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

Highlights - August 2026

As summer comes to a close, it's increasingly evident that economic growth and job growth are increasingly telling us two different stories. In terms of growth, the U.S. economy continues to moderately expand with a 1.5% annualized growth rate in Q2 of this year. But employment growth has slowed considerably. This divergence is important because for decades we have tended to think of economic growth and job creation as moving together. Part of this seeming contradiction ties to "worker productivity," or how much output we produce for every hour worked. Increasing productivity is allowing the economy to grow without a commensurate increase in workers.

> *Businesses should not be thinking about how to accomplish the same (or even more) work with fewer junior employees. That will create a long-term talent problem (in 5-10 yrs.), and a labor market and economic development void in both the short and long run.*
>
> *Instead, AI can be a key tool to quickly upskill junior talent with algorithms that teach entry-level workers what years of experience/ education have given existing senior talent (context, historical knowledge, critical thinking).* ~ McKinsey & Co.

Any gains in productivity are good, but perhaps more so now with the demographic challenges of relatively fewer working-age people and a tsunami of retirees. Productivity growth has always been instrumental in how businesses grow and economies generate higher standards of living (although the latter is true only if businesses compensate workers for the increased output associated with productivity gains). Now we are seeing a technology boom with artificial intelligence, automation, software and other capital investments that are enabling workers to produce more in less time. But there is another side to this transition: businesses may not need to hire as many people to generate the same or greater output. This is particularly relevant for younger workers and recent graduates who traditionally enter occupations through entry-level positions. Indeed, economists love innovation that brings "productivity gains" because this has often been a linchpin in historical periods of rapid economic growth. History shows us that there is typically job loss and some painful adjustment, but things do settle and usually humanity is better off. Yet, there are IT experts like Bill Gates' who is sounding the alarm that this time is indeed different because AI will touch every industry leaving AI "refugees" that will have nowhere to go. In other words, there will be unmanageably high levels of job loss. We shall see where things land, but in the meanwhile I say harness what is productive and positive. And on that note, I'd like to highlight an excellent analysis Rebecca found by McKinsey that challenges the notion of using AI to replace junior workers (see quote box).

Productivity gains help explain why our current economy can simultaneously have decent GDP growth and a labor market that feels stagnant. Colorado's latest data also illustrates this point. Real state GDP increased 2.7% year-over-year in the first quarter of 2026, but the state's employment picture is much weaker with state forecasters saying this anemic job growth will continue this year and next (e.g., only about 6,300 new jobs in 2026 according to the CU Leeds Business School). Growth is now projected to occur in only three major sectors: Education and Health Services, Professional and Business Services, and Construction, while seven sectors are expected to lose jobs.

Our local data show similar softness. In 2026 Q1, **El Paso County Jobs {Page 4}** *declined* by 1,652 compared to a year earlier. This data was just released and unfortunately, it appears that the marked slowdown in regional job creation that started in 2024 is holding true so far this year. Job losses started in 2025 (-1,428) while 2024 had meager job growth at about 1/5 the levels of the previous three years. That page also shows the top growing sectors.

The unemployment numbers reinforce the picture of a labor market that is softening (although not falling off a cliff). The U.S. seasonally adjusted **Unemployment Rate {Page 3}** declined from 4.2% in June to 4.1% in July (not-seasonally-adjusted stood at 4.4%). Locally, unemployment moved slightly higher. El Paso County's non-seasonally adjusted unemployment rate increased from 4.1% in June to 4.3% in July. The number of **Unemployed People {Page 4}** in the Colorado Springs metropolitan area increased to 16,777 while **Local Job Openings {Page 4}** increased from 19,173 to 19,923. That leaves approximately 0.84 available **Workers for Every Job Opening {Page 4}** in our region highlighting that even with hiring reticence across the country, we still do not have a sufficient number of qualified, working-age people who are available to fill the positions that businesses require.

This highlights the demographic challenge I often speak of with too-few working-aged people due to low birth rates that started in the 1970s and concomitantly, high numbers of retirees. But the **Civilian Labor Participation Rate {Page 3}** keeps falling and stood at 61.5% in June. There is more to this than demographics, including lower immigration with about 40,000 deportations per month. Many also highlight childcare and elder care constraints that keep caregivers from working. Some also cite individuals who simply choose not to work. I have to insert here that at a PPSC presentation last week, a faculty member brought up the average wages for many jobs and asked, "Do you think a lot of people choose not to work because it's not worth it at those low wages?" I brought up the story of my dad's personal care aide who made $17.50 per hour. That is not a livable wage by any stretch, and to add insult to injury, the agency said they offered health care benefits but kept him at just under 30 hours a week, so they wouldn't have to pay for health care benefits. Only because this infuriated me and because I know something about navigating our morass of a health care system, I fought tooth and nail to get him benefits, which he eventually did get. But in all honesty, it would have made more sense for him to not work and file for Medicaid and SNAP (food assistance). That's a struc-

Data-Driven Economic Strategies

For past reports go to https://www.ddestrategies.org/.

tural economic problem tied to short-term business gains that have high household costs, and I would argue incredibly high societal costs. Incentives have to align with what we expect in a well-functioning economic system.

Putting aside normative statements about why we are in this situation, the reality remains that a lower absolute number of available and participating workers makes productivity growth even more important. If we have fewer available workers relative to the overall population, producing more with each worker is not optional. It becomes central to future economic growth.

Back to the basics. The **U.S. Consumer Price Index {Page 3}** increased only 0.1% in July and was 3.4% higher than one year earlier. While lower inflation rates mean prices are increasing more slowly; it does not mean inflation is under control. Households continue to pay substantially more for housing, insurance, food, utilities and many services than they did before the pandemic. This is the main reason consumer sentiment remains weak even while many traditional economic indicators like GDP and (low) unemployment rates look relatively healthy. Last week I also highlighted that the Federal Reserve's (and my) preferred inflation measure, the PCE price index, continues to flash red hinting at a possible interest rate increase in September.

It's important to remember that this persistent inflation makes wages matter even more so. In a stagnant labor market with low new hires like we currently have, workers have less leverage. One of the strongest mechanisms for wage growth is job switching: employers have to compete for scarce workers, and employees can move to better-paying opportunities. When hiring slows and workers become more reluctant to leave existing jobs, that upward pressure on wages diminishes.

Locally, **Annual Wages for All Industries {Page 4}** showed El Paso County in Q1 of this year at $74,620, up 5.1% over 2025 Q1. The U.S. and Colorado were also up and are significantly higher, but El Paso County gained ground compared to the U.S., dropping from 14.1% to 13.2% lower than the U.S. When compared to Colorado, El Paso County went from 18.8% to 19.0% lower. I am glad to see wage gains in our region, but the gap we need to close with the U.S. and Colorado remains.

U.S. consumer sentiment reflects inflation and inflation-adjusted wage concerns. The **University of Michigan Consumer Sentiment Index {Page 3}** fell to 51.7 in August (11% lower than a year ago) mostly due to inflation. Sentiment declines were seen for all political groups and were particularly acute among Republicans, which I believe will weigh heavily on mid-term election results. Older consumers, lower and middle-income consumers, and those with no stock holdings also brought down the overall index.

Home Sales {Page 6} in the Pikes Peak region held steady in July (1,136 sales), and the **Median Existing Single-Family Home Price {Page 6}** was $479,500 in Q2, virtually unchanged. Denver prices were essentially flat as well. But stepping back, Colorado Springs compares relatively well with several peer communities on housing costs. Our **Cost of Housing Index {Page 6}** stood at 35% in the second quarter, meaning that a homeowner in our region needs to pay 35% of their pre-tax income to make their monthly mortgage payments. While this is historically high, our region fares better than Denver, Salt Lake City or Boise where residents have to pay 39% of their monthly pre-tax income or Boulder, which stood at 47%. But "better than Denver or Boulder" should not be confused with "affordable" for many households. It's all relative. The reality is that nationwide, we have a shortage of affordable housing creating prices that simply squeeze out many buyers. Locally, we were also simply used to being cheaper than the U.S. prior to the pandemic. Higher interest rates, of course, exacerbate this.

And the undersupply of new housing construction persists. Only 139 **Single-Family Permits {Page 6}** were pulled in our region in July, down from 358 in June, while **Multifamily Permits {Page 6}** for only two housing units were pulled. Based upon population growth and the region's existing housing shortage, our updated estimate is that the Pikes Peak region needs approximately 6,605 additional housing units every year through 2036 to match population growth and close the existing housing gap. Rebecca and I just re-did these calculations with new population numbers and other data. Feel free to reach out if you have questions on how this was calculated.

One encouraging local development is the expansion of affordable senior housing. Silver Key Apartments at North Weber received $1 million in Proposition 123 funding toward a 49-unit community for older adults earning 30% to 60% of Area Median Income. As El Paso County ages, developments like this help seniors remain both affordably housed and independent.

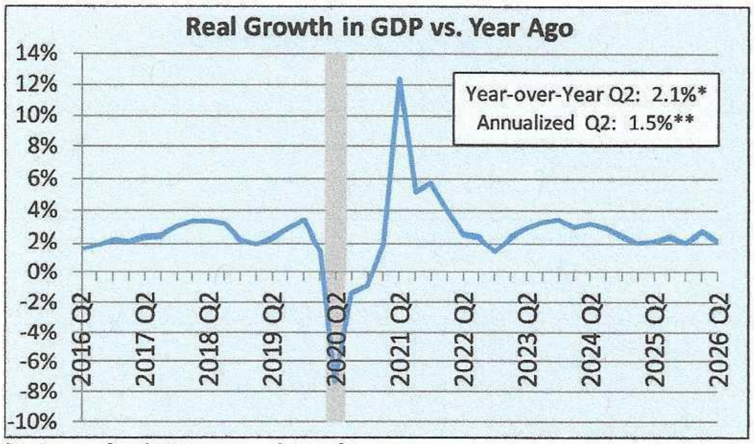
At the state level, a piece of good news is that we earned the #1 education ranking from U.S. News & World Report in 2026. Importantly, the ranking considers outcomes from preschool through college, suggesting Colorado's success is now more organic (as opposed to simply attracting highly educated residents). This boosts labor force participation, productivity, entrepreneurship and innovation, which are all important drivers of sustainable economic growth.

Tatiana & Rebecca

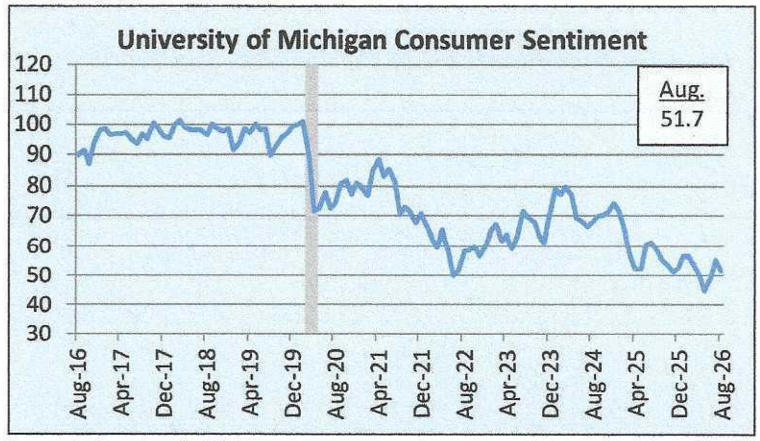
Data-Driven Economic Strategies

For past reports go to https://www.ddestrategies.org/.

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

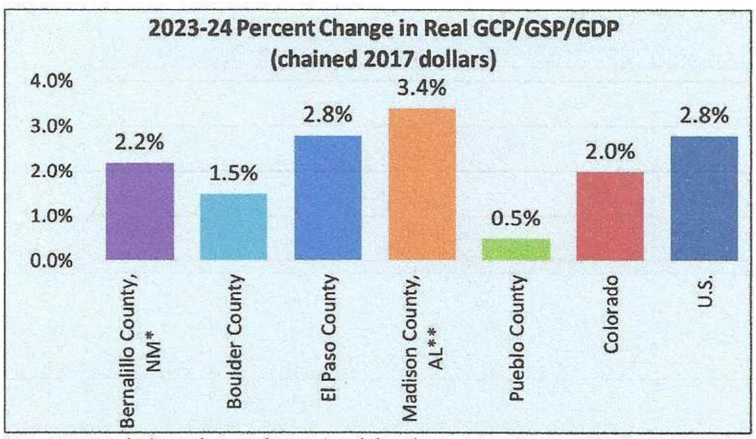


Source: University of Michigan

Forecasts for U.S. Real GDP and Unemployment (SA)				
	2024 Actual	2025 Actual	2026 Forecast	2027 Forecast
Real GDP Growth	2.8%	2.1%	1.9%	1.5%
Unemployment Rate	4.0%	4.3%	4.5%	4.8%

*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

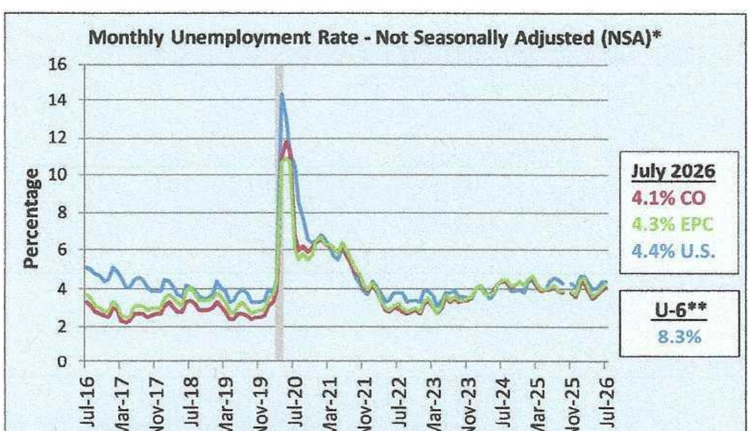
Source: U.S. Bureau of Labor Statistics; Job openings data lags.



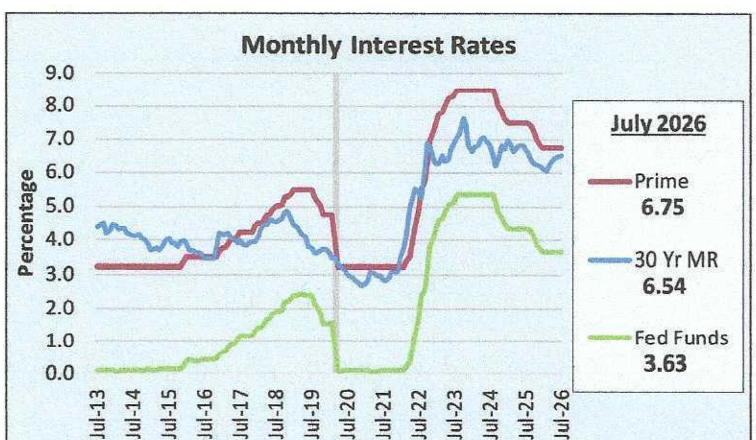
Note: Data includes military. This regional data lags ~23 months.
*This county makes up all of Albuquerque, NM.
**This county makes up half of Huntsville, AL.
Source: U.S. Bureau of Economic Analysis

U.S. Consumer Price Index - July 2026		
	All items	Less food & energy
Change from June to July 2026 (SA)	0.1%	0.2%
Last 12-months (NSA)	3.4%	2.5%
The 2026 Q1 cost of living in the **Colorado Springs MSA** was **98.9%** 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. rate in July was 4.1%.
**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

Return to highlights

LOCAL LABOR MARKET (PAGE 4)

Top Job Openings, Colorado Springs MSA July 2026

Top Job Titles	# of Job Postings	Median Advertised Salary
Registered Nurses	907	$93,440
Retail Salespersons	542	$35,456
Heavy & Tractor-Trailer Truck Drivers	522	$77,184
Software Developers	463	$140,032
Computer Sys Engineers/Architects	404	$137,984
1st-Line Supervisors, Retail Sales	330	$47,872
Customer Service Reps	224	$41,600
Maintenance & Repair Workers	209	$48,512
Personal Care Aides	208	$41,472
General & Operations Managers	197	$93,440

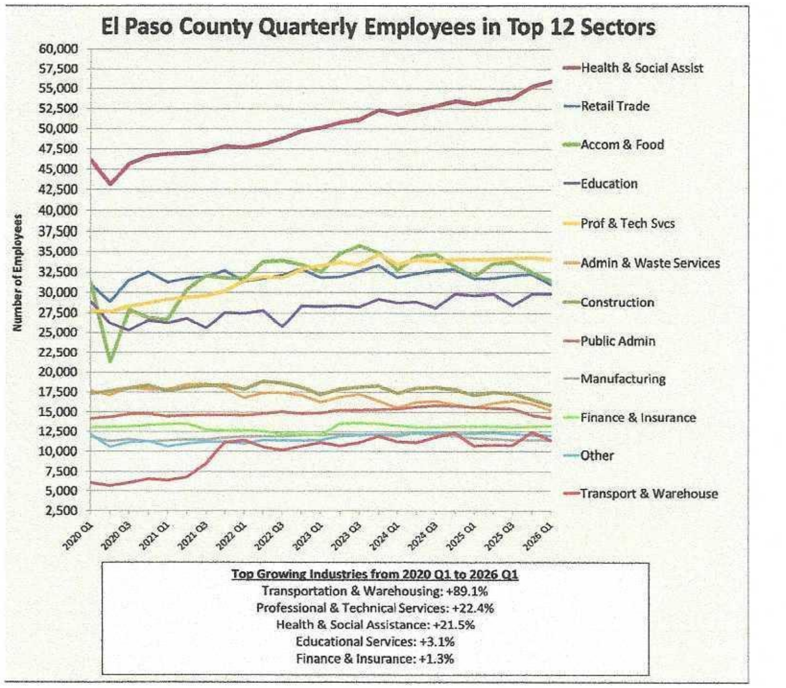
Colorado Springs MSA, July 2026

TOTAL Job Openings: 19,923

TOTAL Unemployed: 16,777

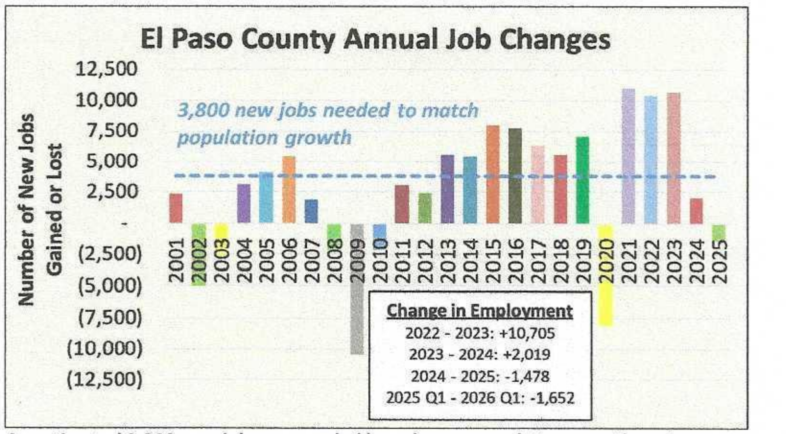
Workers Available per Job Opening: 0.84

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.

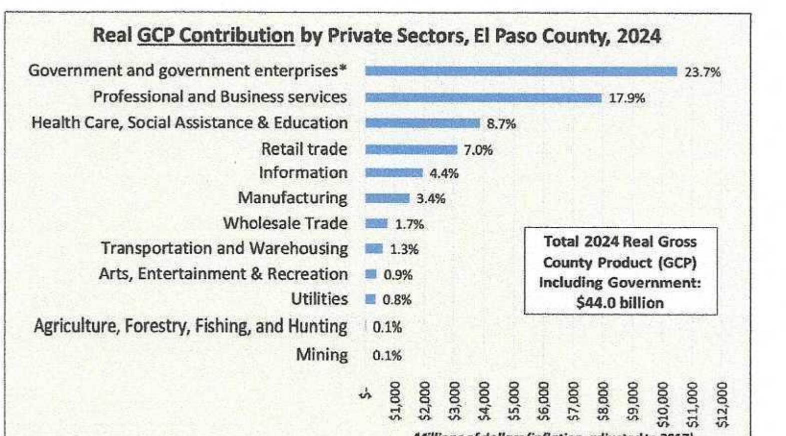


An estimated 3,800 new jobs are needed based upon population growth and age composition. This QCEW data lags up to three quarters and includes public and private employment, but not military-related employees.
Source: Colorado Dept. of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

2026 Q1 Average Annual Wages for All Industries

El Paso County wages are 13.2% lower than U.S. wages and 19.0% lower than CO wages.

U.S.	Colorado	El Paso County
$86,008	$92,144	$74,620
2026 Q1 El Paso County Total Employment*		303,287
***Estimated military employment in 2024 (and % of total 2024 EPC who are military).**		59,183 (16.1%)



*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

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.*

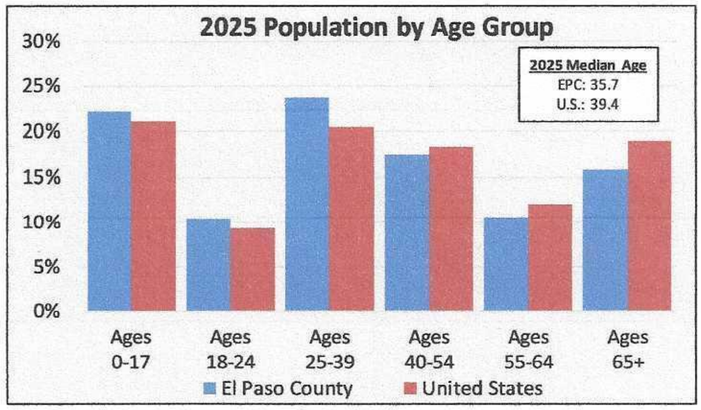
*QCEW data does not include military-related employees.
Sources: U.S. Bureau of Labor Statistics and Colorado Department of Labor and Employment, QCEW; Local military installations; U.S. Census Bureau, American Community Survey 1-year estimates; U.S. Department of Health & Human Services; MIT Living Wage Calculator

Return to highlights

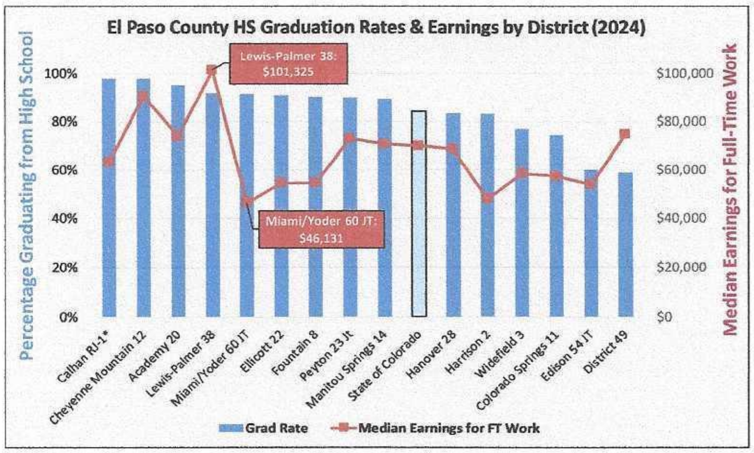
DEMOGRAPHICS (PAGE 5)

Population Estimates	2025	2060
El Paso County	757,067	1,023,604
Colorado	5,989,882	7,544,962

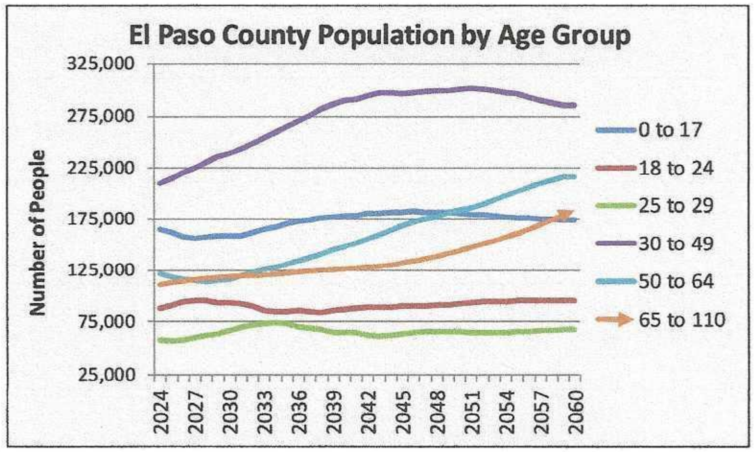
The **City of Colorado Springs** had a population of **494,808** in 2024.
Source: Colorado State Demography Office

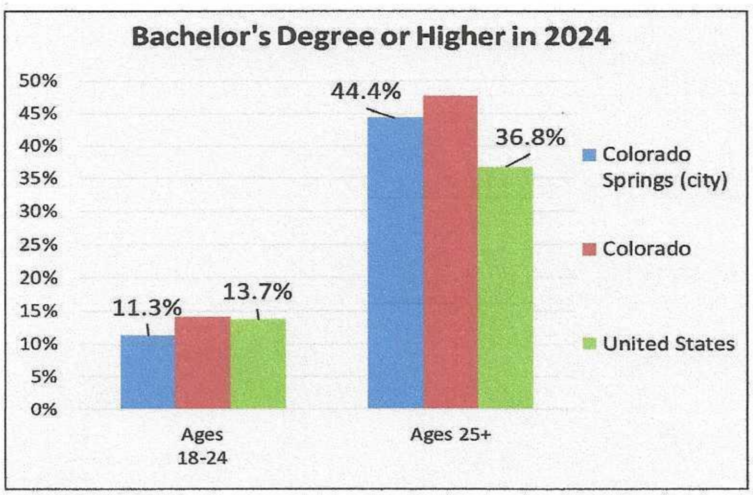


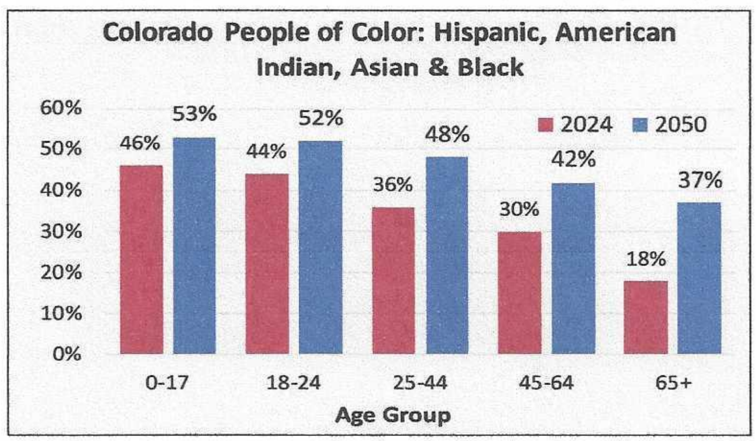
Source: U.S. Census Bureau, Population Division

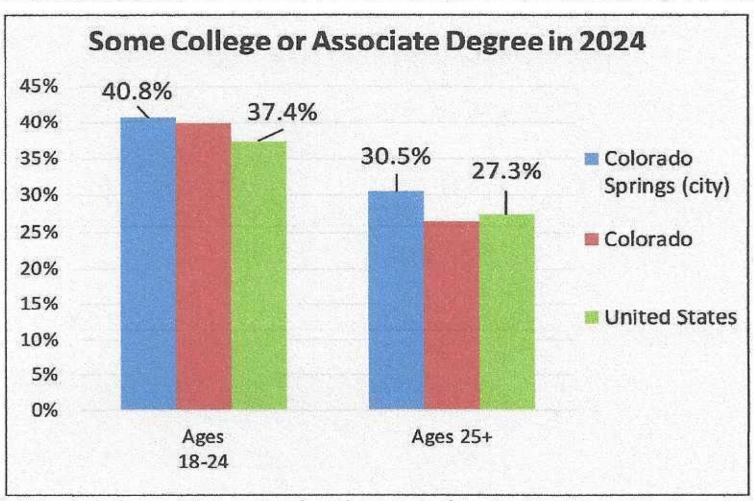


Note: Calhan, Ellicott, Peyton, Hanover, Edison, and Miami/Yoder districts all have fewer than 100 students. District 49 has a significant number of online students, which pull down the districtwide average. (Without the largest online school, the district average is 87%.) *Calhan had ≥ 98% graduation rate.
Sources: Colorado Department of Education; U.S. Census Bureau, American Community Survey 5-year estimates

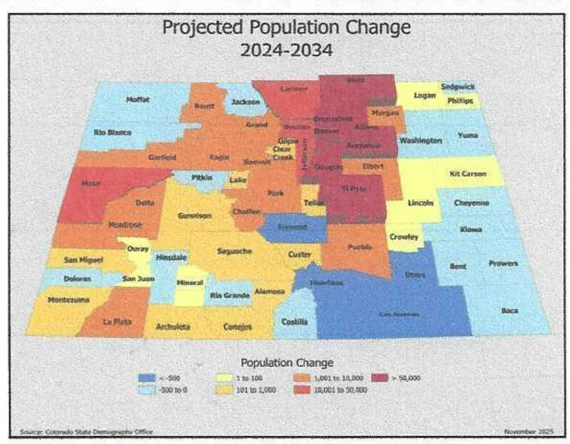








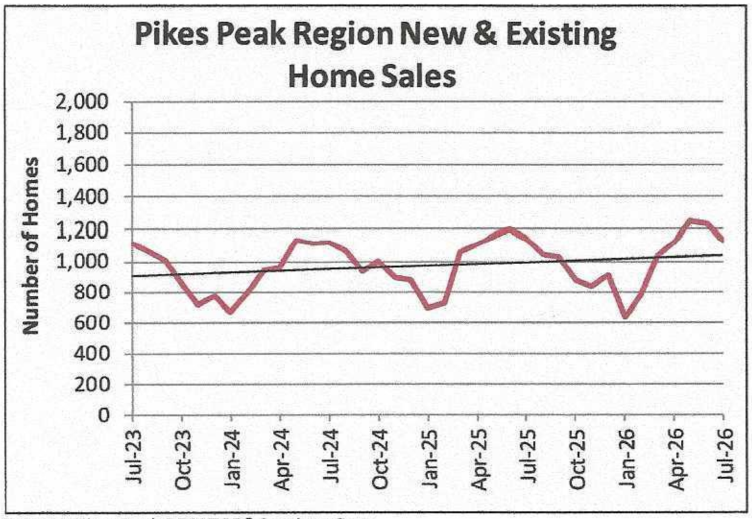
Source: U.S. Census Bureau, American Community Survey 1-year estimates



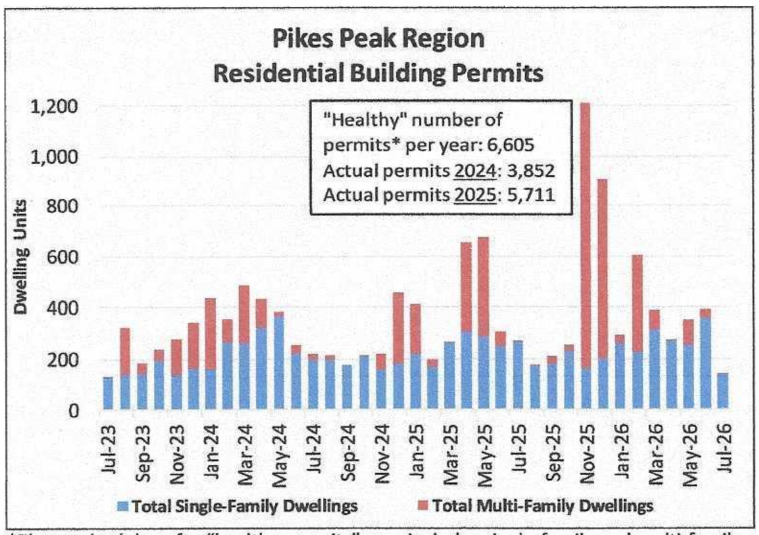
Note: The Colorado People of Color data is vintage 2024.
Source: Colorado State Demography Office

Return to highlights

REAL ESTATE (PAGE 6)



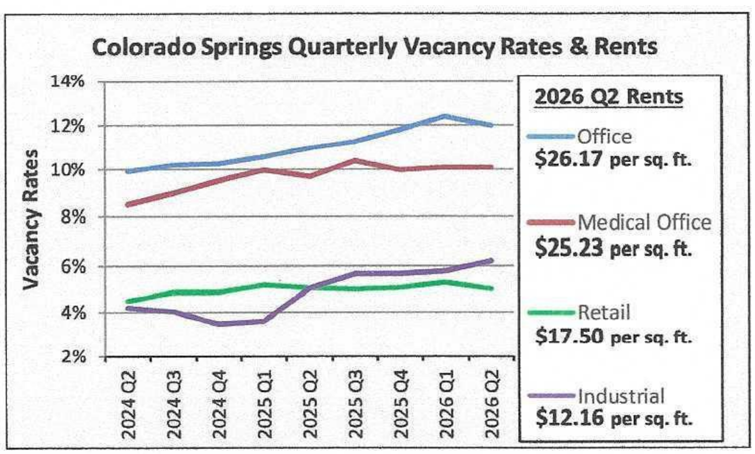
Source: Pikes Peak REALTOR® Services Corp.



*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 from 2027 through 2036. These calculations by Data-Driven Economic Strategies were reviewed in August 2026 and incorporate research by Common Sense Institute, Matrix Design Group, Inc., 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.

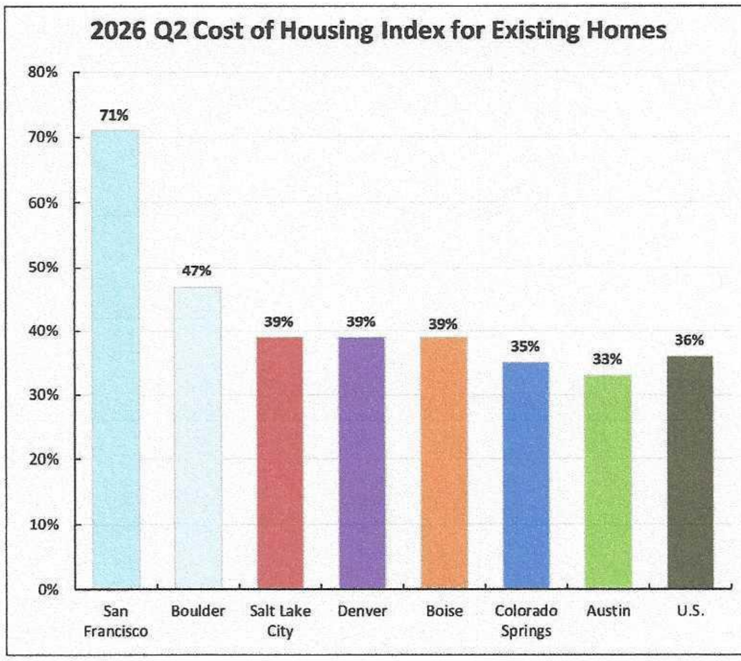
Source: Pikes Peak Regional Building Department



Sources: CoStar Group™

Median Existing Single-Family Home Price 2026 Q2				
Location	Colorado Springs	Denver	Boise	United States
Price	$479,500	$668,300	$521,600	$434,900
1-year % Change	0.2% decrease	0.2% increase	5.5% increase	1.5% increase
MSA Rank	52	23	41	n/a

Sources: National Association of REALTORS®



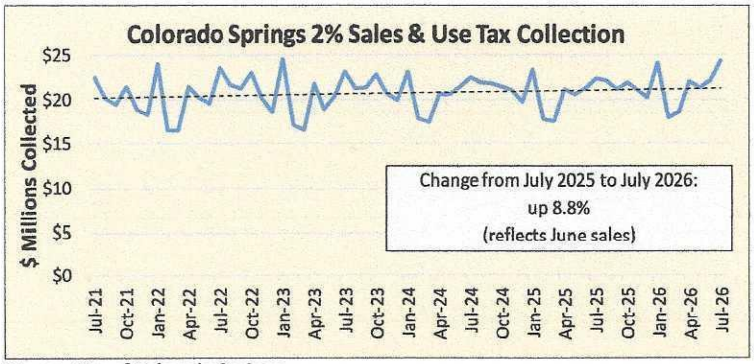
Notes: The Cost of Housing Index (CHI) is defined as the percentage of the local median pre-tax income needed for mortgage payments, based on standard mortgage underwriting criteria. It includes only existing home prices.
Sources: National Association of Home Builders; Wells Fargo

Apartment Rental Information			
	Colorado Springs	Denver	Salt Lake City
Market Conditions 2026 Q1	Soft	Slightly Soft	Slightly Soft
Vacancy Rate 2025 Q1	*13.5%*	*11.8%*	*10.3%*
Vacancy Rate 2026 Q1	12.4%	11.8%	10.7%
Average Rent 2025 Q1	*$1,503*	*$1,859*	*$1,637*
Average Rent 2026 Q1	$1,473	$1,798	$1,609

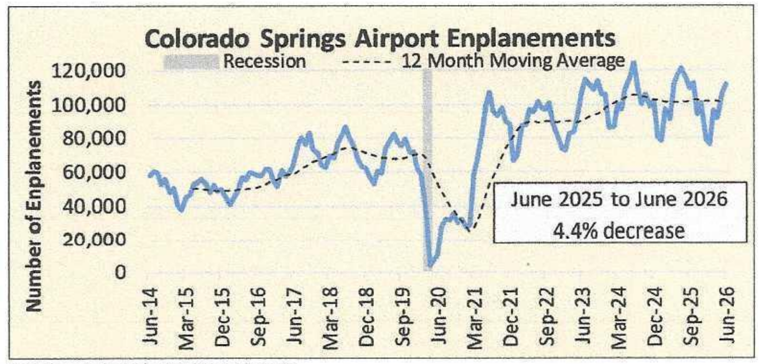
Source: U.S. Department of Housing & Urban Development (HUD), U.S. Market Conditions report

Return to highlights

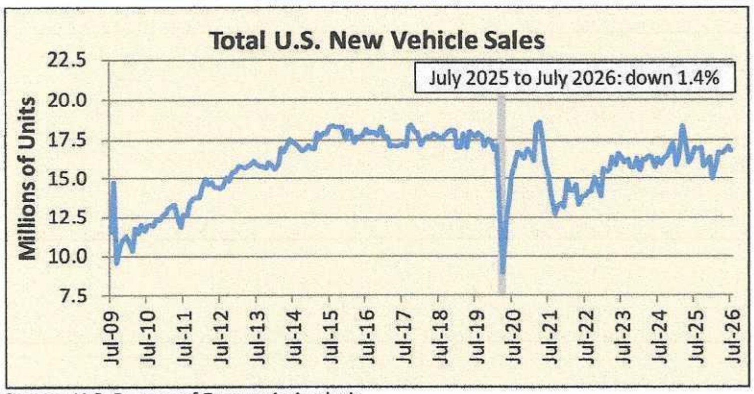
TAXATION, VEHICLE SALES, AIR QUALITY, AND TOURISM (PAGE 7)



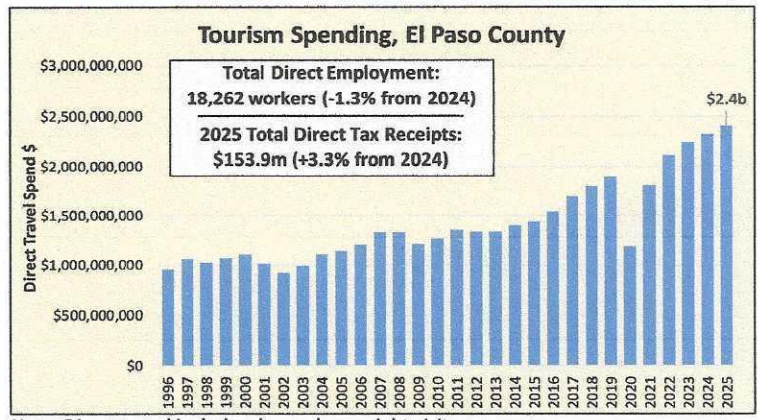
Source: City of Colorado Springs



Source: Colorado Springs Airport



Source: U.S. Bureau of Economic Analysis



Note: Direct travel includes day and overnight visitors.
Source: Colorado Tourism Office

2025 Air Quality		
	Colorado Springs*	U.S. Standard
Carbon Monoxide (CO) Concentration (ppm)	0.7	9.0
Particulate Matter (µg/m³)	4.74	9.00
Ozone (ppm) at USAFA	0.068	0.070
Ozone (ppm) at Manitou Springs	***0.073***	0.070

*Locations of measurements: CO and Particulate Matter at Colorado College

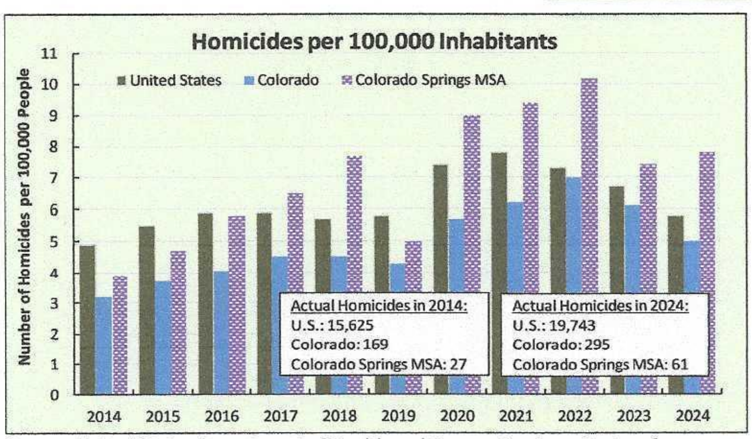
Source: Colorado Department of Public Health & Environment

Hotel Occupancy Rate July 2026	
Colorado Springs	Denver
80.8%	77.4%

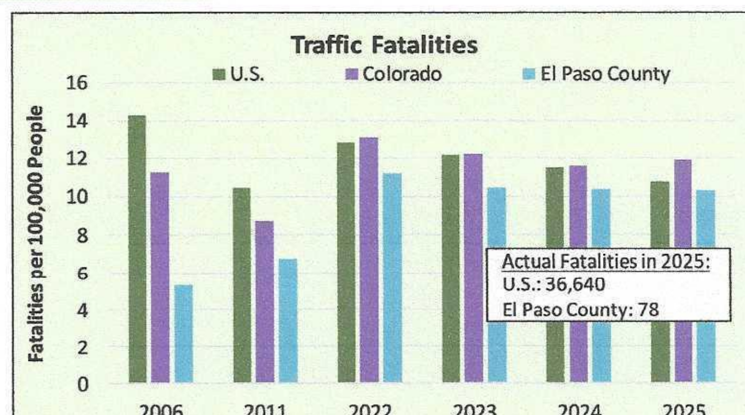
Hotel RevPAR* July 2026	
Colorado Springs	Denver
$117.81	$128.90

*RevPAR measures hotel revenue by taking the average room rate times hotel occupancy.
Source: CoStar Group™

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

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

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 2025	
City of Colorado Springs	15.1
City of Boise	13.7
Kansas City	21.6
City of Omaha	16.1

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

Return to highlights

SUPPORTERS (PAGE 8)

AC-REP Invested in Greater Adams County

AMNET The IT Department for Your Business

AASC Apartment Association of Southern Colorado

Bank of Colorado

Banning Lewis Ranch An Oakwood Homes Community

BiggsKofford Certified Public Accountants

Blazer Electric Supply Company

Classic Homes

Colorado Institute of Family Medicine

Colorado Springs

Colorado Springs Airport

Community Banks of Colorado

COPPR Cultural Office of the Pikes Peak Region

El Pomar Foundation

El Paso County Colorado

Ent Credit Union

Fox 21 Local News

Front Range Community College

The Gazette

District Two Harrison Schools

HUB

INBANK

Integrity Bank & Trust

Legacy Institute

Nunn Construction

Olive Real Estate Group

Pikes Peak Area Council of Governments Communities Working Together

Pikes Peak State College

Pikes Peak Workforce Center

PNC Bank

Pueblo Economic Development Corp

The Rock Bridge Group

kw Aspire

Salzman Real Estate Services 50 Years and Counting

uchealth

Vectra Bank Colorado

visit Colorado Springs

Widefield School District 3

THANK YOU!

Data updated on 08/31/2026.

Contact info@ddestrategies.org.