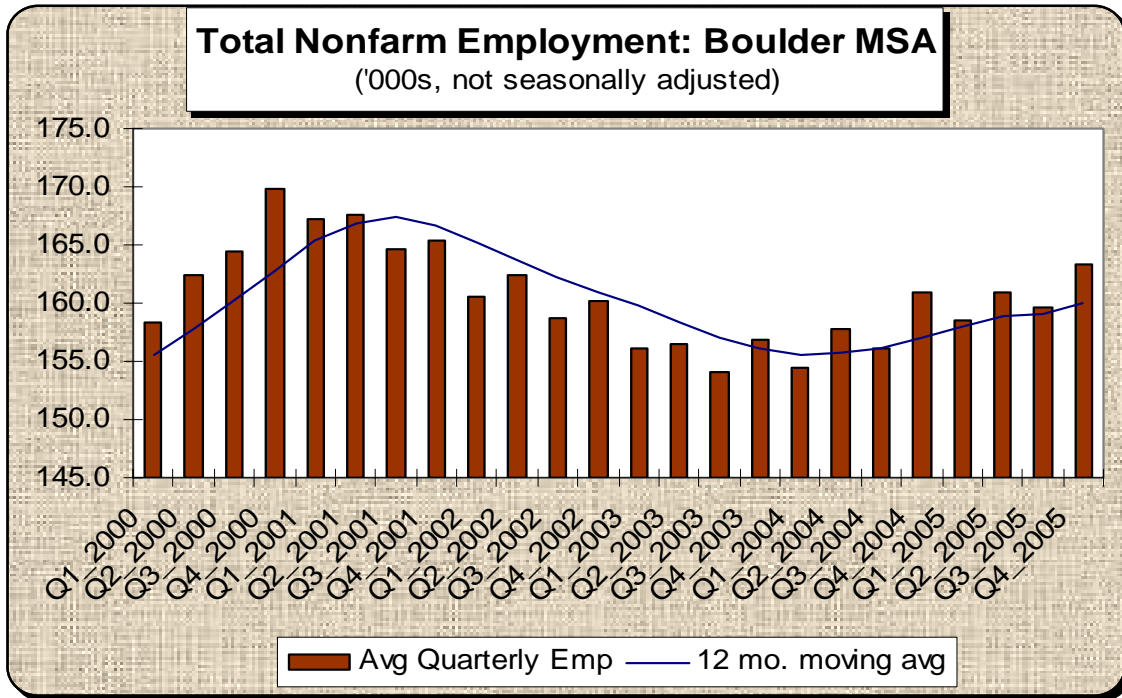


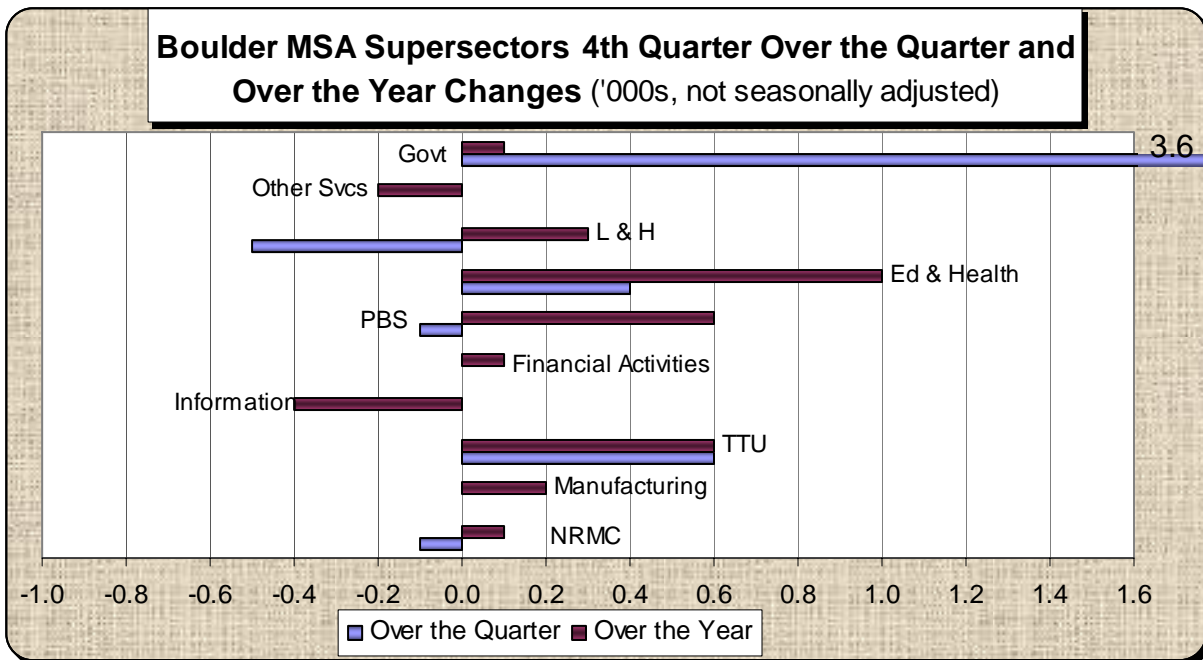
**Boulder MSA Preliminary Estimates: By Chris Akers**

**Total Nonfarm Wage and Salary Employment: +3,700 (2.3%)** (Not Seasonally Adjusted)

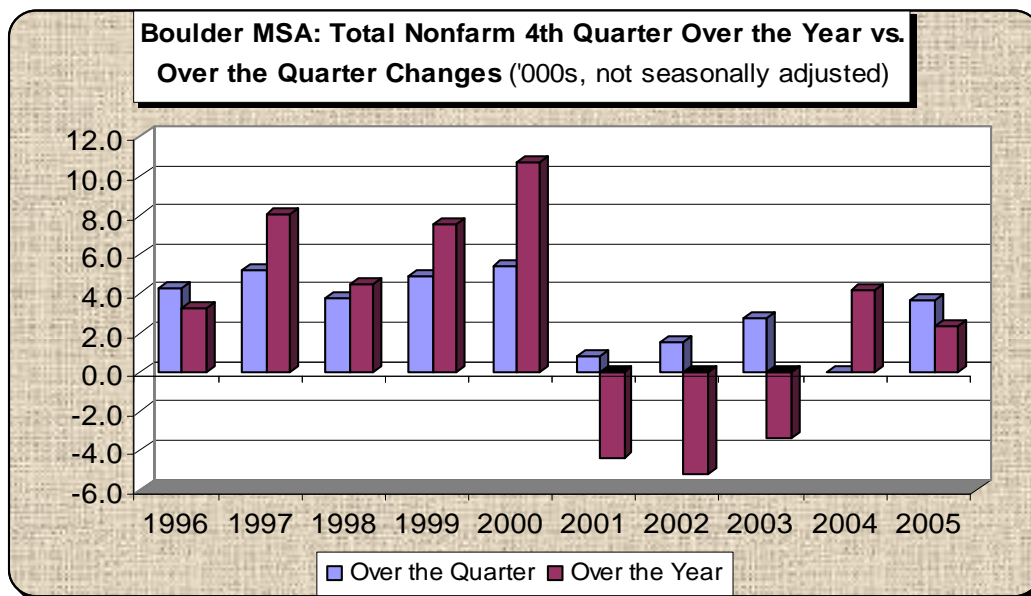


Total nonfarm employment in the Boulder MSA advanced by 3,700 in the 4<sup>th</sup> quarter, bringing average quarterly employment to 163,300. This increase met expectations (10-year average 4<sup>th</sup> quarter change), but was 23% smaller than the same time last year.

Supersector performance was mixed, with three enjoying payroll expansions, an equal number experiencing declines, and four remaining unchanged. Government accounted for a majority of this growth, with educators returning from summer break accounting for the entire 3,500 increase. Trade, transportation & utilities (TTU) and education & health services added 600 and 400, respectively. Coinciding with the end of the tourist season, leisure & hospitality payrolls trended down 500 this quarter, while professional & business services and natural resources, mining & construction each notched down 100. Three of the smallest supersectors- information, financial activities and other services- along with manufacturing remained unchanged.



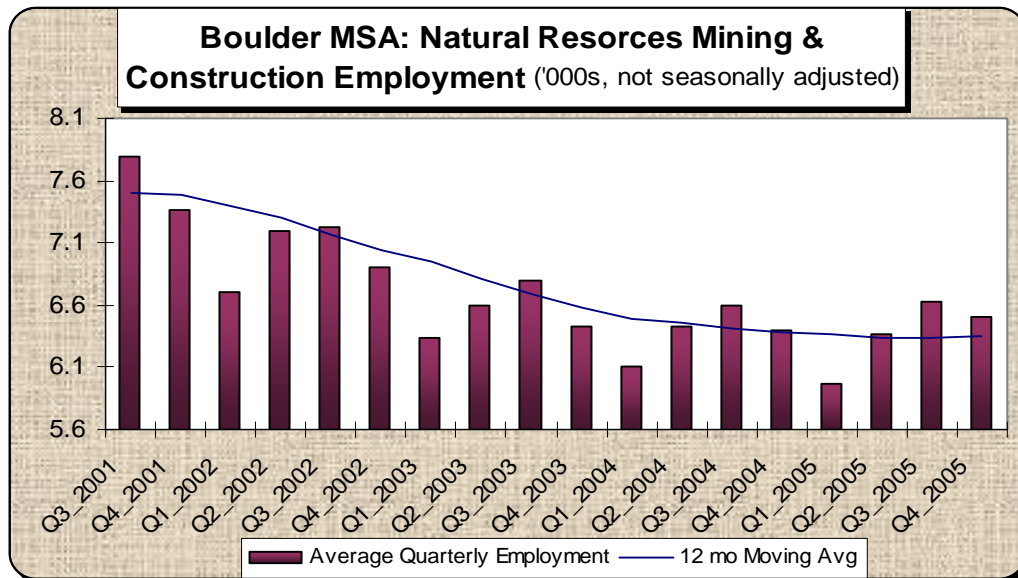
Over the year, 2,300 positions have been created, growth of 1.4%. This expansion was 38% smaller than the prior four quarter average of 3,700. Payroll gains were small but widespread, with eight industries enjoying annual growth. Education & health services, with 1,000 new hires, was the largest contributor to this growth, followed by TTU and professional & business services, which added 600 positions apiece. Other services shed 200 positions over the year, and information's 400 decrease marks the eighteenth consecutive quarter this industry has experienced declining annual employment.



Boulder and Denver are the only MSAs in the state where total employment remains significantly below the December 2000 peak. While Denver has only recovered 52.3% of the positions lost during the recent recession, Boulder has recovered 61.5%. Although a greater percentage of jobs have been recovered in Boulder, the annual average employment level in Boulder remains 4.3% below the previous peak, compared to 2.6% below the prior max in Denver. This relative weakness can be attributed to smaller employment base and the ratio of jobs in information and manufacturing to total nonfarm being 41% higher in Boulder than in Denver.

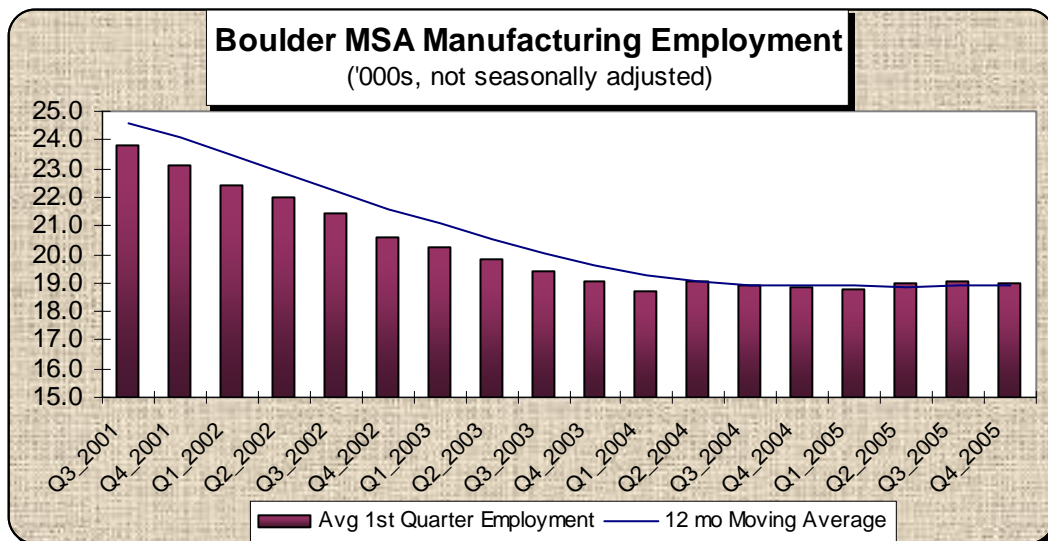
## Natural Resources, Mining, and Construction: -100 (1.5%)

Natural resources, mining, & construction shed 100 positions in the 4<sup>th</sup> quarter. This decline was half the expected amount, and is the smallest 4<sup>th</sup> quarter drop in eight years. Since December 2004, this industry has added 100 new hires. Average annual employment edged up 100 (1.6%) from the trough of the previous two quarters. Despite the small gain this quarter, employment's twelve-month moving average remains 14.7% below the 2001 peak.



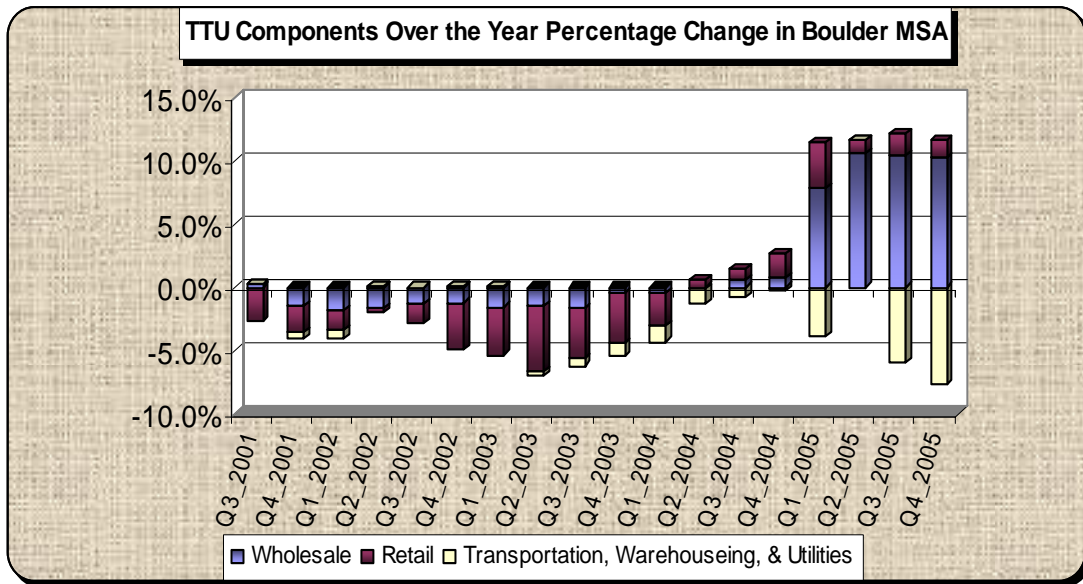
## Manufacturing: Unchanged

Following two quarters of expanding employment, manufacturing payrolls remained level in the 4<sup>th</sup> quarter. This happened in spite of the 100 position loss in computer & electronic product manufacturing, which comprises 54% of industry employment. Manufacturing added 200 (1.1%) jobs over the year, marking the most annual growth this industry has seen in over four years. This supersector experienced a protracted decline from the 4<sup>th</sup> quarter 2000 through the 3<sup>rd</sup> quarter 2004, with nearly one in four positions vanishing over this time. Subsequently, annual average employment has been unchanged at 18,900.



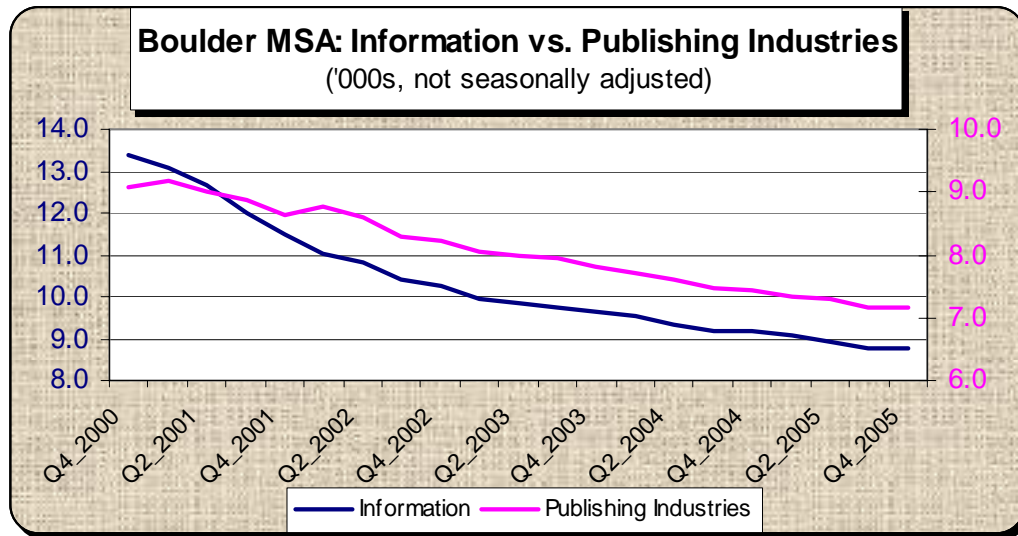
## Trade, Transportation, & Utilities (TTU): +600 (2.6%)

In line with seasonal expectations, TTU added 600 new hires in the 4<sup>th</sup> quarter. The trade sectors accounted for this growth, with wholesale edging up 100 and retail gaining 500 as stores expanded their staff in the months before the holidays. Over the year, industry employment has grown by 600, or 2.6%. Wholesale trade's 500 new hires (10.2%) matches its strongest annual gain on record, and accounted for the lion's share of the supersector's year over year growth. Two hundred new hires in retail were partially offset by the loss of 100 positions in transportation, warehousing & utilities, a sector that has demonstrated continual weakness over the past five years. Supersector employment is 9.2% below the previous peak, largely due to retail trade's 9.8% contraction from its max. Wholesale trade is almost fully recovered, just 1.8% below its peak, while transportation, warehousing & utilities employment has declined 23.8% in the last half decade.



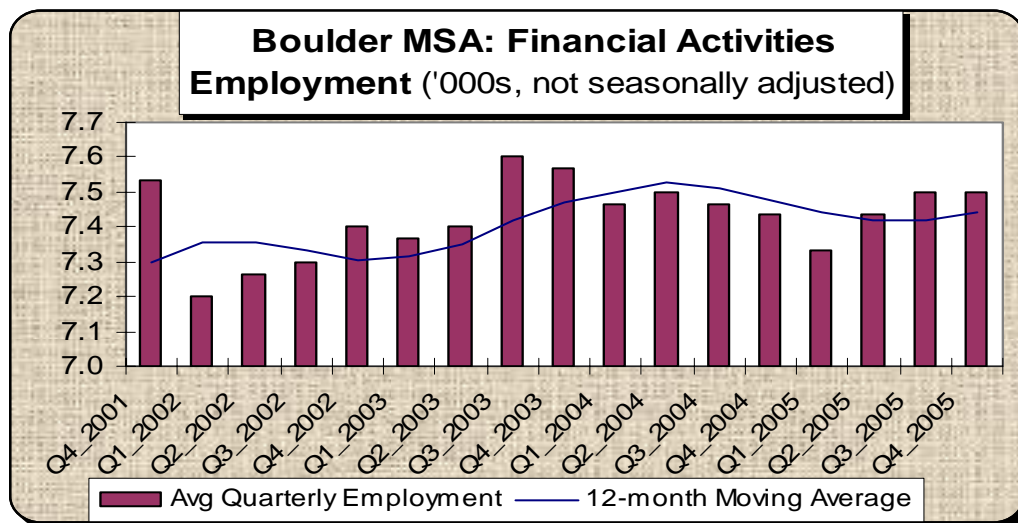
## Information: Unchanged

Information halted three quarters of declining employment by remaining unchanged in the 4<sup>th</sup> quarter. Publishing industries, which accounts for 4 out of 5 jobs in information, also remained level. It has now been five years since information has experienced a quarterly expansion. Over the year, industry payrolls have shrunk by 400 (4.3%), with all but 100 of the drop coming from publishing industries. Since reaching a peak in late 2000, the number of people working in information has fallen by 34.3% (4,600), or 6.9% annualized. Publishing industries has exhibited relative strength, declining by 21.7% (2,000 jobs) over this same period.



## Financial Activities: Unchanged

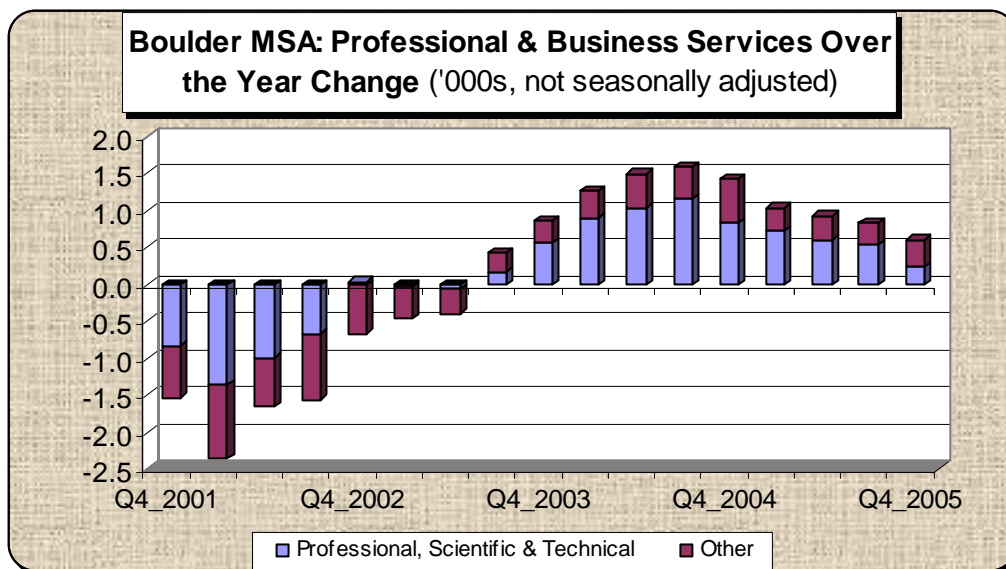
Financial activities met expectations by remaining unchanged this quarter. Since last December, industry employment has increased by 100 (1.4%). A sustained period of low interest rates helped annual average employment expand by 2.7% over five quarters from the beginning of 2003. Subsequent to the peak, it declined by 1.3%, reached a trough in mid-2005 and is trending up again.



## Professional and Business Services: -100 (0.4%)

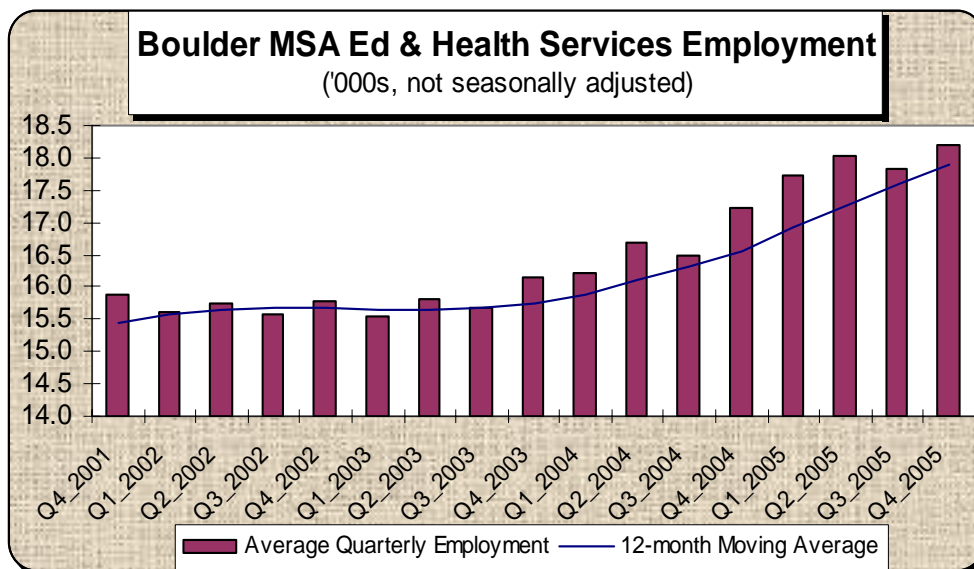
Coming off a strong gain last quarter, professional & business services shed 100 jobs in the 4<sup>th</sup> quarter. This change was 500 less than expected and marked the first time this industry failed to add positions in the 4<sup>th</sup> quarter during an expansion. This quarter’s decline occurred in the professional, scientific & technical sector, which accounts for two out of three industry jobs and missed expectations by the same amount as the supersector. Over the year, growth of 2.2% (600 jobs) is 50% slower than the previous two year trend. Professional, scientific & technical services again was the driving force behind this slow down. Annual growth of 200 (1.0%) was only half of the proportionately expected amount, and was 75% less than the prior two year

trend. Despite this, average annual employment has expanded by 9.9% since the 2003 trough, and now exceeds the former peak by 1.5%.



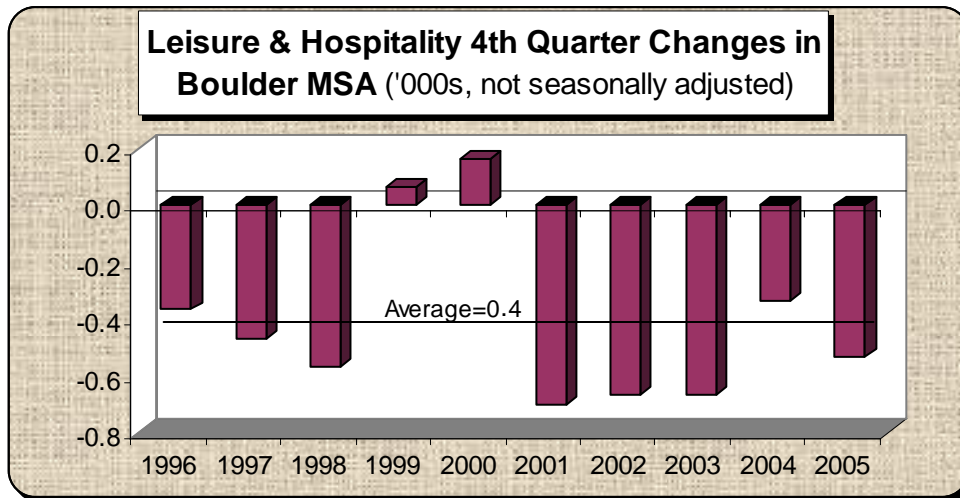
### Education and Health Services: +400 (2.2%)

In line with seasonal expectations, education & health services added 400 new hires this quarter. Since this time last year, 1,000 have been added to industry payrolls, and annual growth of 5.8% is more twice as fast as any other supersector. Almost all of this growth can be attributed to the opening of a new hospital in Lafayette. Although this industry has exhibited consistent growth for most of the past 15 years, the twelve-month average employment hit a plateau throughout 2002 and the first half of 2003. Over the last nine quarters however, it has gained by an average of 250 jobs, or 1.6% per quarter.

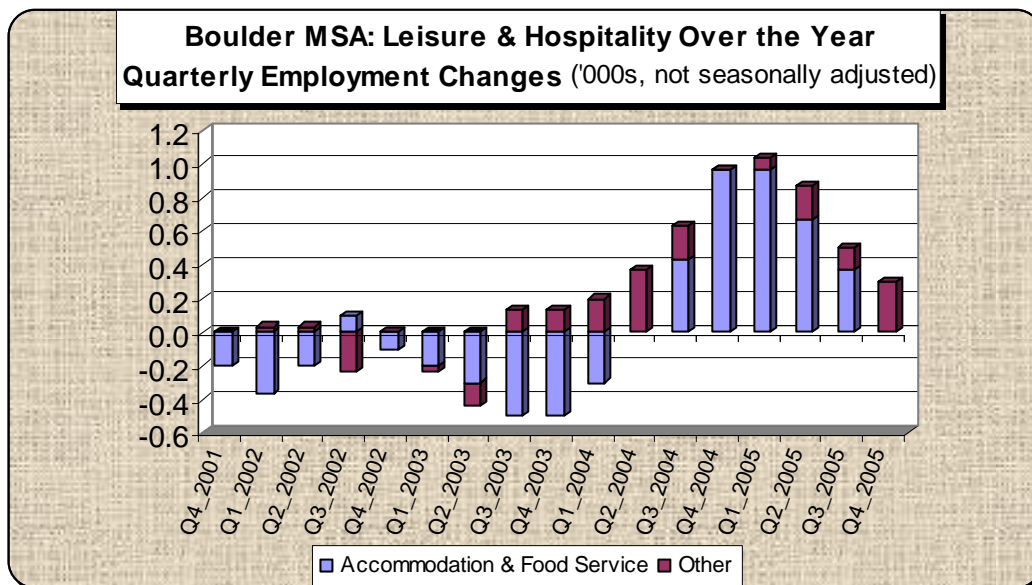


## Leisure and Hospitality: -500 (3.1%)

Leisure & hospitality payrolls fell by a slightly more than expected 500 in the 4<sup>th</sup> quarter. Accommodation & food services comprises three-quarters of industry employment, but edged down only 100. This component's 4<sup>th</sup> quarter decline has never been as large as proportionately expected, possibly due to the high student population in Boulder.

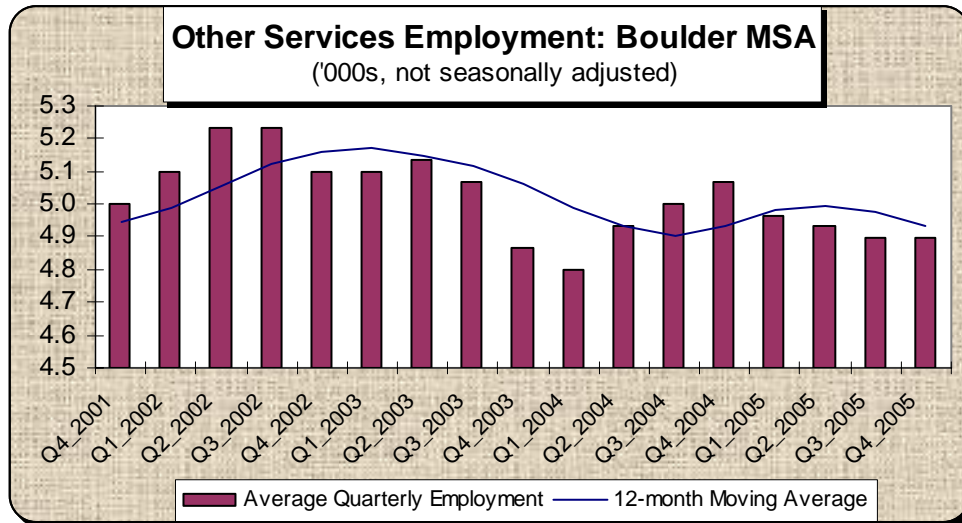


Over the year, supersector employment has increased by 300, or 1.9%. This is considerable slower than the prior four quarter trend of 850, and marks the smallest annual gain seen in six quarters. Accommodation & food services drove most of this increase, averaging 750 positions per quarter over the prior year. This component is also responsible for the lackluster over the year gain in the 4<sup>th</sup> quarter, as it failed to have annual growth for the first time in the last year and a half.



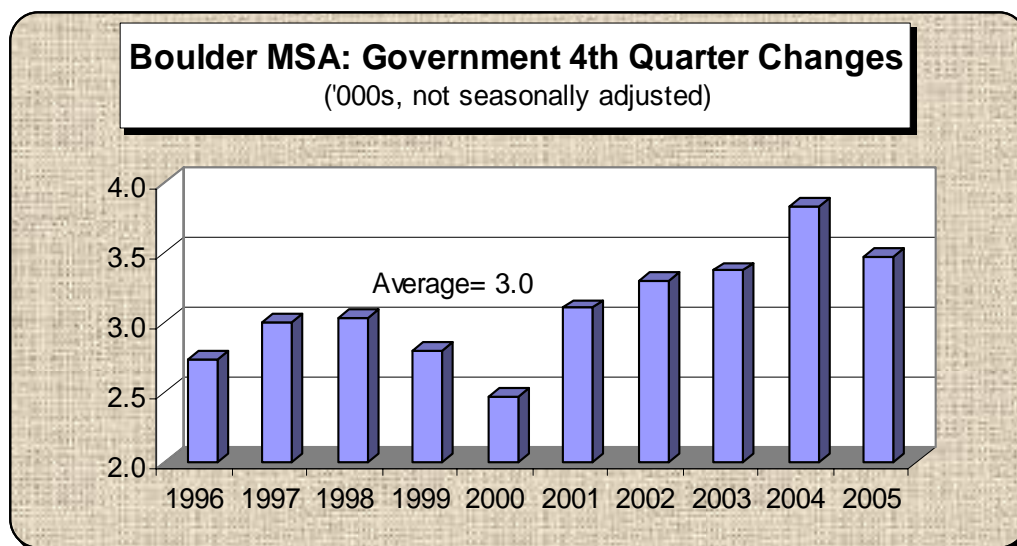
## Other Services: Unchanged

Payrolls in the smallest supersector in Boulder remained unchanged in the last three months. Since the same quarter last year, other services has shed 200 jobs (3.9%). After remaining positive or neutral for three quarters, the annual rate of growth has been negative for two consecutive quarters. Annual average employment also fell by 100 this quarter to 4,900, marking another employment trough and a 5.8% decline from the 1<sup>st</sup> quarter 2003 peak.



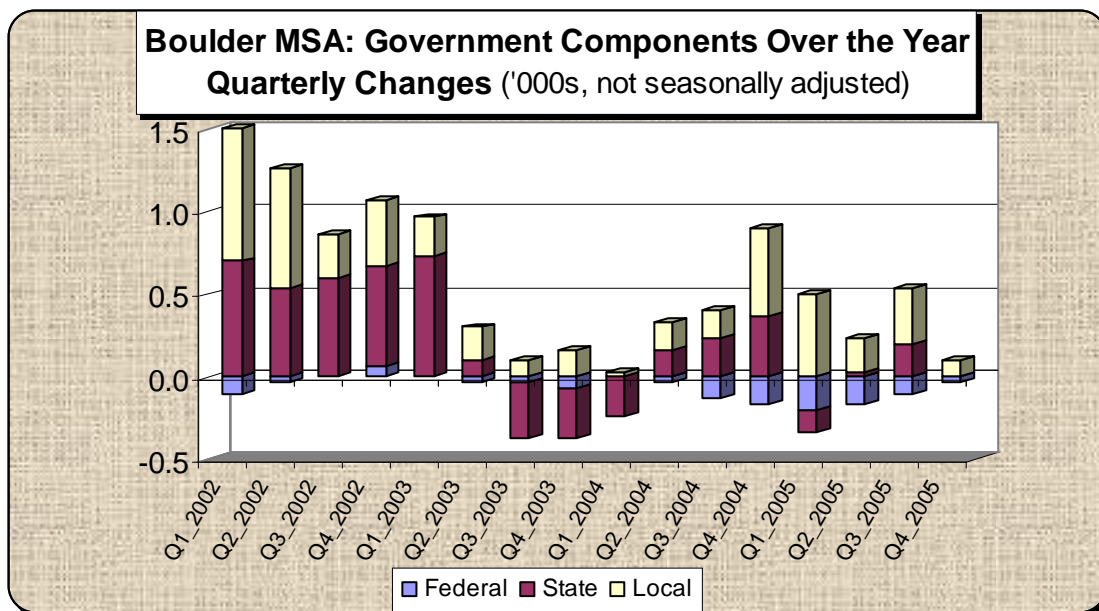
## Government: +3,500 (13.1%)

Government payrolls experienced the second largest 4<sup>th</sup> quarter expansion on record, growing by 3,500. The entire increase occurred in the education components of state and local government. State education advanced by an expected 2,200, but this increase was 8.3% smaller than the record gain one year ago. Likewise, local education’s 1,400 expansion just exceeded expectations, and was 17.6% less than the 4<sup>th</sup> quarter 2004.



There are 100 more people working in government than at this time last year. After declining in the past five quarters, over the year employment in Federal government remained unchanged. Similarly, there was no annual change in State government for the second time in the last three quarters. Local government added 100 positions, despite its education component shedding 100 jobs.

The twelve-month moving average employment remained at 28,800 for the second straight quarter. Since reaching a small trough in the 2<sup>nd</sup> quarter 2003, annual average employment has grown by 500, or 1.8%



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