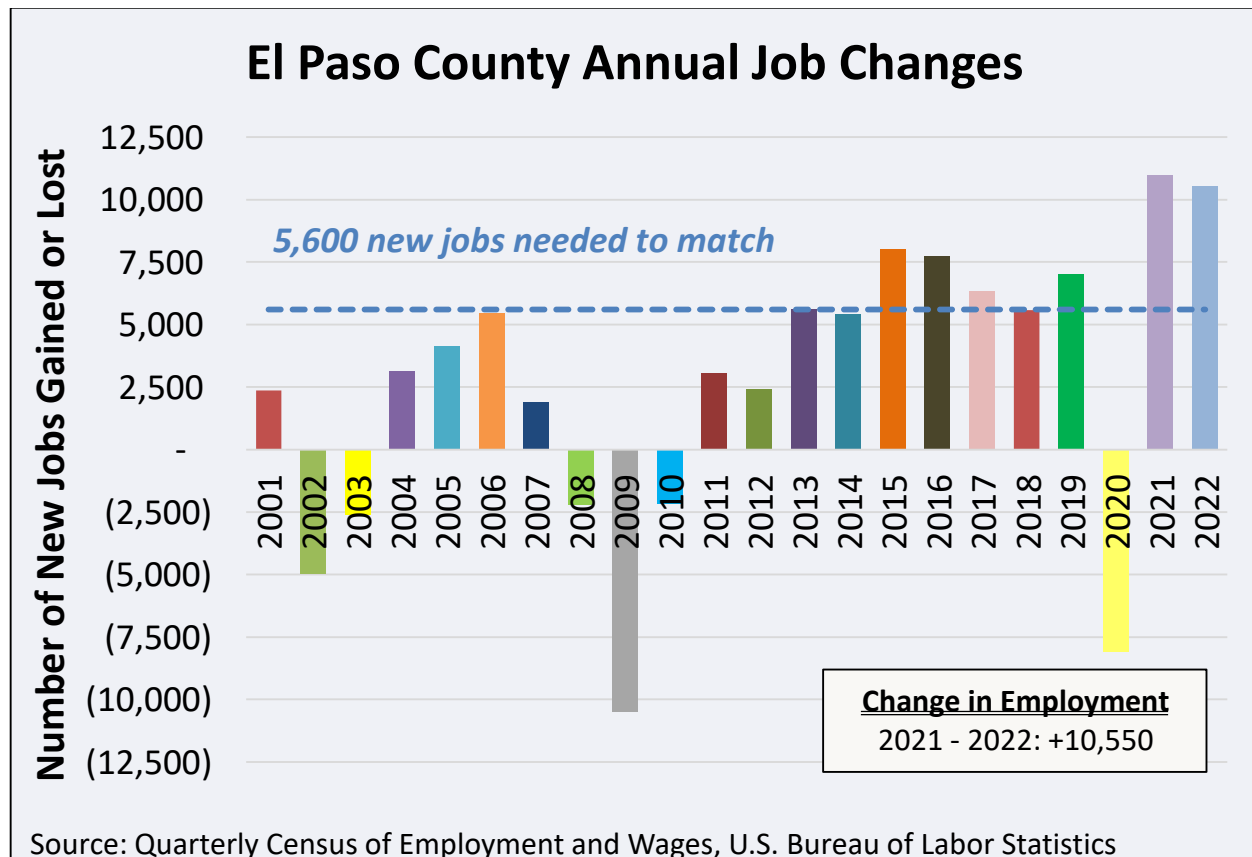


Lots of New Jobs, but Wages Still Lagging

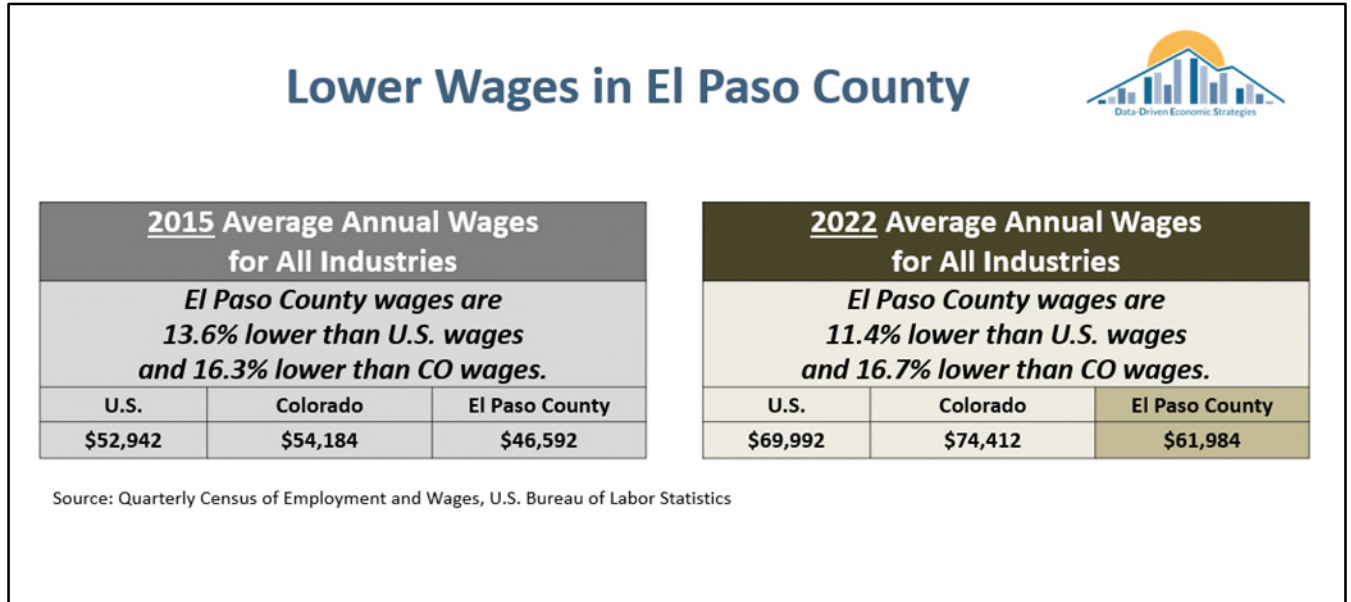
With more-than-the-usual economic uncertainty and so much talk about an economic downturn, I'd like to share some good really news about our local economy. Job growth in El Paso County for 2021 and 2022 far exceeded job growth across the nation, which may not surprise you, but the magnitude of job growth is truly impressive.

As the chart shows, our region needs roughly 5,600 new jobs to match population growth. And although we took a hit in 2020 during the pandemic, you can see that jobs rebounded remarkably in the following two years. In 2021, El Paso County had 10,974 new jobs and in 2022, 10,550 new jobs – almost double what we need to match population growth. This far exceeds our job creation over the past 20 years. The chart shows how in the decade leading up to the recession, our region did not reach the minimum number of new jobs. In fact, we had years that we lost jobs even before the Great Recession hit. It was a very different Colorado Springs in those years. It's almost a tale of two cities if you compare it to what's been happening here since 2013.



But I wouldn't be a true economist if I didn't juxtapose this to a bit of bad news. Despite our stellar job growth and increasing number of job postings showing strong labor demand, wages are still lagging in our region. As an example, in 2015 El Paso County had wages 13.6% lower than the U.S. and 16.3% lower than Colorado. In 2022, El Paso County wages are still lower than the U.S. by 11.4% and still lower than Colorado by roughly the same amount as 2015 at 16.7% lower. It is true we have some legitimate

qualifiers for the lower wages such as a high number of retired military who have pensions and benefits and can work for less as well as military spouses who have sacrificed continual career paths that are more favorable to wages. But we also have more professional and technical jobs and a more educated population. These positive factors should offset the downward pressure on local wages at least to some extent.



All of this is particularly challenging given what’s happened to home prices. In 2015, our regional home prices were pretty similar to the U.S. at roughly \$230,000. By contrast, in the first quarter of this year, home prices in Colorado Springs were 20% higher than the U.S. with a median home price of \$475,000 an average price of \$536,500 in May. But wages certainly are not 20% higher than the U.S.

This is, of course, problematic in terms of attracting the labor we need from other regions, and retaining particularly younger workers who want to permanently settle down here. Eventually, free market forces should push up wages, but the reality is that it’s taking too long. When my family and I first landed here and I saw the chasm in wages, I told myself Colorado Springs is growing so I should just be patient and let the free market work. But the reality is that the Colorado Springs wage gap has not at all improved, while housing costs have soared. This is one of the many reasons I am hopeful that as a region our collective efforts around housing affordability move more quickly such that our extraordinary job growth can continue. Waiting for wages to catch up isn’t working, and as the economist John Maynard Keynes said, in the long run we are all dead.

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Data-Driven Economic Strategies

This article is a longer version of the Fox21 weekly economic segment that aired on Thursday.

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