

Colorado Economic Chronicle

Published by
the Legislative Council Staff of the Colorado General Assembly

November 15, 2004

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NATIONAL ECONOMY

By Mike Mauer

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News released for the national economy during the past month was headlined by unexpectedly strong employment growth. The nation added 337,000 jobs during October. The increase was the largest in seven months. Reconstruction in Florida after the hurricanes pushed growth in construction jobs. Increases for the prior two months were also revised higher. While recent economic news for the nation has been mixed, the employment report suggests that the economy may be ready to grow more consistently. Growth in jobs is key to the economic expansion really getting underway as the rest of the economy cannot continue to be supported long term without an increase in employment levels. The unemployment rate edged higher to 5.5 percent as the work force grew faster than the available number of jobs. Meanwhile, inflation-adjusted gross domestic product increased 3.7 percent during the third quarter. While this is a fairly moderate growth rate, it did surpass the 3.3 percent rate reported for the second quarter of the year. Consumer spending and capital equipment spending led the growth.

Residential construction declined in September, but new home sales increased as low mortgage rates continued to drive sales. The low interest rates continue to create optimism among builders, which should lead to a rebound in construction during the

coming months. In addition, the National Association of Homebuilders' housing market index remained very strong in October. The fate of the housing market rests with the jobs market at this point. For the nation to continue to increase the number of home buyers, the number of jobs will need to maintain levels similar to October. Nonresidential construction increased slightly. Government construction increased due to a boost in construction of education buildings that offset a decline in the construction of highways.

The manufacturing sector continued to expand during October, but the growth slowed for the third consecutive month, according to the Institute for Supply Management's manufacturing index. While production slowed, new orders for both domestic and exported goods increased significantly, providing a positive sign for the future. Semiconductor manufacturing slowed due to a build-up of large inventories and weak orders, but overall demand is expected to pick up during the next year and should allow manufacturers to bring inventories back down and maintain production. Industrial production increased a scant 0.1 percent in September, after declining by a similar amount in August. The weakness in production is due in part to the hurricanes, however. New orders for durable goods also showed significant weakness during August and September and factory

orders declined during both months. Wholesale sales and inventories showed consistent increases during September. The inventory-to-sales ratio, which had increased significantly early in the year due to weak sales, remained steady for the fourth straight month in September, a positive development for the manufacturing industry.

Consumers experienced their fourth consecutive month of slow income growth during September. The impact of the hurricanes on rents was a major drag on income growth during the month. Consumers also saved at the second lowest rate on record during the month. The only time consumers saved at a lower rate was in October 2001, when zero percent financing offers caused consumers to spend heavily on a record number of cars. In addition, consumers increased their credit by \$9.8 billion during September, for a 5.8% annualized growth rate. Most of the growth involved revolving credit such as credit cards. Accordingly, consumer spending showed

significant strength during the month. In fact, total sales increased by 1.5 percent during September, led again by auto sales. Strong sales gains were also recorded by building supply and general merchandise stores. The sales gains were the strongest since March. Despite the consumer shopping spree, furniture and sporting goods stores experienced declines in sales during the month.

A decline in energy prices during September offset gains in most other sectors to keep consumer inflation at very low levels. The price of all goods have increased by 2.5 percent during the past year. The core index, which excludes food and energy, grew by 0.3 percent, bringing the core inflation rate up to 2.0 percent for the first time since 2002. Producer prices remained stagnant during September. However, the inflation rate for intermediate goods used in production has been increasing substantially and should lead to higher inflation for finished goods in the future.

COLORADO ECONOMY

By Josh Harwood

Following several months of steady, positive news, it appears Colorado's economic recovery has at least temporarily slowed. Business confidence decreased to its lowest level in 2004, while employment figures leveled off in September. Furthermore, inflation actually decreased in the first half of 2004. In spite of this, state personal income expanded significantly in the second quarter of 2004. It is likely that hesitation surrounding the election has contributed to recent economic news. Ultimately, the outlook for the state's economy remains cautiously positive.

Employment. The employment situation in Colorado appears to have stalled. Seasonally adjusted employment data for September 2004 show that only 800 jobs were added in the month. However, long-term trends are more positive, as over 21,000 jobs were created in the past twelve months. Figure 1 shows that the fastest growing segments of the labor market were professional and business services, leisure services, and natural resources and mining. The one weak sector of the economy is information services, which lost 3,500 jobs since September 2003.

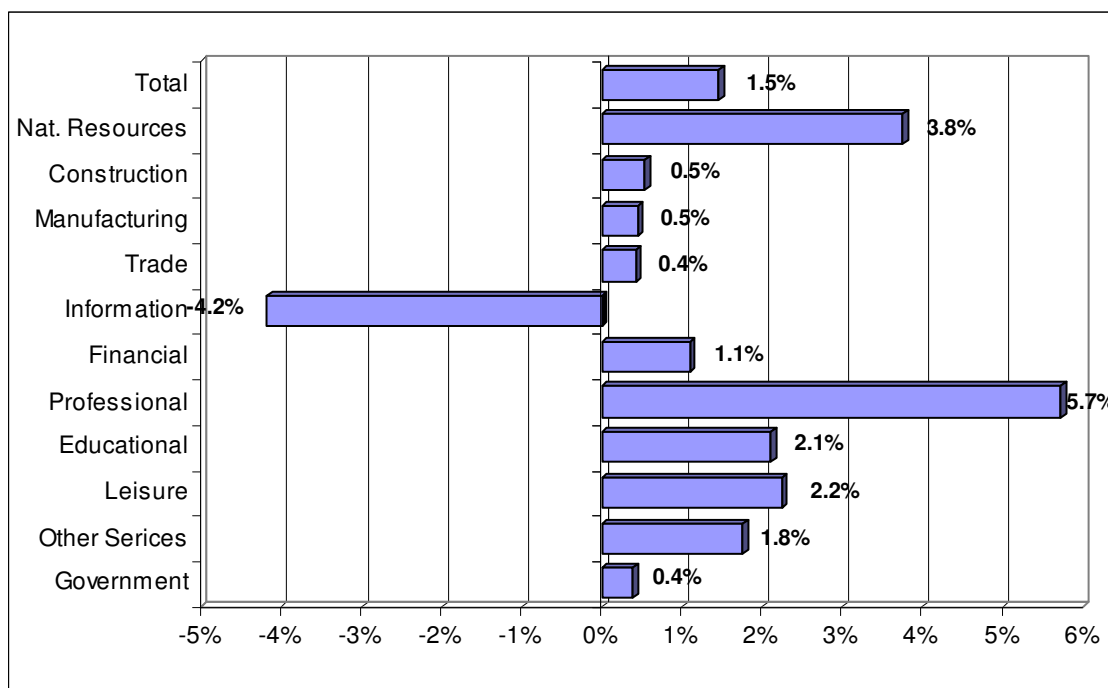
The sector is still trying to rebound with the rest of the economy. Increases in venture capital could play a large role in this sector recovering.

In addition, the state's unemployment rate remained near 5 percent in September at 4.9 percent. This is a marked improvement compared to the September 2003 unemployment rate, which reached 6.0 percent.

The employment outlook is expected to improve further as the economic recovery gains strength. Non-farm jobs in Colorado will increase 0.7 percent in 2004, followed by gains of 2.0 percent in 2005 and 2.7 percent in 2006. While most of the job growth is anticipated in the service sector, manufacturing employment is expected to rebound as well. Construction jobs are projected to also recover as markets finish their corrections. Given the overall positive employment outlook, the state's unemployment rate is projected to fall slightly in the future.

Personal Income. Colorado personal income increased by 5.7 percent in the second quarter of 2004,

Figure 1
September 2004 Employment Growth, Seasonally Adjusted
(September 2004 to September 2003 percent change)



over the second quarter of 2003. This upturn is positive economic news for the state, because personal income drives consumer spending and some investment decisions. For the second quarter of 2004, Colorado ranked 7th in terms of personal income growth compared to all other states.

The state's economy has been growing slowly or declining since the beginning of 2001, when the national economy went into recession. In the most recent quarter, growth was broad based, as all of the major components of personal income--net earnings; dividends, rent, interest; and government transfer payments--increased at roughly the same rate.

The outlook for Colorado personal income is for continued growth. Annual personal income is projected to grow 4.9 percent in 2004, 5.7 percent in 2005, and 6 percent in 2006.

Inflation. The consumer price index for all urban consumers (CPI-U) in the Denver-Boulder-Greeley area decreased 0.7 percent in the first half of 2004, after a modest 1.1 percent increase in 2003. Inflation has been the subject of much speculation, as the local figure was divergent from regional and national figures. The reason for the decline was housing, which is measured by applying a rental equivalent to all housing. The apartment market has provided significant concessions in order to attract tenants. That helped to push rental equivalent figures down.

It is unlikely that this is evidence of a long-term trend. However, the figure has forced inflation forecasts lower in the future, particularly for 2004. The Denver-Boulder-Greeley CPI-U is expected to increase 0.7 percent in 2004, 2.0 percent in 2005, and 2.5 percent in 2006.

Business Confidence. Though business leaders in Colorado remain upbeat regarding the state's economic prospects, the outlook is off of its highs in 2004. The *Colorado Business Leaders Confidence Index*, compiled by the Leeds School of Business at the University of Colorado and Compass Bank, decreased slightly from 66.1 in the third quarter of 2004 to 63.8 in the fourth quarter. A measure above 50.0 indicates expectations of economic growth.

Business leaders also were slightly less optimistic about expectations of sales growth and profitability.

Meanwhile, Creighton University's monthly survey of supply managers and business leaders in Colorado went in the opposite direction. Its business conditions index increased from 55.5 in August to 57.5 in September. Similarly to the BLCI, a measure above 50.0 indicates economic growth. The various components of the index, such as new orders, production, and employment, all measured above 50.

Retail Trade. Based on retail sales data compiled by the Department of Revenue through August 2004, retail trade sales are up 4.2 percent compared to the same period in 2003. This follows two years of declining retail trade activity. In 2002 and 2003, retail trade fell 0.3 percent each year. Only one of the state's statistical regions, southeastern Colorado, experienced a decline over the last twelve months. Meanwhile, the western slope reported more than 8 percent sales growth. This represents positive economic news for the state.

As indicated in Table 1, retail trade is expected to increase 4.1 percent in 2004, 4.2 percent in 2005, and 4.4 percent in 2006.

Residential and Nonresidential Construction. Colorado's residential and nonresidential construction activity increased substantially in the first nine months of 2004, based on data reported by F.W. Dodge, Inc. The number of residential housing units permitted is up 21 percent through September 2004, compared to the same period in 2003, and multi-family construction was up an even larger percentage. To date, the construction of multi-family dwelling units is up 26.5 percent. In the nonresidential market, the value of nonresidential construction statewide is up 12.1 percent through September 2004. Substantial increases were reported for manufacturing plants, hospitals and health treatment facilities, and schools and colleges.

Table 1 shows that housing permits are projected to increase throughout most of the forecast period and the value of nonresidential construction is expected to accelerate in 2005 and 2006.

Table 1
Colorado Economic Indicators, Legislative Council Staff Forecast, June 2004
(calendar years)

	2002	2003	Forecast 2004	Forecast 2005	Forecast 2006
Population (thousands), July 1	4,501.1	4,550.7	4,605.3	4,669.8	4,739.8
percent change	1.7%	1.1%	1.2%	1.4%	1.5%
Nonagricultural Employment (thousands)	2,182.5	2,150.4	2,165.5	2,208.8	2,268.4
percent change	-1.9%	-1.5%	0.7%	2.0%	2.7%
Unemployment Rate	5.7%	6.1%	5.0%	4.7%	4.5%
Personal Income (millions)	\$151,790	\$155,572	\$163,195	\$172,497	\$182,847
percent change	0.8%	2.5%	4.9%	5.7%	6.0%
Wage and Salary Income (millions)	\$86,889	\$87,681	\$91,890	\$97,679	\$104,126
percent change	-1.6%	0.9%	4.8%	6.3%	6.6%
Retail Trade Sales (millions)	\$58,864	\$58,662	\$61,067	\$63,632	\$66,432
percent change	-0.3%	-0.3%	4.1%	4.2%	4.4%
Home Permits (thousands)	47.9	39.6	45.7	42.6	42.9
percent change	-13.0%	-17.3%	15.4%	-6.8%	0.7%
Nonresidential Building (millions)	\$2,613	\$2,204	\$2,270	\$2,427	\$2,626
percent change	-22.5%	-15.6%	3.0%	6.9%	8.2%
Denver-Boulder Inflation Rate	1.9%	1.1%	0.7%	2.0%	2.5%

Data Sources: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, U.S. Census Bureau, Colorado Department of Revenue, and F.W. Dodge, Inc.

METRO DENVER

By Josh Harwood

Table 2
Metro-Denver Region Economic Indicators

Broomfield, Boulder, Denver, Adams, Arapahoe,
Douglas, and Jefferson Counties

	2002	2003	Year-to-date thru Sept. 2004
Employment Growth /1	-3.1%	-2.3%	0.3%
Unemployment Rate 2004 rate is for Sept. only	5.9%	6.3%	4.7%
Housing Permit Growth /2	-19.7%	-22.5%	33.6%
Growth in Value of Nonresidential Const. /3	-27.8%	-20.8%	-5.7%
Retail Trade Sales Growth /4 YTD thru August 2004	-0.5%	1.4%	2.8%
1/ Colorado Department of Labor and Employment. Annual data are from the ES-202 program. 2004 YTD data are from the Current Employment (establishment) Survey.			
2/ U.S. Census Metropolitan Statistical Area Data			
3/ F.W. Dodge			
4/ Colorado Department of Revenue. Includes food services.			

The Metro-Denver region, comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties, is a regional economic and transportation hub for the Rocky Mountain region. As such, the economic health of the state depends greatly on the area. As the national economy has improved, so has the Metro-Denver region, though recent data suggest growth has slowed.

Table 2 summarizes major economic indicators for the region. Following consecutive years of job losses, regional employment appears to have stabilized. Similarly, the unemployment rate has dropped from 6.3 percent in 2003 to 4.7 percent in September 2004.

Half of the construction industry is also rebounding with housing permits up 33.6 percent through September 2004, compared with the first nine months of 2003. Meanwhile, nonresidential construction values have decreased 5.7 percent compared with a year ago, mostly due to a massive slowdown in the US 36 corridor. Finally, the improved economy is yielding a sig-

nificant increase in retail trade sales, which were up 2.8 percent through August. The improvement continues to be led by Douglas County, as more retail establishments are built to meet the ever-expanding population base in the south metro county.

Recent Economic News

- The office market has yet to see any sustained recovery. According to CB Richard Ellis report, vacancy rates remained at historically high levels in the third quarter of 2004. Vacancy rates increased slightly over the third quarter of 2003 to 18 percent. Meanwhile lease rates have remained essentially flat for the last year.
- According to the RealFacts, a California-based research firm, Denver apartment rental rates rose 0.2 percent in September over year-ago figures. Many developers have scaled back concessions leading to "slightly" higher effective rental rates.
- Commerce City has announced plans to create Prairie Gateway on roughly 1,000 acres of former Rocky Mountain Arsenal land. The mixed-use development would incorporate many housing and retail options, as well as a 20,000-seat stadium that would be the new home of the Colorado Rapids. A bond issue to help fund the \$120 million project was on the November ballot.
- Lockheed Martin was given a \$330 million contract to build a spacecraft to fix the hubble telescope. Lockheed has received contracts worth up to \$11 billion in the last 12 months.
- Rose Medical Center in Denver will build a 60,000-square-foot tower to primarily serve pregnant women. The \$40 million project will include four operating rooms and 12 delivery rooms, as well as provide a variety of women's health services.

COLORADO SPRINGS

By Tom Dunn

Table 3
Colorado Springs Economic Indicators
El Paso County

	2002	2003	Year-to-date thru Sept. 2004
Employment Growth /1	-1.8%	-1.0%	0.5%
Unemployment Rate 2004 rate is for September only	6.6%	6.0%	5.2%
Housing Permit Growth /2	-4.1%	-23.2%	19.1%
Growth in Value of Nonresidential Const. /3	25.0%	19.3%	-26.1%
Retail Trade Sales Growth /4 YTD thru August 2004	1.6%	0.2%	7.6%
1/ U.S. Department of Labor, Bureau of Labor Statistics. Data represents nonfarm employment 2/ U.S. Census 3/ F.W. Dodge 4/ Colorado Department of Revenue.			

2003, it showed robust gains locally. Meanwhile, it has declined locally this year as measured against an 11.7 percent gain throughout Colorado.

Retail trade sales have increased a robust 7.6 percent this year, following meager gains in the two previous years.

Recent Economic News:

- The competition for small jet-aircraft manufacturers has been sharp statewide and throughout the country. Monument-based manufacturer Excel-Jet will likely move its operations to New Mexico by next spring, resulting in the loss of five jobs. The company expects to increase its employment several-fold in New Mexico.

After two years of employment declines, the number of jobs in Colorado Springs increased slightly through September. Robust gains in the financial activities sector, as well as modest gains in the educational and health services and government sectors, led local employment to a 0.5 percent gain. The manufacturing and information sectors had job losses of 2.3 percent and 4.7 percent, respectively, compared with last year. The unemployment rate was 5.2 percent in September, compared with an average rate of 6.0 percent for 2003.

According to the U.S. Census Bureau, housing permits have increased 19.1 percent through September, compared with a year ago. Curiously, the Census Bureau indicates that no activity has occurred this year in the multi-family housing sector. Nonresidential construction decreased 32.0% through September, according to F.W. Dodge. Nonresidential construction activity in Colorado Springs has been contrary to statewide trends for three consecutive years. While construction declined statewide in 2002 and

PUEBLO — SOUTHERN MOUNTAINS

By Natalie Mullis

Table 4
Pueblo Region Economic Indicators
Pueblo, Fremont, Custer, Huerfano,
and Las Animas Counties

	2002	2003	Year-to-date thru Sept. 2004
Employment Growth /1	-0.9%	-0.9%	1.9%
Unemployment Rate 2004 rate is for Sept. only	6.3%	6.3%	6.1%
Housing Permit Growth /2 Pueblo County Only	-6.3%	-1.6%	5.2%
Growth in Value of Nonresidential Const. /3 Pueblo County Only	-26.7%	213.3%	67.1%
Retail Trade Sales Growth /4 YTD thru August 2004	1.0%	0.8%	6.1%

1/ Colorado Department of Labor and Employment. Annual data are from the ES-202 program. 2004 YTD data are from the Current Population (household) Survey.

2/ U.S. Census

3/ F.W. Dodge

4/ Colorado Department of Revenue. Includes food services.

The economy in the five-county Pueblo region has shown considerable improvement in 2004. Table 4 shows annual economic indicators for the region since 2002, and year-to-date results through September. Retail trade sales comparisons are through August. Employment, retail trade, and both residential and nonresidential construction are expanding.

Through September, employment has increased 1.9 percent after decreasing for two years. The unemployment rate has edged down, but has not improved substantially because many people have entered or re-entered the labor force. Meanwhile, retail trade sales have rebounded substantially, increasing 6.1 percent.

Based on data from F.W. Dodge, nonresidential construction activity in Pueblo County continues to show strong growth in 2004 after more than tripling in value in 2003. The value of nonresidential construction increased 67.1 percent year-to-date through September. Most of the increase was for hospital and health treatment facilities, retail stores, and office and bank buildings.

Permits for residential construction have shown considerable improvement in 2004, with a 5.2 percent increase through September, following two years of decreases. Most of the improvement is due to multi-family housing. Permits for multi-family and single-family homes increased 20.0 percent and 3.4 percent, respectively, through September.

Recent Economic News:

- The Pueblo Planning and Zoning Commission recently approved the annexation of 123 acres on the southern boundary of the city where 352 single-family homes and 47 multi-family homes are under development.
- The Upper Arkansas Area Council of Governments and the Colorado Workforce Center expect to begin construction on a new 13,800-square-foot headquarters building this winter in Canon City.
- A newly constructed 88,000-square-foot Kohl's Department Store opened in October at the new Pueblo Crossing shopping center. 160 people were hired to staff the store. Nearby, a new 6,000-square-foot Chili's Restaurant is expected to open in March and employ between 110 and 120 people.

SAN LUIS VALLEY

By Natalie Mullis

Table 5
San Luis Region Economic Indicators
Saguache, Mineral, Rio Grande, Alamosa,
Conejos, and Costilla Counties

	2002	2003	Year-to-date thru Sept. 2004
Employment Growth /1	0.5%	2.7%	7.6%
Unemployment Rate			
2004 rate is for Sept. only	7.4%	6.7%	5.0%
Crop Price Changes /2			
Winter Wheat	11.4%	0.3%	-14.0%
Corn for Grain	31.8%	0.8%	Unavailable
Alfalfa Hay	12.9%	-21.1%	0.0%
Potatoes	-31.6%	-24.2%	23.1%
State Crop Production Growth /2			
Barley (bushels)	-15.9%	24.1%	-6.5%
Oats (bushels)	-79.2%	143.8%	Unavailable
Alfalfa Hay (tons)	-37.3%	13.2%	-0.2%
Potatoes (Cwt)	29.0%	-13.1%	Unavailable
Housing Permit Growth /3			
Alamosa County Only	-6.6%	-5.3%	-56.7%
Growth in Value of Nonresidential Const. /3			
Alamosa County Only	-38.6%	-59.4%	☺
Retail Trade Sales Growth /4			
YTD thru August 2004	-0.8%	1.2%	4.5%

1/ Colorado Department of Labor and Employment. Annual data are from the ES-202 program. 2004 YTD data are from the Current Population (household) Survey.

2/ Colorado Agricultural Statistics Service.

3/ F.W. Dodge

4/ Colorado Department of Revenue. Includes food services.

☺ A value of \$3 million was contracted through September 2004, up from \$467,000 through September 2003.

The economy in the six-county San Luis Valley region has shown considerable improvement in 2004. Table 5 shows annual economic indicators for the region since 2002, and year-to-date results through September. Retail trade sales comparisons are through August. Employment, retail trade, and nonresidential construction are expanding.

According to the Colorado Department of Labor and Employment, the number of jobs in the San Luis Valley region increased 7.6 percent through September. Rio Grande County contributed the most to the job increase, adding an average of 631 jobs over that time period and increasing 10.2 percent. Alamosa County

added 517 jobs and increased 6.2 percent. The unemployment rate in the six-county region decreased substantially from an average of 6.7 percent in 2003 to 5.0 percent in September. Meanwhile, retail trade sales are showing strength with 6.1 percent growth through September.

Based on data from F.W. Dodge, nonresidential construction activity in Alamosa County increased from \$467,000 through September 2003 to \$3.7 million during the first three quarters of 2004. Residential construction, however, is not expanding. According to F.W. Dodge, the number of single-family home permits granted in Alamosa County decreased from 44 through September 2003 to 19 through September 2004.

Recent Economic News:

- According to the Colorado Agricultural Statistics Service, 65,000 acres of potatoes were planted in the San Luis Valley this year, down from 71,500 acres last year. Of those planted this year, 82 percent were planted with Russet varieties, 11 percent with yellow varieties, 5 percent with red varieties, and 2 percent with other varieties.
- A new \$4.5 million, 10,000-square-foot visitor center opened in Alamosa County at the Great Sand Dunes National Park and Preserve in October. The park was redesignated from a national monument to a national park on September 13. Located in Alamosa and Saguache counties, the park has increased in size from 38,650 acres to approximately 150,000 acres during the last four years. An average of 280,000 people visit the park each year.
- Blue Sun Biodiesel began construction in October on a \$4 million refinery in Alamosa. The refinery is expected to produce 3 million gallons of biodiesel fuel from soybean oil and diesel fuel every year. It will employ between 12 and 14 people. Blue Sun Biodiesel estimates that the refinery will create 240 jobs indirectly in the local economy, primarily in the agriculture industry.

WESTERN REGION

By Todd Herreid

Table 6

Western Region Economic Indicators

Moffat, Rio Blanco, Garfield, Mesa, Delta, Montrose, San Miguel, Ouray, Hinsdale, Archuleta, La Plata, Dolores, San Juan, and Montezuma Counties

	2002	2003	Year-to-date thru Sept. 2004
Employment Growth /1	1.0%	0.6%	3.6%
Unemployment Rate			
2004 rate is for Sept. only	4.9%	5.0%	3.7%
Housing Permit Growth /2			
Mesa County	11.7%	13.4%	3.2%
Montrose County	-1.4%	23.0%	41.3%
La Plata County	5.7%	27.6%	3.1%
Growth in Value of Nonresidential Const. /2			
Mesa County	-23.6%	-31.7%	12.2%
Montrose County	201.4%	-16.7%	386.5%
La Plata County	582.5%	457.4%	93.9%
Retail Trade Sales Growth /3			
YTD thru May 2004	0.7%	2.6%	6.7%

1/ Colorado Department of Labor and Employment. Annual data are from the ES-202 program. 2004 YTD data are from the Current Population (household) Survey.

2/ F.W. Dodge

3/ Colorado Department of Revenue. Includes food services.

Economic activity in the Western region continues to improve in 2004. Retail sales, employment, and construction activity have grown at rates generally exceeding statewide averages. Table 6 shows annual economic indicators for the region since 2002, and year-to-date results through September. The most recent figures show job growth of 3.6 percent, retail trade growth of 6.7 percent, and strong housing permit and nonresidential construction growth in Mesa, Montrose, and La Plata counties.

Employment in the region continues to respond to nationwide increases in employment and personal income as well as recent price hikes for oil and natural gas. The latter is producing a boom in natural gas production, with gas drilling permits and production levels reaching record levels in 2004. The highest job gains were reported in San Juan, Dolores, Ouray, Montrose, and Jackson counties. The overall increase in jobs caused the region's unemployment rate to fall from 5.0 percent in 2003 to 3.7 percent in September 2004.

Based on data from F.W. Dodge, nonresidential construction activity in the western region increased significantly in the first nine months of 2004. Compared to the same period in 2003, the value of nonresidential construction increased 12.2 percent in Mesa County and almost doubled in La Plata County. Moreover, nonresidential construction in Montrose County has increased more than four-fold. Most of the increases were for hospitals and health treatment facilities or service stations.

In the first eight months of 2004, retail trade sales increased 6.7 percent in the region. Retail trade sales grew the fastest in Dolores, San Miguel, La Plata, and Montrose counties, with growth exceeding 10.0 percent in each of these counties. Most of the other counties reported retail trade growth of between 1.8 and 8.0 percent; however, retail trade in San Juan and Rio Blanco counties declined in the first nine months of the year.

Recent Economic News:

- According to a survey conducted by Manpower Inc., about 30 percent of employers in Mesa County plan to hire additional workers in the next three months. The survey also reported that 60 percent of employers expect no change in employment, while 7 percent plan to cut jobs.
- In 2005, La Plata County is expected to collect \$18 million in property tax revenue, of which 62 percent is anticipated to come from the oil and gas industry. Approximately 3,500 residents in La Plata County, or about 8 percent of all residents, receive royalty payments from working interests in oil and gas wells.

MOUNTAIN REGION

By Todd Herreid

Table 7
Mountain Region Economic Indicators

Routt, Jackson, Grand, Eagle, Summit, Pitkin,
Lake, Park, Teller, Clear Creek, Gilpin,
Chaffee, and Gunnison Counties

	2002	2003	Year-to-date thru Sept. 2004
Employment Growth /1	-1.4%	-2.2%	0.9%
Unemployment Rate 2004 rate is for June only	4.5%	4.5%	3.5%
Housing Permit Growth /2			
Eagle, Pitkin, & Summit Counties	0.5%	25.8%	-6.2%
Routt County	-9.3%	58.7%	21.5%
Growth in Value of Nonresidential Const. /2			
Eagle, Pitkin, & Summit Counties	-9.0%	-54.6%	200.1%
Routt County	-64.8%	-16.8%	137.0%
Retail Trade Sales Growth /3 YTD thru May 2004	-2.7%	0.2%	5.5%

1/ Colorado Department of Labor and Employment. Annual data are from the ES-202 program. 2004 YTD data are from the Current Population (household) Survey.

2/ F.W. Dodge

3/ Colorado Department of Revenue. Includes food services.

Economic activity in the mountain region continues to improve modestly. Table 7 shows annual economic indicators for the region since 2002, and year-to-date results through September. The most recent figures indicate that the region is experiencing positive growth in employment, the value of nonresidential construction, and retail trade. Also, the number of housing permits issued in Routt County increased substantially. Housing permits in Eagle, Pitkin, and Summit counties decreased slightly.

On the jobs front, employment in the region is up an estimated 0.9 percent in the first nine months of 2004, although about half of the counties reported job losses. Job gains were reported in Jackson, Grand, Clear Creek, Chaffee, Pitkin, Routt, and Gunnison counties; job losses were reported in Eagle, Summit, Lake, Park, Teller, and Gilpin counties. Because of the slight increase in employment, the unemployment rate fell to 3.5 percent in September from an average of 4.5 percent in 2003.

Based on data from F.W. Dodge, nonresidential construction activity in the mountain region is up considerably. In the first nine months of 2004, the value of nonresidential construction tripled in Eagle, Pitkin, and Summit counties, and more than doubled in Routt County. In Eagle, Pitkin, and Summit counties, most of the increases in nonresidential construction were reported in Pitkin County for grocery stores, office buildings, service stations, and health care facilities. Summit and Eagle counties reported large construction projects for highways, streets, and bridges. In Routt County, gains were primarily reported for grocery and food service stores.

In the first eight months of 2004, retail trade continued to grow in each county within the mountain region. This follows a year in which there was almost no growth in the region. Gunnison, Routt, and Jackson counties each reported retail trade growth of more than 8.0 percent. All of the remaining counties had retail trade growth of at least 1.7 percent.

Recent Economic News:

- Aspen's retail sales slipped in August, but for the first eight months of the year they were running 6.6 percent higher than the same period in 2003.
- A 315-unit mixed-use development is being planned for Buena Vista on a 40-acre parcel along the Arkansas River. The centerpiece of the development is a whitewater kayaking park. If the development is successful, it will increase the population of the city from 2,200 to around 3,000.

NORTHERN REGION

By Natalie Mullis

Table 8
Northern Region Economic Indicators
Weld and Larimer Counties

	2002	2003	Year-to-date thru Sept. 2004
Employment Growth /1			
Larimer County	-0.4%	-1.1%	1.2%
Weld County	1.2%	0.3%	2.9%
Unemployment Rate (2004 rate is for Sept. only)			
Larimer County	5.2%	5.2%	4.4%
Weld County	6.0%	6.4%	5.6%
State Cattle and Calf Inventory Growth/2	-3.6%	-24.1%	7.4%
Housing Permit Growth /3			
Larimer County	-17.1%	-1.1%	6.6%
Weld County	2.6%	-10.2%	14.9%
Growth in Value of Nonresidential Const. /4			
Larimer County	8.0%	-35.8%	244.5%
Weld County	-33.8%	33.3%	19.0%
Retail Trade Sales Growth /5 (YTD thru August 2004)			
Larimer County	1.7%	0.2%	2.4%
Weld County	7.8%	5.1%	13.6%

1/ Colorado Department of Labor and Employment. Annual data are from the ES-202 program. 2004 YTD data are from the Current Population (household) Survey.

2/ Colorado Agricultural Statistics Service. 2004 figure represents October 1, 2004 compared with October 1, 2003.

3/U.S. Census

4/ F.W. Dodge 2/ U.S. Census

5/ Colorado Department of Revenue

The economy in Weld and Larimer counties is rebounding. Table 8 shows annual economic indicators for the region since 2002 and year-to-date results through September for most indicators and through August for retail trade. Employment has increased 1.2 percent and 2.9 percent in Larimer and Weld counties, respectively. The unemployment rate has edged down from 2003 levels in both counties. Weld County has experienced substantial growth in retail trade, with 13.6 percent growth through August. Retail trade is recovering somewhat in Larimer County, with 2.4 percent growth. Meanwhile, the value of nonresidential construction has rebounded considerably in 2004, nearly tripling in Larimer County compared with last year.

Recent Economic News:

- The Cities of Fort Collins and Greeley announced plans to expand two reservoirs located north of two cities on the Poudre River. The expansion of Halligan Reservoir is expected to begin in 2008 and be complete in 2010. It will increase the capacity of the reservoir from 6,400 acre-feet to 40,000 acre-feet. The expansion of the Milton Seaman Reservoir from a 5,000-acre-foot capacity to a 43,000-acre-foot capacity isn't expected to be complete until 2018. Both expansions, which utilize water rights already owned by the cities, must meet with approval from the federal government before construction can begin.
- Plans were announced to build a 129-unit independent-living apartment and cottage complex for retirees in Fort Collins in the Rigden Farm Development.
- Slow demand for semiconductor products has caused layoffs at three companies in Fort Collins. Agilent Technologies, Inc. cited the need to cut costs due to slow demand as the reason for closing its metal-oxide semiconductor plant and laying off 100 people, or 11 percent of its Fort Collins workforce. Advanced Energy Industries, Inc. announced plans to lay off 200 people, or 23 percent of its Fort Collins workforce, during the next nine months. Advanced Energy is moving some manufacturing operations to China. Finally, semiconductor manufacturer LSI Logic Corp. blamed the slump for the elimination of 54 jobs in late October.
- Construction began on the 48,000-square-foot "Northern Colorado Rehabilitation Center" in Johnstown. The hospital, which is expected to employ up to 150 people, will open next summer.
- Power Motive Corp. began construction on a \$3.2 million, 18,000-square-foot facility in Milliken. The company, which sells and services heavy construction equipment, expects to hire 21 people to staff the new location.