“Pieces” of the Economy… Each Affected by Recession

Consumption (70%)
Household spending on goods and services.

Investment (16%)
Residential real estate + business spending on software, equipment, & real estate.

Government Spending (19%)
Goods and services, debt service, transfer payments/social programs.

International Trade (-5%)
Consumer Activity

- Income
- Wealth
- Prices
- Borrowing Costs
- Consumer Confidence

Retail Activity
- Housing Sales
- Savings Rate
2009 Population = 2.83 million

- Denver: 22%
- Arapahoe: 20%
- Jefferson: 19%
- Adams: 16%
- Boulder: 11%
- Douglas: 10%
- Broomfield: 2%
- Broomfield: 2%

2010 Economic Forecast for Metro Denver
Metro Denver Annual Change in Population

Source: Colorado Division of Local Government
2010 Economic Forecast for Metro Denver

Consumer Confidence Index (through Dec’09)

Source: The Conference Board.
Over-the-Year Employment Growth Rates by Month (through Nov’09)

Unemployment Rates

Metro Denver Total Labor Force = 1.5 million

Colorado Personal Income Growth Rate

Sources: U.S. Bureau of Economic Analysis.
2007: 18% of U.S. families have stocks; 53% have retirement accounts

Source: Yahoo! Finance.
U.S. Personal Savings Rate (quarterly through 3Q09)

Sources: U.S. Bureau of Economic Analysis.
Metro Denver Real Retail Trade Sales Growth Rates

Source: Colorado Department of Revenue.
Business Activity

- Sales Expectations
- Profit Expectations
- Interest Rates
- Other Borrowing Costs
- Human Resources
- Software, Equipment Purchases
- Commercial Real Estate

2010 Economic Forecast for Metro Denver
Nonfarm Job Growth Rates


2010 Economic Forecast for Metro Denver
Metro Denver Net New Jobs

Source: CO Dept. of Labor & Employment.
Metro Denver Annual Employment Growth Rate by Industry

Source: Colorado Department of Labor & Employment
# Key Metro Denver Industry Clusters

<table>
<thead>
<tr>
<th>Industry Cluster</th>
<th>Employment</th>
<th>2008 Job Growth</th>
<th>Absolute Ranking (50 largest metros)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aerospace</strong></td>
<td>20,600</td>
<td>1.1%</td>
<td>1</td>
</tr>
<tr>
<td><strong>Aviation</strong></td>
<td>15,300</td>
<td>-1.2%</td>
<td>12</td>
</tr>
<tr>
<td><strong>Bioscience</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pharmaceuticals &amp; Biotechnology</td>
<td>5,400</td>
<td>-4.2%</td>
<td>16</td>
</tr>
<tr>
<td>Medical Devices &amp; Instruments</td>
<td>9,500</td>
<td>5.6%</td>
<td>7</td>
</tr>
<tr>
<td><strong>Broadcasting &amp; Telecommunications</strong></td>
<td>40,000</td>
<td>-1.1%</td>
<td>8</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fossil Energy</td>
<td>15,000</td>
<td>8.8%</td>
<td>3</td>
</tr>
<tr>
<td>Renewable Energy &amp; Energy Research</td>
<td>15,000</td>
<td>12.4%</td>
<td>4</td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking &amp; Finance</td>
<td>44,500</td>
<td>-4.7%</td>
<td>8</td>
</tr>
<tr>
<td>Investments</td>
<td>22,600</td>
<td>-0.7%</td>
<td>9</td>
</tr>
<tr>
<td>Insurance</td>
<td>27,800</td>
<td>-1.4%</td>
<td>11</td>
</tr>
<tr>
<td><strong>IT/Software</strong></td>
<td>42,300</td>
<td>-2.5%</td>
<td>12</td>
</tr>
</tbody>
</table>
Colorado Stimulus Spending as of October 2009

Total Expected Allocation: $5.7 billion

Source: Colorado Governor’s Economic Recovery Team.

Spending Within Grant Awards to State
UI Benefits (add'l/extended)
Medicaid Payments
Social Security (one-time payments)
Increased Unemployment Benefits
Federal Contracts to Businesses
Increased Food Stamp Benefits
Airport Projects

2010 Economic Forecast for Metro Denver
Colorado Budget Concerns

- A state and local “budget tsunami” – lower revenues and higher obligations.
- Projected shortfall for FY 2010-2011 budget more than $1 billion. Proposed reductions:
  - K-12, higher education funding
  - Modifications of tax exemptions and credits
  - Changes in capital construction, public safety and corrections, Medicaid, and other areas
International Activity

Relative Quality, Price of Goods
Value of the Dollar
Financial Markets
Trade Policies

Exports: Sales of U.S. Goods and Services
Imports: Purchases of Foreign Goods and Services
Year-Over-Year Growth in Exports

Key Colorado Trading Partners: Canada, Mexico, China, the Netherlands, Japan
Key Products: Computers and electronics, processed foods, chemicals, machinery


2010 Economic Forecast for Metro Denver
Commercial Real Estate.
Funding a major challenge for maturing loans, new development. Demand for space will be slow to rebound.

Fiscal Health.
Tax revenues down sharply and are likely to lag economic recovery.

Inflation.
Monetary easing, other stimulus policies could fan inflation in coming years. Potential to dampen recovery.

Engine of Growth?
Not consumers. What will support and sustain recovery?
2010 Economic Forecast for Metro Denver

...But Other “Pieces” Starting to Fit

Consumer Confidence Rebounding.
Confidence still fragile, but improved wealth prospects (homes, stocks) helping.

Residential Real Estate Improving.
Home prices more solid, foreclosures down, sales activity picking up.

Employment Stabilizing.
Pace of job losses slowing, but unemployment will still rise.

Stimulus Dollars Flowing
Federal dollars helping to thwart state budget cuts while offering some job opportunities.