

UCCS Economic Forum Dashboard Report

February 2024

Dr. Bill Craighead, Director

Greetings from the UCCS Economic Forum!

February was a relatively quiet month for data releases. Because of the Bureau of Labor Statistics annual revision process, local employment data for January won't be available until March.

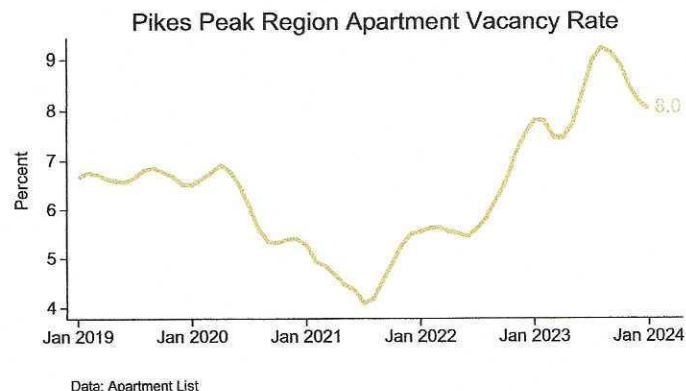
According to our friends at the Pikes Peak Association of Realtors®, the median sale price of a single-family home in the region in January was \$450,000, down very slightly from December and up just a little (1.1%) from a year ago. The pace of sales dropped again, down 14% from December and 9.6% from January 2023. The number of active listings, while down from December, is 6.7% higher than a year ago, which is a hopeful sign for transaction volume this spring.

Apartment rents are down 2.7% from a year ago according to data from Apartment List. Vacancies are somewhat elevated, and there is quite a bit of new apartment supply coming. It would therefore not be surprising to see some further decline in rents in coming months, which would help ease our housing affordability concerns.

After a sharp increase in December, the year-on-year change in city sales and use tax collections turned back down in January. Since January's collections reflect December sales, we now have a picture of overall retail activity for 2023. The collections associated with 2023

sales were essentially flat compared with 2022 (down 0.05%, to be exact). This sluggishness was driven by housing and interest-sensitive categories – collections associated with sales of building materials were down 6.1% and furniture, appliances and electronics were off 7.4%. If home sales pick up this year, we should see a rebound in these categories.

Unfortunately, our data source for hotel occupancy and revenue per available room, the Rocky Mountain Lodging Report, has abruptly ceased publication. I'll be on the lookout for a source of replacement data. Fortunately, we do have another indicator of travel and tourism activity with the collections from the city's Lodger's and Auto Rental Tax (LART) tax. Lodger's tax collections for January (representing December activity) were 5% higher than a year ago, and the smaller auto rental tax component was up 14.8%. For the full year 2023 (including the January 2024 collections for December 2023 activity), LART revenue was up 2%, but this was artificially reduced by elevated



collections in May 2022 when some delinquent payments were collected. Excluding the month of May, 2023 LART revenue was up 4.4% over 2022.

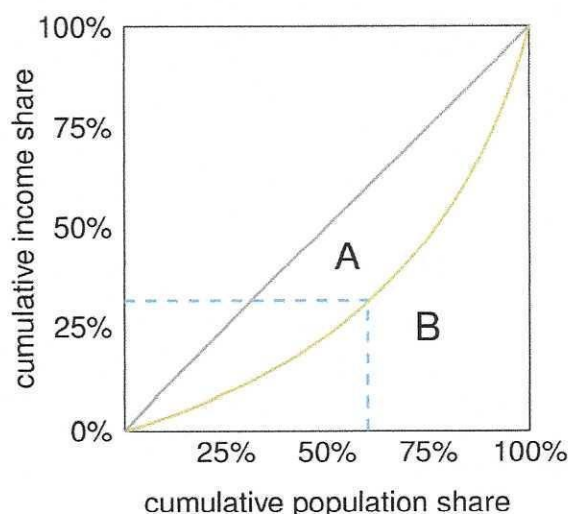
To fill the space left by the hotel data, we've provisionally added the US Personal Saving Rate and Colorado and US Personal Income Per Capita to the dashboard. These are both in the "Consumers" section, which is now on page 3.

In December, US households saved 3.7% of their income. Though I'm generally optimistic about the state of household finances, the fact that the saving rate is somewhat below its 2017-19 average of 6.5% is a reason to believe consumers may become a little more conservative on spending. The spikes in saving that occurred when households received payments from the US Treasury in 2020 and 2021 are visible in the graph on page 3. The San Francisco Fed's estimate is that \$200 billion of pandemic-era "excess" saving remained in December 2023, down from a peak of \$2.1 trillion in August 2021.

One reason for optimism on the consumer front is healthy growth in incomes, as can be seen in the other new figure on page 3. This also reminds us what an affluent state Colorado is – in the third quarter, Colorado ranked 6th in personal income per capita. The highest-income state was Massachusetts at \$88,576, and personal income per capita in District of Columbia was \$102,285. We're showing the state and national figures in the dashboard because they are reported on a quarterly basis and are more timely than metro-level estimates. The most recent metro data is for 2022, when per capita personal income in the Pikes Peak Region was \$61,217, compared with \$84,788 in metro Denver and \$47,208 in Pueblo.

In interpreting income data it is important to bear in mind that "per capita" does not mean "typical" as the above figures would be calculated by taking total income and dividing by population – a small number of very high incomes can raise the average without changing how things look in the middle of the distribution.

The Census Bureau's estimates of inequality, measured with the Gini coefficient, give some helpful perspective. The Gini coefficient is calculated by sorting from the lowest to the highest income and calculating the cumulative income received at each point in the distribution. This gives the bowed line in the figure, called the "Lorenz curve." The point on this hypothetical Lorenz curve marked with the dashed lines shows the bottom 60% of the distribution receiving 30% of total income. A more sharply bowed Lorenz curve would indicate a more unequal income distribution. A perfectly equal income distribution would result in the straight line – the line of perfect equality. The Gini coefficient is taken by dividing the area between the line of perfect equality and the Lorenz curve (area A in

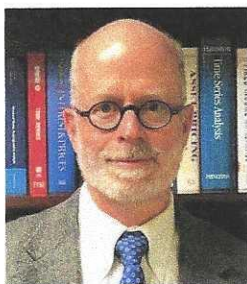


the diagram) by the total area under the line of perfect equality ($A + B$). A perfectly equal distribution gives a Gini of 0, and if all income went to one person, the Gini would be 1.

Among US metro areas, we have relatively low inequality. The Gini coefficient for the Colorado Springs MSA in 2022 was 0.4262, 348th out of 384 MSAs. The most unequal MSA was Bridgeport-Stamford-Norwalk at 0.5431, and the least unequal was Fairbanks at 0.3924. Partly, the comparatively low inequality here reflects (relatively) low poverty – the area poverty rate of 8.2% is considerably lower than the national rate of 12.6%. City size is another factor. Although we certainly have affluent people here, the very top earners, like executives of large multinational corporations and entertainment superstars, tend to be found in larger cities. New York's Gini coefficient was 0.5184 and Los Angeles came in at 0.5000.

Nationally, the January Consumer Price Index (CPI) report came in a little hotter than expected, with the year-on-year change in prices at 3.1%, and core (excluding food and energy) inflation at 3.9%. The report pushed back market expectations of Fed rate cuts, and, since long-term rates reflect expected short-term rates, mortgage rates also gave up some of their recent declines. While this report was somewhat discouraging, it came against a backdrop of significant progress on inflation. January data can be somewhat quirky – it is a month with a large seasonal adjustment, and it is also when many annual price resets occur – and this report didn't significantly alter my overall optimistic view of the inflation picture. If we get a few more months of higher-than-expected readings, I might start to change my mind.

One important thing to note about the January CPI was that much of the increase was driven by housing. Because of the "owners equivalent rent" method used to impute the housing costs of homeowners, this part of the inflation data reflects past increases in market rents with a long time lag. Since rents have moderated, the housing component of inflation should come down over time. Excluding shelter, year-on-year core inflation was 2.2% and overall inflation was 1.5%. Of concern to the Fed is that inflation in non-housing services is still a bit high – e.g., the price of "food away from home" (restaurant meals) was up 5.1%. Grocery prices have settled down, though – the price of "food at home" was only 1.2% higher than a year ago.



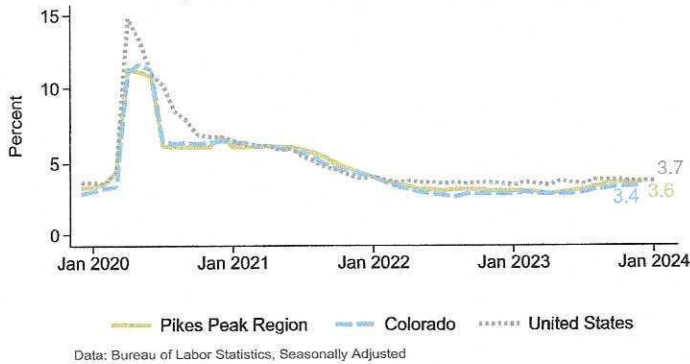
Thank you for your support!

Bill

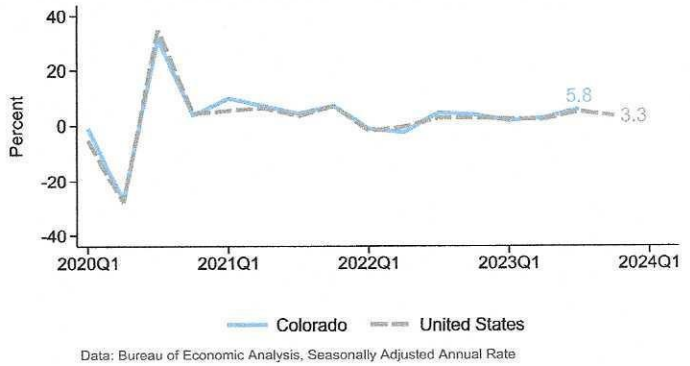
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Output, Employment and Wages

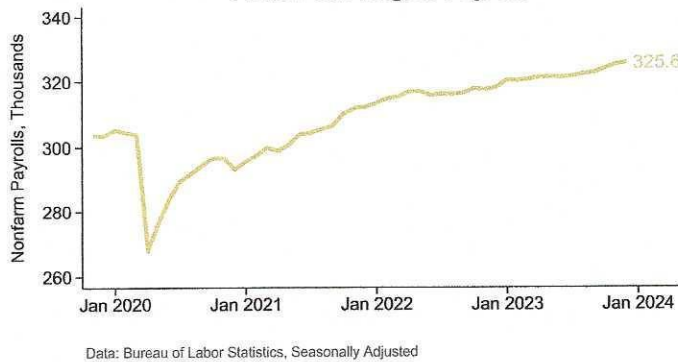
Pikes Peak Region, Colorado and US Unemployment Rates



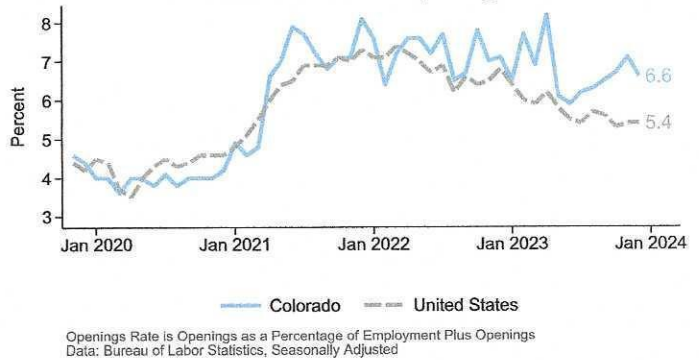
Colorado and US Real GDP Growth



Pikes Peak Region Payrolls



Colorado and US Job Openings Rates



El Paso County Employment by Industry, Q2 2023

Industry	Employment	1 yr. % chg.
Health Care & Social Assistance	50,798	+5.3
Accommodation & Food Services	34,748	+3.0
Professional & Tech. Services	33,699	+6.2
Retail Trade	31,910	+0.6
Educational Services	28,363	+2.1
Construction	17,896	-4.9
Administrative & Waste Services	16,861	-2.8
Public Administration	15,204	+2.8
Finance & Insurance	13,554	+8.2
Manufacturing	12,119	+2.0
Other Services, ex. Public Admin.	11,882	+3.7
Transportation & Warehousing	10,696	+1.3

Top 12 industries shown. Data: Colorado Labor Market Information, Quarterly Census of Employment and Wages Program

Pikes Peak Region Job Postings, Jan. 2023

Occupation	No. of Postings	Median Advertised Ann. Salary
Registered Nurses	1,681	\$87,808
Retail Salespersons	583	\$33,408
Software Developers	567	\$129,792
Other Computer Occupations	541	\$130,304
Sales Reps., Wholesale & Mfg.	477	\$62,592
First-Line Retail Supervisors	400	\$45,696
Fast Food & Counter Workers	362	\$33,408
Customer Service Reps.	360	\$39,552
Maintenance & Repair Workers	342	\$46,720
Managers	326	\$118,016
Total Openings	23,504	\$55,680

Unique, active postings for top 10 occupations shown. Data: The Conference Board-Lightcast Help Wanted OnLine®, courtesy Pikes Peak Workforce Center

Average Annual Wage, Q2 2023

El Paso County	\$62,764
Colorado	\$74,100
United States	\$69,264

Data: Bureau of Labor Statistics

Armed Forces in El Paso County

2022	2021
36,190	32,938

Data: Census Bureau

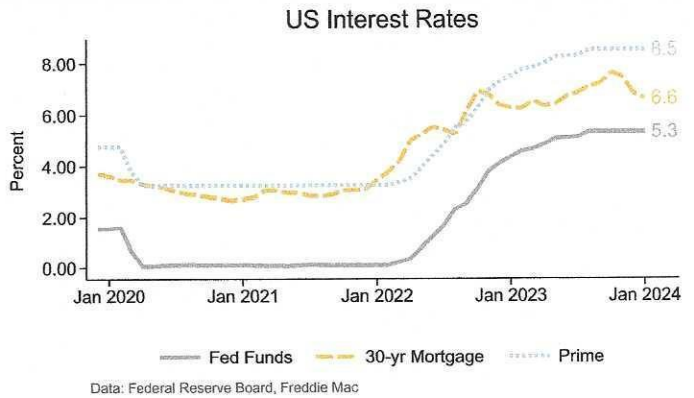
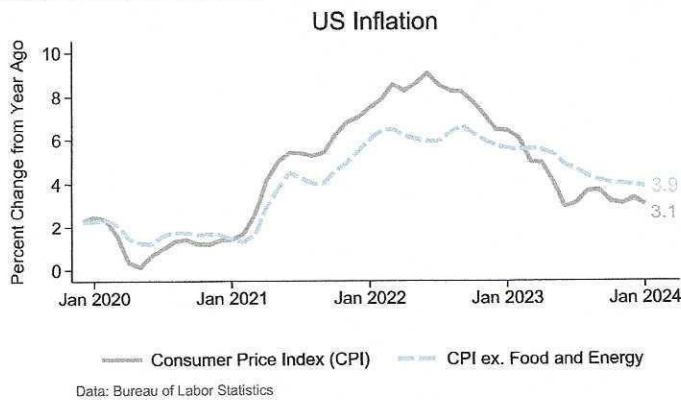
Pikes Peak Region Employment

	Dec.	Nov.
Employed	369,055	374,348
Unemployed	12,699	12,792

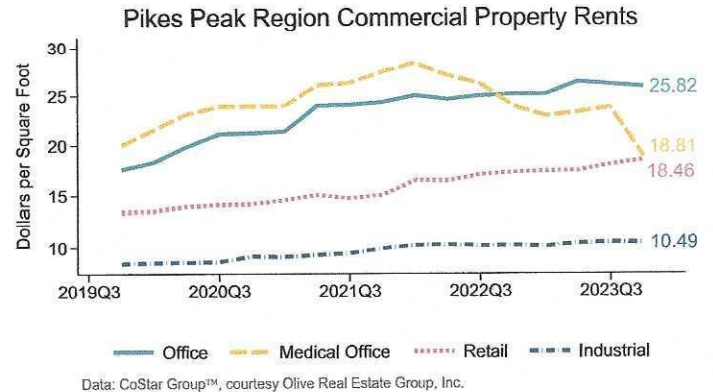
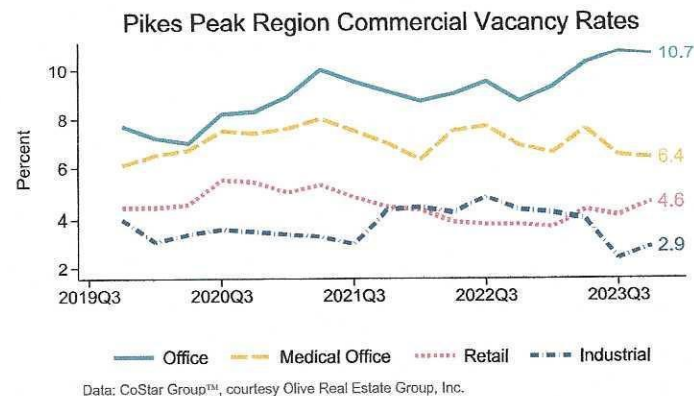
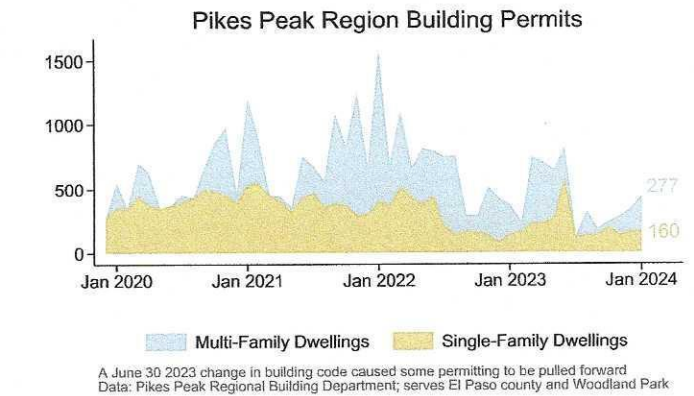
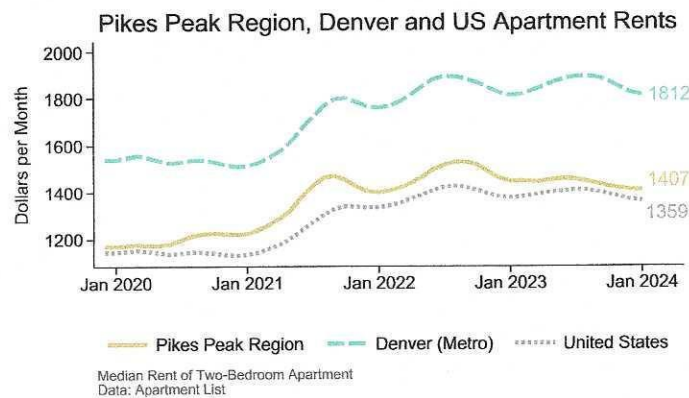
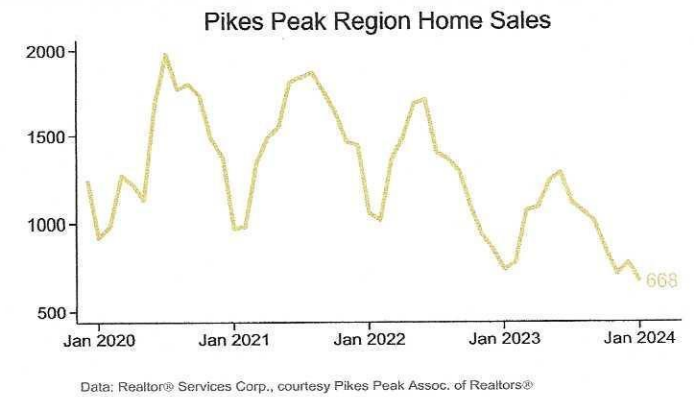
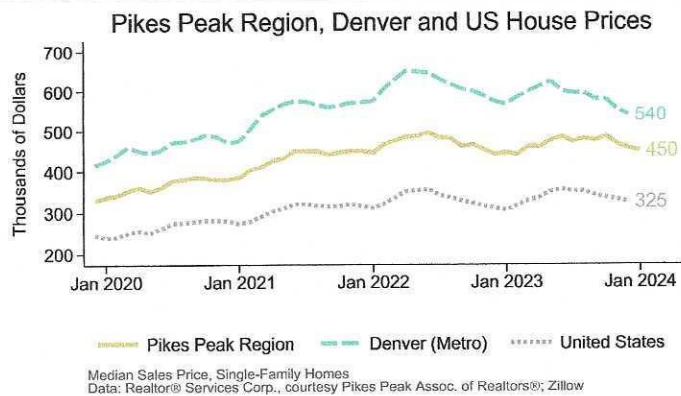
Household survey data, includes self-employed, *not* seasonally adjusted. Data: Colorado Department of Labor & Employment; Bureau of Labor statistics

Note: "Pikes Peak Region" refers to the metropolitan statistical area of El Paso and Teller counties unless otherwise specified. Data subject to revisions. Please do not reproduce without permission.

Inflation and Interest Rates



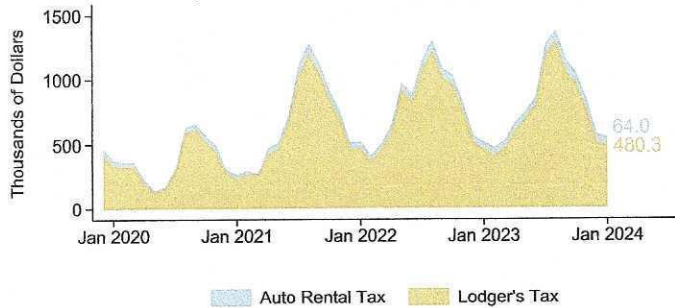
Real Estate



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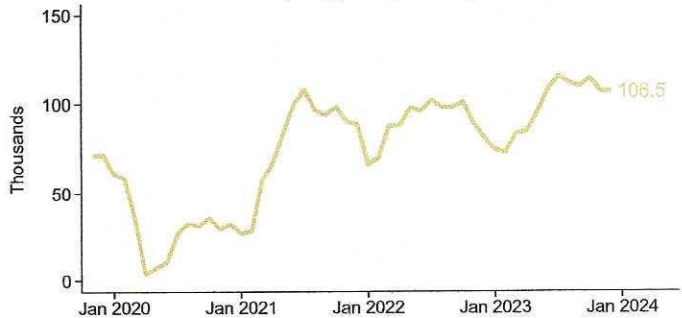
Travel and Tourism

City of Colorado Springs LART Revenue



Lodger's (2%) and Auto Rental (1%) Tax Collections Reflect Prior Month Sales
May 2022 Lodger's Tax Collections Include Delinquent Revenue from Prior Periods
Data: City of Colorado Springs Finance Department

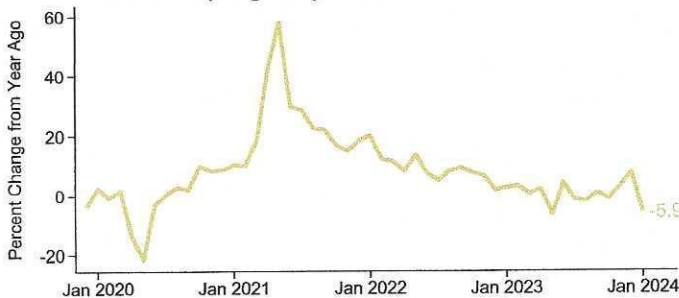
Colorado Springs Airport Enplanements



Data: Colorado Springs Airport

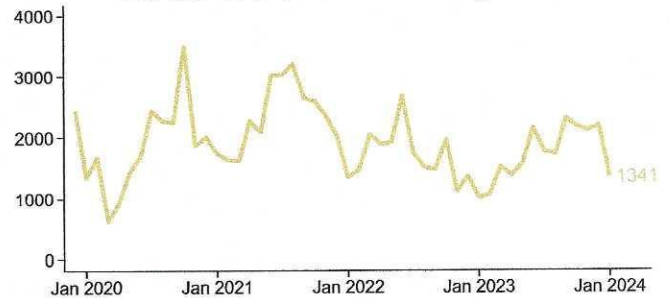
Consumers

Colorado Springs City Sales and Use Tax Collections



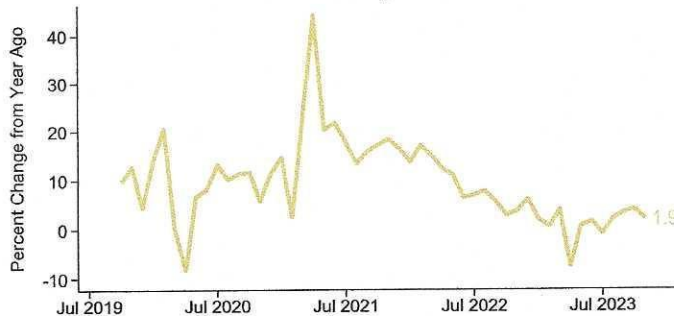
Collections reflect sales in the prior month
Data: City of Colorado Springs Finance Department

El Paso County New Vehicle Registrations



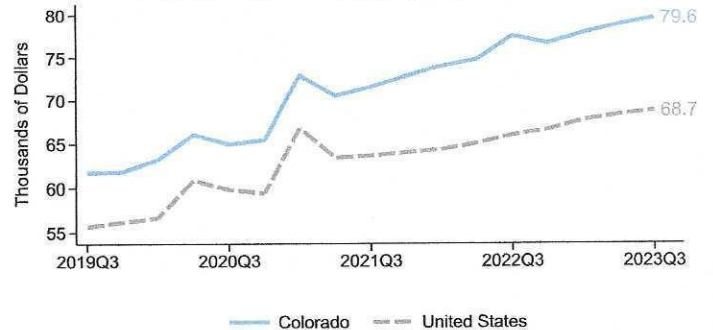
Excludes all terrain, camper trailer, trailer coach and trailer utility categories
Data: El Paso County Clerk & Recorder, Colorado Interactive LLC

El Paso County Retail Sales



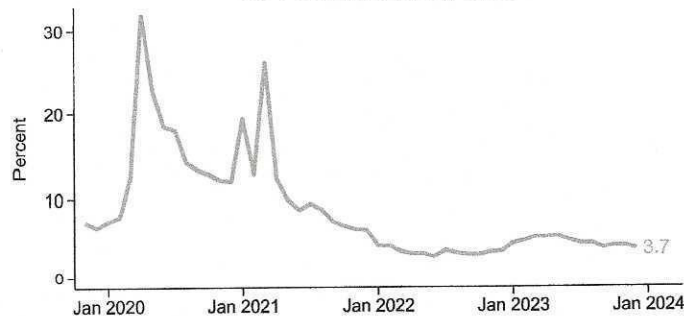
Data: Colorado Department of Revenue

Colorado and US Personal Income Per Capita



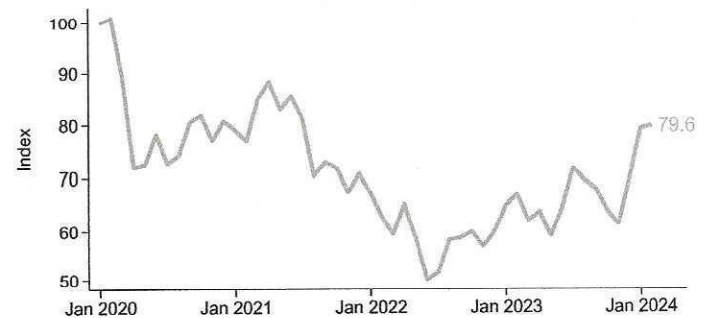
Data: Bureau of Economic Analysis, Seasonally Adjusted Annual Rate

US Personal Saving Rate



Data: Bureau of Economic Analysis, Seasonally Adjusted

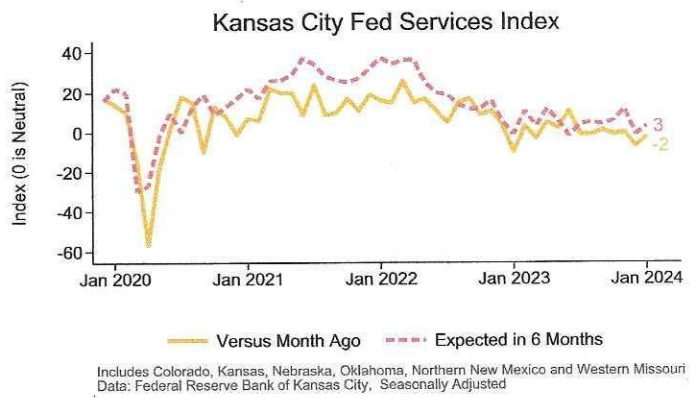
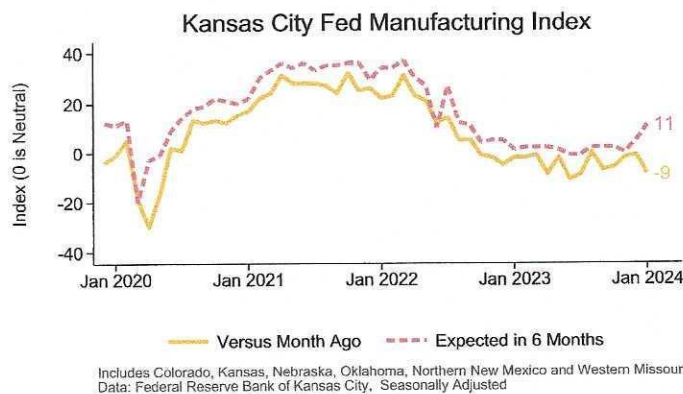
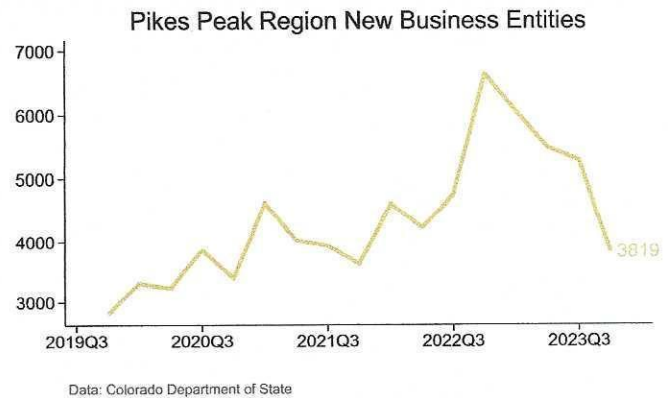
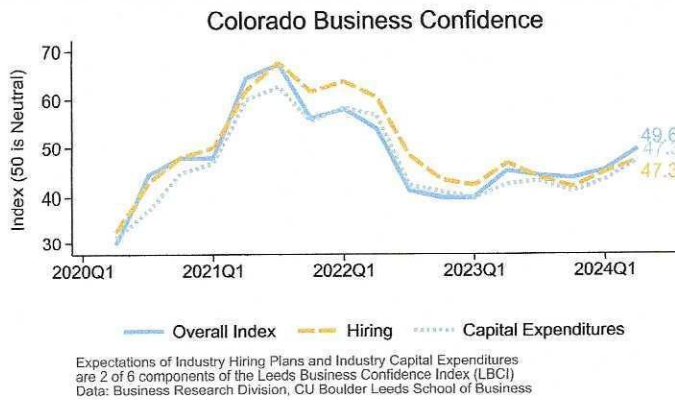
US Consumer Sentiment



Data: University of Michigan

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Business



Demographics and Cost of Living

Population and Population Forecasts				
	2010	2022	2030	2040
El Paso County	627,232	740,543	828,389	935,372
0-17	163,464 (26.1%)	171,203 (23.1%)	179,681 (21.7%)	198,326 (21.2%)
18-24	68,665 (10.9%)	79,685 (10.8%)	89,273 (10.8%)	88,758 (9.6%)
25-29	42,277 (7.5%)	58,372 (7.9%)	59,158 (7.1%)	63,169 (6.8%)
30-49	170,628 (27.2%)	198,385 (26.8%)	242,953 (29.3%)	280,861 (30.0%)
50-64	114,362 (18.2%)	126,271 (17.1%)	122,125 (14.7%)	153,881 (16.5%)
65+	62,836 (10.0%)	106,627 (14.4%)	135,189 (16.3%)	150,377 (16.1%)
Colorado	5.05 mil.	5.84 mil.	6.39 mil.	7.05 mil.
United States	313.98 mil.	334.52 mil.	347.20 mil.	361.46 mil.

Age group shares of total in parentheses. Data: Colorado State Demography Office, Congressional Budget Office

Selected Population Characteristics, 2022			
	El Paso County	Colorado	United States
Median Household Income	\$82,389	\$89,302	\$74,755
Poverty Rate	8.3%	9.4%	12.6%
Median Age	35.2	37.7	39.0
Bachelor's Deg. or Higher (>25)	42.5%	45.9%	35.7%
Veteran (>18)	15.1%	7.4%	6.2%
Military (>16)	6.1%	0.9%	0.5%

Data: Census Bureau

Housing Opportunity Index Q4 2023	
Pikes Peak Region	21.1
Denver (Metro)	23.9
United States	37.7

Share of homes sold in an area affordable to a family earning area median income.
Data: Nat'l Assoc. of Home Builders/Wells Fargo

Cost of Living Index 2023	
Pikes Peak Region	107.9
Denver (Metro)	110.6

Relative to National Average of 100
Data: Council for Community and Economic Research, courtesy Co Springs Chamber & EDC

Pikes Peak Region Estimated Living Wages	
Living Wage: 1 Adult with No Children	\$23.03/hr
Living Wage: 1 Adult with 2 Children	\$56.08/hr
Living Wage: 2 Work- ing Adults w/ 2 Children (per adult)	\$30.41/hr

Data: MIT Living Wage Calculator

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