

ROUTT COUNTY ECONOMIC UPDATE

First Quarter 2023



The Routt Economic Update is funded by the Associated Governments of Northwest Colorado.

Economic Summary

- 2021 job estimates show that jobs jumped from 23,012 in 2020 to 23,64 in 2021. Unemployment thus far in 2023 is averaging an extremely low rate of 2.13%, with only 356 people unemployed.
- Routt County GDP data was released in December, showing a large gain of 8.36% in 2021. Note that there is a lag in GDP data at the county level. The gains in GDP were led by real estate and finance, as well as arts, entertainment, and recreation.
- Routt County median household income had a huge increase, increasing from 82,330 to \$93,776. The poverty rate fell, falling from 6.3% to 6%.
- Headline inflation printed lower at 4.9% for April, dropping to 4% in May. Inflation seems to be falling, with some leading indicators like the production price index (PPI) and the employment cost index (figure 23) falling, but other contributors to inflation like rent are still elevated. Energy prices continue to fall which should help reduce inflationary pressure.

CONTENTS

Local Economic Indicators.....	1
The Local Labor Market	2
RouttIndustry Trends	6
Local Real Estate Indicators	8
Regional Energy.....	10
Drilling permits and coal.....	11
National Economic Indicators	12
GDP and Inflation	13

LOCAL ECONOMIC INDICATORS

	Q1 2023	Q4 2022	Q1 2022	change since last quarter	change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Routt County -NSA	2.13%	2.27%	3.03%	-0.13%	-0.90%
Unemployment Rate Colorado -SA	3.00%	2.70%	6.40%	0.30%	-3.40%
Unemployment Rate U.S. -SA	3.80%	3.40%	6.50%	0.40%	-2.70%
Labor Force	16,810	15,656	16,251	1,154	559
Employed	16,454	15,307	15,761	1,148	693
Unemployed	356	349	490	7	-135
Business Confidence					
Leeds Colorado Business Confidence	39.8	39.8	58.0	0.00%	-31.38%
Sales/Use Taxes					
	2022		2021		
Routt County Sales Tax	\$11,263,136		\$9,549,601		17.94%
Steamboat Springs Sales Taxes	\$40,170,028		\$34,278,266		17.19%
Hayden Sales Tax (as of March 2022)	\$469,611		\$352,204		33.33%
Business Filings					
	2022 (YTD)		2021 (YTD)		
Routt County New Business Entity Filings	912		907		0.55%

	2021	2020	2019	2018	% change from previous year
Standard of Living and Growth					
Gross Domestic Product (GDP, in thousands)	\$1,858,714	\$1,715,331	\$1,805,743	\$1,721,541	8.36%
Personal Income (in thousands)	\$2,468,236	\$2,350,418	\$2,200,893	\$2,017,989	5.01%
Personal Income Per Capita	\$98,371	\$94,626	\$88,318	\$81,037	3.96%
Median Household Income	\$93,776	\$82,330	\$87,691	\$81,033	13.90%
Percent of Population Below Poverty Line	6.0%	6.3%	7.2%	7.0%	0.30%
	2022	2021	2020	2019	
Population	25,007	25,056	24,829	25,579	-0.20%

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 Craig, Moffat County; Business Permits: Colorado Secretary of State's Office; 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.

Local Labor Market

Routt County employment estimates averaged 16,454 in Q1 of 2023. This is significantly higher than the 2022 Q1 estimate of 15,761. Overall, there has been significant employment growth in Routt County over the last year, at an average of 14,537 in 2021 to 15,251 in 2022 to 16,454 thus far in 2023. The Bureau of Economic Analysis (BEA) data shows job growth as well. BEA data is more exact than employment estimate and counts if one person has two jobs, which employment estimates only count if someone is employed or not. BEA job data has a lag at the county level. 2021 job estimates show that jobs jumped from 23,012 in 2020 to 23,642 in 2021. Unemployment thus far in 2023 is averaging an extremely low rate of 2.13%, with only 356 people unemployed.

Other Indicators

Routt County sales/use taxes are up 17.94% comparing 2022 to 2021, while Steamboat sales and use tax collections are up 17.19%. The most recent data provided is shown for Hayden, which shows as of Q1 2022 compared to Q1 2021 Hayden's sales taxes had grown significantly.

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.

Routt County new business entity filings stayed even, slightly rising from 907 in 2021 to 912 in 2022.

Routt County GDP data was released in December, showing a large gain of 8.36% in 2021. Note that there is a lag in GDP data at the county level. The gains in GDP were led by real estate and finance, as well as arts, entertainment, and recreation.

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

	Labor Force	Employed	Unemployed
Annual	413	714	-301
5-Year	226	170	56
10-Year	1,318	1,966	-647
Annual %	2.7%	4.9%	-43.2%
5-Year %	1.5%	1.1%	16.3%
10-Year %	9.2%	14.8%	-62.0%

New standard of living measures have been released for 2021, as county level data has a significant lag. Routt County median household income had a huge increase, increasing from 82,330 to \$93,776. Median household income is an estimate with a fairly large confidence interval, so it is important to not overreact to one number that changes. It is more important with this data point to look at the overall trend, and the trend in Routt County is that this number has increased almost every year since 2012. In fact, if you take 2020 out, which was a bad year for Routt County, this number is right on trend with the previous year. Several other Western Slope counties saw median household income fall.

The Census Department's SAIPE (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Routt County falling from 6.3% to 6%. Routt has some of the lowest poverty numbers on the Western Slope.

Figure 1:
Routt Employment Estimates

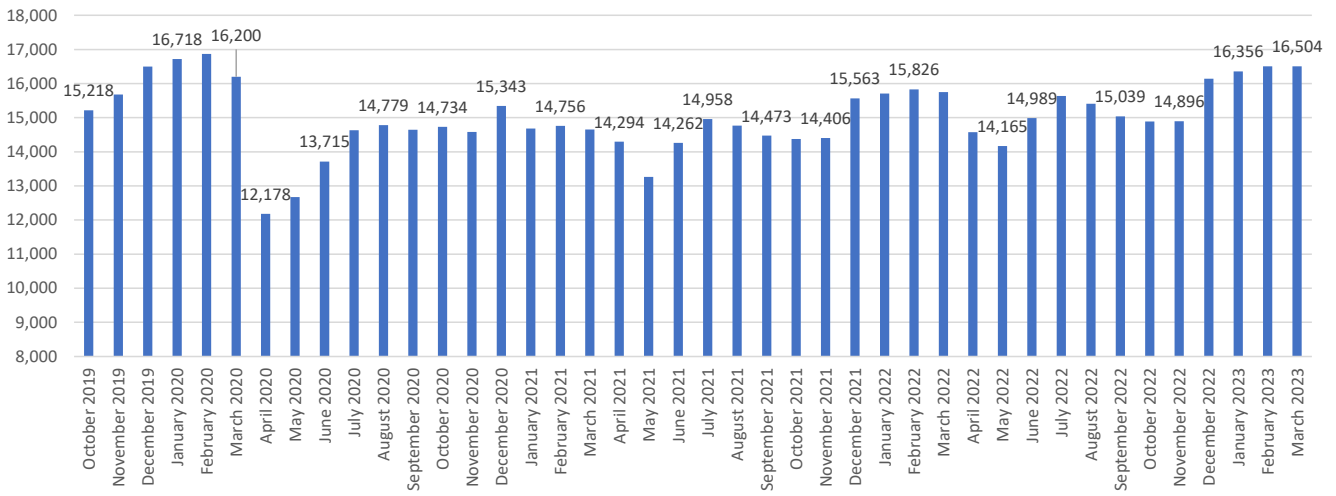


Figure 2:
Yearly Employment Average

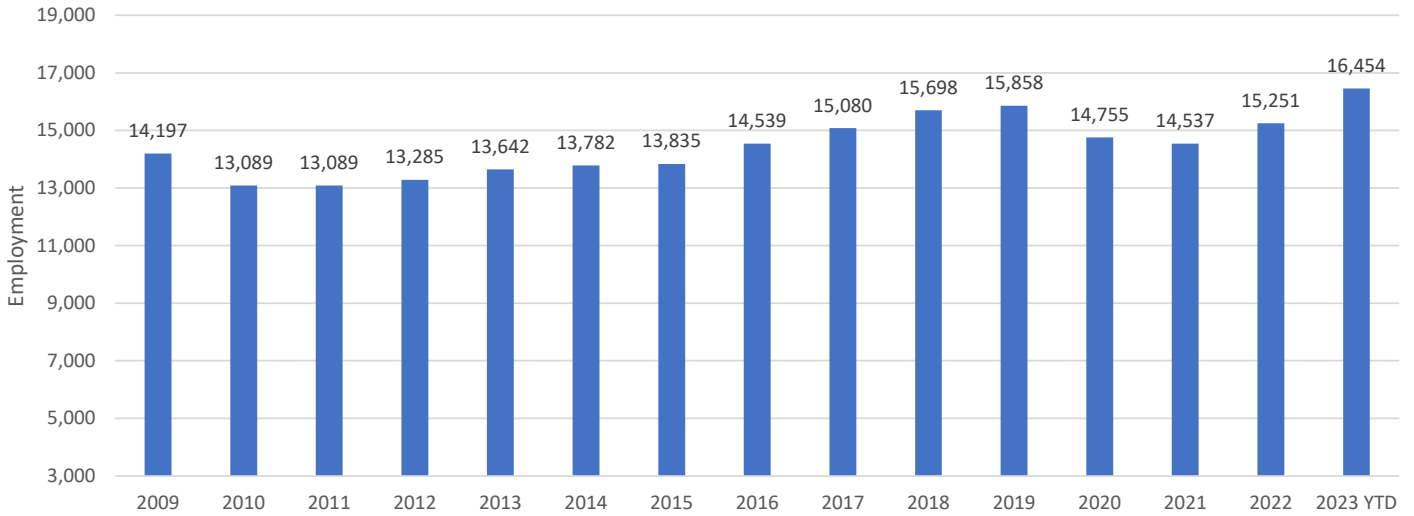


Figure 3:
Change in Yearly Employment Average

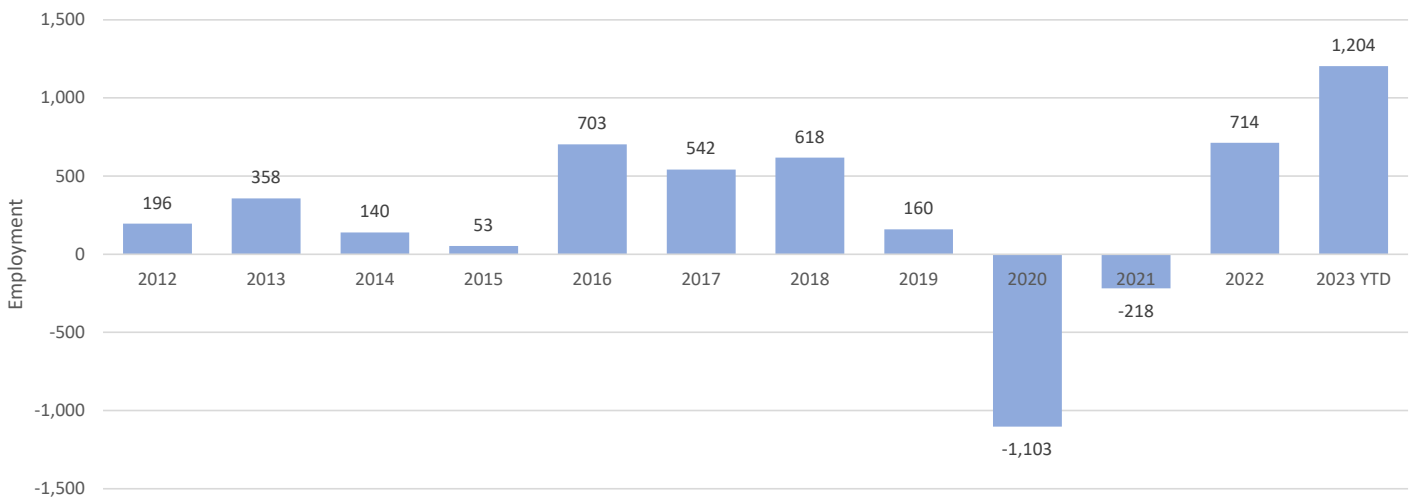


Figure 4:
Leeds Business Confidence Index

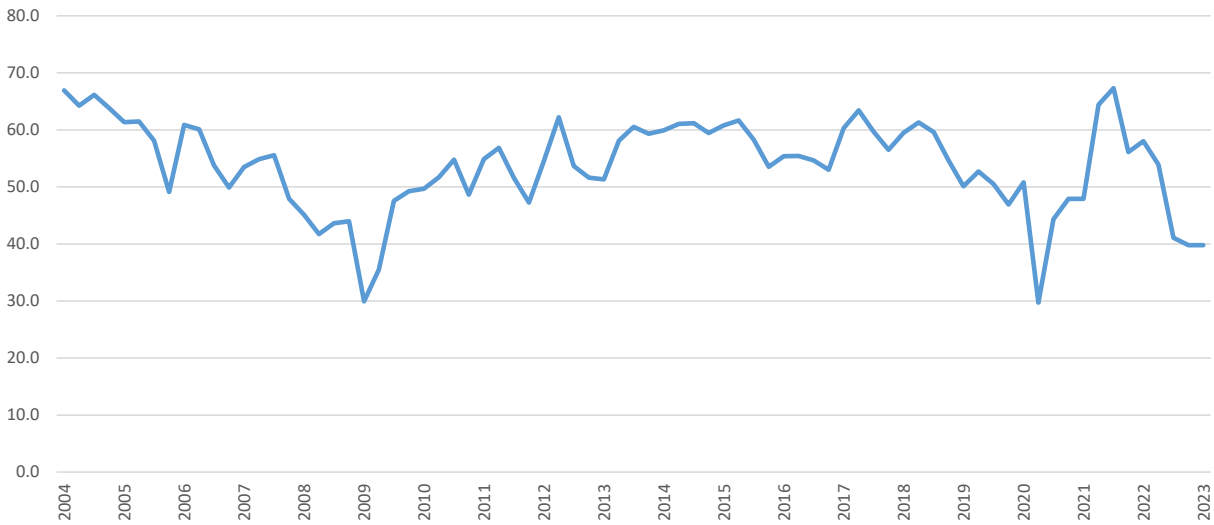


Figure 5:
Sales Tax

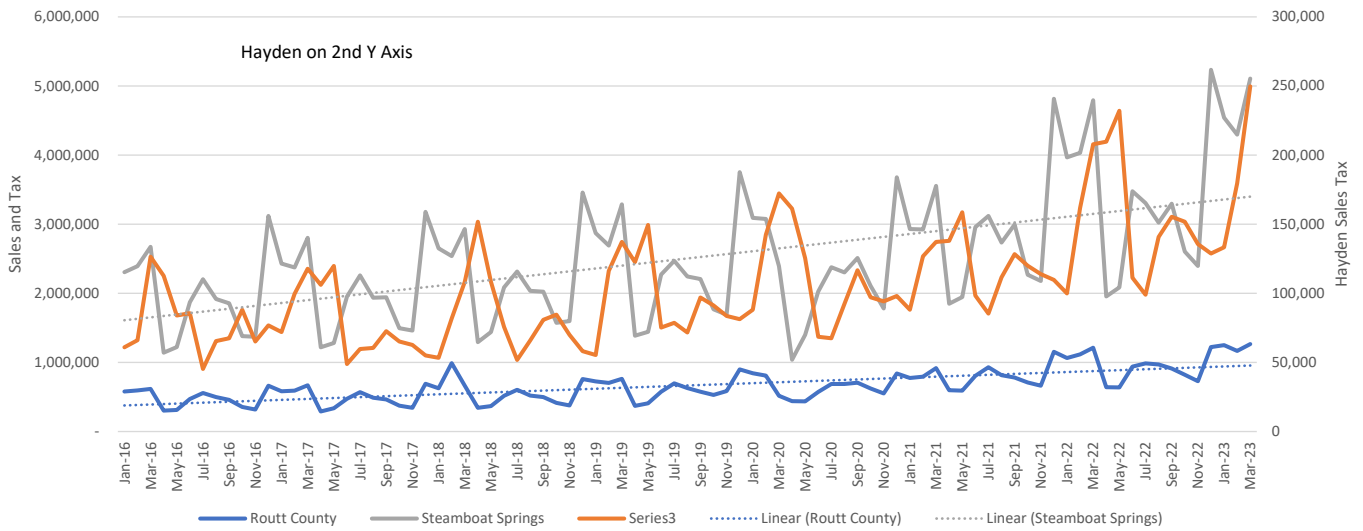


Figure 6:
Total Full and Part Time Jobs (BEA)

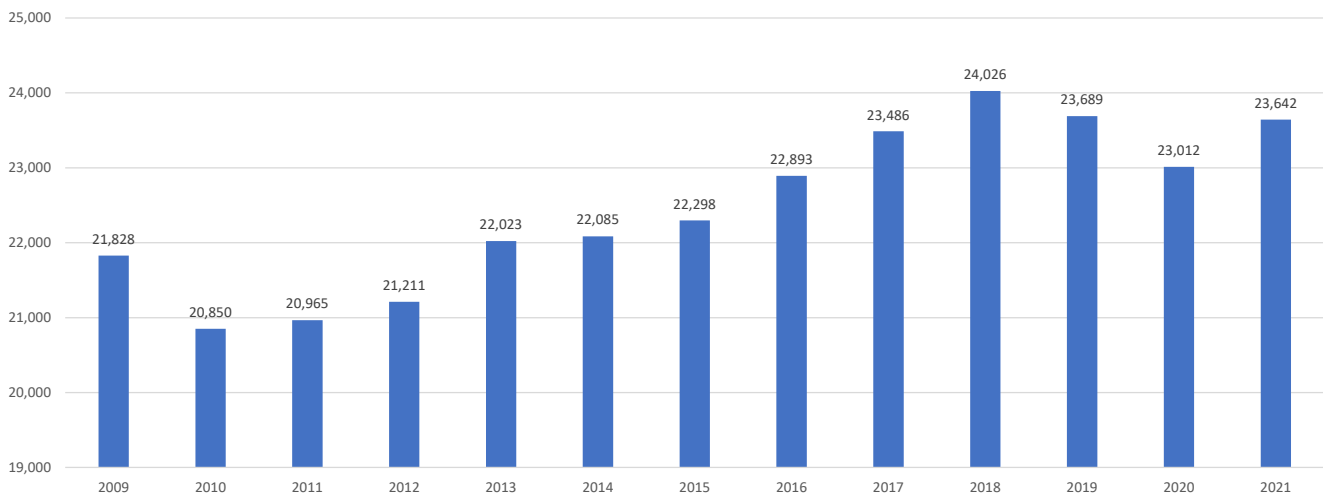


Figure 7:
Routt County Median Household Income

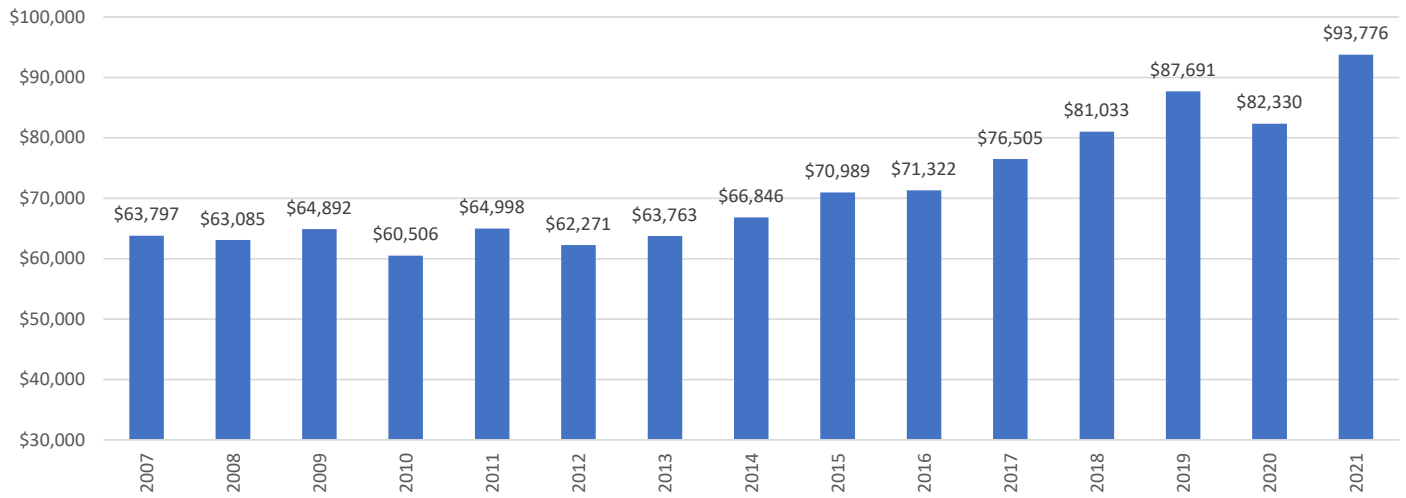


Figure 8:
Routt County Poverty Rate Estimate

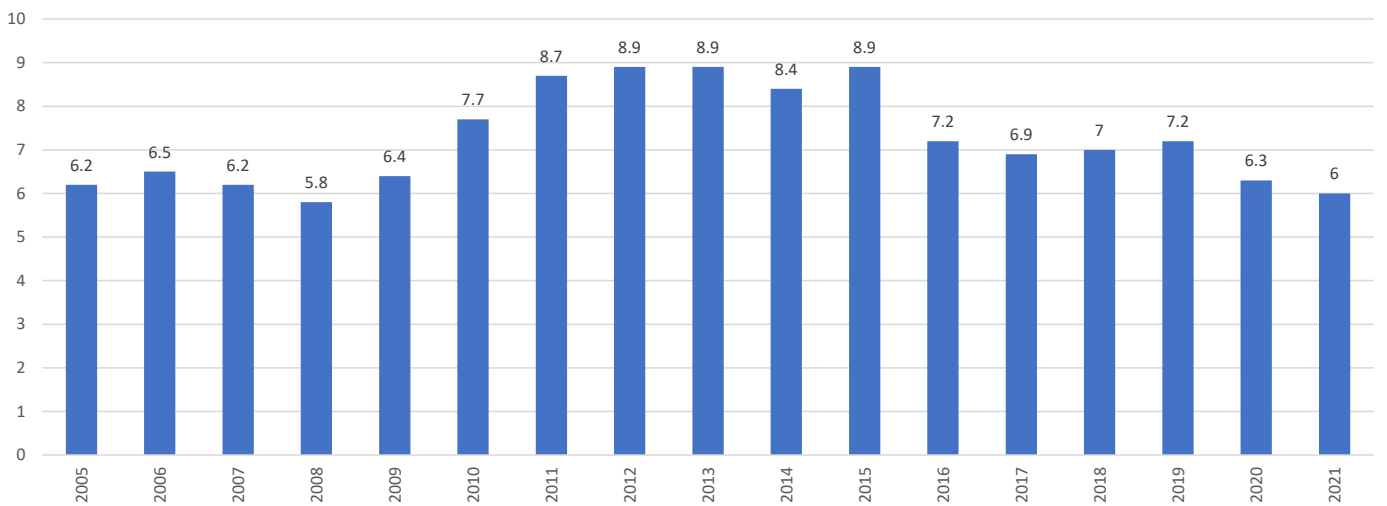
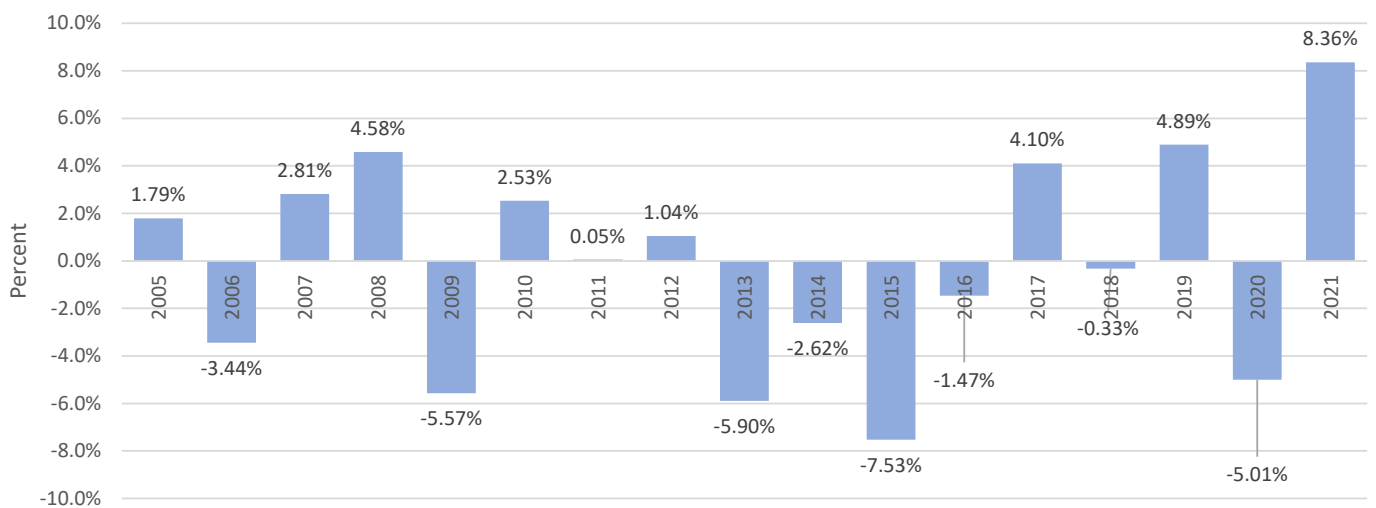


Figure 9:
Routt County Real GDP % Change (chained 2012 dollars)



Routt County Employment Trends

Q3 2022 Quarterly Census of Employment and Wage data shows large wage and job gains compared to Q3 2021. The biggest gains in wages were in administrative and waste services and healthcare. No industries saw wage losses. The biggest job gains were in administrative and waste services (142), and arts, entertainment, and recreation (122), with losses in only utilitise (-3). BEA data shows that farm employment has held steady, rising from 756 in 2020 to 761 in 2021. Sole proprietors saw an increase, rising from 7,088 in 2020 to 7,278 in 2021.

Table 2:
Quarterly Census of Employment and Wages (QCEW) Q3 2022 Compared to Q3 2021

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Employment Change	Total Wage Change
Total, All Industries	15,766	\$233,201,112	1,138	737	\$34,966,584
Health Care and Social Assistance	2015	\$35,326,877	\$1,349	32	\$4,091,393
Accommodation and Food Services	2,585	\$25,785,345	\$767	74	\$3,102,086
Construction	1,479	\$25,676,787	\$1,336	15	\$3,150,491
Retail Trade	1,583	\$17,887,907	\$869	0	\$864,913
Public Administration	978	\$17,777,429	\$1,398	17	\$2,791,609
Professional and Technical Services	734	\$14,663,207	\$1,536	37	\$100,607
Administrative and Waste Services	938	\$13,227,892	\$1,085	142	\$4,741,686
Real Estate and Rental and Leasing	799	\$12,439,011	\$1,198	7	\$1,658,899
Arts, Entertainment, and Recreation	1,159	\$12,027,728	\$798	122	\$3,276,969
Finance and Insurance	359	\$10,875,132	\$2,332	16	\$2,384,691
Educational Services	903	\$10,273,537	\$875	23	\$666,420
Wholesale Trade	376	\$7,563,789	\$1,546	60	\$2,209,311
Mining	229	\$5,944,484	\$1,997	61	\$2,264,365
Other Services, Ex. Public Admin	496	\$5,396,029	\$837	13	\$739,085
Utilities	173	\$4,850,715	\$2,161	-3	\$638,504
Transportation and Warehousing	261	\$3,414,054	\$1,006	5	\$463,811
Manufacturing	225	\$2,907,845	\$994	46	\$702,206
Information	168	\$2,782,252	\$1,276	13	\$720,963
Management of Companies and Enterprises	144	\$2,673,252	\$1,428	56	\$327,127
Agriculture, Forestry, Fishing & Hunting	158	\$1,663,872	\$812	2	\$112,661

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

Table 3:
Farm and Sole Proprietor Employment

BEA Data	2021	2020	2019	2018	% change from 2020
Farm Employment	761	756	755	758	0.7%
Sole Proprietors (non-farm)	7,278	7,088	6,491	7,045	2.7%

Figure 10:

Total Wage Change from Q3 2021 to Q3 2022

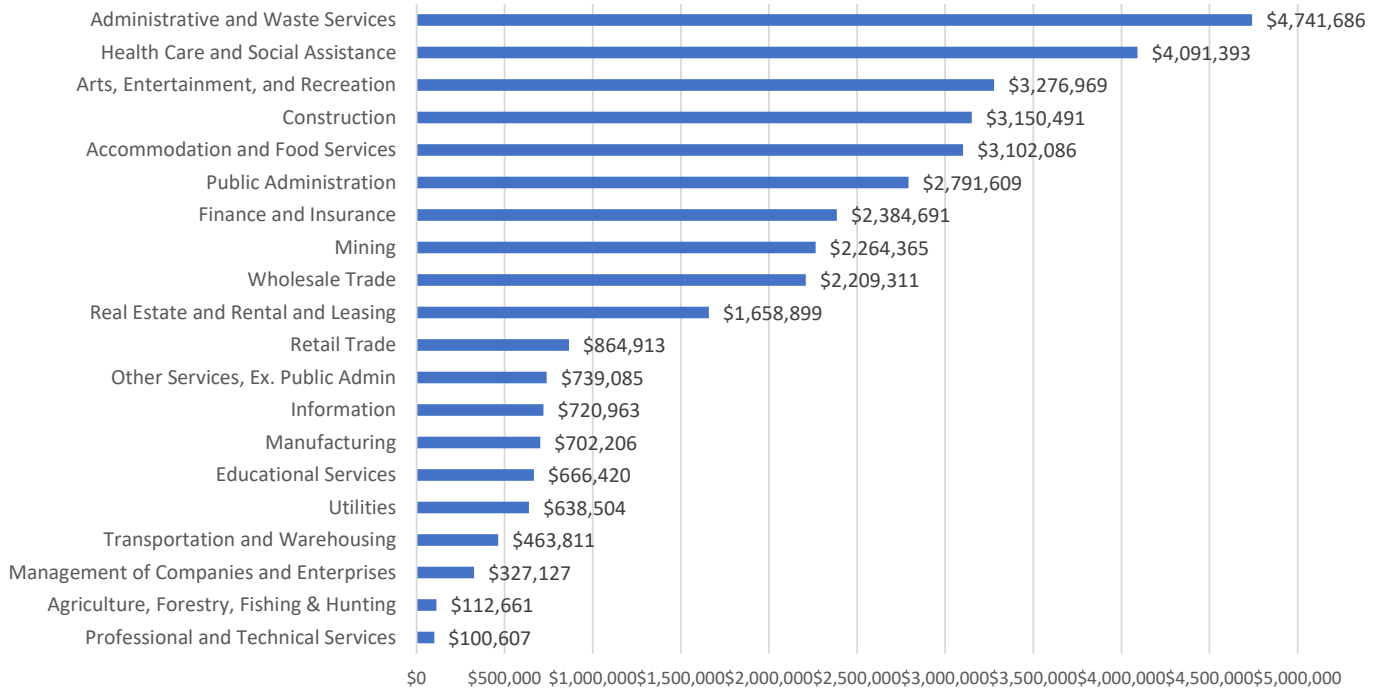
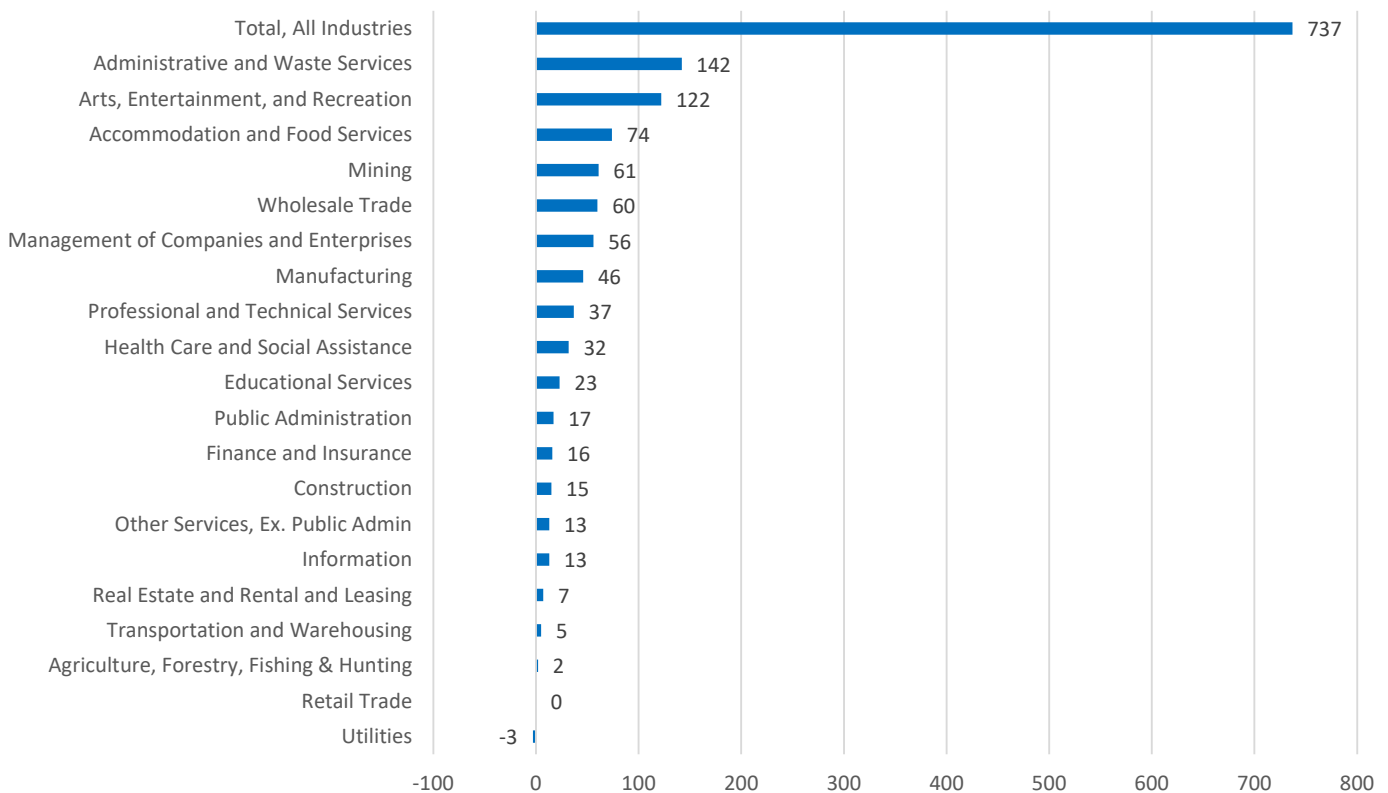


Figure 11:

Total Jobs Change from Q3 2021 to Q3 2022



LOCAL REAL ESTATE

	Q1 2023	Q1 2022	% change since last year
Real Estate			
Current Residential Listings (3 month avg)	54	41	32.79%
New Residential listings (3 month total)	53	72	-26.39%
Sold Residential Listings (3 month total)	43	68	-36.76%
Median Sales Price	\$1,167,700	\$1,070,417	9.09%
Average Sales Price	\$1,701,429	\$1,377,760	23.49%
Days on Market	78.33	66.67	17.50%
Months Supply of Inventory	2.23	1.07	109.38%
Building Permits Data			
	2022	2021	
Total Building Permits	1,080	986	9.53%
Total Building Permit Valuation	428,442,891	378,477,476	13.20%
Single Family Home Permits	191	210	-9.05%
Single Family Home Permit Valuation	219,996,274	218,203,416	0.82%
Foreclosures			
Foreclosure Filings	13	3	333.33%
Mortgage Rates			
	May 2023	May 2022	
15 Year Mortgage Rate	5.81%	4.44%	1.37%
30 year Mortgage Rate	6.43%	5.23%	1.20%

SOURCES: Real Estate: Colorado Association of Realtors Market Trends Program through ShowingTime. Note that real estate data is just single family homes; Building permit and valuation: Routt County Building Department; Mortgage rates: Freddie Mac.

Local Real Estate Indicators

The Routt County real estate market continues to stay hot, with median sales price rising from \$1,070,417 in Q1 of 2022 to \$1,167,700 in Q1 of 2023. This is a 9.09% increase, in a time period comparison where other counties have shown declining home values year over year. Average price increased 23.49%, which is not uncommon in a place like Routt County with Steamboat Springs, as several very expensive houses can drastically increase the average, but will not affect the median. Inventory is increasing, which could lead to house prices leveling out at some point. Further evidence for a slight cooling could be found in days on market, which has increased from 66 to 78. Months supply of inventory also increased from 1.07 to 2.23. Generally prices do not start to slow or decline until this number hits 4 or 5. Building permit data is shown in figure 12, and shows large increases in total building permits (9.53% increase) and valuation (13.20%). Single Family home permits did fall from 2021 to 2022, falling by 9.05%.

Mortgage rates continue to stay elevated in the mid 6% range, however many economists are forecasting rates closer to 6% this summer as the economy begins to slow down. In addition, the Federal Reserve has stated as of early May that they are going to stop raising rates until data warrants another increase. This could be the end of the rising rate environment, which would be good for mortgage rates moving forward. However, keeping rates at their current spot may be good in order to force the housing market to slow it's several year upward momentum.

Figure 12:
Routt County Building Permit Data

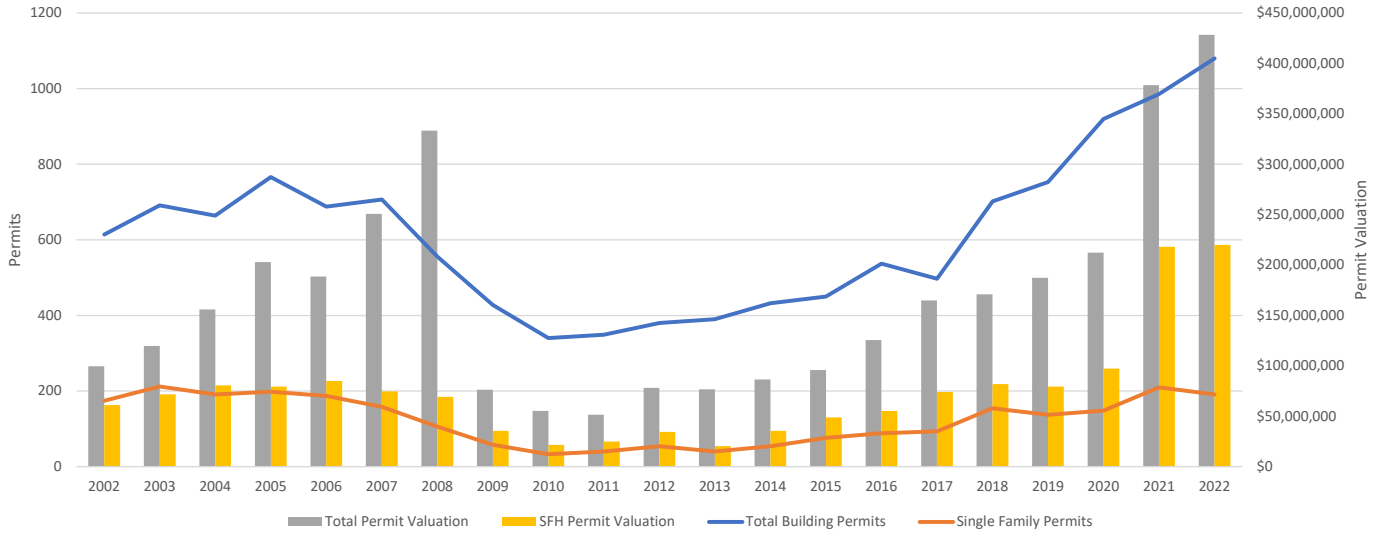


Figure 13:
Months Supply of Inventory

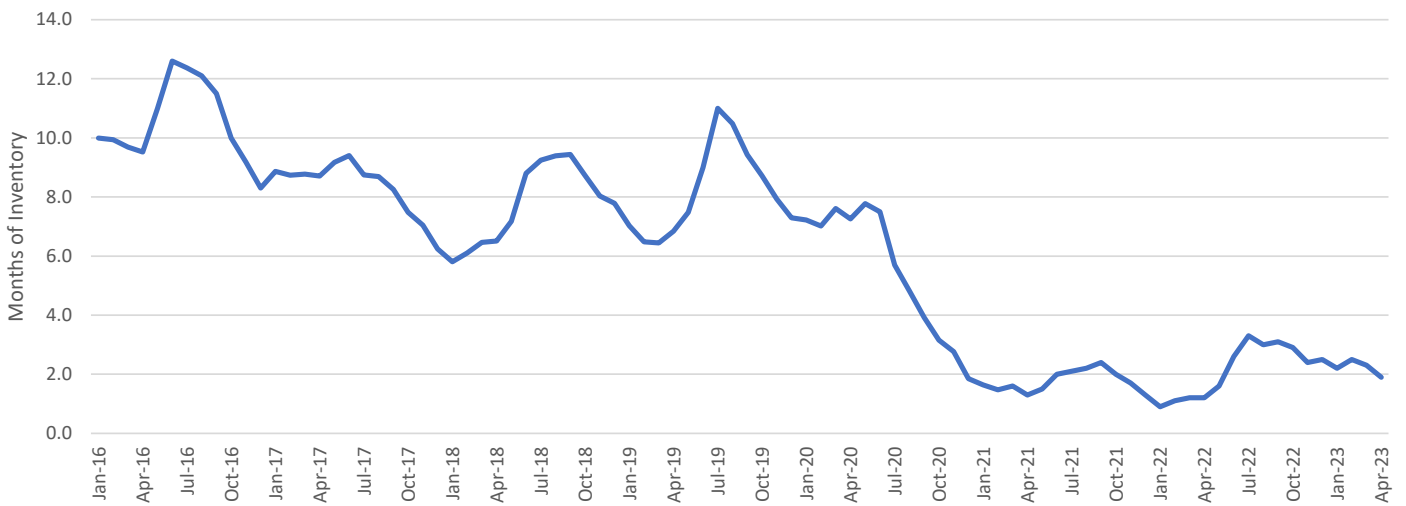
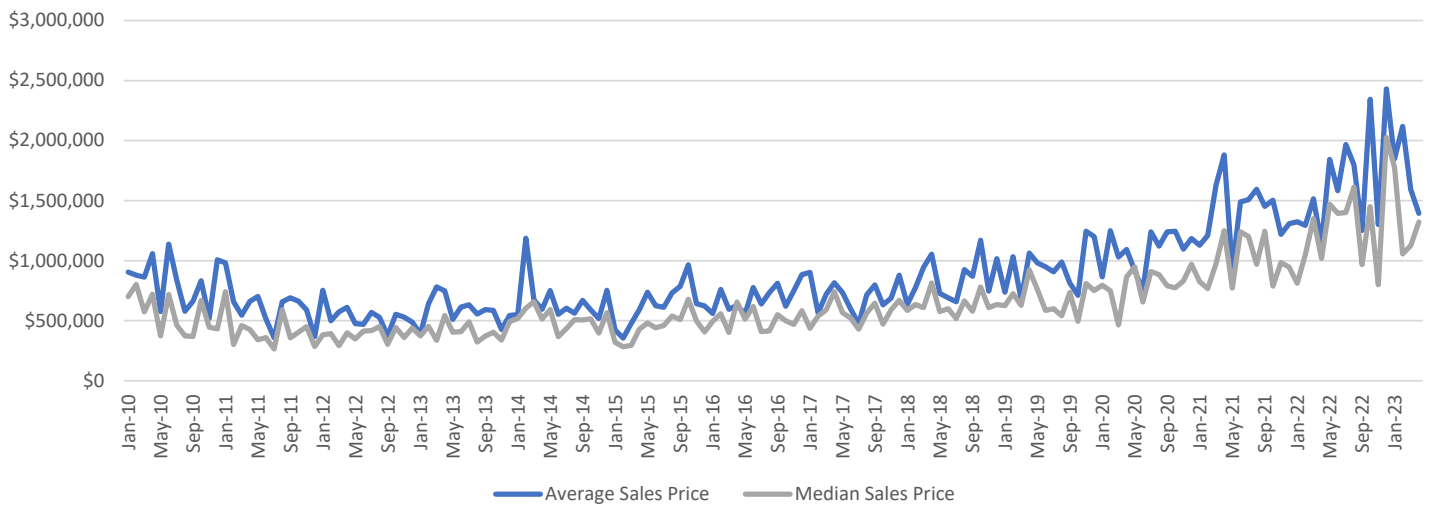


Figure 14:
Median and Average Sales Price



REGIONAL ENERGY

	Q1 2023	Q2 2022	Q1 2022	% change since last quarter	% change since last year (comparable quarters)
Energy Prices					
WTI Crude Oil	\$75.93	\$82.79	\$58.09	-8.29%	30.71%
Henry Hub Natural gas	\$2.65	\$5.55	\$3.56	-52.25%	-25.56%
Retail Gasoline Price	\$3.29	\$3.42	\$2.46	-3.69%	33.78%
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					
	Apr-23	Nov-22	Aug-22		
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	2	3	4		
Regional Coal Industry					
	2022 (YTD)	2021 (YTD)	% Change		
Moffat, Rio Blanco, Routt Average Monthly Employment for Coal Mining	582	544	6.93%		
Moffat, Rio Blanco, Routt Coal Production (tons)	644,767	680,275	-5.22%		

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; Coal data from the Colorado Division of Reclamation, Mining, and Safety.

Figure 15:
Oil and Natural Gas Prices

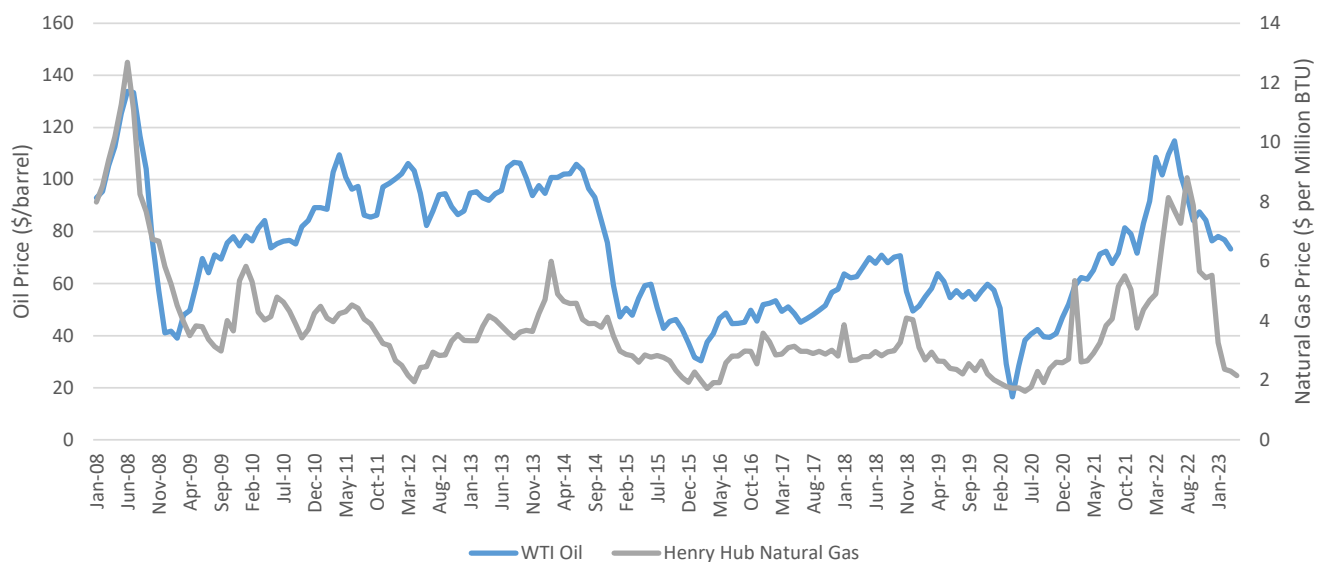


Figure 16:
Oil/Gas Drilling Permits and Oil/Gas Jobs

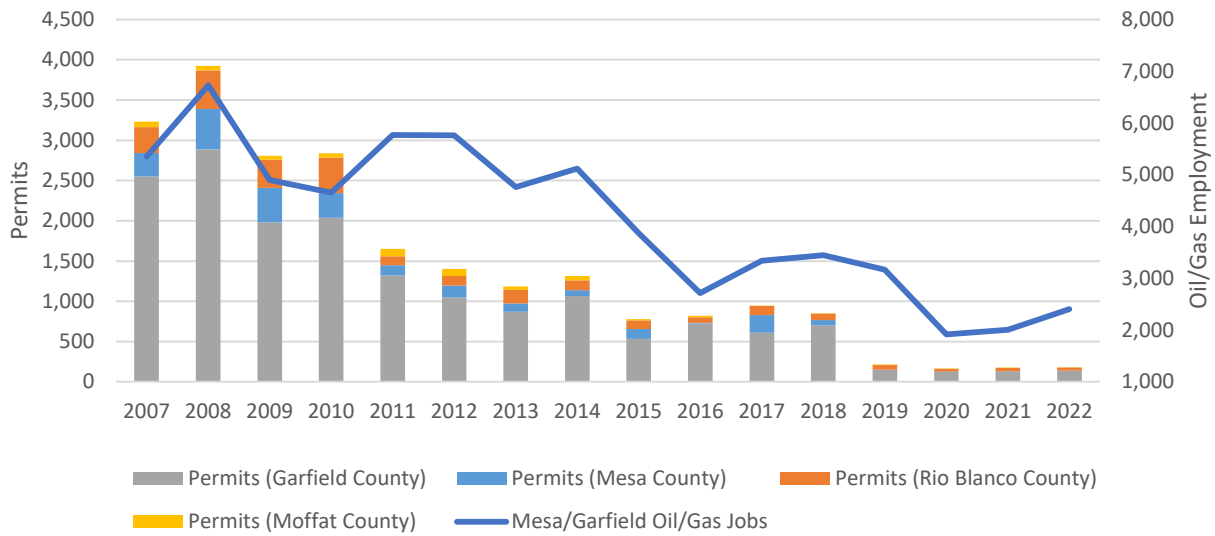
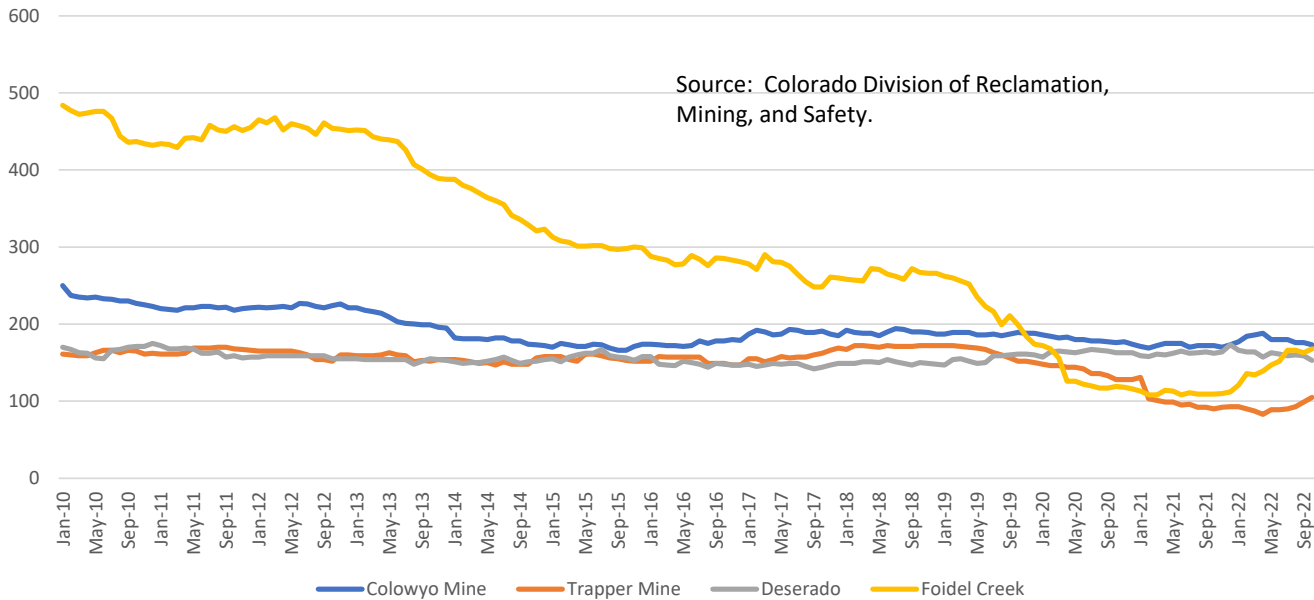


Figure 17:
NW Colorado Jobs per Mine



Western Slope Drilling Activity

WTI oil decreased from last quarter, falling from \$82.79 in Q4 to \$75.93 in Q1. As of late May, the price of WTI oil is hovering in the low 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.

Regional Mining Activity

Mining in the region makes up a very large portion of GDP and wages. Total coal production was down year over year by 5.22%, while coal jobs were up close to 7% (comparing year to date through October for 2022 and 2021). Foidel Creek Mine saw an increase in mining jobs (figure 17), with Trapper Mine also seeing a slight increase.

NATIONAL ECONOMIC INDICATORS

	Q1 2023	Q4 2022	Q1 2022	% change since last period	% change since last year (comparable quarters)
Business Cycle Indicators					
Real GDP	-1.60%	2.60%	6.30%	-4.20%	-7.90%
Personal Consumption Expenditures	1.30%	1.00%	10.80%	0.30%	-9.50%
Gross Private Domestic Investment	5.40%	4.50%	-5.40%	0.90%	10.80%
National Consumer Confidence	64.6	58.8	80.2	9.86%	-19.45%
Industrial Production Index	102.7	102.7	97.4	0.04%	5.40%
Initial Weekly Unemployment Claims (4 week MA)	215,708	205,429	774,077	5.00%	-72.13%
Non Farm Payroll Change (in thousands)	948,333	947,667	1,048,000	0.07%	-9.51%
Unemployment					
Unemployment Rate-U3-SA	3.50%	3.60%	6.20%	-0.10%	-2.70%
Unemployment Rate-U6-SA	6.70%	6.60%	11.00%	0.10%	-4.30%
Interest Rates					
Federal Funds Rate	4.50%	3.62%	0.08%	0.88%	4.42%
10 Year U.S. Treasury	3.65%	3.83%	1.32%	-0.18%	2.33%
30 Year U.S. Treasury	3.75%	3.90%	2.09%	-0.15%	1.66%
Inflation Measures					
Inflation Rate (CPI)	5.77%	7.11%	1.91%	-1.34%	3.86%
Core Inflation Rate (All Items Less Food and Energy)	5.56%	5.99%	1.45%	-0.43%	4.11%
Inflation Rate (Shelter)	8.07%	7.16%	1.58%	0.91%	6.48%
Producer Price Index (PPI)	20.42%	8.42%	7.01%	12.00%	13.41%
Employment Cost Index	4.86%	5.06%	2.64%	-0.20%	2.22%
Stock Prices					
S&P 500	4,000	3,852	3,866	3.84%	3.48%
Dow Jones Industrial Average	33,219	32,490	31,551	2.24%	5.29%
Trade Balance and Debt					
Trade Balance (% of GDP)	-839.471	-857.068	-808.606	-2.05%	3.82%
Federal Debt (% of GDP)*	120.2%	120.2%	121.6%	0.0%	-1.4%

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.

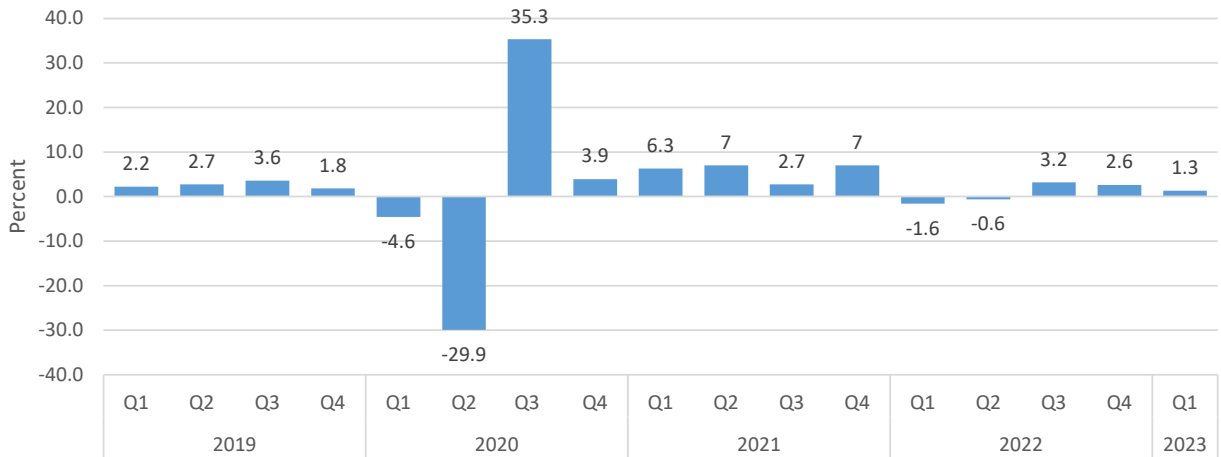
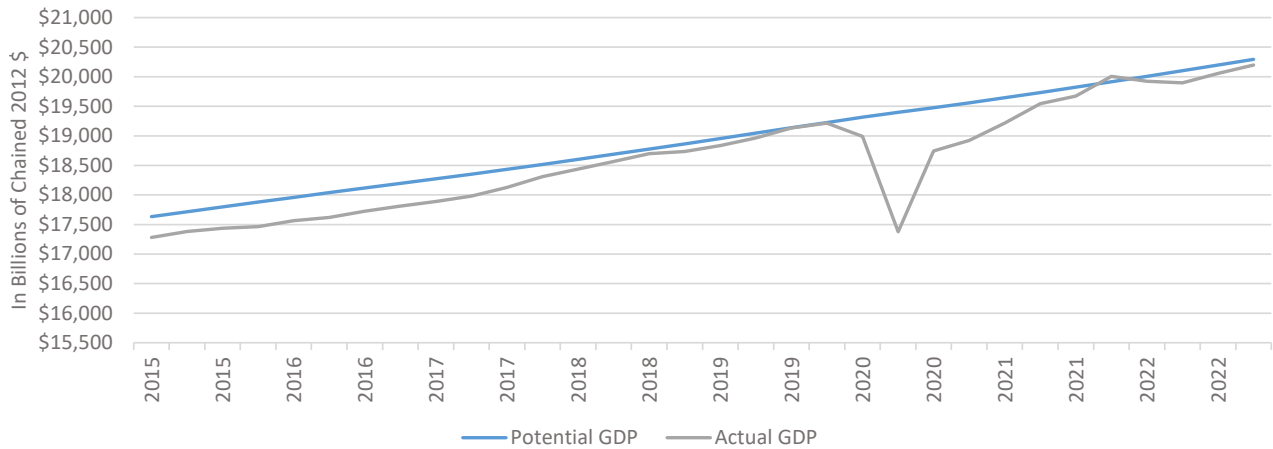


Figure 19:
GDP Gap



Economic Growth

U.S. GDP for Q1 2023 was up 1.3%, down from Q4 of 2022's 2.6%. The Atlanta Federal Reserve's GDP NOW forecast as of late-May shows a Q2 2023 GDP forecast of 1.9%. 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 April is 3.4%, 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 4.9% for April., falling to 4% in May. Inflation seems to be falling, with some leading indicators like the production price index (PPI) and the employment cost index (figure 23) falling, but other contributors to inflation like rent are still elevated. 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. The Federal Reserve is currently digesting data and watching for signs of slowing inflation. The Fed is expected to pause raising rates to see if their existing policy will be effective enough to slow inflation.

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

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Apr. 2023
	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023	Mar. 2023	Apr. 2023	
All items.....	0.5	0.2	0.1	0.5	0.4	0.1	0.4	4.9
Food.....	0.7	0.6	0.4	0.5	0.4	0.0	0.0	7.7
Food at home.....	0.5	0.6	0.5	0.4	0.3	-0.3	-0.2	7.1
Food away from home ¹	0.9	0.5	0.4	0.6	0.6	0.6	0.4	8.6
Energy.....	1.7	-1.4	-3.1	2.0	-0.6	-3.5	0.6	-5.1
Energy commodities.....	3.7	-2.1	-7.2	1.9	0.5	-4.6	2.7	-12.6
Gasoline (all types).....	3.4	-2.3	-7.0	2.4	1.0	-4.6	3.0	-12.2
Fuel oil ¹	19.8	1.7	-16.6	-1.2	-7.9	-4.0	-4.5	-20.2
Energy services.....	-0.7	-0.6	1.9	2.1	-1.7	-2.3	-1.7	5.9
Electricity.....	0.5	0.5	1.3	0.5	0.5	-0.7	-0.7	8.4
Utility (piped) gas service.....	-3.7	-3.4	3.5	6.7	-8.0	-7.1	-4.9	-2.1
All items less food and energy.....	0.3	0.3	0.4	0.4	0.5	0.4	0.4	5.5
Commodities less food and energy commodities.....	-0.1	-0.2	-0.1	0.1	0.0	0.2	0.6	2.0
New vehicles.....	0.6	0.5	0.6	0.2	0.2	0.4	-0.2	5.4
Used cars and trucks.....	-1.7	-2.0	-2.0	-1.9	-2.8	-0.9	4.4	-6.6
Apparel.....	-0.2	0.1	0.2	0.8	0.8	0.3	0.3	3.6
Medical care commodities ¹	0.0	0.2	0.1	1.1	0.1	0.6	0.5	4.0
Services less energy services.....	0.5	0.5	0.6	0.5	0.6	0.4	0.4	6.8
Shelter.....	0.7	0.6	0.8	0.7	0.8	0.6	0.4	8.1
Transportation services.....	0.6	0.3	0.6	0.9	1.1	1.4	-0.2	11.0
Medical care services.....	-0.4	-0.5	0.3	-0.7	-0.7	-0.5	-0.1	0.4

¹ Not seasonally adjusted.

Figure 21:
Inflation Rate and 10 Year Treasury

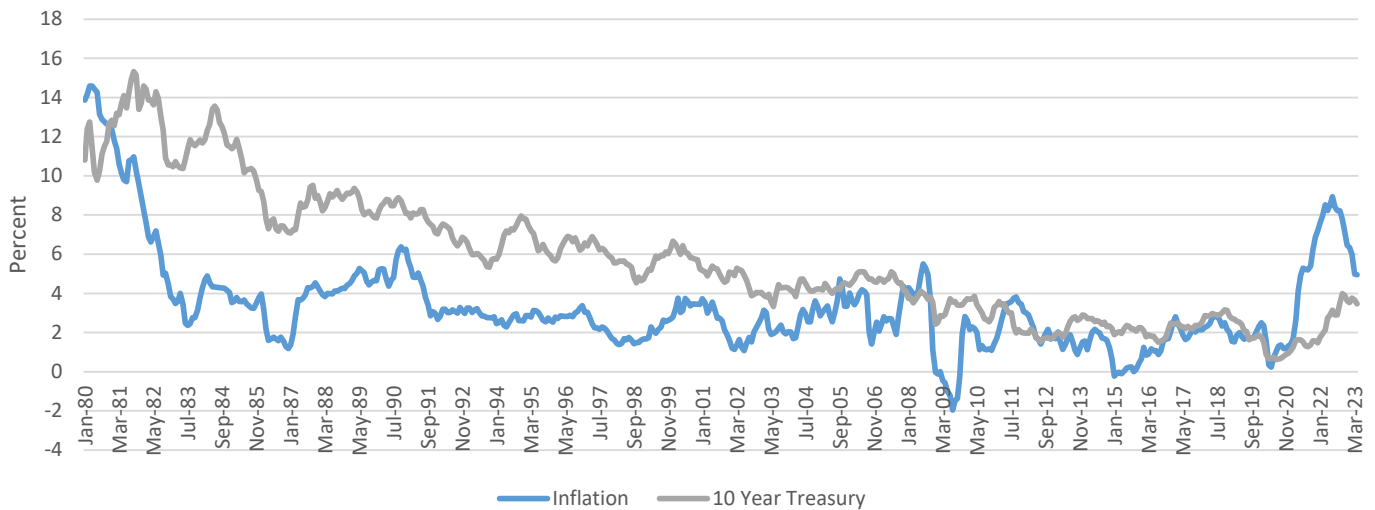


Figure 22:
Unemployment Rate

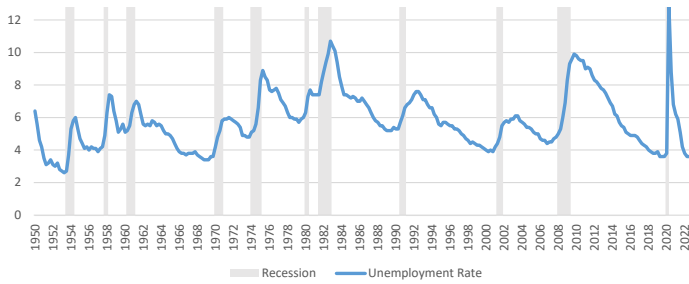


Figure 23:
Employment Cost Index

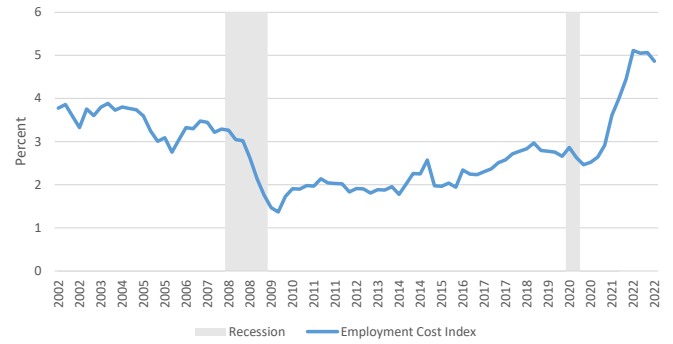


Figure 24:
Yield Curve: 10 Year Treasury minus 2 year Treasury



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