

Emerging Trends in the Denver Economy

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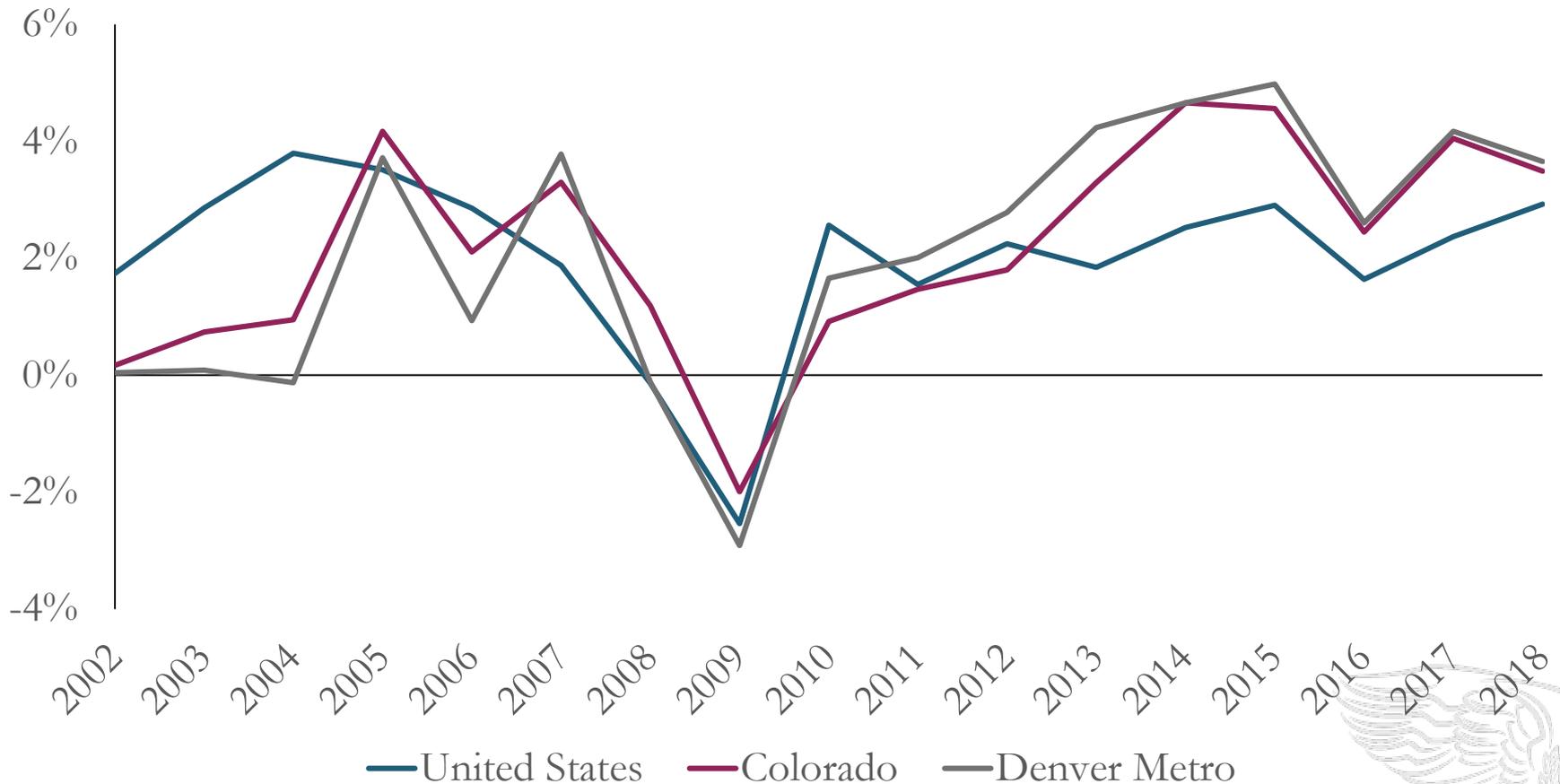
The views expressed are those of the presenter and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.



The U.S. economy is currently in the longest expansionary period in history, and Denver growth has been outpacing national gains since 2011.

REAL GROSS DOMESTIC PRODUCT

Year-over-Year Percent Change

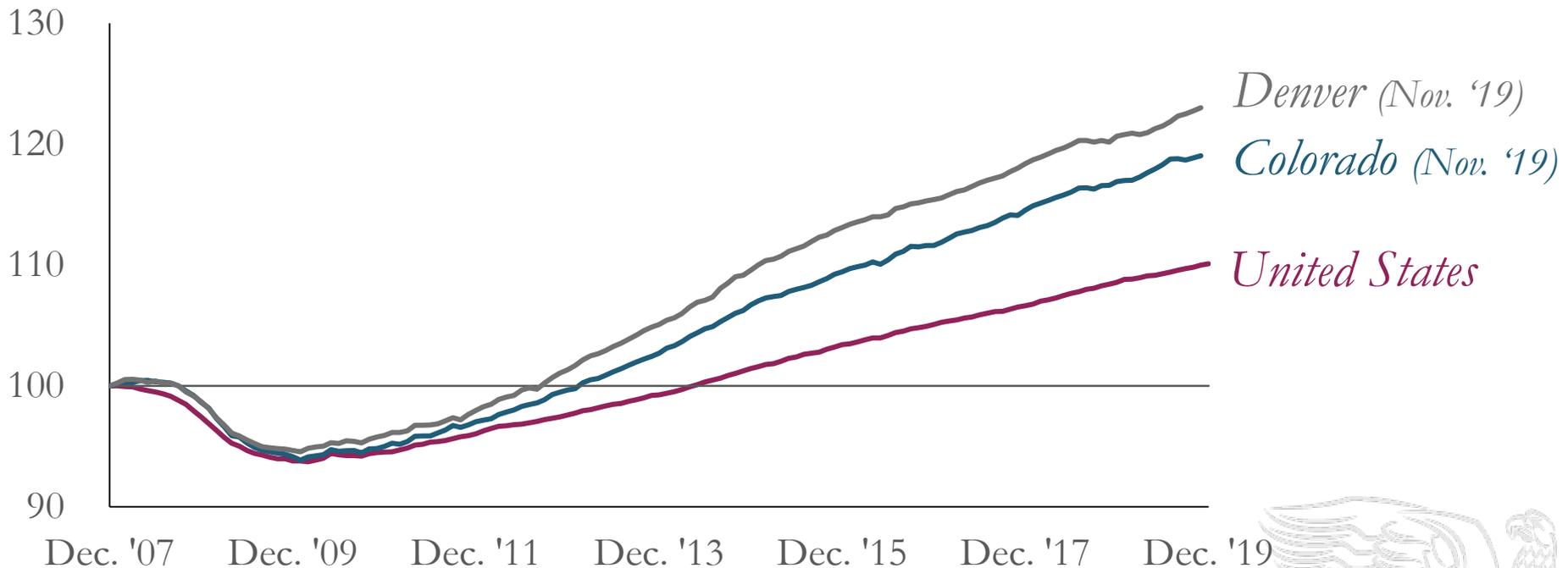


Employment has been increasing in Denver and the nation for more than ten years.

PAYROLL EMPLOYMENT GROWTH

Index 100 = December 2007, Seasonally Adjusted

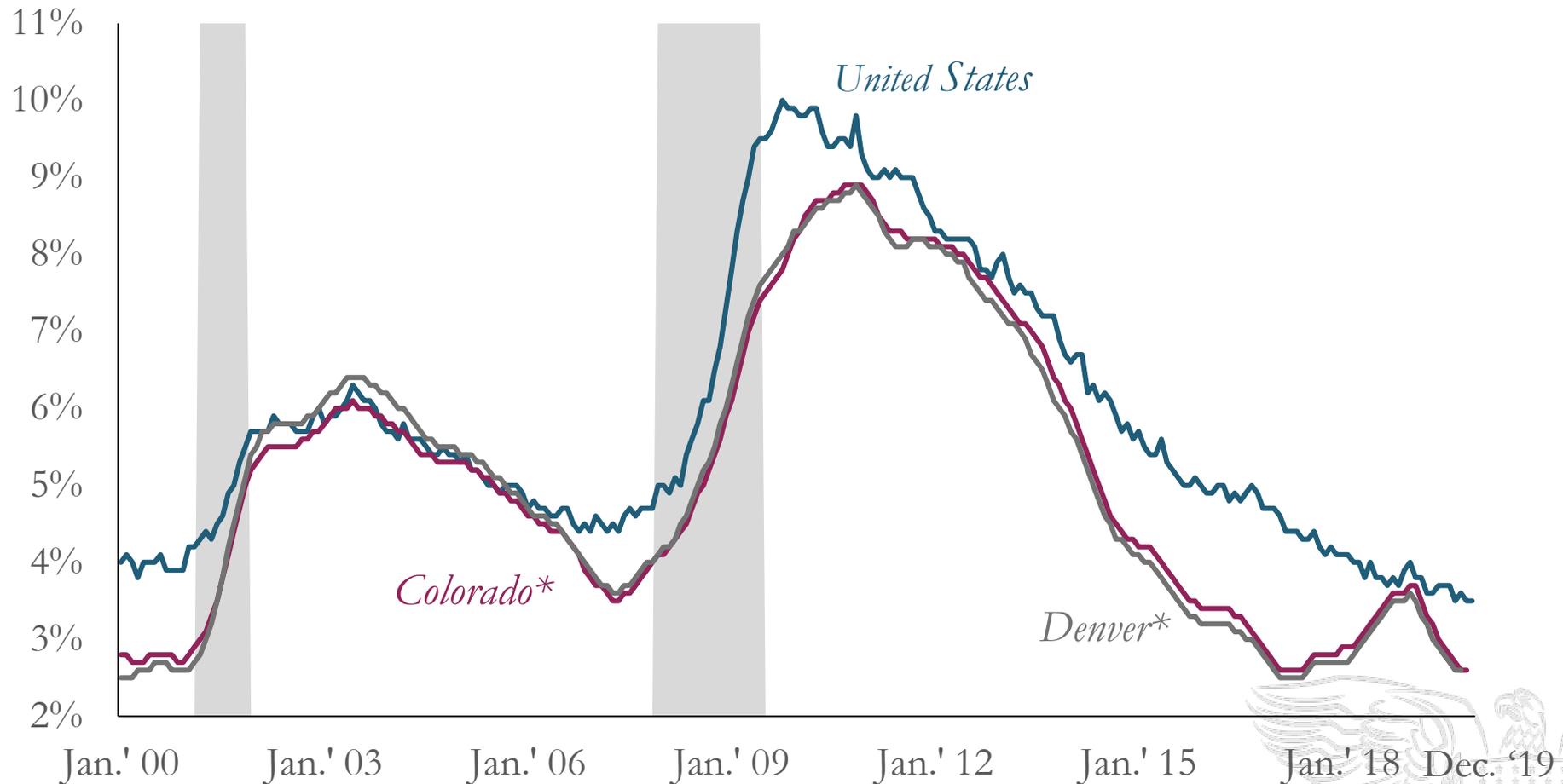
| <i>Percent Change</i> | <i>Dec. '07 to Present</i> | <i>Past Year</i> |
|-----------------------|----------------------------|------------------|
| U.S. (Dec. '19) | 10.1% | 1.4% |
| Colorado (Nov. '19) | 19.0% | 2.1% |
| Denver (Nov. '19) | 23.0% | 2.4% |



At the same time, the unemployment rate has declined steadily and has fallen below most estimates of its longer-run level.

UNEMPLOYMENT RATE

Seasonally Adjusted



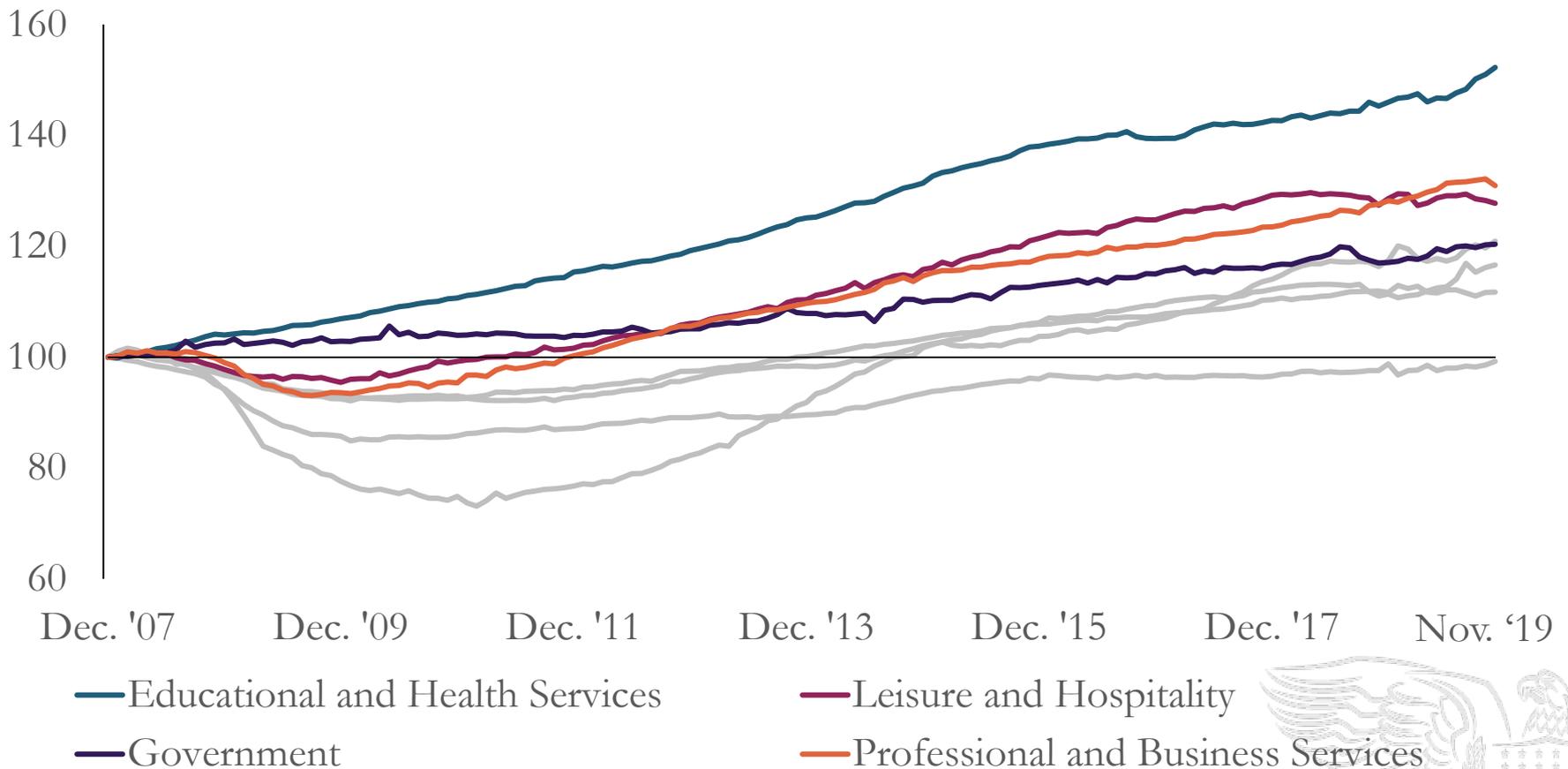
Sources: Bureau of Labor Statistics, National Bureau of Economic Research and Federal Open Market Committee (FOMC) / Haver Analytics

*Data through November 2019.

Job gains in healthcare, leisure and hospitality and professional and business services have driven overall employment growth in Denver.

DENVER METRO PAYROLL EMPLOYMENT GROWTH

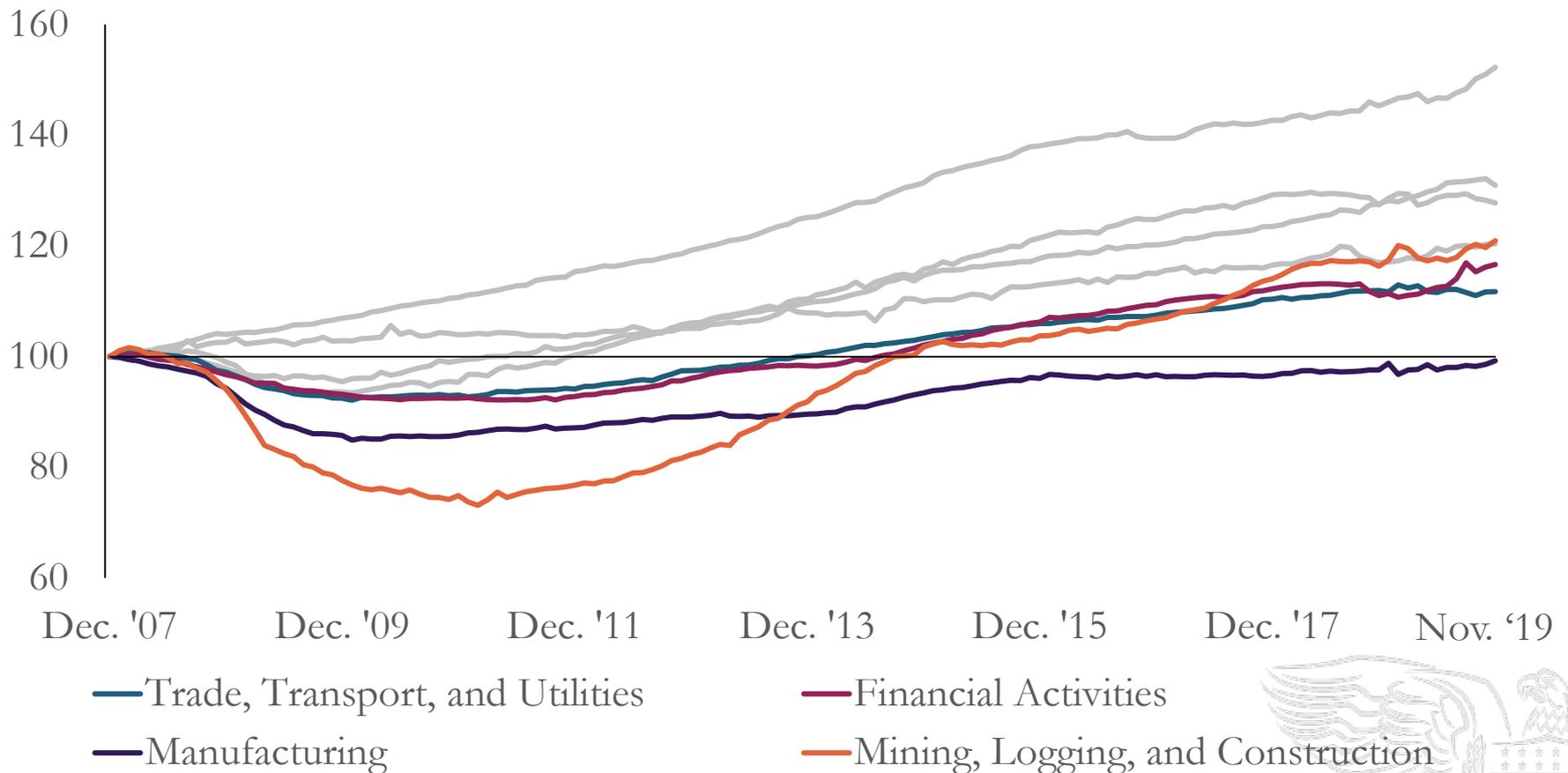
Index 100 = December 2007, Seasonally Adjusted



After sharp job losses during the recession, construction and energy employment increased strongly during the recovery.

DENVER METRO PAYROLL EMPLOYMENT GROWTH

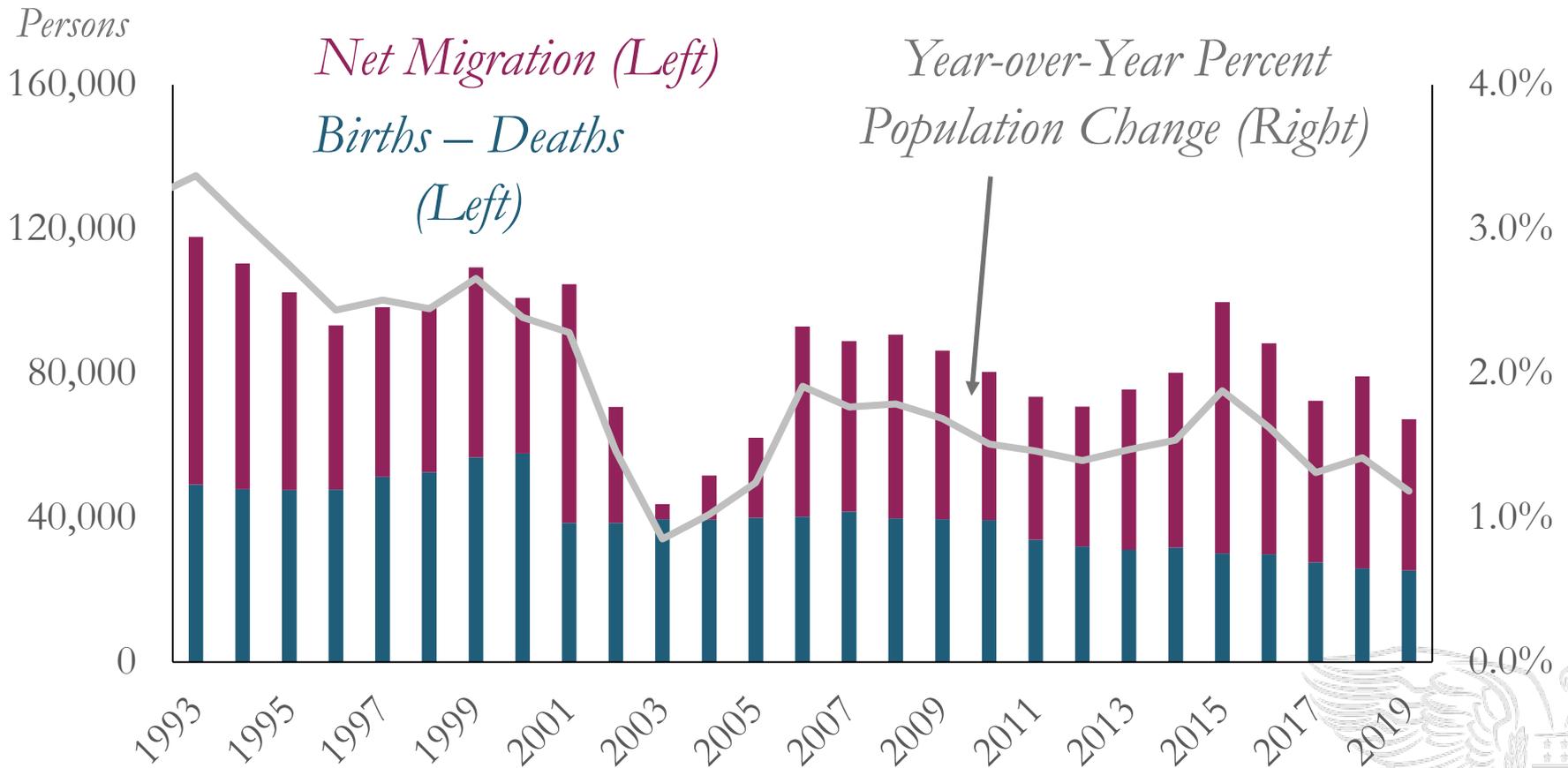
Index 100 = December 2007, Seasonally Adjusted



Population growth has slowed in Colorado since the 1990s, but people continue to migrate into the state and metro area.

CONTRIBUTIONS TO POPULATION CHANGE IN COLORADO

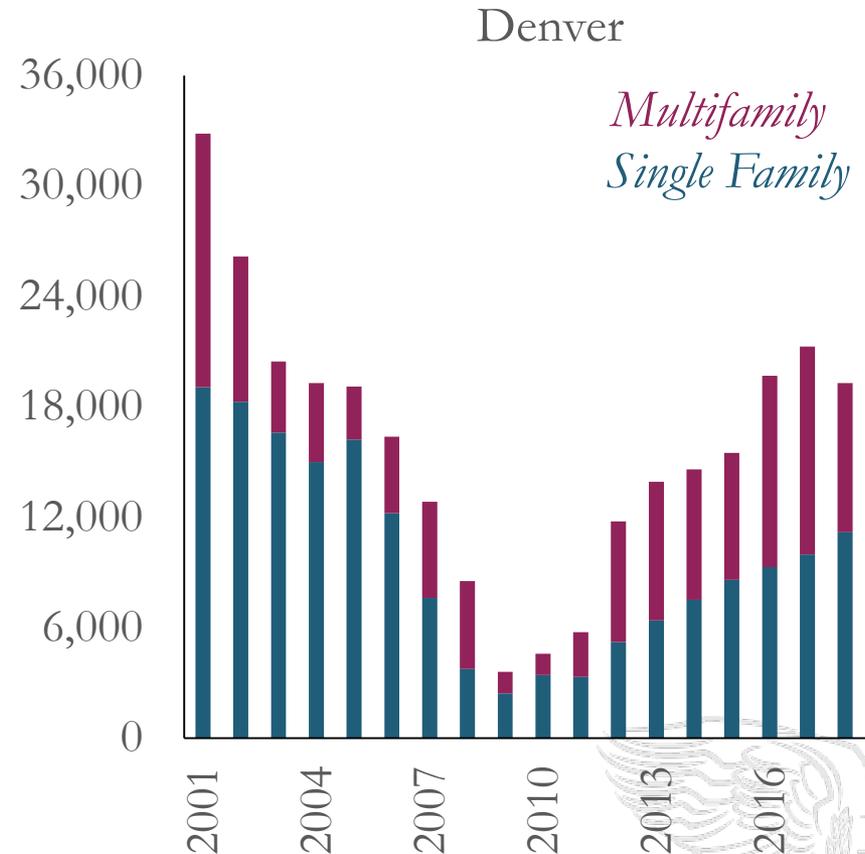
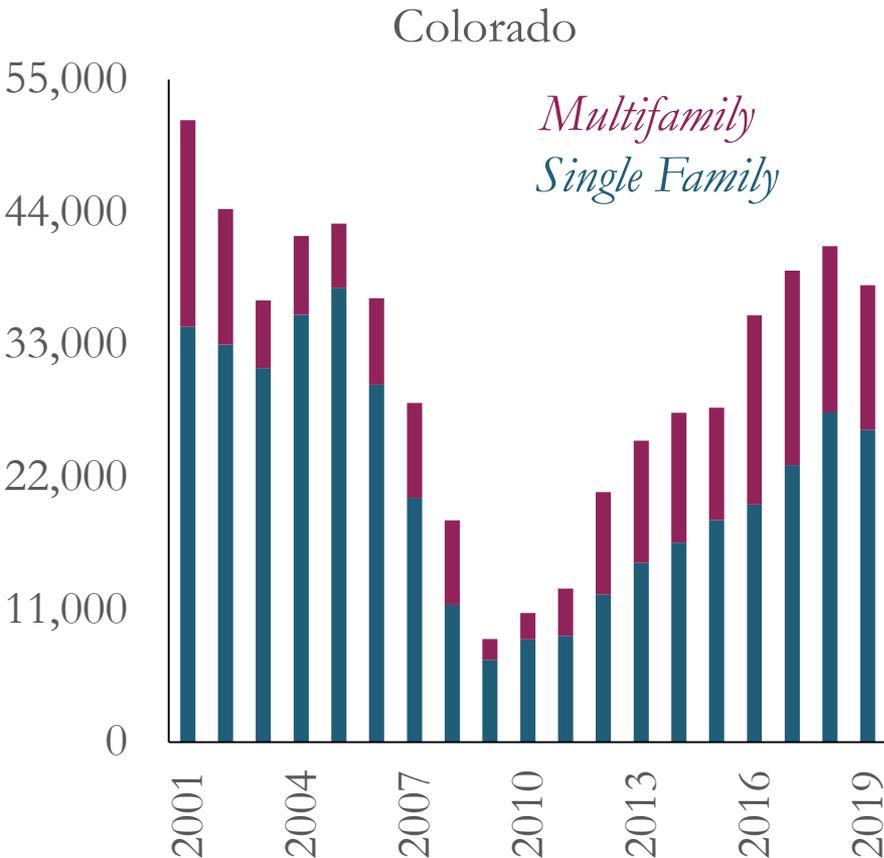
Annual



Residential construction activity has increased significantly since 2009, but permitting declined last year.

RESIDENTIAL PERMITS

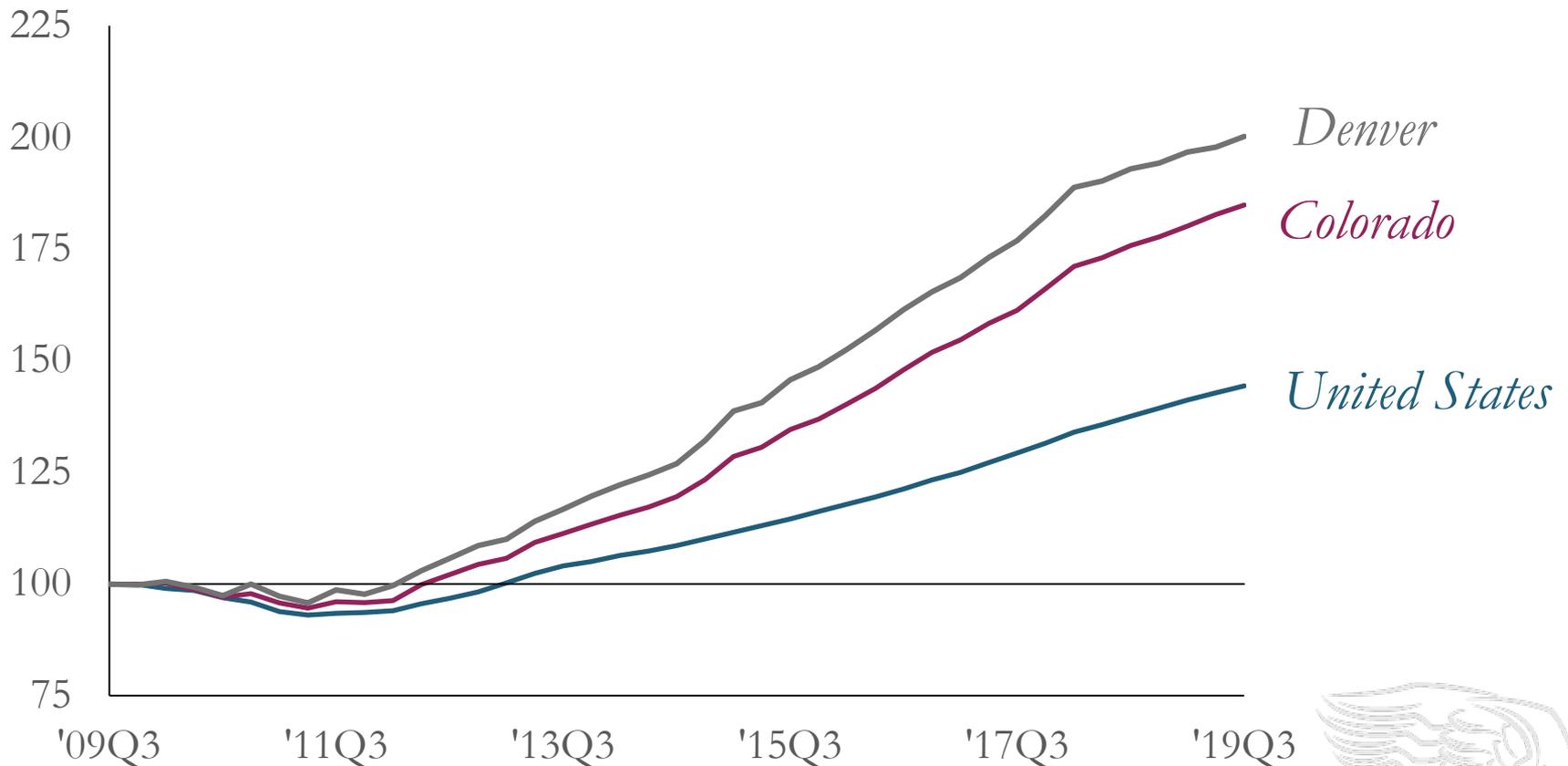
Seasonally Adjusted, Year-to-Date through November



Low inventories have led to strong home price appreciation in recent years in Denver.

HOME PRICES

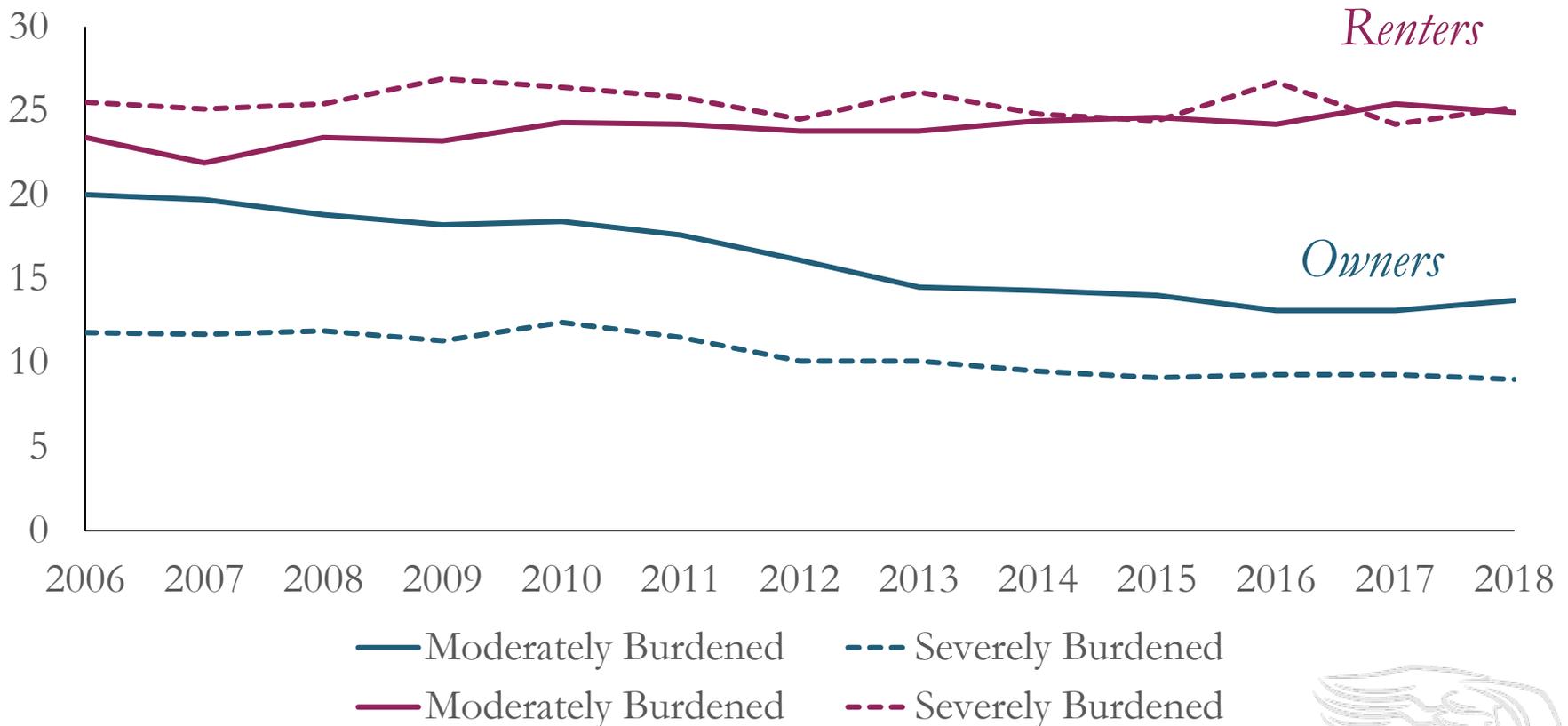
Seasonally Adjusted, Index 100 = Q3:2009



25 percent of renters and 9 percent of homeowners are severely burdened by housing costs in Colorado.

COLORADO HOUSING COST-BURDEN RATES BY HOUSEHOLD INCOME

Percent of Ownership Category



Note: Moderate burdens are defined as households with housing costs of between 30 – 50% of household income. Costs above 50% of household income are considered severely burdening.

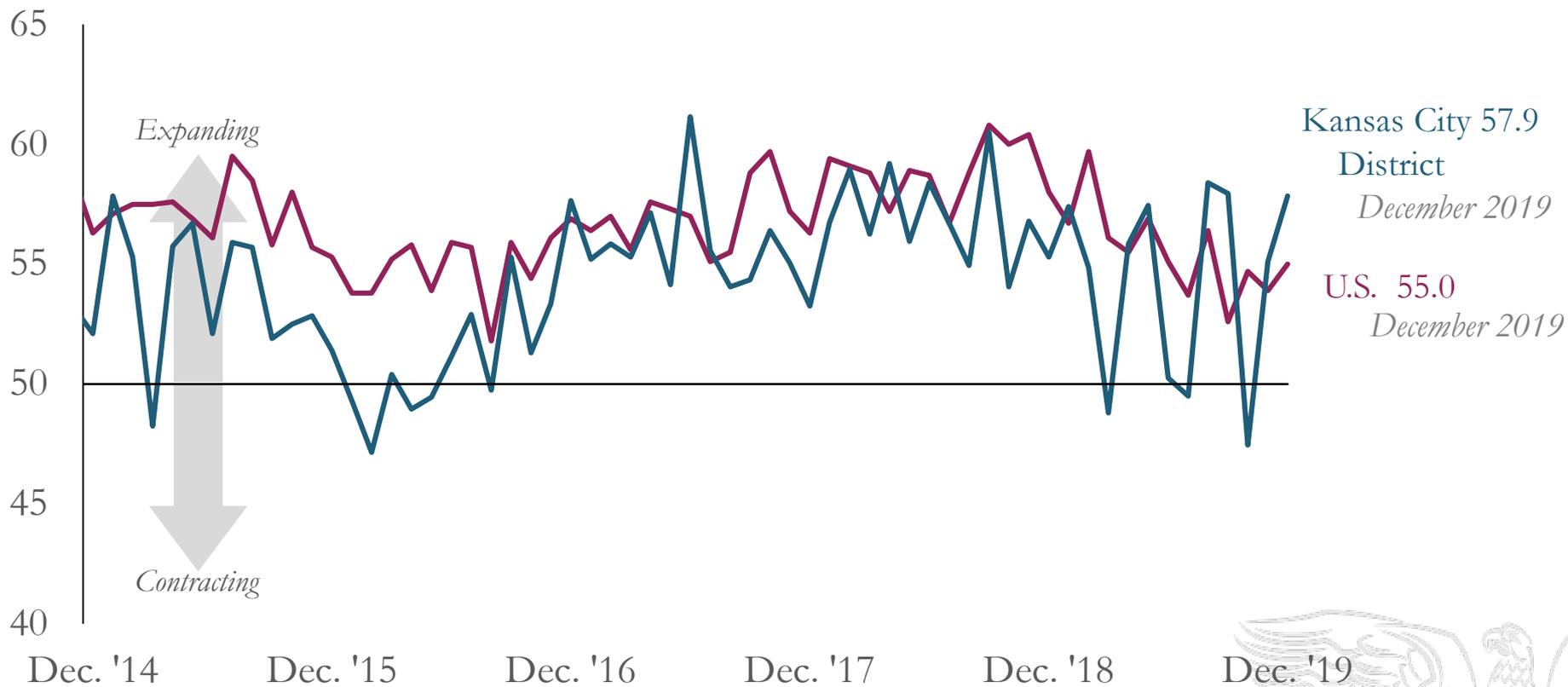
Source: IPUMS-USA and author's calculations



The services sector has driven growth in recent months.

NON-MANUFACTURING AND SERVICES ACTIVITY

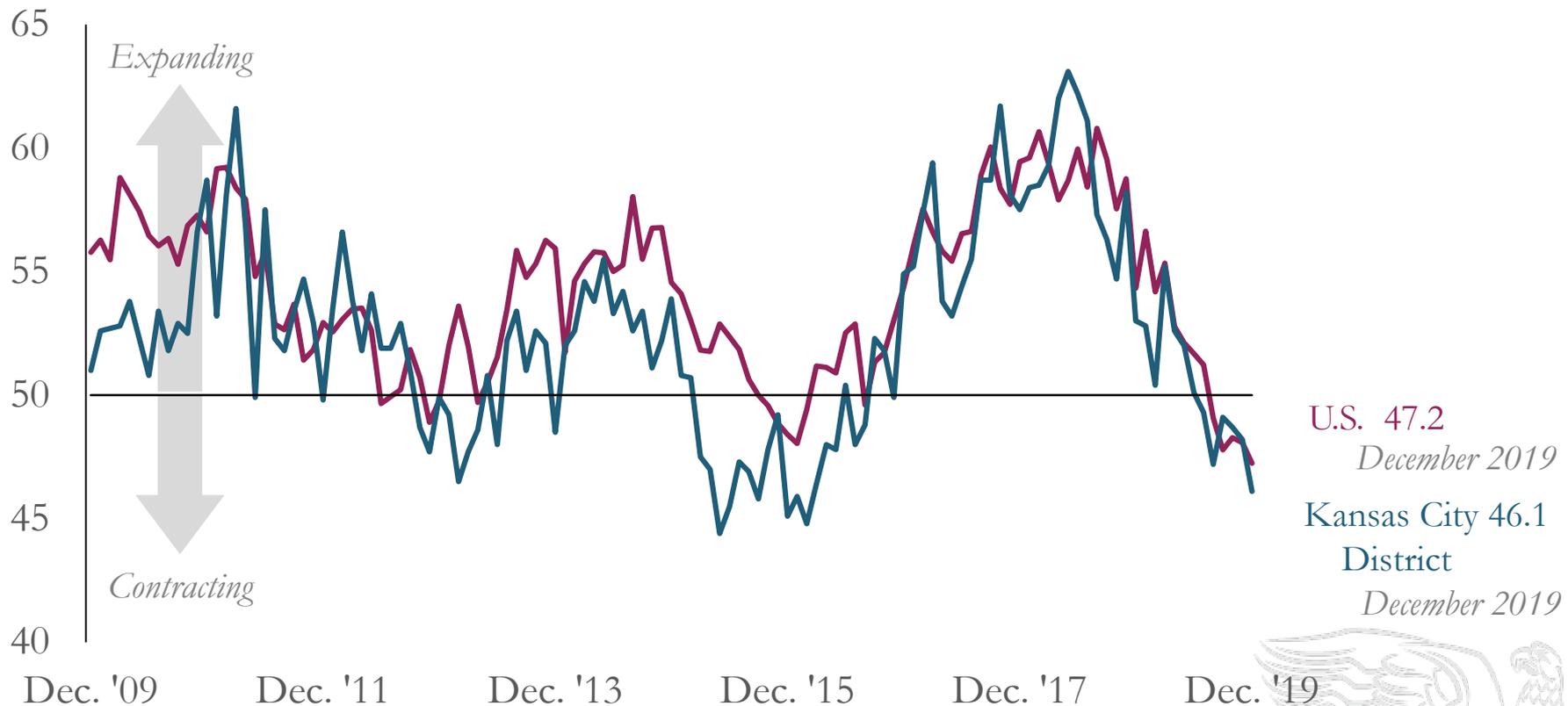
Diffusion Index, Seasonally Adjusted, Month-over-Month



In contrast, manufacturing activity has contracted slightly.

MANUFACTURING ACTIVITY

Diffusion Index, Seasonally Adjusted, Month-over-Month



U.S. 47.2
December 2019

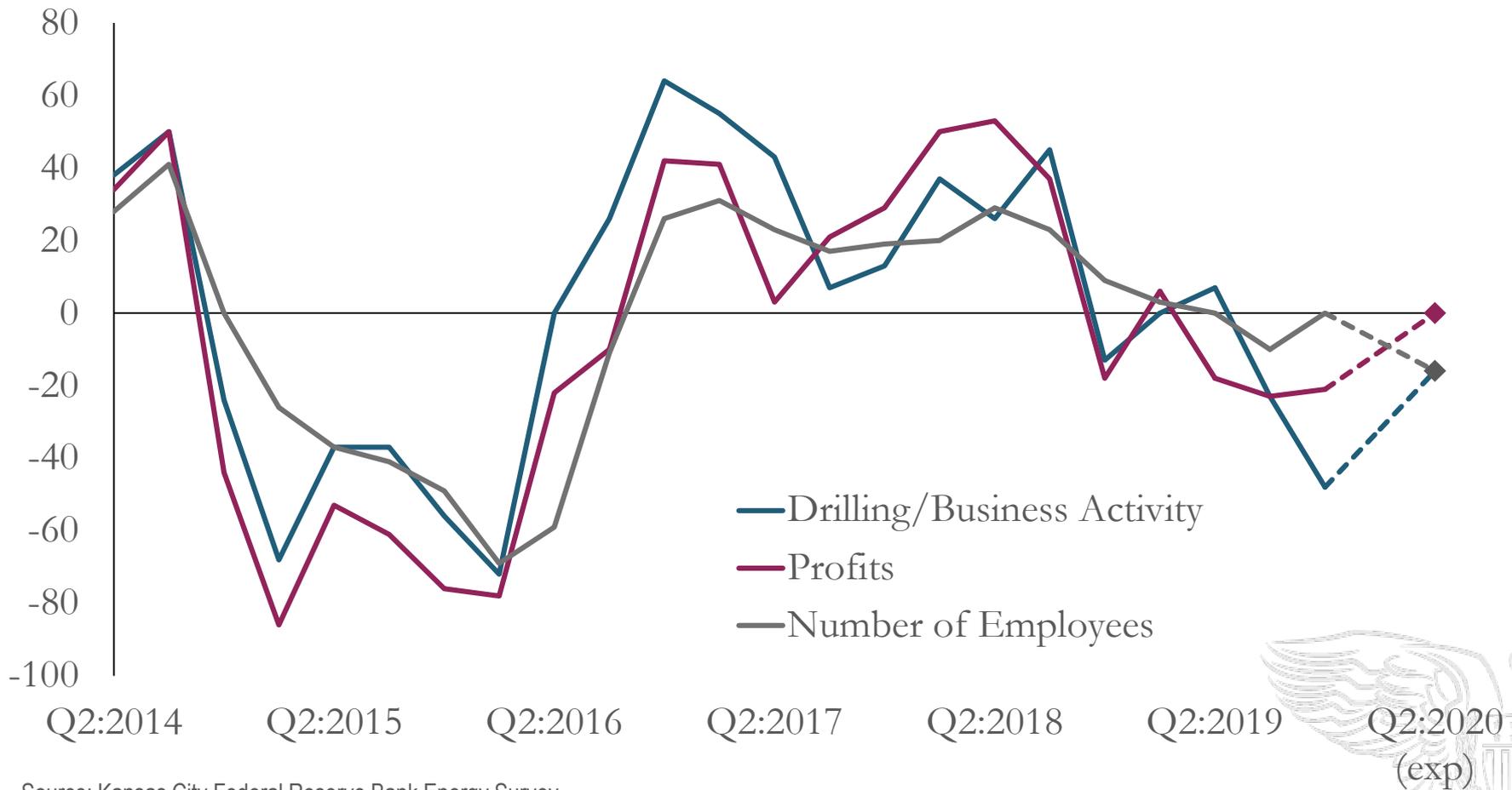
Kansas City 46.1
District
December 2019



The energy sector has also weakened and is expected to decline further in the months ahead.

ENERGY SURVEY ACTIVITY INDICATORS

Quarterly Diffusion Index



The image features a large, circular, embossed seal of the Federal Reserve Bank of Denver, Colorado. The seal is set against a light-colored, textured background. The outer ring of the seal contains the text "FEDERAL RESERVE BANK" at the top and "DENVER, COLORADO" at the bottom. In the center of the seal is a shield with a central emblem, flanked by olive branches and a laurel wreath. Above the shield is an eagle with its wings spread. The shield itself contains a central emblem with vertical lines and a row of stars above it.

For additional information on the regional economy:

<http://www.KansasCityFed.org/Denver>

