

DELTA COUNTY ECONOMIC UPDATE

May, 2024



The Delta Economic Update is in part funded by One Delta County

Economic Summary

- Delta County sales taxes have fallen slightly year over year through November, falling by 0.44%, while County sales taxes have fallen just under 1%
- Delta County business filings are up, increasing by 5.79% year over year. Business filing data has increased consistently the past decade.
- When looking at retiree income as a percentage of total income, retirees have a larger impact in Delta County (29.09%) than in Colorado (12.03%) and Mesa County (21.82%), and help to stabilize spending during economic downturns.
- U.S. GDP growth for Q1 2024 was 1.6%, which is a weak growth rate, leading to speculation that the economy is starting to slow. However, the Atlanta Federal Reserve's GDPNow estimates 4.2% growth for Q2, which is a high growth rate. The unemployment rate remains low at 3.9% as of April.

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LOCAL ECONOMIC INDICATORS

	Q4 2023	Q3 2023	Q4 2022	change since last quarter	change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Delta County-NSA	3.70%	3.67%	3.13%	0.03%	0.57%
Unemployment Rate Colorado - NSA	3.20%	3.30%	2.80%	-0.10%	0.40%
Unemployment Rate U.S. - NSA	3.50%	3.80%	3.40%	-0.30%	0.10%
Labor Force	13,071	13,416	13,223	-345	-152
Employed	12,588	12,920	12,808	-332	-221
Unemployed	483	496	415	-13	68
Business Confidence					
Leeds Colorado Business Confidence Index	53.7	39.8	45.1	34.92%	19.07%
Sales/Use Taxes					
	2023 (YTD)		2022 (YTD)		
City of Delta Sales/Use Taxes (as of Nov)	\$7,365,559		\$7,415,148		-0.67%
Delta County Sales/Use Tax (as of Nov)	\$7,540,744		\$7,619,035		-1.03%
Lodging Tax (as of Nov)	\$182,289		\$157,570		15.69%
Business Filings					
	2023 (YTD)		2022 (YTD)		
Delta County New Business Entity Filings (through December)	658		622		5.79%

Standard of Living and Growth	2022	2021	2020	2019	% change from previous year
Population	31,581	31,386	31,052	31,237	0.62%
Gross Domestic Product (GDP)	\$864,046	\$848,581	\$865,487	\$857,113	1.82%
Personal Income	\$1,504,032	\$1,450,878	\$1,328,211	\$1,197,461	3.66%
Personal Income Per Capita	\$47,593	\$46,231	\$42,775	\$38,428	2.95%
Median Household Income	\$53,910	\$52,403	\$53,553	\$51,525	2.88%
Percent of Population Below Poverty Line	14.6%	13.9%	12.1%	15.10%	5.04%

SOURCES IN ORDER OF LISTING: State and Local Unemployment rates: Bureau of Labor Statistics (LAUS); National Unemployment rate: Bureau of Labor Statistics; Labor Force, Employed, and Unemployed: Colorado Department of Labor and Employment; Leeds Colorado Business Confidence Index: Leeds School of Business; Sales/Use Tax information: City of Delta and Delta County; Business Permits: Colorado Secretary of State's Office; Population, poverty, and median household income: U.S. Census Bureau; Personal income: Bureau of Economic Analysis. Note that in all rows where percentages are presented the % change since last quarter and % change since last year represents the difference between the two percentages, not the actual percentage change.

Local Labor Market

The Delta County labor market has slowed, with a March unemployment rate rising to 4.6% from last year's 3.6%. This has been the trend among many counties. Delta County's labor force has held steady over the last year, which is good news because the longer term trend shows a decline in the labor force (figure 2). With the decline in the labor force, comes a decline in employment. This is due to the demographics of the county.

A different dataset exists from the Bureau of Economic Analysis that measures jobs, which actually showed an increase in jobs from 2020's 16,050 jobs to 16,445 in 2023. If you have two jobs, you are counted as employed once in figure 1, but in figure 3 both jobs are counted.

Other Indicators

Delta County sales taxes have fallen slightly year over year through November, falling by 0.44%, while County sales taxes have fallen just under 1%. This means that sales tax collection did not keep up with inflation, which shows that consumers overall are spending less. Lodging taxes are up 15.7% in 2023.

Delta County business filings are up, increasing by 5.79% year over year. Business filing data has increased consistently the past decade.

The Leeds Business Confidence Index continues to rise, almost 35% higher than last quarter and 19% higher than last year. The Leeds Business confidence index seems to have bottomed at peak inflation 2022, and business confidence is now moving higher quickly.

Standard of Living Measures

Standard of living measures were released in December for 2022. Delta County GDP for 2022 grew by 1.8% compared to 2021. The Bureau of Economic Analysis recently updated their GDP estimates. Figure 9 illustrates the new GDP, and shows Delta grew by 1.8%.

Table 1:
1, 5, and 10 Year Employment Comparison (Yearly Comparison)

	Labor Force	Employed	Unemployed
Annual	-105	-182	77
5-Year	-1,180	-1,164	-16
10-Year	-614	23	-637
Annual %	-0.8%	-1.4%	18.4%
5-Year %	-8.1%	-8.3%	-3.1%
10-Year %	-4.4%	0.2%	-56.2%

Delta County median household income rose from \$52,403 in 2021 to \$53,910 in 2022. Median household income is an estimate with a fairly large confidence interval, so it is important not to overreact to one number that changes. Despite that, after a large increase in 2018 and 2019, median household income has leveled out (figure 6).

The Census Department's SAIPE program (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Delta County's poverty rising to 14.6% (up from 13.9%) (figure 7).

Personal income per capita increased from \$46,231 in 2021 to \$47,593 in 2022. Per capita personal income is a measure of all personal income in the county divided by the population. Per capita personal income has increased drastically the last decade (figure 5).

Figure 1:
Employment Estimate

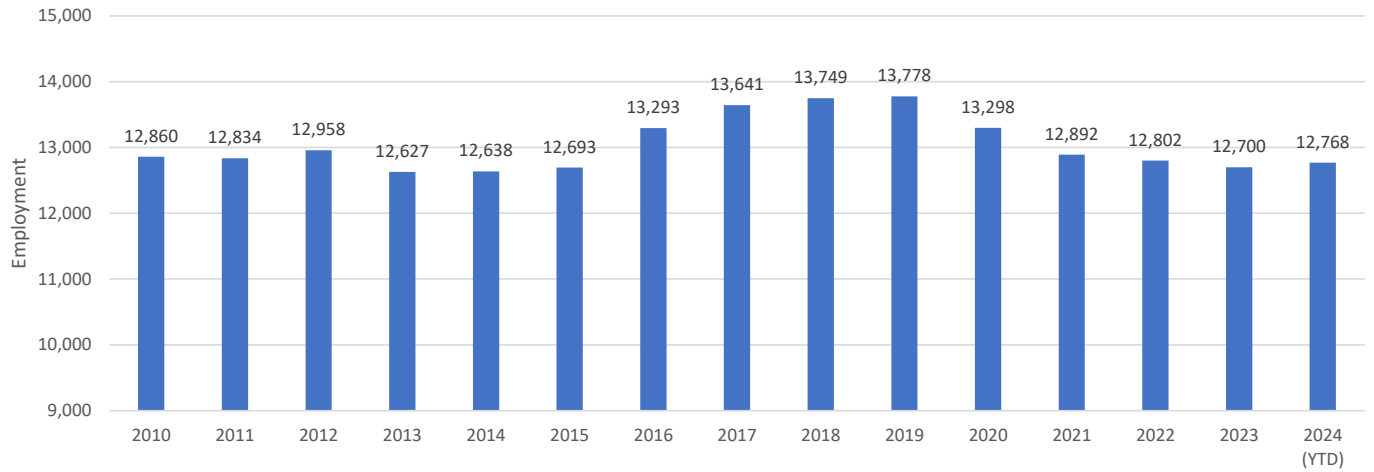


Figure 2:
Delta Labor Force Trend

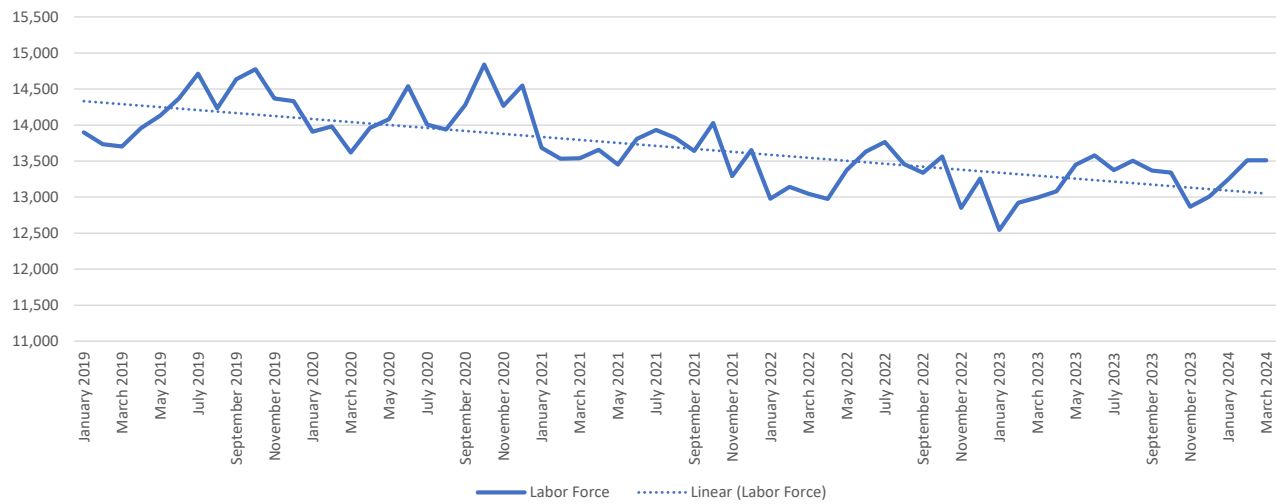


Figure 3:
Total Full and Part Time Jobs (BEA)

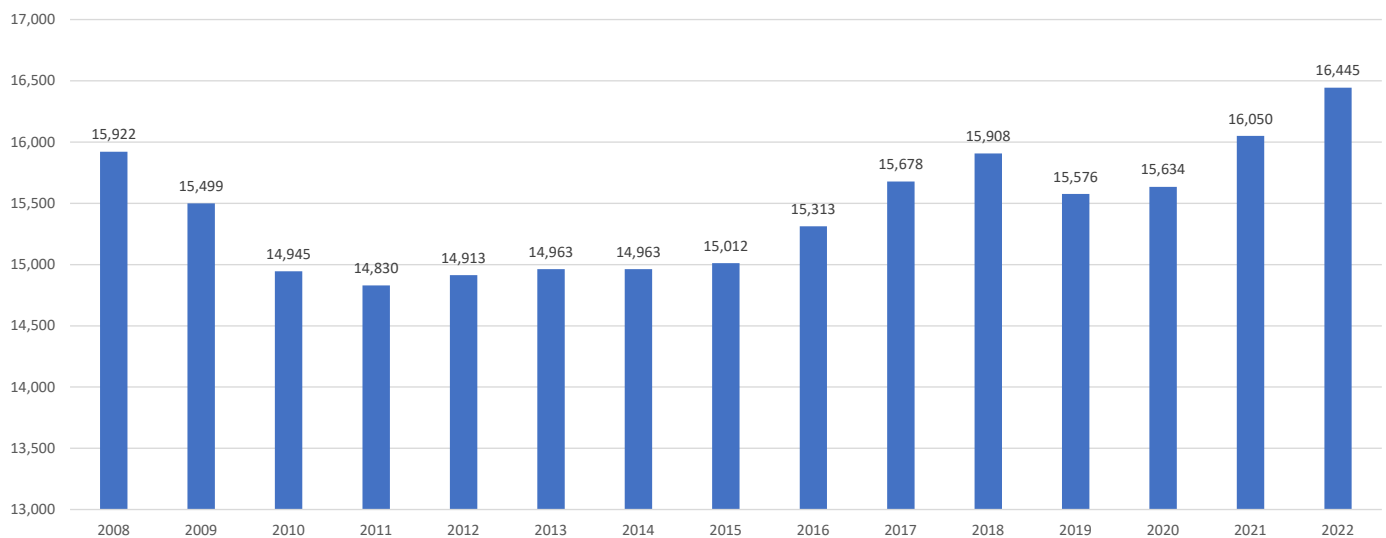


Figure 4:
Jobs by Industry

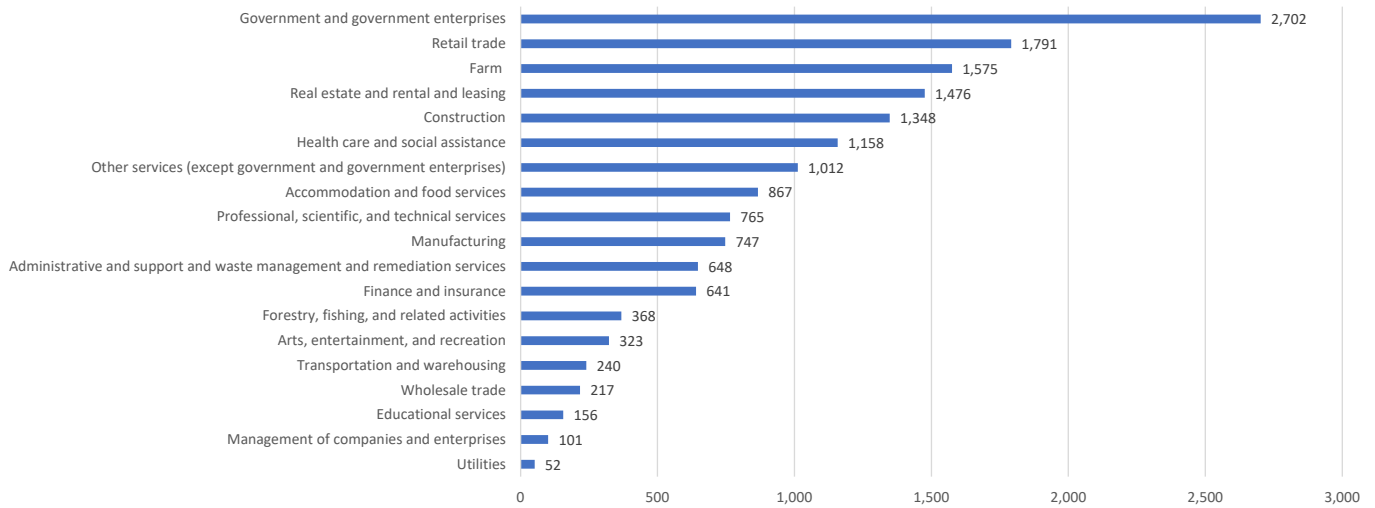


Figure 5
Personal Income Per Capita

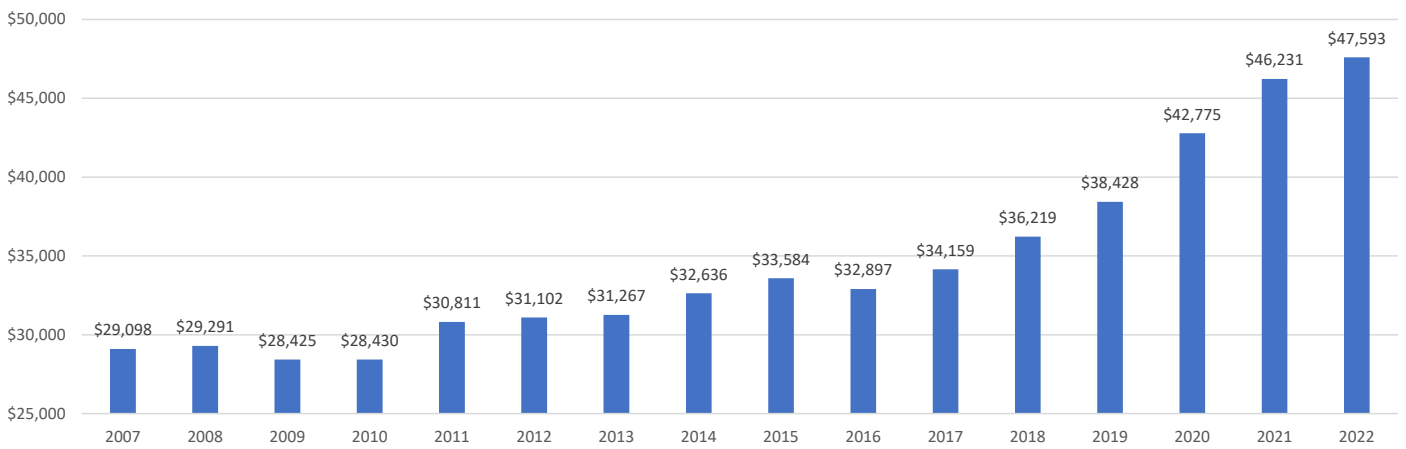


Figure 6:
Delta County Median Household Income

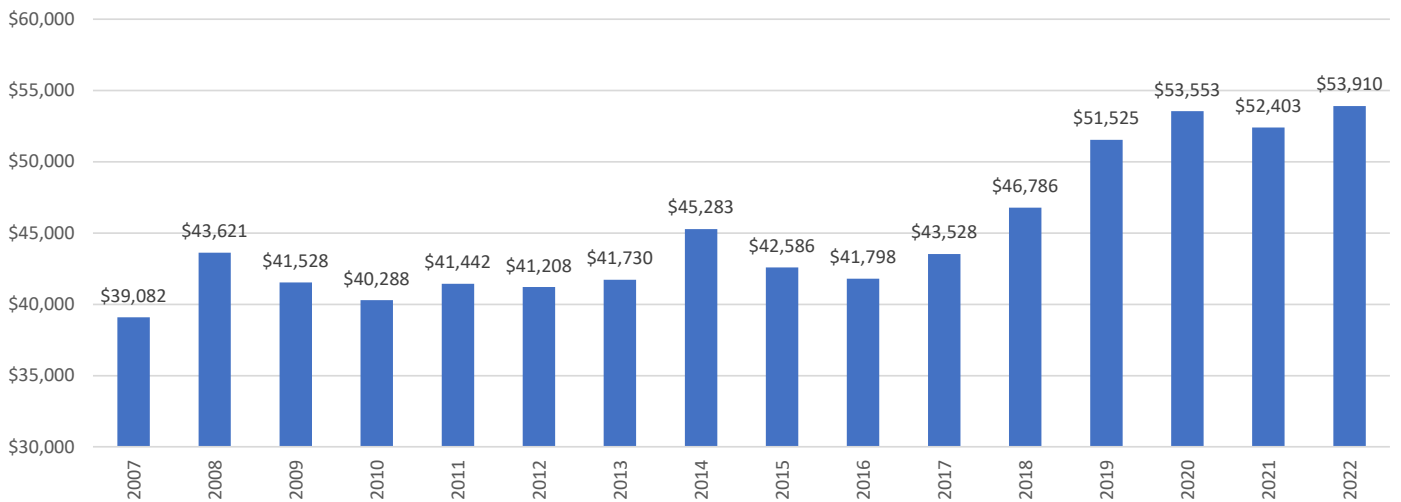


Figure 7:
Delta County Poverty Rate

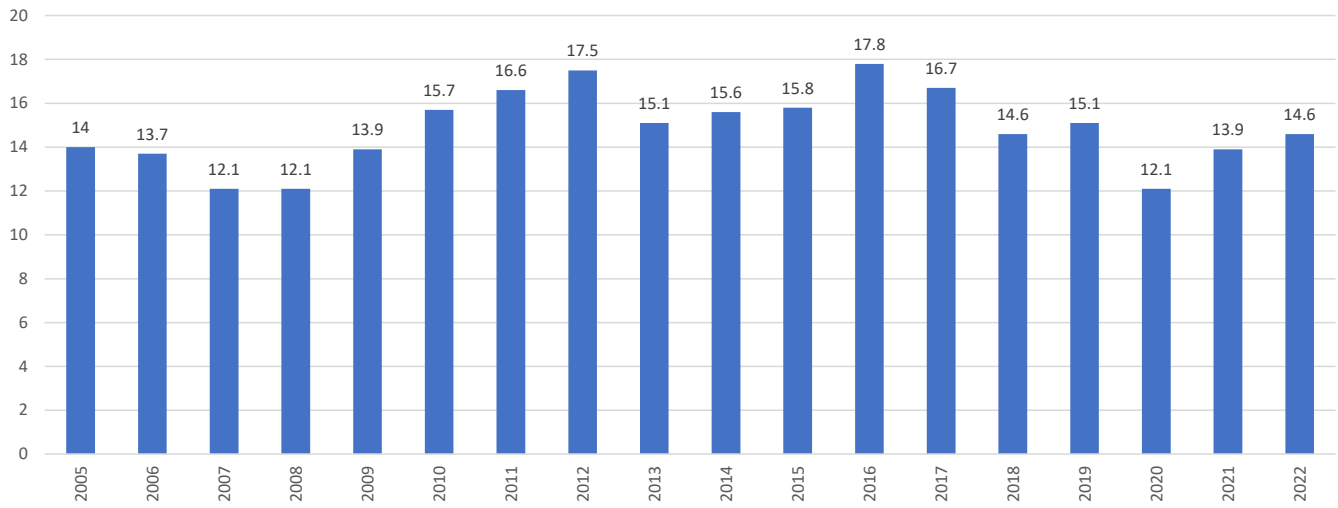


Figure 8:
Western Slope GDP % Change 2022

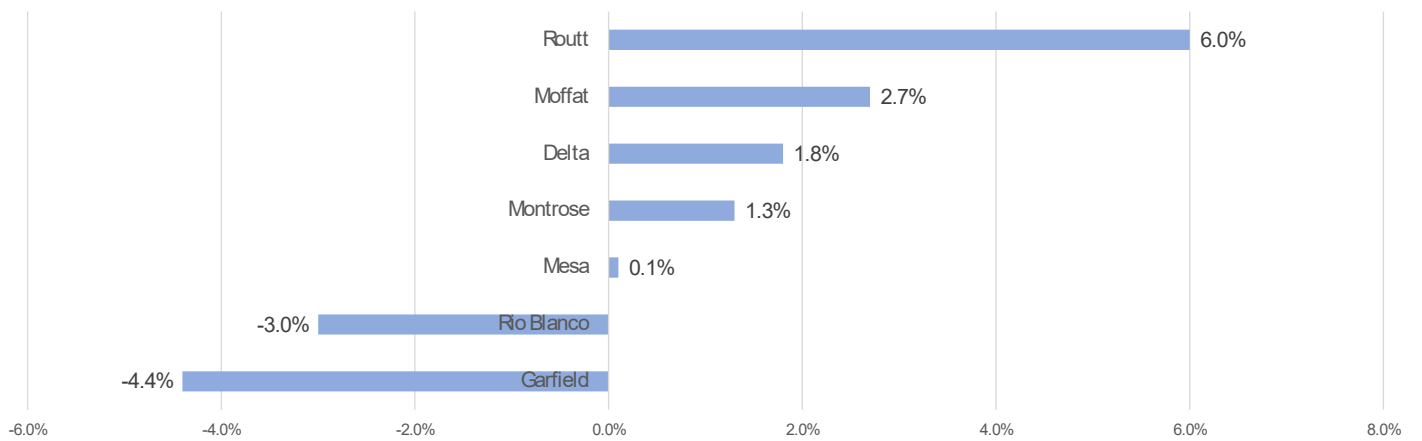
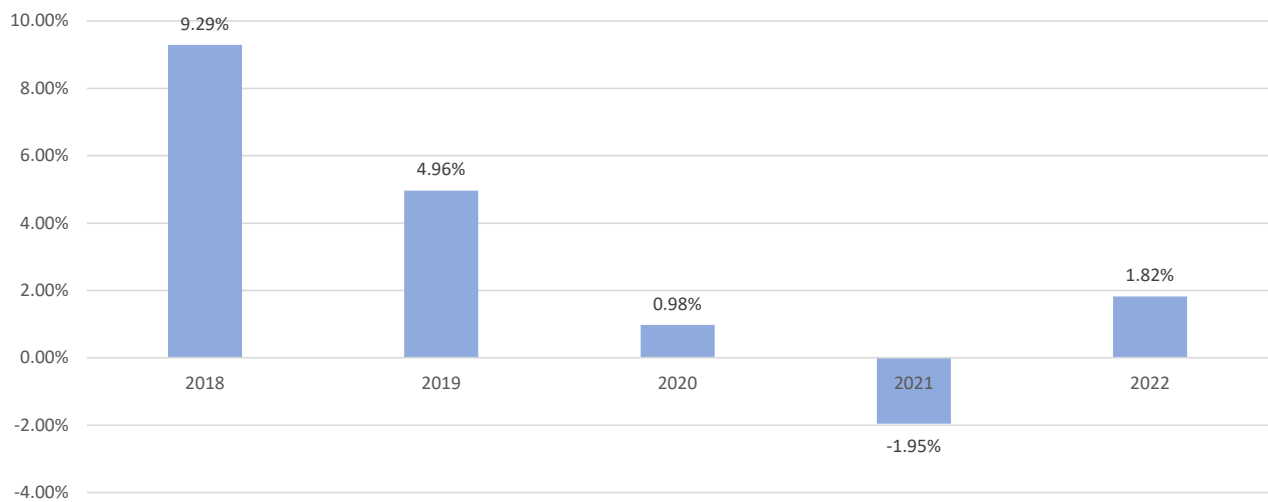


Figure 9:
Delta County Real GDP % Change (chained 2017 dollars)



Delta County Employment Trends

Q3 2023 QCEW data shows gains in jobs and wages year over year. Healthcare, which has lost jobs in several counties over the last two years, showed a gain in jobs and a large gain in wages for the second quarter in a row. The largest job gains were in administrative and waste services (231) and finance and insurance (65). Healthcare maintains the top spot as the largest wage contributor, with retail trade and public administration coming in second and third. Education is omitted due to limited responses to the QCEW survey. The QCEW survey is by place of work and is a business survey.

Figure 11 is not QCEW data, and instead shows the percentage of retiree income as a percentage of total income. Retirees have a larger impact in Delta County (29.09%) than in Colorado (12.03%) and Mesa County (21.82%), and help to stabilize spending during economic downturns. Conversely, inflation can hit retirees harder than other groups, hence the downward trend from last year.

Table 2:
Quarterly Census of Employment and Wages (QCEW) Q3 2023 Compared to Q3 2022

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Wage Change	Total Employment Change
Total, All Industries	8,929	\$99,680,070	\$859	\$7,192,619	551
Health Care and Social Assistance	1,574	\$19,561,123	\$956	-\$1,279,514	-3
Public Administration	861	\$10,984,226	\$981	\$218,708	31
Retail Trade	1,247	\$10,915,644	\$673	\$43,992	12
Construction	558	\$7,556,288	\$1,042	\$903,464	59
Manufacturing	610	\$7,160,593	\$903	\$556,060	50
Finance and Insurance	311	\$5,671,090	\$1,403	\$2,010,300	65
Agriculture, Forestry, Fishing & Hunting	440	\$4,741,841	\$829	\$477,946	42
Accommodation and Food Services	809	\$4,389,176	\$417	\$340,782	62
Administrative and Waste Services	389	\$4,221,730	\$835	\$2,758,992	231
Professional and Technical Services	214	\$3,133,470	\$1,125	\$194,956	2
Other Services, Ex. Public Admin	253	\$2,749,893	\$836	\$82,476	-9
Real Estate and Rental and Leasing	170	\$1,968,330	\$891	-\$224,035	-17
Transportation and Warehousing	128	\$1,767,674	\$1,065	\$258,071	4
Wholesale Trade	132	\$1,736,749	\$1,010	\$268,774	8
Information	112	\$1,213,312	\$833	-\$359,409	-16
Utilities	54	\$892,288	\$1,279	\$68,985	6
Arts, Entertainment, and Recreation	83	\$455,036	\$423	\$97,457	9
Management of Companies and Enterprises	27	\$441,338	\$1,257	\$10,645	7
Mining	15	\$296,158	\$1,553	\$170,594	5

SOURCE: Colorado Department of Labor and Employment (QCEW). The most recent quarterly data available is reported.

Table 3:
Farm and Sole Proprietor Employment

BEA Data	2022	2021	2020	2019	% change from 2021
Farm Employment	1,249	1,255	1,249	1,245	-0.5%
Sole Proprietors (non-farm)	6,327	5,958	5,534	5,235	6.2%

Figure 10:
Total Wage Change from Q3 2022 to Q3 2023

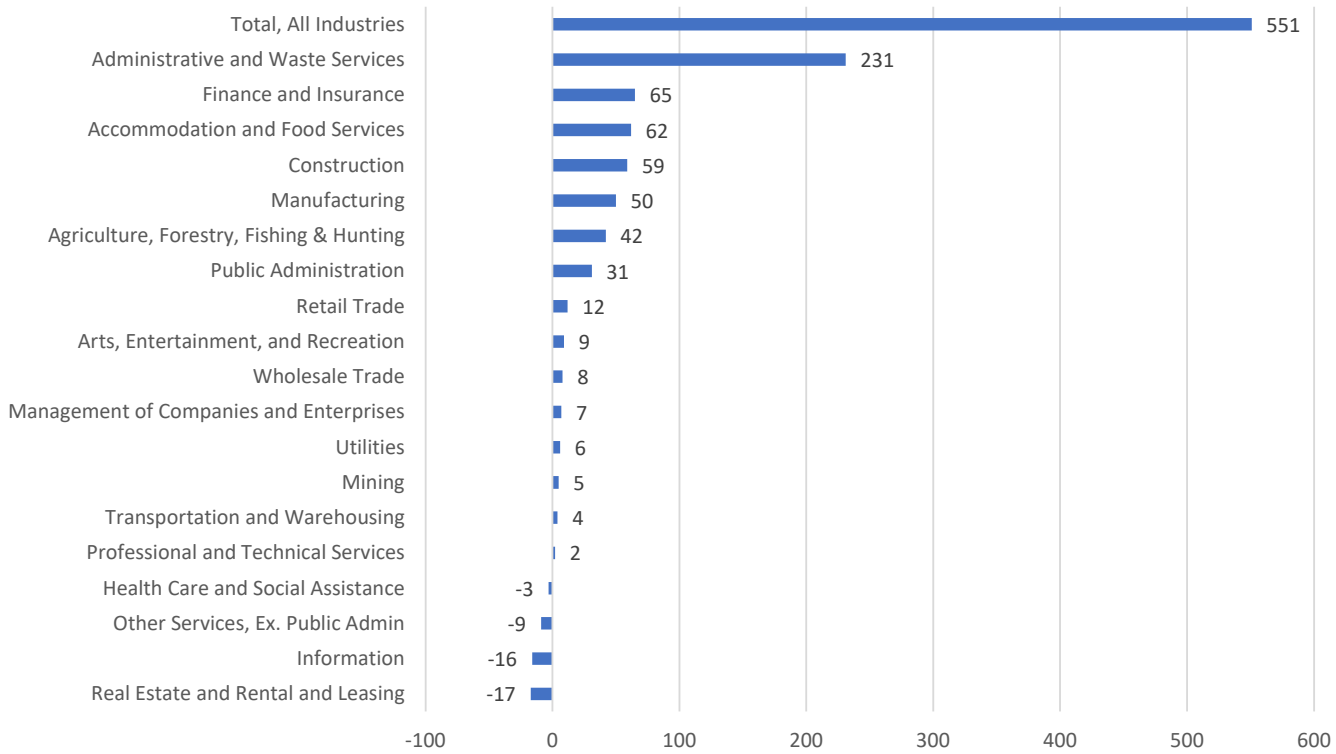
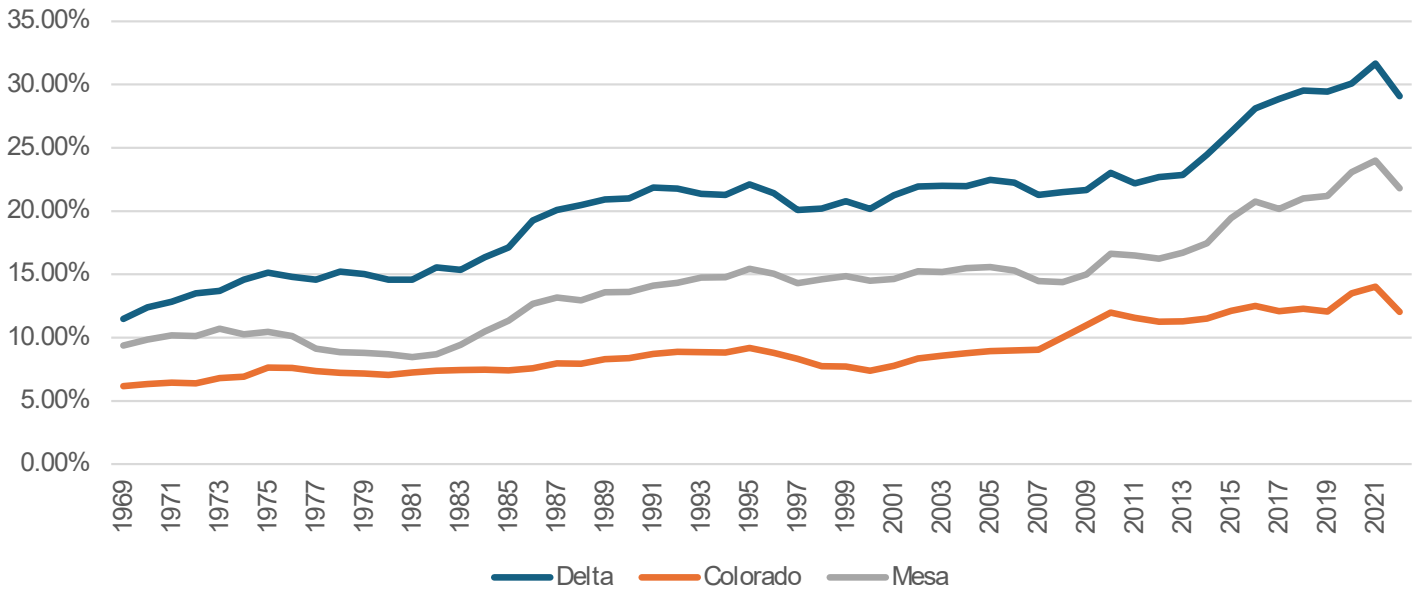


Figure 11:
Retirement Income as a Percent of Total Income



LOCAL REAL ESTATE

	Q4 2023	Q4 2022	% change since last year
Real Estate			
Inventory of Homes for Sale (3 month avg)	166	150	10.44%
New Residential listings (3 month total)	80	82	-2.44%
Sold Residential Listings (3 month total)	76	86	-11.63%
Median Sales Price	\$374,633	\$358,167	4.60%
Average Sales Price	\$417,985	\$405,673	3.04%
Days on Market	99.33	88.00	12.88%
Months Supply of Inventory	5.37	3.77	42.48%
Building Permits (Census)	60	223	-73.09%
Foreclosures			
Foreclosure Filings	51	47	8.51%
Foreclosure Sales	17	10	70.00%
Mortgage Rates			
	March 2024	March 2023	
15 Year Mortgage Rate	6.18%	5.80%	0.38%
30 Year Mortgage Rate	6.82%	6.54%	0.28%

SOURCES IN ORDER OF LISTING: Real Estate Data: Colorado Association of Realtors; Building Permits and Valuation: City of Delta and Orchard City totals; Foreclosure Filings and Sales: Delta County; Mortgage rates: Freddie Mac.

Local Real Estate Indicators

Delta County's real estate market shows rising inventory, with inventory increasing by 10.44%. Inventory has risen from the same time last year but is still historically very low (figure 14). Median sales prices increased from the same time last year, but overall, comparing 2022 (\$380,288) to 2023 (\$375,358), median home values have not moved much. Staying with the yearly comparison, days on market averaged 112 in 2023 compared to 89 in 2022, while months supply of inventory averaged 4.77 in 2023 and 2.85 in 2022. Ultimately the Delta housing market has softened when looking at the time it takes to sell a home. It's an interesting market, one with low inventory but rising days on market. The reason is that high interest rates are curbing both buyer purchasing power and seller interest in selling.

A new data point from the Census Department shows that building permits have fallen from 223 in 2021 to 60 in 2022, showing a sharp decrease in building permits. Foreclosures have held steady, increasing from 47 in 2022 to 51 in 2023. Figure 12 shows a small increasing trend, but is still historically low. Mortgage rates have picked up in early 2024 due to higher than expected inflation numbers. Hope for rate cuts has almost vanished this year, pushing interest rates back to the 7% level. Mortgage rates falling is dependent on inflation falling and Federal Reserve rate cuts.

Figure 12:
Foreclosures



Figure 13:
Median and Average Sales Price

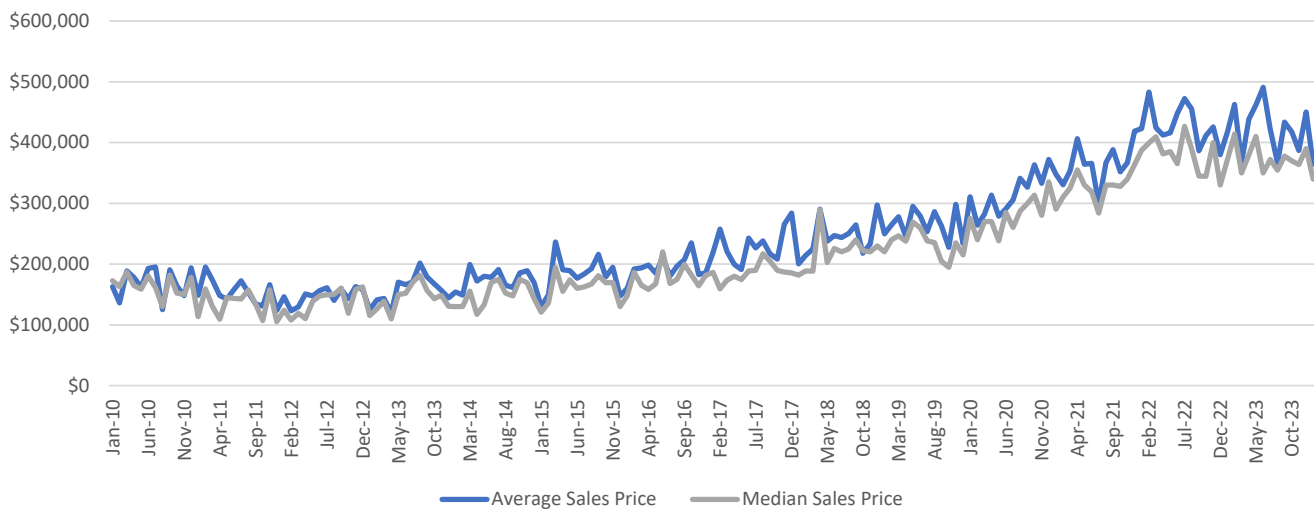


Figure 14:
Housing Inventory (Listings)



REGIONAL ENERGY

	Q4 2023	Q3 2023	Q4 2022	% change since last quarter	% change since last year (comparable quarters)
Energy Prices					
WTI Crude Oil	\$78.53	\$82.25	\$82.79	-4.52%	-5.15%
Henry Hub Natural gas	\$2.74	\$2.59	\$5.55	5.79%	-50.63%
Retail Gasoline Price	\$3.21	\$3.63	\$3.42	-11.65%	-6.12%
Drilling Permits					
	2023	2022	2021	2020	
Drilling Permits (Mesa County)	23	0	0	1	
Drilling Permits (Rio Blanco County)	61	40	40	33	
Drilling Permits (Garfield County)	21	139	133	127	
Drilling Permits (Moffat County)	0	3	4	1	
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	105	182	177	162	
Total Permits (Colorado)	199	1,005	805	1,543	
Local Rig Count					
	April-24	Dec-23	Oct-23		
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	1	3	3		
Delta/Gunnison Coal Industry					
	2023 (YTD)	2022 (YTD)	% Change		
Delta/Gunnison Average Monthly Employment for Coal Mining	296	266	11.26%		
Delta/Gunnison Coal Production (tons)	284,968	366,284	-22.20%		

SOURCES: All energy prices: Energy Information Agency; All permit data from Colorado Oil and Gas Conservation Commission (COGCC); Local Rig Count: Baker Hughes Rig Count; Coal: Colorado Division of Reclamation and Safety.

Figure 15:
Oil and Natural Gas Prices

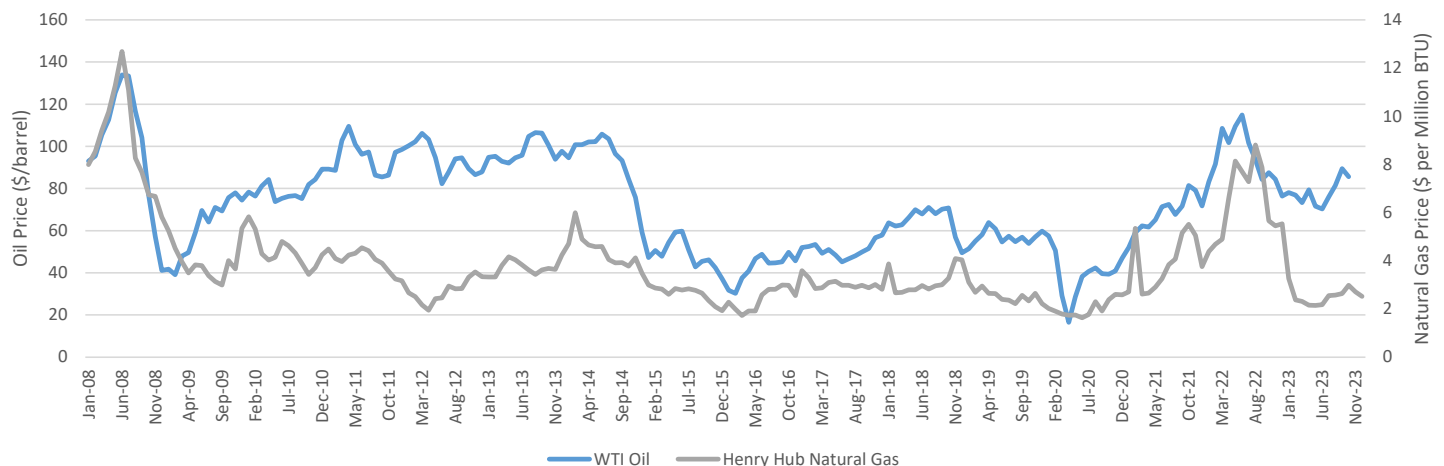


Figure 16:
Delta/Gunnison Coal Production and Employment

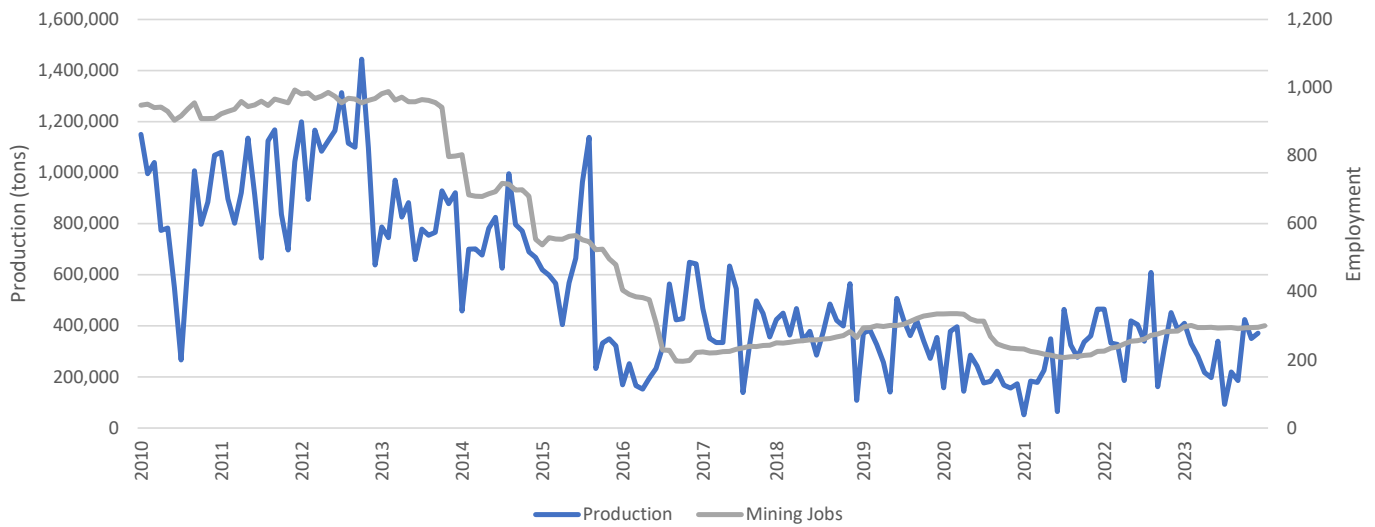
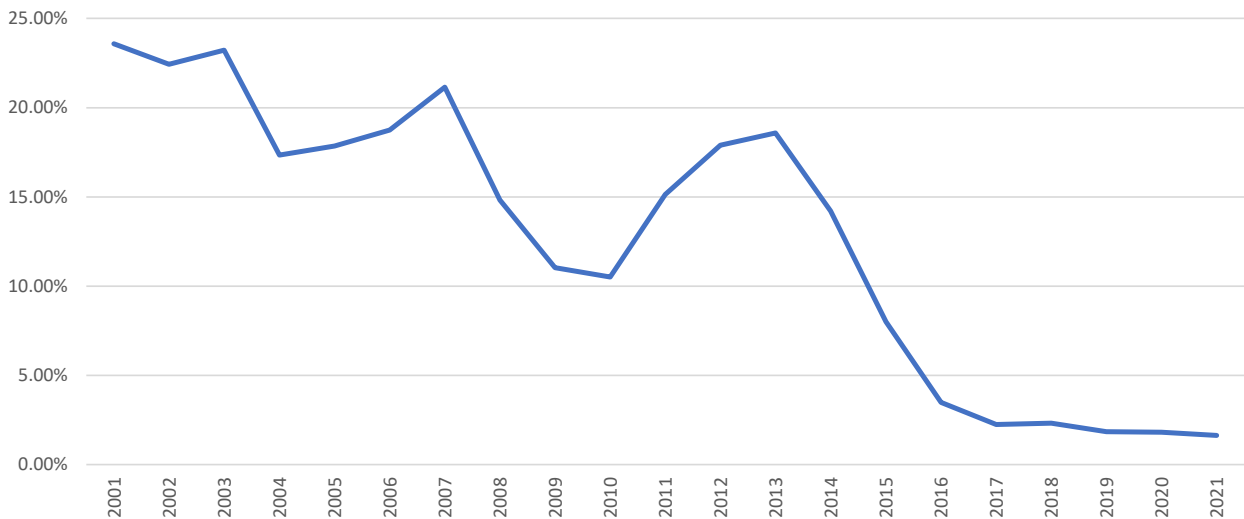


Figure 17:
Mining and Oil and Gas as a Percentage of GDP for Delta County



Western Slope Energy

WTI oil prices fell from \$82.25 in Q3 to \$78.52 in Q4. Natural gas prices averaged \$2.59 in Q3, rising to \$2.74 in Q4. Record natural gas production and inventories keep natural gas prices from rising. The Energy Information Agency (EIA) forecasts the Brent crude oil price to average \$82 per barrel in 2024, falling to \$79 per barrel in 2025. The EIA forecasts natural gas prices to average \$2.70 in 2024 and to rise to \$3.00 in 2025. Locally, rig counts in the Piceance fell to 1. Rig counts had stayed consistent at 3 for several quarters. Oil and gas permits in figure 16 are updated through end of year 2023, and show the lowest number of drilling permits since 2000, which is the starting year for the dataset.

Coal mining jobs increased in 2023, rising from 266 in 2022 to 296 in 2023. Production is always volatile and in 2023 fell 22.2%, but looking at figure 16 it's clear that production has been in a neutral trend since 2016. .

NATIONAL ECONOMIC INDICATORS

	Q4 2023	Q3 2023	Q4 2022	% change since last period	% change since last year (comparable quarters)
Business Cycle Indicators					
Real GDP	3.40%	4.90%	2.60%	-1.50%	0.80%
Personal Consumption Expenditures	3.30%	3.10%	1.20%	0.20%	2.10%
Gross Private Domestic Investment	0.70%	10.00%	3.40%	-9.30%	-2.70%
National Consumer Confidence	64.9	69.6	58.8	-6.75%	10.37%
Industrial Production Index	102.7	103.2	102.7	-0.48%	0.05%
Initial Weekly Unemployment Claims (4 week MA)	212,712	236,429	205,571	-10.03%	3.47%
Non Farm Payroll Change (in thousands)	617,000	667,000	829,333	-7.50%	-25.60%
Unemployment					
Unemployment Rate-U3-SA	3.70%	3.70%	3.60%	0.00%	0.10%
Unemployment Rate-U6-SA	7.10%	6.90%	6.60%	0.20%	0.50%
Interest Rates					
Federal Funds Rate	5.33%	5.25%	3.62%	0.08%	1.71%
10 Year U.S. Treasury	4.44%	4.15%	3.83%	0.29%	0.61%
30 Year U.S. Treasury	4.59%	4.24%	3.90%	0.35%	0.69%
Inflation Measures					
Inflation Rate (CPI)	3.24%	3.56%	7.09%	-0.33%	-3.85%
Core Inflation Rate (All Items Less Food and Energy)	3.98%	4.42%	5.98%	-0.44%	-2.00%
Inflation Rate (Shelter)	6.47%	7.37%	7.15%	-0.89%	-0.68%
Producer Price Index (PPI)	-3.59%	-4.85%	8.42%	1.26%	-12.00%
Employment Cost Index	4.18%	4.35%	5.06%	-0.18%	-0.89%
Stock Prices					
S&P 500	4,465	4,458	3,852	0.15%	15.91%
Dow Jones Industrial Average	34,933	34,669	32,490	0.76%	7.52%
Trade Balance and Debt					
Trade Balance (% of GDP)	-783.734	-779.231	-877.204	0.58%	-10.66%
Federal Debt (% of GDP)*	120.1%	119.5%	119.0%	0.7%	1.1%

SOURCES: GDP, Consumption, Investment, and Trade Balance: Bureau of Economic Analysis; Consumer Confidence: University of Michigan; Industrial Production, Interest Rates and USD Exchange Rate: Board of Governors of the Federal Reserve System; Weekly Unemployment Claims: U.S. Employment and Training Administration. Non-Farm Payroll, Unemployment Rates, Inflation Measures: Bureau of Labor Statistics; Stock Prices: S&P Dow Jones Indices, LLC.; USD Exchange Rate: Board of Governors of the Federal Reserve; Trade Balance: BEA; Federal Debt: U.S. Office of Management and Budget. * Indicates data is lagged by one quarter. Regional CPI data from the Bureau of Labor Statistics. Yield Curve from the Federal Reserve Board.

Figure 18:
Real GDP for U.S.

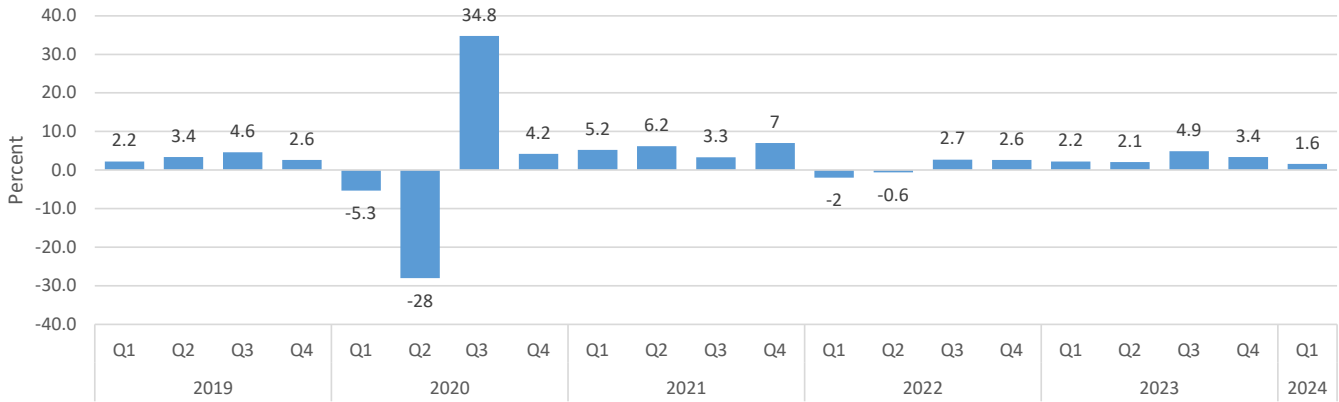
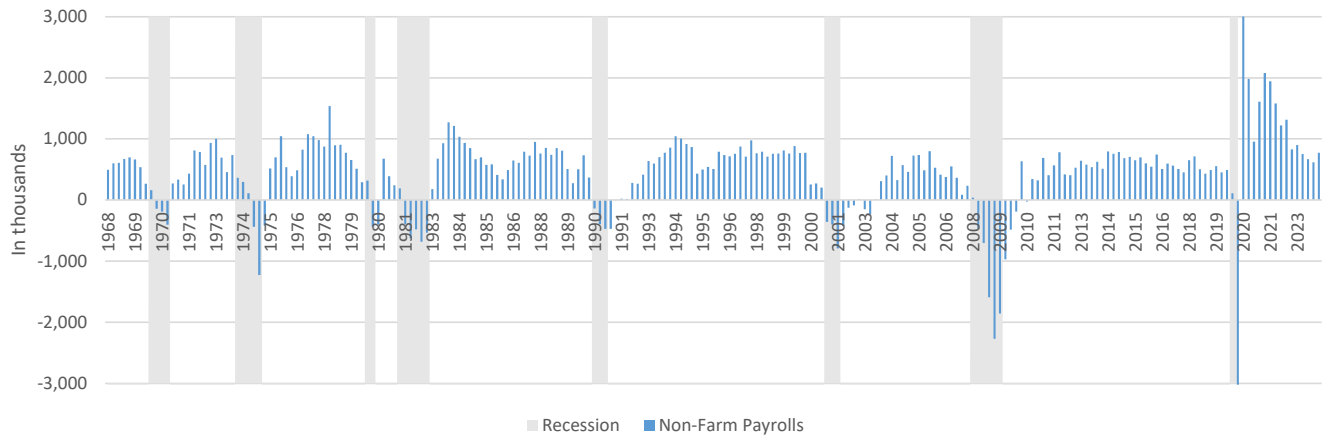


Figure 19:
Non-Farm Payrolls



Economic Growth

U.S. GDP growth for Q1 2024 was 1.6%, which is a weak growth rate, leading to speculation that the economy is starting to slow. However, the Atlanta Federal Reserve's GDPNow estimates 4.2% growth for Q2, which is a high growth rate. The unemployment rate remains low at 3.9% as of April. The labor market remains tight and continues to add jobs, although the number of jobs being added each month is slowing. The slowing of job gains shown in figure 19 is expected, as the labor force can only support so much employment. However, this labor force is expanding with large immigration numbers the last few years.

Inflation and Interest Rates

Inflation for April came in at 3.4%, lower than March's 3.5%, which was higher than expected. The March number reversed the recent trend of falling inflation, but April shows that trend may start again. The March number was alarming and caused the Federal Reserve to reconsider anticipated interest rate cuts. The April number may put rate cuts back on the table in the fall.

Wages have been falling for the past several quarters as seen in figure 23, which is good for inflation, but the most recent

employment cost index number raised alarm bells as it increased slightly. In addition, the purchaser price index (PPI), which tracks inputs into businesses and producers, has been rising, which could translate into higher consumer price inflation.

There is a real debate about where inflation goes from here. To some, inflation is looking more sticky than expected. Inflation fell so quickly that many economists thought inflation may be tamed quickly, accomplishing a so called "soft landing." There is a debate in the economics profession regarding whether inflation can fall without unemployment rising. Historically, in order to lower inflation, the unemployment rate has risen. This relationship between the inflation rate and unemployment rate is called the Philips Curve, and illustrates a tradeoff between inflation and unemployment. As a recipe for fighting inflation, and based on historical Philips Curve estimates, some economists are calling for the Fed to push interest rates high enough to raise the unemployment rate past 5%, which by some estimates would then bring inflation down. It's too soon to say if rising unemployment will be necessary to curb inflation, but if inflation continues to creep up it may become a possibility.

Figure 20:
CPI (Inflation) Release from the Bureau of Labor Statistics (reproduced from BLS.gov)

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Apr. 2024
	Oct. 2023	Nov. 2023	Dec. 2023	Jan. 2024	Feb. 2024	Mar. 2024	Apr. 2024	
All items.....	0.1	0.2	0.2	0.3	0.4	0.4	0.3	3.4
Food.....	0.3	0.2	0.2	0.4	0.0	0.1	0.0	2.2
Food at home.....	0.3	0.0	0.1	0.4	0.0	0.0	-0.2	1.1
Food away from home ¹	0.4	0.4	0.3	0.5	0.1	0.3	0.3	4.1
Energy.....	-2.1	-1.6	-0.2	-0.9	2.3	1.1	1.1	2.6
Energy commodities.....	-4.3	-3.8	-0.7	-3.2	3.6	1.5	2.7	1.1
Gasoline (all types).....	-4.3	-4.0	-0.6	-3.3	3.8	1.7	2.8	1.2
Fuel oil.....	-6.4	-1.1	-3.3	-4.5	1.1	-1.3	0.9	-0.8
Energy services.....	0.4	1.0	0.3	1.4	0.8	0.7	-0.7	3.6
Electricity.....	0.4	1.0	0.6	1.2	0.3	0.9	-0.1	5.1
Utility (piped) gas service.....	0.3	1.2	-0.6	2.0	2.3	0.0	-2.9	-1.9
All items less food and energy.....	0.2	0.3	0.3	0.4	0.4	0.4	0.3	3.6
Commodities less food and energy commodities.....	0.0	-0.2	-0.1	-0.3	0.1	-0.2	-0.1	-1.3
New vehicles.....	-0.1	0.0	0.2	0.0	-0.1	-0.2	-0.4	-0.4
Used cars and trucks.....	-0.4	1.4	0.6	-3.4	0.5	-1.1	-1.4	-6.9
Apparel.....	0.0	-0.6	0.0	-0.7	0.6	0.7	1.2	1.3
Medical care commodities ¹	0.4	0.5	-0.1	-0.6	0.1	0.2	0.4	2.5
Services less energy services.....	0.3	0.5	0.4	0.7	0.5	0.5	0.4	5.3
Shelter.....	0.3	0.4	0.4	0.6	0.4	0.4	0.4	5.5
Transportation services.....	0.9	1.0	0.1	1.0	1.4	1.5	0.9	11.2
Medical care services.....	0.2	0.5	0.5	0.7	-0.1	0.6	0.4	2.7

Figure 21:
Inflation Rate and 10 Year Treasury

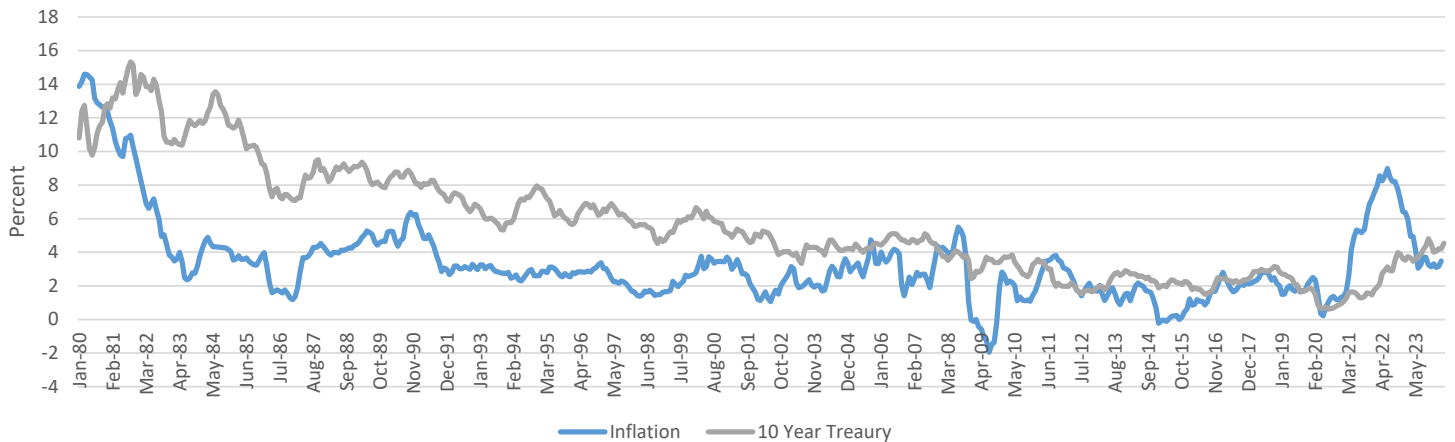


Figure 22:
Unemployment Rate

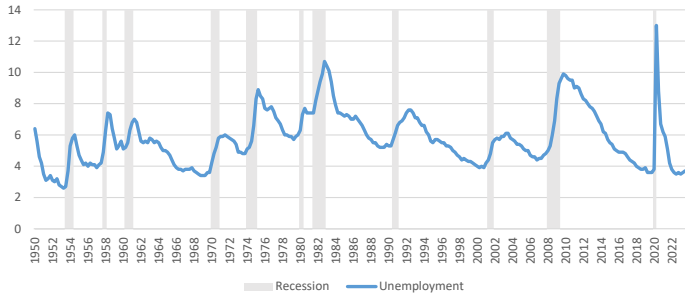


Figure 23:
Employment Cost Index

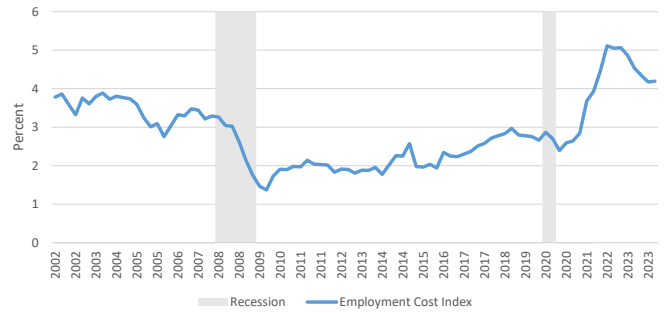
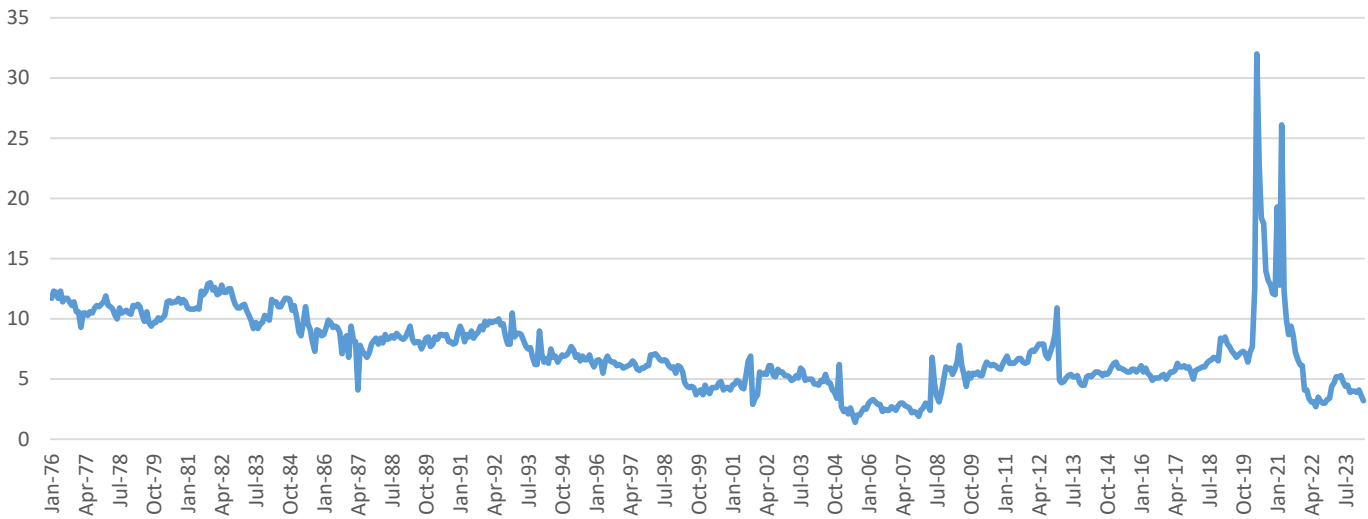


Figure 24:
Personal Savings Rate



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