Highlights—October 2022

I always emphasize **Consumer Sentiment** (on your right) not only because the metric comes from University of Michigan (UM), but also because of the outsized influence confidence has on the broader economy. What we buy day in and day out keeps the economic engine going. Indeed, sentiment improved slightly in October and is now hovering around the 60 mark, off its lowest point this year of 50 in June (gas prices!). But I am also closely watching a component of consumer sentiment as is the Federal Reserve, and that is inflation expectations. In the short term (e.g., one year ahead), consumers are still dour about **Inflation {Page 3}** and that is much of the reason

Source: University of Michigan

that overall sentiment is even lower now than during the Great Recession years. However, long term inflation expectations (five to ten years ahead) are lower, and that gives the Federal Reserve room to continue its path of **Interest Rate {Page 3}** hikes. It's fascinating that UM has decades of data showing that consumers' expectations on inflation are very close to what ends up happening. I believe that's because consumers are daily students of what prices they are paying and consciously or subconsciously, they figure out the trends. In the short term, consumers expect inflation to be at 5.1%, and in the longer term, they expect inflation levels at 2.9% - still above the 2.0% the Fed prefers, but much more manageable than current levels (8.2% in September). As many of you know, I often address in media pieces that there are structural (e.g., long-run) reasons that inflation may persist, and if that turns out to be true, there may be some stagflationary years ahead where we have persistent inflation alongside low economic growth.
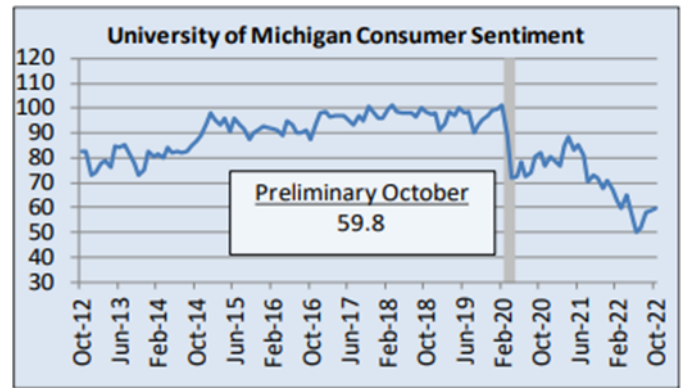
What producers pay is, of course, a large determinant of the prices consumers end up paying. And, any business owner knows that labor costs are typically their largest cost component, which is much of the reason economists are closely watching labor market data. As the Fed tries to cool the economy to bring down

inflation, we typically have upward pressure on the unemployment rate, but that still does not appear to be happening to any great extent. In fact, **Unemployment Rates {Page 3}** went *down* in September to 3.3% for the U.S. (from 3.8% in August), to 3.2% in Colorado (from 3.3%), and to 3.5% in El Paso County (from 3.7%). This means there will continue to be upward pressure on wages as there are two things that determine wages – labor demand, which is still high as evidenced by **Job Openings {Page 3}**, and labor participation (text box in same chart), which improved in August[i], but is still four percentage points lower than 2006. It's important to note that labor participation overall is still about one percentage point lower than pre-pandemic, and that most of the reason for that continues to be the labor force exit of ages 55+ (chart to your right).
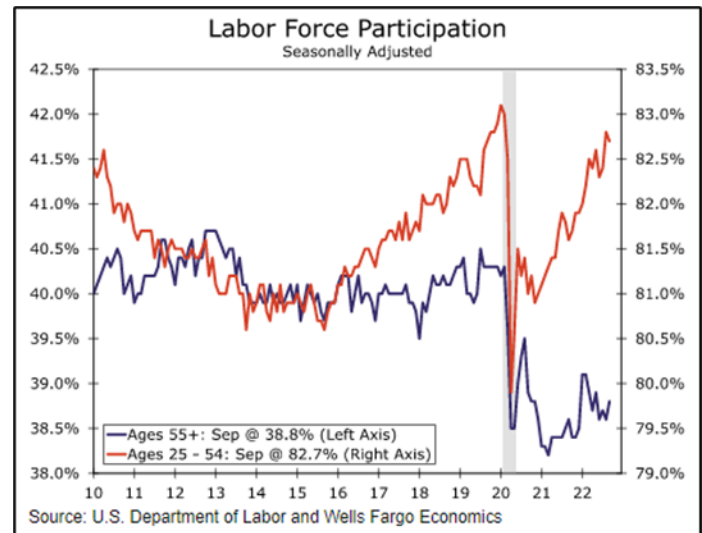
Source: U.S. Department of Labor and Wells Fargo Economics

Speaking of labor participation, one of the primary goals of the new nonprofit (DDES) is to provide detailed labor market data to the community. An exciting example of this is the new partnership we have with Widefield School District, which is using the top job openings, skills/certifications, and other data to hone their CTE, or career and technical educational programs. It's all about making training and education relevant to today's business needs. Widefield's efforts are a great extension of The Mill, which is a state-of-the-art training center for several trades where high schoolers can obtain skills and certifications required for the
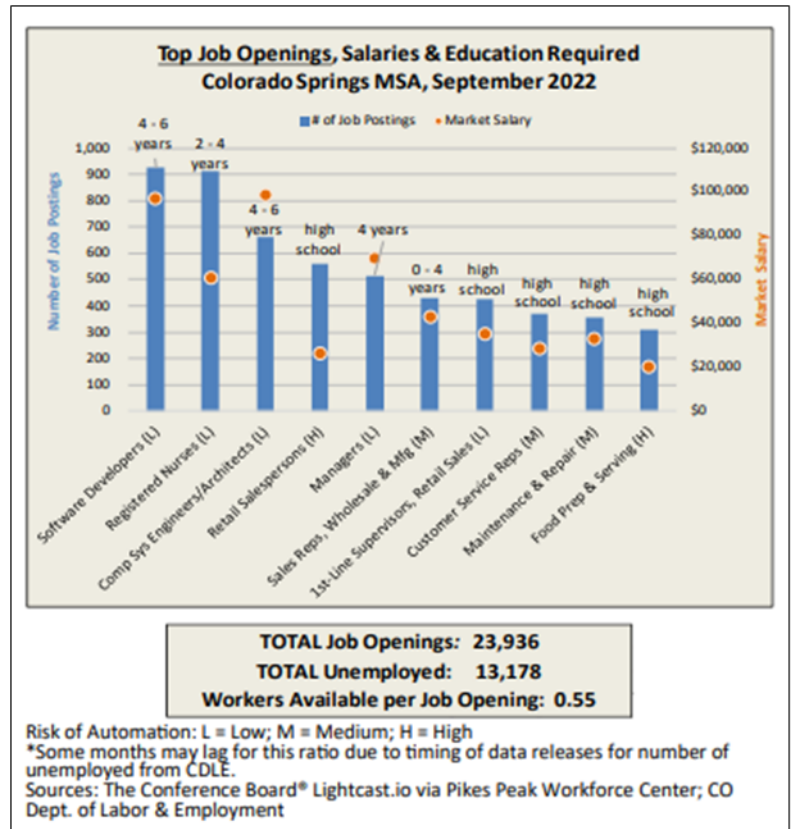
Data-Driven Economic Strategies

highest-demand jobs. The chart on your right shows our region's top demanded jobs, the market salary (right axis), and the years required to qualify for those jobs. DDES digs deeper into the labor market data, but this chart gives you a broad-strokes look at some of the labor market information we are collecting and disseminating.

Shifting gears, there is a lot going on in the **Real Estate {Page 6}** market right now, but verbose Tatiana is going to cut off the economic speak now and refer you to the Fox21 economic updates I do because I am going to focus on our local housing market in this week's segment. Additionally, on page 6 of this report you can visually see the publicly sourced data such as the precipitous declines in residential building permits (down 73.1% in September 2022 compared to September 2021), and housing affordability (22.7% affordable in 2022 Q2, versus 71.4% affordable in 2019).

I'll end this with the same institution I mentioned at the beginning: The University of Michigan. Did you all see that my Wolverines beat Penn State, which was previously undefeated, with a final thrashing of 41-17? Big game this weekend against Michigan State, which I will mention in next month's highlights but only if my beloved Wolverines win.

Have a wonderful day and Halloween weekend!

Tatiana (tbailey@ddestrategies.org) & Rebecca (rwilder@ddestrategies.org)

Top Job Openings, Salaries & Education Required
Colorado Springs MSA, September 2022

TOTAL Job Openings: 23,936
TOTAL Unemployed: 13,178
Workers Available per Job Opening: 0.55

Risk of Automation: L = Low; M = Medium; H = High
*Some months may lag for this ratio due to timing of data releases for number of unemployed from CDLE.
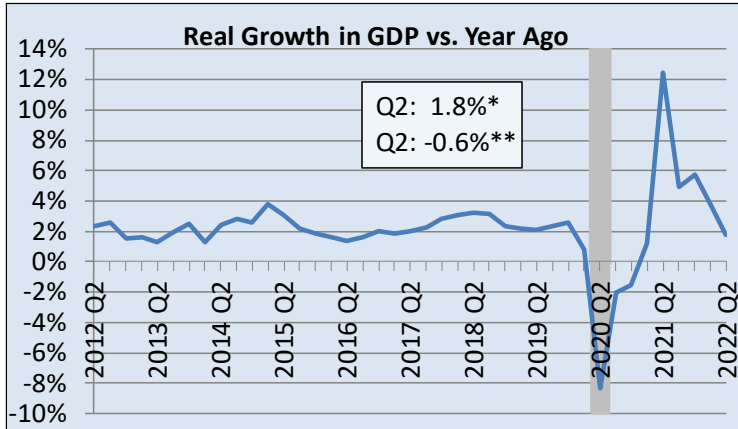Sources: The Conference Board® Lightcast.io via Pikes Peak Workforce Center; CO Dept. of Labor & Employment

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[I] August labor participation is the latest available data as this metric from the Bureau of Labor Statistics lags approximately two months.

Data-Driven Economic Strategies

MACROECONOMIC "BIG PICTURE" (PAGE 3)

Real Growth in GDP vs. Year Ago

Q2: 1.8%*
Q2: -0.6%**
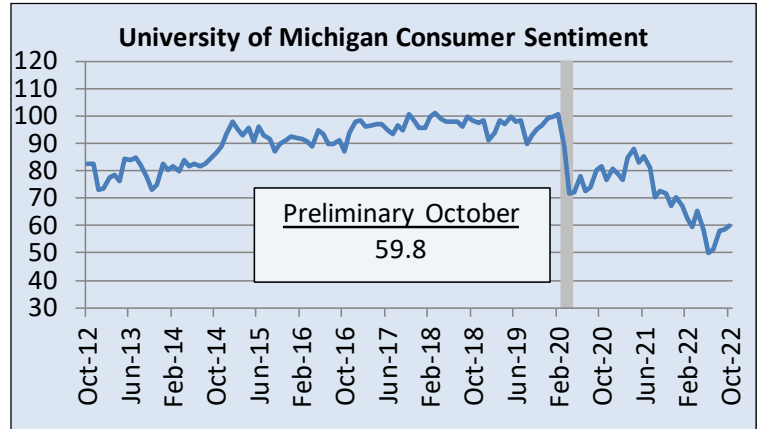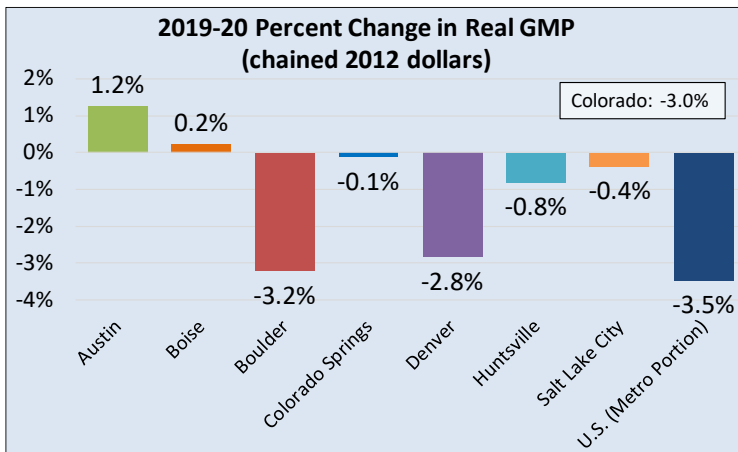
*Estimate of real GDP percent change from same quarter a year ago, SA
**If quarterly changes were annualized over the year.
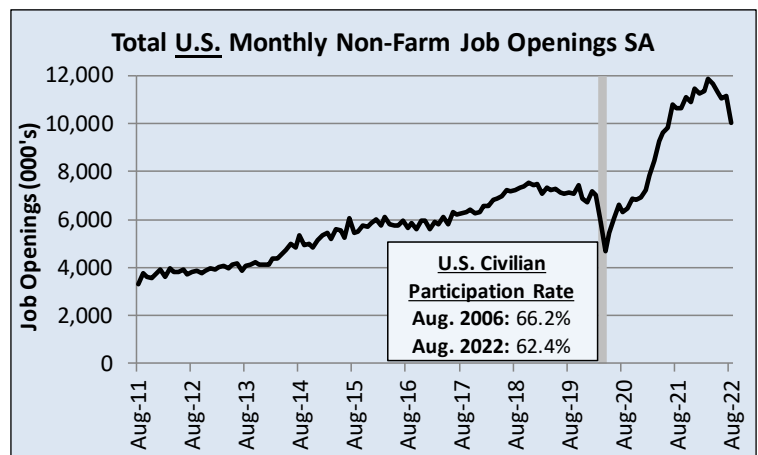Source: U.S. Bureau of Economic Analysis

2019-20 Percent Change in Real GMP (chained 2012 dollars)

Colorado: -3.0%

- Austin: 1.2%
- Boise: 0.2%
- Boulder: -3.2%
- Colorado Springs: -0.1%
- Denver: -2.8%
- Huntsville: -0.8%
- Salt Lake City: -0.4%
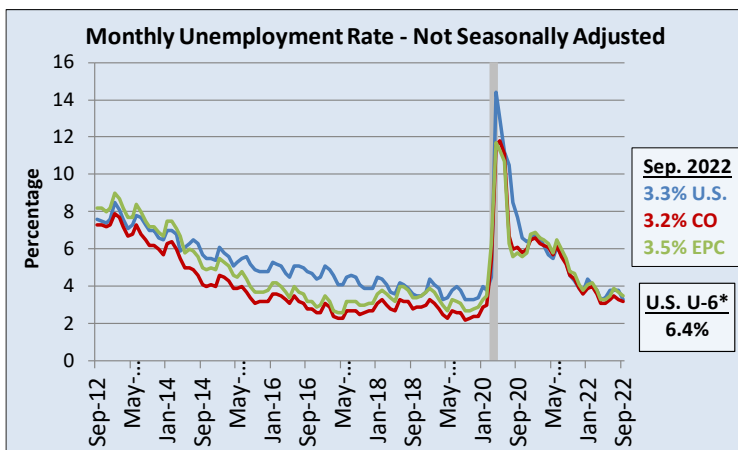- U.S. (Metro Portion): -3.5%

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

Monthly Unemployment Rate - Not Seasonally Adjusted

Sep. 2022
3.3% U.S.
3.2% CO
3.5% EPC

U.S. U-6*
6.4%

Note: Data not seasonally adjusted (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

University of Michigan Consumer Sentiment

Preliminary October
59.8

Source: University of Michigan

Total U.S. Monthly Non-Farm Job Openings SA

Job Openings (000's)

U.S. Civilian Participation Rate
Aug. 2006: 66.2%
Aug. 2022: 62.4%

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

U.S. Consumer Price Index - September 2022

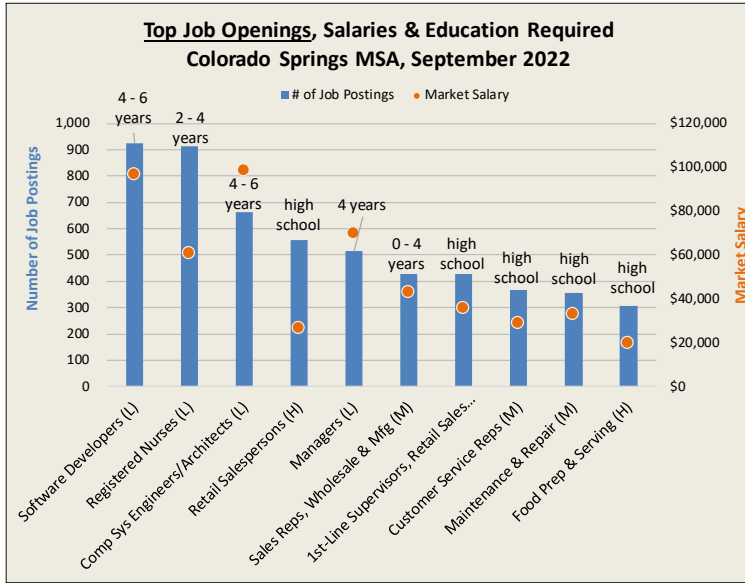|	All items	Less food & energy
Change from August to September 2022 (SA)	0.4%	0.6%
Last 12-months (NSA)	8.2%	6.6%

The 2022 Q2 cost of living in the **Colorado Springs MSA** was **104.1%** of the U.S. according to COLI.org data provided by the CS CEDC.

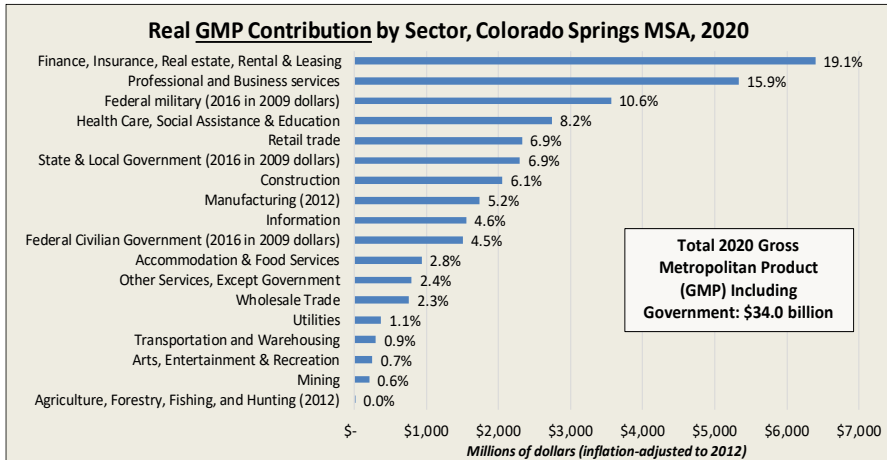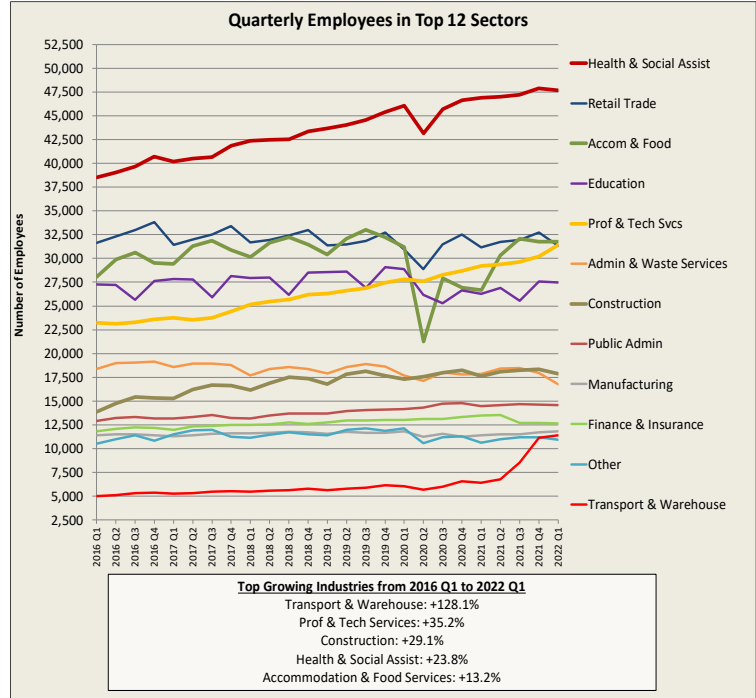Source: U.S. Bureau of Labor Statistics; all urban consumers (CPI-U)

Monthly Interest Rates

Sep. 2022
Prime **5.73**
30 Yr MR **6.11**
Fed Funds **2.56**
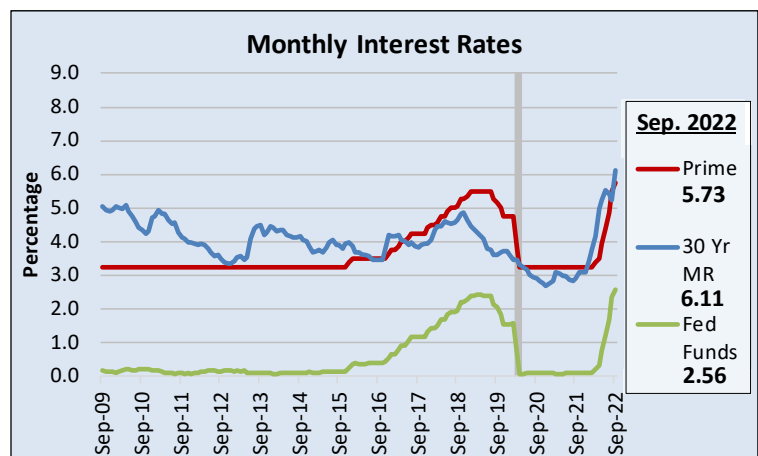
Source: Board of Governors of the Federal Reserve System

LOCAL LABOR MARKET (PAGE 4)

Top Job Openings, Salaries & Education Required
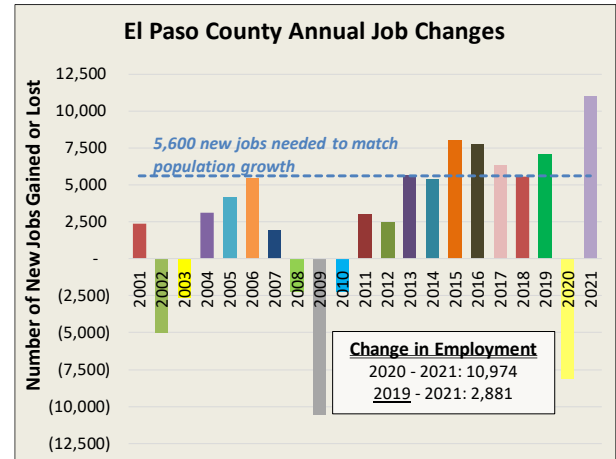### Colorado Springs MSA, September 2022

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TOTAL Unemployed: 13,178
Workers Available per Job Opening: 0.55

Risk of Automation: L = Low; M = Medium; H = High
*Some months may lag for this ratio due to timing of data releases for number of unemployed from CDLE.
Sources: The Conference Board® Lightcast.io via Pikes Peak Workforce Center; CO Dept. of Labor & Employment

Real GMP Contribution by Sector, Colorado Springs MSA, 2020

Sector	%
Finance, Insurance, Real estate, Rental & Leasing	19.1%
Professional and Business services	15.9%
Federal military (2016 in 2009 dollars)	10.6%
Health Care, Social Assistance & Education	8.2%
Retail trade	6.9%
State & Local Government (2016 in 2009 dollars)	6.9%
Construction	6.1%
Manufacturing (2012)	5.2%
Information	4.6%
Federal Civilian Government (2016 in 2009 dollars)	4.5%
Accommodation & Food Services	2.8%
Other Services, Except Government	2.4%
Wholesale Trade	2.3%
Utilities	1.1%
Transportation and Warehousing	0.9%
Arts, Entertainment & Recreation	0.7%
Mining	0.6%
Agriculture, Forestry, Fishing, and Hunting (2012)	0.0%

Total 2020 Gross Metropolitan Product (GMP) Including Government: $34.0 billion

Millions of dollars (inflation-adjusted to 2012)

Manufacturing and Agriculture data last disclosed in 2012. Government data is no longer released by sector so data shown is for 2016 in 2009 dollars. 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

Quarterly Employees in Top 12 Sectors

Top Growing Industries from 2016 Q1 to 2022 Q1
Transport & Warehouse: +128.1%
Prof & Tech Services: +35.2%
Construction: +29.1%
Health & Social Assist: +23.8%
Accommodation & Food Services: +13.2%

El Paso County Annual Job Changes

5,600 new jobs needed to match population growth

Change in Employment
2020 - 2021: 10,974
2019 - 2021: 2,881

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.
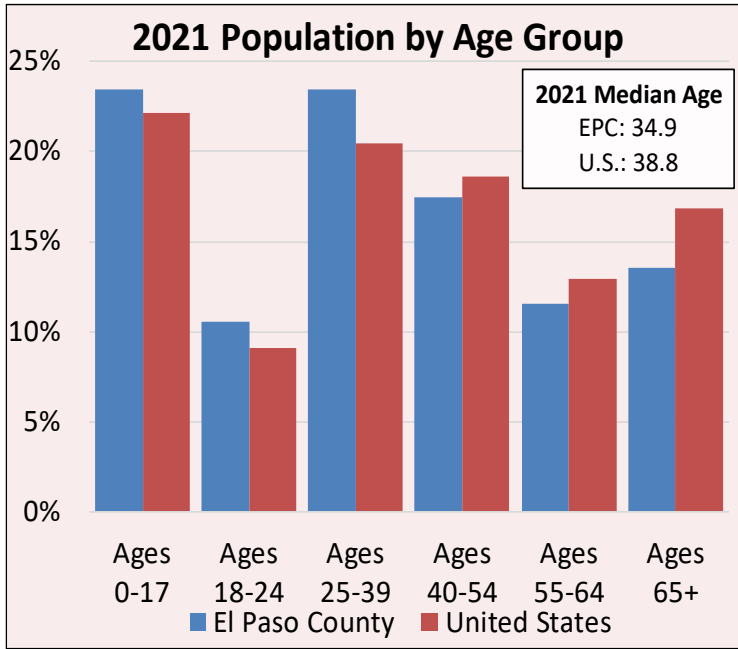Source: CO Dept. of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

2021-22 Minimum Wage & Living Wage El Paso County

	Wage/Hr	Annualized
Minimum wage salary for full-time worker	$12.56	$26,125
Living wage: HHs with 1 adult, 2 children	$44.08	$91,686
Living wage: HHs with 2 adults (1 working), 2 children	$38.45	$79,976
Living wage: HHs with 2 adults* (2 working), 2 children	$24.93	$51,854

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

Note: QCEW data does not include military-related employees. Military employment includes USAFA, Schriever, Fort Carson, Peterson & Cheyenne Mountain.
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

2022 Q1 Average Annual Wages for All Industries

El Paso County wages are 16.1% lower than U.S. wages and 20.8% lower than CO wages.

U.S.	Colorado	El Paso County
$71,448	$75,660	$59,956
2022 Q1 El Paso County Total Employment (excluding military)		292,046
***Estimated military employment in 2021 (and % of total EPC who are military).**		61,489 **(17.4%)**

2021 Federal Poverty Level (FPL)

	El Paso County	U.S.
% people at FPL or below	9.6%	12.8%

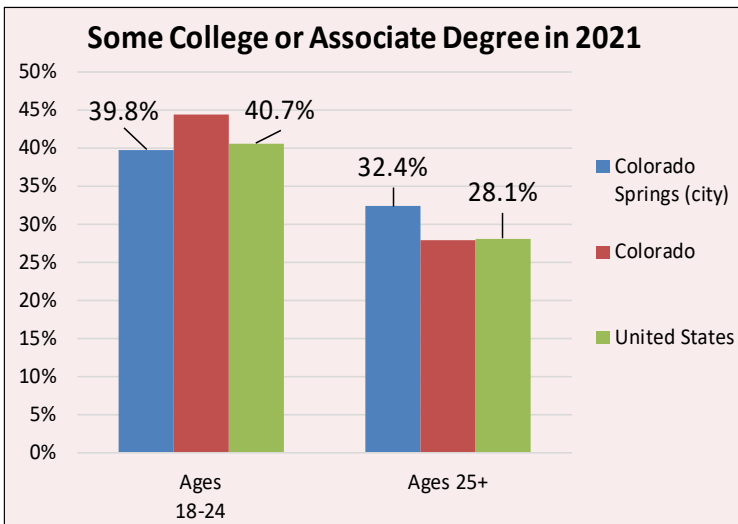*Note: FPL in 2021 was $12,880 for an individual and $26,500 for a family of four.*

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2021 Population by Age Group

2021 Median Age
EPC: 34.9
U.S.: 38.8

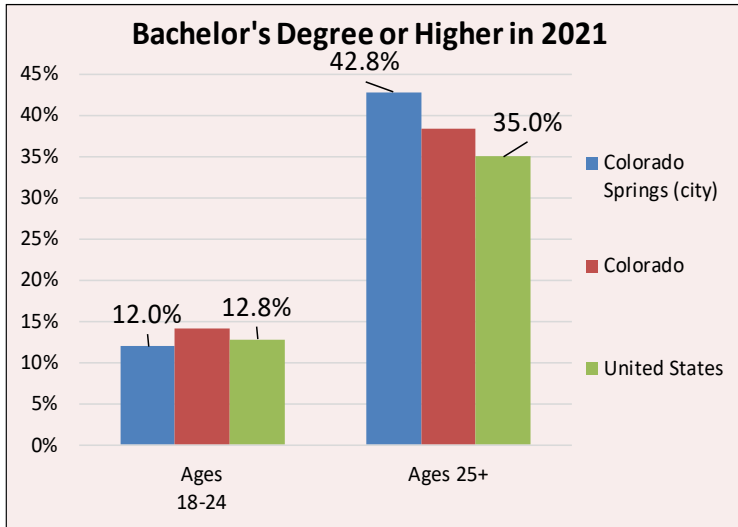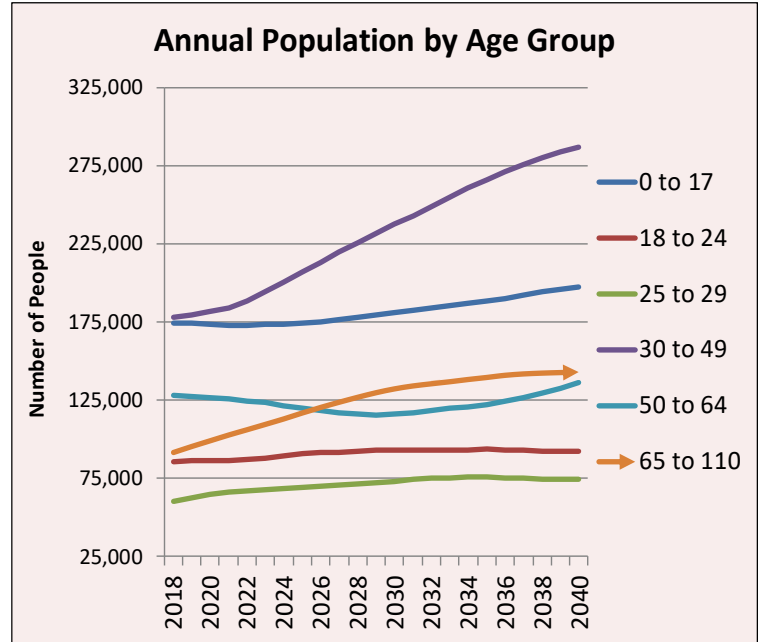Legend: El Paso County, United States (by age group: Ages 0-17, Ages 18-24, Ages 25-39, Ages 40-54, Ages 55-64, Ages 65+)
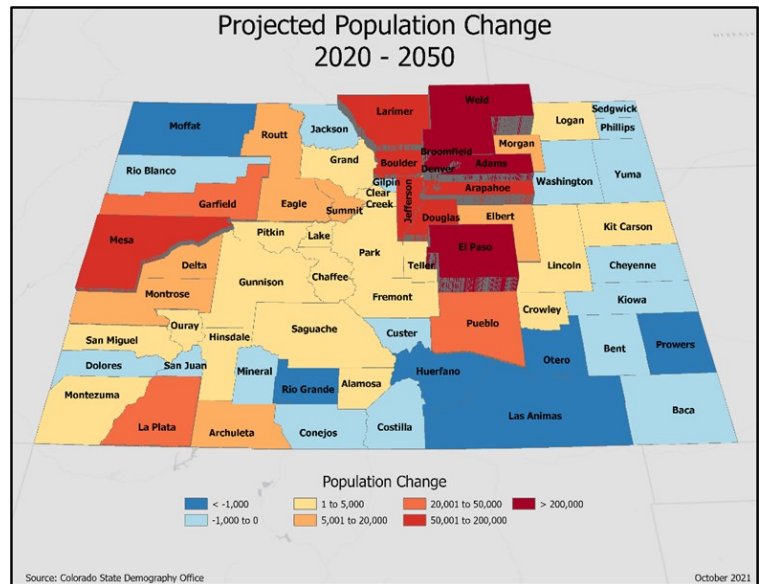
Sources: State Demography Office; U.S. Census Bureau, Population Division; Age groups from the U.S. Census Bureau's Population Estimates Program.

Bachelor's Degree or Higher in 2021

42.8%
35.0%
12.0%
12.8%

Legend: Colorado Springs (city), Colorado, United States

Categories: Ages 18-24, Ages 25+

Some College or Associate Degree in 2021

39.8%
40.7%
32.4%
28.1%

Legend: Colorado Springs (city), Colorado, United States

Categories: Ages 18-24, Ages 25+

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

Population Estimates

	2020	2050
El Paso County	731,641	994,141
Colorado	5,782,915	7,564,742

Annual Population by Age Group

Legend: 0 to 17, 18 to 24, 25 to 29, 30 to 49, 50 to 64, 65 to 110

Projected Population Change 2020 - 2050

Population Change legend: < -1,000; -1,000 to 0; 1 to 5,000; 5,001 to 20,000; 20,001 to 50,000; 50,001 to 200,000; > 200,000

Source: Colorado State Demography Office   October 2021

Source: Colorado State Demography Office

Pikes Peak Region New & Existing Home Sales
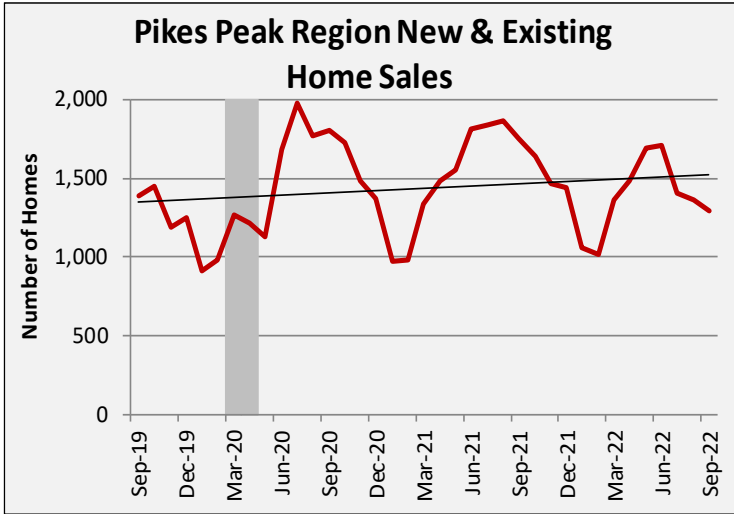
Source: Pikes Peak REALTOR® Services Corp.

Median Existing Single-Family Home Price 2022 Q2

Location	Colorado Springs	Denver	Boise	United States
Price	$480,900	$695,800	$521,800	$413,500
1-year % Change	9.5% increase	12.5% increase	11.2% increase	14.2% increase
MSA Rank	35	13	27	n/a

Sources: National Association of REALTORS®

Pikes Peak Region Residential Building Permits
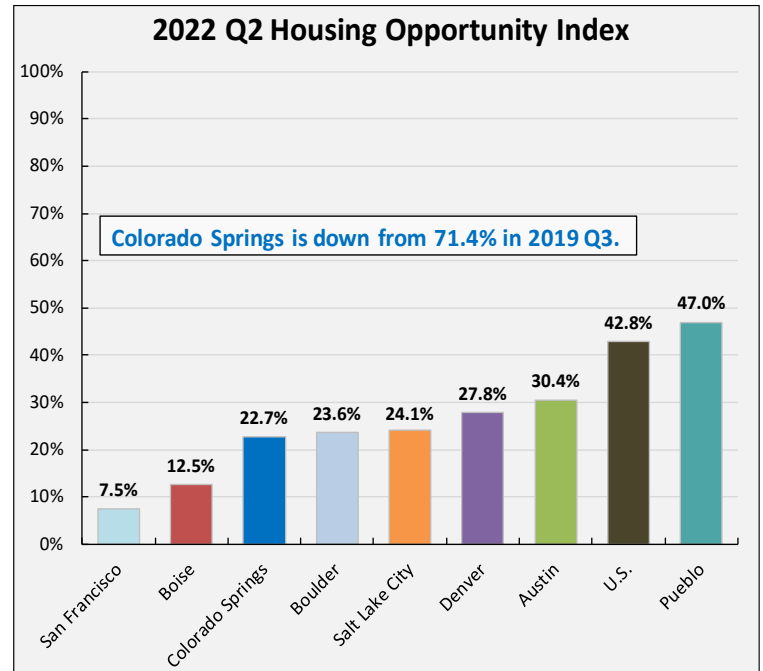
Healthy Number of Permits 2021: 7,000
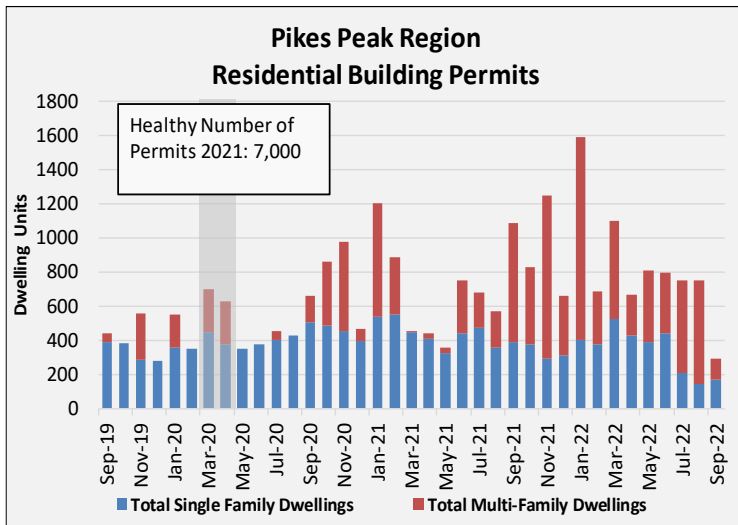
The National Association of REALTORS® has calculated that the U.S. has underbuilt roughly 6.5 million homes since the Great Recession. Data-Driven Economic Strategies has calculated a local shortage of 12,351 homes.
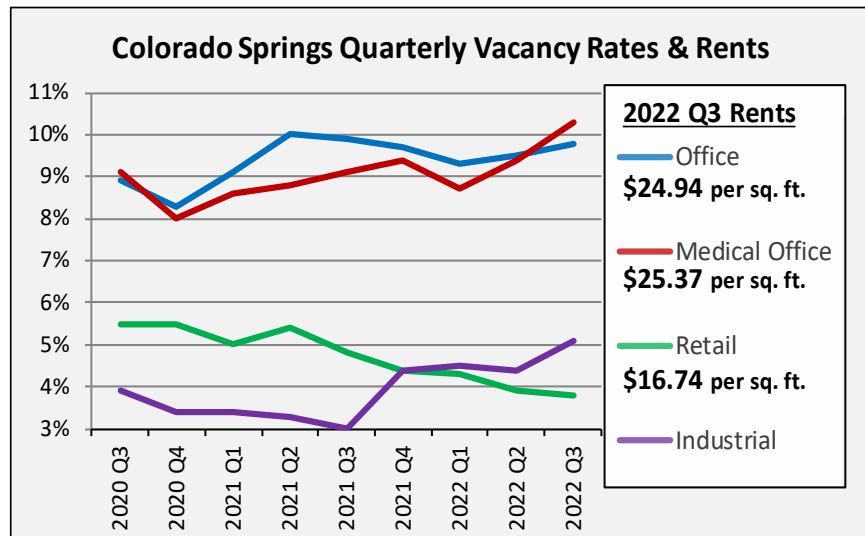Source: Pikes Peak Regional Building Department

2022 Q2 Housing Opportunity Index

Colorado Springs is down from 71.4% in 2019 Q3.

San Francisco 7.5%, Boise 12.5%, Colorado Springs 22.7%, Boulder 23.6%, Salt Lake City 24.1%, Denver 27.8%, Austin 30.4%, U.S. 42.8%, Pueblo 47.0%
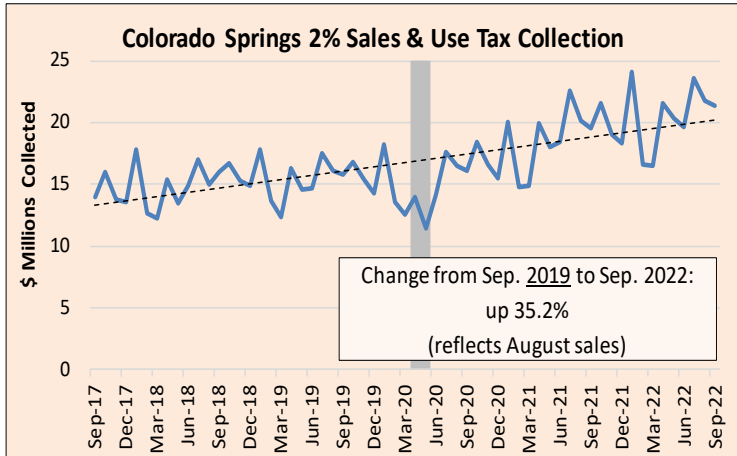
Notes: The Housing Opportunity Index (HOI) is defined as the share of homes sold in that area that are affordable to a family earning the local median income, based on standard mortgage underwriting criteria. It includes new and existing homes.
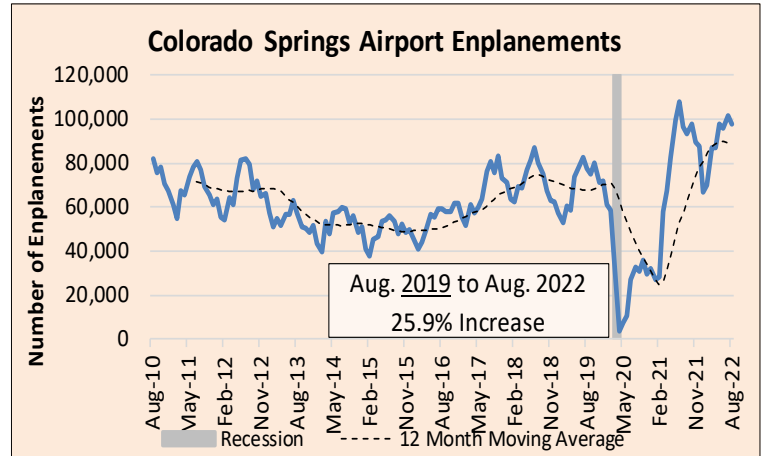Sources: National Association of Home Builders; Wells Fargo

Colorado Springs Quarterly Vacancy Rates & Rents

2022 Q3 Rents

Office
$24.94 per sq. ft.

Medical Office
$25.37 per sq. ft.

Retail
$16.74 per sq. ft.

Industrial

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

Colorado Springs 2% Sales & Use Tax Collection

Change from Sep. 2019 to Sep. 2022:
up 35.2%
(reflects August sales)

Source: City of Colorado Springs

Colorado Springs Airport Enplanements

Aug. 2019 to Aug. 2022
25.9% Increase

Recession ▭   12 Month Moving Average - - -

Source: Colorado Springs Airport

Total U.S. Vehicle Sales

Sep. 2019 to Sep. 2022: down 21.2%

Source: U.S. Bureau of Economic Analysis

Colorado Springs Hotel Occupancy Rate: 12 Month Moving Average

70.3%

67.1%
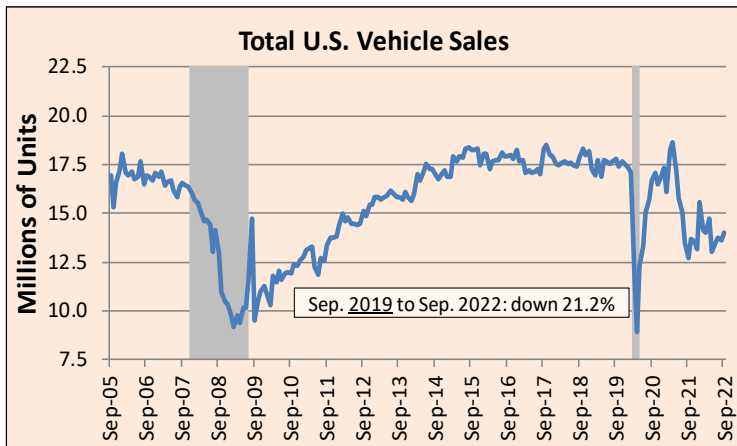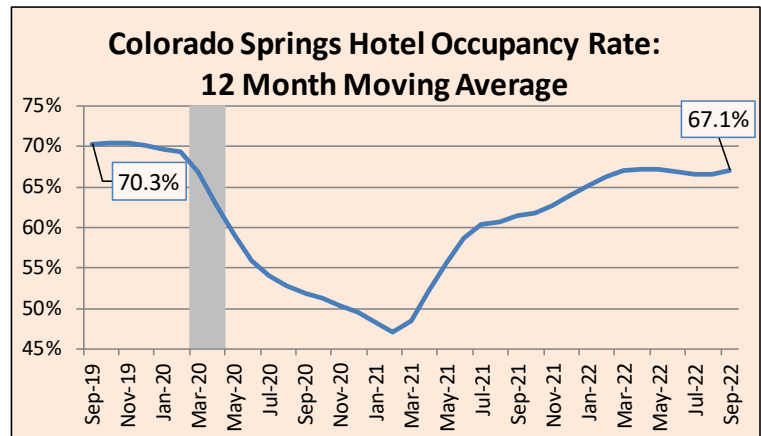
Hotel Occupancy Rate September 2022		
Colorado Springs	**Denver**	**Colorado**
79.4%	78.7%	76.3%

El Paso County New Vehicle Registrations (without luxury utility)

2019 compared to 2022 in luxury utility: up 46.9%
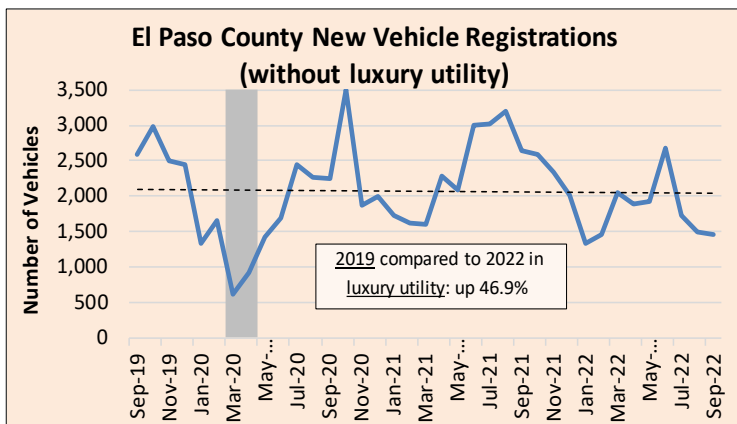
Luxury utility categories (all terrain, camper trailer, trailer coach and trailer utility) are not included in graph line above, but % change in this category is noted in text box.
Source: Colorado Interactive LLC

Colorado Springs Hotel RevPAR*

30.0% increase from Sept. 2019 to Sept. 2022
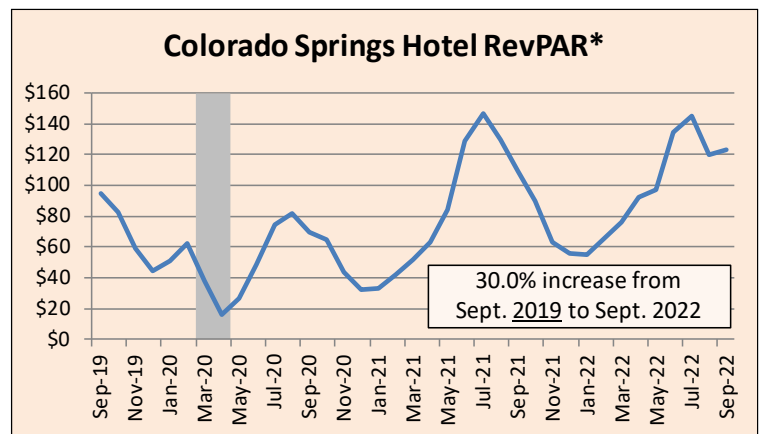
Hotel RevPAR September 2022		
Colorado Springs	**Denver**	**Colorado**
$123.27	$130.38	$138.27

*RevPAR measures hotel revenue by taking the average room rate times hotel occupancy.
Source: Colorado Hotel & Lodging Assoc., Rocky Mountain Lodging Report

Updated on 10/24/2022.
Contact Tatiana Bailey at tbailey@ddestrategies.org or Rebecca Wilder at rwilder@ddestrategies.org.   Return to highlights   7