



# 17<sup>th</sup> Annual Southern Colorado Economic Forum

**UCCS** College of Business  
UNIVERSITY OF COLORADO COLORADO SPRINGS

September 26, 2013

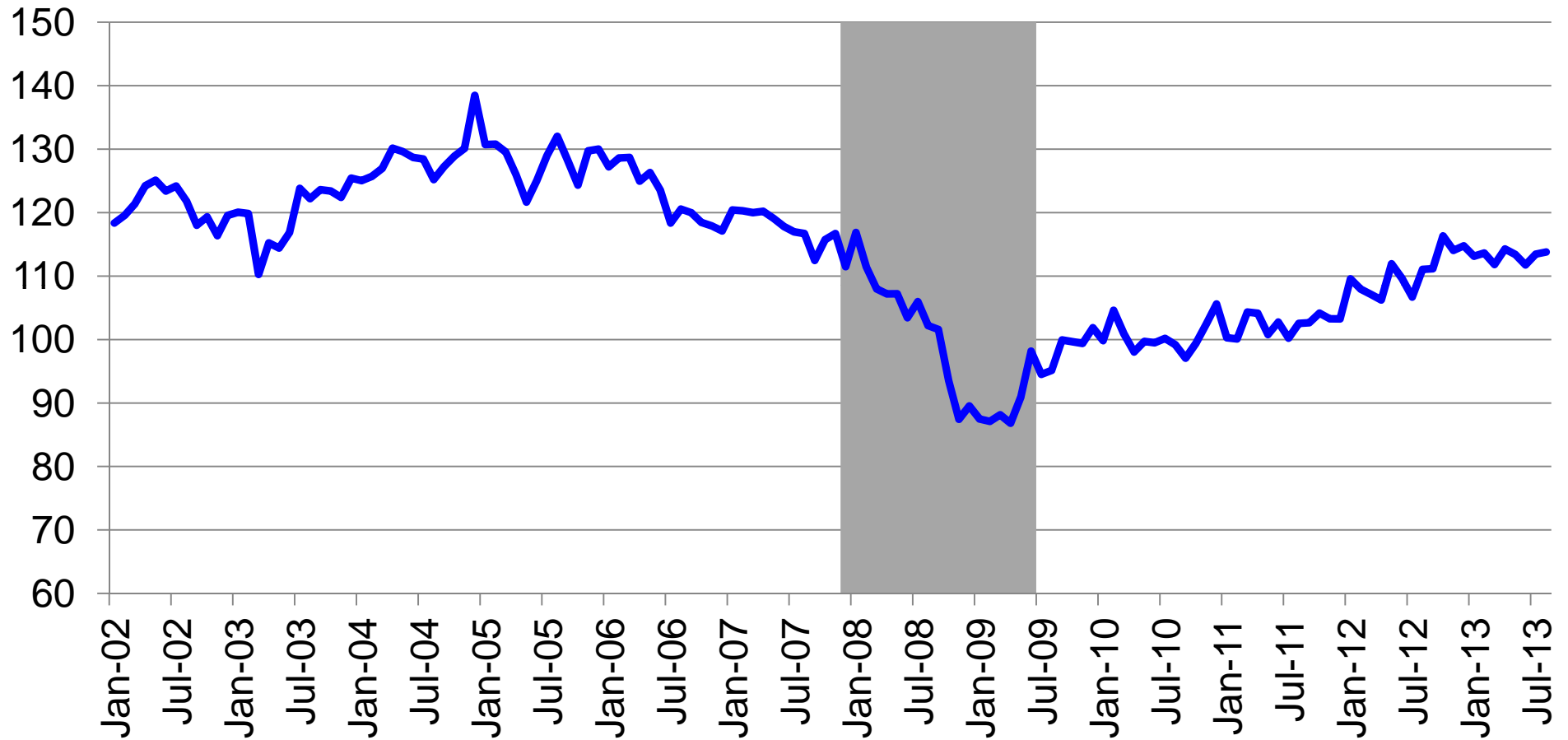
Tom Zwirlein, Ph.D. and Fred Crowley, Ph.D.  
Southern Colorado Economic Forum  
University of Colorado Colorado Springs  
College of Business and Administration

# Agenda

- Business Conditions Index (BCI) & Its Prime Movers
- The Housing Market, Prices & Mortgage Rates
- The El Paso County Employment Base
- Employment and Income Trends
- The Business Conditions Index & Forecast
- Economic Update after the Wildfires
- Changes in the Employment Base
- Infrastructure & Transportation

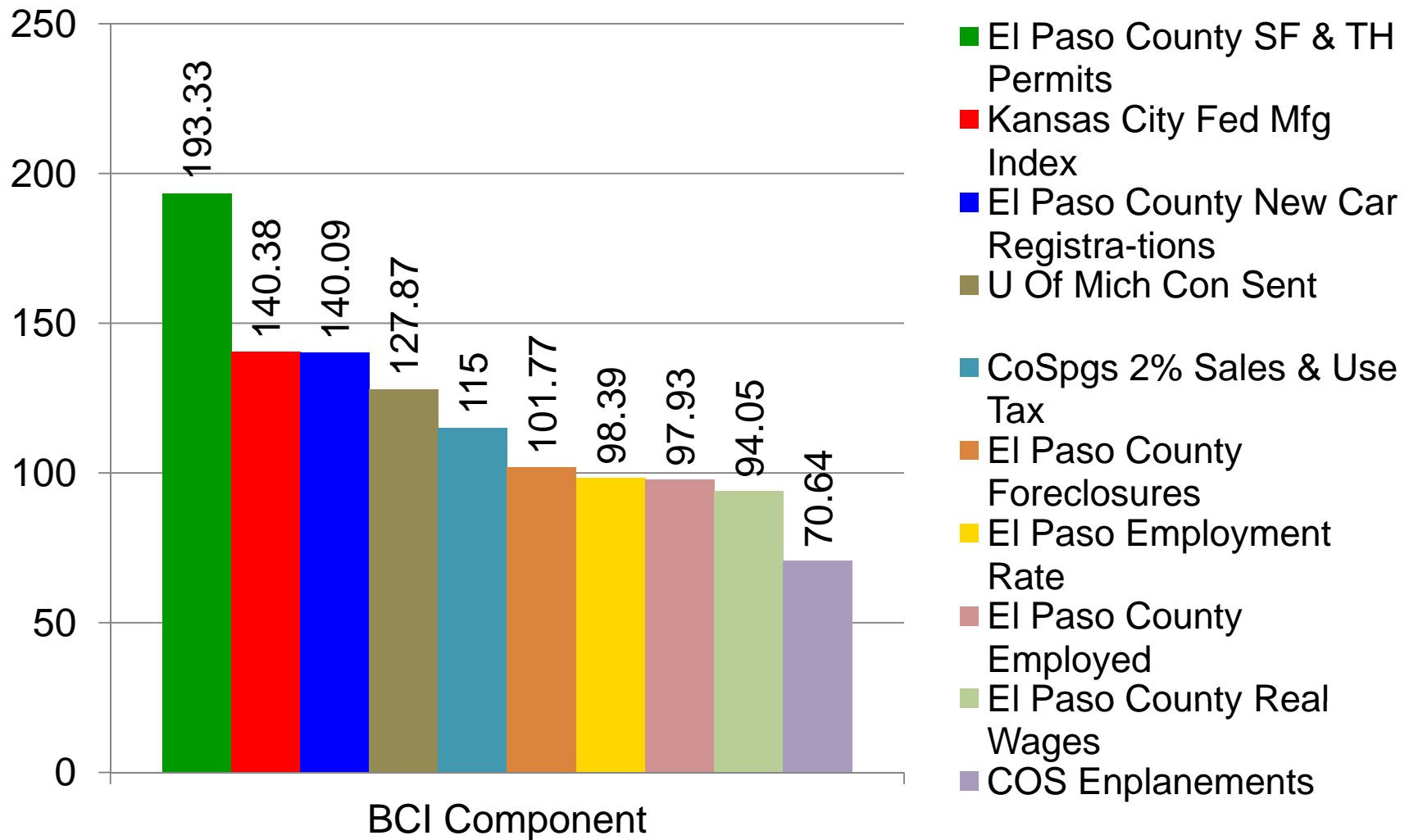
# The BCI and Its Prime Movers

# Business Conditions Index (BCI) for El Paso County (Dec 2007-Jun 2009 = 100)

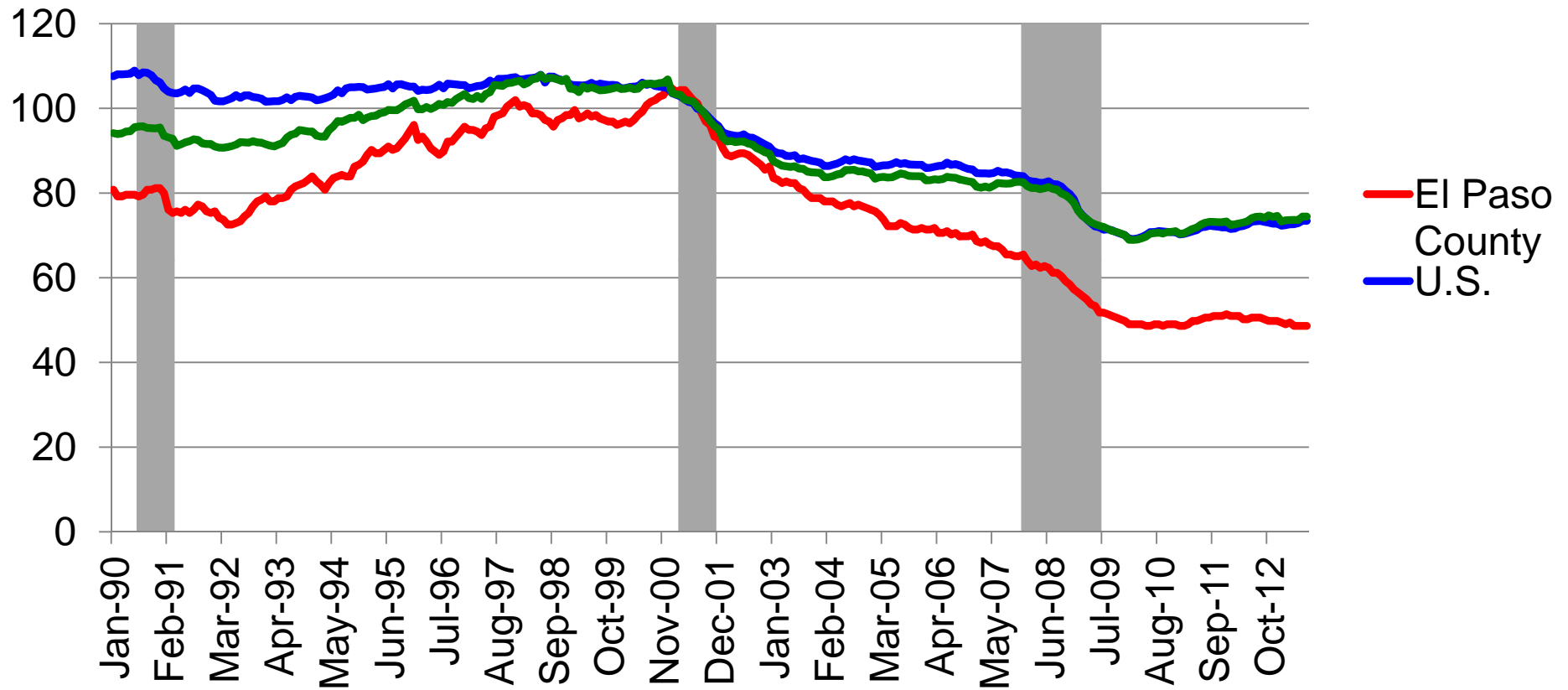


Source: UCCS Forum

# BCI Values as of August 2013

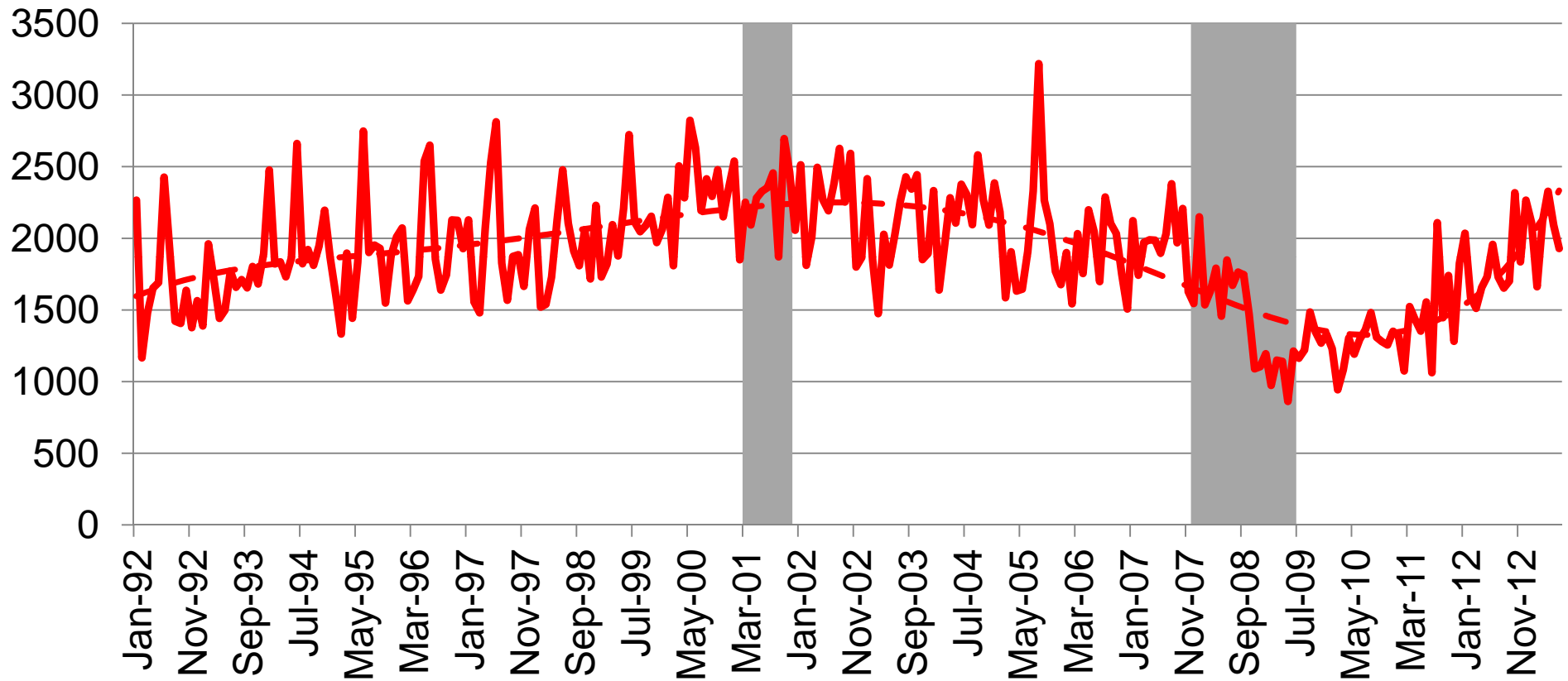


# Change in Manufacturing Employment (Mar 2001-Nov 2001 = 100)



Source: Federal Reserve Bank of St. Louis

# Monthly New Vehicle Registrations in El Paso County

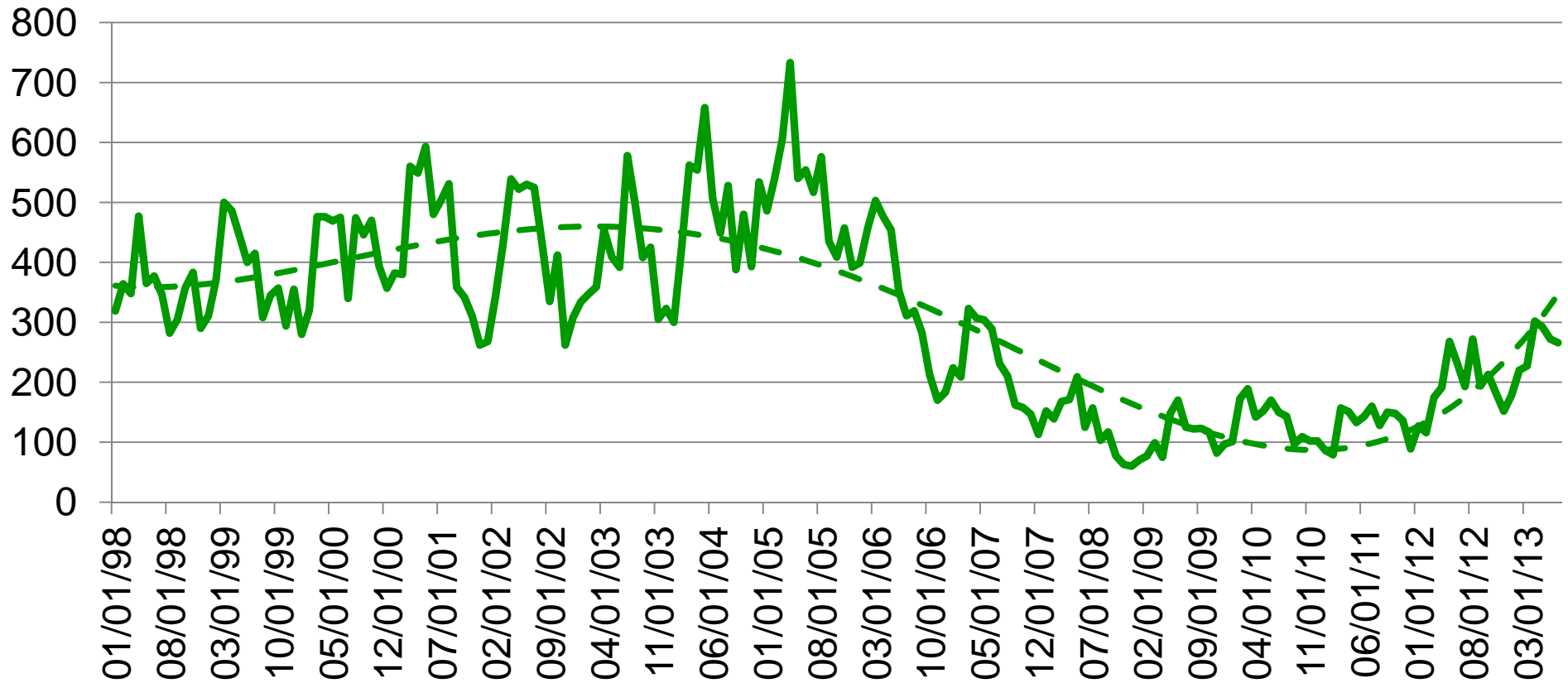


Source: El Paso County Clerk and Recorder

# The Housing Market, Prices & Mortgage Rates

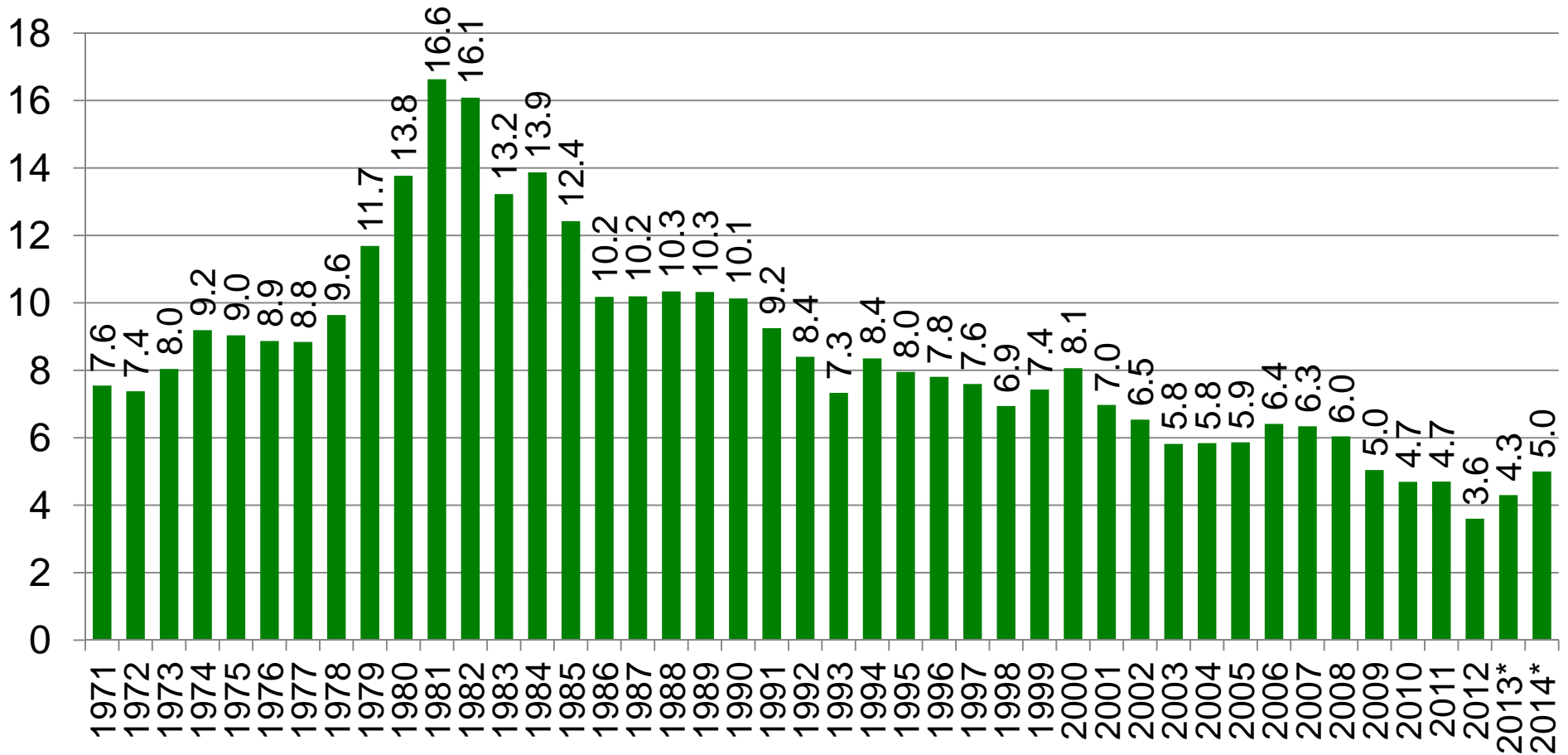


# Monthly, Single Family Permits in El Paso County



Source: Pikes Peak Regional Building Department

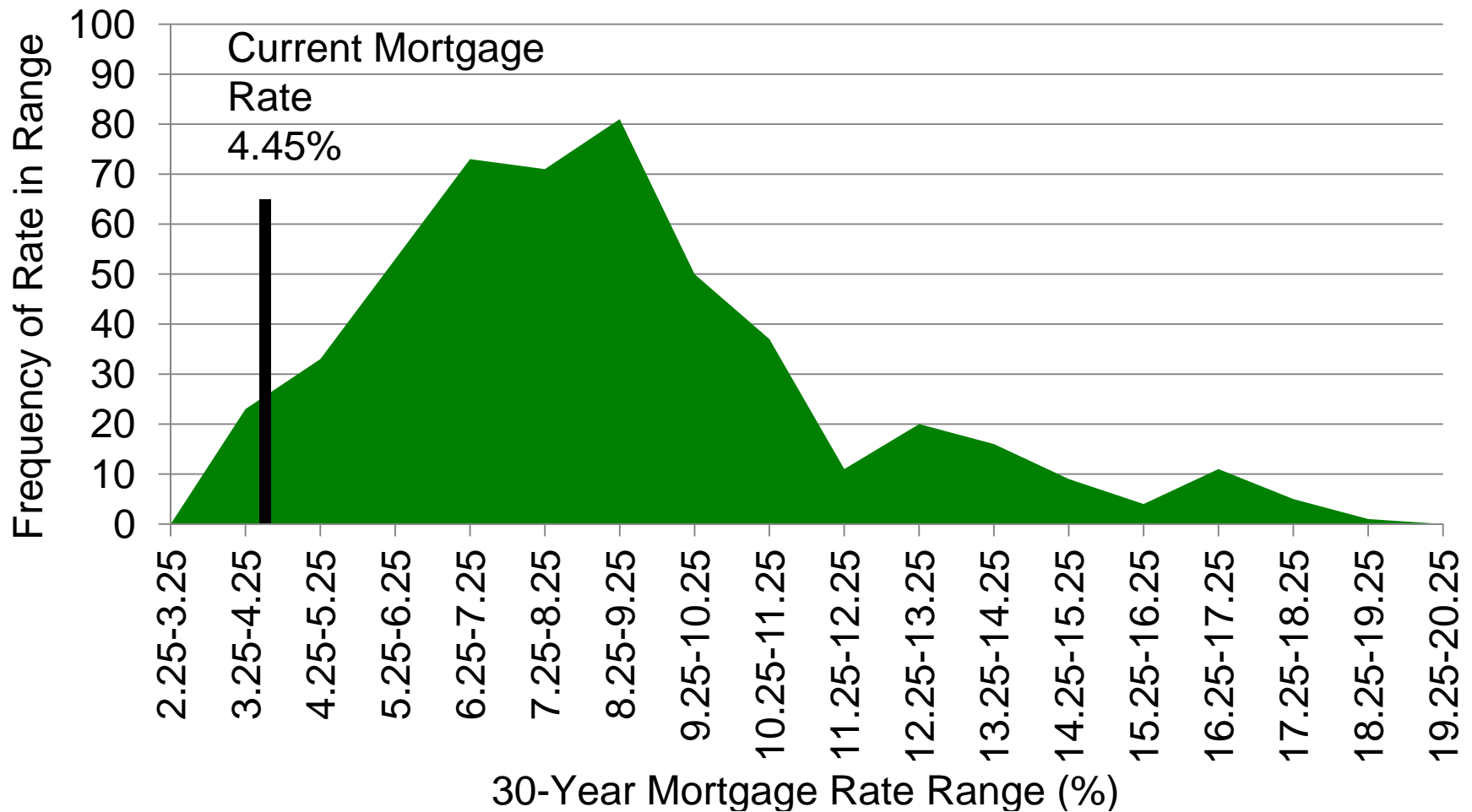
# 30 Year, Conventional Mortgage Rates (%)



Source: Federal Reserve Bank of St. Louis

\*Forum Projection

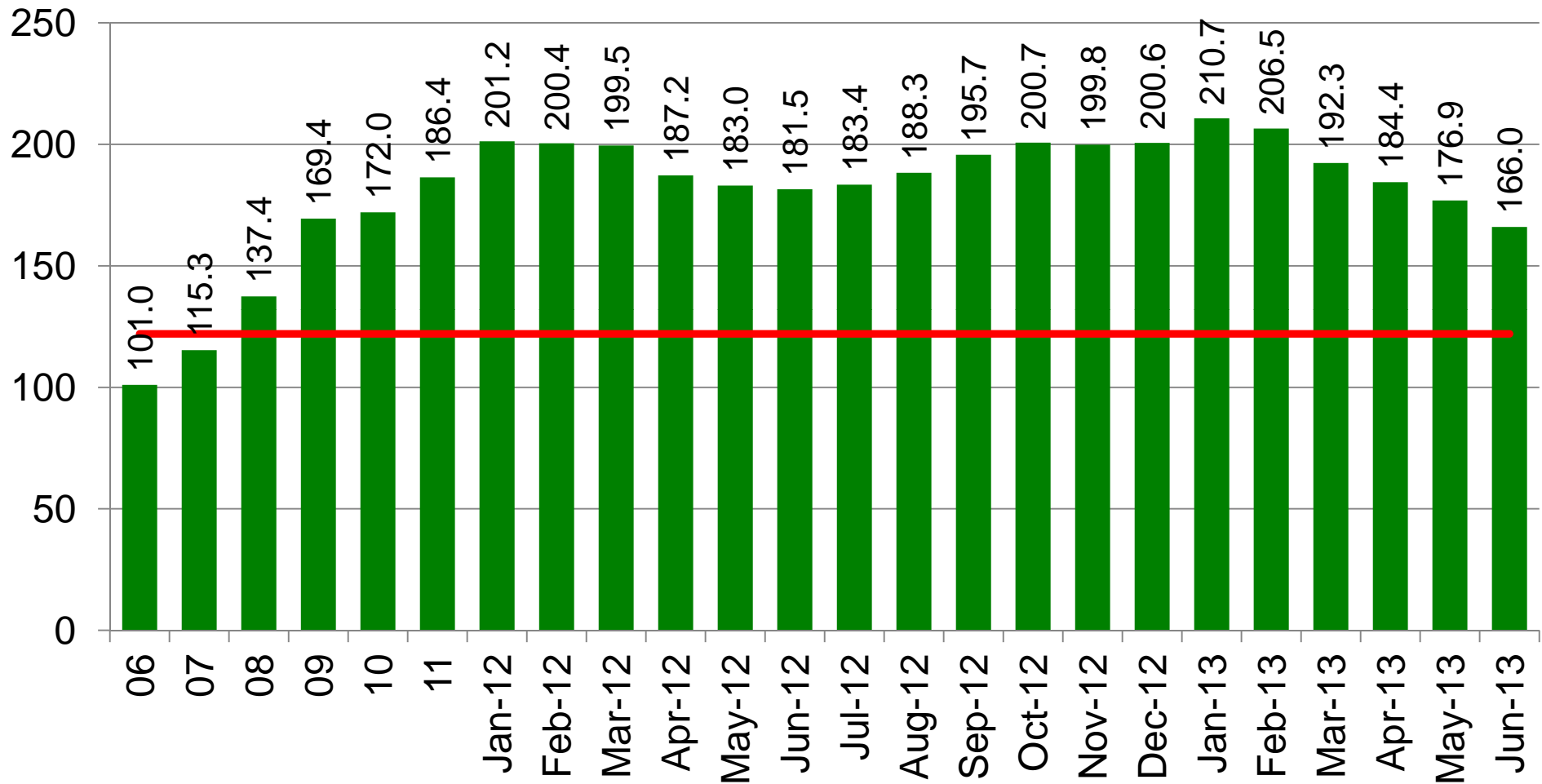
# Distribution of 30-Year Conventional Mortgage Rates April 1971 through August 2013



Source: Federal Reserve Bank of St. Louis

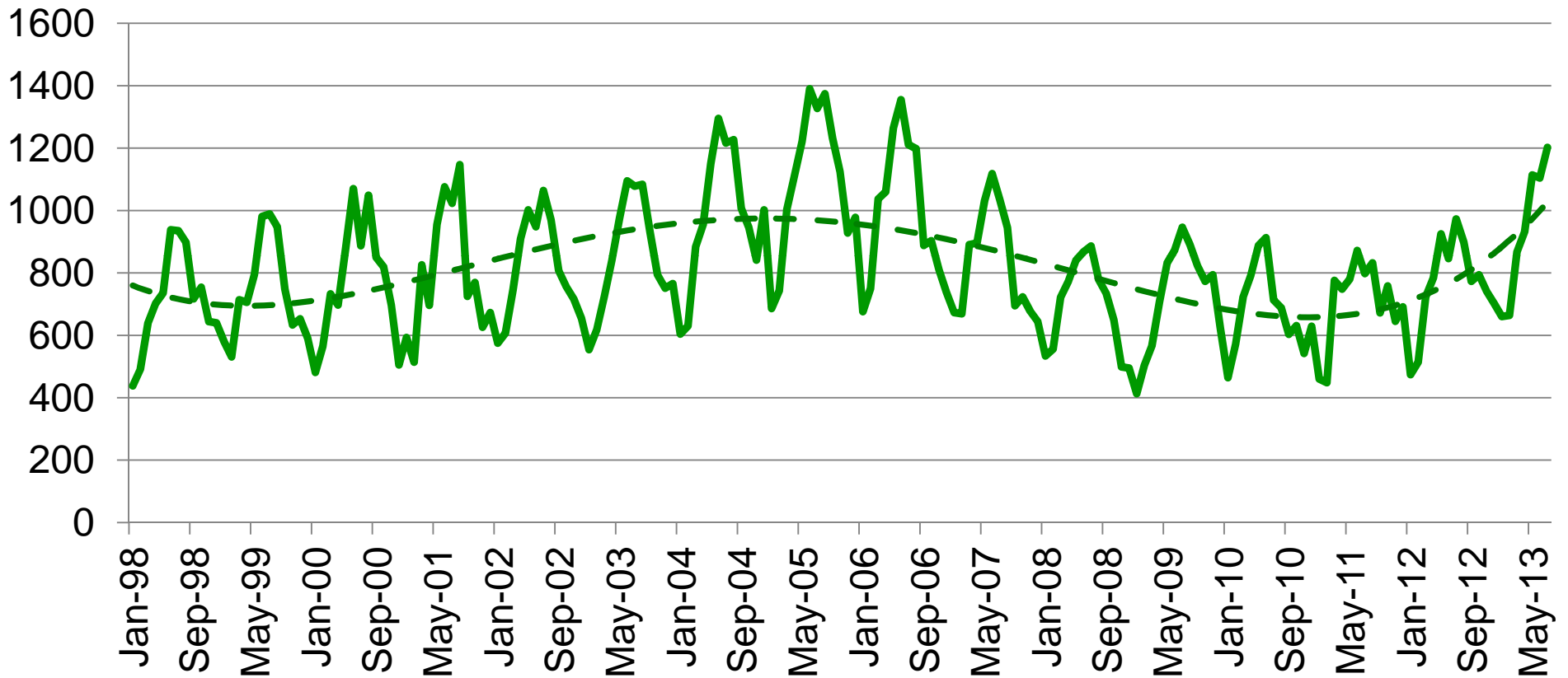
# Housing Affordability Index in the U.S.

(and Historical Average:  $\approx 122$ )



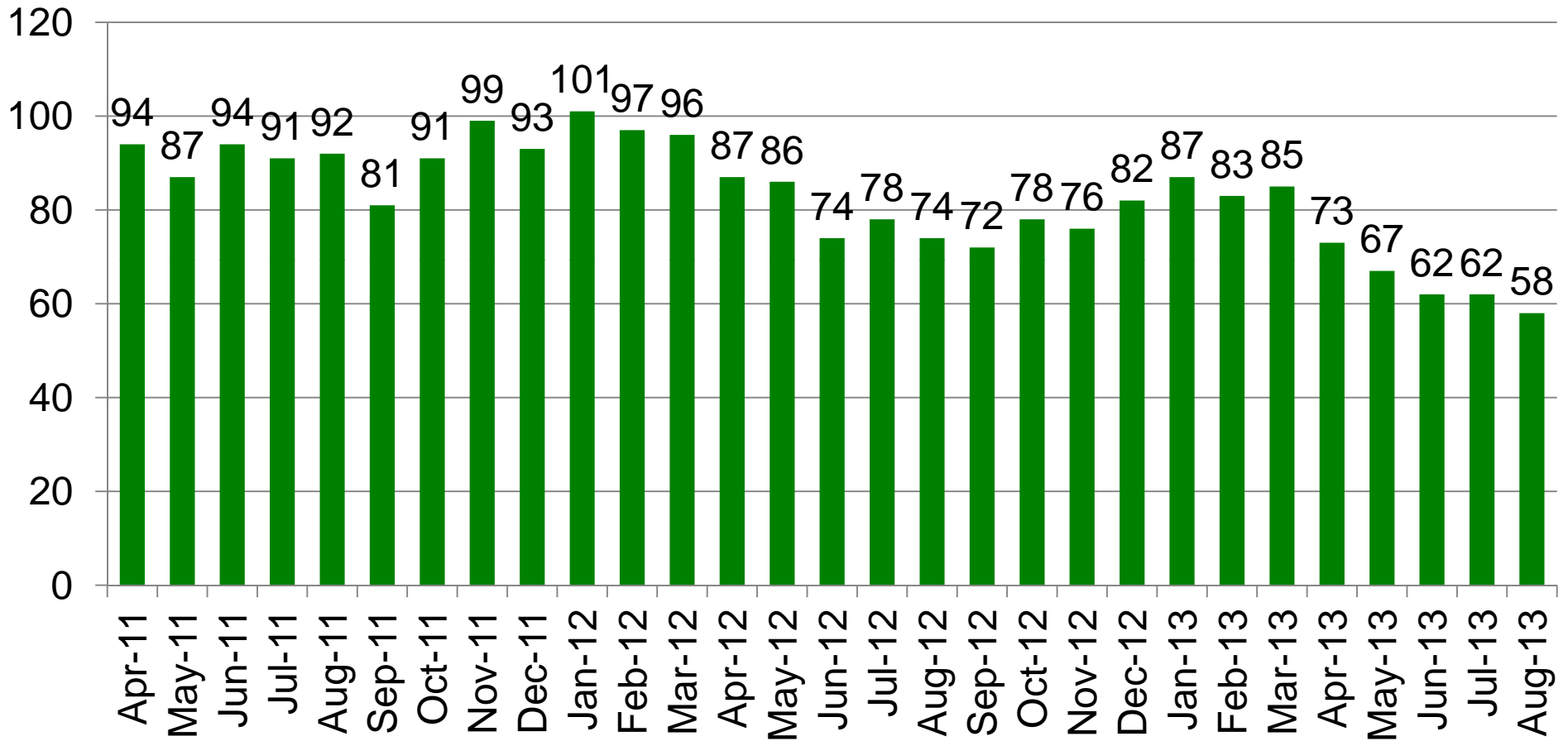
Source: National Association of Realtors®

# Monthly, Sales of Single Family Homes in the Pikes Peak Region



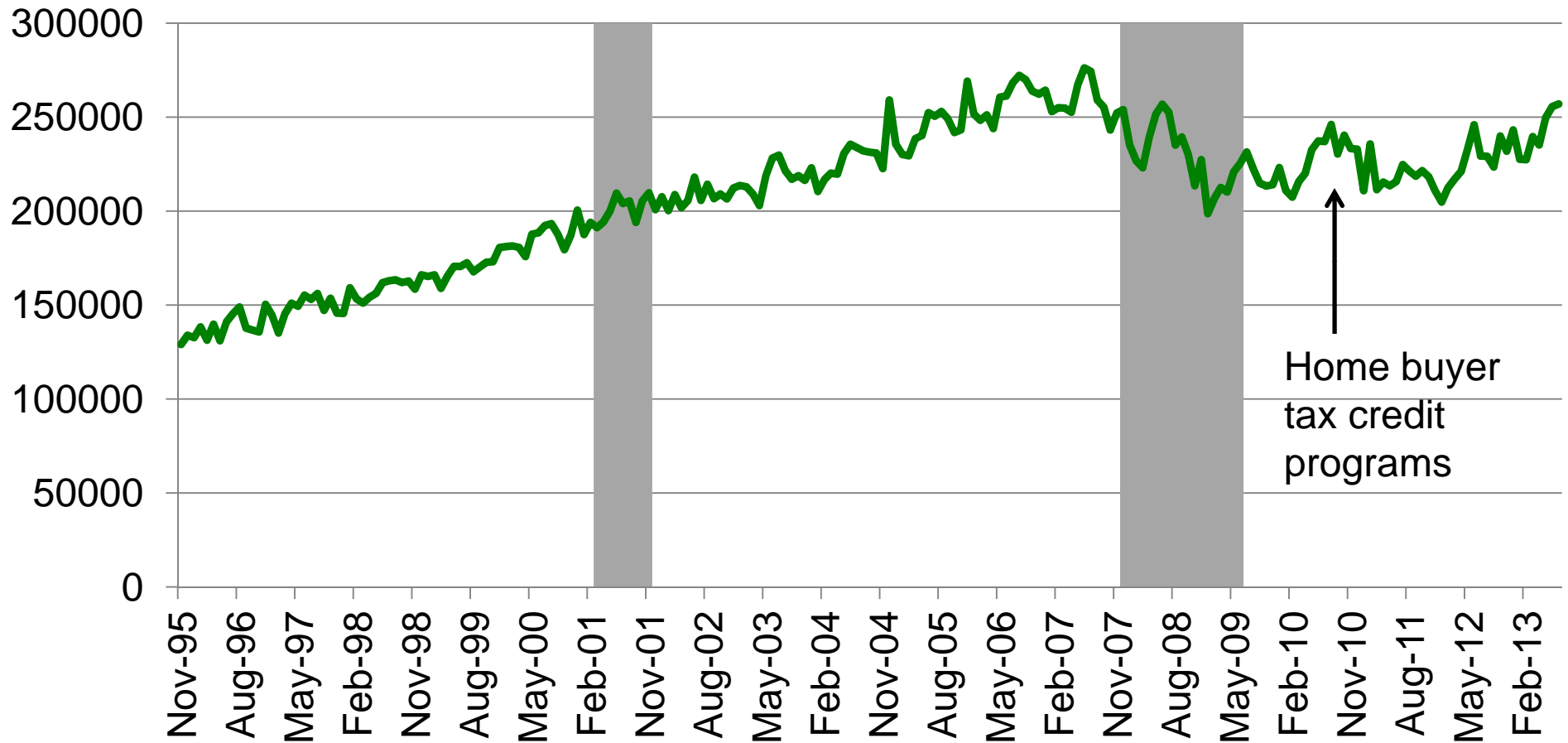
Source: Pikes Peak Association of Realtors® (PPRSCI) and UCCS Forum

# Days on Market in the Pikes Peak Region



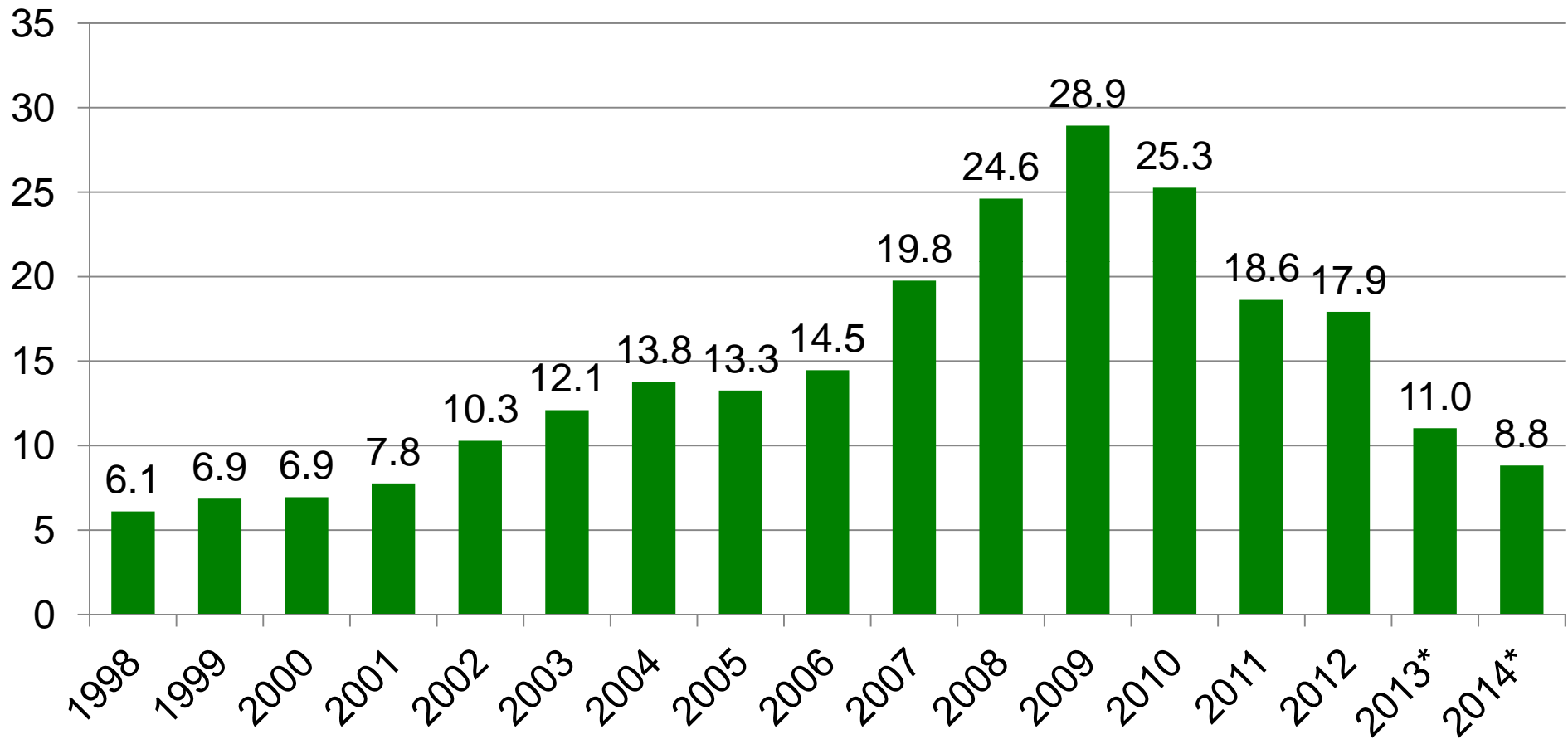
Source: Pikes Peak Association of Realtors® (PPRSCI) and UCCS Forum

# Average Price of Homes Sold in the Pikes Peak Region



Source: Pikes Peak Association of Realtors® (PPRSCI) and UCCS Forum

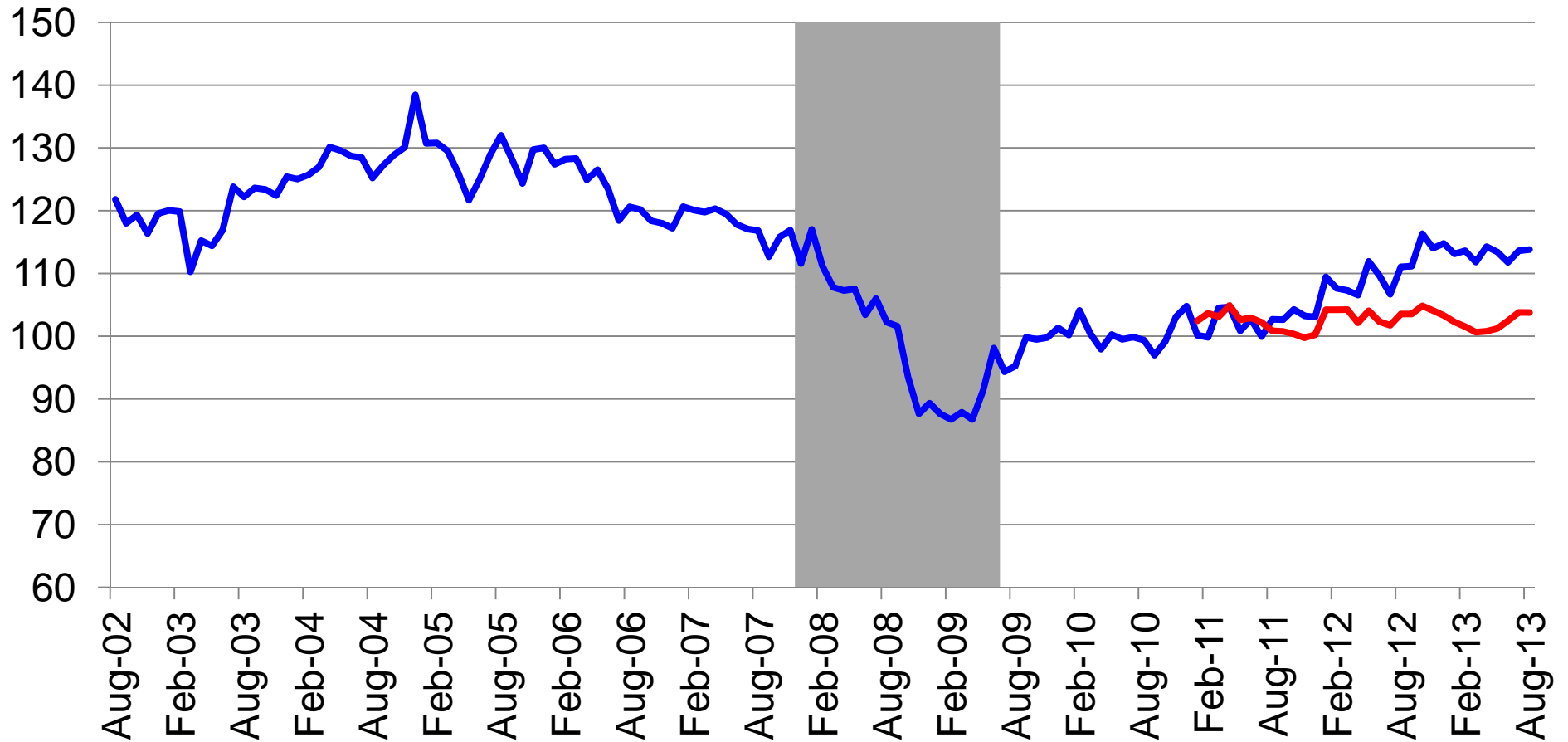
# Foreclosures Per 1,000 Households in El Paso County



Source: El Paso County Public Trustee



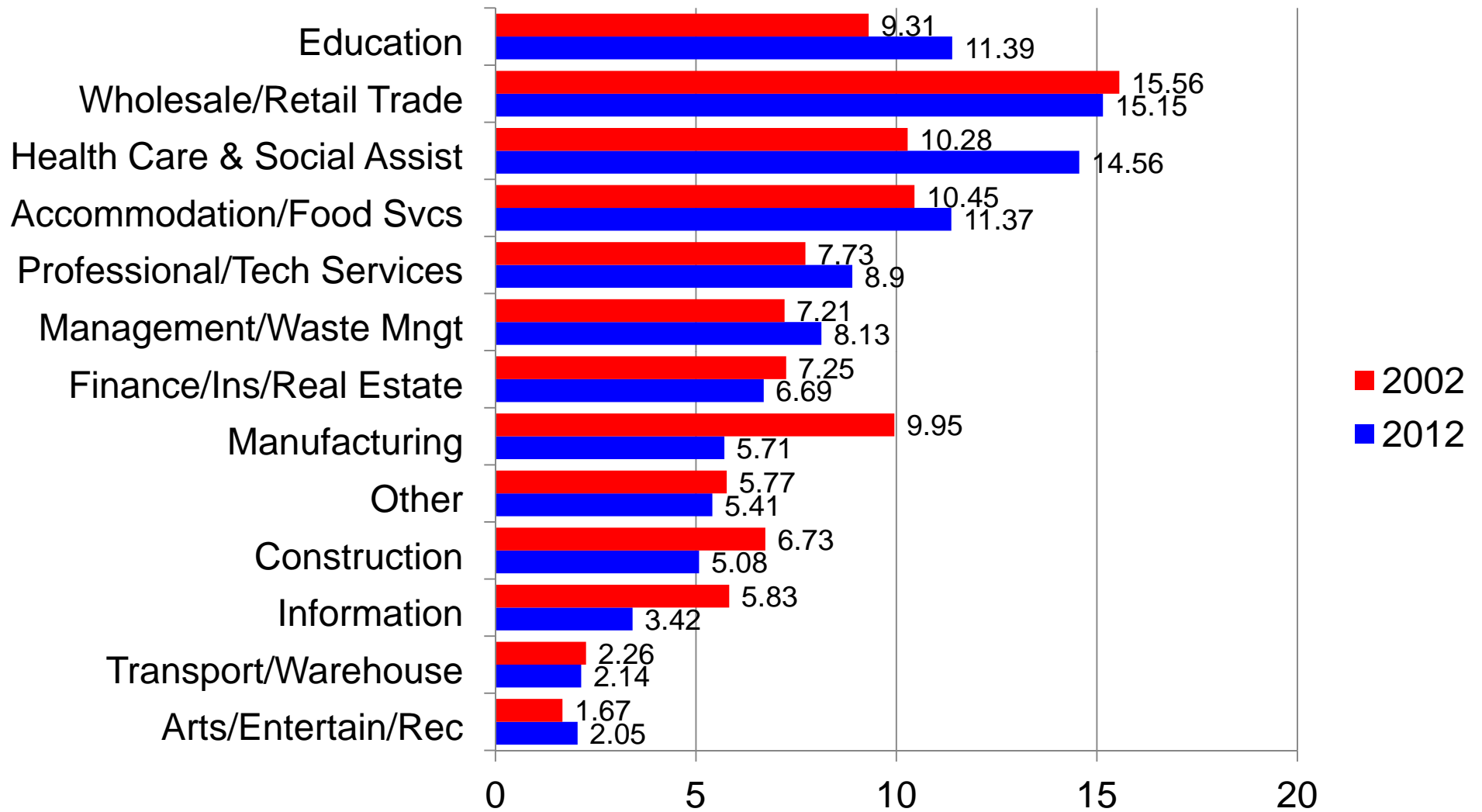
# Actual Business Conditions Index with and **Excluding Permits/Registrations**



Source: UCCS Forum

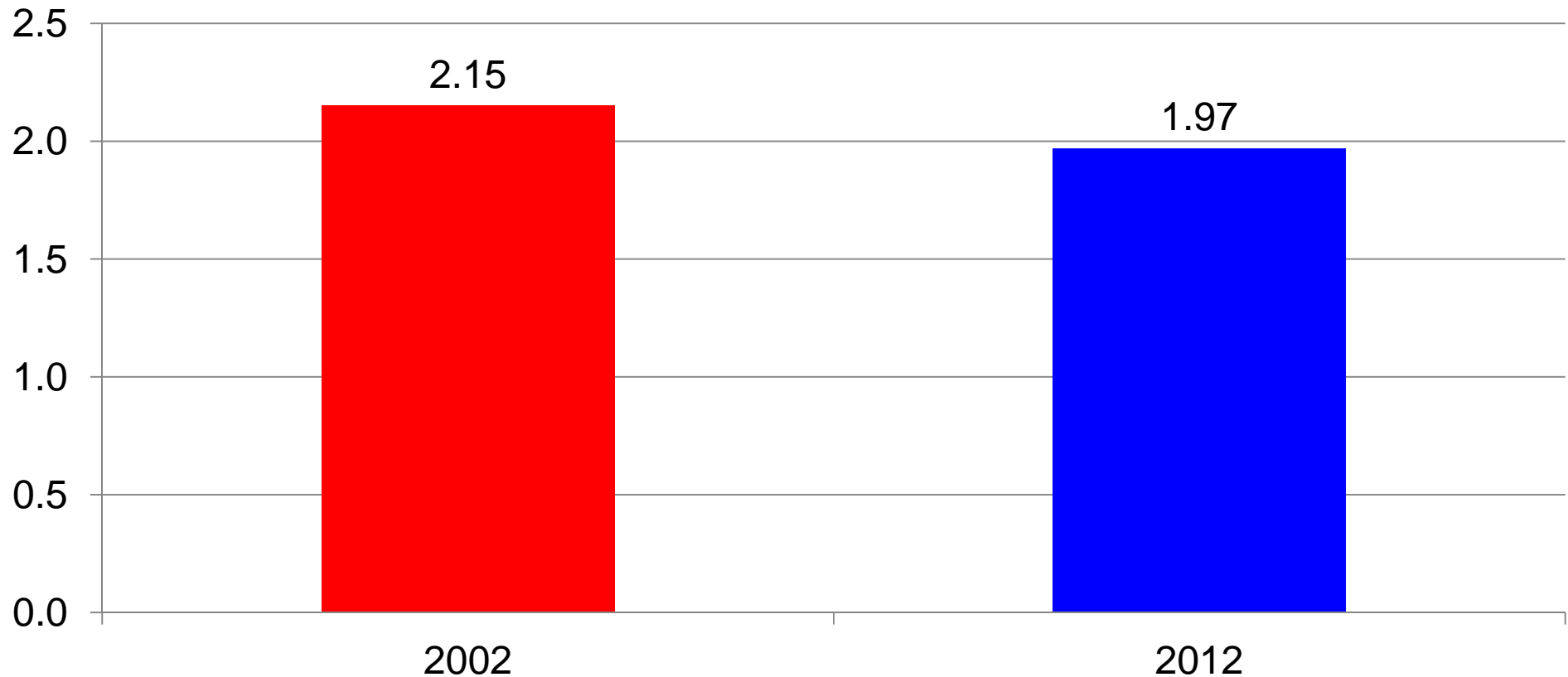
# The El Paso County Employment Base

# Private Sector Employment Mix (percents)



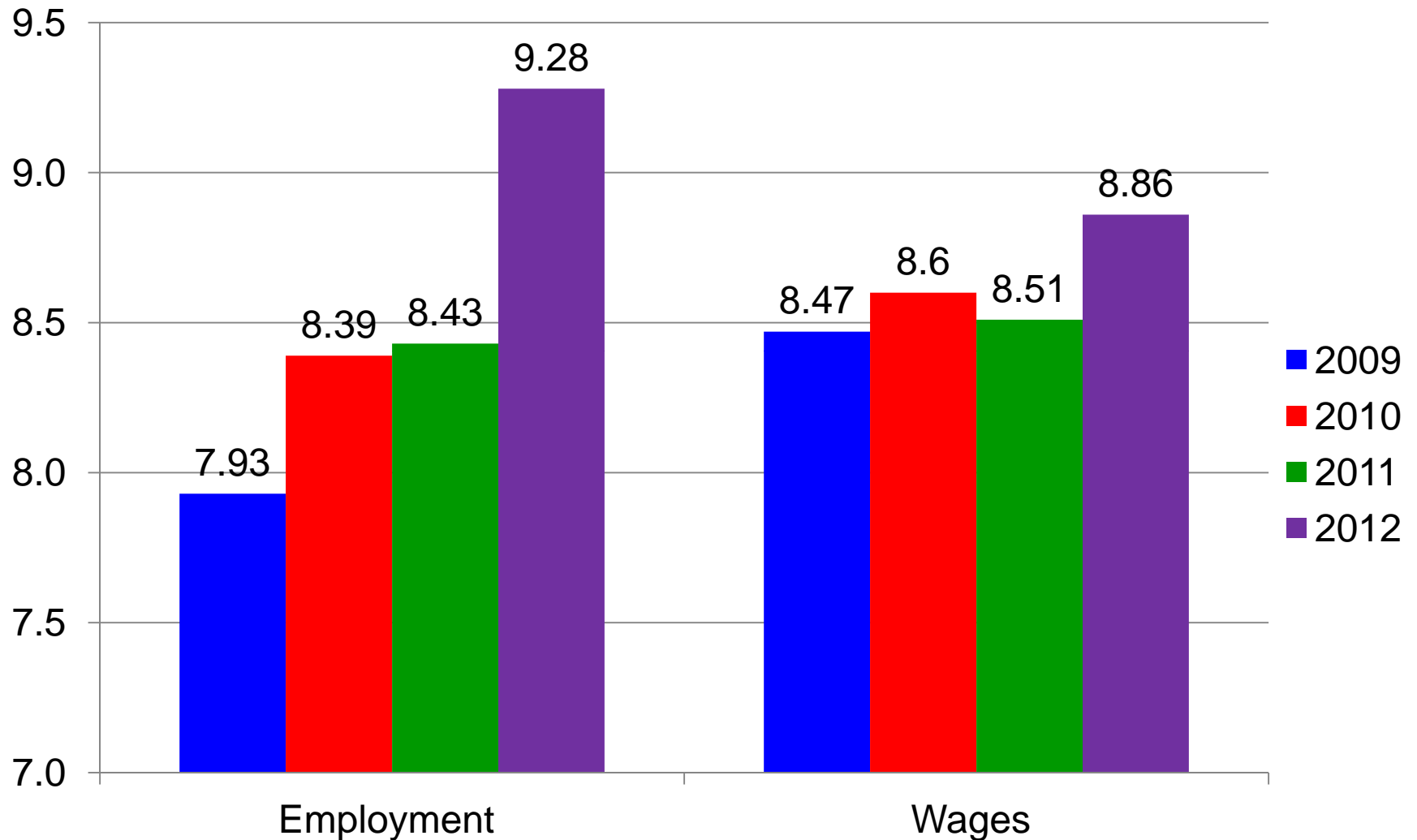
Source: Colorado LMI

# Average Employment Multiplier in El Paso County

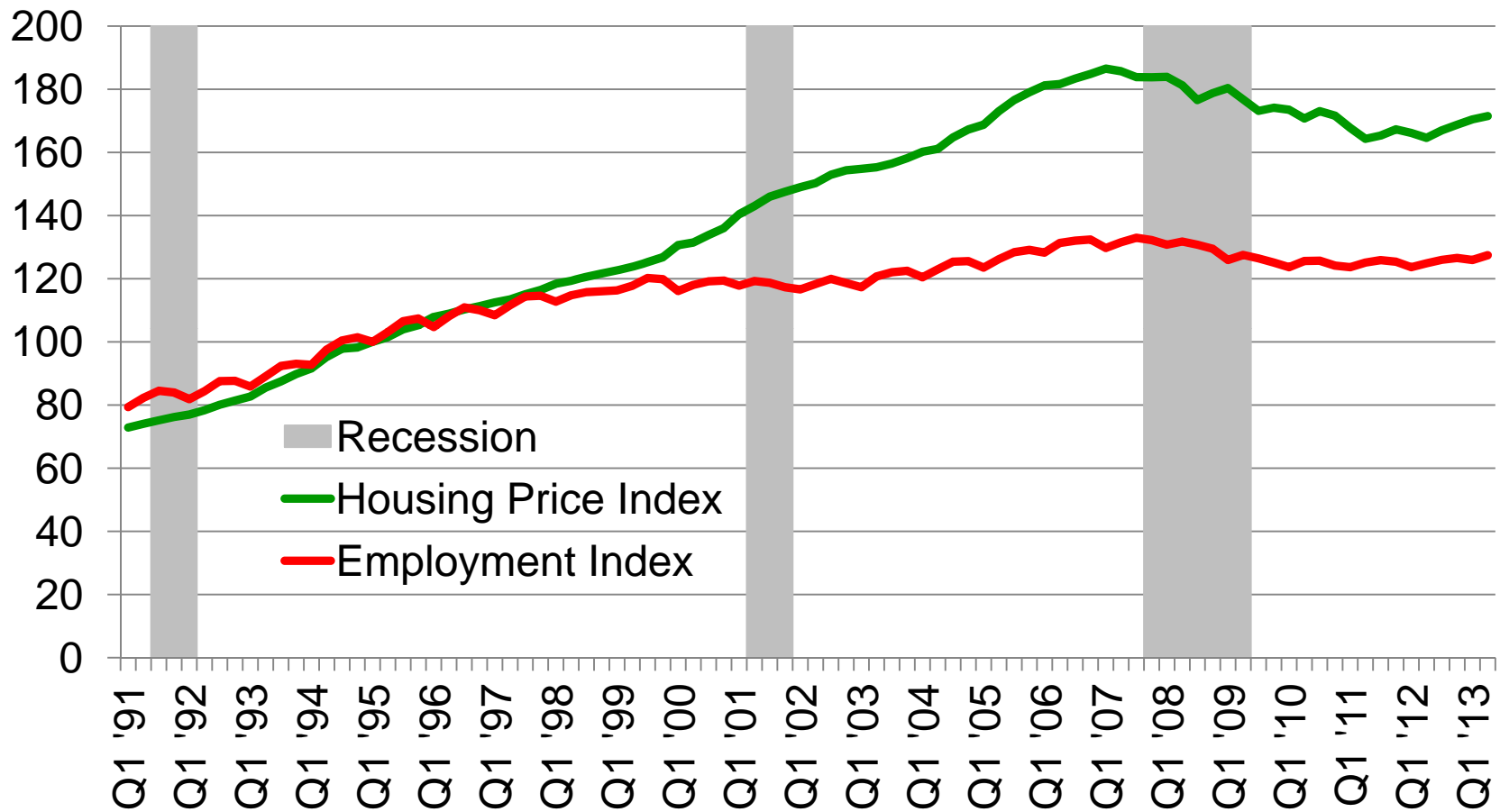


Source: Implan and UCCS Forum

# Hirfindahl Index of Concentration



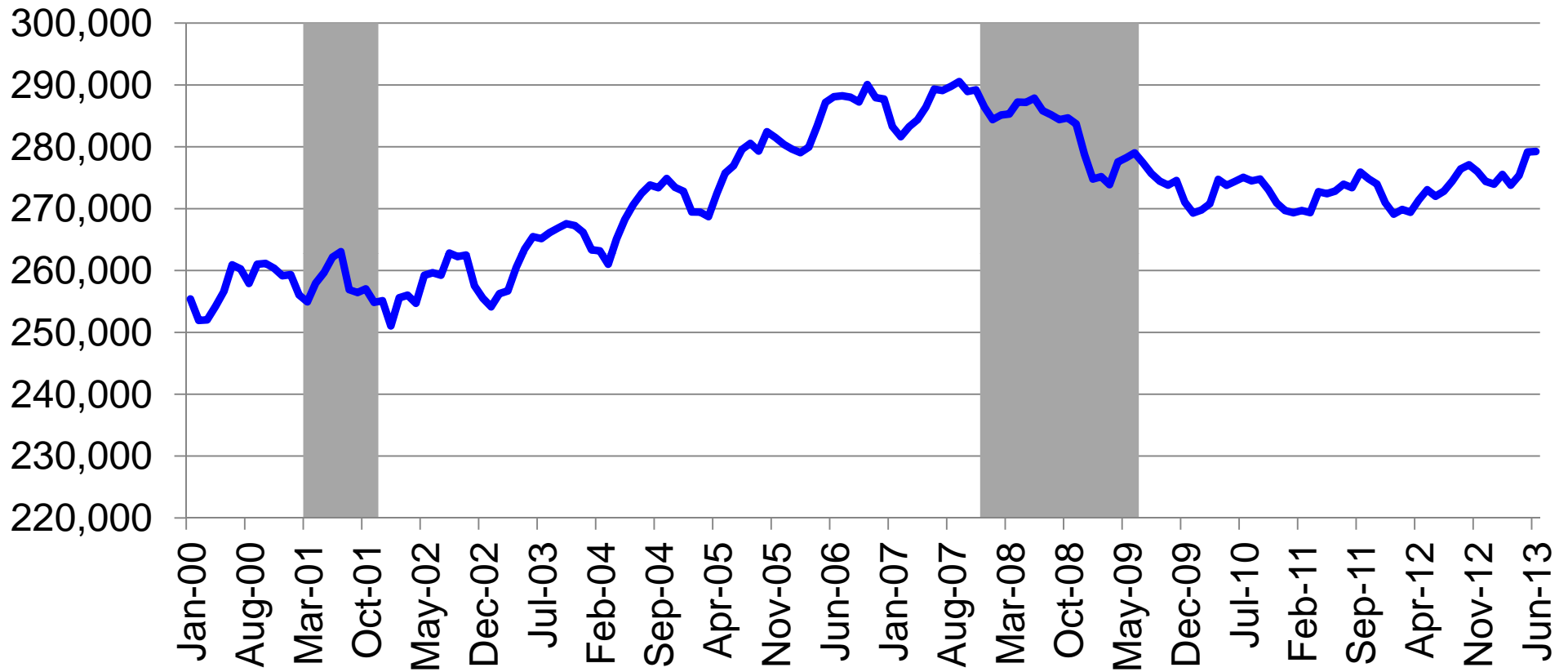
# Housing Prices and Employment in El Paso County (Q1 '95 = 100)



Source: Federal Reserve Bank of St. Louis, National Bureau of Economic

# Employment and Income Trends

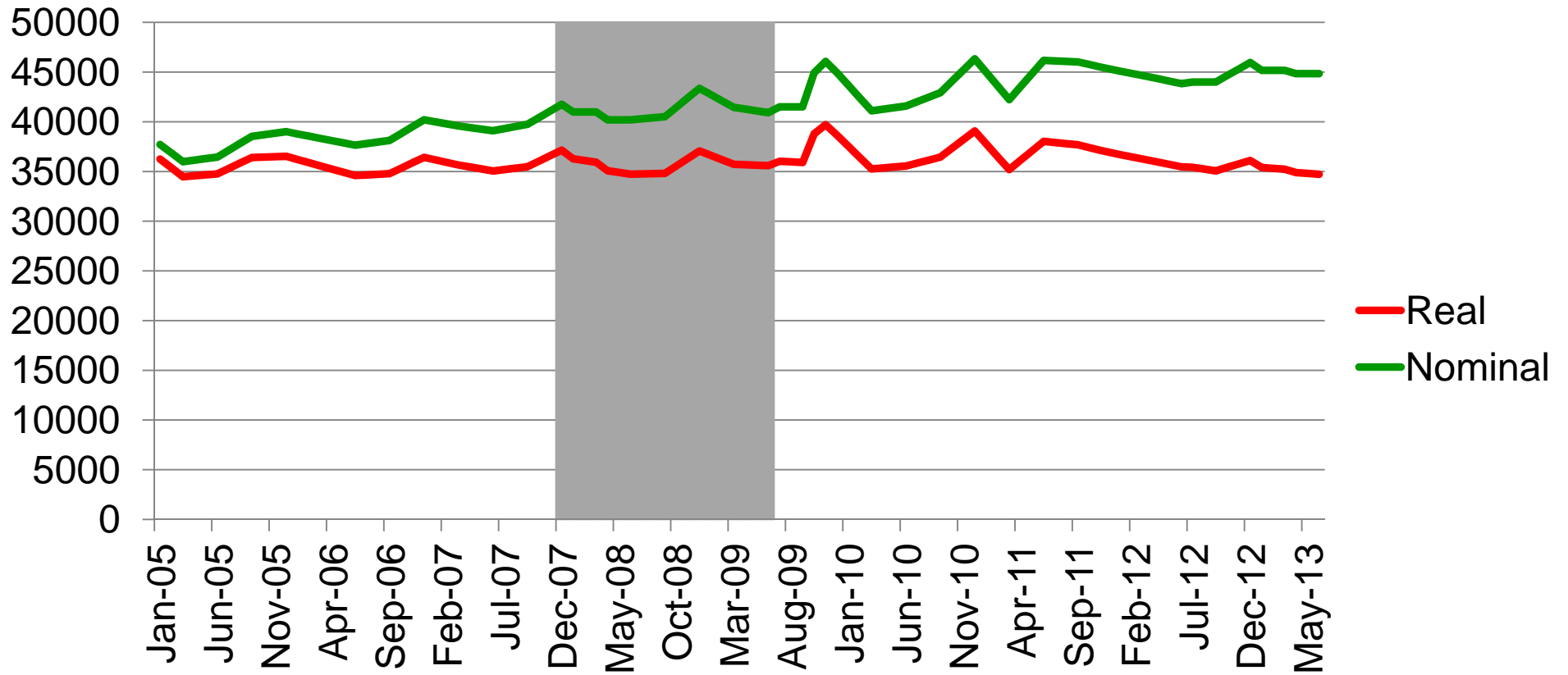
# Employment Trends in El Paso County Jan 2000 – July 2012



Source: Federal Reserve Bank of St. Louis

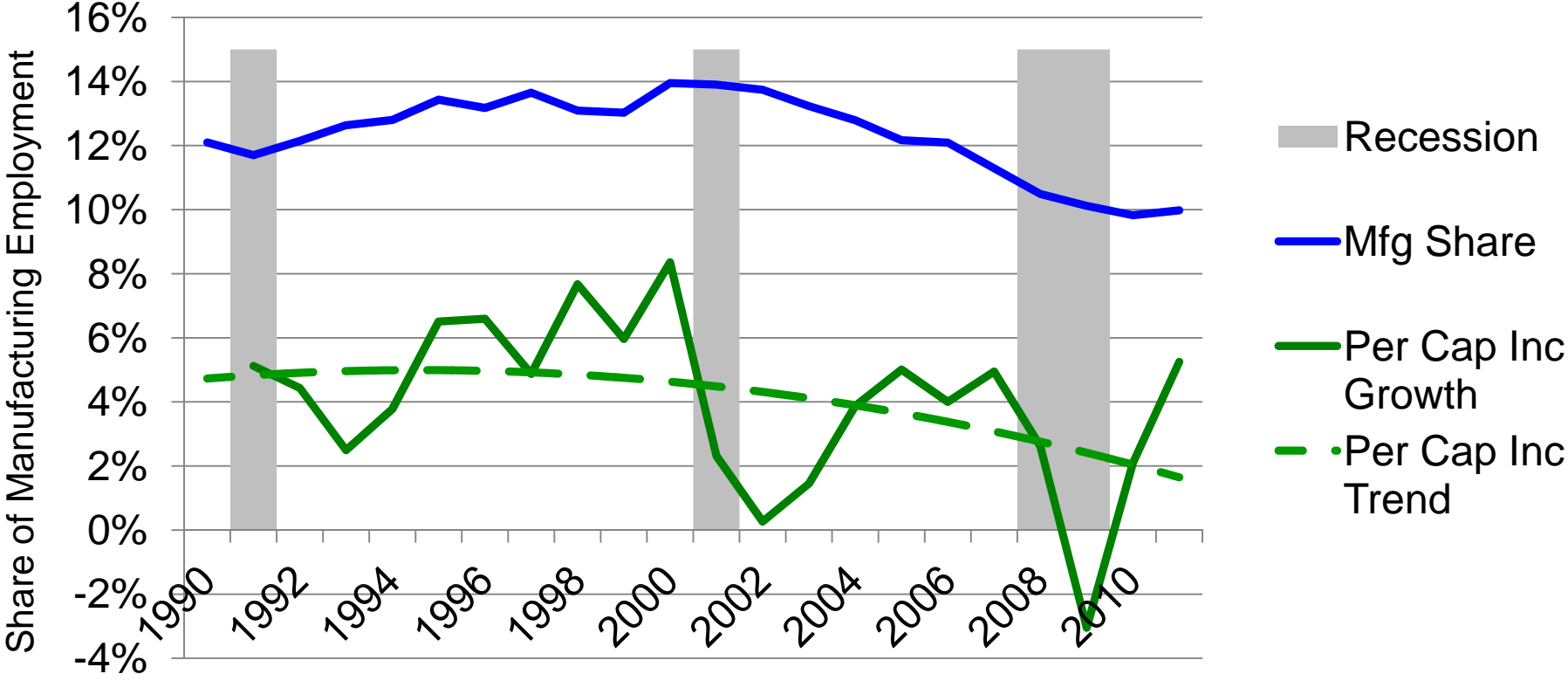


# Average Annual Wage in El Paso County



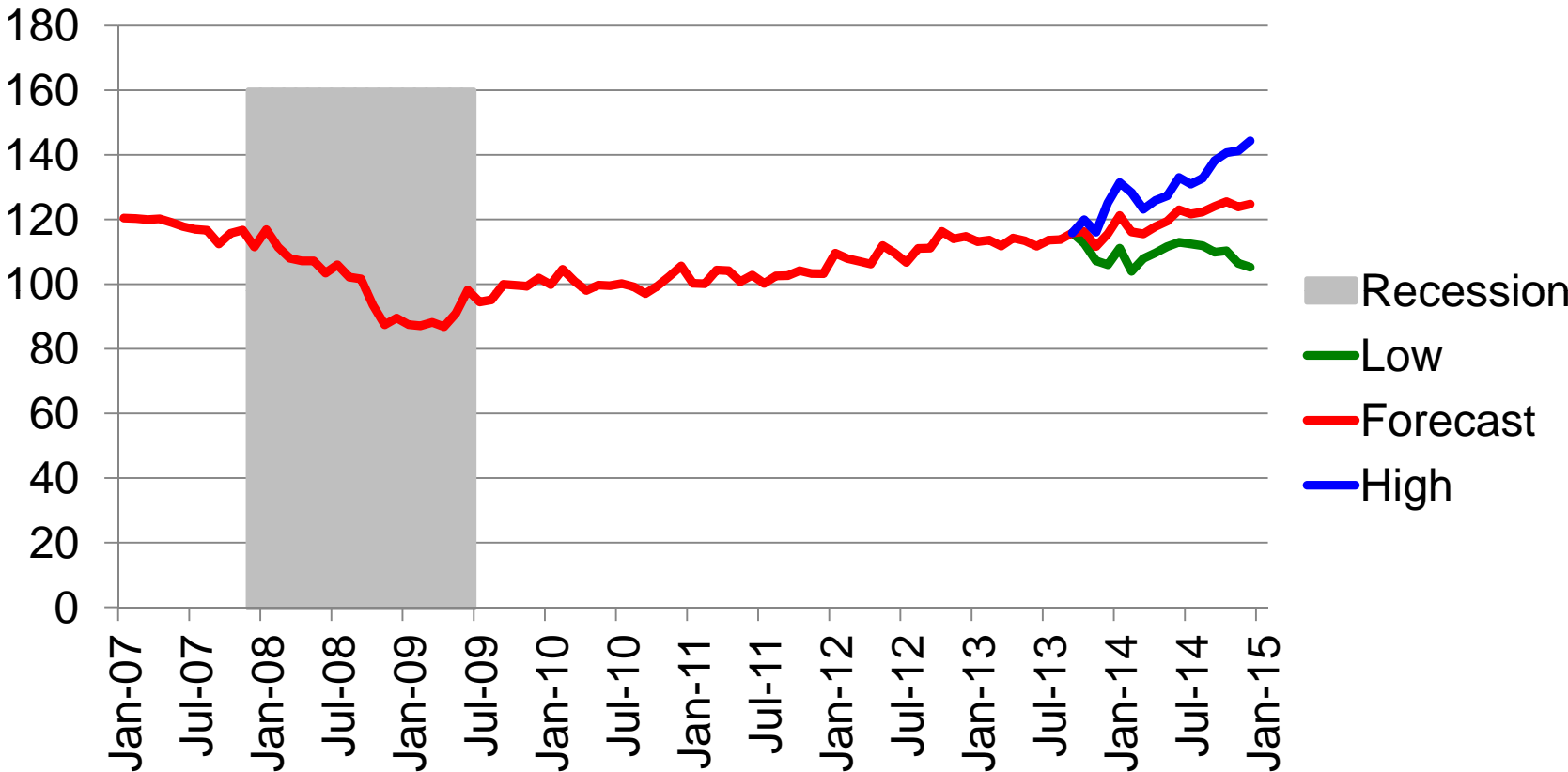
Source: Colorado LMI, U.S. BLS and UCCS Forum

# El Paso County's Share of Manufacturing Employment in Colorado and Growth in Per Capita Income



# Forecast

# Forecast for Business Conditions Index



# Forum Forecasts for El Paso County

	2012 Actual	2013 Estimate	2014 Forecast
Population growth	1.3%	1.4%	1.9%
Unemployment rate	9.3%	7.8%	7.4%
Gross metro product growth	2.1%	2.2%	2.8%
Non-agricultural employment growth	1.3%	1.9%	2.1%
Total wage & salary growth	3.2%	4.0%	4.3%
Average wage & salary growth	2.1%	2.0%	2.2%

# Forum Forecasts for El Paso County

	2012 Actual	2013 Estimate	2014 Forecast
Consumer price index (U.S. and CO)	2.1% (U.S.)	1.9%	2.3%
	1.9% (CO)	2.4%	2.2%
Per capita personal income growth	3.3%	3.6%	4.5%
Retail trade growth	6.1%	7.0%	5.5%
Single family housing permit growth	52.8%	25.8%	23.3%
Non-residential construction growth	-17.4%	33.5%	20.4%

# Rebuilding after the Wildfires

- An update on the economic impact of the wildfires
- Operation 6035
- The healthcare sector
- Infrastructure & transportation

# Economic Effects of Residential Reconstruction & Refurbishing in Mountain Shadows



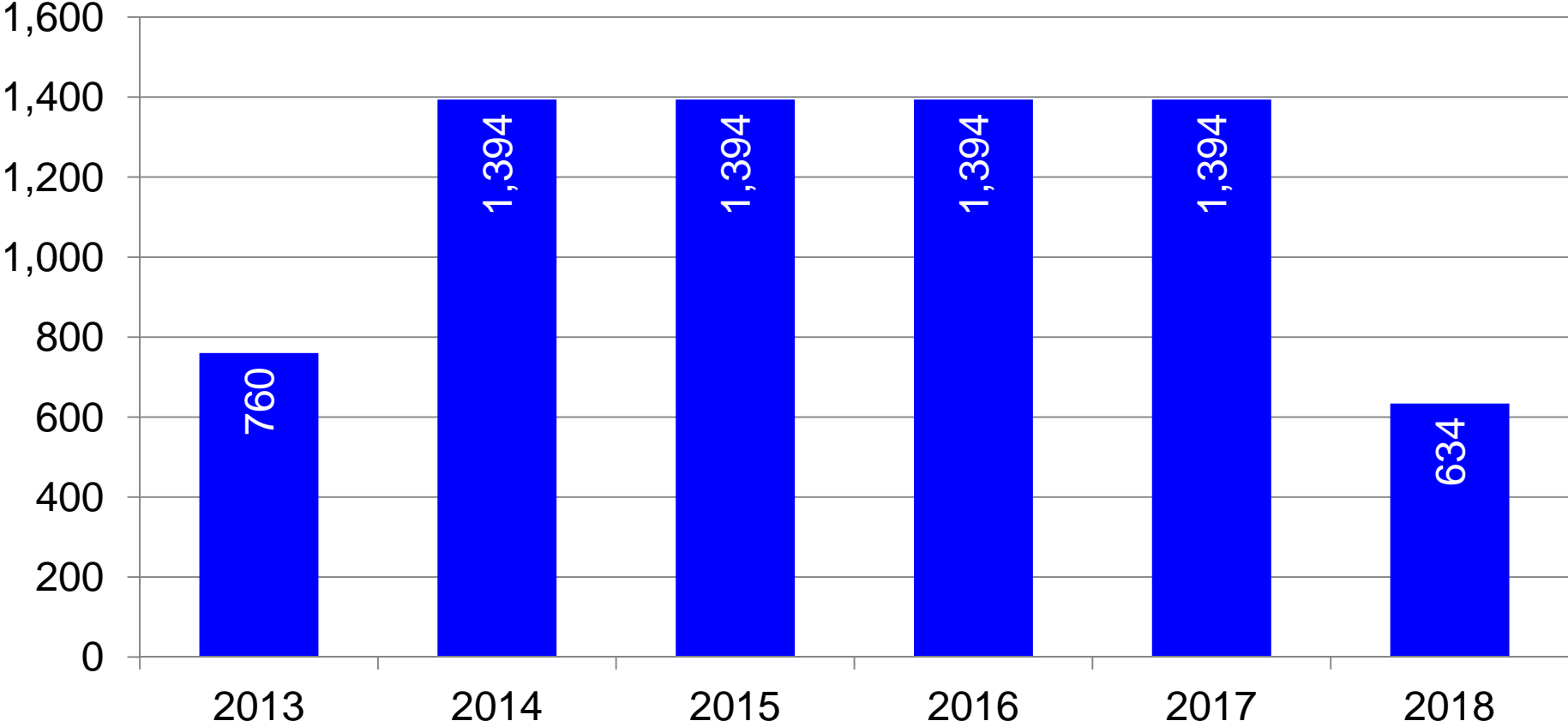
*Mountain Shadows  
Courtesy of the Gazette*



*Black Forest  
Courtesy of the Forum*

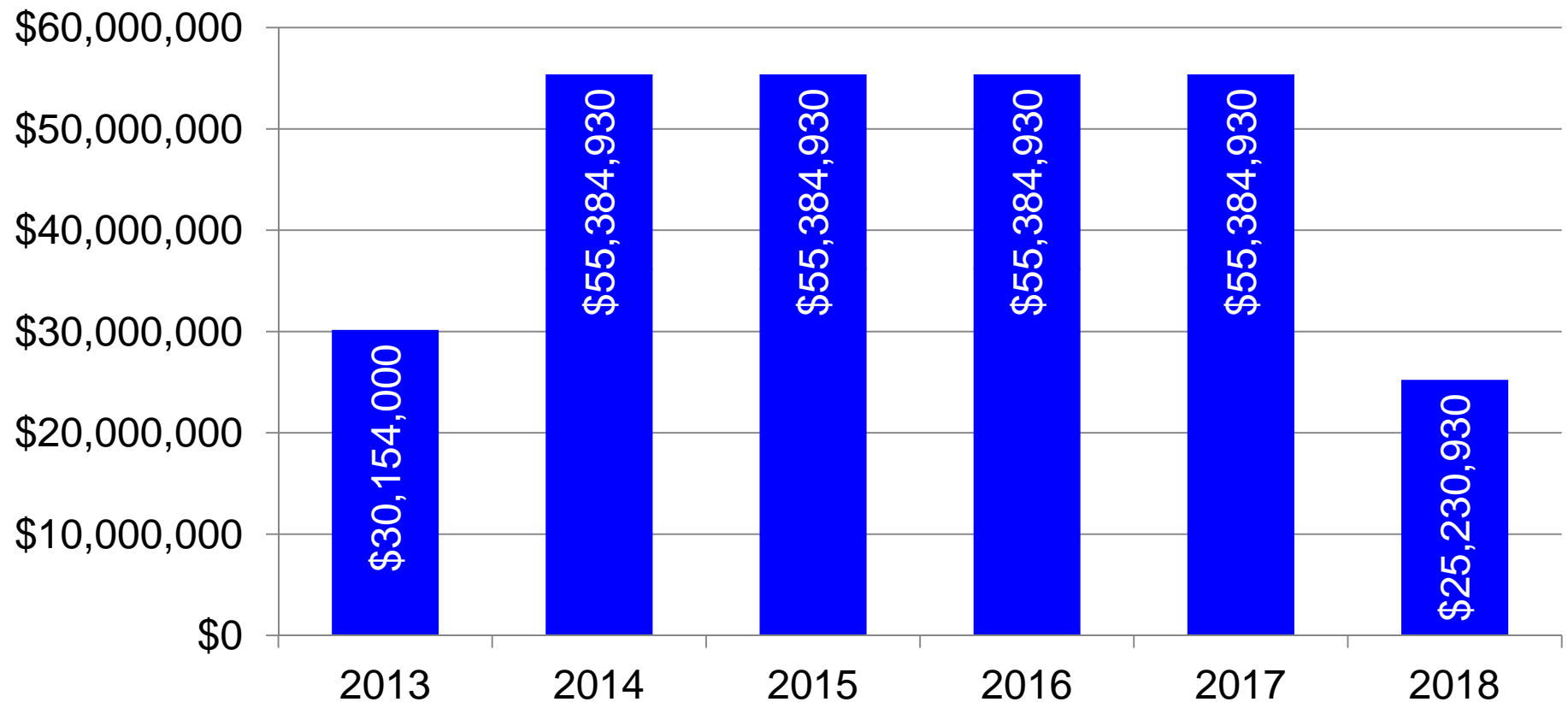


# Jobs per Year from Mountain Shadows and Black Forest Reconstruction & Refurnishing



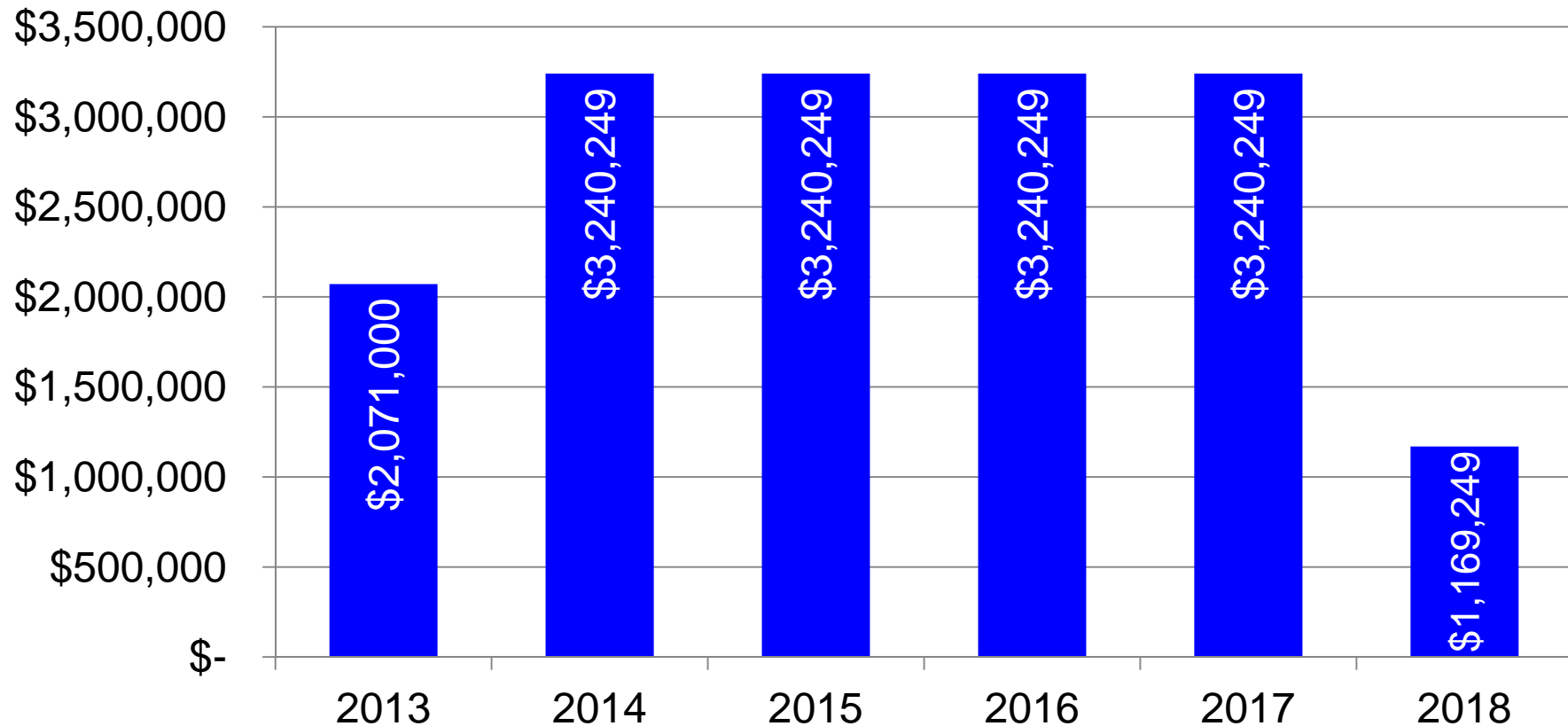
Estimates by UCCS Forum done with Implan

# Income per Year from Rebuilding Mountain Shadows and Black Forest: Reconstruction & Refurnishing



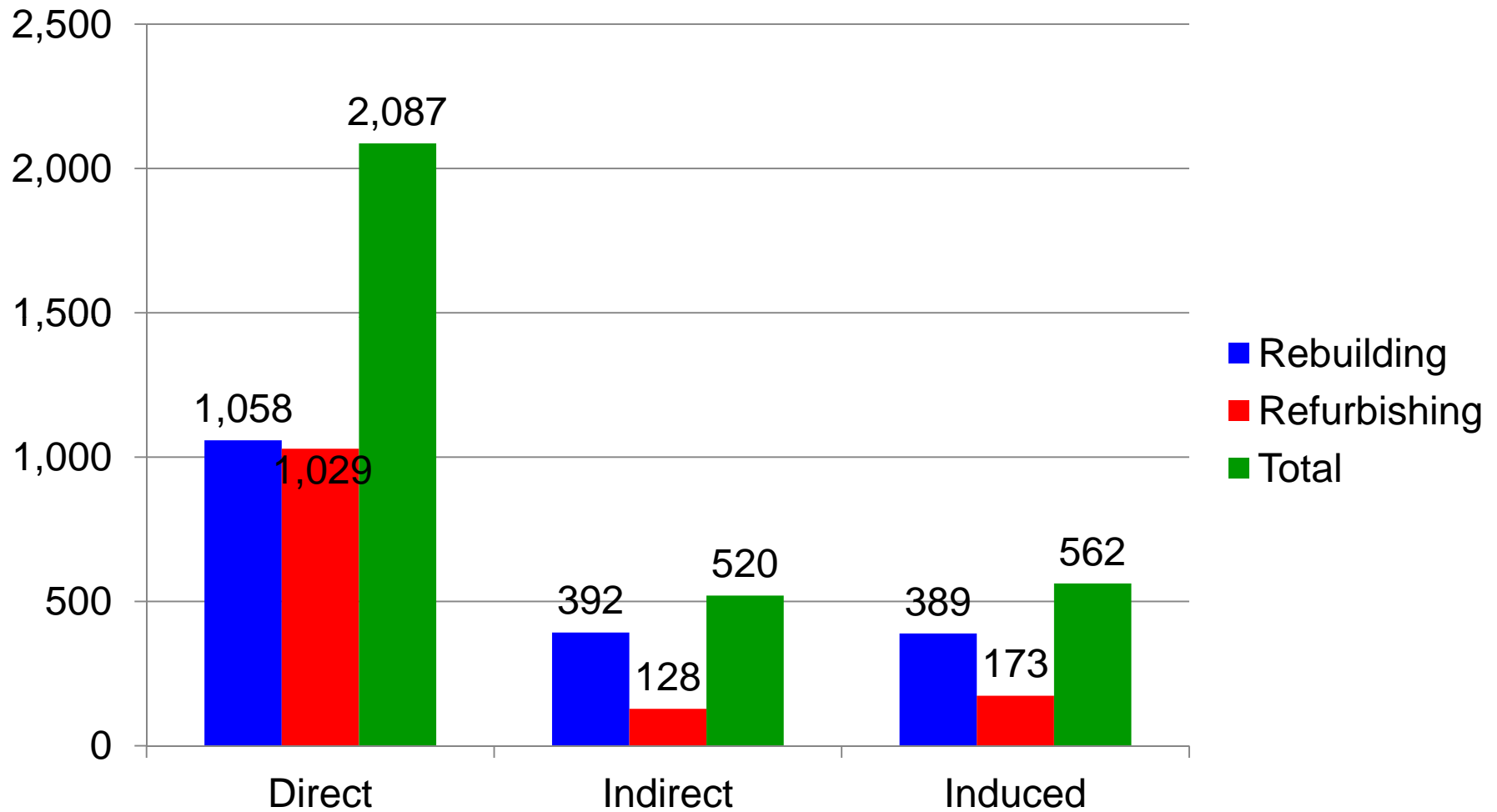
Estimates by UCCS Forum done with Implan

# Sales and Use Tax for Five Years from Mountain Shadows and Black Forest: Reconstruction & Refurnish

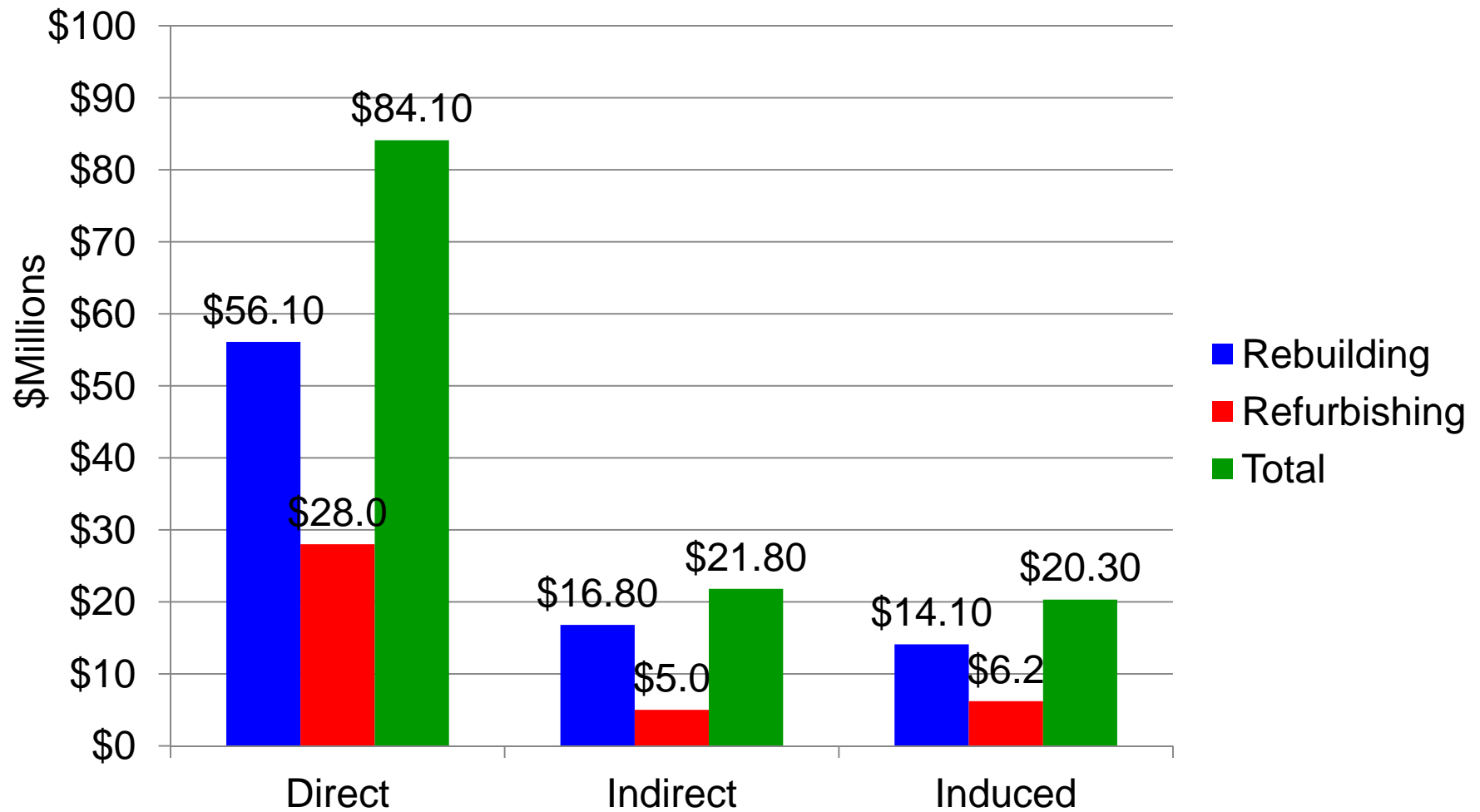


Estimates by UCCS Forum done with Implan

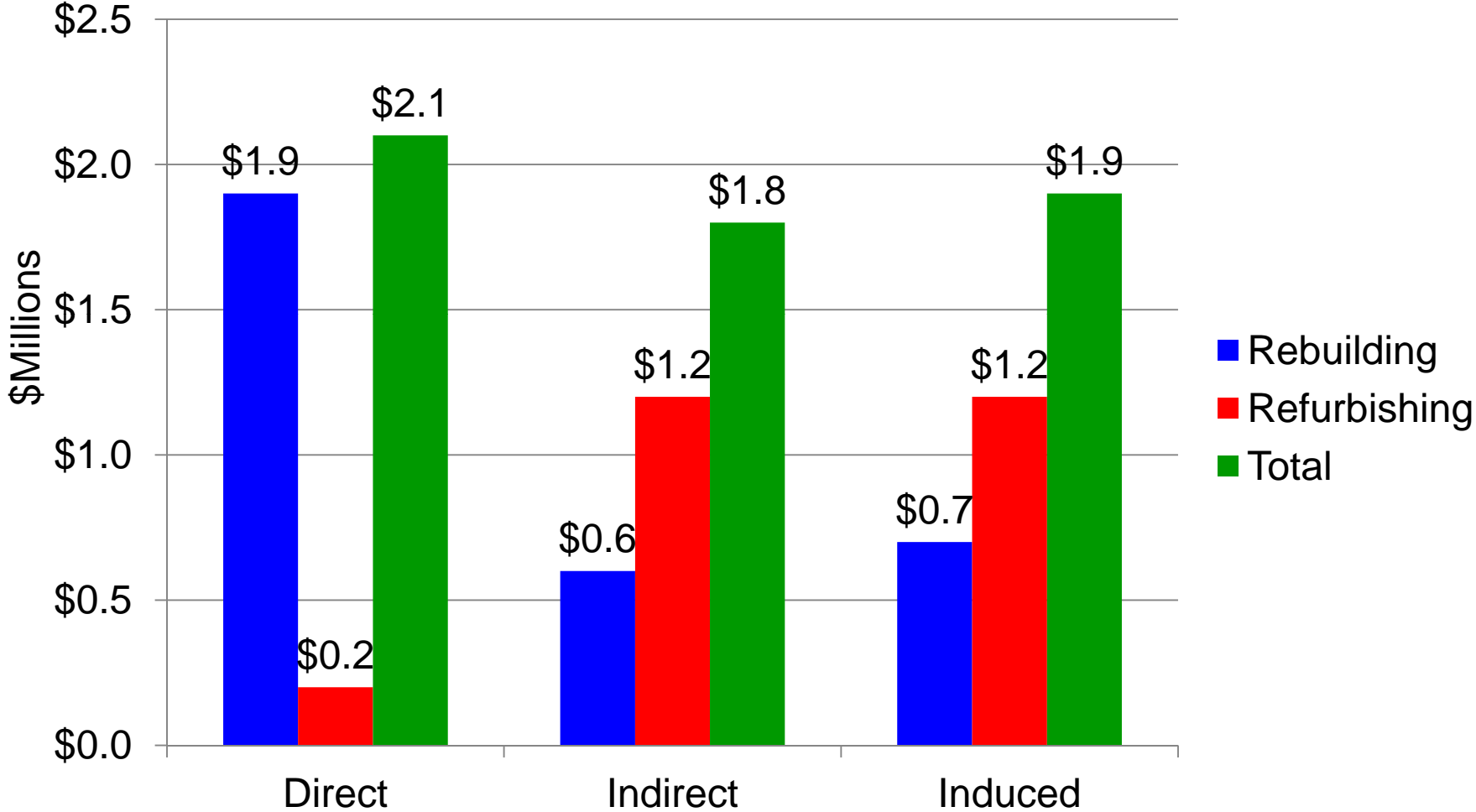
# Economic Impact of Rebuilding 488 Residences in Black Forest - Jobs



# Economic Impact of Rebuilding 488 Residences in Black Forest – Incomes (\$Millions)

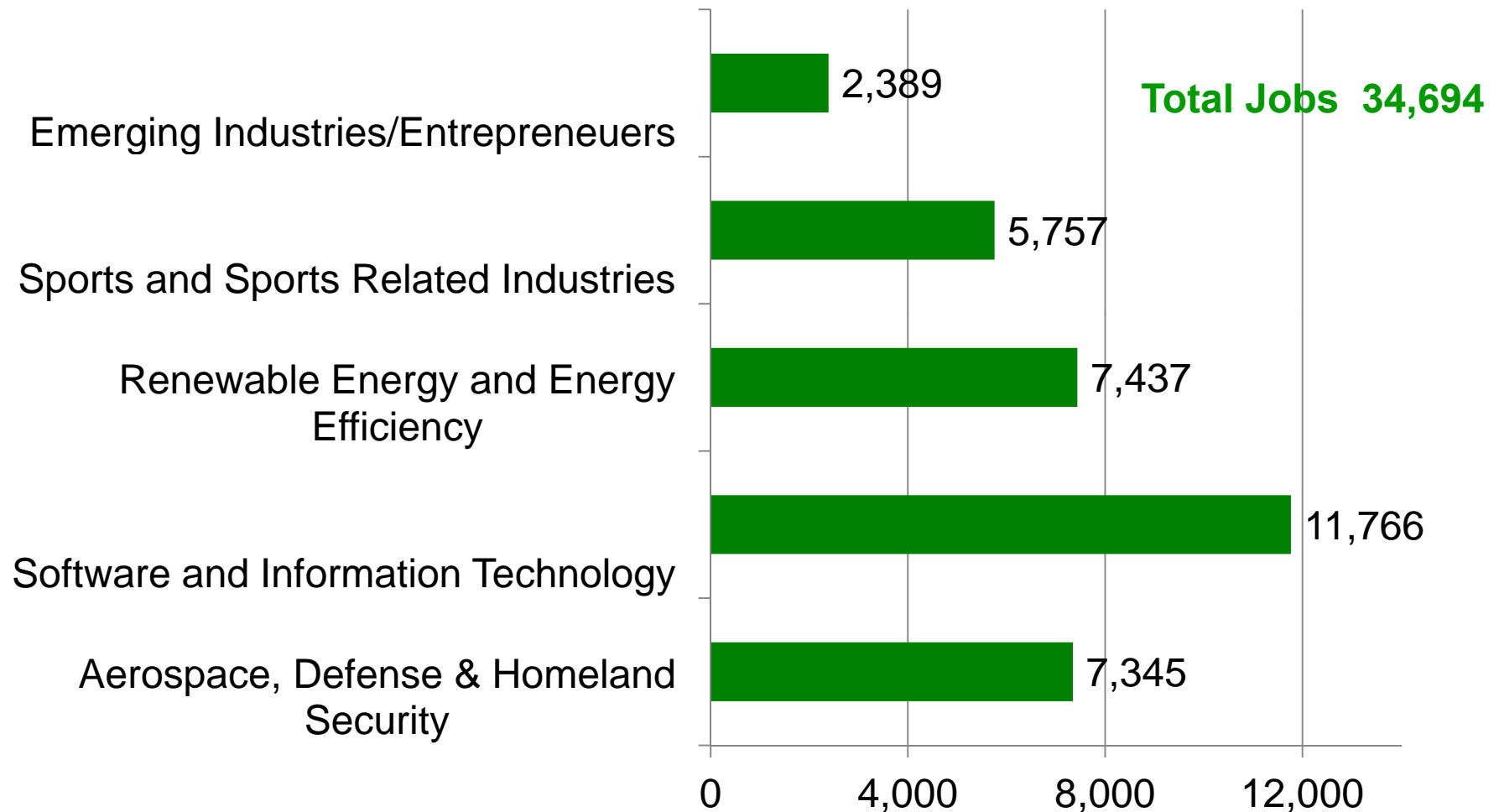


# Economic Impact of Rebuilding 488 Residences in Black Forest – Sales Tax (\$Millions)



# Operation 6035 and the Health Care Sector Updates

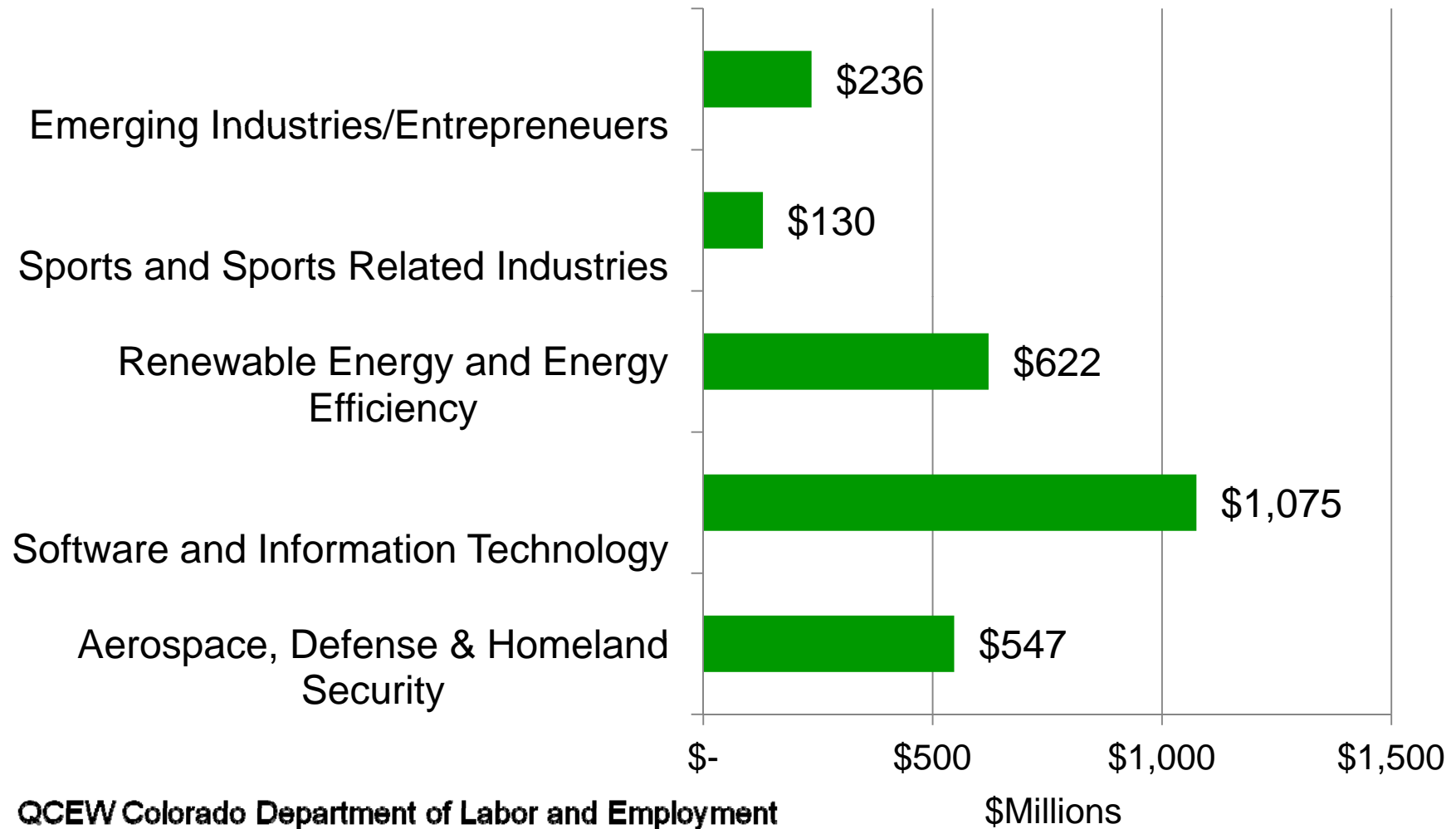
# Employment Levels in 2012 for Target Industries in Operation 6035



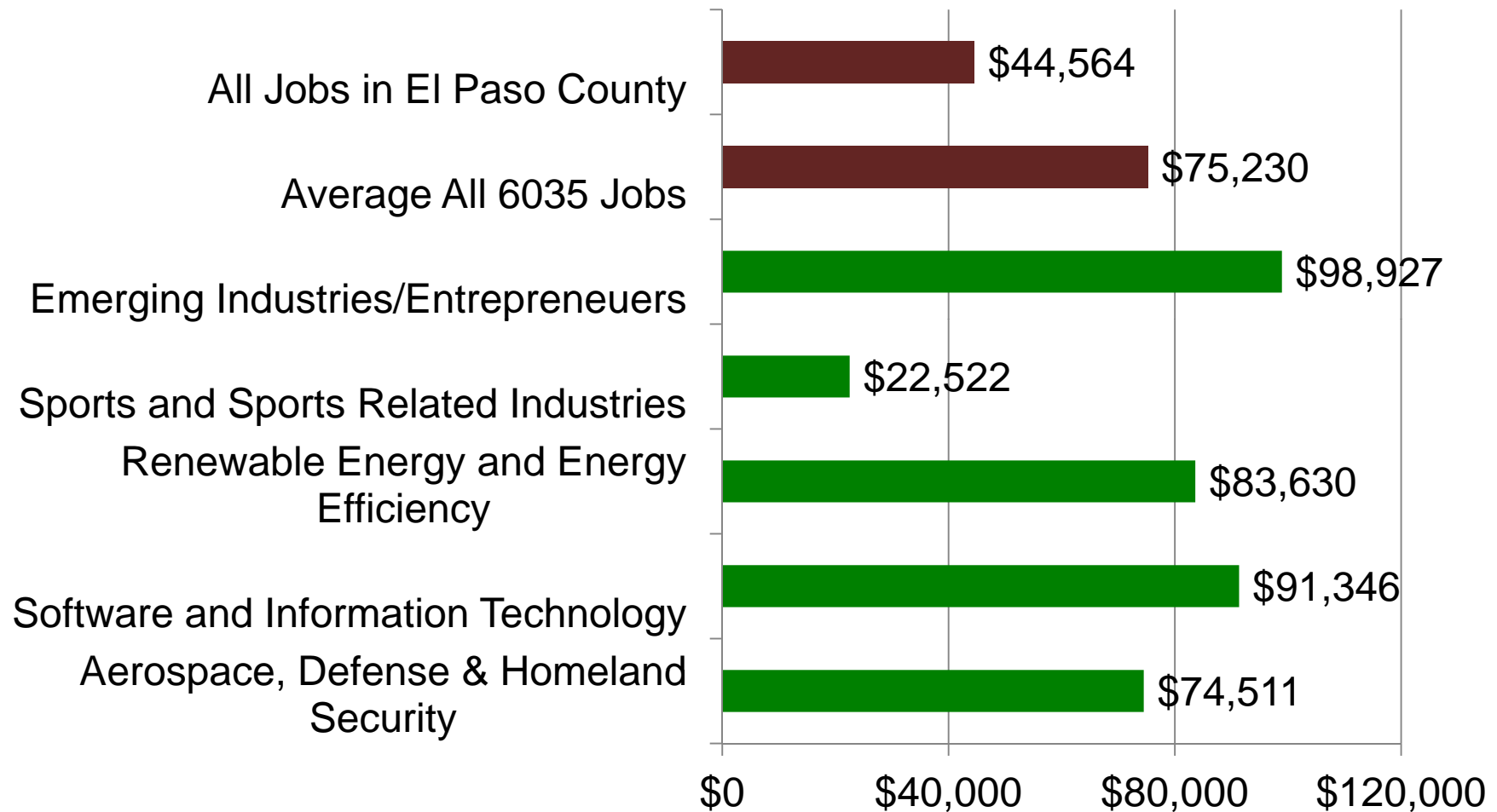
QCEW Colorado Department of Labor and Employment



# Total Wages in 2012 for Target Industries in Operation 6035 (\$Millions)

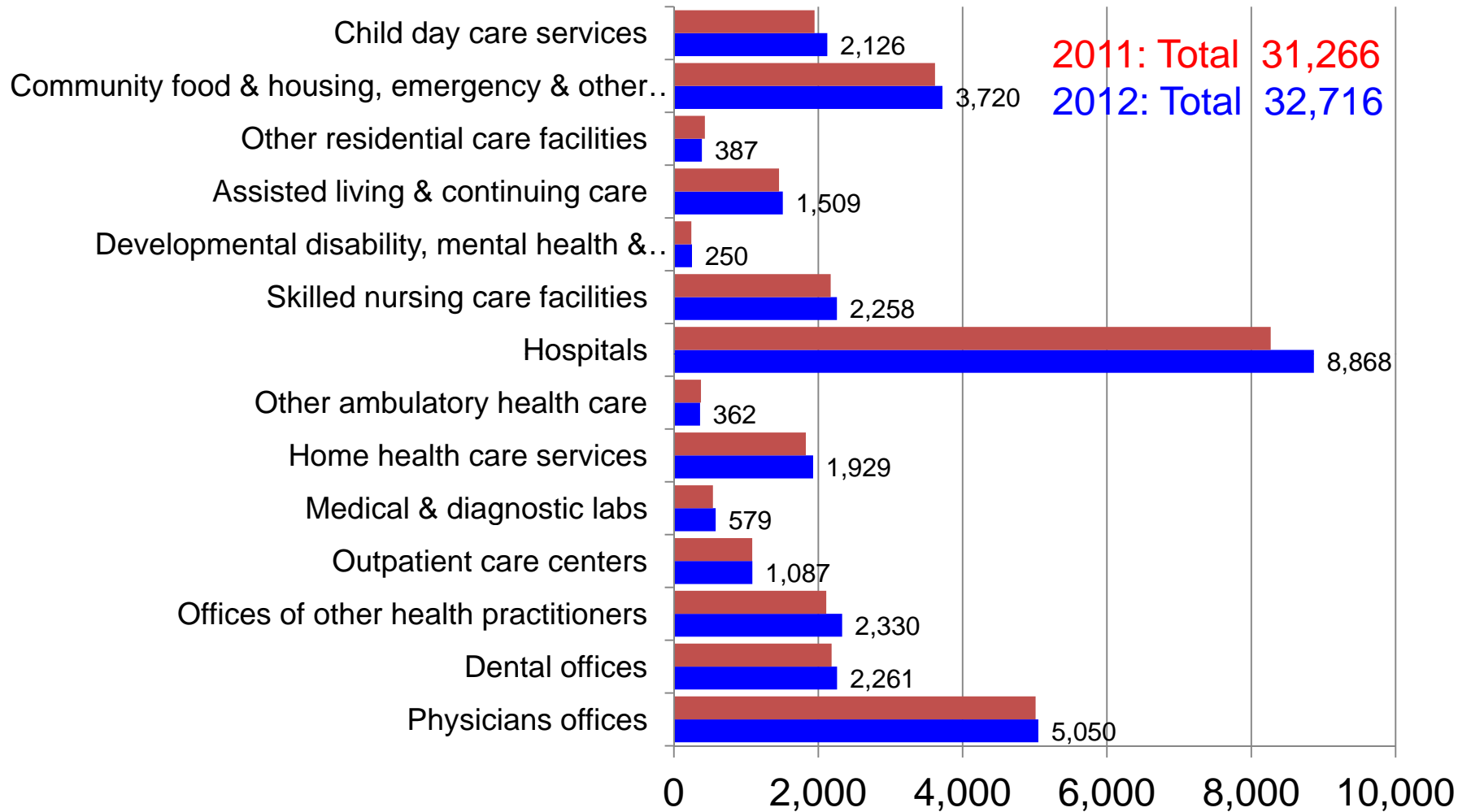


# Average Wages in 2012 for Target Industries in Operation 6035



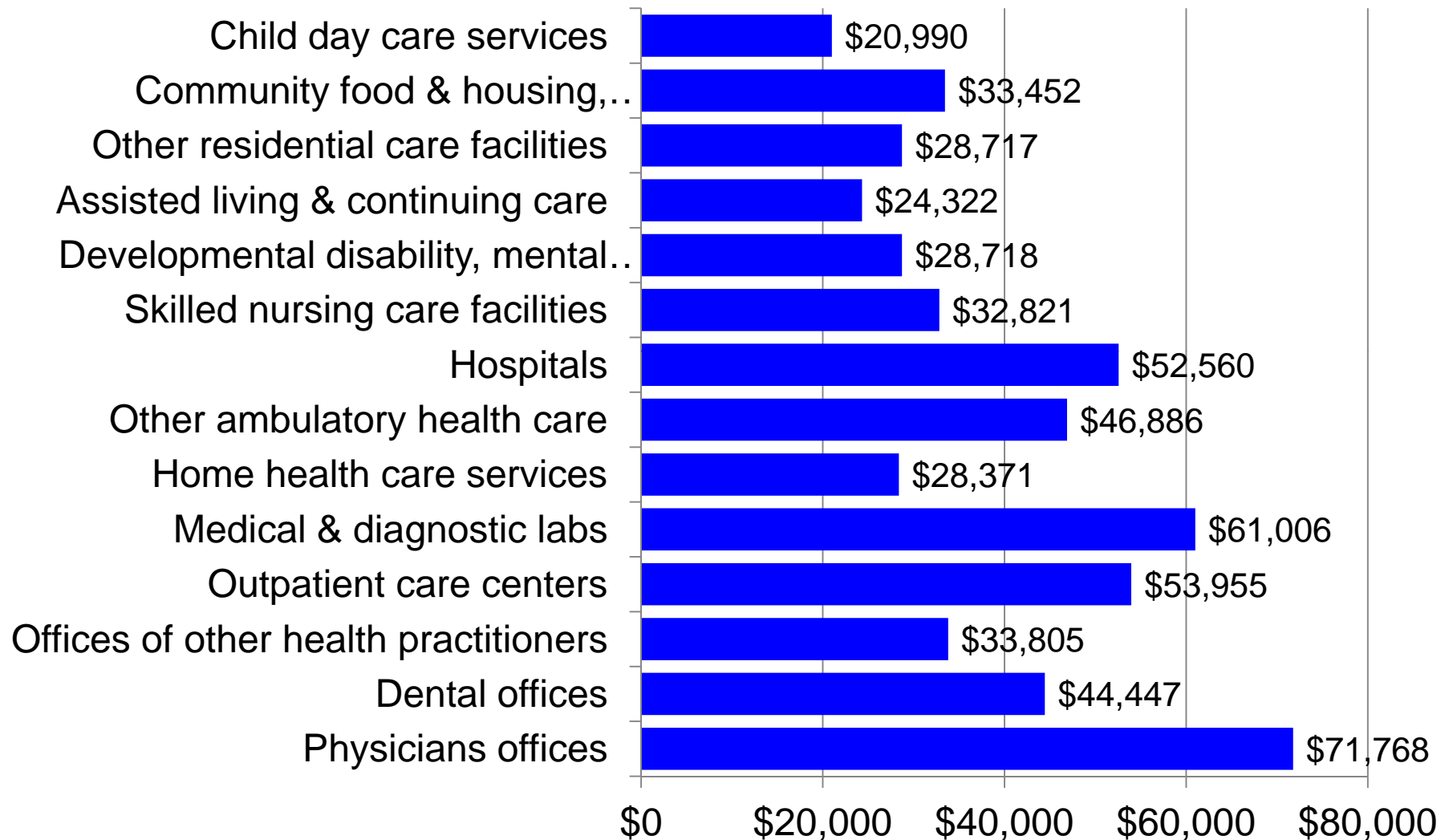
QCEW Colorado Department of Labor and Employment

# Employment in the Healthcare Sector in 2011 and 2012

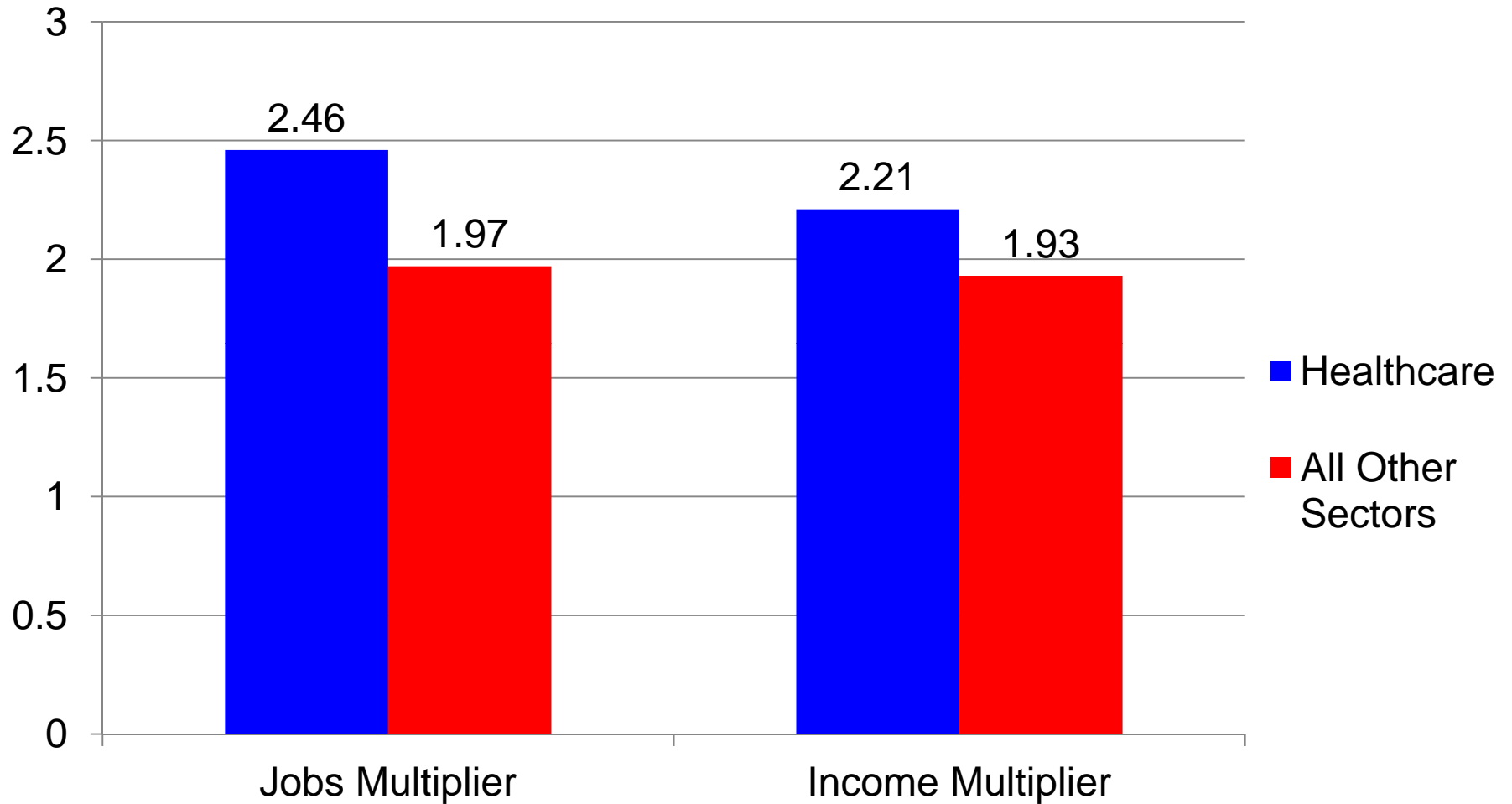


QCEW Colorado Department of Labor and Employment

# Average Wages in the Healthcare Sector in 2012



# Economic Multipliers of Healthcare



Source: Implan and UCCS Forum

# Infrastructure

2013 REPORT CARD FOR AMERICA'S INFRASTRUCTURE ASCE

NAVIGATION MENU

SHARE PDF

## AMERICA'S INFRASTRUCTURE G.P.A. D+

Each category was evaluated on the basis of capacity, condition, funding, future need, operation and maintenance, public safety and resilience. [METHODOLOGY >](#)

AVIATION	D	PORTS	C
BRIDGES	C+	PUBLIC PARKS AND RECREATION	C-
DAMS	D	RAIL	C+
DRINKING WATER	D	ROADS	D
ENERGY	D+	SCHOOLS	D
HAZARDOUS WASTE	D	SOLID WASTE	B-
INLAND WATERWAYS	D-	TRANSIT	D
LEVEES	D-	WASTEWATER	D

A = Exceptional  
B = Good  
C = Mediocre  
D = Poor  
F = Failing

ESTIMATED INVESTMENT NEEDED BY 2020:  
**\$3.6 TRILLION**

UCCS Colorado Springs

4:12 PM 9/21/2013

# Infrastructure

The screenshot shows a web browser displaying the ASCE 2013 Report Card for America's Infrastructure website. The page is titled "STATE FACTS: COLORADO" and features a large infographic with the following data points:

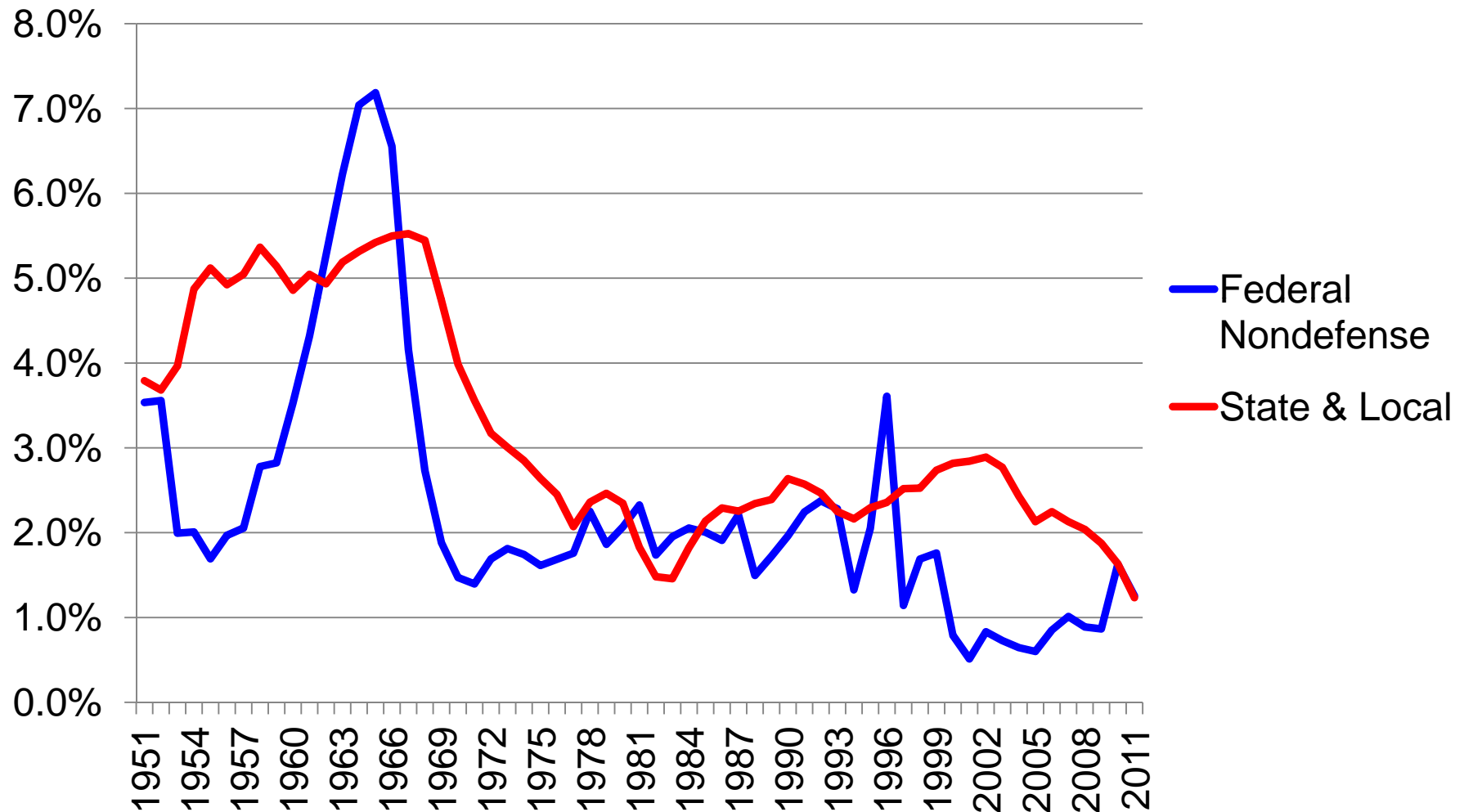
- 367** HIGH HAZARD DAMS
- 70%** OF MAJOR ROADS ARE POOR OR MEDIOCRE QUALITY ... COSTING MOTORISTS **\$287/YR**
- 566** STRUCTURALLY DEFICIENT BRIDGES
- \$6.4 BILLION** IS NEEDED FOR DRINKING WATER
- \$1.5 BILLION** IS NEEDED FOR WASTEWATER

The infographic also includes a navigation menu, a "SHARE" button, a "PDF" button, and a "FULL REPORT" link. The ASCE logo is visible in the top right corner of the infographic.

How is Colorado's infrastructure doing?

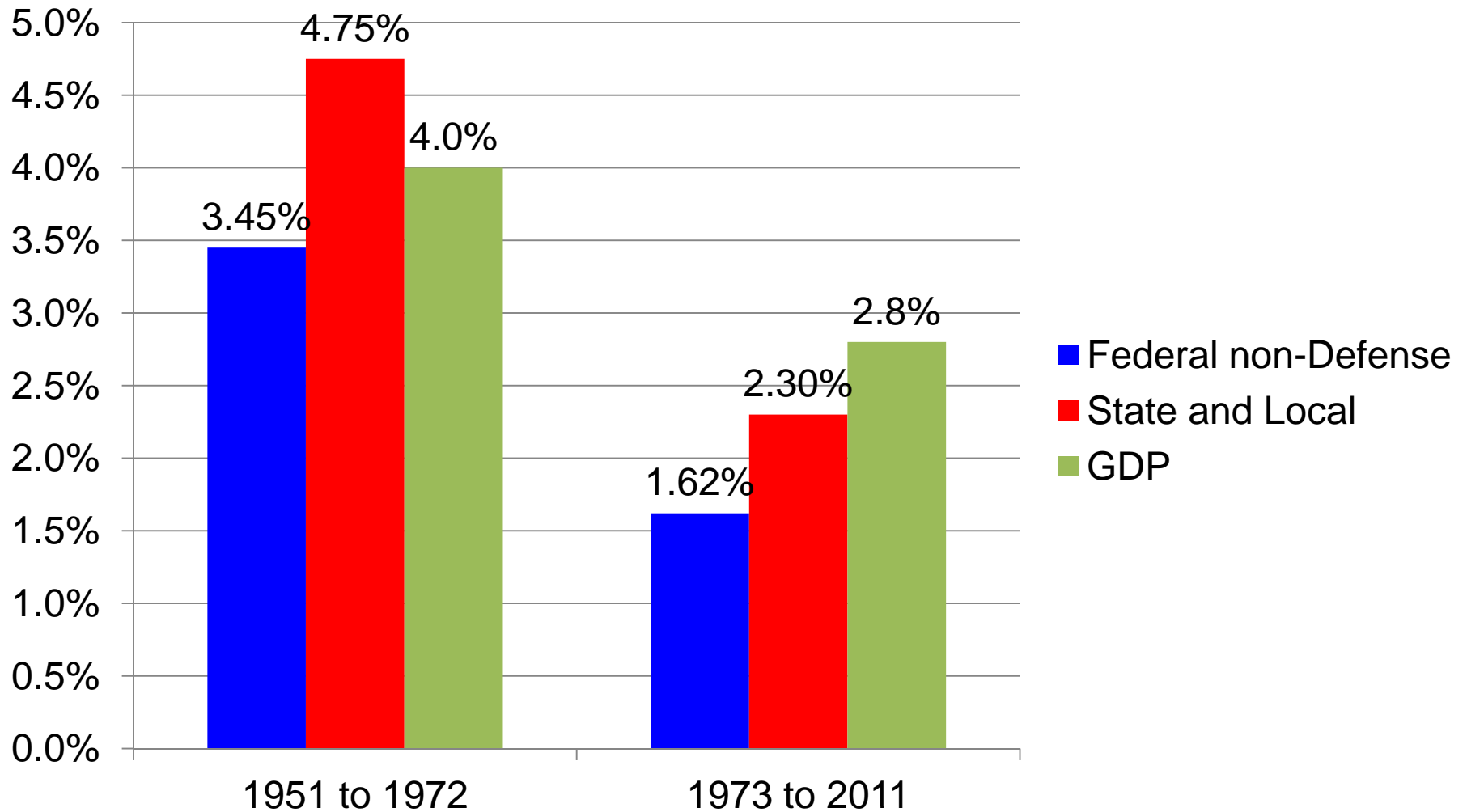


# Annual Growth Rate in Real Net Stock of Government Fixed Assets

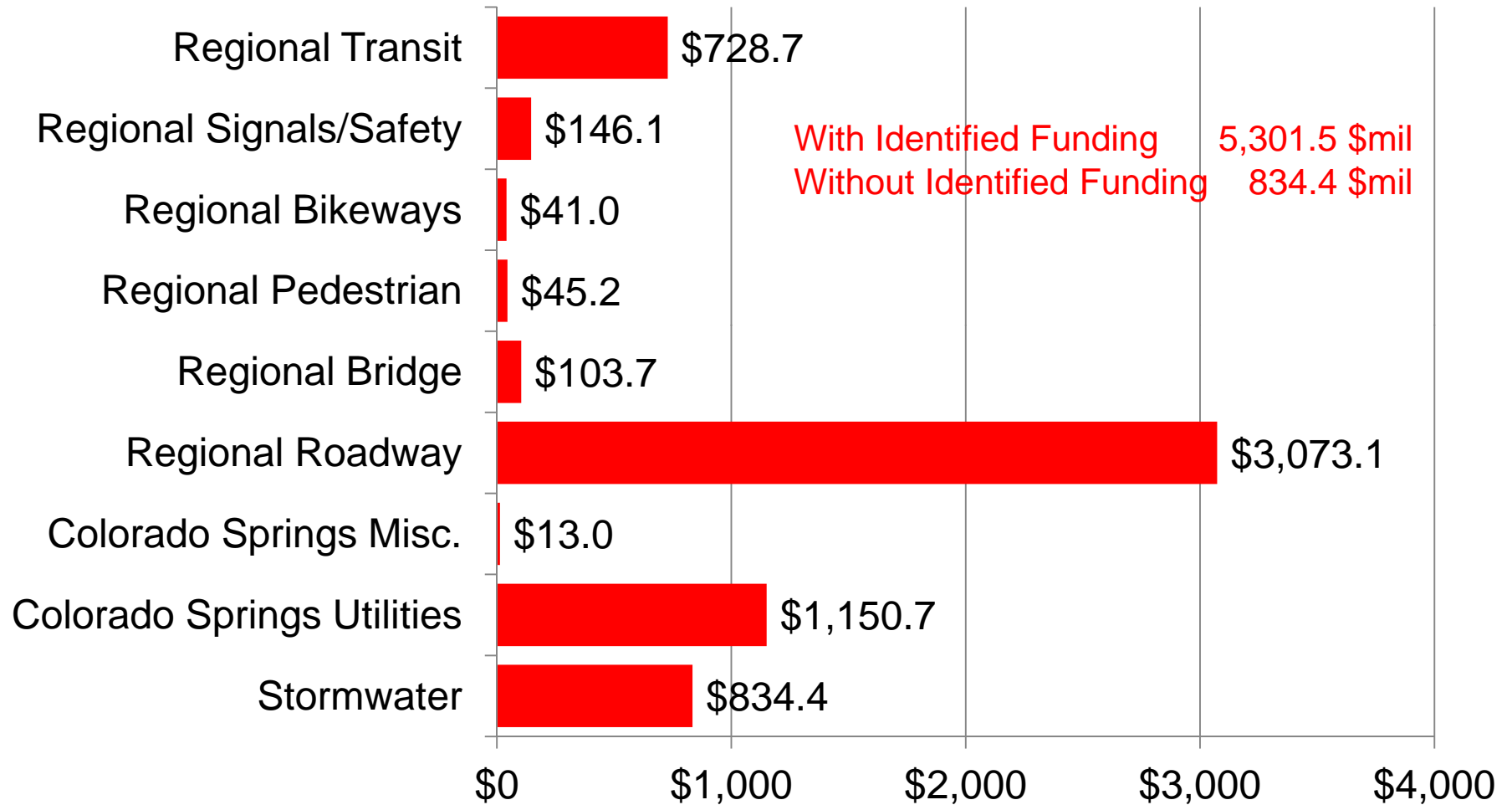




# Annual Growth Rates in Real Net Stock of Government Fixed Assets and GDP



# Recognized Infrastructure Needs in El Paso County (\$millions)

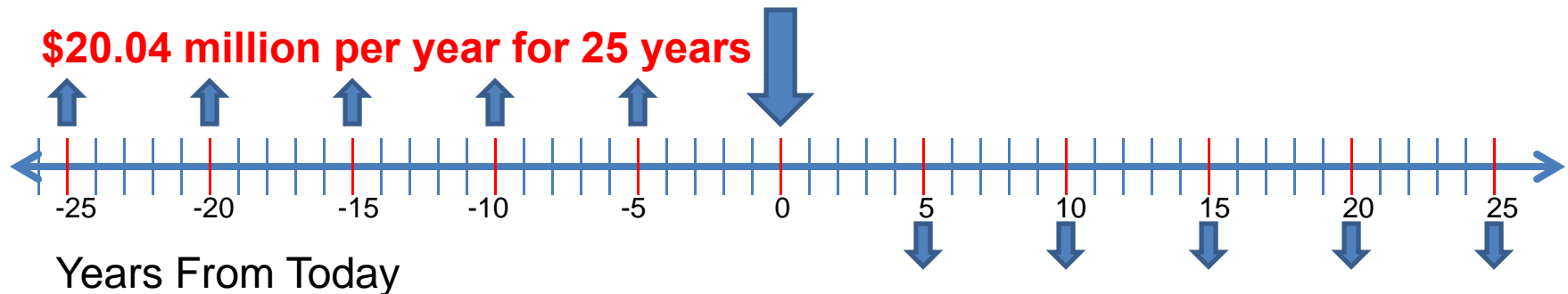


Source: Various Reports

# The Price of Deferral

An Equivalent Annuity over  
25 years at 4%  
What it would have cost?

Today's  
Estimate of  
Deferred  
Maintenance  
**\$834.4 Million**

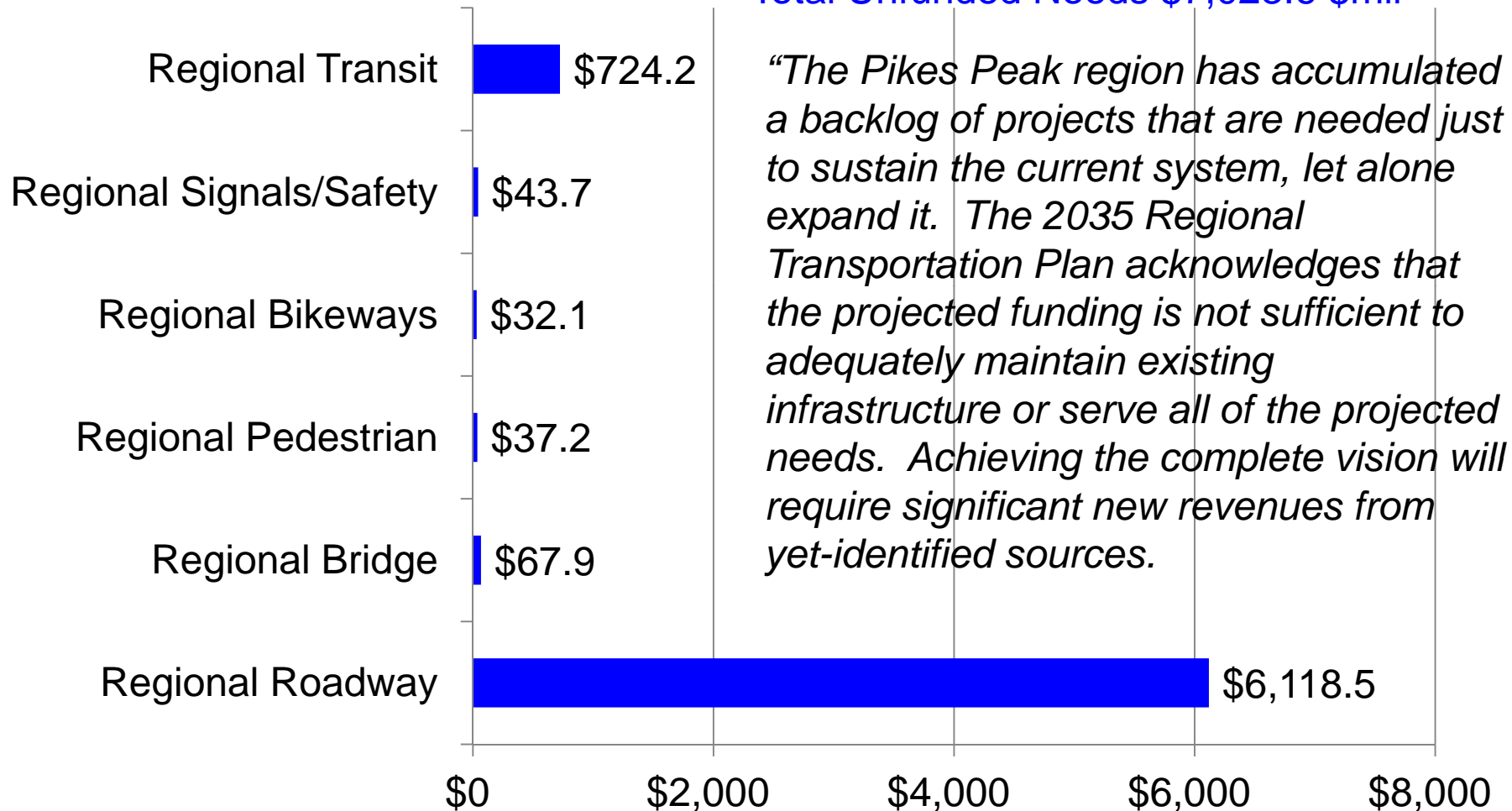


An Equivalent Annuity  
over 25 years at 4%  
What it will cost?

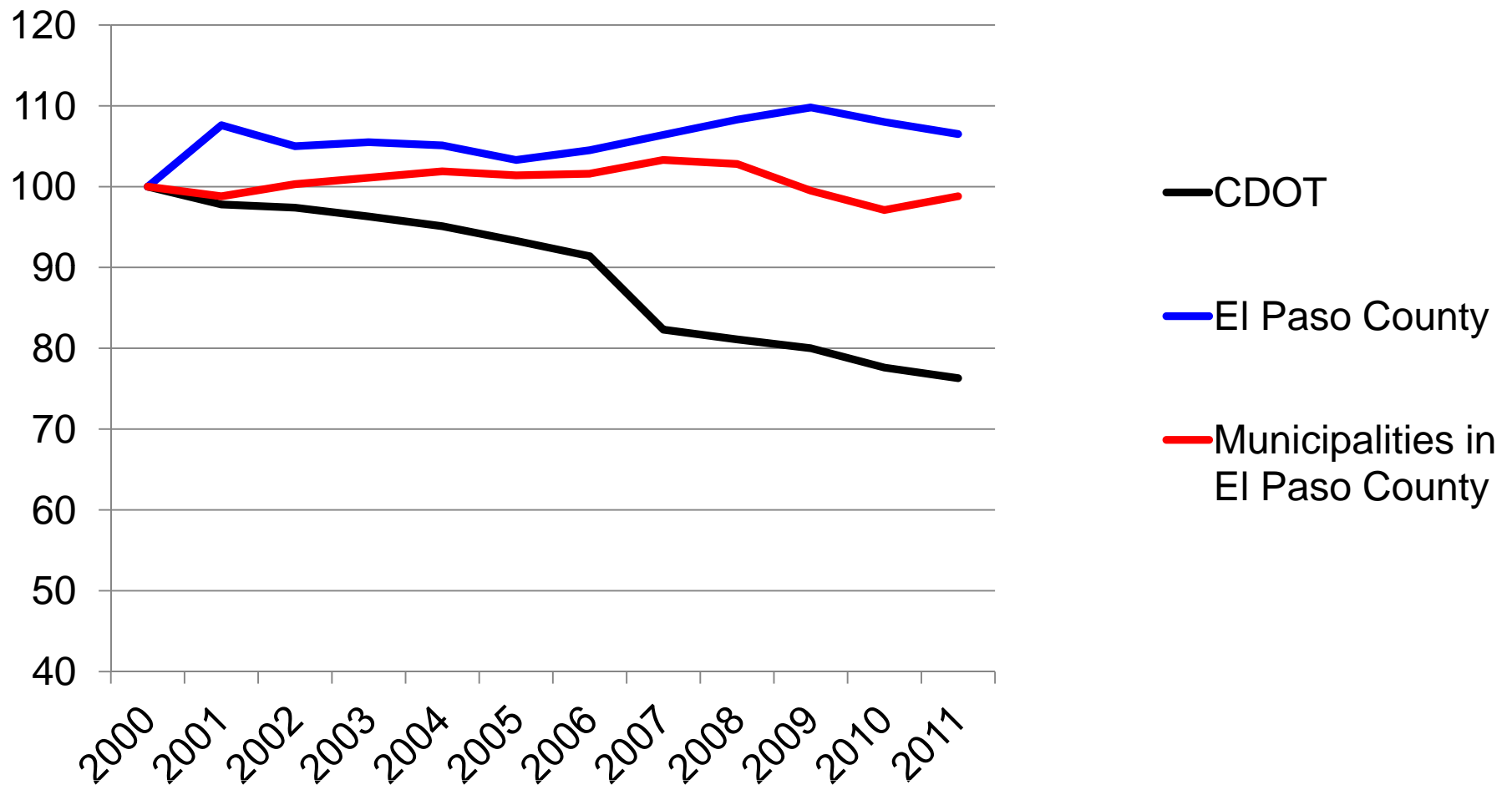


## Additional Transportation & Transit Needs through 2035 for El Paso County with No Identified Source of Funding (\$millions)

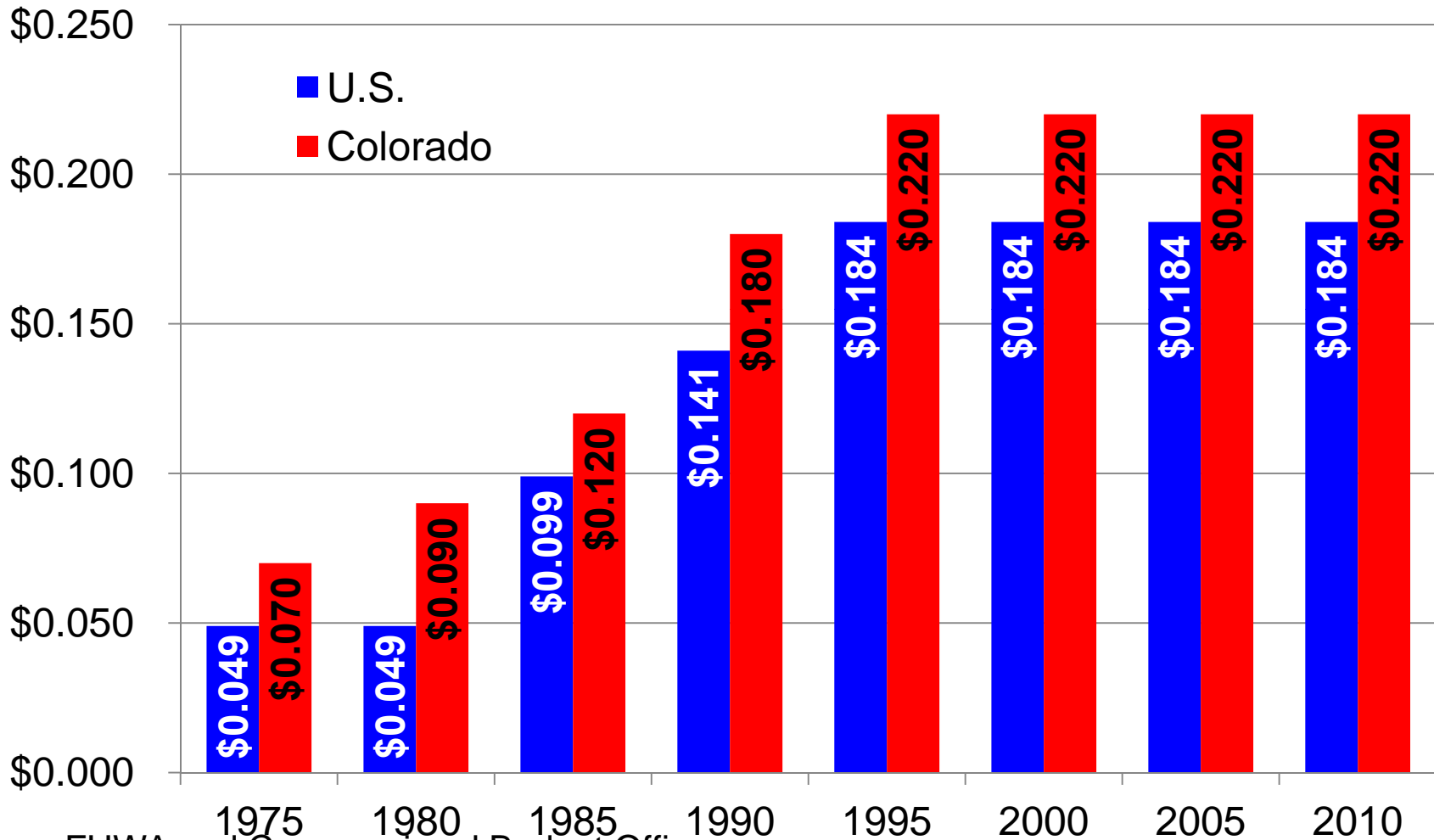
Total Unfunded Needs \$7,023.6 \$mil



# Paved Lane Miles per 1,000 Residents in El Paso County (indexed for year 2000=100)

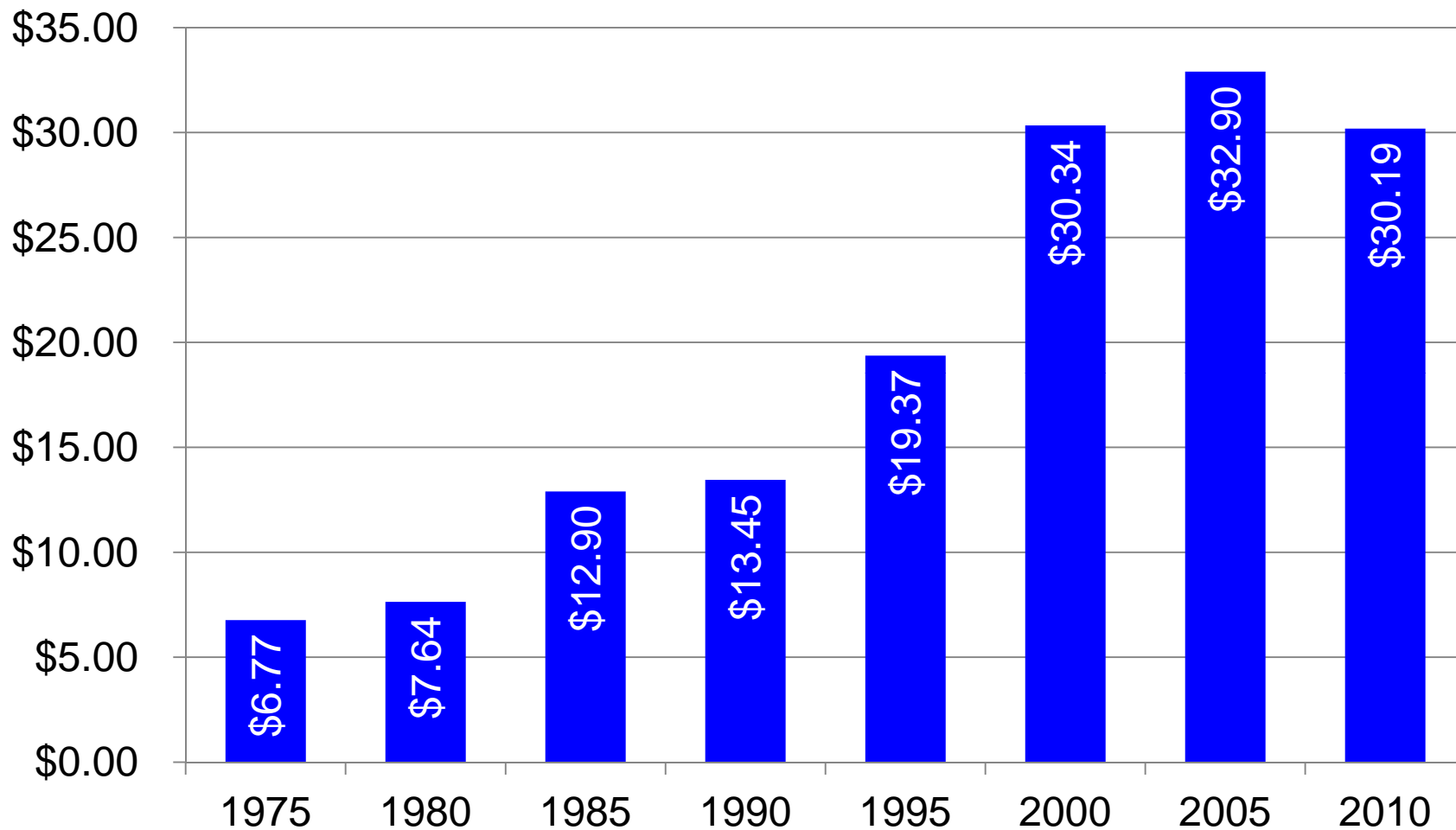


# State & Federal Gasoline Tax per Gallon



Source: FHWA and Congressional Budget Office

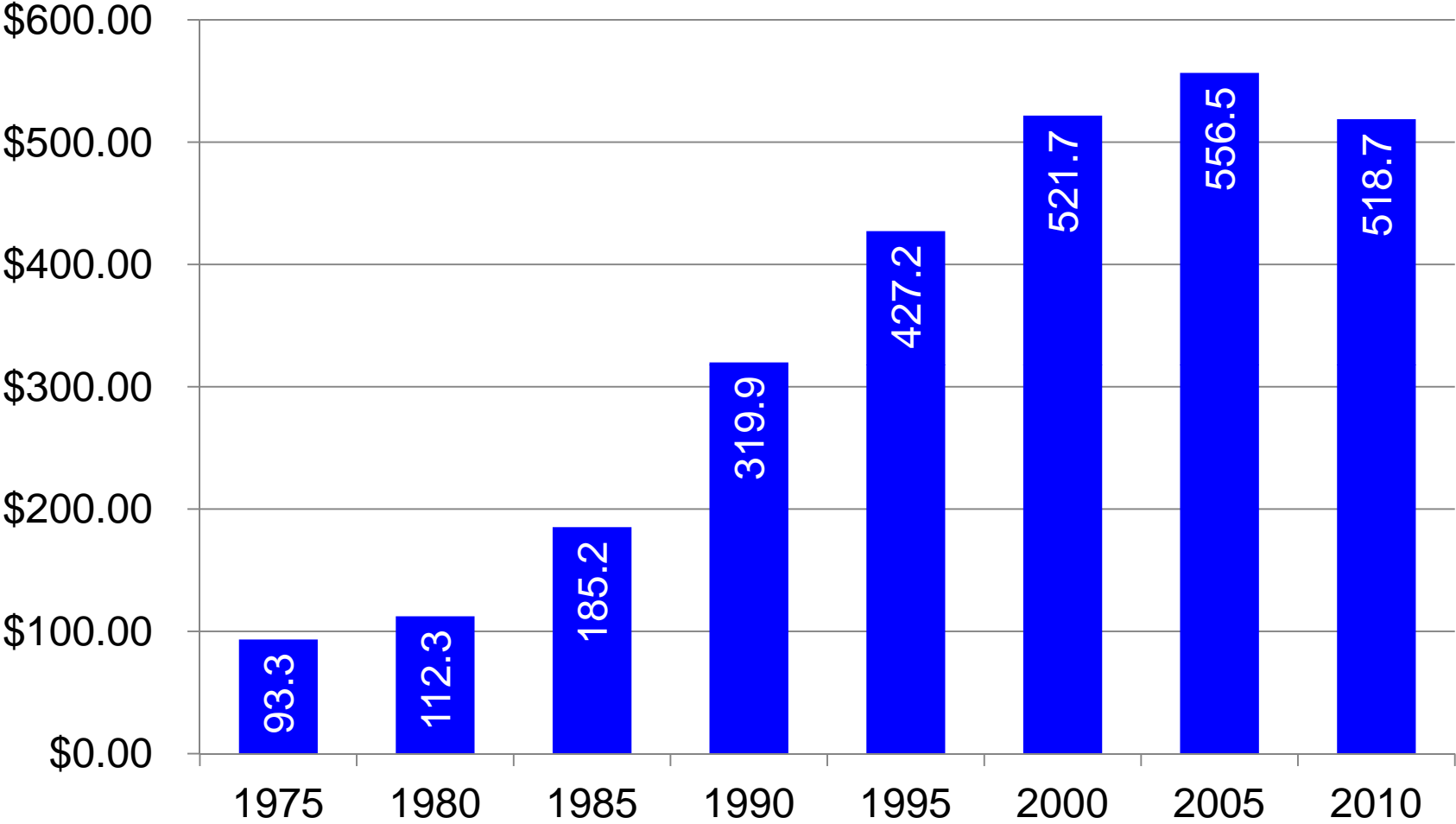
# Federal Highway Trust Fund Revenues (\$billions)



Source: FHWA and Congressional Budget Office

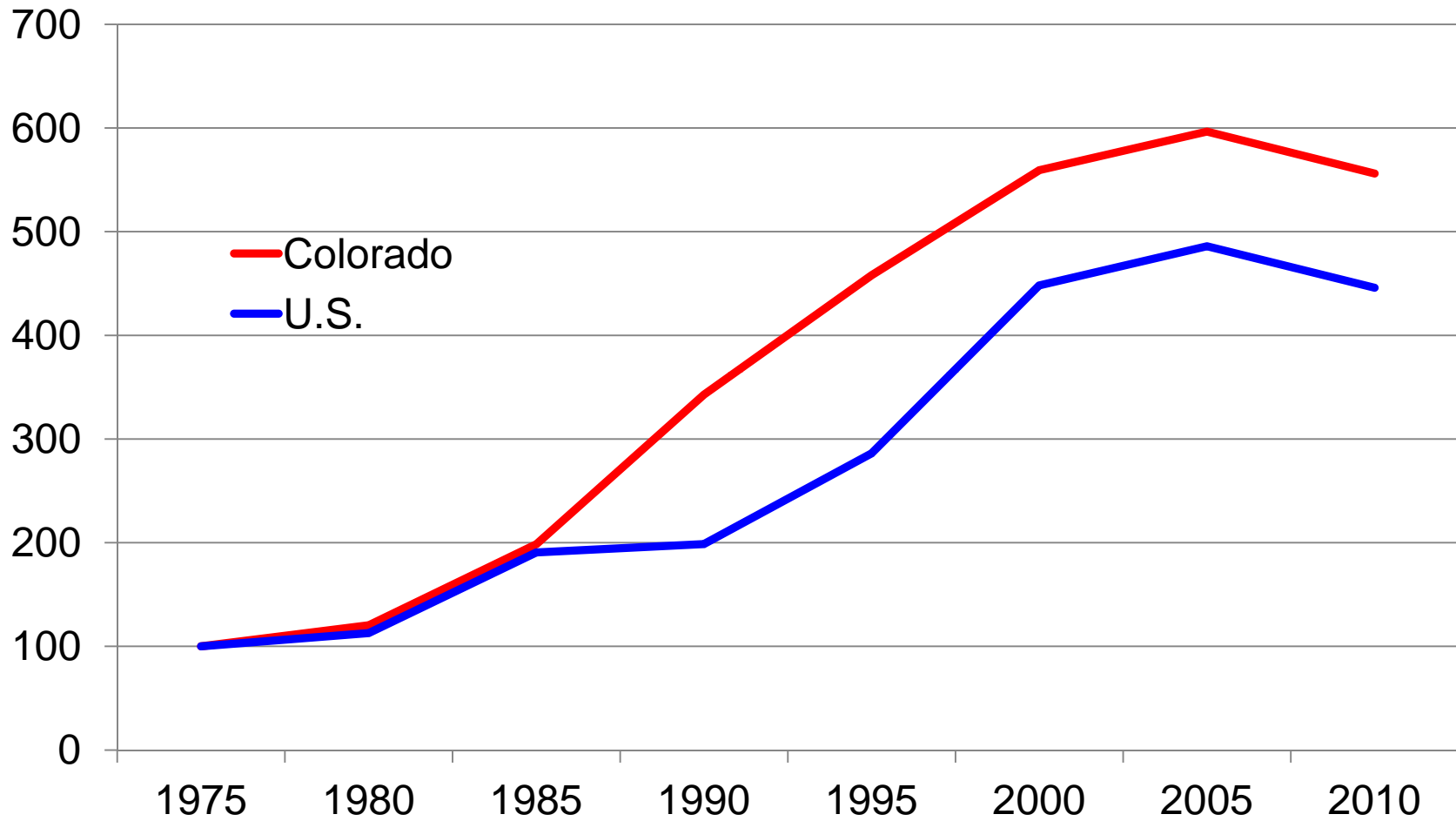


# Colorado Fuel Tax Revenues (\$millions)



Source: Federal Highway Administration

# Growth in Fuel Tax Revenue: (1975 = 100)



Source: Federal Highway Administration

**UCCS**

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