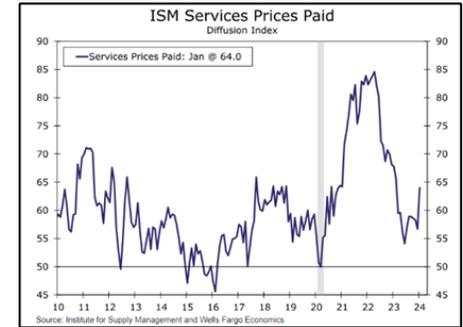


# El Paso County Economic & Workforce Progress Report (EPR)

## Highlights - February 2024

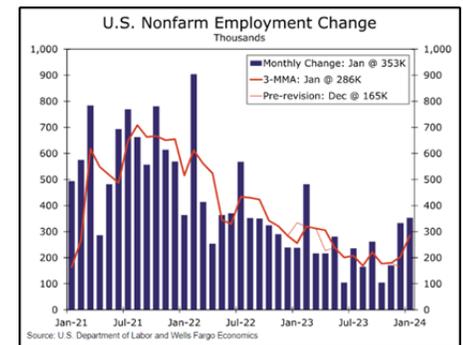
I did a presentation this week for yet another rate-dependent industry, and it's striking to me how those brokers and investors are waiting with bated breath for that first rate cut. The room is particularly quiet when I talk about inflation. Indeed, January's headline **Inflation {Page 3}** fell to 3.1% compared to a year ago, but "core" inflation stayed the same at 3.9%. As I stated in a [recent inflation segment](#), 3.1% is a whole lot better than the almost 9% we had in 2022, but today's increases are on top of the 25% - 35% increases over the pandemic period. We more recently have also been stuck around that 3% mark.

To give me some clues about where prices (and interest rate cuts) are headed, I am closely watching producer surveys. The manufacturer's ISM survey showed a 9-month high in the prices paid component at 52.9 in January up from 45.2 in December (anything above 50 implies upward pressure). If it's costing producers more to make a widget or deliver a service, those costs will be passed onto us. Manufacturers state that shipping costs are higher, and I addressed this topic last month. The services component of the ISM had a huge upside surprise in prices paid (see graph) and wages are a big part of that.



Likewise, the small business NFIB survey showed 33% of businesses are expecting to raise prices in the next three months citing inflation as their biggest concern. That 33% is 4 points above January of last year. I anecdotally have been talking to some small business owners who feel frustrated at the persistence of the prices they pay alongside the weakened demand. Many of them say that during the pandemic they were able to pass on price increases and consumers would pay (with stimulus money or accumulated savings) – but that is no longer the case.

The labor market is another inflation-related indicator because of wage pressures. In January we had an upside surprise to employment (+353,000 – see graph) alongside a 0.6% increase in average hourly earnings (double the expected increase). Gains were broad-based across many industries. We aren't gaining any new workers either as labor participation is still below pre-pandemic levels. **Unemployment Rates {Page 3}** did not move materially.



All in, March rate cuts are looking very unlikely, and if I were a betting woman, I would say that the coveted first rate hike will happen in June with two more cuts after that before year end.

On the flip side, there is a strong anti-inflationary pressure at play that can have real impact. Productivity data can be volatile, but I think it's now safe to say that the overall trend has been strong. Output per hour worked increased at a 3.2% annualized rate in 2023 Q4 (or year-over-year up 2.7%). The "usual" or historical gains in productivity have been closer to 1.5%. As productivity increases while inflation rates slow down, employers have greater output without having to increase hours, number of workers, or prices. Largely because of these productivity gains, *per unit labor cost increases* are now very close to the Fed's preferred 2.0% target. In other words, the awesome, average U.S. worker is chipping away at inflation through hard work and probably greater use of automation, AI, and other efficiency tools.

I'd like to focus on some local statistics for the remainder of this narrative. First, the **MIT Living Wages {Page 4}** for 2023-24 were released and as expected, the wage necessary to meet basic expenses in our region increased materially. For example, the living wage for a household with one adult and two children went from \$102,253 last year to \$116,584 (+14%) this year. For a household with two working adults and two children, the living wage went from \$55,619 last year to \$63,211 per working adult this year (+14%). The living wage for a single person did not change as much (+6%) and now stands at \$29,994. Of course, inflation in general has a lot to do with those marked increases for families, but so does the shrinking supply of childcare alongside the high costs of childcare overall. This is likely why living wages for family incomes increased as much as they did.

We've also decided to squeeze in another important graph on the demographics page. We now have **El Paso County High School Graduation Rates and Earnings by District {Page 5}**. This data helps inform our workforce development initiatives in partnership with schools and nonprofits, and I have to say it's striking. The blue bars show graduation rates, and the orange dots show the corresponding median earnings. You can get the full story on this week's Fox21 segment and even a little more detail than I provide here in this Sunday's Gazette. But in a nutshell, the highest graduation rates at roughly 95% or above are almost double the lowest graduating district. It's important to include the qualifiers that Edison and Calhan, the two highest graduating districts, have fewer than

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

[Page 4 - Local Labor Market](#)

[Page 5 - Demographics](#)



[Page 6 - Real Estate](#)

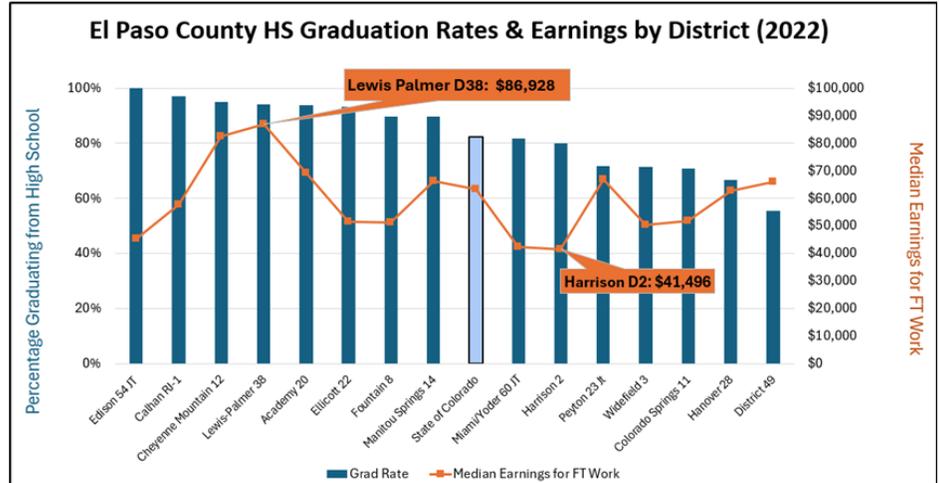
[Page 7 - Taxation, Vehicles, Air & Tourism](#)

[Page 7 - Crime & Safety](#)

# El Paso County Economic & Workforce Progress Report (EPR)

100 high school students. Cheyenne Mountain (350) and Lewis Palmer (600) are both significantly larger. The lowest graduating district, 49, at a 56% graduation rate had many students in online schooling, which markedly pulled down their district-wide average. Excluding the largest online school, District 49 has an 88% graduation rate.

The orange dots on the line show the median earnings for full-time work by district. The lowest earning district, Harrison, had median earnings in 2022 of \$41,496 whereas the highest earning district, Lewis Palmer, had median earnings of \$86,928 (e.g., more than double). Harrison had the lowest median earnings, but an 80% graduation rate, slightly below that of the state average (82%). This Sunday's article has more info on the proportion of kids eligible for free-and-reduced lunch, the income levels to qualify for fully free lunch for a family of four, and how that compares to the living wage. This all made me think of my public health days and how there are parallels between health and education. The overall (subpar) U.S. outcomes in both health and education are in large part due to the markedly lower outcomes for low-income populations. That's a structural issue that doesn't have a quick answer or fix, but I do discuss a couple of common-sense, proven approaches in the more detailed media pieces.



Returning to the theme of inflation and the timing of interest rate cuts, I'd like to point out the local information on cost of living. As I've mentioned before, Colorado Springs MSA had a 2023 **Cost of Living Index of 107.9% {Page 3}** meaning our region was about 8% more expensive than the average U.S. city last year. We all know that sharp increases in housing costs are largely to blame. I got gasps at this week's presentation when I stated that from January 2020 to January 2024, new and existing home prices have increased 59.1% (the analogous U.S. increase is ~40%). Not surprisingly, the 2023 Q4 **Housing Opportunity Index {Page 6}** inched down even further to 21.1% (versus 21.5% in 2023 Q3). This index tells us that 21.1% of the homes sold in our region are affordable to the median household income. I get a lot of questions about this unfortunate statistic and how to reconcile it to the lower, regional **Average Annual Wages {Page 4}**. The (past) qualifier that our wages are lower because our cost of living is lower no longer holds true. The chasm is now big enough that we need both wages to increase and housing costs to decrease to get to some semblance of equilibrium.

The housing affordability challenge is not ours alone. The National Association of Realtors Housing Affordability Composite Index for the U.S. dropped below 100 in 2023 Q2 and has been sub-100 since. This indicates that a family with a median income does not have the funds to purchase a median-priced existing single-family home in the U.S. using conventional financing. Which brings us full circle to those coveted rate hikes and how pivotal they can be. Homebuying ticks up markedly when there are even small incremental declines in interest rates. That tells me that as soon as the Fed commences cuts, there will be heavy real estate activity. Existing homeowners who have been wanting to move will move. New (1<sup>st</sup> time) homeowners with the requisite downpayment will finally buy. Pent up demand will kick in, and that is also true for investments of other types. I am personally hoping this prompts more residential construction (particularly single-family) across price ranges so our young families plant roots (including my own kids).

We've added a few sponsors (see the last page), and a huge THANK YOU to all our supporters who enable our work.

Tatiana & Rebecca

If you wish to unsubscribe from this monthly report, please email [rwilder@ddestrategies.org](mailto:rwilder@ddestrategies.org). If you'd like to know more about supporting our economic reporting and workforce development initiatives, please contact [gglassford@ddestrategies.org](mailto:gglassford@ddestrategies.org).

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

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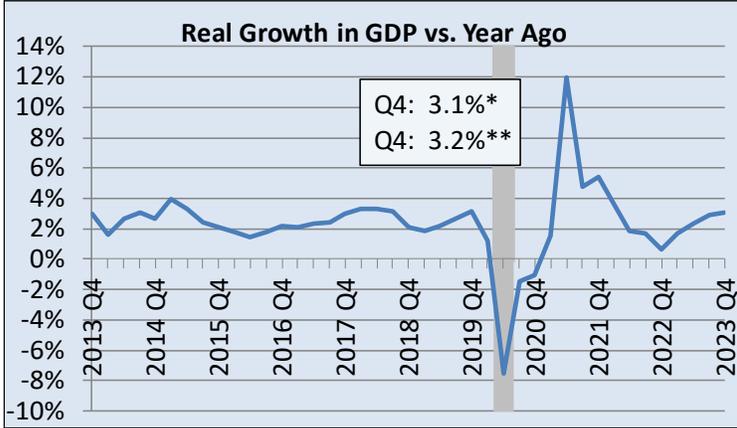


[Page 6 - Real Estate](#)

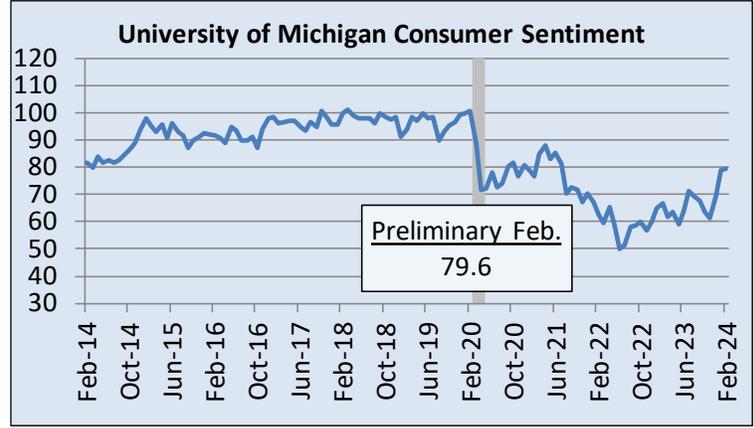
[Page 7 - Taxation, Vehicles, Air & Tourism](#)

[Page 7 - Crime & Safety](#)

## MACROECONOMIC "BIG PICTURE" (PAGE 3)



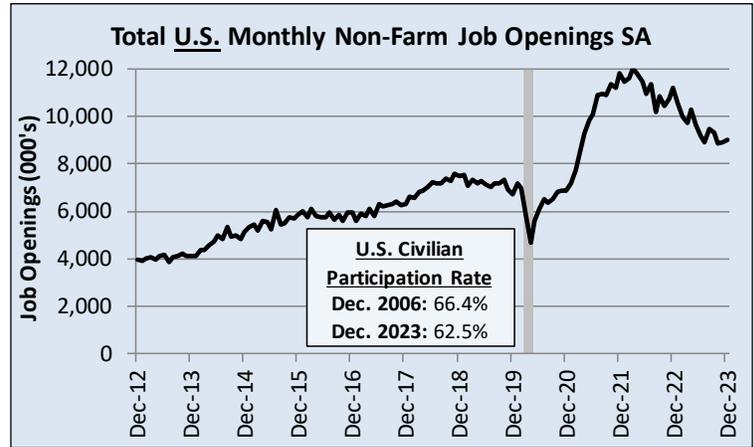
\*Estimate of real GDP percent change from same quarter a year ago, SA  
 \*\*If quarterly changes were annualized over the year.  
 Source: U.S. Bureau of Economic Analysis



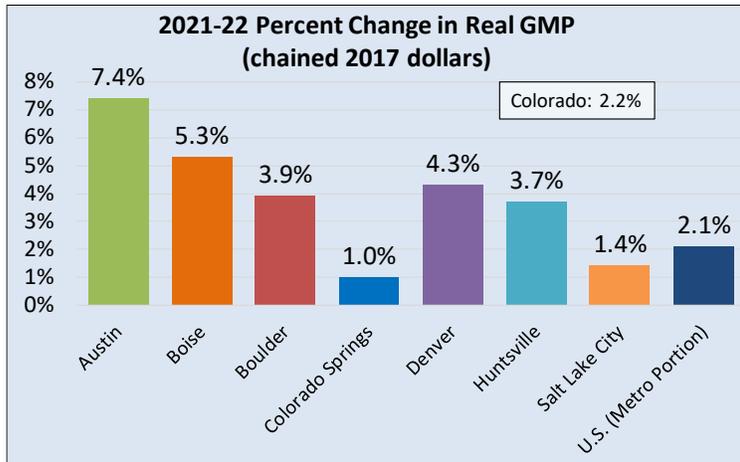
Source: University of Michigan

Forecasts for U.S. Real GDP and Unemployment (SA)				
	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast
Real GDP Growth	1.9%	2.5%	1.9%	1.4%
Unemployment Rate	3.6%	3.6%	4.1%	4.2%

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



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

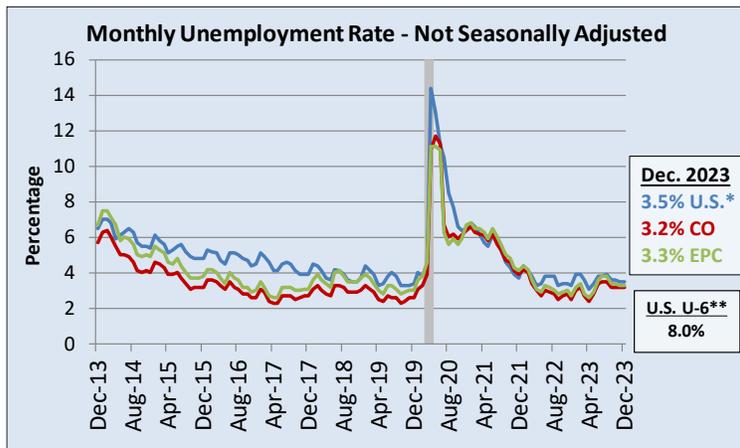


Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.  
 Source: U.S. Bureau of Economic Analysis

U.S. Consumer Price Index - January 2024		
	All items	Less food & energy
Change from December 2023 to January 2024 (SA)	0.3%	0.4%
Last 12-months (NSA)	3.1%	3.9%

The 2023 cost of living in the **Colorado Springs MSA** was **107.9%** of the U.S. according to C2ER data provided by the CS Chamber & EDC.

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



\*January U.S. unemployment rate not seasonally adjusted (NSA) was 4.1% and seasonally adjusted was 3.7%. State and local data lags behind U.S. release times. Data in the graph is 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, Colorado Springs MSA January 2024		
Top Job Titles	# of Job Postings	Median Advertised Salary
Registered Nurses (L)	1,067	\$87,808
Retail Salespersons (M)	528	\$33,408
Software Developers (L)	484	\$129,792
Sales Reps, Wholesale & Mfg (M)	412	\$62,592
1st-Line Supervisors, Retail Sales (L)	358	\$45,696
Computer Sys Engineers/Architects (L)	335	\$133,888
Maintenance & Repair Workers (M)	303	\$46,720
Customer Service Reps (M)	293	\$39,296
Managers (L)	287	\$118,528
Medical & Health Services Managers (L)	276	\$96,512

**Colorado Springs MSA, December 2023**  
**TOTAL Job Openings: 17,900**  
**TOTAL Unemployed: 12,699**  
**Workers Available per Job Opening: 0.71**

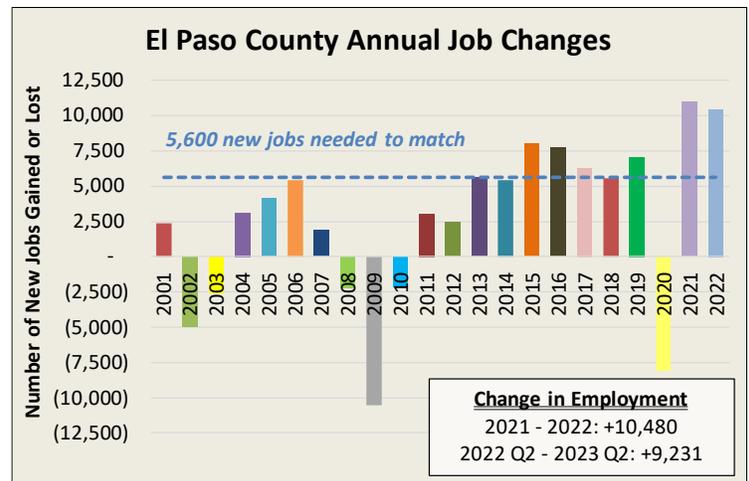
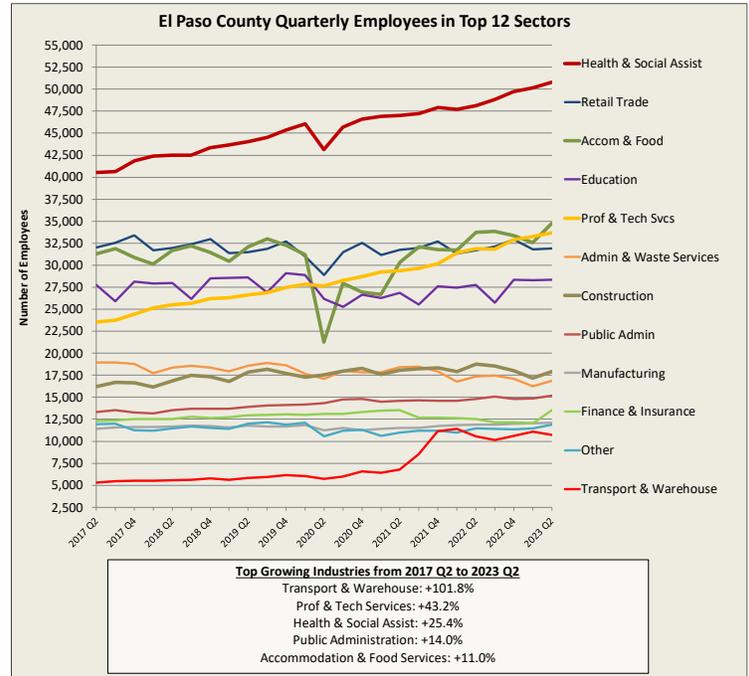
Risk of Automation: L = Low; M = Medium; H = High  
 Sources: The Conference Board® Lightcast® Help Wanted OnLine® via Pikes Peak Workforce Center; CO Dept. of Labor & Employment

2022 Federal Poverty Level (FPL)		
	El Paso County	U.S.
% people at FPL or below	8.3%	12.6%
<i>Note: FPL in 2022 was \$18,310 for an individual and \$27,750 for a family of four.</i>		

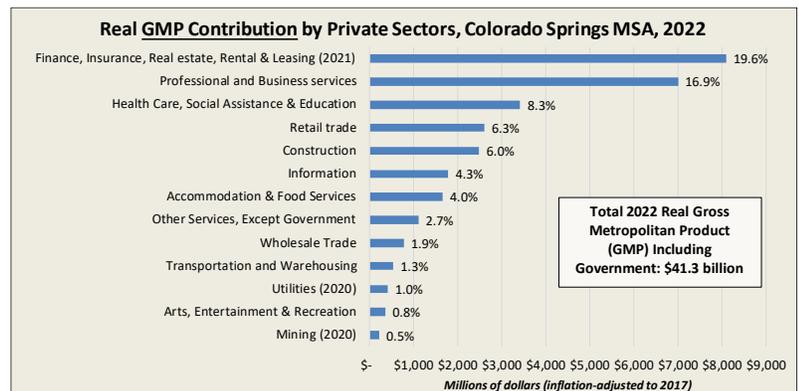
2023 Q2 Average Annual Wages for All Industries		
<i>El Paso County wages are 9.4% lower than U.S. wages and 15.3% lower than CO wages.</i>		
U.S.	Colorado	El Paso County
\$69,264	\$74,100	\$62,764
<b>2023 Q2 El Paso County Total Employment (excluding military)</b>		307,098
<b>*Estimated military employment in 2021 (and % of total 2021 EPC who are military).</b>		61,489 (17.4%)

2023-24 Minimum Wage & Living Wage El Paso County		
	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$14.42	\$29,994
Living wage: HHs with 1 adult, 2 children	\$56.05	\$116,584
Living wage: HHs with 2 adults (1 working), 2 children	\$43.68	\$90,854
Living wage: HHs with 2 adults* (2 working), 2 children	\$30.39	\$63,211
<i>*Living wage is for each working adult. For specifics, go to livingwage.mit.edu.</i>		

\*QCEW data does not include military-related employees. Military employment includes USAFA, Schriever, Fort Carson, Peterson & Cheyenne Mountain. Data from the installations is delayed so this is still 2021 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



An estimated 5,600 new jobs are needed based upon population growth and age composition. This QCEW data lags up to three quarters and includes public and private employment, but not military-related employees.  
 Source: Colorado Dept. of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

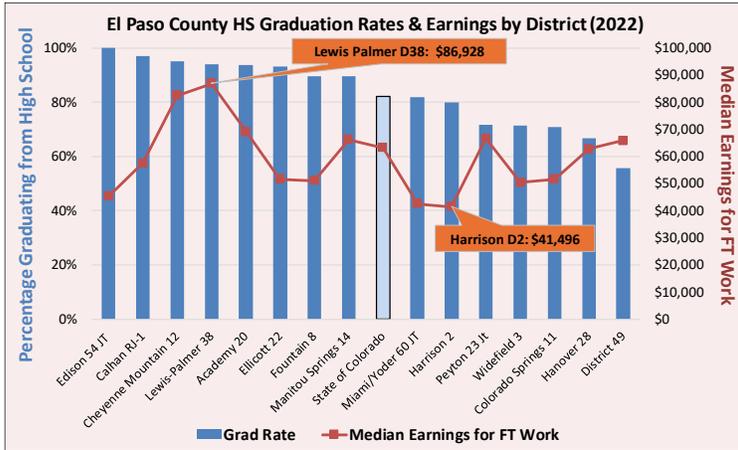


Manufacturing data last disclosed in 2012 when it was 7.1% of real GMP. Government data is no longer released by sector for 2016 when federal military was 12.7%, state & local government was 8.2% and federal civilian government was 5.3% of real GMP. Utilities and Mining data last disclosed in 2020. GMP (local) data lags by approximately 23 months. GMP is the same as GDP for the nation but at the local level.  
 Source: U.S. Bureau of Economic Analysis

## DEMOGRAPHICS (PAGE 5)

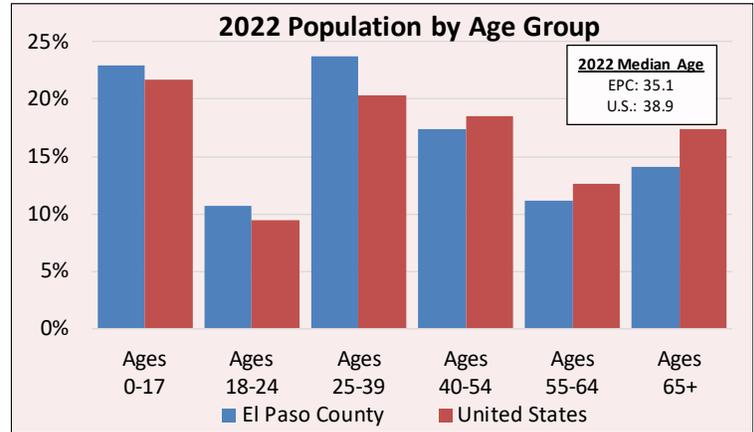
Population Estimates		
	2022	2050
<b>El Paso County</b>	740,552	1,008,489
<b>Colorado</b>	5,838,736	7,491,886

Source: Colorado State Demography Office

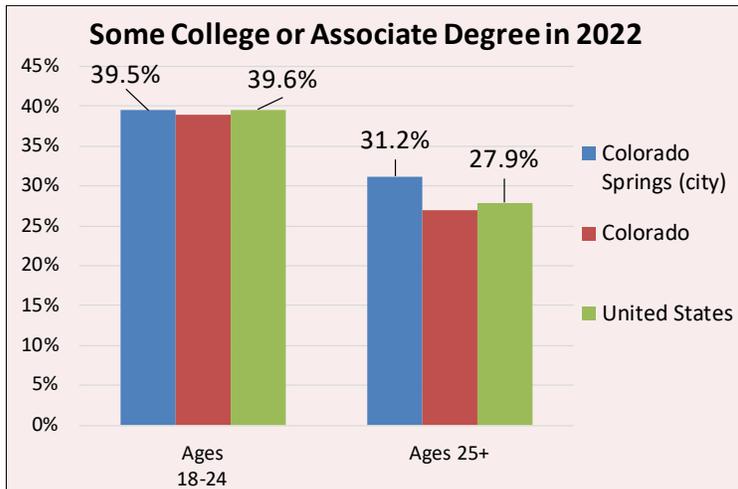
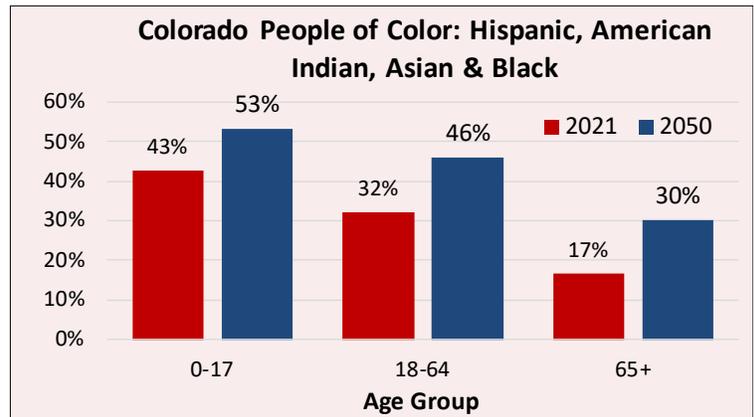
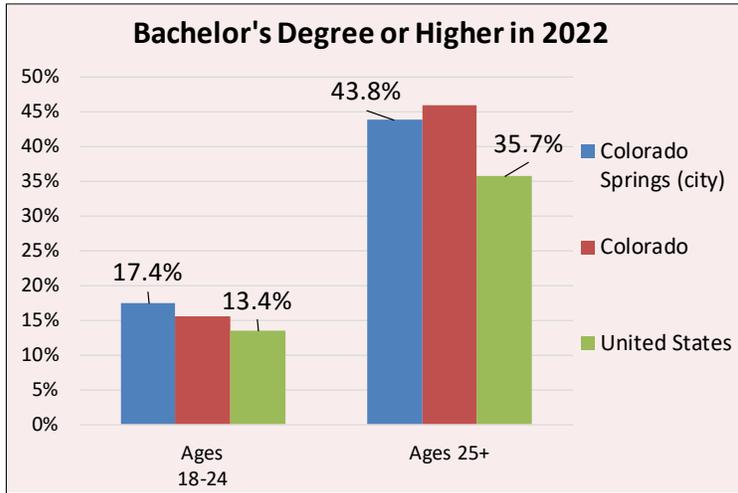
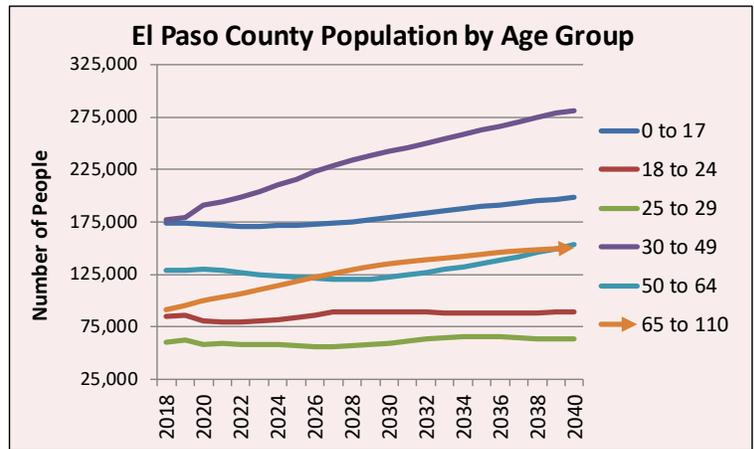


Note: Calhan, Ellicott, Peyton, Hanover, Edison, and Miami/Yoder districts all have fewer than 100 students. District 49 has a significant number of online students, which pull down the districtwide average. (Without the largest online school, the district average is 88%.)

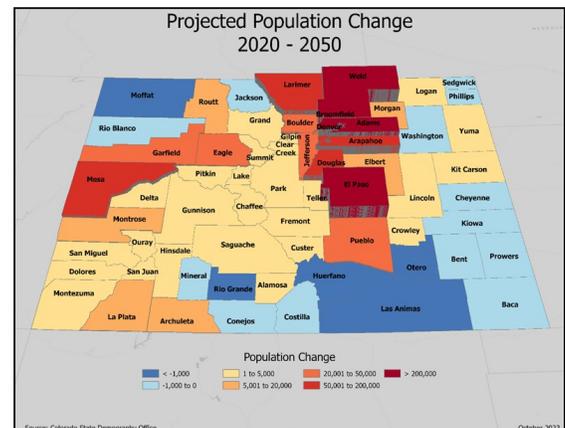
Sources: Colorado Department of Education; U.S. Census Bureau, American Community Survey 5-year estimates



Source: U.S. Census Bureau, Population Division



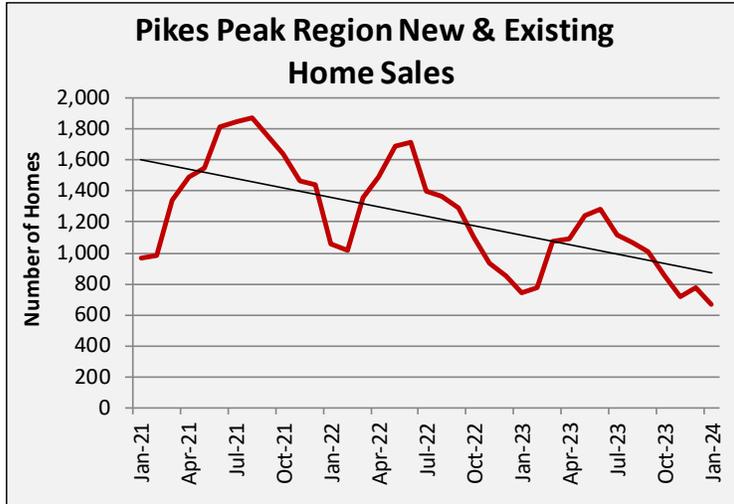
Source: U.S. Census Bureau, American Community Survey 1-year estimates



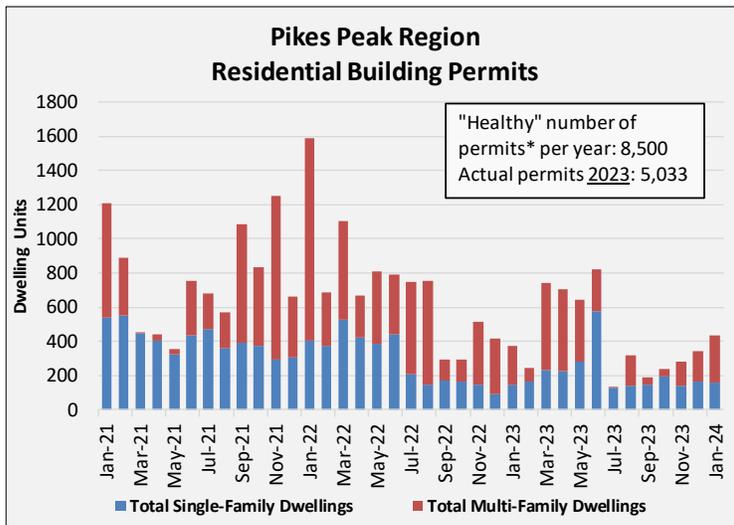
Source: Colorado State Demography Office

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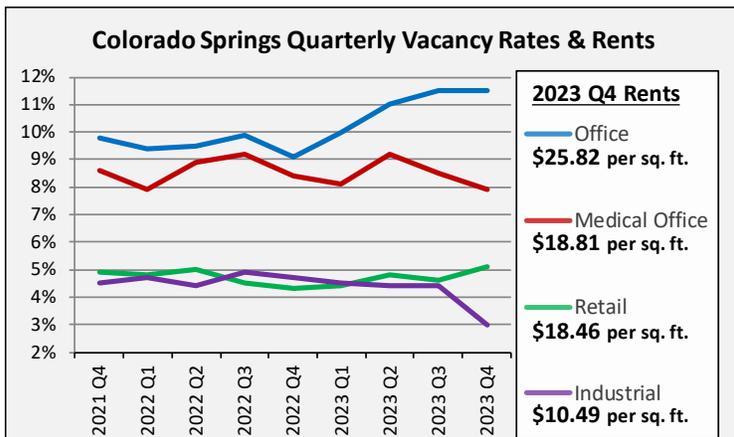
## REAL ESTATE (PAGE 6)



Source: Pikes Peak REALTOR® Services Corp.



\*The methodology for "healthy permits" now includes single-family and multi-family dwellings needed if we incorporate both population growth and the existing shortage of housing between 2023 and 2028. These calculations by Data-Driven Economic Strategies incorporate research by Common Sense Institute and input from the Colorado State Demography Office. The National Association of REALTORS® has calculated that the U.S. has underbuilt roughly 6.5 million homes since the Great Recession. Source: Pikes Peak Regional Building Department

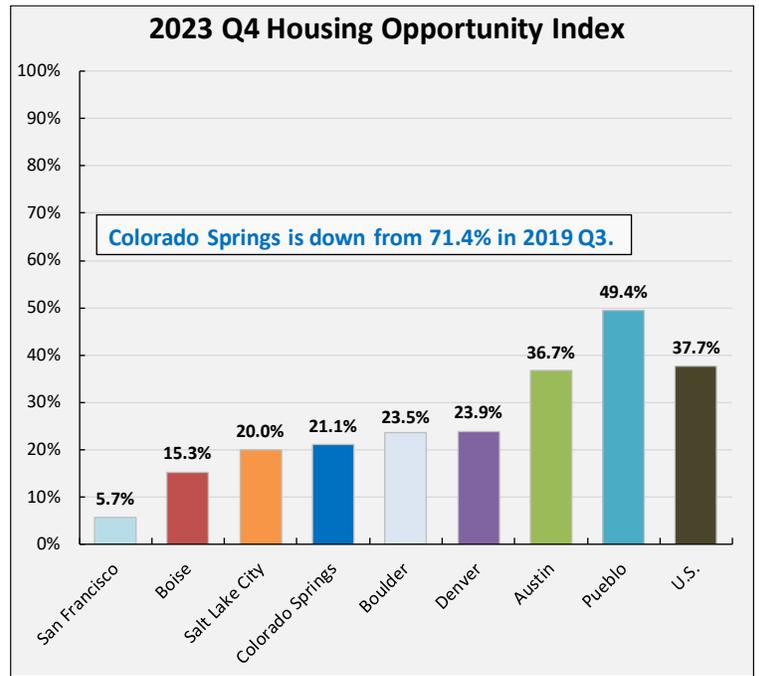


Sources: CoStar Group™; Olive Real Estate Group, Inc.

### Median Existing Single-Family Home Price 2023 Q4

Location	Colorado Springs	Denver	Boise	United States
Price	\$459,300	\$652,300	\$498,000	\$391,700
1-year % Change	3.6% increase	1.9% increase	8.8% increase	3.5% increase
MSA Rank	46	19	33	n/a

Sources: National Association of REALTORS®



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

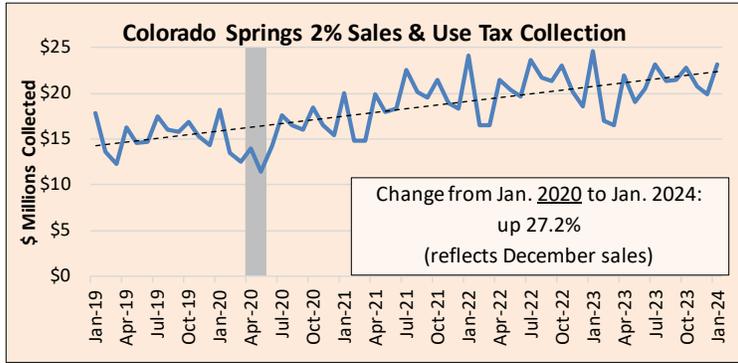
### Apartment Rental Information

	Colorado Springs	Denver	Salt Lake City
Market Conditions 2023 Q3	Soft	Soft	Soft
Vacancy Rate 2022 Q3	9.5%	6.6%	8.5%
Vacancy Rate 2023 Q3	<u>11.0%</u>	<u>8.0%</u>	<u>10.6%</u>
Average Rent 2022 Q3	\$1,474	\$1,823	\$1,603
Average Rent 2023 Q3	<u>\$1,440</u>	<u>\$1,834</u>	<u>\$1,580</u>

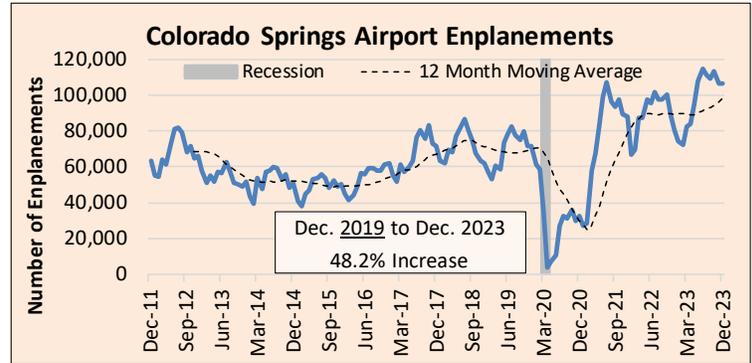
Source: U.S. Department of Housing & Urban Development (HUD), U.S. Market Conditions report

# El Paso County Economic & Workforce Progress Report (EPR)

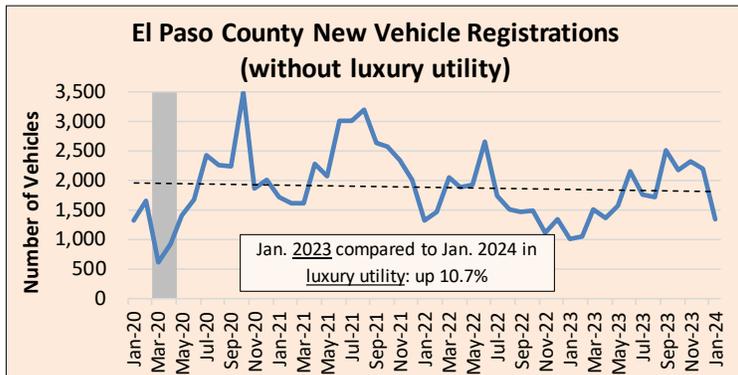
## TAXATION, VEHICLE SALES, AIR QUALITY, AND TOURISM (PAGE 7)



Source: City of Colorado Springs

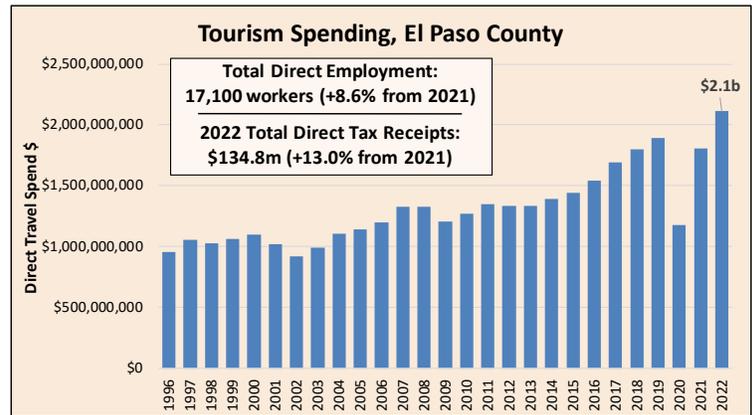


Source: Colorado Springs Airport



Note: 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 the text box.

Source: Colorado Interactive LLC



Note: Direct travel includes day and overnight visitors.

Source: Colorado Tourism Office

2022 Air Quality		
	Colorado Springs*	U.S. Standard
Carbon Monoxide (CO) Concentration (ppm)	0.9	9.0
Particulate Matter (µg/m <sup>3</sup> )	4.50	12.00
Ozone (ppm) at USAFA	0.74	0.70
Ozone (ppm) at Manitou Springs	0.74	0.70
Sulfur Dioxide (SO <sub>2</sub> ) (ppb)	5.4	75.0

\*Locations of measurements: CO at 690 W. Hwy 24; Particulate Matter at Colorado College; SO<sub>2</sub> at Hwy 24

Source: Colorado Department of Public Health & Environment

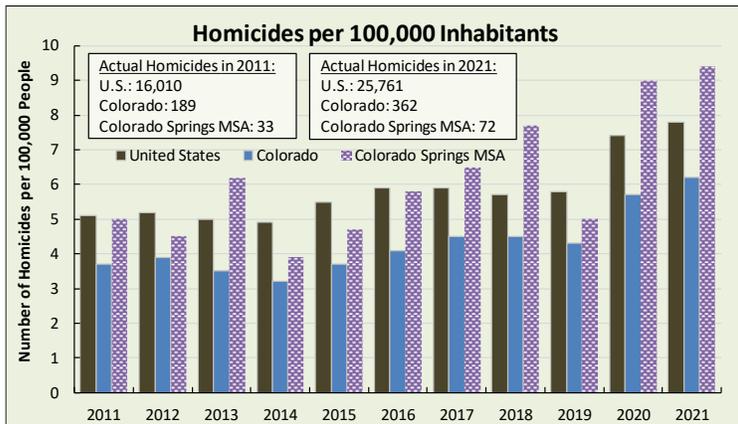
Hotel Occupancy Rate January 2024	
Colorado Springs	Denver
45.6%	54.8%

Hotel RevPAR* January 2024	
Colorado Springs	Denver
\$48.14	\$66.78

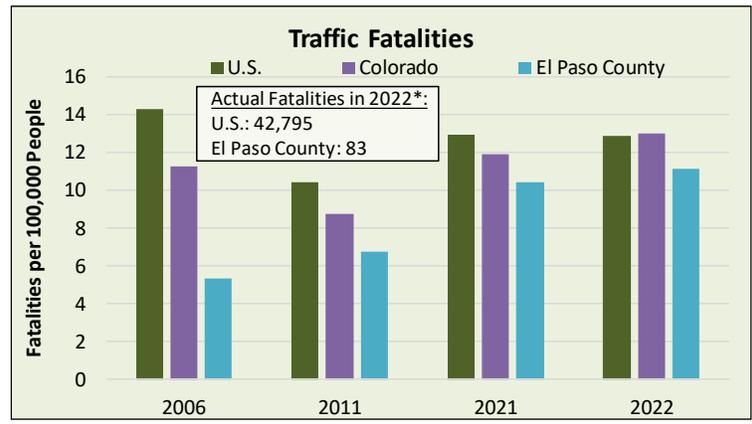
\*RevPAR measures hotel revenue by taking the average room rate times hotel occupancy.

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

## CRIME & SAFETY (PAGE 7)



Source: United States Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, Underlying Cause of Death on CDC WONDER online Database.



Sources: National Highway Safety Administration; Colorado Department of Transportation; World Bank; U.S. Census Bureau; Colorado State Demography Offices; Data-Driven Economic Strategies

2021 Mortality Rates due to Homicide per 100,000 Population				
Canada	Germany	Italy	Japan	United States
2.1	0.8	0.5	0.2	6.8

Source: UN Office on Drug and Crime's International Homicide Statistics database through The World Bank and World Population Review

Sworn Police Officers Per 10,000 Inhabitants in 2022	
City of Colorado Springs	15.0
Colorado Springs MSA	7.1
Cities with Population 500,000-999,999	21.2

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

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# El Paso County Economic & Workforce Progress Report (EPR)

## SUPPORTERS (PAGE 8)



# THANK YOU!