

Greetings from Dwire Hall at UCCS!

Highlights:

- Local payroll growth estimates have improved recently
- City sales tax revenue for April sales was weak after March uptick
- Travel and tourism indicators continue to deteriorate
- Home sales ahead of last year, but by narrower margin; inventory continues to be high
- Increased foreclosures may be an impact from changes in VA policies
- Local utility costs are considerably below the national average

Employment: The preliminary local payroll employment estimate for May showed a gain of 1,000, though April's increase was revised down to a still-healthy 700. Overall, this indicator has started to look a little better, though monthly changes can be volatile so I would take it with caution. Another encouraging note was that May job active listings were up 2.5% over May 2024 – this is the first year-on-year increase in this series since October 2022.

The BLS is in the process of updating the seasonally-adjusted unemployment rates for metro areas shown in the dashboard – a local figure should be available for next month's report. On a non-seasonally-adjusted basis our unemployment rate in May was 4.5%.

Housing and Real Estate: In May, home sales in the region continued to run ahead of last year's pace, but by a much narrower margin, suggesting slowing momentum – sales were up 2.1% over May 2024, compared with 15.3% year-on-year change in April. The number of active listings continued to be very elevated – 38.8% higher than May 2024, and nearly double the amount in May 2019.

The elevated inventory amidst continued high interest rates and economic uncertainty may be exerting some downward pressure on prices – the median sale price in May was \$490,000 – that is the same as last month, but down from \$499,000 at the same point last year.

Nationally, mortgage delinquency is still quite low by historical standards, though it has been creeping up. However, locally, we are seeing a significant increase in foreclosures – El Paso County reported 428 foreclosure starts year-to-date through May, compared with 175 in the same period a year ago. This may be showing the local impact of the end of a foreclosure moratorium on VA loans that was mentioned in our March report. The VA has [also ended the VA Servicing Purchase \(VASP\) program](#) which helped borrowers with delinquent loans.

Single-family permits dropped back a bit after the very strong April number, but one condo and six apartment buildings were also permitted, which contributed to the highest number of dwelling units

permitted in a month since June 2023. However, PPRBD says that the pace of new single-family plans being submitted is down.

Apartment rents continue to trend downwards with an elevated vacancy rate. According to Apartment List, the median rent of a two-bedroom apartment is down 12% from its August 2022 peak of \$1,522.

Retail Activity: After an uptick for March sales – possibly impacted by consumers trying to get ahead of tariffs – Colorado Springs city sales and use tax collections were lackluster again for April sales (down 0.3% from the previous year). Given the central role of the sales tax in the city's revenue and the general weakness seen in this data for some time now, I was not surprised to see the [Gazette report](#) that the city is looking to trim expenses.

This was the first report from the city that included revenue from the 5.0% retail marijuana tax. It brought in \$72,038, which is earmarked for public safety, mental health and post-traumatic stress disorder programs for veterans. That's a small amount compared to sales and use tax revenue – \$20.6 million – though it is for a partial month (legal retail marijuana sales began April 15).

On page 3 of the dashboard, we are showing the year-on-year percent change in retail sales at El Paso County auto dealers as a temporary replacement for the motor vehicle registrations data we usually report (we're still hoping to resume that series soon). This data is from the Colorado Department of Revenue, from the same data set as the overall county retail sales in the lower-left of page 3. It has a bit of a time lag – the number in the dashboard shows that El Paso County took part in the strong nationwide vehicle sales in March as consumers sought to buy ahead of tariffs. Since some of those purchases were likely pulled forward from later months, I'd expect to see this dip after we get April and May data.

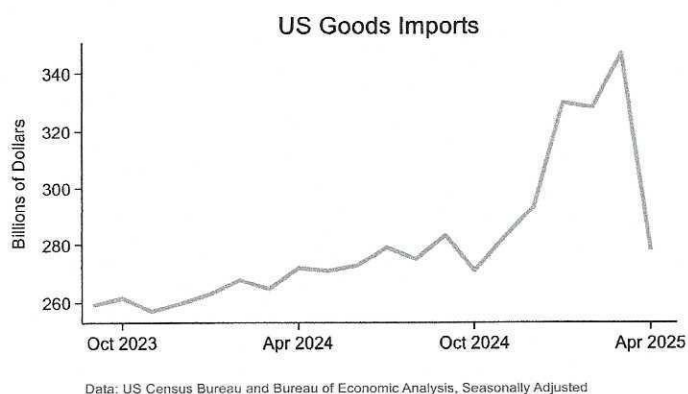
Travel and Tourism: Unfortunately, the indicators for this sector continue to be concerning. LART collections for April transactions were down 6.99% from the same month in 2024. After a strong January, year-on-year changes have been increasingly negative with each successive month. Year-to-date, revenue was down 1.54%. May hotel occupancy and revenue per available room also were considerably below last year's levels.

Utilities Costs: The cost-of-living index on the lower-right of page 4 shows a cost of living here 2.4% higher than the national average. This is put together by a private organization and is measured relative to an average across cities. One component of this index that stands out is the cost for utilities – reported at 78.4 for Colorado Springs (relative to a national average set at 100). Denver's figure for utilities was 88.1 and Pueblo's was 94.8. The regional price parities for 2023 from the Bureau of Economic Analysis paint a similar picture – our index for utilities was 79.6 (this also compares with a national figure of 100). So, while it is not unusual to hear people say that Colorado Springs “has become too expensive,” our utilities provide us a significant cost advantage.

State Projections: The Colorado [Legislative Council Staff \(LCS\)](#) and the [Office of State Planning and Budgeting \(OSPB\)](#) released their June projections (the two offices issue parallel reports, LCS serves the General Assembly while OSPB reports to the Governor). Both are projecting slow growth for the national and state economies, with the Colorado unemployment rate rising from 4.3% last year to 4.9% this year and 5.0% (LCS) or 5.1% next year (OSPB). In their baseline forecasts, state revenue

is expected to remain slightly above the TABOR cap, but this is partly because revenue growth will be slow enough that some tax credits that are tied to revenue growth are cut back. Like everyone else looking at the economy these days, they both note a high degree of uncertainty around federal policies; the OSPB gives a 50% chance of a national recession in the next 12 months.

National Macro: The tariff situation remains highly uncertain and disruptive. The administration raised tariffs on steel and aluminum imports from 25% to 50% and extended them to many household appliances (steel “derivative products”). Those tariffs are under Section 232 of the Trade Expansion Act of 1962 (national security), which is different from the application of the International Emergency Economic Powers Act (IEEPA) which was disallowed by the Court of International Trade late last month. The IEEPA tariffs remain in place during appeal. The 90-day pause on the “reciprocal” tariffs (which *do not* reflect actual tariffs from our trading partners) announced in April using the IEEPA authority is set to expire soon.



There was a large surge in imports in the first quarter as business sought to get ahead of the tariffs. More economic impact – including an uptick in inflation – is expected as the inventory that was brought in pre-tariff runs out.

Depending on how the conflict with Iran unfolds, higher gas prices could become another source of inflation. Although the US is a net exporter of petroleum products and does not import much from

the Persian Gulf region anymore, we still see the impact of prices changing with global market conditions. Iran was the fifth-largest producer of oil in 2023; though it accounts a modest share (less than 5%) of the world total, it might have the capacity to disrupt shipments and neighboring producers. Like tariffs, oil shocks are “stagflationary” – leading to higher costs and lower employment.

The headline US jobs numbers for May were fine – the unemployment rate stayed at 4.2%, and payrolls increased by 139,000. However, the steady unemployment rate concealed a considerable drop in labor force participation. A gradually increasing trend in continued claims for unemployment insurance is another sign of a weakening labor market.

The administration [revoked the humanitarian parole](#) of over 500,000 Venezuelans, Haitians, Cubans and Nicaraguans which protected them from deportation and allowed them to apply for legal permission to work in the US. There continue to be [reports of workers not showing up](#) at their jobs due to fear of immigration raids. The administration briefly suspended enforcement at farms, hotels and restaurants at the behest of the Agriculture Secretary but [quickly reversed course](#). A massive increase in funding for immigration enforcement is in the works. This will increasingly be a source of economic disruption – a [study of deportations](#) that took place in 2008-2014 found they had negative effects on local economies. The foreign-born share of the population in the Pikes Peak Region is relatively low so the direct impact locally may be smaller than in other parts of the country.

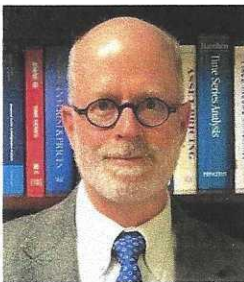
The Congressional Budget Office (CBO) released estimates related to the House-passed budget reconciliation act – the “One Big Beautiful Bill Act” (OBBBA – yes, it’s really called that). The [CBO “dynamic” estimates](#), which use a model to estimate the impact of the legislation on the economy, see it giving a modest boost to output and employment, relative to a baseline where tax cuts from 2017 expire as scheduled. However, even with the added tax revenue from the higher activity, the legislation is estimated to lead to \$2.77 trillion in additional borrowing over 2025-34. Note, these estimates do not take into account the economic and revenue impacts of tariffs (which are negative for economic activity but will reduce the deficit).

The CBO also provided a [distributional analysis](#) of how OBBBA would affect resources available to households, accounting for changes in taxes as well as benefit programs like Medicaid. Households in the bottom 30% of the income distribution would be worse off (over 2026-34, the bottom 10% would see an average annual loss of \$1,559, or 3.9% of income). Above that, the effects are positive, and increasingly so as one moves up the income ladder, with the top 10% receiving an average annual gain of \$12,044, or 2.3% of income. The Medicaid cuts are of particular concern because of the impact on hospitals and state budgets (responsibility is shared between federal and state governments). A higher number of uninsured people would lead to more uncompensated care which might result in higher costs elsewhere in the system.

The legislation is now before the Senate. The current Senate version is broadly similar but has enough changes that merging the House and Senate versions and getting it through both chambers may be quite difficult given the narrow majorities. Congressional leadership has also included an increase in the debt ceiling in the bill. If a failure to raise the ceiling leads to a default on US Treasury securities, the impact could be catastrophic. I think that will be avoided, but there is little sign that the ground is being prepared to pass a debt ceiling increase separately if OBBBA fails.

The Fed held the federal funds rate unchanged at its latest meeting. Compared to their March projections, board members and regional Fed presidents revised down their forecasts of GDP growth and upped their forecasts of unemployment and inflation. While their median projection of the federal funds rate at the end of the year implies an 0.5 pt reduction, there was variation – 7 of 19 participants forecast no cut this year.

In answer to a question at the press conference, Chair Powell said: “the amount of the tariff effects, the size of the tariff effects, their duration and the time it will take are all highly uncertain, so that is why we think the appropriate thing to do is hold where we are as we learn more.” A similar mentality of holding off in the face of uncertainty appears to be impacting many business and household decisions – everyone hunkering down simultaneously could be a recipe for a downturn.



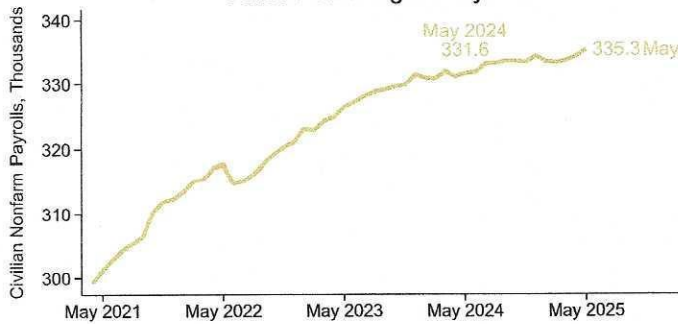
Thank you for your support!

A handwritten signature in blue ink that reads "Bill".

Bill Craighead, Ph.D.
Director, UCCS Economic Forum
craighead@uccs.edu

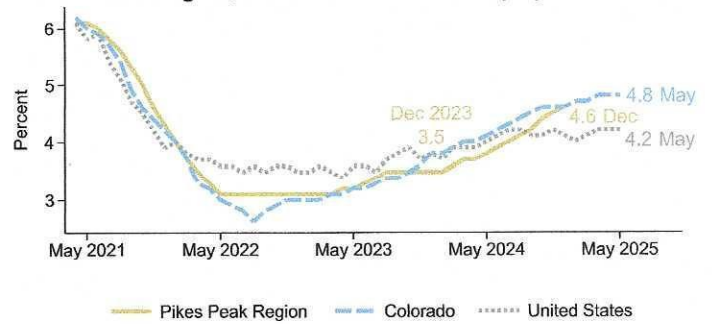
Labor Market

Pikes Peak Region Payrolls



Data: Bureau of Labor Statistics, Seasonally Adjusted

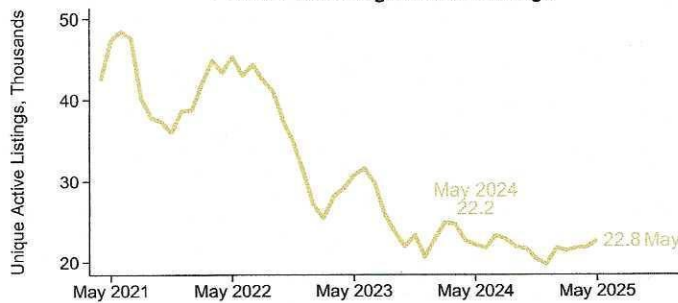
Pikes Peak Region, Colorado and US Unemployment Rates



Data: Bureau of Labor Statistics, Seasonally Adjusted

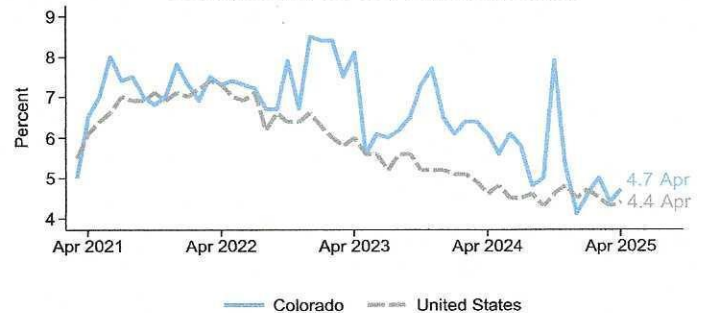
Note: Local estimates released later than national and state data and are currently paused

Pikes Peak Region Job Listings



Data: The Conference Board-Lightcast Help Wanted OnLine®, courtesy Pikes Peak Workforce Center, Not Seasonally Adjusted

Colorado and US Job Openings Rates

Openings Rate is Openings as a Percentage of Employment Plus Openings
Data: Bureau of Labor Statistics, Seasonally Adjusted

Pikes Peak Region Payrolls by Sector, May 2025

Sector	Employment	1 yr. % chg.
Government	60,700	+1.3
Professional & Bus. Services	53,800	-0.2
Private Education & Health Serv.	49,900	+4.8
Leisure & Hospitality	43,500	+6.1
Retail Trade	32,900	-0.3
Other Services	23,500	-2.1
Financial Activities	19,000	-2.6
Mining, Logging & Construction	17,700	-4.3
Manufacturing	12,300	+0.0
Transport, Warehouse & Utilities	11,500	+3.6
Wholesale Trade	6,500	-4.4
Information	5,000	+2.0

Data: Colorado Labor Market Information, Current Employment Statistics Program; Bureau of Labor Statistics. Not seasonally adjusted.

Pikes Peak Region Job Postings, May 2025

Occupation	No. of Postings	Median Advertised Ann. Salary
Other Computer Occupations	1,036	\$129,792
Registered Nurses	1,011	\$93,440
Retail Salespersons	587	\$35,456
Software Developers	522	\$129,024
Heavy Truck Drivers	488	\$67,456
Computer Systems Analysts	329	\$103,680
Customer Service Reps.	329	\$41,600
First-Line Retail Supervisors	322	\$47,872
Network & Computer Sys. Admin.	279	\$106,240
Maintenance & Repair Workers	246	\$48,768
Total Openings	22,796	\$66,944

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

Armed Forces
in El Paso County

2023	2022
38,320	36,190

Data: Census Bureau

Average Hourly Earnings

	May	1 yr. % chg.
Pikes Peak Region	\$37.36	+8.7%
Colorado	\$39.02	+3.2%
United States	\$36.16	+3.9%

Data: Bureau of Labor Statistics. Private Sector, Not Seasonally Adjusted.

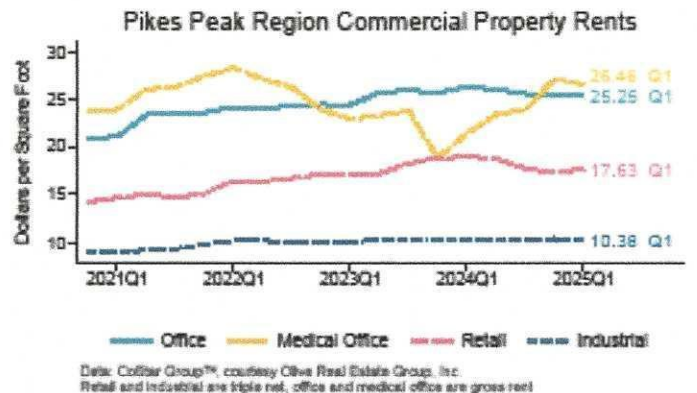
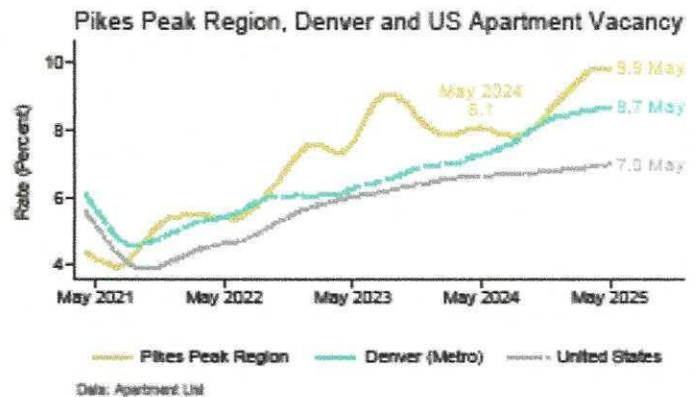
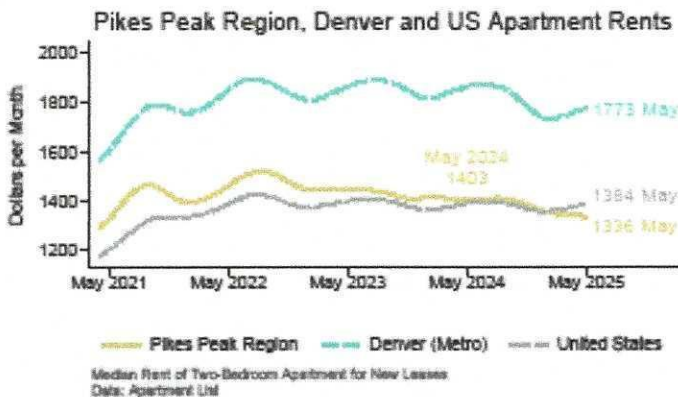
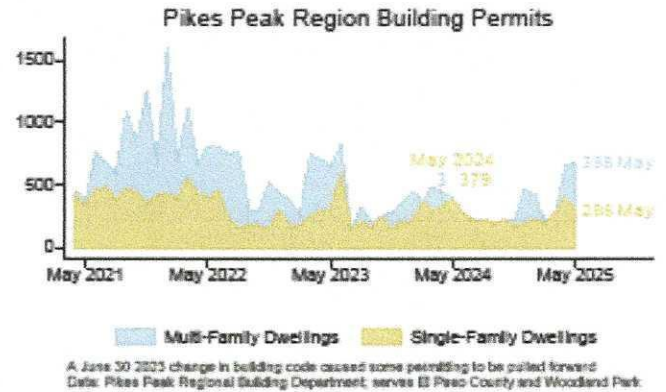
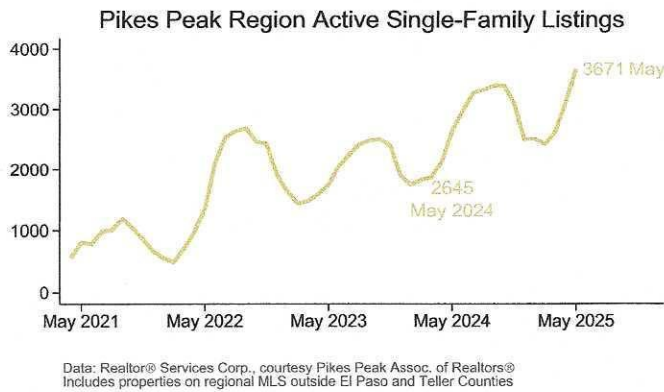
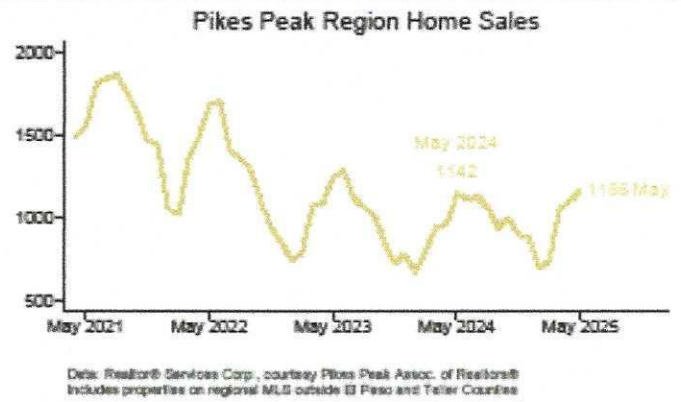
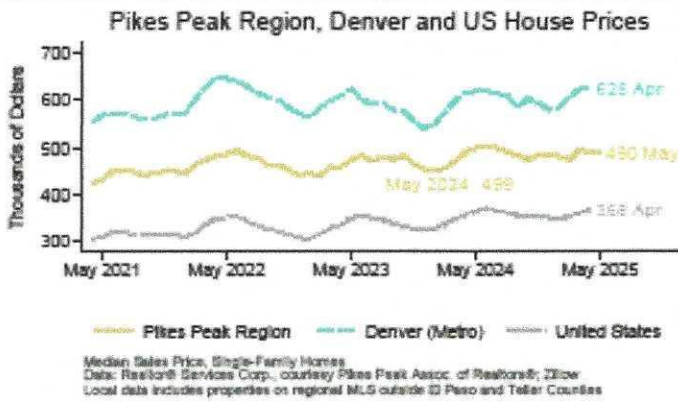
Pikes Peak Region Employment

	May	April
Employed	379,606	379,752
Unemployed	17,982	18,503

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.

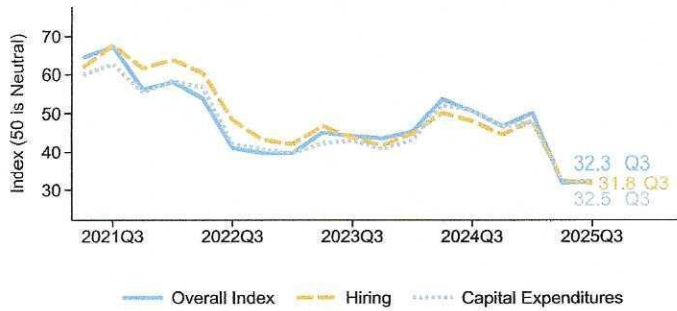
Real Estate



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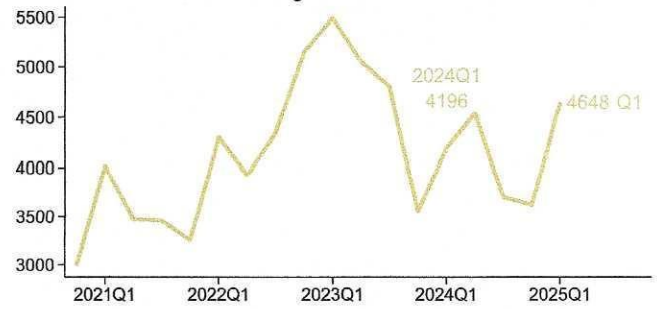
Business

Colorado Business Confidence



Expectations of Industry Hiring Plans and Industry Capital Expenditures are 2 of 6 components of the Leeds Business Confidence Index (LBCI)
Data: Business Research Division, CU Boulder Leeds School of Business

Pikes Peak Region New Business Entities



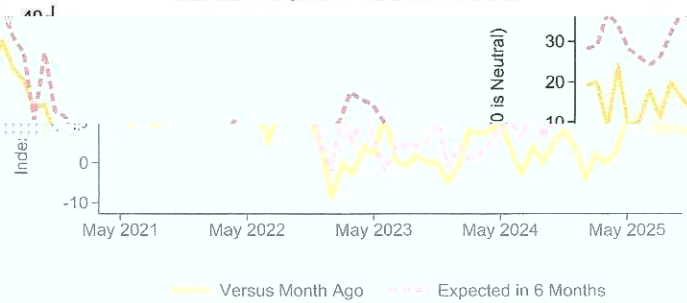
Data: Colorado Department of State
Note: Filing fees were reduced from \$50 to \$1 between July 2022 and May 2023

Kansas City Fed Manufacturing Index



Includes Colorado, Kansas, Nebraska, Oklahoma, Wyoming, Northern New Mexico and Western Missouri. Data: Federal Reserve Bank of Kansas City. Seasonally Adjusted

Kansas City Fed Services Index



Includes Colorado, Kansas, Nebraska, Oklahoma, Wyoming, Northern New Mexico and Western Missouri. Data: Federal Reserve Bank of Kansas City. Seasonally Adjusted

Consumers

Colorado Springs City Sales and Use Tax Collections



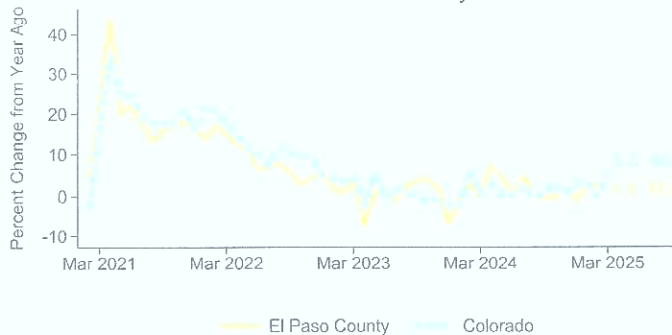
Collections reflect sales in the prior month
Data: City of Colorado Springs Finance Department

El Paso County Auto Dealer Sales



Retail sales in dollars. Data: Colorado Department of Revenue

Colorado and El Paso County Retail Sales



Data: Colorado Department of Revenue

US Retail and Food Service Sales

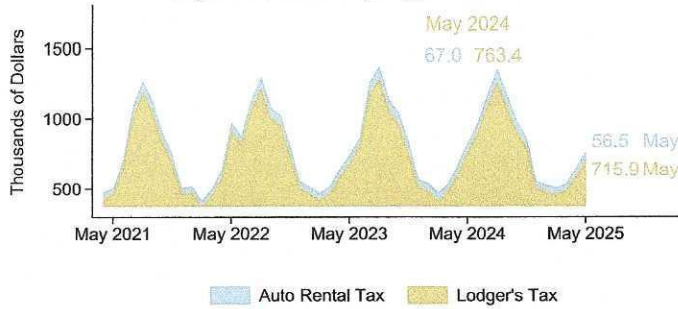


Data: US Census Bureau. Most recent observation is advance estimate.

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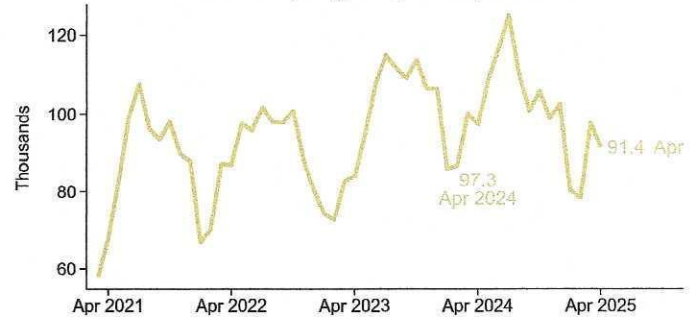
Travel and Tourism

City of Colorado Springs LART Revenue



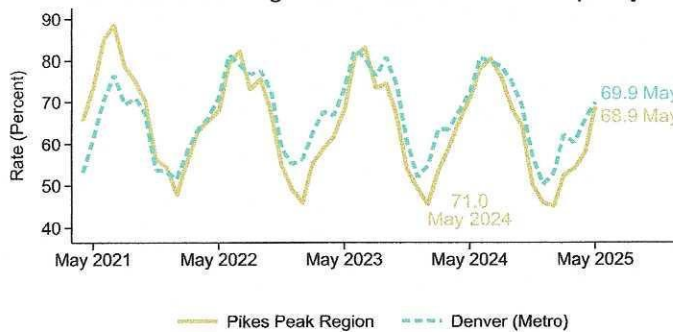
Lodger's (2%) and Auto Rental (1%) Tax Collections Reflect Prior Month Sales
May 2022 Lodger's Tax Collections Include Delinquent Revenue from Prior Periods
Data: City of Colorado Springs Finance Department

Colorado Springs Airport Enplanements



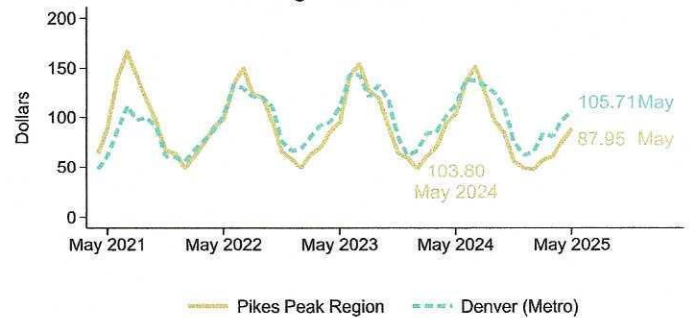
Data: Colorado Springs Airport

Pikes Peak Region and Denver Hotel Occupancy



Data: CoStar Group™, courtesy Olive Real Estate Group, Inc.

Pikes Peak Region and Denver Hotel RevPAR



Revenue Per Available Room
Data: CoStar Group™, courtesy Olive Real Estate Group, Inc.

Demographics and Cost of Living

Population and Population Forecasts

	2010	2023	2030	2040
El Paso County	627,232	744,151	810,949	920,109
0-17	163,464 (26.1%)	169,255 (22.7%)	169,317 (20.9%)	187,366 (20.4%)
18-24	68,665 (10.9%)	81,782 (11.0%)	94,993 (11.7%)	94,258 (10.2%)
25-29	42,277 (7.5%)	56,829 (7.6%)	61,407 (7.6%)	69,716 (7.6%)
30-49	170,628 (27.2%)	201,399 (27.1%)	232,182 (28.6%)	277,240 (30.1%)
50-64	114,362 (18.2%)	124,822 (16.8%)	120,749 (14.9%)	146,990 (16.0%)
65+	62,836 (10.0%)	110,064 (14.8%)	132,301 (16.3%)	144,539 (15.7%)
Colorado	5.05 mil.	5.88 mil.	6.32 mil.	6.97 mil.
United States	313.99 mil.	342.84 mil.	358.62 mil.	367.95 mil.

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

Mortgage Payment Share of Median Income, Apr. 2025

Pikes Peak Region	44.3%
Denver (Metro)	49.8%
United States	45.3%

Estimated monthly payment for home purchased at local median price as share of median income.
Data: Federal Reserve Bank of Atlanta

Cost of Living Index Q1 2025

Pikes Peak Region	102.6
Denver (Metro)	110.4

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

Selected Population Characteristics, 2023

	El Paso County	Colorado	United States
Median Household Income	\$89,549	\$92,911	\$77,719
Poverty Rate	7.0%	9.3%	12.5%
Median Age	35.4	37.9	39.2
Bachelor's Deg. or Higher (≥25)	44.3%	46.4%	36.2%
Veteran (civilian pop. ≥18)	15.1%	7.2%	6.1%
Military (≥16)	6.5%	1.0%	0.5%

Data: Census Bureau

Pikes Peak Region Estimated Living Wages

Living Wage: 1 Adult with No Children	\$23.88/hr
Living Wage: 1 Adult with 2 Children	\$58.26/hr
Living Wage: 2 Working Adults w/ 2 Children (per adult)	\$31.51/hr

Data: MIT Living Wage Calculator

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