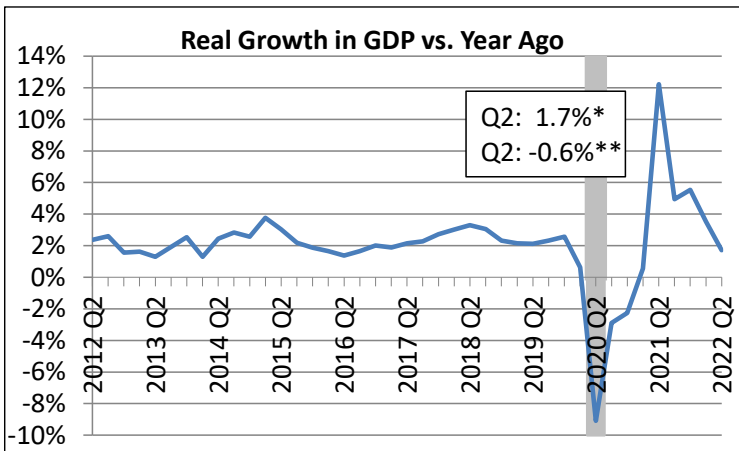


# Pueblo Economic & Workforce Development Dashboard

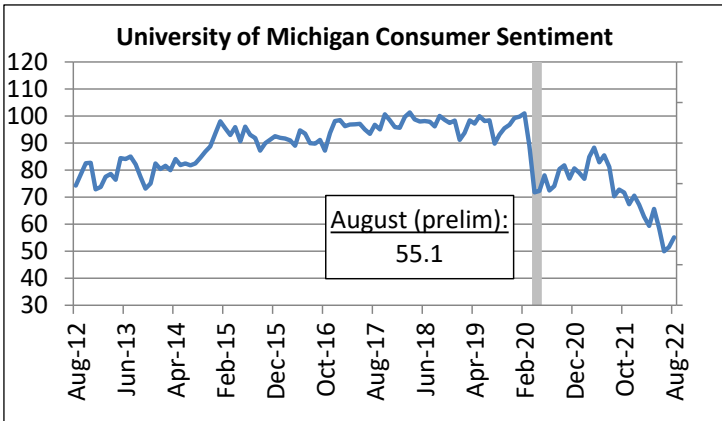
The second revision for **Gross Domestic Product (GDP)** for Q2 was just released with upward revisions. Growth compared to a year ago stood at 1.7% in Q2, and the alternative (more mainstream measurement) of quarterly growth *annualized* came in at 0.6%. The next and final revision will be released at the end of September. It is still up for debate whether the NBER, or National Bureau of Economic Research, will officially declare a recession with the two consecutive quarters of decline we have had this year. It is important to note that the Atlanta Federal Reserve, which is one of the twelve Federal Reserve Districts, does “real time” tracking of GDP input metrics as they come in. They do this to at least begin to gauge where GDP will end up at the end of the quarter once all data is in. It is not a perfect measurement because one metric can skew things considerably. However, I do look at “GDPNow” as it’s called and thus far, growth for Q3 is looking positive at 1.6% as of their latest estimate on August 26<sup>th</sup>. This is important because if indeed we end up with a positive (albeit not great) GDP growth rate, that means at a minimum that the economy is no longer contracting. It’s also worth noting that many economists are indeed saying we are not currently in a recession, but we will be in 2023.



\*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

## Consumer Sentiment

for August came in at 55.1, which is an improvement over the July level of 51.5. Improvements in economic metrics are always a good thing, but it is important to focus on the level itself. I find it somewhat surprising that consumer sentiment has fallen as much as it has. The levels we are currently experiencing are lower than the levels seen during the Great Recession. That recession was a tough and prolonged one with much more precarious financial conditions. But if we look at the details of the current surveys, inflation is the primary reason that consumer’s outlook is so sour. We have not had inflation at these levels since the early 1980s, so perhaps the currently low levels of confidence are explainable. Fully 48% of survey respondents say that inflation is eroding their living standards. We need to also remember that humans don’t typically like uncertainty and the pandemic most certainly induced a lot of change and disruption, which impacts confidence levels.



Source: University of Michigan

Digging deeper, it’s also apparent that the lower levels of confidence first showed up in middle- and lower-income groups as they are disproportionately impacted by **Inflation**, which was at 8.5% (not seasonally adjusted) compared to the year prior. Although this is still incredibly high inflation, it is an improvement over the June level of 9.1%. This improvement is largely why consumer sentiment improved by roughly three points. It is also important to note that in the most recent University of Michigan survey, higher income groups are now saying they have declines in their personal finances and are much less optimistic in their views of buying conditions for durables. In other words, lower sentiment is broad-based across income levels.

| U.S. Consumer Price Index - July 2022 |           |                    |
|---------------------------------------|-----------|--------------------|
|                                       | All items | Less food & energy |
| Change from June to July, 2022 (SA)   | 0.0%      | 0.3%               |
| Last 12-months (NSA)                  | 8.5%      | 5.9%               |

The 2022 Q1 cost of living in Pueblo, Colorado was 93.3% of the U.S. average according to C2ER.

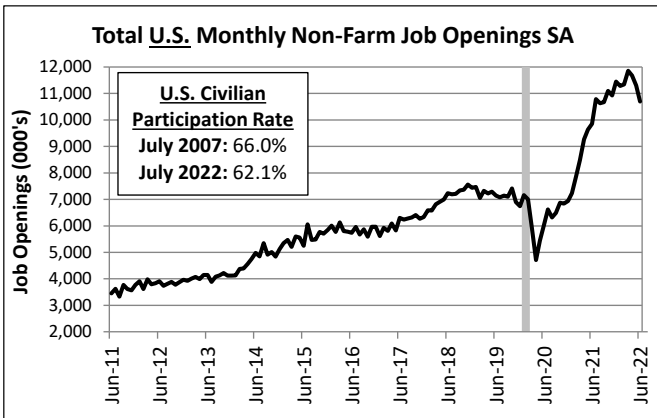
Source: U.S. Bureau of Labor Statistics; all urban consumers (CPI-U)

One more point on inflation is that the “headline” CPI (consumer price index), which most recently is at that 8.5% level, is compared to the year prior. For this reason, it’s relevant to also look at where inflation was a year ago. The answer is that inflation was already high one year ago. We started to have abnormally elevated CPI reads in April of 2021, which means that the most recent increase of 8.5% is on top of the higher levels we had a year ago. That’s what economists call “baseline effects.” More on inflation on the next page.

## Job Openings

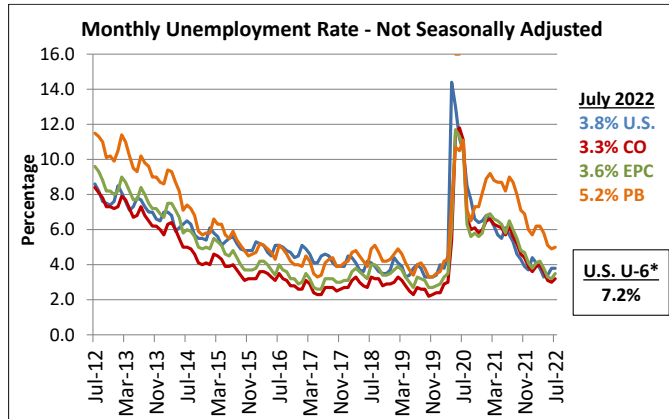
(graph on next page) have indeed declined as the graph shows. Please note that this data lags about two months from the Bureau of Labor Statistics. The number of job openings in May was 11,303 and in June it was 10,698. Most economists, including myself, have been saying that as we enter an economic contraction this time, it’s less likely that unemployment will shoot up. It is more likely that some job postings will be pulled and that is indeed what is happening. Taking a look at the graph, however, it’s easy to see that job openings are still off the charts and that’s due to our aging population, more early retirees during the pandemic, lower immigration levels after the policy changes in 2017, and the skills gap. The **Civilian Participation Rate** (text box in same graph) also remains low and that is another reason labor demand exceeds supply (note: that metric does *not* lag). Those are all structural (and not cyclical) issues so I suspect that job openings will stay elevated even if they are not at record levels.

# Pueblo Economic & Workforce Development Dashboard



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

**Unemployment Rates** for July increased as compared to the previous month for Colorado (3.3%), El Paso (3.6%) and Pueblo counties (5.2% in July and 5.0% in June). Although the increases were modest, it is notable that Colorado's rates increased while the U.S. rate (3.8%) stayed the same. Remember that the "natural" rate of unemployment is between 4.0-4.5% so the current levels we are seeing are still quite low. Another metric that isn't talked about enough is the U-6 rate, which represents those marginally attached to the labor force (see footnote under the graph). That rate increased to 7.2% in July from 7.0% the month prior. This is bad news given the incredible labor shortage we have.



Note: Data not seasonally adjusted (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

Going back to **Inflation**, as aforementioned, the CPI did cool slightly in July to 8.5%, and this headline rate is always presented as a comparison to a year ago (table on previous page). It's worth noting that June's CPI was so elevated because we saw particularly high gas prices that month. I do believe inflation will stay elevated for at least another year if not longer. We may not be in the high single digits, but there are so many structural and therefore long-term reasons why prices will remain elevated. Not long ago I wrote an article about these structural headwinds (see article [Gazette Long-term Economic Challenges](#)). In addition, the shelter component of the CPI lags significantly so those rapid increases in home/apartment prices will keep inflation levels elevated for a while. The delayed aspect of the shelter component alone, which is a large input into the total CPI, will likely keep

**Pueblo Job Openings** and the number of people unemployed remained about the same in July as it was in June. The ratio of workers available per job opening did increase slightly to 0.75 in July versus 0.73 in June, which aligns with the small increase in the unemployment rate discussed above. Seven of the top ten job openings stayed the same, and there were three new ones: middle school teacher, customer service representative, and medical and health services manager. In the report I run, I can go past the top ten openings and it's important to note that these three "new" categories meander in and out of the top ten. In other words, the top twenty to thirty openings don't really change. This is much of the reason addressing the skills gap is so very important.

| July 2022  |                            |                      |                           |
|--|----------------------------|----------------------|---------------------------|
| Top Job Titles (Pueblo MSA)  | # of Job Postings (Pueblo) | Market Salary (U.S.) | Risk of Automation (U.S.) |
| Registered Nurses  | 427                        | \$66,473             | Low Risk                  |
| Heavy & Tractor-Trailer Truck Drivers                              | 155                        | \$69,234             | Medium Risk               |
| Retail Salespersons  | 134                        | \$29,965             | High Risk                 |
| First-Line Supervisors of Retail Sales Workers                     | 101                        | \$37,734             | Low Risk                  |
| Middle School Teacher, Except Special/CTE (NEW to top 10 in April) | 87                         | \$49,056             | Low Risk                  |
| Maintenance and Repair Workers                                     | 82                         | \$36,953             | Medium Risk               |
| Customer Service (NEW to top 10 in July)                           | 75                         | \$29,556             | Medium Risk               |
| Nursing Assistants   | 74                         | \$28,748             | Low Risk                  |
| Medical & Health Service Managers (NEW to top 10 in July)          | 71                         | \$66,994             | Low Risk                  |
| Combined Food and Prep   | 75                         | \$22,401             | High Risk                 |

**Pueblo, July 2022\***

**TOTAL Job Openings: 5,448**

**TOTAL Unemployed: 4,080**

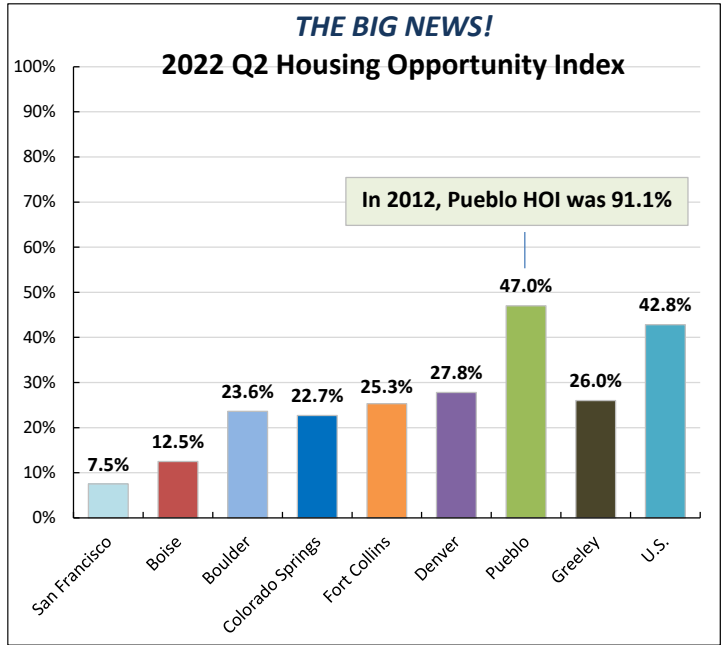
**Workers Available per Job Opening: 0.75**

Sources: The Conference Board® Lightcast; CO Dept. of Labor & Employment. \*Some months may lag for this ratio due to timing of data releases for number of unemployed from CDLE.

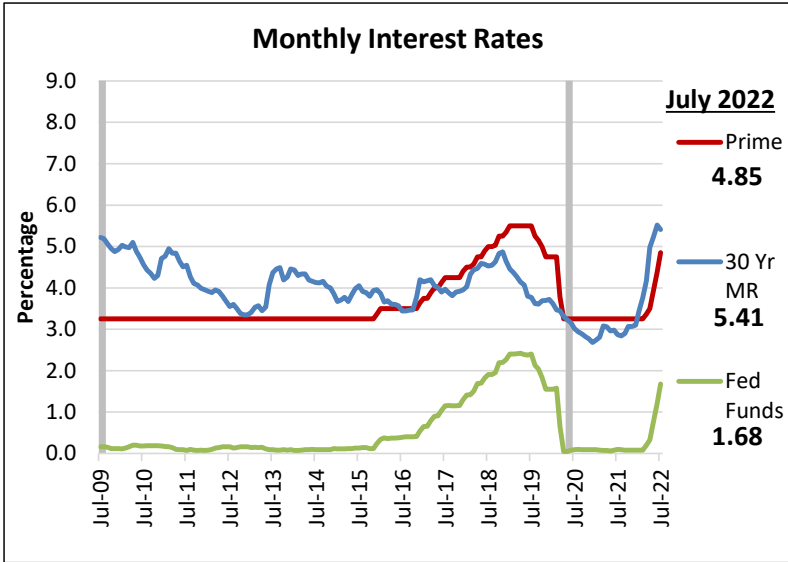
The change in the **Housing Opportunity Index** is probably the **biggest news** of this month's dashboard (graph on next page). In the second quarter (2022, Q2) the percentage of homes sold that are affordable to families who earn the median income fell drastically across the country, but especially in the West. In Pueblo, the HOI fell from 60.5 in Q1 of this year down to 47.0 in Q2. As the graph shows, in 2012, the HOI in Pueblo was 91.1%. Every single comparison MSA in the graph had drastic reductions in affordability. The U.S. average also fell from 56.0 in Q1 to 42.8, which is also a big drop, but not as large as virtually every city in the West. In fact, the West has had some of the largest increases in home prices across the country during the past two and a half years. The South has also had large price increases as people moved to more affordable areas during the pandemic. However, the baseline prices pre-pandemic in the South were much lower than they were in the West.

# Pueblo Economic & Workforce Development Dashboard

For this reason, it is good news that the increase in **Interest Rates** and fall in consumer confidence has indeed caused **Home Prices** to either stabilize or even decline slightly across the country. In Pueblo and other Colorado cities, prices for single-family homes are still increasing, but instead of double-digit increases year-over-year, Pueblo is now at a 7.4% increase year-over-year. In July, for both new and existing single-family homes, the median home price in Pueblo was \$325,000. The table shows the increases for Colorado Springs, Denver and the U.S. from the National Association of Realtors and that information, as stated in the footnote, is for only existing, single-family homes for the second quarter of 2022. The NAR national database does not include Pueblo so we rely on Pueblo Area Realtors and can obtain similar although not exactly identical data.



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

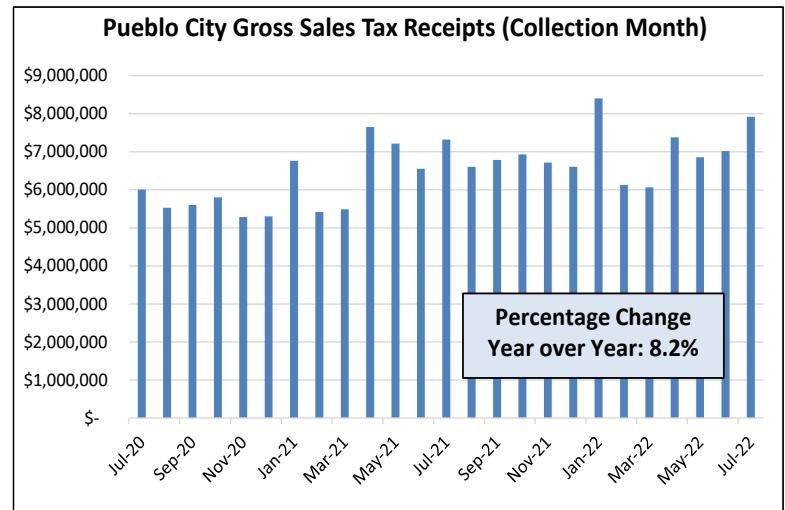
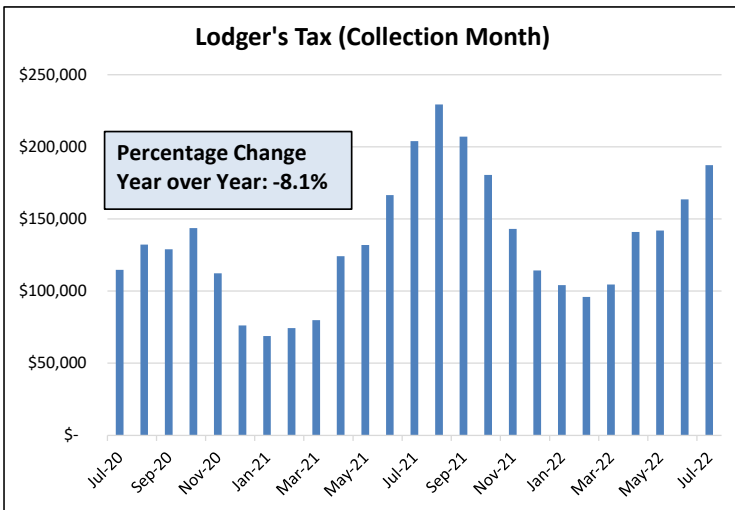


Source: Board of Governors of the U.S. Federal Reserve System; Freddie Mac

| Location        | Colorado Springs | Denver         | July 2022 Pueblo (*New & Existing) | United States  |
|-----------------|------------------|----------------|------------------------------------|----------------|
| Price           | \$480,900        | \$695,800      | \$325,000                          | \$413,500      |
| 1-year % Change | 9.5% increase    | 12.5% increase | 7.4% increase                      | 14.2% increase |
| MSA Rank        | 35               | 13             | 102                                | n/a            |

Sources: National Association of REALTORS® and Pueblo Area Realtors. \*Includes existing homes only except for Pueblo, which includes new & existing since PAR only reports both (combined). Pueblo ranking is estimated based on similar MSA city ranking and price is for most recent month. 190 MSAs measured.

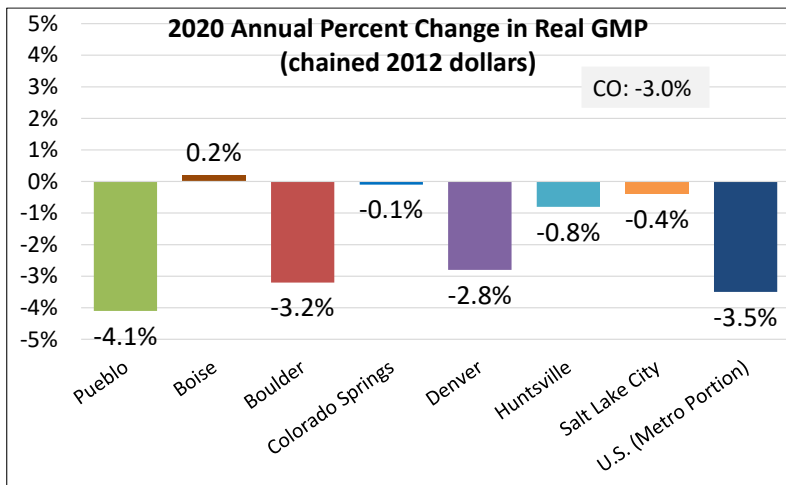
**Lodger's Tax** is down compared to a year ago (-8.1%) for July collections although overall **Pueblo City Sales Tax** is up 8.2% year-over-year. Remember that sales tax revenue is measured in dollars and it's likely that most of the increase we are seeing is due to people paying higher prices. In other words, inflation is causing sales tax receipts to be higher than they normally would be since sales taxes are calculated as a percentage of a total sale and the point of purchase.



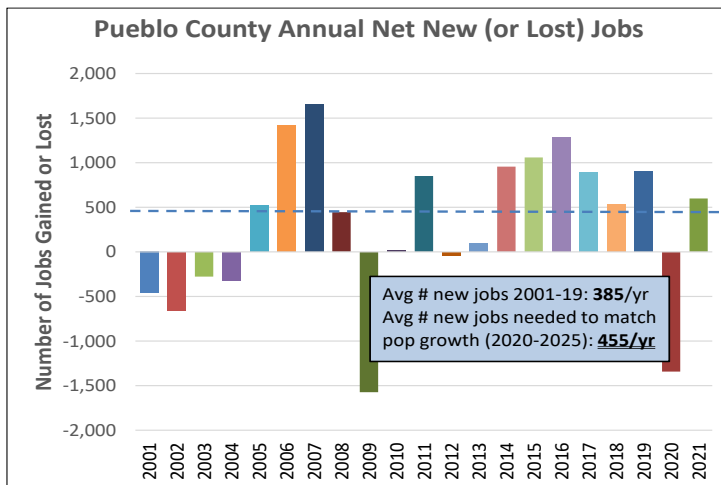
*The following pages have quarterly and annual metrics that will rotate in and out of the narrative section.*

# Pueblo Economic & Workforce Development Dashboard

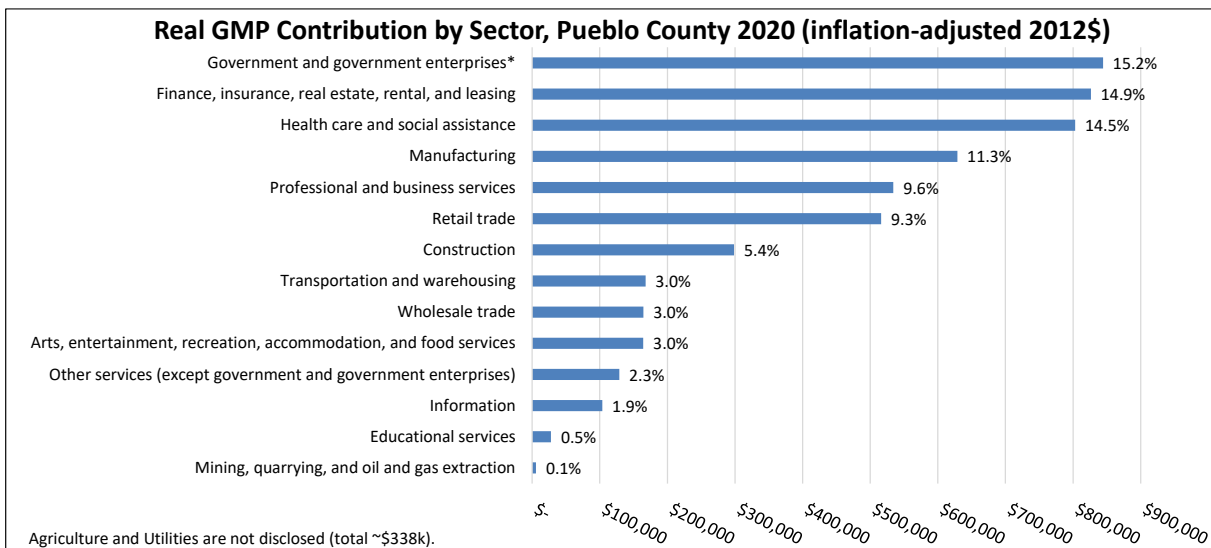
## Other quarterly and annual metrics



Note: Real GMP adjusted for regional price parity (RPP). This regional data lags ~20 months. Source: U.S. Bureau of Economic Analysis



An estimated 455 new jobs are needed based upon population growth & age composition. This QCEW data lags up to three quarters. Source: CO Dept. of Labor & Employment, Quarterly Census of Employment and Wages (QCEW), CO State Demographer's Office



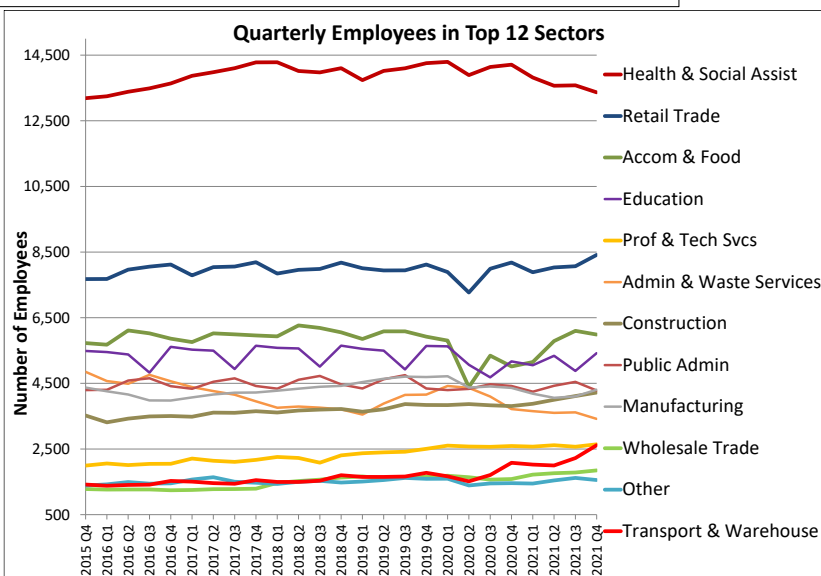
\*Government and government enterprises includes market and nonmarket goods/services. Examples of nonmarket services includes public safety, education and market enterprises including postal service, airports, utilities (in some regions), transit systems, etc. Source: U.S. Bureau of Economic Analysis. GMP (local) data lags by approximately 22 months.

| 2021 Q4 Average Annual Wages for All Industries   |          |                |               |
|---|----------|----------------|---------------|
| <b>Pueblo wages are 26.0% lower than the U.S.</b> |          |                |               |
| <b>29.2% lower than Colorado</b>                  |          |                |               |
| <b>16.1% lower than El Paso County</b>            |          |                |               |
| U.S.  | Colorado | El Paso County | Pueblo County |
| \$73,736  | \$77,168 | \$65,104       | \$54,600      |
| 2021 Q4 Total Employment                          |          |                | 61,497        |

| 2020 Federal Poverty Level (FPL) |               |       |
|----------------------------------|---------------|-------|
|                                  | Pueblo County | U.S.  |
| % people at FPL or below         | 17.9%         | 12.3% |

Note: FPL 2020: \$12,760 for an individual & \$26,200 for family of four. Data from Census five-year estimates and most recent available is from 2020.

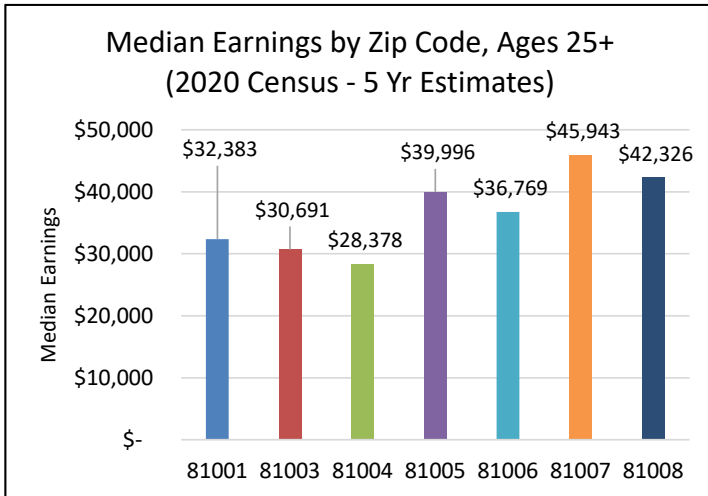
Note: QCEW data lags by up to three quarters and does not include military-related employees. Sources: U.S. Bureau of Labor Statistics and Colorado Department of Labor and Employment, QCEW; U.S. Census Bureau, Small Area Income and Poverty Estimates; U.S. Department of Health & Human Services; MIT Living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



| Top Growing Industries from 2015 Q4 to 2021 Q4 |        |
|--|--------|
| Transport & Warehouse                          | +84.7% |
| Wholesale Trade                                | 44.2%  |
| Prof & Tech Services                           | +32.5% |
| Other (typically services)                     | +12.0% |
| Construction                                   | +19.9% |
| Retail   | 9.6%   |

# Pueblo Economic & Workforce Development Dashboard

## Other quarterly and annual metrics



**2021 Minimum Wage & Living Wage Pueblo County**

|   | Wage/Hr | Annualized |
|---|---------|------------|
| Minimum wage salary for full-time worker                | \$12.32 | \$25,626   |
| Living wage: HHs with 1 adult, 2 children               | \$39.77 | \$82,722   |
| Living wage: HHs with 2 adults (1 working), 2 children  | \$35.66 | \$74,173   |
| Living wage: HHs with 2 adults* (2 working), 2 children | \$22.77 | \$47,362   |

*\*Living wage is for each working adult. For specifics, go to [livingwage.mit.edu](http://livingwage.mit.edu).*

Source: American Community Survey. Note that Native Hawaiian/Other Pacific group excluded due to small sample size.

**Pueblo Percentage with High School Diploma by Zip Code from 2020 Census - 5 Year Estimates**

| Zip Code | White Alone | Black Alone | Amer Indian/<br>Native Alaskan | Asian Alone | Other Race Alone | Two or More Races | Hispanic / Latino Origin |
|----------|-------------|-------------|--------------------------------|-------------|------------------|-------------------|--------------------------|
| 81001    | 94.1%       | 97.3%       | 76.8%                          | 93.5%       | 73.7%            | 92.3%             | 82.3%                    |
| 81003    | 89.0%       | 73.5%       | 84.1%                          | 100.0%      | 75.6%            | 91.9%             | 76.5%                    |
| 81004    | 91.7%       | 89.4%       | 75.4%                          | 100.0%      | 76.2%            | 76.2%             | 82.5%                    |
| 81005    | 96.7%       | 96.1%       | 83.1%                          | 100.0%      | 83.2%            | 95.0%             | 87.9%                    |
| 81006    | 95.4%       | 86.5%       | 70.5%                          | 91.5%       | 83.2%            | 82.3%             | 86.9%                    |
| 81007    | 94.4%       | 98.2%       | 88.1%                          | 95.4%       | 92.9%            | 98.0%             | 90.7%                    |
| 81008    | 94.0%       | 100.0%      | 60.9%                          | 59.8%       | 98.0%            | 87.3%             | 87.4%                    |

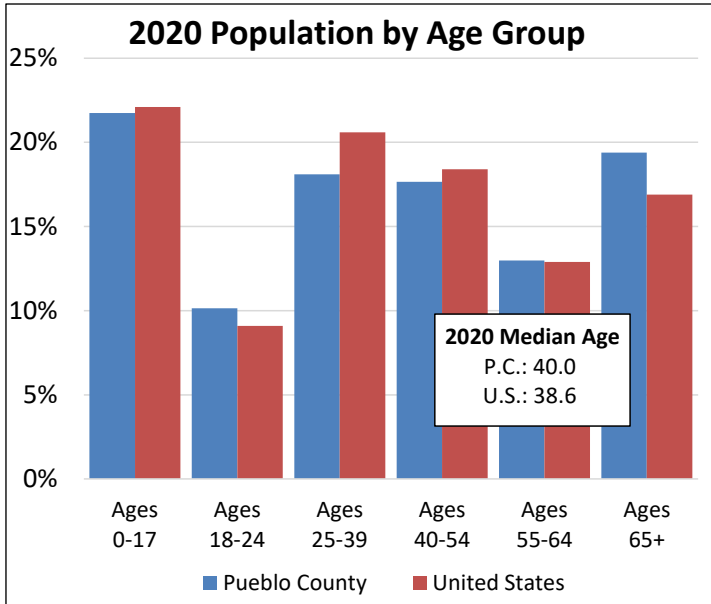
**Pueblo Percentage with Bachelor's Degree by Zip Code from 2020 Census - 5 Year Estimates**

| Zip Code | White Alone | Black Alone | Amer Indian/<br>Native Alaskan | Asian Alone | Other Race Alone | Two or More Races | Hispanic / Latino Origin |
|----------|-------------|-------------|--------------------------------|-------------|------------------|-------------------|--------------------------|
| 81001    | 26.4%       | 40.4%       | 9.4%                           | 37.6%       | 4.4%             | 29.2%             | 11.5%                    |
| 81003    | 18.1%       | 14.1%       | 11.4%                          | 66.1%       | 13.7%            | 34.7%             | 14.3%                    |
| 81004    | 26.2%       | 10.4%       | 3.3%                           | 27.3%       | 5.2%             | 14.2%             | 8.7%                     |
| 81005    | 27.9%       | 43.2%       | 2.5%                           | 49.7%       | 9.8%             | 41.3%             | 15.3%                    |
| 81006    | 32.2%       | 23.1%       | 4.1%                           | 91.5%       | 9.3%             | 10.1%             | 14.4%                    |
| 81007    | 31.1%       | 13.1%       | 16.9%                          | 57.5%       | 15.3%            | 39.1%             | 21.1%                    |
| 81008    | 34.1%       | 30.1%       | 15.7%                          | 39.0%       | 15.1%            | 33.6%             | 21.4%                    |

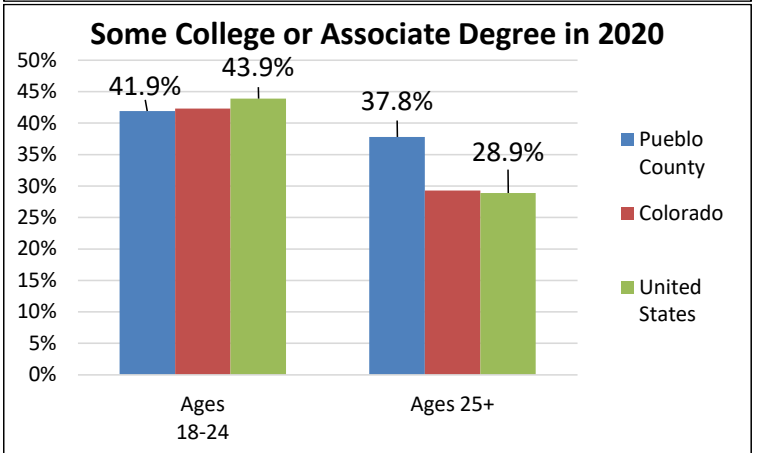
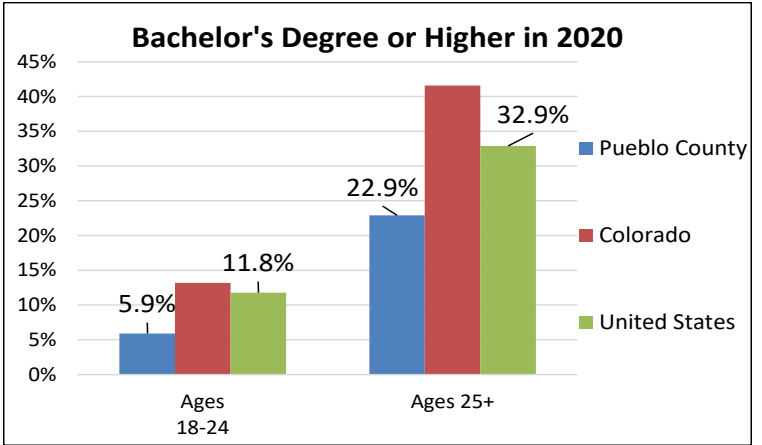
# Pueblo Economic & Workforce Development Dashboard

## Other quarterly and annual metrics

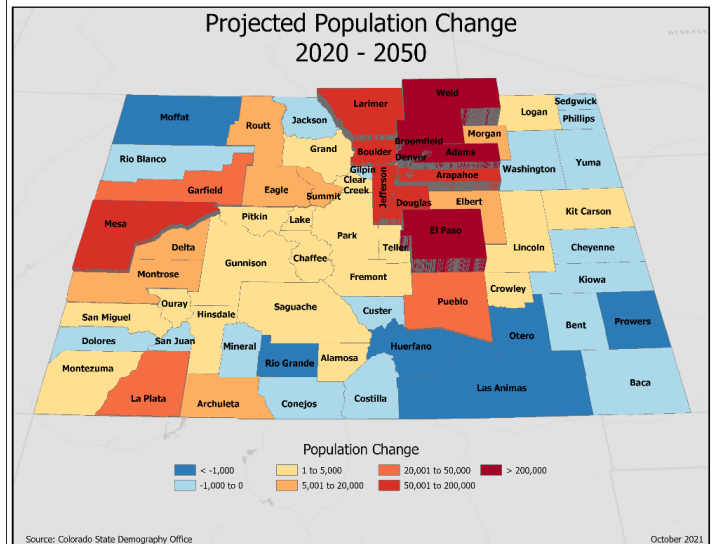
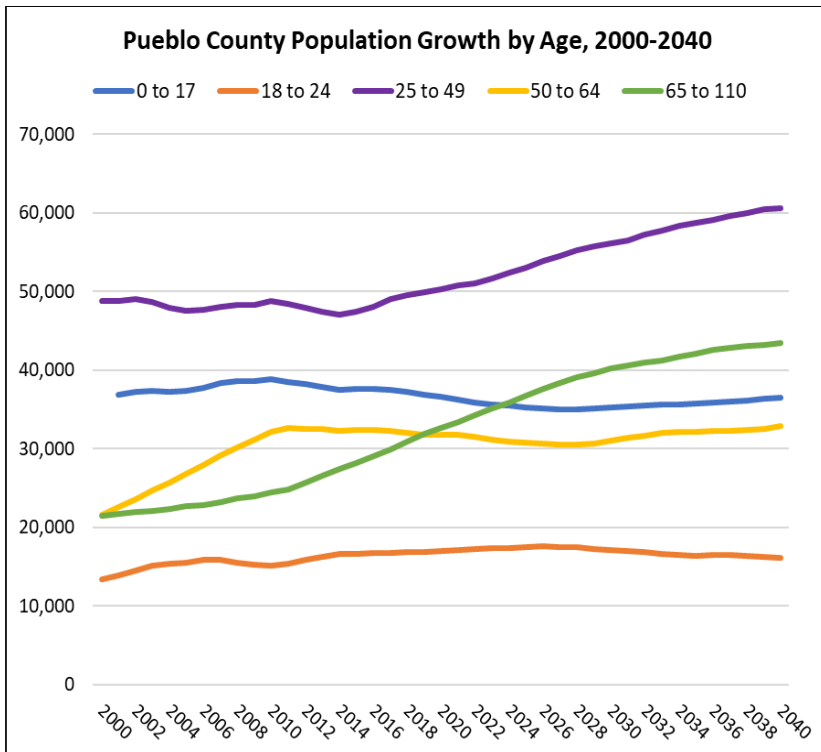
| Population Estimates   |           |           |
|------------------------|-----------|-----------|
| Region & (Growth Rate) | 2021      | 2050      |
| Pueblo County (15%)    | 169,372   | 194,563   |
| Colorado (30%)         | 5,831,162 | 7,564,742 |



Source for population information: State Demography Office; U.S. Census Bureau, Population Division; Due to Census delays, age groups are estimates for 2020 and median age for P.C. and U.S. are also estimates.

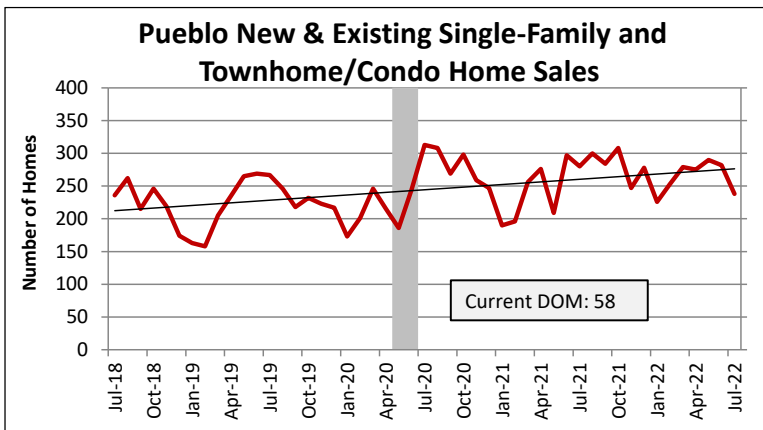


Source: U.S. Census Bureau, Five-year estimates (which are more accurate).

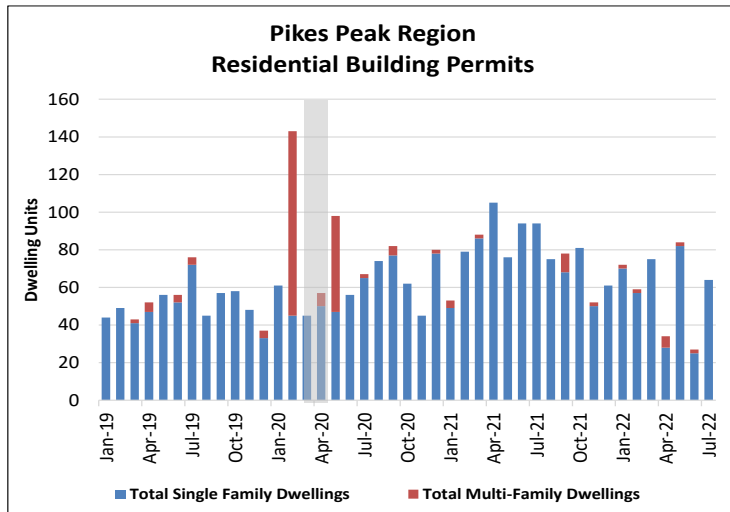


# Pueblo Economic & Workforce Development Dashboard

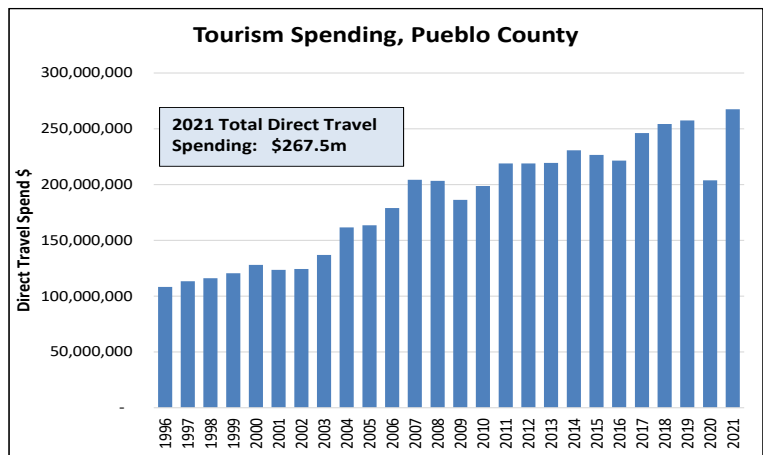
## Other quarterly and annual metrics



Sources: National Association of REALTORS® and Pueblo Area Realtors. \*Includes existing homes only except for Pueblo, which includes new & existing since PAR only reports both (combined). Pueblo ranking is estimated based on similar MSA city ranking and price is for most recent month. 190 MSAs measured.

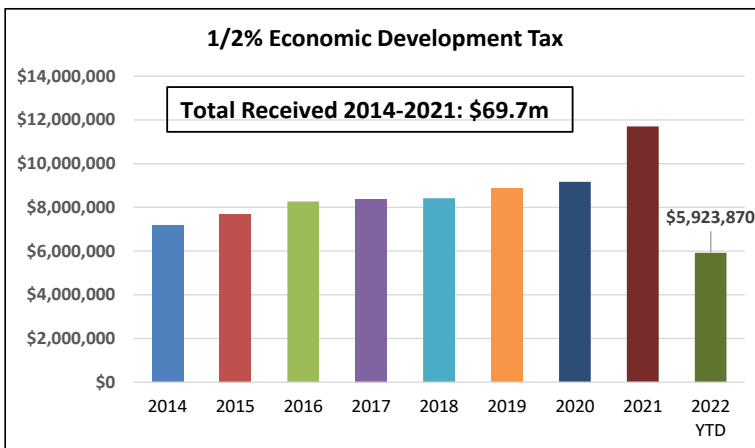


Source: Pueblo Regional Building Department and City of Pueblo

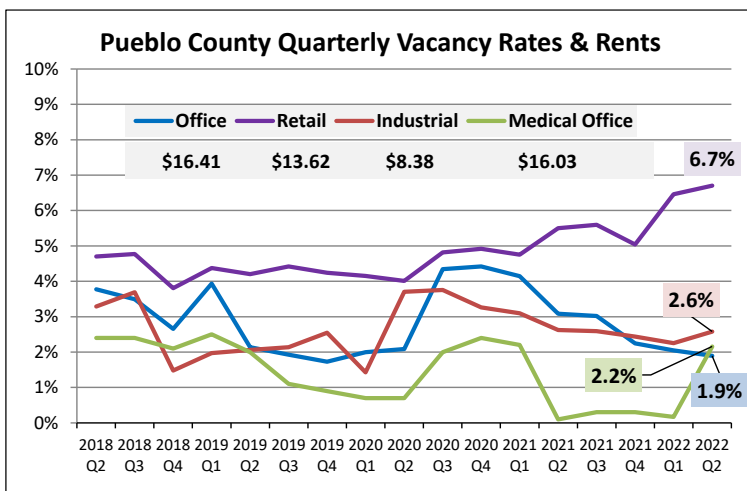


Source: Colorado Tourism Office, Greater Pueblo Chamber of Commerce.

Note: Direct travel includes day and overnight visitors.



Source for tax information: City of Pueblo. YTD reflects cash collections.



Source: CoStar Group™