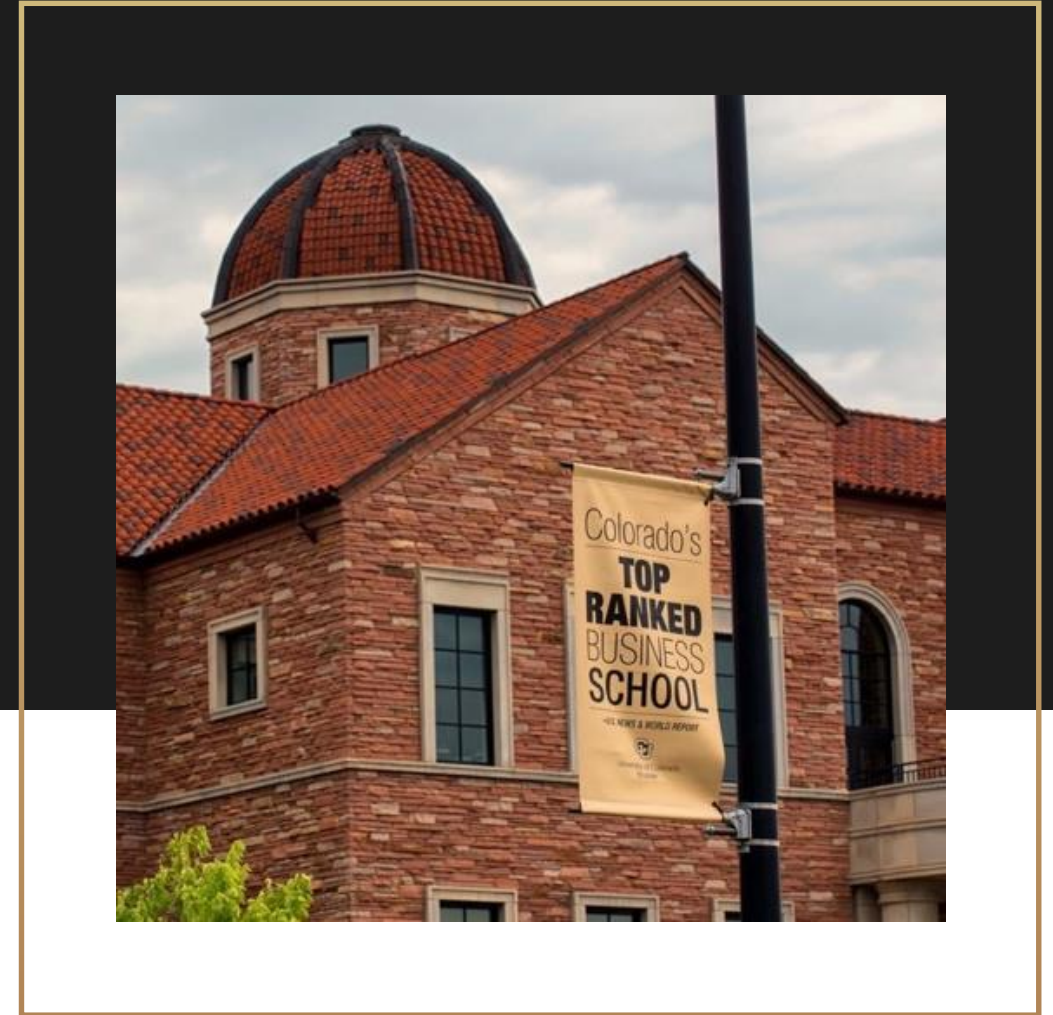


Growth with Uncertainty

Colorado City & County Management Association



Leeds School of Business
UNIVERSITY OF COLORADO **BOULDER**



Richard Wobbekind
Senior Economist and Associate Dean for
Business and Government Relations
Leeds School of Business
University of Colorado Boulder

February 6, 2020

FIFTY-FIFTH ANNUAL

COLORADO

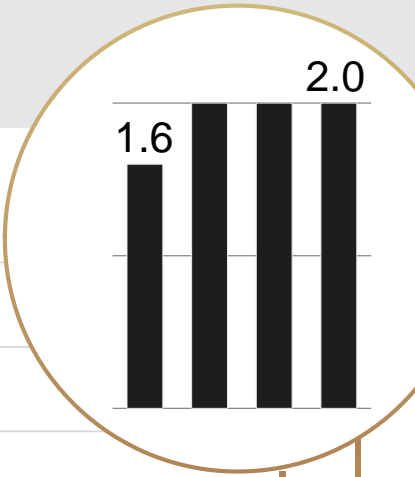
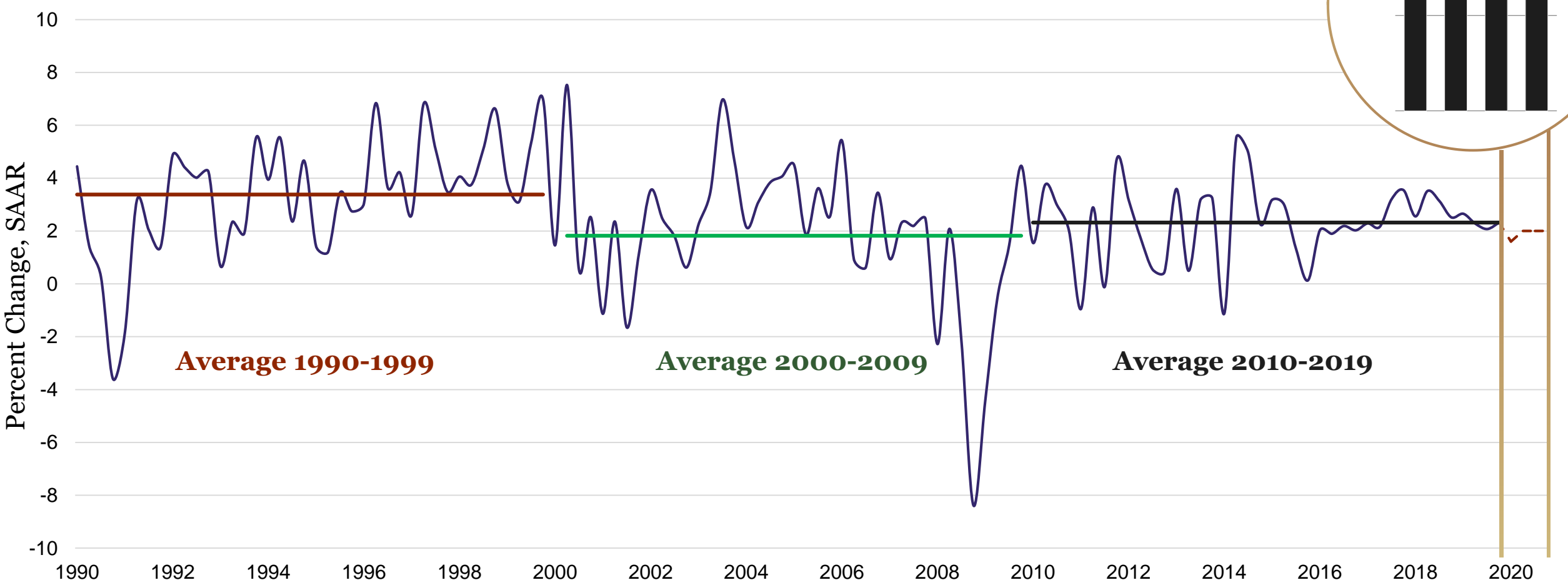
BUSINESS ECONOMIC
OUTLOOK

2020



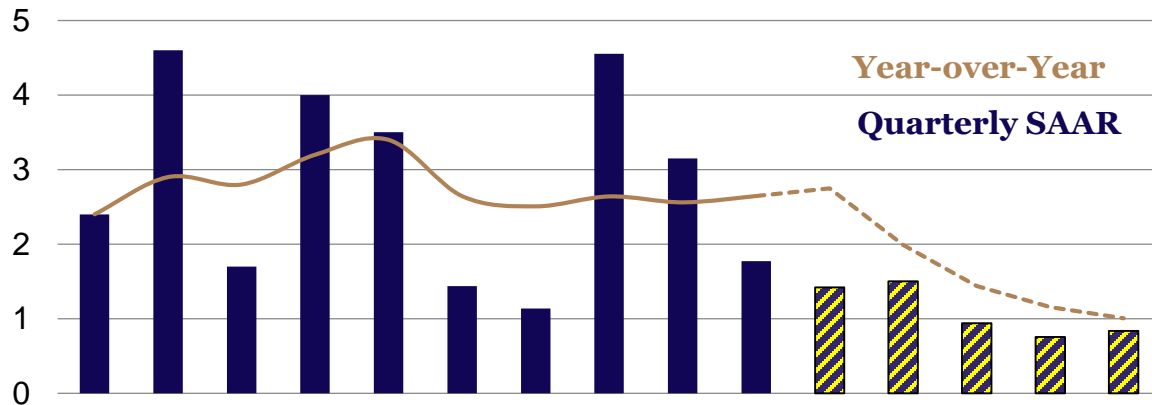
Real GDP Growth

Quarterly Real GDP

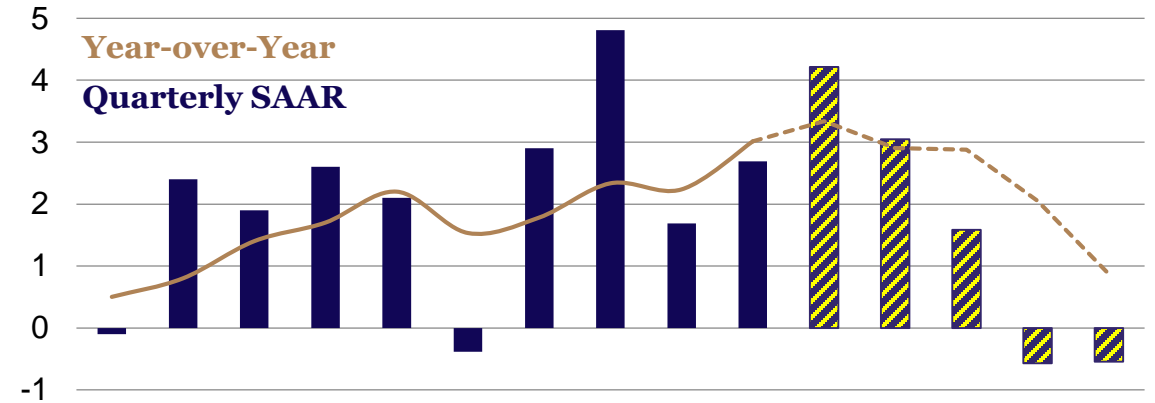


Economic Growth

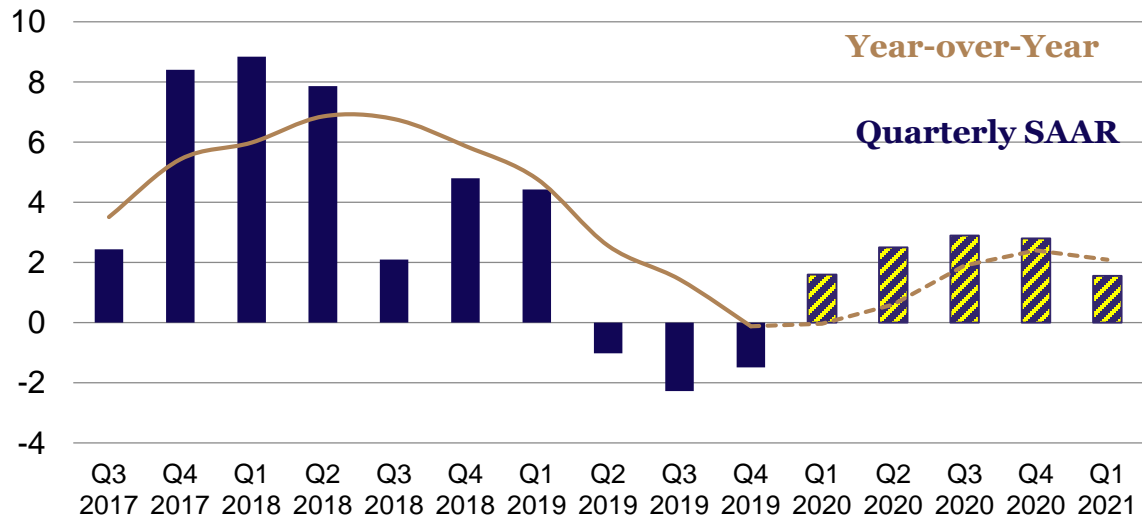
Personal Consumption Expenditures



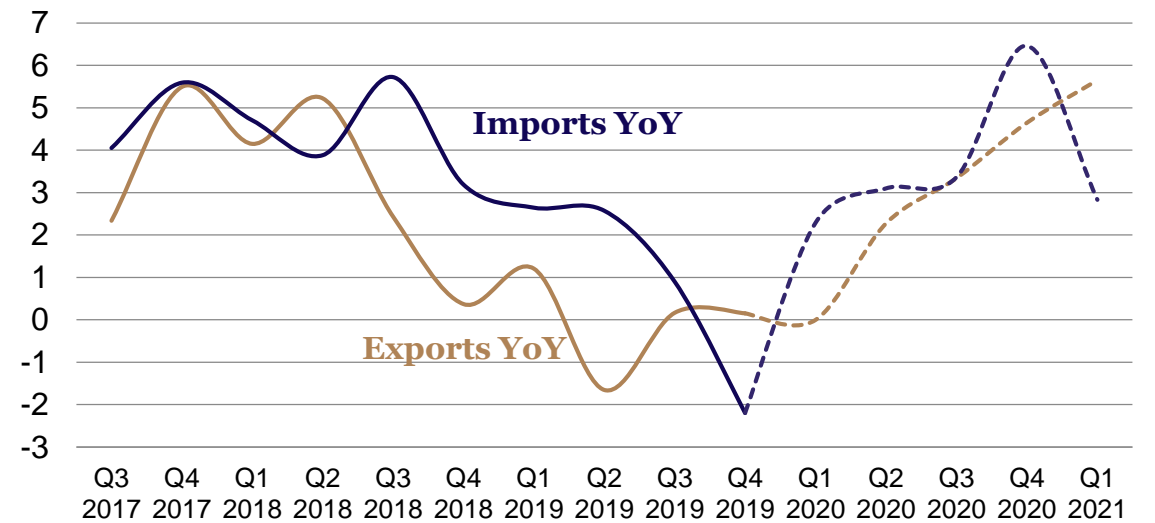
Government Spending



Fixed Business Investment

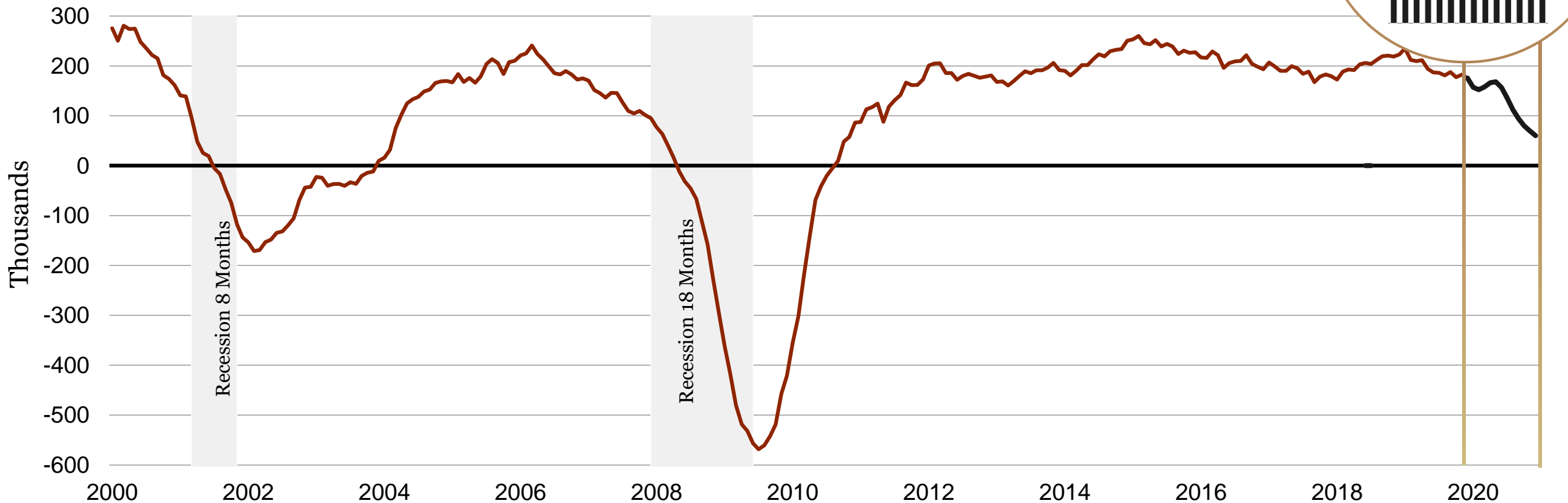


Net Exports



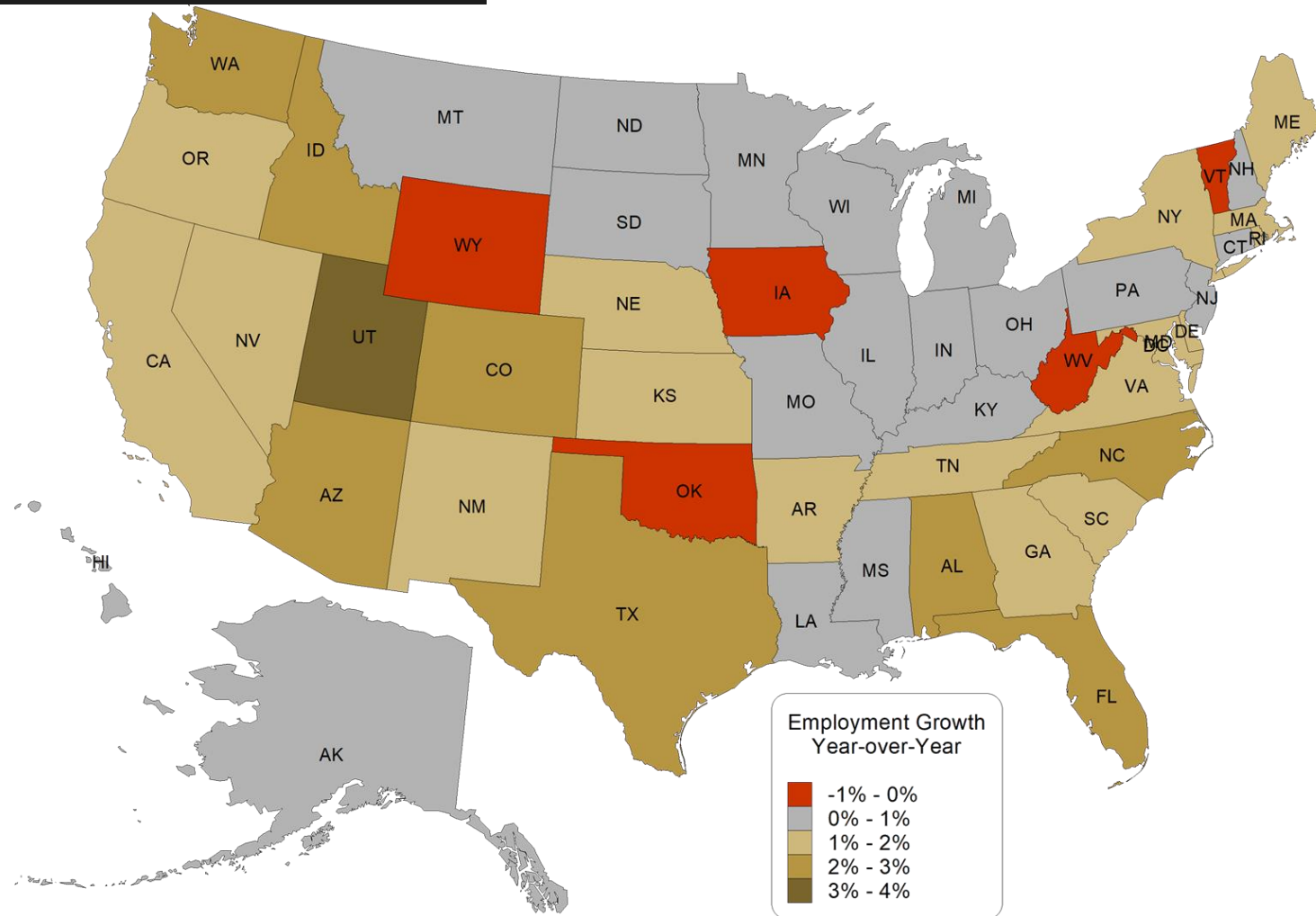
National Employment

Month-over-Month Change, 12-Month Average



State Employment Growth

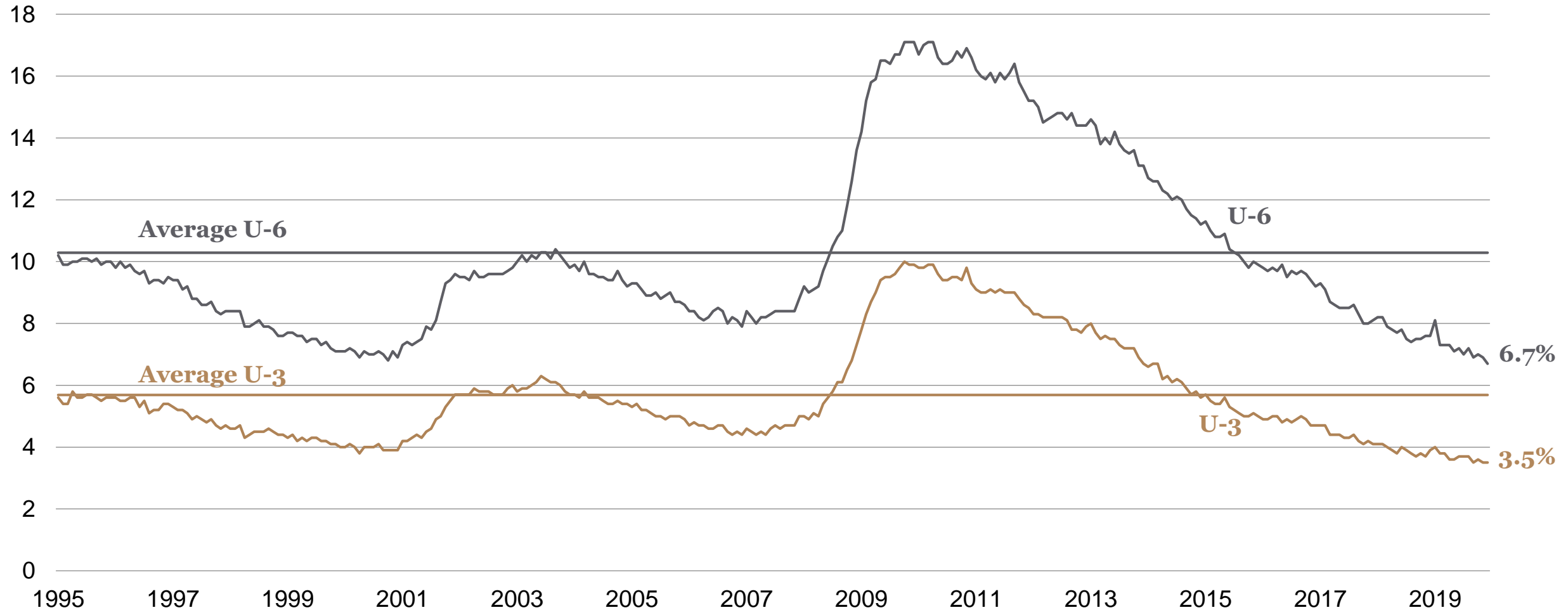
Year-over-Year December 2019



Sources: Bureau of Economic Analysis (Seasonally Adjusted).

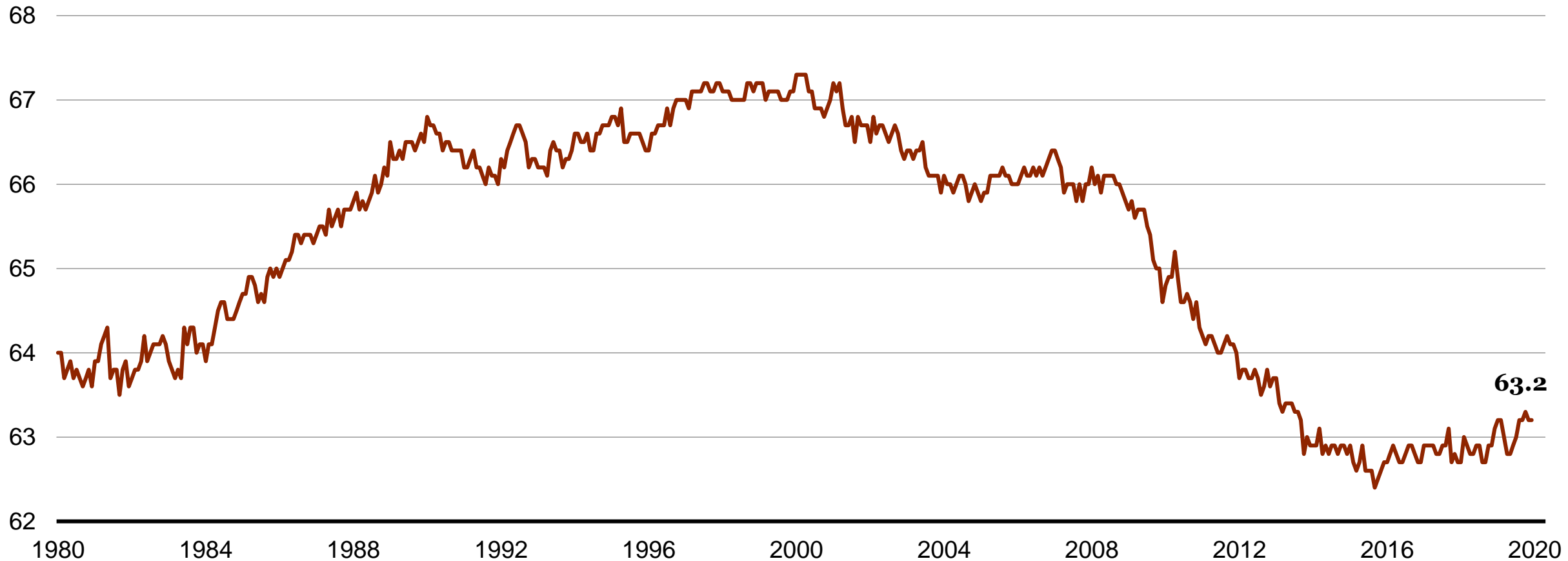
Labor Underutilization

Percentage of Labor Force

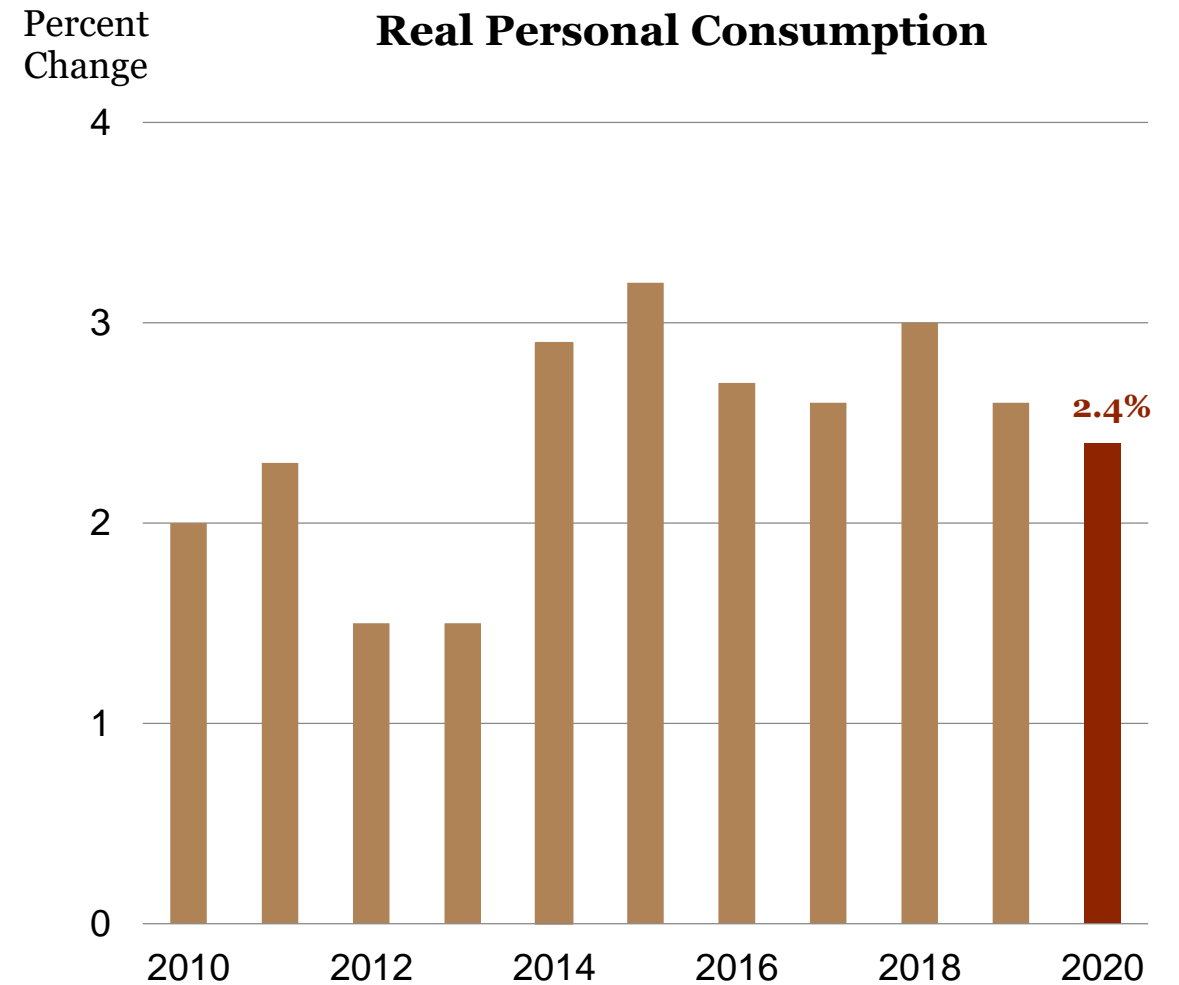
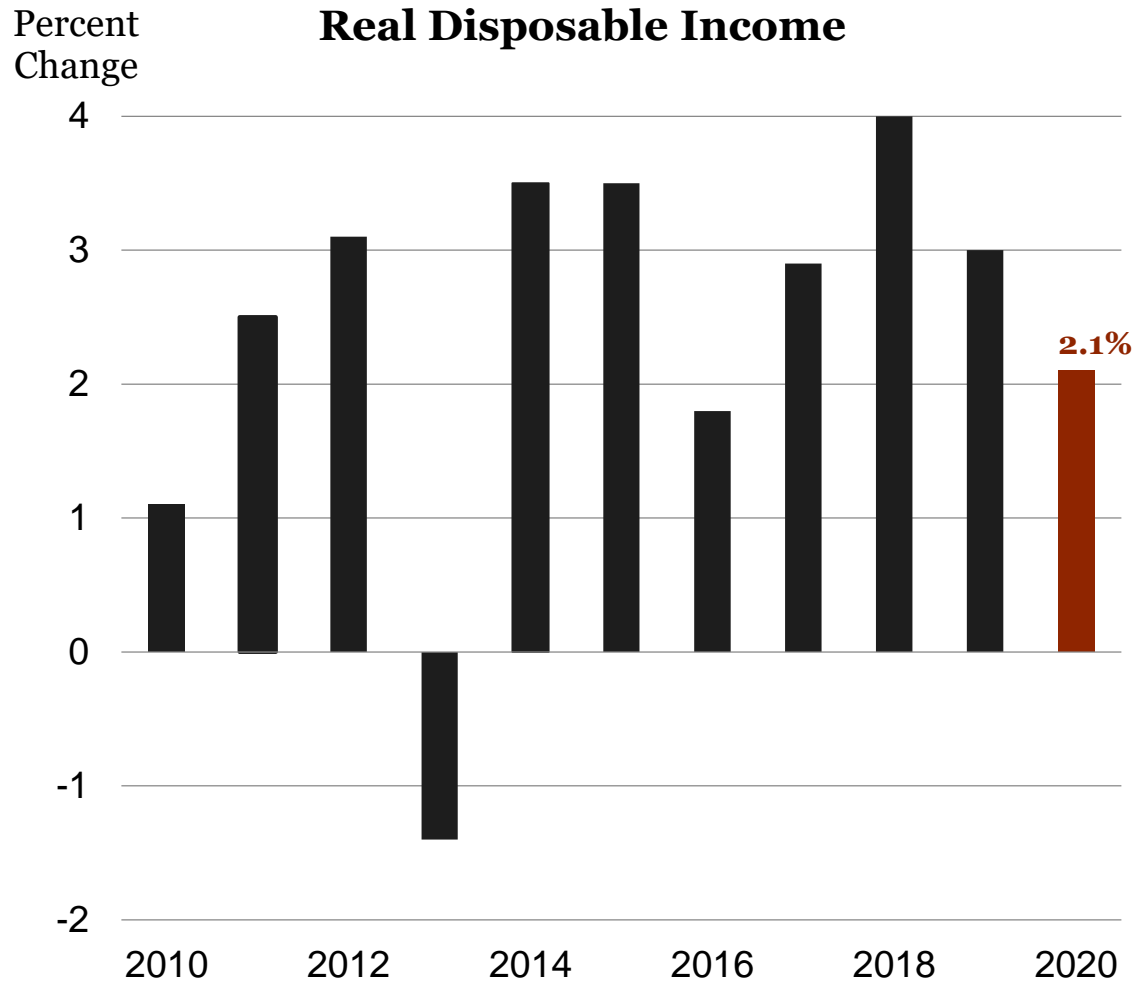


Labor Force Participation Rate

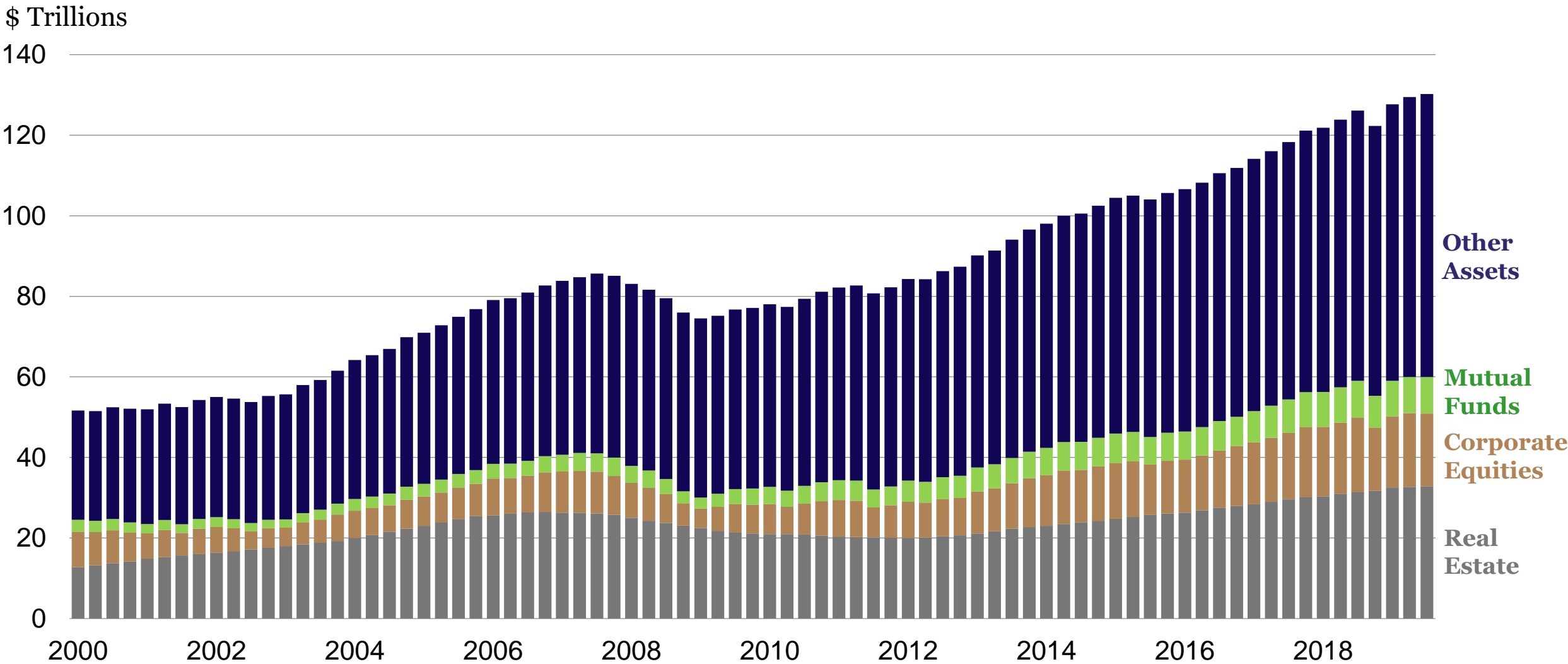
Percent of Population, 16 and Over



U.S. Income and Consumption

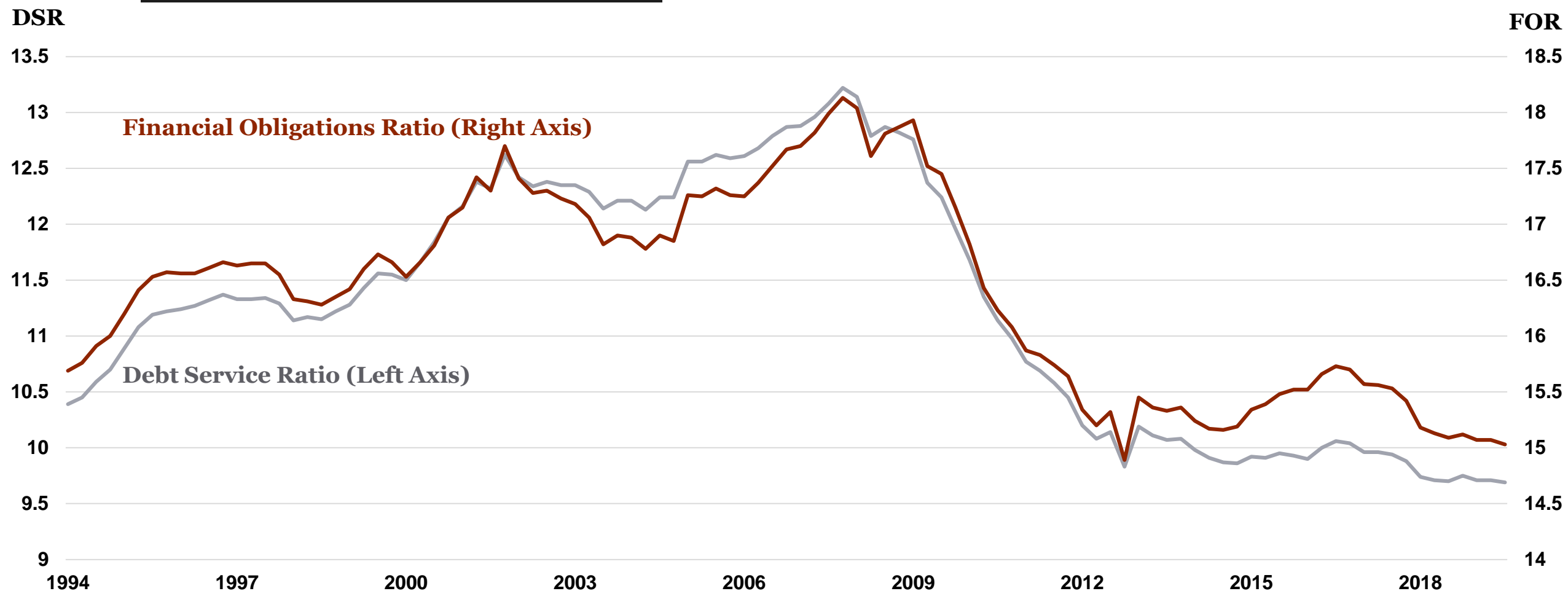


Household Wealth

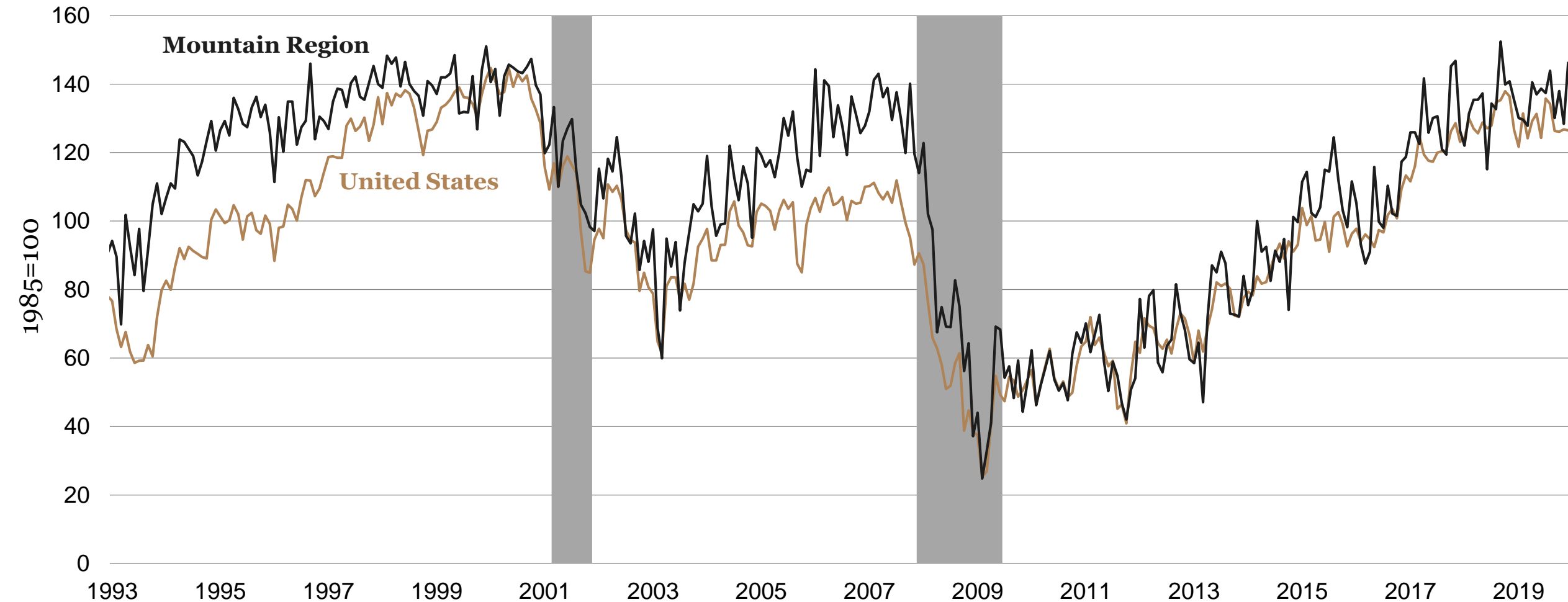


Household Debt Burden

Percent of Disposable Income



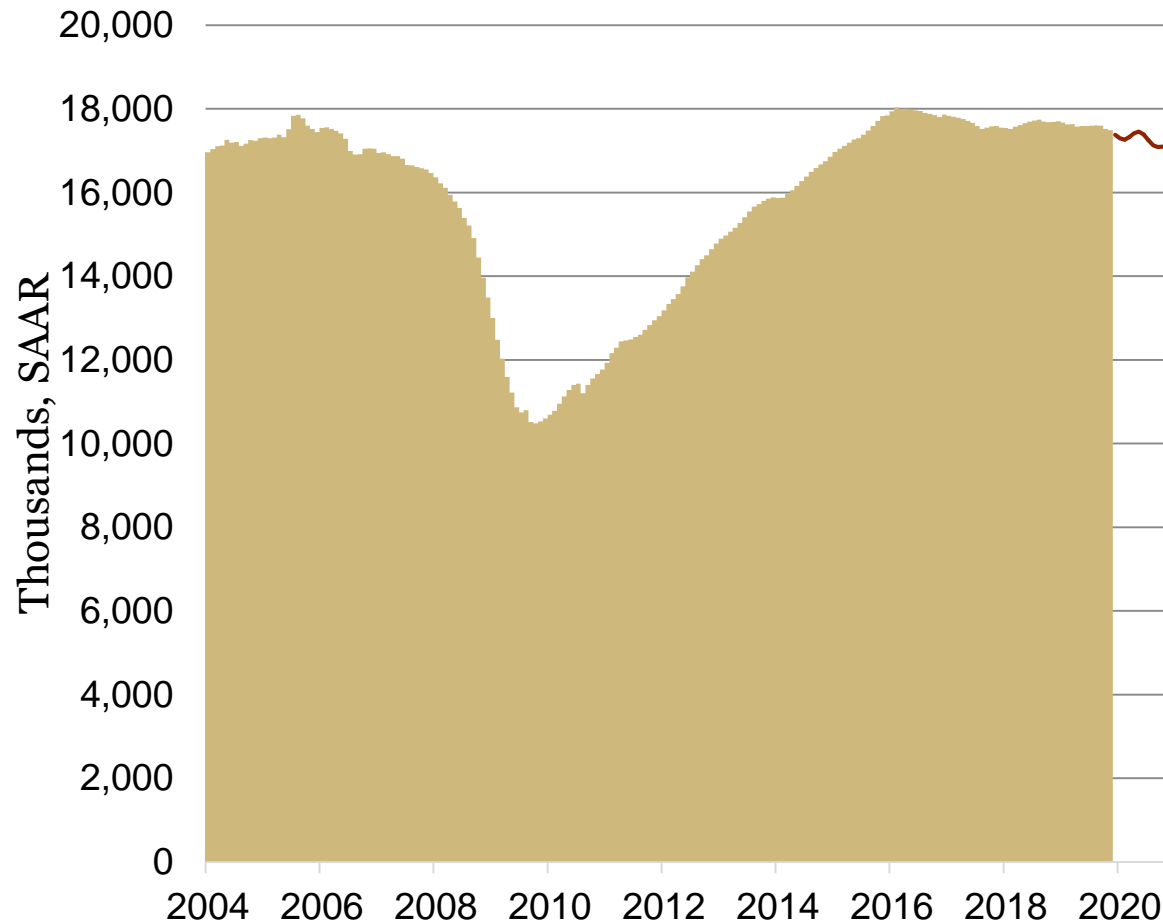
Index of Consumer Confidence



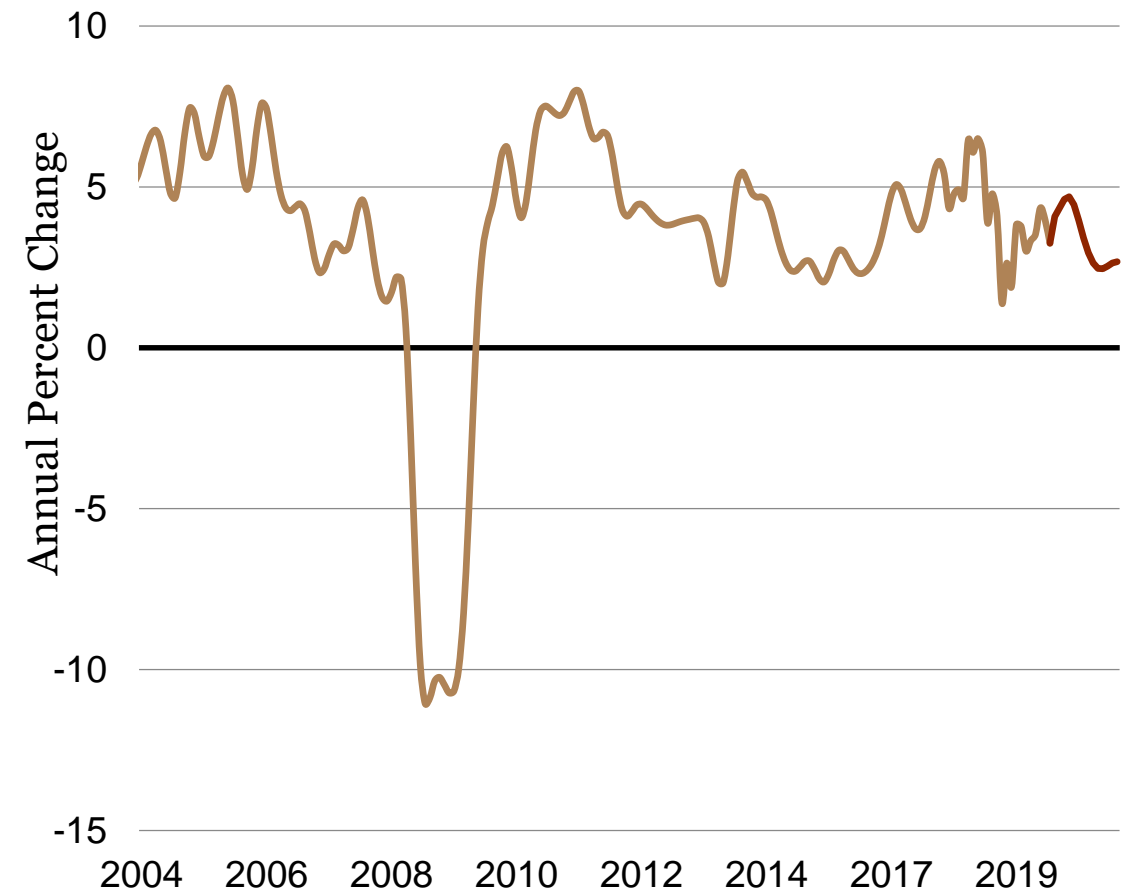
Sources: The Conference Board and National Bureau of Economic Research.

Vehicle Sales and Retail Sales

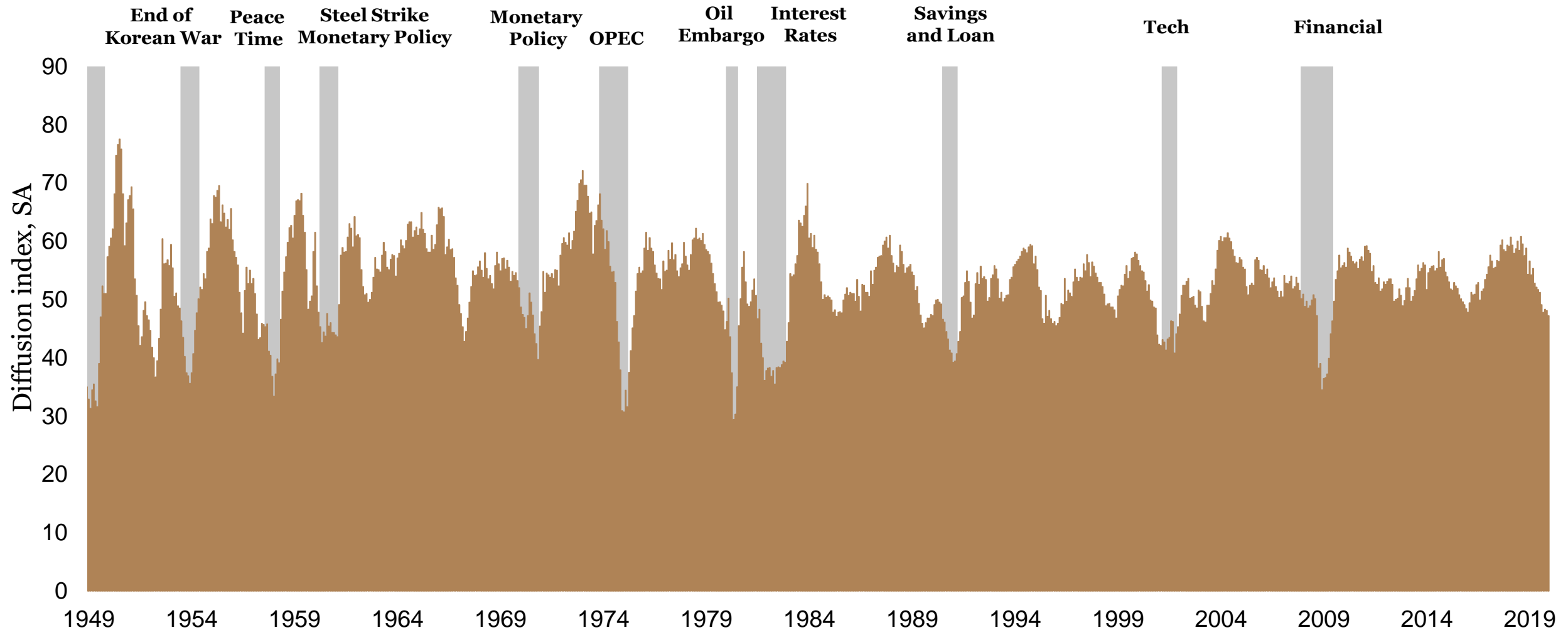
Vehicle Sales



Retail and Food Services Sales

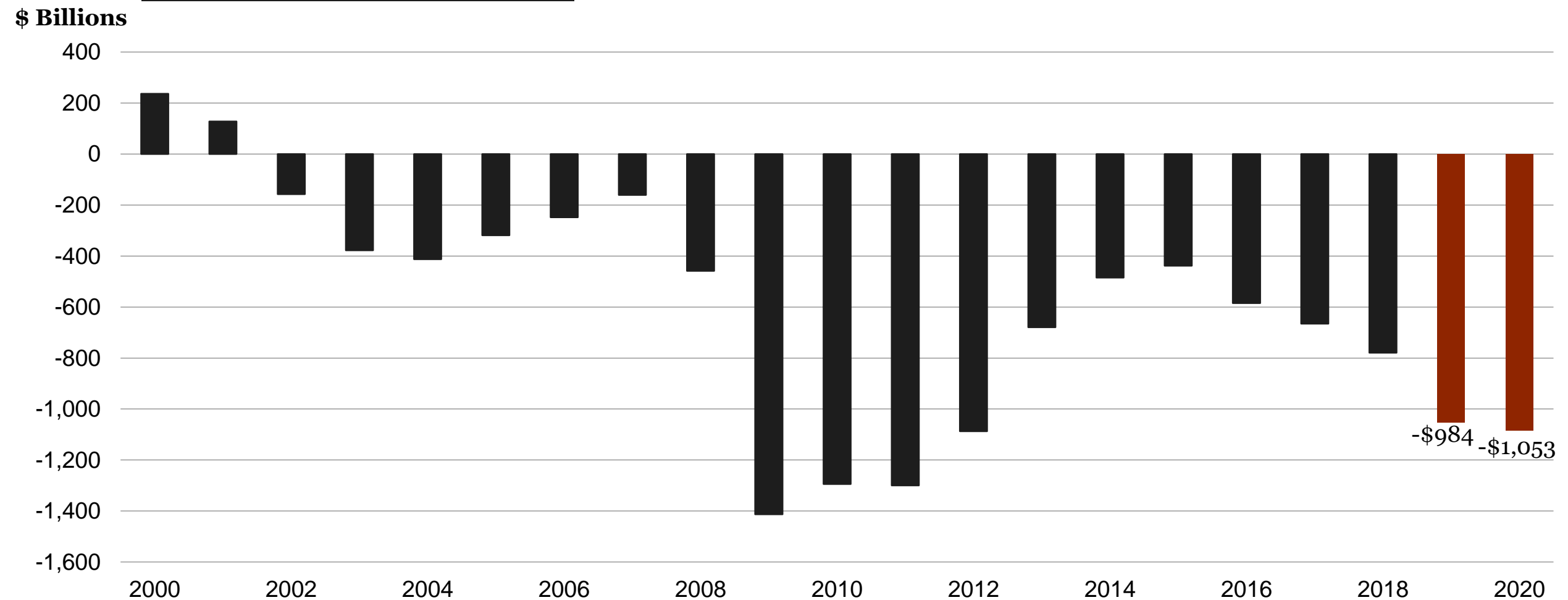


ISM Manufacturing Index



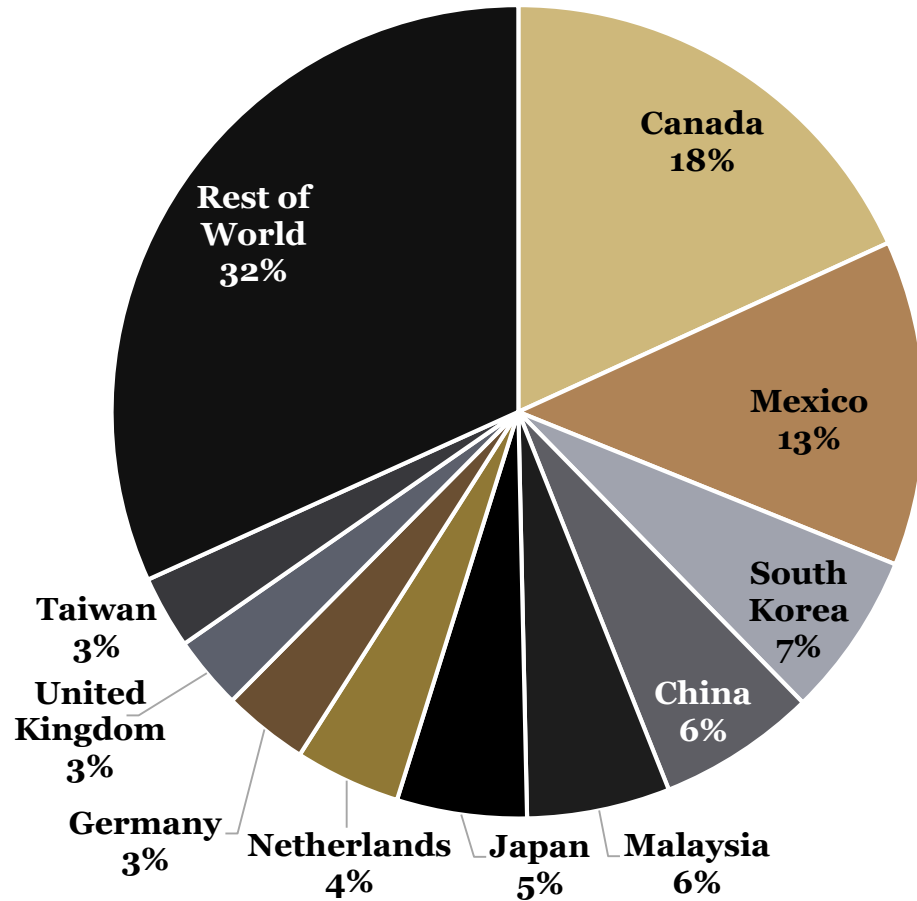
Federal Budget Balance

2000 to 2020



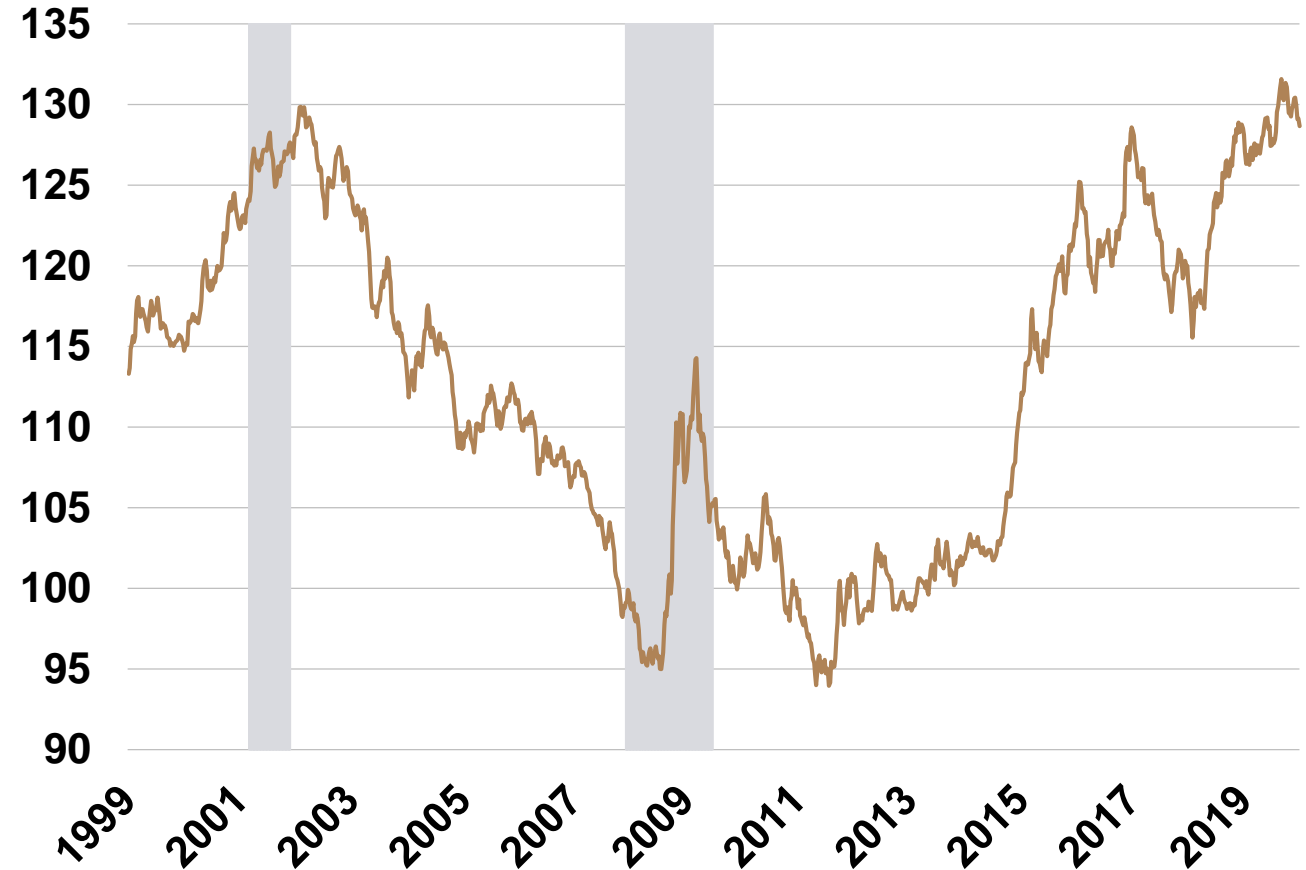
International Trade

Export Destinations



Trade Weighted U.S. Dollar, 1999-2019

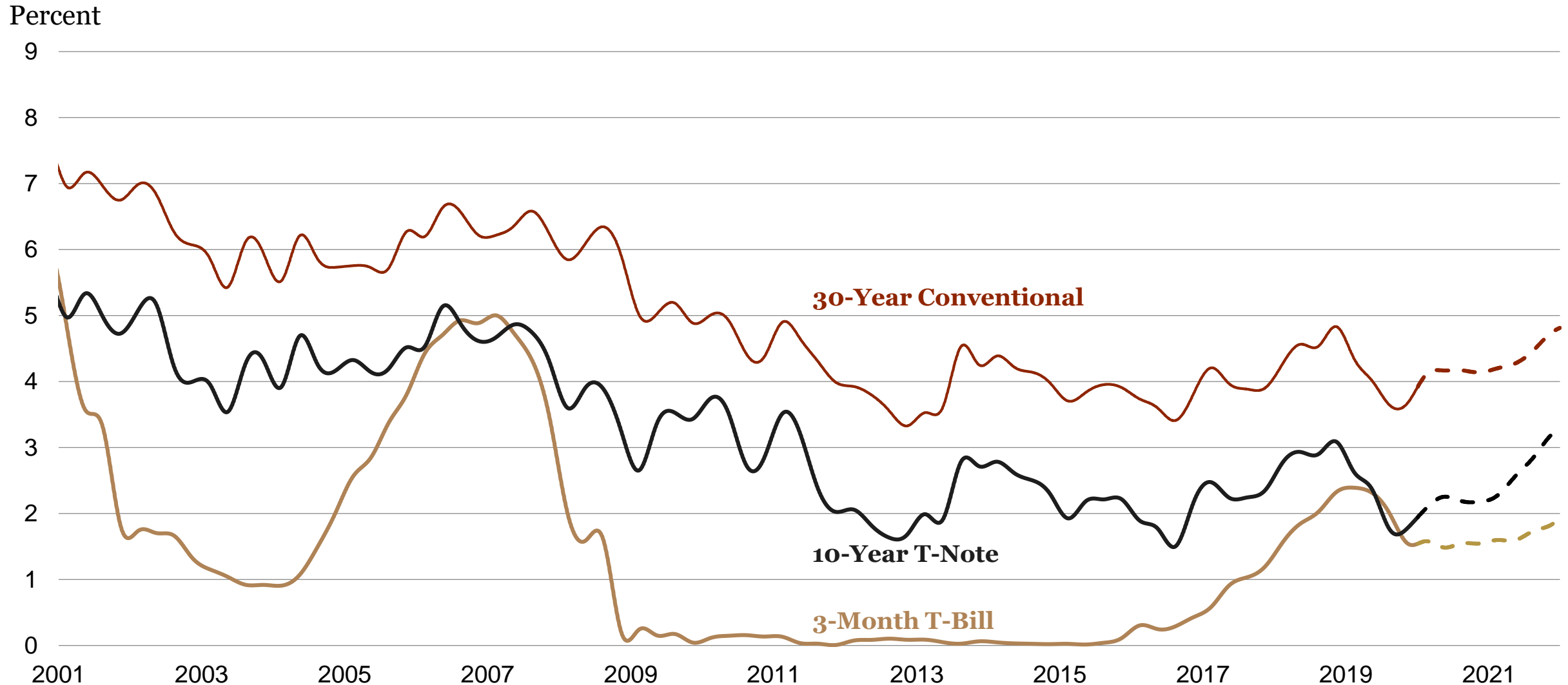
Index Jan.
1997=100



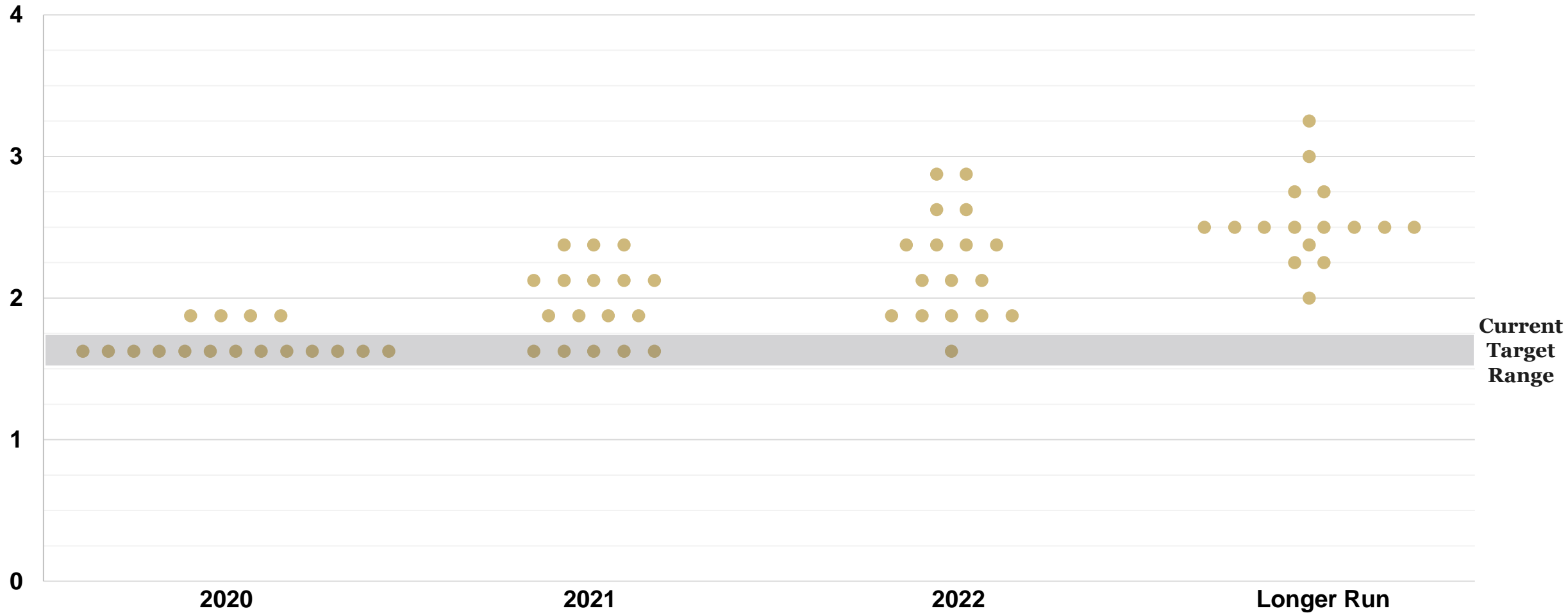
Money, Interest Rates, and Prices



Interest Rates

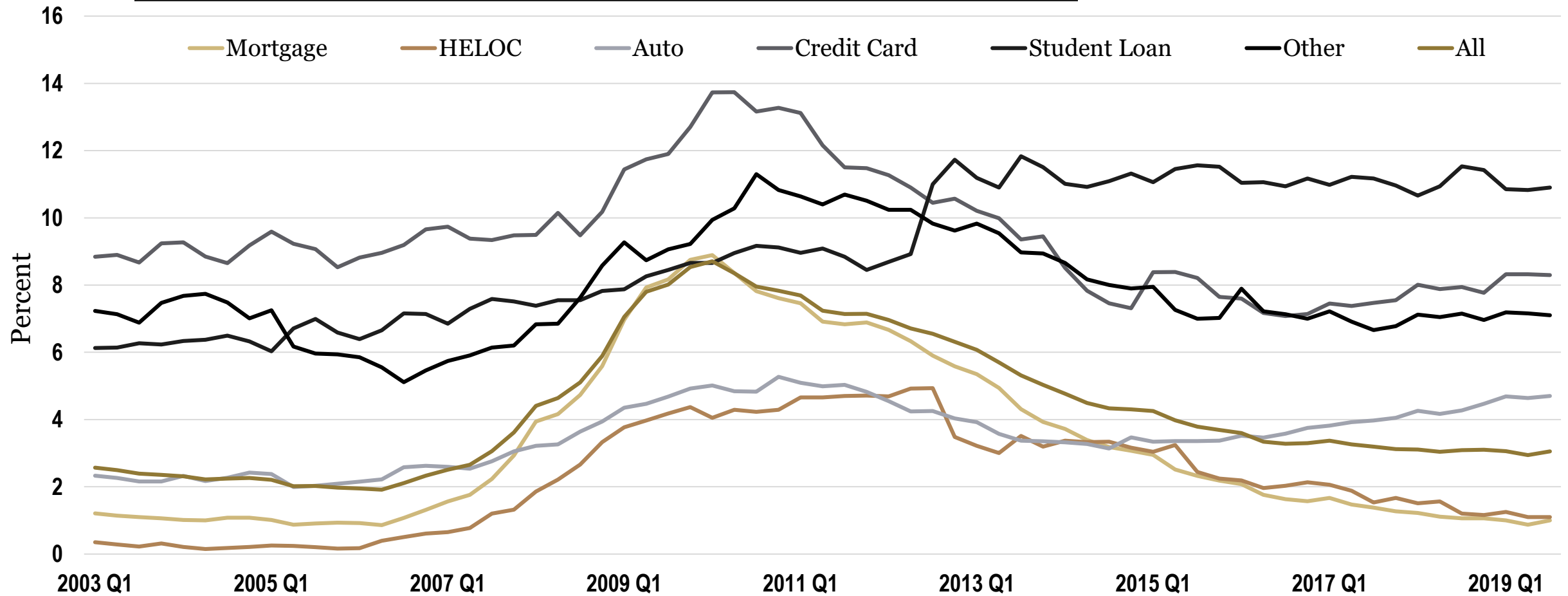


Federal Funds Rate Outlook



Loan Delinquency

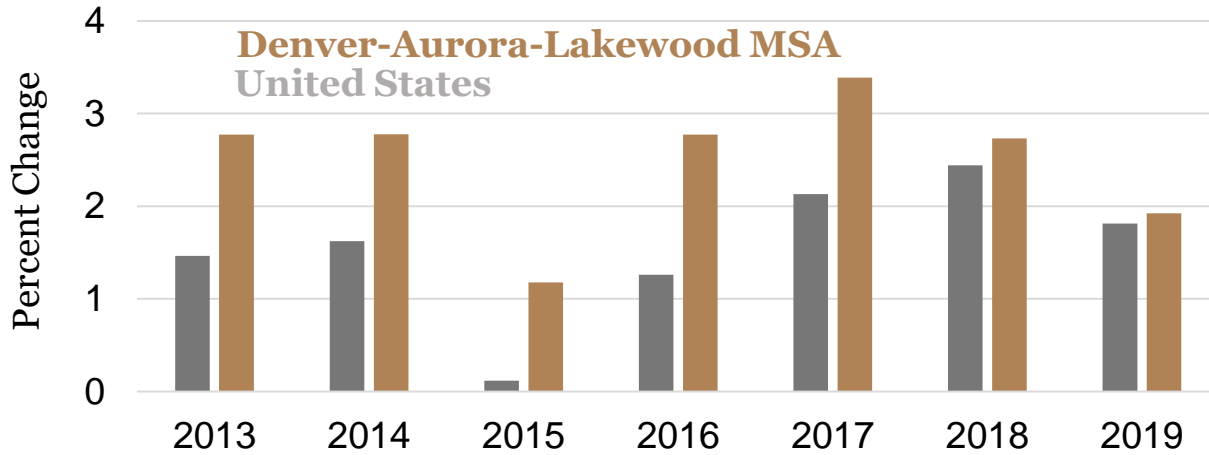
Percent of Balance 90+ Days Delinquent by Loan Type



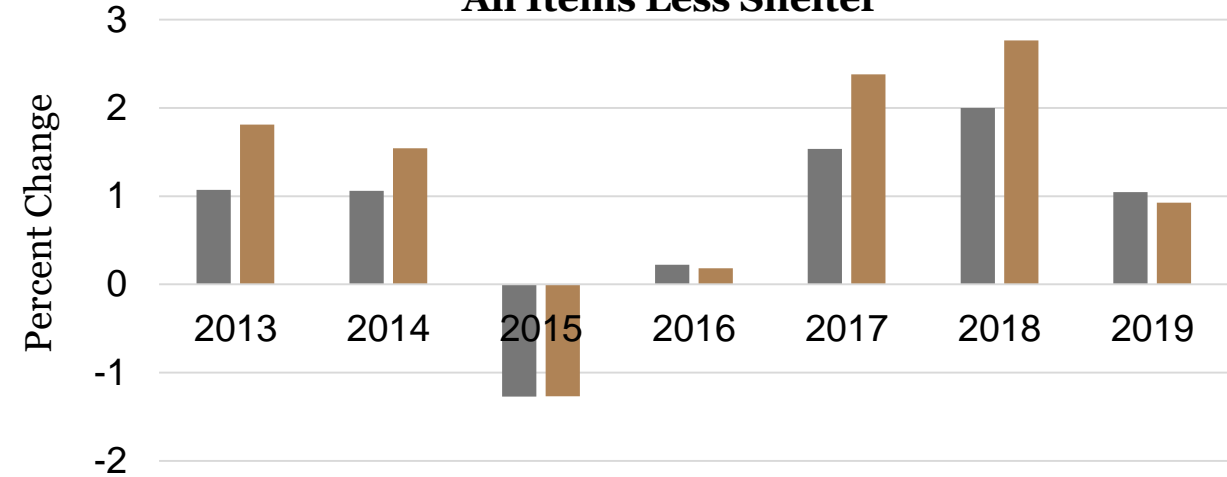
Inflation

All Items

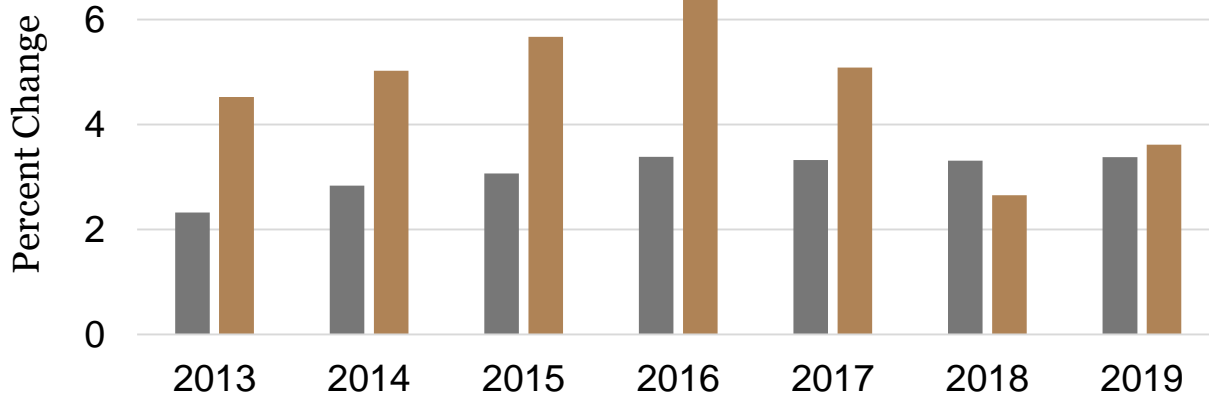
Denver-Aurora-Lakewood MSA
United States



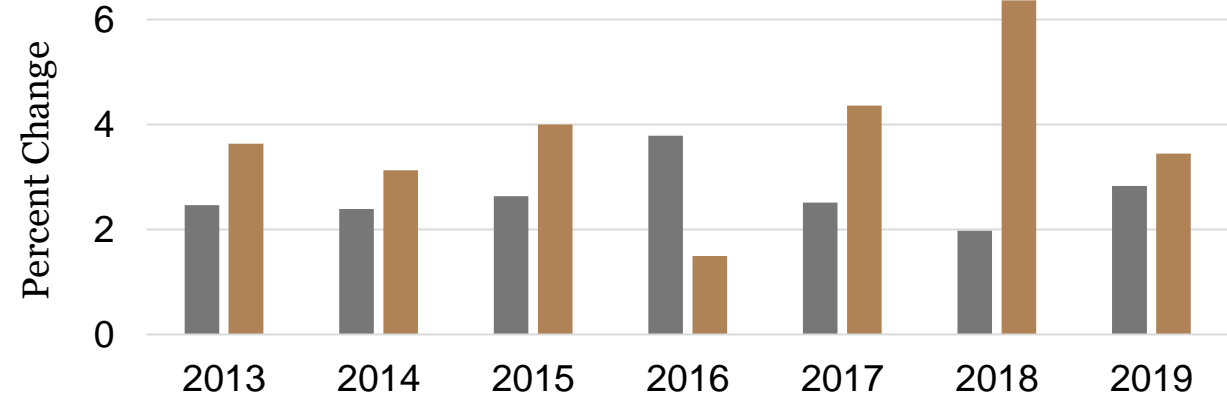
All Items Less Shelter



Shelter



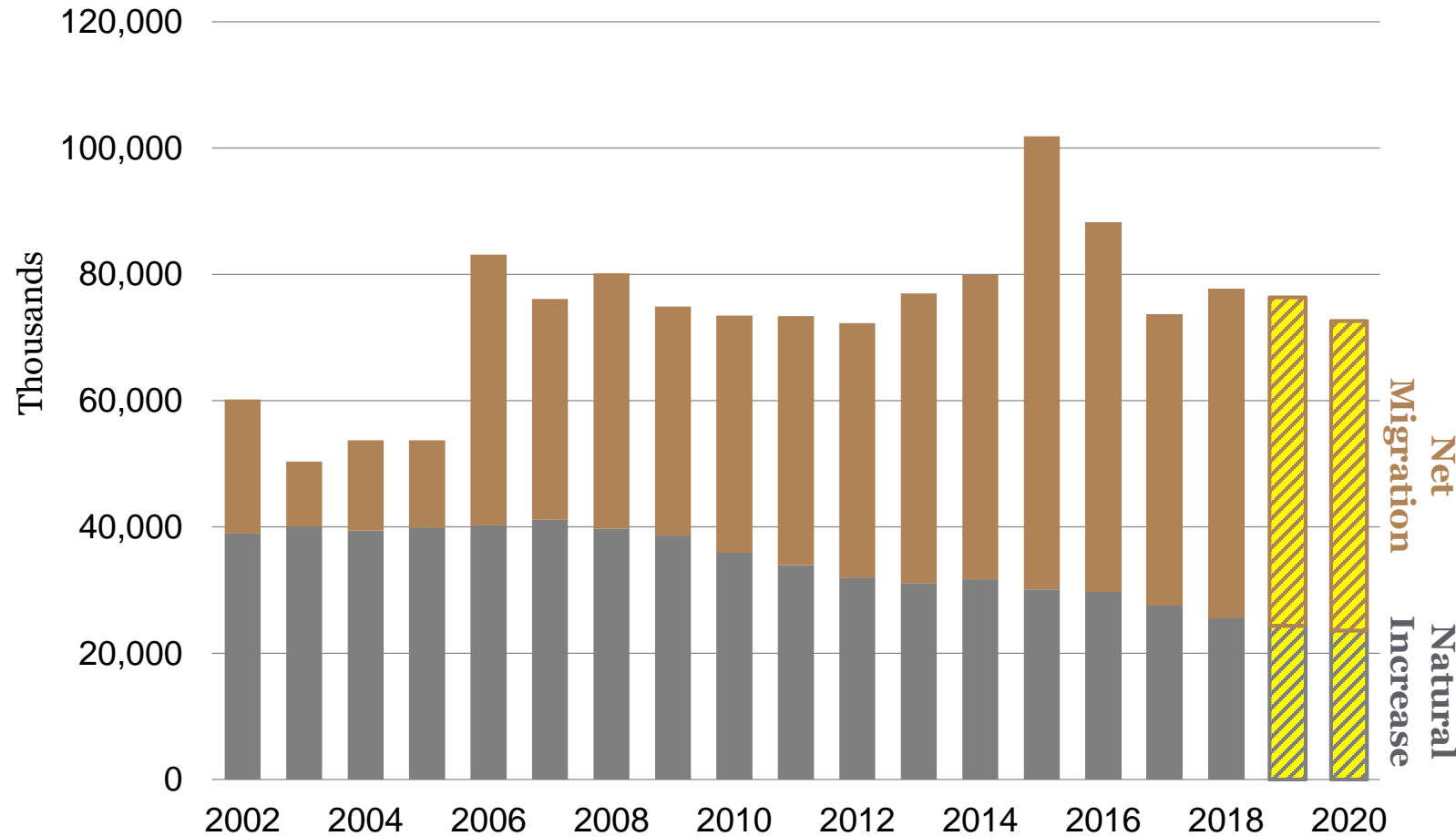
Medical Care



Colorado Population, Employment, and Prices



Colorado Change in Population



Colorado's population changes

- 76,349 in 2019
- 72,620 in 2020

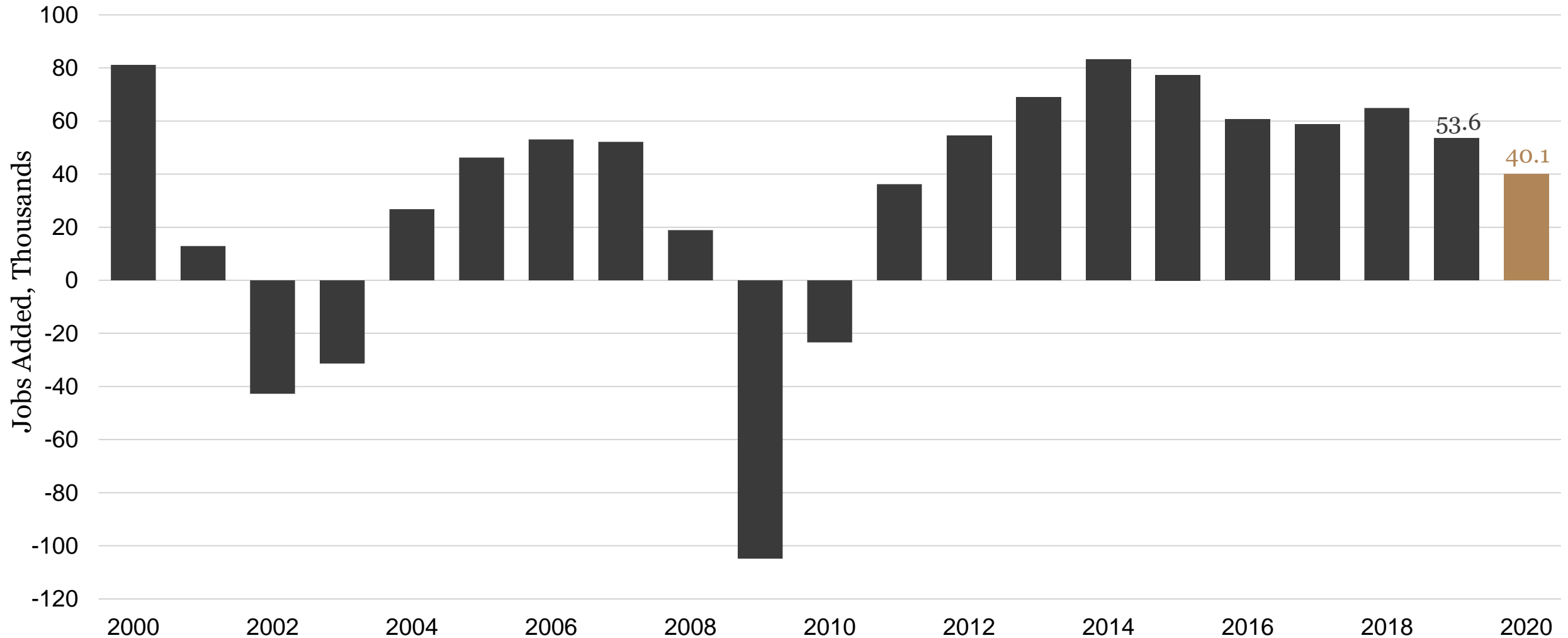
8th-fastest in total state growth

7th for percentage growth

Continued net in-migration

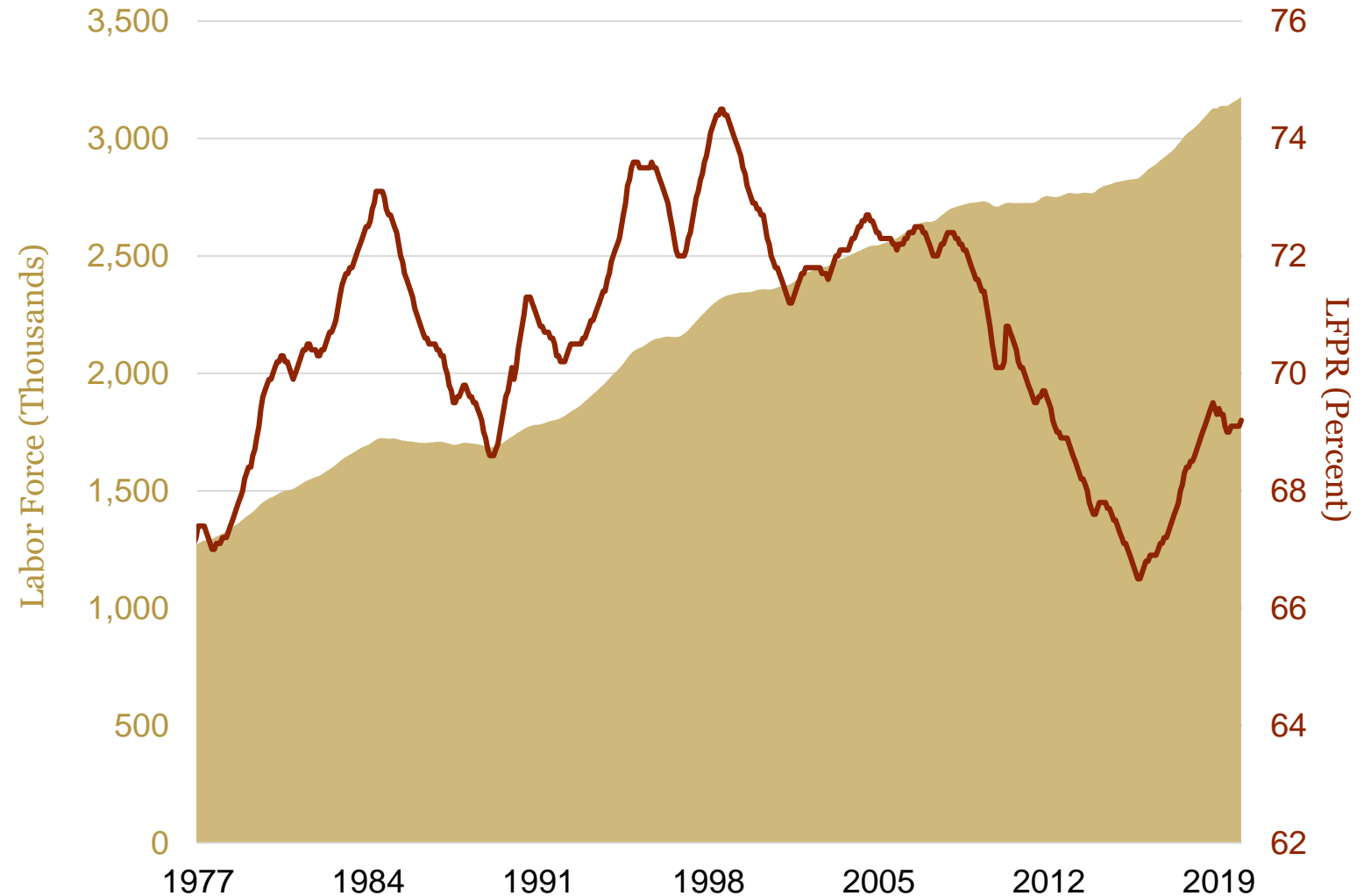
- California
- Texas
- Florida
- Illinois
- New York

Colorado Employment Growth



Colorado Labor Force

- LFPR on the rise:
 - 66.4% December 2015
 - 69.2% December 2019
- 4th-highest nationally
- Colorado peak = 74.5% (1998)

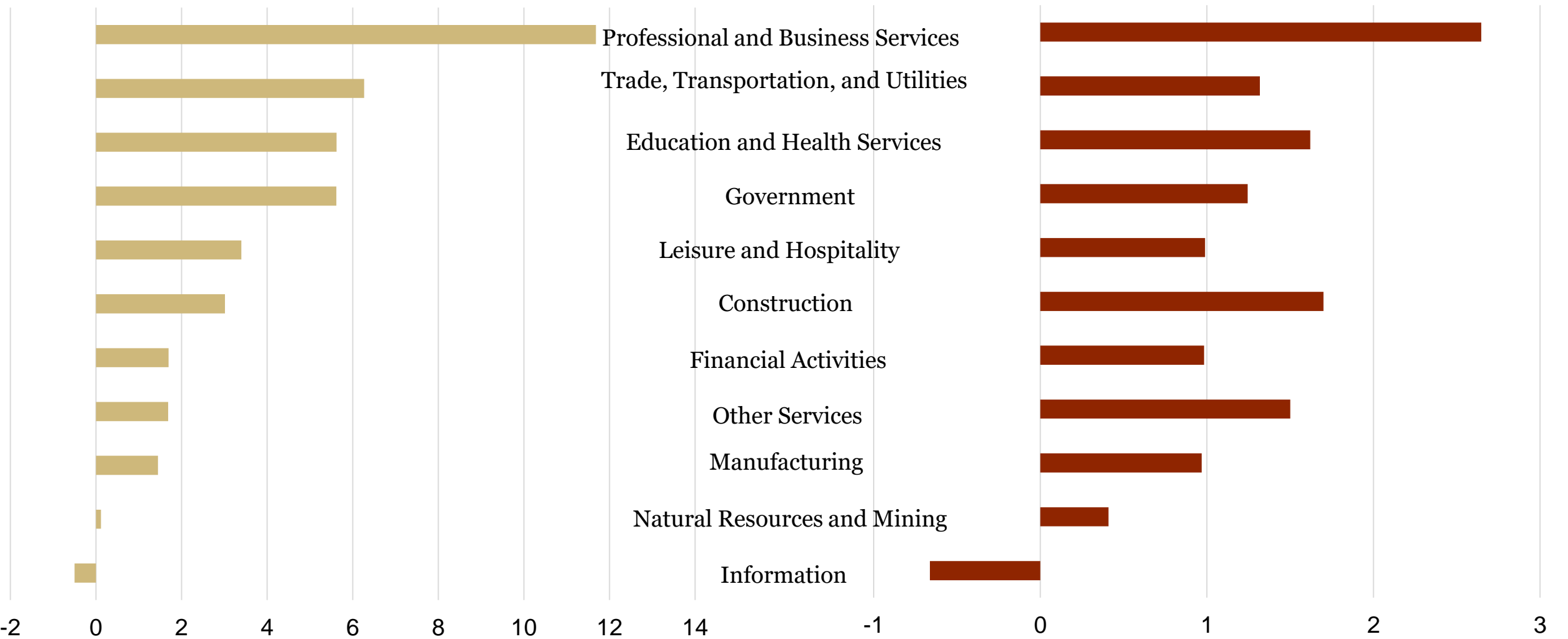


Sources: Bureau of Labor Statistics, Current Population Survey.

Colorado 2020 Employment Change

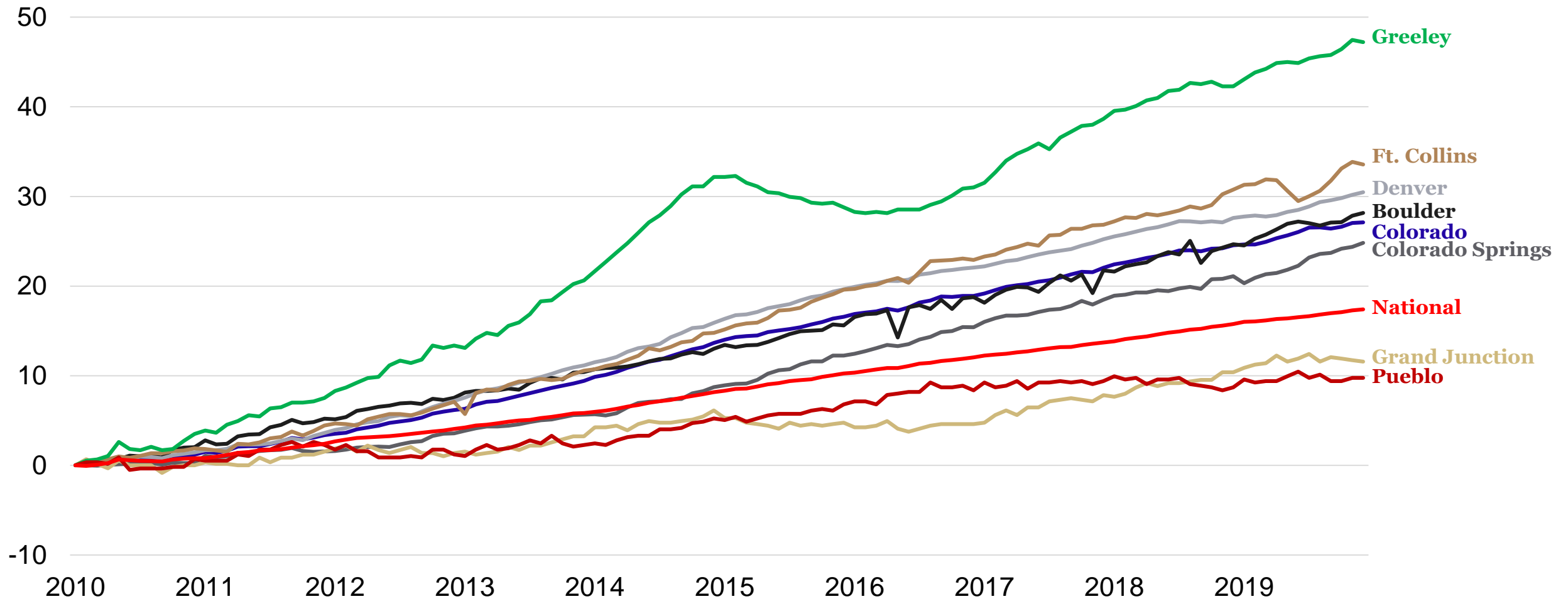
Jobs Added

Percent Change



Employment In Current Decade

Percent Change from January 2010



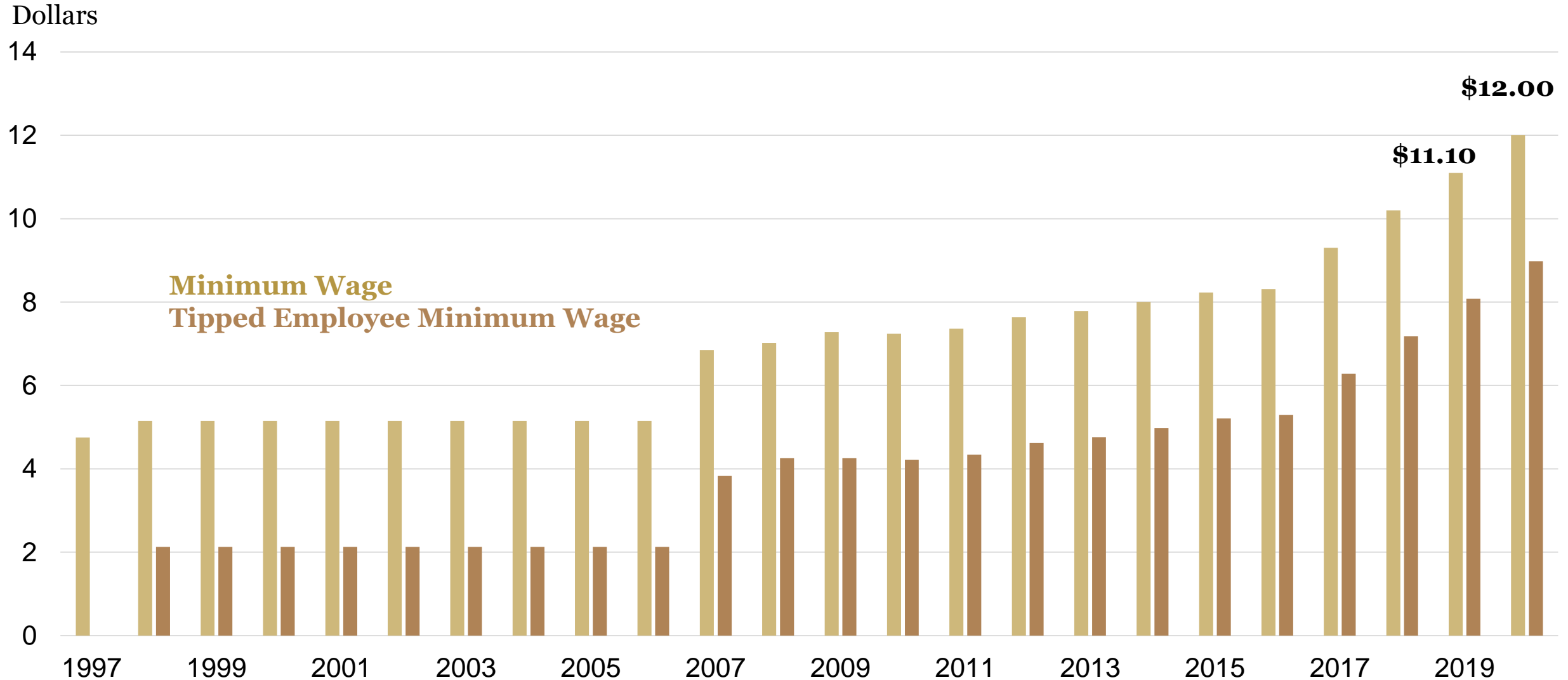
Colorado Wages

2019 Q2 (4Q Rolling Average)

Sector	Total Employment (Thousands)	Year-over-Year Employment Growth	Average Wages	Year-over-Year Wage Growth
Above Average Total	1,106	3.0%	\$86,709	3.7%
Management of companies and enterprises	42	4.3%	\$140,400	-1.6%
Utilities	8	0.7%	\$108,005	6.0%
Information	76	3.0%	\$107,040	5.7%
Professional and technical services	230	4.4%	\$99,634	4.2%
Finance and insurance	113	0.7%	\$98,137	3.3%
Natural Resources and Mining	48	4.8%	\$89,789	3.7%
Wholesale trade	109	1.5%	\$87,930	4.3%
Federal Government	53	-0.3%	\$84,627	4.8%
Manufacturing	149	2.2%	\$72,647	3.7%
State Government	105	3.2%	\$66,121	2.8%
Construction	176	4.2%	\$63,295	4.2%
All Industries	2,704	2.3%	\$60,341	4.3%
Real estate and rental and leasing	53	3.2%	\$60,267	3.5%
Transportation and warehousing	80	7.1%	\$58,125	3.5%
Health care and social assistance	301	1.5%	\$52,001	3.1%
Local Government	265	1.9%	\$49,223	3.5%
Administrative and waste services	160	0.8%	\$45,413	8.2%
Educational services	37	3.0%	\$42,019	2.7%
Other services, except public administration	83	2.6%	\$41,804	4.1%
Arts, entertainment, and recreation	58	2.4%	\$38,887	4.3%
Retail trade	273	0.3%	\$33,088	3.8%
Accommodation and food services	284	1.1%	\$24,125	6.2%
Below Average Total	1,594	1.7%	\$42,021	4.5%

Sources: Colorado Business Economic Outlook Committee and Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

Colorado Minimum Wage

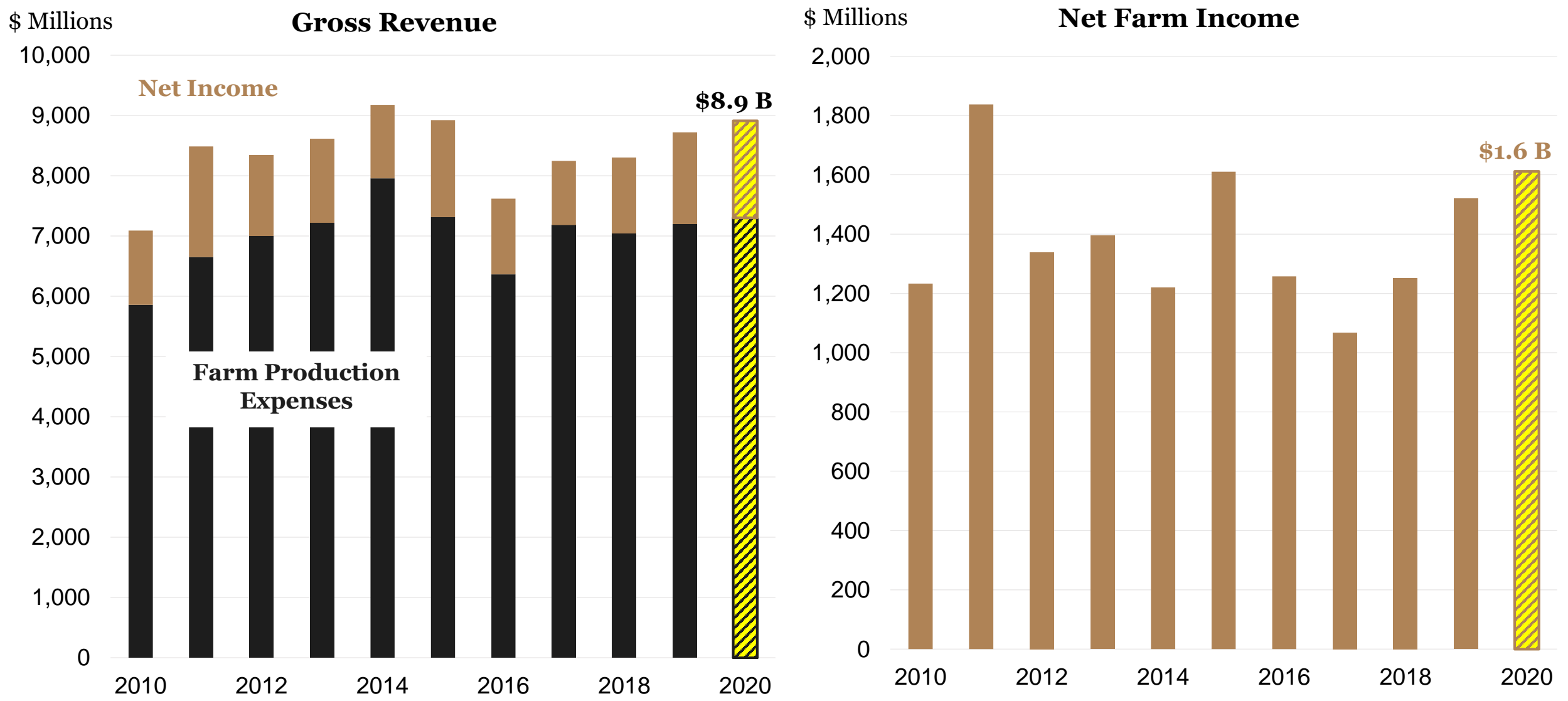


Agriculture



Photo courtesy of Dave Ritchey.

Gross Farm Revenue and Net Income



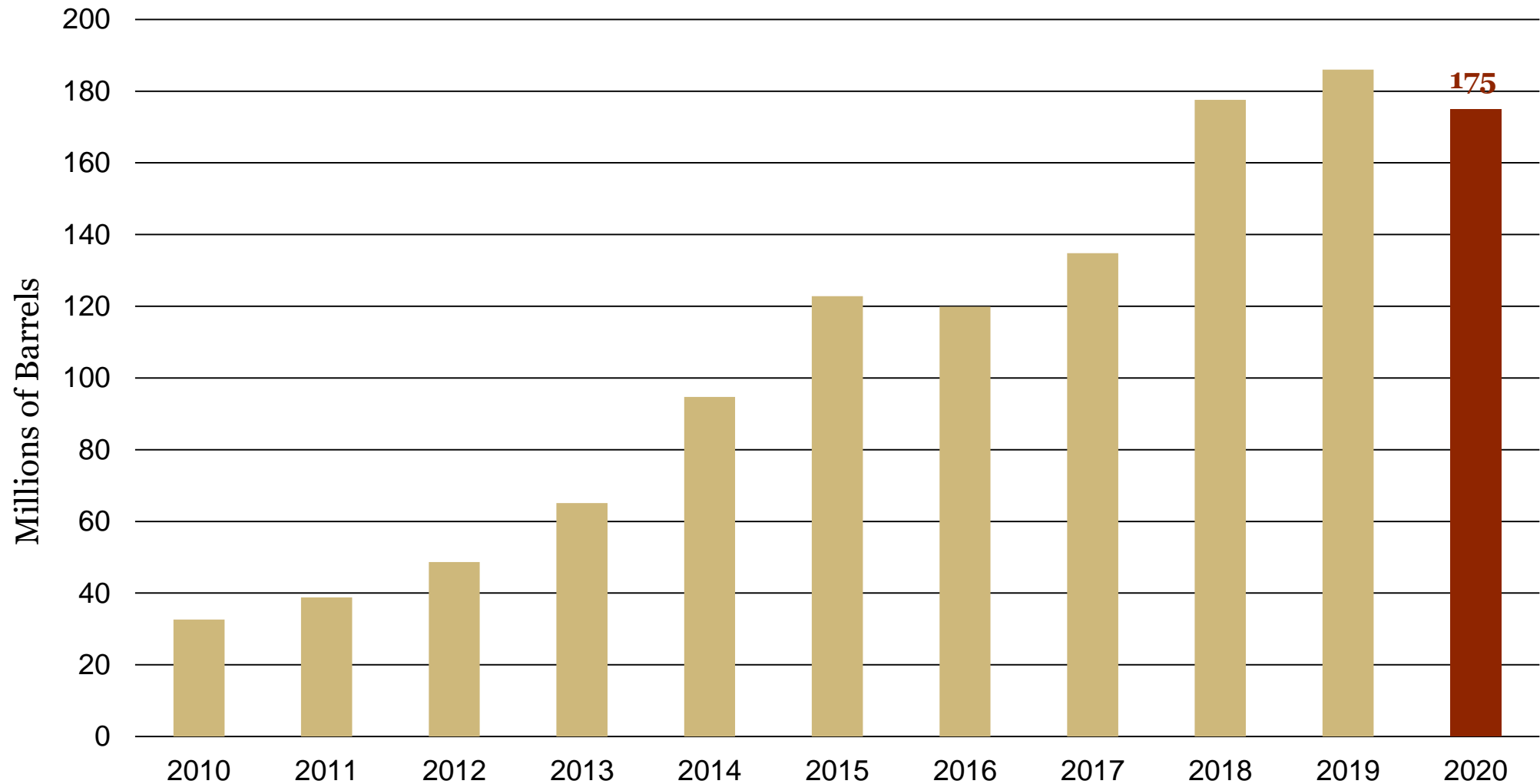
A dark background with a complex, wavy, golden-yellow line pattern resembling a topographic map or contour lines.

Natural Resources and Mining

Crude Oil Production

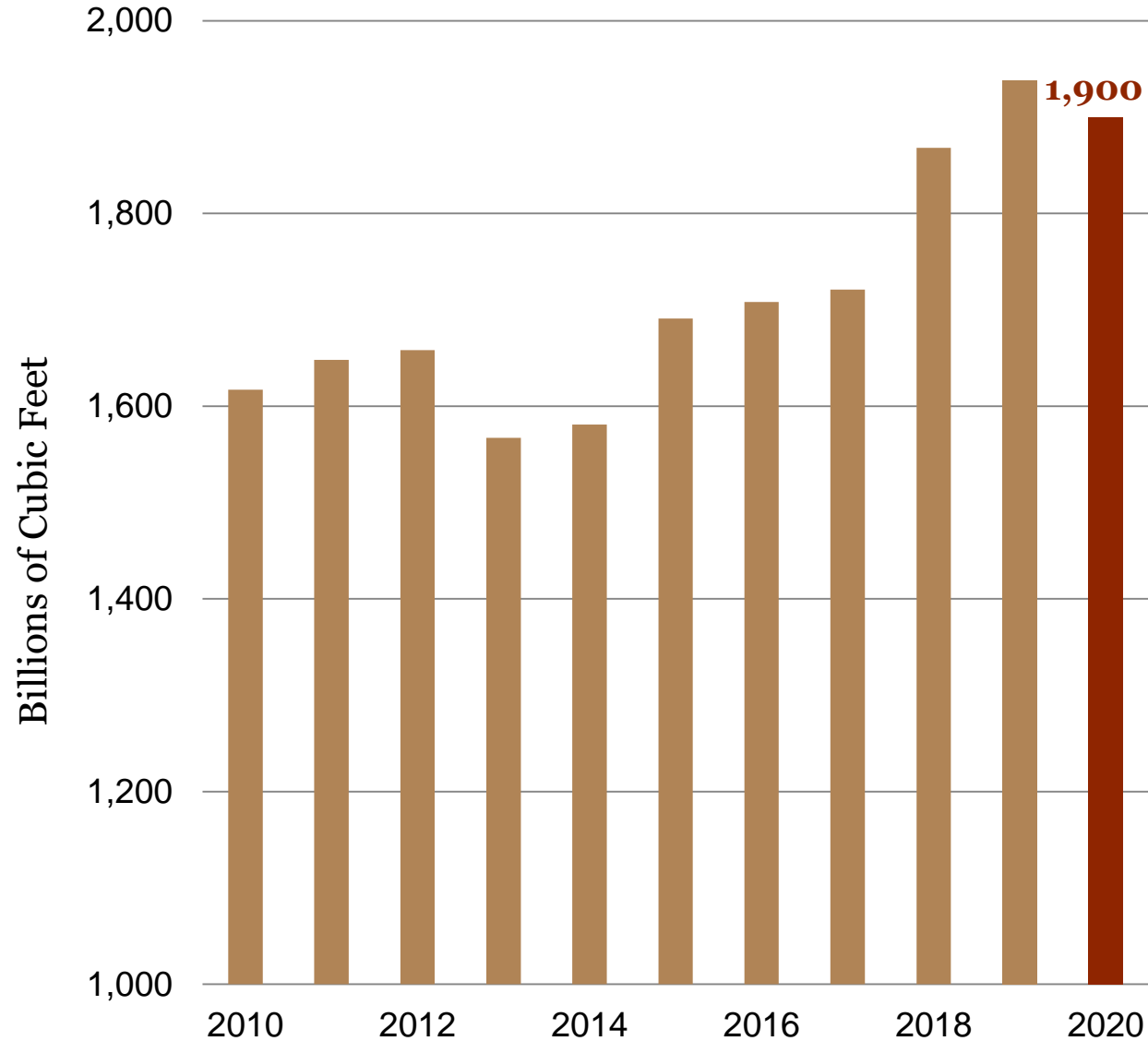
Largest Producers

1. Texas
2. North Dakota
3. New Mexico
4. Oklahoma
5. Colorado
6. Alaska
7. California
8. Wyoming
9. Louisiana
10. Utah



Sources: Rankings from the Energy Information Administration. Production from the Colorado Oil and Gas Conservation Commission.

Natural Gas Production



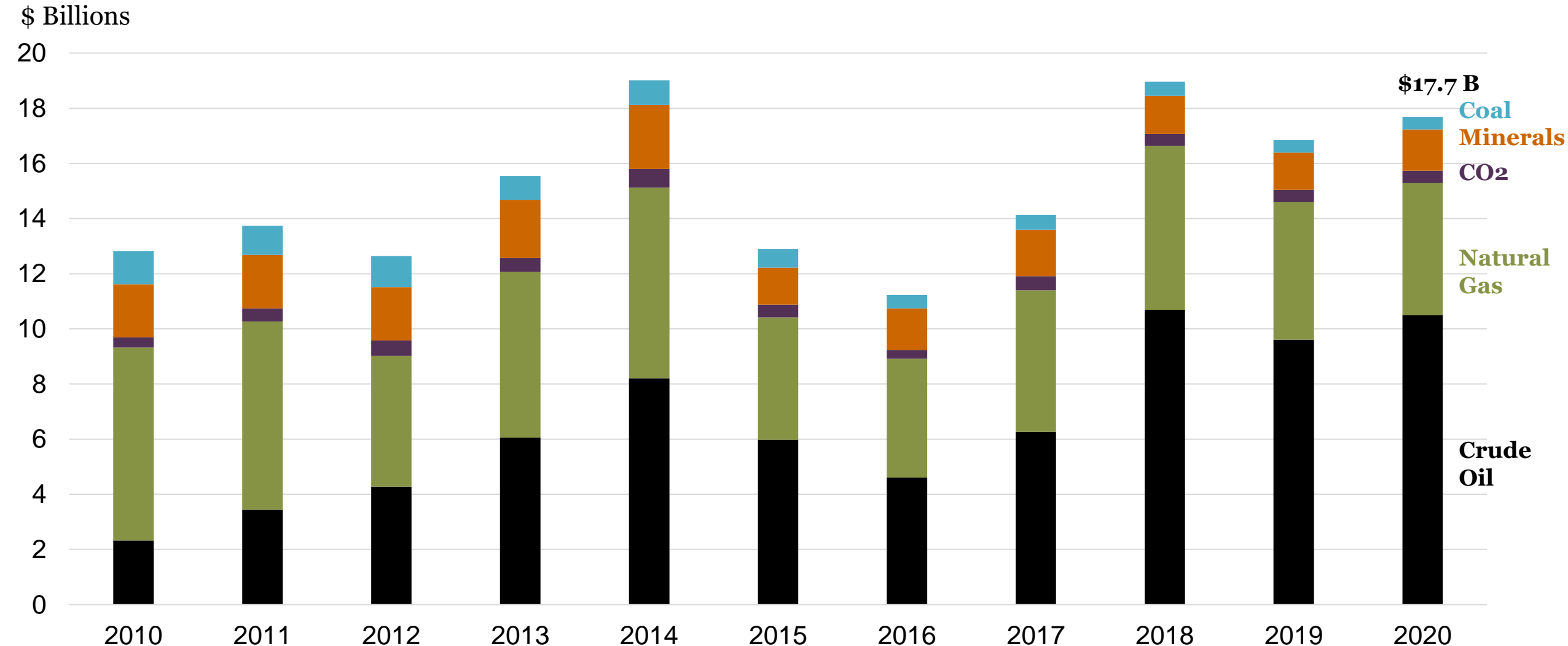
6th largest natural gas producing state

Residential prices 8th lowest in the US

Residential and electric power responsible for roughly half of total consumption

Minimal price change expected

Value of Natural Resources Production



Renewables

Ambitious renewable energy portfolio standard

Includes wind, solar, hydro, geothermal, and biomass

23% of net generation

Colorado ranks:

- 8th for wind capacity
- 12th for solar capacity



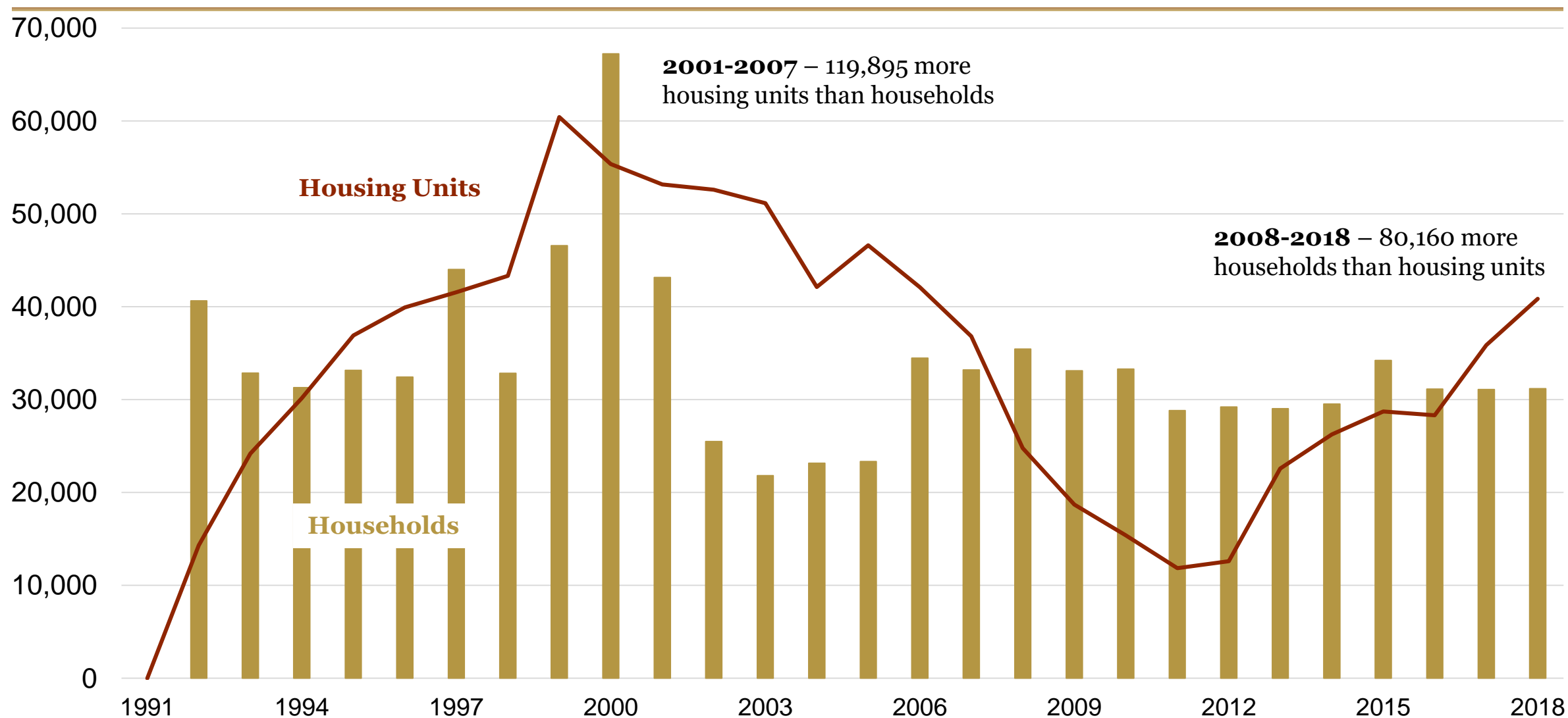
Photo courtesy of Xcel Energy.



Construction & Real Estate

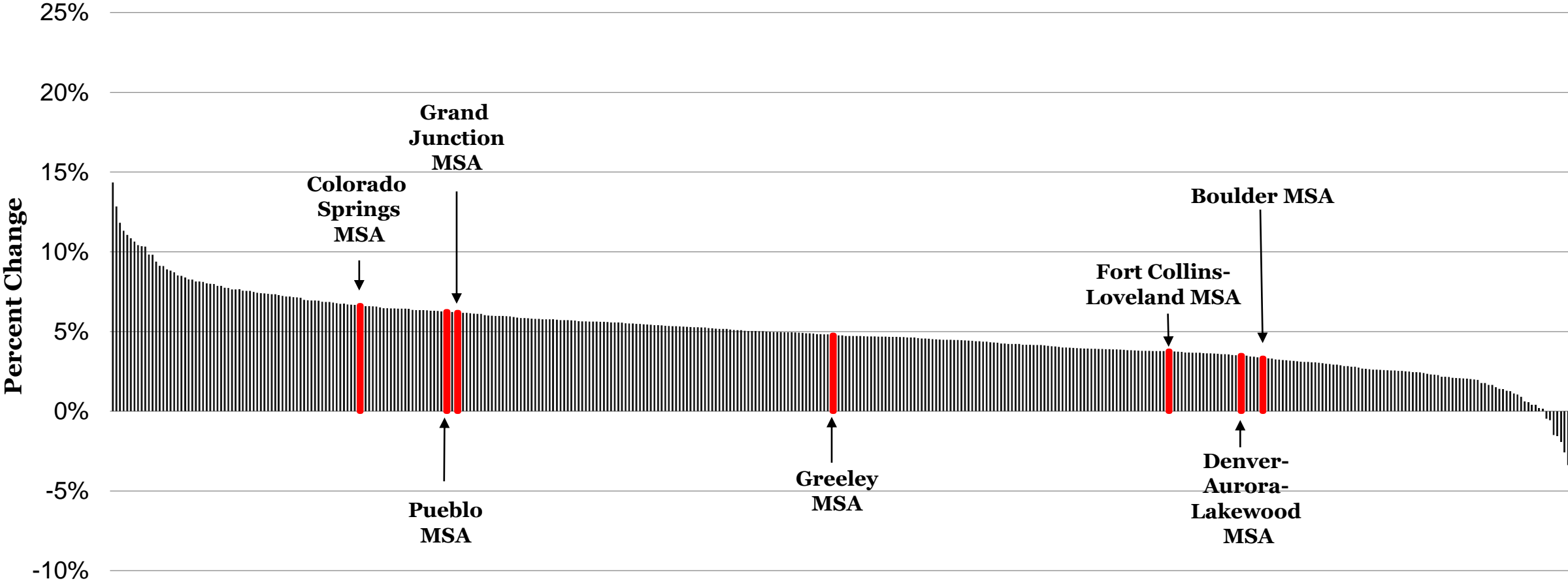
Photo courtesy of Denver International Airport.

Colorado New Housing Units and Households



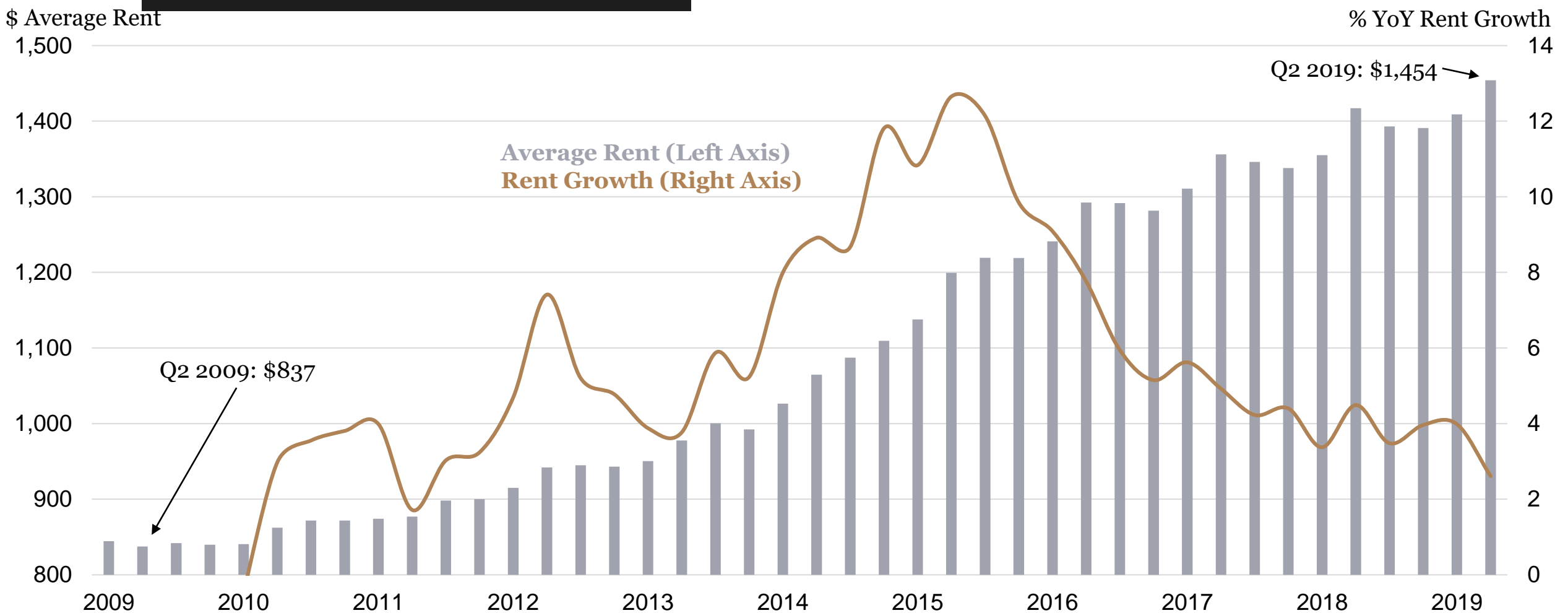
FHFA Home Price Index by MSA

1-Year Home Price Change, Q3 2019

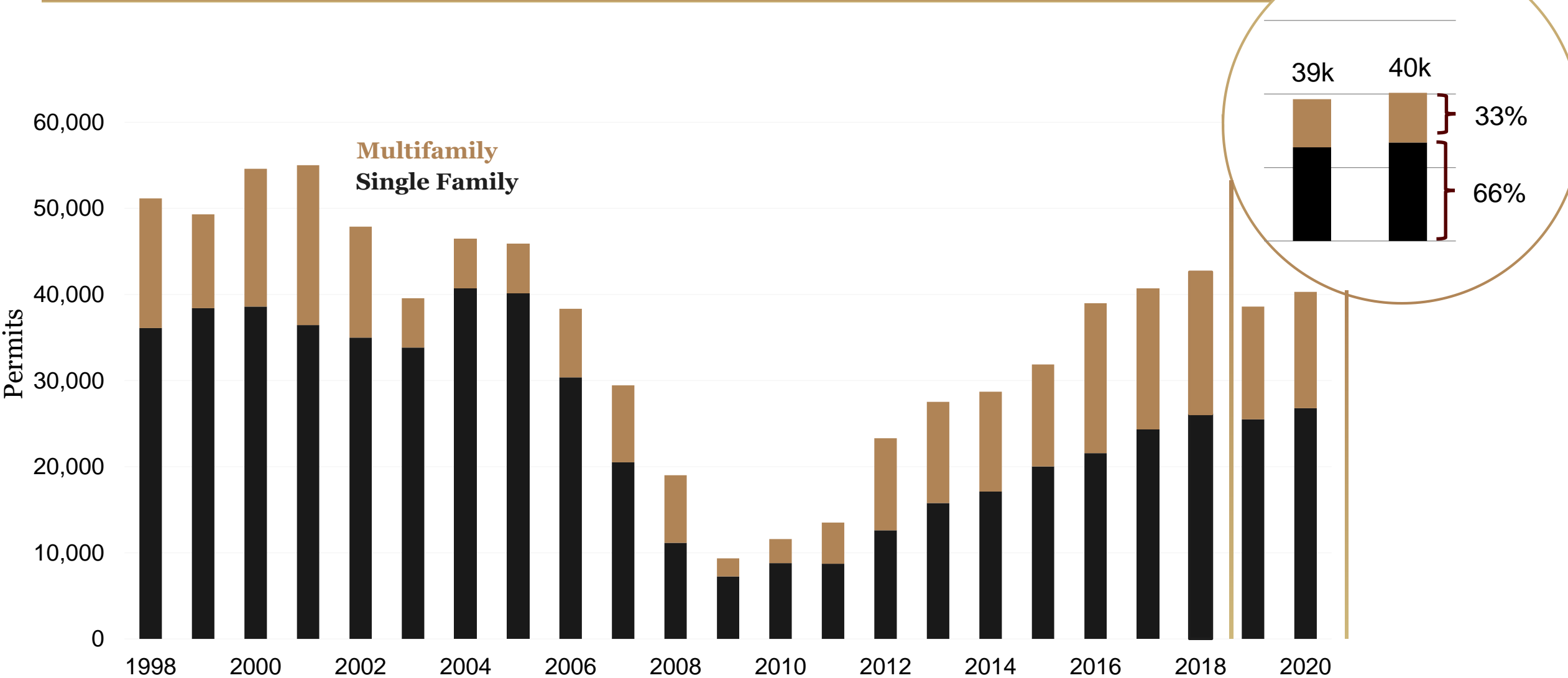


Average Rent

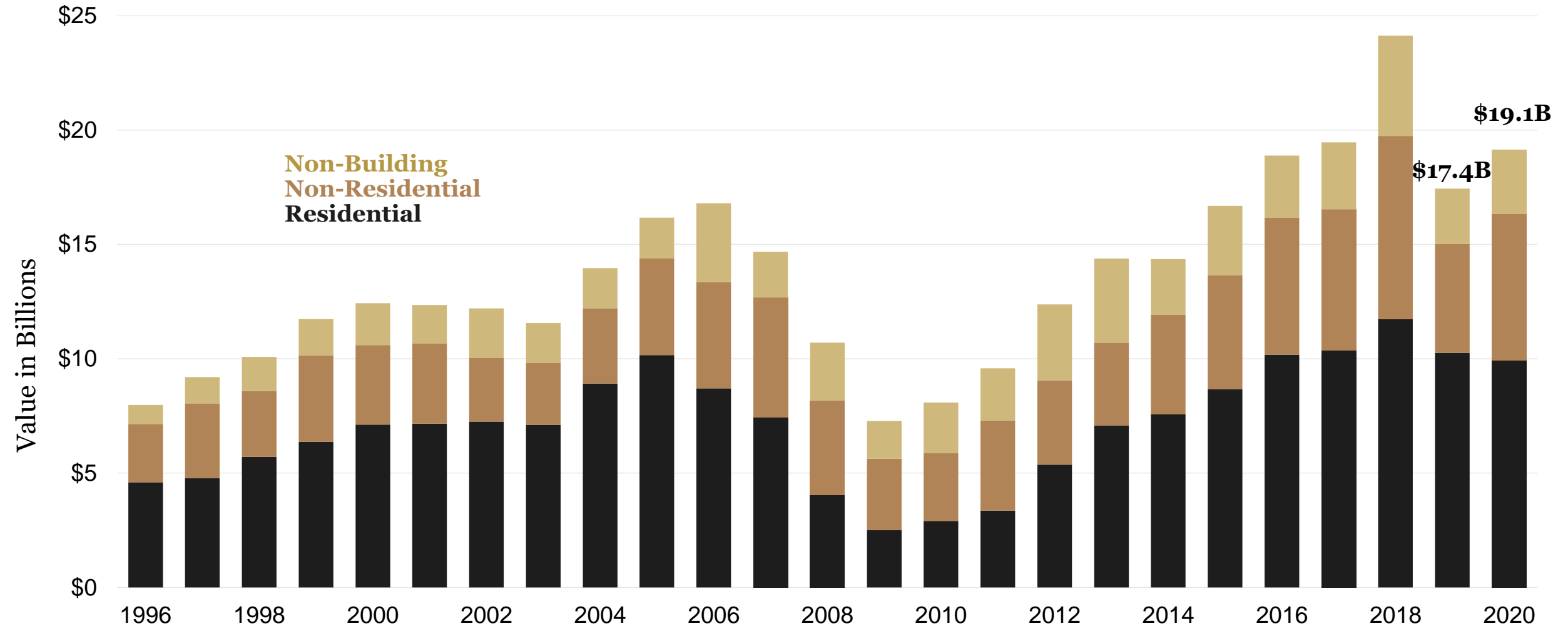
Colorado Multifamily Housing



Colorado Residential Building Permits



Colorado Value of Construction



Leisure and Hospitality



Includes:

- Performing arts
- Entertainment
- Sports
- Recreation
- Accommodations (hotels)
- Food services (restaurants)

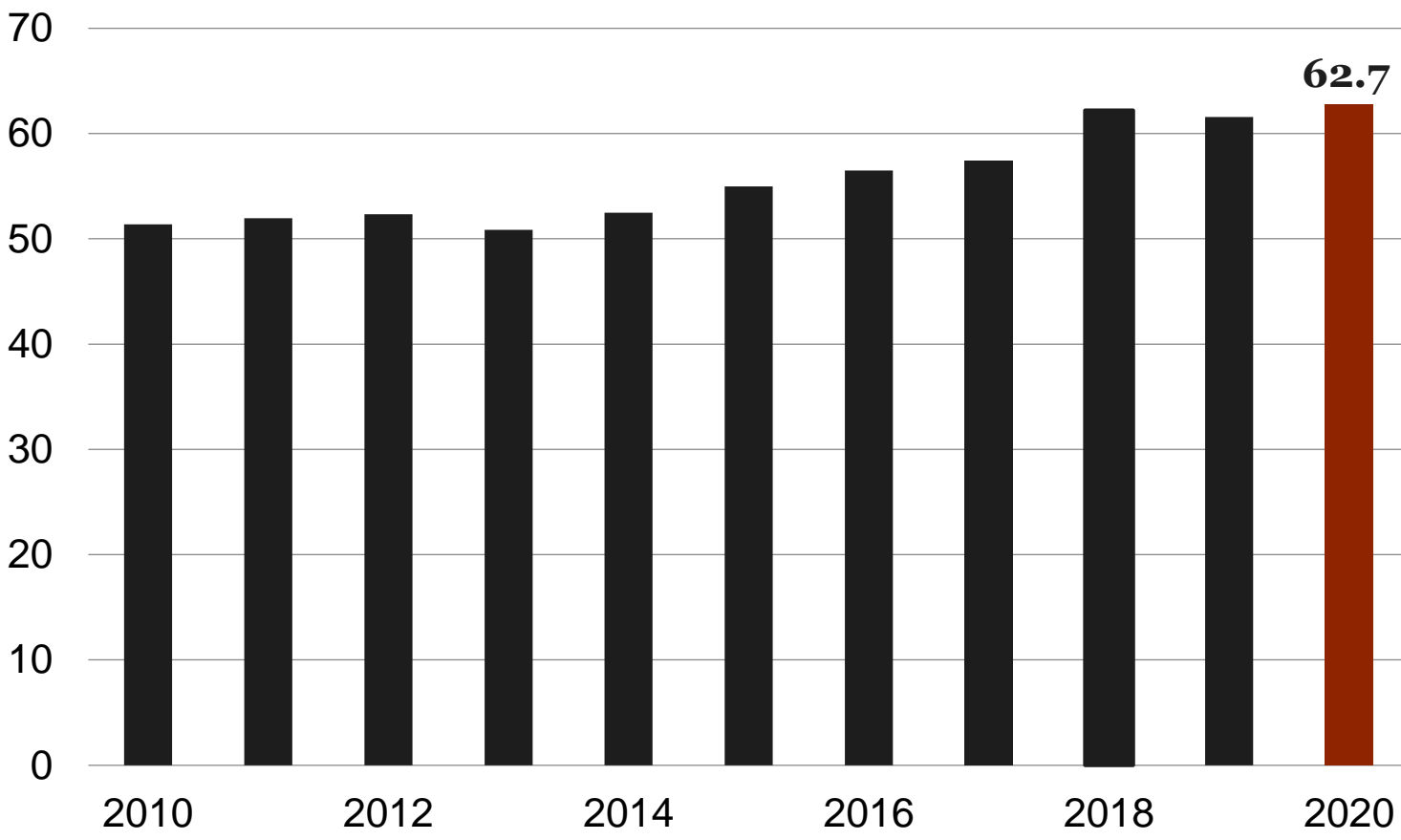
Accounts for one in eight jobs

Ten years of consecutive employment growth

Colorado Public Lands Visits

2010 - 2020

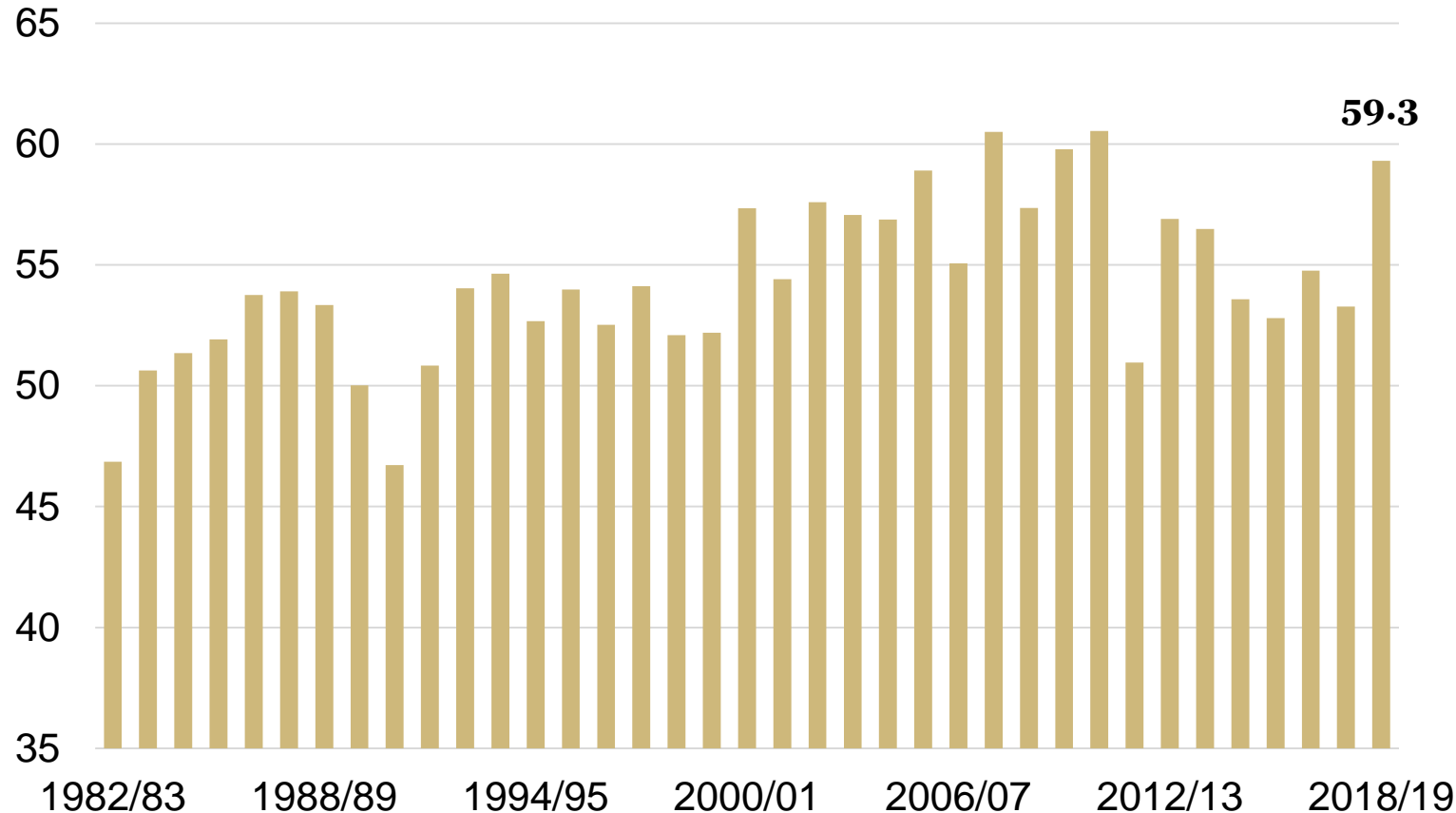
Million



National Snowsports Visits

1982/83 - 2018/19

Millions



U.S. visits up 11.4%

Colorado snow sports visits up 14%

- Totaled 13.8 million
- Record year

Colorado top destination

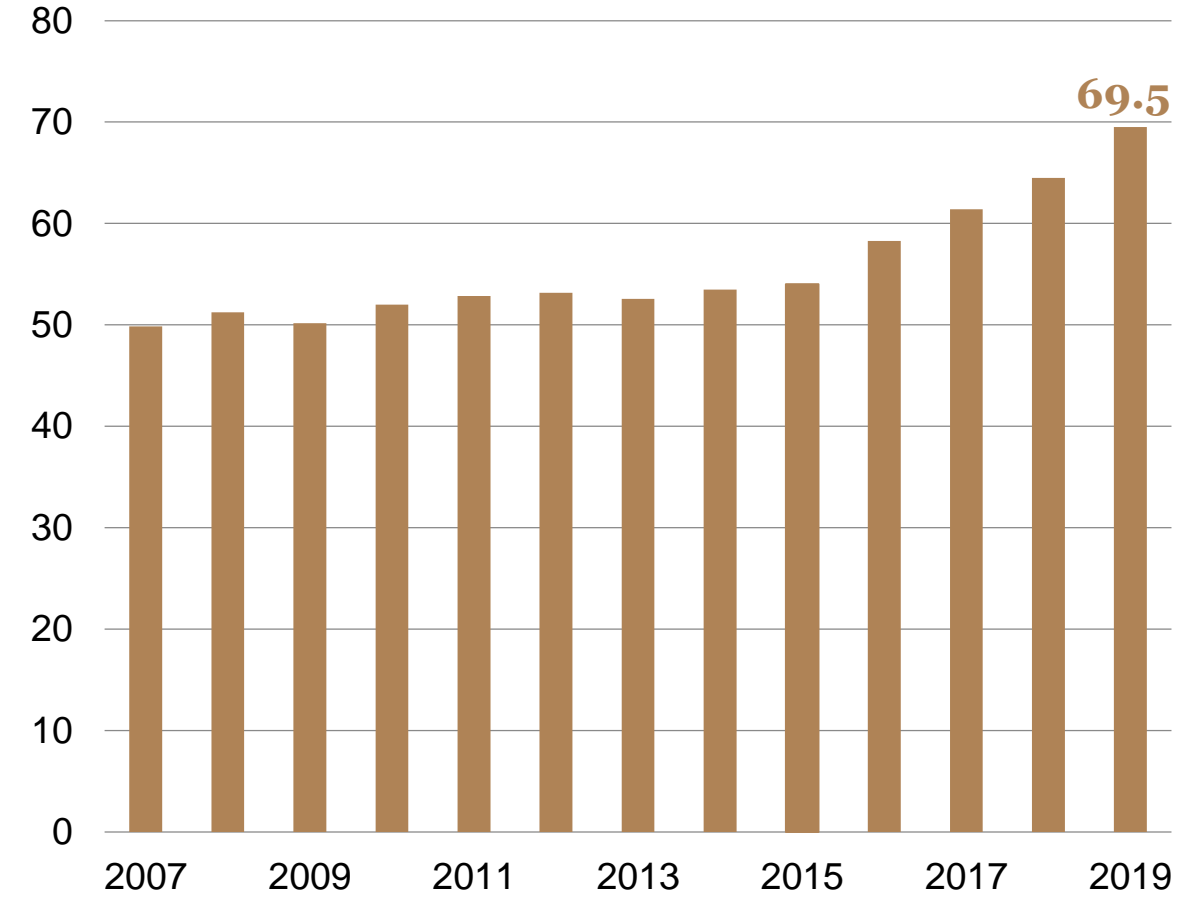
- 23% market share

DIA Enplanements and Deplanements

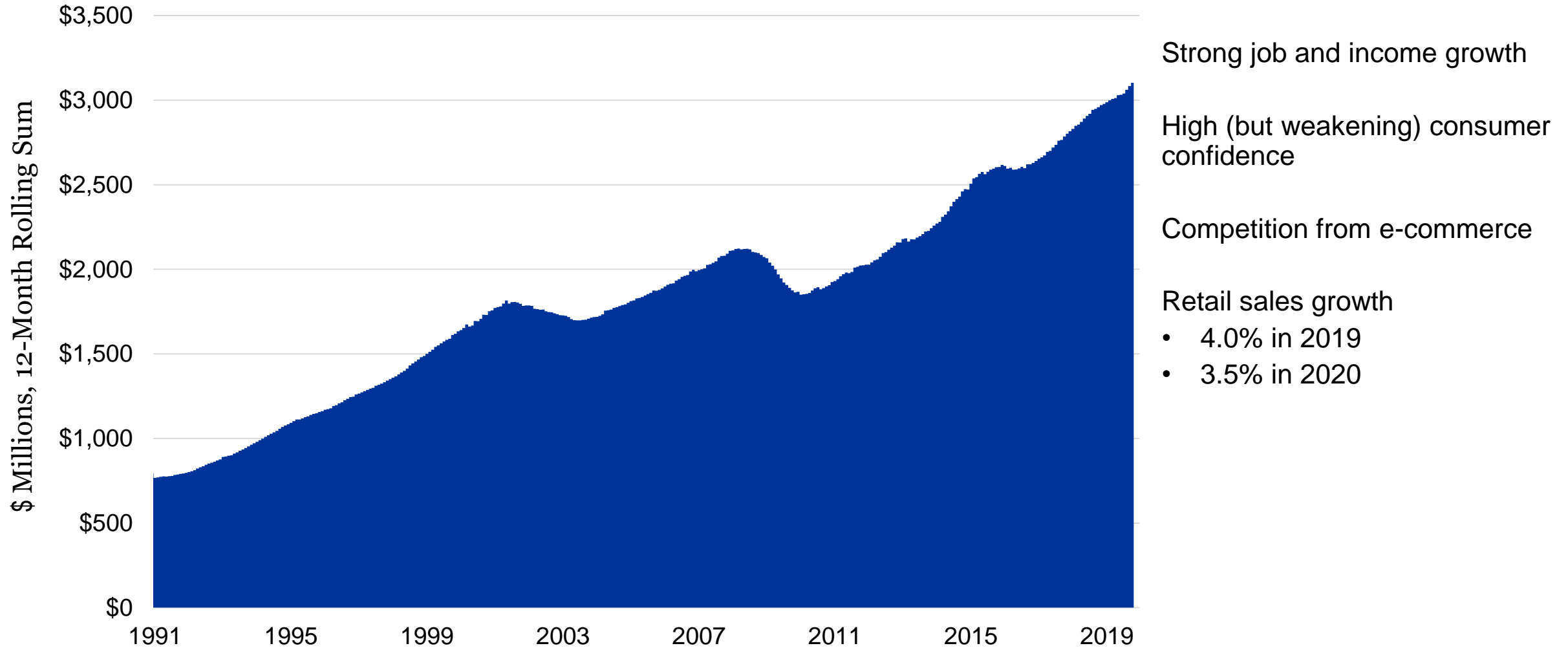
2007-2019



Millions

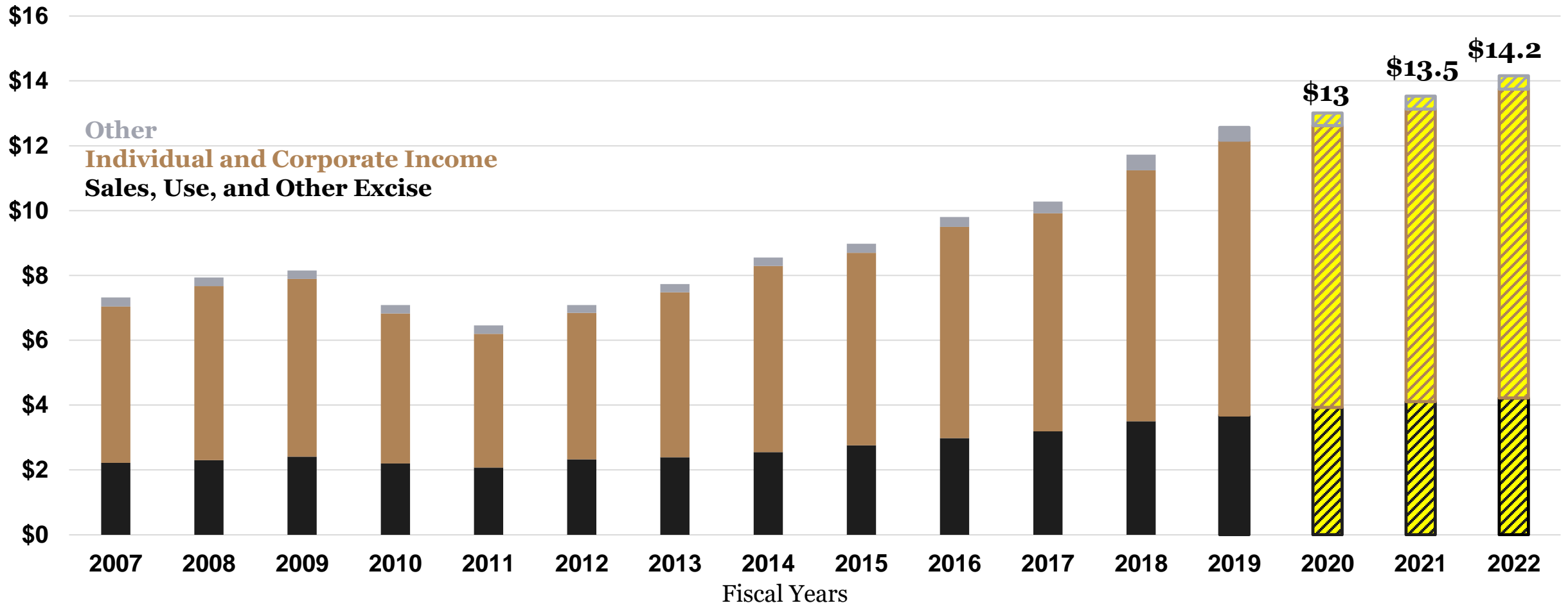


Colorado Sales Tax Collections



Colorado General Fund

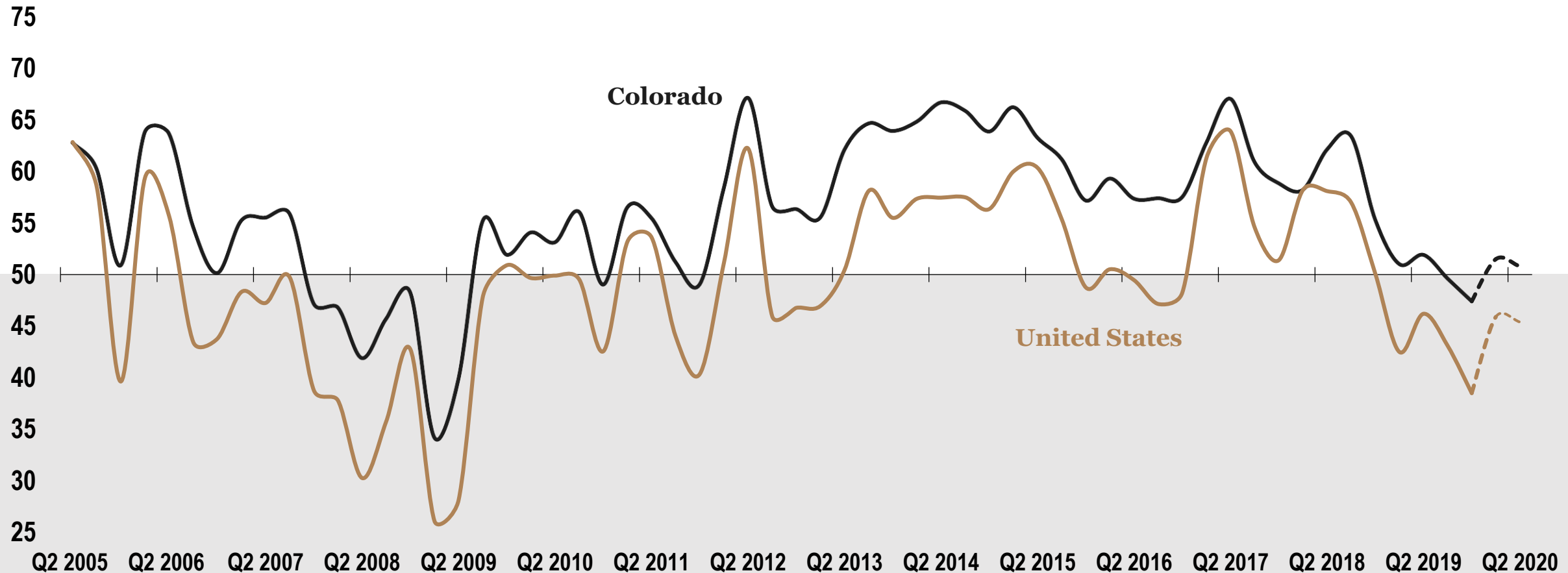
\$ Billions



Expectations for the U.S. and Colorado Economies

Q2 2005 – Q2 2020

Index (50=Neutral)



Colorado Among Other States

<u>Metric</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
Real GDP Growth	6	5	5	6
Employment Growth	9	8	8	4
Population Growth	7	7	8	3
Personal Income Growth	9	2	9	2
PCPI Growth	26	3	18	NA
PCPI	11	14	13	NA
Average Annual Pay % Growth	6	4	11	9
Average Annual Pay	9	10	13	12
Unemployment Rate	5	4	6	29
Labor Force % Growth	25	3	3	3
LFPR	4	2	9	11
FHFA Home Price Index Growth	16	5	2	2

Potential Headwinds



International/National

- Interest rates
- Global growth
- Value of the dollar
- Trade/Tariffs

State and Local

- Commodity prices/cycle
- Drought and weather
- Housing affordability
- Talent shortage
- Real wage increases

Thank you!

