

Economic Outlook and Trends Through March 2022

United States and Colorado

cber.co
Colorado-based Business and Economic Research
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Economic Outlook and Trends

Purpose and Summary

The purpose of this chartbook is to review the performance of the Colorado and U.S. economies for Q1 2022. There is significant economic momentum and headwinds in our personal and business lives.

In Q1, Colorado and the U.S. added more employees than expected. The leading sectors for growth are PST (professional, scientific, and technical services), retail, accommodation and food services, construction, and manufacturing.

The 2022 Colorado forecast acknowledges the significant headwinds that could put the economy into a recession. Currently, the momentum of the labor market and economic activity exceeds the obstacles.

The effect of the momentum and headwinds will be discussed in the following areas.

- Colorado and U.S. Population
- U.S. Real GDP
- Colorado and U.S. Employment
- Momentum and a Touch of Headwinds
- Headwinds
- Summary of Colorado Economic and Employment Outlook and Trends

Highlights – Momentum and Headwinds

Back in the good old days, 2019, the top economic concerns were Brexit, the trade war with China, and the upcoming 2020 elections. In 2022, the headwinds seem to be more severe than three years ago, and they will diminish economic growth and the strength of the labor market. Despite the challenges, there will be solid growth in 2022.

Momentum

- Labor market recovery has been broad-based.
- Strong labor market.
- There is above usual customer demand for goods and services.
- Consumers have money to spend – stimulus programs, savings, reduced credit cards.
- Retail sales are strong.
- Labor shortages have driven higher wages, especially in lower-paying occupations. This is mixed blessing.
- The wealth effect puts consumers in a spending mood.

Headwinds

- Inflation was a problem before the Eastern European conflict. Consumers have paid higher prices for goods and services. A prime example is rising energy costs, in particular gasoline.
- The Federal Reserve will use interest rate hikes to contain inflation. The process is considered an imprecise tool for addressing a situation that requires precision.
- There is no easy solution for supply chain disruptions.
- Eastern European conflict.
- Uncertainty about how COVID-19 variants will spread.
- Labor shortages will get worse as the unemployment rate falls.
- Wage increases benefit workers, but increased expenses may prevent the addition of other employees.
- Loss of consumer and business confidence.
- Political discord.

The R Word

Don't Panic! It Will Happen Soon Enough



News Flash!!

YES, some challenges are preventing the U.S. and Colorado economies from growing at a faster pace.

YES, they have the potential to derail the economy.

YES, columnists, economists, and writers have stated there will be a recession. Some of them also called for a recession in 2019.

YES, there is a saying that economists have predicted nine of the last five recessions.

The U.S. and Colorado economies have momentum that should carry them through the first half of the year, if not longer. It is likely there will be slower growth in the second half of 2022.

Check back for details in six months!

Economic Outlook and Trends

Population – U.S. and Colorado

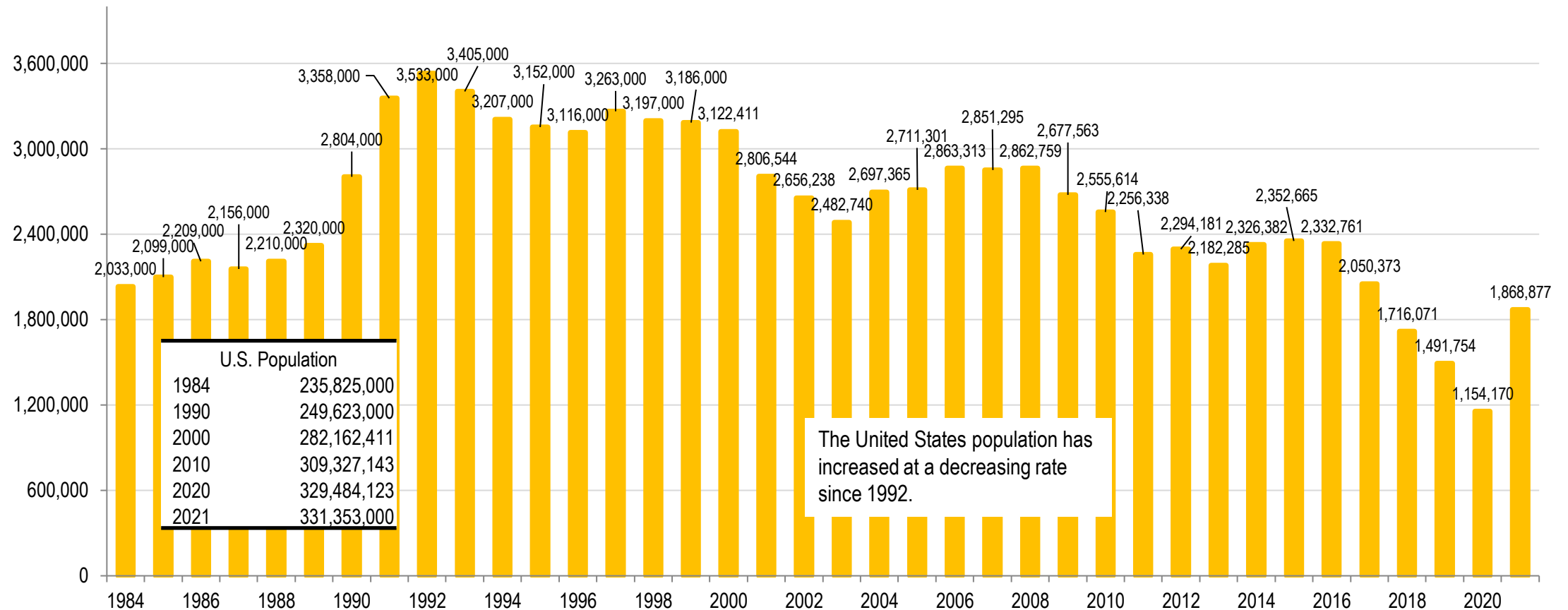
Since 1992, the U.S. population has increased at a decreasing rate. Between 2010 and 2020, the U.S. population increased by 22.7 million, or 7.4%, to 331.4 million. The population under 18 years DECREASED by 1.4% to 73.1 million because of declining fertility rates in all races. As the population has aged, the culture of our workforce and country have changed. The oldest millennial is 40, and the youngest baby boomer is 56.

In Colorado, the pandemic had a short-term impact on the components of change - higher deaths, fewer births, and altered migration. The level of net migration will again increase in 2022. The Colorado population will increase by 716,685 by 2030 and the greatest increase will be in Northern Colorado (Greeley-Weld) and the Arapahoe-Douglas County region. The city of Denver is no longer the population center of the state.

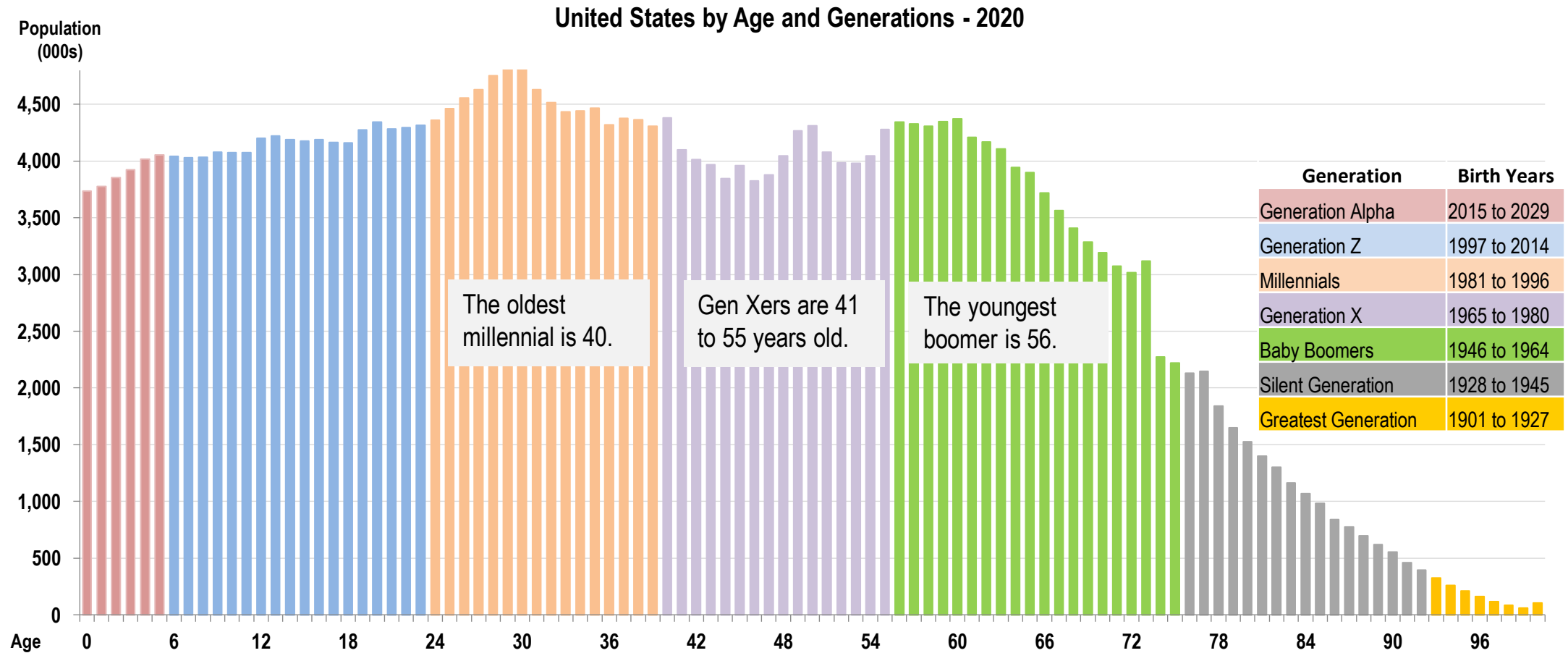
Change in Population

United States

Change in United States Population



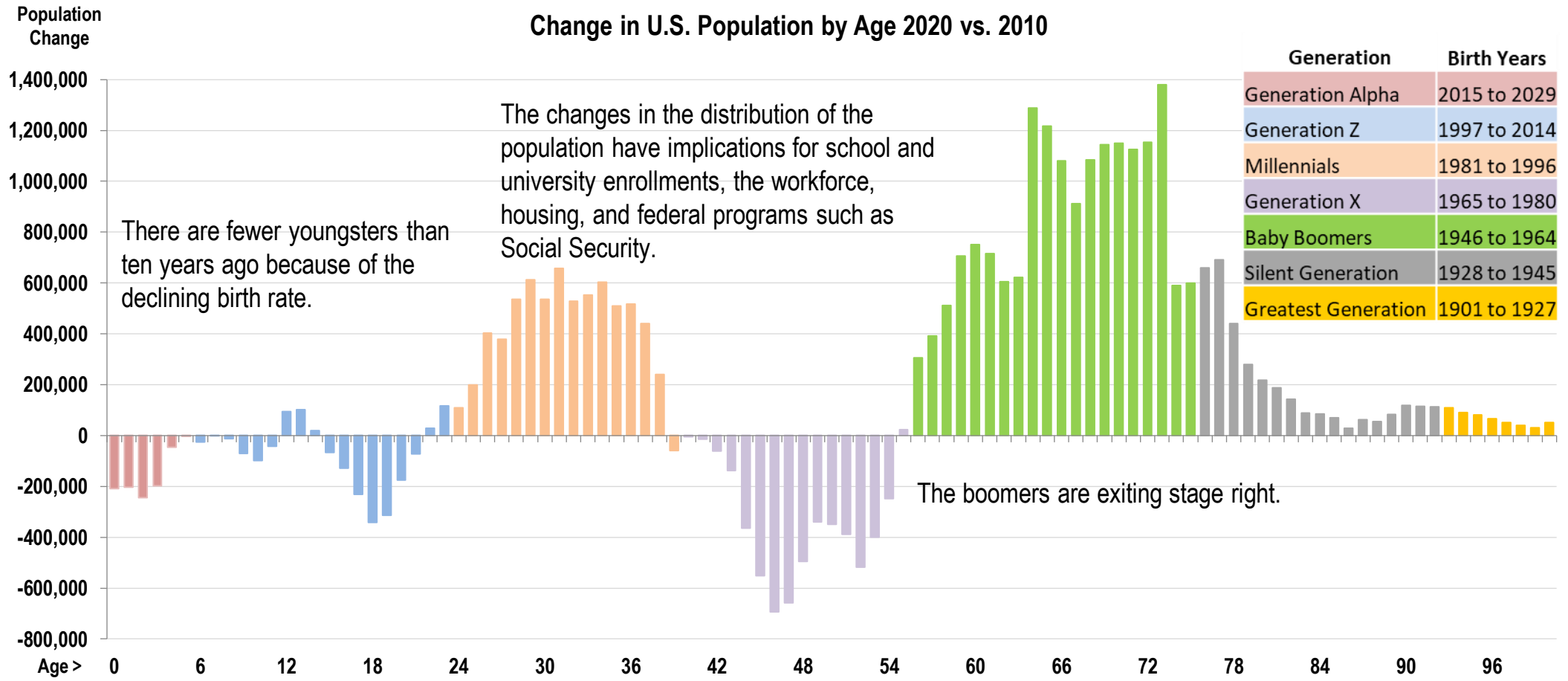
United States by Age and Generations - 2020



Source: U.S. Census Bureau.

Change in Population by Age

2020 vs 2010

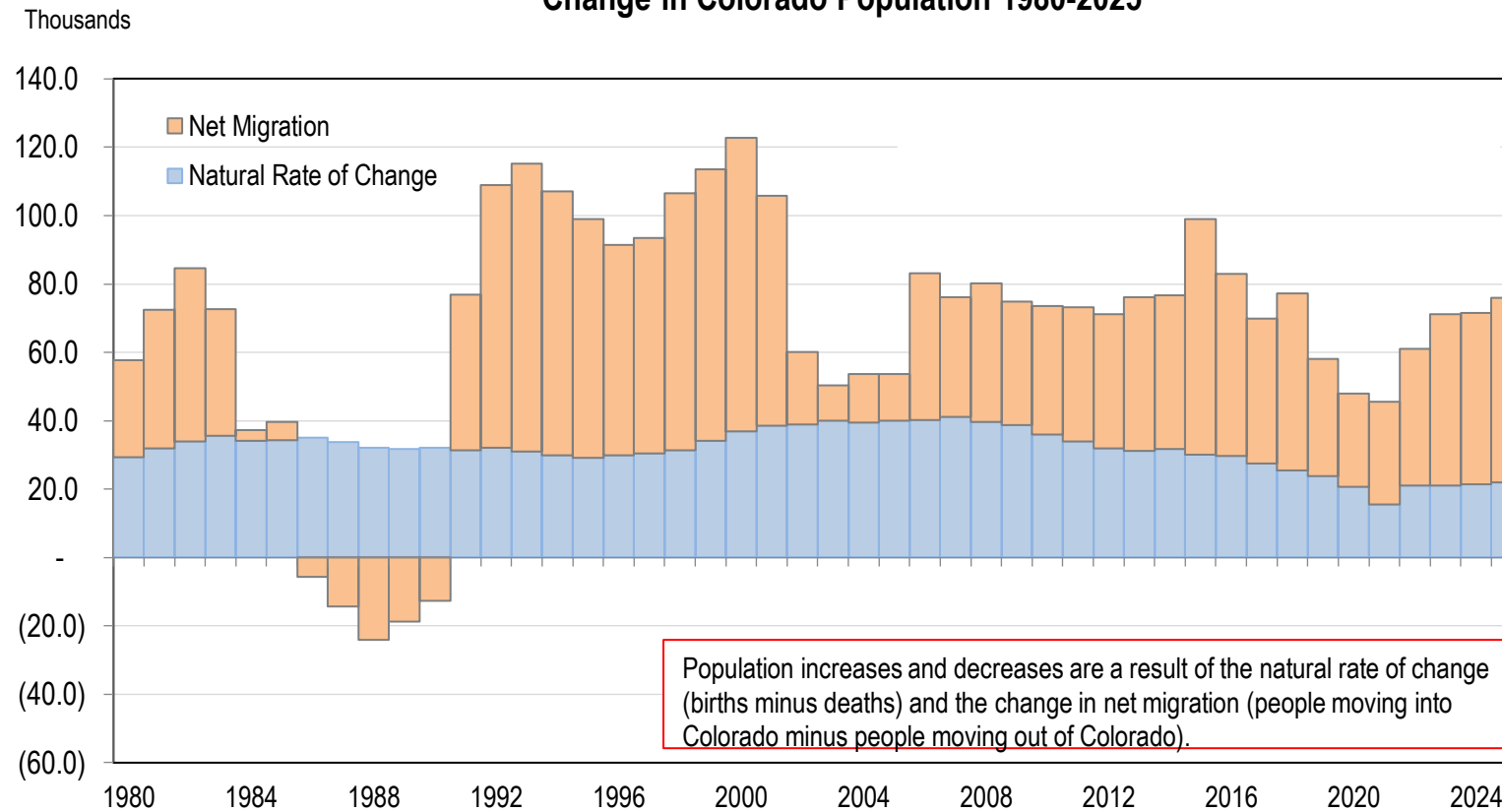


Source: U.S. Census Bureau.

Colorado Population

Components of Change

Change in Colorado Population 1980-2025



Since 2000, the Colorado population has increased at a decreasing rate. There are fewer than anticipated people because of higher death rates, a lower fertility rate, and lower net migration.

In 2020 and 2021, more significant population changes occurred because of the pandemic-related policies. There were altered migration patterns and fewer births.

In 2022, the level of net migration will increase by 40,000. The Colorado population will increase by 61,000, and the total population will be 5,892,162.

Front Range County Population (2000-2030) The Base of Power is Changing

As the population increases, the base of power is changing.

The following changes will occur over the next decade:

- The combined population share in the top Front Range counties will increase from 81.1% to 84.1%.
- The population share in Boulder, Jefferson, Denver, Arapahoe, and Pueblo counties will increase at a declining rate.
- The El Paso County population surpassed Denver County in 2020. The combined population of Larimer and Weld (Northern Colorado) will exceed the Denver population by 2030.
- Adams County has gained prominence because of its population growth. It is also the focal point of the 8th Congressional district.
- There will be significant growth in the Douglas and Arapahoe counties.

Change in Colorado Population – Ten Front Range Counties
The Base of Power is Changing

	2000	2010	2020	2030	2030-2020	CAGR	% State 2000	% State 2030
BoCo/BroCo/JeffCo								
Boulder	276,254	295,605	330,860	354,742	23,882	0.70%	6.4%	5.5%
Broomfield	38,545	56,107	74,470	94,152	19,682	2.37%	0.9%	1.4%
Jefferson	526,716	535,651	582,782	611,909	29,127	0.49%	12.1%	9.4%
Total	841,515	887,363	988,112	1,060,804	72,692	0.71%	19.4%	16.3%
Denver								
Denver	556,740	604,879	717,632	802,307	84,675	1.12%	12.8%	12.3%
Adams								
Adams	351,734	443,711	520,070	604,681	84,611	1.52%	8.1%	9.3%
Douglas/Arapahoe								
Arapahoe	490,722	574,819	655,044	725,287	70,243	1.02%	11.3%	11.2%
Douglas	180,511	287,124	360,037	417,104	57,067	1.48%	4.2%	6.4%
Total	671,233	861,943	1,015,081	1,142,390	127,309	1.19%	15.5%	17.6%
Northern Colorado								
Larimer	253,087	300,532	359,701	412,984	53,283	1.39%	5.8%	6.4%
Weld	183,074	254,230	331,184	429,763	98,579	2.64%	4.2%	6.6%
Total	436,161	554,762	690,885	842,747	151,862	2.01%	10.1%	13.0%
Southern Colorado								
El Paso	519,803	627,232	731,641	832,460	100,819	1.30%	12.0%	12.8%
Pueblo	141,854	159,496	168,434	179,833	11,399	0.66%	3.3%	2.8%
Total	661,657	786,728	900,075	1,012,294	112,219	1.18%	15.2%	15.6%
Total Ten County	3,519,040	4,139,386	4,831,855	5,465,223	633,368	1.24%	81.1%	84.1%
State	4,338,801	5,050,332	5,782,915	6,499,600	716,685	1.18%	100.0%	100.0%

Source: State Demography Office, cber.co.

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Economic Outlook and Trends

U.S. Real Gross Domestic Product

The Conference Board U.S. Economic forecast projects real GDP growth of 3.5% in 2022, down from 5.6% in 2021. Personal consumption will continue to drive economic growth. It will increase by 3.4% in 2022, down from 8.0% growth in 2021.

The national forecast calls for residential construction growth to be flat in 2022. The story in Colorado will be different. Housing demand will exceed supply, in part, because of the loss of 1,100 homes in the Marshall Fire. The forecast calls for solid growth in government spending, as expected. That level of investment in the country is excessive, given the level of inflation. Companies are having difficulty finding workers. They will face a greater challenge as the unemployment rate falls to 3.5%. Finally, inflation will remain above the Fed's target range and deter economic growth.

U.S. Real GDP Growth

The Conference Board Forecast (April 14, 2022)

Real GDP and Economic Growth in 2021

The latest Conference Board forecast reflects a downgrade to account for increased inflation, tighter monetary policy, and reduced purchasing power. Real GDP growth will be 4.3% in Q1 2022, followed by slower growth for the remainder of 2022. The potential drag on the U.S. economic activity caused by the conflict in Eastern Europe will result in a -0.5% point drag (GDP).

Other Economic Factors

The potential drag on the U.S. economy caused by the conflict in Eastern Europe could result in a -0.5% point drag on GDP growth. Despite these challenges, the U.S. unemployment rate will fall to 3.5% in 2022, and PCE inflation will rise to 5.9% in 2022. The challenges facing the U.S. economy are severe; however, the momentum will offset them in 2022.

Conference Board US Real GDP Growth Forecast

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2020	2021	2022
Real GDP	6.3%	6.7%	2.3%	6.9%	4.3%	3.0%	2.8%	1.7%	- 3.4%	5.7%	3.0 %
Personal Consumption	11.4%	12.0%	2.0%	3.1%	3.0%	2.0%	0.9%	1.6%	- 3.8%	7.9%	2.8%
Residential Investment	13.3%	-11.7%	-7.7%	1.0%	2.0%	1.0%	0.5%	1.0%	6.8%	9.2%	-0.6%
Nonresidential Investment	12.9%	9.2%	1.6%	3.1%	7.5%	3.8%	3.8%	4.0%	-5.3%	7.4%	4.6%
Total Gov't. Spending	4.2%	-2.0%	0.9%	-2.6%	1.5%	3.0%	3.8%	4.0%	2.5%	0.5%	1.1%
Exports	-2.9%	7.6%	--5.3%	23.6%	0.0%	4.1%	3.7%	4.6%	- 13.6%	4.5%	5.1%
Unemployment Rate	6.2%	5.9%	5.1%	4.2%	3.8%	3.6%	3.4%	3.3%	8.1%	5.4%	3.5%
PCE Inflation (%Y/Y)	1.8%	3.9%	4.3%	5.5%	6.3%	6.6%	6.3%	4.2%	1.2%	3.9%	5.9%
Core PCE Inflation (%Y/Y)	1.7%	3.4%	3.6%	4.6%	5.2%	5.9%	5.1%	4.4%	1.4%	3.3%	5.2%

Source: The Conference Board and cber.co.

Source: The Conference Board, <https://www.conference-board.org/publications/Economic-Forecast-US>, cber.co.

Colorado-based Business and Economic Research <https://cber.co>

Economic Outlook and Trends

U.S. and Colorado Employment

Through Q1 2022, the U.S. and Colorado labor markets have been stronger than expected. They will return to pre-pandemic growth levels in 2023.

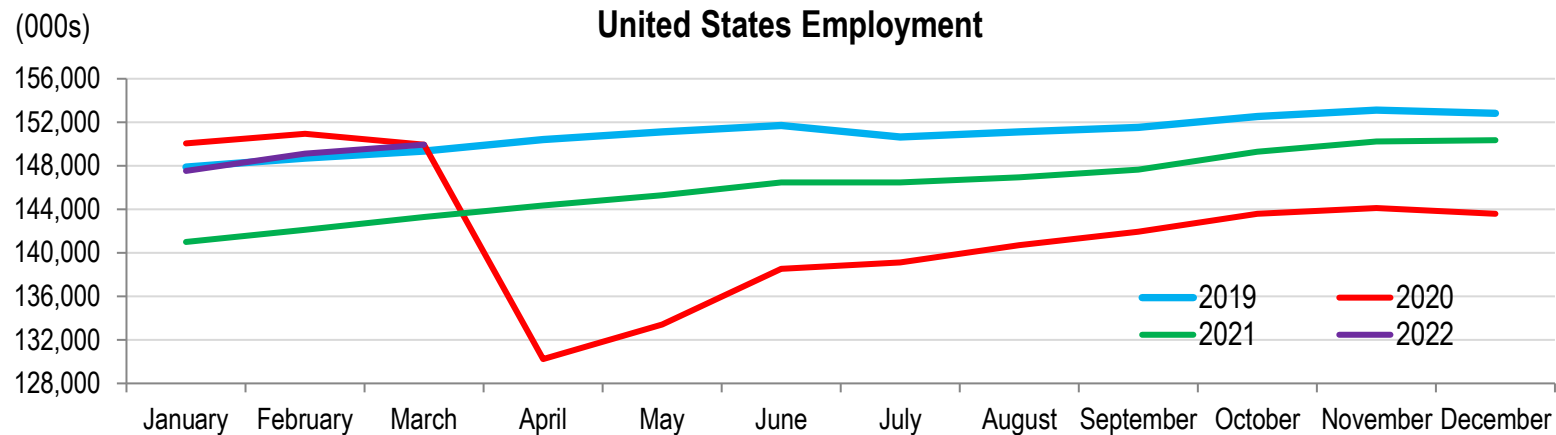
As the U.S. and Colorado unemployment rates have declined, the employment to population ratios have improved.

Since July, there have been nearly 11 million job openings every month. Companies are addressing the labor shortage by raising wages as an incentive to hire and retain quality workers.

The leading Colorado sectors for job growth are PST, retail trade, food and accommodation, and construction.

Change in Employment

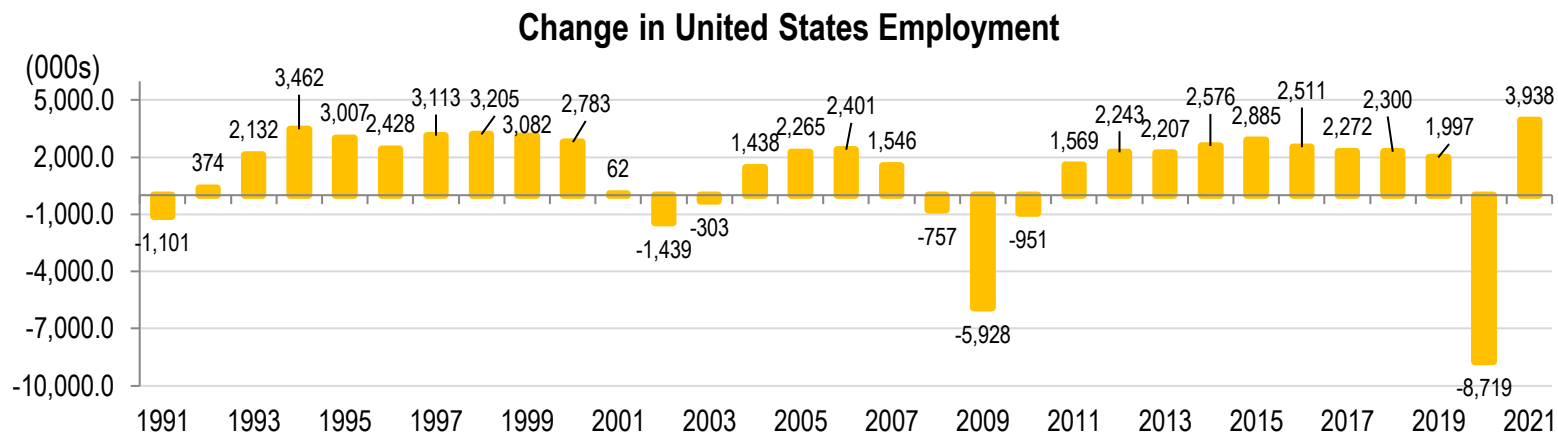
United States



The level of employment for Q1 2022 (purple) is similar to Q1 2019 (blue).

Average U.S. employment for Q1 2022 is about 6.7 million greater than the same period in 2021 (green). The level of 2022 job growth will decline as the year progresses.

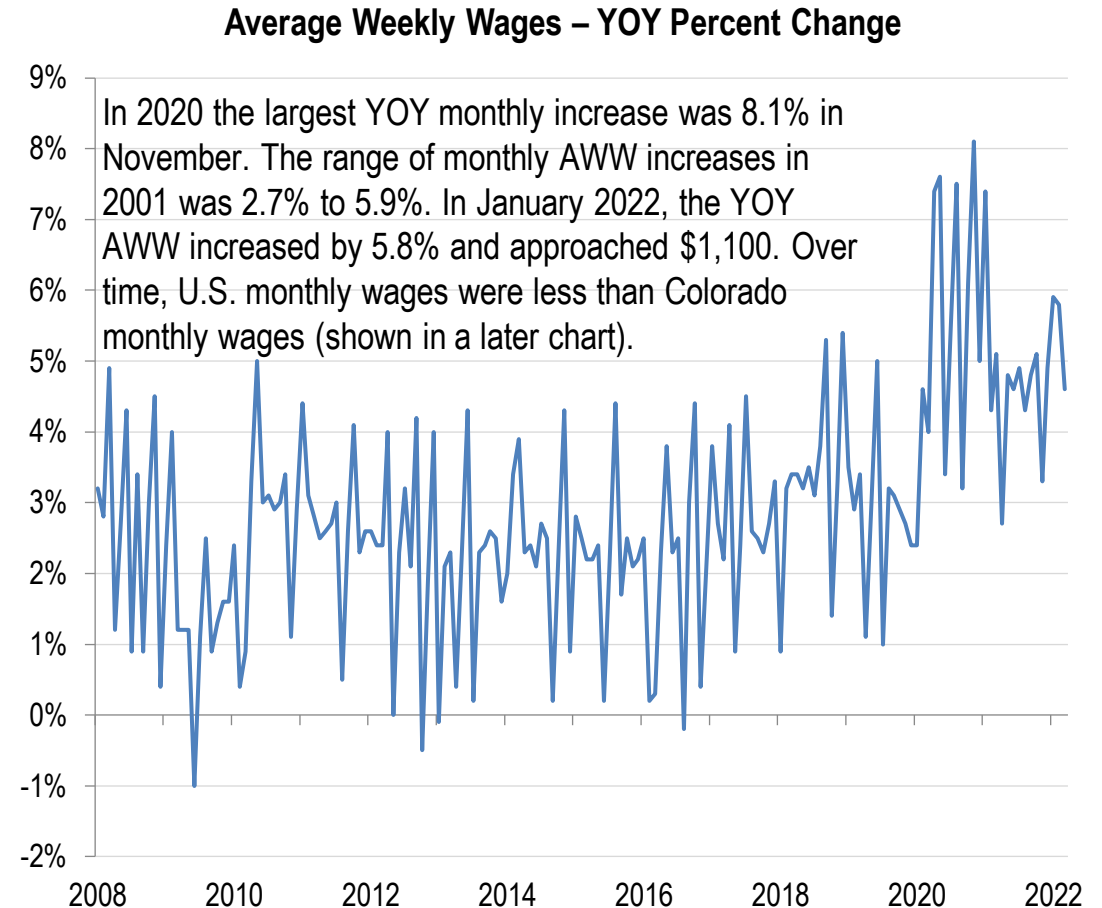
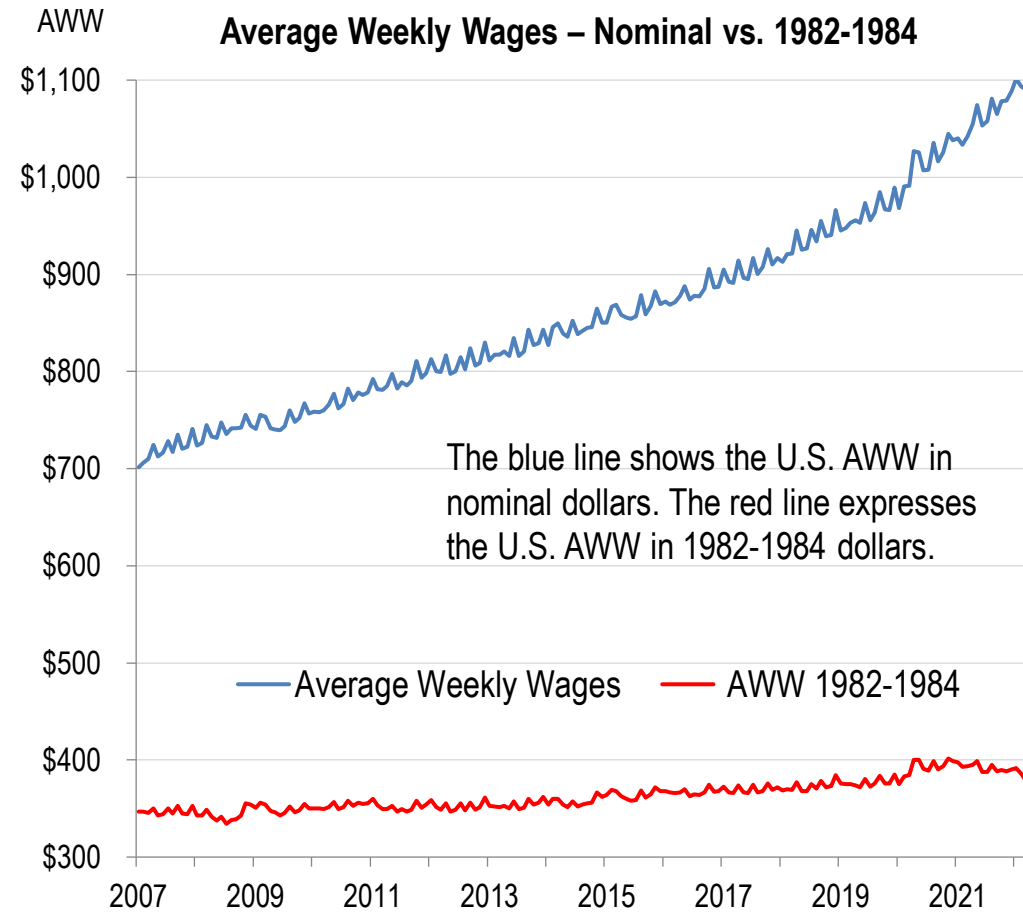
Average U.S. employment increased by about 2.4 million annually between 2012 and 2019.



Source: Bureau of Labor Statistics, cber.co.

U.S. Average Weekly Wage (AWW) Growth

Private Sector

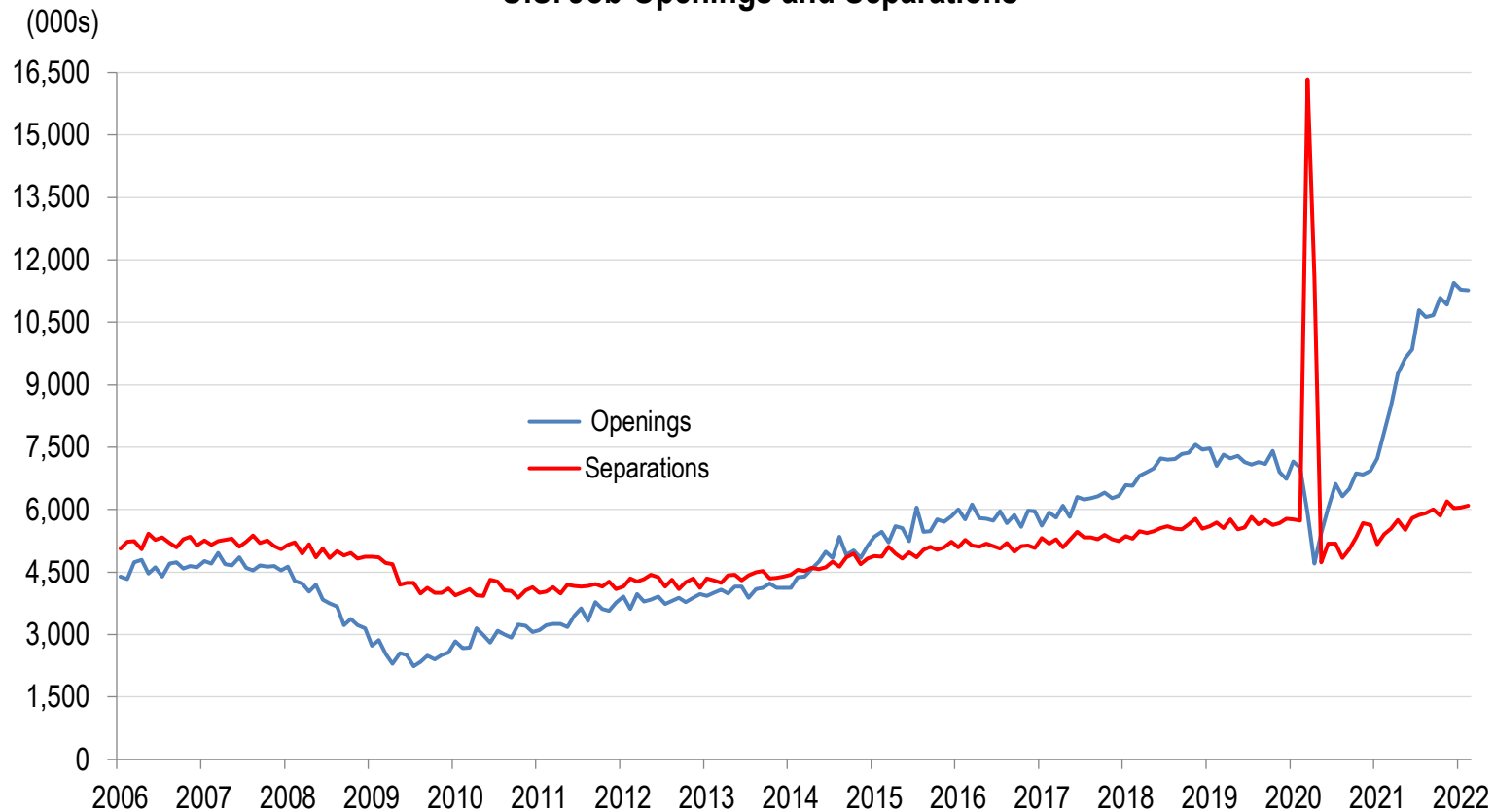


Source: Bureau of Labor Statistics, NSA, cber.co. Note: Wages do not include benefits.

Job Openings and Separations

United States

U.S. Job Openings and Separations



Source: JOLTS, SA, BLS, cber.co.

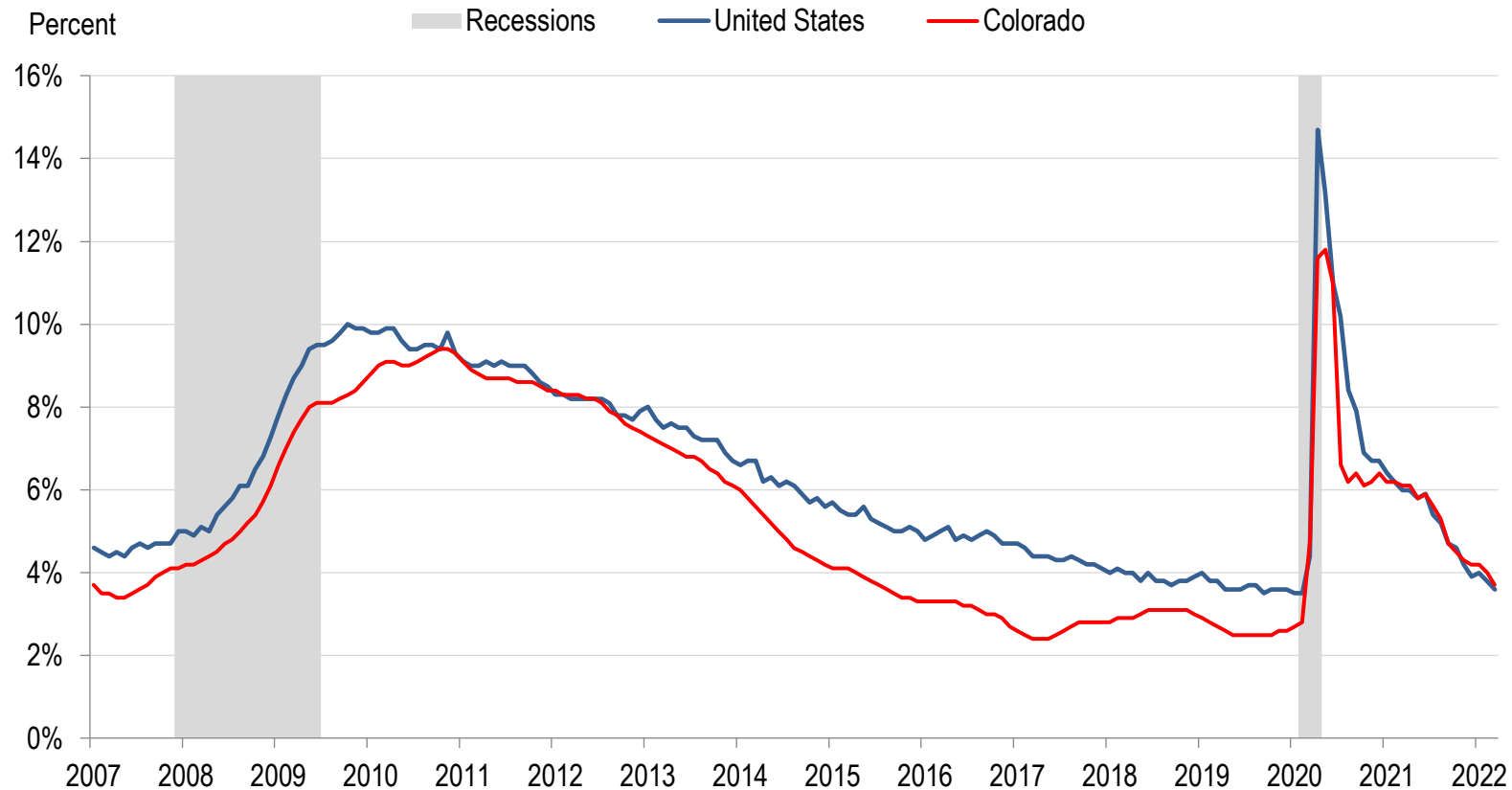
The number of job openings (blue) bottomed out in 2009. They steadily increased over the next decade as the economy improved from the financial crisis of 2007-2008. The openings leveled out in 2019, followed by a sharp decline in 2020 caused by the COVID-19 lockdown policies. Starting in July 2021, there were 10.7 million job openings. The number has been at or above that level through February 2022.

Similarly, the number of separations (red) has reached record levels. Boomers have retired, and other workers are using the strong labor market as an opportunity to upgrade their working compensation and work environment by switching companies. Since January 2021, more than 63% of the separations have been quits.

Unemployment Rate

United States and Colorado

U.S. and Colorado Unemployment



Unemployment Rate

The U.S. and Colorado unemployment rates will continue to decline through 2022. The Colorado and U.S. rates were similar for most of this period. That trend will continue in 2022. More importantly, businesses will continue to struggle to find workers.

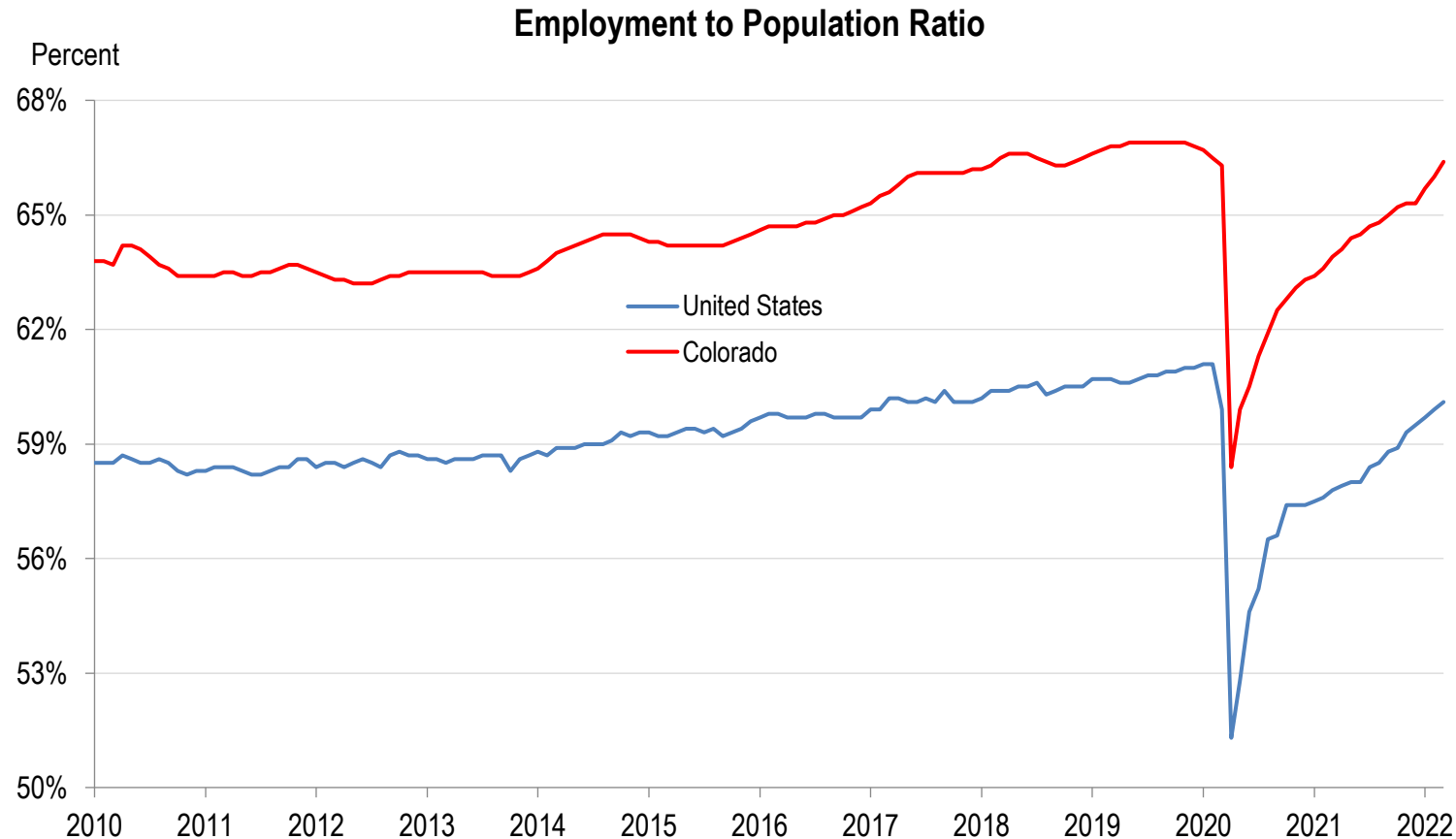
Annual Unemployment Rate

Year	United States	Colorado
2016	4.9%	3.1%
2017	4.4%	2.6%
2018	3.9%	3.0%
2019	3.7%	2.6%
2020	8.1%	6.9%
2021	5.4%	5.2%
2022	3.6%	3.4%

Source: BLS, cber.co.

Employment to Population Ratio

United States to Colorado



Source: FRED, BLS, cber.co.

Colorado-based Business and Economic Research <https://cber.co>

Between 2010 and 2019, the employment-to-population ratios for Colorado and the U.S. gradually increased.

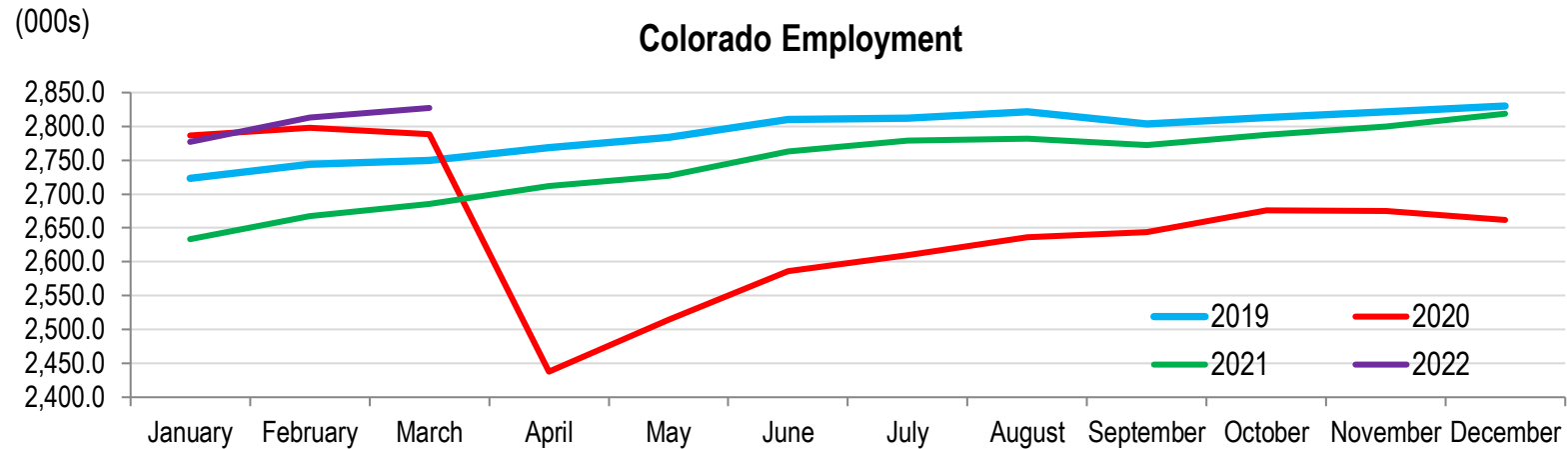
Between May and November 2019, the Colorado ratio was 66.9%. In March 2020, it fell to 58.4%. It rebounded to 66.4% in March 2022.

In January and February of 2020, the U.S. ratio was 61.1%. In March 2020, it plummeted to 51.3%. It rebounded to 60.1% in March 2022.

This is another way of saying that more Americans are working.

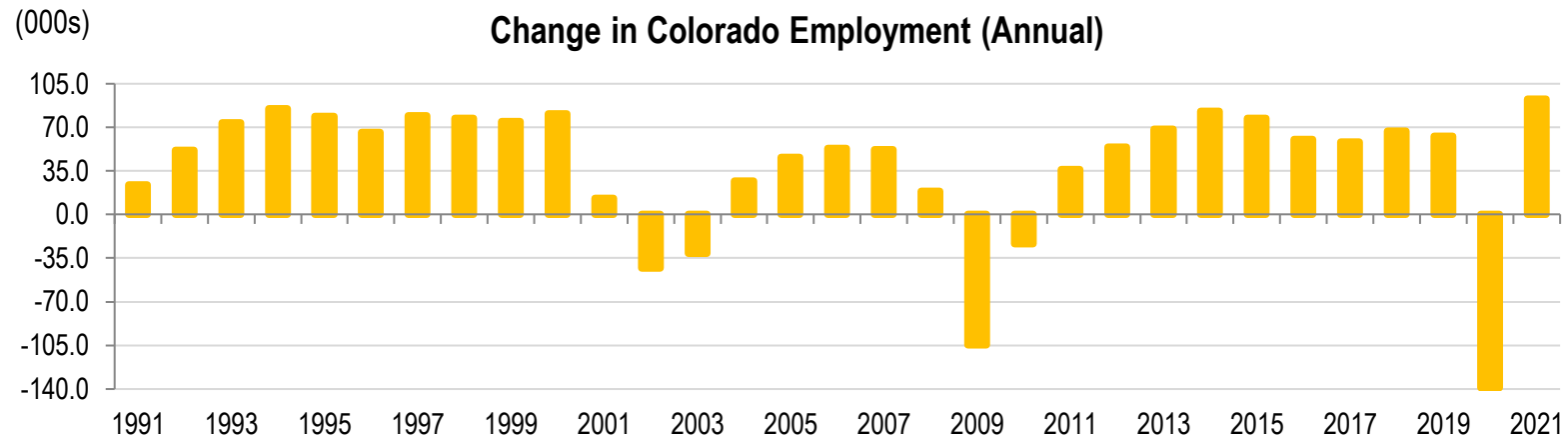
Change in Colorado Employment

Colorado



Colorado's annual employment declined by 139,000 in 2020, slightly more than the combined loss of 128,200 in 2009 and 2010.

The job recovery from the COVID-19 recession has occurred more quickly than the Global Financial Crisis or the 2001 recession.



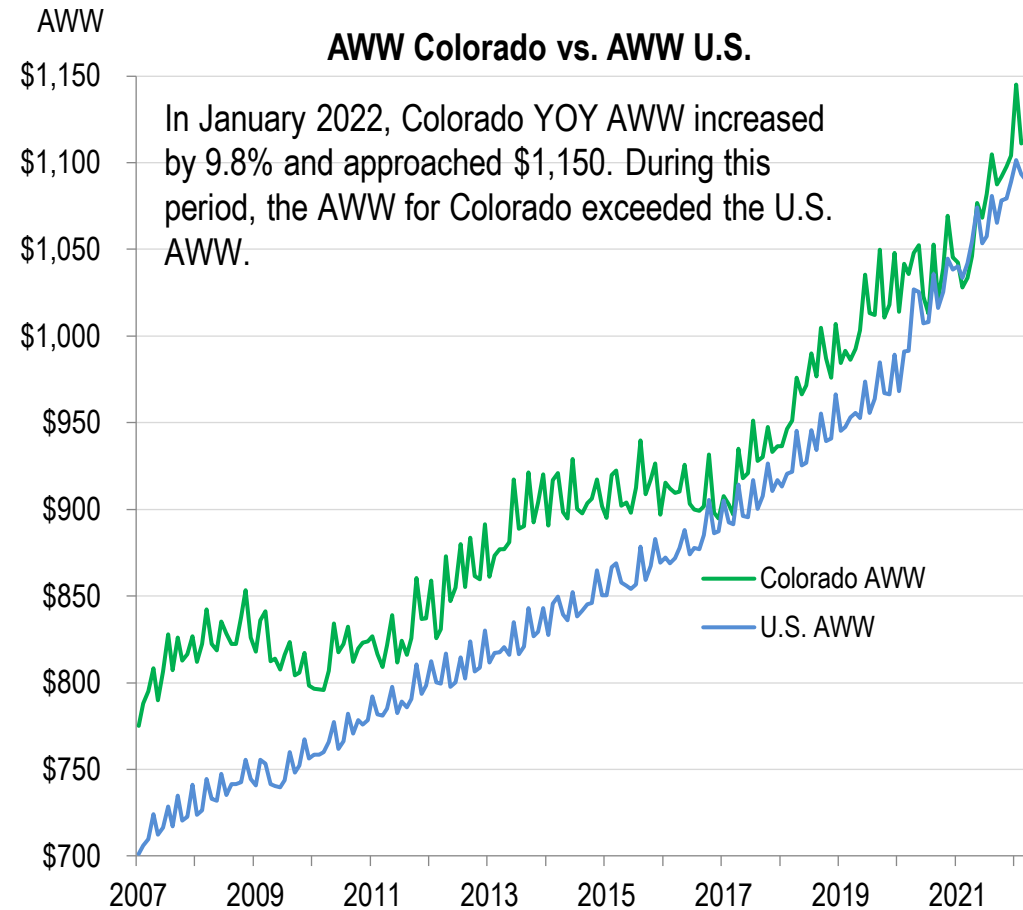
Through Q1 2022, Colorado SA employment increased by 27,700, an increase of 0.99% compared to December 2021. The top eight sectors increased by 15,200 or 1.32%, and the slower sectors added 12,500 jobs, an increase of 0.75%.

Job growth will taper off as the year progresses.

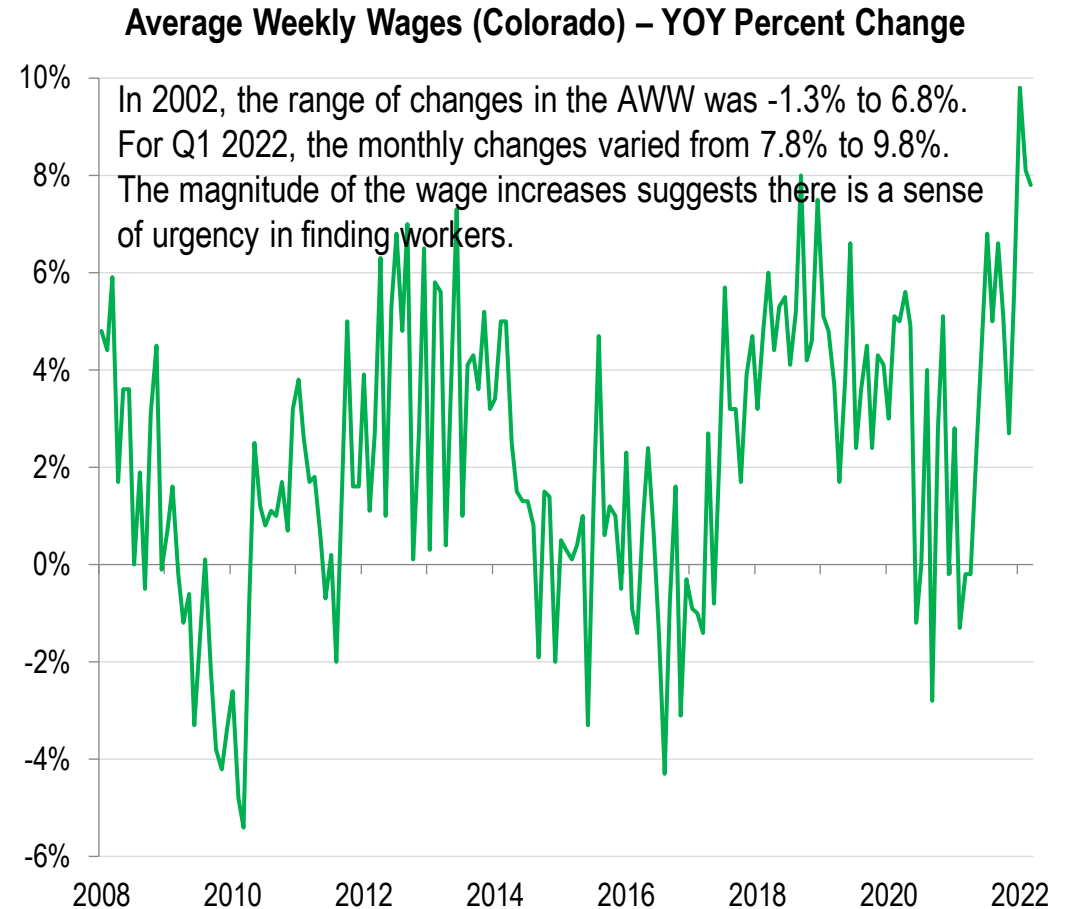
Source: Bureau of Labor Statistics, NSA, cber.co.

Colorado Average Weekly Wage Growth

Private Sector



Source: Bureau of Labor Statistics, NSA, cber.co. Note: Wages do not include benefits.



Change in Employment

Top Colorado Sectors in Recovery from COVID-19 Policies

Change in Employment (Top Sectors in Recovery from COVID-Related Policies)				
Sector	Dec. 2021 (000s)	March 2022 (000s)	Change (000s)	% Change
Professional, Scientific, and Technical	262.9	268.7	5.8	2.21%
Retail Trade	273.8	278.4	4.6	1.68%
Other Services	116.7	118.4	1.7	1.46%
Wholesale Trade	111.9	113.2	1.3	1.16%
Transportation, Warehousing, and Utilities	106.1	107.3	1.2	1.13%
Management of Companies	44.6	45.1	0.5	1.12%
Financial Activities	180	180.4	0.4	0.22%
Federal Government	53.9	53.6	-0.3	-0.56%
Total	1,149.9	1,165.1	15.2	1.32%

These eight sectors/sub-sectors have the fastest recovery from the COVID-19 policies. They account for 41% of total employment and 55% of job growth in Q1.

The combined employment for these sectors increased by 15,200 or 1.32%, compared to December 2021. The three largest sectors (PST, retail, and other services) added the most jobs.

In 2020, the growth in federal government employment was temporary workers for the 2020 Census.

Source: BLS, cber.co.

Change in Employment

Colorado Sectors with Slower Recovery from COVID-19 Policies

Change in Employment (Sectors with Slower Recovery from COVID-19 Policies)				
Sector	Dec. 2021 (000s)	March 2022 (000s)	Change (000s)	% Change
Food and Accommodation (F&A)	277.8	282.2	4.4	1.58%
Construction	178.9	181.9	3.0	1.68%
Manufacturing	151.2	153.9	2.7	1.79%
Administrative Services	159.6	161.3	1.7	1.07%
Education (Private)	44.8	45.7	0.9	2.01%
Local Government	263.9	264.5	0.6	0.23%
Arts, Entertainment, and Recreation	53.5	53.8	0.3	0.56%
Healthcare	303.6	303.9	0.3	0.10%
Natural Resources (Extractive Industries)	19.8	19.9	0.1	0.51%
Information	77.7	77.4	-0.3	-0.39%
State Government	126.1	124.9	-1.2	-0.95%
Total	1,656.9	1,669.4	12.5	0.75%

Source: BLS, cber.co.

This group of eleven sectors/sub-sectors had the slowest recovery from the COVID-19 policies. Some incurred extensive job losses and they are low-growth industries.

The combined employment of these sectors increased by 12,500 or 0.75%, compared to December 2021. They accounted for 59% of Colorado employment and 45% of total job growth in Q1 2022.

The sectors that added the most jobs were the largest sectors - F&A, construction, manufacturing, and administrative services.

Economic Outlook and Trends

Momentum and a Touch of Headwinds

The momentum in the labor market is evident in the increased employment and wages. Also, there is above average customer demand for goods, services, travel, and housing.

The ISM, NFIB, and NAHB indices illustrate optimism for the future and concerns about the headwinds challenging small businesses, manufacturers, service providers, and construction companies.

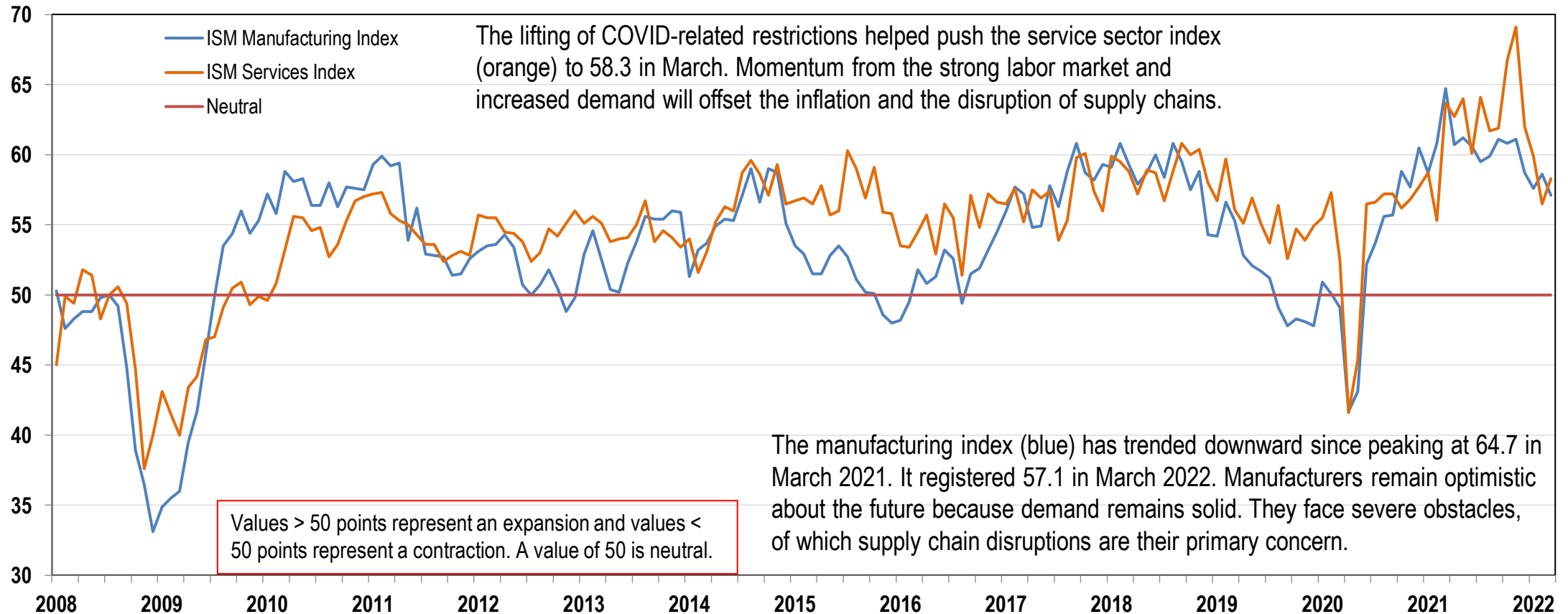
Consumers have money to spend – stimulus programs, savings, reduced credit card balances. The wealth effect (real estate and equities) puts consumers in a spending mood. Retail sales are strong.

The number of Colorado and U.S. small business applications increased unexpectedly during the pandemic. Now that the economy has improved, there has been a decline in applications. It will be interesting to see how this story turns out.

ISM PMI Composite Indices

Manufacturing vs. Services

ISM Manufacturing PMI vs. Services PMI Composite Indices



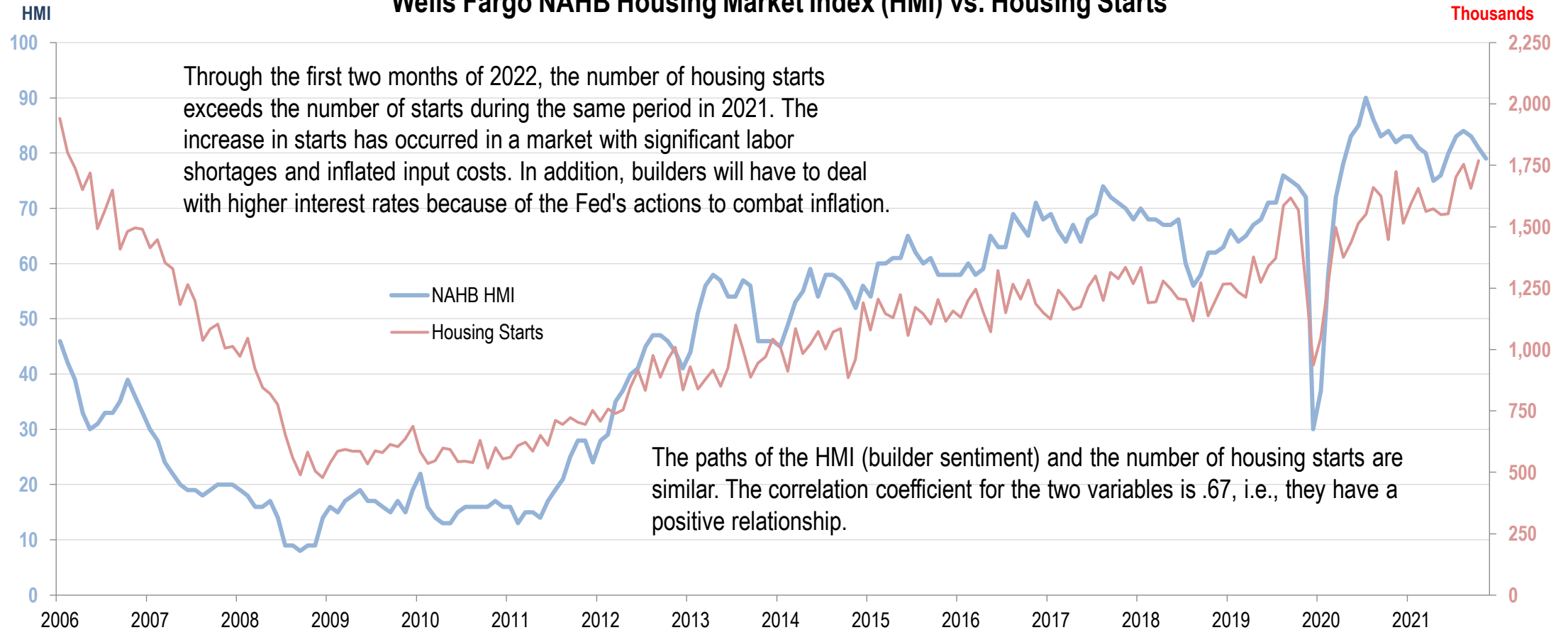
Source: Institute of Supply Management, cber.co

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Wells Fargo NAHB HMI vs. Housing Starts

United States

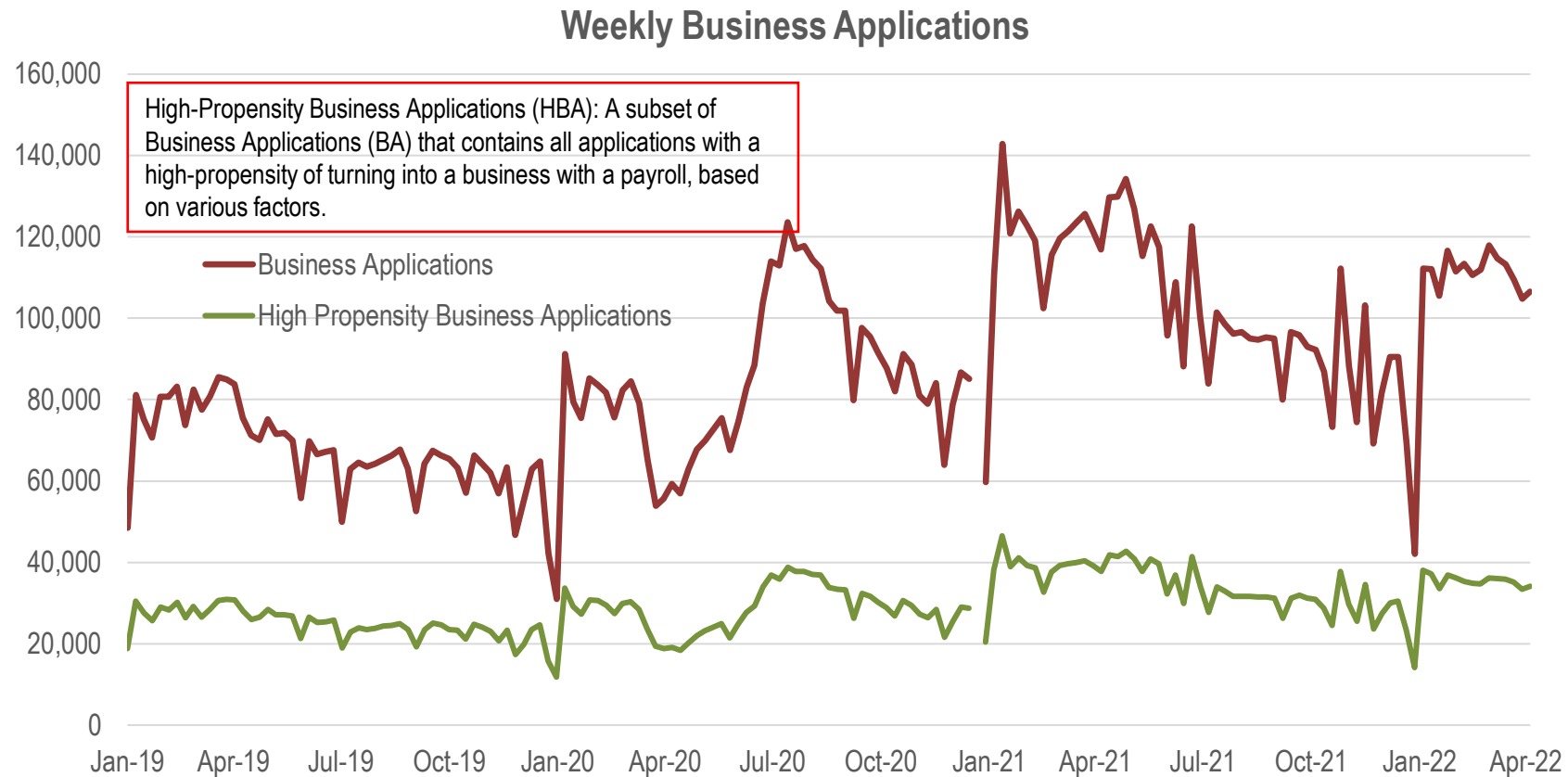
Wells Fargo NAHB Housing Market Index (HMI) vs. Housing Starts



Source: NAHB, cber.co.

U.S. Weekly Business Applications

Total and High Propensity 2019 through 2021



Business Applications

There were 3.51 million business applications (burgundy) in 2019 and 4.36 million in 2020. In 2021, there were 5.37 million.

High Propensity Business Applications

There were 1.29 million high propensity applications (green) in 2019 and 1.97 in 2020. In 2021, there were 1.77 million.

Trend

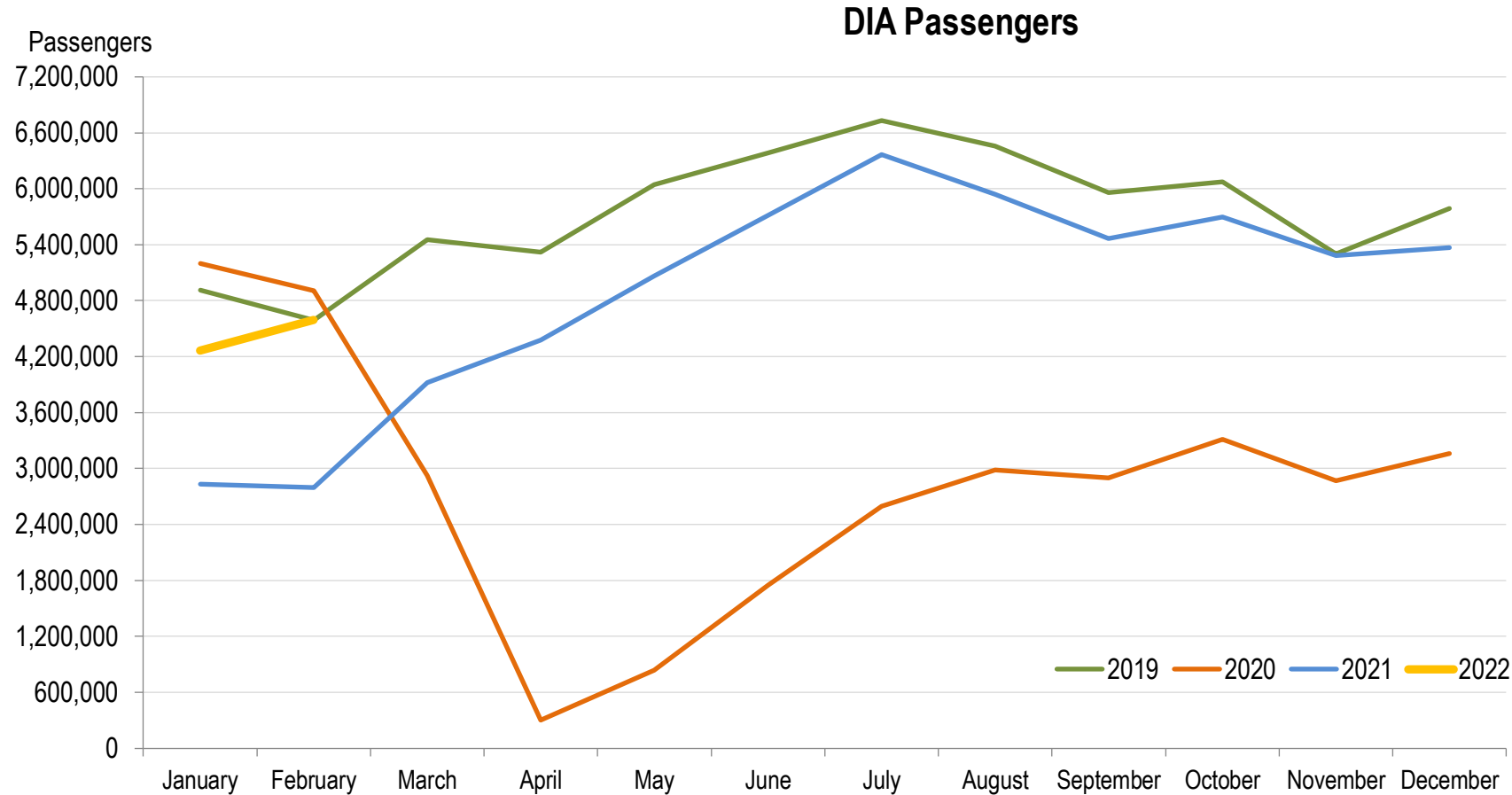
The spike in 2020 and 2021 appears to be an anomaly. The number of high propensity applications and the number of applications is trending downward in 2022.

Source: FRED, U.S. Census Bureau, NSA, cber.co.

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Denver International Airport Passengers

Monthly



The number of DIA passengers in January and February 2022 (yellow) is below the YTD total for 2019 (green) and 2020 (orange).

There were 8.858 million passengers through two months of 2022 (yellow) compared to 5.624 million passengers through the first two months of 2021 (blue).

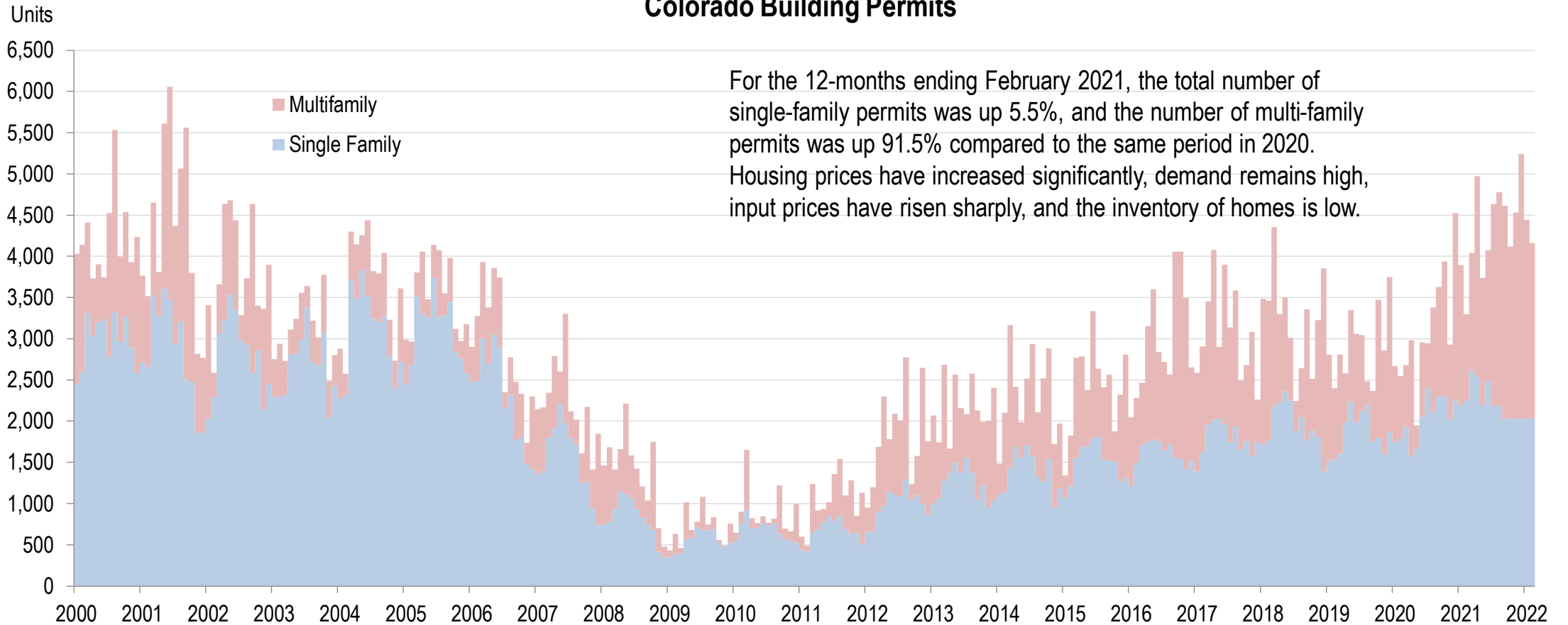
Year	Passengers	% Change
2022	64,000,000	8.8%
2021	58,828,552	74.4%
2020	33,741,129	-51.3%
2019	69,015,703	7.0%
2018	64,494,613	5.1%
2017	61,379,396	5.3%
2016	58,266,515	7.9%

Source: flydenver.com, cber.co.

Colorado Residential Building Permits

Units

Colorado Building Permits



Source: TAMU Real Estate Center, U.S. Census Bureau, cber.co.

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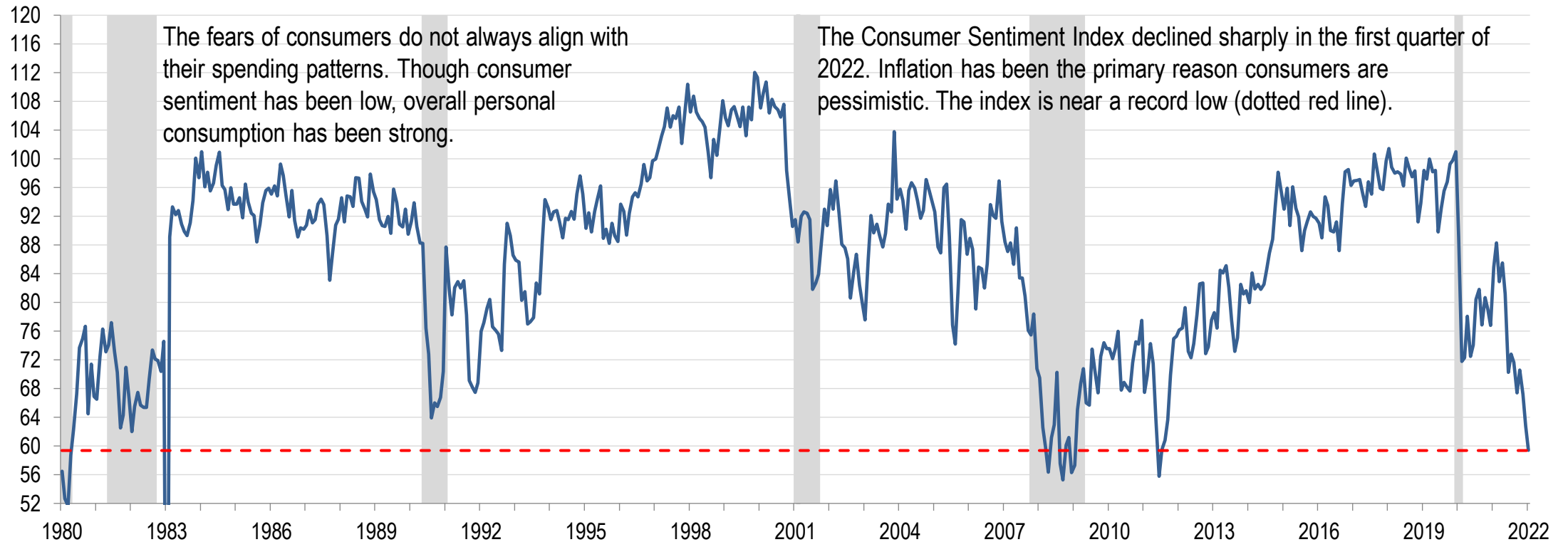
Consumer Sentiment Index

University of Michigan

Michigan Consumer Sentiment Index

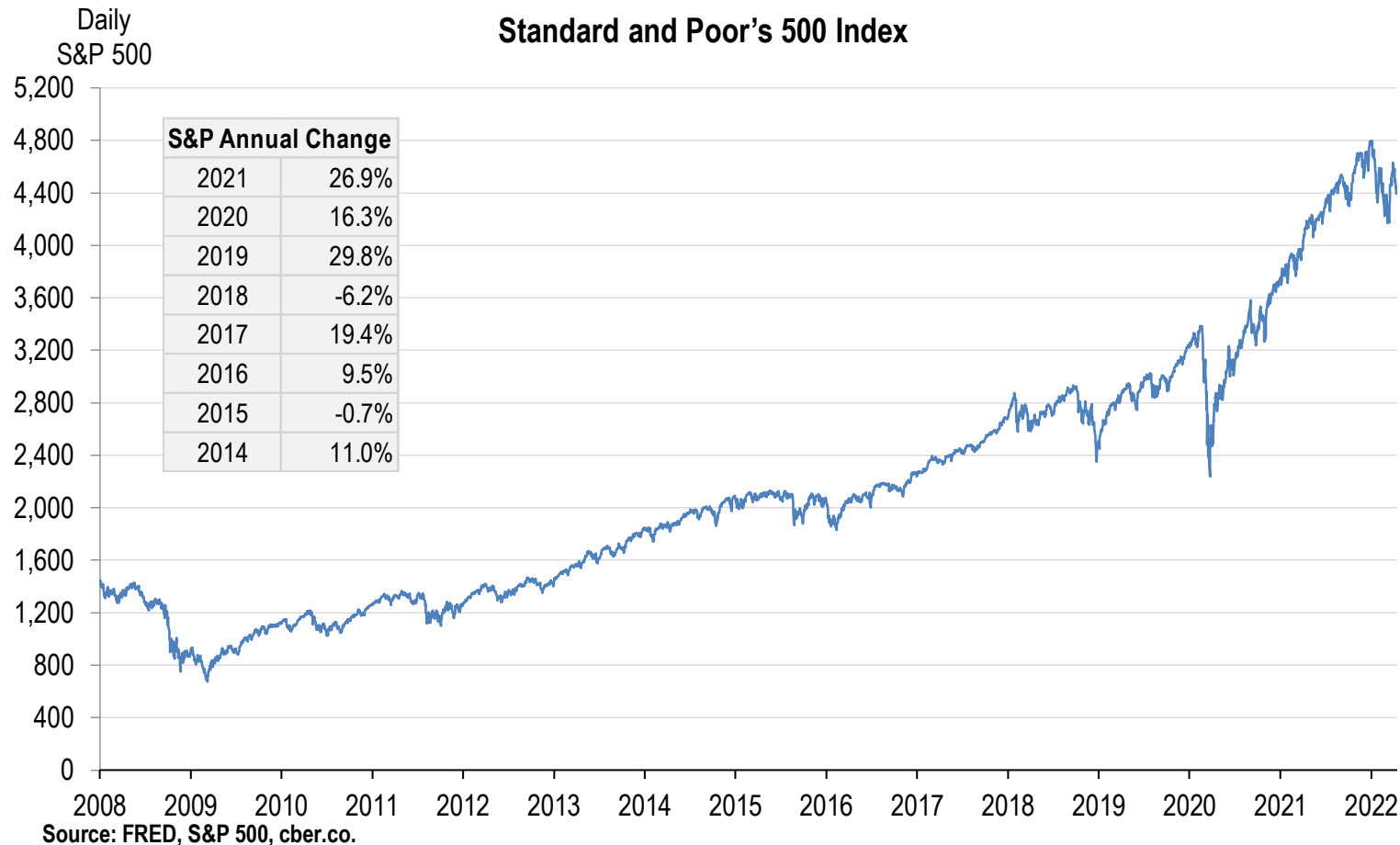
1966 Q1=100

Recessions Index Current Value



Source: University of Michigan, cber.co.

Standard and Poor's 500 Index



COVID 19 Policies - 2020

After reaching 3,386 on February 19, 2020, the S&P 500 slipped to 2,237 on March 23, a loss of 34% or 1,148 points. On August 18, the S&P had returned to 3,386. The bear market of 2020 was short-lived (149 days).

Year-End 2021

The S&P index increased at a steady rate for most of 2021. On December 31, it was 4,766 or 26.9% greater than the value at the end of 2020. The appreciation of stocks contributes to the wealth effect of investors.

Headwinds

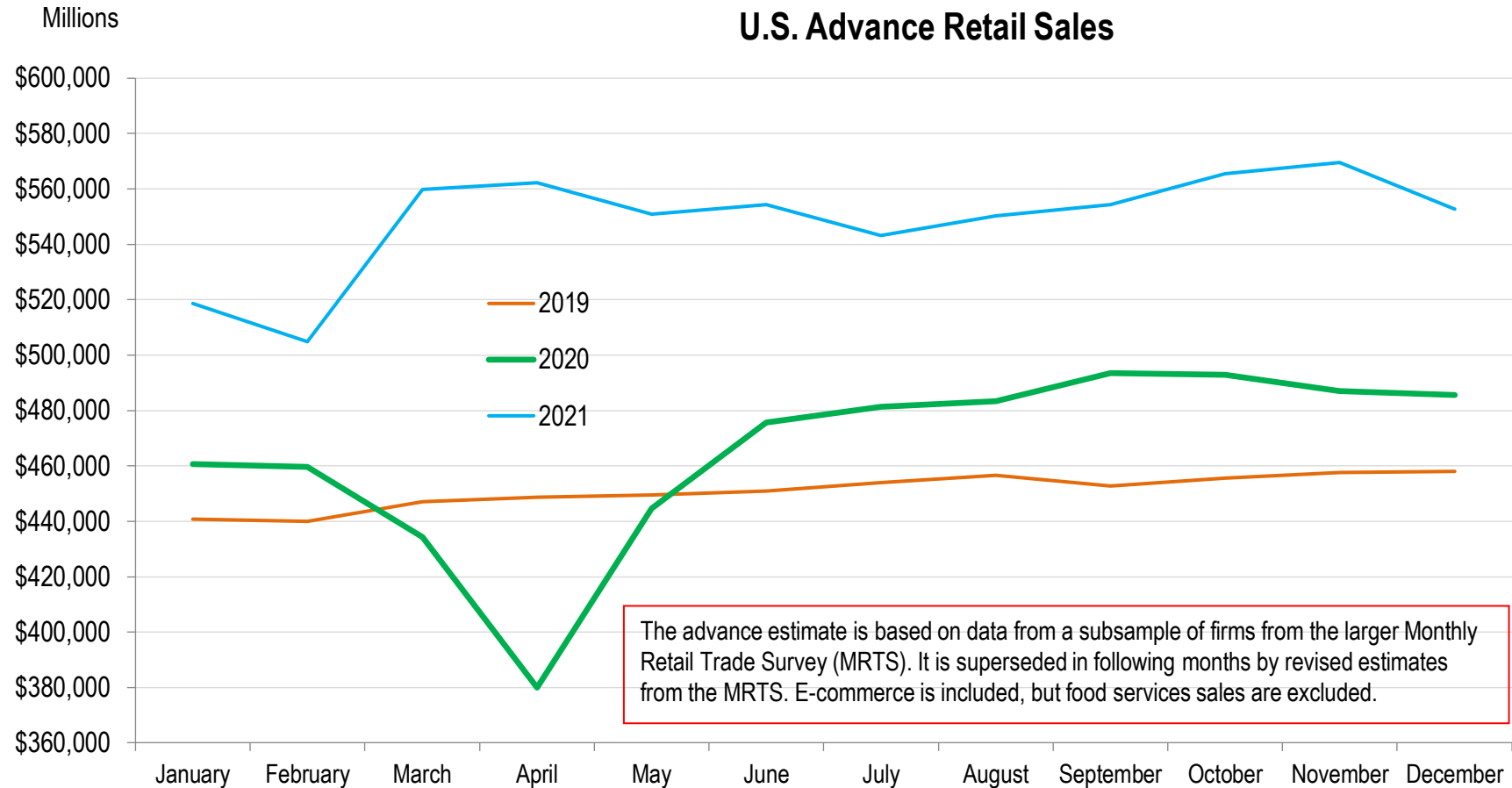
After reaching 4,796 on January 3, 2022, the market shed 626 points and bottomed out at 4,170 on March 8. As of April 18, it has not returned to 4,796.

YTD Change

On December 31, the S&P 500 closed at 4,766. On April 14, it closed at 4,392, a change of -7.8%.

U.S. Advance Retail Sales

Monthly



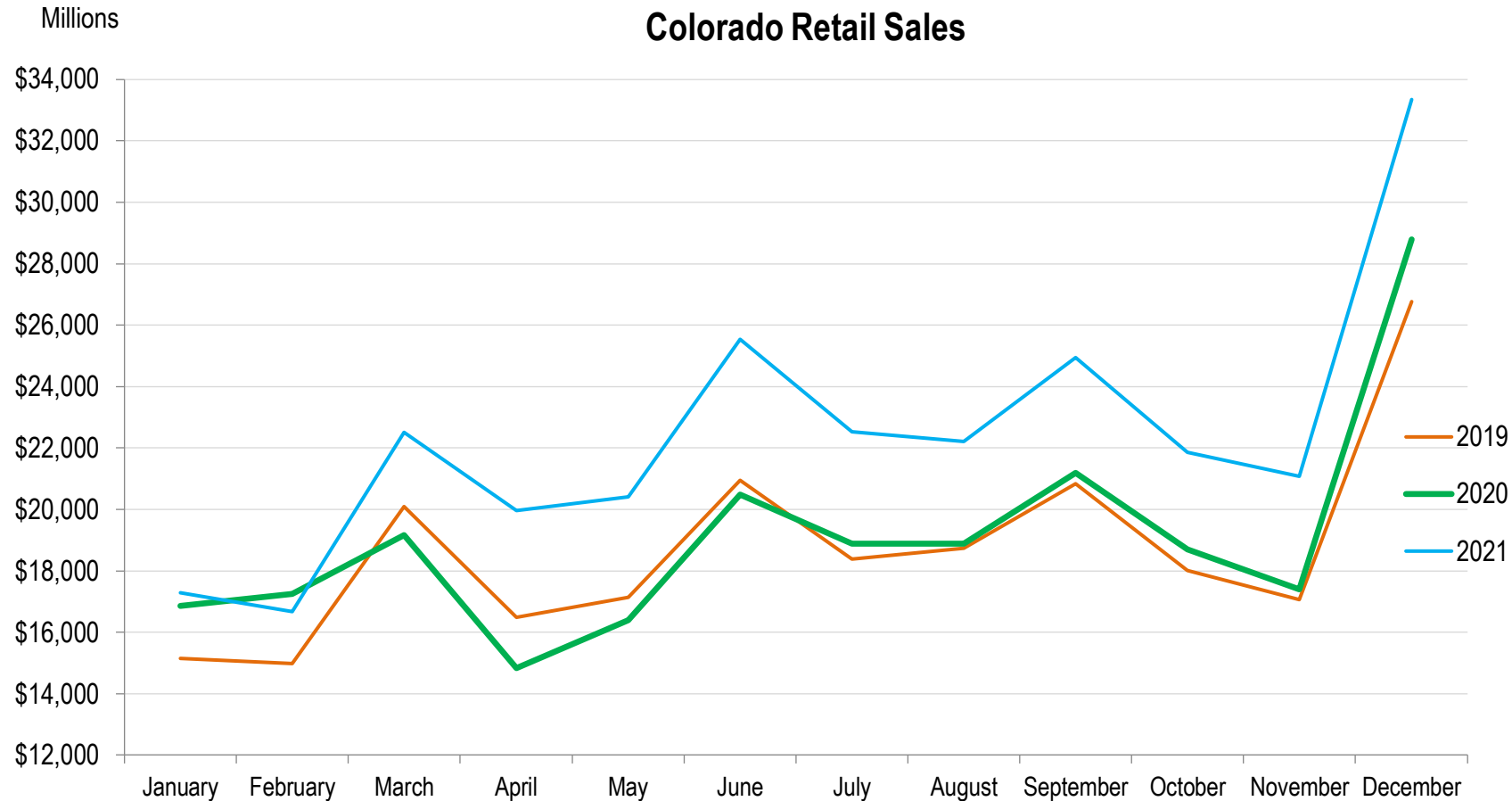
Advance retail sales increased at a surprisingly rapid pace during the pandemic. Consumers had money to spend because of stimulus programs, wage increases, increased savings, and the lower levels of credit card debt.

Annual Retail Sales (Trillions)		
2017	\$5.05	4.4%
2018	\$5.26	4.2%
2019	\$5.41	3.0%
2020	\$5.57	3.1%
2021	\$6.59	18.1%

Source: Census, cber.co

Colorado Retail Sales

Monthly



Colorado Retail Sales
Retail sales for 2021 (turquoise) were 17.3% greater than the same period in 2020 (green). The higher level of consumption in 2021 resulted from the wealth effect, increased savings, and inflated prices for retail goods. Sales will increase at a solid but slower rate in 2022.

Annual Retail Sales (Billions)		
2017	\$194.6	5.4%
2018	\$206.2	5.9%
2019	\$224.6	9.0%
2020	\$228.8	3.9%
2021	\$268.3	17.3%
2022	\$295.2	10.0%

Economic Outlook and Trends

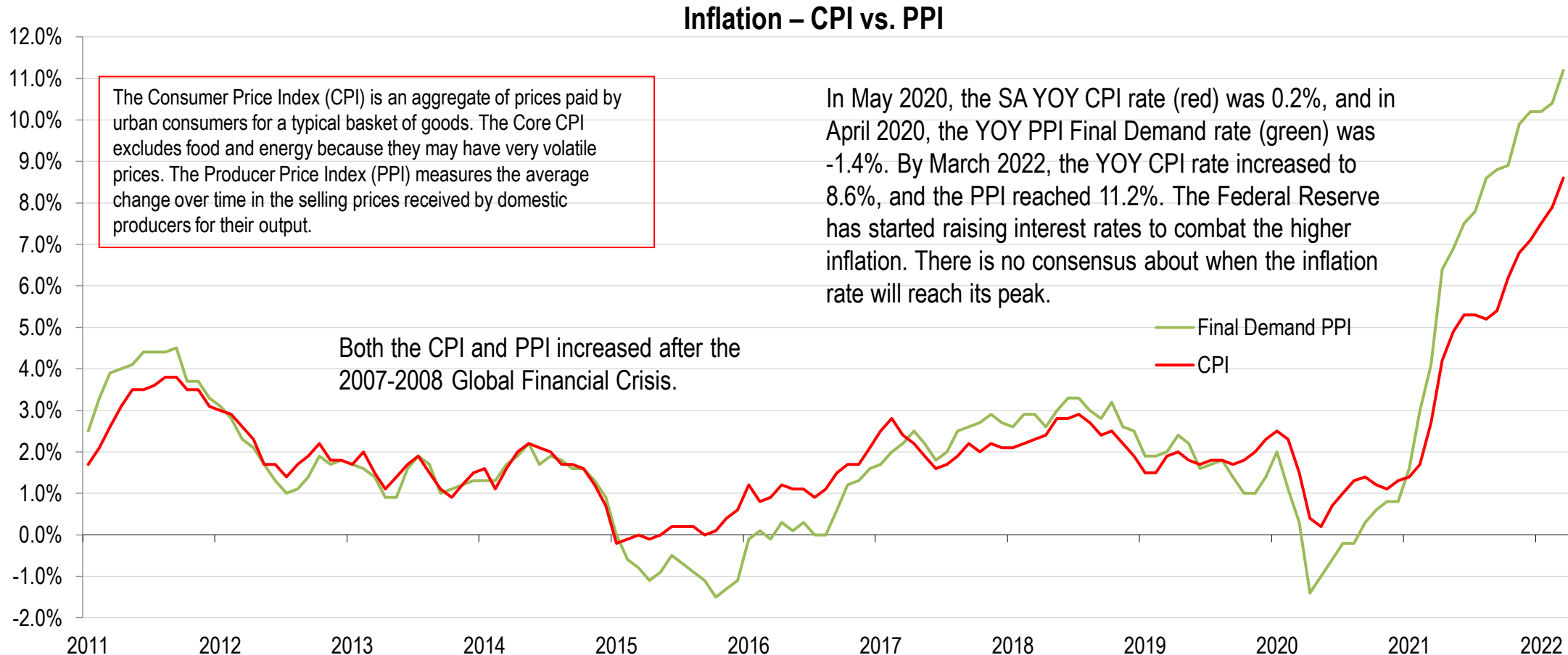
Headwinds

Inflation was a problem in the U.S. before the Eastern European conflict. Consumers will ultimately pay for rising costs from energy, wages, inputs, supply chain disruptions, and side effects of the conflict in Eastern Europe. The Federal Reserve interest rate hikes will cause a different set of challenges. Although the labor market is strong, there are labor shortages in most industries. There are a record number of job openings and quits. The labor shortage will become worse as the unemployment rate declines in 2022.

The U.S. and Colorado have demonstrated they do not have an answer to their energy problems. U.S. energy policy has become a political football because of the Eastern European conflict and the mid-year elections. Finally, there is uncertainty about how COVID-19 variants will spread.

U.S. Inflation

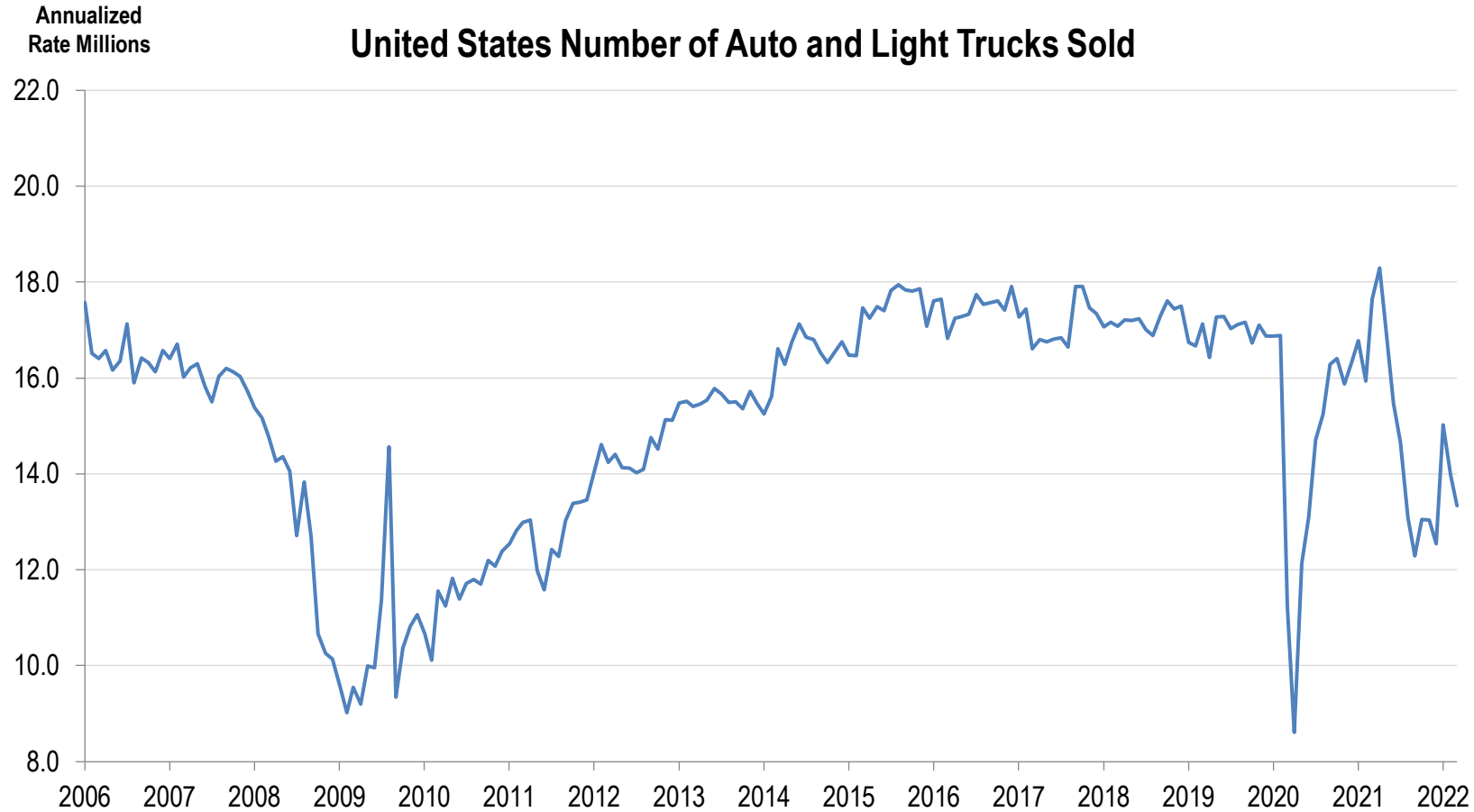
CPI vs. Producer Price Index (Final Demand)



Source: Bureau of Labor Statistics, PPI Commodity Data, Final Demand SA; CPI All Items City Average SA, cber.co.
Colorado-based Business and Economic Research <https://cber.co>

U.S. Auto and Light Truck (ALT) Sales

Monthly (Seasonally Adjusted Annualized Rate in Millions)



In April 2020, SAAR sales plummeted to 8.6 million units sold (The February 2009 total was 9.0 million). There was a sharp rebound, and sales peaked at 18.3 million in April 2021. In 2021, the industry did not meet the demand for new cars because of supply chain disruptions. That will be less of a problem in 2022.

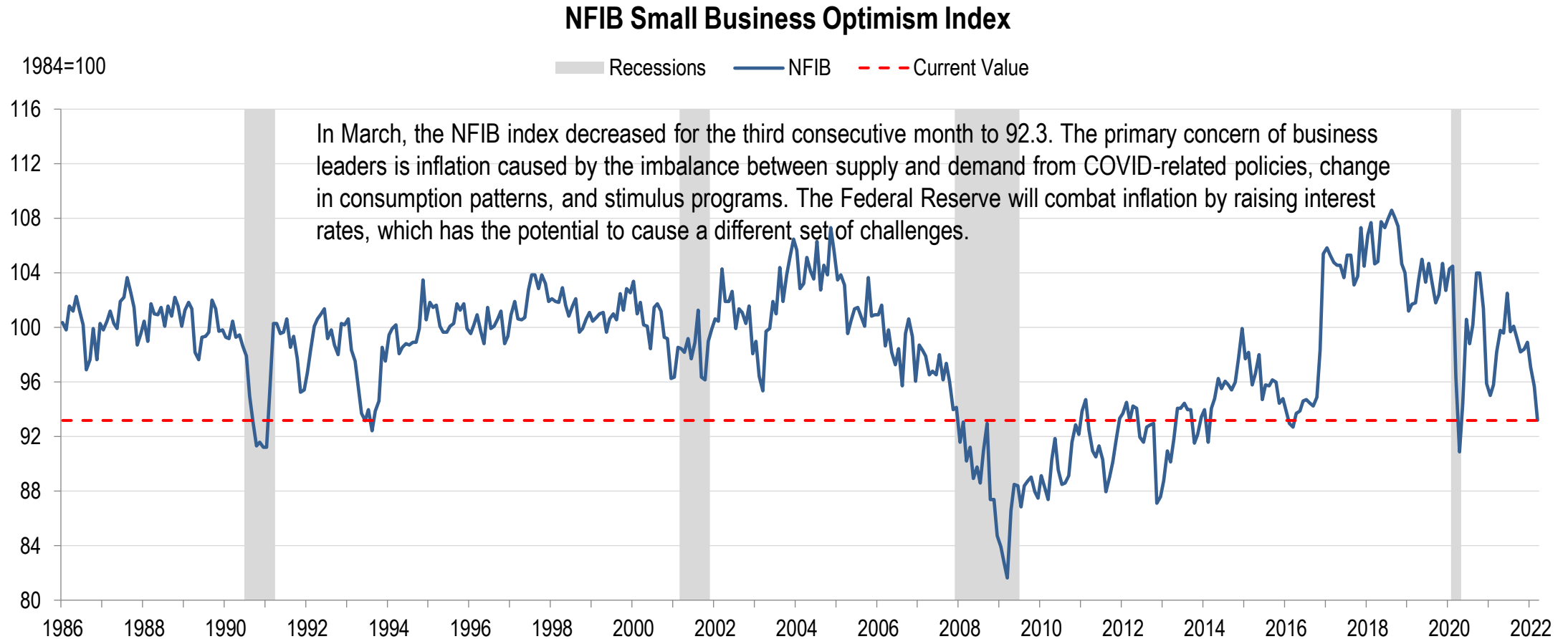
ALT Unit Sales	
Year	Units Sold (Millions)
2015	17.4
2016	17.5
2017	17.2
2018	17.2
2019	17.0
2020	14.5
2021	15.0
2022 (f)	16.5

Source: FRED, BEA, Seasonally Adjusted Annualized Rates (SAAR), cber.co.

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NFIB Small Business Optimism Index

United States



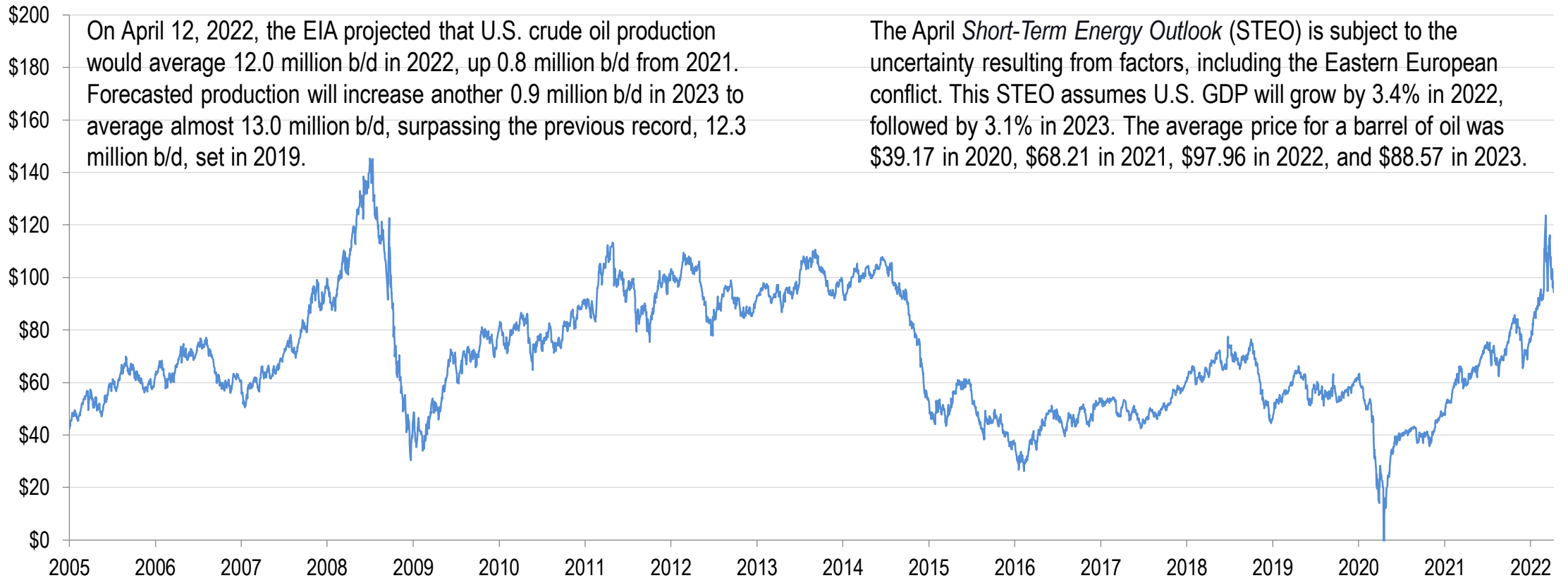
Source: NFIB, cber.co.

Crude Oil Prices

West Texas Intermediate

Dollars per
Barrel

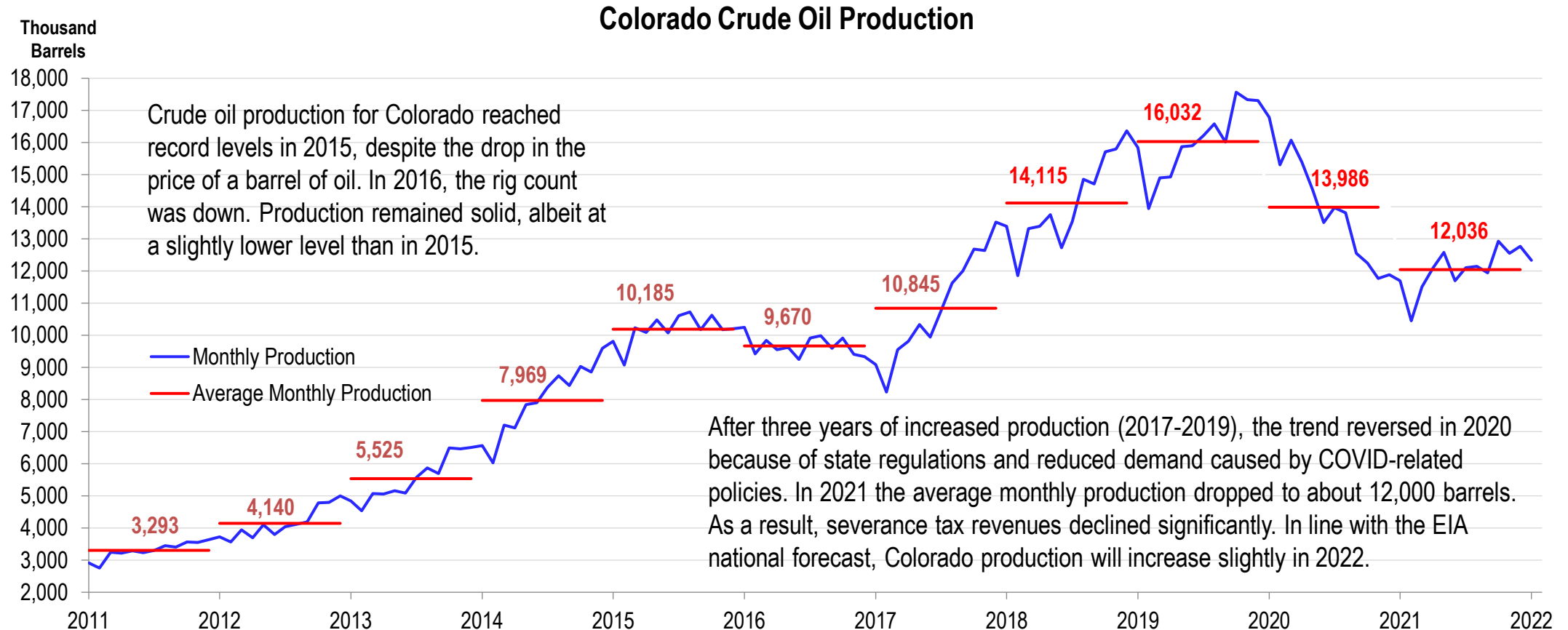
Crude Oil Prices: West Texas Intermediate, Cushing, Oklahoma



Source: EIA, cber.co, <https://www.eia.gov/outlooks/steo/#:~:text=U.S.%20crude%20oil%20production%20in,b%2Fd%20set%20in%202019>

Colorado Field Production of Crude Oil

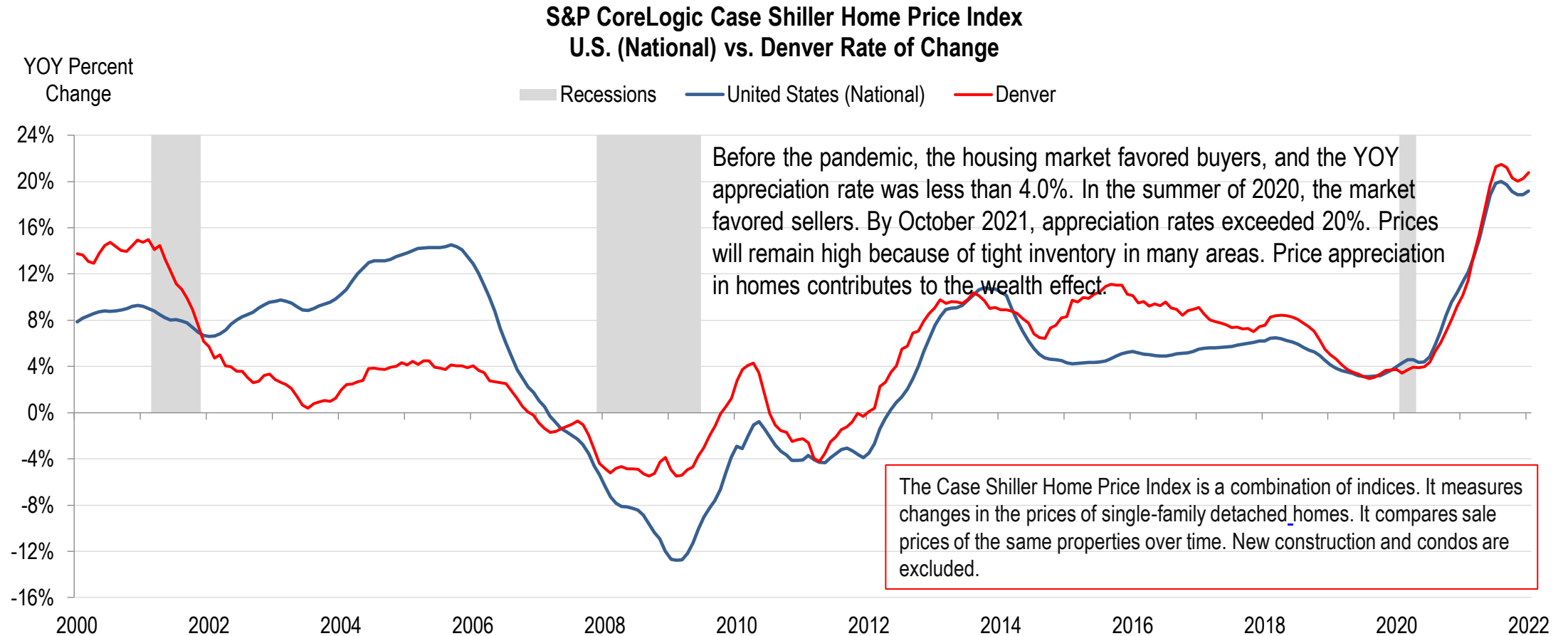
2011 to 2021 (Thousand Barrels)



Source: EIA, cber.co.

Case Shiller Home Price Index

YOY National vs. Denver Rate of Change

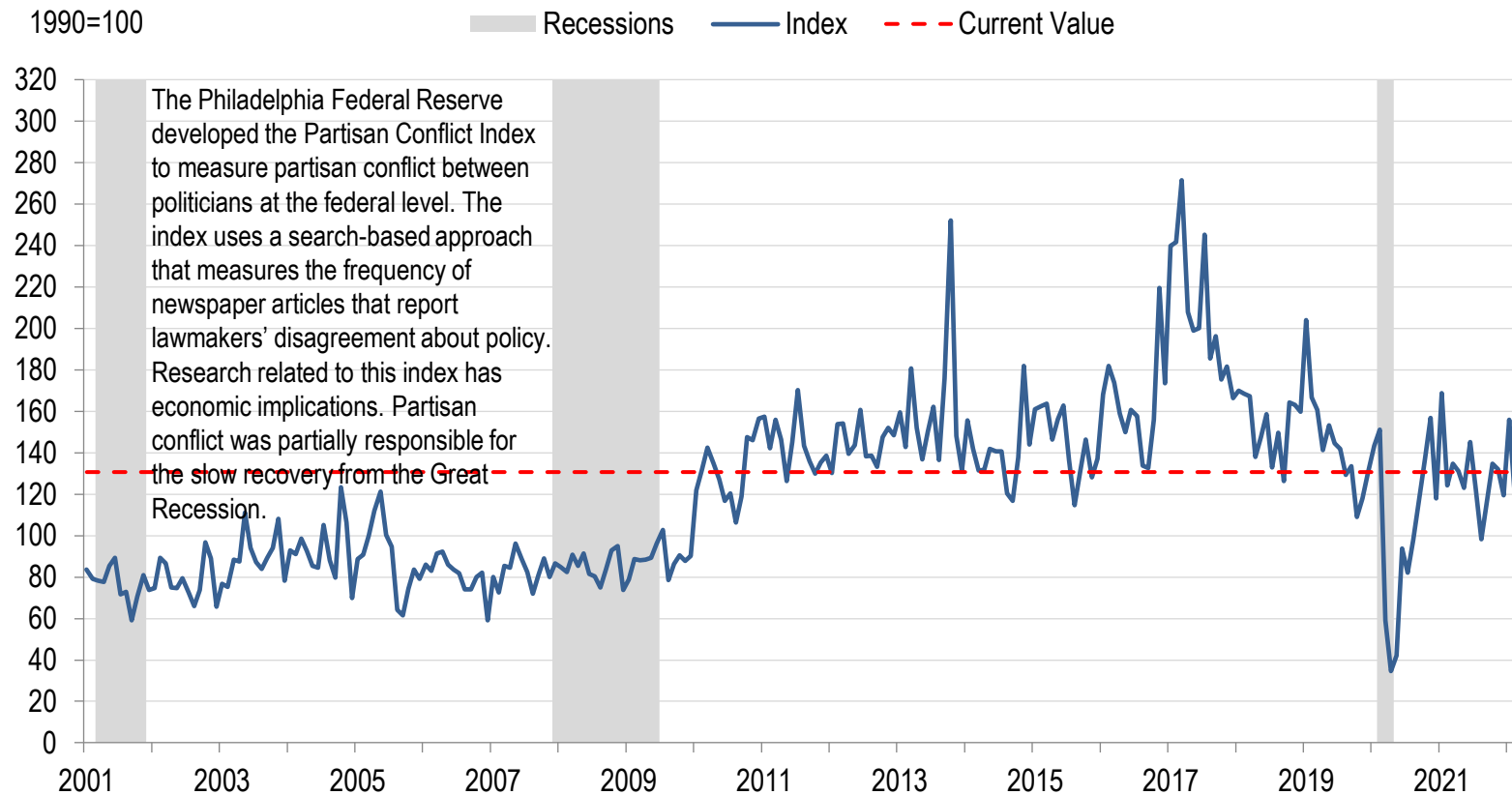


Source: S&P Case Shiller, cber.co.

Partisan Conflict Index

2001 to 2021

Partisan Conflict Index



Source: Philadelphia Federal Reserve, cber.co.

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Most of the PCI values (blue line) between 1981 and 2009 were less than the current level (red dotted line). The index rose significantly in 2010 and with the federal shutdown of the government early in Obama's second term.

The index remained elevated during the years Trump was in office. It peaked in 2017 with the meltdown of both parties on social media and again in 2019 with the Robert Mueller Russian collusion report. The decline in March 2020 coincides with the pandemic, as the country "came together."

Given the current number of headwinds and the level of global discord, the index is surprisingly low.

Economic Outlook and Trends

Summary of Colorado

Employment and Economic Outlook and Trends

The momentum from the above-average Q1 2022 Colorado employment and wage growth will carry through the remainder of the year. The PTS and AFS sectors will lead the job growth. The impact of the Marshall Fire and the low housing inventory bodes well for residential construction. The state will continue to benefit from the advanced technology industries, such as aerospace, bioscience, and photonics. The retail sales industry will continue to evolve, but employment increases will be modest. Over the next decade, Northern Colorado will lead population growth. Population and employment in Denver County will increase more slowly than in other metro counties because remote and hybrid work has slowed its recovery. Over the next decade, Colorado will add more than 700,000 people. This increase is a mixed blessing.

Colorado Economic Forecast 2022

The Colorado real GDP growth rate will taper off as 2022 progresses.

The labor market will follow a similar pattern. It will continue to be driven by growth in the PST sector.

Retail sales will increase at a slower rate in 2022. A portion of that growth reflects inflated prices.

Colorado businesses will face headwinds from increased inflation, supply chain disruptions, labor shortages, and interest rate hikes. The Colorado CPI will exceed the national rate.

	Colorado Economic Forecast			
	2019	2020	2021	2022
Real GDP Value (billions)	\$356.77	\$346.01	\$366.50	\$380.8
% Change Real GDP	4.2%	-3.0%	5.9%	3.9%
CES Employment (thousands)	2,790.1	2,651.1	2,744.0	2,826.0
Annual Change (thousands)	62.8	-139.0	92.9	82.0
% Change	2.3%	-5.0%	3.5%	3.0%
Unemployment Rate	2.7%	7.3%	5.5%	3.6%
Retail Sales (billions)	\$224.6	\$228.8	\$267.7	\$289.1
% Change	9.0%	1.9%	17.0%	8.0%
Consumer Price Index	1.9%	2.0%	3.5%	6.8%
DIA Passengers (millions)	69.0	33.0	59.0	64.0
Single Family Permits	24,756	26,489	27,000	28,700
Multi-family Permits	13,877	13,738	24,000	24,300
Oil Production (thousands) barrels	189,707	172,000	142,000	155,000

As COVID-related restrictions were lifted, the number of DIA passengers increased. That trend will continue in 2022.

There was an increase in building permits issued in 2021. Demand will continue to exceed the supply because of in-migration and the Marshall Fire. Total building permits will be flat in 2022. Higher input costs, rising prices, and interest rates will impact construction and home sales.

The production of crude oil declined in 2011 because of state regulations. Oil production will increase slightly in 2022.

cber.co
Economic Outlook and Trends Through March 2022
Colorado and the United States

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Gary Horvath has produced annual employment forecasts of the state economy for over 30 years. They have been supplemented by monthly economic updates and indices that track economic performance over the short term. In addition, he has directed three statewide analyses that included reviews of all 64 county economies.

Horvath was the principal investigator for a state and federally funded project to prepare a nanotechnology roadmap for Colorado. As well, he was a co-founder of the Colorado Photonics Industry Association, a trade group for Colorado's Photonics cluster. Horvath has been an active board member of the group since its inception.

Horvath has also served on the Board of Directors for the Economic Development Council of Colorado, Northwest Denver Business Partnership, Adams County Economic Development, and Broomfield Economic Development Corporation. Horvath has also been the chair of the photonics/electronics committee in the Governor's Office of Economic Development and International Trade early stage and proof of concept grant program, and he served on the 2021 Colorado Legislative Redistricting Commission.