



**Economic Update  
Fall 2009**

As part of a nation in the midst of recession, the Grand Junction MSA's economy has felt the effects. However, even in light of current economic conditions Grand Junction continues to receive national attention. In fact earlier this year Grand Junction was recognized by Forbes.com as the 24<sup>th</sup> Best Small Place in the Nation for Business and Career.<sup>i</sup>

In 2008 the Grand Junction MSA had one of the lowest unemployment rates in the country at 3.2% in September. September 2009 tells a very different story. The labor force has slightly decreased over the year – current labor force is 83,106. According to the Mesa County Workforce Center the ratio of applicants to open jobs is 50:1. The unemployment rate has grown exponentially to a current rate of 8.2%. This has actually dropped from our highest level of 9.1% in July 2009. While this remains at a level higher than the State of Colorado, it remains lower than the nation.<sup>ii</sup>

Average wages in Mesa County have continued to increase. The average annual wage in 2007 was \$39,497. That wage increased by 5.9% over the next year to an average annual wage of \$41,850 in 2008.<sup>iii</sup> The energy boom that was having a significant impact on our local economy in 2007-2008 has probably inflated these wages. It is likely when 2009 wages are reported; they will be more closely aligned to the average annual wage in 2006: \$37,476.

Just as forecasters expected Grand Junction's area gross domestic product (GDP) did in fact grow through 2008. In fact the area's GDP grew from \$4.5 billion in 2007 to \$5.2 billion in 2008.<sup>iv</sup>

Throughout the past year the real estate market in Grand Junction has seen decreases in home prices and values. In fact the median home price has dropped about 13%. Currently the average home price in the Grand Junction area is \$200,000. The area has seen increases in foreclosure filings which is a primary reason for the decline in home values. At present there are 938 foreclosure filings in Mesa County, while there were only 469 filed in 2008.<sup>v</sup>

The Housing Affordability Index has increased over the past year. In 2008 the Index was 100 and currently the measure is 120.<sup>vi</sup> The Cost of Living Index shows that Grand Junction's consumer prices are slightly below the national average.

New residential construction has declined significantly over the past year. The total number of single family permits pulled by September 2008 was 576<sup>vii</sup> (a 46% decline from September 2007). The number continues to decline in 2009. As of September 2009 the total number of permits pulled is 304. The current bright spots in the construction sector in the area are the Century Project at St. Mary's Hospital and the substantial construction projects at Mesa State College – although these projects are scheduled for completion in early 2010.

Grand Junction's sales and use tax revenues have significantly decreased in 2009. Collections are down nearly 14% from 2008. As of July 2009 the city of Grand Junction has collected \$25 million in revenue from sales and use tax.<sup>viii</sup> It is forecast that sales and use tax will continue to fall below original budget projections.

Lodging tax & hotel occupancy rates have certainly decreased in 2009. Lodging tax collections are down 18% from 2008.<sup>ix</sup> Hotel occupancy rates are currently at 63.2%, a significant

decrease from last year with an occupancy rate of 84.7%<sup>x</sup>. It is important to note that hotel occupancy rate of that proportion is considered fully occupied and is difficult, if not impossible to sustain. Currently the average daily rate for a hotel room in Mesa is \$84.79.<sup>xi</sup>

Passenger traffic at Grand Junction Regional Airport has increased nearly 14% when comparing YTD 2008 and YTD 2009 (155,041 → 176,439 respectively). September 2009 saw a slight decrease from August 2009, but remained 1% higher than September 2008. This is the second year in a row with substantial increases in passenger enplanements.<sup>xii</sup>

## **Summary**

The Grand Junction MSA's economy has experienced its share of ups and downs. In past years the growth was at an exponential and unprecedented rate. However growth of that scale was unsustainable. As was surmised this time last year, Grand Junction was not immune to the seriousness of the national economic downturn and subsequent recession. Grand Junction was late to enter the recession and by some indication it appears the local economy has bottomed out.

Economic recovery will likely be slow. It is believed that the area's unemployment figures will likely remain near present levels and the GDP will be slow to grow, while projects are placed on "hold." However, there are opportunities to position for future growth such as increased and improved branding and marketing, as well as nurturing and attracting innovation and entrepreneurship. Mesa County is well positioned to capitalize on all of these areas.

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<sup>i</sup> [http://www.forbes.com/lists/2009/5/bizplaces09\\_Best-Small-Places-For-Business-And-Careers\\_Rank.html](http://www.forbes.com/lists/2009/5/bizplaces09_Best-Small-Places-For-Business-And-Careers_Rank.html)

<sup>ii</sup> Colorado Department of Labor and Employment

<sup>iii</sup> Colorado Department of Labor and Employment

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- <sup>iv</sup> Bureau of Economic Analysis
  - <sup>v</sup> Mesa County Public Trustee
  - <sup>vi</sup> Advanced Title Company
  - <sup>vii</sup> Advanced Title Company
  - <sup>viii</sup> City of Grand Junction
  - <sup>ix</sup> Grand Junction Visitor and Convention Bureau
  - <sup>x</sup> Rocky Mountain Lodging
  - <sup>xi</sup> Grand Junction Visitor and Convention Bureau
  - <sup>xii</sup> Grand Junction Regional Airport