



COLORADO CLOSE-UP

An Economic Newsletter
Bill Owens, Governor

Nancy J. McCallin
 Director

Janet Rogers
 Senior Economist

Maria Coe
 Economist

Office of State Planning and Budgeting

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THE NATIONAL ECONOMY

Recent indicators show the national economic recovery slowing somewhat. Most measures showed weaker, albeit still positive, economic activity at the end of the second quarter. Rising interest rates coupled with decelerating growth in non-wage household income is reducing the ability of consumers to spend. Meanwhile, wage increases are restrained because of rising benefit costs and continued labor market softness. However, the increase in the number of workers is boosting overall wage income and labor market improvements are supporting rising consumer confidence, so the current weakness is most likely temporary.

Inflation-adjusted gross domestic product (GDP) growth was 3.0% in second quarter 2004, much lower than the robust 4.5% growth posted in first quarter 2004. The second quarter pace is the slowest in five quarters, primarily because consumer spending rose by only 1.0% during the quarter. Second quarter consumer spending growth is the weakest posting in three years. Consumers spent less on both durable and nondurable goods, offsetting a moderate 2.3% increase in spending on services.

“During second quarter 2004, business investment rose a solid 8.9%.”

Although consumer spending was tepid during second quarter 2004, business investment rose a solid 8.9%, more than twice the gain posted in first quarter 2004. Business spending on structures rose 5.2% and investment in equipment and software increased 10.0%. Furthermore, residential fixed investments increased 15.4%, the largest increase since third quarter 2003. Strong export growth was encouraging but not enough to offset increases in imports. Meanwhile, government spending increased by a modest 2.3% during the quarter.

Job gains were weaker in July 2004 than expected and the already modest employment increase in June was revised downward. Nonetheless, employment has increased 0.7% year-to-date through July 2004 whereas employment through July 2003 was down 0.4%. Furthermore, the July 2004 unemployment rate was 5.5%, down 0.7 percentage points from the July 2003 rate.

National Economic Statistics

	Second Quarter 2004	First Quarter 2004	2003 Annual Average	2002 Annual Average
Inflation-Adjusted Annual GDP Growth ¹	3.0%	4.5%	3.0%	1.9%
Consumer Spending	1.0%	4.1%	3.3%	3.1%
Nonresidential Fixed Investment	8.9%	4.2%	3.3%	-8.9%
Structures	5.2%	-7.6%	-5.6%	-17.8%
Equipment and Software	10.0%	8.0%	6.4%	-5.5%
Residential Fixed Investment	15.4%	5.0%	8.8%	4.8%
Exports	13.2%	7.3%	1.9%	-2.3%
Imports	9.3%	10.6%	4.4%	3.4%
Government	2.3%	2.5%	2.8%	4.4%
Productivity ¹	2.9%	3.7%	4.4%	4.4%
	July 2004	July 2003	2003 Annual Average	2002 Annual Average
Inflation ²	2.4%	2.4%	2.3%	1.6%
Nonfarm Employment Growth ²	0.7%	-0.4%	-0.3%	-1.1%
Unemployment Rate	5.5%	6.2%	6.0%	5.8%
Housing Permit Growth ³	12.5%	5.6%	8.1%	6.8%
Single-Family	14.1%	6.3%	9.6%	7.9%
Multi-Family	6.7%	3.0%	3.2%	3.5%
Growth in the Value of Nonresidential Construction ³	2.5%	-4.0%	-2.2%	-6.7%
Retail	3.6%	-11.6%	-7.2%	-18.9%
Offices	7.4%	-20.6%	-14.4%	-29.3%
Factories	-3.3%	-21.9%	-15.8%	-43.8%
Retail Sales ³	11.4%	7.1%	8.3%	3.4%

¹Annualized growth compared with preceding quarter.

²Year-to-date.

³Year-to-date through June 2004.

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.

Productivity increased 2.9% in second quarter 2004, well above the 10-year historical average of 2.5% growth. Manufacturing productivity advanced 7.5% and unit labor costs in the manufacturing sector fell 2.2%. Overall, unit labor costs are only 0.2% higher than they were in second quarter 2003.

The Conference Board consumer confidence index was 106.1 in July, its highest value since June 2002. Surprisingly, the recent jump in gasoline prices did not appear to have had a significant negative impact on the index. Consumer's assessment of the present situation is the best in more than two years and their expectations for the future are at the highest level since January 2004.

The Institute for Supply Management (ISM) *manufacturing index* was 62.0 in July 2004, up 0.9 points compared with June. The ISM manufacturing index has been above the important 50-point mark that indicates expanding activity for 13 consecutive months and above 60 for nine consecutive months. Prior to November 2003, the index had not exceeded 60 since 1987.

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The ISM *service-providing industry* index was 64.8 in July 2004 compared with 59.9 in June 2004, above the 60-point mark for the sixth time since January 2004. Out of 17 service industries included in the survey, only the entertainment sector reported a contraction in business activity. Business spending on services is rising, offsetting the weaker consumer spending on services witnessed in recent months.

THE COLORADO ECONOMY

Colorado's economic recovery continues. Jobs are being created and new residential and nonresidential construction projects are underway. Furthermore, the state's tourism industry is reviving as evidenced by traffic at the Denver International Airport, which is above the record-breaking levels reached in 2000.

In a study of annual per capita incomes by the American City Business Journals, Boulder and Fort Collins led the nation, each posting strong income growth coupled with consistency unmatched anywhere

else in the U.S. The study looked at long-term per capita income growth and at per capita income fluctuations between 1982 and 2002 for the 170 metro areas with 2002 populations greater than 250,000. During that period, annual incomes grew more than 180% in both Boulder and Fort Collins compared with a national average of 159%. The three runners-up in the top five cities — Bridgeport, Conn., Santa Cruz, Calif., and Boston, Mass. — each posted slightly stronger income growth but significantly less consistency.

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Colorado Economic Statistics

	July 2004	July 2003	2003 Annual Average	2002 Annual Average
Nonfarm Employment Growth ¹	0.1%	-1.6%	-1.5%	-1.9%
Unemployment Rate	5.1%	6.1%	6.3%	5.9%
Housing Permit Growth ²	24.1%	-22.3%	-17.3%	-13.0%
Single-Family	22.2%	-11.7%	-3.3%	-4.0%
Multi-Family	34.9%	-54.4%	-55.5%	-30.7%
Growth in the Value of Nonresidential Construction ¹	14.5%	-24.9%	-11.2%	-21.8%
Retail	-12.3%	-11.8%	-13.4%	-8.7%
Offices	-27.4%	-22.2%	-32.3%	-42.2%
Factories	136.7%	-46.2%	-62.9%	-53.2%
Retail Trade Sales ³	4.3%	0.1%	0.0%	-0.7%

¹Year-to-date.

²Year-to-date through June 2004.

³Year-to-date through May 2004.

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.

In a survey by the Scripps Survey Research Institute Center, Denver and Boulder were listed as the top two cities where people want to live. Participants were read a list of 26 cities and asked if they would be willing to live in any of those communities. Of the respondents polled, 53% cited Denver as the most desirable place to live and 51% cited Boulder as the most desirable place to live. Detroit came in last, with only 16% of respondents indicating a willingness to live there.

For the second year in a row, two Denver businesses are listed on the Fortune Small Business magazine's list of America's 100 fastest growing small companies. Royal

Gold Inc., a precious metals royalty company, ranked fourth, and Credo Petroleum Corp., an independent oil and gas exploration and development company, ranked 47th. The list was published in the July-August issue of the magazine.

The Russell Investment Group added eight Colorado companies to the Russell Index 3000, an index fund that mirrors the performance of 98% of the value of U.S. stocks. Array Biopharma, Pharmion, Carrier Access, Whiting Petroleum, Delta Petroleum, Titanium Metals, Affordable Residential Communities, and Myogen were all added at the end of June 2004. Meanwhile, five Colorado companies — Sirna Therapeutics, Westmoreland Coal, Cenveo, Ultimate Electronics, and Raindance Communications — were removed from the indexes. The Russell Index 3000 is split into two categories — the Russell Index 1000 for the largest stocks and the Russell Index 2000 for the remaining stocks.

Colorado Economic Indicators

Employment

Colorado employment reached an 18-month high in June 2004 before retreating slightly in July. Even so, Colorado employment increased 0.8% in July 2004 compared with July 2003, to 2,171,200 jobs. Meanwhile, the July 2004 unemployment rate was 5.1%, down a full percentage point compared with the 6.1% rate posted in July 2003.

According to a study commissioned by the Pacific Council on International Policy, globalization is responsible for 122,908 Denver area jobs or 9.5% of metro Denver employment. In the metro region, 83 foreign companies employ 17,099 employees and over 743 Denver firms receive a portion of their revenue from exports. In total, this translates into economic activity worth \$5.1 billion in wages and salary income, \$4.2 billion in local spending, \$199 million in state taxes and \$168 million in local taxes. The study predicts that Denver's "integration in the world economy is likely to grow appreciably in the future," citing a strong telecommunications infrastructure, a dynamic workforce, industrial clusters in leading technological sectors, and Denver International Airport.

Recent announcements of new hiring in Colorado include:

- The Southlands Development project in Aurora will create 1,000 temporary construction jobs by

the end of summer 2004. The number will expand to several thousand temporary jobs before the opening of the mixed-use project in summer 2006.

- Intel Corp. is upgrading its Colorado Springs chip-making plant. The \$400 million project will create temporary employment for 900 construction workers and upon completion hire several hundred new advanced technology workers by 2008. Currently, the plant employs 800 people.
- Suncor Energy Inc. announced plans to upgrade its Commerce City oil refinery. The project, scheduled for completion in 2006, will employ 200 engineers and 600 construction workers.
- Work began on the new 1.2 million-square-foot Children's Hospital in Aurora, creating 700 to 800 temporary construction jobs.
- Lockheed Martin Corp. was awarded an Army contract to develop and produce a new military spy plane. The contract, potentially worth \$6 billion, will add up to 200 jobs at the Deer Creek plant in Jefferson County. Lockheed Martin currently employs about 6,500 people in Denver.
- Wal-Mart Stores Inc. began interviewing people for several hundred jobs at the new Sam's Club and the Wal-Mart Supercenter in Aurora's Southland development.
- ProLogis will add approximately 100 jobs when it moves corporate accounting and information technology workers from Texas to its new headquarters, which the company relocated to Denver from Aurora. ProLogis is the sixth most valuable company headquartered in Colorado.

Recent announcements of layoffs in Colorado include:

- MCI Telecommunications will close its Colorado Springs telemarketing center on August 24, displacing 650 employees. Year-to-date, MCI has announced 1,585 job cuts in Colorado, about 40% of its statewide workforce.
- Maxtor Corp. will layoff 130 employees at its Longmont facilities. The maker of computer hard drives currently employs about 900 people in Longmont.
- Marie Callender's Pie Shops Inc. closed its three company-owned restaurants, leaving one

franchised restaurant open in the Denver Technological Center. The restaurant closures in Aurora, Lakewood, and Westminster affected about 100 employees. The closure of the Marie Callender restaurants follows the closure of two Bahama Breeze restaurants and four Big Bowl restaurants in May. The number of affected employees at these restaurants was not disclosed.

- Avanza Grocery closed its Pueblo store in June as a result of underperforming sales. The number of displaced employees was not disclosed.

Bankruptcies

The number of Coloradans filing for bankruptcy through the second quarter of 2004 continued to increase. As of June 2004, 14,001 cases were filed, an 11% increase compared with the same period last year. During second quarter 2004, 7,691 cases were filed, an 8% increase compared with second quarter 2003. In 2003, the bankruptcy court recorded 25,776 cases, up 21.3% compared with 21,260 cases recorded in 2002.

Inflation

The Denver-Boulder-Greeley consumer price index fell 0.7% in the first half of 2004 compared with the first half of 2003, the first such year-over-year decline in 40 years. However, inflation during the first six months of 2004 rose at a 0.8% annualized rate compared with the last half of 2003. Declines in the price of housing and transportation were responsible for the low inflation rates, as landlords discounted rents to fill vacancies and car dealerships provided incentives to increase sales.

Population

According to regional growth rates released by the Denver Regional Council of Governments, the populations of both Boulder and Thornton crossed the 100,000 mark in 2004. Eight cities in the Denver region — Arvada, Aurora, Boulder, Centennial, Denver, Lakewood, Thornton, and Westminster — have populations greater than 100,000 residents. Overall, in 2003, the Denver region grew 1.6% compared with an annual average growth of 3.8% during the last half of the 1990s.

According to the U.S. Bureau of the Census, three Weld County communities — Firestone, Frederick, and Severance — are among the fastest growing towns in

the nation. Between 2000 and 2003, the town of Firestone grew to 5,063 from 1,908 residents, a 165.4% increase. During the same period, Frederick grew 113% to 5,273 from 2,476 residents and the town of Severance had 90% population growth to 1,134 residents in 2003 from 597 residents in 2000. The rapid population growth in these Weld County towns is attributed to new job opportunities, proximity to Denver International Airport, and land availability.

Colorado Construction Activity

Residential Construction

The U.S. Bureau of the Census reported that the total number of housing permits issued through June 2004 rose 24.1% compared with the same period in 2003. Single-family home permits increased 22.2% while multi-family home permits grew 34.9%.

“The median price of a previously owned single-family home reached a new record . . . in July 2004 . . .”

The median price of a previously owned single-family home reached a new record — \$244,800 — in July 2004, increasing 2.9% compared with July 2003. The median price of a condominium increased 2.9% to \$157,367. Meanwhile, the number of homes on the market in July 2004 was 3.6% higher compared with July 2003.

According to the Apartment Association of Metro Denver, the Denver-area apartment market is on the rebound with vacancies reaching their lowest level in nearly two years. During second quarter 2004, vacancies dropped to 9.7% compared with 13.1% in second quarter 2003 and 10.5% in first quarter 2004. Meanwhile, average rent increased to \$818.14, a 3% increase compared with second quarter 2003.

According to a survey by RealFacts Inc. of average apartment rents in 19 western metropolitan areas, Denver was ranked the 10th most expensive place to rent and Colorado Springs was ranked 14th. The average June rent in Denver was \$846, up 1.1% compared with June 2003, and the average rent in Colorado Springs was \$722, up 5.7%. California metropolitan areas represented the top eight most expensive areas to rent an apartment with Los Angeles earning the top spot.

Several noteworthy new residential construction projects were recently announced:

- McWhinney Enterprises is developing two projects, one in Loveland and the other in Berthoud. The Loveland development, Centerra, includes 5,100 homes. The Berthoud project, Wilson Ranch, will include 4,000 homes.
- Alberta Development Partners LLC will begin construction on 1,100 apartments in Aurora's 300-acre Southland development. The residential phase of the \$250 million mixed-use project will be completed by third quarter 2005.
- In Denver, a redevelopment project is planned at the site of the former Mercy Hospital. The 8.3-acre, \$200 million-plus project will include 689 market-rate and affordable residential units. Construction on the first phase will be completed by summer 2006.
- Corporex Colorado and Mile High Development will build an undisclosed number of condominium units that will wrap around the Cultural Center Parking Garage near the Denver Art Museum. The first phase of the project will include 58 units.
- In Vail, at Lionshead Village, four homesites, each selling for \$10.5 million, are being developed and 16 high-end condos, selling for \$3 million to \$4 million each, are being built.
- The Colorado resort town of Crested Butte has seen a recent explosion of development projects:
 - The Prospect development will include 38 ski-in, ski-out homes with prices ranging from \$695,000 to \$875,000.
 - The West Wall Lodge, a \$47 million luxury lodge will include 44 units with prices ranging from \$400,000 to \$1.95 million.
 - The former Sheraton Hotel is being converted with a \$5 million renovation to the Grand Lodge Crested Butte. Of the 247 units, 107 will be sold with prices ranging from \$87,000 to \$286,000.
 - The Crested Butte Country club will include an undisclosed number of homes priced between \$195,000 and \$375,000.

Nonresidential Construction

F.W. Dodge reports that the total value of Colorado nonresidential building construction grew 14.5% year-to-date through July 2004 compared with year-to-date July 2003. However, *retail* construction declined 12.3% and *office* construction decreased 27.4%. Meanwhile, the value of *factory* construction rose 136.7% as a result of activity in Weld County on the Owens-Illinois bottling plant and Eastman Kodak's thermal media and inkjet plant.

According to the Fredrick Ross Midyear 2004 report, the Denver office market is on the mend. During the first six months of 2004, the Denver area absorbed 720,000 square feet of office space. In contrast, about 440,000 square feet of office space was absorbed during all of 2003. Meanwhile, the office vacancy rate increased to 22.8% as a result of a new supply of office space introduced to the market during the past six months.

The Denver retail market is also showing signs of improvement. During the first half of 2004, over 1.5 million square feet were absorbed. In addition, 1.8 million square feet of new retail space was introduced to the market as already occupied. The retail vacancy rate was 9.5% in second quarter 2004, unchanged from year-end 2003.

Denver's industrial market saw the greatest improvement, absorbing 1.1 million square feet during the first half of 2004. As a result, industrial space vacancy rates dropped to 8.9% from 9.2% at year-end 2003.

According to a report commissioned by the Lowry Redevelopment Authority, redevelopment of the former Air Force base created a \$4 billion economic impact between 1994 and 2003. Approximately \$2.3 billion benefited Denver and \$1.7 benefited Aurora. Included in the figures for both cities is an estimated \$1.1 billion from construction of residential and commercial properties. At the Lowry center, which occupies 1,866 acres and is 70% complete, there are 94 companies, 6,000 employees, 2,840 households, and 6,400 residents.

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

- In Vail, at Lionshead Village, construction began on a four-year, \$480 million revitalization project.

During the course of the project, a gondola building and the Sunbird Lodge will be leveled and a pedestrian plaza will be built in their place. The plaza will include an outdoor ice rink, restaurants, shops, and a 162-unit luxury hotel.

- Construction began on the new \$458 million Children's Hospital. The 1.2 million-square-foot hospital is located on 41 acres at the University of Colorado Health Sciences Center currently being developed on the former Fitzsimons Army Medical Center in Aurora. Construction will be completed by fall 2007.
- Work has begun on Intel's \$400 million upgrade to its Colorado Springs chip-making plant. The new 66,000-square-foot addition to the existing 500,000 square-foot plant will be completed by the end of 2005.
- Alberta Development Partners LLC is nearing completion on the first phase of the \$250 million Southlands retail project in Aurora. Phase one includes \$25 million in infrastructure improvements, a Wal-Mart Supercenter, and Sam's Club. Upon completion in summer 2006, the mixed-use project will include 1.7 million square feet of retail space, 260,000 square feet of office space, and 1,100 apartments.
- In Larimer, a \$100 million, 300,000-square-foot development will be built near the Larimer County Fairgrounds. Eagle Crossing will include retail, restaurants, and a 10-story office building. Construction will begin in April 2005.
- McWhinney Enterprises is developing 4,600 acres in Loveland and Berthoud. The Loveland development, Centerra, includes a hospital and 10 million square feet of office space, an outdoor mall, and big-box stores, in addition to 5,100 homes. The Berthoud project, Wilson Ranch, includes four million square feet of commercial space and 4,000 homes.
- Centura Health will expand and renovate Denver's Porter Adventist Hospital. Over the next two years, the \$80 million expansion will add 100,000 square feet of space to the hospital, which will double the size of the emergency room and add 17 private rooms and a heliport.
- Construction will begin in August 2004 on the Fort Collins Centers for Disease Control and Prevention laboratory at Colorado State University. The \$80 million infectious diseases and bioterrorism laboratory will be 156,000 square feet — four times larger than the current facility, which was built in 1967. In November 2005, Colorado State University will begin construction on a \$24 million regional biocontainment laboratory in Fort Collins. The federally funded lab will be used for studying potential bioterrorism agents and naturally occurring infectious diseases. The laboratory will be across the street from the new Centers for Disease Control and Prevention laboratory.
- In Windsor, Eastman Kodak Co. broke ground on a \$40 million thermal media and inkjet plant. Construction on the plant will be completed by the end of 2005.
- John Q. Hammons Hotels Inc. will build a \$35 million, 250-unit Embassy Suites Hotel next to the Larimer County Fairgrounds. Upon completion in late 2007, the hotel will include an 80,000-square-foot convention center and a 27,000-square-foot ballroom.
- In Brighton, construction began on the 14-acre Brighton Pavilions. Upon completion in early 2005, the \$19 million project will include a 12-screen movie theater, 30,000 square feet of retail space, and a Park-n-Ride station.
- In South Jefferson County, Swedish Medical Center will break ground in September 2004 on a \$16 million free-standing emergency department. The 29,000-square-foot facility with 17 rooms will serve 15,000 people within the first year after construction is completed in June 2005.
- Developers broke ground on the \$15 million Lowry Medical Center, a medical office building and outpatient surgery center. Upon completion in summer 2005, the 85,000-square-foot building will employ 200, 75% of whom will be new hires.
- Wild Oats Market will build an 80,000-square-foot office in the former Sears building in Boulder, now the home of the Twenty-Ninth Street retail center. Additionally, the natural grocer will build a 35,000-square-foot store on the same project site.

- In Grand Junction, St. Mary's Hospital began construction on an \$8.3 million parking structure. Upon completion, the four-story structure will provide space for 424 vehicles to accommodate the hospitals growing clientele.
- Construction began on the new office building for the Fort Collins *Coloradoan*. The \$6.7 million, 37,355-square-foot facility will be double the size of the current office and include a community room and a fitness room. The new facility will be completed in July 2005.
- The Colorado resort town of Crested Butte has seen a recent explosion of development projects including remodeling of the base area of Crested Butte Mountain Resort, \$6.5 million for two new chairlifts, a new town center, and an expansion of the ski area.
- The University of Denver is building a \$6.1 million lacrosse stadium. The Peter Barton Lacrosse Stadium will open in March 2005.
- In Adams County, officials broke ground on a new traffic control tower at the Front Range Airport. The \$5.6 million, 198-foot-11-inch tower will be the tallest air traffic control tower at a general aviation airport in the country.
- In Pueblo, construction began on the Eagleridge Inn Best Western. The \$2 million, 59-unit facility will open in October 2004.

Colorado's Industrial Sectors

Advanced Technology

According to the Denver Business Journal's Spring 2004 Tech Index, Colorado's technology companies are recovering. The online survey queried 200 technology companies and found that 52% had increasing revenues in the last half of 2003, 69% expect revenues to rise in the first half of 2004, and 67% expect increases in the last half of 2004. Additionally, 49% of the respondents said profits increased in the second half of 2003 and 62% expect increases in the first half of 2004, while 73% expect profits to increase in the second half of 2004. Advanced technology companies are also planning to expand their employment ranks. In the beginning of 2004, 41% were expecting to increase their sales, marketing, and public relations staff. Only

17% of respondents indicated similar expectations in the beginning of 2003.

Agriculture

Prices received by Colorado farmers in mid-July 2004 were higher for wheat, corn, steers, heifers, and calves. The mid-July 2004 price of winter wheat rose 21.4% compared with mid-July 2003 and the price of corn increased 19.3% during the same period. Steer and heifer prices and the price of calves increased 28.4% during this period.

"Prices received by Colorado farmers in mid-July 2004 were higher for wheat, corn, steers, heifers, and calves."

Manufacturing

According to the Front Range Purchasing Managers Index, Colorado's manufacturing sector expanded for the sixth consecutive month in July 2004, scoring 62.6 compared with 63.9 in June 2004. Year-to-date, the Index has expanded in eight months. A score above 50 indicates an increase in economic activity, while a score below 50 indicates a decline. Growth in the manufacturing industry has been fueled by a surge in new orders and production.

Tourism

"Year-to-date, passenger traffic is up 22% in the first six months of 2004."

In 2003, Denver International Airport (DIA), the nation's fifth-busiest airport, had \$100.4 million in operating income, a 26% increase compared with \$79.7 million in 2002. Meanwhile, in June 2004, DIA received a record 4.3 million passengers, up 25% compared with June 2003. Year-to-date, passenger traffic is up 22% in the first six months of 2004 compared with the same period last year. Increases in passenger traffic are attributed to low fares, a stronger U.S. economy, and increased flights by Frontier Airlines. Additionally, DIA was awarded the 2004 Project Achievement Award by the Construction Management Association of America for its Runway 16R/34L, the longest commercial runway in North America. The 16,000-foot runway won in the category for public projects valued at more than \$100 million.

According to an analysis from Colorado State University, Colorado's recreational golf industry contributed over \$560 million to the state's economy in 2002. Economic contributions from recreational golf are obtained through added real estate values that increase property taxes paid to local governments, employment, hospitality and tourism, capital expenditures, media and tournaments, and golf supplies. At the end of 2003, the state had 239 golf courses — 160 public, 62 private, and 17 resort facilities. In 2003, over 7.8 million rounds of golf were played, an average of 32,753 rounds per course. Regionally, in 2003, nearly 42% of the rounds played in Colorado were on metro Denver courses, while the mountain region hosted 11%, and the 23 western slope courses accounted for 9.8% of total rounds played.

According to the June 2004 Rocky Mountain Lodging report, statewide hotel occupancy increased to 66.9% from 65.8% in June 2003. The highest occupancy rate was 81.2% in Glenwood Springs, while hotel occupancy rates in Denver declined to 71.2% from 72.3% in June 2003. Average room rates for Colorado lodging during the same period decreased slightly to \$91.83 from \$92.75 in June 2003. The highest room rates in June 2004 were at Aspen hotels, which averaged \$238.88 per night. The average room rate in Denver declined 2.5% to \$84.76 in June 2004 from \$86.89 in June 2003.

The state's mountain resorts reported a decline in the number of visits during the 2003-2004 ski season. Skier visits totaled 11.2 million, a 3.4% decline

compared with the 11.6 million visits reported during the 2002-2003 season. However, resorts reported a 1.7% increase in destination skiers. Destination skiers are visitors who stay several nights and thus, spend money on lodging, shopping, food and drinks. This was the first increase in seven years for destination skier visits. Holiday visitations boosted attendance, which had declined by 9% during the first months of the 2003-2004 season and then later slowed again as a result of balmy March weather. The record number of skier visits — nearly 12 million — was recorded during the 1997-1998 season.

The Denver Metro Convention and Visitors Bureau reported a 4% decline in overnight trips to the metro area in 2003. During 2003, Metro Denver was visited by 9.7 million tourists, while in 2002, the area received 10.2 million tourists. Spending by tourists also decreased 4% to \$2.3 billion in 2003 from a record \$2.4 billion in 2002.

Venture Capital

According to a report from PriceWaterhouseCoopers, venture capital investments in Colorado companies totaled \$84 million in second quarter 2004, a 0.6% increase compared with first quarter 2004 investments. Thirteen companies, 56% of which are early-stage ventures, received funding. Replidyne Inc., a developer of new antibiotics received the largest amount of funding for a Colorado company in the second quarter (\$33 million).