

Highlights - December 2024

Before diving into this month's economic updates, I want to remind everyone about the Pueblo Economic Outlook Forum happening on January 7, 2025. It was rescheduled due to the early snowstorm, so please [reserve your spot](#) for this new date if you wish to attend. I will be giving a global/U.S./CO/Pueblo economic update.

As we approach the end of 2024, the U.S. economy continues to demonstrate its characteristic resilience, even amid ongoing inflationary pressures. **U.S. Consumer Sentiment {Page 3}** rose in December, reaching 74.0, up from 71.8 in November. This improvement suggests growing optimism among consumers, a critical driver as personal expenditures comprise two-thirds of GDP. The third estimate for year-over-year change in **2024 Q3 Real GDP {Page 3}** was revised from 2.8% to 3.1%, largely attributable to an increase in consumer spending, exports, nonresidential fixed investment, and federal government spending. At the FOMC meeting on December 18th, the Fed revised up its **GDP Growth Forecasts {Page 3}** to 2.1% for 2025, which is slightly above trend growth for the U.S. This expectation for stronger growth has inflationary implications, which I discuss below.

Similarly, the Fed expects slightly lower unemployment with a rate hovering around 4%. The labor market held steady in November, with the **U.S. Unemployment Rate {Page 3}** ticking up slightly to 4.0% from 3.9% in October. **Job Openings {Page 3}**, however, rose to 7.74 million in October, a 5.0% month-to-month increase, though down 10.8% compared to the previous year when we were still adjusting from the pandemic. The October uptick in job openings is significant, however, in that it signals a still-resilient labor market and strength in the broader economy as I discuss at the end of the segment (linked) below.

With people employed and spending, it is then not surprising that **Inflation {Page 3}** [saw its largest increase in seven months](#), with the U.S. Consumer Price Index (CPI) up 2.7% year-over-year in November, compared to 2.6% in October. Excluding food and energy, core inflation remained steady at 3.3%. I recently discussed the implications of higher inflation and interest rates in this other [segment](#). The Fed moved forward with a 0.25% cut to **Interest Rates {Page 3}** on December 18 as expected. However, the Fed is now banking on higher inflation in 2025 amid expectations for President-Elect Trump's tariff policies, which I provided detail on last month. As such, they adjusted the number of anticipated interest rate cuts from three cuts to two in the coming year with an expected ~4.0% rate by the end of 2025. The monthly average **Prime Rate {Page 3}** (7.81%) and average **Federal Funds {Page 3}** rate (4.64%) both decreased, however, the average **30-year Mortgage Rate {Page 3}** climbed to 6.81%, with continued affordability implications for the housing market. At a local level, it seems that higher interest rates are perhaps influencing the purchase of big-ticket items. **El Paso County New Vehicle Registrations {Page 7}** were down 22.0% in November 2024 compared to November 2023. That's quite the decline especially in the context of U.S. vehicle sales up 6.6% year-over-year. Below I discuss that local employment is not as robust in 2024 as it was in 2023, and that may be a factor. The purchase of luxury utility vehicles held steady with a modest 1.3% in November 2024 compared to November 2023.

Real Gross Metropolitan Product (GMP) {Page 3} data unfortunately lags about a year, so it was just released, but it did show good news. GMP increased 4.4% from 2022 to 2023, and this increase is notably higher than 2021 to 2022's rate of only 1.7%. Remember, however, that these rates are all relative to the prior year and 2020 to 2021 had a high GMP growth rate of 5.8%, so it was hard to exceed that by much in 2022. The just released 2023, 4.4% growth rate is quite healthy and places us in the top 20th percentile within the U.S. with a "real," or inflation-adjusted economy (as measured by GMP) of \$43.6 billion. Our local economic growth outpaced the average U.S. metropolitan areas' growth of 2.7% and matched the State of Colorado's growth (also 4.4%). Among peer MSAs, only Austin (up 4.5%) and Huntsville (up 6.0%) posted stronger growth. **GMP Contributions by Sector {Page 4}** show the largest local industries as measured by dollars.

On the labor market side, El Paso County's **Unemployment Rate {Page 4}** ticked up to 4.6% in November from 4.5% in October. The state and the U.S. experienced similar, marginal increases in unemployment. The **Number of Job Openings {Page 4}** for El Paso County dropped from 18,611 in October to 17,266 in November. The **Number of Unemployed {Page 4}** individuals rose from 17,450 in October to 17,805 in November, resulting in the **Number of Workers per Available Job {Page 4}** rising from 0.94 to 1.03. This increase means there are now more job seekers than job openings, which could reduce pressure on

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wages. In my mind, this isn't favorable because we still have a local deficit in wages. The release of the Bureau of Labor Statistics Quarterly Census of Employment and Wages 2024 Q2 report shows this. In Q2, **Average Annual Wages {Page 4}** in El Paso County were 9.2% lower than U.S. wages and 15.1% lower than Colorado wages, although that is an improvement from 14.1% lower than the U.S. and 18.7% lower than Colorado wage rates in Q1 of this year.

In terms of the number of employees by industry, the **Quarterly Employees in the Top 12 Sectors {Page 4}** showed growth in all the same top sectors from the previous quarter as shown in the chart's textbox. The **Annual Job Changes {Page 4}** can provide a hint on business and employment growth this year, and here I see slowing growth. 2024 Q2 employment grew by +2,938 employees in Q2 as compared to 2023 Q2, and this was slower than the +5,284-employee growth observed in Q1 (also year-over-year). This suggests that GMP (discussed above) for 2024, which will be released in a year, may be lower than it was in 2023 because employment often mirrors overall (GMP) economic growth. We will know more when the quarterly employment statistics for Q3 and Q4 of 2024 are released and will keep you apprised.

El Paso County's high school graduation and earnings data for 2023 highlight continued disparities across districts: Cheyenne Mountain had the highest **Graduation Rate {Page 5}** at 96.6%, while District 49 had the lowest at 55.7%. However, when excluding District 49's largest online school, its graduation rate improves to 88%, matching last year's recalibrated percentage. Five districts in the county had graduation rates below the state average of 83.1%, which is an improvement from last year when we had seven districts below the state average. **Median Earnings {Page 5}** for full-time workers between 2019 and 2023 also varied widely. Lewis-Palmer D38 led the region with average median earnings of \$96,438, while Miami/Yoder reported the lowest at \$42,568. These disparities underscore the importance of workforce development initiatives that have gained traction across the state and in our region. This is why I love to [highlight great local initiatives](#) like the new Delta Dental Oral Health Career Center at PPSC.

In Q3 2024, Colorado Springs saw a 1.3% year-over-year increase in the Q3 Department of Housing and Urban Development (HUD) **Apartment Vacancy Rate {Page 6}** with a Q3 2024 vacancy rate of 12.7%. This is largely due to a number of new apartments coming onto the market that outpaced absorption at the time of data collection. In a recent [segment](#), I discussed how spikes in vacancy rates due to new apartments coming onto the market can be used to say that Colorado Springs is overbuilding. I am not convinced that is the case, but as I've discussed often, I do worry about the availability of *affordable* units. On that front, the HUD report indicated that the **Average Monthly Rent for Apartments {Page 6}** in Colorado Springs was \$1,438 in Q3, an increase of \$2 per month compared to a year ago. Still, several experts are worried about [housing affordability worsening](#) in the coming years. Colorado Springs recently ranked as the [nation's No. 1 housing market for 2025](#) according to one source with an expected 27.1% jump in number of home sales and 12.7% predicted increase in prices in 2025 compared to 2024. We will see if that materializes, but we will certainly need to be strategic about providing more affordable options if we hope to continue to grow our (much-needed) local and state workforce.

While 2025 leaves a lot up in the air from a macroeconomic picture (are we really talking about a government shutdown again??), I do believe Colorado Springs is positioned to continue on a positive growth trajectory as we enter 2025. In the meanwhile, we sincerely hope everyone has a most wonderful holiday season!

Tatiana, Rebecca & Kathryn

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

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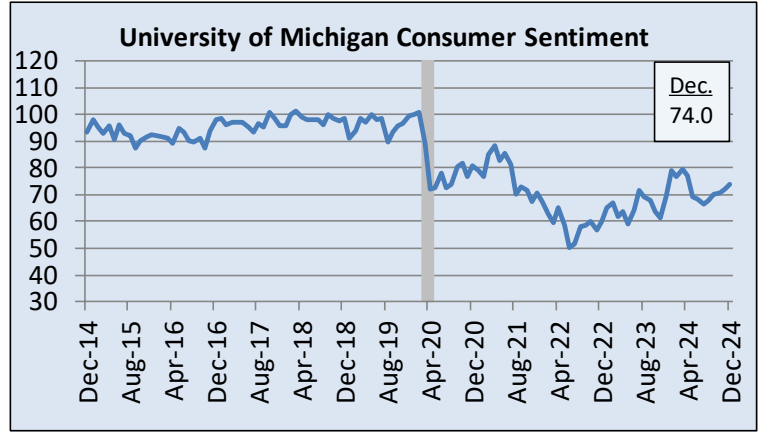
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MACROECONOMIC "BIG PICTURE" (PAGE 3)



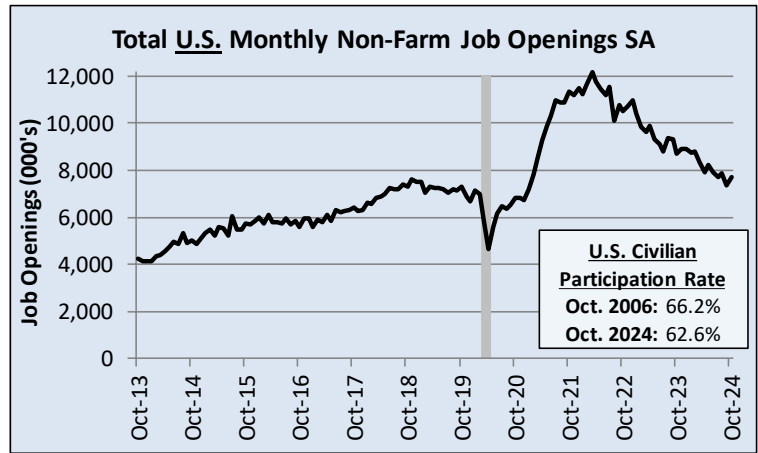
*Estimate of real GDP percent change from same quarter a year ago, SA
 **If quarterly changes were annualized over the year.
 Source: U.S. Bureau of Economic Analysis



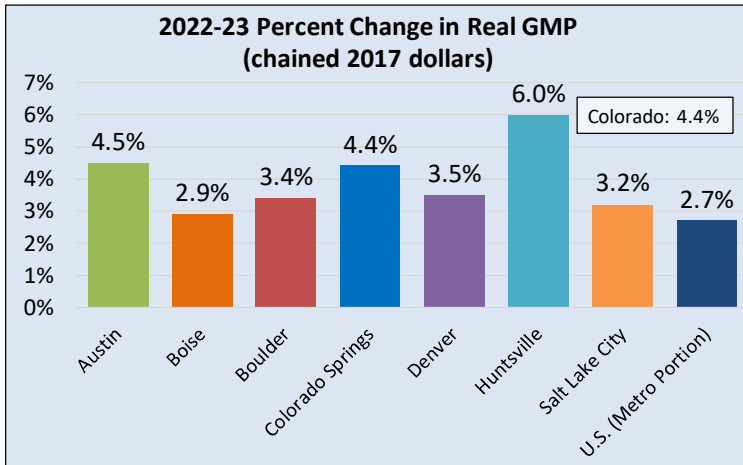
Source: University of Michigan

	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.

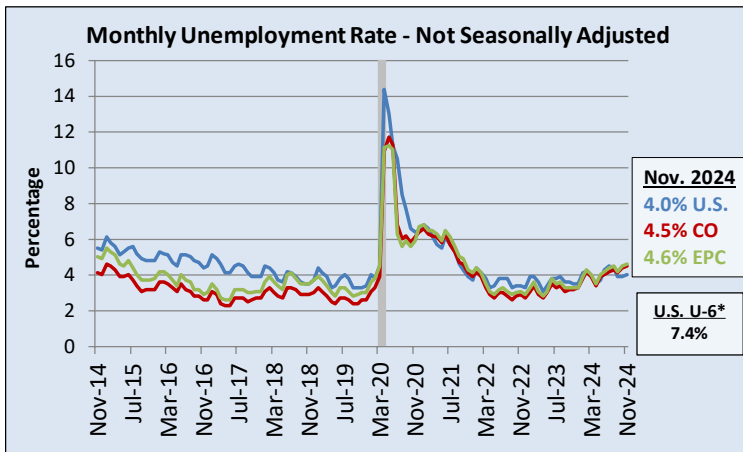


Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.
 Source: U.S. Bureau of Economic Analysis

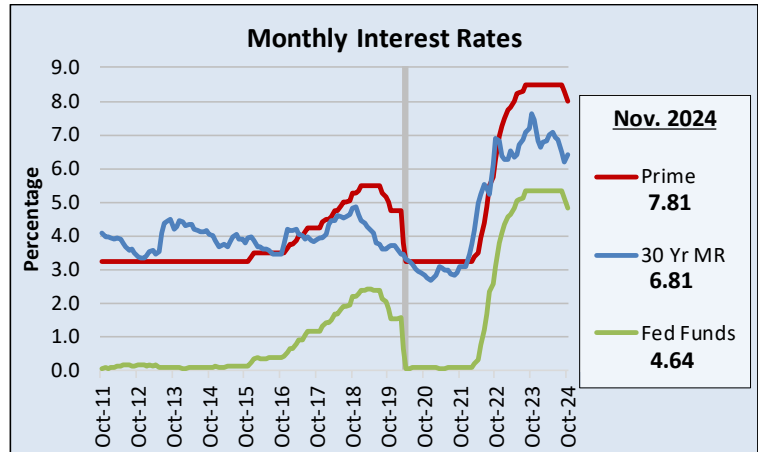
	All items	Less food & energy
Change from October to November 2024 (SA)	0.3%	0.3%
Last 12-months (NSA)	2.7%	3.3%

The 2024 Q33 cost of living in the **Colorado Springs MSA** was **102.1%** 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 November 2024		
Top Job Titles	# of Job Postings	Median Advertised Salary
Registered Nurses (L)	606	\$93,440
Retail Salespersons (M)	543	\$33,920
Software Developers (L)	470	\$131,840
Computer Sys Engineers/Architects (L)	426	\$135,936
1st-Line Supervisors, Retail Sales (L)	262	\$47,744
Customer Service Reps (M)	244	\$41,600
Maintenance & Repair Workers (H)	234	\$47,744
Heavy & Tractor-Trailer Truck Drivers (H)	228	\$50,048
General & Operations Managers (L)	218	\$70,016
Secretaries & Admin Assistants (M)	209	\$44,160

Colorado Springs MSA, November 2024	
TOTAL Job Openings:	17,266
TOTAL Unemployed:	17,805
Workers Available per Job Opening:	1.03

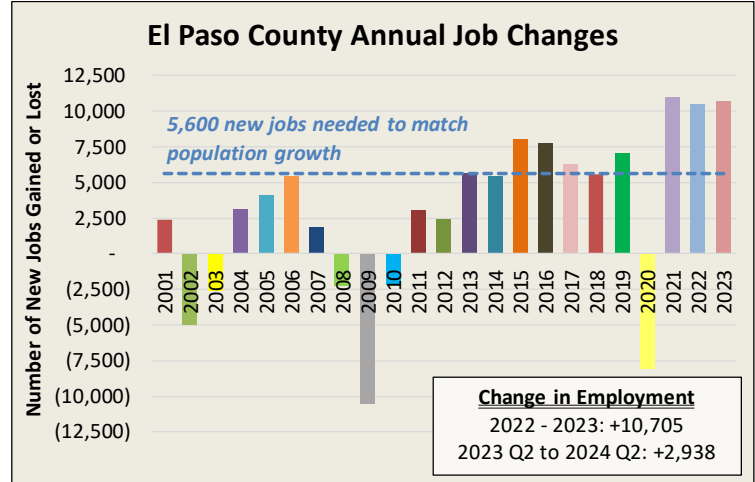
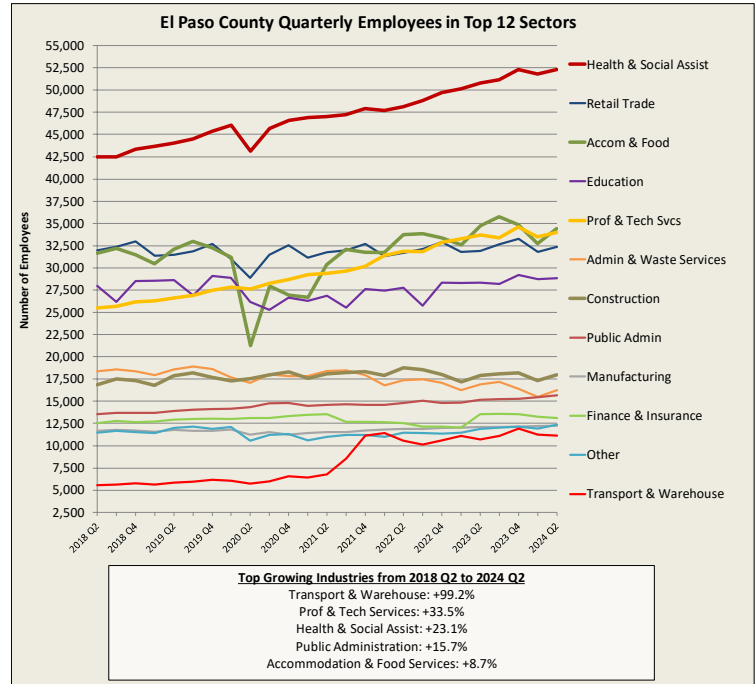
Risk of Automation: L = Low; M = Medium; H = High
Sources: The Conference Board® Lightcast® Help Wanted OnLine® via Pikes Peak Workforce Center; CO Dept. of Labor & Employment

2023 Federal Poverty Level (FPL)		
	El Paso County	U.S.
% people at FPL or below	7.0%	12.5%
<i>Note: FPL in 2023 was \$14,580 for an individual and \$30,000 for a family of four.</i>		

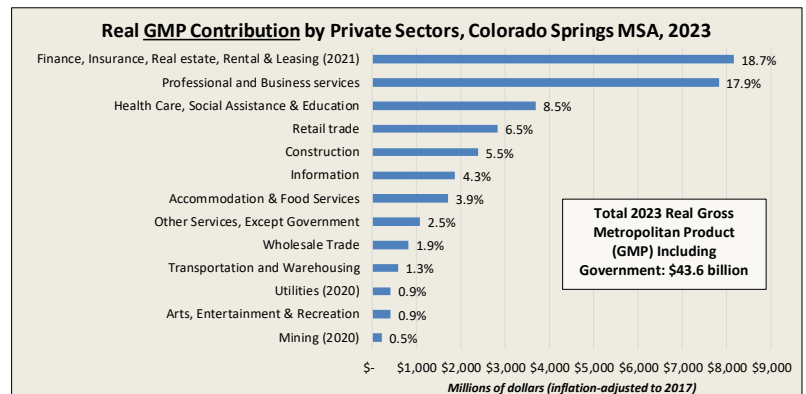
2024 Q2 Average Annual Wages for All Industries		
<i>El Paso County wages are 9.2% lower than U.S. wages and 15.1% lower than CO wages.</i>		
U.S.	Colorado	El Paso County
\$72,280	\$77,272	\$65,624
2024 Q2 El Paso County Total Employment*		310,036

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.
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)

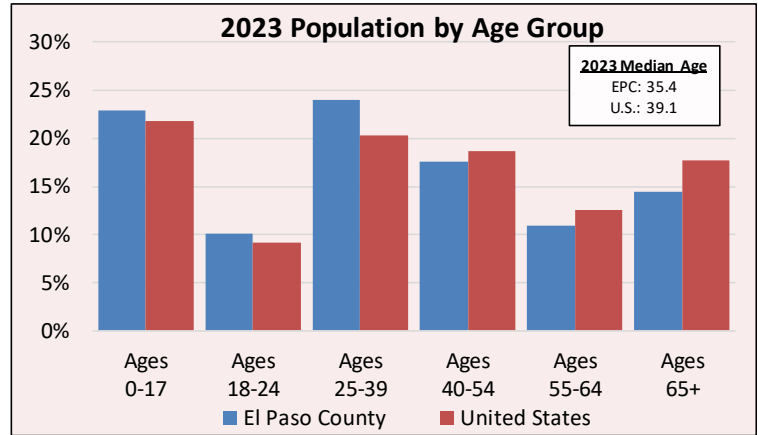


Manufacturing data last disclosed in 2012 when it was 7.1% of real GMP. Government data is no longer released by sector for 2016 when federal military was 12.7%, state & local government was 8.2% and federal civilian government was 5.3% of real GMP. Utilities and Mining data last disclosed in 2020. Finance,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

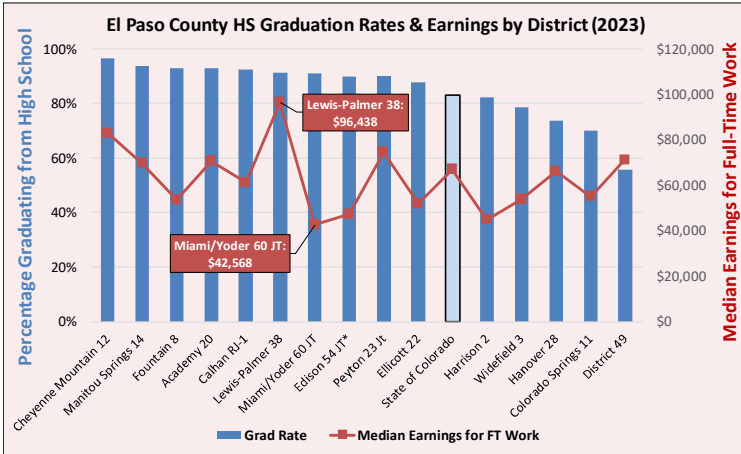
DEMOGRAPHICS (PAGE 5)

Population Estimates		
	2023	2050
El Paso County	744,153	1,001,087
Colorado	5,876,300	7,416,589

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

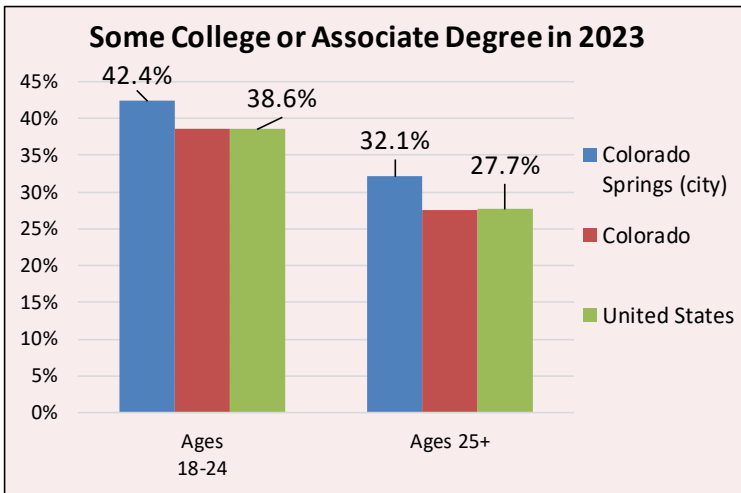
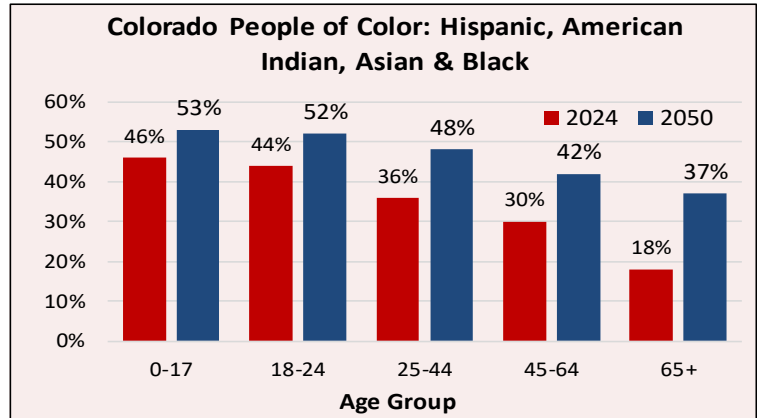
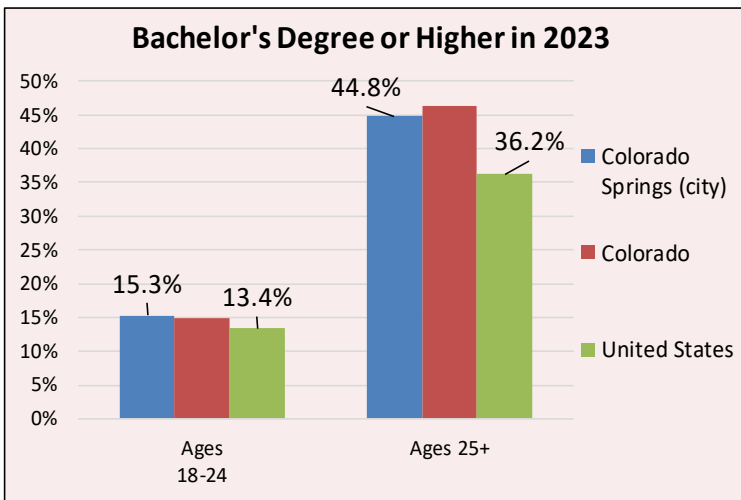
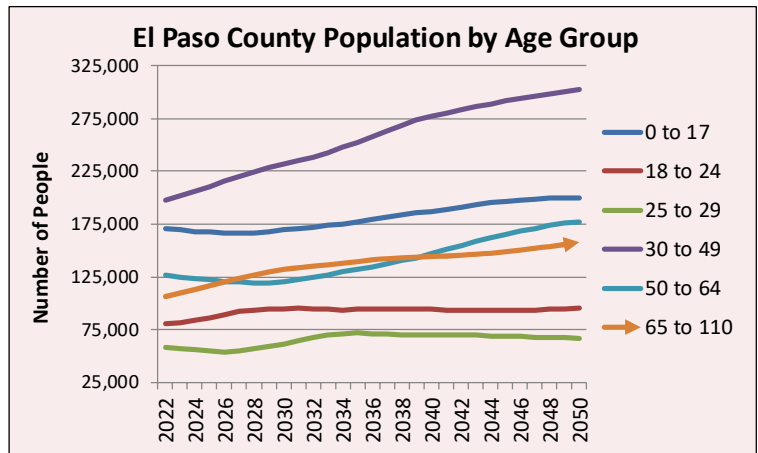


Source: U.S. Census Bureau, Population Division

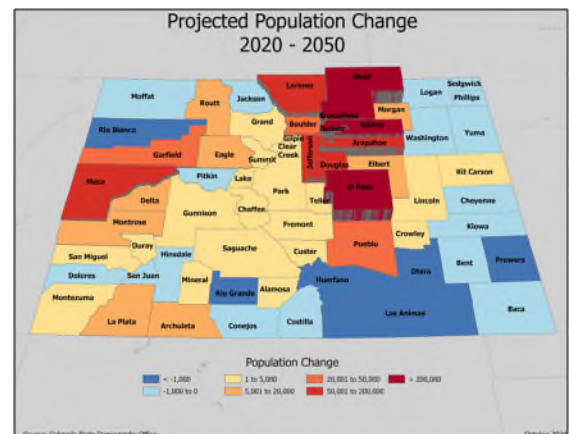


Note: Calhan, Ellicott, Peyton, Hanover, Edison, and Miami/Yoder districts all have fewer than 100 students. District 49 has a significant number of online students, which pull down the districtwide average. (Without the largest online school, the district average is 88%.) *Edison had ≥ 90% graduation rate.

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



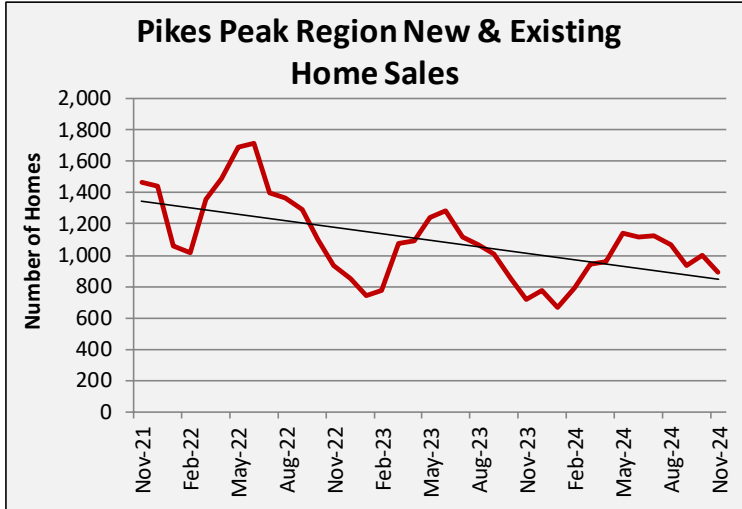
Source: U.S. Census Bureau, American Community Survey 1-year estimates



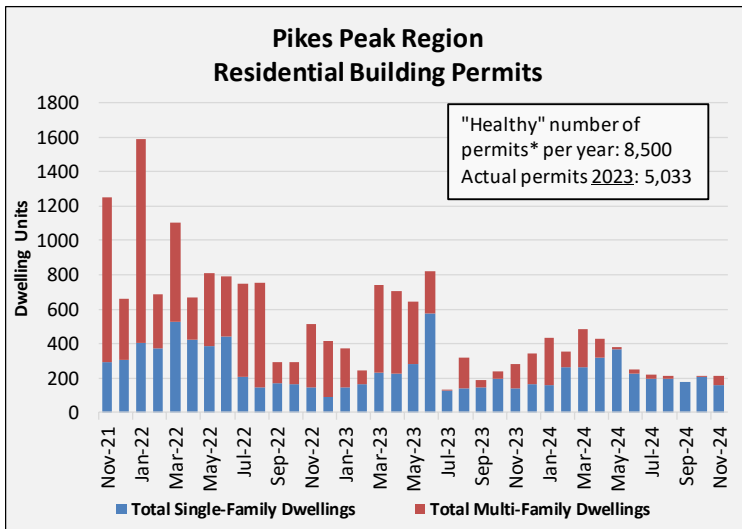
Source: Colorado State Demography Office

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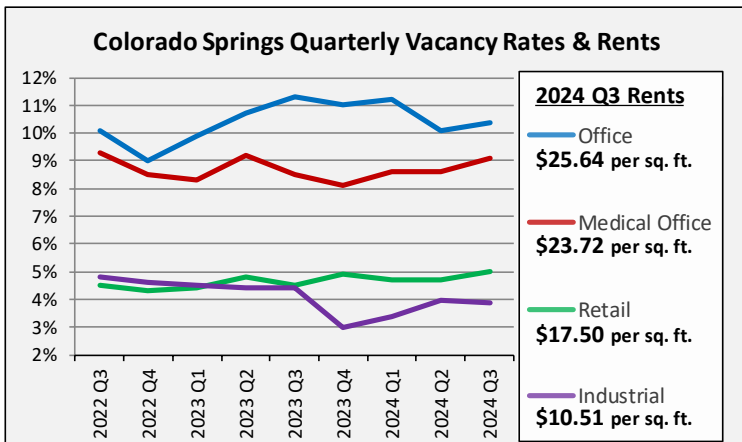
REAL ESTATE (PAGE 6)



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



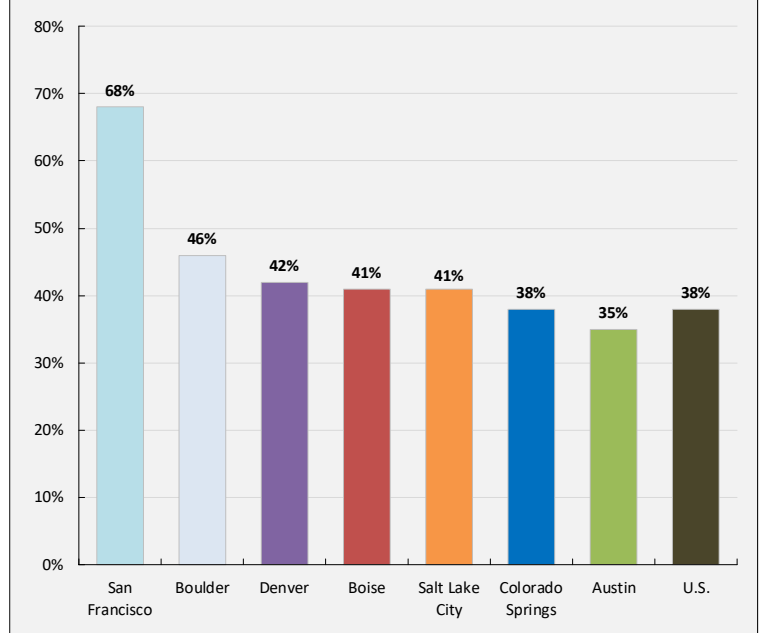
Sources: CoStar Group™; Olive Real Estate Group, Inc.

Median Existing Single-Family Home Price 2024 Q3

Location	Colorado Springs	Denver	Boise	United States
Price	\$473,200	\$654,600	\$491,800	\$418,700
1-year % Change	1.5% increase	2.7% decrease	1.2% increase	3.1% increase
MSA Rank	48	21	40	n/a

Sources: National Association of REALTORS®

2024 Q3 Cost of Housing Index for Existing Homes



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

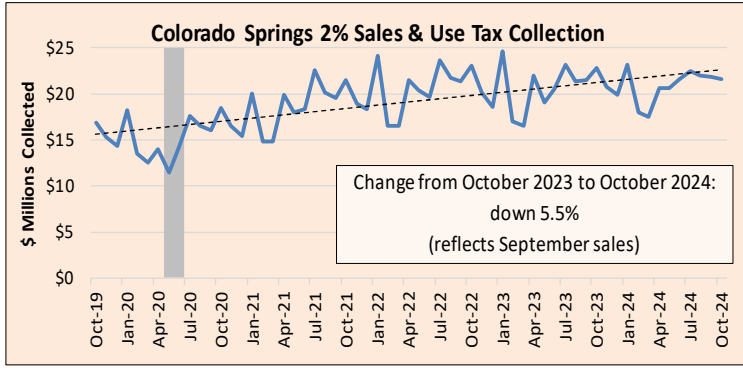
Apartment Rental Information

	Colorado Springs	Denver	Salt Lake City
Market Conditions 2024 Q3	<u>Soft</u>	Slightly Soft	Slightly Soft
Vacancy Rate 2023 Q3	11.4%	8.0%	10.9%
Vacancy Rate 2024 Q3	<u>12.7%</u>	10.2%	11.1%
Average Rent 2023 Q3	\$1,481	\$1,853	\$1,602
Average Rent 2024 Q3	<u>\$1,483</u>	\$1,867	\$1,591

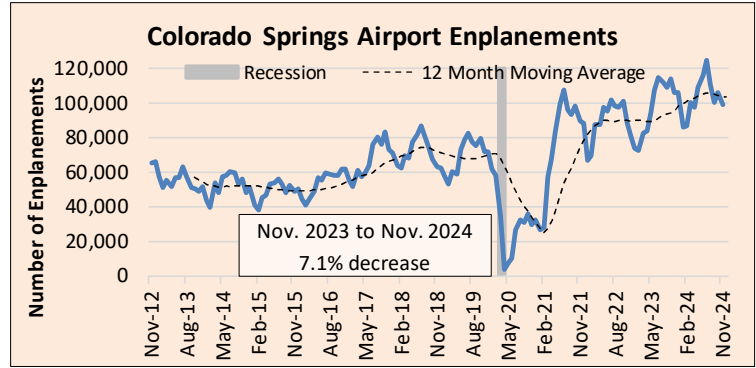
Source: U.S. Department of Housing & Urban Development (HUD), U.S. Market Conditions report

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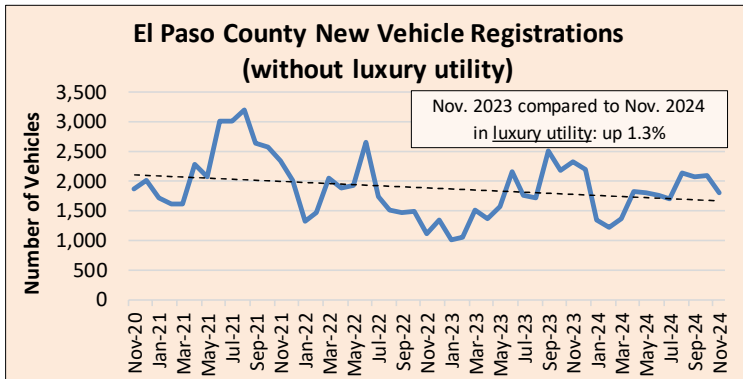
TAXATION, VEHICLE SALES, AIR QUALITY, AND TOURISM (PAGE 7)



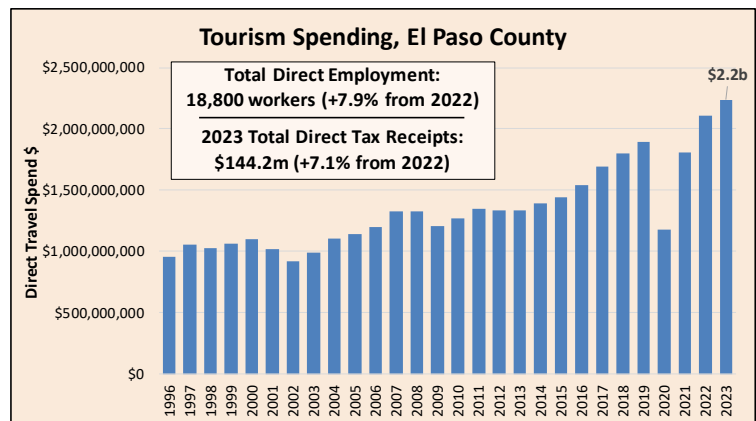
Source: City of Colorado Springs



Source: Colorado Springs Airport



Luxury utility categories (all terrain, camper trailer, trailer coach and trailer utility) are not included in graph line above, but % change in this category is noted in text box.
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

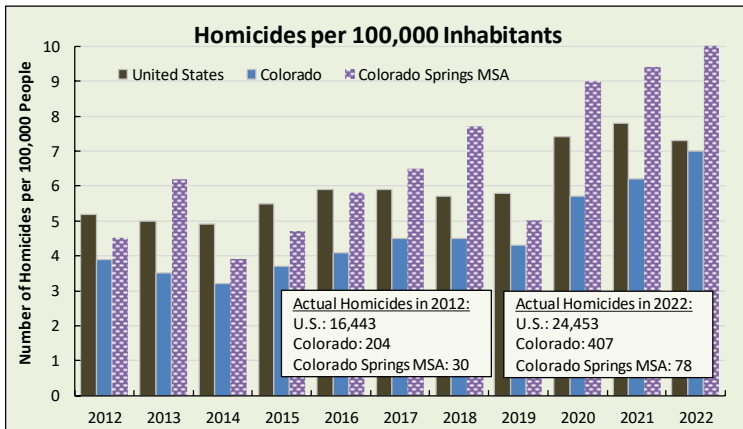
*Locations of measurements: CO at 690 W. Hwy 24; Particulate Matter at Colorado College; SO₂ at Hwy 24
Source: Colorado Department of Public Health & Environment

Hotel Occupancy Rate November 2024	
Colorado Springs	Denver
53.3%	61.8%

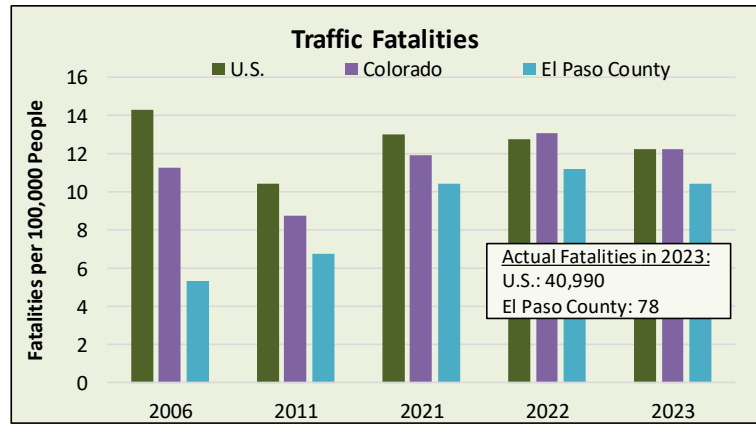
Hotel RevPAR* November 2024	
Colorado Springs	Denver
\$62.03	\$83.84

*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.



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

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

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!