



Colorado Economic Chronicle

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National Economy

Inflation-adjusted **gross domestic product** (GDP) increased at a 5.5% annual pace during the first quarter, reflecting a slight upward adjustment from earlier estimates. Consumer spending increased at a 7.7% annual rate. Purchases of motor vehicles and parts and home furnishings led the surge. Meanwhile, business investment, led by computer equipment spending, jumped 23.7%. The trade deficit continued to act as a drag on the economy, as imports increased at an 11.7% rate, while exports increased 6.2%. The Federal Reserve Board did not change interest rates at its June meeting, opting to wait on further changes until second quarter economic statistics are released.

“The Federal Reserve Board did not change interest rates at its June meeting, opting to wait on further changes until second quarter economic statistics are released.”

Layoffs of 190,000 Census workers restricted overall **employment** gains to a mere 11,000 in June, the weakest figure in four years. Nonetheless, private sector employment increased 206,000, led by strong gains in services and retail trade. Private employment fell by a revised 165,000 in May. During the second quarter, the overall average monthly gain in private employment was 110,000, a significant decrease from the average 244,000 gain during the first quarter, and a strong indicator that the economy is slowing.

Initial and continuing jobless claims are rising. The **unemployment rate** eased down to 4.0% in June from 4.1% in May.

The **consumer confidence** index fell by nearly six points in June, perhaps another indication that the economy will be slowing in upcoming months. However, the May index level matched the previous all-time high. High gasoline prices, rising interest rates, and a see-saw stock market were cited as reasons for the fall in consumer confidence. Personal income rose 0.4% in May, following a revised 0.6% increase in April. Income gains exceeded consumer spending for the second consecutive month. Meanwhile, the saving rate reached a record low of 0.3% during the second quarter.

Rising mortgage rates and the stock market are beginning to affect **housing starts**. Chart 1 shows the relation of housing starts to mortgage rates since July 1997. As rates fell, housing starts had an upward trend. After rates began to rise in early 1999, housing starts began a general downward trend, though were likely affected positively by a strong stock market in late 1999 and early 2000. The combination of higher mortgage rates and a weaker stock market since March caused the recent slide in housing starts. Meanwhile, May data on **home sales** was mixed. Existing-home sales increased 4.3% and new-home sales fell 0.2%.

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Chart 1.
Housing Starts and Mortgage Rates



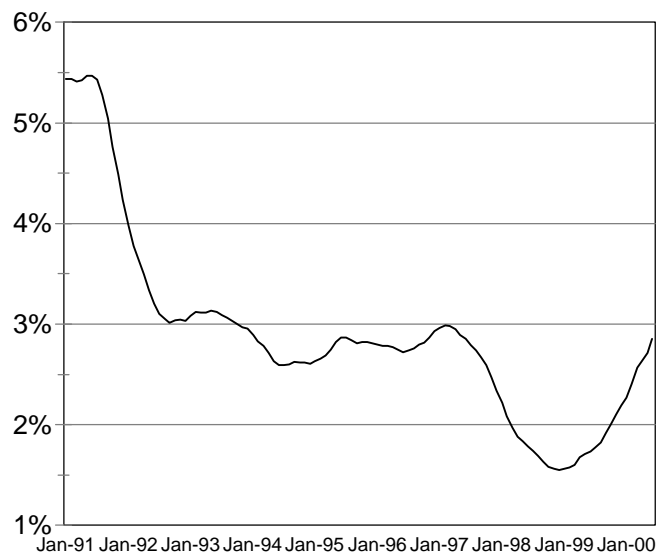
The **manufacturing** sector is showing mixed signs. The National Association of Purchasing Management reported that its index of manufacturing conditions fell from 53.2% in May to 51.8% in June. Although an index above 50% indicates expansion, the index has fallen five percentage points over the past four months, indicating that a slowdown is underway. Industrial production in June at U.S. factories, mines, and utilities rose 0.2%, the smallest increase in nine months and another indication of a broad-based slowdown. However, durable-goods orders surged 6.0% in May, led by increased orders for electronics equipment.

After little or no changes to the main price indices in May, both producer and consumer prices were on the rise again in June. **Producer prices** jumped 0.6% in June after no change in May, fueled by large increases in gasoline, natural gas, and other energy costs. A combination of refinery capacity problems, tight inventories, and environmental regulations contributed to the gasoline price increases. Meanwhile, the core producer index fell 0.1%, suggesting price pressures for other goods were restrained. **Consumer prices** also surged by 0.6% in June after a modest 0.1% increase in May. Energy costs were up markedly. The core inflation rate for consumer goods and services increased by

0.2%. While inflation is on the rise, it remains modest by historical standards (see Chart 2).

Most economic statistics for the nation suggest that a slowdown was underway during the second quarter. While this is normally viewed as negative, the slowdown is welcome news. A continuation of the rapid gains of the previous two quarters would likely initiate further inflation concerns, the worst enemy of economic expansions.

Chart 2. National Inflation Rate
12 Month Moving Average



Colorado Economy

The Colorado economy continued expanding during May and June. The unemployment rate reaching a record-low 2.2% in May, while employment continued growing steadily amid a severe labor shortage. Both residential and nonresidential construction remained at very high levels, although at lower levels than a year ago. Retail sales, although slowing from the heady pace experienced during the first quarter of 2000, remain very strong.

Colorado's Economy at a Glance

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

Employment

The Colorado seasonally-adjusted unemployment rate hit a record-low 2.2% in May, down from 2.8% in April and 2.9% a year ago. May unemployment fell to 50,700, a decline of 14,500 from the prior month. This is the fewest number of unemployed persons since 1978. Meanwhile, nonfarm wage and salary employment increased 3.9% through May, slightly stronger than the 3.8% gain during the same period in 1999.

Job gains were concentrated in the high technology sector, but also occurred in the finance, mining, and airplane manufacturing industries. Online business-to-business Internet firm Alliente Inc. will hire 40 people in Colorado Springs by the end of the year. Nupremis, an e-business applications company, began operations in Boulder with 100 new employees. The Boulder-based manufacturer of digital access equipment Carrier Access will add 250 jobs during the next three years. Nextlink Communications will move its headquarters from Virginia to Denver

and hire between 200 and 300 people by the end of the year. Compaq Computer will expand its operations in Louisville, hiring 30 people in 2000 and another 35 people in 2001. Coherent Technologies, a developer of airplane radar instruments, plans to hire 60 people within the next two years in Louisville. Finance firm Transamerica Capital will hire 100 people to help staff its new national headquarters in Denver. The American Soda mine near Parachute will hire 90 people by November, when the mine expects to begin full operation. In addition, airplane manufacturer Adam Aircraft Industries will hire up to 200 people to help staff its new facility at Centennial Airport.

"The American Soda mine near Parachute will hire 90 people by November, when the mine expects to begin full operation."

Job losses occurred in the finance, Internet, hospital, and food manufacturing sectors. Poor earnings caused finance firm J.D. Edwards to lay off 242 people in Denver. Internet firms RMI.net of Denver and Kickstart.com of Greenwood Village laid off 27 people and 20 people, respectively. The Colorado Psychiatric Health section of the University of Colorado Health Sciences Center in Denver laid off between 15 and 20 people due to budget cuts. Finally, food manufacturer Hain Celestial Group eliminated 18 jobs at its Boulder plant.

Residential Construction

According to F.W. Dodge, the number of housing permits fell 7.2% through May compared with the same time period in 1999. Permits for single-family housing declined statewide by 0.8%, while permits for apartment units fell by 19.2%. In a separate report, the Home Builders Association of Metropolitan Denver said that permits for single-family homes declined 21.4% during the first quarter of 2000 compared with the same time period in 1999. The association cited higher mortgage rates and more affordable options in the home resale market as reasons for the decline.

Meanwhile, according to Perry and Butler, the average price of a single-family home in the metro-Denver area hit \$241,518 in June. Higher-price homes continue to pull the average price up much faster than the median price. The median price (where half of the homes are above the price and half are below the price) of a single family home in the metro-Denver area was \$196,950 in June. Over a three-month period, the average price of a home in Denver topped \$235,000, a 14.1% increase over June 1999. The number of homes under contract declined 2.2% through June, compared with the same period last year. Meanwhile, the number of unsold homes has climbed over the past three months, an indication that high prices and higher mortgage rates are having an impact on buyers entering the market.

“The median price ... of a single family home in the metro-Denver area was \$196,950 in June.”

Plans for three new loft developments with a total of 185 units were announced in the Highland neighborhood in **Denver**. First, construction on the Residences at Highland Crossing, which includes 100 units priced from \$161,000 to \$424,000, should begin this summer. Second, construction is expected to begin this month on 56 units at Highland Terrace, ranging in price from \$173,565 to \$277,200. Finally, the Loup Development Company will break ground this fall on 29 units priced from \$200,000 to \$488,000. The Highland neighborhood has seen tremendous growth in the last few years due to its proximity to downtown Denver.

Douglas County commissioners voted to approve a 5,576 acre development northwest of Castle Rock. Plans call for 2,406 single-family homes, 95 affordable housing units, two golf courses, two regional parks, and four local parks in a community called The Canyons.

The Gart Sports Building in downtown **Colorado Springs** will be converted to lofts and retail space. The lofts will range in price from around \$250,000 to over \$300,000 and range in size from 1,500 to

1,800 square feet. The development on the 27,300-square-foot property will cost an estimated \$1.25 million, excluding the \$900,000 purchase price for the building. Redevelopment will begin in the fall and be completed as early as mid-2001.

Nonresidential Construction

The value of nonresidential construction fell 32.2% through May, according to F.W. Dodge. Each of the major sectors declined. Commercial building, which is the largest sector, fell 16.2%, while the education and science sector fell 50.8%. Construction of manufacturing facilities fell 81.6%. The volatile nonresidential construction sector increased 29.9% in 1999.

Houston-based Hines development company announced plans for a 600,000-square-foot, 40-story office tower in **downtown Denver**. Construction will begin once Hines secures 25% to 35% of the space in pre-lease agreements. Net lease rates could range from \$23 to \$26 per square foot, higher than the average \$20 in downtown Denver but lower than comparable office tower space at the Republic Plaza. The new building, located between 14th and 15th streets at Lawrence and Arapahoe, would be the first new downtown high-rise office space in 15 years.

“Plans were announced to develop the Stonegate Business Park in northeast Douglas County.”

Plans were announced to develop the Stonegate Business Park in northeast **Douglas County**. The office park, at 150 acres, hopes to attract high-technology tenants similar to those at Interlocken in Broomfield or InterQuest in Colorado Springs. Infrastructure development, including water, sewers, roads, and open space, should be completed by the end of the year. Construction on office buildings may take place as early as 2001 and may eventually accommodate 2 million square feet of office space, 5,000 employees, 30 acres of open space, and small areas of residential and retail space.

Invesco Funds Group announced plans to break

ground on a new 28-acre campus in the **Denver Tech Center**. Currently housed in 170,000 square feet of office space and employing 800 people, Invesco estimates the new headquarters could accommodate 500,000 square feet and 2,000 employees. Construction of the first phase, which includes two buildings totaling 275,000 square feet, should begin in mid-July and should be completed in late 2001.

As residential development skyrockets in west metro neighborhoods (Sloans Lake, Edgewater, West Highland, and the Central Platte Valley), area retail centers are receiving an influx of redevelopment plans. Burns Investment properties recently closed on a \$7.5 million purchase of 200,000 of the 300,000 square feet at the JCRS Shopping Center in **Lakewood**. The company announced multi-million dollar plans to renovate the center, to be renamed the Bell Tower Plaza. Plans include a new facade, an upgraded landscape, new walkways and entryways, and a new name. Improvements should be completed by the end of the summer.

Construction began in June on a new \$32 million, 161,200-square-foot office building in **Douglas County** near Park Meadows Mall. American Century, a mutual fund investment management company, plans to move 400 employees from Denver to the building by mid-2001.

Western Skies released plans to develop a 168,000-square-foot retail center in **Colorado Springs**. The development, called Union Town Center, will be on 23 acres in the Briargate subdivision. Pending city council approval, construction could begin in mid-2001. Western Skies also has second-phase plans to develop an additional 15 acres north of the retail area that is zoned for office and commercial use. The new retail center will serve the burgeoning population in the Briargate area.

The North Suburban Medical Center in **Thornton** will expand by adding a 59,000-square-foot medical office building. Thornton will also see the development of a 126,000-square-foot retail center, called Northland. The \$13 million project will develop 13.5 acres into a grocery and several retail stores and restaurants.

Advanced Technology

Boulder-based Carrier Access announced plans to add 250 jobs over the next three years. Carrier Access makes digital access equipment for Internet connectivity. In addition, Nextlink Communications, currently based in McLean, Virginia, announced it will move a regional headquarters to **Denver** and hire 200 to 300 people in the next six months. Nextlink offers broadband communications services to businesses over fiber optic and broadband wireless facilities.

Some Internet firms are suffering from the nationwide fallout in the industry during the beginning of 2000. RMI.net (formerly Rocky Mountain Internet) eliminated 27 jobs in Denver and 108 jobs nationwide in order to reduce overhead costs. Up to this point, RMI had sought profits by expanding its subscriber base and acquiring 23 Internet service providers in the past two years. Kickstart.com, a **Greenwood Village** non-profit web hosting service, eliminated 20 of its 46 jobs in order to reorganize its business model. According to Kickstart.com, the company was supporting too many charities and was not able to recoup costs from Internet advertising revenue. The company plans to focus specifically on a Denver Public Schools project in which all district computers would use Kickstart as a web portal and earn money by using Kickstart services.

“...Colorado ranked first among all states for the ratio of high-technology jobs per capita...”

Recent surveys suggested that Colorado is one of the strongest regions for high-technology employment. The American Electronics Association reported in May that Colorado ranked first among all states for the ratio of high-technology jobs per capita with 84 high-technology jobs for every 1,000 people, first in job growth from 1997 to 1998, fourth in sector job growth from 1993 to 1998, eighth in average wages, and tenth in 1998 overall sector employment. The Software and Information Industry Association found that **Boulder-Longmont** (1st), **Colorado Springs** (6th), **Denver**

(11th), and **Fort Collins-Loveland** (20th) all ranked in the top 20 metro areas in software employment per capita.

Manufacturing

The Colorado Front Range Purchasing Managers' Index recovered to 61.3 in June, after a precipitous fall from 61.8 in April to 51.5 in May. An index above 50 represents an expanding manufacturing economy. The individual indexes for production, new orders, and prices all showed gains. However, the individual indexes for the availability of unskilled and skilled labor declined to 36.5 and 32.3, respectively, indicating that Front Range businesses are struggling to find employees.

Transportation

Denver International Airport recently became the 10th busiest airport worldwide in terms of passenger traffic. Cargo use also increased 4.4% in 1999. To meet increased demand for shipping, DIA will begin construction on an additional cargo taxiway.

Denver International Airport also announced plans for a pedestrian tunnel between each of the three concourses to handle expected growth in passenger traffic. This comes soon after a report indicating that passenger traffic increased 2.6% through April compared with the first four months of 1999. Increased traffic occurred despite rising fares. Business fares purchased within 3 days of the flight averaged \$711, the highest rate in the nation for the last 11 months.

United Airlines released plans to build a new \$100 million commuter air terminal, scheduled to open in 2003. At completion, the terminal addition should offer 36 gates for United Express and other commuter carriers.

Agriculture

Cold weather in May followed by hot and dry weather in June may translate to an estimated winter wheat yield significantly less than last year's record yield of 43 bushels per acre. The Colorado

Wheat Administrative Committee anticipated a yield as low as 30 bushels an acre for this year's crop. Because the hot and dry weather conditions are common throughout the country, the price for winter wheat may increase this year because of the reduced harvest. In 1999, the state winter wheat crop brought in \$273.5 million in sales.

Mining

The American Soda mine in the Piceance Basin near **Parachute** in Garfield County announced plans to hire an additional 90 people by November, when full operations begin. The company will drill for nahcolite, an ingredient of baking soda, glass, detergent, and animal feed. The mine currently employs 35 people.

Tourism

An annual survey conducted by the Colorado Tourism Board found that the number of tourists in 1999 declined 4% from the prior year while overall spending by tourists in Colorado remained level with 1997's figures. Meanwhile, the estimated number of tourists coming from within Colorado increased relative to the number of tourists coming from outside of Colorado, suggesting that Colorado's share of the U.S. tourism market declined. In 1999, the state accounted for 1.8% of leisure trips made in the U.S., compared with 2.7% in 1992.

*"...the number of tourists in 1999 declined
4% from the prior year..."*

For the second consecutive ski season, the number of skiers at Colorado ski resorts decreased significantly. There were less than 10.9 million skiers and snowboarders in the 1999-2000 season, down 4.5% from the 11.3 million visits in 1998-99. Skier visits declined 4.2% in the 1998-99 ski season.

Ski industry experts say that Colorado ski resorts may cut next year's spending on capital improvements by as much as 50 percent from this year's record \$233 million. The cuts come after the comple-

tion of some major base developments and two years of falling skier visits. **Winter Park** announced that it will spend between \$5 million and \$6 million on maintenance projects next year, while **Vail Resorts Inc.** announced plans for \$57 million in improvements for its five resorts in Colorado and Wyoming, \$3 million less than last year. Resorts receiving improvements in Colorado include Vail, Breckenridge, Keystone, and Beaver Creek ski areas. Improvements include high-speed lifts, land acquisitions, and increased snowmaking capabilities. Keystone will receive the majority of the improvements.

Energy

Inflation-adjusted gasoline prices hit their highest points since the OPEC oil embargo in the early 1970s. A recent survey conducted by AAA Colorado found that the average price for regular unleaded gas was \$1.653 a gallon as of July 4, a 2.2% increase from June 22 and a 44.4% increase from the previous year. While Saudi Arabia announced a production increase of 500,000 barrels of oil a day, it is expected that the supply increase will not affect prices for at least a few months.

Metropolitan Denver

Several firms made announcements about job gains and losses in the Denver area. Transamerica Capital will establish its new national headquarters in the **Denver Tech Center** and plans to hire 100 new workers. Including the staff that will be relocated to Denver, the company expects to have 130 employees at the new headquarters. Bringing additional clout to the metro area as a financial hub, Transamerica markets insurance, mutual funds, and annuities.

Adam Aircraft Industries, a small airplane manufacturer, is finalizing a lease agreement at Centennial Airport in **Arapahoe County** to produce "push-pull" planes that offer an engine in the front and rear of a plane. Adam Aircraft would be the only aircraft maker at Centennial and hopes to employ up to 200 people. Initial development plans call for 32,000 square feet of hangars, factory

space, and office space. Eventual development plans allow for 100,000 additional square feet for airplane storage and service.

Poor earnings caused J.D. Edwards to lay off 800 of its global workforce, including 242 at the **Denver** headquarters. The software company cut back its face-to-face customer training operations, still leaving 2,450 employees in the metro-Denver area.

In response to budget cuts, Colorado Psychiatric Health of the University of Colorado Health Sciences Center in Denver was forced to eliminate 6 beds and cut 15 to 20 jobs. This occurred on the heels of a similar cut in January. The Health Sciences Center blamed the cuts on fewer reimbursements from Medicare, delayed payments from managed care plans, and rising health costs. The number of psychiatric hospital beds has declined from more than 1,000 in the early 1990s to 300 currently.

Denver saw \$501 million in commercial real estate transactions from January to June 2000, a 79% increase over the first six months of 1999. The average commercial price tag in the first six months of 2000 was \$8.95 million, compared with \$6.24 million in 1999.

"...the downtown Denver office vacancy rate hovers around 5.1%, low by historical standards."

Cushman and Wakefield of Colorado reported that Denver **central business district** lease rates averaged \$20 per square foot at mid-year, compared with an average of \$11 per square foot in 1990. Meanwhile, office space purchase prices have averaged \$139 per square foot in 2000, compared with \$117 per square foot in 1999. According to Frederick Ross, the downtown Denver office vacancy rate hovers around 5.1%, low by historical standards. With an average of 1.7 million square feet of occupied office space during the first six months of 2000, the Denver office real estate hit the highest annualized occupancy since the early 1980s.

The Denver Regional Council of Governments (DRCOG) released its 2000-2020 population fore-

cast. In 20 years, DRCOG estimates the metro area will have 3.23 million residents, a 38.2% increase over current levels. The fastest growing county in the metro area is expected to be **Adams County**, which is expected to grow 69.8% during the next 20 years, or by an average of 11,400 residents per year. DRCOG also forecast strong population and employment growth along the E-470 corridor.

A local tourism study released by the Denver Metro Convention and Visitors Bureau suggested that the 16th Street Mall and the LoDo District were responsible for 19% and 16%, respectively, of tourism dollars spent in Denver in 1999. For the first time, downtown retail surpassed the Cherry Creek shopping center in visitor attraction. Another notable finding was that while the number of visitors, both for business and leisure, was down 4.0%, dollars spent increased 4.5% over 1998 figures. Business travelers, a sector that increased their travel to the Denver area, spent an average \$108 a day compared with the \$76 average daily spending by leisure travelers.

Lucent Technologies spun off its enterprise networking division to a new corporation, Avaya Communication. In the metro-Denver area, Avaya will take 6,800 employees from Lucent for network design, construction, and software solutions while Lucent will retain 840 employees for telecommunications equipment manufacturing and software. The spin-off gives metro Denver a larger share of the 34,000 Avaya employees than anywhere in the country. Lucent expects to complete the spin-off by the end of September.

The city of Denver announced plans to renovate Red Rocks Amphitheater in **Morrison** beginning in the fall 2001. The remodeling will involve updating the infrastructure, creating a new plaza area for restaurants at the top of the seating area, and an information center providing a historical overview of Red Rocks. The project is estimated to cost \$22 million and be completed by 2002.

Boulder County

Several firms made announcements about job gains

and losses in the Boulder area. Nupremis, an e-business applications company, began operations in **Boulder**. The company began operations with \$25 million in venture capital and 100 employees.

Coherent Technologies, a laser radar company, plans to consolidate its current headquarters in Lafayette and its Boulder office to a new headquarters building in **Louisville** next year. The company will begin construction on a 64,000-square-foot facility at the Colorado Technology Center in Louisville in September. Coherent will move its current 90 employees to the building by the end of next year, and hire an additional 60 employees within the next two years. The company also has plans to add an additional 19,000 square feet in the long run.

Compaq Computer Corp. will locate a software operation in **Louisville**. They announced plans to expand their storage management software operations there in September. The company plans to hire at least 30 people by the end of 2000 and another 35 by the end of 2001.

Hain Celestial Group, based in New York, eliminated 18 jobs at its Boulder plant. The layoffs are part of a reorganization resulting from the merger between Hain Foods and Celestial Seasonings that was finalized on May 30.

“The Boulder-Longmont area has four times the national average of programming, engineering, systems analysis, and technical support jobs as a percentage of population.”

In a recent survey by Forbes Magazine, the **Boulder-Longmont** area ranked 4th out of 200 best places to live. The area ranked high on measures of five-year wage and salary growth, one-year wage and salary growth, and the concentration of growth in the high-technology sector. Further underscoring the Boulder-Longmont area's importance to the high-technology industry, a Software & Information Industry Association survey ranked the area first for the concentration of software-related jobs in the nation. The Boulder-Longmont area has four times the national average of programming, engineering, systems analysis, and technical support

jobs as a percentage of population.

Southern Region

Plans were announced to build a four-story, 150,000-square-foot speculative office building in the Briargate Business Campus in northern **Colorado Springs**. Other current construction in the Briargate Business Campus include a 147,000-square-foot customer service center for investment firm T. Rowe Price.

Online business-to-business firm Alliente Inc. opened its headquarters in Colorado Springs and announced plans to double its 40-member workforce by the end of the year. The Hewlett-Packard spinoff employs 80 people worldwide.

Schauer Construction was awarded a contract to build an 80-unit multi-family housing development in northeast Colorado Springs at Austin Bluffs Parkway and Woodmen Road. The apartments will be first offered to enlisted personnel who work at Peterson Air Force Base, Schriever Air Force Base, Cheyenne Mountain Air Station, and the Air Force Academy. Rental rates will range from \$775 to \$950. An estimated 40% of the units will be designated for low-income housing, renting between \$465/month for a one-bedroom to \$675/month for a three-bedroom apartment.

The 75,000-seat Colorado Springs World Arena has earned more than \$1.2 million since it opened in February of 1998, and attracted 465,000 spectators to 213 events in 1999 alone.

“The Colorado Sky Sox AAA baseball club has plans to construct a new stadium in downtown Colorado Springs..”

The Colorado Sky Sox AAA baseball club has plans to construct a new stadium in downtown Colorado Springs between W. Vermijo Avenue and W. Cimarron Street along S. Sierra Madre Street. The proposed location will be just east of the voter-approved \$11 million, 30-acre park being built between Interstate 25 and the railroad tracks. Pro-

posal plans hope for completion in 2003.

A recent study by the Colorado Springs Economic Development Office found that a Colorado Springs high-technology incubator could create 2,000 new jobs, add \$90 million in annual payroll, \$300 million in annual sales, and \$10 million in local annual tax collections. Incubators are organizations that help new companies form business and marketing plans, or help develop the manufacturing and engineering processes for products.

In a recent survey by Forbes Magazine, Colorado Springs ranked 10th out of 200 best places to live. The Springs area was bolstered by its strong 1-year and 5-year job growth as well as its concentration of economic growth in the high-technology sector. In a similar survey of smaller cities, **Pueblo** ranked 8th out of 94 best places to live. Pueblo was pushed up the list by its second-place ranking of 5-year economic output growth among high-technology companies.

The **Alamosa** City Council approved the annexation of 163 acres for the purpose of developing land for a new Wal-Mart. The current Wal-Mart, occupying 80,000 square feet, will be razed to make room for a new 183,221-square-foot store. The new store will employ 400 people, 185 more than the existing store. For the support of smaller local merchants, the Alamosa Uptown and River Association proposed the development of more downtown walking areas and small retail shops.

Northern Region

Plans were announced to build the five-story, \$22.5 million, 100,000-square-foot Sears Trostel Building in downtown **Fort Collins**. The building will include retail and office space, in addition to some residential units.

In a recent survey by Forbes Magazine, the Fort Collins-Loveland area ranked 11th out of 200 best places to live. The Fort Collins area was bolstered by its strong 5-year wage and salary growth and 5-year job growth. In a similar Forbes survey of smaller cities, **Greeley** ranked 7th out of 94 best

places to live. Greeley was pushed up the list by its 5-year economic output growth of high-technology companies.

The \$13.5 million construction project will offer a three-story 105,000-square-foot office building on a 26-acre site in Promontory Point. Development will begin in the fall and is expected to be completed by summer 2001. State Farm Insurance began development of its \$60 to \$70 million construction of a new office campus in Greeley. The first phase of the construction, a 500,000-square-foot building located on 130 acres, should be completed by mid-2001.

Greeley also announced preliminary plans to build an ice rink, and the Greeley Hillside Mall will be the beneficiary of an \$8.9 million renovation by the end of the year.

Western Slope

Plans were announced to expand the Clagett Memorial Hospital and E. Dene Moore nursing home in **Grand Junction**. The expansion, which will cost between \$9 million and \$13 million, includes major renovations of the current buildings and a new two-story building that will house the emergency department, surgery suites, an in-patient clinic and rehabilitation center, and 11,000 square feet of medical offices. Construction is expected to begin in June 2001 and be completed within three years.

“Plans were proposed for a large-scale development in west Glenwood Springs...”

Plans were proposed for a large-scale development in west **Glenwood Springs** that would include 772 housing units, 624,000 square feet of office space, and 508,000 square feet of retail space. A city report estimates that the Glenwood Meadows retail development could create 4,000 new jobs. The current population of Glenwood Springs is 8,000.

Two new commercial buildings will be constructed in Glenwood Springs to ease office demand and

parking congestion in the downtown area. The first project will be a three-story, 22,825-square-foot building. It will accommodate office space on the first two floors and seven residential units on the top floor. The second building will be smaller at 2,440 square feet and will be designed for small office space.

American Airlines announced that it will begin offering nonstop jet service between Dallas/Fort Worth and **Montrose** during the 2000-2001 ski season to help service tourists visiting the **Telluride** ski resort, also known as the Telski ski resort. Meanwhile, the resort recently announced plans to add 733 acres, nearly doubling its current terrain. The expansion is contingent upon approval by the Environmental Protection Agency and the Army Corps of Engineers.

According to Comparable Sales Research, a Montrose-based firm, the *average* resale price for a single-family home in **Montrose County** was \$143,440 last year.

In **Montezuma County**, The Canyon of the Ancients was declared a national monument in early June. The 164,000 acre area surrounding Hovenweep National Monument will now be banned from recreational off-road bike and motorized vehicle use. While oil, gas, and CO2 drilling will continue in the area, the national monument status will prohibit exploratory drilling.

The recent heat wave has been a boon for fruit growers on the Western Slope, particularly in **Palisade** and Delta County. High temperatures have sped up the ripening process for cherries, apricots, and peaches. All of the year's fruit crops are expected to be strong this year. The apple crop, however, is expected to post a small yield due to a mid-May freeze in the North Fork Valley.

Mountain Region

A multitude of residential development is either underway or proposed in **Eagle County**. Construction began on a \$400 million development in Eagle that is expected to take 20 years to complete. Plans

for the 1,575-acre development include 900 single-family homes and between 150 and 200 condominiums, townhomes, and lofts, and a 120,000-square-foot commercial area. Retail space, office space, a new elementary school, a town square, and a church are also planned. The developer estimates that the development would double Eagle's current population of 3,000.

“Construction began on a \$400 million development in Eagle that is expected to take 20 years to complete.”

Also in Eagle, plans were announced for a 196-unit development. The Bluffs will include 135 single-family homes on 6,000-square-foot lots and multi-family housing. Finally, plans were announced for the Brush Creek Valley development in Eagle County, which includes 300 homes, a golf course,

and some commercial space on 1,100 acres near the Eagle town limits.

Plans were announced to expand the **Snowmass Center** in order to accommodate the needs of the growing town. The plans include a three-story building near the post office with 16,660 square feet of commercial and office space and 5,100 square feet of housing priced to accommodate the income level of city employees.

Eastern Plains Region

Elbert County officials enacted a moratorium on new growth last month to allow them additional time to plan for booming growth. Elbert County's population has doubled in the last decade to 21,000 people. More than 1,600 new homes are currently planned and will be unaffected by the moratorium.

Colorado Indicators Year-to-Date Growth Rates

Indicator	May 2000	April 2000	1999 Annual Average
Nonfarm Employment Growth	3.9%	4.0%	3.7%
Unemployment Rate (seasonally adjusted)	2.2	2.8	2.9
Housing Permit Growth §	-7.2	-3.2	14.2
Single family	-0.8	-4.3	3.7
Apartments	-19.2	2.5	53.0
Growth in Value of			
Nonresidential Construction §	-32.2	-30.7	25.1
Retail	-29.3	-35.7	22.4
Offices	14.1	10.6	-3.4
Factories	3.6	21.7	131.6

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% in 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 May 2000)	4.1	3.2	3.5	3.8	1.9	4.2	4.2	2.4	7.5	5.7	-0.8	4.0	7.1	9.4
Unemployment Rate (not seasonally adjusted) (in May 2000)	3.5	2.0	2.6	2.3	3.0	2.4	2.7	2.6	2.0	3.3	3.2	4.1	3.9	2.4
Retail Trade Sales Growth (through April 2000)	9.3	11.4	6.5	12.9	5.7	11.9	7.6	13.4	14.0	9.8	5.2	4.2	7.3	12.9
Housing Permit Growth * (through May 2000)	38.6	18.9	1.0	-12.7	-16.9	-11.1	-14.5	15.5	-49.0	9.5	-24.9	-31.9	22.0	-66.7
Growth in Value of Non-residential Construction* (through May 2000)		-17.1	-20.8	-35.3	35.8	-80.6	-55.7	-22.0		-33.3	-0.7			

Actual level not growth rate.

Colorado Department of Labor and Employment data.

* F.W. Dodge data.

Colorado Department of Revenue data.

\$52.7 million was contracted through May 2000, while \$14.9 million was contracted through May 1999.

Nothing was contracted through May in both 2000 and 1999

Nothing was contracted through May 2000, while \$3.3 million was contracted through May 1999.

\$172,000 was contracted through May 2000, while \$45 million was contracted through May 1999.

\$6.7 million was contracted through May 2000, while \$1.8 million was contracted through May 1999.