

El Paso County Economic & Workforce Progress Report (EPR)

Highlights - August 2025

At the national level, GDP performance in the first half of 2025 has been mixed. The first quarter registered a contraction of -0.5% (annualized), largely the result of firms pulling forward imports in anticipation of tariffs as I discussed in the July month-end report. That negative quarter understandably raised fears of a recession. However, the second quarter rebounded, aided by normalization in imports and exports.

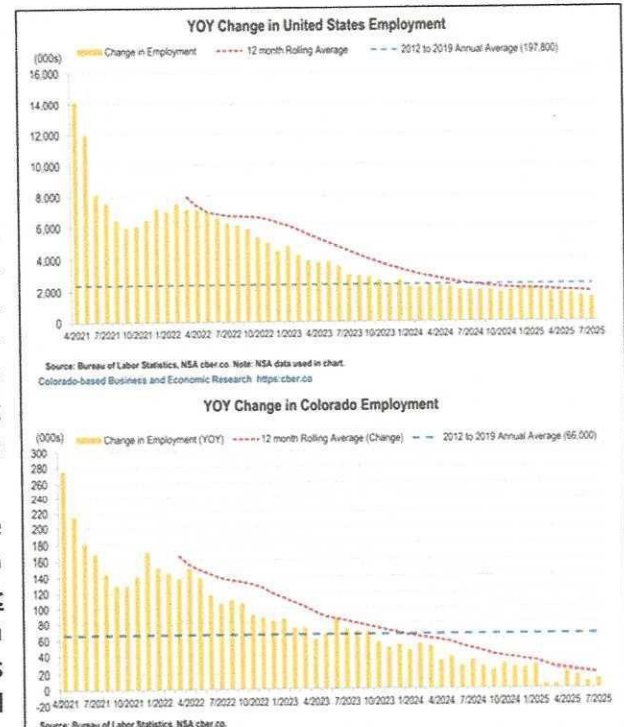
Given these developments, I have modestly revised upwards my **GDP forecasts {Page 3}** for 2025 (1.4%) and 2026 (1.0%). While risks remain, I now anticipate that if a recession does occur, it will likely be mild, barring an unexpected shock. Two policy levers provide buffers: the Federal Reserve has room to reduce interest rates, offering potential monetary stimulus, and the recent continuation and expansion of the 2017 tax cuts provides fiscal stimulus. Yet, we must also acknowledge that the Big Beautiful Bill, passed July 1 by a 51-50 Senate vote (with Vice President J.D. Vance breaking the tie) and a 218-214 House vote, will introduce substantial budgetary cuts starting in FY2026. These cuts include structural changes to Medicaid (introducing work requirements) and SNAP eligibility, disproportionately affecting lower-income households. While lower-income consumers may spend less individually, in aggregate their spending power is critical because they make up the bottom 50% of income earners, representing over 160 million Americans. Their spending, unlike higher-income groups, goes directly into consumption rather than savings or investments, making them central to aggregate demand – and domestic business growth.

Closer to home, Colorado faces pressing fiscal challenges. The state legislature convened a special session to address an additional \$1.0 billion shortfall for FY2026 (fiscal year started July 1). This comes on the heels of a \$1.2 billion shortfall in FY2025, highlighting ongoing strains in state revenues relative to expenditures (also a huge national problem). At November fifth's economic and legislative update, Mark Ferrandino will discuss the outcomes of this special session, including the downstream implications for Coloradans of those legislative decisions.

Turning to the labor market, we see somewhat mixed signals. Nationally, the **Unemployment Rate {Page 3}** rose from 4.4% in June to 4.6% in July, while the broader U-6 underemployment measure ticked up from 8.1% to 8.3%. In contrast, Colorado's Unemployment rate fell from 4.5% in May and June to 3.9% in July, a reversal from previous months when the state's unemployment rate was higher than the U.S. Even more encouraging, El Paso County's unemployment rate dropped from 4.5% to 4.0% over the same period. Remember, these rates are not-seasonally-adjusted because local rates are only provided without seasonal adjustment, and we want to keep national, state and local rates apples-to-apples.

But the low unemployment rate is low for a myriad of not-so-good reasons including fewer people who are searching (e.g., Baby Boomers retiring and fewer immigrants). As I state in [this segment](#), July's (new) employment numbers were about half (73,000) of what they historically have been and downward revisions to May and June were painful (258,000 lower than previous estimates). Gary Horvath at the Colorado-based Business and Economic Research (CBER) also reminds us of the broader state context: Colorado's employment remains well below the 2012-2019 average, even as U.S. employment hovers closer to pre-pandemic trends (the charts provide a painful visualization of this). Employment and GDP tend to move in tandem, and this shortfall helps explain why both CBER and the state's Office of State Planning and Budgeting (OSPB) are projecting much lower state (economic) growth rates for 2025 and 2026.

Consumers are voicing some concerns about the current prospects for the labor market – not so much worried about their jobs as much as feeling a job change would be challenging. This is reflected in the **Consumer Sentiment {Page 3}** surveys with the University of Michigan index declining from 61.7 in July to 58.6 in August (down 5%). Buying conditions for durable goods plunged 14%, reaching a one-year low due to high prices. Current personal



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finances declined modestly, as households expressed worries about purchasing power. Inflation expectations, however, turned upward again. One-year inflation expectations rose from 4.5% to 4.9%, while long-term expectations moved from 3.4% to 3.9%. Although both remain below the peaks seen in April and May, the reversal underscores persistent anxiety about consumer's eroding purchasing power.

These concerns are valid: the **Consumer Price Index {Page 3}**, rose 0.2% in July for all items and 0.3% excluding food and energy, with year-over-year increases of 2.7% for headline inflation and 3.1% for core inflation. Most worrying is that price increases were broad-based making it more likely that inflation will be both more persistent and harder for consumers to evade. Similarly, the Producer Price Index (PPI) had a surprisingly large increase (+0.9%), and as I state in a [recent segment](#), the prices producers pay today translate to the prices consumers pay tomorrow. With the seesaw movements in tariffs, businesses state they have been largely absorbing their price increases (passing on roughly 22% of those higher costs through June). But according to Goldman Sachs estimates, firms will be passing on 67% of their costs as margins have now gotten too skinny for them to absorb all cost increases.

In the Pikes Peak region, **Home Sales {Page 6}** were steady in July, and median home prices rose modestly. The **Colorado Springs MSA Median Home Price {page 6}** was \$480,600 in Q2 2025, a 0.2% increase over Q2 2024. The city ranks as the 49th most expensive metro (improving from 47th in Q1). Denver's median price was \$667,200, down 0.4% from a year earlier, ranking 22nd. By comparison, the national median stood at \$429,400, up 1.7% year-over-year. Boise fell slightly in ranking but still posted a \$494,600 median price, down 3.2% year-over-year.

The **Cost of Housing Index {page 6}** for 2025 Q2, which shows the percentage of the local median *pre-tax* income needed for mortgage payments, had increases across regions, with Denver (41%), Colorado Springs (37%), and Boise (39%) up 1% quarter-over-quarter, while Austin (35%) and the U.S. (37%) overall rose 2%. San Francisco surged from 64% to 72%. [Austin](#) is interesting to me as it has a reputation for being a hip city with high in-migration and robust economic growth. You would think it would be very unaffordable, yet it has both high income earners and aggressive construction of affordable housing.

Another dimension of the housing story is mortgage distress. As [reported by the Gazette](#), foreclosures are ticking up in El Paso County following the end of the VA moratorium. While levels remain well below the peaks seen during the Great Recession, the roughly 60% projected increase for this year (to ~1,000 foreclosures) is a reminder that many households remain financially fragile, especially as interest rates and overall price levels have significantly risen.

On a (local) hopeful note, nonprofits in the region are stepping up. We Fortify is launching Wendy's Village, which will provide 40 modular units for teachers and essential workers on District 2 school property. These fully furnished homes will lease for \$825/month, a dignified option far below market rates. We Fortify is also developing Prospect Village, a supportive housing community for at-risk young adults near Filmore and Prospect, offering 280-square-foot homes at \$600/month with wraparound programming to build independence and resilience. These projects embody the kind of innovation Colorado needs to address its housing crisis.

The Colorado Springs MSA job market remains relatively strong. **Job Openings {Page 4}** rose slightly from 18,270 in June to 18,483 in July. At the same time, unemployment fell from 18,120 to 16,025 people, reducing the ratio of available workers per opening to just 0.87.

Circling back to the macroeconomic environment, I would say the U.S. economy is at a pivotal moment right now in terms of whether it will fall into or evade stagflation. Price levels will be key, and this is why I emphasize both the CPI and PPI. It seems unlikely to me that price levels will not increase, and even marginal increases strain the majority of U.S. households and businesses, which places downward pressure on overall economic growth (=stagflation). We are now far removed from the post-pandemic-fiscal-stimulus and high job mobility days. Those buffers drove the economy's "resilience," which may buckle under additional pressures.

Tatiana & Rebecca

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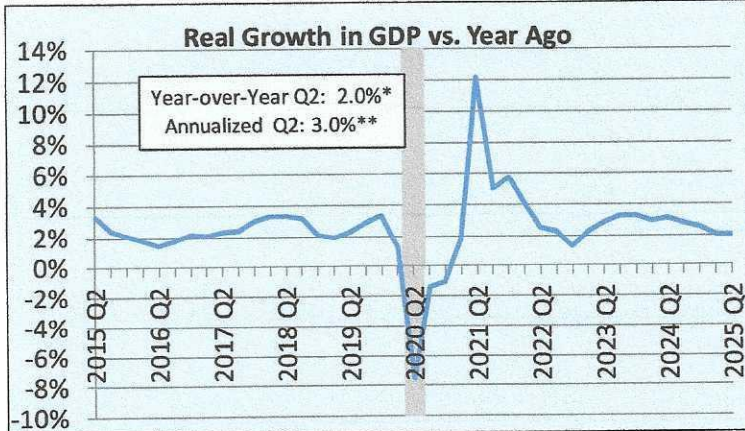
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MACROECONOMIC "BIG PICTURE" (PAGE 3)



*Estimate of real GDP percent change from same quarter a year ago, SA

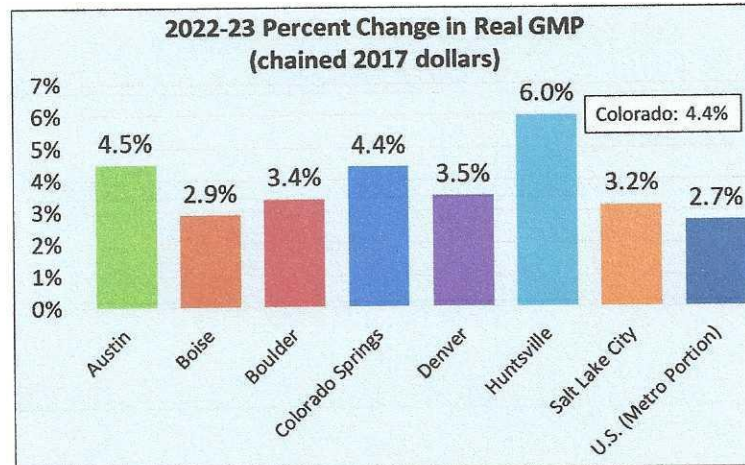
**If quarterly changes were annualized over the year.

Source: U.S. Bureau of Economic Analysis

| Forecasts for U.S. Real GDP and Unemployment (SA) | | | | |
|---|-------------|-------------|---------------|---------------|
| | 2023 Actual | 2024 Actual | 2025 Forecast | 2026 Forecast |
| Real GDP Growth | 2.9% | 2.8% | 1.4% | 1.0% |
| Unemployment Rate | 3.6% | 4.0% | 4.3% | 4.3% |

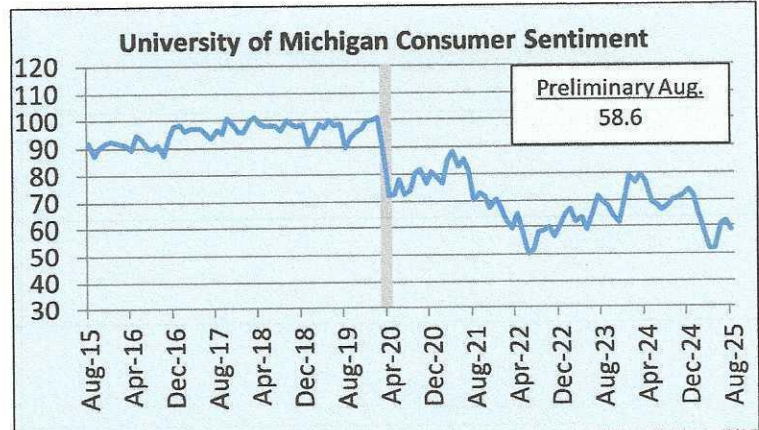
Forecasts by Data-Driven Economic Strategies with input from the Conference Board, Wells Fargo, Colorado Department of Labor & Employment, and other anecdotal resources.

Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics



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



Source: University of Michigan

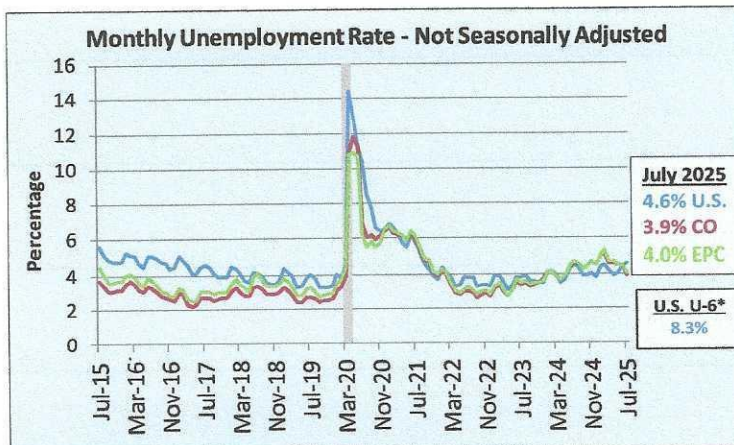


Source: U.S. Bureau of Labor Statistics; Job openings data lags.

| U.S. Consumer Price Index - July 2025 | | |
|---------------------------------------|-----------|--------------------|
| | All items | Less food & energy |
| Change from June to July 2025 (SA) | 0.2% | 0.3% |
| Last 12-months (NSA) | 2.7% | 3.1% |

The 2025 Q1 cost of living in the Colorado Springs MSA was 102.6% of the U.S. according to C2ER data provided by the CS Chamber & EDC.

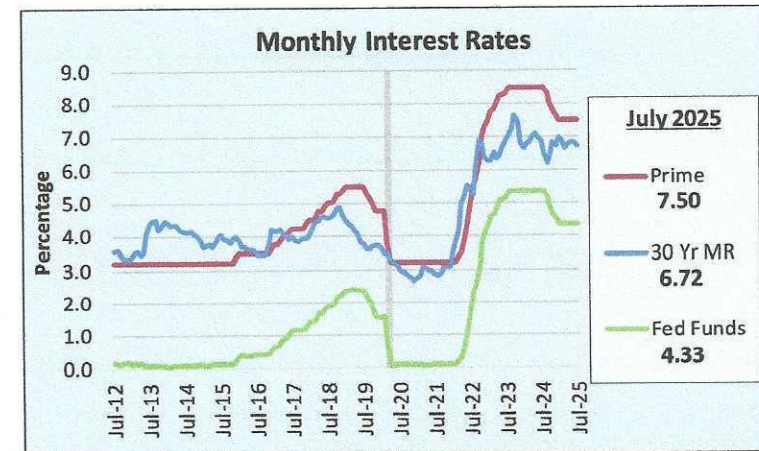
Source: U.S. Bureau of Labor Statistics; all urban consumers (CPI-U)



Note: Data in the graph is NSA to enable comparisons with counties.

*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 July 2025

| Top Job Titles | # of Job Postings | Median Advertised Salary |
|---|-------------------|--------------------------|
| Registered Nurses (L) | 727 | \$91,392 |
| Retail Salespersons (M) | 552 | \$35,712 |
| Software Developers (L) | 362 | \$140,032 |
| Heavy & Tractor-Trailer Truck Drivers (H) | 358 | \$58,240 |
| Computer Sys Engineers/Architects (L) | 350 | \$132,608 |
| 1st-Line Supervisors, Retail Sales (L) | 323 | \$47,616 |
| Customer Service Reps (M) | 267 | \$41,600 |
| Medical & Health Services Managers (L) | 209 | \$92,416 |
| Sales Reps, Wholesale & Manufacturing (M) | 207 | \$75,008 |
| Maintenance & Repair Workers (H) | 198 | \$48,640 |

Colorado Springs MSA, July 2025

TOTAL Job Openings: 18,483

TOTAL Unemployed: 16,025

Workers Available per Job Opening: 0.87

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

2023 Federal Poverty Level (FPL)

| | El Paso County | U.S. |
|--------------------------|----------------|-------|
| % people at FPL or below | 7.0% | 12.5% |

Note: FPL in 2023 was \$14,580 for an individual and \$30,000 for a family of four.

2024 Average Annual Wages for All Industries

**El Paso County wages are
10.7% lower than U.S. wages
and 15.9% lower than CO wages.**

| U.S. | Colorado | El Paso County |
|---|----------|----------------|
| \$75,608 | \$80,288 | \$67,548 |
| 2024 El Paso County Total Employment* | | 309,474 |
| *Estimated military employment in 2024 (and % of total 2024 EPC who are military). | | 59,183 (16.1%) |

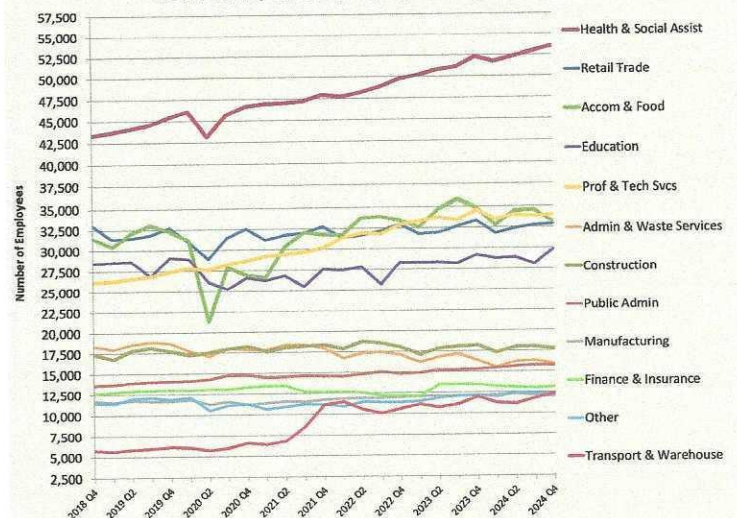
2024-25 Minimum Wage & Living Wage El Paso County

| | Wage/Hr | Annualized |
|---|---------|------------|
| Minimum wage salary for full-time worker | \$14.81 | \$30,805 |
| Living wage: HHs with 1 adult, 2 children | \$58.48 | \$121,638 |
| Living wage: HHs with 2 adults (1 working), 2 children | \$44.31 | \$92,165 |
| Living wage: HHs with 2 adults* (2 working), 2 children | \$31.61 | \$65,749 |

*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

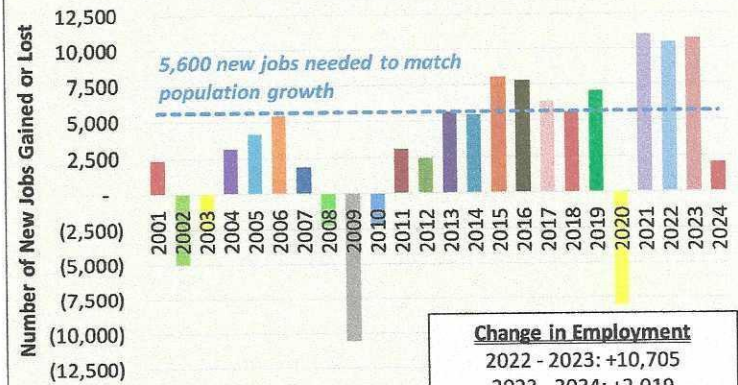
El Paso County Quarterly Employees in Top 12 Sectors



Top Growing Industries from 2018 Q4 to 2024 Q4

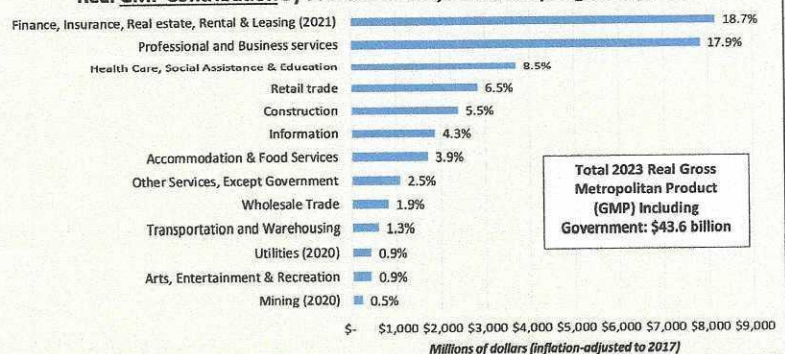
Transport & Warehouse: +112.4%
Prof & Tech Services: +29.8%
Health & Social Assist: +23.3%
Public Administration: +15.0%
Other Services: +6.0%

El Paso County Annual Job Changes



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)

Real GMP Contribution by Private Sectors, Colorado Springs MSA, 2023



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. Finance, insurance, real estate & leasing was last disclosed in 2021. 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

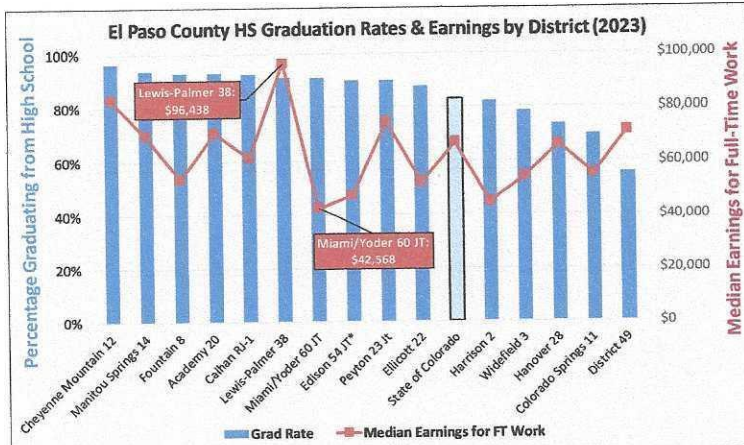
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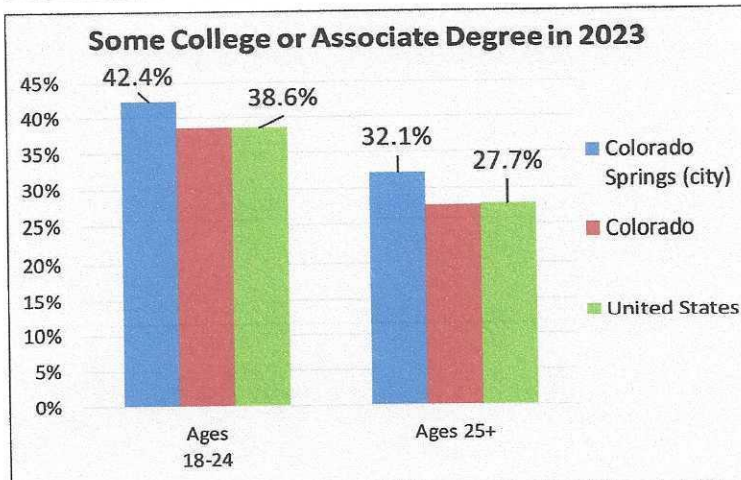
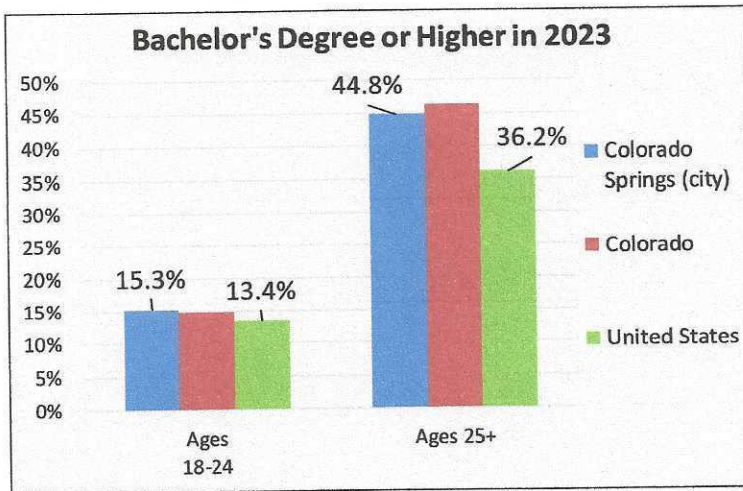
DEMOGRAPHICS (PAGE 5)

| Population Estimates | | |
|-----------------------|------------------|------------------|
| | 2023 | 2050 |
| El Paso County | 744,153 | 1,001,087 |
| Colorado | 5,876,300 | 7,416,589 |

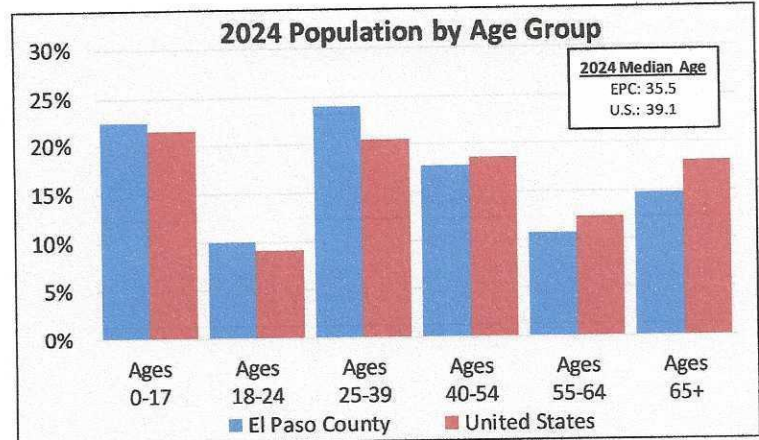
The City of Colorado Springs had a population of 488,164 in 2023.
Source: Colorado State Demography Office



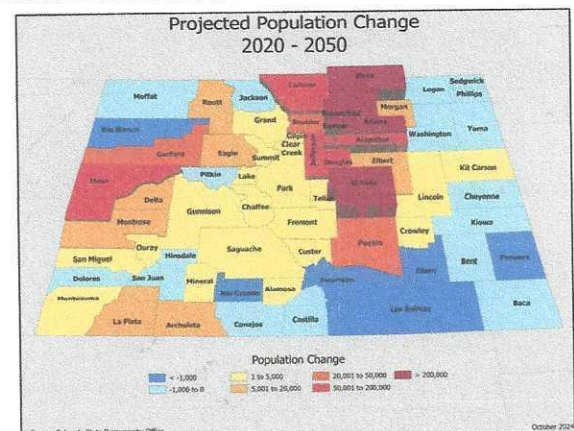
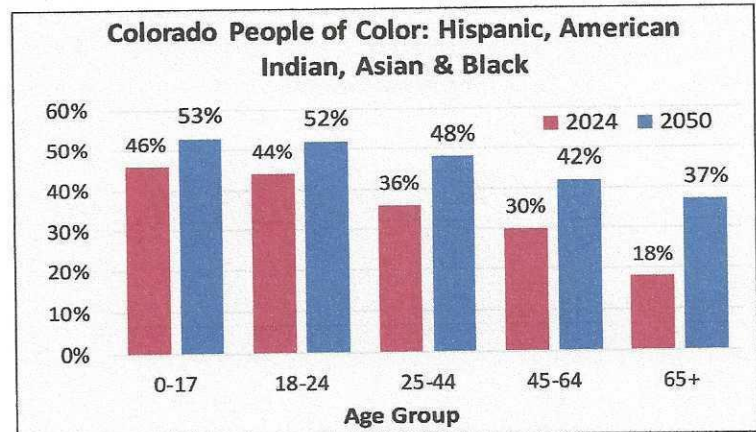
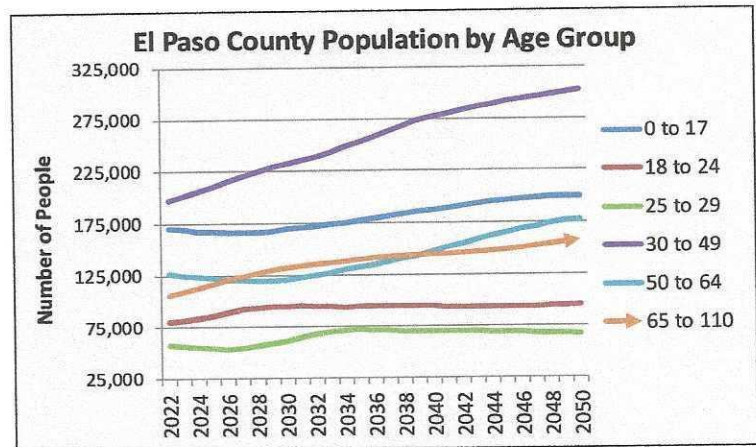
Note: Calhan, Ellicott, Peyton, Hanover, Edison, and Miami/Yoder districts all have fewer than 100 students. District 49 has a significant number of online students, which pull down the districtwide average. (Without the largest online school, the district average is 88%.) *Edison had ≥ 90% graduation 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



Source: U.S. Census Bureau, Population Division



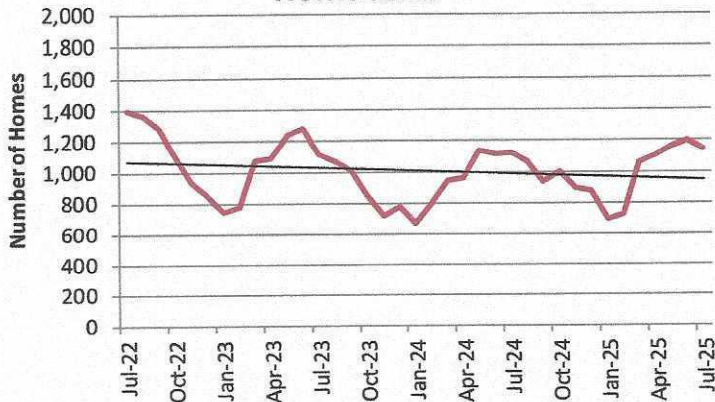
Source: Colorado State Demography Office

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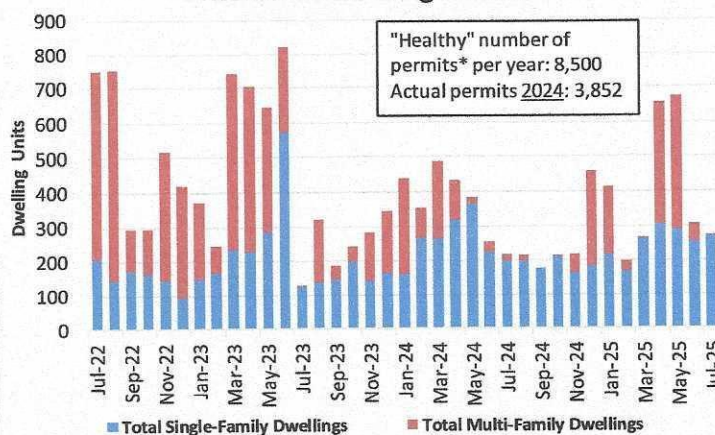
REAL ESTATE (PAGE 6)

Pikes Peak Region New & Existing Home Sales



Source: Pikes Peak REALTOR® Services Corp.

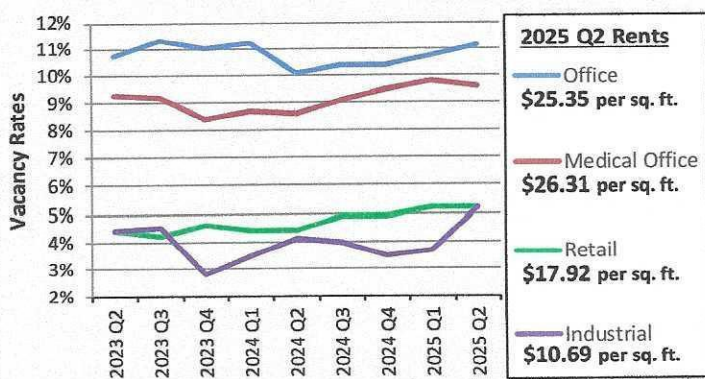
Pikes Peak Region Residential Building Permits



*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

Colorado Springs Quarterly Vacancy Rates & Rents



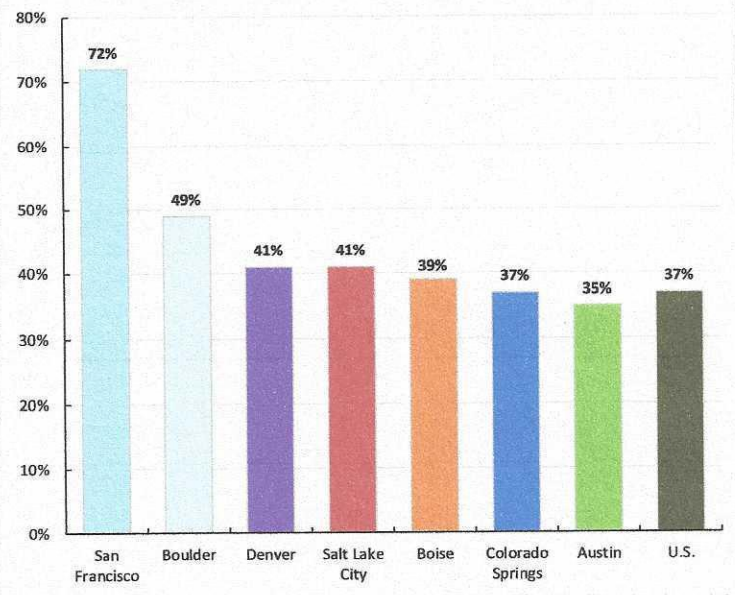
Sources: CoStar Group™; Olive Real Estate Group, Inc.

Median Existing Single-Family Home Price 2025 Q2

| Location | Colorado Springs | Denver | Boise | United States |
|-----------------|------------------|---------------|---------------|---------------|
| Price | \$480,600 | \$667,200 | \$494,600 | \$429,400 |
| 1-year % Change | 0.2% increase | 0.4% decrease | 3.2% decrease | 1.7% increase |
| MSA Rank | 49 | 22 | 40 | n/a |

Sources: National Association of REALTORS®

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

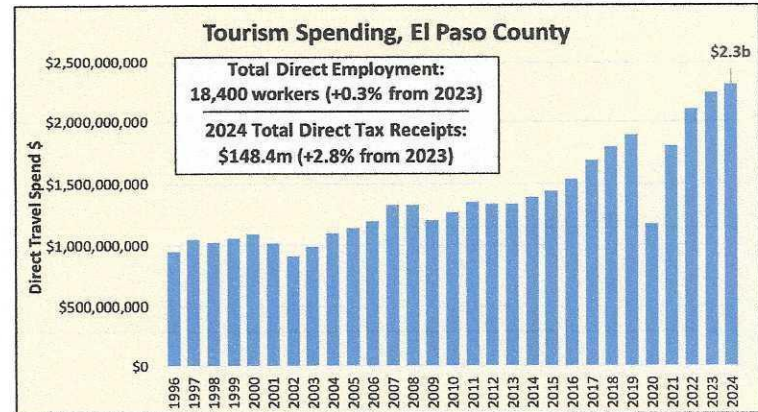
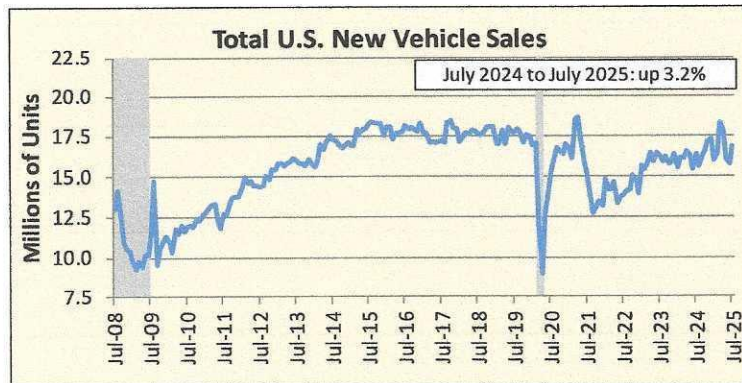
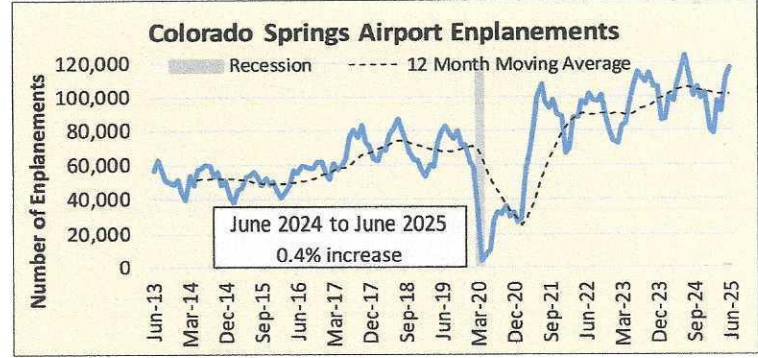
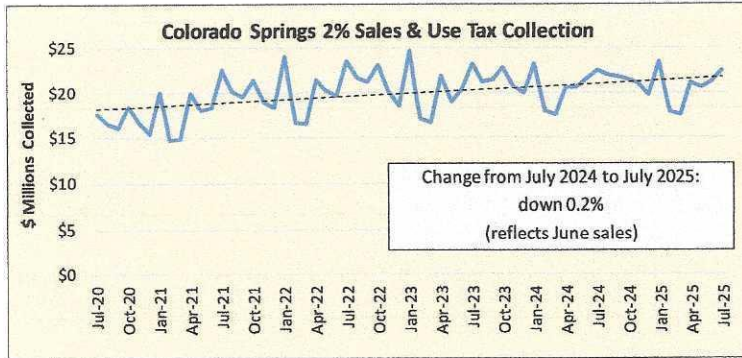
Apartment Rental Information

| | Colorado Springs | Denver | Salt Lake City |
|---------------------------|------------------|---------|----------------|
| Market Conditions 2025 Q1 | Soft | Soft | Slightly Soft |
| Vacancy Rate 2024 Q1 | 12.1% | 9.1% | 10.8% |
| Vacancy Rate 2025 Q1 | 13.1% | 11.5% | 10.8% |
| Average Rent 2024 Q1 | \$1,524 | \$1,901 | \$1,633 |
| Average Rent 2025 Q1 | \$1,486 | \$1,843 | \$1,618 |

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)



| 2024 Air Quality | | |
|--|-------------------|---------------|
| | Colorado Springs* | U.S. Standard |
| Carbon Monoxide (CO) Concentration (ppm) | 0.7 | 9.0 |
| Particulate Matter (µg/m³) | 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

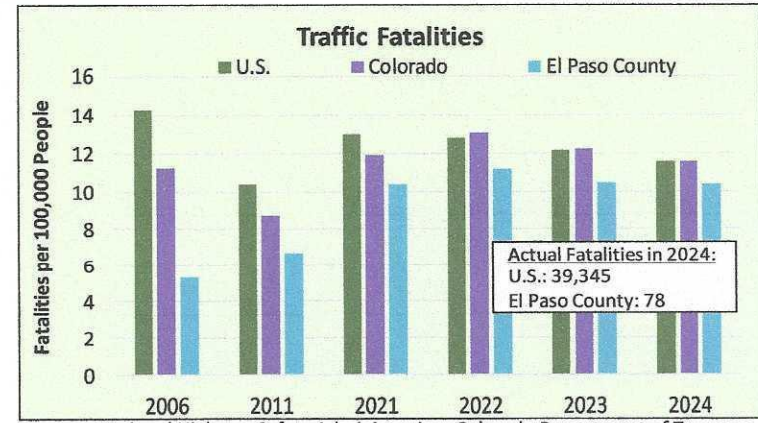
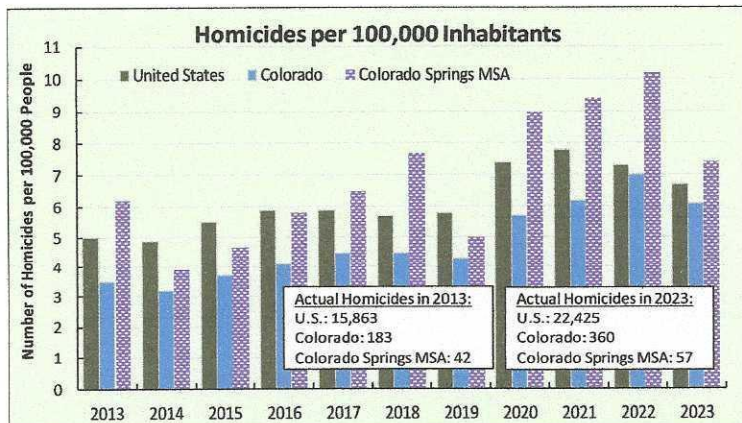
Source: Colorado Department of Public Health & Environment

| Hotel Occupancy Rate July 2025 | |
|-----------------------------------|--------|
| Colorado Springs | Denver |
| 81.3% | 78.9% |

| Hotel RevPAR* July 2025 | |
|----------------------------|----------|
| Colorado Springs | Denver |
| \$141.26 | \$136.37 |

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

CRIME & SAFETY (PAGE 7)



| 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

| 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!

Data updated on 08/25/2025.

Contact Rebecca Wilder at rwilder@ddestrategies.org.