

MESA COUNTY ECONOMIC UPDATE

First Quarter 2023



Economic Summary

- Mesa County median household income fell from \$64,141 to \$63,531. The Census Department's SAIPE (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Mesa County falling from 11.1% to 10.6%. Poverty estimates fell drastically from 2018 to 2019 falling from 14.4% to 11.2% and since have stayed at this level.
- Mesa County employment averaged 75,649 in 2022, rising from 72,798 in 2021. The county ended the year at 75,581 with a 3.1% unemployment rate.
- U.S. GDP for Q4 2022 was 2.9%, down slightly from the revised Q3 number of 3.2%. The Atlanta Federal Reserve's GDP NOW forecast as of mid-March shows a Q1 2023 GDP forecast of 3.2%.
- Headline inflation printed lower at 6% in February. Inflation seems to be falling, with some leading indicators like the production price index (PPI) falling, but other contributors to inflation like wages and rent still rising. Energy prices continue to fall which should help reduce inflationary pressure.

CONTENTS

Local Economic Indicators.....	1
The Local Labor Market	2
Mesa GDP Table	6
Mesa Industry Trends	7
Local Real Estate Indicators	9
Regional Energy.....	11
Drilling permits and energy prices...	12
National Economic Indicators	13
GDP and Inflation	14

LOCAL ECONOMIC INDICATORS

	Q4 2022	Q3 2022	Q4 2021	change since last quarter	change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Mesa County -SA	3.80%	3.60%	4.90%	0.20%	-1.10%
Unemployment Rate Mesa County -NSA	3.50%	3.60%	4.20%	-0.10%	-0.70%
Unemployment Rate Colorado -SA	3.50%	3.40%	4.30%	0.10%	-0.80%
Unemployment Rate U.S. -SA	3.60%	3.60%	4.20%	0.00%	-0.60%
Labor Force	78,643	78,615	78,027	29	616
Employed	75,685	75,755	74,759	-70	927
Unemployed	2,758	2,859	3,268	-102	-511
Business Confidence					
Leeds Colorado Business Confidence	39.8	39.8	58.0	0.00%	-31.38%
Sales/Use Taxes					
	2022 (YTD)		2021 (YTD)		
City Sales/Use Taxes (YTD)	\$75,971,387		\$68,748,797		10.51%
Mesa County Sales/Use Tax (YTD)	\$53,284,825		\$48,514,041		9.83%
City Lodging Tax Revenue (YTD)	\$4,703,014		\$3,699,321		27.13%
Business Filings					
	2022 (YTD)		2021 (YTD)		
Mesa County New Business Entity Filings (as of November)	2,604		2,360		10.34%

Grand Junction Regional Airport	2022	2021			% change from previous year
Scheduled Enplanements (YTD)	232,977	262,240			-11.16%
Standard of Living and Growth	2021	2020	2019	2018	% change from previous year
Population	155,603	154,210	152,951	151,435	0.90%
Personal Income	\$8,200,469	\$7,622,988	\$7,170,335	\$6,860,139	7.58%
Personal Income Per Capita	\$52,121	\$48,884	\$46,318	\$44,673	6.62%
Mesa County Gross Regional Product (in millions)	\$6,142,260	\$5,921,002	\$6,066,610	\$5,967,716	3.74%
Median Household Income	\$63,531	\$64,141	\$60,249	\$51,132	-0.95%
Percent of Population Below Poverty Line	10.6	11.1	11.2	14.4	-0.50

SOURCES IN ORDER OF LISTING: Local Unemployment Rates: Bureau of Labor Statistics (LAUS); National Unemployment Rate: Bureau of Labor Statistics; Labor Force, Employed, and Unemployed: Colorado Department of Labor and Employment; Business Confidence: Leeds Business Confidence Index; Sales/Use/Lodging Taxes: City of Grand Junction, Mesa County; Business Permits: Colorado Secretary of State's Office; Scheduled Enplanements: Grand Junction Regional Airport; Median Household Income, Poverty Rate, Population, and Personal Income: U.S. Bureau of the Census; Gross Regional Product: Bureau of Economic Analysis. Note that in all rows where percentages are presented the % change since last quarter and % change since last year represents the difference between the two percentages, not the actual percentage change.

Table 1:
10, 5, and 1 Year Employment Comparison (Yearly Comparisons)

	Labor Force	Employed	Unemployed
Annual	1,409	2,852	-1,493
5-Year	5,654	5,354	250
10-Year	3,899	8,241	-4,391
Annual %	1.82%	3.92%	-33.77%
5-Year %	7.75%	7.62%	9.34%
10-Year %	5.22%	12.22%	-60.00%

Local Labor Market

Mesa County employment averaged 75,649 in 2022, rising from 72,798 in 2021. The county ended the year at 75,581 with a 3.1% unemployment rate. Mesa County ended the year with a gain of 2,852 jobs from 2021. The employment peak for the year was September at 76,789 jobs, falling to 75,581 by December. The national labor market continues to be tight and this is the case at the state level and the county level. Despite some recessionary indicators, the labor market continues to stay strong.

Other Indicators

Grand Junction and Mesa County sales and use tax collections for the year were up 10.5% and 9.8% from 2021, respectively.

Airport enplanements are down 11.16% year-over-year, primarily due to the reduction in routes caused by the pilot shortage.

The Leeds Business Confidence Index held steady at 39.8, the third lower point on the index since 2004 when the index began. Of the different parts of the weighted index businesses were most pessimistic about the state of the national economy,

Mesa County new business entity filings were up 10.34% from 2022. The trend of new entity filings has increased every year since 2014, with the last 3 years having significantly increased.

New standard of living measures have been released for 2021, as county level data has a significant lag. Mesa County median household income fell from \$64,141 to \$63,531. Median household income is an estimate with a fairly large confidence interval, so it is important to not overreact to one number that falls. It is more important with this data point to look at the overall trend, and the story is that the growth that hit the Western Slope in 2017 translated to increased median household income over the next four years, but that trend has now paused. It's important to note that Colorado's median household income also fell.

The Census Department's SAIPE (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Mesa County falling from 11.1% to 10.6%. Poverty estimates fell drastically from 2018 to 2019 falling from 14.4% to 11.2% and since have stayed at this level.

Figure 1:
Employment Estimates

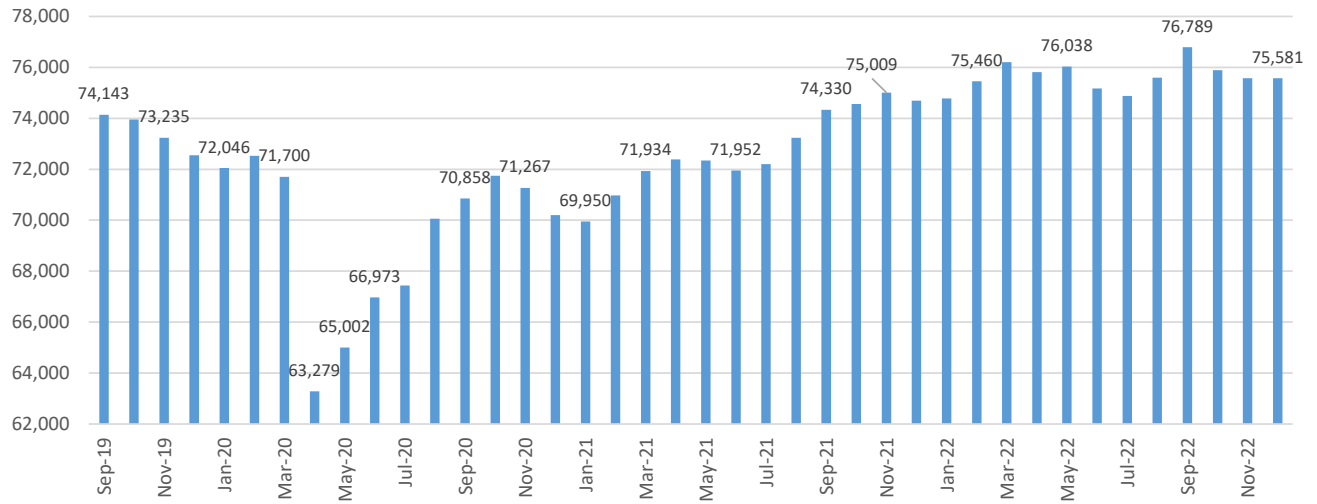


Figure 2:
Yearly Employment Average

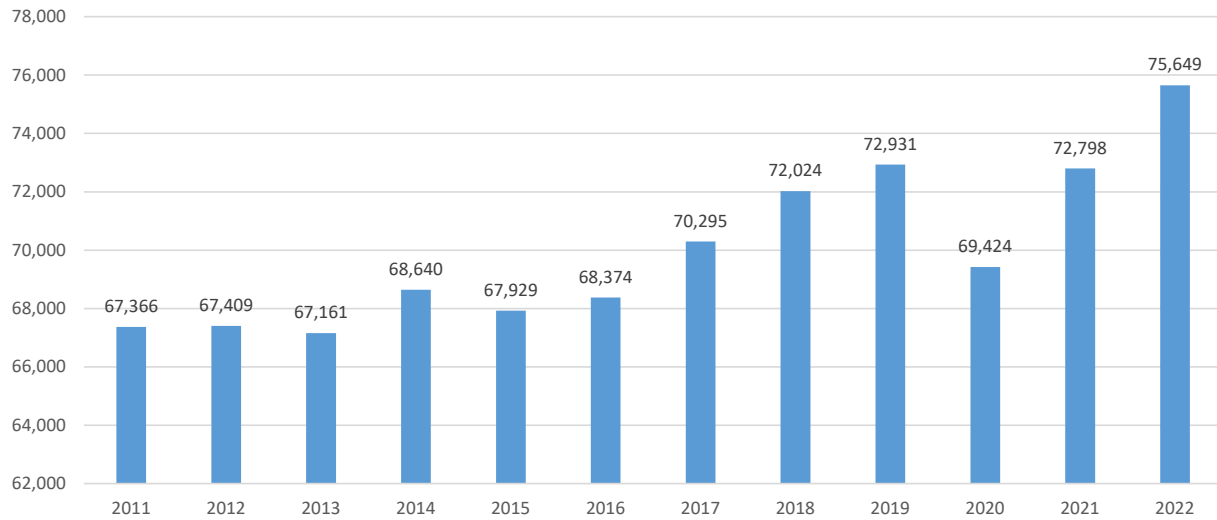


Figure 3:
Change in Yearly Employment

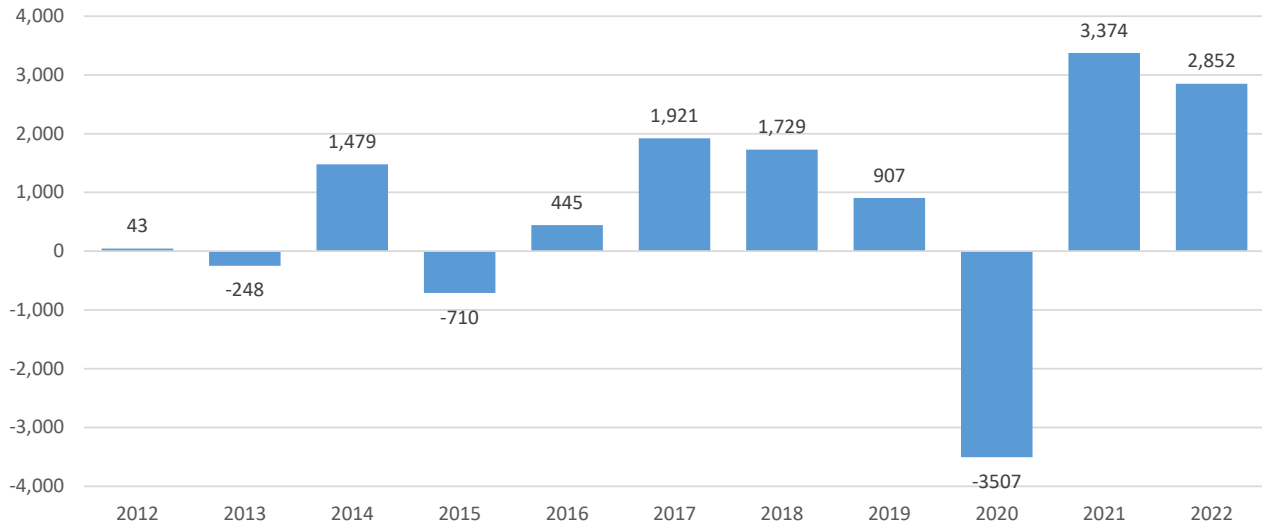


Figure 4:
Leeds Business Confidence Index

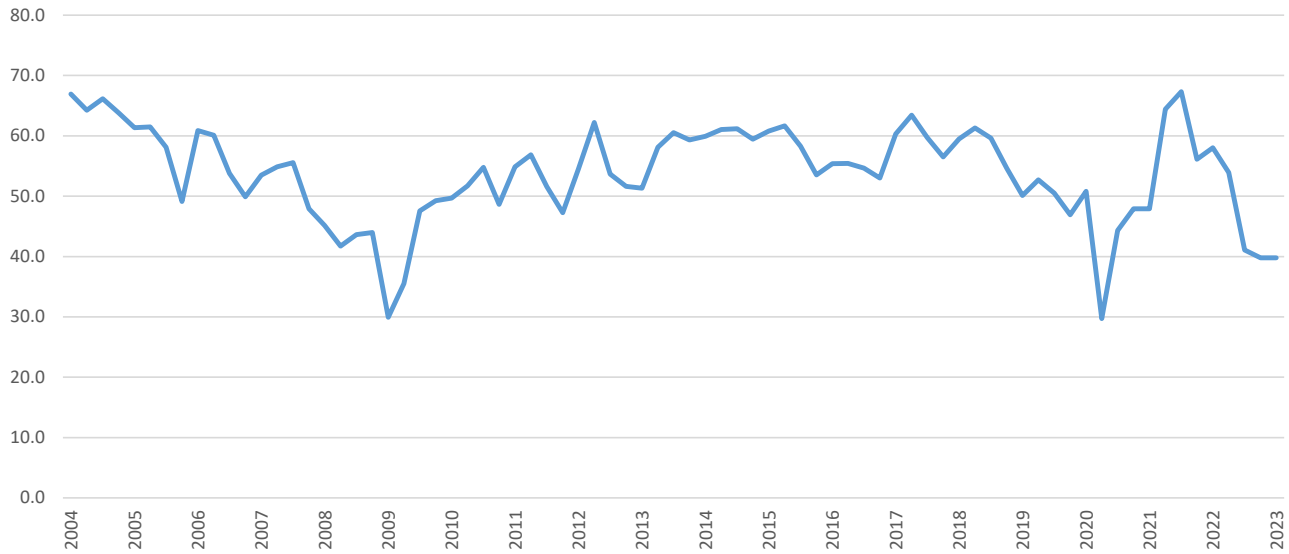


Figure 5:
Mesa County and Grand Junction Sales and Use Tax

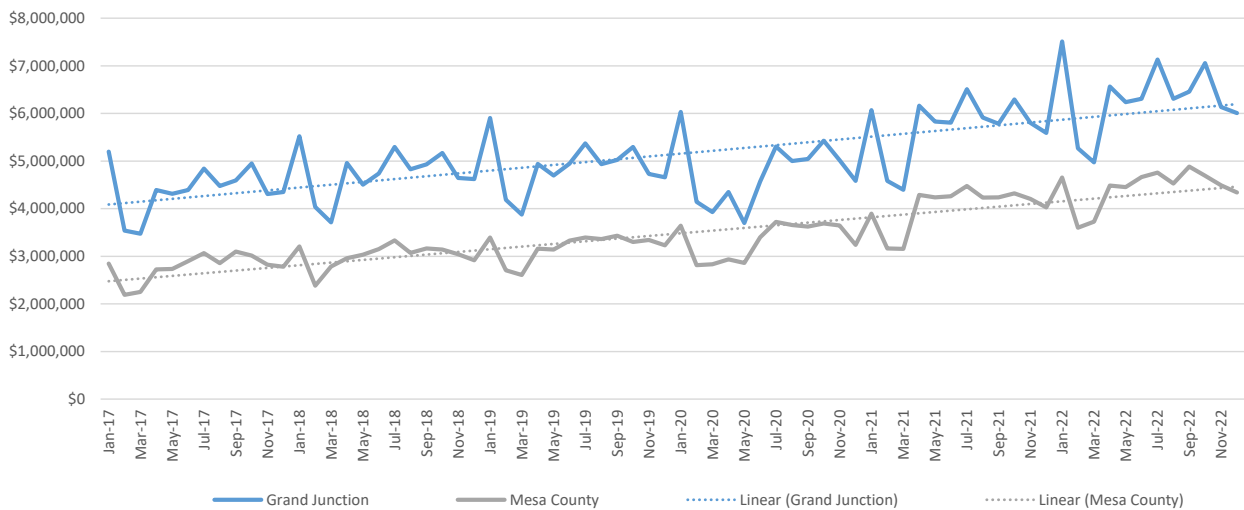


Figure 6:
Total Full and Part Time Jobs (BEA)

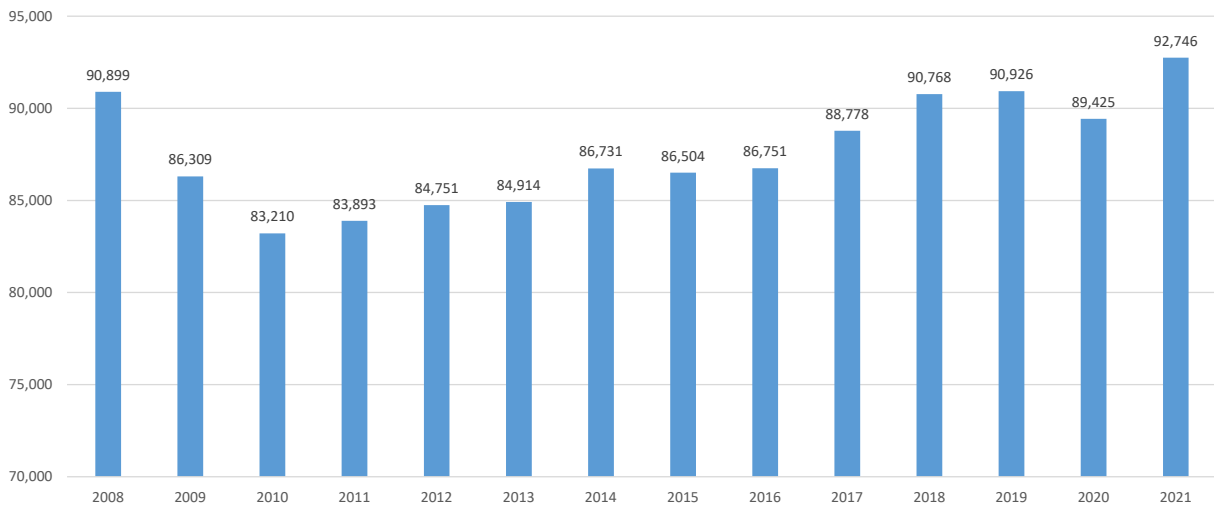


Figure 7:
Mesa County Median Household Income

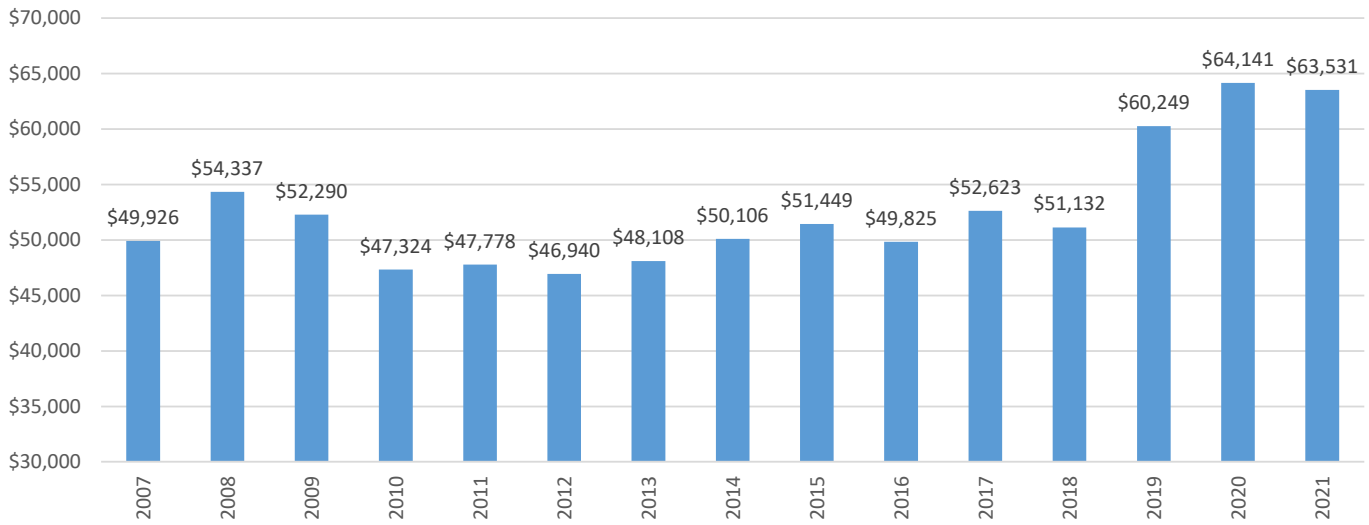


Figure 8:
Percent Below Poverty Line Mesa County

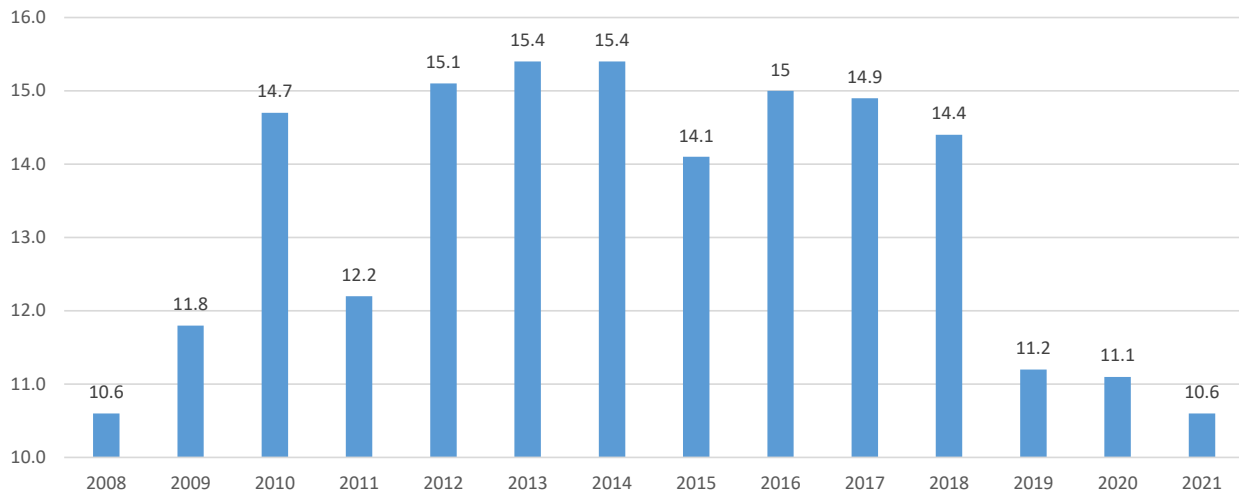
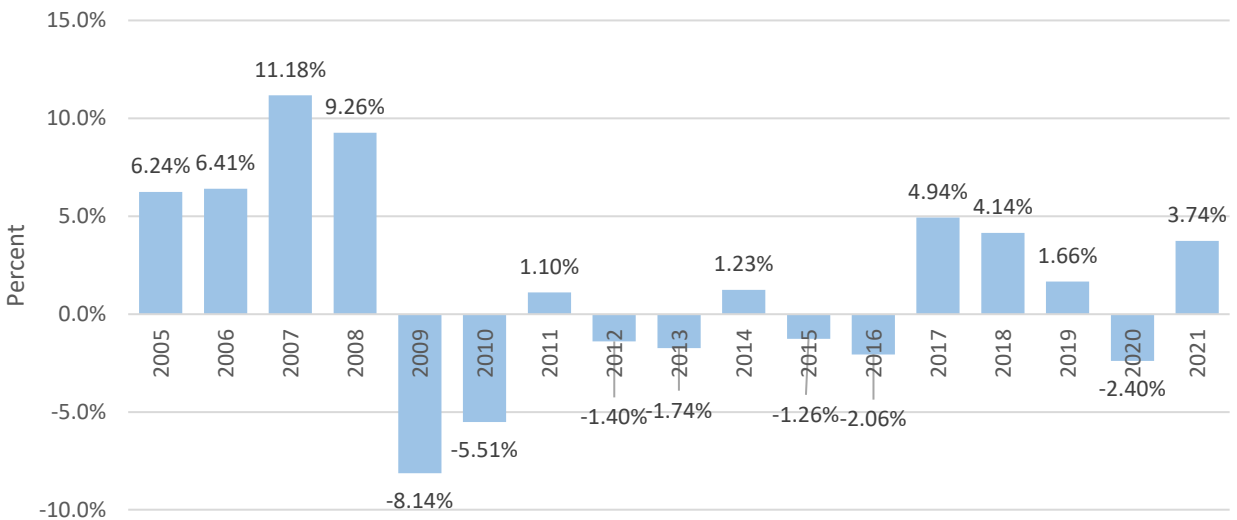


Figure 9:
Mesa County Real GDP % Change (chained 2012 dollars)



Mesa County Industry Trends

QCEW data has not changed since last quarter due to a delay in release from the state. The following is last quarter's summary:

Q2 2022 Quarterly Census of Employment and Wage data shows job and wage gains compared to Q2 2021. The biggest gainers on the wage side were retail trade, mining, oil, gas, and healthcare. The biggest job gains were in mining, oil and gas (363), retail trade (309), and construction (219). Every industry has recovered in jobs compared to Q4 2019 except oil and gas, but oil and gas made large gains this last quarter, and a revision to last quarter shows that oil and gas is now only 10% below their pre-pandemic point. Table 4 illustrates farm employment and sole proprietors employment, with farm employment holding steady but sole proprietor employment rising 3.4% from 2020 to 2021.

Table 3:
Quarterly Census of Employment and Wages (QCEW) Q2 2022 Compared to Q2 2021

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Employment Change	Total Wage Change
Total, All Industries	65,123	\$833,626,030	\$985	1,668	\$74,184,199
Health Care and Social Assistance	12,254	\$175,949,453	\$1,105	-292	\$7,866,689
Retail Trade	8,914	\$95,538,185	\$824	309	\$11,523,138
Construction	5,314	\$76,906,764	\$1,113	219	\$6,756,361
Educational Services	5,206	\$59,019,729	\$872	141	\$6,658,058
Public Administration	3,677	\$55,038,917	1,151	105	\$5,605,307
Accommodation and Food Services	7,142	\$44,115,042	\$475	192	\$2,954,270
Professional and Technical Services	2,542	\$41,980,061	\$1,270	159	\$6,534,088
Manufacturing	3,161	\$41,451,935	\$1,009	-30	\$4,145,056
Finance and Insurance	1,912	\$39,271,041	\$1,580	-52	-\$4,373,369
Wholesale Trade	2,390	\$37,088,021	\$1,194	178	\$4,861,222
Transportation and Warehousing	2,669	\$37,035,617	\$1,067	121	\$2,109,914
Mining	1,604	\$36,930,523	\$1,771	363	\$9,647,612
Administrative and Waste Services	2,668	\$30,910,009	\$891	48	\$4,141,359
Other Services, Ex. Public Admin	1,997	\$19,559,982	\$753	156	\$2,981,577
Real Estate and Rental and Leasing	1,043	\$12,291,241	\$907	14	\$981,644
Information	661	\$9,281,359	\$1,080	19	\$709,453
Utilities	363	\$7,581,487	\$1,607	-1	\$678,975
Arts, Entertainment, and Recreation	1,052	\$5,812,193	\$425	95	\$716,070
Agriculture, Forestry, Fishing & Hunting	402	\$3,995,654	\$765	-69	-\$629,866
Management of Companies and Enterprises	136	\$3,461,325	\$1,958	-18	\$117,163

SOURCE: Colorado Department of Labor and Employment (QCEW). The most recent quarterly data available is reported.

Table 4:
Farm and Sole Proprietor Employment

BEA Data	2021	2020	2019	2018	% change from 2020
Farm Employment	2,245	2,232	2,228	2,240	0.6%
Sole Proprietors (non-farm)	21,996	21,273	22,770	23,398	3.4%

Figure 10:
Mesa Industry Job Recovery, Q4 2019 compared to Q2 2022

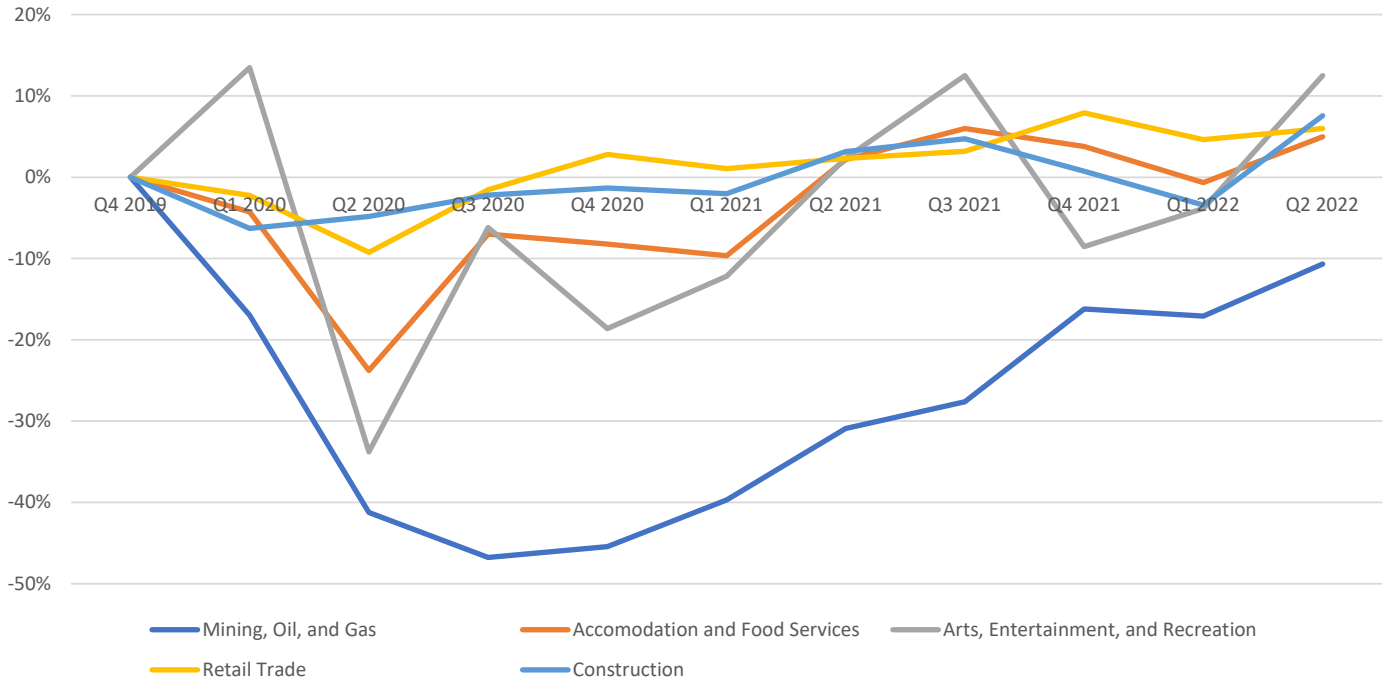
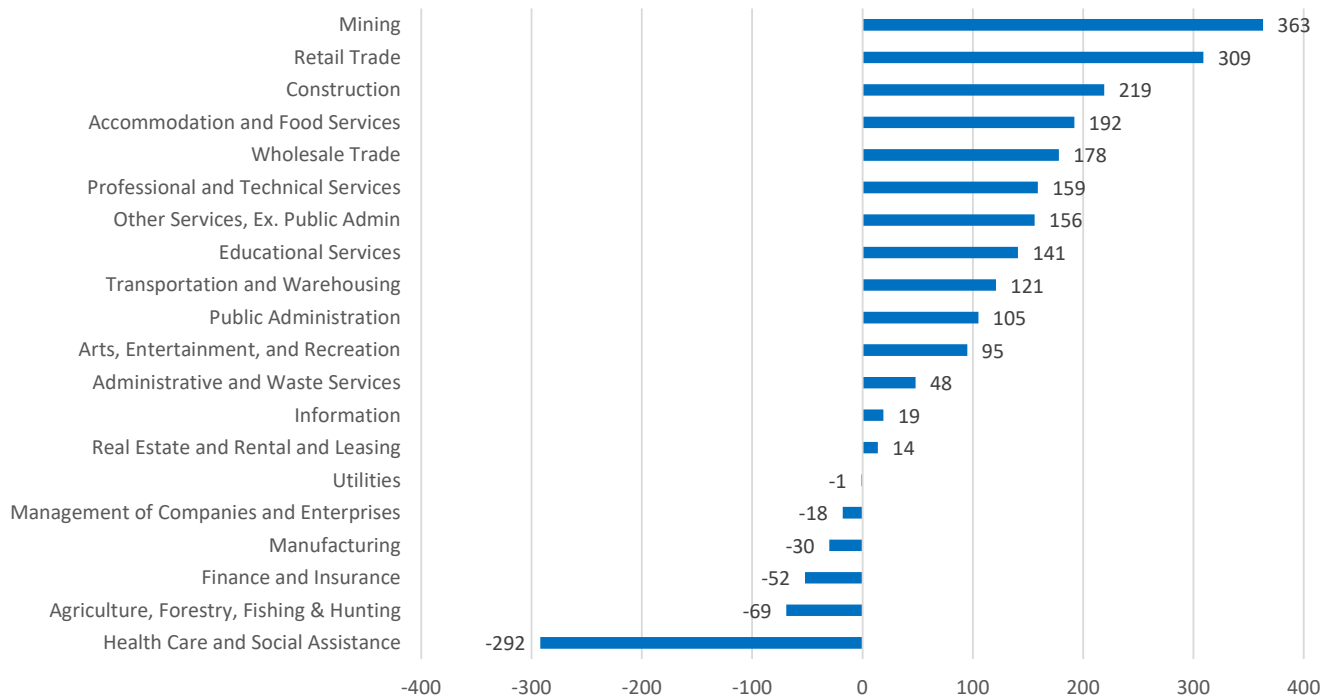


Figure 11:
Total Jobs Change from Q2 2021 to Q2 2022



LOCAL REAL ESTATE

	Q4 2022	Q4 2021	% change since last year
Real Estate			
Inventory of Homes for Sale (3 month avg)	549	323	69.90%
New Residential listings (3 month total)	567	693	-18.18%
Sold Residential Listings (3 month total)	552	839	-34.21%
Median Sales Price	\$390,000	\$362,333	7.64%
Average Sales Price	\$433,535	\$400,253	8.32%
Days on Market	77.67	69.00	12.56%
Months Supply of Inventory	2.17	1.07	103.13%
Total Building Permits (YTD)	7,232	5,666	27.64%
Single Family Permits (YTD)	742	913	-18.73%
Foreclosures			
Foreclosure Filings	54	7	671.4%
Foreclosure Sales	5	6	-16.7%
Freddie Mac House Price Index			
Grand Junction	297.7	260.2	14.41%
Colorado	294.7	261.8	12.55%
National	272.4	241.4	12.85%
Mortgage Rates			
	Feb 2023	Feb 2022	
15 Year Mortgage Rate	5.42%	3.00%	2.42%
30 year Mortgage Rate	6.26%	3.76%	2.50%

SOURCES: Real Estate: Colorado Association of Realtors Market Trends Program through ShowingTime. Note that real estate data is just single family homes; Permit data: Mesa County; Foreclosure Filings and Sales: Mesa County Public Trustee Office; Freddie Mac House Price Index and Mortgage rates: Freddie Mac.

Local Real Estate Indicators

Mesa County single family real estate prices continue to rise, despite higher interest rates in 2022. Both the Colorado Association of Realtors and the Freddie Mac House Price Index show continued double-digit price growth for Grand Junction. Comparing Q4 2021 to Q4 2022 inventory rose 69%. This rise in inventory has increased months supply of inventory, a measure that shows the number of months it would take to clear the inventory at the current rate of sales, from 1.07 to 2.17. This number would need to rise much higher before prices stop rising. There were 54 foreclosures in Q4, compared to 7 the previous quarter. These levels of foreclosures are still not historically high, and seem to have plateaued for now. Single family permits have fallen by 18.73% compared to last year, as most building emphasis is on multifamily. Higher interest rates have increased the risks of building single family homes. Mortgage rates continue to stay elevated in the mid 6% range, however many economist are forecasting rates closer to 6% this summer as the economy begins to slow down.

Figure 12:
Months Supply of Inventory

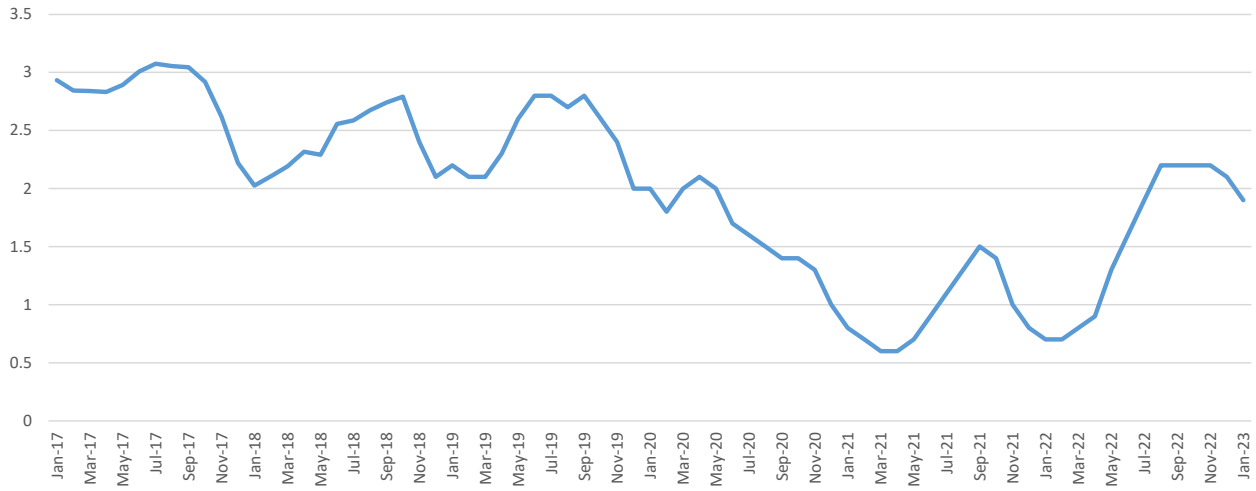


Figure 13:
Foreclosures

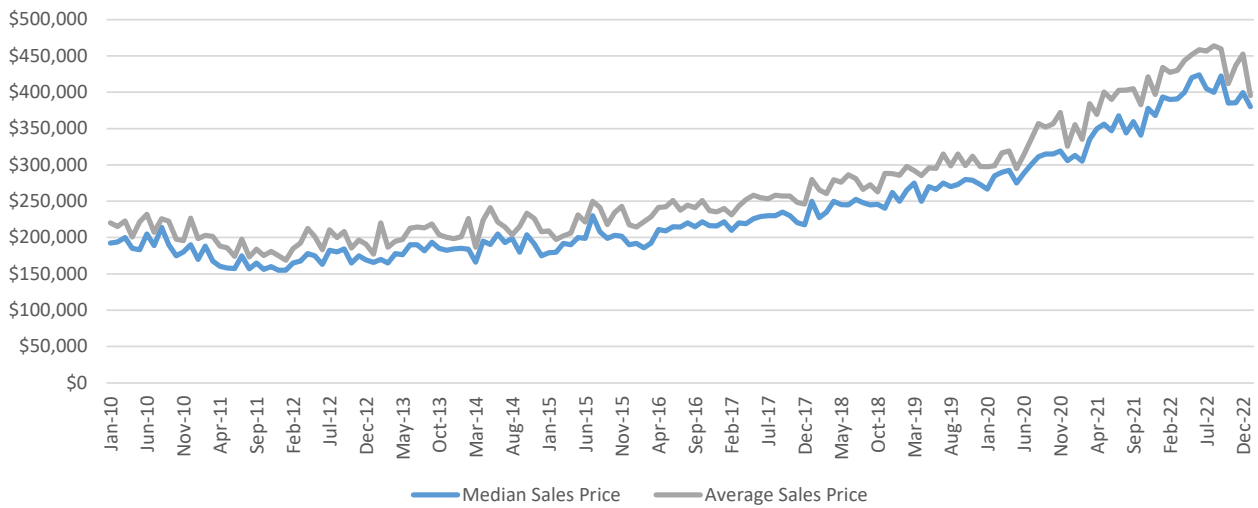
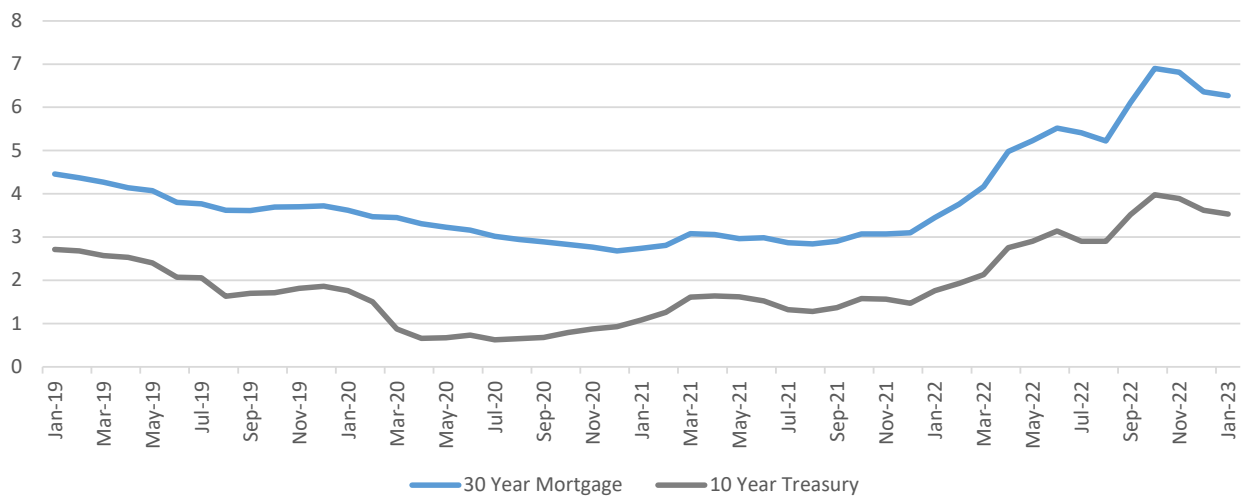


Figure 14:
10 Year Treasury and 30 Year Mortgage Rates



REGIONAL ENERGY

	Q4 2022	Q3 2022	Q4 2021	% change since last quarter	% change since last year (comparable quarters)
--	---------	---------	---------	-----------------------------	--

Energy Prices

WTI Crude Oil	\$82.79	\$93.06	\$77.33	-11.04%	7.06%
Henry Hub Natural gas	\$5.55	\$7.99	\$4.77	-30.54%	16.35%
Retail Gasoline Price	\$3.42	\$3.93	\$3.21	-13.12%	6.38%

Drilling Permits

	2023 (YTD)	2022	2021	2020
Drilling Permits (Mesa County)	0	0	0	1
Drilling Permits (Rio Blanco County)	0	40	40	33
Drilling Permits (Garfield County)	21	133	133	127
Drilling Permits (Moffat County)	0	4	4	1
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	21	177	177	162
Total Permits (Colorado)	199	805	805	1,543

Local Rig Count

	Mar-23	Nov-22	Aug-22
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	3	3	4

SOURCES: All energy prices: Energy Information Agency; All permit data from Colorado Oil and Gas Conservation Commission (COGCC); Local Rig Count: Baker Hughes Rig Count

Figure 15:
Oil and Natural Gas Prices

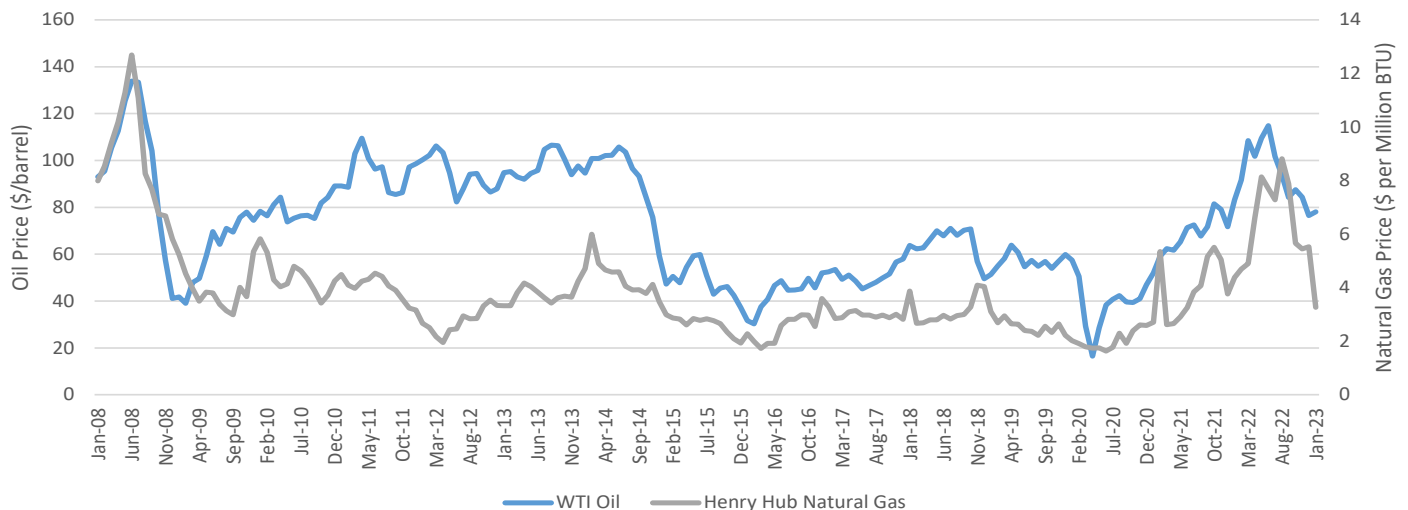


Figure 16:
Oil/Gas Drilling Permits and Oil/Gas Jobs

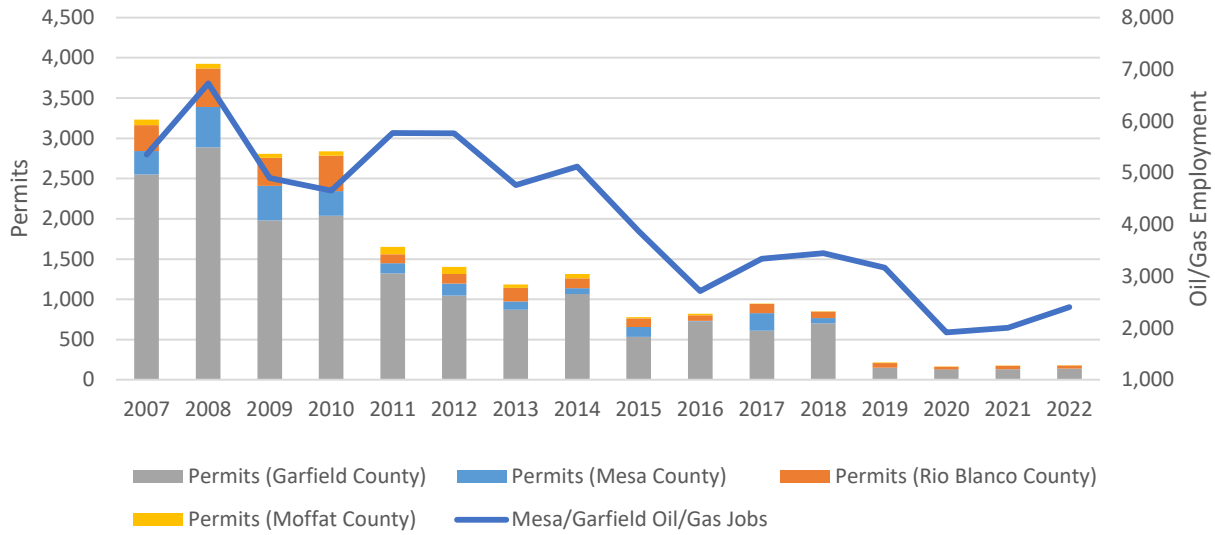
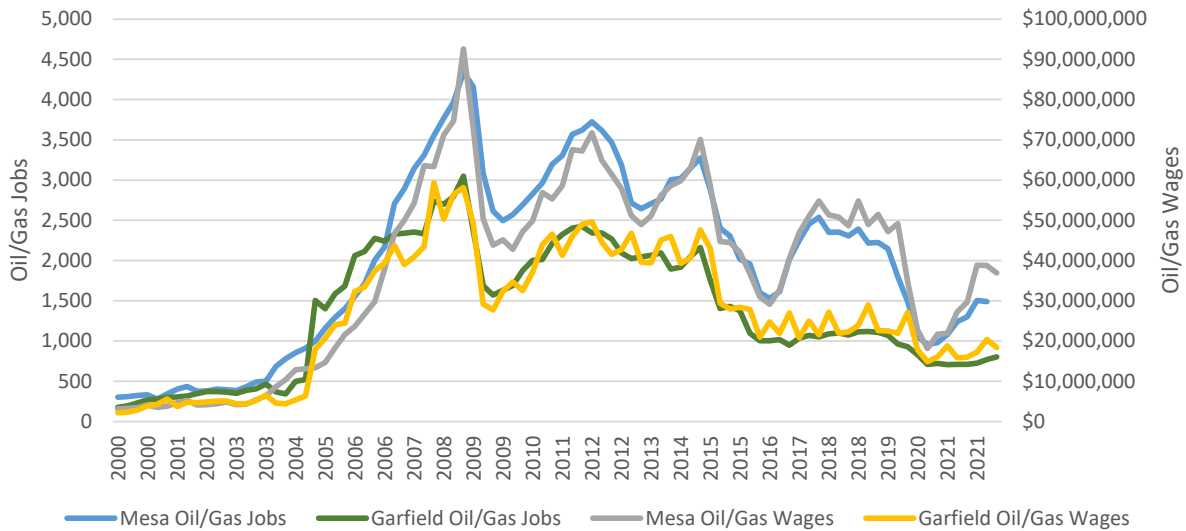


Figure 17:
Oil and Gasoline Prices



Western Slope Energy

WTI oil decreased from last quarter, falling to \$93.06 for Q4 from \$82.79 in Q3. As of mid-March, the price of WTI oil is hovering in the mid 70's. Much of this is due to concerns about slowing global growth. Natural gas prices averaged close to \$5.55 in Q4, falling from \$8.00 in Q3. Natural gas prices have fallen significantly in the last quarter as mild winter in Europe eroded concerns of a natural gas shortage due to the Russian/Ukraine war. 2022 drilling permit applications on the Western Slope finished at 1,005, rising from 805 the previous year. Drill rig counts are rotating between three and four, with March showing three rigs, down from four over the summer.

NATIONAL ECONOMIC INDICATORS

	Q4 2022	Q3 2022	Q4 2021	% change since last period	% change since last year (comparable quarters)
Business Cycle Indicators					
Real GDP	2.90%	3.20%	7.00%	-0.30%	-4.10%
Personal Consumption Expenditures	2.10%	2.30%	3.10%	-0.20%	-1.00%
Gross Private Domestic Investment	1.40%	-9.60%	32.00%	11.00%	-30.60%
National Consumer Confidence	58.8	56.1	69.9	4.81%	-15.88%
Industrial Production Index	103.8	104.5	101.7	-0.61%	2.11%
Initial Weekly Unemployment Claims (4 week MA)	219,857	235,500	284,115	-6.64%	-22.62%
Non Farm Payroll Change (in thousands)	954,667	1,287,333	1,972,333	-25.84%	-51.60%
Unemployment					
Unemployment Rate-U3-SA	3.60%	3.60%	4.20%	0.00%	-0.60%
Unemployment Rate-U6-SA	6.60%	6.80%	7.70%	-0.20%	-1.10%
Interest Rates					
Federal Funds Rate	3.62%	2.16%	0.08%	1.46%	3.54%
10 Year U.S. Treasury	3.83%	3.11%	1.54%	0.72%	2.29%
30 Year U.S. Treasury	3.90%	3.26%	1.94%	0.64%	1.96%
Inflation Measures					
Inflation Rate (CPI)	7.11%	8.28%	6.77%	-1.17%	0.34%
Core Inflation Rate (All Items Less Food and Energy)	5.99%	6.28%	5.03%	-0.29%	0.96%
Inflation Rate (Shelter)	7.16%	6.19%	3.85%	0.96%	3.31%
Producer Price Index (PPI)	8.47%	15.53%	21.80%	-7.06%	-13.34%
Employment Cost Index	5.07%	5.05%	3.93%	0.02%	1.13%
Stock Prices					
S&P 500	3,852	3,980	4,602	-3.23%	-16.30%
Dow Jones Industrial Average	32,490	31,774	35,517	2.25%	-8.52%
Trade Balance and Debt					
Trade Balance (% of GDP)	-847.216	-890.825	-914.708	-4.90%	-7.38%
Federal Debt (% of GDP)*	120.2%	121.1%	120.7%	-0.8%	-0.5%

SOURCES: GDP, Consumption, Investment, and Trade Balance: Bureau of Economic Analysis; Consumer Confidence: University of Michigan; Industrial Production, Interest Rates and USD Exchange Rate: Board of Governors of the Federal Reserve System; Weekly Unemployment Claims: U.S. Employment and Training Administration. Non-Farm Payroll, Unemployment Rates, Inflation Measures: Bureau of Labor Statistics; Stock Prices: S&P Dow Jones Indices, LLC.; USD Exchange Rate: Board of Governors of the Federal Reserve; Trade Balance: BEA; Federal Debt: U.S. Office of Management and Budget. * indicates data is lagged by one quarter. Regional CPI data from the Bureau of Labor Statistics. Yield Curve from the Federal Reserve Board.

Figure 18:
Real GDP for U.S.

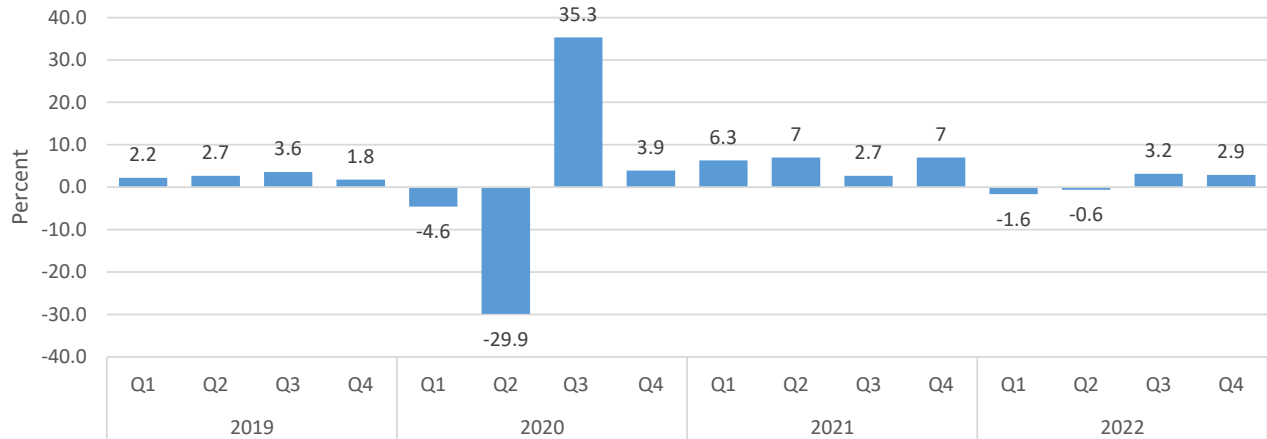
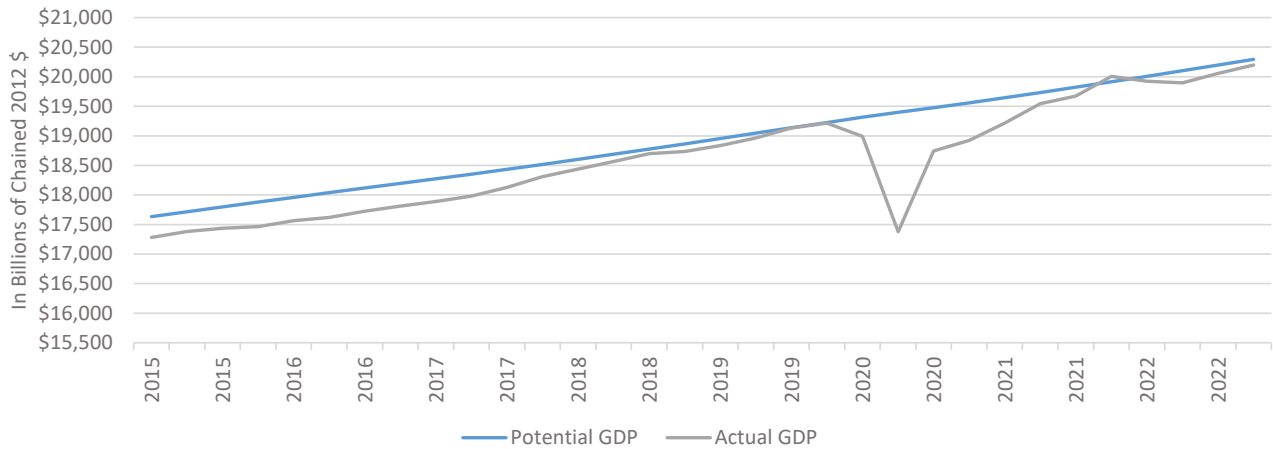


Figure 19:
GDP Gap



Economic Growth

U.S. GDP for Q4 2022 was 2.9%, down slightly from the revised Q3 number of 3.2%. The Atlanta Federal Reserve’s GDP NOW forecast as of mid-March shows a Q1 2023 GDP forecast of 3.2%. There have been risks of a global slowdown for several months, but more recently a small and mid-cap banking crisis starting with Silicon Valley Bank has markets on edge and several investment banks forecasting lower growth. As of this writing Silicon Valley Bank issues have not caused a contagion but these are the type of issues that an economist looks for when a potential recession is around the corner. Many economists have taken the opinion that unless something “breaks” we may avoid a recession at all. With the fall of Silicon Valley Bank, the fall of Credit Suisse (which has been happening for some time), if there is contagion, this could be the “break” event, as higher rates put more and more pressure on banks and the financial system.

The unemployment rate as of February is 3.6%, with unemployment looking to form a trough. Unemployment troughs are good recession indicators, predicting recession 9-10 months out on average.

Another recessionary indicator is the inverted yield curve.

Inverted yield curves have been strong recession indicators as well, with the current 10 year treasury to 2 year treasury being extremely inverted, in fact the most inverted since 1981 (figure 24).

Inflation Watch

Headline inflation printed lower at 6% in February. Inflation seems to be falling, with some leading indicators like the production price index (PPI) falling, but other contributors to inflation like wages and rent still rising. Energy prices continue to fall which should help reduce inflationary pressure.

The Federal Reserve continues to signal more rate increases in the face of falling inflation. The Fed is concerned that the labor market is still too tight and that wage inflation may continue, they are also still concerned about housing and rental prices. A month ago many believed the Fed would increase the Fed Funds rate by 50 basis points, but after Silicon Valley Bank’s implosion the debate is over 25 basis points or zero. The Fed is signalling 25 basis points as of this writing.

Figure 20:
CPI (Inflation) Release from the Bureau of Labor Statistics (reproduced from BLS.gov)

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Feb. 2023
	Aug. 2022	Sep. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023	
All items.....	0.2	0.4	0.5	0.2	0.1	0.5	0.4	6.0
Food.....	0.8	0.8	0.7	0.6	0.4	0.5	0.4	9.5
Food at home.....	0.8	0.7	0.5	0.6	0.5	0.4	0.3	10.2
Food away from home ¹	0.9	0.9	0.9	0.5	0.4	0.6	0.6	8.4
Energy.....	-3.9	-1.7	1.7	-1.4	-3.1	2.0	-0.6	5.2
Energy commodities.....	-8.0	-4.1	3.7	-2.1	-7.2	1.9	0.5	-1.4
Gasoline (all types).....	-8.4	-4.2	3.4	-2.3	-7.0	2.4	1.0	-2.0
Fuel oil ¹	-5.9	-2.7	19.8	1.7	-16.6	-1.2	-7.9	9.2
Energy services.....	1.8	1.2	-0.7	-0.6	1.9	2.1	-1.7	13.3
Electricity.....	1.2	0.8	0.5	0.5	1.3	0.5	0.5	12.9
Utility (piped) gas service.....	3.5	2.2	-3.7	-3.4	3.5	6.7	-8.0	14.3
All items less food and energy.....	0.6	0.6	0.3	0.3	0.4	0.4	0.5	5.5
Commodities less food and energy commodities.....	0.4	0.0	-0.1	-0.2	-0.1	0.1	0.0	1.0
New vehicles.....	0.8	0.7	0.6	0.5	0.6	0.2	0.2	5.8
Used cars and trucks.....	-0.2	-1.1	-1.7	-2.0	-2.0	-1.9	-2.8	-13.6
Apparel.....	0.3	0.0	-0.2	0.1	0.2	0.8	0.8	3.3
Medical care commodities ¹	0.2	-0.1	0.0	0.2	0.1	1.1	0.1	3.2
Services less energy services.....	0.6	0.8	0.5	0.5	0.6	0.5	0.6	7.3
Shelter.....	0.7	0.7	0.7	0.6	0.8	0.7	0.8	8.1
Transportation services.....	1.0	1.9	0.6	0.3	0.6	0.9	1.1	14.6
Medical care services.....	0.7	0.8	-0.4	-0.5	0.3	-0.7	-0.7	2.1

¹ Not seasonally adjusted.

Figure 21:
Inflation Rate

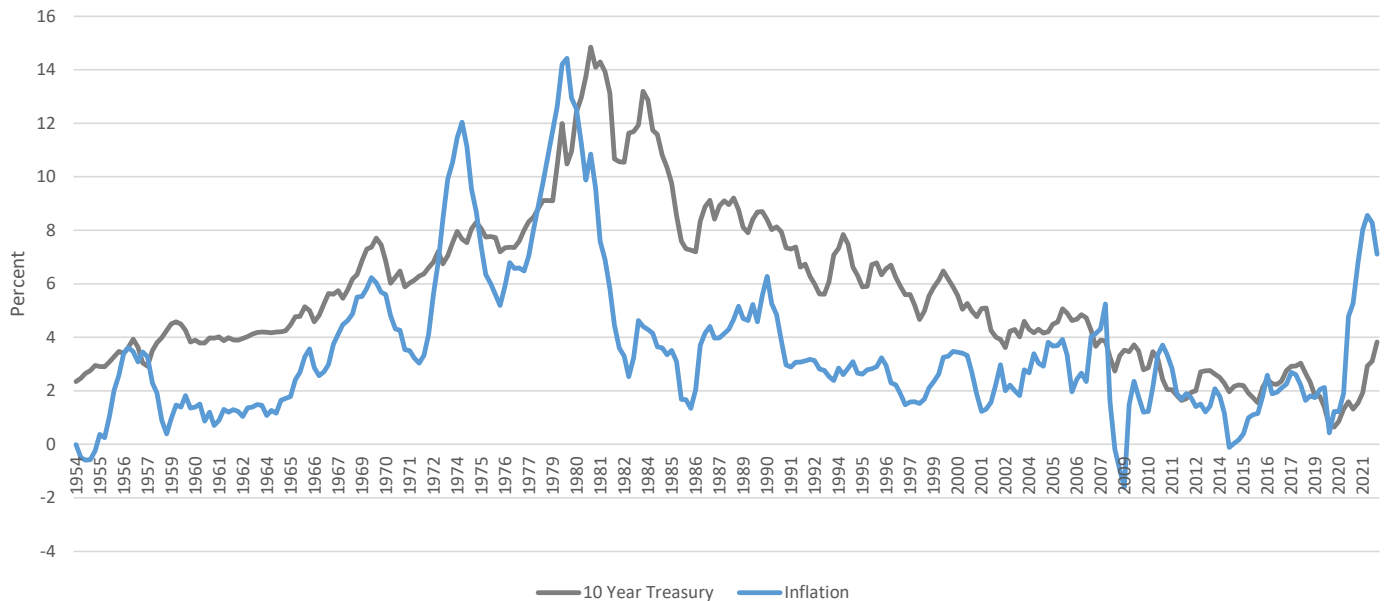


Figure 22:
Unemployment Rate



Figure 23:
Employment Cost Index

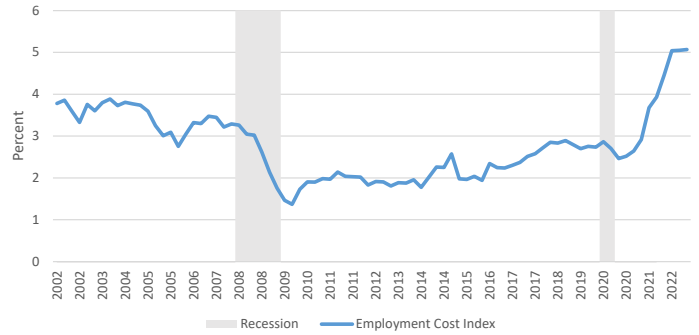


Figure 24:
Yield Curve: 10 Year Treasury minus 2 year Treasury



The Mesa County Economic Update is compiled and written by Dr. Nathan Perry, Associate Professor of Economics at Colorado Mesa University.

📞 970.248.1888
✉️ naperry@coloradomesa.edu



1100 North Avenue
Grand Junction, Colorado 81501-3122
970.248.1778 • 970.248.1138 (f)
coloradomesa.edu