

FEBRUARY 2008

NORTHERN COLORADO ECONOMY SLOWING BUT STILL EXPECTED TO ADD JOBS, COLORADO STATE ECONOMISTS PREDICT

FORT COLLINS - As economic indicators continue to point to a national recession, economists at Colorado State University have updated their 2008 projections, predicting a further slowdown in Northern Colorado's economy.

CSU Professor Martin Shields and his colleague David Keyser issued revised employment forecasts today that project regional job totals will grow 1.6 percent by year's end, translating into about 3,500 new jobs in Larimer and Weld Counties. This is down from the 4,000 new jobs they initially forecasted for 2008 in October.

"Northern Colorado's economy is not immune from national forces," Shields said in the forecast, which is co-sponsored by the Northern Colorado Economic Development Corp. and the CSU Office of Economic Development "And the U.S. doldrums have certainly taken some wind out of the region's sails."

Recent increases in unemployment have caught the economists' attention. Over the past year, the number of people out of work in Larimer and Weld counties has swelled to nearly 14,000, which is 2,200 more than a year ago.

Unlike the last local economic downturn in 2003 when high-tech manufacturing was devastated, there is no single industry bleeding jobs.

"One interesting aspect is that there hasn't been a spike in mass layoffs," Keyser said. A mass layoff is defined as 50 or more workers from a single facility. Instead, Keyser points out, "We are seeing instances where businesses are trimming a smaller number of workers across a variety of sectors."

For example, Kroll Factual Data cited mortgage market woes in announcing its layoff of about 15 Loveland-based workers in September. Thirty workers from the Fort Collins-based operations of Dako N/A, a bioscience firm, were laid off in August.

Shields and Keyser believe the region's diverse economic base will largely help protect the region from the national turbulence - despite the fact that multiple industry losses might be interpreted as a sign of widespread economic weakness.

"Even in good economic times, some businesses lay off workers," Shields said. "I know a large number of families continue to be affected, but if there was an upside to Northern Colorado's last recession, it is that the regional economy is not as dependent on one particular sector, especially one so vulnerable to globalization."

The forecast projects regional 2008 job growth will be strongest in the Leisure and Hospitality sector, with slightly more than 800 new jobs. The Natural Resources, Mining and Construction sector is expected to add about 700 new jobs, buoyed by high energy prices and the growth of commercial construction.

After several years of job losses, the Manufacturing sector will add jobs, driven in part by the clean-energy industry. For example, Vestas' new wind blade manufacturing facility in Windsor is set to create 600 new manufacturing jobs in the region over the next two years, and Woodward Governor recently announced 100 new jobs in wind turbine inverters. Meanwhile, AVA Solar continues to ramp up both its research-and-development and production processes.

"The efforts of the state and region's clean energy partnerships are beginning to bear substantial fruit throughout northern Colorado," said Maury Dobbie, president and CEO of NCEDC. "As the world looks to

alternatives to fossil fuels, our region is increasingly viewed as an important area for both research innovation and production."

But not all sectors are projected to grow. Shields and Keyser foresee slight job losses in Professional, Scientific, Technical and Business services and in the Information and Wholesale sector.

Keyser said the revised forecast puts Northern Colorado's growth rate more in line with state-level projections. "In 2008, we expect the state to add 41,000 net new jobs, a 1.8 percent increase from 2007," he said.

While the slowdown is not a surprise, the timing is, Shields said: "We expected it, but it seems to be happening a bit sooner than we thought it would."

###