

MESA COUNTY ECONOMIC UPDATE

January 2024



Economic Summary

- Mesa County GDP for 2022 grew by 0.10% compared to 2021. This is a disappointing number for Mesa County, as several other data points indicated the potential for solid growth in 2022.
- Mesa County median household income rose from \$63,531 in 2021 to \$69,578 in 2022.
- The Census Department's SAIPE program (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Mesa County holding steady at 10.7%
- Personal income per capita increased from \$53,194 in 2021 to \$54,654 in 2022. Per capita personal income is a measure of all personal income in the county divided by the population.
- Inflation for December came in at 3.4% The primary reason for the increase was shelter, which finished the year at 6.2%. Medical care services also saw a sharp increase.

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LOCAL ECONOMIC INDICATORS

	Q3 2023	Q2 2023	Q3 2022	change since last quarter	change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Mesa County -SA	3.40%	3.00%	3.20%	0.40%	0.20%
Unemployment Rate Mesa County -NSA	3.60%	3.10%	3.00%	0.50%	0.60%
Unemployment Rate Colorado -SA	3.10%	2.80%	2.70%	0.30%	0.40%
Unemployment Rate U.S. -SA	3.70%	3.60%	3.50%	0.10%	0.20%
Labor Force	77,956	77,103	77,010	853	946
Employed	75,157	74,715	74,700	442	457
Unemployed	2,799	2,388	2,310	411	489
Business Confidence					
Leeds Colorado Business Confidence	45.3	43.6	39.8	3.90%	13.82%
Sales/Use Taxes					
	2023 (YTD)		2022 (YTD)		
City Sales/Use Taxes (as of Sept)	\$44,439,148		\$44,774,076		1.1%
Mesa County Sales/Use Tax (as of November)	\$49,106,268		\$48,941,890		0.34%
Business Filings					
	2023 (YTD)		2022 (YTD)		
Mesa County New Business Entity Filings (through December)	2,584		2,561		0.90%

Grand Junction Regional Airport	2023	2022			% change from previous year
Scheduled Enplanements (through December)	251,310	228,782			9.85%
Standard of Living and Growth	2022	2021	2020	2019	% change from previous year
Population	158,534	157,432	155,993	155,109	0.70%
Personal Income	\$8,670,085	\$8,374,551	\$7,573,662	\$7,118,150	3.53%
Personal Income Per Capita	\$54,654	\$53,194	\$48,548	\$45,981	2.74%
Mesa County Gross Regional Product (in millions)	\$6,893	\$6,886	\$6,635	\$6,825	0.10%
Median Household Income	\$69,578	\$63,531	\$64,141	\$60,249	9.52%
Percent of Population Below Poverty Line	10.7	10.6	11.1	11.2	0.10

SOURCES: 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, and Personal Income: U.S. Bureau of the Census; Gross Regional Product: Bureau of Economic Analysis. Population: Colorado State Demography Office. 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

The Mesa County labor market shows some signs of slowing, with unemployment estimates rising 411 from Q2 and 489 from a year ago. A softening labor market has been expected, with the unemployment rate locally rising from 3% to 3.4%. Despite the quarterly increase in unemployment, there have still been job gains of 779 for 2023. Figure 2 includes 2023 data through November. October and November employment data were very strong, as the unemployment rate fell to 3.2% in these months. October is generally the peak employment month for Mesa County.

Other Indicators

Mesa County sales taxes have increased slightly year over year through November, rising by 0.34%. Monthly city sales tax data is updated through June and is not yet available.

Mesa County business filings are up slightly, with a strong positive trend since 2016.

The Leeds Business Confidence Index continues to rise, 13.8% higher than a year ago and 3.9% higher than last quarter.

Standard of Living Measures

New standard of living measures have been released for 2022, as county level data has a significant lag. Mesa County GDP for 2022 grew by 0.10% compared to 2021. This is a disappointing number for Mesa County, as several other data points indicated the potential for solid growth for 2022. The Bureau of Economic Analysis recently updated their GDP estimates. They do not have data before 2017, so figure 9 is from the old dataset and will hopefully be updated in late January 2024. Figure 9 shows the old GDP data, while the table above shows the new GDP data.

Table 1:

10, 5, and 1 Year Employment Comparison

	Labor Force	Employed	Unemployed
Annual	946	457	489
5-Year	2,556	2,520	36
10-Year	4,383	7,652	-3,269
Annual %	1.23%	0.61%	21.19%
5-Year %	3.39%	3.47%	1.29%
10-Year %	5.96%	11.33%	-53.87%

Mesa County median household income rose from \$63,531 in 2021 to \$69,578 in 2022. Median household income is an estimate with a fairly large confidence interval, so it is important not to overreact to one number that changes. Despite that, the trend shows a distinctive upward trend since 2018, after stagnating from 2007 through 2017.

The Census Department's SAIPE program (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Mesa County holding steady at 10.7% (up from 10.6%).

Personal income per capita increased from \$53,194 in 2021 to \$54,654 in 2022. Per capita personal income is a measure of all personal income in the county divided by the population. Per capita personal income has increased drastically the last decade (figure 6).

Figure 1:
Employment Estimates

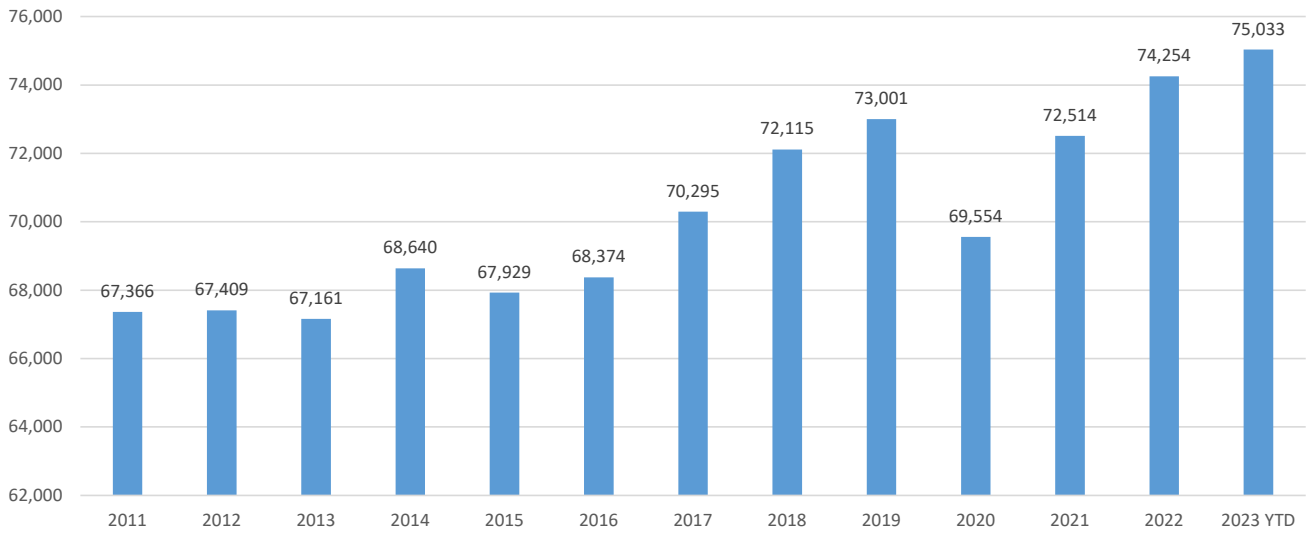


Figure 2:
Change in Yearly Employment

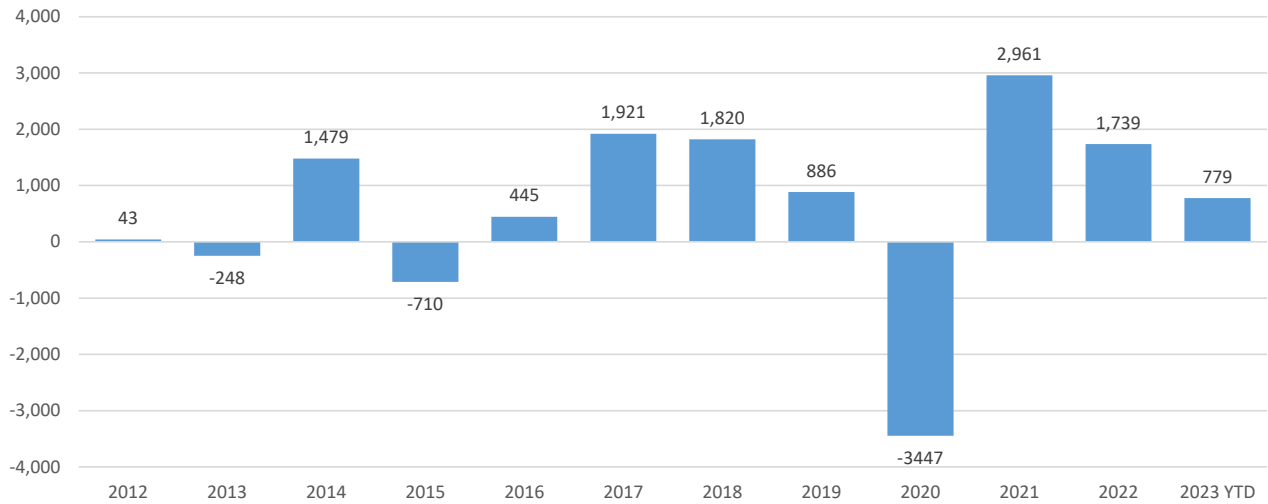


Figure 3:
Total Full and Part Time Jobs (BEA)

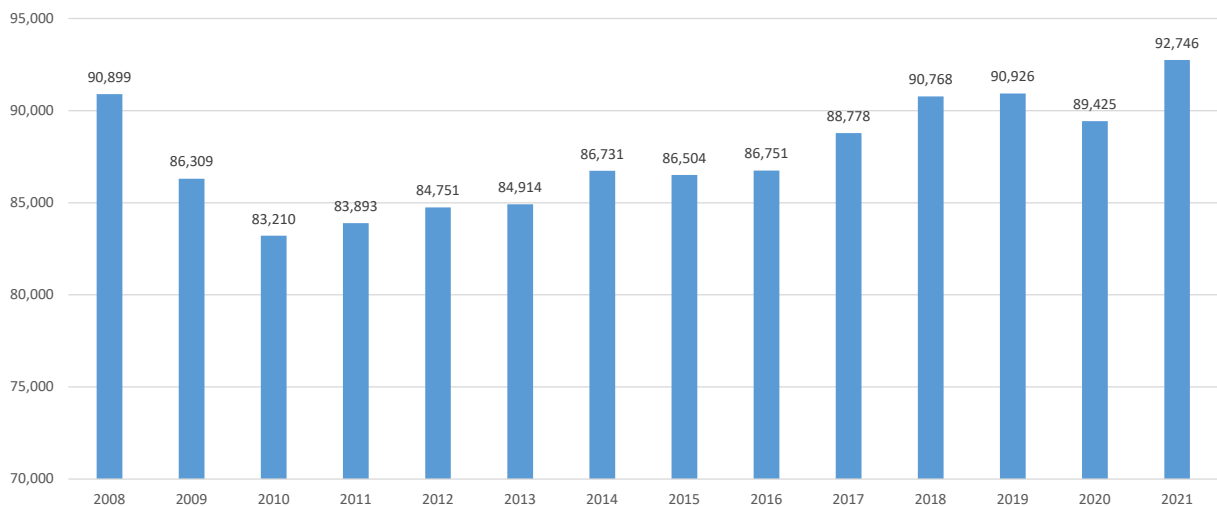


Figure 4:
Jobs by Industry

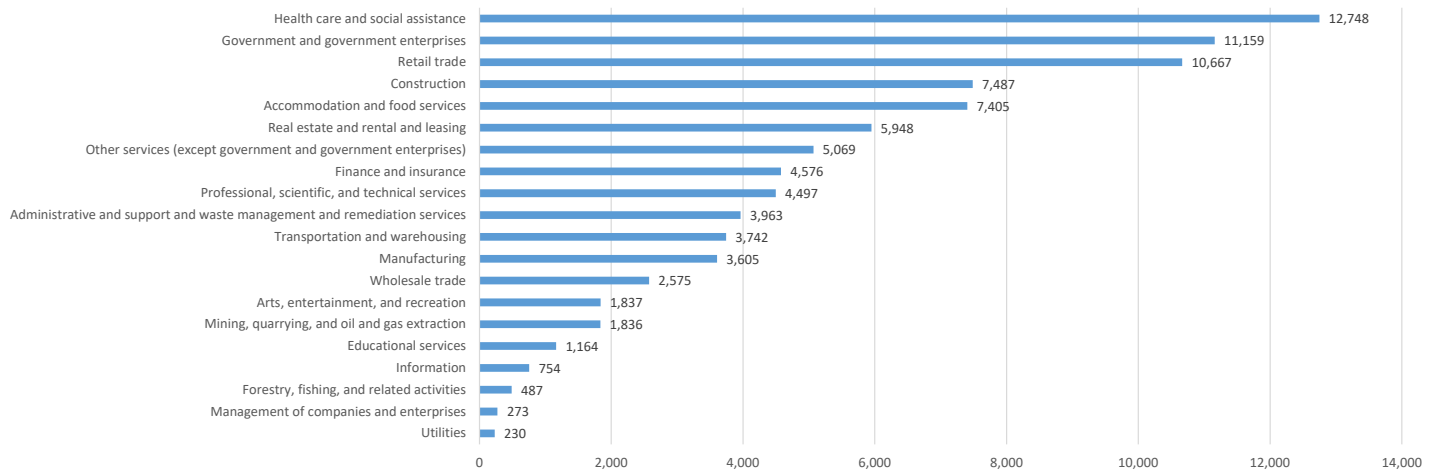


Figure 5:
Population Estimates and Forecast (State Demography Office)

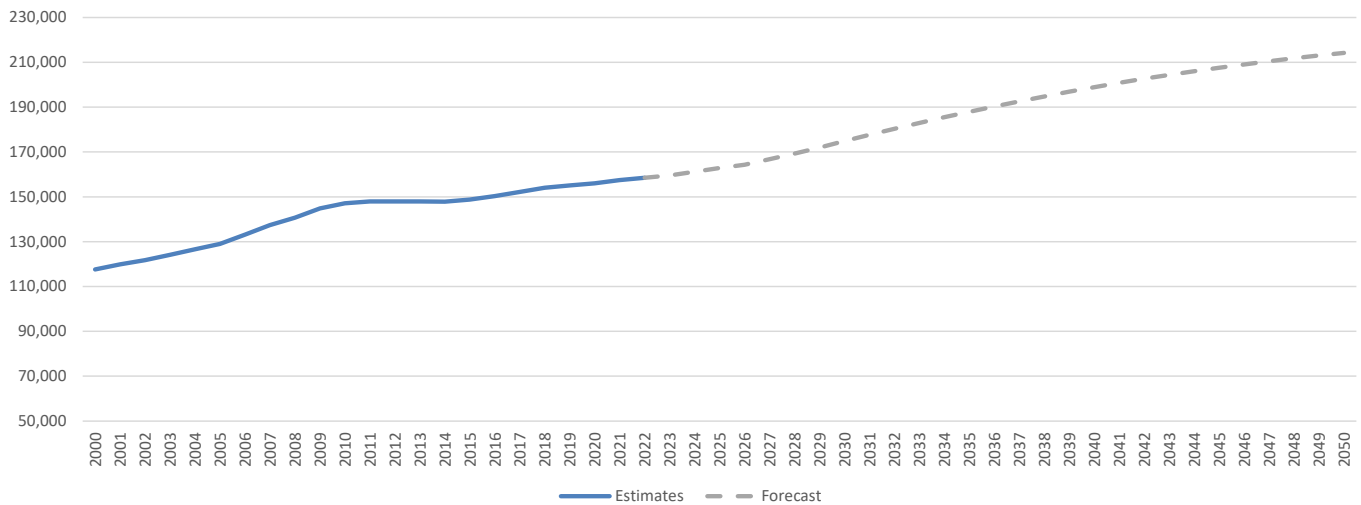


Figure 6:
Per Capita Income

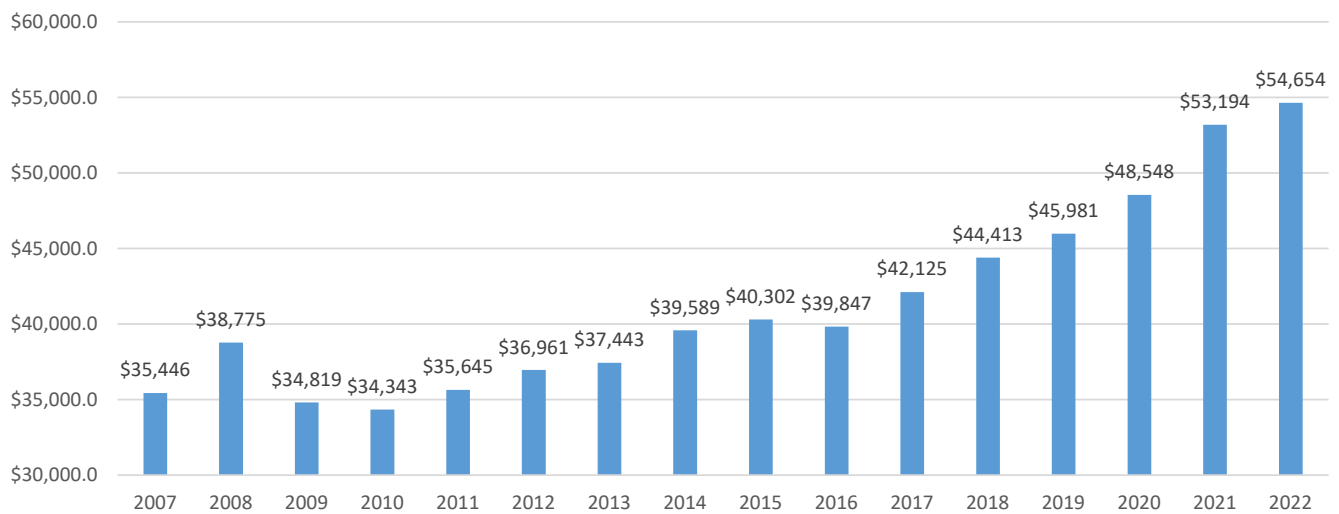


Figure 7:
Mesa County Median Household Income

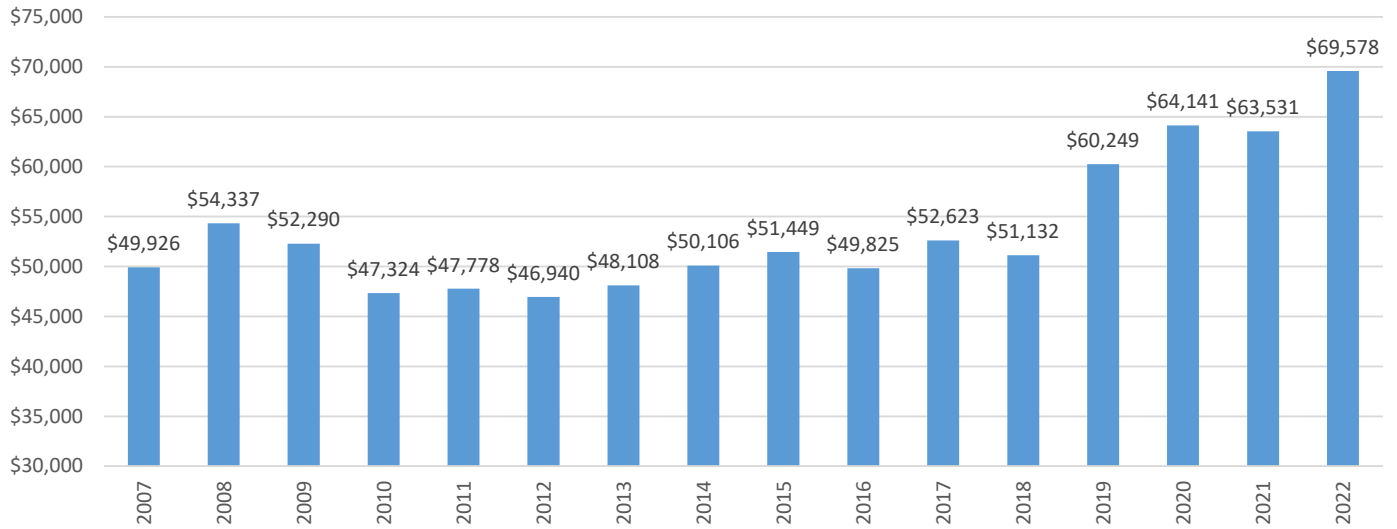


Figure 8:
Percent Below Poverty Line Mesa County

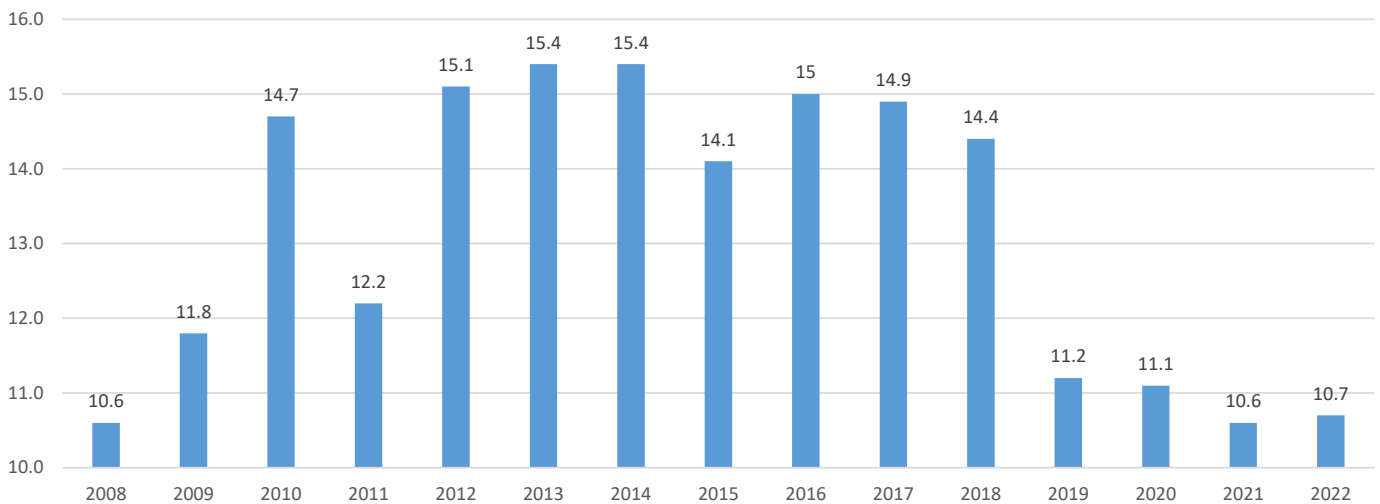
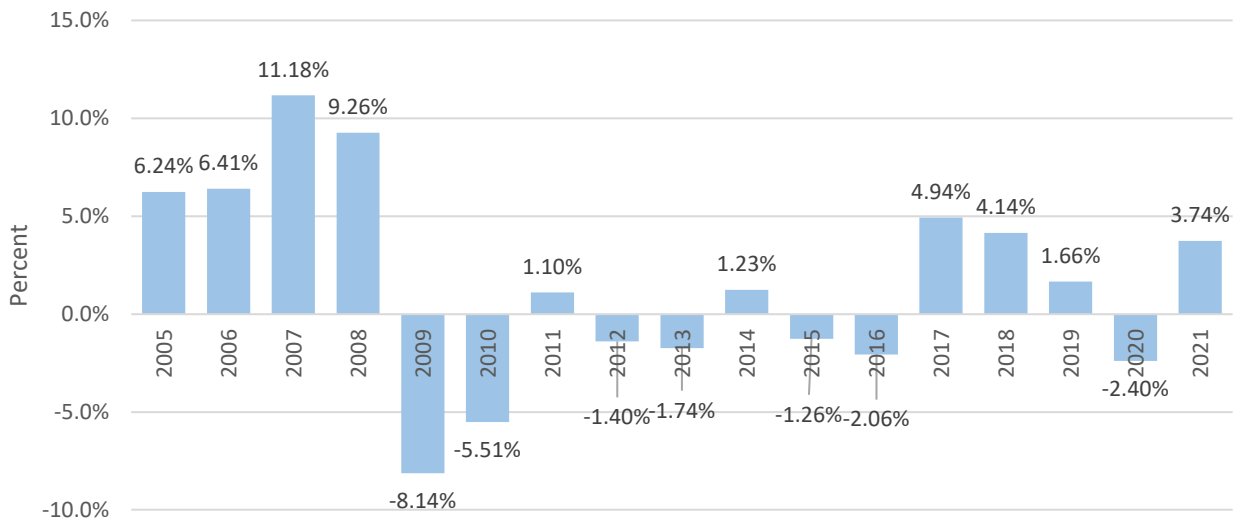


Figure 9:
Mesa County Real GDP % Change (chained 2012 dollars)



Mesa County Industry Trends

Q2 2023 Quarterly Census of Employment and Wage data shows job and wage gains compared to Q2 2022. The biggest gains on the wage side were in healthcare and public administration. The biggest job gains compared to one year ago were in educational services and healthcare. After losses in healthcare the last several quarters, healthcare now seems to be adding to the workforce.

The Bureau of Economic Analysis (BEA) released their updated jobs numbers for 2022, showing that farm employment has held steady, but sole proprietors (non-farm) have increased 7.4%. The sole proprietor data below has seen large increases the last several years. Figure 4 above shows jobs by industry from the BEA.

Table 2:
Quarterly Census of Employment and Wages (QCEW) Q2 2022 Compared to Q2 2023

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Employment Change	Total Wage Change
Total, All Industries	66,246	\$900,169,548	\$1,045	1,122	\$66,204,179
Health Care and Social Assistance	12,633	\$206,434,229	\$1,257	379	\$30,484,776
Retail Trade	8,847	\$99,064,290	\$861	-67	\$3,526,105
Construction	5,258	\$82,306,616	\$1,204	-56	\$5,399,852
Public Administration	3,854	\$65,782,554	\$1,313	177	\$10,743,637
Educational Services	6,057	\$60,482,767	768	851	\$1,463,038
Accommodation and Food Services	7,164	\$47,009,972	\$505	22	\$2,894,930
Manufacturing	3,159	\$45,028,391	\$1,097	-2	\$3,510,778
Professional and Technical Services	2,523	\$42,698,497	\$1,302	-19	\$718,436
Wholesale Trade	2,460	\$41,314,667	\$1,292	70	\$4,044,989
Transportation and Warehousing	2,705	\$40,811,111	\$1,161	36	\$3,775,494
Mining	1,494	\$39,562,247	\$2,037	-110	\$2,631,724
Administrative and Waste Services	2,624	\$31,943,159	\$936	-44	\$1,033,150
Finance and Insurance	1,698	\$31,342,933	\$1,420	-214	-\$7,928,108
Other Services, Ex. Public Admin	2,008	\$20,627,097	\$790	11	\$1,067,115
Real Estate and Rental and Leasing	1,044	\$12,286,770	\$906	1	-\$96,475
Information	682	\$10,547,871	\$1,190	21	\$1,266,512
Utilities	372	\$8,655,056	\$1,791	9	\$1,073,569
Arts, Entertainment, and Recreation	1,102	\$6,324,005	\$441	50	\$511,812
Management of Companies and Enterprises	189	\$3,903,108	\$1,591	53	\$441,783
Agriculture, Forestry, Fishing & Hunting	332	\$3,221,761	\$746	-70	-\$773,893

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	2022	2021	2020	2019	% change from 2021
Farm Employment	2,224	2,235	2,221	2,232	-0.5%
Sole Proprietors (non-farm)	26,452	24,637	22,776	21,271	7.4%

Figure 10:
Total Wage Change from Q2 2022 to Q2 2023

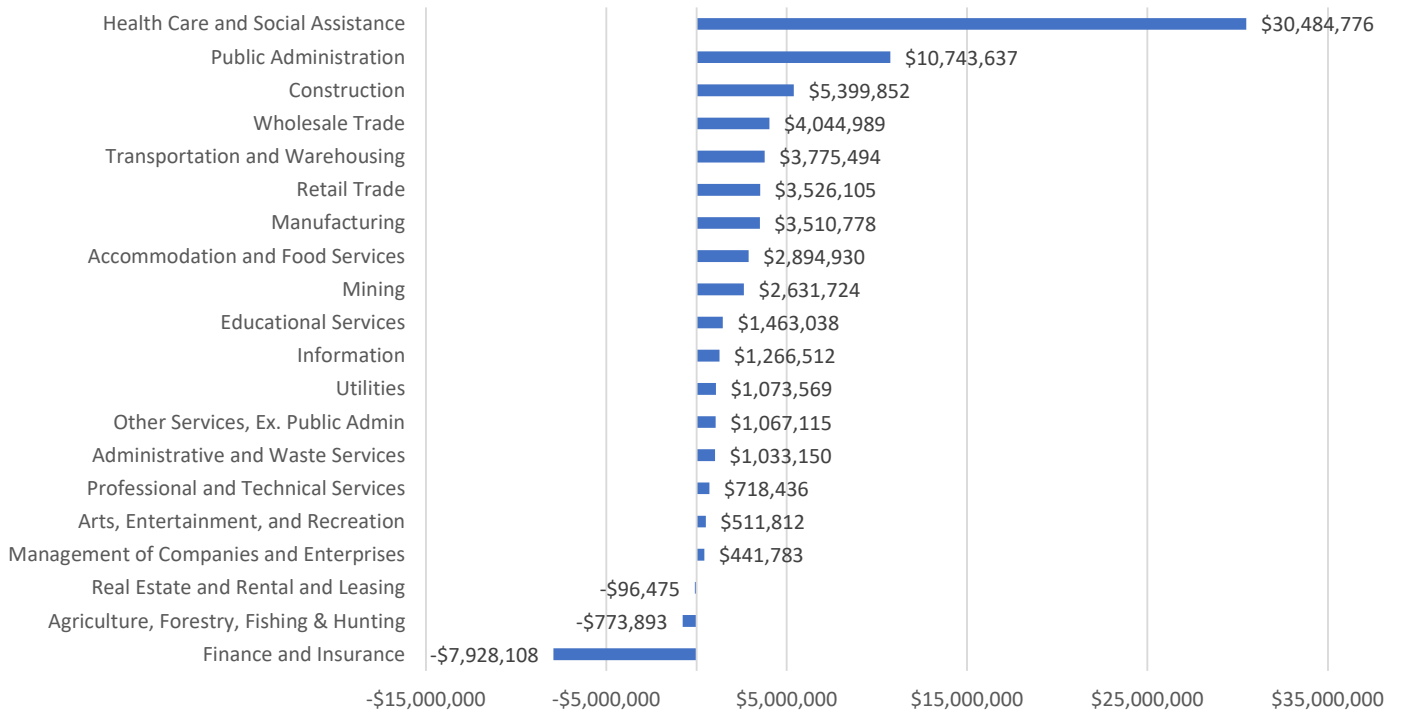
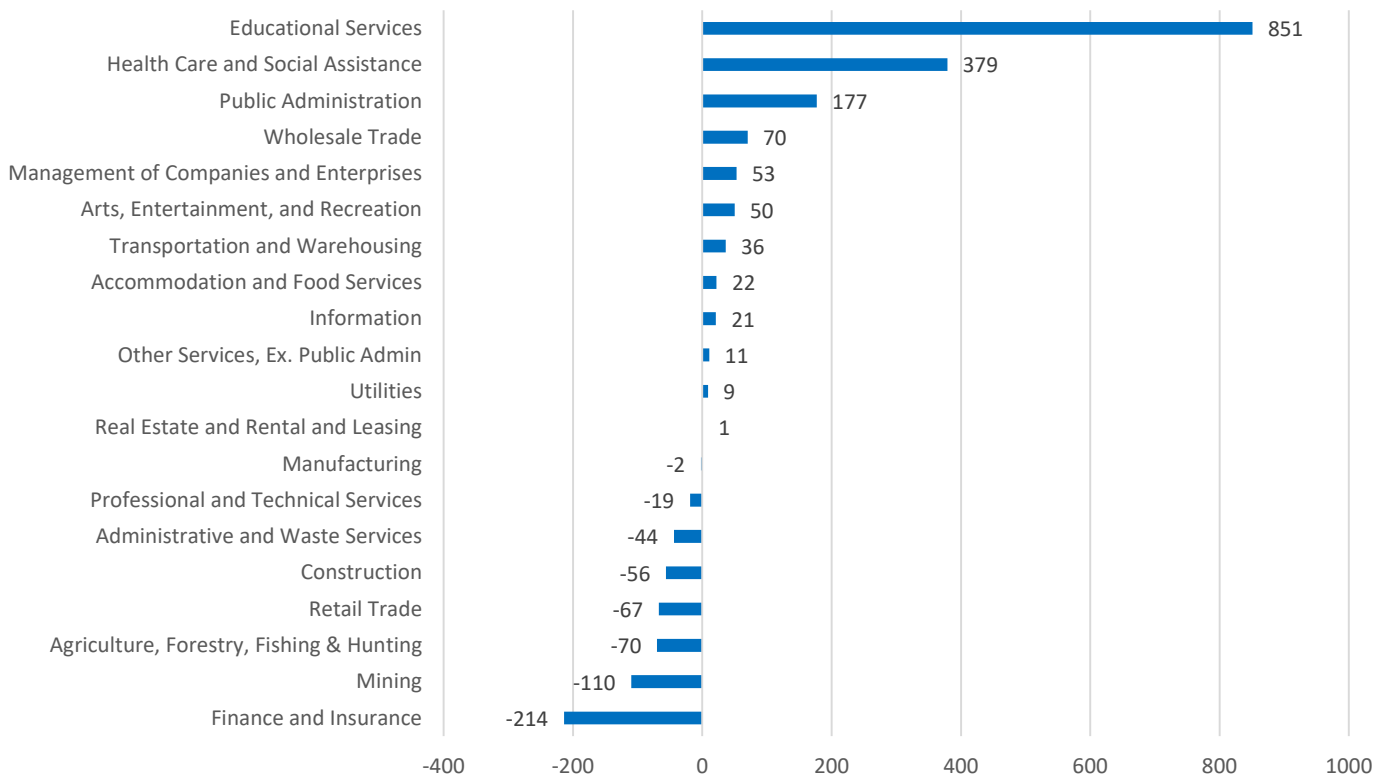


Figure 11:
Total Jobs Change from Q2 2022 to Q2 2023



LOCAL REAL ESTATE

	Q3 2023	Q3 2022	% change since last year
Real Estate			
Inventory of Homes for Sale (3 month avg)	480	576	-16.71%
New Residential listings (3 month total)	798	1,032	-22.67%
Sold Residential Listings (3 month total)	625	723	-13.55%
Median Sales Price	\$415,667	\$409,133	1.60%
Average Sales Price	\$460,819	\$460,148	0.15%
Days on Market	74.67	64.00	16.67%
Months Supply of Inventory	2.30	2.10	9.52%
Total Building Permits (YTD)	6,137	6,117	0.33%
Single Family Permits (YTD)	396	678	-41.59%
Foreclosures			
Foreclosure Filings (YTD, Sept)	63	51	23.5%
Foreclosure Sales (YTD, Sept)	12	27	-55.6%
Freddie Mac House Price Index			
Grand Junction	304.5	297.6	2.30%
Colorado	294.6	295.2	-0.23%
National	281.2	272.5	3.18%
Zillow Rental Price Index			
All rentals combined	\$1,503	\$1,450	3.7%
Single Family	\$1,829	\$1,761	3.8%
Multifamily	\$1,072	\$1,062	1.0%
Mortgage Rates			
	Dec 2023	Dec 2022	
15 Year Mortgage Rate	6.14%	5.67%	0.47%
30 year Mortgage Rate	6.82%	6.36%	0.46%

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, Rental Index: Zillow, Mortgage rates: Freddie Mac.

Local Real Estate Indicators

The Mesa County real estate market stayed tight through Q3, with median sales prices holding steady at \$415,667. The average of median sales prices for 2022 and 2023 are almost even, with 2022 at \$401,255 and 2023 at \$399,255 (through November). Higher interest rates are responsible for the halt to multi-year surge in home values. Inventory and new listings were both down from a year ago, while months supply of inventory of 2.5 is still relatively low, meaning there is still an overall lack of inventory on the market.

The Freddie Mac house price index confirms the lack of home appreciation, showing only a 2.3% increase in prices. A new data point that is available for Mesa County because the area is considered a metropolitan statistical area (MSA) is the Zillow rental price index. The index tracks single family homes, multi-family homes, and a combined measure. Rental prices in Mesa County have increased by 3.7%, rising faster for single family than multi-family, which increased only 1%. Note that Zillow data only goes back to 2022 for multi-family.

Foreclosures are rising but still historically very low. Interest rates have begun to fall after the Fed's reversal about interest rates in December. The market is now expecting three cuts next year, dropping mortgage rates from 7.62% in October to 6.82% in December.

Figure 12:
Zillow Rental Index

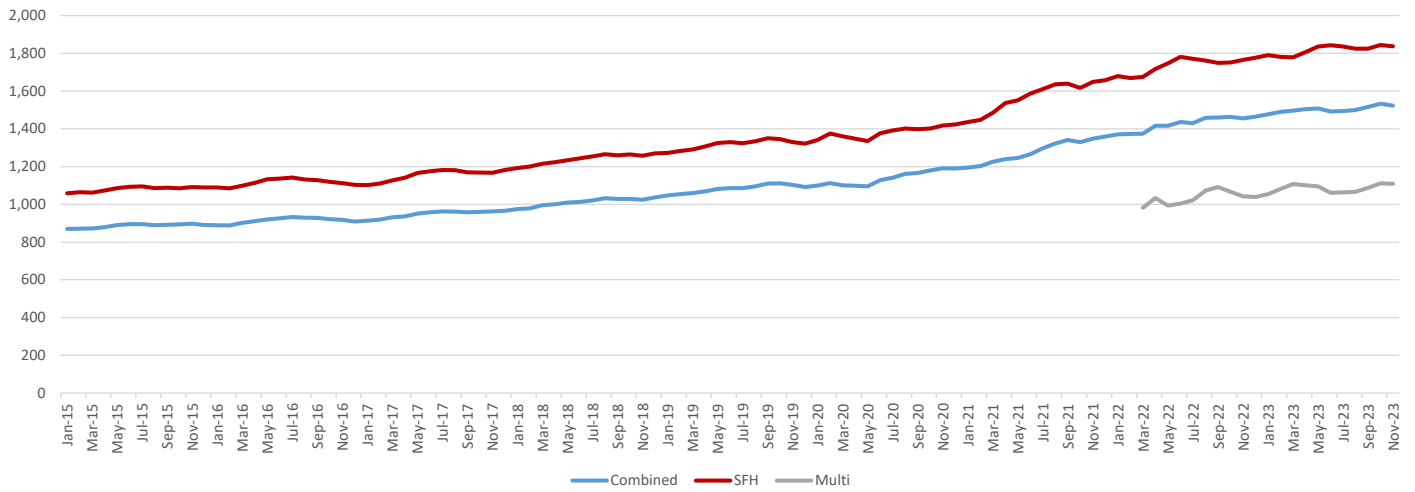


Figure 13:
Median and Average Sales Price

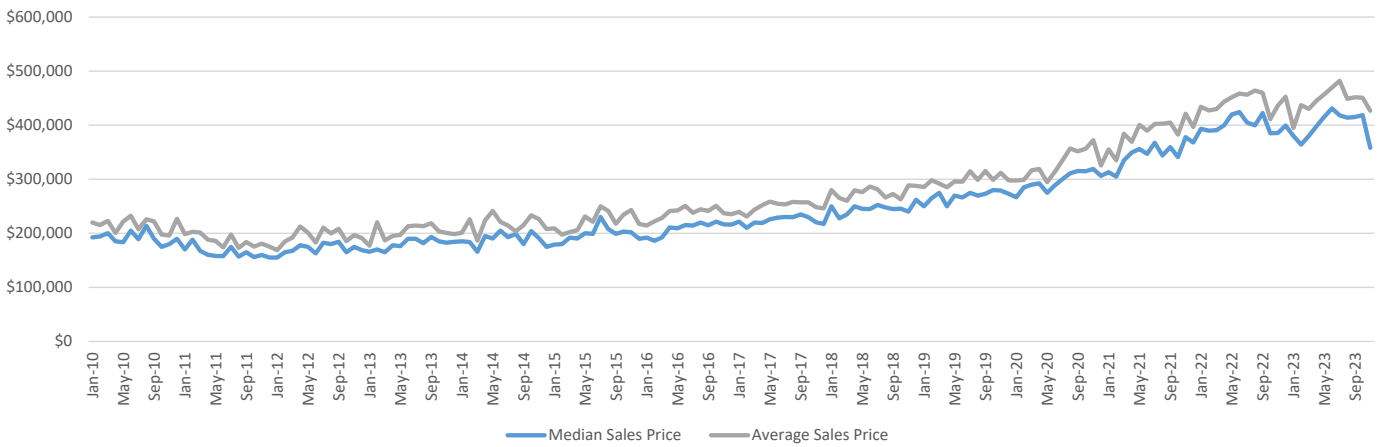
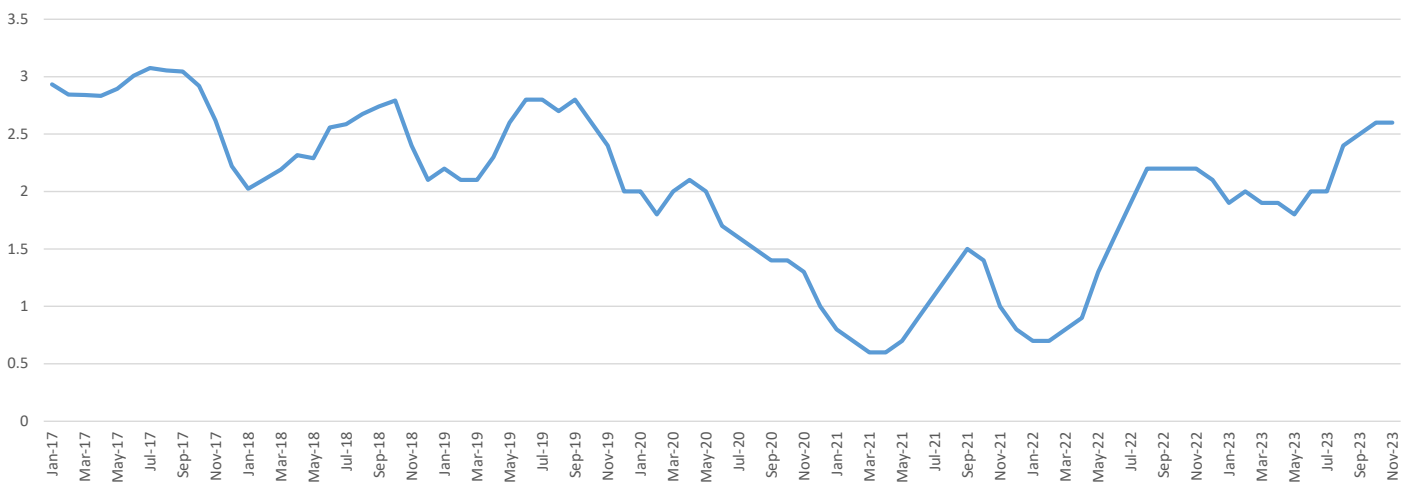


Figure 14:
Months Supply of Inventory



REGIONAL ENERGY

	Q3 2023	Q2 2023	Q3 2022	% change since last quarter	% change since last year (comparable quarters)
Energy Prices					
WTI Crude Oil	\$82.25	\$73.54	\$93.06	11.84%	-11.62%
Henry Hub Natural gas	\$2.59	\$2.16	\$7.99	19.91%	-67.58%
Retail Gasoline Price	\$3.63	\$3.46	\$3.93	5.03%	-7.68%
Drilling Permits					
	2023 (YTD, August 9th)	2022	2021	2020	
Drilling Permits (Mesa County)	23	0	0	1	
Drilling Permits (Rio Blanco County)	61	40	40	33	
Drilling Permits (Garfield County)	21	139	133	127	
Drilling Permits (Moffat County)	0	3	4	1	
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	105	182	177	162	
Total Permits (Colorado)	199	1,005	805	1,543	
Local Rig Count					
	Dec-23	Oct-23	Dec-22		
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	3	3	3		

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

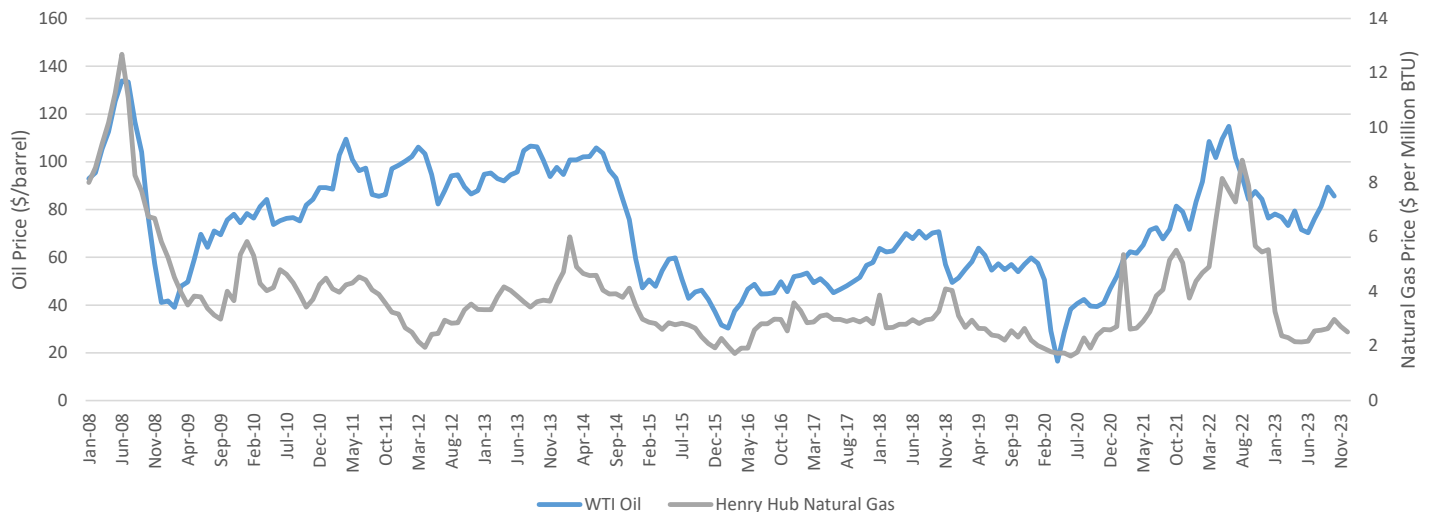


Figure 16:
Oil/Gas Drilling Permits and Oil/Gas Jobs

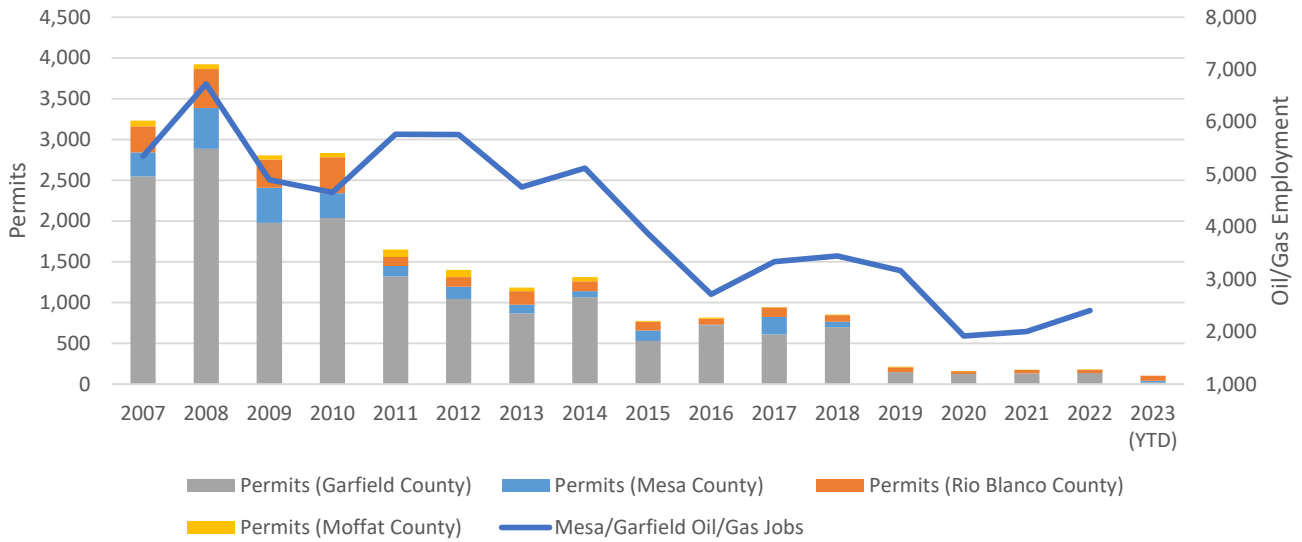
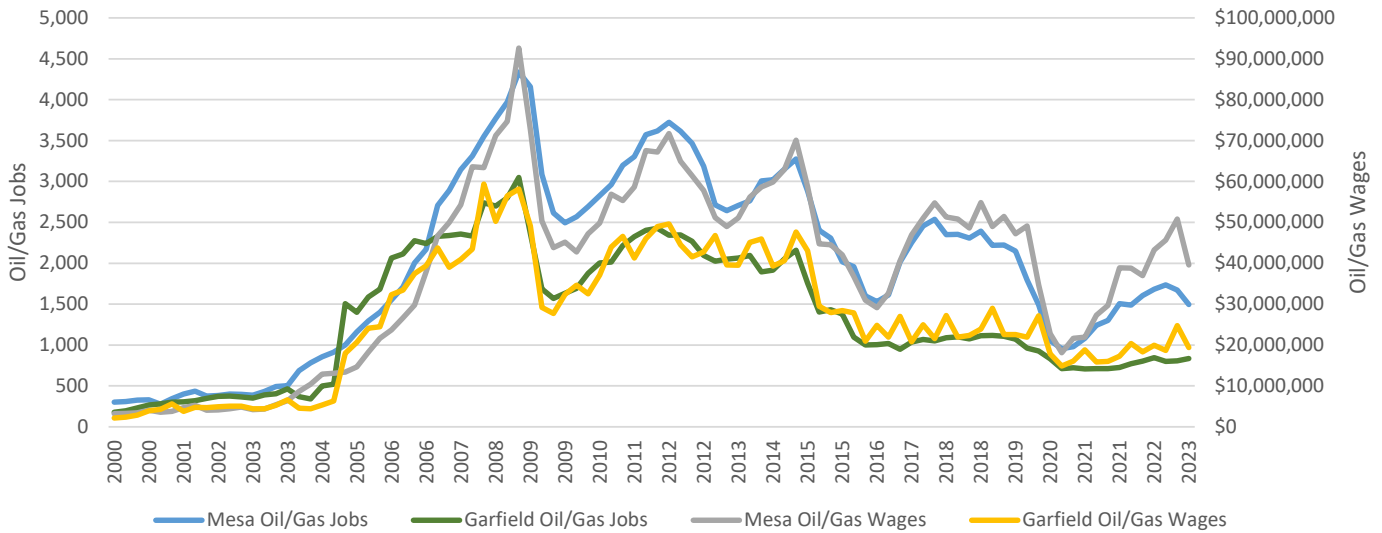


Figure 17:
Mesa and Garfield Oil and Gas Jobs/Wages



Western Slope Energy

WTI oil prices fell from \$82.25 in Q3 to \$78.52 in Q4. Natural gas prices averaged \$2.59 in Q3, rising to \$2.74 in Q4. Record natural gas production and inventories keep natural gas prices from rising. The Energy Information Agency (EIA) forecasts the Brent crude oil price to average \$82 per barrel in 2024, falling to \$79 per barrel in 2025. The EIA forecasts natural gas prices to average \$2.70 in 2024 and to rise to \$3.00 in 2025.

Locally, rig counts in the Piceance remain at three. Oil and gas permits are updated as of August. QCEW data shows that Q2 of 2023 brought a drop in oil and gas data, with Mesa County losing both jobs and wages for the quarter in oil and gas. Garfield lost wages, but held steady with employment.

NATIONAL ECONOMIC INDICATORS

	Q3 2023	Q2 2023	Q3 2022	% change since last period	% change since last year (comparable quarters)
Business Cycle Indicators					
Real GDP	4.90%	2.10%	2.70%	2.80%	2.20%
Personal Consumption Expenditures	3.10%	0.80%	1.60%	2.30%	1.50%
Gross Private Domestic Investment	10.00%	5.20%	-7.60%	4.80%	17.60%
National Consumer Confidence	69.6	62.3	56.1	11.72%	24.06%
Industrial Production Index	103.3	102.8	103.3	0.45%	-0.04%
Initial Weekly Unemployment Claims (4 week MA)	230,911	240,077	209,231	-3.82%	10.36%
Non Farm Payroll Change (in thousands)	597,000	666,667	1,287,333	-10.45%	-53.63%
Unemployment					
Unemployment Rate-U3-SA	3.70%	3.60%	3.50%	0.10%	0.20%
Unemployment Rate-U6-SA	6.90%	6.80%	6.80%	0.10%	0.10%
Interest Rates					
Federal Funds Rate	5.25%	4.98%	2.16%	0.27%	3.09%
10 Year U.S. Treasury	4.15%	3.59%	3.11%	0.56%	1.04%
30 Year U.S. Treasury	4.24%	3.81%	3.26%	0.43%	0.98%
Inflation Measures					
Inflation Rate (CPI)	3.57%	4.05%	8.28%	-0.49%	-4.72%
Core Inflation Rate (All Items Less Food and Energy)	4.41%	5.24%	6.28%	-0.83%	-1.87%
Inflation Rate (Shelter)	7.35%	7.97%	6.19%	-0.62%	1.16%
Producer Price Index (PPI)	-4.86%	-6.64%	15.52%	1.78%	-20.38%
Employment Cost Index	4.42%	4.54%	5.05%	-0.12%	-0.63%
Stock Prices					
S&P 500	4,458	4,206	3,980	5.99%	12.00%
Dow Jones Industrial Average	34,669	33,643	31,774	3.05%	9.11%
Trade Balance and Debt					
Trade Balance (% of GDP)	-779.231	-806.093	-892.026	-3.33%	-12.64%
Federal Debt (% of GDP)*	119.5%	117.3%	119.7%	2.1%	-0.2%

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.

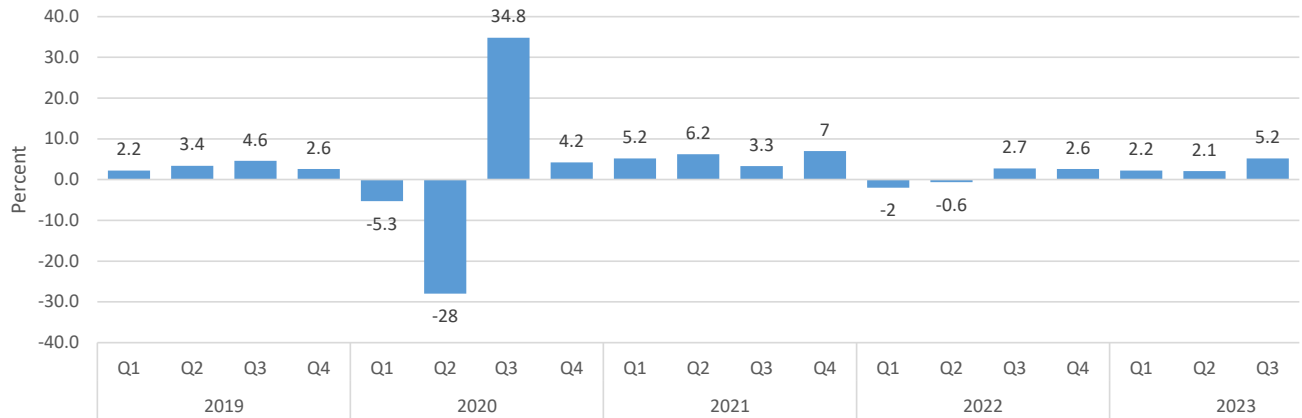
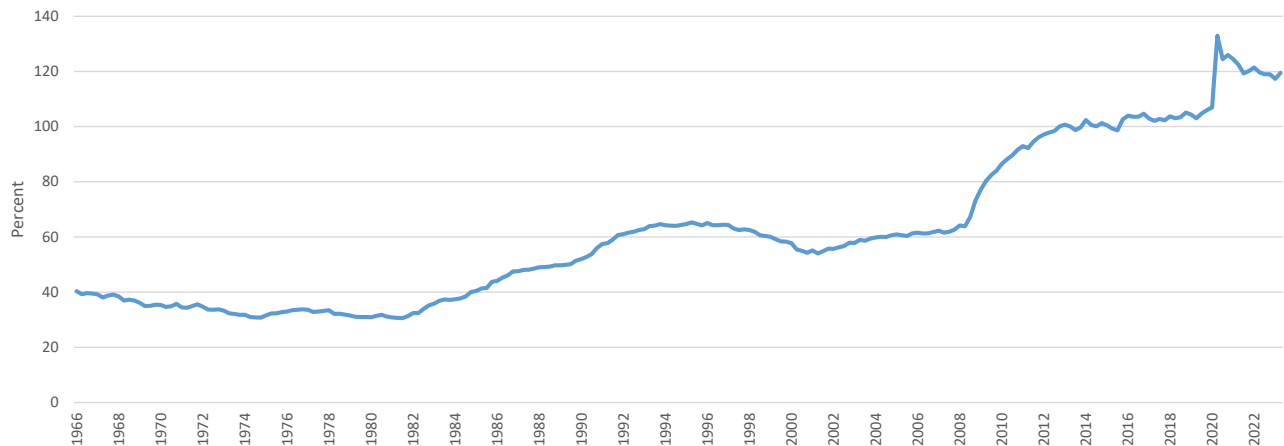


Figure 19:
U.S. Debt/GDP



Economic Growth

U.S. GDP growth for Q3 2023 was 5.2%. The Atlanta Federal Reserve’s GDPNow estimates 1.2% growth for Q4. The unemployment rate remains low at 3.9%. The labor market remains tight, although it seems to be slowing. Wages are starting to fall as seen in figure 29, which is one of the Federal Reserve’s goals, as rising wages contribute to inflation.

Inflation and Interest Rates

Inflation for December came in at 3.4%, rising from November’s 3.1%. The primary reason for the increase was shelter, which jumped in December to finish the year at 6.2%. Medical care services also saw a sharp increase.

Prior to December, interest rates had continued to rise due to signaling from the Federal Reserve about keeping rates “higher for longer.” Then in December, the Fed reversed their messaging, signaling three rate cuts in 2024. The bond market responded quickly, ending the rise in long term rates from the past several months. The 10-year treasury bond quickly fell from a peak of almost 5% in late October to around 4% in

mid-December. This has caused mortgage rates to fall, and has spurred a stock market rally. The Federal Reserve now sees that the inflation battle is likely won, and are trying to preempt a recession in spring 2024.

Recession talk has continued for over a year, with several signals showing recession, including the yield curve inversion. There are signs of slowing, as the labor market gains are lower each month. Savings rates have fallen, leading many to believe that the consumer would pull back on spending for Christmas, but this ended up not being the case. At some point, the consumer has to slow down and that time may be spring of 2024.

Although surprising, the Federal Reserve’s announcement of lower rates for next year shows they are trying for a soft landing. They believe they can tame inflation (that it is mostly tamed), and that they keep growth from slowing and unemployment rising by lowering rates.

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 Dec. 2023
	Jun. 2023	Jul. 2023	Aug. 2023	Sep. 2023	Oct. 2023	Nov. 2023	Dec. 2023	
All items.....	0.2	0.2	0.6	0.4	0.0	0.1	0.3	3.4
Food.....	0.1	0.2	0.2	0.2	0.3	0.2	0.2	2.7
Food at home.....	0.0	0.3	0.2	0.1	0.3	0.1	0.1	1.3
Food away from home ¹	0.4	0.2	0.3	0.4	0.4	0.4	0.3	5.2
Energy.....	0.6	0.1	5.6	1.5	-2.5	-2.3	0.4	-2.0
Energy commodities.....	0.8	0.3	10.5	2.3	-4.9	-5.8	-0.1	-2.9
Gasoline (all types).....	1.0	0.2	10.6	2.1	-5.0	-6.0	0.2	-1.9
Fuel oil ¹	-0.4	3.0	9.1	8.5	-0.8	-2.7	-5.5	-14.7
Energy services.....	0.4	-0.1	0.2	0.6	0.5	1.7	0.9	-1.1
Electricity.....	0.9	-0.7	0.2	1.3	0.3	1.4	1.3	3.3
Utility (piped) gas service.....	-1.7	2.0	0.1	-1.9	1.2	2.8	-0.4	-13.8
All items less food and energy.....	0.2	0.2	0.3	0.3	0.2	0.3	0.3	3.9
Commodities less food and energy commodities.....	-0.1	-0.3	-0.1	-0.4	-0.1	-0.3	0.0	0.2
New vehicles.....	0.0	-0.1	0.3	0.3	-0.1	-0.1	0.3	1.0
Used cars and trucks.....	-0.5	-1.3	-1.2	-2.5	-0.8	1.6	0.5	-1.3
Apparel.....	0.3	0.0	0.2	-0.8	0.1	-1.3	0.1	1.0
Medical care commodities ¹	0.2	0.5	0.6	-0.3	0.4	0.5	-0.1	4.7
Services less energy services.....	0.3	0.4	0.4	0.6	0.3	0.5	0.4	5.3
Shelter.....	0.4	0.4	0.3	0.6	0.3	0.4	0.5	6.2
Transportation services.....	0.1	0.3	2.0	0.7	0.8	1.1	0.1	9.7
Medical care services.....	0.0	-0.4	0.1	0.3	0.3	0.6	0.7	-0.5

Figure 21:
Inflation Rate and 10 Year Treasury

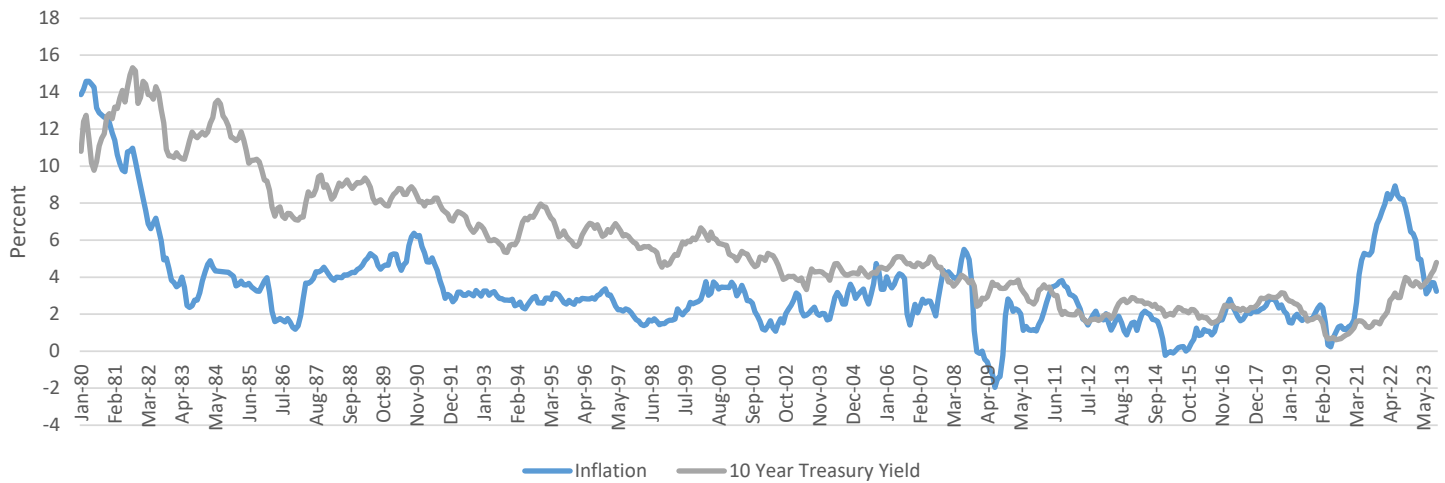


Figure 22:
Unemployment Rate

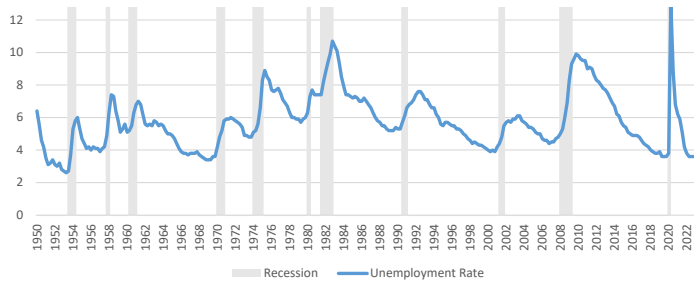


Figure 23:
Employment Cost Index

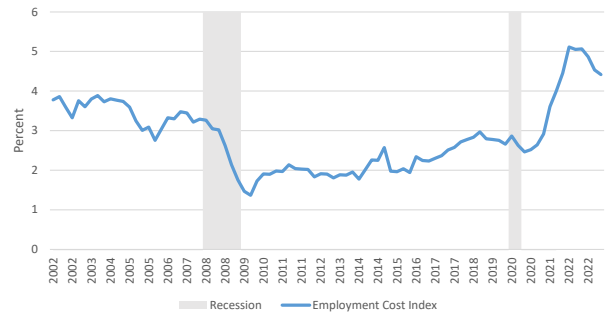
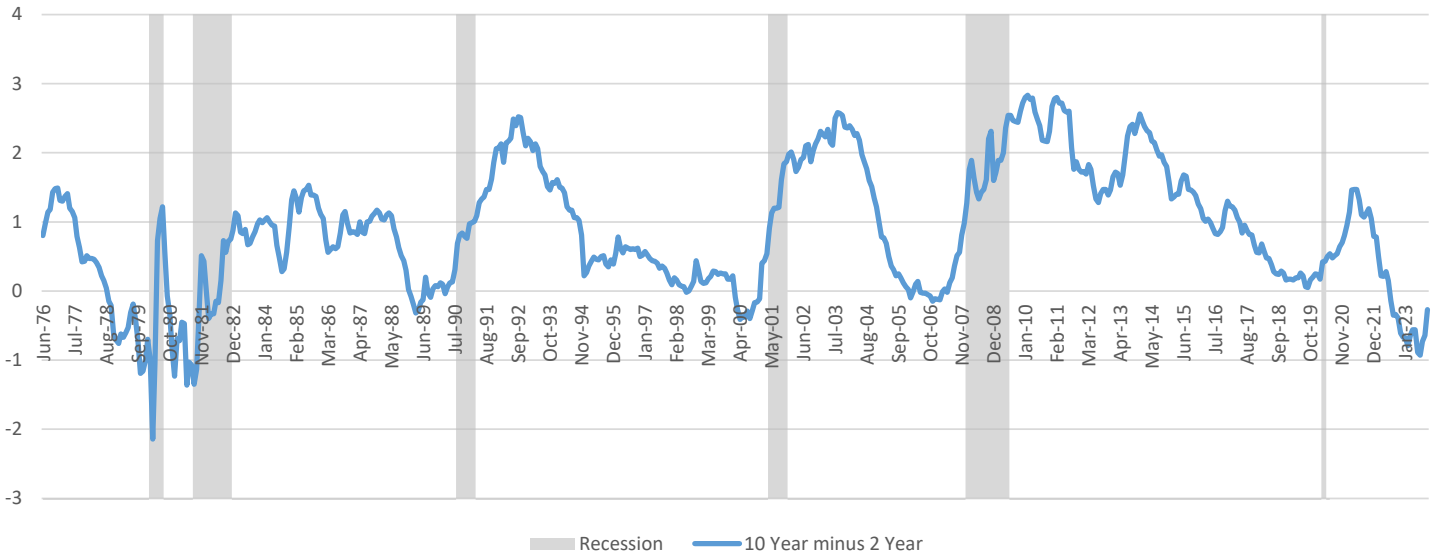


Figure 24:
Yield Curve: 10 Year Treasury minus 2 year Treasury



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