

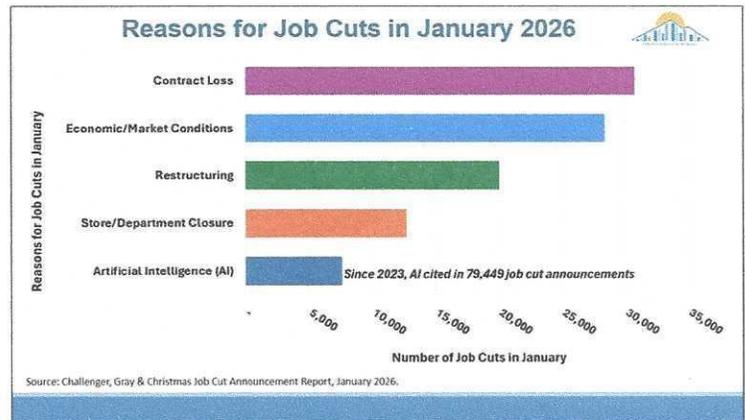
El Paso County Economic & Workforce Progress Report (EPR)

Highlights - February 2026

The national and regional economic environments reflect a complex combination of moderating growth, labor market deceleration, and early signs of shifting consumer and business conditions mostly tied to high price levels and general economic uncertainty. We all know this, but I have to admit I've struggled lately in presentations, articles and social settings (with libations!) to talk about the economy without sounding like Debbie Downer. I feel like I was Perky Patty for the first few years I was here: Colorado was in the top five for job creation, population growth, quality of life, and pretty much everything. Colorado Springs was out of the doldrums of an anemic recovery from the Great Recession finally meeting or exceeding the number of new jobs needed to match population growth, still affordable and one of the leaders in the state in terms of in-migration, etc. Having had five kids, I am what many would call a stupid optimist and focusing on the negative is not my thing. However, we have to have data on what's transpiring in order to address it. I do sincerely believe that the U.S. still has massive comparative advantages, and I absolutely believe we can leverage those even during economic uncertainty and downturns. I will end this missive with some of those more constructive and positive thoughts.

Starting at the national level, **Real GDP {Page 3}** growth for 2025 Q4 came in at 2.2% year-over-year, with an annualized quarterly pace of 1.4%. Full-year 2025 also averaged out to a 2.2% growth rate, which is respectable, but not quite as high as what was expected. The 4th quarter of 2025, in particular, was forecasted to be in the 3.5% range (annualized), but ended up at 1.4% mostly due to the 43-day government shutdown. This means government spending was down, but so was government workers' consumer spending as well as government contracting with private firms. Hence, the ripple effects (or "economic multiplier") of the shutdown were widespread and deep in their impact. Exports also declined and foreign demand was softer. Consumer spending held up at the end of 2025, but it decelerated relative to previous quarters, and that too was a drag on 2025 Q4 GDP.

In terms of labor markets, the not-seasonally-adjusted **U.S. Unemployment Rate {Page 3}** rose from 4.1% in December to 4.6% in January but seasonal adjustment is particularly important this month because it's post holidays. That seasonal adjustment brought the January U.S. unemployment rate to 4.3% (down slightly from 4.4% in December). Colorado and El Paso County both had lower unemployment rates than the U.S., which is a good trend to see as that is more typical of our outperformance. National **Job Openings {Page 3}** fell 5.6% from November to December to 6.5 million and are down nearly 13% compared to December 2024—further evidence that the exceptionally tight labor market is now behind us. Layoffs are edging up, but not at an alarming pace, and that's highly correlated to simply having fewer working-age people who are available to work or are already working. I am still carefully watching, however, because there is a lot of buzz around the ~10.5% unemployment rate of young/entry-level workers largely tied to high AI adoption, as well as business surveys saying that higher costs and overall policy uncertainty are causing them to revisit hiring and firing decisions. A large U.S. survey shows the primary reasons why corporations are announcing layoffs, which I found interesting (see graph).



Meanwhile, **Consumer Sentiment {Page 3}** remains historically low, but stable. The University of Michigan's reading rose slightly from 56.4 in January to 56.6 in February, still far below pre-pandemic levels. I field questions about why there is continued consumer spending if consumer confidence is so low. I think there are two important considerations. One, **who** is spending? Every piece of data I've seen demonstrates it's the top 10% of income earners who are fueling about 60% of all spending. Two, if the middle and lower-income quartiles are still spending, is it primarily for necessities, and what kind of buffer (e.g., savings rate) do they have? Bank of America produced data showing credit cards are increasingly used for necessities like groceries while savings rates are less than half (3.6%) of what they historically have been (~8.0%). That's a major indicator to me of where consumer spending is headed – especially if the more recent AI-related stock market jitters impact the (perceived) wealth of the highest income quartile.

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Inflation data for January provides additional nuance. The U.S. **Consumer Price Index, or CPI, {Page 3}** rose 0.2% from the previous month—slower than December’s 0.3% gain—with the year-over-year rate easing to 2.4%. Core inflation rose 0.3% month-over-month and 2.5% year-over-year. While these numbers reflect continuing progress toward the Fed’s 2% target, it’s overall price levels that consumers and businesses lament. It’s also important to track what the Federal Reserve (and Tatiana) use as a better barometer of inflation, which is the PCE deflator. It reflects not just a basket of goods (used for the CPI headline measure), but the actual expenditures of consumers. That PCE deflator increased from 2.8% in November to 2.9% in December. It had been on a downward trajectory and was 2.4% in March 2025 (before the April 2025 tariff announcements). Core PCE also increased (to 3.0%). Higher PCE deflators lower the probability of more aggressive interest rate cuts – at least with the data available now.

Turning to regional economic performance, newly released Bureau of Economic Analysis data allows us to compare **Real Growth by County for 2024 {Page 3}**. El Paso County (2.8%) mirrored U.S. growth while Bernalillo County (Albuquerque, NM) grew at a 2.2% rate, Boulder County at 1.5%, Madison County (half of Huntsville) at 3.4%, Pueblo County at 0.5%, and Colorado at 2.0%. The shift to county and not city/MSA level data reflects the shift in how the BEA now measures regional economic growth. I prefer city/MSA data, but lamentably, no one in D.C. asked me.

Now the tough nugget. **El Paso County New Job/Job Loss {Page 4}** information for our region was just released for 2025 Q3, and it shows regional employment is down by 3,079 jobs compared to the same quarter in 2024—a significant contraction. Our visualizations in the monthly report painfully show this troubling trend with job growth in 2024 about 1/5 what it had been (+2,019 jobs) and outright declines in the most recent data (-3,079). DDES has calculated that roughly 5,600 new jobs a year are needed just to match population growth. The state also saw subpar job growth, and I am indeed concerned about traversing into 2026 and 2027 in a position of little to no new job formation.

In terms of real estate, the **U.S. Median Existing Single-Family Home Price {Page 6}** rose 1.2% year-over-year in 2025 Q4, but in Colorado Springs, home prices fell 1.7%, dropping the region from the 49th to the 54th most expensive MSA – a good thing. Denver also saw price declines (-1.0%). This bodes well for our region and state if we want to re-establish ourselves as a desirable and attainable place to live which would help our declining in-migration.

I always look at the confluence of factors, and I admit that I see a lot of headwinds ahead, and as such, my **Forecasts for GDP Growth {Page 3}** in 2026 (1.6%) and 2027 (1.5%) are lower than consensus. Having said that, let’s focus on what’s right and what’s doable. At a national, state and local level, I think challenging times are precisely when we look to big and bold initiatives that have a high return-on-investment. I agree with many experts who wonder why decision-makers don’t focus on two to three challenges that all parties agree need fixing. In the realm of housing, why not use the power of government contracting and economies of scale to request builder bids for two to three (price) tiers of affordable housing? Government can help identify feasible parcels of land and the private sector can build it (while also putting people to work). Same for modernization of our electrical grid. How about free community college for those households under a certain income level who enter the in-demand occupations of today and tomorrow? A sample ROI for Pikes Peak State College (PPSC) and Red Rocks Community College (RRCC) that we did shows massive returns for students and communities (e.g., for every \$1 a student invests in PPSC’s cybersecurity certificate, they receive back \$5.21 in their first year of working, and over three years that \$1 yields \$15.63 accounting for the initial educational investment). RRCC’s Radiology Tech associate degree yields \$3.09 for every dollar invested in the first year and \$9.27 over three years. And these figures don’t even account for increased labor participation (the more educated you are, the more likely you are to work) or the increased income and consumer spending tax base for governments that are squeezed by the high number of retirees and increasing costs of providing services. All in, we are the United States of America. We know how to think big – and act upon it in admirable and inspiring ways.

Tatiana & Rebecca

If you wish to unsubscribe from this monthly report, please email rwilder@ddestrategies.org. If you’d like to know more about supporting our economic reporting and workforce development initiatives, please contact info@ddestrategies.org.

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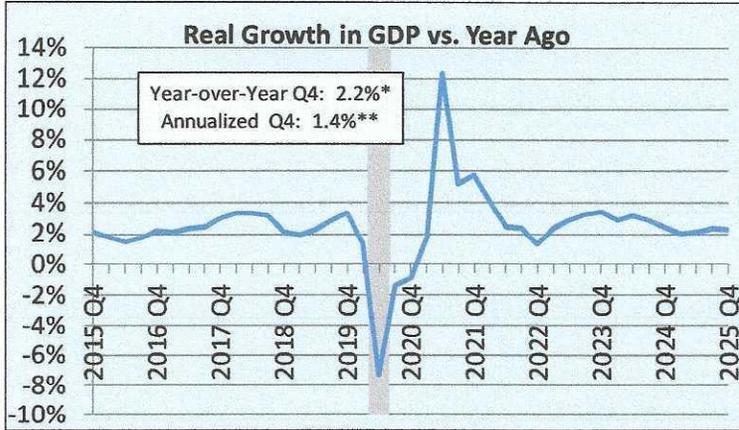
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MACROECONOMIC "BIG PICTURE" (PAGE 3)



*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



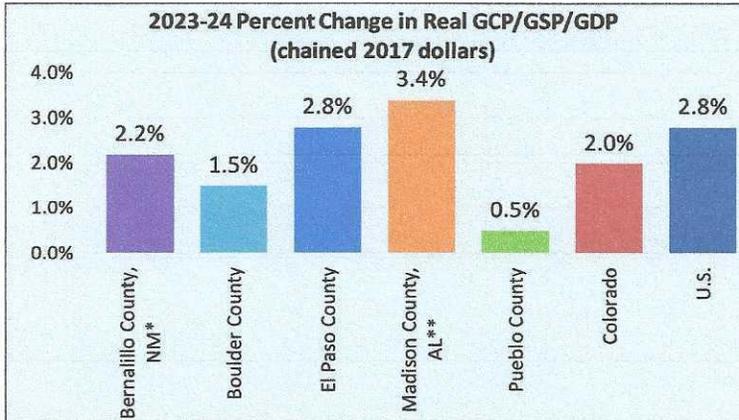
Source: University of Michigan

Forecasts for U.S. Real GDP and Unemployment (SA)				
	2024 Actual	2025 Actual	2026 Forecast	2027 Forecast
Real GDP Growth	2.8%	2.2%	1.6%	1.5%
Unemployment Rate	4.0%	4.3%*	4.6%	4.5%

*Rate is actual average for 2025 excluding October which is unavailable due to the government shutdown.
 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.

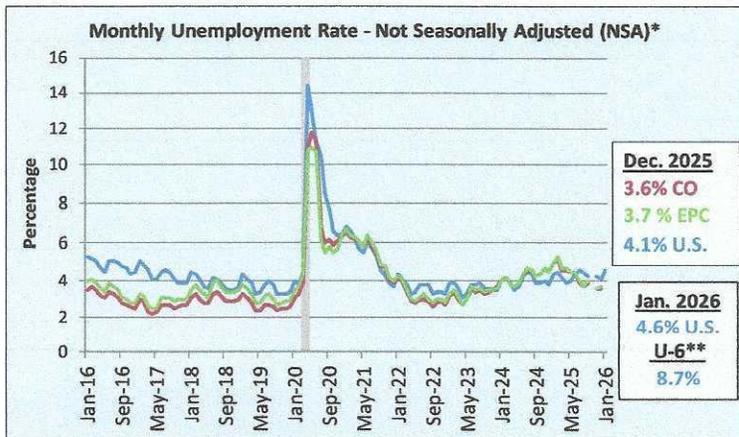


Note: Data includes military. This regional data lags ~23 months.
 *This county makes up all of Albuquerque, NM.
 **This county makes up half of Huntsville, AL.
 Source: U.S. Bureau of Economic Analysis

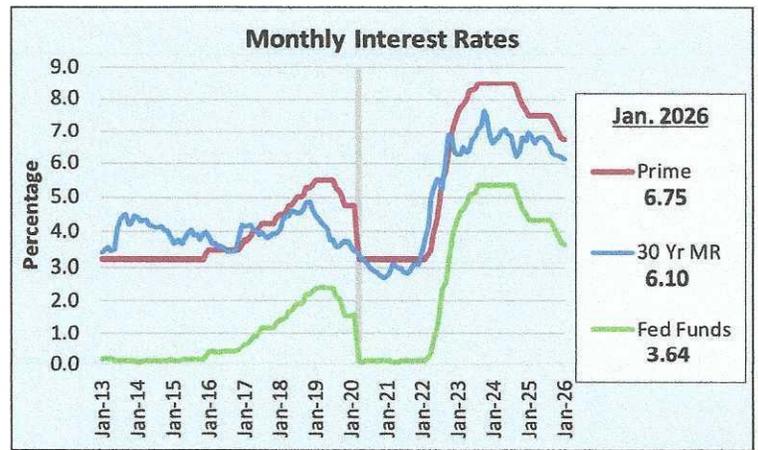
U.S. Consumer Price Index - January 2026		
	All items	Less food & energy
Change from December 2025 to January 2026 (SA)	0.2%	0.3%
Last 12-months (NSA)	2.4%	2.5%

The 2025 cost of living in the Colorado Springs MSA was 100.9% 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)



Note: Data in the graph is NSA to enable comparisons with counties.
 *Seasonally adjusted, the U.S. December rate was 4.4%, and January was 4.3%.
 **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, Colorado Springs MSA January 2026		
Top Job Titles	# of Job Postings	Median Advertised Salary
Registered Nurses	630	\$93,440
Retail Salespersons	416	\$36,480
Software Developers	273	\$135,680
Heavy & Tractor-Trailer Truck Drivers	262	\$64,384
1st-Line Supervisors, Retail Sales	224	\$46,464
Customer Service Reps	221	\$41,600
Computer Sys Engineers/Architects	209	\$142,848
Personal Care Aides	197	\$41,600
Food Services Managers	185	\$54,272
Medical & Health Services Managers	184	\$74,496

Colorado Springs MSA, December 2025
TOTAL Job Openings: 12,953
TOTAL Unemployed: 14,342
Workers Available per Job Opening: 1.11

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

2024 Federal Poverty Level (FPL)		
	El Paso County	U.S.
% people at FPL or below	8.5%	12.1%

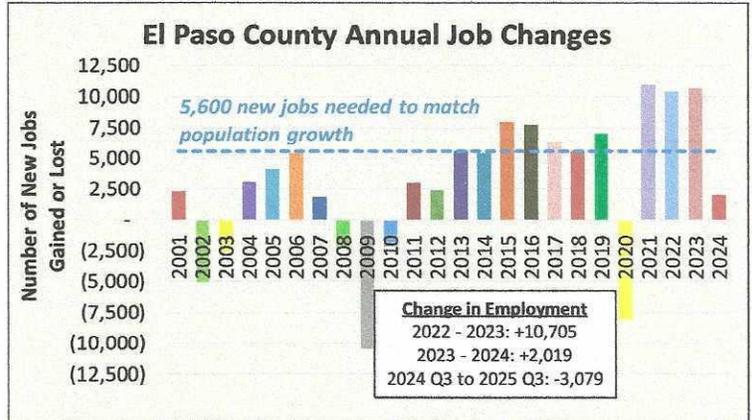
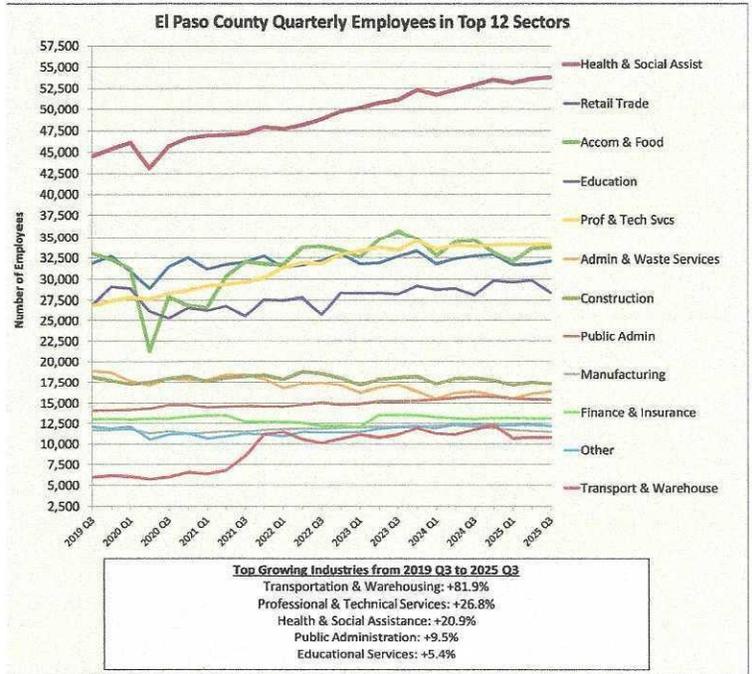
Note: FPL in 2024 was \$15,060 for an individual and \$31,200 for a family of four.

2025 Q2 Average Annual Wages for All Industries		
El Paso County wages are 8.3% lower than U.S. wages and 14.4% lower than CO wages.		
U.S.	Colorado	El Paso County
\$74,672	\$80,028	\$68,484
2025 Q2 El Paso County Total Employment*		309,303
*Estimated military employment in 2024 (and % of total 2024 EPC who are military).		59,183 (16.1%)

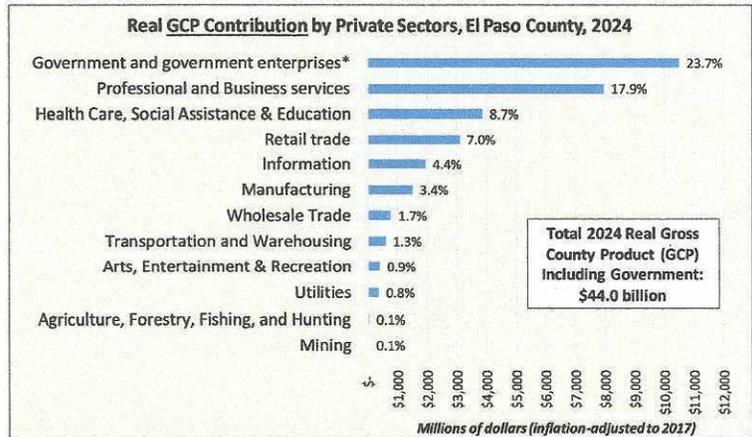
2025-26 Minimum Wage & Living Wage El Paso County		
	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$15.16	\$31,533
Living wage: HHs with 1 adult, 2 children	\$62.65	\$130,312
Living wage: HHs with 2 adults (1 working), 2 children	\$42.89	\$89,211
Living wage: HHs with 2 adults* (2 working), 2 children	\$32.52	\$67,642

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

*QCEW data does not include military-related employees.
 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)

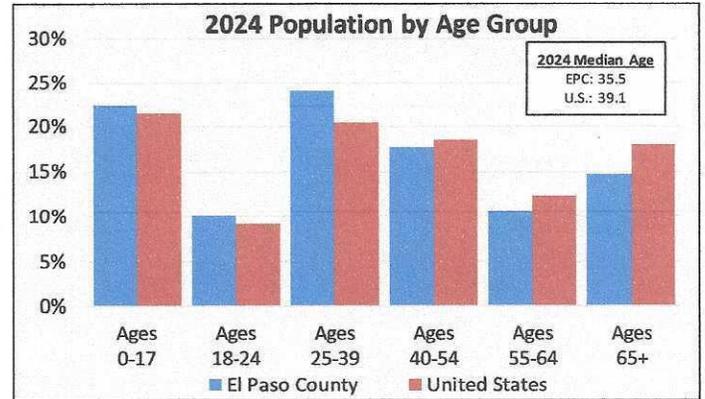


*Government and Government Enterprises sector includes market and nonmarket goods/services. Examples of nonmarket include public safety and education, and market enterprises include postal service, airports, utilities (in some regions), transit systems, etc.
 GCP (local) data lags by approximately 23 months. GCP is the same as GDP for the nation but at the local level.
 Source: U.S. Bureau of Economic Analysis

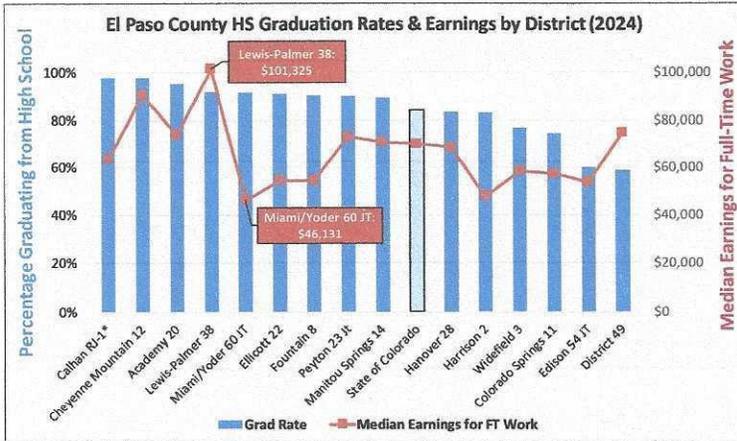
DEMOGRAPHICS (PAGE 5)

Population Estimates		
	2024	2060
El Paso County	752,892	1,023,604
Colorado	5,956,729	7,544,962

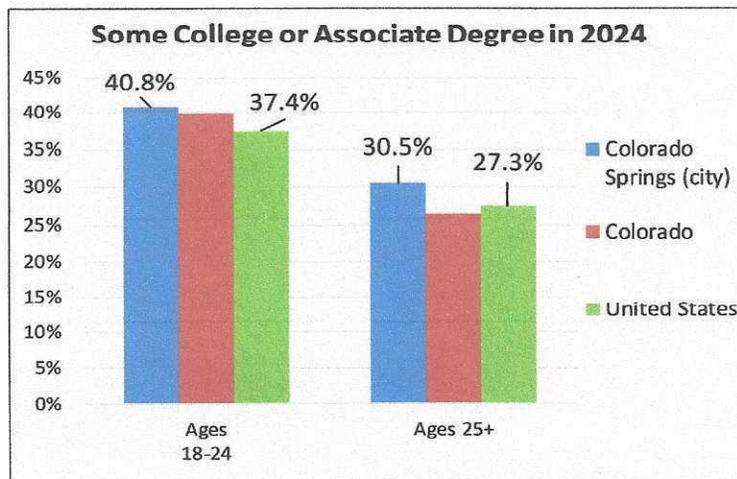
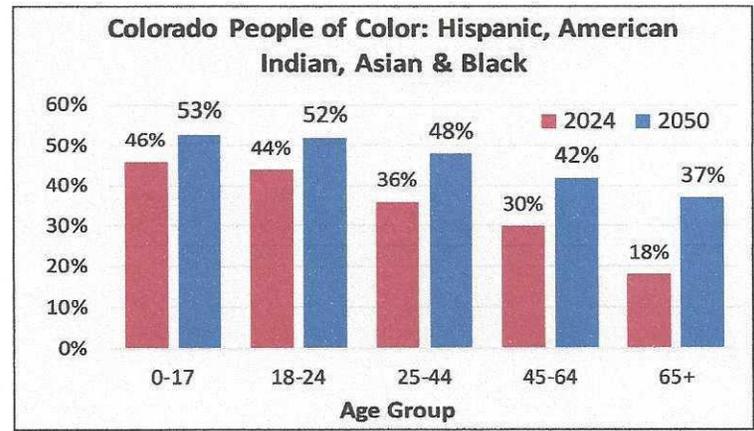
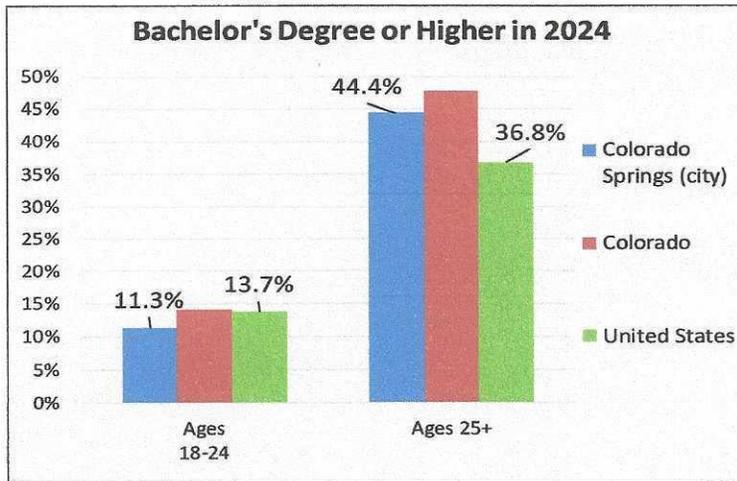
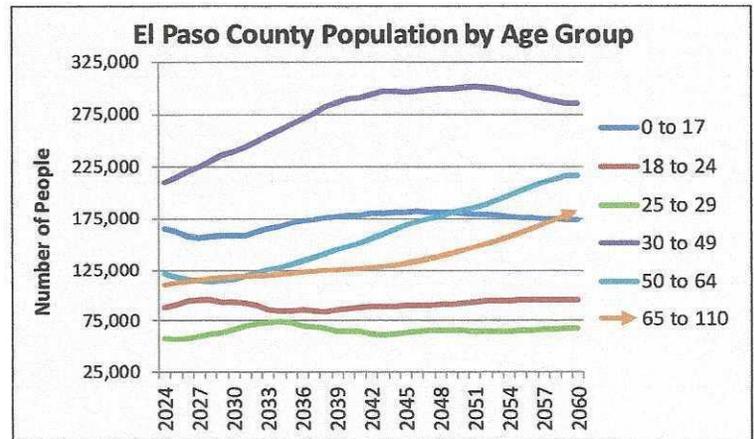
The City of Colorado Springs had a population of 494,808 in 2024.
Source: Colorado State Demography Office



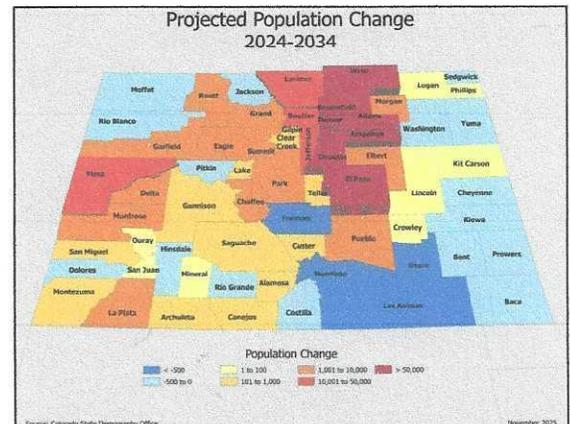
Source: U.S. Census Bureau, Population Division



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 87%.) *Calhan had ≥ 98% graduation rate.
Sources: Colorado Department of Education; U.S. Census Bureau, American Community Survey 5-year estimates



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



Note: The Colorado People of Color data is vintage 2024.
Source: Colorado State Demography Office

REAL ESTATE (PAGE 6)

Pikes Peak Region New & Existing Home Sales



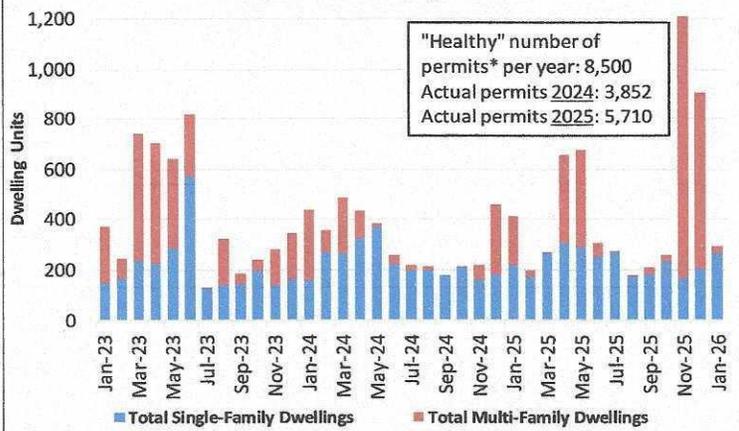
Source: Pikes Peak REALTOR® Services Corp.

Median Existing Single-Family Home Price 2025 Q4

Location	Colorado Springs	Denver	Boise	United States
Price	\$456,200	\$644,100	\$489,000	\$414,900
1-year % Change	1.7% decrease	1.0% decrease	1.3% increase	1.2% increase
MSA Rank	54	21	41	n/a

Sources: National Association of REALTORS®

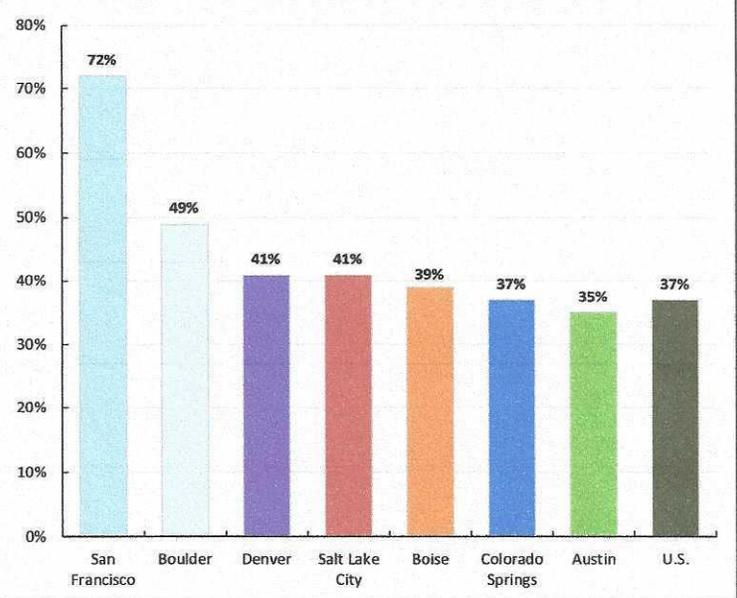
Pikes Peak Region Residential Building Permits



*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

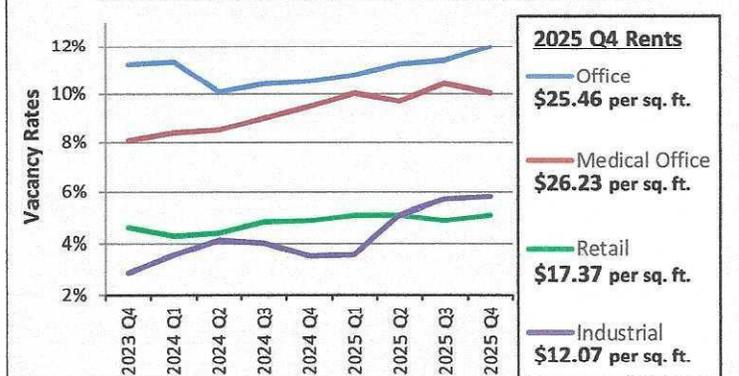
2025 Q2 Cost of Housing Index for Existing Homes



Notes: The Cost of Housing Index (CHI) is defined as the percentage of the local median pre-tax income needed for mortgage payments, based on standard mortgage underwriting criteria. It includes only existing home prices.

Sources: National Association of Home Builders; Wells Fargo

Colorado Springs Quarterly Vacancy Rates & Rents



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

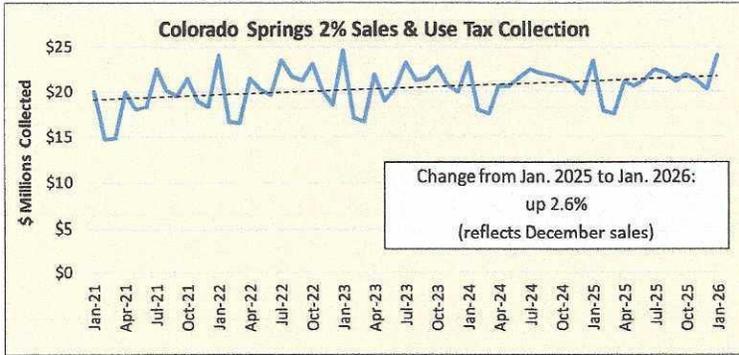
Apartment Rental Information

	Colorado Springs	Denver	Salt Lake City
Market Conditions	Soft	Soft	Soft
Vacancy Rate 2024 Q2	13.4%	9.8%	11.1%
Vacancy Rate 2025 Q2	<u>12.9%</u>	11.5%	11.4%
Average Rent 2024 Q2	\$1,545	\$1,920	\$1,648
Average Rent 2025 Q2	<u>\$1,498</u>	\$1,858	\$1,630

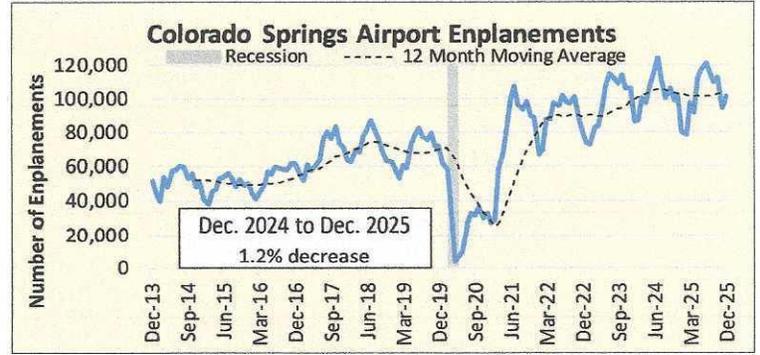
Source: U.S. Department of Housing & Urban Development (HUD), U.S. Market Conditions report

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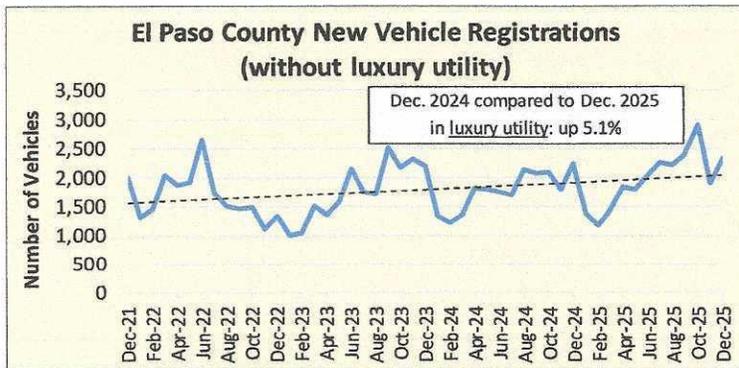
TAXATION, VEHICLE SALES, AIR QUALITY, AND TOURISM (PAGE 7)



Source: City of Colorado Springs

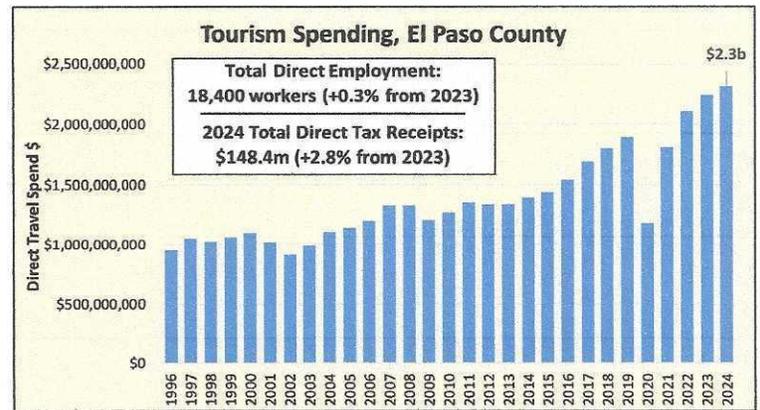


Source: Colorado Springs Airport



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 text box.

Source: Colorado Interactive LLC



Note: Direct travel includes day and overnight visitors.

Source: Colorado Tourism Office

2024 Air Quality		
	Colorado Springs*	U.S. Standard
Carbon Monoxide (CO) Concentration (ppm)	0.7	9.0
Particulate Matter (µg/m ³)	5.67	9.00
Ozone (ppm) at USAFA	0.070	0.070
Ozone (ppm) at Manitou Springs	0.073	0.070

*Locations of measurements: CO at 690 W. Hwy 24; Particulate Matter at Colorado College

Source: Colorado Department of Public Health & Environment

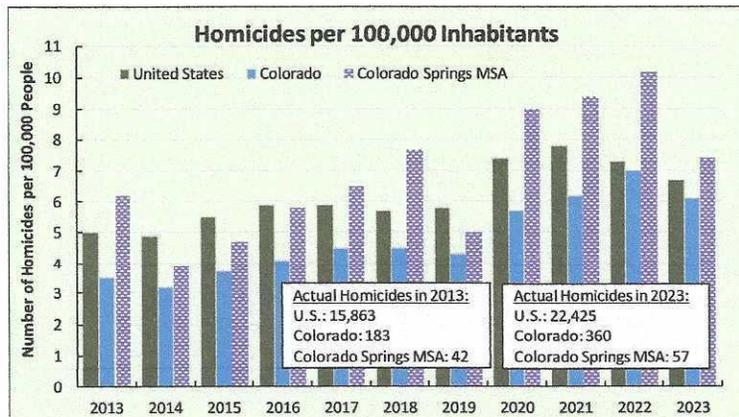
Hotel Occupancy Rate January 2026	
Colorado Springs	Denver
44.6%	52.6%

Hotel RevPAR* January 2026	
Colorado Springs	Denver
\$46.48	\$64.43

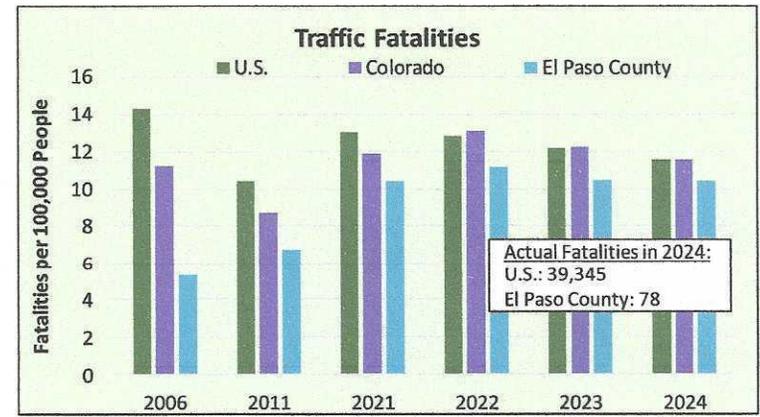
*RevPAR measures hotel revenue by taking the average room rate times hotel occupancy.

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

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

2023 Mortality Rates due to Homicide per 100,000 Population				
Canada	Germany	Italy	Japan	United States
2.0	0.9	0.6	0.2	5.8

Sources: UN, World Population Prospects (2024); United Nations Office on Drugs and Crime (2025) – with major processing by Our World in Data

Sworn Police Officers Per 10,000 Inhabitants in 2024	
City of Colorado Springs	14.8
City of Boise	14.0
Kansas City	21.6
City of Omaha	17.0

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

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SUPPORTERS (PAGE 8)



THANK YOU!