

**14th Annual
Southern Colorado Economic Forum**

October 1, 2010

Tom Zwirlein, Ph.D. and Fred Crowley, Ph.D
Southern Colorado Economic Forum
University of Colorado at Colorado Springs
College of Business and Administration

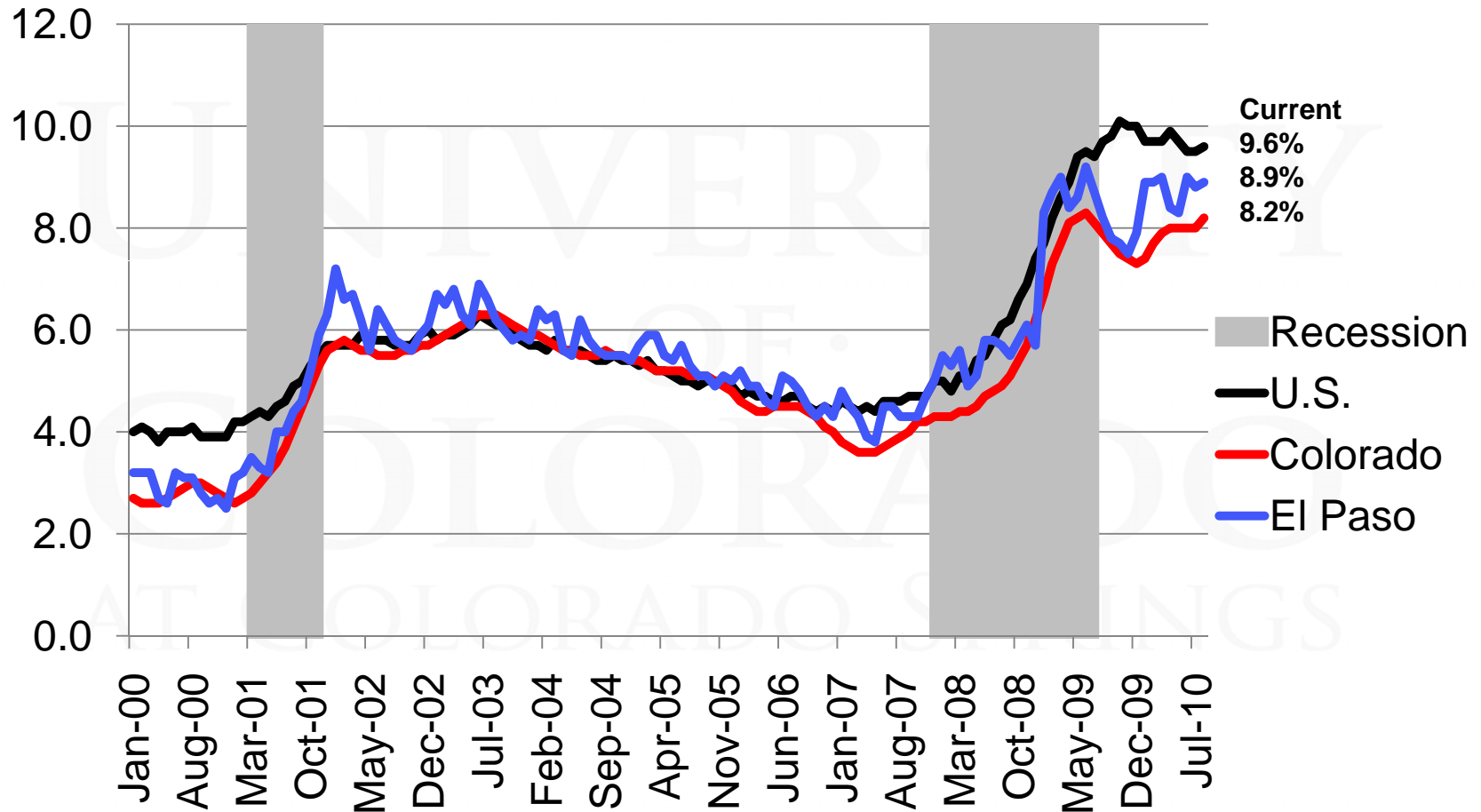


Overview

- **Employment and Income**
- Housing
- Commercial Real Estate
- Macro and Micro Perspectives
- The Local Forecast
- The Recovery
- Operation 6035
- Cluster Development



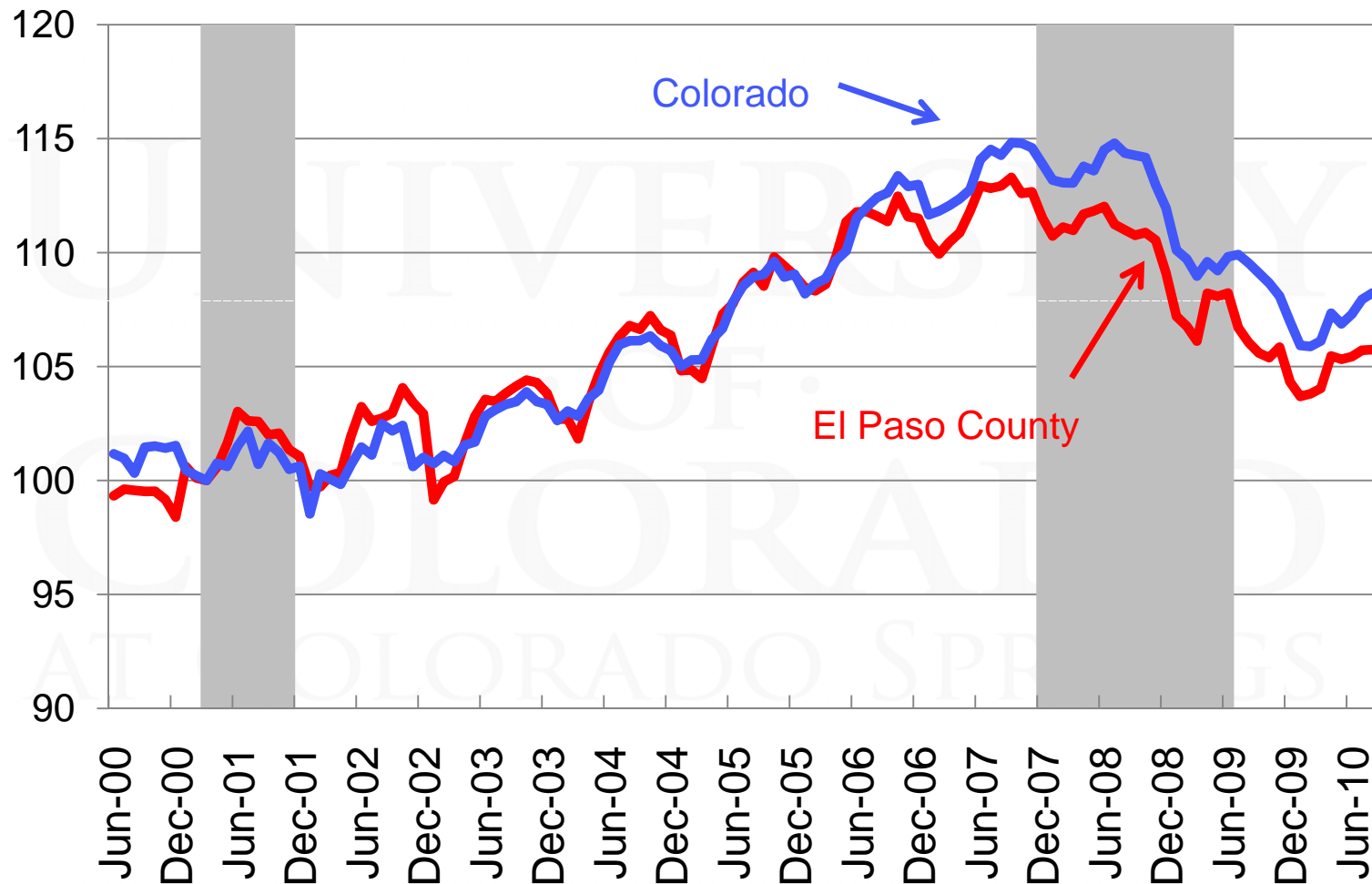
Seasonally Adjusted Monthly Unemployment Rate



Source: BLS, Colorado LMI



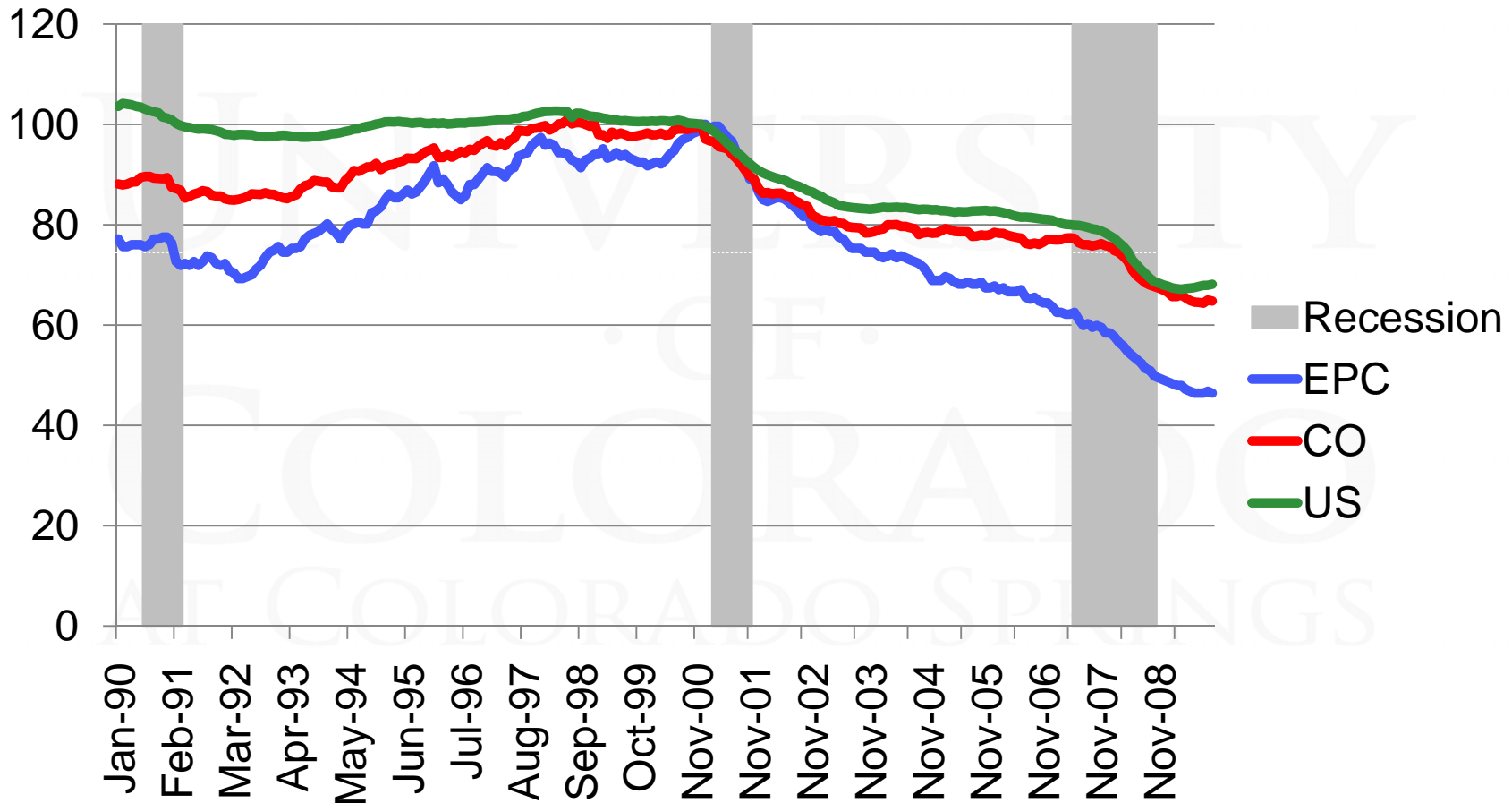
Employment Trends (March 2001 = 100)



Source: BLS, Colorado LMI



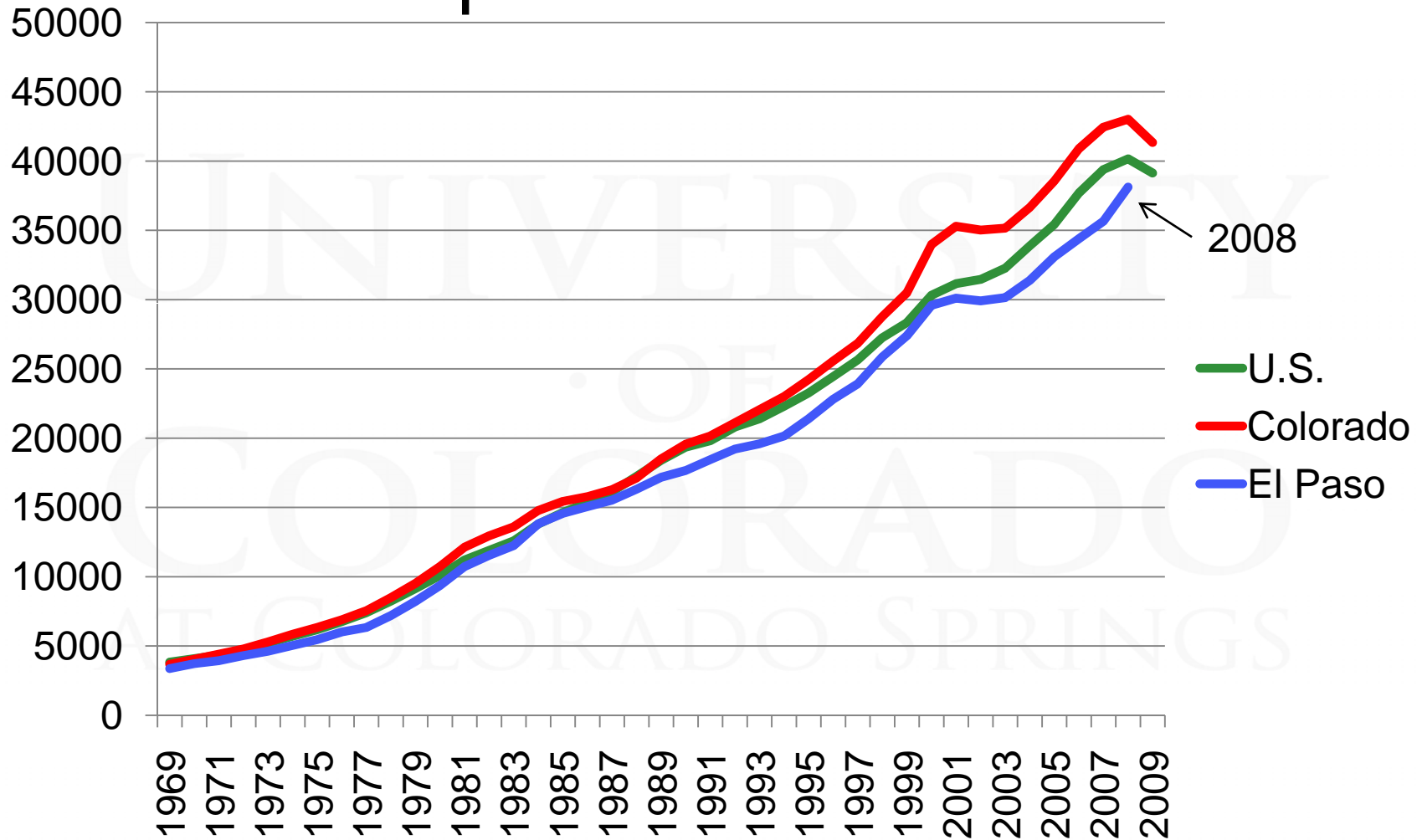
Manufacturing Employment Trends (Dec 2000 = 100)



Source: Federal Reserve Bank of St. Louis



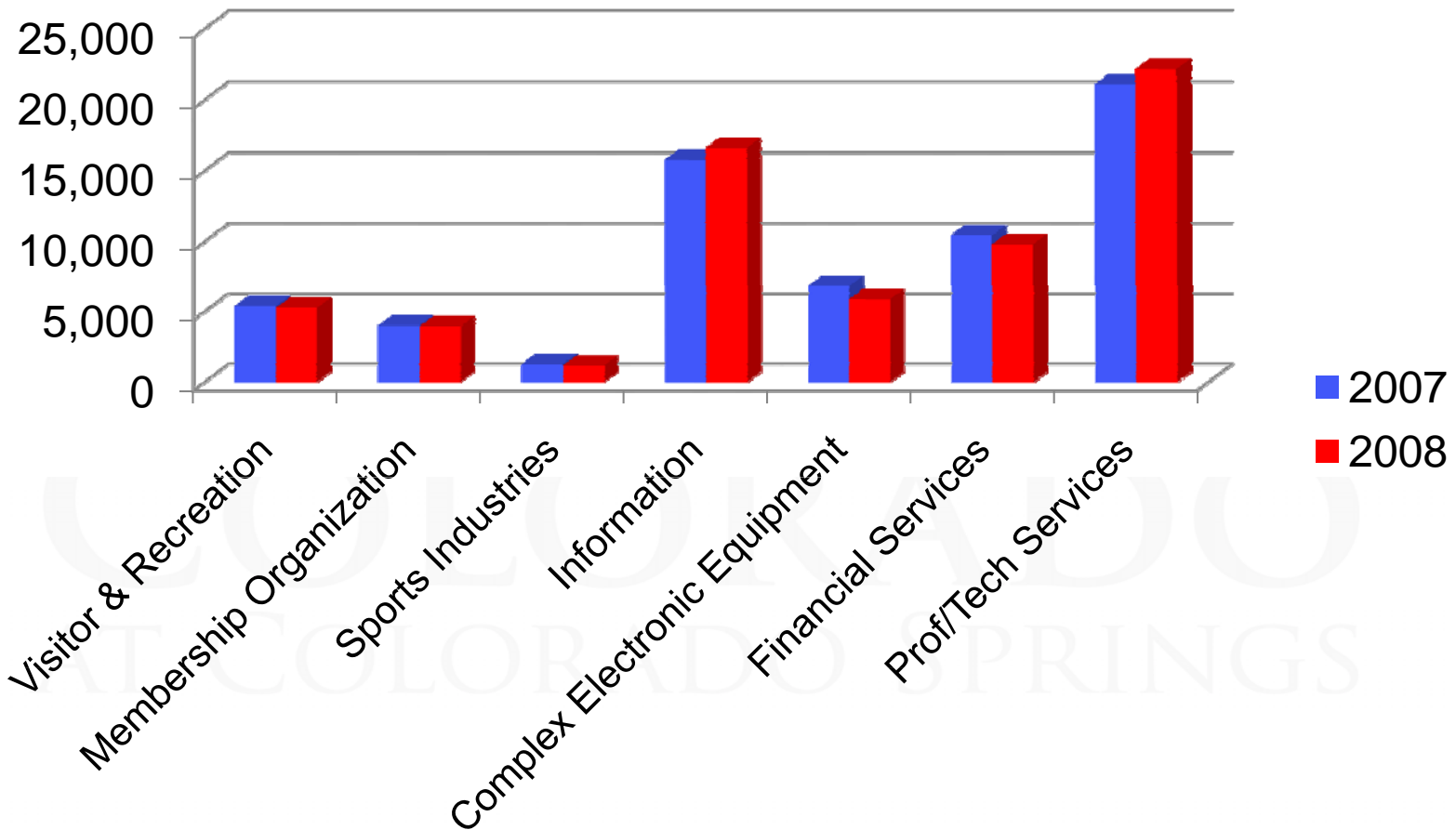
Per Capita Personal Income



Source: Bureau of Economic Analysis



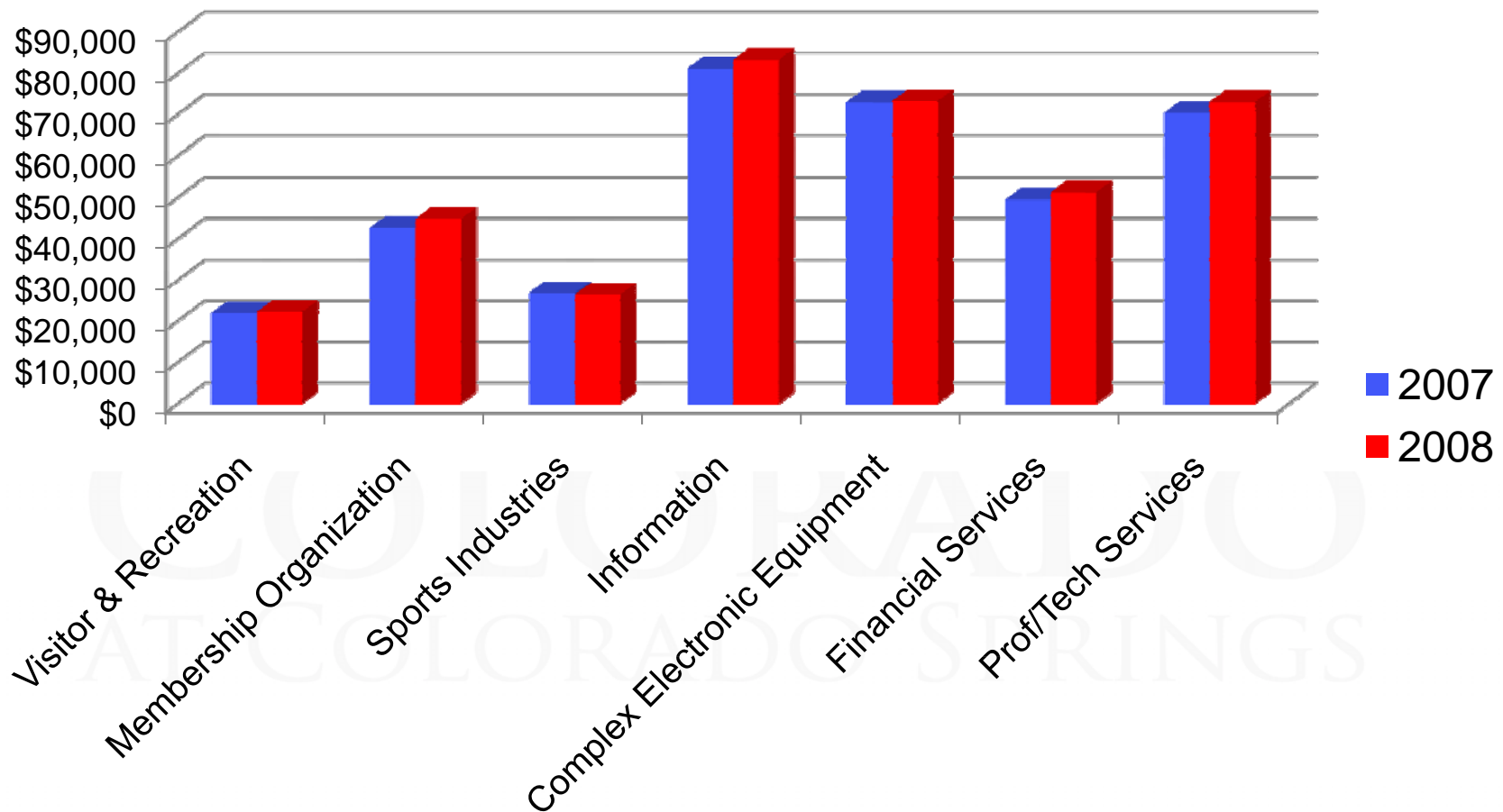
Employment in Cluster Industries



Source: Colorado Quarterly Census of Employment and Wages



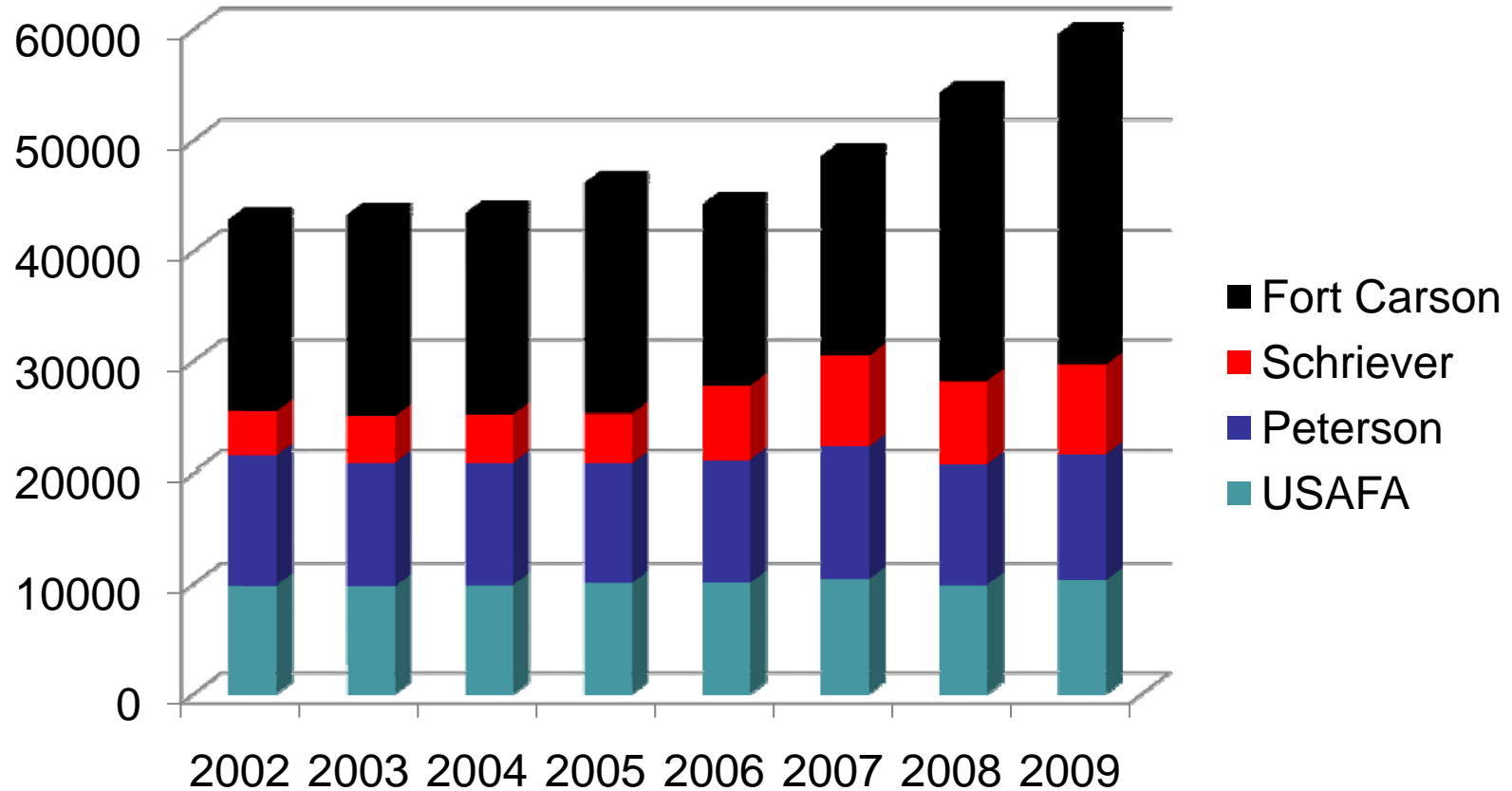
Wages in Cluster Industries



Source: Colorado Quarterly Census of Employment and Wages



Military Employment



Source: Colorado Springs Chamber of Commerce

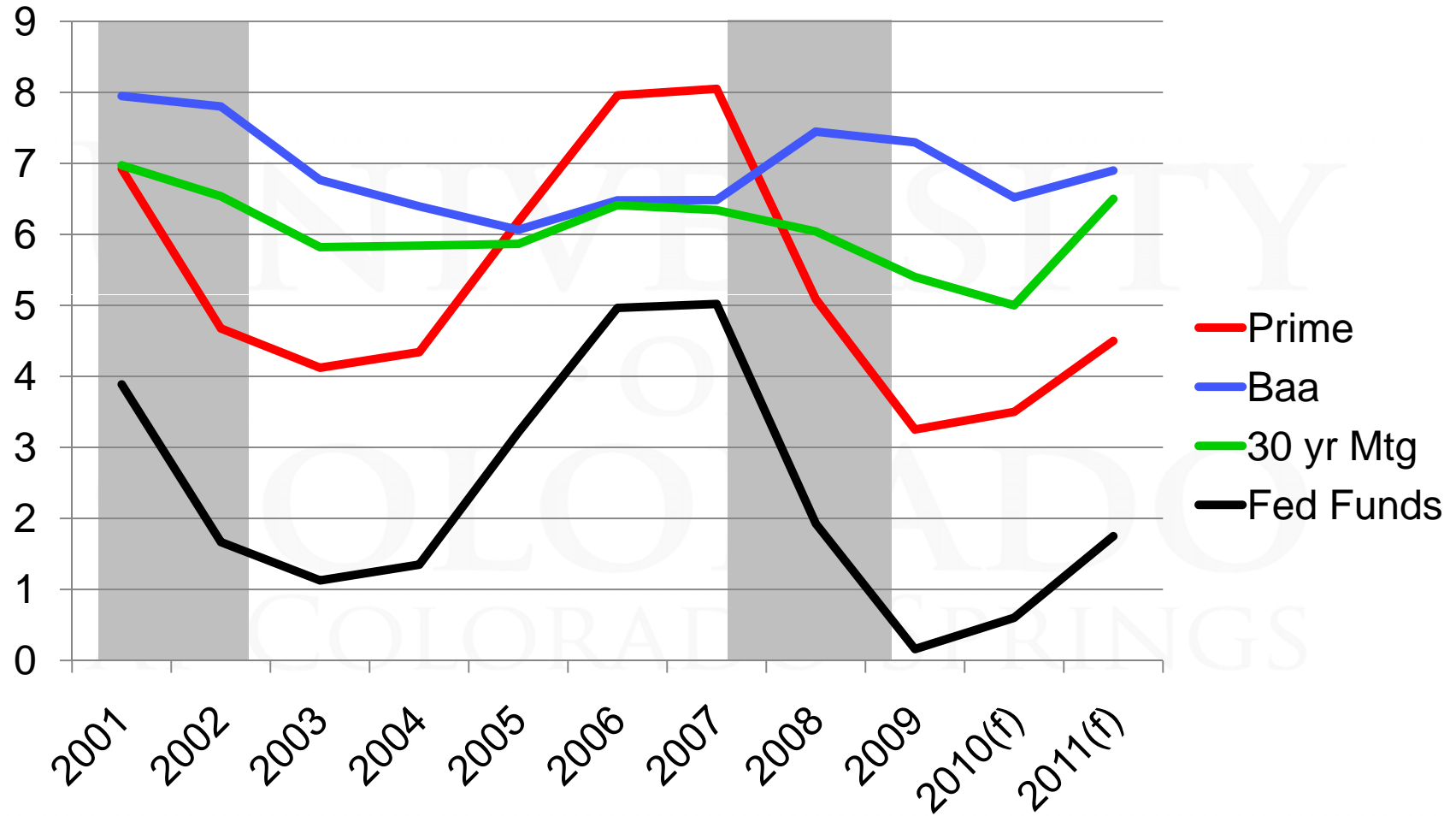


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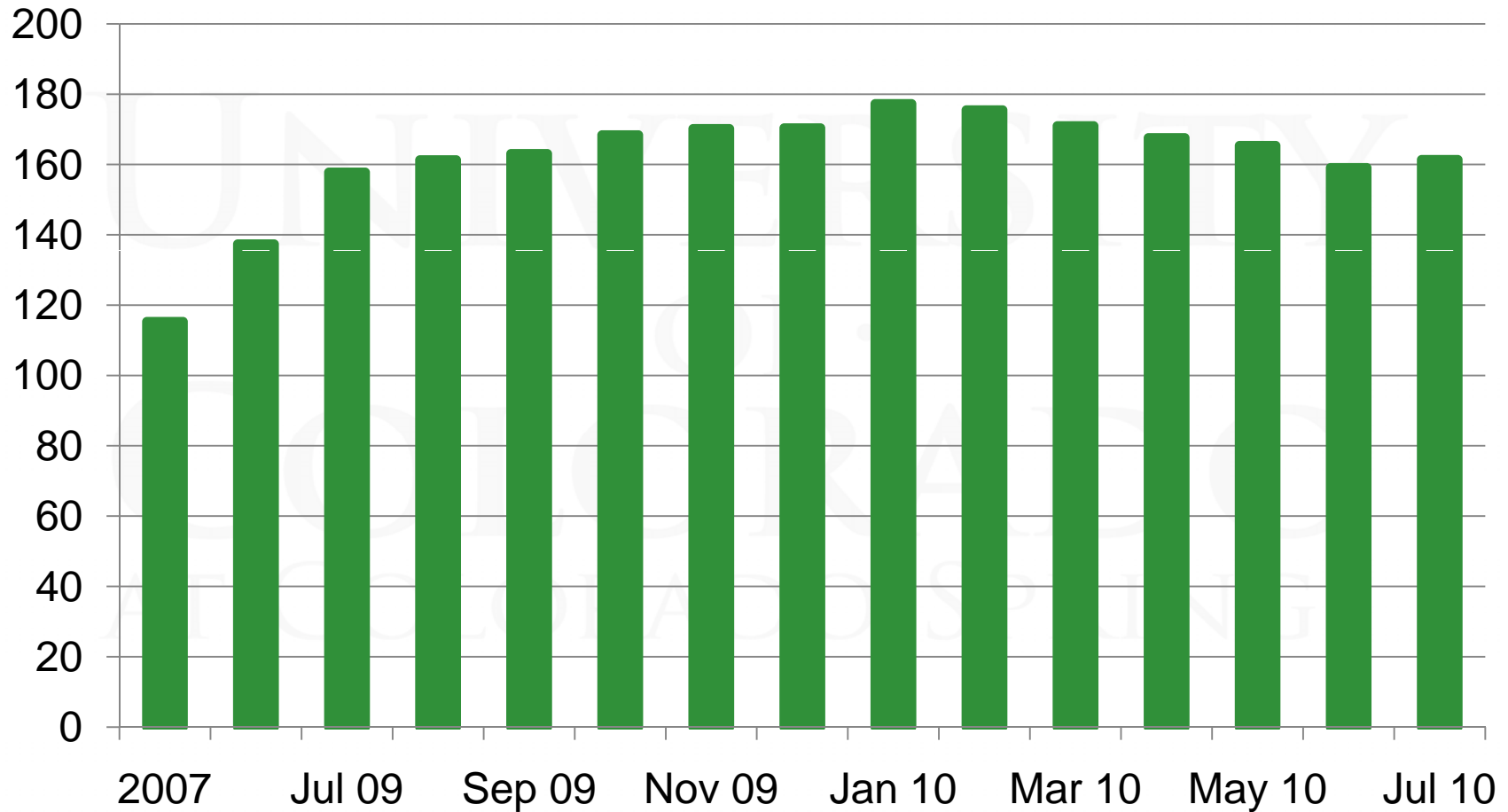
Key Interest Rates (%)



Source: Federal Reserve Bank of St. Louis



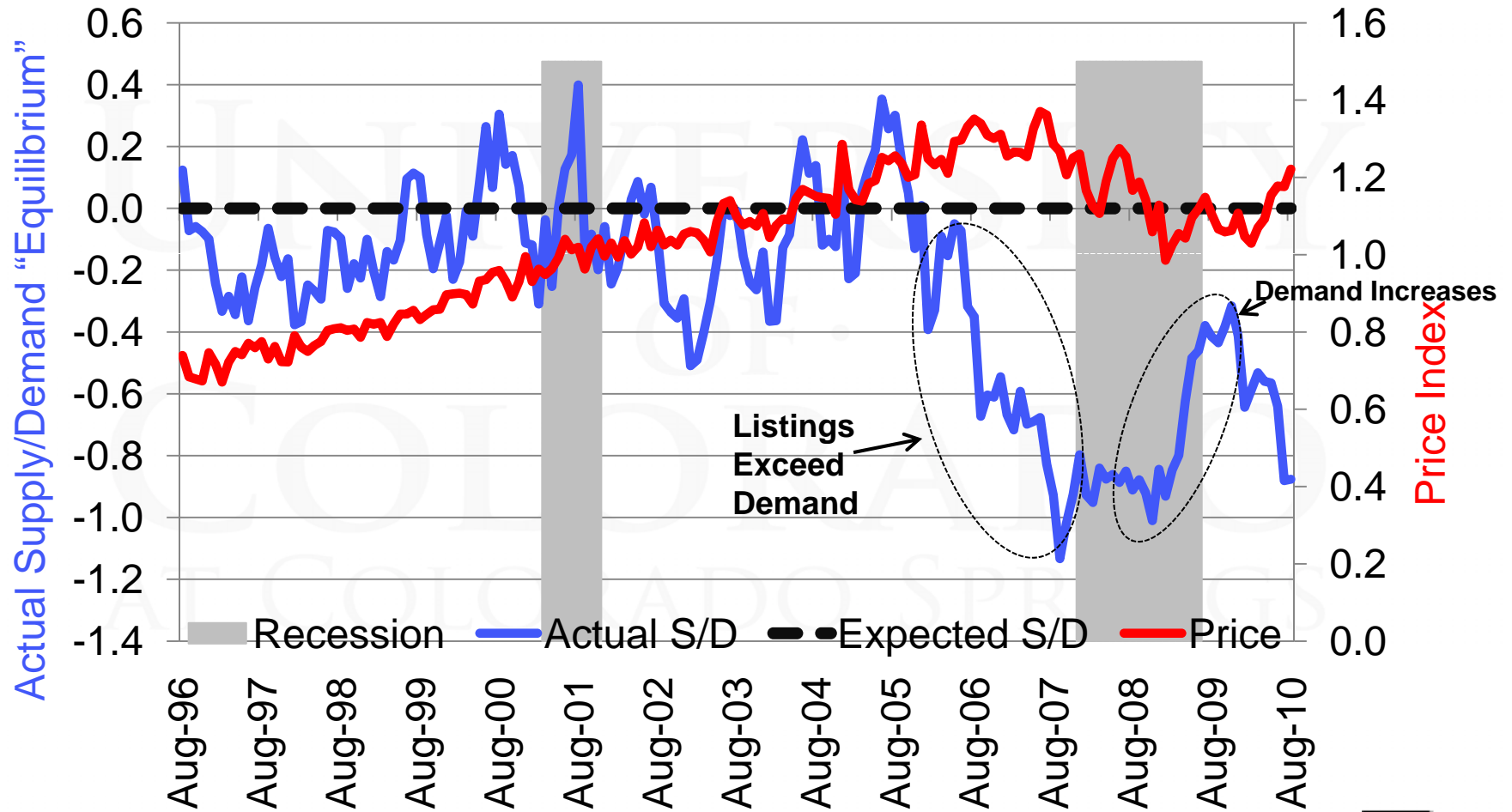
Housing Affordability Index



Source: National Association of REALTORS®



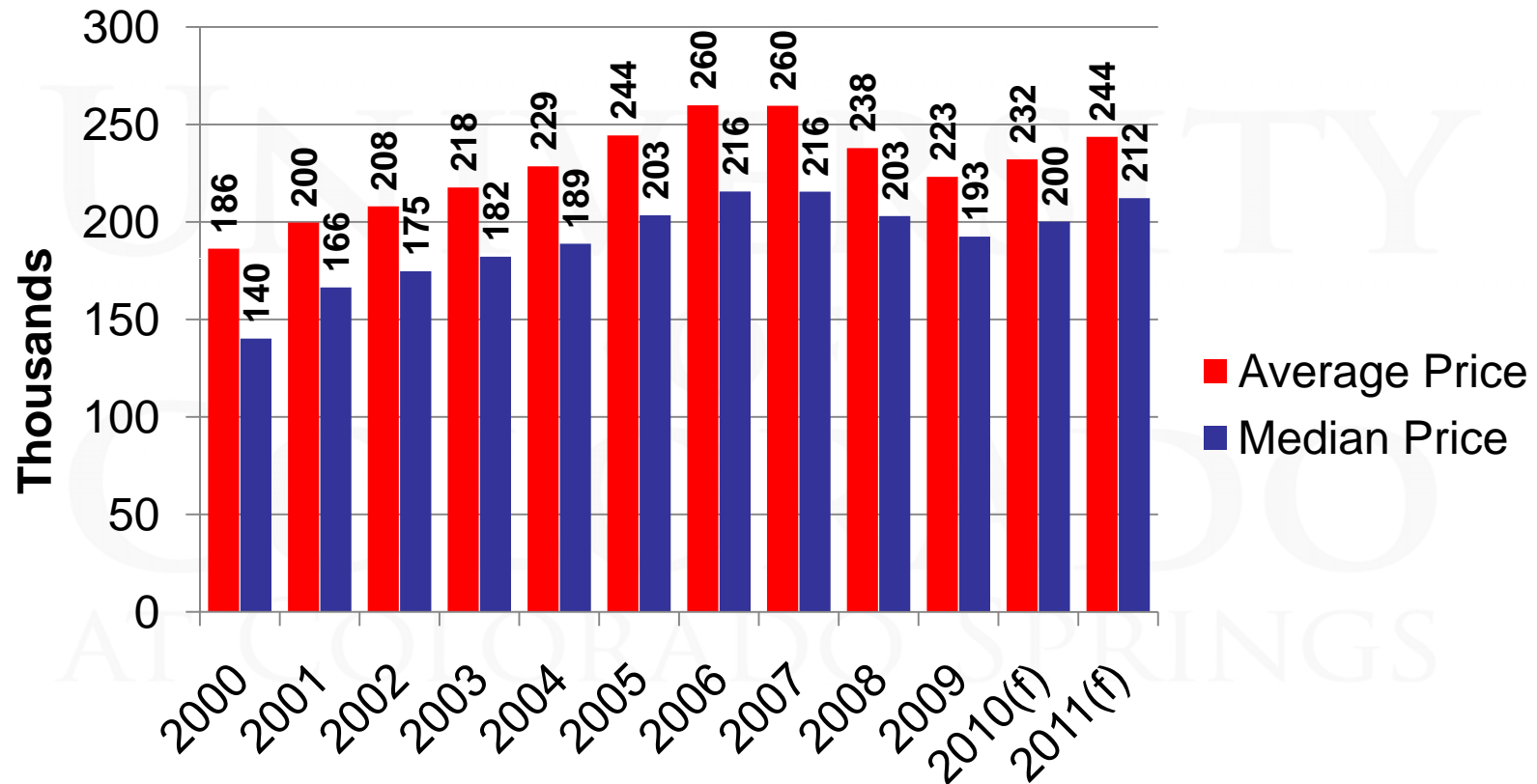
Supply/Demand of Housing and Prices



Source: PPAR (RCS) and UCCS Forum



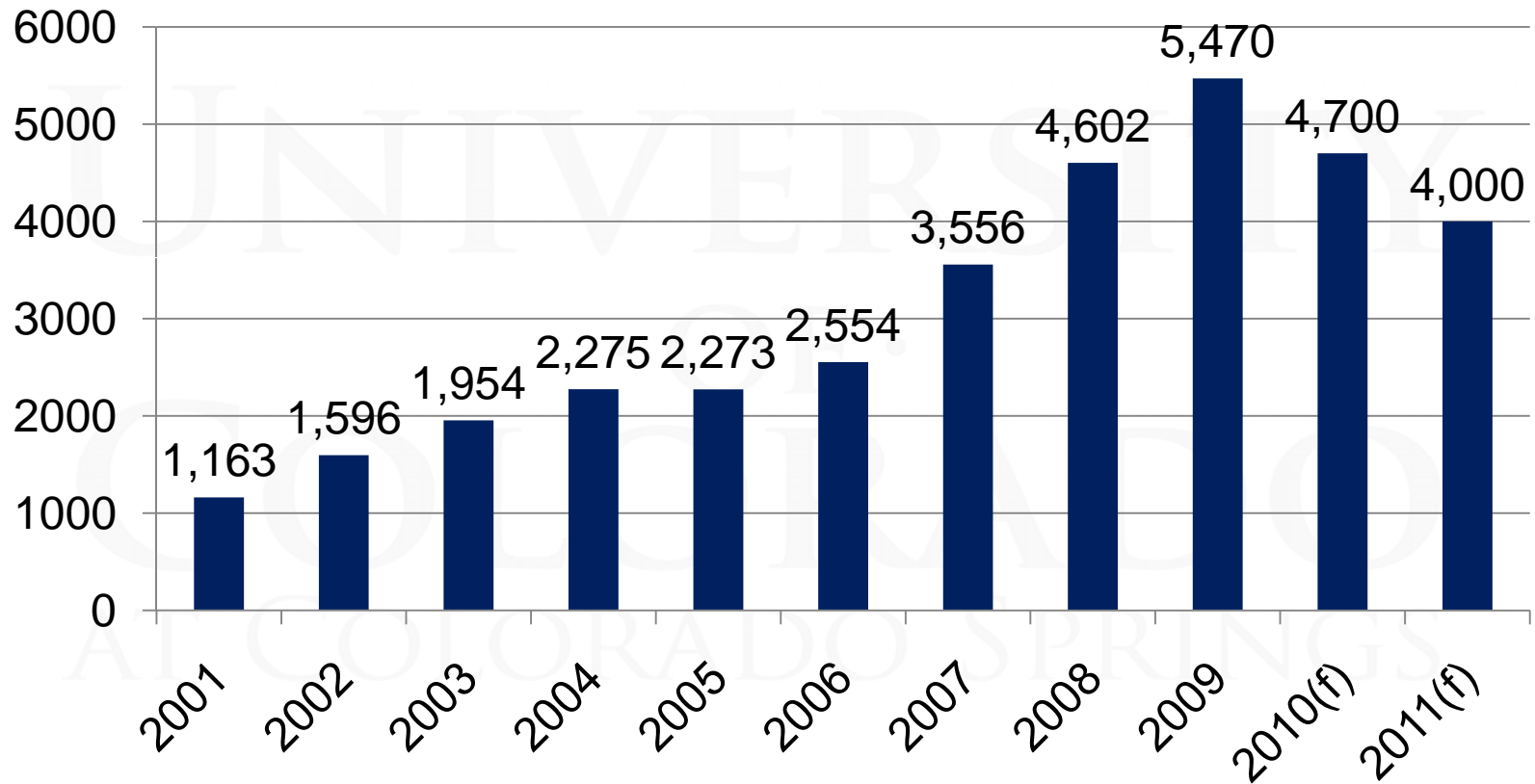
Average and Median Home Prices



Source: PPAR (RSC) and UCCS Forum



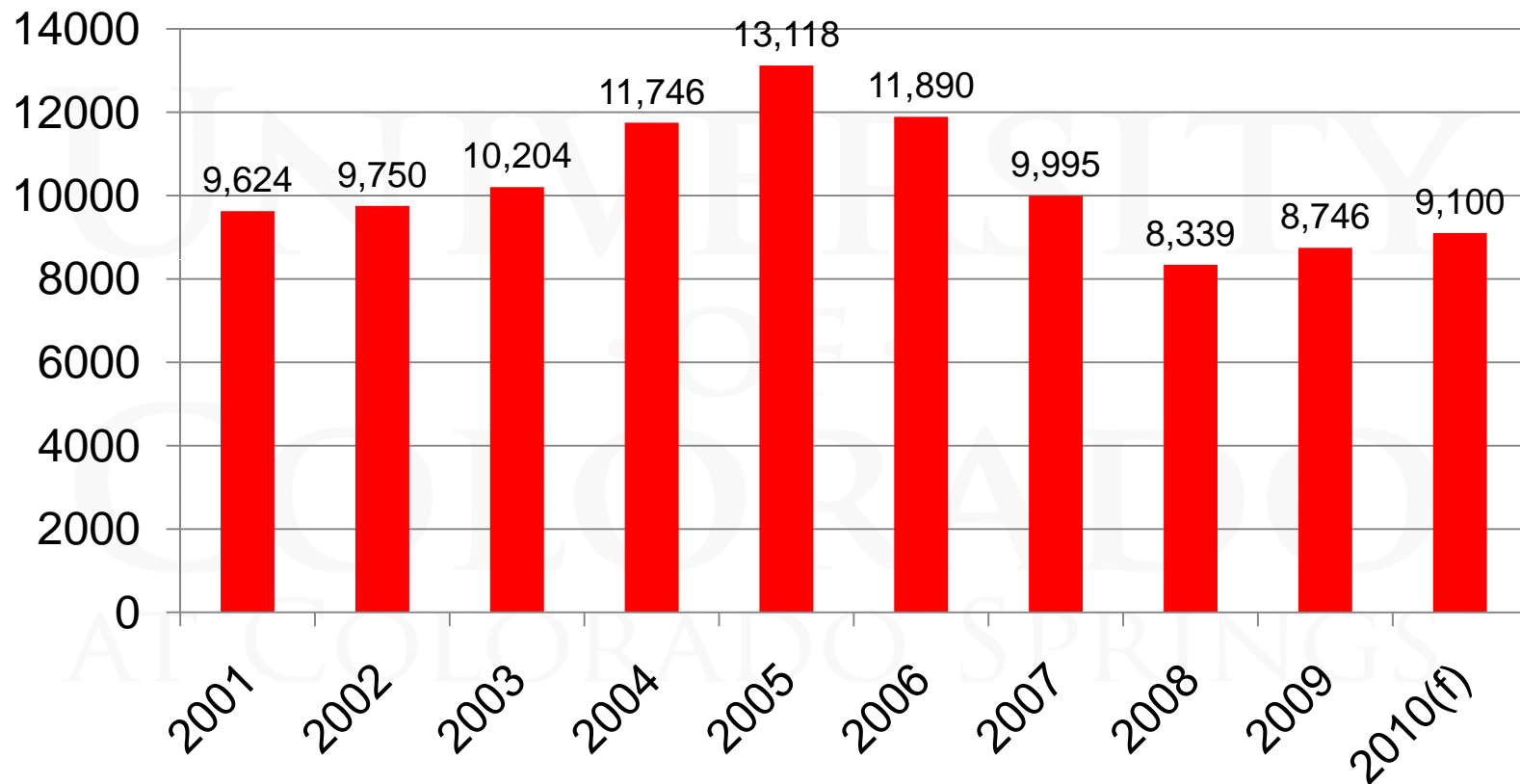
Foreclosures in El Paso County



Source: El Paso County Public Trustee and UCCS Forum



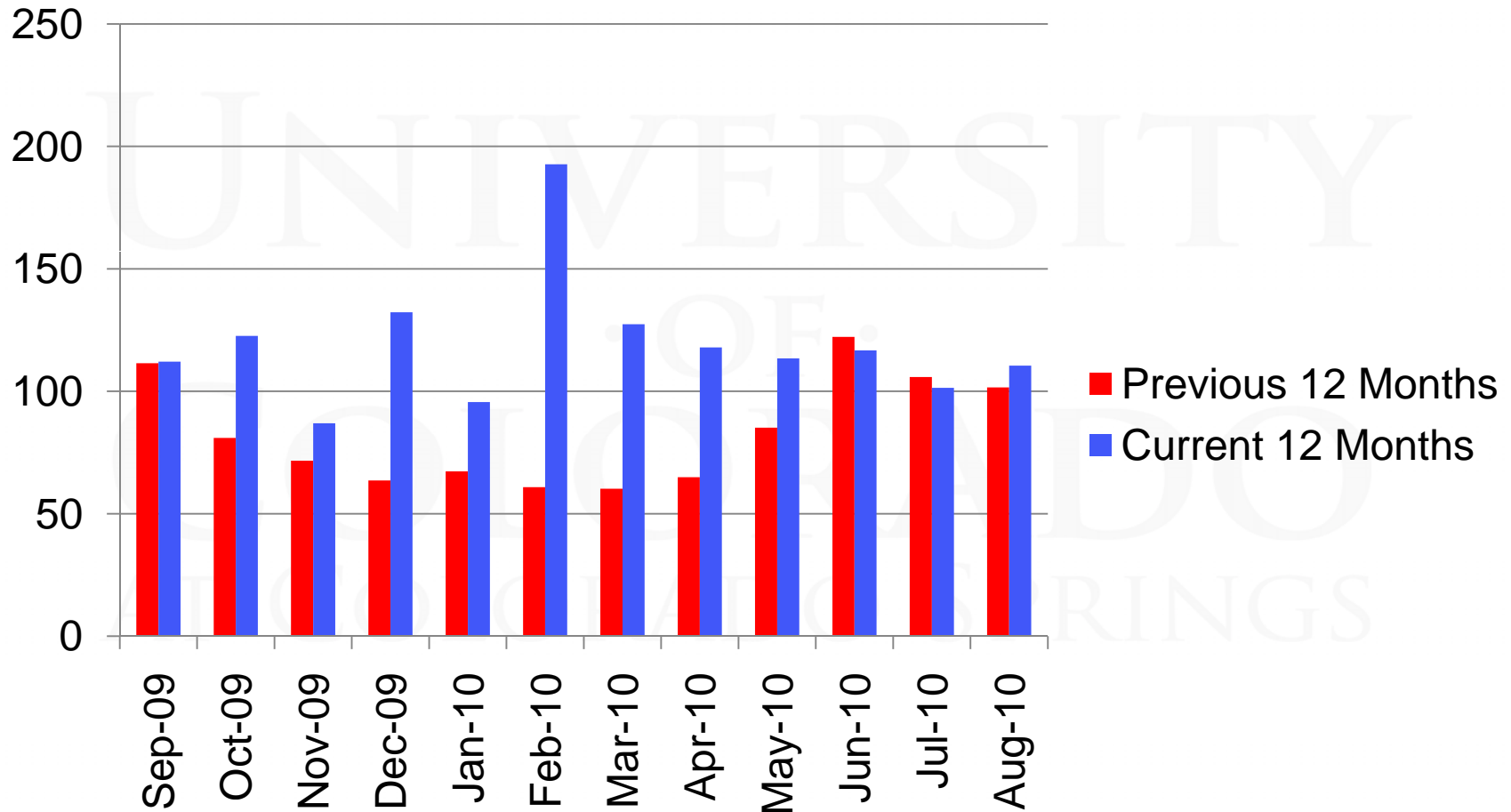
Home Sales



Source: PPAR (RSC) and UCCS Forum



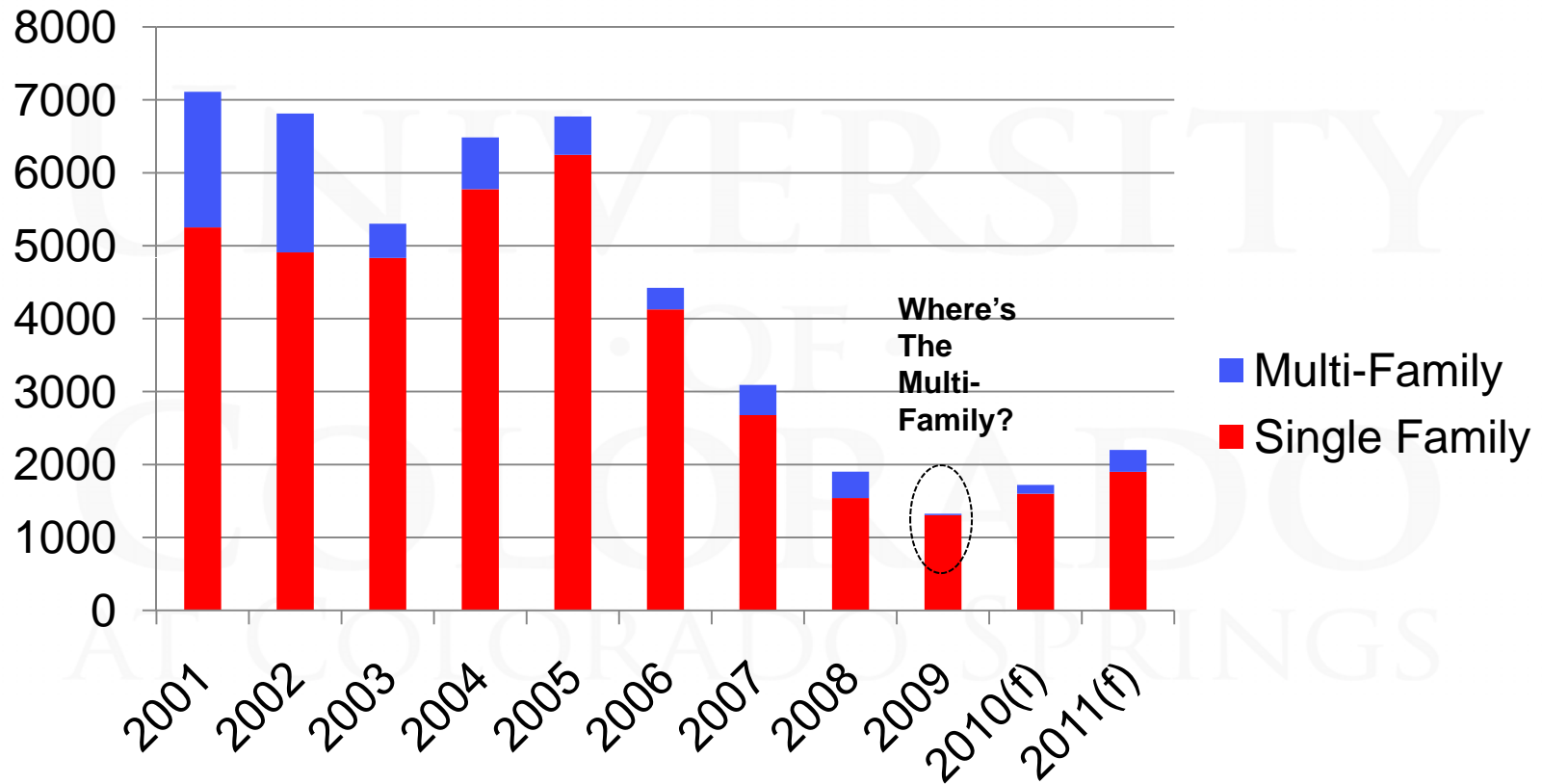
Single Family Permits in El Paso County



Source: PPRBD and UCCS Forum



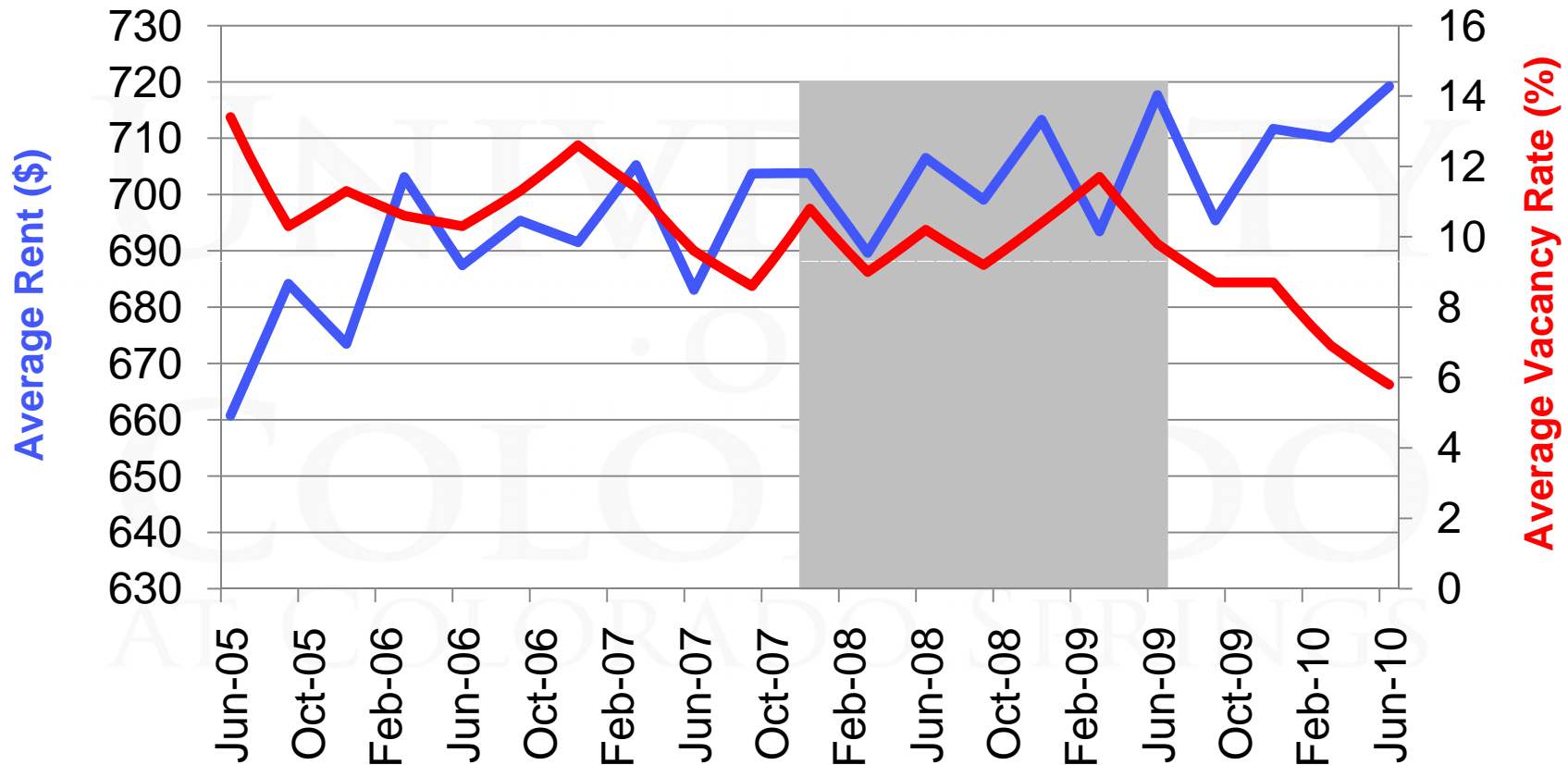
Single and Multi-Family Permits



Source: PPRBD and UCCS Forum



Multi-Family Rents and Vacancy Rates in El Paso County



Source: Colorado Division of Housing

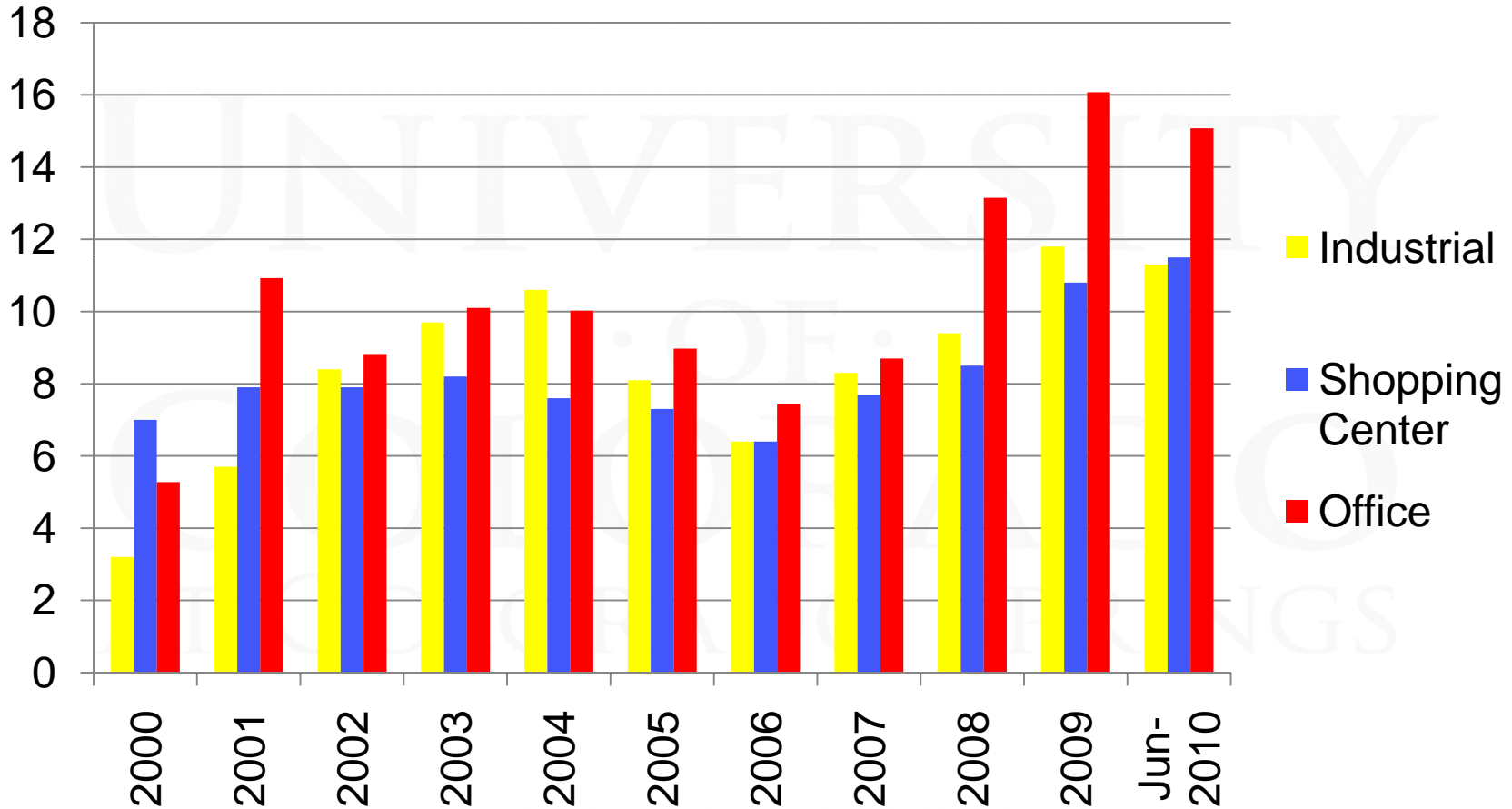


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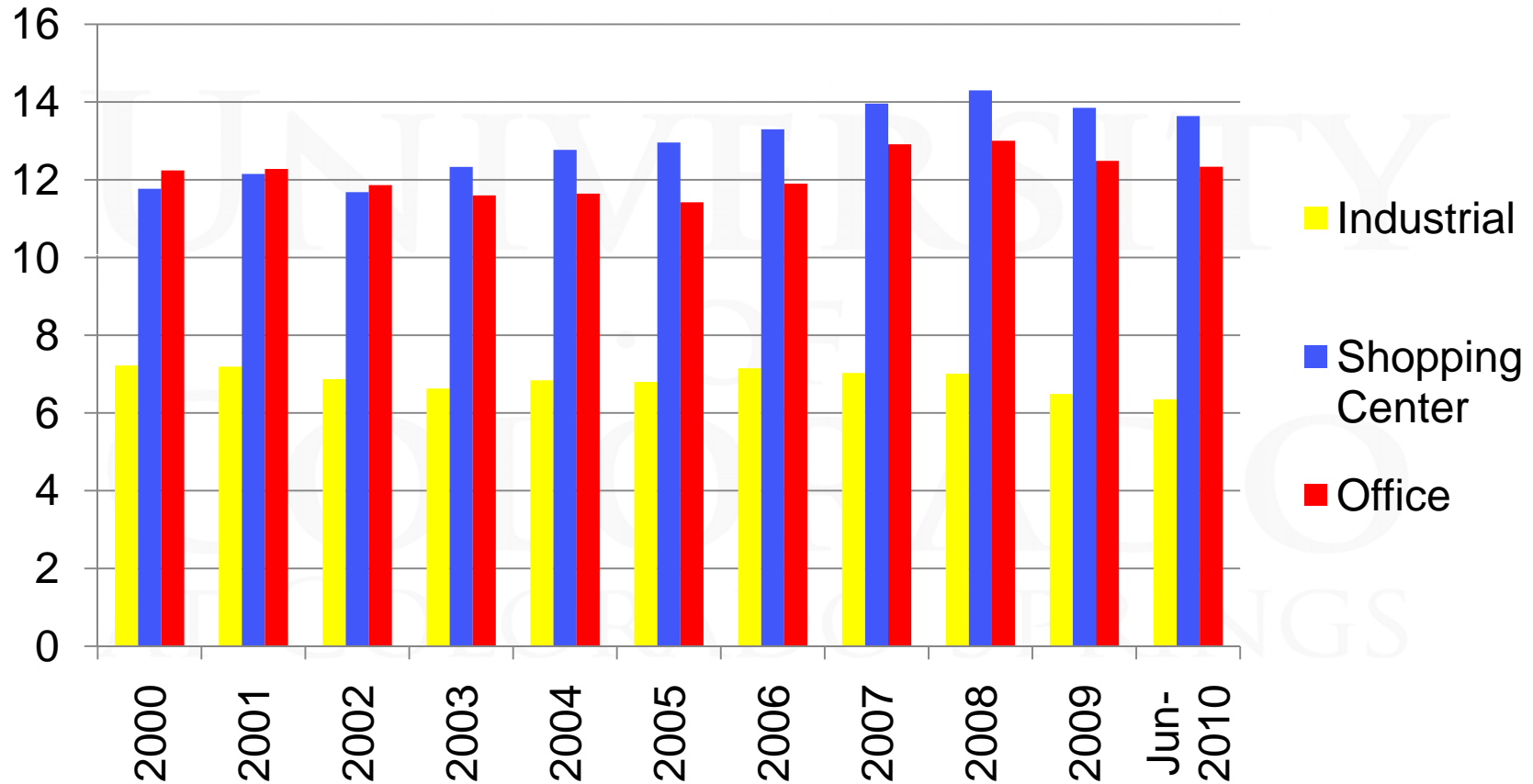
Industrial, Shopping Center and Office Vacancy Rates



Source: Turner Report and UCCS Forum



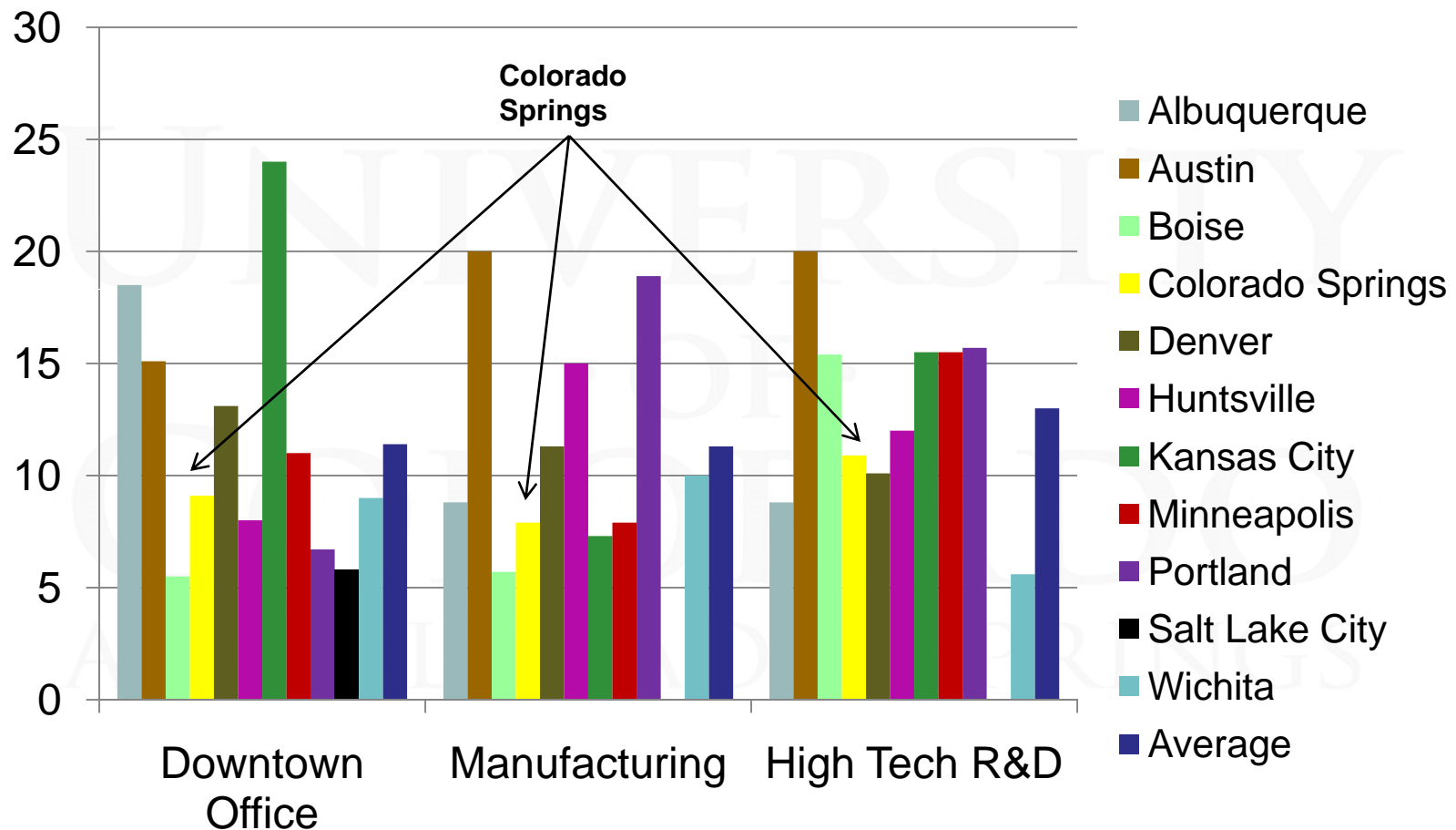
Industrial, Shopping Center and Office Rents



Source: Turner Report and UCCS Forum



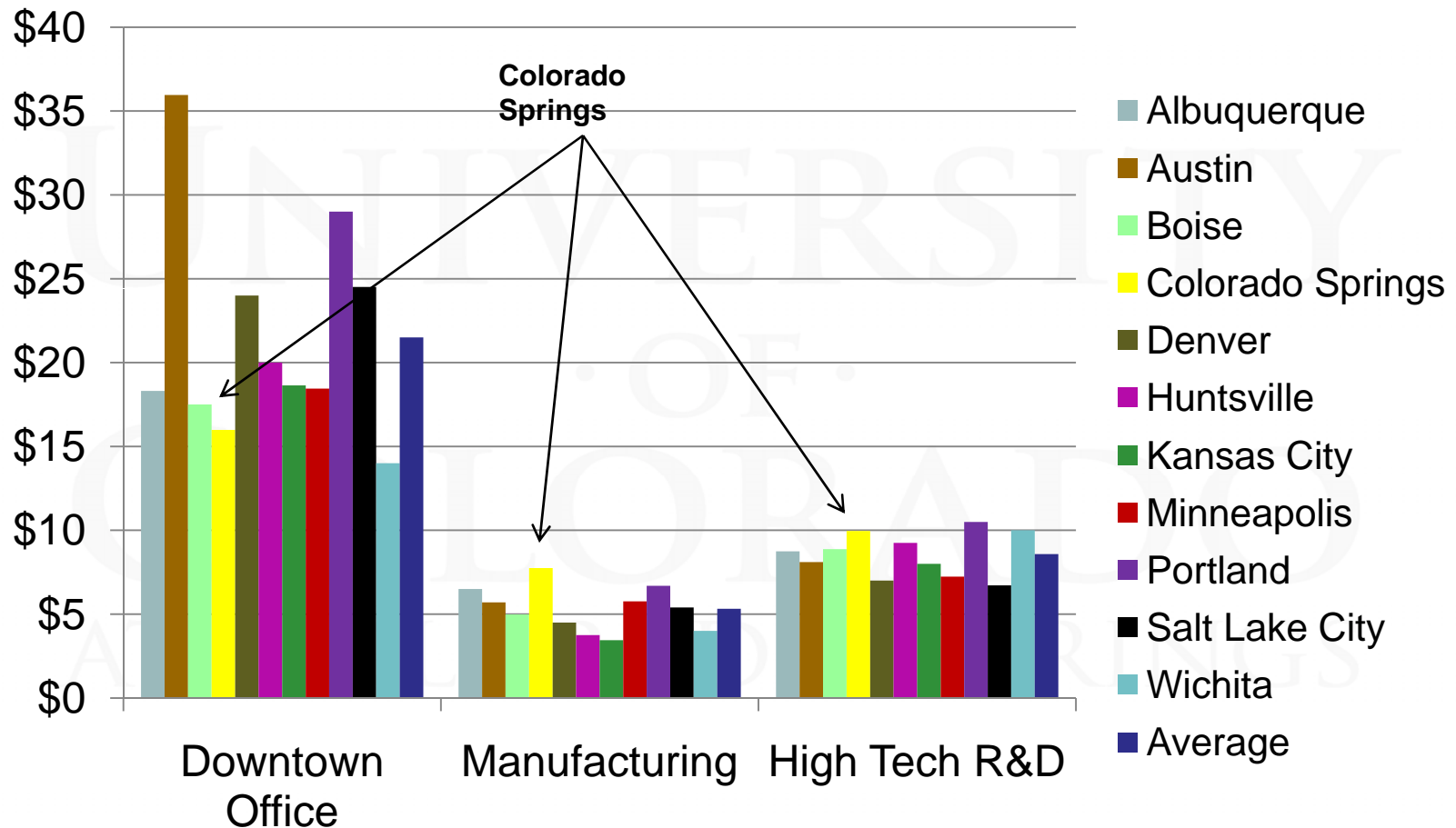
NAI Comparative Vacancy Rates (%)



Source: NAI Global Commercial Real Estate Services, Worldwide



NAI Comparative Rents



Source: NAI Global Commercial Real Estate Services, Worldwide

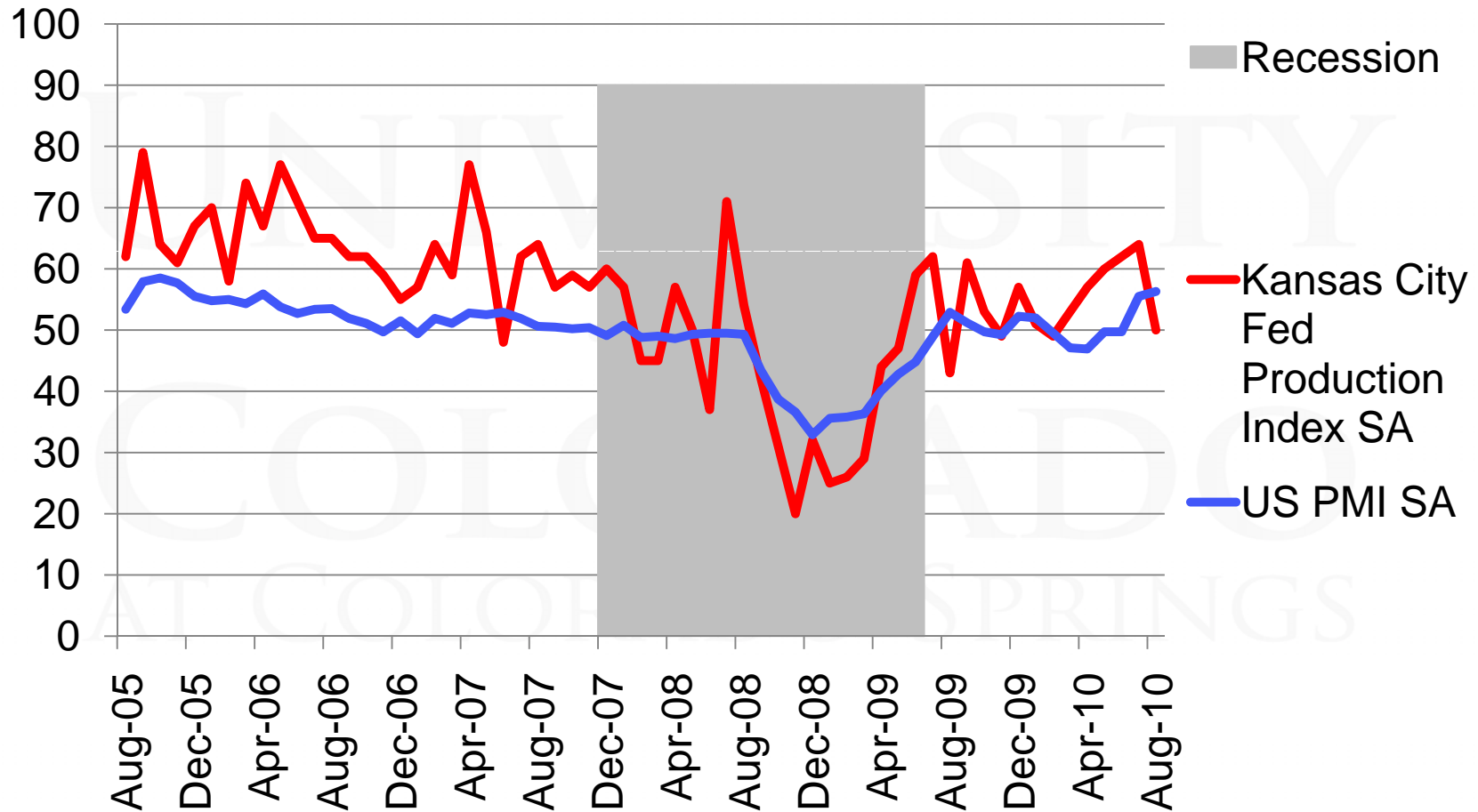


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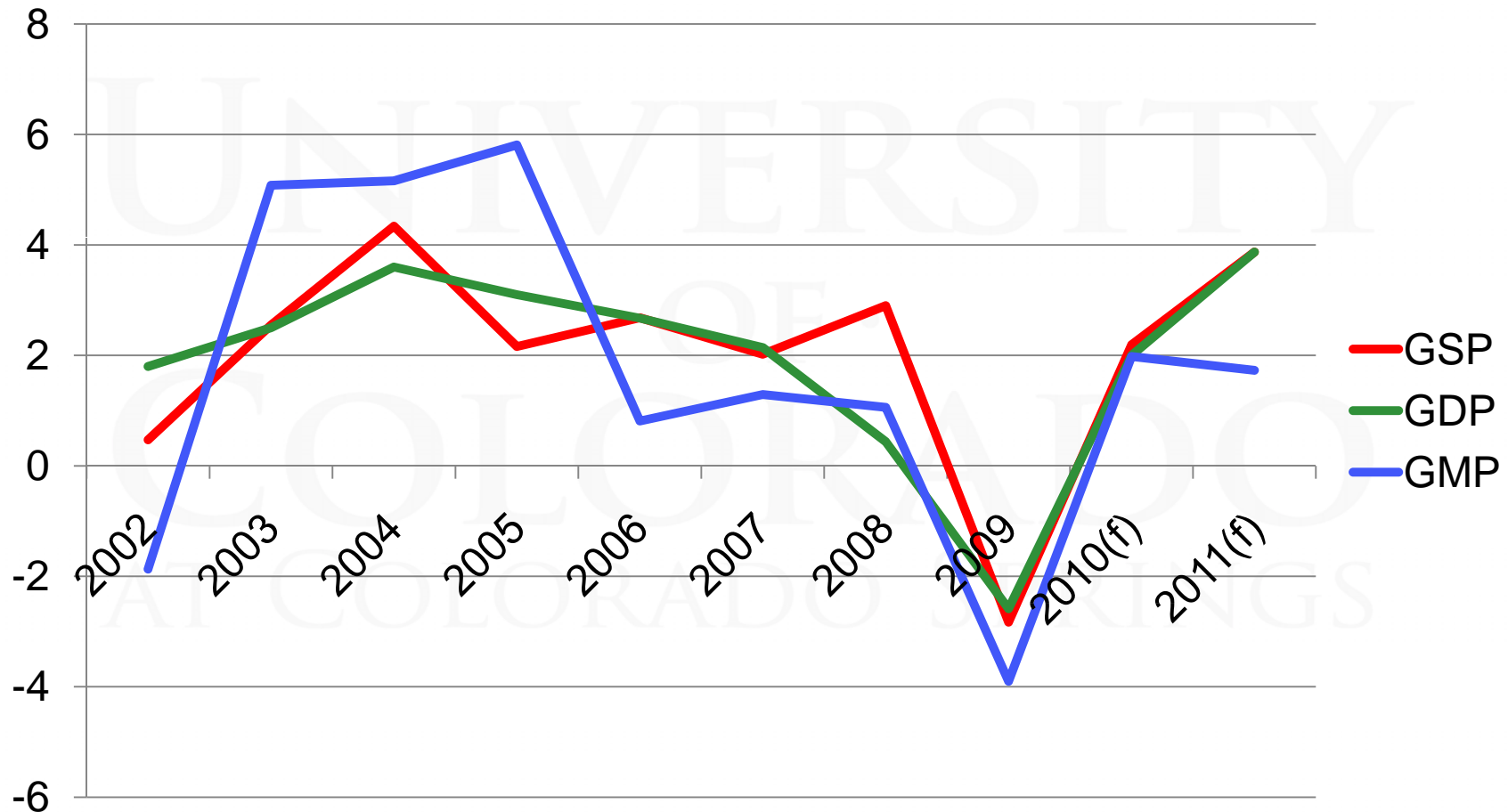
Purchasing Managers Index



Source: Federal Reserve Bank of Kansas City, Institute of Supply Management, Forum



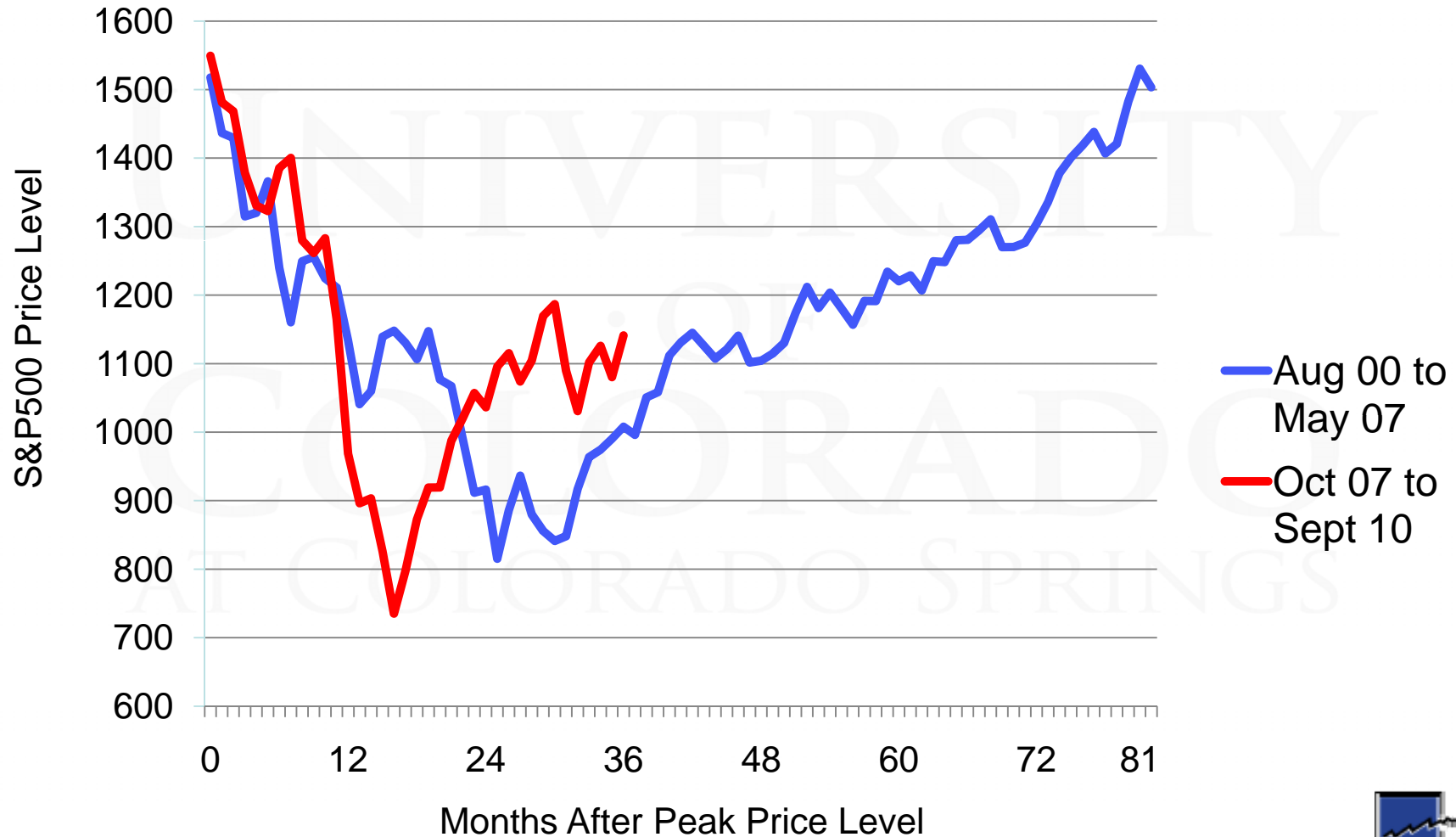
GDP, Gross State Product (GSP) and Gross Metro Product (GMP)



Source: Federal Reserve Bank of St. Louis



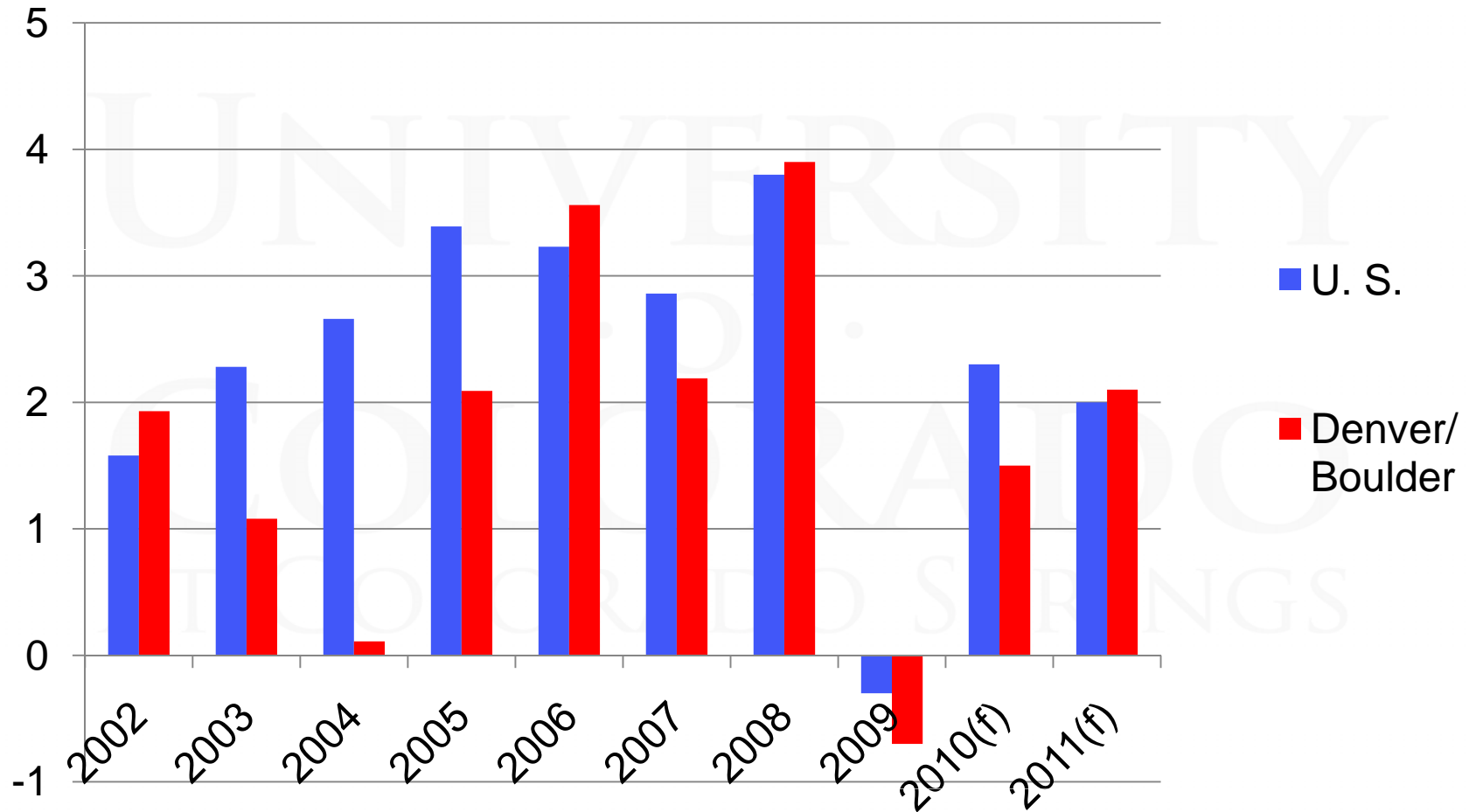
S&P500 Performance Over the Last Two Bear Markets



Source: Federal Reserve Bank of St. Louis



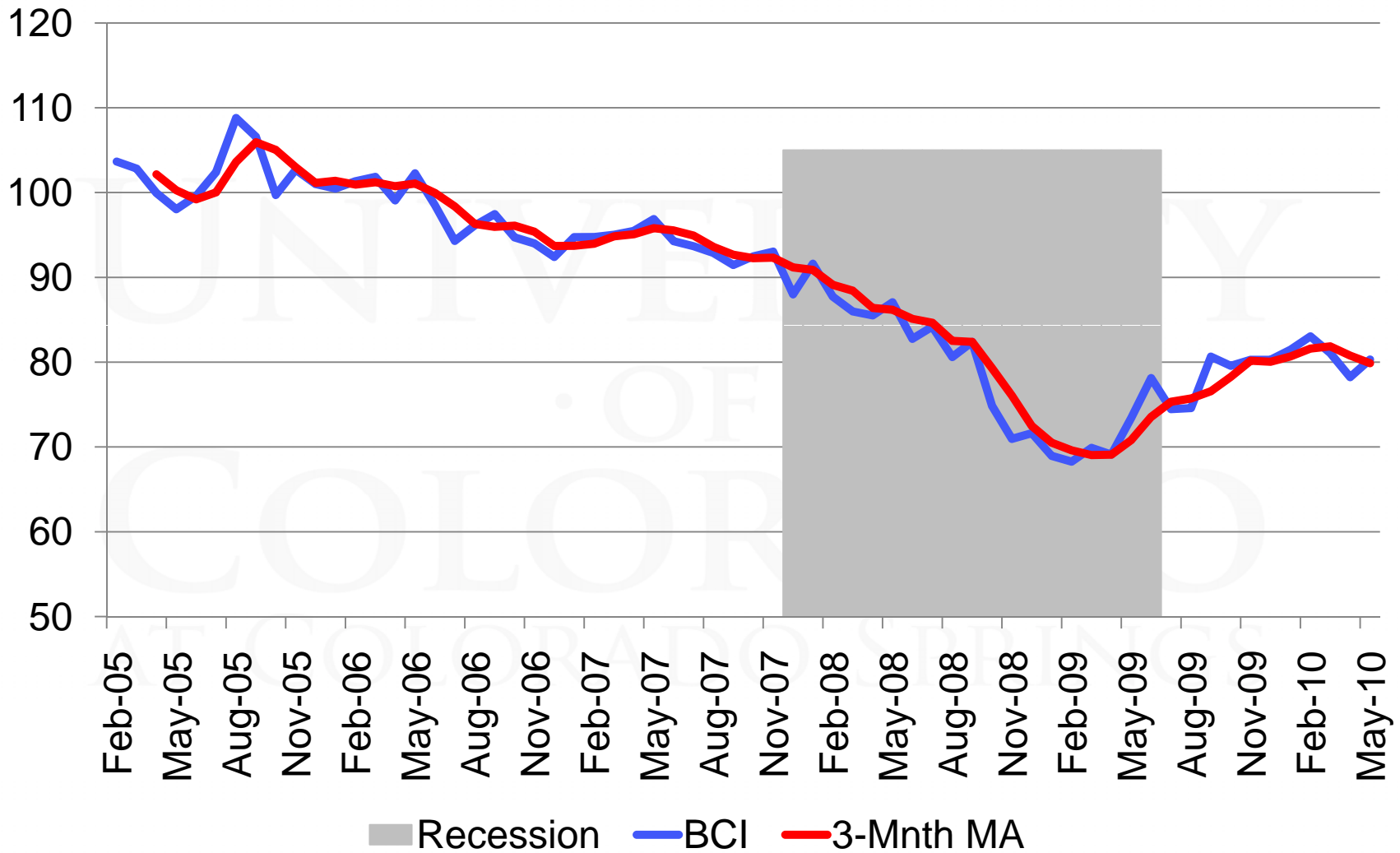
Consumer Price Index



Source: Bureau of Labor Statistics, Colorado LMI, Forum

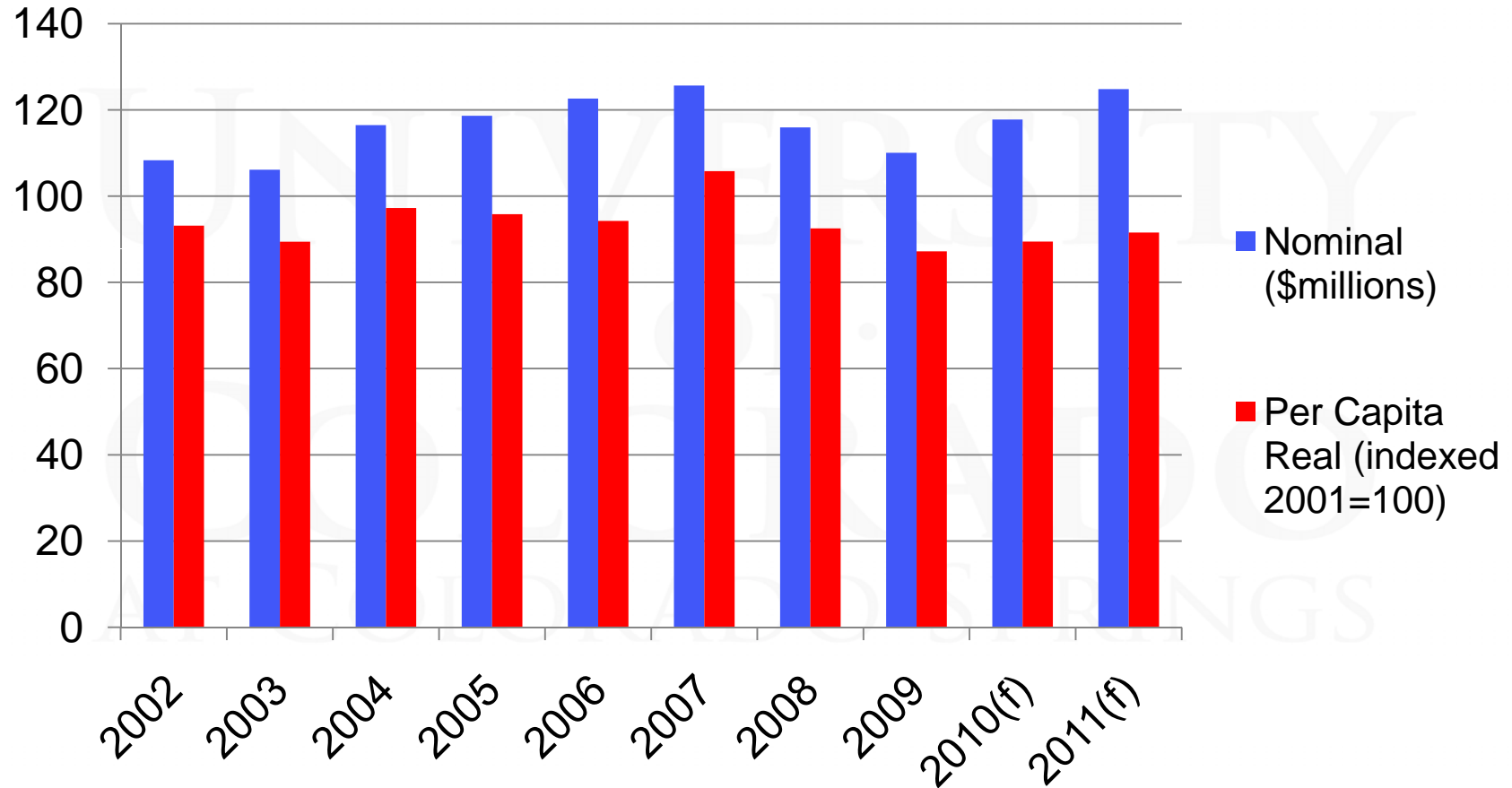


Business Conditions Index and 3-Month Moving Average



Colorado Springs Sales & Use Tax

(Blue is in millions, Yellow is indexed to 2001=100)



Source: City of Colorado Springs and UCCS Forum



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Projections for El Paso County (%)

	2010	2011
Population Growth	3.0	1.5
Unemployment Rate	8.4	7.9
Non-Agricultural Employment	1.5	1.8
Total Wages and Salaries	3.5	4.3
Average Wages and Salaries	2.0	2.5



Projections for El Paso County (%)

	2010	2011
Personal Income	2.0	2.2
Per Capita Personal Income	1.1	3.0
Retail Trade	7.0	6.0
Single Family Housing Permits	22.3	18.8
Non-Residential Construction	-65.0	60.0

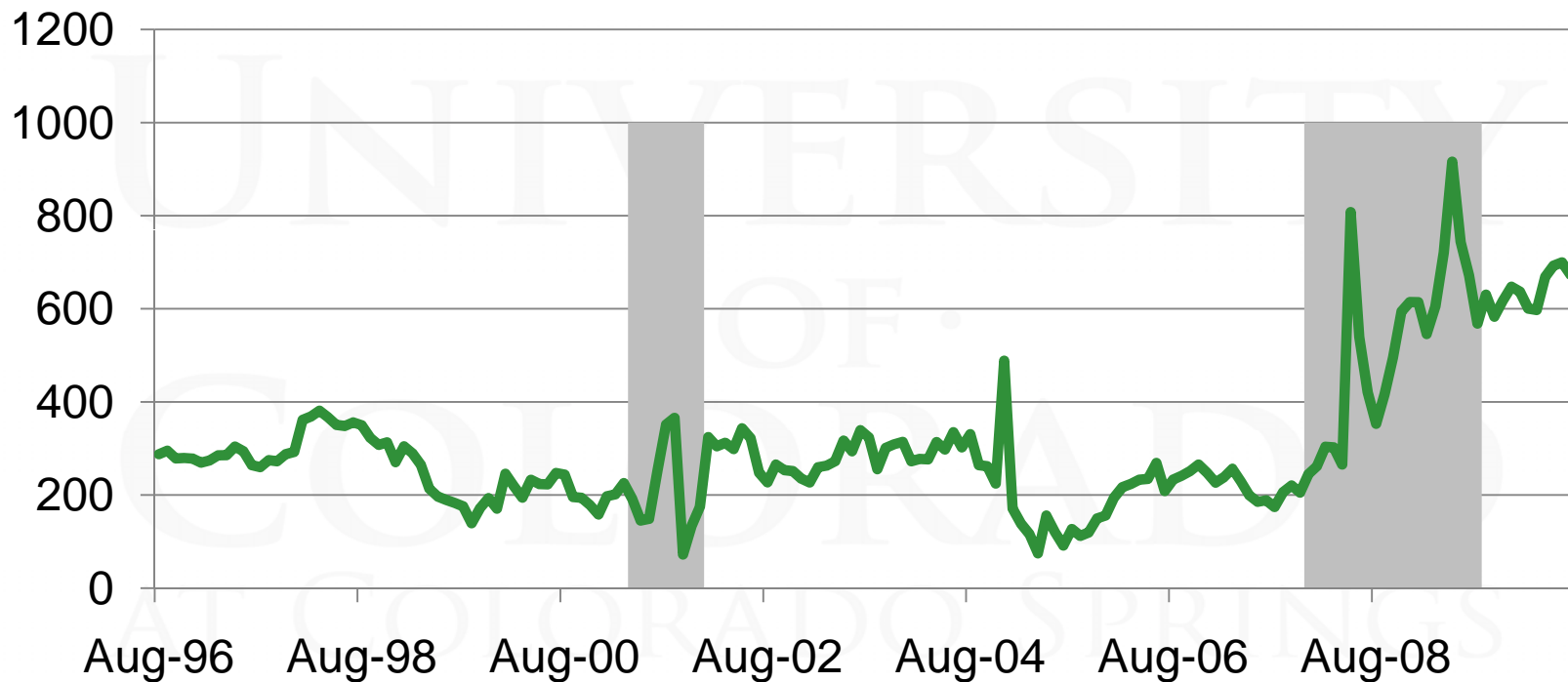


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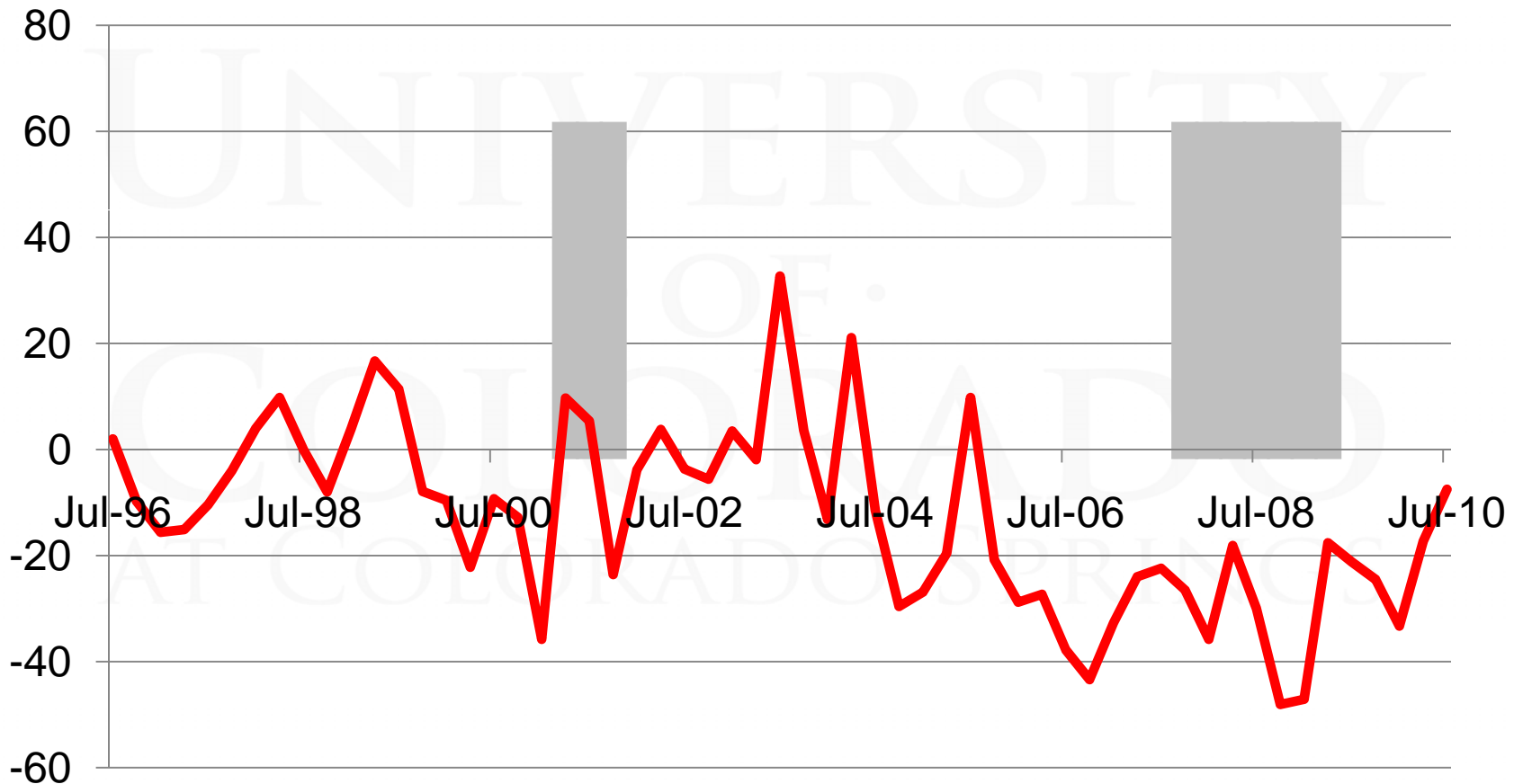
Personal Savings (\$Billions)



Source: Federal Reserve Bank of St. Louis



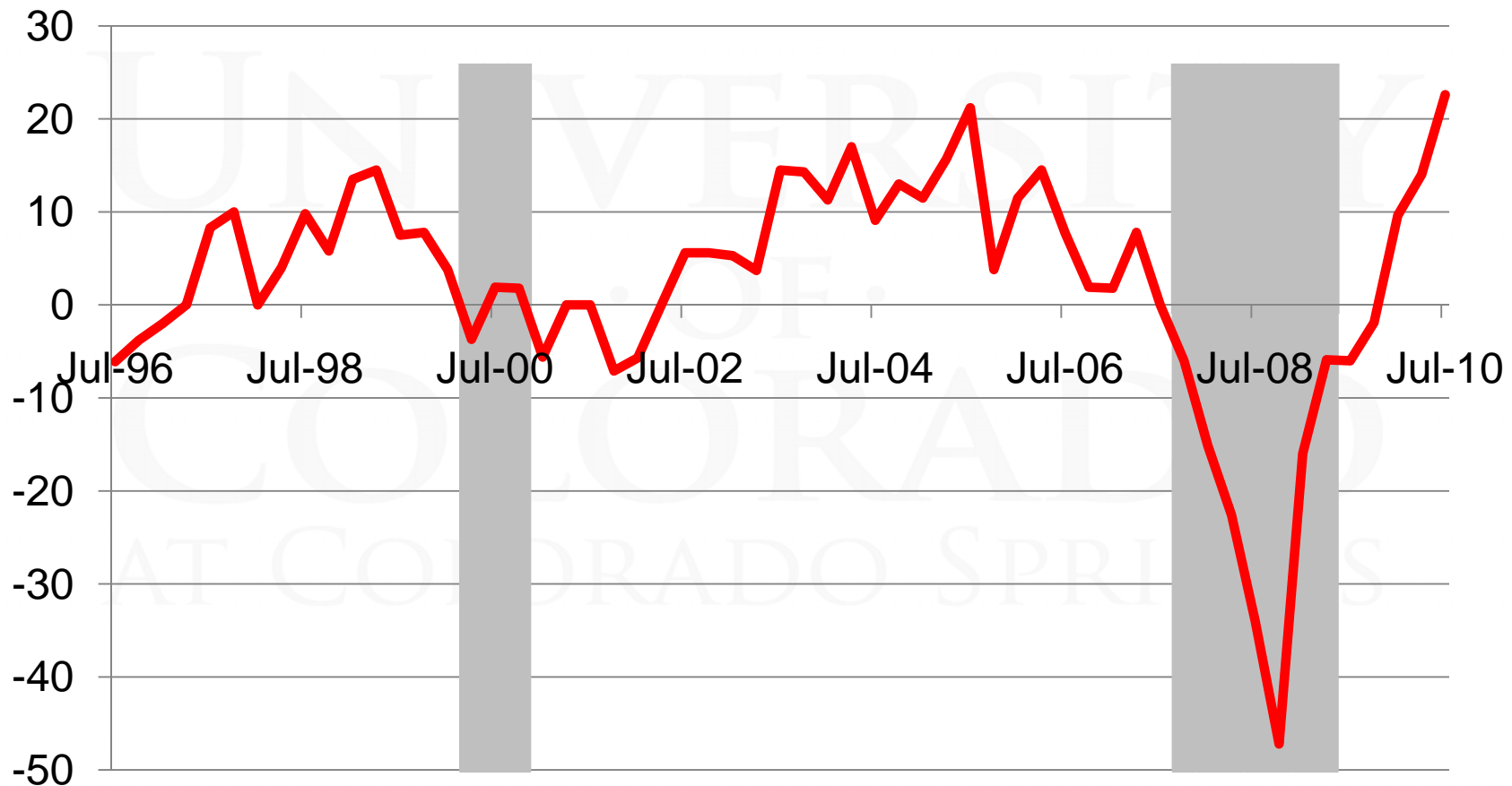
Net Percent of Loan Officers Reporting Higher Consumer Loan Demand



Source: Federal Reserve Bank of St. Louis



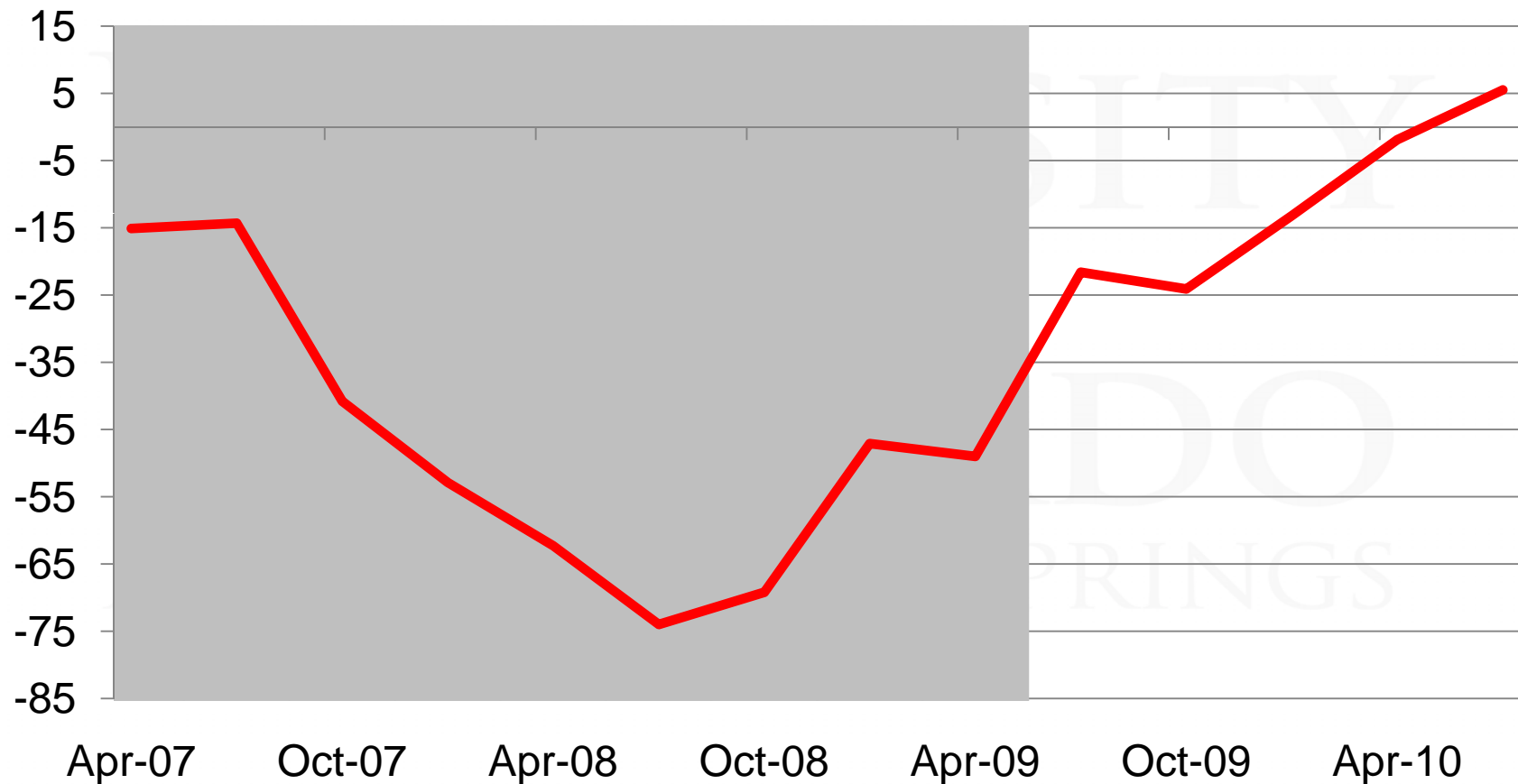
Net Percent of Loan Officers Willing to Make Consumer Loans



Source: Federal Reserve Bank of St. Louis



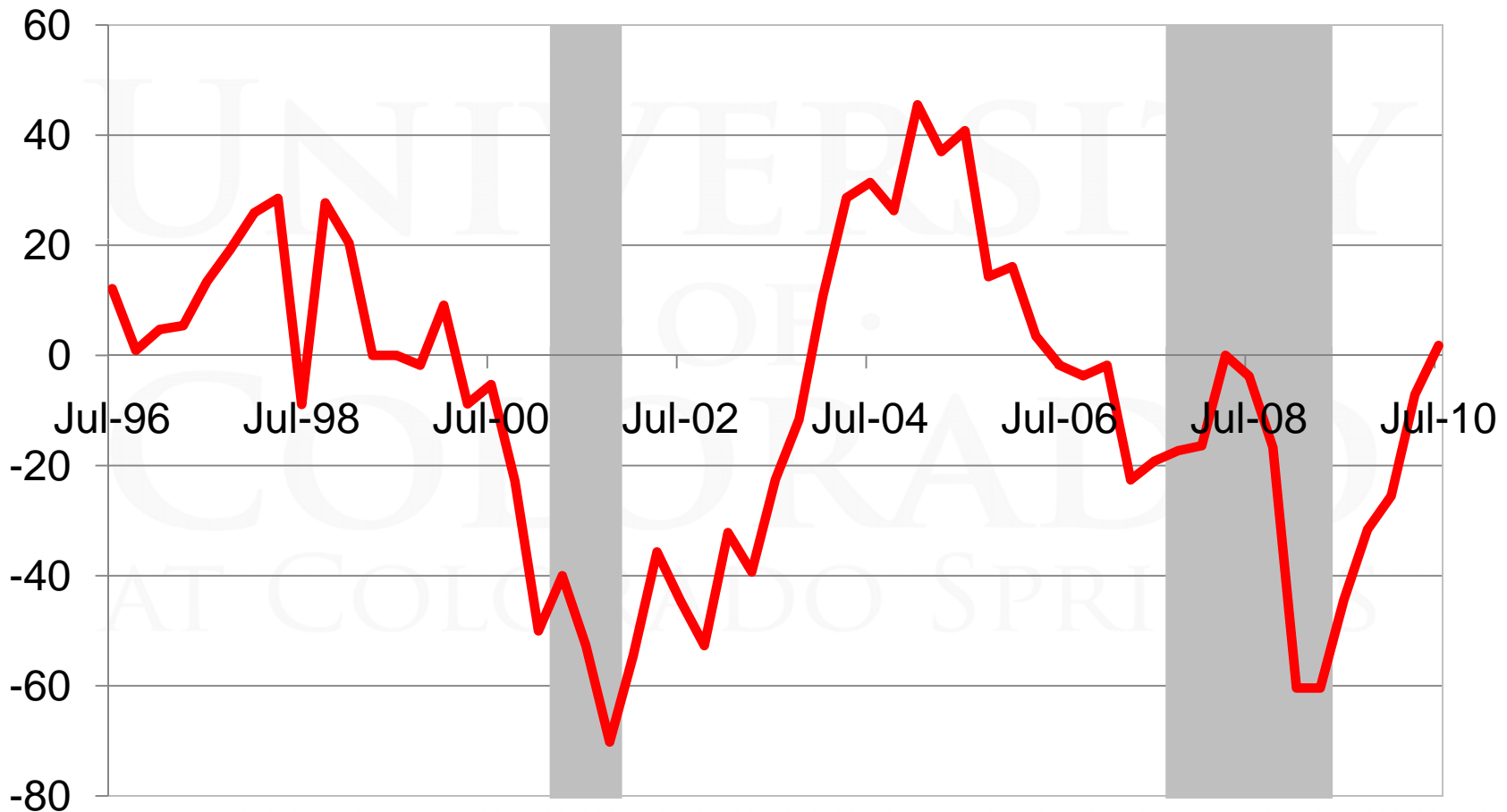
Net Percent of Bank Loan Officers Willing to Make Prime Residential Mortgage Loans



Source: Federal Reserve Bank of St. Louis



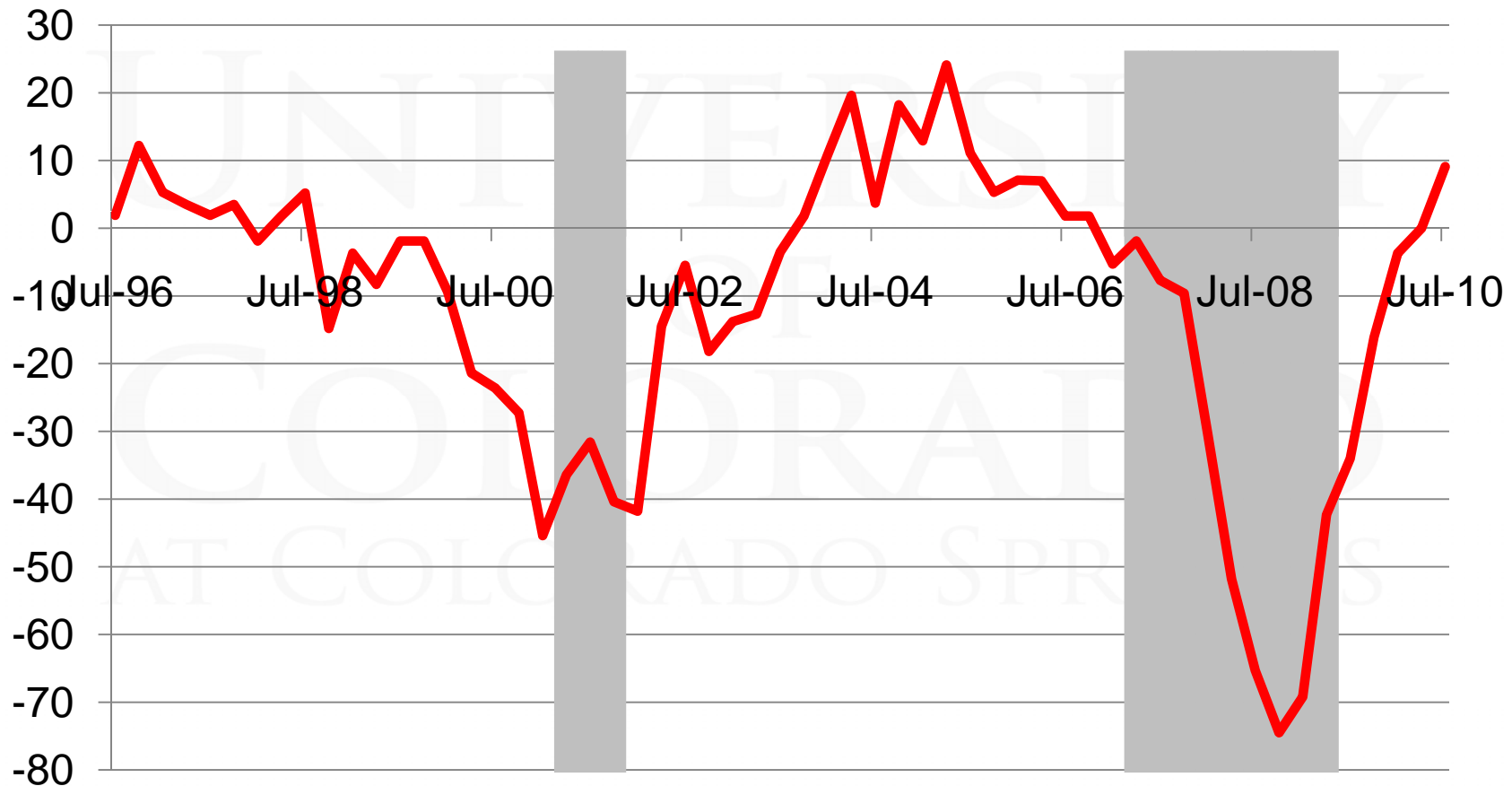
Net Percent of Loan Officers Reporting Higher Comm/Ind Loan Applications



Source: Federal Reserve Bank of St. Louis



Net Percent of Bank Loan Officers with Easier Loan Standards for Small Firms



Source: Federal Reserve Bank of St. Louis



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Operation 6035 – Key Sectors

- Aerospace, defense and homeland security
- Software and information technology
- Renewable energy and energy efficiency
- Sports and related industries
- Emerging industries, entrepreneurs



Measurement Issues

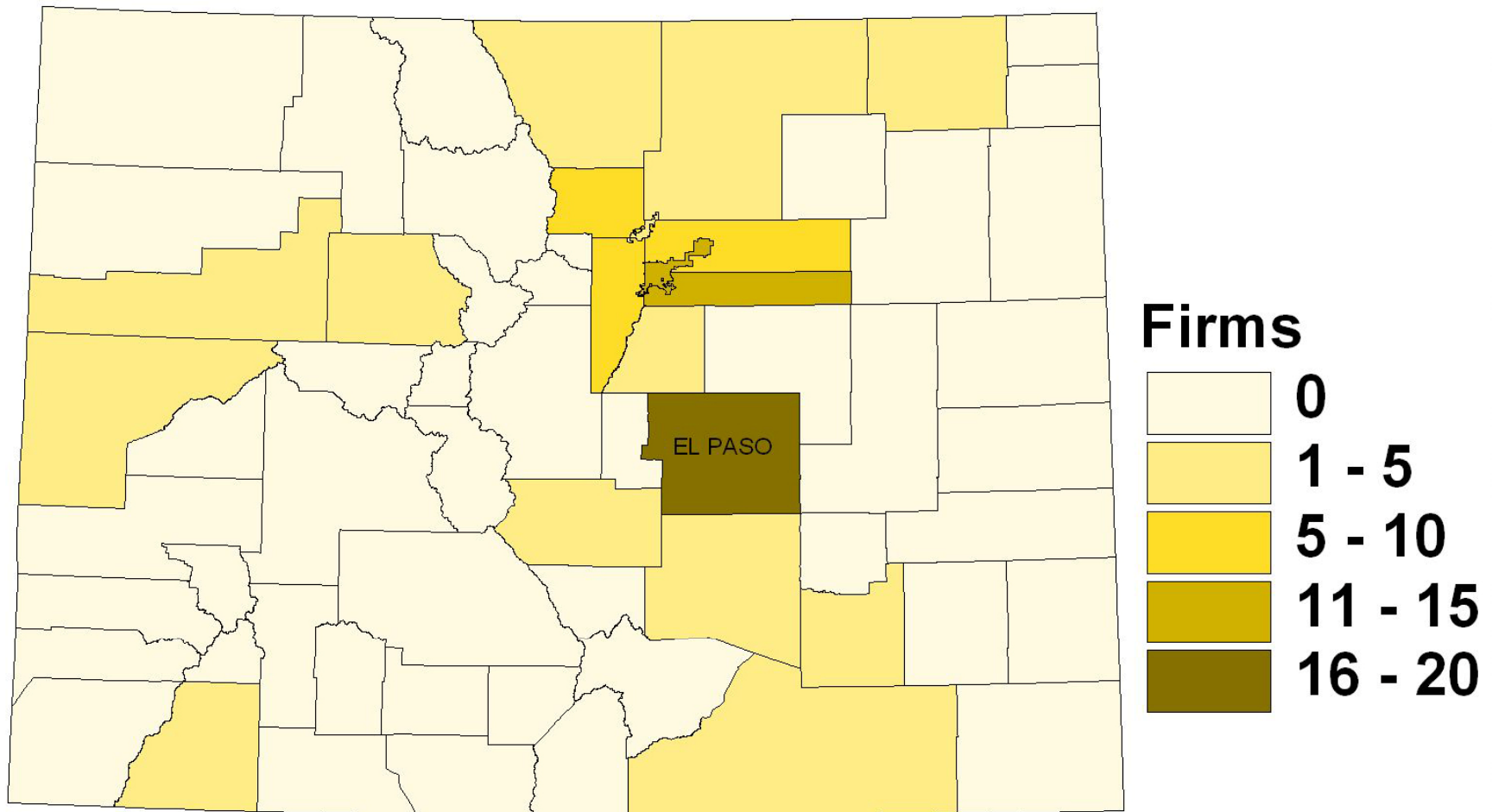
Table 1: Operation 6035 Targeted Industry Employment and Wages in El Paso County in 2008

	Employment	Total Wages	Average Wage
Aerospace, Defense and Homeland Security	4,696	\$340,209,174	\$72,454
Software and Information Technology	12,029	\$985,673,030	\$81,941
Renewable Energy and Energy Efficiency	8,996	\$688,439,382	\$76,527
Sports and Sports Related Industries	5,599	\$143,516,217	\$25,631
Emerging Industries/Entrepreneurs	2,766	\$250,167,559	\$90,430
Total Employment & Wages and Average Wages	34,087	\$2,408,005,362	\$70,643

Source: Quarterly Census of Employment and Wages, Colorado Department of Labor



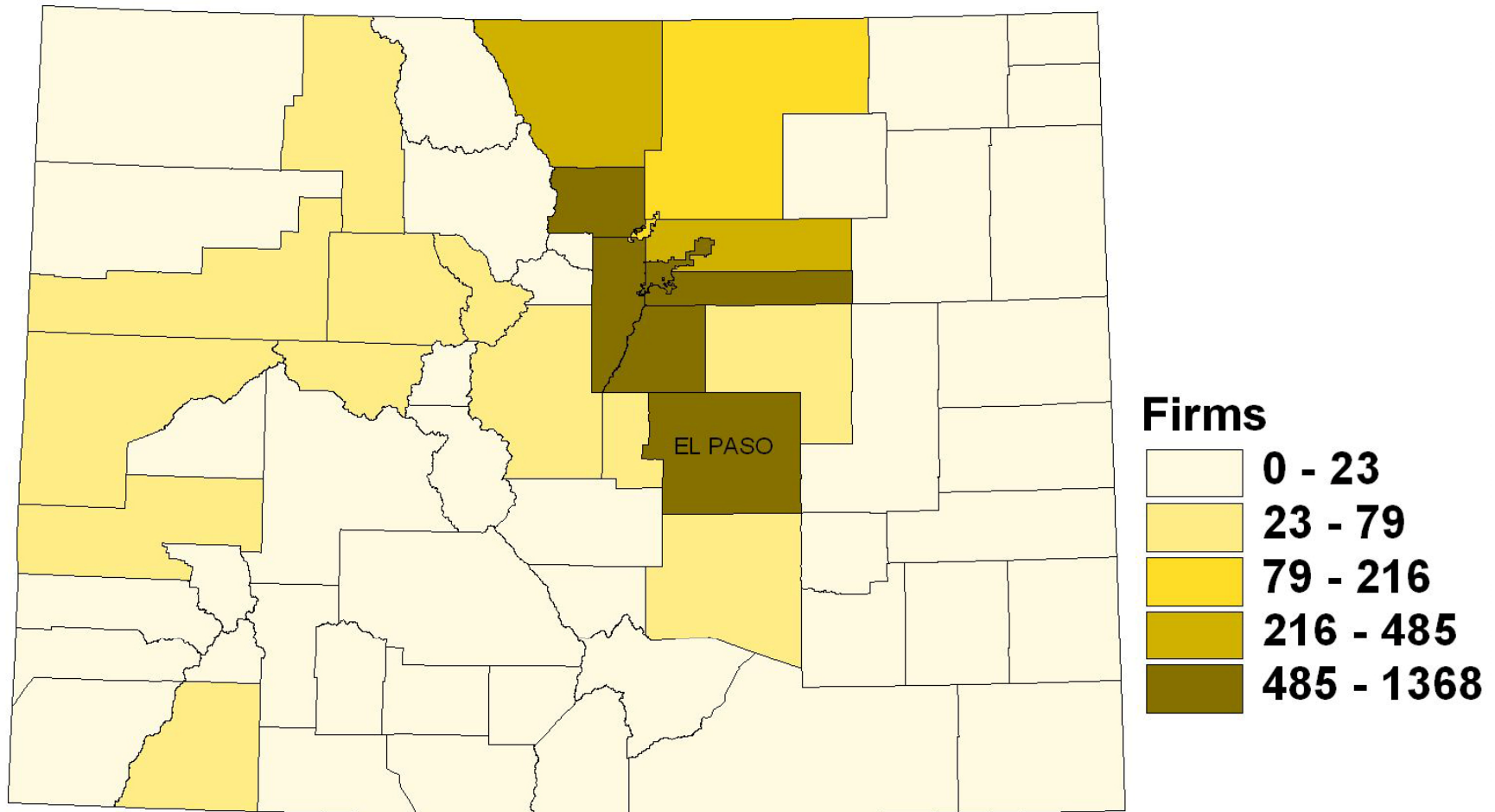
Aerospace Firms in Colorado (2008)



Source: Colorado QCEW, UCCS Forum



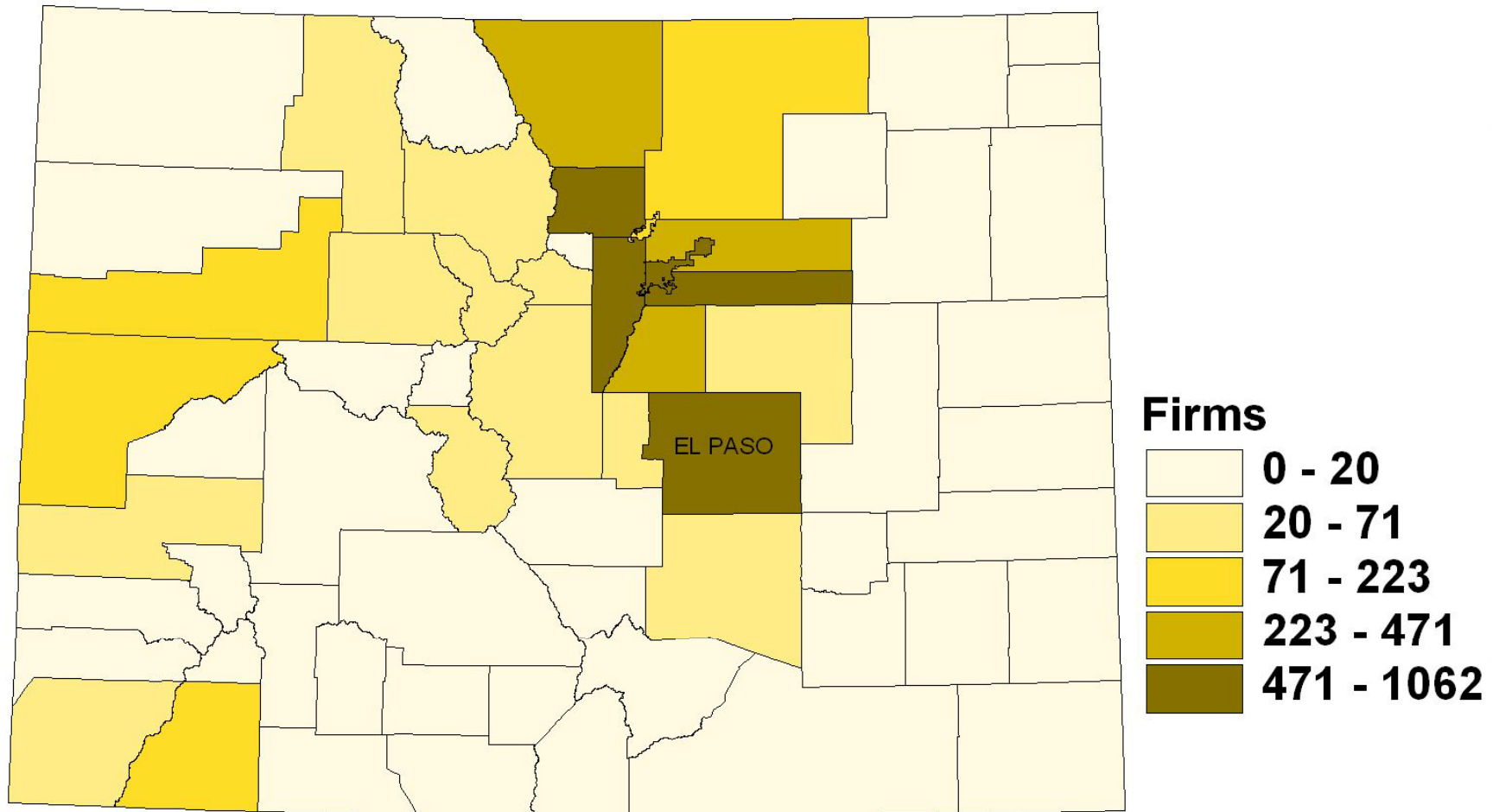
Software Firms in Colorado (2008)



Source: Colorado QCEW, UCCS Forum



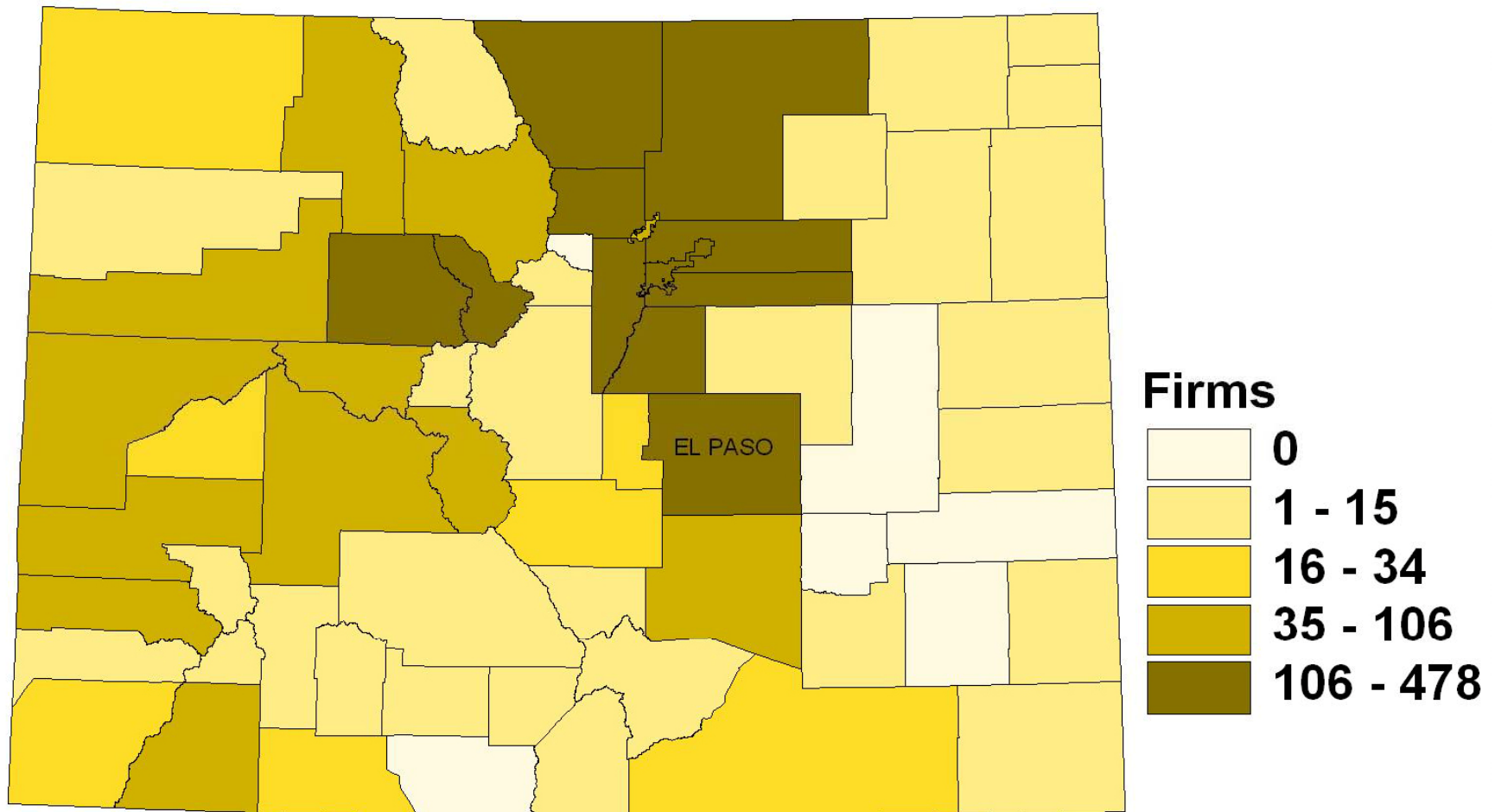
Renewable Energy Firms in Colorado (2008)



Source: Colorado QCEW, UCCS Forum



Sports Firms in Colorado (2008)



Source: Colorado QCEW



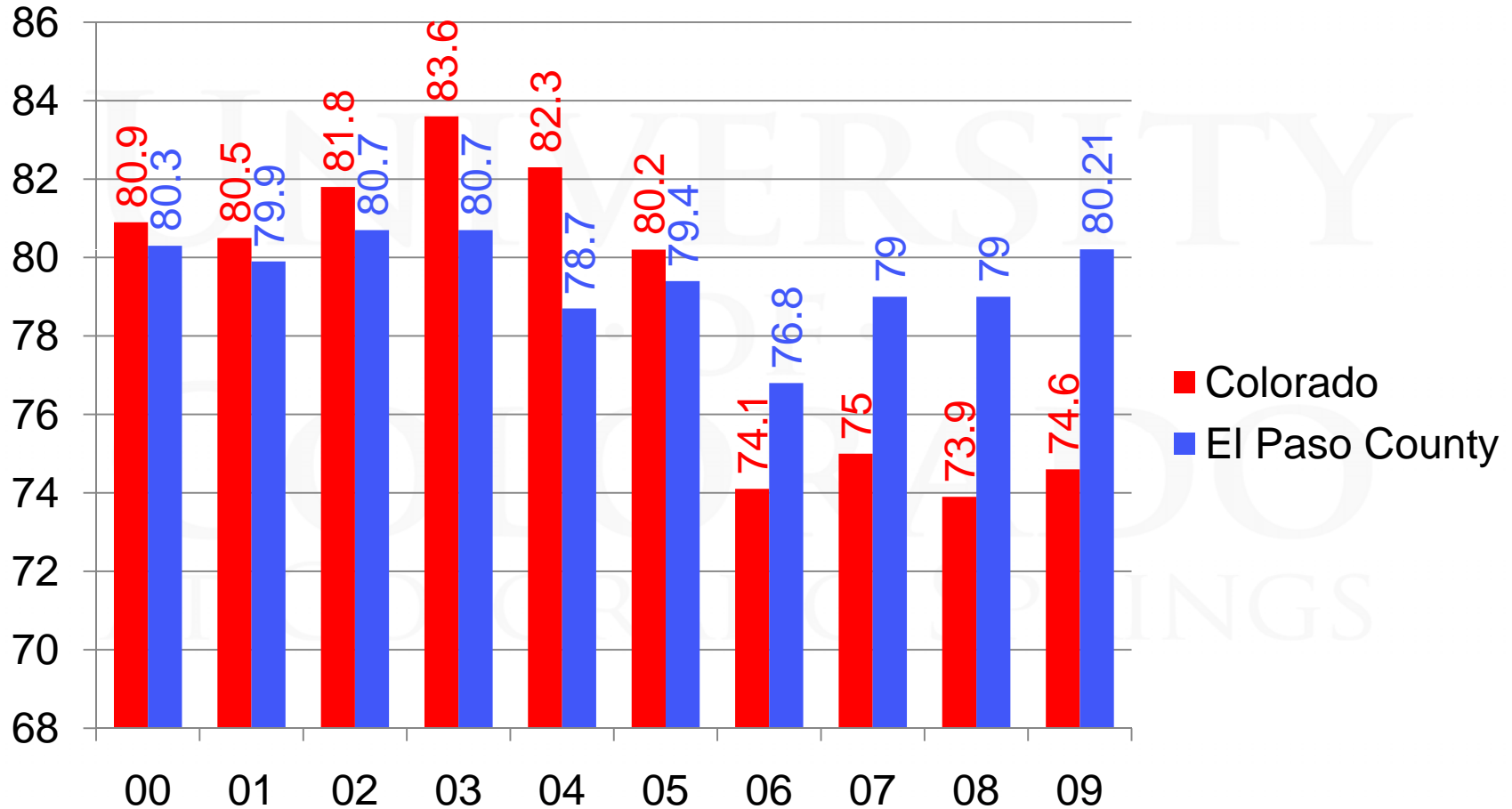
Common Threads

- Education
- Sciences/Engineering

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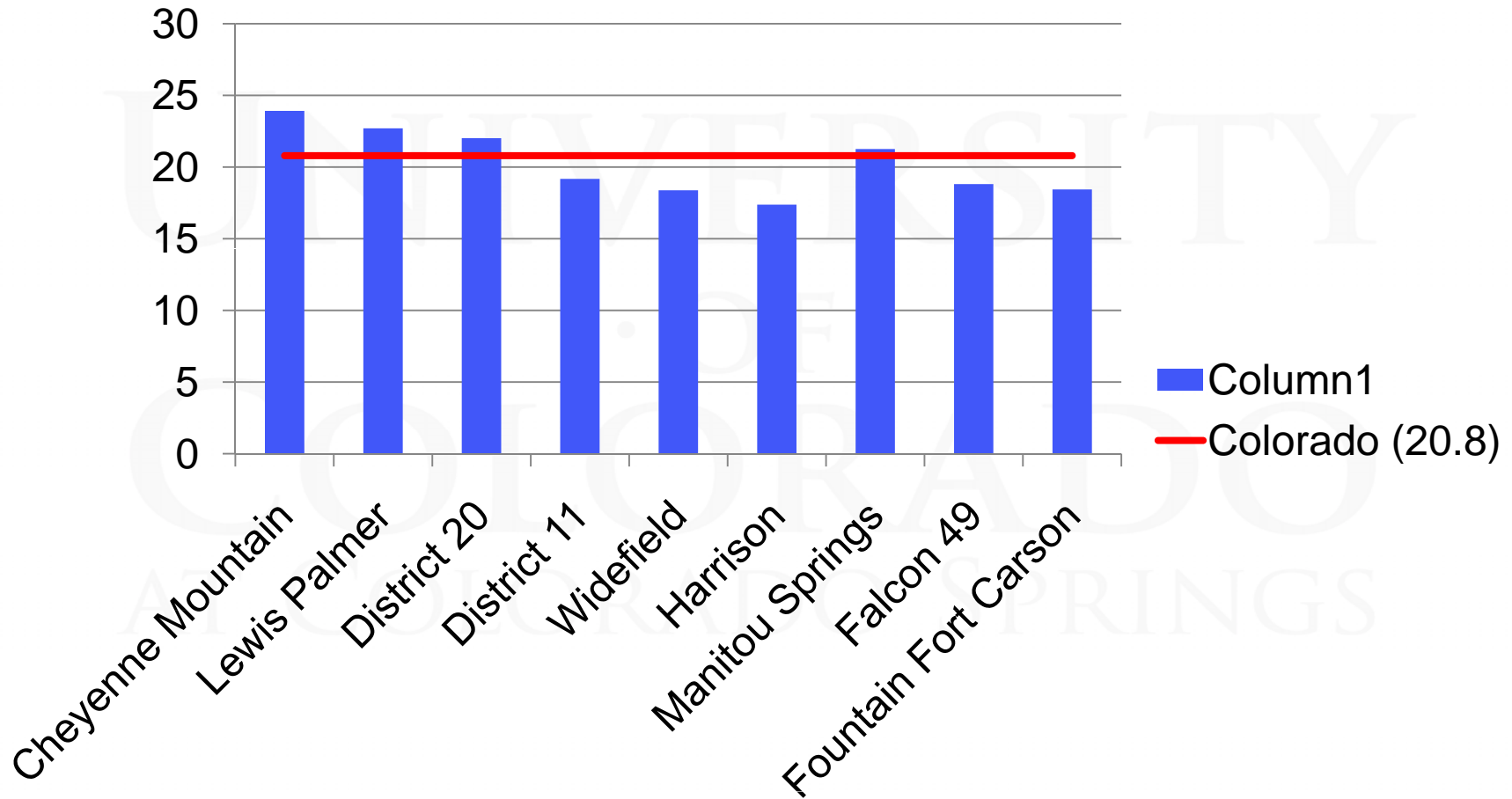
Graduation Rates (%)



Source: Colorado Department of Education



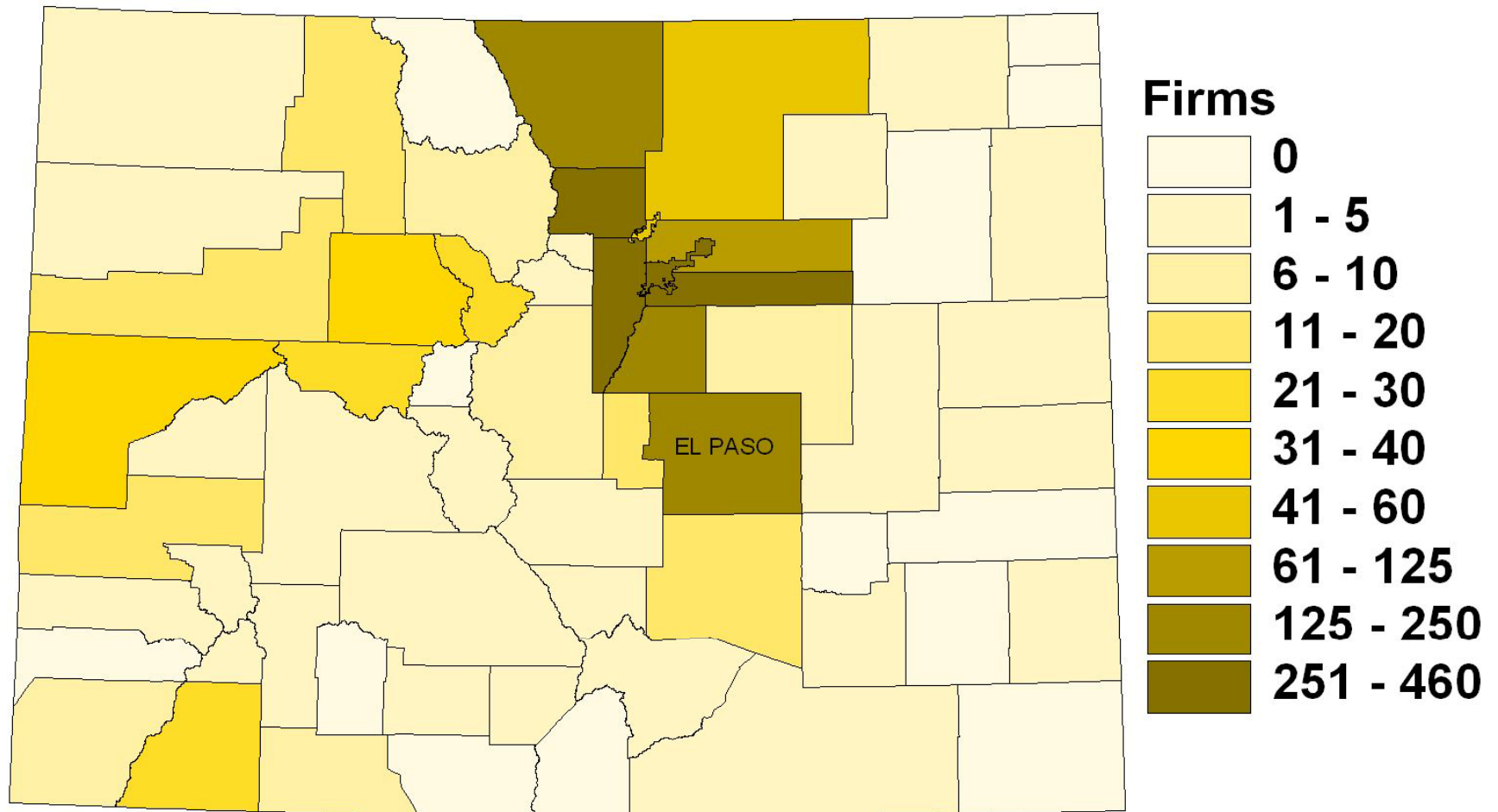
ACT Scores



Source: Colorado Department of Education



Engineering Firms in Colorado (2008)



Source: Colorado QCEW, UCCS Forum



Ranking *Operation 6035* Target Sectors

- Telecommunications
- Complex Electronics, Computer Assembly
- Publishing
- Utilities
- Membership Associations
- Data Processing/Hosting Services
- Amusements and Recreation



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Table 2: Location Quotients; Employment, Income and Tax Multipliers for Select Operation 6035 Sectors

Operation 6035 Sectors	Location Quotient	Rank	Employment Multiplier	Rank	Income Multiplier	Rank	Relative Tax Effect	Rank	Overall Rank
334 Computer & electronic mfg	2.73	1	8.17	1	4.26	1	0.46	17	2
511 Publishing except internet	2.24	2	4.77	4	2.83	10	0.71	12	3
813 Membership assoc and orgs	1.84	3	2.71	10	3.18	4	0.57	15	5
451 Sporting goods, hobby ...stores	1.6	4	1.54	19	2.22	13	2.71	1	8
541 Professional and tech services	1.55	5	2.39	12	1.77	21	0.77	9	9
517 Telecommunications	1.52	6	5.55	2	3.37	3	1.48	5	1
339 Miscellaneous manufacturing	1.34	7	1.70	18	2.22	13	0.4	20	19
238 Specialty trade contractors	1.31	8	2.04	16	1.97	18	0.65	13	16
713 Amusements, and recreation	1.21	9	2.08	14	3.06	7	1.39	6	7
621 Ambulatory health care	1.14	10	2.46	11	2.21	15	0.71	11	9
332 Fabricated metal product mfg	1.01	11	2.97	9	2.44	11	0.49	16	9
711 Performing arts/spectator sports	0.99	12	1.39	21	2.02	16	1.62	4	13
237 Heavy/civil engineering cons	0.93	13	2.06	15	2.00	17	0.62	14	19
611 Educational services	0.90	14	1.54	19	1.87	20	0.83	7	21
518 Data processing, hosting & svcs	0.80	15	3.33	6	4.02	2	0.73	10	6
423 Durable goods wholesalers	0.67	16	1.82	17	2.25	12	2.58	2	12
221 Utilities	0.67	16	5.01	3	3.04	8	2.27	3	4
551 Management of companies	0.26	18	3.08	8	1.93	19	0.77	8	13
335 Electrical equipment mfg	0.25	19	2.38	13	3.10	5	0.42	18	18
333 Machinery manufacturing	0.24	20	3.54	5	2.97	9	0.40	21	16
336 Transportation equip mfg	0.23	21	3.10	7	3.10	5	0.41	19	13

Source: Colorado Quarterly Census of Employment and Wages, Implan, UCCS Forum



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Cluster Development

- Telecommunications: Ranked 1st from multiplier analysis
- Complex Electronics: Ranked 2nd from multiplier analysis



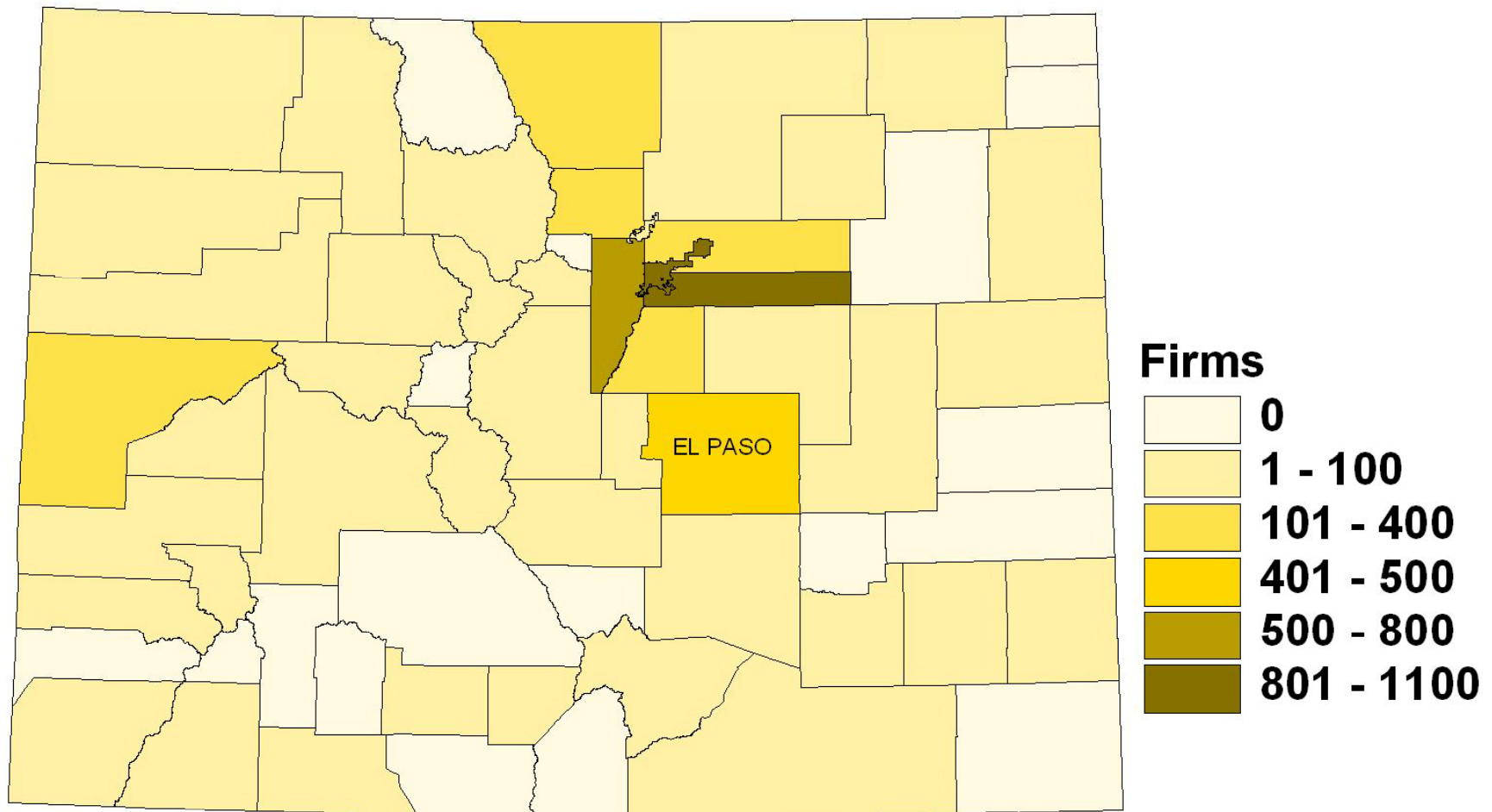
Telecommunications Suppliers Share of Inputs (22%)

- Wire Manufacturing (5%)
- Monetary Institutions (4%)
- Internet Publishing (4%)
- Lessors of Non-Financial Intangibles (3%)
- Employment Services (3%)
- Petroleum Refineries (3%)

Source: Implan



Telecomm Inputs in Colorado (2008)



Source: Colorado QCEW, UCCS Forum



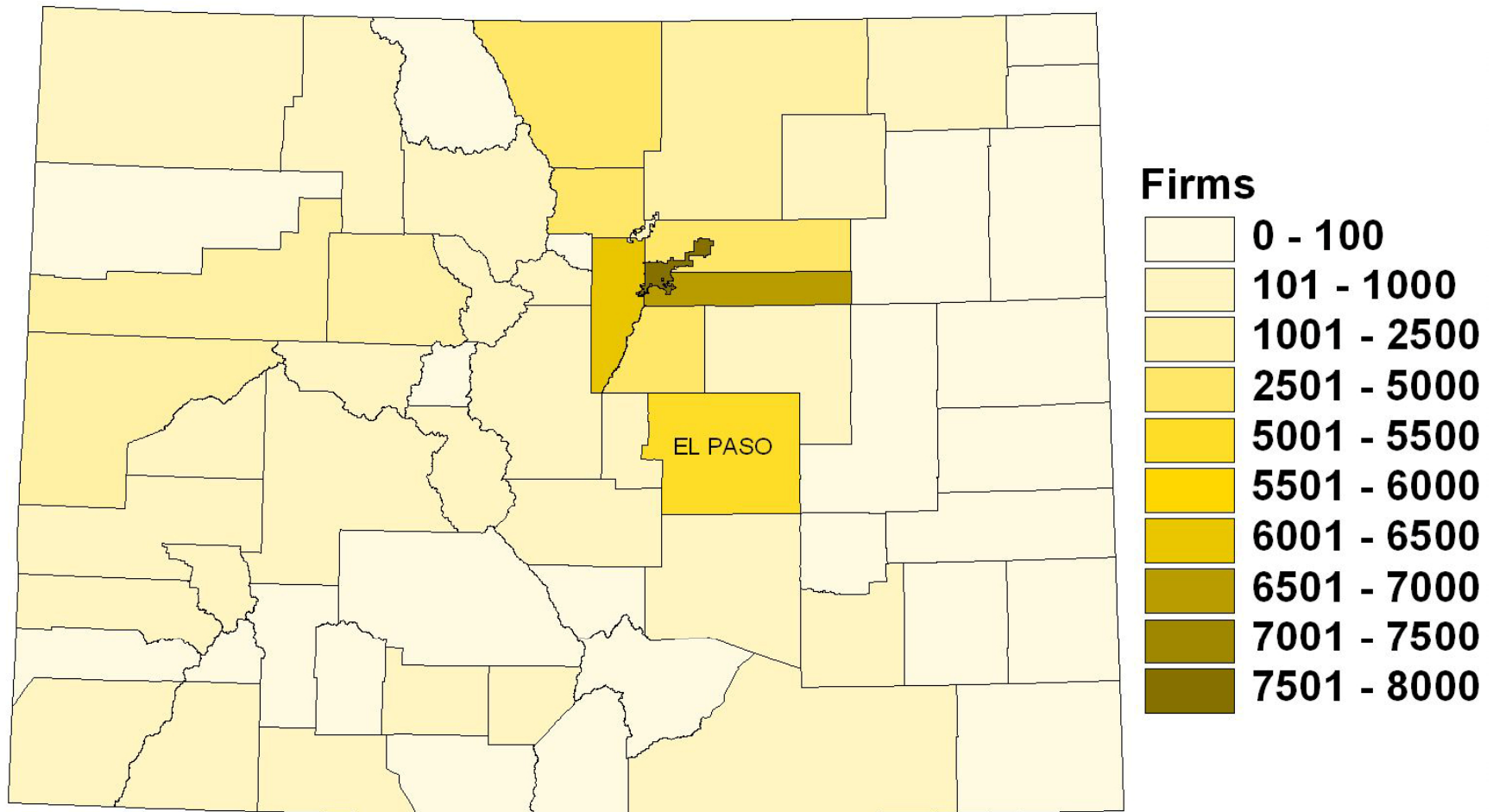
Telecommunications Buyers: Share of Output (60%)

- Telecommunications (40%)
- Securities Dealers (6%)
- Custom Programming (4%)
- Wholesale Trade (3%)
- Management of Companies (3%)
- Construction of Residential and Non-Residential Structures (2%)
- Internet Providers (2%)

Source: Implan



Telecomm Users in Colorado (2008)



Source: Colorado QCEW, UCCS Forum

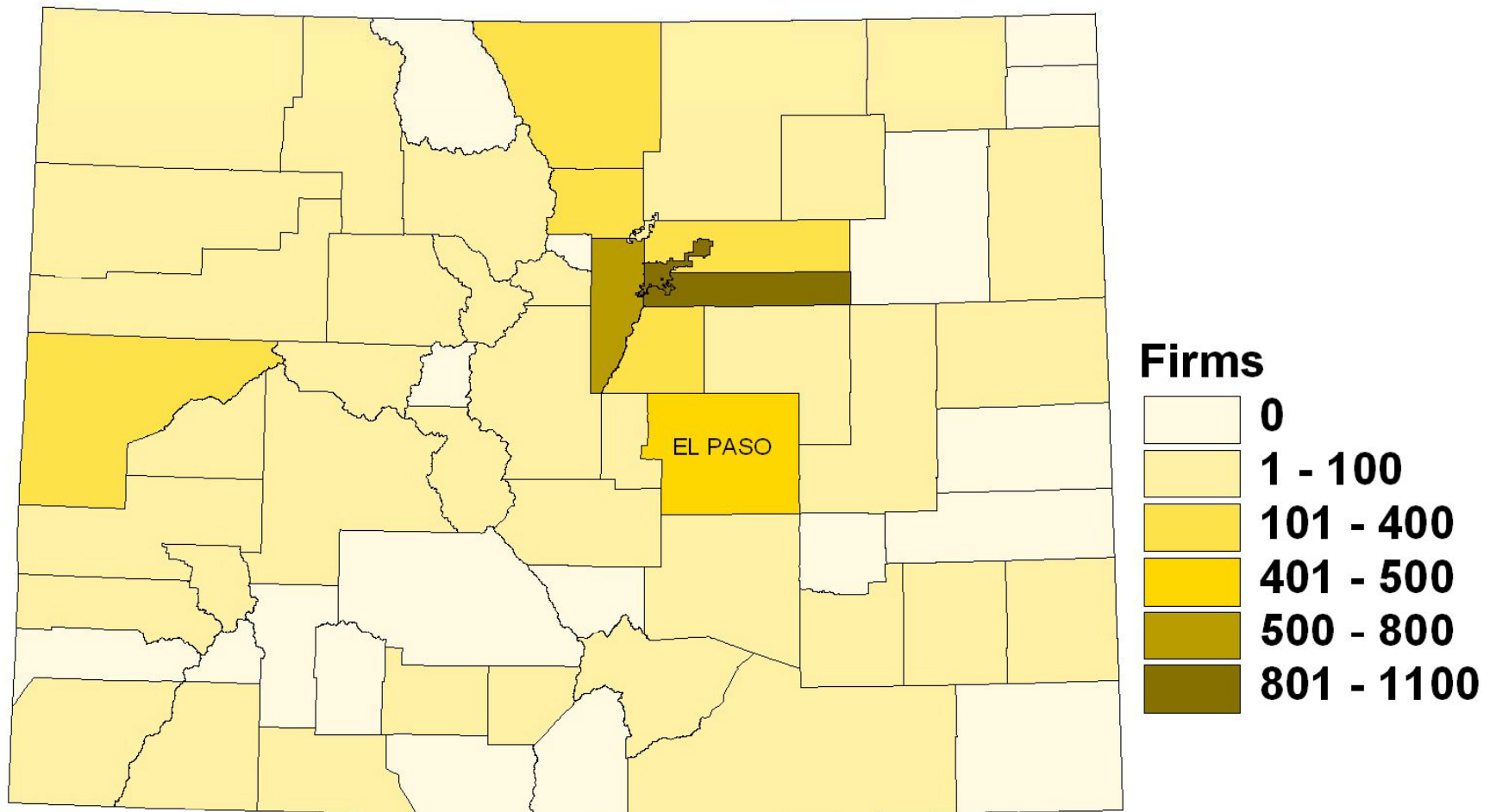


Complex Electronics Suppliers Share of Input (25%)

- Printed Circuit Boards (9%)
- Management of Companies and Enterprises (6%)
- Hardware Manufacturing (6%)
- Inorganic Chemical Manufacturing (5%)



Complex Electronics Suppliers in Colorado (2008)



Source: Colorado QCEW, UCCS Forum



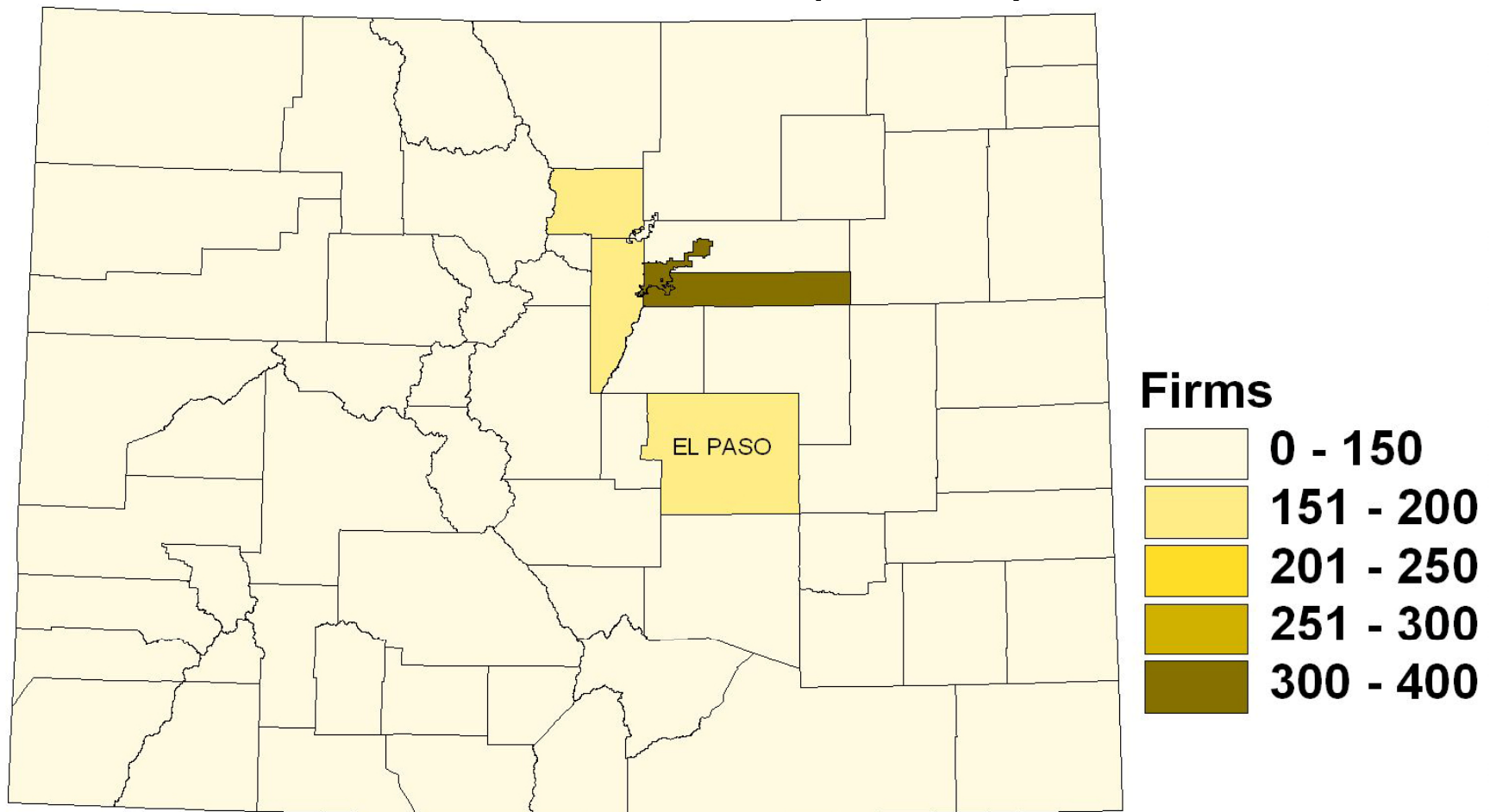
Complex Electronics Buyers Share of Output (60%)

- Computer Mfg (16%)
- Computer Storage (9%)
- Telecommunications (7%)
- Computer Peripherals (6%)
- Management of Cos. (5%)
- Telephone Mfg (5%)
- Nondeposit Credit Institutions(4%)
- GPS Equipment (3%)
- Miscellaneous Prof/Sci/Tech (3%)
- Electromedical Manufacturing (2%)

Source: Implan



Complex Electronics Users in Colorado (2008)



Source: Colorado QCEW, UCCS Forum



Compared to the Current Economic Base

- Target industry employment should be growing faster
- Target industries should provide higher and faster growing incomes
- If incentives are appropriate, they should be a regional effort
- Regional incentives should be proportional to tax district benefits
- Target industries should capitalize on local labor skills
- Target industries should contribute to a more diversified and stable local economy



Conclusion

- El Paso County has a core component of Operation 6035 sectors
- Successful cluster development may require regional efforts
- Trade missions to neighboring communities in Colorado might prove useful to identify
 - Cluster suppliers
 - Cluster end users

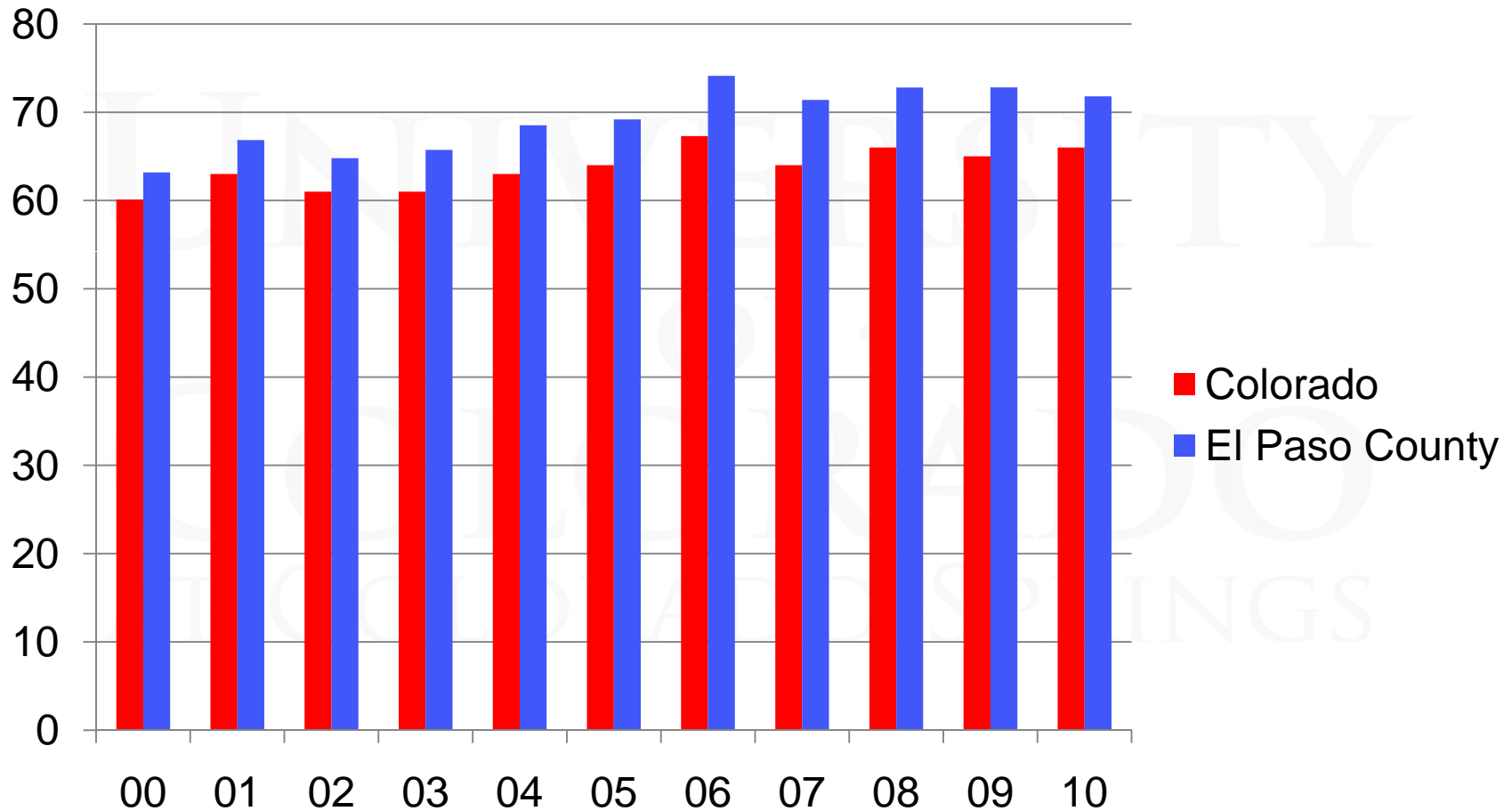




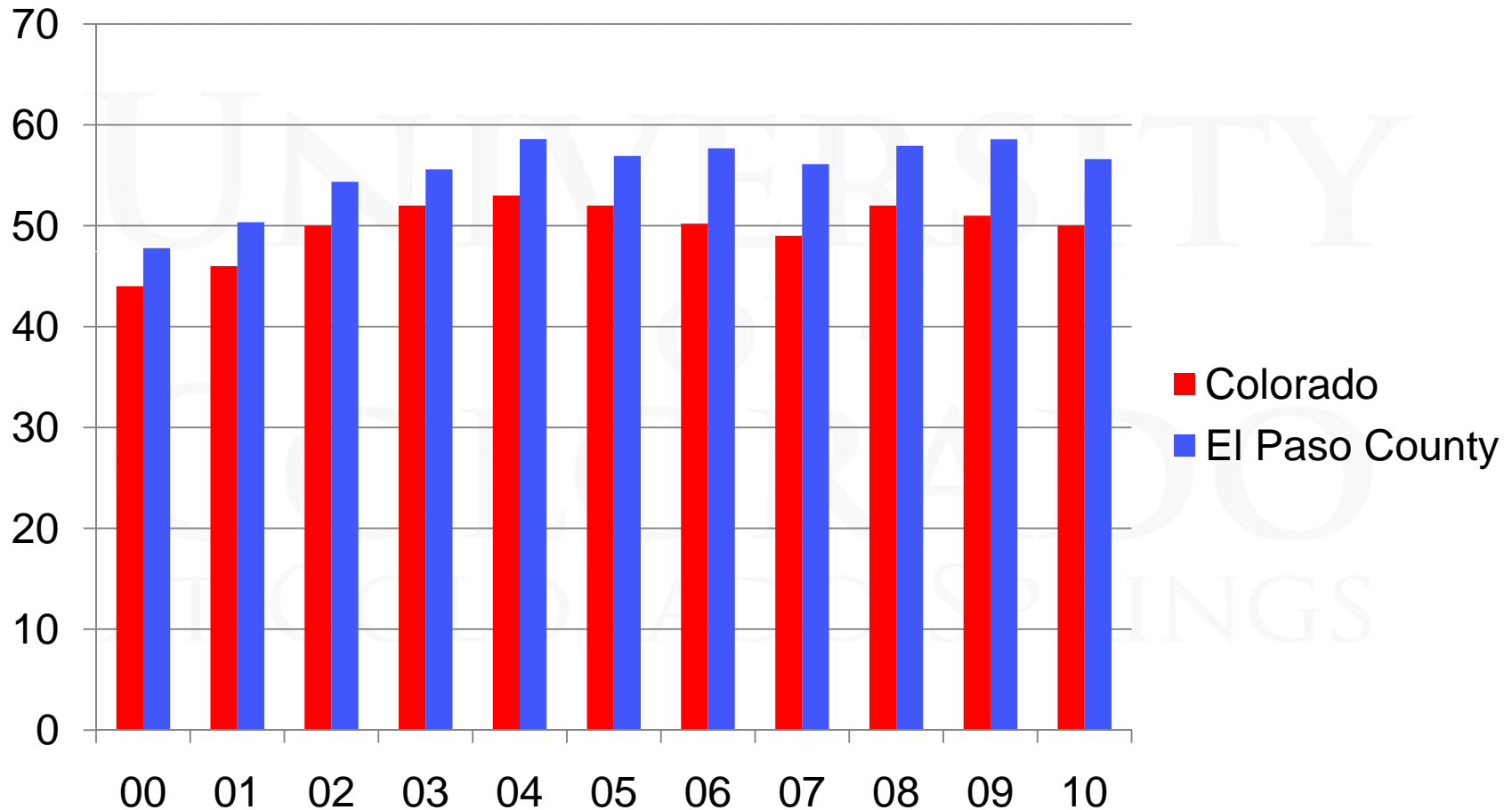
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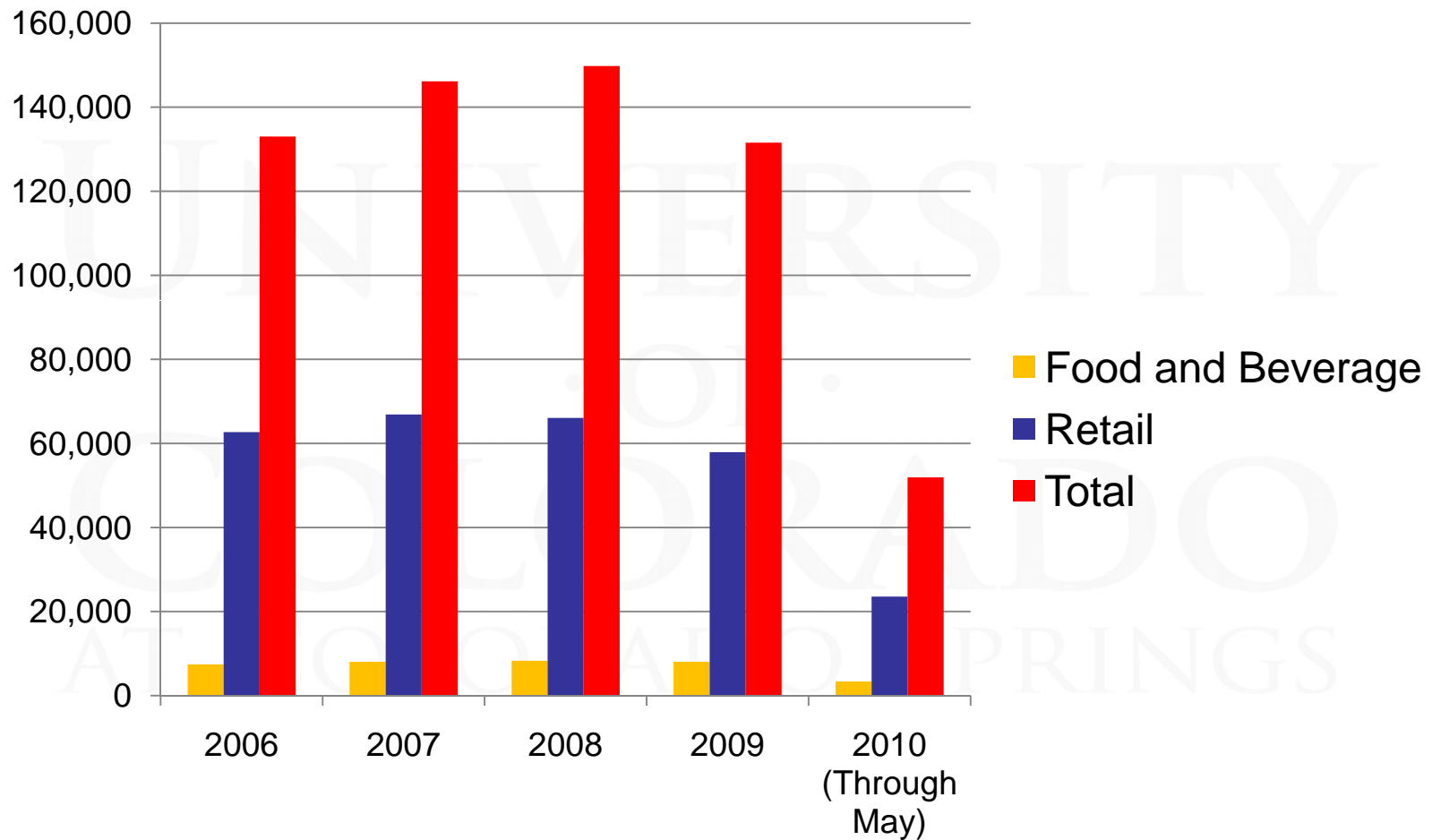
CSAP 4th Grade Reading Assessment



CSAP 4th Grade Writing Assessment

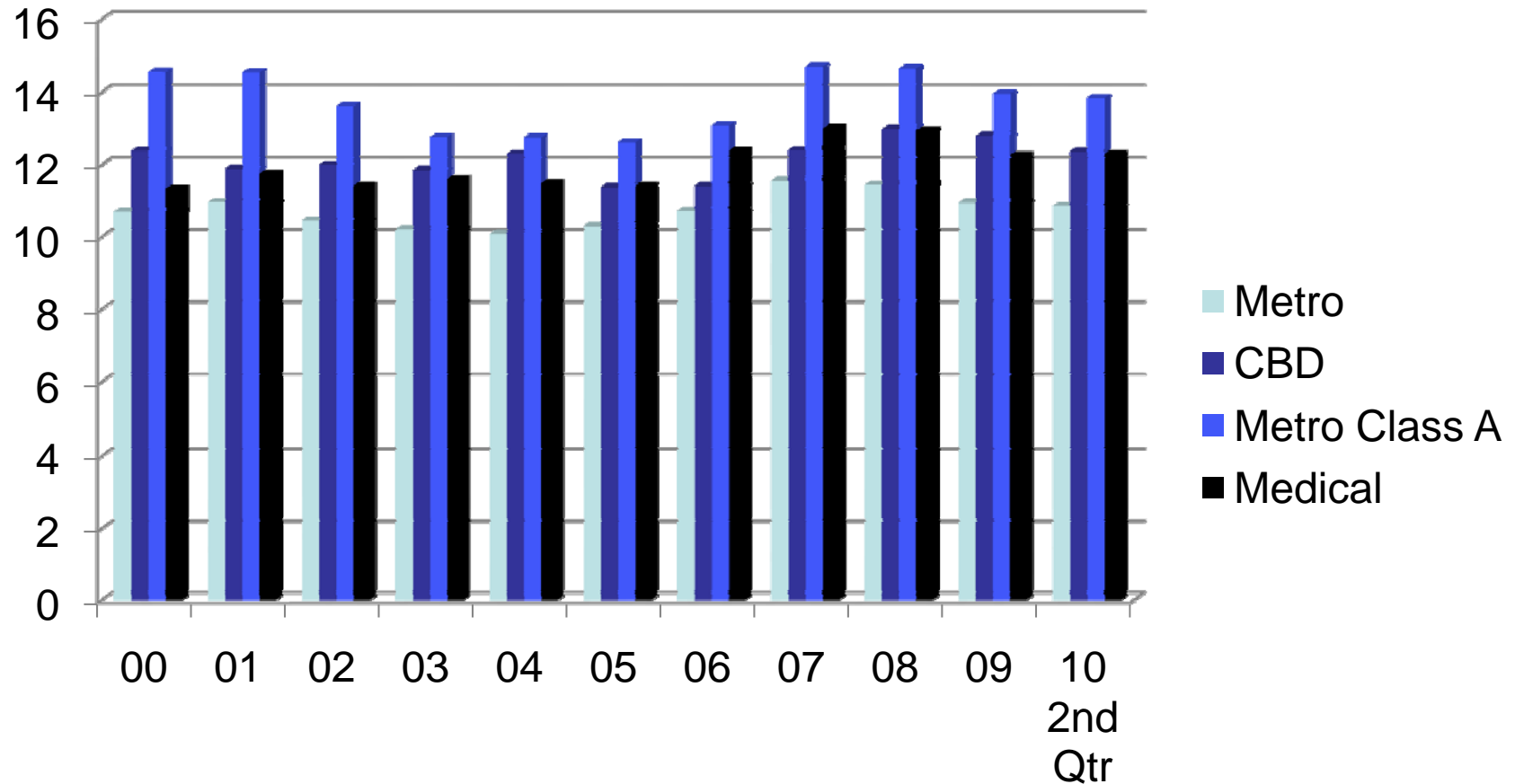


Colorado Sales (\$millions)



Average Asking Rents per sq ft. by Sector

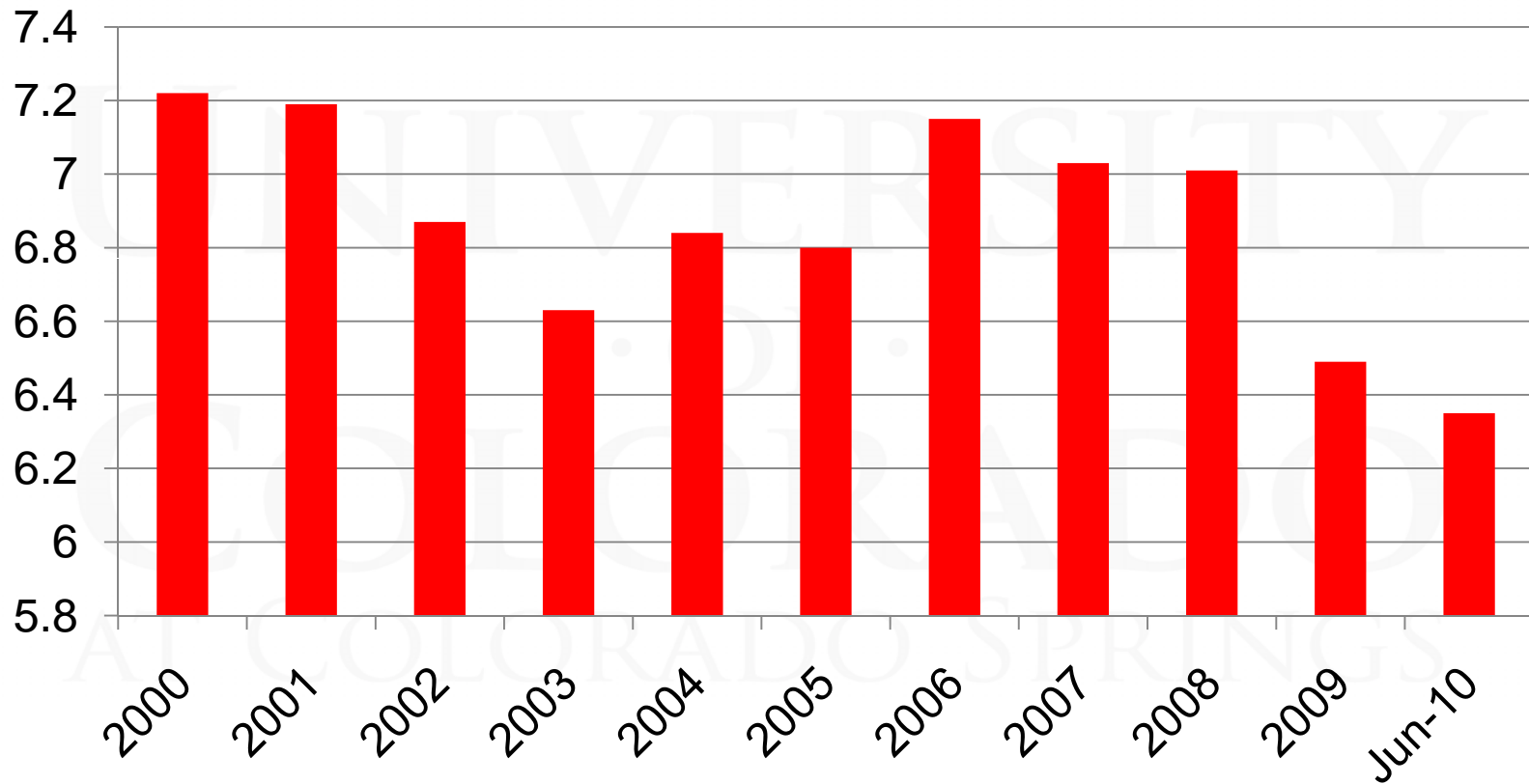
(December figures)



Turner Commercial Research



Industrial Asking Rents

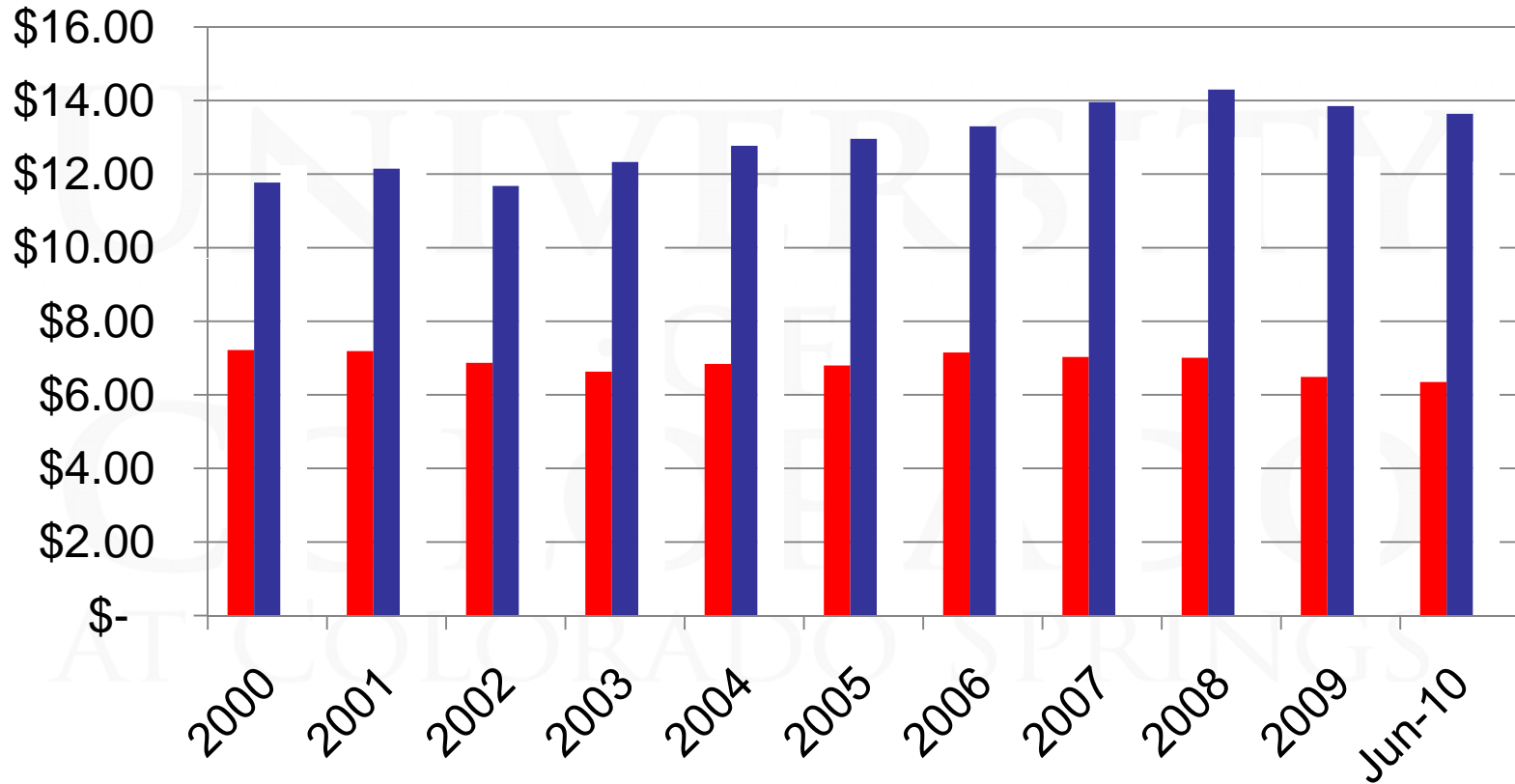


Turner Commercial Research



Shopping Center Asking Rates

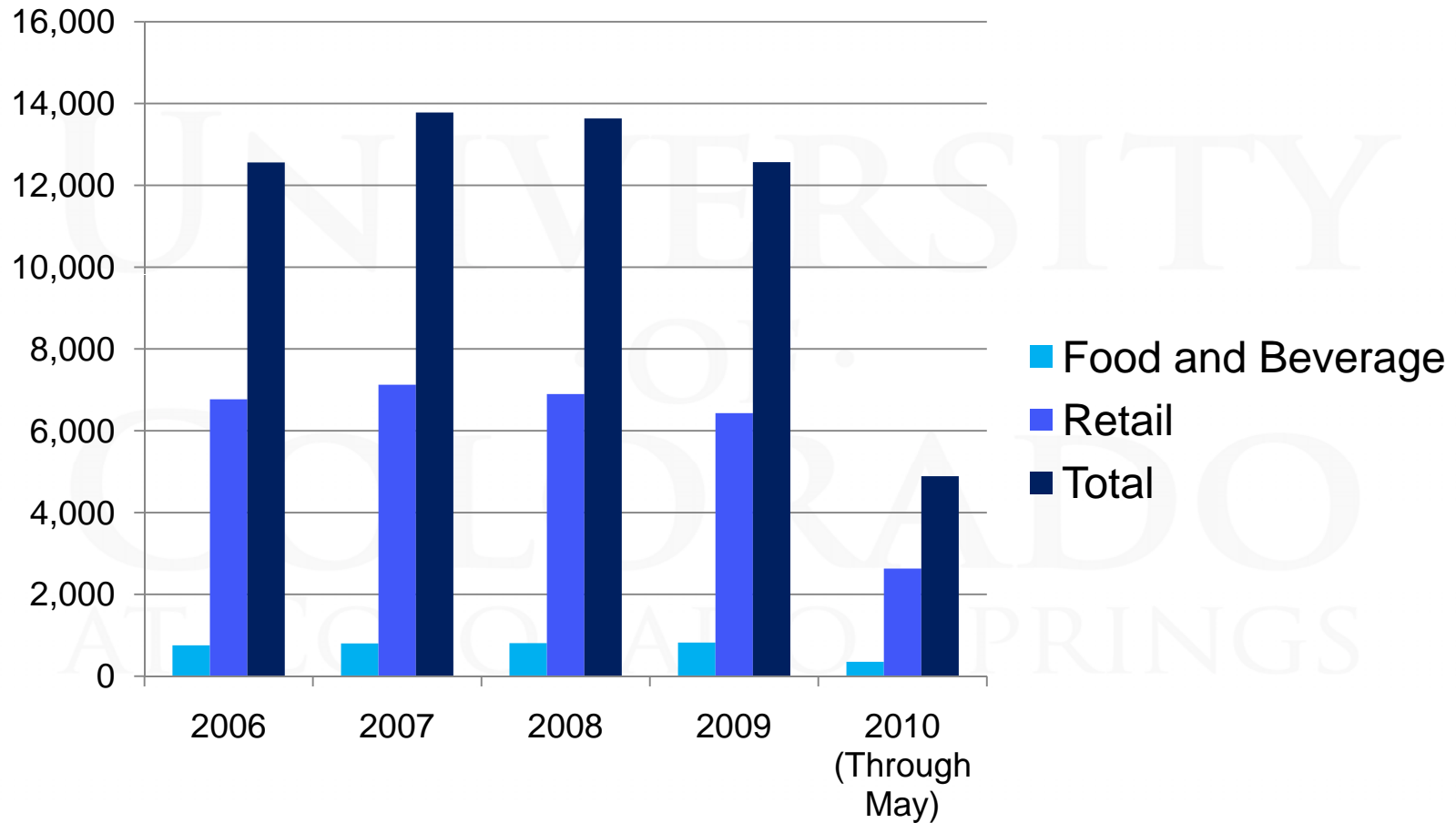
Excludes Regional Malls



Turner Commercial Research

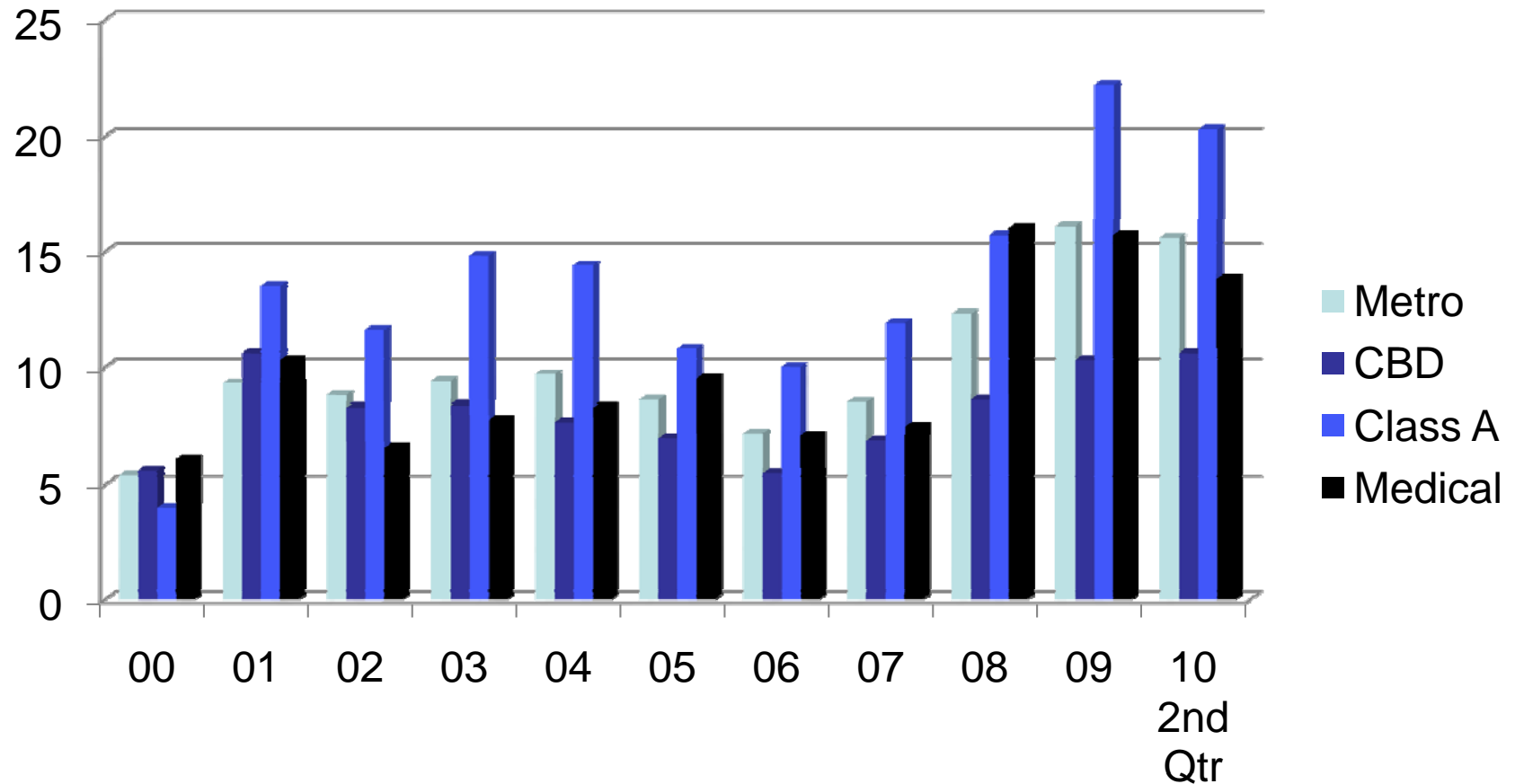


El Paso County Sales (\$millions)



Office Vacancy Rates by Sector

(December figures in percent)

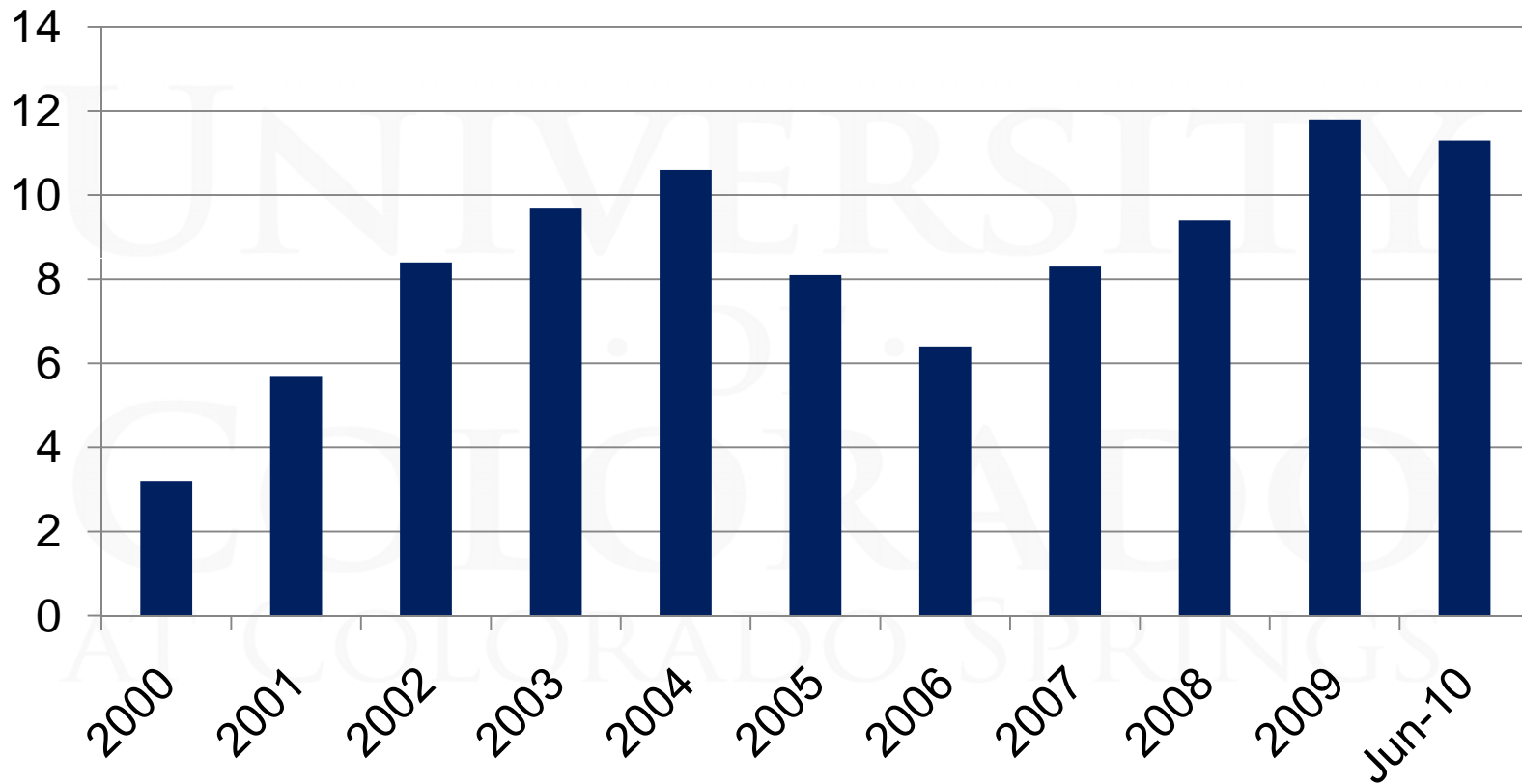


Comparison City Data

MSA	Per Capita Personal Income 2008	Percent Change in Personal Income 2001-2008	Per Capita Personal Income as a Percent of the U.S. Average	Household Size	Average Earnings per Job	Average Wage & Salary
Albuquerque	\$35,415	33.8%	88.20%	2.4	\$43,695	\$40,059
Austin	37,362	14.1%	93.0%	2.4	48,503	47,227
Boise	35,615	21.9%	88.7%	2.4	42,368	38,045
Boulder	50,058	21.9%	124.6%	2.2	51,806	52,845
Colorado Springs	38,221	26.5%	95.2%	2.5	47,359	43,317
Denver	48,010	25.1%	119.5%	2.3	58,127	51,870
Huntsville	38,259	37.4%	95.3%	2.3	51,756	46,967
Kansas City	40,396	24.9%	100.6%	2.3	50,850	45,263
Minneapolis	47,653	27.5%	118.6%	2.2	54,758	50,630
Portland	39,942	21.9%	99.4%	2.3	49,425	45,891
Pueblo	30,564	30.3%	76.1%	2.4	38,632	35,137
Salt Lake City	38,237	33.4%	95.2%	2.5	46,173	42,195
Tucson	34,058	37.1%	84.8%	2.6	42,140	40,544
Wichita	39,207	36.0%	97.6%	2.4	47,728	40,940
Comparison City Avg	39,500	28.0%	98.3%	2.4	48,094	44,352



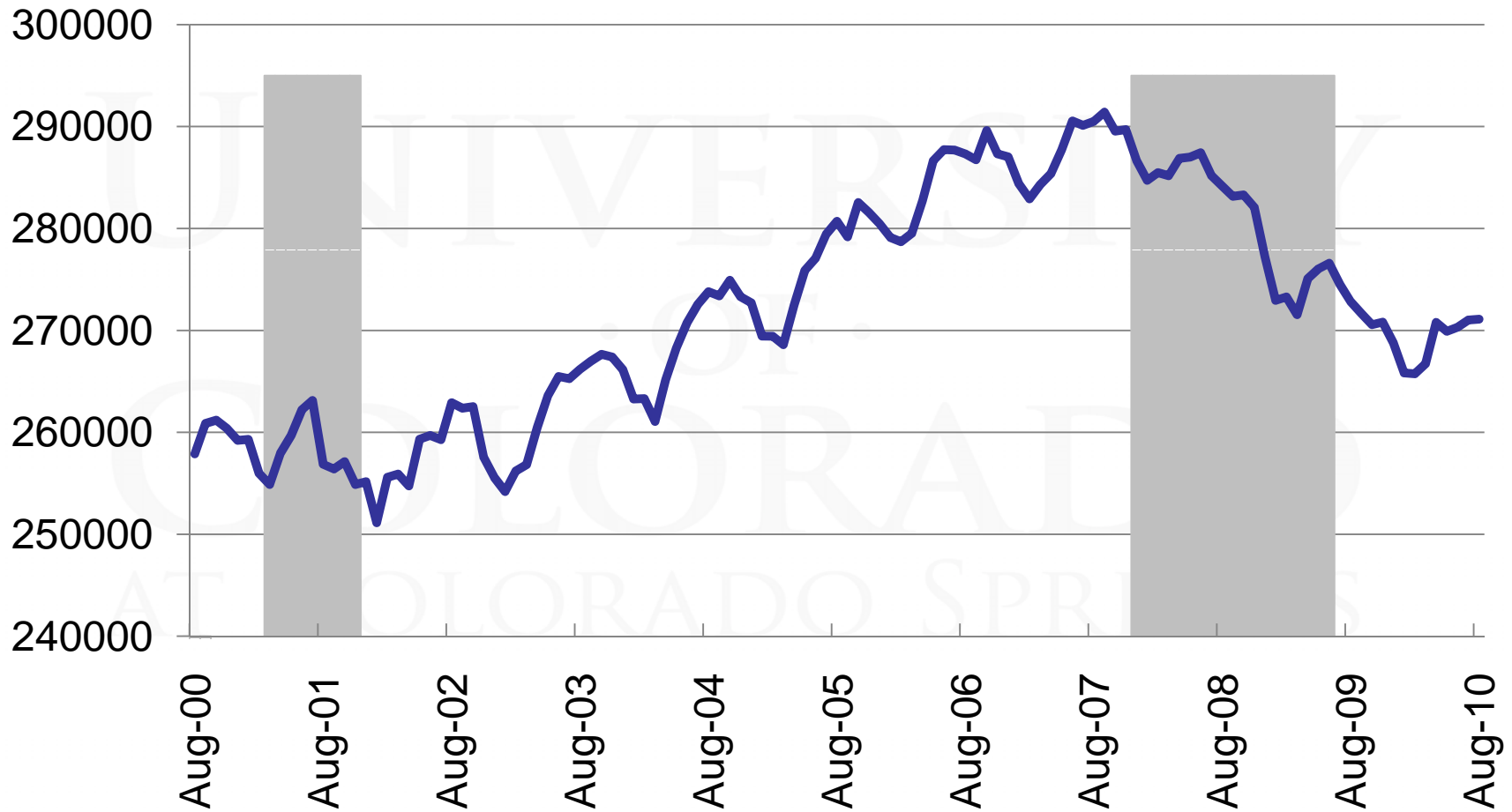
Industrial Vacancy Rates



Turner Commercial Research



El Paso County Employment

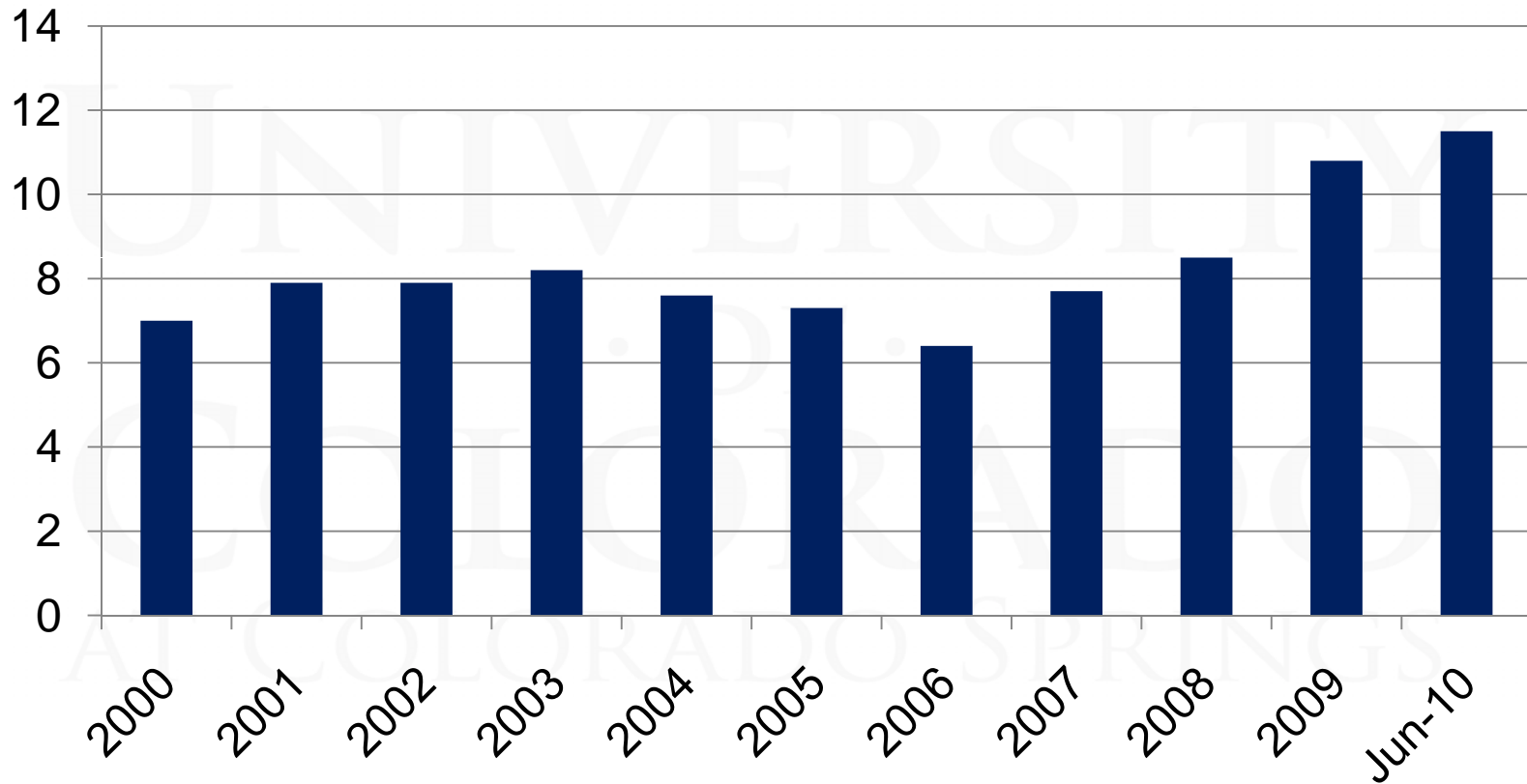


Source: Colorado Department of Labor



Shopping Center Vacancy Rates

Excludes Regional Malls



Turner Commercial Research

