11.7% in 1999 over 1998, more than twice the national average of 5.8%. The median price paid by *first-time* home buyers in metro Denver was \$127,500 in 1999, while the national median price was \$150,300. The median price of a *move-up* home in the Denver area was \$172,200 in 1999, 1.3% lower than in 1998 and lower than the national median of \$195,700, which rose 3.1% in 1999. The median household income of all home buyers in the Denver area was \$69,700 in 1999, while the national median income was \$73,500.

Lockheed Martin Corporation announced that its **Jefferson County** plant will be the company's new headquarters for its space-systems division. In addition, restructuring will cause 2,800 people to be laid off companywide, with between 90 and 120 in the Denver area. Lockheed employs 6,150 people in the Denver area, and 140,000 people worldwide.

The City and County of Denver will begin construction on a \$124 million, 11-story municipal office building at 14<sup>th</sup> Street and Tremont Street this summer. Approximately 2,300 government workers will be moved into the building from offices scattered around the city once it is completed in late 2002.

The Tabor Center, a retail complex in downtown Denver, will receive a \$25 million renovation. The renovation will add 26,000 additional square feet of retail space to its current 110,000 square feet and add street-level storefronts to the complex.

The University of Colorado received a \$25 million medical grant from the Anschutz Foundation to help construct the Anschutz Center for Advanced Medicine, a \$170 million medical complex at Fitzsimons in **Aurora**. The two-building complex will house the CU Cancer Center and clinics specializing in obstetrics, allergy, endocrinology, and ear, nose, and throat. Construction on the complex began in May 1998 and is expected to be completed in March 2001.

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PacifiCare Health Systems Inc. will lay off 450 people nationwide, including 180 people in Colorado. The workforce reduction is an attempt to cut the company's costs. PacifiCare employs 8,300 people nationwide, including 1,000 people throughout Colorado.

Graphic Packaging, a manufacturer of beer and food cartons, will close its plant in **Boulder** and move most of its employees to a new plant in **Golden**. An unknown, but small, number of the Boulder plant's current 200 employees will lose their jobs, and the remainder will be rehired in Golden. The plant in Golden should be fully operational by the third quarter of 2000.

Plans were announced to build two Marriott hotels in **Westminster**. Construction will begin this spring on a 142-room SpringHill Suites by Marriott in the Church Ranch Corporate Center, and construction will begin nearby on a 278-room full-service Marriott across the street from the Westminster Promenade in the spring of 2001.

Plans were announced for a \$600 million residential development on land near **Castle Rock** east of Interstate-25. The plan would put 5,500 housing units ranging from apartments to custom homes on 700 acres over the next 15 to 20 years. Meanwhile, WalMart opened a new 206,000-square-foot store in Castle Rock and hired 300 new employees to staff it. WalMart has 38 stores and more than 13,500 employees in Colorado.

## Boulder County

The value of nonresidential construction in Boulder County rose 52.8% in 1999 over 1998. This growth was spurred by construction in the manufacturing, commercial, and education and science sectors, while construction in the religious, dormitories, and hospital and health treatment sectors declined. Meanwhile, the number of residential construction permits issued in Boulder County grew 0.7% in 1999 over 1998, with large increases in the construction of apartment buildings offset by declines in the construction of single-family homes.

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*“According to the Boulder County Assessor, the average price of a single-family home in Boulder County rose to \$269,776 in 1999, up 8.7% from 1998’s average of \$248,190.”*

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According to the Boulder County Assessor, the average price of a single-family home in Boulder County rose to \$269,776 in 1999, up 8.7% from 1998's average of \$248,190. Meanwhile, the number of home sales in Boulder County increased only 3.5% in 1999 over 1998. The price increase has been blamed on a limited supply of homes on the market accompanied by a large demand for homes in Boulder County. Prices were highest in the city of Boulder, where the average single-family home price in 1999 was \$335,685, much higher than in Longmont (\$188,352), Louisville (\$241,339), Lafayette (\$295,272), Broomfield (\$215,391), Erie (\$226,336), and Superior (\$256,502). Only unincorporated Boulder County had a higher average price than Boulder, at \$390,176.

Storage Technology Corp. announced plans to lay off 600 employees in addition to the 600 laid off during the fourth quarter of 1999, which included 325 at its **Louisville** headquarters. The number of the additional layoffs that will occur in Colorado is unknown. The restructuring is a result of persistent financial problems.

**Boulder**-based Colorado MEDtech laid off 18 people in January, a result of lower than expected

earnings. The company, which manufactures and distributes medical devices, employs 460 people in Boulder.

Powerworx Online Inc., a Boulder-based Internet service provider, laid off between 60 and 70 of its 80 employees in late January. Although the company will not close its doors, a volatile and highly competitive Internet service market was blamed for the substantial reduction in the company's workforce.

## Western and Mountain Regions

The value of nonresidential construction in **Mesa County** and **Montrose County** grew 31.7% and 17.3%, respectively, in 1999 over 1998. Growth in Mesa County was primarily due to strong growth in the religious, public buildings, manufacturing, and education and science sectors, while construction in the commercial, amusement, and hospital/health treatment sectors declined. Growth in Montrose County was due to strong growth in the manufacturing, public buildings, and hospital/health treatment sectors, while construction in the commercial sector declined. Meanwhile, residential construction in Mesa County and Montrose County grew 41.8% and 18.1%, respectively, in 1999 over 1998, a result of strong growth in the construction of apartment buildings and single-family homes. In **Eagle, Pitkin, and Summit counties**, the value of nonresidential construction fell 12.9%, and residential construction rose 14.6%.

Construction is expected to begin in May on a \$110 million development in **Breckenridge**. The development will include 200 condominiums and 34,000 square feet of retail shops on the site of the old Bell Tower Mall.

Plans were announced to build two separate residential developments near **Rifle** in Garfield County. The first, Arabian Heights North, would place 78 single-family homes and 62 multi-family units on 40 acres. The second, Promontory at Graham Mesa, would place 95 single-family

homes and 72 multi-family units on 35 acres. Also in Garfield County, plans were announced to build a \$3.3 million, 800-seat theater in **Glenwood Springs**.

In Eagle County, the **Gypsum** Town Council approved an annexation south of the Eagle County Regional Airport. Plans for the area include the development of 899 single-family homes over the next 15 years in addition to recreation facilities and open space. A total of 50 homes are expected to be built within a year.

Grocery company City Market will lay off 100 of its current 180 employees at its headquarters in **Grand Junction**. Much of the administrative functions currently done in Grand Junction will be moved to the King Soopers headquarters in Denver. City Market has 38 stores in western Colorado, Utah, New Mexico, and Wyoming.

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*“... StarTek USA will open a project management operation in March in Grand Junction and hire 200 people with average wages of \$12 an hour to staff the operation.”*

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Denver-based StarTek USA will open a project management operation in March in Grand Junction and hire 200 people with average wages of \$12 an hour to staff the operation. As part of a contract with the city, StarTek must fill at least 160 of the new jobs with local applicants. StarTek already has a separate call-center in Grand Junction.

The Robert E. DeNier Youth Services Center, a new 28-bed, \$3.3 million juvenile detention center opened in **Durango** in January. The center will allow juveniles from La Plata, Montezuma, Dolores, Archuleta, and San Juan counties to remain in southwestern Colorado rather than being sent to Grand Junction.

## **Southern Region**

The value of nonresidential construction in **El Paso County** grew 40.3% in 1999 over 1998, primarily due to strong growth in the commercial, manufacturing, public buildings, and hospital/health treatment sectors. Construction in the

dormitories and education/science sectors fell. Meanwhile, the value of nonresidential construction declined 0.7% in **Pueblo County**, with gains in the commercial, manufacturing, and education/science sectors offset by declines in the dormitories, hospital/health treatment, and public buildings sectors. Residential construction in El Paso County and Pueblo County grew 33.3% and 12.2%, respectively.

According to a report by the American Chamber of Commerce, the cost of living in **Colorado Springs** was 1.3% higher than the average for the United States during the third quarter of 1999. **Pueblo's** cost of living, however, was only 91.3% of the U.S. average. The report analyzed the cost of food, housing, utilities, transportation, health care, and goods and services to compare the cost of living between cities.

According to a report by the City of **Colorado Springs** sales-tax office, retail sales in Colorado Springs year-to-date through November grew 7.1% compared with the same time period in 1998. Auto sales led the way, with a growth rate of 14.5%, while sales in furniture, appliances, and electronics grew 13.7%. Sales at grocery stores was the only category that experienced a decline, with a 4.4% decline through November 1999 compared with the same time period in 1998.

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*“Intel Corporation announced plans to open a flash memory-chip manufacturing plant in the former Rockwell International Corp. campus in Colorado Springs and to initially hire 1,000 people.”*

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Intel Corporation announced plans to open a flash memory-chip manufacturing plant in the former Rockwell International Corp. campus in Colorado Springs and to initially hire 1,000 people. Salaries will range between \$35,000 and \$45,000, substantially higher than the average annual wage of \$30,000 in El Paso County. The company could hire an additional 1,000 people in coming years, depending upon economic conditions. The plant is expected to begin operating as early as fall 2000. According to a local economist, the economic impact on the city's economy of the Intel plant could be nearly \$140 million every year.

Plans were announced for a \$4.9 million retail development at the **Pueblo West Marketplace**. A \$2.9 million Safeway store is planned to be built, in addition to a service station and several smaller shops.

### Northern Region

The value of nonresidential construction in **Larimer County** grew 45.1% in 1999 over 1998, primarily due to strong growth in the amusement, public buildings, education/science, and hospital/health treatment sectors. Construction declined in the commercial, manufacturing, and religious sectors. Meanwhile, the value of nonresidential construction declined 23.8% in **Weld County**. Gains in the dormitories, hospital/health treatment, manufacturing, and public buildings sectors were offset by declines in the commercial and education/science sectors. Residential construction in Larimer County and Weld County grew 1.3% and 23.3%, respectively, in 1999, led by growth in the construction of apartment buildings.

Hewlett-Packard announced plans to consolidate its **Greeley** facility into its **Fort Collins** facility during the next 18 to 24 months, moving 640 employees from Greeley to Fort Collins. The move, which will not result in any job losses, is a result of the company's attempt to maximize the use of its current real estate holdings. An additional 165 employees of the Greeley Storage Systems Division will be hired by Dii Group's Dovatron division, which is buying the division from Hewlett-Packard. Hewlett-Packard employs 4,450 people in Colorado, and has had operations in Greeley for 20 years.

### Eastern Plains Region

Rocky Mountain Clothing Co. will close its **Rocky Ford** manufacturing plant in Otero County and lay off 64 people by April. The western-style clothing manufacturer plans to hire contractors to perform the work currently performed in the manufacturing plant.

**Colorado Indicators  
Year-to-Date Growth Rates**

Indicator	1999 Annual Average	1998 Revised Annual Average
Nonfarm Employment Growth	2.3%	3.6%
Unemployment Rate (seasonally adjusted)	2.9	3.8
Housing Permit Growth §	14.2	8.6
Single family	3.7	13.6
Apartments	53.0	-7.2
Growth in Value of		
Nonresidential Construction §	25.1	-12.0
Retail	22.4	-5.1
Offices	-3.4	36.5
Factories	131.6	-77.0

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-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.*

**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 December 1999)	0.5	\$2.6	\$2.2	\$2.6	1.4	2.6	1.5	-0.1	3.6	2.4	0.6	1.7	2.5	1.3
Unemployment Rate (not seasonally adjusted) (through December 1999)	4.3	2.3	2.9	2.2	3.1	2.5	3.3	3.0	2.7	4.3	4.4	1.8	2.0	2.4
Retail Trade Sales Growth (through September 1999)	0.4	9.7	7.4	9.0	8.2	7.4	6.1	2.2	8.8	5.3	4.2	0.8	6.8	-3.7
Housing Permit Growth * (through December 1999)	2.4	0.7	33.3	15.6	-19.4	1.3	41.8	23.3	1.1	18.1	12.2	14.6	50.0	63.9
Growth in Value of Non-residential Construction* (through December 1999)	-57.0	52.8	40.3	25.0		45.1	31.7	-23.8		17.3	-0.7	-12.9	-83.6	-80.4

§ Nonfarm Employment Growth.  
Actual level not growth rate.  
Colorado Department of Labor and Employment data.

\* F.W. Dodge data.  
Colorado Department of Revenue data.  
Nothing was contracted in 1999, while \$4.5 million was contracted in 1998.  
\$31.0 million was contracted in 1999, while \$8.9 million was contracted in 1998.