



# Colorado Economic Chronicle

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## National Economy

The national economy has embarked upon a gradual recovery. Growth in inflation-adjusted **gross domestic product (GDP)** was revised down slightly from 5.8% to 5.6% for the first quarter of 2002. While inventory investment was revised up, slower growth came from downward revisions in business, consumer, and government spending. Consumer spending was revised down slightly from 3.5% to 3.2%. Business spending was revised from a 5.2% decrease to an 8.2% decrease. The revision is further confirmation that the first quarter's strong growth, fueled by inventory investment, is not sustainable through the remainder of the year. Sustainable growth in GDP will not occur until business spending recovers.

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*“The decrease in unemployment was accompanied by an increase in the labor force, generating a small sign of improvement.”*

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The labor market continues to recover at a snail's pace. **Nonfarm employment** increased by 41,000 jobs in March, following a revised increase of only 6,000 jobs in April. The **unemployment rate** fell from 6.0% in April to 5.8% in May. The decrease in unemployment was accompanied by an increase in the labor force, generating a small sign of improvement. The median duration of unemployment, however, increased from 8.9 weeks in April to 9.8 weeks in May.

Measures of **consumer confidence** increased in May and indicated a rebound of confidence in current and

future conditions. The University of Michigan Consumer Sentiment Survey, which focuses more on consumer conditions, showed stronger growth than the Conference Board Consumer Confidence Index, which tends to concentrate on business conditions. The University of Michigan Index was at its highest level since February 2001.

**Personal income** increased 0.3% in April. The smallest increase among the components of personal income occurred in wages, which increased only 0.1%. Transfer payments, which include unemployment insurance benefits, increased 1.1%. **Retail sales** growth saw a slight boost of 1.2% in April, with increases in every category except furniture and home furnishing stores. Consumer spending is expected to remain moderate through 2002. The waning recession was unmarked by a downturn in consumer spending. Furthermore, there is little fuel left in the refinancing boom, and consumers are still burdened with high levels of debt.

Total **construction** spending increased a scant 0.2% in April over March. Spending on private nonresidential construction, particularly in the office and industrial sectors, remained anemic. Fueled by low mortgage rates, spending on residential construction continued to be healthy, as did the residential **real estate** sector. *Existing home sales* increased 7.0% in April. Although this increase followed declines in both March and February, the level of sales remained at a high level. *New home sales* increased 1.0%, keeping up a robust trend, while prices continued to

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show strong growth. Thus far in 2002, 18% of new homes sold have been priced above \$300,000, compared with 15% in 2001 and 13% in 2000. Meanwhile, mortgage applications, a harbinger of future residential real estate conditions, grew almost 10% over a month ago as dipping mortgage rates drew more people to home ownership and refinancing plans.

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***“The manufacturing sector, now several months into a recovery, continues to show steady signs of improvement.”***

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The **manufacturing** sector, now several months into a recovery, continues to show steady signs of improvement. The *Institute of Supply Management Index* indicated expansion for the fourth consecutive month in May. The index rose from 53.9 in April to 55.7 in May, its highest level since February 2000. Employment in the manufacturing sector continued to decline in May, but the 19,000 job loss was the smallest since November 2000. *Industrial production* increased by 0.4% in April, the fourth consecutive month to show an increase. Production of business equipment increased slightly in April, indicating

hope for some growth in business spending, the primary missing ingredient in the current economic recovery. Meanwhile, both *durable goods* orders and *new factory* orders showed healthy increases in April.

Despite rising energy prices, **inflation** remained tame in April. Excluding the volatile food and energy sectors, consumer prices increased 0.3% and were up 2.5% on an annualized basis. The headline consumer price index, however, increased 0.5% in April, due to a 4.5% increase in energy prices. The producer price index decreased 0.2% in April. Despite rising energy prices, the decrease was due to a sharp decrease in food prices. Excluding food and energy, producer prices increased a mild 0.1%.

The economic recovery will be steady, but gradual. The strong 5.6% growth in GDP during the first quarter was due in part to a short-term inventory correction. That pace of growth cannot be sustained. However, employment is slowly improving, manufacturing is recovering, inflation is tame, and the consumer and housing sectors remain healthy. The strength of the recovery will depend on improving corporate profits and business investment.

**Colorado Economy**

While Colorado’s economy remains weak, conditions are expected to slowly improve over the remainder of 2002. Still, Colorado’s unemployment rate remains high and employment continues to lag levels of a year ago. Both residential and nonresidential construction have slowed in 2002, and major sectors of the nonresidential real estate market are

not healthy. The consumer sector and residential real estate market remain healthy, but are not expected to be strong sources of growth. Sources of growth for the remainder of the year will be a slowly improving manufacturing sector and increased defense contracts with the federal government. In addition, while tourism will not drive strong growth, neither is it expected to be a drag on the economy.

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**Colorado's Economy at a Glance**

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<b>Key Indicators</b>	<b>Direction</b>	<b>Assessment</b>
Nonfarm Employment Growth	↓	Bad
Unemployment Rate	↓	Weak
Mortgage Rates	Ø	Good
Retail Trade Sales	↓	Weak
Home Prices	↑	Neutral
Nonresidential Construction	↓	Bad
Colorado Inflation Rate	↑	Bad
<b>Overall Rating</b>	<b>↑</b>	<b>Bad</b>

**Employment**

According to the Colorado Department of Labor and Employment, Colorado’s unemployment rate fell in April to 5.3% from 5.6% in March. The decline came partially as a result of a decrease in the labor force, indicating that some of the unemployed have become discouraged and dropped out of the labor force. Nonfarm employment decreased 1.8%

through April compared with the first four months of 2001.

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*“...some of the unemployed have become discouraged and dropped out of the labor force.”*

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There were some positive job announcements in May in the manufacturing and retail sectors. In Longmont, PetSmart announced they would open a new store and hire 30 people. Big Bowl announced plans to open a new restaurant in Broomfield and hire 100 new employees. Manufacturer Star Precision in Del Camino (Weld County) will hire 40 people in 2002 and another 100 in 2003. In Delta, manufacturer Stewart Lodges announced plans to double its workforce from 150 people to 300 people within the next five years. In Pueblo, manufacturer Haddenstone announced it would hire 15 people due to strong sales growth. Packaging/mailling company Premier Fulfillment & Processing Inc. announced plans to move to Pueblo from West Virginia this summer and hire 75 people locally within five years.

Job loss announcements were concentrated in high-tech manufacturing, but also occurred in the traditional manufacturing sector. Only a week after eliminating 50 jobs in their data-storage software and server divisions, IBM announced they would lay off another 150 people in Boulder. Also in Boulder, high-tech manufacturer Network Photonics laid off 31 people. In Colorado Springs, greeting card manufacturer Current Inc. will lay off 110 people and bicycle shock absorber manufacturer RockShox Inc. will lay off 200 people. Contract circuit board manufacturer Flextronics International Corp. announced it would close its Del Camino facility, laying off hundreds of people. Louisiana-Pacific Corp., a building material manufacturer, announced that they would close their board mill in Olathe, laying off 79 people.

According to a survey by staffing firm Manpower Inc., this summer's hiring plans are slightly better among Colorado employers than they were a year ago. Statewide, 38% of surveyed employers plan to hire during the third quarter of 2002, up from 31% of employers who expected to hire during the third quarter of 2001. In Denver, 30% of employers ex-

pect to hire this summer, up slightly from 28% a year ago. The majority of employers in Mesa County expect to hire, while 47% of employers in both Colorado Springs and Boulder expect to hire this summer. However, 20% of employers in Boulder indicated that they expect to lay workers off.

## Population

According to the U.S. Census Bureau, Douglas County grew faster than any other county in the nation between April 2000 and July 2001. Douglas County's population increased 13.6% during the 15-month time period to 199,753 residents. Meanwhile, Jefferson County remained the largest county in the state, with 530,966 people in July 2001. Jefferson County's population increased 0.7% between April 2000 and July 2001. Colorado's population increased 2.7% over the same time period.

## Residential Real Estate

According to the U.S. Census Bureau, total housing permits issued through April decreased 7.1%, or by 1,526 units. Single-family permits decreased 12.3%. However, multi-family permits showed an increase of 1.2%, the first positive growth in several months.

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*“...the average sales price for an existing single-family home in the metro-Denver area year-to-date through May was \$264,563, up 4.5% from the first five months of 2001.”*

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According to Coldwell Banker Residential Brokerage, the average sales price for an existing single-family home in the metro-Denver area year-to-date through May was \$264,563, up 4.5% from the first five months of 2001. The median price in May was \$221,400, up 5.6% from May 2001. According to the U.S. Census Bureau, Colorado was the seventh least affordable state in the nation in 2000. The Census Bureau reported that the median price for a home, including single- and multi-family homes, in Colorado during 2000 was \$166,600, the seventh highest in the nation. The national average was \$119,000, up 20% from 1990.

According to a recent study by RE/MAX International analyzing Colorado real estate activity in 2001, the most affordable place in Colorado was Wray, in Yuma County, with home prices as low as \$14,000. The most expensive area was Hygiene (Boulder County).

According to the National Association of Home Builders, housing markets in Colorado's metropolitan areas are relatively unaffordable. The National Association of Home Builders prepares a quarterly study ranking 181 cities nationwide for housing market affordability. The study compares home prices to median family incomes to determine the percentage of families that can afford the average home. During the fourth quarter of 2001, Denver ranked 136<sup>th</sup>, with 54.6% of families able to afford the average home in Denver. The Boulder-Longmont area had the best rank in Colorado, ranking 129<sup>th</sup> with 59.2% of families able to afford the average home. Colorado Springs (132<sup>nd</sup>), Pueblo (138<sup>th</sup>), Fort Collins (141<sup>st</sup>), and Greeley (165<sup>th</sup>) had affordability indexes of 57.4%, 53.4%, 53.2%, and 35.6%, respectively. The average affordability index nationwide was 64.1%.

## Nonresidential Construction

According to F.W. Dodge, the value of nonresidential construction permits fell 7.1% through April, compared with last year. Activity in the commercial sector decreased by 23.2%, although retail construction increased 26.2%. Construction in the manufacturing sector plunged 69.2% from the first four months of 2001. Sectors that experienced an increase in building activity include the religious sector (up 11.6%), the hospital and health treatment sector (up 56.3%), and the amusement sector (up more than 100%).

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*“The three major Denver-area office real estate markets, including downtown, northwest, and southeast, continued to suffer during the first quarter of 2002...”*

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The three major Denver-area office real estate markets, including downtown, northwest, and southeast, continued to suffer during the first quarter of 2002,

according to CB Richard Ellis. The downtown office vacancy rate was 21.3%, the southeast rate was 25.6%, and the northwest area had a rate of 48.5%.

## Retail Trade

Retail trade increased 1.3% in Colorado during the first quarter of 2002 over the same time period in 2001. In the five-county metro-Denver area, retail trade showed no growth.

LaMar's Donuts International is planning 15 new Colorado stores by the end of 2002. The stores will be located in Denver, Colorado Springs, Pueblo, Fort Collins, and Greeley. The expansion is due to unexpectedly strong sales in the company's first Colorado location.

## Transportation

According to the Air Transport Association of America, domestic passenger traffic decreased 13% in April compared with a year ago, a result of fewer flights and lower demand. Passenger traffic at Denver International Airport (DIA) decreased 11% to 3.1 million passengers in March compared with 3.5 million in March 2001. In Colorado Springs, passenger traffic increased 1.2% in April over April 2001. The Colorado Springs Airport credits its relatively healthy traffic to growth in small discount airlines, which have added service recently. Indeed, American West Airlines recently announced that it will add a second daily flight between Colorado Springs and Las Vegas beginning in August. Meanwhile, Denver-based Frontier Airlines began a new service to Indianapolis from DIA on May 23.

## Tourism and Gaming

According to a recent study by the Adams Group Inc., tourists are staying closer to home. While attendance to local attractions is up, most indicators related to tourism from out of state are down. Attendance at museums and other cultural attractions within Denver increased 6% and spending at Colorado casinos increased 12% during the first quarter of 2002 compared with the fourth quarter of 2001.

However, hotel and restaurant spending decreased 6% and 3%, respectively.

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*“...tourists are staying closer to home.”*

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In a ski season characterized by poor conditions, Telluride hosted 342,000 skiers during the 2001-02 season, the third-strongest season in a decade. On Christmas Day, the resort reported the most skier visits ever for that day with 6,100 skiers. Restaurants and retailers saw an increase in sales, up 20% to 25% from the previous season.

Colorado's three gaming towns generated \$59.9 million in adjusted gross proceeds in April, up 9.6% from April 2001 and an increase of 9.0% during the July to April period. Black Hawk casinos generated 73.5% of the total, while casinos in Cripple Creek and Central City accounted for 19.0% and 7.5%, respectively.

## Agriculture

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*“Drought conditions continued throughout Colorado with high winds parching already dry soil.”*

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Drought conditions continued throughout Colorado with high winds parching already dry soil. Winter wheat conditions declined in May and were rated “fair” to “poor” throughout most of Colorado. This year's winter wheat production was estimated at 54.0 million bushels, 18% below last year's crop, according to the Colorado Agricultural Statistics Service.

In the San Luis Valley, fall potato stocks totaled 5.1 million cwt in May, down 31% from the 7.4 million cwt in storage last year. However, the May price of potatoes increased 4.2% from a month ago and tripled the price of a year ago. Hay stocks totaled 535,000 tons, up 87% from the low stocks of 286,000 on hand last year. The increase is due to a 17% increase in hay production during 2001 and very dry conditions last fall that prompted producers to hold back hay for future needs.

Overall pasture and range condition was rated as follows: 37% very poor, 35% poor, 24% fair, and 4% good. The condition ratings are generally poorer than last year and the five-year average. Due in part to pasture conditions, 2002 red meat production through April was up 5.1% over the first four months of 2001. Meanwhile, the number of cattle on feed decreased 7.7% from a year ago.

## Business Investment

The Forbes-Milken Institute recently released its fourth annual “Best Places for Business and Careers” rankings. The rankings were based on salary, job growth, and the health of the area's advanced technology sector over the past five years. Among the 200 large metropolitan areas analyzed, the Boulder-Longmont area ranked 13<sup>th</sup>, while Colorado Springs, Fort Collins-Loveland, and Denver ranked 29<sup>th</sup>, 49<sup>th</sup>, and 51<sup>st</sup>, respectively. Among the 96 smaller towns (populations below 177,000 people) ranked, Greeley ranked 11<sup>th</sup>, while Pueblo and Grand Junction ranked 36<sup>th</sup>, and 39<sup>th</sup>, respectively.

According to the PricewaterhouseCoopers Money-Tree Survey released in May, Colorado firms raised \$205 million in venture capital during the first quarter of 2002. This is up slightly from last year's fourth quarter figure of \$200 million, but still substantially lower than the \$491 million raised by Colorado firms during the first quarter of 2001.

## Personal Income

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*“Of the 318 metropolitan areas nationwide, Boulder-Longmont and Denver ranked 14<sup>th</sup> and 18<sup>th</sup> with per capita personal incomes of \$39,347 and \$37,153, respectively.”*

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The Bureau of Economic Analysis recently released year 2000 per capita personal income figures for metropolitan statistical areas. Of the 318 metropolitan areas nationwide, Boulder-Longmont and Denver ranked 14<sup>th</sup> and 18<sup>th</sup> with per capita personal incomes of \$39,347 and \$37,153, respectively. Pueblo ranked the lowest of all Colorado metropolitan areas at 286<sup>th</sup>

(\$22,174). The following table shows per capita personal income in 2000, average annual growth between 1990 and 2000, and national rank for each of Colorado's metropolitan areas

**Colorado Metropolitan Statistical Areas  
2000 Per Capita Personal Income,  
Annualized Growth, and Rank**

Area	2000 Per Capita Personal Income	1990-2000 Annualized Growth	2000 Rank
Boulder-Longmont MSA	\$39,347	8.3 %	14
Denver MSA	\$36,347	8.4 %	18
<i>National Average</i>	\$29,469	5.8 %	<i>N/A</i>
Fort Collins-Loveland MSA	\$29,178	8.0 %	87
Colorado Springs MSA	\$28,804	6.7 %	92
Grand Junction MSA	\$24,693	4.7 %	201
Greeley MSA	\$22,539	2.8 %	278
Pueblo MSA	\$22,174	4.2 %	286

*N/A: Not Applicable*

Source: U.S. Bureau of Economic Analysis

## Metro Denver

According to a survey by the Southeast Business Partnership and the South Metro Denver Chamber of Commerce, the average household income among *residents* of the southeast corridor was \$108,329 in 2000, while 69% of those *working* in the southeast corridor earned \$20 or less per hour in 2000. The survey also found that the average price of a home in the area was \$311,000 in late 2001, while the average monthly rent was \$884.

University Physicians Inc. plans to move its headquarters to a 120,000-square-foot, four-story building on three acres at the Fitzsimmons Redevelopment Project in **Aurora**. Construction will begin in October and should be completed within one year. University Physicians administers all professional and clinical activities of the University of Colorado School of Medicine physicians. University Physicians also plans to lease 30,000 square feet of the building to The Children's Hospital.

In **Westminster**, construction will begin in late summer on two 12,000- to 15,000-square-foot buildings

as part of the of the 120-acre, mixed-use development project at Bradburn. The buildings will be constructed on either side of the village's main street with parking behind the buildings.

In residential real estate, a \$27 million condominium project is planned near the University of Denver. The project will consist of 77 semi-luxury condominiums in a three-story building, a community courtyard, and an outdoor swimming pool. Construction will begin in fall 2002.

## Boulder Region

According to the City of **Boulder**, sales tax revenues were down 15% in March compared with March 2001. Retail sales were down 40% at the Crossroads Mall and 17% at the Pearl Street Mall. As a result, total annual sales tax revenues are anticipated to come in \$10 million lower than expected. The recession and loss of sales to surrounding areas, such as Broomfield, were cited as reasons for the slump. As a result, a hiring freeze was instituted for city government and departments have been ordered to reduce their budgets by 2%.

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*“The real estate market has slowed  
in Boulder County.”*

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The real estate market has slowed in Boulder County. According to the Boulder Area Realtors Association, the average sales price of a home in Boulder County increased from \$491,777 during the first quarter of 2001 to \$514,149 during the first quarter of 2001. However, the number of home sales in Boulder County decreased from 832 during the first quarter of 2001 to 765 during the first quarter of 2002, with average sales prices falling in some areas of the county. The average price of a home decreased 8.2% in Lafayette and 2.3% in Superior, but increased 6.2% in Louisville and 5.3% in Longmont. According to the City of Lafayette, permits for new homes decreased more than 42% and new business construction decreased 81% during the first quarter of 2002 compared with the same time period in 2001. According to the City of Broomfield, 13.7% fewer single-family permits were issued and new

business construction permits dropped 46% during the same time period.

A \$3 million, three-story office building is under construction in **Longmont** near Roosevelt Park. The second and third floors of the 20,100-square-foot building will house professional service companies. The ground floor will consist of two restaurants and retail space.

Construction began on the Baseline Business Center in **Lafayette** in May. The first phase will consist of 9,910 square feet of professional office and medical office space on two floors. The center will be built on Baseline Road near U.S. Highway 287.

In **Boulder**, the first residential building of the Iron Flats project, an \$18 million mixed-use development, will be completed by mid-July. The second building will be finished in mid-August and the third building will be open by the end of 2002. The project will also include the Nature Conservancy and the headquarters for Deneuve Construction Services.

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*“IBM announced it would lay off 150 people..”*

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IBM announced it would lay off 150 people, or about 3% of its Boulder workforce, at the end of June. This comes only a week after the company laid off 50 people in Boulder’s data storage software and server divisions. IBM’s revenue decreased 11.8%, while earnings slipped more than 30%, during the first quarter of 2002 compared with the first quarter of 2001.

Also in Boulder, Network Photonics eliminated 31 positions, or 25% of its staff in May. The company manufacturers switches and routers for fiber-optic networks. The cuts are due to the slowdown in the telecommunications industry.

PetsMart plans to open a 21,000-square-foot store in **Longmont** in July. The pet supply and services store will hire 30 local employees. Meanwhile, a Big Bowl restaurant will open in June at the MainStreet at FlatIron retail project in **Broomfield** and may hire as many as 100 employees.

## El Paso County

El Paso County’s unemployment rate fell to 6% in April, the third consecutive monthly decrease and the largest drop in almost three years.

Although the unemployment rate is improving, job losses were announced for El Paso County during April. In **Colorado Springs**, Current Inc., a mail-order greeting card company, planned layoffs for 110 employees, or 12% of its work force, during its third round of cutbacks in three years. The layoffs were due to changes in market trends and the recession.

According the Colorado Springs city sales tax office, sales taxes year-to-date through April were 5% lower than the first four months of 2001. Sales suffered in all sectors of the economy except auto sales. However, sales recovered slightly from levels seen during the first three months of the year. In addition, the office indicated that permits for residential construction were more than 6% lower in April than a year earlier.

RockShox Inc., a manufacturer of shock absorbers for bicycles, announced it would lay off 200 workers in Colorado Springs by May 2003. The company will move its manufacturing operation to Taiwan to lower labor costs and be closer to bike manufacturers. Approximately 20 technicians, engineers, and designers will remain in Colorado Springs.

In residential real estate news, 485 single-family housing permits were issued in April in Colorado Springs, down 6.2% from April 2001. The decline was the smallest in eight months, according to the Pikes Peak Regional Building Department.

Southwest Housing Development in Colorado Springs began construction in May on a \$15 million, mixed-income, multi-family community near the Garden of the Gods. The 144-unit complex will consist of apartments for people earning 40% and 50% of the area’s median income, as well as units at market rate.

In nonresidential construction news, the National Strength and Conditioning Association began construction in May on a new 27,000-square-foot head-

quarters in Colorado Springs. The building will house the association's administrative offices and a strength-and-conditioning facility. The building should be completed by the summer of 2003.

## Northern Region

According to the City of **Fort Collins**, residential construction thus far in 2002 is keeping pace with levels seen in 2001, although the mix of single- and multi-family construction has changed. The city reported that 297 single-family permits were issued in the city through April, down from 365 for the same period last year. However, the number of multi-family permits issued increased from 40 during the first four months of 2001 to 105 during the same time period this year.

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*“According to the City of Fort Collins, residential construction thus far in 2002 is keeping pace with levels seen in 2001...”*

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Although hotel occupancy has declined in Fort Collins, two hotel construction projects were announced. In June, construction will begin on an 88-room Hilton Garden Inn in the Harmony Corridor. In the same corridor, The Residence Inn will undergo a 35-room expansion in September.

In **Loveland**, plans have been approved to build the Loveland Marketplace shopping center on a 15-acre site. The shopping center will consist of 160,000 square feet of retail space. Hobby Lobby will be the first tenant with an expected opening date of February 2002.

In **Greeley**, construction began on Centennial Commons, a 4,000-square-foot retail building. The building will be divided into three spaces for restaurants and offices, one 2,000-square-foot space and two 1,000-square-foot spaces. Construction should be complete by August 2002.

Construction began in May in Greeley on Plaza del Sol, a Catholic Charities housing project for adult farm workers. The \$4.9 million project will consist of 42 ranch-style units and a community center. The project will also provide health screenings, meals,

and access to immigrant and refugee services. During the farm labor season, the housing will provide shelter for workers. During the off-season, it will provide temporary housing for homeless families.

A mixed-use project, the Knolls of Wellington South, is being developed in **Wellington**. The project will consist of 305 homes and 28.6 acres of commercial and industrial buildings. The residential phase of the project is expected to be complete by September 2003. Also in Wellington, a \$2 million, 63-room Comfort Suites hotel is being built on the 14-acre Coal Creek Center site. The hotel should be complete by spring 2003.

In the **Del Camino** area, Solid Rock Properties LLC is building a 13,400-square-foot, eight-unit office facility. Two of the units will house Grease Monkey's corporate headquarters. Construction will be completed by September. Kuehne & Nagel, a Switzerland-based international logistics company, is expanding its Greeley operations to the Del Camino area. The company will build 65,000 square feet of warehouse space this summer.

Also in the Del Camino area, Star Precision expects to add 50 employees during the next year and another 100 during 2003. The company specializes in machining, welding, water-jet cutting, painting and powder coating, silk screening, and assembling sheet metal. The company recently spent \$5 million on an expansion to its facility. The new facility includes 100,000 square feet for manufacturing and 8,400 square feet for administrative offices.

Meanwhile, Singapore-based Flextronics International Corp., a contract circuit board manufacturer, announced plans to close its Del Camino facility in Weld County, laying off hundreds of local workers. The exact number was not announced, although at the end of last year 580 people were employed at the local plant. The layoffs, expected to begin in August, were due to a restructuring of the company intended to locate more of its manufacturing base in low-cost regions.

## Mountain and Western Region

Unemployment declined for a second consecutive month in the Grand Valley, after three months of



sharp increases, according to the Colorado Department of Labor and Employment. The unemployment rate in Grand Junction declined to 5.2% in March, compared with 5.7% in February and 5.9% in January. In Delta County, the rate fell to 5.8% in March, down from 7.6% in February. In Garfield County, the rate dropped to 5.0% from 5.3%, and in the Montrose/Ouray area, the rate dropped to 6.3% from 8.8%.

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*“Unemployment declined for a second consecutive month in the Grand Valley...”*

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In **Delta**, Stewart Lodges, a manufacturer of portable lodging for the campground industry, announced plans to increase its workforce from 150 people to 300 people over the next five years. The company expects to build 800 units next year, and 1,000 units per year thereafter due to the contracts it secured with the federal government and KOA Campgrounds.

The Louisiana-Pacific Corp. announced in May that it will reduce its nationwide work force by 45%, or 4,400 jobs, freeze wages, and sell 30 of its 60 wood mills and 935,000 acres of timberland. The only board mill to be closed was in **Olathe**, costing the town 79 jobs. The closure of the Olathe mill was due to the lack of timber near the plant.

In Grand County, total valuation in building permits for the year was \$7.3 million through March 2002, a decrease of 46.3% from the \$13.6 million for the first quarter of 2001. The decrease was attributed to high-value permits issued last year for a fire station, a motel, and a church. The number of permits for single-family dwellings issued through March 2002 totaled 11, down 62.1% from the 29 issued in the first three months of 2001.

Construction will begin this summer on a new facility at the Delta County Memorial Hospital. The replacement will initially be the same size as the current facility with space for 40 to 50 beds. However, plans were announced to expand the facility to hold up to 100 beds. Construction should be complete by spring 2004.

In **Durango**, plans have been approved for a 48-acre project that will consist of million-dollar homes and commercial space. The development will also include a 93,700-square-foot Home Depot with an 18,762-square-foot outdoor garden center. Construction on Escalante Crossing will begin in June with a projected opening date in early 2003.

A \$400 million project is being developed by Vail Resorts in **Breckenridge**. The project will include 131 residential units at Peak 7, 340 residential units at Peak 8, a 60,000-square-foot skier services facility, and approximately 15,000 square feet of retail, rental, and restaurant space. The skier services facility will house restaurants, child care, storage, and ski and snowboard school offices. A high-speed, six-passenger ski lift will be constructed on Peak 7 to provide access to 165 additional acres of intermediate terrain.

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*“A \$400 million project is being developed by Vail Resorts in Breckenridge.”*

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A mixed-use development has been approved by the **Avon** Planning and Zoning Commission. The project will include a full-service car wash, an auto detailing shop, and three affordable apartment buildings for local workers. In **Vail**, a 15-building apartment complex known as the Barancas has also been approved. The project will include three affordable apartments in each building. The two-bedroom, relatively affordable apartments will be 992 square feet and priced at \$200,000.

In **Aspen**, the expansion of Truscott Place to include affordable apartments has been approved. The expansion will be built in two phases for a total of 99 units. Construction will be completed by October of this year. The for-sale units will range in price from \$90,000 to \$140,000. The rental units will range in price from \$829 per month to \$1,189 per month.

Near Lake Dillon, a high-end, 1.91 acre condominium complex is being developed. The Timberline Cove Condominiums will consist of 30 units in a three-story building with under-structure parking. Construction will begin in June with completion scheduled for spring 2003.

## Southern Region

The unemployment rate for **Pueblo** showed improvement at 6.5% in April, down from the 7.3% in March, but still high compared with 4.5% in April 2001.

According to the Pueblo Apartment Association, Pueblo's apartment occupancy rate for three- and four-bedroom units dropped to 91% in April from 100% at the end of 2001. The occupancy rate for one- and two-bedroom units fell to 94% from 99%.

Haddenstone, a British-based manufacturer of decorative stone-like products, will be adding 12,000 square feet and 15 more employees to its operations in Pueblo due to strong sales growth. Construction on the \$1 million expansion will be complete by January 2003.

Premier Fulfillment & Processing Inc. will move its operations from Kearneysville, West Virginia to Pueblo at the end of July. The packaging/mailling company manages databases and arranges brochures, mass mailings, and other shippings. The company plans to hire 75 employees locally within five years.

## Colorado Indicators Year-to-Date Growth Rates

Indicator	April 2002	March 2002	2001 Annual Average
Nonfarm Employment Growth $\boxtimes$	-1.8	-1.9%	0.9%
Unemployment Rate $\boxtimes \ddagger$ (seasonally adjusted)	5.3	5.6	3.7
Housing Permit Growth $\sim$			
Single family	-9.3	-16.9	1.5
Apartments	-12.3	-18.3	-3.2
	1.2	-11.8	12.5
Growth in Value of			
Nonresidential Construction $\S$	-7.1	-24.2	-0.6
Retail	26.2	11.4	12.8
Offices	-46.1	-57.4	-34.9
Factories	-91.0	-91.5	194.4

$\boxtimes$  Colorado Department of Labor and Employment data.

$\ddagger$  Actual level, not growth rate.

$\sim$  U.S. Census Bureau data.

$\S$  F.W. Dodge 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 4.7% in 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 $\blacklozenge$ (through April 2002)	6.1	2.0	-0.5	-2.9	4.8	5.3	4.3	6.4	-1.9	4.7	2.2	4.8	8.1	7.6
Unemployment Rate $\blacklozenge$ (not seasonally adjusted) (in April 2002)	5.5	5.2	6.0	5.4	4.0	4.6	4.4	5.3	2.8	5.5	6.5	3.5	2.6	3.6
Retail Trade Sales Growth $-$ (through March 2002)	7.5	-16.7	4.1	0.0	0.1	3.6	5.4	5.6	0.3	1.1	4.9	2.2	10.9	0.3
Growth in Value of Non-residential Construction* (through April 2002)	-58.5	-67.0	-15.0	3.3	â	2.2	72.6	-73.0	0.0	ã	ä	å	-75.2	æ
Housing Permit Growth* (through April 2002)	-28.0	-19.0	18.6	-22.7	-2.8	19.7	-33.0	-4.5	-91.3	13.4	-37.2	31.6	113.4	-52.2

$\blacklozenge$  Actual level not growth rate.

$\blacklozenge$  Colorado Department of Labor and Employment data.

\* F.W. Dodge data.

$-$  Colorado Department of Revenue data.

â \$5.4 million was contracted in 2002, while \$1.4 million was contracted in 2001.

ã \$275,000 was contracted in 2002, while nothing was contracted in 2001.

ä \$13.7 million was contracted in 2002, while \$2.0 million was contracted in 2001.

å \$8.8 million was contracted in 2002, while \$4.2 million was contracted in 2001.

æ \$13.4 million was contracted in 2002, while \$2.7 million was contracted in 2001.