Mesa County, Colorado: 1970-2006
A Community's Evolution

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Basic Premise: Comparisons

Mesa County is changing. That's not in dispute.
Instead the questions are:
- **How much?**
- **How quickly?**

Compared to what?

- In this analysis, Mesa County will be compared to:
  - *World*
  - *US*
  - *Colorado*
  - *"A9" counties*

The A9: Identified by US County Median Home Prices: 1990-2000

Median price of US home in 2000 = $119,600
Median price of in 1990 = $79,100
Difference = $40,500

- Of America's 3,140 counties, the top 10 in 1990-2000 median home price increase:
  - *New York, NY (island of Manhattan)– $512,700*
  - *Pitkin, CO (Aspen) – $297,200*
  - *Nantucket, MA (Nantucket Island) – $278,100*
  - *Eagle, CO (Vail) – $233,200*
  - *Teton, WY (Grand Teton NP; Jackson Hole) – $232,000*
  - *San Miguel, CO (Telluride) – $206,400*
  - *Summit, CO (Breckenridge) – $196,000*
  - *Summit, UT (Park City) – $188,200*
  - *Routt, CO (Steamboat) – $173,600*
  - *Blaine, ID (Sun Valley) – $161,400*

The A9 Counties

The "Archetypal 9" – 9 counties which serve as archetypes for understanding the growth and change going on in resort & gateway towns – in fact, in all "nice" places to live – throughout the nation, world

- Eagle, CO (Vail)
- Pitkin, CO (Aspen)
- Routt, CO (Steamboat)
- San Miguel, CO (Telluride)
- Summit, CO (Breckenridge)
- Blaine, ID (Sun Valley)
- Nantucket, MA (Nantucket Island)
- Summit, UT (Park City)
- Teton, WY (Grand Teton NP; Jackson Hole)

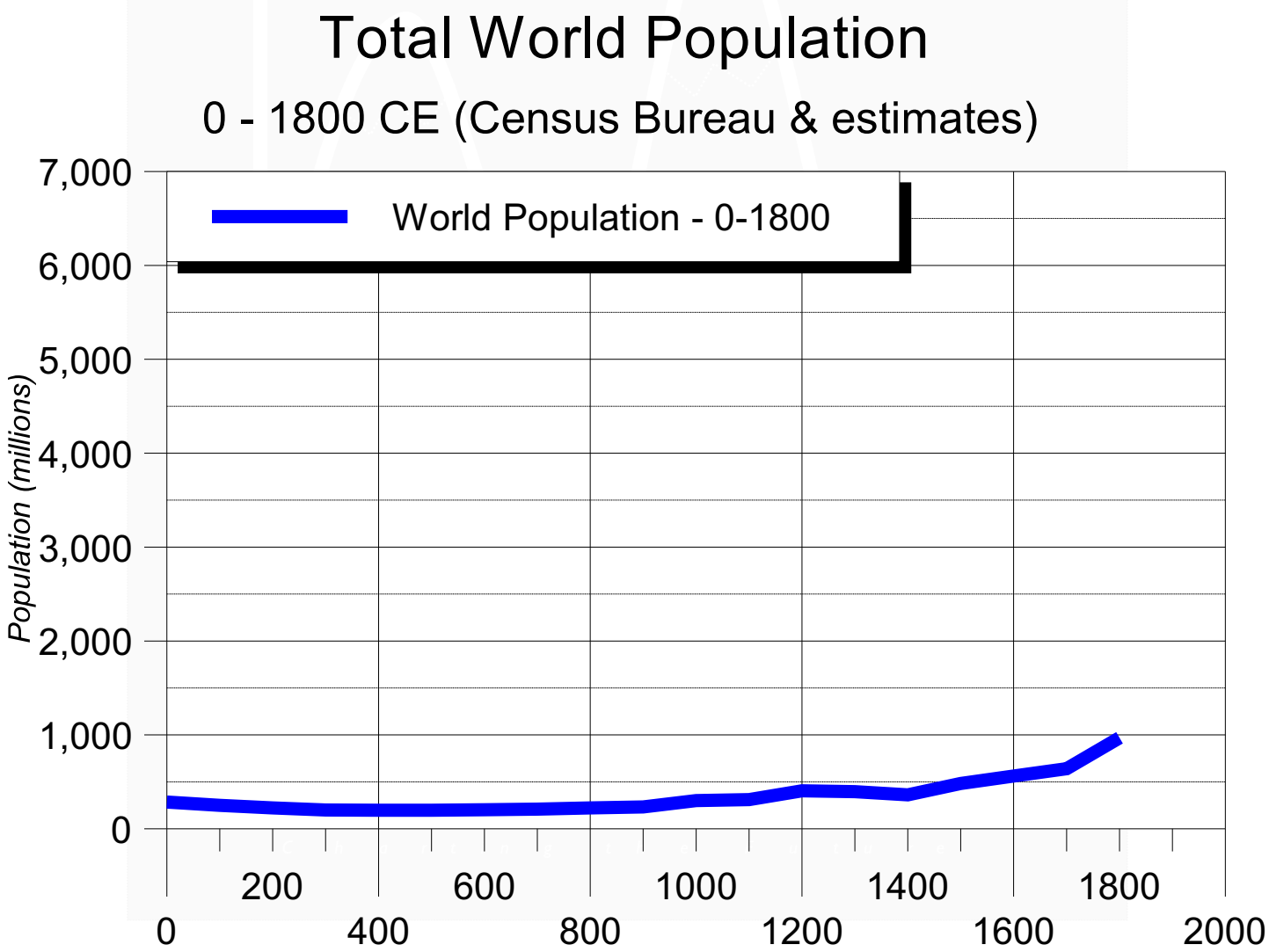
The A9 and Mesa County

An imperfect comparison

- Mesa has not experienced the same explosive growth as the A9
  - *E.g.from 1990-2000, Mesa's median home value rose $56,200*
  - *A9 experienced media home value increases from 3-10x as much*
- Mesa's economy is more diverse
- Still, five of the A9 are Colorado counties proximate to Mesa County
  - *Eagle, Pitkin, Routt, San Miguel, Summit*
- Mesa offers similar attractions at much lower prices
  - *Terrain, climate, lifestyle, etc.*

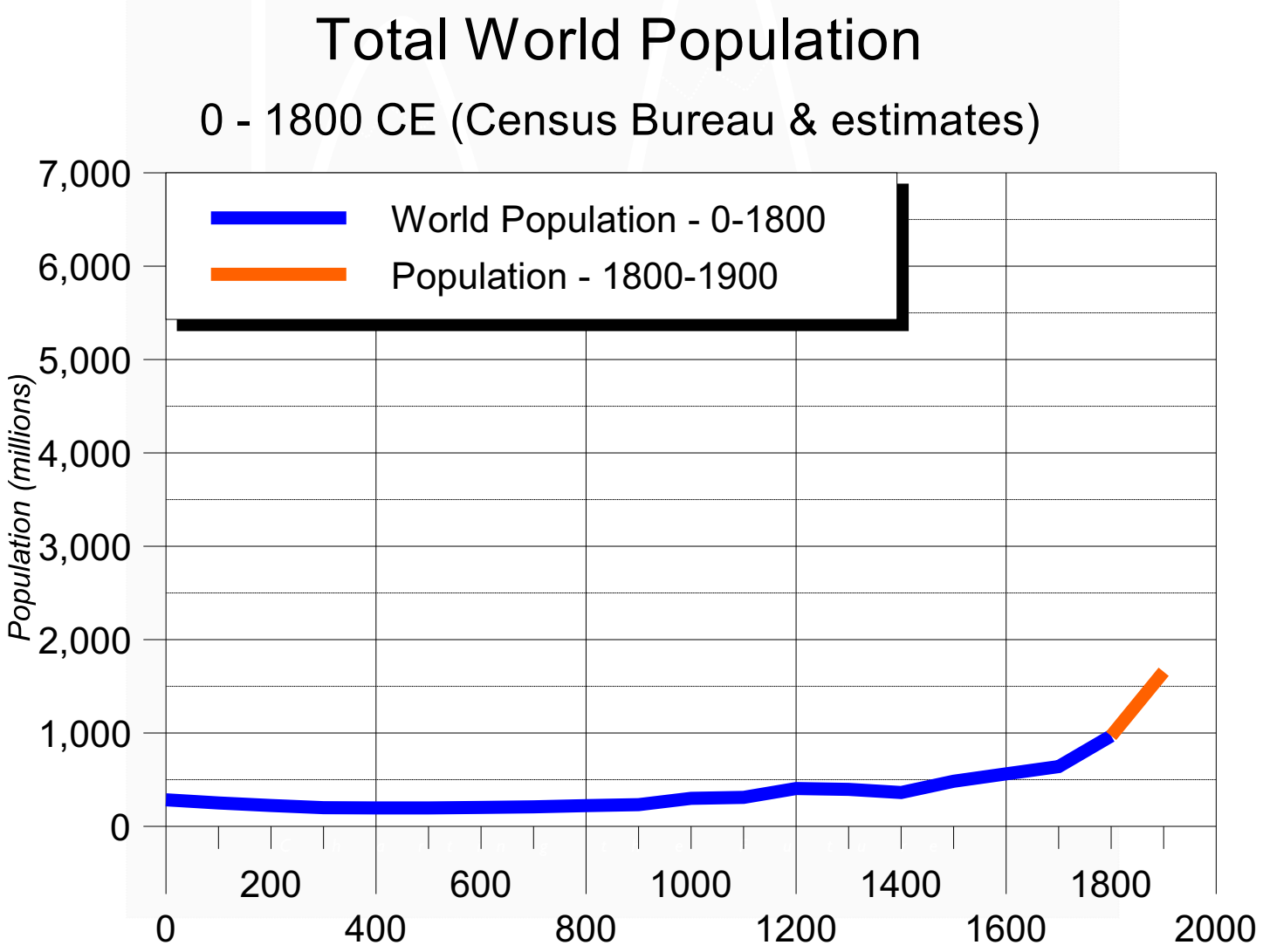
Things are Changing – Demographics

Context – The world's population stayed flat 0-1100 C.E.; started taking off with the Industrial Revoluation in 1700s



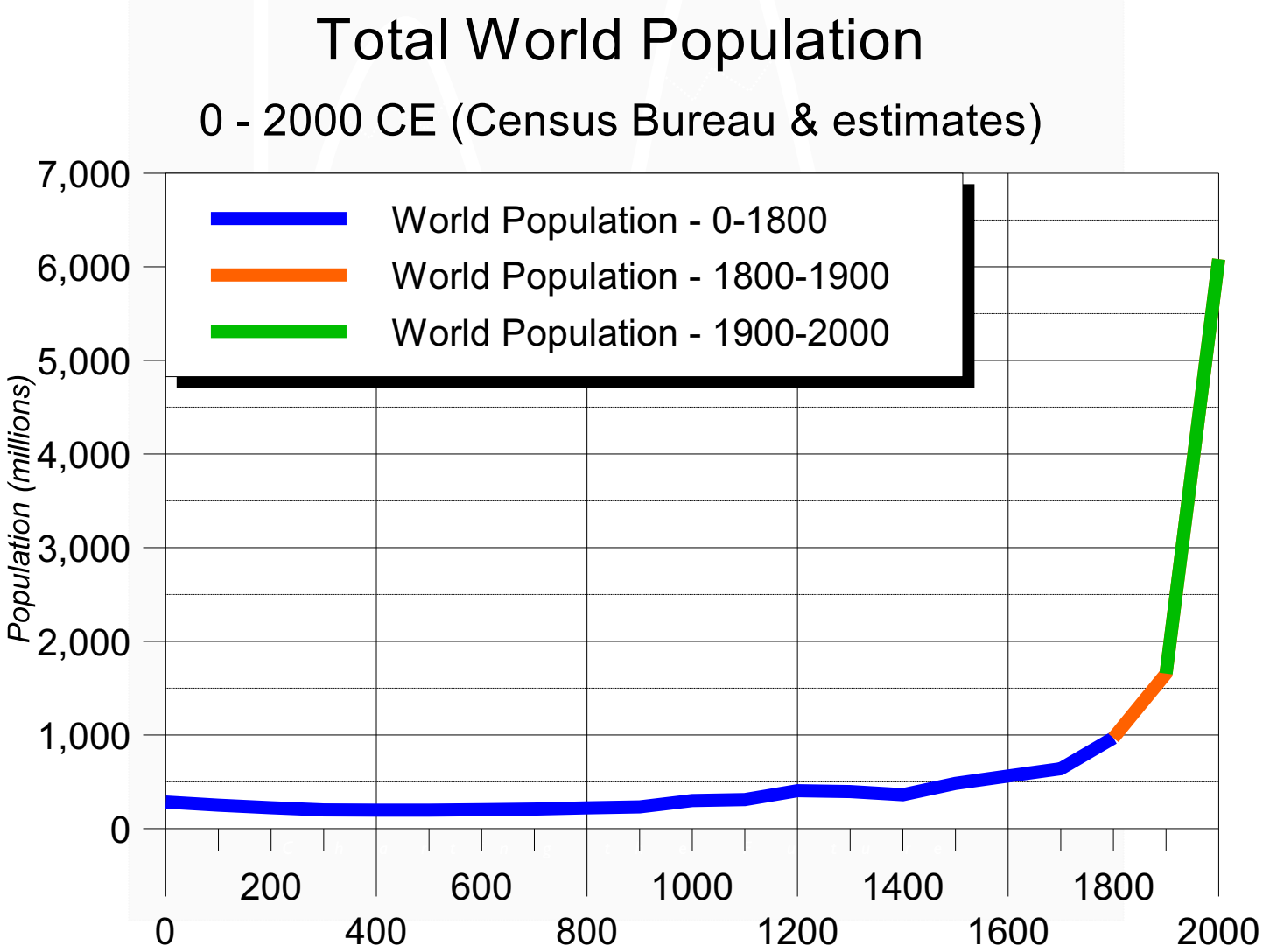
Changes – Demographics II

As Industrial Revolution took hold, population grew 70%



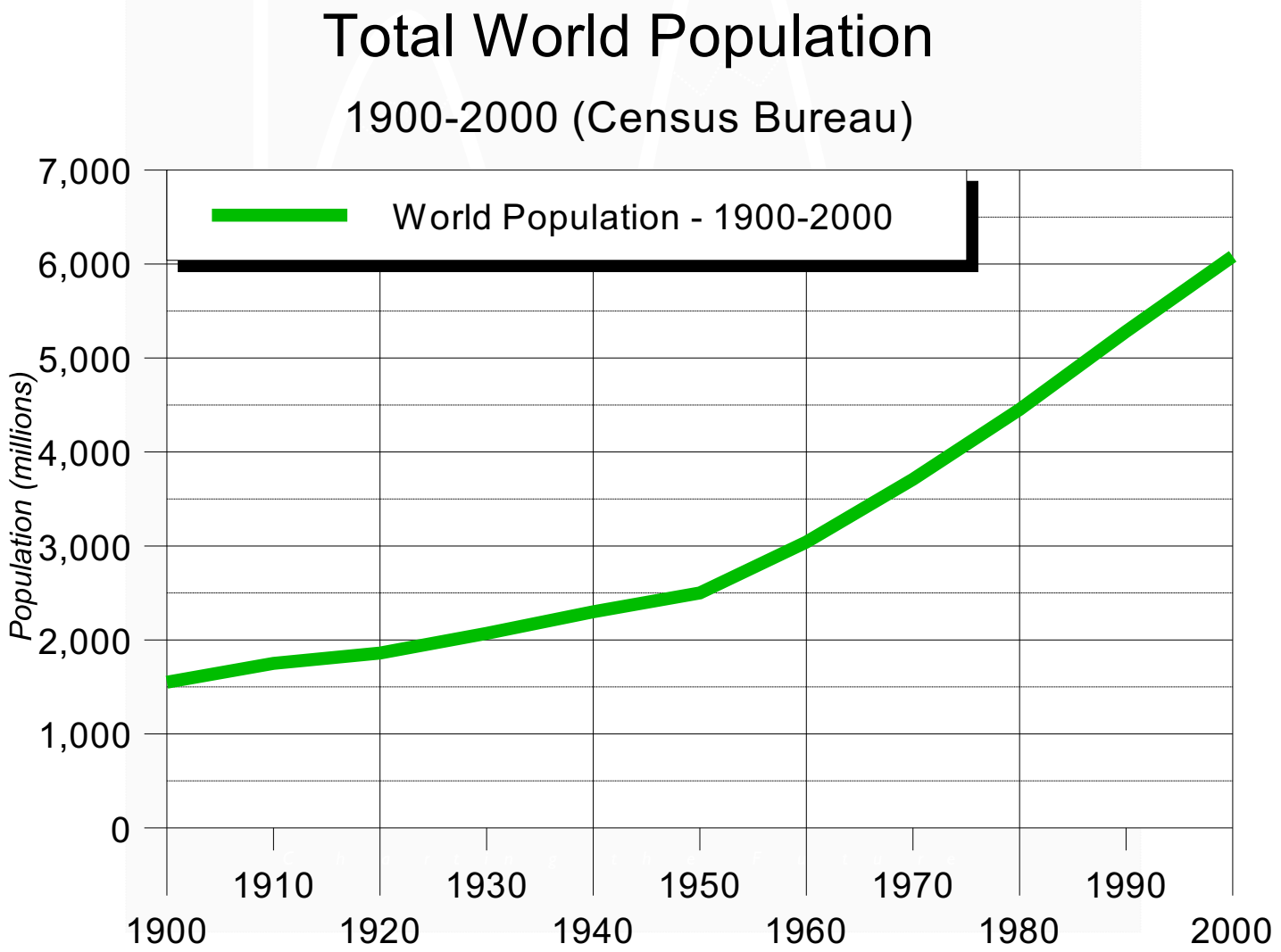
Changes – Demographics III

During the 1900s, the world's population quadrupled



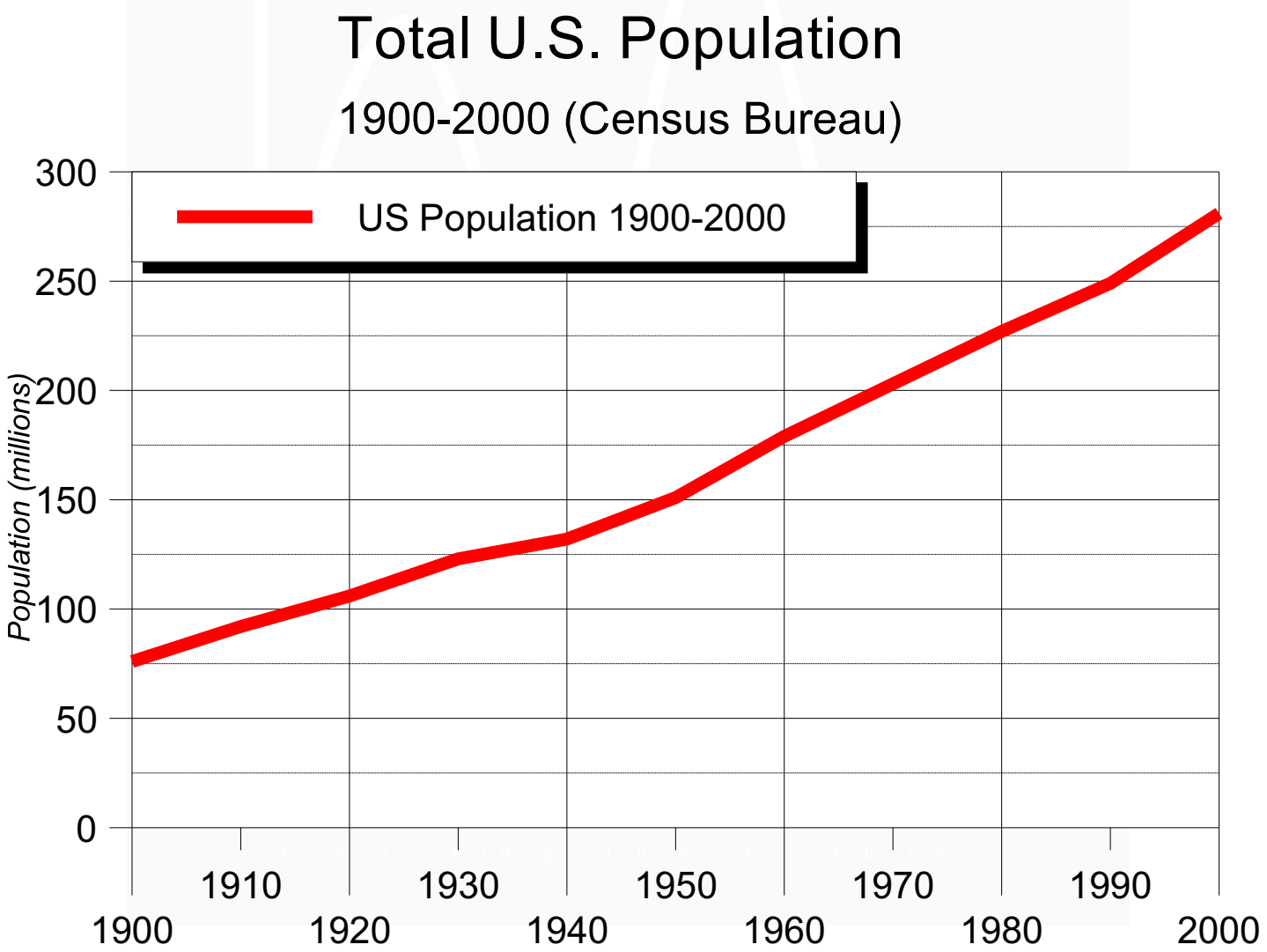
Changes – Demographics IV

From 1960-2000, the world's population grew by 3 billion



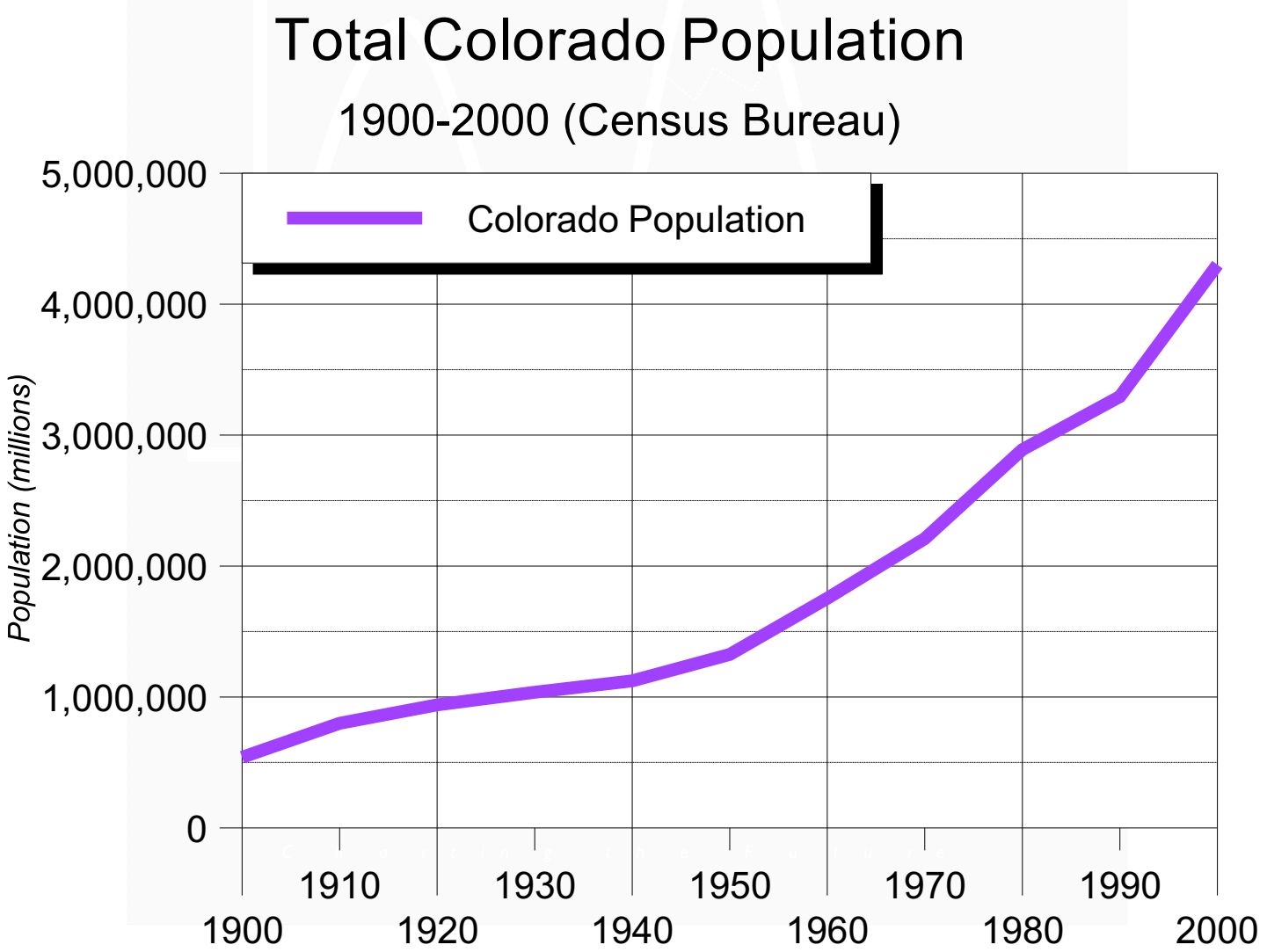
Changes – Demographics V

During the 1900s, America's population almost quadrupled



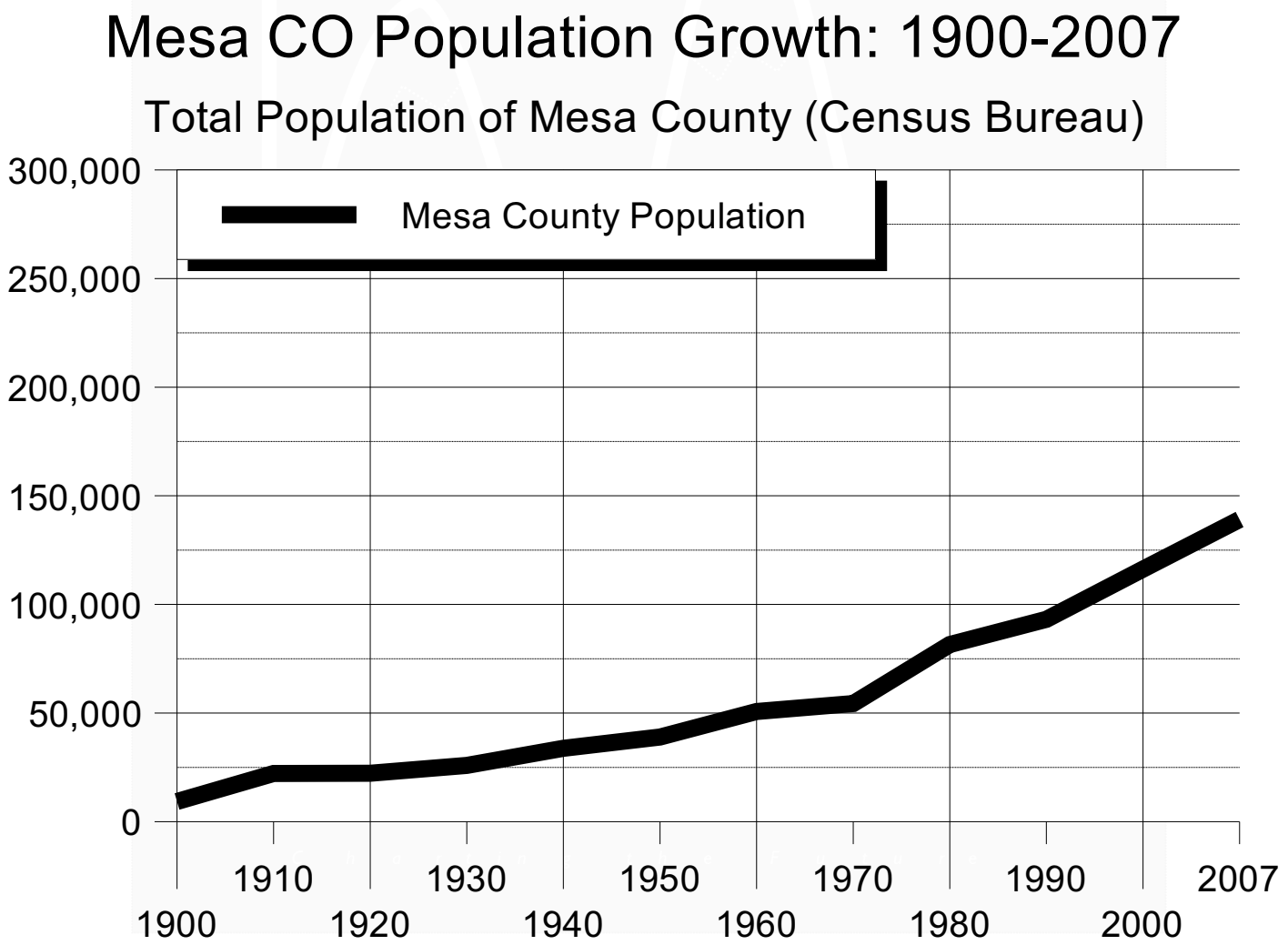
Changes – Demographics VI

During the 1900s, Colorado's population increased 8x



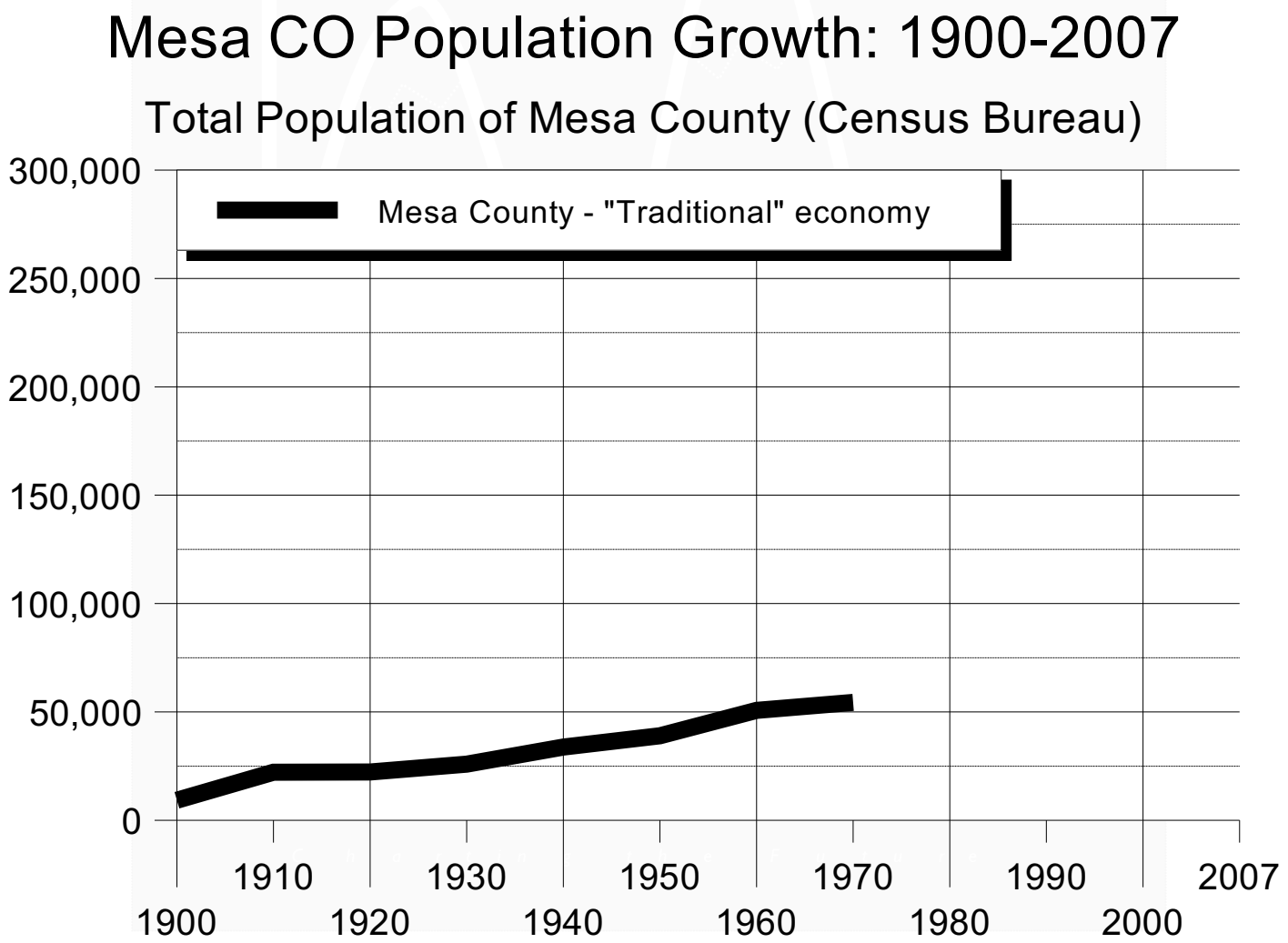
Changes – Demographics VII

During the 1900s, Mesa County's population increased 11.5x



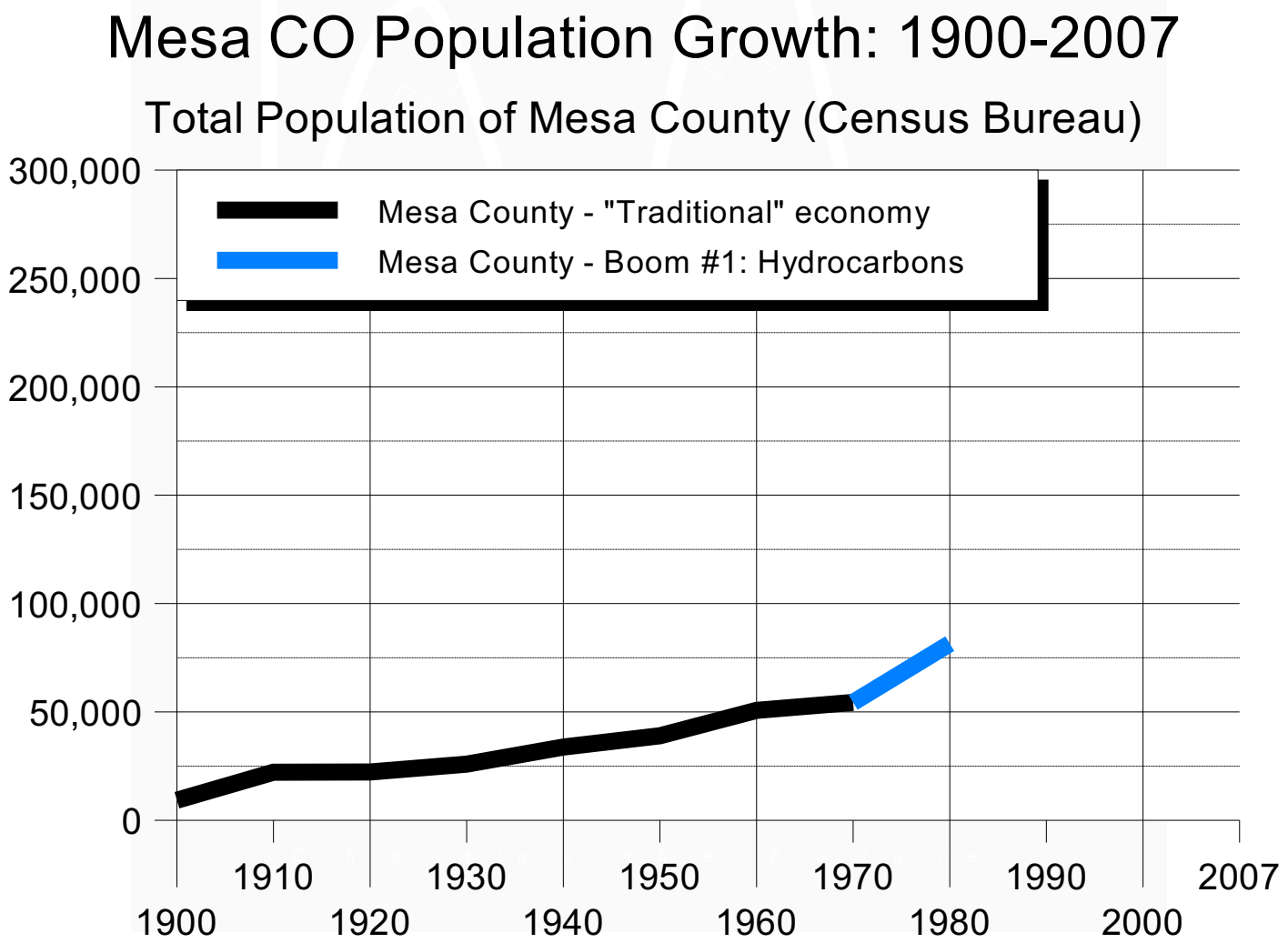
Changes – Demographics VIII

Mesa – 1900-1970 – 70 years of basically steady growth



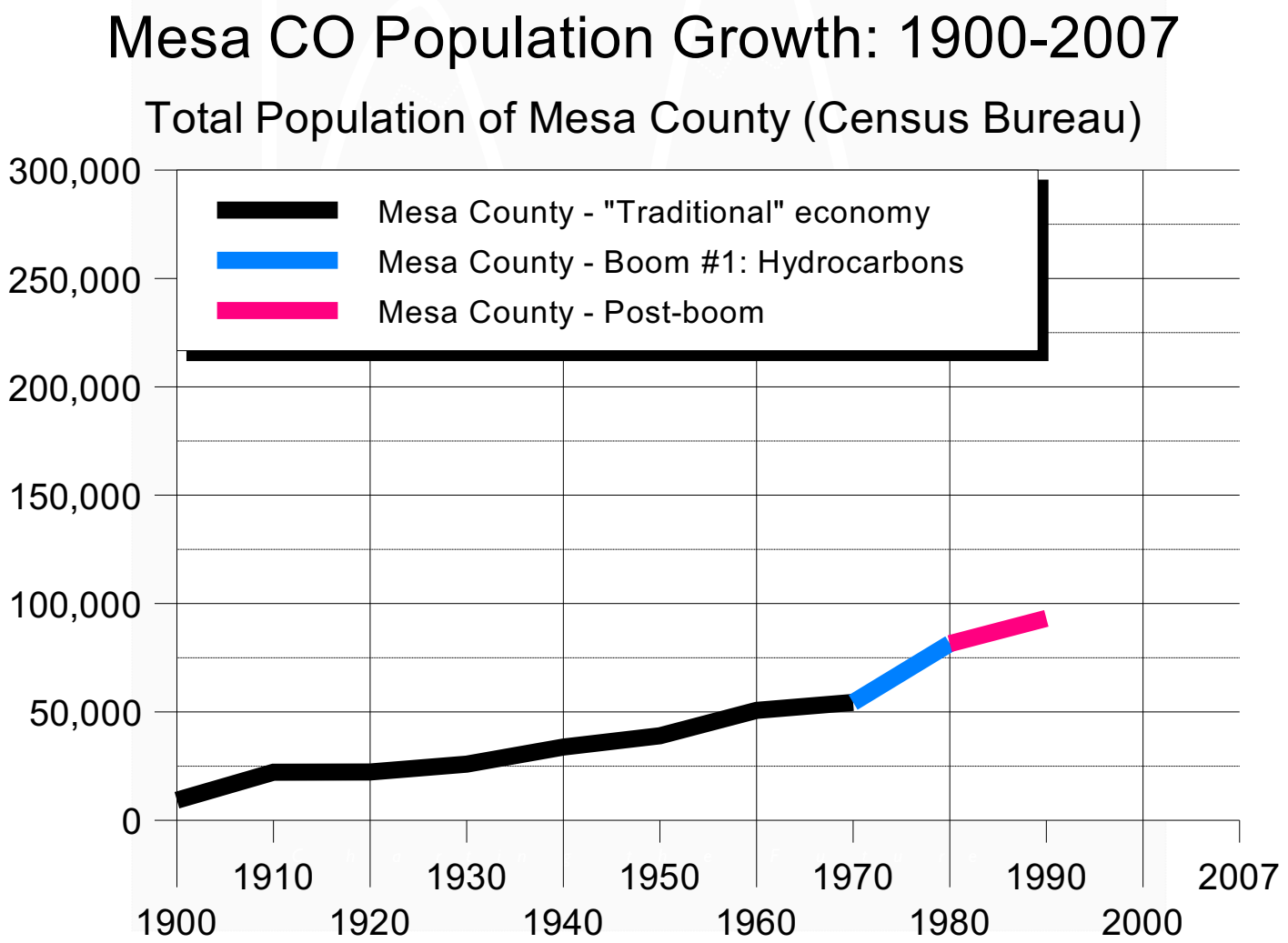
Changes – Demographics IX

Mesa – 1970s population boomed with hydrocarbons



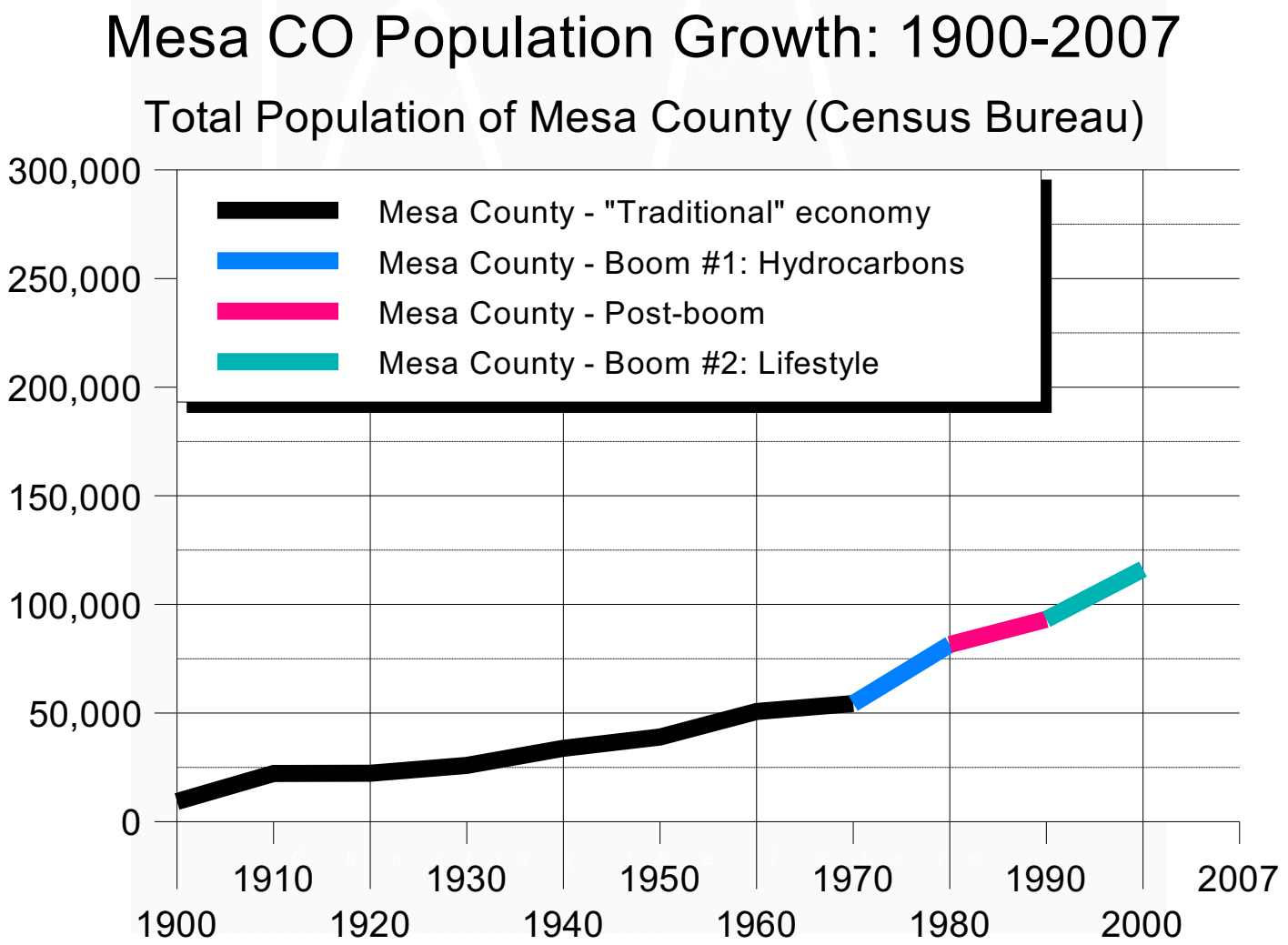
Changes – Demographics IX

Mesa – Even after boom busted, population continued to grow



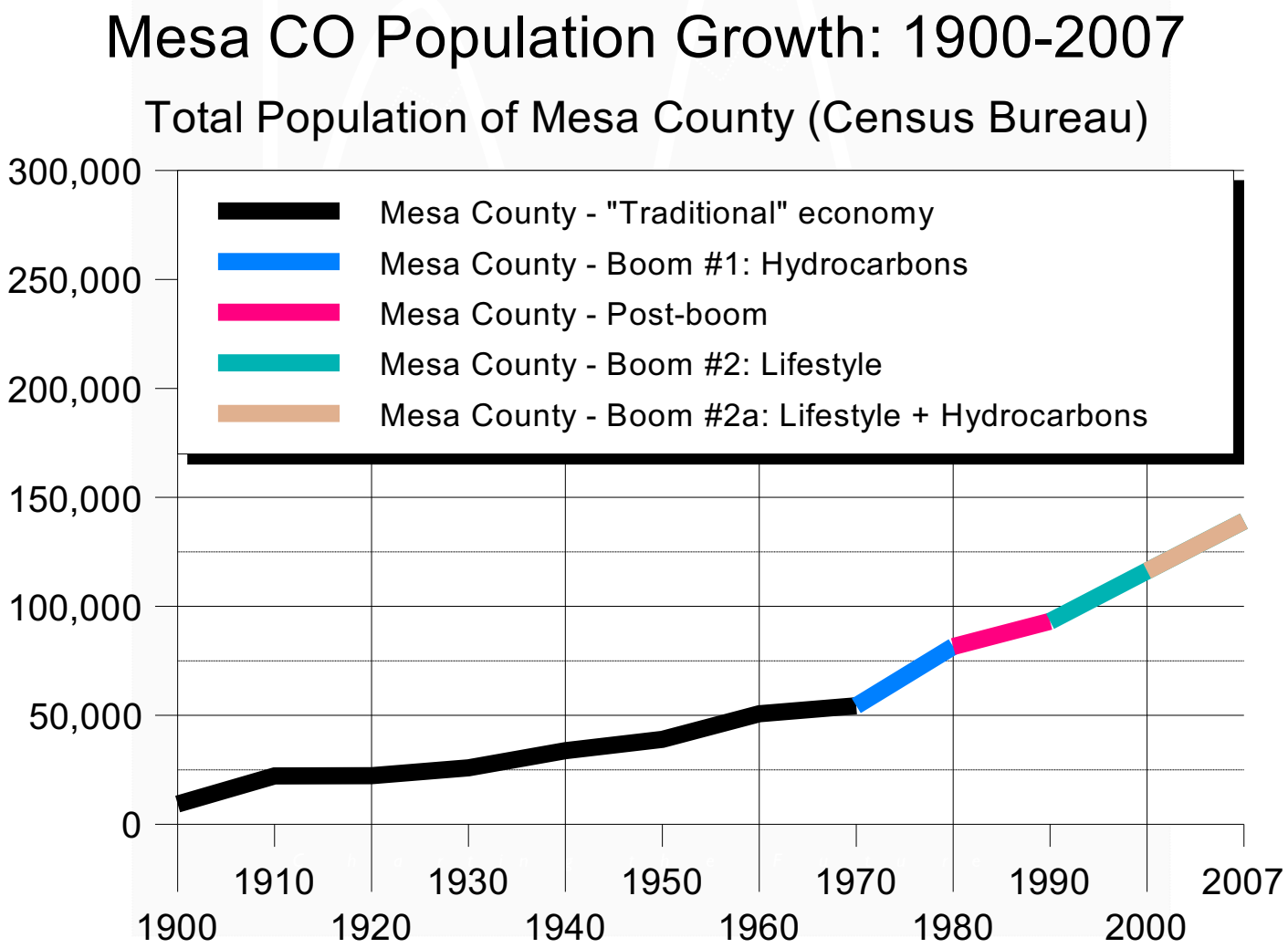
Changes – Demographics X

Mesa – 1990s growth almost as fast as in 1970s



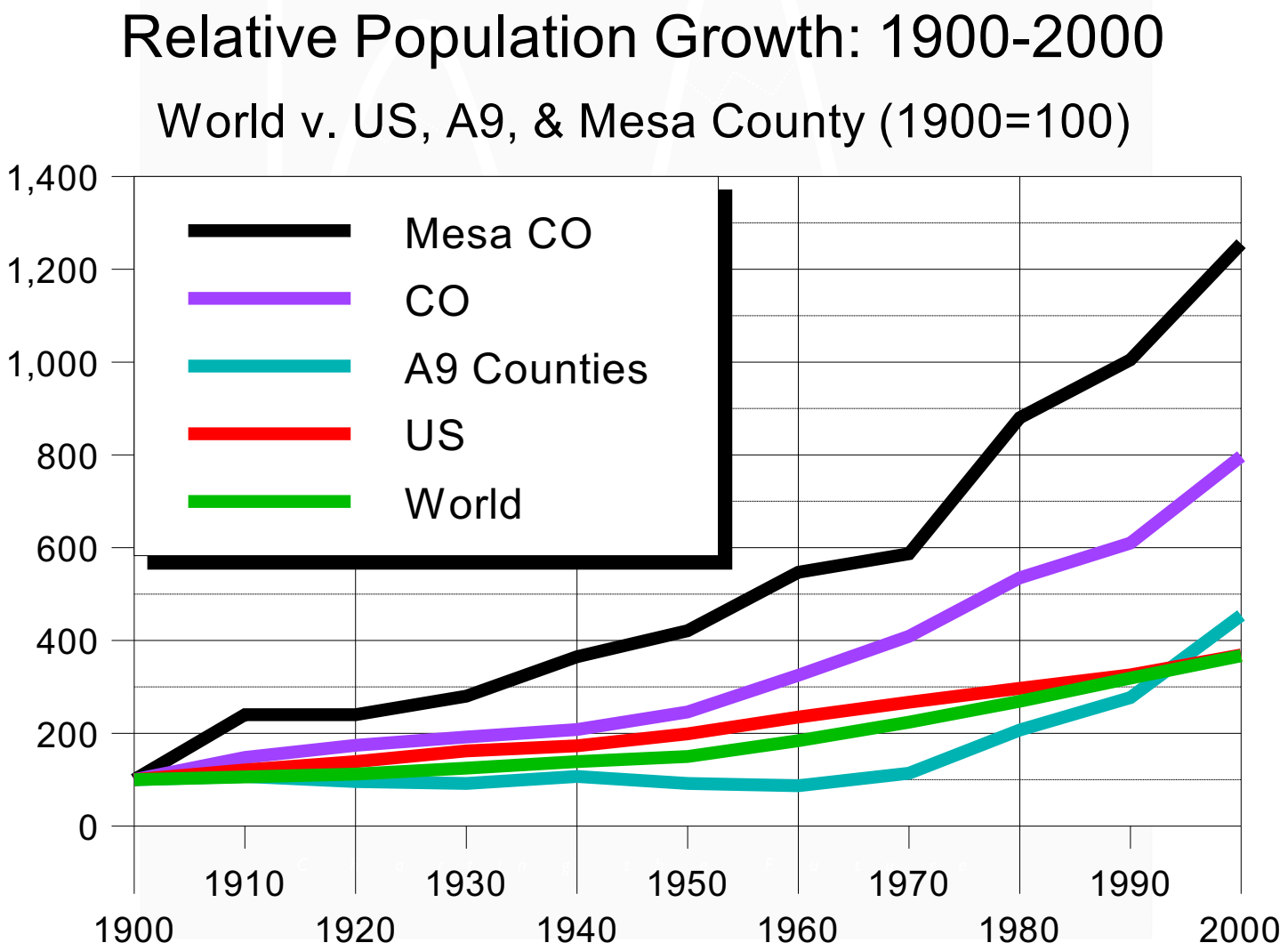
Changes – Demographics XI

Mesa – Hydrocarbon boom 2 hasn't increased growth rate



Changes – Demographics XII

Mesa has grown faster than fast-growing state, nation, world

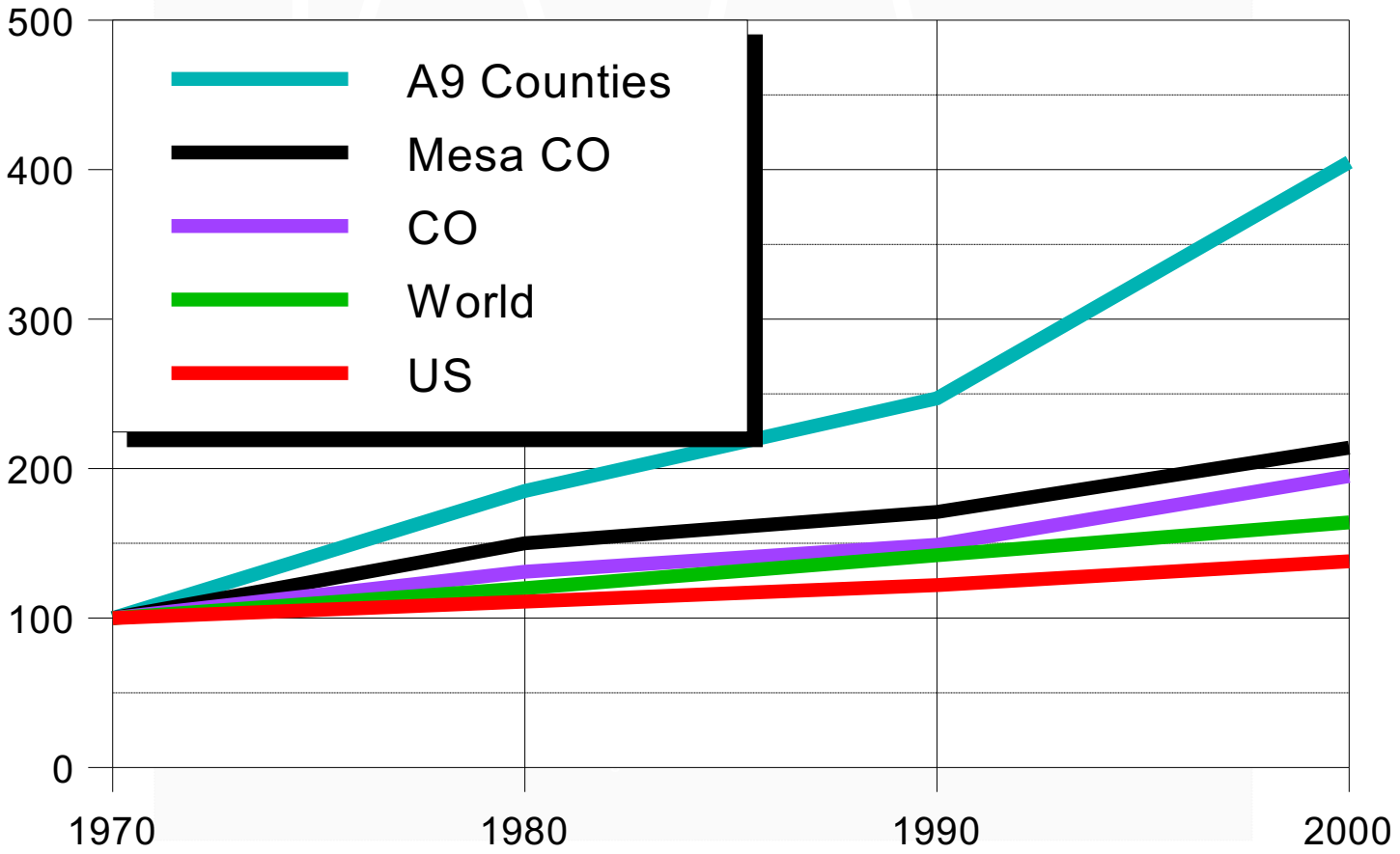


Changes – Demographics XIII

Post-1970, only A9 have grown faster

Relative Population Growth: 1900-2000

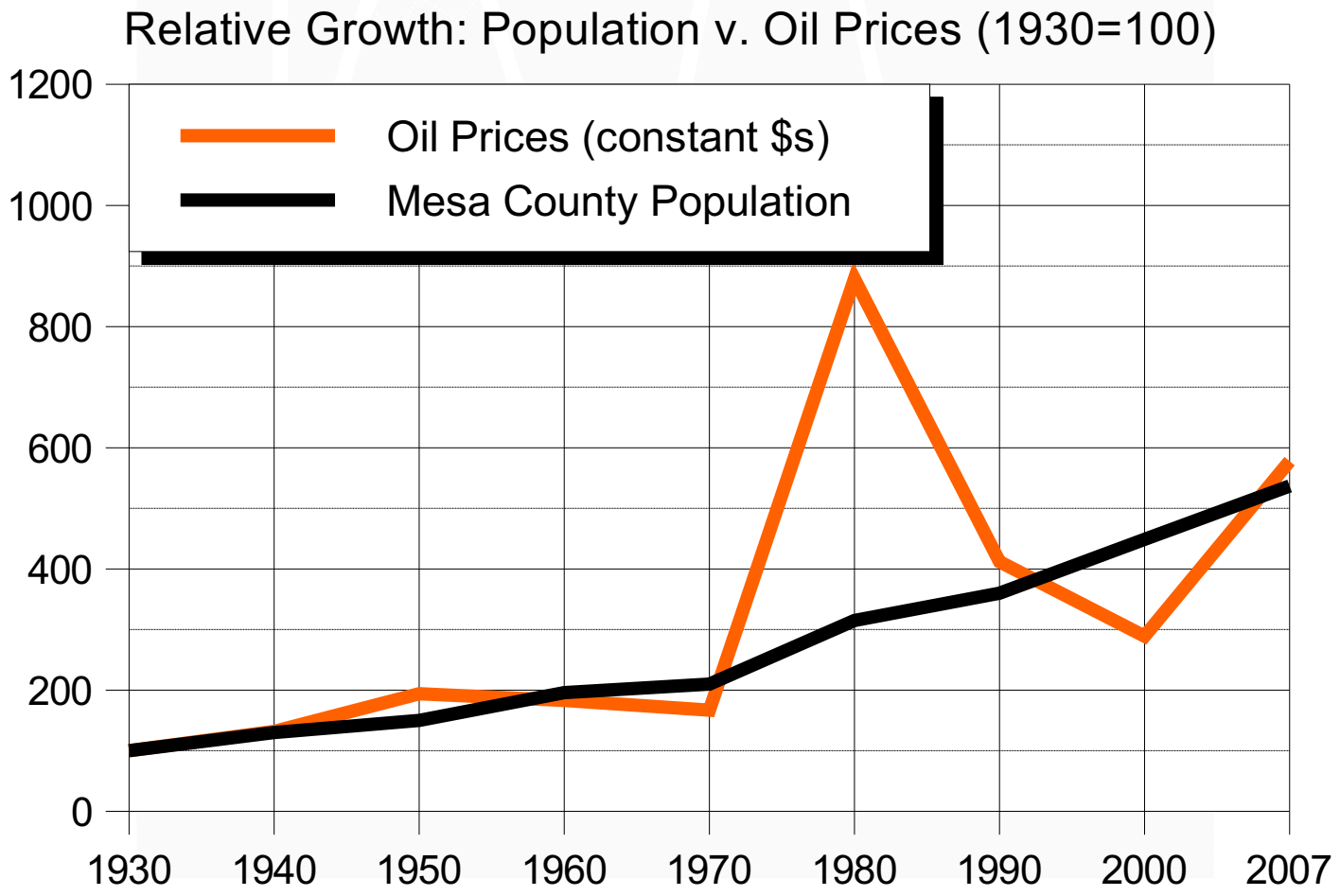
World v. US, A9, & Mesa County (1970=100)



Changes – Demographics XIV

Between 1930-1980, oil prices and Mesa's population grew more-or-less in sync; since then a disconnect…

Club 20 Counties: 1900-2007



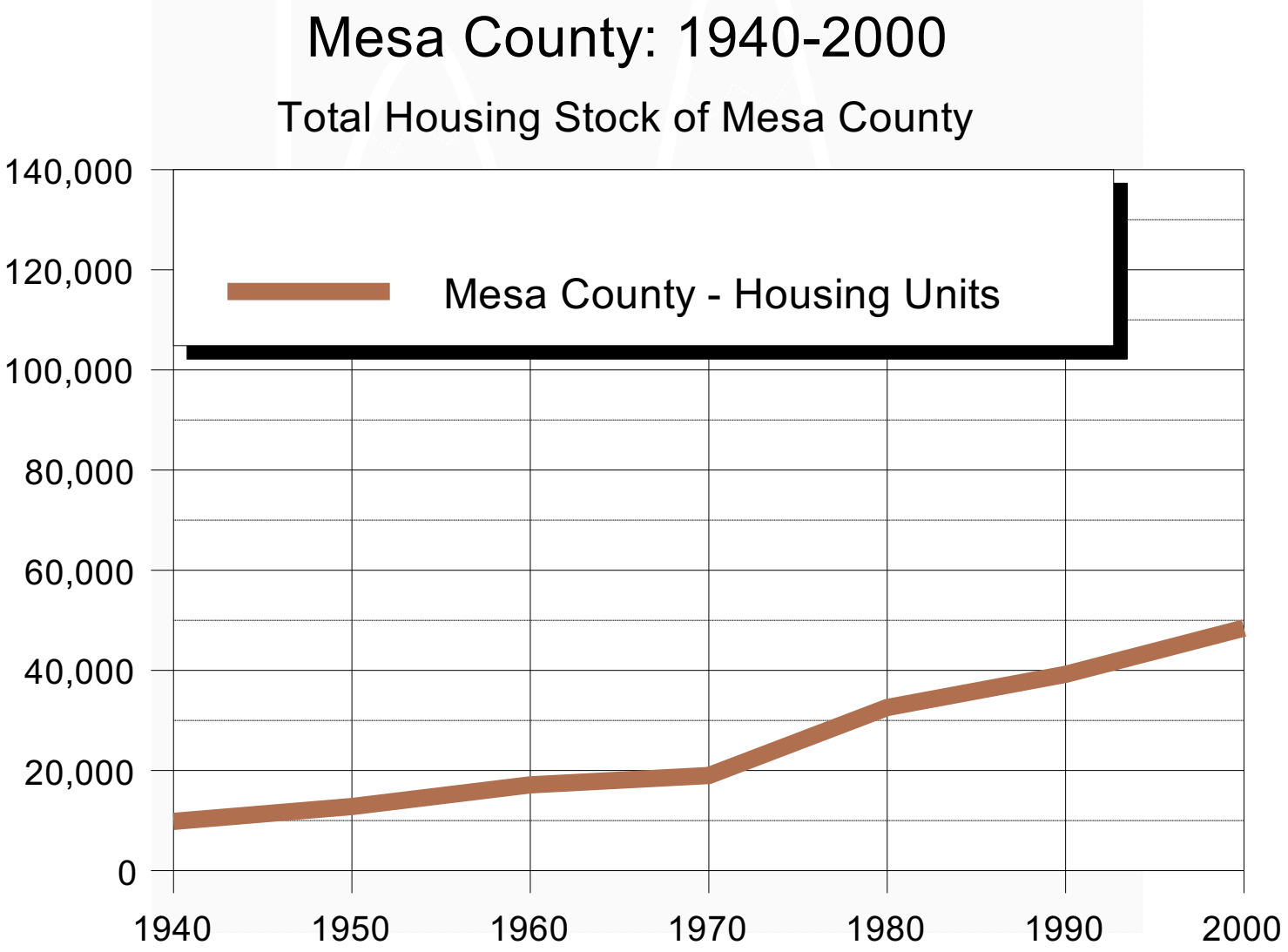
Demographics – Summary

Mesa County's population has grown steadily since 1900. Historically, the 70-80s hydrocarbon boom-bust was an anomaly – growth since bust has returned to its traditional pace

- Annual population growth rates
  - *1900-1970 = 2.6%*
  - *1970-1990 = 2.7%*
  - *1990-2007 = 2.4%*
- Population grew at historically high rates during the hydrocarbom boom of the 1970s (4.1% annual growth); grew at historically low rates during the hydrocarbon bust of the 1980s (1.4% annual growth rate)
- Point: viewed over the last 100+ years, Mesa County has grown consistently, for reasons both related and unrelated to hydrocarbons and other mining-related activity

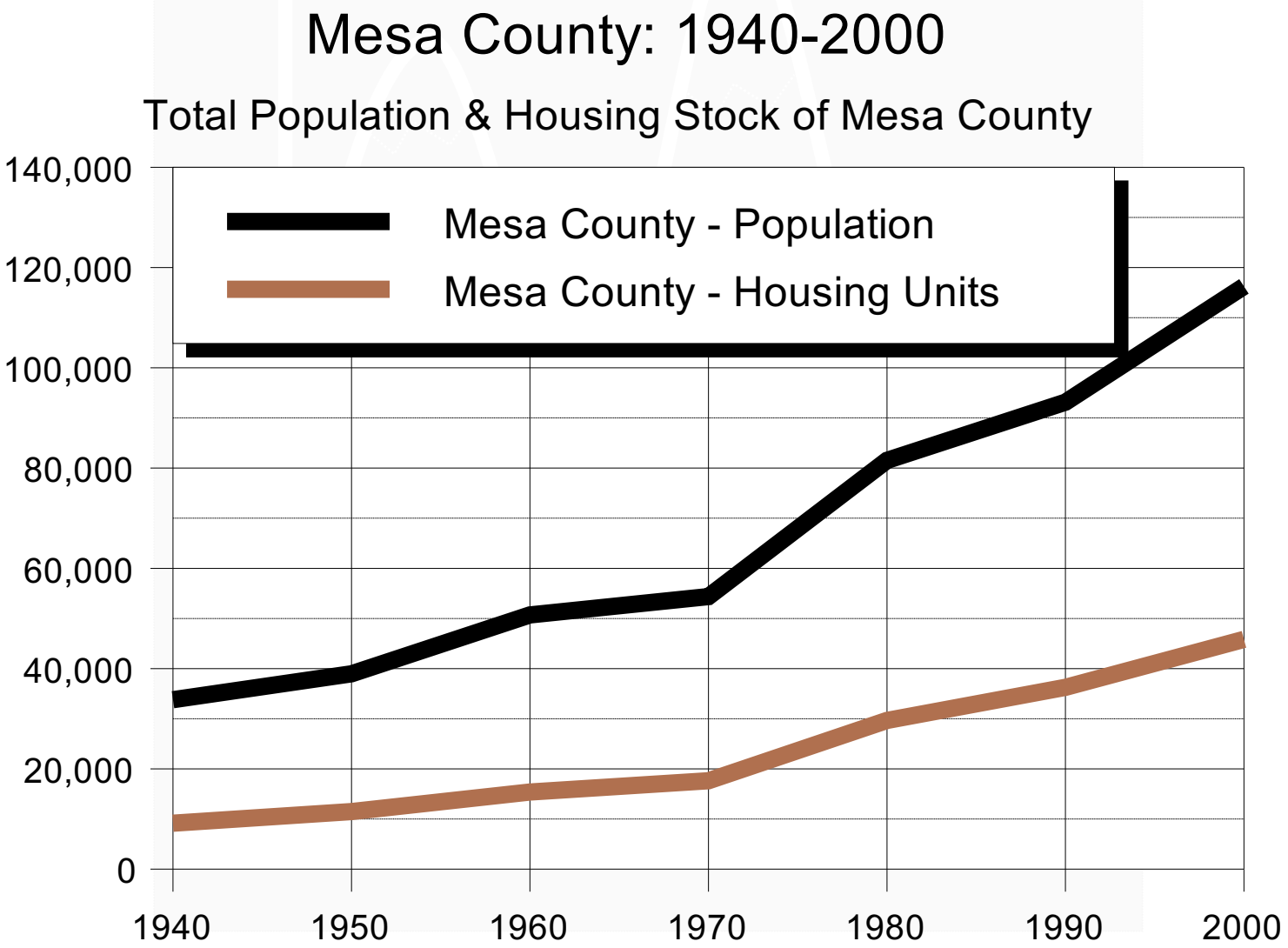
Changes – Housing I

As with Mesa County's population, so with housing...



Changes – Housing II

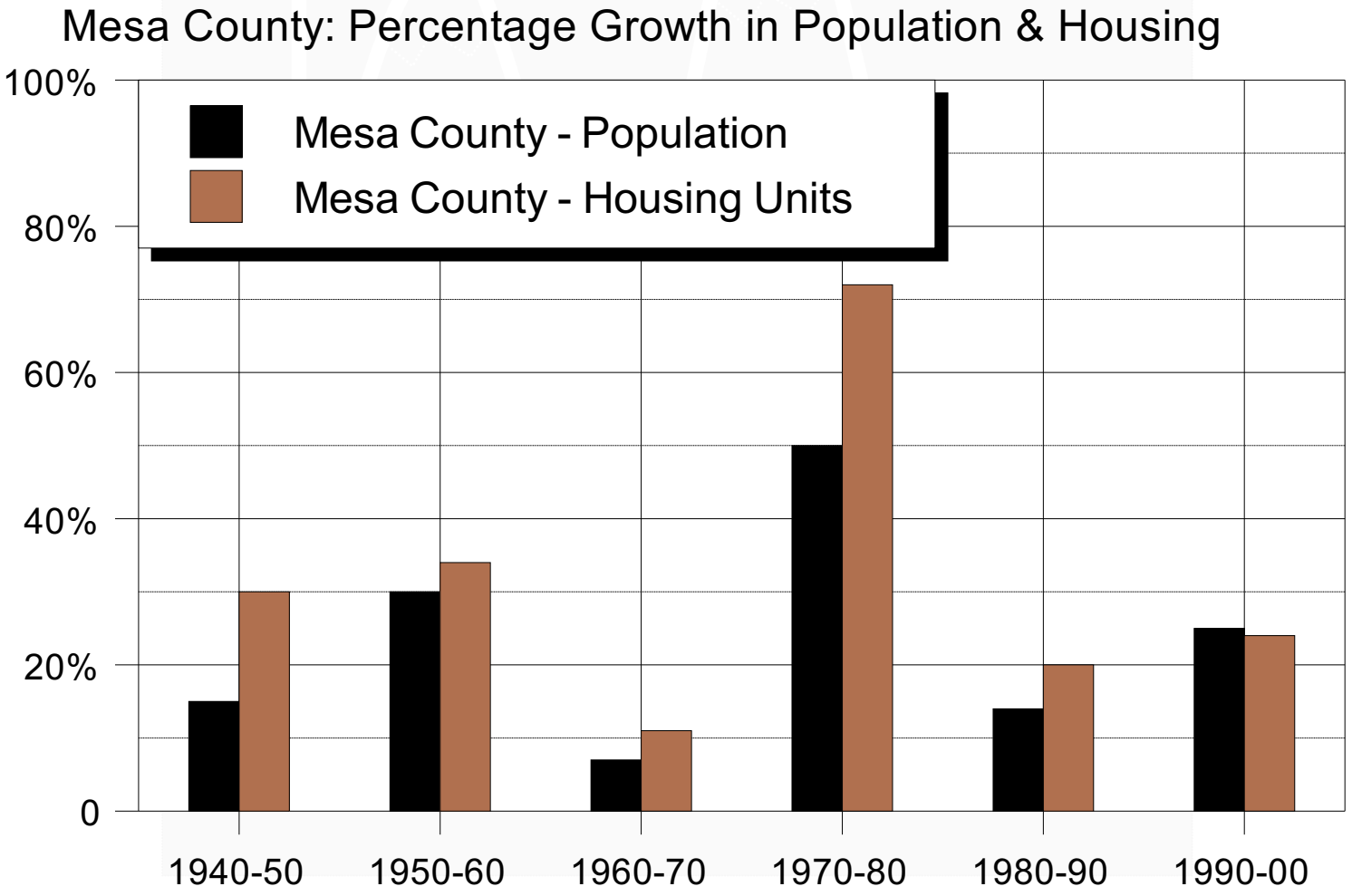
… steady growth has been the theme



Changes – Housing III

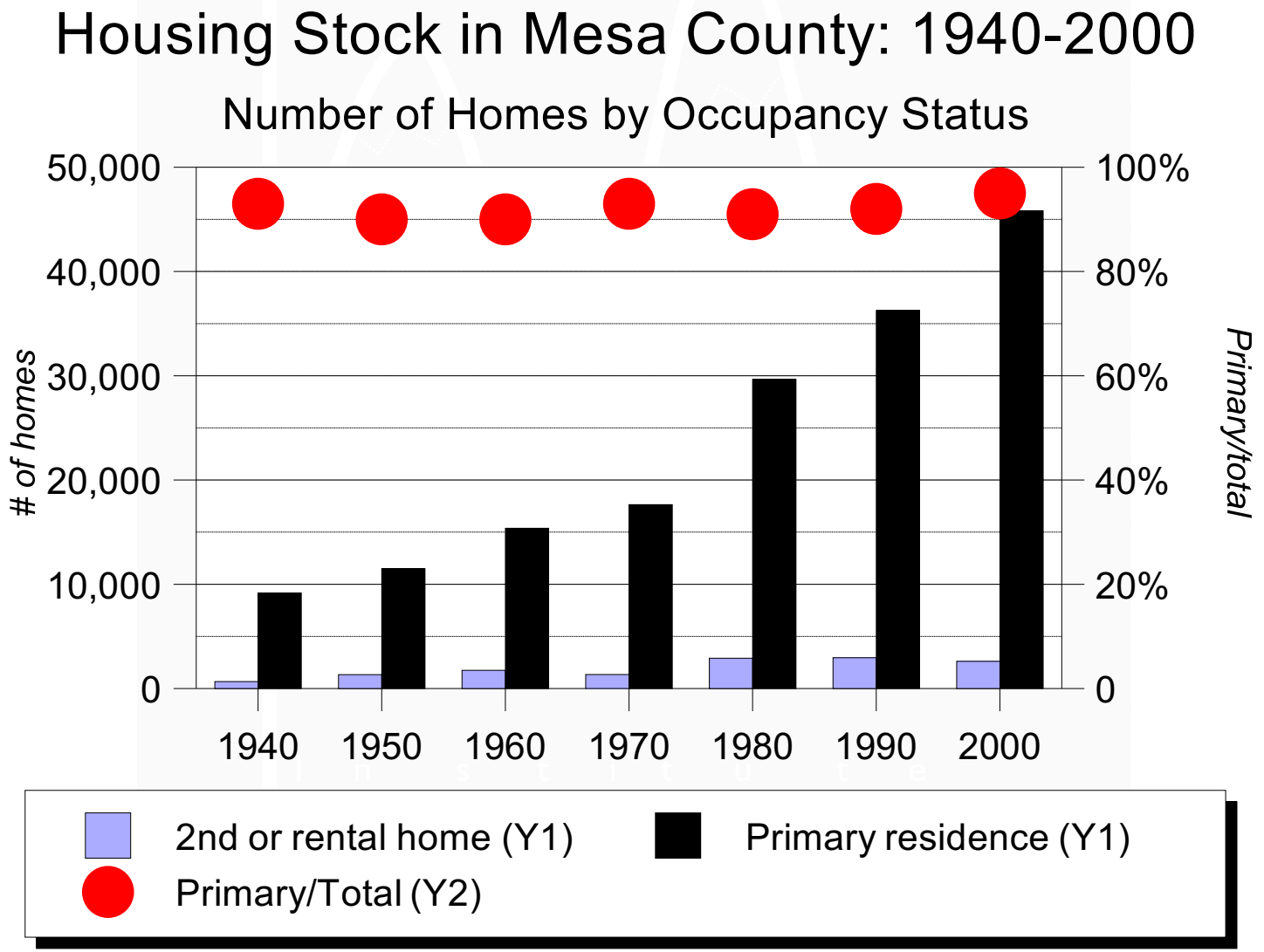
In fact, housing stock has grown faster than population

Mesa County: 1940-2000



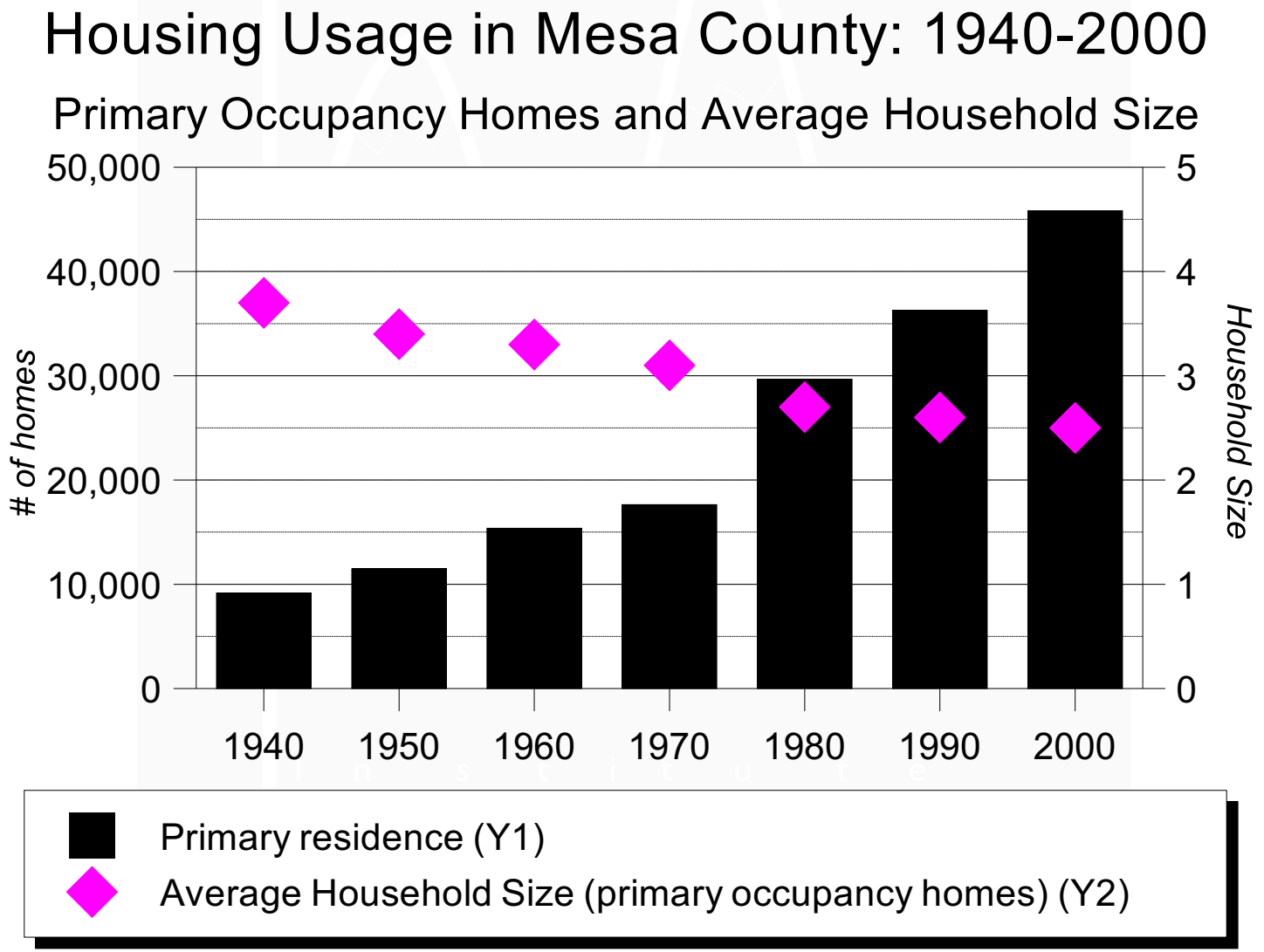
Changes – Housing IV

Unlike A9, Mesa's homes are used by full-time residents



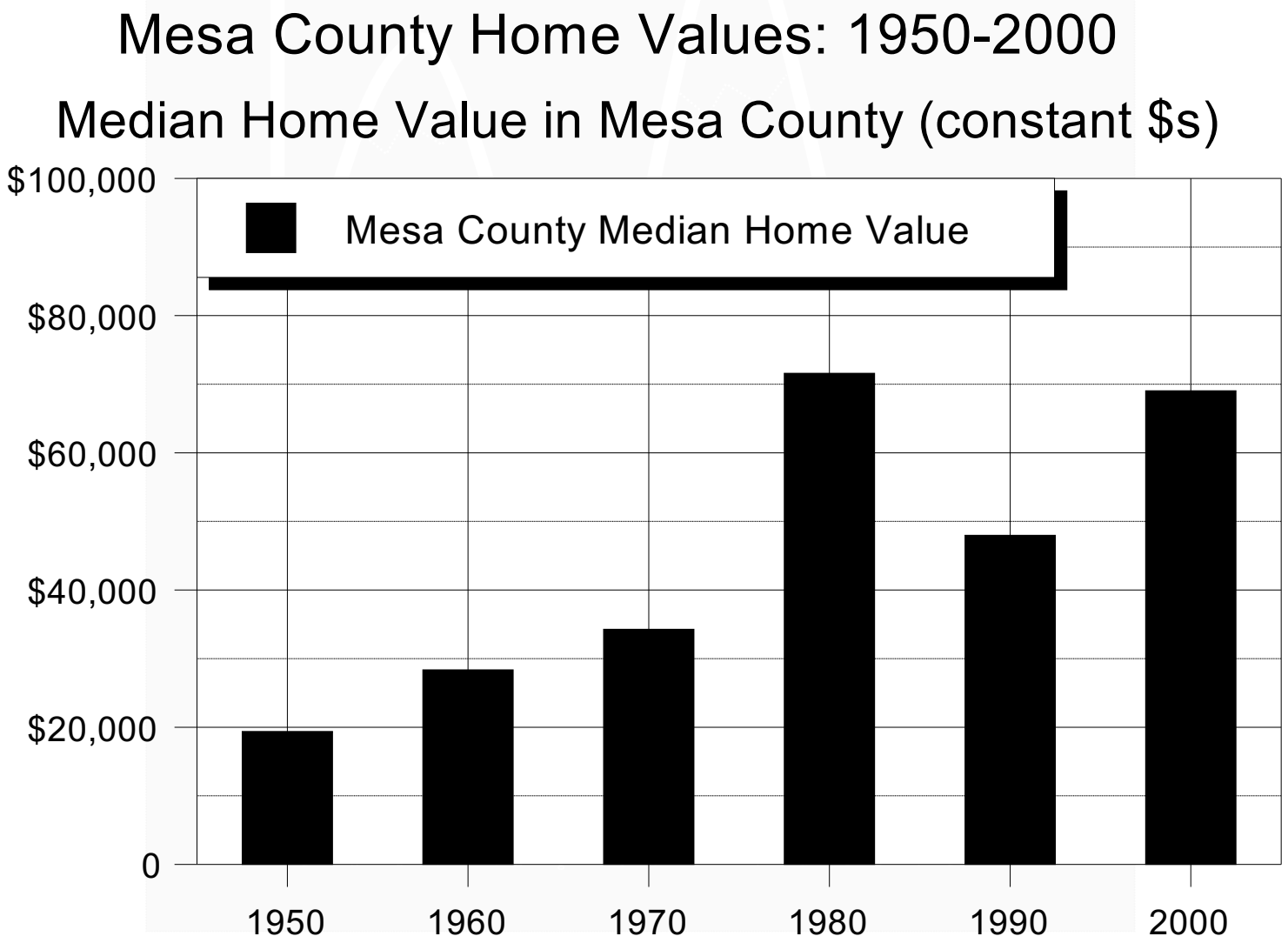
Changes – Housing V

Housing has grown due to population & smaller households



Changes – Housing VI

Prices are down from 1980 (in part due to supply>pop. growth?)



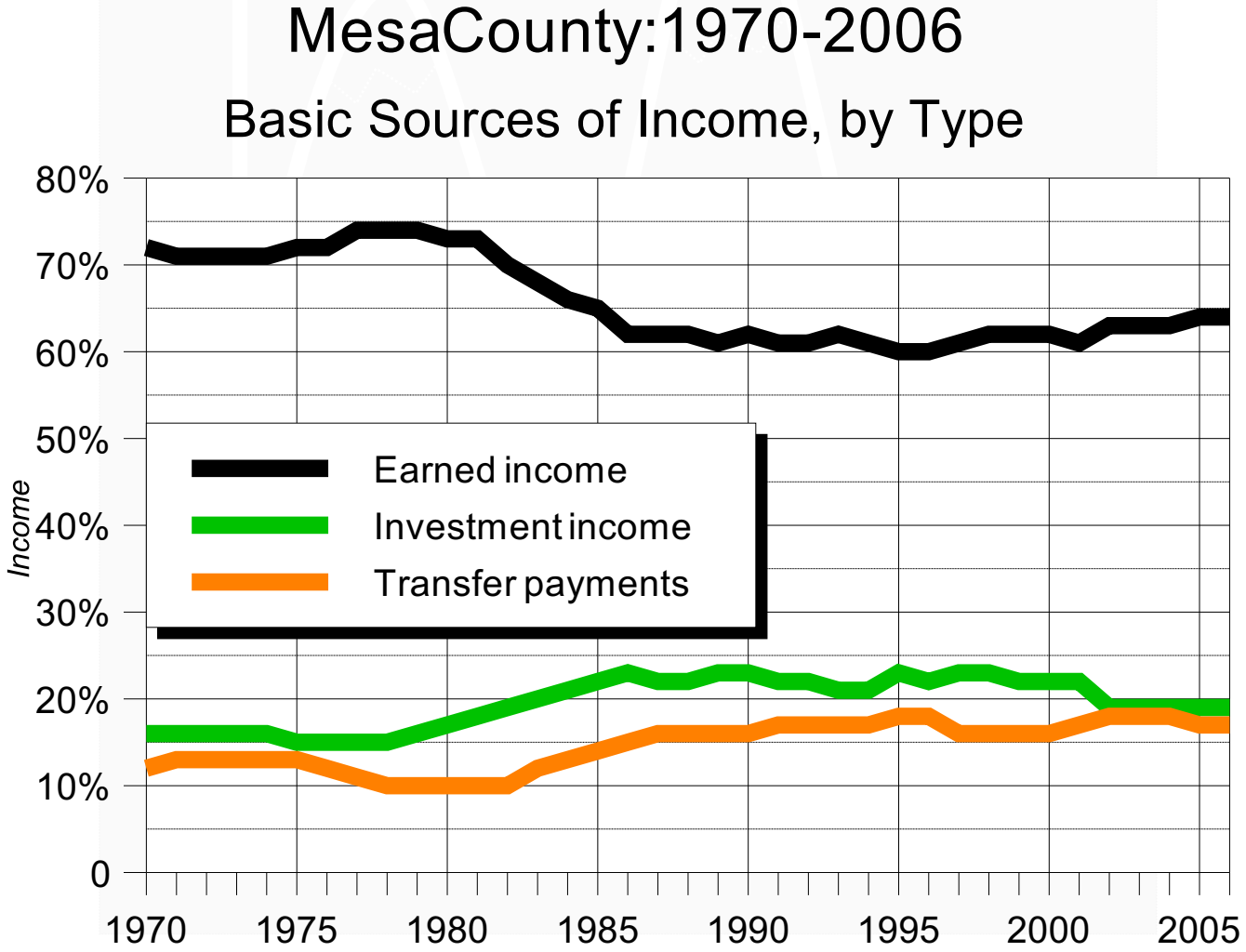
Housing – Summary

While housing prices fluctuated with the first hydrocarbon boom, not so construction and # of units

- Lots of homes being built, following the pattern of job and income growth
  - *... and these homes are not for second home owners*
- Point: regardless of economic ups and down, for decades people have wanted to live in Mesa County, a pattern which doesn't seem to be changing
  - *Market has responded by building lots of houses*
  - *Given the lag between population growth and how long it takes to build homes, during boom-bust cycles there's often a disconnect between population and housing stock growth*

Changes – Economy I

Mesa's economy fundamentally shifted in the 1980s, and has remained more dependent on investments, pensions

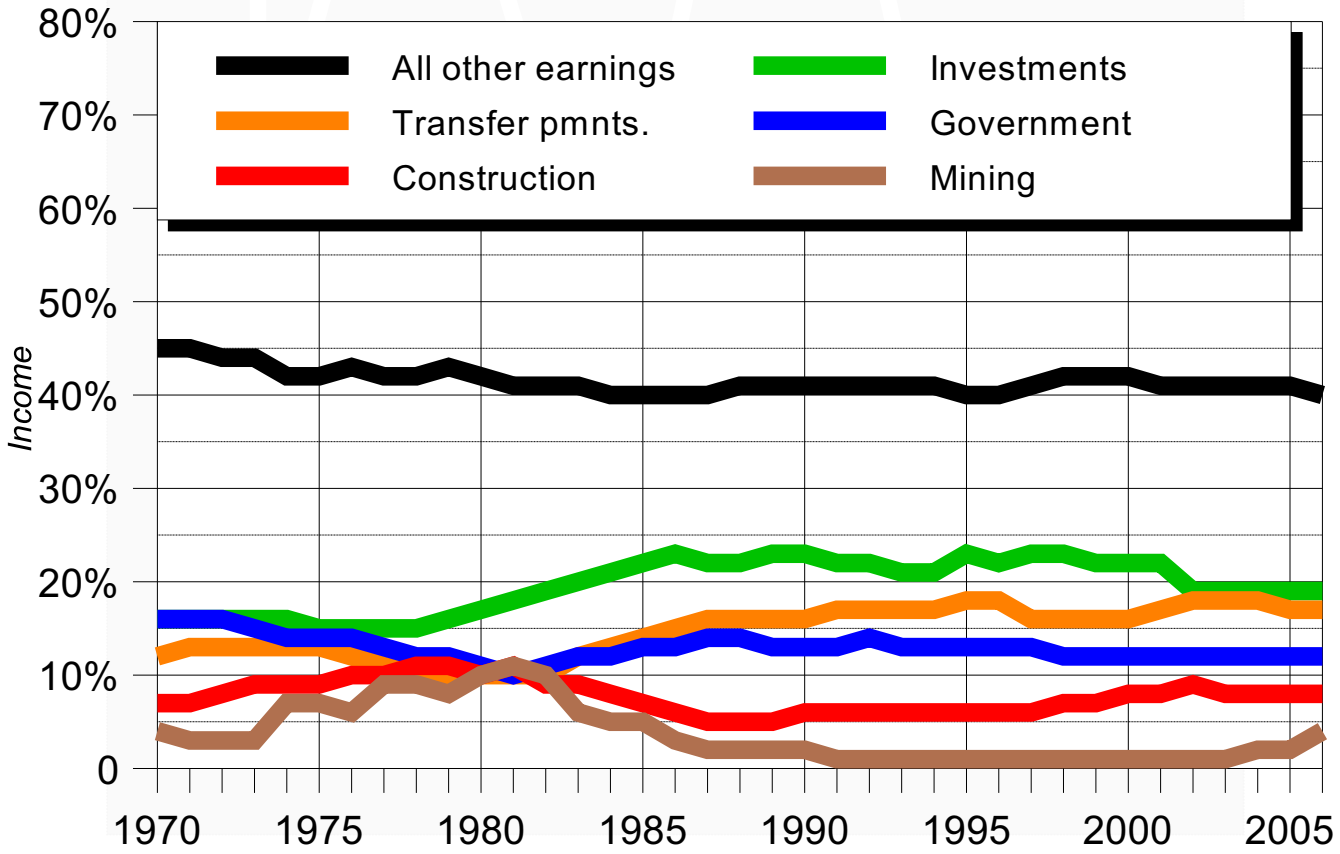


Changes – Economy II

Mining & construction boomed in 70s, tanked in 80s. Since late-80s, investments + pensions roughly equal "all other"

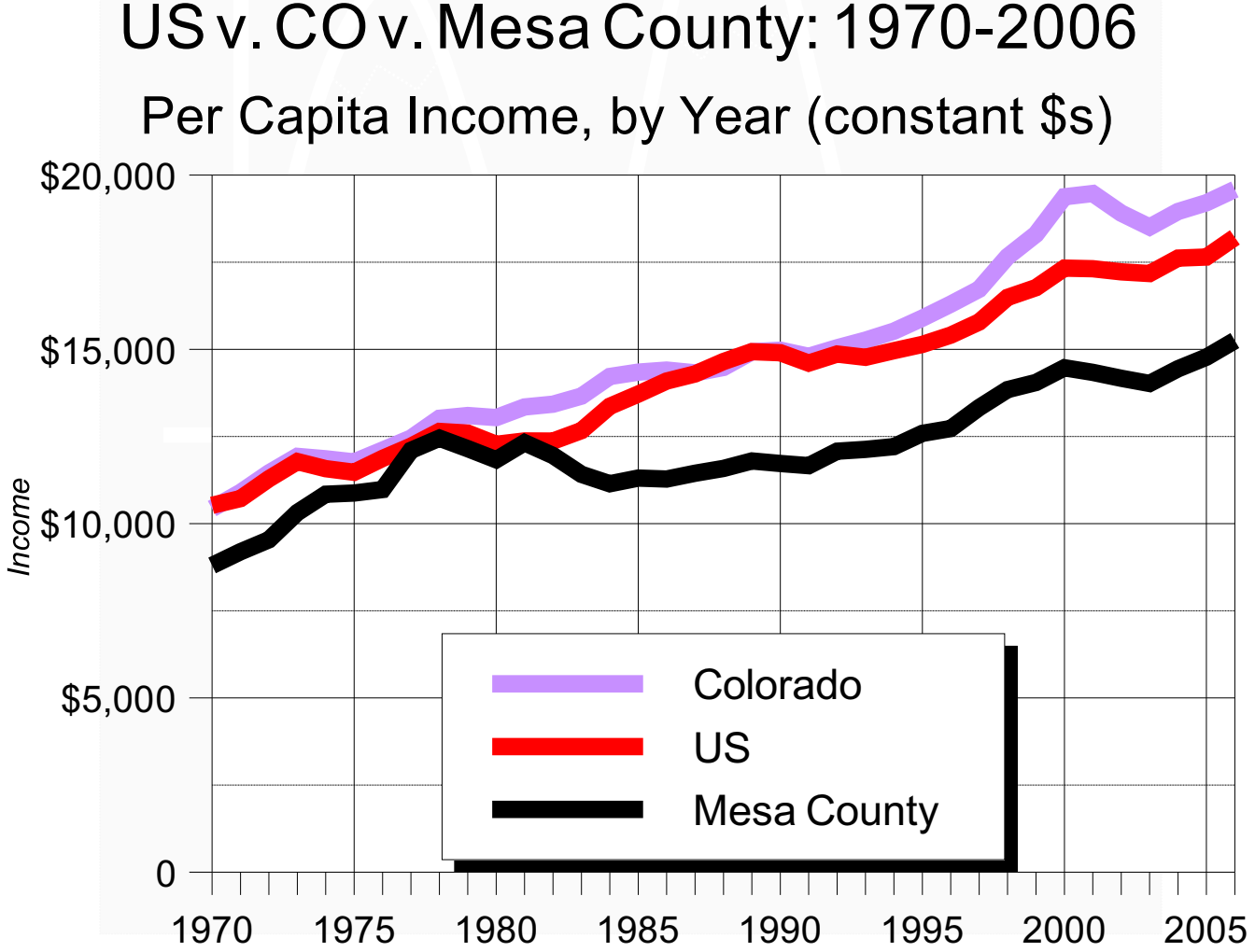
MesaCounty:1970-2006

Detailed Sources of Income, by Type



Changes – Economy III

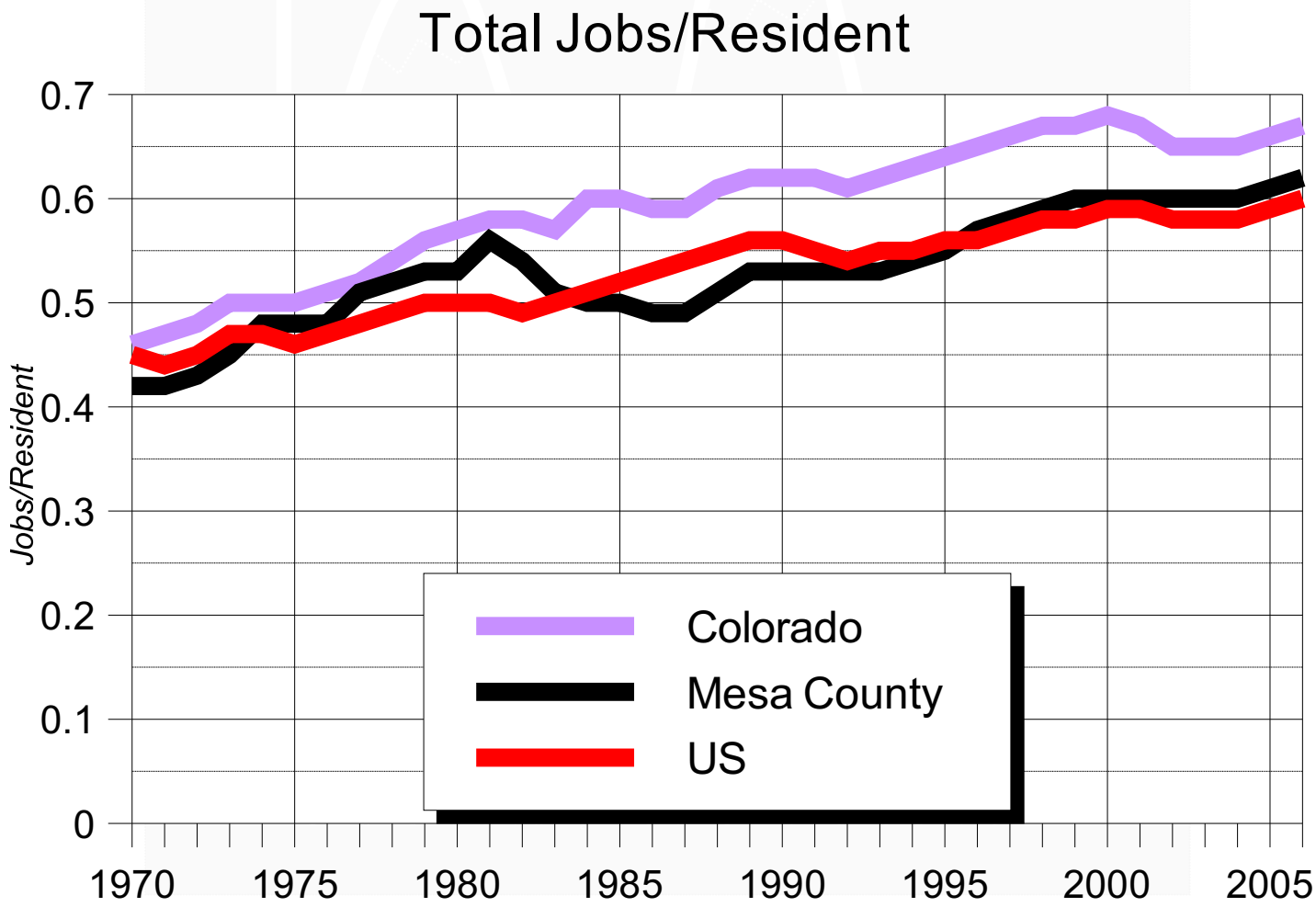
Mesa County's constant $ per capita income enjoyed steady growth post-boom (85-00); has just gotten back to 2000 level



Changes – Economy IV

Mesa County also enjoyed steady job growth 1985-2000

US v. CO v. Mesa County: 1970-2006



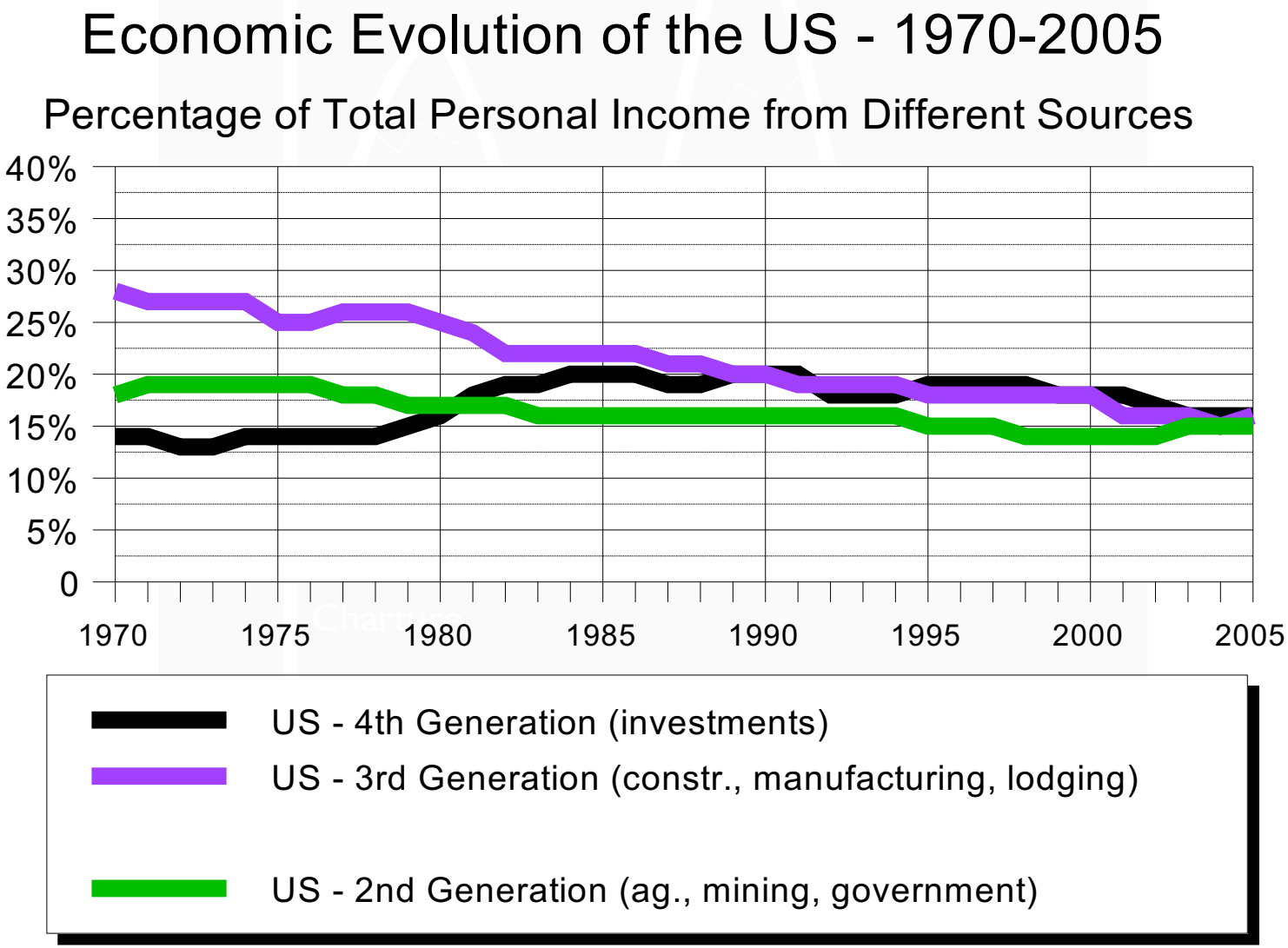
Why is Mesa's Economy Growing? A Theory of Economic Evolution

4 phases of economic activity

- First generation – Hunter-gatherer
- Second generation – Land use
  - *Farming, forestry, other agriculture*
  - *Mining, oil & gas, other extractives*
- Third generation – Value added
  - *Manufacturing (where transportation allows)*
  - *Tourism (where scenery allows)*
- Fourth generation – Intellectual activity
  - *Professional services*
  - *Investments*

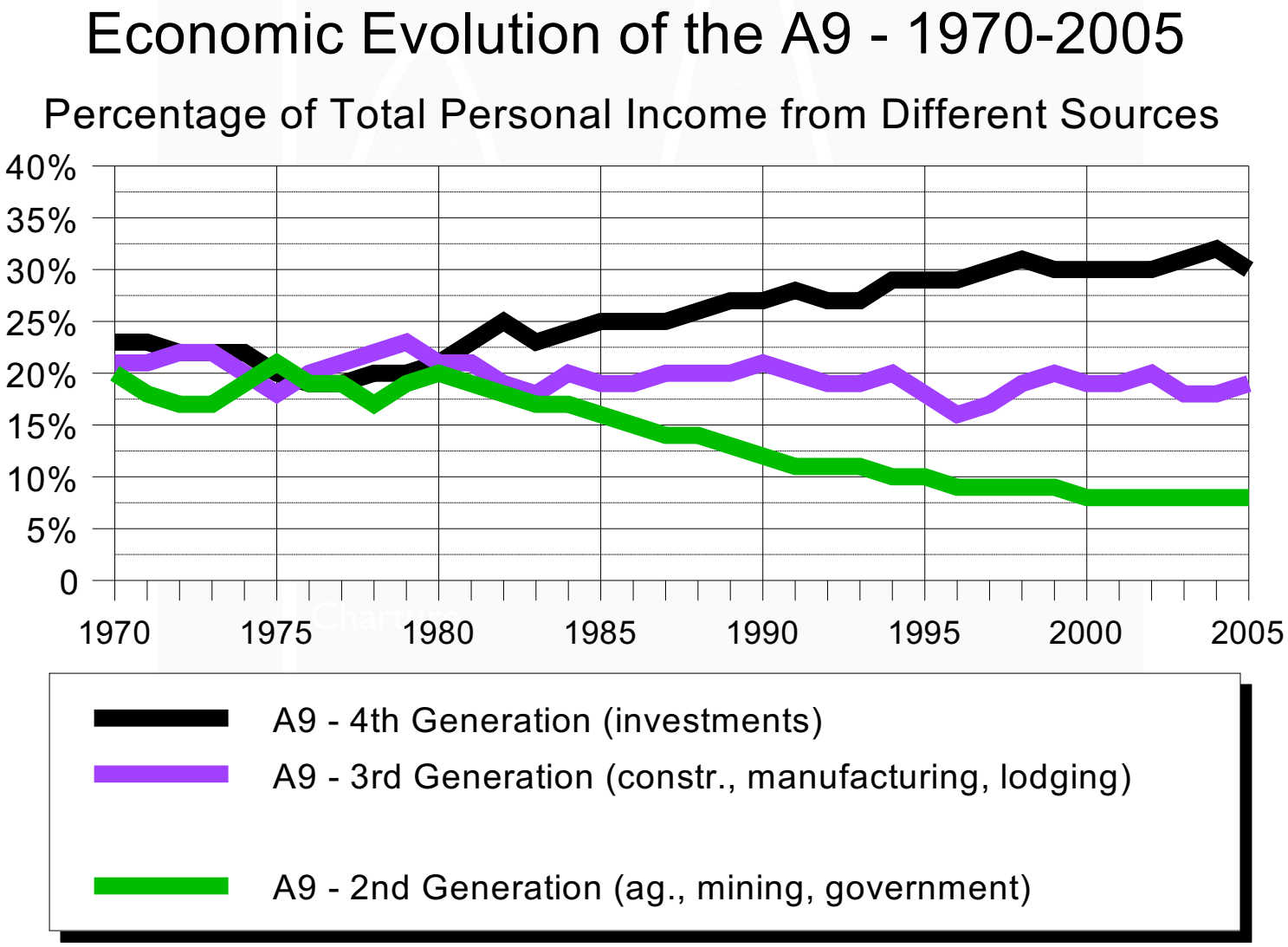
Economic Evolution – I

Economic Evolution in U.S.: Divergence to convergence



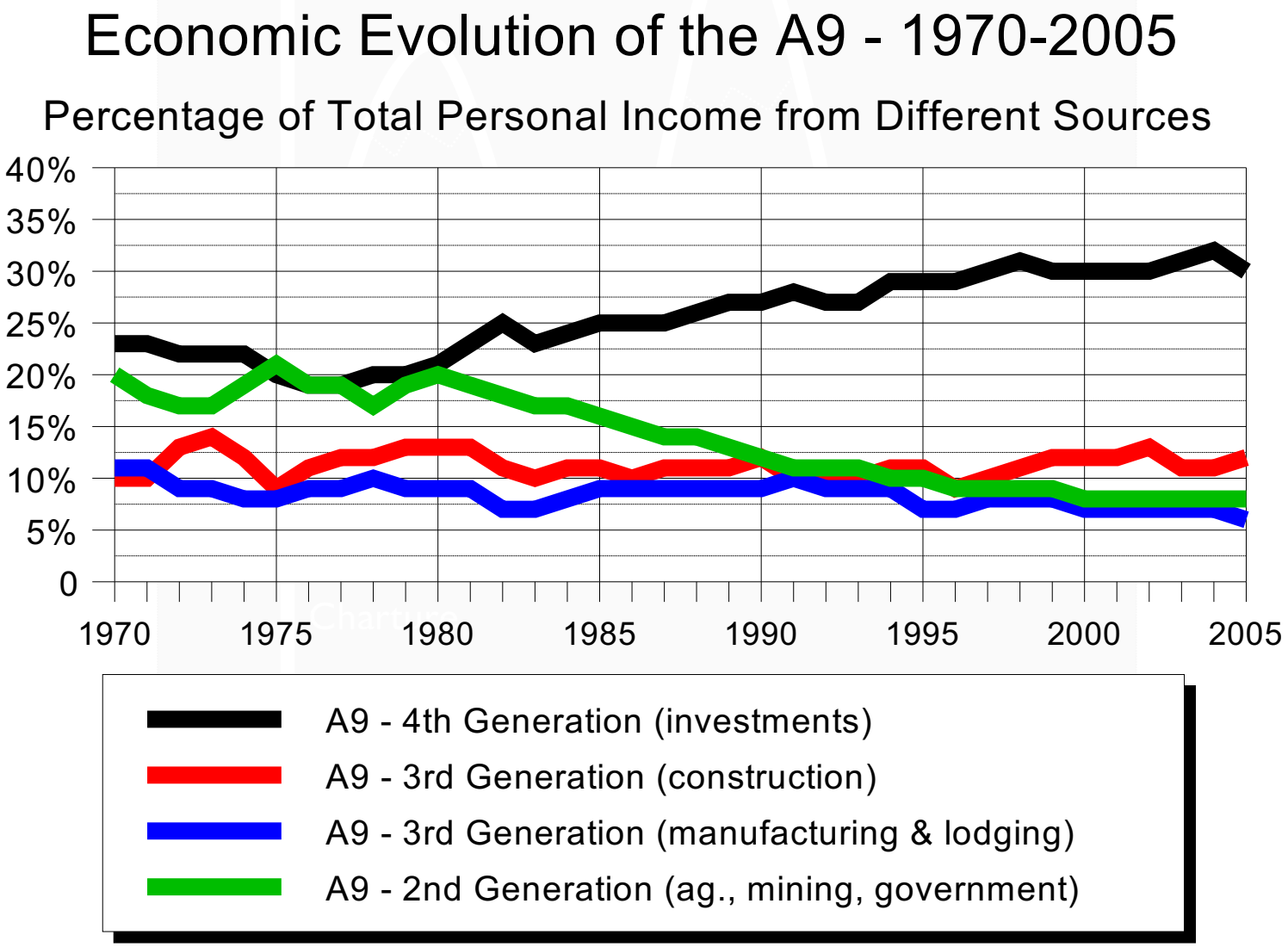
Economic Evolution – II

Economic Evolution in A9s: Convergence to divergence



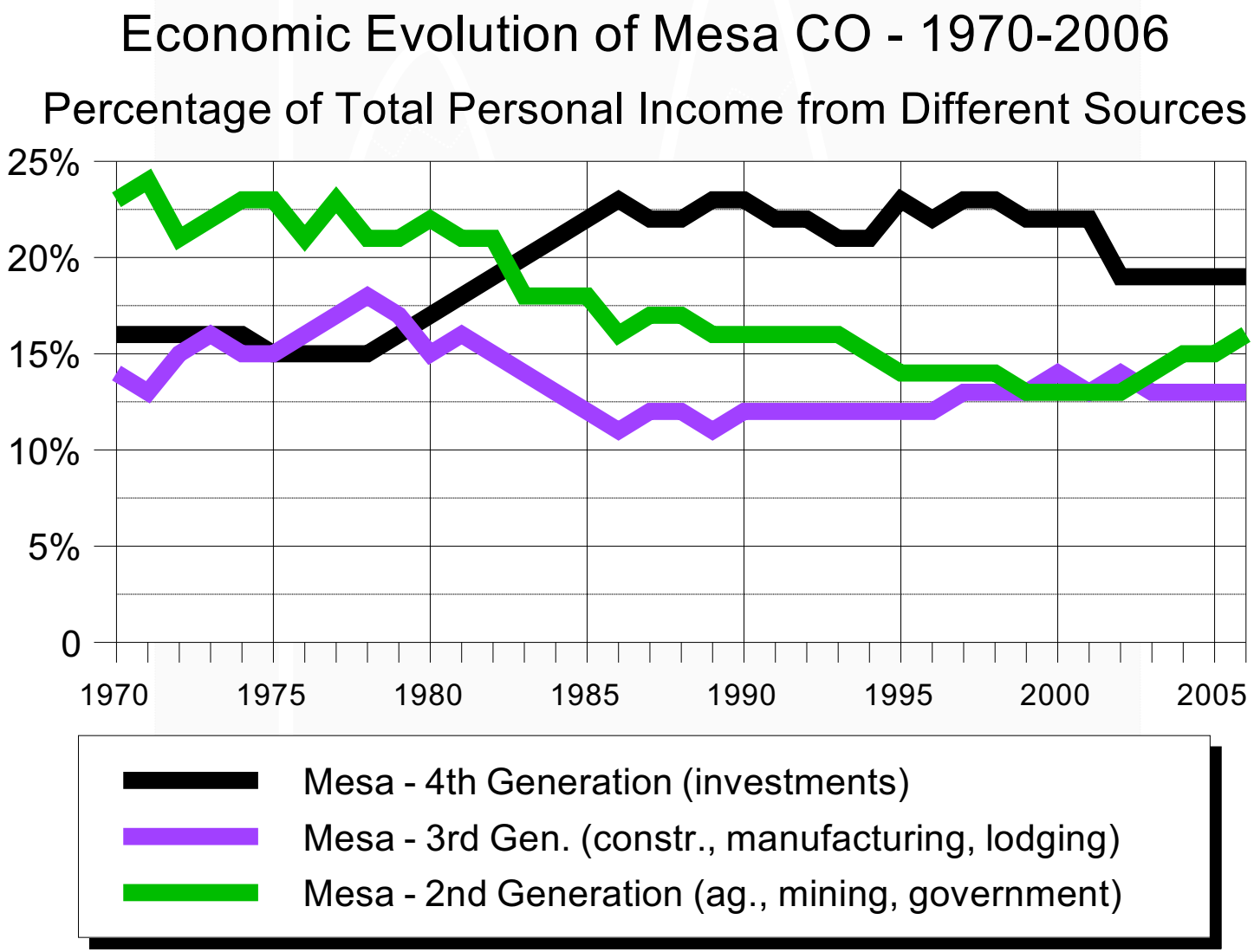
Economic Evolution – III

A9s: Construction is more important than gov't., lodging



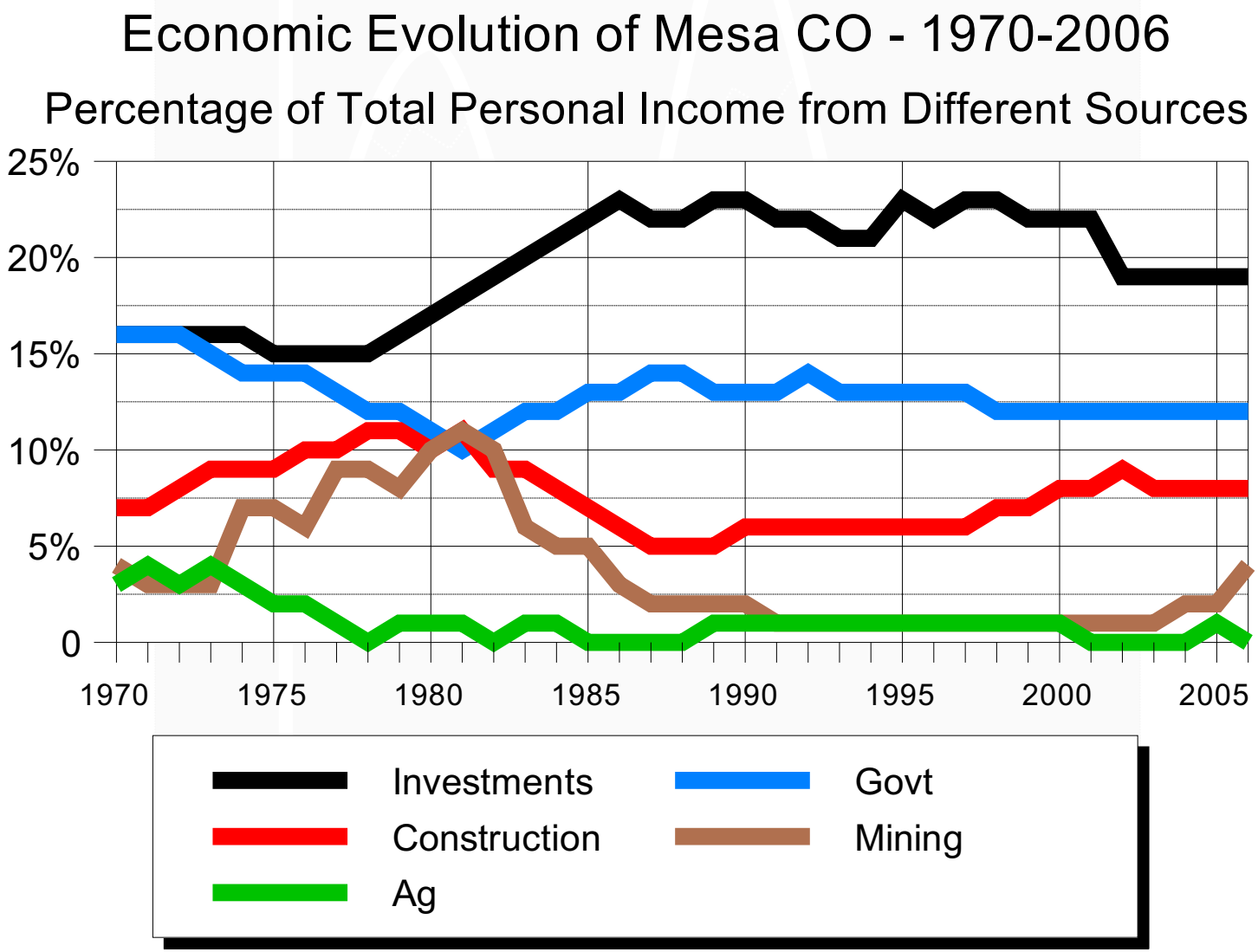
Economic Evolution – IV

Economic Evolution in Mesa: Fundamental change in mid-80s



Economic Evolution – V

In 1980, Investments = 1.8 x Mining; in 2006 = 5x



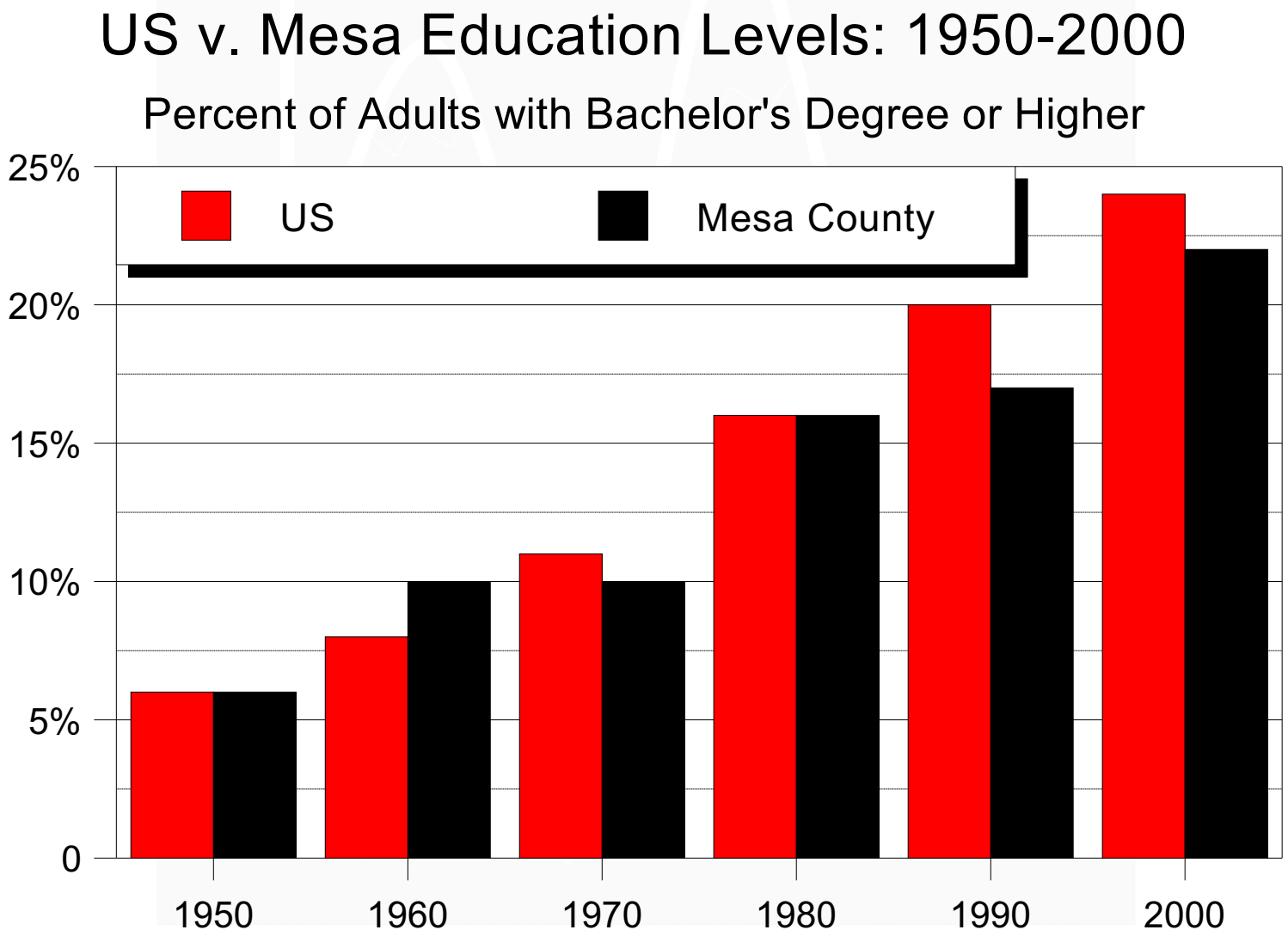
Economy – Summary

Even with current hydrocarbon boom, Mesa's economy very different than 25 years ago

- The economy performed well after the first hydrocarbon bust
- The growth of investment and pension income parallels other types of growth (per capita income, housing, population)
- Changes in Mesa' economy suggest it is becoming more "A9-esque;" much less susceptible to commodity boom-busts
  - *Different from 1980s, when the hydrocarbon took down Mesa's economy*
- Current hydrocarbon boom is very visible; commands attention from press, casual observers etc. This isn't true of the longer-term, slower, and more incremental growth of 4th generation economy (investments, pensions, prof. services etc.)
  - *In 2006, health care alone accounted for 10% of Mesa County's wages; v. 4% for mining*
- Increase in pensions also highlights the importance of focusing on the aging population

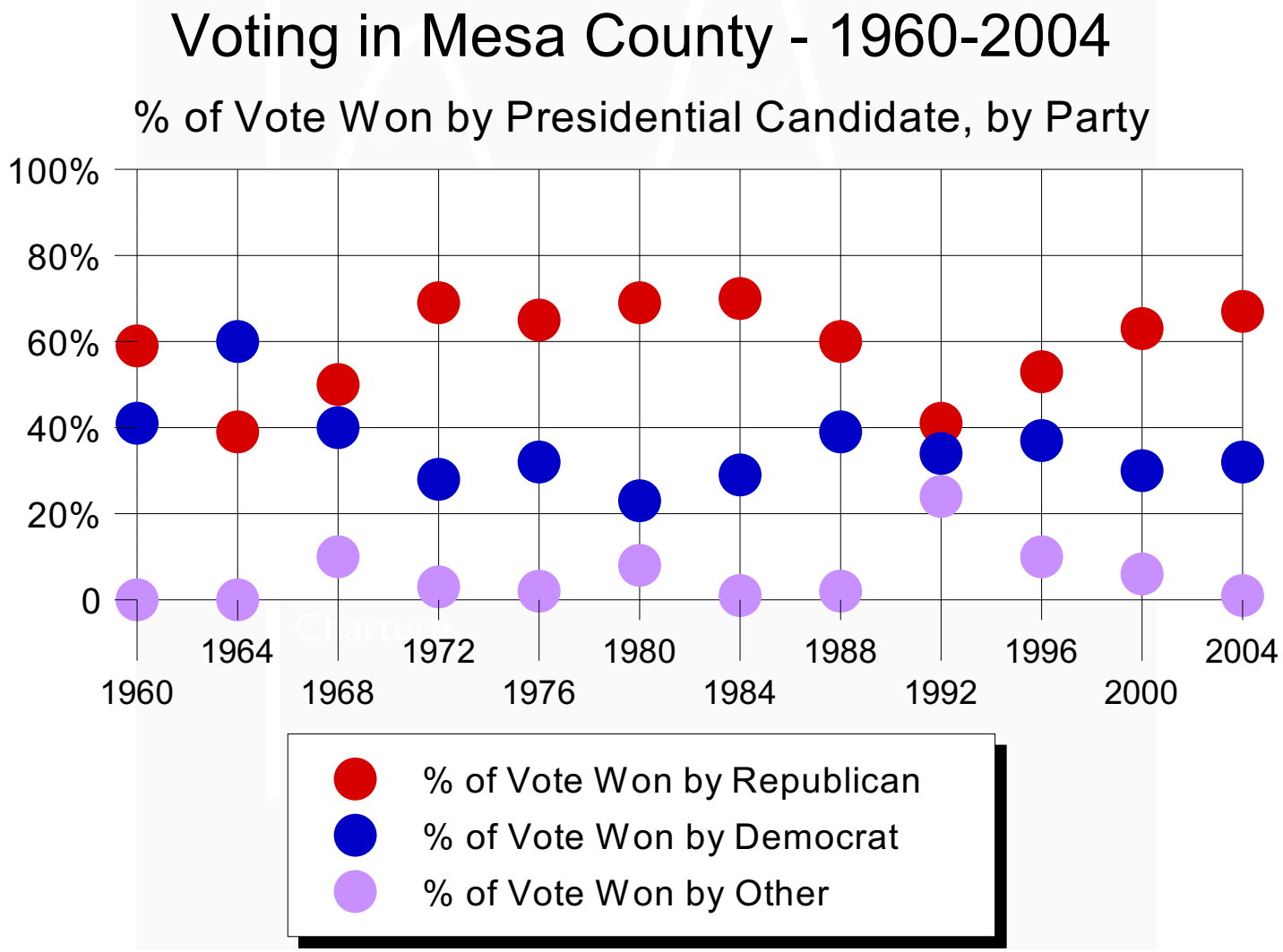
Changes – Education Levels

Mesa County's education levels are lower than nation's...



Changes – Voting Patterns

… and the county remains a GOP bastion



Social Indicators – Summary

Schechter's maxim: Economies change faster than percpeptions; perceptions change faster than politics

- Mesa County's education levels more-or-less paralleled the US's through 1980; fell behind in the 1980s; started to catch up again in the 1990s
  - *Did the 1980s hydrocarbon bust lead to loss of more highly-educated management types? Happened in other boom-bust economies*
- Mesa's politics have remained unchanged despite growth and economic fluctuations
- Schechter's maxim: Economies change faster than percpeptions; perceptions change faster than politics
  - *As Mesa's environment and lifestyle continue to attract more fourth generation income and jobs, its education levels will continue to grow*
  - *Its politics will also inevitably shift*

Overall Conclusions

Is Mesa County at a crossroads?

- Mesa County is becoming more A9-esque
  - *E.g – Mesa enjoyed strong growth before the current hydrocarbon boom*
  - *Hydrocarbon boom drowns out other, more incremental "A9-esque" growth*
- To the extent that the "A9-esque" growth is dependent on qualities such as lifestyle and natural resources, a potential clash looms between Mesa's 15 year-long lifestyle economy" growth and its more recent hydrocarbon-based growth
- Fundamental question: When the hydrocarbon boom inevitably busts, will Mesa be able to continue its lifestyle-based growth? Or, in its embrace of the current hydrocarbon boom, will it have made choices at odds with the underlying lifestyle boom?
- Schechter's maxim suggests how difficult it is for government to react quickly or thoughtfully to subtle-but-profound change (e.g. lifestyle) and/or rapid change (hydrocarbons)
  - *A challenge for electeds and other leaders at all levels*