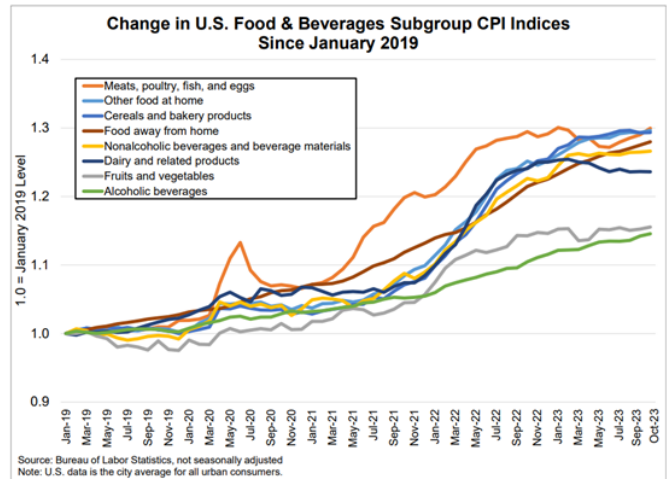


Highlights — November 2023

I hope everyone had a great Thanksgiving weekend filled with scrumptious food, great company and maybe a little college football. It was an **EPIC** Thanksgiving at my house with our third son home from college meaning that all kids and their significant others were with us for the **THIRD WIN IN A ROW FOR THE UNIVERSITY OF MICHIGAN AGAINST OHIO STATE** (see photos). My kids said I had to do a shot of tequila and take a puff of a cigar if we won again this year. I declined on the shot, but as you can see, I partook in the stogie. Isn't life just wonderful?



Last month I talked in detail about the outperformance of **GDP {Page 3}** in Q3 of this year, and it's interesting to me that despite the elevated economic growth rate, **Consumer Sentiment {Page 3}** continues to deteriorate. The final November index came in at 61.3, which as the graph on the dashboard shows is historically a very low level of confidence. If consumers are still spending (retail sales are holding steady), the unemployment rate is consistently below 4%, and personal income has increased (at least on a nominal basis), why is sentiment still dour? It's still primarily about inflation. As I've covered before, although we now have slowing in the **Inflation Rate {Page 3}** to 3.2% in October from 3.7% in September (technically called disinflation), it doesn't change the fact that virtually all items are significantly more expensive than they were pre-pandemic. The Colorado Department of Labor and Employment, or CDLE, recently did a CPI analysis and as the chart shows, compared to January of 2019, food items are between 15-30% higher in price (e.g., meat is 30% more expensive). Food categories in general are up about 25%, as are transportation (+35%) and shelter costs (+23%) with Denver's CPI consistently higher. Locally, Pueblo may not be as expensive as Denver or Colorado Springs, but Pueblo isn't that far off either with a Regional **Cost of Living Index {Page 3}** at 98.2% of the U.S. average. The sticker shock across the country has elevated consumer expectations on inflation to a 4.5% rate for the coming 12 months and to 3.2% over the next 5-10 years – both well above the Fed's desired target of 2.0%. If you were to chart consumer's future expectations on inflation and actual inflation as it materializes, they are remarkably close. This has me a little worried that inflation may be unpredictable and volatile over the next few years.



Honing in on shelter costs, I recently did a segment and article on the [apartment rental market](#) and how it is now categorized as “soft” for Colorado Springs, as one example, according to HUD primarily because of a high vacancy rate. Nationwide, the higher vacancies have not caused rents to come down much, but it does mean renters can look for concessions such as lower security deposits or 1-2 months’ free rent. Note that Pueblo **Apartment Rental Information {Page 7}** is included in your dashboard, and I discussed some of that detail in last month’s narrative. It is worth noting that although there are great variations within the four regions of Pueblo both for vacancy rates and rents, Colorado Springs’ vacancy rate has significantly increased to 13.6% in Q2 of this year with an average rent of \$1,479 a month. By way of reference, Denver’s vacancy rate was also elevated at 8.9% with an average rent of \$1,879 per month. In Pueblo, rents are definitely lower, but not by as much as they used to be several years ago. The corresponding [Gazette article](#) has more info.

Please note that Pueblo **Home Sales {Page 7}** and **Median Existing Home Price {Page 7}** information is updated to October in your report. That data shows that existing home sales continue to fall mostly due to low inventory. As a point of reference, in the U.S. existing home sales are at 2010 levels. Pueblo median (existing) home prices significantly increased in October to \$310,000 (from \$285,000 in September) as shown in the table. But as you can see in the graph, there has been quite a bit of volatility in home prices, particularly over the last few months. August had the home price peak of 2023 thus far at \$335,000. Nonetheless, if we

[Page 3 - Macroeconomic “Big Picture”](#)

[Page 4 - Local Labor Market](#)

[Page 5 - Local Info by Zip Code](#)

[Page 6 - Demographics](#)



[Page 7 - Real Estate](#)

[Page 8 - Taxation, Vehicle Sales & Tourism](#)

[Page 8 - Crime & Safety](#)

Pueblo Economic & Workforce Development Dashboard

compare average home prices for existing and new homes in October 2019 to October 2023, prices are up 44.9% as the textbox on that page shows. That same graph shows the *average* home price in October, which stood at \$326,700 as more expensive homes pull the average higher than the median by about \$16,700.

It's not surprising then that the percentage of homes sold affordable to the median household income, as defined by the local **Housing Opportunity Index {Page 7}** declined further in Q3 to 47.3% (from 51.8% in Q2). The HOI was 94.0% in 2012 Q3. This basically means that in 2012, almost all homes sold in Pueblo were affordable to the median household income. Today, less than half of homes sold in Pueblo are affordable to the median household income. The lower level of **Building Permits {Page 7}** both locally and in the U.S. only exacerbate the shortage of homes. This isn't projected to change much as The Conference Board is forecasting residential investment for all of 2023 at -11.0% on top of the 9% decline in 2022. For 2024, residential investment is forecasted to only modestly improve at a 1.5% growth rate.

Nonresidential investment, which includes commercial real estate, is forecasted to end this year at a decent 5.2% growth rate, but to deteriorate to a -0.7% growth rate in 2024. The office commercial real estate (CRE) market is dragging down all the CRE market with more headwinds coming. These include a) higher interest payments as variable rate loans mature or building improvements have to be financed; b) more tenants letting leases expire or requiring less space due to hybrid/remote work; c) more product on market with sublease space available, which is at 215 million square feet versus 80 million pre-pandemic; d) office-based professional employment that is not as robust; and e) generally unfavorable conditions and lower property valuations making obtaining credit even more difficult. Looking forward, many CRE experts say that AI, or artificial intelligence, may further reduce the need for office space as white collar jobs are more likely to be impacted by the automation of big data. Class A space with a lot of amenities is performing notably better. Longer term it's more favorable to the CRE market for less (office) space construction to occur to hopefully bring eventual balance to the structural changes occurring in this subsector. This is true to some extent for multi-family construction, as well.

The NFIB small business survey also shows some persistent headwinds. In October, surveys showed that 33% of owners plan to raise prices over the next three months, which is the highest reading in a year. In addition, wage pressures persist primarily due to the difficulty in finding quality labor with 43% of owners having **Job Openings {Page 3}** that are "hard to fill." As that dashboard chart shows, job openings have come down from pandemic highs, but they are still elevated. And if you look at the detail in the small business survey, it's apparent that some employers have given up on posting jobs at all probably because they simply can't find the talent they need again, implying persistence in wage pressures. Hybrid and remote work appear entrenched in the new world of work, and I believe this will keep some upward wage pressure on in-person jobs such as health care and hospitality. Small businesses are also saying they have slower sales traffic (net 17% fewer firms reporting higher sales), reduced credit availability, and lower earnings (32% reporting a drop). Typically, when business conditions and consumer sentiment deteriorate, employers have their pick of workers, and that's simply not the case in this cycle (or for the foreseeable future due to demographics). A net 24% of firms plan to raise compensation in order to keep or attract workers. I've never seen a scenario where businesses are reporting lower earnings and overall conditions but are still struggling to find labor.

Businesses (and consumers) also address the strain of higher interest rates in various surveys. The impact of higher rates often materializes with a lag. I believe that lag is catching up as variable rate loans mature, and new acquisitions become necessary (such as from a broken dishwasher, defunct automobile, or expired capital equipment). During the Fed's November meeting, it opted to keep **Interest Rates {Page 3}** the same due to inflation improvements. And given that the **GDP Forecast {Page 3}** and overall economic picture has a below trend growth rate of 0.8% for 2024, they are not looking to throw the U.S. economy decisively into a recession; thus the "pause" in hikes.

One indicator of an economic slowdown in Pueblo is the labor market data. The number of **Pueblo Job Openings {Page 4}** fell to 3,251 openings in October from 3,705 openings in September. That changed the ratio of workers available per open job to 1.01 (versus 0.90 in September). Still a relatively tight labor market, but not as tight as it was at the height of the pandemic recovery. The (QCEW) data around employment by industry, new jobs and wages should be available in the next month or so, and we will update you once that's received.

That's all for now. Have a great week!

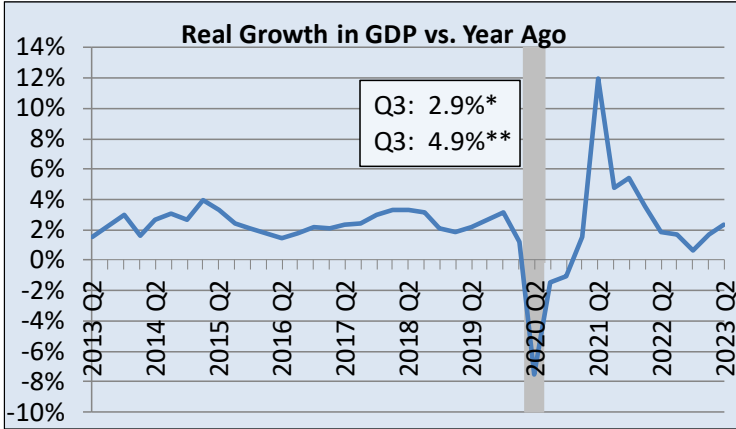
Tatiana & Rebecca

Economic & Workforce Development Dashboard Sponsor:

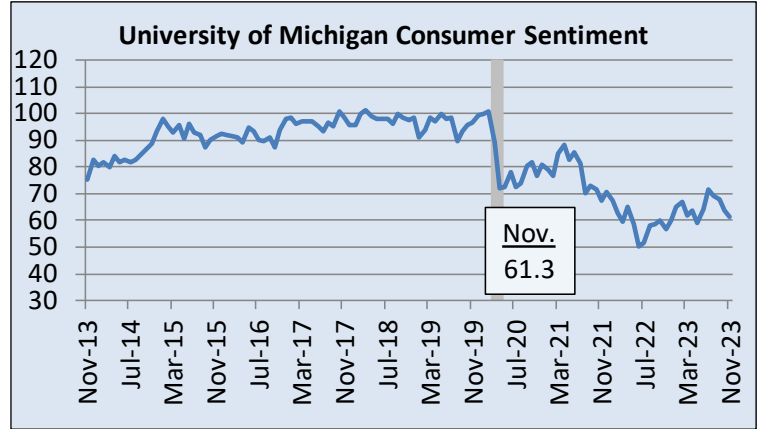


Pueblo Economic & Workforce Development Dashboard

MACROECONOMIC "BIG PICTURE" (PAGE 3)



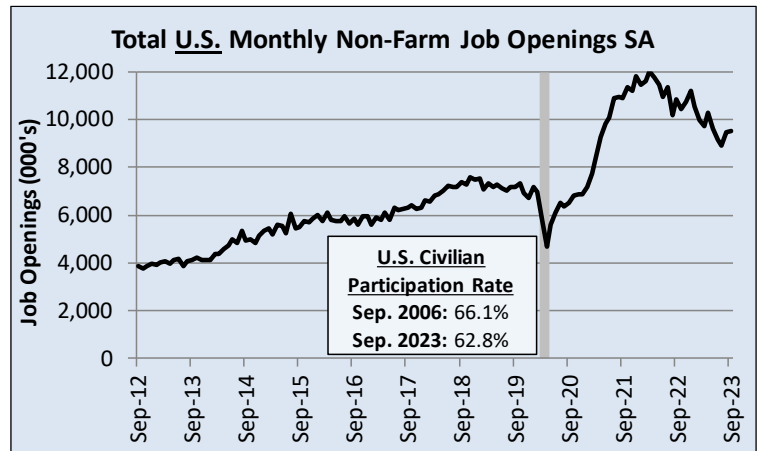
*Estimate of real GDP percent change from same quarter a year ago, SA
 **If quarterly changes were annualized over the year.
 Source: U.S. Bureau of Economic Analysis



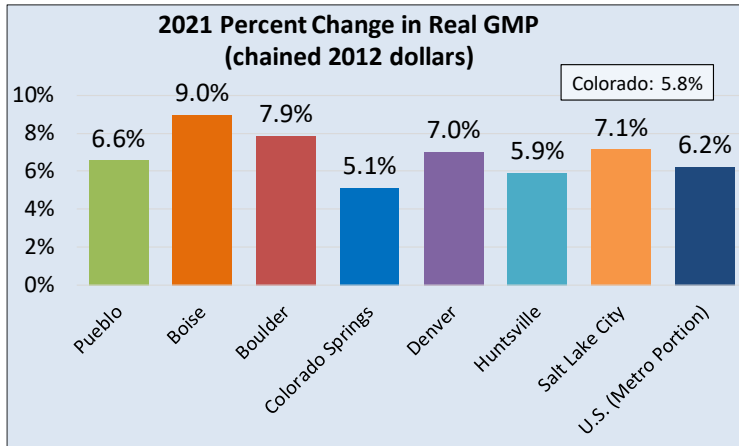
Source: University of Michigan

Forecasts for U.S. Real GDP and Unemployment (SA)				
	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
Real GDP Growth	5.8%	1.9%	2.2%	0.8%
Unemployment Rate	5.4%	3.7%	3.7%	4.0%

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



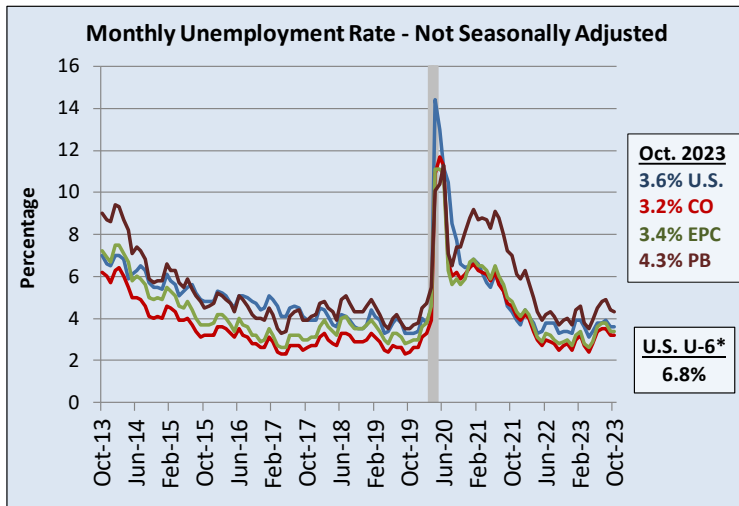
Source: U.S. Bureau of Labor Statistics; Job openings data lags.



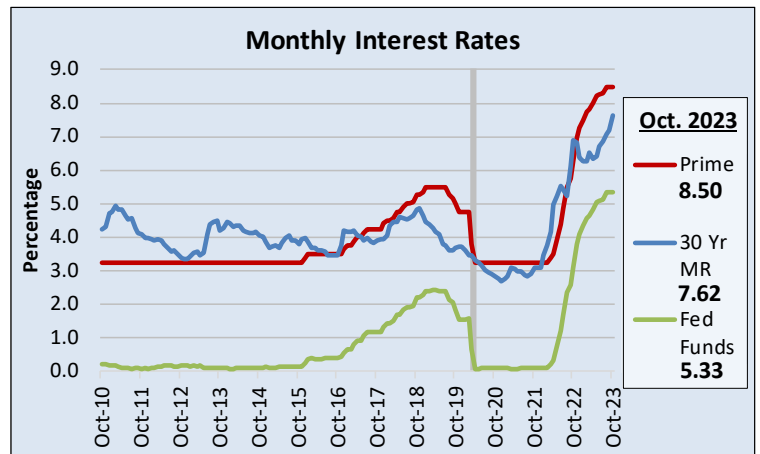
Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.
 Source: U.S. Bureau of Economic Analysis

U.S. Consumer Price Index - October 2023		
	All items	Less food & energy
Change from September to October 2023 (SA)	0.0%	0.2%
Last 12-months (NSA)	3.2%	4.0%

The 2023 Q2 cost of living in Pueblo MSA was 98.2% of the U.S. average according to C2ER. Colorado Springs's index was 107.2% 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

LOCAL LABOR MARKET (PAGE 4)

Top Job Openings, Pueblo County, October 2023

Top Job Titles (Pueblo MSA)	# of Job Postings (Pueblo)	Median Advertised Salary (Pueblo)	Risk of Automation (U.S.)
Registered Nurses	282	\$95,488	Low Risk
Retail Salespersons	111	\$34,432	Medium Risk
1st-Line Supervisors, Retail Sales	86	\$44,928	Low Risk
Food Service Managers	76	\$44,416	High Risk
Heavy & Tractor-Trailer Truck Drivers	63	\$51,968	High Risk
Fast Food & Counter Workers	62	\$31,104	High Risk
Medical & Health Services Managers	50	\$87,808	Low Risk
Customer Service Reps	49	\$33,664	Medium Risk
Janitors & Cleaners	46	\$38,272	High Risk
Coaches & Scouts	46	\$44,416	Low Risk

Pueblo MSA, October 2023

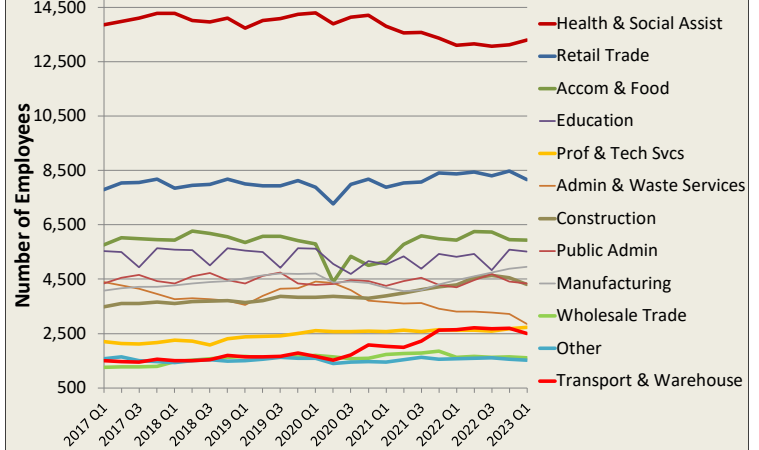
TOTAL Job Openings: 3,251

TOTAL Unemployed: 3,277

Workers Available per Job Opening: 1.01

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

Quarterly Employees in Top 12 Sectors, Pueblo County



Top Growing Industries from 2017 Q1 to 2023 Q1

Transport & Warehouse: +66.4%
 Wholesale Trade: +27.7%
 Prof & Tech Services: +23.2%
 Construction: +23.7%
 Manufacturing: +21.5%
 Retail Trade: +4.8%

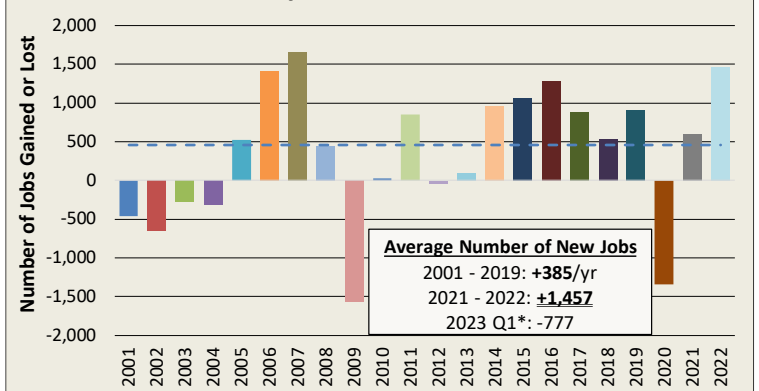
QCEW data lags up to three quarters and includes public and private employment. Source: Colorado Department of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

Top Employers - Pueblo MSA in October 2023

Name of Employer	# of Job Postings	Median Advertised Salary
State Of Colorado	110	\$61,056
Parkview Medical Center	123	\$71,936
Pueblo Community College	24	\$80,128
Colorado State Government	83	\$60,032
Pueblo County School District 70	82	\$53,120
Parkview Health	47	\$52,864
Centura Health	53	\$84,224
Health Solutions Us	31	\$56,832
Pueblo County Courthouse	41	\$57,600
City Of Pueblo	33	\$55,168
Trane Technologies	36	\$85,248
Pueblo City Schools District 60	41	\$64,000
Interim HealthCare	18	\$69,888
Crossroads Turning Points	37	\$44,672
Walmart	34	\$43,648

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

Pueblo County Annual Net New (or Lost) Jobs



*Quarterly data reflects new jobs (or jobs lost) compared to 2022 annual average number of 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)

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.

Pueblo MSA and Pueblo County are one and the same.

2023 Q1 Average Annual Wages for All Industries

Pueblo wages are 27.4% lower than the U.S.
 31.8% lower than Colorado
 15.7% lower than El Paso County

U.S.	Colorado	El Paso County	Pueblo County
\$69,264	\$74,152	\$62,712	\$55,276
2023 Q1 Total Employment			62,171
2023 Q1 Total # Establishments			4,114

2022 Federal Poverty Level (FPL)

	Pueblo County	U.S.
% people at FPL or below	14.8%	12.6%

Note: FPL in 2022 was \$18,310 for an individual and \$27,750 for a family of four.

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

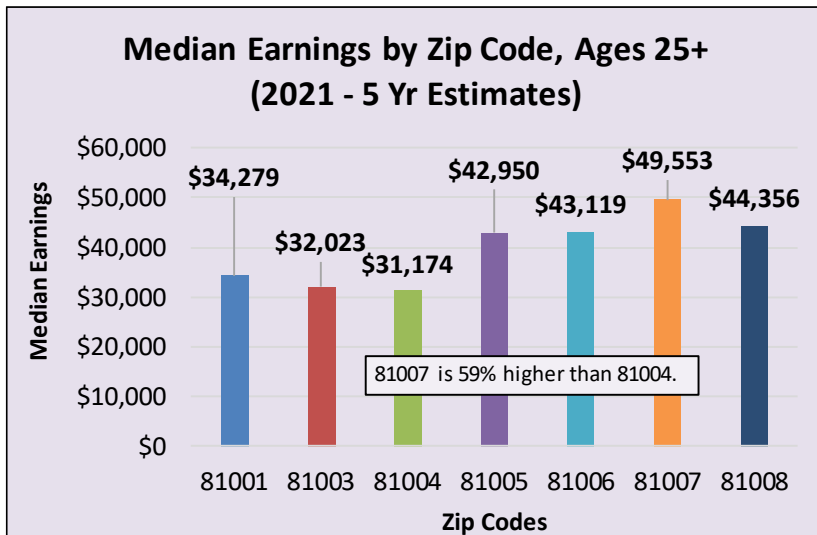
Sources: U.S. Bureau of Labor Statistics and Colorado Department of Labor and Employment, QCEW; Local military installations; U.S. Census Bureau, American Community Survey 1-year estimates; U.S. Department of Health & Human Services; MIT Living Wage Calculator

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: BOLD AND UNDERLINED PERCENTAGES HAVE LOWEST AND HIGHEST VALUES BY RACIAL/ETHNIC CATEGORIES. 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

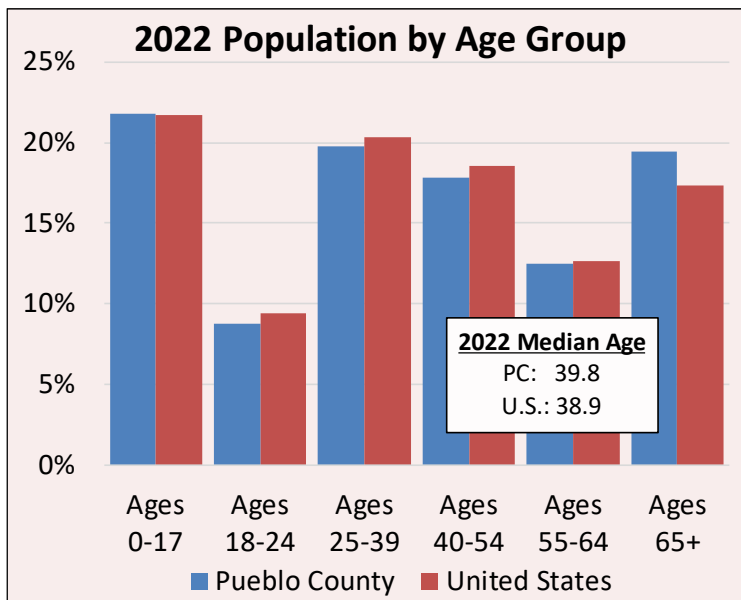


U.S.	Pueblo County
\$56,929	\$51,808

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)

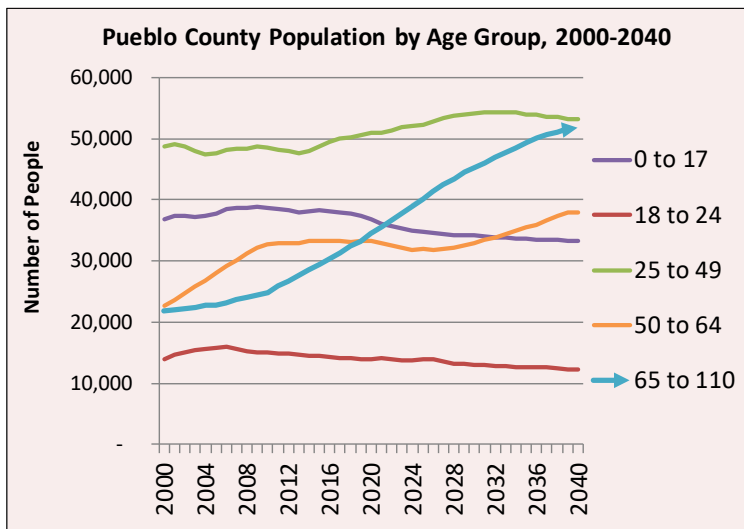


Source: U.S. Census Bureau, Population Division, Population Estimates Program

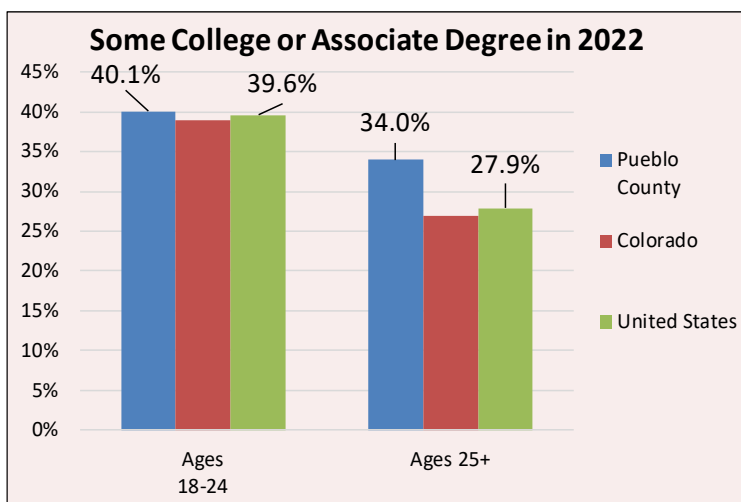
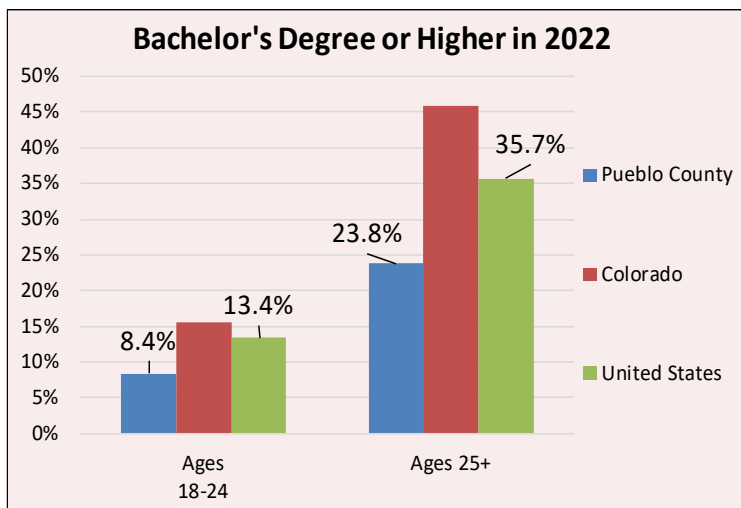
Population Estimates

Region (Growth Rate)	2022	2050
Pueblo County (14%)	169,383	193,446
Colorado (29%)	5,838,736	7,491,886

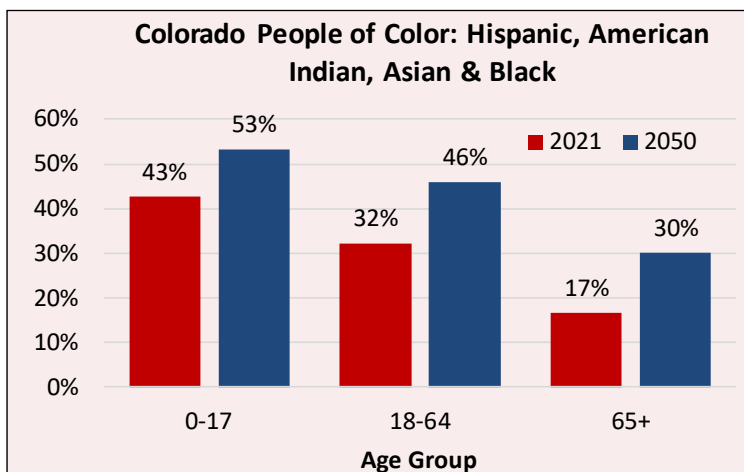
Source: Colorado State Demography Office



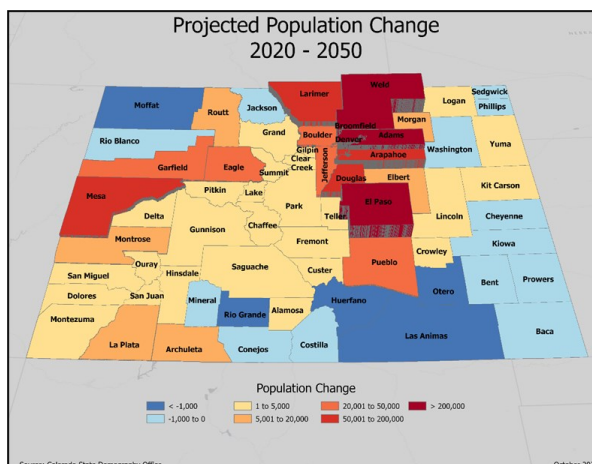
Source: Colorado State Demography Office



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

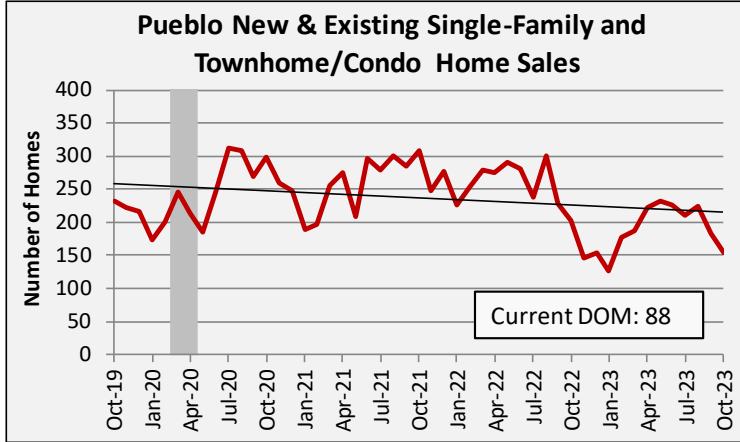


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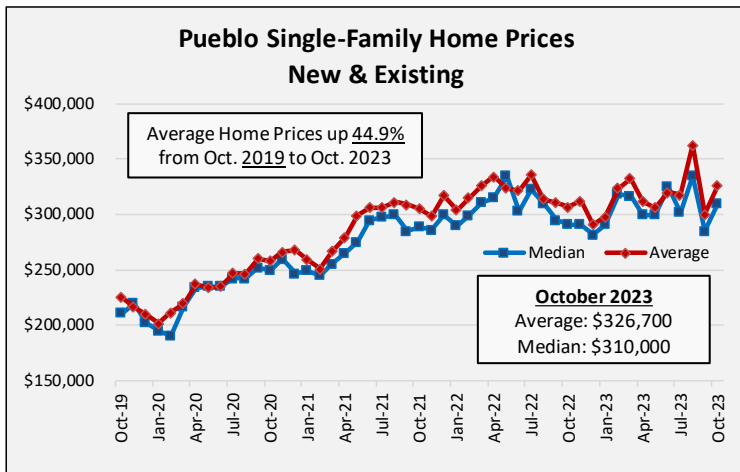


Source: Colorado State Demography Office

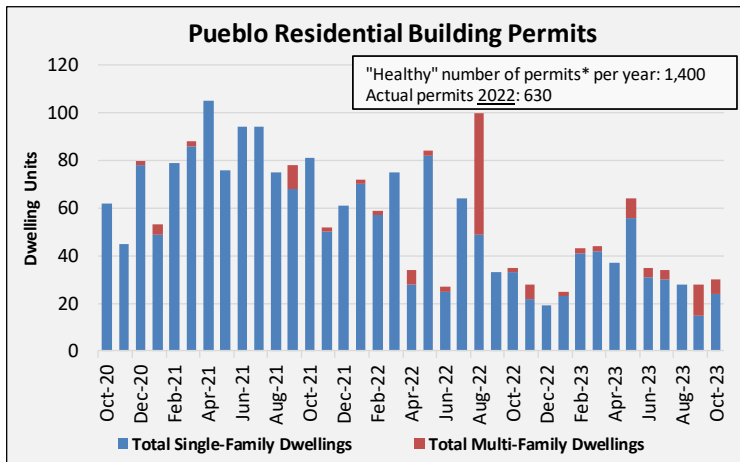
REAL ESTATE (PAGE 7)



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



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



*The methodology for "healthy permits" 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.
Sources: Pueblo Regional Building Department; City of Pueblo

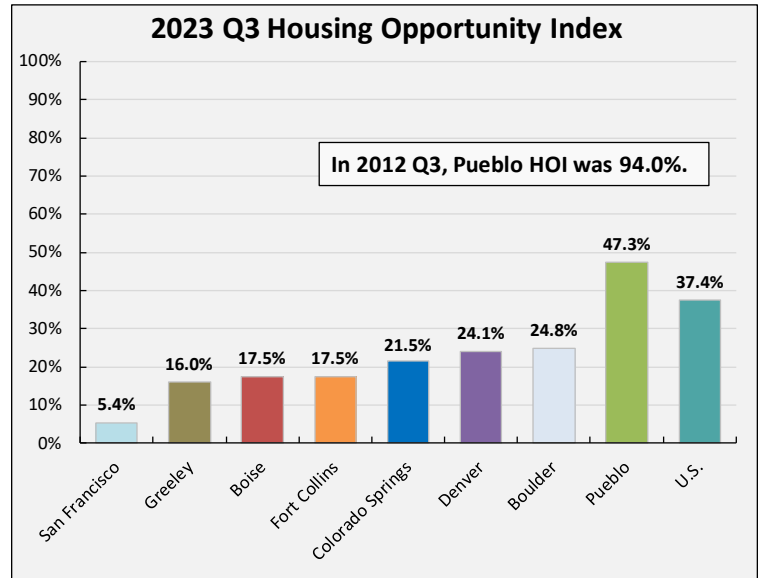
Apartments, 2023 Q2				
	Vacancy Rate	Average Rents	Median Rents	Average Year of Construction
Pueblo Metro Area	8.1%	\$1,144	\$1,005	1985
Pueblo Northeast	18.4%	\$1,071	\$1,000	1978
Pueblo Northwest	2.0%	\$1,366	\$1,390	2000
Pueblo South	2.6%	\$910	\$887	1973

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

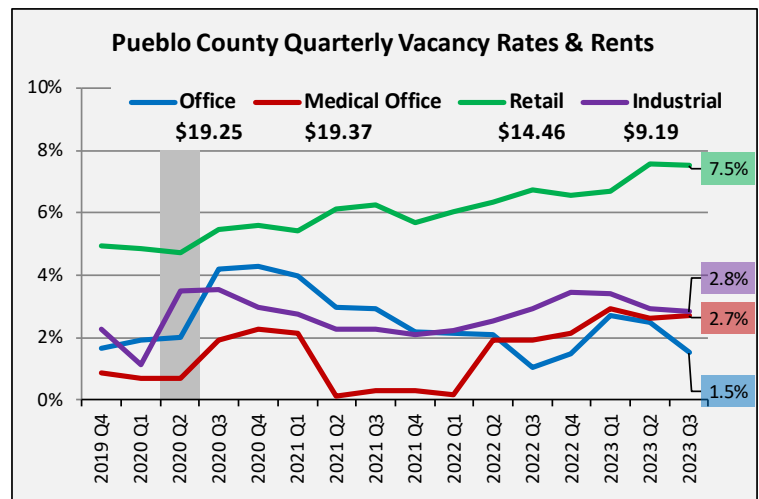
Median Existing Single-Family* Home Price 2023 Q3 (CS, Denver, U.S.) and Oct. (Pueblo)

Location	Colorado Springs	Denver	October 2023 Pueblo (*New & Existing)	United States
Price	\$466,300	\$673,000	\$310,000	\$406,900
1-year % Change	0.9% increase	1.1% increase	6.6% increase	2.2% increase
MSA Rank	45	17	124	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)



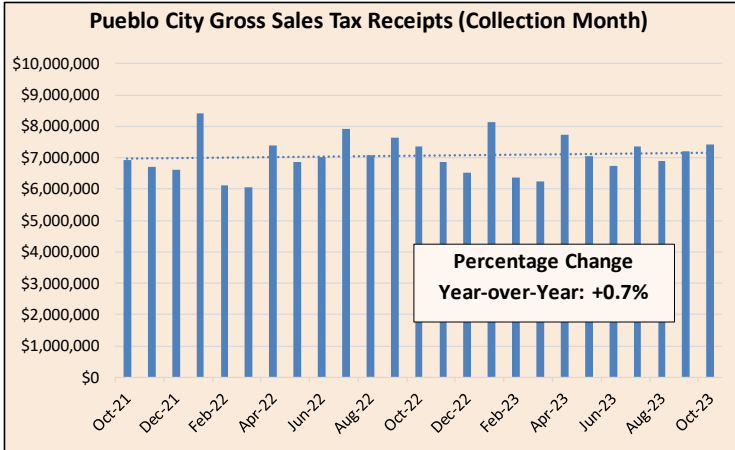
*Most recent Greeley and Pueblo data is not available so their HOI is still 2022 Q3.
Note: The Housing Opportunity Index (HOI) is defined as the share of homes sold in that area that are affordable to a family earning the local median income, based on standard mortgage underwriting criteria. It includes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



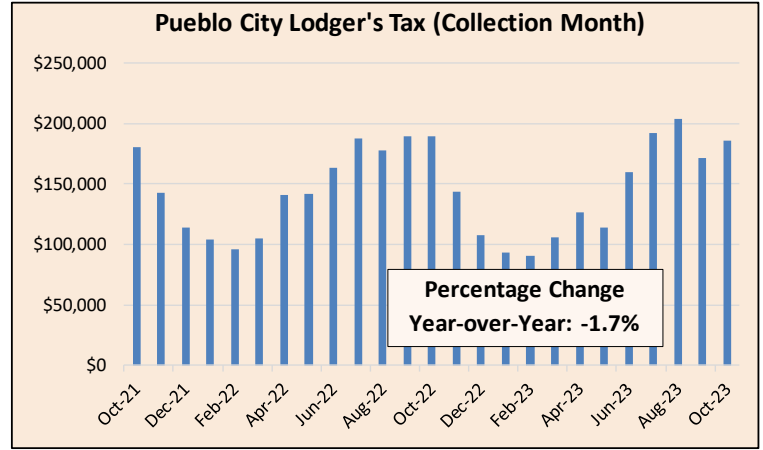
Sources: CoStar Group™; Olive Real Estate Group, Inc.

Pueblo Economic & Workforce Development Dashboard

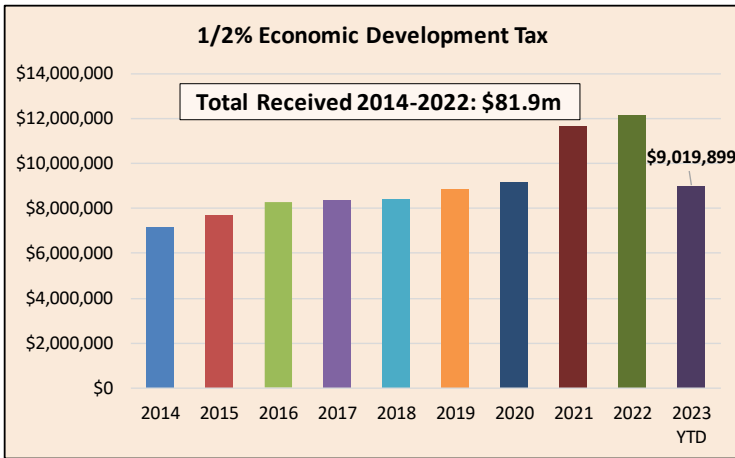
TAXATION, VEHICLE SALES, AND TOURISM (PAGE 8)



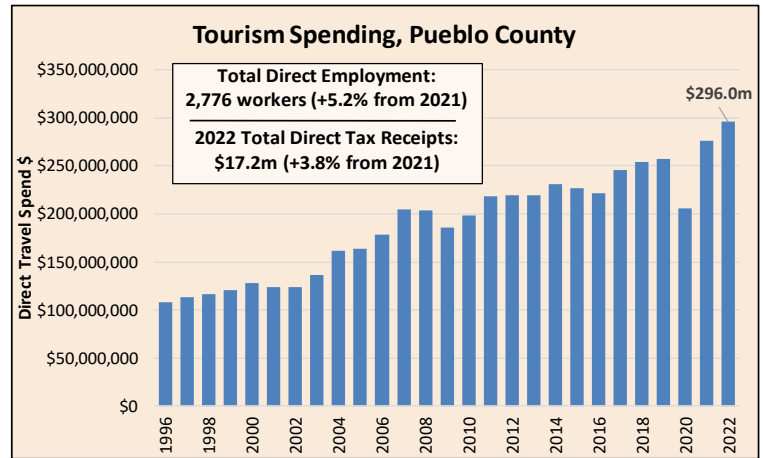
Source: City of Pueblo



Source: City of Pueblo

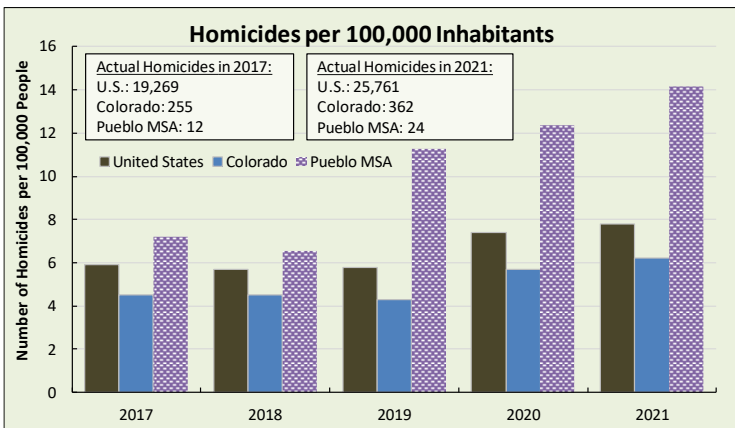


Source: City of Pueblo

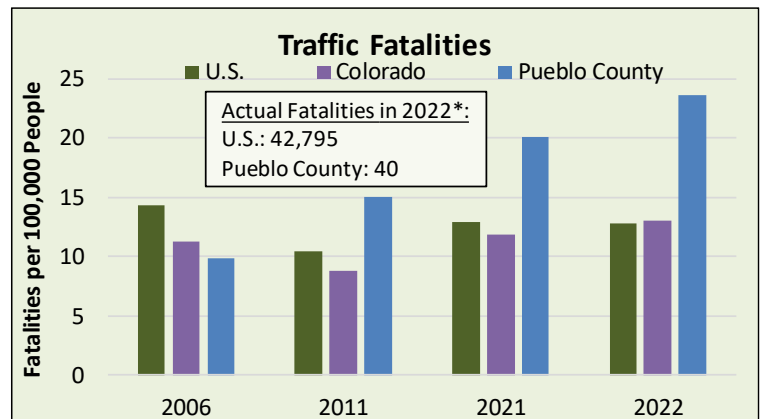


Note: Direct travel includes day and overnight visitors.
Sources: Colorado Tourism Office; Greater Pueblo Chamber of Commerce

CRIME & SAFETY (PAGE 8)



Sources: 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; Data-Driven Economic Strategies.



*Preliminary data.
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

Sworn Police Officers Per 10,000 Inhabitants in 2022	
City of Pueblo	17.8
Pueblo MSA	8.6
Cities with Population 100,000-249,999	15.7

Sources: Federal Bureau of Investigation, Uniform Crime Report; U.S. Census Bureau, Population Division