

Welcome to the 11th Annual Southern Colorado Economic Forum

**University of Colorado at Colorado Springs
and the
College of Business and Administration**

October 11, 2007



Objectives

- **Fort Carson Deployment and the Local Economy**
- **Federal Reserve Monetary Policies**
- **Housing Values and Foreclosures**
- **Local Residential Activity**
- **Sector Employment and Wages**
- **Forecasts**

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Fort Carson Levels in 2006

- Troop Level $\approx 17,500$
- Deployments $\approx 25-35\%$ of troops

Estimated Effects of Deployments in 2007 on the Local Economy

<u>Item</u>	<u>Amount Lost</u>
Employment	4,800
Employee wages	\$173 million
Indirect business taxes	\$17 million
Proprietor's income	\$15 million
Property income	\$62 million
Local output	\$386 million

Employment Most Affected by Troop Deployments

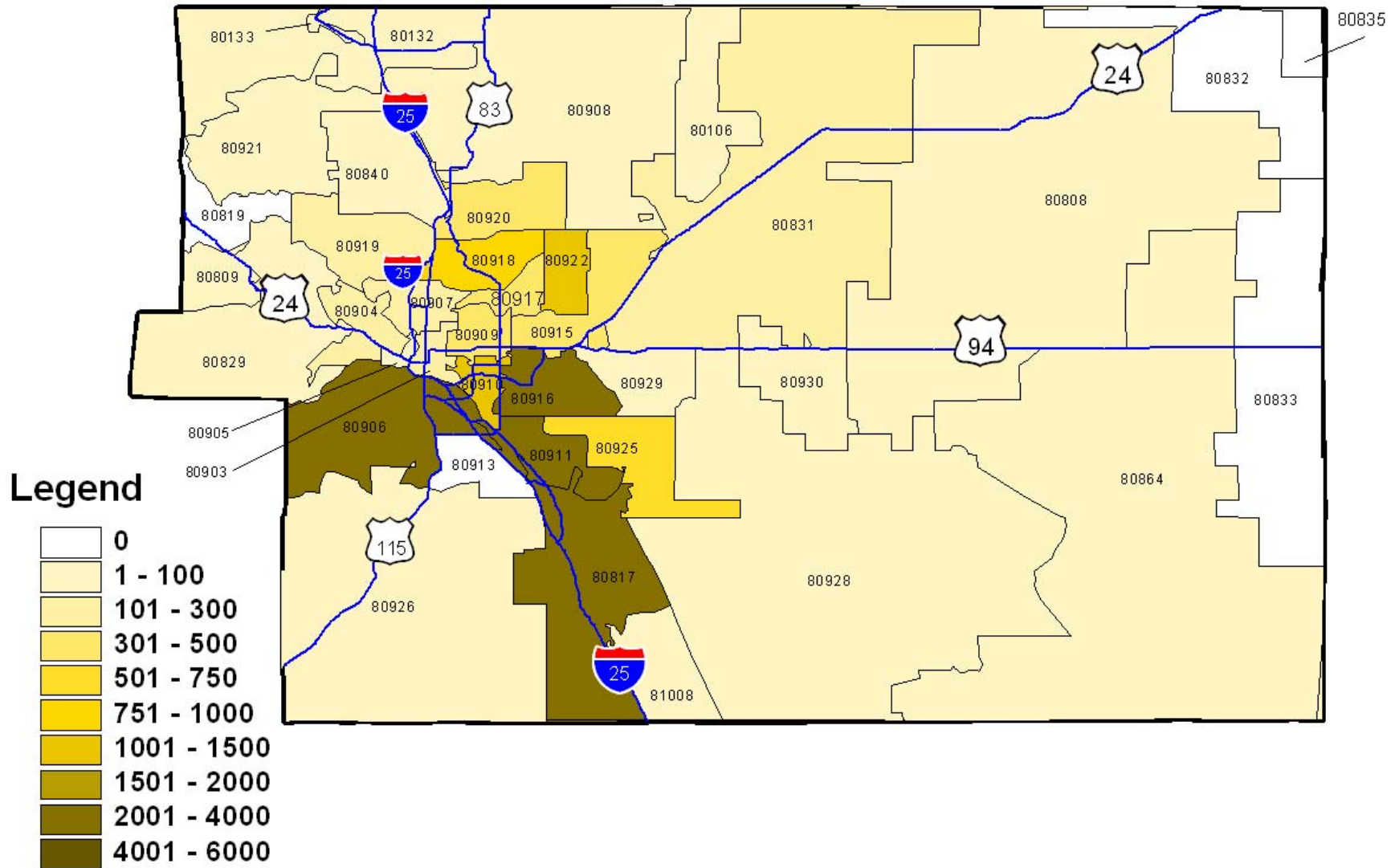
Sector	Lost Jobs
Food services and drinking places	380
State & local education	185
State & local government	166
Offices of physicians	166
Real estate	105
General merchandise	97
Nonstore retailers	93
Nursing and resident care	93
Automotive repair	90
Wholesale trade	87
Food and beverage	81

Fort Carson

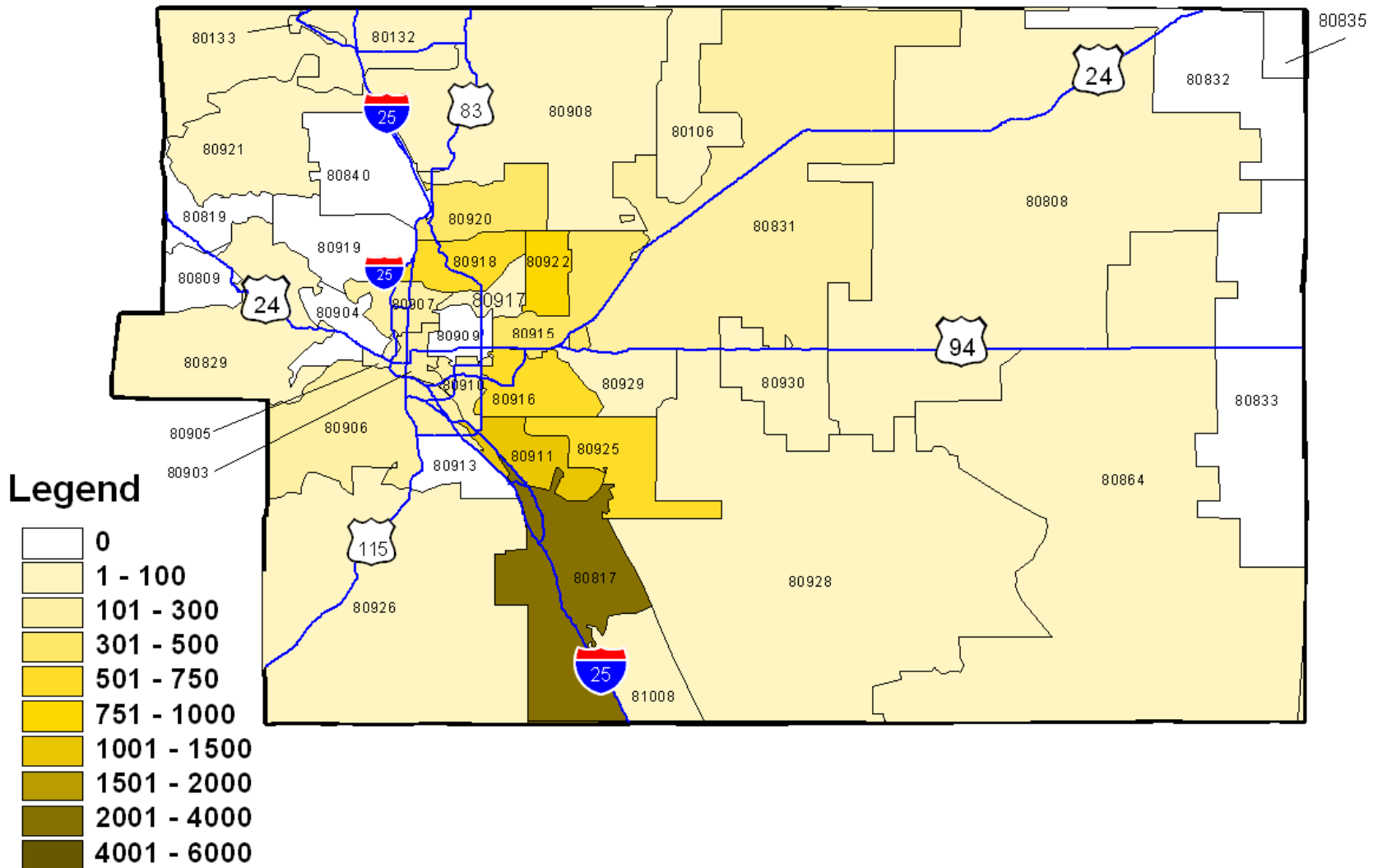
Revised BRAC05 Arrival Dates

Year	Troops	Dependents	Total
2007	1,100	2,054	3,154
2008	100	187	287
2009	5,200	9,710	14,910
2010	700	1,307	2,007
2011	700	1,307	2,007
Total	7,800	14,565	22,365

Fort Carson Troop Residences: 2005



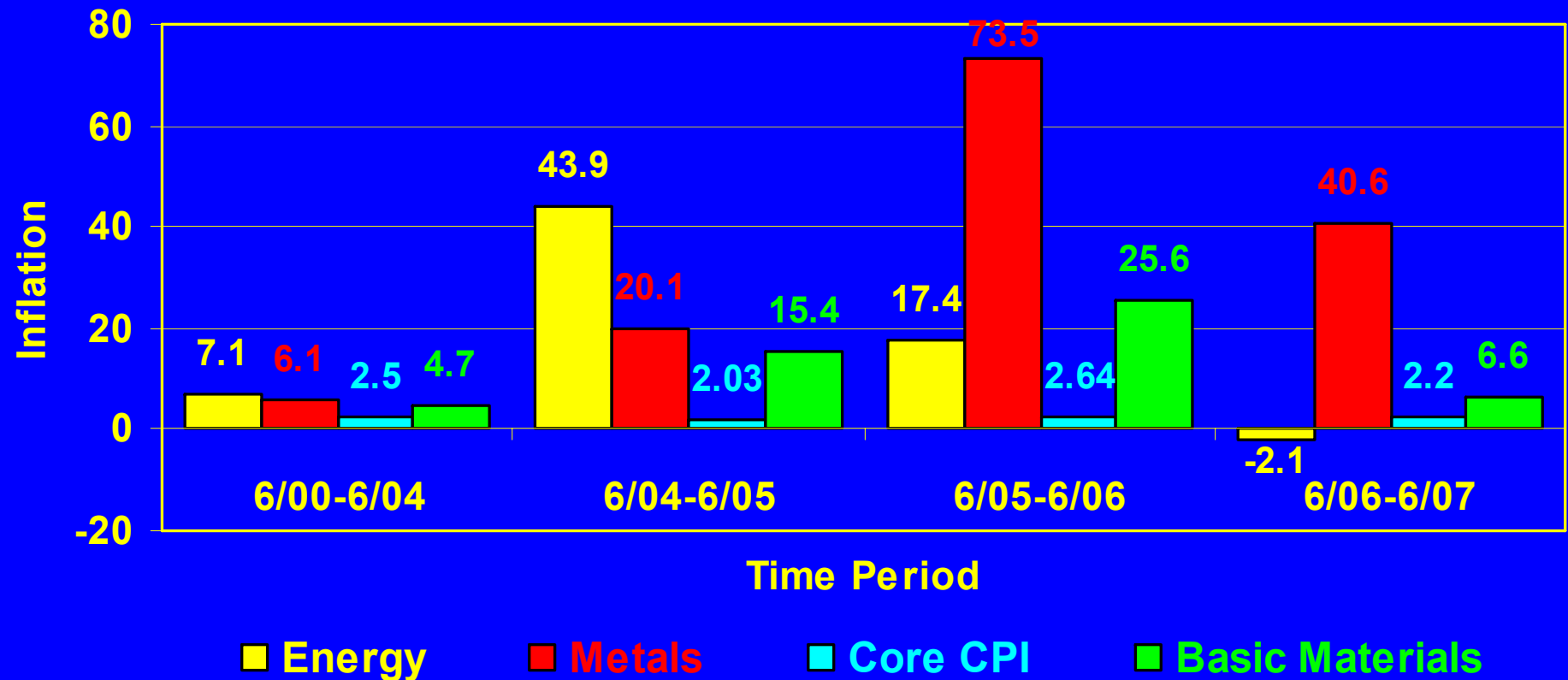
Projected Residences Of New Troops from BRAC05



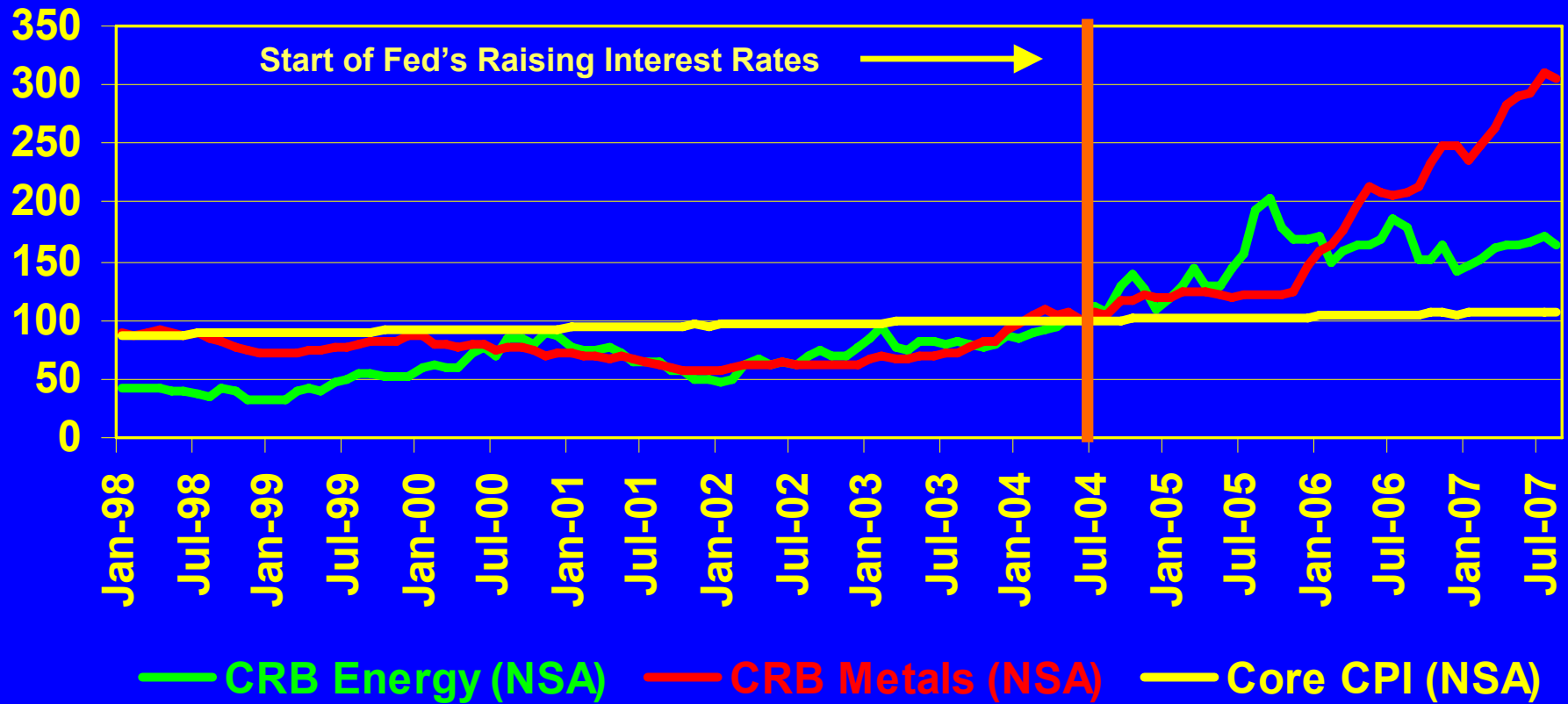
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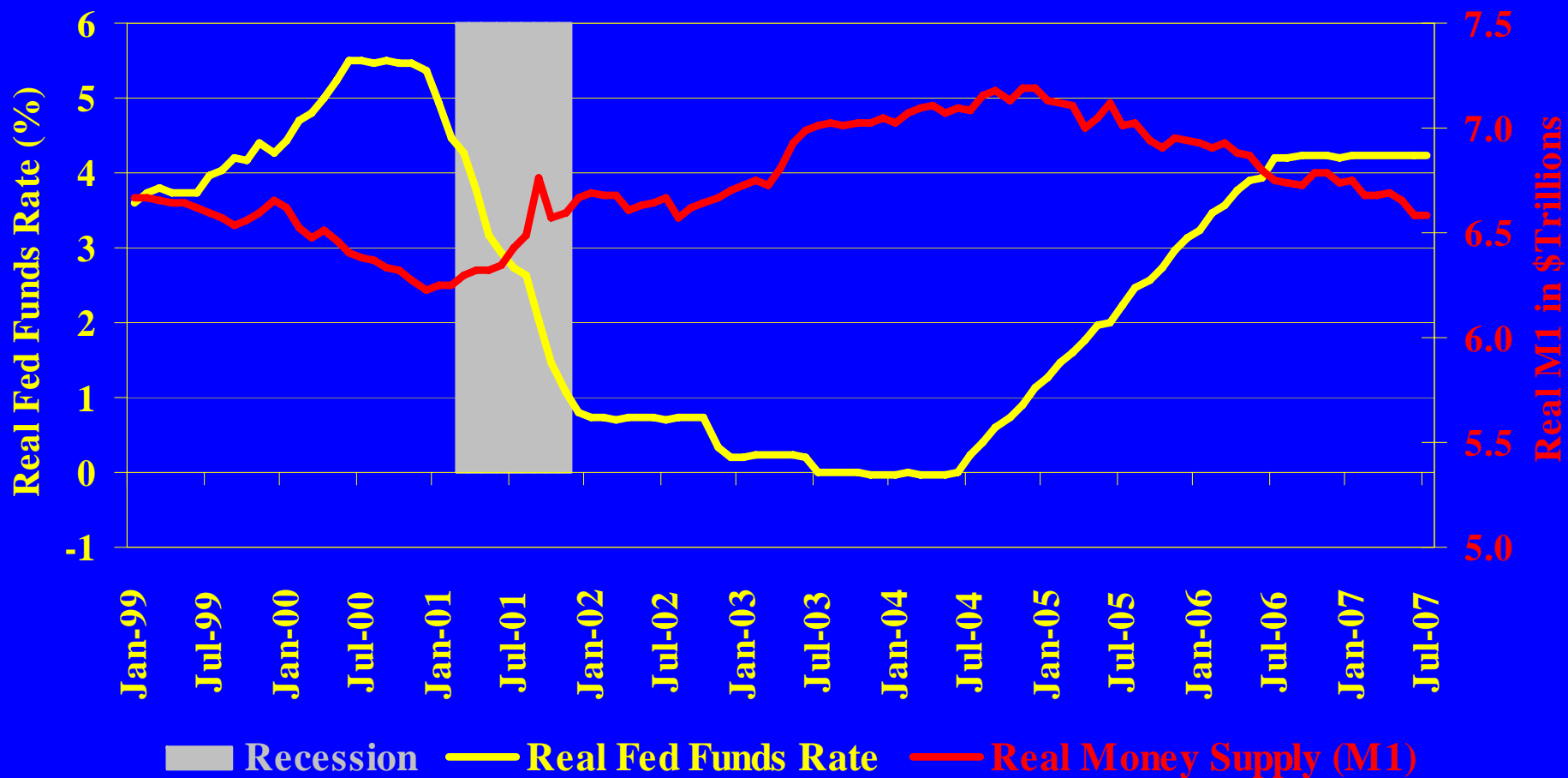
Selected Annual Inflation Rates



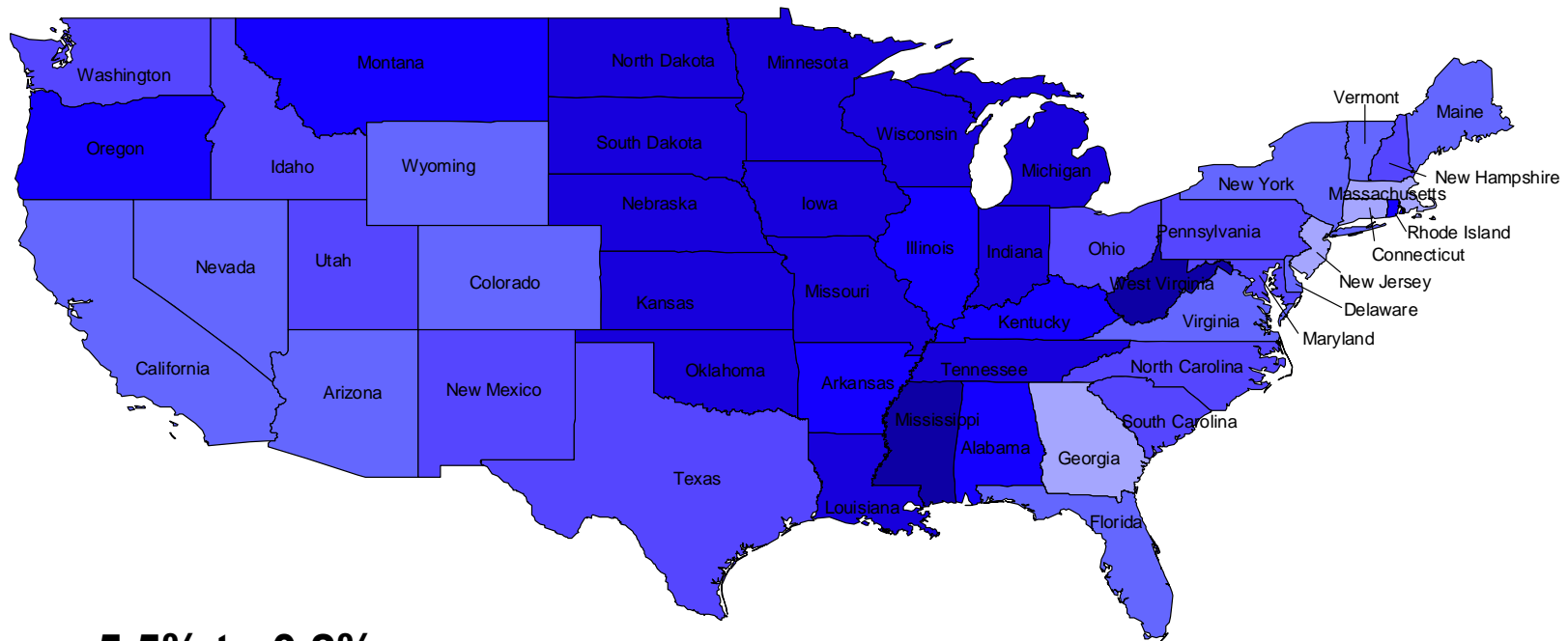
Price Index Trends (June 2004 = 100)



Real Fed Funds Rate and the Money Supply (M1)



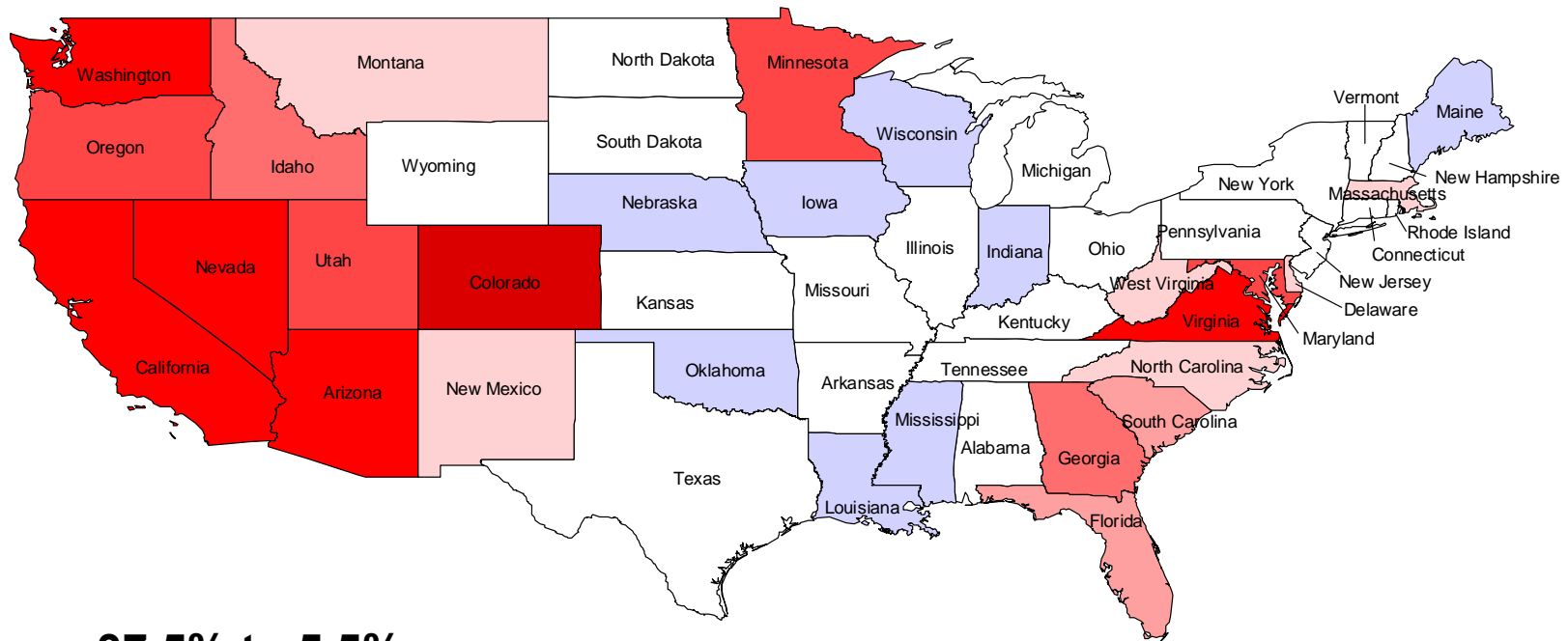
Percent of Mortgages Interest Only - 2000



Range \approx 5.5% to 0.2%

Darker blue indicates less likely to use interest only financing.

Percent of Mortgages Interest Only - 2005



Range \approx 37.5% to 5.5%

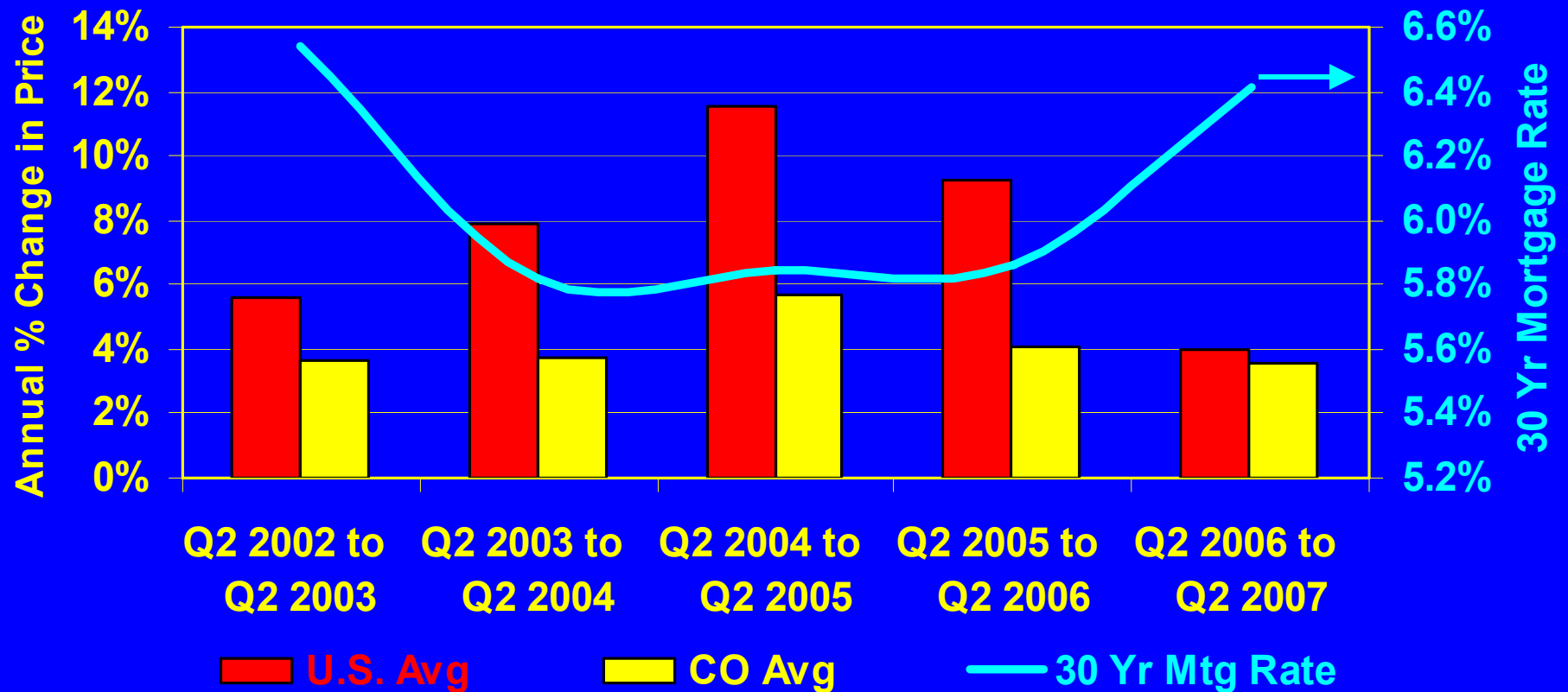
Darker blue indicates less likely to use interest only financing.

Darker red indicates more likely to use interest only financing.

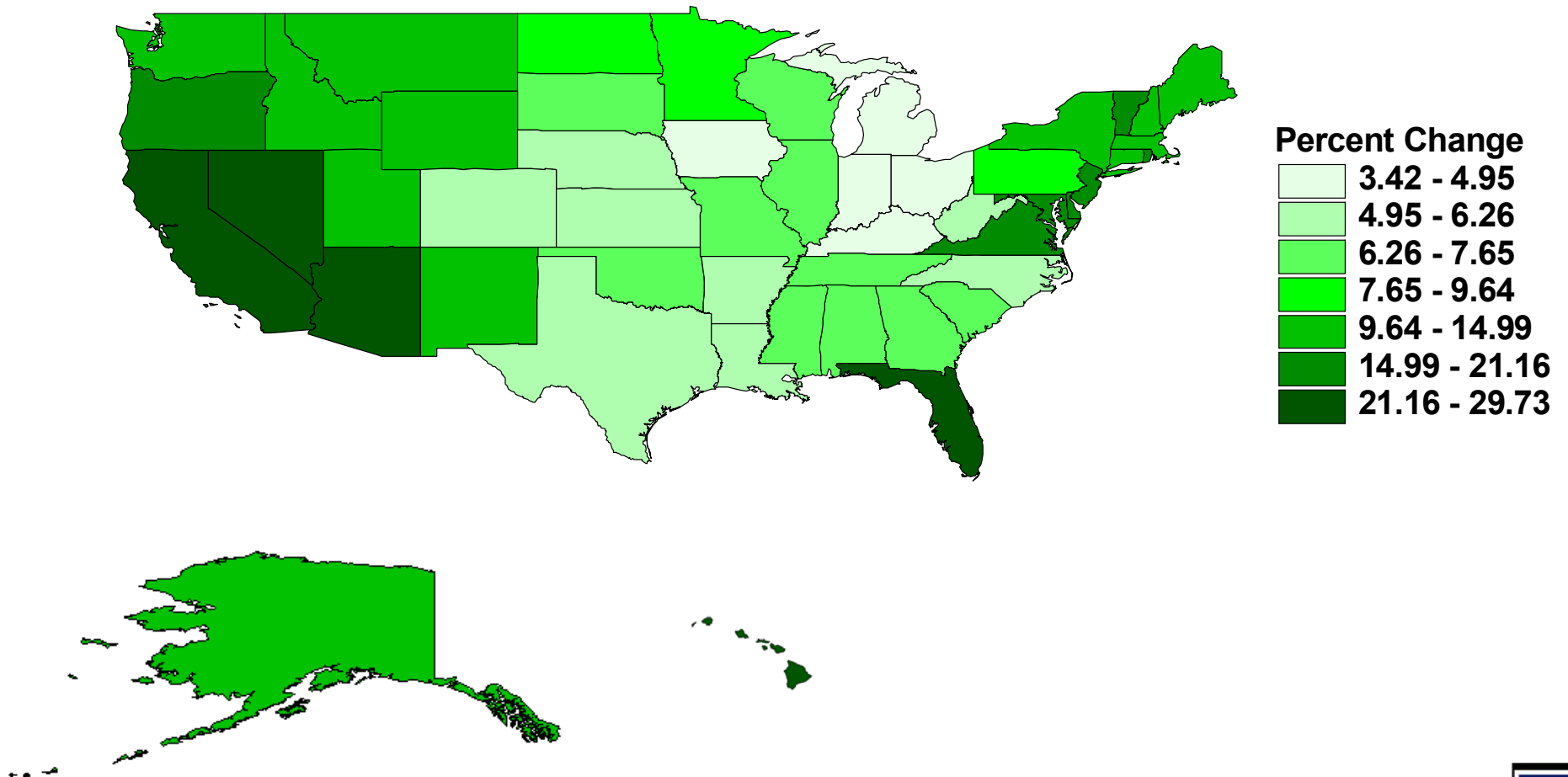
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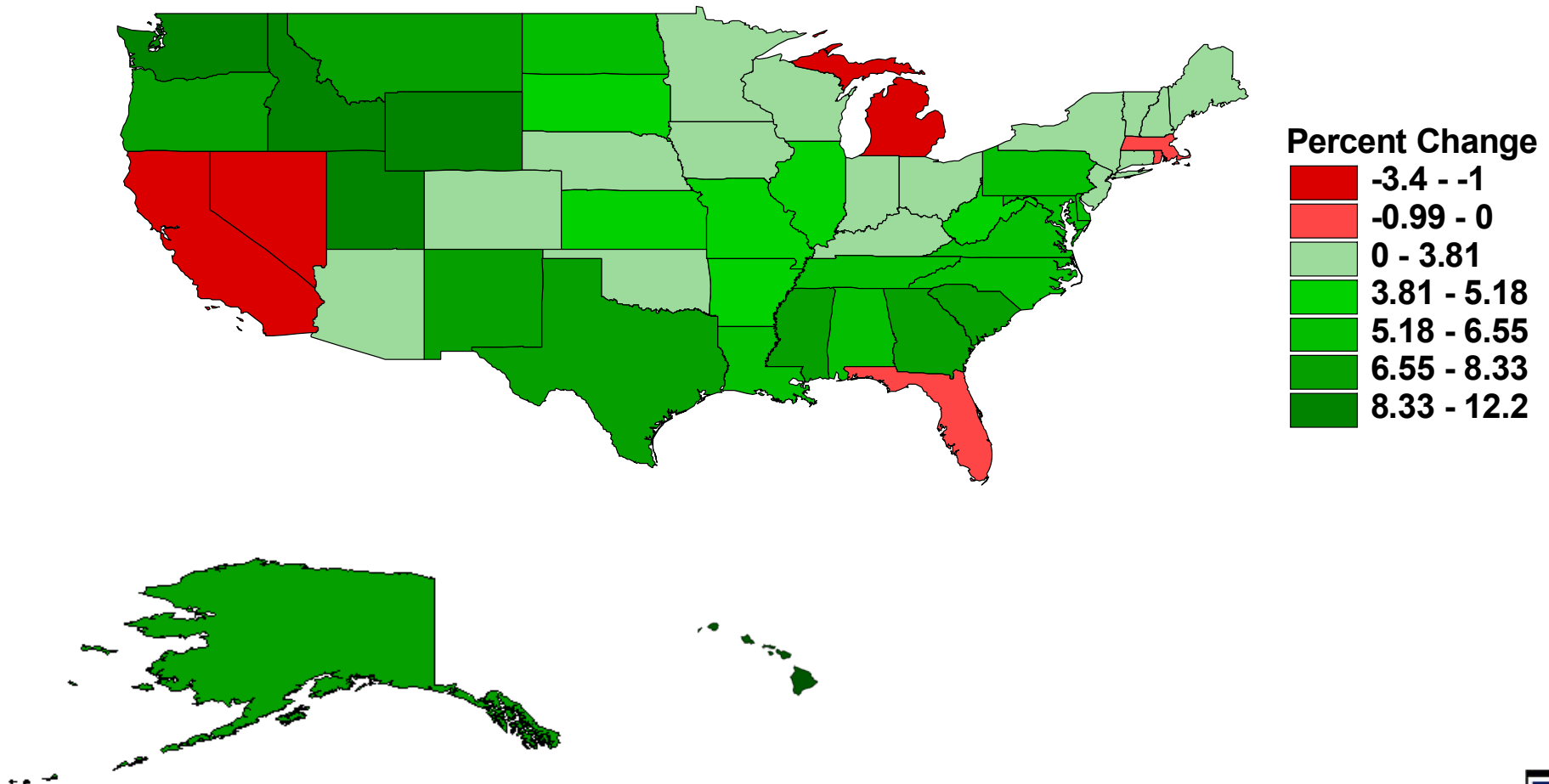
Percent Change in Housing Prices



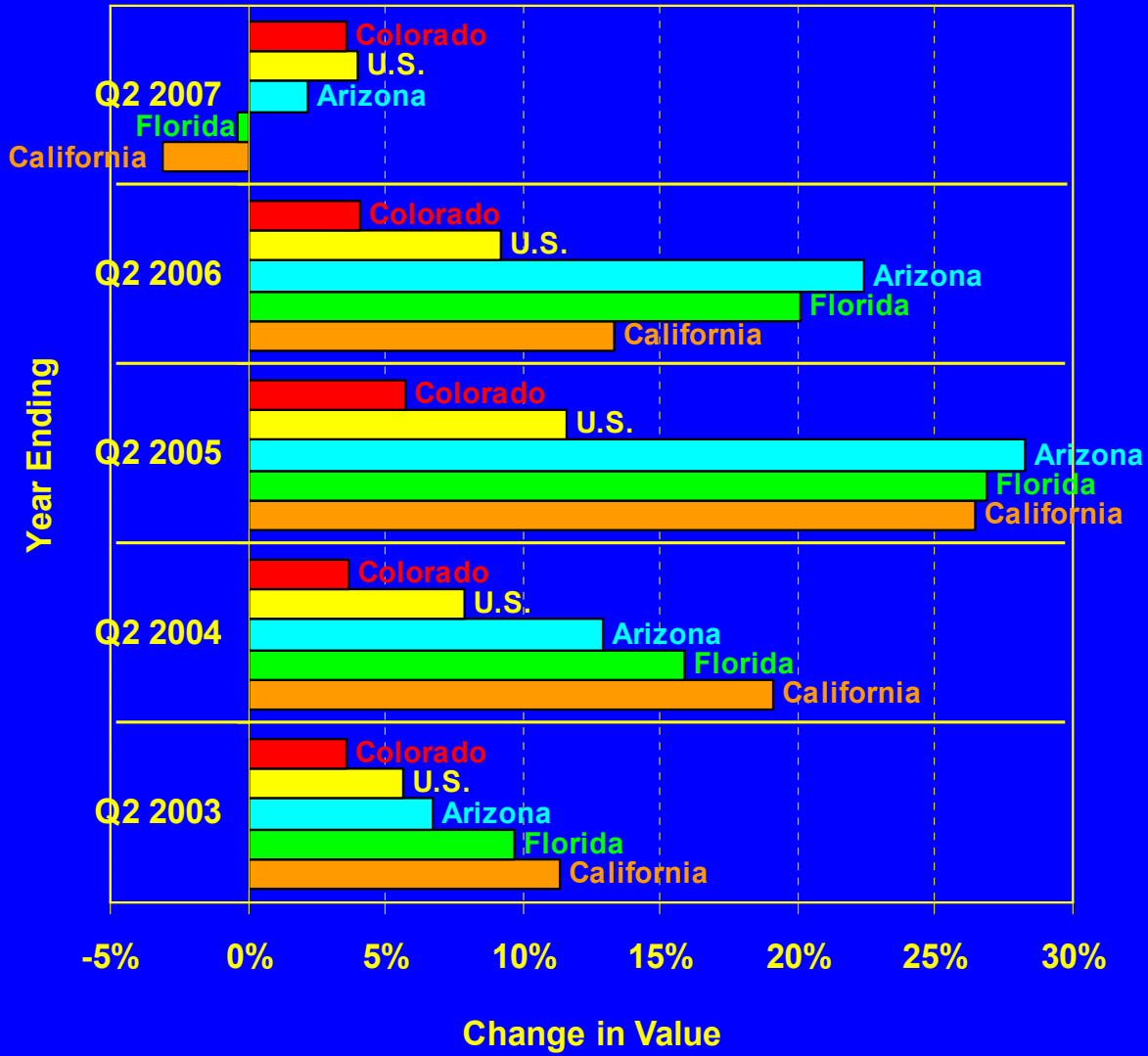
Housing Price Change Q2 2004 to Q2 2005



Housing Price Change Q2 2006 to Q2 2007



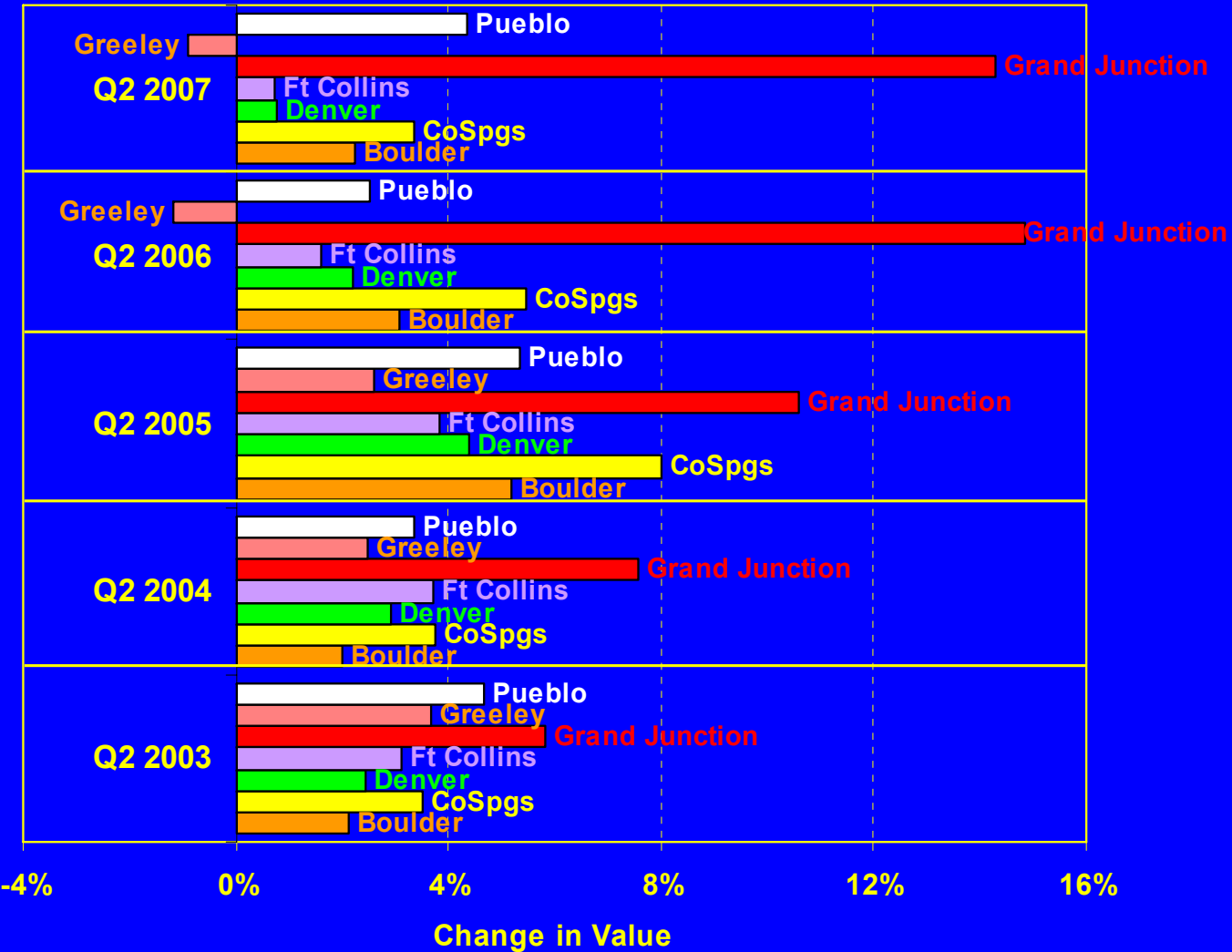
Change in Housing Values, Selected States the the U.S.



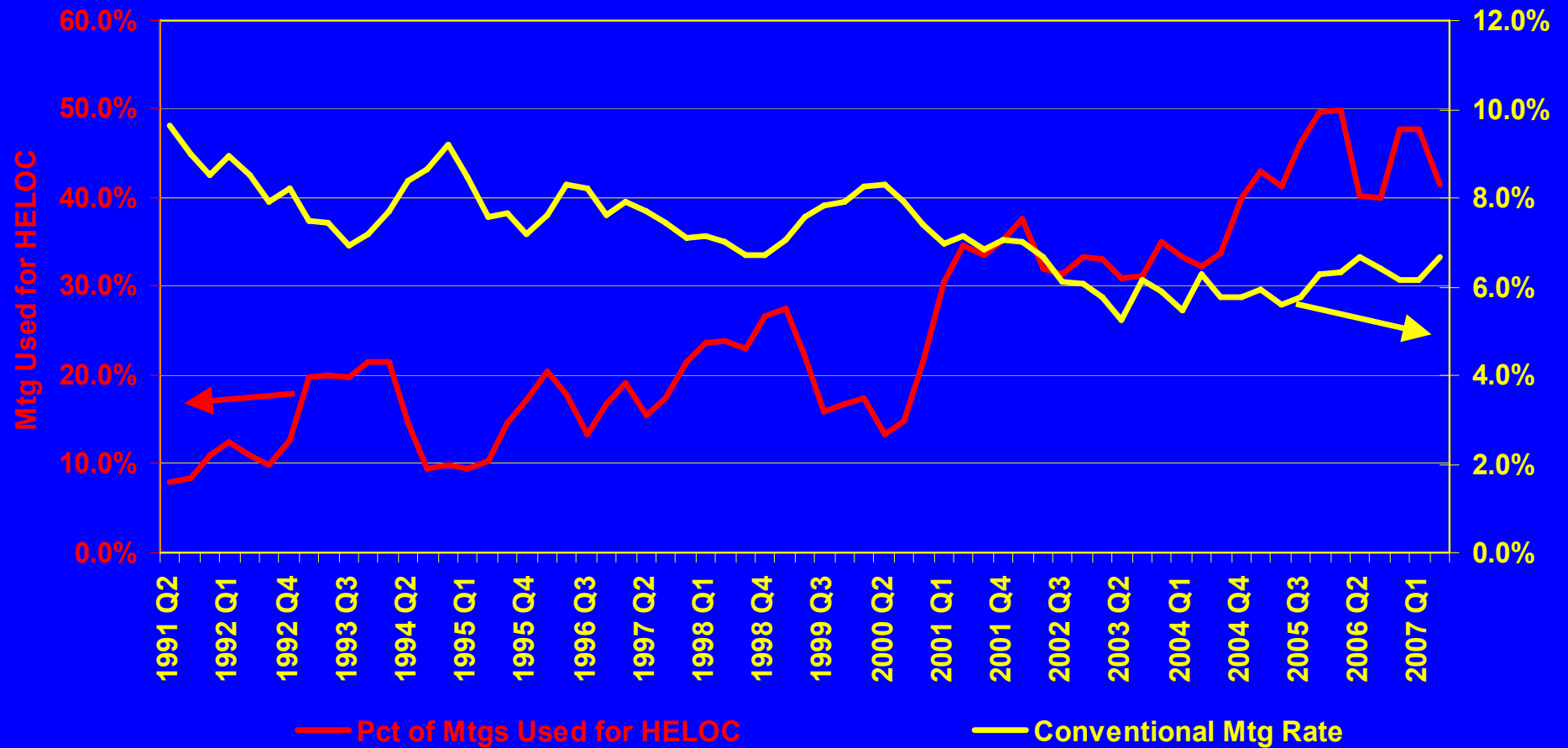
2007 Southern Colorado Economic Forum



Change in Housing Values among Colorado MSA's



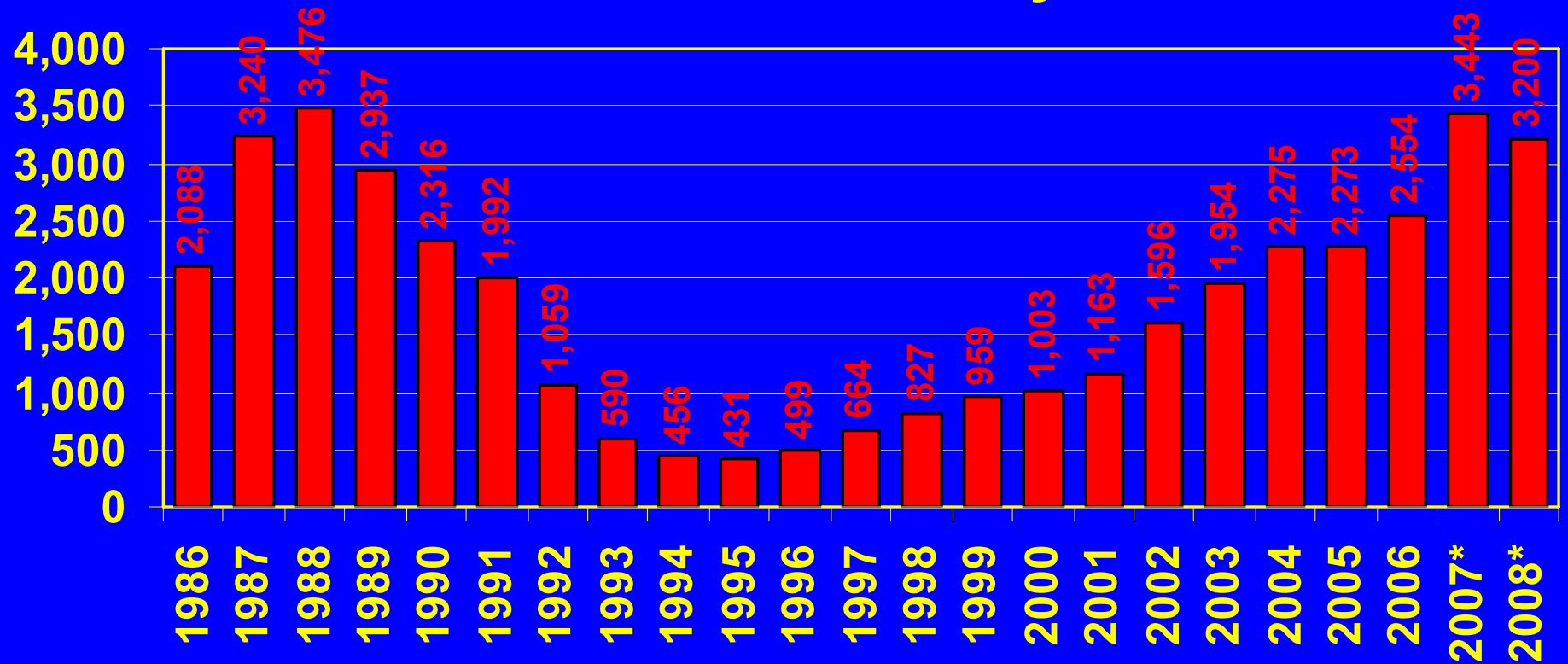
Home Equity Loans and Interest Rate Trends in the U.S.



Objectives

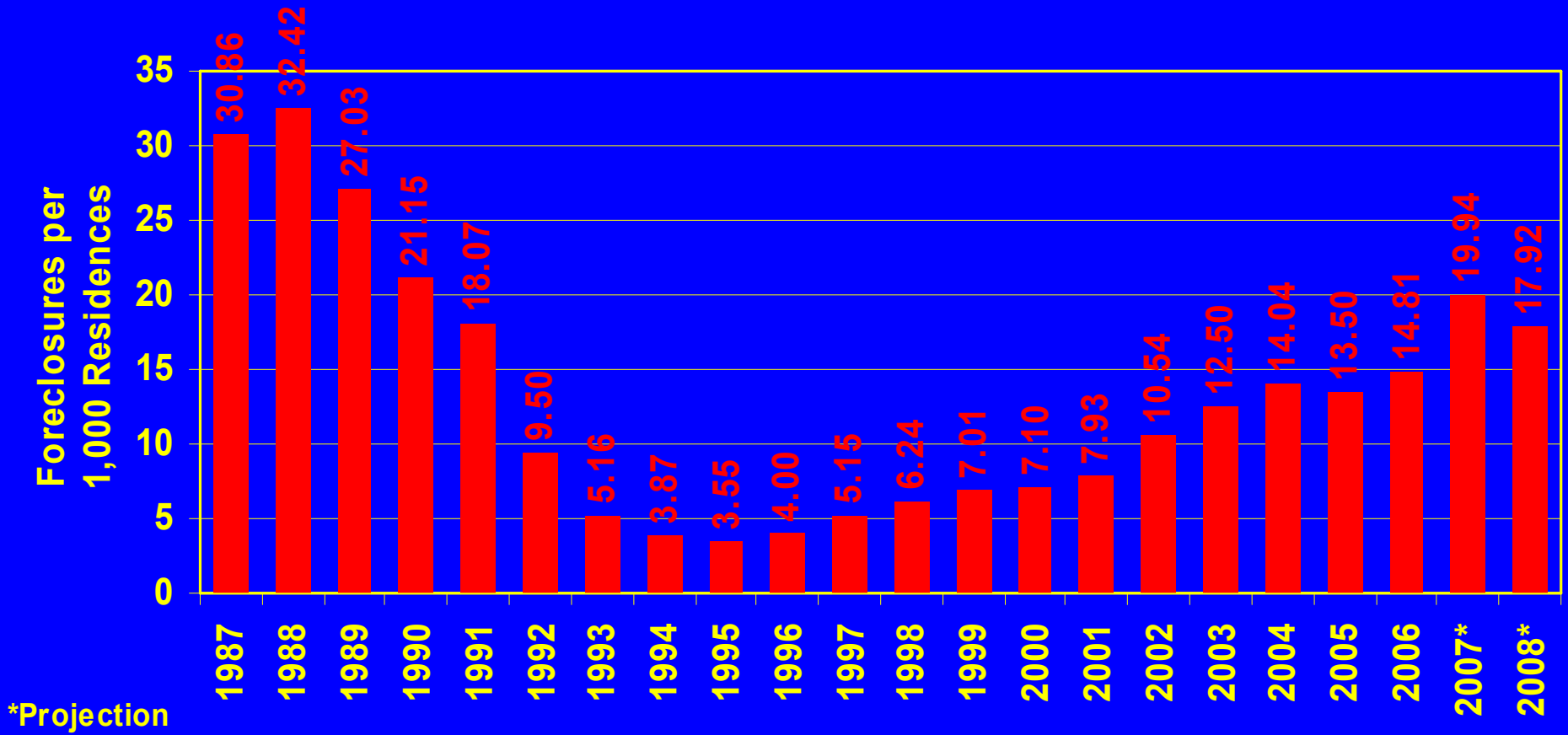
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Foreclosure Proceedings in El Paso County



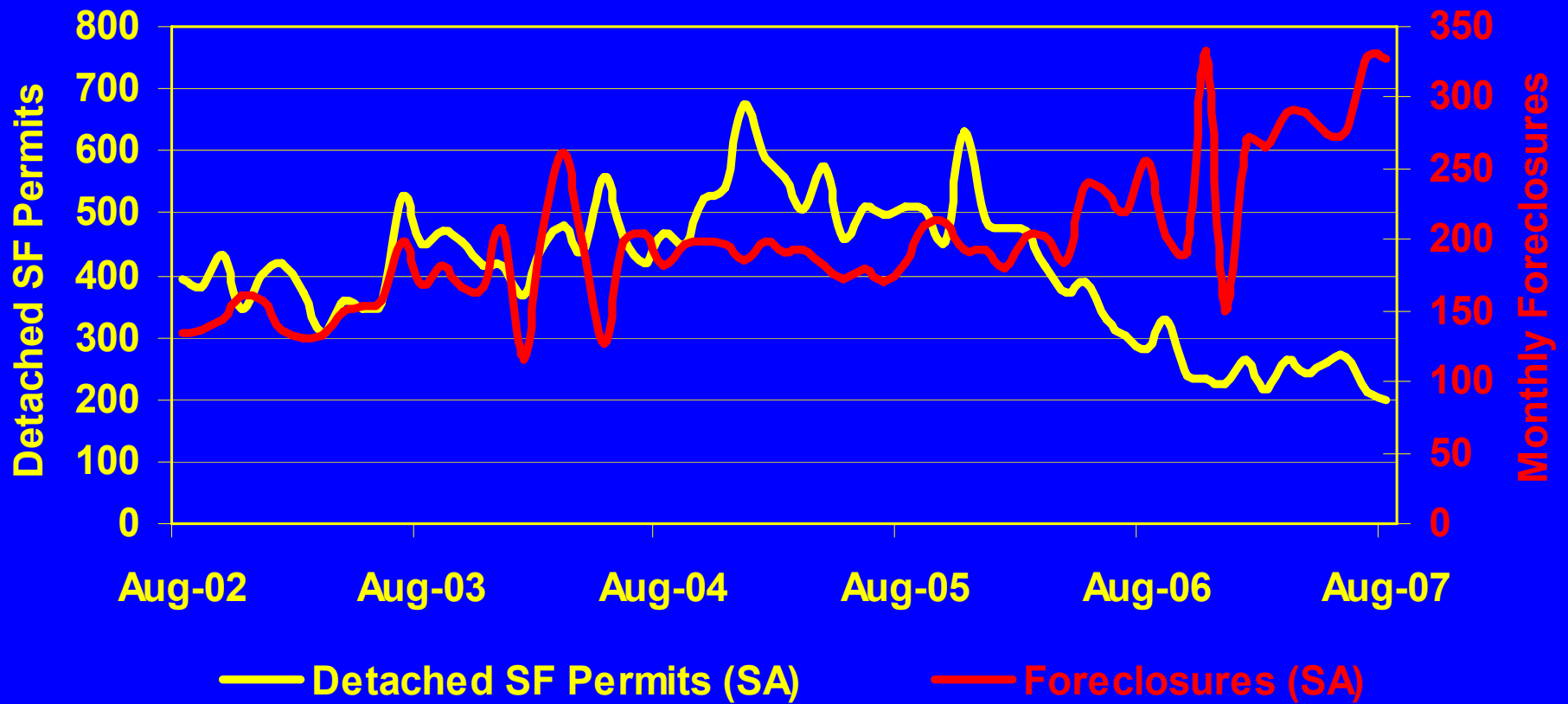
* Projected

El Paso County Foreclosure Proceedings per 1,000 Single Family Residences

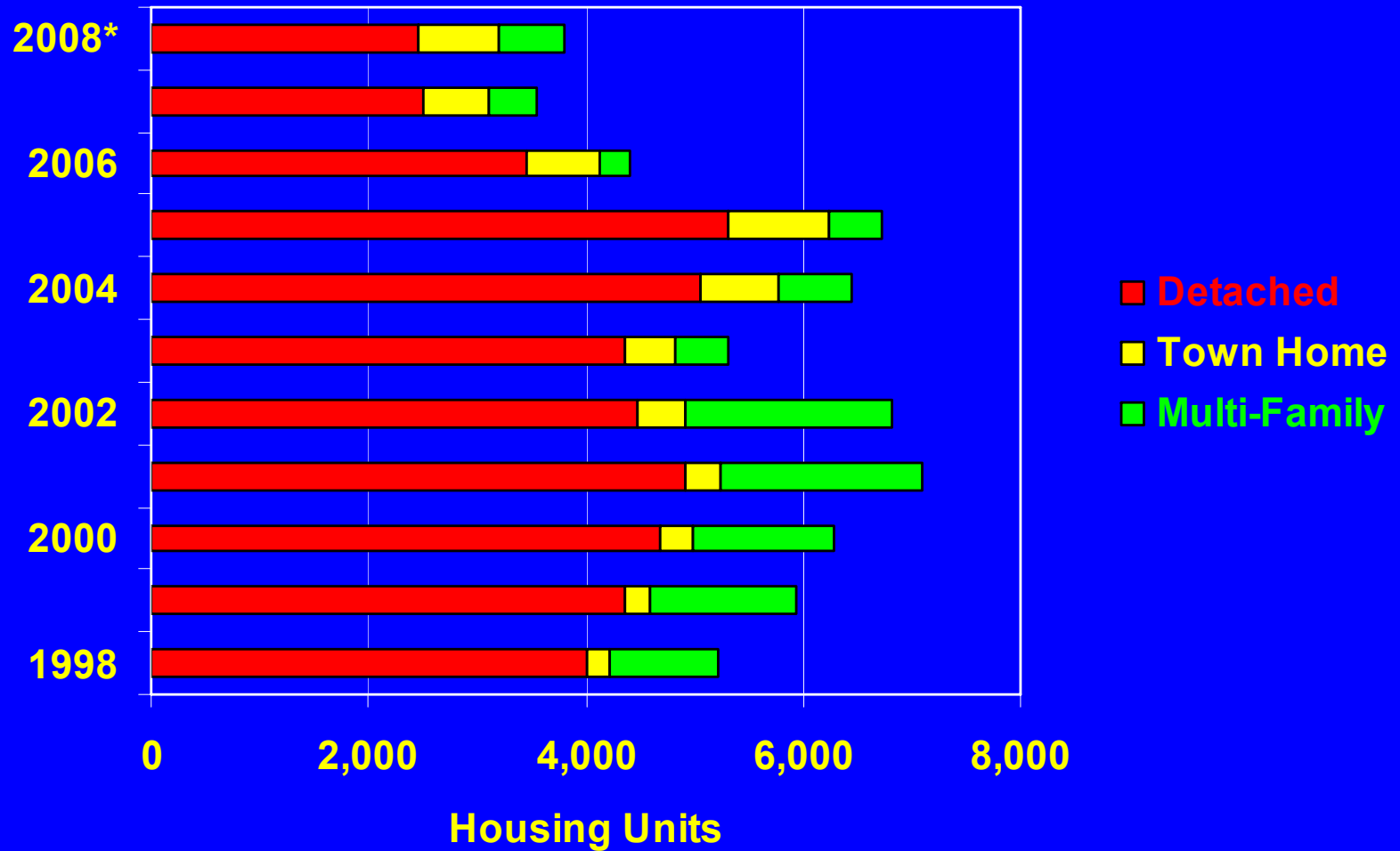


*Projection

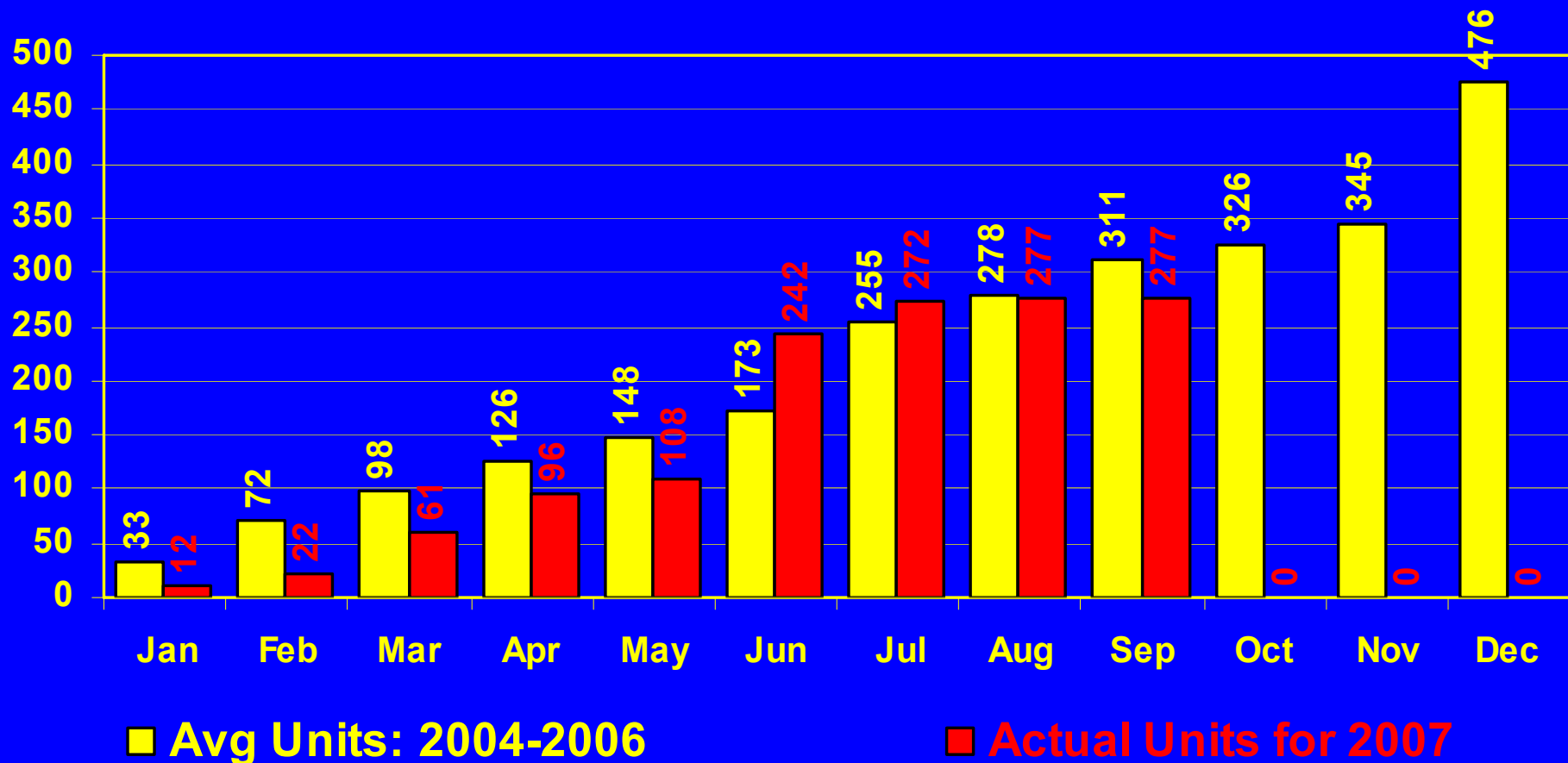
Foreclosure and Detached Single Family Permit Trends



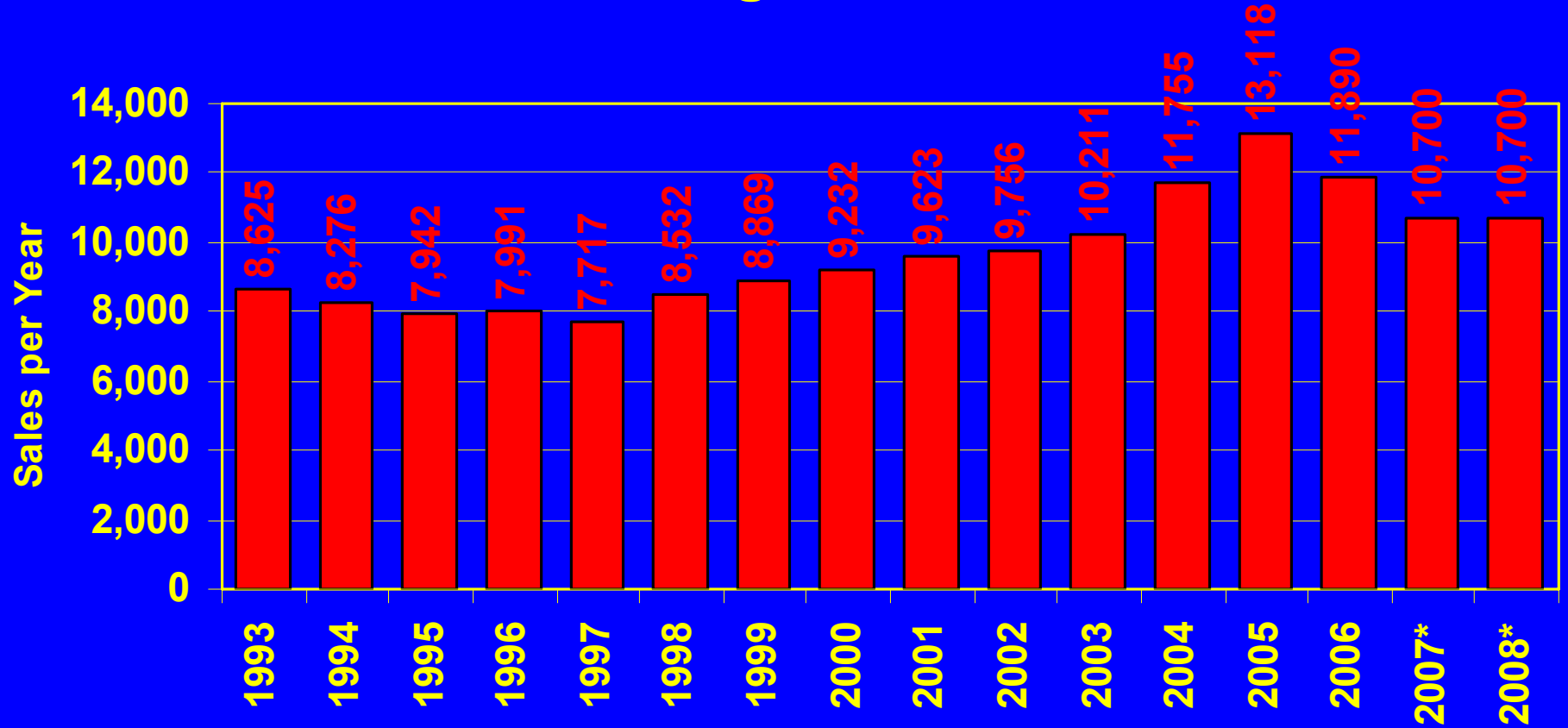
Residential Building Permit Activity in El Paso County



Year to Date Multi-Family Housing Units in El Paso County



Pikes Peak Region Home Sales

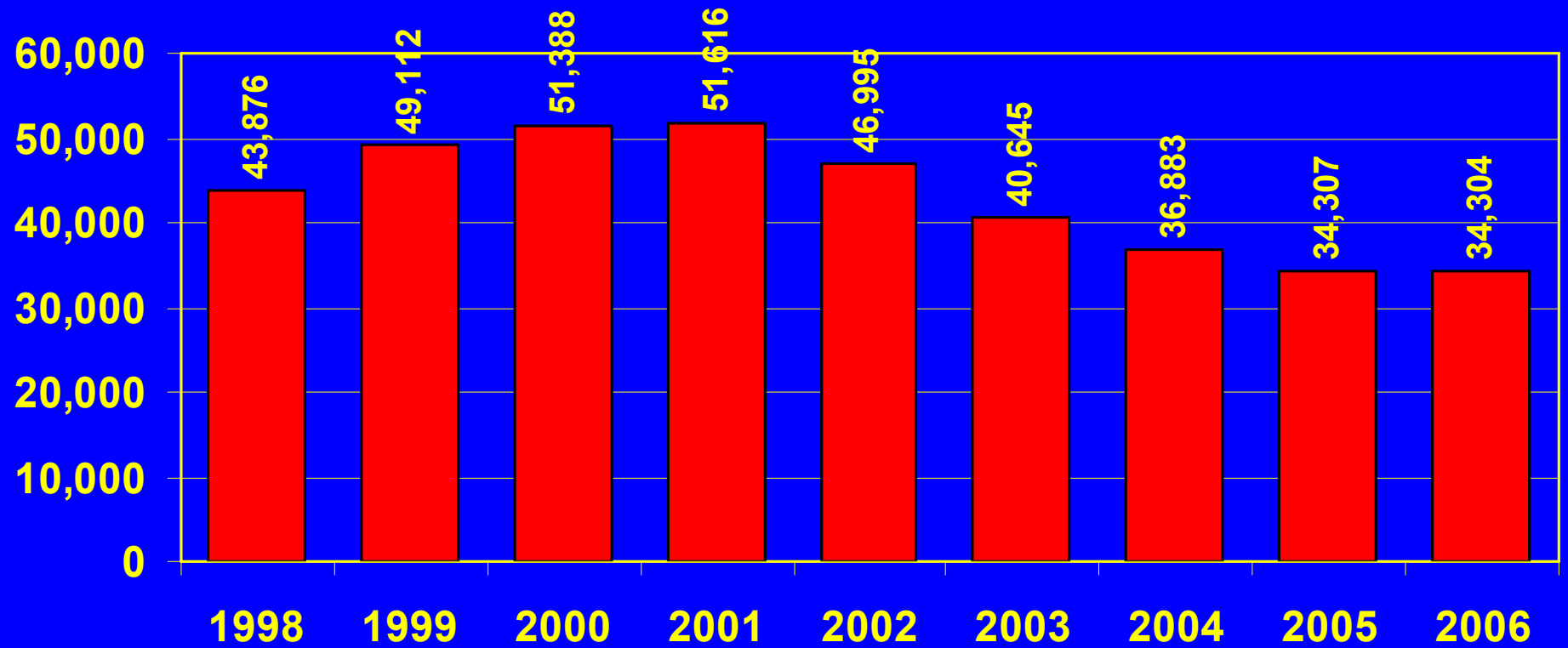


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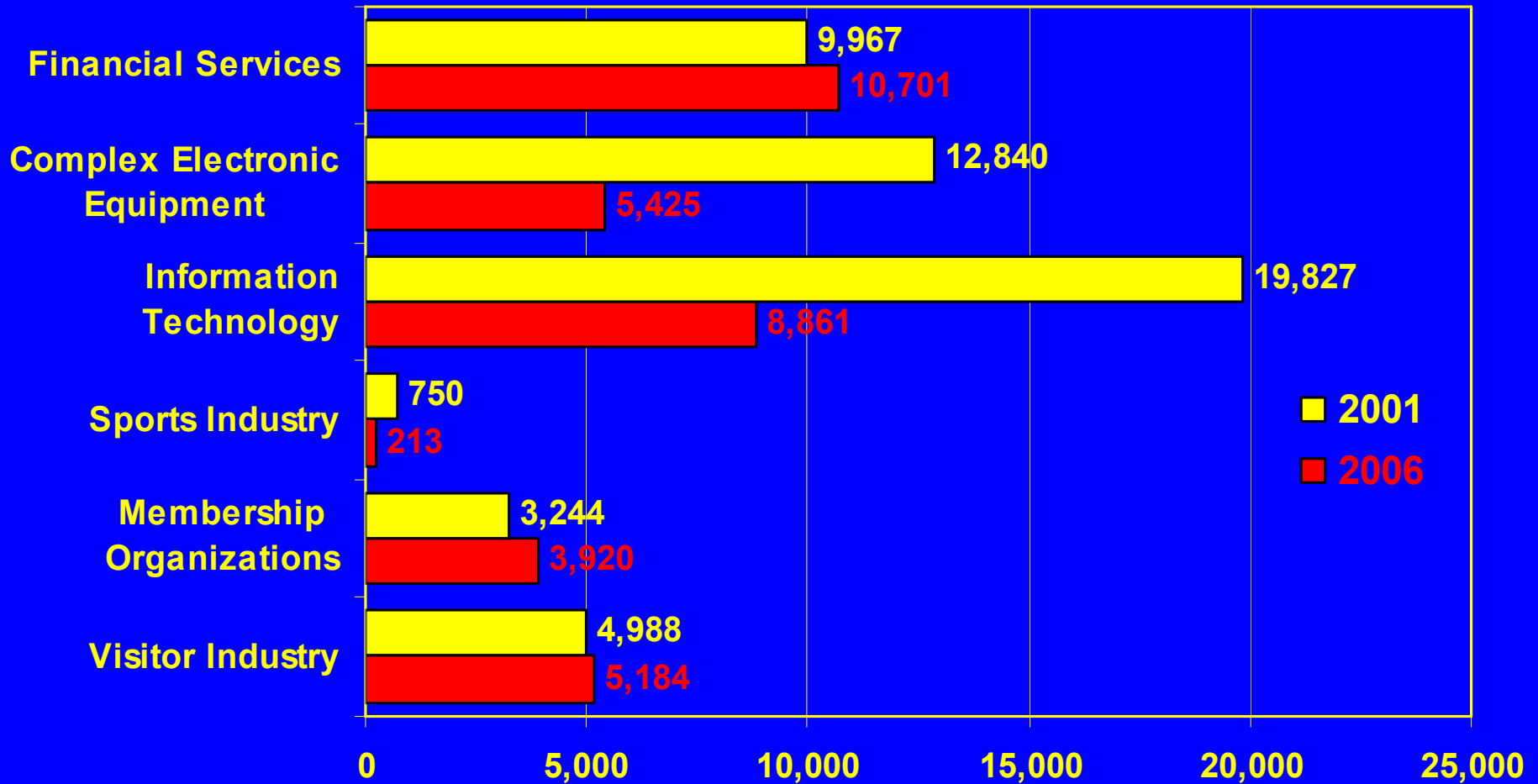
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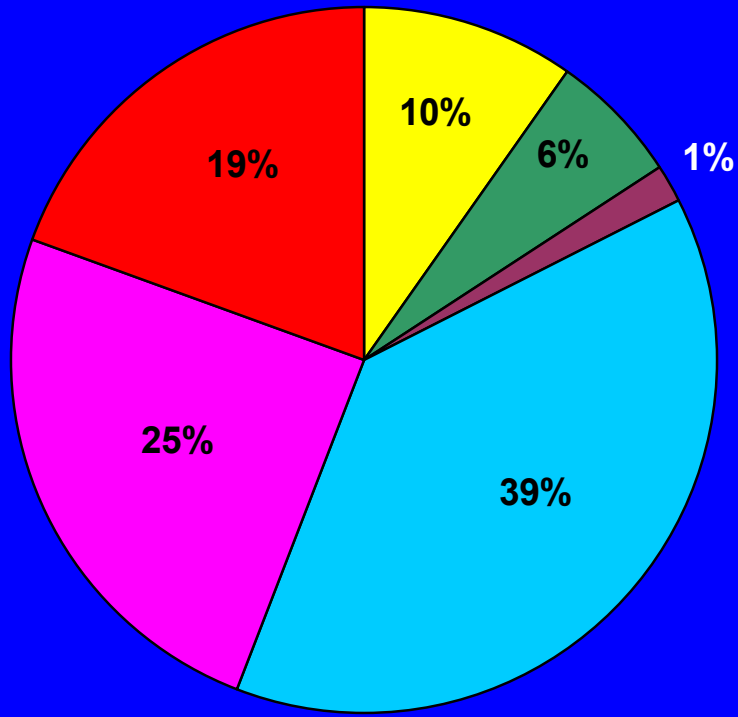
Cluster Industries Total Employment



Cluster Industry Employment Levels: 2001-2006



Cluster Employment in 2001

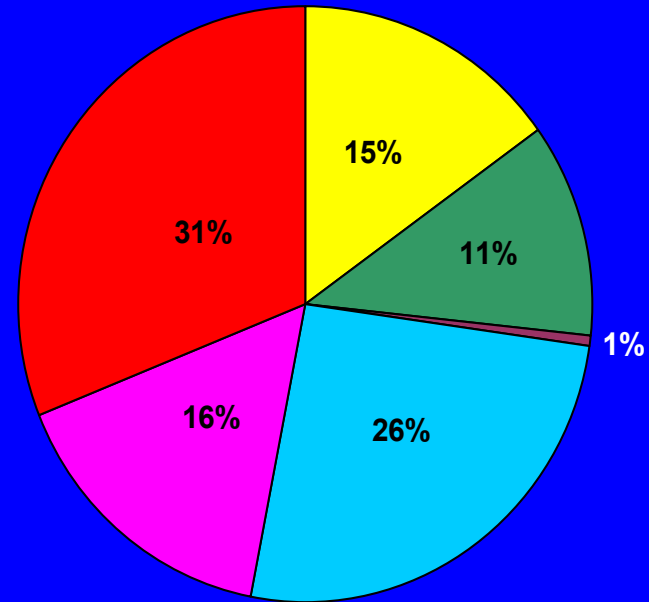


Visitor Industry

Sports Industry

Complex Electronic Equipment

Cluster Employment in 2006



Membership Organizations

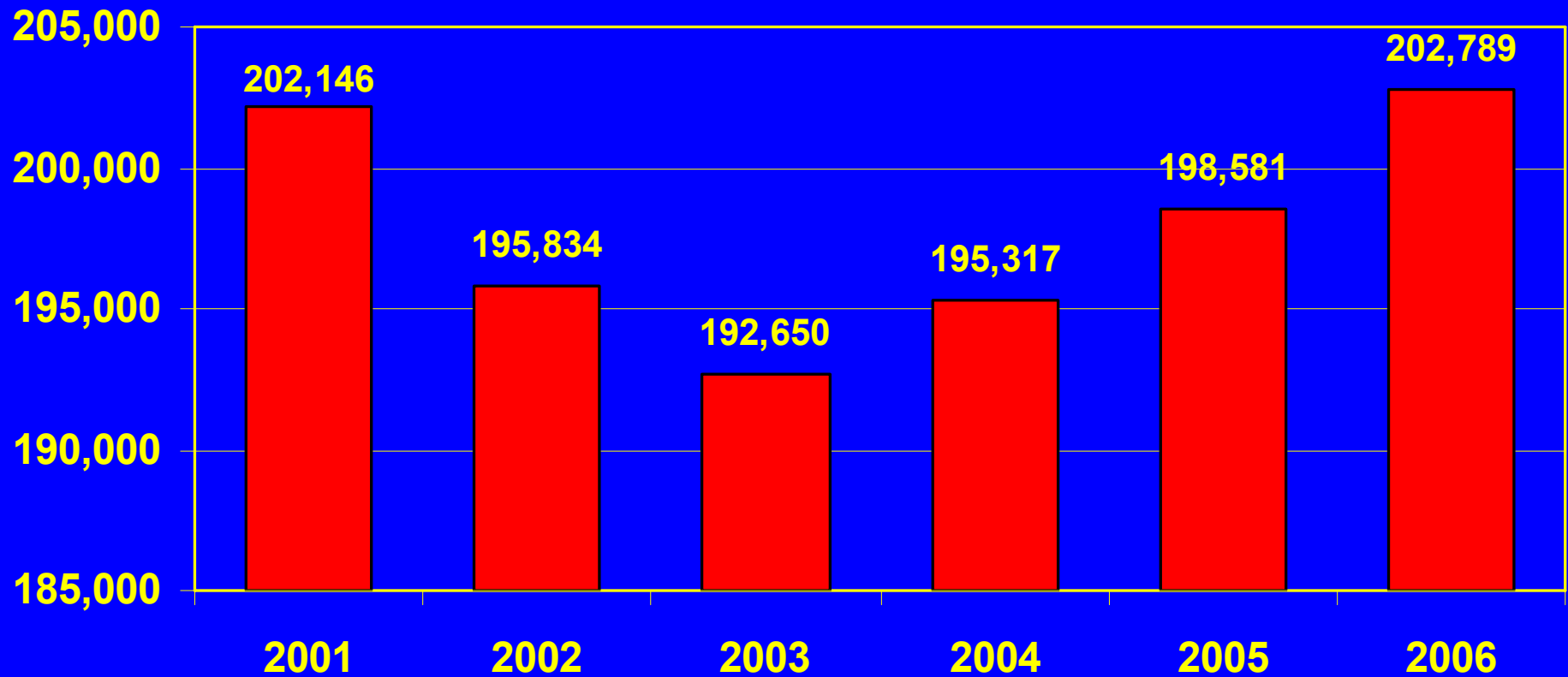
Information Technology

Financial Services

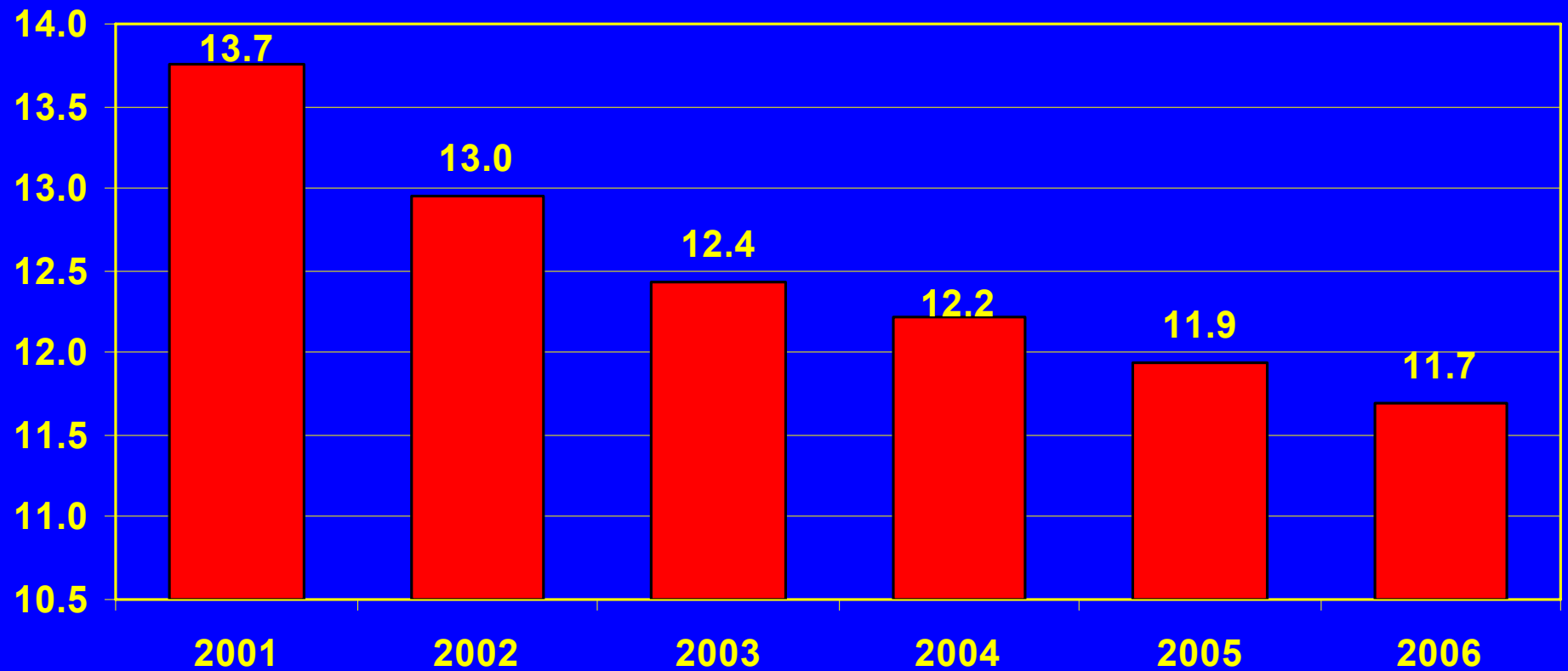
Private Sector Wage Trends in El Paso County



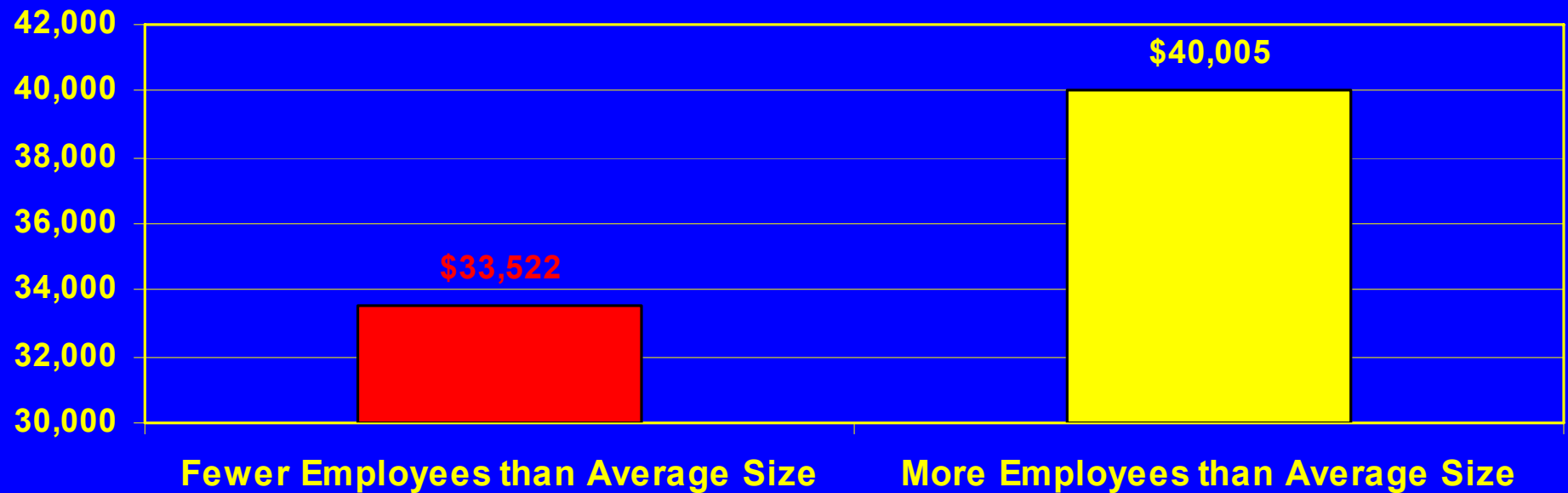
Private Sector Non-Farm Employment



Private Sector Employment per Firm

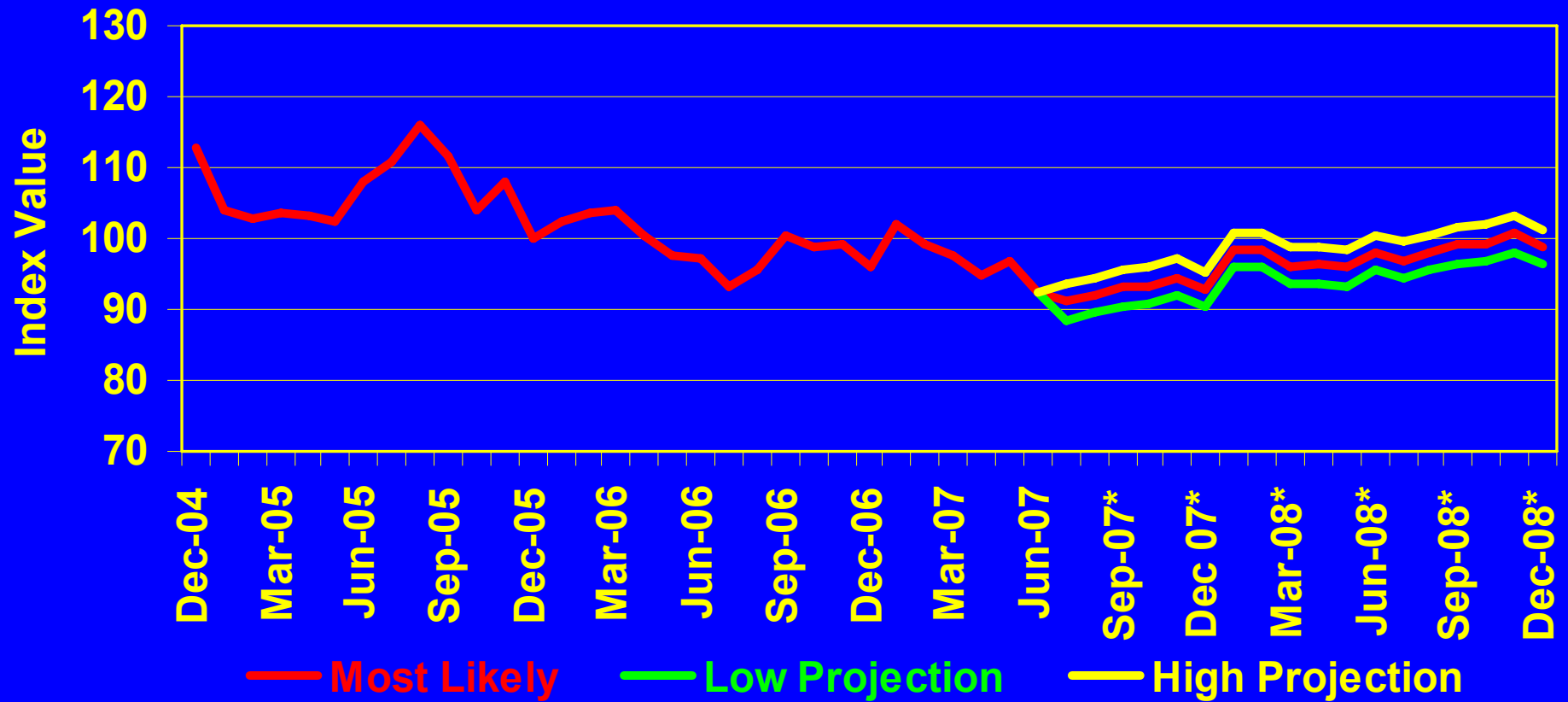


Average Annual Wage in El Paso County by Number of Employees per Firm in 2006



El Paso County Business Conditions Index

March 2001 = 100



* Projection

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Projections for El Paso County

	2007	2008
Population Growth	3.4%	2.1%
Unemployment Rate	4.4%	4.6%
Non-Agricultural Employment	1.8%	1.5%
Total Wages and Salaries	4.9%	4.6%
Average Wages and Salaries	3.1%	3.1%

Projections for El Paso County

	2007	2008
Personal Income	5.9%	5.5%
Per Capita Personal Income	4.0%	3.9%
Retail Trade	5.8%	5.8%
Single Family Housing Permits	-25.0%	-3.0%
Non-Residential Construction	16.0%	-5.0%

Call for Action?

- **Waiting for the Fort Carson troops to arrive is not enough**
- **Incomes will not increase until significant, net growth in basic jobs is achieved**
- **Cultivate jobs that take advantage of sustainable core competencies in basic industries and stay in the community**
- **Fix basic structural problems including how we tax, how we govern, how we restrict our leaders from moving the region forward**
- **Set an action plan to become a globally competitive region**
 - Implement the plan
- **Begin preparing and training for the impending changes in our workforce**