



# Regional Economic Forecast Newsletter

YAMPA VALLEY  
DATA PARTNERS

Moffat and Routt Counties

4th Quarter 2012 Volume 3, Issue 4

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## Newsletter Advisory Board

Terry Carwile, Mayor, City of Craig  
 Greg Dixon, First National Bank of the Rockies  
 Scott L. Ford, Data Analyst  
 Randy Rudasics, CMC Small Business Resource Center

## Local Growth Slow

Gross retail sales has been predictable the last quarter. We are seeing a trend for 4th quarter to start out with a mild increase over last year to a 4% forecast increase in December.

Daily consumer spending patterns continue to be in the low \$70 range which we predict for fourth quarter other than December, which we forecast to be in the high \$70s to low \$80s due to the holiday shopping period. The consumer confidence rating will be reactive to national/global events and maintain in the 60 range.

30 year mortgage rates are forecasted to increase slightly to over 4% by February 2013.

The median listing price for homes continues to be very stable in Moffat County. Routt has seen a nice increase to \$664,500 in August.

The deflation in housing prices appears to be leveling off as have the number of foreclosures.

The market experienced two consecutive months of positive construction growth as evidenced by the YVDP Construction Predictor Indicator that was above 3.00%. For reference, twelve months of 2.5% or higher would indicate a return of strong construction growth.

Our spotlight this quarter is on employment, specifically how the unemployment rate is calculated for our small counties and on workforce utilization. There is often a misperception on what our local unemployment rate means to our local economy. Learn how wild fluctuations in our unemployment rate can be misleading on page 7.

Learn the difference between workforce and labor force which will give you an idea of how much of our available workforce is working. The workforce in the Yampa Valley is utilized far more than the state and the national percentages. Not only are more people working but we are working more hours in a week than state and national percentages.



The striking statistic that stands out in our analysis is the Routt County self-employment rate is over 2 times compared to other areas. Twenty years ago the self-employment rate in Moffat and Routt County were similar. The growth of the self-employed in Routt County may be a reflection of the growth of Location Neutral Businesses and their concentration in the area as a result of improved telecommunication capabilities and transportation options.

In Moffat county there are more people working in the government sector than national percentages. Perhaps this is related to their land use being more than 55% public lands.

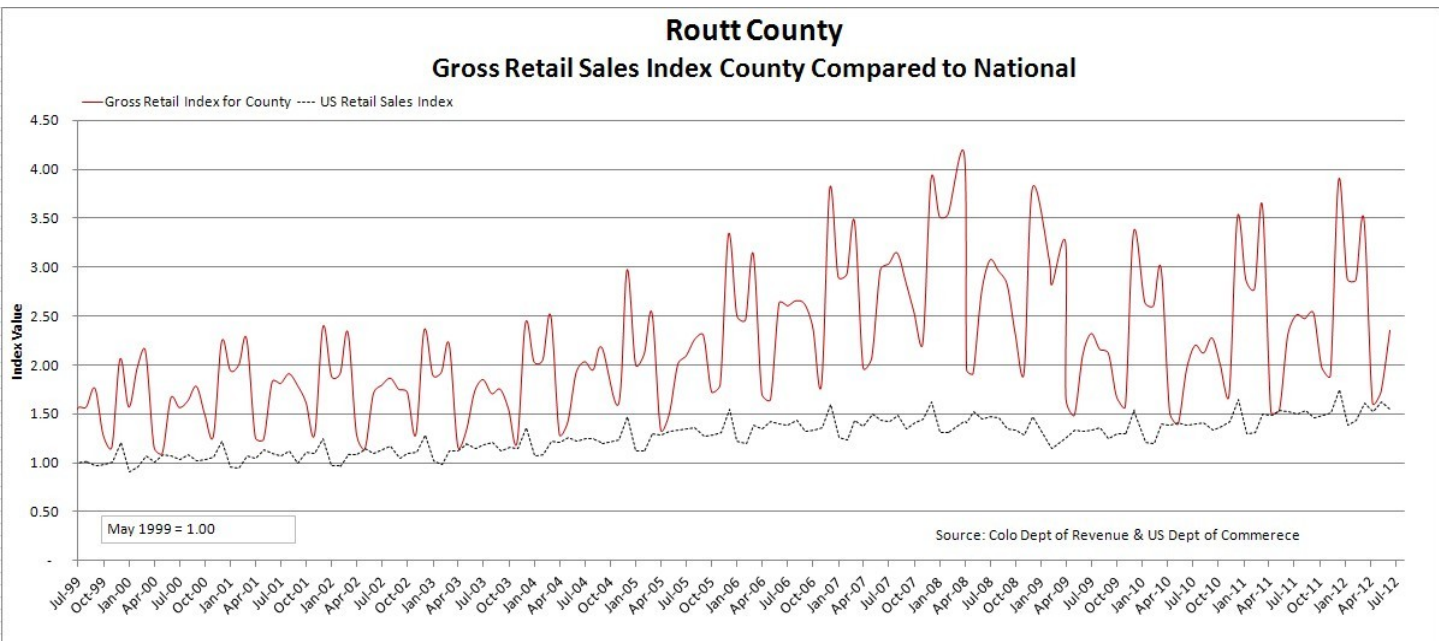
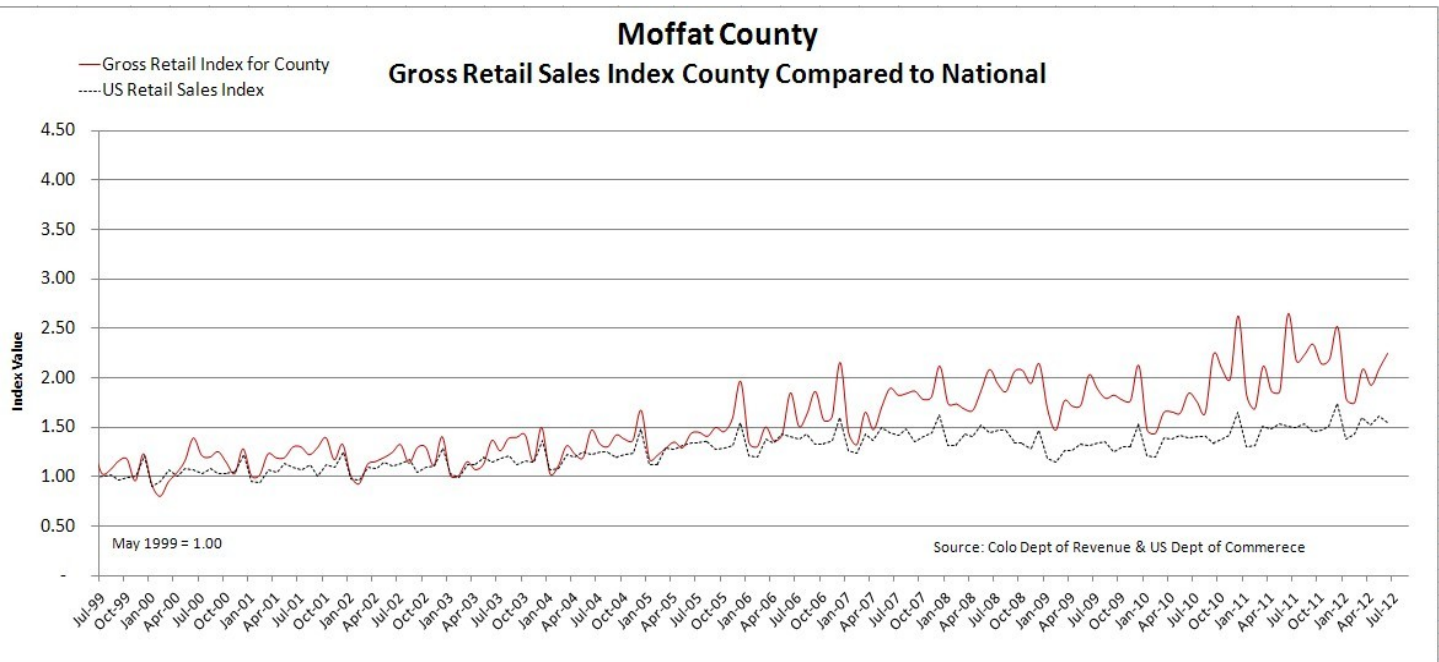
Learn about the new carpool website for Northwest Colorado and an Energy Diet Challenge on page 10.

# Gross Retail Sales

The gross retail sales forecast by the U.S. Department of Commerce starts out with a mild increase in October at 1.3% over last year leading up to a healthy 4% increase for December. The charts below show how typical our retail sales behave over time.

In Routt County, our sales are seasonal and can be predicted relatively easily. Moffat County's sales, while more

sporadic, closely relates to national sales. The Conference Board's Consumer Confidence Index is sluggish around the low 60's. Consumer daily spending continues to improve and has been in the \$70's January, July and October of this year. The Consumer Confidence has had a close tie to winter tourist traffic. We can see the consumer confidence beginning to build for a strong December.



# Gross Retail Sales Forecast

## Moffat County Gross Retail Sales Forecast

	Gross Retail Sales	Forecast Value	50% Correct +/-	80% Correct +/-
Oct-12	1.3	35,880,000	1.9	4.3
Nov-12	3.6	37,361,000	2.3	5.0
Dec-12	4.0	46,192,000	2.5	5.6

## Routt County Gross Retail Sales Forecast

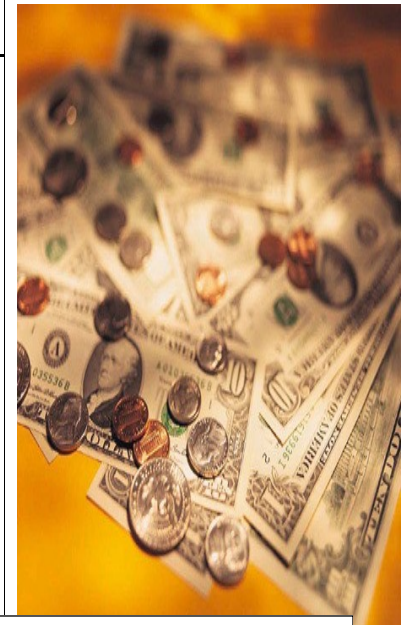
	Gross Retail Sales	Forecast Value	50% Correct +/-	80% Correct +/-
Oct-12	1.3	60,964,000	1.9	4.3
Nov-12	3.6	59,473,000	2.3	5.0
Dec-12	4.0	131,903,000	2.5	5.6

# Daily Spending and Consumer Confidence Index

*Summary by the Conference Board* The U.S. economy continues to tread water amid a sea of disappointing global economic activity. The August employment report delivered another downbeat assessment of the labor market and underscores that the economy has little forward momentum.

Time Period	Average Daily Consumer Spending (1)	Consumer Confidence (2)
July 2009	\$63	47.4
January 2010	\$70	56.5
July 2010	\$65	51.0
January 2011	\$80	64.8
July 2011	\$65	59.2
January 2012	\$75	61.5
July 2012	\$70	65.4
October 2012	\$72	60.6

Sources:  
 (1) Based on the Gallup Daily Consumer Spending Survey based on a 14 day rolling average  
 (2) The Conference Board Leading Economic Index with 2004 = 100



**COMMUNITY INDICATORS PROJECT**

2012-2013

**Find more Facts online Using the Community Indicators Tool**

## 30 Year Mortgage Interest Rate Forecast

30 Yr Conventional Mortgage FHLMC Contract Rate.

Percent Average of Month.

	Forecast	50% Correct +/-	80% Correct +/-
Month	Value		
Oct-12	<b>3.67</b>	0.05	0.12
Nov-12	<b>3.69</b>	0.06	0.13
Dec-12	<b>3.77</b>	0.07	0.15
Jan-13	<b>4.0</b>	0.07	0.16
Feb-13	<b>4.18</b>	0.08	0.17

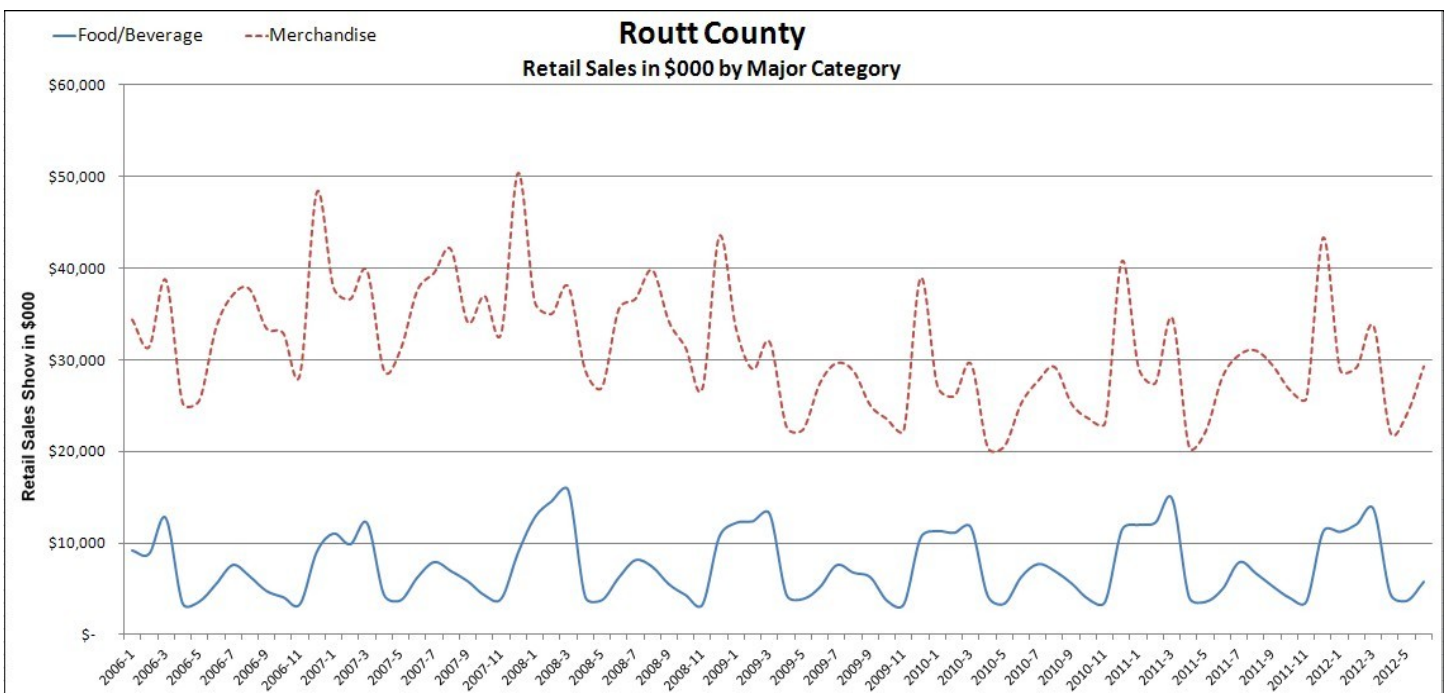
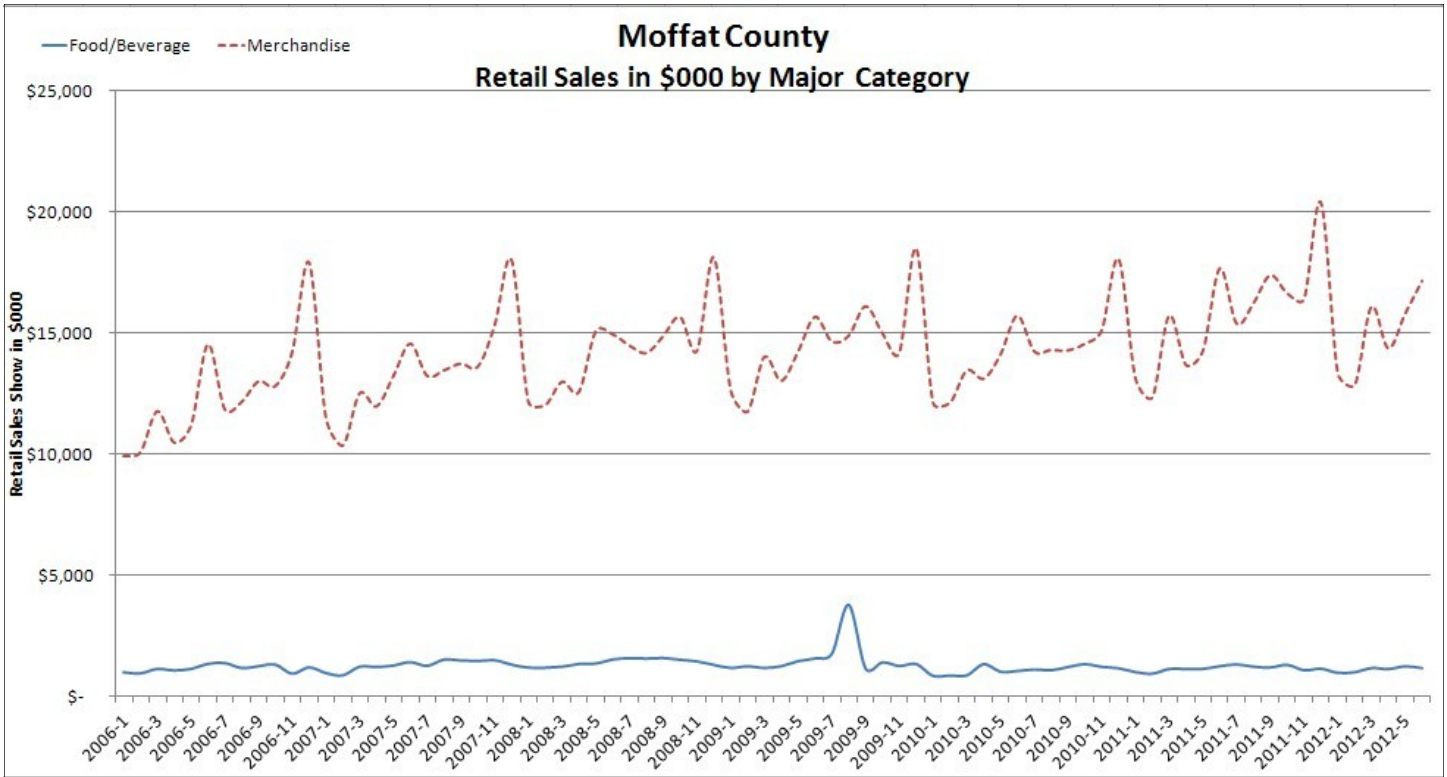
Source: The financial Forecast Center



# Retail Sectors

In both counties the two retail categories that account for over 50% of total retail sales are Merchandise and Food and Beverage. We can forecast retail sales as a whole fairly well by looking at the trends in these two categories. In Moffat County, the forecast

for food/beverage sales will be the same as last year. Routt County will have an increase in December as the tourists and holidays arrive.



# Real Estate

The median listing price in Moffat County increased by 2.8% in August to \$179,900. Although slightly down for the quarter, the listing price remains flat for the year. Routt County’s median listing price is up 5.5% for the quarter and more than 20% for the year. We forecast little fluctuation in price for the 4th quarter.

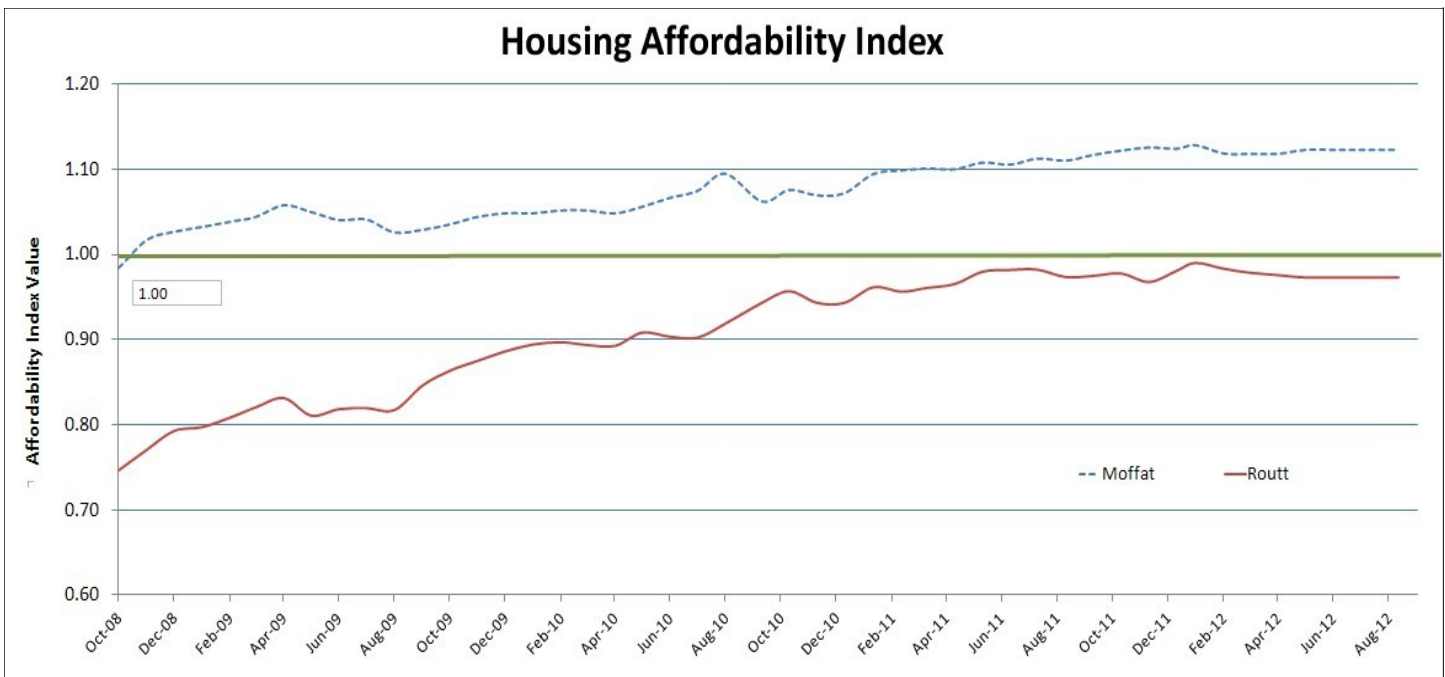
Regarding affordability, we see Moffat real estate to be more affordable as the months tick by. Keeping within the national average, Moffat continues to have affordable housing. Routt’s housing affordability is slowly increasing

above the average and far exceeds both state and national averages. Out of 4 like counties, only Eagle has less affordability than Routt.

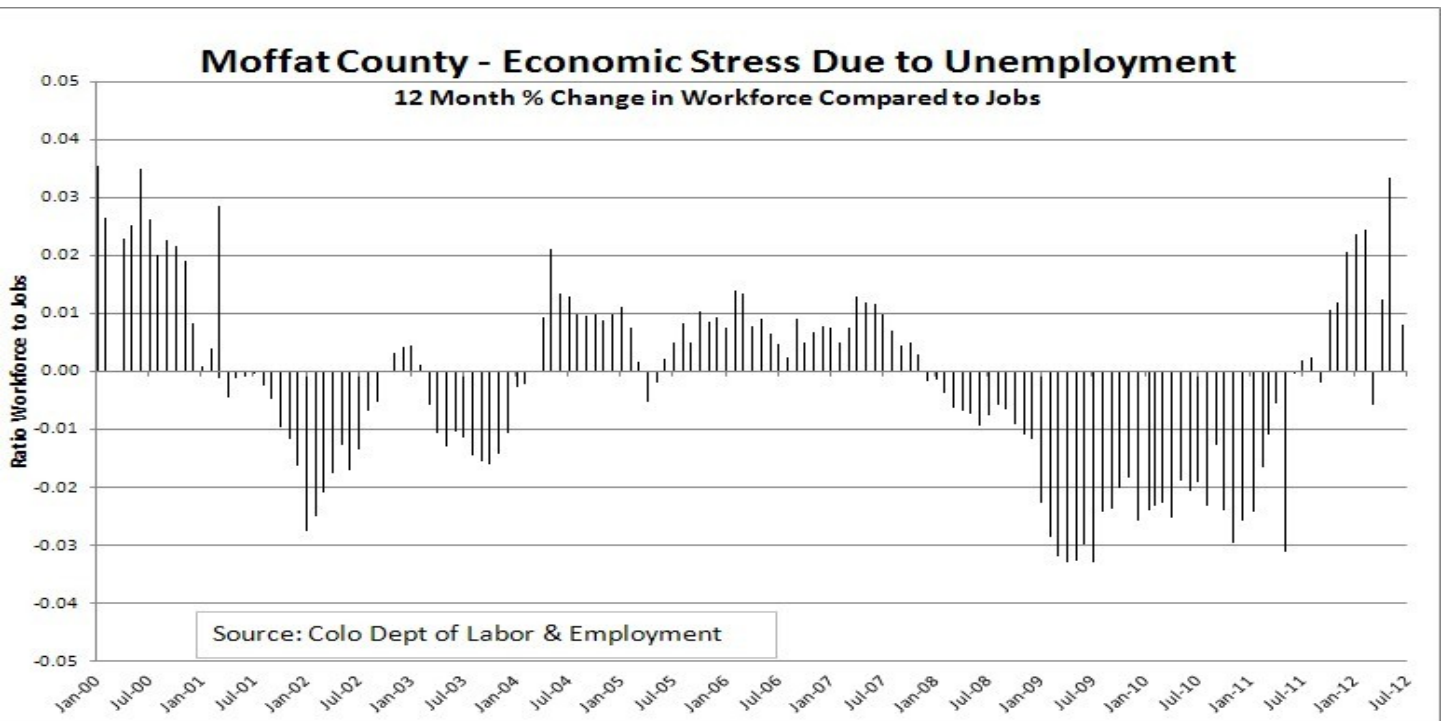
There continues to be a steady decline in the number of properties that are in the process of foreclosure. As of August 2012, Moffat County’s foreclosure ratio was 1 in 623, which means out of 6,196 homes, 9 properties were in foreclosure proceedings. In Routt the ratio was 1 in 1,126 or 14 properties. The pace of foreclosures has slowed for the past two quarters of 2012.

Comparative Median Listing Price and Foreclosure Data August 2012								
	Moffat	Routt	Eagle	Garfield	La Plata	Summit	Colorado	National
Median Listing Price	179,900	664,500	849,000	279,000	324,900	405,500	269,000	188,900
Change								
Month -o- Month	2.8	-1.6	2.9	3.5	1.5	1.5	0.0	0.5
Quarter-o-Quarter	-0.1	5.6	6.8	0.0	1.8	1.5	0.8	0.5
Year-o-Year	0.0	20.8	25.4	2.1	-1.2	-14.7	7.6	0.0
Foreclosure Ratio	1 in 623	1 in 1,126	1 in 652	1 in 370	1 in 112q724	1 in 2,296	1 in 617	1 in 681
Est. Housing Units	6,196	16,303	31,312	23,309	25,860	29,842	2.2 Million	130 Million

Sources: Zillow, Realty Trac, Census

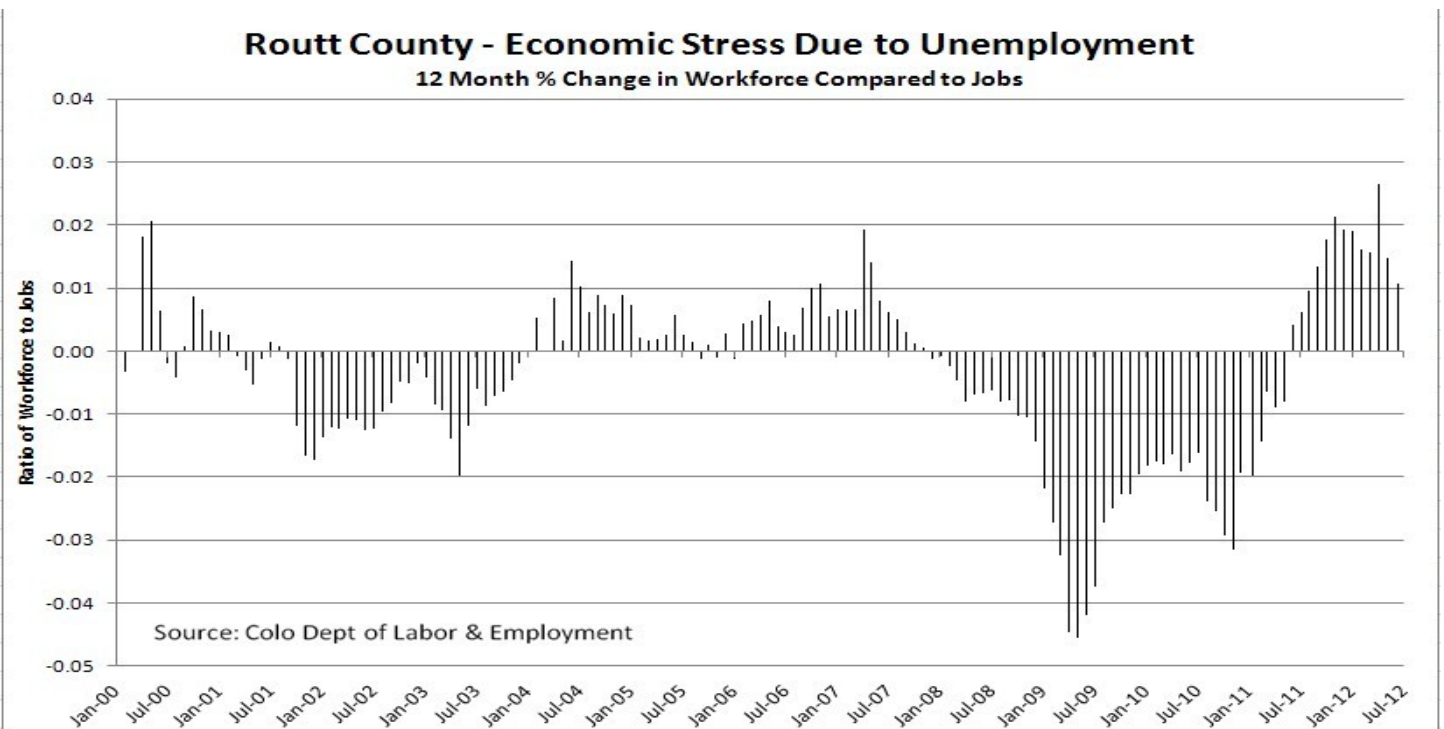


# Employment



As noted on the opposite page, a balance in civilian workforce and number of jobs is desirable for low stress on the economy. Unemployment numbers through August have been favorable and have kept the stress indicator to a minimum. For the last five months the unemployment stress

indicator has been fairly steady with the exception of May for Moffat and April for Routt. We forecast a indicator ration between .010 and .019 for both counties. Anything below .025 is mild stress on the economy.



# Spotlight on Unemployment Rate

In August 2012 the unemployment rate in Moffat County was 7.2% and in Routt County 7.0%. The monthly unemployment rate is without question one of the most cited and watched economic statistic in the Yampa Valley. However, it is also one of the most widely misunderstood economic statistics, which often results in great consternation when the percentage rate changes from month to month.

The purpose of this mini-spotlight is to provide insights as to how the unemployment rate is calculated and some of its inherent weaknesses. In addition, we call attention to a method YVDP uses that helps offset some the weaknesses associated with the unemployment rate and provide a better understanding of the employment situation in small counties.

How is the unemployment rate calculated for counties outside of major metropolitan areas? The unemployment rate is calculated by dividing the number of active unemployment claims by the civilian workforce. To understand this calculation we must first understand the source for the numerator (top number) and the denominator (bottom number). The numerator is the number of active unemployment claims in the county based on the zip code

of the benefit recipient. The denominator in the calculation is determined by a process that involves adding the number of active unemployment claims to the number of jobs. The sum of this calculation is the civilian workforce.

The number of jobs is a number that is provided to the Colorado Labor Market Information by the United States Bureau of Labor Statistics. The BLS calculates the number of jobs using information provided by employers in the county when they submit their quarterly unemployment insurance and an estimate of the number of individuals that are self-employed full time supplied by the IRS. Using a statistical model the BLS calculates an estimate of the number of jobs that exist in the county for a particular month.

As referenced previously, the number of active unemployment claims for a month are added to the number of jobs which is the sum of Civilian Workforce. When the number of active claims is divided by Civilian Workforce, the ensuing calculation is the unemployment rate. Below is an example of how the unemployment rate for the past three months has been calculated in Moffat and Routt counties

## Moffat County

Month	(A) Jobs	(B) Active Unemployment Claims	C=(A)+(B) Civilian Workforce	D=(B)/C Unemployment Rate
Jun 2012	7,885	683	8,568	8.0%
Jul 2012	7,610	645	8,255	7.8%
Aug 2012	7,619	594	8,213	7.2%

## Routt County

Month	(A) Jobs	(B) Active Unemployment Claims	C=(A)+(B) Civilian Workforce	D=(B)/C Unemployment Rate
Jun 2012	12,842	1,115	13,957	8.0%
Jul 2012	13,126	1,067	14,193	7.5%
Aug 2012	13,033	984	14,017	7.0%

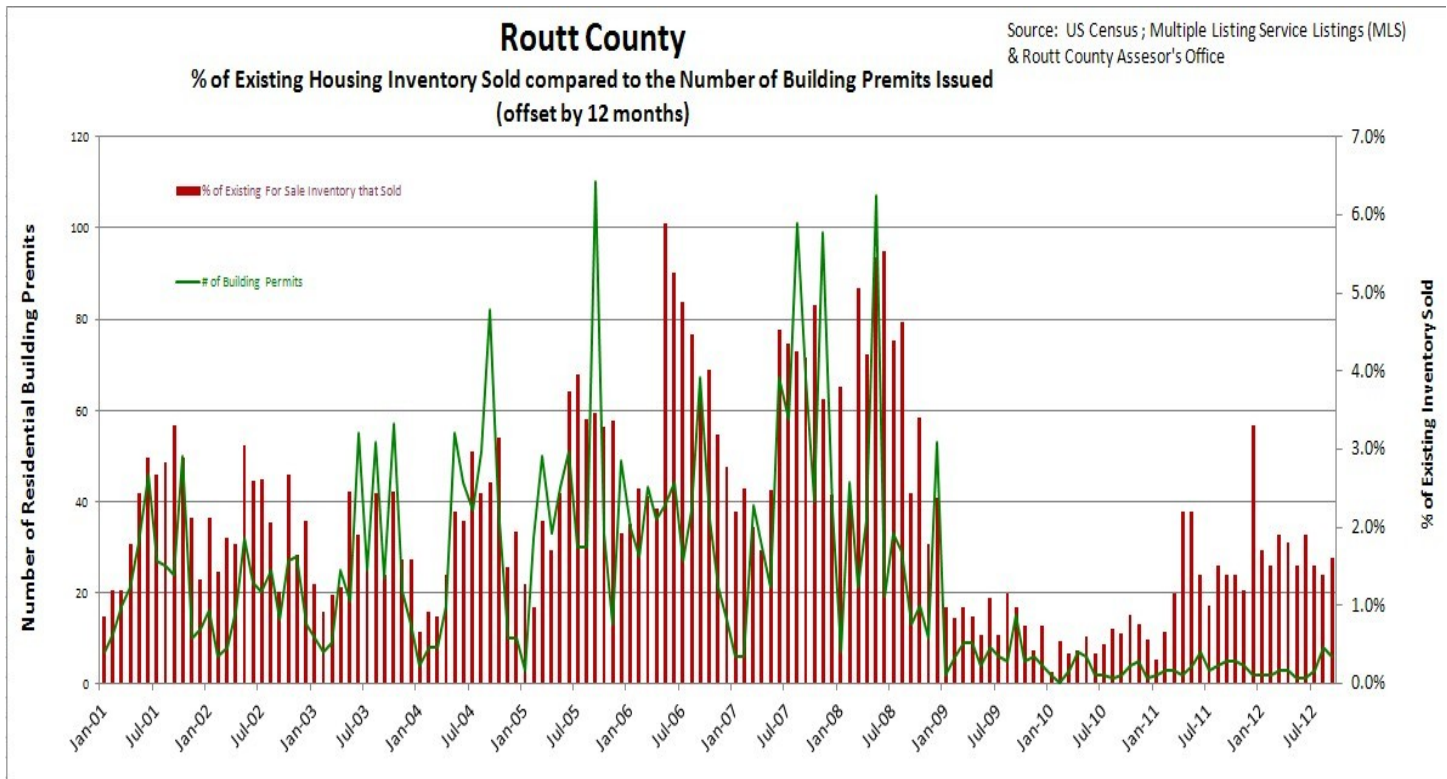
The calculation of the unemployment rate using this method has a weakness in small counties for two reasons: 1) Relatively small changes in the number of claims and/or the number of jobs can result in wide swings in the percentage rate calculated. 2) Seasonal trends that occur annually are out of context when viewed month to month.

Yampa Valley Data Partners uses a calculation that measures changes in the number of jobs and civilian workforce on a comparable monthly year over year basis. For example, August 2012 is compared to August of 2011. This approach eliminates the seasonal trends and more accurately assess the overall trend in the equilibrium between the number of jobs and the workforce that exist in any economy. The indicator is called the unemployment stress indicator. (see page 6)

# Construction - Routt

YVDP's construction indicator continues to show the lag in the construction market. This past quarter showed signs of improvement as the percent sell-thru of residential housing surpassed 3% in both July and August. If this trend continues for the next twelve months we will see construction

begin to pick up. We can see the number of homes entering the market is about the same number of homes being sold. As long as we see residential housing inventory staying high, the construction activity will be minimal. The sector of construction has shrunk considerably since 2007.



# Spotlight on Work Force Utilization

What is the difference between work force and labor force? Understanding these terms are important to any meaningful discussion about the local economy. Work force is a demographic term that means any individual between the ages of 16 and 64. It is recognized that there are individuals in Moffat and Routt counties that are working either earlier or later than this age demographic, however, for comparative analysis purposes the US Census Bureau defines the workforce as the population between the ages of 16 and 64.

Often the terms “Work force” and “Labor force” are used interchangeably. However, they mean very different things. Labor force is an economic term that means how many individuals during the past 12 months worked either for themselves or for an employer that paid wages/salaries. Knowing these two numbers allows us to determine the utilization of the existing work force

in the two counties that comprise the Yampa Valley.

In the Yampa Valley, the work force – those between the ages of 16 and 64 – is 26,278. This represents 58% of the population. Of this group 87% worked in the past 12 months. When viewed at the county level the work force utilization rate for both counties is identical at 87%. For the state of Colorado the workforce utilization rate is 80% and nationally 74%.

A deeper analysis of these numbers shows that in the Yampa Valley of the 26,278 individuals that worked in the past 12 months, about 66% of those individuals were working greater than 35 hours per week and 61% worked on average between 50 and 52 weeks per year. For the state of Colorado these numbers are 59% and 57% respectively. Nationally the numbers are 57% and 54%.



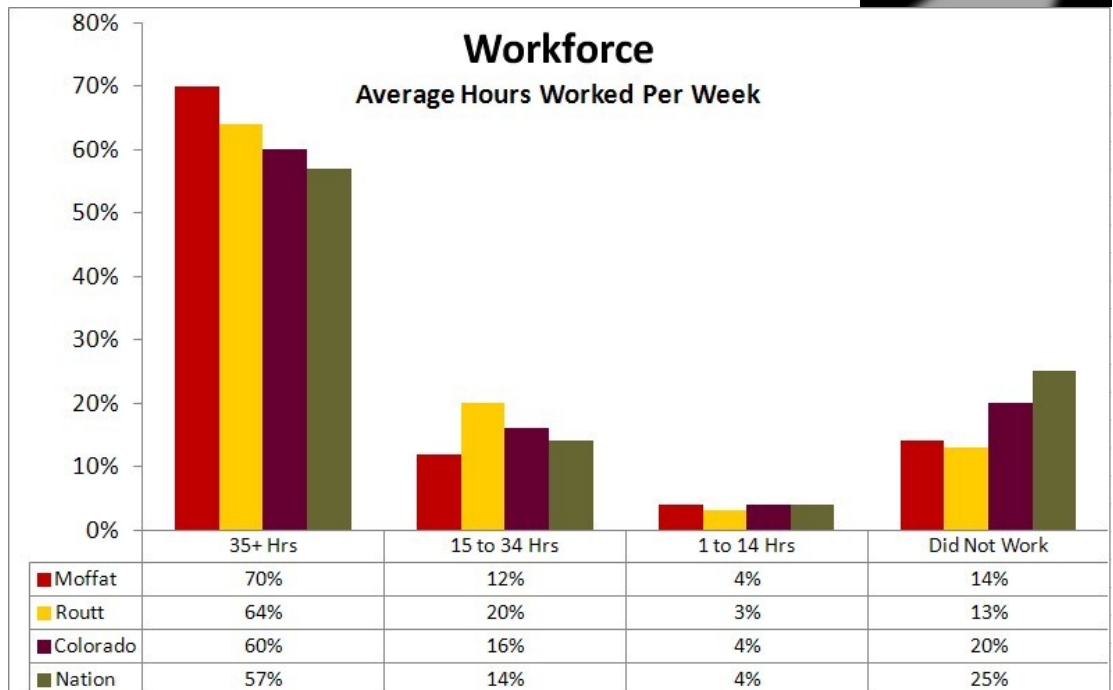
# Spotlight

## Yampa Valley Work Force Utilization



It is important to recognize that those counted in the work force (16-64) who did not work in the past 12 months should not be considered unemployed. There are individuals in this category that are students, disabled and stay and home parents or caregivers. Even in the best of economic times the Yampa Valley workforce utilization would not be much above 87%

We can gain some additional insight into work force utilization when viewed by gender and age. In the Yampa Valley the work force utilization of males is 91% and of females 82%. The median age of the working individual in Moffat County is 41.2 and in Routt County 42.3. The average hours worked per week in Moffat county by is 46.3 and for women 34.4. The average hours worked per week in Routt County by is 40.9 and for women 35.2.



Of those that are working, recently released census data gives us insight to understand the type of work they are involved in.

	Private Sector receiving W-2	Self-Employed (1)	Not-For Profit	Government (2)
Moffat County	65%	12%	7%	16%
Routt County	60%	25%	4%	11%
Colorado	66%	12%	8%	14%
United States	68%	10%	8%	15%

- 1) Includes both Incorporated and Unincorporated Businesses
- 2) Includes local, state and federal government

Source: U.S. Census

The statistic that stands out in the above table is the Routt County self-employment rate is over 2 times compared to other areas. Routt County is on entrepreneurial steroids. Twenty years ago the self-employment rate in Moffat and Routt County were similar. The growth of the self-employed in Routt County may be a reflection of the growth of Location Neutral Businesses and their concentration in the area as a result of improved telecommunication capabilities and transportation options.

When viewed from a statewide or national perspective the labor force in the Yampa Valley is older, working more weeks per year and is working more hours per week.

## New NW CO CARPOOL

Residents of Moffat, Rio Blanco and Routt counties now have access to a free, online carpool matching service sponsored by the nonprofit Yampa Valley Data Partners in cooperation with the three counties.

The new website, which launched Oct. 1, can be found at [www.carpoolworld.com/northwestcolorado](http://www.carpoolworld.com/northwestcolorado). Commuters and travelers from the three counties may find regular carpool partners or a car share for a one-time trip by signing up on the website using a valid email address.

Organizers hope the website will be a resource to help northwest Colorado residents save on transportation costs, commute more efficiently, and do their part to reduce fuel use and vehicle exhaust pollution. The site is available as a free service to everyone, from individuals to students to businesses. The carpool project was created as part of the strategies of the tri-county Northwest Colorado Energy Education Plan, which was completed through a

grant from the Colorado Energy Office.

“I think this is a great option for our valley and see a good deal of potential,” said Gene Bilodeau, vice president of the Colorado Northwestern Community College campus in Craig. “With gas prices remaining high, I believe carpooling will become a more intriguing option for people. I’ve had the opportunity to explore the carpool website and found it to be very intuitive and easy to navigate.”

Another supporter of the website, Moffat County Commissioner Audrey Danner, said, “The carpooling site would be a way to cut down on vehicle miles, gas costs, and wear and tear on a car. This is an option for those who do commute up and down the valley, whether regularly or on occasion. This gives all of us a chance to see how carpooling can work locally.”



For privacy concerns, users who register on the site have the option to enter a code name or nickname. Users also can list a general neighborhood or mutual meeting place instead of a home address to try to find ride matches. Users requesting rides or offering to share a ride receive email notifications of possible ride matches, or can search the website for matches. The broader mileage and time parameters that users enter, the more potential commuter matches the site may find.

MOFFAT • ROUTT • RIO BLANCO COUNTIES Northwest

**TAKE THE PLUNGE**

**TO REDUCE ENERGY at your HOME & at your BUSINESS**  
CHECK OFF each ENERGY EFFICIENT MEASURE when you COMPLETE it. In a year's time, how much ENERGY have you SAVED?

**Colorado Energy Diet**

**How much can you lose?**

**NICE & EASY**  
COMPLETE AT LEAST 10 of 13 ACTION ITEMS

- TURN OFF LIGHTS when not in use
- ADJUST THERMOSTAT to 78°F in summer and 68°F in winter
- REPLACE INCANDESCENT light bulbs with CFL or LED light bulbs
- LOWER hot water HEATER TEMPERATURE to 120°F
- CLEAN your REFRIGERATOR and FREEZER COILS
- SET your REFRIGERATOR to no less than 38°F and the freezer to no less than 5°F
- RUN your DRYER only when full, turn off the heated dry cycle
- LET THE SUN SHINE in during winter and use blinds or window coverings during summer
- INSTALL MOTION SENSORS on outdoor porch lights
- INSTALL WEATHERSTRIPPING on exterior doors and windows
- INSTALL CEILING or CIRCULATING FANS
- USE a POWER STRIP when turning off computers, TV, stereos and appliances
- REPLACE or CLEAN the FILTER on your furnace monthly

**INTERMEDIATE**  
COMPLETE AT LEAST 5 of 9 ACTION ITEMS

- REPLACE an older COMPUTER, MONITOR OR TELEVISION with an Energy Star® qualified model
- AIR DRY CLOTHES on a line
- CHECK OUT an ENERGY METER to monitor energy use of appliances. Contact YVEA or WREA
- INSTALL low flow SHOWERHEADS and TOILETS
- INSTALL a THERMATE™ PROGRAMMABLE THERMOSTAT
- RECYCLE a second REFRIGERATOR, or FREEZER
- PLAN & MODIFY LANDSCAPING to shade home in summer
- SCHEDULE a low-cost HOME ENERGY AUDIT\*
- TALK to a NEIGHBOR about what you're doing to save energy costs

**ADVANCED**  
COMPLETE AT LEAST 3 of 8 ACTION ITEMS

- INCREASE or IMPROVE INSULATION in your attic or basement
- HAVE your home professionally AIR SEALED to reduce infiltration
- INSTALL HIGH EFFICIENCY WINDOWS & DOORS
- SEAL & INSULATE all AIR DUCTS
- INSTALL a HIGH EFFICIENCY FURNACE
- BUY ENERGY STAR® refrigerator, clothes washer or dishwasher
- INSTALL SOLAR DOMESTIC HOT WATER SYSTEM
- INSTALL SOLAR ELECTRIC PHOTOVOLTAIC SYSTEM

\*Some of the above projects may qualify you for tax credits through 2017

RESULTS WILL BE POSTED ON  
WWW.YAMPAVALLEYDATAPARTNERS.COM

CHECK OUT THE BACK FOR GREAT RESOURCES

## Energy Diet Challenge

How many of you have gone on a diet hoping to shed a few pounds? Have you ever thought of shedding a few kilowatts? How about going on an energy diet? Yampa Valley Data Partners (YVDP) invites you to take the plunge, save money and energy by taking the Northwest Colorado Energy Diet Challenge. This month you will see a roll out of an energy diet challenge checklist tool developed by the Northwest Colorado Energy Steering committee as part of the Northwest Colorado Energy Education plan. The checklist is a tool to help you modify your home and your behavior to save

money on energy bills and save on energy usage.

Post the checklist on your refrigerator (the checklist has a magnet on the back for posting) and check off items you have completed from three levels of action items; nice and easy, intermediate and advanced.

The checklists are available locally at the library, city halls and chambers. You can also download a PDF of the checklist at [www.yampavalleydatapartners.com](http://www.yampavalleydatapartners.com). How much can you lose?