



Metro Denver
Economic Development Corporation

The Colorado Economy and the Future Demands of Population on Resources

Major Trends Impacting the Future Colorado Economy

Colorado Economy Today

Colorado's recession ended in February of 2009 as job growth returned.

In 2012 and 2013, job growth beat projections by economists.

Colorado's highly diversified economy (4th best in the U.S.) cushioned the blow – especially in housing values.

Growth is progressing at all levels across the State's economic base.

Lay-offs are half of 2008

Growth Up, Up, Up...

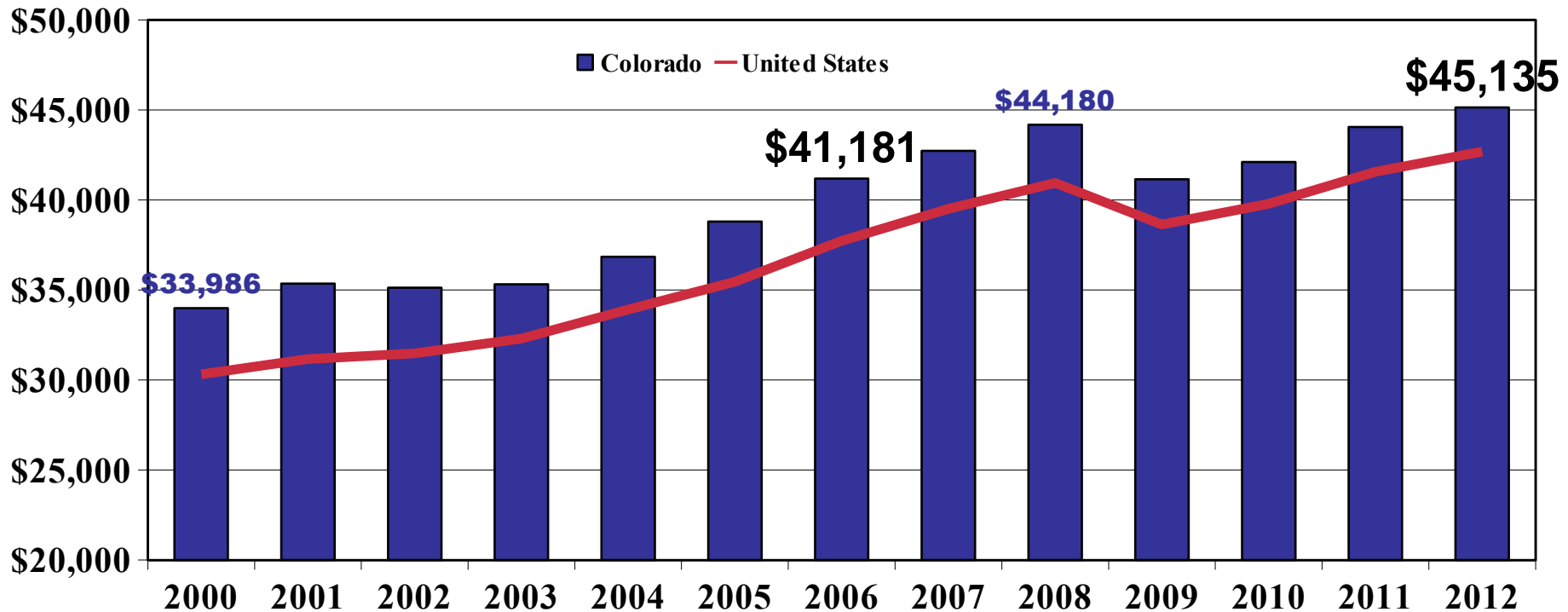
State jobs up 2.6% Metro up 2.7%. Led by construction and natural resources.

Expect 3% growth rate by year end in Metro Denver. Haven't seen numbers like this since the late 1990s.

Exports up 6%. Could reach record of \$8.6 billion by year end.

Per Capita Personal Income

Colorado has 13th Highest Per Capita Personal Income Level



Source: U.S. Bureau of Economic Analysis.



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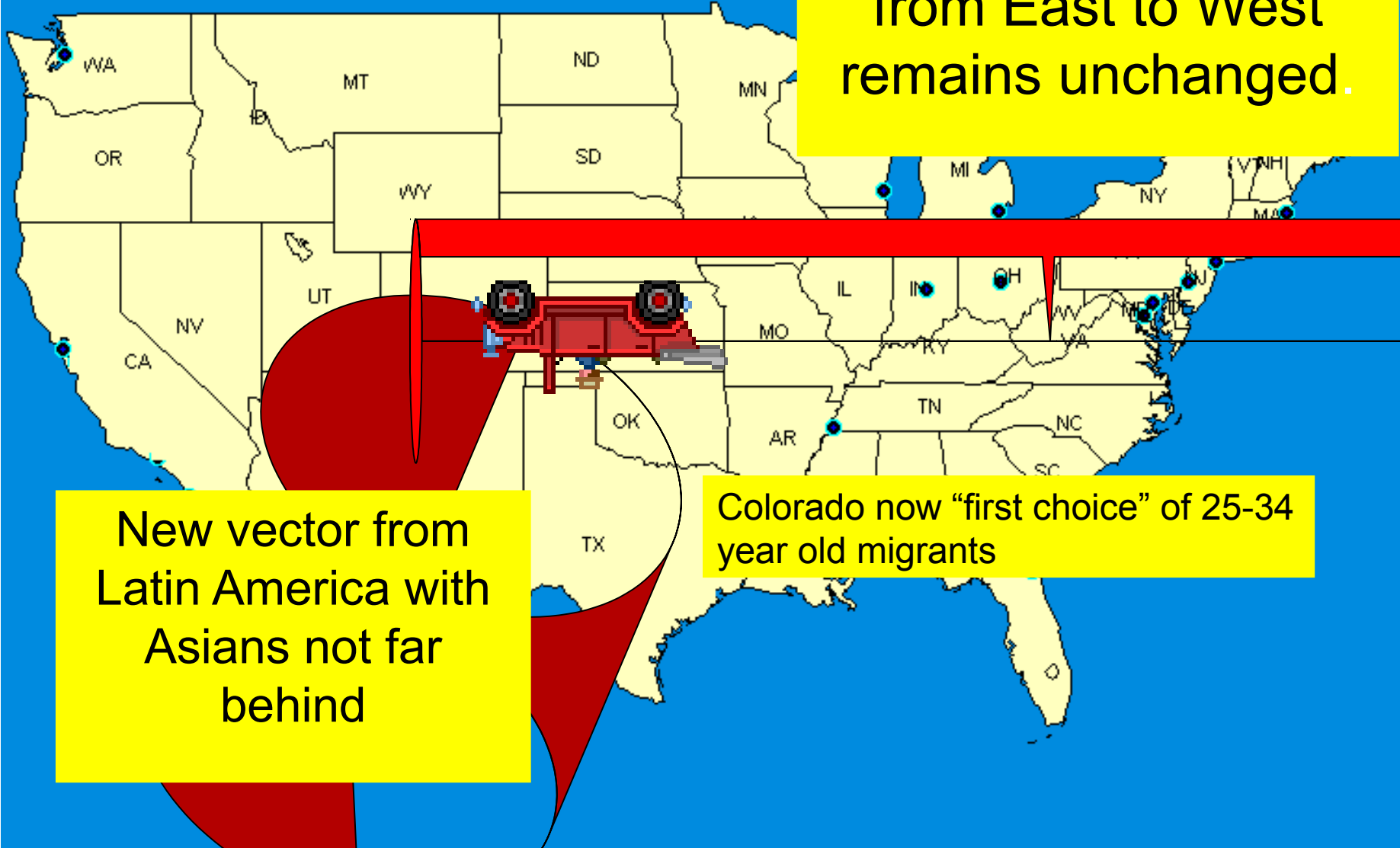
“Demographics are everything.”

Job growth or anticipated job growth drives
people to migrate

“I make it a practice to never argue with the inevitable.”

Migration of people

U.S. migration vector
from East to West
remains unchanged.



New vector from
Latin America with
Asians not far
behind

Colorado now “first choice” of 25-34
year old migrants

Maricopa County (Phoenix), Ariz.

Population (2010): 3,817,117
Population (2005): 3,538,988

Phoenix, Arizona

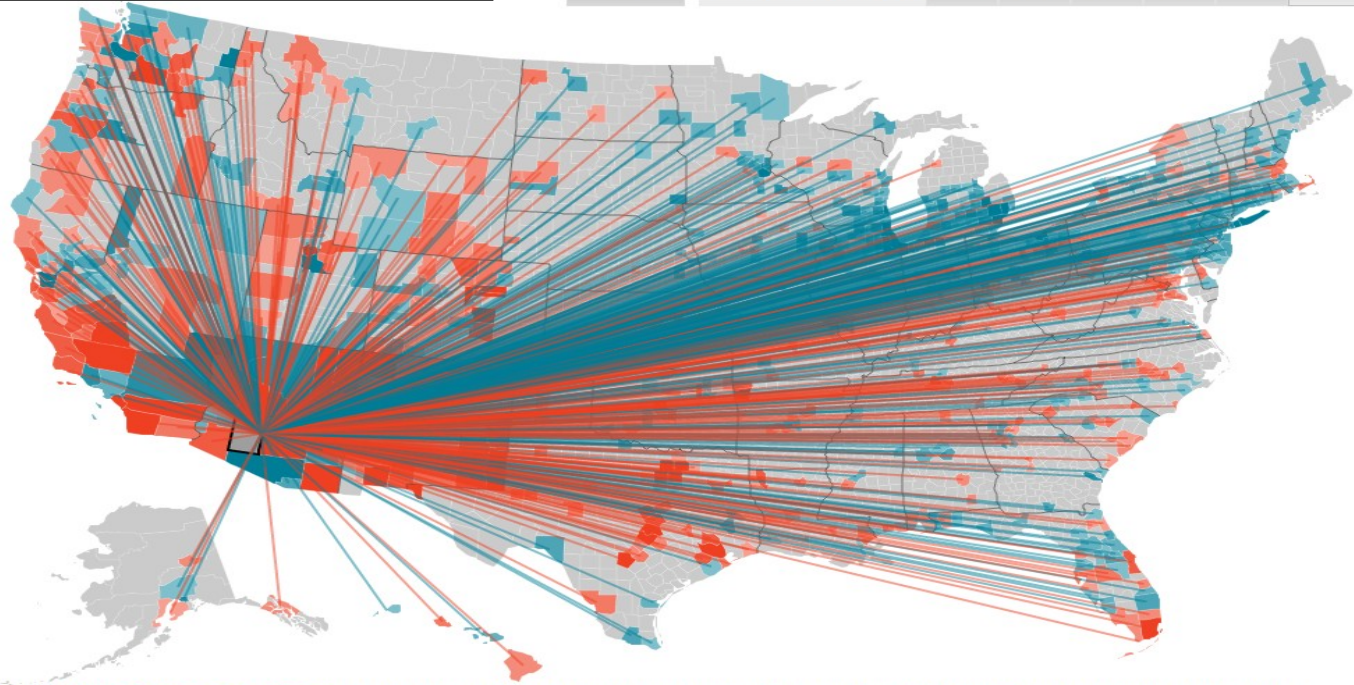
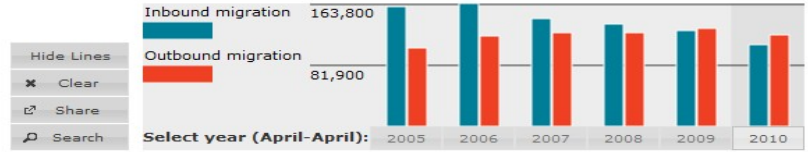
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Source: Internal Revenue Service Tax Stats. The data presented here only include people represented as an exemption on an income tax return. Years represent filing seasons, which for most people end on April 15, but they include returns received as late as the end of September. For best results, please use Firefox, Chrome, Safari, or Internet Explorer 9.

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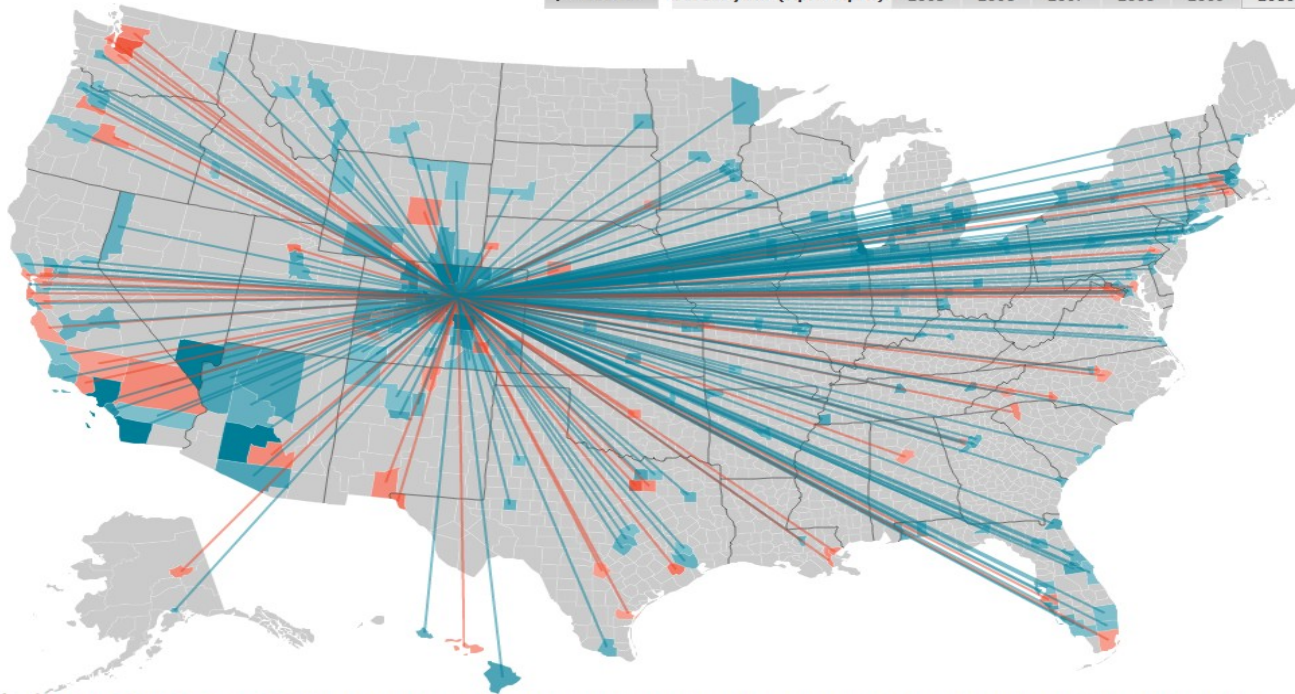
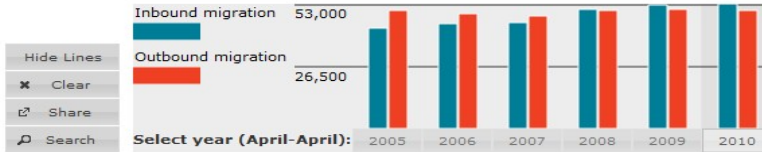
A special report on how information is driving innovation

Forward Thinking On: [Image]

Denver, Colorado

Denver County (Denver), Colo.

Population (2010): 600,158
Population (2005): 551,691
Inbound income per cap. (2010): \$24,400
Outbound income per cap. (2010): \$29,400
Non-migrant income per cap. (2010): \$29,000

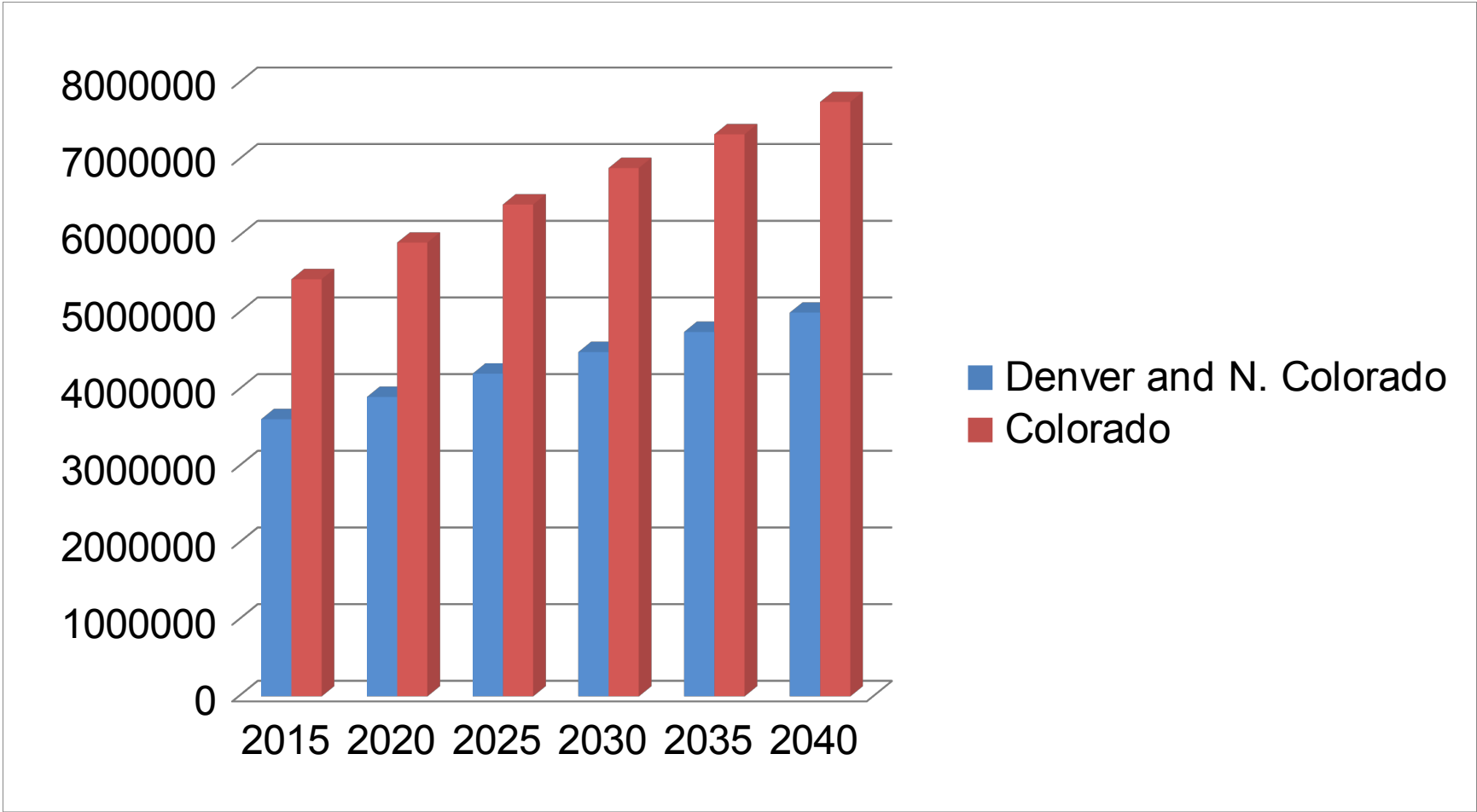


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A special report on how information is driving innovation

Nine county Metro Denver and Colorado



Why all this growth beyond these major vectors?

Anticipation of job growth

The “Cool Factor” – brings 25-34 year olds

Innovation hub with diverse industries

Quality of labor pool

Ease of recruitment

Active, outdoor lifestyle

“Where Midwest sensibility meets California quirkiness.”

Population Growth in Colorado

- Colorado population is forecast to grow 1.5% per year over the next five years increasing to 1.7% per year before the end of the decade to grow to close to 6 million persons by 2020.
- Growth rates would decrease slowly to 1.1% per year by the year 2040, reaching close to 8 million residents.
- Over the next five years, annual growth rates would vary from a high of 1.9% per year along the North Front Range to 1.0% on the Eastern Plains.

Baby Boomers Slow to Retire

Replacing 401k losses during the Great Recession

Increased longevity and fears of having enough money retired life keeps

Boomers working. Plan to have money until age 95.

Example: Projected aerospace retirees in 2012 was 8% - actual percentage who retired - 1%.

How important is migration to our planning process?

Population is a combination of in-migration and “births over deaths”, often referred to as “natural increase”.

Since the year 1990, (24 years) how many years did the number of immigrants outpace natural increase?

15 years

International Trends

The Massive Rise of the World's Middle Class

2015, for the first time in 300 hundred years, the number of Asian middle class consumers will equal the number in Europe and North America

By 2021 there could be more than 2 billion Asians in middle class households.

By 2021 in China alone, there could be over 670 million middle class consumers, compared with only 150 million today.

Opportunities/Threats

Huge global consumer market will seem to “explode” in tourism and trade. Shortage of commercial pilots as cost of training outstrips pay while flights increase.

Japan will begin to off-shore its manufacturing over the next five years as it emerging from twelve year recession. U.S. and Brazil will benefit. Judicial safety, innovation and existing Japanese citizens in U.S. create fertile environment for Japanese investment.



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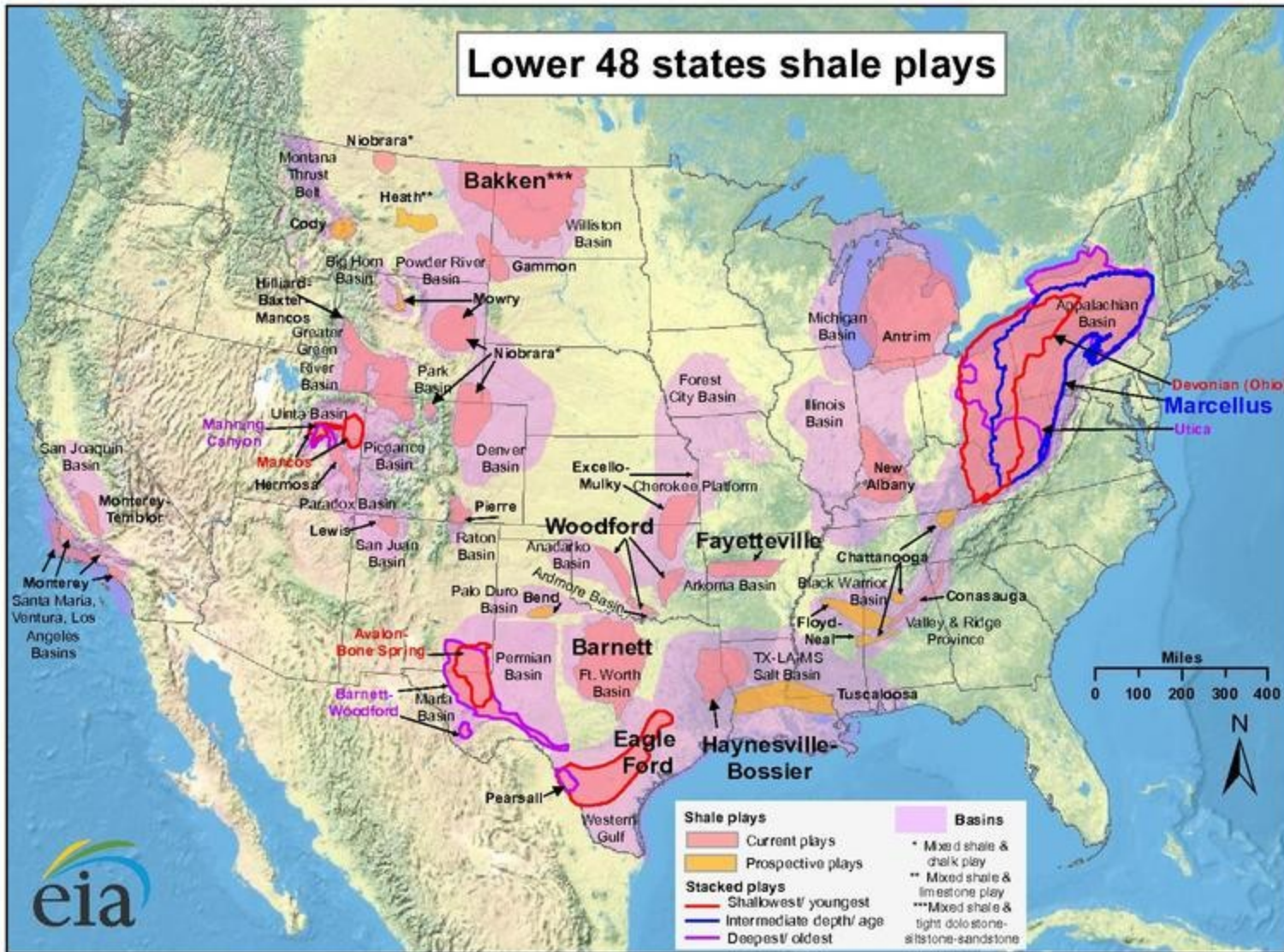
The Issue of Carbon

The Prospect of American Energy Independence

Colorado ranks 5th in U.S. for natural gas production and 10th in oil production
U.S. is preparing to launch a major infrastructure initiative that would permit the export of liquefied natural gas (LNG).

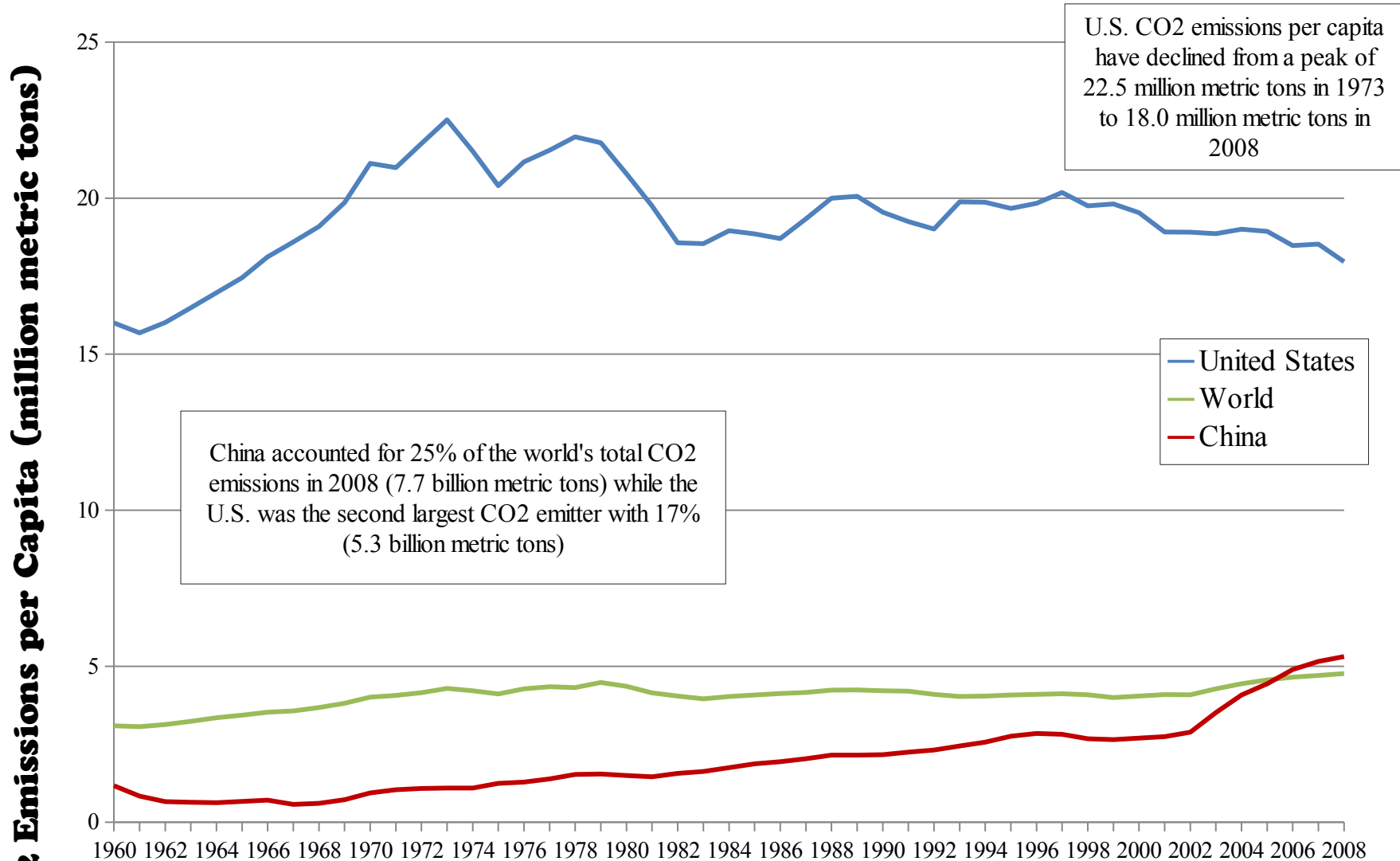
“Re-shoring” of manufacturing will result as low cost gas will increase our competitiveness

Lower 48 states shale plays



Source: Energy Information Administration based on data from various published studies.
Updated: May 9, 2011

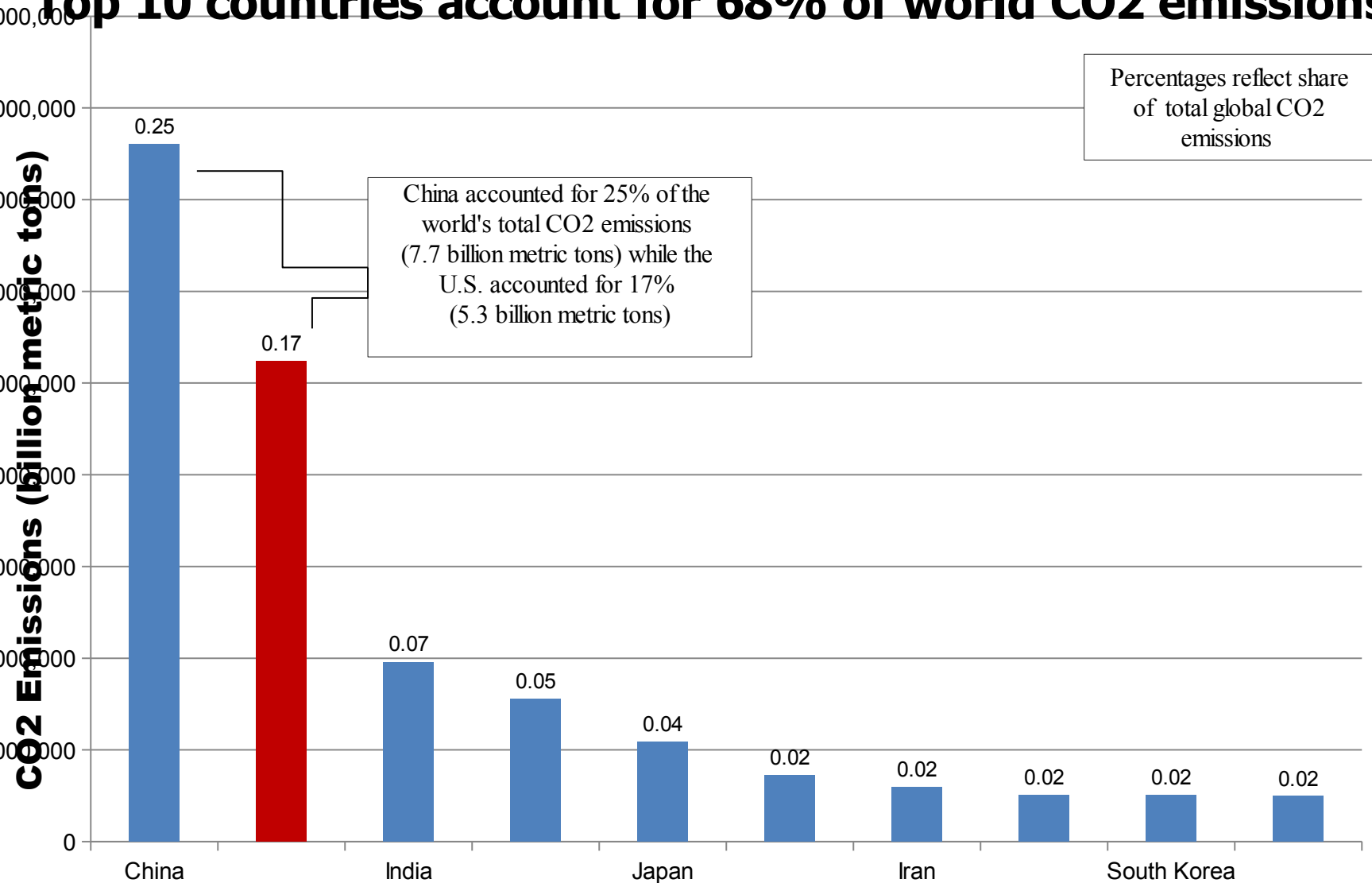
CO2 Emissions Per Capita, 1960-2008



source: Carbon Dioxide Information Analysis Center, Environmental Sciences Division, Oak Ridge National Laboratory

CO2 Emissions by Country, 2009

Top 10 countries account for 68% of world CO2 emissions



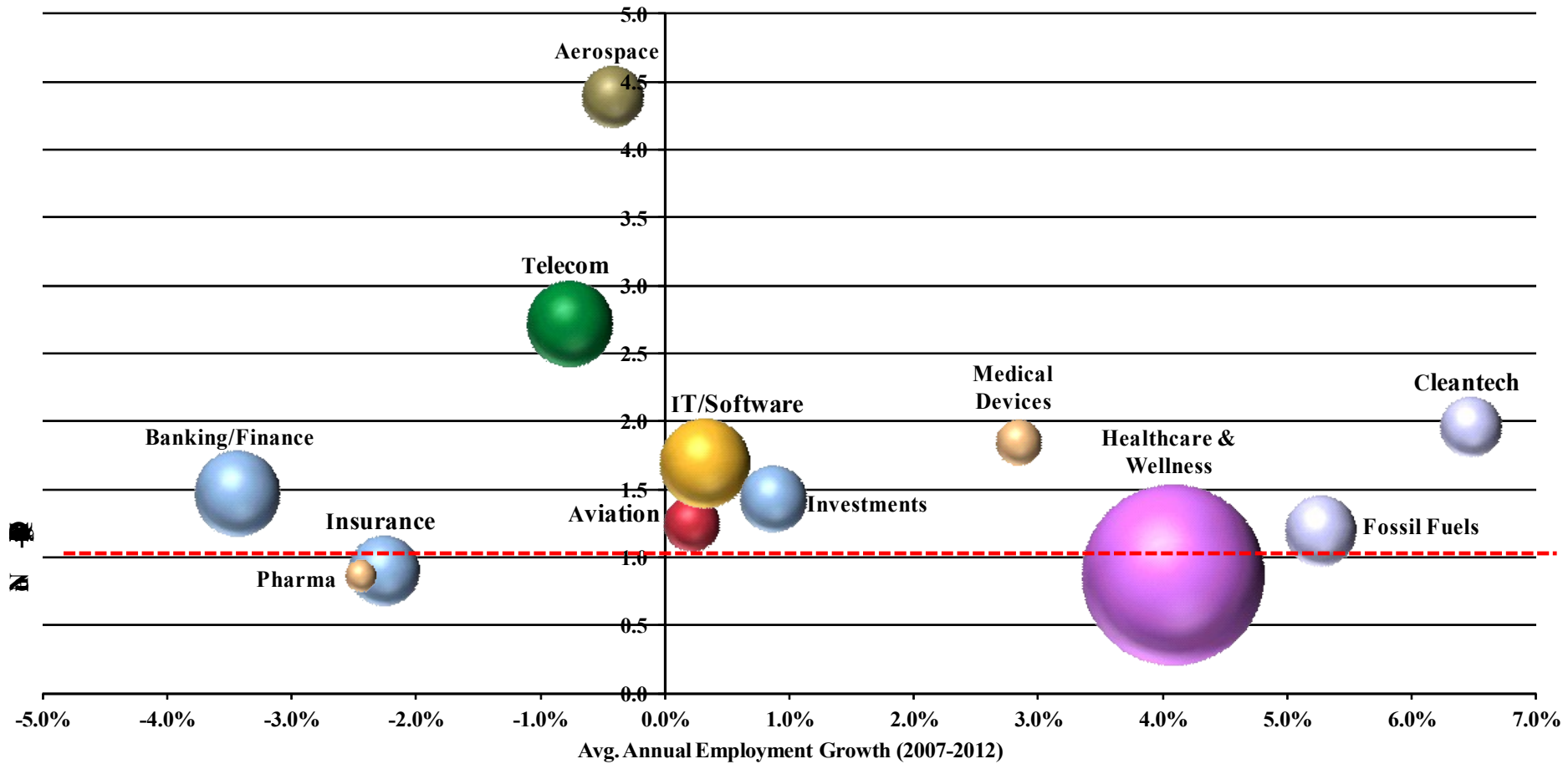
Source: Carbon Dioxide Information Analysis Center, Environmental Sciences Division, Oak Ridge National Laboratory

Colorado's Economy Prior to 1990

“Coors, carbon, the Cold War and the Cloud (Brown cloud that is)

Metro Denver Industry Clusters

2007 - 2012



Emerging from the Great Recession

In February Colorado had recovered all the jobs lost from the Great Recession. Expect over 50,000 new jobs by year-end. 2.6%-3.0% growth.
In 2008-09, Colorado lost 108,000 jobs.
Colorado is the 11th state to recover all its lost jobs. 35 states have yet to recover.

The Business Community's View of Water – Past 30 years

“Water’s really important. Somebody oughta do something about it!”

Metro Denver Business Community View Today

Another Two Forks is a “sucker’s bet”

Need multiple option strategy

- Expansion of existing reservoirs

- Construction of small reservoirs

- Little more from West Slope

- Little more from agriculture

- Strong move to re-use

 - Public acceptance

 - Infrastructure costs

What Keeps Us Up at Night

Loss of agricultural income will hurt rural communities for next 2-3 years. After three years of higher prices, Colorado farmers will take a hit.

Water: by 2050 population of Front Range alone will reach 5.0 million. State-wide water supply gap will reach 500,000 acre feet.



Looking forward to 2014

Growth will continue, but at slower rate as U.S. returns to more “normal” five-year business cycle. Expect 2.0% growth rate for next 3 years.

“Most expensive housing market without a coast.”

If you own a house, your net worth will continue to grow, but not at the 15% rate of 2012-13.



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