

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 2014 vs. Q1 2014



Q2 2014 vs. Q2 2013



Q3 2014 vs. Q3 2013

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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.

Record Employment Projected in 2014

Business filings record modest decrease for the quarter. While quarterly new entity filings slipped slightly in Q1 2014, existing entity renewals and entities in good standing expanded for the quarter. Colorado recorded 89,721 new entities over the last 12 months (+3%) and 26,522 for the quarter (-0.1%) ending in March. Existing entity renewals increased 7.3% year-over-year in Q1 2014.

Leading indicator pointing to continued employment growth. Despite a slight drop in Q1 filings year-over-year (-0.1%), annual new business filings expanded 3%. Colorado reached record employment in 2013. The relationship between new business filings and employment in Colorado foretells continued employment expansion in the first half of 2014.

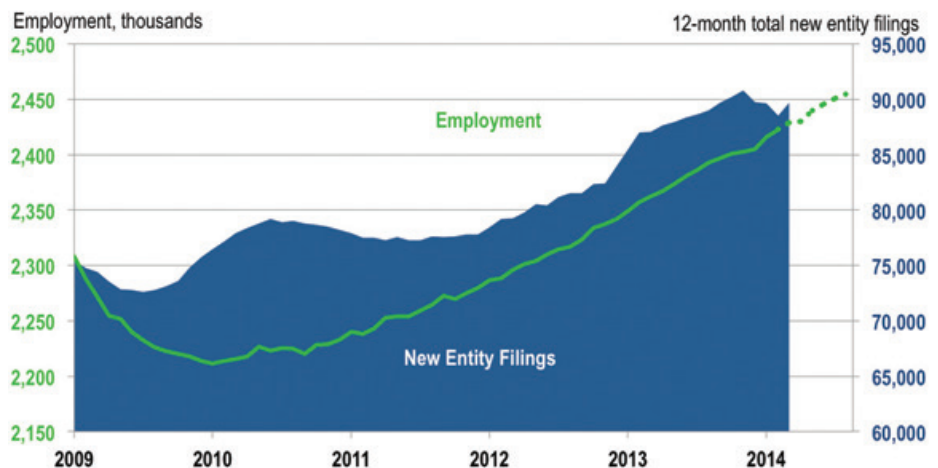
Colorado business leaders remain optimistic ahead of Q2 2014. Measured confidence going into Q2 2014 increased slightly and continues to be above 50 (neutral). The Leeds Business Confidence Index increased from 59.9 to 61 in the Q2 survey. Compared to the Q1 2014 survey, Q2 survey respondents' confidence improved for all metrics except capital expenditures. The greatest gain was recorded in expectations for profits, increasing 3.4 points. Large companies (50 or more employees) were notably more optimistic than small companies in Colorado.

Employment, wealth, and income improves in Q1 2014. The national economy officially recouped peak private nonfarm employment in March 2014, and total employment (including the public sector) will reach a new peak in summer 2014. Continued growth in employment, personal income, and wealth is leading to improved confidence nationally and locally.

In 2013, building permits increased 16.8% year-over-year in Colorado in a 12-month trailing total, with single-family permits outpacing multifamily permits. Tightening inventory and more stable households are driving appreciation in all Colorado metropolitan areas except the Pueblo Metropolitan Statistical Area, with the fastest growth from Denver north.

In March, the Colorado Department of Labor and Employment revised 2013 total nonfarm employment growth upward to 2.9% or 68,100 jobs. February seasonally adjusted year-over-year growth was reported at 65,300 jobs, or 2.8% growth. The unemployment rate dropped to 6.1% in February from 7.1% a year ago. Quarterly wages increased 4.9% year-over-year in Q3 and personal income rose 3.4% in Colorado year-over-year, ranking the state sixth nationally. Per capital personal income stood at \$46,610 in 2013. Increased income will further expand consumption (i.e., retail sales).

Employment and New Entity Filings

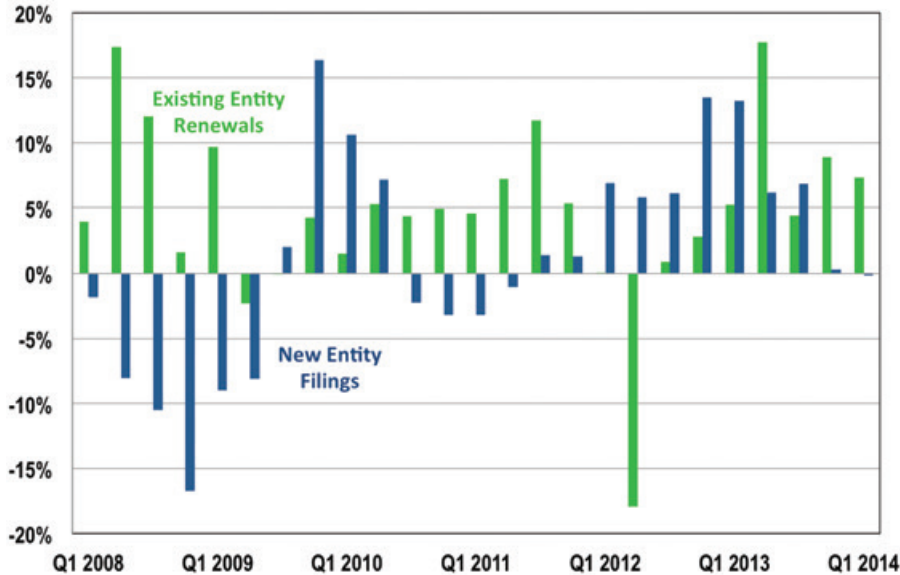


Note: Solid employment line displays actual seasonally adjusted employment numbers; dotted line reflects calculated forecasts. Source: Seasonally adjusted Colorado total nonfarm employees from the Colorado Department of Labor and Employment, Current Employment Statistics (CES), calculations by BRD research team. As of 04 2013, data presented represent the effective date rather than the received date for filings.

Existing Entity Renewals and New Entity Filings

Business Filings Overview

Year-over-year percent change for the quarter



New Entity filings fell slightly in Q1.

New entity filings fell 0.1% in Q1 2014 after modest growth of 0.3% in Q4 2013, signaling slowing expansion in 2014. Growth in the trailing four quarters increased 3% year-over-year in Q1. Existing entity renewals recorded strong year-over-year growth as new business formation a year ago added to the current existing entity base. Year-over-year dissolution filings decreased by 2.6% for the quarter. Trademark filings fell 21.6% when compared to Q1 2013, and trade name filings declined 6.7%. The number of entities in good standing grew 5.4% over the prior year.

	Q1 2014	Q4 2013	Q1 2013	Percent Change over Prior Year		5-Year CAGR ^a	
New Entity Filings							
Domestic Limited Liability Company	19,567	14,861	19,174	2.0%	▲	6.9%	▲
Domestic Nonprofit Corporation	887	733	825	7.5%	▲	2.3%	▲
Domestic Corporation	3,050	2,226	3,589	-15.0%	▼	-2.5%	▼
Other Entity Types	3,018	2,713	2,969	1.7%	▲	6.3%	▲
Total New Entity Filings	26,522	20,533	26,557	-0.1%	▼	5.3%	▲
Total New Entity Filings - 12 mo. trailing	89,721	89,756	87,085	3.0%	▲	3.8%	▲
Existing Entity Renewals							
Domestic Limited Liability Company	62,770	54,390	56,076	11.9%	▲	7.7%	▲
Domestic Nonprofit Corporation	11,126	9,446	10,633	4.6%	▲	2.2%	▲
Domestic Corporation	29,689	25,616	29,392	1.0%	▲	-1.8%	▼
Other Entity Types	14,582	12,809	13,983	4.3%	▲	2.8%	▲
Total Existing Entity Renewals	118,167	102,261	110,084	7.3%	▲	3.7%	▲
Total Existing Entity Renewals - 12 mo. trailing	416,449	408,366	381,485	9.2%	▲	3.6%	▲
Other Business Filings							
Dissolution Filings	5,802	5,699	5,958	-2.6%	▼	2.7%	▲
Dissolution Filings - 12 mo. trailing	20,521	20,677	19,450	5.5%	▲	1.9%	▲
Trademarks	824	560	1,051	-21.6%	▼	6.8%	▲
Trademarks - 12 mo. trailing	2,894	3,121	2,959	-2.2%	▼	5.0%	▲
Trade Names	12,195	9,599	13,068	-6.7%	▼	0.1%	▲
Trade Names - 12 mo. trailing	43,091	43,964	50,202	-14.2%	▼	-0.4%	▼
Entities in Good Standing							
Corporation	121,609	121,858	122,437	-0.7%	▼	-1.6%	▼
Foreign	54,083	53,038	50,118	7.9%	▲	5.8%	▲
Limited Liability Company	303,007	295,519	279,457	8.4%	▲	7.6%	▲
Nonprofit Corporation	44,789	44,339	43,832	2.2%	▲	2.1%	▲
Other Entity Types	10,439	10,520	10,502	-0.6%	▼	1.9%	▲
Total Entities in Good Standing	533,927	525,274	506,346	5.4%	▲	4.3%	▲

^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 slips in Q1.

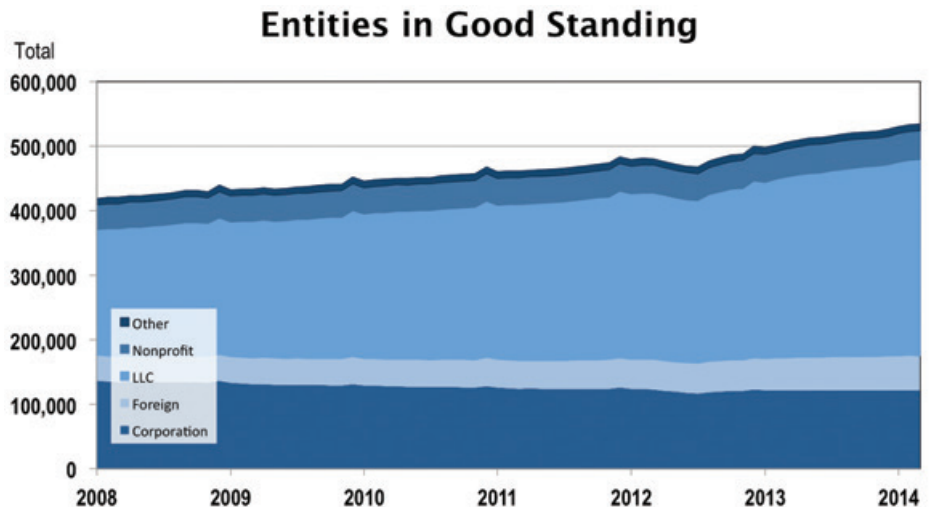
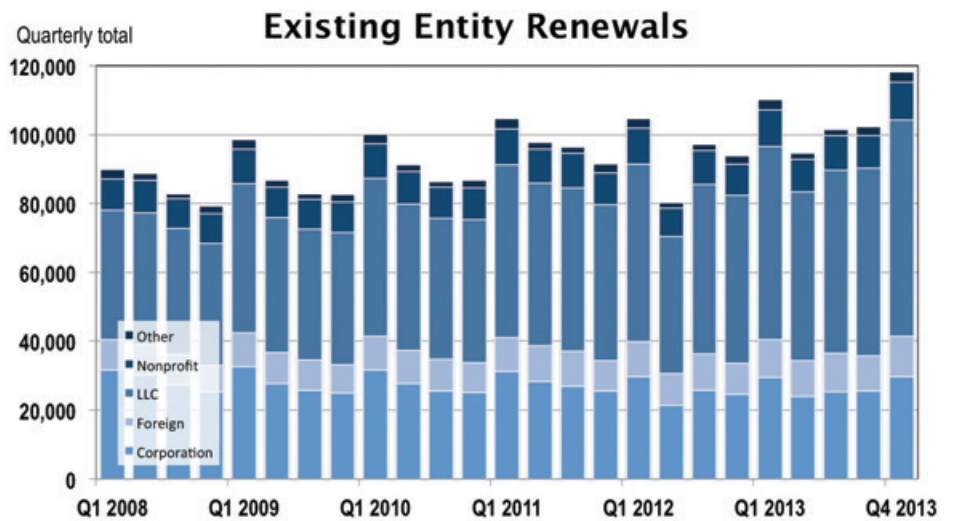
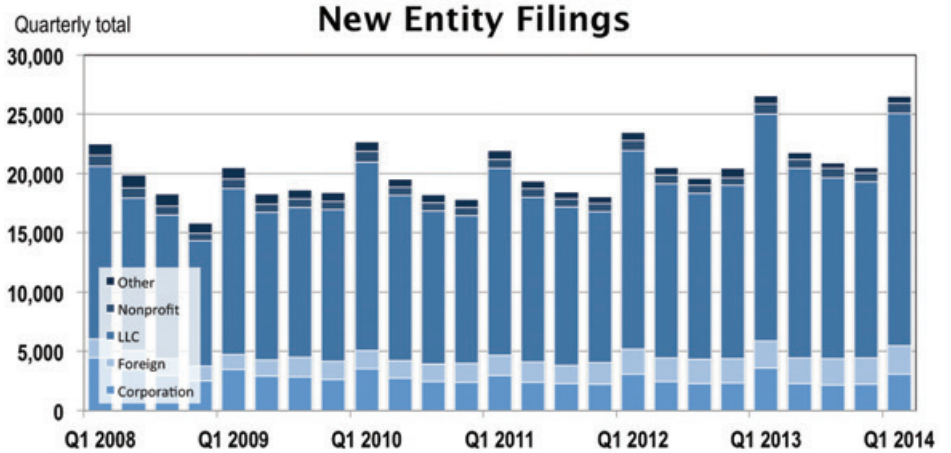
New entity filings slipped 0.1% year-over-year for the quarter in Q1 2014, while the 12-month trailing sum of new entity filings rose 3% year-over-year. Over the three months ending March 31, a total of 26,522 new entities were filed with the Colorado Secretary of State. This represents a five-year compound annual growth rate of 5.3%. Domestic limited liability companies increased 2% and account for 74% of new entity filings, while domestic corporations decreased 15% for the quarter compared to Q1 2013.

Existing entities continue to grow among Colorado businesses.

Existing entity renewals were up 7.3% year-over-year for Q1 2014, while the 12-month trailing sum of renewals was up 9.2% compared to the previous year. For the three months ending in March, 118,167 entities filed annual reports, an increase compared to a year ago.

Number of entities in good standing continues upward trend in Q1.

The cumulative number of firms in good standing totaled 533,927 in Q1, increasing 5.4% year-over-year and 1.6% quarter-over-quarter. Limited liability companies (LLC) account for 57% 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 Q1, corporations recorded a 0.7% decrease year-over-year, while LLCs and foreign entities made the greatest gains in good standing (8.4% and 7.9%, respectively).



Dissolutions, Trade Names, & Trademarks

Dissolution filings fell in Q1.

Dissolution filings in Q1 2014 fell by 156 (2.6%) year-over-year for the quarter, similar to Q4 results. In the 12 months ending Q1 2014, dissolutions were up 5.5% compared to the previous 12 months. During Q1 2014, a total of 5,802 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 Q1 2014.

Entities must file a statement of trade name when operating under any name other than their true name. The Colorado Secretary of State received 12,195 trade name filings in Q1, a decrease of 6.7% year-over-year, marking the fourth-consecutive quarter of decline for this volatile metric.

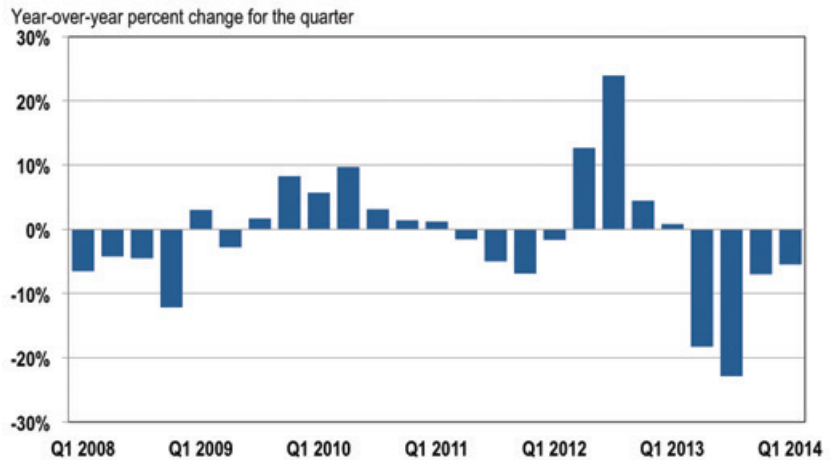
Trademark filings drop in Q1.

Safeguarding the symbols and words that an entity employs in commerce, trademark filings numbered 824 in Q1 2014, a 21.6% decrease year-over-year. Trademark filings for the 12 months ending Q1 2014 totaled 2,894, which was 2.2% lower than the previous year's number.

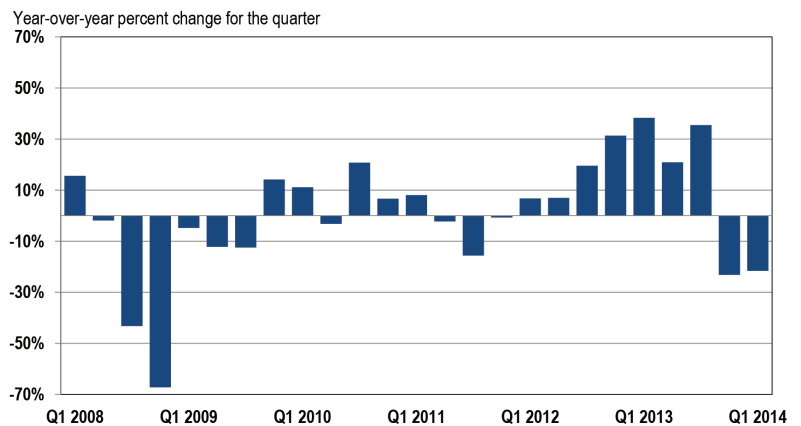
Dissolution Filings



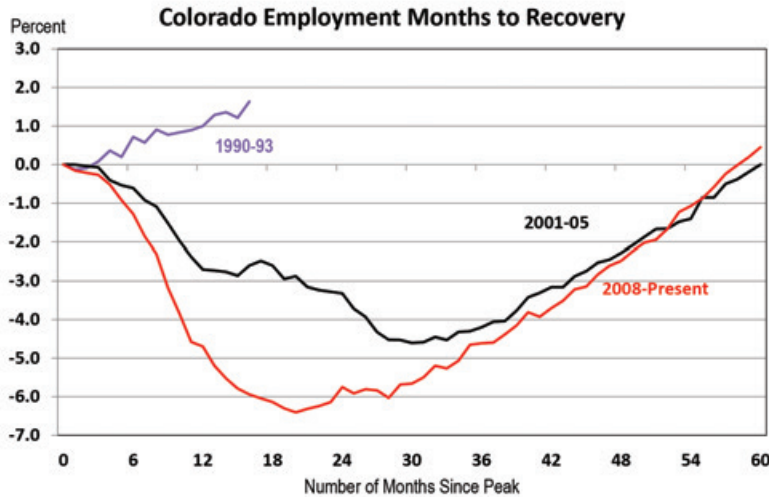
Trade Name Filings



Trademark Filings



Colorado Economic Indicators



Source: Bureau of Labor Statistics, Current Employment Statistics (Seasonally Adjusted).

Colorado continues strong economic growth.

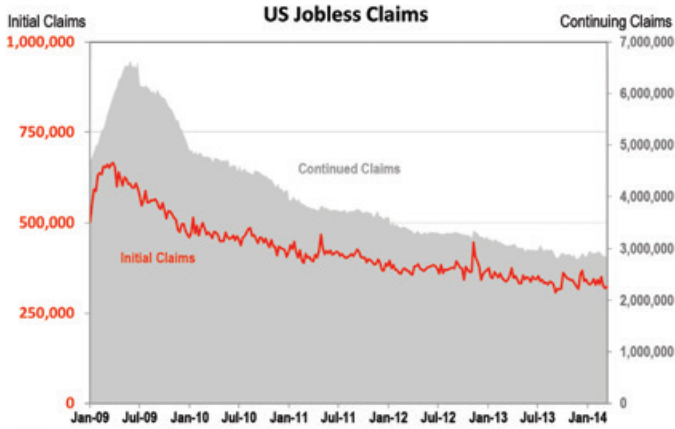
Current data indicate that the Colorado economy continues to improve as signaled by employment, wage, housing, retail trade, and other metrics. Employment rose 0.8% in February 2014, surpassing a total of 2.4 million, while annual wages per employee grew 2.3% year-over-year. Hiring expectations also increased from the preceding period. Overall, state jobless claims decreased annually in Q1. Unemployment continues to decline moving into 2014, at 6.1% in February. The value of residential construction showed substantial growth at the start of 2014, increasing 20.8% year-over-year. Foreclosure filings and sales declined considerably—47.6% and 56.1%, respectively—in Q1 2014 and are now back to pre-recession levels. Total business bankruptcy filings fell 27.4% from Q4 2013 to Q1 2014 and 23.9% year-over-year. Personal income grew 0.6% quarterly and 1.9% annually. Retail sales improved 1.8% in

the last quarter and were up 4.8% annually. Retail gas prices climbed from \$3.18 to \$3.64 during the past quarter, up 0.1% year-over-year. State economy expectations (LBCI) remain positive as the index increased from 64.8 to 66.7.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (millions of dollars)	249,313	247,724	0.6%	▲	1.9%	▲	3.2%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	170,708	167,714	1.8%	▲	4.8%	▲	2.2%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	78,597	77,080	2.0%	▲	5.8%	▲	2.3%	▲
Sales Expectations (LBCI) ^b	62.7	61.2	2.4%	▲	0.5%	▲	8.2%	▲
Profit Expectations (LBCI)	61.3	57.9	5.9%	▲	3.1%	▲	10.7%	▲
Business Outlays								
Annual Wages Per Employee (\$)	51,110	50,831	0.5%	▲	2.3%	▲	2.4%	▲
Hiring Expectations (LBCI)	59.6	59.3	0.4%	▲	3.7%	▲	11.6%	▲
Capital Expenditures Expectations (LBCI)	58.6	59.0	-0.8%	▼	2.9%	▲	13.1%	▲
Retail Gasoline Price (dollars per gallon)	3.64	3.18	14.2%	▲	0.1%	▲	12.4%	▲
Economic Overview								
Employment (in thousands)	2,422.3	2,402.9	0.8%	▲	2.8%	▲	1.2%	▲
Unemployment Rate	6.1%	6.3%	-0.2%	▼	-1.0 pp	▼	-1.1 pp	▼
Initial Jobless Claims	2,445	2,810	-13.0%	▼	-11.3%	▼	-14.8%	▼
Continuing Jobless Claims	46,220	51,423	-10.1%	▼	-0.5%	▼	-8.8%	▼
Building Permits, Number of Units, 12 mo. trailing	27,025	26,468	2.1%	▲	15.4%	▲	9.6%	▲
Valuation (millions of dollars), 12 mo. trailing	5,879	5,716	2.9%	▲	20.8%	▲	9.6%	▲
FHFA Purchase-Only Home Price Index	309	304	1.8%	▲	9.1%	▲	3.4%	▲
Foreclosure Filings	2,981	3,745	-20.4%	▼	-47.6%	▼	-20.7%	▼
Foreclosure Sales	1,650	2,074	-20.4%	▼	-56.1%	▼	-20.0%	▼
Total Business Bankruptcy Filings	156	215	-27.4%	▼	-23.9%	▼	-11.7%	▼
Chapter 7	129	166	-22.3%	▼	-9.8%	▼	-11.5%	▼
Chapter 11	17	32	-46.9%	▼	-66.0%	▼	-16.9%	▼
Chapter 13	8	17	-52.9%	▼	-20.0%	▼	0.0%	▷
State Economy Expectations (LBCI)	66.7	64.8	2.9%	▲	7.4%	▲	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) (Q4 13); Colorado Department of Revenue (NSA) (12/13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q2 14); Colorado Department of Labor and Employment, OCEW (NSA) (Q3 13); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (3/31/14); Bureau of Labor Statistics, CES (SA) (2/14); Bureau of Labor Statistics (SA) (2/14); U.S. Department of Labor, Employment and Training Administration (NSA) (3/15/14); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (2/14); FHFA Purchase-Only Home Price Index (SA) (Q4 13); Colorado Department of Local Affairs, Colorado Division of Housing (Q4 13); Administrative Office of the U.S. Courts (Q4 13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q2 14); ^aCompound Annual Growth Rate.

National Economic Indicators



Source: US Department of Labor and the Employment and Training Administration (Seasonally Adjusted).

Confidence pushes economic indicators higher in Q1.

Personal income rose by 0.6% over the last quarter as reported by the Bureau of Economic Analysis. Both employment and unemployment numbers improved—employment rose by 1.7% year-over-year, and the unemployment rate dropped from 7.5% to 6.7%. Wages per employee grew to \$49,779 in Q3 2013, up 2.2% in the last year. The Consumer Price Index climbed 0.5% in Q1 due to increasing food prices across the country. Retail gas prices rose 7.1% over the current period, yet fell 1.7% in the last year. GDP grew at a seasonally adjusted annual rate of 2.6% in Q4 compared to 4.1% in Q3 2013. This growth primarily reflected growing contributions in personal consumption expenditures (0.8%) and exports (2.3%). Initial jobless claims dropped by 10.9% during Q1, to 319,000, and by 13.5% compared to a year ago. Continuing claims fell by 0.6% quarterly and by 12.5% compared to a year ago. Total bankruptcy filings declined 6.9% quarterly, mainly because of large

declines in Chapter 7, 11, and 13 filings. The Leeds Business Confidence Index (LBCI) rose by 0.1 points as political risks continue to lessen and economic conditions continue to remain positive.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (billions of dollars)	14,304	14,225	0.6%	▲	1.6%	▲	3.0%	▲
Retail Sales, 12 mo. trailing (billions of dollars)	4,540.2	4,503.6	0.8%	▲	3.7%	▲	3.0%	▲
S&P 500	1,885.5	1,848.4	2.0%	▲	21.4%	▲	18.4%	▲
Business Outlays								
Annual Wages Per Employee	49,779	49,597	0.4%	▲	2.2%	▲	2.4%	▲
Consumer Price Index	235.2	234.0	0.5%	▲	1.1%	▲	2.0%	▲
Energy	246.4	242.3	1.7%	▲	-2.5%	▼	5.9%	▲
Transportation Services	282.4	282.6	-0.1%	▼	1.4%	▲	2.6%	▲
Retail Gasoline Price (dollars per gallon)	3.65	3.41	7.1%	▲	-1.7%	▼	11.7%	▲
Economic Overview								
Real Gross Domestic Output (billions of chained 2009 dollars)	15,942	15,839	0.7%	▲	2.6%	▲	1.8%	▲
Employment (in thousands)	137,928	137,395	0.4%	▲	1.7%	▲	0.8%	▲
Unemployment Rate	6.7%	6.7%	0.0%	▷	-0.8 pp	▼	-2.0 pp	▼
Initial Jobless Claims	319,000	358,000	-10.9%	▼	-5.6%	▼	-13.5%	▼
Continuing Jobless Claims	2,869,000	2,887,000	-0.6%	▼	-6.4%	▼	-12.5%	▼
Building Permits, Number of Units, 12 mo. trailing	972,900	956,786	1.7%	▲	16.2%	▲	3.8%	▲
Valuation (millions of dollars), 12 mo. trailing	175,088	170,131	2.9%	▲	21.7%	▲	6.7%	▲
FHFA Home Price Index	205.0	202.6	1.2%	▲	7.7%	▲	0.8%	▲
Total Business Bankruptcy Filings	7,556	8,119	-6.9%	▼	-18.1%	▼	-10.1%	▼
Chapter 7	5,221	5,314	-1.8%	▼	-17.0%	▼	-10.1%	▼
Chapter 11	1,641	1,983	-17.2%	▼	-23.0%	▼	-11.0%	▼
Chapter 13	584	701	-16.7%	▼	-17.3%	▼	-9.6%	▼
National Economy Expectations (LBCI)	57.5	57.4	0.2%	▲	13.9%	▲	17.1%	▲

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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.

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