

Highlights - September 2024

I will be doing an economic presentation on the national and state economies at the **Colorado Leadership Summit** in Denver on October 9th. They have graciously provided the registration link and promo code for anyone in my network who wants to attend. The promo code makes it free to you (and tickets are normally \$200). Promo Code: **TatianaBailey**; [Econ Presentation Link](#).

In September 2024, The University of Michigan preliminary **Consumer Sentiment {Page 3}** stood at 69.0, up from 67.9 in August signaling a *mild uptick* in consumer confidence. This survey asks many questions about price levels, and the gains in the overall index for September were led by positive perceptions of prices for “durables” (think goods that you use for a while). These positive (price) perceptions are perhaps driving the consistently strong retail sales numbers (which in August were mostly driven by e-commerce). Year-ahead expectations for personal finances also improved, while there was a modest weakening amongst survey respondents in their views of the labor market. The other major consumer confidence index produced by The Conference Board is more heavily skewed towards perceptions of the labor market, and that most recent survey *declined* due to deteriorating feelings about the jobs market. Even though the University of Michigan (UM) sentiment is well below pre-pandemic levels, it’s still much improved from the lowest point in June of 2022 when inflation peaked.

Part of the reason consumers are still reticent about our economy is the election and the uncertainty it creates. [UM released a report last week about the election](#), and it showed that an increasing proportion of both Republicans and Democrats are now saying in their survey responses that they anticipate a Harris win (58%) over a Trump win (34%). The survey does not ask who they want to win – just who they expect to win. The survey also showed 41% think Harris is better for the economy than Trump (35%) while there is a tie for which candidate is better for personal finances (both at 37%). The balance of 100% belongs to respondents who said there is “no difference” between candidates. As expected, people answer these questions about which candidate is better for the economy or for personal finances reflecting their preferences. However, Independents will likely decide the election, and 57% of them believe Harris will win while only 37% believe Trump will win. We know these last few weeks can shift, but I find these margins notable and perhaps more telling than asking, “Who will you vote for?” Also telling is that historical correlations between consumer sentiment and election outcomes shows that when sentiment is on the upswing (like it has been since June 2022), the incumbent or his/her party typically wins.

Job Openings {Page 3} in the U.S. were down 3.0% (at 7.7 million) in July compared to the previous month and down 12.9% compared to July 2023. This trend suggests that businesses are scaling back their hiring plans as economic growth stabilizes after the pandemic disruption. In August in Colorado Springs, the **Total Number of Job Openings {Page 4}** dropped to 19,449 from 20,682 in July, reflecting a similar pattern of contraction. In terms of the most demanded occupations, truck drivers dropped off the top 10 list and food managers entered the top 10 as shown in the table. The number unemployed rose slightly (by about 200 people), so the number of workers per available job rose from 0.83 to 0.89.

The U.S. **Unemployment Rate {Page 3}** dropped slightly from 4.5% in July to 4.4% in August, while Colorado and El Paso County saw marginal increases. In Colorado, the unemployment rate rose from 4.2% in July to 4.3% in August, and El Paso County’s rate climbed from 4.4% to 4.5% in the same period. Although still within range of “normal” or “frictional” unemployment, the Federal Reserve is well aware of the uptick in unemployment and cooling in job openings. The Fed exists for two reasons: to ensure a stable labor market with “normal” unemployment and maintain a roughly 2.0% inflation rate.

Which brings us to the U.S. **Consumer Price Index, or CPI {Page 3}**, which rose 0.2% from July to August 2024, with core inflation (excluding food and energy) slightly higher at 0.3%. Year-over-year, the CPI for all items increased by 2.5% in August, down from 2.9% in July, signaling notable easing of inflation. However, core inflation held steady at 3.2%, and as I state [in this Fox21 segment](#), had energy prices not pulled the headline number down, the CPI would not have come down as much. What is still exerting some upward pressure in prices is housing and healthcare.

This slight moderation in inflation helped solidify a stronger-than-expected half-point **Interest Rate {Page 3}** cut, which I discuss in detail [here](#), including the impacts I think these cuts will have on the presidential election. This was mirrored in mortgage rates, which saw a decrease from 6.85% in July to 6.50% in August, with rates even lower at 6.09% as of September 24th. Lower mortgage rates will provide some relief to homebuyers, and I deviate a bit from other economists who say the impacts of lower interest rates (including on housing) will be slow. There are too many buyers and sellers who have been grudgingly waiting for cuts, and many will jump in during the coming 3-12 months as mortgage rates decline with not only current rates but expectations of future (lower) rates. There is also a structural housing shortage, and that too creates eager buyers.

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El Paso County Economic & Workforce Progress Report (EPR)

Poverty Rates {Page 4} in the U.S. saw a slight decrease from 12.6% in 2022 to 12.5% in 2023, while El Paso County experienced a more substantial drop, with poverty rates falling from 8.3% in 2022 to 7.0% in 2023. A local poverty rate that is almost half of the U.S. rate is notable.

Educational Attainment in Colorado Springs {Page 5} data for 2023 was just released. When looking at bachelor's degrees or higher, the City of Colorado Springs saw a notable decrease among 18-to-24-year-olds, dropping from 17.4% in 2022 to 15.3% in 2023. Colorado as a whole saw a similar decline, though both locally and statewide we remained above the national average, which didn't change at 13.4% for this age cohort. For those aged 25 and older, there was a small increase in the percentage holding bachelor's degrees or higher across the U.S., Colorado, and Colorado Springs (43.8% in 2022 to 44.8% in 2023). The graphs visualize our consistently higher-than-U.S. educational attainment rates, while comparisons with our state vary depending on the age cohort and attainment type.

For "some college or an associate degree," the 18-to-24-year-olds in the City of Colorado Springs had an increase in this educational attainment level from 2022 (39.5%) 2022 to 2023 (42.4%). However, for those aged 25 and older, educational attainment remained relatively flat in the U.S., Colorado and in our city.

In the housing market, **Home Sales {Page 6}** in the Pikes Peak region were relatively stable, with a slight decline from 1,127 in July to 1,064 in August. There was no change in new, home single-family permits pulled in August, and multi-family permits remained very low, with only 16 multi-family units approved in August, compared to 20 in July. This is good because the glut of multi-family permits and construction before rate hikes has caught up with us. Rental conditions are soft, with **Apartment Vacancy Rates {Page 6}** climbing from 11.8% in Q1 2024 to 12.2% in Q2. Rents in Colorado Springs also rose slightly from \$1,473 in Q1 to \$1,490 in Q2, although this still represents a \$10 decline compared to the previous year. Denver's rental market saw a similar increase in rents, with Q2 rents at \$1,883. With respect to housing, we see that the overall structural housing shortage – to buy or rent – is keeping prices at elevated levels. Single-family existing home prices were 50% higher (at \$422,100) in August of this year compared to August 2019 (\$281,900), while existing home inventory was 26% lower in August of this year compared to August of 2019.

Sales and Use Tax {Page 7} collections in Colorado Springs for August 2024 was \$22.0 million, based on July sales, marking a 2.1% decline from the previous month but a 3.3% increase compared to the same month in 2023. This suggests that while month-to-month consumer spending may have softened slightly, year-over-year growth remains positive. I think of local sales and use tax as a proxy for local consumer confidence, which these numbers suggest is steady and positive.

The hospitality industry, particularly in Colorado Springs, experienced a noticeable decline in August. The **Hotel Occupancy Rate {Page 7}** dropped from 80.3% in July to 75.8% in August, with a significant downward revision for July numbers as well. This seems odd given it reflects summer months, but there is a lot of buzz across economic circles that consumers are pulling back on "extras." Denver saw a more moderate decline, but a decline, nonetheless. Local **RevPAR {Page 7}**, followed a similar trend, dropping from \$150.63 in July to \$125.51 in August, while Denver saw a smaller decline from \$136.87 to \$132.30.

When I step back, I still marvel at the resiliency of the U.S. economy after the pandemic disruption with over two years of high interest rates and an upcoming federal election. After a long period of high interest rates, I believe the Fed pivot will further strengthen the economy barring any geopolitical or other "shocks." At a household level, I hope the lower interest rates will bring some reprieve to those individuals who appear to be using credit cards to finance daily expenses. Those credit card borrowing levels and delinquencies are worrisome, especially alongside the even-lower U.S. savings rate, which fell again in July to 2.9%. That rate is less than half of what it was pre-pandemic. Hopefully, the Fed pivot can swoop in before the resiliency buckles. In fact, the Fed is counting on it with their most recent projections showing trend GDP growth for this year and next at 2.0% and still-low unemployment as I shared in the second segment link above. Those projections also point to roughly 2.0% (PCE) inflation and a "neutral" Fed funds rate by the end of 2025 (roughly 3.5%) - all to say a very "normal" U.S. economy with no recession. Let's hope they are right.

Tatiana & Rebecca

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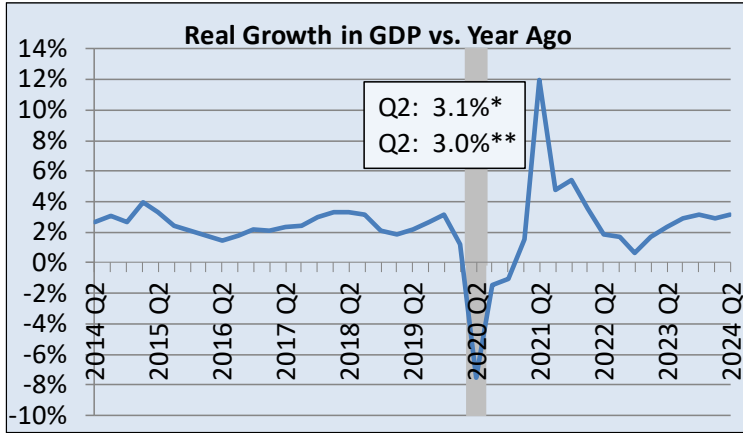
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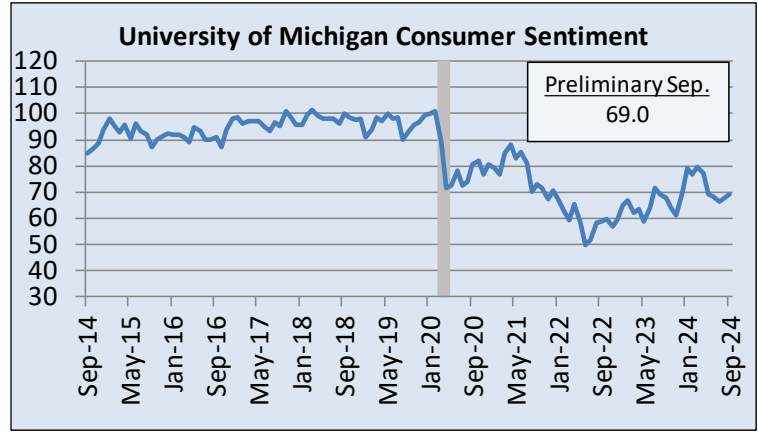
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El Paso County Economic & Workforce Progress Report (EPR)

MACROECONOMIC "BIG PICTURE" (PAGE 3)



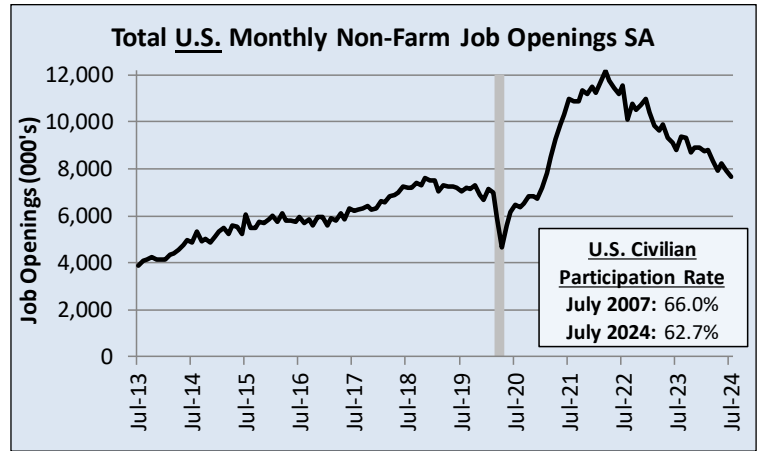
*Estimate of real GDP percent change from same quarter a year ago, SA
 **If quarterly changes were annualized over the year.
 Source: U.S. Bureau of Economic Analysis



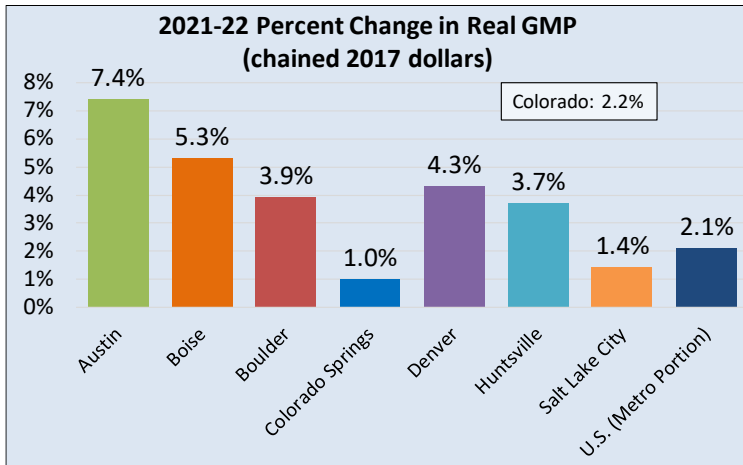
Source: University of Michigan

Forecasts for U.S. Real GDP and Unemployment (SA)				
	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast
Real GDP Growth	1.9%	2.5%	2.4%	1.9%
Unemployment Rate	3.6%	3.6%	4.1%	4.4%

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.

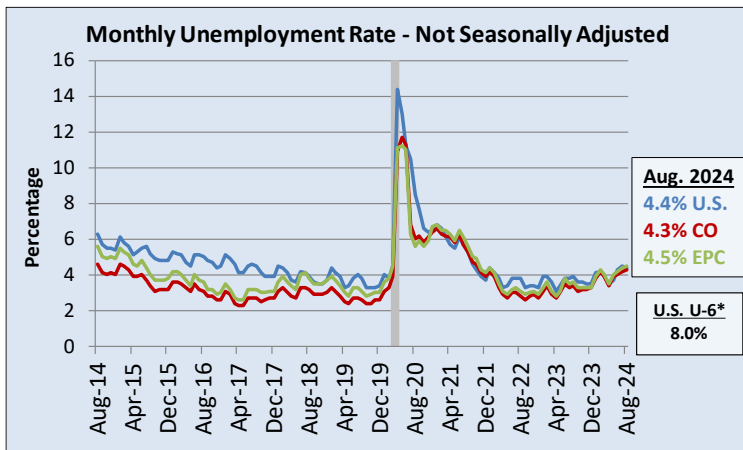


Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.
 Source: U.S. Bureau of Economic Analysis

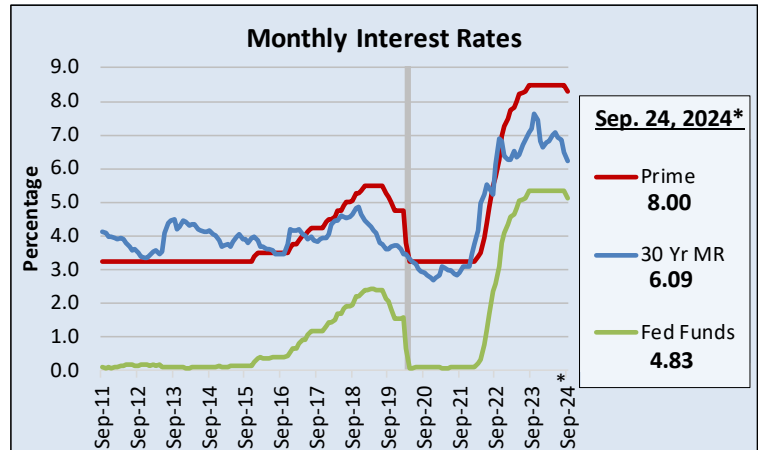
U.S. Consumer Price Index - August 2024		
	All items	Less food & energy
Change from July to August 2024 (SA)	0.2%	0.3%
Last 12-months (NSA)	2.5%	3.2%

The 2024 Q2 cost of living in the **Colorado Springs MSA** was **100.3%** 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.
 *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



*The latest monthly rate is the average expected as of the date in the text box. The text box reflects the latest interest rate changes.
 Source: Board of Governors of the Federal Reserve System

LOCAL LABOR MARKET (PAGE 4)

Top Job Openings, Colorado Springs MSA August 2024		
Top Job Titles	# of Job Postings	Median Advertised Salary
Retail Salespersons (M)	624	\$33,920
Registered Nurses (L)	611	\$92,416
Computer Sys Engineers/Architects (L)	437	\$134,912
Software Developers (L)	434	\$133,888
1st-Line Supervisors, Retail Sales (L)	339	\$46,464
Customer Service Reps (M)	325	\$41,600
Secretaries & Admin Assistants (M)	273	\$44,928
Maintenance & Repair Workers (M)	249	\$46,720
Food Service Managers (H)	229	\$43,520
General & Operations Managers (L)	227	\$70,016

Colorado Springs MSA, August 2024
TOTAL Job Openings: 19,449
TOTAL Unemployed: 17,370
Workers Available per Job Opening: 0.89

Risk of Automation: L = Low; M = Medium; H = High
 Sources: The Conference Board® Lightcast® Help Wanted OnLine® via Pikes Peak Workforce Center; CO Dept. of Labor & Employment

2023 Federal Poverty Level (FPL)		
	El Paso County	U.S.
% people at FPL or below	7.0%	12.5%

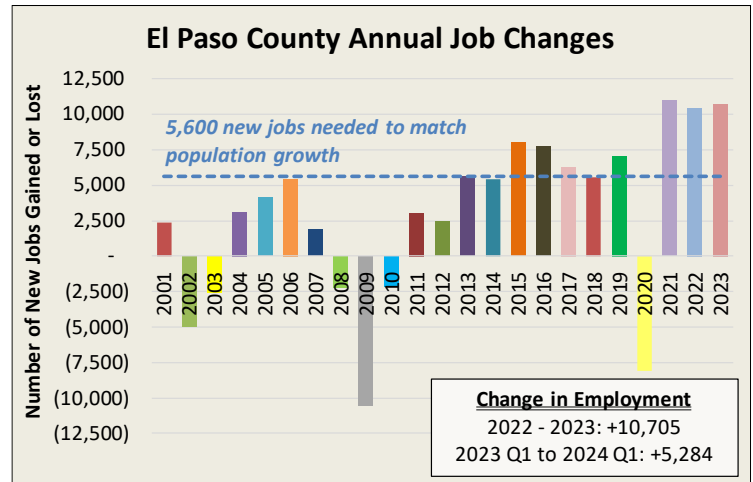
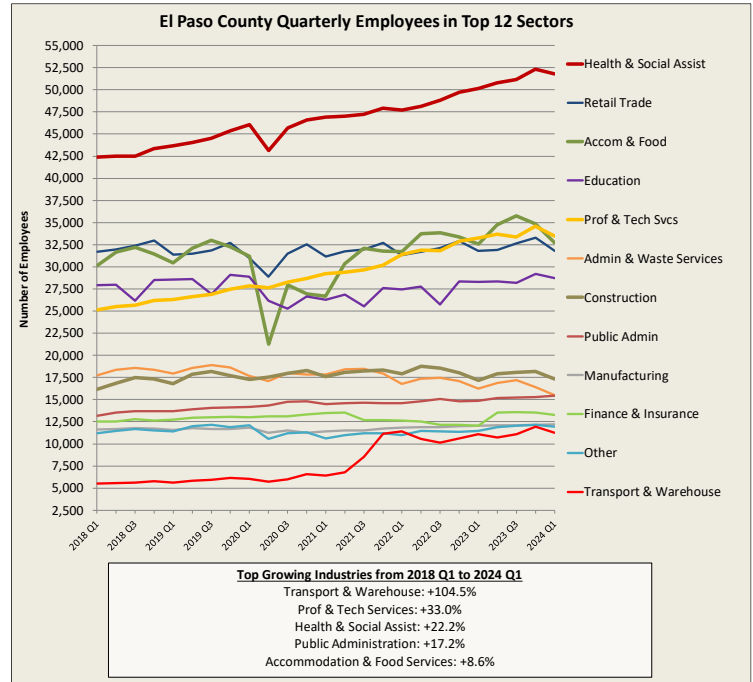
Note: FPL in 2023 was \$14,580 for an individual and \$30,000 for a family of four.

2024 Q1 Average Annual Wages for All Industries		
El Paso County wages are 14.1% lower than U.S. wages and 18.7% lower than CO wages.		
U.S.	Colorado	El Paso County
\$79,404	\$83,876	\$68,172
2024 Q1 El Paso County Total Employment*		303,649

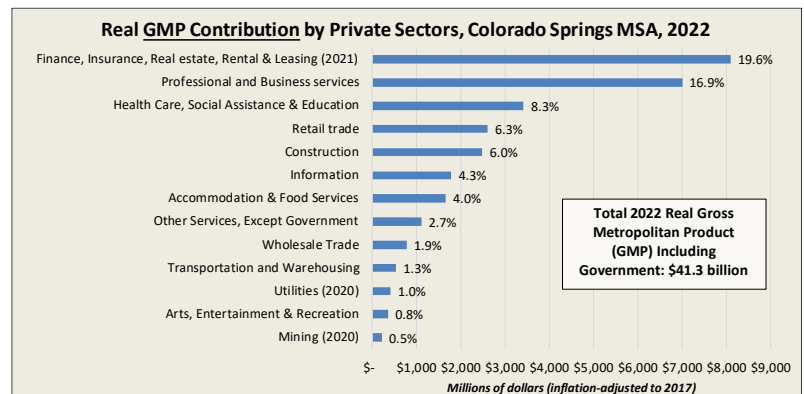
2023-24 Minimum Wage & Living Wage El Paso County		
	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$14.42	\$29,994
Living wage: HHs with 1 adult, 2 children	\$56.05	\$116,584
Living wage: HHs with 2 adults (1 working), 2 children	\$43.68	\$90,854
Living wage: HHs with 2 adults* (2 working), 2 children	\$30.39	\$63,211

*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



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

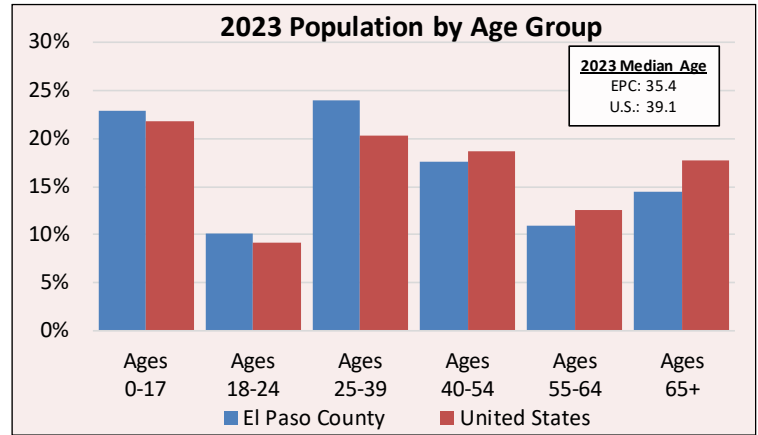


Manufacturing data last disclosed in 2012 when it was 7.1% of real GMP. Government data is no longer released by sector for 2016 when federal military was 12.7%, state & local government was 8.2% and federal civilian government was 5.3% of real GMP. Utilities and Mining data last disclosed in 2020. GMP (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

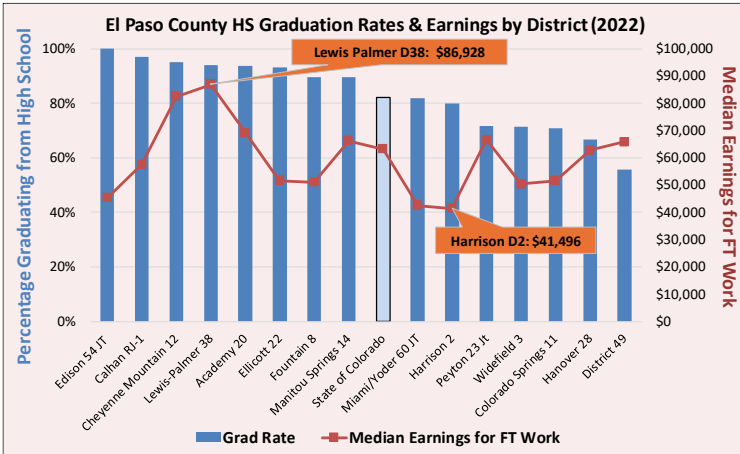
DEMOGRAPHICS (PAGE 5)

Population Estimates		
	2022	2050
El Paso County	740,552	1,008,489
Colorado	5,838,736	7,491,886

The City of Colorado Springs had a population of 485,143 in 2022. Source: Colorado State Demography Office

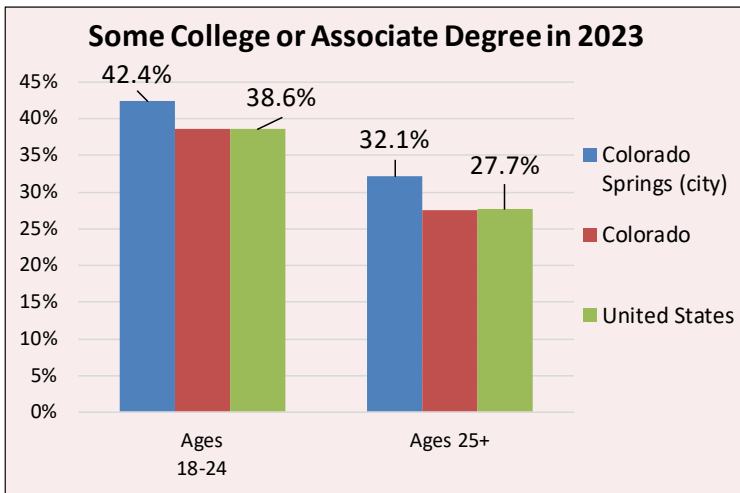
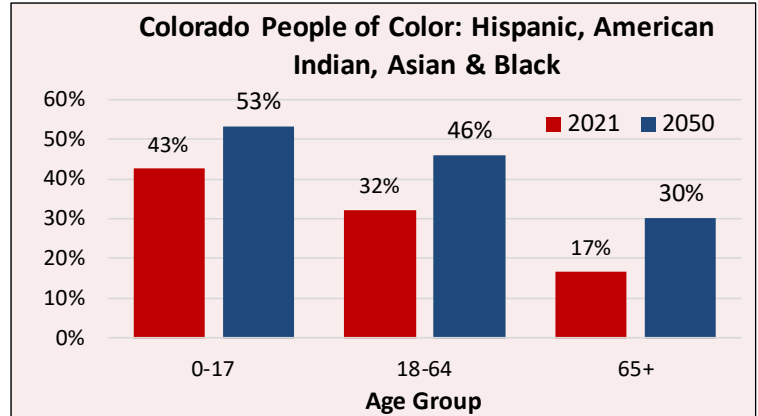
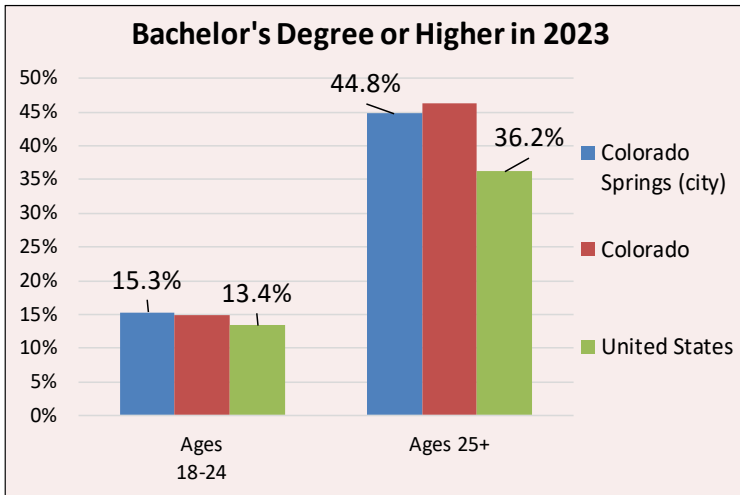
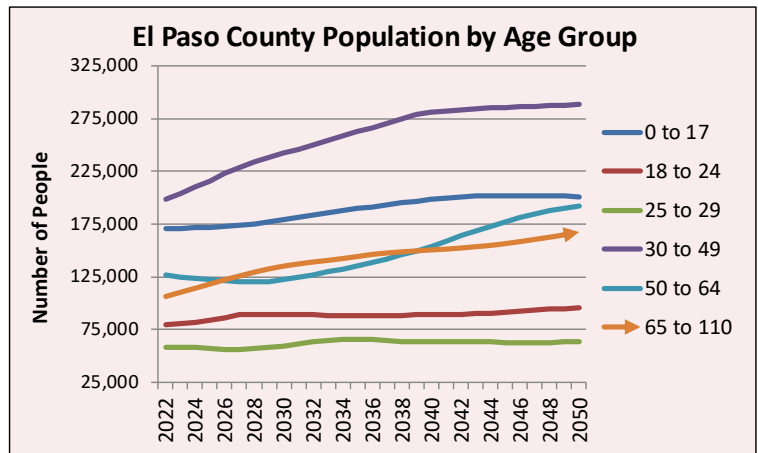


Source: U.S. Census Bureau, Population Division

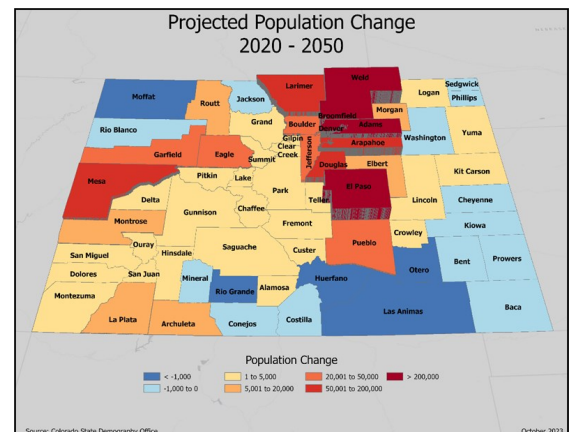


Note: Calhan, Ellicott, Peyton, Hanover, Edison, and Miami/Yoder districts all have fewer than 100 students. District 49 has a significant number of online students, which pull down the districtwide average. (Without the largest online school, the district average is 88%.)

Sources: Colorado Department of Education; U.S. Census Bureau, American Community Survey 5-year estimates



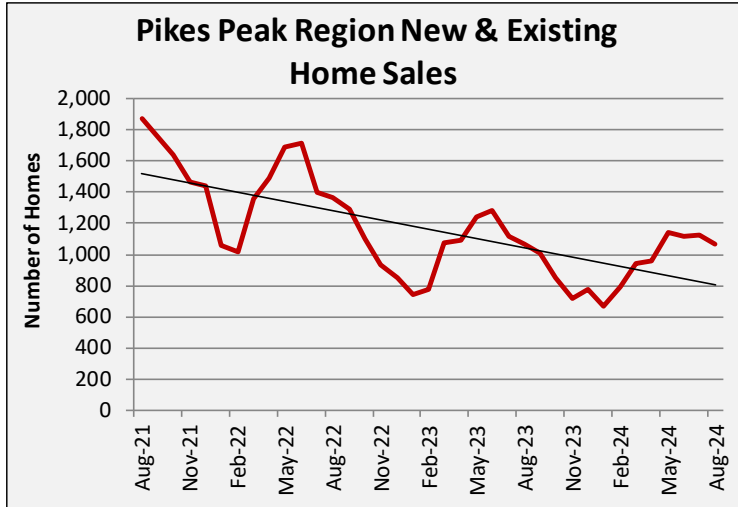
Source: U.S. Census Bureau, American Community Survey 1-year estimates



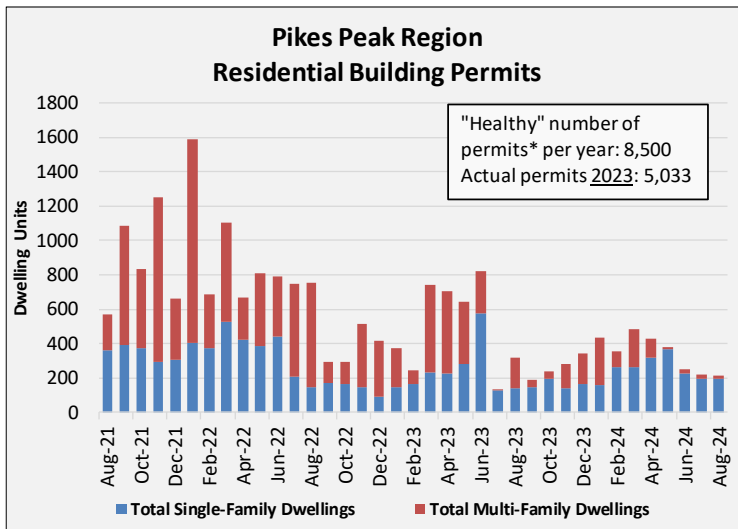
Source: Colorado State Demography Office

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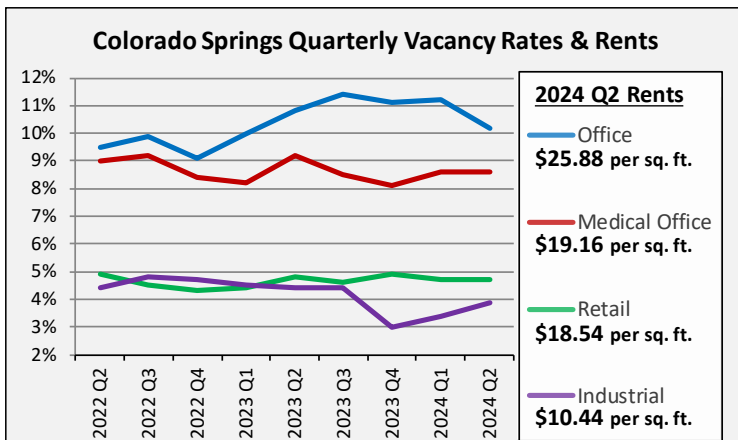
REAL ESTATE (PAGE 6)



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 between 2023 and 2028. These calculations by Data-Driven Economic Strategies incorporate research by Common Sense Institute 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

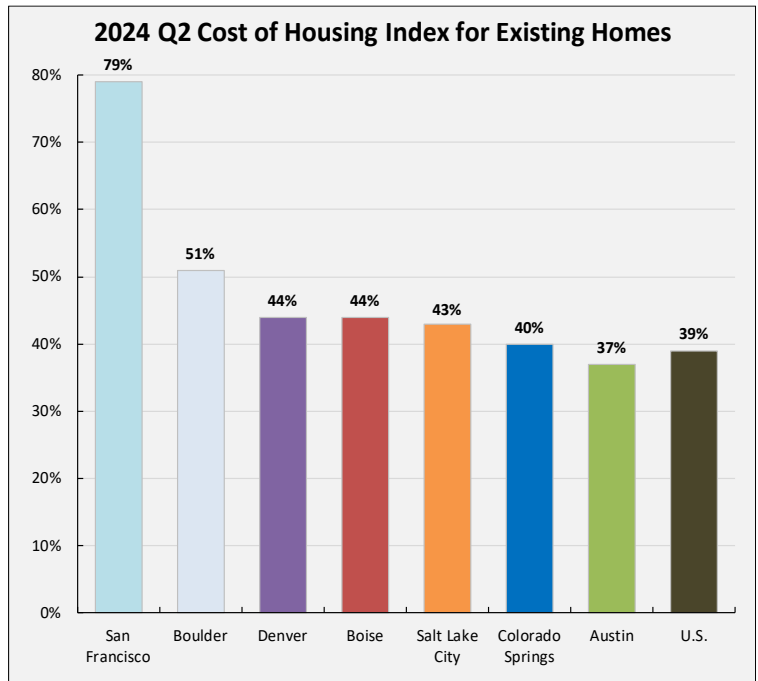


Sources: CoStar Group™; Olive Real Estate Group, Inc.

Median Existing Single-Family Home Price 2024 Q2

Location	Colorado Springs	Denver	Boise	United States
Price	\$479,600	\$669,900	\$510,700	\$422,100
1-year % Change	2.7% increase	0.7% decrease	6.2% increase	4.9% increase
MSA Rank	45	20	36	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

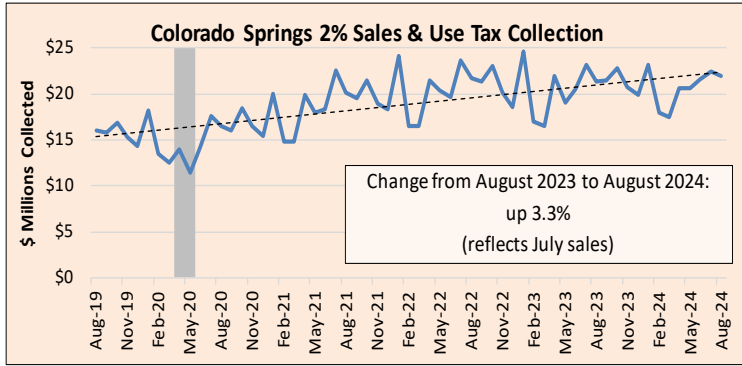
Apartment Rental Information

	Colorado Springs	Denver	Salt Lake City
Market Conditions 2024 Q2	<u>Soft</u>	Soft	Soft
Vacancy Rate 2023 Q2	11.8%	7.5%	10.6%
Vacancy Rate 2024 Q2	<u>12.2%</u>	9.7%	10.9%
Average Rent 2023 Q2	\$1,500	\$1,871	\$1,607
Average Rent 2024 Q2	<u>\$1,490</u>	\$1,883	\$1,597

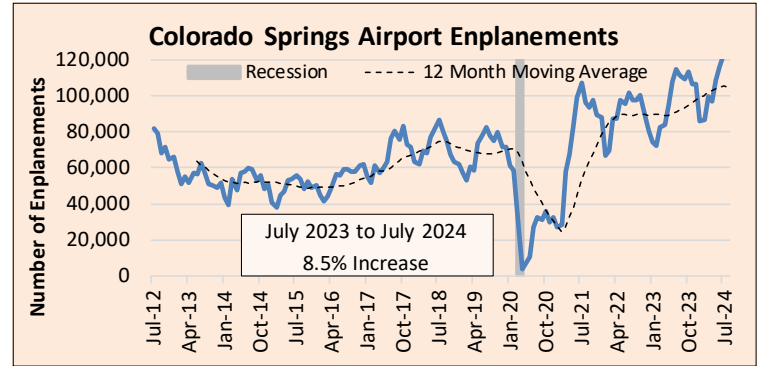
Source: U.S. Department of Housing & Urban Development (HUD), U.S. Market Conditions report

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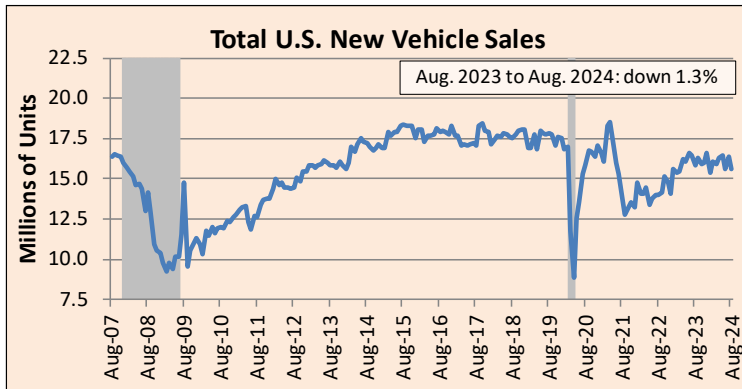
TAXATION, VEHICLE SALES, AIR QUALITY, AND TOURISM (PAGE 7)



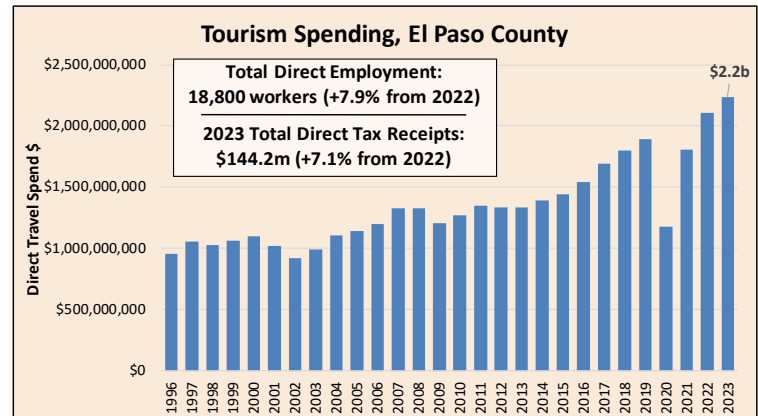
Source: City of Colorado Springs



Source: Colorado Springs Airport



Source: U.S. Bureau of Economic Analysis



Note: Direct travel includes day and overnight visitors.

Source: Colorado Tourism Office

2023 Air Quality		
	Colorado Springs*	U.S. Standard
Carbon Monoxide (CO) Concentration (ppm)	1.1	9.0
Particulate Matter (µg/m ³)	7.75	12.00
Ozone (ppm) at USAFA	0.069	0.070
Ozone (ppm) at Manitou Springs	0.071	0.070
Sulfur Dioxide (SO ₂) (ppb)	4.8	75.0

*Locations of measurements: CO at 690 W. Hwy 24; Particulate Matter at Colorado College; SO₂ at Hwy 24

Source: Colorado Department of Public Health & Environment

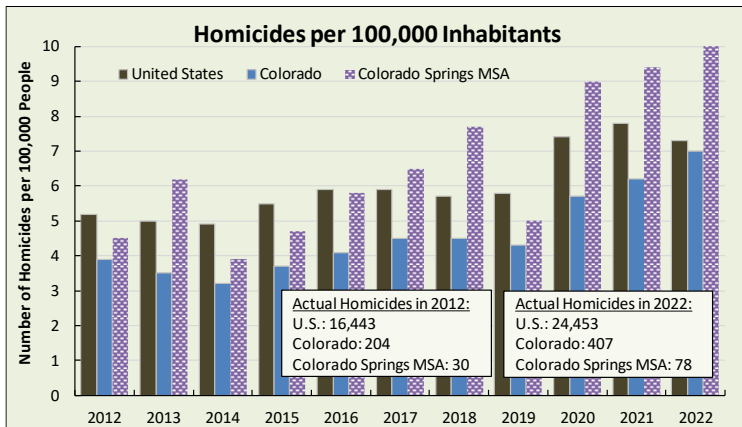
Hotel Occupancy Rate August 2024	
Colorado Springs	Denver
75.8%	78.8%

Hotel RevPAR* August 2024	
Colorado Springs	Denver
\$125.51	\$132.30

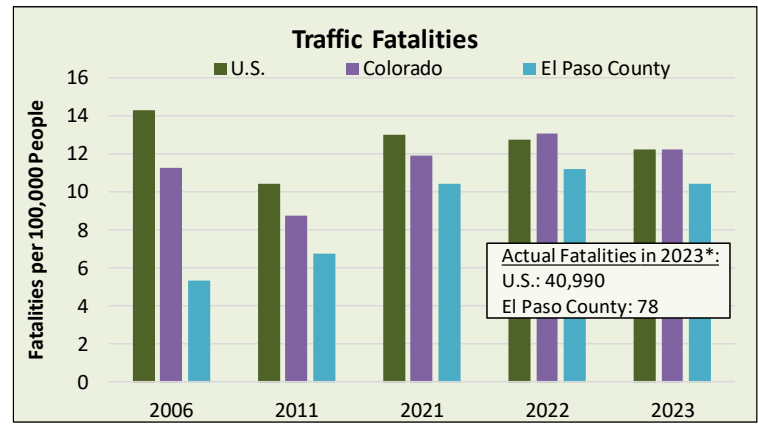
*RevPAR measures hotel revenue by taking the average room rate times hotel occupancy.

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

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

2021 Mortality Rates due to Homicide per 100,000 Population				
Canada	Germany	Italy	Japan	United States
2.1	0.8	0.5	0.2	6.8

Source: UN Office on Drug and Crime's International Homicide Statistics database through The World Bank and World Population Review

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 2023	
City of Colorado Springs	15.8
City of Boise	12.4
Kansas City	21.4
City of Omaha	16.9

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

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SUPPORTERS (PAGE 8)



THANK YOU!