

On the Road to Steady Economic Recovery



For the past 24 months both Moffat and Routt counties have been on the road to steady and sustained economic recovery. This does not mean that there are not some bumps in the road that will at times slow the pace, but those bumps are most likely due to national and international news and the whims of mother nature.

Most of the industry sectors have recovered to their pre-recession levels with the exception of construction. The construction industry seems to have found a floor at about 50% of its employment and aggregate personal income of its 2007/08 levels. In retrospect, it is impressive that the valley-wide economy was resilient enough to withstand the impact of the significant loss of construction employment and earnings.

Strengthening resiliency is one of the underlying objectives of most economic development efforts. Critical to these efforts understands where the Yampa Valley economy has been and where it is going. To assist in this effort Yampa Valley Data Partners is now accessing two databases that provide unique insights in the Moffat and Routt County's economy. The information in these two databases helps us understand our local economies much better.

National Establishment Time-Series (NETS) database

This database helps identify what have been the components of growth within the local economy by analyzing the sources of the creation and loss of jobs. Findings from research can be found on page 10 and 11.

The Longitudinal Employment-Household Dynamics (LEHD) database

Economic data is best viewed in the context of other data ranging from workforce demographics to commuting patterns. This is one of the

most powerful economic development data-base tools that will provide useful and up-to-date local statistics for **decision and policy-making purposes**. Highlighting a small fraction of the data is on page 9.

Although national consumer confidence remains low, YVDP is projecting a modest increase in retail sales in the third quarter when compared to the 3rd quarter of 2012. The biggest challenge in achieving this modest increase may be a decline in summer visitors anxious to enjoy the camping, hiking, fishing, tubing, etc. How many will opt to simply stay home because of drought conditions and wild fire dangers?

The economic stress factor due to employment will plateau in positive territory between a value of .015 and .035 for the balance of the year. This is good news if one is looking for work, however, with the indicator values in this range, employers, specifically in accommodation/food services and retail trade sectors, will find it increasingly challenging to attract new employees. Using the LEHD database the turnover rate for these two industries sectors in Moffat County are 20% for accommodation/food services and 12% for Retail Trade. In Routt County the numbers are 22% and 17% respectively. Statewide the numbers are 18% and 13%.

Over the past year the rate of foreclosures has been slowing which is good news. However, there is also a increase in the number of homes for sale which will likely keep prices at existing levels.

In summary the economic indicators outlined in this quarters' economic forecast continue to point to continued economic recovery, however, the steady improvements will not be dramatic.

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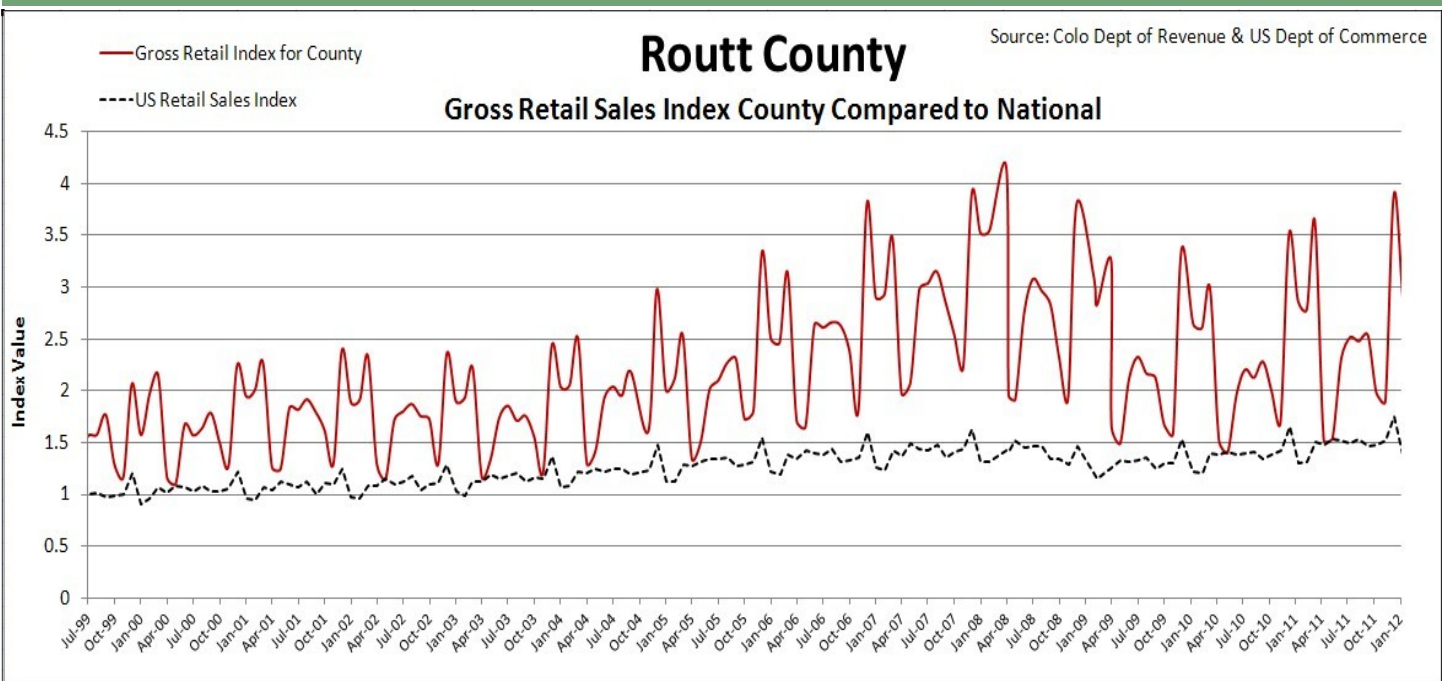
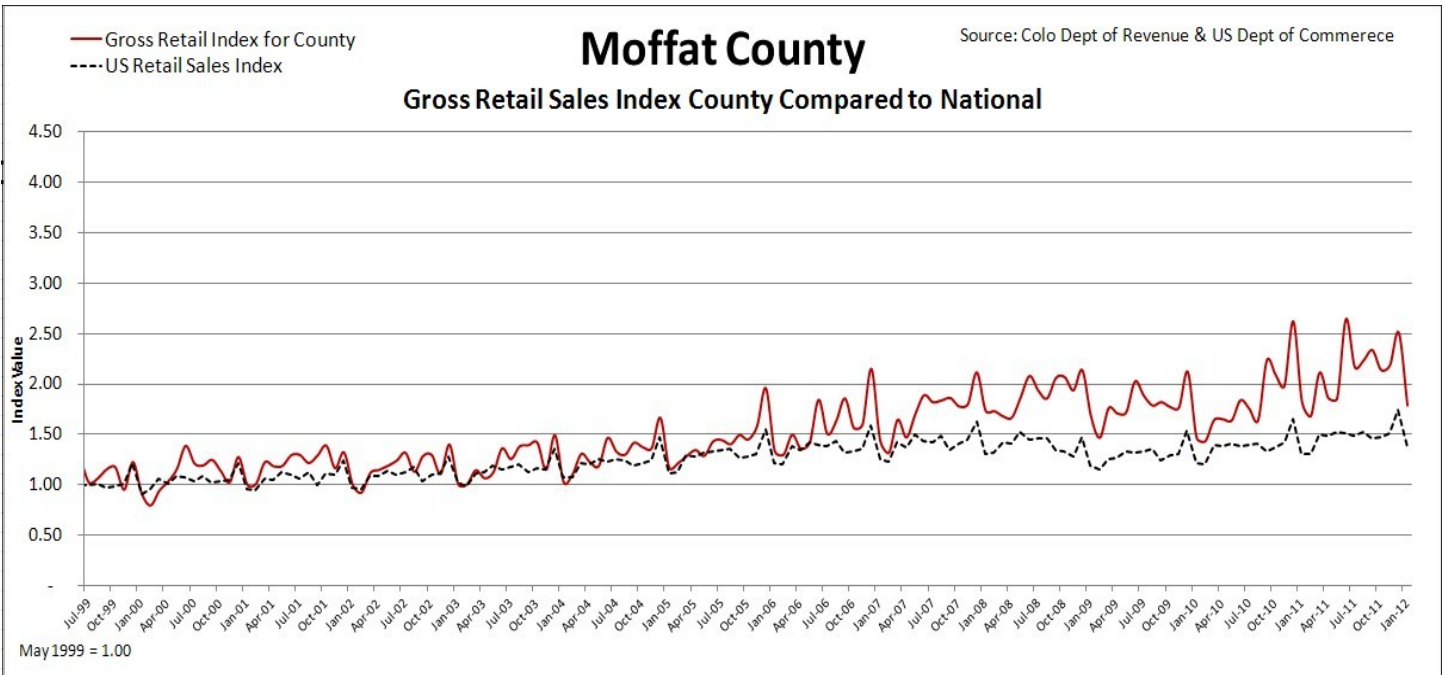
Inside this issue:

Retail Sales	2-3
Retail, Employment	4-5
Real Estate	6-7
Construction	8
ED Powerful Tool	9
Spotlight on Jobs, Jobs, jobs	10-11
Yampa Valley Data Partners	12

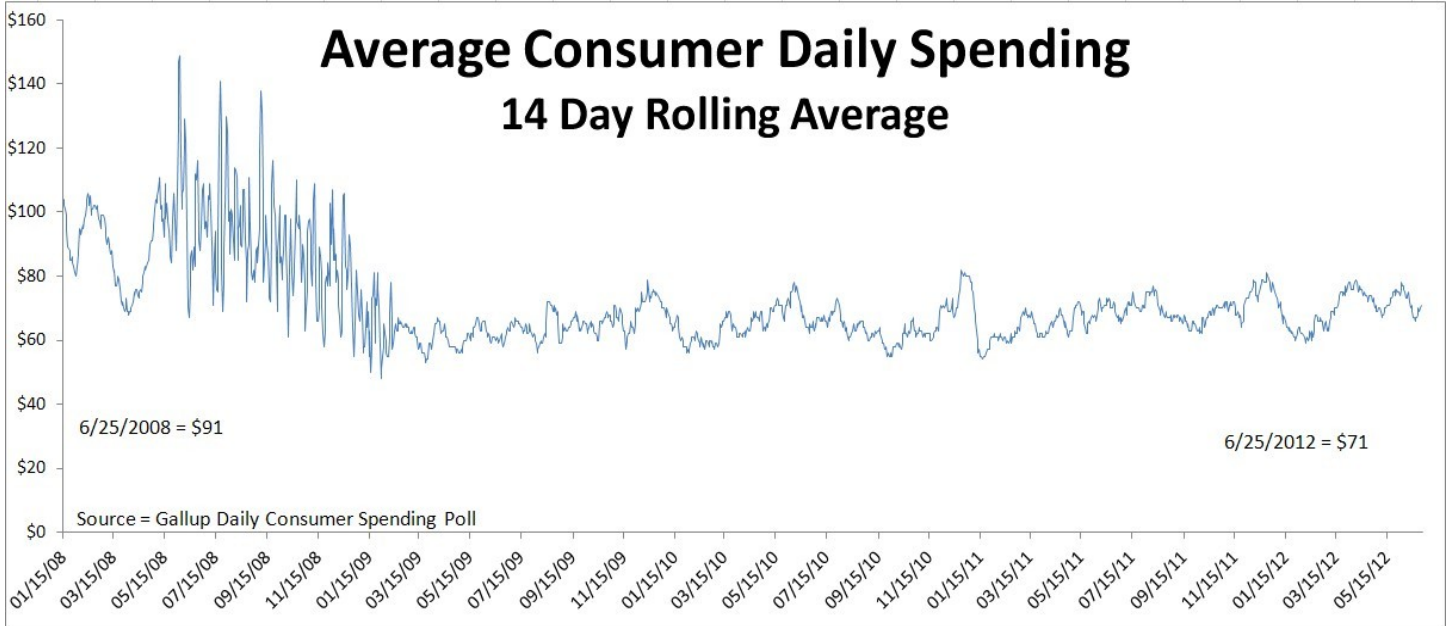
Gross Retail Sales

The US Department of Commerce is forecasting an increase in retail sales (July - September) over the prior year. This is good news; however, it needs to be tempered with the Conference Board's Consumer Confidence Index. The index is still at historical lows (64.7 which is up slightly from the prior year at this same time (61.7). Locally it is projected that sales will increase modestly in the 3rd quarter mainly because the consumer does not have the confidence

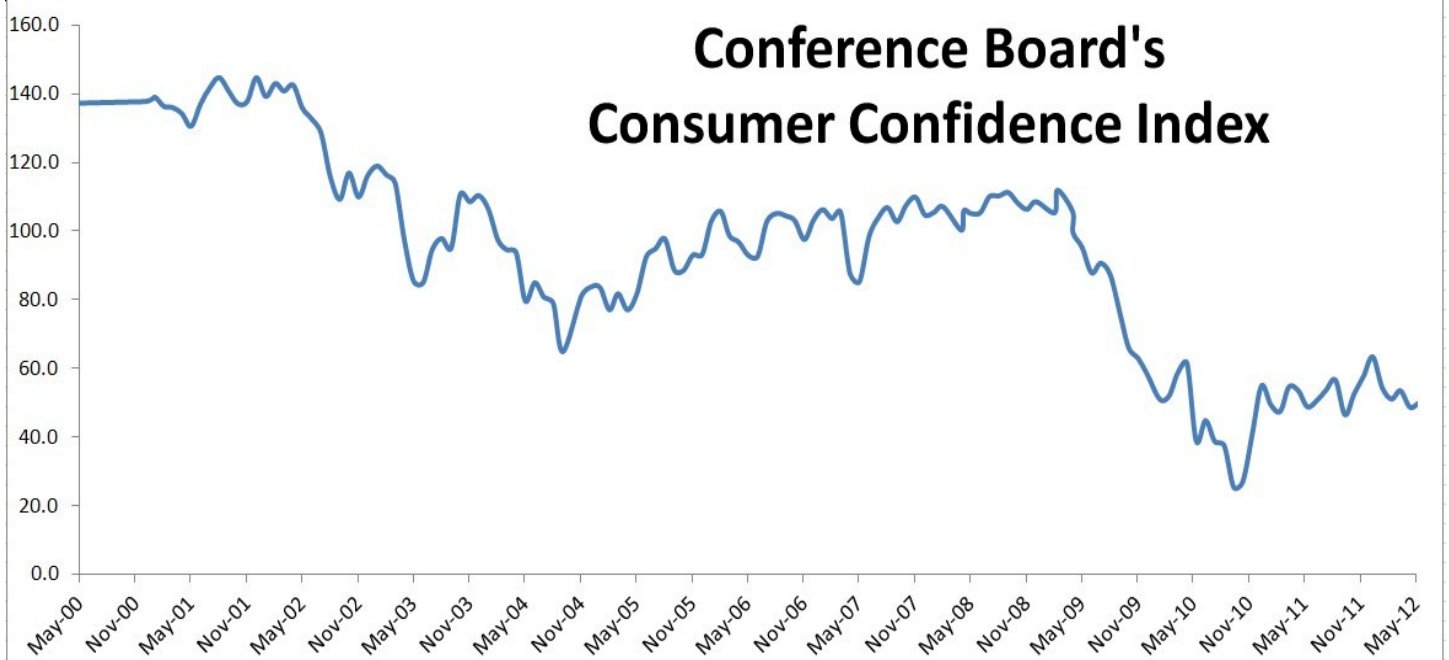
in the economy although they feel a better about their situation than they did last year. Consumer daily spending continues to improve. During the 3rd quarter daily spending will likely improve to in the range of \$70 to \$75 per day. This is \$2 to \$3 per day improvement over the prior year. However, how the trends will manifest at the county level will vary.



Consumer Spending



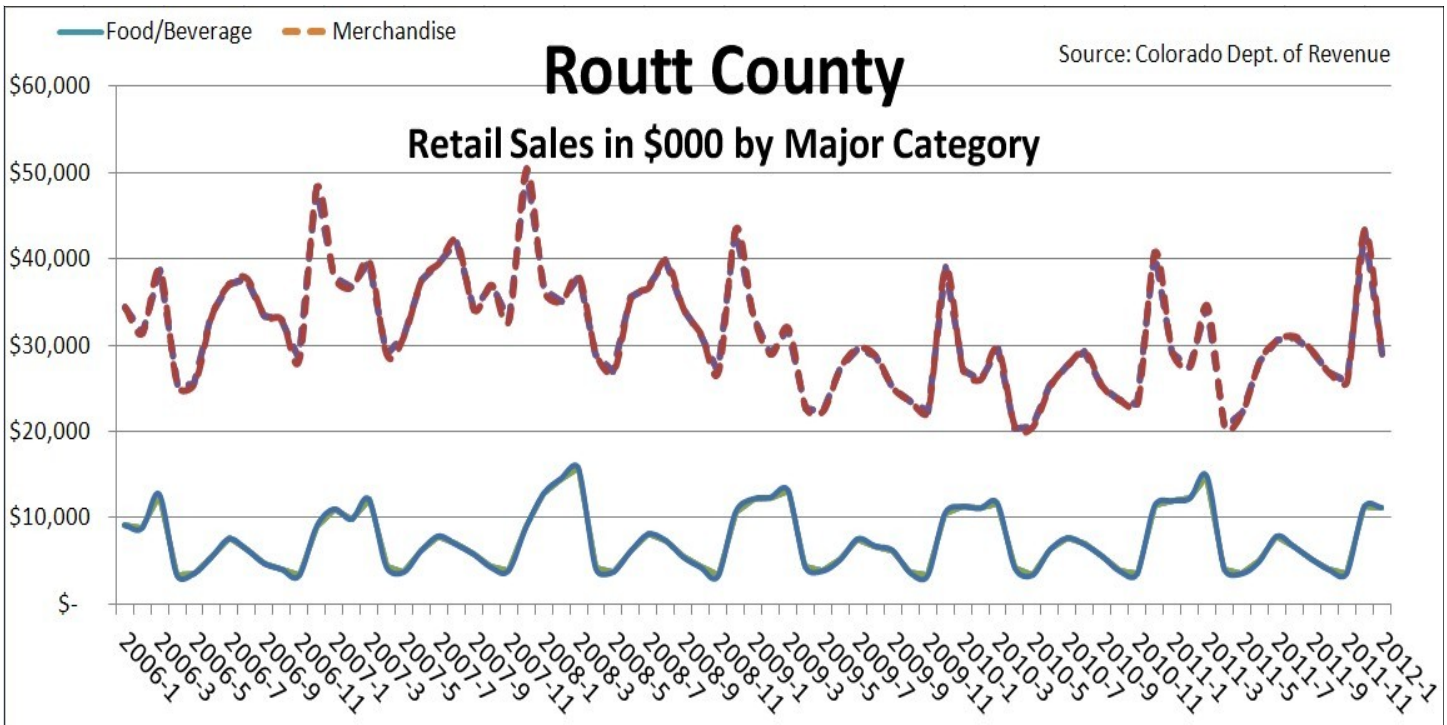
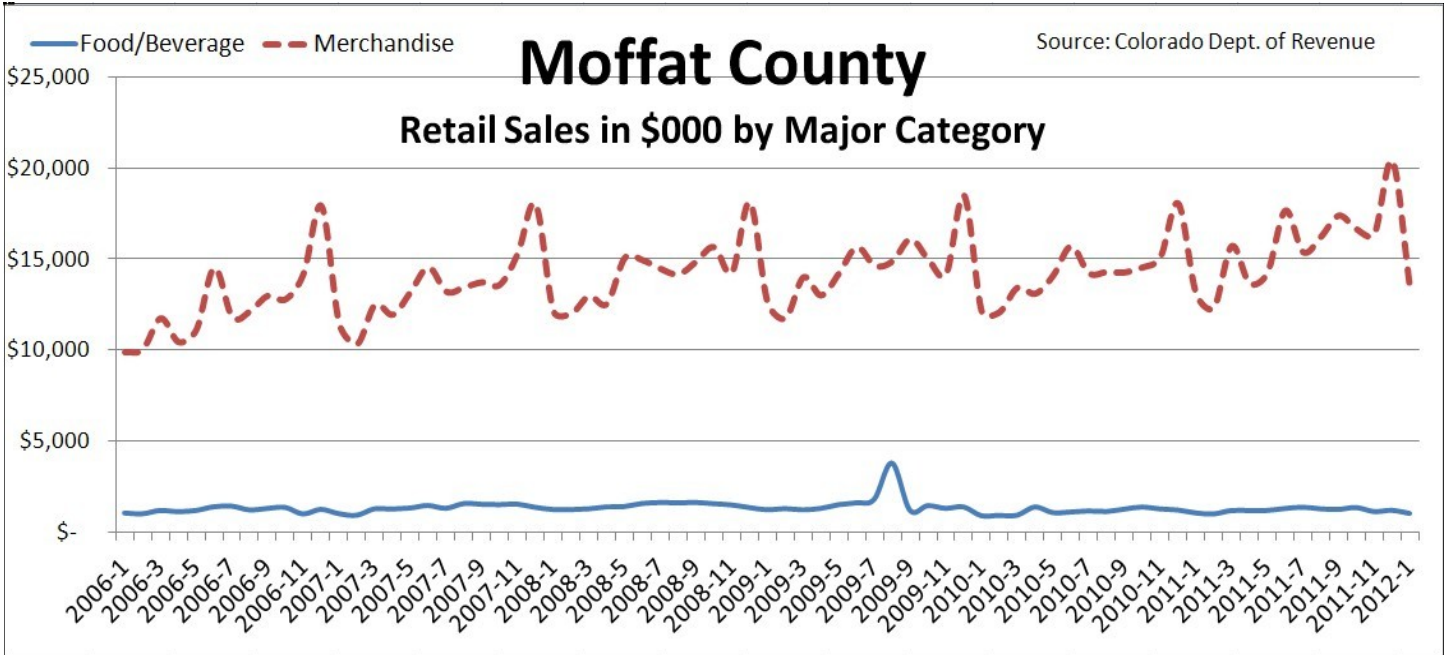
Moffat County Gross Retail Sales Forecast					Routt County Gross Retail Sales Forecast				
Date	Yr over Yr %	Retail Sales Forecast	50% +/-	80% +/-	Date	Yr over Yr %	Retail Sales Forecast	50% Correct +/-	80% Correct +/-
Jul-12	4.7%	\$42,334,000	2.1%	4.6%	Jul-12	4.7%	\$74,961,000	2.1%	4.6%
Aug-12	5.6%	\$35,039,000	2.4%	5.4%	Aug-12	5.6%	\$74,553,000	2.4%	5.4%
Sept12	6.3%	\$36,329,000	2.7%	6.0%	Sept12	6.3%	\$76,886,000	2.7%	6.0%



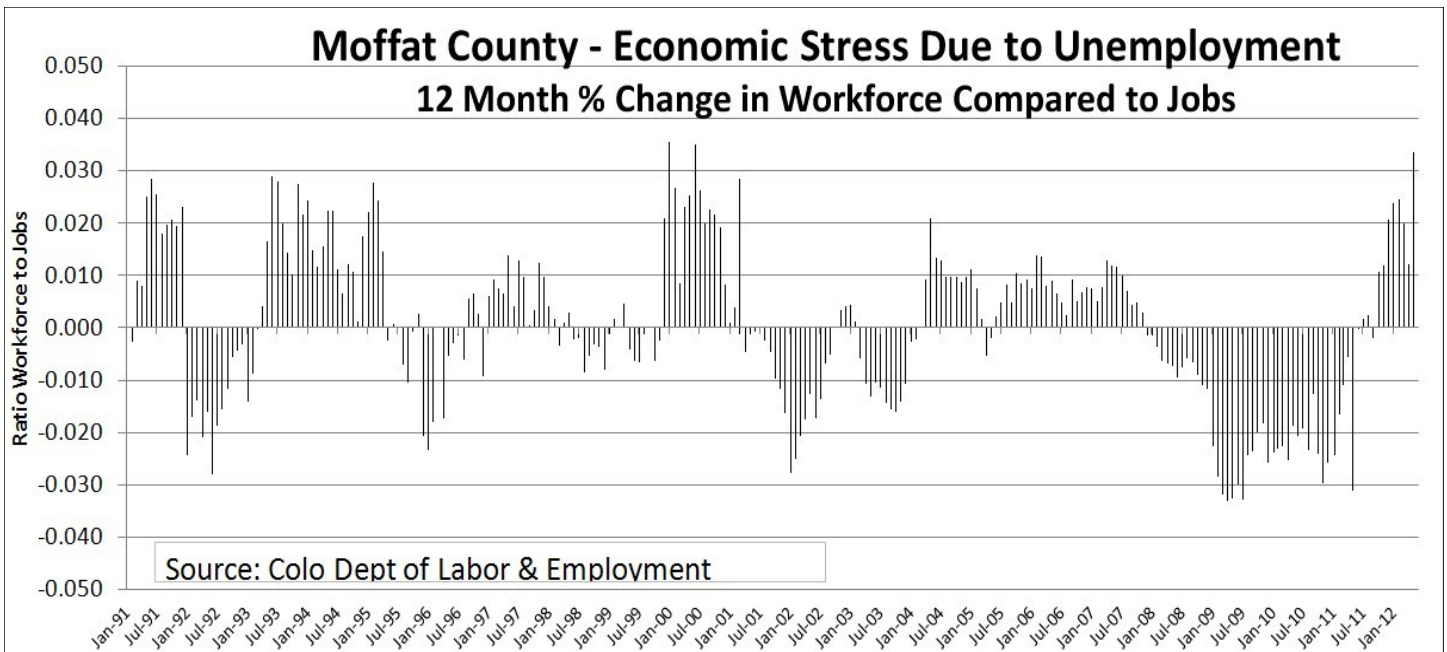
Retail Sectors

Information regarding Food/Beverage and Merchandise are being provided to better assess trends in this important sector. In both counties these two categories account for over 50% of total retail sales and are the most sensitive to consumer mind-set at any one the time. For both counties food/beverage sales will remain essentially unchanged. It

is about the same as it has been since January 2006. When viewed historically the 3rd quarter is about 20% higher than the 1st quarter activity in Moffat County and 15% lower in Routt County. The reason for the drop in Routt County is due to fewer visitors, fewer staying in paid lodging and lower lodging rates.

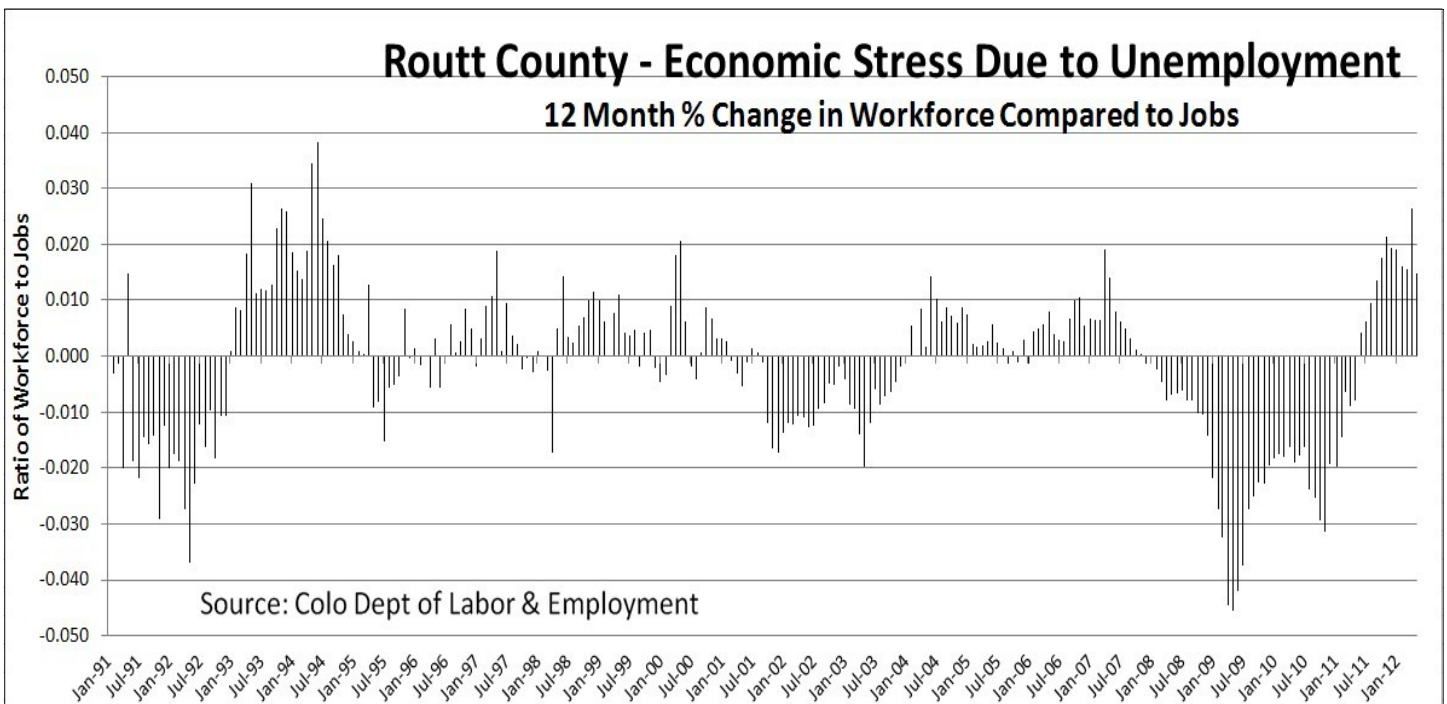


Employment & the Economic Stress Indicator



The key word in reviewing this indicator is balance. If the stress indicator is above or below zero by a margin of .025 the economy will experience stress due to employment. If the indicator runs positive at .025 and over, employers will experience difficulty in attracting and /or retaining staff. If it is negative .025, individuals will experience difficulty in

finding steady employment. During the past 6 months the value for Moffat County is positive .022. For Routt this value is .019. Both of these ratios are high enough that it is very likely there will be labor shortages in selected industry sectors as we enter into the fourth quarter.



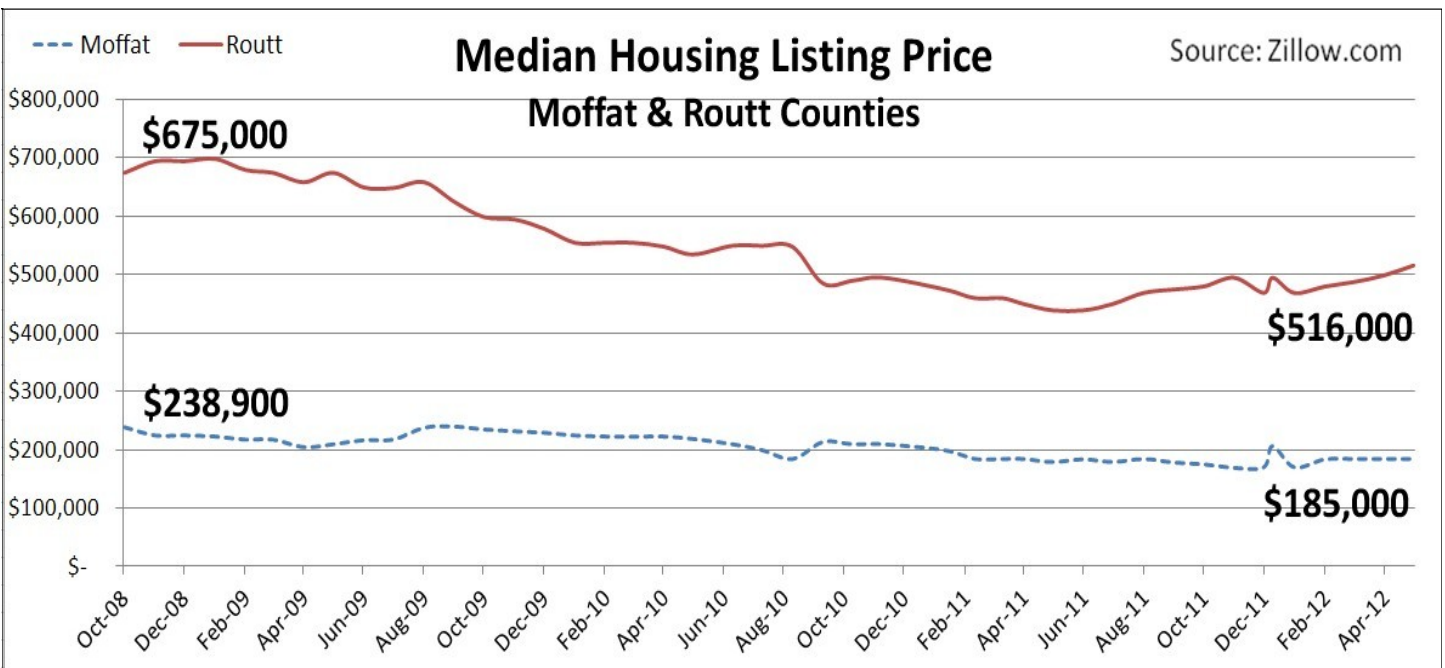
Real Estate

Good news! It appears the median listing prices has stabilized in Moffat County and is increasing slightly in Routt County. The May 2012 median listing price for a home in Moffat County is \$185,000 and \$516,000 in Routt County. Although these levels represent a 23% decline in both counties since the peak in October 2008, listing prices in Moffat County are unchanged from last year and prices in Routt have increased by 17.5%. The inventory of homes for sale in both counties is beginning to increase this positive trend likely due to a shadow inventory beginning to show. This shadow inventory will continue to moderate price appreciation. The next six months may represent one

of the best “value” time for real estate purchases in the Yampa Valley that we’ll see for many years to come.

There continues to be a steady decline in the number of properties that are in the process of foreclosure. As of February 2012 In Moffat County the foreclosure ratio was 1 to 516, which means that out of the 6,196 housing units 12 were in foreclosure proceedings. In Routt the ratio was 1 to 1,087 or 15 properties. In both counties this is a slower pace than what was seen during the second and fourth quarters of 2011.

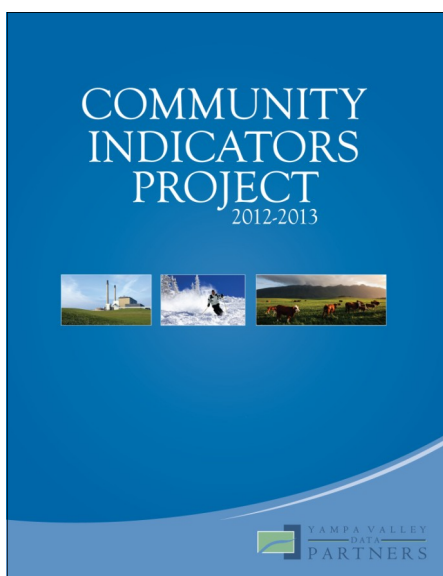
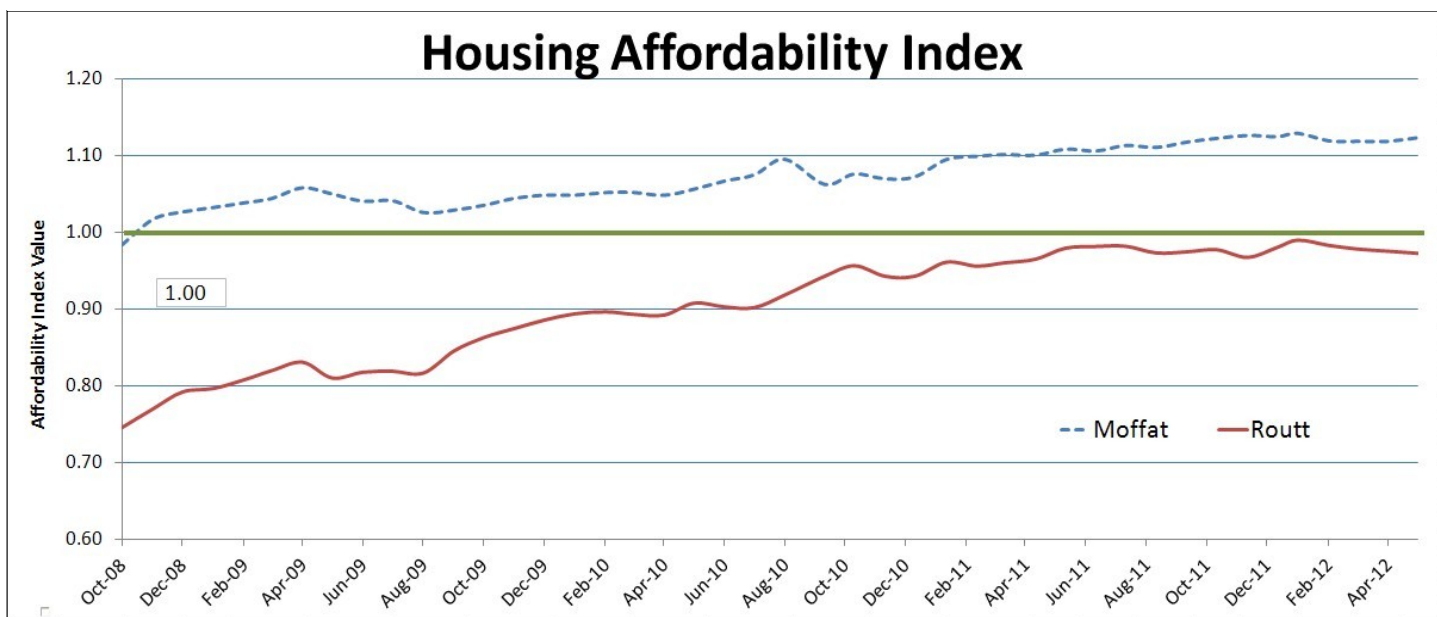
Comparative Median Listing Price and Foreclosure Data May 2012								
	Moffat	Routt	Eagle	Garfield	La Plata	Summit	Colorado	National
Median Listing Price	\$185,000	\$516,000	\$799,000	\$289,000	\$320,000	\$399,000	\$269,000	\$189,000
Change								
Month o Month	2.8%	3.4%	0.5%	5.1%	4.9%	-0.2%	3.5%	2.2%
Quarter o Quarter	0.0%	7.7%	-0.1%	9.1%	7.0%	-0.2%	6.7%	5.0%
Year-o-Year	2.8%	17.5%	20.6%	0.0%	-2.7%	-9.1%	7.6%	0.0%
Foreclosure Ratio	1 in 516	1 in 1,087	1 in 417	1 in 343	1 in 1,616	1 in 4,974	1 in 677	1 in 635
Est. Housing Units	6,196	16,303	31,312	23,309	25,860	29,842	2.2 Million	130 Million
Source= Zillow & RealtyTrac								



Real Estate—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 the 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.



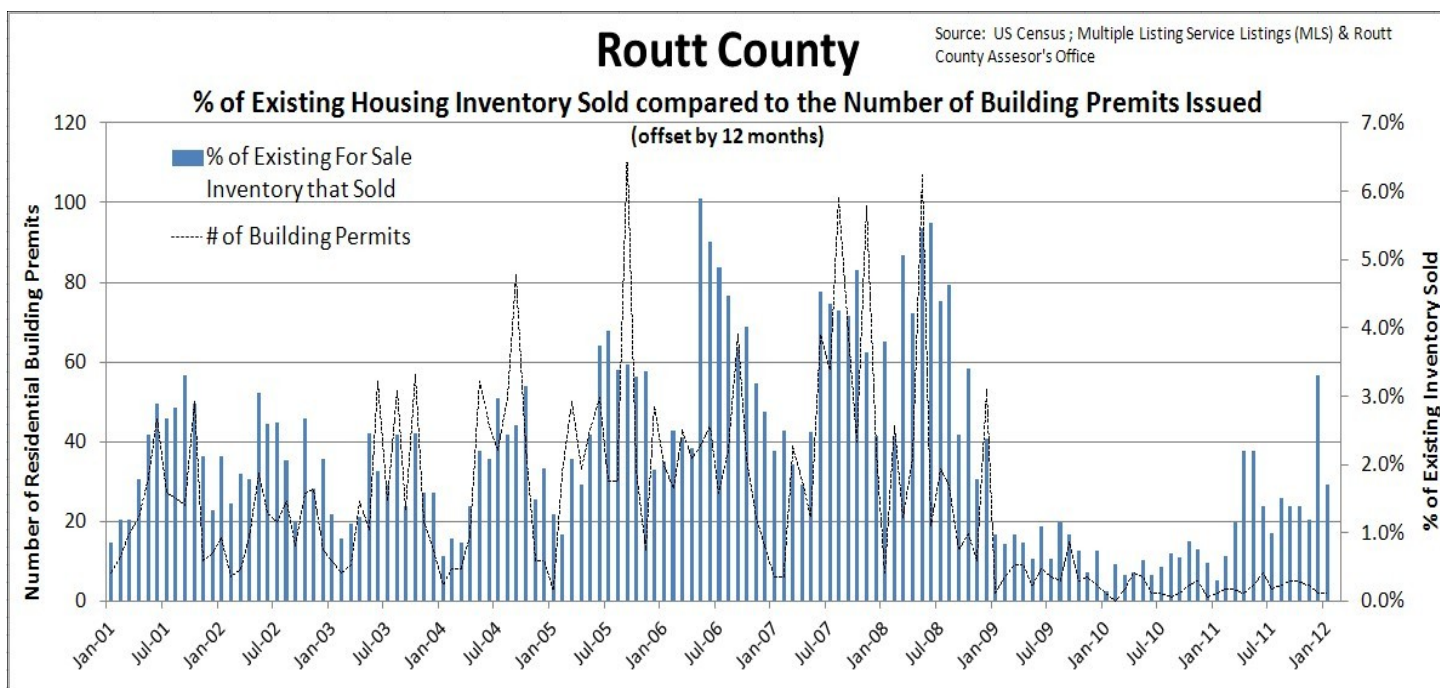
New Community Indicators Project

This executive reference is a must-have for your desk. Reference more than 300 data points on line. Key findings from the latest data sources are highlighted in civic, economic, environmental and social sectors. Pick up your copy today the library, courthouse, city hall or chamber. Or email kate@yampavalleydatapartners.com to request a copy.

Construction - Routt

This industry sector will continue to stay just a shadow of its heyday in 2007. The peak of activity in this industry sector took place during the 2007 3rd quarter. At that time the construction industry sector accounted for about 30% of local employment and was the source of 30% of household income. As we approach the 3rd quarter of 2012 we expect the numbers to be slightly less than 50% of the 2007 peak.

Yampa Valley Data Partners has developed a residential construction predictive indicator that measures the ratio between inventory and the single family home sales. The average ratio for the 24 month period ending May 2012 was 1.5%. This ratio 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.



Newly Discovered Powerful Economic Development Tool

Yampa Valley Data Partners now has access to the Longitudinal Employment Household Dynamic (LEHD) database. Information comes from a variety of sources including

- Department of Labor's quarterly census of employment and wages
- State occupational projections
- Department of Education's (DOE) common core of data
- DOE Integrated Postsecondary Education Data System,
- Census Bureau's Local Employment Dynamics (LED),
- Census 2010, American Community Survey, Population Estimates, and County Business Patterns.

This is one of the **most powerful economic development** database tools that will provide useful and up-to-date local statistics for **decision and policy-making purposes**.

Newly Discovered Economic Development Tool continued

The table below is a summary of data extracted from this data base.

Moffat & Routt Counties - All Industry Sectors			
	Moffat	Routt	Colorado
Total Employment	4,012	12,368	2,090,403
Net Job Flows	14	159	29,577
Job Creation	338	1,672	187,539
New Hires	675	2,211	334,043
Separations	885	3,377	437,003
Turnover	11.1%	16.4%	12.1%
Avg. Monthly Earnings	\$ 3,639	\$ 3,713	\$ 4,032
Avg. New Hire Monthly Earnings	\$ 2,102	\$ 2,190	\$ 2,703

Glossary of Terms

Total Employment	Total number of workers who were employed by the same employer in both the current and previous quarter.
Net Job Flows	The difference between current and previous employment at each business. This helps answer: <ul style="list-style-type: none"> • Which industries are expanding their employment? • Which industries are contracting their employment?
Job Creation	The number of new jobs that are created by either new area businesses or the expansion of employment by existing firms. This helps answer: <ul style="list-style-type: none"> • What industries are creating the most jobs?
New Hires	Total number of workers that were also not employed by that employer during the previous four quarters. This helps answer: <ul style="list-style-type: none"> • What industries are hiring the most workers? • Which industries are hiring older workers? • Which industries are hiring young workers?
Separations	Total number of workers who were employed by a business in the current quarter, but not in the subsequent quarter. This helps answer: <ul style="list-style-type: none"> • What workers are leaving jobs? • What industries are workers leaving?
Turnover	Turnover Rate: This ratio helps answer: <ul style="list-style-type: none"> • What is the turnover rate in the workforce? • What proportion of workers is new?
Avg. Monthly Earnings	Total quarterly earnings of all full-quarter employees divided by the number of full-quarter employees. This helps answer: <ul style="list-style-type: none"> • What are the average earnings of core employees?
Avg. New Hire Monthly Earnings	Total quarterly earnings of all full-quarter new hires divided by the number of full-quarter. This helps answer: <ul style="list-style-type: none"> • What are new hires earning in an industry sector?

Curious about what is going on in your industry sector? There is no need to guess when you can know. contact Yampa Valley Data Partners (970) 824-1133 or info@yampavalleypartners.com

Spotlight on Job Growth

All economies are dynamic with business establishments opening and closing, establishments expanding or contracting as well as establishments moving in or out of an area. Over the last 15 years in the Yampa Valley 18,017 jobs have been created and 13,866 jobs have been destroyed as a result of this dynamic activity.

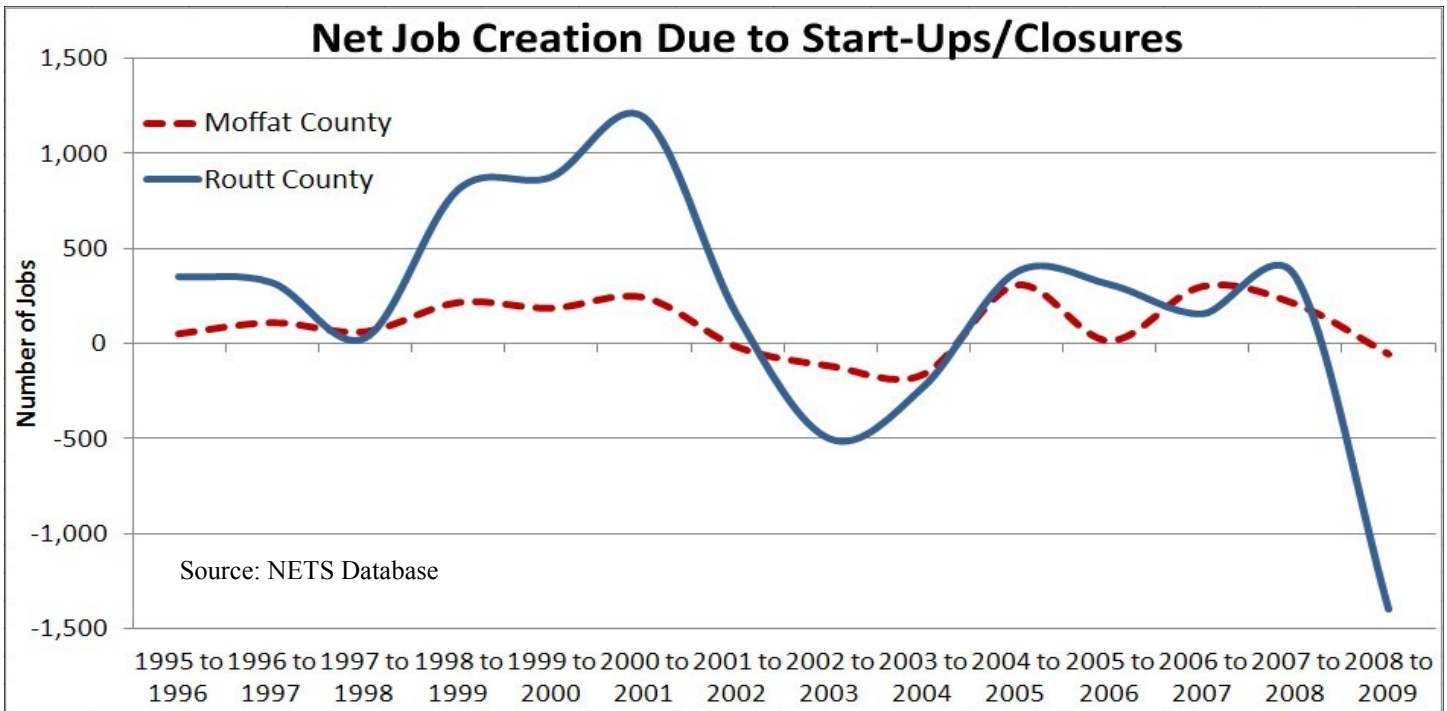
In this issue of the quarterly economic forecast, Yampa Valley Data Partners has undertaken the most comprehensive analysis ever done locally regarding the source of job growth. The purpose of this in-depth study is to understand what is driving job growth in each of the Yampa Valley counties.

Using the National Establishment Time-Series (NETS) Database developed by Dun and Bradstreet YVDP has explored the underlying dynamics of how jobs are created, sustained and lost. One of the key advantages of the NETS is that is one of the best reflections of full-time private sector establishments.

Moffat County

Since 1995 business establishments in Moffat County have on a net basis been responsible for the creation of just over 2,000 jobs. (7,938 jobs were created and 5,903 jobs were loss.) Start-up firms accounted for 66% of this net job creation. Firms that expanded accounted for 31% and firms that moved into area accounted for 3%.

For Moffat County a majority of the job growth over the past 15 years has been associated with start-ups. Economic development strategies that promote and foster a culture of entrepreneurship will likely have a strong return on investment the effort. However, on an average basis over time only about 1/2 of the jobs created will survive. This means that measureable progress will be slow and that likely less than 100 jobs on a net basis will be created.

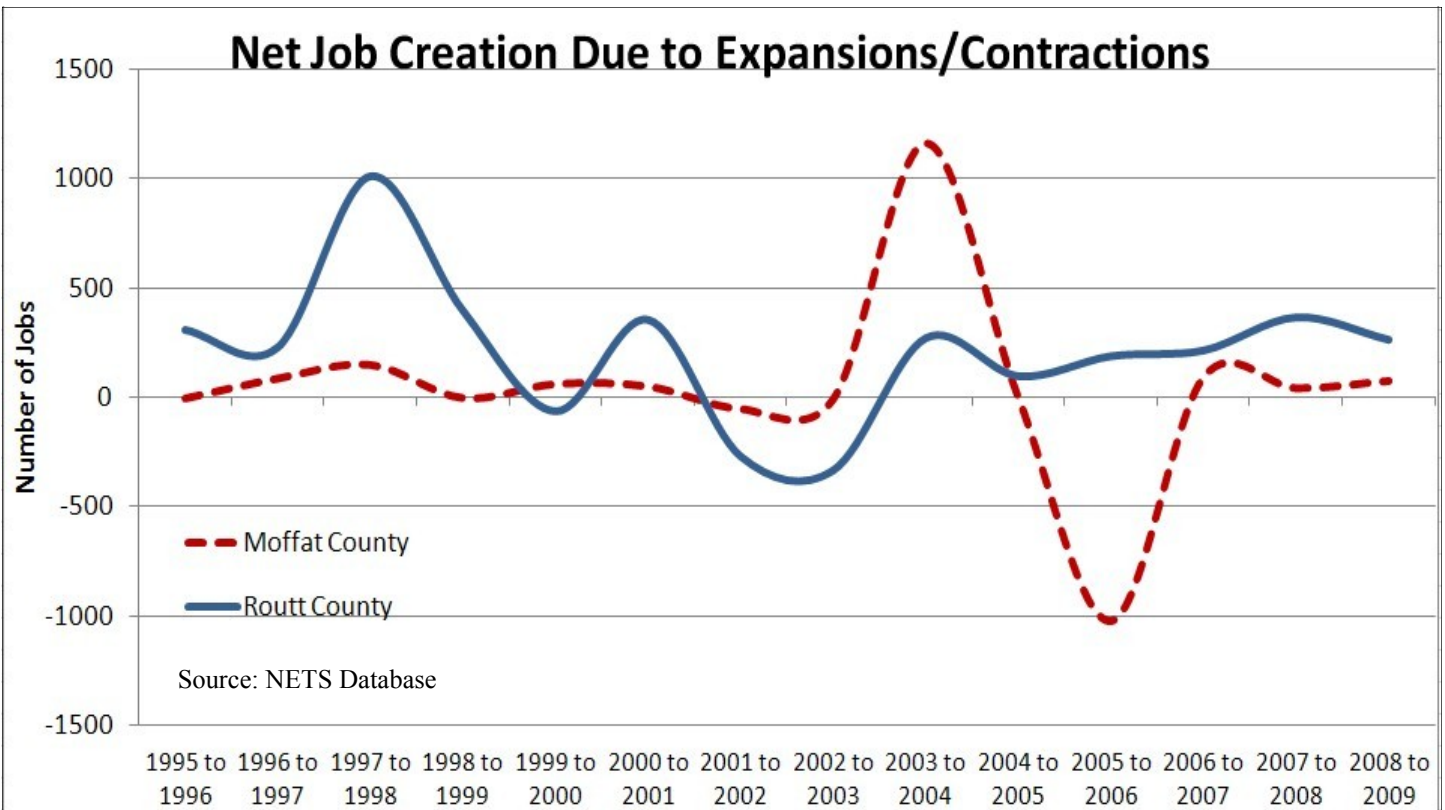
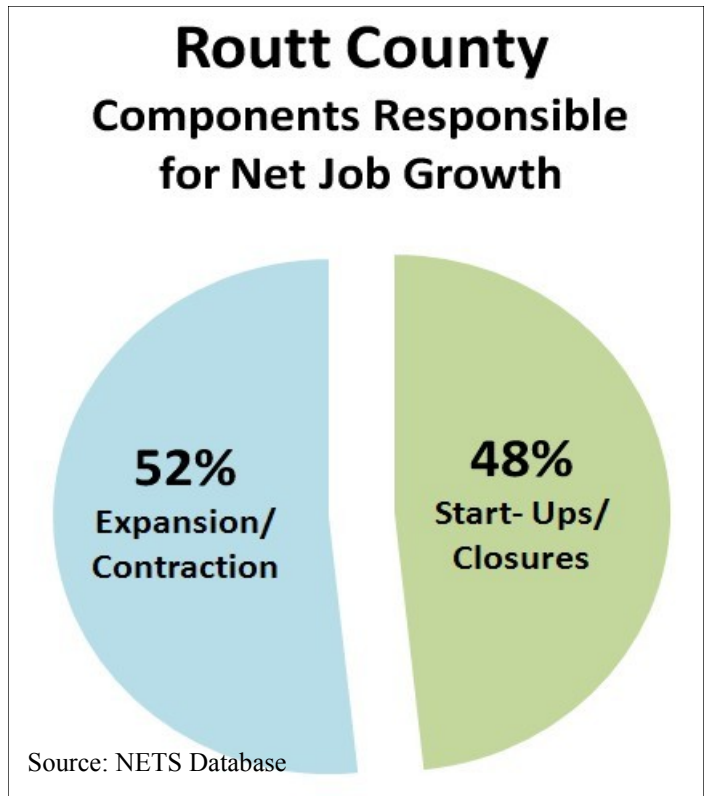
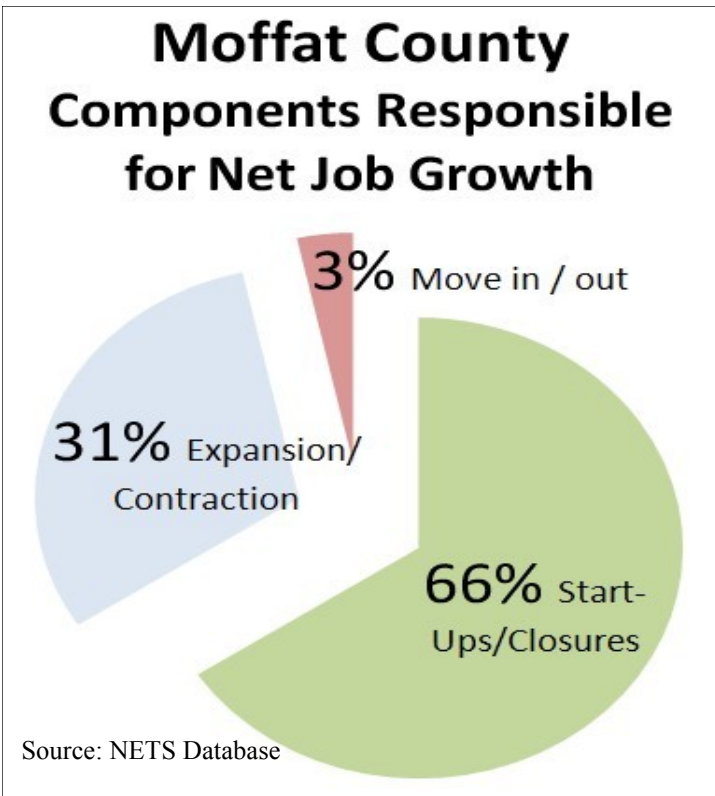


Routt County

Since 1995 business establishments in Routt County have on a net basis been responsible for the creation of 5,500 jobs. (20,923 jobs were created and 15,395 jobs were loss. Start-up firms accounted for 48% of this net job creation. Firms that expanded accounted for 52% and firms that moved into our out of the area had no measurable impact.

For Routt County the net job growth is about evenly split between start-up firms as well as firms that are expanding. Economic development strategies that promote and foster a culture of entrepreneurship and those that help existing businesses expand will likely have a strong return on investment for the effort. However, only about 1/3 of the jobs created by start-ups over time will survive. This means that on average start-ups will account for about 200 jobs annually and firms that are expanding will account for about 225 jobs annually.

Exploring the components of Job Growth



PO Box 1641, Craig, CO 81626
50 College Dr., Craig, CO 81625
Phone: 970-824-1133
E-mail: info@yampavalleydatapartners.com



Strengthening our community through data and collaboration

GEO grant ends but work continues

The Governor's Energy Office now called the Colorado Energy Office has eliminated the Community Energy Coordinator (CEC) position effective July 1, 2012. Yampa Valley Data Partners received the 2 year CEC grant in March of 2010 and developed the Northwest Colorado Energy Education Plan with 22 community members from Moffat, Rio Blanco and Routt counties. While much progress has been made on the plan there are still a couple goals we will continue to work on.

One goal is to create a regional carpool system that citizens are access for travel around the region. There are many different carpool websites that we will be looking at for possible models or resources. If you have any experience with any carpool website, please let us know at info@yampavalleydatapartners.com.

Another goal is to launch our Northwest Colorado Energy Diet Checklist which will coincide with the cooler weather of autumn. Checklists are currently available at Yampa Valley Data Partners main office in Craig. Stop by to pick one up or call to have one sent to you.

Part of the grant process is to write a final report. In the next newsletter will list some of our accomplishments with the GEO grant program. Meanwhile visit our website under Energy to find out more about what has been accomplished.

Monthly FastFacts

Yampa Valley Data Partners produces a monthly FastFacts on various data. Some of what we include are the following:

- Demographic
- Employment & Income
- Real estate
- Foreclosure
- School enrollment
- Retail Trade
- Energy: oil & gas, coal data.

We send out our FastFacts to the same list as the newsletter. You can always find our FastFacts posted on our website under Products & Services. If there are some other interesting facts you would like to see on a monthly basis, please let us know and we'll include them. Sign up for our mailing list at www.YampaValleyDataPartners.com

Yampa Valley Data Partners is now offering fee for products & services to help your business grow.

Consumer Preference Studies • Economic Impact Studies • Community Assessments • Economic Forecasting
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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.

Yampa Valley Data Partners *Board of Directors*

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