

## Local economy slow, but beats national average

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*Our Regional Economy*

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The economic seasonality of Southwest Colorado and the Four Corners is related to tourism's impact on Durango's economy, which is tempered by Fort Lewis College activity.

In general, the summer concentration of tourism causes a third-quarter seasonal upswing in economic indicators such as retail sales and employment each year.

The Office of Economic Analysis & Business Research in the School of Business Administration at FLC measures and reports on economic activity in the Four Corners.

Retail, accommodation and food combined to account for almost 18 percent of private income in the region. As such, the mixed tourism indicators over the 2008-09 period could be of concern over the next year or so.

Year-on-year growth for Mesa Verde was up 6.6 percent, as were boardings at La Plata County Airport. Over the first two quarters of 2009, lodgers taxes were down an average of 21.75 percent, implying more tourists were either making day trips, staying outside the county or camping. Similarly, overall retail sales taxes were down an average of 9 percent through October 2009.

In 2009, La Plata County had a lower unemployment rate than both the U.S. and Colorado, with an unemployment rate of 4.7 percent; it is 1.3 percentage points higher than the same time last year.

In October 2009, the local work force was 30,342, or about 5 percent fewer workers than the same time last year, even as the population is growing. The number of employed workers in October 2009 was 28,295, 8.8 percent lower than last year.

Per capita income in the region has improved over the last few years, both absolutely and relative to national per capita personal income. With a per-capita personal income of \$38,070, La Plata is about 81 percent of the Colorado state average of \$46,614, but is the highest in the Region 9 counties, and has increased from about 70 percent of the state average in 2001.

While the state has grown an average of 2.7 percent from 2001-2008, La Plata County has grown an average of 4.7 percent over the same period.

Like many Colorado resort communities, La Plata's economy is closely tied to real estate. The median home price in Durango is down about 10 percent from its peak in 2007. The next year will be critical for local real estate, as sales volumes are decreasing with increased inventories. The current trends in La Plata, like the rest of the state and nation, are down.

We also foresee a rise in the level of underemployment, which is not unlike other resort communities that rely on seasonal construction jobs and low-value added service jobs.

Given the rise in the importance of building and natural gas in the region's macroeconomy, we believe the next year will continue the slide in employment and slowing of income.

The relatively large foreclosure rate and the large inventory of homes for sale will continue, especially

because most of the growth in the housing market has been fueled by nonresidents.

Natural gas remains a strong contributor to our economy, particularly in terms of county tax. Recent data show an annual decline in natural-gas prices of almost 60 percent (adjusted for inflation).

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