

Boom and Bust: The Recession at a Glance

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Newsletter Advisory Board

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The 2011 soft economic recovery will continue well into 2012 barring changes in the national economy. When looking at the consumer confidence index, we see that the difference between November 2010 (57.8) and 2011 (55.2) is slight, which highlights in the minds of consumers, that the economic recovery is still very fragile. The peak holiday spending in 2011 hovered in

the \$80 per day range. This is the same range as 2009 and 2010. The consumer remains very cautious about spending. Since 2011 daily holiday spending was similar to 2009 and 2010, there is no reason to think that the 30% decline in daily spending that has occurred in January of 2010 and 2011 will not repeat in January

2012. (See Daily Consumer Spending Chart page three.) The recovery has been far from robust however it has been progressing steadily at a slow pace.

The depth of the recession in the Yampa Valley occurred in second and third quarters of 2009. The impact of the 2009 economic downturn has taken some time to ripple through all sectors of our economy. Data is just now becoming available that helps assess the magnitude of the local economic contraction.

Fortunately for both counties there were economic forces at work that tempered the recession's impact. For Moffat County, the mining and utilities sectors remained relatively unaffected by the recession. In Routt County, the economy had *diversified* to the point that the bust was not nearly as dramatic as it would have been if the bust

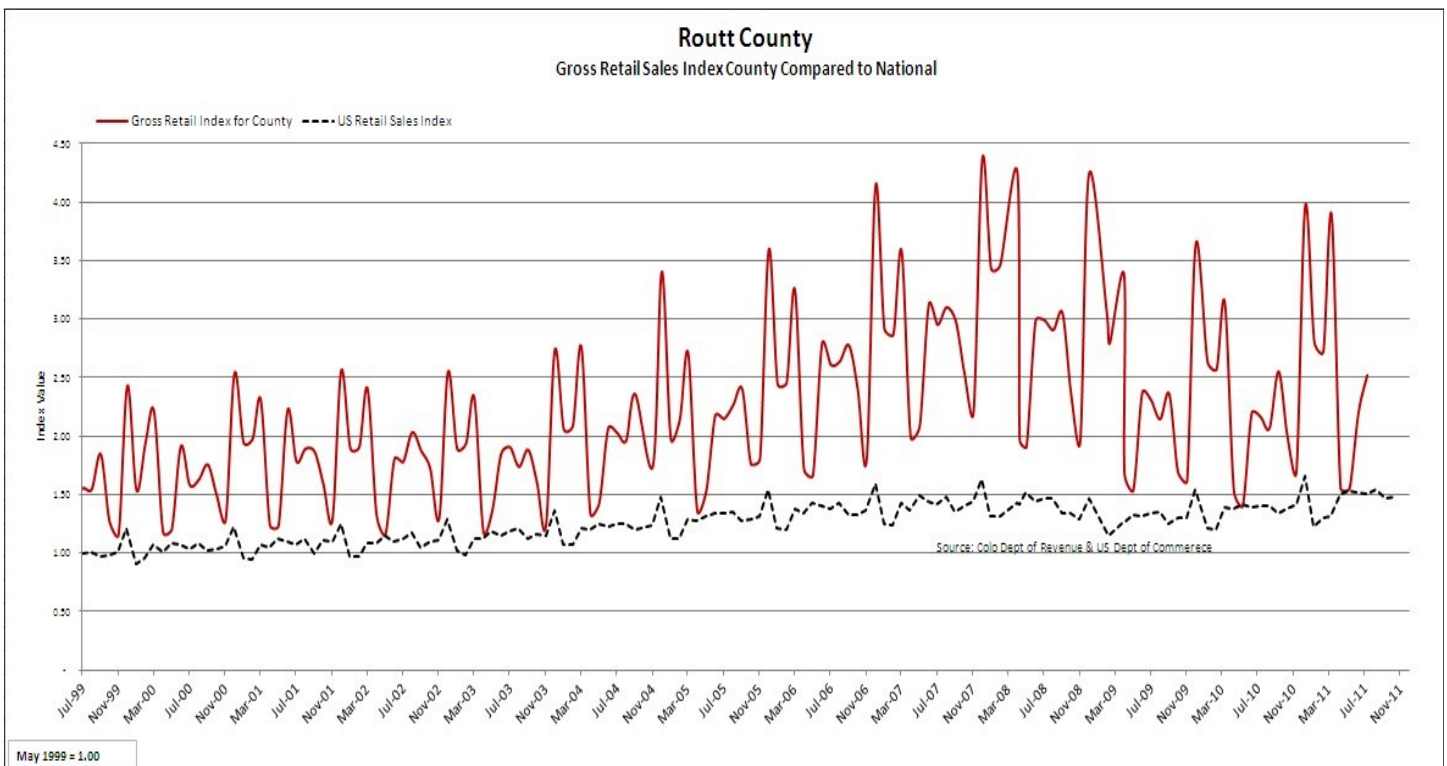
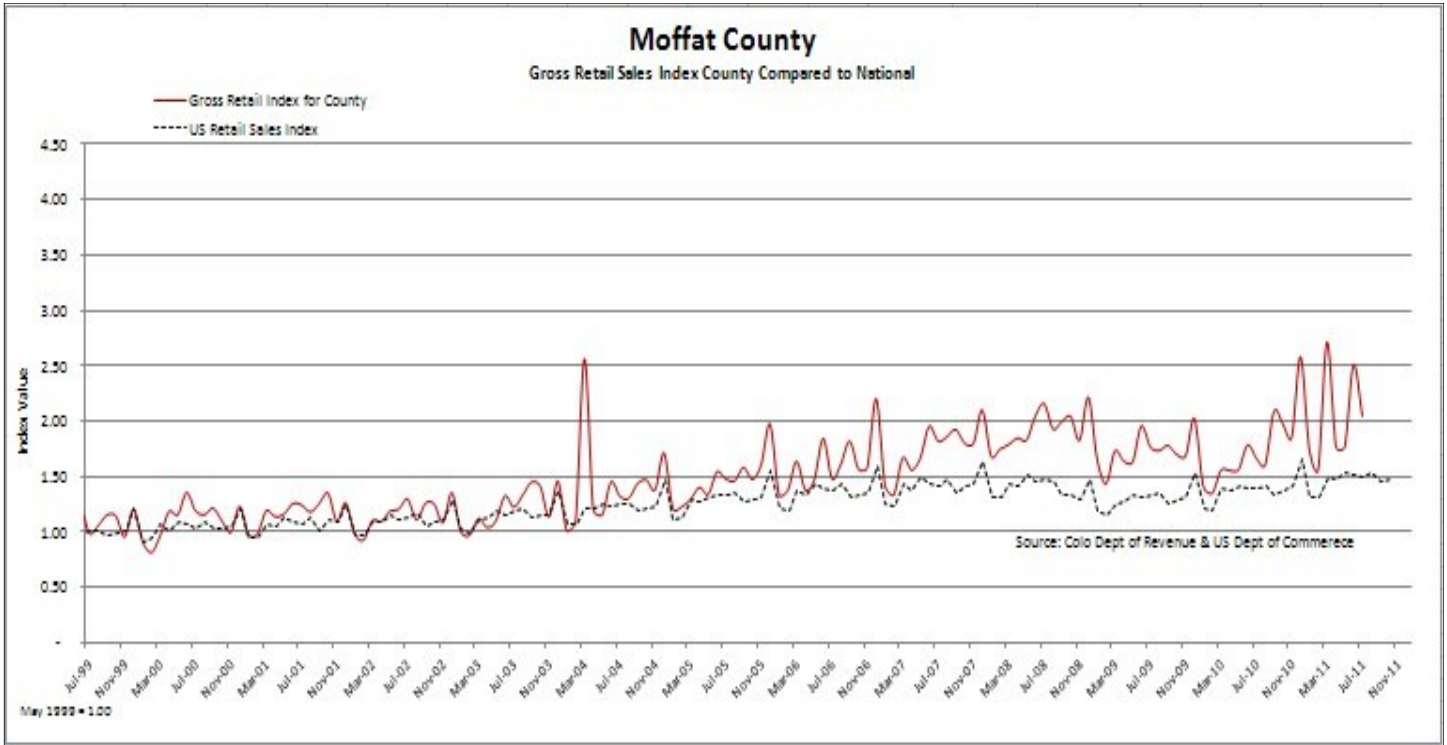


had occurred a decade earlier.

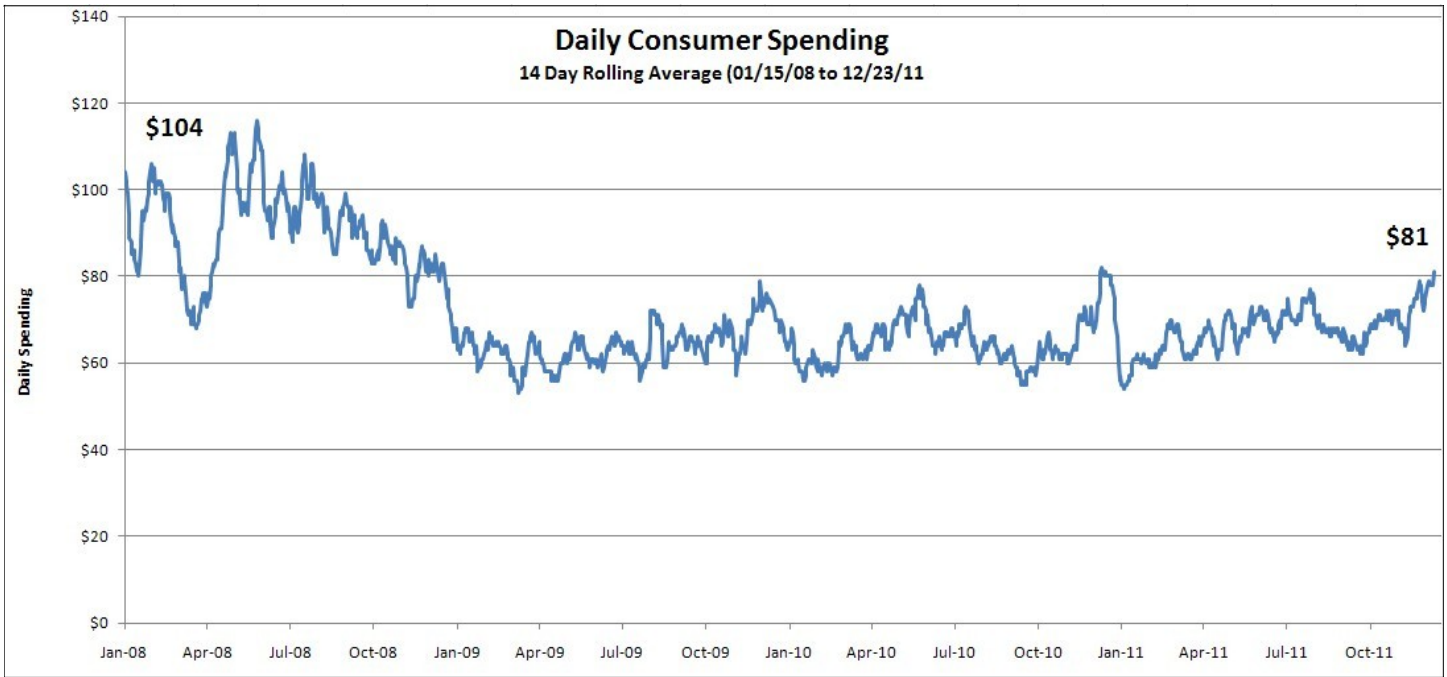
The peak of the boom occurred in Moffat and Routt counties in third quarter of 2007. The bottom of the bust likely occurred in the first and second quarters of 2011. On a two county-combined basis, there has been a loss of 13% of the business establishments and 18% in the number of jobs. This is one way to measure the magnitude of the local recession. See the charts on number of jobs and business establishments over ten years by quarter on

Gross Retail Sales

The US Department of Commerce is forecasting an increase in retail sales (Jan thru March) over the prior year. This is good news, however it needs to be tempered with the Conference Board’s Consumer Confidence Index. It is unknown how the consumer will respond to the threat of an impending national economic slowdown.



Consumer Spending

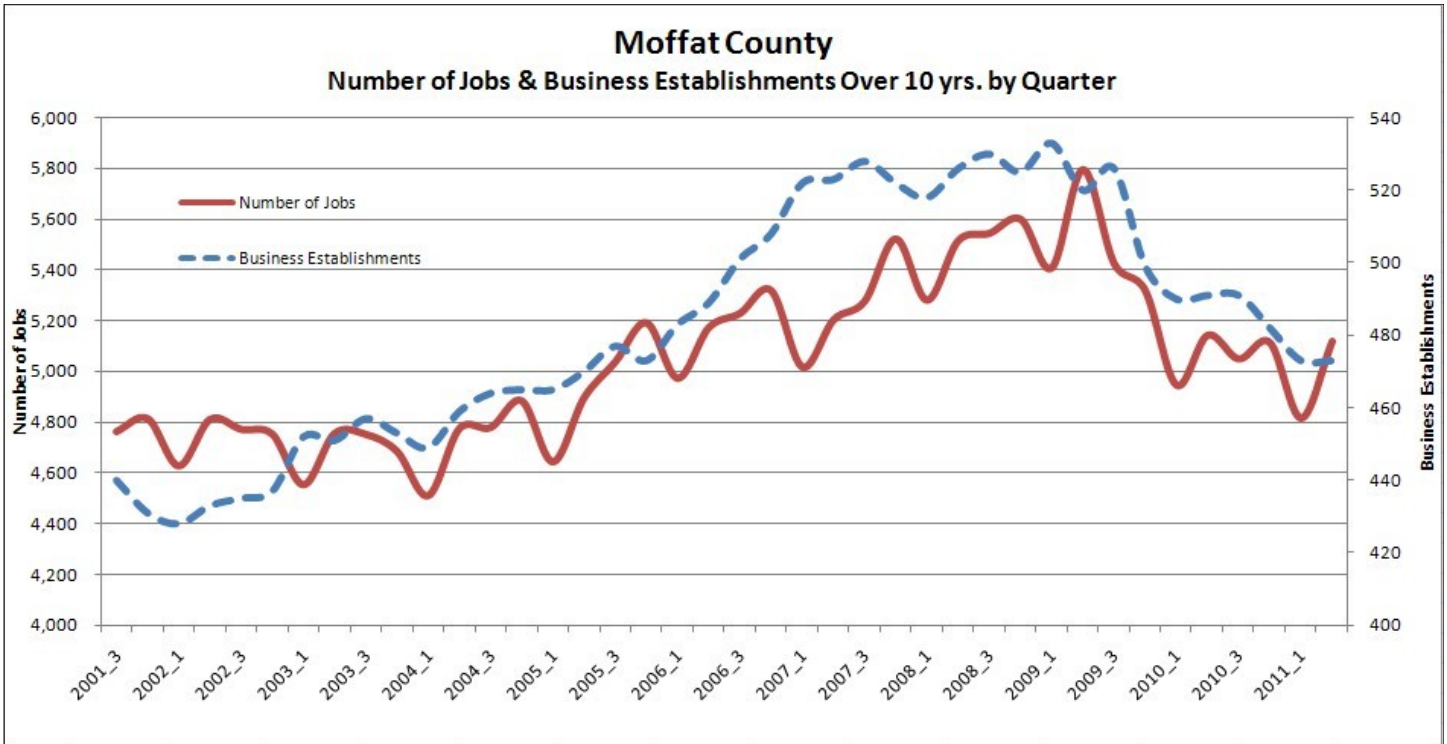


Date	Yr over Yr %	Retail Sales Forecast	50% +/-	80% +/-
Jan-12	4.9%	\$31,915,000	2.1%	4.6%
Feb-12	2.6%	\$28,123,000	2.4%	5.4%
Mar-12	1.1%	\$47,864,000	2.7%	6.0%

Date	Yr over Yr %	Retail Sales Forecast	50% Correct +/-	80% Correct +/-
Jan-12	4.9%	\$90,082,000	2.1%	4.6%
Feb-12	2.6%	\$85,478,000	2.4%	5.4%
Mar-12	1.1%	\$120,203,000	2.7%	6.0%

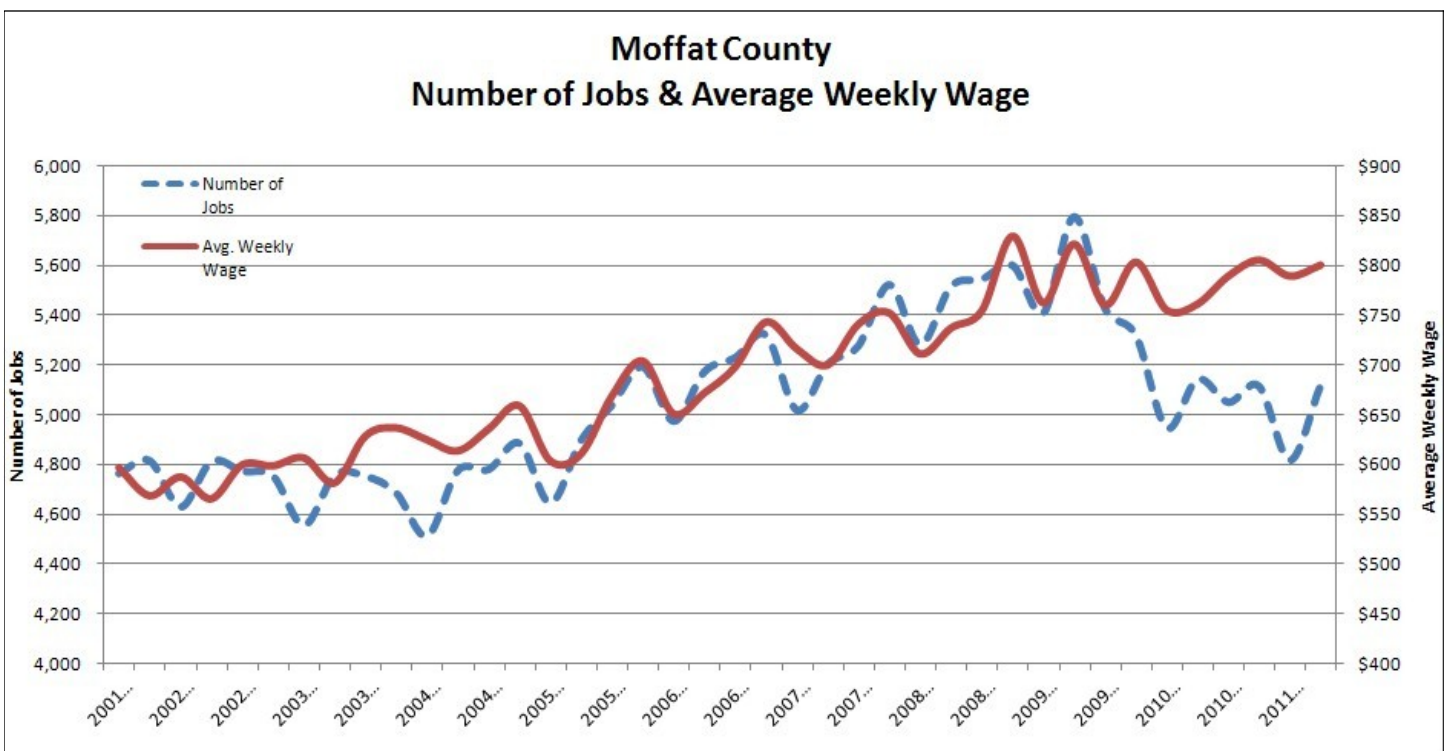


Employment, Business Establishments & Weekly Wage

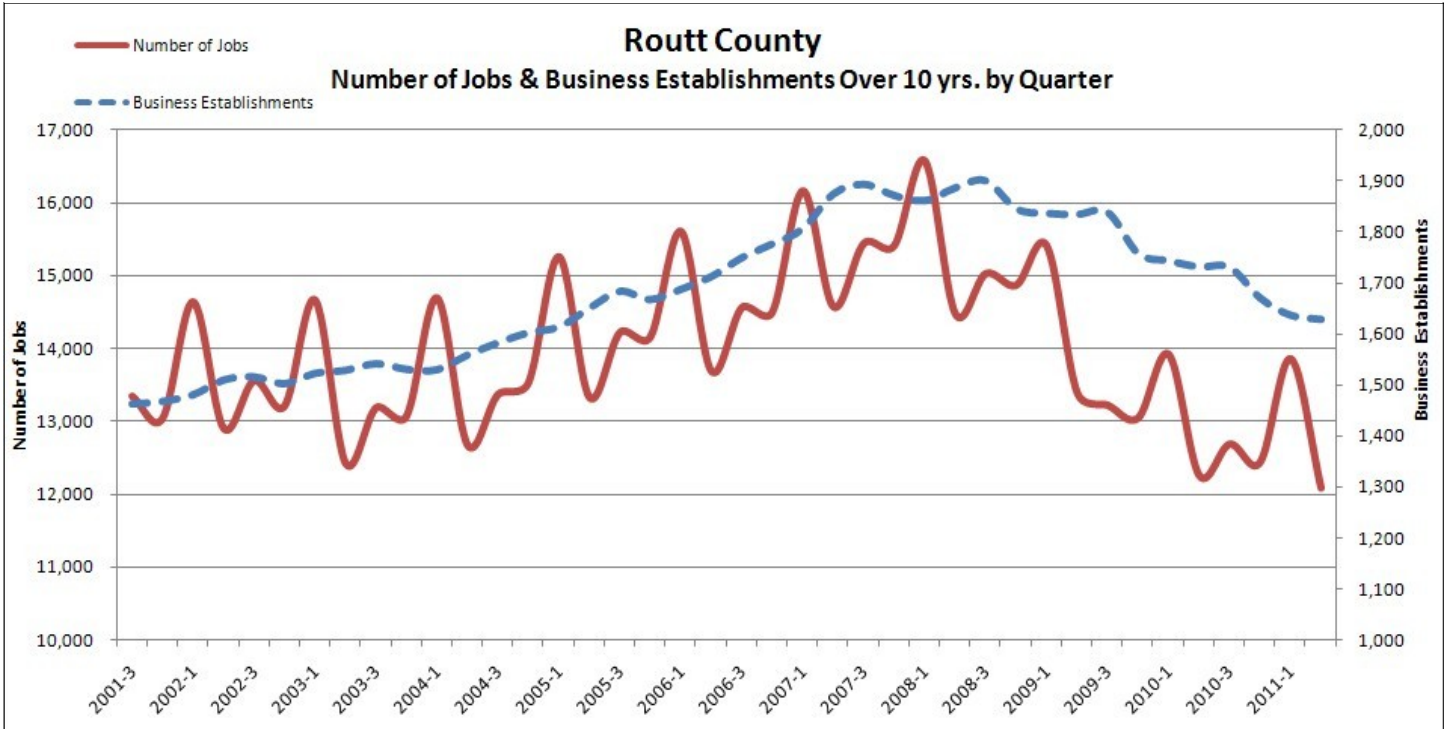


The graph above contrasts the changes in the number of business establishments with employees to the changes in the number of jobs over the past ten years. The graph below contrasts the number of jobs to average weekly wage. What these charts highlight is in Moffat County the

growth in the number of jobs has roughly paralleled growth in the number of business establishments. Also, as the number of jobs declined beginning in first quarter 2009, the average weekly wage maintained and actually increased.

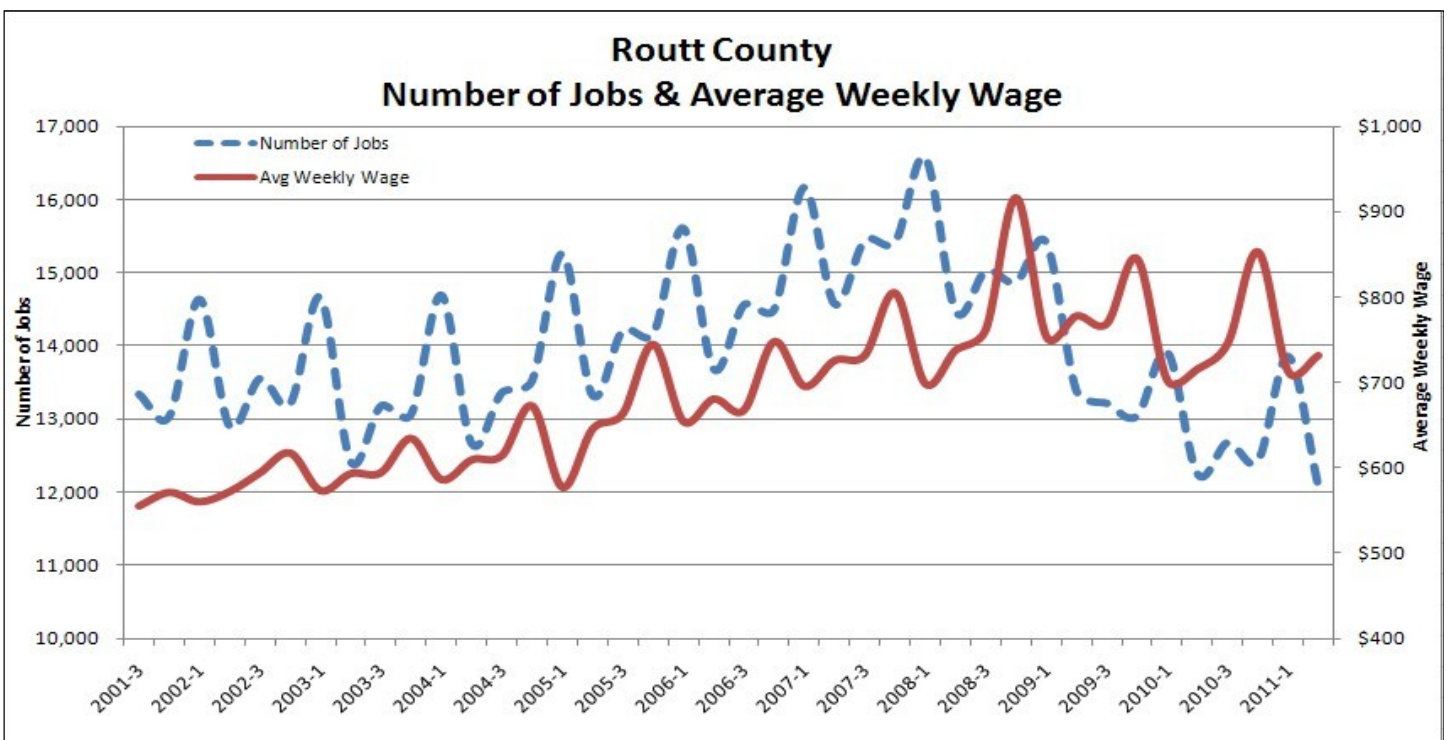


Employment, Business Establishments & Weekly Wage



The graph above contrasts the changes in the number of business establishments with employees to the changes in the number of jobs over the past ten years. The graph below contrasts the number of jobs to average weekly wage. In Routt County the growth in the number of jobs is highly seasonal and yet the number of business establishments is

not. This could mean that job losses occurred with major employers in the area. In addition, as the number of jobs declined in the first quarter 2009, the average weekly wage started to increase. This is a result of fewer part time jobs.

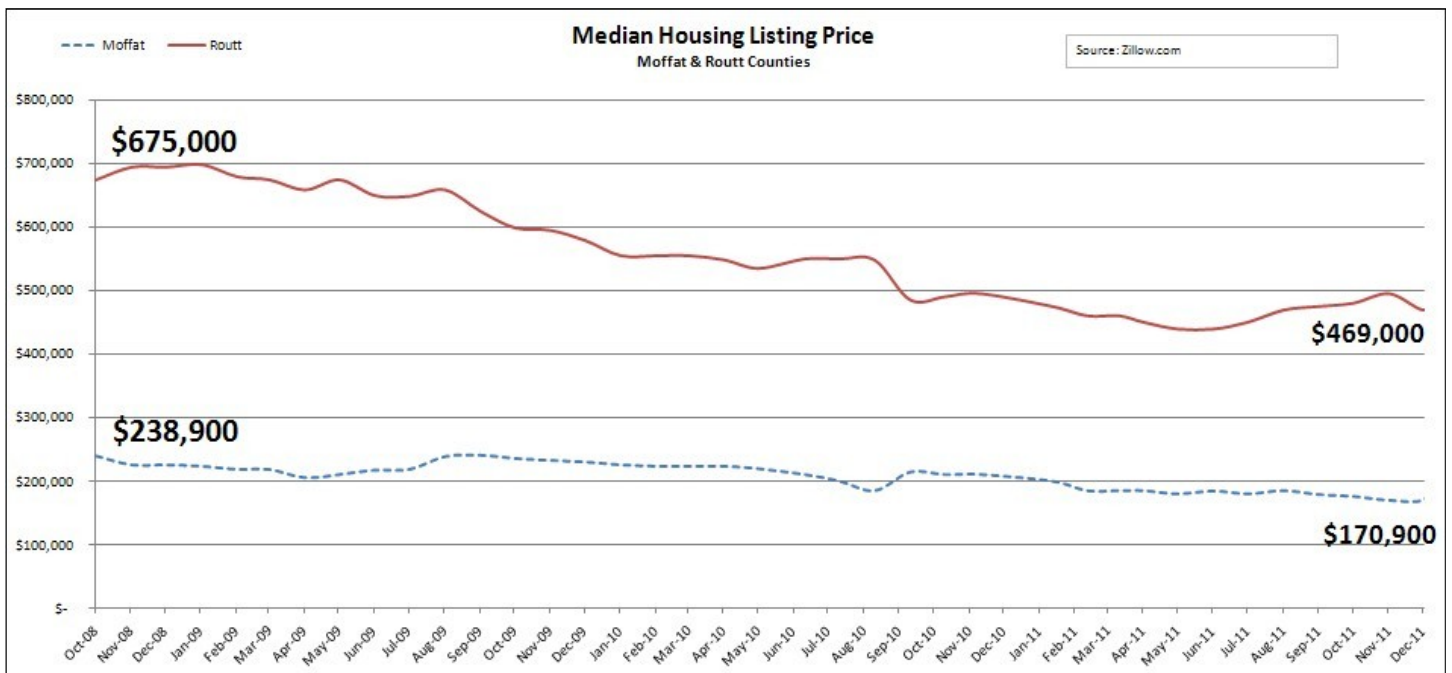


Real Estate

The real estate market has been one of the most affected economic sectors by the current recession. There are some strong signs that the negative impact on real estate is behind us. One sign is the median listing price of homes in both counties has been stabilizing over the past several quarters. Another sign is the availability of homes “for sale” in both counties is declining from its peak in February 2011. The inventory of homes “for sale” in Moffat and Routt counties at their respective peaks were 267 and 1,146 respectively. As of December 2011 inventory levels in Moffat County were 225 and in Routt County 1,015. The sale of single-family homes in November was the highest in the past ten months. The sale of single-family homes is one of the key elements in the Construction Predictor developed by YVDP.

Another sign that tells us the real estate sector may be improving is the pace of the foreclosure activity has slowed. However, this is an area we expect to increase during the first and second quarters of 2012 as banks continue to get caught up on paperwork. The pace will likely return to levels during the first six months of 2011 with the average monthly pace of 1 in 500 homes in Routt County receiving a foreclosure notice.

	Moffat	Routt	Eagle	Garfield	La Plata	Summit	Colorado	National
Median listing price	\$170,900	\$469,000	\$675,000	\$ 285,000	\$ 3,399,000	\$ 485,000	\$ 255,000	\$ 189,900
Change								
M-o-M	-0.5%	1.3 %	0.9 %	3.7 %	0.0 %	-1.0 %	0.8 %	0.5 %
Qtr-o-Qtr	-0.6%	8.2 %	1.9 %	-1.4 %	3.3 %	10.5 %	2.0 %	0.5 %
Yr-o-Yr	-10.5%	-4.1 %	4.0 %	-10.7 %	-1.7 %	5.0 %	-1.7 %	-2.6 %
Foreclosure Notice 8/2011	1 in 1,228	1 in 325	1 in 384	1 in 142	1 in 1,052	1 in 630	1 in 439	1 in 570
Est. # Housing Units	6,196	16,303	31,312	23,309	25,860	29,842	2,212,898	129,969,653



Real Estate—Affordability Index

What is the Housing Affordability Index?

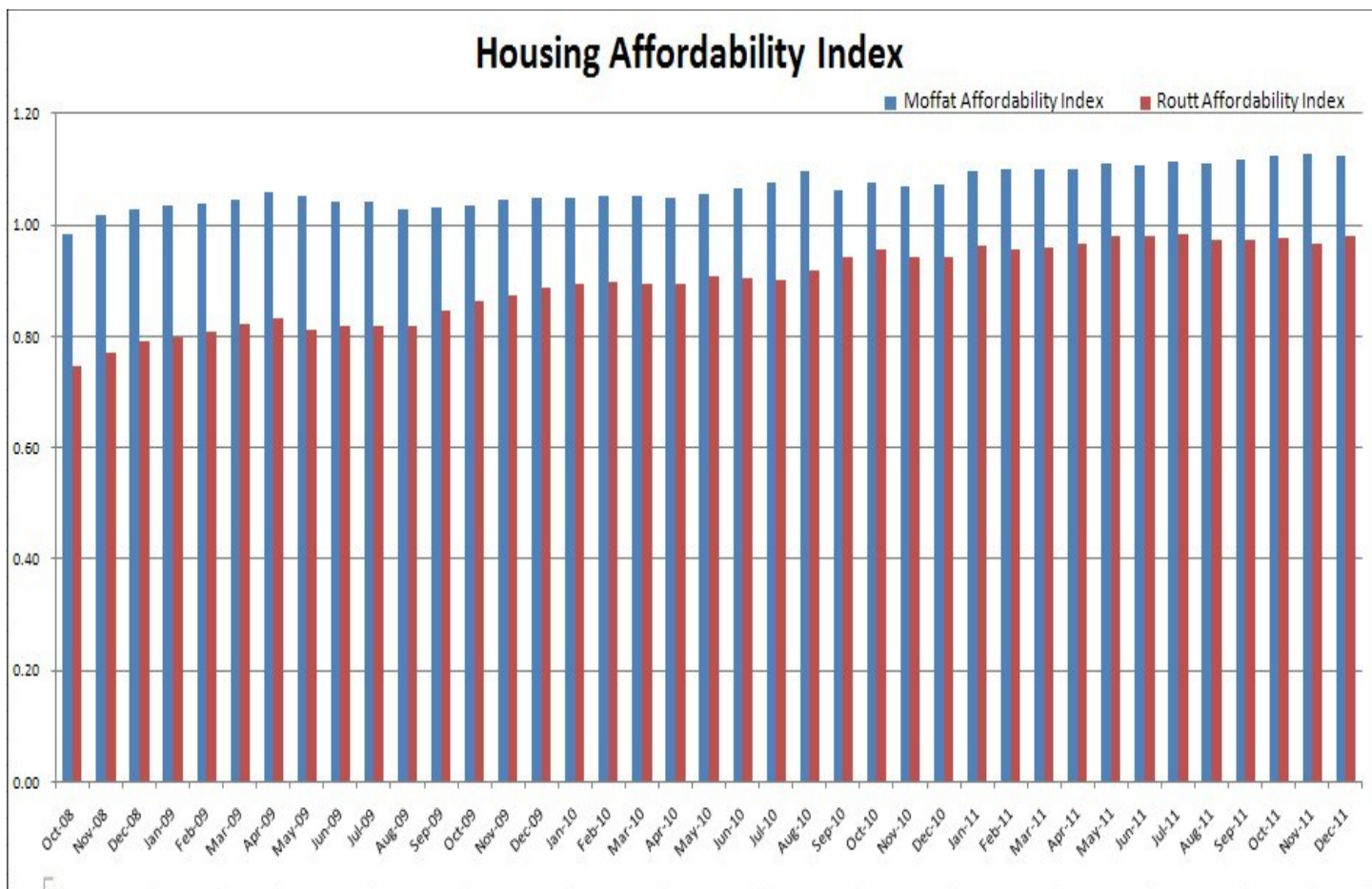
This monthly housing affordability index (HAI) provides a way to track over time whether housing is becoming more or less affordable for the typical household. The HAI incorporates changes in key variables affecting affordability such as housing prices, interest rates, down payment and family income.

A ratio of 1.00 indicates that the median family income is just sufficient to purchase the median-priced home in the area. When the ratio falls below 1.00, the typical household has less income than necessary to purchase the typical house.

The current recession has resulted in some of the best HAI numbers that have been available in years. The ratios in Moffat County have averaged above 1.00 since November

2008. In Routt County, although the HAI has not yet exceeded 1.00 threshold, it has been very close since June 2011. This improvement in the HAI is primarily due to a decline in home prices and the long-term, low interest rates.

The HAI has its limitations and is only one of many indicators YVDP uses to assess the housing situation. The HAI's biggest limitation is assessing the number of individuals that qualify for a mortgage in today's tight credit markets. In Moffat County of the 6,196 housing units 88.2% are occupied. In Routt County of the 16,303 housing units 60.7% are occupied. Nationally, according to the 2010 US Census, 88.5% of the approximately 131.8 million housing units are occupied.



Construction - Routt

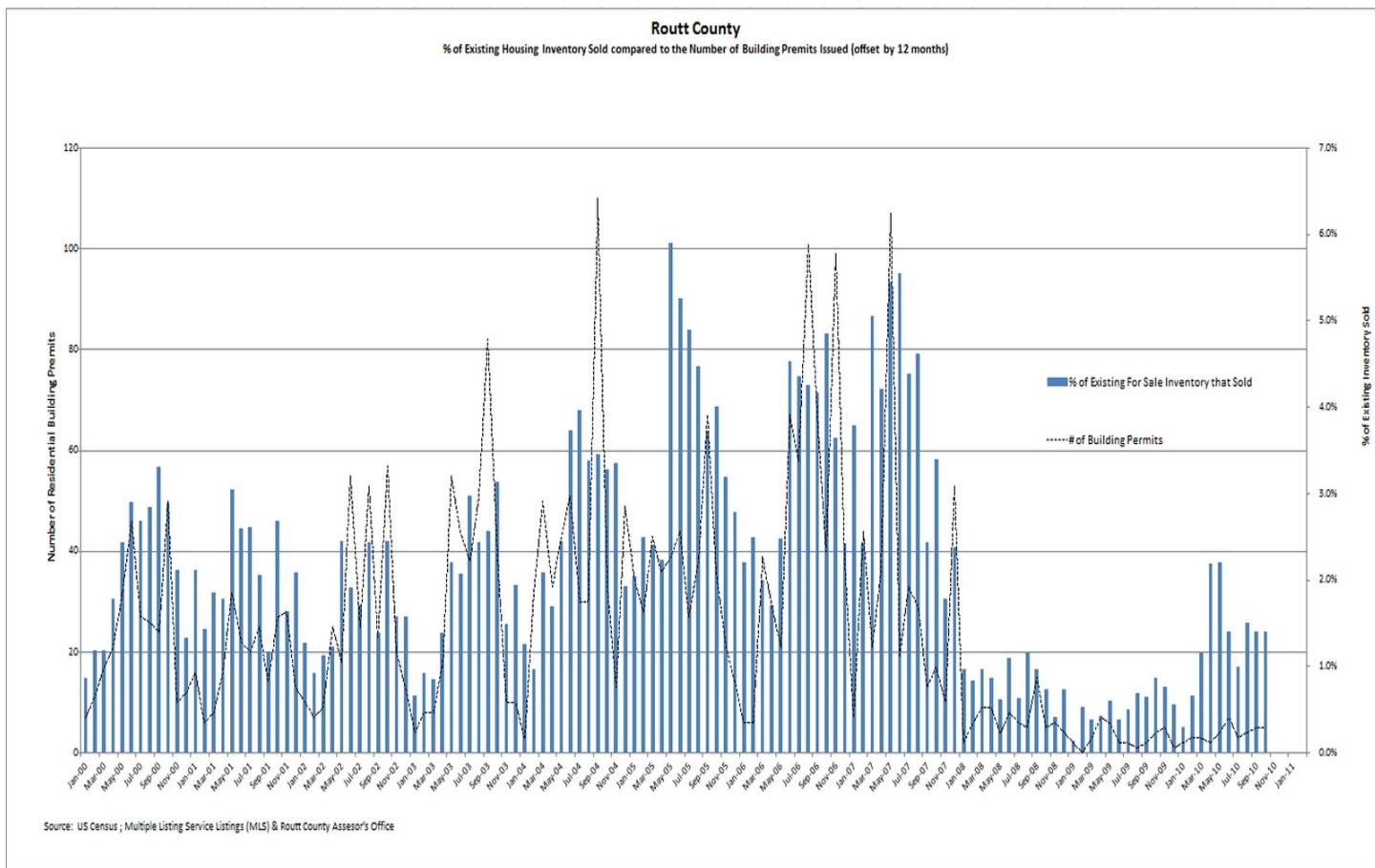
At its peak in third quarter 2007, the Routt County construction sector had 488 business establishments with employees and was generating 3,200 jobs. As of the second quarter of 2011, this sector has contracted to 343 business establishments and generating 1,005 jobs. This represents a business establishment decline of 30% and 69% loss of jobs. The current recession has impacted this industry sector the more than any other sector.

Although there are some commercial projects occurring, the resumption of residential construction housing units is still many years away according to YVDP construction predictor. The key factor that will influence this important forecasting indicator is the reduction of the “for sale” inventory. We are projecting that for 2012 the percentage of single-family homes sold in any given month to existing inventory will average 1.4%. This percentage will need to increase to 2.5% and above on a sustained basis for 12 to 18 months before there will be any significant increase in new home construction.

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Sustainable Wage

Every two years the Colorado Center on Law and Policy produces a Self-Sufficiency Report. The report states the income an individual or family unit would need in order to have sufficient income to avoid dependence on state or federal government programs. This is an important indicator because it provides a good bench mark to measure the types of jobs that are being created in the local economy. Some job types created in the economy can be costly if they're minimum wage or lower.

In Moffat County an individual would need to be earning \$9.36 per hour and a family unit with two school age children would need to be earning \$12.49 per hour per adult to be considered "self-sufficient". In Routt County these numbers are \$11.16 and \$16.00 dollars respectively.

**Moffat and Routt Counties
Self Sufficiency Standard**



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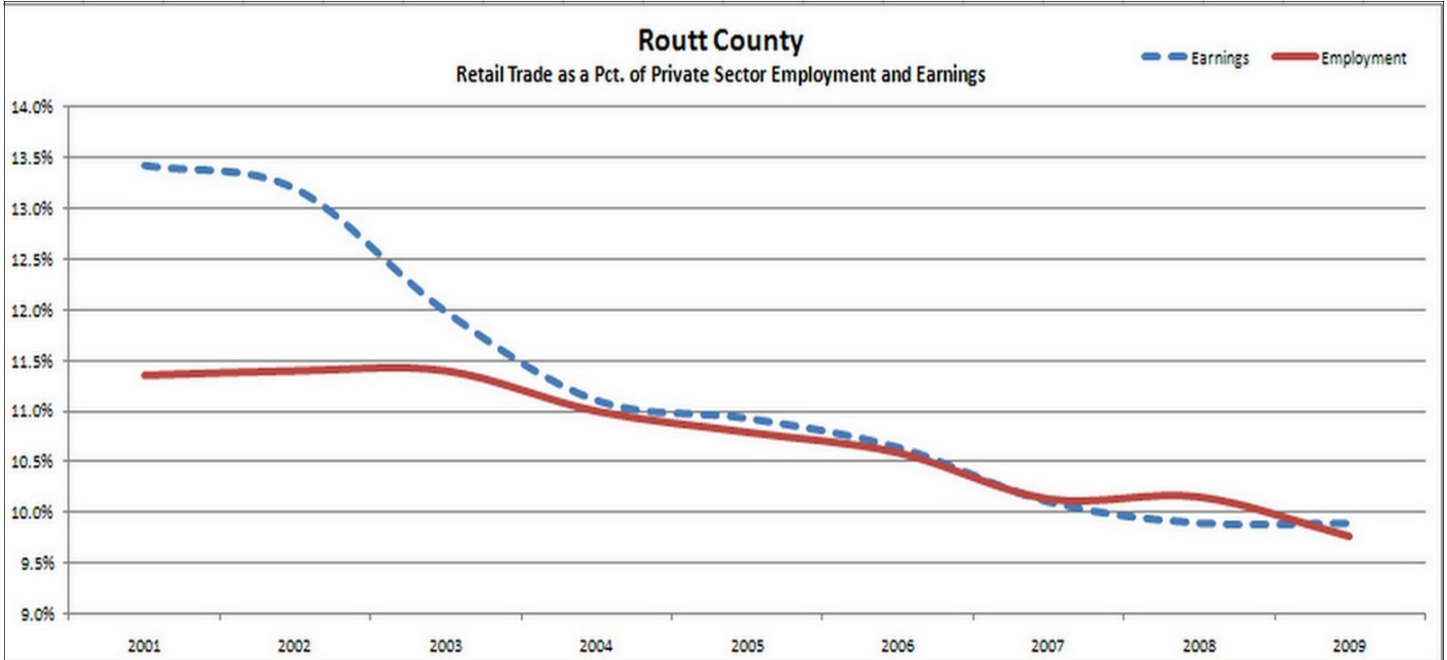
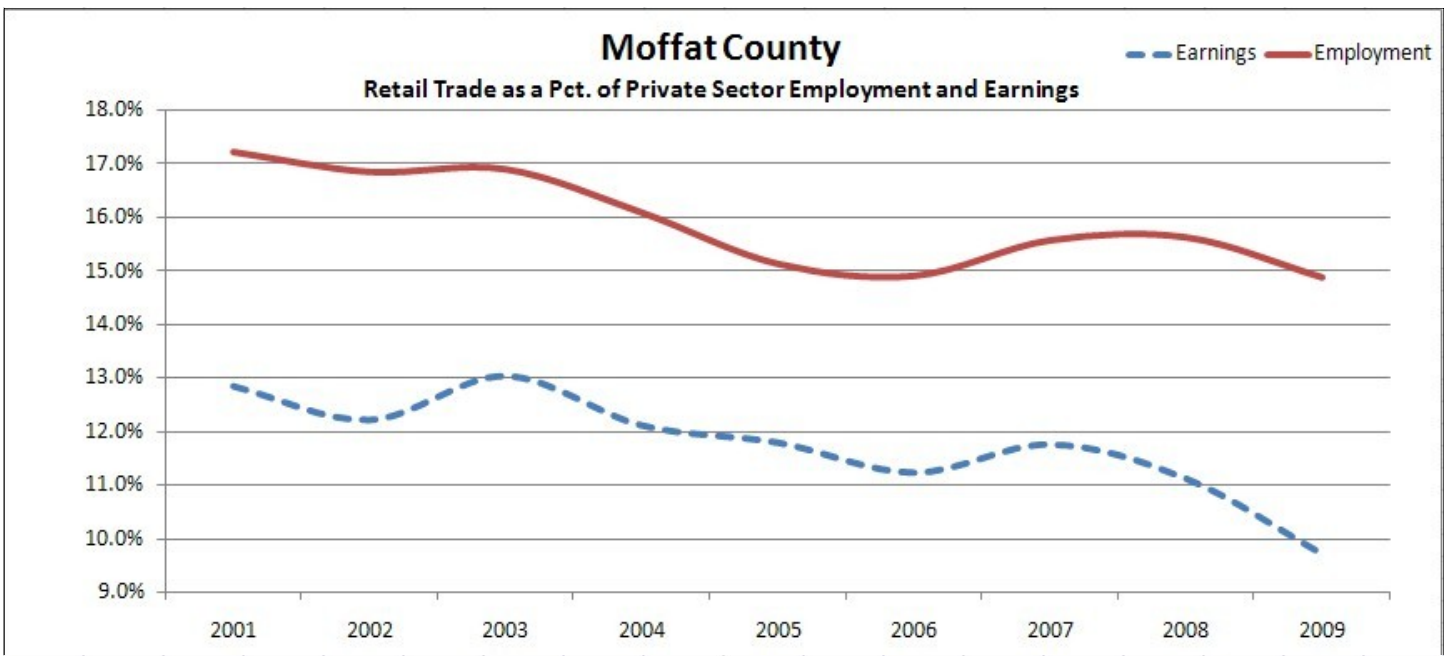
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Spotlight on Retail Sales

If someone was to ask, "How is business doing in the Yampa Valley?" the vast majority of responses would be to reference shopping or retail. Everyone engages in this activity on a daily basis and yet, its economic impact is not well understood. The retail trade sector is one of the few sectors that every state, city, county and country share.

Sales tax collections are often associated with retail trade transactions and often sales tax collections are viewed as the primary benefit of retail trade activity in the economy. Although sales tax collection is important and this data is readily available, its value in assessing economic impact and benefit of the retail trade sector is limited. Therefore, the focus of YVDP's analysis will be on the retail trade sector's contribution to private sector employment and earnings. We will also give an estimation of household purchasing power and how much of that purchasing power is local.



Retail Sales

Over the past ten years on a national and statewide basis, the retail trade sector has been declining as a percentage in the economy. This trend is also evident in Moffat and Routt counties. Many factors may contribute to this decline. On the national and state level, a majority of the decline can be attributed to an increased shift by consumers to purchase at big box retailers. An example would be "everyday low prices are not a result of everyday high wages."

What is the retail purchasing power of a Moffat or Routt County household? To answer this question we begin by using 2010 US Census data to determine median household earnings. For Moffat County this was \$54,615 and for Routt \$64,892. Using Bureau of Labor Statistics we can calculate what the disposable income which is available for the household to spend on goods and services after taxes. For this example we are using the national average of 78.7%.

Not all of disposable income is spent in the retail trade sector. Using Bureau of Labor Statistics on household spending, the percent spent on items such as shelter, insurance, health care, personal services, etc. can be subtracted. This results in a reasonable estimate of the percent of household disposable income available for retail trade purchases. This amount is 22%. Next, using the Routt County Consumer Preference Survey, a reasonable estimate can be made about how much of this 22% is being spent locally.

Moffat County

Median Household Income	Available Disposable Income	Estimate of Disposable Income Spent in Retail trade.	Estimate of Retail trade Spent Locally
\$54,615	\$42,982	\$9,456	\$7,163

Routt County

Median Household Income	Available Disposable Income	Estimate of Disposable Income Spent in Retail trade.	Estimate of Retail trade Spent Locally
\$64,892	\$51,070	\$10,980	\$8,511

The estimates above include only consumables such as groceries, supplies and apparel. Big-ticket items such as vehicle purchase and appliances have been excluded in this analysis.

It is estimated that Moffat households have a current retail trade purchasing power of \$50 million annually. In Routt County the amount is about \$107 million. In both counties, the households are shopping locally about 80% of the time. The high percentage of local shopping often surprises people. Groceries annually represent the largest retail purchase in a household and well over 95% of grocery purchasing is local.



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Strengthening our community through data and collaboration

Challenge Grant Success



Thank you to Wells Fargo for a \$3000 challenge grant. Through individual and business donations, we have earned \$2800 toward our goal. Thank you to our donors listed below.

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Regional Energy Plan

Several exciting meetings happened last quarter in regards to fostering energy efficiency in our valley. Key people from each of the three county and municipal governmental entities convened with Dr. Jeni Cross of CSU to learn how to transform their organizations into energy efficient, cost-saving companies. There were many great ideas shared but more importantly, the valuable time of similar governmental positions sharing successes and problems helped foster long term relationships.

The energy plan steering committee met and decided on a couple of goals in the first quarter of 2012. The team will create a educational brochure resource for the valley. We also see a need to increase and enhance the carpooling efforts in the three county region. Be on the lookout for some announcements regarding these initiatives.

Yampa Valley Data Partners Elects New Officers

Last quarter we elected Tyler Jacobs, Chairman, Randy Rudasics Vice-Chair, Tom Krabacher, Treasurer and Meg Bentley as Secretary. Thank you to Terry Carwile for serving as our past Chair. We thank Darcy Owens-Trask and Jamie Kingsbury for their service to the board of directors as they move on to other endeavors. We welcome new board members Greg Dixon, First National Bank of the Rockies and Matt Anderson from the BLM.



Yampa Valley Data Partners *Board of Directors*

- Matt Anderson
- Meg Bentley
- Terry Carwile
- Greg Dixon
- Tyler Jacobs
- Pamela Kinder
- Tom Krabacher
- Randy Rudasics

Yampa Valley Data Partners *Mission*

The mission of Yampa Valley Data Partners is to strengthen the communities in our region through collaborative partnerships and through providing relevant, timely and accessible data to decision makers.