

UCCS Economic Forum Monthly Dashboard & Message from the Director Dr. Bill Craighead



Welcome to the UCCS Economic Forum dashboard update for October. Our update this month has some mixed signals – strong national data but somewhat weaker local indicators.

The US economy continues to show surprising strength in the face of higher interest rates. The initial “advance estimate” of real GDP growth for the third quarter came in at a 4.9% annual rate. For comparison, a growth rate of around 2% would be considered normal for the US economy. Growth in the quarter was boosted by an increase in inventory accumulation which wouldn’t necessarily be expected to continue, but removing changes in inventories still leaves a 3.6% growth rate.

Consumers continue to spend enthusiastically. The Census Bureau’s advance retail sales report for September also came in stronger than expected. There is reason to doubt whether this pace can be sustained – the household saving rate dropped to 3.4% in September. Over 2014-2019, the saving rate averaged 6%. One factor supporting strong consumption is household wealth – the Fed released the triennial Survey of Consumer Finances, which showed that median household wealth increased by 37% between 2019 and 2022, to \$192,900, after adjusting for inflation. While much of the conversation on higher home prices has focused on the negative effect on affordability, the increased equity for home-owning households supports their spending.

Overall, inflation continues to recede – the year-on-year change in the Consumer Price Index was 3.7% in September, well down from its June 2022 peak of 9.1%. However, the Fed’s preferred measure, the core personal consumption expenditures (PCE) price index, increased more in September than it has in recent months. Over the last three months, the core PCE index has given a 2.5% annual rate of inflation.

Although the September PCE data was probably unwelcome to the Federal Open Market Committee, they are expected to keep the target for the federal funds rate unchanged at their meeting this week. Several Fed leaders, including San Francisco Fed President Mary Daly and Dallas Fed President Lorie Logan, have made comments indicating that market movements in long-term interest rates reduce the need for increases in the Fed funds rate.

Speaking of long-term interest rates, yields on 10-year US Treasury bonds are approaching 5% which hasn’t been seen since 2007. Mortgage rates have also been rising and are well over 7%. The rise in long-term rates reflects a confluence of forces – a stronger economy will mean higher short-term rates for longer, which tends to push up long rates, but also high projected federal borrowing needs imply a greater supply of US Treasury bonds in the future, which increases their yields.

Higher long-term interest rates continue to dampen housing activity, particularly when most outstanding mortgages carry rates below 4%. Local sales volume is off by over 20% from a year ago. The lack of existing homes on the market may be helping prop up prices – the median sale price of a single-family home in the region was \$475,000 in September, down slightly from August, but higher than the year-ago figure of \$460,000.

Some local labor market indicators have been a little on the weak side. In September, the seasonally adjusted unemployment rate for Colorado increased slightly to 3.2% and the labor force participation rate ticked down. Colorado's unemployment rate is still lower than the US rate of 3.8%, but it was 2.8% as recently as June. The payroll data, which is from a different survey, showed lackluster employment growth in the state, with an increase of 1,500 jobs.

The unemployment rate fell in the Colorado Springs area, from 3.8% to 3.4%. However, the local data in this release does not have a seasonal adjustment, and the unemployment rate normally falls in September with the start of the school year.

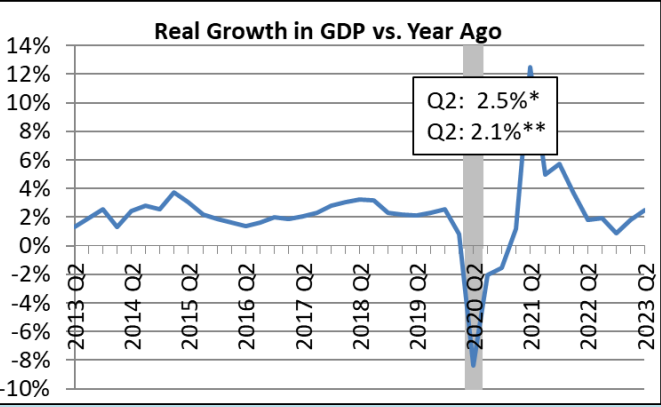
Year-to-date city sales tax collections continue to be slightly below where they were at the same point last year, mainly due to lower collections from sales of building materials. The furniture, appliances, and electronics as well as the utilities categories are also down on a year-to-date basis. Since major home improvement projects and furniture and appliance purchases are often financed on credit, it is not surprising to see some weakness here with higher interest rates. New furniture and appliances also often go with new home purchases, so the sluggishness in home sales is a drag on this category.

Next month, our dashboard will have a new look and some new data. I'm very grateful to Joe Craig who has continued to update the current dashboard, including this month's, through our transition.

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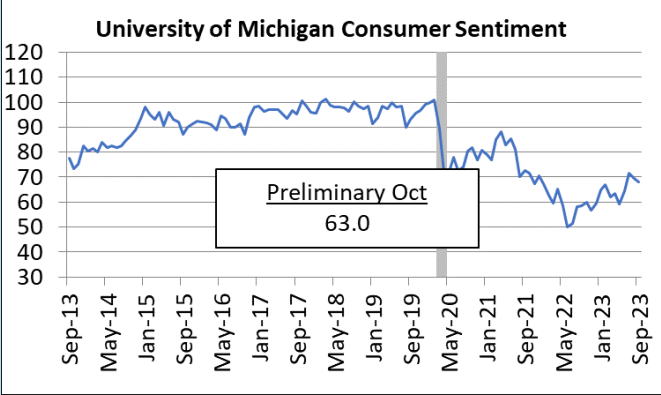
The Big Picture

U.S. Quarterly GDP



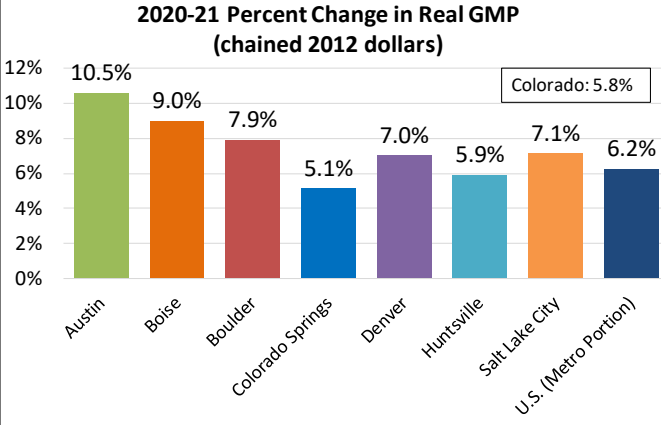
*Real GDP Percent Change from same quarter one year ago, SA
**If Q2 changes were annualized over the year.
Source: US Bureau of Economic Analysis

U.S. Consumer Sentiment



Source: University of Michigan

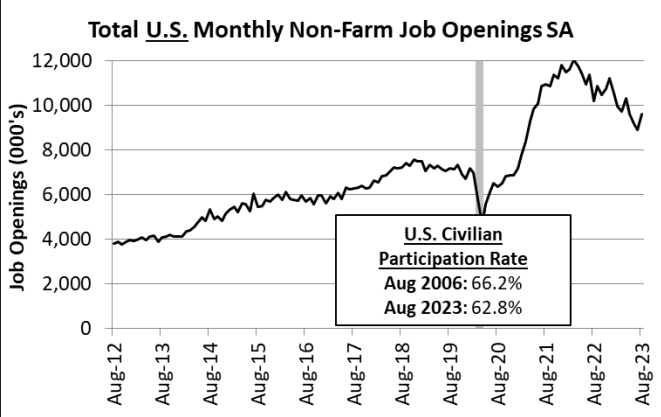
MSA Real GMP



Note: Military data is included in GMP. Real GMP is adjusted for regional price parity (RPP). Percentage change compares 2021 to 2020 real GMP.
Source: U.S. Bureau of Economic Analysis

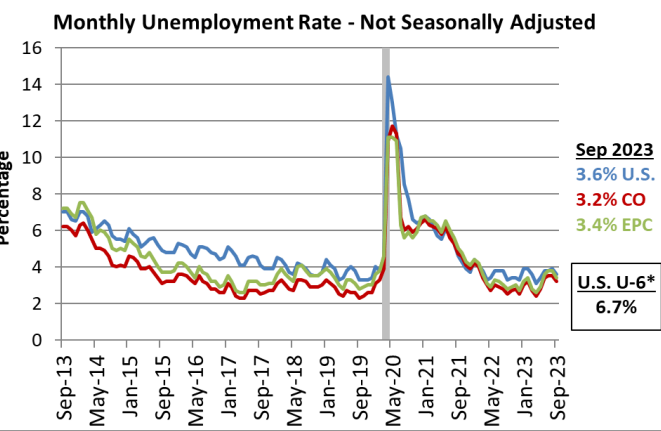
Labor Force/Employment

U.S. Non-Farm Job Openings



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

Unemployment Rate



Note: Data is not seasonally adjusted (NSA).
*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

Inflationary Measures

U.S. Consumer Price Index - Sep 2023		
	All items	Less food & energy
Change from Aug 2023 to Sep 2023 (SA)	0.4%	0.3%
Last 12-months (NSA)	3.7%	4.1%
The 2023 Q2 cost of living in the Colorado Springs MSA was 107.2% of the U.S. according to COLI.org data from CS Chamber and EDC.		

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



Local Labor Force/Employment

Colorado Springs MSA Job Openings

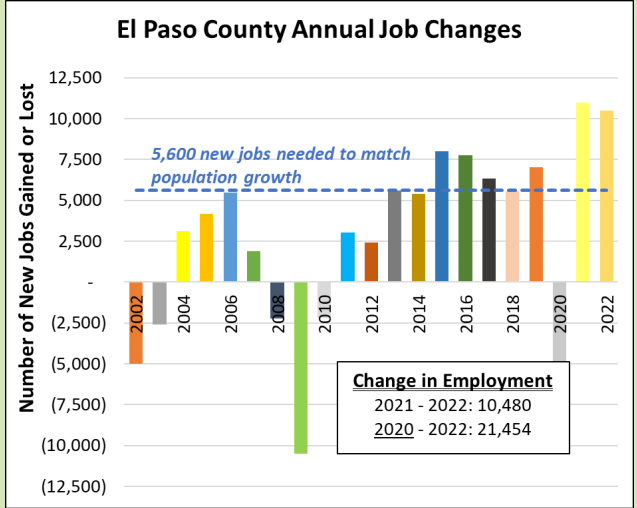
September 2023		
Top Job Titles/ (Risk of Automation)	# of Job Postings	Market Salary
Registered Nurses (L)	1,086	\$87,808
Software Developers, (L)	580	\$121,600
Computer Systems Engineers/ Architects (L)	421	\$123,648
Retail Salespersons (H)	636	\$32,896
Managers (L)	303	\$100,096
Sales Reps, Wholesale & Mfg (M)	418	\$60,032
First-Line Supervisors of Retail Sales Workers (L)	417	\$45,184
Customer Service Reps (M)	340	\$39,552
Maintenance & Repair Workers (M)	300	\$45,696
Information Security Analysts (L)	184	\$116,480

*Risk of Automation: L=Low Risk; M=Medium Risk; H=High Risk

TOTAL Unique Job Openings: 20,583
TOTAL Unemployed: 12,962
Workers Available per Job Opening: 0.63

Sources: Lightcast™ . 2023 via Pikes Peak Workforce Center; CO Dept. of Labor & Employment

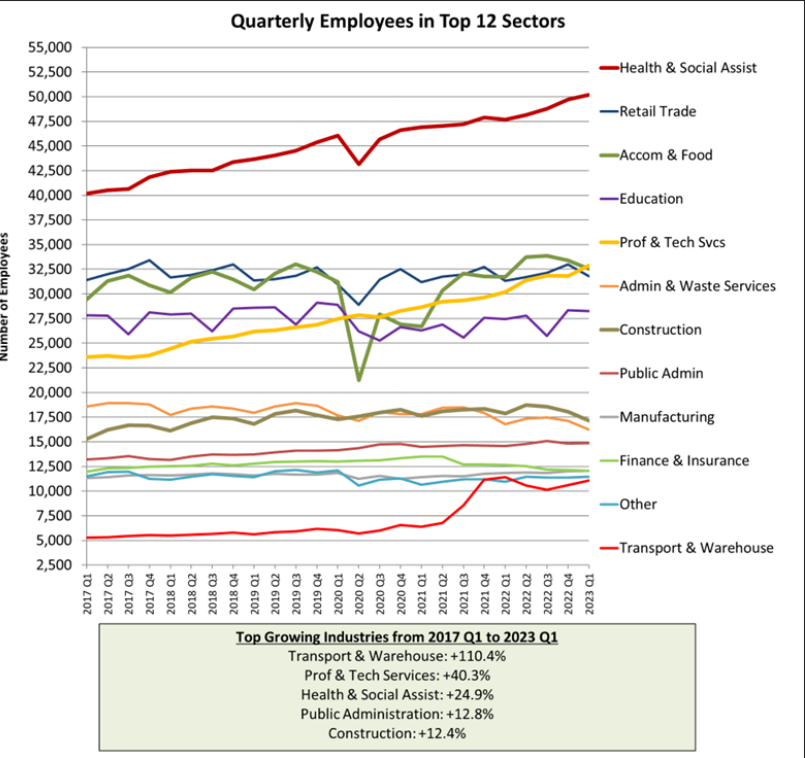
El Paso County New Jobs



An estimated 5,600 jobs are needed based upon population growth and age composition; calculated by the UCCS Economic Forum.

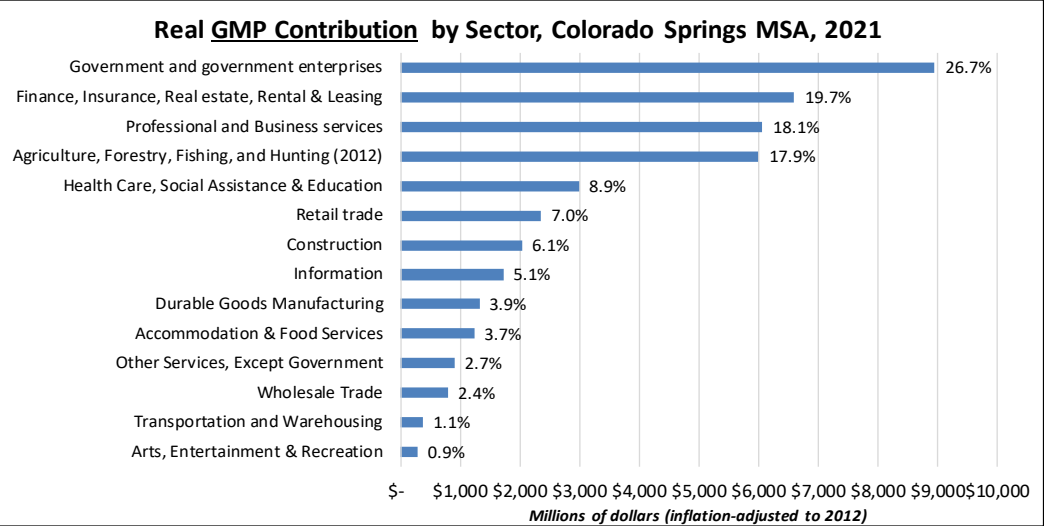
Local Employment/Wages

El Paso County Employment in Selected Sectors



Note: QCEW data lags by up to two quarters and does not include military-related employees. Sources: U.S. Bureau of Labor Statistics and Colorado Department of Labor and Employment, QCEW; U.S. Census Bureau, Small Area Income and Poverty Estimates; U.S. Department of Health & Human Services; MIT Living Wage Calculator.

Colorado Springs MSA GMP by Sector



Manufacturing and Agriculture data last disclosed in 2012. Government data lags for these metrics and was not released by sector so data shown is for 2016 in 2009 dollars. Source: U.S. Bureau of Economic Analysis

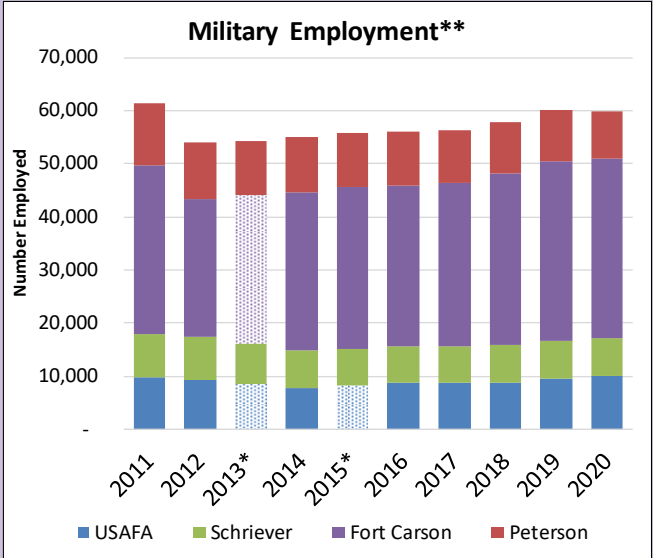
2023 Q1 Average Annual Wages for All Industries		
El Paso County wages are 15.5% lower than U.S. wages and 21.5% lower than CO wages.		
U.S.	Colorado	El Paso County
\$77,234	\$83,252	\$65,312
2023 Q1 El Paso County Total Employment (excluding military)		296,638
*Estimated military employment employees in 2021 (and % of total EPC who are military).		61,489 (17.4%)

2022 Federal Poverty Level (FPL)		
	El Paso County	U.S.
% people at FPL or below	8.3%	12.6%
Note: FPL in 2021 was \$13,590 for an individual and \$30,000 for a family of four.		

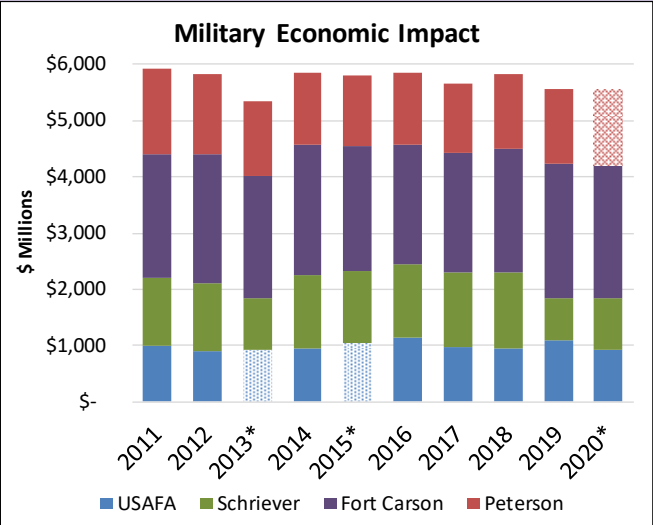
2022-23 Minimum Wage & Living Wage El Paso County		
	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$13.65	\$28,392
Living wage: HHs with 1 adult, 2 children	\$49.16	\$102,253
Living wage: HHs with 2 adults (1 working), 2 children	\$41.02	\$85,322
Living wage: HHs with 2 adults* (2 working), 2 children	\$26.74	\$55,619
*Living wage is for each working adult. For specifics, go to livingwage.mit.edu .		

Military

El Paso County Employment



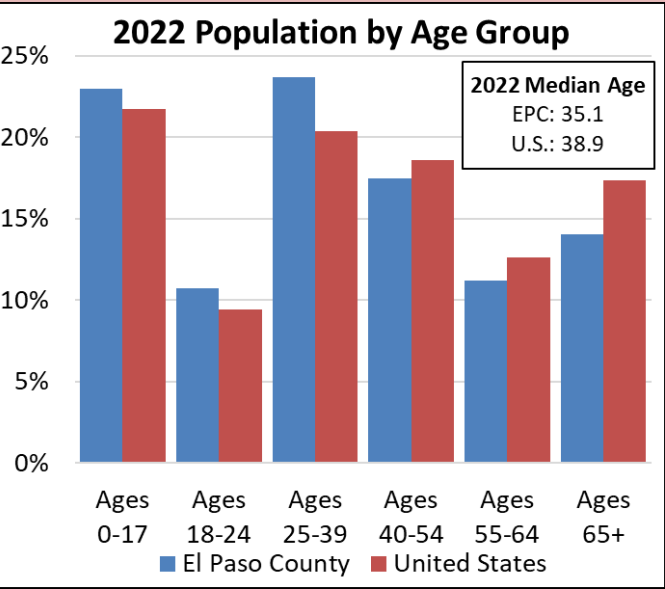
Expenditures in El Paso County



*2013 and 2015 data was not available for all locations. Textured bars are an estimate in 2013 and 2015 made by the UCCS Economic Forum. Peterson's economic impact number from 2019 is also shown in 2020 as the updated number is not yet ready for release. **The employment numbers for Schriever and Peterson include significant numbers of civilian contractors. The employment numbers for USAFA include cadets and several kinds of contract workers. Note: Schriever had a new methodology for calculating economic impact in 2019. Sources: Department of Military and Veteran Affairs; Colorado Springs Chamber of Commerce & EDC; respective military installations

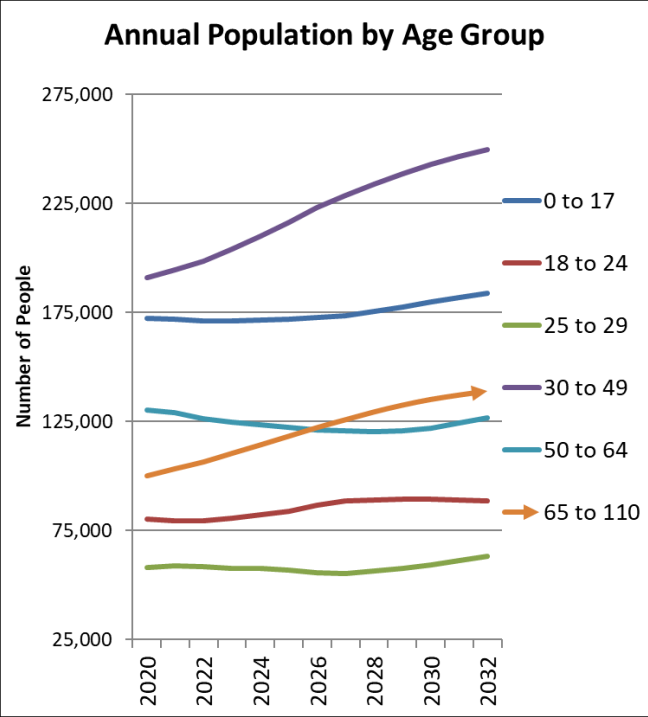
Demographics

El Paso County & U.S. Age Groups



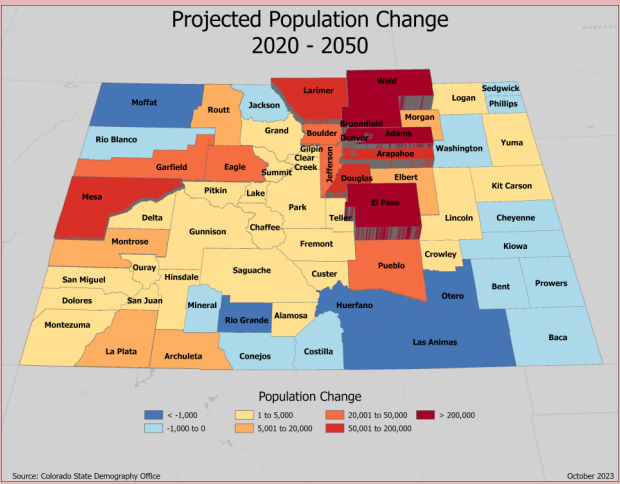
Sources: State Demography Office; U.S. Census Bureau, Population Division; Age groups from the U.S. Census Bureau's Population Estimates Program

El Paso County—Population Projections



Note: Data was updated with projections off of the 2020 Census counts.
Source: Colorado Department of Local Affairs, State Demography Office

Population Growth 2020-2050

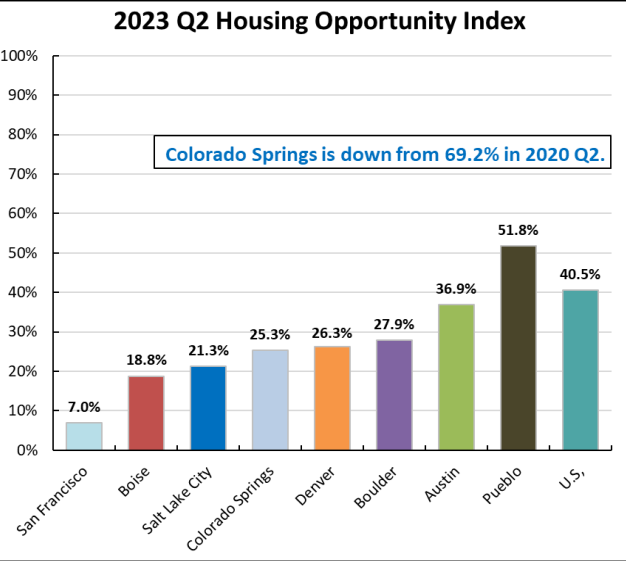


The State Demography Office projects a population increase of **271,979** additional people between 2020 and 2050 in El Paso County.
Source: Colorado Department of Local Affairs, State Demography Office

Population Estimates		
	2022	2050
El Paso County	740,567	1,008,487
Colorado	5,838,738	7,491,875

The city of **Colorado Springs** population in 2022 was **486,248**
Source: US Census Bureau

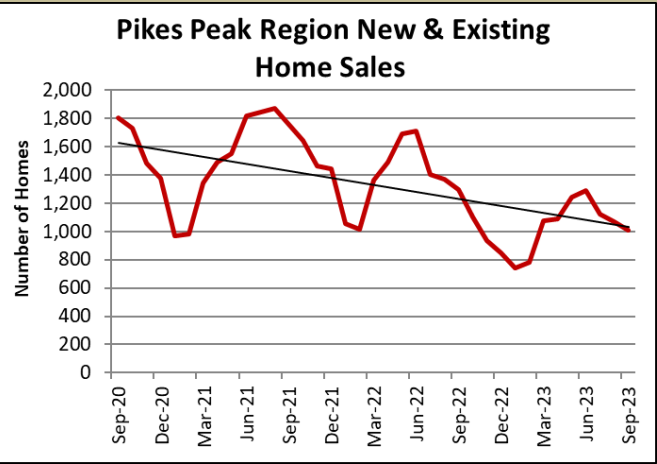
Cost of Living



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

Real Estate

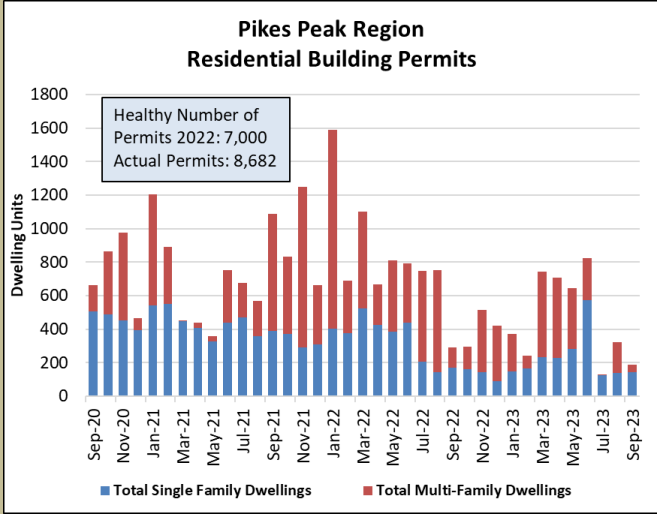
Monthly Home Sales



Median Existing Single-Family Home Price 2023 Q2				
Location	Colorado Springs	Denver	Boise	United States
Price	\$467,100	\$674,500	\$450,400	\$402,600
1-year % Change	2.9% decrease	3.1% decrease	7.9% decrease	2.4% decrease
MSA Rank	44	17	41	n/a

Sources: Pikes Peak REALTOR® Services Corp. (RSC); National Association of REALTORS® Includes existing homes only.

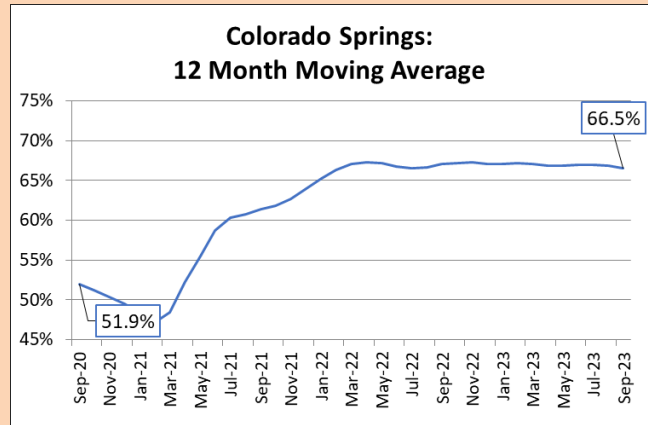
Monthly Building Permits



The National Association of Realtors has calculated that the U.S. has underbuilt roughly 6.5 million homes since the Great Recession. The Forum has calculated a local shortage of 12,351 homes.
Source: Pikes Peak Regional Building Department

Tourism

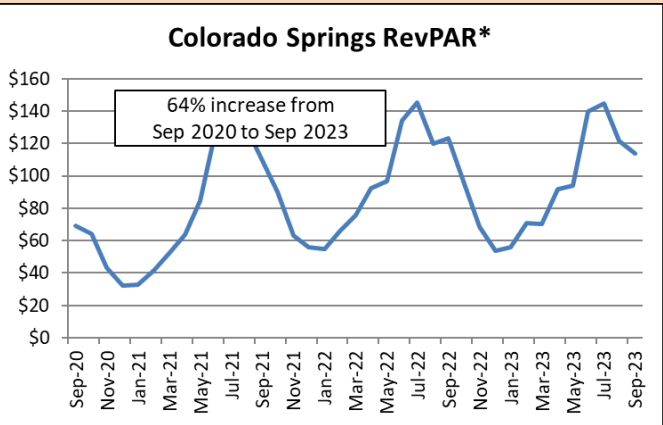
Hotel Occupancy Rate



Hotel Occupancy Rate September 2023		
Colorado Springs	Denver	Colorado
74.7%	81%	77.3%

Source: Colorado Hotel & Lodging Assoc., Rocky Mountain Lodging Report

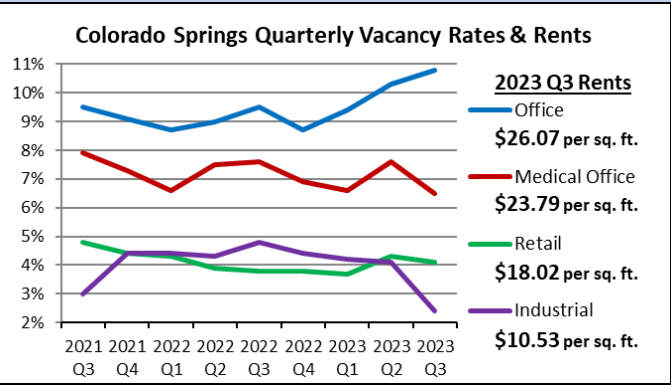
Hotel RevPAR



Hotel RevPAR September 2023		
Colorado Springs	Denver	Colorado
\$113.87	\$145.26	\$146.69

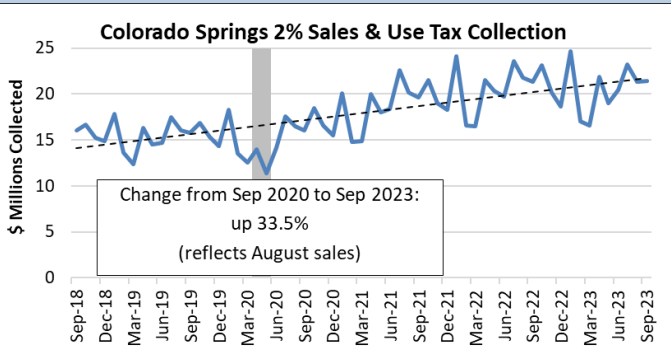
Source: Colorado Hotel & Lodging Assoc., Rocky Mountain Lodging Report
*RevPAR measures hotel revenue by taking the average room rate times hotel occupancy.

Additional Metrics



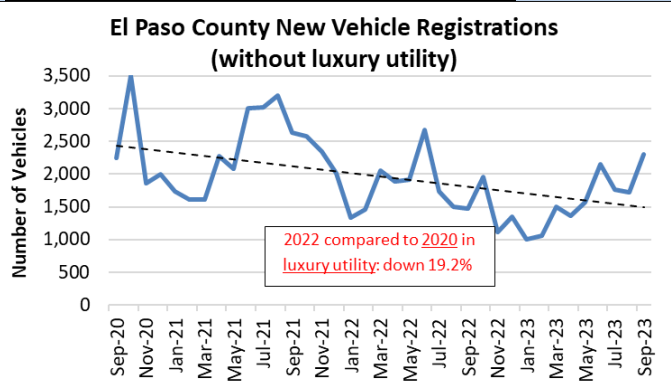
Sources: CoStar Group™; Olive Real Estate Group, Inc.

Monthly Sales & Use Tax Collection



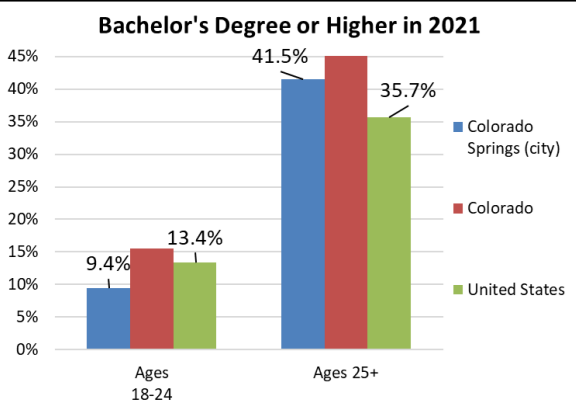
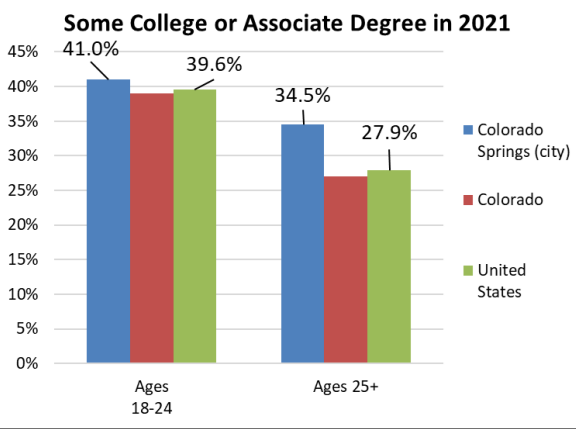
Source: City of Colorado Springs

Colorado Springs Vehicle Registrations



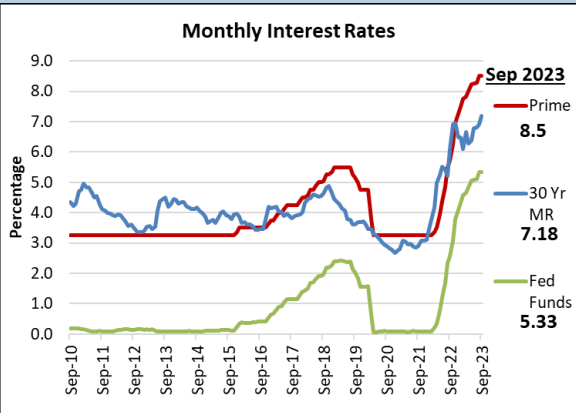
Luxury utility categories (all terrain, camper trailer, trailer coach and trailer utility) are not included in graph line above, but % change in this category is noted in the text box. Sources: El Paso County Clerk & Recorder; Colorado Interactive LLC

Educational Attainment



Source: U.S. Census Bureau, American Community Survey

U.S. Interest Rates



Source: Board of Governors of the U.S. Federal Reserve System; Freddie Mac

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