

El Paso County Economic & Workforce Progress Report (EPR)

Highlights - October 2024

Hello, and happy Friday! Before we jump into the economic news, I will be presenting at the Pueblo Economic Outlook Forum at Pueblo Community College on November 8. If you wish to register, please do so at this [link](#).

I also want to give a HUGE shoutout to four highly deserving individuals all of whom I know and respect greatly. The Colorado Springs Leadership Institute honored Susan Loo Pattee, managing partner for UPH Partners and CEO of MossParker, who received the Smith-Tutt Positive Impact Award, Beth Roalstad, CEO of Homeward Pikes Peak, and Carlos Jimenez, CEO of Peak Education, who each received the Cathy O. Robbins Award for Excellence in Nonprofit Leadership. In addition, [The CEO Magazine](#) had a recent feature of Colorado Springs Airport aviation director Greg Phillips. Our community is so fortunate to have these individuals doing what they do for us every day. I also want to give a shoutout to the Community College of Aurora (CCA) that has secured a third campus in Centennial for key, high-demand programs. They have also expanded to bachelor-level credentialing and have surpassed enrollment and budget goals. CCA's president, Dr. Mordecai Brownlee, has been named one of this year's Pillars of Profession by the NASPA Foundation. Dr. Brownlee is a DDES supporter and has used our labor market data to inform his programming. We are thankful for his support and his contributions to Colorado's workforce readiness.

U.S. Overview

As 2024 winds down, we see that El Paso County's economic landscape continues to align with national trends. Aligning with U.S. trends may sound boring, but when I moved here, our region typically underperformed the nation. And right now, the U.S. economy is doing very well. In fact, I recently revised up my GDP forecasts for the remainder of this year and next year because of the continued resilience in consumer spending, the strong labor market, and other metrics. [U.S. Real GDP Growth {Page 3}](#) for Q3 2024 will be released on October 30 while I am out-of-state for a presentation, but the most current estimates for Q3 stand at 3.4% according to the Atlanta Federal Reserve. This is even higher than 2024 Q2 GDP (3.0%). Remember, "trend" growth has been ~2.0%, so anything above that is quite impressive, especially when you think about other developed countries that are struggling. The international economic dashboard we do keeps me up to date with the Euro Area (EA), and that region is struggling. Germany, usually the stalwart that makes up nearly 30% of the EA economy, has had negative GDP rates for a year now. As I state in all my presentations, the U.S. has some serious structural problems (e.g., spending \$1 trillion a year on interest payments for the debt – more than total annual military expenditures), but we have some key comparative advantages that have us outperforming many other economies. Hence, I've revised my GDP growth rate estimates to 2.8% for all of 2024 and 2.2% for 2025.

My optimism around U.S. economic growth is despite shaky consumer sentiment, which is a good leading indicator for the economy since 2/3 of GDP emanates from personal expenditures. The [University of Michigan Consumer Sentiment Index {Page 3}](#) for October rose to 70.5, up from 70.1 in September. Although improved, sentiment is still low compared to historical levels mostly due to (much higher) prices today over baseline (e.g., January 2020) as well as uncertainty around the upcoming presidential election. No doubt, both presidential candidates have quite different policy agendas, but since polls are showing a very tight race, I figure about half of consumers and businesses will be happy with the outcome and the other half will not. Hence, consumer spending and business investment isn't likely to materially change overall in the first year or two post-election. Also, policy changes take time to take effect. There is the added reality of whether Congress will pass proposed legislation. We would have to have a sweeping Congressional majority party that aligns with the new president's party to have any major changes in legislation.

On a positive note, inflationary concerns have largely subsided. The [Consumer Price Index \(CPI\) {Page 3}](#) for all items came in at 2.4% in September year-over-year, down from 2.5% in August. When you break down CPI, we see that gas prices have come down 15.3% compared to a year prior (gas is currently below \$3.00 in [Colorado Springs](#) after high prices seen over the summer). Headline inflation would not have come down as much if gas prices had not retreated – and we know that can change.

A more permanent component of inflation is auto insurance, which is up ~25% on average across the U.S., while home prices are ~45% higher than pre-pandemic (and up 4.9% year-over-year). I recently did a segment on the rising cost of [home owners insurance](#) with increased hailstorms and wildfire threats. But Coloradans are also facing the pain of [increased health insurance premiums](#). The Peterson-KFF Health System Tracker [reported](#), "Since 2000, the price of medical care, [including](#) services provided as well as insurance, drugs, and medical equipment, has increased by 121.3%. In contrast, prices for all consumer goods and services rose by 86.1% in the same period." And despite being one of the healthiest states, Colorado ranked 10th among states for the highest increases in health insurance in the nation in 2024. I now include statistics on the costs of health care in my presentations showing that in 2022, the per capita spending for health care in the U.S. was \$12,742 whereas it was \$5,312 for the OECD (other developed) nations. The life expectancy that year in the U.S. was 76.1 and 80.6 for the 38 OECD nations. This is all salient from an economic growth perspective because health insurance is part of "services" inflation (as

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are all types of insurance) and because health care expenditures comprise a large portion of government spending (and the \$36 trillion debt).

Yes, prices are much higher over early 2020 levels (and I think that could have substantial impact on how people vote), but the rate of increase is now slower, which is why **Interest Rates {Page 3}** are now easing. We had one 50 basis point cut in September, and it is estimated we will have two additional 25 basis point cuts yet in 2024, a total 100 basis points in 2025, and 50 basis point cuts in 2026 which would bring us to a terminal rate of ~3.00%. While mortgage rates have fluctuated a bit in response, many are estimating the 30-year mortgage rate to drop below 6% in 2025.

Labor Market

Nationally, the labor market continues to show signs of resilience. **U.S. Job Openings {Page 4}** rose to 8.04 million in August 2024, a 4.3% month-to-month increase. Additionally, job quit rates and layoffs are stable indicating that workers are hanging onto their jobs and companies are hanging onto their employees. In Colorado Springs, **Job Openings {Page 4}** fell marginally from 19,449 in August to 18,928 in September. However, the number of unemployed individuals dropped more sharply, reducing the **Ratio of Workers per Available Job {Page 4}** from 0.89 to 0.87. The number of **Individuals in the Labor Force {Page 4}** grew by 1,425 between August and September, while the **Number of Employed Individuals {Page 4}** increased more so (+2,390). All said, this brought our regional unemployment rate down from 4.5% in August to 4.2% in September. Similarly, **Colorado's unemployment rate** dipped slightly from 4.3% in August to 4.1% in September, while the national **Unemployment Rate {Page 3}** fell from 4.4% in August to 3.9% in September, a notable improvement.

In other exciting job news, the Colorado Economic Development Commission recently approved performance-based Job Growth Incentive Tax Credits for **WMD Squared Engineering** (which is setting up shop at The Catalyst Campus for Technology & Innovation) and hopes to do the same for another **undisclosed data management company**. These new companies are expected to bring several, new competitive wage jobs in engineering, sales, and software development to the El Paso County area. Another new development includes a **new business district** in northern Colorado Springs (that used to be zoned agricultural). That's near my home, and I cannot believe the development on this side of town.

Housing Market and Commercial Real Estate

The housing market in the Pikes Peak region continued to cool in September. **Home Sales {Page 6}** fell from 1,064 in August to 933 in September. This was mirrored by a decline in **Single-Family Building Permits {Page 6}**, which dropped from 199 in August to 179 in September. No **Multi-Family Permits {Page 6}** were pulled in September, down from 16 dwelling units in August. Clearly, the frenzy of multi-family building is largely behind us. It's noteworthy that the apartment vacancy rate according to HUD stood at 12.2% in Q2 of this year. This gives the appearance of "too many apartments and no housing shortage," but what we have mostly built over the last few years are high-end rentals – not in the more affordable range that particularly younger and older renters need.

Commercial Real Estate {Page 6} in the region seems to be on a downward trajectory with *vacancy* rates rising for office space (from 10.1% in Q2 to 10.4% in Q3), medical office space (8.6% to 9.1%), and retail space (4.7% to 5.0%). *Lease* rates fell for office and retail space while they stayed almost the same for medical office space. Industrial space vacancy and lease rates stayed steady, which follows national trends.

I'd like to end by revisiting my earlier comment regarding the U.S. having a comparative advantage over other developed nations. The U.S. has abundant natural resources and is thus more self-reliant, which shelters us from resource shocks like the Ukrainian crisis (27% of our GDP emanates from trade versus the Euro Area at 90%). The U.S. dollar is the world's reserve currency, so other countries/investors buy our bonds. This finances our debt, which is a bittersweet thing. We have high innovation and entrepreneurship when you look at patents and business startup rates. We are indeed aging, but not as fast as our European counterparts (our median age is 39 and Germany's is 47). And although immigration is a contentious issue, we have more immigrants per million population than the EA, and immigrants fuel innovation and entrepreneurship. They also fill a ton of health care and hospitality jobs. I like ending on the positive.

Tatiana, Rebecca & Kathryn

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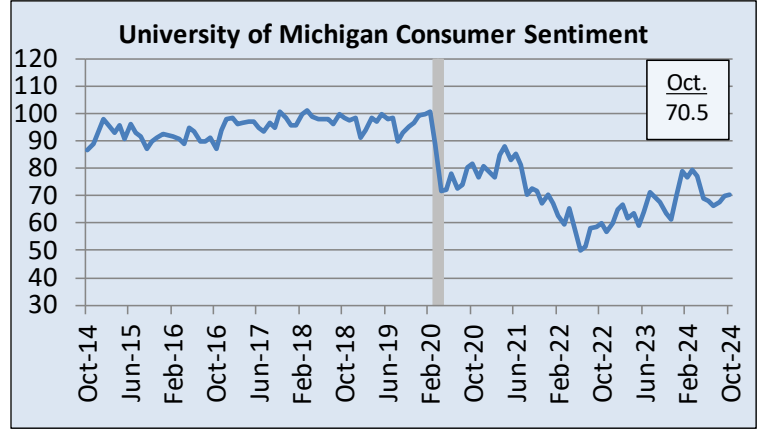
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MACROECONOMIC "BIG PICTURE" (PAGE 3)



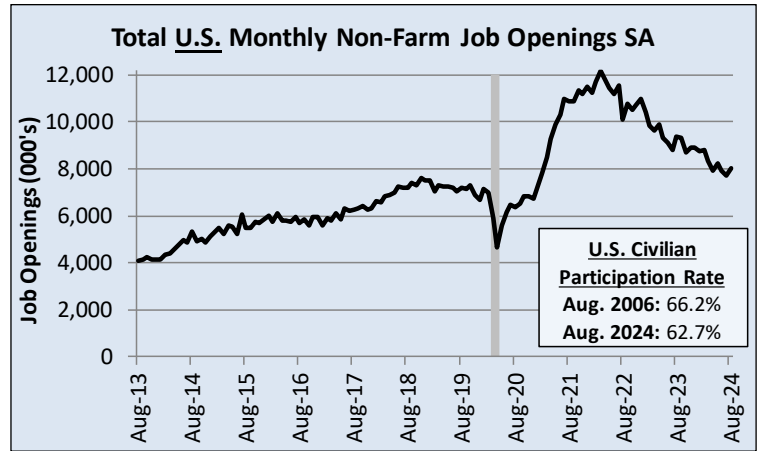
*Estimate of real GDP percent change from same quarter a year ago, SA
 **If quarterly changes were annualized over the year.
 Source: U.S. Bureau of Economic Analysis



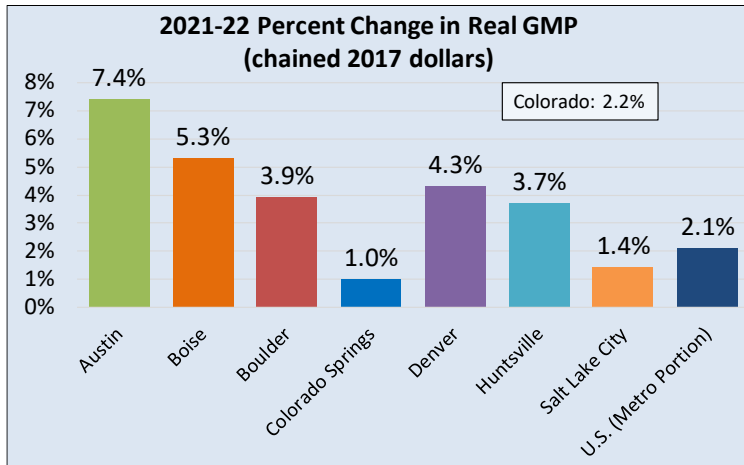
Source: University of Michigan

Forecasts for U.S. Real GDP and Unemployment (SA)				
	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast
Real GDP Growth	2.5%	2.9%	2.8%	2.2%
Unemployment Rate	3.7%	3.6%	4.1%	4.1%

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.

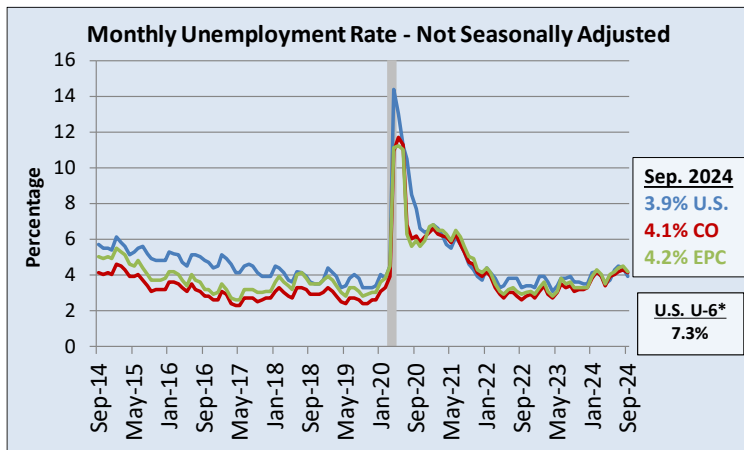


Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.
 Source: U.S. Bureau of Economic Analysis

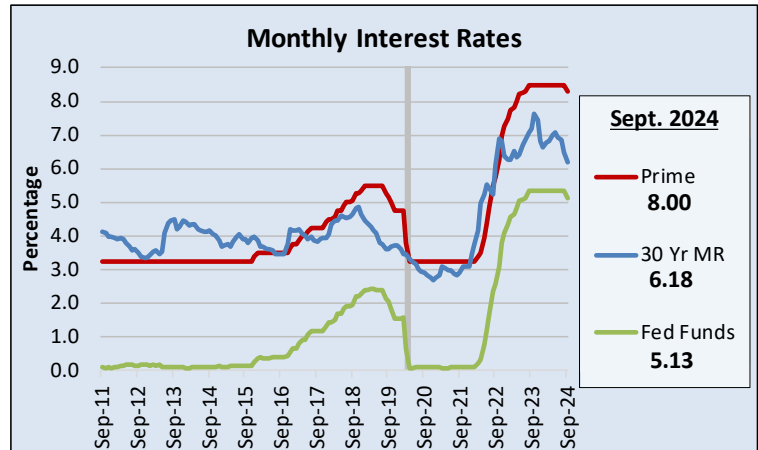
U.S. Consumer Price Index - September 2024		
	All items	Less food & energy
Change from August to September 2024 (SA)	0.2%	0.3%
Last 12-months (NSA)	2.4%	3.3%

The 2024 Q2 cost of living in the **Colorado Springs MSA** was **100.3%** 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



*The latest monthly rate is the average expected as of the date in the text box.
 Source: Board of Governors of the Federal Reserve System

LOCAL LABOR MARKET (PAGE 4)

Top Job Openings, Colorado Springs MSA September 2024		
Top Job Titles	# of Job Postings	Median Advertised Salary
Registered Nurses (L)	624	\$89,344
Retail Salespersons (M)	593	\$34,176
Computer Sys Engineers/Architects (L)	451	\$134,912
Software Developers (L)	436	\$133,888
Customer Service Reps (M)	307	\$41,600
1st-Line Supervisors, Retail Sales (L)	294	\$46,464
Secretaries & Admin Assistants (M)	264	\$44,672
Heavy & Tractor-Trailer Truck Drivers (H)	248	\$56,704
General & Operations Managers (L)	235	\$75,136
Maintenance & Repair Workers (H)	229	\$47,744

Colorado Springs MSA, September 2024
TOTAL Job Openings: 18,928
TOTAL Unemployed: 16,402
Workers Available per Job Opening: 0.87

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

2023 Federal Poverty Level (FPL)		
	El Paso County	U.S.
% people at FPL or below	7.0%	12.5%

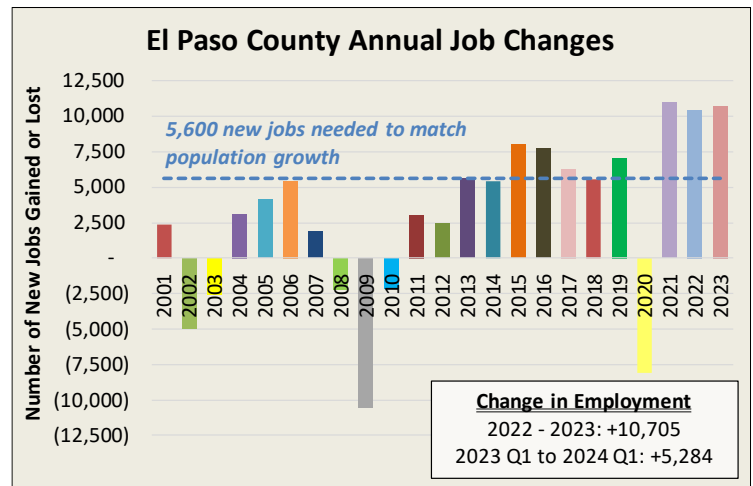
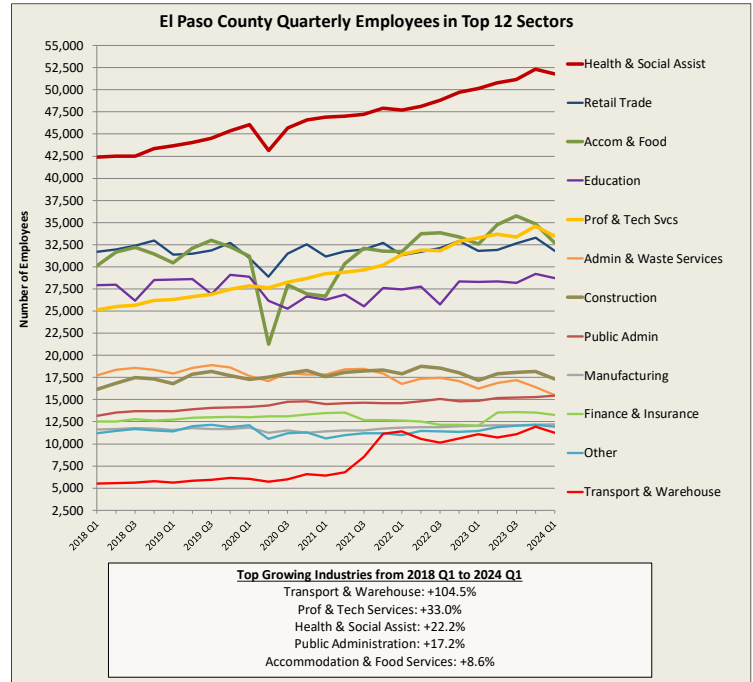
Note: FPL in 2023 was \$14,580 for an individual and \$30,000 for a family of four.

2024 Q1 Average Annual Wages for All Industries		
El Paso County wages are 14.1% lower than U.S. wages and 18.7% lower than CO wages.		
U.S.	Colorado	El Paso County
\$79,404	\$83,876	\$68,172
2024 Q1 El Paso County Total Employment*		303,649

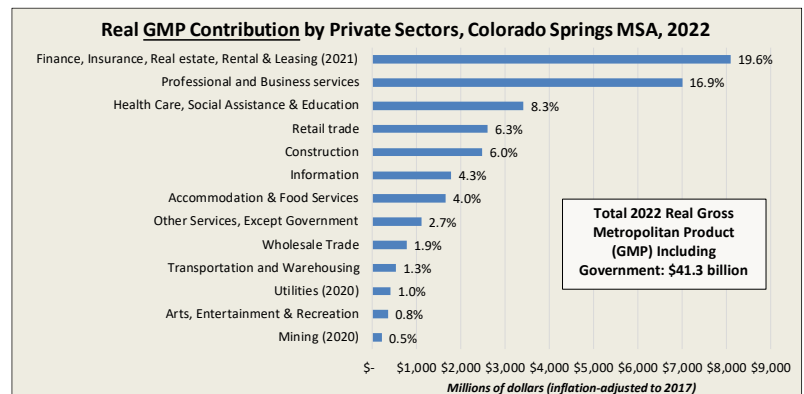
2023-24 Minimum Wage & Living Wage El Paso County		
	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$14.42	\$29,994
Living wage: HHs with 1 adult, 2 children	\$56.05	\$116,584
Living wage: HHs with 2 adults (1 working), 2 children	\$43.68	\$90,854
Living wage: HHs with 2 adults* (2 working), 2 children	\$30.39	\$63,211

*Living wage is for each working adult. For specifics, go to livingwage.mit.edu.

*QCEW data does not include military-related employees.
 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)

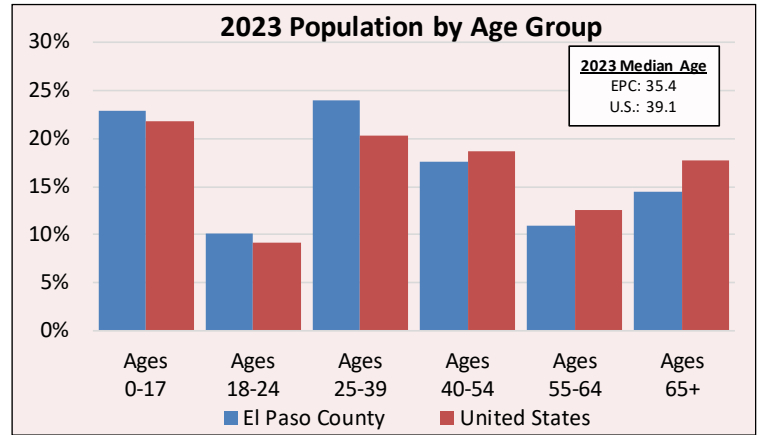


Manufacturing data last disclosed in 2012 when it was 7.1% of real GMP. Government data is no longer released by sector for 2016 when federal military was 12.7%, state & local government was 8.2% and federal civilian government was 5.3% of real GMP. Utilities and Mining data last disclosed in 2020. GMP (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

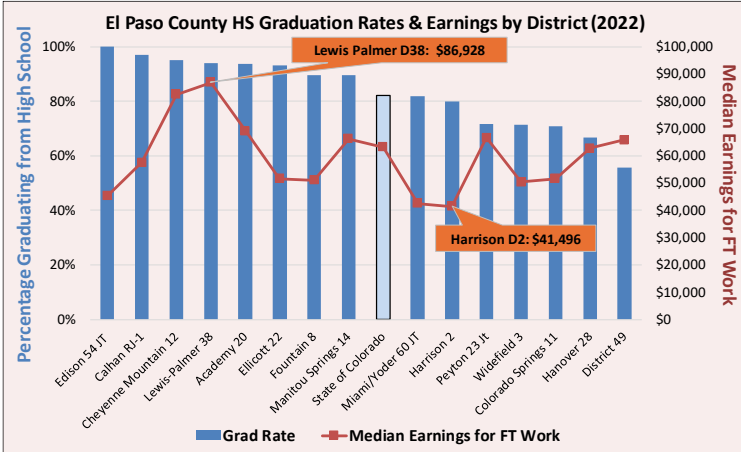
DEMOGRAPHICS (PAGE 5)

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

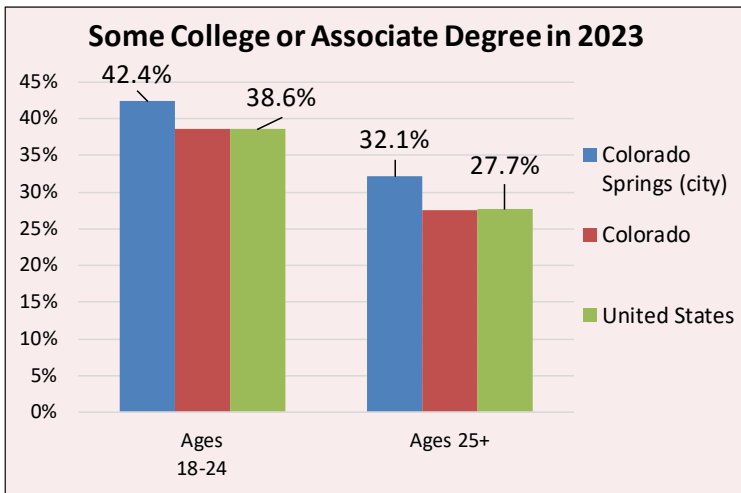
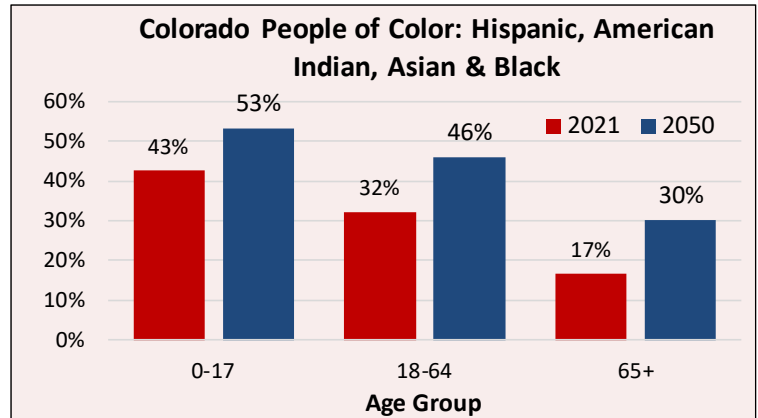
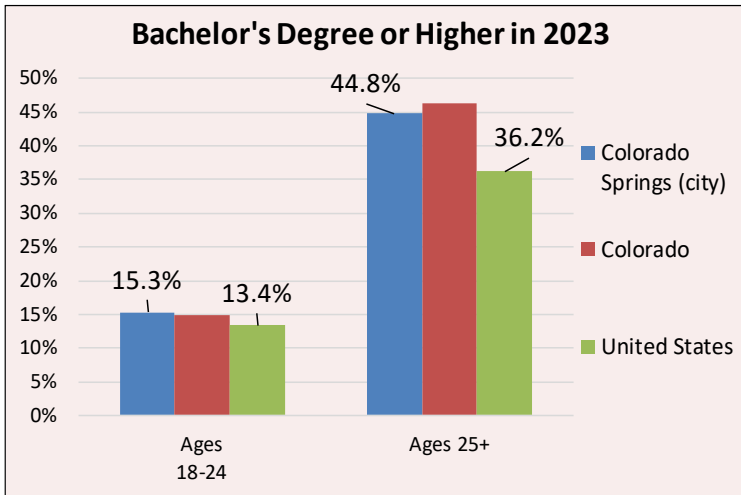
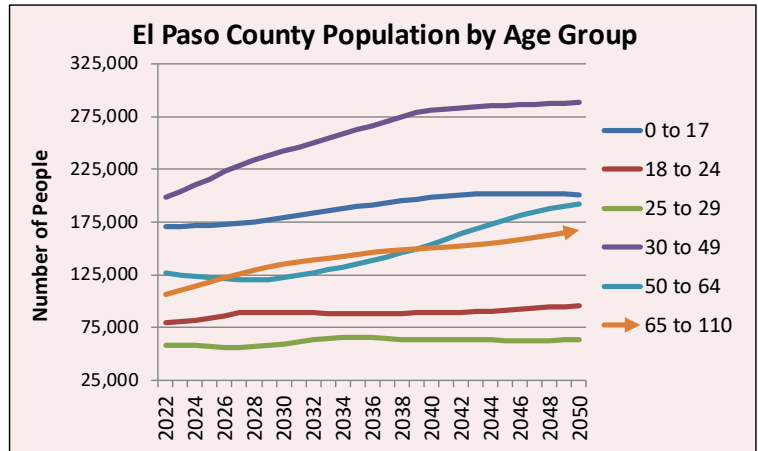


Source: U.S. Census Bureau, Population Division

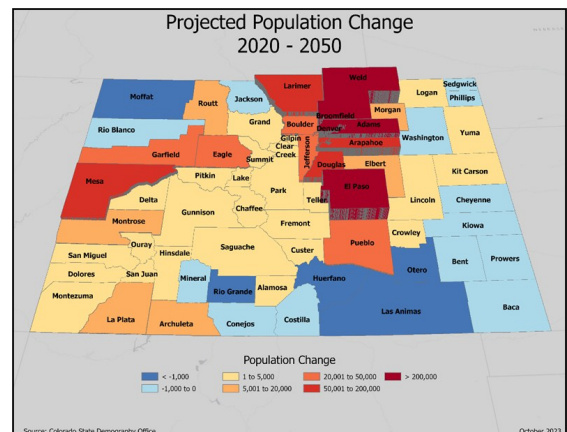


Note: Calhan, Ellicott, Peyton, Hanover, Edison, and Miami/Yoder districts all have fewer than 100 students. District 49 has a significant number of online students, which pull down the districtwide average. (Without the largest online school, the district average is 88%.)

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



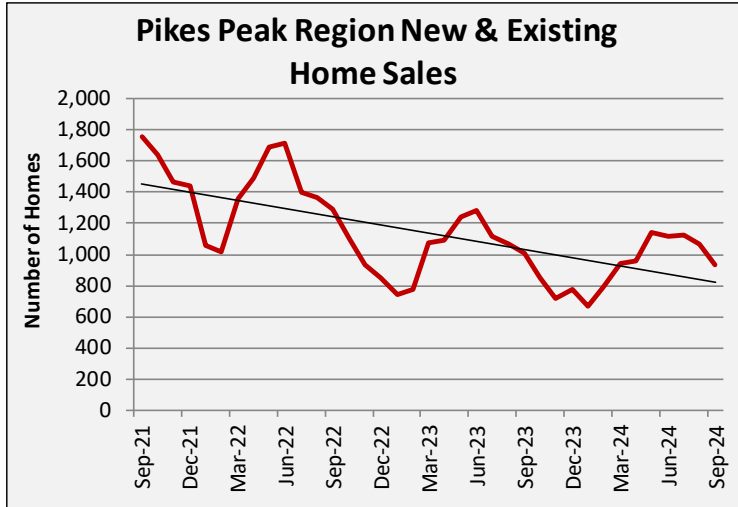
Source: U.S. Census Bureau, American Community Survey 1-year estimates



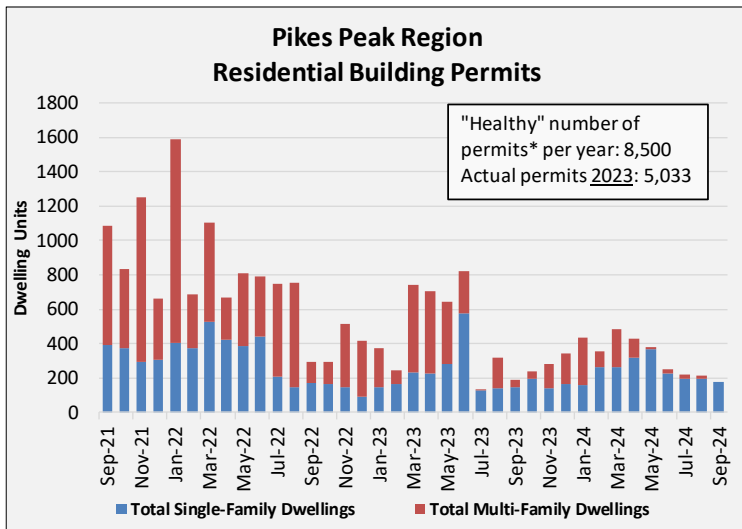
Source: Colorado State Demography Office

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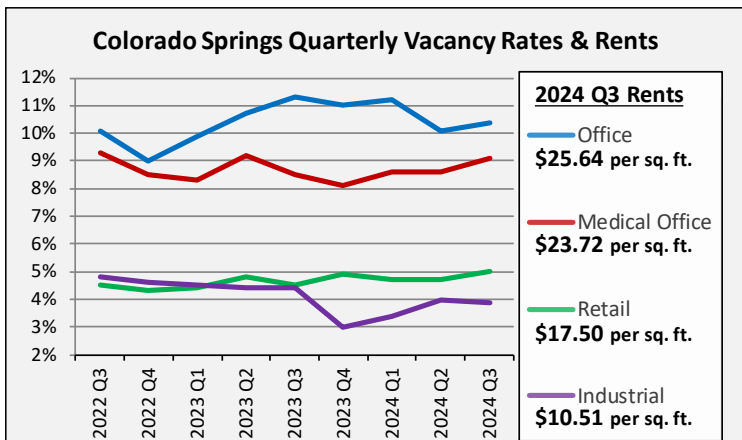
REAL ESTATE (PAGE 6)



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

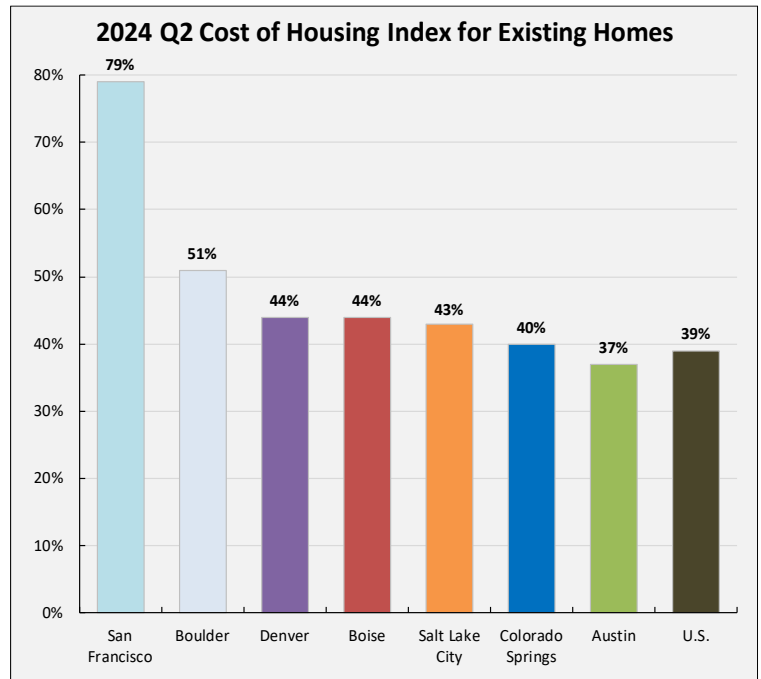


Sources: CoStar Group™; Olive Real Estate Group, Inc.

Median Existing Single-Family Home Price 2024 Q2

Location	Colorado Springs	Denver	Boise	United States
Price	\$479,600	\$669,900	\$510,700	\$422,100
1-year % Change	2.7% increase	0.7% decrease	6.2% increase	4.9% increase
MSA Rank	45	20	36	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

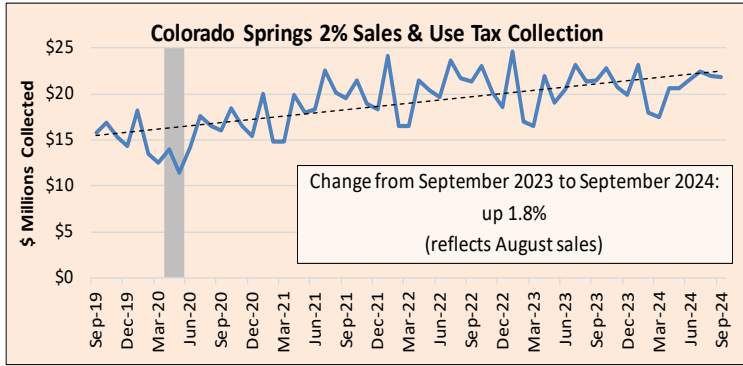
Apartment Rental Information

	Colorado Springs	Denver	Salt Lake City
Market Conditions 2024 Q2	<u>Soft</u>	Soft	Soft
Vacancy Rate 2023 Q2	11.8%	7.5%	10.6%
Vacancy Rate 2024 Q2	<u>12.2%</u>	9.7%	10.9%
Average Rent 2023 Q2	\$1,500	\$1,871	\$1,607
Average Rent 2024 Q2	<u>\$1,490</u>	\$1,883	\$1,597

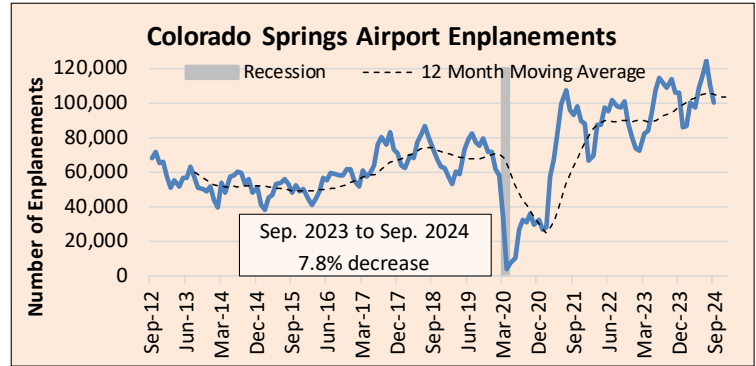
Source: U.S. Department of Housing & Urban Development (HUD), U.S. Market Conditions report

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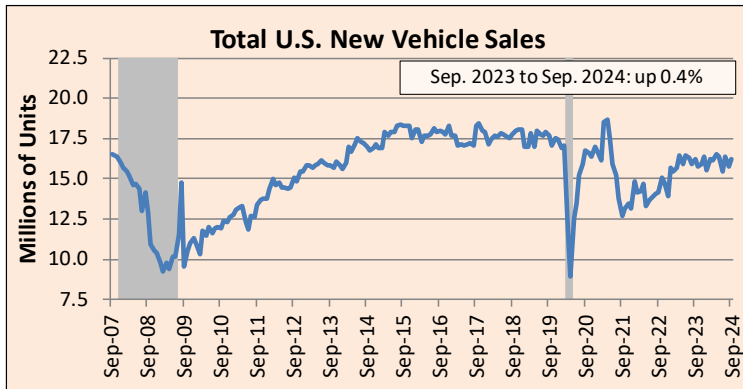
TAXATION, VEHICLE SALES, AIR QUALITY, AND TOURISM (PAGE 7)



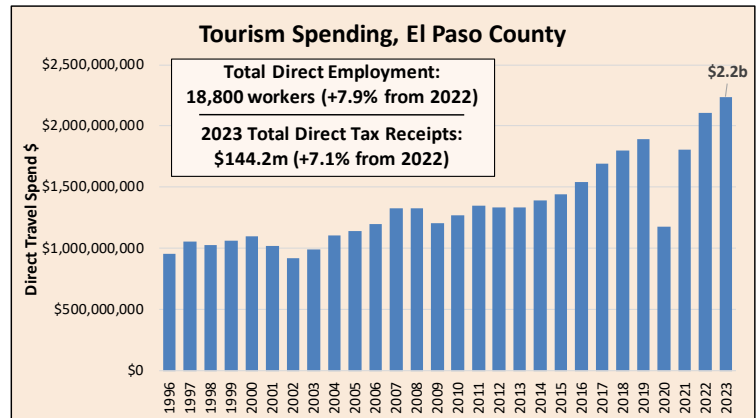
Source: City of Colorado Springs



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 (µg/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; SO₂ at Hwy 24

Source: Colorado Department of Public Health & Environment

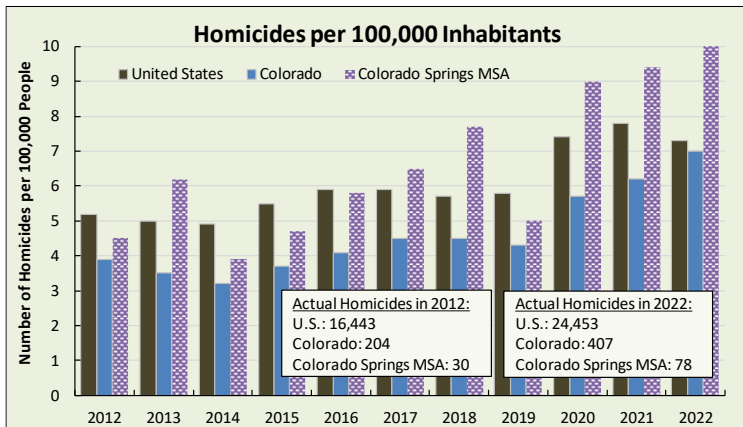
Hotel Occupancy Rate September 2024	
Colorado Springs	Denver
72.7%	81.7%

Hotel RevPAR* September 2024	
Colorado Springs	Denver
\$116.65	\$136.73

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

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

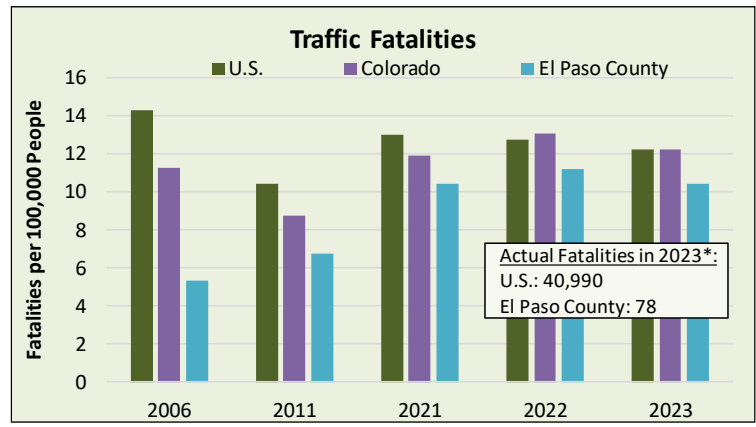
CRIME & SAFETY (PAGE 7)



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

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SUPPORTERS (PAGE 8)



THANK YOU!