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business

## Colorado to gain jobs in '10, forecast says

By Aldo Svaldi  
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Colorado should see job growth returning and home prices start rising again this year as the U.S. economic recovery gains traction, according to a forecast Wednesday from Vectra Bank Colorado.

The U.S. economy should grow 2.5 percent to 3 percent this year, adjusting for inflation, predicted economist Jeff Thredgold at Vectra Bank's 17th Annual Economic Forecast Breakfast.

While not especially robust, that recovery and a global rebound are the two precursors needed for Colorado to enjoy consistent job growth again.

"Colorado will move out of its own recession by the latter part of 2010," Thredgold said.

Still, the need to unwind the massive debts accumulated by households, businesses and

government will translate into a recovery sluggish in its pace and volatile in its temperament.

"The recession has left a swath of damage and challenges to be addressed in 2010," said Patricia Silverstein, who presented her forecast on behalf of the Metro Denver Economic Development Corp.

Nonfinancial debt in the U.S. equals nearly 250 percent of the nation's economic output, compared with 157 percent on average in past decades, noted George Feiger, chief executive of Contango Capital Advisors.

To shake that debt off, consumers will continue to spend less and save more, which should keep downward pressure on retail spending.

After falling 4.8 percent in 2008 and a devastating 11.1 percent in 2009, retail sales in the metro region should rise by 0.6 percent this year, Silverstein forecasts.

Personal incomes in the state should rise 2.2 percent this year after falling an estimated 2.5 percent last year, she added.

Median home prices should rise about 2.5 percent over the course of the year, although metro-area foreclosures will remain elevated at more than 25,000 this year, Silverstein predicts.

The Denver region will register job growth of 0.1 percent, according to Silverstein's forecast.

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That's a morsel, but it represents a marked improvement from 2009's 3.9 percent decline.

Government, one of only two sectors along with education and health care to add jobs last year, will likely start paring payrolls.

But firms in professional and business services, wholesale and retail trade, transportation and utilities, and leisure and hospitality will add jobs.

People shouldn't be surprised to see the unemployment rate rise in Colorado and nationally as job seekers flow back into the labor force, the economists said.

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