

18th Annual Southern Colorado Economic Forum

October 10, 2014

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UNIVERSITY OF COLORADO COLORADO SPRINGS

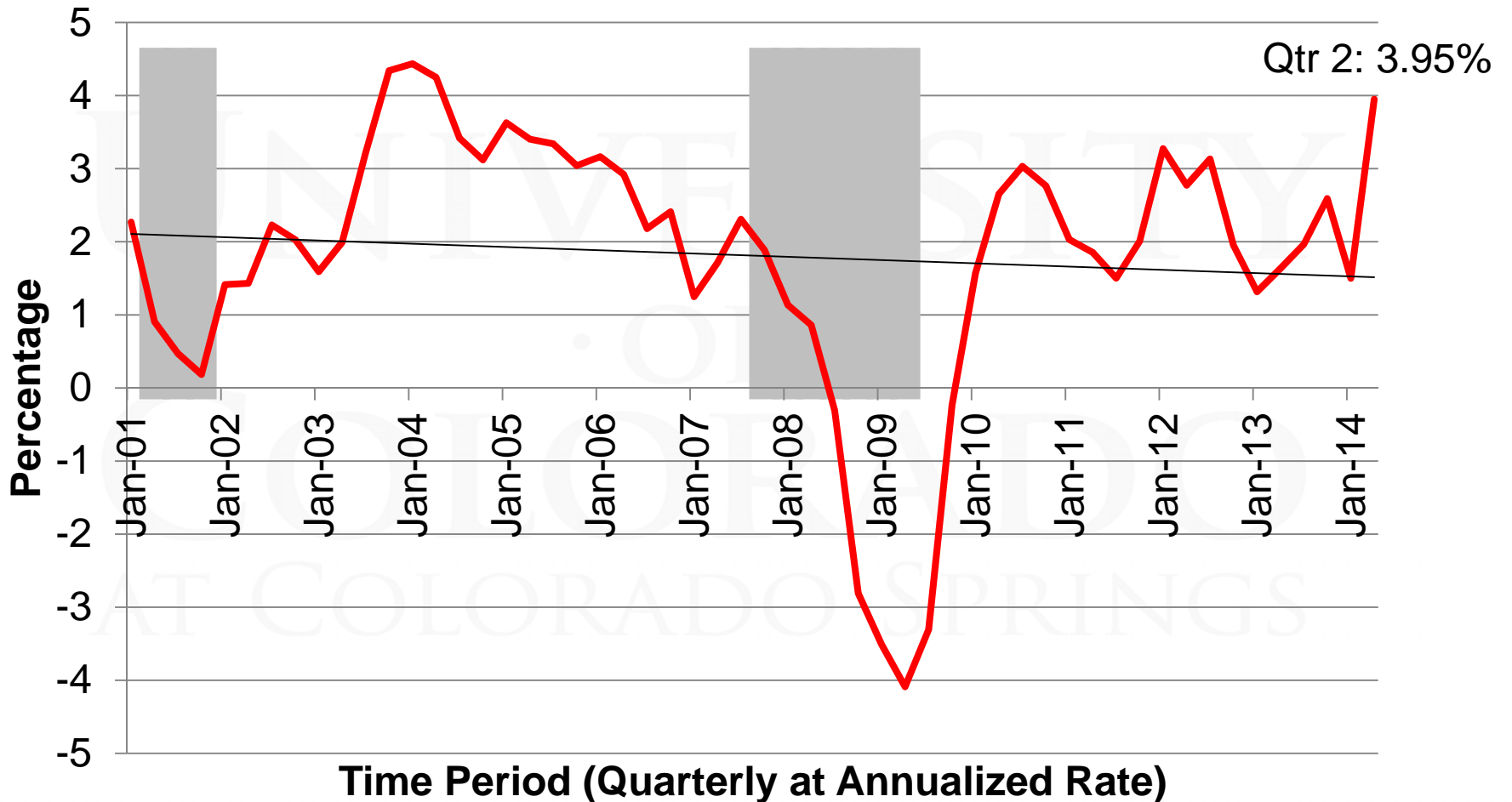


Overview

- **GDP, Stocks, Consumer Sentiment**
- Labor Force, Employment & Unemployment
- Housing and Commercial Activity
- Forecast
- Entrepreneurship, Innovation and Job Growth in CO
- The Power of Organic, Small Business Growth
- Essential Ingredients for Success in Southern CO



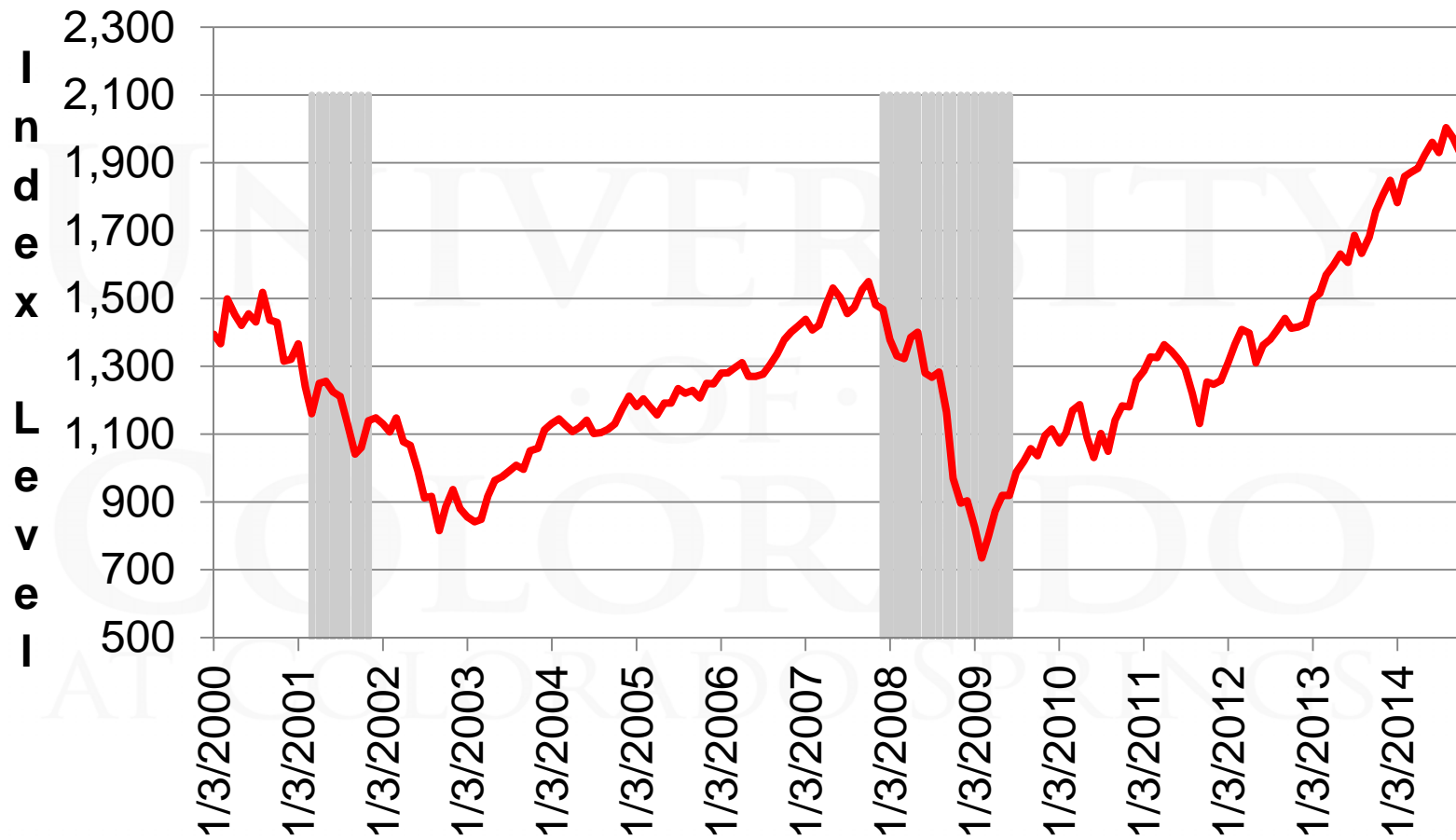
Real Growth in GDP vs. Year Ago



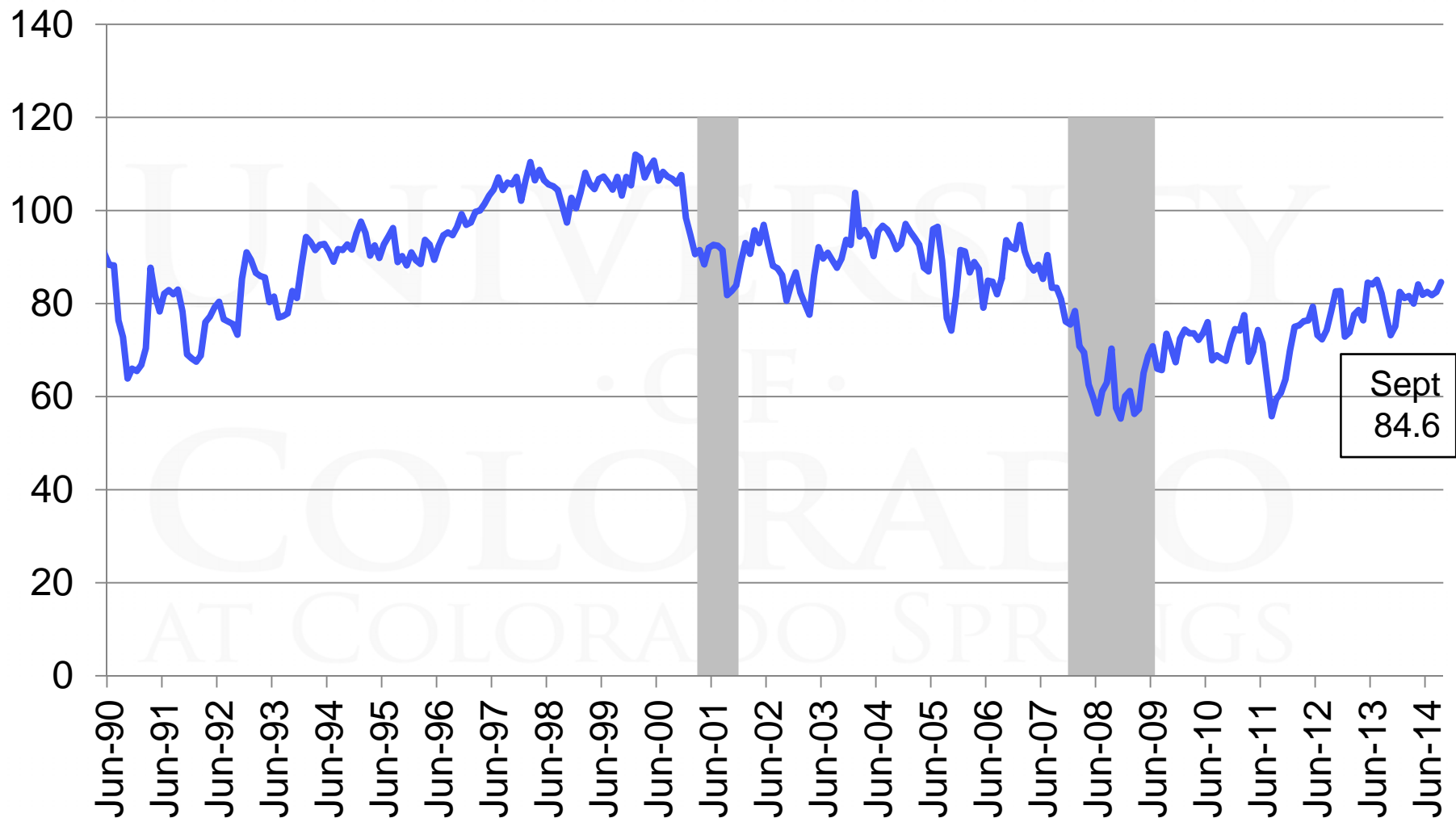
Source: Federal Reserve Bank of St. Louis



S&P 500 with Dividends



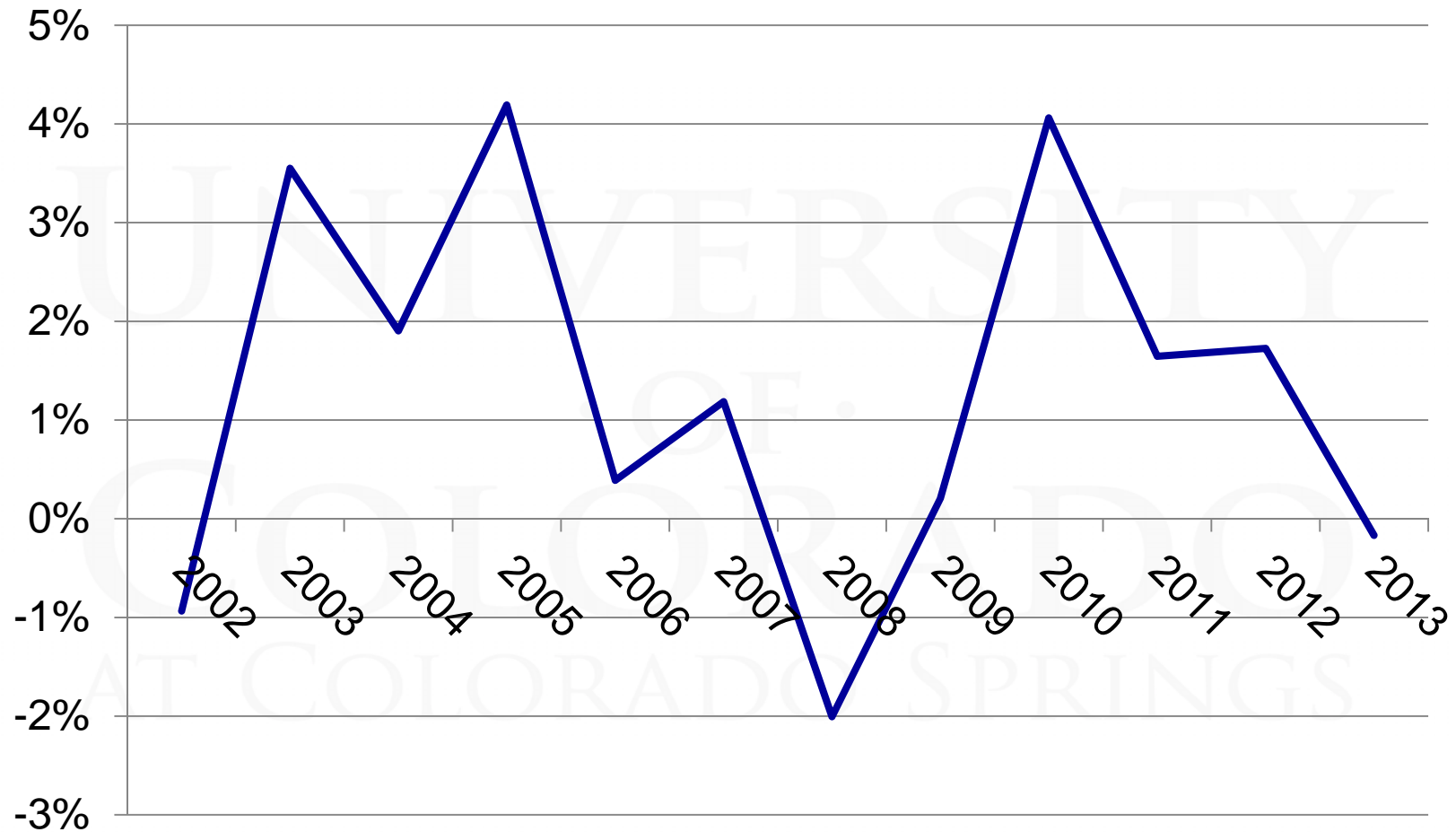
University of Michigan Consumer Sentiment



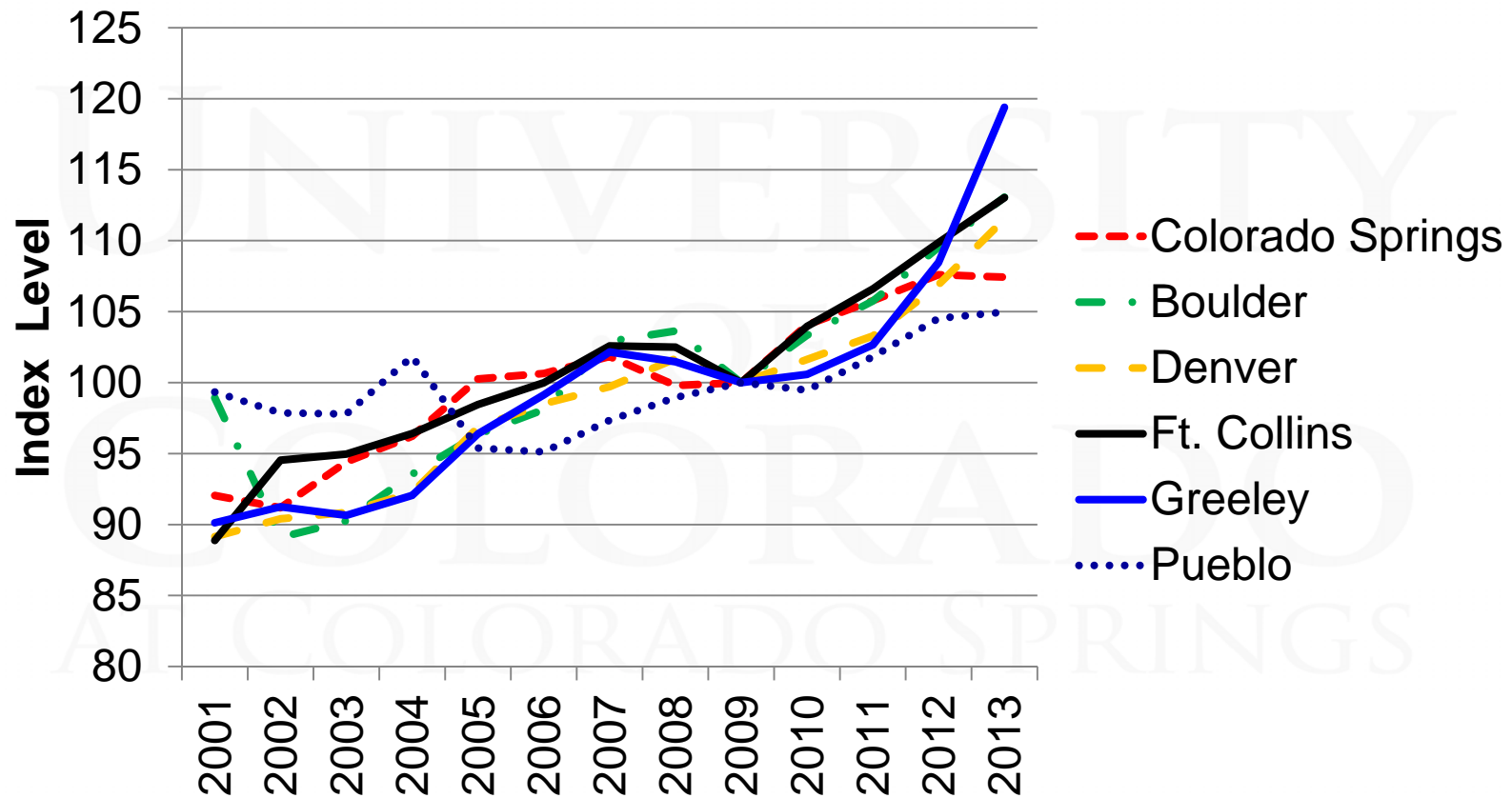
Source: Federal Reserve Bank of St. Louis



Annual Growth in Colorado Springs Real GDP



REAL GDP Index (2009=100) Selected Colorado MSAs

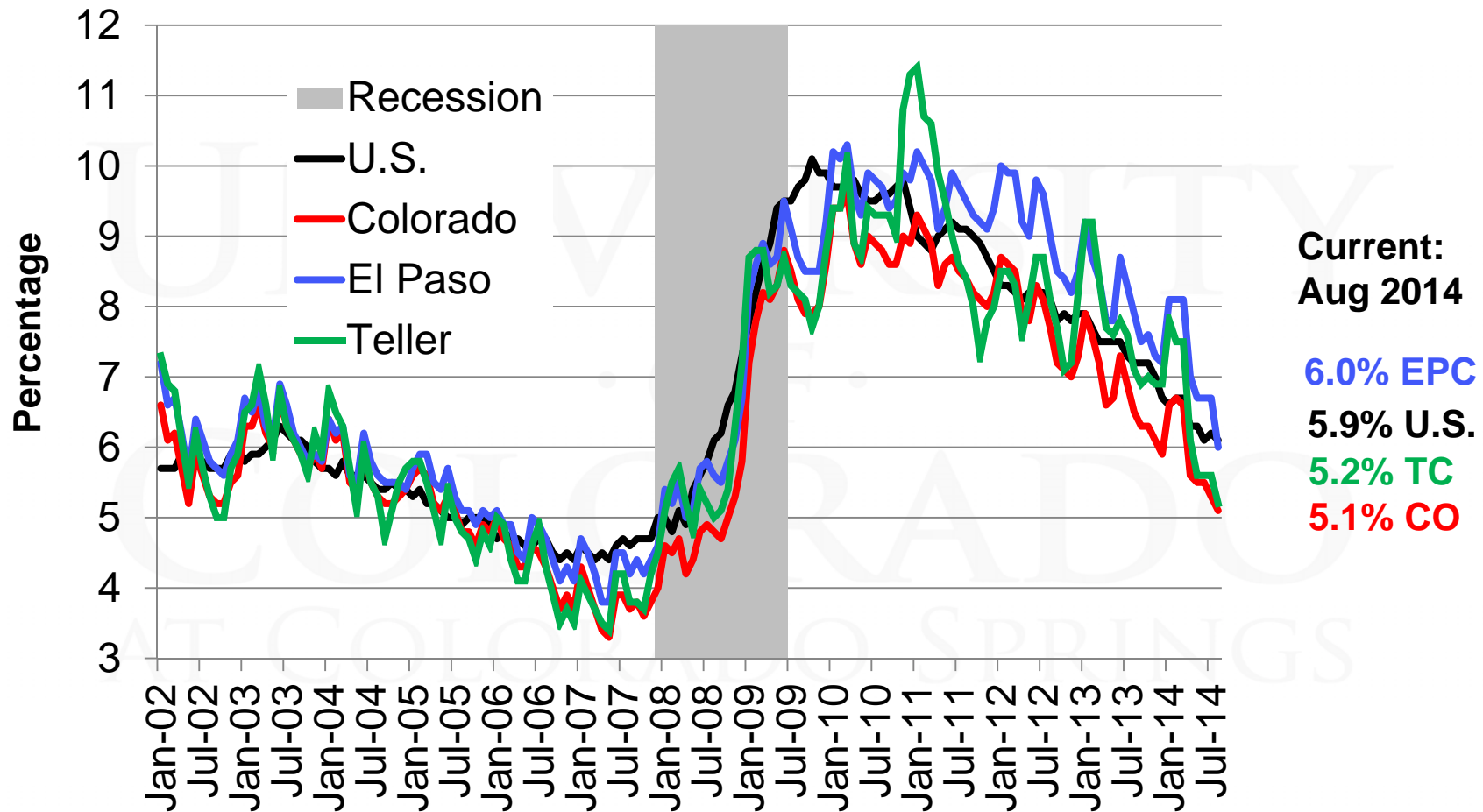


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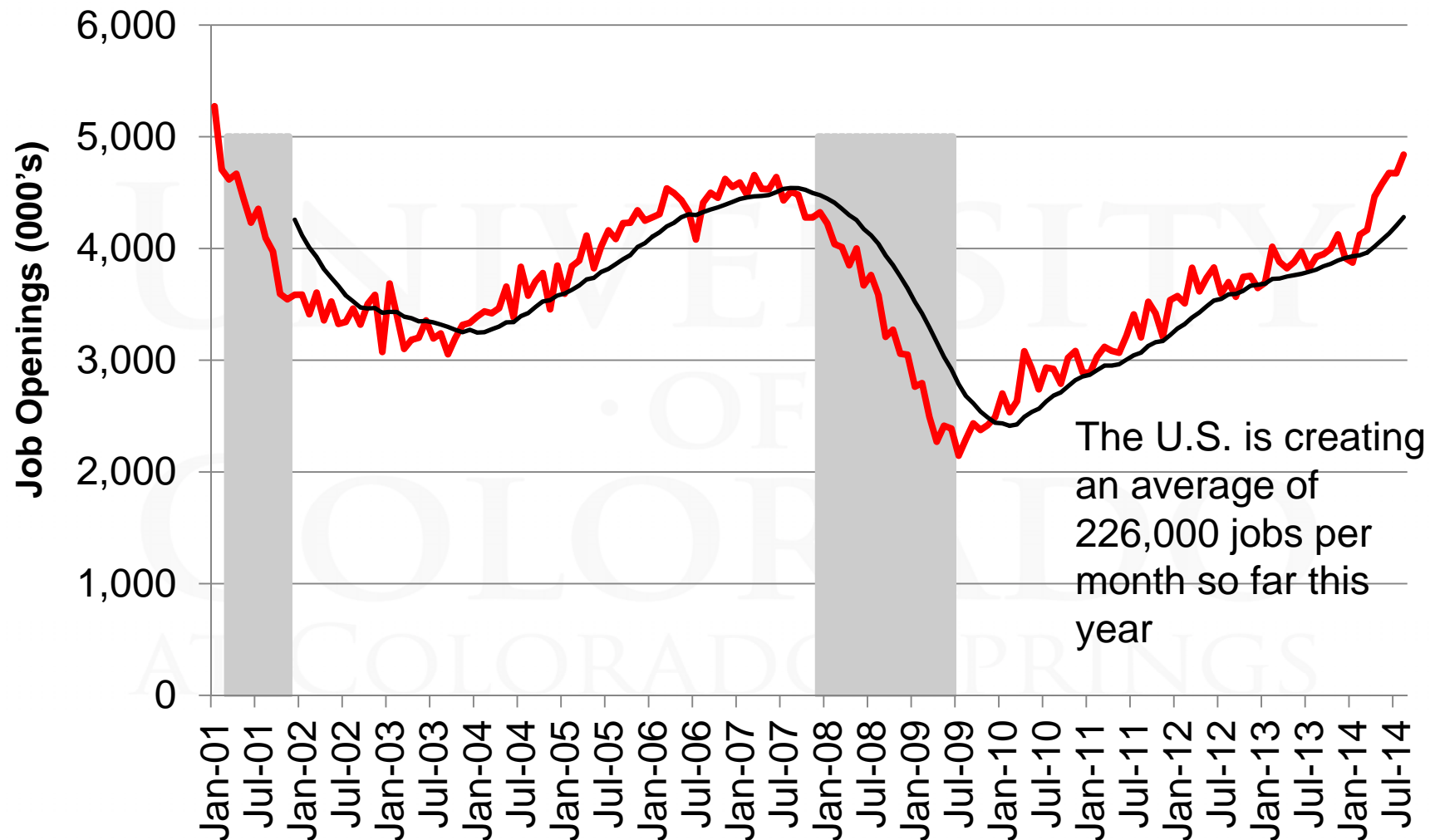
Monthly Unemployment Rate



Source: BLS-LAUS, Forum



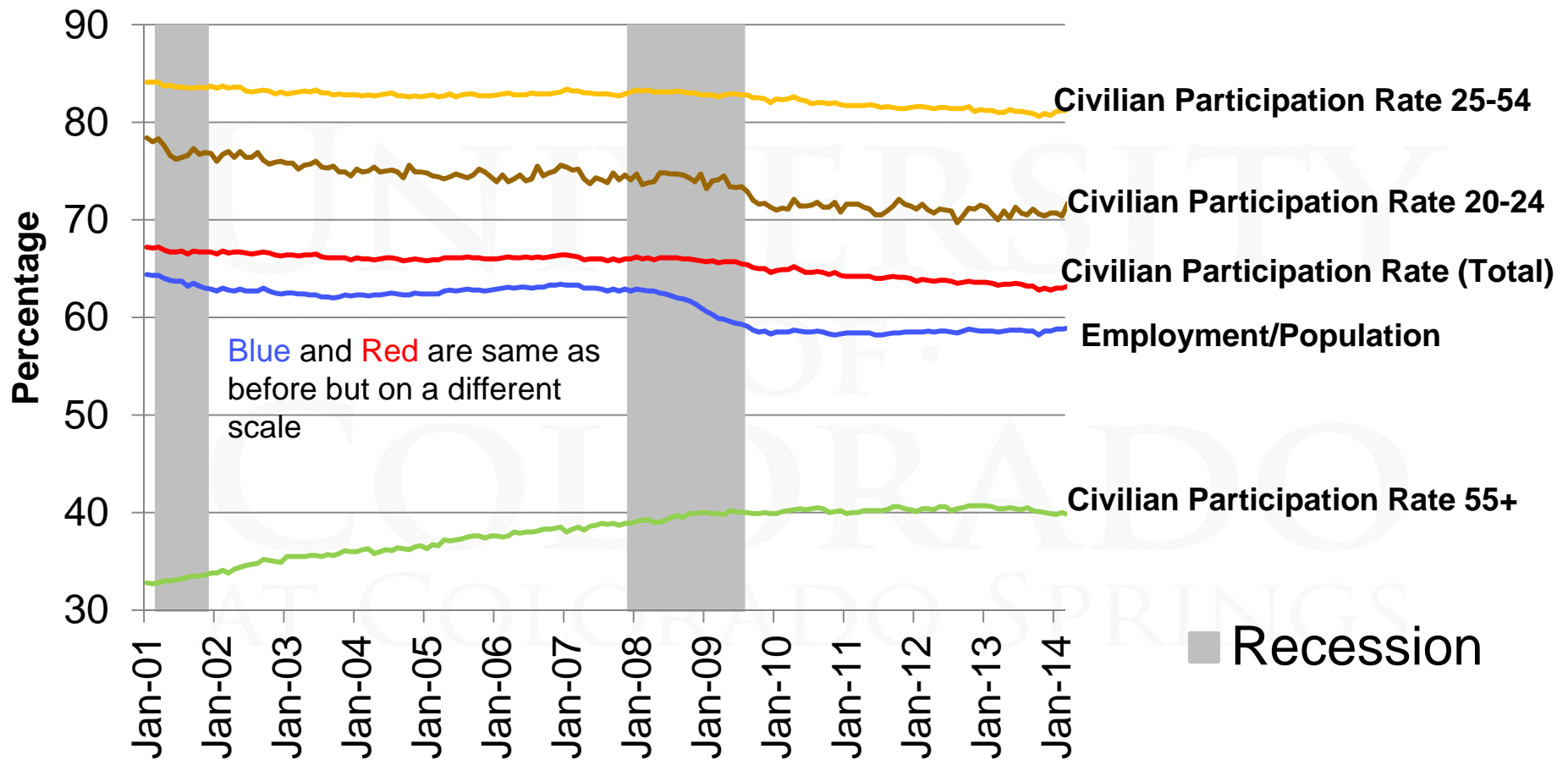
Survey Employer Data: Total U.S. Monthly Non-Farm Job Openings SA (000's)



Source: Federal Reserve Bank of St. Louis



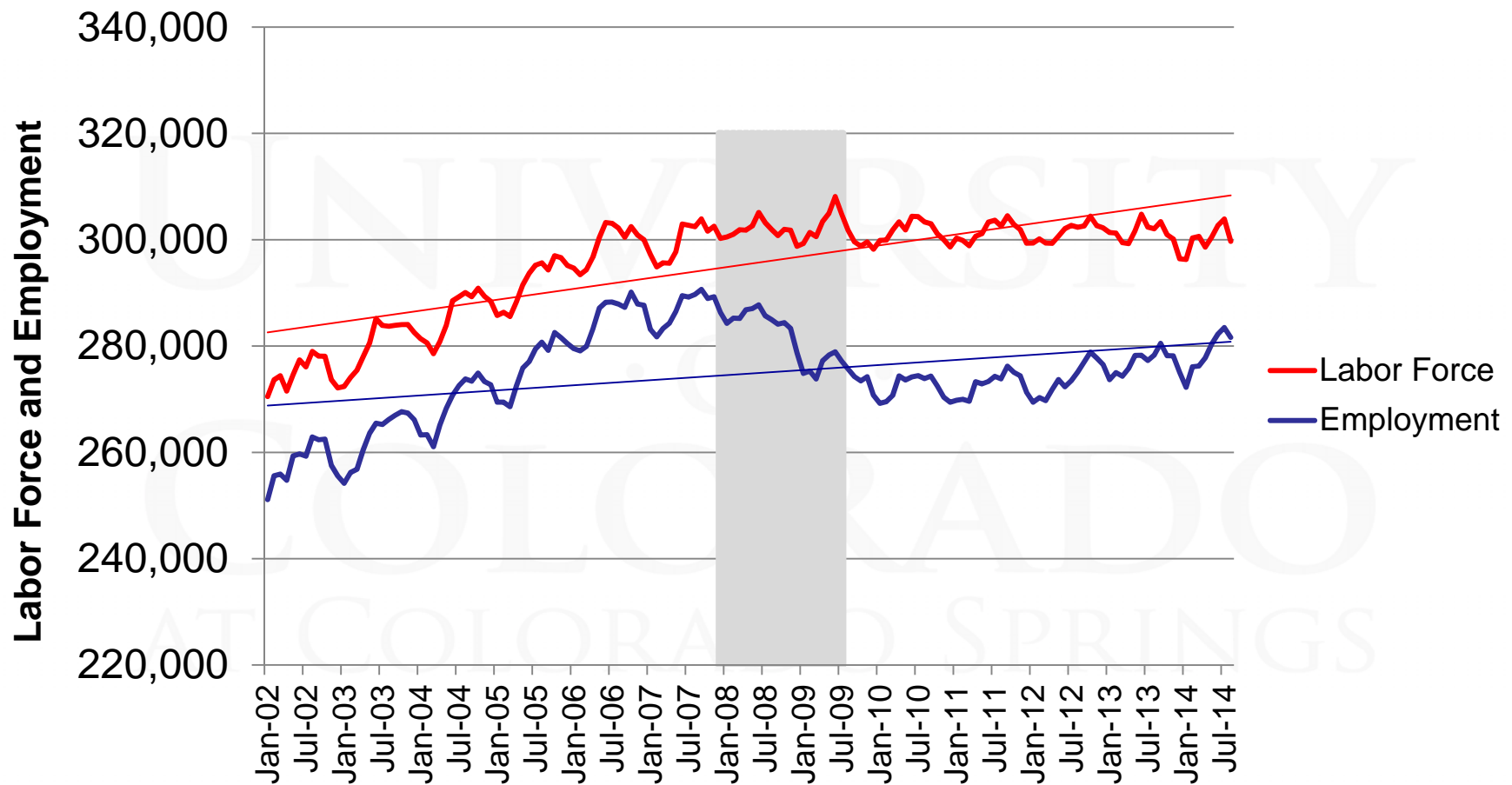
Household Data: U.S. Civilian Participation Rates SA
Employment/Population SA



Source: Federal Reserve Bank of St. Louis



El Paso County Labor Force & Employment

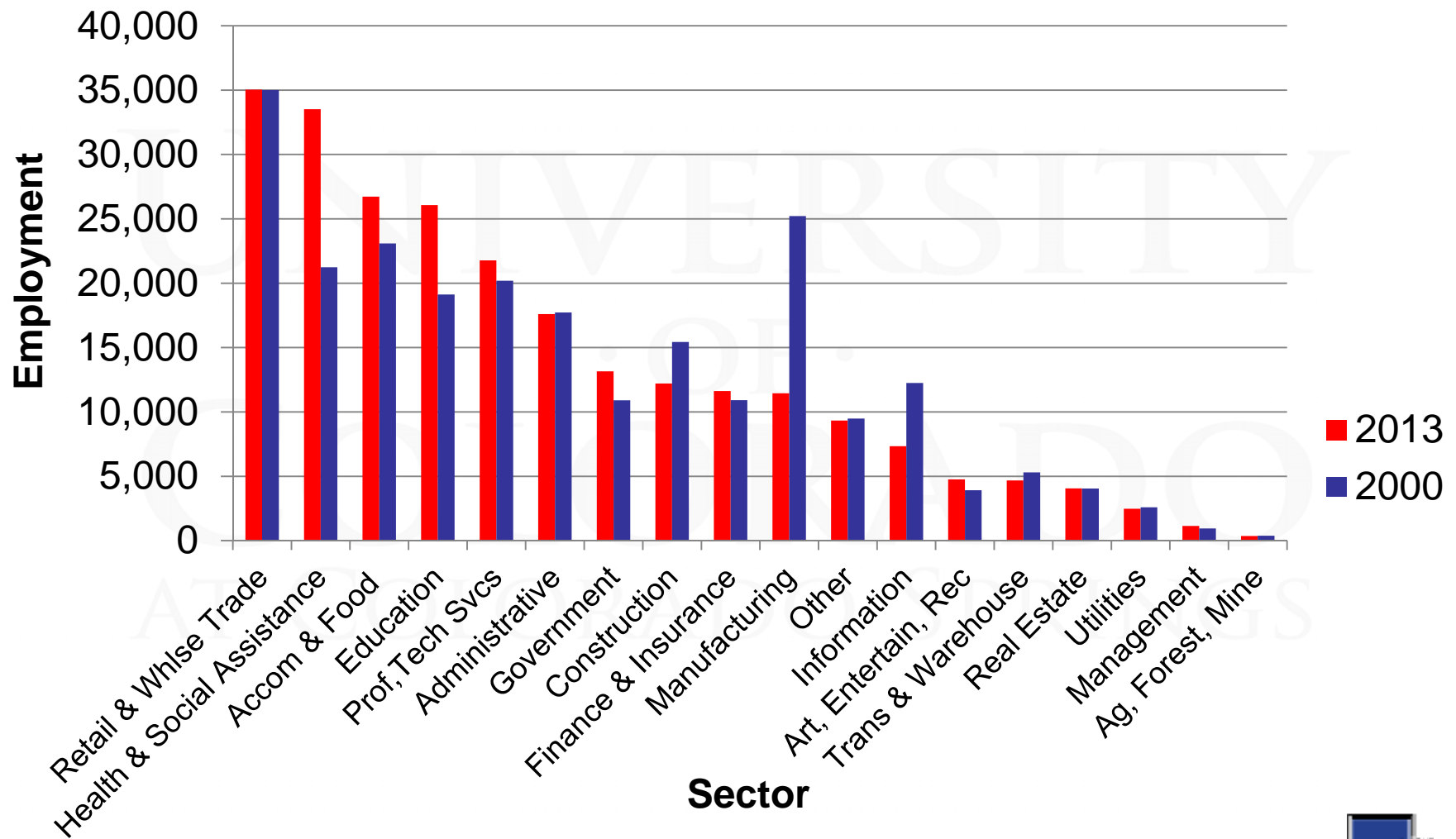


Note: Data runs through July, 2014

Source: BLS-LAUS



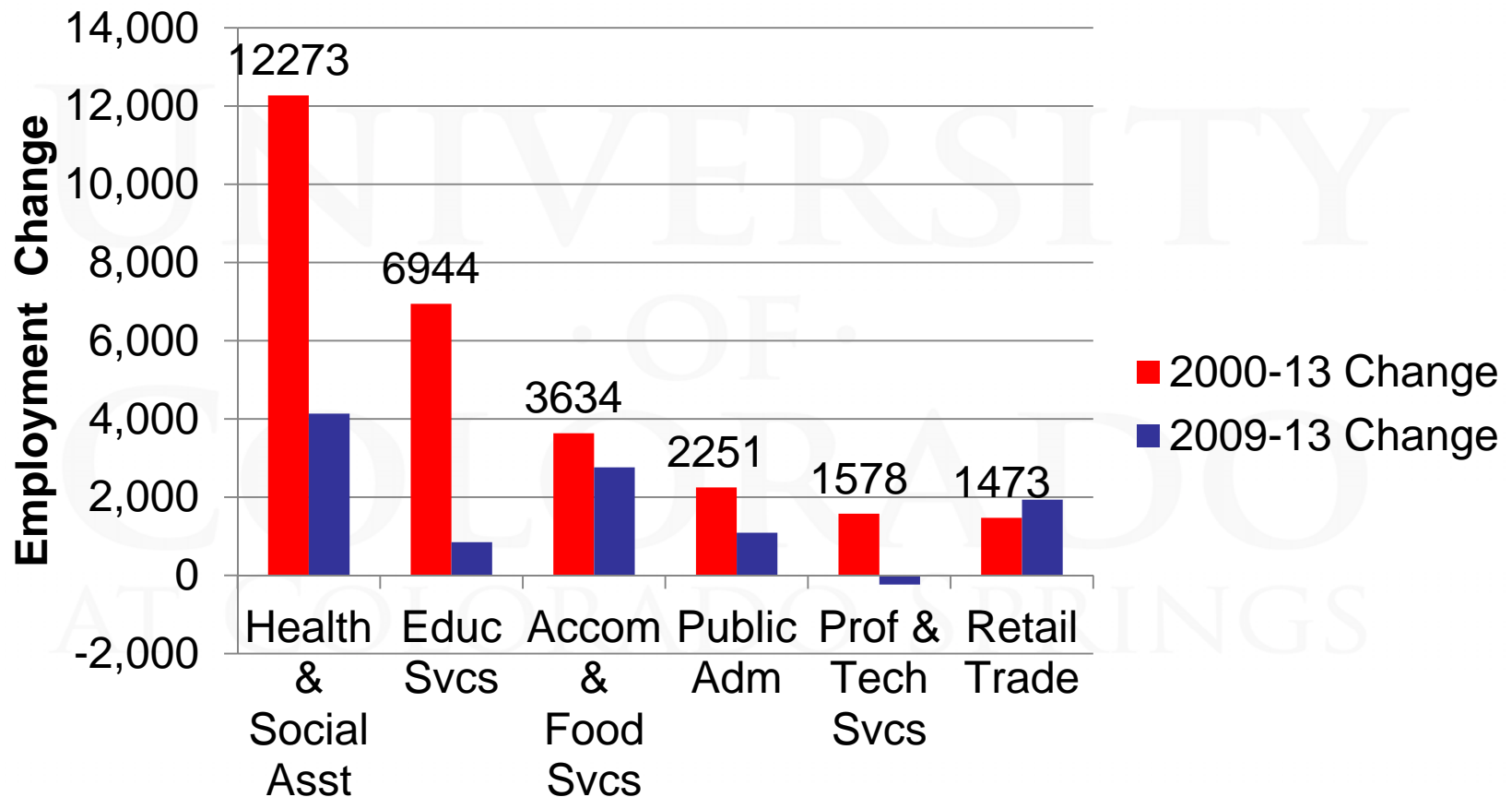
El Paso County Employment by Sector 2000 and 2013



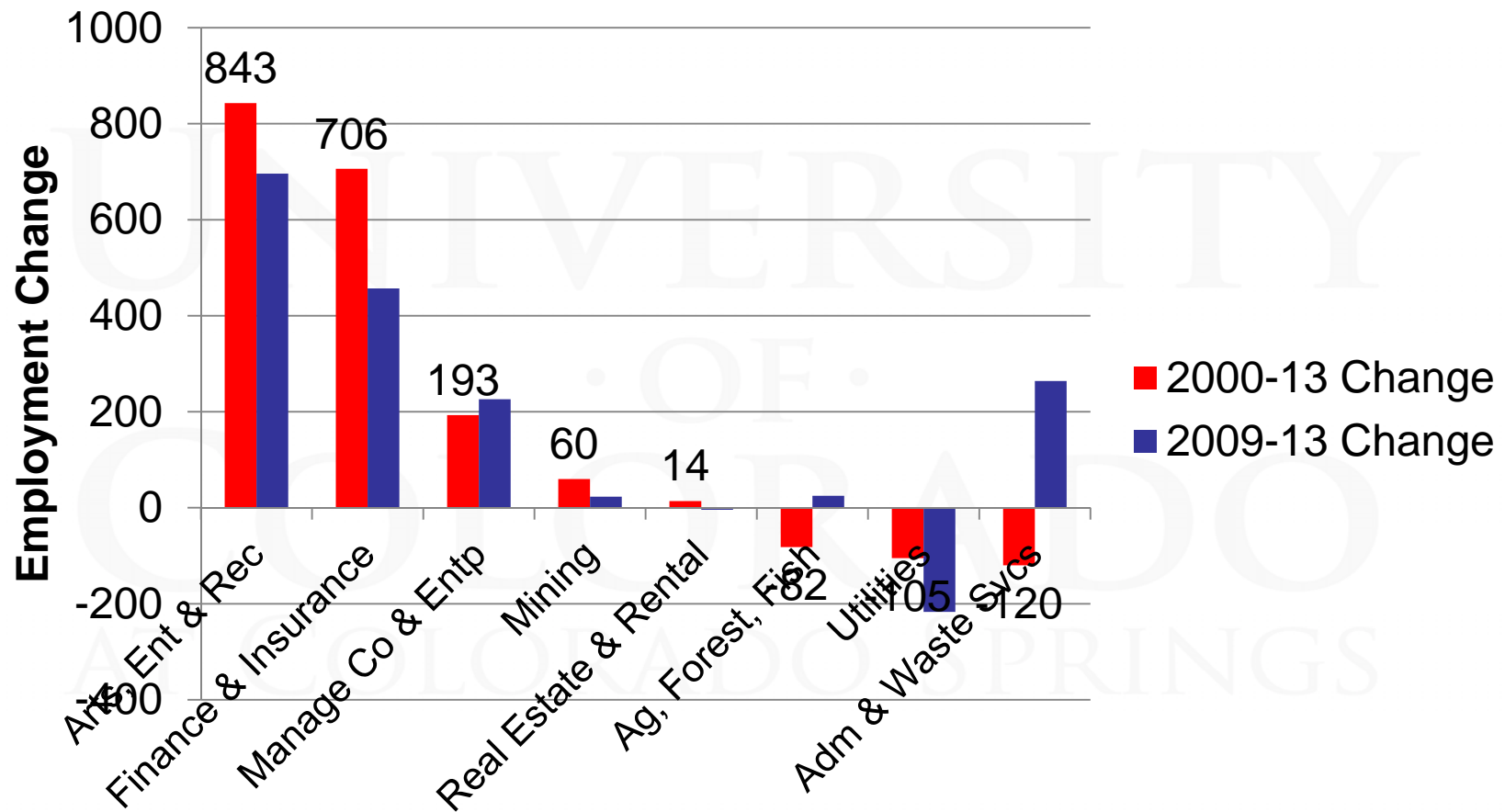
Source: Colorado Department of Labor QCEW



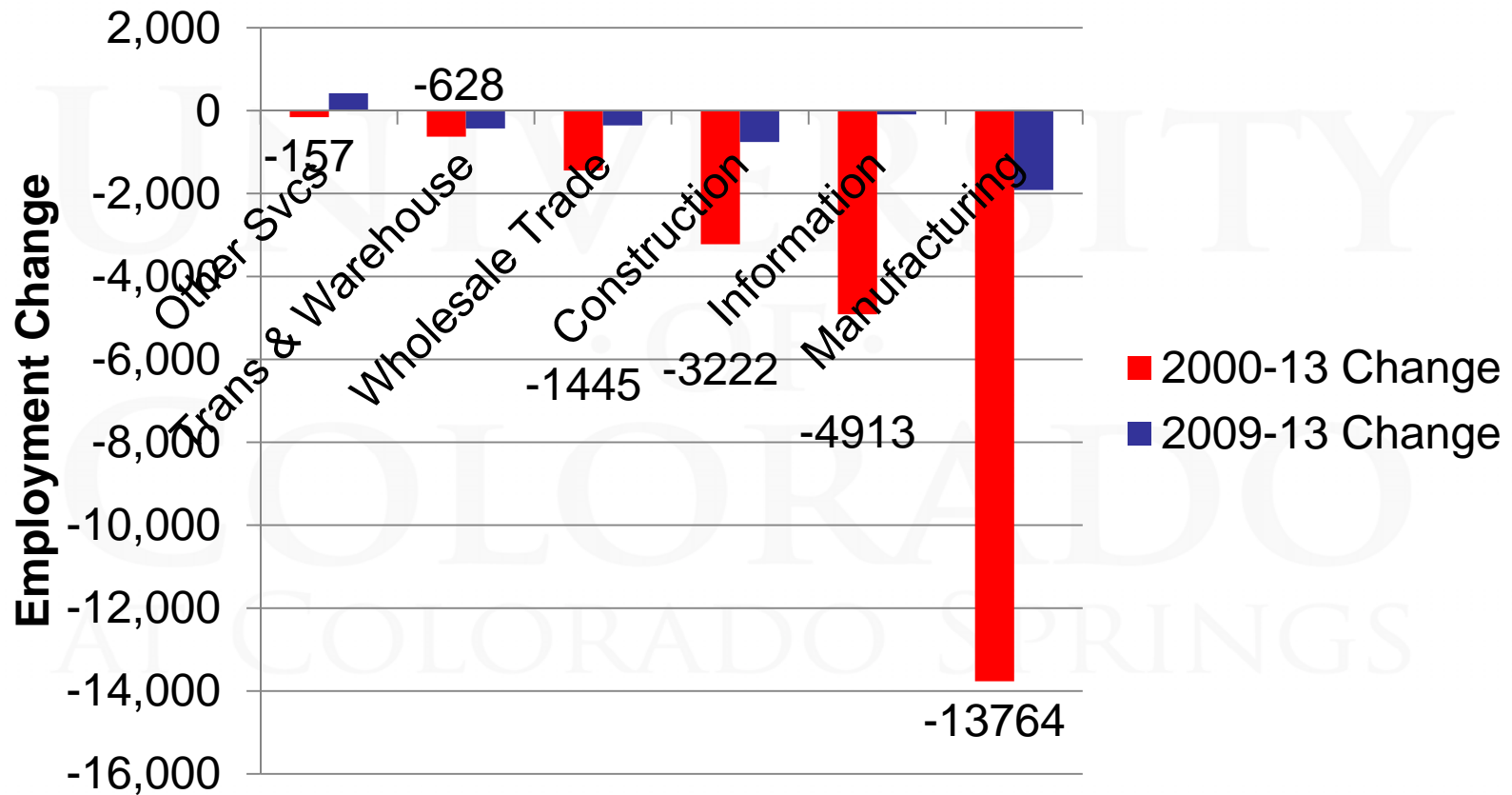
El Paso County Sectors with Stronger Growth



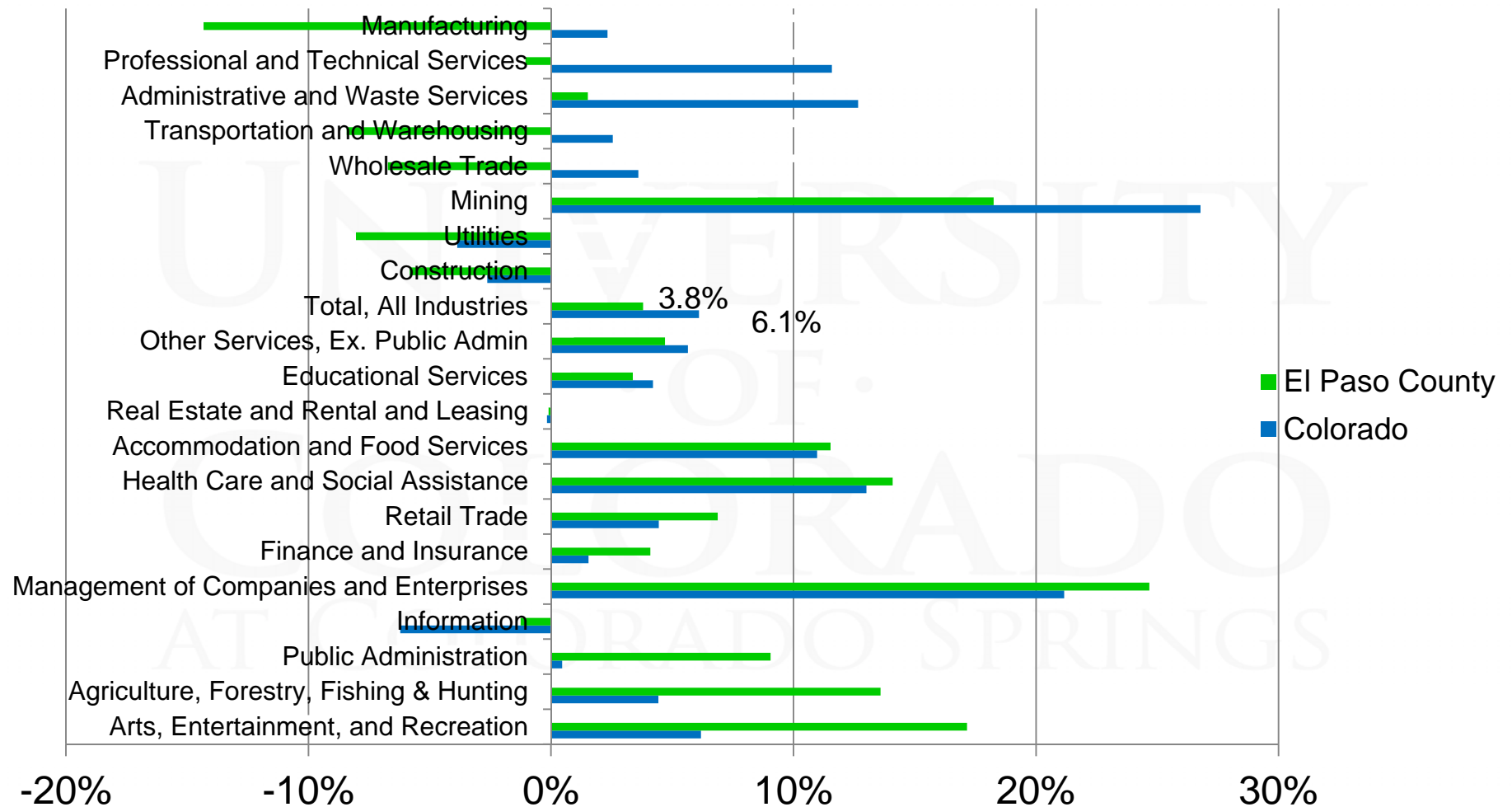
El Paso County Sectors with Slower Growth (Decline)



El Paso County Sectors with Decline



Percent Change in QCEW Employment between 2009 & 2013



Sectors Where El Paso County Has Grown More (Declined Less) in Percent Than Colorado Since 2009

Average Wage in El Paso County in 2013 \$44,512	Colorado Average Annual Wage	El Paso Average Annual Wage	Change	2013 Employment
Health care/Social services	\$47,268	\$46,124	+4,138	33,512
Accomd & food service	\$18,824	\$16,952	+2,762	26,725
Retail trade	\$28,132	\$27,508	+1,936	30,109
Public Admin	\$56,524	\$62,400	+1,092	13,150
Arts, entertain, rec	\$30,836	\$19,656	+696	4,754
Finance & insurance	\$79,300	\$57,200	+457	11,618
Manage companies & enterprise	\$123,916	\$97,292	+226	1,142
Information	\$88,036	\$71,136	-93	7,333

Source: Colorado Department of Labor: QCEW



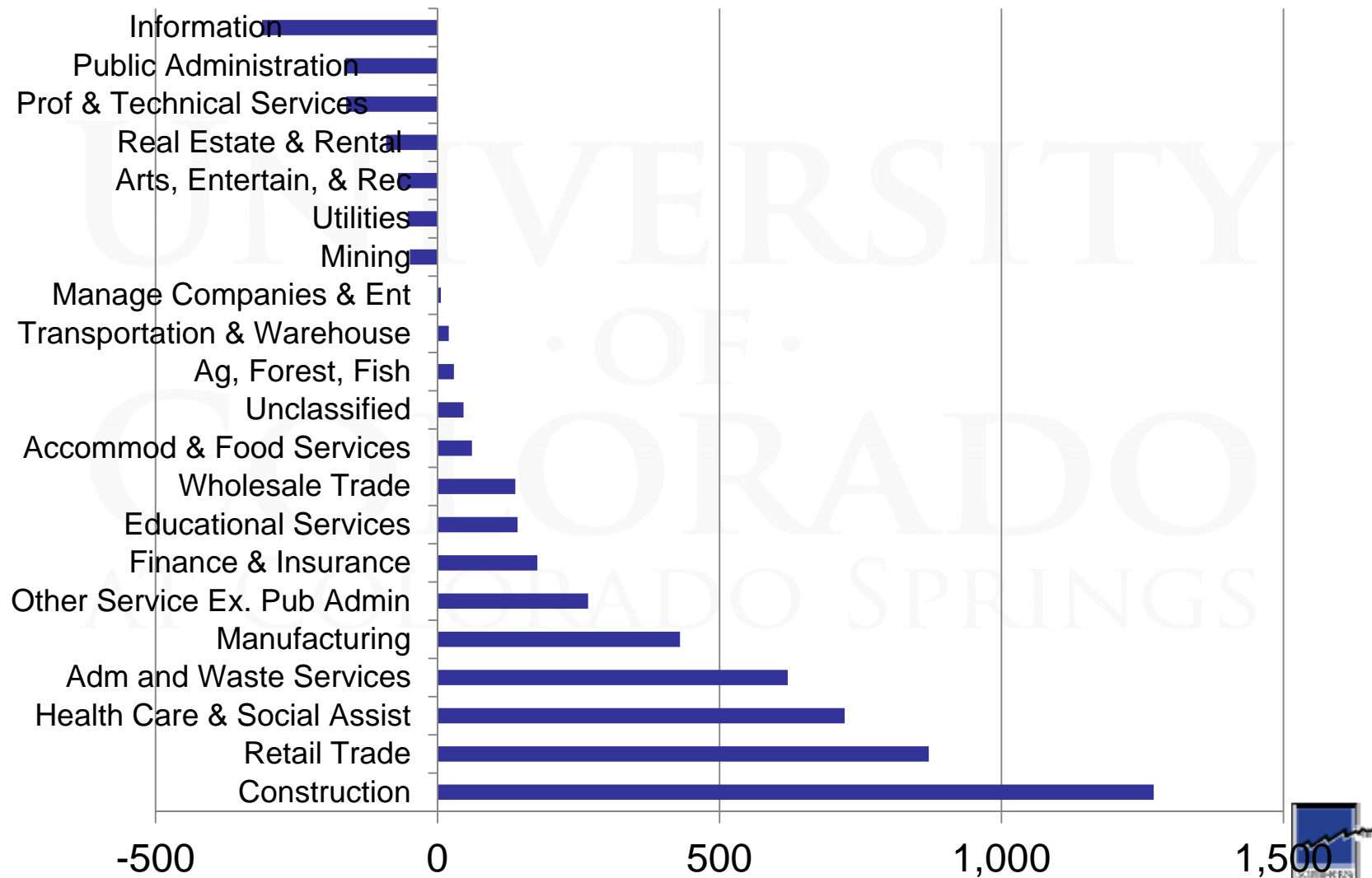
Sectors Where El Paso County Has Declined More
(Grown Less) in Percent Than Colorado Since 2009

\$44,512	Colorado Average Annual Wage	El Paso Average Annual Wage	Change	2013 Employment
Manufacturing	\$62,400	\$57,564	-1,914	11,447
Construction	\$51,220	\$46,696	-755	12,211
Transportation & warehousing	\$50,024	\$44,200	-430	4,677
Wholesale trade	\$73,892	\$59,852	-355	4,924
Professional & tech services	\$84,812	\$82,316	-231	21,771
Utilities	\$77,688	\$75,816	-217	2,482
Mining	\$109,200	\$85,436	+26	149
Administration & waste services	\$34,528	\$34,580	+264	17,605
Educational services	\$41,496	\$36,296	+850	26,063

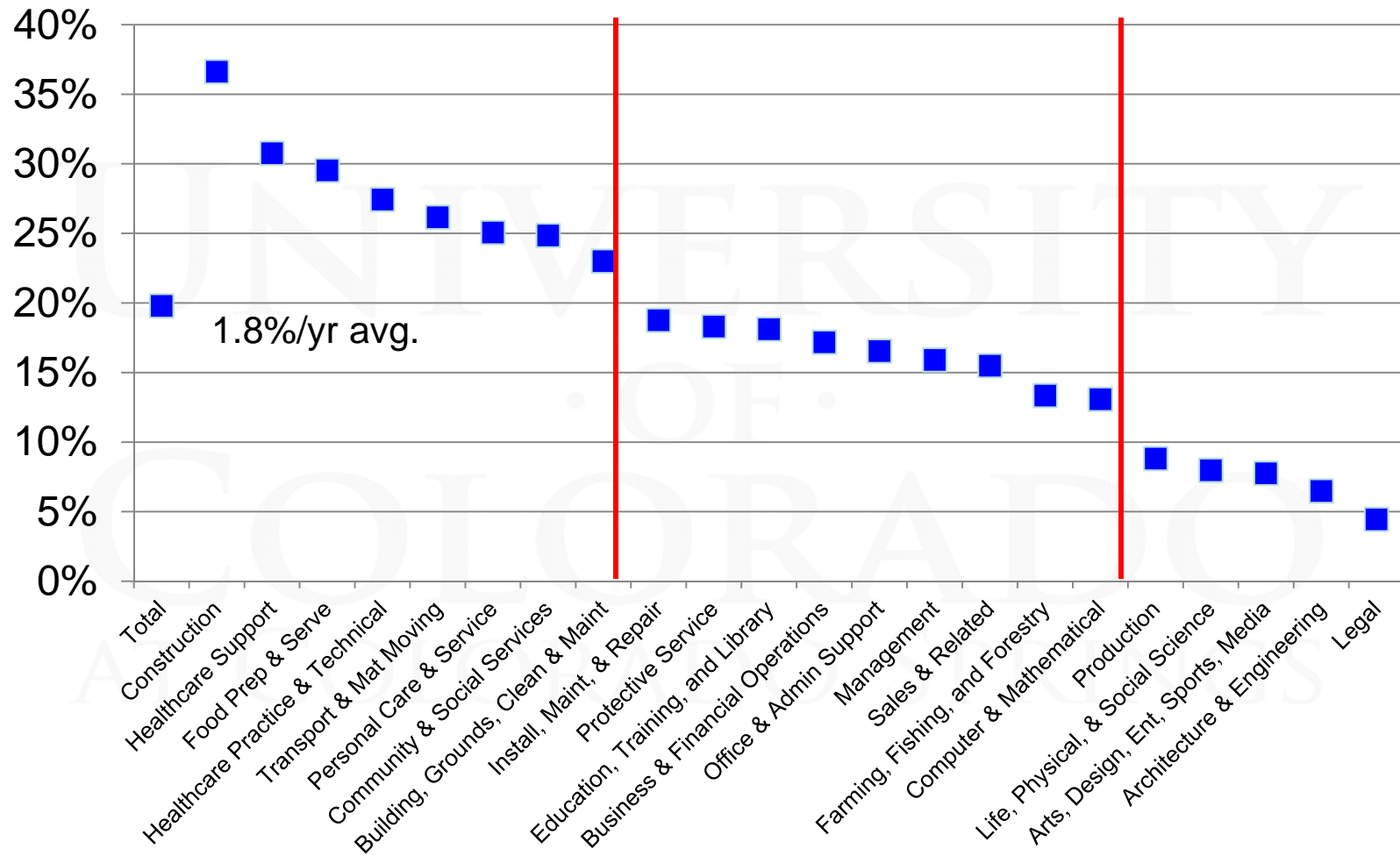
Source: Colorado Department of Labor: QCEW

QCEW Employment Change

1st Quarter 2013 to 1st Quarter 2014



Projected Growth in Selected Colorado Springs MSA Occupations 2013 to 2023

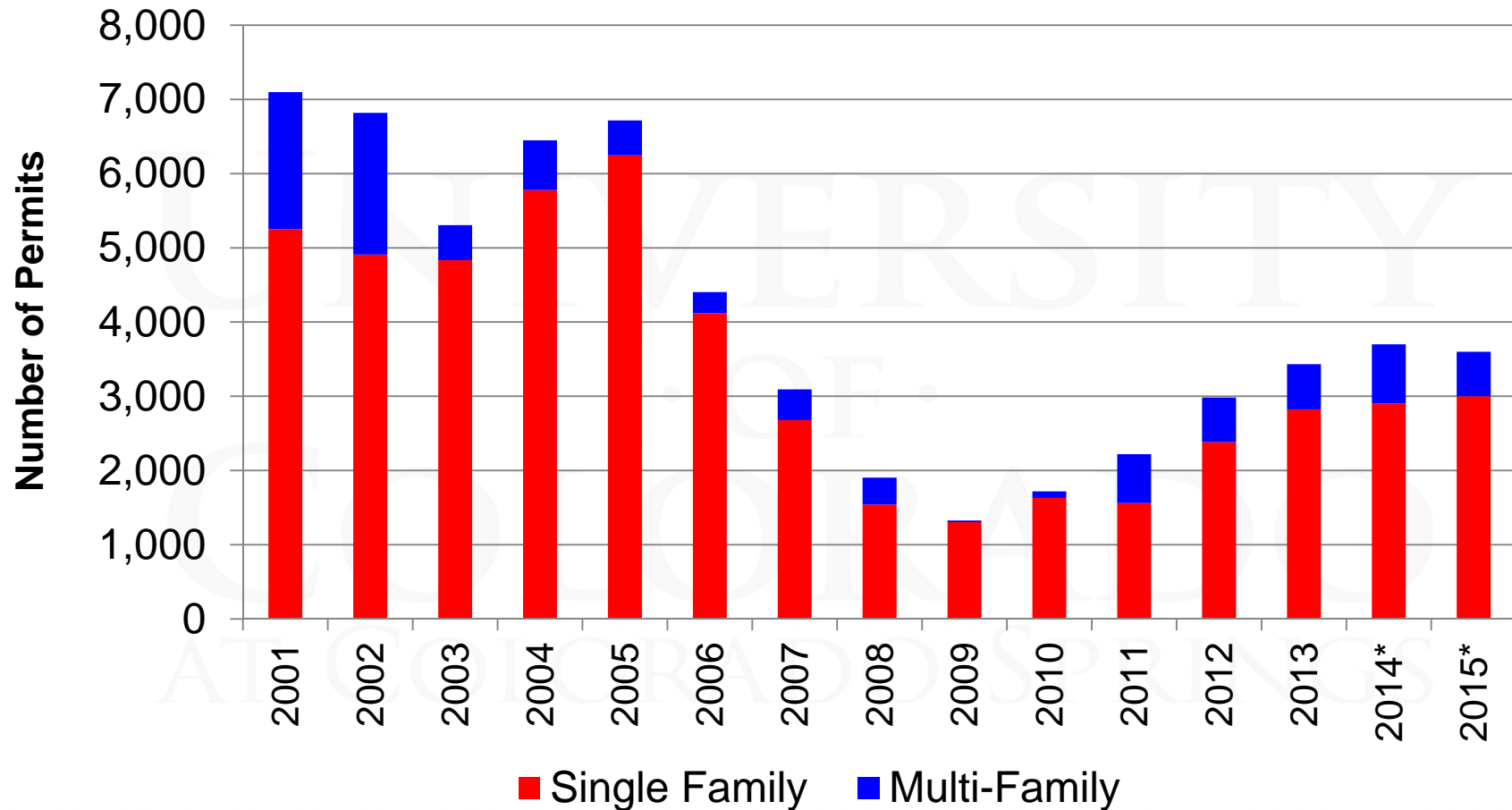


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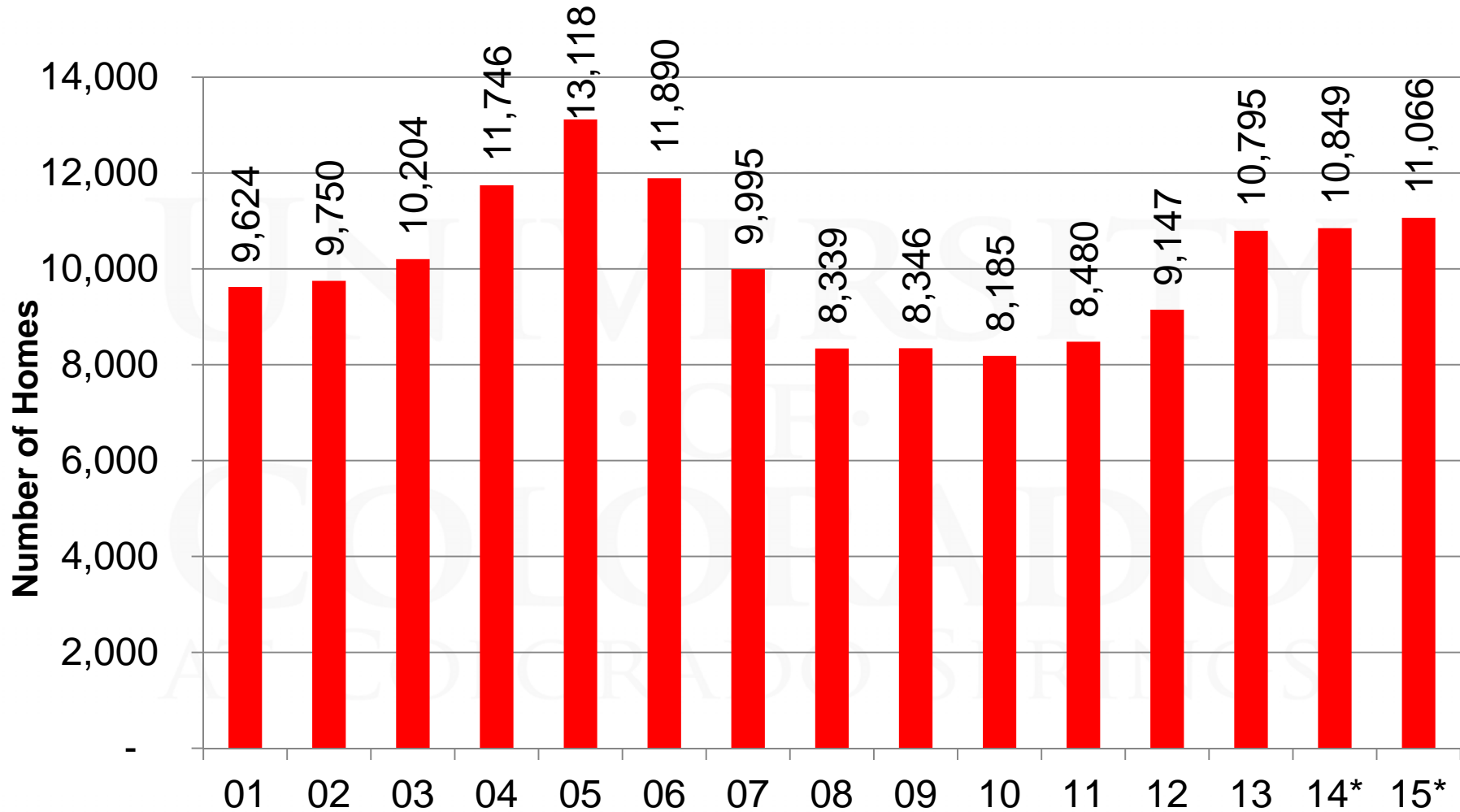
Pikes Peak Single and Multi-Family Permits



Source: PPRBD and UCCS Forum



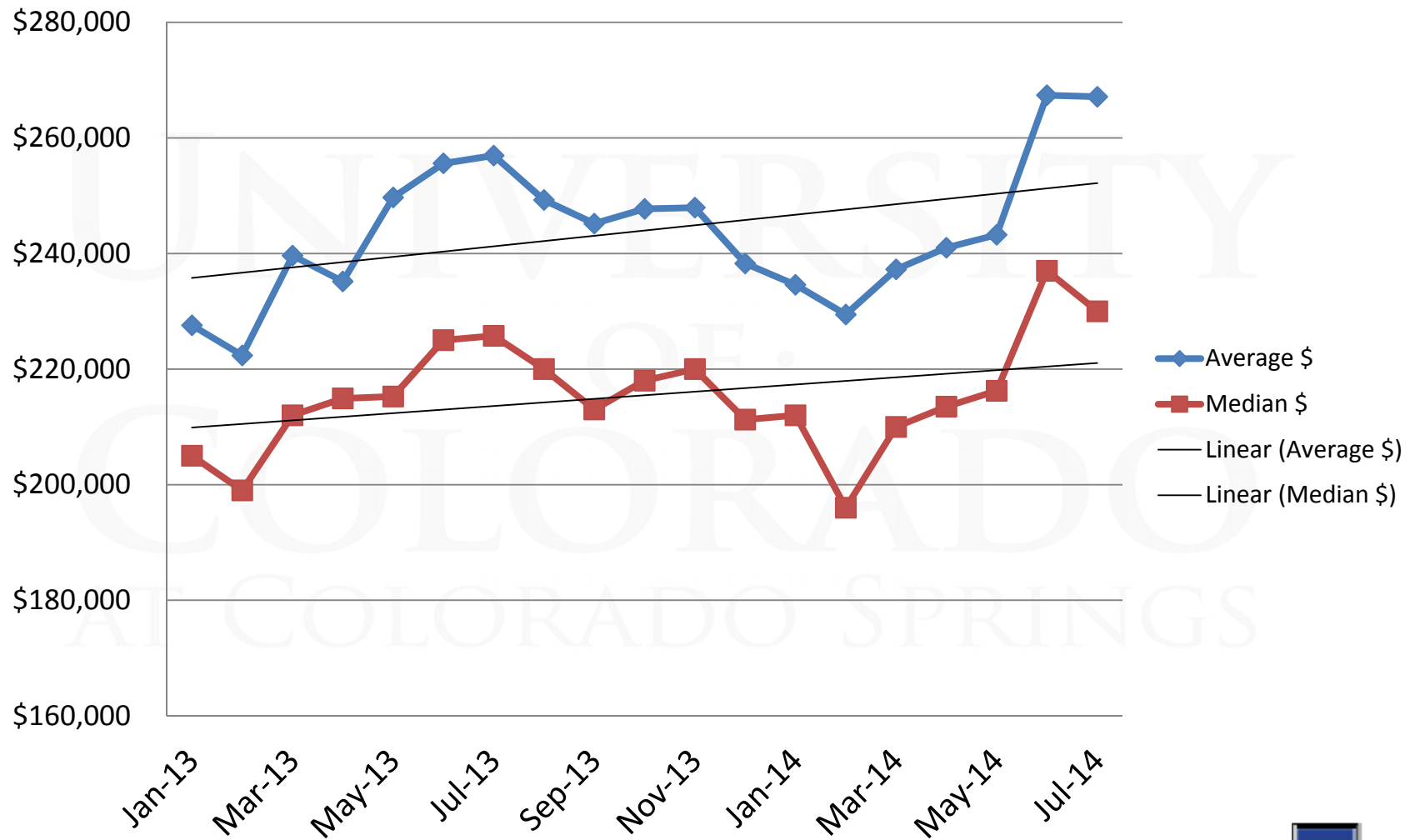
Home Sales



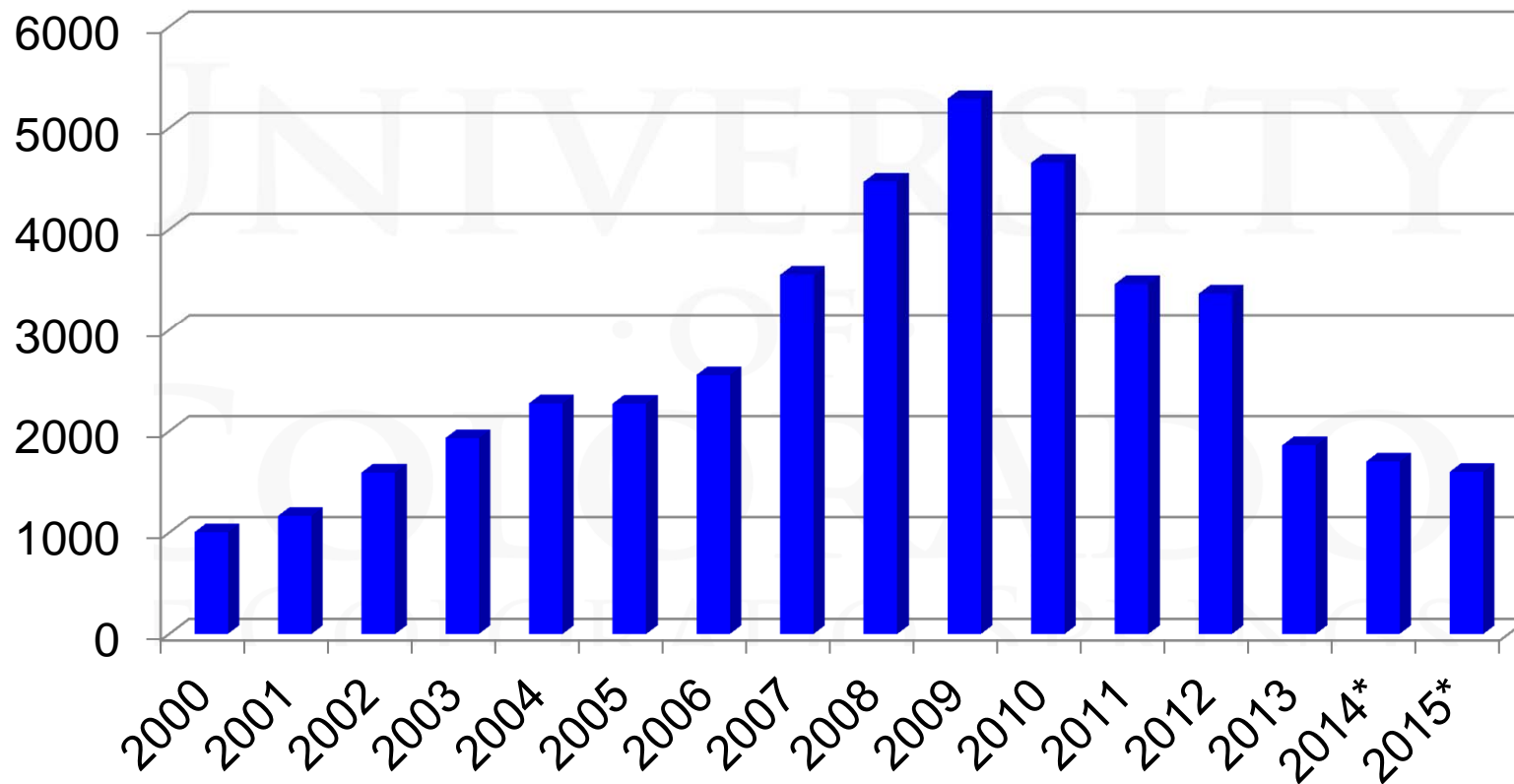
Source: PPAR (RSC) and UCCS Forum



Average and Median Home Prices



Foreclosures in El Paso County



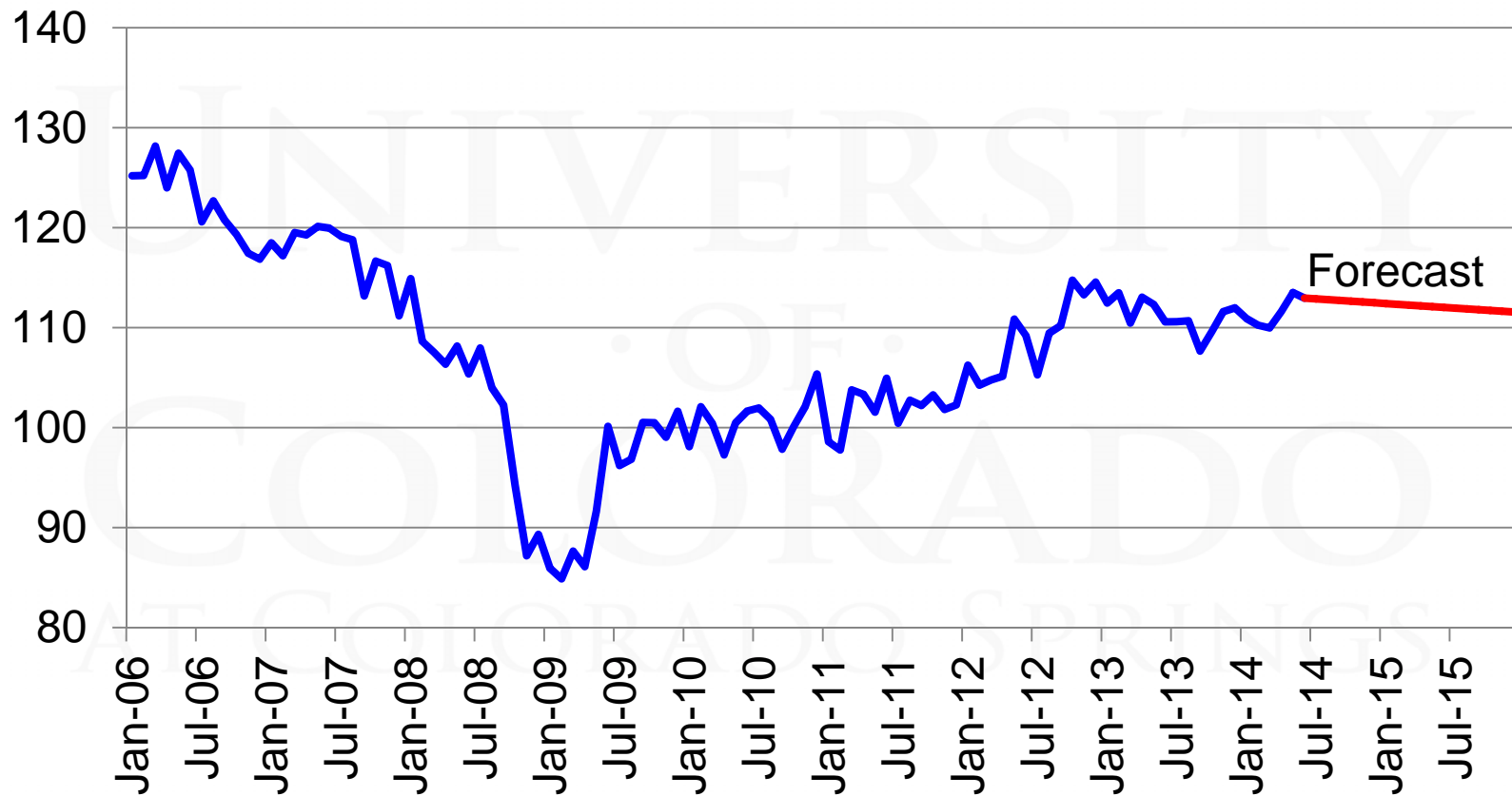
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Business Conditions Index

December 2007 to June 2009 = 100



2015 Forecasts for Colorado and El Paso County

	Colorado	El Paso County		Colorado	El Paso County
Population	1.7%	1.5%	Unemployment	5.1%	6.9%
GSP/GMP	4.5%	2.8%	Non-Ag Employment	2.8%	2.2%
Personal Income	5.7%	3.9%	Total Wages & Salaries	6.0%	4.4%
Per Capita Income	4.0%	2.2%	Avg. Wages & Salaries	3.2%	2.2%
Retail Trade	5.8%	5.1%	SF Permits	18.1%	3.4%

Source: Colorado Office of Planning and Budgeting, June 2014, SCEF



Final Thoughts

- Jobs and employment
- The role of local government
- Regional approach to deal with regional issues

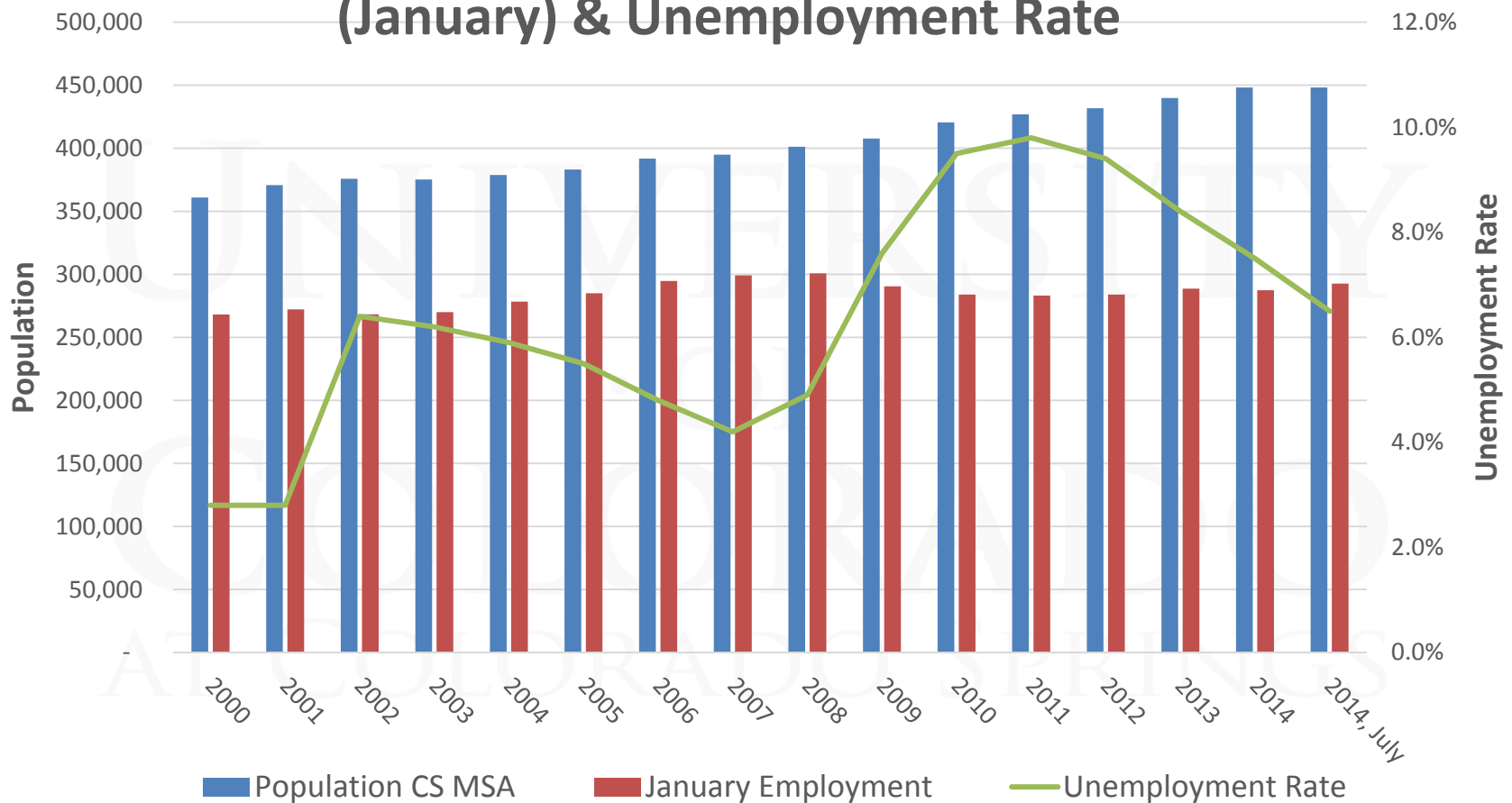


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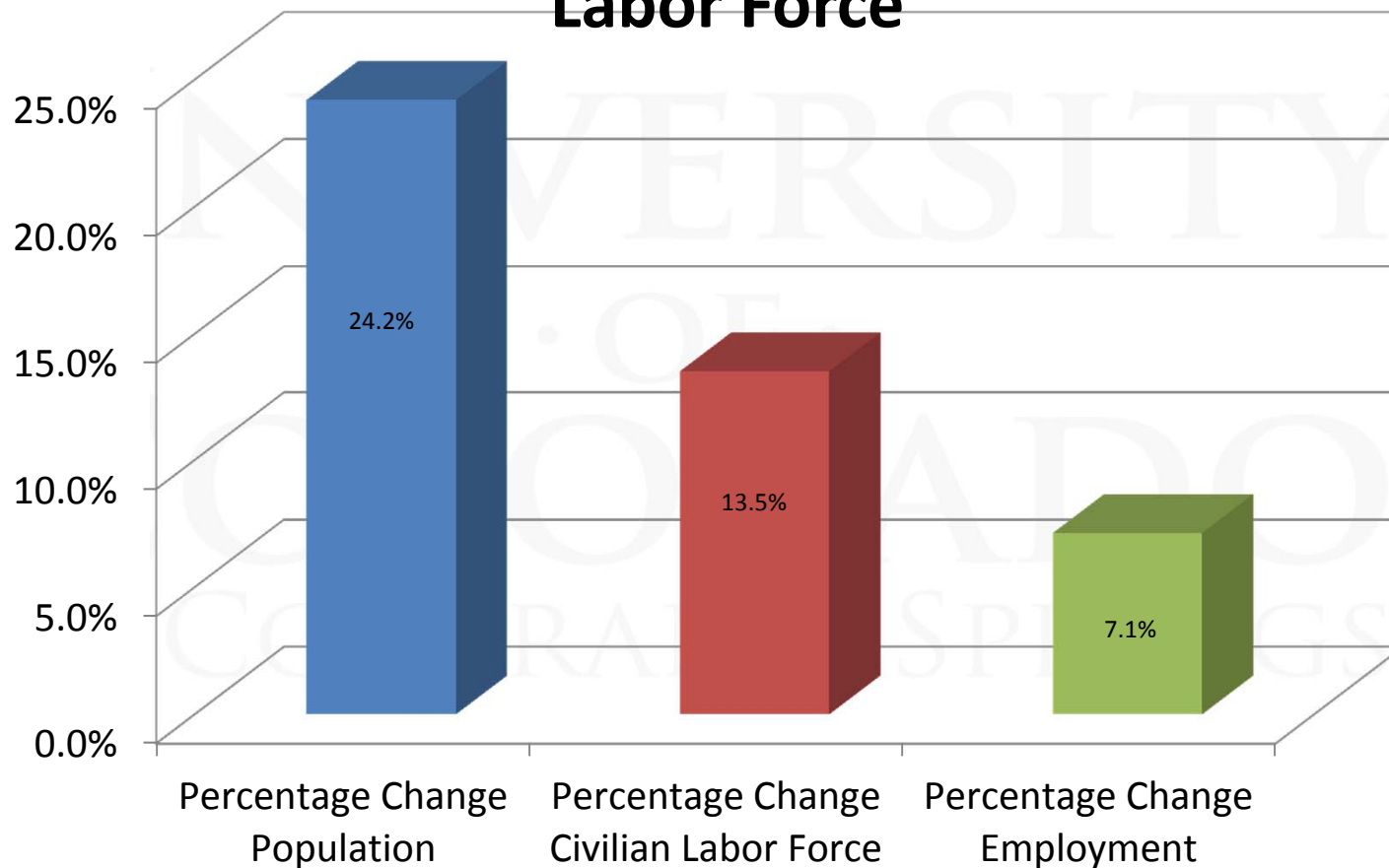
Colorado Springs Population, Employment (January) & Unemployment Rate



Source: BLS, Local Area Unemployment Statistics
 Data is seasonally adjusted, January figures



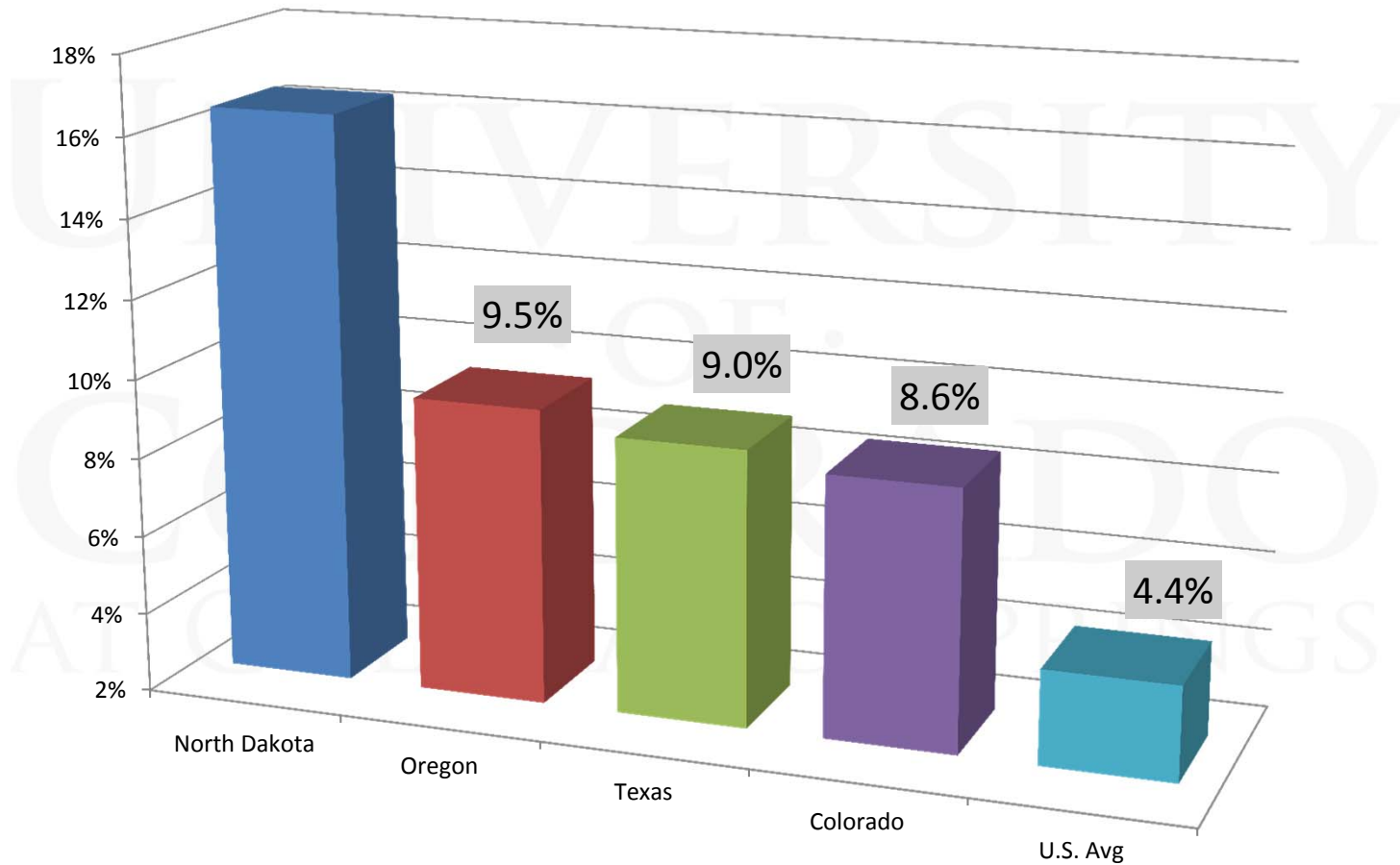
2000-2014 Employment Change Relative to Population and Civilian Labor Force



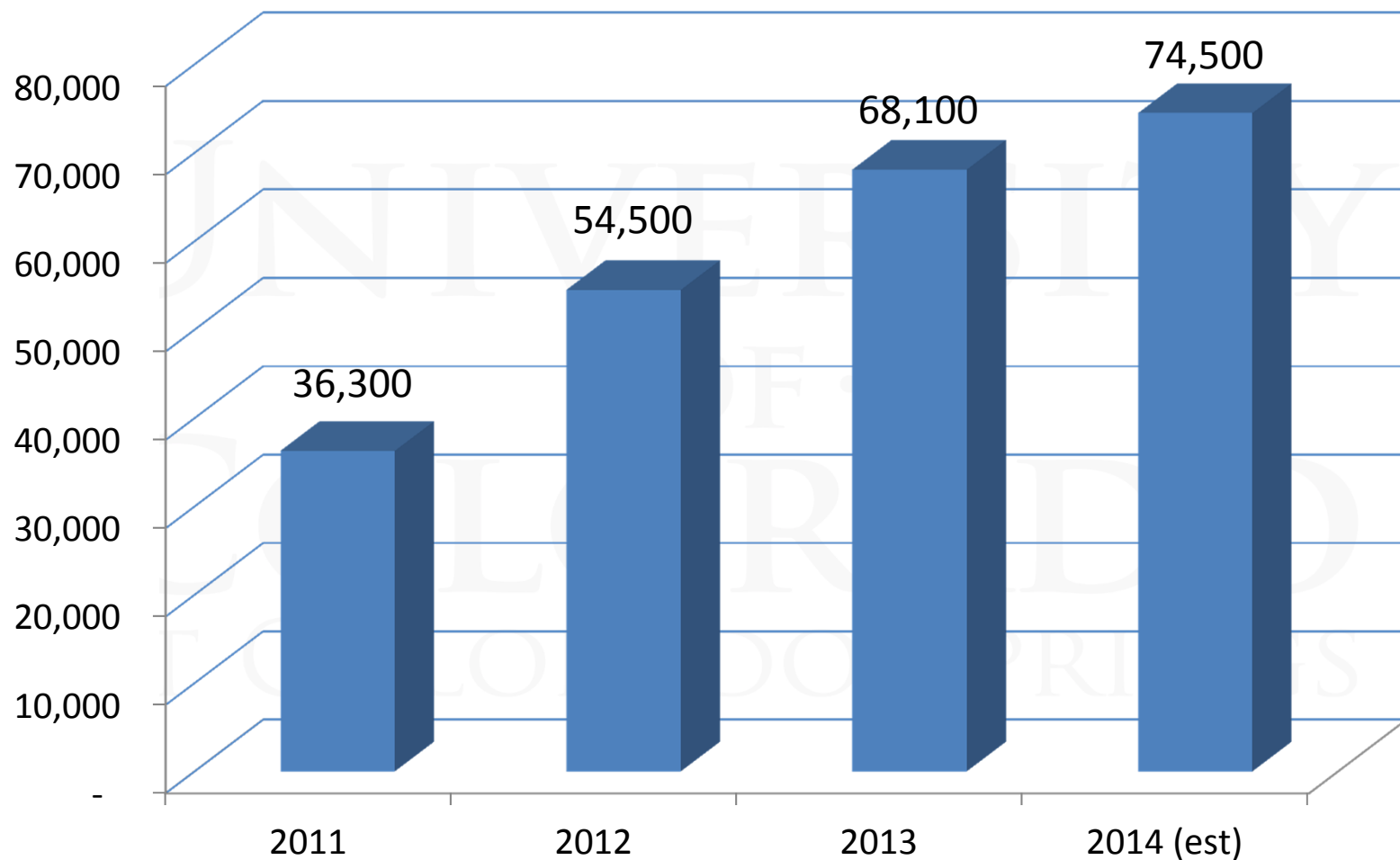
Source: BLS & U.S. Census Bureau. Data compiled by Southern Colorado Economic Forum.



State Economic Activity Index, Percentage Change 2012 to April, 2014



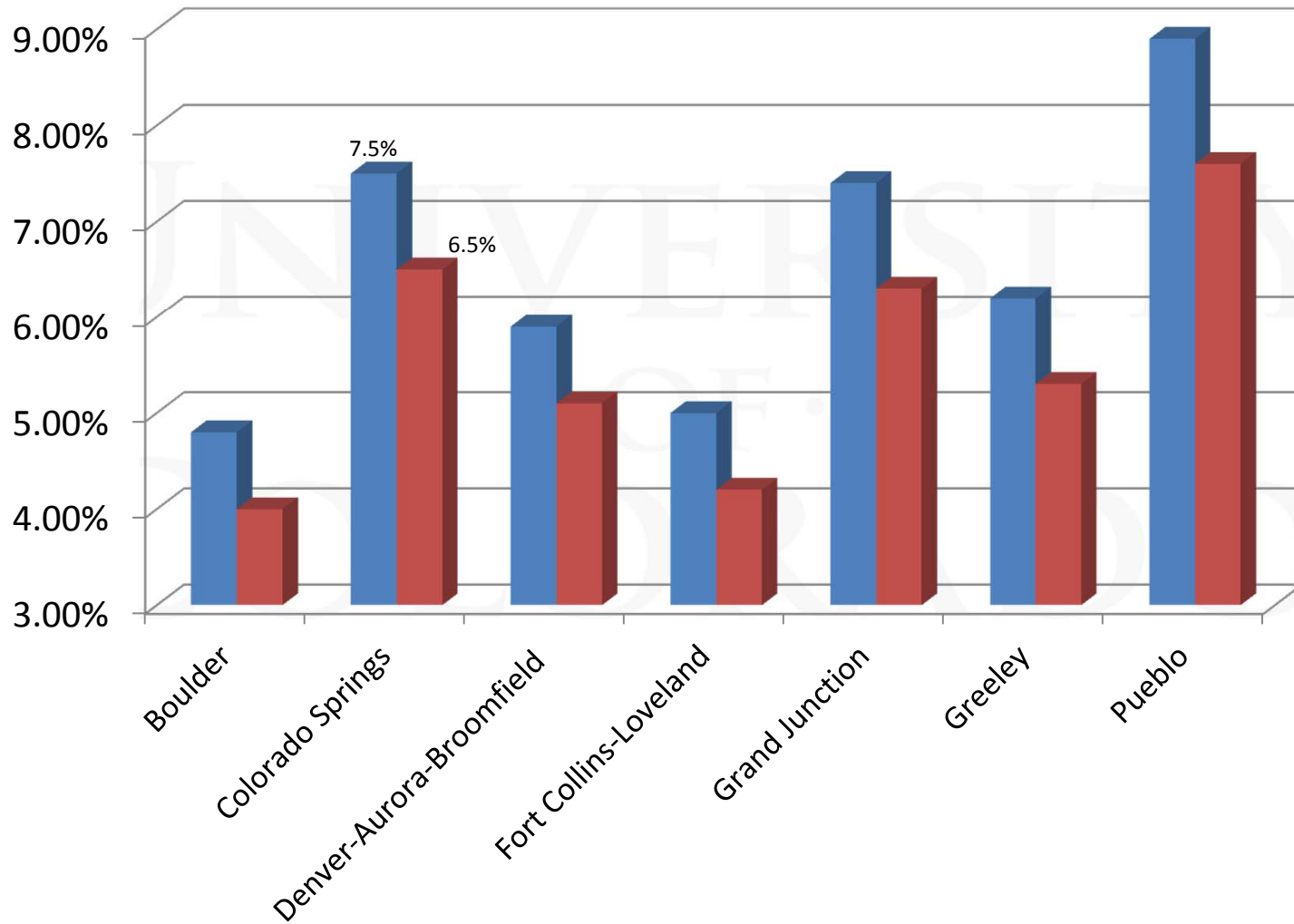
Number of New Jobs - Colorado



Source: Colorado-based Business and Economic Research (<http://cber.co>)



Unemployment Rates, CO MSAs



Source: BLS, LAUS
Values are seasonally adjusted.

■ January, 2014 ■ July, 2014



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Why Entrepreneurship & Innovation?

- *New firms (< 5 yrs) over the past three decades have been responsible for virtually all of the net new jobs created in our economy.” U.S. Joint Economic Committee*
- *Firms with fewer than 500 workers accounted for 99.7 % of all firms. U.S. Census Bureau*
- *Businesses with < 20 workers made up 89.8%. U.S. Census Bureau*



Why Entrepreneurship & Innovation?

- *Add in the number of nonemployer firms (22.7 million in 2012) and firms with less than 20 workers increases to 98%. U.S. Census Bureau*
- *“More than 302,000 U.S. companies exported goods in 2011, nearly 98 percent of which in 2011 were small or medium-sized companies with fewer than 500 employees.” International Trade Administration*
- *Small businesses account for 46% of total, U.S. GDP*
U.S. Census Bureau



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Regional Averages Colorado Companies (348 Responses)								
<u>Attribute</u>	<u>Impact Weight</u>	<u>Colorado Average Score</u>	<u>Score Among Colorado Promoters</u>	<u>Denver*</u>	<u>Boulder</u>	<u>Ft. Collins</u>	<u>Southern Colorado</u>	<u>Western Slope</u>
What Startups Get								
Network for Startups	38%	7.0	8.4	6.9	8.5	7.2	5.2	6.3
Availability of Talent	6%	6.1	7.1	6.5	6.8	6.7	4.8	4.9
Access to Capital	11%	4.7	5.3	4.3	5.5	4.5	3.8	5.2
Local Atmosphere	29%	8.3	9.3	8.5	9.3	8.9	6.9	7.3
Institutions	15%	6.0	6.9	5.8	6.7	7.8	4.8	5.2
"What I Get"	100%	7.0	8.1	7.0	8.2	7.6	5.4	6.4
What Startups Pay								
Business Costs	52%	6.0	6.4	6.3	5.8	6.0	5.8	5.8
Government-Related	18%	5.2	5.8	5.3	5.7	6.0	4.4	4.7
Personal Costs	30%	6.0	6.6	6.2	5.1	6.1	6.5	6.1
"What I Pay"	100%	6.3	7.0	6.5	6.0	6.4	5.9	5.9
Overall Value								
What I Get	71%	7.0	8.1	7.0	8.2	7.6	5.9	6.4
What I Pay	29%	6.3	7.0	6.5	6.0	6.4	5.9	5.9
Overall Value		7.8	9.1	7.8	8.3	8.1	6.5	7.5

* Denver Metro Area Not Including Boulder



Source: Office of State Planning & Budgeting

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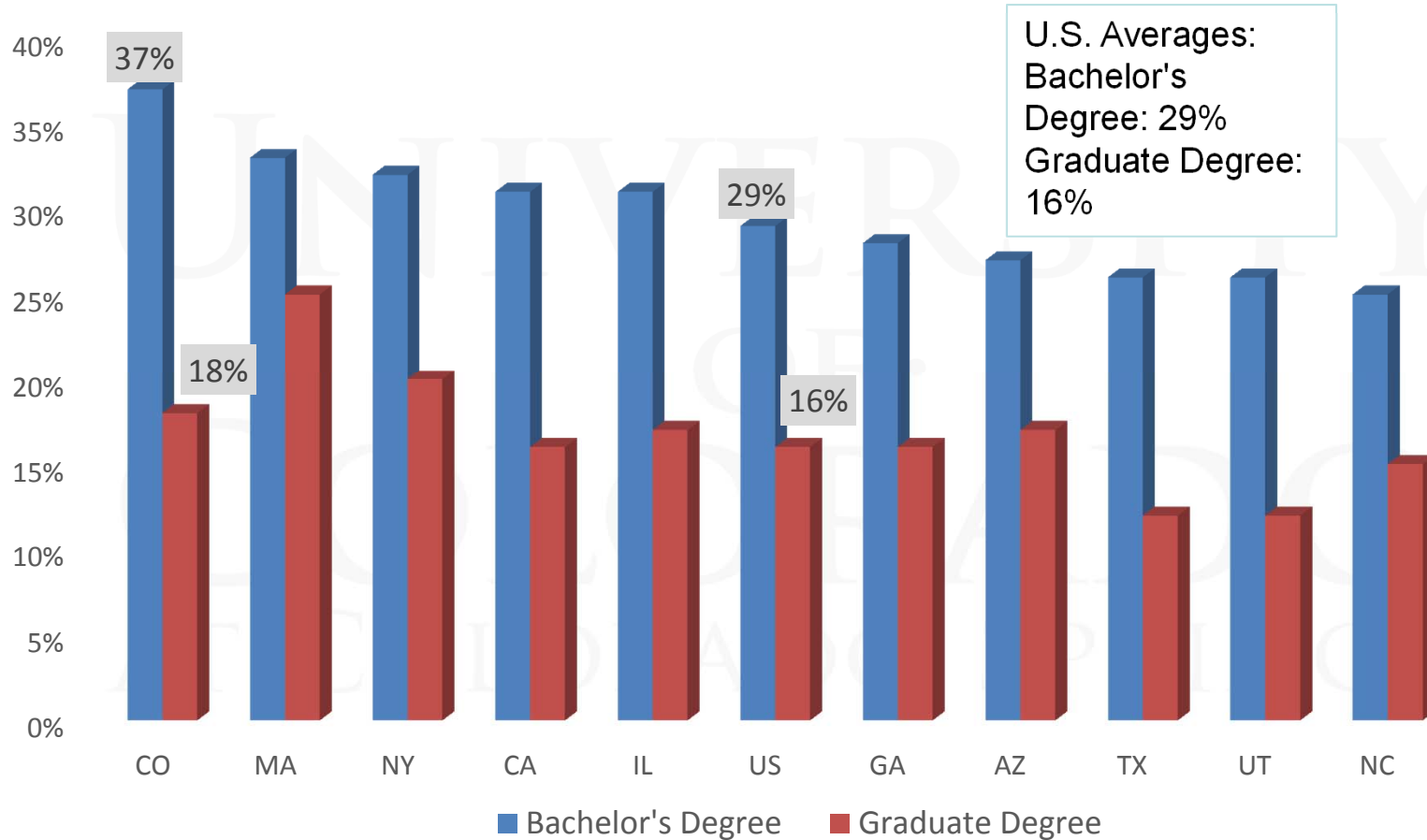


Translating State Successes into Regional Successes

- *Regional Identities (e.g. Sports/Health/Wellness & Engineering)*
- *A Unified Association*
- *Co-location/Co-working Spaces*
- *Branding and Marketing*
- *Immigrants*
- *A Skilled Workforce*



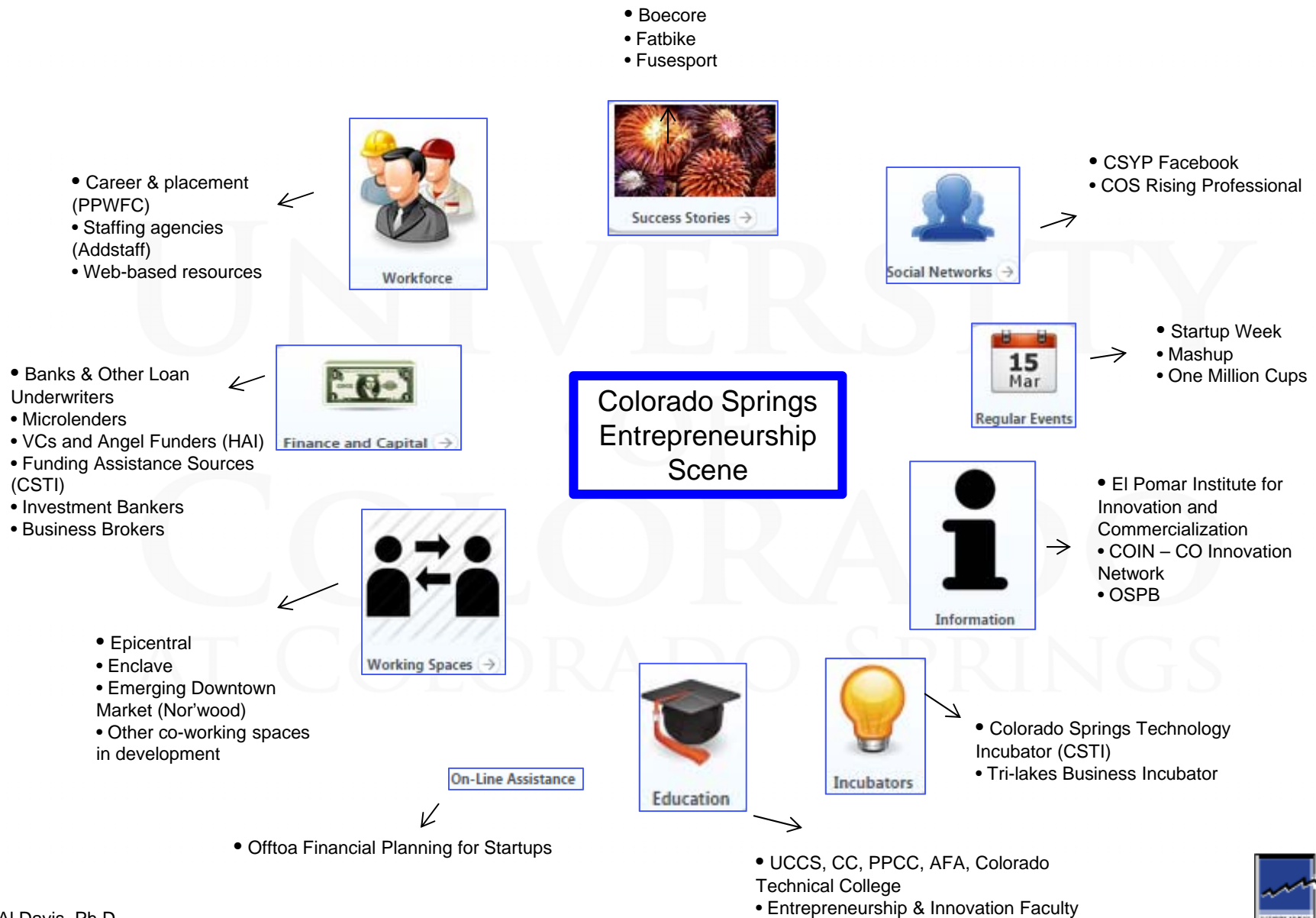
Educational Attainment



Source: U.S. Census Bureau, 2014 (through June)



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Al Davis, Ph.D.

<http://www.mindmeister.com/309989067/colorado-springs-entrepreneurship-scene>



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