



Regional Economic Forecast News

YAMPA VALLEY
DATA PARTNERS

Moffat and Routt Counties

1st Quarter 2013 Volume 4, Issue 1

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Measuring the Local Economy

There are many ways to measure the economy and folks usually perceive the economy from their role in it. For instance, real estate will focus on housing values, foreclosures, household income stability. Bankers might look at business loans. Retail might focus on number visitors and employment. Yampa Valley Data Partners likes to look at all of the factors that are most prevalent in our area. Hence we publish monthly and quarterly information on gross retail sales, retail sectors, employment, real estate, energy, consumer confidence, spending patterns and construction.

By looking at the primary sectors we can get a pretty good idea of how our economy is doing. Overall, our local economy is slightly improving and has been for the last year.

One of our spotlights this issue is on median housing values. We looked at the past 5 years of median listing prices in the major towns of Moffat and Routt Counties.

Predictably, we can see how the housing values were high in 2008, took a dip in 2009 and 2010, then started to improve the latter half 2011 into 2012. So when you are evaluating your personal portfolios and are a homeowner, you can notes that the values are increasing.

Our second spotlight this issue is looking at one of the areas of the economy that has not improved since we entered the recession—and that is number of jobs. You will see on

page nine, the number of jobs has not returned to pre recession job levels in more than fifty five months. In four prior recession periods in the last thirty six years number of jobs in the Yampa Valley have recovered in fairly quick time, the longest was in 2001 at twenty one months. Number of jobs will be an area to watch as we continue to



monitor our local economy and recession recovery.

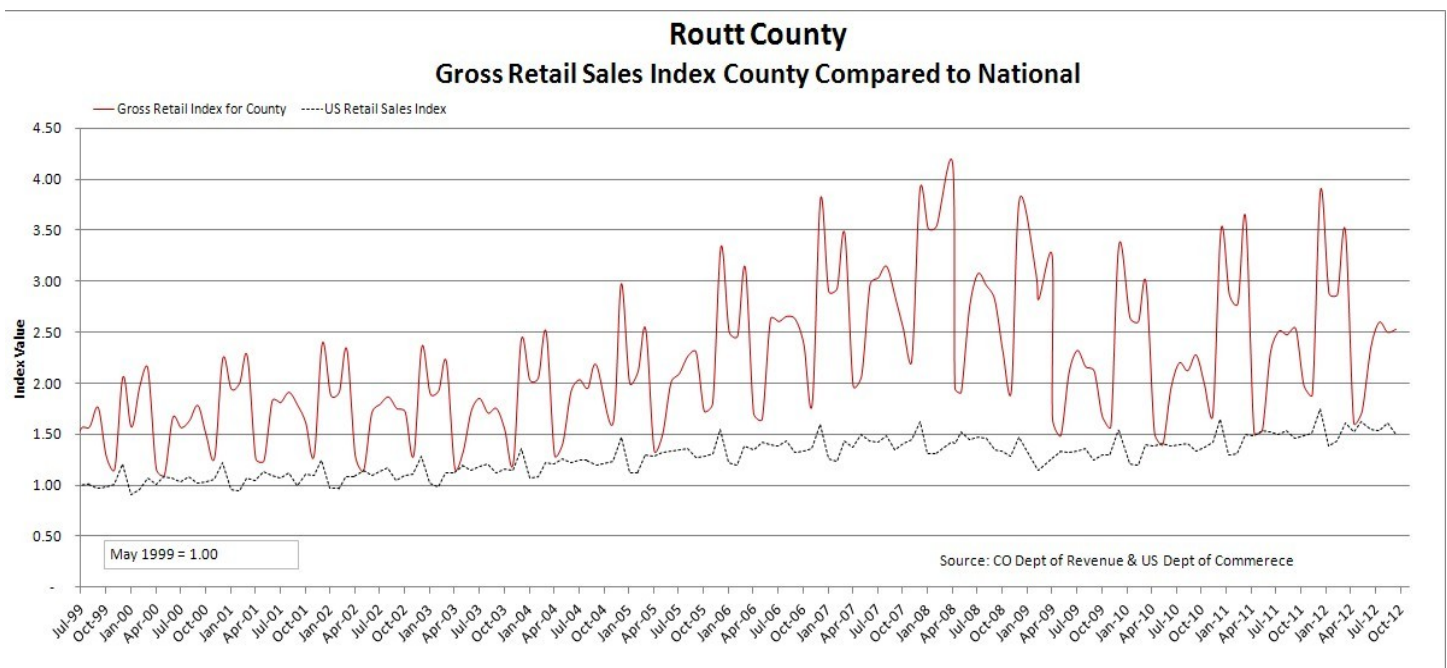
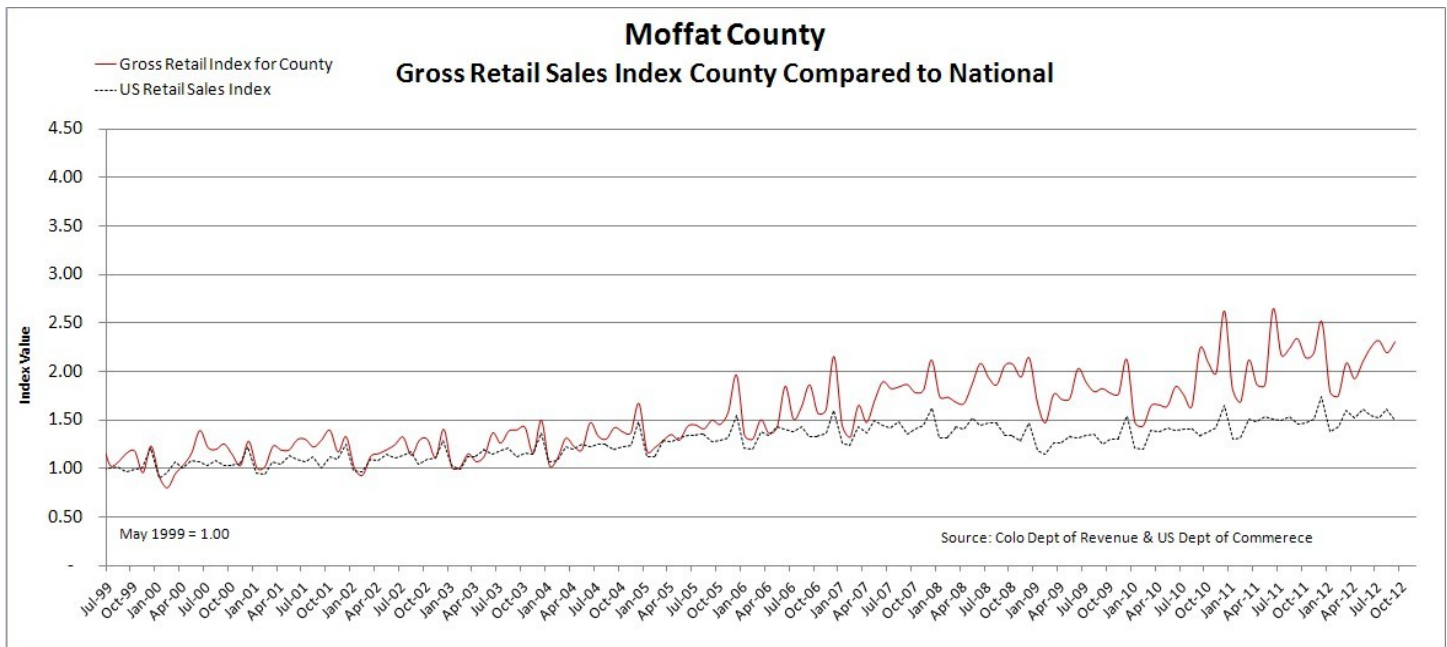
The construction predictor indicates a positive direction. Now we need to see about six more months of 2.5% housing sell-through or better to see construction activity pick up.

Both the consumer confidence index and consumer spending was high in December due to holiday shopping. Retail Sales for the first quarter are forecasted to be up between 4.5% in January and 2.6% in March. Most of our economic indicators show the local economy improving.

Gross Retail Sales

The trend in Routt and Moffat County's Gross Retail Sales are predictable as seen in the charts below. The gross retail sales forecast by the U.S. Department of Commerce starts January with a 4.5% increase, slowing to 3.5% in February and 2.6% in March. This trend is typical as we start the New Year after high spending in the 4th quarter of the previous year.

The Conference Board's Consumer Confidence Index has picked up to over 70 and is at 73.7 for November. Consumer daily spending started out November in the mid to high \$60s, increasing to the \$70s by mid to late November and stayed in the \$80s in December. The holiday season is a boost for consumer daily spending averages. The consumer spending forecast is a reduction to the \$70s in January lowering to the \$60s in February.



Gross Retail Sales Forecast

Moffat County Gross Retail Sales Forecast

	Forecast Value	Gross Retail Sales Forecast	50% Correct +/-	80% Correct +/-
Jan-13	4.5%	31,797,000	1.9	4.3
Feb -13	3.9%	28,478,000	2.3	5.0
Mar-13	2.6%	48,574,000	2.5	5.6

Routt County Gross Retail Sales Forecast

	Forecast Value	Gross Retail Sales Forecast	50% Correct +/-	80% Correct +/-
Jan-13	4.5%	89,738,000	1.9	4.3
Feb-13	3.9%	86,561,000	2.3	5.0
Mar-13	2.6%	121,986,000	2.5	5.6

Daily Spending and Consumer Confidence Index Chart

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
April 2012	\$76	68.7
July 2012	\$70	65.4
November 2012	\$66	73.7

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



How does December look in terms of consumer confidence and spending? The results are mixed and still coming in. However, we have some indication from two of our sources; the Conference Board and Gallup Company.

Lynn Franco, Director of Economic Indicators at The Conference Board says: “Consumers’ expectations retreated sharply in December resulting in a decline in the overall Index. The sudden turnaround in expectations was most likely caused by uncertainty surrounding the oncoming fiscal cliff. A similar decline in

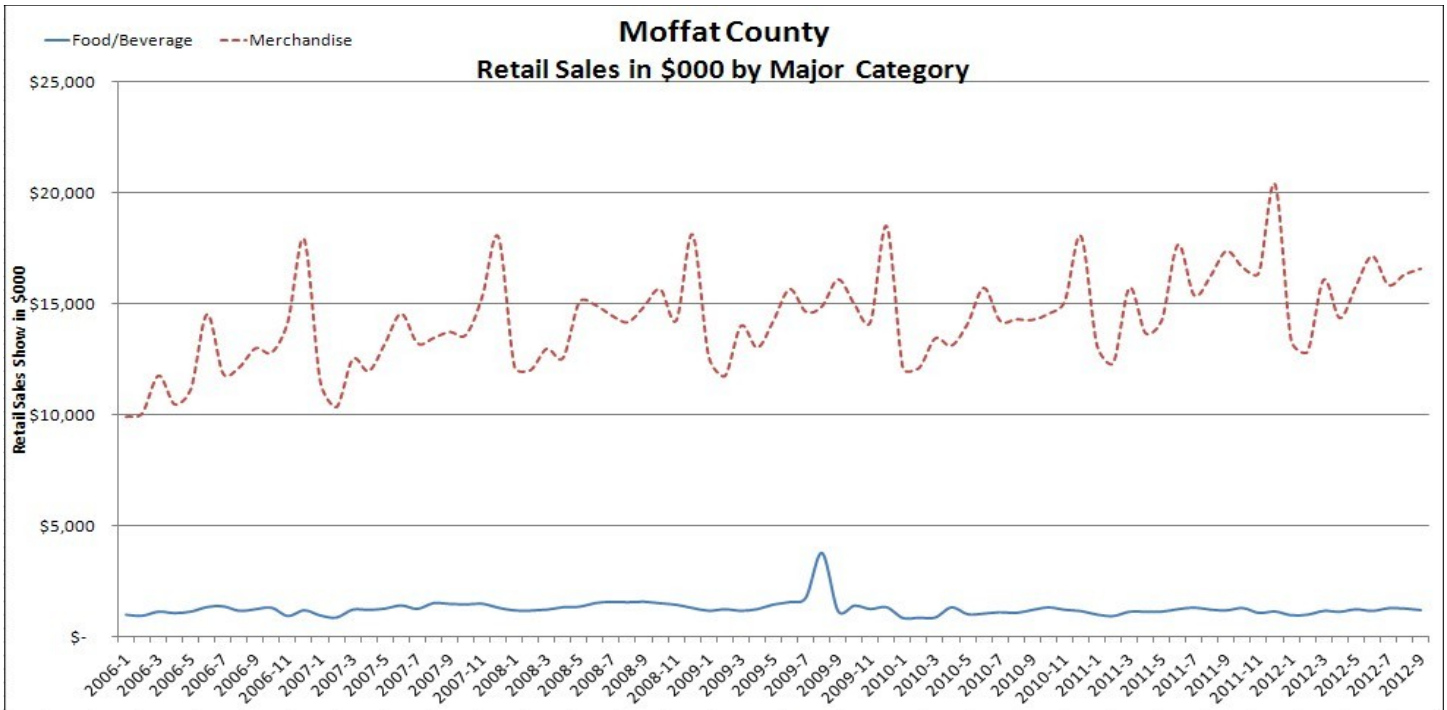
expectations was experienced in August of 2011 during the debt ceiling discussions. While consumers are quite negative about the short-term outlook, they are more upbeat than last month about current business and labor market conditions.”

According to the Gallup Company, Americans' self-reported daily spending surged to \$119 during the pre-Christmas week-end spanning Dec. 21-23, easily the highest three-day average for the holiday season and for the year. It remains to be seen how the overall consumer confidence ends the 2012 year.

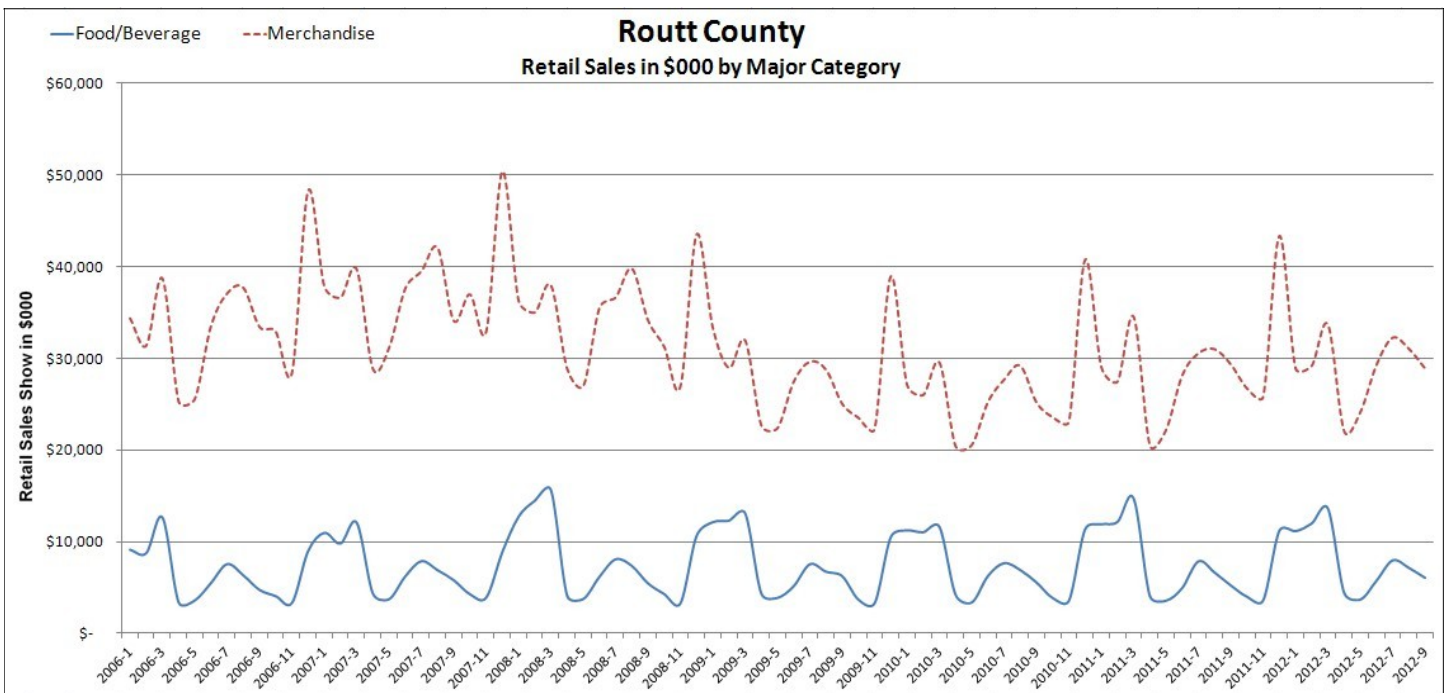
Retail Sectors

In Moffat County, the forecast for food/beverage sales in the first quarter will decline from last quarter but stay the same as last year. Routt County will have a strong and steady quarter as the ski tourists arrive for vacation. Based on trends, merchandise sales in Moffat will dip in January and February but start to in-

crease in March. Routt County's merchandise will be strong in January but have the opposite effect of Moffat in that the sales will decrease as the quarter moves into March. Total retail sales in Moffat tend to be fairly stable throughout the year whereas in Routt County, total retail sales follow the seasonality of visitors.



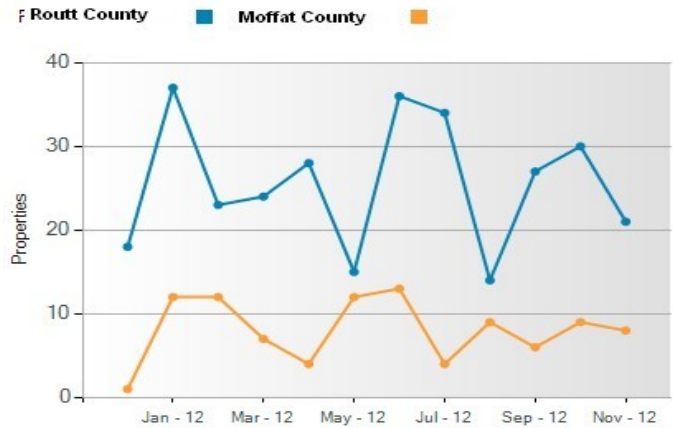
In both counties the two retail categories that account for roughly 50% of total retail sales are Merchandise and Food and Beverage. We can forecast retail sales as a whole fairly well by looking at the trends in these two categories.



Real Estate

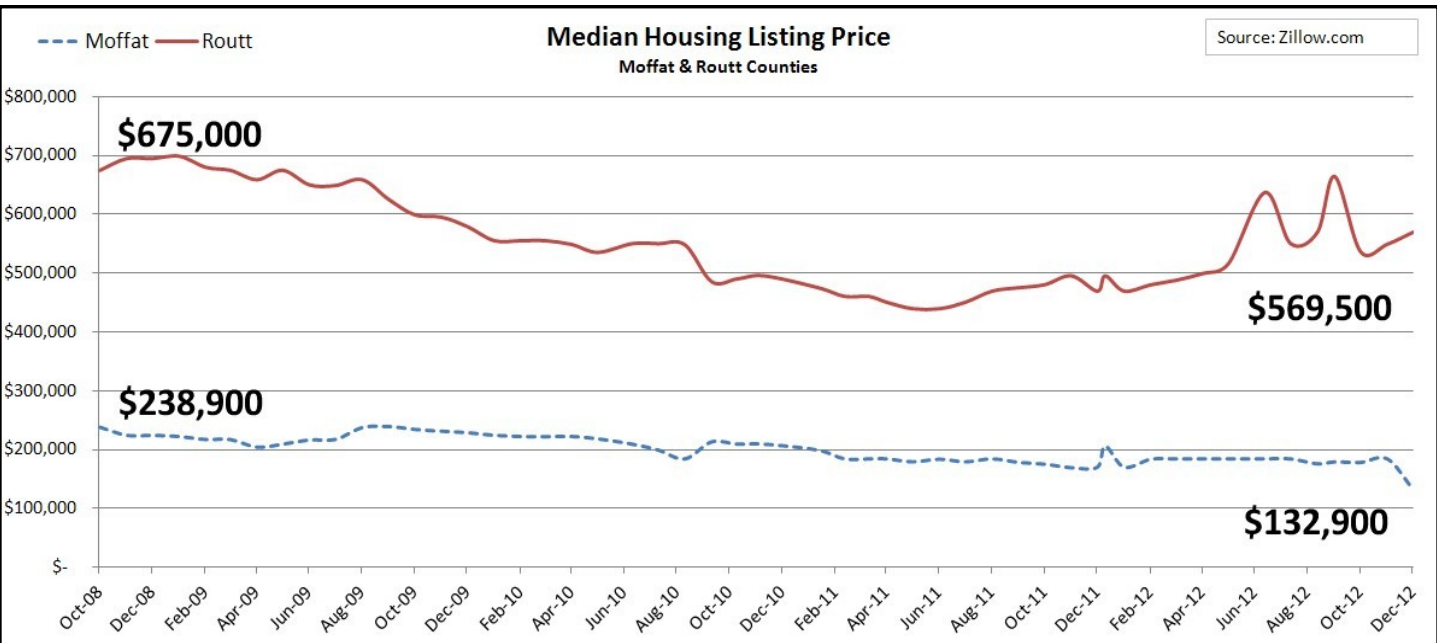
Routt County is the only county in our comparative analysis that has had positive growth month over month, quarter over quarter and year over year in median listing price.

Housing affordability has remained flat in Moffat County. In November and December there have been a number of low selling foreclosures that brought down the median listing price. Once the inventory is sold thru, the median listing price should return to pre November levels. Routt County's affordability index has remained stable all year. Foreclosure trends in Routt and Moffat County indicate a great deal of variance from quarter to quarter as Realty Trac.com chart to the right shows.

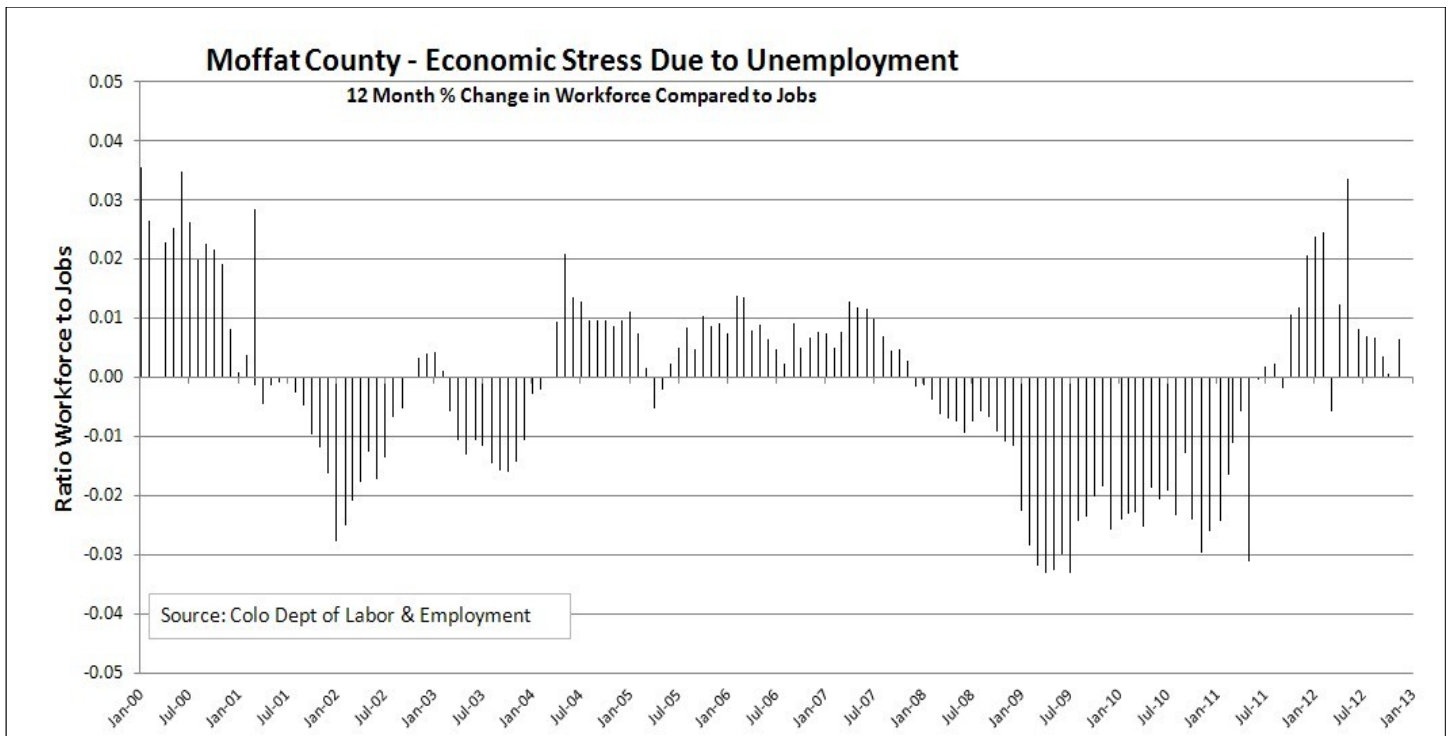


Comparative Median Listing Price and Foreclosure Data November 2012								
	Moffat	Routt	Eagle	Garfield	La Plata	Summit	Colorado	National
Median Listing Price	132,000	569,000	775,000	249,000	297,000	405,500	269,000	188,900
Change								
Month -o-Month	-3.0%	5.7%	-8.3%	-0.4%	-0.7%	2.7%	-2.9%	-0.1%
Quarter-o-Quarter	-26.1%	0.8%	-8.7%	11.1%	-8.6%	-3.8%	-10.1%	-6.5%
Year-o-Year	-24.0%	19.9%	15.8%	-7.6%	-4.2%	-5.9%	-24.0%	-4.4%
Foreclosure Ratio	1 in 775	1 in 776	1 in 1080	1 in 319	1 in 1078	1 in 1865	1 in 786	1 in 728
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

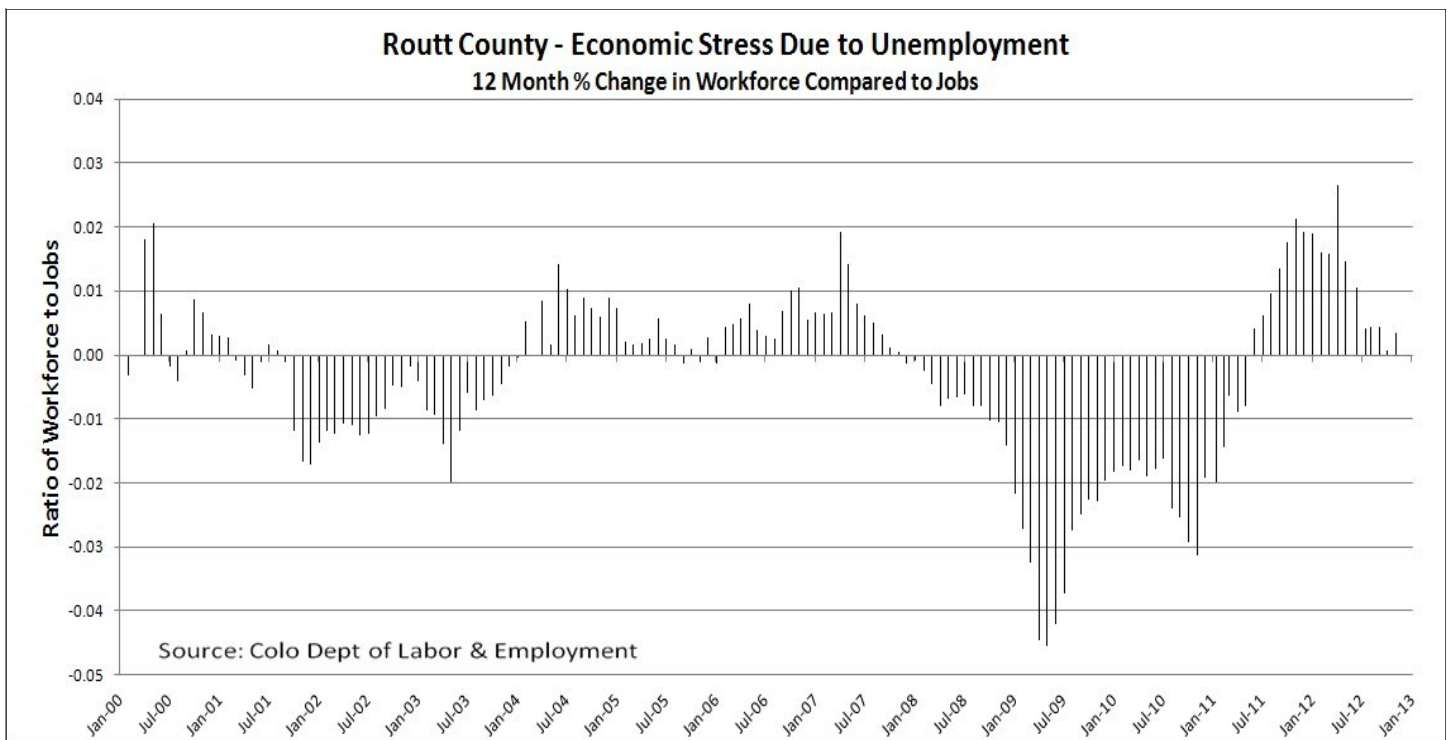


Employment



A balance in civilian workforce and number of jobs is desirable for low stress on the economy. The unemployment stress indicator for both counties remains in balance. For December, Moffat County registered a 0.007 and Routt

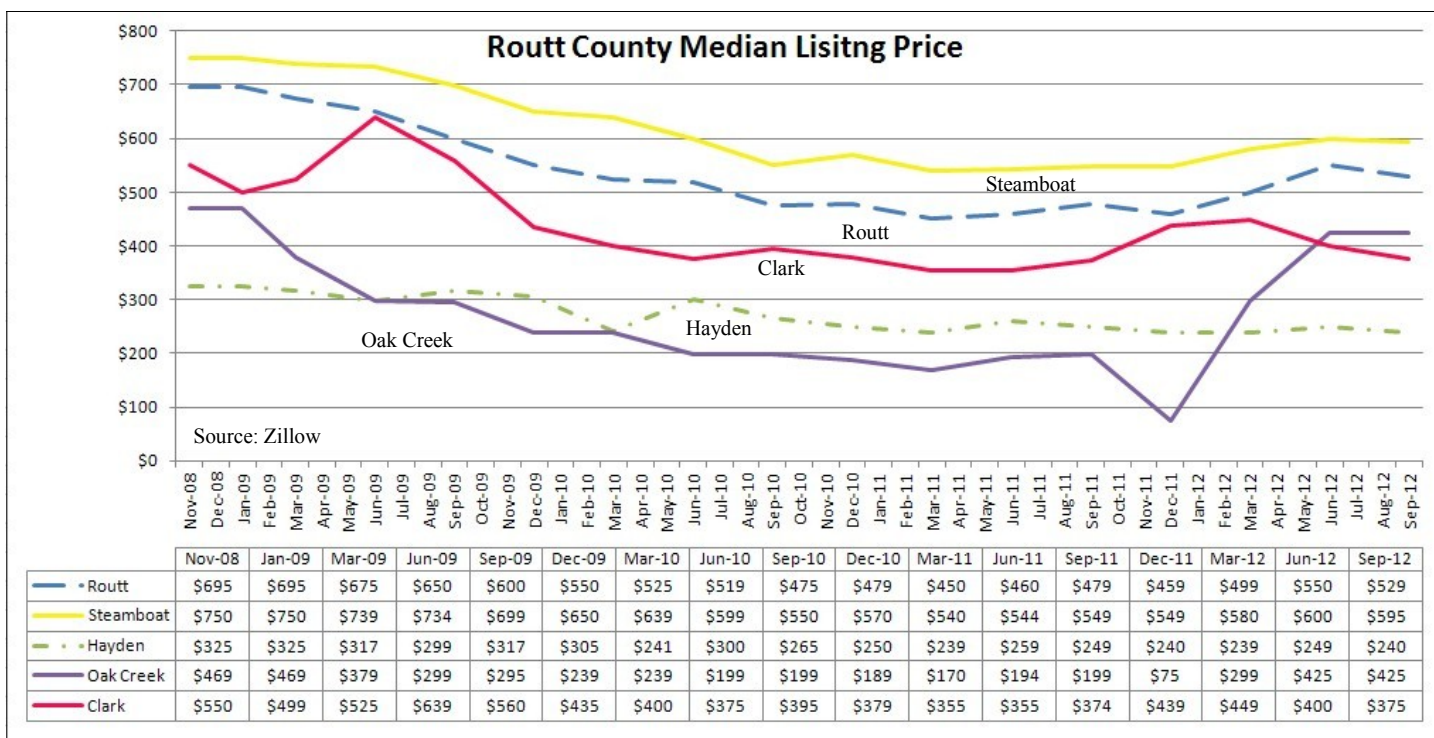
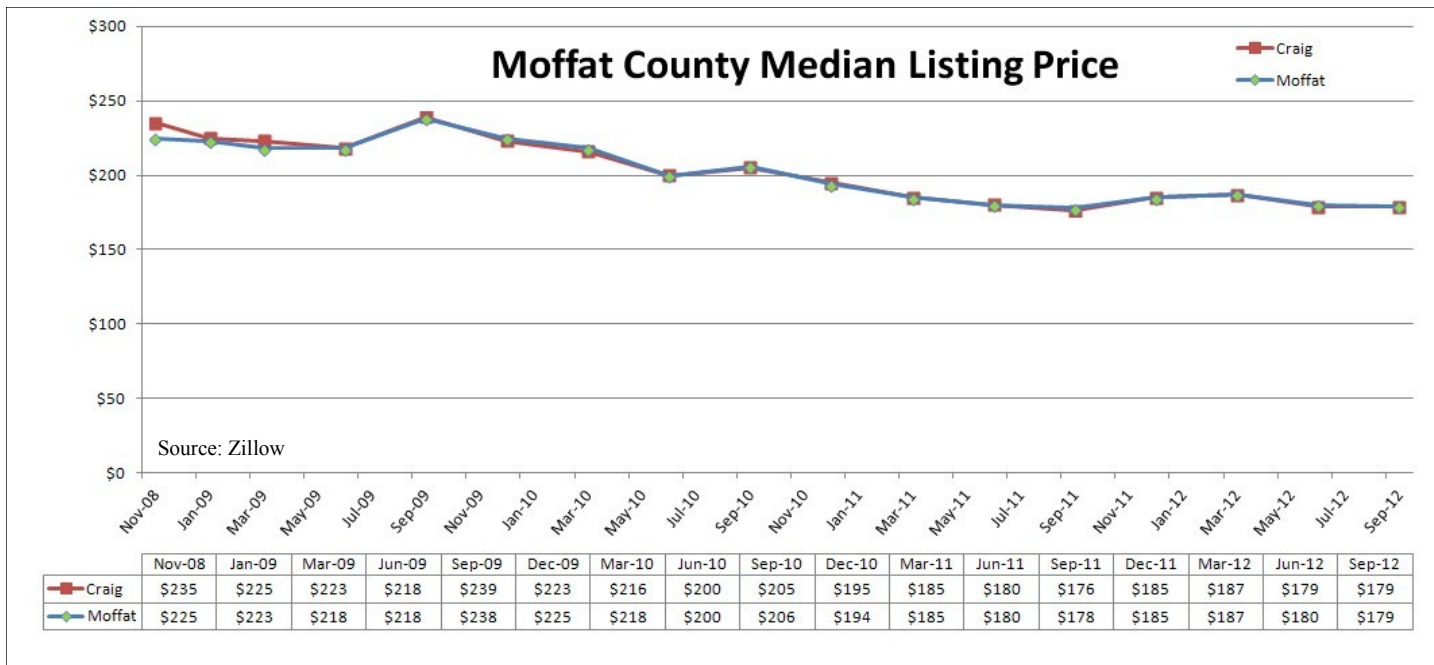
County registered a 0.003. We forecast a ratio between 0.005 and 0.015 for both counties. Anything below 0.025 is mild stress on the economy.



Spotlight: Housing Median Listing Prices

Below are charts showing the median listing price from November 2008 through November 2012 for selected towns in Moffat and Routt Counties. Often times households watch the value of their home when looking at their total investment portfolio. In 2011 second and third quarters' forecast newsletters we mentioned median household income holding steady. With low interest rates and the decline in housing prices, the housing afford-

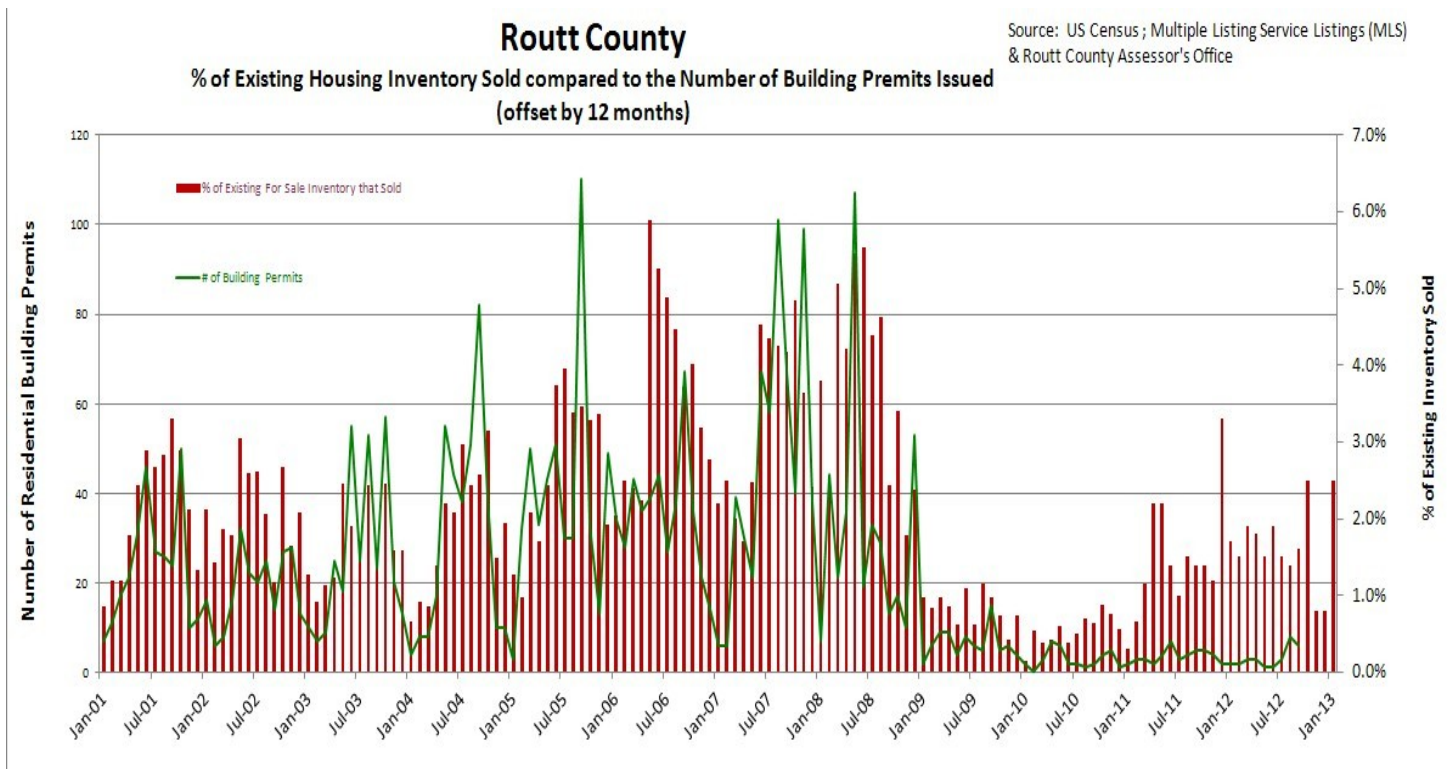
bility index was showing a prime time to buy residential real estate. The trend on housing pricing is slowly improving for most towns. In Moffat County there were several low selling foreclosures that brought down the median listing price and once the inventory of foreclosures runs its course, median listing price should continue to improve.



Construction - Routt

YVDP's construction indicator continues to show a lag in the construction market. However there are some signs of encouragement. The construction predictor was 2.3% or more every month since last June. If this trend continues for the next six to twelve months we will see construction

begin to pick up. The December number of homes for sale in Routt County is the lowest it has been since January 2011. Moffat County homes for sale have been steady for the last year at or around 220. Once home inventory lowers we should expect to see some more construction activity.



Spotlight: Recovery of Number of Jobs

By Scott L. Ford

The definition of when a recession begins and ends is not very well defined. The definition depends on what data are used. Some economists define a recession as being two consecutive quarters of negative Gross Domestic Product (GDP). Others will define a recession as an increase of 1.5% in the unemployment rate over a 12 month period. Most economists defer to the definition developed by National Bureau of Economic Research (NBER). The NBER uses a combination of GDP, inflation adjusted household income, industrial production and wholesale-retail sales. Using the NBER definition of a recession, the most recent recession began in December 2007 and ended 19 months later in June 2009.

Another way to measure the scope and depth of a recession lo-

cally is to look at the number of months it took the number of jobs (seasonally adjusted) to return to pre-recession levels. This approach at the local level gives a better assessment of the depth and scope of a local recession. See chart on opposite page.

A "job" is something most folks can clearly identify and relate to, and often job losses and gains reflect emotions of a recession. Since not all jobs are created equal, using only job numbers can distort the relative depth of a recession in counties that have a substantial amount of part time employment such in Moffat and Routt counties. Although many of the Yampa Valley Data Partners indicators have shown recovery, this indicator is one that is lagging and reflects the longest period of job recovery in the past 36 years. See graph to the right.



spotlight

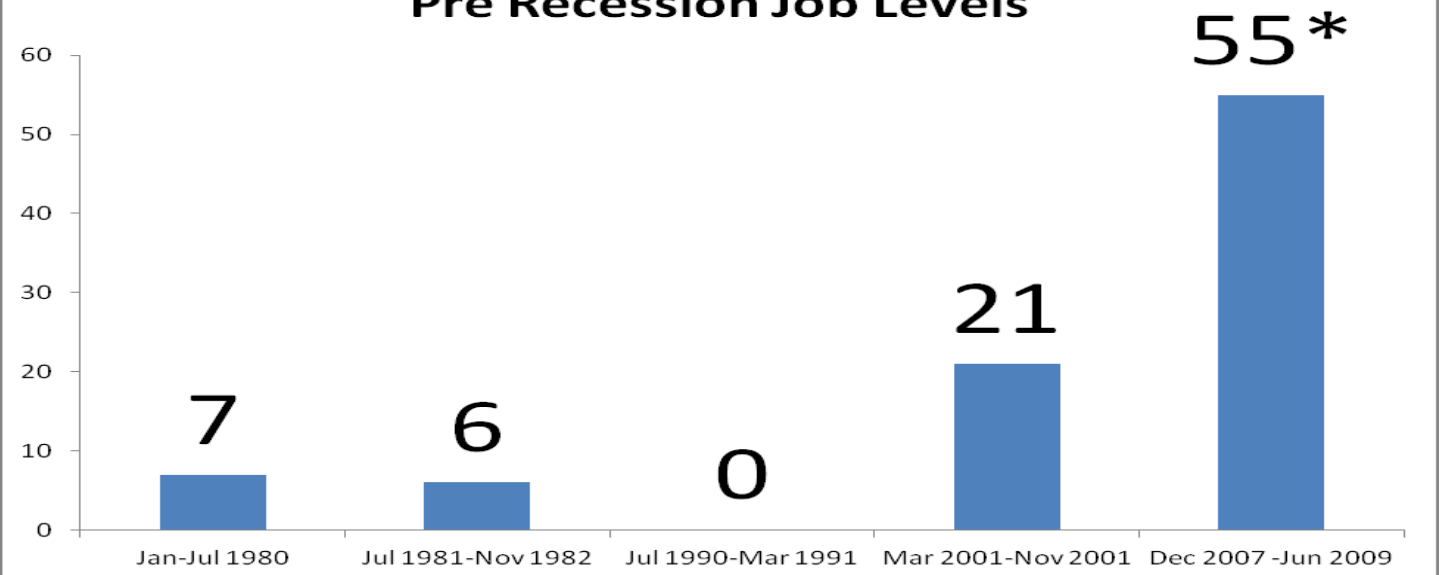
Job Recession Recovery

Looking back over 36 years of monthly state data, we see patterns that have great application to the Yampa Valley. During this 36-year period the nation has experienced the following recessions in the chart below as defined by NBER.

Dates	Duration (months)	Time since previous recession (months)	Peak Unemployment	GDP decline (peak to trough)
January-July 1980	6	58	7.8%	-2.2%
July 1981-November 1982	16	12	10.8%	-2.7%
July 1990-March 1991	9	92	7.8%	-1.4%
March 2001-November 2001	8	120	6.3%	-0.3
December 2007 -June 2009	18	73	10.0%	-5.1%



Months to Recover Pre Recession Job Levels



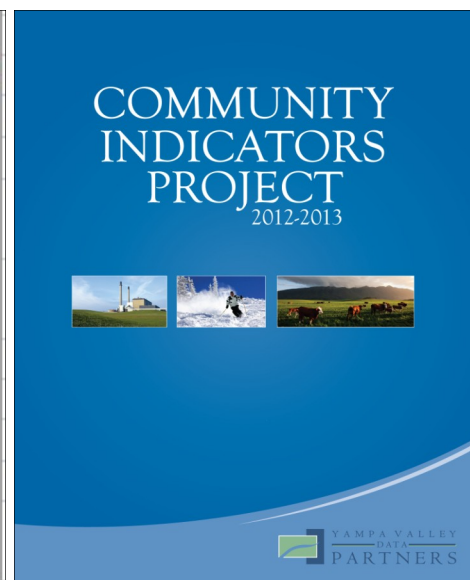
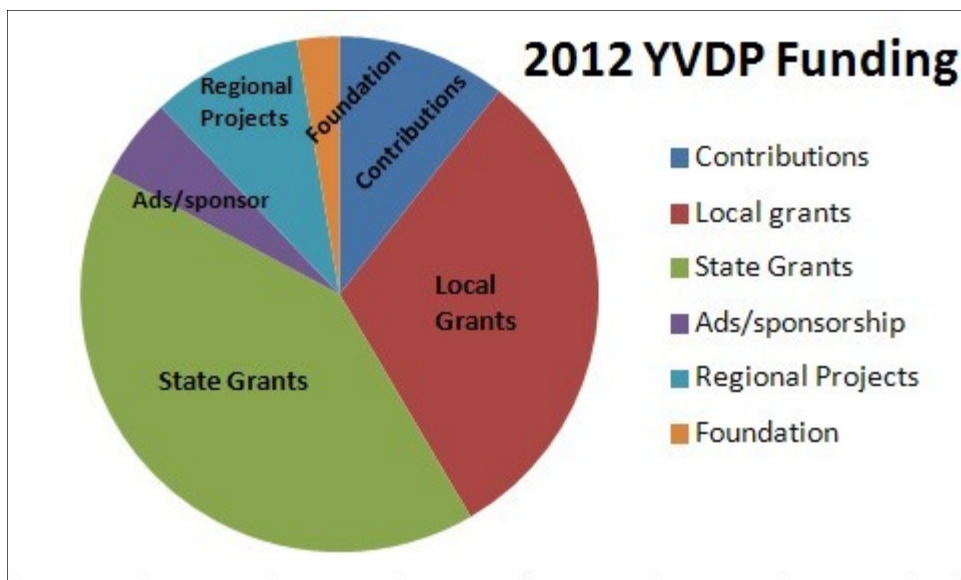
(*55 months and counting since we have yet to recover pre-recession job levels)

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Routt County	Nowak Kate
Shell Oil Company	Randy Rudasics
Ski Haus International	

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If you would like to make a tax deductible donation, please send your check to YVDP, PO Box 1641, Craig, CO 81626



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.

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