

REGISTRATION IS NOW OPEN!

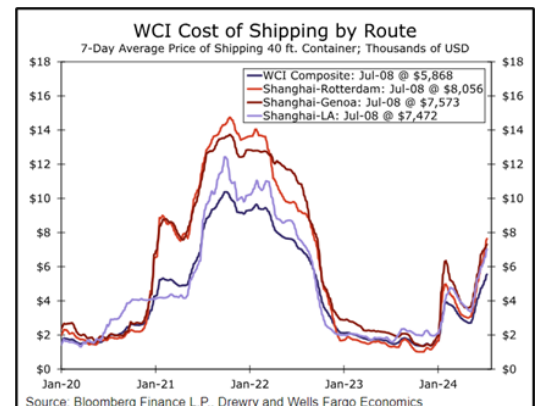
YOU CAN NOW OBTAIN DETAILS AND REGISTER [HERE FOR THE CSBJ SPONSORED ECONOMIC SUMMIT!](#)
SEPTEMBER 5TH 1:30 – 4:30 (INCLUDING HAPPY HOUR!) AT BOOT BARN HALL & CE CREDITS AVAILABLE
PRESENTERS: TATIANA BAILEY, PH.D. & BRYCE COOKE, STATE ECONOMIST; MC: SAMUEL ELLIOTT

Highlights - July 2024

Contradictions. That's the theme for me lately. **Gross Domestic Product, or GDP, {Page 3}** for 2024 Q2 came in stronger than expected at a 2.8% annualized rate (and 3.1% compared to Q2 last year). This is double the annualized rate in Q1 of 1.4%. GDP in the 2nd quarter was propelled by increased inventories, business equipment investment, and strong consumer spending – all of which were at least partially attributable to increased auto purchasing. Imports are a subtraction on GDP, and they have been elevated well above exports for many months mostly due to the exuberant consumer and the strong dollar (which makes imports cheaper). Had imports not been a “drag” on GDP, the recent Q2 growth rate would have been even stronger.

Although there are some indications that consumer spending is finally cooling (e.g., slowing use of credit cards), retail sales in June remained steady, which continues to fuel business and GDP growth. This is good for many businesses and GDP headlines but also worrisome because credit card usage is approaching 2006 levels and delinquencies for both credit card and auto loans are accelerating. It's easy to see that many consumers are overspending: personal expenditures were up 5.2% in June year-over-year while real (or inflation-adjusted) personal income was up only 1.0%. Savings rates remain depressed at 3.4% in June (versus roughly 7% pre-pandemic). Economists are tapping their fingers on their desks waiting for something to crack – and yet it hasn't. One thing that is clear in the data is that more of consumer spending is on “nondiscretionary” items, meaning consumers are spending on essentials as opposed to “extras.”

Elevated and persistent consumerism is also inconsistent with consumer sentiment surveys, which are still well below historical averages. The **University of Michigan Consumer Sentiment {Page 3}** in July fell further to 66.4, down from 68.2 in June. As the dashboard shows, sentiment hovered around 100 for the five years preceding the pandemic. Cumulative price increases are largely to blame although the *rate* of increase in prices as measured by the **Consumer Price Index, or CPI, {Page 3}** moderated further in June to 3.0% year-over-year (down from 3.3% in May). Prices moderated for both goods and services. Consumers also dislike the uncertainty of the upcoming federal elections as many are aware of the correlation between the elections and inflation. Indeed, many economists are talking about upward risks to inflation should tariffs significantly increase after November 5th. This would halt and possibly reverse any interest rate cuts, so I will be watching trade policies very closely in the coming months. Tariff-related increases would be on top of the unremitting Red Sea attacks, which have increased (40-foot) shipping container costs from \$2,000 last year to over \$7,000 this year as the nearby chart shows. All in, if inflation reemerges and interest rates stay restrictive into 2025 and possibly beyond, financial markets won't be happy, business investment will stall, construction will suffer, and the average consumer will hold back on big ticket items like homes and cars. This likely would tip the U.S. economy into a downturn, so I'm hoping for astute trade agreements that capitalize on what helps U.S. consumers and businesses and surgically omits partners that don't play by the rules.



Barring any drastic trade policy changes, the current call is for two 0.25% rate cuts this year (September and December) and four similar-sized cuts next year. This would bring the Fed Funds rate to 4.0% and a 30-year mortgage rate to about 6.1% by the end of 2025. By way of reference, since 1990 the Fed Funds rate has averaged 4.61% and the 30-year mortgage rate has averaged 5.99%. Current interest rates and (likely) rates by the end of 2025 just feel high because we were spoiled from 2018 to 2021 with ultra-low mortgage rates and also historically low Fed funds rate from the Great Recession up until 2022.

Another major contradiction is that leading indicators like the ISM Manufacturing Index, the NFIB Small Business Survey, and the Conference Board's LEI (Leading Economic Index) all show an anemic economy, but as aforementioned, GDP and consumerism remain resilient. With respect to business sentiment as reflected by the NFIB survey, it's also contradictory that the index is so low, yet employers are keeping employees. With respect to construction, the forward-looking Architecture Billing Index (ABI) declined to the lowest reading since 2020 in May indicating further upcoming weakness in the construction pipeline. These contradictions do have some explanation. I think that the pandemic and the resulting policy reactions created an unprecedented landscape that renders old economic “rules” somewhat obsolete. I

[Page 3 - Macroeconomic “Big Picture”](#)

[Page 4 - Local Labor Market](#)

[Page 5 - Demographics](#)



For past reports go to <https://www.ddestrategies.org/>.

[Page 6 - Real Estate](#)

[Page 7 - Taxation, Vehicles, Air & Tourism](#)

[Page 7 - Crime & Safety](#)

El Paso County Economic & Workforce Progress Report (EPR)

also think the current demographic transition with waves of retirees and relatively fewer workers further muddles the picture. Likewise, those who are fortunate enough to own a home know the value of their home and the impact soaring prices have on their net wealth (e.g., they feel financially secure). But I will also say that contradictory data often precedes change or pivots in the economy (good and bad), so it's possible the coming quarters may not see the elevated GDP growth rate of 2024 Q2. You will see I have a 2.1% **Real GDP forecast {Page 3}** for all of 2024 and a 1.5% forecast for 2025, although I think the pandemic-induced distortions and the upcoming elections make forecasting particularly difficult at the moment.

In terms of the here and now, economists are now more closely watching **Unemployment Rates {Page 3}**, which have slowly but surely crept up. As your chart shows, unemployment rates in the U.S. have increased from 3.5% in April to 3.7% in May to 4.3% in June. Similarly, in Colorado jobless rates have moved from 3.4% in April to 3.9% in May to 4.0% in June. In El Paso County, rates have gone from 3.5% in April to 4.0% in May to 4.2% in June. We also produce a monthly economic dashboard for Pueblo and their unemployment rate stood at 5.5% in June. The U-6 rate in the U.S., which measures the unemployed, those who want to work but have not looked in the past four weeks, and those working part-time who would prefer full-time work, also increased from 7.1% in May to 7.7% in June. Keep in mind that employers often cut hours in lieu of layoffs, but an increasing U-6 rate can be a precursor to layoffs and is indicative of a softer labor market. **Job Openings {Page 3}** have tempered but remain high by historical levels while layoffs and discharges (e.g., getting canned) remain historically low. U.S. job creation was also strong in June with 206,000 new jobs, but report details reveal outsized increases in just two industries (government and health care), which is not "broad based" and therefore not considered sustainable. There were also sizable (-111,000) downward revisions to April and May numbers. I believe the contradictions in the labor market data are intricately tied to the aforementioned demographic headwinds.

Locally, the **Top Job Openings {Page 4}** in Colorado Springs MSA in June were the same as May, but some moved around within the top ten positions. The number of job openings rose from 19,363 in May to 20,267 in June, and the number unemployed also rose from May (15,120) to June (16,207). This kept the number of workers per available job about the same at 0.80. It's noteworthy that from May to June, the number in the local labor force rose by 8,644 people while the number of employed people increased by 7,557 meaning 87% of the those who entered the labor force found a job, which is fantastic. But since 13% didn't find a job, the unemployment rate increased as mentioned above. But I would say that's for a good reason as more workers means more output and overall economic activity.

Another contradiction is that the 30-year mortgage rate has hovered around 7% since 2022, home sales have weakened, but home prices have not changed much considering the ~40% average price increases nationwide and locally since 2019. Prices for new homes have only modestly declined and in June there was 9.3-months' supply of new homes, which implies excess inventory. Indeed, if I were a home purchaser right now, I would try and take advantage of the 61% of builders who are offering some kind of incentive and 31% of builders who are cutting new home prices. For existing homes in the U.S., prices have increased about 4% over the past year. While existing home inventory has more recently increased, it's still tight with many seniors holding onto their homes. As an aside, DDES recently completed a study for the Ann Arbor-based RNR Foundation and the Pikes Peak Housing Network on "**Aging in Place**" if you have interest around this topic. There is also a summary article in *The Gazette*.

Local **Sales and Use Tax {Page 7}** collections stood at \$21.6 million in June and are up 5.4% year-over-year. Building materials, miscellaneous retail (e.g., online) and restaurants had the largest dollar increases over the month. The largest dollar decreases were from the auto dealer, utilities, and furniture/appliances/electronics categories.

Our local (airport) rockstar, Greg Phillips, continues to grow **COS Enplanements {Page 7}**, which are up 14.8% from May 2023 to May 2024. As that graph shows, activity at our local airport has been roughly 30% higher since 2021 compared to the 2017 to 2019 period. Our **Hotel Occupancy {Page 7}** and **RevPAR {Page 7}** rates are also impressive and pretty much on par with Denver. That has not been the case for most of the years I've lived here. In a nutshell, our tourism industry is thriving.

When I step back and think about the current (data) contradictions, something that gives me comfort is that the overextended consumer today is not the overextended consumer of 2006/07. The debt-to-income ratio for households is about 40 percentage points below the housing bubble peak. Similarly, the debt service ratio, which measures the percent of income that households need to devote to servicing amortization and interest payments, is a full percentage point below its 43-year average (of 11.1%) according to Wells Fargo Analytics. I do wish, however, that the Fed would be more proactive in cutting rates sooner than later in light of some worsening metrics. Often when the economy sours, the deterioration has a momentum of its own, and then the Fed is in a reactive mode. I'll talk more about this at the September summit!

Tatiana & Rebecca

If you wish to unsubscribe from this monthly report, please email rwilder@ddestrategies.org. If you'd like to know more about supporting our economic reporting and workforce development initiatives, please contact gglassford@ddestrategies.org.

[Page 3 - Macroeconomic "Big Picture"](#)

[Page 4 - Local Labor Market](#)

[Page 5 - Demographics](#)



[Page 6 - Real Estate](#)

[Page 7 - Taxation, Vehicles, Air & Tourism](#)

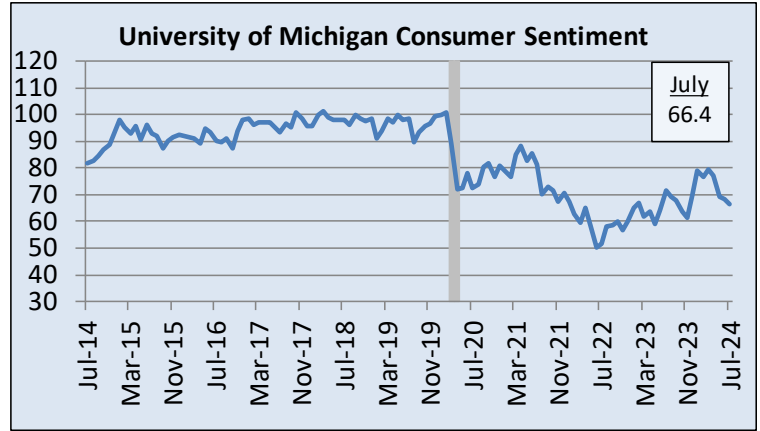
[Page 7 - Crime & Safety](#)

For past reports go to <https://www.ddestrategies.org/>.

MACROECONOMIC "BIG PICTURE" (PAGE 3)



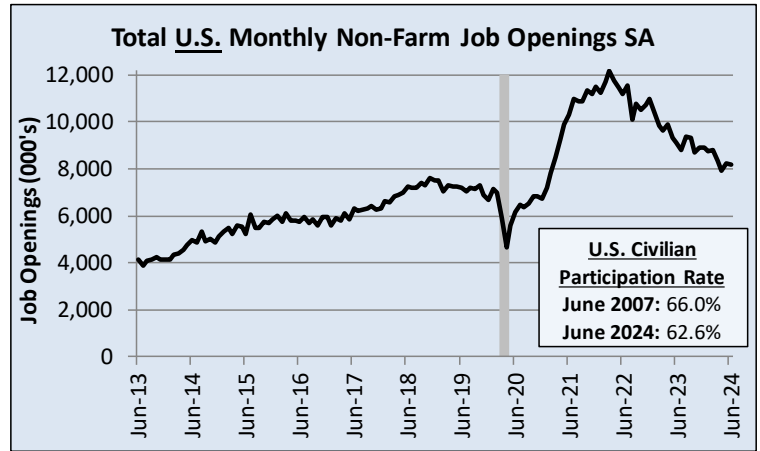
*Estimate of real GDP percent change from same quarter a year ago, SA
 **If quarterly changes were annualized over the year.
 Source: U.S. Bureau of Economic Analysis



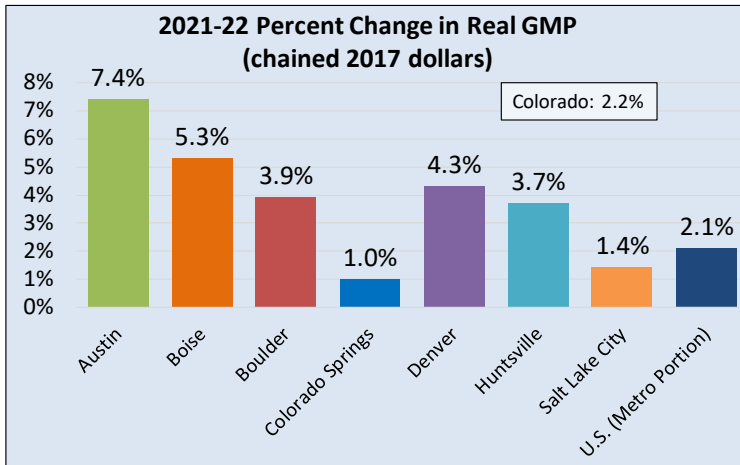
Source: University of Michigan

Forecasts for U.S. Real GDP and Unemployment (SA)				
	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast
Real GDP Growth	1.9%	2.5%	2.1%	1.5%
Unemployment Rate	3.6%	3.6%	4.1%	4.2%

Forecasts by Data-Driven Economic Strategies with input from the Conference Board, Wells Fargo, Colorado Department of Labor & Employment, and other anecdotal resources.
 Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics



Source: U.S. Bureau of Labor Statistics; Job openings data lags.

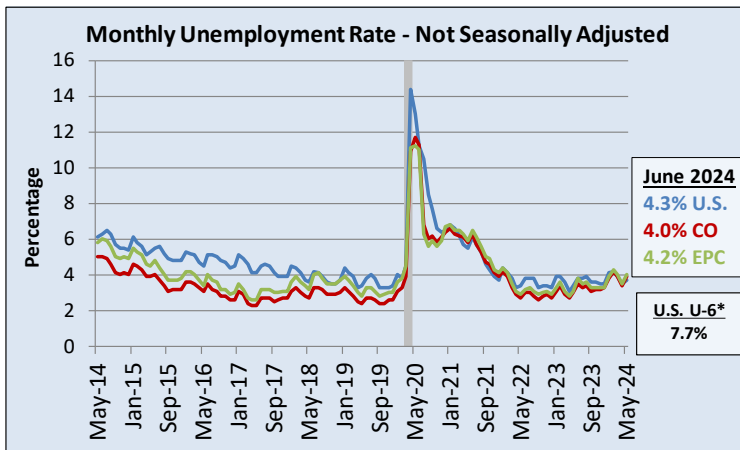


Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.
 Source: U.S. Bureau of Economic Analysis

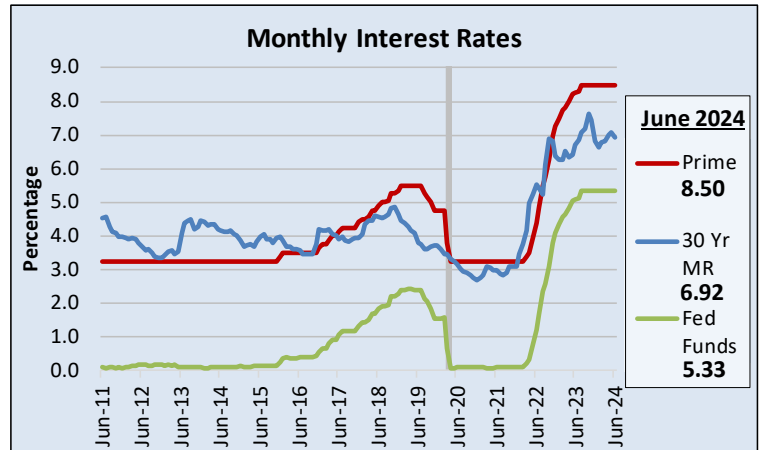
U.S. Consumer Price Index - June 2024		
	All items	Less food & energy
Change from May to June 2024 (SA)	-0.1%	0.1%
Last 12-months (NSA)	3.0%	3.3%

The 2024 Q1 cost of living in the **Colorado Springs MSA** was **102.6%** of the U.S. according to C2ER data provided by the CS Chamber & EDC.

Source: U.S. Bureau of Labor Statistics; all urban consumers (CPI-U)



Note: Data in the graph is NSA to enable comparisons with counties.
 *U-6 includes unemployed, those marginally attached to the labor force, plus those employed part time who would prefer full-time work.
 Sources: U.S. Bureau of Labor Statistics; CO Dept. of Labor & Employment



Source: Board of Governors of the Federal Reserve System

LOCAL LABOR MARKET (PAGE 4)

Top Job Openings, Colorado Springs MSA May 2024		
Top Job Titles	# of Job Postings	Median Advertised Salary
Registered Nurses (L)	698	\$87,936
Retail Salespersons (M)	638	\$33,408
Software Developers (L)	450	\$139,008
Computer Sys Engineers/Architects (L)	333	\$133,888
Customer Service Reps (M)	328	\$40,064
1st-Line Supervisors, Retail Sales (L)	317	\$46,976
Heavy & Tractor-Trailer Truck Drivers (H)	270	\$52,096
Secretaries & Admin Assistants (M)	261	\$43,392
Maintenance & Repair Workers (M)	259	\$46,720
General & Operations Managers (L)	250	\$70,016

Colorado Springs MSA, June 2024
TOTAL Job Openings: 20,267
TOTAL Unemployed: 16,207
Workers Available per Job Opening: 0.80

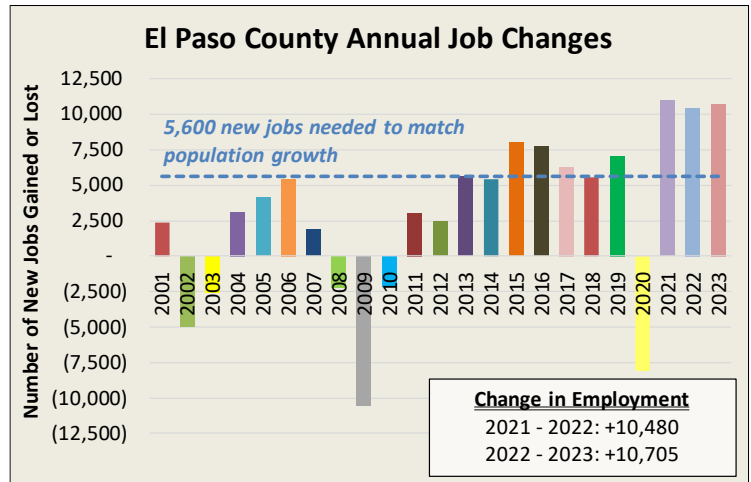
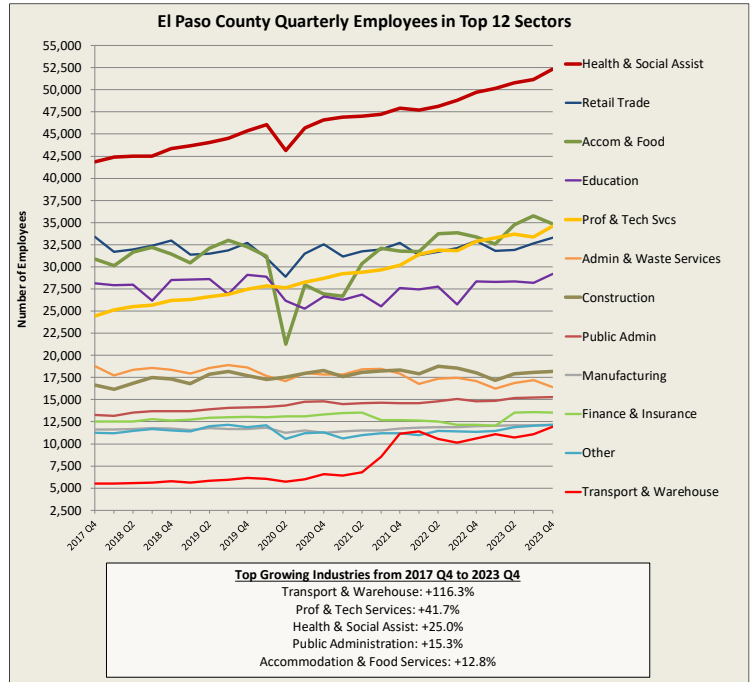
Risk of Automation: L = Low; M = Medium; H = High
 Sources: The Conference Board® Lightcast® Help Wanted OnLine® via Pikes Peak Workforce Center; CO Dept. of Labor & Employment

2022 Federal Poverty Level (FPL)		
	El Paso County	U.S.
% people at FPL or below	8.3%	12.6%
<i>Note: FPL in 2022 was \$18,310 for an individual and \$27,750 for a family of four.</i>		

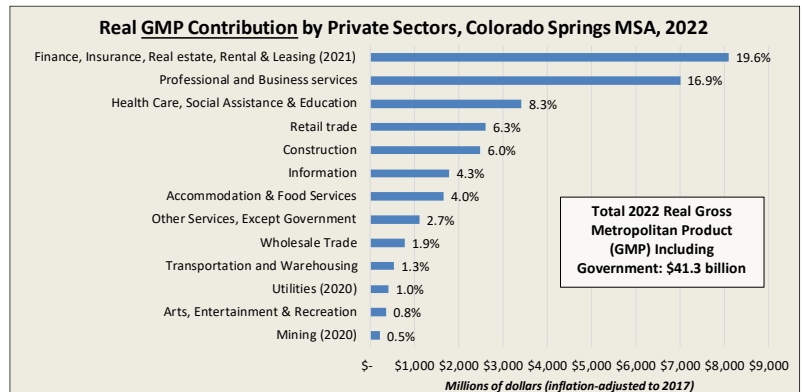
2023 Average Annual Wages for All Industries		
<i>El Paso County wages are 10.6% lower than U.S. wages and 16.1% lower than CO wages.</i>		
U.S.	Colorado	El Paso County
\$72,357	\$77,116	\$64,688
2023 El Paso County Total Employment (excluding military)		307,455
*Estimated military employment in 2021 (and % of total 2021 EPC who are military).		61,489 (17.4%)

2023-24 Minimum Wage & Living Wage El Paso County		
	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$14.42	\$29,994
Living wage: HHs with 1 adult, 2 children	\$56.05	\$116,584
Living wage: HHs with 2 adults (1 working), 2 children	\$43.68	\$90,854
Living wage: HHs with 2 adults* (2 working), 2 children	\$30.39	\$63,211
<i>*Living wage is for each working adult. For specifics, go to livingwage.mit.edu.</i>		

*QCEW data does not include military-related employees. Military employment includes USAFA, Schriever, Fort Carson, Peterson & Cheyenne Mountain. Data from the installations is delayed so this is still 2021 employment.
 Sources: U.S. Bureau of Labor Statistics and Colorado Department of Labor and Employment, QCEW; Local military installations; U.S. Census Bureau, American Community Survey 1-year estimates; U.S. Department of Health & Human Services; MIT Living Wage Calculator



An estimated 5,600 new jobs are needed based upon population growth and age composition. This QCEW data lags up to three quarters and includes public and private employment, but not military-related employees.
 Source: Colorado Dept. of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

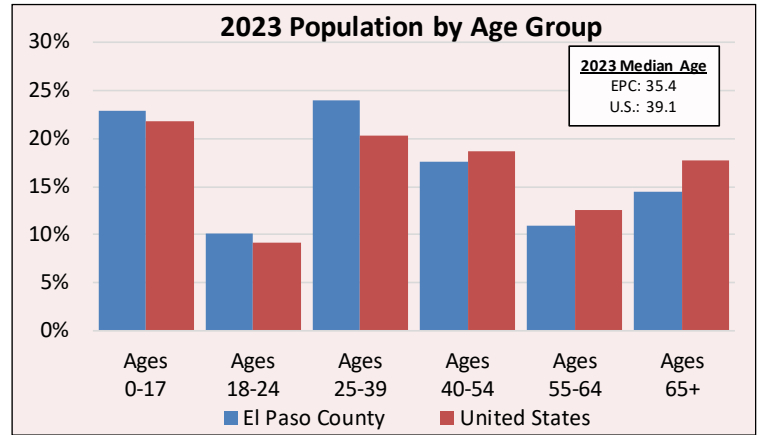


Manufacturing data last disclosed in 2012 when it was 7.1% of real GMP. Government data is no longer released by sector for 2016 when federal military was 12.7%, state & local government was 8.2% and federal civilian government was 5.3% of real GMP. Utilities and Mining data last disclosed in 2020. Finance, insurance, real estate & leasing was last disclosed in 2021. GMP (local) data lags by approximately 23 months. GMP is the same as GDP for the nation but at the local level.
 Source: U.S. Bureau of Economic Analysis

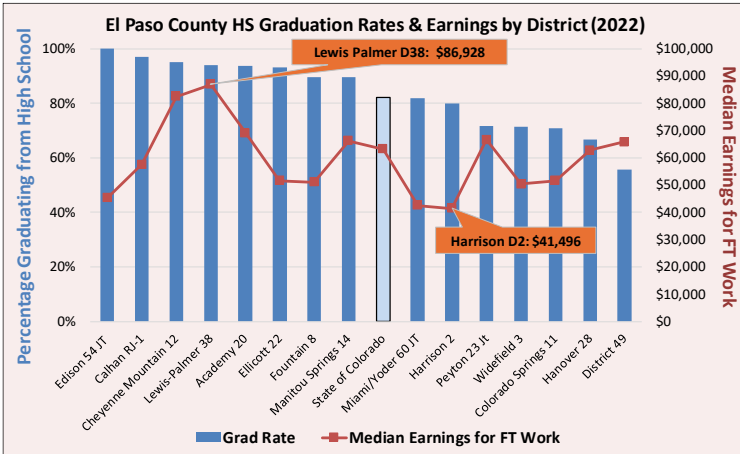
DEMOGRAPHICS (PAGE 5)

Population Estimates		
	2022	2050
El Paso County	740,552	1,008,489
Colorado	5,838,736	7,491,886

The City of Colorado Springs had a population of 485,143 in 2022. Source: Colorado State Demography Office

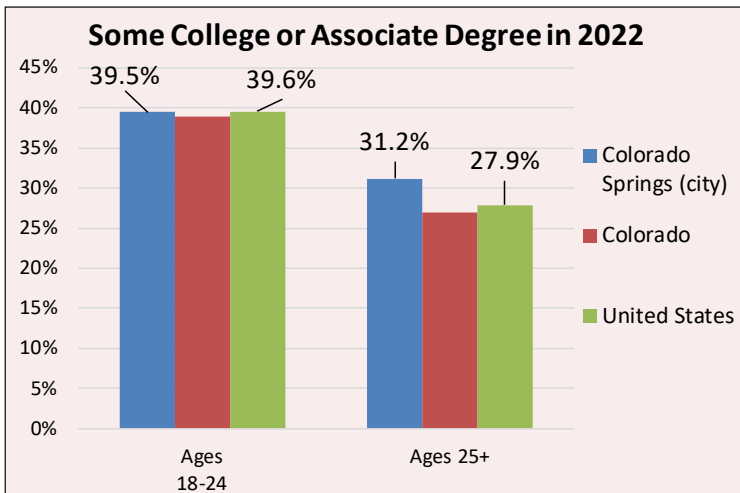
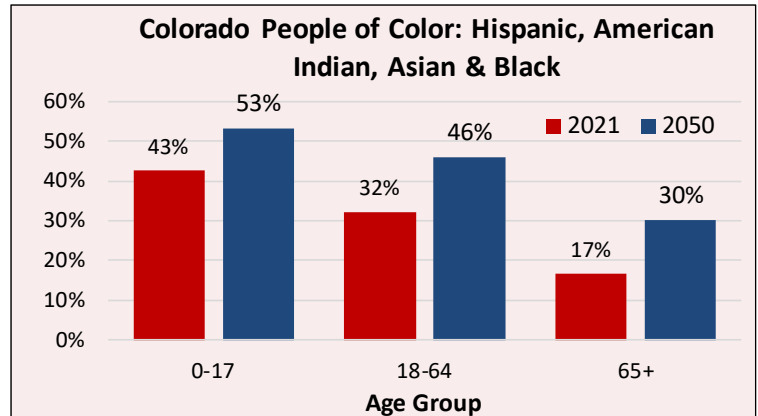
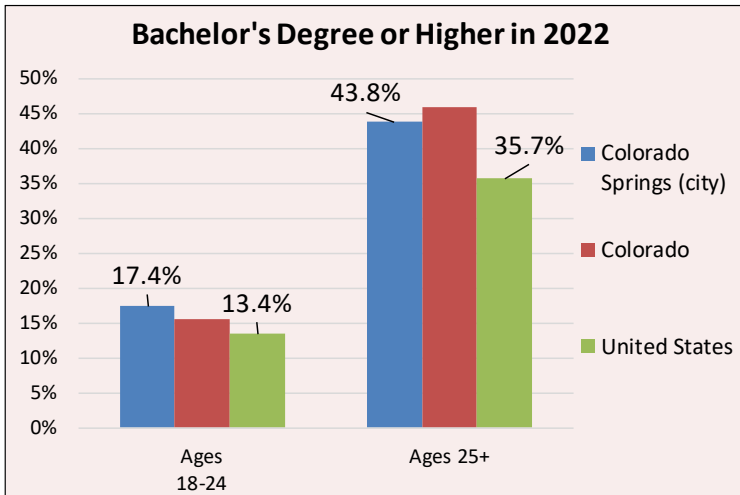
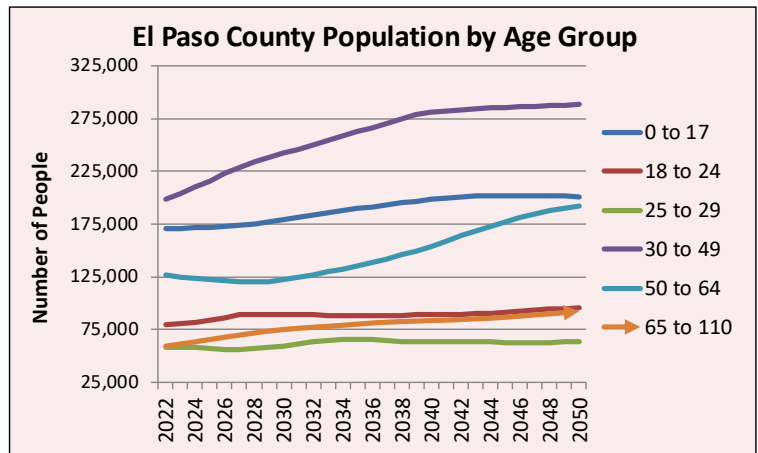


Source: U.S. Census Bureau, Population Division

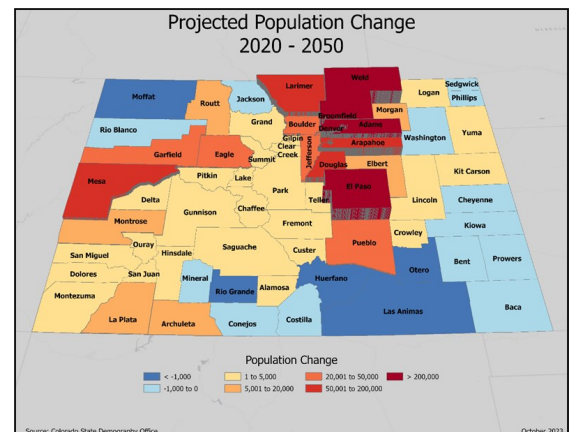


Note: Calhan, Ellicott, Peyton, Hanover, Edison, and Miami/Yoder districts all have fewer than 100 students. District 49 has a significant number of online students, which pull down the districtwide average. (Without the largest online school, the district average is 88%.)

Sources: Colorado Department of Education; U.S. Census Bureau, American Community Survey 5-year estimates



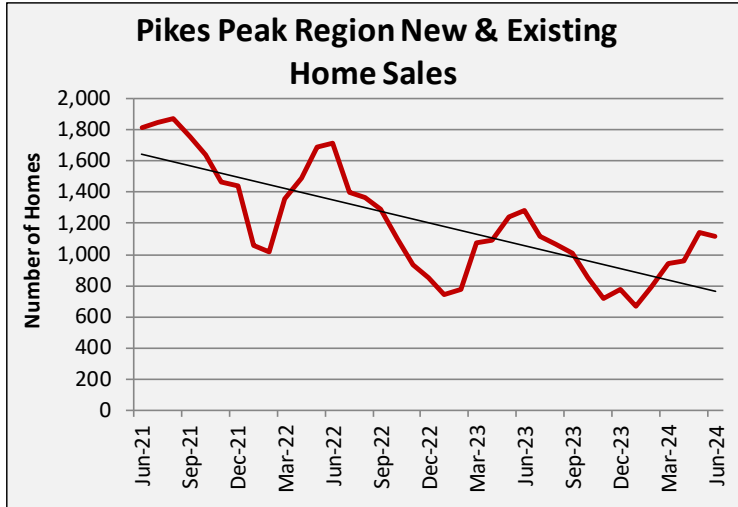
Source: U.S. Census Bureau, American Community Survey 1-year estimates



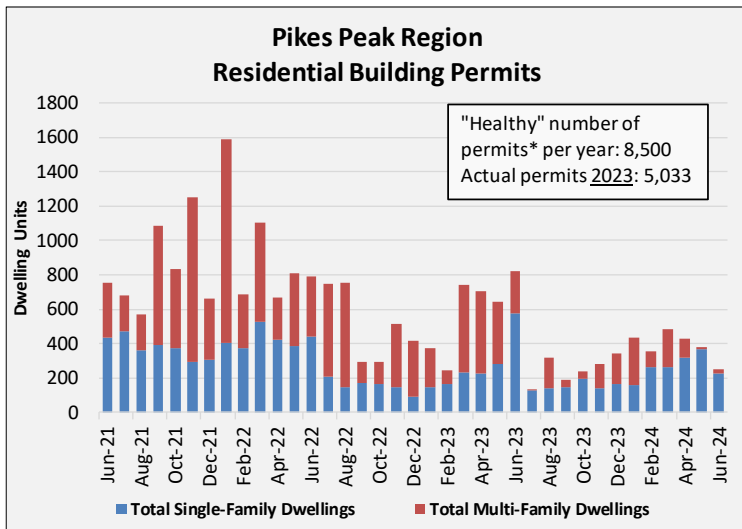
Source: Colorado State Demography Office

[Return to highlights](#)

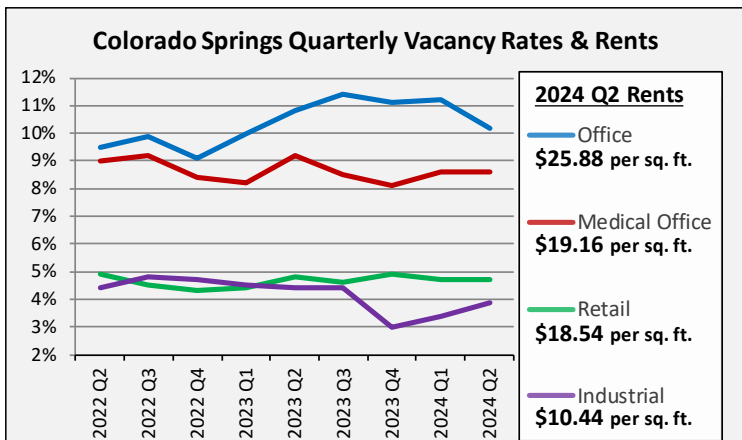
REAL ESTATE (PAGE 6)



Source: Pikes Peak REALTOR® Services Corp.



*The methodology for "healthy permits" now includes single-family and multi-family dwellings needed if we incorporate both population growth and the existing shortage of housing between 2023 and 2028. These calculations by Data-Driven Economic Strategies incorporate research by Common Sense Institute and input from the Colorado State Demography Office. The National Association of REALTORS® has calculated that the U.S. has underbuilt roughly 6.5 million homes since the Great Recession. Source: Pikes Peak Regional Building Department

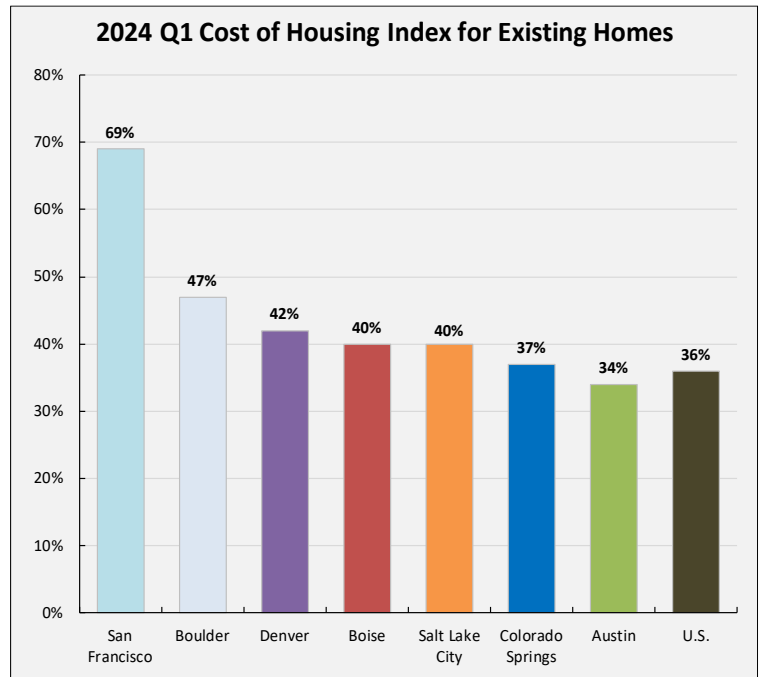


Sources: CoStar Group™; Olive Real Estate Group, Inc.

Median Existing Single-Family Home Price 2024 Q1

Location	Colorado Springs	Denver	Boise	United States
Price	\$448,800	\$651,000	\$471,500	\$389,400
1-year % Change	0.9% increase	2.3% increase	7.0% increase	5.0% increase
MSA Rank	46	19	37	n/a

Sources: National Association of REALTORS®



Notes: The Cost of Housing Index (CHI) is defined as the percentage of the local median pre-tax income needed for mortgage payments, based on standard mortgage underwriting criteria. It includes only existing home prices. Sources: National Association of Home Builders; Wells Fargo

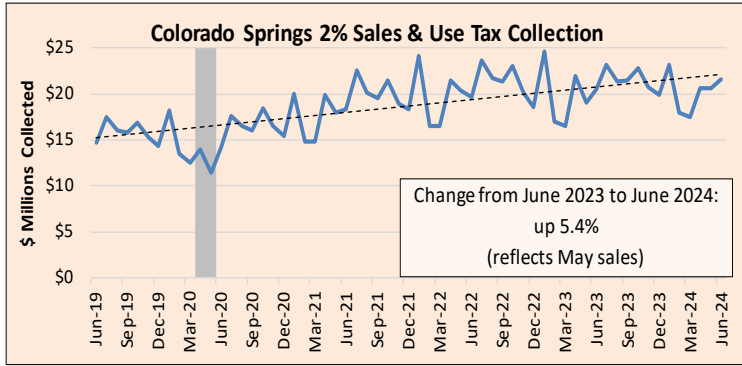
Apartment Rental Information

	Colorado Springs	Denver	Salt Lake City
Market Conditions 2024 Q1	<u>Soft</u>	<u>Soft</u>	<u>Soft</u>
Vacancy Rate 2023 Q1	11.8%	7.5%	9.1%
Vacancy Rate 2024 Q1	<u>11.8%</u>	<u>9.2%</u>	<u>10.7%</u>
Average Rent 2023 Q1	\$1,492	\$1,838	\$1,602
Average Rent 2024 Q1	<u>\$1,473</u>	<u>\$1,853</u>	<u>\$1,587</u>

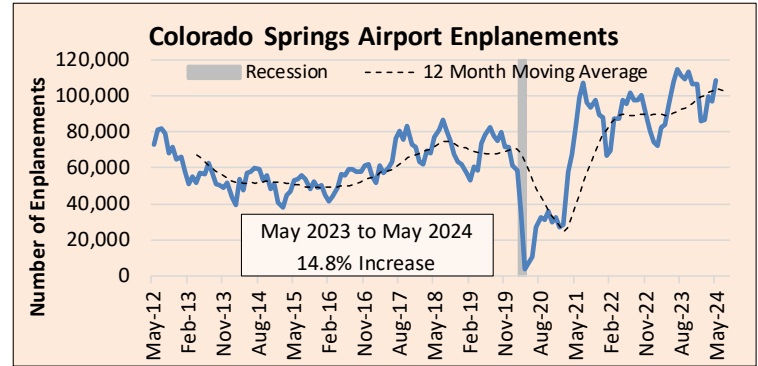
Source: U.S. Department of Housing & Urban Development (HUD), U.S. Market Conditions report

El Paso County Economic & Workforce Progress Report (EPR)

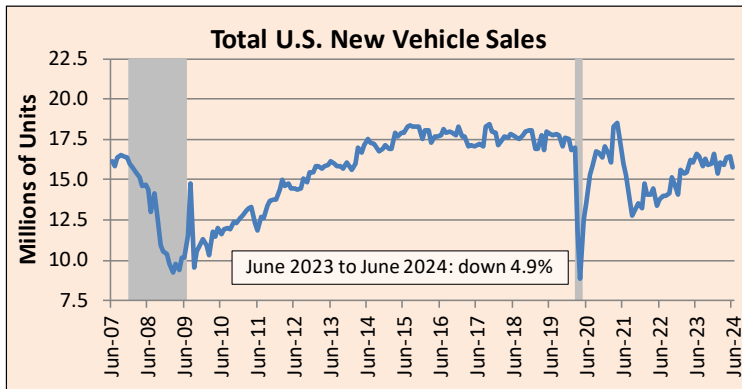
TAXATION, VEHICLE SALES, AIR QUALITY, AND TOURISM (PAGE 7)



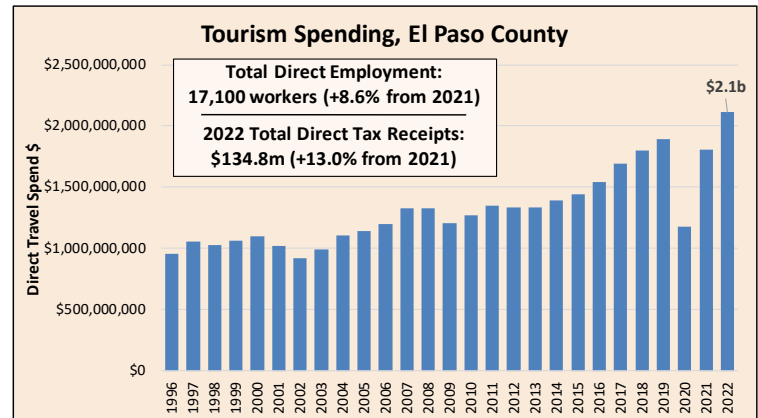
Source: City of Colorado Springs



Source: Colorado Springs Airport



Source: U.S. Bureau of Economic Analysis



Note: Direct travel includes day and overnight visitors.

Source: Colorado Tourism Office

2023 Air Quality		
	Colorado Springs*	U.S. Standard
Carbon Monoxide (CO) Concentration (ppm)	1.1	9.0
Particulate Matter ($\mu\text{g}/\text{m}^3$)	7.75	12.00
Ozone (ppm) at USAFA	0.069	0.070
Ozone (ppm) at Manitou Springs	0.071	0.070
Sulfur Dioxide (SO_2) (ppb)	4.8	75.0

*Locations of measurements: CO at 690 W. Hwy 24; Particulate Matter at Colorado College; SO_2 at Hwy 24

Source: Colorado Department of Public Health & Environment

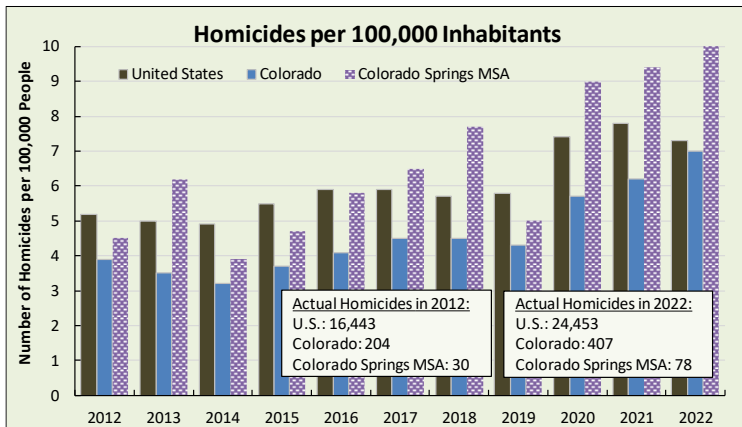
Hotel Occupancy Rate June 2024	
Colorado Springs	Denver
81.0%	84.6%

Hotel RevPAR* June 2024	
Colorado Springs	Denver
\$144.29	\$145.63

*RevPAR measures hotel revenue by taking the average room rate times hotel occupancy.

Source: CoStar Group™; Olive Real Estate Group, Inc.

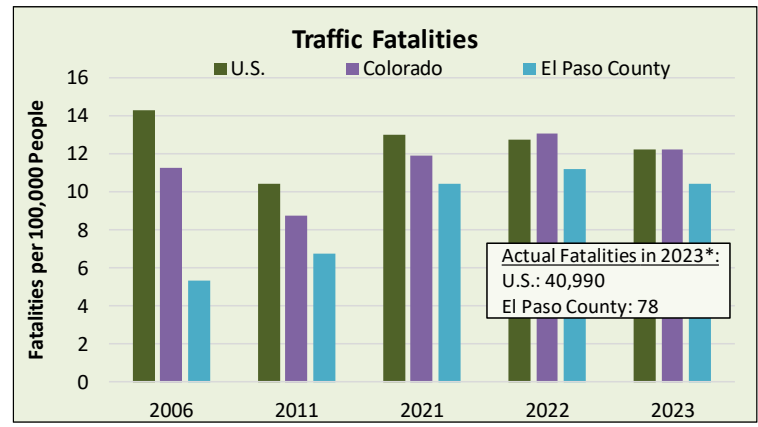
CRIME & SAFETY (PAGE 7)



Source: United States Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, Underlying Cause of Death on CDC WONDER online Database.

2021 Mortality Rates due to Homicide per 100,000 Population				
Canada	Germany	Italy	Japan	United States
2.1	0.8	0.5	0.2	6.8

Source: UN Office on Drug and Crime's International Homicide Statistics database through The World Bank and World Population Review



Sources: National Highway Safety Administration; Colorado Department of Transportation; World Bank; U.S. Census Bureau; Colorado State Demography Offices; Data-Driven Economic Strategies

Note: "Each year when Crime in the United States is published, some entities use reported figures to compile rankings of cities and counties. These rough rankings provide no insight into the numerous variables that mold crime in a particular town, city, county, state, or region. Consequently, they lead to simplistic and/or incomplete analyses that often create misleading perceptions adversely affecting communities and their residents. Valid assessments are possible only with careful study and analysis of the range of unique conditions affecting each local law enforcement jurisdiction. The data user is, therefore, cautioned against comparing statistical data of individual reporting units from cities, metropolitan areas, states, or colleges or universities solely on the basis of their population coverage or student enrollment."
- Federal Bureau of Investigation

Sworn Police Officers Per 10,000 Inhabitants in 2023	
City of Colorado Springs	15.8
City of Boise	12.4
Kansas City	21.4
City of Omaha	16.9

Sources: Federal Bureau of Investigation, Uniform Crime Report; U.S. Census Bureau, Population Division

[Return to highlights](#)

El Paso County Economic & Workforce Progress Report (EPR)

SUPPORTERS (PAGE 8)



THANK YOU!

Data updated on 7/31/2024.

Contact Rebecca Wilder at rwilder@ddestrategies.org.