

Update August 2006

The Region 9 Economic Development District of Southwest Colorado provides economic and community development services to a five county area, which includes Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties. For more information about this report, or other programs, contact Region 9 at (970) 247-9621. Or visit us on the web at www.scan.org.



*Retail Data for Decision Makers
Archuleta County Colorado*

This report uses retail sales data to provide insights for decision making regarding business expansion, relocation, marketing, government finance, and community development. County-wide many of the retail sectors are strong (exceeding their sales potential), particularly those sectors that benefit from tourism and the large number of seasonal residents, many of which own 2nd homes in the area. The natural environment, and the amenities it provides, has become the larger region's chief economic asset.

Total Retail Sales

Using "pull factors" we see that per capita retail sales in Archuleta County are weaker than state per capita sales in 2005. A pull factor shows the relative strength of the retail sales sector as compared to the state average. Pull factors are good measures of sales activities because they reflect changes in population, inflation, and the state economy.

Calendar Year	*Archuleta County Total Retail Sales	Estimated Number of Retail Firms	Sales per Firm	Archuleta Per Capita Sales	*State Per Capita Sales	Pull Factor
1999	\$ 140,607,744	412	\$ 341,281	\$ 14,693	\$ 19,228	0.76
2000	\$ 164,647,072	433	\$ 380,247	\$ 16,634	\$ 21,576	0.77
2001	\$ 170,572,635	471	\$ 362,150	\$ 16,171	\$ 21,646	0.75
2002	\$ 176,396,062	506	\$ 348,609	\$ 16,165	\$ 22,765	0.71
2003	\$ 172,966,000	526	\$ 328,833	\$ 15,449	\$ 23,000	0.67
2004	\$ 184,432,248	518	\$ 356,047	\$ 16,088	\$ 24,588	0.65
2005	\$ 221,062,836	531	\$ 416,314	\$ 18,868	\$ 26,614	0.71

The pull factor is derived by dividing the county's per capita sales by the state's per capita sales.

Pull factors greater than 1 represent retail sector strength, while pull factors less than 1 show sector weakness.

*adjusted to 2003 constant dollars

Unadjusted Actual Sales for 2004 = \$184,248,000; 2005 = \$216,516,000

Potential Sales

Archuleta County has had a surplus of potential sales since 1999. Potential sales are an estimate of the amount of money that could be spent on retail goods and services by residents of the county, based on the county's income and population.

Calendar Year	*Potential Sales	*Archuleta County Total Retail Sales	Surplus or Leakage	Surplus or Leakage as % of Potential
1999	\$ 111,366,755	\$ 140,607,744	\$ 29,240,989	26.3%
2000	\$ 122,590,499	\$ 164,647,072	\$ 42,056,573	34.3%
2001	\$ 133,152,198	\$ 170,572,635	\$ 37,420,437	28.1%
2002	\$ 146,358,836	\$ 176,396,062	\$ 30,037,226	20.5%
2003	\$ 151,719,415	\$ 172,966,000	\$ 21,246,585	14.0%
2004	\$ 168,899,753	\$ 184,432,248	\$ 15,532,495	9.2%
2005	\$ 186,839,243	\$ 221,062,836	\$ 34,223,593	18.3%

*adjusted to 2003 constant dollars

Unadjusted Actual Sales for 2004 = \$184,248,000; 2005 = \$216,516,000

A "surplus" indicates that residents from outside of the county are coming in to shop, while a "leakage" indicates that sales are leaving the county.

Potential sales are the product of the county population (11,716), state per capita sales (\$26,614), and the index of income (0.59). The index of income is county per capita income (\$21,639) divided by state per capita income (\$36,113). Please note that the 2004 per capita income figures are used for 04 and 05, as 2005 is not yet available.

Archuleta County potential sales by merchandise category 2005

If we look at the retail sectors in greater detail we can see that some groups have a surplus (drawing in shoppers for these items from outside of the area), while others show leakage (purchases of these goods are being made outside of the county). The sectors with negative numbers are not meeting their sales potential, and a closer look at them could provide opportunities for new businesses, or expansion of existing businesses.

Archuleta County Retail Trade Sectors 2005	Estimated # of Firms	Average Sales per Firm	Actual Sales	Potential Sales	Surplus or Leakage	Surplus or Leakage as a % of Potential	Percent of Actual Sales
Motor Vehicles/Parts	6	\$ 714,833	\$ 4,289,000	\$ 19,903,932	\$ (15,614,932)	-78%	4%
General Merchandise	10	\$ 721,400	\$ 7,214,000	\$ 14,325,489	\$ (7,111,489)	-50%	6%
Electric/Appliances	4	\$ 388,000	\$ 1,552,000	\$ 2,798,013	\$ (1,246,013)	-45%	1%
Clothing	13	\$ 187,769	\$ 2,441,000	\$ 3,775,265	\$ (1,334,265)	-35%	2%
Sport/Hobby Shops	16	\$ 160,375	\$ 2,566,000	\$ 3,490,692	\$ (924,692)	-26%	2%
Health Care Products	3	\$ 647,000	\$ 1,941,000	\$ 2,544,998	\$ (603,998)	-24%	2%
Furniture, etc.	9	\$ 353,889	\$ 3,185,000	\$ 3,478,675	\$ (293,675)	-8%	3%
Misc Retail Stores	30	\$ 170,833	\$ 5,125,000	\$ 3,488,774	\$ 1,636,226	47%	5%
Non-store Outlets	41	\$ 110,829	\$ 4,544,000	\$ 2,269,620	\$ 2,274,380	100%	4%
Bldg Materials/Garden	11	\$ 2,672,000	\$ 29,392,000	\$ 8,154,735	\$ 21,237,265	260%	26%
Gas Stations	NA	NA	NA	\$ 6,363,679	NA	NA	NA
Food/Beverage Stores	NA	NA	NA	\$ 15,295,351	NA	NA	NA
*Confidential Sectors	22	\$ 2,335,773	\$ 51,387,000	NA	NA	NA	45%
Total	165	\$ 688,703	\$ 113,636,000				100%

NA = Not available (confidential); *Includes all confidential sectors for which specific data is not available

Retail sales can be broken down into 2 main categories; retail trade and retail services. Retail trade is composed of merchandise sectors such as food stores, hobby shops, etc. Retail services are businesses that provide a service, and also sell products in the course of that service. One example might be a movie theater, categorized as an arts/entertainment service, that provides entertainment and also sells drinks and popcorn. The proceeds of the snack bar are reported as retail sales revenue (of course it is way more complicated than this). Non-store outlets include catalog and internet sales, businesses that come to you, as well as traveling sales, i.e. festivals and art shows. General merchandisers include retail giants such as Walmart, which sell many of the goods (such as electronics/appliances) that are not meeting their potential at other outlets.

Archuleta County Retail Service Sectors 2005	Estimated # of Firms	Average Sales per Firm	Actual Sales	Potential Sales	Surplus or Leakage	Surplus or Leakage as a % of Potential	Percent of Actual Sales
Health/Social Assistance	4	\$ 182,750	\$ 731,000	\$ 4,911,246	\$ (4,180,246)	-85%	1%
Wholesale	37	\$ 140,568	\$ 5,201,000	\$ 16,234,867	\$ (11,033,867)	-68%	5%
Admin/Support/Waste	5	\$ 164,600	\$ 823,000	\$ 2,049,650	\$ (1,226,650)	-60%	1%
Finance/Insurance	17	\$ 53,176	\$ 904,000	\$ 2,000,284	\$ (1,096,284)	-55%	1%
Manufacturing	32	\$ 187,500	\$ 6,000,000	\$ 12,394,384	\$ (6,394,384)	-52%	6%
Professional/Technical	19	\$ 214,000	\$ 4,066,000	\$ 8,047,656	\$ (3,981,656)	-49%	4%
Agriculture	3	\$ 61,333	\$ 184,000	\$ 253,370	\$ (69,370)	-27%	0%
Information	59	\$ 175,373	\$ 10,347,000	\$ 8,256,682	\$ 2,090,318	25%	10%
Real Estate/Rentals	33	\$ 190,242	\$ 6,278,000	\$ 4,422,873	\$ 1,855,127	42%	6%
Food Services	41	\$ 372,683	\$ 15,280,000	\$ 9,856,898	\$ 5,423,102	55%	15%
Government	4	\$ 225,000	\$ 900,000	\$ 517,037	\$ 382,963	74%	1%
Arts/Entertainment	8	\$ 310,125	\$ 2,481,000	\$ 1,127,796	\$ 1,353,204	120%	2%
Other Services	42	\$ 293,500	\$ 12,327,000	\$ 4,596,424	\$ 7,730,576	168%	12%
Lodging	23	\$ 412,435	\$ 9,486,000	\$ 3,317,955	\$ 6,168,045	186%	9%
Construction	22	\$ 510,682	\$ 11,235,000	\$ 3,907,810	\$ 7,327,190	188%	11%
Education	NA	NA	NA	\$ 481,182	NA	NA	NA
Transp/Warehousing	NA	NA	NA	\$ 3,490,692	NA	NA	NA
Mining	NA	NA	NA	\$ 2,048,275	NA	NA	NA
Utilities	NA	NA	NA	\$ 8,494,075	NA	NA	NA
*Confidential Sectors	17	\$ 978,647	\$ 16,637,000	NA	NA	NA	16%
Total	366	\$ 281,093	\$ 102,880,000				100%

NA = Not available (confidential); *Includes all confidential sectors for which specific data is not available

Town Retail Trade

We can also look at how retail trade is distributed within the county. Pagosa Springs is the only town, but it serves a relatively large population living in unincorporated areas. In 2003 Pagosa Springs pulled in the lion's share (80%) of sales and had most of the retail firms (60%). This changed in 2005, with a decline in Pagosa's total sales, and a rise in sales in unincorporated areas of the county.

Town	Population Estimate 2005	Total Retail Sales	Estimated # of Retail Firms	Average Sales per Firm	Per Capita Sales	% of Sales	% of Firms
Pagosa Springs	1,640	\$ 114,444,000	316	\$ 362,165	\$ 69,783	52.9%	59.5%
Unincorporated	10,076	\$ 102,072,000	215	\$ 474,753	\$ 10,130	47.1%	40.5%
Total	11,716	\$ 216,516,000	531	\$ 407,751	\$ 18,480	100.0%	100.0%

Actual versus Expected Sales

Expected sales are an estimate of the sales level a town would achieve if it were performing on par with Colorado towns of a similar size. This provides a means of comparing what is expected for a town of a certain size to what is actually happening. *Expected sales is the product of town population, state per capita sales, the index of income, and the typical pull factor.* We selected 10 towns from Western Colorado for comparison to Pagosa Springs to calculate a "typical" pull factor, as shown on page five.

2003 Actual Sales \$137,891,000	2005 Actual Sales \$179,876,000
Expected Sales \$25,956,462	Expected Sales \$37,833,644
Pagosa 431% above expected	Pagosa 375% above expected

Actual sales in Pagosa Springs far exceeded expected sales (375%). This is probably because the town serves a much larger population in the unincorporated areas, as well as seasonal visitors and 2nd homeowners, who are not included in population figures.

However, the percentage above expected sales is down from 2003. This may indicate that more sales are leaving the county in 2005.

Town of Pagosa Springs potential sales by merchandise category 2005

From this analysis we see that most of Pagosa's retail trade sectors are very strong, although many of the sectors are not disclosed. This suggests that Pagosa Springs serves as a trade center for surrounding areas, which probably include nearby portions of New Mexico. The strongest sector (building materials and garden shops) probably reflects the large number of second / seasonal homes which have been built in Archuleta County by residents from outside of the area. About 59% of private properties in the county are owned by non-locals according to a recent study.

Potential sales are the product of Pagosa's population(1,640), state per capita sales (\$26,067), and the index of income (0.59).

Pagosa Springs Retail Trade Sectors 2005	Estimated # of Firms	Average Sales per Firm	Actual Sales	Potential Sales	Surplus or Leakage	Surplus or Leakage as a % of Potential	Percent of Actual Sales
Motor Vehicles/Parts	5	\$ 855,800	\$ 4,279,000	\$ 2,790,009	\$ 1,488,991	53%	4%
General Merchandise	5	\$ 1,316,400	\$ 6,582,000	\$ 2,008,057	\$ 4,573,943	228%	6%
Sport/Hobby Shops	13	\$ 169,385	\$ 2,202,000	\$ 489,303	\$ 1,712,697	350%	2%
Clothing	10	\$ 243,100	\$ 2,431,000	\$ 529,193	\$ 1,901,807	359%	2%
Furniture	9	\$ 332,667	\$ 2,994,000	\$ 486,943	\$ 2,507,057	515%	3%
Non-store Outlets	16	\$ 168,563	\$ 2,697,000	\$ 318,141	\$ 2,378,859	748%	3%
Misc Retail Stores	28	\$ 180,643	\$ 5,058,000	\$ 489,035	\$ 4,568,965	934%	5%
Bldg Materials/Garden	8	\$ 3,309,625	\$ 26,477,000	\$ 1,143,080	\$ 25,333,920	2216%	26%
Electronics/Appliances	NA	NA	NA	NA	NA	NA	NA
Healthcare Products	NA	NA	NA	NA	NA	NA	NA
Gas Stations	NA	NA	NA	NA	NA	NA	NA
Food/Bevarage Stores	NA	NA	NA	NA	NA	NA	NA
*Confidential Sectors	NA	NA	\$ 51,032,000	NA	NA	NA	49%
Total	94	\$ 6,576,182	\$ 103,752,000				100%

NA = Not available (confidential); *Includes all confidential sectors for which specific data is not available

Update August 2006

Within the retail services we see several very strong sectors, especially those that benefit from tourism and 2nd home development, i.e. construction, arts and entertainment, eating and drinking establishments, and lodging.

Pagosa Springs Retail Service Sectors 2005	Estimated # of Firms	Average Sales per Firm	Actual Sales	Potential Sales	Surplus or Leakage	Surplus or Leakage as a % of Potential	Percent of Actual Sales
Health/Social Assistance	4	\$ 180,750	\$ 723,000	\$ 688,428	\$ 34,572	5%	1%
Wholesale	20	\$ 204,100	\$ 4,082,000	\$ 2,275,702	\$ 1,806,298	79%	5%
Finance/Insurance	10	\$ 51,300	\$ 513,000	\$ 280,387	\$ 232,613	83%	1%
Professional/Technical	14	\$ 218,786	\$ 3,063,000	\$ 1,128,070	\$ 1,934,930	172%	4%
Manufacturing	17	\$ 290,882	\$ 4,945,000	\$ 1,737,367	\$ 3,207,633	185%	6%
Information	12	\$ 347,083	\$ 4,165,000	\$ 1,157,370	\$ 3,007,630	260%	5%
Real Estate/Rentals	17	\$ 278,647	\$ 4,737,000	\$ 619,971	\$ 4,117,029	664%	6%
Eating/Drinking Services	34	\$ 389,735	\$ 13,251,000	\$ 1,381,678	\$ 11,869,322	859%	17%
Government	9	\$ 97,333	\$ 876,000	\$ 72,475	\$ 803,525	1109%	1%
Lodging	15	\$ 458,800	\$ 6,882,000	\$ 465,090	\$ 6,416,910	1380%	9%
Arts & Entertainment	7	\$ 346,429	\$ 2,425,000	\$ 158,087	\$ 2,266,913	1434%	3%
Other Services	33	\$ 318,576	\$ 10,513,000	\$ 644,298	\$ 9,868,702	1532%	14%
Construction	18	\$ 561,056	\$ 10,099,000	\$ 547,772	\$ 9,551,228	1744%	13%
Education	NA	NA	NA	NA	NA	NA	NA
Agricultural	NA	NA	NA	NA	NA	NA	NA
Admin/Support/Waste	NA	NA	NA	NA	NA	NA	NA
*Confidential Sectors	27	\$ 364,815	\$ 9,850,000	NA	NA	NA	13%
Total	237	\$ 321,198	\$ 76,124,000	\$ 11,156,695	\$ 87,280,695		100%

NA = Not available (confidential); *Includes all confidential sectors for which specific data is not available

Data Sources - This report is patterned after a series of studies done by the Office of Social and Economic Trend Analysis at Iowa State University (available on the web at www.seta.iastate.edu). We have used their definitions of terms, calculations, and methods of analysis. We thank them for their assistance in the preparation of this report.

Retail sales data was provided by the Colorado Department of Revenue – Office of Research and Analysis. We appreciate their assistance in breaking out the numbers for our region, a very time consuming task. This was complicated by the fact that in Colorado businesses can file reports monthly, quarterly or annually. Thus, the numbers of filings within a calendar year are divided by 10.5 to approximate the number of firms. Confidentiality is also a concern, particularly in small areas where individual businesses (and their revenues) might be easily identified. Confidentiality (non-disclosure) occurs when there are less than 3 companies reporting and/or one company controls 70% of the retail sales in that jurisdiction. Sectors are presented using the North American Industry Classification System (NAICS).

The Colorado Demography Section provided population estimates as well as adjustment factors to convert current dollars into constant dollars. Current dollar sales are sales as reported by the state, no adjustment has been made for price inflation. Constant dollar sales reflect changes in price inflation by adjusting current dollar sales with the Consumer Price Index (Denver-Boulder CPI). This is a more realistic method of evaluating sales over time as it converts all sales to a base year, in this case 2003.

Information regarding 2nd homes is drawn from a Region 9 Study, *The Social and Economic Effects of Second Homes in South-west Colorado - Draft July 3, 2006* (available at www.scan.org).

FOR MORE INFORMATION CONTACT:

Region 9 Economic Development District
Ed Morlan
 259A Girard St
 Durango, CO 81303
 Phone: 970-247-9621; Email:ed@scan.org

Information Services
Donna Graves
 P.O. Box 2085
 Durango, CO 81302
 Phone: 970-385-4897; E-mail: dkgis@frontier.net

Fort Lewis College
Small Business Development Center
Joe Keck
 1000 Rim Dr, 140 Education/Business
 Building
 Durango, CO 81301
 Phone: 970-247-7009
 Fax: 970-247-7205;
 E-mail: sbdc@fortlewis.edu

Comparable Towns - Western Colorado

Town	County	05 Population	05 Total Retail Sales	Town Per Capita Sales	State Per Capita Sales	Pull Factor
Small Towns (Population 0-999)						
Creede	Mineral	417	\$ 8,588,000	\$ 20,595	\$ 26,067	0.79
Naturita	Montrose	657	\$ 10,728,000	\$ 16,329	\$ 26,067	0.63
Lake City	Hinsdale	390	\$ 9,672,000	\$ 24,800	\$ 26,067	0.95
Ridgway	Ouray	866	\$ 25,834,000	\$ 29,831	\$ 26,067	1.14
Ouray	Ouray	858	\$ 26,099,000	\$ 30,418	\$ 26,067	1.17
Red Cliff	Eagle	312	\$ 1,349,000	\$ 4,324	\$ 26,067	0.17
Crawford	Delta	376	\$ 2,083,000	\$ 5,540	\$ 26,067	0.21
Norwood	San Miguel	490	\$ 11,756,000	\$ 23,992	\$ 26,067	0.92
Poncha Springs	Chafee	563	\$ 26,672,000	\$ 47,375	\$ 26,067	1.82
Saguache	Saguache	564	\$ 4,196,000	\$ 7,440	\$ 26,067	0.29
Average (Typical) Pull Factor for Comparable Small Towns						0.81
Dolores	Montezuma	901	\$ 14,607,000	\$ 16,212	\$ 26,067	0.62
Dove Creek	Dolores	684	\$ 24,504,000	\$ 35,825	\$ 26,067	1.37
Ignacio	La Plata	752	\$ 16,784,000	\$ 22,319	\$ 26,067	0.86
Rico	Dolores	238	\$ 2,837,000	\$ 11,920	\$ 26,067	0.46
Silverton	San Juan	548	\$ 16,458,000	\$ 30,033	\$ 26,067	1.15
Medium Towns (Population 1,000-5,000)						
Minturn	Eagle	1,138	\$ 31,551,000	\$ 27,725	\$ 26,067	1.06
Cedaredge	Delta	2,124	\$ 26,642,000	\$ 12,543	\$ 26,067	0.48
Olathe	Montrose	1,693	\$ 27,601,000	\$ 16,303	\$ 26,067	0.63
Paonia	Delta	1,546	\$ 118,063,000	\$ 76,367	\$ 26,067	2.93
Crested Butte	Gunnison	1,572	\$ 73,862,000	\$ 46,986	\$ 26,067	1.80
Vail	Eagle	4,785	\$ 488,497,000	\$ 102,089	\$ 26,067	3.92
Mountain Village	San Miguel	1,161	\$ 51,228,000	\$ 44,124	\$ 26,067	1.69
Telluride	San Miguel	2,339	\$ 121,125,000	\$ 51,785	\$ 26,067	1.99
Palisade	Mesa	2,842	\$ 27,188,000	\$ 9,567	\$ 26,067	0.37
Orchard City	Delta	2,947	\$ 11,712,000	\$ 3,974	\$ 26,067	0.15
Average (Typical) Pull Factor for Comparable Medium Towns						1.50
Bayfield	La Plata	1,728	\$ 52,152,000	\$ 30,181	\$ 26,067	1.16
Mancos	Montezuma	1,222	\$ 25,418,000	\$ 20,800	\$ 26,067	0.80
Pagosa Springs	Archuleta	1,640	\$ 111,444,000	\$ 67,954	\$ 26,067	2.61
Large Towns (Population 5,001- 20,000)						
Montrose	Montrose	16,070	\$ 739,819,000	\$ 46,037	\$ 26,067	1.77
Alamosa	Alamosa	8,488	\$ 319,678,000	\$ 37,662	\$ 26,067	1.44
Delta	Delta	7,711	\$ 259,707,000	\$ 33,680	\$ 26,067	1.29
Fruita	Mesa	9,393	\$ 119,491,000	\$ 12,721	\$ 26,067	0.49
Gunnison	Gunnison	5,303	\$ 217,314,000	\$ 40,979	\$ 26,067	1.57
Carbondale	Garfield	5,881	\$ 174,578,000	\$ 29,685	\$ 26,067	1.14
Avon	Eagle	6,753	\$ 325,348,000	\$ 48,178	\$ 26,067	1.85
Rifle	Garfield	8,118	\$ 306,575,000	\$ 37,765	\$ 26,067	1.45
Steamboat Springs	Routt	10,846	\$ 297,060,000	\$ 27,389	\$ 26,067	1.05
Glenwood Springs	Garfield	8,603	\$ 489,096,000	\$ 56,852	\$ 26,067	2.18
Average (Typical) Pull Factor for Comparable Large Towns						1.42
Cortez	Montezuma	8,550	\$ 565,515,000	\$ 66,142	\$ 26,067	2.54
Durango	La Plata	15,878	\$ 982,239,000	\$ 61,862	\$ 26,067	2.37