

Greetings! With the holidays, we're sending the December report earlier than usual. You will notice some changes in the dashboard – a more detailed explanation is appended at the end of this note.

The Bureau of Economic Analysis released its estimates of metro area GDP for 2023. According to these figures, the total value of goods and services produced in the Pikes Peak Region (i.e., the Colorado Springs Metropolitan Statistical Area, El Paso and Teller Counties) was \$53.1 billion, making us the 78th-largest metro area economy in the US (out of 384). That is up from 81st last year. The region's economy is larger than Vermont's (\$43.5 bn) or Wyoming's (\$52.0 bn).

The region's real (i.e., inflation-adjusted) growth was 4.4% in 2023, ranking 63rd. Pueblo was estimated to have very strong growth in 2023 (6.6%, ranked 19th) and the Denver metro area's real GDP increased by 3.5% (121st). Many of the top growing metros in 2023 were in areas with oil and gas production – Greeley's growth rate, 18.5%, was second-only to Midland, Texas (42.9%!). This compares with 2.9% real growth for the US economy overall, and 4.4% for Colorado (10th among states). The effect of oil and gas is evident in the state growth rankings – the top states for growth in 2023 were North Dakota, Texas, Oklahoma and New Mexico.

Given the statistical limitations of the data, I would be cautious about over-interpreting any single year's growth estimate at a metro level. Over the five-year period 2018-23 the Pikes Peak Region's compound annual real growth rate has been 3.8% (ranked 51st), metro Denver has grown at a 4.2% pace (33rd), and Pueblo's growth rate was 2.2% (152nd). Over the same period, the national economy's annual growth rate was 2.3%, and Colorado's was 3.7% (7th among states).

The table shows the composition of the region's GDP, broken down by value added (outputs less inputs) at the sector level, with the sectoral composition of the US economy provided for comparison.

At the local level, the BEA omits reporting some data points due to concerns about disclosure of confidential information. Notably, the BEA did not report a total for our finance, insurance and real estate sector – the omission is from the real estate rental and leasing subsector; the finance and

Pikes Peak Region Value Added by Sector (2023)				
Sector	Value Added (\$ bil.)	Share of Total	Share of Total (US)	Growth Contribution
Total	53.09	100	100	4.40
Construction	3.55	6.68	4.40	-0.42
Wholesale trade	1.15	2.16	5.96	0.07
Retail trade	3.80	7.16	6.39	0.69
Transport & warehousing	0.79	1.49	3.40	0.08
Information	1.73	3.26	5.33	0.29
Finance, insurance, real estate	-	-	20.96	0.95
Professional & business services	7.98	15.02	13.03	1.23
Education, health care & social assistance	4.22	7.94	8.48	0.61
Arts, entertainment, rec., accommodation & food serv.	2.91	5.48	4.37	0.15
Government	12.61	23.76	11.20	0.86

Data: Bureau of Economic Analysis. Some sectors omitted due to size or missing data.

insurance subsector accounted for 5.00% of the region's economy, compared with 7.27% nationally. Manufacturing was another notable omission. The BEA reported the durable goods manufacturing subsector as 2.77% of the region's economy, compared with 5.45% for the US.

Our government share stands out compared with the US – this is the impact of the large military presence of the region. Construction is also a notably larger share of the local economy.

The right-most column shows how much of the 4.4% real growth was accounted for by each sector, in percentage points. This indicates that professional and business services accounted for over a quarter of the economy's growth in 2023. This category would include much of the activity in our growing defense contractor and cybersecurity industries. The decline in construction activity in 2023 pulled down the growth total.

El Paso County's GDP was \$51.7 billion in 2023, the 108th-largest county economy (out of 3114) in the US. Teller County's GDP was \$1.3 billion.

The BEA also released regional price parities for 2023. These measure regional prices of consumption goods and services relative to a level of 100 for the United States. This indicates that the overall cost of living is about 2.6% lower in the Pikes Peak Region than the United States overall. Housing costs here are relatively high, but the other categories are all below 100. Out of 384 metro areas, we are the 106th-most expensive.

Regional Price Parities, 2023			
	Pikes Peak Region	Denver Metro	Pueblo
Overall	97.41	105.49	92.40
Overall rank	106	34	202
Goods	94.33	101.31	94.33
Housing	123.25	146.15	90.07
Utilities	79.63	96.12	79.80
Other Services	93.01	98.93	93.01

Data: Bureau of Economic Analysis

You will notice that this is somewhat different from the perspective given by the Cost of Living Index reported on page 4 of the dashboard. One reason for this is that the BEA's benchmark of 100 is the price level for a typical urban resident, while the COLI is benchmarked to an average of cities. The BEA is thus giving more weight to larger cities. That is, the cost of living is lower for a person living here than for a typical American because so many people live in expensive large

metro areas, but our prices are higher than the unweighted average for cities (94.55), because there are many smaller, lower-cost metro areas. The most expensive metro area is San Francisco-Oakland, with an RPP of 118.23, and the highest-cost areas are predominantly large coastal metros. The least expensive is Pine Bluff, Arkansas, at 80.33. Though there is a relationship between city size and price levels, the Pikes Peak Region is more expensive than a number of major midwestern metro areas like Indianapolis (94.56) and Cleveland (93.05).

In local real estate, November was the second consecutive month with a year-on-year increase in single-family home sales. We will see whether this long-awaited recovery in activity continues now that mortgage rates are back up. There continues to be an elevated number of homes on the market for this time of year.

City sales and use tax revenues came in relatively weak in October (for sales made in September), down 5.5% compared with the same month in 2023. Year-to-date collections are up a very modest

1.3%. Lodgers and Auto Rental Tax (LART) revenue was also weak for September transactions, down 5.5% year-on-year and only up 1.5% year-to-date.

As we noted last month, there had been something amiss with the state's report of retail sales in El Paso County for August – I contacted the Department of Revenue for a clarification and they corrected the data, which now shows a very slight year-on-year decline (-0.03%).

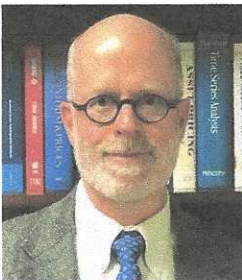
The Business Research Division of the CU-Boulder Leeds School of Business released their 60th annual Business Economic Outlook for Colorado. They are forecasting a deceleration in the state's employment growth – with a gain of 36,700 in 2025, compared with an estimated 46,800 in 2024 – and a slight increase in Colorado's unemployment rate.

Nationally, the November jobs report was mixed. Payroll growth bounced back from October, which had been affected by hurricanes and strikes. Over the past three months, the average increase in payrolls has been a healthy 172,667. That number is from the survey of business establishments; the numbers from the household survey have shown some weakness – the share of people aged 25-54 who are working dropped for the second consecutive month, to 80.4%, down from 80.9% in September. The discrepancy between the establishment and household survey data is also present in the local data – as of October, Pikes Peak Region payrolls were up 2.0% from a year ago while the number of people reporting that they were employed has increased 0.4%. The (better) establishment survey numbers are usually considered more reliable because of a larger sample size – the truth may be somewhere in between, but probably closer to the establishment survey.

The year-on-year change in the Consumer Price Index came in at 2.7% for November; the core (excluding food and energy) inflation rate was 3.3%, and excluding food, energy and shelter, the inflation rate was 2.2%. While I don't see these inflation rates as a serious economic concern – and wages continue to rise faster than prices – they are just high enough to complicate matters for the Fed. A cut in the federal funds rate at this week's meeting is widely anticipated, but there is less optimism about the pace of cuts in 2025. The shift in the interest rate environment that I discussed last month was illustrated by Fannie Mae's revisions to its forecast for the 30-year mortgage rate in Q4 2025. Their December forecast projects a rate of 6.2%, up from 5.6% in their October forecast.

Markets and forecasters appear to be expecting a relatively moderate implementation of the president-elect's campaign promises on tariffs and immigration. I am concerned that view may be complacent, but I will be pleased if I'm proven wrong about that next year.

Wishing you a joyful holiday season and looking forward to 2025!



Thank you for your support!

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

Bill Craighead, Ph.D.
Director, UCCS Economic Forum
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Appendix: Dashboard Changes

Our priority is local and timely data. This has led us to replace some national data – which are reported in many places – with local indicators. On page 1, GDP growth has been replaced with Pikes Peak Region job listings. This can be compared with the US and Colorado job openings rates, though it is important to bear in mind that the sources are very different – the local job listings are from a private-sector service that aggregates online job listings, while the job openings rates are from a Bureau of Labor Statistics employer survey. On page 2, we’re replacing the US inflation and interest rate graphs with local single-family home listings and apartment vacancy rates, to give an indication of supply in these markets. Note that our apartment data are from Apartment List and will reflect the information in their system – it may not capture the entire market, but it provides a useful indication of trends. The home listings, like the local home prices and sales, are from the Pikes Peak Association of Realtors® and are from the local Multiple Listing Service, which include some properties outside of El Paso and Teller Counties.

Another change is the table in the lower-left of page 1 – we had been reporting employment from the Quarterly Census of Employment and Wages (QCEW), and we are replacing it with data from the Current Employment Statistics (CES), both of which are from the Bureau of Labor Statistics, via the Colorado Department of Labor and Employment. The QCEW data is considered more authoritative because it is based on employer reporting for the unemployment insurance program, but the data is reported with a 5-6 month time lag. While this is generally a high-quality source, a change in Colorado’s unemployment insurance reporting system has created problems and led the Bureau of Labor Statistics to take the unusual step of suspending publication of local-level data for Colorado. The CES data is much more timely, but because it is based on a survey – the same employer survey that gives us the monthly US jobs number – it is subject to more statistical “noise.” Also, the categories we are using to report the CES data are somewhat broader than the ones we were using with the QCEW data, so the numbers are not comparable to those on previous versions of the dashboard.

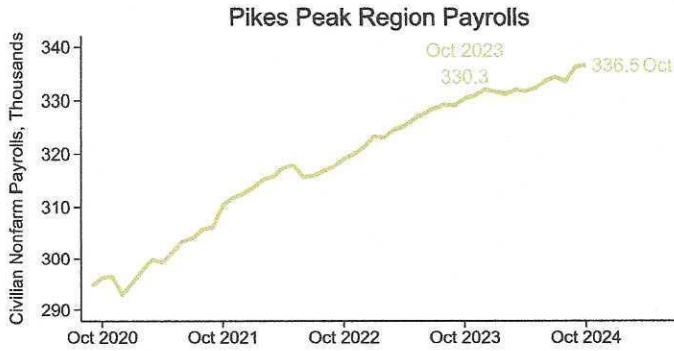
On page 3, we’ve made a judgment call to replace the Index of Consumer Sentiment with US Retail Sales (Advance Retail and Food Service Sales, to be exact). While consumer sentiment can be an interesting topic of conversation, it doesn’t seem to be very predictive of activity – over the past year, consumers have continued to spend even while expressing negative views. Moreover, the recent change in the survey approach means that the consumer sentiment numbers are no longer comparable over time. The US retail sales data give us a comparison with our local retail indicators – El Paso County retail sales and Colorado Springs sales tax collections. It should be kept in mind that the sources are different – the US retail sales numbers are from a Census Bureau survey, while the county retail sales are based on the state’s sales tax collection. We are also adding statewide retail sales along with the county sales for comparison.

We’ve also made some changes for ease of interpretation. We have added the dates of the last observations. In some cases, we are now showing the year-ago values for certain series – this can be helpful particularly with data that have seasonal patterns, such as enplanements.

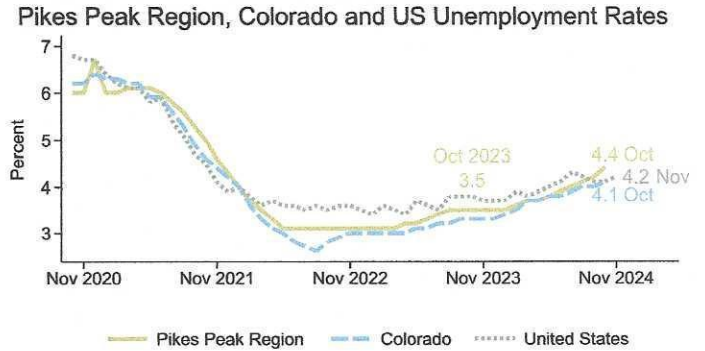
Note that we also discuss some less-frequently updated data in the monthly reports (e.g., the annual metro GDP numbers this month) and we also report additional quality of life indicators in the annual Forum Report that was distributed at our annual event (and is available for free on our website, under the “Forum Archive”).

We hope the changes are helpful and welcome feedback. If you’re missing any of the US macro data, we are happy to point you to easy-to-use sources, and we will continue to discuss the US macro context in our reports.

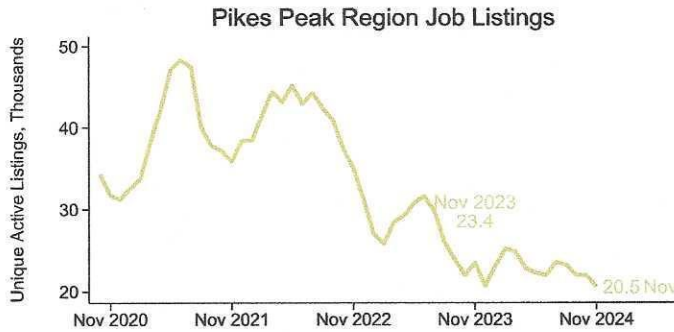
Labor Market



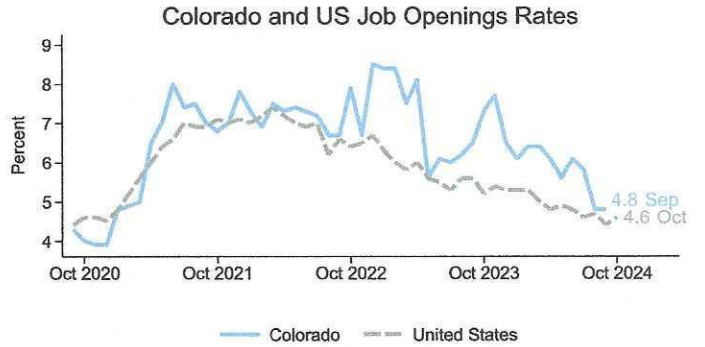
Data: Bureau of Labor Statistics, Seasonally Adjusted



Data: Bureau of Labor Statistics, Seasonally Adjusted
Note: Local estimates released later than national and state data



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



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

El Paso County Payrolls by Sector, Oct. 2024

Sector	Employment	1 yr. % chg.
Government	61,600	+3.2
Professional & Bus. Services	54,700	+0.9
Private Education & Health Serv.	49,400	+6.0
Leisure & Hospitality	44,000	+3.5
Retail Trade	31,800	-1.5
Other Services	23,300	+4.0
Financial Activities	19,700	-0.5
Mining, Logging & Construction	18,500	-0.5
Manufacturing	12,200	-2.4
Transport, Warehouse & Utilities	10,900	1.9
Wholesale Trade	6,800	0.0
Information	4,900	-5.8

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

Pikes Peak Region Job Postings, November 2024

Occupation	No. of Postings	Median Advertised Ann. Salary
Other Computer Occupations	905	\$132,864
Registered Nurses	864	\$93,440
Software Developers	587	\$131,840
Retail Salespersons	569	\$34,432
Heavy Truck Drivers	308	\$60,288
First-Line Retail Supervisors	288	\$50,048
Customer Service Reps.	263	\$41,600
Maintenance & Repair Workers	260	\$47,744
Secretaries & Admin. Assistants	251	\$44,416
General & Operations Managers	240	\$71,552
Total Openings	20,477	\$62,592

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

Year	Count
2023	38,320
2022	36,190

Data: Census Bureau

Average Hourly Earnings

	Oct.	1 yr. % chg.
Pikes Peak Region	\$35.14	+3.0%
Colorado	\$38.30	+5.2%
United States	\$35.40	+3.3%

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

Pikes Peak Region Employment

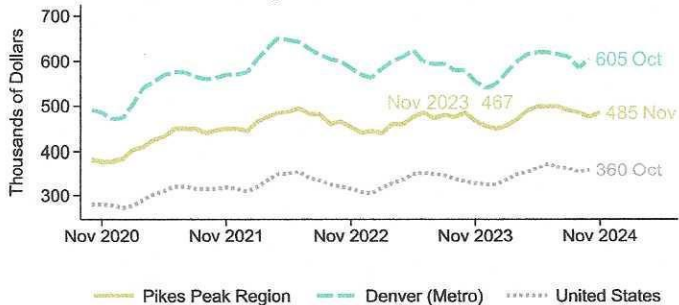
	October	September
Employed	370,839	371,257
Unemployed	17,445	16,401

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

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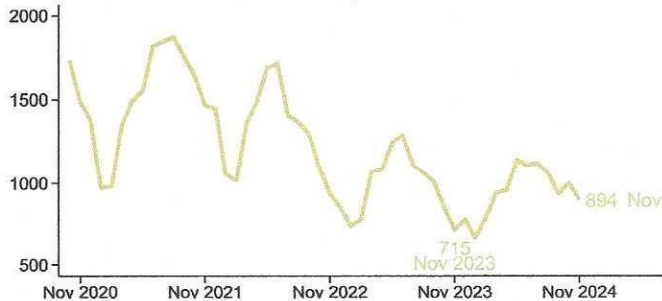
Real Estate

Pikes Peak Region, Denver and US House Prices



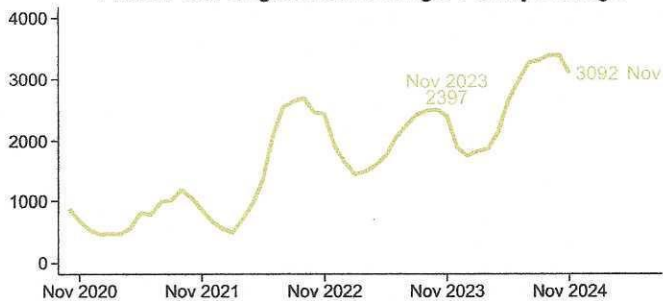
Median Sales Price, Single-Family Homes
Data: Realtor® Services Corp., courtesy Pikes Peak Assoc. of Realtors®; Zillow
Local data includes properties on regional MLS outside El Paso and Teller Counties

Pikes Peak Region Home Sales



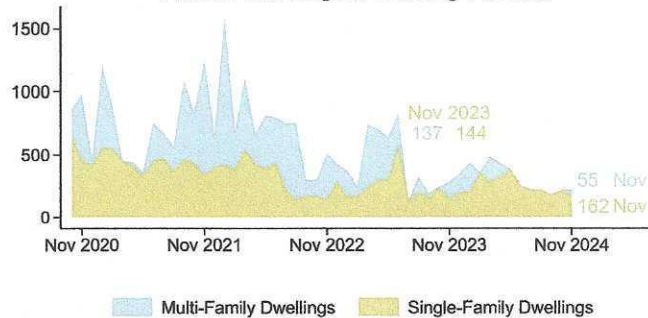
Data: Realtor® Services Corp., courtesy Pikes Peak Assoc. of Realtors®
Includes properties on regional MLS outside El Paso and Teller Counties

Pikes Peak Region Active Single-Family Listings



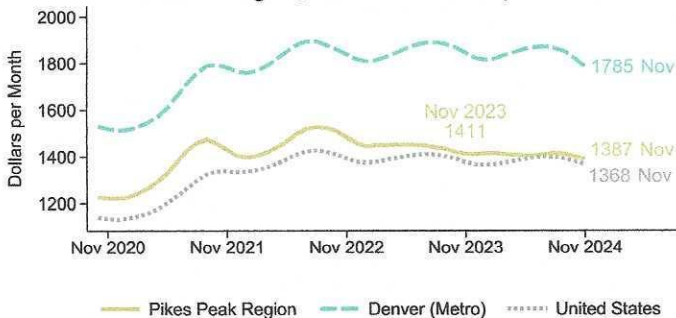
Data: Realtor® Services Corp., courtesy Pikes Peak Assoc. of Realtors®
Includes properties on regional MLS outside El Paso and Teller Counties

Pikes Peak Region Building Permits



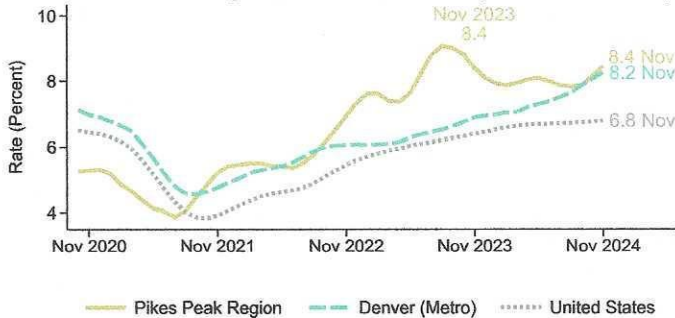
A June 30 2023 change in building code caused some permitting to be pulled forward
Data: Pikes Peak Regional Building Department; serves El Paso County and Woodland Park

Pikes Peak Region, Denver and US Apartment Rents



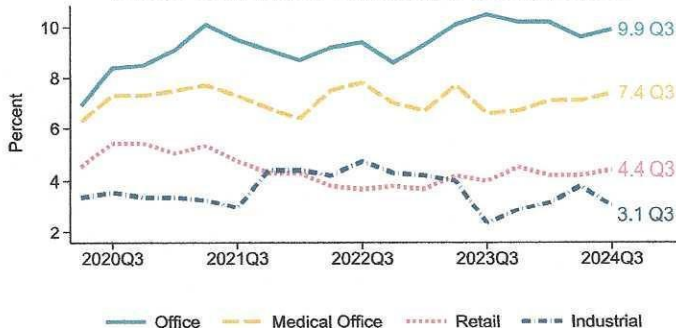
Median Rent of Two-Bedroom Apartment
Data: Apartment List

Pikes Peak Region, Denver and US Apartment Vacancy



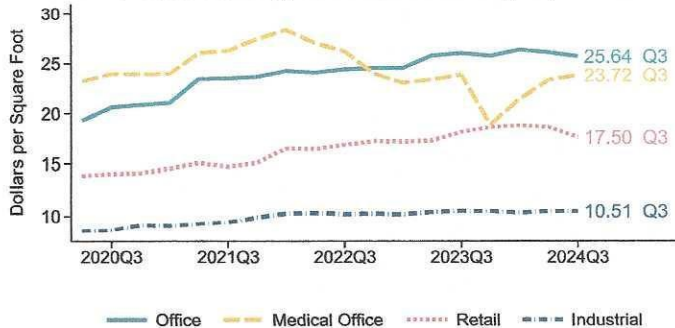
Median Rent of Two-Bedroom Apartment
Data: Apartment List

Pikes Peak Region Commercial Vacancy Rates



Percent vacant and available. Data: CoStar Group™, courtesy Olive Real Estate Group, Inc.

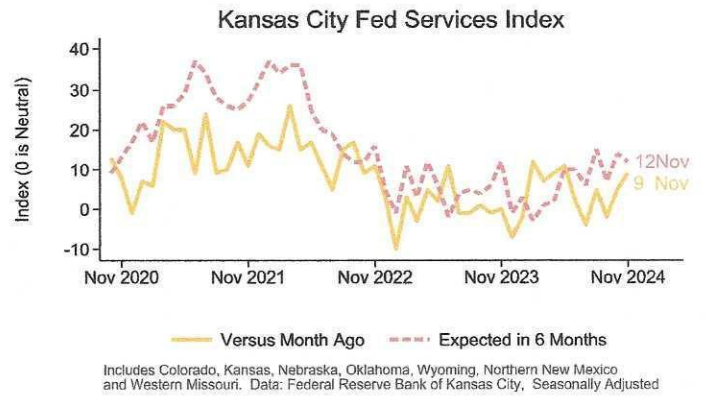
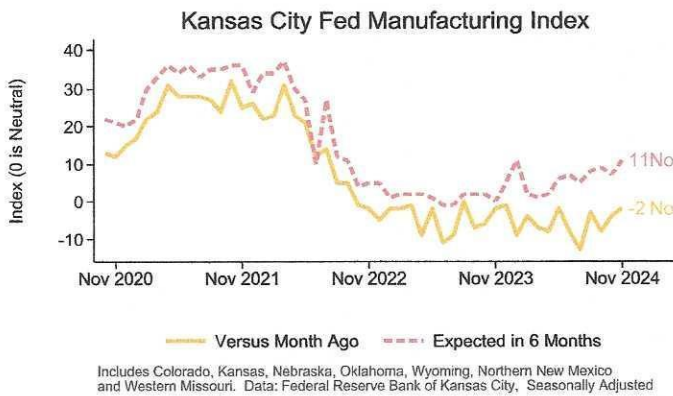
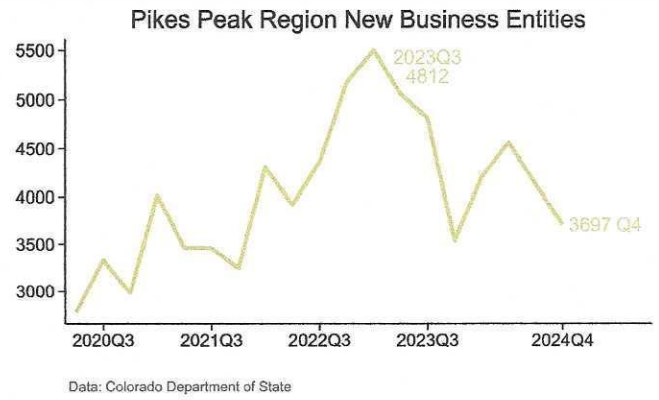
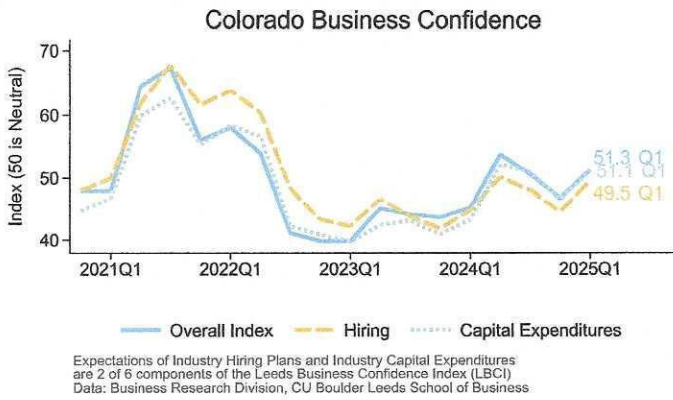
Pikes Peak Region Commercial Property Rents



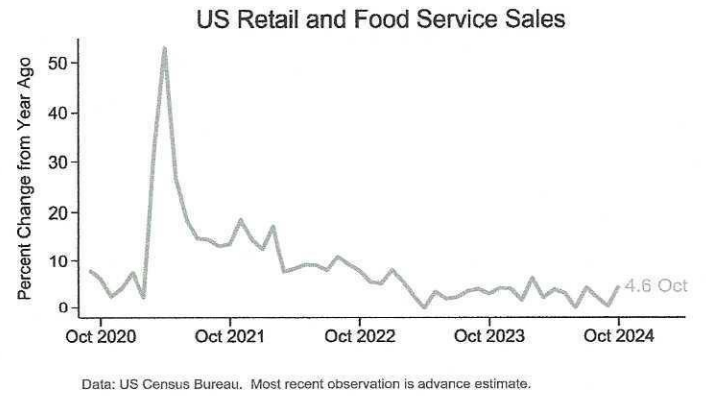
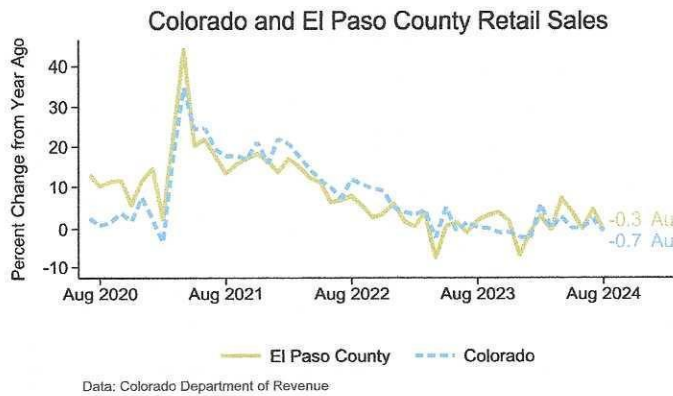
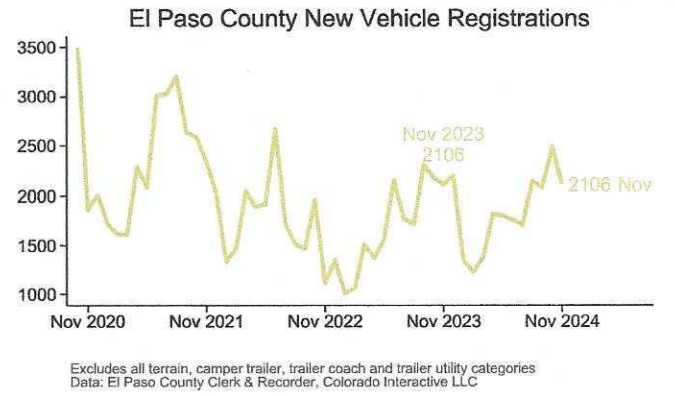
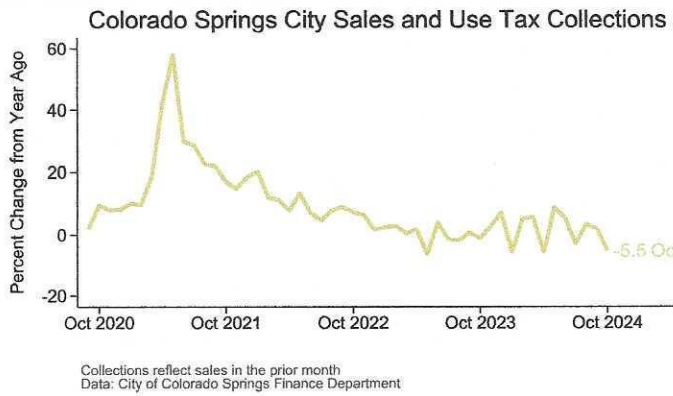
Data: CoStar Group™, courtesy Olive Real Estate Group, Inc.

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Business



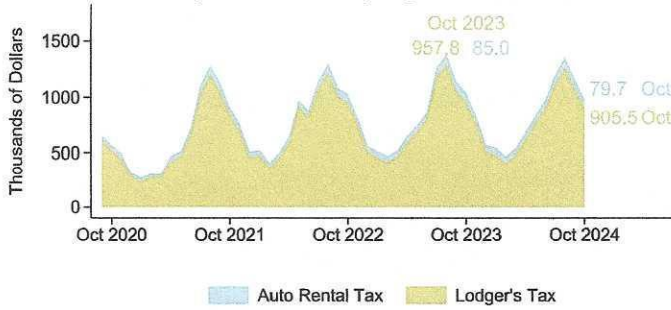
Consumers



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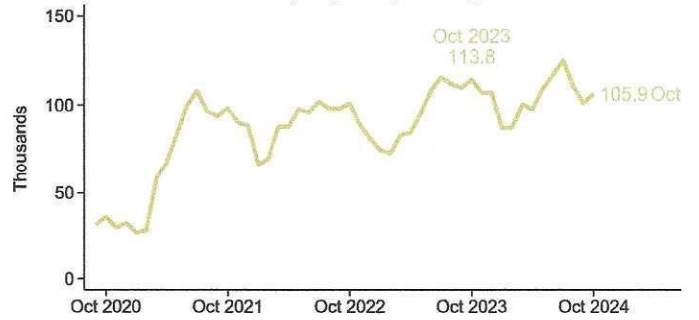
Travel and Tourism

City of Colorado Springs LART Revenue



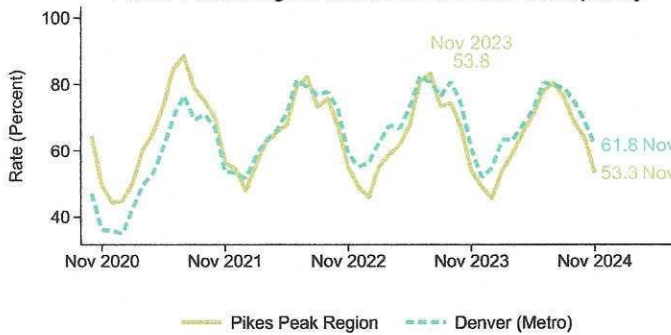
Lodger's (2%) and Auto Rental (1%) Tax Collections Reflect Prior Month Sales
 May 2022 Lodger's Tax Collections Include Delinquent Revenue from Prior Periods
 Data: City of Colorado Springs Finance Department

Colorado Springs Airport Enplanements



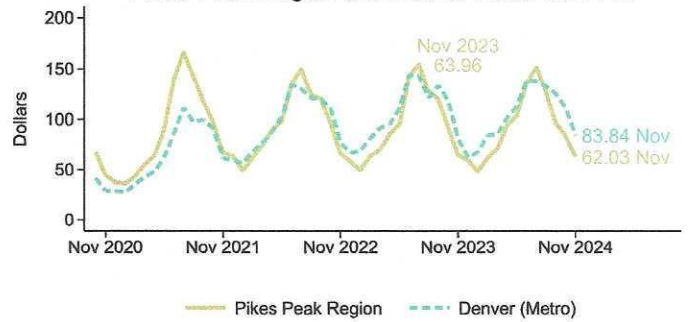
Data: Colorado Springs Airport

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	313.98 mil.	338.44 mil.	357.06 mil.	371.16 mil.

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

Mortgage Payment Share of Median Income, Aug. 2024

Pikes Peak Region	46.4%
Denver (Metro)	46.3%
United States	42.2%

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 Q2 2024

Pikes Peak Region	100.3
Denver (Metro)	108.2

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	\$23.03/hr
Living Wage: 1 Adult with 2 Children	\$56.08/hr
Living Wage: 2 Working Adults w/ 2 Children (per adult)	\$30.41/hr

Data: MIT Living Wage Calculator

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