

2008 Northern Colorado Economic Outlook...and What it Means for You

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Outline

- An overview of the northern Colorado economy, and our thoughts on where it is heading
 - "A sputtering economy, marked by uncertainty, with room for optimism"
- A closer look at select engineering occupation trends in the region
- Some lessons learned from an ongoing clean energy sector workforce study

Today's Story

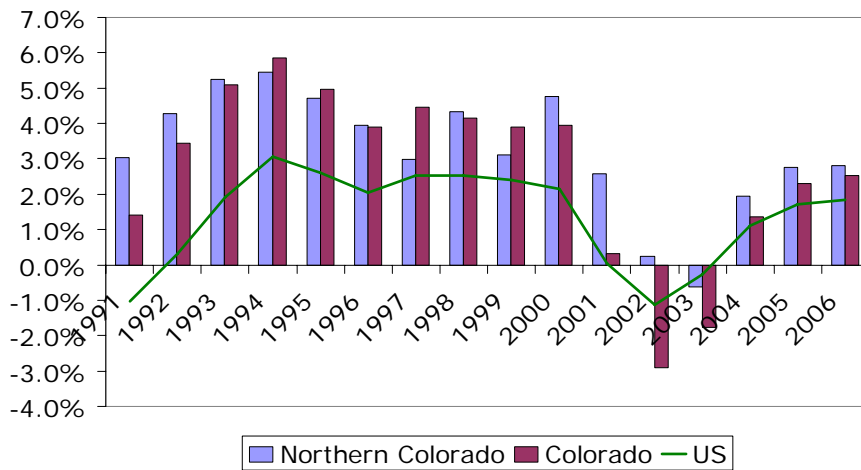
- ❑ In 2003, northern Colorado's economy bottomed out in the wake of the 2001 recession.
- ❑ Since then, employment growth rates have exceeded both Colorado and the US.
- ❑ Yet annual employment growth has been notably less than what we saw in the 1990s.

Today's Story

- ❑ One downside of the recovery is that regional real wages and per capita incomes have stagnated, or even declined.
- ❑ And national uncertainty is likely to show up in the regional economy over the next couple of years.

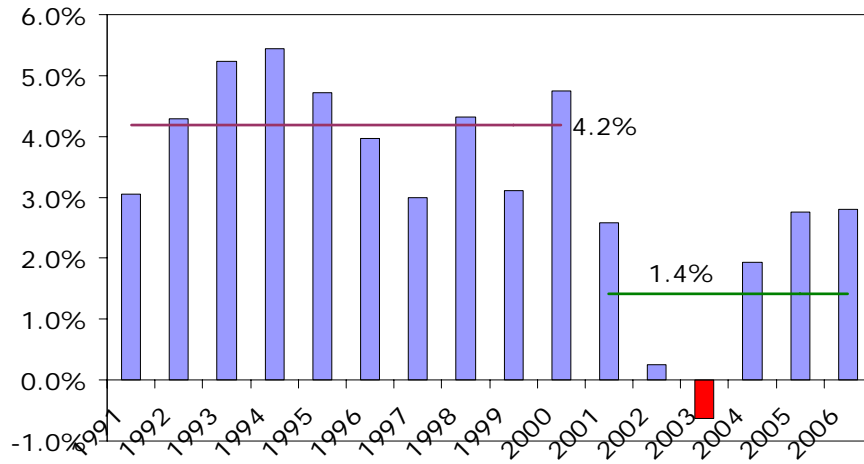
Where We've Been

Regional Employment Trends Follow the Nation...And with More Gusto



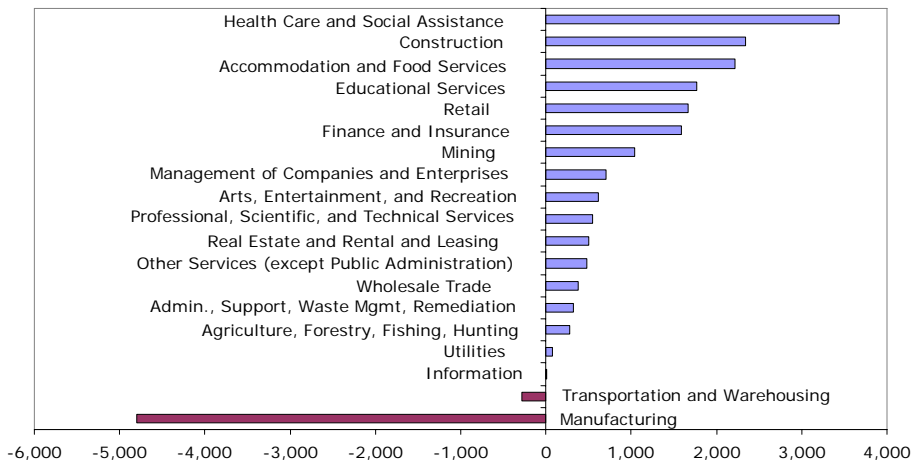
Source: Bureau of Labor Statistics, Colorado Department of Labor and Employment/OCEW

...but Recent Regional Growth Much Slower than the 1990s



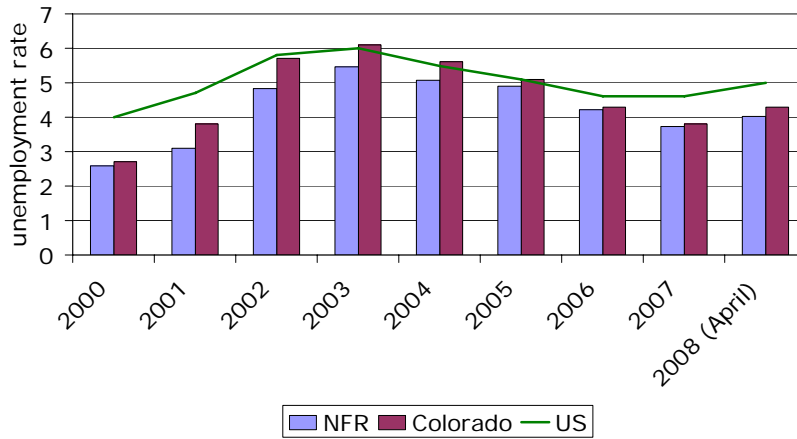
Source: Bureau of Labor Statistics, Colorado Department of Labor and Employment/QCEW

Health Care Pulled Us Out of the Recession: Job Growth 2001-2006



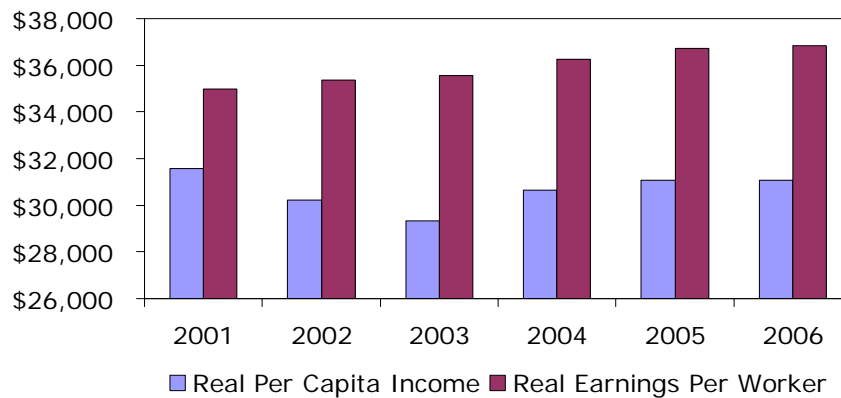
Source: Colorado Department of Labor and Employment/QCEW

Despite the Slowdown Regional Unemployment Remains Low



Source: Bureau of Labor Statistics

But Real Per Capita Income and Earnings are Stagnant

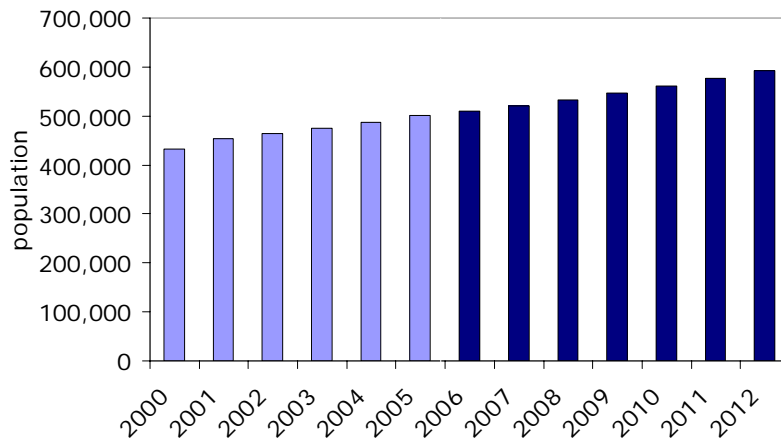


(2006 Dollars)

Source: Bureau of Economic Analysis, Colorado Department of Labor and Employment/OCEW, Bureau of Labor Statistics

Where We're Going

State Population Projections Suggest Continued Growth

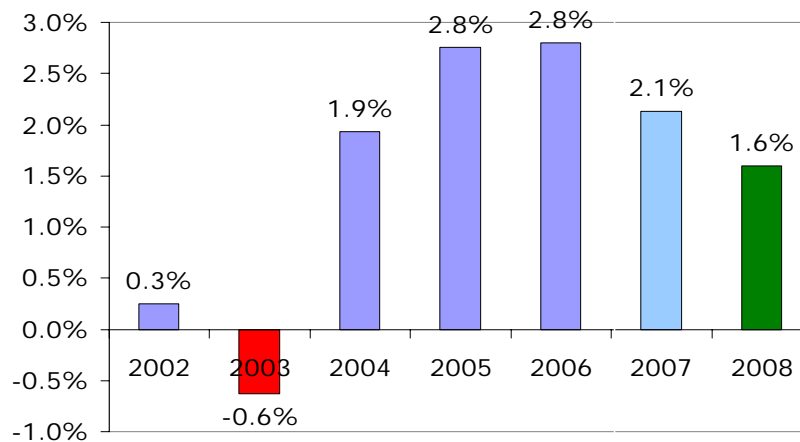


Source: Colorado Demographer

Positive Employment Growth in Colorado in 2008

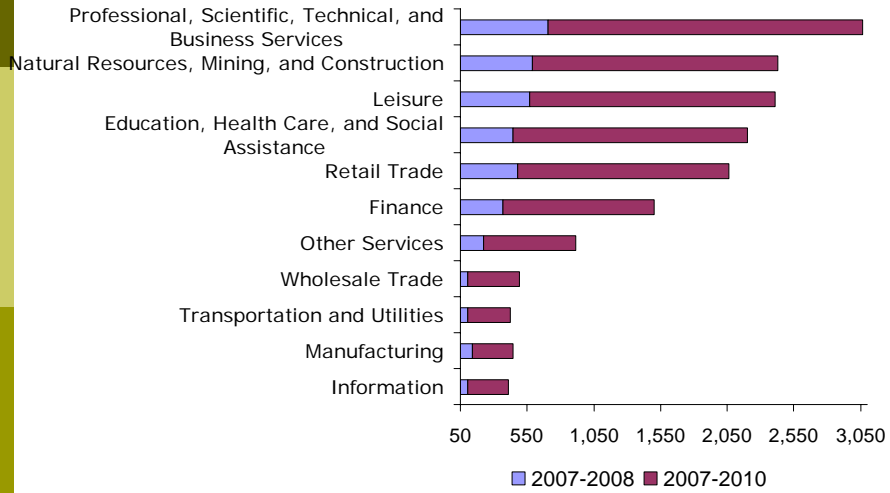
- ▣ For the state we predict 1.8 percent employment growth
 - Strongest growth in basic services
 - Jobs lost in electronics and communications sectors

Regional Employment Growth Rate Expected to Slow in 2008



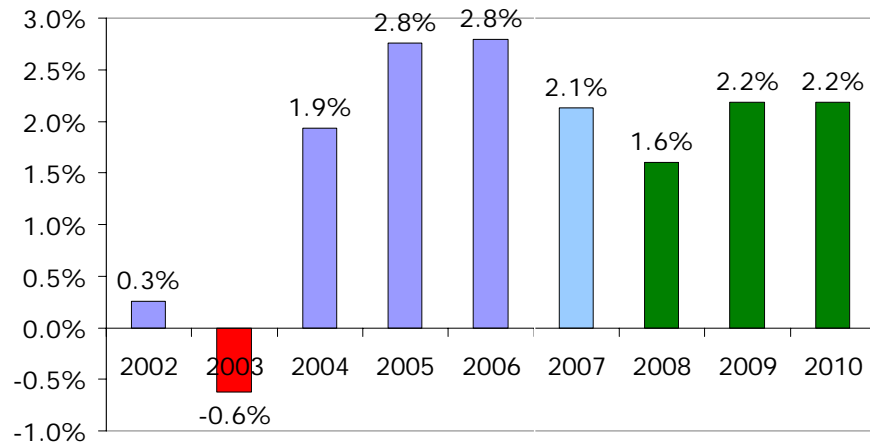
Source: Bureau of Labor Statistics, Colorado State University

But We Expect Gains in All Industries



Source: Bureau of Labor Statistics, Colorado State University

Uncertainty Affecting 2009 Forecasts



Source: Bureau of Labor Statistics, Colorado State University

How Does a US Downturn Affect Northern Colorado?

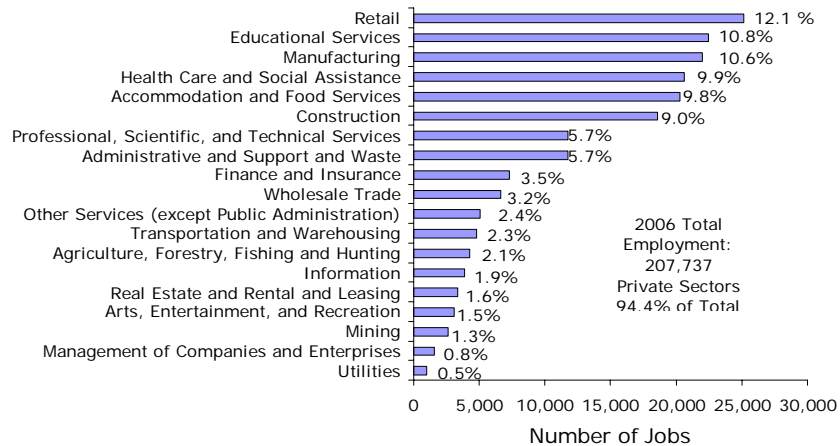
What that Means for Northern Colorado

- Typically, when the US economy drags, Colorado follows
 - But it usually is not instantaneous
- Thus, the current US downturn will likely take a few months to fully arrive here

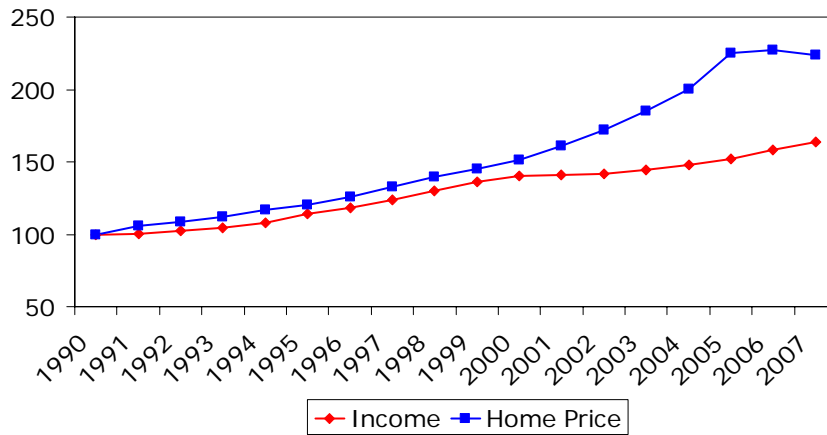
What that Means for Northern Colorado

- But we think it will be less mild, for two reasons
 - The region's economy is relatively diverse
 - Housing prices will not fall as much in Larimer County

Northern Colorado's Diverse Economy

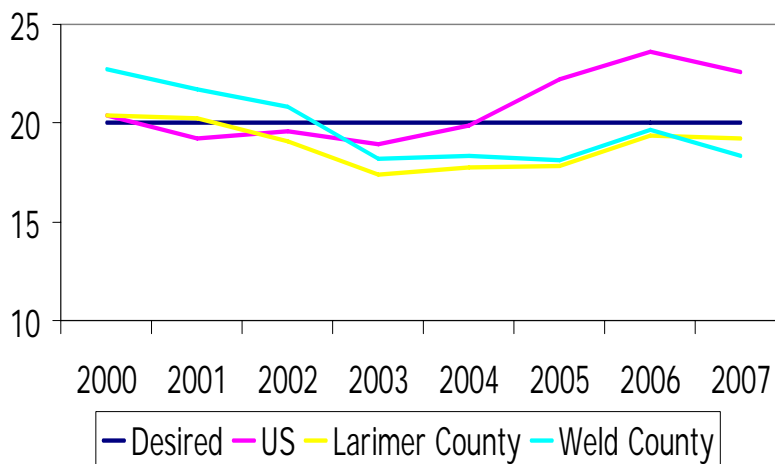


A Sharp Increase in House Prices Relative to Income Led to Current US Problems



Source: National Association of Realtors (NAR)

Monthly Mortgage Obligations as Share of Income: A reason for optimism



Source: US data from NAR, local price data from IRES, local income data from HUD, interest rates from FNMAE

Summary

- ▣ Things ain't so great
- ▣ But it could be worse
- ▣ And we expect 2009 to be better







That's Nice...though
perhaps depressing...but I
Realize...

“It's ALL About
You”

Some Semantics

- Definitions (from BLS-OES)
 - Computer Hardware Engineers: R&D, testing, etc for computer and related equipment.
 - Electronics Engineers, Except Computer: R&D, testing, etc for electronic components and circuits in fields such as telecommunications, aerospace, acoustics, or instruments and controls. Exclude "Computer Hardware Engineers"
 - Achtung: View the next two slides with caution

Select Engineering Occupation Trends: US and Colorado

		2001	2007	Median Wage
US				
Engineering Managers		214,760	184,410	\$111,020
Computer Hardware Eng		67,590	79,330	\$91,860
Electronics Eng, Exc Comp		123,210	133,870	\$83,340
Colorado				
Engineering Managers		5,130	3,390	\$116,600
Computer Hardware Eng		1,640	3,420	\$100,580
Electronics Eng, Exc Comp		3,370	5,250	\$84,450

Select Engineering Occupation Trends: Boulder and Larimer

		2001	2007	Median Wage
Boulder				
Engineering Managers	↓	990	640	\$135,500
Computer Hardware Eng	↑	440	1,540	\$106,410
Electronics Eng, Exc Comp	↓	850	720	\$93,070
Larimer				
Engineering Managers	↓	410	250	\$116,240
Computer Hardware Eng	↑	220	560	n/a
Electronics Eng, Exc Comp	↑	180	510	\$95,110

Now What's All that Clean Energy Stuff I'm Hearing About?

And what can we learn from an
emerging sector

Clean Energy Focus

- ❑ An ongoing study is looking at the workforce needs of northern Colorado's "clean energy" sector
- ❑ Businesses demand but report having a very difficult time finding electrical engineers with necessary power training and experience
 - RF
 - Grid
- ❑ Much of the existing local talent pool of chip engineers is deemed to lack necessary skills: "megawatts not milliamps"

Skill Sets

- ❑ Two "types" in demand
 1. Engineers that can solve very technical problems in a well-defined area (larger companies)
 2. Engineers that can generate creative solutions to environmental problems in very fluid environments (start-up companies)

Beyond Technical Competence

- ❑ Written and verbal communication for technical and non-technical audiences
- ❑ Understanding of business and entrepreneurship fundamentals (especially profitability and strategy)
- ❑ Performing in teams (including non-engineers)