Colorado Economic Chronicle

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National Economy

By Kate Watkins

The nation remains in what some economists and the media have termed the "Great Recession." The latest national economic indicators show further declines in economic activity: job losses continue, consumer confidence remains low, declines in economic output persist, and the housing and banking sectors continue to struggle.

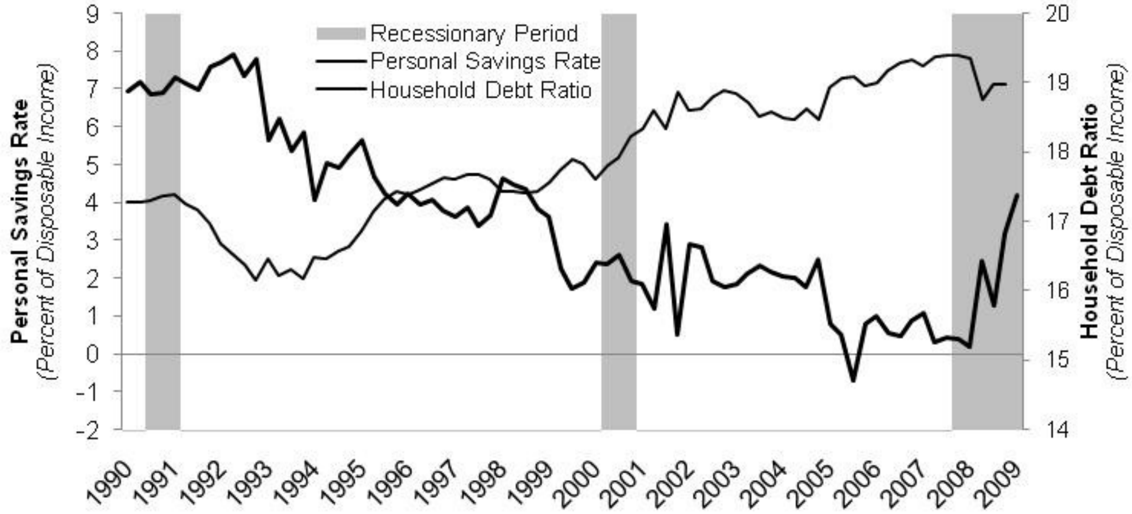
According to advance estimates by the Bureau of Economic Analysis, real **gross domestic product** decreased in the first quarter of 2009 at an annual rate of 6.1 percent. This contraction follows a decrease of 6.3 percent in the fourth quarter of 2008. The drop in economic output primarily reflects falling exports and large declines in investment. Partially offsetting these declines, personal consumption expenditures increased slightly and imports decreased in the first quarter of 2009.

The largest contributor to the contraction in gross domestic product were declines in investment activity. Gross domestic private investment declined at a seasonally adjusted annual rate of 51.8 percent in the first quarter after a 23 percent decline in the final quarter of 2008. Investment saw large declines across the board in structures, equipment and software, and residential investments. Exports in the first quarter fell 30 percent but were more than offset by a decline in imports of 34.1 percent. While government consumption expenditures fell 3.9 percent reflecting decreases in defense and state and local government spending, personal consumption rose 2.2 percent from the prior quarter, primarily from increased consumption for durable goods.

Data on **residential housing** show some signs that the market may be bottoming out. Home sales, construction permits, and home prices remain low, but showed some increases in the first quarter of 2009. Single family home sales increased at a seasonally adjusted annual rate of 17.2 percent in March after a 20.8 percent increase in February. Low interest rates, the $8,000 first home buyer federal tax credit, and some easing in the credit market may be partially responsible for increased sales activity in recent months. However, home sales were still down 30.6 percent in March this year compared to last. Median sales prices of existing homes increased 4.2 percent in March over the prior month, but were down 12.4 percent from March of last year. Building permits, an indicator of future construction, were down 8.5 percent in March after an increase in February of 6.2 percent at a seasonally adjusted annual rate. Permits are down 44.6 percent in March of this year compared to last.

The Conference Board's **consumer confidence** index improved in April,

Figure 1
Personal Savings Rate and Household Debt Ratio, 1990 to the First Quarter of 2009

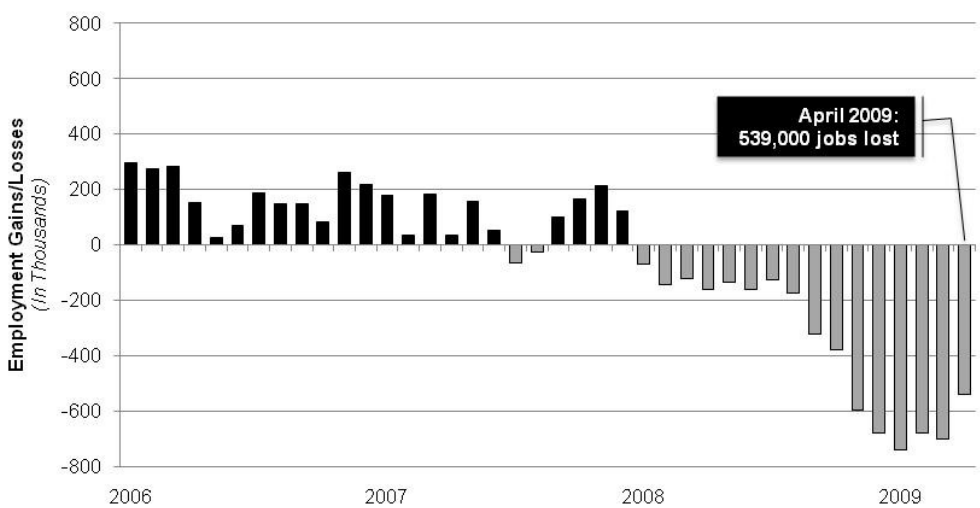


Source: Federal Reserve Board and Bureau of Economic Analysis.

rising to 39.2 from 26.9 in March. Despite the rise, the index remains very low. Job loss, declining incomes, and the loss of wealth resulting from declines in real estate and stock values have contributed to low consumer confidence over the last several months. Households have been opting to save and pay down debts in recent months, exacerbating declines in consumer spending, which represents the largest portion of the nation's economic activity. Figure 1 illustrates the rise in the savings rate starting in the second quarter of 2008, a distinct reversal in the downward savings trend which began in the early 1990s. This figure also illustrates the trend of rising debt levels since the early 1990s.

The **banking sector** continues to show signs of weakness despite the efforts of the $700 billion Troubled Asset Rescue Plan (TARP) and other Federal Reserve stabilization actions. The Federal Reserve announced in May that ten of the nation's 19

Figure 2
Monthly Employment Gains/Losses, January 2006 to April 2009
(In Thousands)



Source: Bureau of Labor Statistics.

Figure 3
Monthly Unemployment Rate, January 1999 to April 2009

Source: Bureau of Labor Statistics.

largest banks failed the Reserve's "stress tests". The tests were intended to measure whether banks could handle a prolonged or deeper recession. The Federal Reserve determined that these banks need $75 billion in additional capital to remain solvent and able to lend should the recession deepen.

The **labor market** continued to shrink in April, decreasing by 539,000 jobs. Only government and education and health services industries showed job growth between March and April. The rate of job losses slowed in April but this is not necessarily an indication that the recession is abating, as job losses remain high. Figure 2 shows monthly employment gains and losses from January 2006 to April 2009.

The **unemployment rate** reached 8.9 percent in April, the highest rate since the recession of the early 1980s. The number of unemployed reached 13.7 million in April, almost double the number of unemployed in the same month last year. Figure 3 shows the monthly unemployment rate from January 1999 to April 2009.

Inflation, as measured by the seasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U), decreased 0.1 percent in March compared to February. Declines in energy prices are primarily responsible for the decrease. Core inflation, which excludes food and fuel, increased 0.2 percent for the third month in a row. Rises in tobacco product prices were responsible for more than half of the core inflation increase. The seasonally adjusted annualized rate of inflation for the first quarter of 2009 was 2.2 over the fourth quarter in 2008. Rises in energy, transportation, medical, and apparel prices were primarily responsible for the increase.

The national economy remains in a deep recession with falling economic output, high job loss, and low consumer confidence. The residential housing market may be bottoming out but continues to show signs of distress, as does the banking sector. The strengthening of these two sectors is much needed for economic recovery. The effects of the American Recovery and Reinvestment Act (ARRA) have yet to be seen but may serve as a push for the nation towards recovery. However, job gains and a boost to industry through ARRA funds are likely to be slow to come.

COLORADO ECONOMY

By Marc Carey

Table 1
Statewide Economic Indicators

	2007	2008	2009 YTD Thru March
Employment /1	2.3%	0.8%	-2.5.%
Unemployment Rate (2009 figure is for March)	3.8%	5.1%	7.9%
Personal Income/2	6.0%	5.1%	N/A
Wages and Salaries	6.5%	4.2%	N/A
Housing Permit /2	-22.6%	-37.3%	-63.0%
Single-Family Permit Growth /3	-32.7%	-43.6%	-53.4%
Growth in Value of Nonresidential Const. /4	14.1%	-15.9%	-14.7%
Retail Trade Sales /5	6.9%	0.3%	-13.3%

N/A = Not Available

1/ U.S. Department of Labor, Bureau of Labor Statistics. Employment data are from the CES survey for all years. Unemployment data are from the LAUS program for all years reported.

2/ Bureau of Economic Analysis.

3/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction.

4/ F.W. Dodge.

5/ Colorado Department of Revenue. Data through February.

As the national economy continues to struggle though an economic downturn of historic proportions, Colorado's economy is certainly not immune.

In the first quarter of 2009, Colorado's employment base contracted for the first time since the 2002-2003 period. A majority of industries within the state are shedding jobs, and consumer spending is falling at anaccelerated pace. The impact on the state's housing market is particularly severe, as the share of job losses in the construction sector is among the largest in the state. The weak credit market combined with the accelerated decline in housing permit authorizations provide further evidence that it may take some time for that sector to recover. Economic indicators for the state are shown in Table 1.

Employment

Employment decreased 2.5 percent in the first quarter of 2009, after increasing 0.8 percent in 2008. The state lost 36,000 jobs in the first quarter, compared to a drop of 2.1 million jobs for the nation as a whole. A strong indicator of the state's weak job market is the state's unemployment rate. Over the past two years, Colorado's unemployment rate has climbed steadily from 3.8 percent in 2007 to 5.1 percent in 2008, and stood at 7.9 percent at the end of March.

A wide variety of sectors have exhibited job losses in Colorado. Figure 4 shows the percent change in employment in the first quarter in selected Colorado industries compared to the first quarter of 2008. Sectors exhibiting job losses included some of the state's largest — retail trade, leisure and hospitality, and professional and business services — collectively accounting for almost 37 percent of the state's March job base. The professional and business service sector in particular has shed a significant number of jobs after being an important contributor to the state's employment growth in recent years.

Other smaller sectors exhibiting significant job losses included manufacturing, real estate, and construction. However, these sectors only account for just over 13 percent of total jobs. The construction sector exhibited the sharpest decline of all selected sectors, providing clear evidence of both the weak, statewide housing market and the drop in nonresidential construction. Also exhibiting a marked decline in employment was the credit intermediation sector, which includes workers involved directly with lending and mortgage financing. While not a large sector overall, this sector saw an employment decline of 8.3 percent in the first quarter compared to the first quarter of 2008, a result of the tight pullback in consumer credit.

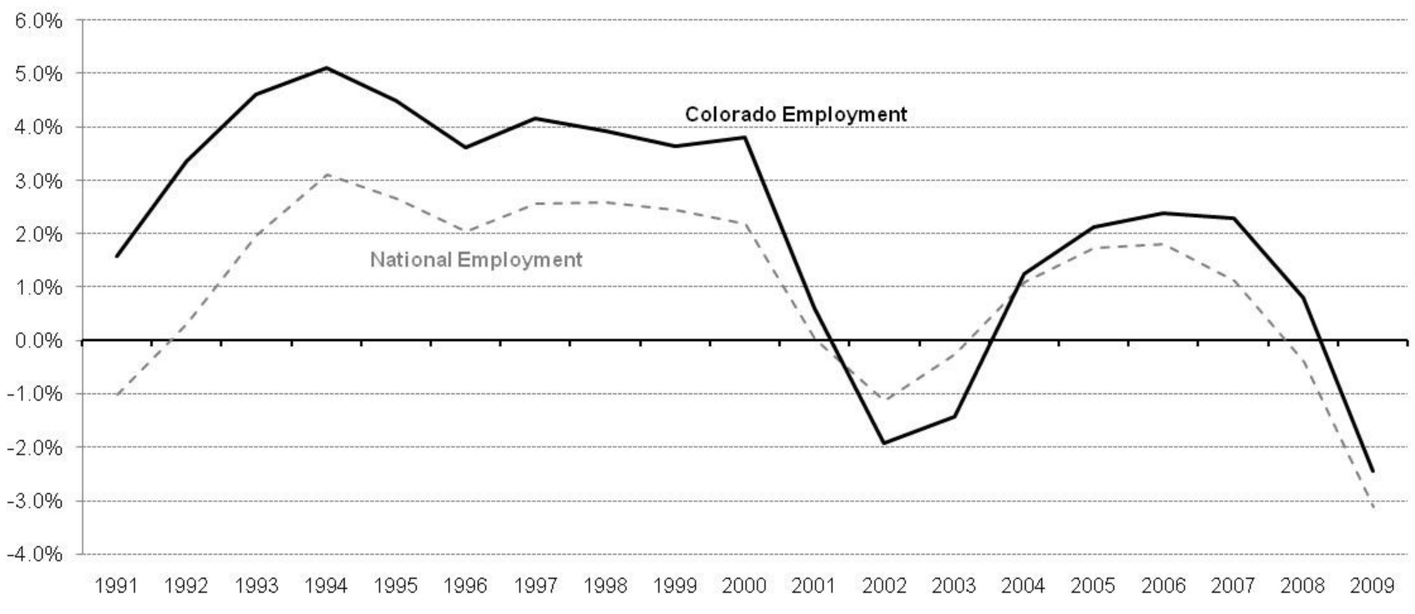
The only sectors exhibiting job growth were natural resources and mining, education and health services, and government sectors, which collectively account for about 30 percent of Colorado's nonfarm jobs. However, after exhibiting strong growth over the last several years, the drop in international energy prices has leveled off growth somewhat in the natural resources and mining sector through the first quarter of 2009.

Figure 4. Percent Change in Employment in Selected Colorado Industries YTD through March, 2009.

Source: Bureau of Labor Statistics.

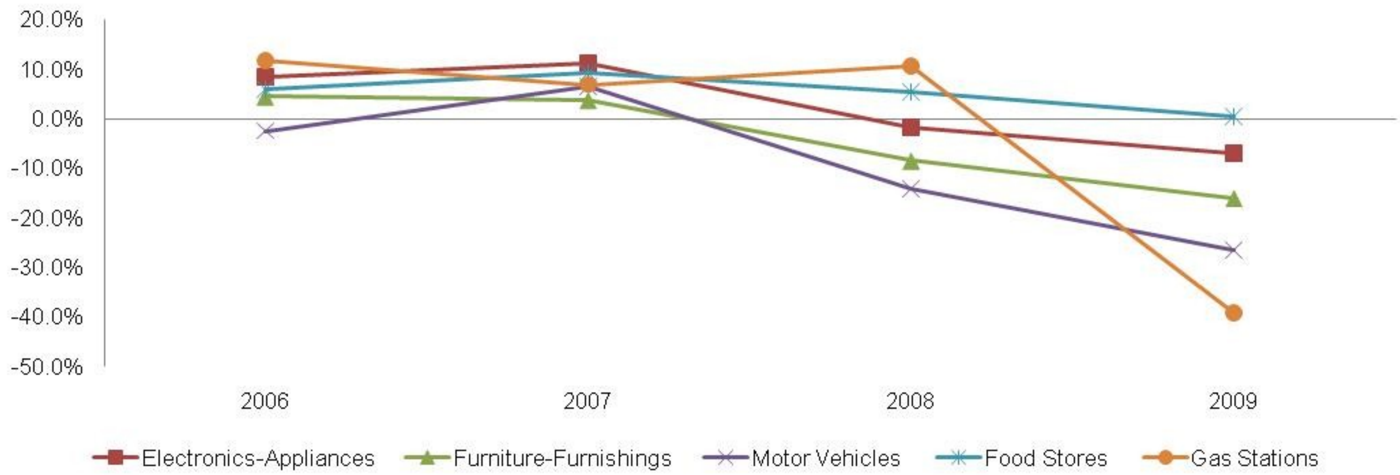
Colorado employment trends are historically highly correlated with national employment trends. Figure 5 shows the annual change in employment in Colorado and the nation as a whole for each year since 1991, relative to the previous year. Over this period, Colorado's employment growth has generally outperformed the nation's, with the notable exception of the period from 2002 through 2004. Through 2008, both Colorado and national employment dropped sharply, though Colorado still exhibited positive job growth while the national employment base contracted. In the first quarter of 2009, Colorado's employment base dropped by 2.4 percent compared with a 3.1 percent decrease for the nation.

Figure 5. Percent Change in Year-to-Year Colorado and National Employment, 2001 - March 2009.



Source: Bureau of Labor Statistics.

Figure 6. Percent Changes in Consumer Spending on Selected Big Ticket Items, Food and Gas, 2006 through February, 2009



Source: Colorado Department of Revenue.

Personal Income and Wages

Statewide personal income grew 4.9 percent in 2008, according to the latest estimate from the federal Bureau of Economic Analysis. This was the 10th highest growth rate among states - and third highest among the eight states in the inter-mountain west. Wages and salaries grew 4.7 percent during this period. Mining easily posted the largest wage gains of the year, growing 24.4 percent. Other sectors with notable increases in wages included health care (8.1 percent), utilities (7.8 percent) and government (7.6 percent). The largest decline in 2008 was in the real estate (-4.3 percent) sector.

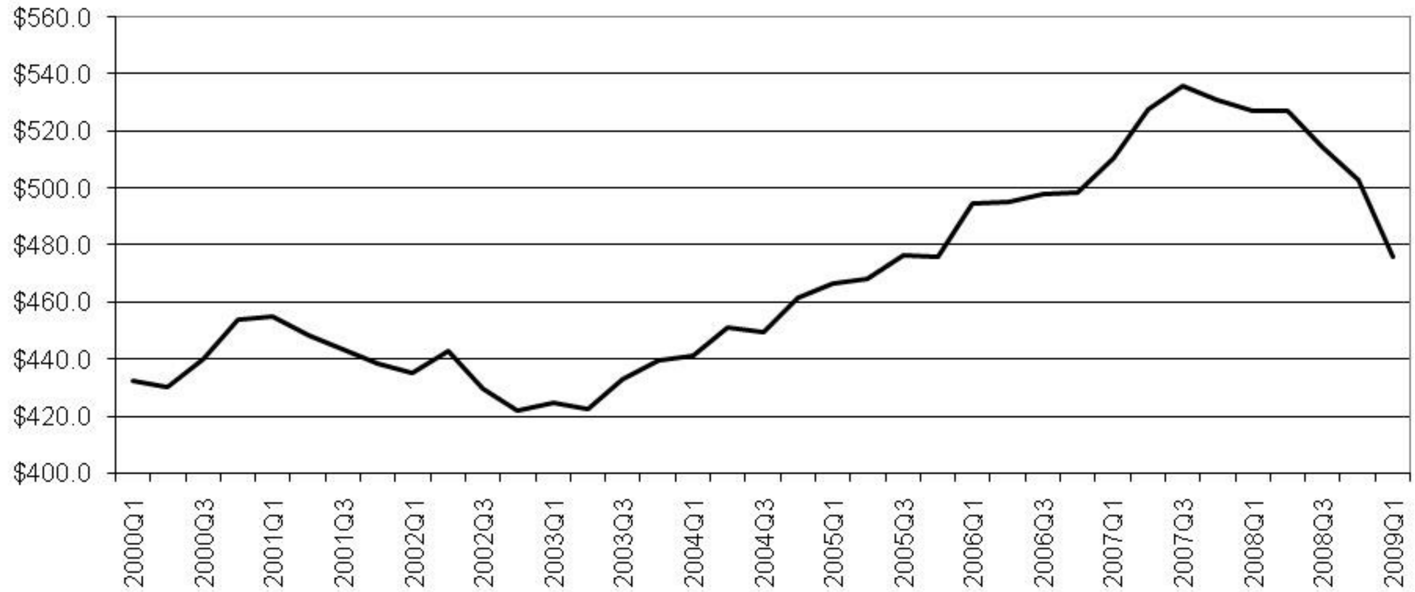
Consumer Spending

The pullback in national credit markets and resulting free fall in the value of securities resulted in a substantial loss of consumer wealth and a corresponding contraction of consumer spending, both in Colorado and nationally. Because consumer spending represents about 70 percent of economic activity, the significant drop in spending further deteriorated the state's economy.

Data on retail trade sales from the Colorado Department of Revenue provide clear evidence of the sharp decline in consumer spending that occurred through 2008 and the first two months of 2009. Figure 6 shows the year-to-year change in spending on selected big ticket items and food and gas in 2007, 2008, and through February 2009. For example, while the growth in statewide sales of electronics and appliances increased slightly in 2007, sales decreased in 2008 and fell even more sharply through the second month of 2009. Similar patterns exist for spending on both furniture and motor vehicles. Of the selected sectors, only the growth in spending at food stores has continued to be positive this year through February, but that growth is slowing. The dramatic decline in consumer spending on gasoline this year probably results from decreased driving, a shift by many consumers to more fuel efficient vehicles, and the sharp fall in gasoline prices that occurred over the last year.

The drop in consumer spending is also evidenced by the sharp fall in state sales tax revenue since mid-2007. Figure 7 shows statewide sales tax revenue, which comprises about 28 percent of state General Fund revenue, from the beginning of 2000 through the first quarter of 2009. Sales tax revenue had grown steadily since the end of the last recession in the beginning of 2003, and had increased particularly sharply through most of 2007 before tailing off in the last quarter. In 2008, the downward trend continued through the first half of the year, and really acceler-

Figure 7. Quarterly State Sales Tax Revenue, 2000 through the first quarter 2009.
(millions of dollars, seasonally adjusted)



Source: Colorado Department of Revenue.

ated through the second half of the year. The sharp decline in sales tax revenue has only accelerated through the first quarter of 2009, providing further evidence of the depth of the recession and its impact on consumers.

Inflation

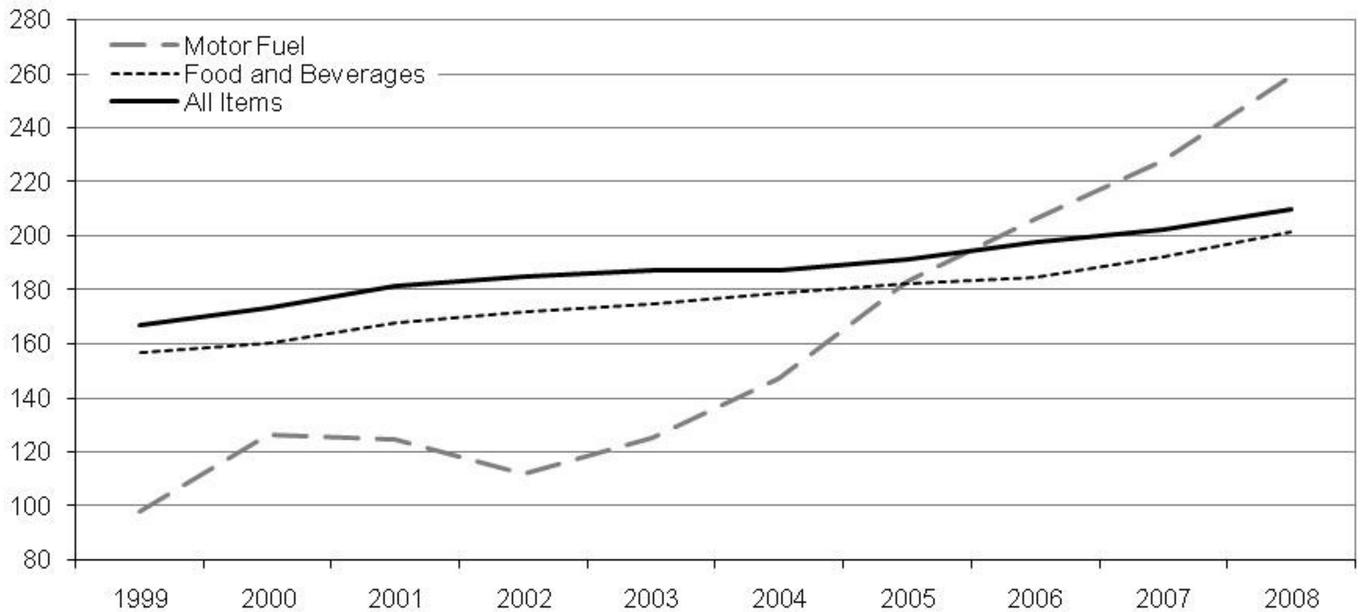
Inflation in the Denver-Boulder-Greeley area came in at 3.9 percent in 2008, up from 2.2 percent in 2007. Prices for food and motor fuel rose 4.8 percent and 13.7 percent, respectively. These items comprise about one-fifth of overall consumer expenditures. Figure 8 shows the inflation in food items, motor fuels, and overall consumer prices over the last 10 years. Food prices have tracked overall consumer prices fairly closely over this period, and only recently begun to climb at a faster rate. In contrast, motor fuel prices have skyrocketed, increasing by over 200 percent between 2000 and 2008.

High gas prices were driven by record-high oil-prices during the spring and summer of 2008, although the price has declined substantially since then. According to the Energy Information Administration, crude oil prices peaked at $145 per barrel in July 2008, before falling all the way to $30 per barrel in December. Since then, crude oil prices have recovered somewhat, and stand at about $60 per barrel at the time of this publication.

Housing Market and Construction

Colorado's housing market continues to suffer as much as any sector of the state's economy. While the collapse of the credit market and bursting of the housing price bubble were major drivers of the economic downturn, the recession has further reduced demand for both residential and non-residential construction. Substantial job losses in the construction and credit industries, a sharp reduction in authorized building permits and the continued decline in the value of non-residential construction provide evidence of the contraction occurring in this sector. Many planned developments have been delayed or scaled back. It is interesting to note, however, that home foreclosure activity, as measured by both foreclosure filings and sales, has also declined over the last year.

Figure 8. Denver-Boulder-Greeley Consumer Price Indices for All Items, Motor Fuel and Food, 1999 - 2008



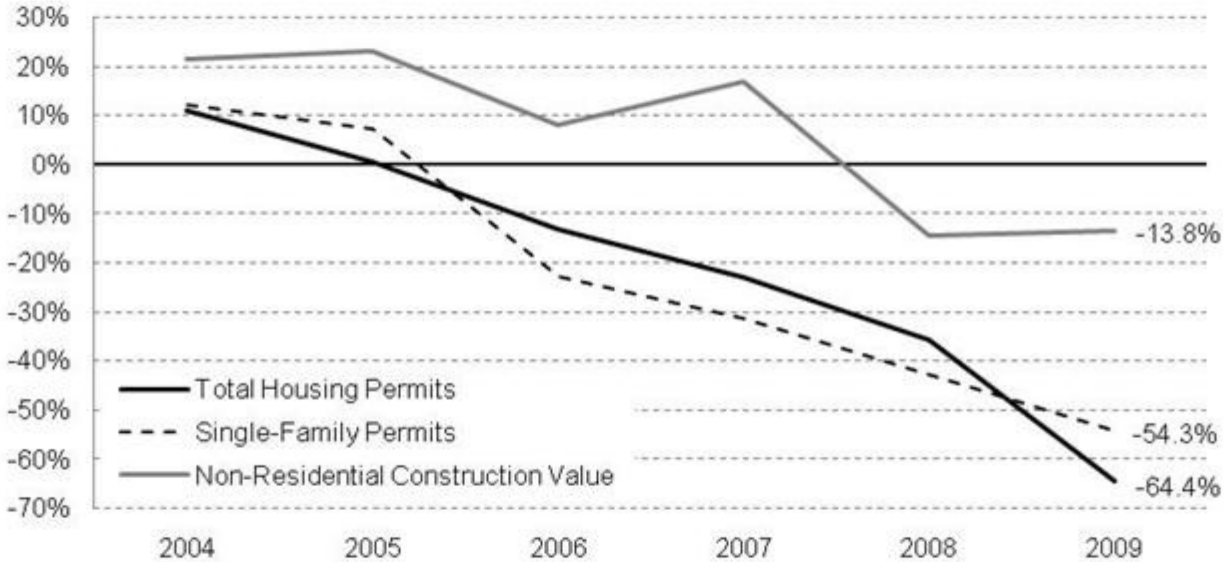
Source: Bureau of Labor Statistics

The trend for new home construction permits, a strong indicator of the condition for the state's housing market, tell a clear story about the current status of Colorado's housing sector. While the decline in permits has accelerated since 2004, over the first quarter of 2009, this acceleration increased relative to a similar period in 2008. Through March 2009, the number of new privately-owned housing units authorized for construction decreased 63 percent, after declining 38 percent in 2008 and 23 percent in 2007 relative to the previous year. Although single-family housing permits have also fallen markedly, the declines through March have not accelerated quite as much as for total permits. Single-family permits during each of these periods fell by 53 percent, 43 percent, and 33 percent, respectively.

Likewise, the trend in the value of non-residential construction provides insight into the health of commercial construction in the state. After growing at a rate between 8 and 23 percent from 2004 through 2007, the value of non-residential construction declined by nearly 15 percent in 2008. Values in the first quarter of 2009 were off 14 percent compared to the first quarter of 2008. Although the decline in value has not accelerated thus far, concern exists regarding the status of commercial construction as it may take longer for the impact of bad commercial loans to be felt. Figure 9 provides a brief history of the changes in statewide building permit growth and the value of non-residential construction that have occurred since 2004.

Some good news for Colorado's housing market came with the release of recent statistics on foreclosure filings and sales from the Division of Housing. Foreclosure filings represent the number of borrowers that have become delinquent on home loans, while foreclosure sales indicate the number of borrowers that have lost all equity in their property as a result of its sale at an auction. While both the number of annual filings and sales have been steadily climbing since 2003, they began to drop off in 2008, when filings decreased by 1 percent and sales decreased by 15 percent compared to 2007. In the first quarter of 2009, this trend continued, with filings declining by 8 percent and sales falling by 26 percent compared to the first quarter of 2008. Compared to the fourth quarter of 2008, filings increased by 13 percent while sales fell by 14 percent.

Figure 9. Percent Change in Housing Permits and the Value of Non-Residential Construction
2004 - March 2009



Source: U.S. Census Bureau and F.W. Dodge

Summary

The national recession is as bad as has been seen in sometime, and Colorado's downturn certainly rivals what is being experienced in other parts of the country. Almost all of Colorado's employment sectors are shedding jobs, with the construction industry perhaps being hit the hardest. Both the marked drop in authorized housing permits and the continued decline in the value of non-residential construction provide further evidence of the weakness in the sector. As in other states, the reduction in consumer wealth due to the crisis in the credit and financial markets has resulted in a sharp drop in consumer spending, causing a further contraction of the state's economy. Currently, there are very few indicators that point to a recovery in the state's economic fortunes any time in the near future.

METRO DENVER

By Ron Kirk

Table 2
Metro-Denver Region Economic Indicators
Broomfield, Boulder, Denver, Adams, Arapahoe, Douglas, and Jefferson counties

	2007	2008	2009 YTD Thru March
Employment /1	2.2%	0.9%	-3.0%
Unemployment Rate (2009 figure is for March)	3.8%	4.9%	8.0%
Housing Permit	-21.1%	-38.4%	-67.6%
Single-Family Permit Growth (Denver-Aurora) /2	-40.3%	-49.8%	-55.3%
Single-Family Permit Growth (Boulder) /2	-12.4%	-63.5%	-41.7%
Value of Nonresidential Const. /3	33.2%	-11.4%	6.4%
Retail Trade Sales /4	6.4%	-1.0%	-13.9%

1/ U.S. Department of Labor, Bureau of Labor Statistics. Employment data are from the CES survey for all years reported. Unemployment data are from the LAUS survey for all years reported.

2/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction.

3/ F.W. Dodge; excludes Broomfield County.

4/ Colorado Department of Revenue. Data through February.

The Metro Denver economy is mired in a deep recession. Through the first quarter of 2009, job losses continue, unemployment is spiraling upward, and retail sales have decreased considerably. In addition, the region continues to see significant declines in new housing starts, although there is slow growth in nonresidential construction. Economic indicators for the Metro Denver region are shown in Table 2.

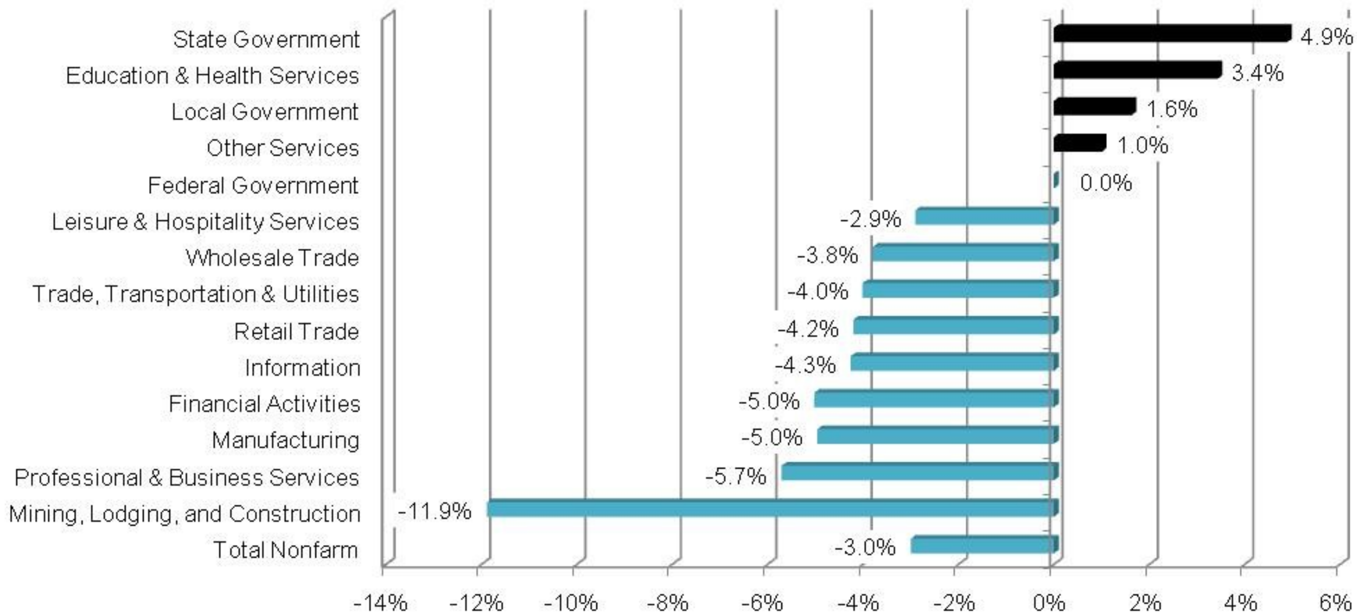
Total nonfarm employment in the region declined 3.0 percent in the first quarter of 2009 after growing 0.9 percent in 2008. As shown in Figure 10, job growth in the region was strongest in state government (4.9 percent growth), followed by the education and health services sector (3.4 percent growth). The mining, lodging, and construction sector saw the largest decline of 11.9 percent, likely a reflection of the deteriorating housing market, decline in tourism and travel, and lower energy prices. The troubled banking industry is also contributing to the decline in the financial activities sector as employment decreased 5.0 percent. The professional and business services and manufacturing sectors also saw job losses.

As the labor markets saw most sectors shed jobs, the unemployment rate spiraled upward in the region to 8.0 percent in March, slightly above the statewide average of 7.9 percent. The region's current rate exceeds the 6.8 percent peak unemployment rate that was seen in January 2004 at the end of the last recession that began in 2001. Figure 11, on page 12, shows the unemployment rate for the region.

The Metro Denver region's housing sector continues to struggle through a housing correction that may continue well into 2010. Foreclosure filings continue to plague many metro counties in the region. In addition to foreclosures, housing prices, sales, and new home starts are declining.

A recent report by the Colorado Division of Housing reports that home foreclosures continue to affect the residential housing market, although filings seem to be declining. On a statewide basis, for the first quarter of 2009, there were 10,745 foreclosure filings, down 8 percent from the prior year. In the region, Boulder County was the only county that saw foreclosures rise through the first quarter of 2009 over the same period in 2008. Arapahoe and Denver

Figure 10
2009 First Quarter Metro Denver Employment Growth
Current Employment Statistics



Source: Bureau of Labor Statistics

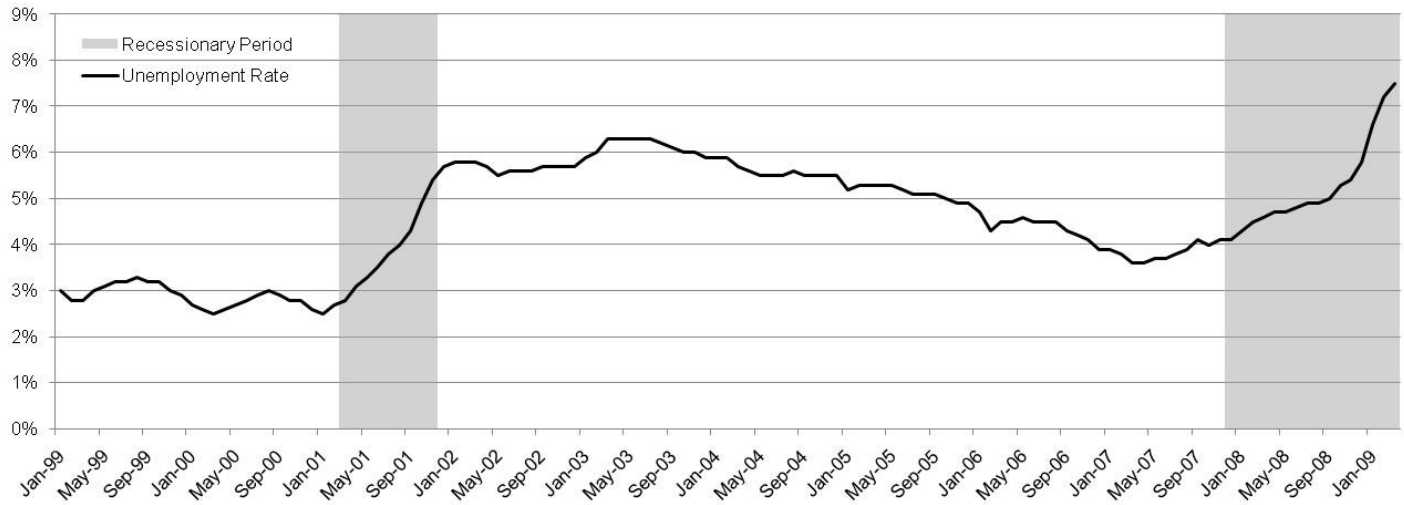
counties posted a 28 and 25 percent decrease, respectively, during the same period. Adams, Broomfield, Douglas, and Jefferson counties also saw decreases through the first quarter of 2009. Table 3, on page 13, provides foreclosure statistics for the Metro Denver region.

Since foreclosure filings are a lagging indicator and new foreclosure filing totals have not decreased significantly, it seems that many homeowners are still missing payments and thus the tidal wave of foreclosures may continue to impact the region's housing market throughout the remainder of the year. Data from the national Mortgage Bankers Association indicates that the number of home loans in Colorado that are at least 90-days delinquent continues to rise. Given this housing data, there still seems to be significant risks in the region's residential real estate markets.

Prices of existing homes in the Denver area dropped 1.7 percent in February over the previous month and 5.7 percent between February 2008 and February 2009. However, the region's home price decline is not as large as in other U.S. cities. In the latest monthly S&P/Case-Shiller Home Price Indices report, data show that from February 2008 to February 2009, the 20-city average year-to-date decline was 18.6 percent. The only cities that fared better than Denver in terms of home price declines over the same time period were San Diego (down 1.0 percent), Boston (down 1.3 percent), Seattle (down 1.5 percent), and New York and Charlotte, North Carolina, (both down 1.6 percent). The S&P report found that Denver had a home-price index of 120.22 in January, meaning that prices for that month were 20.22 percent higher than in January 2000. Home prices in Denver peaked in August 2006.

Recent Metrolist data indicates existing home sales and selling prices dropped from the same month in 2008 but increased between February and March 2009. Total sales of existing homes, including single-family and condominiums, for March were 3,206, up 29 percent over the prior month but down 13.6 percent from March of last year. The average price for both types of homes in March was $232,395, up 6.6 percent from February but down 8.5 percent from the prior year. Houses sold for an average price of $251,583 in March, up 6.2 percent

Figure 11
Metro Denver Unemployment Rate



Source: Bureau of Labor Statistics

from the prior month and down 8.4 percent from the prior year.

In addition to foreclosures and falling housing prices, the Metro Denver region saw new home starts decrease through the first quarter of 2009. Data from the U.S. Census Bureau indicates that the number of new privately-owned housing units authorized for construction in Denver decreased 67.6 percent. Multi-family housing in the region fared slightly worse than single family housing with new home permits declining 75.5 percent.

After seeing the value of nonresidential construction decline in 2008, it posted a 6.4 percent increase in the first quarter of 2009, compared with the first quarter of 2008.

Consumer sales, as measured by retail trade, is slowing in the Metro Denver region. On a seasonally adjusted basis, retail trade was 15.1 percent lower in February 2009 than in May 2008, just before sales began trending downward. Consumers continue to spend cautiously as the uncertainty of the recession takes its toll.

Overall, the region's economy continues to suffer a general weakening stemming from lower business investment and confidence and cautious consumers.

Recent Economic News

- Abound Solar recently unveiled its first new manufacturing plant in Longmont. The Colorado State University spinoff will hire 300 employees by the end of the year to manufacture 3 million thin-film photovoltaic solar panels per year.
- Dish Network Corp., the Englewood-based satellite broadcaster, is hiring up to 250 people for jobs in the Denver region to bolster the company's sales and customer service. The company employs about 26,000 people nationwide and expects the new-hires to be added in the next few months.
- Danish wind energy company Vestas broke ground in Brighton for two new manufacturing plants that will employ up to 1,350 workers. The plants are expected to be fully operational by 2010.
- Ascent Solar Technologies Inc., a solar panel manufacturer that uses a flexible, thin-film technology, opened its new headquarters north of Denver. It plans to add up to 200 new jobs over the next two years.

Table 3
Foreclosure Filings for the Metro Denver Region

County	1st Quarter 2008 (January thru March)	1st Quarter 2009 (January thru March)	YTD thru June 2009
Adams	1,704	1,327	-22.0%
Arapahoe	1,851	1,334	-28.0%
Boulder	278	291	5.0%
Broomfield	79	70	-11.0%
Denver	2,042	1,524	-25.0%
Douglas	665	575	-14.0%
Jefferson	1,010	926	-8.0%
Statewide	11,634	10,745	-13.0%

Source: Colorado Division of Housing 1st Quarter 2009 Foreclosure Report, May 11, 2009.

- GE Energy opened its new headquarters in Longmont, adding 150 new jobs to Boulder County's workforce.

- The Massachusetts Mutual Life Insurance Co., a Denver insurance agency, will hire up to 60 new agents as part of a national campaign to hire 2,000 people.

- ServiceMagic, a Golden-based firm that matches prescreened contractors with property owners for home-improvement projects, will add at least a dozen full-time employees to its local workforce of 800 employees. In the past 14 months, the company added 100 positions.

- ICF international Inc., a global consulting firm, opened an office in the Inverness complex of Douglas County. ICF now has more than 50 offices in the United States and six international locations.

- Recreational Equipment Inc., opened its eighth Colorado store in Westminister. The 27,000-square-foot store has a full-service bike shop. The number of new job positions was not available.

- King Soopers opened its largest store at the Shops at Quail Creek in Broomfield. The 100,000-square-foot outlet is 35 percent larger than the average King Soopers store and will cost $5.5 million. The number of new-hire employees for the new store is unknown at this time.

The following companies announced either **closures or layoffs**:

- CaridianBCT, a Lakewood-based medical device maker, laid off 200 of its local 1,800 -employee workforce. The company won honors from the Colorado Bioscience Association for adding more than 500 new jobs last year.
- Sun Microsystems Inc., one of Denver's larger high-tech employers, cut another 195 jobs at the Sun site off U.S. 36.

- Level 3 Communications Inc., the Broomfield-based company, is cutting 150 positions to restructure its position in the industry. Level 3 cut 450 positions at the close of 2008.

- Wagner Equipment Co., an Aurora-based dealer of Caterpillar heavy equipment, will reduce staff by 10 percent, or about 140 workers.

- Quest Communications International Inc., is closing its customer care call centers in Littleton and Omaha, Nebraska. The closure will affect 129 employees in Littleton.

- Micro Motion Inc., a Boulder-based manufacturer, laid off 37 of its 530 salaried employees.

- Townsend and Townsend and Crew, a Denver law firm, laid off 16 attorneys and 45 staffers.

- Brownstein Hyatt Farber Schreck LLP laid off 15 attorneys and 22 staff.

- The Denver Newspaper Agency laid off 40 people. The layoffs are part of a 200-person reduction.

- Crocs Inc., maker of footware, laid off 38 employees at its Niwot headquarters.

- Clear Channel of Colorado laid off 24 staffers of which more than half were part-time employees.

- Rocky Mountain PBS laid off 8 full-time and 16 part-time employees.

- Forest City Stapleton, developer of Stapleton, laid off 7 employees.

- The Body Shop, a personal care products retailer, will close its Boulder store and layoff an unspecified number of employees.

- Virgin Entertainment Group closed its store on the 16th Street Mall. An unspecified number of employees will be affected.

- The Museum of contemporary Art Denver laid off 4 of its 20 full-time positions.

COLORADO SPRINGS

By Jason Schrock

Table 4
Colorado Springs Economic Indicators
El Paso County

	2007	2008	2009 YTD Thru March
Employment /1	0.0%	0.0%	-3.0%
Unemployment Rate/1 (2009 figure is for March)	4.4%	5.8%	8.6%
Housing Permit /2	-30.3%	-35.7%	-46.3%
Single-Family Permit Growth /2	-35.1%	-42.1%	-46.8%
Value of Nonresidential Const. /3	8.1%	-45.9%	-53.8%
Retail Trade Sales /4	5.3%	-2.9%	-9.9%

1/ U.S. Department of Labor and Employment. Employment data are from the CES survey for all years reported. Unemployment data are from the LAUS survey for all years reported.

2/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction in the Colorado Springs metropolitan area.

3/ F.W. Dodge.

4/ Colorado Department of Revenue. Data through February.

The Colorado Springs region – which comprises 11 percent of the state's jobs – continues to be hit hard by the economic downturn. Along with the collapse of the housing market, problems in the financial system, and the sharp cutback in consumer and business spending afflicting the rest of the nation, the region has suffered job losses from the closings of computer and electronics-related manufacturing firms and protracted military deployments. Since its peak in November of 2007, the region has lost 10,900 jobs, a decline of 4.2 percent. The region's retailers have particularly had difficulties from the job losses and slumped housing market.

Although data through the first quarter of 2009 shows a steep drop in economic activity in the region, there are signs the economy may be finding a bottom. Further, the recent return of deployed troops and the expected arrival of 5,300 troops at Fort Carson this summer from Fort Hood in Texas will provide the region a much needed jolt. However, due to the weakness in the fundamentals of the economy, recovery for the region will likely be a slow process.

Table 4 shows economic indicators for the region.

Jobs in the Colorado Springs metropolitan area declined 3.0 percent in the first quarter of 2009 compared with a year ago. Though job losses occurred across most sectors, the region's heaviest job losses were in services, tourism, manufacturing, construction, and retailing. The lack of building is affecting jobs in the specialty trade contractors sector, which includes carpenters, painters, plumbers, and electrical workers, especially hard. This industry's workforce has declined by 14.7 percent since the first quarter of 2006. Another sector hit hard by the collapse in home construction and the credit crunch is financial activities. Employment in this industry has decreased 11.7 percent since the first quarter of 2006, just before the housing market began to weaken.

Jobs have declined 45.4 percent in the manufacturing sector since 2001, mostly as a result of closings of computer- and electronic-related manufacturing plants, such as Intel in 2007. These closings have resulted in the loss of business for other employers that supported the plants, including suppliers, restaurants, and other services.

Employment dropped 3.5 percent in retail trade and 6.1 percent in the leisure and hospitality sector in the first quarter of 2009 as a result of the sharp cutback in consumer and business spending. Jobs in the professional and business services sector, which includes a diverse set of fields, such as accounting, architecture, engineering, and company headquarters, declined 4.7 percent in the first quarter.

The only two of the region's larger job sectors that continued to add jobs in the first quarter were government (1.6 percent growth) and educational and health services (2.9 percent growth).

The region's unemployment rate increased to 8.6 percent in March, higher than the 7.9 percent rate for the state as a whole. The March unemployment rate was the region's highest in 22 years and the number of unemployed in the region has increased 50.6 percent from a year ago.

The number of single family housing permits issued in El Paso County have declined 80.2 percent from three years ago. Though it appears that the drop in residential construction permits has reached a bottom, the area's housing market shows few signs of recovery in the near future. There were a record 539 mortgage foreclosures in April in El Paso County, up 12.3 percent from April 2008. However, the county's foreclosures are still not at the very high rates experienced in other counties in recent years, such as in Adams and Arapahoe. Increased difficulties for the rising number of the region's unemployed workers to meet mortgage payments will likely continue to have upward pressure on foreclosures.

One relatively positive aspect of the region's economy is that its home values did not experience a bubble like some areas of the United States. The Federal Housing Finance Agency's House Price Index for Colorado Springs has dropped only 2.6 percent since its peak. In comparison, the home price indices for Las Vegas and Miami have dropped 37.1 percent and 25.8 percent from their respective peaks.

Investment in nonresidential construction in the first quarter of 2009, especially in the commercial sector, has slowed in the face of economic uncertainty, difficulties accessing credit, and decreased demand for goods and services. Although the number of construction projects has declined only marginally, the value of nonresidential construction projects dropped 53.8 percent, indicating that companies are not investing in larger, more costly projects.

Low confidence amidst job losses and the continued credit crunch coupled with the lack of home construction have contributed to a sharp decline in consumer spending in the region. Retail sales were 10.6 percent lower in February on a seasonally adjusted basis than in May of 2008. Spending on durable goods, or "big ticket" items, such as cars, furniture, appliances, and electronic goods, has declined even further as consumers pay down debt and increase saving. Such sales were down 16.9 percent in the August 2008 through February 2009 period compared with the same period a year prior.

The sharp drop in consumer spending, especially on big ticket goods, is causing difficulties for local governments in the region that are reliant on sales taxes for their revenue. Sales tax collections for Colorado Springs were down 8.1 percent from a year ago and have declined for 10 consecutive months. However, in March the rate of decline slowed from previous months and was the smallest drop since September. Further, the arrival of the large number of troops this summer to Fort Carson will likely trigger an increase in retail sales.

Recent Economic News

- Atmel laid off 266 employees from its Colorado Springs semiconductor plant, adding to the string of manufacturing plants that have laid off workers in the region in recent years. The layoffs bring the total number of Amtel jobs lost to 500 over the past several months as a result of continued declining sales during the recession.

- Enplanement activity at the Colorado Springs airport continued its decline through the first quarter of 2009. Passenger numbers for the first three months of the year were down 15.1 percent from a year ago.

- The investment company T. Rowe Price Group Inc. laid off 44 of its 700 employees at its Colorado Springs customer service center. The cuts are part of the company's nationwide plans to reduce 5.5 percent of its work force. The company's first-quarter profits dropped by over two-thirds and its assets under management have declined one-third from their peak in 2007.

- USAA, a financial services company that serves members of the military and their families, plans to relocate 75 employees this summer to its Colorado Springs regional office from call centers that are closing in California and Virginia. The 75 planned relocations is down from the 250 the company originally indicated it would add to the Colorado Springs office.

- The number of troops at Fort Carson will increase by 6,500 to 24,600 when troops from Fort Hood, Texas arrive this summer. However, a recent Defense Department budget proposal could cause the base to not get an additional 3,500 troops by 2013 as a result of not funding an additional brigade that had been planned.

- Jabil Circuit opened a design center in northern Colorado Springs for its computer-storage operations. The center has seven employees and it plans to double its workforce over the next year. The company indicated that it wanted to take advantage of the area's abundance of local engineers and technicians with computer storage expertise.

- The office vacancy rate in Colorado Springs rose from 9.7 percent in the first quarter of 2008 to 13.3 percent in the first quarter of 2009 according to a firm that tracks the area's office, industrial, and shopping center markets. However, the vacancy rate in the downtown area dropped to 8.3 percent in the first quarter from 8.7 percent in the same period in 2008. The contrast is a result of the tenant mix downtown, which includes industries that have not been hit as hard by the recession such as accountants, attorneys, and government offices. Other parts of the city have more spaces that have been occupied by builders, mortgage companies, and title companies that are suffering from the slumped housing market.

PUEBLO — SOUTHERN MOUNTAINS

By Jason Schrock

Table 5
Pueblo Region Economic Indicators
Pueblo, Fremont, Custer, Huerfano, and Las Animas counties

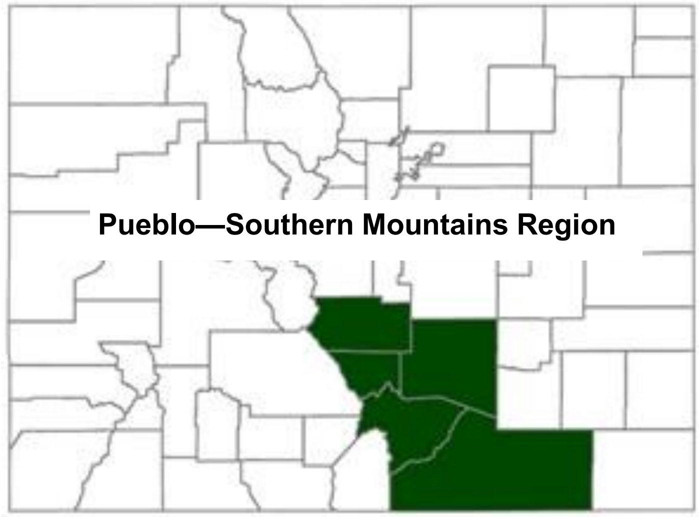
	2007	2008	2009 YTD Thru March
Employment /1			
Pueblo MSA	3.2%	0.5%	-1.6%
Unemployment Rate/1 (2009 figure is for March)	4.8%	6.1%	9.2%
Housing Permit /2			
Pueblo County/2	-48.1%	-38.6%	-50.6%
Single-Family Permit Growth for Pueblo County /2	-47.3%	-40.1%	-52.9%
Value of Nonresidential Const. /3			
Pueblo County	-60.7%	-48.1%	118.9%
Retail Trade Sales /4	6.5%	-1.9%	-7.2%

1/ U.S. Department of Labor, Bureau of Labor Statistics. Employment data are from the CES survey for all years reported. Unemployment data are from the LAUS survey for all years reported.

2/ U.S. Census MSA data. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction.

3/ F.W. Dodge.

4/ Colorado Department of Revenue. Data through February.



Pueblo's five-county regional economy is in recession like the rest of the state and nation. The region is shedding jobs, residential construction is essentially nonexistent, and consumer spending has declined. However, the area appears to be weathering the severe downturn better than some other areas of the nation. Table 5 shows economic indicators for the region.

The region did not experience as large of a consumer and real estate boom as other parts of the country and thus is not undergoing the same painful correction. In addition, large construction projects that are currently underway are helping support the economy during the downturn. These projects include the Vestas Wind Systems' manufacturing plant, the Comanche power plant, a plant that will dispose of chemical weapons at the Pueblo Chemical Depot, and road projects. Some of these projects will bring long-term economic benefit to the area. For example, the Vestas project will eventually employ 500 people and will draw other related companies and suppliers to the region. Also, the disposal of weapons at the Pueblo Chemical Depot will employ hundreds of workers over the next decade.

Another noteworthy aspect of the region's economy is the durability of the Pueblo Industrial Park in the face of the significant drop in industrial production across the United States. Only one of the tenants at the park – Trane – has had a large amount of layoffs during the recession. The park has several primary employers that manufacture goods for export out of the state. In addition, Pueblo's largest manufacturing plant, Rocky Mountain Steel, has only had to layoff a small percentage of its workforce despite the significant drop in worldwide demand for steel products. Rocky Mountain Steel employs over 1,000 workers.

Nonfarm employment declined 1.6 percent in the first quarter of 2009 compared with the same period last year, a smaller rate of decline than the state's 2.5 percent. Pueblo's employment level has declined 2.7 percent from its peak at the beginning of 2008 before the recession, compared to the 3.1 percent rate of decline for the state as a whole.

The industries with the largest job losses in the first quarter were information (-11.1 percent), mining and construction (-7.9 percent), professional and business services (-5.8 percent), and manufacturing (-5.3 percent). Like the rest of the state and nation, the educational and health services sector continues to add jobs. In the Pueblo metro area, this sector's job market expanded by 3.0 percent in the first quarter as the industry continues to see demand from the area's aging population and as unemployed workers seek to enhance their job skills at educational establishments. The sector comprises 18 percent of Pueblo's workforce.

The unemployment rate for the region spiked to 9.2 percent in March from 6.0 percent a year ago. Fremont county, which holds 20 percent of the region's labor force, had an unemployment rate of 9.4 percent. The region's lowest unemployment rate was 8.3 percent in Custer County and its highest rate was 10.1 percent in Huerfano County. Las Animas County, the fourth largest natural gas producing county in the state, has been hurt by the slowdown in energy industry. The unemployment rate there jumped four percentage points from 4.7 percent in March of 2008 to 8.7 this March. The number of unemployed workers in the county has increased 89 percent from a year ago.

Retail sales were 7.2 percent lower in February on a seasonally adjusted basis than in April of 2008, before the region's sales began to trend downward, a smaller drop than what has been experienced statewide. As elsewhere, consumers in the region have sharply curtailed spending on discretionary, higher-priced items, such as cars, furniture, appliances, building materials, electronic goods. Such sales were down 15.3 percent in August 2008 through February 2009 compared to the same period a year prior. Though not spending on bigger ticket items, it appears consumers are loosening their belts as the rate of sales declines is easing and department stores posted a 9 percent jump in sales in February compared to a year ago.

Single-family home construction in the region has come to a standstill. There were only 11 permits for single family homes in March in Pueblo County, down from 141 in March of 2006 before the construction slump began. However, like most of rest of the state, Pueblo's property values did not inflate like other parts of the country. Thus, home values have not declined substantially during the downturn. The Federal Housing Finance Agency's House Price Index for Pueblo is 3.8 percent below its peak at the beginning of 2007, less than the 4.6 decline in the index for home values nationwide.

The value of nonresidential construction in Pueblo County increased 118 percent in the first quarter. However, this large increase in value was due to a new student housing project at Colorado State University - Pueblo. Without this project, the value of construction declined 38.2 percent, led by a large drop in commercial projects, most notably offices and banks, as a result of the recession and constricted credit conditions. The value of commercial projects dropped 65.6 percent in the first quarter when there were only six commercial projects contracted for construction. There were 15 commercial projects started in the same time period a year ago.

Recent Economic News

- The Department of Defense has budgeted money for next year to begin the disposal of obsolete chemical weapons stored at the Pueblo Chemical Depot. The project has experienced several years of underfunding and delay. The amount budgeted will be sufficient to finish the project by its 2017 deadline set by Congress.

- Work to expand road and other infrastructure has begun for a new commercial development, called Pinon Ridge, located north of the Pueblo Crossing Shopping Center along I-25. The development's first tenant will be a travel center that will have a gas station, a store, two restaurants, and up to 70 spaces for semi-trucks. Other prospective tenants include hotels, additional restaurants, and retailers.

- The Water Company, a maker of water purification systems in Pueblo, expects to expand its operations by 100 workers, including high-paying scientist and engineering jobs and assembly and plant operations staff. The expansion will occur over the next three years at the Pueblo Airport Industrial Park. The company has been in the research and development stage for the past six years and will soon begin selling its systems in the marketplace.

- Holcim (US) Inc., a cement manufacturing plant located east of Florence, laid off 11 workers in early spring. The company said the layoffs were a result of the contraction in construction and related industries that have been hit especially hard by the recession.

- Portec, a Fremont County company that manufactures material handling equipment primarily used by airport baggage systems and the parcel industry, also laid off 12 people, or about 10 percent of its workforce, in early spring due to the economic downturn.

SAN LUIS VALLEY REGION

By Elizabeth Hanson

Table 6
San Luis Region Economic Indicators
Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache counties

	2007	2008	2009 YTD Thru March
Employment /1	-0.1%	-3.9%	-2.1%
Unemployment Rate /1 (2009 figure is for March)	4.7%	6.2%	8.8%
Crop Price Changes /2			
Barley (U.S. average for all)	31.4%	48.1%	15.3%
Alfalfa Hay (baled)	0.0%	18.0%	13.8%
Potatoes	14.1%	47.7%	-2.0%
Potato Production (Cwt) /2	-7.5%	11.6%	N/A
Housing Permit /3			
Alamosa County	-38.5%	20.8%	-93.3%
Single-Family Permit Growth	-38.5%	-4.2%	-66.7%
Value of Nonresidential Const. /4			
Alamosa County	414.1%	-88.0%	326.4%
Retail Trade Sales /5	6.6%	3.3%	1.9%

1/ Colorado Department of Labor and Employment. 2007 data are from the QCEW program. 2008 and 2009 data are from the LAUS (household) survey. Unemployment data is from the LAUS survey.

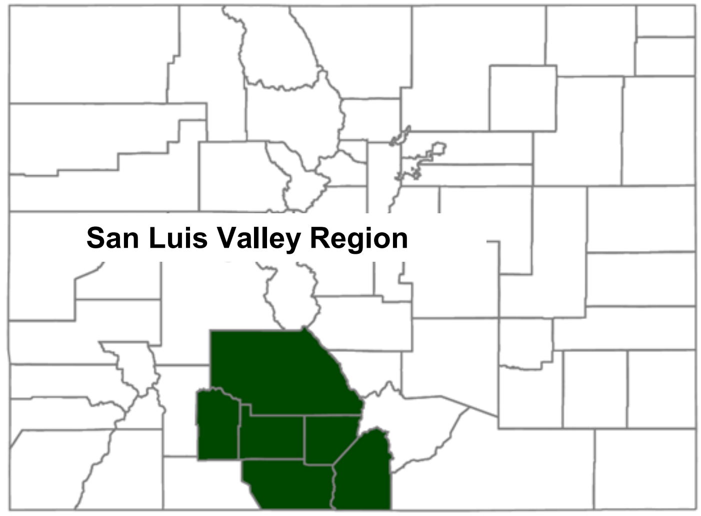
2/ Colorado Agricultural Statistics Service. Data compares March 2009 to March 2008.

3/ Data through 2008 are from the U.S. Census Bureau. 2009 data is from F.W. Dodge. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) contracted for construction.

4/ F.W. Dodge

5/ Colorado Department of Revenue. Data through February.

N/A = Not Available



The San Luis Valley region's economy worsened in the beginning of 2009 as the impacts of the recession affected the area. Non-farm employment declined and unemployment increased from last year. On the bright side, prices for the region's primary agricultural commodities have remained strong. Construction activity was mixed, with a decrease in residential building permits, while the value of nonresidential construction increased in Alamosa County in the first quarter of 2009. Table 6 shows the economic indicators for this region.

Regional employment decreased 2.1 percent in the first quarter compared with the first quarter of 2008.

The regional unemployment rate increased to 8.8 percent in March after averaging 6.2 percent in 2008 and 4.7 percent in 2007. The highest unemployment rate in March was in Costilla County at 11.2 percent, while the lowest was 7.0 percent in Mineral County.

Crop prices in the region showed an increase in March 2009 compared with March 2008. Prices for barley and alfalfa hay increased 15.3 percent and 13.8 percent, respectively. While barley and alfalfa growers enjoyed higher prices, potato growers saw prices drop 2.0 percent year-to-date through March. However, the U.S. Department of Agriculture reported that potato stocks rose in the San Luis Valley, with commercial storage facilities showing a 16 percent increase in April 2009 from the amount of potatoes in storage one year earlier.

Housing permit growth slowed considerably in the beginning of 2009. Single-family permit growth declined 93.3 percent in Alamosa County and 66.7 percent in the region overall. Nonresidential construction in the region rose, with Alamosa County reporting a 326.4 percent increase in the first three months of 2009. This can be attributed to projects recently contracted for the construction of commercial food stores in the area.

The increase in consumer spending, measured by retail trade sales, showed a slight increase in 2008. Sales increased 3.3 percent overall in 2008. Retail trade in the San Luis Valley region remained steady throughout 2008, with the year's highest seasonally adjusted sales in March of that year. However, despite being the only region in the state to show positive growth in sales for the first two months of 2009, sales began to show a decline in February.

Recent Economic News

- Xcel Energy announced in April that it had selected Sun Power Corp. to build North America's second-largest photovoltaic solar power plant in Alamosa. The 17-megawatt plant would come online by the end of 2010 and is expected to create about 200 jobs during construction.

- In late March, Renewable Energy Systems (RES) Americas announced preliminary plans to build 100-megawatt solar power panels to be located northeast of Center. The company, headquartered in the United Kingdom, is responsible for about 12 percent of all wind turbine installations in the U.S.

- Iowa Pacific Holdings, which operates the San Luis & Rio Grande Railroad and the Rio Grande Scenic Railroad, is preparing a stimulus request to the U.S. Department of Transportation to upgrade 149 miles of track and crossings. The plan also proposes to build a shipping hub at Antonito and expand commuter service. The plan would require \$50-\$100 million from the federal government and could create up to 200 short-term construction jobs and up to 100 permanent jobs.

- As part of the Troubled Asset Relief Program (TARP), in late March, the U.S. Treasury purchased \$5.5 million in stock from First Southwest Bank in Alamosa. This is the sixth financial institution in Colorado to benefit from TARP aid. First Southwest Bank currently operates nine branches across southwestern Colorado, with total assets valued at \$240 million and loans valued at \$200 million.

SOUTHWEST MOUNTAIN REGION

By Elizabeth Hanson

Table 7
San Luis Region Economic Indicators
Archuleta, Dolores, La Plata,
Montezuma and San Juan counties

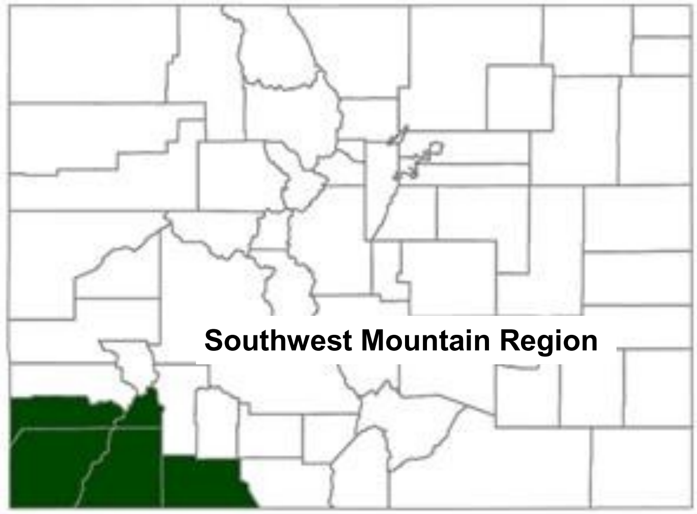
	2007	2008	2009 YTD Thru March
Employment /1	2.3%	-2.3%	2.7%
Unemployment Rate /1 (2009 figure is for March)	3.3%	4.3%	7.3%
Housing Permit /2			
La Plata County	-25.7%	-43.1%	-48.9%
Single-Family Permit Growth	-28.7%	-40.3%	-48.9%
Growth in Value of Nonresidential Const. /3			
La Plata County	907.3%	-83.8%	-100.0%
Retail Trade Sales Growth /4	5.7%	-1.0%	-13.1%

1/ Colorado Department of Labor and Employment. 2007 data are from the QCEW program. 2008 and 2009 data are from the LAUS (household) survey. Unemployment data is from the LAUS survey for all years reported.

2/ Colorado Agricultural Statistics Service. Data compares March 2009 to March 2008.

3/ F.W. Dodge

4/ Colorado Department of Revenue. Data through February.



The economy of the five-county Southwest Mountain Region worsened in the first quarter of 2009. Job growth declined while the regional unemployment rate increased. Both residential and nonresidential construction declined, and overall consumer spending has decreased. Table 7 presents the economic indicators for the Southwest Mountain Region.

Regional employment growth continued its sharp decline. Employment growth was down 2.7 percent in the first three months of 2009 compared with the same time period in 2008, after increasing 2.9 percent in 2007 and 4.3 percent in 2006. Unemployment increased to 7.3 percent in March, up from a 4.3 percent average in 2008 and 3.3 percent for 2007. The highest March unemployment rate was 15.6 percent in Dolores County, while the lowest unemployment rate in the region was 5.8 percent in La Plata County.

The region's construction industry also slowed. The number of overall permits for residential construction in La Plata County fell 48.9 percent through March 2009 compared with the first quarter of 2008. This followed declines of 43.1 percent and 25.7 percent in 2008 and 2007, respectively. Permits for single-family houses also fell 48.9 percent in the first quarter of 2009.

The pace of nonresidential construction also decreased significantly. The value of permits granted for nonresidential construction in La Plata County declined 100 percent in the first three months of 2009, after an eight-fold increase during 2007 and a modest decline in 2008.

Consumer spending, as measured by retail trade sales, fell 1.0 percent in 2008. Regional spending is down markedly from the increases of 5.7 percent and 9.3 percent seen in 2007 and 2006, respectively. Retail trade remained steady for the first part of 2008 in the region, with the year's highest seasonally adjusted sales in April of that year. Retail sales, however, experienced a steep decrease in September, and seasonally adjusted sales have continued a downward trend into 2009. Retail trade decreased 13.1 percent during the first two months of 2009 compared with the first two months in 2008.

Recent Economic News:

- Natural Grocers by Vitamin Cottage opened a store in Durango in March. The store offers produce, organic, and free-range meat, and other groceries, in addition to vitamins and supplements.

- A recently-released Economic Impact Study for the Durango Discovery Museum estimated that 65,000 local citizens and tourists will visit the museum annually after the project is completed in five years.

MOUNTAIN REGION

By Natalie Mullis

Table 8
Mountain Region Economic Indicators

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

	2007	2008	2009 YTD Thru March
Employment /1	2.4%	-1.5%	-1.8%
Unemployment Rate (2009 figure is for March)	3.6%	4.0%	6.4%
Housing Permit Growth			
Eagle, Pitkin, & Summit Counties /2	-20.5%	-42.0%	-74.2%
Single-Family Permit Growth/2	-19.4%	-46.4%	-67.1%
Routt County /3	40.0%	-38.0%	-50.8%
Single-Family Permit Growth/3	-11.4%	-38.0%	-53.4%
Value of Nonresidential Const. /2			
Eagle, Pitkin, & Summit Counties	24.6%	-15.6%	-99.7%
Routt County	83.1%	-58.7%	-21.5%
Retail Trade Sales /4	9.6%	-1.4%	-17.0%

1/ Colorado Department of Labor and Employment. 2007 employment data are from the QCEW program. 2008 and 2009 employment data are from the LAUS (household) survey. Unemployment data are from the LAUS survey for all years reported.

2/ F.W. Dodge. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) contracted for construction.

3/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction through December 2008.

3/ Colorado Department of Revenue. Data through February.

Hard hit by a substantial reduction in tourism, the mountain region's economy is suffering. Job losses and a deep contraction in retail sales have combined with a sharp and sustained pullback in both residential and nonresidential construction. Table 8 shows major economic indicators for the region.

After decreasing 1.5 percent in 2008, employment decreased 1.8 percent through the first quarter of 2009 compared with the first quarter of 2008. With the exception of Grand and Jackson counties, every county in the region experienced job losses. Counties with the deepest job losses include Teller (-3.6 percent), Summit (-3.5 percent), Clear Creek (-3.1 percent), Gilpin (-3.0 percent), and Park (-3.0 percent) counties.

The unemployment rate, meanwhile, climbed from an average of 4.0 percent in 2008 to 6.4 percent in March. Counties with the highest unemployment rates in March included Teller (8.4 percent), Lake (8.4 percent), Chaffee (7.6 percent), Clear Creek (7.5 percent), and Park (7.5 percent). Counties with the lowest unemployment rates included Pitkin (4.1 percent) and Routt (5.9 percent).

Consumer spending, as measured by retail trade sales, has slowed substantially. Heavily dependent on tourists from other parts of the nation and the world, consumer spending in the mountain region peaked in November 2007 on a seasonally adjusted basis. Between the peak in November 2007 through February, seasonally adjusted consumer spending decreased 19.8 percent.

The hotel occupancy rate in Aspen and Snowmass was at 61 percent in March, down 23 percent from March 2008. Anecdotal evidence suggests that fewer tourists have spent fewer dollars per transaction in the resort areas. Aspen sales tax collections were down 21 percent in January and 19 percent in February, compared with the same months in 2008. Nearby Snowmass Village suffered a 16 percent decrease in January and a 10 percent decrease in February. In Steamboat Springs, sales taxes were down 19.6 percent in February. Meanwhile, sales taxes were up 15 percent in January and February of 2009 in Granby compared to the first two months of 2008, as residents shifted toward shopping near their home rather than further away.

The region's residential construction sector is into its fourth year of contraction. Housing permits were down 50.8 percent in Routt County and 74.2 percent in the ski counties of Eagle, Pitkin, and Summit during the first quarter of 2009 compared with the first quarter last year. Similarly, nonresidential construction decreased by nearly 100 percent in Eagle, Pitkin and Summit counties and 21.5 percent in Routt County during the same period.

Recent Economic News:

- Town Center Booksellers closed its doors in Basalt in March, laying off 10 people.

- With retail trade down by 20 percent in the first few months of the year, three retail outlets have closed their doors in Aspen. Aspen's Alpine Mountain Market grocery store closed in April, laying off 10 people. Colorado Baggage, a store specializing in luggage, closed its doors in March, laying off five people. Finally, 10 people lost their jobs when the Zélé Café coffee shop closed in April.

- Smashburger, a retro-style burger restaurant, opened in Dillon in April, hiring 30 people.

- Land Title Guarantee Company, which tracks the housing markets in the 500 most expensive zip codes in the country, reported a 21 percent annual increase in Pitkin County's median single-family home price to $4.95 million in March over March 2008. Aspen County's median home price decreased 14 percent to $5 million.

WESTERN REGION

By Leora Starr

Table 9
Western Region Economic Indicators
Moffat, Rio Blanco, Garfield, Mesa, Delta, Montrose, San Miguel, Ouray, and Gunnison counties

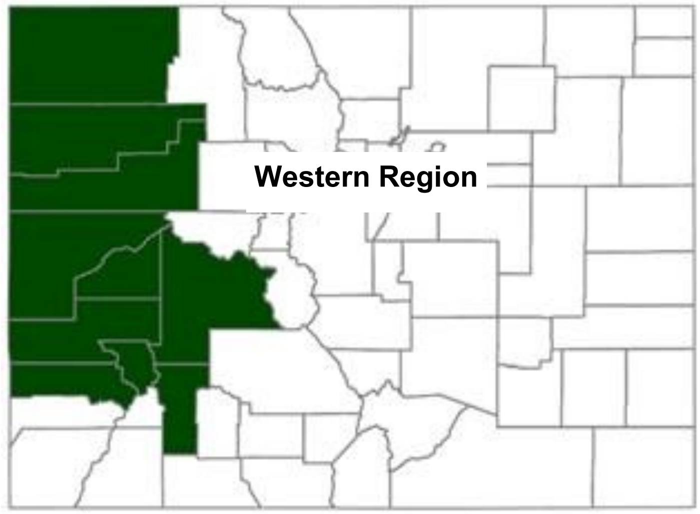
	2007	2008	2009 YTD Thru March
Employment /1			
Western Region	6.1%	0.7%	-0.3%
Mesa County /1	6.1%	4.6%	1.8%
Unemployment Rate (2009 figure is for March)	3.1%	3.9%	7.7%
Housing Permit			
Mesa County 2/	-13.2%	-42.6%	-70.3%
Single-Family Permit Growth	-8.1%	-47.2%	-57.9%
Montrose County 3/	-33.2%	-60.0%	-60.0%
Single-Family Permit Growth	-28.8%	-60.0%	-60.0%
Value of Nonresidential Const. /3			
Mesa County	213.6%	-54.2%	-27.8%
Montrose County	-34.6%	-85.2%	-84.5%
Retail Trade Sales /4	11.8%	1.0%	-16.2%

1/ Colorado Department of Labor and Employment. Employment data are from the CES survey for Mesa County. For the region, employment data are from the QCEW program for 2007 and the LAUS survey for 2008 and 2009. Unemployment data are from the LAUS survey for all years reported.

2/ U.S. Census. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) contracted for construction.

3/ F.W. Dodge. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) contracted for construction.

4/ Colorado Department of Revenue. Data through February.



The western region's economy is adjusting to the recession, shedding jobs in industries where the demand for goods and services has dropped, and changing strategies in industries still showing growth potential. Once one of the fastest growing regions in the state due to the energy boom, the area is now losing steam in response to diminished oil and gas development. While the recession and low energy prices have pulled the energy industry out of its boom, many oil and gas companies remain in the area, preventing an economic bust. Still, cutbacks in employment in all industries were inevitable and the loss of jobs have fed into high housing foreclosure rates and low capital investments. Table 9 shows major economic indicators for the western region.

Through the first quarter of 2009, the number employed in the western region decreased 0.3 percent after more than five years of strong growth. Nonfarm employment grew 1.8 percent in Mesa County and 1.1 percent in Moffat County. Year-to-date employment is dropping in all other counties in the region. The following counties suffered job losses over the year in March: Delta (-1.9 percent); Garfield (-1.6 percent); Gunnison (-3.1 percent); Hinsdale (-8.7 percent); Montrose (-1.5 percent); Ouray (-2.2 percent); Rio Blanco (-1.7 percent); and San Miguel (-5.3 percent). Unemployment in the western region rose to 7.7 percent in March, lower than the statewide unemployment rate of 7.4 percent over the same time period. In March, Montrose County showed the highest unemployment rate in the region of 9.3 percent, while San Miguel had the lowest at 4.8 percent.

In Mesa County, losses in employment were highest in the manufacturing sector, showing a drop in employment of 6.3 percent from March 2008 to March 2009. Other industries contracting over the same time period were professional and business services (-1.8 percent) and retail trade (-1.2 percent). Industries that had positive employment gains include mining and construction (8.7 percent), transportation, warehousing and utilities (3.6 percent), and educational and health services (2.3 percent). In the mining and construction industry, growth was mostly attributed to mining as the construction industry has contracted with the recession. Despite over-the-year growth in these industries, they also have experienced job losses in the first quarter of 2009.

Although the region continues to reflect some oil and gas development as seen with the increase in drilling permits, the lagging economy along with low energy prices will likely further slow employment growth and drive unemployment upward in the region. In Garfield County, which holds 37 percent of all the state's drilling permits, the rig count plunged nearly two thirds from 2008 numbers. New rules on drilling had companies, such as En Cana, rushing to lock in permits before the new drilling rules were enacted in April. Colorado's oil and gas industry filed a record-setting 1,150 applications for drilling permits in March alone.

Consumer spending, as measured by retail trade sales, remained relatively healthy in the western region during the first half of 2008. Since May 2008, however, consumer spending has decreased 18.3 percent on a seasonally adjusted basis.

The housing market continued to deteriorate through March, with Mesa and Montrose counties showing a 57.9 percent and 60.0 percent drop, respectively, in single-family housing permits. Foreclosure rates in Mesa County are the highest of all metropolitan counties, showing a 47.0 percent increase in foreclosure filings and an 83.0 percent completion rate of foreclosure sales.

The value of nonresidential construction continued to decline in both Mesa and Montrose counties in the first three months of 2009. In Mesa County, the value of nonresidential construction declined 27.8 percent as the number of projects dropped 30.0 percent. Projects recently contracted for construction include food stores, warehouses, offices, manufacturing plants, and an educational facility.

Recent Economic News

- The Montrose Economic Development Corporation has raised $1.2 million - half its goal - to build a new industrial park. While the town has four industrial parks, none are large enough to accommodate the recent proposals it has received. One request was for a 10-acre site to locate a 70,000-square-foot medical facility that would employ more than 200 people.

- In Grand Junction, although the number of new residential building permits has plummeted since its peak in 2006, the number of building permits for existing residences has not been hard-hit. Permits for expansions, such as home additions, decks, and garages have decreased only slightly since last year, indicating some people are improving the homes they have rather than upgrading by moving.

- In Mesa County, both sales and severance tax revenue declines will force more budget cuts. First quarter sales taxes were down 8.2 percent compared to the first quarter of 2008. Mesa County is estimating the rig count will drop 75 percent from its 2008 peak. While the county had financial reserves for hard economic times, the tighter budget means finding ways to save, including delaying the purchase of new computers, changing the county's merit-pay system, and cutting fuel consumption.

- Due to a budget shortfall, the Telluride Town Council made another round of cuts that included eliminating staff positions and reducing services. Six full-time positions, and some part-time jobs will be cut, affecting all departments, including parks and recreation as well as street maintenance and planning. The town's free transit vehicles will sit idle through the spring and summer off-season, pool hours will be reduced, a longer wait time is expected for planning applications, and there will be a 20 percent reduction in snow removal services.

- Halliburton laid off more local workers in the Grand Valley, the third time within the last few months. In March, although the exact number was untold, it was estimated that 150 to 300 workers received pink slips. With this latest round in May, approximately 60 workers were let go.

NORTHERN REGION

By Leora Starr

Table 10
Northern Region Economic Indicators
Weld and Larimer counties

	2007	2008	2009 YTD Thru March
Employment /1			
Larimer County	2.1%	1.0%	0.2%
Weld County	2.9%	1.4%	-0.3%
Unemployment Rate			
(2009 figure is for March)	3.4%	4.3%	6.8%
Larimer County	4.2%	5.3%	8.7%
Weld Couny			
State Cattle and Calf Inventory /2	-4.0%	1.9%	2.0%
Housing Permit Growth /3			
Larimer County	-41.3%	-1.0%	-78.2%
Single-Family Permit Growth /3	-22.2%	-36.4%	-66.3%
Weld County	-38.6%	-46.8%	-39.8%
Single-Family Permit Growth/3	-40.5%	-45.1%	-46.9%
Value of Nonresidential Const. /4			
Larimer County	8.8%	-18.2%	3.2%
Weld County	19.5%	24.3%	9.2%
Retail Trade Sales /5			
Larimer County	6.5%	-0.9%	-10.7%
Weld County	7.6%	2.1%	-12.0%

1/ U.S. Department of Labor, Bureau of Labor Statistics. Employment data are from the CES survey for all years reported. Unemployment data are from the CES/LAUS survey for all years reported.

2/ Colorado Agricultural Statistics Service. Compares cattle and calves on feed for the slaughter market with feedlot capacity of 1,000 head or larger as of April 1, 2009 to the prior year period.

3/U.S. Census MSA data. Housing permit data represents the total number of housing units (single-family units and units in multi-family structures) authorized for construction.

4/ F.W. Dodge.

5/ Colorado Department of Revenue. Data through February.

The economic performance of the northern region continued to weaken through the first quarter of 2009. As with other regions in the state, employment shrank as jobs disappeared. Job losses have steered many toward college for retraining in other occupations. Retail sales are slow, with most consumer spending directed toward necessities only. Both residential and nonresidential construction sectors are weak as new home building permits continue to fall while the value of commercial construction projects remain at low levels. Table 10 presents information on economic indicators for the northern region.

By the end of the first quarter 2009, employment growth in the northern region nearly stalled for the first time in five years. Employment decreased 0.7 percent in Weld County and Weld County showed no growth. Both counties fared better than the state's decline of 2.4 percent, but the turn to no growth or decreasing rates in employment are proof the national economic crisis continues to ripple through northern Colorado.

In Larimer County, the largest over-the-year employment increases occurred in the leisure and hospitality and the education and health services sectors, while the largest declines came in natural resources and mining, construction, and manufacturing. Many of the unemployed have opted for retraining, suddenly filling up college classrooms and leaving college administrators scrambling to fill teaching positions. In March 2009, education and health services job growth in Larimer County was 3.7 percent compared with the same time a year ago. Job growth was even stronger in leisure and hospitality, at 3.9 percent, with a variety of hotels emerging or expanding to include amenities such as conference centers and ballrooms to accommodate larger gatherings and trade shows. In Weld County, the largest job increases occurred in the manufacturing sector, followed by the transportation, warehousing, and utilities sector, with over-the-year employment growth rates of 5.4 percent and 4.8 percent, respectively.

Many jobs were lost in the information sector, as publishers and newspapers reduced, and in some cases completely eliminated, their workforces. Both Larimer and Weld counties saw some of the highest number of job losses in the professional and business services and construction industries. At the same time as these job losses are occurring, the size of the regional labor force continues to grow. Since March 2008, the labor force in Weld and Larimer counties grew 2.8 and 1.8 percent respectively. Consequently, the unemployment rate in March jumped to 6.8 percent in Larimer and 8.7 percent in Weld.

Consumer spending within the region, as measured by retail sales, is faring as bad as in other regions. Retail sales were down 10.7 percent through February in Larimer County compared to a year earlier and sales were down 12.0 percent in Weld County in the same period.

The region's housing market is showing signs of recovery as evidenced by a slowdown in foreclosures. However, new construction of single-family units is still suffering. Although foreclosure filings rose 10 percent in Larimer County, both counties experienced a slowdown in foreclosure sales. In the first quarter of 2009, foreclosure sales fell by 24 and 21 percent in Larimer and Weld counties, respectively, compared to the same period in 2008.

Growth in new building permits within the region continues to deteriorate, especially in Larimer County. Through March, the total number of authorized housing permits (single and multi-family) in Larimer County fell 78.2 percent compared with the same period in 2008. Single-family permits also fell by 66.3 percent. Permit authorizations in Weld County dropped 39.8 percent, with single-family permits falling 46.9 percent.

Meanwhile, nonresidential construction activity in the two counties appears to be stabilizing. The value of construction contracts increased 3.2 percent in Larimer County, while Weld County saw a 9.2 percent increase. Construction contract increases in Larimer County occurred among commercial office, educational, and auto-related service stations. In Weld County, contracts held steady for the construction of manufacturing plants and educational facilities.

Recent Economic News

- In Greeley, Xcel and Microgy Inc., a subsidiary of Environmental Power Corp., have entered into an agreement to start construction on a new renewable natural gas plant near Platteville by mid-2010. Xcel will use this plant to power 17,000 homes annually. The plant will provide 35-50 full-time jobs during construction, and 10 full-time jobs once operational. The plant will use an anaerobic digestion process to break down animal and other organic waste products and convert them to methane gas, used to produce electricity.

- Printing and distribution of the Coloradoan and USA Today will move from Fort Collins to the Denver Newspaper Agency in May. The move will eliminate 48 jobs in the press room, mail room and circulation department.

- Advanced Energy Industries Inc. will cut 104 jobs in Fort Collins and shut down operations for 13 weeks due to the lack of demand in the semiconductor industry. All management and executive officers will take a 15 percent pay cut to save money over the next three quarters.

- Eastman Kodak is closing two divisions at its Windsor plant, eliminating 300 jobs, or nearly half of its workforce. The facility had employed approximately 1,600 workers until 2007, when staffing was cut in half following the sale of its x-ray film processing unit.

- The Embassy Suites Loveland Hotel, Spa, and Conference Center opened in Loveland. It spans 316,000 square feet and has 263 rooms. The facility has two ballrooms in addition to the conference room, with one ballroom large enough to hold 2,400 guests or to hold a trade show with up to 125 booths. The conference center and hotel are staffed at about 150 employees and is expected to increase to 180 to 200 employees.

- Weld County continues to be one of the fastest-growing places in the country, ranking the 49th fastest growing county in the nation up from 52nd last year.

EASTERN PLAINS

By Ron Kirk

Table 11

Eastern Region Economic Indicators

Logan, Sedgwick, Phillips, Morgan, Washington, Yuma, Elbert, Lincoln, Kit Carson, Cheyenne, Crowley, Kiowa, Otero, Bent, Prowers, and Baca counties

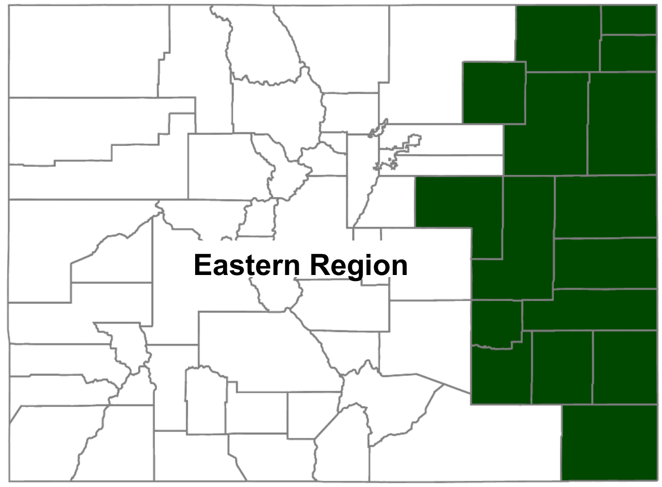
	2007	2008	2009 YTD Thru March
Employment /1	0.5%	-4.8%	-1.1%
Unemployment Rate (2009 figure is set for March)	3.5%	4.3%	6.4%
Crop Price Changes /2			
Winter Wheat	110.8%	8.2%	-41.6%
Corn	26.9%	-0.3%	-7.6%
Alfalfa Hay (baled)	0.0%	18.0%	13.8%
Dry Beans	57.1%	21.5%	-16.7%
State Crop Production /2			
Sorghum production	86.4%	-18.9%	N/A
Corn	17.4%	-0.3%	N/A
Winter Wheat	135.6%	-37.8%	N/A
Sugar Beets	-17.0%	-0.9%	N/A
State Cattle and Calf Inventory Growth /2	-4.0%	1.9%	2.0%
Retail Trade Sales Growth /3	6.0%	6.0%	-14.4%

NA = Not Available.

1/ Colorado Department of Labor and Employment. 2007 employment data are from the QCEW program. 2008 and 2009 employment data are from the LAUS (household) survey. Unemployment data are from the LAUS survey for all years reported.

2/ Colorado Agricultural Statistics Service. Cattle and calves on feed for the slaughter market with feedlot capacity of 1,000 head or larger compares April 1, 2009 to April 1, 2008.

3/ Colorado Department of Revenue. Data through February.



Economic indicators for the first quarter of 2009 declined for the eastern region. As job losses continue, the unemployment rate is climbing upward. Crop prices have also declined in the first quarter in comparison to 2008 prices. Table 11 shows the major economic indicators for the region.

In the labor market, employment decreased 1.1 percent after decreasing 4.8 percent in 2008. While the unemployment rate is below the statewide average, it increased to 6.4 percent in March from a 4.3 percent average for all of 2008. Eight of the 16 counties in the region — Logan, Morgan, Elbert, Lincoln, Cheyenne, Crowley, Otero, and Prowers — saw employment declines. Elbert County saw the largest decrease in employment at 3.0 percent. The remaining eight counties in the region experienced job gains in the first quarter that ranged from a low of 0.4 percent in Kit Carson County to 4.3 percent in Yuma County. Crowley and Otero counties continue to post the highest unemployment rates in the region at 9.9 and 8.3 percent, respectively. Yuma and Cheyenne counties had the lowest unemployment rate at 3.8 percent.

Crop prices in the region were lower in March compared with the same period in 2008. Prices for wheat, corn, potatoes, and dry beans declined in March over the prior year. Wheat saw the largest decline at 41.6 percent as prices fell to $5.13 per bushel, down $3.66 from a year ago. The price of corn declined to $4.00 per bushel, down from the record-high price of nearly $6.00 per bushel in mid-2008.

As of March, the amount of grain in storage was down from the prior year. Wheat stocks totaled 25.7 million bushels, down 5 percent from the wheat in supply one year earlier. Corn stocks, at 58.7 million bushels, were down 2.0 percent over the same period. In addition, sorghum was down 30 percent to 510,000 bushels.

Consumer spending, as measured by retail trade, has slowed substantially in the region. Consumer spending in the region was increasing at double-digit rates through much of 2008 over 2007 levels, as local consumers chose to avoid high gasoline prices by shopping close to home. Over the course of the summer and into the first few months of 2009, however, spending in the region decreased significantly as gasoline prices fell and the recession took hold. On a seasonally adjusted basis, retail trade was 16.0 percent lower in February than in May 2008.

On the positive side, after a year of decreases in 2007 and moderate growth in 2008, the state cattle and calf inventory increased 2.0 percent. In addition, many home owners and small businesses in the region are installing small wind turbines to take advantage of the abundant wind resources. The turbines are providing an additional source of nonfarm income to farmers and ranchers that supplement farm income. Five rural electrical associations are supporting pilot projects on their grids.

Recent Economic News

- Despite rising unemployment, the Eastern Colorado Workforce Center in Fort Morgan that provides employment services to 10 counties in the region, expects to see a significant infusion of federal dollars from the American Recovery and Reinvestment Act to help people get back to work. The 10-county region expects about $650,000 in federal funding for training services, re-employment funding, and core services to link employers with job seekers.

- Xcel Energy will partner with Siemens Energy to build a new power facility in Brush to increase its electric generation supply. The plant will add an extra 240 megawatts of power and create about 13 new permanent jobs that pay above $29,000 per year. Company officials say that about 300 additional jobs would be available during the peak of plant construction.

- Lewis Bolt & Nut, a La Junta manufacturing company, will hire 25 full-time employees to begin production on rail anchors this spring. The city received a $500,000 Community Development Block Grant to fund the expanded operations.

- Maverick Stimulation Company, a Fort Morgan-based oil and gas service company, will lay off 15 to 18 of its equipment operators from its staff of 75 employees. The economy and low price of natural gas are triggering the layoffs.