18th Annual Southern Colorado Economic Forum

October 10, 2014

Tom Zwirlein, Ph.D.
Professor of Finance
Tatiana Bailey, Ph.D.
Director, Southern Colorado Economic Forum
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

Qtr 2: 3.95%

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 GMP
REAL GDP Index (2009=100)  
Selected Colorado MSAs
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
Monthly Unemployment Rate

Source: BLS-LAUS, Forum

Current: Aug 2014
- 6.0% EPC
- 5.9% U.S.
- 5.2% TC
- 5.1% CO
The U.S. is creating an average of 226,000 jobs per month so far this year.
Household Data: U.S. Civilian Participation Rates SA
Employment/Population SA

Civilian Participation Rate 25-54
Civilian Participation Rate 20-24
Civilian Participation Rate (Total)
Employment/Population
Civilian Participation Rate 55+

Blue and Red are same as before but on a different scale

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

![Bar chart showing employment change in various sectors from 2000-13 and 2009-13. The sectors include Health & Social Assit, Educ Svcs, Accom & Food Svcs, Public Adm, Prof & Tech Svcs, and Retail Trade. The red bars represent the 2000-13 change, while the blue bars represent the 2009-13 change. The sectors with the highest increase are Health & Social Assit with 12,273, followed by Educ Svcs with 6,944, Accom & Food Svcs with 3,634, Public Adm with 2,251, Prof & Tech Svcs with 1,578, and Retail Trade with 1,473.]
El Paso County Sectors with Slower Growth (Decline)

Employment Change

-200 0 200 400 600 800 1000

<table>
<thead>
<tr>
<th>Sector</th>
<th>2000-13 Change</th>
<th>2009-13 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ag, Forest, Fsh</td>
<td>-14</td>
<td>-21</td>
</tr>
<tr>
<td>Entp</td>
<td>60</td>
<td>70</td>
</tr>
<tr>
<td>Real Estate &amp; Rental</td>
<td>193</td>
<td>139</td>
</tr>
<tr>
<td>Manage Co &amp; Entp</td>
<td>706</td>
<td>126</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>843</td>
<td>122</td>
</tr>
<tr>
<td>Arts &amp; Ent &amp; Rec</td>
<td>120</td>
<td>84</td>
</tr>
</tbody>
</table>
El Paso County Sectors with Decline

<table>
<thead>
<tr>
<th>Sector</th>
<th>2000-13 Change</th>
<th>2009-13 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trans &amp; Warehouse</td>
<td>-157</td>
<td>-628</td>
</tr>
<tr>
<td>Construction</td>
<td>-1445</td>
<td>-3222</td>
</tr>
<tr>
<td>Information</td>
<td></td>
<td>-4913</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td>-13764</td>
</tr>
</tbody>
</table>

Employment Change

2000-13 Change

2009-13 Change
Percent Change in QCEW Employment between 2009 & 2013

-20%  -10%  0%  10%  20%  30%

- El Paso County
- Colorado

Manufacturing
Professional and Technical Services
Administrative and Waste Services
Transportation and Warehousing
Wholesale Trade
Mining
Utilities
Construction
Total, All Industries
Other Services, Ex. Public Admin
Educational Services
Real Estate and Rental and Leasing
Accommodation and Food Services
Health Care and Social Assistance
Retail Trade
Finance and Insurance
Management of Companies and Enterprises
Information
Public Administration
Agriculture, Forestry, Fishing & Hunting
Arts, Entertainment, and Recreation
### Sectors Where El Paso County Has Grown More (Declined Less) in Percent Than Colorado Since 2009

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

Source: Colorado Department of Labor: QCEW
### Sectors Where El Paso County Has Declined More (Grown Less) in Percent Than Colorado Since 2009

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

Source: Colorado Department of Labor: QCEW
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
Source: PPRBD and UCCS Forum
Home Sales

Source: PPAR (RSC) and UCCS Forum
Average and Median Home Prices

$160,000 $180,000 $200,000 $220,000 $240,000 $260,000 $280,000

Average and Median Home Prices

Average $  Median $

Linear (Average $)  Linear (Median $)
Foreclosures in El Paso County
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
### 2015 Forecasts for Colorado and El Paso County

<table>
<thead>
<tr>
<th></th>
<th>Colorado</th>
<th>El Paso County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>GSP/GMP</td>
<td>4.5%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Personal Income</td>
<td>5.7%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>4.0%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>5.8%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Colorado</th>
<th>El Paso County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment</td>
<td>5.1%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Non-Ag Employment</td>
<td>2.8%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Total Wages &amp; Salaries</td>
<td>6.0%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Avg. Wages &amp; Salaries</td>
<td>3.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>SF Permits</td>
<td>18.1%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

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
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
Colorado Springs Population, Employment (January) & Unemployment Rate

Population CS MSA
January Employment
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

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

Office of State Planning & Budgeting, June, 2014 Report
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.

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

* Denver Metro Area Not Including Boulder

Source: Office of State Planning & Budgeting
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
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

U.S. Averages:
Bachelor's Degree: 29%
Graduate Degree: 16%

Source: U.S. Census Bureau, 2014 (through June)
Colorado Springs Entrepreneurship Scene

- Career & placement (PPWFC)
- Staffing agencies (Addstaff)
- Web-based resources
- Banks & Other Loan Underwriters
- Microlenders
- VCs and Angel Funders (HAI)
- Funding Assistance Sources (CSTI)
- Investment Bankers
- Business Brokers
- Epicentral
- Enclave
- Emerging Downtown Market (Nor’wood)
- Other co-working spaces in development
- Offtoa Financial Planning for Startups

- Boecore
- Fatbike
- Fusesport

- CSYP Facebook
- COS Rising Professional
- Startup Week
- Mashup
- One Million Cups

- Colorado Springs Technology Incubator (CSTI)
- Tri-lakes Business Incubator
- UCCS, CC, PPCC, AFA, Colorado Technical College
- Entrepreneurship & Innovation Faculty

Al Davis, Ph.D.
http://www.mindmeister.com/309989067/colorado-springs-entrepreneurship-scene