

# THE *Rocky Mountain* ECONOMIST:

*Economic information for Colorado, New Mexico and Wyoming*



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## *Job Performance in the Mountain Metros*

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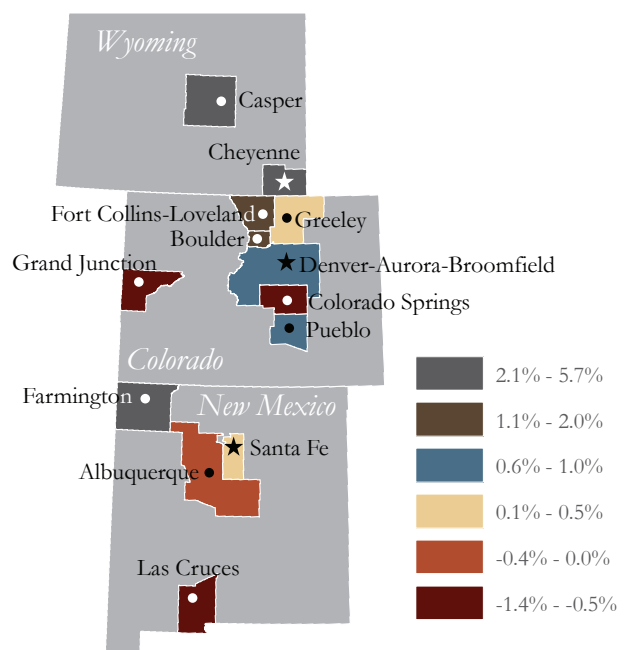
This issue of the *Rocky Mountain Economist* explores the labor market performance of the mountain state metropolitan areas, including recent industry trends and comparisons to state and national job performance. Job growth varied widely in the metro areas shown in *Map 1*, led by industry trends specific to the regional economies of each area. As shown in *Table 1*, (on page 6) the mountain state metro areas ranked among the strongest and weakest nationally based on data reported for November. That said, upcoming data revisions are expected to improve the outlook for many areas, while tempering growth in others.

### **JOB PERFORMANCE VARIES AMONG COLORADO'S METRO AREAS**

Colorado metro area employment was mixed in 2011 (*Charts 1 and 2*). Fort Collins-Loveland and Boulder metro areas experienced the strongest job growth in the state, with Denver-Aurora-Broomfield and Pueblo metro areas lagging slightly. Greeley employment was flat relative to a year ago, while Grand Junction and Colorado Springs metro areas lost jobs. Grand Junction reported one of weakest employment growth rates of all metro areas in the nation.

### **MAP 1**

*Mountain State Metropolitan Statistical Areas  
Change in Nonfarm Employment Growth  
November 2011 over November 2010  
(Seasonally adjusted)*



Sources: Bureau of Labor Statistics



However, strong regional economic indicators for Grand Junction and several other Colorado metro areas suggest that upward revisions to area employment data are likely.

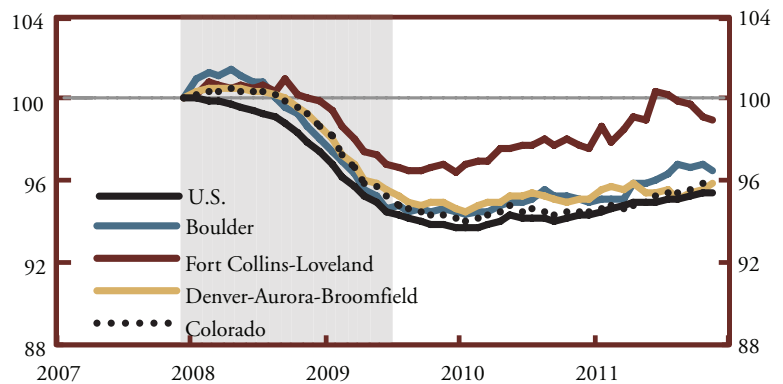
In November, employment in the **Denver-Aurora-Broomfield** metro area grew 0.8 percent relative to levels a year ago. The Denver metro area represents more than half of statewide employment, which grew at a pace of 1.1 percent. The Denver area experienced broad-based hiring across most industries in 2011, with service-providing sectors leading growth. The key, high-wage professional, scientific and technical services sector added the most jobs in the metro area, accounting for two-thirds of total employment gains. Consistent with state and national trends, weakness remained in financial services, construction and government sectors. Local government was the weakest of all sectors the past year.

The **Boulder** metro area posted the strongest job growth of all Colorado metro areas at 1.5 percent the past year. Through the recession and much of the recovery, Boulder's economic cycle tracked very closely with that of Colorado and the nation. However, in 2011, Boulder outpaced the state and nation with strong, broad-based hiring and minimal job losses. Consistent with statewide trends, the professional and business services sector added the most jobs in Boulder. Counter to national trends, the Boulder area manufacturing sector added jobs in 2011, reversing a decade of declines.

In the **Fort Collins-Loveland** metro area, strong population growth and demand for high-skilled workers supported broad-based employment growth in 2011.

## CHART 1

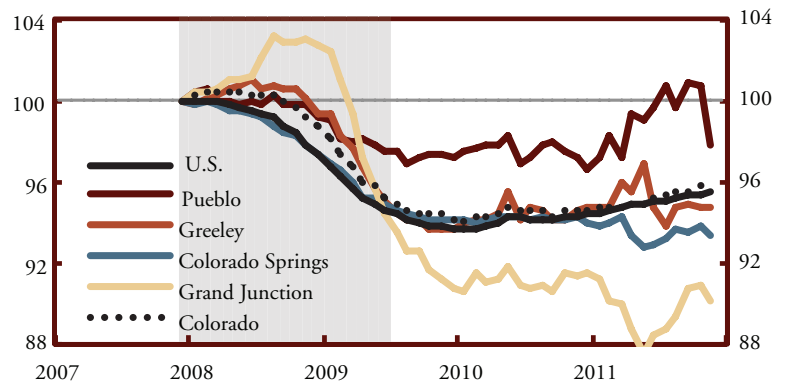
*Index of Nonfarm Employment  
Selected Colorado Metropolitan Statistical Areas  
(Seasonally adjusted, Dec. 2007=100.0)*



Sources: Bureau of Labor Statistics

## CHART 2

*Index of Nonfarm Employment  
Selected Colorado Metropolitan Statistical Areas  
(Seasonally adjusted, Dec. 2007=100.0)*



Sources: Bureau of Labor Statistics



Growth reached 1.3 percent in November relative to a year ago, raising employment to pre-recessionary levels. Retail and health services sectors led growth during the past year, while government and leisure and hospitality sectors lost jobs. Similar to Boulder, manufacturing employment increased in 2011, sustaining an upward trend for the industry that began in 2010.

A rebound in drilling activity in the oil and gas regions of the state supported job growth in **Greeley** and offset job losses in the **Grand Junction** metro area in 2011. Employment in Greeley reportedly increased 0.1 percent in November over a year ago. However, several economic indicators, including retail spending and drilling activity, suggest that upward revisions to area employment data are likely. In the Greeley area, rig counts more than tripled since the end of the recession, and now represent over half of total statewide counts. Data revisions are expected to show that Greeley outpaced state job growth in 2011.

Grand Junction employment was the weakest of the mountain state areas and among the weakest in the nation based on current data. In November, employment reportedly fell 1.4 percent relative to year-ago levels. However, similar to Greeley, data revisions are expected to bring employment in line with strong area retail activity and steady drilling activity. Revisions are expected to show a slow, steady job recovery beginning in early 2010, consistent with the state and national labor market recovery.

Historically, the **Colorado Springs** and Denver metro areas have followed a similar growth trajectory. However, data suggests a soft labor market in the Colorado Springs area in 2011, with employment falling 0.9 percent compared to year-ago levels. Recent layoffs in the professional and business services sectors indicate some labor market weakness. However, strong growth in

area retail sales suggests the possibility for upward data revisions, which would bring Colorado Springs job growth closer to that of the Denver metro area.

In November, employment rose 0.7 percent in the **Pueblo** metro area over year-ago levels. Volatility in the employment data in recent months will likely be revised to reflect steady growth in the area through 2011. Despite significant differences in the area economies, both Pueblo and Fort Collins maintained relatively stable labor markets through the recession and returned to pre-recessionary employment levels in 2011. In Pueblo, growth in service-providing sectors offset recent declines in goods-producing sectors. As a result, the area experienced relatively stable total employment levels compared to the state and nation.

## LABOR MARKET RECOVERIES LAG THE NATION IN MOST NEW MEXICO METRO AREAS

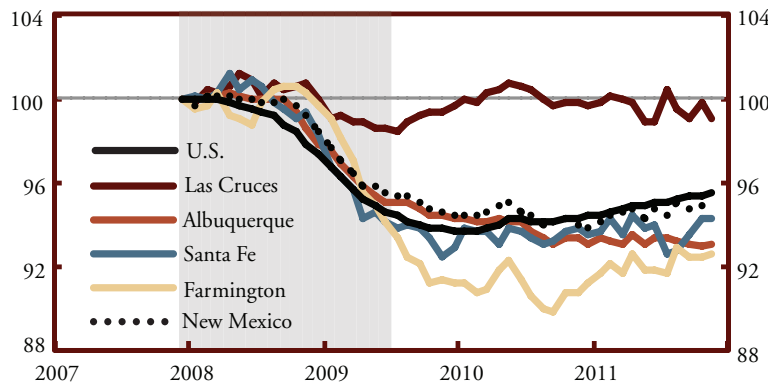
Employment growth varied among the New Mexico metro areas in 2011, though most continued to lag the nation in job performance. The Albuquerque, Santa Fe and Las Cruces metro areas all reported weaker employment performance than the state and nation (*Chart 3*). The Farmington metro area, which was hit hardest by the recent recession, showed the strongest growth of the four metro areas in the state in 2011. Downward revisions to the statewide employment data are possible based on high initial claims for unemployment, slow retail sales and a worsening housing market across many areas of the state.

The **Albuquerque** metro area, which represents almost half of total statewide employment, continued to lose jobs in 2011. Unlike most metro areas nationally, Albuquerque has yet to experience a labor market recovery. In November, area employment fell 0.3 percent compared to year-ago levels. Albuquerque continued to shed jobs in most sectors, with the largest share lost in the construction



## CHART 3

*Index of Nonfarm Employment  
New Mexico Metropolitan Statistical Areas  
(Seasonally adjusted, Dec. 2007=100.0)*



Sources: Bureau of Labor Statistics

and government sectors. The weakened labor market largely reflects the area housing market, which continues to deteriorate, and layoffs due to government budget constraints at both state and local levels.

The **Santa Fe** metro area outpaced neighboring Albuquerque in employment growth in 2011. Santa Fe employment grew a modest 0.5 percent in November over year-ago levels. Consistent with national trends, the metro area continued to experience a broad-based employment recovery. However, like Albuquerque, government budget constraints and weakening in the housing market moderated job growth when compared to national trends.

Relative to the other New Mexico metro areas, **Farmington** was hit particularly hard by the recent recession and has since experienced the strongest job recovery of the state's metro areas. Employment in the area grew 2.1 percent over the prior year in November. Despite strong growth over the last two years, employment remains well below pre-recessionary levels. Similar to Grand Junction, natural gas drilling activity has led employment

growth in the Farmington metro area. Both goods-producing and service-providing sectors added jobs over the past year.

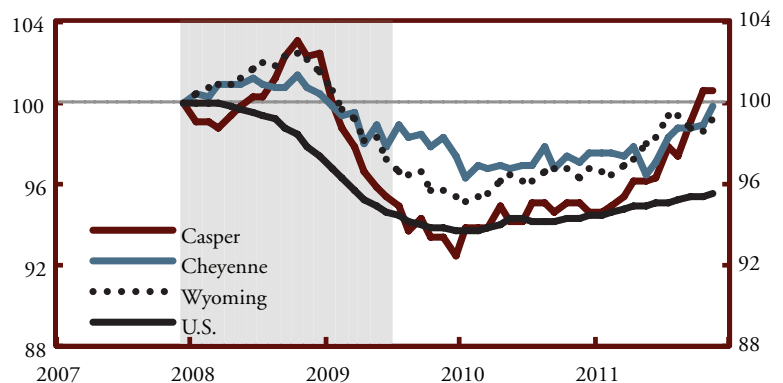
The **Las Cruces** metro area generally maintained stable employment levels throughout the recession and recovery. In November, area employment was down 0.7 percent relative to year-ago levels, with losses concentrated in the government and manufacturing sectors. Population growth, a stable agricultural sector, and strong growth in professional and business services jobs supported stable employment and offset weakness in other industries over the last several years.

## WYOMING METRO JOB GROWTH ACCELERATES WITH OIL AND GAS ACTIVITY

Strong Wyoming metro area job growth continued to outpace national trends in 2011 (*Chart 4*). Driven by higher oil prices and a rebound in oil and gas drilling activity, the broad-based job recoveries in the two Wyoming metro areas accelerated through 2011. Strong metro area growth returned employment to pre-recessionary levels at the close of the year.

## CHART 4

*Index of Nonfarm Employment  
Wyoming Metropolitan Statistical Areas  
(Seasonally adjusted, Dec. 2007=100.0)*



Sources: Bureau of Labor Statistics



Of all 366 metro areas in the nation, **Casper** boasts the fourth strongest employment growth, at 5.7 percent in November over year-ago levels. Throughout 2011, employment growth accelerated along with area oil and gas activity. In 2011, Casper enjoyed broad-based employment growth across nearly all industries. Only the local government sector reported job losses. At the close of the year, the area reached pre-recessionary employment levels, with Cheyenne and statewide employment close behind.

Relative to Casper, steady growth in most sectors in the **Cheyenne** metro area tempered the impact of large swings in oil- and gas-related employment throughout the recession and recovery to date. Over that time, the relative stability of Cheyenne's housing market underpinned the economic health of the region. In November, Cheyenne employment grew 2.8 percent compared to levels a year ago. Like Casper, growth accelerated throughout the year, driven by increased oil- and gas activity and steady growth across nearly all sectors.



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**TABLE I**

*Selected Employment Growth Rankings*

*Change in Total Nonfarm Employment in November 2011 over November 2010 Levels*

Rank	Metropolitan Statistical Area	Thousands of Jobs	Percent
1	Hot Springs, AR	2.7	7.2%
2	Victoria, TX	3.1	6.3%
3	Kankakee-Bradley, IL	2.5	5.9%
4	<b>Casper, WY</b>	<b>2.2</b>	<b>5.7%</b>
5	Sandusky, OH	1.9	5.2%
44	<b>Cheyenne, WY</b>	<b>1.2</b>	<b>2.8%</b>
80	Farmington, NM	1.0	2.1%
115	Boulder, CO	2.4	1.5%
124	Fort Collins-Loveland, CO	1.8	1.3%
174	Denver-Aurora-Broomfield, CO	9.7	0.8%
182	Pueblo, CO	0.4	0.7%
202	Santa Fe, NM	0.3	0.5%
228	Greeley, CO	0.1	0.1%
262	Albuquerque, NM	-1.2	-0.3%
288	Las Cruces, NM	-0.5	-0.7%
300	Colorado Springs, C	-2.2	-0.9%
326	Grand Junction, CO	-0.8	-1.4%
366	Missoula, MT	-3.4	-6.4%

Rank	State	Thousands of Jobs	Percent
1	North Dakota	17.3	4.5%
2	<b>Wyoming</b>	<b>8.4</b>	<b>3.0%</b>
3	Oklahoma	43.0	2.8%
13	Nebraska	14.7	1.6%
22	<b>Colorado</b>	<b>25.5</b>	<b>1.1%</b>
29	<b>New Mexico</b>	<b>6.6</b>	<b>0.8%</b>
35	Kansas	8.6	0.7%
45	Missouri	1.4	0.1%
50	Delaware	-3.4	-0.8%
	United States	1,600.0	1.2%

Source: Bureau of Labor Statistics