

# MONTROSE COUNTY ECONOMIC UPDATE

Fourth Quarter, 2022



## Economic Summary

- Montrose County GDP came in at \$1,547,808, rising 5.55% from the year before. For context, Colorado's GDP was 5.77%, putting Montrose in line with Colorado and higher than neighboring Mesa County (3.77%).
- Per capita personal income rose from \$46,747 in 2020 to \$50,789 in 2021. Montrose has seen a distinctive increase in income per capita since 2016.
- Inflation reported at 7.1%, lower than the 7.3% forecast. November saw a big drop in energy prices, used vehicles, energy services, commodities (less food and energy), and medical care services.

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## LOCAL ECONOMIC INDICATORS

	Q3 2022	Q2 2022	Q3 2021	change since last quarter	change since last year (comparable quarters)
<b>Local Labor Market</b>					
Unemployment Rate Montrose County-NSA	3.13%	3.13%	4.60%	0.00%	-1.47%
Unemployment Rate Colorado - NSA	3.30%	3.20%	5.10%	0.10%	-1.80%
Unemployment Rate U.S. - NSA	3.60%	3.50%	5.20%	0.10%	-1.60%
Labor Force	23,398	22,987	22,987	411	411
Employed	22,670	22,271	21,750	399	920
Unemployed	728	716	1,053	13	-325
<b>Business Confidence</b>					
Leeds Colorado Business Confidence	41.1	53.9	67.3	-23.75%	-38.93%
<b>Sales/Use Taxes</b>					
City Sales/Use Taxes (YTD)	\$21,461,415		\$19,219,587		11.66%
County Sales/Use Tax (YTD)	\$18,309,622		\$16,239,938		12.74%
Hotel and Restaurant Tax (YTD)	\$659,947		\$597,619		10.43%
Telluride Sales/Use Tax (YTD)	\$8,714,347		\$7,541,928		15.55%
<b>Business Filings</b>					
	<b>2022 (YTD)</b>		<b>2021 (YTD)</b>		
Montrose County New Business Entity Filings (as of November)	923		772		19.56%

Montrose Regional Airport	2022	2021	% change from last year		
Enplanements (YTD, May)	200,996	157,417	27.68%		
Standard of Living and Growth	2020	2019	2018	2017	% change since 2018
Median Household Income	\$59,746	\$50,707	\$52,576	\$51,031	17.83%
Percent of Population Below Poverty Line	10.4%	13.2%	11.60%	12.9	-2.80%
	2021	2020	2019	2018	
GDP Estimates	\$1,547,808	\$1,465,483	\$1,484,056	\$1,449,424	5.55%
Population	43,168	42,798	42,791	42,309	0.86%
Personal Income	\$2,192,453	\$2,000,661	\$1,827,306	\$1,739,781	9.59%
Per Capita Personal Income	\$50,789	\$46,747	\$43,187	\$41,537	8.65%

SOURCES IN ORDER OF LISTING: State and 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; Leeds Colorado Business Confidence Index: Leeds School of Business; Sales/Use Tax information: City of Montrose, Montrose County, City of Telluride; Montrose Regional Airport enplanements/deplanements: Montrose Regional Airport; Population, poverty, and median household income: U.S. Census Bureau; Personal income: 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.

## The Local Labor Market

Montrose County employment averaged 22,670 for the third quarter of 2022, rising to 22,811 in August. The most recent November data points shows employment at 21,807. Generally speaking, September and October are peak seasonal employment months. The unemployment rate was at its lowest in September at 3%, rising to 3.2% by November.

The National, Colorado, and Montrose County labor markets have not budged in response to the Federal Reserve's increase in rates. It is possible that October is the start of a trend of increasing unemployment due to tight monetary conditions, but we will not know this until we have more data and a longer trend.

## Other Indicators

Montrose city and county sales and use tax collections through October continue to be strong, up over 11.6% and 12.7% year-over-year, respectively. Airport enplanements are up 27.7% year-over-year. The Leeds Business Confidence Index had a pessimistic print, falling from 53.9 to 41.1, with all of the components showing a significant drop in optimism including expectations for the state economy, national economy, business sales, profits, and hiring.

New standard of living measures have been released for 2021, as county level data has a significant lag. Montrose County GDP came in at \$1,547,808, rising 5.55% from the year before. For context, Colorado's GDP was 5.77%, putting Montrose in line with Colorado and higher than neighboring Mesa County (see figure 8).

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

	Labor Force	Employed	Unemployed
<b>Annual</b>	411	399	13
<b>5-Year</b>	595	920	-325
<b>10-Year</b>	2,475	2,323	152
<b>Annual %</b>	1.79%	1.79%	1.77%
<b>5-Year %</b>	2.61%	4.23%	-30.85%
<b>10-Year %</b>	11.83%	11.42%	26.30%

Figure 9 illustrates Montrose County GDP graphically, and table 2 shows the contribution and changes to GDP year-over-year. Arts, entertainment, and recreation (39.7%), as well as accommodation and food services (24.8%) were the biggest gainers. This is not surprising due to the bad year these industries had in 2020. Professional and scientific services increased by 16.4%.

In addition to GDP, Montrose per capita personal income was released and rose from \$46,747 in 2020 to \$50,789 in 2021. Montrose has seen a distinctive increase in income per capita since 2016.

Figure 1:  
**Montrose Employment**

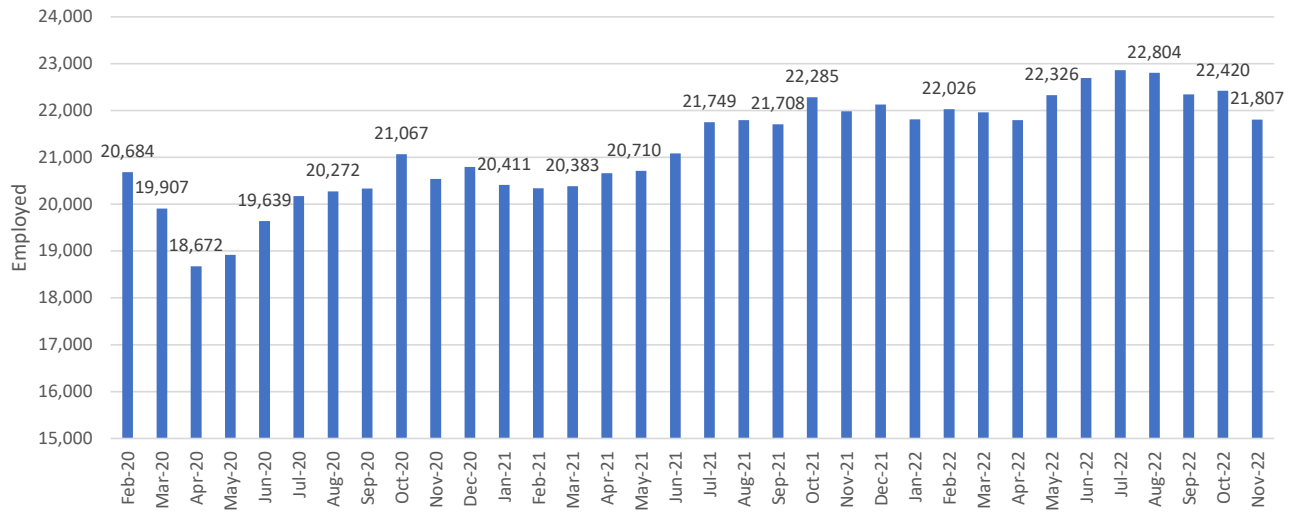


Figure 2:  
**Average Yearly Employment**

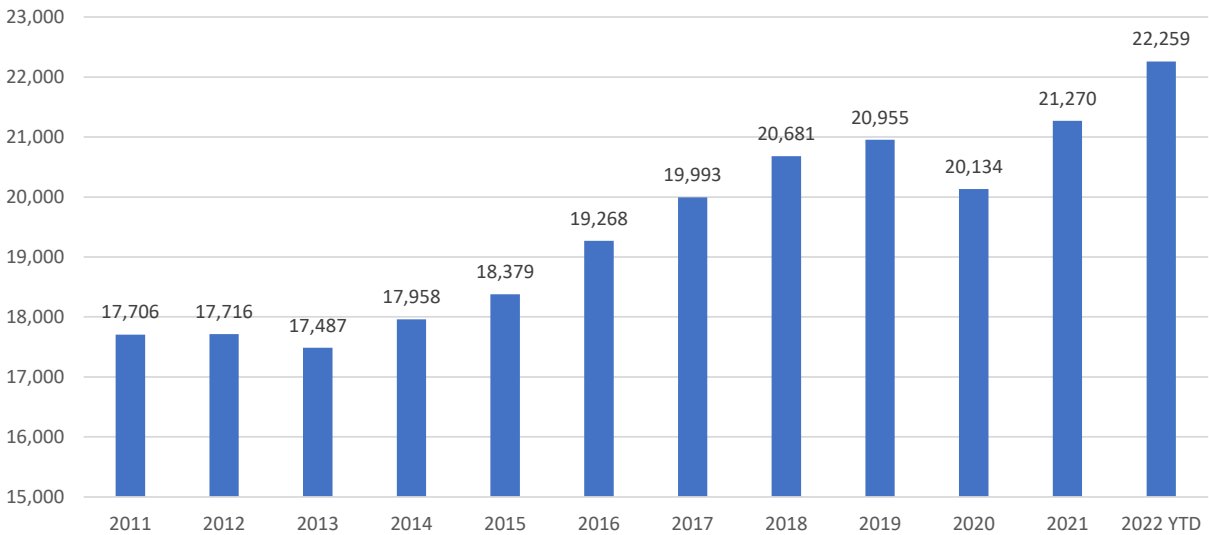


Figure 3:  
**Change in Average Yearly Employment**

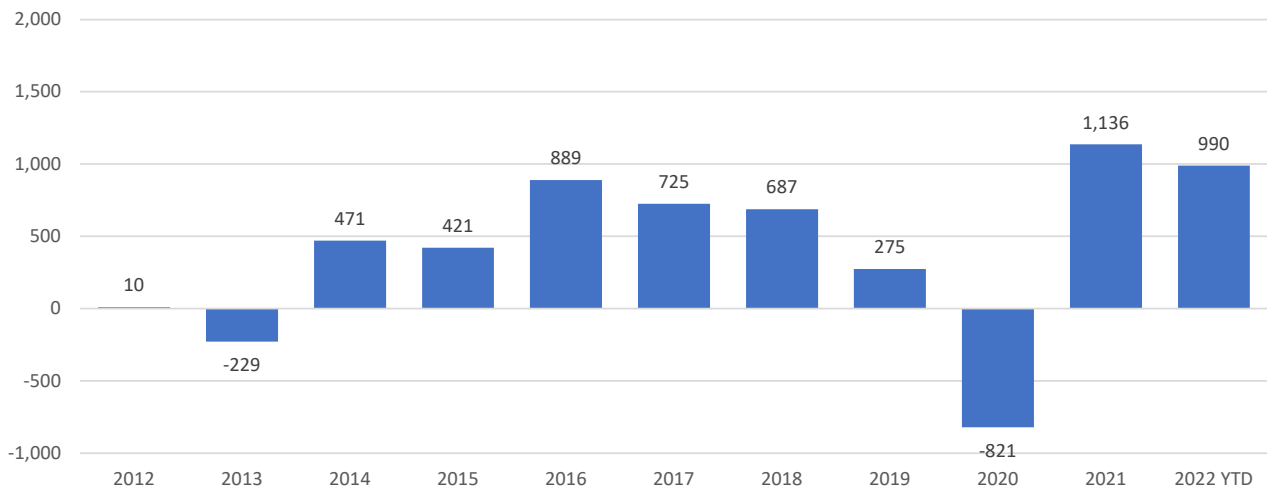


Figure 4:  
**Leeds Business Confidence Index**

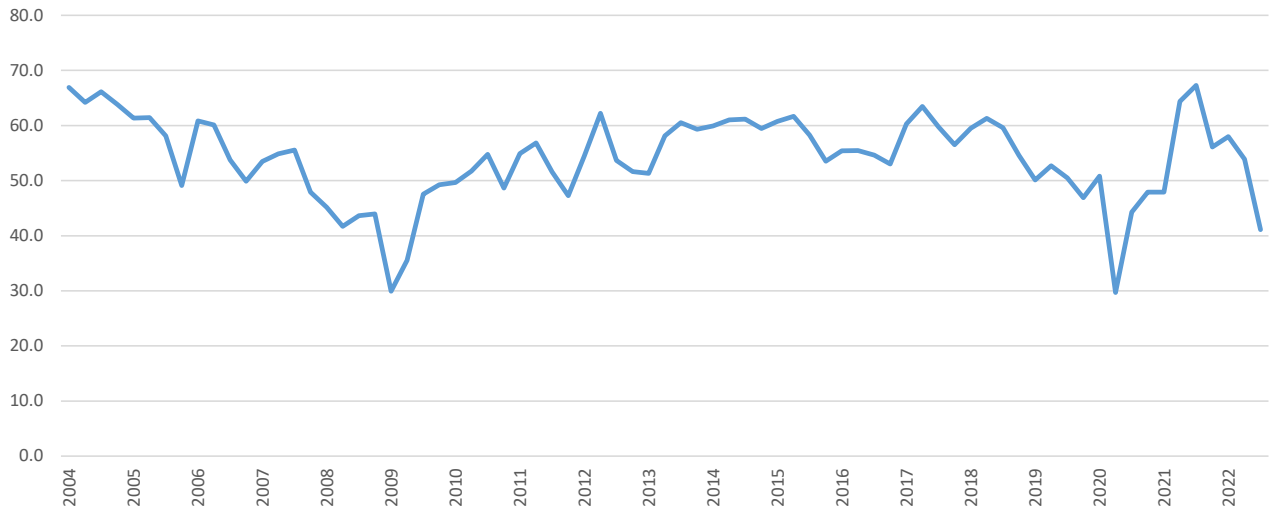


Figure 5:  
**Sales Tax Collection**

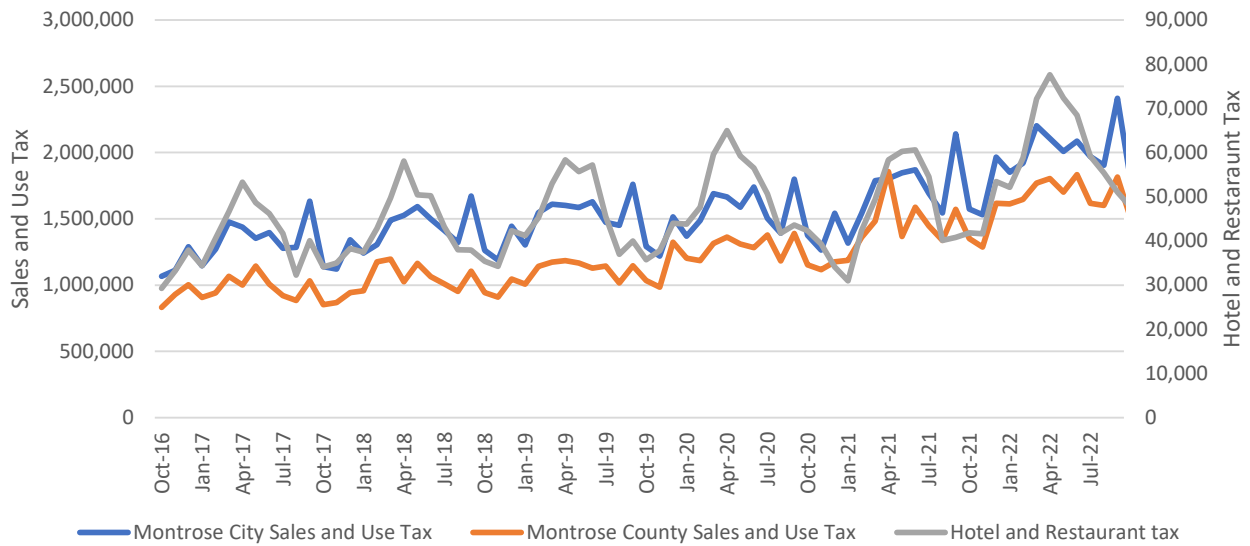


Figure 6:  
**Total Full and Part Time Jobs (BEA)**

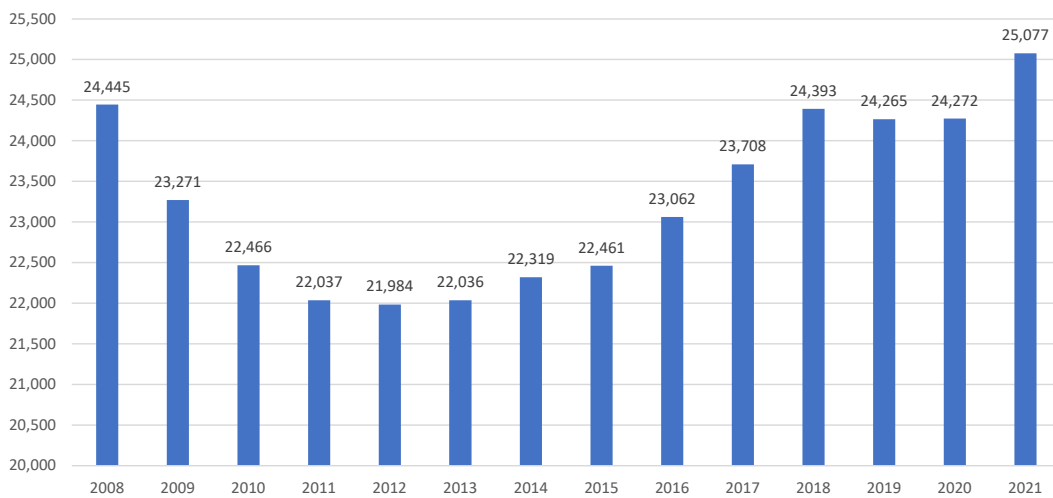


Figure 7:  
**Montrose County Median Household Income**



Figure 8:  
**Western Slope 2021 GDP Comparison**

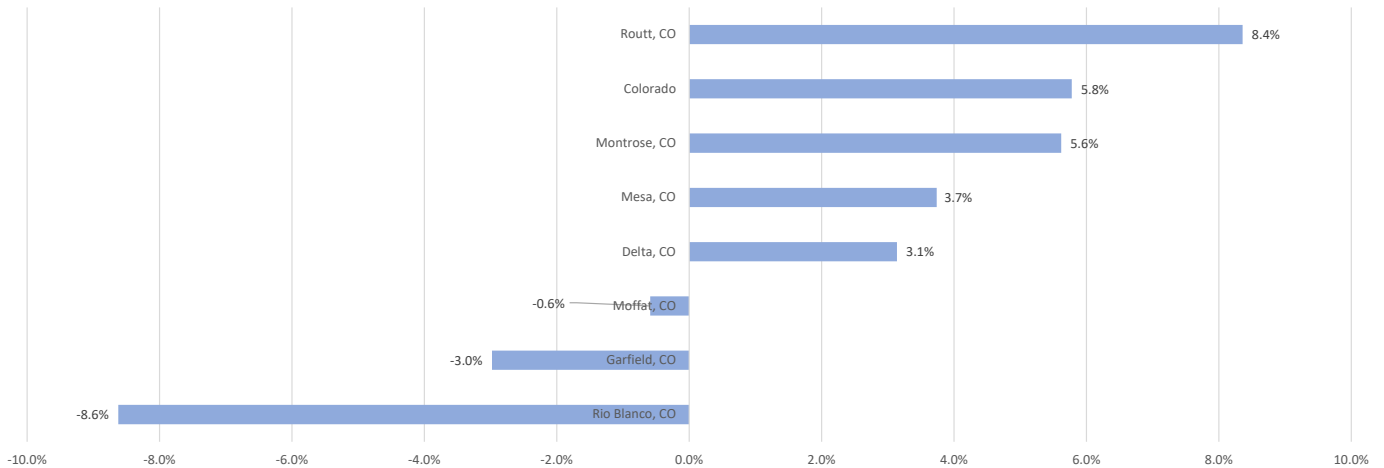


Figure 9:  
**Montrose County Real GDP (chained 2012 dollars)**

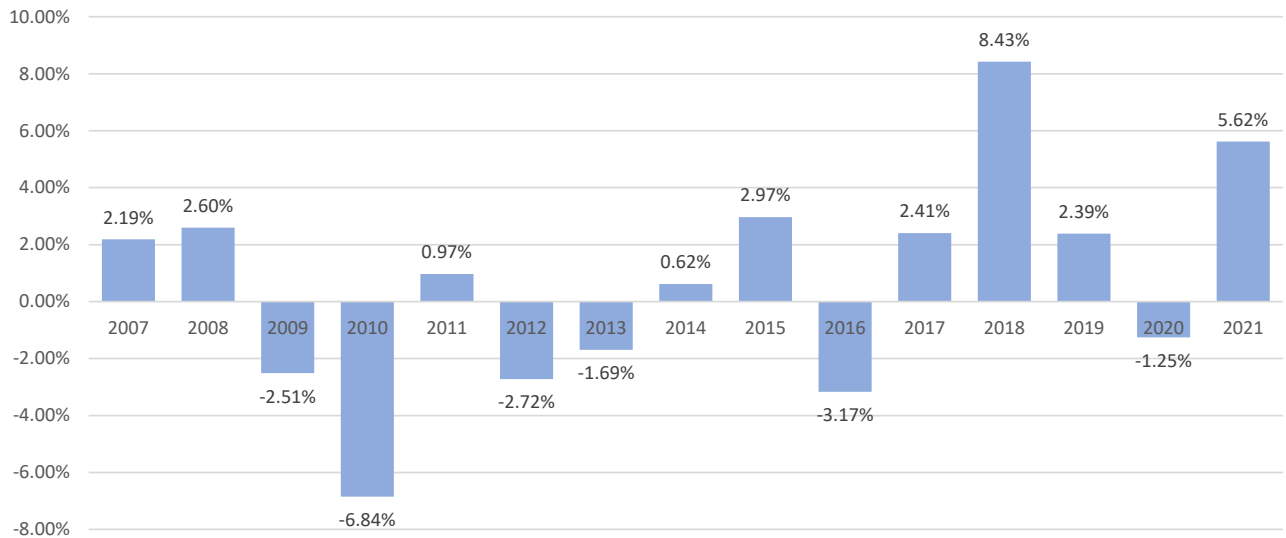


Table 2:  
**Montrose County Real GDP by Industry (in thousands)**

Industry Category	2020 GDP	2021 GDP	Difference in Percent
All industry total	\$1,465,483	\$1,547,808	5.62%
Agriculture, forestry, fishing and hunting	\$19,227	\$14,103	-26.65%
Mining, quarrying, and oil and gas extraction	\$4,559	\$4,428	-2.87%
Utilities	\$50,095	\$37,248	-25.65%
Construction	\$109,726	\$123,437	12.50%
Manufacturing	\$101,831	\$105,748	3.85%
Durable goods manufacturing	\$53,752	\$59,427	10.56%
Nondurable goods manufacturing	\$47,644	\$45,352	-4.81%
Wholesale trade	\$40,139	\$42,949	7.00%
Retail trade	\$152,890	\$153,726	0.55%
Transportation and warehousing	\$29,089	\$31,915	9.72%
Information	\$34,750	\$36,273	4.38%
Finance, insurance, real estate, rental, and leasing	\$341,243	\$380,553	11.52%
Finance and insurance	\$39,481	\$45,005	13.99%
Real estate and rental and leasing	\$302,564	\$336,213	11.12%
Professional and business services	\$121,369	\$136,019	12.07%
Professional, scientific, and technical services	\$48,373	\$56,169	16.12%
Management of companies and enterprises	\$42,915	\$43,966	2.45%
Administrative and support and waste management and remediation services	\$31,699	\$36,892	16.38%
Educational services, health care, and social assistance	\$121,986	\$124,293	1.89%
Educational services	\$1,672	\$1,667	-0.30%
Health care and social assistance	\$120,391	\$122,709	1.93%
Arts, entertainment, recreation, accommodation, and food services	\$44,132	\$56,120	27.16%
Arts, entertainment, and recreation	\$7,251	\$10,126	39.65%
Accommodation and food services	\$36,827	\$45,951	24.78%
Other services (except government and government enterprises)	\$47,693	\$48,703	2.12%
Government and government enterprises	\$232,351	\$233,730	0.59%

## Montrose County Employment Trends

Montrose Quarterly Census of Employment and Wages data shows big job and wage gains year over year. Top gains in jobs were in construction (190), accomodation and food services (80), and transportation and warehousing (72). The biggest losses were in agriculture, forestry, fishing and hunting (-29), as well as management of companies and enterprises (-23), neither of which are large enough to be concerned about. Montrose job recovery from the 2020 recession has been strong, with only manufacturing not having fully recovered (figure 10).

Table 3:  
**Quarterly Census of Employment and Wages (QCEW) Q2 2022 Compared to Q2 2021**

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Employment Change	Total Wage Change
Total, All Industries	16,014	\$187,040,066	\$898	501	\$16,922,678
Health Care and Social Assistance	2,922	\$21,542,342	\$1,014	5	\$3,138,502
Retail Trade	2,419	\$9,061,358	\$445	34	\$1,466,314
Construction	1,634	\$8,010,493	\$834	190	\$3,282,045
Public Administration	1,093	\$2,530,081	\$499	-9	\$1,451,777
Manufacturing	1,048	\$9,087,068	\$1,365	28	\$1,239,025
Professional and Technical Services	512	\$22,335,245	\$710	36	\$1,126,202
Accommodation and Food Services	1,565	\$13,480,123	\$989	80	\$855,336
Transportation and Warehousing	739	\$5,043,687	\$1,244	72	\$1,078,614
Wholesale Trade	421	\$6,332,359	\$1,157	11	\$844,662
Administrative and Waste Services	511	\$2,397,090	\$1,060	-9	\$374,052
Finance and Insurance	312	\$36,255,045	\$954	17	\$401,837
Other Services, Ex. Public Admin	402	\$4,843,790	\$927	4	\$348,832
Utilities	231	\$445,917	\$1,372	-21	-\$189,576
Real Estate and Rental and Leasing	342	\$4,065,040	\$914	-6	\$300,637
Arts, Entertainment, and Recreation	390	\$17,088,601	\$1,203	69	\$317,833
Information	174	\$5,050,369	\$760	9	\$692,432
Agriculture, Forestry, Fishing & Hunting	234	\$4,795,599	\$1,597	-29	-\$135,679
Management of Companies and Enterprises	74	\$1,986,368	\$2,065	-23	-\$321,618
Mining	25	\$2,158,403	\$710	-3	-\$100,979

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	2021	2020	2019	2018	% change from 2020
Farm Employment	1,136	1,131	1,128	1,134	0.44%
Sole Proprietors (non-farm)	7,455	7,275	6,621	6,939	2.47%

Figure 10:  
**Montrose Industry Job Recovery, Q4 2019 compared to Q2 2022**

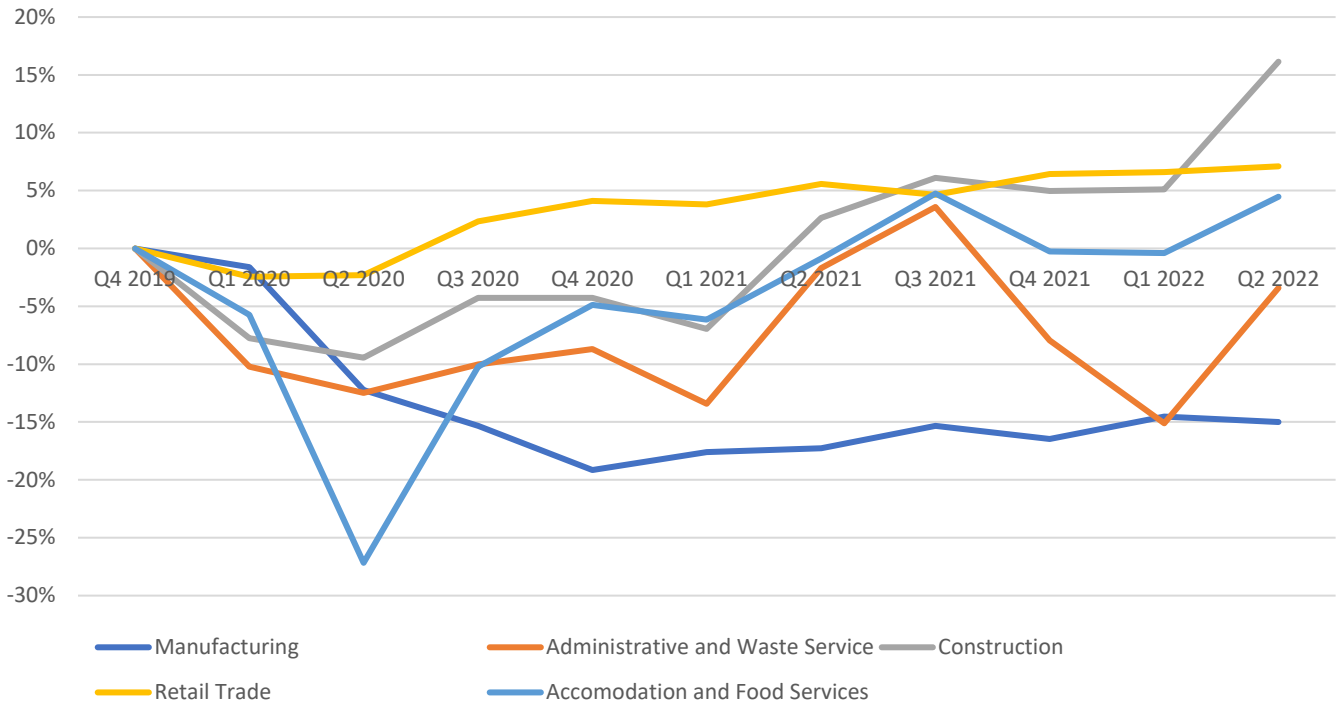
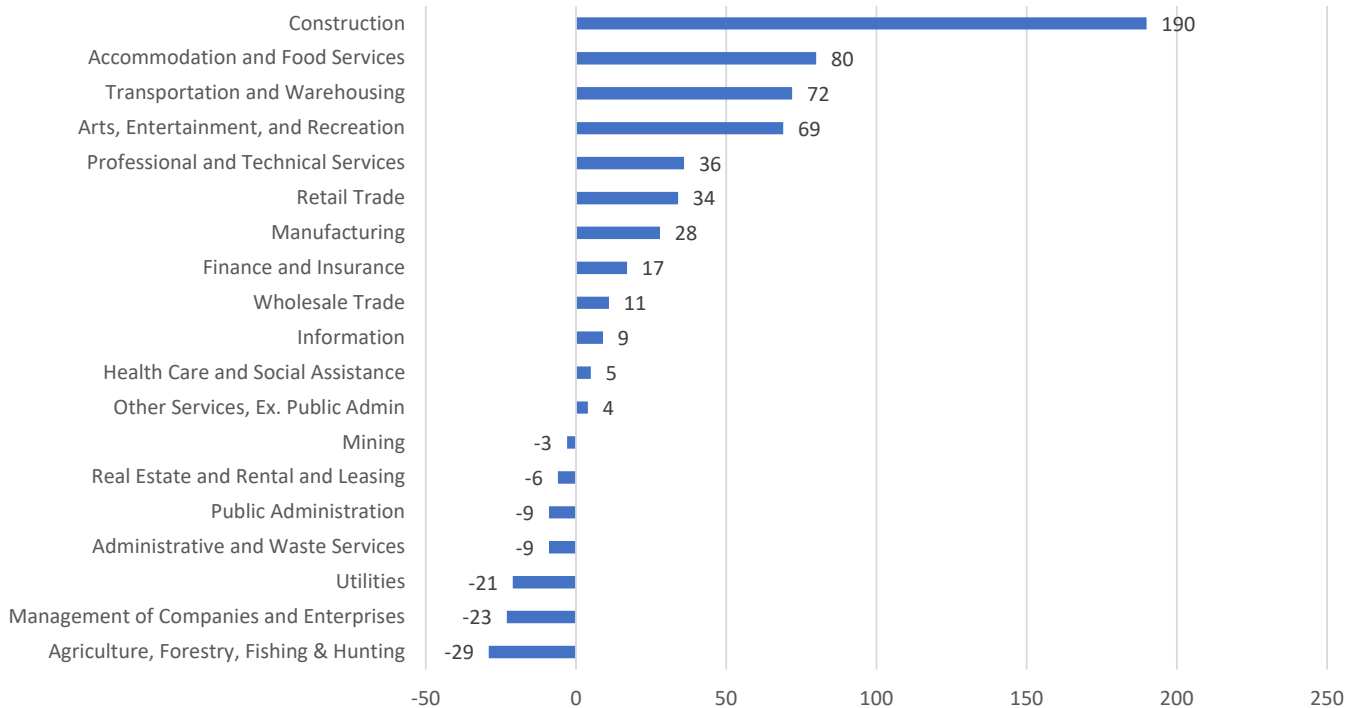


Figure 11:  
**Total Jobs Change from Q2 2021 to Q2 2022**





## LOCAL REAL ESTATE

	Q3 2022	Q3 2021	% change since last year
<b>Real Estate</b>			
Inventory of Homes for Sale (3 month avg)	173	132	31.39%
New Residential Listings (3 month total)	245	260	-5.77%
Sold Residential Listings (3 month total)	186	247	-24.70%
Median Sales Price	\$417,483	\$394,150	5.92%
Average Sales Price	\$466,625	\$451,494	3.35%
Days on Market	71.33	69.00	3.38%
Months Supply of Inventory	2.63	1.83	43.64%
Total Building Permits	777	746	4.16%
Total Building Permit Valuation	\$187,770,464	\$115,331,768	62.81%
Single Family Home Permits	317	329	-3.65%
Single Family Home Permit Valuation	\$46,993,667	\$54,325,864	-13.50%
<b>Foreclosures</b>			
Foreclosure Filings (YTD)	41	11	272.73%
Foreclosure Sales (YTD)	7	4	75.00%
<b>Mortgage Rates</b>			
30 Year Mortgage Rate (November)	6.14%	2.36%	3.78%
15 year Mortgage Rate (November)	6.81%	3.07%	3.74%

SOURCES IN ORDER OF LISTING: Real Estate: Colorado Association of Realtors Market Trends Program through ShowingTime. Note that real estate data is just single family homes; Building Permits and Valuation: Montrose County and Montrose City; Foreclosure Filings and Sales: Montrose County; Mortgage rates: Freddie Mac.

### Local Real Estate Indicators

Montrose County real estate prices have slowed drastically from the double digit price increases seen the last few years. Median sales prices increased 5.92%, while average sales price increased just 3.35%. Inventory rose by 31.39%, which was expected with a rise in interest rates. Months supply of inventory, a measure that shows the number of months it would take to clear the inventory at the current rate of sales, rose from 1.83 to 2.63, but is still far too low to push prices down. Foreclosure filings are up significantly compared to last year, but compared to other years they are actually fairly low. Current foreclosure numbers compare to the low levels of 2019 (see figure 13), and from a historical perspective are not high. Single family permits are down 3.65%, while total permits are up 4.16%.

Figure 12:  
**Months Supply of Inventory**



Figure 13:  
**Foreclosures**

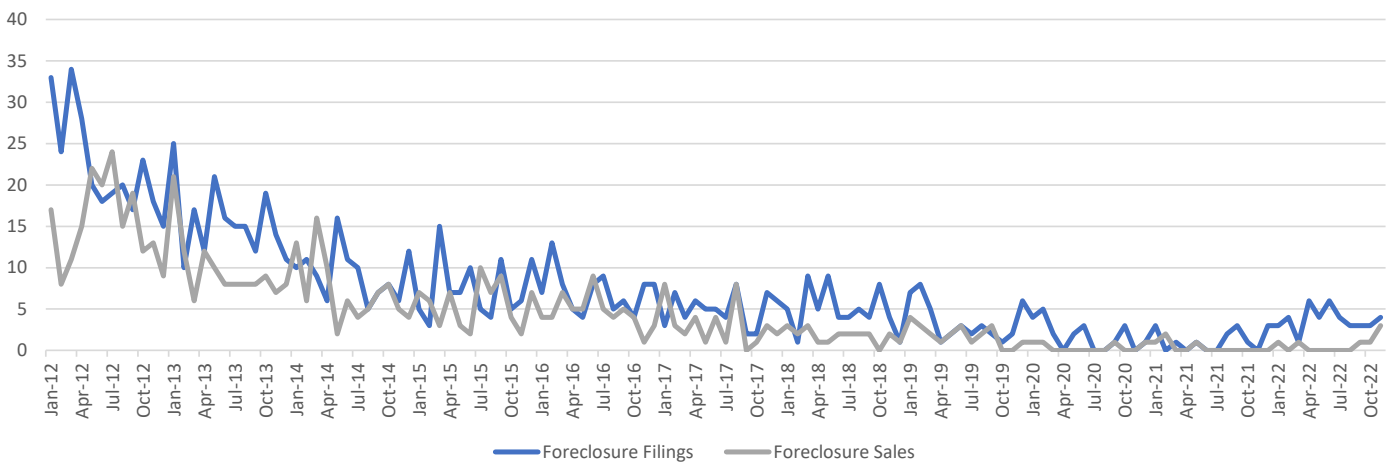
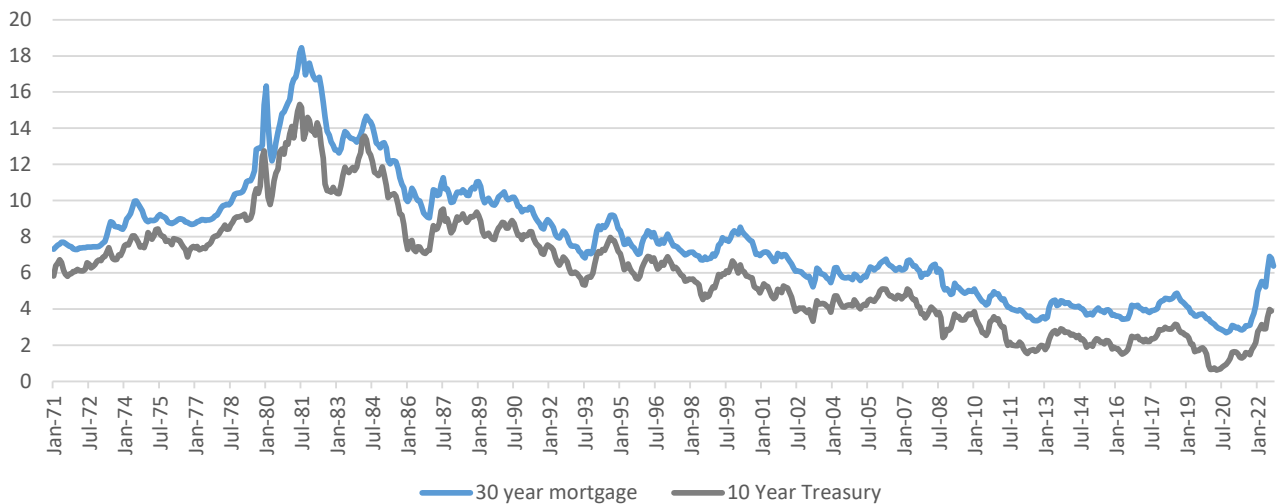


Figure 14:  
**10 Year Treasury and 30 Year Mortgage Rates (through Nov 2022)**



## REGIONAL ENERGY

	Q3 2022	Q2 2022	Q3 2021	% change since last quarter	% change since last year (comparable quarters)
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### Energy Prices

WTI Crude Oil	\$93.06	\$108.83	\$70.58	-14.49%	31.85%
Henry Hub Natural gas	\$7.99	\$7.48	\$4.36	6.82%	83.26%
Retail Gasoline Price	\$3.93	\$4.33	\$3.06	-9.21%	28.45%

### Drilling Permits

	2022 (YTD)	2021	2020
Drilling Permits (Mesa County)	0	0	1
Drilling Permits (Rio Blanco County)	40	40	33
Drilling Permits (Garfield County)	139	133	127
Drilling Permits (Moffat County)	3	4	1
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	182	177	162
Total Permits (Colorado)	182	805	1,543

### Local Rig Count

	Nov-22	Aug-22	Jun-22
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	3	4	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

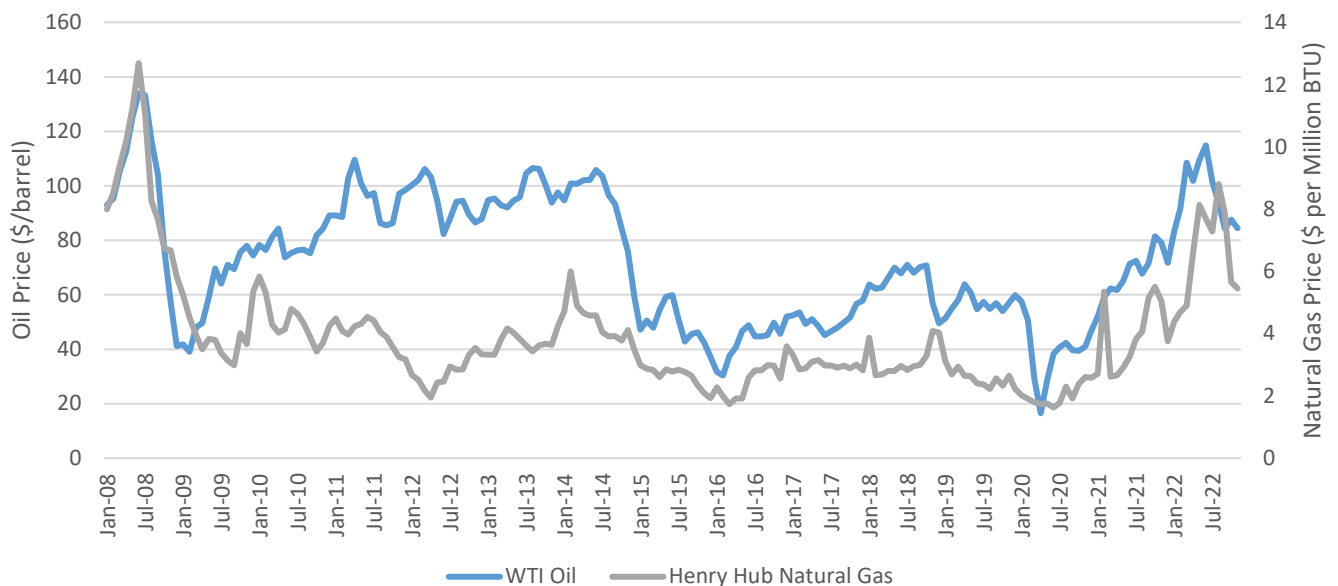


Figure 16:  
Oil/Gas Drilling Permits and Oil/Gas Jobs

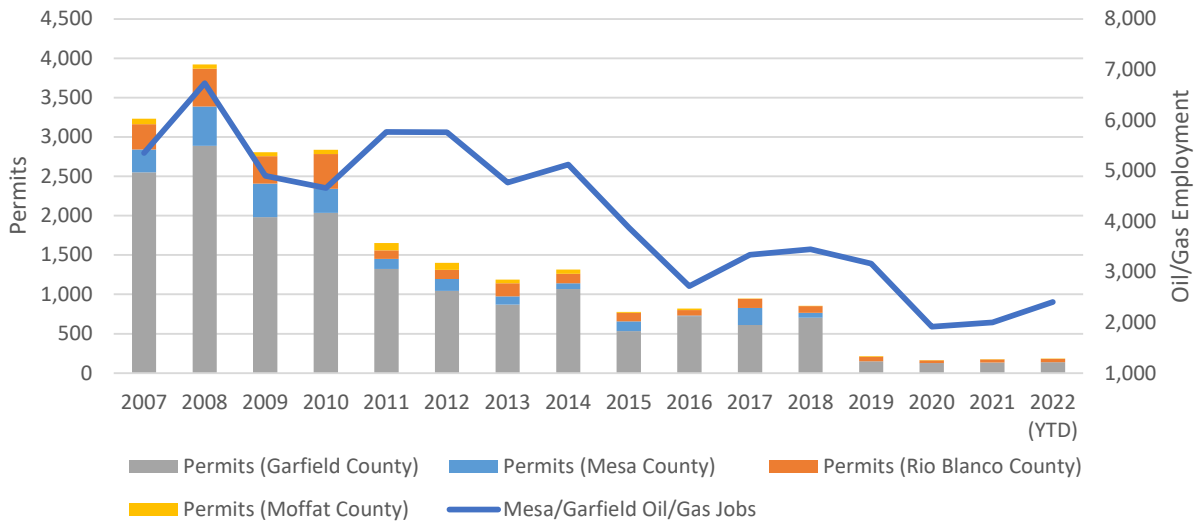
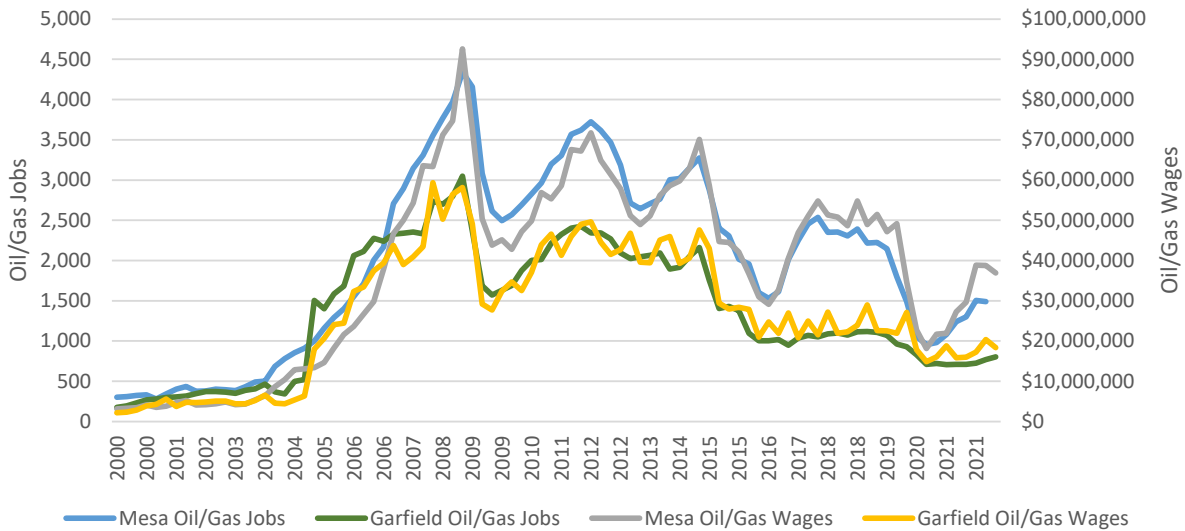


Figure 17:  
Oil and Gasoline Prices



## Western Slope Energy

WTI oil decreased from last quarter, falling to 93.06 for Q3 from 108.83 in Q2. As of mid-December, prices are hovering just above \$70 per barrel, illustrating a large drop in prices from their peak of \$118 in June. Much of this is due to concerns about slowing global growth. Natural gas prices average close to \$8.00 in Q3, rising from Q2 prices that averaged close to \$7.50. As of mid-December, natural gas prices were close to \$7.00. 2022 drilling permit applications on the Western Slope are up slightly from 2021, rising to a YTD total (as of early December) of 182, up from 177 in 2021 and 162 in 2020. Drill rig counts are rotating between three and four, with December showing three rigs, down from four over the summer. Oil and gas employment numbers are climbing higher with prices rising, and in Mesa County oil and gas is only 10% off of pre-COVID employment levels.

## NATIONAL ECONOMIC INDICATORS

	Q3 2022	Q2 2022	Q3 2021	% change since last period	% change since last year (comparable quarters)
<b>Business Cycle Indicators</b>					
Real GDP	2.90%	-0.60%	2.70%	3.50%	0.20%
Personal Consumption Expenditures	1.70%	2.00%	3.00%	-0.30%	-1.30%
Gross Private Domestic Investment	-9.10%	-14.10%	10.40%	5.00%	-19.50%
National Consumer Confidence	56.1	57.9	74.8	-3.11%	-25.00%
Industrial Production Index	104.6	104.1	100.5	0.43%	4.03%
Initial Weekly Unemployment Claims (4 week MA)	235,500	198,846	398,481	18.43%	-40.90%
Non Farm Payroll Change (in thousands)	1,145,333	1,226,333	1,695,333	-6.61%	-32.44%
<b>Unemployment</b>					
Unemployment Rate-U3-SA	3.60%	3.60%	5.10%	0.00%	-1.50%
Unemployment Rate-U6-SA	6.80%	6.90%	8.80%	-0.10%	-2.00%
<b>Interest Rates</b>					
Federal Funds Rate	2.16%	0.75%	0.09%	1.41%	2.07%
10 Year U.S. Treasury	3.11%	2.93%	1.32%	0.18%	1.79%
30 Year U.S. Treasury	3.26%	3.04%	1.93%	0.22%	1.33%
<b>Inflation Measures</b>					
Inflation Rate (CPI)	8.32%	8.58%	5.29%	-0.26%	3.03%
Core Inflation Rate (All Items Less Food and Energy)	6.30%	6.02%	4.07%	0.28%	2.23%
Inflation Rate (Shelter)	6.19%	5.40%	2.92%	0.79%	3.28%
Producer Price Index (PPI)	15.55%	21.90%	20.27%	-6.35%	-4.72%
Employment Cost Index	5.05%	5.04%	3.68%	0.01%	1.37%
<b>Stock Prices</b>					
S&P 500	3,980	4,106	4,422	-3.05%	-9.98%
Dow Jones Industrial Average	31,774	32,688	34,916	-2.79%	-9.00%
<b>Trade Balance and Debt</b>					
Trade Balance (% of GDP)	-889.543	-1035.565	-889.143	-14.10%	0.04%
Federal Debt (% of GDP)*	121.1%	122.9%	123.8%	-1.8%	-2.7%

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.

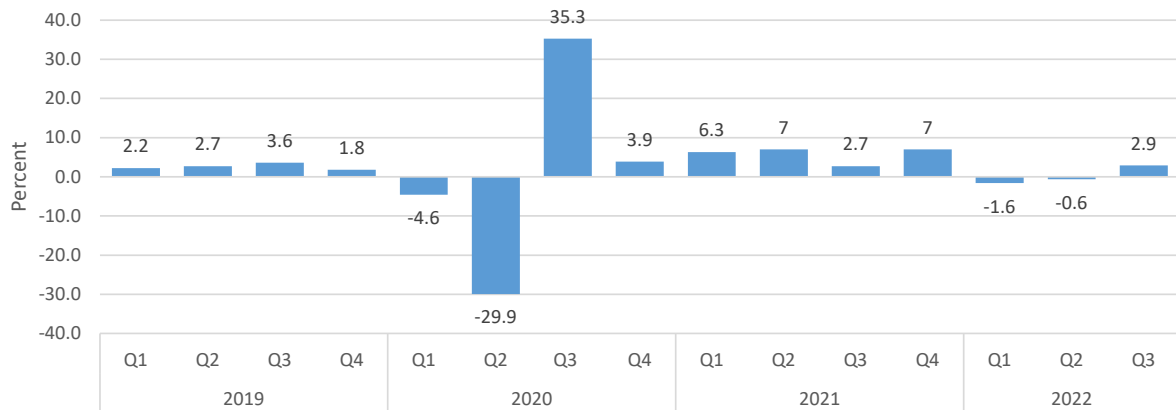
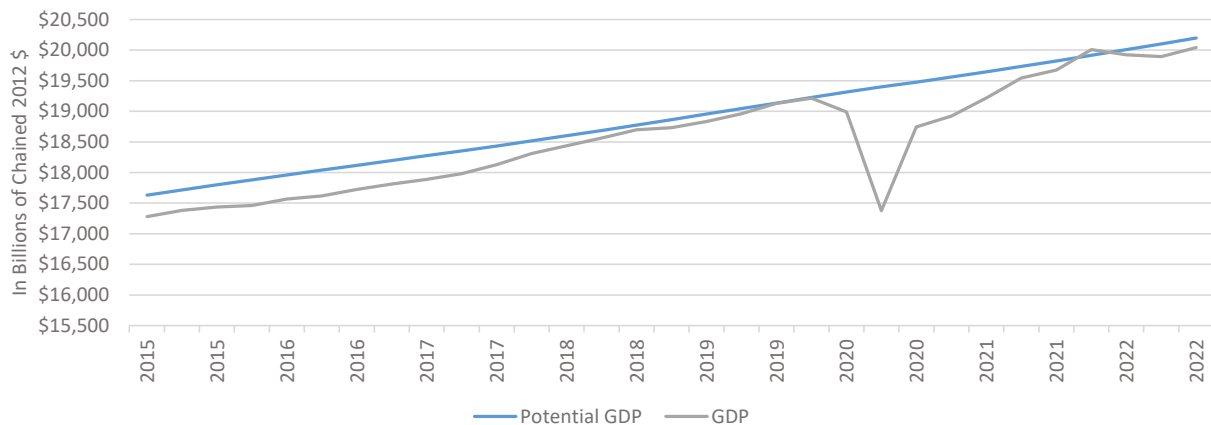


Figure 19:  
GDP Gap



## Economic Growth

U.S. GDP for Q3 2022 was 2.9%, a relatively good number compared to the previous two negative quarters. The Atlanta Federal Reserve’s GDP NOW forecast as of mid-December shows a Q4 GDP forecast of 2.8%, down from over 4% the last two months. As more data comes in, the forecast is being lowered. There is significant concern about a global slowdown, and a global recession seems very high. The forecast for a U.S. slowdown is more subdued, with most forecasting a shallow recession, and some forecasting no recession at all, just slower growth. Certainly businesses and consumers are expecting a slowdown, evident by the national consumer confidence index and for Colorado the Leeds business confidence index.

The unemployment rate as of November is 3.7%, 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 (figure 24).

## Inflation Watch

Headline inflation printed lower at 7.1%, lower than the 7.3% forecast. Inflation seems to be falling, with many leading indicators such as the Producer Price Index (PPI) falling precipitously. November saw a big drop in energy prices, used vehicles, energy services, commodities (less food and energy), and medical care services.

Delivery time, a supply chain proxy data point, is back down to normal levels, indicating that supply chain delivery time has improved (figure 22). The employment cost index, a wage proxy, continues to show gains of over 5% (figure 23). The Federal Reserve raising rates has yet to have an impact on the labor market. This may be due to the lagged effects of monetary policy, but may also be caused by a demographic issue causing an unusually tight labor market.

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 Nov. 2022
	May 2022	Jun. 2022	Jul. 2022	Aug. 2022	Sep. 2022	Oct. 2022	Nov. 2022	
All items.....	1.0	1.3	0.0	0.1	0.4	0.4	0.1	7.1
Food.....	1.2	1.0	1.1	0.8	0.8	0.6	0.5	10.6
Food at home.....	1.4	1.0	1.3	0.7	0.7	0.4	0.5	12.0
Food away from home <sup>1</sup> .....	0.7	0.9	0.7	0.9	0.9	0.9	0.5	8.5
Energy.....	3.9	7.5	-4.6	-5.0	-2.1	1.8	-1.6	13.1
Energy commodities.....	4.5	10.4	-7.6	-10.1	-4.7	4.4	-2.0	12.2
Gasoline (all types).....	4.1	11.2	-7.7	-10.6	-4.9	4.0	-2.0	10.1
Fuel oil <sup>1</sup> .....	16.9	-1.2	-11.0	-5.9	-2.7	19.8	1.7	65.7
Energy services.....	3.0	3.5	0.1	2.1	1.1	-1.2	-1.1	14.2
Electricity.....	1.3	1.7	1.6	1.5	0.4	0.1	-0.2	13.7
Utility (piped) gas service.....	8.0	8.2	-3.6	3.5	2.9	-4.6	-3.5	15.5
All items less food and energy.....	0.6	0.7	0.3	0.6	0.6	0.3	0.2	6.0
Commodities less food and energy commodities.....	0.7	0.8	0.2	0.5	0.0	-0.4	-0.5	3.7
New vehicles.....	1.0	0.7	0.6	0.8	0.7	0.4	0.0	7.2
Used cars and trucks.....	1.8	1.6	-0.4	-0.1	-1.1	-2.4	-2.9	-3.3
Apparel.....	0.7	0.8	-0.1	0.2	-0.3	-0.7	0.2	3.6
Medical care commodities <sup>1</sup> .....	0.3	0.4	0.6	0.2	-0.1	0.0	0.2	3.1
Services less energy services.....	0.6	0.7	0.4	0.6	0.8	0.5	0.4	6.8
Shelter.....	0.6	0.6	0.5	0.7	0.7	0.8	0.6	7.1
Transportation services.....	1.3	2.1	-0.5	0.5	1.9	0.8	-0.1	14.2
Medical care services.....	0.4	0.7	0.4	0.8	1.0	-0.6	-0.7	4.4

<sup>1</sup> Not seasonally adjusted.

Figure 21:  
**Inflation Rate**



Figure 22:  
**Delivery Time (Supply Chain Index)**

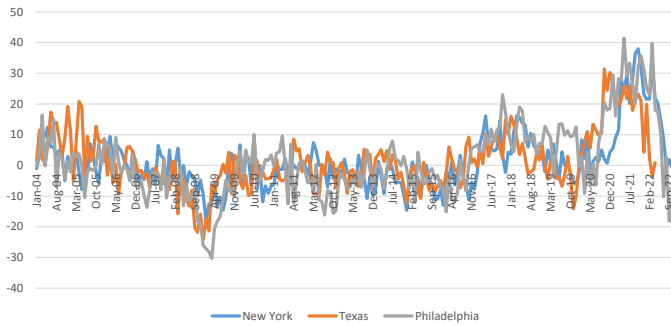


Figure 23:  
**Employment Cost Index**

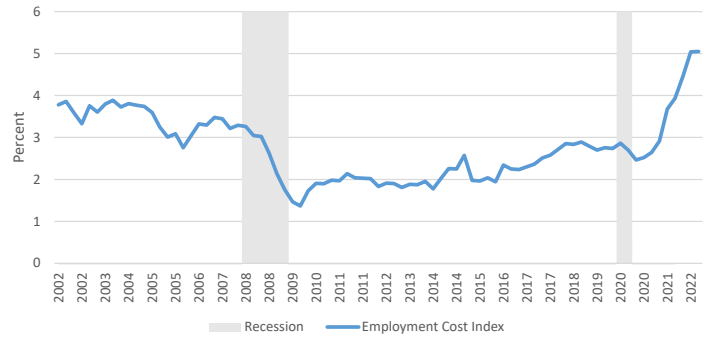
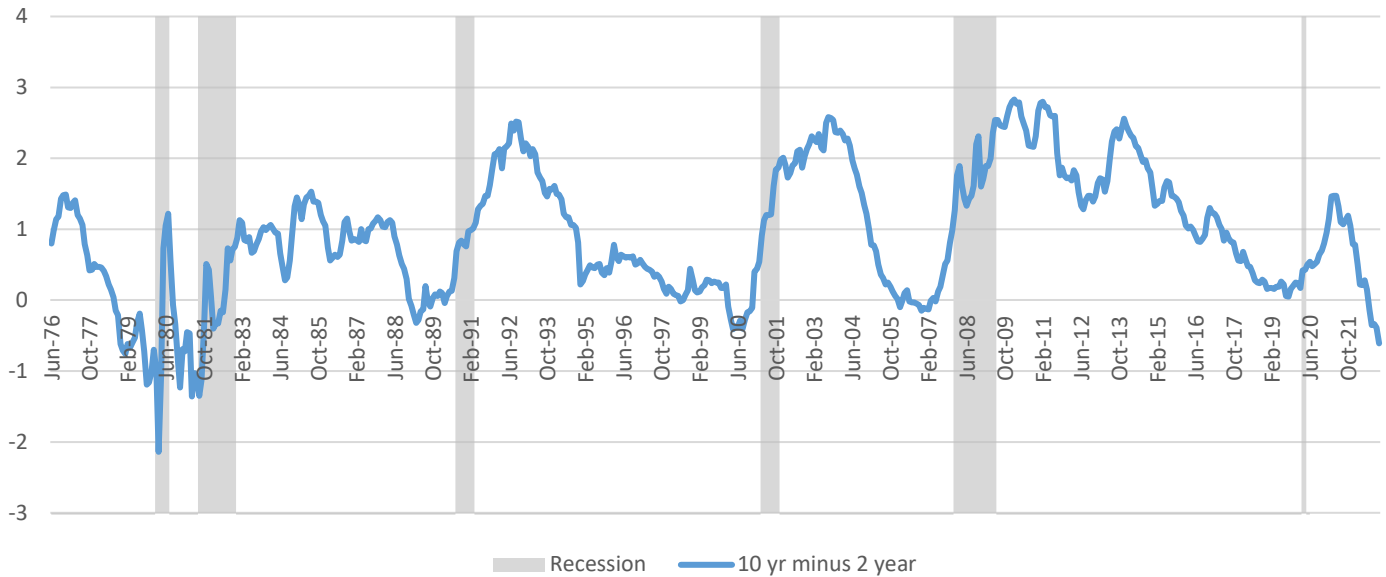


Figure 24:  
**Yield Curve: 10 Year Treasury minus 2 year Treasury**



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