



# Yampa Valley Partners Regional Economic Forecast

Moffat, Rio Blanco and Routt Counties

3rd Quarter 2010  
Volume 1, Issue 2

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## Local Economy Improving—Although Anemic & Fragile

As we move further away from 2009, we are starting see changes that likely the worst of the local economic downturn is behind us. As a bright spot locally, we are expecting more activity in retail sales in the third quarter compared to the previous 3rd quarter. New this issue we have included a chart that tracks daily consumer spending 14-day rolling average. Since in both Moffat and Routt counties there is a strong correlation between local retail sales activity and national retail sales activity we are forecasting retails sales growth to be 4.5% for the upcoming quarter.

Unemployment percentages, even seasonally adjusted, are going to stay at levels that flirt with 10%. Although we are expecting modest improvement in local economic conditions, the creation of new jobs in both counties will be moving at a snail’s pace.

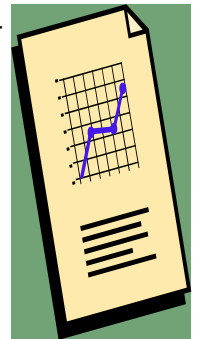
New home construction will continue at historic lows. The inventory of the number of unsold homes in Routt County is increasing and will place continued downward pressure on real estate listing prices. For the 12-month period ending mid-June listing prices in Routt County had declined 22%. Prices in Moffat County have stabilized. Although 30-

year mortgage rates will continue to remain at or near their current levels, this may not be enough to stimulate demand. Financing continues to be a challenge.

Foreclosure activity in Routt County has increased, however it still remains slightly above the averages for the state as a whole. In May, one home in Routt County in every 375 received a foreclosure notice. On page 6, we show Routt County's ranking compared to other mountain resort counties.

NW Colorado coal mines are producing about 5% more than they did last year. We are forecasting that the demand for coal will stay status quo for the remainder of the year as the utility companies draw down their stockpiles. A hotter than average summer in the Front Range could change this forecast.

The price of natural gas will fluctuate with seasonal demands, however, we are forecasting that production will continue to outpace demand and prices will continue to decline.



More economic data is available at [www.yampavalleypartners.com](http://www.yampavalleypartners.com)

Email [kate@yampavalleypartners.com](mailto:kate@yampavalleypartners.com) to subscribe and receive this newsletter each quarter

# Gross Retail Sales

Both Moffat and Routt counties will see modest gains in sales during the third quarter compared to the third quarter of 2009. It is going to look and feel a lot like the sales levels of 2006. Since both Moffat and Routt Gross Retail sales are highly correlated with national sales, the good news is there are encouraging signs of improvement. As evident in the 14 day rolling average daily spending, consumer sentiment is beginning to lift. We still expect shoppers to continue to be frugal with their discretionary spending.

## 14 Day Rolling Average of Consumer Spending

Gallup's consumer spending measure tracks the average dollar amount Americans report spending or charging

on a daily basis, not counting the purchase of a home, motor vehicle, or normal household bills. Respondents are asked to reflect on the day prior to being surveyed and results are presented here in a 14-day rolling average.

Results are based on telephone interviews with approximately 1,500 national adults; Margin of error is  $\pm 3$  percentage points.

Since Gross Retail Sales in both Moffat County and Routt County are highly correlated with national retail sales, tracking daily consumer spending helps identify trends.

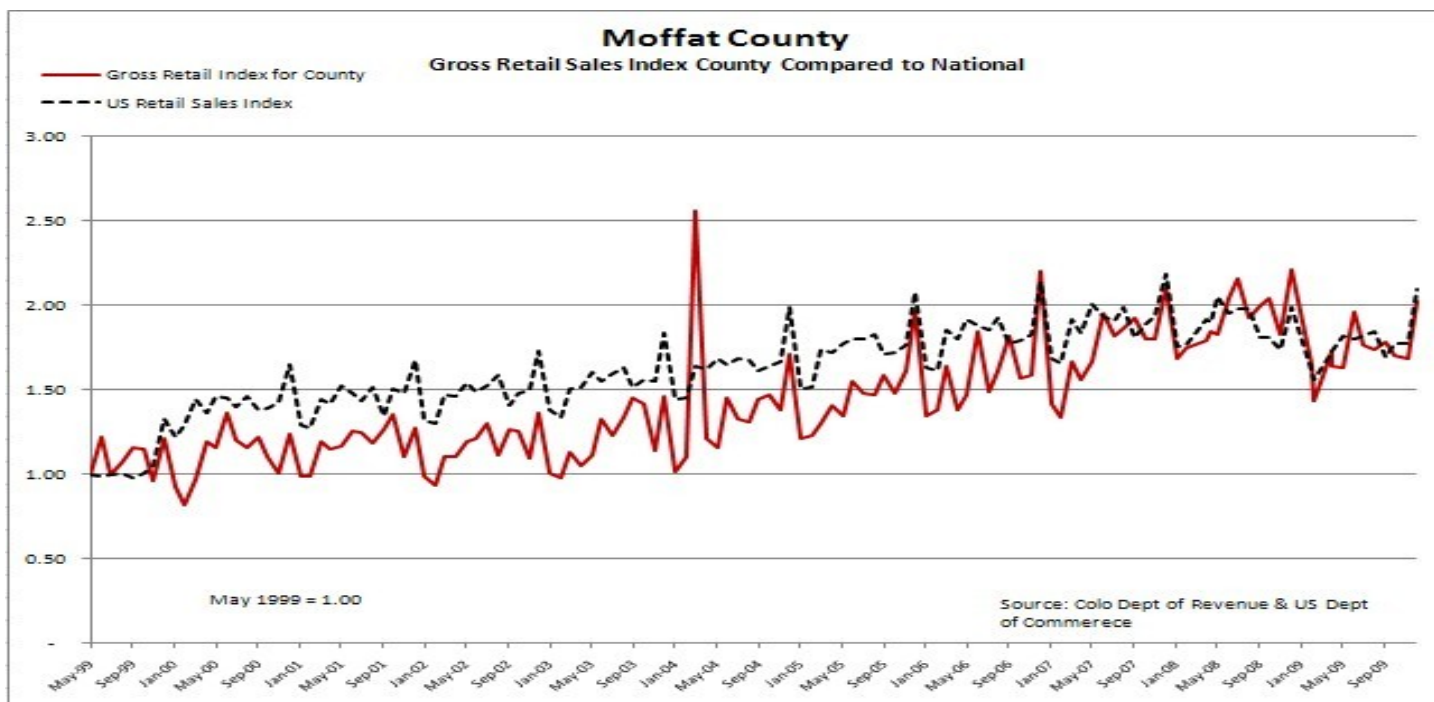
## Calculating Confidence Range for Gross Retail Sales Forecast

At the 50% Correct value, there is a 50/50 chance the forecast value will be within this margin of error.

At the 80% Correct value, there is a 80% chance the forecast value will be within this margin of error.

For Example:

Forecast Value = 100, 50% Correct Value = 10, 80% Correct Value = 15, There is a 50% Chance the actual value will be between 110 and 90. There is a 80% Chance the actual value will be between 115 and 85.



# Gross Retail Sales

## Moffat County Gross Retail Sales Forecast

| Month/Yr. | Year over Year Change in Gross Retail Sales, Percent. | Projected Gross Retail Sales | Forecast Confidence Range +/- | Forecast Confidence Range 80% +/- |
|-----------|---|------------------------------|-------------------------------|-----------------------------------|
| Jul-10    | 4.9%  | \$35,894                     | 2.4%                          | 5.3%                              |
| Aug-10    | 4.3%  | \$32,254                     | 2.6%                          | 5.7%                              |
| Sep-10    | 4.9%  | \$31,812                     | 2.7%                          | 6.1%                              |

*Moffat & Routt retail sales are closely correlated to national retail sales*

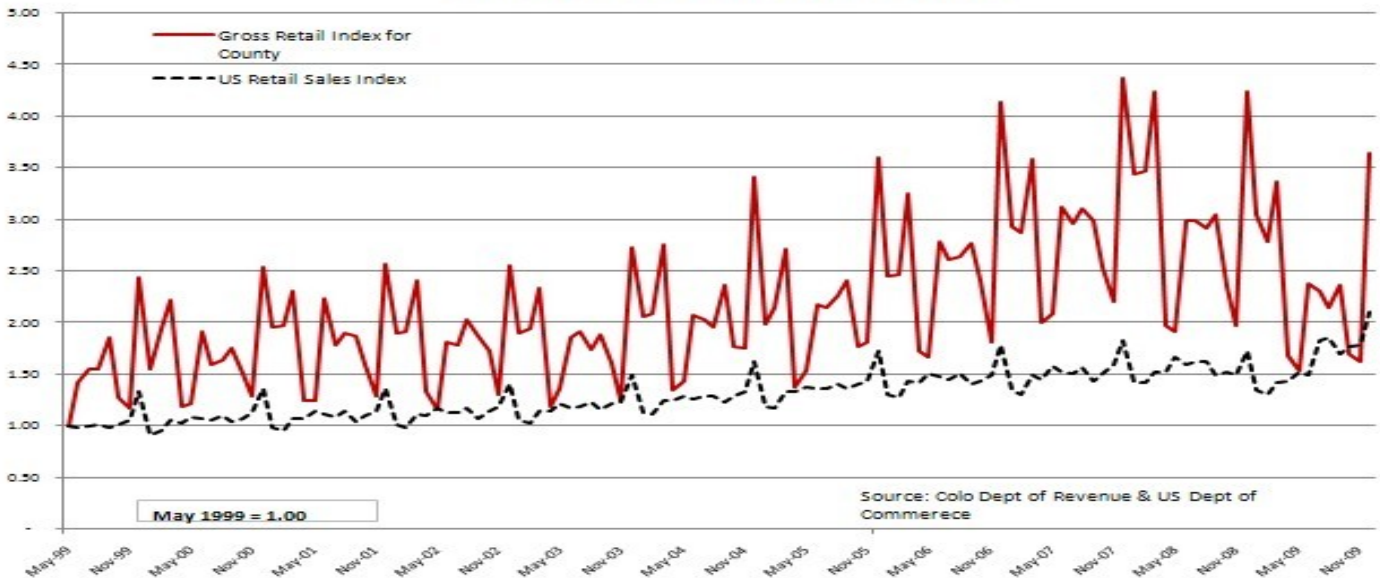
## Routt County Gross Retail Sales Forecast



| Month/Yr. | Year over Year Change in Gross Retail Sales, Percent. | Projected Retail Sales | Forecast Confidence Range 50% +/- | Forecast Confidence Range 80% +/- |
|-----------|---|------------------------|-----------------------------------|-----------------------------------|
| Jul-10    | 4.9%  | \$74,108               | 2.4%                              | 5.3%                              |
| Aug-10    | 4.3%  | \$68,478               | 2.6%                              | 5.7%                              |
| Sep-10    | 4.9%  | \$75,737               | 2.7%                              | 6.1%                              |

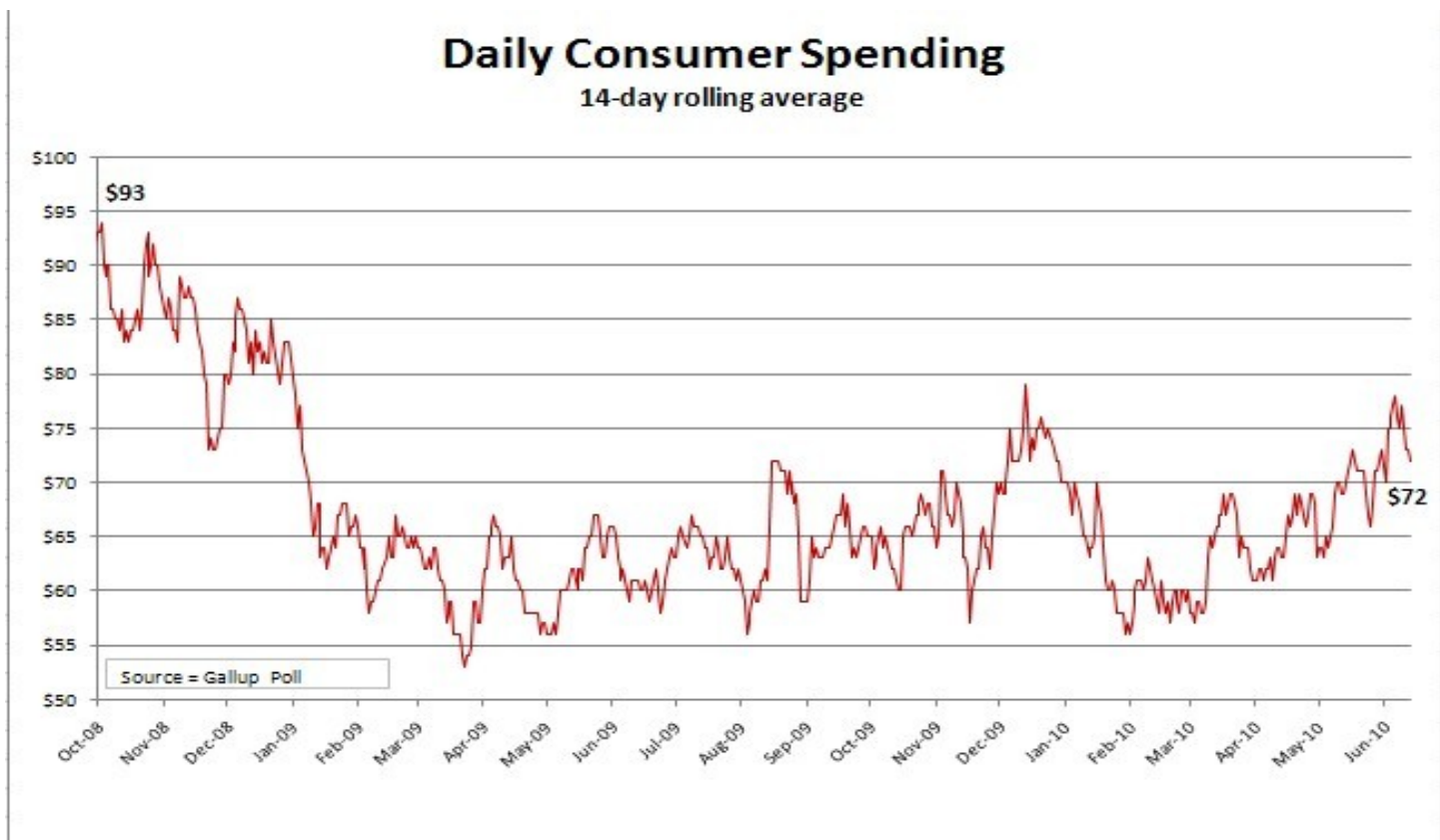
### Routt County

Gross Retail Sales Index County Compared to National



# Consumer Spending

*Looking at daily consumer spending helps us identify emerging consumer trends*



# Employment

Forecasting unemployment rates is far from an exact science. Because of the relative small numbers that exist in both Moffat and Routt counties, small changes in either the numerator or the denominator result in wide swings in the unemployment percentage. This makes trying to forecast a specific unemployment percentage more of a guessing game than something meaningful.

We have opted to do analysis that correlates national unemployment percentages to unemployment percentages in both Moffat and Routt counties. A moderate correlation does exist in both counties

$$\text{Moffat County} = 0.614379891$$

$$\text{Routt County} = 0.656807027$$

These correlations are likely strong enough to identify trends, however, they are not strong enough to use for meaningful predictions. Therefore, county specific unemployment rate forecast are not included in this newsletter. National unemployment forecast is shown on the following page.



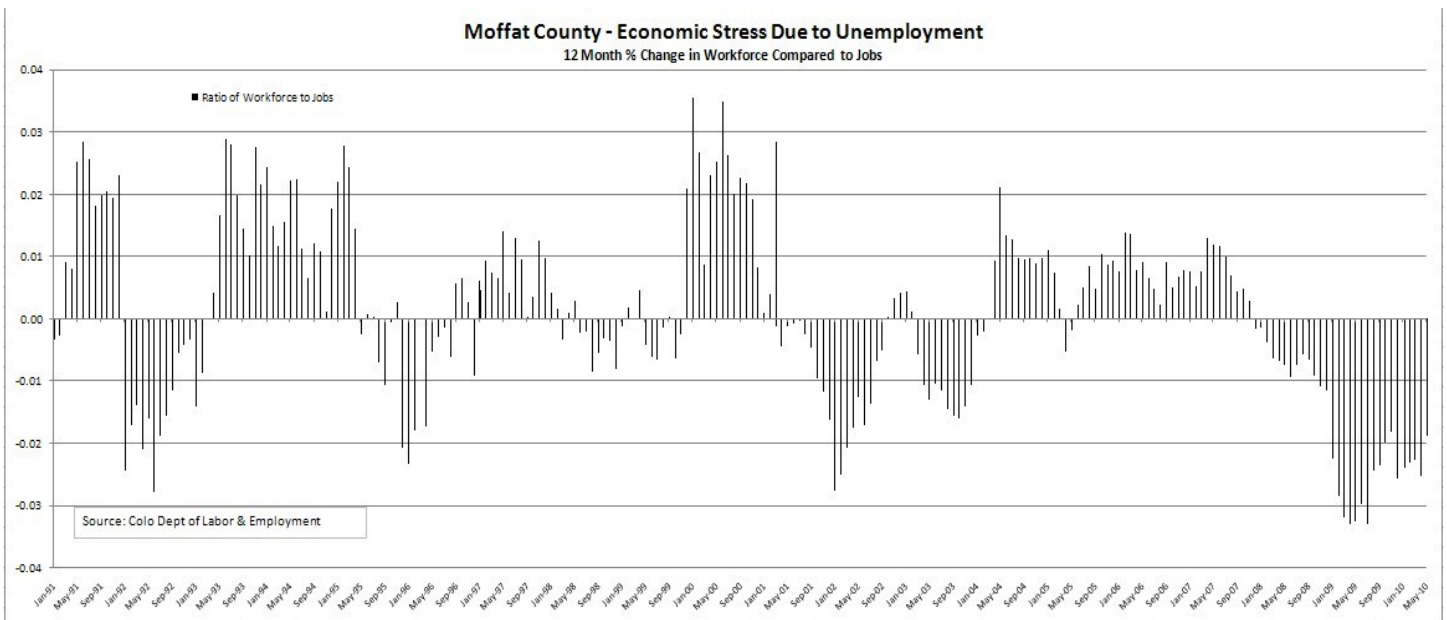
# Employment & Economic Stress

## Economic Stress Indicator Due to Unemployment

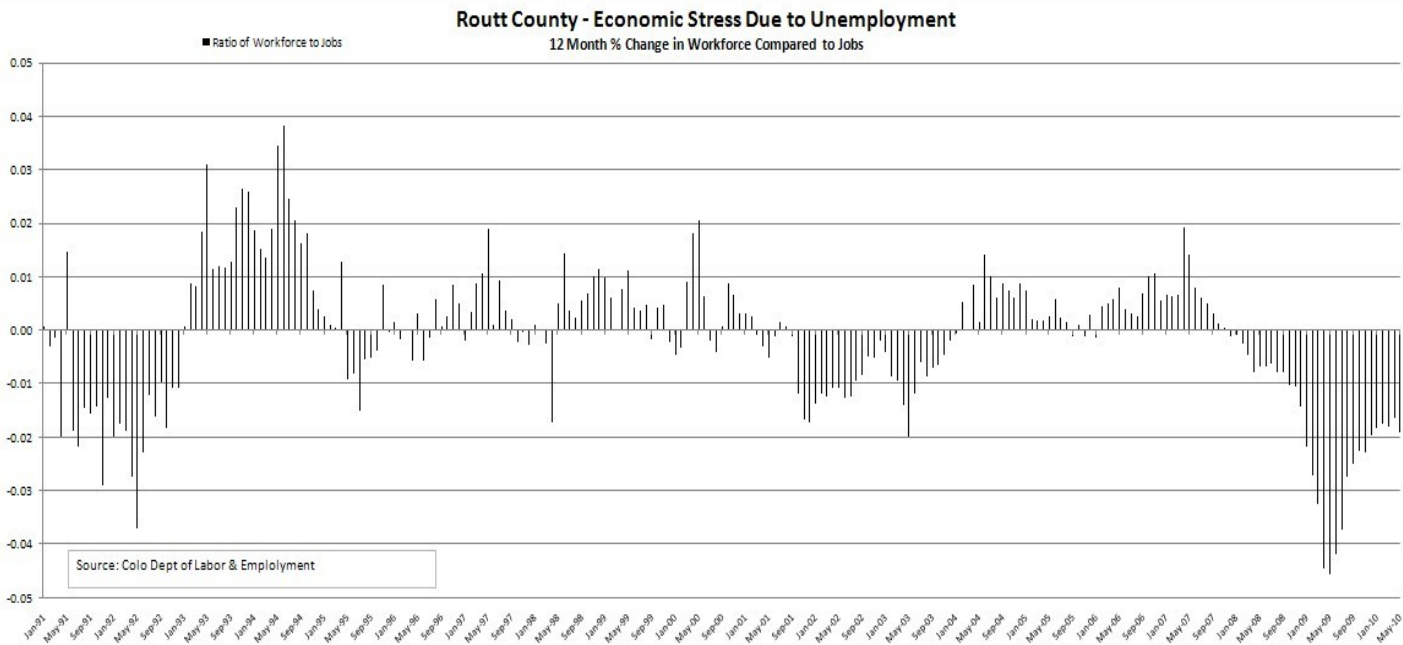
Although relative small numbers exists in Moffat and Routt counties not allowing for a specific unemployment forecast, it is possible to measure the degree of economic stress the county is encountering as a result of unemployment. This is done by measuring the percentage change in the number of jobs and the percentage change in workforce over a 12 month period. For example, when the available workforce is greater than the number of jobs available the county will experience an increase in the economic stress level due to unemployment. If new jobs are not created, eventually the workforce will leave the area and a balancing will occur. Although our counties economy may have fewer jobs, the economic stress due to unemployment will be less.

In this Economic Forecasting Newsletter the balance is monitored for both Moffat and Routt counties. A negative number means the county is still experiencing economic stress due to unemployment. A positive number indicates that unemployment is no longer contributing to the county's economic stress.

| U.S. Civilian Unemployment Rate Forecast |          |             |             |
|--|----------|-------------|-------------|
| Percent Unemployed Seasonally Adjusted   |          |             |             |
| Date                                     | Forecast | 50%         | 80%         |
|  | Value    | Correct +/- | Correct +/- |
| Jul-10                                   | 9.5%     | 0.3         | 0.6         |
| Aug-10                                   | 9.5%     | 0.3         | 0.6         |
| Sep-10                                   | 9.4%     | 0.3         | 0.7         |
| Oct-10                                   | 9.5%     | 0.3         | 0.7         |
| Nov-10                                   | 9.6%     | 0.3         | 0.8         |
| Dec-10                                   | 9.6%     | 0.4         | .9          |

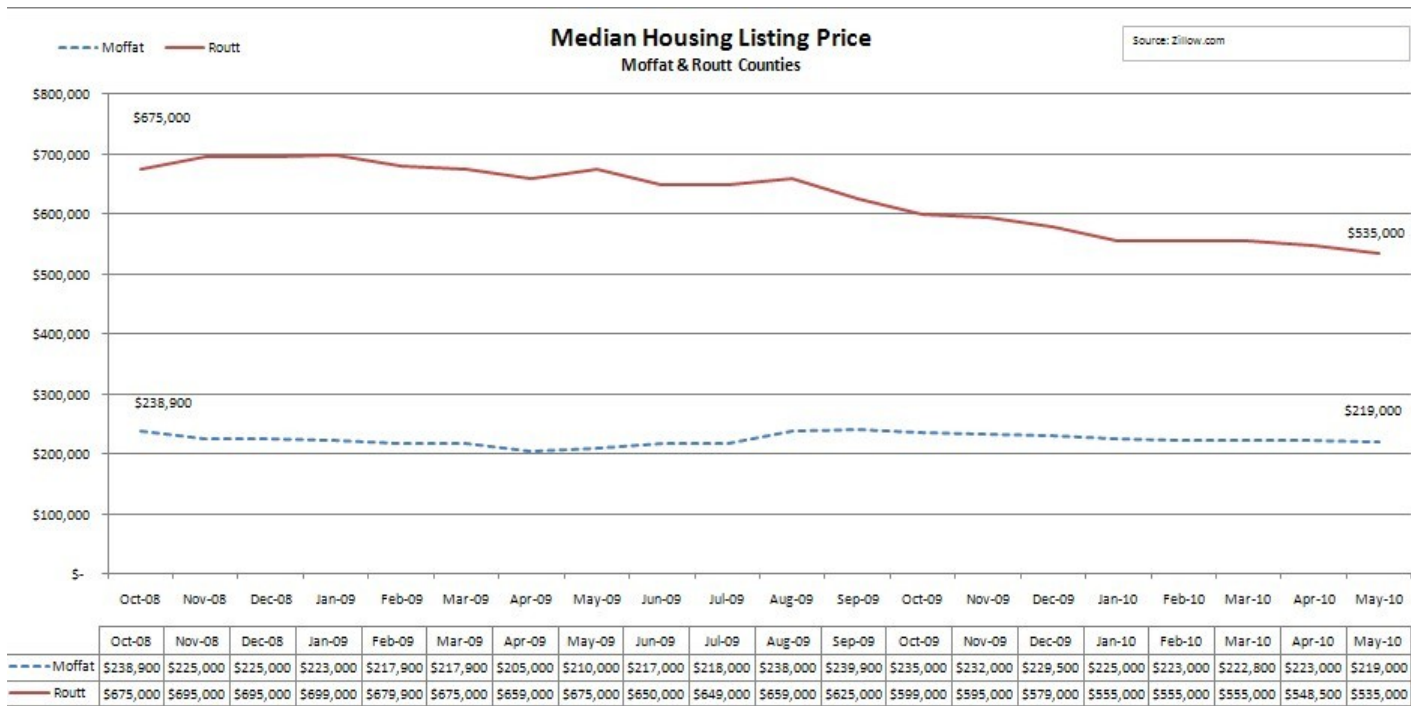


# Employment



*Looking at percent change in workforce compared to jobs is a more accurate way to gage the impact unemployment is having on smaller counties*

# Real Estate



# Real Estate

Here are the changes in median housing price in Moffat and Routt counties as of 6/14/2010. You can attain this monthly data through [Fast Facts](#) on the Yampa Valley Partners website anytime for your convenience.

| County | Month over Month | Quarter over Quarter | Year over Year | Median Listing Price |
|--------|------------------|----------------------|----------------|----------------------|
| Routt  | -2.0%            | - 4.4%               | - 22.2%        | \$525,000            |
| Moffat | - 2.2%           | - 2.3%               | + 2.4%         | \$219,000            |

Source: Zillow.com

Foreclosure activity in Routt County has increased, however it still remains slightly above the averages for the state as a whole. In May 2010 for Routt County, one home in every 375 received a foreclosure



Routt County's May 2010 ranking compared to other Colorado counties that have a significant resort influence in their economy.

|                 |                   |                   |
|-----------------|-------------------|-------------------|
| Eagle 1 in 466  | Summit 1 in 993   | Garfield 1 in 371 |
| Pitkin 1 in 966 | La Plata 1 in 792 | Gunnison 1 in 408 |

Source: Realty Trac

## 30 Year Mortgage Interest Rate Forecast

| Date   | Forecast Value | 50% Correct +/- | 80% Correct +/- |
|--------|----------------|-----------------|-----------------|
| May-10 | 4.93%          | 0               | 0               |
| Jun-10 | 4.81%          | 0.05            | 0.11            |
| Jul-10 | 4.84%          | 0.06            | 0.14            |
| Aug-10 | 4.81%          | 0.07            | 0.16            |
| Sep-10 | 4.85%          | 0.08            | 0.18            |

### Homes that Received a Foreclosure Notice in 2010

|                                      | Routt County |
|--------------------------------------|--------------|
| Feb-10                               | 1 in 848     |
| Mar-10                               | 1 in 453     |
| Apr-10                               | 1 in 279     |
| May-10                               | 1 in 375     |
| Colorado Rate in May 2010 - 1 in 444 |              |
| Nationwide May 2010 - 1 in 399       |              |

*Interested in Sponsoring your company here?*

Call Kate for rate information 970-824-1133

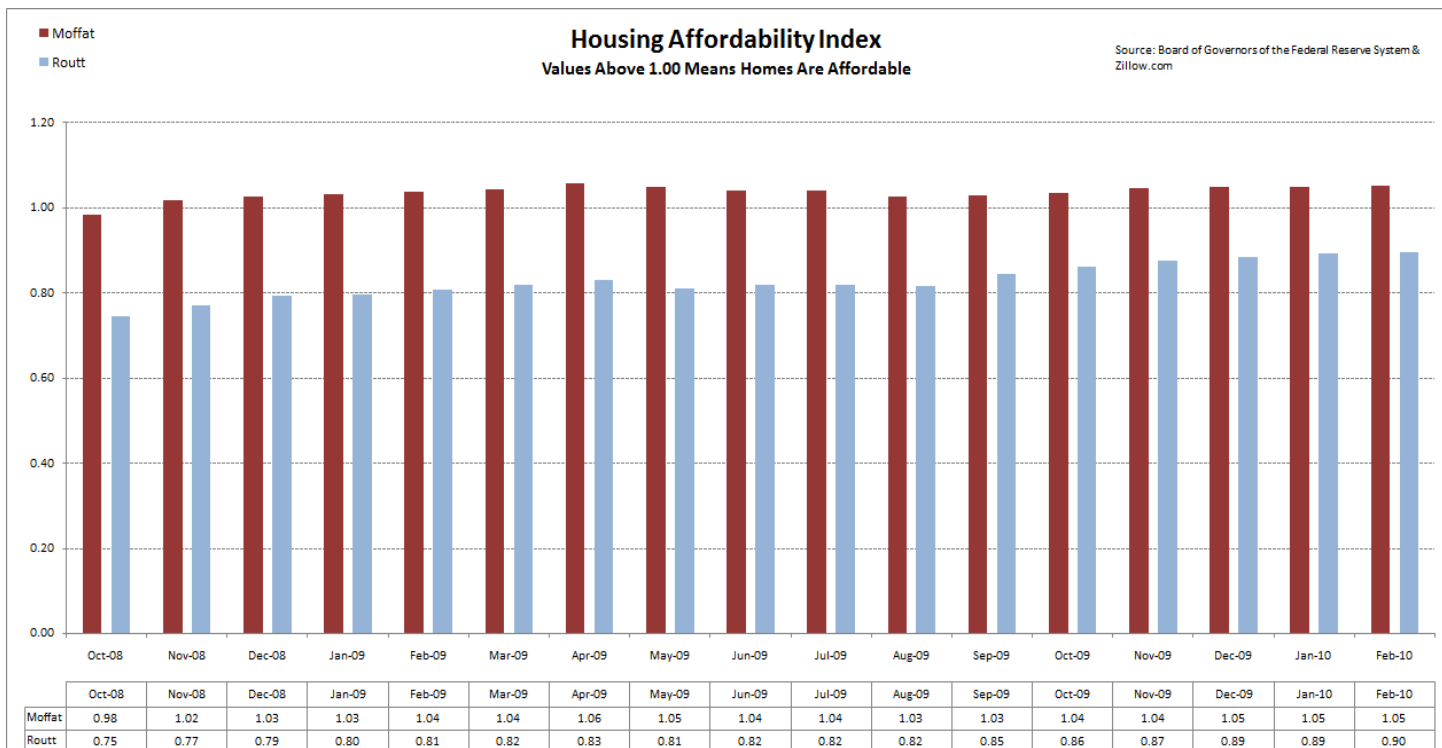
**Check out our on-line community indicators**

Strengthening our community through data and collaboration.

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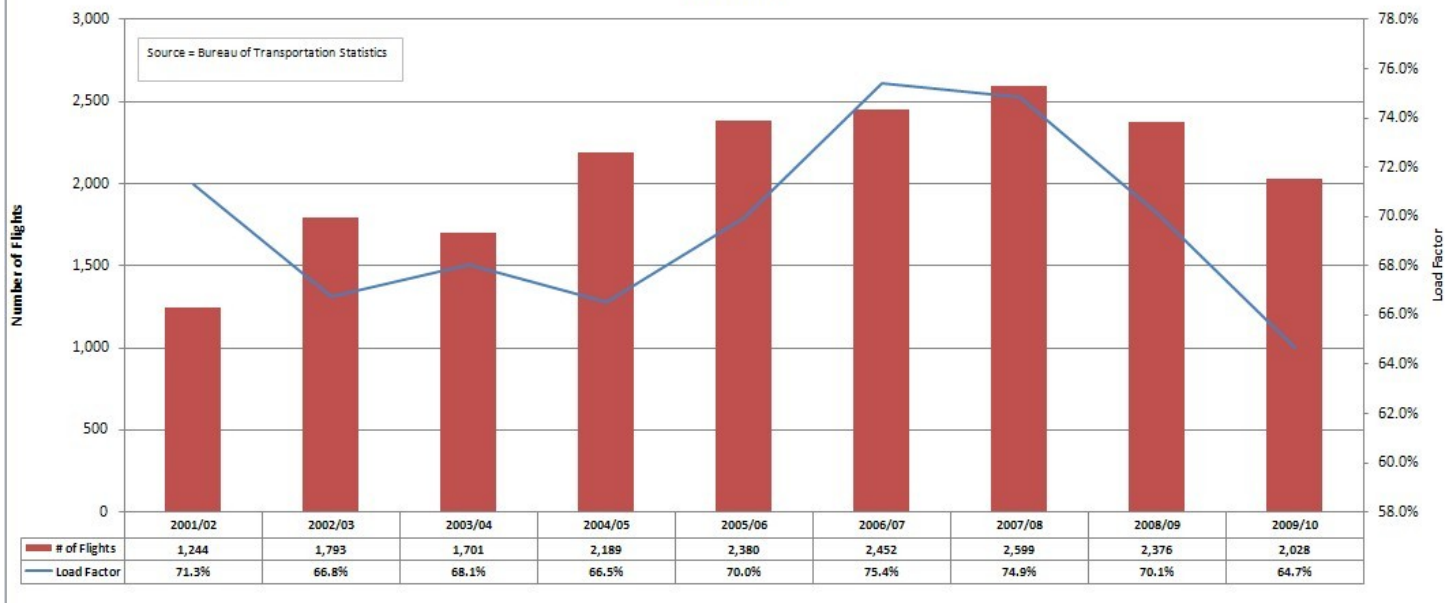
# Real Estate



# Transportation

Reliable and consistent year-round air service into and out of the Yampa Valley is a critical economic infrastructure. It supports those segments of the economy dependent upon the destination resort visitor and it supports an increasing number of residents whose business activities extend beyond the confines of the Yampa Valley. Recognizing the importance of reliable and consistent service, the following economic trends are tracked; load factor and number of planes. This past winter season we see that the number of flights were down as well as load factor or how many people were on the planes.

### Yampa Valley Regional Winter Season (Dec-Mar)



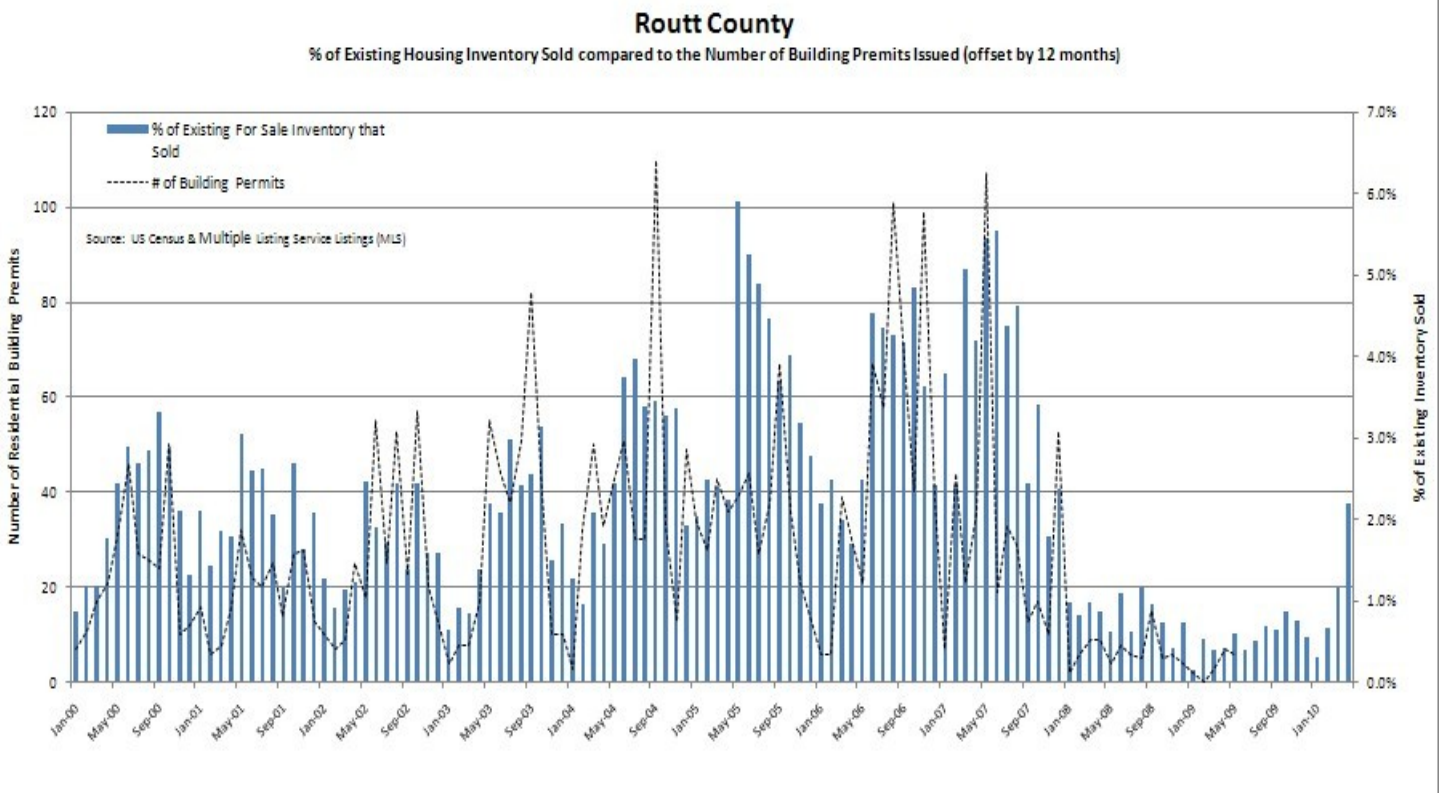
# Construction - Routt

In Routt County over the past 10 years, 2,656 residential building permits were issued. Permits associated with single-family detached and single-family attached (duplex) homes accounted for 97% of the permits and 72% of the total dwelling units. The remaining 28% of the dwelling units were associated with multifamily condominium and town-home units.

We believe we can predict trends in construction by finding a strong correlation that correlates building permit data and percent changes in existing for sale inventory. A very strong predictive correlation exist between the ratio of single family homes sold to the total for sale inventory compared to the number of building permits issued. The predictive correlation is made stronger by offsetting the number of permits issued by 12 months. This offset recognizes the lag that would logically occur when buyers faced with an increasingly limited inventory make the decision to build vs. buy an existing home.

From a predictive local perspective, we should not expect any meaningful increase in residential building permits until the ratio of sold homes to existing inventory begins to exceed 2%. This simply means when sales of existing homes exceeds 2% of available inventory we can reasonably predict that building activity will follow in roughly the same order of magnitude in 12 months.

In the months of March and April, (as a percentage of inventory sold) the data showed it was the first time since October 2008 that the sales percentage of existing inventory was above 1%. For the 3 month period (Feb-Apr) there were 49 sales. Twenty six or fifty-three percent of these sales were to individuals with addresses outside of Routt County. The sales were specifically single family homes sales and not condominium sales.



# Energy—Coal

92% of all coal production in the United States is used by electric utilities. 98.7% of the coal mined in Colorado is used by electric utilities. The coal mined in Colorado during 2008 represented 2.7% of nation's total coal production. The summer months are typically the peak months for coal consumption by the utility companies. The summer of 2009 was cooler than many of the previous summers. As a result, utilities used less coal in 2009. All Three NW Counties Combined (Moffat/Rio Blanco/Routt) = 16% of Private Sector Earnings (14% of total earnings when government is included)

2008 Earnings from the mining sector

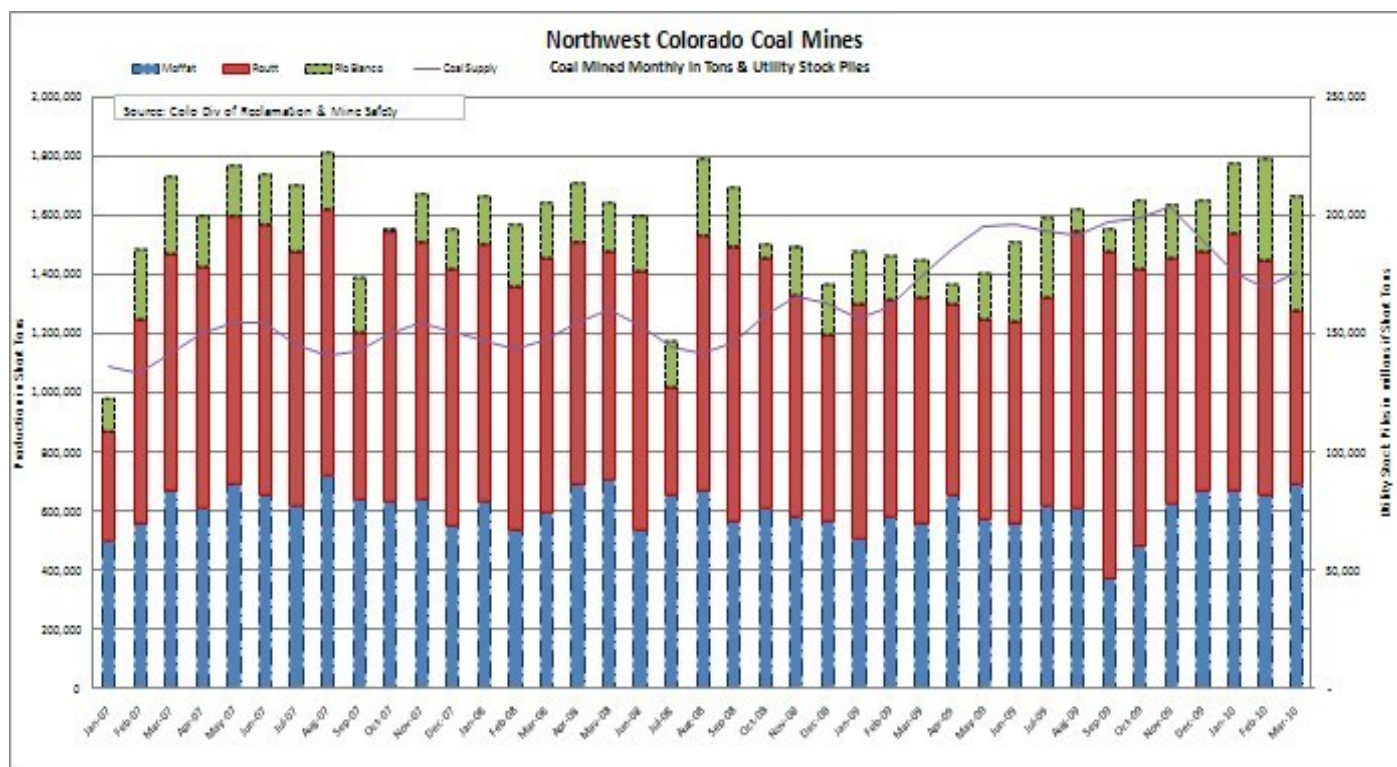
Moffat = 26% of Private Sector Earnings (20% of total earnings when government is included)

Rio Blanco = 34% of Private Sector Earnings (28% of total earnings when government is included)

Routt = 7% of Private Sector Earnings (6% of total earnings when government is included)

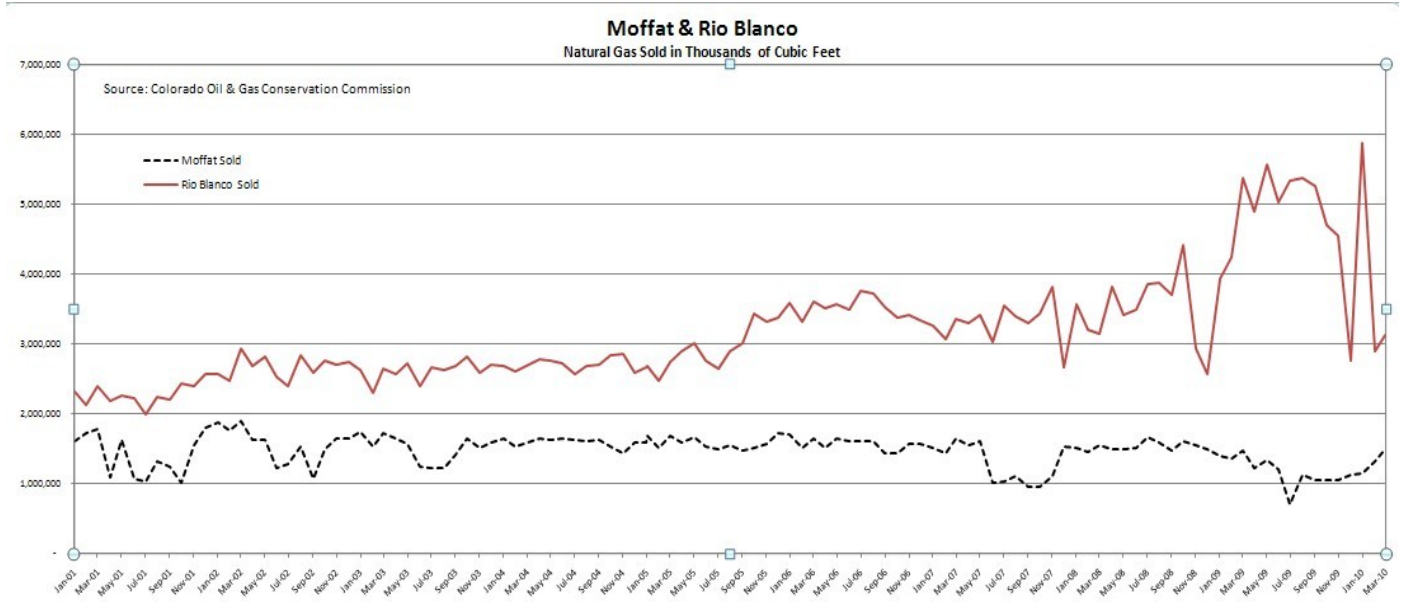
Source: Bureau of Economic Analysis

**Outlook Coal** The three counties combined account for 53% of coal production in the state of Colorado. The chart below shows the 3 main mines in our area by coal production. The solid horizontal line depicts the utility stockpile number.

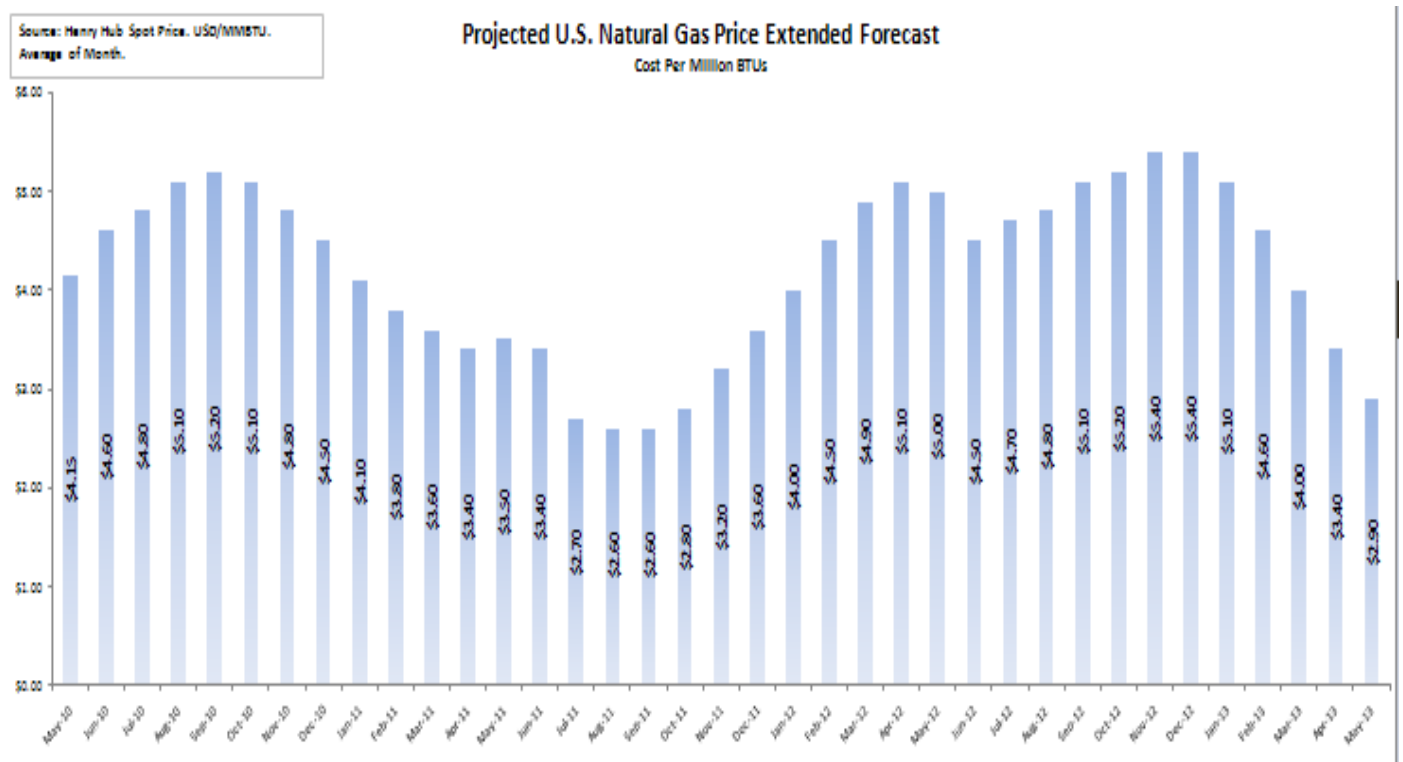


# Energy- Natural Gas

**Outlook Natural Gas** Over the past 10 years Rio Blanco has accounted for 68% of the total natural gas production sold in the state of Colorado.



Natural gas production is going to exceed demand and we'll see this reflected in pricing. Nationally it is projected that production of natural gas will exceed demand until the 1st Qtr of 2013. Of natural gas users, the largest decline will take place amongst the residential user during this period.



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YAMPA VALLEY  
PARTNERS

Strengthening our community through data and collaboration

### Yampa Valley Partners Vision

Yampa Valley Partners is recognized by our community and its leaders as a vital resource and partner for collaborative work among local government, citizens, voluntary civic groups, the business community and philanthropic organizations in communicating and addressing critical issues of regional concern.

*Yampa Valley Partners is a 5013c non-profit organization and appreciates donations.*

## Recharge Colorado Energy Home Audit Rebates Available

We invite Moffat, Rio Blanco and Routt residents to participate in the residential energy audit rebate program. The goal of the program is to save energy and stimulate the economy by creating work for contractors. There are lots of home energy audit rebates available on [www.rechargecolorado.com](http://www.rechargecolorado.com). The rebates are on a first come first-served basis and are available for existing homes.

Contractors that perform the energy audits must be BPI (Building Performance Institute) or RESNET (Residential Energy Services Network) accredited building analysts. Fortunately we have 2 qualified contractors in our area. Greenleaf Building Performance 970-846-2640 and Mountain Energy Consultants 970-393-2202.

There are generally different service tiers where your energy auditor will perform specific tasks on site. A “walk through” audit in your house will allow the auditor to review a checklist of items to see if any energy efficient improvements can be made. Other tiers provide for a comprehensive audit of your home utilizing special equipment to test your doors, windows, installation, etc. for drafts and air leakage. The energy auditor’s checklist is thorough and you can be assured that the audit’s recommendations will lead to more comfort in your home. So if you are interested in saving on utility bills this winter, get your home energy audit now to determine your best next steps. Please share your home energy audit success stories with Yampa Valley Partners at [kate@yampavalleypartners.com](mailto:kate@yampavalleypartners.com)

## Yampa Valley Partners Ignites Regional Energy Steering Committee

As we mentioned in the last newsletter, Yampa Valley Partners received a grant from the Governor’s Energy office to promote GEO programs, financing options and facilitate a region wide energy plan with key community members in the tri-county area.

The Northwest Colorado Energy Steering Committee has chosen their own name and will create our regional energy plan. Representatives have been selected from cities, towns, counties, workforce development, business, economic development, utilities, higher education and non-profits. Please feel free to contact any of the committee members to give your input on energy efficiency in the valley and what you would like to see in the plan. The current committee members are:

**Moffat County** Commissioner Audrey Danner, City of Craig: Ray Beck and Terry Carwile, City Council, Jim Ferree, City Manager

**Rio Blanco County:** Commissioner Kai Turner, Pat Hooker, County manager

Town of Meeker: Sharon Day, Town Manager, Town of Rangely: Peter Brixius, Town Manager

**Routt County:** Tim Winter, Facilities Manager, Tom Sullivan, County Manager, City of Steamboat Springs: Meg Bentley, City Council Member, Wendy DuBord, Deputy Manager, Town of Hayden, Russ Martin, Town Manager

Yampa/Oak Creek TBA

**Higher Education** CMC - TBA, Gene Bilodeau, CNCC

**Utility Companies:** Dick Welle, White River Electric Association, Jim Chappell, Yampa Valley Electric Association

**Business:** Susan Holland, President Emerald Mountain, TBA, Hayden Plant

**Non-Profit:** Angela Ashby, President of Yampa Valley Sustainability Council

**Workforce Development** Linda Dill, Craig Workforce: Labor & Employment Specialist

**Economic Development** Richard Beason, Director of Craig Moffat Economic Development Council

Work has begun on the Northwest Colorado Energy Steering Committee to create a mission and vision that will guide our work. Here is our draft mission statement.

***The mission of Northwest Colorado Energy Steering Committee (NCESC) is to educate, communicate and promote sustainable and energy efficient practices so that our tri-county area will utilize our resources effectively and benefit our local economies.***

In our next meeting in July we will start working on our strategies and goals. Please send us your input. Meanwhile please check out

[www.rechargecolorado.com](http://www.rechargecolorado.com)

Kate Nowak is the regional Community Energy Coordinator for the area as well as the executive director for Yampa Valley Partners. Contact Kate with questions at [Kate@yampavalleypartners.com](mailto:kate@yampavalleypartners.com)