

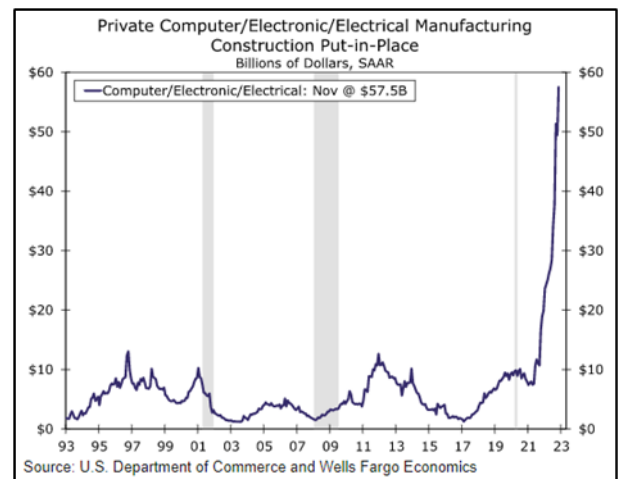
# El Paso County Economic & Workforce Progress Report (EPR)

## Highlights—January 2023

Hello! Below you have the highlights for the January EPR (Economic Progress Report). The last page of the report shows that DDES (Data-Driven Economic Strategies, our nonprofit) is up to 22 sponsors with a diverse representation of industries. We are not only thankful for their generous support, we are also thankful for their partnership. I periodically reach out to them to gauge what's happening within their industry and business. It helps inform my work when I write, present, or do the weekly Fox21 pieces. We are also starting to connect some of our supporters to the high schools we are working with to build out or bolster career technical education (CTE) programs for high-demand jobs. Good stuff.

**Gross Domestic Product, or GDP {Page 3}** was released last week and in 2022 Q4, the U.S. economy grew 1.0% compared to the same quarter last year (2021 Q4). This is a bit lower than the third quarter (2022 Q3), which grew 1.9%. If we annualize the 4<sup>th</sup> quarter growth, GDP would grow 2.9%, which is the second data point in the textbox. This is the more common “headline” metric you'll see in the media. I look at both the quarterly and annualized values although I pay more attention to the quarterly changes because a) I can see the change between the two most recent quarters and that tells me the direction of the change, and b) one quarter that's annualized doesn't necessarily mean the rest of the year will follow suit to that one quarter. With the 2022 Q4 data now in, we know that for all of 2022, U.S. GDP grew by 2.1% and that's quite a bit lower than 2021's GDP growth rate of 5.9% (which was largely fueled by monetary and fiscal stimulus spurred by the pandemic).

The modest growth we did have in the 4<sup>th</sup> quarter of 2022 reflected increases in private inventory investment, consumer spending, federal, state, and local government spending, and nonresidential fixed investment. It's worth mentioning that some of the increase in nonresidential investment is for the building out of manufacturing plants in the subsector of computer/electronics (up 16.3% in December). What's fascinating is that this increase is for new facilities that make electric vehicles and also semiconductors as the graph shows. This represents both a relatively new innovation that's taken off (EVs) and the re-shoring of existing technologies (semiconductors). This is very positive for a plethora of reasons, including more opportunities for manufacturing jobs. One of the reasons the male labor participation rate has fallen so much over the past few decades is the closing of 70,000 factories in the U.S. during the 1960s and 1970s. Those factories had livable wage jobs that did not require bachelor's degrees. We still need those opportunities as 65% of the U.S. population ages 25+ does not have a **Bachelor's Degree {Page 5}** or higher. I wrote an article about the shocking decline in prime working-age labor participation for males and you can read that [here](#) or watch the shorter TV [version](#). Overall, construction for U.S. manufacturing facilities is up 43.2% year over year, and I love that.



There were also components of GDP that negatively impacted the headline number. These included residential fixed investment and exports. I don't think anyone is surprised by the fall in residential fixed investment, which has declined for six straight months, as home construction has significantly slowed. The details are important, however. It is primarily single-family construction that has seen sharper declines while multi-family is still holding up. For the entire construction industry (residential and non-residential), however, most experts are forecasting further declines due to high financing costs. The decrease we are seeing in building permits today certainly validates that.

**Consumer Sentiment {Page 3}** improved quite a bit in January (64.9) compared to December (59.7). This is mostly due to what consumers are seeing and hearing about **Inflation or CPI {Page 3}** coming down alongside the wage increases many people have experienced. Inflation came down to 6.5% in December from 7.1% in November, year-over-year. This, of course, improves prospects for their “real,” or inflation adjusted earnings. If indeed inflation continues to cool and consumers have locked in any wage increases they've received, they are indeed better off. In 2022, despite some of the headline double-digit wage increases, real earnings over the past year have declined 1.7% because of inflation. Wages are “sticky,” so past increases aren't likely to be taken away, and workers/consumers know that.

I've been showing in a lot of presentations lately, that revolving credit has been increasing in the U.S., which tells me that some households are paying for higher prices with credit cards or personal or home equity loans. This isn't surprising given that sav-

[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)

ings rates are now down to 3.4% versus 9.1% in January of 2020. Although delinquencies have only edged up a bit, it's still concerning to me because savings represent the cushion people have when we have an economic downturn and some layoffs. It's also concerning because the prime interest rate was up to 7.27% in December versus 6.95% in November (and 3.25% in April 2022). This means consumers are paying more in interest payments.

**U.S. Job Openings {Page 3}** came down slightly in November to 10.46 million (from 10.51m in October). As the graph shows, even with some of the decreases we've had in job openings over the past few months, openings are still historically very high. In November, job openings increased in professional and business services (+212,000) and nondurable goods manufacturing (+39,000). The number of openings decreased in finance and insurance (-75,000) and in federal government (-44,000). In this current economic slowdown, the two industries that are seeing more layoffs are both finance and insurance, which is a large industry in terms of employment, and tech, which is a small industry in terms of employment even though it's in the headlines a lot. Many of those tech layoffs are a boon for tech companies that are still growing as they have had extreme difficulty in finding talent. In other words, most tech workers are getting "snatched up" pretty quickly. By contrast, the finance portion of the finance and insurance industry often suffers during times of increased interest rates. That's a cyclical thing. Across all industries in the U.S., there is still roughly 0.6 of a worker available for each open position.

Overall, **Unemployment Rates {Page 3}** fell for all regions from November to December of last year: U.S. from 3.4% to 3.3%, CO from 3.3% to 2.8%, and El Paso County from 3.6% to 3.0%. All those unemployment rates are incredibly low if you recall that the "natural rate" of unemployment is around 4.0 - 4.5%. The U.S. rate of 3.3% is the lowest we have seen since 1969.

**Home Sales {Page 6}** in the Pikes Peak region fell in December to 851 from 936 in November. **Residential Building Permits {Page 6}** for single-family homes also declined significantly in December (to 91) from 144 the month prior. Multifamily permits declined to 420 in December from 517 in November. If we compare 2021 total SF and MF permits, to 2022 levels, there has been a 5.4% decline. I don't think anyone will argue that 2023 is going to have a sharper decline in local, residential construction. It is worth noting, however, that both architecture and construction surveys are showing some more recent upticks in confidence in their outlook for 2023. It's mostly due to 30-year mortgage rates coming down from a high of roughly 7.0% to 6.13% as of last week. Some of the renewed optimism is also due to the feeling that the Fed may only increase rates one more time and by 0.25%, which was not the assumption a few months ago. Also, residential builders have seen more foot traffic in models because of the moderation in mortgage rates. The simple fact that prospective buyers surface when rates come down a little bit tells me that there is still very healthy home buying demand. When interest rates do come back down, builders and agents will be quite busy again. The 2022 Q4 home prices are not yet out, so I will include that in next month's narrative.

**Commercial Real Estate {Page 6}** did not have major changes in prices, but vacancy rates fell across all categories. In 2022 Q4 office vacancy rates declined to 9.1% compared to 9.8% in Q3. Medical Office vacancies fell to 8.4% versus 9.5% in Q3. Retail vacancies fell to 4.4% in Q4 from 4.6% in Q3, and industrial vacancies fell to 6.3% from 6.5%. The data represents all classes of properties (from lower quality to downright bougie) so lease rates may appear a bit off. I am currently investigating whether there is another data source that I can use with reliable detail that perhaps I can rotate in and out of the monthly reports. I'll keep you posted and thank you, Ron Fitch, for reaching out.

Lastly, **Enplanements {Page 7}** were up over 27% at our local airport comparing all of 2019 to 2022, which is amazing. In fact, the CS airport had the highest amount of traffic in 22 years with more than a million passengers. Congratulations, Greg, Joe, and your entire team! Similarly, although local tourism is lower in the winter months, overall, hotel profitability was up 21.4% in December 2022 compared to December 2019. More good news.

The state has changed their license for the job posting information and we are looking at the new source carefully before we publish anything. So, stay tuned for next month's labor market information, which will have updates.

Thank you and have a great week,

Tatiana ([tbailey@ddestrategies.org](mailto:tbailey@ddestrategies.org)) & Rebecca ([rwilder@ddestrategies.org](mailto:rwilder@ddestrategies.org))

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

[Page 4 - Local Labor Market](#)

[Page 5 - Demographics](#)



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

[Page 6 - Real Estate](#)

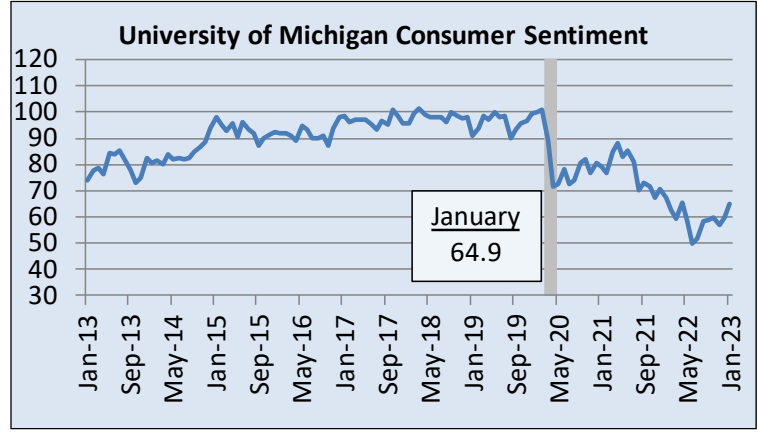
[Page 7 - Taxation, Vehicles, Air & Tourism](#)

[Page 7 - Crime & Safety](#)

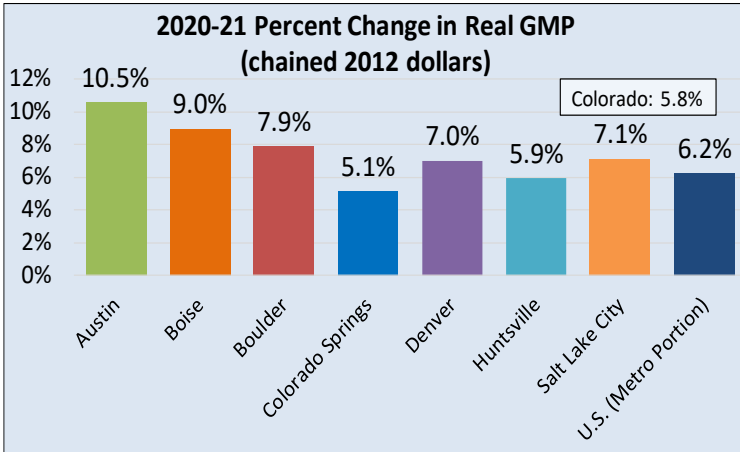
## MACROECONOMIC "BIG PICTURE" (PAGE 3)



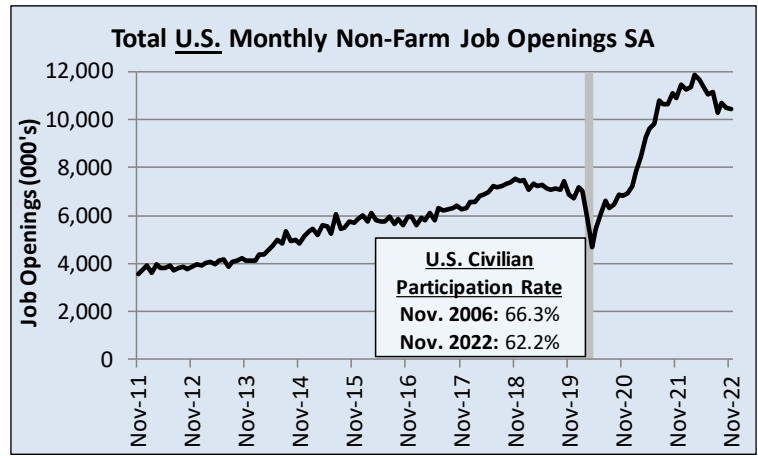
\*Estimate of real GDP percent change from same quarter a year ago, SA  
 \*\*If quarterly changes were annualized over the year.  
 Source: U.S. Bureau of Economic Analysis



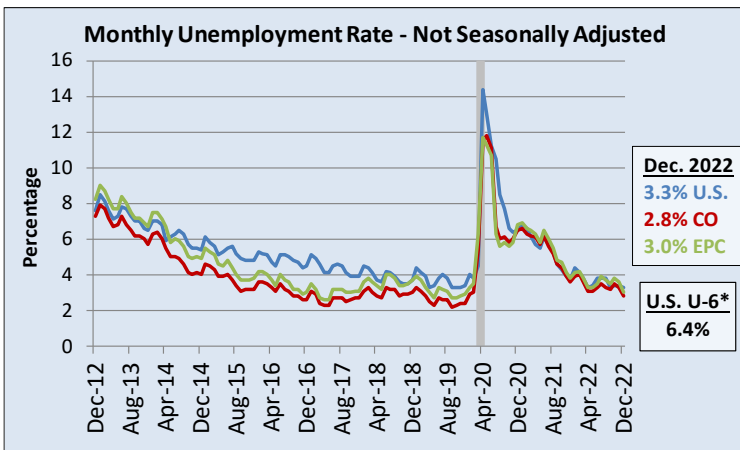
Source: University of Michigan



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

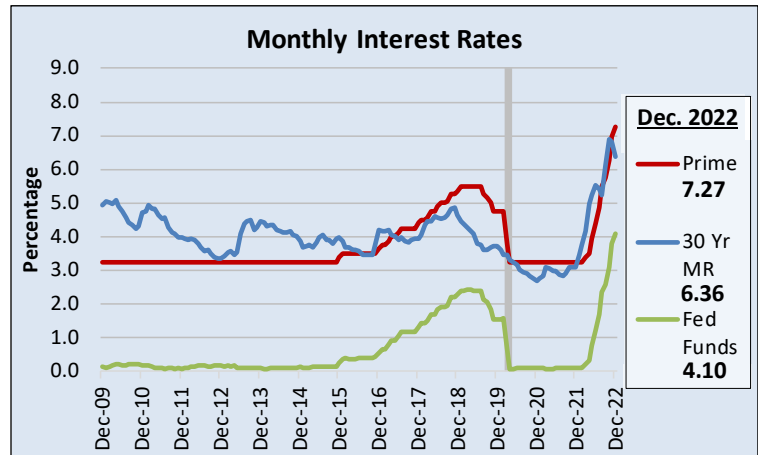


Note: Data not seasonally adjusted (NSA) to enable comparisons with counties.  
 \*U-6 includes unemployed, those marginally attached to the labor force, plus those employed part time who would prefer full-time work.  
 Sources: U.S. Bureau of Labor Statistics; CO Dept. of Labor & Employment

U.S. Consumer Price Index - December 2022		
	All items	Less food & energy
Change from November to December 2022 (SA)	-0.1%	0.3%
Last 12-months (NSA)	6.5%	5.7%

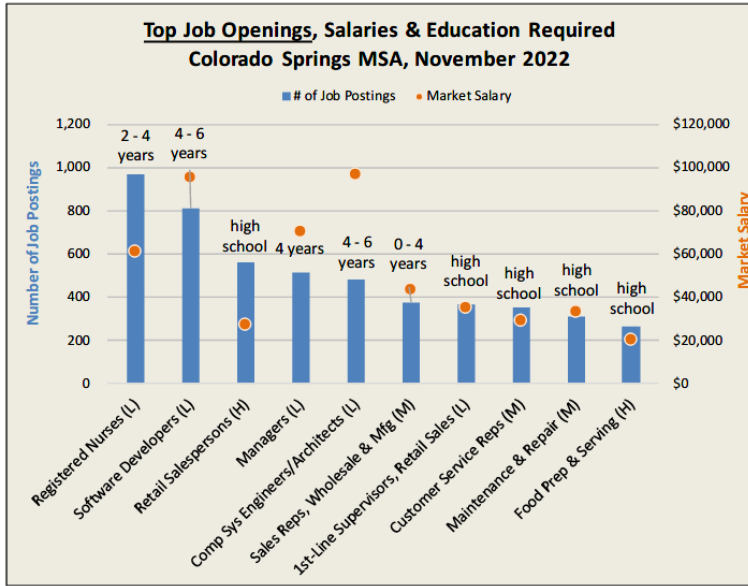
The 2022 Q3 cost of living in the Colorado Springs MSA was 105.1% of the U.S. according to C2ER data provided by the PPWFC.

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



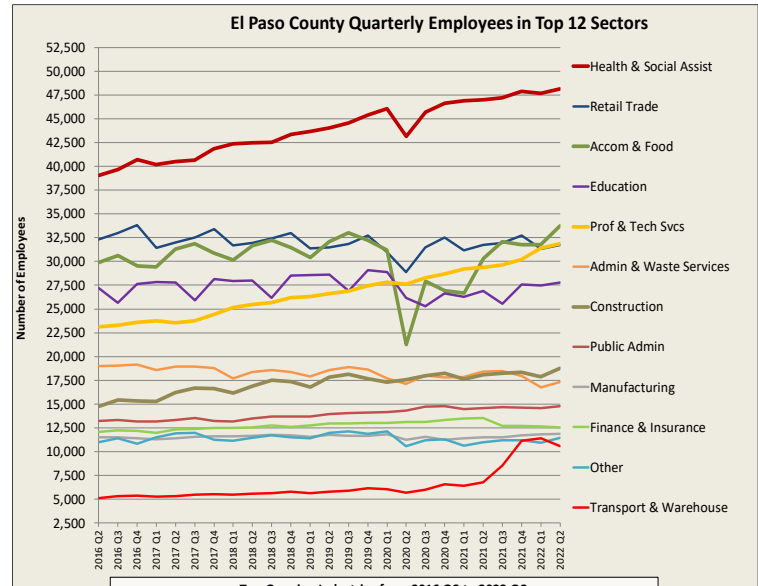
Source: Board of Governors of the Federal Reserve System

## LOCAL LABOR MARKET (PAGE 4)

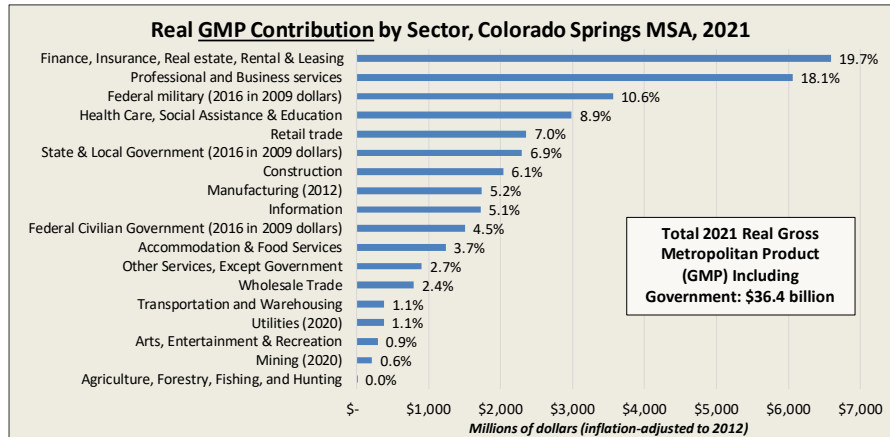


**TOTAL Job Openings: 22,158**  
**TOTAL Unemployed: 13,381**  
**Workers Available per Job Opening: 0.60**

Risk of Automation: L = Low; M = Medium; H = High  
 \*Some months may lag for this ratio due to timing of data releases for number of unemployed from CDLE.  
 Sources: The Conference Board® Lightcast.io via Pikes Peak Workforce Center; CO Dept. of Labor & Employment

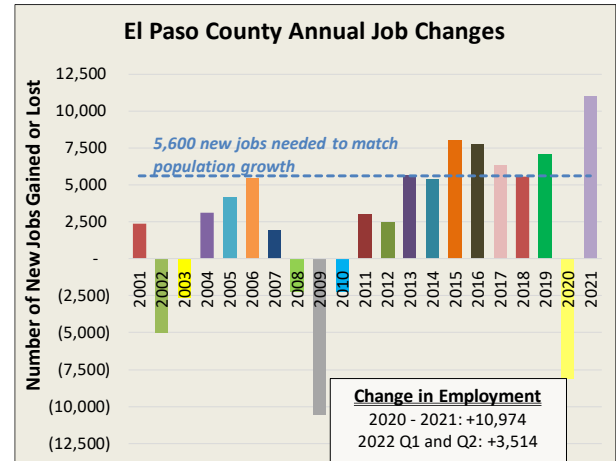


**Top Growing Industries from 2016 Q2 to 2022 Q2**  
 Transport & Warehouse: +106.2%  
 Prof & Tech Services: +37.8%  
 Construction: +27.2%  
 Health & Social Assist: +23.3%  
 Accommodation & Food Services: +12.9%



**Total 2021 Real Gross Metropolitan Product (GMP) including Government: \$36.4 billion**

Manufacturing data last disclosed in 2012. Utilities and Mining data last disclosed in 2020. Government data is no longer released by sector so data shown is for 2016 in 2009 dollars. 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



**Change in Employment**  
 2020 - 2021: +10,974  
 2022 Q1 and Q2: +3,514

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: CO Dept. of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

School District	H.S. Grad Rate	Median Earnings
Harrison D2	79.9%	\$38,307
Lewis-Palmer D38	95.1%	\$79,865
Colorado	81.7%	\$57,524

Source: U.S. Census Bureau, American Community Survey 5-year estimates

	El Paso County	U.S.
% people at FPL or below	9.6%	12.8%

Note: FPL in 2021 was \$12,880 for an individual and \$26,500 for a family of four.

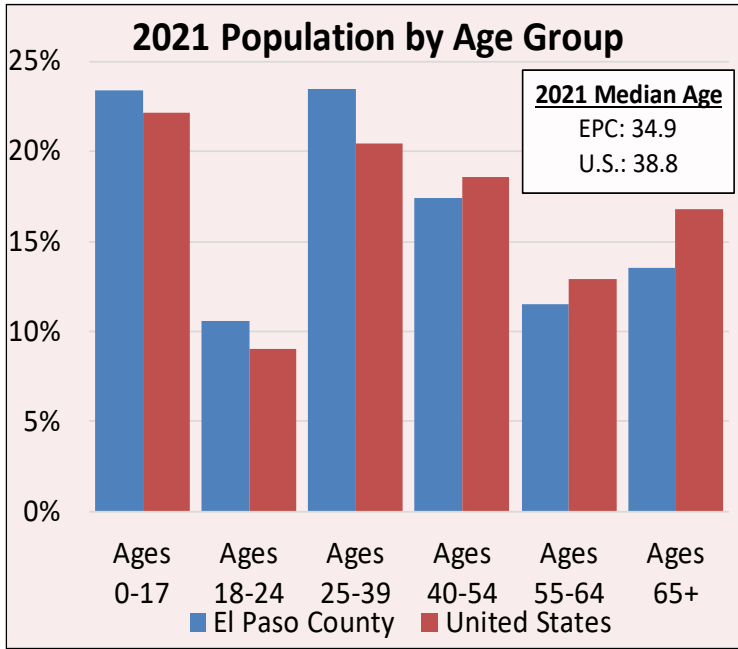
	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$12.56	\$26,125
Living wage: HHS with 1 adult, 2 children	\$44.08	\$91,686
Living wage: HHS with 2 adults (1 working), 2 children	\$38.45	\$79,976
Living wage: HHS with 2 adults* (2 working), 2 children	\$24.93	\$51,854

\*Living wage is for each working adult. For specifics, go to [livingwage.mit.edu](http://livingwage.mit.edu).

U.S.	Colorado	El Paso County
\$67,288	\$70,772	\$59,696
<b>2022 Q2 El Paso County Total Employment (excluding military)</b>		
		297,867
<b>*Estimated military employment in 2021 (and % of total EPC who are military).</b>		61,489 (17.4%)

Note: QCEW data does not include military-related employees. Military employment includes USAFA, Schriever, Fort Carson, Peterson & Cheyenne Mountain.  
 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

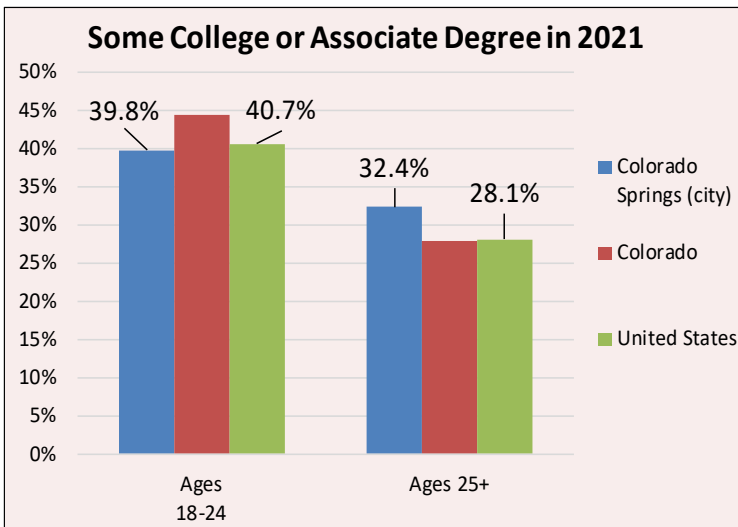
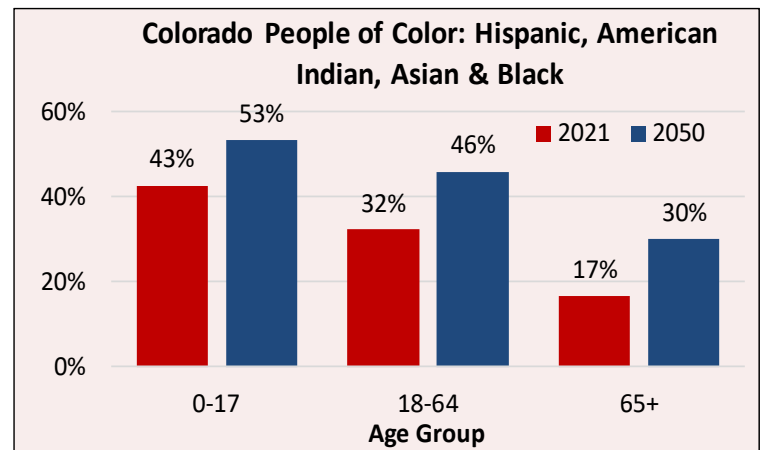
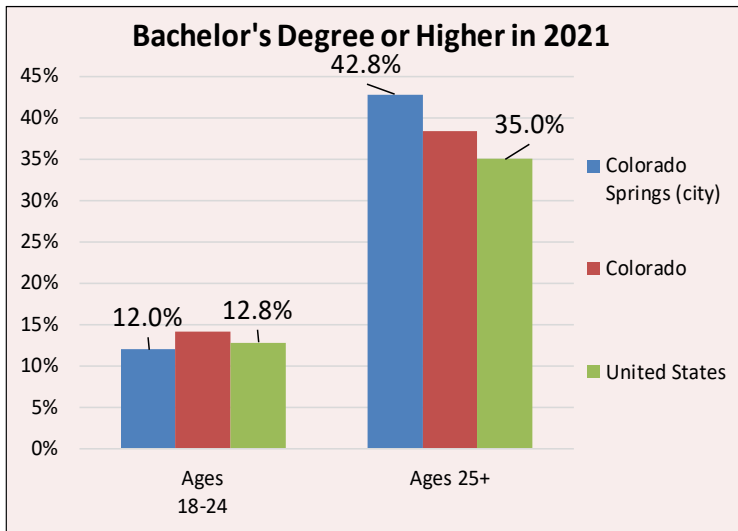
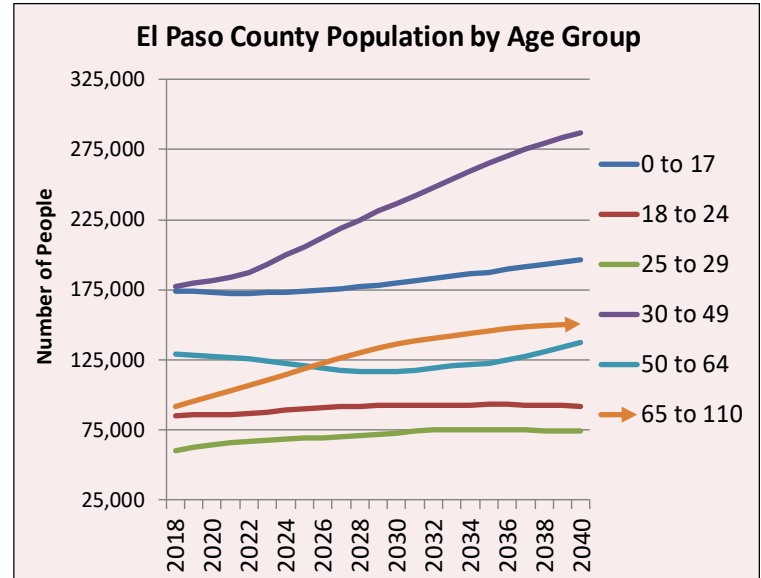
## DEMOGRAPHICS (PAGE 5)



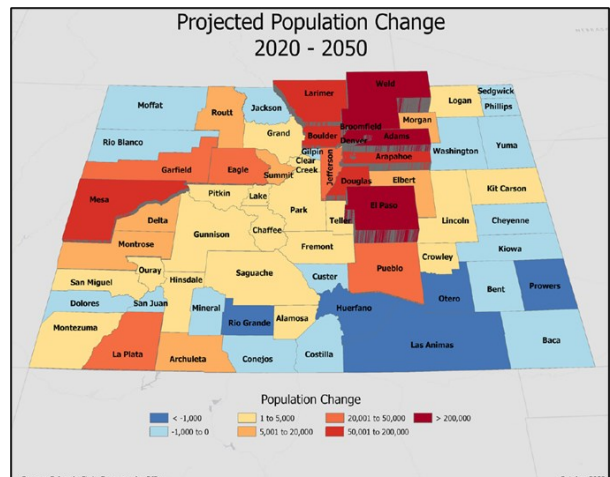
Sources: State Demography Office; U.S. Census Bureau, Population Division; Age groups from the U.S. Census Bureau's Population Estimates Program.

### Population Estimates

	2021	2050
El Paso County	738,532	1,004,028
Colorado	5,814,707	7,486,286

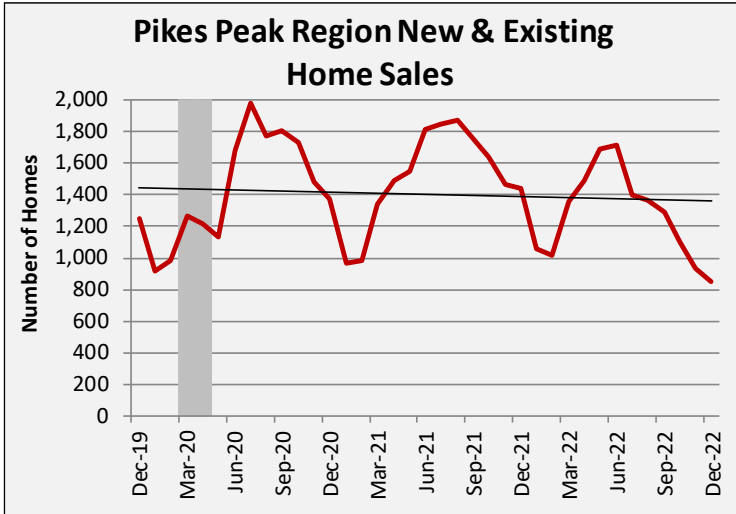


Source: U.S. Census Bureau, American Community Survey 1-year estimates



Source: Colorado State Demography

## REAL ESTATE (PAGE 6)

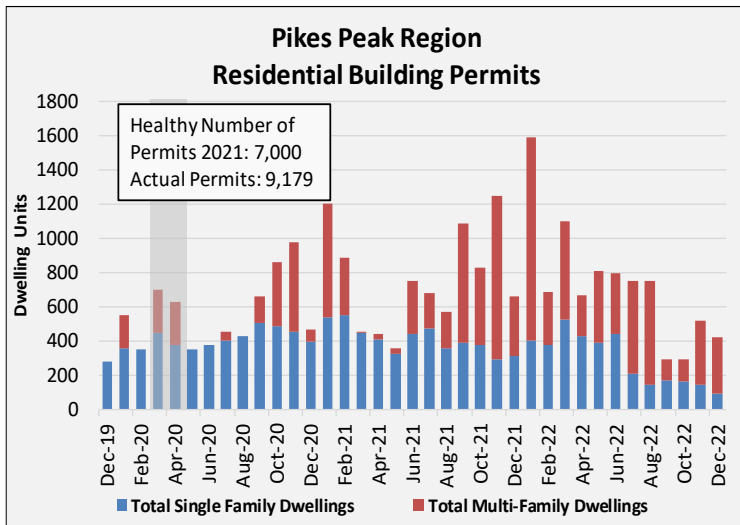


Source: Pikes Peak REALTOR® Services Corp.

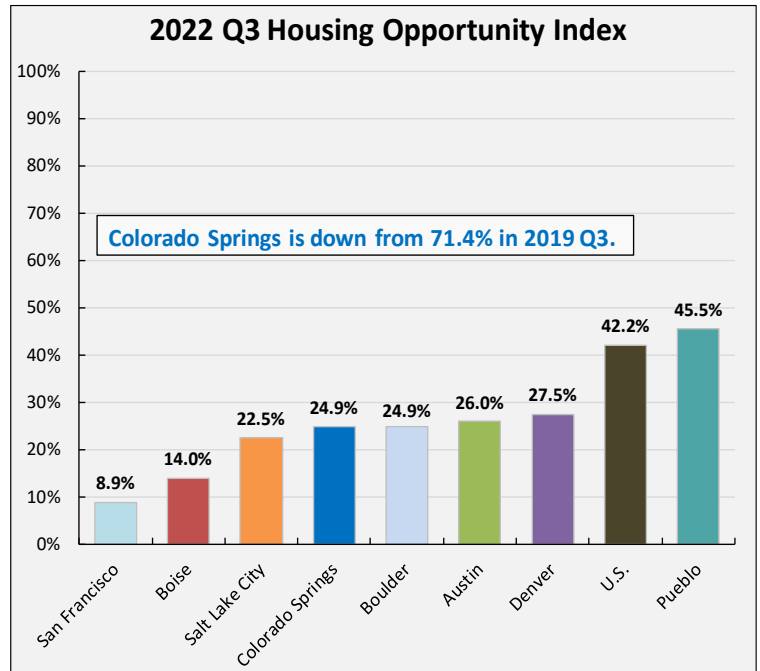
### Median Existing Single-Family Home Price 2022 Q3

Location	Colorado Springs	Denver	Boise	United States
<b>Price</b>	\$462,200	\$666,000	\$483,800	\$398,500
<b>1-year % Change</b>	4.8% increase	8.3% increase	0.6% increase	8.6% increase
<b>MSA Rank</b>	36	14	28	n/a

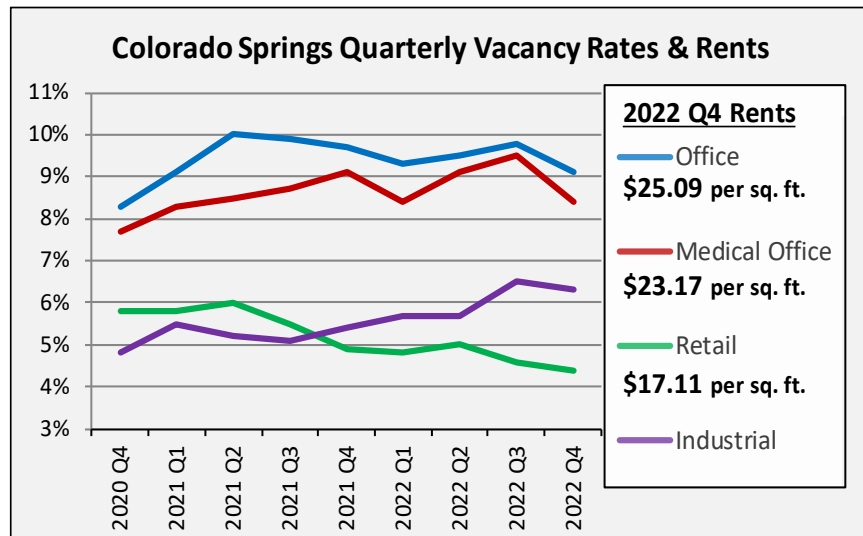
Sources: National Association of REALTORS®



The National Association of REALTORS® has calculated that the U.S. has underbuilt roughly 6.5 million homes since the Great Recession. Data-Driven Economic Strategies has calculated a local shortage of 12,351 homes.  
Source: Pikes Peak Regional Building Department



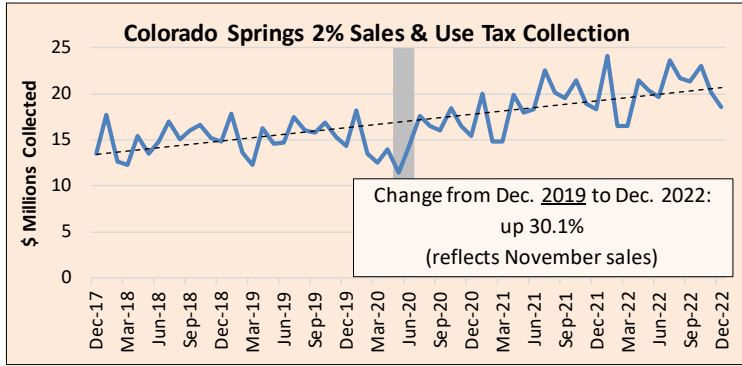
Notes: The Housing Opportunity Index (HOI) is defined as the share of homes sold in that area that are affordable to a family earning the local median income, based on standard mortgage underwriting criteria. It includes new and existing homes.  
Sources: National Association of Home Builders; Wells Fargo



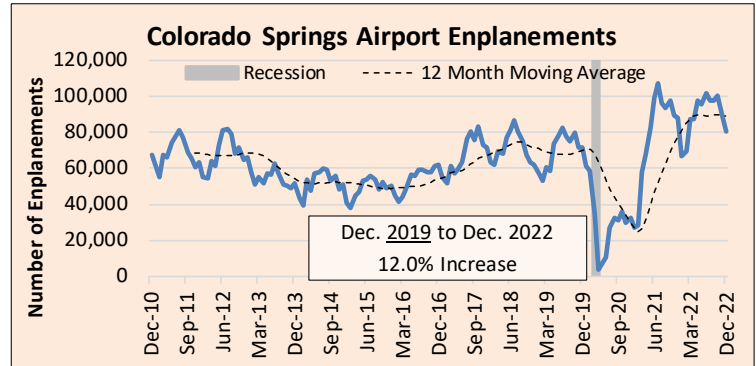
Sources: CoStar Group™; Olive Real Estate Group, Inc.

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

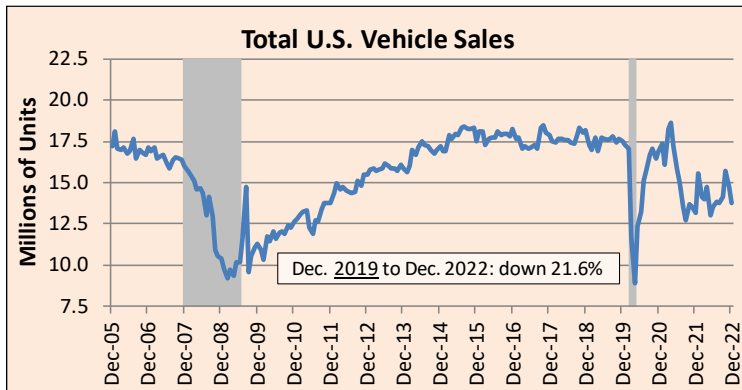
## TAXATION, VEHICLE SALES, AIR QUALITY, AND TOURISM (PAGE 7)



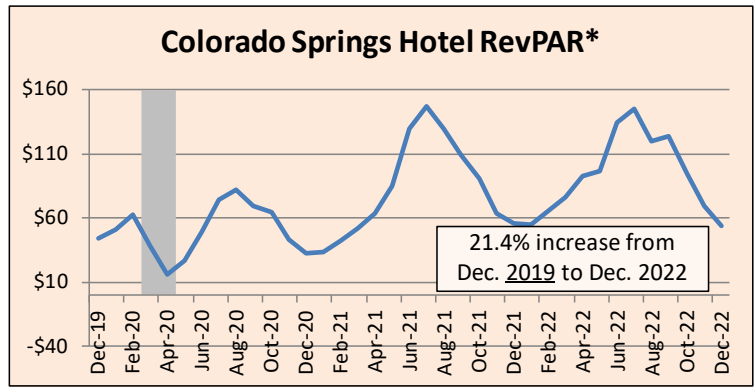
Source: City of Colorado Springs



Source: Colorado Springs Airport



Source: U.S. Bureau of Economic Analysis



2021 Air Quality		
	Colorado Springs*	U.S. Standard
Carbon Monoxide (CO) Concentration (ppm)	1.1	9.0
Particulate Matter (µg/m <sup>3</sup> )	5.97	12.00
Ozone (ppm) at USAFA	0.73	0.70
Ozone (ppm) at Manitou Springs	0.73	0.70
Sulfur Dioxide (SO <sub>2</sub> ) (ppb)	10.1	75.0

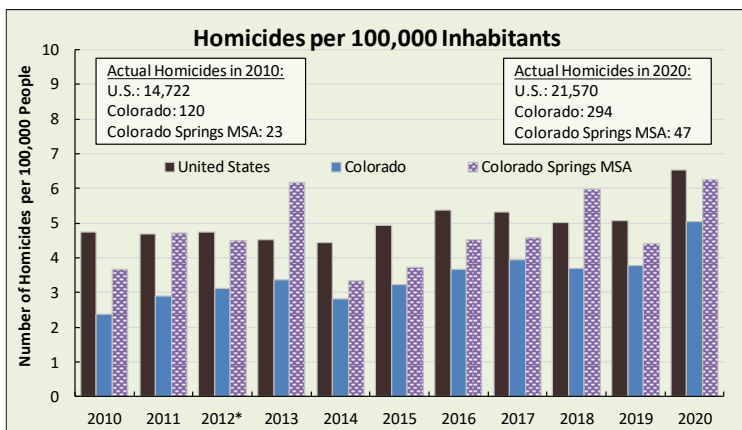
\*Locations of measurements: CO at 690 W. Hwy 24; Particulate Matter at Colorado College; SO<sub>2</sub> at Hwy 24  
Source: Colorado Department of Public Health & Environment

Hotel Occupancy Rate December 2022		
Colorado Springs	Denver	Colorado
49.1%	53.0%	52.8%

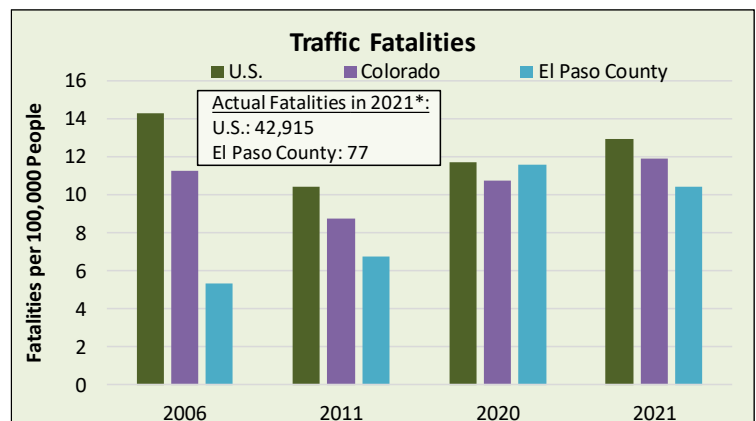
Hotel RevPAR December 2022		
Colorado Springs	Denver	Colorado
\$53.60	\$66.75	\$103.05

\*RevPAR measures hotel revenue by taking the average room rate times hotel occupancy.  
Source: Colorado Hotel & Lodging Assoc., Rocky Mountain Lodging Report

## CRIME & SAFETY (PAGE 7)



\*2012 data for the Colorado Springs MSA is from the Centers for Disease Control & Prevention.  
Source: Federal Bureau of Investigation, Uniform Crime Report



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

2020 Mortality Rates due to Homicide per 100,000 Population				
Canada	Germany	Italy	Japan	United States
2.0	0.9	0.5	0.3	6.5

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 2021	
City of Colorado Springs	15.7
Colorado Springs MSA	7.1
Cities with Population 500,000-999,999	22.7

Source: Federal Bureau of Investigation, Uniform Crime Report

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

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

## SUPPORTERS (PAGE 8)



# THANK YOU!