

2012 Colorado Planning & Management Region Report

Region 7 – Pueblo County

INTRODUCTION

Of the 14 Colorado planning and management regions, Region 7 is the only one which consists of a single entity: Pueblo County. With a land area of 2,400 square miles, Pueblo County ranks as the 13th-largest of the 64 Colorado counties. Of the planning and management regions, it ranks the smallest in geographic size. In terms of total population, Region 7 ranks 5th-largest of the 14 regions, according to the 2010 Census. The 2000 Census recorded 141,472 Pueblo County residents. The 2010 Census count was 159,063. The region has seen moderate population growth, and was the 8th fastest growing region in Colorado from 2000 to 2010. Pueblo County has an estimated 2011 population of 160,393.

JOBS & THE ECONOMY

On the basis of August 2012 data, Region 7's (Pueblo County's) seasonally-adjusted unemployment rate was 10.9%. This compares to 10.3% in August of 2011 and 10.6% in August 2010. The rate has been relatively flat for the past 24 months, ranging from 9.9 to 11.0%. Seasonally adjusted employment for August 2012 totaled 68,386 jobs. This compares to 68,988 in August 2011, representing a growth rate of -0.9%. During the August 2010-August 2011 interval, however, employment increased at a rate of 1.7%. Over the past two years, Pueblo seems to have registered its best job performance during the Fall 2011--Winter 2012 interval. Unemployment stood at 9.9% during December 2011--February 2012; employment stood at a little over 69,000 jobs during the September--December 2011 period. Examining the trends of job growth by business sector reveals several interesting developments. The major industry sector showing the largest percentage job gain over the August 2010--August 2012 period was Construction (13.3%), followed by Professional and Business Services (10.5%), and Manufacturing (10.0%). The startup of the Vestas wind turbine tower manufacturing facility in Pueblo contributed to growth in manufacturing jobs during the period, although recent layoffs at the plant cloud the outlook for continued growth for at least the short-term—(see below). Evraz-NA, the parent company of Rocky Mountain Steel Mills, has seen a 6.2% gain in its employment for the second quarter of this year compared to last year. The plant currently employs nearly 1,200 workers and is Pueblo's largest manufacturing employer. In numeric terms, total manufacturing employment grew by 400 jobs during August 2012 relative to the corresponding August 2010. The imminent loss of several hundred construction jobs associated with completion of the weapons disposal plant at the Pueblo Chemical Depot does not bode well for the construction sector.

It may be worthwhile to compare briefly the similarities and differences between the current "recession" in Pueblo and the nightmare one that gripped Pueblo in the early 1980s. Both are similar to the extent that they have had a major impact on individuals and families, not only where (or whether or not) they work, but how they spend their disposable income, and where they choose to live. A depressed housing market characterizes both periods. The differences, though, probably outweigh the similarities. The unemployment rate during the recession twenty years ago was much higher than now. In 1982, it registered 16.6%; in 1983, 14.0%. These are the annual averages. The current downturn has been the result of many different causes. The early 1980s version was due to Pueblo having an industrial base that was heavily concentrated in the steel-producing sector, and the collapse in demand for this

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product. From 1981 to 1984, the employment of CF&I, Pueblo's largest employer, shrank from a pre-recession value of 5,520 to 2,258 in 1984. Pueblo's economic base is much more diversified now, so the impacts of a downturn are spread more evenly throughout. One of the most dramatic differences between the Pueblo of 1982 and the current Pueblo is shown by comparing data on net migration. In 1982, annual net migration stood at -1,962 persons; in 1983, -1,246 persons. Contrast this with the two-year period of July 2009—July 2011, where preliminary data reveals a net in-migration of 2,326 persons. In other words, in the earlier period, more people left Pueblo than moved here; in the later one, more moved to Pueblo than left. As a final note of comparison however, Pueblo was able to recover rather quickly from the shock of the 1981-1982 recession. Pueblo's economic development efforts led to its first major success with the recruitment of Sperry, (a defense-related electronics manufacturer) which ultimately brought over 1,000 jobs to the community. This was quickly followed by a string of other successes. Unfortunately, the current downturn seems like a bad cold—not too severe, but just does not seem to end.

HOUSING

New residential construction in Pueblo has seen a slight upturn this past year. Through September 2012 new single-family dwelling permits in Pueblo County stood at 133, compared to 97 for the same period of 2011. However, a government-funded program to construct low-to-moderate income homes on the City of Pueblo's East side accounts for 29 of the 2012 year-to-date units. Excluding these units, market-based housing starts for the first nine months of the year are comparable to last year's figure. Multi-family housing activity has been negligible for the past several years. The outlook for improvement in the residential building sector for at least the near-term may be showing some positive signs, however. The National Association of Home Builders/Wells Fargo Builder Sentiment Index for September grew by 3 points, from 37 in August to 40 in September, the highest level of increase in the index since June 2006. This may translate into increased demand for new homes in the Pueblo market. Sales of existing homes show a slight increase relative to last year. According to statistics prepared by the Pueblo Association of Realtors, a total of 1,175 residential units were sold during the first eight months of this year, representing a total value of \$141.8 million. For the first eight months of 2011, 1,130 homes were sold, with a total valuation of \$133.4 million. The respective growth rates for units sold and dollar value of sales for this interval are 4.0% and 6.3%, respectively. Data compiled by the Pueblo County Public Trustee's office through the first three quarters of 2012 show a total of 901 home mortgage foreclosure filings, compared to 876 for the corresponding three quarters of 2011—a 2.9% increase.

Pueblo has a very low housing cost relative to many other Colorado communities. Median sales price for existing Pueblo single-family homes is \$120,909, according to second quarter 2012 data compiled by the Colorado Association of Realtors. This is 60.5% of the corresponding Colorado statewide value of \$200,000, and 9.1% of the Telluride figure of \$1,333,333! Apartment rents are similarly low, with an overall median of \$545 according to the Colorado Division of Housing's multi-family vacancy survey for the second quarter of the year. For the second quarter 2011, the median value was \$483. A decrease in the vacancy rate for apartments from 9.6% to 4.2% has resulted in a moderate upward pressure on

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rental prices. Pueblo County has a high rate of home ownership, with 67.1% of all occupied units according to the 2010 census. However, the housing stock is showing its age. A comparison of American Community Survey 1-year data for 2011 reveals that units built prior to 1940 comprised 18.9% of all units—over twice the State of Colorado value (8.7%). The City of Pueblo value is even higher—23.8% were constructed prior to 1940.

CLEAN ENERGY

It was with great disappointment that the Pueblo community learned of the announced layoffs at Vestas Towers. Uncertainty about congressional approval of the Production Tax Credit (PTC) is reflected in the anticipated cutback in demand for wind towers. The exact number of workers affected remains uncertain, but it is believed to be at least 90. As of the second quarter of the year, the Pueblo plant employed over 450 workers. At its peak capacity, the plant is capable of producing over 1,300 towers a year. Vestas represents one of Pueblo's recent economic success stories since it commenced operation two years ago.

NEW PROJECTS

Several large-scale public sector projects have contributed to the favorable job picture of the construction sector for the past year. Probably most notable of these is the \$52 million Pueblo County Judicial Building. Groundbreaking for the five-story, 173,000 square foot facility occurred February 1st. Many downtown Pueblo merchants are enthusiastic about the secondary economic benefits of the project. Construction peaked during this last summer, with over 400 workers on site.

Pueblo's City Hall/Memorial Auditorium complex is currently undergoing a massive renovation. The City Hall portion of the project is slated to cost \$6.7 million and will provide new city council chambers and modern office complexes for city administrative functions. Memorial Hall is one of Pueblo's historic gems. In the nearly 100 years of its existence, many internationally-acclaimed performers have appeared here. On an historic note: in 1919, President Woodrow Wilson delivered his last public speech in Memorial Auditorium to gain support for the League of Nations. The auditorium renovation phase of the project is slated to cost \$10.5 million and will include extensive remodeling of the theater's interior, stage, mechanical and climate control functions, and improvement of the Grand Avenue access to the facility. The entire renovated complex is scheduled for completion in May 2013.

OTHER DEVELOPMENTS

In April, Rocla Concrete Ties, a facility that manufactures concrete railroad ties, announced that it will be relocating its manufacturing operations to Pueblo from Denver to make space for RTD's expanded light rail network. Rocla also has manufacturing facilities in Texas and Delaware. The City of Pueblo offered the company a \$2.4 million incentive to relocate here. Most of the money will be used to construct a rail siding adjacent to the plant. The company will be constructing a 100,000 square-foot

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facility at an estimated cost of \$20 million. Construction progresses on schedule with the plant slated to become operational by the end of the year. Located in Pueblo's new south side industrial park near the Vestas Towers facility, it plans to hire 85-125 workers initially.

Groundbreaking took place on September 27th for Pueblo's newest manufacturer, pewag, an Austrian maker of tire chains. The plant initially plans to employ 55 workers when its 55,000 square foot Pueblo facility is completed in 2014. With a Russian-owned steel mill, Danish-owned wind turbine tower manufacturing plant, and now an Austrian tire chain manufacturer, Pueblo may be on its way to becoming a multi-national industrial location!

The Army has announced that it will be opening the Gate 19 access to Fort Carson this fall. Gate 19 is located near Fountain. This will relieve congestion at the Gate 20 access point and should provide improved access for Fort Carson personnel who commute from the base to Pueblo. Opening of Gate 19 has been a long-time goal of Pueblo business leaders. Fort Carson currently has an active troop strength of about 26,000. Approximately 5,000 civilians, including construction personnel, are employed at the base. In 2010, over 5,400 workers in El Paso County resided in Pueblo County. This represents 2.8% of El Paso County's employed workforce.