

# ROUTT COUNTY ECONOMIC UPDATE

First Quarter 2022



The Routt Economic Update is funded by the Associated Governments of Northwest Colorado.

## Economic Summary

- Routt County GDP for 2020 fell by 4.15%. Key losses were in mining (-16.4%) accomodation and food services (-19.2%), and utilities (-10.2%), reflecting the impacts of COVID-19 on tourism and energy.
- Building permits applications are up 7.17%, while total building permit valuation is up 78.25%. A similar gap exists in the single family home market, wth single family home permits up 41.89%, and single family home permit valuation increasing by 124.41%.
- Comparing 2020 totals with 2021 totals, Routt County sales/use taxes are up 23.5%, and Steamboat Springs sales taxes are up 23.3%. Hayden sales taxes increased by 7.4%.
- The U.S. inflation rate in February hit 7.9%. This is the highest inflation rate since 1982. Before Russia's invasion of Ukraine, a 3.5-4% inflation forecast by year end was a reasonable way to view inflation dynamics for the coming year. However, the Russia-Ukraine crisis has changed the inflation forecast and has much larger implications for the world and U.S. economy, bringing with it significant macroeconomic and financial risks.

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## LOCAL ECONOMIC INDICATORS

	Q4 2021	Q3 2021	Q4 2020	change since last quarter	change since last year (comparable quarters)
<b>Local Labor Market</b>					
Unemployment Rate Moffat County -NSA	3.13%	3.70%	5.53%	-0.57%	-2.40%
Unemployment Rate Colorado -SA	4.00%	5.10%	6.10%	-1.10%	-2.10%
Unemployment Rate U.S. -SA	4.00%	5.20%	6.50%	-1.20%	-2.50%
Labor Force	16,153	16,334	15,750	-181	403
Employed	15,647	15,728	14,874	-81	773
Unemployed	506	606	876	-100	-371
<b>Business Confidence</b>					
Leeds Colorado Business Confidence	56.1	67.3	47.9	-16.64%	17.12%
<b>Sales/Use Taxes</b>					
	<b>2021 (YTD)</b>		<b>2020 (YTD)</b>		
Routt County Sales Tax	\$9,549,601		\$7,728,424		23.56%
Steamboat Springs Sales Taxes	\$34,278,266		\$27,786,036		23.37%
Hayden Sales Tax	\$1,404,503		\$1,307,338		7.43%
<b>Business Filings</b>					
	<b>2021 (YTD)</b>		<b>2020 (YTD)</b>		
Routt County New Business Entity Filings	896		880		1.82%

	2020	2019	2018	2017	% change from previous year
<b>Standard of Living and Growth</b>					
Population	25,091	24,839	25,579	25,489	1.01%
Gross Domestic Product (GDP)	\$1,728,212	\$1,803,011	\$1,721,099	\$1,726,010	-4.15%
Personal Income	\$2,193,964	\$2,101,396	\$2,008,714	\$1,978,610	4.41%
Personal Income Per Capita	\$85,836	\$82,153	\$78,807	\$78,454	4.48%
Median Household Income	\$82,330	\$87,691	\$81,033	\$76,505	-6.11%
Percent of Population Below Poverty Line	6.30%	7.20%	7.00%	6.90%	0.90%

SOURCES IN ORDER OF LISTING: 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 Craig, Moffat County; Business Permits: Colorado Secretary of State's Office; Median Household Income, Poverty Rate, Population, and Personal Income: U.S. Bureau of the Census; Gross Regional Product: 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.

## Local Labor Market

The Routt County labor market has improved from its April 2020 COVID-19 induced low, but employment levels are still below the February 2020 employment peak of 16,846. Employment numbers fell to 12,114 in April 2020, rising to 14,747 by August 2020, with the most recent employment estimate for February 2022 at 16,276 (figure 1). Employment numbers presented in this report are estimates from the Colorado Department of Labor and Employment, and a person who has two jobs is counted as employed once. Figure 6 illustrates job data from the Bureau of Economic Analysis, which counts each job even if an individual has more than one job. The long term trend in jobs since 2010 has been positive except for the last year, peaking in 2018 at 24,031, and falling to 22,329 in 2020 (figure 6). 2020 was a challenging year for Routt, with tourism being hit by COVID-19 and low energy prices lower affecting the western part of the county.

## Business Confidence, Sales Tax, and Business Filings

The Leeds Business Confidence Index has fallen by 16.64% from last quarter, as businesses see the impacts of inflation, supply chain problems, and labor shortages. These issues do not seem to be impacting local spending, as sales tax collection continues to rise. Comparing 2020 totals with 2021 totals, Routt County sales/use taxes are up 23.5%, and Steamboat Springs sales taxes are up 23.3%. Hayden sales taxes increased by 7.4%. As businesses increase prices due to inflation, sales taxes will rise proportionally, and with a 7.9% inflation rate, this increase in sales tax collection will be less accurate as a proxy for spending.

Routt County business filings are up by 16, or less than 2%, which is one of the lower increases in business filings in the region.

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

	Labor Force	Employed	Unemployed
<b>Annual</b>	101	614	-513
<b>5-Year</b>	1,112	804	308
<b>10-Year</b>	1,769	2,304	-535
<b>Annual %</b>	0.6%	4.2%	-43.0%
<b>5-Year %</b>	7.5%	5.5%	82.4%
<b>10-Year %</b>	12.4%	17.7%	-44.0%

## Standard of Living Indicators

Two new standard of living measures were recently released for Routt County 2020 data. Median household income fell from \$87,691 to \$82,330. There is a large confidence interval around this estimate, hence watching the longer term trend is important. But given how key industries in Routt were affected by COVID-19 in 2020, it is not surprising to see standard of living measure losses. The longer term trend for Routt has been a steady increase in median household income since 2013. For comparison, the United States median household income fell from \$69,560 to \$67,521, as many areas had median household income losses. Colorado median household income increased from \$72,499 to \$82,611, so Routt County's performed much worse than Colorado. Despite losses in median household income, poverty estimates actually fell. 2018's poverty estimate was 12.3%, falling to 12.2% in 2019, and 9.9% in 2020.

Routt County GDP for 2020 fell by 4.15%. Key losses were in mining (-16.4%) accomodation and food services (-19.2%), and utilities (-10.2%), reflecting the impacts of COVID-19 on tourism and energy.

Figure 1:  
2 Year Employment Estimates

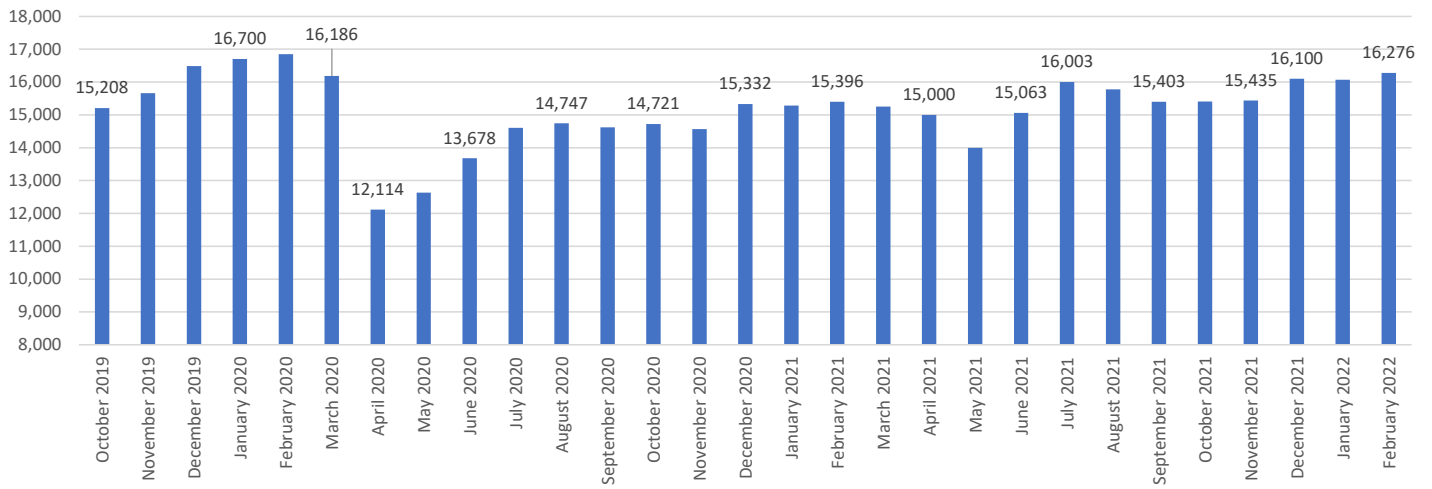


Figure 2:  
Yearly Employment Average

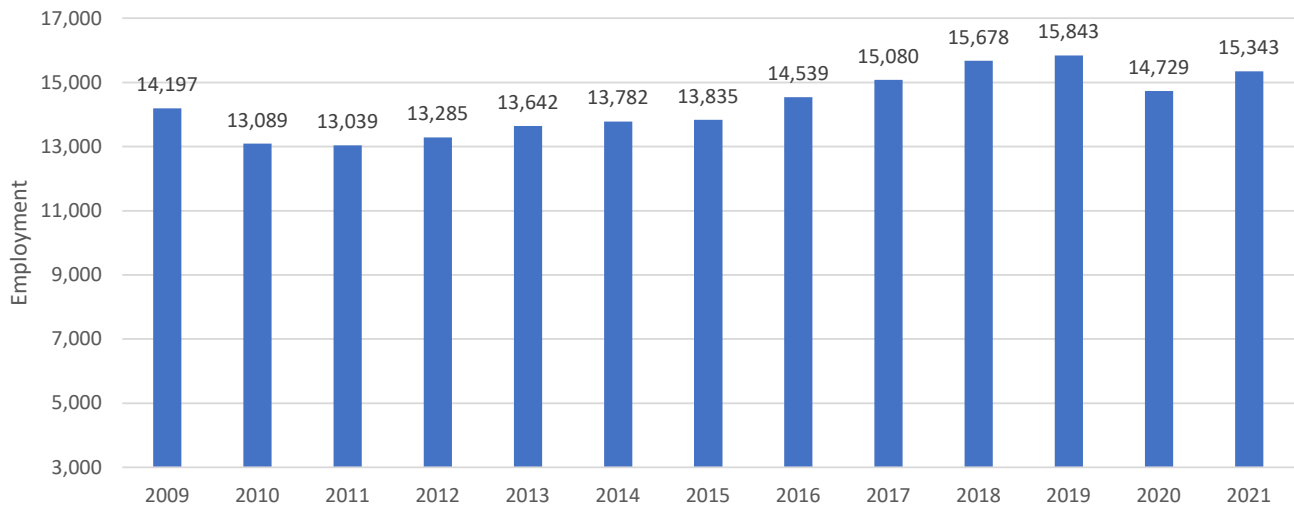


Figure 3:  
Change in Yearly Employment Average

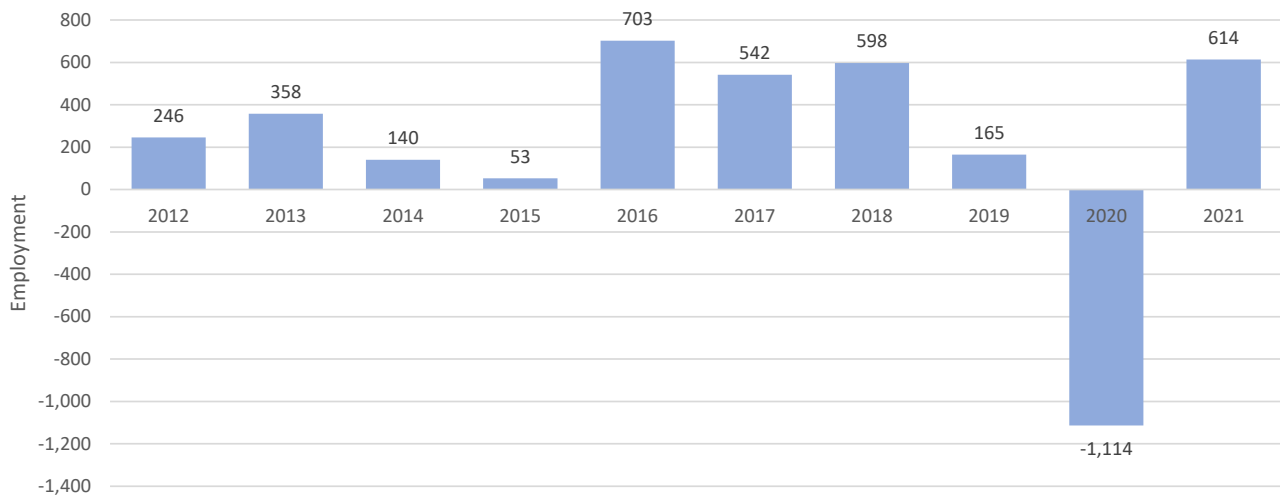


Figure 4:  
**Routt County and Colorado Unemployment Rates**

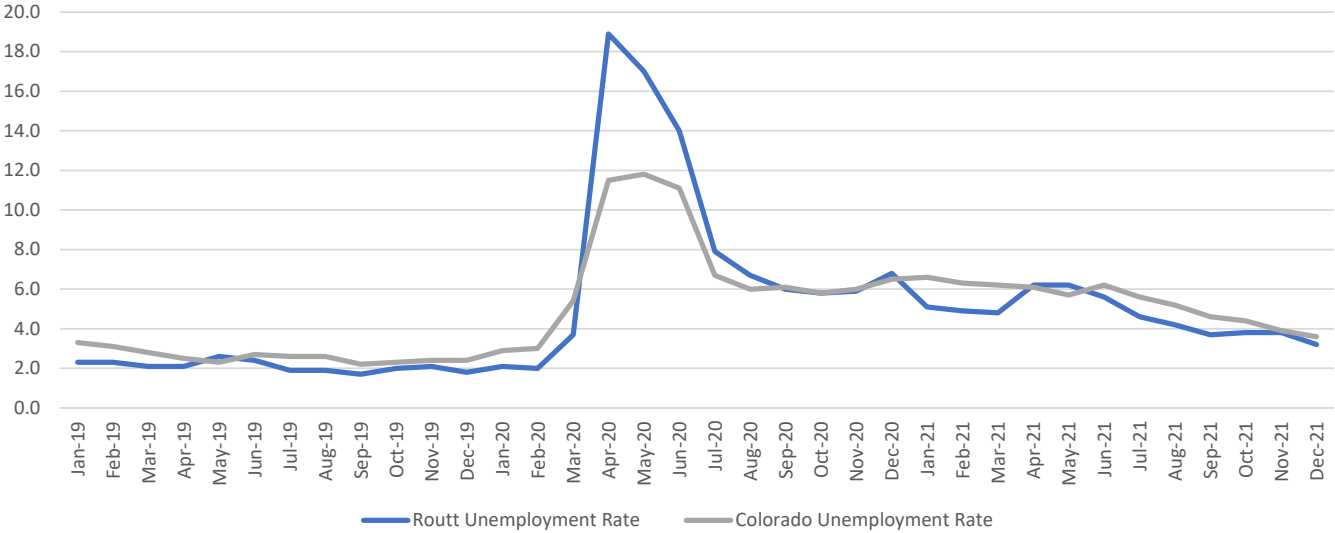


Figure 5:  
**Number of Unemployed Routt County**

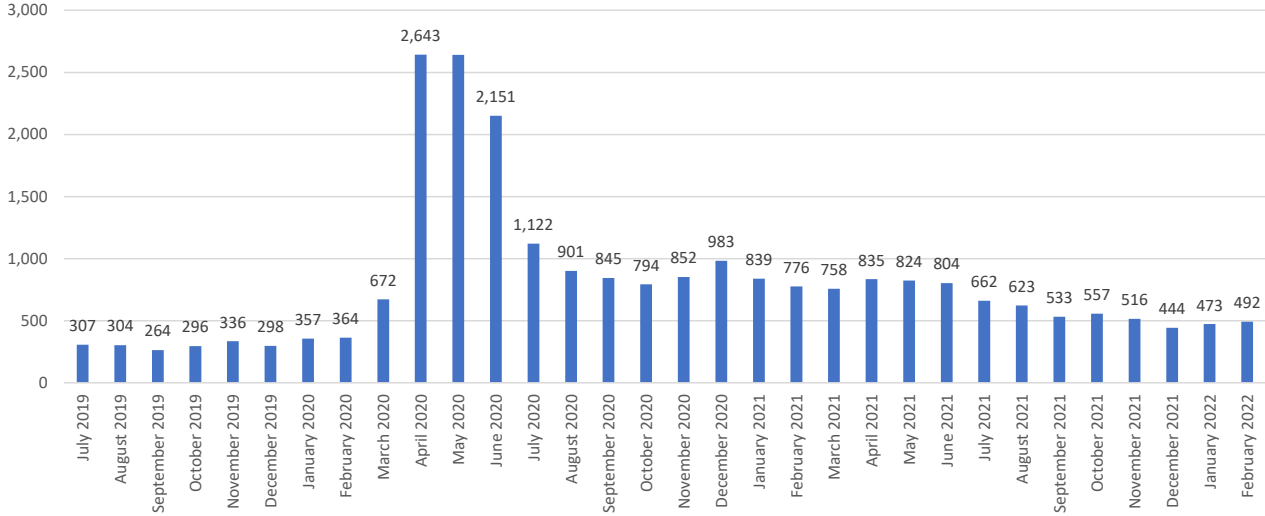


Figure 6:  
**Total Full and Part Time Jobs (BEA)**

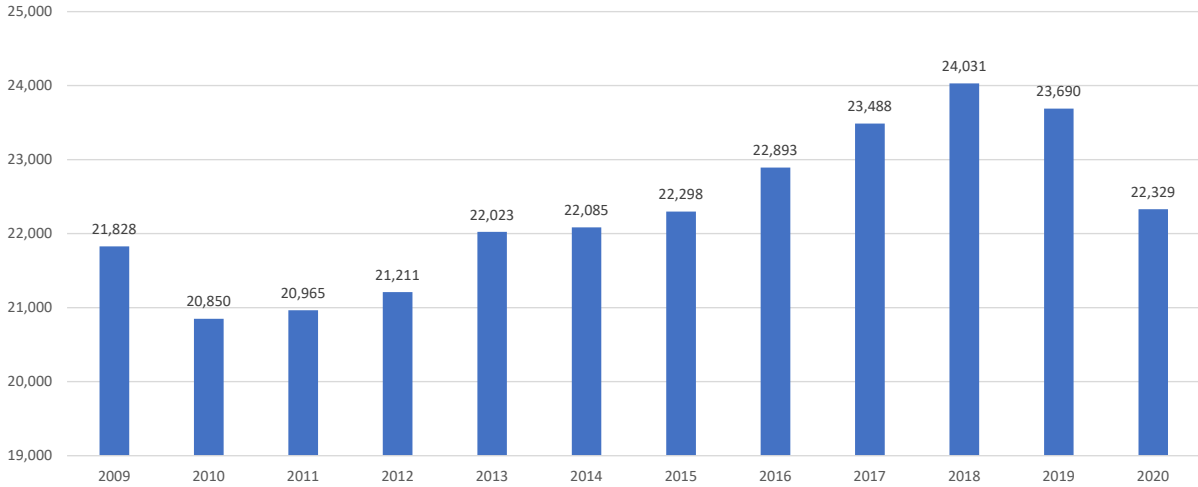


Figure 7:  
**Routt County Median Household Income**

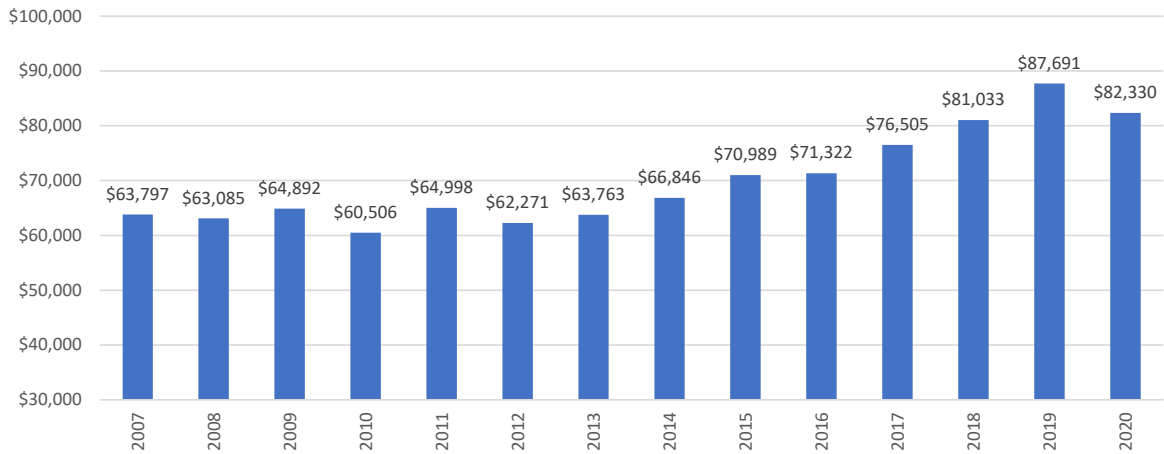


Figure 8:  
**Routt County Poverty Rate Estimate**

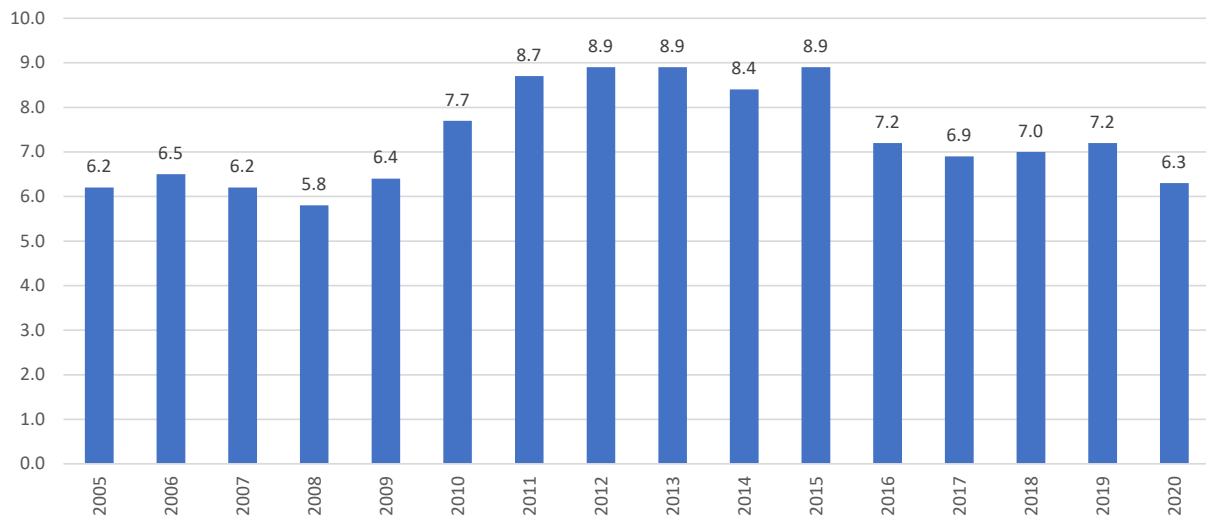
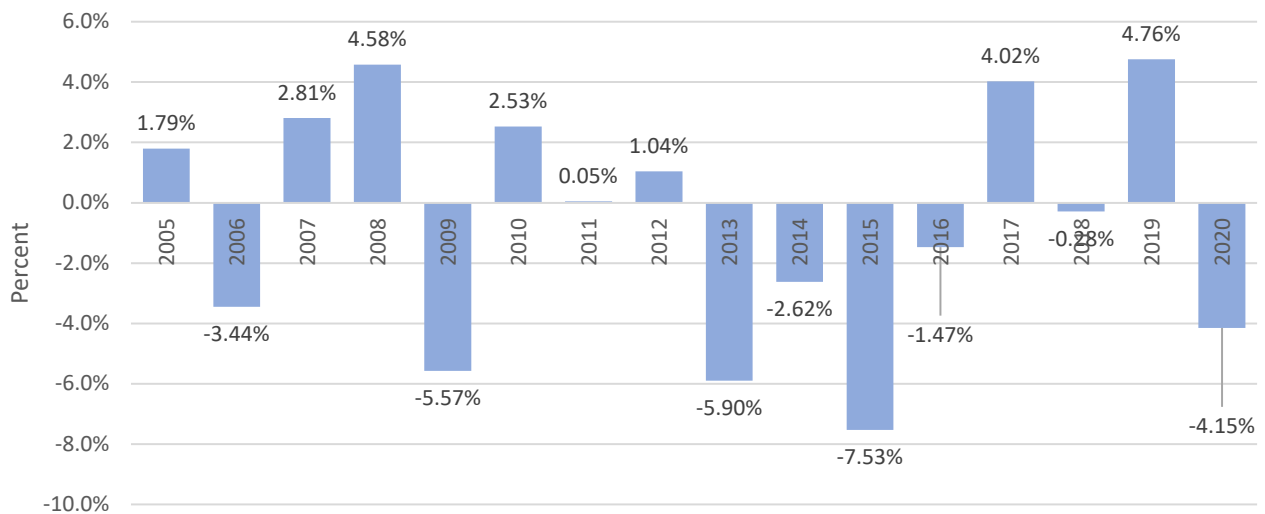


Figure 9:  
**Routt County Real GDP % Change (chained 2012 dollars)**



## Routt County Employment Trends

Q3 2021 Quarterly Census of Employment and Wage data shows slight job gains but slight wage losses compared to Q3 2020. The biggest gains in wages were in retail trade and accomodation and food services. The biggest wages losses were in healthcare and mining. The biggest job gains were in accomodation and food services (87), and administrative and waste services (47), with biggest job losses in mining (45) and public administration (35). Accomodation and food services, retail trade, art entertainment and recreation, and oil and gas were the industries hit hardest by COVID-19. Thus far only mining, oil and gas, and arts, entertainment, and recreation have not recovered when compared to Q4 2019 (figure 11).

Table 2:

### Quarterly Census of Employment and Wages (QCEW) Q3 2021 Compared to Q3 2020

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Employment Change	Total Wage Change
Total, All Industries	15,029	\$198,234,528	\$1,015	796	\$20,589,320
Health Care and Social Assistance	1,983	\$31,235,484	\$1,212	179	\$4,224,521
Accommodation and Food Services	2,511	\$22,683,259	\$695	364	\$5,772,596
Construction	1,464	\$22,526,296	\$1,184	6	\$1,530,664
Retail Trade	1,583	\$17,022,994	\$827	6	\$2,011,001
Public Administration	961	\$14,985,820	\$1,200	18	\$1,153,377
Professional and Technical Services	697	\$14,562,600	\$1,607	95	\$5,170,396
Real Estate and Rental and Leasing	792	\$10,780,112	\$1,047	34	\$1,629,751
Educational Services	880	\$9,607,117	\$840	34	\$856,163
Arts, Entertainment, and Recreation	1,037	\$8,750,759	\$649	249	\$2,458,420
Finance and Insurance	343	\$8,490,441	\$1,904	33	\$1,943,769
Administrative and Waste Services	796	\$8,486,206	\$820	-348	-\$9,969,878
Wholesale Trade	316	\$5,354,478	\$1,303	-6	-\$27,505
Other Services, Ex. Public Admin	483	\$4,656,944	\$742	38	\$628,738
Utilities	176	\$4,212,211	\$1,841	5	\$265,877
Mining	168	\$3,680,119	\$1,685	11	\$123,683
Transportation and Warehousing	256	\$2,950,243	\$886	55	\$533,442
Management of Companies and Enterprises	88	\$2,346,125	\$2,051	-28	\$1,298,920
Manufacturing	179	\$2,205,639	\$948	17	\$467,554
Information	155	\$2,061,289	\$1,023	18	\$83,033
Agriculture, Forestry, Fishing & Hunting	156	\$1,551,211	\$765	12	\$349,617

SOURCE: Colorado Department of Labor and Employment (QCEW). The most recent quarterly data available is reported.

Table 3:

### Farm and Sole Proprietor Employment

BEA Data	2020	2019	2018	2017	% change from 2019
Farm Employment	756	755	758	758	0.1%
Sole Proprietors (non-farm)	6,392	6,491	7,045	6,877	-1.5%

Figure 11:  
**Industry Job Change Percentage Compared to Q4 2019**

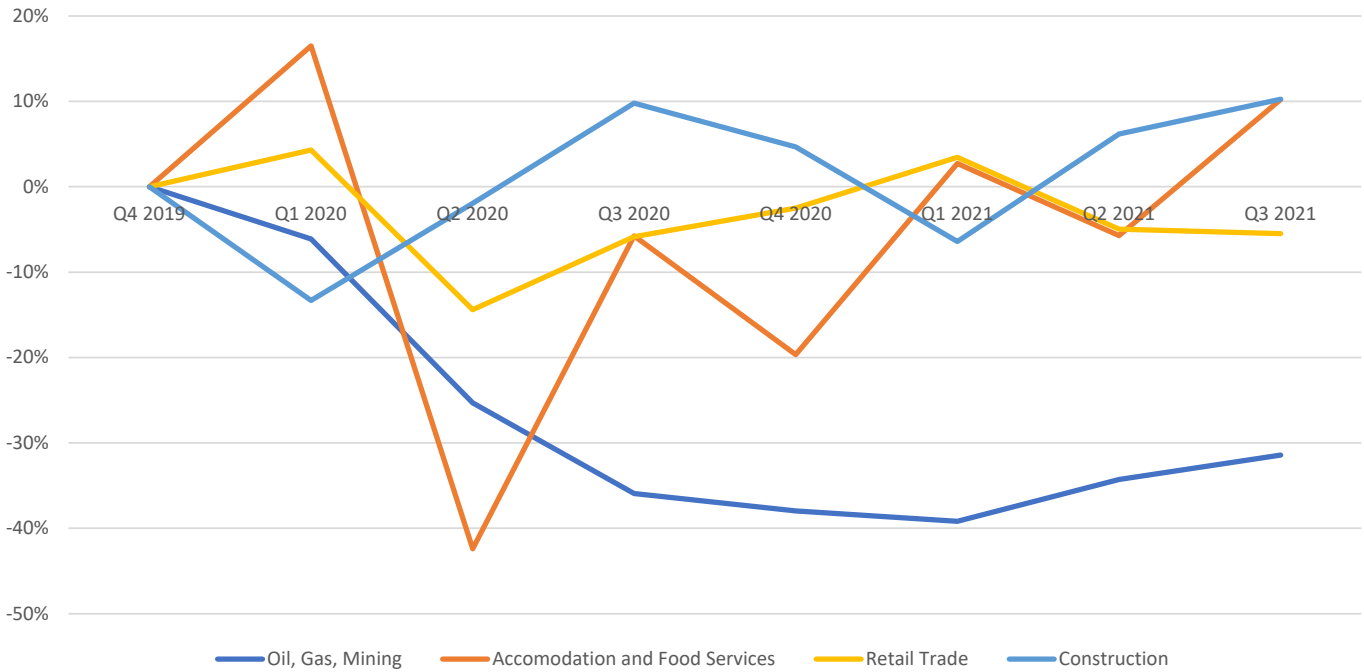
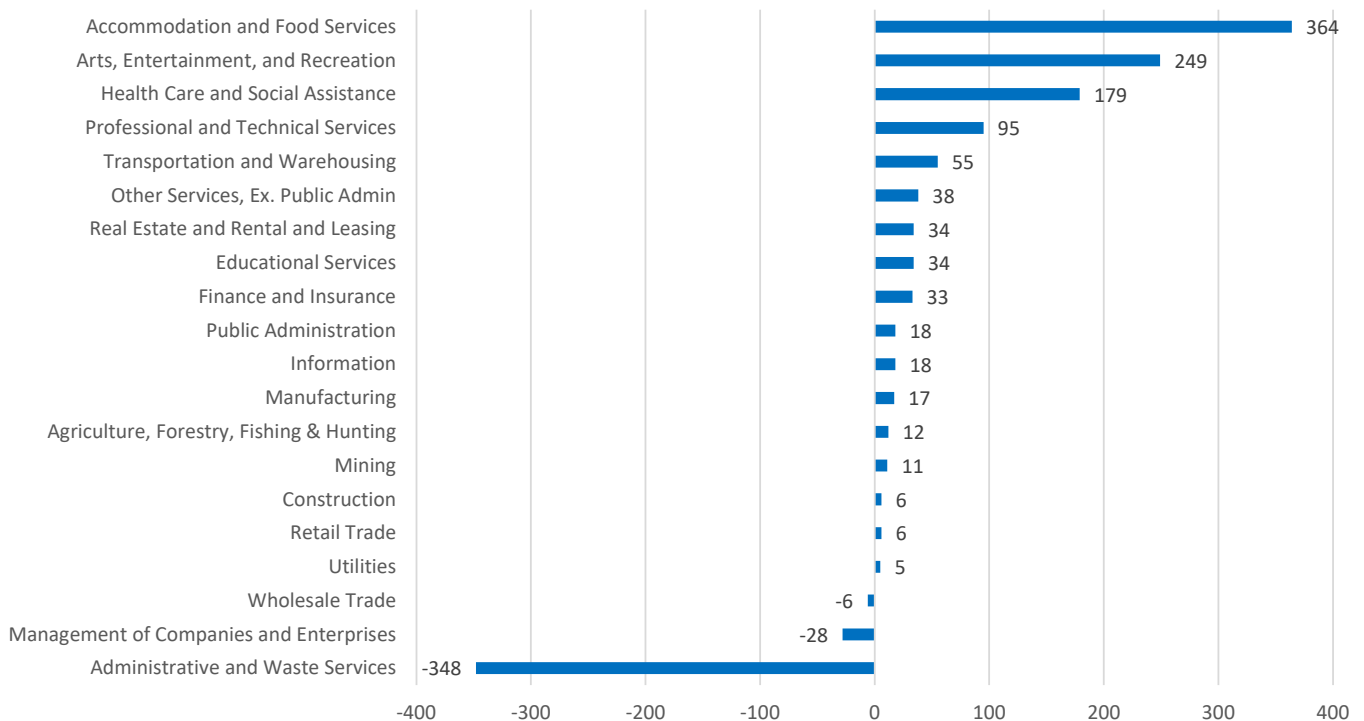


Figure 11:  
**Total Jobs Change from Q3 2020 to Q3 2021**



## LOCAL REAL ESTATE

	Q4 2021	Q4 2020	% change since last year
<b>Real Estate</b>			
Inventory of Homes for Sale (3 month avg)	65	109	-40.18%
New Residential listings (3 month total)	68	91	-25.27%
Sold Residential Listings (3 month total)	118	169	-30.18%
Median Sales Price	\$906,250	\$858,333	5.58%
Average Sales Price	\$1,343,839	\$1,175,286	14.34%
Days on Market	51.33	62.13	-17.38%
Months Supply of Inventory	1.67	2.59	-35.67%
Total Building Permits	986	920	7.17%
Total Building Permit Valuation	378,477,476	212,329,393	78.25%
Single Family Home Permits	210	148	41.89%
Single Family Home Permit Valuation	218,203,416	97,233,799	124.41%
<b>Mortgage Rates</b>			
15 Year Mortgage Rate	2.34%	2.29%	0.05%
30 year Mortgage Rate	3.08%	2.76%	0.32%

SOURCES: Real Estate: Colorado Association of Realtors Market Trends Program through ShowingTime. Note that real estate data is just single family homes; Building permit and valuation: Routt County Building Department; Mortgage rates: Freddie Mac.

### Local Real Estate Indicators

The Routt County real estate market saw median sale price increase by 5.58%, lower than most other counties on the western slope. Average prices increased by 14.34%, with the divergence between the average and median prices indicating that there are some high price point purchases that are driving the average price increase. Days on market fell from 62 to 52, while months supply of inventory fell from 2.59 to 1.67. Building permit applications are up 7.17%, while total building permit valuation is up 78.25%. A similar gap exists in the single family home market, with single family home permits up 41.89%, and single family home permit valuation increasing by 124.41%. The Federal Reserve is raising the Federal Funds rate and reducing their purchases of 10 year treasury bonds, with the goal of raising interest rates. The hope is to slow what has become one of the strongest housing markets in recent history.

Figure 12:  
**Median and Average Sales Price**

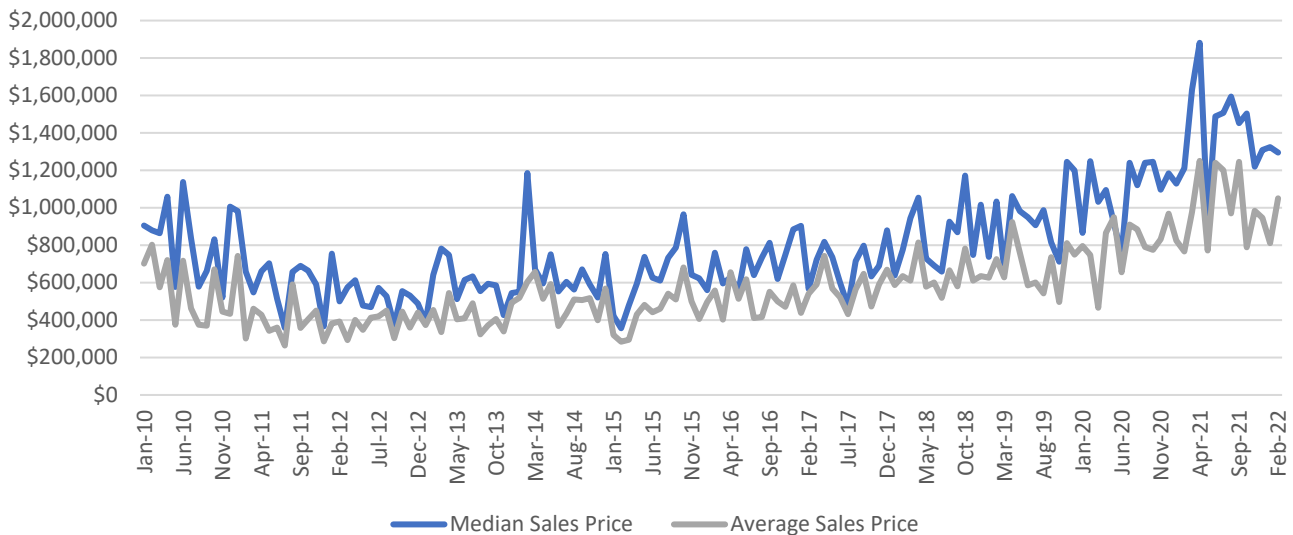




Figure 13:  
Days on Market Until Sale

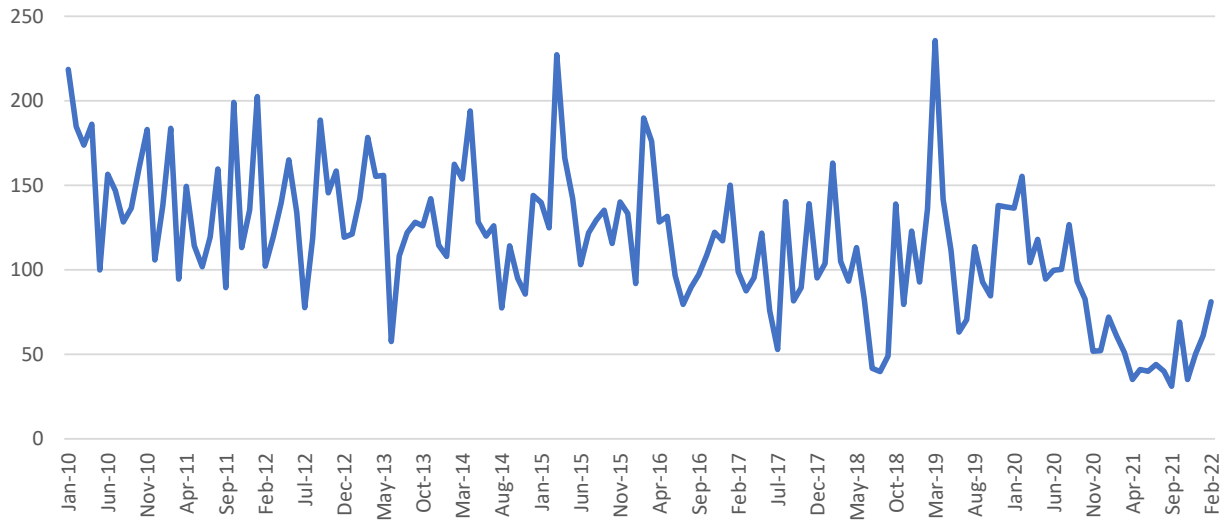


Figure 14:  
Months Supply of Inventory

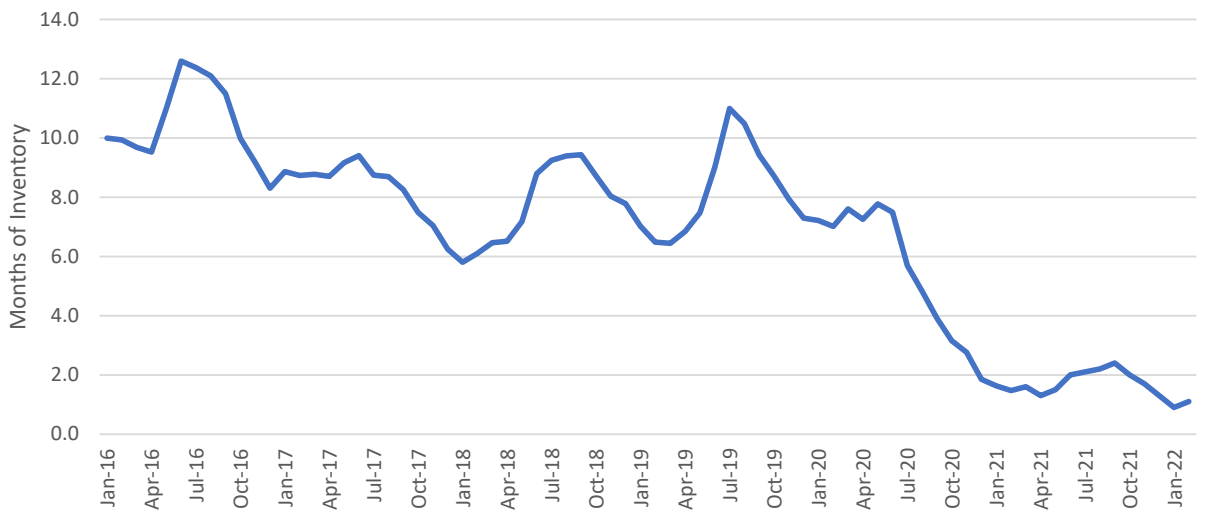
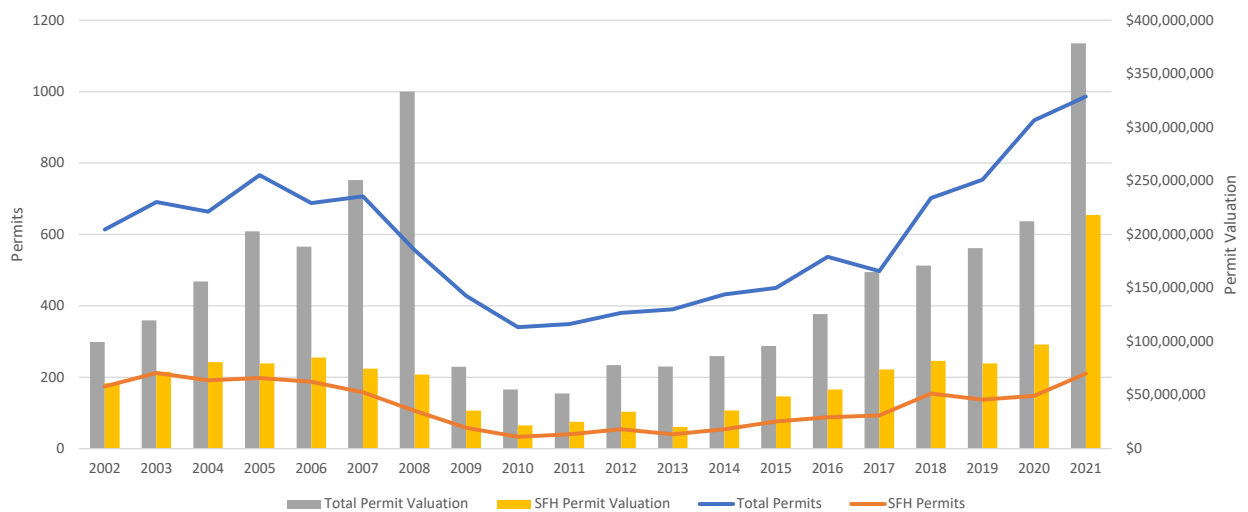


Figure 15:  
Building Permits and Valuation



## REGIONAL ENERGY

	Q4 2021	Q3 2021	Q4 2020	% change since last quarter	% change since last year (comparable quarters)
<b>Energy Prices</b>					
WTI Crude Oil	\$77.33	\$70.58	\$42.52	9.56%	81.87%
Henry Hub Natural gas	\$4.77	\$4.36	\$2.53	9.40%	88.54%
Retail Gasoline Price	\$3.21	\$3.06	\$2.06	4.90%	55.62%
<b>Drilling Permits</b>					
	2021 (YTD)	2020	2019	% Change since same time last year	
Drilling Permits (Mesa County)	0	1	0	N/A	
Drilling Permits (Rio Blanco County)	39	33	59	-44.07%	
Drilling Permits (Garfield County)	133	127	149	-14.77%	
Drilling Permits (Moffat County)	1	1	7	-85.71%	
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	173	162	215	-24.65%	
Total Permits (Colorado)	757	1,543	2,032	-24.06%	
<b>Local Rig Count</b>					
	Feb-22	Aug-21	Feb-21		
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	2	2	1		
<b>Regional Coal Industry</b>					
	2021 (YTD)	2020 (YTD)	% Change		
Moffat, Rio Blanco, Routt Average Monthly Employment for Coal Mining	544	613	-11.28%		
Moffat, Rio Blanco, Routt Coal Production (tons)	685,267	613,380	11.72%		

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; Coal data from the Colorado Division of Reclamation, Mining, and Safety; Mining as a percentage of GDP from the BEA.

Figure 16:  
**Oil and Natural Gas Prices**

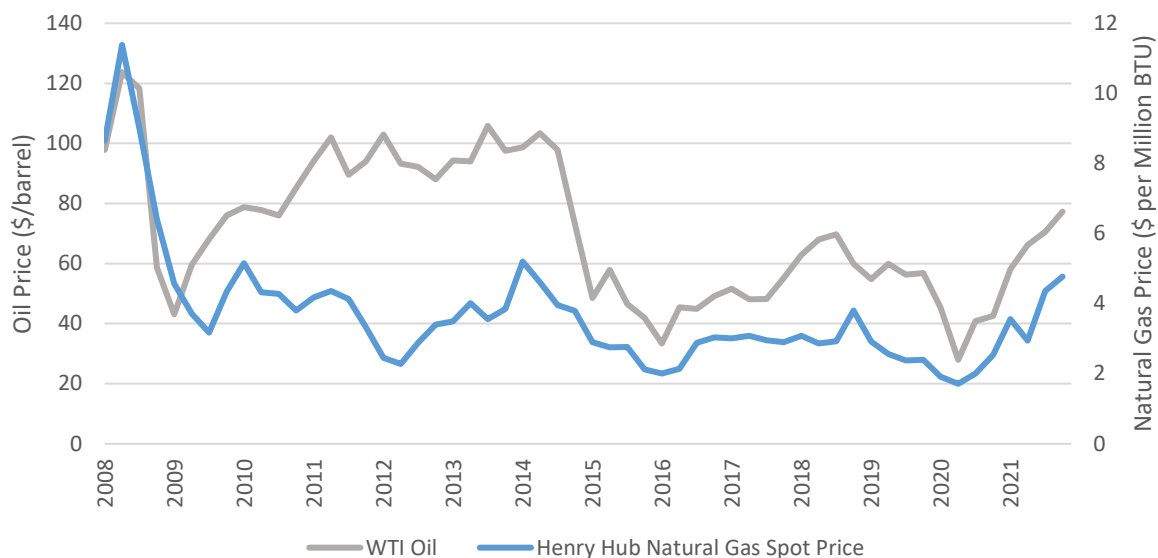


Figure 17:  
Oil/Gas Drilling Permits and Oil/Gas Jobs

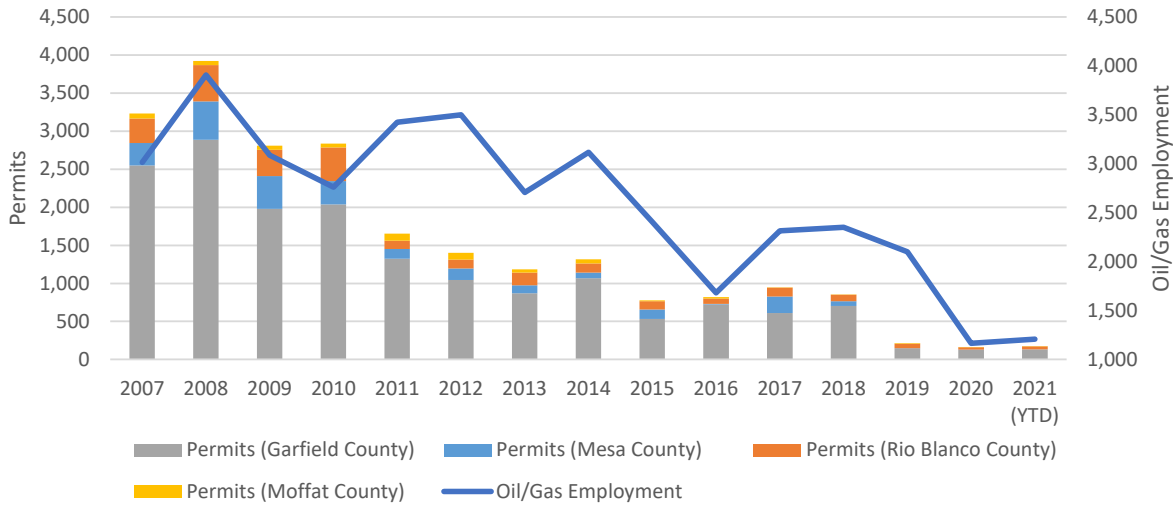
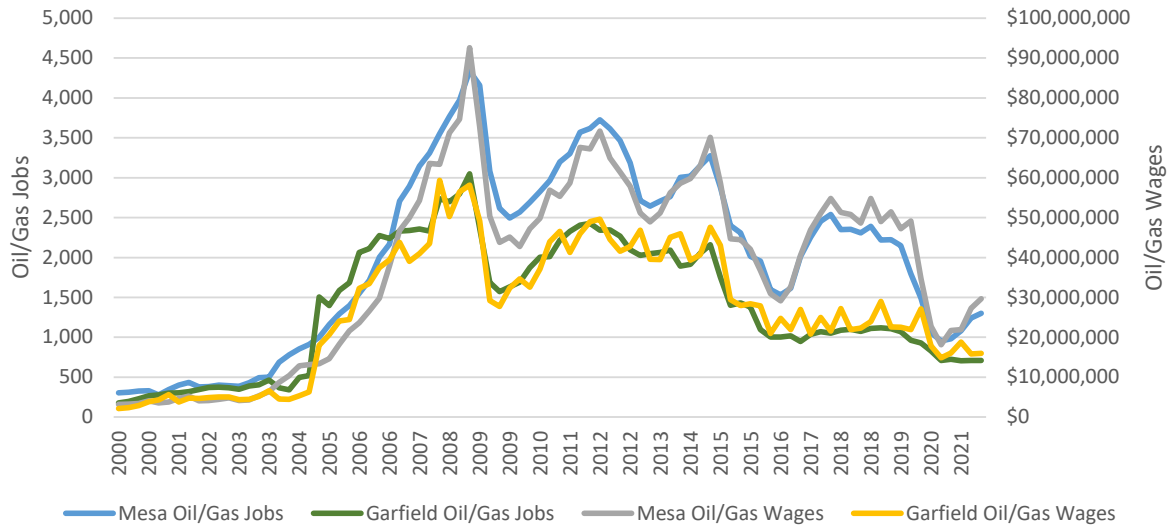


Figure 18:  
Oil/Gas Jobs and Wages (Mesa and Garfield, QCEW)



### Western Slope Drilling Activity

The Energy Information Agency (EIA) reports that in February, the natural gas spot price at Henry Hub averaged \$4.69/MMBtu, while Brent crude oil averaged \$97 per barrel. There is much uncertainty in energy markets currently due to Russia's invasion of Ukraine. EIA forecasts Brent crude oil to average \$117 per barrel in March, and \$102 per barrel for the second half of 2022. How rising oil and gas prices will affect the Piceance Basin remains to be seen. In the past, when oil and natural gas prices have risen, rig activity in the region has increased, but there are still two rigs operating in the Piceance as of March 14th. There was an uptick in jobs and wages in this industry but for employment and wages to really pick up rig activity will have to increase. Garfield County did not experience the uptick in oil and gas activity that Mesa County experienced the last two quarters.

### Regional Mining Activity

Coal mining in the Moffat, Routt, and Rio Blanco region makes up a very large portion of GDP and wages. Total coal production was up 11.7%, but coal jobs were down from an average of 613 in 2020 to 544 in 2021, or 11.3%. The four mines ended the year with 551 jobs in December. Note that in figure 21 below, mining includes oil and gas.

Figure 19:

**Colowyo, Trapper, Deserado, and Foidel Creek Coal Production and total Coal Jobs**

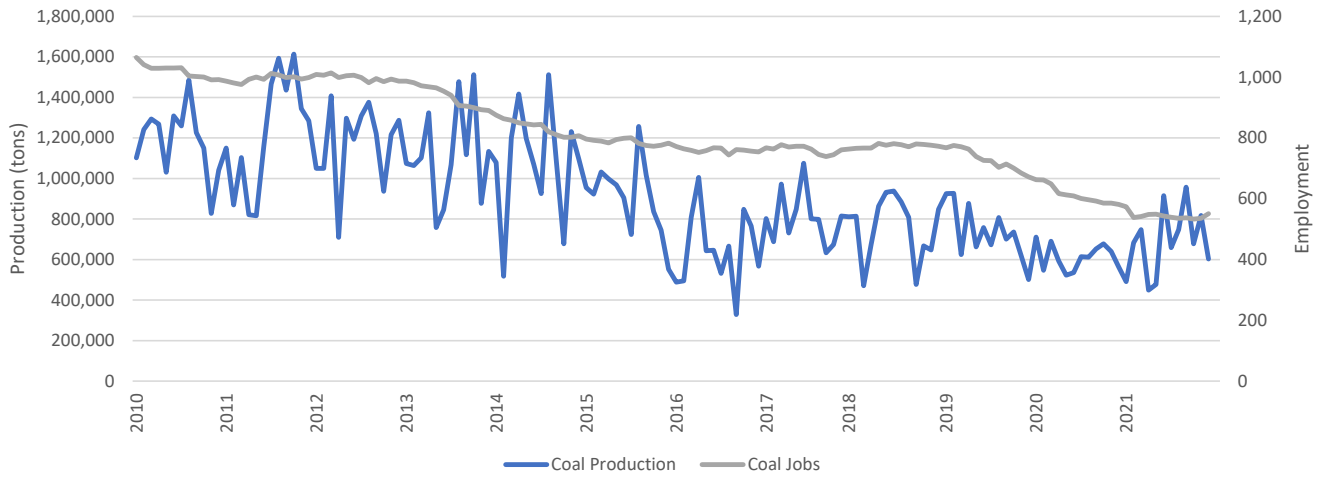


Figure 20:

**Colowyo, Trapper, Deserado, and Foidel Creek Mining Jobs**

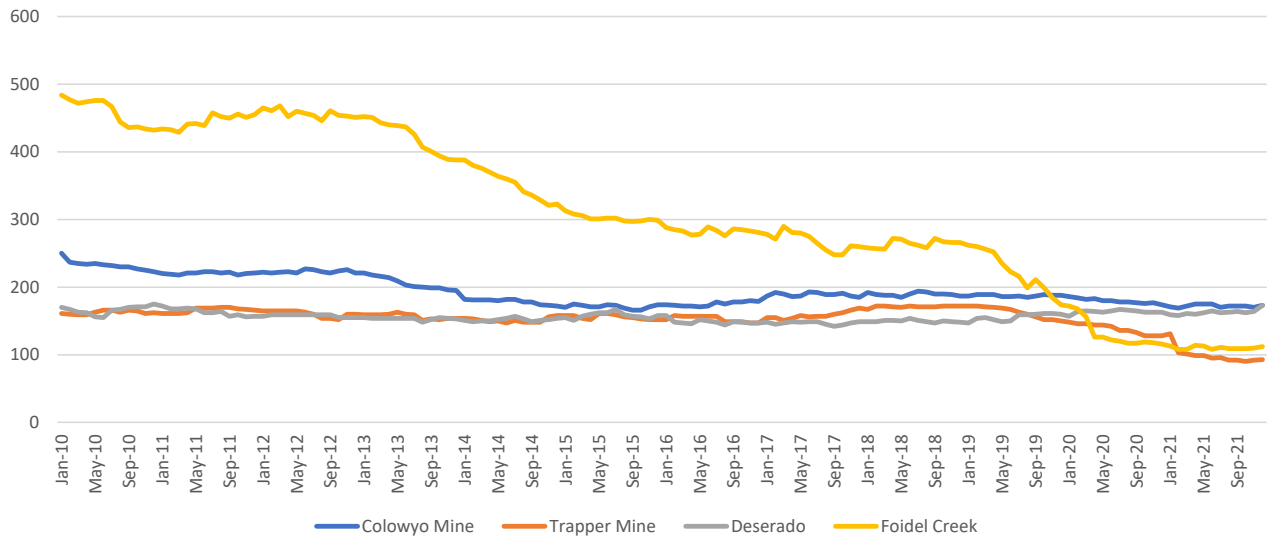
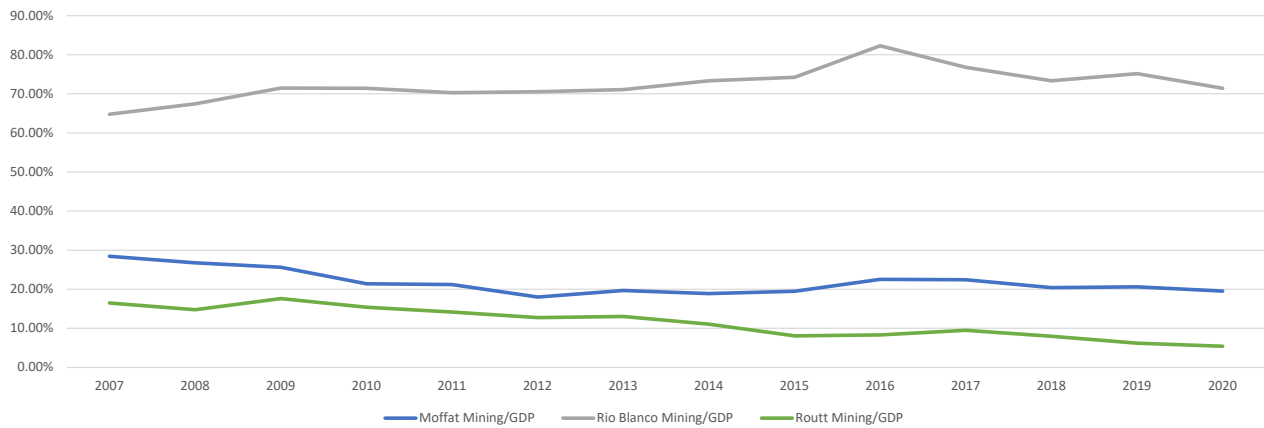


Figure 21:

**Mining as a Percentage of GDP in Moffat, Rio Blanco, and Routt Counties**



## NATIONAL ECONOMIC INDICATORS

	Q4 2021	Q3 2021	Q4 2020	% change since last period	% change since last year (comparable quarters)
<b>Business Cycle Indicators</b>					
Real GDP	6.90%	2.30%	4.50%	4.60%	2.40%
Personal Consumption Expenditures	3.30%	2.00%	3.40%	1.30%	-0.10%
Gross Private Domestic Investment	32.00%	12.40%	24.70%	19.60%	7.30%
National Consumer Confidence	69.9	74.8	79.8	-6.55%	-12.41%
Industrial Production Index	101.8	100.7	97.4	1.09%	4.55%
Initial Weekly Unemployment Claims (4 week MA)	265,923	369,788	787,250	-28.09%	-66.22%
Non Farm Payroll Change (in thousands)	1,733,333	1,695,333	1,998,333	2.24%	-13.26%
<b>Unemployment</b>					
Unemployment Rate-U3-SA	4.20%	5.10%	6.80%	-0.90%	-2.60%
Unemployment Rate-U6-SA	7.70%	8.80%	11.90%	-1.10%	-4.20%
<b>Interest Rates</b>					
Federal Funds Rate	0.08%	0.09%	0.09%	-0.01%	-0.01%
10 Year U.S. Treasury	1.54%	1.32%	0.86%	0.22%	0.68%
30 Year U.S. Treasury	1.94%	1.93%	1.62%	0.01%	0.32%
<b>Inflation Measures</b>					
Inflation Rate (CPI)	6.72%	5.29%	1.20%	1.43%	5.52%
Core Inflation Rate (All Items Less Food and Energy)	5.01%	4.07%	1.62%	0.94%	3.39%
Inflation Rate (Shelter)	3.86%	2.92%	1.93%	0.94%	1.93%
Producer Price Index (PPI)	21.77%	20.27%	-0.22%	1.50%	21.99%
Employment Cost Index	4.00%	3.68%	2.52%	0.33%	1.48%
<b>Stock Prices</b>					
S&P 500	4,602	4,422	3,555	4.08%	29.47%
Dow Jones Industrial Average	35,517	34,916	29,092	1.72%	22.09%
<b>Trade Balance and Debt</b>					
Trade Balance (% of GDP)	-962.593	-947.023	-798.431	1.64%	20.56%
Federal Debt (% of GDP)*	122.5%	127.5%	127.5%	-5.0%	-5.0%

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.

Figure 22:  
Real GDP for U.S.

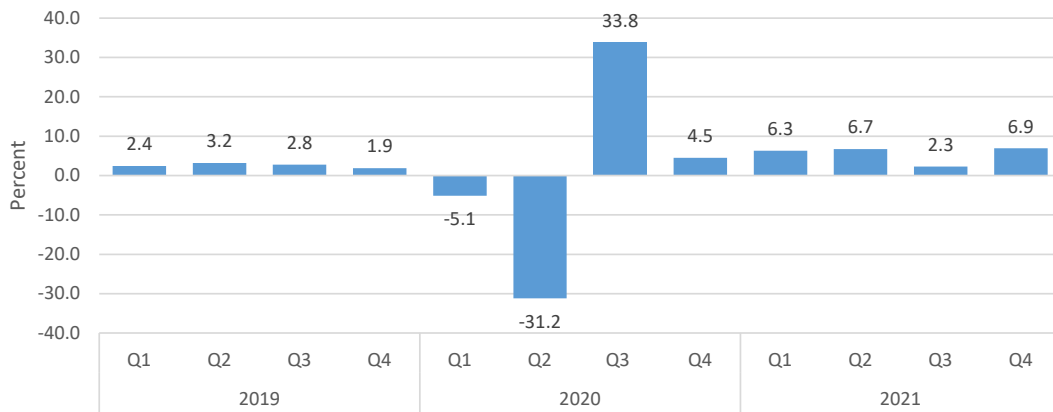
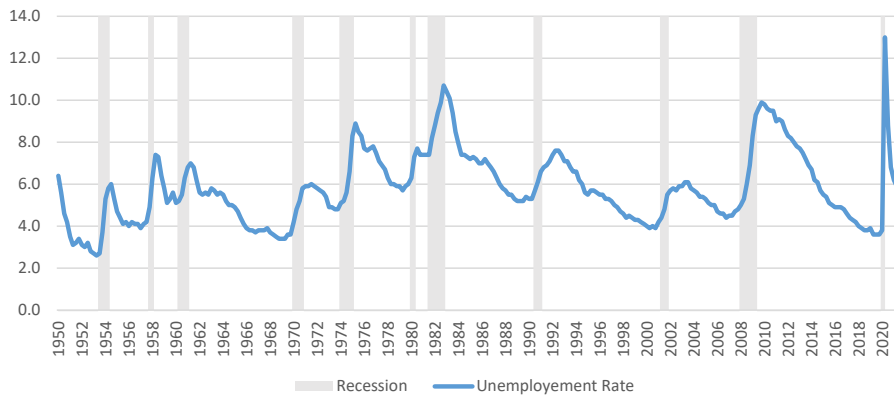


Figure 23:  
U.S. Unemployment Rate



## National Economic Performance

U.S. GDP growth showed a 6.9% gain. The Q1 2022 GDP Now forecast shows a much more subdued quarter at 0.5%. The national unemployment rate fell to 3.8% in February, bringing the unemployment rate down to 2019 levels. Figure 21 shows the GDP gap, with the grey line showing the actual level of GDP, and the blue line representing what is called “potential GDP”, which is where we want to be. The difference is called the “GDP gap,” and the graph shows that the U.S. is very close to full economic recovery from the COVID-19 induced economic downturn.

## Inflation

The U.S. inflation rate in February hit 7.9%, a continued increase of the inflation we began to see in mid-2021. This is the highest inflation rate since 1982. Like last quarter, energy and vehicles lead the charge with a 25.6% increase in energy and used cars and trucks increasing by 41.2%, and not to be outdone, food increased by 7.9%. Before Russia’s invasion of Ukraine, and 3.5-4% inflation forecast by year end was a reasonable way to view inflation dynamics in the coming year. Energy shows inflation because 2020 energy prices were so low, supply chains would eventually work themselves out, etc. However, the Russia-Ukraine crisis has changed the inflation forecast and has much larger implications for the world and U.S. economy.

## Russia-Ukraine

Russia is a huge exporter of oil and natural gas, and although

the U.S. only imports 3% of its oil from Russia, any disruption in the world market will affect the price of oil domestically. Russia and Ukraine also produce a sizable portion of the world’s wheat supply. Commodities are a world market, hence the price of food will increase. Russia also produces platinum, aluminum, fertilizers, and other important products.

Perhaps the more esoteric risk is the risk to the international financial system and global trade. This includes global supply chains, reliance on the U.S. dollar, and trade flows between the U.S. and China. This is clearly a coordinated challenge from China and Russia to the existing global order, a challenge that has resulted in sanctions on Russia and may necessitate a form of de-coupling from China economically. This is an enormous amount of risk for the financial markets to digest, which is one of the reasons markets have been trending downwards since the invasion. How Russia-Ukraine resolves itself is unknown, but what is certain is that politically the global order, and economically the trade and financial flows we have been accustomed to are under threat and likely to change to some degree. This means lower growth, higher inflation (or what we call stagflation), and the distinct possibility of a world recession this year. The Fed raising interest rates can help bring inflation down, certainly helping with housing, vehicle inflation, but because so much of the inflationary pressure is a supply shock, the Fed will likely not be able to eliminate all inflation with monetary policy.

Figure 24:  
**GDP Gap**

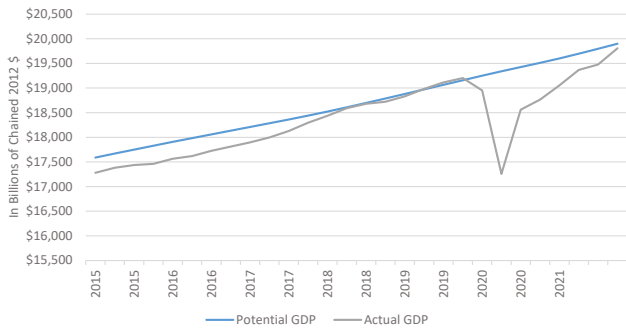


Figure 25:  
**Employment Cost Index**

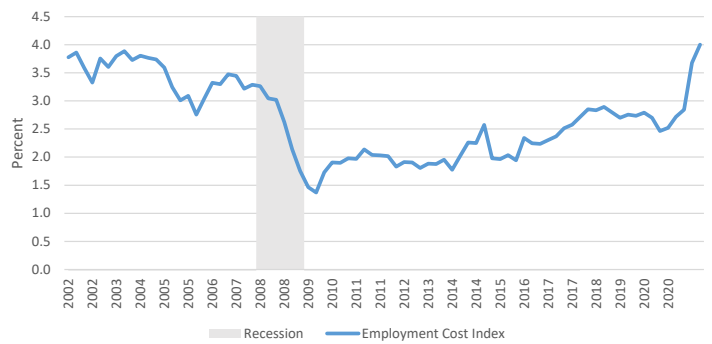
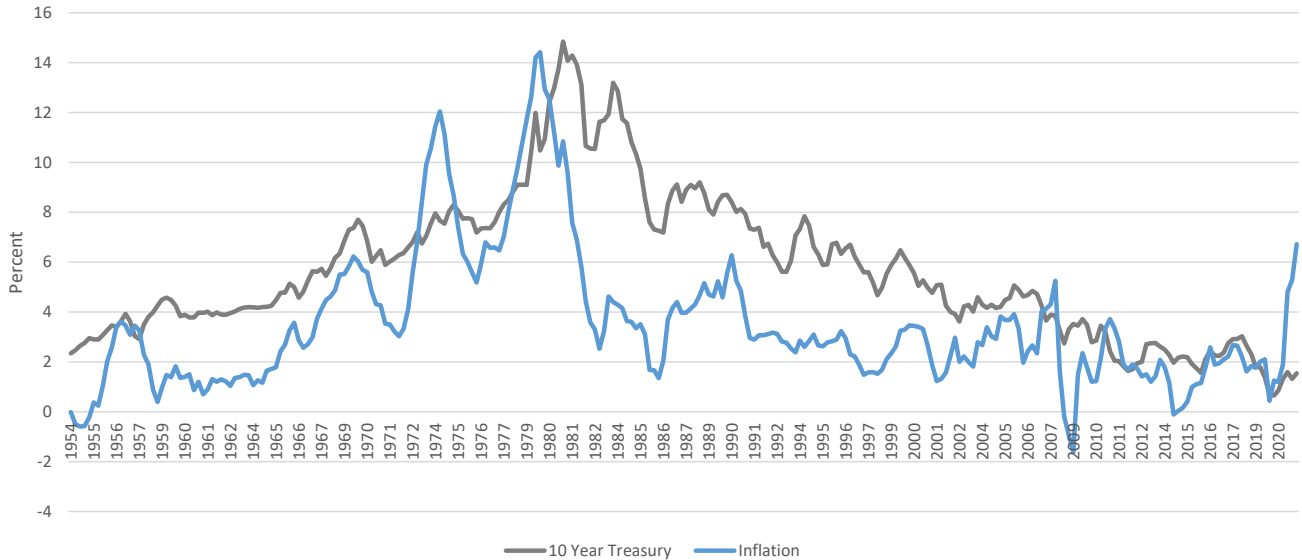


Figure 26:  
**Inflation Rate and 10 Year Treasury Rate**



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