

INDICATORS

Employment (SA)



vs. prior quarter



vs. prior year

New Entity Filings



vs. prior quarter



vs. prior year

Existing Entity Renewals



vs. prior quarter



vs. prior year

Unemployment



vs. prior quarter



vs. prior year

EMPLOYMENT FORECASTS



Q2 2013 vs. Q1 2013



Q2 2013 vs. Q2 2012



Q3 2013 vs. Q3 2012

Scott Gessler
Colorado Secretary of State
1700 Broadway, Suite 200
Denver, CO 80290
www.sos.state.co.us

The Secretary of State's office works to grow commerce and foster political freedom by building trust, instilling confidence, and offering innovative, value-driven solutions.

Business Growth in Colorado

Business filings show consistent increase for second consecutive quarter. In Q1 2013, year-over-year improvements were recorded for new entity filings, trademarks, trade names, and entities in good standing. Colorado recorded more than 86,000 new entities over the last 12 months (+10.1%) ending in March and 25,700 for the quarter (+13.6%). Quarterly existing entity renewals climbed year-over-year in Q1 2013, while disruptions in the Q2 filings weighed on the 12-month trailing sum.

New entity filings portend further employment growth. Colorado employment was 0.3% below peak as of March 2013. The strong record of new business filings in Q1 2013 suggests that in Q2 Colorado will surpass the previous employment peak.

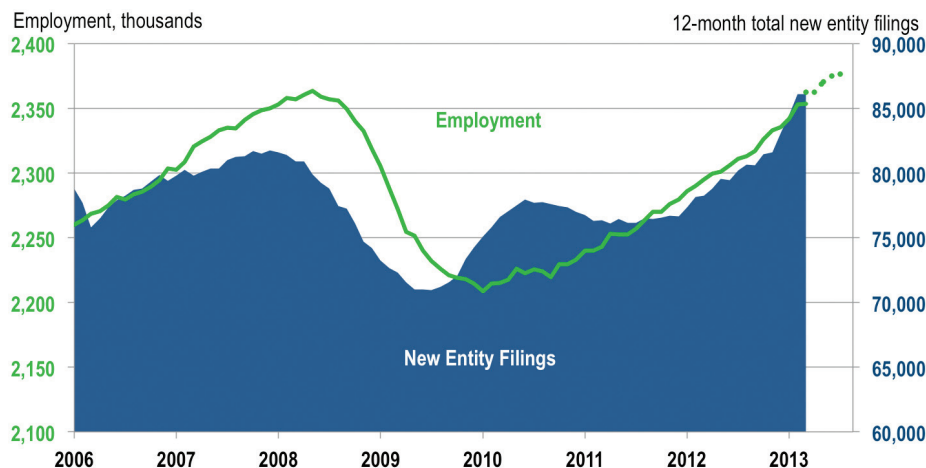
Business leaders' confidence surges. Colorado's business leaders expressed renewed confidence looking ahead to Q2 2013, following temperance ahead of Q1 related to political and economic uncertainty. The Leeds Business Confidence Index rose from 51.3 to 58.1 in the Q2 survey, and business leaders were positive for all segments of the index, including the national economy. These individuals were most bullish on hiring, which received a reading of 57.5 (50=neutral).

Households improve in 2013.

Employment, personal income, and wealth are all on the rise, with the housing market showing aggressive building activity and valuations. The 12-month trailing total for building permits increased 67.5% year-over-year, and indices point to quickly increasing home prices in select submarkets in the state. Colorado total nonfarm employment grew 2.6%, or by 58,700 jobs, year-over-year in March. Compared to the end of Q4, seasonally adjusted employment increased 0.8%. The unemployment rate dropped to 7.1% in March from 8.2% a year ago. Annual average wages increased 0.8% year-over-year, and personal income rose 5.1% in Colorado, translating to positive retail sales growth.

Potential economic disruptions. The sequester will have short-term impacts on GDP and will likely show up in the employment numbers in months ahead. Colorado's high concentration of federal employment could be a detriment during times of austerity. For Colorado, the weak European economy poses a threat to exports from the state given the important Western European markets. Decisions about asset purchases by the Fed also stand to affect markets over the coming year.

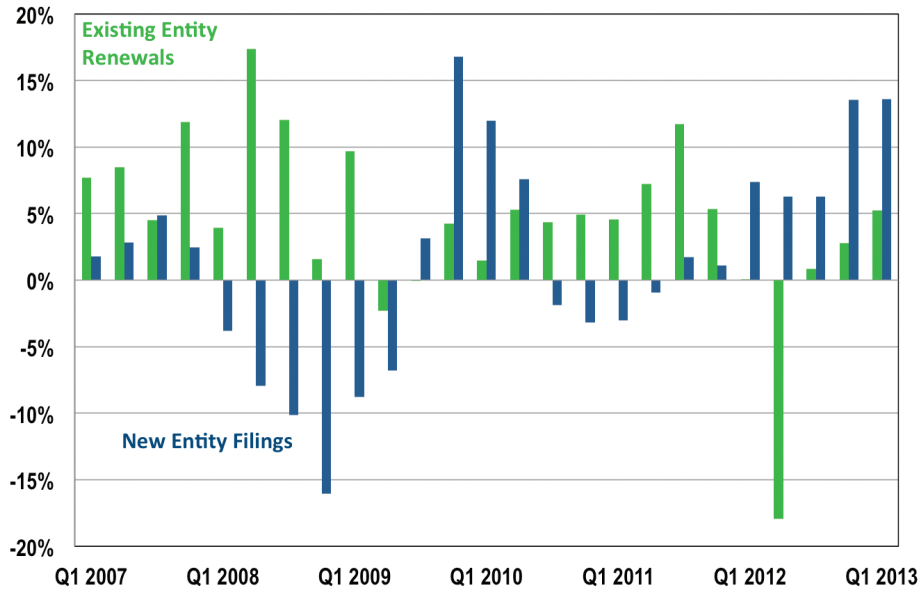
Employment and New Entity Filings



Note: Solid employment line displays actual seasonally adjusted employment numbers; dotted line reflects calculated forecasts. Source: Seasonally adjusted Colorado total nonfarm employees from the Colorado Department of Labor and Employment, Current Employment Statistics (CES), calculations by BRD research team.

Existing Entity Renewals and New Entity Filings

Year-over-year percent change for the quarter



Business Filings Overview

New entity filings continue surge in Q1.

New entity filings increased 13.6% year-over-year in Q1 2013 following similar growth recorded in Q4 2012. Being a leading indicator for employment, new entity filings suggest employment growth will be sustained in the short term. Growth in the trailing four quarters ending in Q1 accelerated, up 10.1% year-over-year. Existing entity renewals continued to exhibit “normal” growth, rebounding from the anomalous Q2 2012 (attributable to the switch from mail to e-mail renewal reminders), with Q1 filings increasing 5.3% year-over-year. Dissolution filings spiked year-over-year. Trademark filings and trade name filings both improved. Overall, the number of entities in good standing increased 5.4% over the year.

	Q1 2013	Q4 2012	Q1 2012	Percent Change over Prior Year		5-Year CAGR ^a	
New Entity Filings							
Domestic Limited Liability Company	18,779	14,995	16,364	14.8%	▲	5.8%	▲
Domestic Nonprofit Corporation	809	669	828	-2.3%	▼	-1.7%	▼
Domestic Corporation	3,423	2,519	2,909	17.7%	▲	-3.8%	▼
Other Entity Types	2,665	2,640	2,498	6.7%	▲	5.6%	▲
Total New Entity Filings	25,676	20,823	22,599	13.6%	▲	3.8%	▲
Total New Entity Filings - 12 mo. trailing	86,123	83,046	78,219	10.1%	▲	1.3%	▲
Existing Entity Renewals							
Domestic Limited Liability Company	56,075	48,730	51,486	8.9%	▲	8.3%	▲
Domestic Nonprofit Corporation	10,633	9,156	10,444	1.8%	▲	3.3%	▲
Domestic Corporation	29,392	24,581	29,704	-1.1%	▼	-1.5%	▼
Other Entity Types	13,983	11,440	12,955	7.9%	▲	3.7%	▲
Total Existing Entity Renewals	110,083	93,907	104,589	5.3%	▲	4.1%	▲
Total Existing Entity Renewals - 12 mo. trailing	381,484	375,990	390,206	-2.2%	▼	3.7%	▲
Other Business Filings							
Dissolution Filings	5,947	5,624	4,956	20.0%	▲	4.9%	▲
Dissolution Filings - 12 mo. trailing	19,441	18,450	20,026	-2.9%	▼	3.6%	▲
Trademarks	1,051	729	760	38.3%	▲	11.0%	▲
Trademarks - 12 mo. trailing	2,959	2,668	2,360	25.4%	▲	-4.2%	▼
Trade Names	12,956	10,404	12,698	2.0%	▲	2.1%	▲
Trade Names - 12 mo. trailing	50,142	49,884	45,367	10.5%	▲	1.7%	▲
Entities in Good Standing							
Corporation	122,437	122,960	123,066	-0.5%	▼	-1.9%	▼
Foreign	50,118	49,376	46,587	7.6%	▲	5.9%	▲
Limited Liability Company	279,457	272,605	257,306	8.6%	▲	9.9%	▲
Nonprofit Corporation	43,832	43,734	43,044	1.8%	▲	3.1%	▲
Other Entity Types	10,502	9,940	10,227	2.7%	▲	1.7%	▲
Total Entities in Good Standing	506,346	499,254	480,230	5.4%	▲	5.1%	▲

^aCompound Annual Growth Rate.

New Entity Filings & Existing Entity Renewals

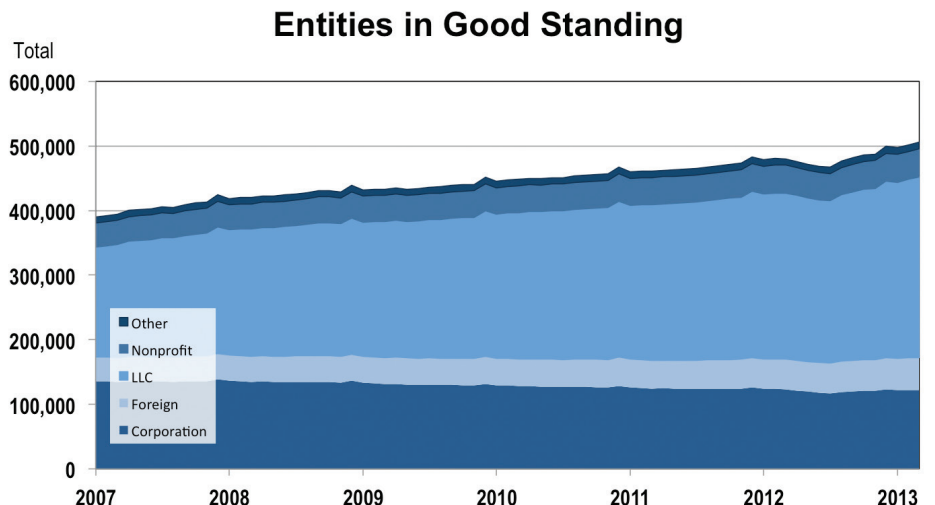
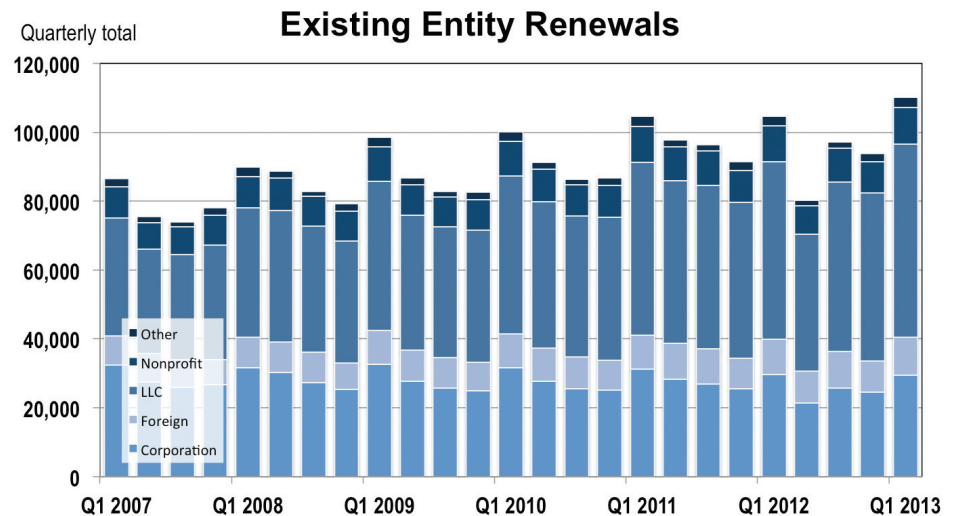
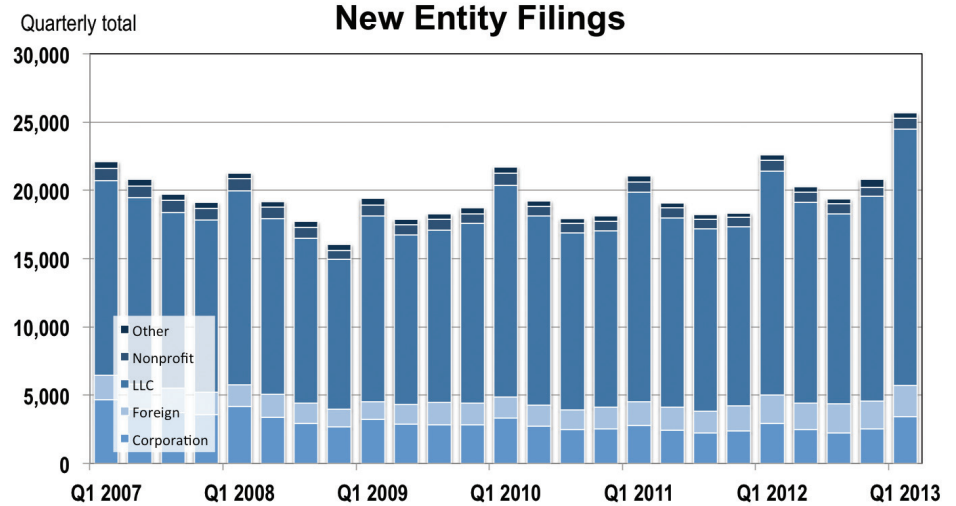
New entity filings increased 13.6% year-over-year in Q1 2013.

New entity filings demonstrated broad improvement in Q1, with domestic nonprofit corporations showing the only decline year-over-year. Over the three months ending March, a total of 25,676 new entities were filed with the Colorado Secretary of State. This is the highest number of Q1 new entity filings on record. Domestic limited liability companies represent 73% of the new filings and grew 14.8% year-over-year in Q1.

Existing entity renewals were up 5.3% year-over-year in Q1 2013.

For the three months ending March, 110,083 entities filed annual reports, an increase compared to a year ago. This figure is the highest on record for the first quarter. Despite a 5.3% year-over-year increase, the 12-month trailing total will continue to be depressed by the anomaly in Q2 2012 caused by the change in how renewal notices are sent.

The number of entities in good standing increased in Q1. The cumulative number of firms in good standing totaled 506,346 in Q1, increasing 5.4% year-over-year and 1.4% quarter-over-quarter. Limited liability companies (LLC) continue to gain market share in the state (55%). While corporations represent 24% of entities in the state, their market share has been on a general trajectory of decline over the past seven years. In Q1, corporations recorded the only decline, falling 0.5% year-over-year, while foreign entities and LLCs made the greatest gains in good standing (7.6% and 8.6%, respectively).



Dissolutions, Trade Names, & Trademarks

Dissolution filings increased in Q1.

The number of dissolution filings in Q1 2013 rose 20.0% year-over-year following an uptick in Q4 2012. However, the annual dissolutions (12 months ending Q4 2012) were down 2.9% compared to the previous year, helped by a strong decrease in Q2 2012. During Q1 2013, a total of 5,947 businesses dissolved. This is not, however, indicative of a weak economy as entities do not always voluntarily dissolve without delay, and dissolution filings often lag the actual business dissolution.

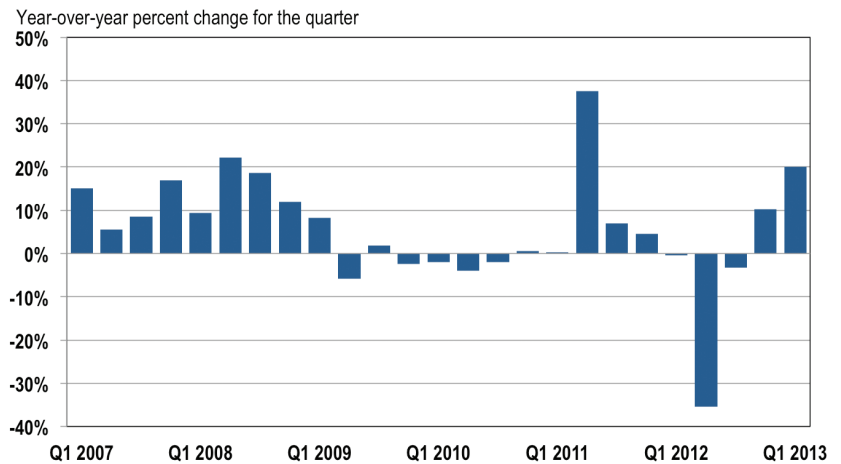
Trade name filings expanded at a slower rate in Q1 2013.

In order to register the name a business operates under, entities must file a statement of trade name. The Colorado Secretary of State received 12,956 trade name filings in Q1, an increase of 2.0% year-over-year. These filings are volatile from quarter to quarter.

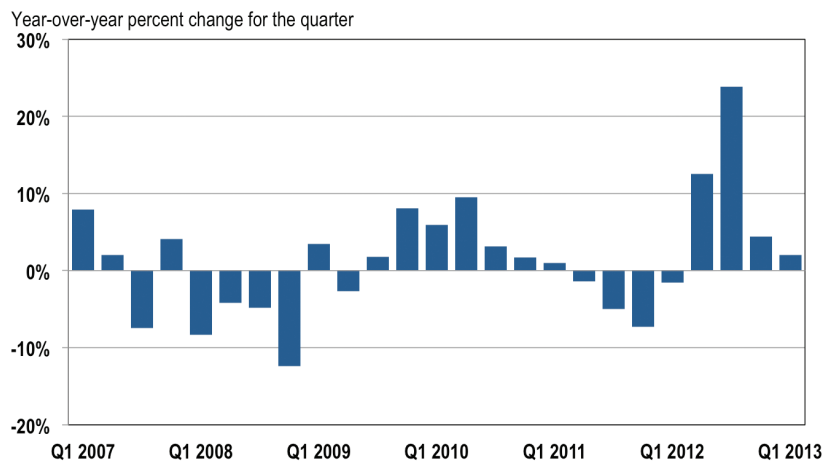
Trademark filings accelerated in Q1.

Registering a trademark protects symbols and words that an entity uses in commerce. In Q1 2013, trademark filings numbered 1,051, a 38.3% increase year-over-year. Trademark filings for the 12 months ending Q1 2013 totaled 2,959, which was 25.4% higher than the previous year's number.

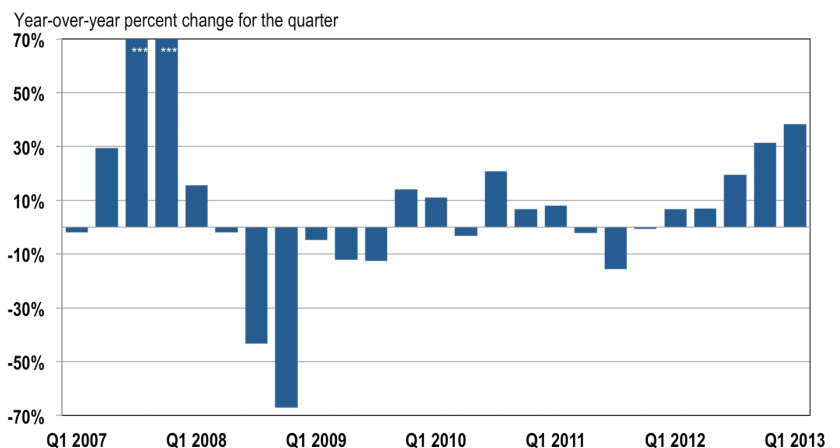
Dissolution Filings



Trade Name Filings



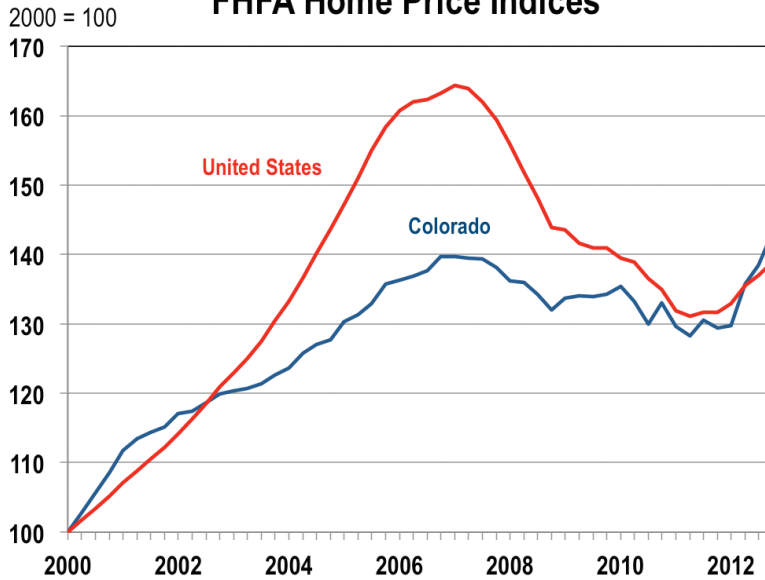
Trademark Filings



***Actual value exceeds 100%.

Colorado Economic Indicators

FHFA Home Price Indices



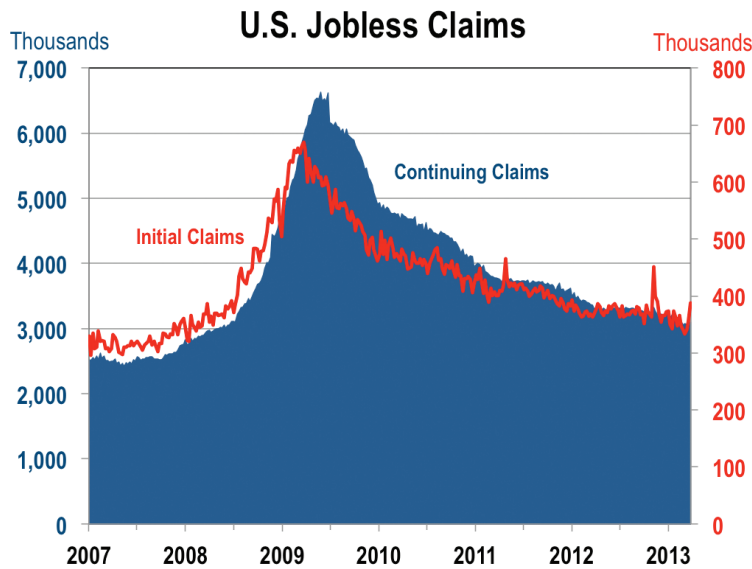
Source: Federal Housing Finance Agency Purchase-Only Home Price Index.

Colorado economy continues to expand.

Colorado is experiencing a sustained economic recovery, supported by growth in employment, personal income, and construction. Preliminary March figures indicate that Colorado has experienced employment growth of roughly 2.2% since the same period last year. The state benefits from continued positive net migration that leads to a projected population growth rate of 1.5% for 2013. Taxable retail sales continue to see strong year-over-year growth of 5.7%—a sign that consumers are recovering. Residential building value of permits increased 67.5% in March 2013 year-over-year and valuations rose 60.3% year-over-year, while the Federal Housing Finance Agency ranks Colorado eighth in the nation in home price appreciation. While uncertainty persists, the greatest risks expressed by Colorado business leaders looking ahead to Q2 related to consumer confidence and tax increases, according to the Leeds Business Confidence Index.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (millions of dollars)	239,306	234,223	2.2%	▲	5.1%	▲	2.5%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	162,778	161,918	0.5%	▲	4.6%	▲	1.7%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	74,658	73,960	0.9%	▲	5.7%	▲	0.9%	▲
Sales Expectations (LBCI) ^b	62.3	54.4	14.6%	▲	-3.5%	▼	5.5%	▲
Profit Expectations (LBCI)	59.4	51.6	15.3%	▲	9.1%	▲	7.4%	▲
Business Outlays								
Annual Wages Per Employee	49,801	49,959	-0.3%	▼	0.8%	▲	2.2%	▲
Hiring Expectations (LBCI)	57.5	49.3	16.5%	▲	-3.7%	▼	4.7%	▲
Capital Expenditures Expectations (LBCI)	56.9	50.1	13.5%	▲	-3.5%	▼	5.6%	▲
Retail Gasoline Price (dollars per gallon)	3.57	3.00	19.2%	▲	-8.5%	▼	0.3%	▲
Economic Overview								
Employment (in thousands)	2,353.6	2,335.8	0.8%	▲	2.6%	▲	0.0%	▼
Unemployment Rate	7.1%	7.5%	-0.4%	▼	-1.1%	▼	--	--
Initial Jobless Claims	3,854	6,076	-36.6%	▼	4.1%	▲	4.5%	▲
Continuing Jobless Claims	40,575	42,816	-5.2%	▼	-16.9%	▼	9.3%	▲
Building Permits, Number of Units, 12 mo. trailing	24,451	21,558	13.4%	▲	67.5%	▲	-3.0%	▼
Valuation (millions of dollars), 12 mo. trailing	5,048	4,470	12.9%	▲	60.3%	▲	-2.9%	▼
FHFA Purchase-Only Home Price Index	287	277	3.4%	▲	10.7%	▲	0.7%	▲
Foreclosure Filings	5,685	7,076	-19.7%	▼	-33.4%	▼	-12.3%	▼
Foreclosure Sales	3,760	4,138	-9.1%	▼	-7.3%	▼	-9.8%	▼
Total Business Bankruptcy Filings	180	205	-12.2%	▼	-17.8%	▼	0.7%	▲
Chapter 7	134	143	-6.3%	▼	-26.4%	▼	-1.6%	▼
Chapter 11	34	50	-32.0%	▼	36.0%	▲	8.1%	▲
Chapter 13	1	2	-50.0%	▼	0.0%	▷	0.0%	▷
State Economy Expectations (LBCI)	62.1	55.5	11.8%	▲	-7.5%	▼	8.2%	▲

Sources in order as metrics appear and dates in parentheses indicate most recent data at time of publication: Bureau of Economic Analysis, Quarterly Personal Income (SA) (04/12); Colorado Department of Revenue (NSA) (1/13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (02/13); Colorado Department of Labor and Employment, OCEW (NSA) (03/12); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (4/29/13); Bureau of Labor Statistics, CES (SA) (3/13); Bureau of Labor Statistics (SA) (3/13); U.S. Department of Labor, Employment and Training Administration (NSA) (4/13/13); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (3/13); FHFA Purchase-Only Home Price Index (SA) (04/12); Colorado Department of Local Affairs, Colorado Division of Housing (04/12); Administrative Office of the U.S. Courts (01/13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (02/13); ^aCompound Annual Growth Rate.



Source: US Department of Labor, Employment and Training Administration, Seasonally Adjusted.

National Economic Indicators

GDP rose in Q1 2013, demonstrating sustained economic growth. GDP increased 2.5% in Q1 2013, according to preliminary data released by the Bureau of Economic Analysis, and Q4 2012 was revised up to 0.4%. Q1 GDP was impacted by falling government spending, causing growth to come in below expectations of roughly 3%. Personal income fell 0.8% in Q1, but is still up 2.5% year-over-year. Housing continued its strong performance as prices increased 5.5% year-over-year, and building permits and valuation rose 30.3% and 34.8%, respectively. Total nonfarm employment grew 1.4% year-over-year in March, and the national rate of unemployment stood at 7.6%, its lowest level since December 2008. Increasing asset values created a positive wealth effect, boosting retail sales and consumption without driving inflation. The Consumer Confidence Index responded with a six-point snap back in April following a sharp decline in March.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (billions of dollars)	13,559	13,669	-0.8%	▼	2.5%	▲	1.8%	▲
Retail Sales, 12 mo. trailing (billions of dollars)	4,381.4	4,351.1	0.7%	▲	4.2%	▲	1.7%	▲
S&P 500	1,593.6	1,502.0	6.1%	▲	13.6%	▲	2.7%	▲
Business Outlays								
Annual Wages Per Employee	48,689	48,826	-0.3%	▼	0.9%	▲	2.1%	▲
Consumer Price Index	232.3	231.1	0.5%	▲	1.5%	▲	1.7%	▲
Energy	247.5	245.3	0.9%	▲	-1.6%	▼	1.2%	▲
Transportation Services	279.1	277.0	0.7%	▲	3.1%	▲	3.1%	▲
Retail Gasoline Price (dollars per gallon)	3.59	3.43	4.7%	▲	-7.8%	▼	-0.4%	▼
Economic Overview								
Real Gross Domestic Output (billions of chained 2005 dollars)	13,750	13,665	0.6%	▲	1.8%	▲	0.7%	▲
Employment (in thousands)	135,195	134,691	0.4%	▲	1.4%	▲	-0.4%	▼
Unemployment Rate	7.6%	7.8%	-0.2%	▼	-0.6%	▼	--	--
Initial Jobless Claims	388,000	372,000	4.3%	▲	5.4%	▲	0.1%	▲
Continuing Jobless Claims	3,103,000	3,183,000	-2.5%	▼	-6.1%	▼	0.9%	▲
Building Permits, Number of Units, 12 mo. trailing	845,415	805,437	5.0%	▲	30.3%	▲	-7.3%	▼
Valuation (millions of dollars), 12 mo. trailing	146,271	137,275	6.6%	▲	34.8%	▲	-5.9%	▼
FHFA Home Price Index	190.3	187.7	1.4%	▲	5.5%	▲	-2.7%	▼
Total Business Bankruptcy Filings	8,512	9,231	-7.8%	▼	-22.6%	▼	-0.5%	▼
Chapter 7	5,703	6,288	-9.3%	▼	-22.8%	▼	-0.9%	▼
Chapter 11	1,990	2,131	-6.6%	▼	-19.2%	▼	1.9%	▲
Chapter 13	689	706	-2.4%	▼	-24.3%	▼	-4.3%	▼
National Economy Expectations (LBCI)	50.4	47.0	7.4%	▲	-18.9%	▼	10.8%	▲

Sources in order as metrics appear and dates in parentheses indicate most recent data at time of publication: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q1 13), U.S. Census Bureau (NSA) (2/13), Bloomberg (4/29/13), Bureau of Labor Statistics, OCEW (NSA) (Q3 12); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (SA) (3/13); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (4/29/13); Bureau of Economic Analysis (SA) (Q1 13); Bureau of Labor Statistics, CES (SA) (3/13); Bureau of Labor Statistics (SA) (3/13); U.S. Department of Labor, Employment and Training Administration (SA) (3/30/13); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (3/13); FHFA Purchase-Only Home Price Index (SA) (Q4 12); Administrative Office of the U.S. Courts (Q1 13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q2 13). ^aCompound Annual Growth Rate.

The Quarterly Business & Economic Indicators, produced by the Business Research Division (BRD) on behalf of the Colorado Secretary of State, reports on the correlations between various business filing data and economic metrics.



The Business Research Division (BRD) of the Leeds School of Business conducts marketing and economic impact studies and customized research projects that assist companies, associations, nonprofits, and governmental agencies with making sound business and policy decisions. Visit www.leeds.colorado.edu/brd to learn more.