



# COLORADO CLOSE-UP

An Economic Newsletter  
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## THE NATIONAL ECONOMY

While the war in Iraq is over, the economy's direction is still unknown. Although most of the preconditions for a sustained national economic recovery appear to be in place, labor markets are weak and consumers' confidence is low.

**“... the national seasonally adjusted jobless rate was 5.8% in March 2003 ...”**

According to the U.S. Department of Labor, the national seasonally adjusted jobless rate was 5.8% in March 2003, similar to January and February 2003. The relatively steady unemployment rate is explained in part by a decline in labor force participation. This means many people who are out of work have become discouraged and stopped looking for a job and therefore cannot be formally counted as unemployed.

**“... year-to-date March 2003 employment is down 0.1%.”**

The small January 2003 increase in seasonally adjusted nonfarm payroll employment was followed by two months of declines; year-to-date March 2003 employment is down 0.1% compared with year-to-date 2002. Only construction employment increased in March, reversing some of February's weather induced losses. Furthermore, temporary help employment declined by 48,000 positions in March 2003, suggesting that the current downward trend in employment is likely to remain in the near term. Temporary help employment is considered a bellwether industry as many employers use temporary help before making permanent hires.

The Institute for Supply Management index of business activity was 46.2 in March 2003, down from 50.5 in February and 53.9 in January. After expanding for 12 of the past 13 months, the manufacturing sector is again

contracting. Indeed, the manufacturing sector has lost jobs each month for 33 consecutive months.

## National Economic Statistics

	March 2003	March 2002	Annual Avg 2002	Annual Avg 2001
Inflation-Adjusted Annual GDP Growth*	1.6%	5.0%	2.4%	0.3%
Consumer Spending	1.4%	3.1%	3.1%	2.5%
Nonresidential Fixed Investment	-4.2%	-5.8%	7.3%	6.0%
Residential Fixed Investment	12.0%	14.3%	3.2%	2.0%
Exports	-3.2%	3.5%	2.2%	2.0%
Imports	-7.9%	8.5%	1.0%	-10.7%
Federal Government	2.6%	7.4%	-3.1%	-3.8%
State and Local Governments	-0.1%	4.6%	-5.7%	-5.2%
Inflation*	2.8%	4.7%	1.6%	2.8%
Nonfarm Employment Growth*	-0.1%	-1.3%	-0.9%	0.2%
Unemployment Rate	5.8%	5.7%	5.8%	4.8%
Housing Permit Growth*	3.9%	0.8%	5.6%	2.8%
Single-Family	3.8%	4.1%	6.9%	3.1%
Multi-Family	4.2%	-9.1%	1.6%	1.8%
Growth in the Value of Nonresidential Construction**	-8.5%	-5.1%	-7.0%	1.1%
Retail	-9.4%	-1.6%	-7.2%	-0.1%
Offices	-25.3%	-27.1%	-27.0%	-6.4%
Factories	-30.1%	-39.4%	-44.1%	-8.7%
Retail Sales**	4.1%	2.9%	3.4%	3.8%

\*Year-to-date.

\*\* Year-to-date through February 2003.

Source: U.S. Bureau of Labor Statistics, U.S. Bureau of the Census and U.S. Bureau of Economic Analysis.

Employment growth is computed from wage and salary employment data by place of work.

In March 2003, the Conference Board Consumer Confidence Index fell for the fourth consecutive month, dropping to 62.5 compared with 84.9 in November 2002. The March index is the lowest since October 1993 and the index has fallen in nine of the past 10 months. The survey responses were received before the war with Iraq started.

**“... GDP growth is 1.6%, a slight gain over the fourth quarter 2002 pace of 1.4%.”**

First quarter 2003 inflation-adjusted gross domestic product (GDP) growth is 1.6%, a slight gain over the

fourth quarter 2002 pace of 1.4%. GDP growth was marginally faster in first quarter 2003 primarily because imports fell at a 7.9% rate, more than twice the rate that exports fell. Consumer spending and residential investment also contributed to GDP growth during first quarter 2003. However, consumer spending slowed to a 1.4% pace compared with 1.7% in fourth quarter 2002. Consumers spent less on durable goods and services than they did in fourth quarter 2002. Nonresidential fixed investment was also lower and equipment and software spending posted its first decline in four quarters. Federal defense spending also fell, but federal non-defense spending surged 10.7%.

**“... federal non-defense spending surged 10.7%.”**

The U.S. Department of Commerce reported residential home starts rose 3.9% year-to-date through March 2003 compared with the same period in 2002. Single-family home starts rose 3.8% while multi-family home starts rose 4.2%. Meanwhile, the year-to-date February 2003 value of nonresidential building construction fell 8.5% compared with year-to-date February 2002. The value of *retail* construction fell 9.4% and the value of *office* and *factory* construction both fell more than 25%.

Aside from energy prices, inflation is virtually non-existent. Core inflation, which excludes food and energy costs, measured just 1.8% in first quarter 2003 compared with first quarter 2002. Indeed, the soft economy is slowing the rise in prices for shelter and medical care services and commodities. However, first quarter 2003 energy prices soared 19.4% compared with first quarter 2002. Overall, prices rose 2.8% year-to-date through March 2003 compared with year-to-date March 2002.

## THE COLORADO ECONOMY

The national economy continues to constrain Colorado economic activity. Across the state, layoffs are declining but the number of jobs has not increased significantly. However, the state's service sector is expanding for the first time in seven months. According to a monthly survey compiled by the Business School at the University of Colorado at Denver, in March 2003 Colorado's service economy grew for the first time since August 2002. The survey's index was 54.1 in March, up from 49.5 in February. A score below 50 indicates that the service

economy is shrinking; a score above 50 indicates growth. The survey indicated that Colorado's service economy is set to rebound in the near future.

**“... the state's service sector is expanding for the first time in seven months.”**

The economic impact of the snow that engulfed the state for two days in March is still being tallied. As of April, insurance companies estimated the blizzard's cost at nearly \$100 million. There have been 28,257 claims filed as a result of the storm, 90% for home damage and the remaining 10% for auto damage. Meanwhile, the snow provided much needed drought relief for Colorado.

## Colorado Economic Statistics

	Feb 2003	Feb 2002	Annual Avg 2002	Annual Avg 2001
Nonfarm Employment Growth*	-0.6%	-2.8%	-1.9%	0.6%
Unemployment Rate	5.5%	5.7%	5.7%	3.7%
Housing Permit Growth**	-13.0%	-6.5%	-12.9%	0.8%
Single-Family	-7.3%	7.6%	-2.5%	-5.6%
Multi-Family	-32.3%	-36.6%	-33.3%	16.0%
Growth in the Value of Nonresidential Construction**	-53.7%	-16.3%	-22.5%	1.0%
Retail	-40.9%	11.1%	-8.3%	12.7%
Offices	-57.8%	-43.9%	-43.8%	-35.0%
Factories	-81.7%	-70.1%	-54.1%	119.6%
Retail Trade Sales***	2.6%	-2.0%	-0.7%	2.0%

\*Year-to-date.

\*\* Year-to-date through March 2003.

\*\*\* January 2003.

Source: Colorado Department of Labor and Employment, Colorado Department of Revenue, F.W. Dodge, and U.S. Bureau of the Census. Employment growth is computed from wage and salary employment data by place of work.

## Colorado Economic Indicators

### Employment

**“While the pace of job cuts has slowed... the pace of hiring has not increased.”**

Colorado's seasonally adjusted unemployment rate was 5.5% in both January and February 2003. The combined cutbacks at four companies — Agilent Technologies, Kmart, United Airlines, and WorldCom — accounted for most of first quarter 2003 layoffs. Telecommunications and technology companies accounted for two-thirds of layoffs in 2001 and 2002, but now account for less than half of total layoffs. While the pace of job cuts has

slowed — employers announced 3,740 layoffs in Colorado in first quarter 2003, down from 5,400 in fourth quarter 2002 — the pace of hiring has not increased. Year-to-date February 2003 employment declined 0.6% compared with year-to-date February 2002. However, this is an improvement as year-to-date February 2002 employment declined 2.8% compared with year-to-date February 2001.

Recent announcements of new hiring in Colorado include:

- State Farm insurance will double the number of employees it has in Colorado, adding 260 positions over the next four years to its headquarters in Greeley.
- Hewlett-Packard Co. announced plans to combine its call centers with operations in Colorado Springs. The number of additional jobs that will be created as a result of the expansion in Colorado Springs was not disclosed.

Recent announcements of layoffs in Colorado include:

- United Airlines announced it would furlough 900 flight attendants in April due to lower-than-expected passenger traffic. The number of Denver-based flight attendants to be furloughed was not disclosed. Through March 2003, 310 United Airline flight attendants based in Denver have been furloughed.
- Boeing Co. is moving its rocket-assembly operation from Pueblo to Alabama. The move will be completed by mid-2004 and will cost Colorado 250 jobs.
- Graphic Packaging Corp., a Coors spin-off, will merge with Georgia-based Riverwood Holding Co., the number one maker of beverage packaging. Graphic Packaging will relocate to Atlanta, eliminating 110 corporate jobs in Golden.
- Metal Packaging International Inc., a producer of aluminum can lids, could lose over 100 jobs at their Northglenn factory as a result of their acquisition by Ball Corp.

### ***Wage and Salary and Personal Income***

In 2002, Colorado's per capita income was \$33,275, the ninth highest in the nation. Colorado personal income increased by a modest 1.4% in 2002. Meanwhile,

per capita income and wage and salary disbursements declined by 0.5% and 1.5%, respectively.

***"In 2002, Colorado's per capita income was \$33,275, the ninth highest in the nation."***

## **Colorado Construction Activity**

### ***Residential Construction***

Through March 2003, total housing permits issued fell 13.0% compared to year-to-date March 2002. Single-family home permits fell 7.3%, while multi-family home permits declined 32.3%.

***"In March 2003, the median price of a previously owned single-family home increased 1.8% . . . ."***

In March 2003, the median price of a previously owned single-family home increased 1.8% to \$224,000 from \$220,000 in February. On average, the year-to-date price of a single-family home was \$266,241 in March, 0.8% higher than year-to-date March 2002. The year-to-date average price of a condominium rose to \$173,252, a 4.6% increase compared with year-to-date March 2002. Meanwhile, there are 30.8% more unsold homes on the market in March 2003 than there were one year ago and 4.3% or 978 more homes for sale than in February 2003.

Several noteworthy new residential construction projects were recently announced:

- The Denver Housing Authority received a \$20 million grant from the U.S. Department of Housing and Urban Development. The grant will help retain 449 units of public and affordable housing and add 400 new homes on a 15-acre site in northeast Denver.
- Sugar Mill Partnership in Longmont is negotiating with a nonprofit organization to build 250 housing units — 60% of which would be affordable housing — on 20 acres.
- In Colorado Springs, work began on the first phase of a 242-unit condominium project. Units will have two and three bedrooms and will be priced around \$130,000.
- Florence Square Redevelopment LLC is constructing a \$30 million, 240-unit apartment complex in Aurora.

- This spring, NEWSED Community Development Corp. will begin construction on the Santa Fe Commons in Denver. The four-story, 50,000-square-foot building will target renters earning 40% to 60% of the area's median income. The Santa Fe Commons will also feature 12,000 square feet of retail space.
- A luxury-condominium and fractional-ownership project valued at \$50 million is planned for Vail Village. The 50,000-square-foot Swiss Hotel and Spa will feature 22 units and 5,000 square feet of retail space.
- Custom homebuilders began construction on six of this year's houses for the Parade of Homes, which will be held in Stapleton. This year, the Parade of Homes will feature houses costing from \$800,000 to \$1 million.

### ***Nonresidential Construction***

F.W. Dodge reports that the value of Colorado nonresidential building construction declined 53.7% through March 2003 compared with year-to-date March 2002. The value of *factory* construction dropped 81.7%, while *office space* construction declined 57.8% and *retail* construction fell 40.9% year-to-date.

*Office* vacancy rates declined in first quarter 2003 compared with fourth quarter 2002. The overall Denver area office vacancy rate for first quarter 2003 was 17.8% compared to 20.9% in first quarter 2002. According to a report from CB Richard Ellis, metro area vacant office space increased 149,068 square feet in first quarter 2003 compared with a vacancy increase of 2.3 million square feet during first quarter 2002. Indeed, in 2002, the number of occupied square feet of office space was 2.7 million square feet lower than in 2001. However, in the northwest market, vacant office space decreased by 196,980 square feet.

***"Office vacancy rates declined in first quarter 2003 . . ."***

Although the nonresidential construction market has slowed, new projects continue to be announced:

- Economic development grants will be used to finance construction of 12,000 square feet of retail and office space in the Santa Fe Commons project in Denver.

- Denver-based mall builder Jordon Perlmutter and Co. added 120 acres to the 120-acre site the company owns in Thornton. The developer plans to build a two-million-square-foot mall named Lark Ridge on the land. The development will cost \$200 million and could take 12 years to complete.
- John Q. Hammons Hotels Inc. announced plans to build a 250-room Embassy Suites Hotel and an 800,000-square-foot convention center in Loveland. The project will cost \$35 million and will be finished in 2006.
- Construction began on a \$4 million building in lower downtown Denver. When finished, the 7,500-square-foot facility will house the new Capital Grille restaurant.
- Lauth Property Group will break ground on a 115,000-square-foot warehouse in Adams County. The company has not yet signed tenants for the space.

### **Colorado Industries**

#### ***Advanced Technology***

***"Colorado employs 100,000 people in its space industry, the fourth-highest number in the nation."***

Colorado employs 100,000 people in its space industry, the fourth-highest number in the nation. In 2002, Colorado received Department of Defense contracts worth \$2.6 billion. Colorado ranks 17th based on the value of defense contracts signed in 2002.

***". . . Colorado receives approximately \$300 million in life-sciences research money annually."***

Colorado is also a leader in the bioscience industry. According to National Science Foundation research, Colorado receives approximately \$300 million in life-sciences research money annually. Ernst & Young LLP reports that Colorado has 50 biotechnology companies excluding medical device companies. This is the 14th highest number of biotechnology companies in the nation. Medical device companies are not included in the Ernst & Young ranking because they hire fewer researchers and have more manufacturing related

workers. The medical device industry, which comprises 68% of Colorado's bioscience industry, has 200 companies and 11,973 employees in the state. The medical device industry includes equipment ranging from tongue depressors to CAT scan equipment.

### ***Agriculture***

Prices received by Colorado farmers in mid-March 2003 were higher for wheat and corn, but the prices received for steers and heifers and calves fell. The mid-March 2003 price of winter wheat rose 24.0% compared with mid-March 2002. Meanwhile, corn prices increased 25.6%. Steer and heifer prices declined 3.1% during this period, while the price of calves fell 5.0%.

***"The March 2003 snowstorm . . . added much needed water that will help alleviate the drought."***

The March 2003 snowstorm dumped up to 72 inches of snow in the foothills and added much needed water that will help alleviate the drought. Runoff from the storm delivered 59,000 acre-feet of new water to the South Platte Basin, filling half of the irrigation reservoirs in the basin.

### ***Oil and Gas***

In February 2003, when the price of oil futures hit a twelve year high of nearly \$40 a barrel, Coloradans were paying nearly 50 cents more per gallon for regular unleaded gasoline than they were one year ago. According to AAA Colorado, the state's average price for regular unleaded gasoline reached \$1.70 per gallon in March and in Colorado's mountain resort towns the price of gasoline rose above \$2.00 per gallon. However, as the military's campaign successfully progressed in Iraq, pressures on crude oil prices eased and consumers saw relief at fuel pumps. According to the Energy Information Administration, the average price for regular unleaded fuel in Colorado dropped to \$1.60 per gallon during the first week in April. Nationally, the average price of gasoline dropped to \$1.63 per gallon during the same week.

### ***Retail Sales***

Despite declining consumer confidence, Colorado retailers saw only a small decline in 2002 retail sales. Furthermore, retail sales jumped 2.6% in January 2003

compared with January 2002. Retail trade sales are composed of sales of groceries, clothing, automobiles, and other consumer goods. According to the Colorado Department of Revenue, retail sales declined 0.7% in 2002, to \$58.7 billion from \$59 billion in 2001. Nationally, retail trade sales rose 3.4% in 2002.

***". . . retail sales jumped 2.6% in January 2003 . . ."***

Cherry Creek mall will add 10 new stores in the next few months and store space at the Park Meadows mall is 100% leased. Meanwhile, 12 of the 200 stores at the Colorado Mills shopping mall have recently closed. Most of the stores that closed had short-term leases, but others left because of disappointing post holiday sales.

### ***Tourism***

***". . . DIA [is] the fifth-busiest airport in the country and . . . the tenth-busiest airport in the world."***

Denver International Airport (DIA) maintained its position as the fifth-busiest airport in the country in 2002 and was ranked the tenth-busiest airport in the world. Hartsfield Atlanta International Airport remained the world's busiest airport for a second year, with 76.8 million passengers. According to a report from the Geneva-based Airports Council International, nineteen of the world's busiest airports experienced a decline in traffic in 2002 compared with 2001. Likewise, DIA's traffic slipped 1.2%, to 35.7 million passengers. The largest decline in passenger traffic was at the San Francisco and Los Angeles international airports. Passenger traffic at these two airports declined 9.2% and 8.8%, respectively, in 2002.

***". . . Colorado ski resorts reported the best spring conditions since the 1996-97 ski season."***

Eldora, Loveland, Arapahoe Basin, and Winter Park ski areas all set 24-hour snow fall records in March 2003. As a result of the March snowstorm, Colorado ski resorts reported the best spring conditions since the 1996-97 ski season, which was a record year with 12 million skier visits. Overall, ski resorts are seeing an increase in visits this year. Lodging occupancy at Aspen/Snowmass reached 79% for the week of



February 23, 2003 compared with 68% for the same week in 2002. In December 2002, skier visits were up 18.4% compared with December 2001.

The March snowstorm that helped Colorado ski areas hurt the gaming casinos in Black Hawk and Central City. The snow caused road closures and, as a consequence, 20 of the 26 casinos in Black Hawk and Central City were closed for three days. The closures will result in an undetermined amount of foregone tax revenue.

Attendance at the Denver Museum of Nature and Science fell 26% to 1,237,616 in 2002 from 1,670,456 people in 2001. Meanwhile, the Denver Zoo had a 3% increase in attendance, to 1,537,678 visitors in 2002 compared with 1,497,000 visitors in 2001.

### ***Venture Capital***

According to a survey by PricewaterhouseCoopers, Colorado venture capital investments in fourth quarter 2002 totaled \$116 million, a 145% increase from third quarter 2002. Overall, Colorado venture capital investments declined 61% in 2002. Companies received \$547 million in 2002 compared with \$1.4 billion in 2001.

***“ . . . Colorado venture capital investments in fourth quarter 2002 totaled \$116 million, a 145% increase.”***

During the first quarter of 2003, two Colorado advanced technology companies raised significant venture capital. Boulder-based Lefthand Networks raised \$20 million. The data storage system design company will use the capital to expand sales efforts in the U.S. and overseas. Also, Virtela Communications Inc. acquired venture capital worth \$11 million, raising its total venture capital to \$86 million. The three-year-old company, which provides interoffice voice services, videoconferencing, and other network services to businesses, plans to hire an additional 25 people over the next year.

## **Colorado Regional News**

### ***Metropolitan Denver***

Denver is the second city to have a local chapter of the South Africa-USA Chamber of Commerce. Colorado exports to South Africa were \$10.5 million

in 2002 and about 200 Colorado companies do business there. Colorado-based businesses export data-storage equipment worth about \$2.3 million to South Africa, medical, surgical and dental instruments worth about \$1.2 million, and computer parts worth about \$900,000.

Denver is one of 10 cities recognized as a “Best Walking City in America” by the American Podiatric Medical Association. The cities were selected based on how many people walk to work, safe air quality, parks, and the number of health clubs and sports stores available to serve walkers.

In Denver, foreclosures were up 31% in first quarter 2003 compared with the same quarter one year ago. The seven-county metro area reported 1,873 foreclosures, compared with 1,430 in first quarter 2002. Furthermore, there were more foreclosures in 2002 than in any year since 1991.

### **Denver Region Economic Statistics**

	Avg. Emp. Growth*	Avg. Unemp. Rate	Retail Trade Sales Growth*	Housing Permit Growth*	Growth in Value of Nonres. Const.*
<i>Data Available Through</i>	<i>Feb-03</i>	<i>Feb-03</i>	<i>Dec-02</i>	<i>Mar-03</i>	<i>Mar-03</i>
<b>Denver-Boulder MSA</b>	<b>-0.7%</b>	<b>5.8%</b>	<b>-1.1%</b>	<b>-20.2%</b>	<b>-67.3%</b>
Boulder-Longmont MSA	-13.3%	5.5%	na	-29.3%	-69.1%
Denver MSA	1.4%	5.8%	na	-19.2%	-67.1%

\* Year-to-date.

Source: Colorado Department of Labor & Employment, Colorado Department of Revenue, and F.W. Dodge. MSA employment growth is computed using data estimating wage and salary employment by place of work.

Retail sales growth data is not available for the Boulder-Longmont MSA and the Denver MSA because the definition of these regions changed between 2001 and 2002 when Broomfield was made a county.

### ***Eastern Plains***

Through March 2003, residential housing permits issued in Logan County increased 6.7% compared with year-to-date March 2002. In Prowers County, the number of housing permits issued during this period was unchanged.

Meanwhile, there was no new nonresidential building construction in Logan County. In Prowers County, the value of nonresidential construction through March 2003 was \$139 million compared with no new nonresidential construction through this time last year.

## Eastern Region Economic Statistics

	Avg. Emp. Growth*	Avg. Unemp. Rate	Retail Trade Sales Growth*
<i>Data Available Through</i>	<i>Feb-03</i>	<i>Feb-03</i>	<i>Dec-02</i>
<b>Eastern Region</b>	<b>-0.9%</b>	<b>5.8%</b>	<b>-4.3%</b>
Baca	4.1%	2.8%	1.8%
Bent	-5.1%	7.2%	-0.3%
Cheyenne	5.4%	2.9%	6.4%
Crowley	2.1%	5.8%	0.0%
Elbert	14.6%	4.1%	1.9%
Kiowa	-1.6%	5.9%	-23.2%
Kit Carson	2.5%	4.6%	-6.5%
Lincoln	3.7%	3.5%	-19.7%
Logan	4.4%	3.8%	-1.8%
Morgan	3.1%	4.3%	-1.2%
Otero	2.2%	6.7%	-0.2%
Phillips	4.0%	2.4%	-24.7%
Prowers	0.0%	4.8%	-12.0%
Sedgwick	8.8%	4.0%	-17.6%
Washington	4.1%	2.7%	-12.7%
Yuma	8.3%	2.4%	9.2%

\* Year-to-date.

Source: Colorado Department of Labor & Employment, Colorado Department of Revenue, and F.W. Dodge. Employment growth is computed from labor force data estimating employment by place of residence.

## Mountains

The year-to-date March 2003 number of housing permits issued in Routt County was down 29.0% compared with year-to-date March 2002. The number of housing permits issued in Eagle, Pitkin, and Summit counties was up 15.8% during this period.

The value of nonresidential building construction in Eagle, Pitkin, and Summit counties was down 84.5% year-to-date through March 2003 compared with the same period in 2002. In Routt County, there was no new nonresidential building construction year-to-date through March 2003.

## Mountain Region Economic Statistics

	Avg. Emp. Growth*	Avg. Unemp. Rate	Retail Trade Sales Growth*
<i>Data Available Through</i>	<i>Feb-03</i>	<i>Feb-03</i>	<i>Dec-02</i>
<b>Mountain Region</b>	<b>2.6%</b>	<b>6.0%</b>	<b>-2.1%</b>
Chaffee	-1.0%	4.4%	0.3%
Clear Creek	6.8%	5.2%	-1.4%
Eagle-Pitkin-Summit	-1.1%	3.5%	-2.5%
Gilpin	9.1%	4.5%	48.4%
Grand	4.7%	3.6%	-2.7%
Jackson	8.0%	9.2%	15.2%
Lake	-1.3%	5.9%	-9.3%
Park	4.3%	4.9%	-10.3%
Routt	3.4%	3.0%	-0.7%
Teller	-0.3%	4.9%	-1.4%

\* Year-to-date.

Source: Colorado Department of Labor & Employment, Colorado Department of Revenue, and F.W. Dodge. Employment growth is computed from labor force data estimating employment by place of residence.

## Northern

Developer Village Homes will include an observatory in its 540-home Observatory Village in southeast Fort Collins. The observatory will be leased to Front Range Community College for astronomy classes, but it also will be open to the public. Single-family homes in the project will be priced from \$213,000 to \$310,000 while town homes will cost under \$200,000.

Kodak Colorado will reduce production and cut jobs at its Windsor plant in response to a two-year slump in sales attributed to the national economic downturn. In an effort to save roughly \$4 million, the company announced it would reduce operations to 5.5 days per week and eliminate about 50 jobs. About 30 workers accepted the company's offer of voluntary retirement; the remaining 20 cuts will come through attrition. Earlier worldwide job cuts announced by Kodak did not affect the company's Windsor plant.

Office vacancy rates in Northern Colorado were up in 2002. Office vacancies in Fort Collins were 11.7% in 2002, up from 10.0% in 2001 and 6.9% in 2000. Meanwhile, retail vacancy rates dropped to 7.9% in 2002 compared with 9.4% in 2001.

***"Oil and gas permits . . . are 5% above year-to-date February 2002 and the value of these permits more than three times as large."***

Oil and gas exploration in Weld County increased significantly in the past six months. Oil and gas permits issued year-to-date through February 2003 are 5% above year-to-date February 2002 and the value of these permits is more than three times as large.

## Northern Region Economic Statistics

	Avg. Emp. Growth*	Avg. Unemp. Rate	Retail Trade Sales Growth*	Housing Permit Growth*	Growth in Value of Nonres. Const.*
<i>Data Available Through</i>	<i>Feb-03</i>	<i>Feb-03</i>	<i>Dec-02</i>	<i>Mar-03</i>	<i>Mar-03</i>
<b>Northern Region</b>	<b>4.4%</b>	<b>5.8%</b>	<b>4.3%</b>	<b>-34.8%</b>	<b>90.9%</b>
Larimer	1.6%	5.5%	2.3%	-49.0%	-21.6%
Weld	2.9%	6.7%	8.2%	-22.7%	265.9%

\* Year-to-date.

Source: Colorado Department of Labor & Employment, Colorado Department of Revenue, and F.W. Dodge. Employment growth is computed from labor force data estimating employment by place of residence.

## Southern

Roughly 11,000 of the 14,500 troops stationed at Fort Carson received deployment notices in March. Indeed, most of the soldiers sent to Iraq were from four states — Texas, Colorado, Georgia, and North Carolina. In a market already struggling with rising vacancies, the exodus of soldiers is proving difficult for apartment owners. Colorado Springs' vacancy rate climbed to 13%, up from 2% only a few months ago. However, Colorado's soldiers will likely return eager to spend the money they earned but couldn't spend while they were in Iraq. This will help retail businesses in the region.

**“ . . . most of the soldiers sent to Iraq were from four states — Texas, Colorado, Georgia and North Carolina.”**

Year-to-date through March 2003, the number of housing permits issued and the value of nonresidential building construction in Alamosa County were unchanged compared with year-to-date March 2002. Meanwhile, the number of housing permits issued in Pueblo and El Paso counties declined 6.0% and 43.2%, respectively, compared with year-to-date March 2002. Through March 2003, the value of new nonresidential building construction rose 11.8% in El Paso County, but dropped 50.2% in Pueblo County.

### Southern Region Economic Statistics

	Avg. Emp. Growth*	Avg. Unemp. Rate	Retail Trade Sales Growth*
<i>Data Available Through</i>	<i>Feb-03</i>	<i>Feb-03</i>	<i>Dec-02</i>
<b>Southern Region</b>	<b>1.9%</b>	<b>6.0%</b>	<b>1.4%</b>
Alamosa	2.5%	6.2%	5.2%
Conejos	2.5%	8.0%	-8.5%
Costilla	-2.9%	10.1%	6.9%
Custer	21.7%	3.6%	-5.2%
El Paso / Colorado Springs MSA	0.5%	6.1%	1.6%
Fremont	-1.1%	6.4%	-1.1%
Huerfano	8.8%	5.1%	7.8%
Las Animas	4.1%	4.9%	0.6%
Mineral	-1.3%	2.8%	-1.0%
Pueblo	0.4%	7.3%	1.4%
Rio Grande	4.0%	6.7%	-6.6%
Saguache	4.0%	6.6%	3.6%

\* Year-to-date.

Source: Colorado Department of Labor & Employment, Colorado Department of Revenue, and F.W. Dodge. MSA employment growth is computed using data estimating wage and salary employment by place of work. All other employment growth is computed from labor force data estimating employment by place of residence.

## Western Slope

The year-to-date March 2003 number of housing permits issued in La Plata and Mesa counties were up 71.3% and 86.3%, respectively, compared with year-to-date March 2002. Meanwhile, in Montrose County, the number of housing permits issued was down 13.9%. The value of new nonresidential building construction in La Plata and Mesa counties fell by 95.0% and 56.8%, respectively. There was no new nonresidential building construction in Montrose County.

### Western Region Economic Statistics

	Avg. Emp. Growth*	Avg. Unemp. Rate	Retail Trade Sales Growth*
<i>Data Available Through</i>	<i>Feb-03</i>	<i>Feb-03</i>	<i>Dec-02</i>
<b>Western Region</b>	<b>1.8%</b>	<b>6.2%</b>	<b>0.5%</b>
Archuleta	2.2%	6.6%	-12.9%
Delta	2.2%	6.5%	7.1%
Dolores	0.8%	13.6%	1.1%
Garfield	1.5%	5.6%	-0.4%
Gunnison	-0.6%	5.8%	-6.4%
Hinsdale	-2.1%	2.1%	-16.6%
La Plata	1.3%	4.7%	-0.3%
Mesa	3.6%	5.7%	3.9%
Moffat	2.2%	7.2%	-11.3%
Montezuma	2.7%	7.0%	0.0%
Montrose	2.7%	6.9%	0.5%
Ouray	2.7%	4.7%	-7.7%
Rio Blanco	3.8%	3.9%	-7.4%
San Juan	0.5%	21.4%	6.4%
San Miguel	-0.6%	3.7%	-1.9%

\* Year-to-date.

Source: Colorado Department of Labor & Employment, Colorado Department of Revenue, and F.W. Dodge. Employment growth is computed from labor force data estimating employment by place of residence.