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National Economy

Inflation-adjusted **gross domestic product** (GDP) grew at an anemic pace of 0.2% during the second quarter of 2001. This represents the weakest annualized growth rate during the current slowdown, which has now lasted for four quarters. Business spending, which has led the downturn, plunged by 14.6%. Consumer spending, which has kept the economy afloat thus far, weakened during the second quarter, rising only 2.5% following growth of at least 3.0% over the previous three quarters. Growth in consumer spending has not been this weak since 1996. Government spending, particularly state and local spending, was a major contributor to economic growth with an increase of 5.4%. The recent government spending trend is unlikely to continue, however, as government budgets are becoming increasingly constrained by the weak economy. Meanwhile, GDP growth for 2000 was revised from 5.0% to 4.1%. GDP growth for each of the previous two years was revised down by 0.1%.

"There are some indications that the labor market is beginning to stabilize."

Nonfarm employment fell by 42,000 in July, following a revised decline of 93,000 jobs in June. The **unemployment rate** was unchanged at 4.5% in July and has averaged 4.4% this year. The average unemployment rate in 2000 was 4.0%. There are some indications that the labor market is beginning to stabilize. Initial claims for unemployment insurance are well below their peak earlier this summer and the four-week moving average of initial claims has fallen in four of the previous five weeks. However, the four-week moving average for continuing unemployment insurance claims has barely moved, indicating that people are still having difficulty finding jobs.

Personal income increased 0.3% in June, while consumer spending rose at a slightly faster 0.4% rate. Personal income growth during the second quarter was modest (3.8% annual growth rate), compared with 2000 (7.0%) and the first quarter of 2001 (5.8% annual rate). Data revisions by the Bureau of Economic Analysis raised previous estimates of disposable income and reduced estimates of consumption. Thus, the personal **saving rate** is now positive, albeit low at 1.1% in June. Previous estimates of the saving rate indicated that it turned negative in 2000. Despite being in positive territory, the saving rate is markedly below previous years.

Most economic indicators have not shown a turnaround, thus **consumer confidence** turned down in July, following two months of rising confidence. Consumer sentiment turned more bearish in nearly all sectors of the index. **Retail sales** were flat for the second consecutive month in July. Lower gasoline prices were largely responsible for the flat sales. Lower interest rates, the tax cut advances, and cash from the latest round of mortgage refinancing should begin to stimulate consumer spending during the third quarter.

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The **manufacturing sector** remains firmly entrenched in recession. The *National Association of Purchasing Managers' Index* was 43.6% in July, falling after two months of increases in the index. The index has been below 50%, the benchmark for contraction in the industry, for 12 consecutive months. *Industrial production* fell 0.1% in July, the tenth consecutive month of decline. The *industrial capacity utilization* rate declined to 77.0% in July and is now more than 5.0% below its average level from 1967 to 2000.

"The residential real estate market continues to be a bright spot for the economy."

The **residential real estate** market continues to be a bright spot for the economy. Although sales of *existing homes* fell 0.6% in June, the annualized sales rate of 5.33 million units is one of the highest levels on record. Some softness in sales is evident as the inventory of homes on the market rose 9% in June. Meanwhile, *new home* sales also remain at high levels. *Housing starts* reached their highest level this year in July. However, the number of building permits issued has weakened throughout the year. The housing market is being supported by low mortgage rates. The average rate on a 30-year conventional mortgage dropped to 7.0% in early August.

Good news continued for both consumer and producer **prices** in July. A 5.6% decline in energy prices led the overall consumer price index down by 0.3%. The core rate of inflation rose 0.2% in July. Meanwhile, producer prices fell by 0.9% in July, marked by a 5.8% drop in energy prices. The continued low inflation rates gave the Federal Reserve Board the additional latitude to reduce the federal funds rate and discount rate by another 25 basis points on August 21. The federal funds rate is now 3.5% after the seventh reduction this year. The Fed maintained its easing bias as they see continue to see a downside risk for the economy.

The national economy remains weak and is unlikely to significantly recover until corporate profitability returns to boost business investment spending. Additionally, the country's economic slowdown is spreading to many of our major trading partners. The reduced demand for U.S. goods and services is beginning to hurt the bottom line for GDP growth. The initial impact of tax reductions, combined with the interest rate reductions, will help prop up the economy in the near term.

Colorado Economy

Colorado's economy continues to show some evidence of weakness. Employment growth continues to slow and layoff announcements are still numerous. The office vacancy rate for the metro-Denver area reached the highest ever since the mid-1990s, which is reflected in a decrease in planned office construction. Retail trade sales continue to lag in light of recent years with only a small increase of 1.8% through May compared with the same period last year. The high vacancy rates, the weak retail sales growth, and the numerous layoffs are likely to continue to slow Colorado's economy over the next several months.

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	↑	Neutral
Nonresidential Construction	↓	Bad
Colorado Inflation Rate	↑	Bad
Overall Rating	↑	**Good, but weakening**

Employment

Colorado's unemployment rate increased slightly from 2.8% in May to 2.9% in June. Only five other states registered lower unemployment rates than Colorado, according to the Colorado Department of Labor and Employment. Nonfarm employment increased 3.2% through June. However, the employment level in June was only 2.0% higher than one year ago, confirming the rapid pace of the weakening economy.

According to the Census Bureau, Colorado ranked 13th in the country for at-home workers with 4.2% of its labor force, or 97,617 people, working at home in 2000. The numbers partially reflect the state's agricultural/ranching background. South Dakota ranked first with 6.4% of its population working at home.

"...announced layoffs exceeded announced new hires."

Job announcements were numerous in the past month. Once again, however, announced layoffs exceeded announced new hires. Layoffs totaled 2,496, while gains were 260. Information on employment gains and losses may be found in the regional sections.

Residential Construction

According to the U.S. Census Bureau, total housing permits increased 10.5%, or 3,183 units, through July. Single-family permits increased 7.0%, while permits for multi-family dwellings increased 19.7%.

According to the Apartment Association of Metro Denver, the apartment vacancy rate for the metro-Denver area in June reached a 10-year high of 5.7%. The supply of apartment units has increased faster than the number of people occupying them. The increase is attributable to the last-minute rush to pull permits before voting on the failed growth amendment in November 2000. Building permits for apartment units statewide in 2000 reached their highest level in 16 years. According to CB Richard Ellis, the new apartments are taking longer to fill and could keep adding to Denver's vacancy rate. The last time the vacancy rate was higher was at the end of 1991 when the rate reached 6.4%. Currently, the highest vacancy rate in the state is in Douglas County at 9.3%.

While the Denver area apartment vacancy rate has jumped, Northern Colorado reported a very low apartment vacancy rate with a range between 1.7% and 3.8% for the Fort Collins, Loveland, and Greeley areas, according to the Colorado Division of Housing. According to a recent survey by The Group Inc., Loveland has the second-lowest vacancy rate in the state.

Nonresidential Construction

According to F.W. Dodge, the value of nonresidential construction permits decreased 5.5% through July, compared with the same period last year. The largest category, commercial buildings, decreased 20% showing the effect of increased office vacancy rates on the nonresidential construction sector. Construction in the public buildings, the religious, and the hospital and health treatment sectors declined, while building activity increased in the manufacturing and the education and science sectors.

Due to the number of closures and layoffs in the technology sector, Denver's office vacancy rate continues to rise. For the first time since the mid-1990s, Denver's office vacancy rate has jumped to above 10%. The hardest hit areas are in the southeast and northwest suburbs, according to commercial broker Fuller and Co., with the northwest vacancy rate reaching 32%.

Inflation

"...the last time inflation was this high was in 1983…"

Consumer prices in the Denver-Boulder-Greeley metropolitan area increased 5.4% over the first half of 2000. On an annual basis, the last time inflation was this high was in 1983 when the rate measured 5.7%. In 1983, Colorado and the nation was winding down from several years of high inflation. The 2001 increase was due in part to a 27.1% increase in the fuel and utilities component of housing. Total housing costs increased 7.7%. That gain was exceeded by a 7.8% rise in the cost of apparel, the first increase in clothing costs since 1997. The index for medical care prices rose 5.5%, while food and beverage prices increased 4.4%.

The core inflation rate, which excludes food and energy, increased 4.6% over the first half of 2000.

Colorado's inflation was high compared with the nation, which posted a comparable inflation rate of 3.4% .

Personal Income

According to the U.S. Bureau of Economic Analysis, Colorado's personal income increased 10.1% from the first quarter of 2000 to the first quarter of 2001. Strong wage increases in the construction, trade, and finance, insurance, and real estate industries caused the growth in personal income. The mining sector also contributed to the increase, posting a 16.9% gain.

Although there has been an overall increase in personal income in Colorado, about 20.7% of working families are at financial risk and do not earn enough to afford the basic necessities to survive, according to the Economic Policy Institute. Working families consisting of two parents and two children require basic budgets ranging from at least $36,033 a year in the Grand Junction area to $41,246 a year in the Boulder-Longmont area, the highest amount in the state. Approximately 173,000 Coloradans who belong to working families are unable to earn those amounts with nearly one-third of the families facing at least one critical hardship, such as eviction or starvation. Almost half of all black and Hispanic families fall below the basic budget levels compared with one-fifth of white families.

Transportation

Colorado transportation officials designated U.S. Highway 287 as the Port-to-Plains Highway, a planned free-trade truck route between Texas and Colorado. The route would begin in Dumas, Texas, head north through the panhandle of Oklahoma and swing through southeastern Colorado to Limon where it will connect with Interstate 70. Federal dollars would be used to upgrade Highway 287 in order to handle the increased truck traffic of 5,000 trucks per day. Cost estimates range from $537 million to $1.1 billion.

Denver International Airport's passenger traffic for June 2001, totaling 3.6 million passengers, was down 0.4%, or 14,000 passengers, from June 2000. For the first half of the year, DIA passenger traffic slipped 1% to 19 million. The decline is indicative of weaker business traffic from the nationwide economic slowdown.

The second largest jet service at DIA, Frontier Airlines, announced that it will begin flights from DIA to Reno/Tahoe International Airport and Austin-Bergstorm International Airport in October 2001. With the new service, Frontier will serve 24 cities from its Denver hub. Meanwhile, United Airlines is continuing with its plans to build a new 35-gate commuter terminal on the east side of Concourse A at DIA. United plans to move its gates that are temporarily located on the west side of Concourse B to the new terminal when it is completed. Groundbreaking and completion dates have not been disclosed.

Business

Venture capital has dried up, relative to a record-breaking amount of funds invested in 2000. According to the PriceWaterhouseCoopers MoneyTree survey, venture capital investment in Colorado businesses totaled $280 million in the second quarter, 28% less than the first quarter and 75% less than the second quarter of 2000. Perhaps more dismal was the relatively small distribution of funds. This quarter, 39 companies were funded, compared with 73 a year ago. Colorado ranked 4th nationwide in the amount raised.

"Venture capital has dried up, relative to a record-breaking amount of funds invested in 2000."

The Vectra Bank Colorado Small Business Index hit a ten-year low of 85.7% in July. This figure was down 1.5% from the previous month and 7.3% from a year ago. The drop was a result of slowing employment growth and increases in jobless claims, mirroring the national trend.

The Small Business Survival Index, published by a Washington D.C. nonprofit group, revealed that Colorado ranked 11th among states for a small-business-friendly environment. Colorado was ranked high for its low tax rates, electricity costs, worker compensation costs, and lack of minimum wage requirements.

Manufacturing

The slow improvement over the past four months in Colorado's manufacturing sector came to an end with a sharp drop in the July 2001 Front Range Purchasing Managers' Index as buyers placed fewer orders with manufacturers. The index fell sharply from 51.4 in June 2001 to 45.2 in July. A score below 50 means manufacturing activity is declining. July's index indicated that all five major components of the index — lead times, inventory levels, new orders, production, and employment — showed weakness. The index is based on a survey of executives from manufacturing firms along the Front Range from Colorado Springs to Fort Collins.

Mining

According to the Minerals Management Service, Colorado received $35.7 million in federal mineral revenue through June 2001, a 58% increase from last year. The jump in revenue reflects an increase in production and higher natural gas prices. Nationwide, a record total of $656 million in royalties was collected from operators leasing federal land in the first six months of this year, compared with $363 million for the same period in 2000.

Tourism

"Tourism has been affected negatively by the economic slowdown and high gasoline prices."

Tourism has been affected negatively by the economic slowdown and high gasoline prices. Figures released by the Colorado Hotel and Lodging Association indicate that statewide hotel occupancy through June was down about 1%, compared with last year. Visits to the state's national parks and monuments through June declined 5.4%. Only three of the 10 sites experienced a visitation increase. Attendance at Rocky Mountain National Park, the state's most popular national park or monument, decreased 2.0%. Visits at both Curecanti and Dinosaur national monuments fell by more than 18%. Trips to the Colorado National Monument increased 13.4%.

According to a survey conducted by the Colorado Springs Convention and Visitors Bureau, hotel accommodations for the El Paso County area were down about 10% through June 2001, compared with the same period last year. Area attractions in the El Paso County area are not faring well either. The Garden of the Gods Visitors Center suffered a 3% drop in tourism in July 2001, compared with a year ago. The Pikes Peak Cog Railroad had a decrease of about 7% in May and June 2001, compared with the same period last year.

Metro Denver

The high-tech woes continued during the past month. Arapahoe County-based Rhythms NetConnections, a DSL Internet service provider, laid off about 700, including 600 in Colorado, of its remaining 950 workers nationwide in August after filing for bankruptcy. Of the remaining workers, 180 will be laid off in September with 70 employees staying on to sell the company's remaining assets.

Another Arapahoe County-based company, T-Netix, a provider of telecommunication services to the corrections industry, will be moving its headquarters to Dallas. The company will eliminate 47 jobs, or about 10% of its work force due to an overlap in some business areas after T-Netix's acquisition of Gateway Technologies Inc.

Avaya Inc., a communications systems and software company, will lay off 100 workers in Colorado in October when it closes its global in-house training program. The company already cut 833 Colorado employees at the end of July at its offices in **Westminster** and **Highlands Ranch**. Avaya is attempting to cut costs to cope with a slower economy.

Two **Westminster**-based companies cut jobs due to the slowing economy. MatchLogic, an online marketer, cut 90 jobs in early August. The company reduced its work force due to the softness in the media advertising market. ChannelPoint, a company that provides insurance software, laid off 200 employees, or 27% of its work force. Most of the layoffs were at its Colorado Springs location**.** The cuts were due to budget cutbacks in a number of their larger accounts.

On the positive side, **Arapahoe County**-based Archstone Communities Trust plans to expand its work force and move to a larger office in the Denver Tech Center as a result of its impending merger with Alexandria, Va.-based Charles E. Smith Residential Realty. The company plans to increase its work force by nearly 50%, hiring up to 120 people, and to lease 64,000 square feet of office space for its new headquarters. The company plans to hire 70 people for accounting-related positions, including transfers from its El Paso, Texas operations. Another 50 jobs will be added in its payroll, benefits, information technology, internal audit, communications, training, insurance, and risk management departments. The merger is expected to be complete in September with hiring to begin immediately. In south **Jefferson County**'s Ken Caryl Business Center, Apria Healthcare will be building a $7 million, 100,000-square-foot regional headquarters. The company will be bringing 210 jobs to Jefferson County.

"Construction began at the end of July on a new Aurora municipal building to open in early 2003."

Construction began at the end of July on a new **Aurora** municipal building to open in early 2003. The $66.5 million building will be 280,000 square feet and will consolidate most of the city's offices, saving about $450,000 a year in lease payments. Also in Aurora, TRW began construction in early August on a 103,800-square-foot office building to be built on 13.6 acres. Construction should be completed in about a year.

Forest City Stapleton Inc. will begin construction in the first quarter of 2002 on The Town Square Building, a 168,000-square-foot, five-story office building to be built on the former Stapleton Airport site. Completion of the building and occupancy are planned for the first quarter of 2003. Over 800 single- and multi-family homes, the town center, and a retail center should be completed by 2003 as well. Future development plans for the 4,700-acre site include retail, open space, parks, and recreational amenities.

In the southeast area of metro Denver, plans are being made for a new business center, the Prairie Trail Business Park, to be constructed on 7.92 acres at the Compark Business Campus. The plan consists of three buildings totaling 83,000 square feet which are expected to be completed by summer 2002. Also in the southeast Denver area, White Lodging Services Corp. plans to build a $39 million, 278-room Marriott Hotel in the Park Ridge Corporate Center. The six-story hotel will be on an 8-acre site with construction to begin late this summer. The hotel will have a restaurant, fitness center, business offices, and 12,500 square feet of meeting space. Completion is planned for October 2002.

"A $24 million, 174-room Embassy Suites Hotel will be built near DIA."

A $24 million, 174-room Embassy Suites Hotel will be built near DIA. The seven-story hotel will have a restaurant, business center, fitness center, 5,000 square feet of meeting space, and a 4,000-square-foot ballroom. The hotel should be open in late 2002.

In order to consolidate its three offices in southeast Denver, CH2M Hill, an engineering firm, plans to construct a $53 million corporate headquarters on a 17-acre site in the Meridian International Business Center. Construction of the two-building, 250,000-square-foot complex began in early August and should be completed by the end of 2002. Future plans may include three more office buildings on an additional 8 acres.

In Castle Pines Village, north of **Castle Rock**, plans have been made to develop a $20 million, 115,000-square-foot retail town square scheduled to open in fall 2002. The development will include a health club, gourmet grocery store, a wine shop, a cooking school, a five-star restaurant, and a service station. American Baptist Churches of the Rocky Mountains has plans to build a church and school adjacent to the center. In **Cherry Creek**, the first phase of the $100 million Greenhouse condominium project began in mid-August with construction of 58 units. The project will eventually be the largest condo project in Cherry Creek with six stories and 220 units on 2.4 acres to be built in four phases.

El Paso County

El Paso County's jobs increased 2.2% through June. The 3,300 layoffs in the county have slowed job gains throughout the year. June 2001 employment was only 1.0% higher than a year ago, the lowest growth rate since May 1991.

"The 3,300 layoffs in the county have slowed job gains throughout the year."

Among the layoffs this year, the technology sector has suffered the greatest amount of turbulence. Houston-based Compaq Computer Corp. laid off 158 Colorado Springs workers by the end of June and expects to lay off more by the end of the year. Compaq hopes to save about $900 million through all company-wide job cuts. Opuswave Networks Inc. plans to eliminate 43 positions at its Colorado Springs headquarter in an effort to reduce costs.

Faced with second-quarter revenues at 30% below expectations, Atmel laid off 250 employees at its Colorado Springs semiconductor operations in July. The company has been implementing various cost-cutting measures including idling the plant during the first week of July.

Another semiconductor maker, LSI Logic Corp., will close its Colorado Springs factory in September or October after a plan to sell the plant to a German company fell through. The closure will affect about 420 employees.

Quantum Corp. plans to lay off 500 employees at its Colorado Springs tape-drive manufacturing plant when the building is renovated into a sales and marketing office. The restructuring is expected to save the company $30 million annually. The layoffs will occur in five phases, starting in August and ending next March.

Alabama-based SCI Systems Inc., an electronics manufacturer, is consolidating its local operations at its plant in Fountain. After the consolidation, SCI will employ about 1,700 locally.

Despite the fact that job growth is slowing and layoffs are prevalent, a few companies in Colorado Springs have plans for expansion. California-based Actiontec, a company that develops equipment used to deliver high-speed Internet connections, plans to open a second operation in Colorado Springs in the next several months, doubling the company's local work force to 160.

Minco Manufacturing Inc., a manufacturer of copy machine fuser rollers, is closing its Mexico operation and moving it to its Colorado Springs plant. About 20 of employees will move from Mexico to the Colorado Springs plant with plans to triple that work force in the next few months.

"A developer in Colorado Springs plans to construct an 11-story building in the downtown area…"

A developer in Colorado Springs plans to construct an 11-story building in the downtown area, one of the larger residential projects in years. The 160,000-square-foot, $25 million building will contain 50 to 70 lofts and condominiums. Retail space will occupy the first floor with office space occupying the second and third floors. Construction on the project will begin in summer 2003. An $18 million project, Cheyenne Meadows Apartments, will begin construction in October. The development consists of 216 one-, two-, and three-bedroom units in 11 buildings and will have a central community facility with a pool and exercise room.

Developers are planning a 226,525-square-foot Shops at Briargate on 29 acres. The project will be a "lifestyle center" consisting of a group of stores in an outdoor retail center without the anchor stores of a traditional mall. Construction will begin in November and be completed within a year.

Northern Region

A low apartment vacancy rate in the northern region led to an increase in building permits, with several projects to begin construction in the next few months. More than 800 units in five projects have been approved in **Loveland**. Two projects in **Greeley** include a 229-unit apartment complex on the city's southwest side and a 100-unit complex in downtown. According to a survey by The Group Inc., the increase in building permits should boost the vacancy rate closer to 5%, a rate that is considered to be a market in balance.

Two medical facilities are planned for the Loveland area, including a veterinary clinic and a medical center. The veterinary facility will consist of a clinic on 4,375 square feet and a boarding facility on 8,000 square feet with an exercise area and an outside pool. The Sundance Medical Plaza will be a 21,000-square-foot medical center that will provide a mix of traditional, alternative, and mental health providers. The project includes a 3,500-square-foot ambulatory surgery center to be built within three to five years after the main center is completed.

Interchange Business Park, a 55-acre industrial park, is being developed in **Fort Collins** with construction on the first phase to be completed by early 2002. The first phase will include two dock-high buildings totaling 34,980 square feet and a 13,638-square-foot flex building. While most of the land will be developed as industrial space, it will also include six acres of retail property. Approximately 20 acres of the park will be dedicated as open space. Tenants will include McDonalds, Honda Motorsports, Sinnett Builders, and McCoy Sales, an industrial equipment distributor. Construction on the second phase should be completed in three to five years.

"Agilent Technologies will lay off 400 of its 5,800 Colorado workers by the end of September".

Agilent Technologies will lay off 400 of its 5,800 Colorado workers by the end of September. The job cuts are part of the company's plan to trim 9% of its worldwide staff in order to save approximately $500 million a year due to a slowdown in demand for its equipment. The layoffs will affect workers in Colorado Springs, Loveland, and Fort Collins.

Western and Mountain Regions

The **Snowmass** Village Town Council is reviewing plans for the Snowmass Center redevelopment project. The plans call for 51 new condos and townhomes, eight single-family houses, and a gondola terminal to connect the center with the Snowmass Village Mall and the new base village.

Intrawest Corp. has been chosen by Aspen Skiing Co. to develop a new base village on 12 acres at the base of the Snowmass ski area. Plans include between 600 and 700 primarily condominium units, restaurants, retail shops, and pedestrian walkways. A gondola and a children's center may be added as part of the on-mountain improvements.

Colorado Indicators
Year-to-Date Growth Rates

Indicator	June 2001*	May 2001	2000 Annual Average
Nonfarm Employment Growth ¤	3.2%	3.5%	3.9%
Unemployment Rate ¤ ‡ (seasonally adjusted)	2.9	2.8	2.6
Housing Permit Growth ~	10.5	5.4	9.0
Single family	7.0	8.3	-1.9
Apartments	19.7	-2.4	47.2
Growth in Value of			
Nonresidential Construction §	-5.5	-7.2	-14.2
Retail	14.5	-18.9	-12.8
Offices	-29.5	-24.8	22.9
Factories	265.9	451.9	-71.7

¤ Colorado Department of Labor and Employment data.
‡ Actual level, not growth rate.
~ U.S. Census Bureau data.
§ F.W. Dodge data.
* Housing and nonresidential construction data is for July 2001.

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 5.4% through the first half of 2001, following a 4.0% rate in 2000.

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 June 2001)	0.4	5.1	2.2	3.7	3.5	5.1	2.6	3.5	-2.7	2.9	0.4	3.2	2.2	2.3
Unemployment Rate ◊◆ (not seasonally adjusted) (in June 2001)	5.9	3.5	4.4	3.2	3.7	3.5	3.8	4.0	3.3	4.5	4.8	2.8	2.4	4.1
Retail Trade Sales Growth ▼ (through June 2001)	0.0	8.9	1.4	0.3	5.0	-0.3	2.8	5.4	-6.5	7.1	-0.8	3.8	5.6	-7.5
Growth in Value of Non-residential Construction* (through July 2001)	â	-25.2	-25.9	5.3	-92.1	ã	ä	26.5	å	-87.8	-60.8	-91.0	-38.7	æ
Housing Permit Growth * (through July 2001)	5.1	-48.2	1.5	8.2	5.8	3.8	28.8	43.9	0.0	-5.3	69.8	20.0	-34.4	18.9

◊ Actual level not growth rate.
◆ Colorado Department of Labor and Employment data.
* F.W. Dodge data.
▼ Colorado Department of Revenue data.
â $9.4 million was contracted in 2001, while $1.0 million was contracted in 2000.
ã $1.9 million was contracted in 2001, while $23.4 million was contracted in 2000.
ä $28.9 million was contracted in 2001, while $10.9 million was contracted in 2000.
å $994,000 was contracted in 2001, while $350,000 was contracted in 2000.
æ $2.7 million was contracted in 2001, while nothing was contracted in 2000.

After a decade of strong growth, Boulder County's economy remained healthy through the first half of 2001 despite some volatility produced by the slowdown in the advanced technology sector. Boulder County's economy is presently a mix of stability and volatility; the University of Colorado and other large government employers provide a stable employment base, while the large presence of firms in the advanced technology sector renders the county's economy vulnerable to the business cycle. Despite numerous layoff announcements, primarily in the advanced technology sector, employment continues to grow and unemployment remains extremely low. Nonresidential and residential construction are falling in 2001, but remain at fairly high levels. The office and manufacturing real estate sectors, however, are suffering as a result of the nationwide technology slowdown. Meanwhile, retail sales remain strong despite the slowing economy in the rest of the state, primarily as a result of the new Flatiron Crossing mall in Broomfield.

Much of the growth that occurred during the past decade in the Boulder County economy occurred along the U.S. 36 corridor in Broomfield, Louisville, and Superior. Broomfield's Interlocken office park is the location for many of the largest advanced technology employers that contributed substantially to the heady growth of the late 1990s and that are currently suffering from the nationwide technology slowdown. Broomfield is also home to the new Flatiron Crossing mall, which has allowed retail sales to continue to grow at very healthy levels through the first half of 2001, while retail sales elsewhere in the state have nearly ground to a halt. In November, however, Broomfield, will become its own city and county. As a result, Boulder County will lose any revenues generated from Interlocken and Flatiron Crossing mall.

Population

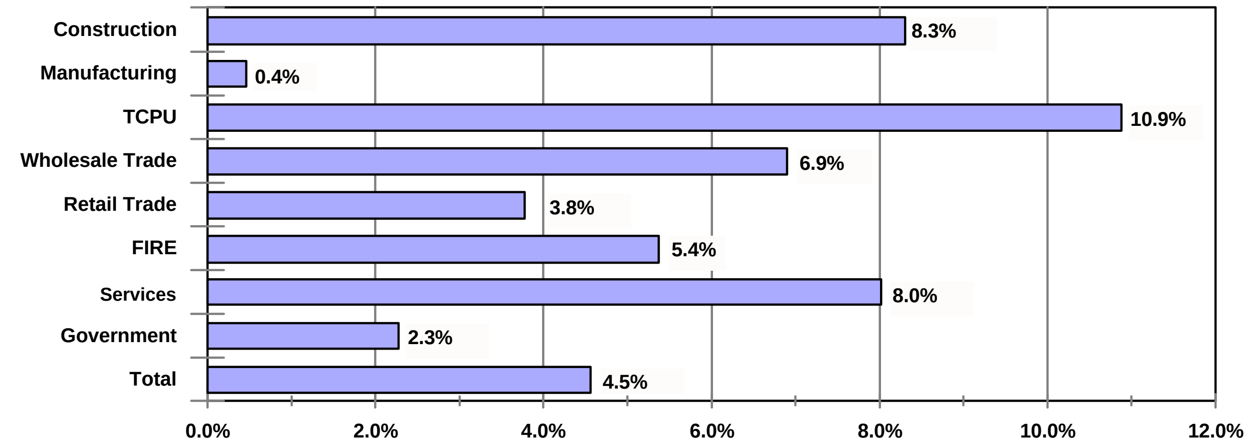
According to figures from the 2000 Census, Boulder County is the sixth-largest county in Colorado with 291,288 people. Boulder County's population increased at an average annual rate of 2.7% between 1990 and 2000, adding nearly 66,000 people. Boulder, with 94,673 people, is the largest city in the county and grew at an average annual rate of only 1.1% during the same time period. Meanwhile, the city of Erie grew from a population of only 1,258 in

Table 1. Boulder County Economic Indicators at a Glance

	Boulder	Colorado
Population Growth		
1990-2000 Compound Average Annual Growth Rate (CAAGR)	2.6	2.7
1999-2000 Growth Rate	2.6	2.0
Nonfarm Employment Growth		
1990-2000 CAAGR	4.5	3.9
1999-2000 Growth	6.7	3.9
Unemployment Rate (Regional data not seasonally adjusted)		
1990-2000 Average	3.7	4.2
2001 Year-to-date (through June)	2.5	2.8
Retail Trade Sales Growth		
1990-2000 CAAGR	8.8	7.7
2001 Year-to-date (through June)	8.9	1.0
2001 Year-to-date Nonresidential Construction Growth* (through July)	-48.2	-5.5
2001 Year-to-date Residential Construction Growth* (through July)	-25.2	6.2

** F.W. Dodge Data*

Chart 1. Average Annual Employment Growth 1990-2000

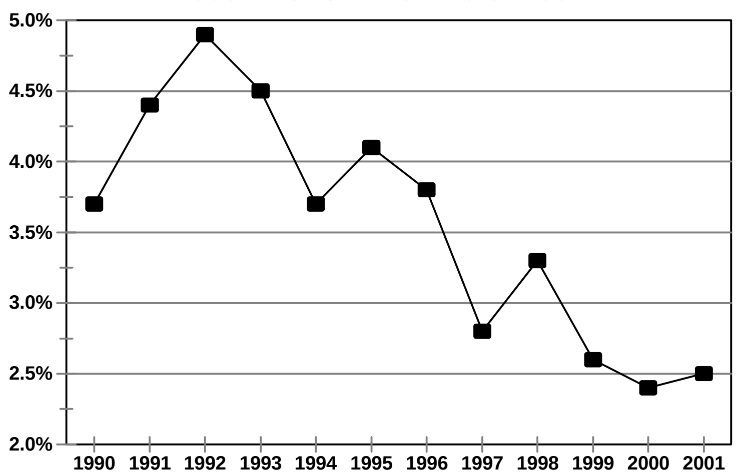


1990 to 6,291 people in 2000. The city of Superior showed even stronger growth, increasing from 255 people in 1990 to 9,011 people in 2000.

Employment

Employment in Boulder County grew at an average annual rate of 4.5% between 1990 and 2000, as shown in Chart 1. Boulder County employment growth outperformed the rest of the state; statewide employment grew at an average annual rate of 3.8% during the same time period. Employment in the county continued to grow at a healthy rate through the first half of 2001 despite numerous layoff announcements, growing 4.2% through June compared with the first half of 2000. Meanwhile, state employment grew 3.2% through June.

Chart 2. Unemployment Rate 1990-First Six Months of 2001



The unemployment rate in Boulder County averaged 3.7% between 1990 and 2000. As Chart 2 shows, unemployment rose substantially during the economic slowdown in the early 1990s. However, it began falling steadily during the mid- and late-1990s to a historic low of 2.4% in 2000, while severe labor shortages plagued employers. Meanwhile, the unemployment rate remains low through the first six months of 2001, averaging 2.5%.

Advanced technology is an integral portion of the Boulder County economy. Advanced technology firms in the county are major employers in the services, manufacturing, and communications sectors. Including some of the largest employers in Boulder County, they have been the most volatile portion of the local economy within the last decade, contributing to the boom during the late 1990s and to the current climate of increased layoffs in the sector. Employment trends in the software, advanced technology manufacturing, dot-com, Internet service providers and satellite, telecommunications, and advanced technology services sectors are described below.

Software industry. According to the Software and Information Industry Association, the Boulder-Longmont area had more software-related jobs per capita than any other metropolitan area in the nation in 1999 for the second year in a row. With 13,740 people, approximately 5% of the Boulder-Longmont work force was employed in software-related jobs, more than five times the national average. Software-related jobs include computer programmers, software engineers, systems analysts, database administrators, network administrators, and analysts and support specialists.

Circadence Corp. laid off 92 workers, including 44 in Boulder, in August. The Boulder-based company manufacturers software used to speed up Web-site performance. Prior to the layoffs, the company employed 170 people, including 120 people in Boulder.

After laying off 25 people, or 75% of its staff, in April, Boulder-based Ereo Inc. closed its doors in May. The fifteen-month-old company had designed a search engine for images on the internet, but was unable to retain clients for the technology due to the slowdown in the internet industry.

Boulder-based PlanetCAD laid off seven people, or 15% of its workforce. The firm designs software for the manufacturing industry.

Broomfield-based Global Commerce Systems laid off 56 people, or 19% of its staff, in late 2000. The company develops business-to-business software.

Despite the numerous layoffs, some companies are expanding. Turquoise Technology Corp. moved its 15 employees and its headquarters from Lafayette to Boulder this spring. The firm, which develops software to manage large volumes of data, expects its work force to grow to 200 people worldwide by 2003.

Lucent Technologies spinoff InPhase Technologies opened shop in Longmont in February with 12 employees. The company, which is developing a technology to increase the storage capacity of DVDs and compact discs, expects to hire approximately 88 more people within the next two years.

Advanced technology manufacturing. Programmable chip manufacturer Xilinx required its workers to take two weeks of vacation as a cost-cutting measure rather than resort to layoffs. In addition, the company has reduced salaries among all but its lowest-paid employees. Xilinx recently completed construction on a 125,000-square-foot facility in southwest Longmont, to which it plans to move its employees currently housed in Boulder. Xilinx currently employs between 250 and 300 people in Boulder County.

Computer disc-drive manufacturer Seagate Technology Inc. opened a new 443,000-square-foot facility in Longmont in January. The company moved approximately 1,000 employees from nine different buildings around Longmont to the $70 million, 4-acre facility.

In July, fiber-optic production equipment manufacturer ILX Lightwave laid off 34 people in Boulder. The company cited the downturn in the telecommunications industry as the reasons for the layoffs.

Tape-drive manufacturer Benchmark Storage Innovations hired at least 15 people in the past few months, expanding its work force to over 100 people. While the technology slowdown has affected other tape-drive manufacturers in Boulder County, such as Ecrix Corp., it may have aided Benchmark Storage Innovations because their products are concentrated in the low- to mid-end tape drive market. Ecrix Corp. laid off 24 people, or 21% of its staff, in May. Ecrix now employs 89 people in Boulder.

Adaptec laid off approximately 35 people, or nearly half of its 78-person Longmont work force, in late June. The manufacturer of advanced technology connectors laid off 325 people, or 15% of its work force, worldwide as a result of the slowdown in the technology sector.

"Boulder County's dot-com sector has experienced several casualties of the widespread technology slowdown nationwide."

Dot-Com Industry. Boulder County's dot-com sector has experienced several casualties of the widespread technology slowdown nationwide. With initial public offerings on the stock market and venture capital drying up, several of Boulder County's Internet companies closed their doors or cut employees in late 2000 and the first half of 2001. Fastideas, an incubator for Internet firms, is representative of this economic climate. The company laid off most of its 30 employees in February, and another two employees in May, currently retaining three employees.

Funded by venture capital firm iBelay, four of the original six startups nurtured by Fastideas have closed their doors. They include Ereo Inc., Grant-Seeker.com, Productbuzz.com, and RTOnline. All but RTOnline were headquartered locally.

Boulder-based NetLibrary laid off 32 people in the first quarter. The company pulled their initial public offering in December as a result of poor market conditions. NetLibrary, with 400 employees, manufactures and distributes electronic books on the Internet.

EarthWeb Inc. closed its Boulder, Boston, and San Francisco offices in early 2001, laying off 100 people, including 28 in Boulder. EarthWeb provides career-development resources over the Internet. New York City-based EarthWeb employed 350 people worldwide prior to the layoffs.

Superior-based MessageMedia Inc. laid off 100 people in December and another 46 people in April. Most layoffs occurred at the company's Superior location. The permission-based e-mail marketing company employs 340 people, including 214 in Superior. MessageMedia cited the slump in the Internet industry, combined with lower demand for marketing services, as the reasons for the layoffs.

Chicago-based MVP.com closed it Boulder subsidiary, PlanetOutdoors.com, laying off 39 people in late 2000.

"Broomfield is home to two firms attempting to corner the fiber-optic network market."

Internet service providers and satellite companies. Internet service provider Evoke Communications laid off 112 people in January, including 43 in Louisville. After the layoffs, the Louisville-based firm employs 208 people, including 142 people in Louisville. The company indicated that the layoffs would help contain costs, allowing the company to become profitable by 2002 without seeking further funding.

Telecommunications. Broomfield is home to two firms attempting to corner the fiber-optic network market. Both Level 3 Communications, with its North American fiber-optic network already constructed, and 360networks, still in the process of constructing its network, are experiencing difficulties as a result of the economic slowdown and an oversupply of fiber-optic cable. After relocating its headquarters to a new 95,000-square-foot building in Broomfield during January, 360networks laid off 325 people locally and 800 people worldwide in June. 360networks employs 225 people in Broomfield and 1,000 people worldwide after the layoffs. Not long after laying off 325 people worldwide in April, Level 3 laid off 1,400 people, or 24% of its worldwide staff, in June. The layoffs included 500 in Colorado, primarily in Broomfield. In addition, Level 3 announced tentative plans to consolidate its Colorado offices in Broomfield.

Advanced technology services. Boulder-based advanced technology public relations firm Metzger Associates laid off seven people, or 15% of its work force, in April. The company retained approximately 35 employees. Meanwhile, California-based eConvergent, an Internet customer-services provider, laid off 25 out of 120 people at its Longmont office in January.

"However, residential and nonresidential construction building and employment are slowing along with the economy in 2001."

The 1990s brought several years of double-digit growth for ***construction*** employment, with the construction of several large-scale developments, including Interlocken Office Park and the Flatiron Crossing mall. However, residential and nonresidential construction building and employment are slowing along with the economy in 2001. Employment growth in the construction industry increased 3.8% during the first half of 2001 compared with the first half of 2000, after increasing at an average annual rate of 8.3% between 1990 and 2000.

The ***manufacturing*** sector remains a major contributor to the local economy. Manufacturing employment declined 0.3% during the first half of 2001 compared with the first half of 2000, and grew at an average annual rate of only 0.4% between 1990 and 2000. In 1991, Boulder County's manufacturing sector employed 21.7% of the work force and represented 28.6% of wages earned in the county. In 2000, the sector employed 17.3% of the work force and represented 23.5% of wages. Because much of the sector is concentrated in advanced technology, the county's manufacturing industry provides some of the highest-paid jobs in the state. The average wage for Boulder County's manufacturing sector was $60,776 in 2000.

Medical device manufacturer Colorado MEDtech Inc. laid off 54 people in April, including 27 contract employees. MEDtech employs about 350 people in Boulder County.

Employment in the ***transportation, communications, and public utilities*** (TCPU) sector increased at an annual average rate of 10.9% between 1990 and 2000, faster than any other sector. The majority of this growth occurred in the latter half of the 1990s as a result of Level 3 Communications, which opened for business in Broomfield in 1998. The TCPU sector employed 3.8% of Boulder County's work force in 2000, up from 2.1% in 1990.

Employment in the ***retail trade*** sector increased at an average annual rate of 3.8% between 1990 and 2000, falling from 18.5% of the work force in 1990 to 17.2% of the work force in 2000. While employment in this sector increased only 2.8% through the first half of 2001 compared with the first half of 2000, it grew 6.1% in 2000 with the opening of Broomfield's Flatiron Crossing mall in August 2000. The 1.5 million-square-foot shopping mall generated $360 million in sales during its first year of operation, or $431 a square foot. Flatiron Crossing was expected to employ 3,000 people when it opened a year ago.

Employment in Boulder County's ***finance, insurance, and real estate*** (FIRE) sector grew 3.9% through the first half of 2001, after growing at an average annual rate of 5.4% between 1990 and 2000.

Boulder County's ***services*** sector employed 34.2% of the work force in 2000, up from 28.6% in 1991. After increasing at an average annual rate of 8.0% between 1990 and 2000, employment in the services sector increased 7.0% through the first half of 2001 compared with the same time period in 2000. In August, Texas-based Electronic Data Systems Corp. laid off 160 people. The company, which employs 8,000 people nationwide and 1,600 people in Louisville and Longmont, declined to say how many of the layoffs occurred locally. The company, which provides systems and technology services and business management services, blamed the layoffs on the weakening economic climate.

Boulder-based bicycle manufacturer Schwinn/GT Corp. laid off 300 people, including 80 people from their administrative offices in Boulder, in anticipation of the company's sale to another firm. Prior to the layoffs, Schwinn employed 530 people nationwide and 135 people in Boulder.

Federal, state, and local ***government*** employs 15.3% of Boulder County's work force. The University of Colorado, which employs approximately 7,500 full- and part-time workers, is the largest employer in the county. Other large government employers include the Boulder Valley School District, Boulder County, the National Oceanic and Atmospheric Administration, the City of Boulder, the National Center for Atmospheric Research, and the National Institute for Standards and Technology.

Full-time-equivalent (FTE) student enrollment at CU-Boulder increased 1.4% from 22,882 students in FY 1999-00 to 23,213 students in FY 2000-01. Most of the growth occurred among nonresidents; nonresident enrollment increased 4.3%, while resident enrollment increased only 0.2% in FY 2000-01. According to CU, the university has a substantial impact on the Colorado economy, with $400 million spent by CU students and $80 million spent by out-of-state visitors to CU students during fiscal year 1999.

"CU-Boulder faculty received research awards totaling $214.2 million in 2000, a 4.8% increase from 1999."

CU-Boulder faculty received research awards totaling $214.2 million in 2000, a 4.8% increase from 1999. The amount awarded to CU-Boulder faculty in 2000 represented 46.5% of all research awards granted to the University of Colorado system. According to the National Science Foundation, the University of Colorado continues to be ranked among the top universities in terms of research spending. In FY 1998-99, the CU system ranked 14th in overall research expenditures and 6th in federal expenditures among public universities in the United States.

Residential Construction

According to F.W. Dodge, the number of new permits issued for residential construction in the county decreased 48.2% through July 2001, compared with the same time period a year ago. Residential construction permits increased at an average annual rate of 11.1% between 1990 and 2000. Much of the growth during the last decade occurred in the construction of apartment units, which grew at an average annual rate of 16.9% between 1990 and 2000. While apartment construction through the first seven months of 2001 decreased 89.0% compared with the first seven months of 2000, this does not necessarily imply a slower trend in apartment construction, since the last decade's growth occurred in a very volatile pattern. Meanwhile, after increasing at an average annual rate of 8.3% between 1990 and 2000, permits issued for single-family homes decreased 9.1% through July 2001 compared with the same time period in 2000. Declining growth in single-family permits, however, does indicate a downward trend, since the number of permits issued for single-family homes has been declining since 1999.

Construction began this summer on One Boulder Plaza, a mixed-use development located on two blocks between Broadway, Walnut Street, 14th Street, and Canyon Boulevard in **Boulder**. Once complete, the $95 million development will include 30 luxury condominiums, 100,000 square feet of retail space, 210,000 square feet of office space, and an outdoor ice skating rink. Three of the condominiums will be reserved for those earning less than 60% of the median income in Boulder. The development is expected to be complete by summer 2005.

Plans were announced for the Holiday Drive-In project, a large mixed-use development located at the former site of the Holiday Drive-In movie theater in north Boulder, which will include several smaller developments with a total of 267 new single- and multi-family homes. According to developers of the project, between 35 and 40 percent of the new homes will be affordable. Naropa University is participating in the development of 62 units that will be priced between $145,000 and $250,000. The units will be used to help house professors and students. Northern Lights, a 14-unit development, will be available to buyers making between 50% and 80% of the median income for the Boulder/Longmont area. Main Street North will include 14 loft-style units, including five affordable units, and 28,000-square-feet of office and retail space. A separate 56 single- and dual-family development in the area will include 21 affordable units. Finally, a 121-unit development, 35% of which will be affordable, will also include 10,000 square feet of office and retail space. The entire development is expected to be complete in 2003.

"Three large residential developments have been proposed for Broomfield."

Three large residential developments have been proposed for Broomfield. First, Broomfield's city council approved plans for Preble Creek, a 2,500-acre mixed-use development that would require 25 years to complete. Once complete, the development could bring up to 4,000 single-family homes, 2,900 apartment units, between 13,000 and 17,000 new residents, and 50,000 new jobs to Broomfield. The plans call for more than 850 acres of open space, including a 188-acre golf course and 18 miles of trails. A regional bus station, two schools, and either a library or a police substation are included in the plans. Second, plans have been announced, but not approved, to build a 560-home development at Sheridan Boulevard and 144th Avenue. The 440-acre development would include 277 single-family homes, 284 town homes, and 65 acres of open space. Third, a mixed-use development with 550 apartment units is planned near Flatiron Crossing mall. The development would also include 125,000 square feet of retail space and 225,000 square feet of office space.

Nonresidential Construction

According to F.W. Dodge, the value of nonresidential construction in Boulder County decreased 25.2% through the first seven months of 2001 over the same time period in 2000, after increasing at an average annual rate of 16.7% between 1990 and 2000. A significant decline in manufacturing, retail, and government building construction is responsible for the overall decline in construction activity this year. Activity increased steadily to extremely high levels for six consecutive years from 1994 to 1999. Nonresidential construction began to decline in 2000, and with a glut of office and manufacturing space resulting from the technology slowdown and the completion of the Flatirons Crossing shopping mall in 2000, this downward trend is expected to continue for at least the rest of 2001 and very likely into the next few years.

"A significant decline in manufacturing, retail, and government building construction is responsible for the overall decline in construction activity this year."

Construction in Boulder County's ***office*** sector increased 26.9% through July 2001 compared with the first seven months of 2000. Despite this, a significant glut of vacant office space exists on the U.S. 36 corridor. According to a report by Fuller and Co., the office vacancy rate in the corridor between Denver and Louisville was 32% for the first six months of 2001, up from 3.8% at the end of 2000. A separate report by Trammell Crow Co., which included the city of Boulder, showed a 22% vacancy rate along the corridor in July 2001.

Office construction through July has increased over levels seen in 2000 despite the high vacancy rates because very few expected the technology slowdown to have as large an impact as it did on firms located along the corridor during the first quarter. As late as February, several firms announced plans to build new campuses along the corridor, and several others were continuing construction on ongoing projects. McData Corp. began construction in February on the Great Western Park, a new office park in Broomfield. Plans for the park include nine buildings with a total of 1.4 million square feet. Plans were announced in January to build the Summit Corporate Center near Broomfield's Interlocken Business Park, with 300,000 square feet of office space and five four-story multifamily residential buildings. Plans were also announced in January to build "Outerlocken", a five-building, 430,000-square-foot, speculative office park near Interlocken. Also in January, Sun Microsystems announced plans to build two 180,000-square-foot office buildings connected by a covered walkway and parking garages in Broomfield. Currently, Sun Microsystems has 250,000 square feet of vacant office space in Broomfield. In addition, Avaya has 1.2 million square feet of vacant office space in Broomfield, StorageTek has 142,000 square feet of vacant space, and Level 3 Communications recently completed construction on two buildings totaling 350,000 square feet at Interlocken that will likely remain vacant.

Construction in the ***manufacturing*** sector decreased 92.8% through the first seven months of 2001, compared with the same time period in 2000. However, two new manufacturing facilities are planned for the Colorado Technology Center in Louisville. Plans were announced to build a $12 million, 105,000-square-foot manufacturing facility at the Colorado Technology Center for Thermo BioStar, a manufacturer of quick diagnostic tests for illnesses. Thermo BioStar employs 125 people in Boulder and 200 people worldwide. Internet hardware manufacturer Kiosk Information Systems will move its headquarters from Broomfield to a new 70,000 to 90,000-square-foot building in the Colorado Technology Center. Kiosk Information Systems employs between 65 and 70 people.

"Construction in the manufacturing sector decreased 92.8% through the first seven months of 2001…"

Biotechnology manufacturer Amgen began construction on a 200,000-square-foot expansion of its Boulder facility in June. The company currently has a 150,000-square-foot manufacturing plant and research laboratory in Boulder, where it employs 300 people. The expansions, which will house administrative employees, are expected to be completed in May 2002. Amgen also employs 300 people at its Longmont facility.

The value of construction in the ***retail*** sector declined 82.7% during the first seven months of 2001, compared with the same time period in 2000. However, this decline comes after three years of extremely heady growth and the August 2000 completion of the Flatiron Crossing mall in Broomfield. Two separate retail developments nearing completion are located near the Flatiron Crossing shopping mall. The Flatiron Marketplace will contain one million square feet of retail and hotel space at build-out, and the MainStreet at Flatiron, a 160,000-square-foot development, will house 26 retailers when complete.

The ***hospital and health treatment*** sector is one of the few sectors experiencing increased construction activity in 2001, with the value of construction in the sector increasing 174% through July 2001, compared with the first seven months of 2000. Construction began in May on a $32 million expansion of Centura Avista Adventist Hospital in Louisville. The expansion will add between 70,000 and 100,000 square feet, including an expansion of the emergency room and the intensive care unit, a pediatric emergency room, 19 private patient rooms, and 28 delivery suites for new parents. It is expected to be complete by 2002. In Longmont, the Longmont Clinic completed construction of a three-story, 40,000-square-foot building in April. The $11 million building almost doubles the clinic's operating space.

According to F.W. Dodge, there was no construction in the ***hotel*** sector in 2000, while through July 2001 there was $17.2 million in hotel construction. In Boulder, construction began on the St. Julien hotel, a $40 million, 200-room hotel at Canyon Boulevard and Ninth Street. The hotel is expected to be complete by spring 2003. Construction began in February on the Black Diamond hotel, Lafayette's first hotel. The $4.2 million, 68-room, hotel will include a 2,000-square-foot conference facility. Five new hotels, with a total of 441 rooms, are planned for Longmont. They include two Marriot hotels, one with 84 rooms and another with 78 rooms, a 93-room Hilton GardenInn, a 86-room Holiday Inn Express and a 100-room Holiday Inn Staybridge. The new hotels will nearly double Longmont's hotel room inventory; Longmont currently has 569 rooms in eight hotels and motels.

Construction activity in Boulder County's ***religious*** sector increased 27.5% through July 2001, compared with the first seven months of 2000. LifeBridge Christian Church announced plans to build a 318-acre religious campus in Longmont, including a 500-unit senior housing complex, a 300-room hotel, a movie theater, a recreation center, a medical office building, a performing arts complex, and a new church building. The hotel will include a 1,000-person conference center and retail space.

Summary

"Despite some volatility caused by the nationwide slowdown in the technology sector, the Boulder County economy remained resilient through the first half of 2001."

Despite some volatility caused by the nationwide slowdown in the technology sector, the Boulder County economy remained resilient through the first half of 2001. Those laid off seem to be finding work elsewhere; employment growth continues to be strong and unemployment is still at a very low level historically. As a result of the new Flatiron Crossing mall, retail sales continued to grow at a heady pace compared with the rest of the state. Furthermore, while nonresidential and residential construction are both declining, they are declining from extremely high levels and remain healthy. The most significant impact caused by the national slowdown in the technology sector occurred in the commercial real estate market, with skyrocketing office vacancy rates in the U.S. 36 corridor. This could portend significant declines in construction activity in upcoming years. Otherwise, the Boulder County economy is thus far surviving the national economic slowdown.