

Pueblo Economic & Workforce Development Dashboard

Highlights — July 2023

GDP {Page 3} for Q2 was released late last week, and it impressed with a year-over-year increase of 2.6% (or Q2 annualized increase of 2.4%). The healthy increase was due to various factors including the almighty consumer who increased spending on both services and goods, although services are still far outpacing goods expenditures. It's amazing how long that post-pandemic pent up demand is holding up. I think cooling prices are also helping. Nonresidential fixed investment also increased, and this includes investments in equipment, structures, and intellectual property products. I watch this closely because it tells me that investors and businesses are confident enough in the economy to expand or take on new ventures – and this bodes well for future growth. State and local spending similarly increased due to increases in government employee compensation and investments in structures. Finally, private inventory investment increased. As I've mentioned in previous narratives, the increase in the "investment of structures" is primarily due to spending in electric vehicle manufacturing plants and semi-conductor plants. The drivers behind this accelerated level of both public and private investment are the Infrastructure Law (roughly \$25b towards EV production) and the CHIPS and Science Act (roughly \$50b for semiconductor manufacturing). In the first three months of 2023, structures investment increased 78% on an annualized basis according to Wells Fargo. This public investment is spurring private investment, and I would argue that although ballooning deficits are worrisome, this kind of fiscal spending is favorable. First, it is buoying the U.S. economy and raising the probability of a soft landing (e.g., no recession). Second, the unleashing of public and private dollars towards U.S. global competitiveness and long-term growth is truly an investment that is very likely to have a high ROI in the medium and long run.

This is the first estimate for GDP and revisions will follow. Typically, those revisions aren't more than one or two-tenths of a percentage point. And given this upside surprise to GDP, the Federal Reserve is no longer forecasting a recession this year.

Because of the more-than-usual gyrations in the economy right now, we've started including **Forecasts for GDP and Unemployment {Page 3}**, which I have to say is pretty bold for any economist to do right now. The table includes actuals for 2021 and 2022 so you can compare previous economic growth rates and unemployment to forecasts for this year and next. There you can see that during the pandemic the U.S. grew by 5.9% in 2021, which is more than double our trend growth rate of about 2.0%. That, of course, is due to both monetary policy (reduced interest rates) and fiscal policy (stimulus checks and other emergency government spending). Yes, one of the negative externalities has been inflation, but monetary and fiscal policy are both blunt tools and the immediacy and severity of the pandemic triggered aggressive interventions. And to be fair, inflation was not just caused by government stimulus as is evidenced by inflation in other countries with and without stimulus. Thankfully, U.S. inflation is now retreating at a much faster rate than most of our peer nations, and that is due to resolving of supply chain bottlenecks and higher interest rates (somewhat) taming demand.

But just like the pandemic-induced stimulus overshoot with higher-than-normal GDP growth rates and inflation, the "medicine" to normalize the economy could potentially drag down economic growth such that we have slower growth rates in coming quarters. With this week's stronger-than-expected GDP read, a slowing growth rate later this year and into 2024 is looking more likely (as opposed to a recession). Thus, the forecasts for a 1.7% GDP (real, or inflation-adjusted) growth rate for 2023 and a 0.5% growth rate for 2024. That may seem low given the Q2 data, but one measure that's been quite prescient and consistently flashing red is the LEI, or Leading Economic Indicator. One [report](#) shows how various iterations of this measure still spell a U.S. economic downturn (and I've included a live link so you can read that report if you have interest). The good news is that typically such slowdowns cause much higher unemployment rates, and this has simply not materialized due mostly to the demographics I have previously addressed. **Unemployment {Page 3}** in June did tick up in the U.S., Colorado, and Pueblo, but all three rates are still below 4.5%, and as the forecast table shows, the 2024 U.S. rate *assuming a slowdown* in the economy is 4.4% - by all standards a still very tight labor market. This is further substantiated by the ratio showing we still have only 0.6 workers for each open position in the U.S. Many job openings would need to go away alongside many layoffs to close such a gap. Similarly, both initial and continuing jobless claims remain low by historic standards. Another astounding labor market statistic is the increase in non-farm payrolls, which have grown by nearly 1.7 million *so far in 2023*. By way of reference, nonfarm payrolls increased between 2.2 and 2.7 million each year between 2017 and 2019.

U.S. Job Openings {Page 3} did decline in May to 9.8m openings {down from 10.3 in June although openings remain about 40% higher than they were pre-pandemic. Likewise, the Pueblo ratio of **Available Workers to Job Openings {Page 4}** eased somewhat from 0.70 workers per job in May to 0.82 in June. A measurable loosening of the local labor market, but still a reality of less than one person for each posted job within the region.

A notable change from last month relates to **Consumer Sentiment {Page 3}**, which markedly improved from 63.9 in June to 71.6 in July. The improvements spanned across present and future conditions, mostly due to the strong labor market and cooling inflation. Sentiment improved for all socio-economic and all age groups except lower income consumers – and I would guess this has more to do with the erosion

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

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of buying power than it does with employment concerns. Sentiment is still lower than pre-pandemic, but at about the halfway mark between the all-time low of 50 in June 2022 and the pre-pandemic value of 101.

Year-ahead inflation expectations eased to 3.4% and longer-run inflation expectations stayed at 3.1% in the June survey. Although Fed-defined “stable” inflation expectations of roughly 2% would be better, the simple fact that consumers expect disinflation is positive. To clarify, disinflation is a decreasing rate of inflation – which is what we are experiencing now. This is different than deflation, which is a decrease in the general price level. The latter happens when there is a widespread decrease in demand such as during The Great Depression when prices fell on average 7% each year from 1930 to 1933.

Our current disinflation is moving at a nice clip with a June [Inflation {Page 3}](#) rate of 3.0% falling from 4.0% in May. Most economists think that the last leg down to 2% will take a bit longer, and in the meanwhile, prices still feel much higher than pre-pandemic if you ask most consumers. That makes me think of the guy in front of me at the grocery store the other day. The cashier gives him the total bill and he says, “and for what??” I think he was dismayed at paying \$137 for two bags of groceries. I know I am a freak of nature when I have to stop myself from starting a discussion about the cumulative effects of inflation and how food inflation has been particularly bad. My son was with me and gave me the you-don’t-need-to-say-anything look all parents know well. I did refrain, by the way.

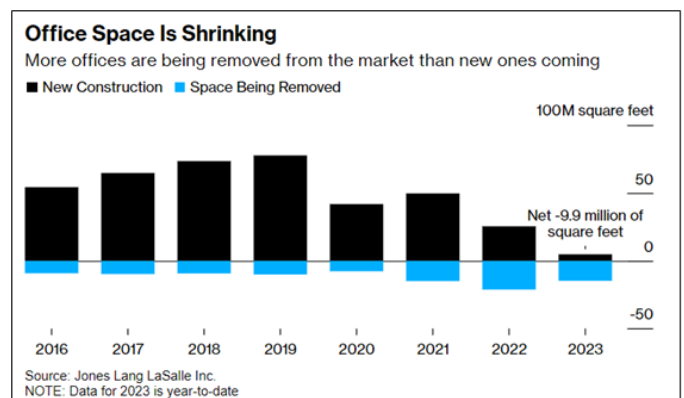
[Interest Rates {Page 3}](#) were increased 0.25% this week as expected to 5.5% - the highest rate in 22 years. This week’s stellar Q2 GDP report puts the Fed in an interesting position. On the one hand, they have a higher probability of touting a “soft landing” taming inflation without triggering a spike in unemployment (which is due less to their brilliance and more to demographics) or a recession. On the other hand, further decreases in inflation may prove difficult the way consumers are spending. Recent increases in petroleum prices (out of the Fed’s control) may also hinder further improvements in inflation.

[Demographics {Page 5}](#) data for 2022 was released by the Census Bureau, and there are some notable changes. First, the median age for the U.S. was virtually unchanged from 2021 (38.8) to 2022 (38.9), while the median age in Pueblo County *decreased* from 2021 (40.0) to 2022 (39.8). I can’t say you see a region getting younger very often. When I closely examine the data comparing population by age groups in 2021 to 2022, I see that the biggest driver of the decrease in median age is that the proportion of children increased. Again, this is an unusual trend for the U.S. as most regions have decreasing birth rates. This reminds me of a presentation I heard from the state’s demographer who said that the largest proportion of births in Colorado were in Weld County. Why? Because housing is relatively cheaper (at least cheap by Colorado standards). For the other demographic groups from 2021 to 2022, the population proportion for ages 18-24 stayed the same, ages 25-39 and 40-54 increased slightly, as did the 65+ cohort.

If you’ve been watching regional housing prices, it’s true Pueblo housing is significantly more expensive than it was pre-pandemic. However, it’s all relative because as an example, the median home price in Q1 of this year was about 27% cheaper in Pueblo than in Colorado Springs, 49% cheaper than Denver, and 12% cheaper than the U.S. average. And this is likely an understatement because a true apples-to-apples comparison is not possible due to the exclusion of Pueblo by the large National Association of Realtors (NAR) quarterly report. As the [Median Existing Single-Family Home Price {Page 7}](#) shows, Pueblo’s data includes new and existing homes – and new homes typically pull up the median price. The other regions in the table with the NAR data represent only existing homes.

I can’t stress enough that with today’s housing shortage and average prices at roughly 40% higher nation-wide than they were in 2019, regions with affordable housing by today’s standards will be able to attract particularly young families and this is a huge comparative advantage in terms of labor availability and economic growth potential. The caveat is that labor training and skills must match labor demand.

[Commercial Real Estate {Page 7}](#) office vacancy rates notably increased from 2023 Q1 to 2023 Q2 as did the lease rates. Office vacancy increased from 6.7% to 7.6% quarter-over-quarter, while the other three categories decreased. The average lease rate for office space fell from \$18.03 per square foot to \$17.96. I’ve often addressed the concerns around office space. This [Bloomberg](#) article sites that the amount of office space in the U.S. is declining for the first time in history with lower levels of construction and almost 15m square feet being demolished or converted to other uses including 45,000 apartment conversions (see graph). The overall trend of increasing office vacancy rates appears to also be happening in Pueblo although the magnitude is vastly different. By way of reference, the average office vacancy rate in the U.S. is hovering around 19%.



That’s it for this month. I hope you are thoroughly enjoying your summer!

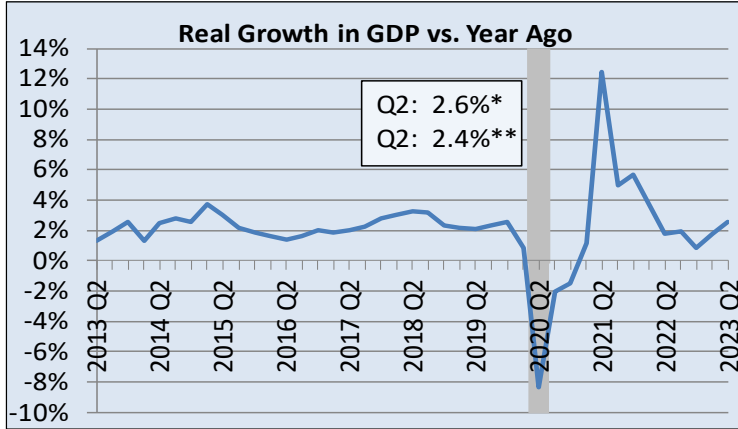
Tatiana & Rebecca

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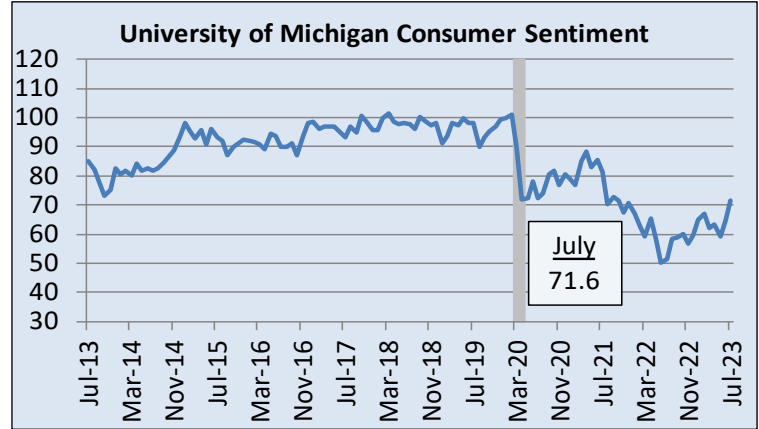


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MACROECONOMIC "BIG PICTURE" (PAGE 3)



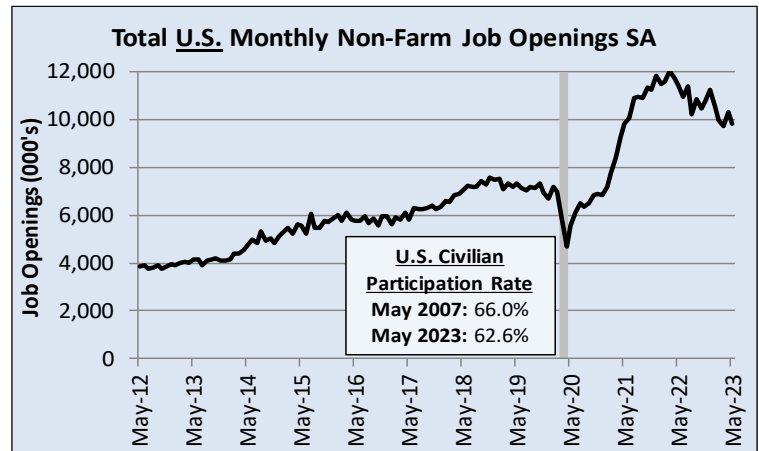
*Estimate of real GDP percent change from same quarter a year ago, SA
 **If quarterly changes were annualized over the year.
 Source: U.S. Bureau of Economic Analysis



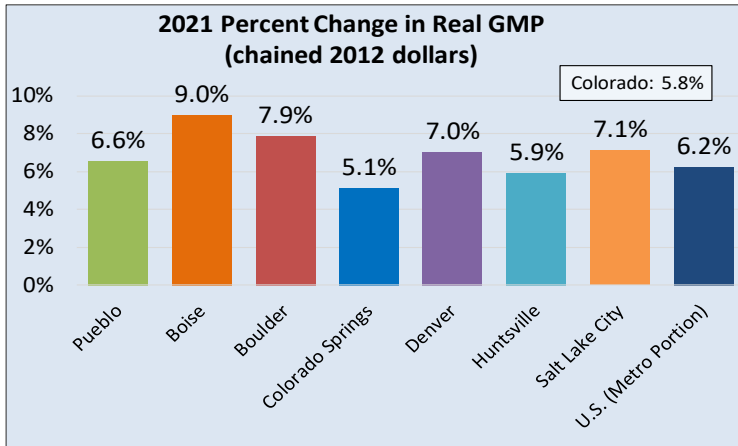
Source: University of Michigan

Forecasts for U.S. Real GDP and Unemployment (SA)				
	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
Real GDP Growth	5.9%	2.1%	1.7%	0.5%
Unemployment Rate	5.4%	3.6%	3.6%	4.4%

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



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

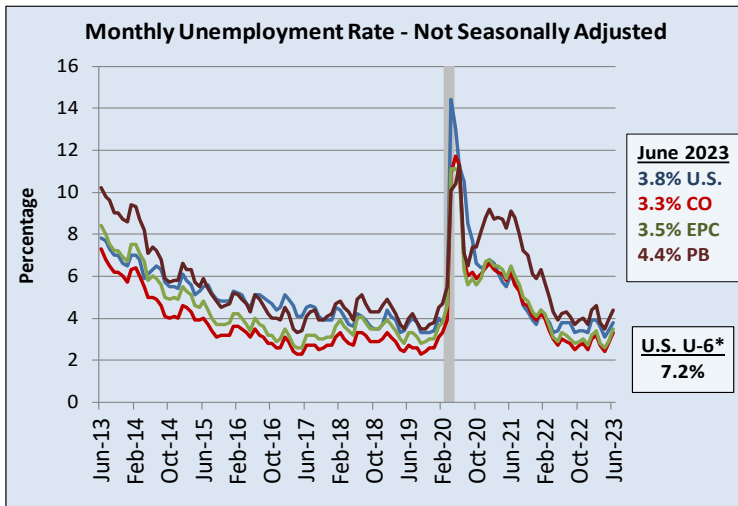


Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.
 Source: U.S. Bureau of Economic Analysis

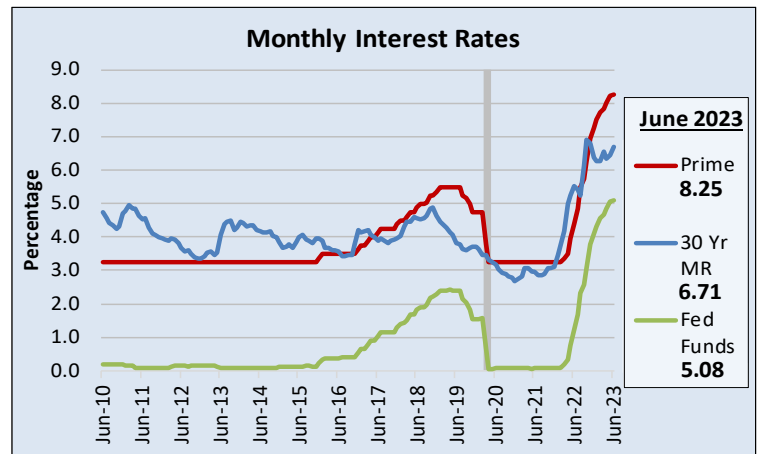
U.S. Consumer Price Index - June 2023		
	All items	Less food & energy
Change from May to June 2023 (SA)	0.2%	0.2%
Last 12-months (NSA)	3.0%	4.8%

The 2023 Q1 cost of living in Pueblo MSA was 98.7% of the U.S. according to C2ER. Colorado Springs's index was 108.5% of U.S.

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



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



Source: Board of Governors of the Federal Reserve System

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LOCAL LABOR MARKET (PAGE 4)

Top Job Openings, Pueblo County, June 2023

Top Job Titles (Pueblo MSA)	# of Job Postings (Pueblo)	Median Advertised Salary (Pueblo)	Risk of Automation (U.S.)
Registered Nurses	321	\$93,440	Low Risk
Retail Salespersons	132	\$33,152	Medium Risk
1st-Line Supervisors, Retail Sales	97	\$45,696	Low Risk
Heavy & Tractor-Trailer Truck Drivers	86	\$54,016	High Risk
Medical & Health Services Managers	83	\$86,784	Low Risk
Customer Service Reps	79	\$31,616	Medium Risk
Sales Reps, Wholesale & Mfg	79	\$60,032	Medium Risk
Middle School Teachers	79	\$64,000	Low Risk
Fast Food & Counter Workers	71	\$31,104	High Risk
Food Service Managers	68	\$51,456	High Risk

Pueblo MSA, June 2023

TOTAL Job Openings: 4,160

TOTAL Unemployed: 3,395

Workers Available per Job Opening: 0.82

Sources: The Conference Board®-Lightcast® Help Wanted OnLine® via Pikes Peak Workforce Center; CO Dept. of Labor & Employment

Top Employers - Pueblo MSA in June 2023

Name of Employer	# of Job Postings	Median Advertised Salary
Parkview Medical Center	128	\$79,104
Pueblo City Schools District 60	124	\$64,128
Pueblo County School District 70	104	\$55,168
Colorado State Government	89	\$60,288
Parkview Health	74	\$66,304
Centura Health	65	\$79,616
State Of Colorado	57	\$56,192
City Of Pueblo	55	\$49,536
Pueblo County Courthouse	50	\$52,992
Health Solutions Us	50	\$67,328
Pueblo Community College	43	\$51,456
Life Care Centers of America	42	\$41,600
Walgreens Boots Alliance	34	\$64,690
Trane Technologies	33	\$80,128
Crossroads Turning Points	30	\$38,528

Source: The Conference Board®-Lightcast® Help Wanted OnLine® via Pikes Peak Workforce Center

Pueblo MSA and Pueblo County are one and the same.

2021 Federal Poverty Level (FPL)		
	Pueblo County	U.S.
% people at FPL or below	16.3%	12.8%
Note: FPL in 2021 was \$12,880 for an individual and \$26,500 for a family of four.		

Note: QCEW data lags by up to three quarters and includes public and private employment.

Sources: U.S. Bureau of Labor Statistics and Colorado Department of Labor and Employment, QCEW; Local military installations; U.S. Census Bureau, American Community Survey 1-year estimates; U.S. Department of Health & Human Services; MIT Living Wage Calculator

2022 Average Annual Wages for All Industries

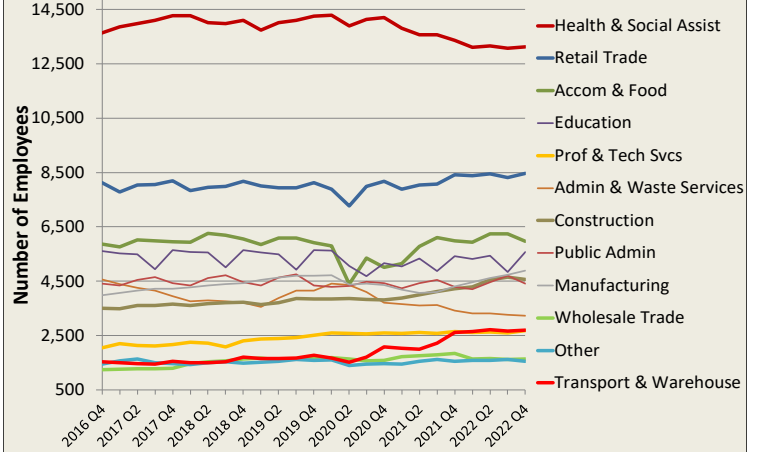
**Pueblo wages are 25.0% lower than the U.S.
29.4% lower than Colorado
15.4% lower than El Paso County**

U.S.	Colorado	El Paso County	Pueblo County
\$69,985	\$74,360	\$61,984	\$52,468
2022 Total Employment			62,954
2022 Total # Establishments			3,917

2022-23 Minimum Wage & Living Wage Pueblo County

	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$13.65	\$28,392
Living wage: HHs with 1 adult, 2 children	\$45.38	\$94,390
Living wage: HHs with 2 adults (1 working), 2 children	\$39.18	\$81,494
Living wage: HHs with 2 adults* (2 working), 2 children	\$25.00	\$52,000
*Living wage is for each working adult. For specifics, go to livingwage.mit.edu .		

Quarterly Employees in Top 12 Sectors, Pueblo County

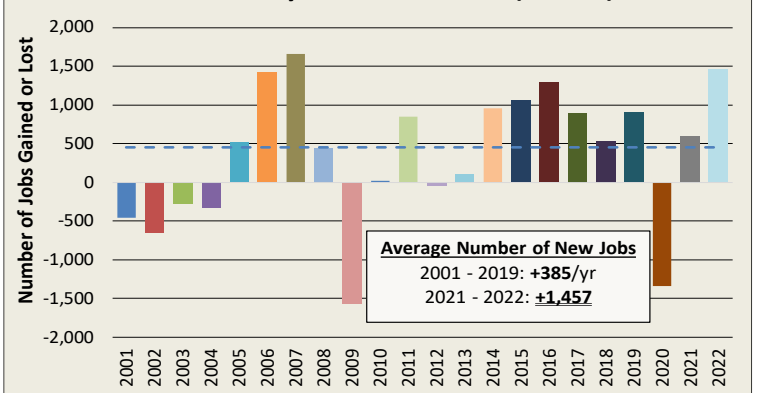


Top Growing Industries from 2016 Q4 to 2022 Q4

Transport & Warehouse: +76.3%
Wholesale Trade: +32.1%
Prof & Tech Services: +30.7%
Construction: +30.1%
Manufacturing: +22.9%
Other (typically services): +6.8%

QCEW data lags up to three quarters and includes public and private employment. Source: Colorado Department of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

Pueblo County Annual Net New (or Lost) Jobs



The dashed line represents the number of new jobs needed (455) based on population growth and age composition from 2020–2025. This QCEW data lags up to three quarters and includes public and private employment.

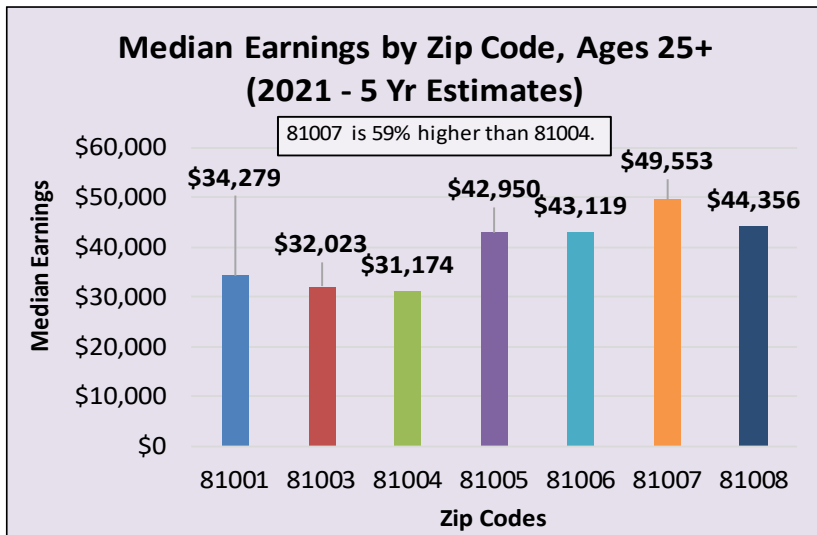
Source: Colorado Department of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

LOCAL INFORMATION BY ZIP CODE (PAGE 5)

Zip Code	White Alone	Black Alone	Amer Ind/ Native Alaskan	Asian Alone	Other Race Alone	Two or More Races	Hispanic/ Latino Origin
81001	90.5%	97.7%	71.1%	91.1%	72.3%	89.7%	81.0%
81003	82.8%	58.2%	87.9%	79.5%	86.0%	85.3%	79.8%
81004	90.7%	87.6%	80.5%	92.2%	78.4%	85.2%	84.2%
81005	95.1%	95.1%	76.2%	100.0%	78.9%	96.8%	88.9%
81006	93.7%	100.0%	67.9%	100.0%	88.5%	93.6%	89.6%
81007	93.1%	98.4%	86.4%	96.1%	81.1%	97.1%	89.7%
81008	92.1%	100.0%	55.4%	72.0%	96.0%	84.6%	85.5%

Zip Code	White Alone	Black Alone	Amer Ind/ Native Alaskan	Asian Alone	Other Race Alone	Two or More Races	Hispanic/ Latino Origin
81001	20.1%	37.8%	1.0%	47.4%	3.8%	23.6%	10.4%
81003	15.9%	21.9%	11.6%	47.0%	20.5%	23.0%	15.1%
81004	22.1%	12.0%	2.4%	34.8%	8.8%	14.2%	11.8%
81005	26.0%	47.6%	4.0%	42.8%	7.9%	38.6%	16.5%
81006	26.3%	36.1%	1.9%	100.0%	8.5%	15.1%	16.2%
81007	29.1%	19.8%	18.9%	57.8%	18.6%	43.8%	18.9%
81008	30.8%	54.4%	14.5%	59.3%	23.5%	26.6%	20.7%

Note: Native Hawaiian and Other Pacific Islander category excluded due to extremely high margins of error (sample size too small). Margin of error can be larger for smaller populations. Five-year estimates are more accurate due to small sample size in many zip codes.
Source: U.S. Census Bureau, American Community Survey 5-year estimates

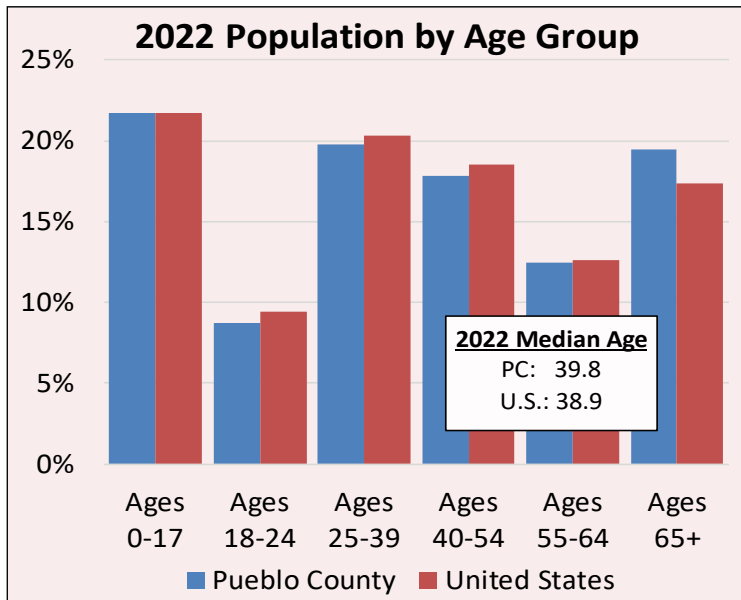


U.S.	Pueblo County
\$53,888	\$50,970

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

Five-year estimates are more accurate due to small sample size in many zip codes. Data for 5-year estimates lags, so 2021 should be released in December 2022.
Source: U.S. Census Bureau, American Community Survey 5-year estimates

DEMOGRAPHICS (PAGE 6)

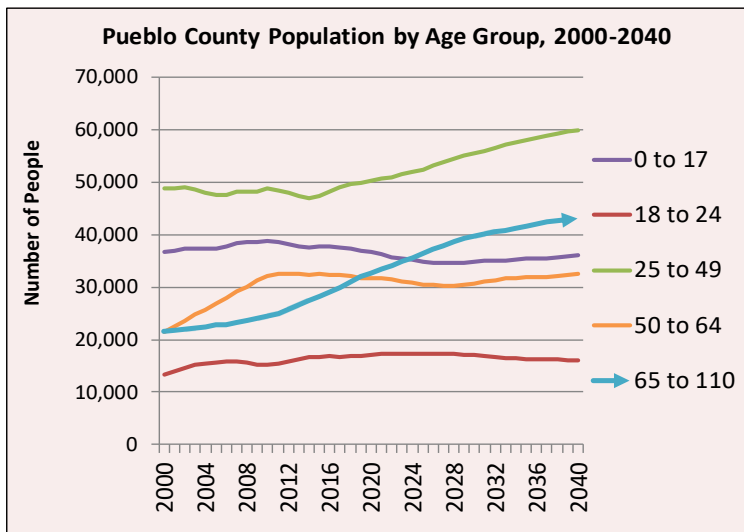


Source: U.S. Census Bureau, Population Division, Population Estimates Program

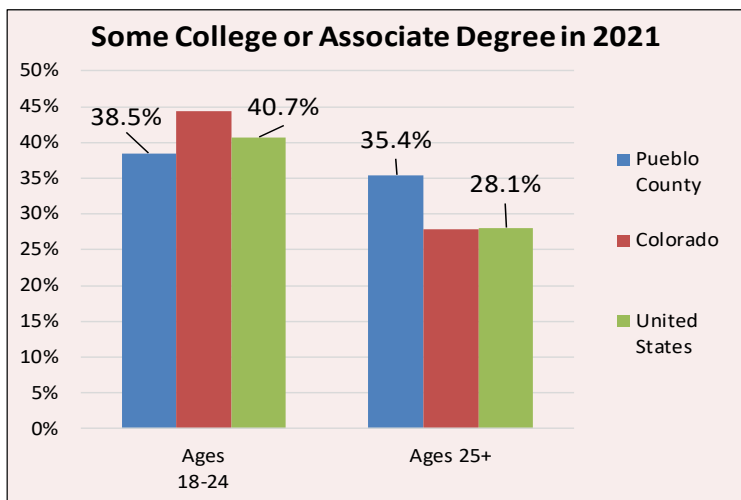
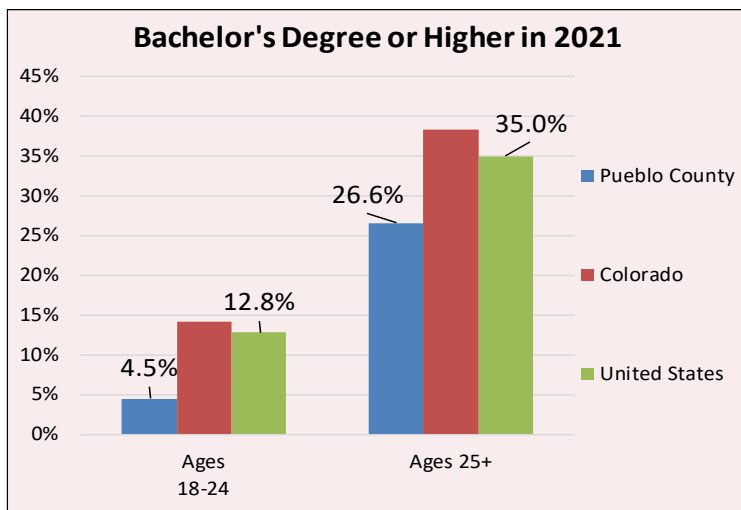
Population Estimates

Region (Growth Rate)	2021	2050
Pueblo County (14%)	169,504	192,621
Colorado (29%)	5,814,707	7,486,286

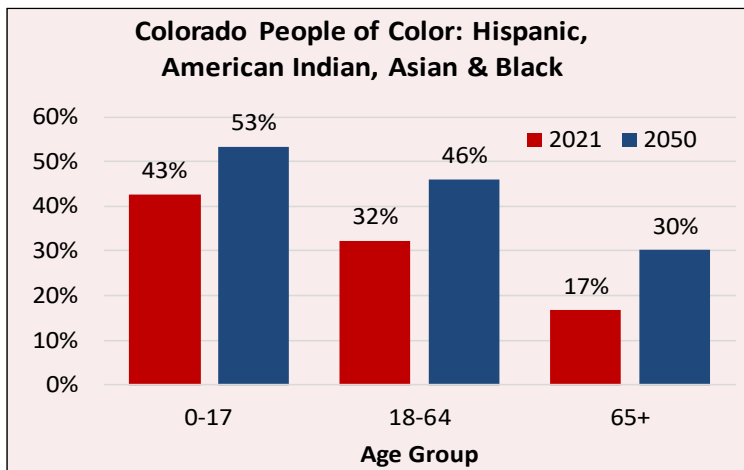
Source: Colorado State Demography Office



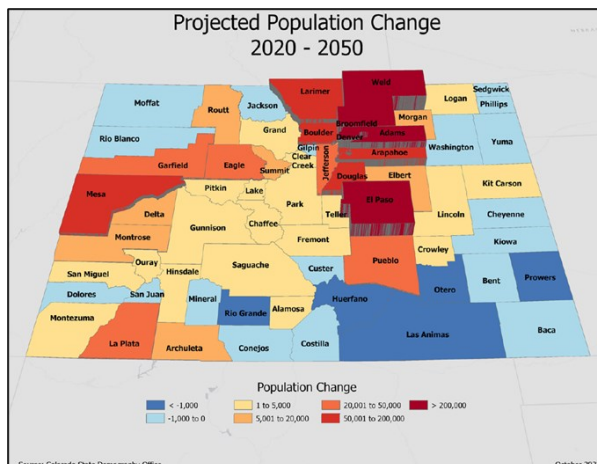
Source: Colorado State Demography Office



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



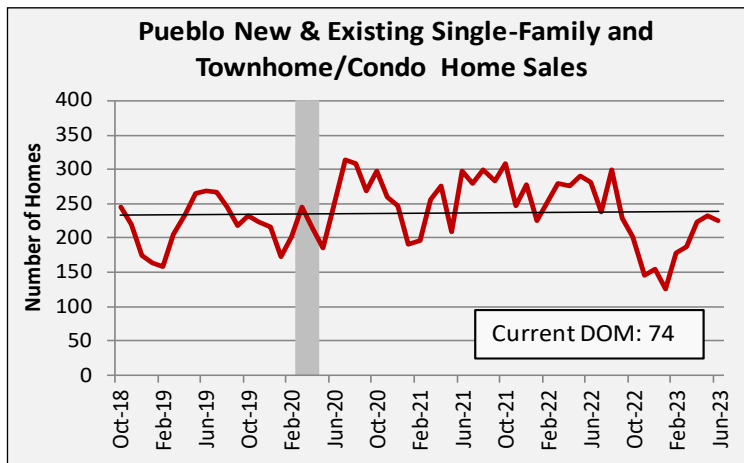
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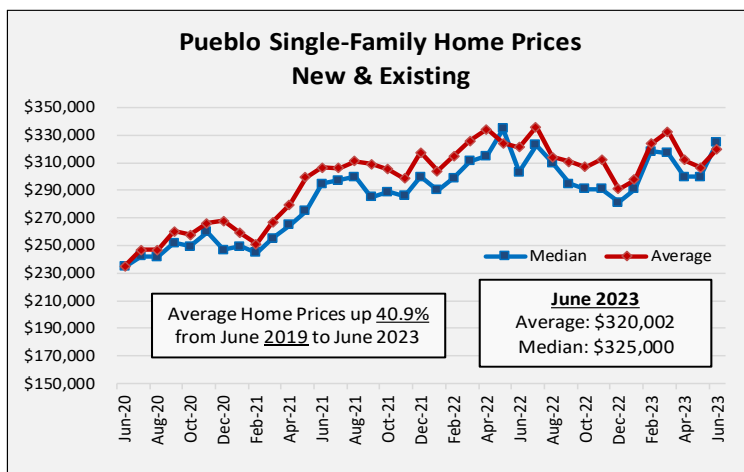
Source: Colorado State Demography Office

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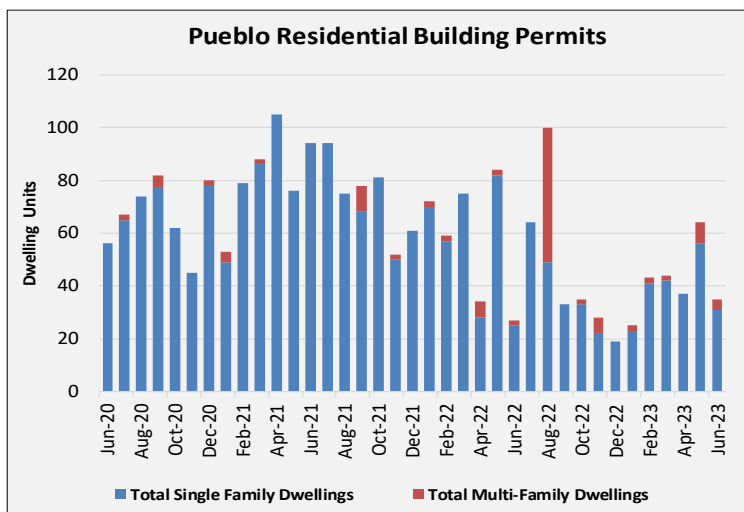
REAL ESTATE (PAGE 7)



Source: Pueblo Association of REALTORS®, Inc. (PAR)



Source: Pueblo Association of REALTORS®, Inc. (PAR)



Sources: Pueblo Regional Building Department; City of Pueblo

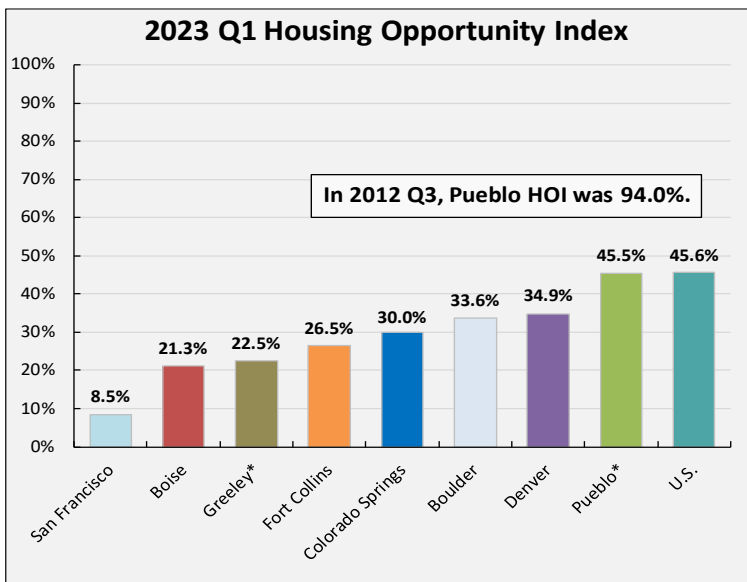
Apartments, 2023 Q1				
	Vacancy Rate	Average Rents	Median Rents	Average Year of Construction
Pueblo Metro Area	9.7%	\$1,140	\$1,000	1986
Pueblo Northeast	21.4%	\$1,056	\$1,000	1979
Pueblo Northwest	4.9%	\$1,366	\$1,372	2000
Pueblo South	1.7%	\$906	\$936	1973

Note: "Only market rate apartment communities were surveyed, and this does not include affordable units, age-restricted units, or employee housing units."
Source: Colorado Statewide Apartment Survey – created by Colorado Housing and Financial Authority; 1876 Analytics LLC; Apartment Insights

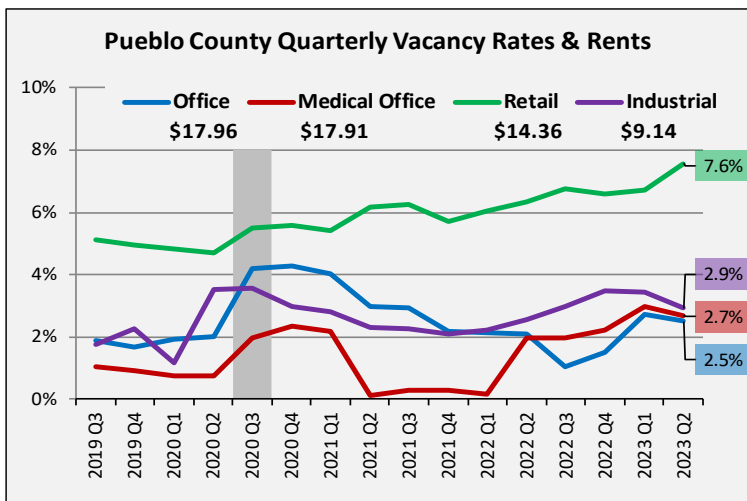
Median Existing Single-Family* Home Price 2023 Q1 (CS, Denver, U.S.) and June (Pueblo)

Location	Colorado Springs	Denver	June 2023 Pueblo (*New & Existing)	United States
Price	\$444,700	\$636,100	\$325,000	\$371,200
1-year % Change	2.3% decrease	3.9% decrease	7.2% increase	0.2% decrease
MSA Rank	39	16	94	n/a

*Includes existing homes only except for Pueblo, which includes new & existing since PAR only reports both (combined). Pueblo ranking is estimated based on similar MSA city ranking and price is for most recent month. 190 MSAs measured.
Sources: National Association of REALTORS®, Pueblo Association of REALTORS®, Inc. (PAR)



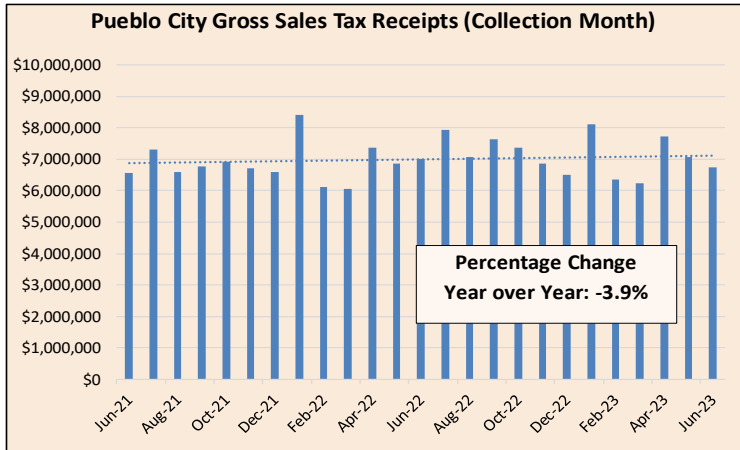
*Most recent Greeley and Pueblo data is not available so their HOI is still 2022 Q3.
Note: The Housing Opportunity Index (HOI) is defined as the share of homes sold in that area that are affordable to a family earning the local median income, based on standard mortgage underwriting criteria. It includes new and existing homes.
Sources: National Association of Home Builders; Wells Fargo



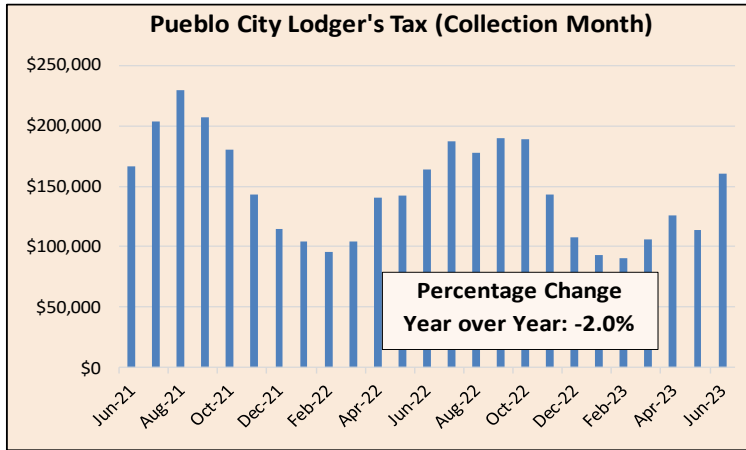
Sources: CoStar Group™; Olive Real Estate Group, Inc.

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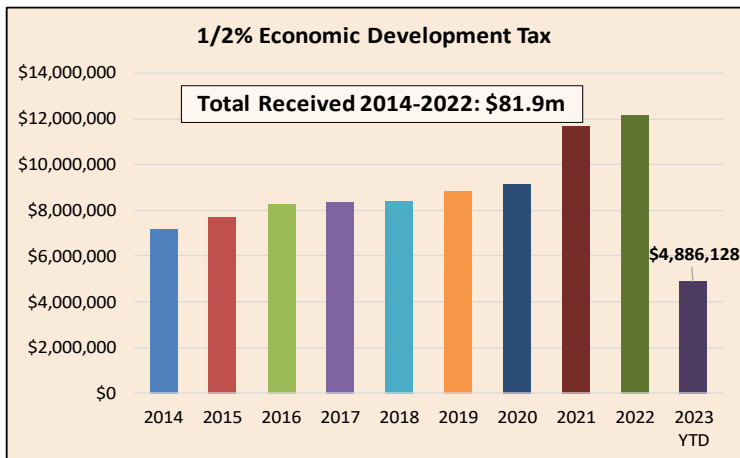
TAXATION, VEHICLE SALES, AND TOURISM (PAGE 8)



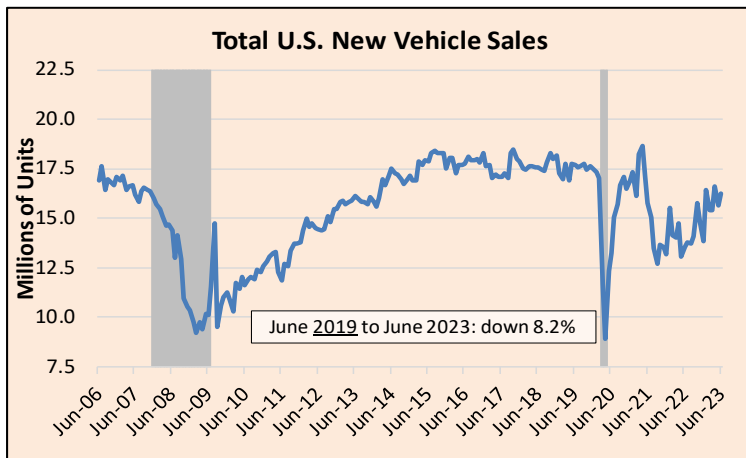
Source: City of Pueblo



Source: City of Pueblo



Source: City of Pueblo



Source: U.S. Bureau of Economic Analysis



Note: Direct travel includes day and overnight visitors.
Sources: Colorado Tourism Office; Greater Pueblo Chamber of Commerce

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