

Pueblo Economic & Workforce Development Dashboard

Highlights — January 2024

Happy New Year to you! I am excited to start the new year with some positive reporting on the U.S. economy, which I've lately heard referred to as the "Teflon" economy. To start, **Gross Domestic Product {Page 3}**, or GDP, for 2023 Q4 was just released, and it showed that year-over-year, the U.S. economy grew 3.1%. If we annualize the Q4 economic activity, the economy grew by 3.3%. Growth over the quarter was attributable to (once again) personal consumption expenditures (+2.8%), investment spending (+1.7%), government spending (3.3%), and exports (+6.3%), which outstripped imports (+1.9%). The increase in net exports was the positive "surprise" element of the GDP data.

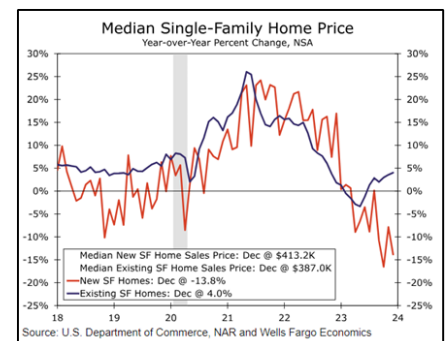
Many of the indicators that have been flashing "recession alert" for the past 1-2 years, are still in recession-likely territory, but those indices are retreating. For example, the LEI, or Leading Economic Indicator from the Conference Board has been below the recession threshold for 22 consecutive months with an average over Q4 of -0.7%. However, in December it had the smallest decline (0.1%) since March 2022 when the Fed began interest rate hikes. The LEI improvements emanated from stock market gains, low unemployment claims, positive building permits, and slowly easing credit conditions for borrowers (due to the expectation that the Fed will ease rates this year). Other indices that feed into the LEI were still negative such as manufacturing new orders, but I would say that if the LEI continues to be "less bad," it may confirm the soft landing (e.g., no recession) scenario. Now, the implications of a stronger-than-expected economy mean that interest rate cuts may be fewer than some experts thought (I've always thought six cuts in 2024 was unrealistic). Now many experts are saying that most developed economies (the "G10") will cut 25 basis points (0.25%) once a quarter starting in late spring or early summer. The latest Fed meeting indicates those decision makers are leaning towards three 0.25% cuts (total 0.75%) during 2024, and they are the decision makers. I pay closer attention to their statements, alongside the incoming data.

But an earlier rate cut is not out of the question because of the progress on inflation. "Headline" **Inflation {Page 3}** is still above the Fed's 2% target, and it actually increased from November to December from 3.1% to 3.4%. Stripping out food and energy ("core inflation") stayed about the same. However, the Fed uses a slightly different measure for inflation called the PCE deflator, and it was lower in 2023 Q4 at 3.2% compared to Q4 of last year. The core PCE deflator without food and energy was amazingly at the Fed target (2.0%) if that Q4 measure is annualized. It may seem like splitting hairs, but that core PCE deflator is what the Fed uses for decision making so it's a big deal, and that's why a March rate cut may happen, although I'd be surprised. Many of you work in interest-rate sensitive industries so I will say that a May rate cut is the most likely scenario as long as there are no surprises in the data and/or geopolitical shocks that impact our economy.

The resiliency is remarkable considering the Fed has hiked 525 basis points since March 2022, and the rest-of-the-world economy isn't in great shape. There is a plethora of reasons for the resiliency, but I believe it largely has to do with the relative self-sufficiency of the U.S. economy. We produce a lot of the goods and services our residents need and want, including energy and agricultural goods. Another major factor is that consumers keep buying those goods (feeding the virtuous business/household economic cycle) because people have jobs as I've often stated. The **Unemployment Rates {Page 3}** for the U.S. (3.5%) and Colorado (3.2%) stayed the same between November and December while Pueblo's rate increased from 4.2% to 4.5%. These are still historically low rates. Despite headlines of mostly tech and some financial institutions that are cutting jobs, the relative shortage of workers is advantageous for the average worker – and their confidence has made them particularly optimistic about income expectations. This is much of what has fueled continued consumerism with some [consumers who are overextended](#). As that two-minute segment shows, consumer borrowing is at record highs, and I am hoping in 2024 that overstretched consumers begin to pay down debt even if they are optimistic about those [income expectations](#) which I discussed in a subsequent segment.

By the way, those rosy income expectations are the main reason that **Consumer Sentiment {Page 3}** had a significant increase from 69.7 in December to 78.8 as discussed in that segment. Moderating price increases also helped those favorable outlooks.

Speaking of expectations, there is a positive momentum that comes from low unemployment, persistent consumerism, and impending interest rate cuts. New home sales in the U.S. jumped in December (+8.0%) after a roughly similar decline in November. It may seem like a wash but lower mortgage rates (6.7% as of January 25th), high inventory and falling new home prices all helped some consumers who were on the fence jump in and buy a new home. I believe this momentum will continue because interest rates will only go down from here, excess inventory (at 8.2 months' supply) will take time to dwindle down, and many builders are still offering concessions. In fact, median new home sale prices in the U.S. fell 3.0% in December to \$413,200, and over the course of 2023, new home prices were down 13.8% (although to be fair, square footage of the average new home fell by 100 sq. ft. in 2023).



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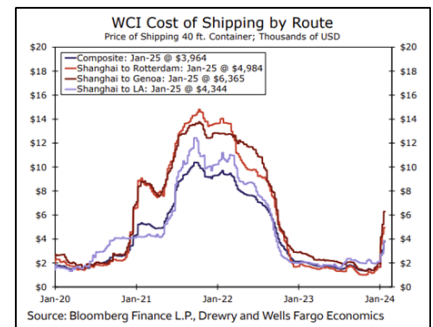
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The trend to buy new homes due to low existing home inventory remains fully intact as evidenced by (new) home buyer surveys. In December, new home sales were up 4.4% year-over-year while existing single-family home sales were *down* 6.1%. The dearth of existing single-family homes had prices in 2023 *up* by 4.0%. Existing home prices historically have been lower than new home prices, but the current supply distortions fomented over the past 15 years, have turned that upside down. Estimates are that the “premium” to buy a new home (compared to a similar existing home) is only \$26,000. That’s easily one significant repair in an older home. I’m feeling pretty smug right now about our 2019 home build.

The affordability crunch that’s resulted from years of underbuilding in the U.S. continues to also be the case locally. Pueblo **Building Permits {Page 7}** show the final numbers for 2023 at a total of 421 single and multi-family permits – well short of the roughly 1,400 that are needed to close the supply gap and accommodate new residents. As that graph shows, higher rates brought down construction levels exacerbating the housing shortage. In markets like Pueblo that are considered relatively affordable with **Median Home Prices {Page 7}** at \$299,950 in December 2023 and with an MSA price rank of 130 out of 190 measured MSAs, buyers from more expensive markets nearby gravitate towards better affordability. This puts upward pressure on prices with a 6.6% increase in December alone versus a 2.2% increase in the U.S. (in Q3) and 0.9% increase in Colorado Springs (in Q3).

The shortage of housing also hits apartment affordability, and that’s much of the reason Pueblo **Apartment Average Rents {Page 7}** are between \$900 and almost \$1,400 per month – similar to Colorado Springs. Most of the U.S. is grappling with housing affordability, but shortfalls in **Median Earnings {Page 5}** in cities like Pueblo (\$51,808) compared to the U.S. (\$56,929) present an acute challenge. And **Median Earnings by Zip Code {Page 5}** show three of the seven major zip code regions having earnings in the \$30,000’s. **Average Wages {Page 4}** show an even greater discrepancy. Both Pueblo and Colorado Springs have tremendous potential to continue to grow, but the mismatch between salaries and housing costs will begin to impact in-migration of (much-needed) younger workers – and that is a cornerstone to sustainable growth.

Back to the macroeconomic environment. Despite all my talk of a sturdy economy that defies expectations, I do want to mention one other risk besides consumer debt levels. The militant attacks on container and other cargo ships in the Red Sea pose a geopolitical threat in an already volatile part of the world, and they pose a threat to global supply chains and inflation. The Red Sea and Suez Canal host 12% of total global trade and roughly 30% of container trade flows. One of the largest global shipping giants, Maersk, suspended all operations in the Red Sea this past week. The chart shows how shipping costs have suddenly jumped. But that visual also shows that these increases are so far impacting prices at about half the order of magnitude compared to the pandemic-related supply disruptions. Mind you, since the beginning of this month, the shipping cost increases are logarithmic and should they continue at that pace, the world economy will acutely feel it, especially Europe and other countries closer to the Red Sea. In the U.S., however, business inventory levels are higher now than they were in 2021/2022, and consumer demand, while still hot, is not at the levels when stimulus checks, and pent-up demand were pervasive. I will caution, however, that as of last week, shipping companies are reporting 12-20 additional days to ship items, with (as an example) a 400% increase in shipping costs from Shanghai to Italy and about a 200% increase from Shanghai to LA. I can only imagine how insurance companies are responding, which will further add to the costs of shipping. Once again, the ability of the U.S. to produce a lot of what it consumes, such as energy, is also helping us. Energy consumption in the U.S. began levelling off in 2005, and U.S. energy production has been increasing. This has led to an energy trade surplus enabling the U.S. to be a net energy exporter for the past three years.



There are global, positive externalities to the outperformance of the U.S. economy. The U.S. makes up 4.5% of the world population but contributes about 11% to global GDP. Our economy is big enough and trades enough with allies that the strength of the U.S. economy will enable the Euro Area and U.K. to recover from their (likely) recessions more quickly. Mexico and Canada, our biggest trade partners, will also benefit as the U.S. represents 70% of the end destination of goods for both of those countries (combined). And when other countries do well, they buy more U.S. exports fueling business growth in the U.S. It’s positive momentum, and I hope it keeps up. For all reasons stated above, most economic thinktanks have revised up their 2024 **Forecasts for U.S. GDP {Page 3}** (to rates between 1.2% to 1.7% depending on the source) and global GDP growth (lower than trend growth but still positive at 2.7%).

Speaking of positive momentum, my whole family (and every Maize and Blue human on the planet) is feeling euphoric about the Natty (e.g., College Football National Championship). I’ll let the visual speak for itself. For those of you who don’t know, the previous tagline was “Michigan Against Everybody.” With the departure of the head coach and many key players, things will be challenging moving forward. But for now, the sweet aroma of victory swirls around me.



Tatiana & Rebecca

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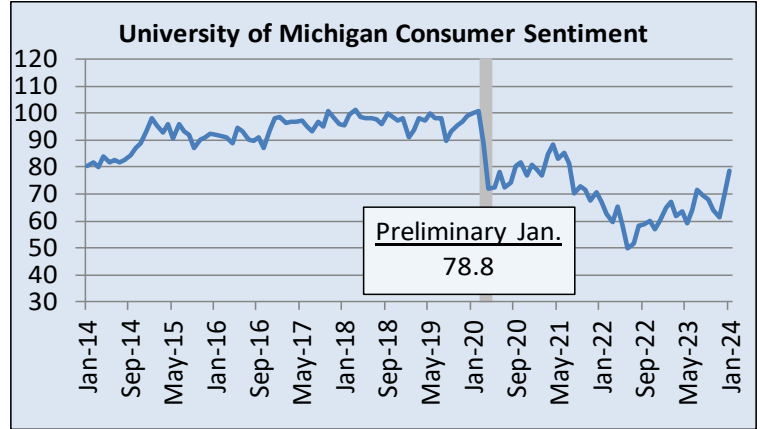


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MACROECONOMIC "BIG PICTURE" (PAGE 3)



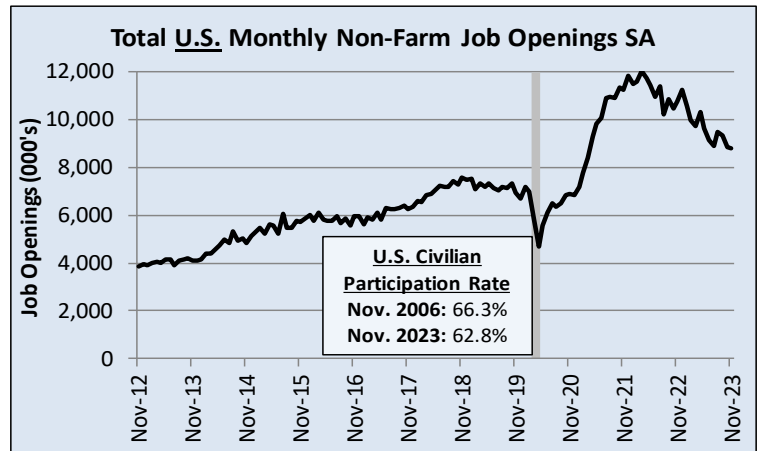
*Estimate of real GDP percent change from same quarter a year ago, SA
 **If quarterly changes were annualized over the year.
 Source: U.S. Bureau of Economic Analysis



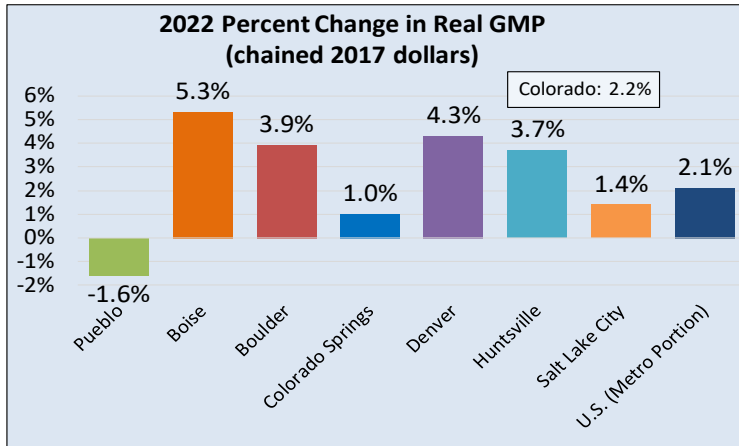
Source: University of Michigan

Forecasts for U.S. Real GDP and Unemployment (SA)				
	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast
Real GDP Growth	1.9%	2.5%	1.2%	1.7%
Unemployment Rate	3.6%	3.6%	4.0%	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.

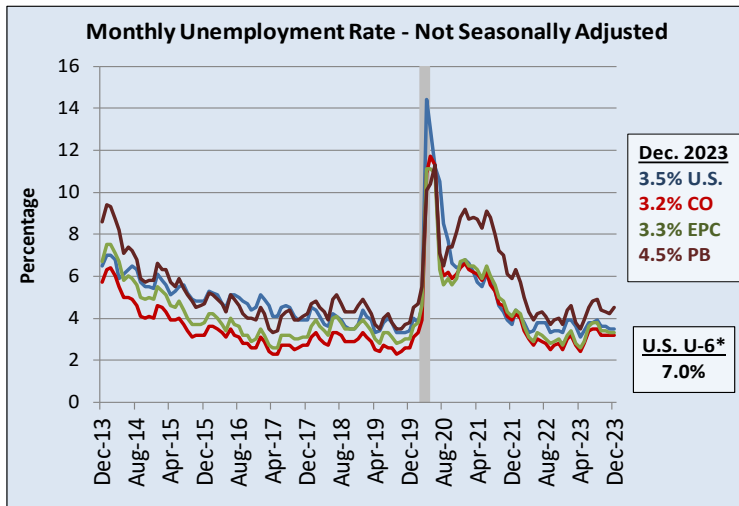


Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.
 Source: U.S. Bureau of Economic Analysis

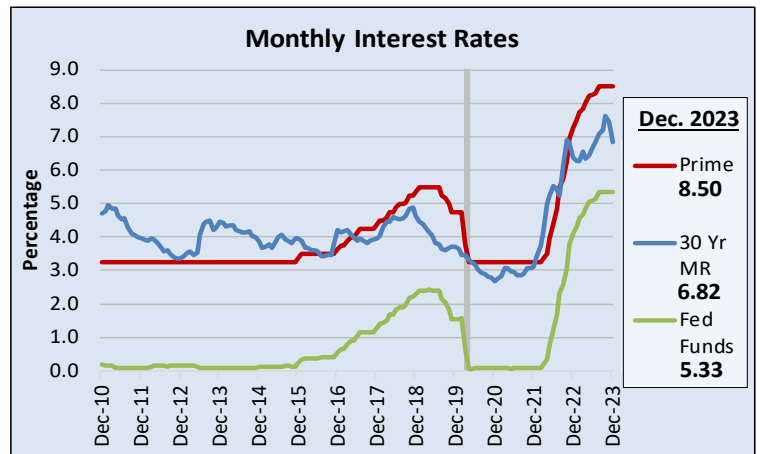
U.S. Consumer Price Index - December 2023		
	All items	Less food & energy
Change from November to December 2023 (SA)	0.3%	0.3%
Last 12-months (NSA)	3.4%	3.9%

The 2023 Q3 cost of living in Pueblo MSA was 98.0% of the U.S. according to C2ER. Colorado Springs's index was 107.9% 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, December 2023

Top Job Titles (Pueblo MSA)	# of Job Postings (Pueblo)	Median Advertised Salary (Pueblo)	Risk of Automation (U.S.)
Registered Nurses	309	\$100,608	Low Risk
Retail Salespersons	110	\$33,664	Medium Risk
1st-Line Supervisors, Retail Sales	77	\$42,368	Low Risk
Food Service Managers	53	\$44,672	High Risk
Fast Food & Counter Workers	50	\$33,408	High Risk
Manual Laborers & Movers	49	\$37,760	Medium Risk
Heavy & Tractor-Trailer Truck Drivers	47	\$55,552	High Risk
Sales Reps, Wholesale & Manufacturing	47	\$54,912	Medium Risk
Medical & Health Services Managers	47	\$86,272	Low Risk
Maintenance & Repair Workers	47	\$46,464	Medium Risk

Pueblo MSA, December 2023

TOTAL Job Openings: 2,998
TOTAL Unemployed: 3,428
Workers Available per Job Opening: 1.14

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

Top Employers - Pueblo MSA in December 2023

Name of Employer	# of Job Postings	Median Advertised Salary
State Of Colorado	94	\$57,728
Parkview Medical Center	69	\$78,592
Parkview Health	49	\$51,712
Colorado State Government	46	\$60,032
Pueblo County School District 70	44	\$49,792
Centura Health	41	\$79,104
Crossroads Turning Points	39	\$54,912
Trane Technologies	35	\$80,128
Pueblo City Schools District 60	34	\$69,888
City Of Pueblo	34	\$57,984
Pueblo County Courthouse	27	\$57,344
Health Solutions Us	26	\$56,832
Walmart	26	\$46,592
Edge Global	23	\$131,584
Life Care Centers of America	22	\$75,008

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

Pueblo MSA and Pueblo County are one and the same.

2023 Q2 Average Annual Wages for All Industries

Pueblo wages are 23.3% lower than the U.S.
28.4% lower than Colorado
15.4% lower than El Paso County

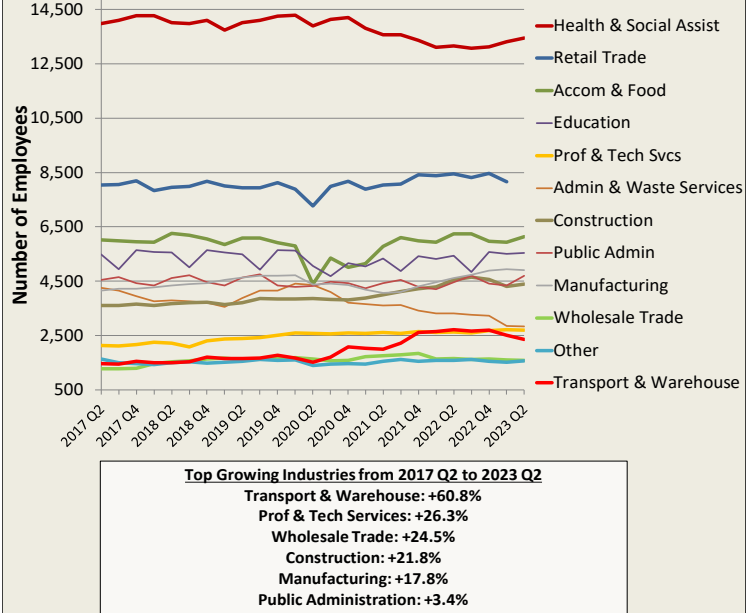
U.S.	Colorado	El Paso County	Pueblo County
\$69,264	\$74,100	\$62,764	\$53,092
2023 Q2 Total Employment			63,443
2023 Q2 Total # Establishments			4,062

2022 Federal Poverty Level (FPL)		
	Pueblo County	U.S.
% people at FPL or below	14.8%	12.6%
<i>Note: FPL in 2022 was \$18,310 for an individual and \$27,750 for a family of four.</i>		

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

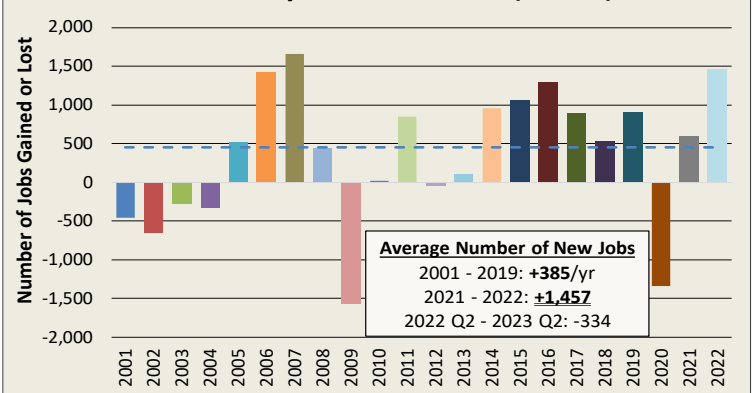
Sources: U.S. Bureau of Labor Statistics and Colorado Department of Labor and Employment, QCEW; Local military installations; U.S. Census Bureau, American Community Survey 1-year estimates; U.S. Department of Health & Human Services; MIT Living Wage Calculator

Quarterly Employees in Top 12 Sectors, Pueblo County



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)

2022-23 Minimum Wage & Living Wage Pueblo County

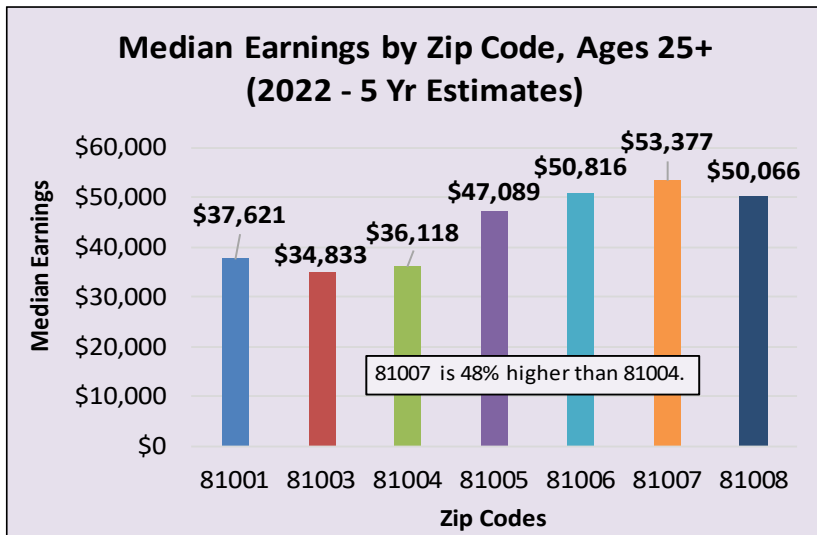
	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$13.65	\$28,392
Living wage: HHs with 1 adult, 2 children	\$45.38	\$94,390
Living wage: HHs with 2 adults (1 working), 2 children	\$39.18	\$81,494
Living wage: HHs with 2 adults* (2 working), 2 children	\$25.00	\$52,000
<i>*Living wage is for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

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	90.2%	96.8%	87.8%	91.2%	72.4%	87.2%	81.9%
81003	80.8%	56.4%	79.1%	45.1%	83.2%	87.1%	76.8%
81004	90.9%	81.7%	71.7%	88.1%	79.0%	84.0%	83.4%
81005	94.8%	98.2%	68.7%	100.0%	71.8%	91.9%	86.0%
81006	94.1%	100.0%	62.5%	100.0%	86.2%	98.8%	88.8%
81007	92.4%	92.4%	86.3%	94.8%	79.9%	97.3%	88.9%
81008	92.9%	92.0%	88.0%	74.5%	98.2%	90.8%	91.4%

Zip Code	White Alone	Black Alone	Amer Ind/ Native Alaskan	Asian Alone	Other Race Alone	Two or More Races	Hispanic/ Latino Origin
81001	20.9%	34.6%	0.9%	49.1%	6.0%	23.5%	10.9%
81003	17.5%	10.4%	11.3%	32.7%	11.9%	18.8%	12.0%
81004	21.3%	11.1%	3.1%	21.1%	11.3%	17.2%	12.9%
81005	27.2%	48.7%	5.6%	46.8%	8.9%	29.1%	16.0%
81006	23.8%	28.6%	2.5%	100.0%	9.5%	22.1%	15.5%
81007	29.6%	14.3%	16.8%	60.7%	16.8%	44.8%	20.8%
81008	32.1%	43.5%	30.0%	74.5%	19.8%	33.2%	28.4%

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

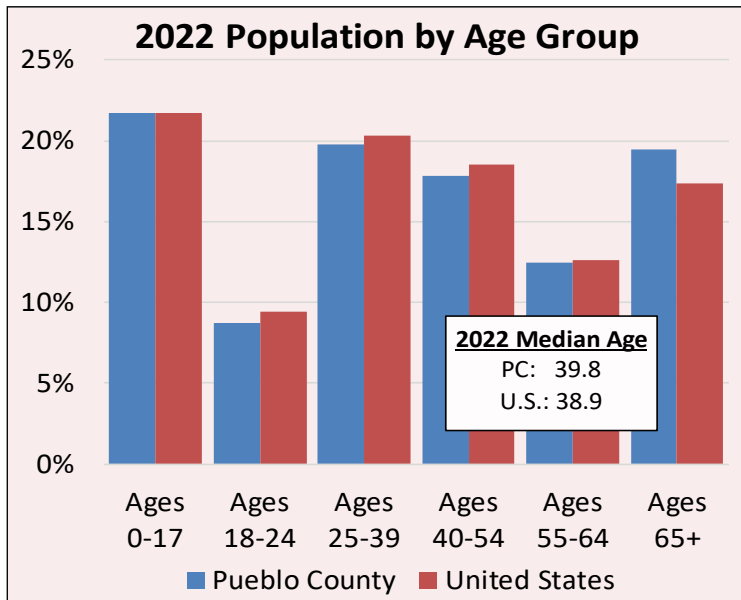


U.S.	Pueblo County
\$56,929	\$51,808

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)

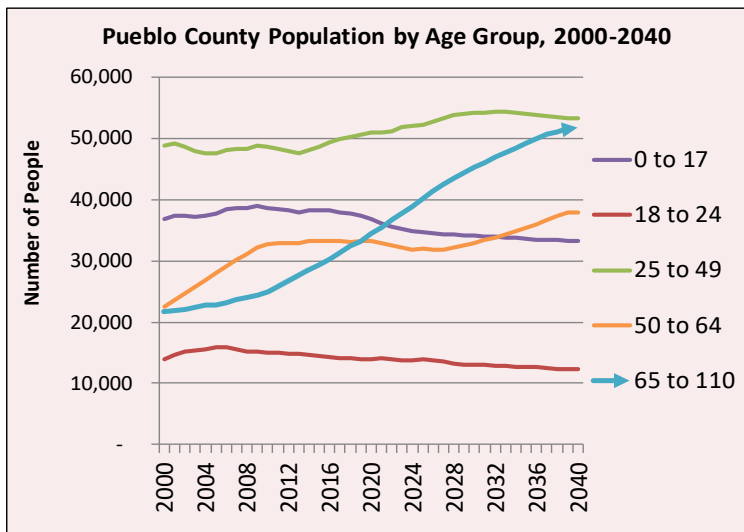


Source: U.S. Census Bureau, Population Division, Population Estimates Program

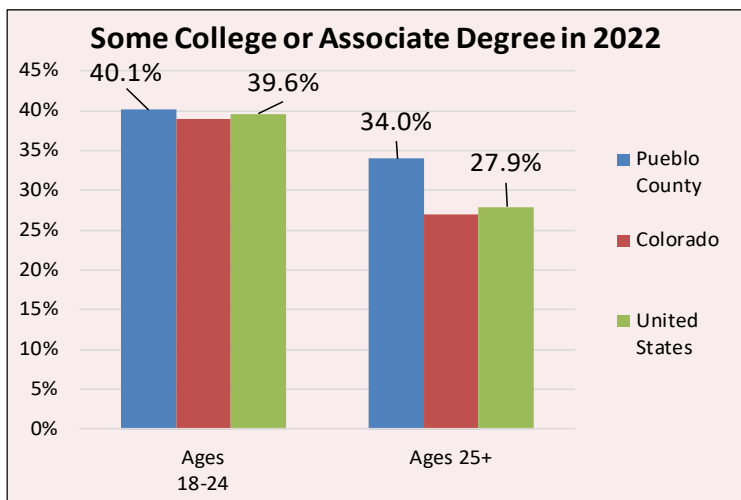
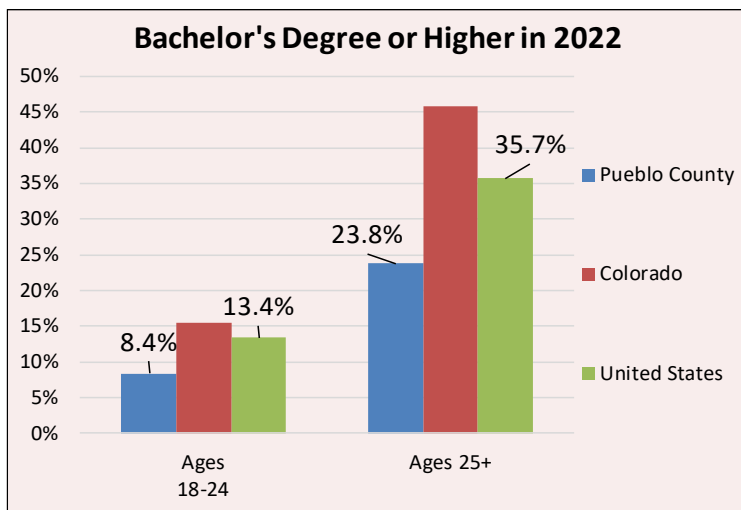
Population Estimates

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

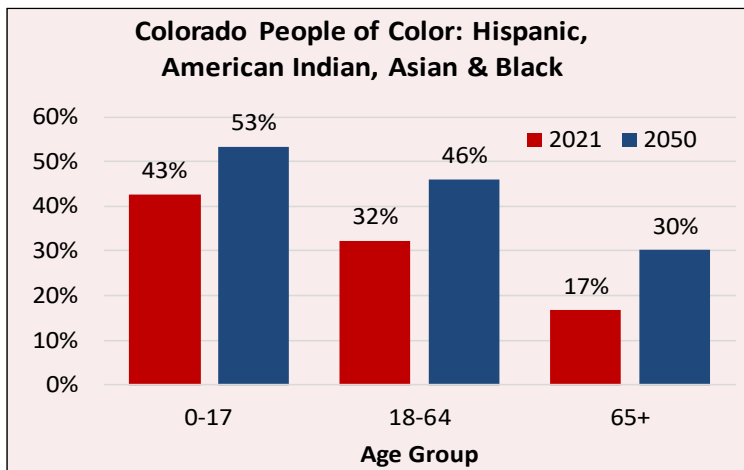
Source: Colorado State Demography Office



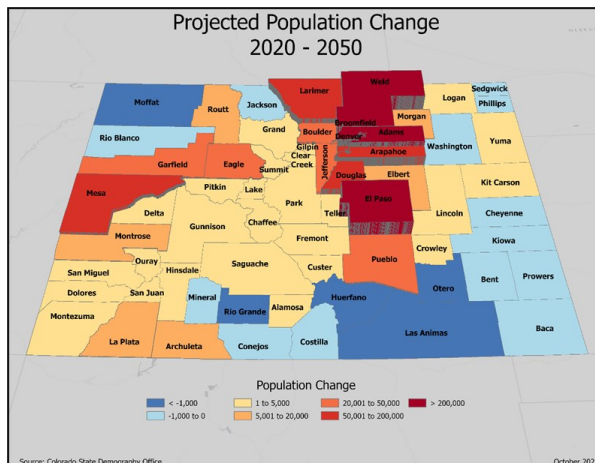
Source: Colorado State Demography Office



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



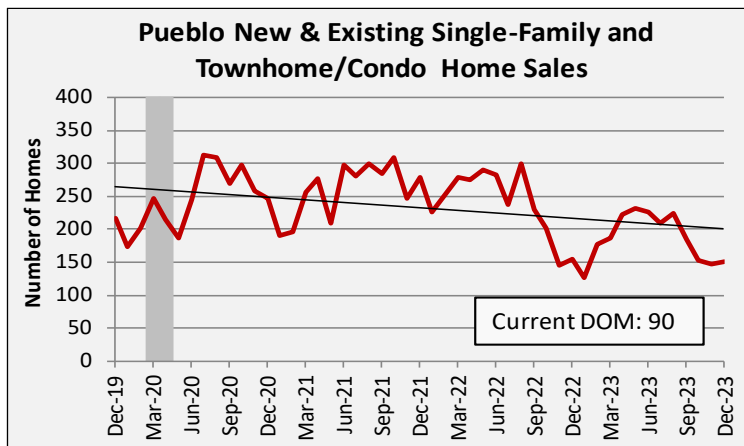
Source: Colorado State Demography Office



Source: Colorado State Demography Office

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REAL ESTATE (PAGE 7)



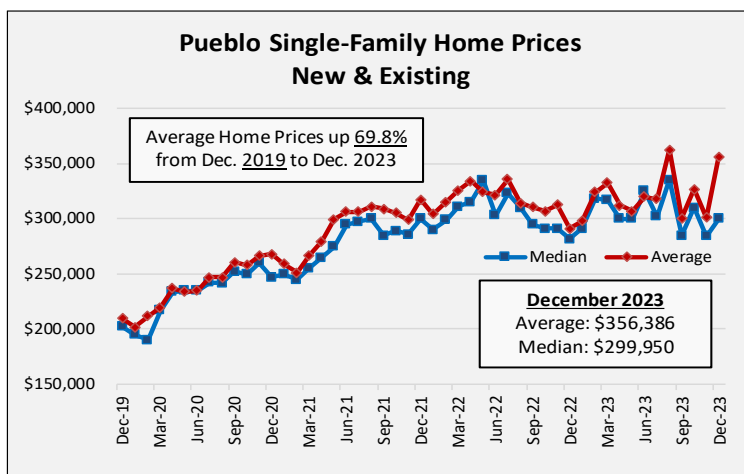
Source: Pueblo Association of REALTORS®, Inc. (PAR)

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

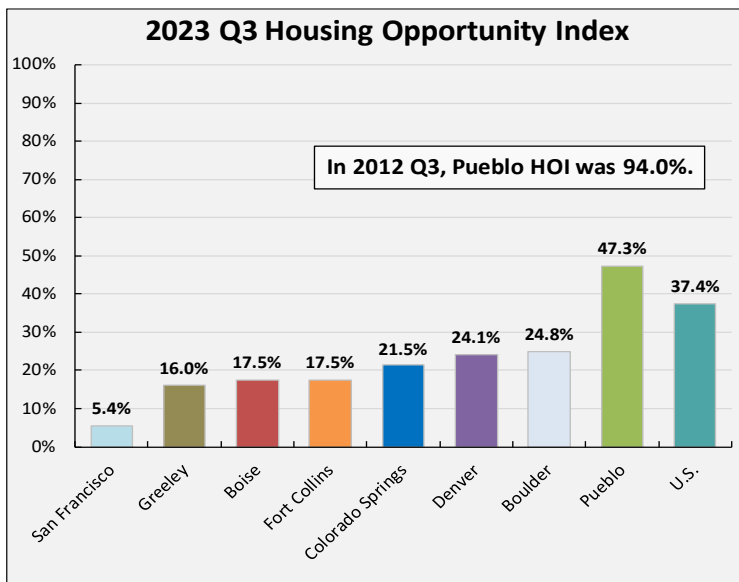
Location	Colorado Springs	Denver	Dec. 2023 Pueblo (*New & Existing)	United States
Price	\$466,300	\$673,000	\$299,950	\$406,900
1-year % Change	0.9% increase	1.1% increase	6.6% increase	2.2% increase
MSA Rank	45	17	130	n/a

*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)

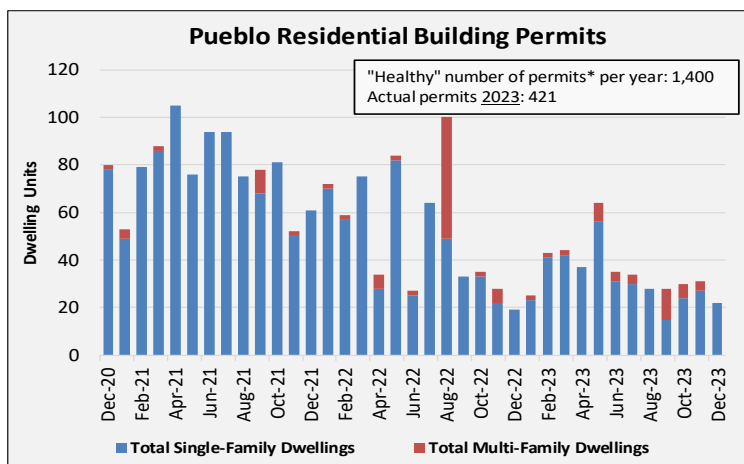


Source: Pueblo Association of REALTORS®, Inc. (PAR)



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



*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.

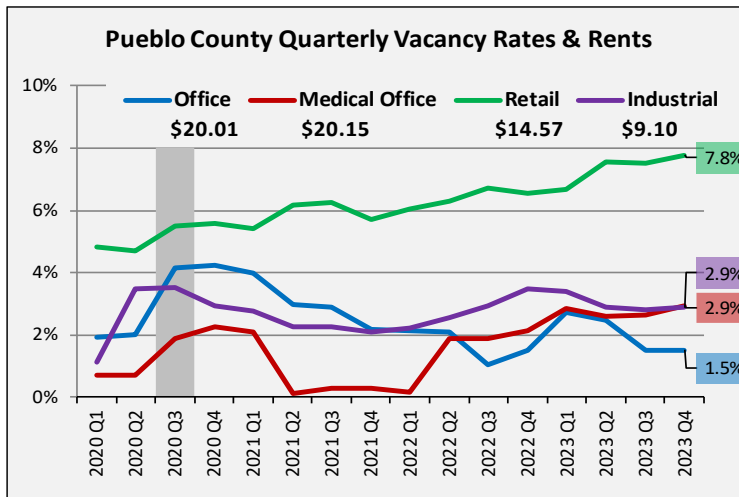
Sources: Pueblo Regional Building Department; City of Pueblo

Apartments, 2023 Q3

	Vacancy Rate	Average Rents	Median Rents	Average Year of Construction
Pueblo Metro Area	8.0%	\$1,555	\$1,015	1985
Pueblo Northeast	15.9%	\$1,091	\$1,000	1978
Pueblo Northwest	3.6%	\$1,372	\$1,369	2000
Pueblo South	2.9%	\$919	\$897	1969

Note: "Only market rate apartment communities were surveyed, and this does not include affordable units, age-restricted units, or employee housing units."

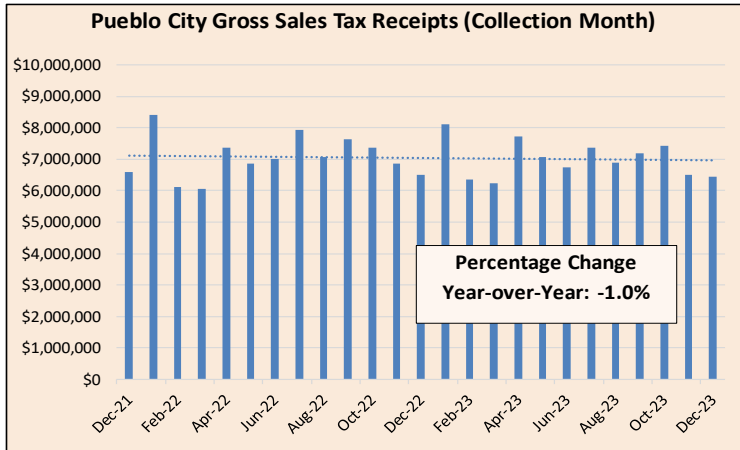
Source: Colorado Statewide Apartment Survey – created by Colorado Housing and Financial Authority; 1876 Analytics LLC; Apartment Insights



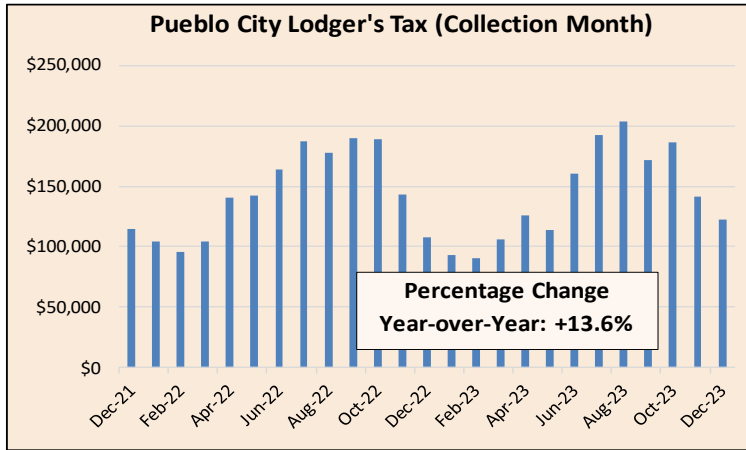
Sources: CoStar Group™; Olive Real Estate Group, Inc.

Pueblo Economic & Workforce Development Dashboard

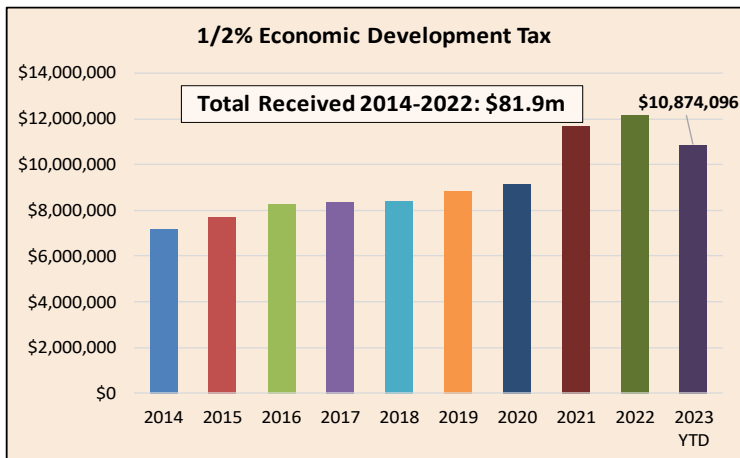
TAXATION, VEHICLE SALES, AND TOURISM (PAGE 8)



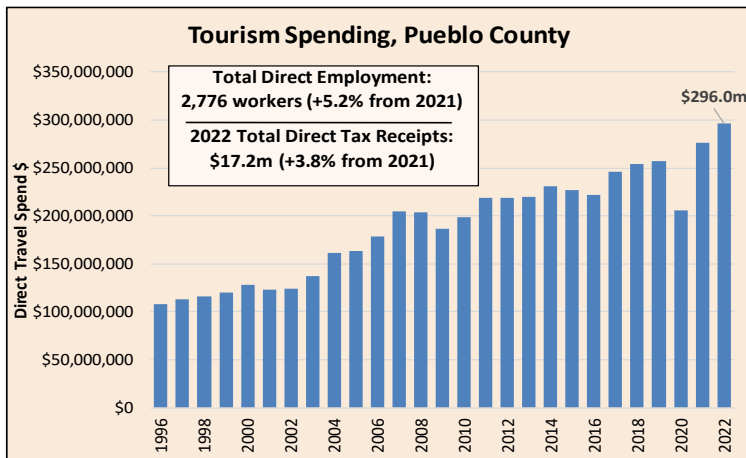
Source: City of Pueblo



Source: City of Pueblo

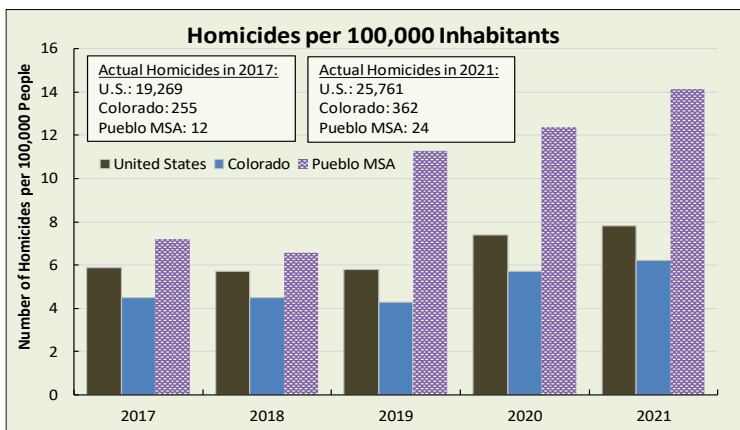


Source: City of Pueblo

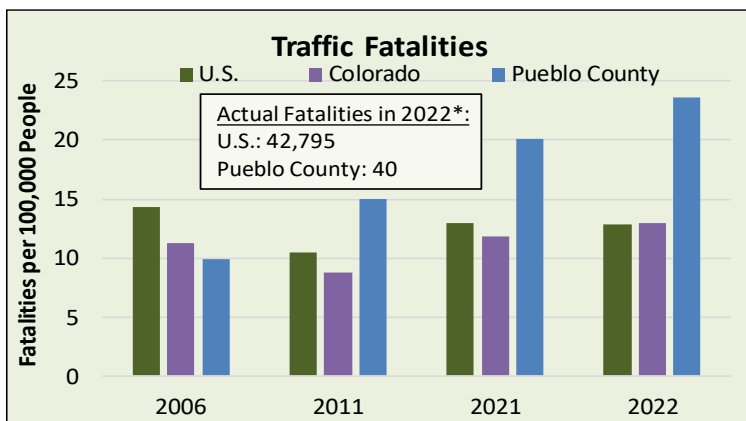


Note: Direct travel includes day and overnight visitors.
Sources: Colorado Tourism Office; Greater Pueblo Chamber of Commerce

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

Note: "Each year when Crime in the United States is published, some entities use reported figures to compile rankings of cities and counties. These rough rankings provide no insight into the numerous variables that mold crime in a particular town, city, county, state, or region. Consequently, they lead to simplistic and/or incomplete analyses that often create misleading perceptions adversely affecting communities and their residents. Valid assessments are possible only with careful study and analysis of the range of unique conditions affecting each local law enforcement jurisdiction. The data user is, therefore, cautioned against comparing statistical data of individual reporting units from cities, metropolitan areas, states, or colleges or universities solely on the basis of their population coverage or student enrollment."
- Federal Bureau of Investigation

Sworn Police Officers Per 10,000 Inhabitants in 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