

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



Q3 2013 vs. Q2 2013



Q3 2013 vs. Q3 2012



Q4 2013 vs. Q4 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.

Employment hits new peak in Colorado

Business filings continue to advance in Q4 2013. New entity filings, existing entity renewals, and entities in good standing all expanded in fourth quarter 2013. Colorado recorded 90,291 new entities over the last 12 months (+6.1%) and 20,829 for the quarter (+6.6%) ending in December. Existing entity renewals increased 8.9% year-over-year in Q4 2013.

New business formation grows slightly. New entity filings in Q4 2013 continued to grow slightly, leading to a new record high for the fourth quarter. Colorado employment reached a new peak as of December 2013. A higher number of new business filings in Q4 2013 compared to Q4 2012 suggests that Colorado will reach record employment in Q1 2014.

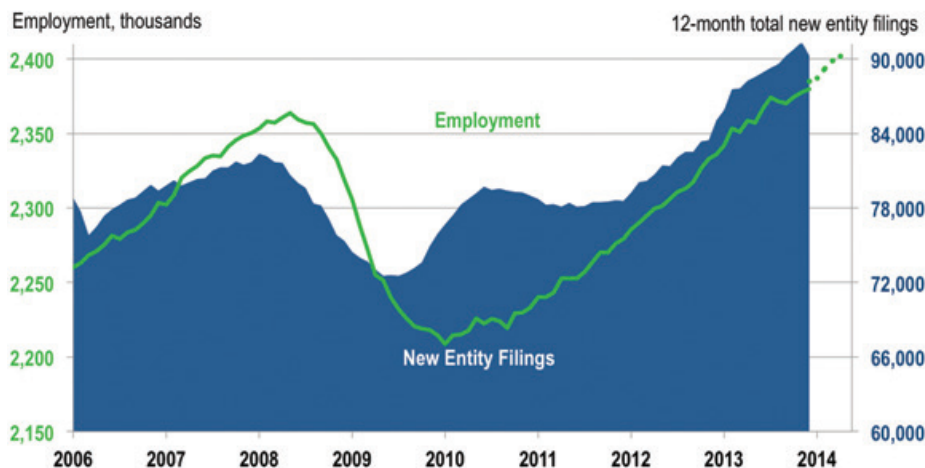
Colorado business leaders show confidence for Q1 2014. Measured confidence going into Q1 2014 increased slightly and continues to be above 50. The Leeds Business Confidence Index increased from 59.3 to 59.9 in the Q1 survey. Business leaders were positive for all segments of the index, including the national economy. Respondents were most bullish about the overall state economy, which received a reading of 64.8 (50=neutral).

Employment, wealth, and income improves in Q4 2013. The recession officially ended in June 2009, and the U.S. economy has now been expanding for 56 months. The fourth quarter exhibited year-over-year growth in employment, personal income, and wealth in Colorado, leading to stronger consumption and construction. Building permits increased 26.5% year-over-year in a 12-month trailing total, and value of permits increased 32.2%. Tightening inventory and more stable households are driving appreciation in select Colorado housing markets.

Colorado total nonfarm employment grew 1.9%, or by 43,900 jobs, year-over-year in December, with expected upward revisions reported by the Colorado Department of Labor and Employment. The unemployment rate dropped to 6.5% in November from 7.6% a year ago. Annual average wages increased 1.7% and personal income rose 4.8% in Colorado year-over-year, supporting retail sales growth.

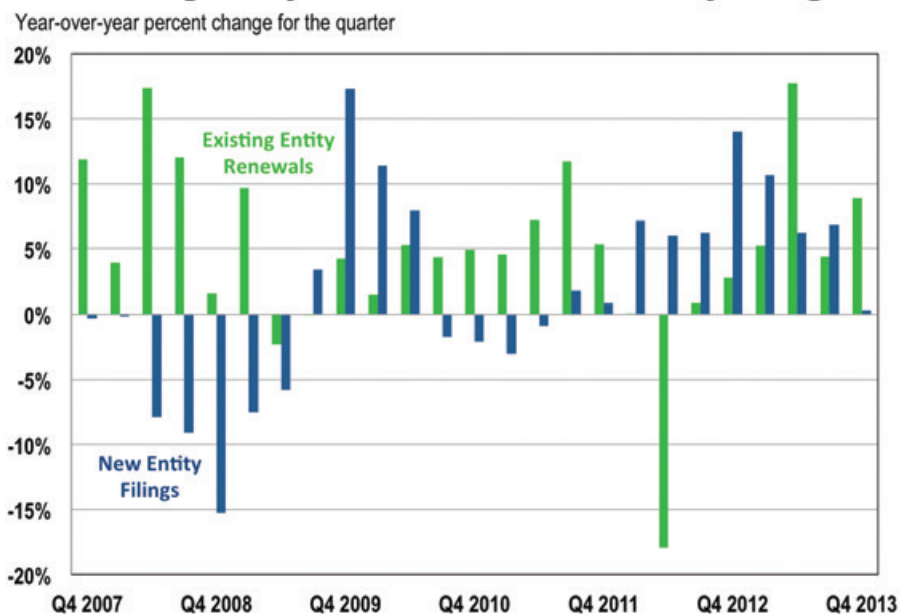
Economic risks. Fiscal drag is likely to affect the economy into 2014, but will be a smaller issue than in 2013. The Fed is expected to continue to taper monetary stimulus in 2014, but this should have modest impacts on long-term rates.

Employment and New Entity Filings



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

Existing Entity Renewals and New Entity Filings



Business Filings Overview

New entity filings increased slightly in Q4. New entity filings rose 0.1% in Q4 2013, signaling continued expansion in 2014. Growth in the trailing four quarters increased 6.1% year-over-year in Q4. Existing entity renewals continued to increase as new business formation a year ago adds to the current existing entity base. Q4 dissolution filings increased by 1.2% year-over-year, and the 12-month trailing total increased by 11.7%. Trade name filings declined 7.0% year-over-year and have declined 12.3% over the past year. The number of entities in good standing grew 5.2% over the year.

	Q4 2013	Q3 2013	Q4 2012	Percent Change over Prior Year		5-Year CAGR ^a	
New Entity Filings							
Domestic Limited Liability Company	15,031	15,443	14,841	1.3%	▲	7.1%	▲
Domestic Nonprofit Corporation	757	774	691	9.6%	▲	1.7%	▲
Domestic Corporation	2,359	2,297	2,525	-6.6%	▼	-1.8%	▼
Other Entity Types	2,682	2,654	2,757	-2.7%	▼	8.2%	▲
Total New Entity Filings	20,829	21,168	20,814	0.1%	▲	5.7%	▲
Total New Entity Filings - 12 mo. trailing	90,291	90,276	85,094	6.1%	▲	3.7%	▲
Existing Entity Renewals							
Domestic Limited Liability Company	54,390	53,065	48,730	11.6%	▲	9.0%	▲
Domestic Nonprofit Corporation	9,446	10,021	9,156	3.2%	▲	1.7%	▲
Domestic Corporation	25,616	25,290	24,581	4.2%	▲	0.2%	▲
Other Entity Types	12,808	13,095	11,440	12.0%	▲	5.3%	▲
Total Existing Entity Renewals	102,260	101,471	93,907	8.9%	▲	5.2%	▲
Total Existing Entity Renewals - 12 mo. trailing	408,365	400,012	375,991	8.6%	▲	3.7%	▲
Other Business Filings							
Dissolution Filings	5,698	4,378	5,632	1.2%	▲	2.7%	▲
Dissolution Filings - 12 mo. trailing	20,652	20,586	18,486	11.7%	▲	2.5%	▲
Trademarks	560	787	729	-23.2%	▼	4.1%	▲
Trademarks - 12 mo. trailing	3,121	3,290	2,668	17.0%	▲	6.3%	▲
Trade Names	9,599	10,367	10,320	-7.0%	▼	-0.1%	▼
Trade Names - 12 mo. trailing	43,799	44,520	49,936	-12.3%	▼	0.1%	▲
Entities in Good Standing							
Corporation	121,858	122,351	122,960	-0.9%	▼	-2.2%	▼
Foreign	53,038	52,079	49,376	7.4%	▲	5.1%	▲
Limited Liability Company	295,519	291,037	272,605	8.4%	▲	7.0%	▲
Nonprofit Corporation	44,339	44,286	43,734	1.4%	▲	1.7%	▲
Other Entity Types	10,520	10,559	10,579	-0.6%	▼	1.4%	▲
Total Entities in Good Standing	525,274	520,312	499,254	5.2%	▲	3.7%	▲

^aCompound Annual Growth Rate.

Note: As of Q4 2013, data presented represent the effective date rather than the received date for filings.

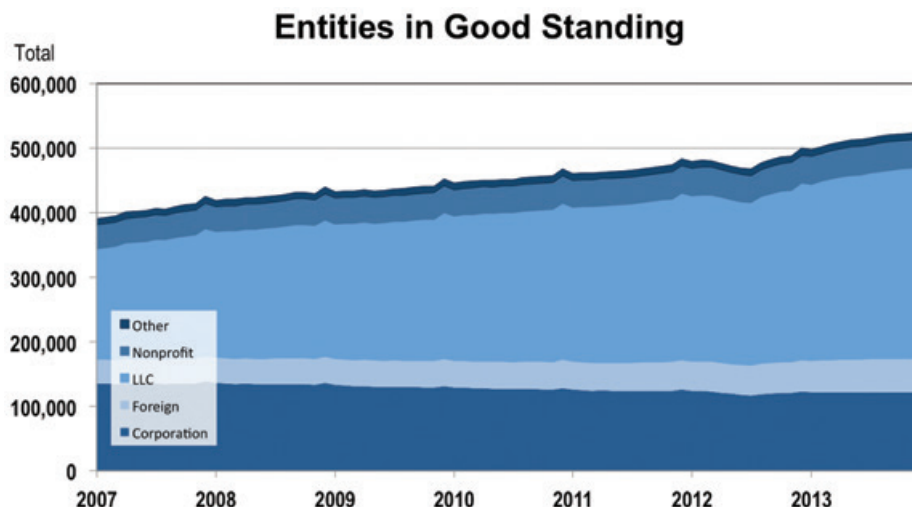
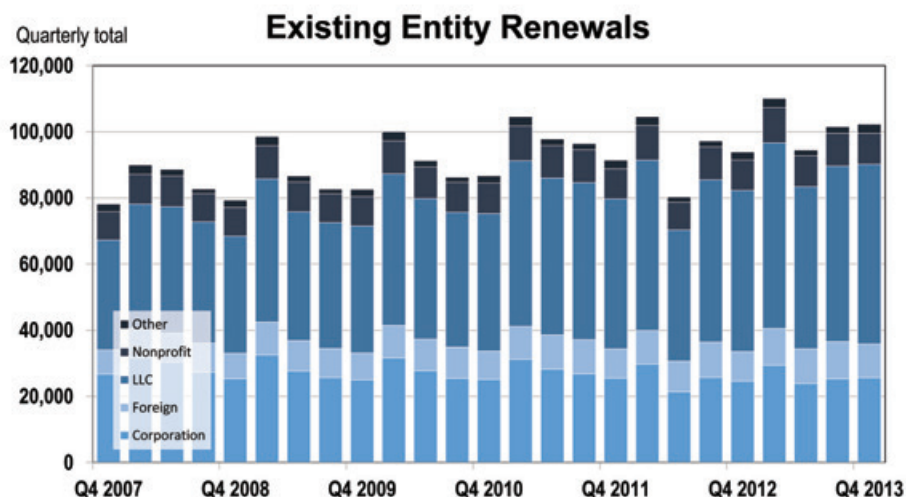
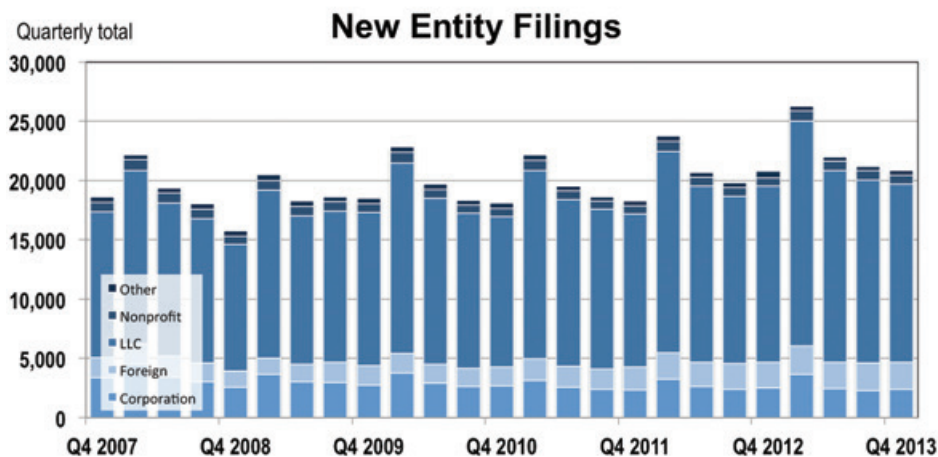
New Entity Filings & Existing Entity Renewals

Business formation slightly increases in Q4. New entity filings rose 0.1% year-over-year for the quarter in Q4 2013, while the 12-month trailing sum of new entity filings rose 6.1% year-over-year. New entity filings showed a small increase from Q4 2012 both quarterly and annually. Over the three months ending December 31, a total of 20,829 new entities were filed with the Colorado Secretary of State. This represents a five-year compound annual growth rate of 5.7%. Domestic limited liability companies fell 1.3% and account for 72% of new entity filings.

Existing entities continue to grow among Colorado businesses. Existing entity renewals were up 8.9% year-over-year for Q4 2013, while the 12-month trailing sum of renewals was up 8.6% compared to the previous year. For the three months ending in December, a total of 102,260 entities filed annual reports, an increase compared to a year ago.

Number of entities in good standing continues upward trend in Q4.

The cumulative number of firms in good standing totaled 525,274 in Q4, increasing 5.2% year-over-year and 1.0% quarter-over-quarter. Limited liability companies (LLC) account for 56% of the entities in good standing. Corporations represent 23% of entities in the state, yet this percentage has continually declined over the past seven years. In Q4, corporations recorded a 0.9% decrease year-over-year, while LLCs and foreign entities made the greatest gains in good standing (8.4% and 7.4%, respectively).



Dissolutions, Trade Names, & Trademarks

Dissolution filings relatively flat in Q4. Dissolution filings in Q4 2013 rose by 66 (+1.2%) year-over-year for the quarter, similar to Q3 results. In the 12 months ending Q4 2013, dissolutions were up 11.7% compared to the previous 12 months. During Q4 2013, a total of 5,698 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 continue to contract in Q4 2013. Entities must file a statement of trade name when operating under any name other than their true name. The Colorado Secretary of State received 9,599 trade name filings in Q4, a decrease of 7.0% year-over-year, marking the third consecutive quarter of decline for this volatile metric.

Trademark filings drop in Q4. Trademarks are used for safeguarding the symbols and words that an entity employs in commerce. Trademark filings numbered 560 in Q4 2013, a 23.2% decrease year-over-year. Trademark filings for the 12 months ending Q4 2013 totaled 3,121, which was 17.0% higher than the previous year's number.

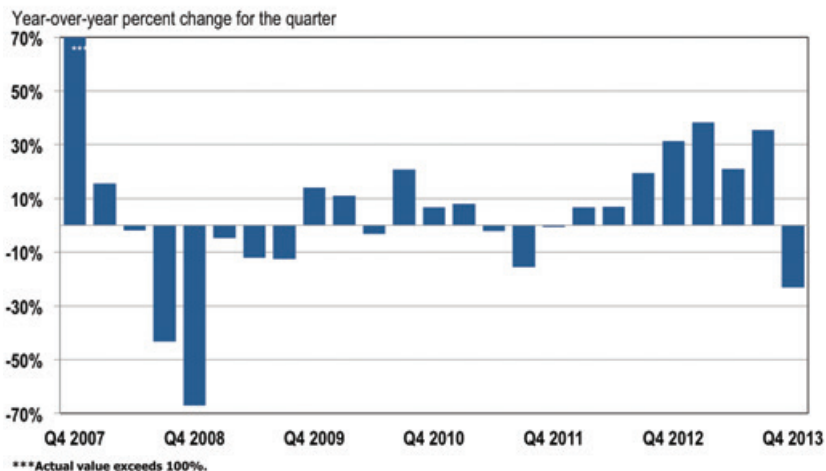
Dissolution Filings



Trade Name Filings



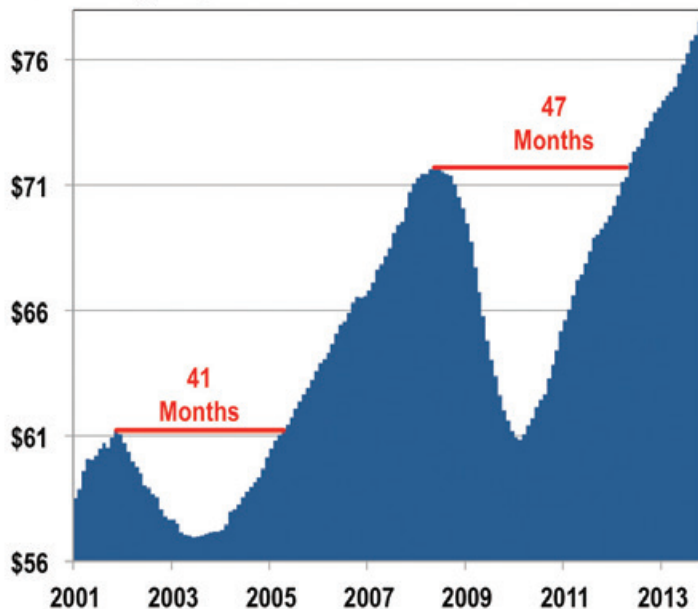
Trademark Filings



Colorado Economic Indicators

Colorado Taxable Sales

12-Month Rolling Sum, in millions



Source: Colorado Department of Revenue.

Colorado continues to experience employment growth.

Current data indicate that the Colorado economy continues to improve as signaled by employment, wage, housing, retail trade, and other metrics. Employment, even before expected revisions are released in March, increased 1.9% in 2013 and 0.4% in Q4, and average wages per employee increased 1.7% for the year through Q2 2013 and 0.4% for the quarter. Home equity also improved as the state recorded 10.3% year-over-year home appreciation, and the number of homeowners underwater on their mortgages fell. Foreclosure filings and sales dropped 7.0% and 22.0%, respectively, in Q4 2013 and are now back to pre-recession levels. Personal income increased 1.4% quarterly and 4.8% annually. Retail sales grew 3.5% during Q4 and were up 6.2% annually. Retail gas prices fell from \$3.40 to \$3.25 during the past quarter, yet prices have risen 13.1% over a year ago. Business leaders remain positive about the outlook for the state economy.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (millions of dollars)	247,634	244,143	1.4%	▲	4.8%	▲	2.6%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	172,240	166,383	3.5%	▲	6.2%	▲	2.2%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	77,573	76,381	1.6%	▲	5.0%	▲	1.8%	▲
Sales Expectations (LBCI) ^b	61.2	62.0	-1.3%	▼	12.5%	▲	12.3%	▲
Profit Expectations (LBCI)	57.9	59.3	-2.4%	▼	12.3%	▲	12.7%	▲
Business Outlays								
Annual Wages Per Employee (\$)	50,830	50,652	0.4%	▲	1.7%	▲	2.3%	▲
Hiring Expectations (LBCI)	59.3	57.8	2.6%	▲	20.2%	▲	14.2%	▲
Capital Expenditures Expectations (LBCI)	59.0	57.4	2.9%	▲	17.8%	▲	17.0%	▲
Retail Gasoline Price (dollars per gallon)	3.25	3.40	-4.4%	▼	13.1%	▲	14.2%	▲
Economic Overview								
Employment (in thousands)	2,379.7	2,370.4	0.4%	▲	1.9%	▲	0.5%	▲
Unemployment Rate	6.5%	7.0%	-0.5%	▼	-1.1 pp	▼	0.8 pp	▲
Initial Jobless Claims	5,188	2,903	78.7%	▲	-14.6%	▼	-6.6%	▼
Continuing Jobless Claims	46,464	34,314	35.4%	▲	8.5%	▲	-2.3%	▼
Building Permits, Number of Units, 12 mo. trailing	26,368	25,289	4.3%	▲	26.5%	▲	4.5%	▲
Valuation (millions of dollars), 12 mo. trailing	5,716	5,547	3.0%	▲	32.2%	▲	5.7%	▲
FHFA Purchase-Only Home Price Index	305	298	2.3%	▲	10.3%	▲	2.6%	▲
Foreclosure Filings	3,745	4,025	-7.0%	▼	-47.1%	▼	-12.5%	▼
Foreclosure Sales	2,074	2,658	-22.0%	▼	-49.9%	▼	-20.3%	▼
Total Business Bankruptcy Filings	215	187	15.0%	▲	-9.3%	▼	-4.2%	▼
Chapter 7	166	154	7.8%	▲	-14.9%	▼	-5.6%	▼
Chapter 11	32	20	60.0%	▲	-3.0%	▼	0.0%	▷
Chapter 13	17	8	112.5%	▲	112.5%	▲	9.1%	▲
State Economy Expectations (LBCI)	64.8	63.9	1.4%	▲	16.7%	▲	13.6%	▲

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) (Q3 13); Colorado Department of Revenue (NSA) (10/13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 14); Colorado Department of Labor and Employment, OCEW (NSA) (Q2 13); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (1/20/14); Bureau of Labor Statistics, CES (SA) (12/13); Bureau of Labor Statistics (SA) (11/13); U.S. Department of Labor, Employment and Training Administration (NSA) (1/11/14); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (11/13); FHFA Purchase-Only Home Price Index (SA) (Q3 13); Colorado Department of Local Affairs, Colorado Division of Housing (Q3 13); Administrative Office of the U.S. Courts (Q3 13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 14); ^aCompound Annual Growth Rate.

National Economic Indicators

Leeds Business Confidence Index



Strong national indicators in Q4. Personal income rose by 1.0% over the last quarter as reported by the Bureau of Economic Analysis. Both employment and unemployment numbers improved—employment rose by 0.4% quarter-over-quarter and 1.6% year-over-year, and the unemployment rate dropped from 7.2% to 6.7% over the quarter. Wages per employee over the last year grew 1.6% through Q2 2013. The Consumer Price Index growth was held in check by dropping energy prices across the country, climbing 1.5% in 2013. Retail gas prices remained nearly unchanged for the quarter, but were down slightly compared to a year ago. Annualized GDP growth was 3.2% according to the BEA advance estimate, building on the 4.1% growth in Q3. This growth primarily reflected growing contributions in personal consumption expenditures (3.3%), nonresidential fixed investment (3.8%), and exports (11.4%), as well as gains in inventories and state and local government spending. Initial jobless claims grew by 12.0% quarterly to 345,000, yet they dropped by 7.3% over the year. Continuing claims fell by 1.4% quarterly and have dropped 10.1% over the year. Total bankruptcy filings dropped by 8.5% quarterly, buoyed by a decline of 11.3% in Chapter 7 filings. The Leeds Business Confidence Index (LBCI) rose by 1.9 points, or 3.3%, as economic conditions continue to improve and political risks are subsiding.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR*	
Wealth								
Personal Income (billions of dollars)	14,226	14,086	1.0%	▲	3.8%	▲	2.6%	▲
Retail Sales, 12 mo. trailing (billions of dollars)	4,516.6	4,476.6	0.9%	▲	3.8%	▲	2.5%	▲
S&P 500	1,790.3	1,752.1	2.2%	▲	18.7%	▲	16.4%	▲
Business Outlays								
Annual Wages Per Employee	49,599	49,366	0.5%	▲	1.6%	▲	2.5%	▲
Consumer Price Index	234.6	233.9	0.3%	▲	1.5%	▲	2.1%	▲
Energy	246.3	247.8	-0.6%	▼	0.4%	▲	6.9%	▲
Transportation Services	281.7	280.2	0.5%	▲	1.7%	▲	2.7%	▲
Retail Gasoline Price (dollars per gallon)	3.38	3.37	0.1%	▲	-1.5%	▼	12.3%	▲
Economic Overview								
Real Gross Domestic Output (billions of chained 2009 dollars)	15,966	15,839	0.8%	▲	2.7%	▲	1.8%	▲
Employment (in thousands)	136,877	136,362	0.4%	▲	1.6%	▲	0.4%	▲
Unemployment Rate	6.7%	7.2%	-0.5%	▼	-1.1 pp	▼	-0.6 pp	▼
Initial Jobless Claims	345,000	308,000	12.0%	▲	-7.3%	▼	-8.3%	▼
Continuing Jobless Claims	2,861,000	2,902,000	-1.4%	▼	-10.1%	▼	-9.4%	▼
Building Permits, Number of Units, 12 mo. trailing	956,786	926,611	3.3%	▲	21.1%	▲	0.8%	▲
Valuation (millions of dollars), 12 mo. trailing	170,131	163,553	4.0%	▲	26.4%	▲	3.4%	▲
FHFA Home Price Index	203.0	199.1	2.0%	▲	8.4%	▲	0.0%	▲
Total Business Bankruptcy Filings	8,119	8,874	-8.5%	▼	-12.2%	▼	-6.7%	▼
Chapter 7	5,314	5,989	-11.3%	▼	-16.4%	▼	-7.7%	▼
Chapter 11	1,983	2,028	-2.2%	▼	-1.8%	▼	-4.4%	▼
Chapter 13	701	728	-3.7%	▼	-4.6%	▼	-6.5%	▼
National Economy Expectations (LBCI)	57.4	55.5	3.3%	▲	22.1%	▲	6.1%	▲

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) (Q3 13); U.S. Census Bureau (NSA) (11/13); Bloomberg (1/24/14); Bureau of Labor Statistics, OCEW (NSA) (Q2 13); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (SA) (12/13); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (1/27/13); Bureau of Economic Analysis (SA) (Q4 13); Bureau of Labor Statistics, CES (SA) (12/13); Bureau of Labor Statistics (SA) (12/13); U.S. Department of Labor, Employment and Training Administration (SA) (12/28/13); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (11/13); FHFA Purchase-Only Home Price Index (SA) (Q3 13); Administrative Office of the U.S. Courts (Q3 13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 14). *Compound 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.