

Denver Metro Managers C.C.C.M.A

2021 Colorado Economic Outlook

Richard Wobbekind

Senior Economist and Associate Dean for Business and Government Relations
Business Research Division
University of Colorado Boulder



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

March 18, 2021

FIFTY-SIXTH ANNUAL

COLORADO

BUSINESS ECONOMIC
OUTLOOK

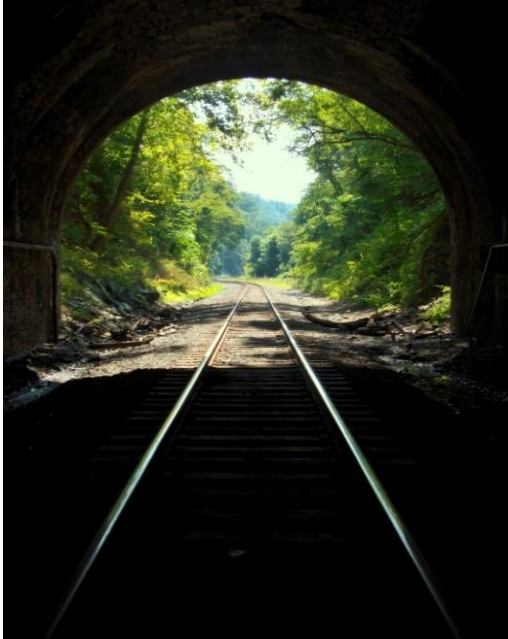
colorado.edu/business/brd

2021

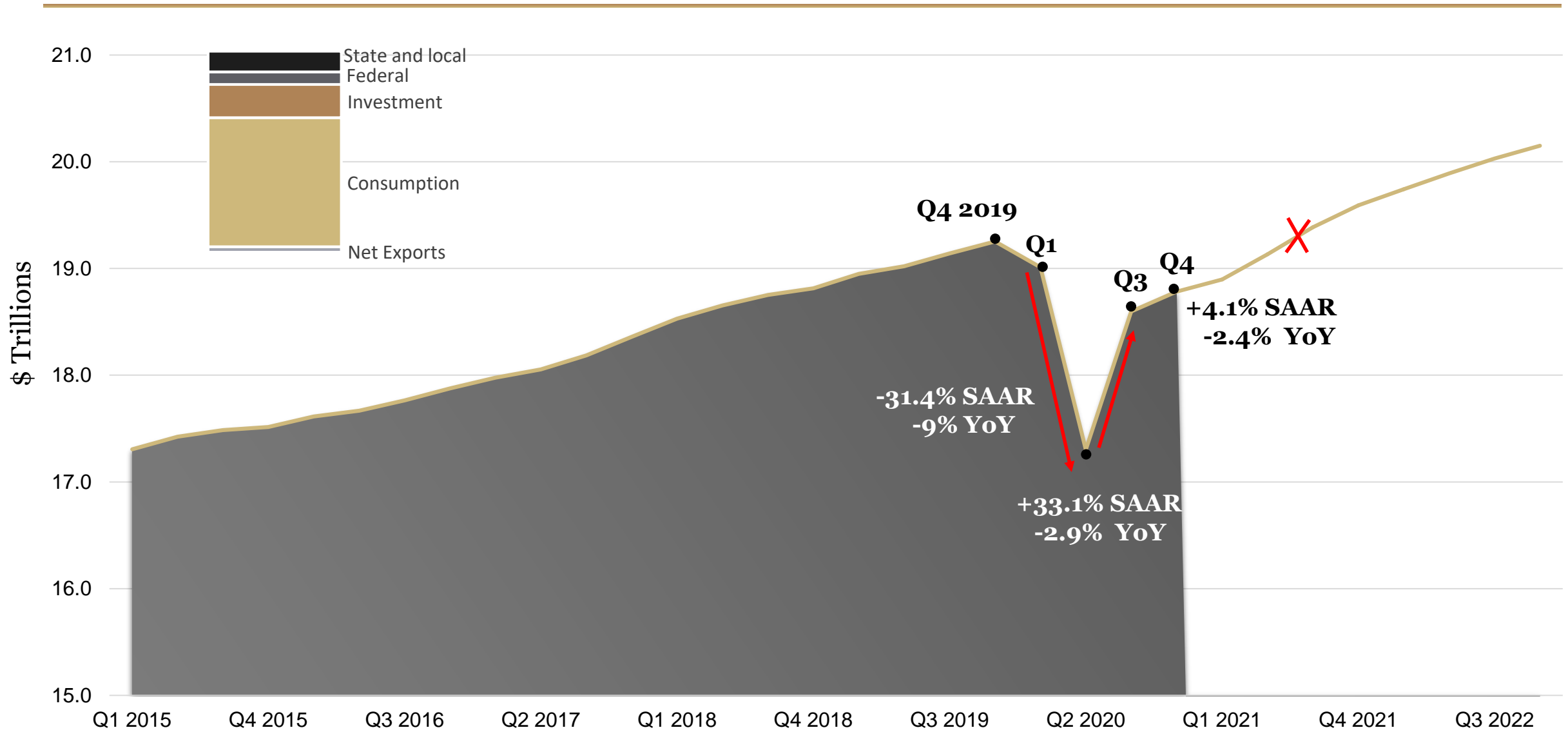


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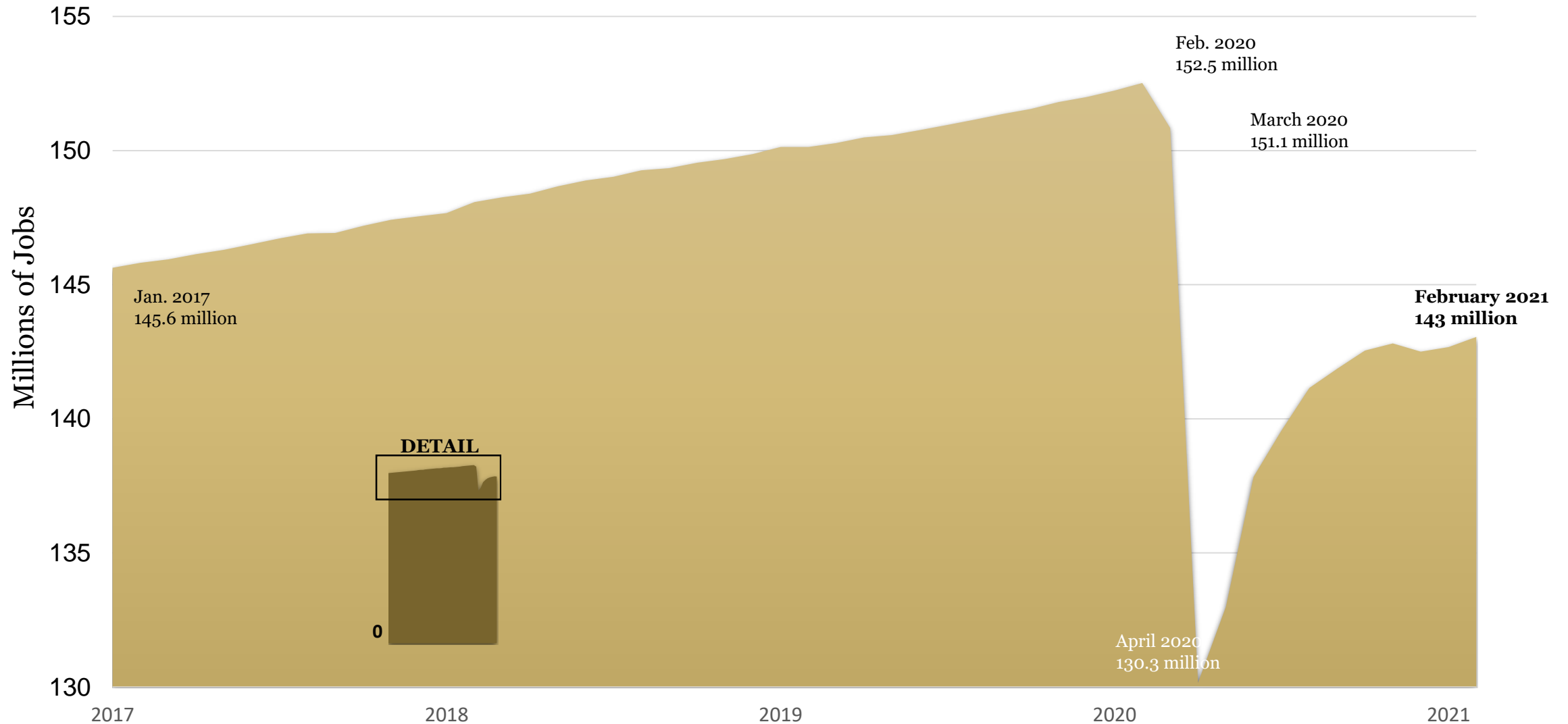
What is that Light at the End of the Tunnel ?



U.S. Real GDP

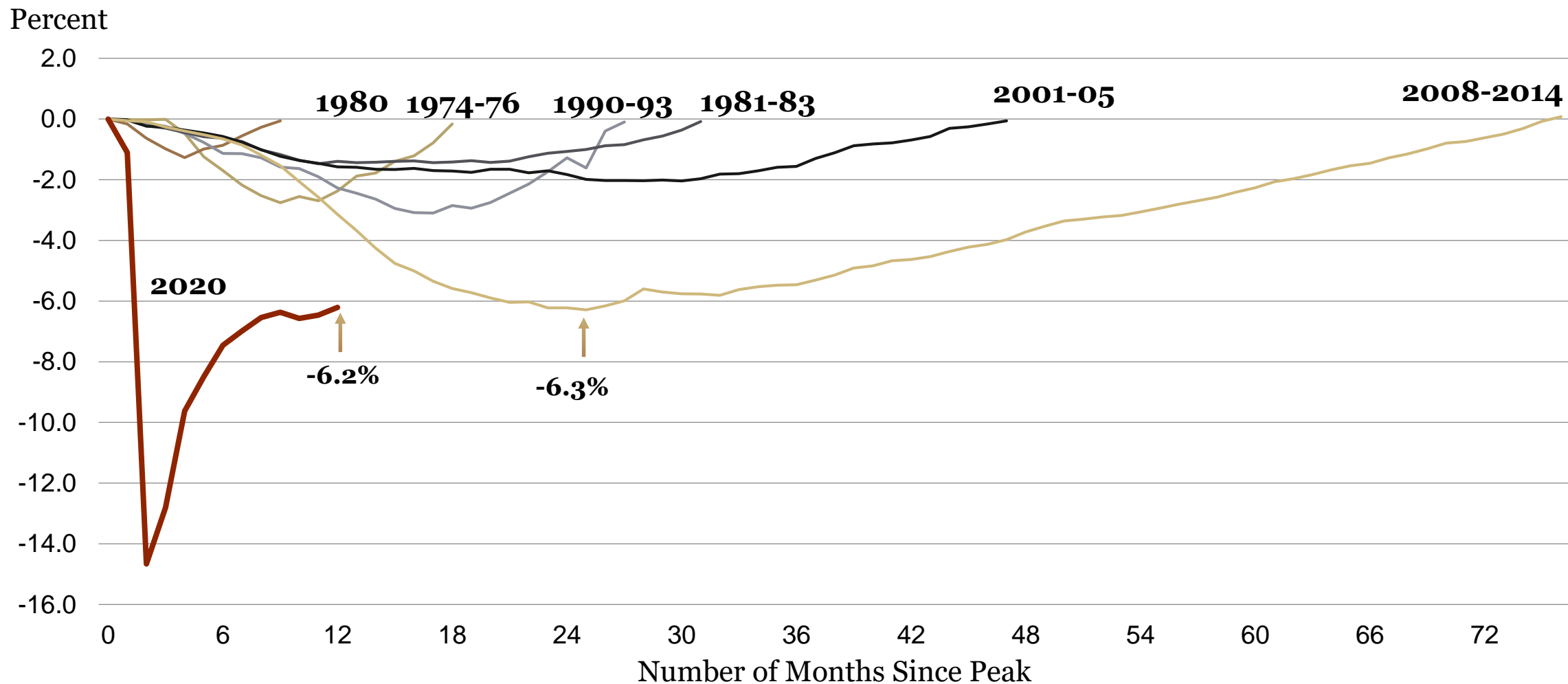


U.S Nonfarm Employment



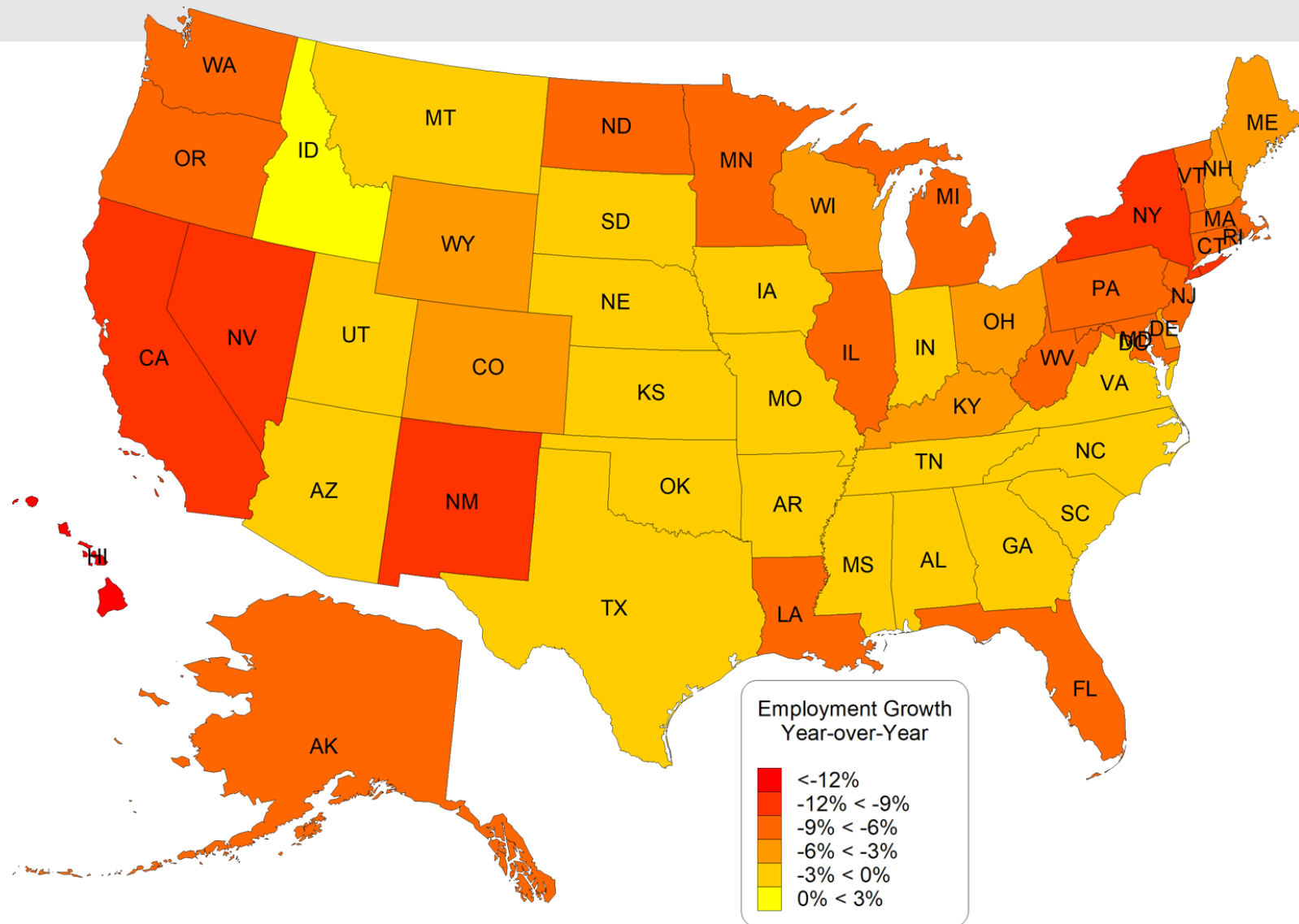
National Employment

Months to Recovery



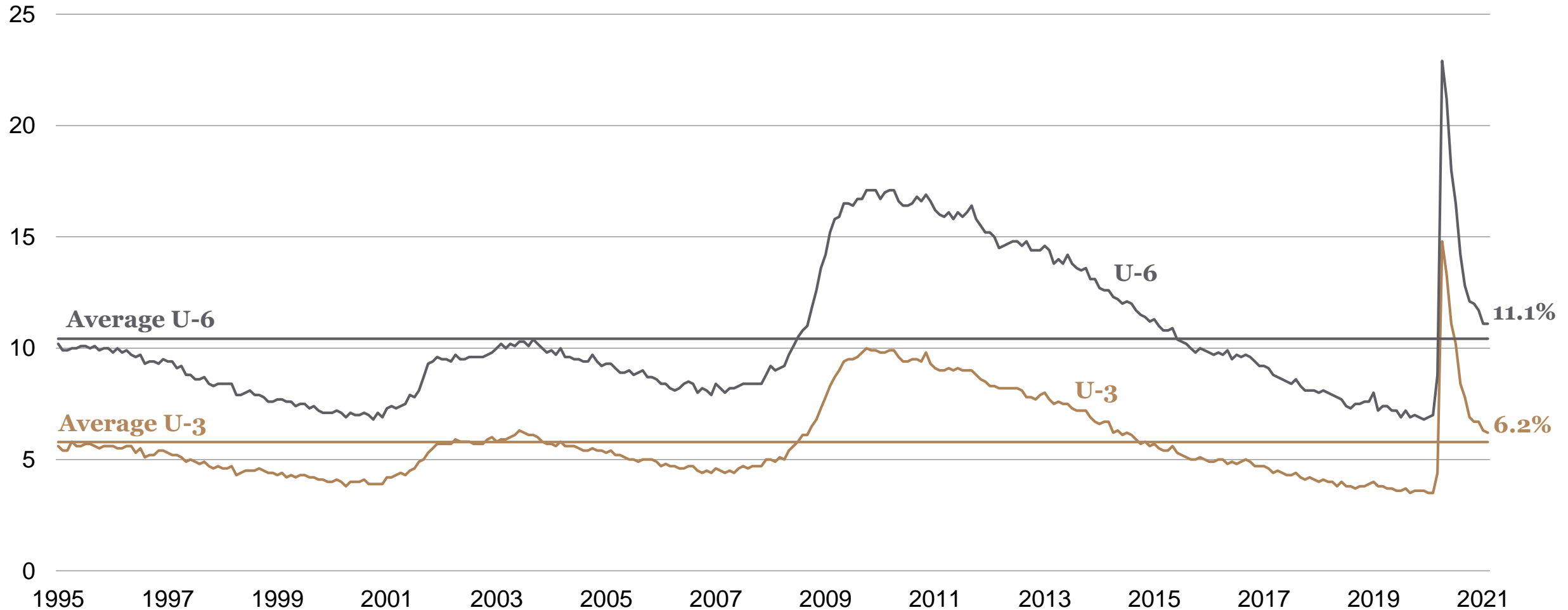
Employment Growth

1-Year Growth, January 2021



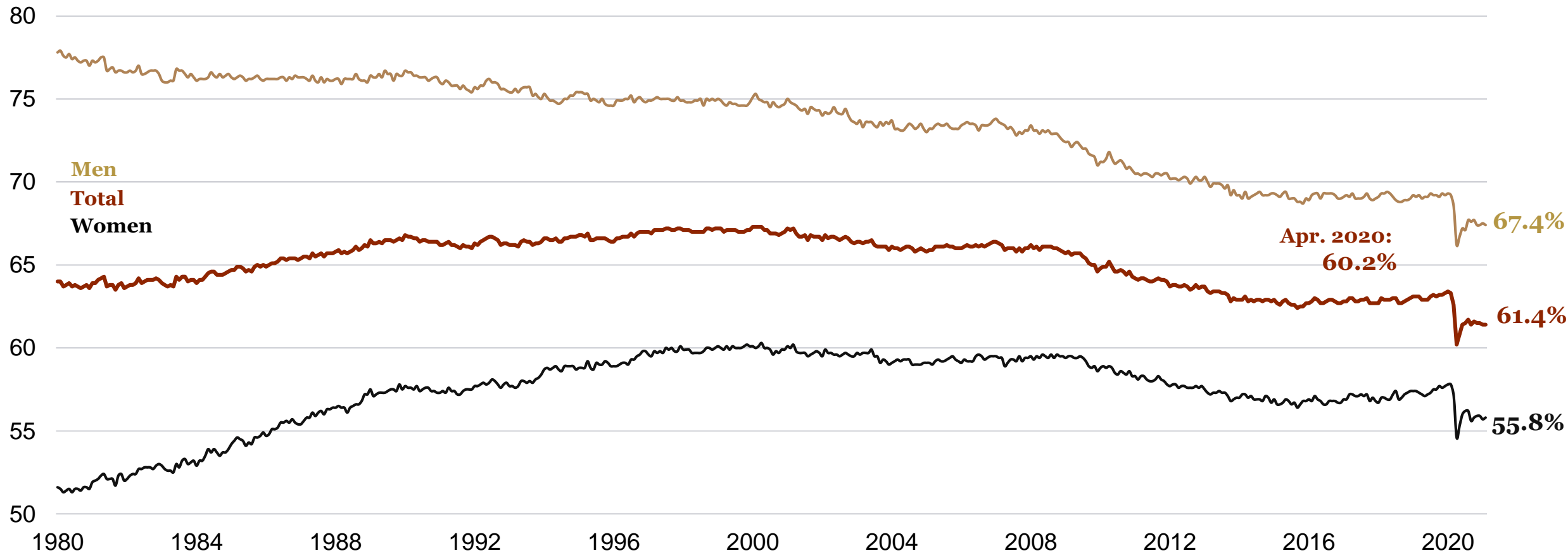
Labor Underutilization

Percentage of Labor Force

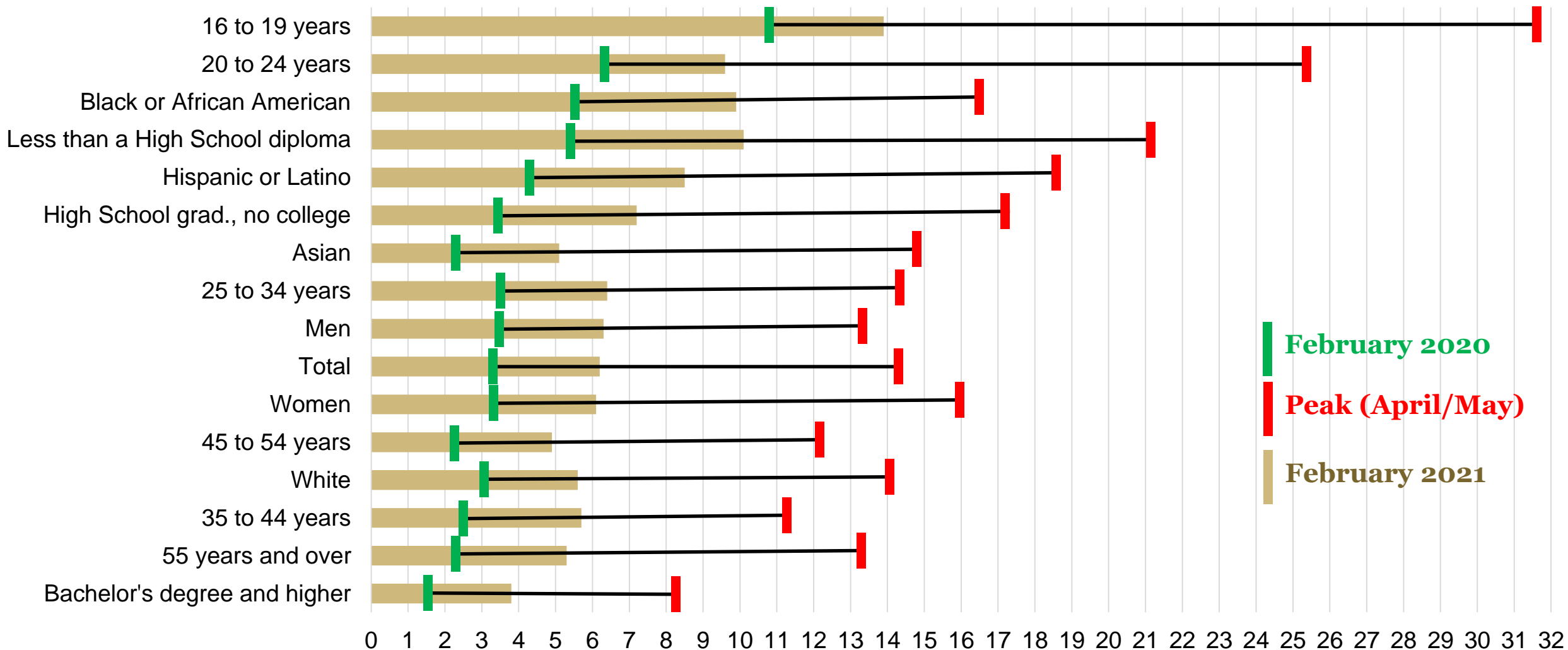


Labor Force Participation Rate

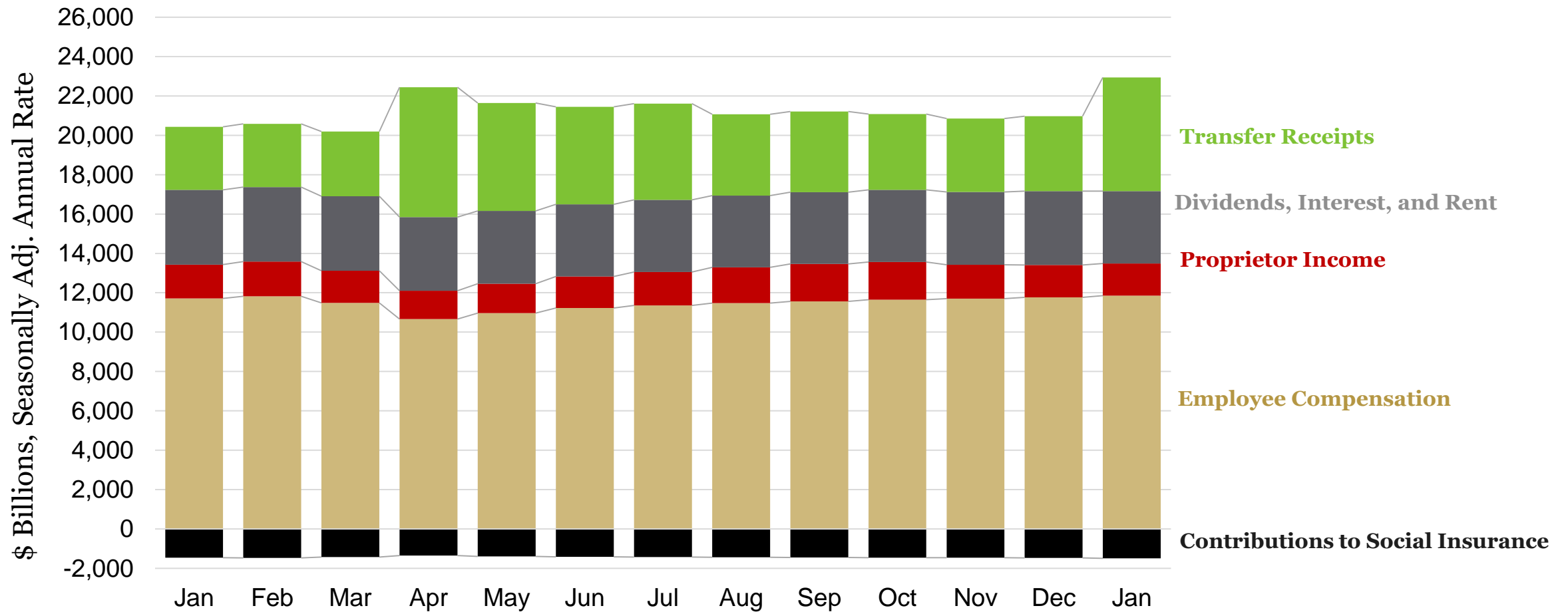
Percent of Population, 16 and Over



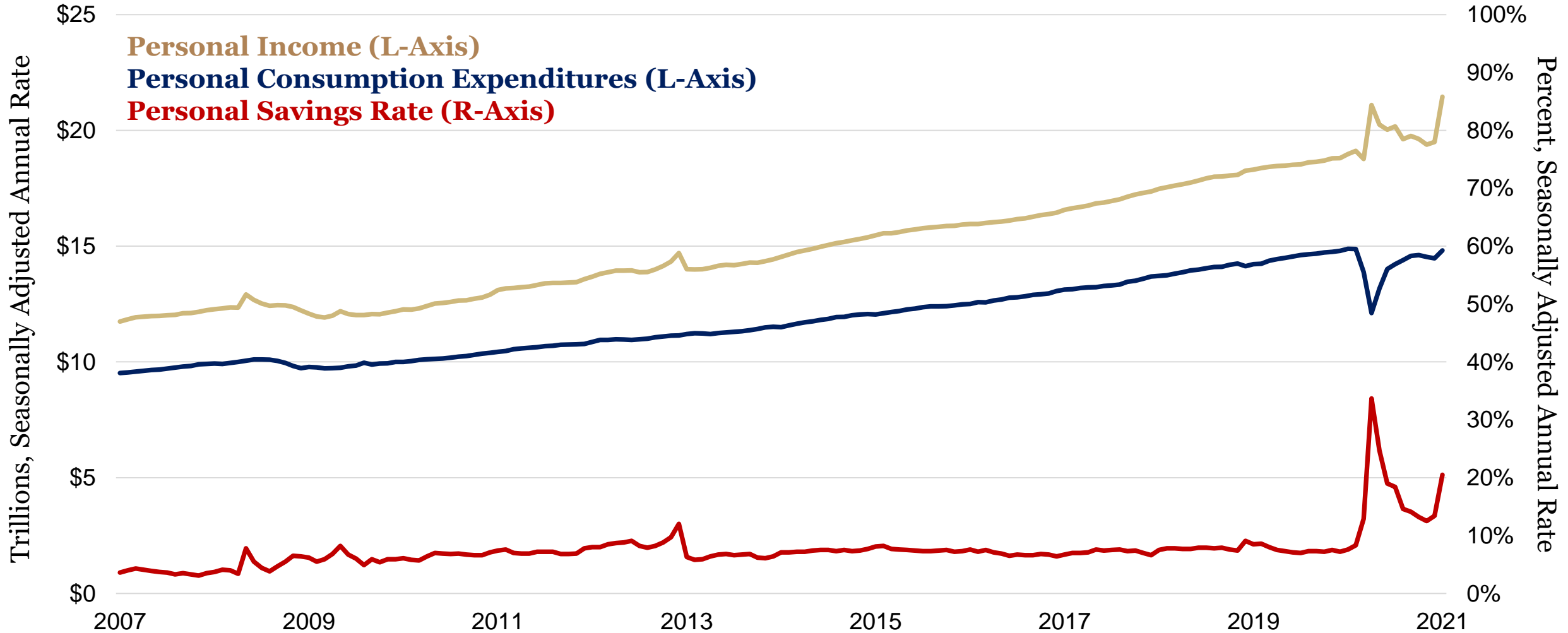
National Unemployment Rate



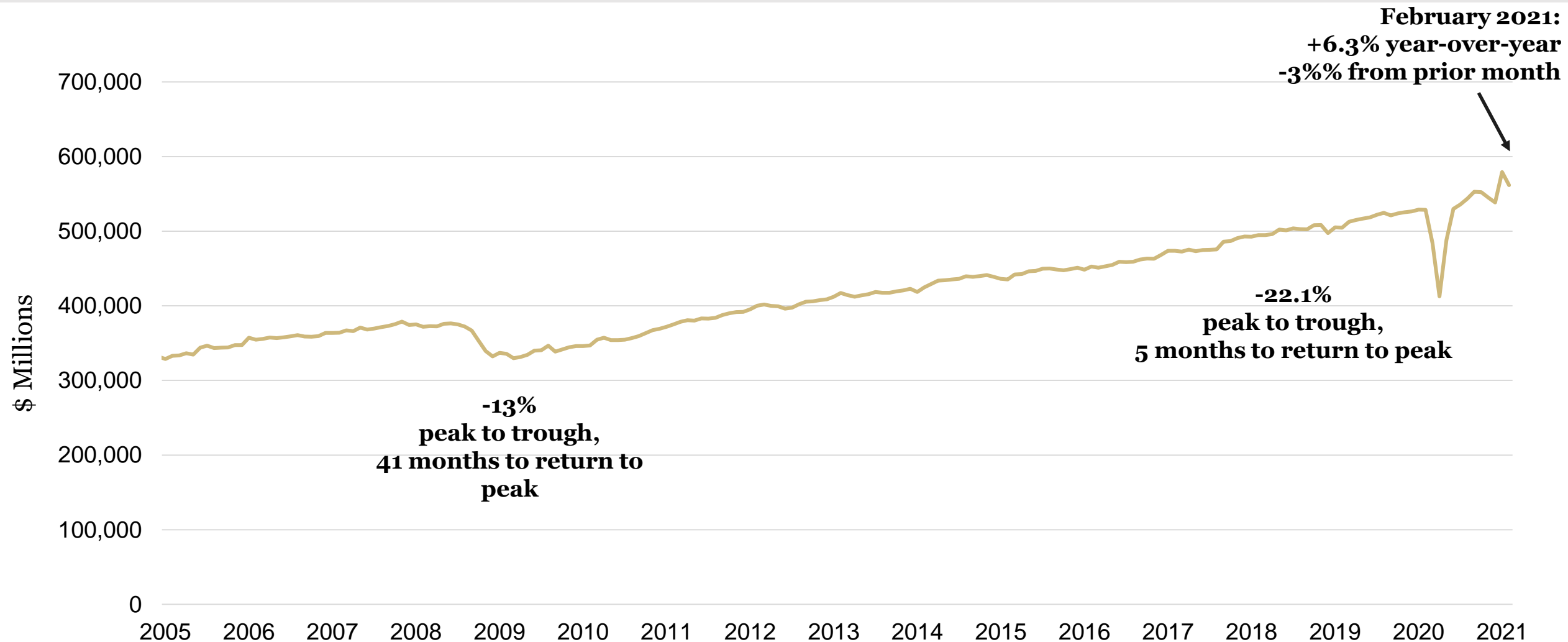
Personal Income



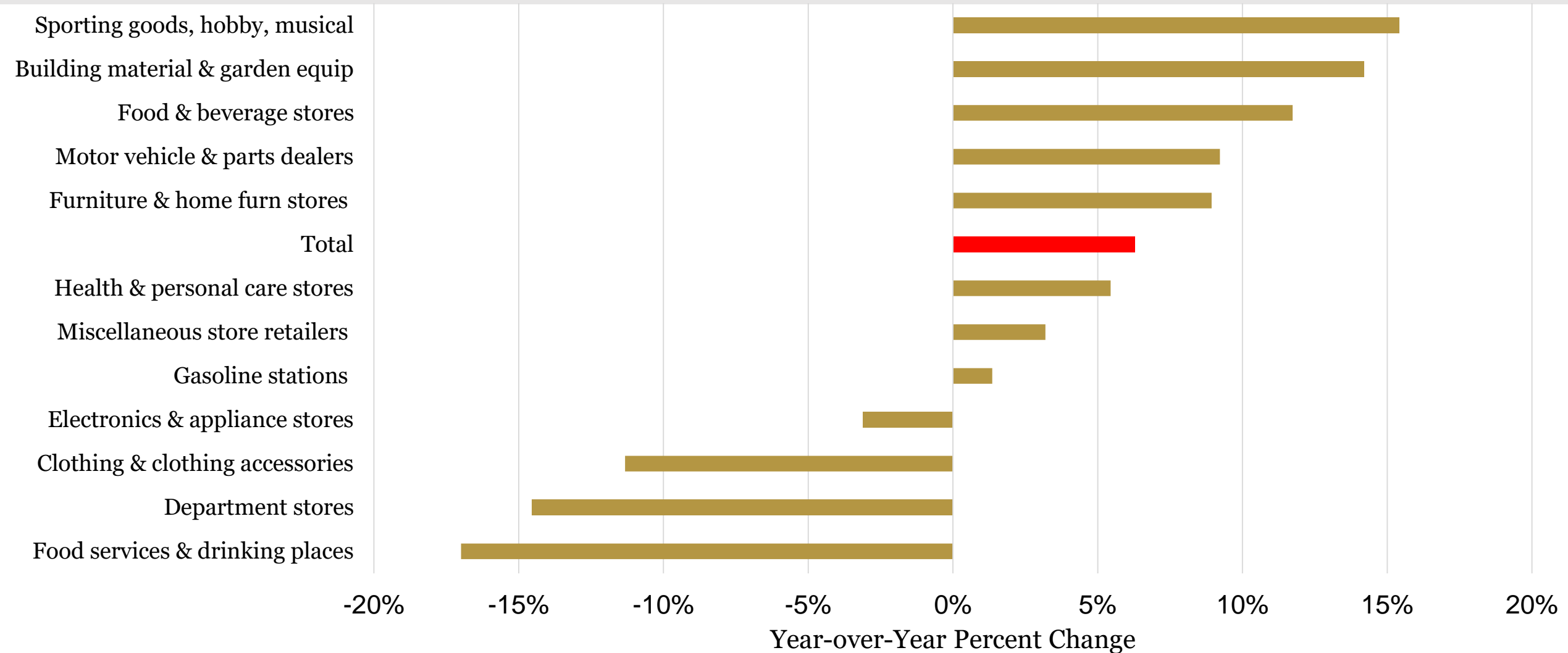
Personal Income and Savings



National Retail and Food Services Sales

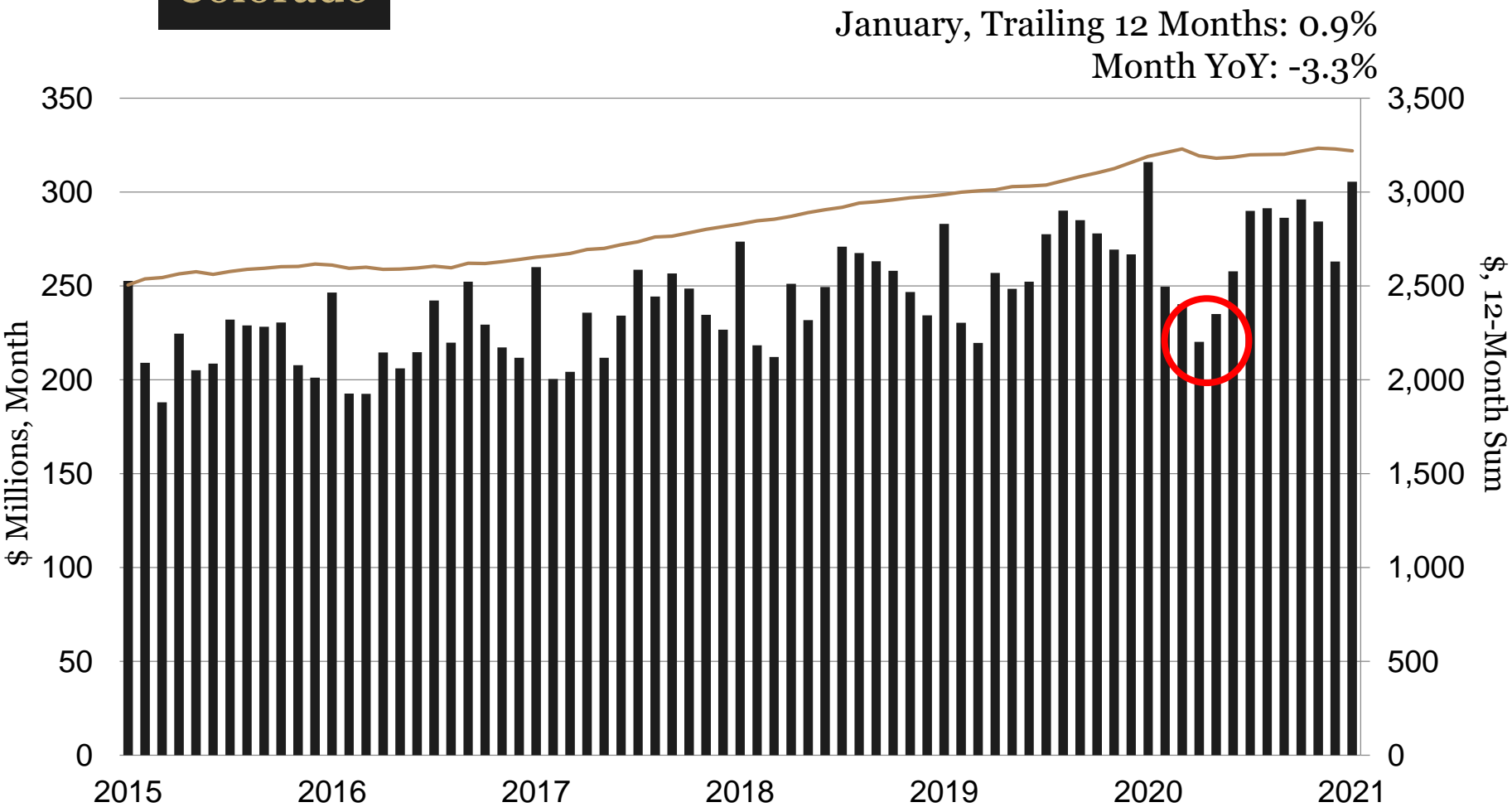


National Retail Sales, February YoY



Sales Tax Collections

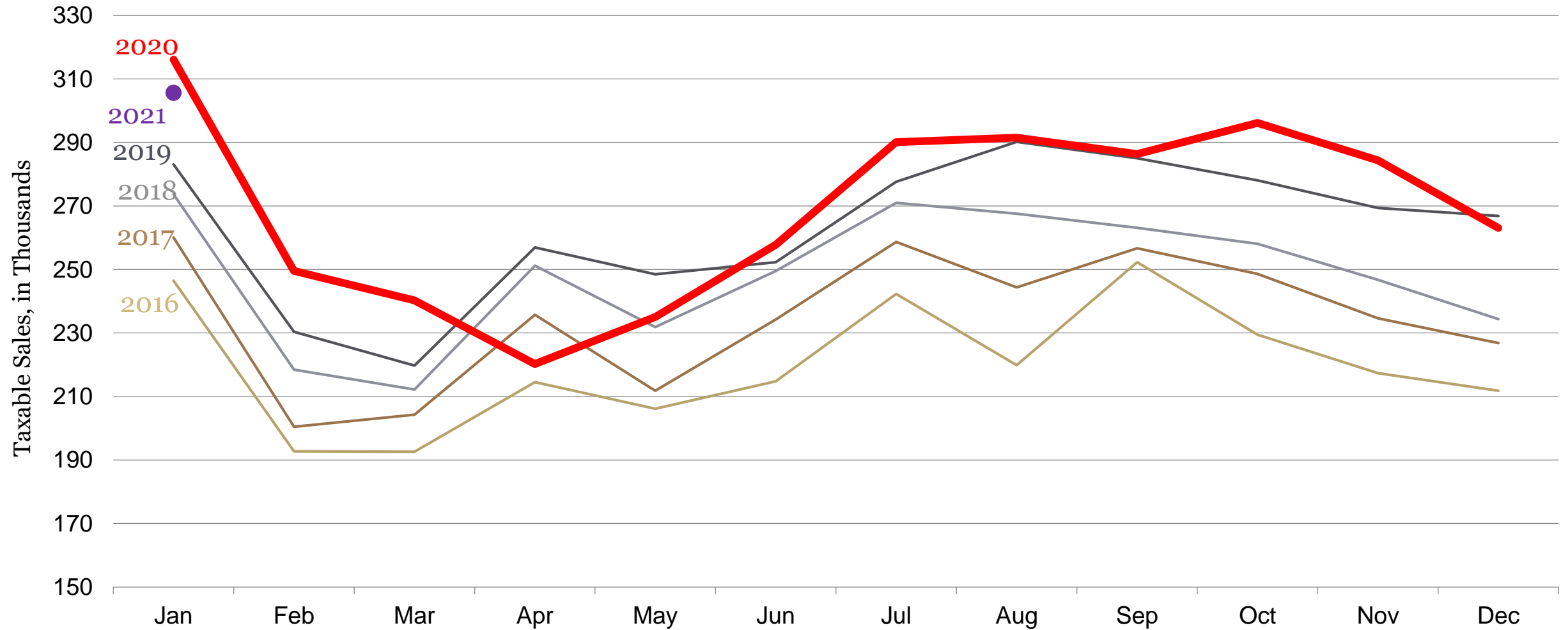
Colorado



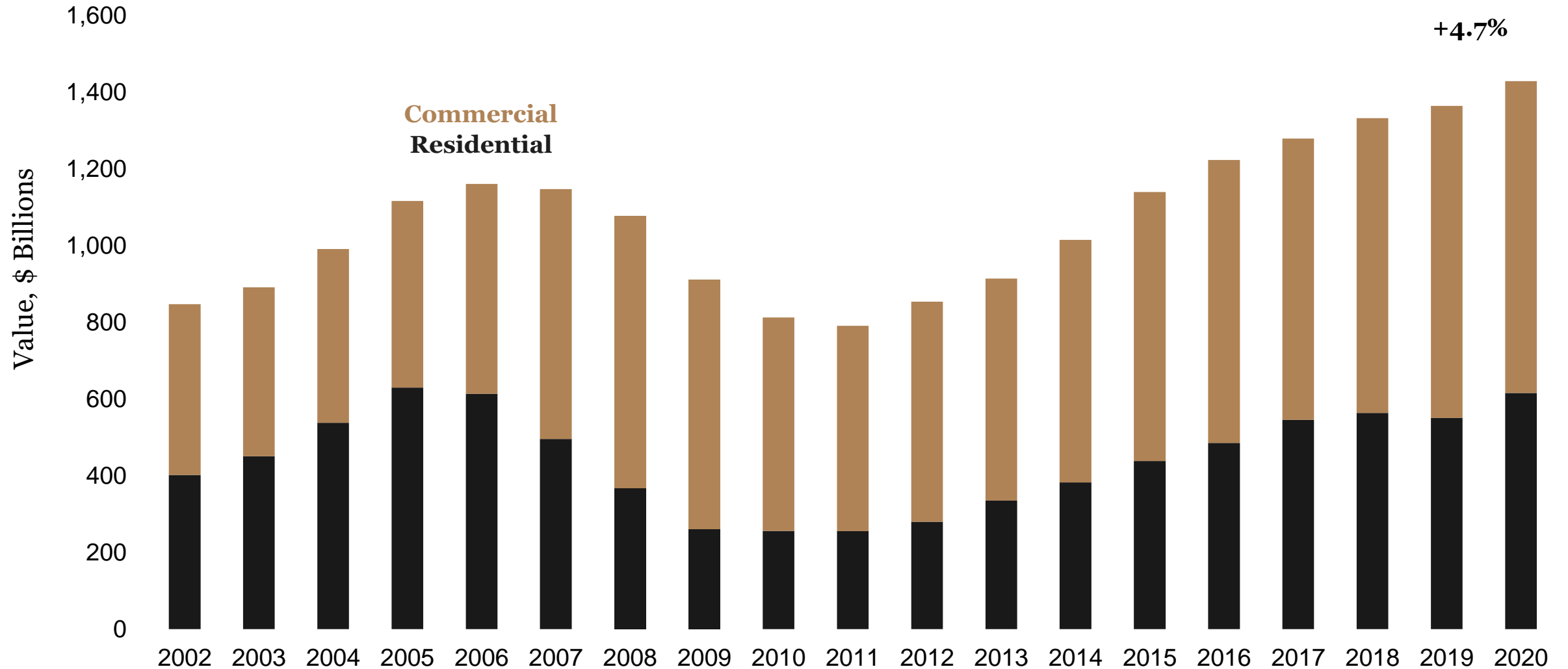
Year to Date Growth Figures

Denver Metro (Dec.)	-4.7%
City of Boulder (Dec.)	-8.8%
Louisville (Dec.)	-2.9%
Longmont (Dec.)	4.3%
Superior (Nov.)	18.1%
Lone Tree (Dec.)	-23.2%
Fort Collins (Dec.)	-3.3%
Greeley (Dec.)	-6.7%
Thornton (Dec.)	5.5%
Grand Junction (Dec.)	-2.6%
Colorado Springs (Dec.)	-0.15%
Pueblo (Dec.)	2.9%
Colorado (Dec.)	2.3%

Colorado Sales Taxes

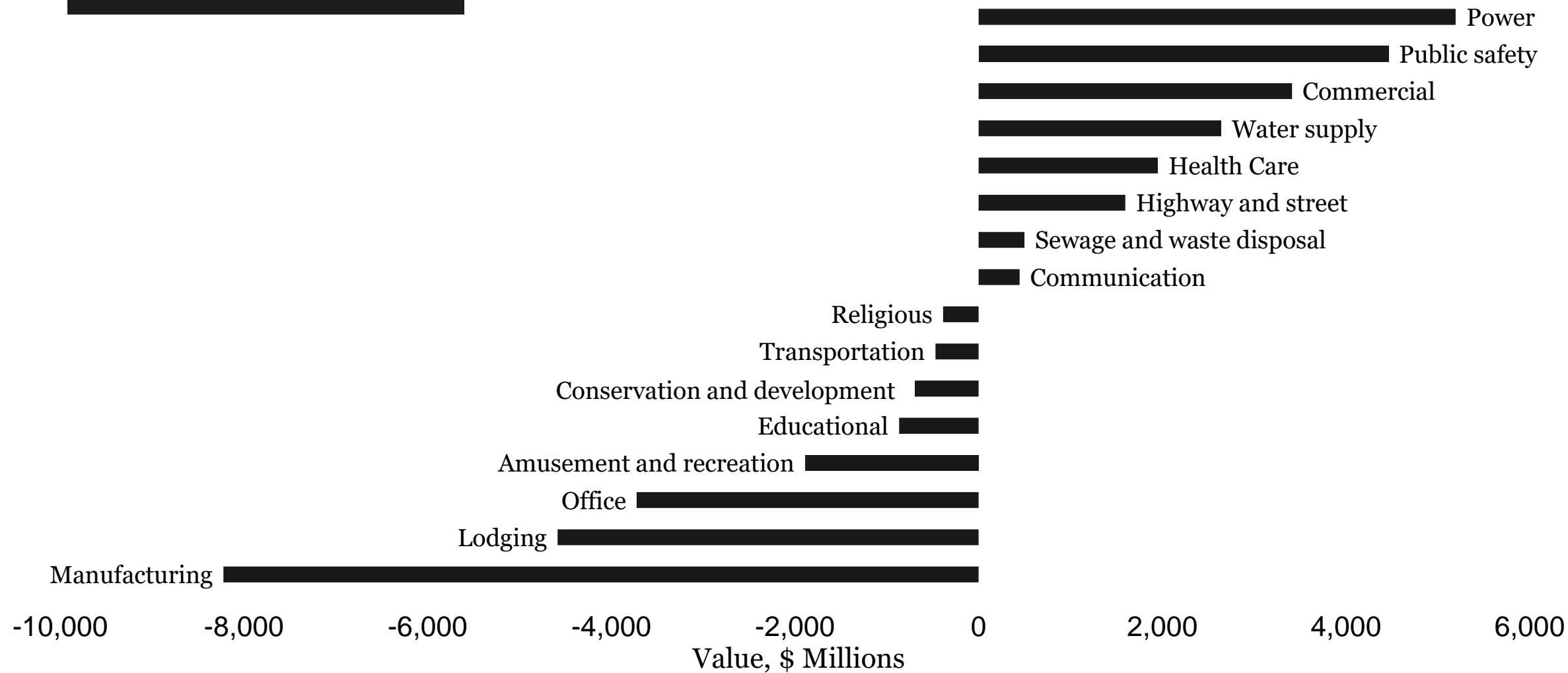


National Value of Construction



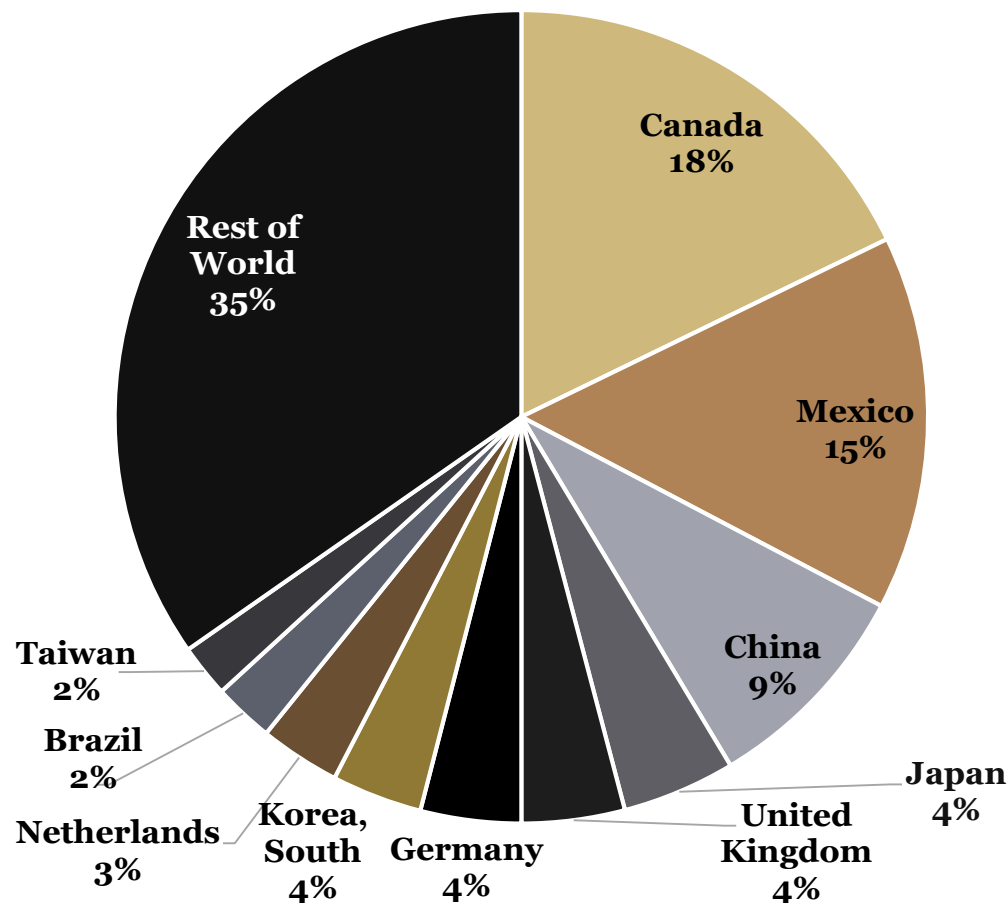
Change in National Nonresidential Value of Construction

2020 Year-over-Year



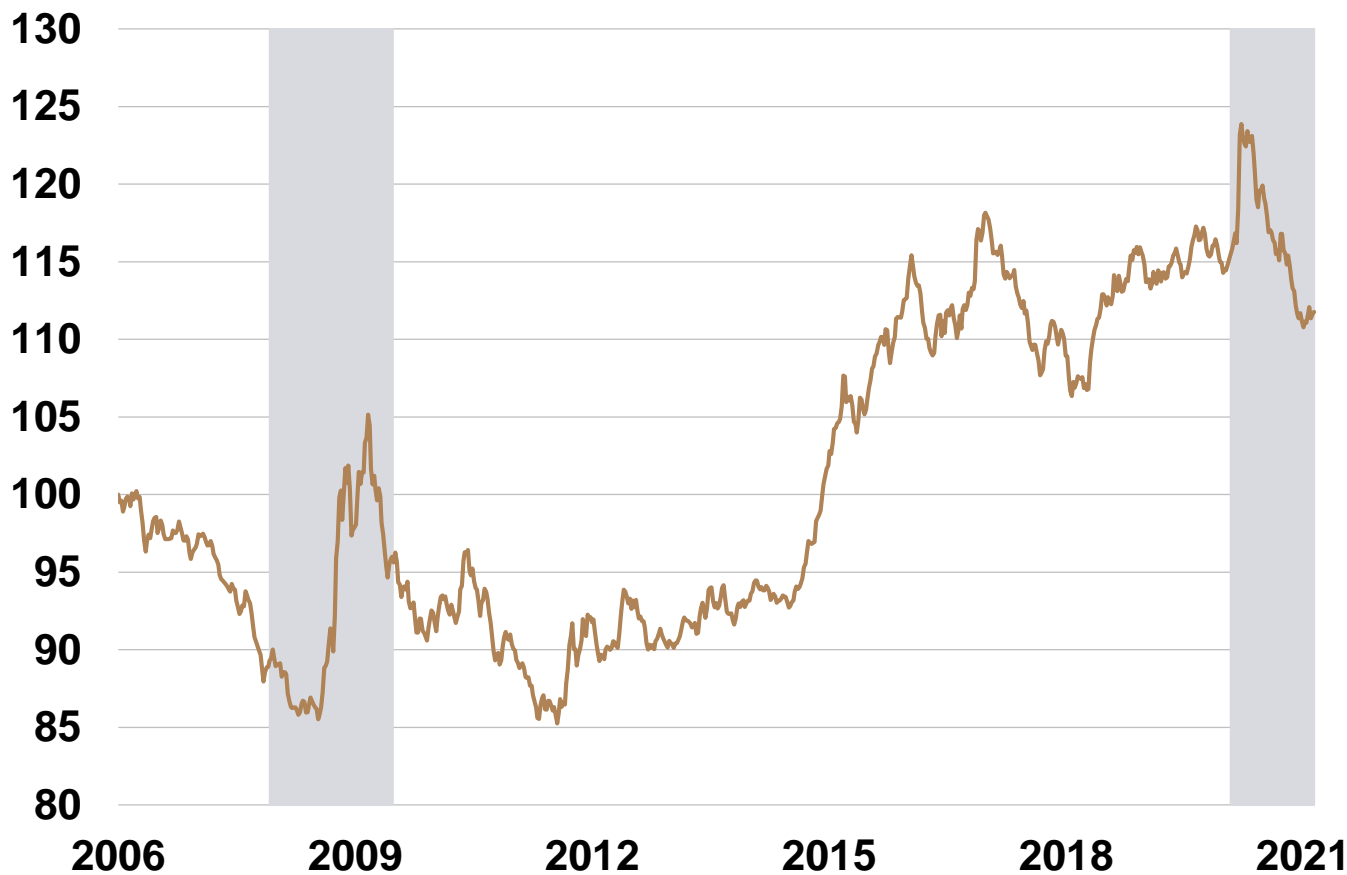
International Trade

Export Destinations



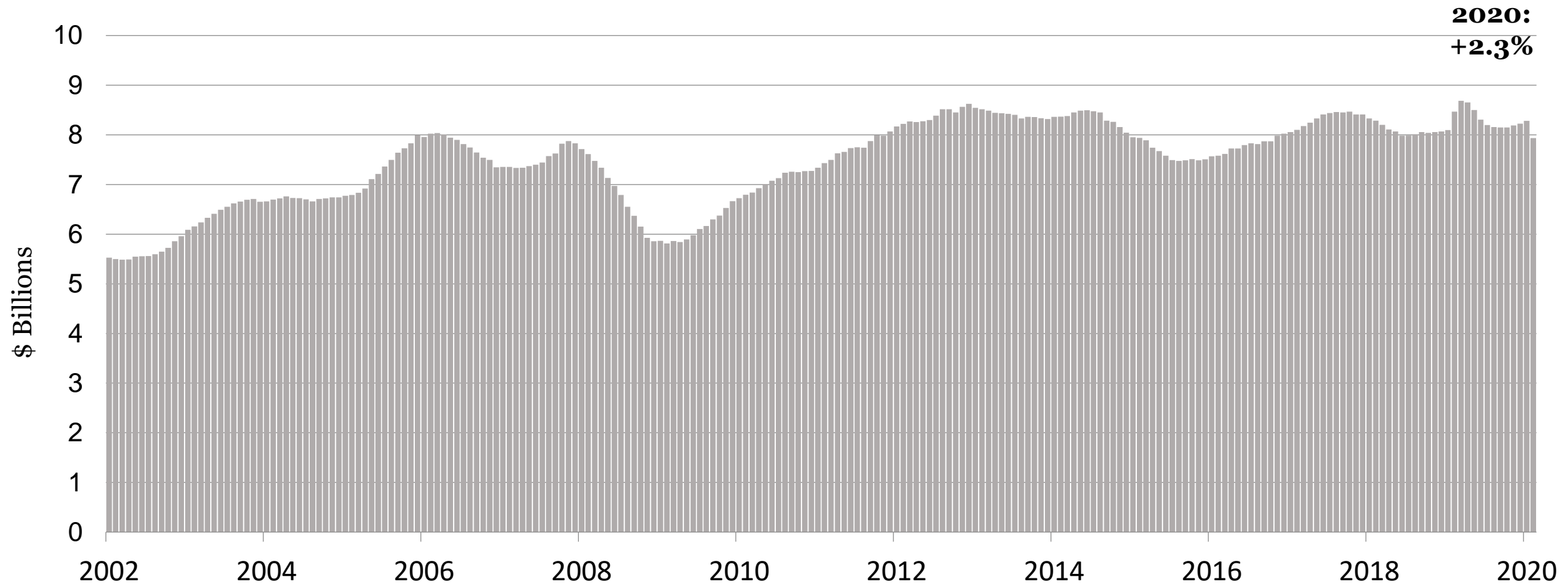
Trade Weighted U.S. Dollar, 2006-2021

Index Jan. 2006=100



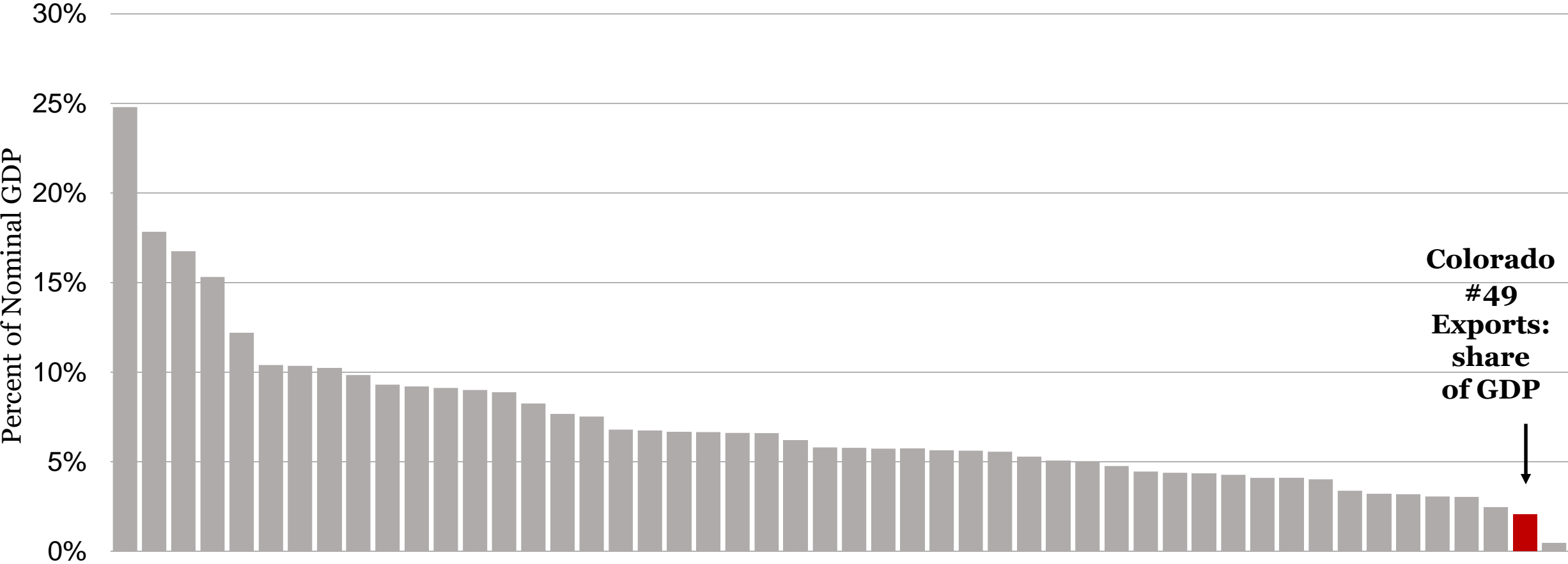
Colorado Exports

2002-2021



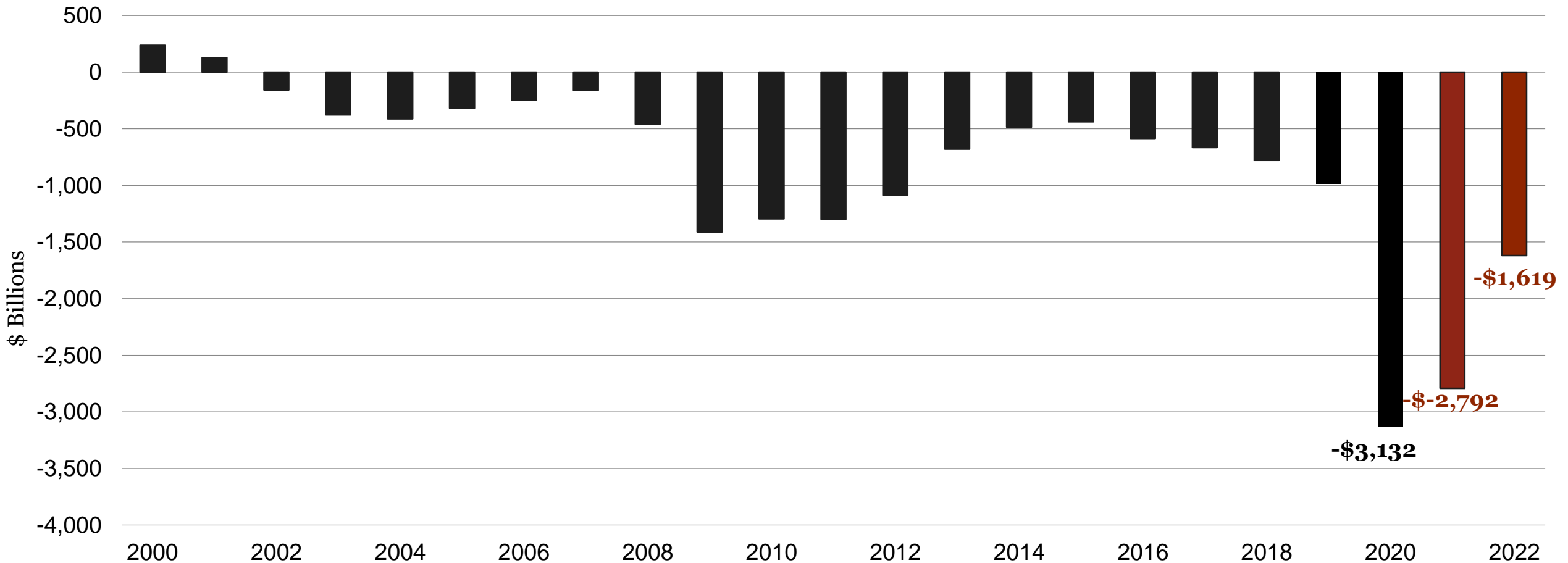
Exports Per \$ GDP

2019



Federal Budget Balance

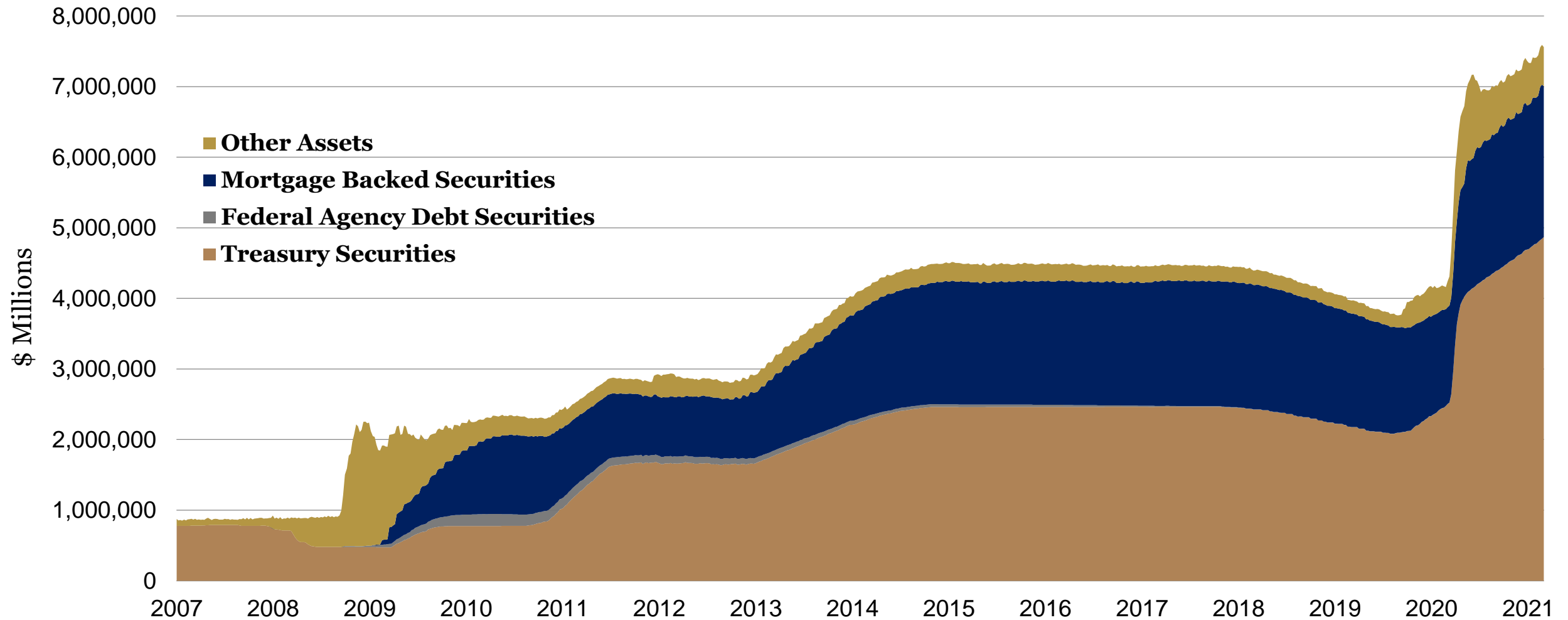
2000 to 2022



Money and Prices

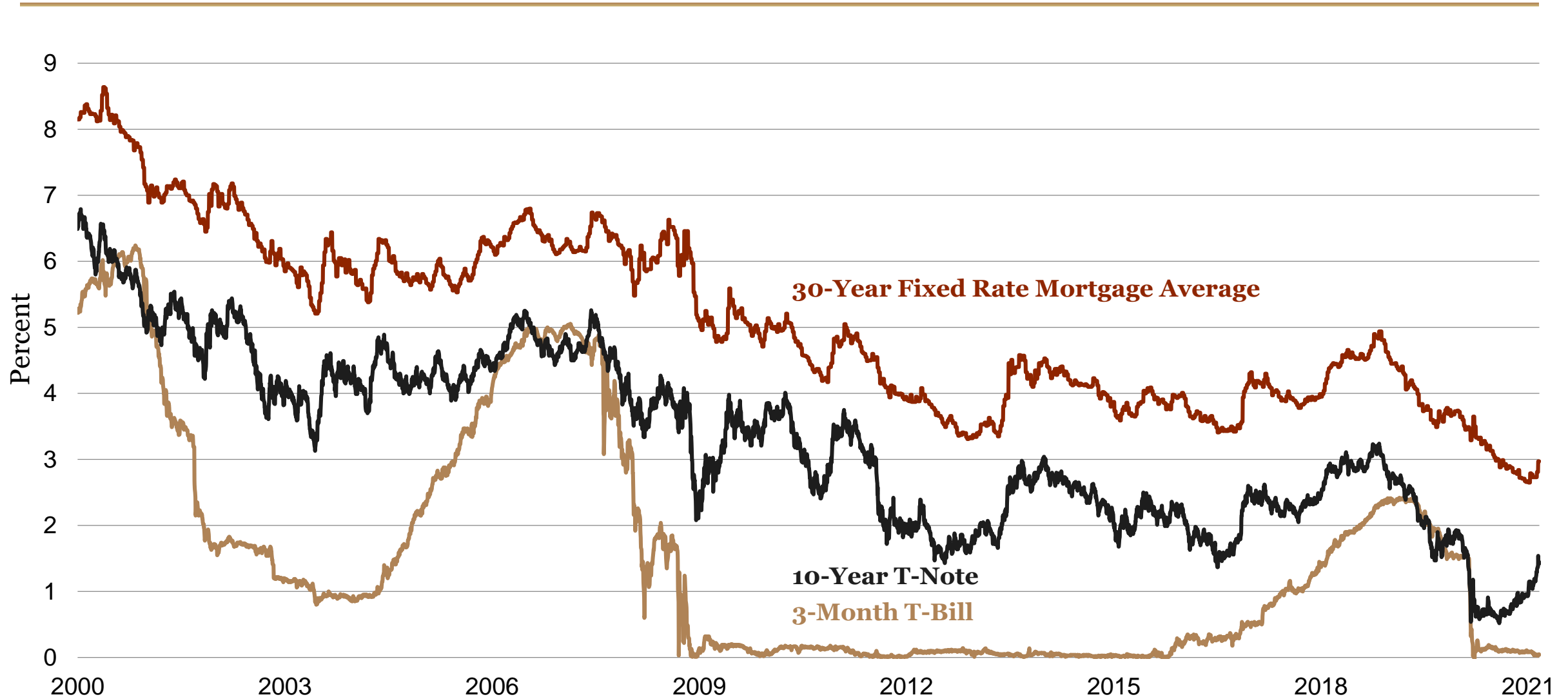


The FED

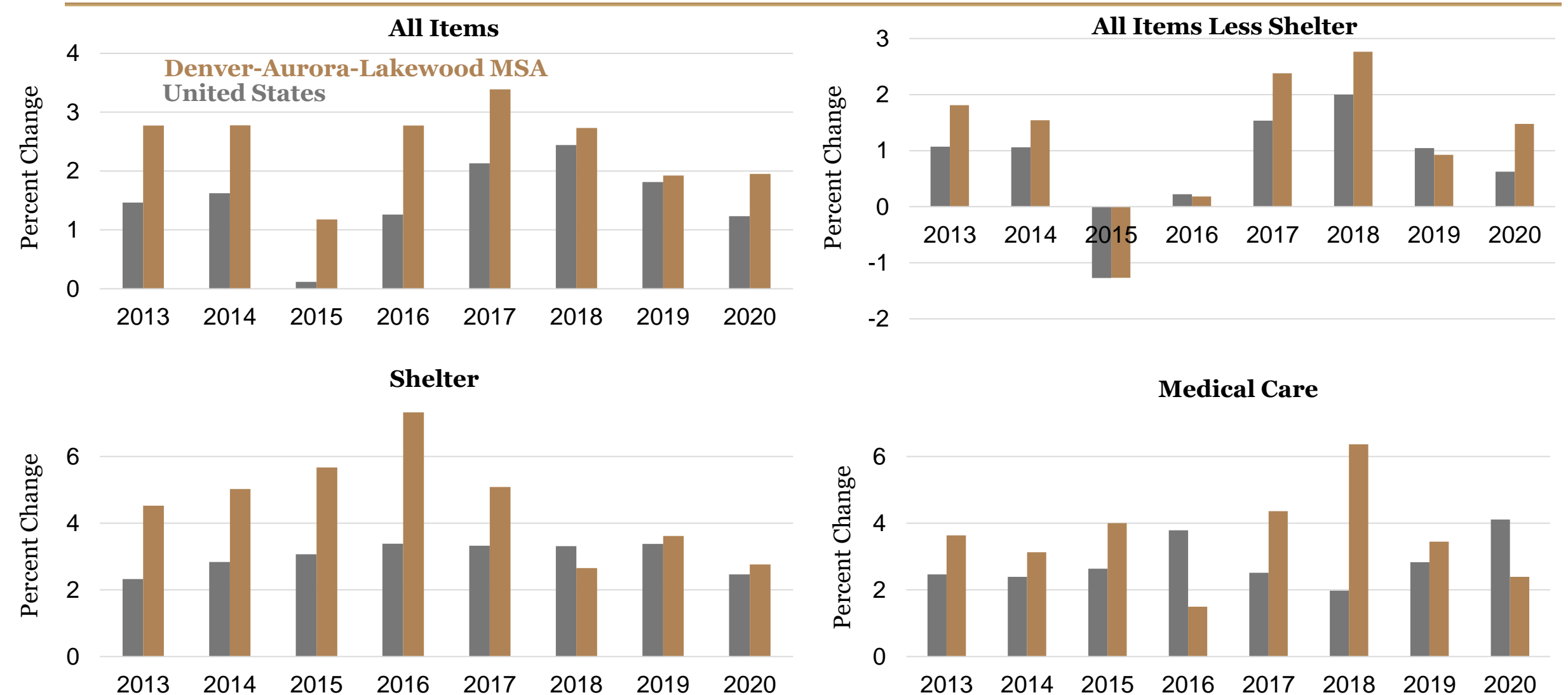


Source: Board of Governors of the Federal Reserve System.

Interest Rates



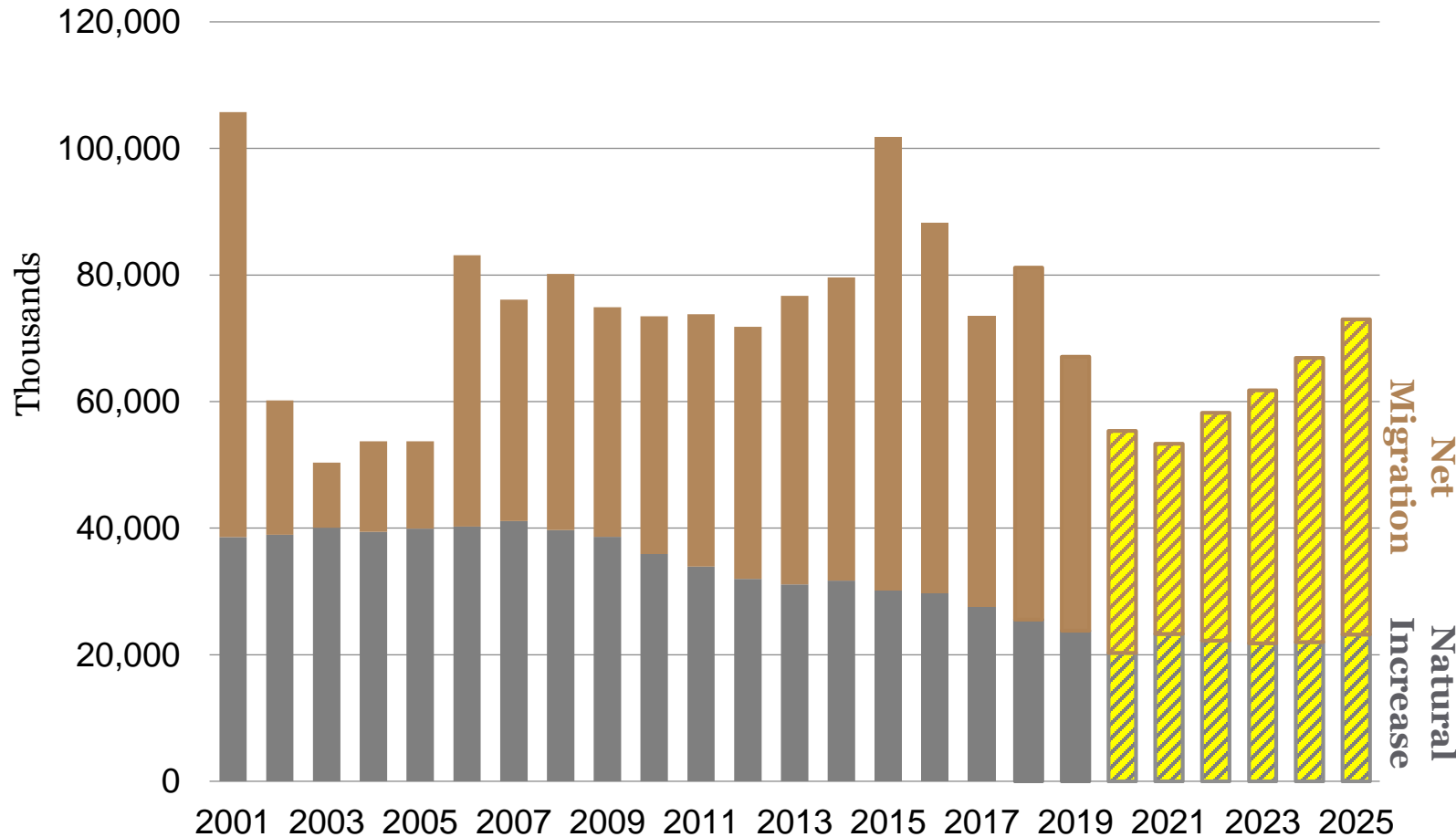
Inflation



Colorado Population, Employment, and the Economy



Colorado Change in Population



Colorado's population changes

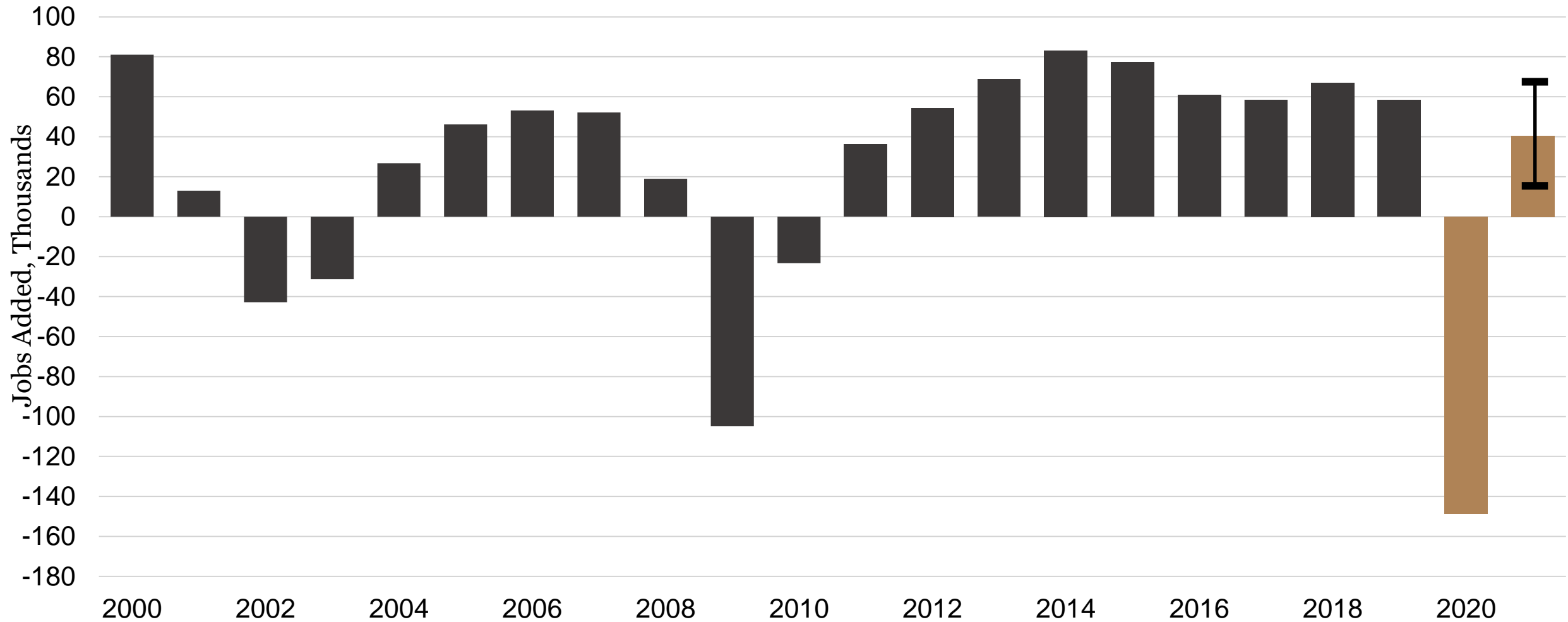
- 67k in 2019
- 55k in 2020
- 53k in 2021

COVID impact on migration

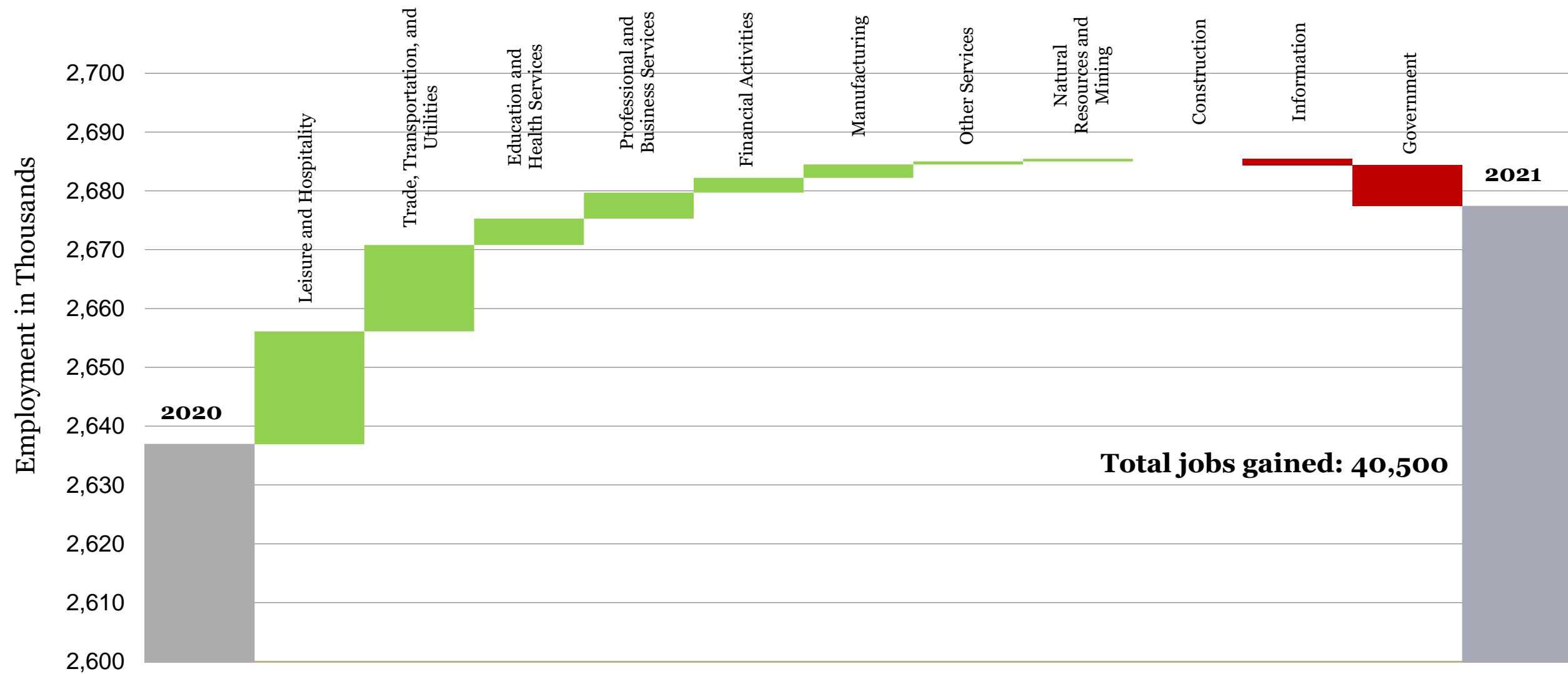
- To the State
- Within the State

Temporary or permanent?

Colorado Employment Growth

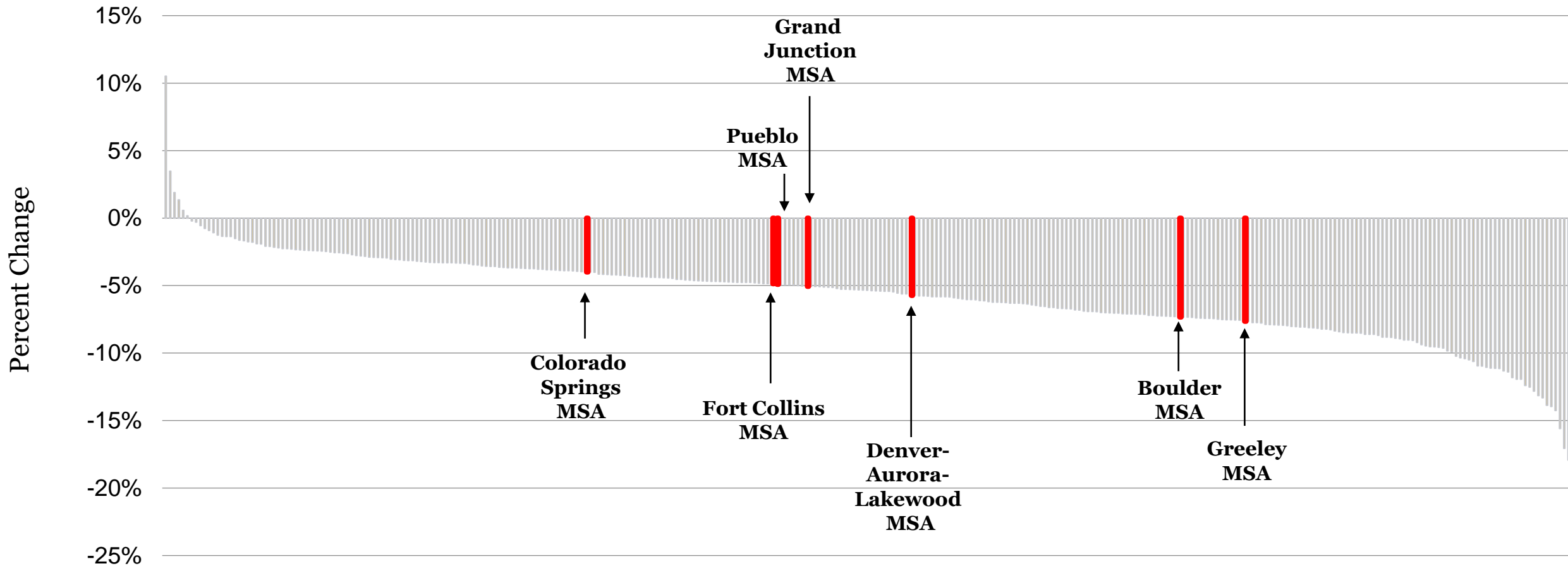


Colorado Employment Change – 2021 Forecast



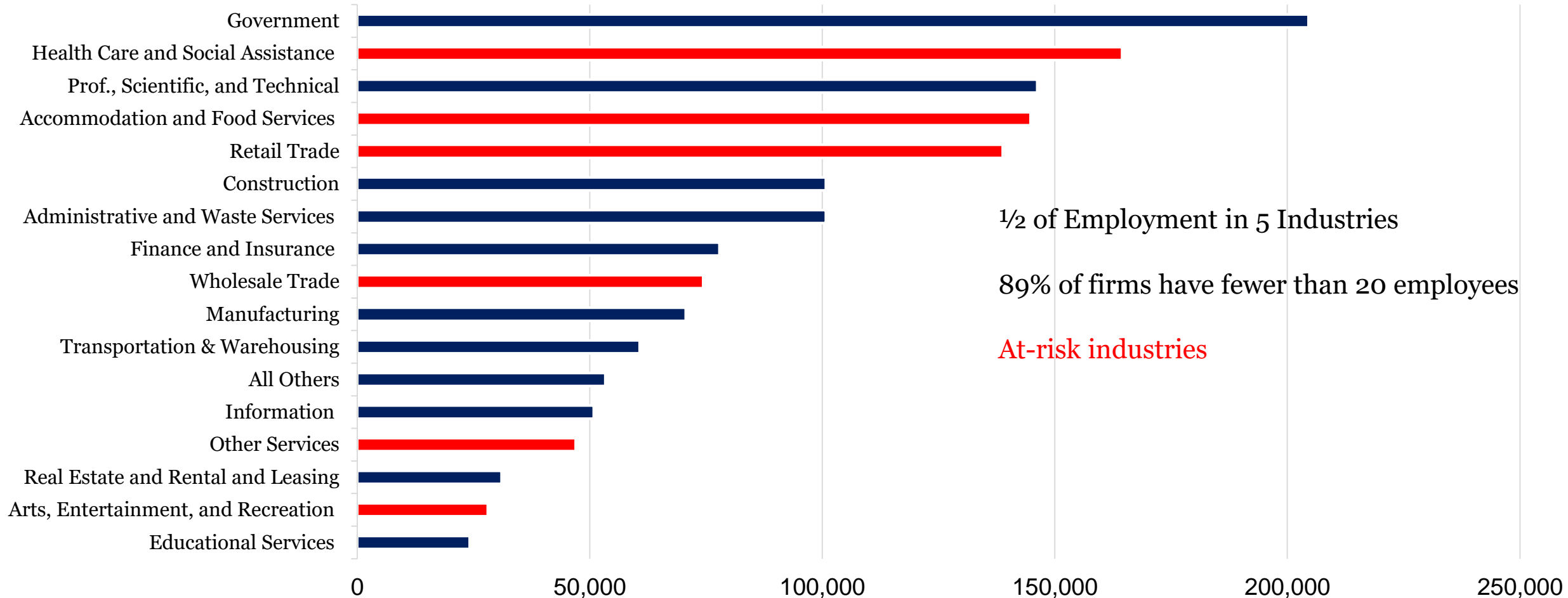
Employment by MSA

1-Year Change, January 2021



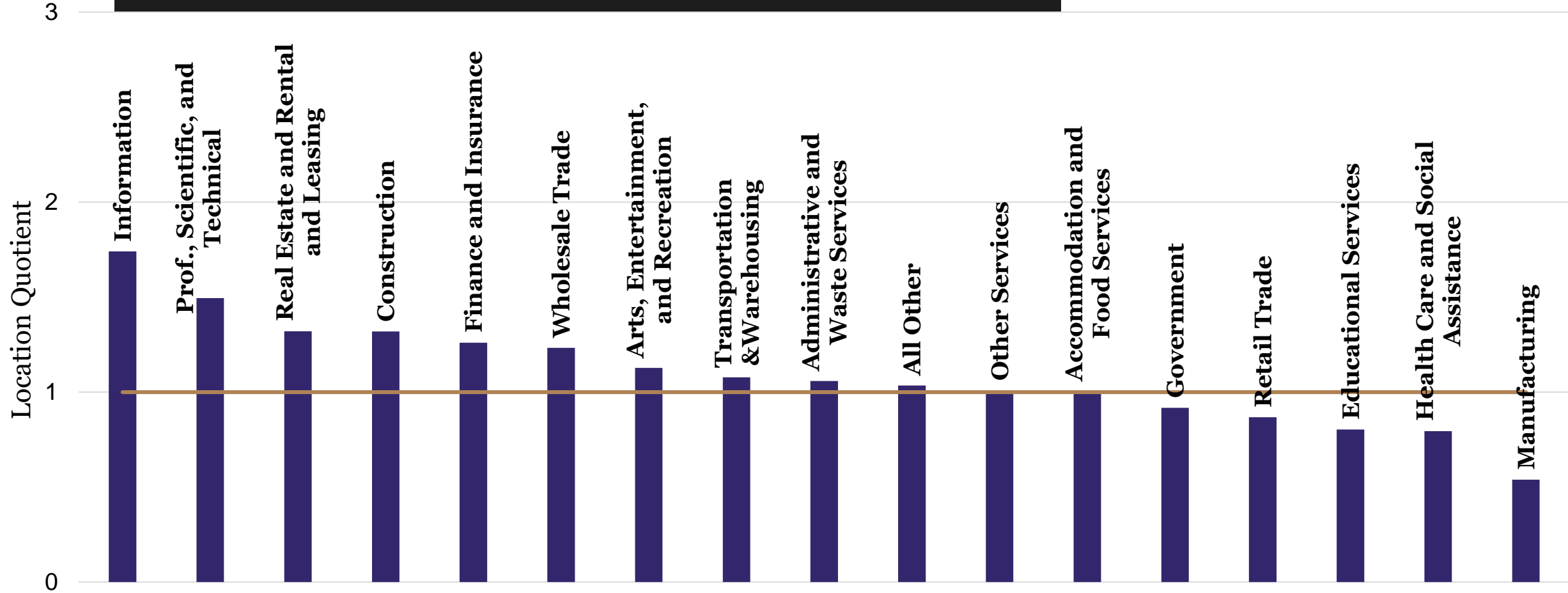
Denver Metro Area Employment

Total Employment ~1,518,000



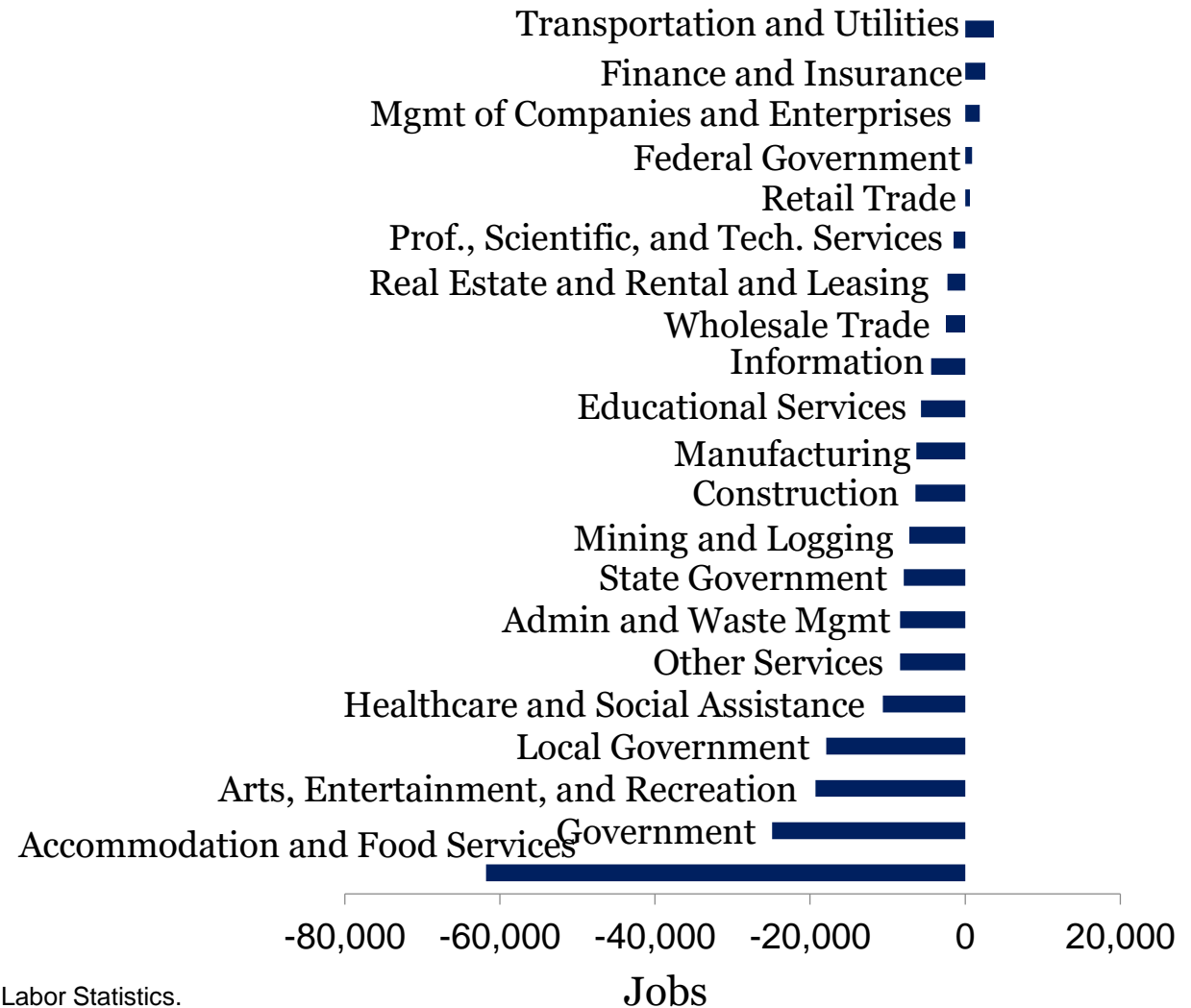
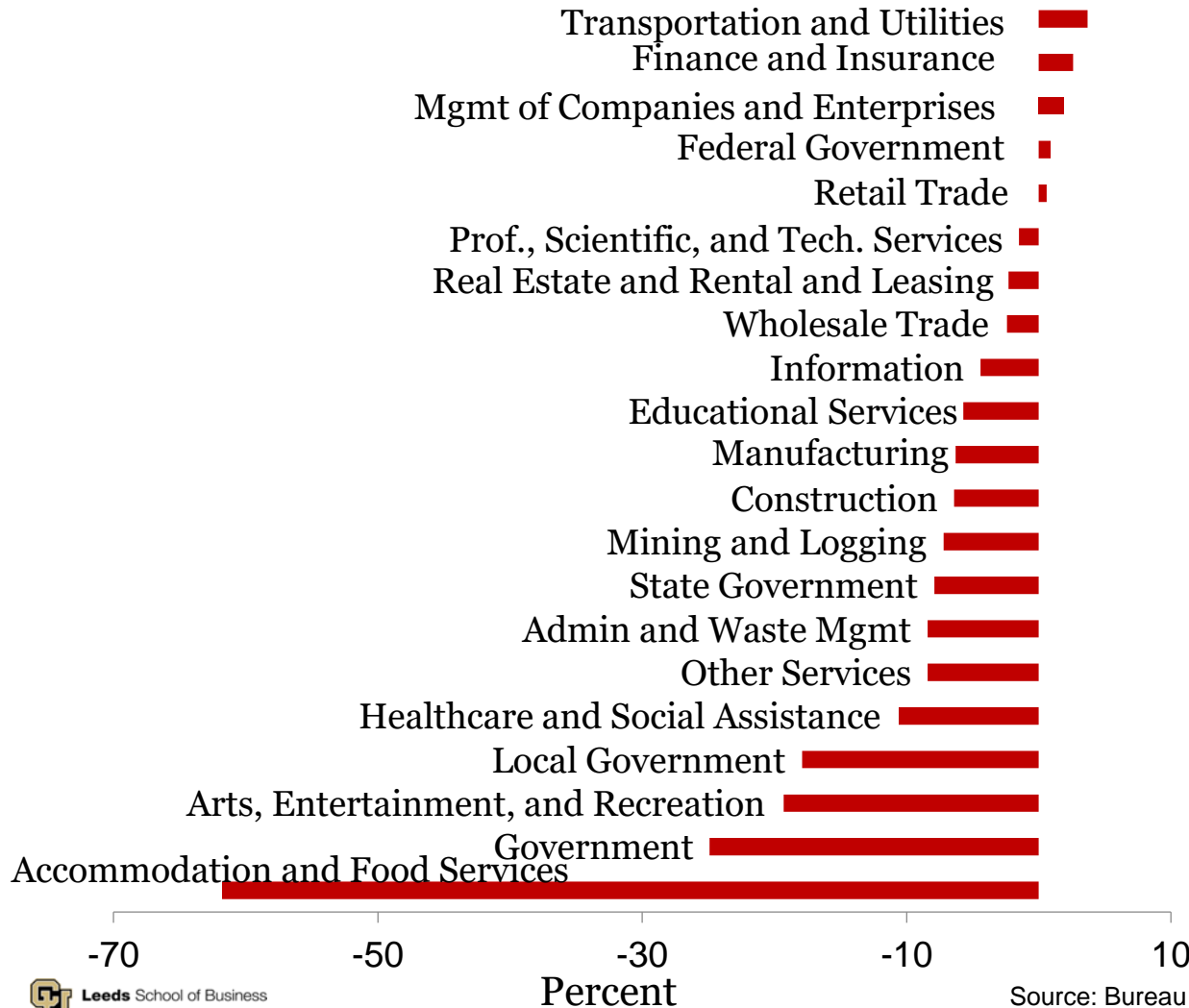
Industry Location Quotients

Denver Metro Area compared to the U.S., 2019 Annual



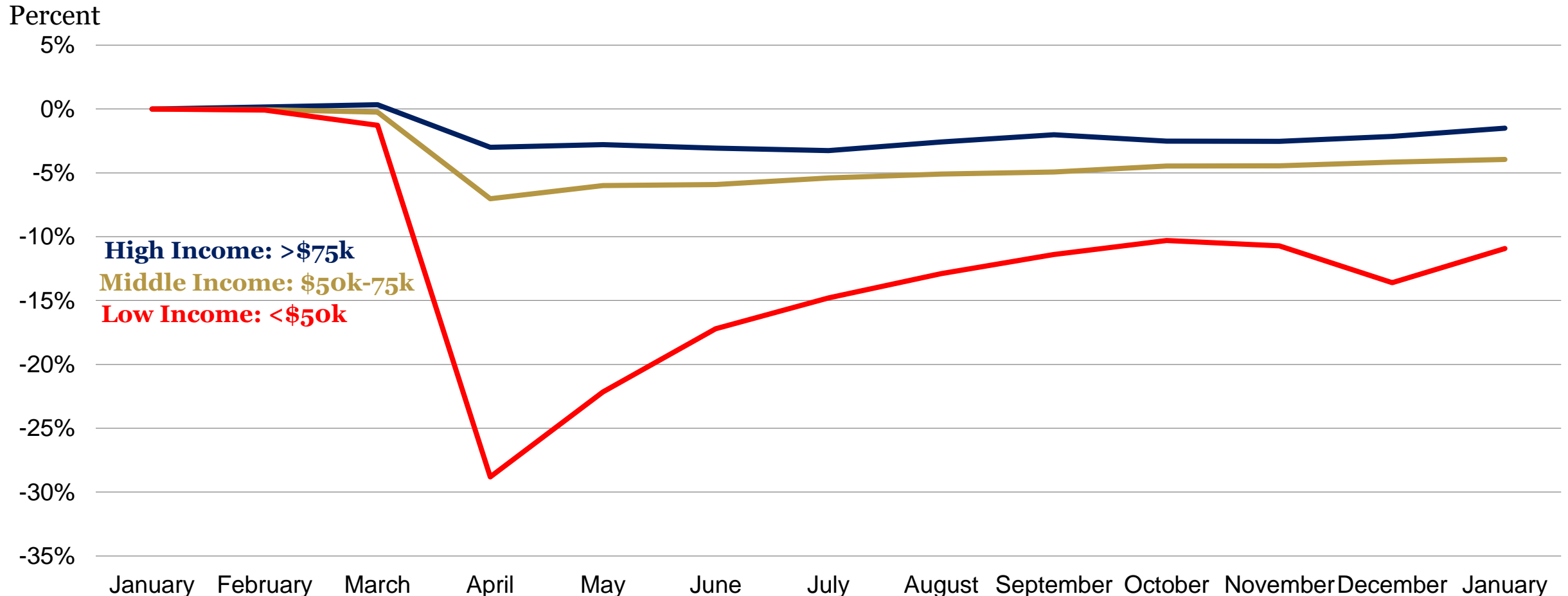
Colorado Employment Change

January Year-over-Year



Colorado Employment by Industry Wage Group

Percent Change from January 2020

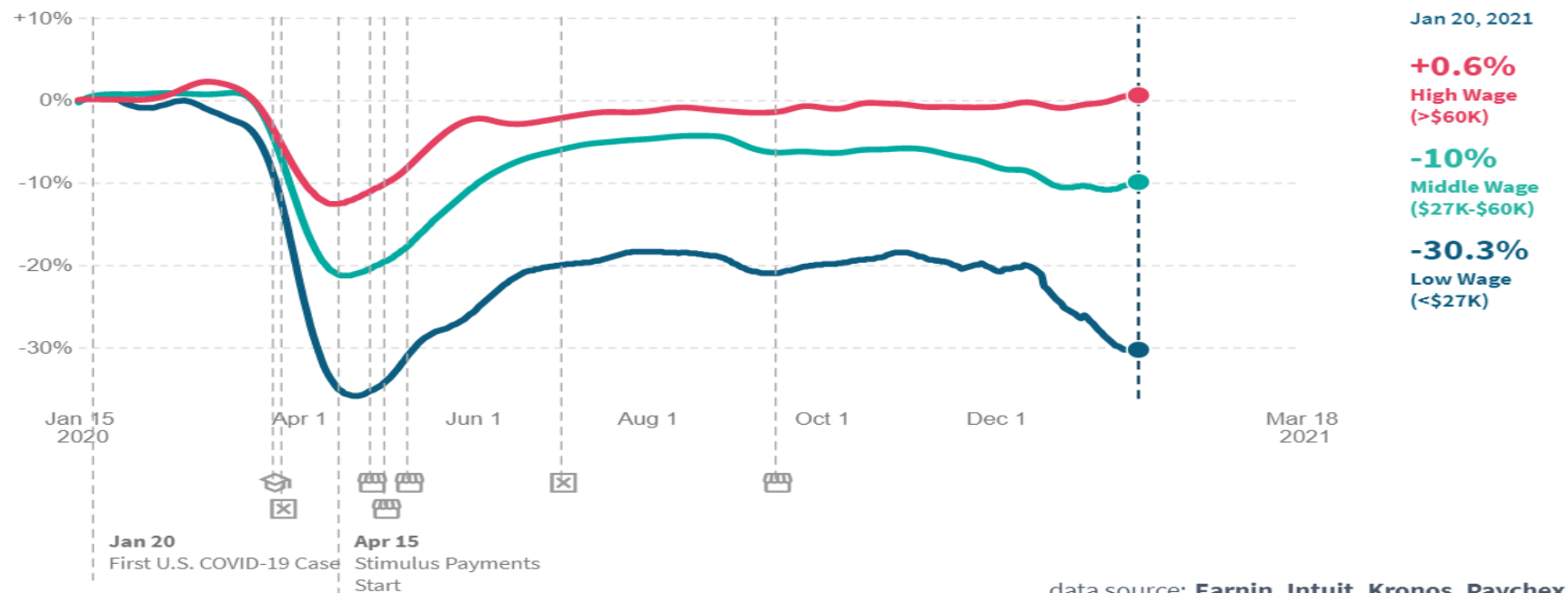


Colorado Percent Change in Employment

Percent Change from January 2020

Percent Change in Employment*

In **Colorado**, as of **January 20 2021**, employment rates among workers in the bottom wage quartile **decreased** by **30.3%** compared to January 2020 (not seasonally adjusted).



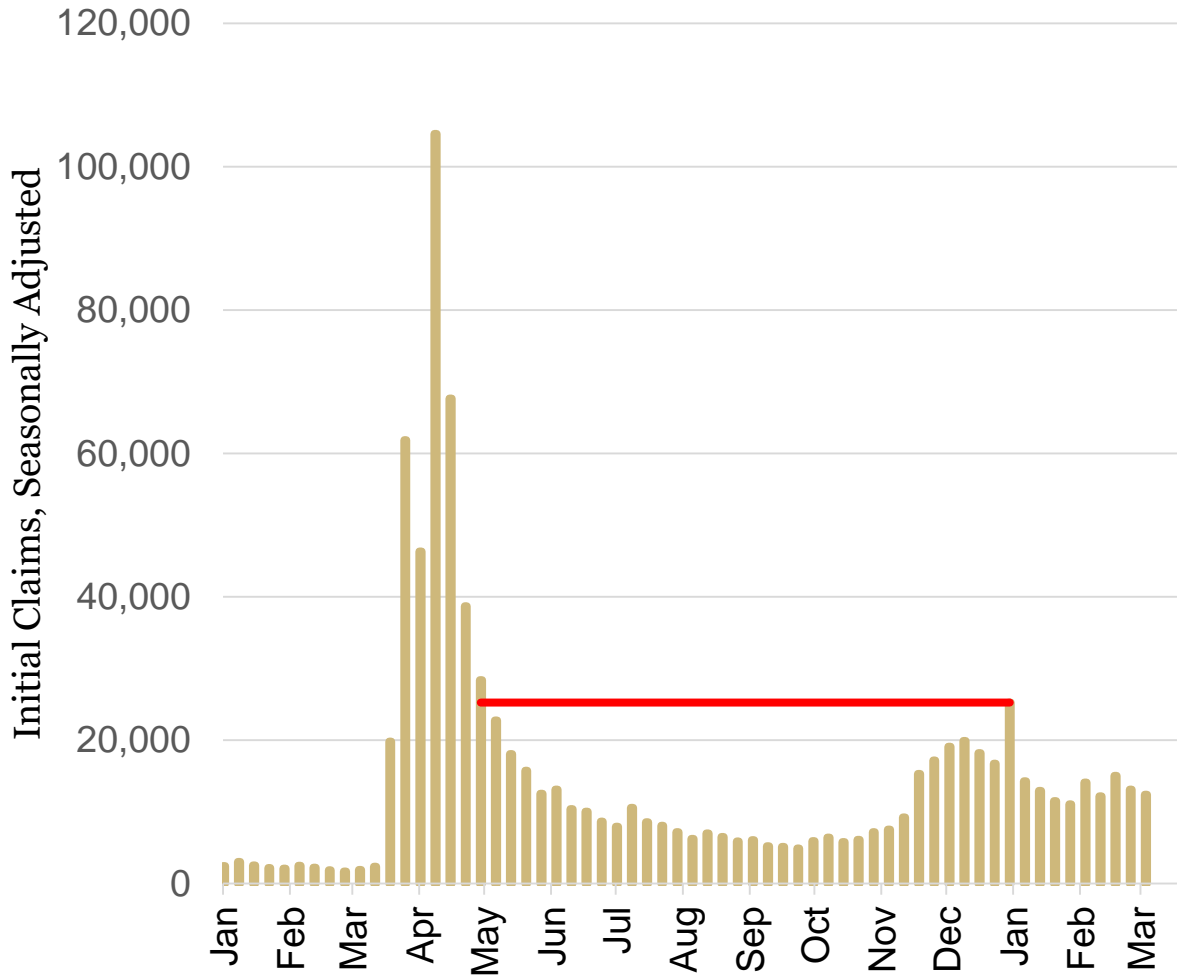
*Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line is a prediction of employment rates based on Kronos and Paychex data.

last updated: **March 15, 2021** next update expected: **March 19, 2021**

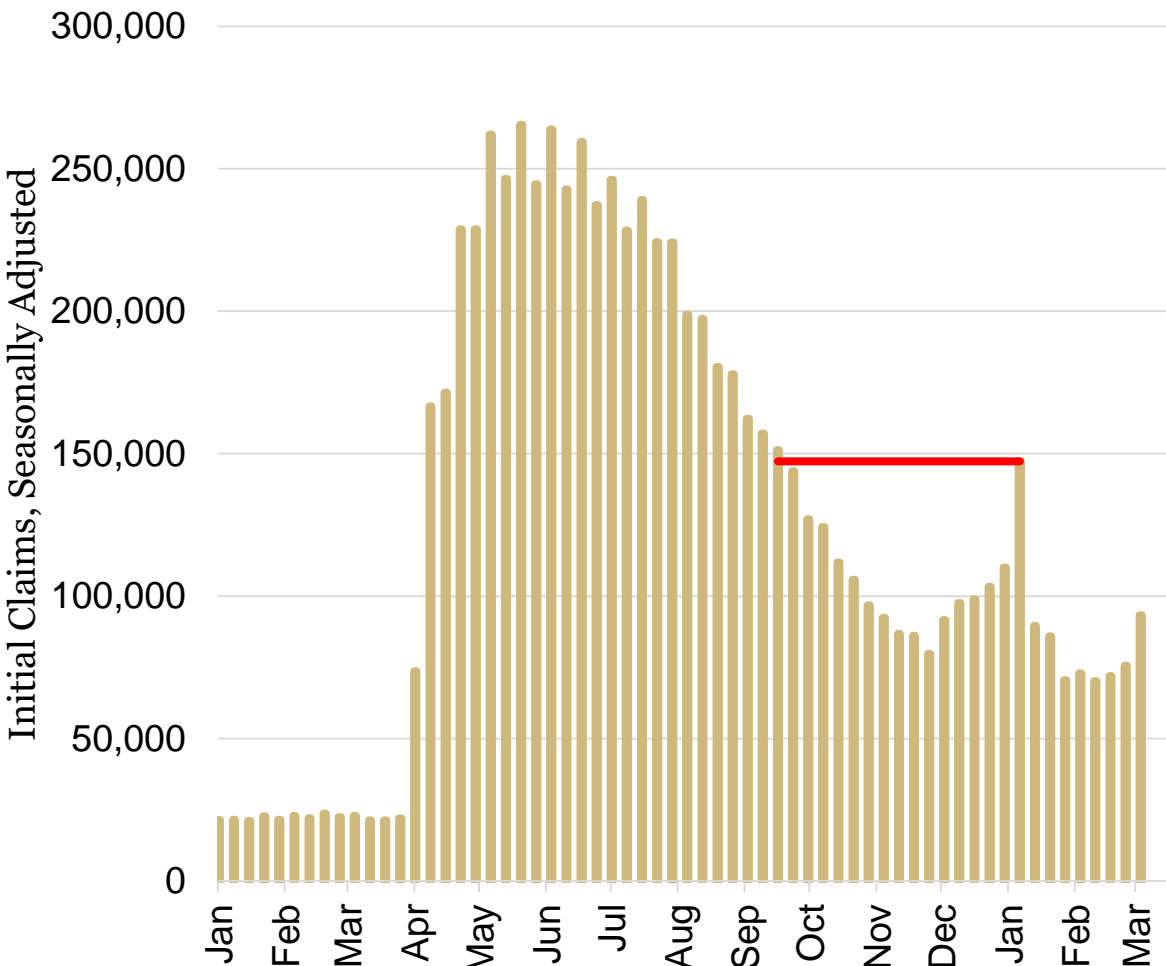
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Jobless Claims Colorado

Initial Claims

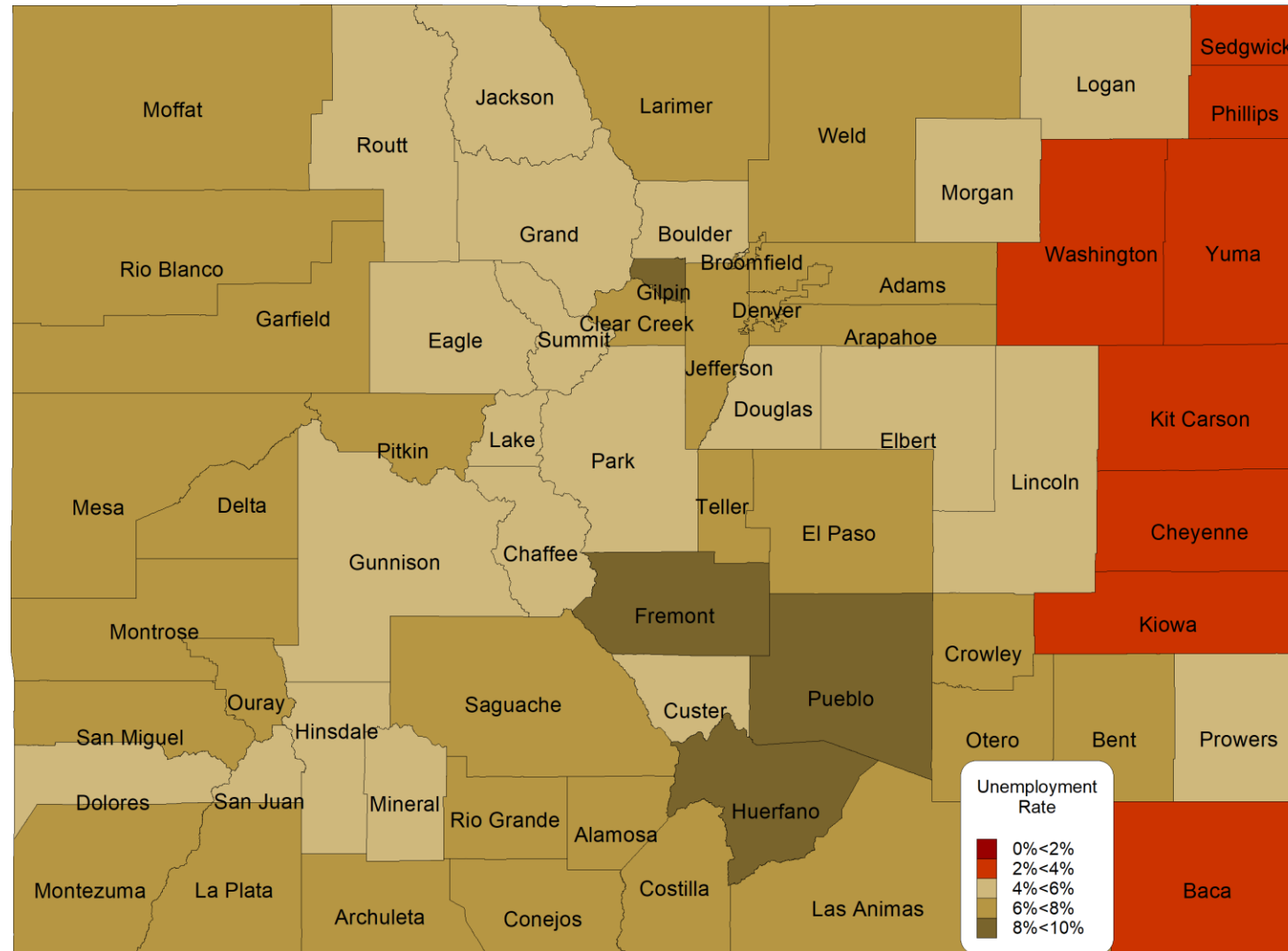


Continued Claims



Unemployment Rate by County

January 2021



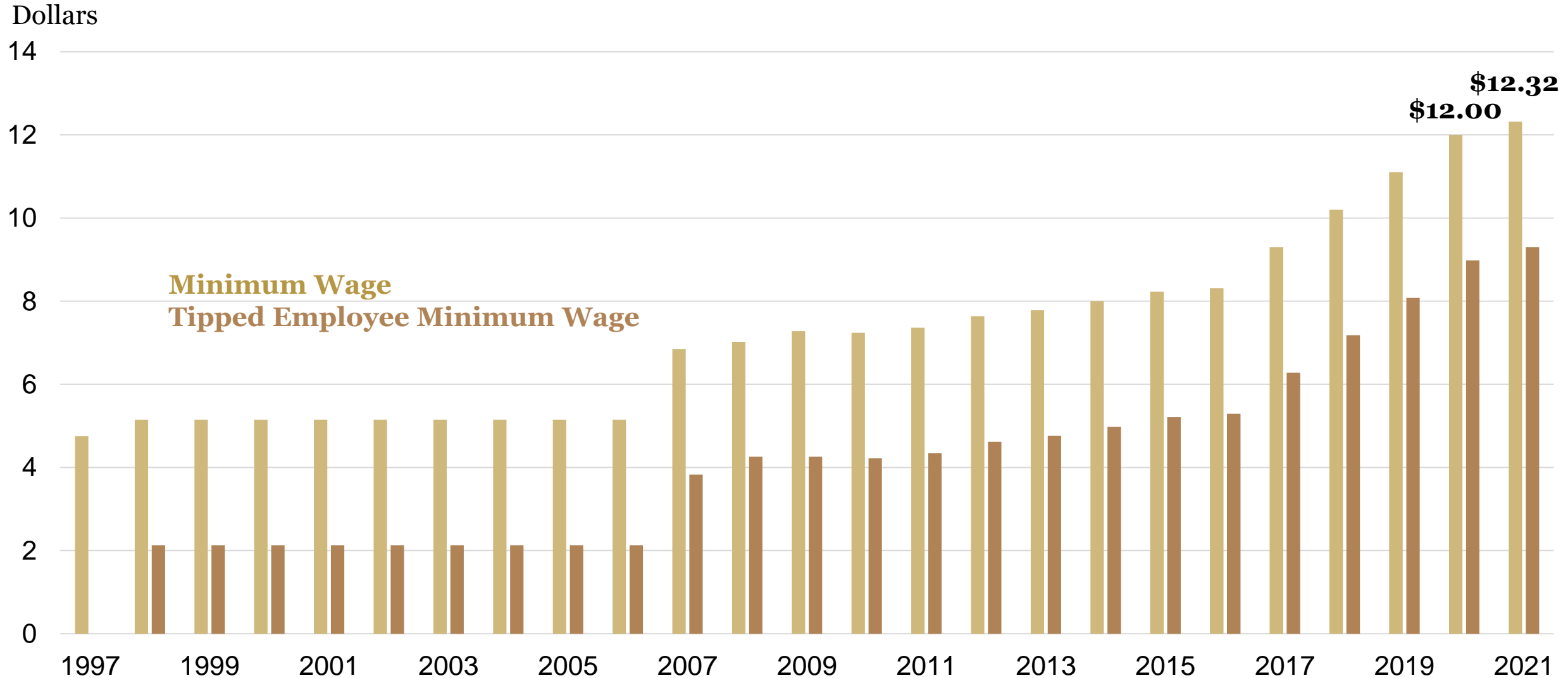
Source: Bureau of Labor Statistics (Not Seasonally Adjusted),

Colorado Wages

2020 Q3 (4Q Rolling Average)

Sector	Total Employment (Thousands)	YoY Employment Growth	Average Wages	YoY Wage Growth
Above Average Total	1,116	-0.7%	\$91,540	0.6%
Management of companies and enterprises	42	-0.8%	\$150,902	2.0%
Information	76	-1.1%	\$117,574	4.0%
Utilities	8	0.2%	\$112,371	0.5%
Finance and insurance	113	0.0%	\$108,419	1.9%
Professional and technical services	239	0.1%	\$103,233	-1.1%
Natural Resources and Mining	44	-5.5%	\$92,602	-0.7%
Wholesale trade	109	-1.0%	\$92,513	0.6%
Federal Government	54	1.4%	\$86,117	-1.6%
Manufacturing	148	-0.8%	\$75,159	0.5%
State Government	108	-0.3%	\$69,272	1.1%
Construction	176	-1.2%	\$66,657	0.9%
All Industries	2,638	-1.6%	\$64,645	1.4%
Real estate and rental and leasing	53	-1.9%	\$63,457	1.1%
Transportation and warehousing	86	0.5%	\$58,419	-0.9%
Health care and social assistance	299	-0.7%	\$54,163	1.2%
Local Government	261	-1.4%	\$52,982	1.6%
Administrative and waste services	153	-3.1%	\$47,157	1.4%
Educational services	35	-2.9%	\$46,140	3.1%
Other services, except public administration	79	-2.8%	\$44,471	1.8%
Arts, entertainment, and recreation	48	-8.2%	\$40,124	1.6%
Retail trade	263	-0.7%	\$35,749	2.0%
Accommodation and food services	243	-6.1%	\$25,239	0.4%
Below Average Total	1,520	-2.3%	\$44,872	1.7%

Colorado Minimum Wage

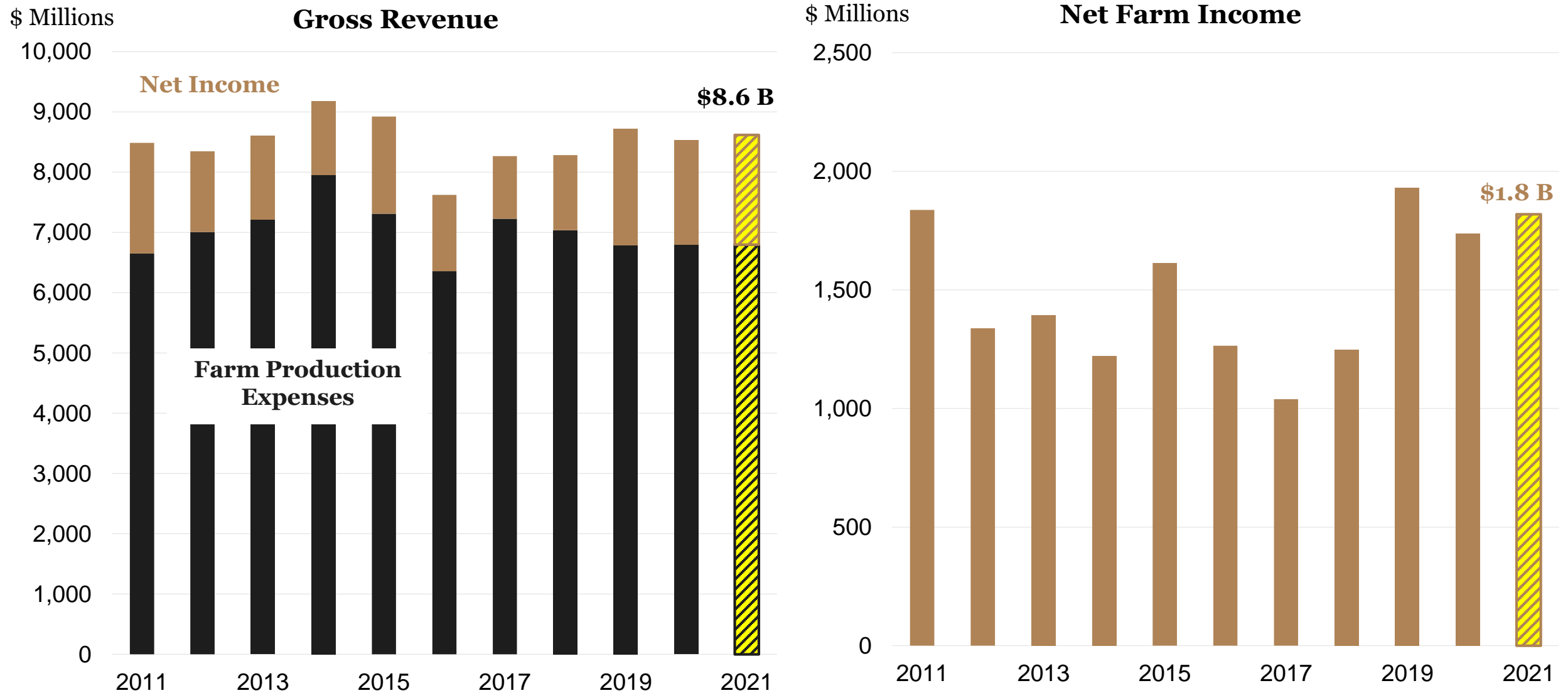


Agriculture



Photo courtesy of Michael McCaffrey.

Gross Farm Revenue and Net Income



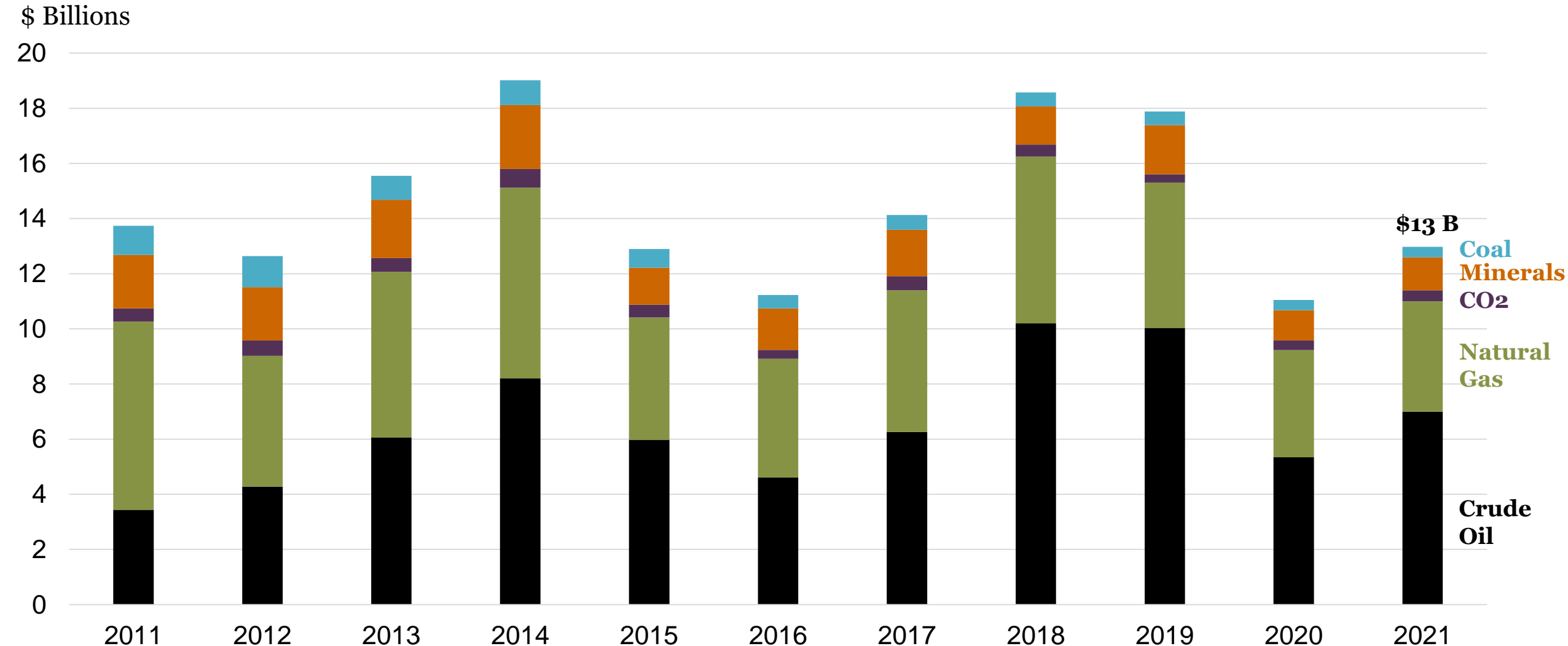
A dark background with a complex, wavy, golden-yellow line pattern resembling a topographic map or contour lines.

Natural Resources and Mining



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Value of Natural Resources Production

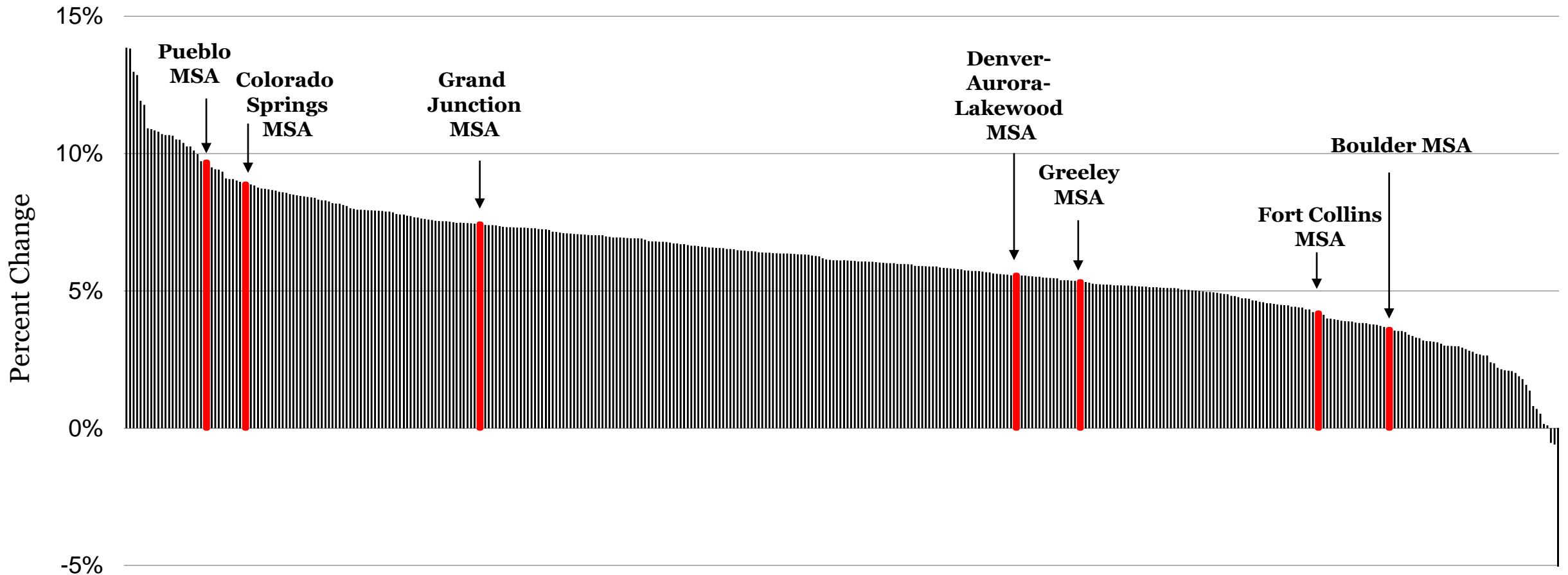




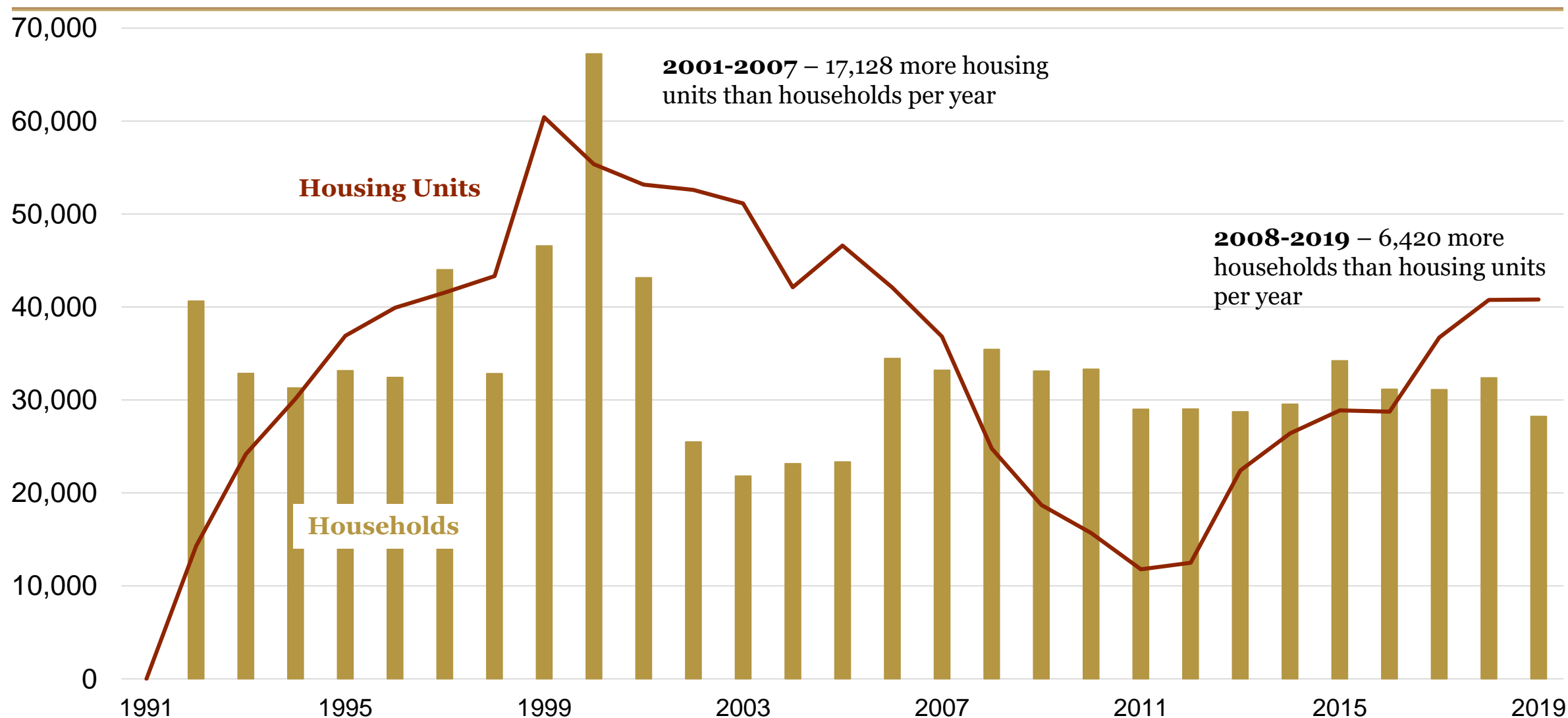
Construction

FHFA Home Price Index by MSA

1-Year Home Price Change, Q4 2020

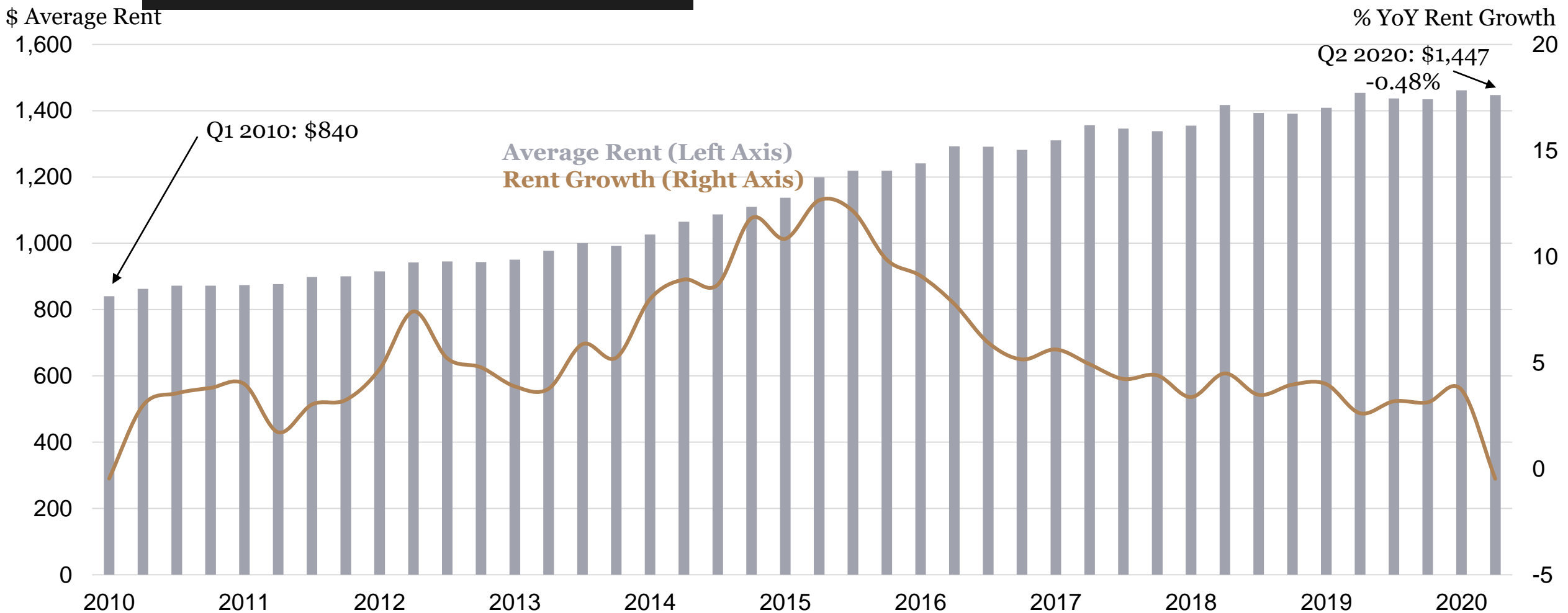


Colorado New Housing Units and Households



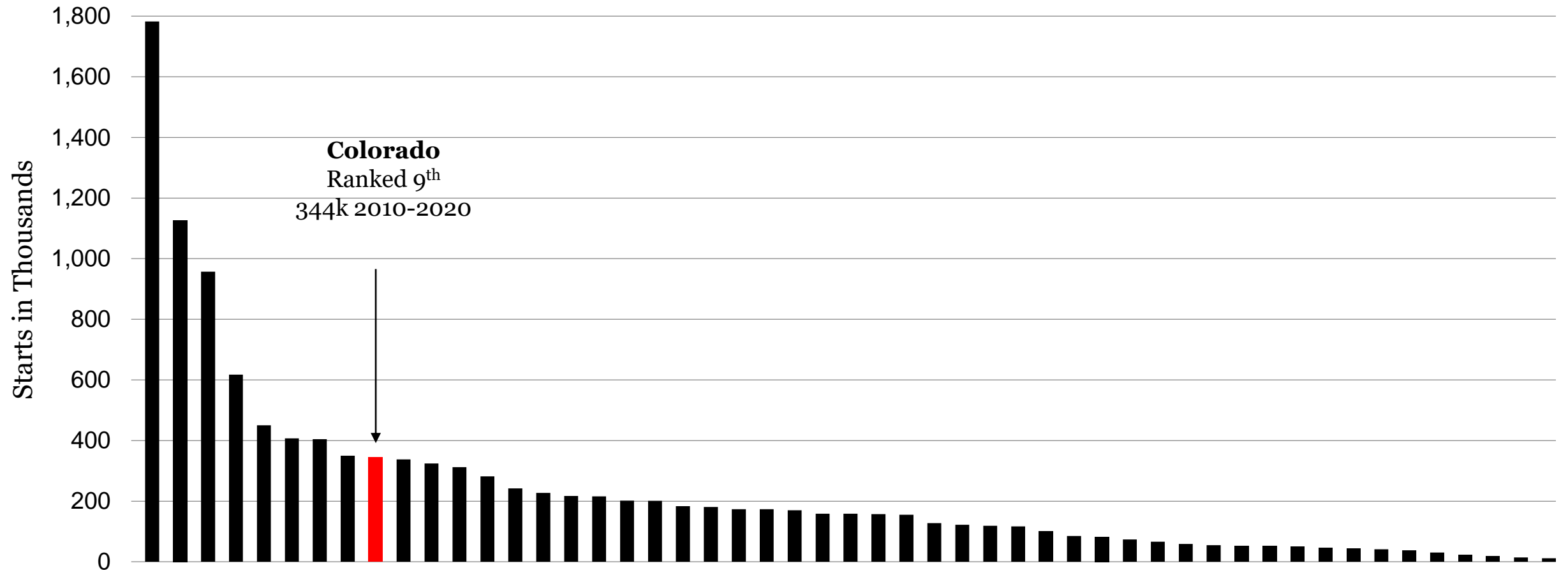
Average Rent

Colorado Multifamily Housing



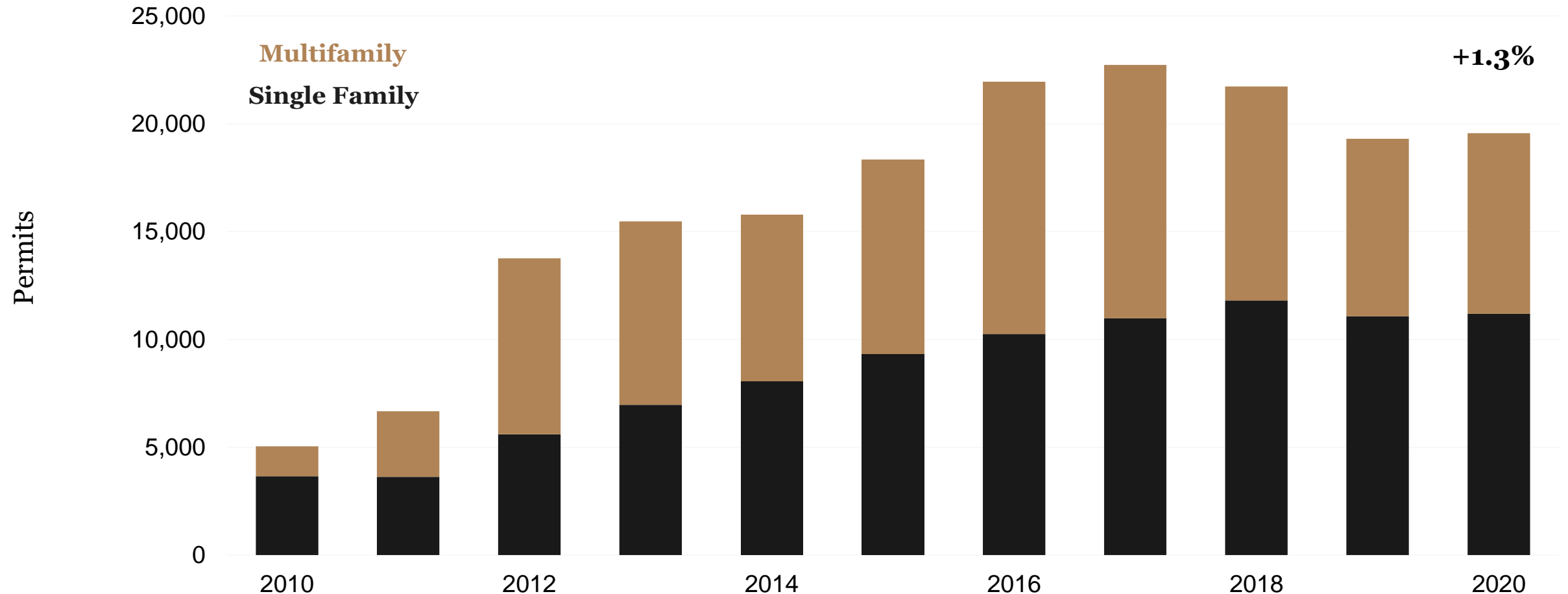
Residential Building Permits

2010-2020



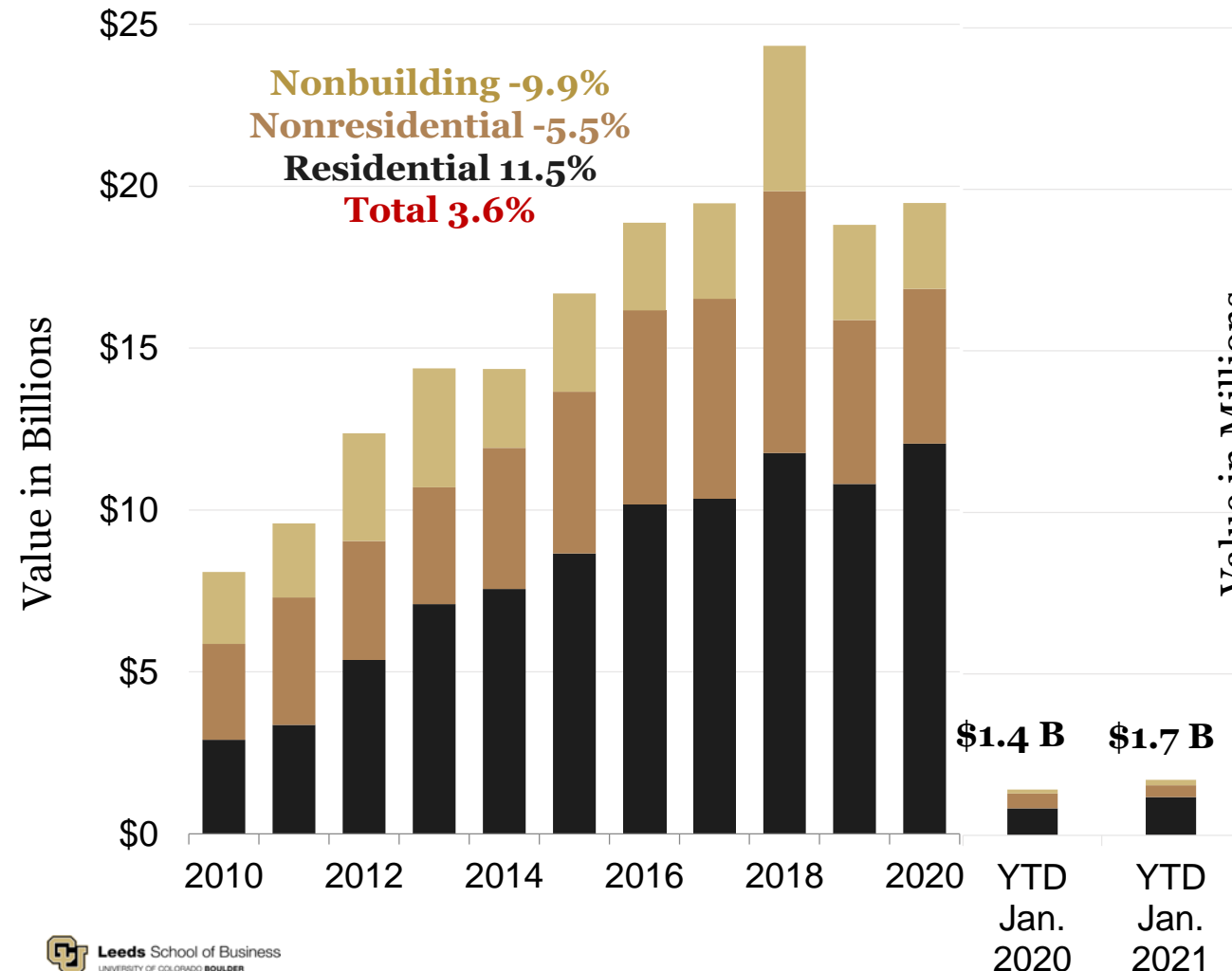
Residential Building Permits

Denver Metro

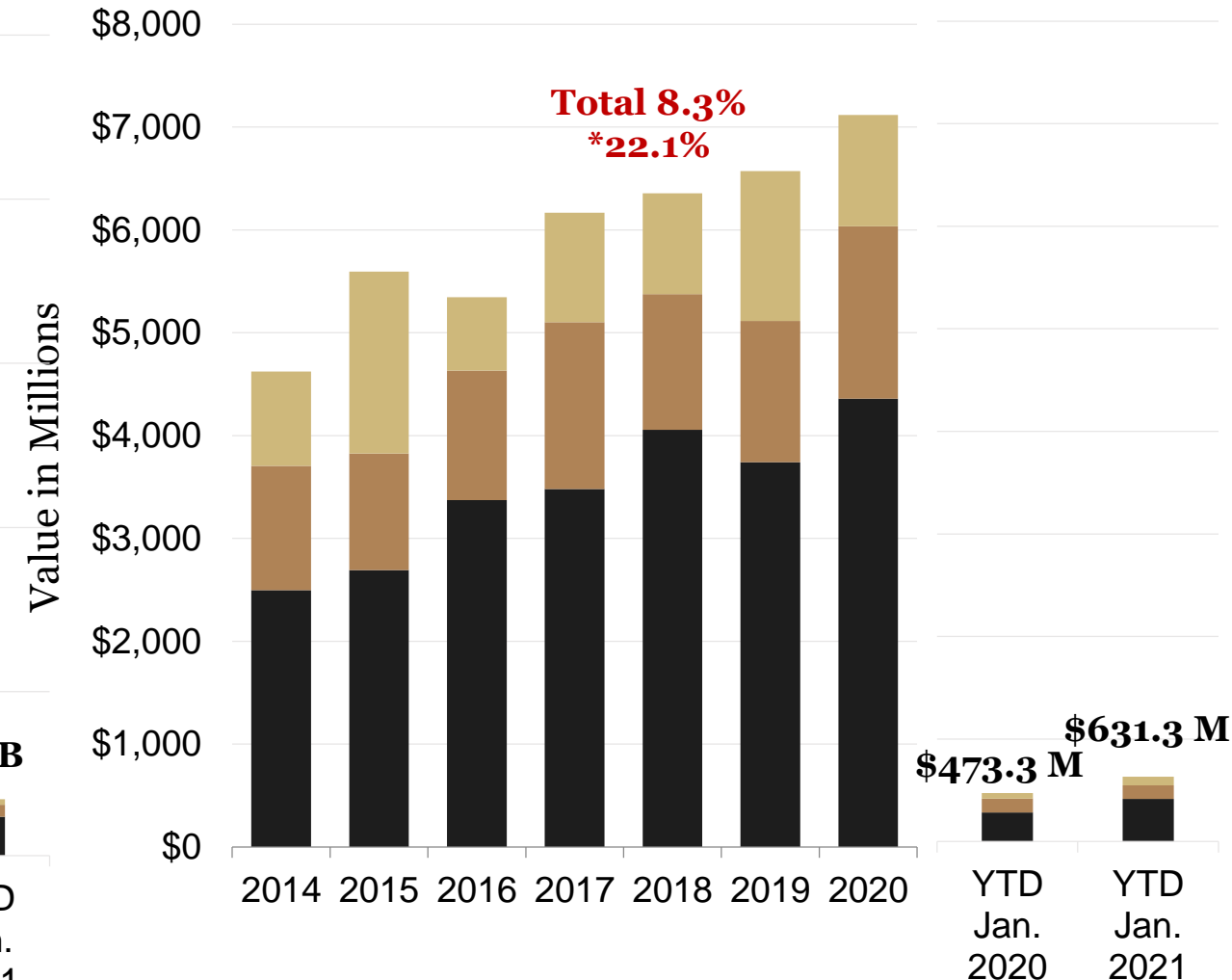


Colorado Value of Construction

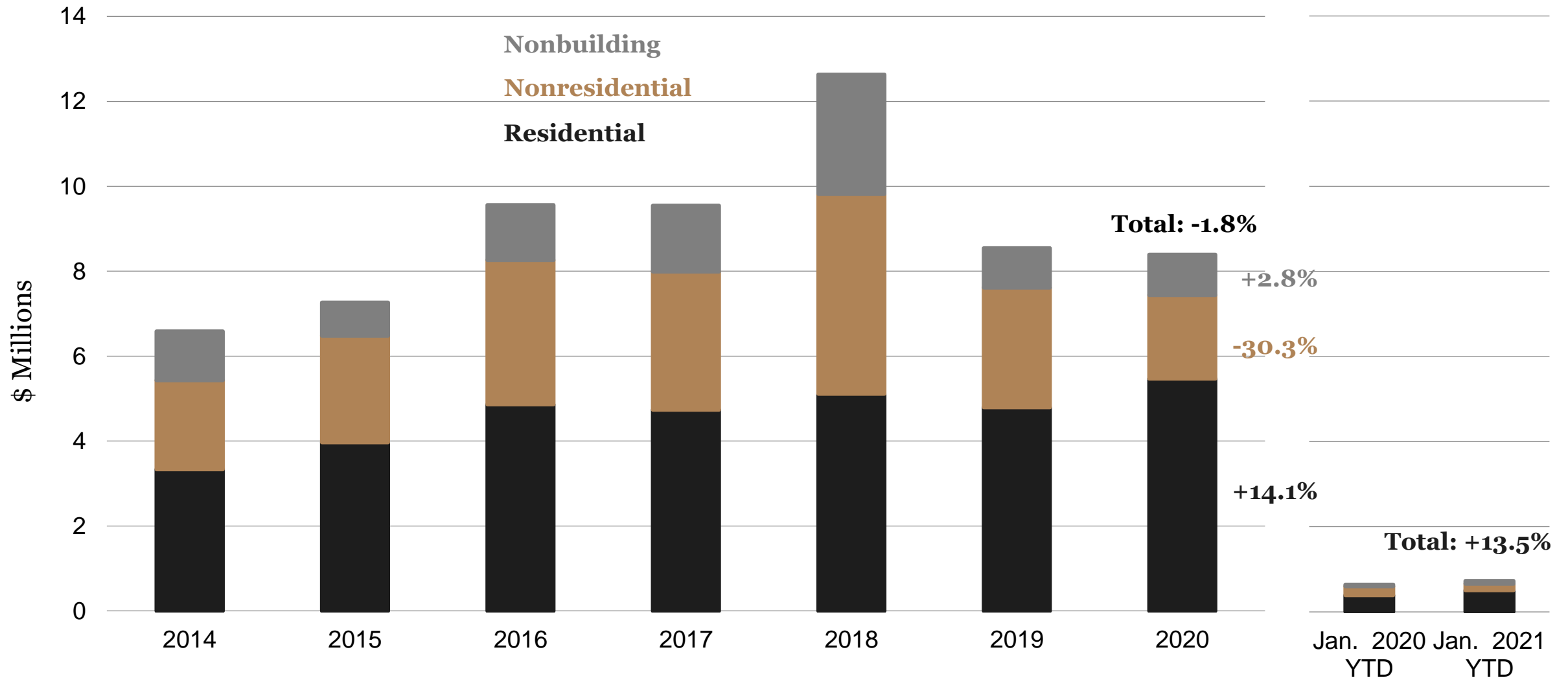
Colorado



Excluding Northern MSAs



Denver Metro Value of Construction



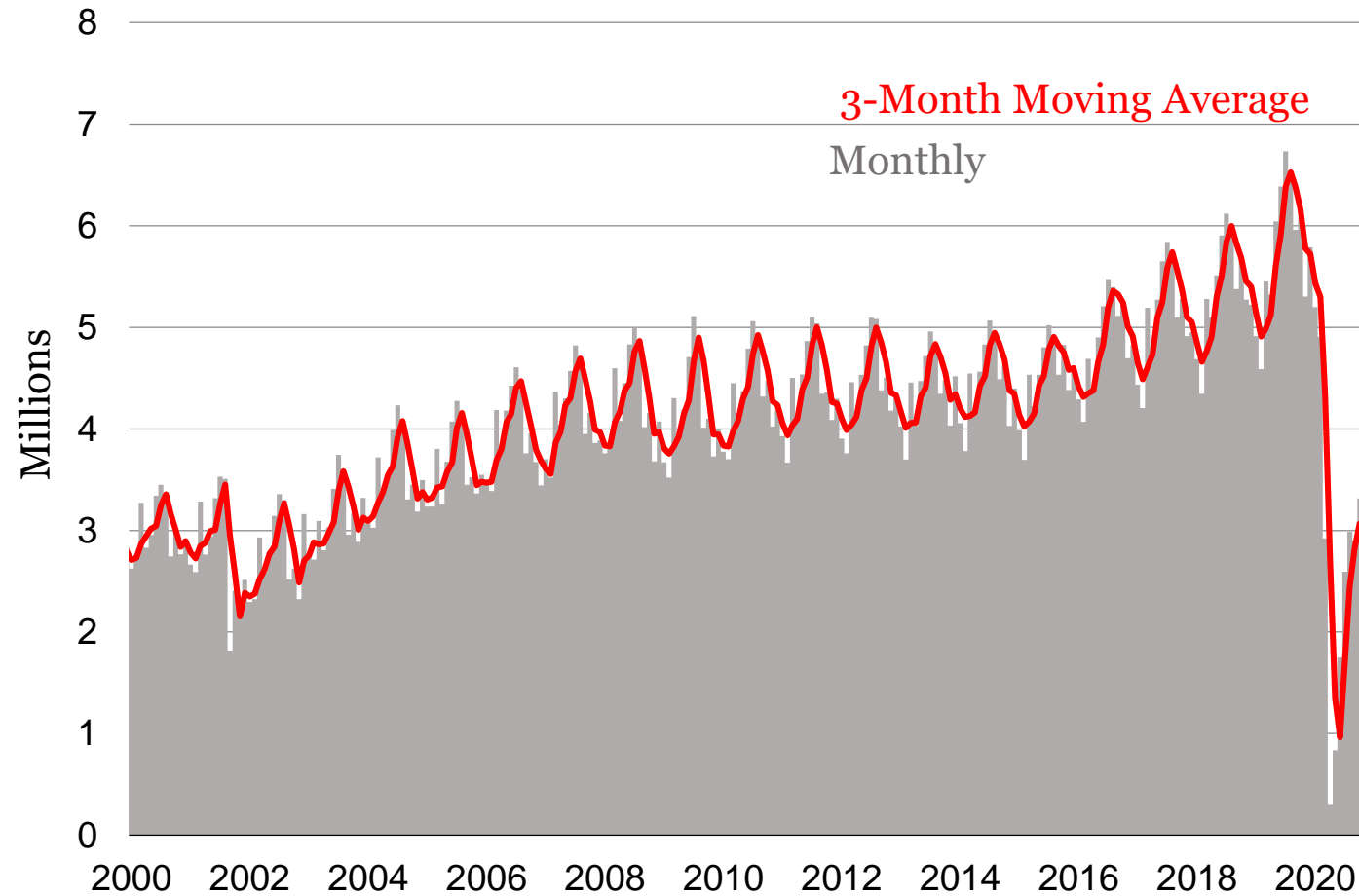
Tourism



Photo courtesy of Dustin Dorskocil/CPW.

DIA Enplanements and Deplanements

2000-2020

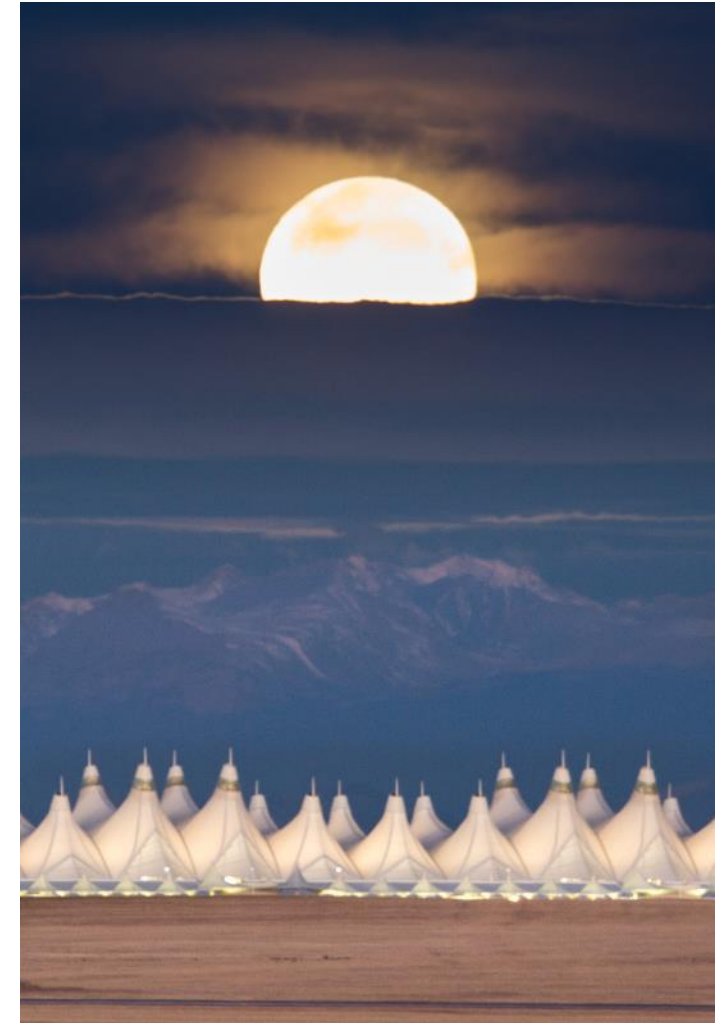


December YTD

-45.4%
YoY
Change

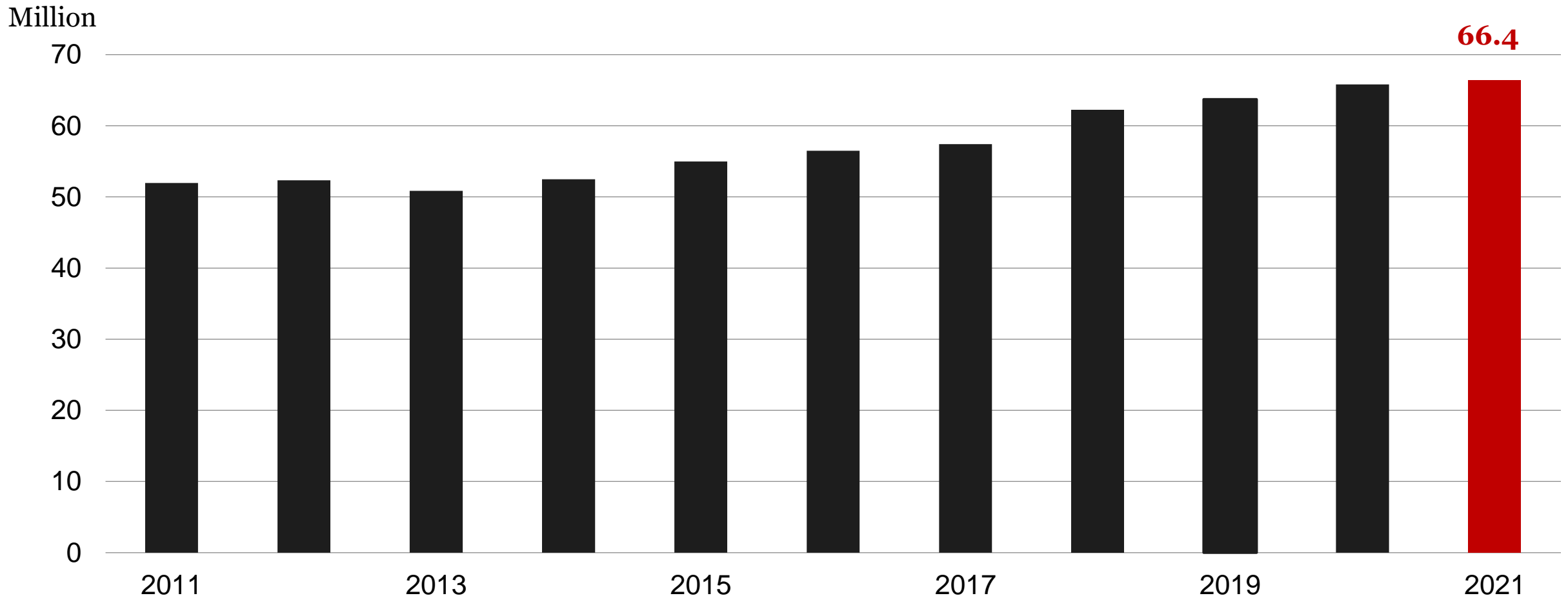
Dec.
2019

Dec.
2020



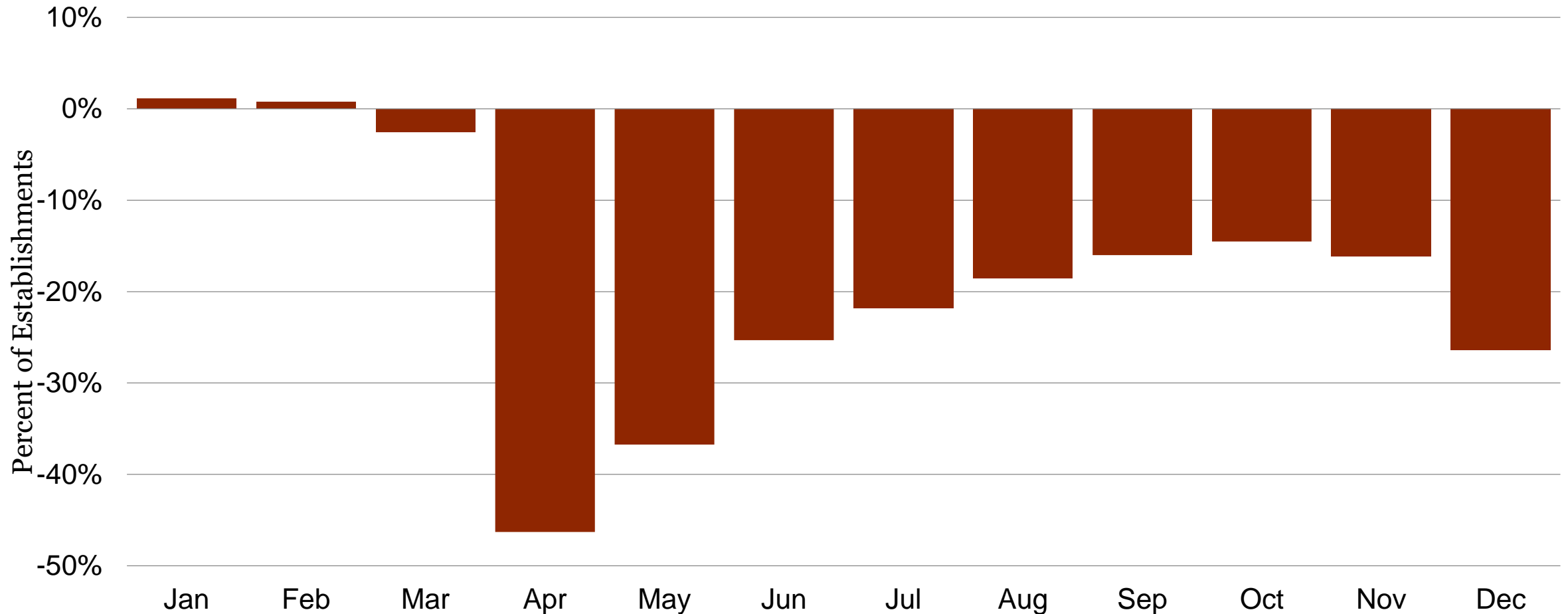
Colorado Public Lands Visits

2011 - 2021



Leisure & Hospitality Employment

Year-Over-Year Percent Change in Leisure & Hospitality Employment

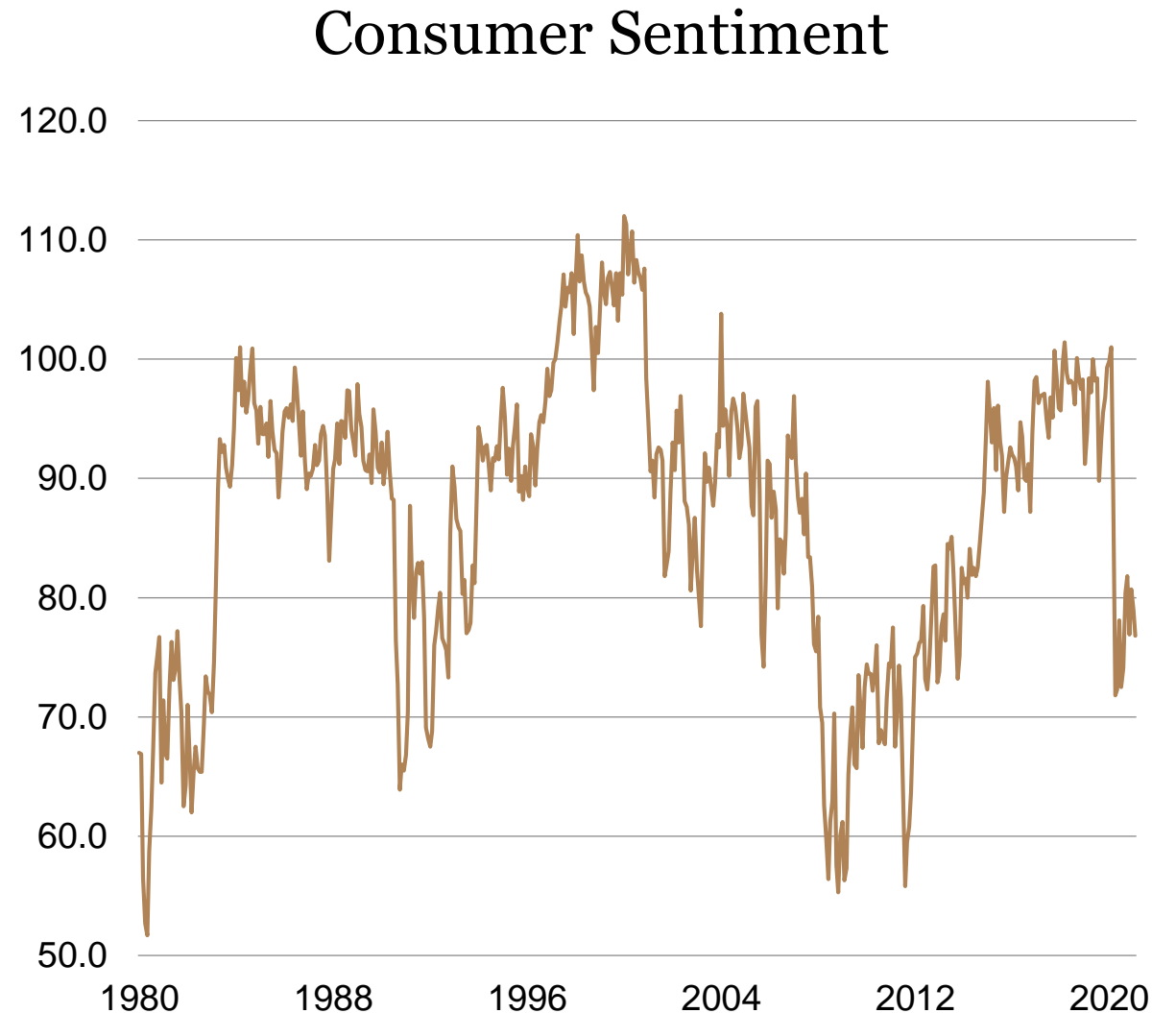
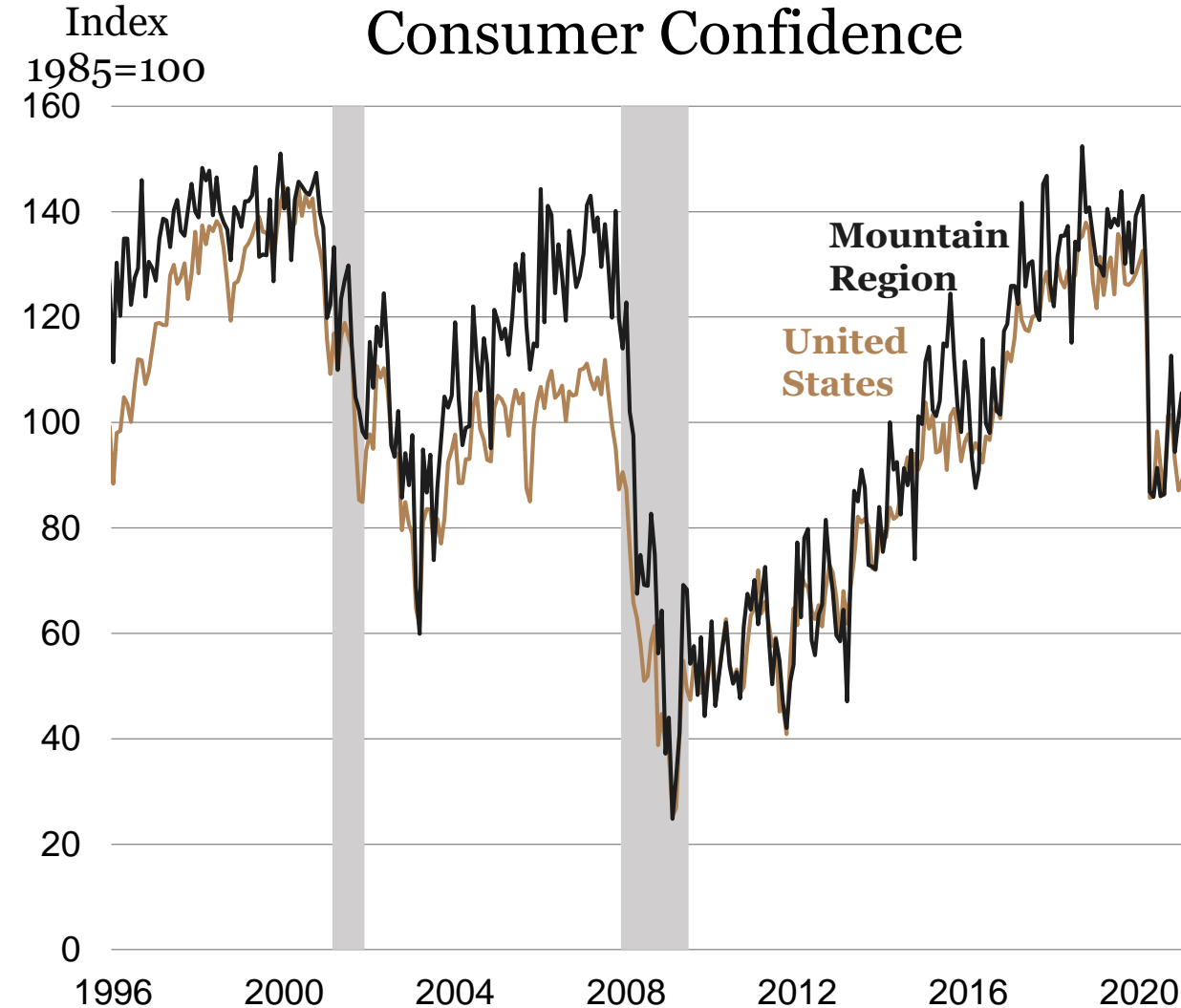


Indicators



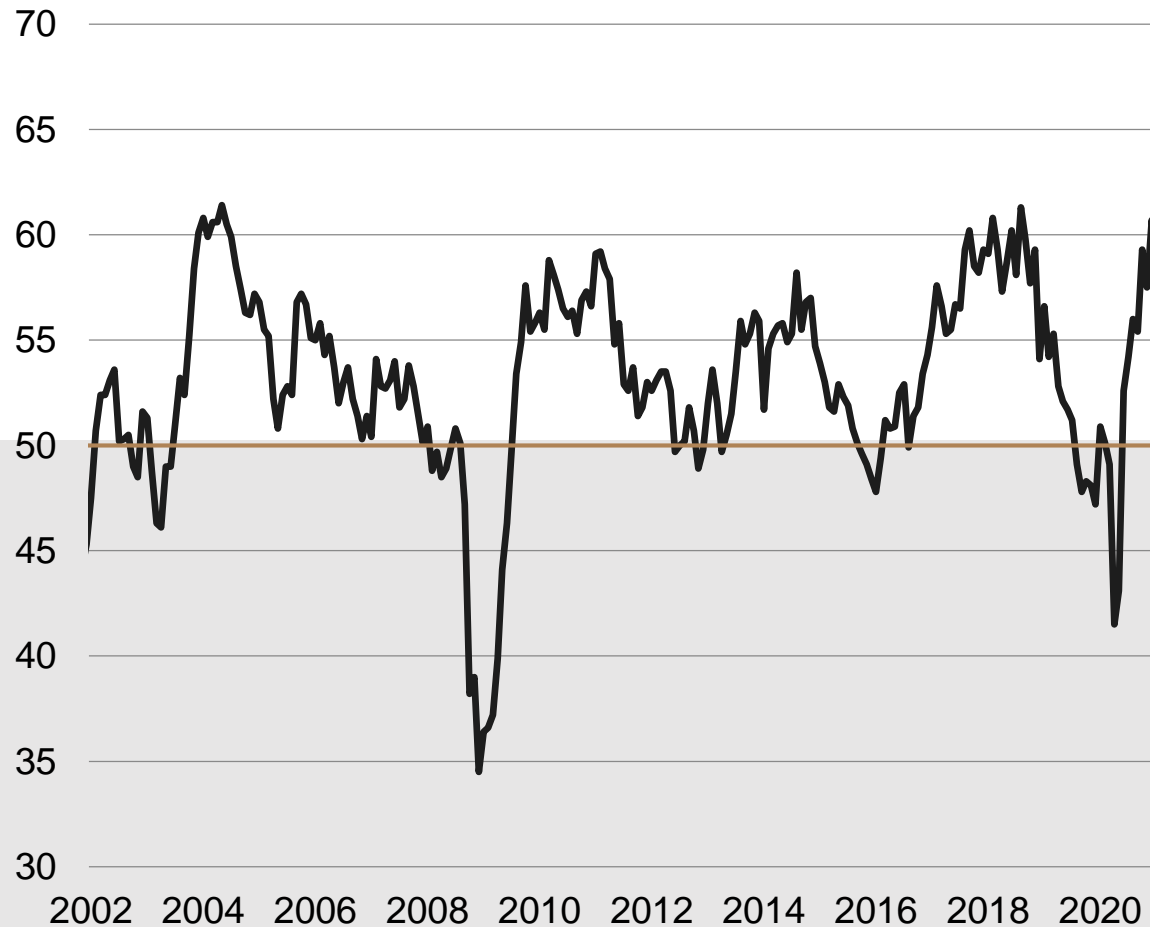
Photo by Riccardo Annandale on Unsplash.

Index of Consumer Confidence

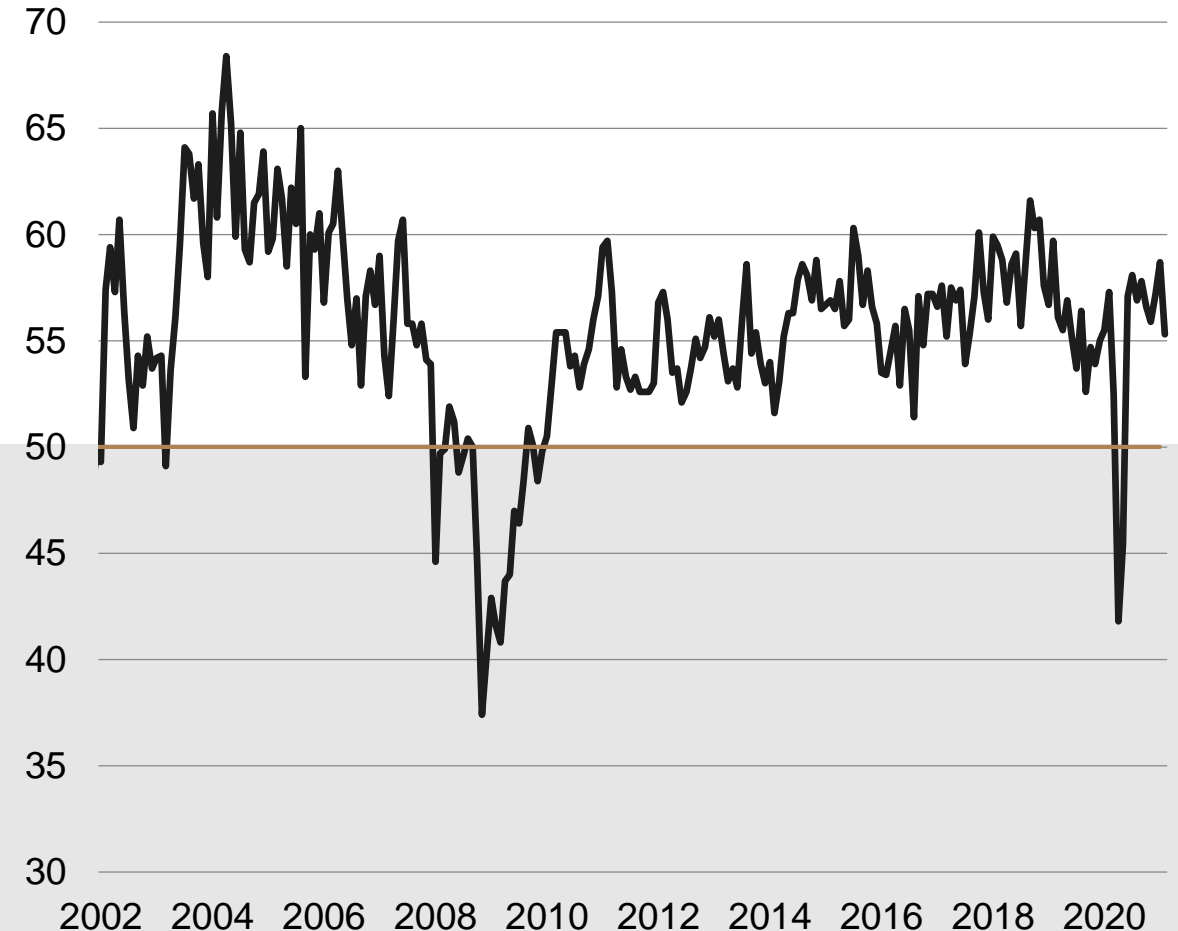


ISM Indices

ISM Manufacturing PMI® Index



ISM Services PMI® Index



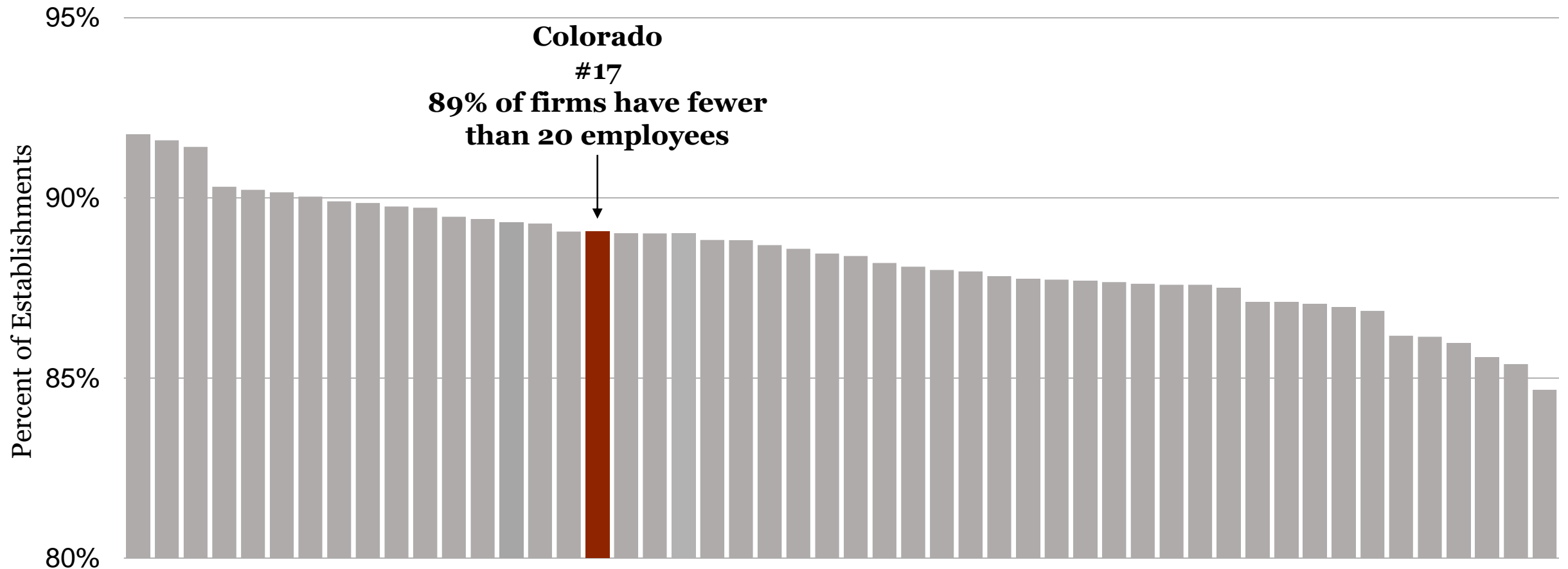
Colorado Rank Among Other States

Metric	1-Year	3-Year	5-Year	10-Year
Real GDP Growth	5	4	6	5
Employment Growth	26	14	11	6
Population Growth	8	7	7	3
Personal Income Growth	48	17	11	3
PCPI Growth	48	35	24	6
PCPI	12	11	14	22
Average Annual Pay % Growth	21	6	8	8
Average Annual Pay	8	9	12	12
Unemployment Rate	47	14	3	31
Labor Force % Growth	5	5	2	3
LFPR	4	6	7	12
FHFA Home Price Index Growth	27	17	6	4

Data Sources: Bureau of Economic Analysis (2020), Bureau of Labor Statistics (12/20), U.S. Census Bureau (2019), Bureau of Labor Statistics (2020), Federal Housing Finance Agency All Transactions Index (Q4 2020), BRD calculations. *Unemployment rate for the last month.

Percent of Small Business Establishments

Percent of Establishments with Less Than 20 Employees

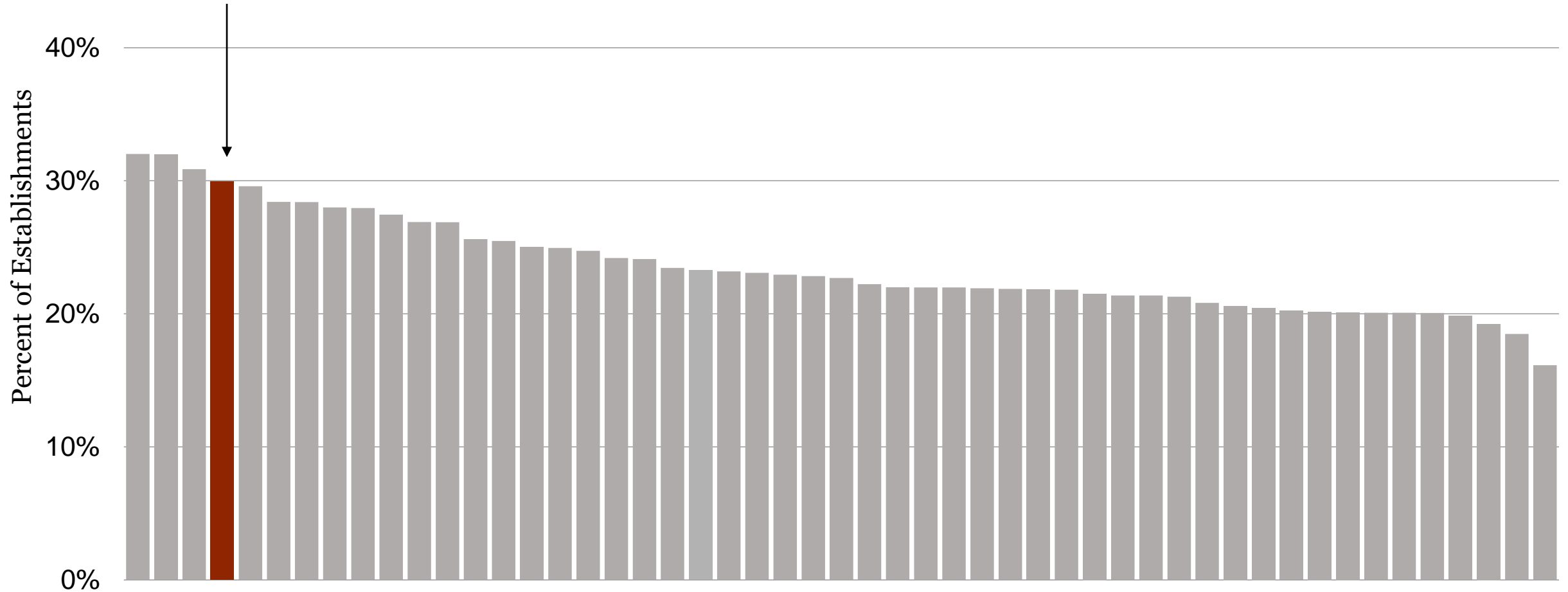


Young Establishments

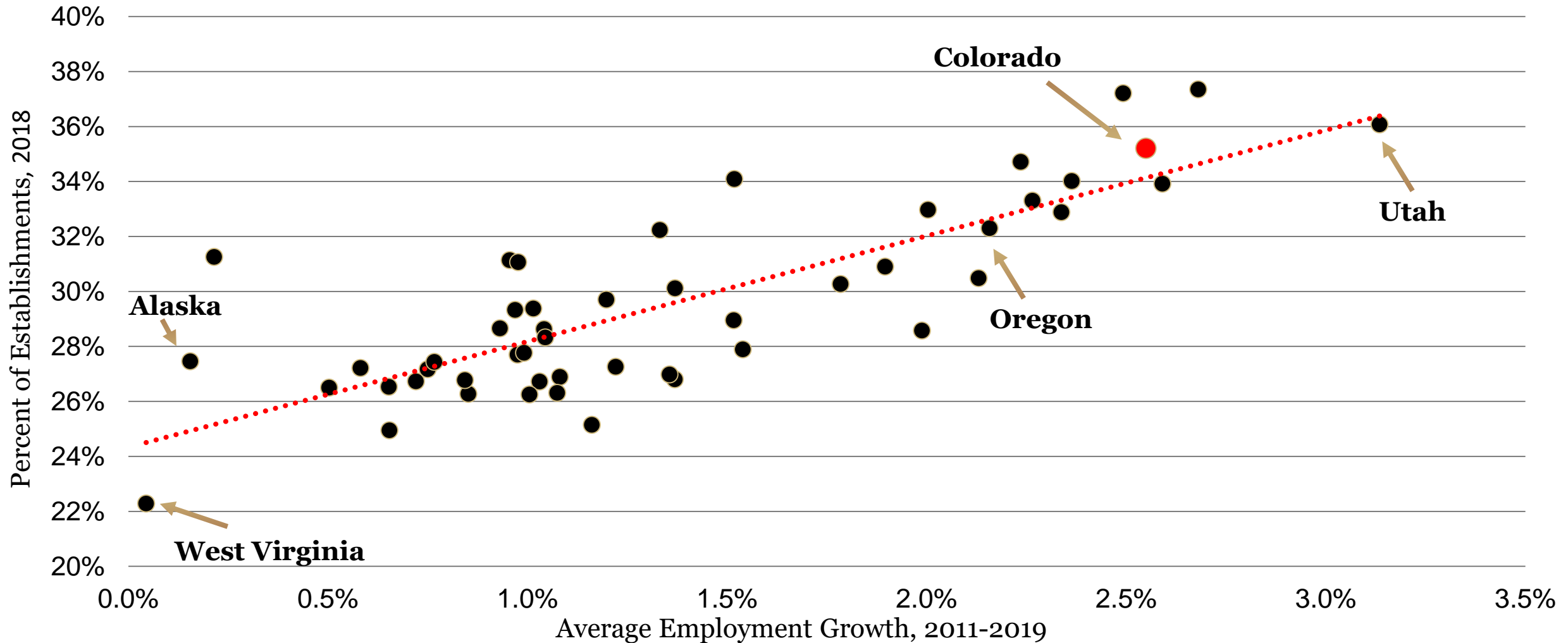
Colorado

#4

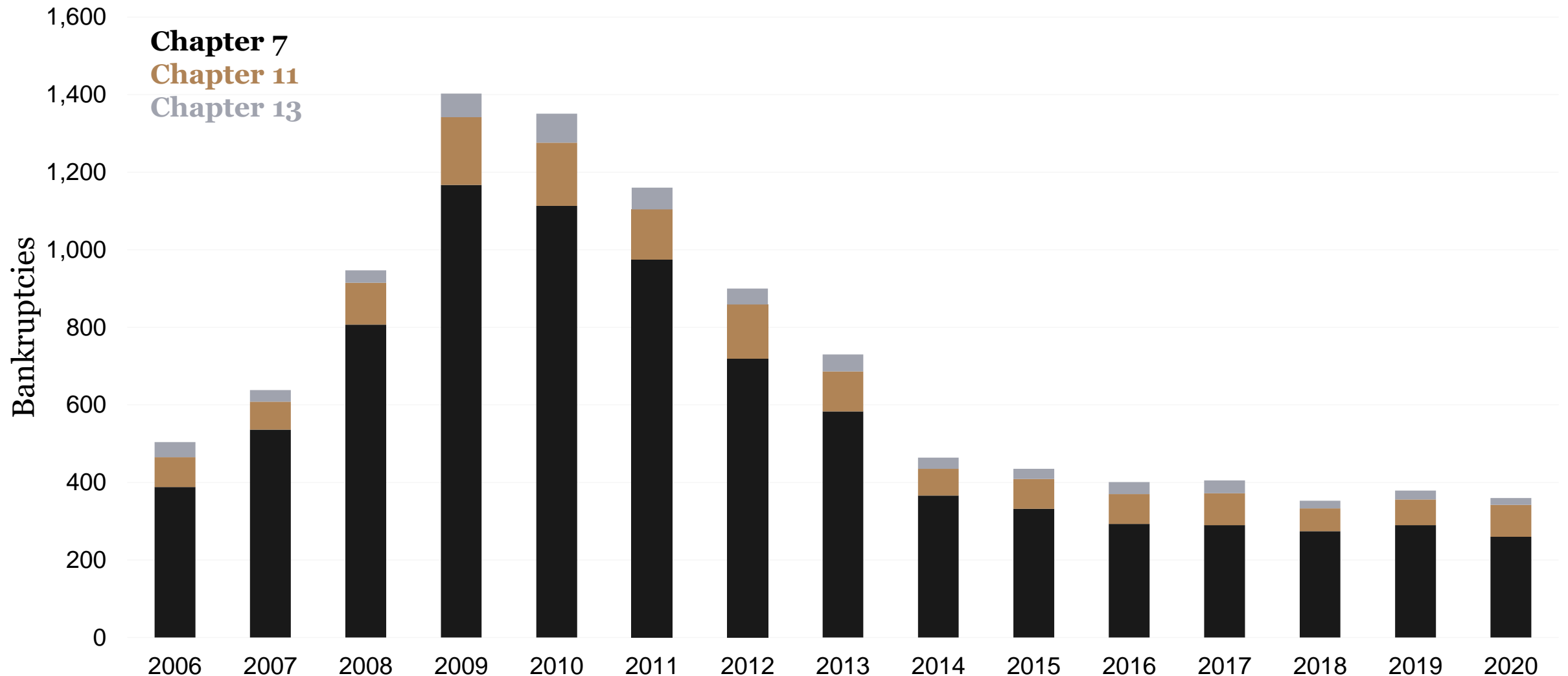
30% of firms are 5 or Younger



Young Businesses and Employment Growth

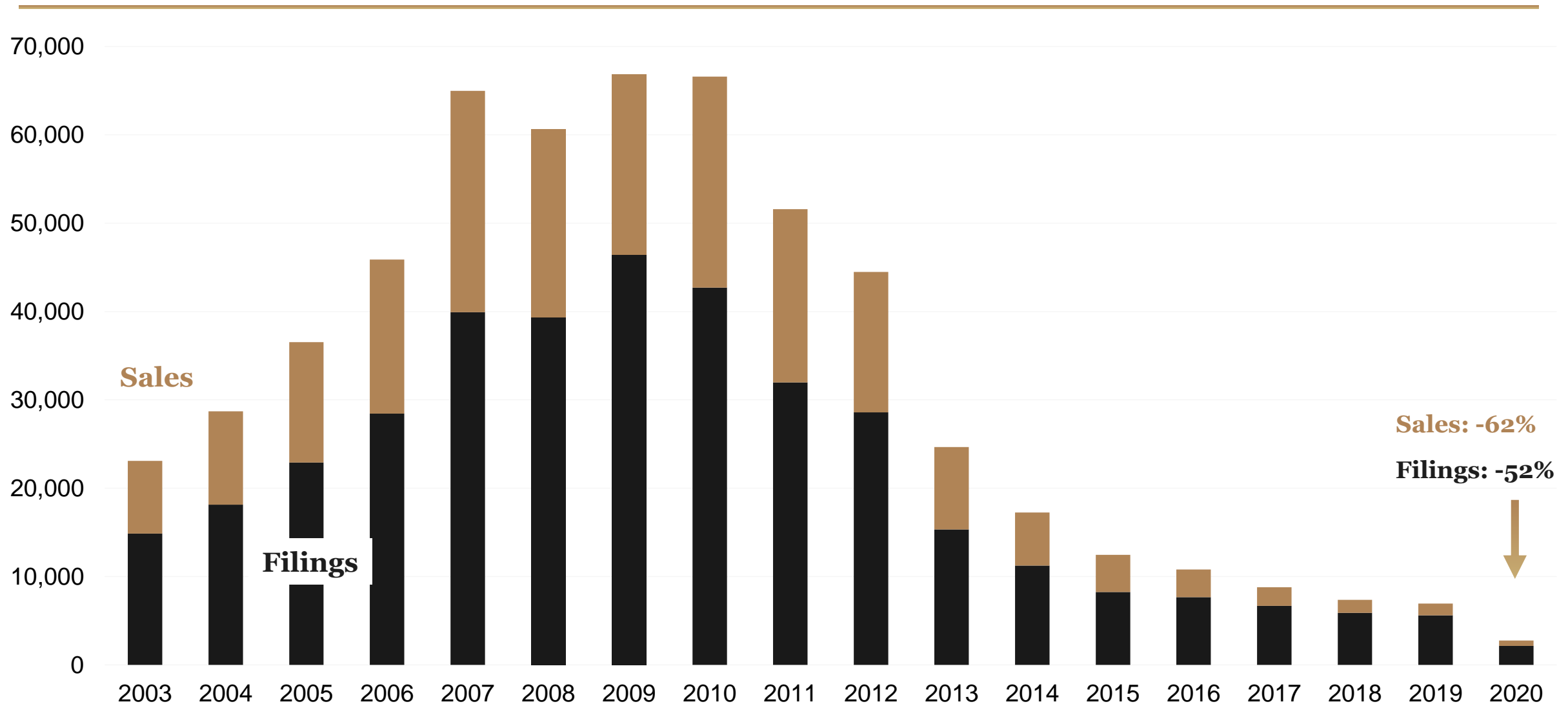


Colorado Bankruptcy Filings



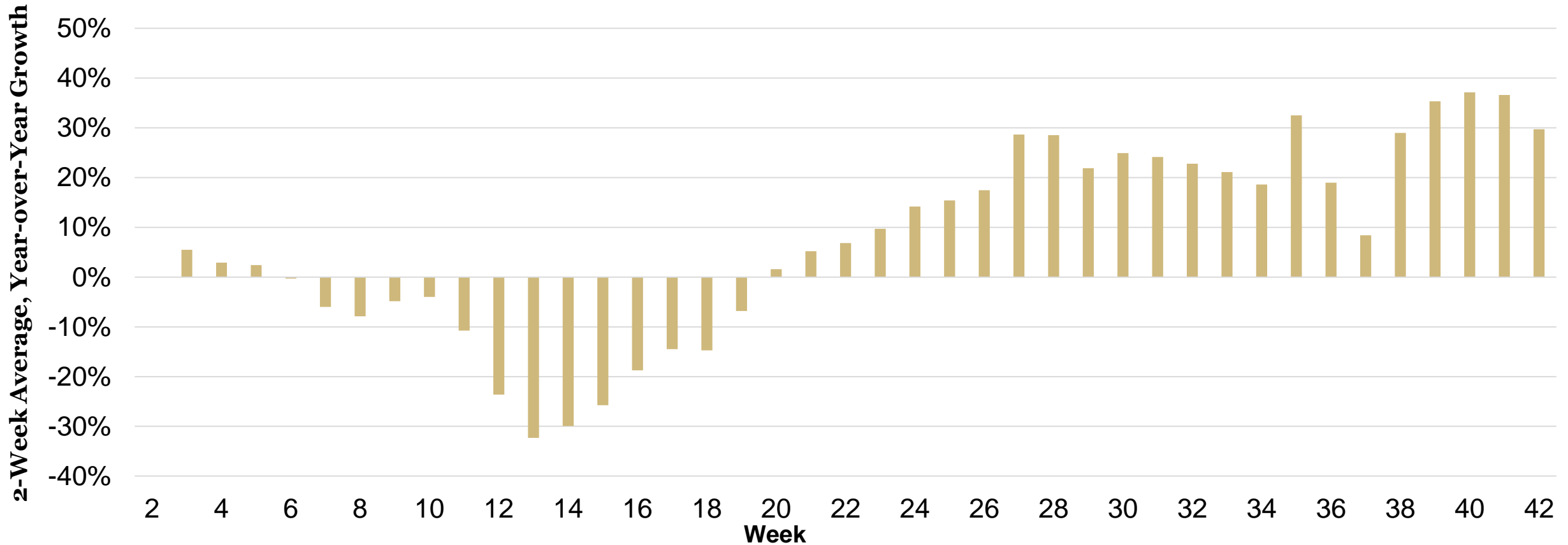
Sources: U.S. Bankruptcy Courts.

Colorado Foreclosures

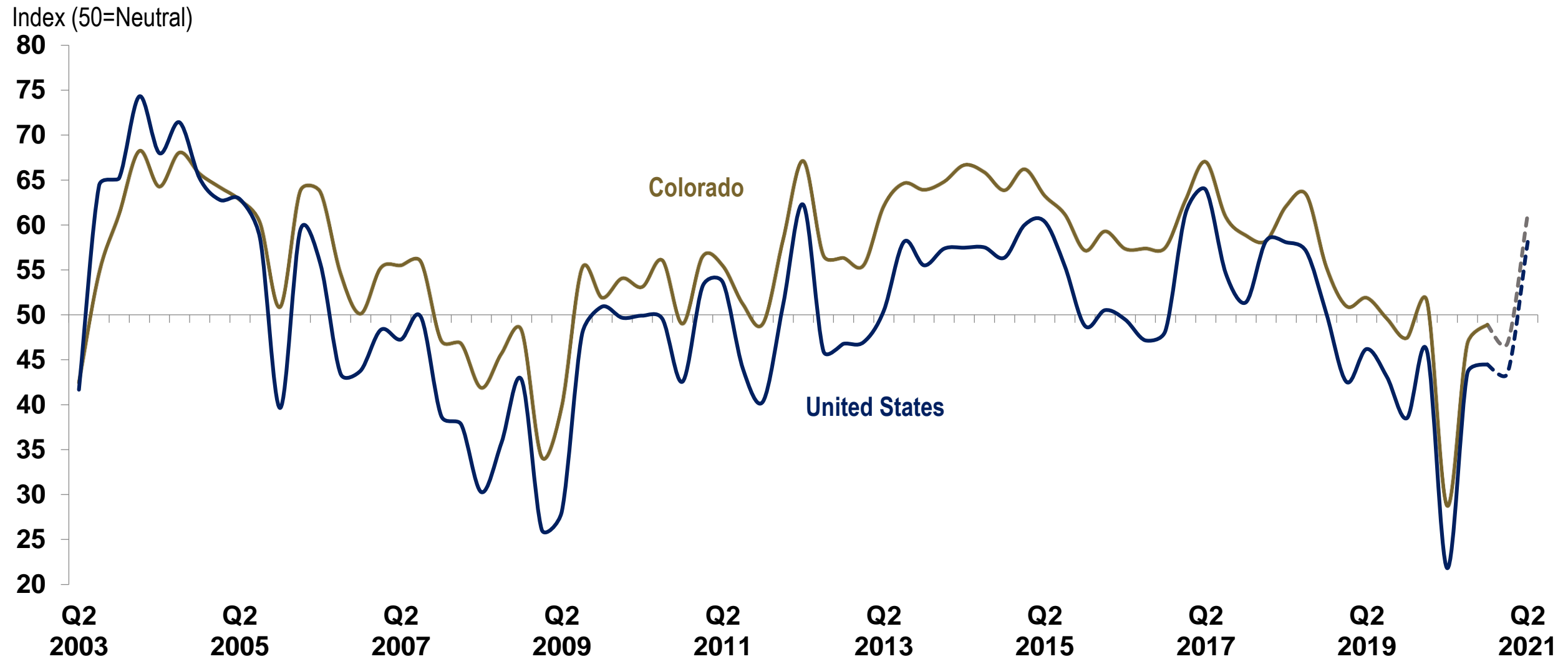


Source: Colorado Department of Local Affairs, Division of Housing.

New Entity Filings, Year-over-Year



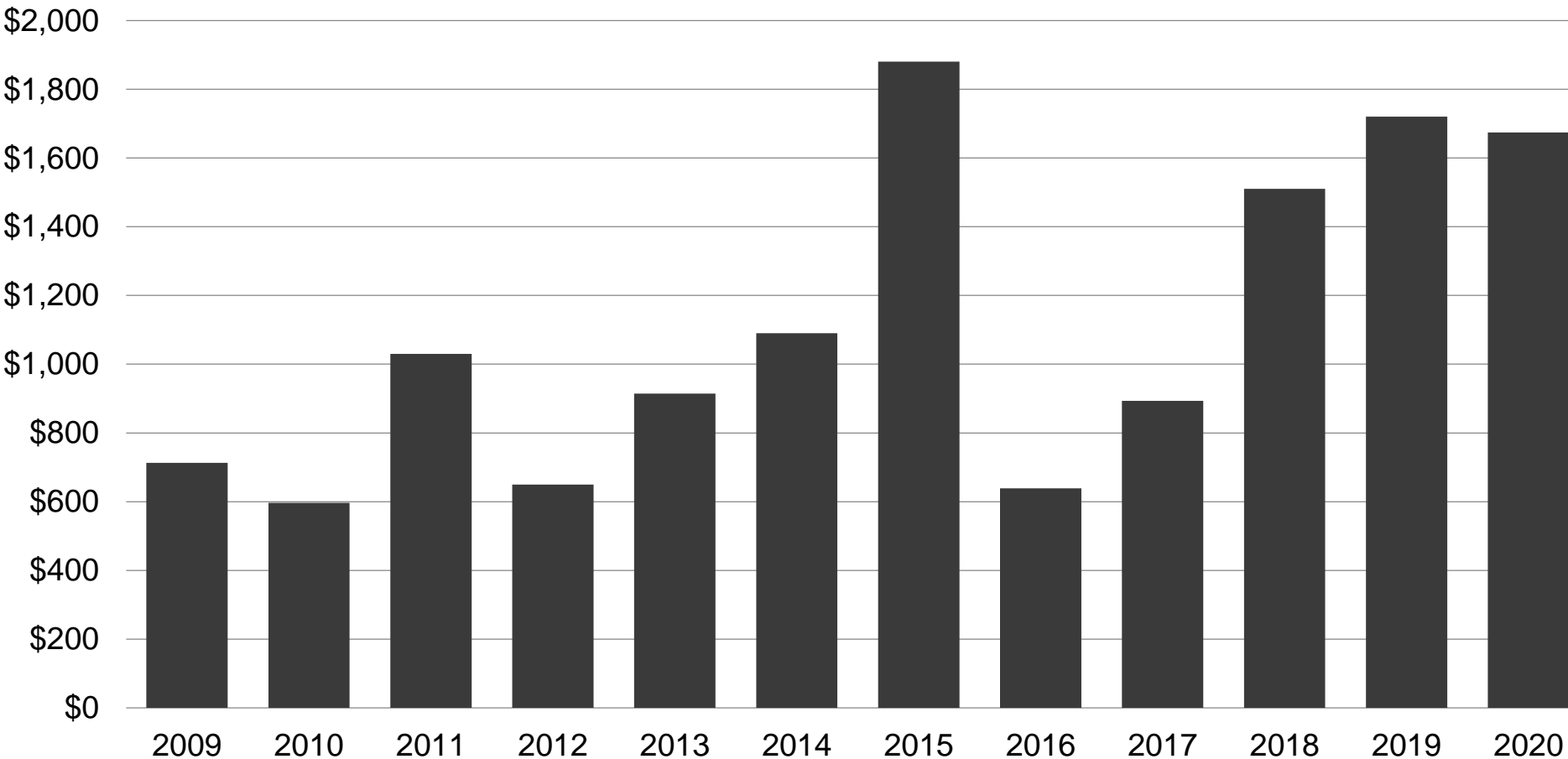
National and State Expectations



Venture Capital Investment

Colorado

Millions




Sample 2019 Deals:

DispatchHealth
SomaLogic
Edgewise Therapeutics
JumpCloud
Outrider
AMP Robotics
Enliven Therapeutics


Headwinds, Unknowns, and Tailwinds



COVID-19 Variant
Tourism
Events and Conventions
Business Failures
Political Unrest
Racial Strife



Human Behavior
Real Estate/Construction
Drought
Fires
Productivity
Education
Work from Home



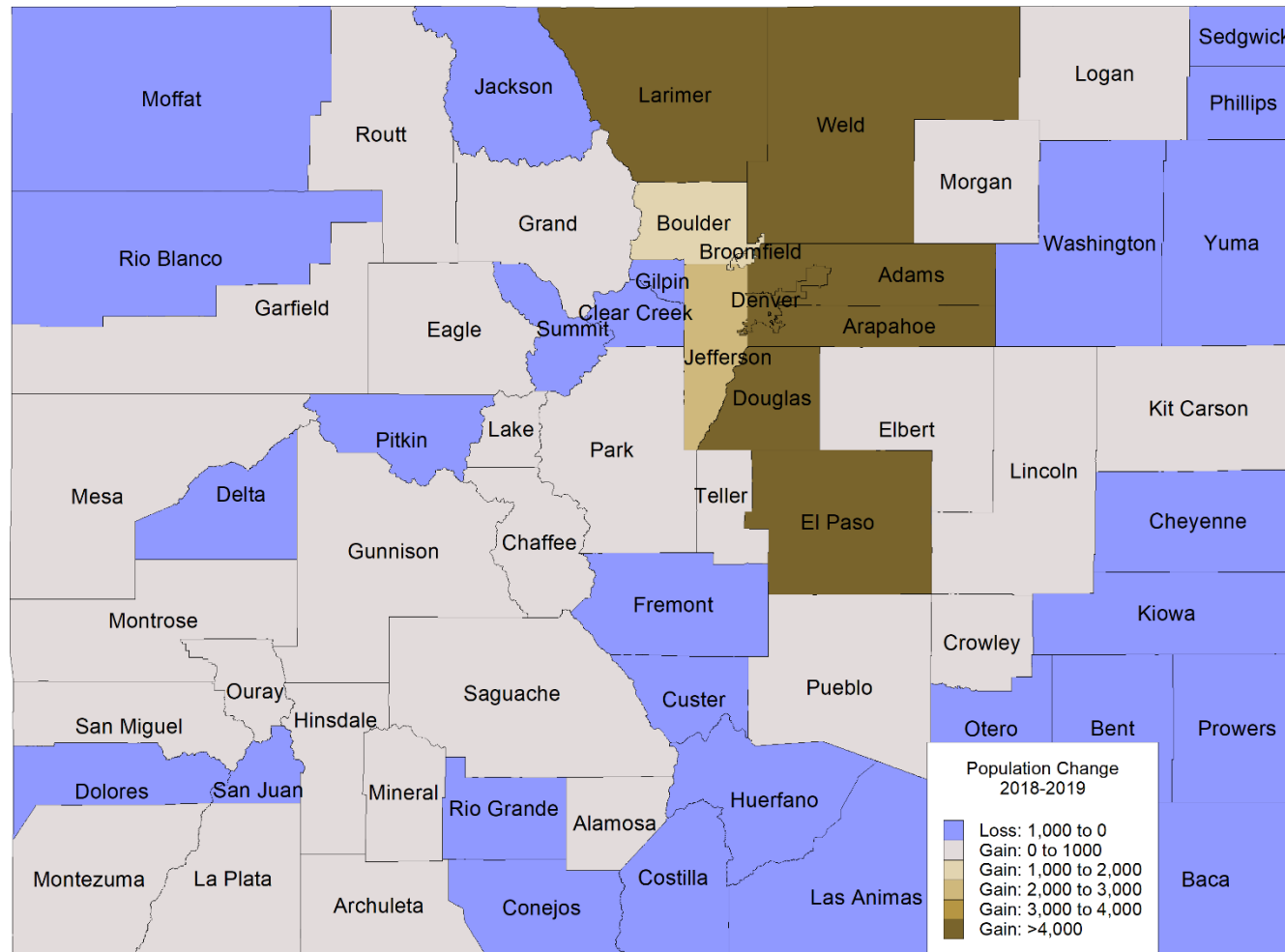
Gross Domestic Product
Federal Stimulus 2/3
Vaccine
Retail Sales
Energy
Biopharma
Agriculture
Technology

Q&A



Population Change by County

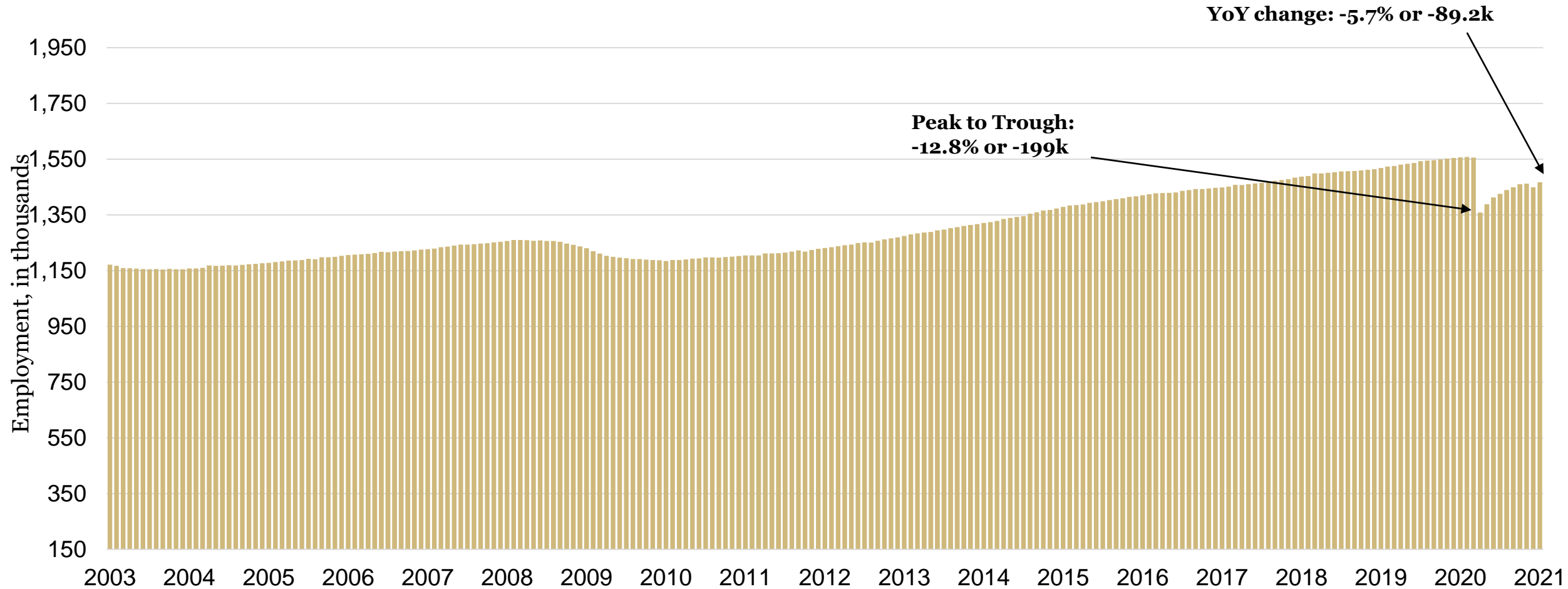
2018-2019



2021 Forecast
Urban: 51.0k, 1.0%
Rural: 2.3k, 0.3%

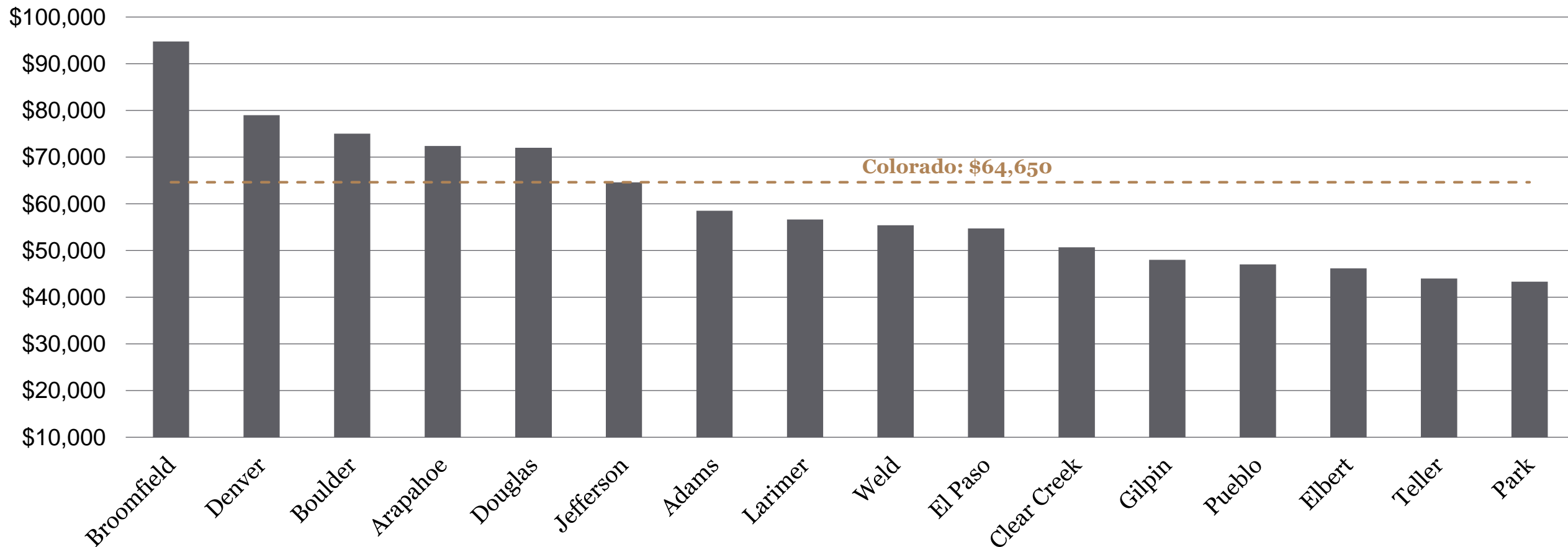
Employment

Denver MSA

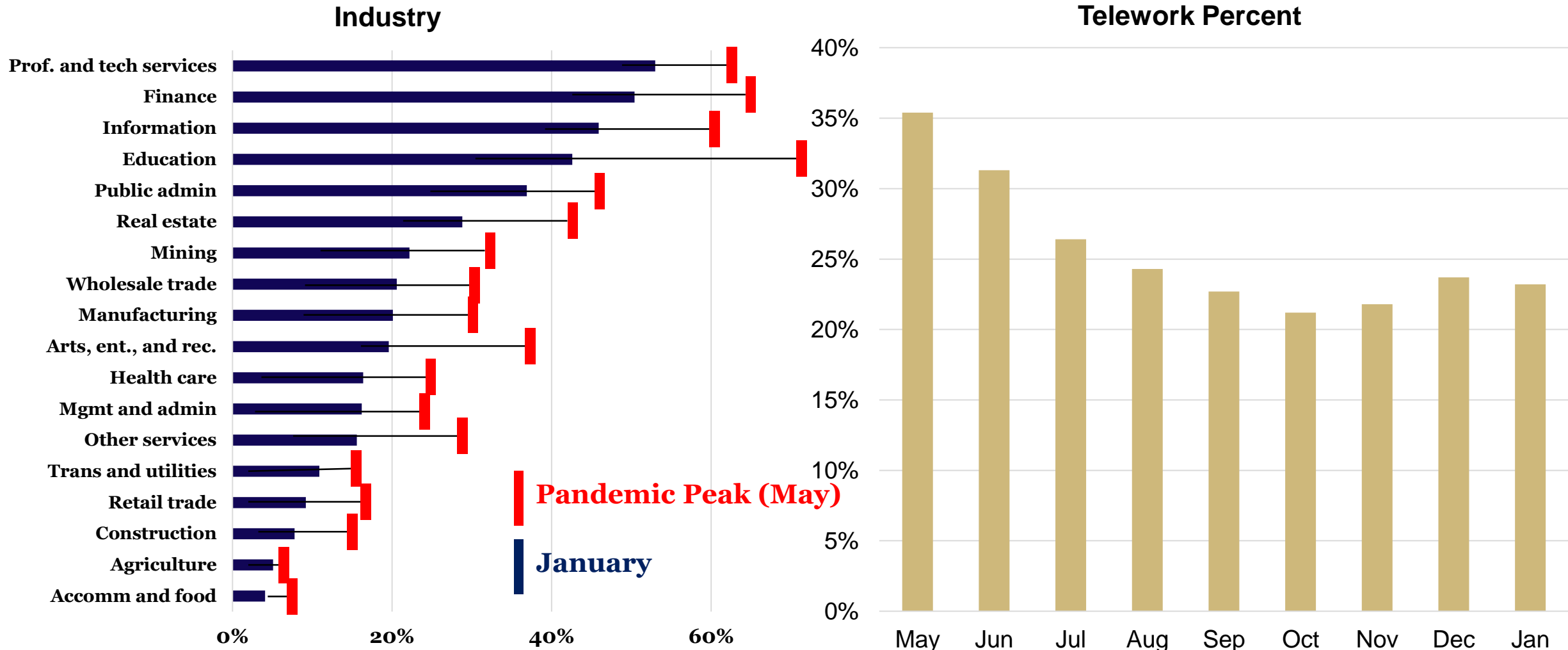


Average Annual Wages

Front Range Counties

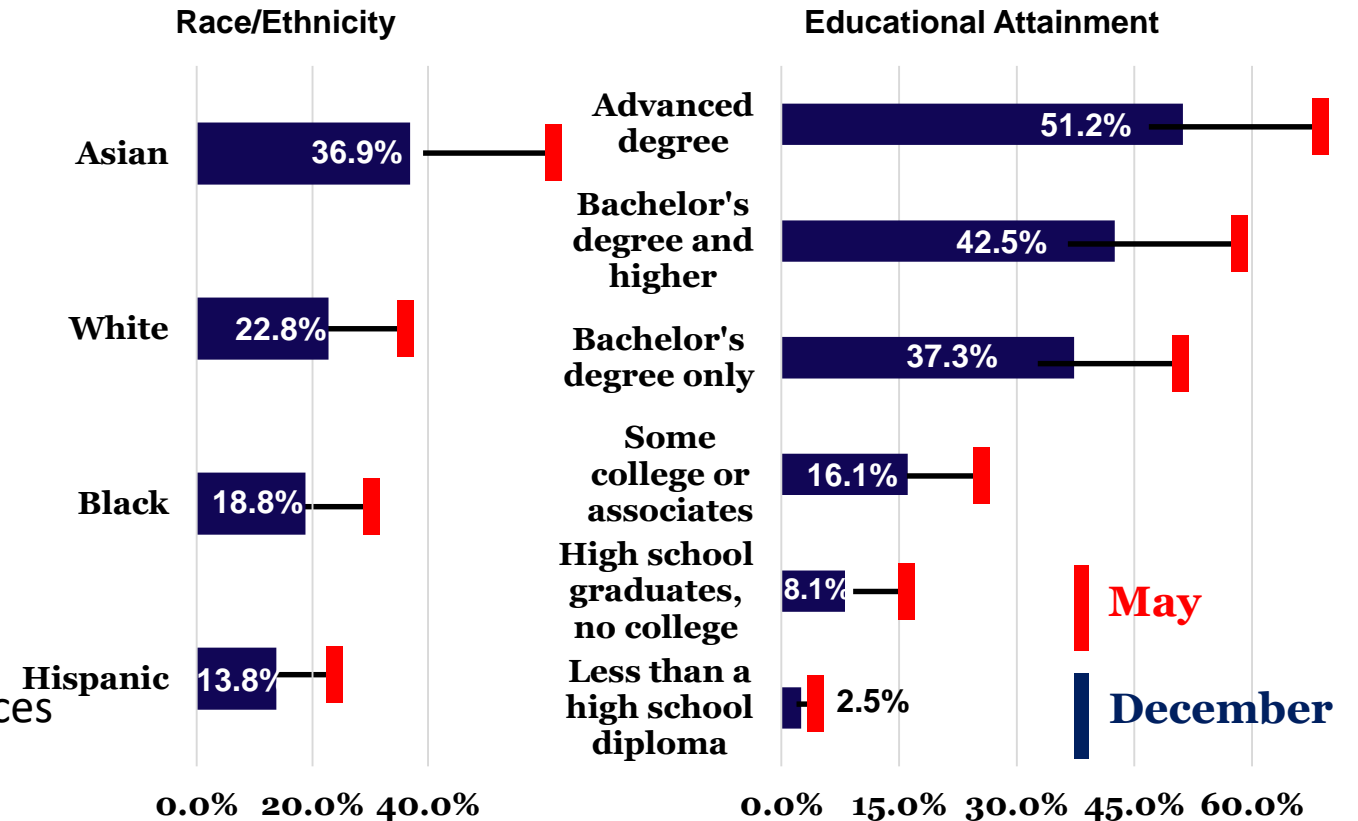


Telework Due to Pandemic



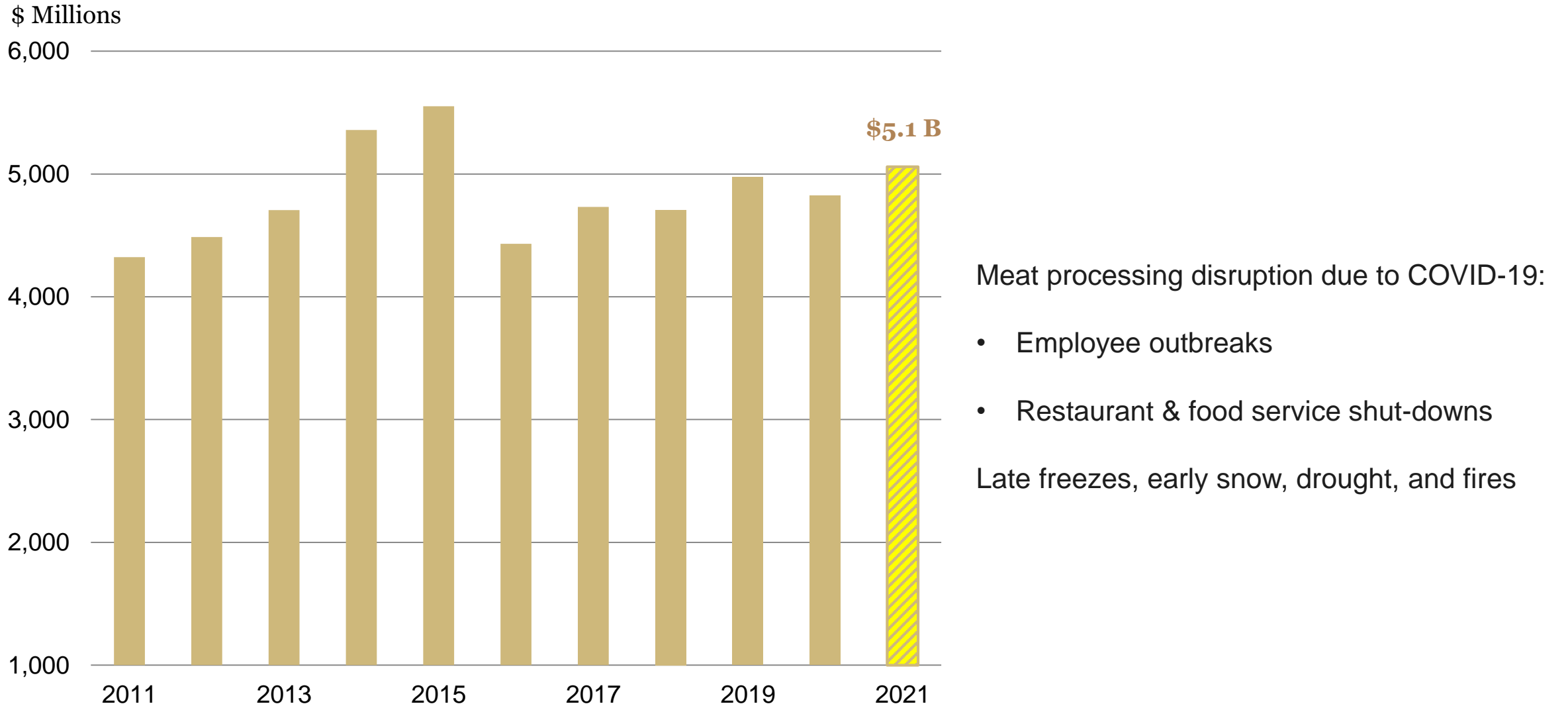
Telework Due to Pandemic

- 23.2% of workers teleworked or worked from home because of the pandemic
 - Down from 35.4% in May
- Women
- Asian
- Higher educational attainment
- By industry,
 - 43% of workers in educational services
 - 50% in finance and insurance
 - 53% in professional and technical services
 - 4% of workers in accommodation and food services
 - 5% in agriculture teleworked.

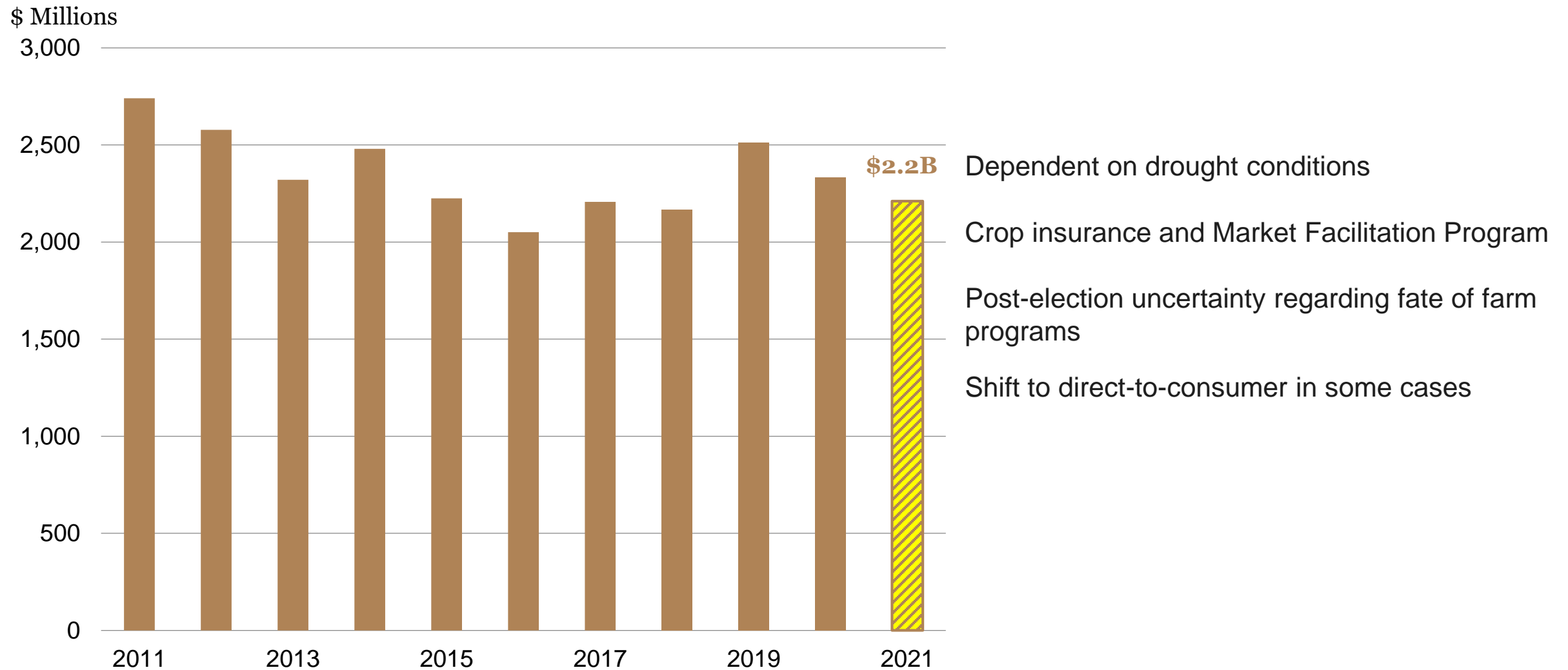


Source: Bureau of Labor Statistics, Current Population Survey (CPS) Supplemental Data.

Livestock Cash Receipts



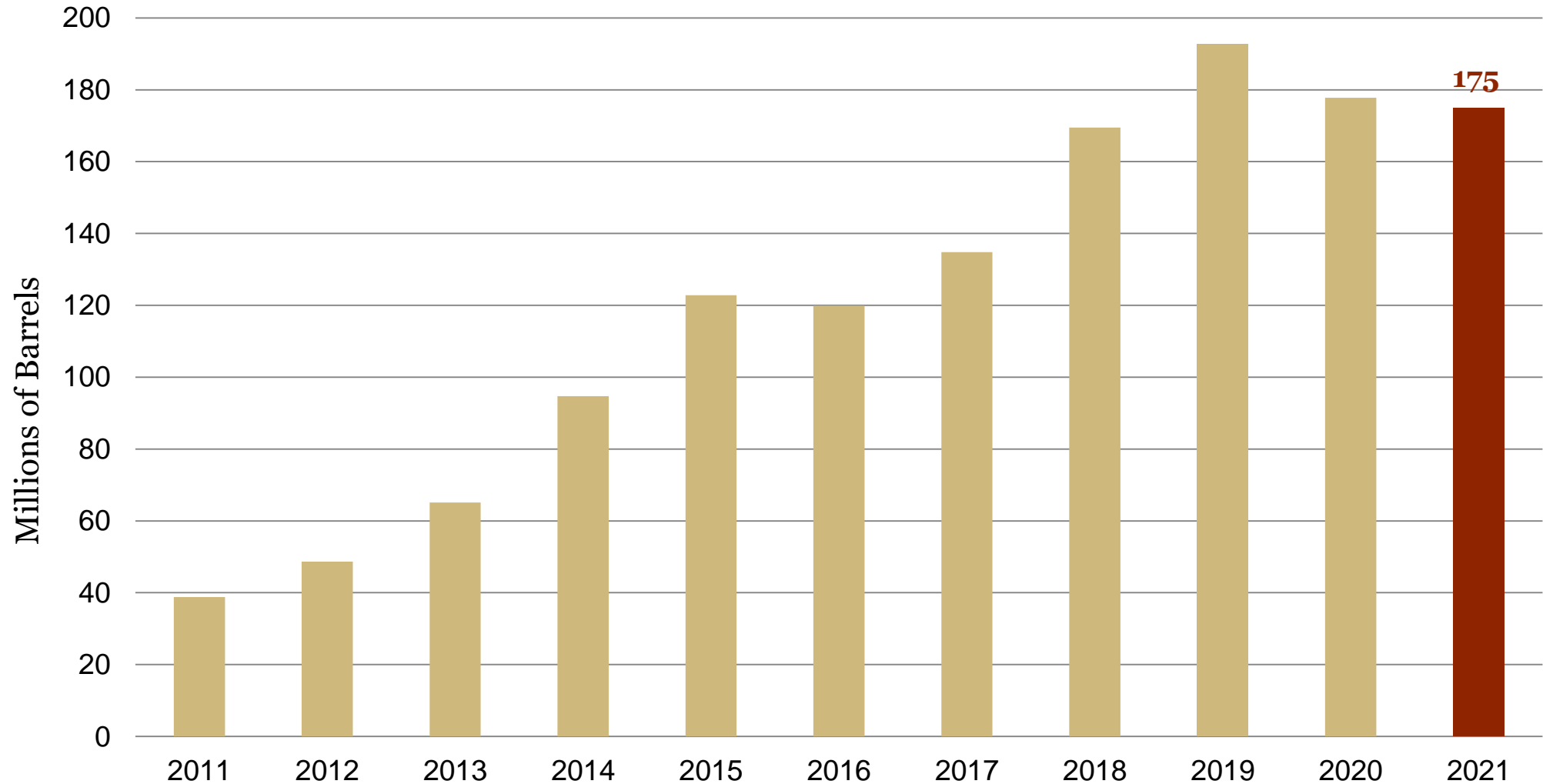
Crops Cash Receipts



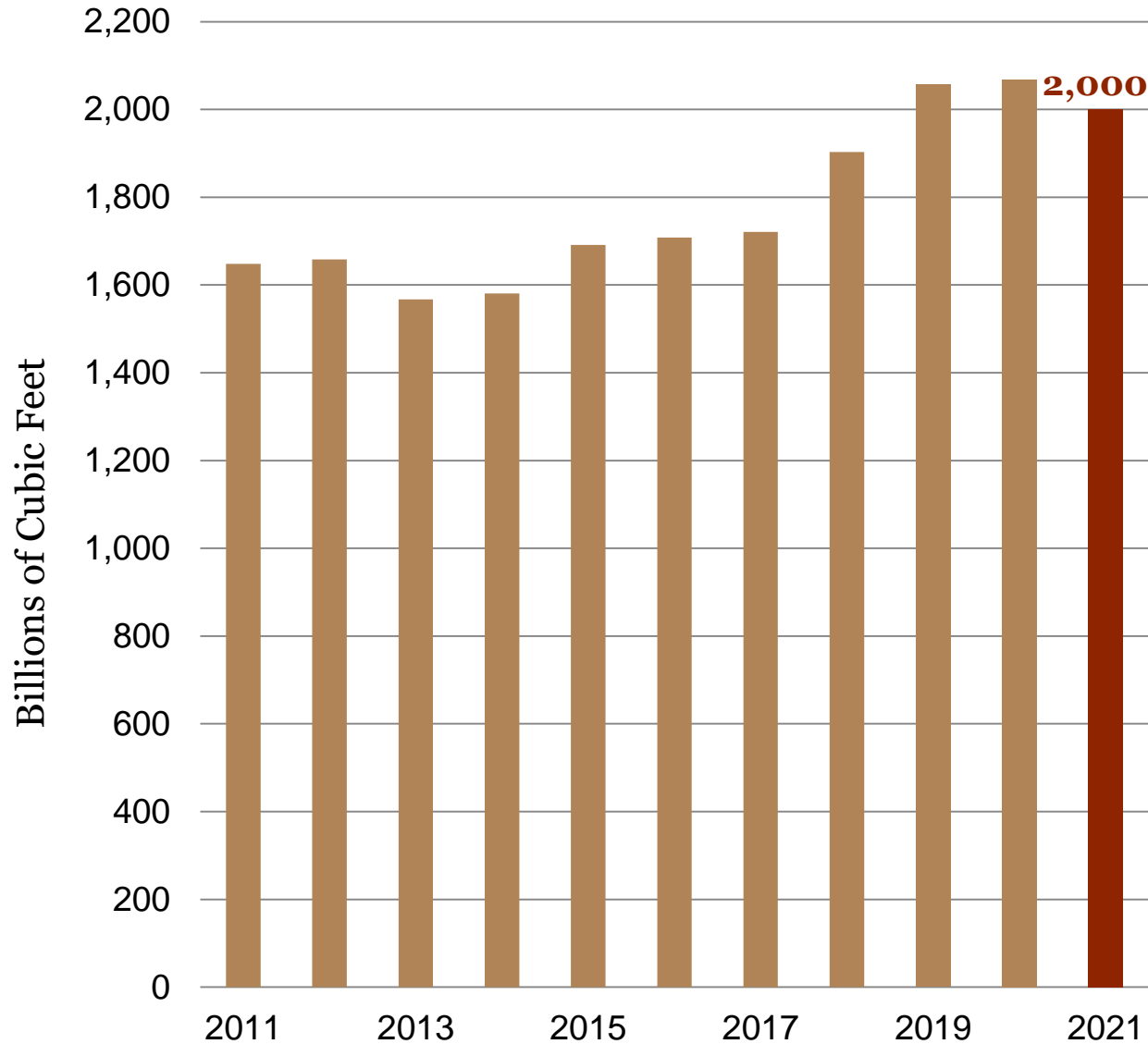
Crude Oil Production

Largest Producers

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



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



Natural Gas Production

7th largest natural gas producing state

Residential prices 5th lowest in the U.S.

More than 69% of Colorado households use natural gas for heat (compared to half of U.S. households)

Price increase expected due to rising demand for space heating, increasing exports, and decreasing production

Coal Production

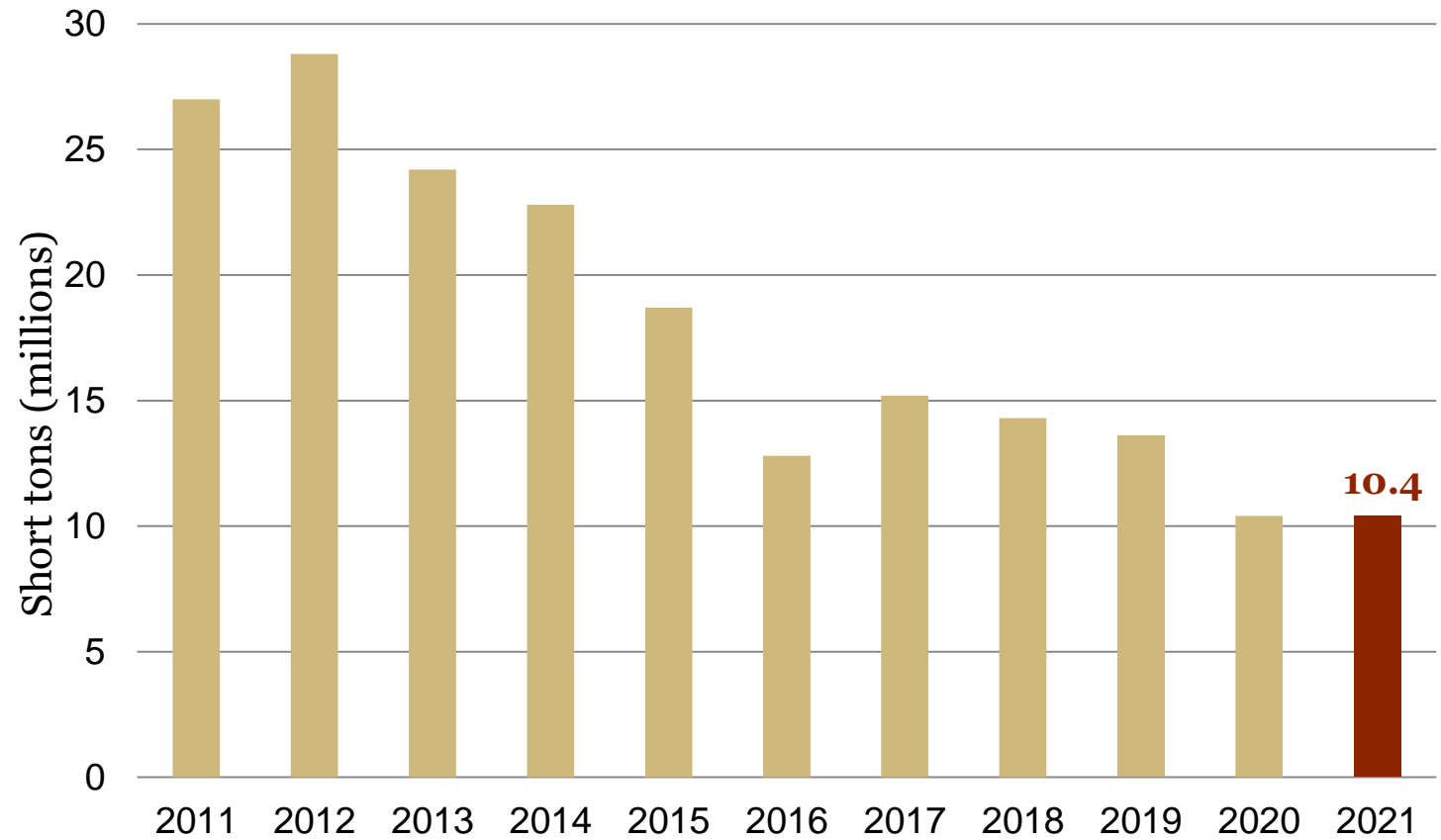
13th most productive coal state

45% of state's electricity production

Produced in five counties

- Gunnison
- Moffat
- Routt
- Rio Blanco
- La Plata

Government mandates for renewables
limiting production



Renewables

Includes wind, solar, hydro, geothermal, and biomass

25% of net generation

Colorado ranks:

- 15th for wind megawatts installed
- 12th for solar capacity

Ambitious renewable energy portfolio standard

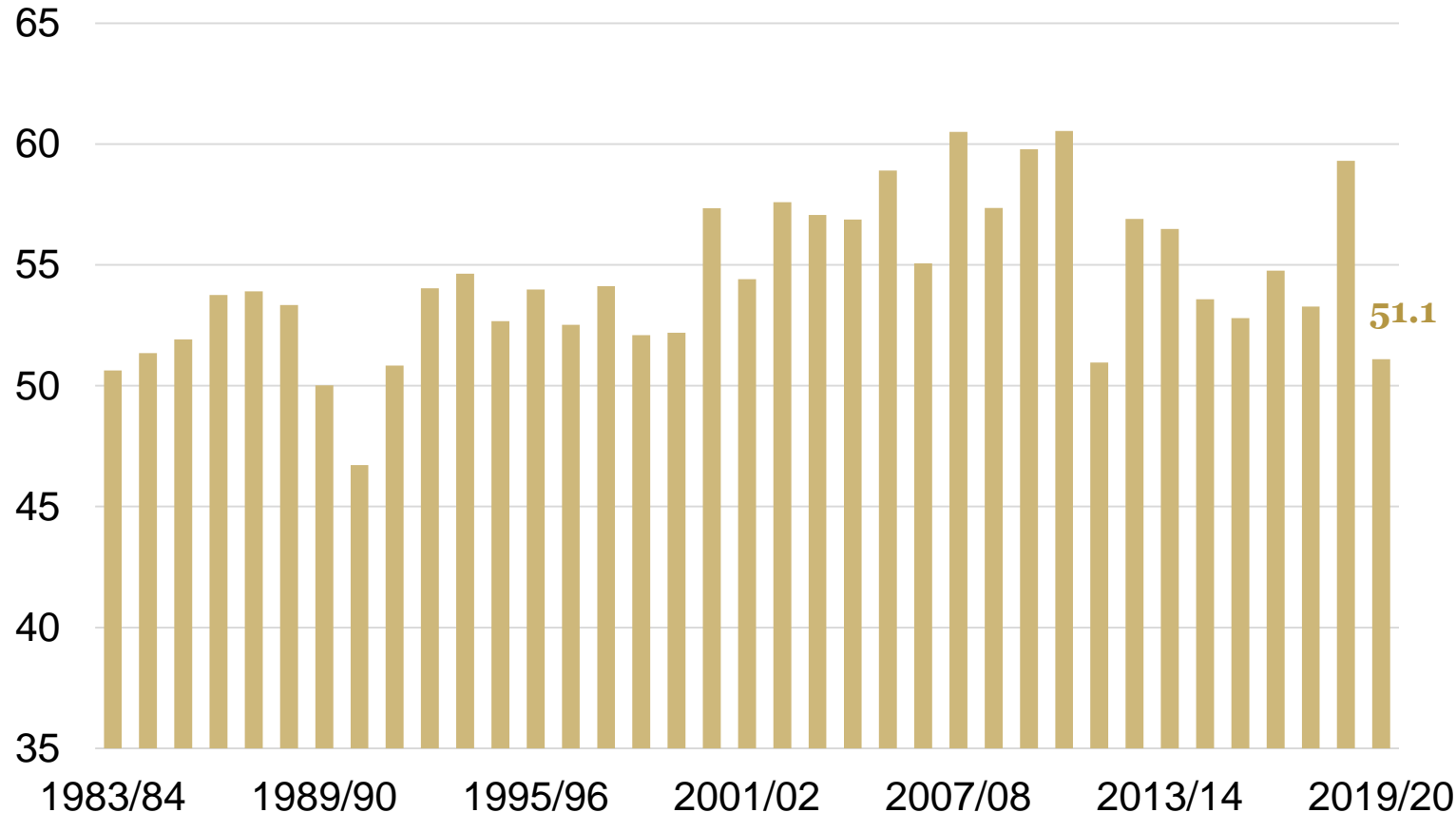


Photo courtesy of Xcel Energy.

National Snowsports Visits

1983/84 - 2019/20

Millions



U.S. visits down 13.8%

Lowest visitation since snow-challenged 2011/12 season

Suspended Colorado ski operations mid-March

Guest caution mixed with pent-up demand

Denver Metro Commercial Real Estate in Q4 2020

- Industrial Space
 - Annual absorption activity grew 19.1% in 2020.
 - Direct vacancy to rose to 7.5%, an increase of 89 basis points year-over-year
- Retail Space
 - Net absorption totaled negative 946,000 sq ft, the lowest total in over 20 years
 - Direct vacancy rose 102 bps to 7.8%
- Office Space
 - Total vacancy grew 94 bps quarter-over-quarter to 15.9%, the highest level since 2011
 - 934,000 of negative net absorption in Q4 2020, totaling negative 1.1 million sq. ft. in 2020

Delinquent Entities

