

El Paso County Economic & Workforce Progress Report (EPR)

Highlights - March 2025

Consumer Sentiment {Page 3} significantly dropped once again from 64.7 in February to a preliminary 57.9 in March, a steep 11% decline. Sentiment has now fallen for three straight months, down 22% from December. The downturn bridges all demographics, political affiliations, and geographic regions. While current economic conditions remained mostly steady, expectations for the future are deteriorating for personal finances, labor markets, inflation, business conditions, and the stock market. This is primarily due to uncertainty around economic policies, which is making it difficult for consumers to plan ahead, regardless of political views. Republicans, who initially felt more confident post-election, saw their expectations drop by 10%, while Independents and Democrats experienced even steeper declines of 12% and 24%, respectively.

Another red flag relates to short-term inflation expectations, which jumped from 4.3% to 4.9%, reflecting three consecutive months of sharp increases and the highest since November 2022. Long-term inflation expectations also surged from 3.5% to 3.9%, the biggest month-over-month increase since 1993. This reflects growing consumer concerns about persistent and ongoing price pressures. “Real” (or inflation-adjusted) personal consumption expenditures fell by 0.5% in January, so the economic and inflationary concerns are currently playing out.

As I mentioned last month, uncertainty—whether you agree or disagree with policy shifts—has real economic consequences. Small business (<500 employees) optimism is another metric I closely watch and post-election it has faded with uncertainty levels now at their second-highest point on record since 1973, largely due to [tariffs](#). In that segment I define tariffs and address who pays the tariffs. Tariff concerns are also pushing up costs for small businesses, with 32% of them raising prices in February (up from 22% the previous month). As of writing this report and since January 2, there are 20% U.S. tariffs on China and 25% tariffs on steel and aluminum. Goods not subject to the USMCA trade agreements the U.S. has with Mexico and Canada are currently subject to 25% tariffs. Roughly 40-50% of all goods traded with Mexico and Canada are under the USMCA trade agreement. Unless a change happens, after April 2nd all goods traded with Mexico and Canada will be subject to the 25% tariffs. (The usually laid-back) Canadians have already imposed 25% retaliatory tariffs on about \$21 billion worth of U.S. goods. Negotiations with Canada are not looking promising, but with Mexico they are looking more favorable. That’s one of the reasons Mexico’s president, Claudia Sheinbaum, has an 85% approval rating – something unheard of in the political realm. Her tough stance on Mexican cartel operations is also boosting her domestic support.

Overall, businesses in the U.S. remain mostly stable with about two-thirds reporting they’re still viable, but service-related organizations such as in workforce training, small business support, and childcare are struggling (see textbox). Liquidity issues are forcing some to cut services or shut down entirely. In other words, cutbacks in federal funding may indirectly impact other industries (such as childcare) that are critical for workers outside of the public sector. This is in addition to the direct risks for regions like ours that have high levels of federal funding.

“A childcare provider associated with Head Start reported having available liquidity that will provide for one week of payroll but, without additional funds, will soon lay off staff and cease provision of nearly 1,000 childcare slots.” ~ Kansas City Federal Reserve Biege Book

Imports also subtract from GDP and importing activity is higher in large part due to businesses that are buying/hoarding because they see their input prices going up in the near term due to tariffs. This negative input to GDP is another reason I have downwardly revised the 2025 **GDP Growth Rate Forecasts {Page 3}** to 1.5% for this year and 1.6% for 2026. These forecasts are materially lower than 2024’s growth rate of 2.8%. The Colorado Office of State Planning and Budgeting forecast for U.S. GDP in 2025 stands at 1.6% and 1.5% for 2026 – roughly the same as mine - as of their March 2025 report. It’s worth noting that OSPB has increased the likelihood of a recession in the next 12 months from 25% in the December 2024 report to 40% in the March report. Wells Fargo is more optimistic with a 1.9% growth rate for 2025 and a 2.3% growth rate for 2026 although both annual forecasts reflect downward revisions.

U.S. Job Openings {Page 3} rose to 7.7 million in January 2025, a 3.1% monthly increase but still 8.6% lower than a year ago. Hiring is slowing, as reflected by the small business surveys discussed above, although not falling off a cliff. Real-time employment data from January (125,000) and February (151,000) signal a significant slowdown from +200,000 in 2024 Q4.

Unemployment Rates {Page 3} rose in the U.S., Colorado and El Paso County. Nationwide, unemployment rose from 4.4% in January to 4.5% in February. The latest available data for Colorado and El Paso County is January 2025, and those rates increased in both regions from 4.5% in December 2024 to 5.0% in January 2025. In our monthly (economist’s) meeting through the Office of State Planning and Budgeting, we’ve been talking about the slowing growth rate of working-age people in our state (see second textbox) and the higher-than-U.S. unemployment rate in our state. While worrying, the demographic transition across the nation (including Colorado) makes it unlikely that unemployment rates will tick up significantly. A sharp slowing in immigration has already begun while

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deportations are also likely to keep labor demand relatively strong. I only see that changing materially if the U.S. were to experience a sharp recession.

The **Consumer Price Index, or CPI, {Page 3}** showed a modest 0.2% increase from January to February, with annual inflation at 2.8% (down from 3.0% in January). Core inflation (excluding food and energy) came in at 3.1% year-over-year, down from 3.3% the previous month. While good news, the February CPI does not reflect tariffs enacted in March.

Interest Rates {Page 3} barely changed in February, and I will say it is especially tricky right now to forecast future interest rate cuts. The state economists are predicting no cuts in 2025 while Wells Fargo revised their forecast from two (0.25%) cuts this year to three cuts. If indeed the economy slows as many experts are forecasting, interest rate cuts would be indicated. However, if unemployment rates stay below 5.0% and inflation stays around 3.0%, it's harder for the Federal Reserve to justify interest rate cuts. It really depends on the severity of the GDP hit if indeed there is one (discussed [here](#)).

Apartment Rental Information {Page 6} for 2024 Q4 confirms softening rental markets in Colorado Springs, Denver, and Salt Lake City (our chosen comparison city). Colorado Springs had the highest vacancy rate (14.0%) but still the lowest average rent (\$1,478) compared to Denver (\$1,818) and Salt Lake City (\$1,594). Year-over-year, rents were down in all three markets, reflecting the relatively rapid increase in (multi-family) supply largely due to those oh-so-happy times of lower interest rates and booming construction.

Local Sales & Use Tax Collections {Page 7} were down 0.7% year-over-year in February and were down 24.1% from January to February of this year reflecting the lower consumer spending post-holidays that happens every year. **Enplanements {Page 7}** at the Colorado Springs Airport dropped 6.9% in January (year-over-year) and 21.8% from December. Nationwide, the major airlines have revised their revenue estimates for this year downwards mostly due to consumers feeling pessimistic about personal finances and the economy. Locally, we do have the good news that our airport will have new daily nonstop routes to San Diego, starting October 2. Previously the direct routes to San Diego were seasonal.

All in, I feel increasingly cautious about the rapidly shifting economic landscape. We have mounting consumer and business uncertainty with its (lower) spending implications. We have signals of weaker GDP growth alongside persistent inflationary pressures (or "stagflation") with an absence of clear federal or monetary policy to effectively handle this odd mix. We have shifting labor/demographic dynamics rendering it less likely that we will have the "labor corrections" that would normally pull more workers into the labor force. The geopolitical arena is always a headwind, but perhaps more so now.

My advice? Go outside, take some deep breaths, and enjoy the **Colorado Springs Air Quality {Page 7}**. Carbon Monoxide decreased in 2024 (from 1.10 ppm to 0.70 ppm), and all local measures were well below the U.S. standard of 9.0. Particulate matter also decreased in 2024 (from 7.75 $\mu\text{g}/\text{m}^3$ to 5.67 $\mu\text{g}/\text{m}^3$). The U.S. (particulate matter) standard also declined in 2024 from 12 $\mu\text{g}/\text{m}^3$ to 9 $\mu\text{g}/\text{m}^3$, but Colorado Springs has stayed below that lower standard in 2024. Ozone rose in both locations in El Paso County where it is measured (USAFA and Manitou Springs) and is now at or just above the U.S. standard of 0.70 ppm. Measurements of sulfur dioxide are no longer available, but our region had been well below the U.S. standard including in the last 2023 measurement. I'll use our wonderful fresh air and breathtaking topography as a tonic any day of the week.

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.

Highlights from the Colorado Office of State Planning & Budgeting:

- Total square footage of **commercial construction** in 2024 in CO decreased by 67% from the 2022 peak.
- Federal proposals to reduce contributions to **Medicaid** would put pressure on the state to backfill lost funding or reduce service levels.
- Demographic trends are changing the composition of Colorado's population with fewer prime working-age adults (25-54) lowering the **state's income and sales tax and increasing budgeting pressures from public service programs**.
- Wage and salary growth is not finalized for 2024, but preliminary data shows the **state underperforming the U.S. wage growth** for the first time in over a decade.
- In the first month of the Trump administration, **37,660 migrants across the U.S. were deported**, disproportionately impacting food supply with about 70% of harvest workers being immigrants (and roughly 40% being undocumented). With a short growing season, CO is not as impacted.
- As a **hub of advanced industries** in aerospace, biotech, energy and natural resources, CO would likely see impacts from federal budgetary cuts.
- **Medicaid cuts** across the U.S. and CO are likely. In 2024, CO had 1.3 million (one in every five) residents that received health care through Medicaid (with 37% of them children).
- The **State Education Fund (SEF)** balance is projected to go from \$1.7b in FY 2023/24 to \$1.1b in 24/25 to \$752m in 25/26 to \$164m in 26/27.

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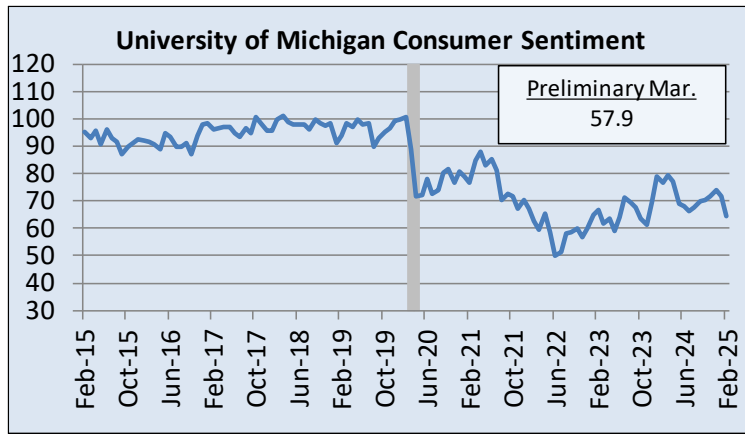
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MACROECONOMIC "BIG PICTURE" (PAGE 3)



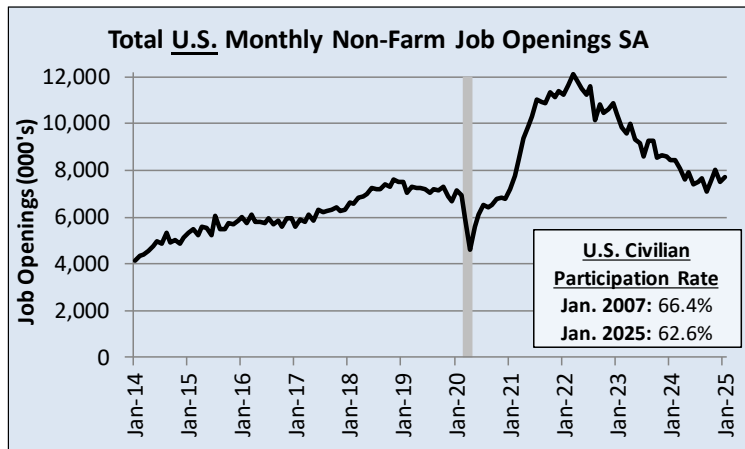
*Estimate of real GDP percent change from same quarter a year ago, SA
 **If quarterly changes were annualized over the year.
 Source: U.S. Bureau of Economic Analysis



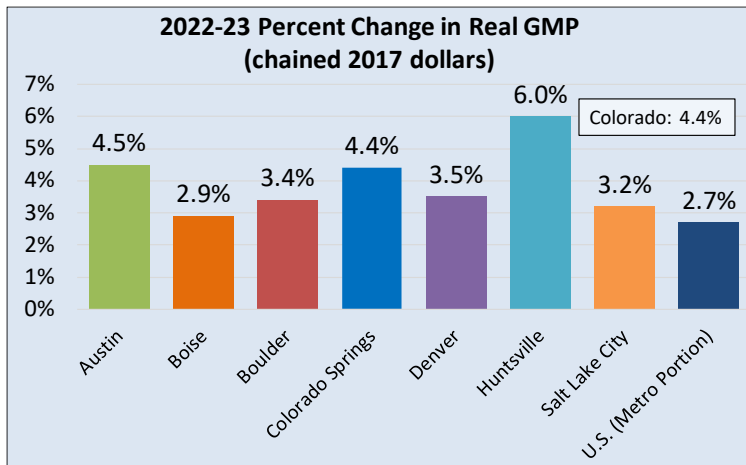
Source: University of Michigan

| Forecasts for U.S. Real GDP and Unemployment (SA) | | | | |
|---|-------------|-------------|---------------|---------------|
| | 2023 Actual | 2024 Actual | 2025 Forecast | 2026 Forecast |
| Real GDP Growth | 2.9% | 2.8% | 1.5% | 1.6% |
| Unemployment Rate | 3.6% | 4.0% | 4.4% | 4.3% |

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.

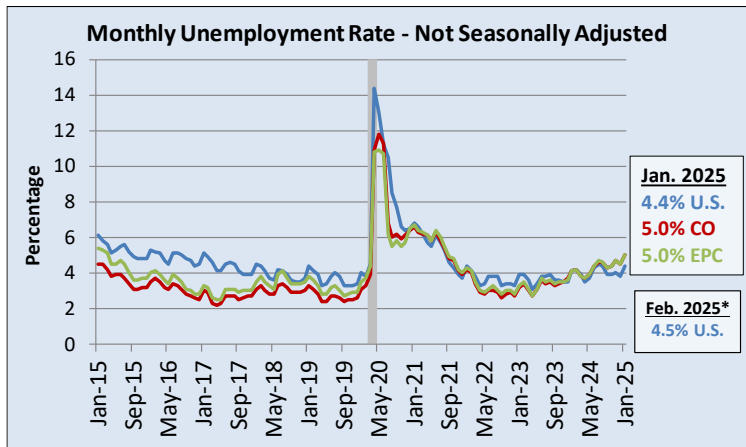


Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.
 Source: U.S. Bureau of Economic Analysis

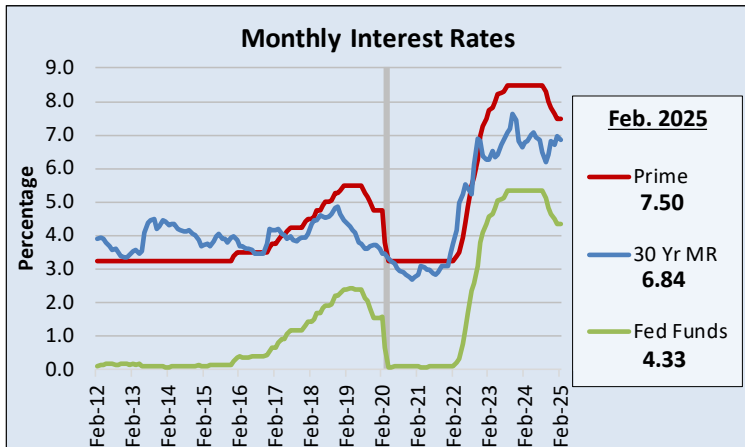
| U.S. Consumer Price Index - February 2025 | | |
|---|-----------|--------------------|
| | All items | Less food & energy |
| Change from January to February 2025 (SA) | 0.2% | 0.2% |
| Last 12-months (NSA) | 2.8% | 3.1% |

The 2024 cost of living in the **Colorado Springs MSA** was **101.9%** 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.
 *Local data lags so only U.S. has latest February data released.
 Sources: U.S. Bureau of Labor Statistics; CO Dept. of Labor & Employment



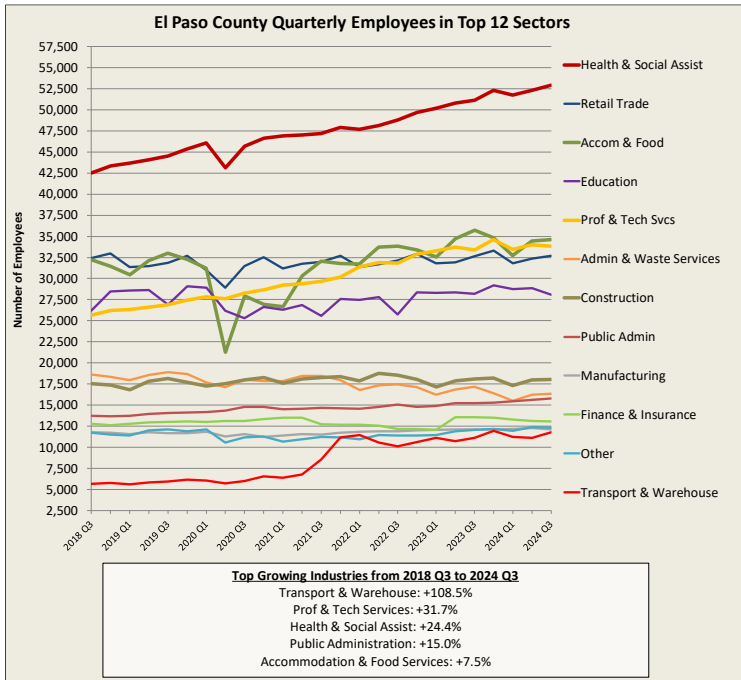
Source: Board of Governors of the Federal Reserve System

LOCAL LABOR MARKET (PAGE 4)

| Top Job Openings, Colorado Springs MSA February 2025 | | |
|---|-------------------|--------------------------|
| Top Job Titles | # of Job Postings | Median Advertised Salary |
| Registered Nurses (L) | 620 | \$93,440 |
| Computer Sys Engineers/Architects (L) | 527 | \$145,152 |
| Retail Salespersons (M) | 503 | \$35,456 |
| Software Developers (L) | 433 | \$129,792 |
| Customer Service Reps (M) | 272 | \$41,600 |
| 1st-Line Supervisors, Retail Sales (L) | 247 | \$44,672 |
| Heavy & Tractor-Trailer Truck Drivers (H) | 240 | \$52,864 |
| Food Service Managers (H) | 228 | \$54,784 |
| General & Operations Managers (L) | 214 | \$70,016 |
| Maintenance & Repair Workers (H) | 214 | \$49,792 |

Colorado Springs MSA, January 2025
TOTAL Job Openings: 18,151
TOTAL Unemployed: 19,979
Workers Available per Job Opening: 1.10

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% |

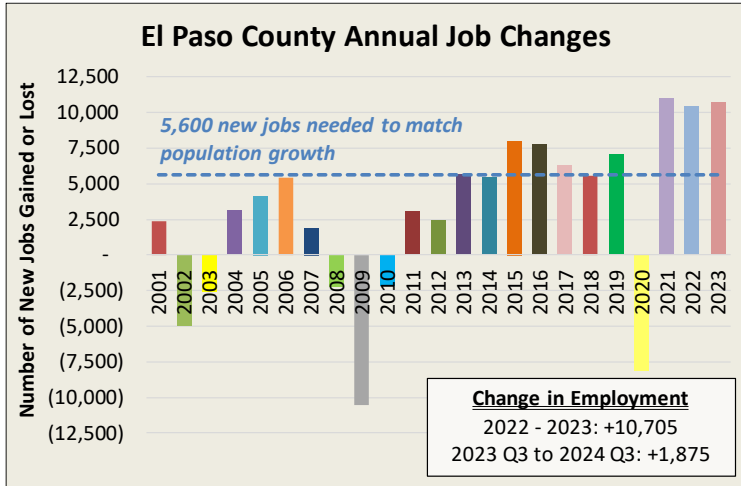
Note: FPL in 2023 was \$14,580 for an individual and \$30,000 for a family of four.

| 2024 Q3 Average Annual Wages for All Industries | | |
|--|----------|----------------|
| El Paso County wages are 9.8% lower than U.S. wages and 15.3% lower than CO wages. | | |
| U.S. | Colorado | El Paso County |
| \$72,488 | \$77,272 | \$65,416 |
| 2024 Q3 El Paso County Total Employment* | | 311,490 |

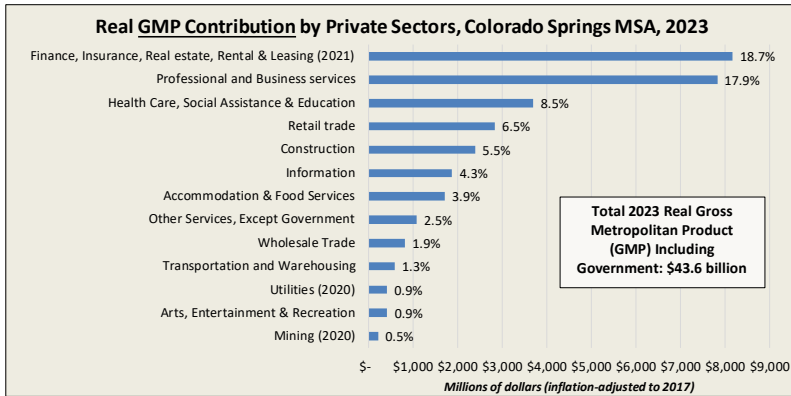
| 2024-25 Minimum Wage & Living Wage El Paso County | | |
|---|---------|------------|
| | Wage/Hr | Annualized |
| Minimum wage salary for full-time worker | \$14.81 | \$30,805 |
| Living wage: HHS with 1 adult, 2 children | \$58.48 | \$121,638 |
| Living wage: HHS with 2 adults (1 working), 2 children | \$44.31 | \$92,165 |
| Living wage: HHS with 2 adults* (2 working), 2 children | \$31.61 | \$65,749 |

*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)

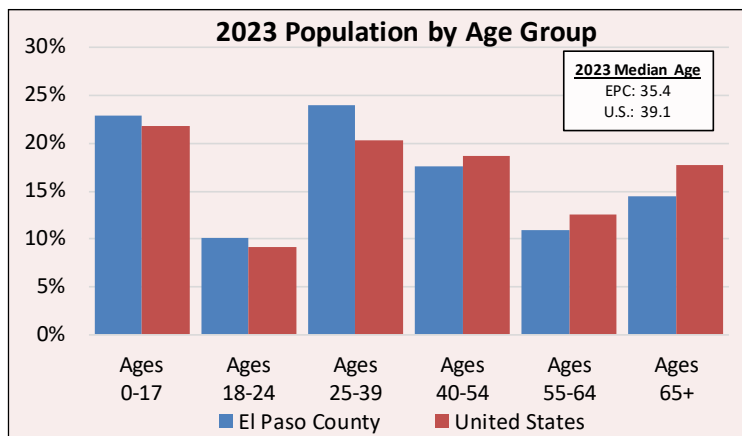


Manufacturing data last disclosed in 2012 when it was 7.1% of real GMP. Government data is no longer released by sector for 2016 when federal military was 12.7%, state & local government was 8.2% and federal civilian government was 5.3% of real GMP. Utilities and Mining data last disclosed in 2020. Finance,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

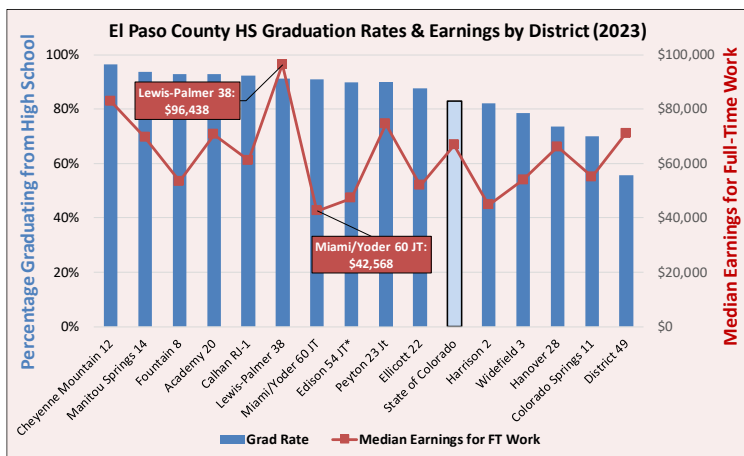
DEMOGRAPHICS (PAGE 5)

| 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 488,164 in 2023.
Source: Colorado State Demography Office

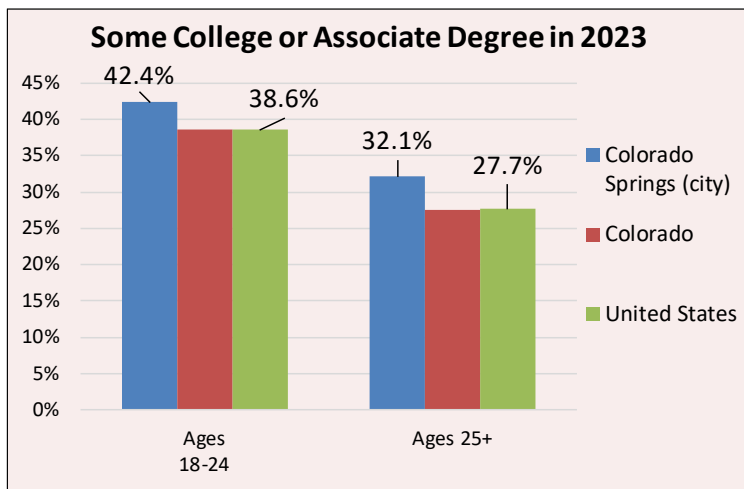
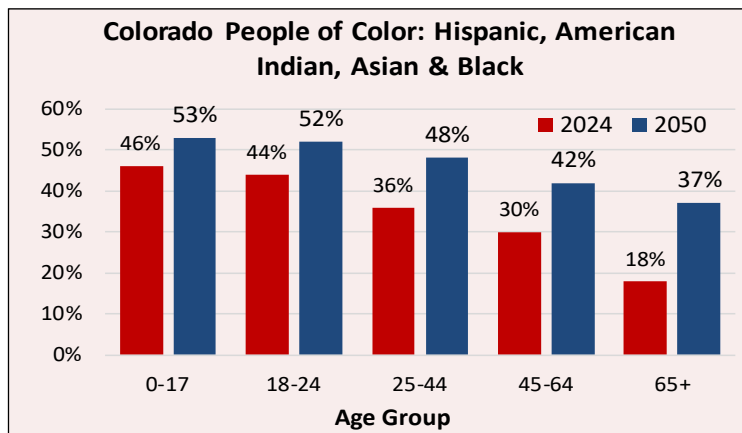
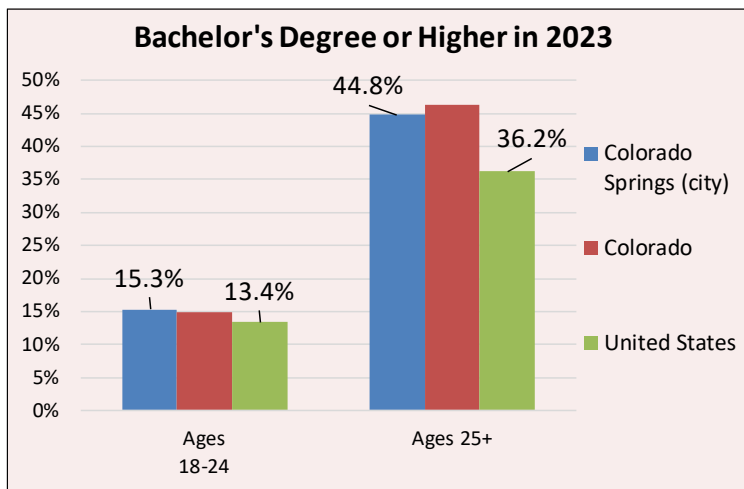
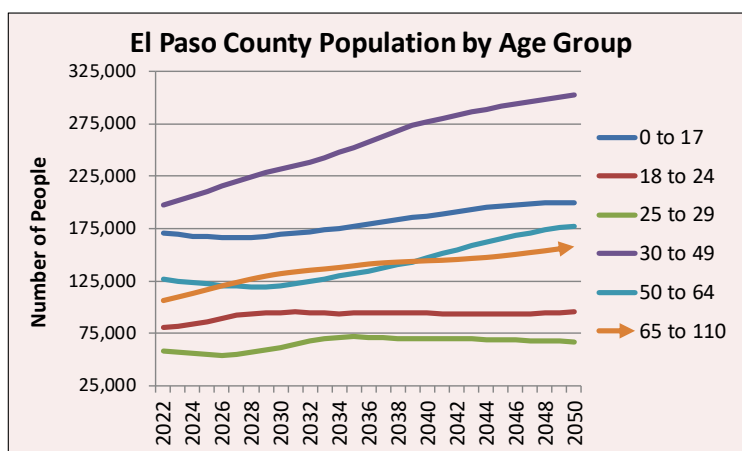


Source: U.S. Census Bureau, Population Division

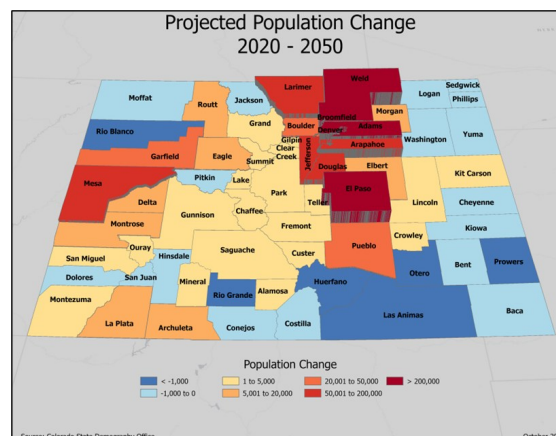


Note: Calhan, Ellicott, Peyton, Hanover, Edison, and Miami/Yoder districts all have fewer than 100 students. District 49 has a significant number of online students, which pull down the districtwide average. (Without the largest online school, the district average is 88%.) *Edison had ≥ 90% graduation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

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



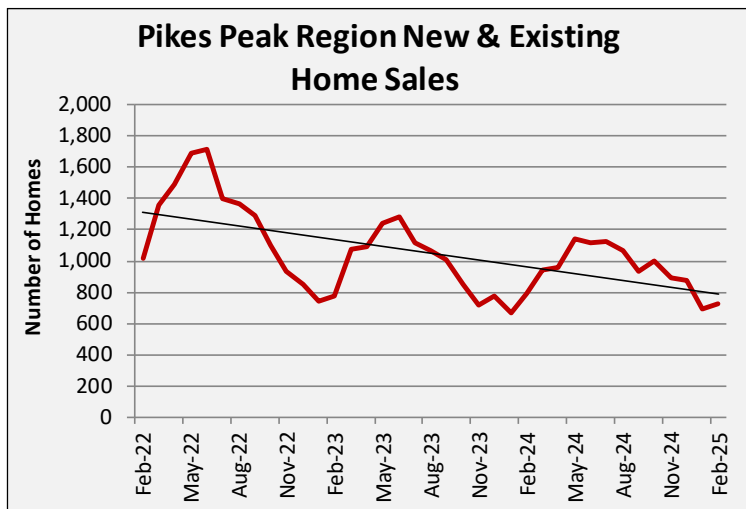
Source: U.S. Census Bureau, American Community Survey 1-year estimates



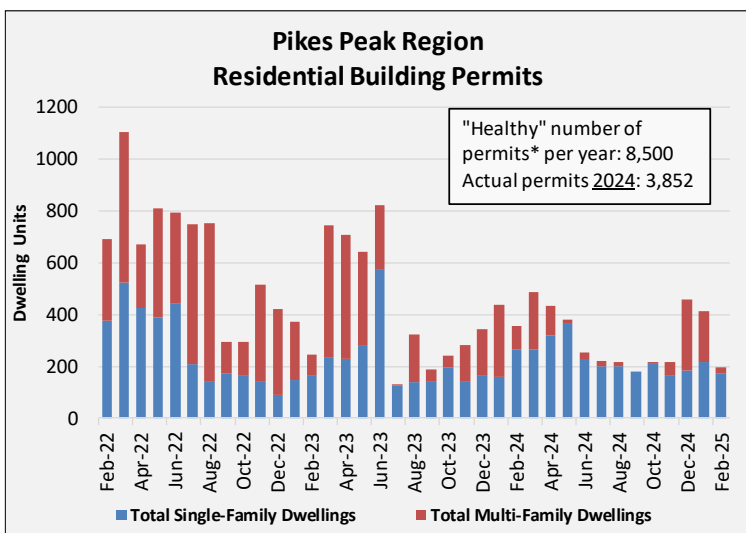
Source: Colorado State Demography Office

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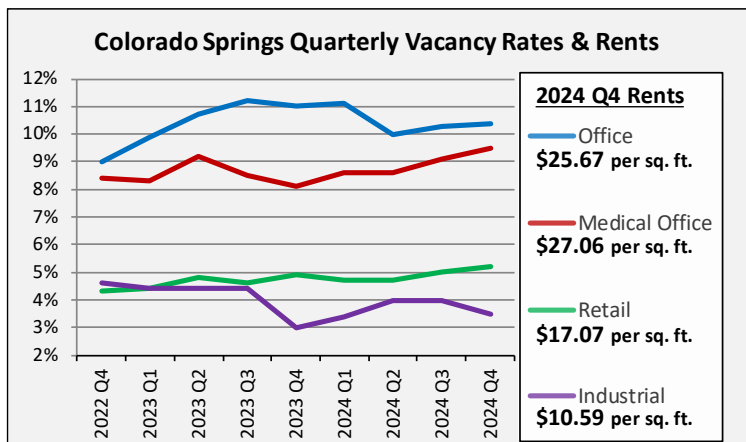
REAL ESTATE (PAGE 6)



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

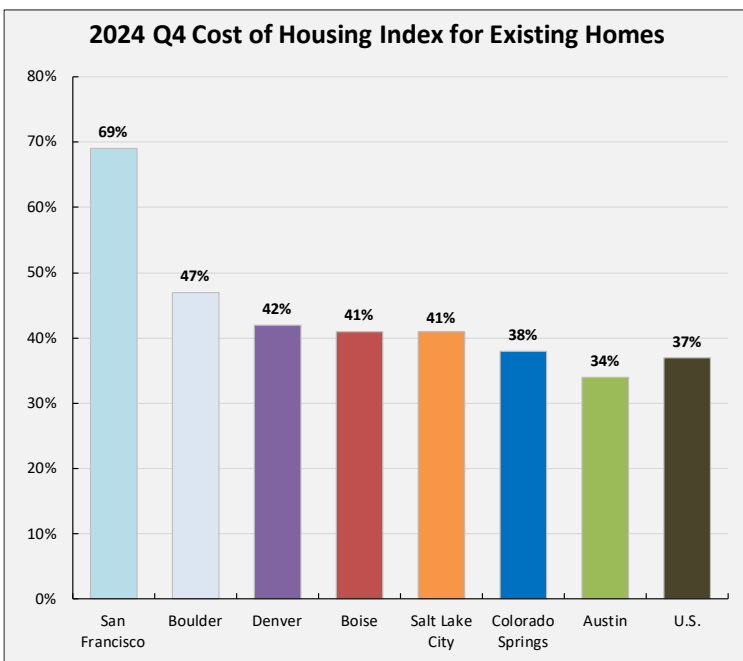


Sources: CoStar Group™; Olive Real Estate Group, Inc.

Median Existing Single-Family Home Price 2024 Q4

| Location | Colorado Springs | Denver | Boise | United States |
|-----------------|------------------|---------------|---------------|---------------|
| Price | \$464,100 | \$650,900 | \$482,600 | \$410,100 |
| 1-year % Change | 1.0% increase | 0.2% decrease | 0.9% increase | 4.8% increase |
| MSA Rank | 47 | 21 | 40 | 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

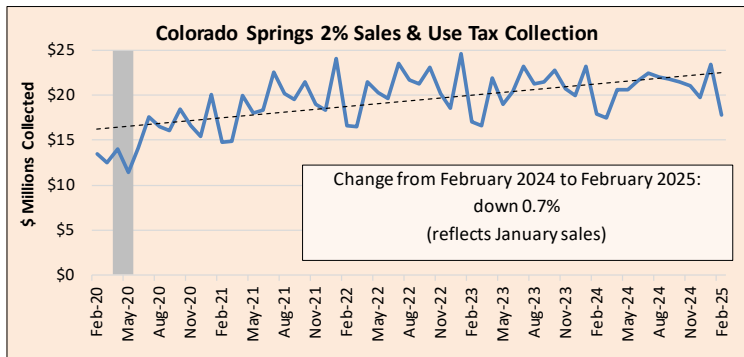
Apartment Rental Information

| | Colorado Springs | Denver | Salt Lake City |
|----------------------------------|------------------|---------|----------------|
| Market Conditions <u>2024 Q4</u> | <u>Soft</u> | Soft | Soft |
| Vacancy Rate <u>2023 Q4</u> | 10.9% | 8.6% | 11.1% |
| Vacancy Rate <u>2024 Q4</u> | <u>14.0%</u> | 11.1% | 10.9% |
| Average Rent <u>2023 Q4</u> | \$1,519 | \$1,870 | \$1,613 |
| Average Rent <u>2024 Q4</u> | <u>\$1,478</u> | \$1,818 | \$1,594 |

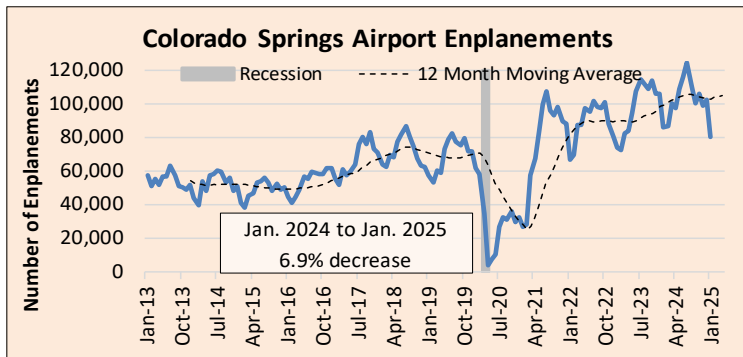
Source: U.S. Department of Housing & Urban Development (HUD), U.S. Market Conditions report

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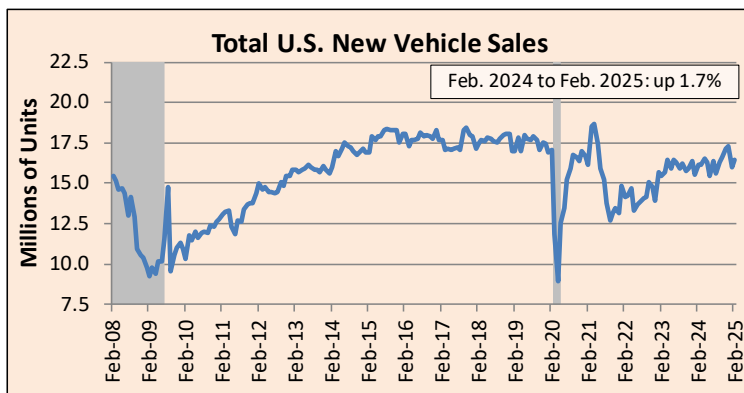
TAXATION, VEHICLE SALES, AIR QUALITY, AND TOURISM (PAGE 7)



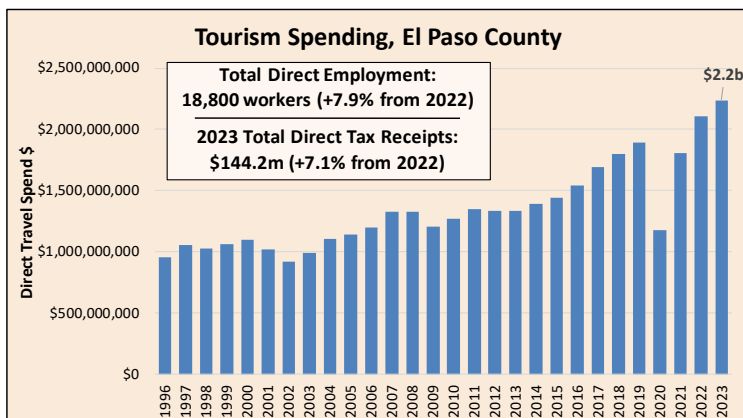
Source: City of Colorado Springs



Source: Colorado Springs Airport



Source: U.S. Bureau of Economic Analysis



Note: Direct travel includes day and overnight visitors.

Source: Colorado Tourism Office

| 2024 Air Quality | | |
|--|-------------------|---------------|
| | Colorado Springs* | U.S. Standard |
| Carbon Monoxide (CO) Concentration (ppm) | 0.7 | 9.0 |
| Particulate Matter (µg/m ³) | 5.67 | 9.00 |
| Ozone (ppm) at USAFA | 0.070 | 0.070 |
| Ozone (ppm) at Manitou Springs | 0.073 | 0.070 |

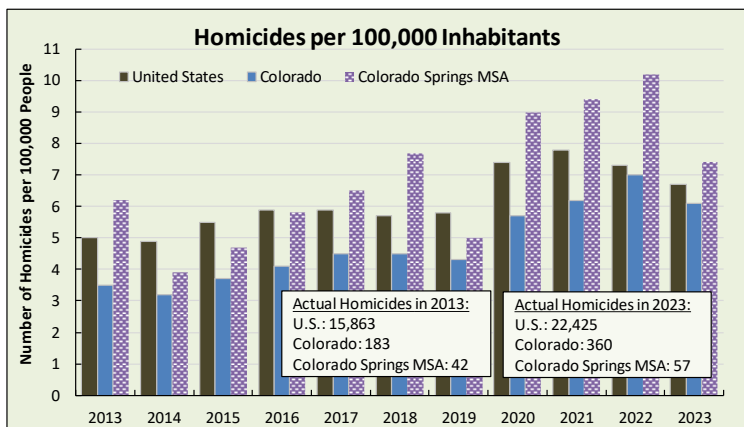
*Locations of measurements: CO at 690 W. Hwy 24; Particulate Matter at Colorado College
Source: Colorado Department of Public Health & Environment

| Hotel Occupancy Rate February 2025 | |
|---------------------------------------|--------|
| Colorado Springs | Denver |
| 53.8% | 62.5% |

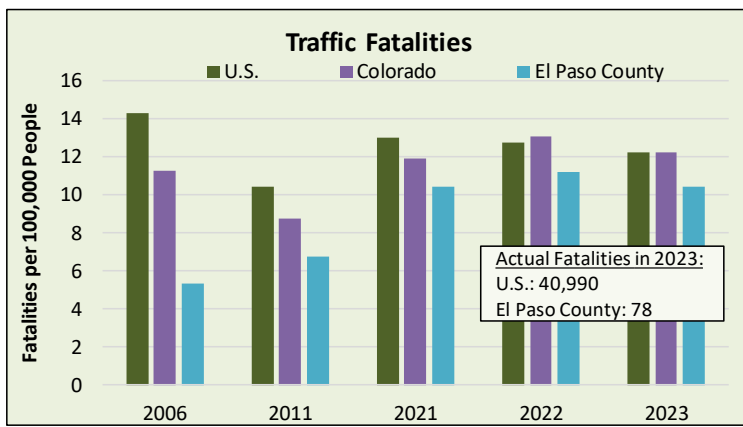
| Hotel RevPAR* February 2025 | |
|--------------------------------|---------|
| Colorado Springs | Denver |
| \$63.53 | \$83.70 |

*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

| 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!

Data updated on 03/19/2025.

Contact Rebecca Wilder at rwilder@ddestrategies.org.