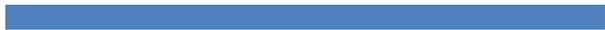




# City of Evans

Economic Development  
Year End Report, 2010

Sheryl Trent, Community and Economic  
Development Director



**February 15, 2011**

This report is a quick look at 2010 on a national, state, regional and local level. It lists some of the major issues from last year and focuses on the final quarter of the year, as well as a quick look at the first quarter of 2011.

## **Key Headlines**

***Stronger Discretionary Spending Helps Boost Retail Sales for Seventh Straight Month, According to NRF*** With consumers showing spending power beyond the holiday season, January marked the seventh straight month of retail sales gains. According to the National Retail Federation, retail industry sales (which exclude automobiles, gas stations, and restaurants) for January increased 0.2 percent seasonally adjusted from December and 3.5 percent unadjusted year-over-year.

### **Housing Division: Colorado foreclosure filings drop in Q4, 2010**

Foreclosure filings for Colorado in 2010's fourth quarter were down 4.8 percent from the same period of 2009, indicating some recovery in the state's real estate market, but continuing challenges because of unemployment, according to a Colorado Division of Housing report released Thursday. Read more: [Housing Division: Colorado foreclosure filings drop in Q4, 2010 | Denver Business Journal](#)

**4% GDP Growth in 2011?** Ben Bernanke, Chairman of the Federal Reserve, testified before Congress today and said that unemployment could remain elevated for quite a while. Moreover, he said that he needs to see "a sustained period of stronger job creation" before he considers the recovery firmly established. That sounds like it will be quite a while before the Chairman considers the recovery firmly established. (This is from Thursday the 10<sup>th</sup> of February, CNBC Guest Blog, Michael Farr)

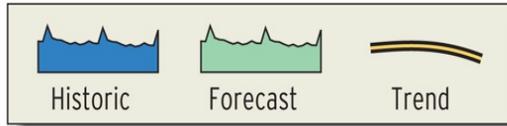
### **Vestas plans to add 1,000 workers to Colorado factories by end of 2011**

**From the Denver Post:** Vestas Wind Systems plans to add more than 1,000 workers to its Colorado factories over the next 18 months, the company said Tuesday.

The Randers, Denmark-based renewable energy giant's expansion includes about 750 new hires at its blade manufacturing plant in Brighton and 100 new hires at its blade plant in Windsor. The company also is seeking 167 workers for its turbine tower factory in Pueblo by the end of the year.

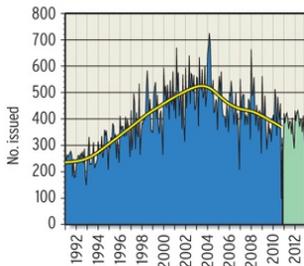
# KEY

These economic indicators are provided by NCBR economist John Green.



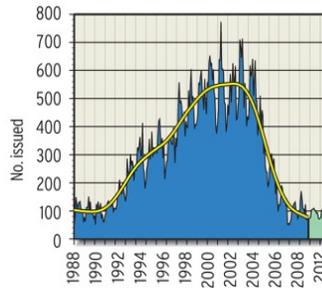
## New sales-tax accounts

Hopefully, October is not an indicator of lack of confidence in consumers' willingness to spend.



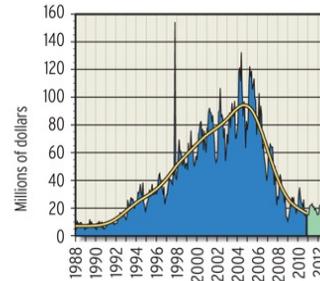
## Single-family permits

If job growth picks up, I expect home building to do the same, but nothing spectacular.



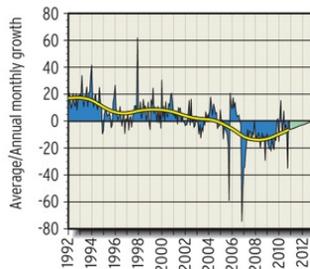
## Single-family permit value

The fall dip in 2010 is below 2009 levels as cheaper and fewer homes are built.



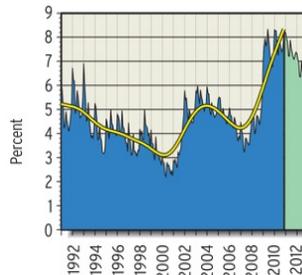
## Growth in the region

October was a very bad month, but I think the local economy is recovering.



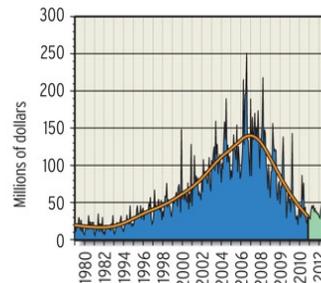
## Unemployment rate

I expect the rate to decline in 2011 and 2012, ending up never the 6 percent level.



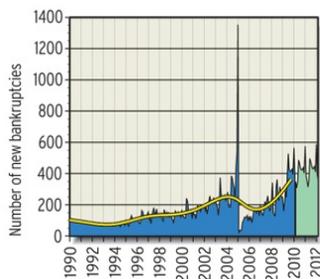
## Total construction value

The Index was weak in the fall but not as weak as in the fall of 2009.



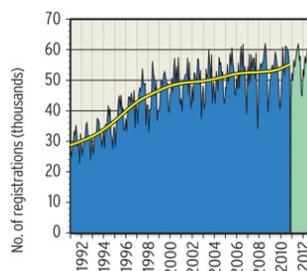
## Bankruptcies

Bankruptcies remain very high.



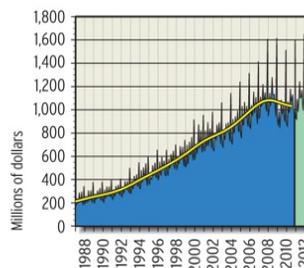
## Motor-vehicle registrations

Motor vehicle registrations recovered nicely in 2010.



## Retail sales

Retail sales are showing mild increase over 2009 levels.



## Key Rates

Prime rate, fed funds, COFI

	This week	Month ago	Year ago
<b>WSJ Prime Rate</b>	3.25	3.25	3.25
<b>Federal Discount Rate</b>	0.75	0.75	0.50
<b>Fed Funds Rate (Current target rate 0-0.25)</b>	0.25	0.25	0.25
<b>11th District Cost of Funds</b>	1.508	1.571	1.828

The prime rate, as reported by the Wall Street Journal's bank survey, is among the most widely used benchmark in setting home equity lines of credit and credit card rates. It is in turn based on the fed funds rate, which is set by the Federal Reserve. The COFI (11th District cost of funds index) is a widely used benchmark for adjustable-rate mortgages.

## Unemployment Rate

The unemployment rate for the state of Colorado is at 8.8%. Denver is at 8.7, Colorado Springs at 9.3, and Greeley is at 9.8

## Employment

The job recovery in Northern Colorado is slowly gaining strength and NCBR's economist thinks it will increase in momentum in late 2011, making 2012 a good job growth year, putting employment in Northern Colorado nearly back to 2008 peaks. As a result, unemployment should drop back to near the 6 percent level, maybe lower, depending on migration.

## The Consumer Confidence Index

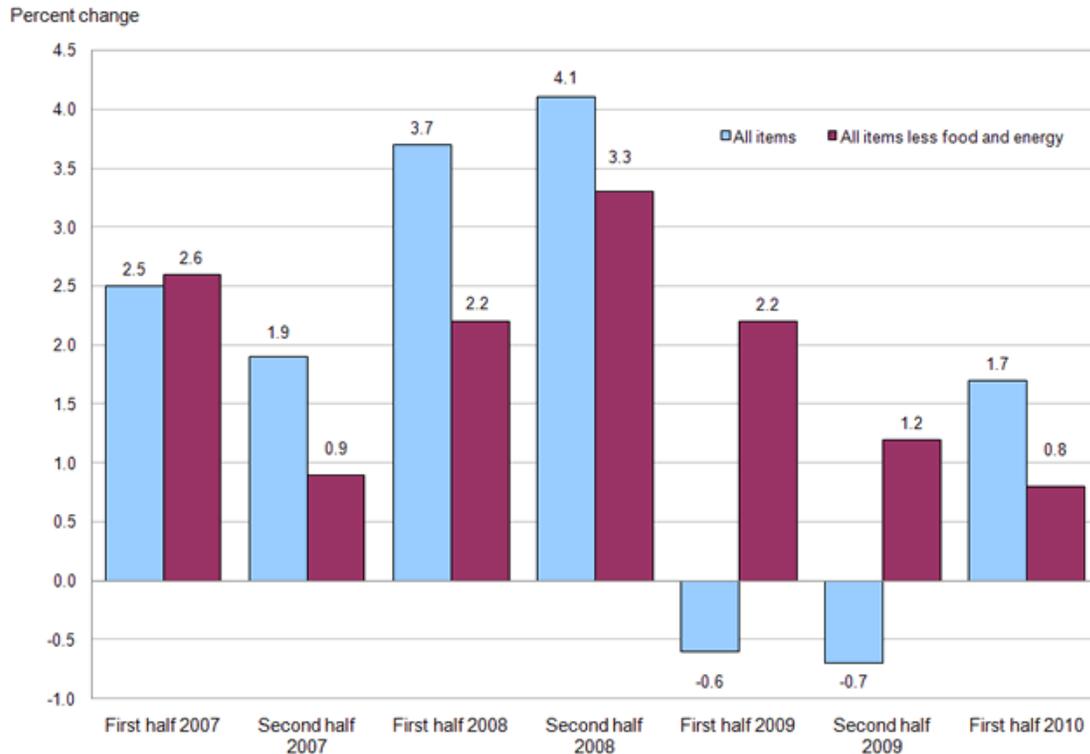
The CCI is up by 2.2 points.

## The Consumer Price Index

Consumer Price Index - December 2010

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.5 percent in December on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 1.5 percent before seasonal adjustment.

The Consumer Price Index for All Urban Consumers (CPI-U) for the Denver-Boulder-Greeley, Colo., metropolitan area increased 1.7 percent from the first half of 2009 to the first half of 2010 the U.S. Bureau of Labor Statistics reported. Regional Commissioner Stanley W. Suchman noted that the advance was due largely to a 19.7-percent rise in energy costs. Higher prices for all items less food and energy (up 0.8 percent) also contributed to the overall increase. In contrast, the index for food (-1.6 percent) decreased over the year.



### Year in Review

The rate of increase in the CPI slowed in 2010 as the December to December increase fell from 2.7 percent in 2009 to 1.5 percent in 2010. A deceleration in the gasoline index accounted for much of the slowdown, as it increased 13.8 percent in 2010 after rising 53.5 percent in 2009. The index for household energy, which declined in 2009, rose 0.8 percent in 2010 as increases in the indexes for fuel oil and electricity more than offset a decline in the natural gas index. The energy index as a whole, which rose 18.2 percent in 2009, increased 7.7 percent in 2010.

The index for all items less food and energy also decelerated in 2010. After rising 1.8 percent in both 2008 and 2009, the index increased 0.8 percent in 2010, the

smallest December-December increase in the history of the index. Several indexes turned down in 2010. These include the new vehicles index, which fell 0.2 percent in 2010 after rising 4.9 percent in 2009, and the index for apparel, which fell 1.1 percent in 2010 after a 1.9 percent increase in 2009. The indexes for recreation and household furnishings and operations, which both declined in 2009, posted larger decreases in 2010.

The indexes for tobacco and for used cars and trucks rose in 2010, but at a slower rate than the previous year. The shelter and medical care indexes posted increases in 2010 similar to their 2009 figures. One of the few indexes to accelerate was the airline fares index, which rose 5.8 percent in 2010 after rising 4.3 percent in 2009. The food index turned up in 2010, rising 1.5 percent after declining 0.5 percent in 2009. The index for food away from home rose 1.3 percent; the food at home index increased 1.7 percent after declining 2.4 percent in 2009. Among major grocery store food groups, the index for meats, poultry, fish and eggs posted the largest increase at 5.5 percent followed by a 3.7 percent increase in the dairy index. The indexes for nonalcoholic beverages and cereals and bakery products were the only ones to decline.

## **Retail News**

### **Retail sales**

Consumers are cautiously buying again. Year-over-year nominal increases in retail sales were in the 7 percent to 8 percent range from September through November and December was a strong month.

### **Region's malls got mauled during Great Recession From NCBR: February 11, 2011 --**

With the Greeley Mall now bank-owned, the Foothills Mall awaiting redevelopment, and the Promenade Shops at Centerra purchased out of foreclosure by investors at the end of last year, NCBR asked the cities of Greeley, Fort Collins and Loveland to break down how the region's struggling malls affect their bottom lines. As to be expected, sales tax collections for the older malls - Greeley and Fort Collins' Foothills - have been on the decline for years, but sales are beginning to rebound for Loveland at the Promenade Shops. On Jan. 26 - after several delays due to lack of bidder interest - a foreclosure sale was held for the Greeley Mall. The mall returned to its lender, LNR Property LLC, for \$33.8 million.

## Sales tax collections up in December

The latest sales tax revenue figures released in January show increased collections across Fort Collins, Loveland and Greeley.

Fort Collins sales and use tax collections were up in December compared to 2009. Sales tax was up 3.2 percent, use tax up 14.6 percent and combined collections were up 4.8 percent.

In November 2010 (December sales tax collections are based on November retail sales), retail sales increased 1.7 percent over November 2009 totaling \$177 million compared to \$174.1 million a year ago. Actual collections of \$5.14 million included an 11.6 percent increase in miscellaneous retail, a 5.1 percent increase in general merchandise stores, and a 4.2 percent increase in eating and drinking places. Three categories saw decreased collections with food stores down 10.1 percent, home furnishings and consumer electronics down 11.1 percent and amusement and recreation services decreased by 0.5 percent.

The new, higher sales tax rates that went into effect at the first of the year will be reflected in February collections on January sales.

Use tax collections totaled \$915,633 in

December. Building permits receipts, however, decreased 13.9 percent.

In Loveland, sales tax collections were up 4.14 percent in December. The city collected \$30.2 million compared to \$29.1 million in December 2009. Year-to-date sales tax collections are up 3.73 percent. Sales and use taxes combined are up 21.71 percent compared to December 2009, and 5.27 percent for the year.

Motor vehicle use tax collections were up 26.86 percent over December 2009. Building material use tax collections are up 868.86 percent in December, and 49.14 percent year to date.

In Greeley, total sales and use tax collections increased 0.8 percent from \$3.25 million in December 2009 to \$3.28 million in December 2010.

Year-to-date collections are up 5.4 percent compared to 2009. Specifically, retail sales tax collections are up 3.1 percent for 2010 thus far over 2009, sales tax on building permits are up 38.7 percent and use tax collections have increased 54.5 percent.

— Jessica Centers

New and renewed sales tax accounts issued in 2010 and early 2011 are showing an increase in businesses, both new and renewal. Retail businesses and entrepreneurs are not exuberant but they are showing some confidence in the strength of the local economy. Consumer spending will slowly increase as consumer confidence builds and new jobs open up.

### Construction

The total value of construction put in place in Northern Colorado got a very nice boost in 2010, mostly due to the federal Recovery Act. This stimulus will end by the middle of 2011 and the effect of government layoffs at all levels will be felt. The private sector will have to fill the void and QE2 (Quantitative Easing Version 2) should facilitate this process. This will have to be accompanied by a continuation of increases in consumer spending to signal that enough demand is present to justify private investment.

The number of single-family detached housing permits being pulled each month is bouncing along the bottom set late in 2008. The inventory of unsold houses is huge and there will be a slug of foreclosed houses hitting the market early in 2011. Despite this, days-on-market for homes under \$280,000 is less than four months. The entire real estate market is not dead, just selective.

### Census Data

The preliminary census data is in from April of 2010. In the state of Colorado from July 1, 2009 to July 1, 2010, the estimates of population have us increasing from 5,015,155 to 5,095,309. They have not yet released data at the MSA level (for our area) yet.

### Other Regional News

