

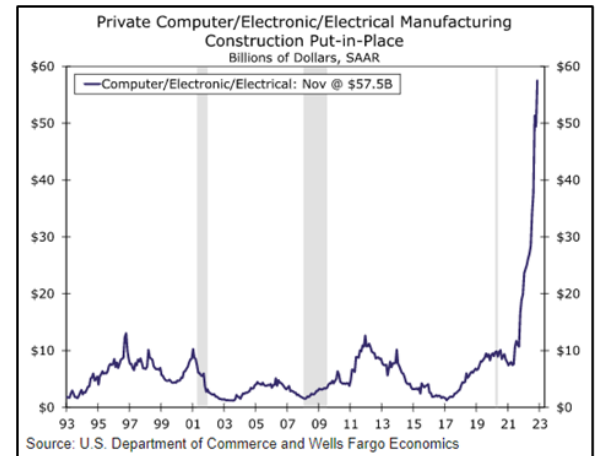
Pueblo Economic & Workforce Development Dashboard

Highlights—January 2023

Hello! Below you have the highlights for the January EPR (Economic Progress Report).

Gross Domestic Product, or GDP {Page 3} was released last week and in 2022 Q4, the U.S. economy grew 1.0% compared to the same quarter last year (2021 Q4). This is a bit lower than the third quarter (2022 Q3), which grew 1.9%. If we annualize the 4th quarter growth, GDP would grow 2.9%, which is the second data point in the textbox. This is the more common “headline” metric you’ll see in the media. I look at both the quarterly and annualized values although I pay more attention to the quarterly changes because a) I can see the change between the two most recent quarters and that tells me the direction of the change, and b) one quarter that’s annualized doesn’t necessarily mean the rest of the year will follow suit to that one quarter. With the 2022 Q4 data now in, we know that for all of 2022, U.S. GDP grew by 2.1% and that’s quite a bit lower than 2021’s GDP growth rate of 5.9% (which was largely fueled by monetary and fiscal stimulus spurred by the pandemic).

The modest growth we did have in the 4th quarter of 2022 reflected increases in private inventory investment, consumer spending, federal, state, and local government spending, and nonresidential fixed investment. It’s worth mentioning that some of the increase in nonresidential investment is for the building out of manufacturing plants in the subsector of computer/electronics (up 16.3% in December). What’s fascinating is that this increase is for new facilities that make electric vehicles and also semiconductors as the graph shows. This represents both a relatively new innovation that’s taken off (EVs) and the re-shoring of existing technologies (semiconductors). This is very positive for a plethora of reasons, including more opportunities for manufacturing jobs. One of the reasons the male labor participation rate has fallen so much over the past few decades is the closing of 70,000 factories in the U.S. during the 1960s and 1970s. Those factories had livable wage jobs that did not require bachelor’s degrees. We still need those opportunities as 65% of the U.S. population ages 25+ does not have a **Bachelor’s Degree {Page 5}** or higher. I wrote an article about the shocking decline in prime working-age labor participation for males and you can read that [here](#) or watch the shorter TV [version](#). Overall, construction for U.S. manufacturing facilities is up 43.2% year over year, and I love that.



There were also components of GDP that negatively impacted the headline number. These included residential fixed investment and exports. I don’t think anyone is surprised by the fall in residential fixed investment, which has declined for six straight months, as home construction has significantly slowed. The details are important, however. It is primarily single-family construction that has seen sharper declines while multi-family is still holding up. For the entire construction industry (residential and non-residential), however, most experts are forecasting further declines due to high financing costs. The decrease we are seeing in building permits today certainly validates that.

Consumer Sentiment {Page 3} improved quite a bit in January (64.9) compared to December (59.7). This is mostly due to what consumers are seeing and hearing about **Inflation or CPI {Page 3}** coming down alongside the wage increases many people have experienced. Inflation came down to 6.5% in December from 7.1% in November, year-over-year. This, of course, improves prospects for their “real,” or inflation adjusted earnings. If indeed inflation continues to cool and consumers have locked in any wage increases they’ve received, they are indeed better off. In 2022, despite some of the headline double-digit wage increases, real earnings over the past year have declined 1.7% because of inflation. Wages are “sticky,” so past increases aren’t likely to be taken away, and workers/consumers know that.

I’ve been showing in a lot of presentations lately, that revolving credit has been increasing in the U.S., which tells me that some households are paying for higher prices with credit cards or personal or home equity loans. This isn’t surprising given that savings rates are now down to 3.4% versus 9.1% in January of 2020. Although delinquencies have only edged up a bit, it’s still concerning to me because savings represent the cushion people have when we have an economic downturn and some layoffs. It’s also concerning because the prime interest rate was up to 7.27% in December versus 6.95% in November (and 3.25% in April 2022). This means consumers are paying more in interest payments.

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Pueblo Economic & Workforce Development Dashboard

U.S. Job Openings {Page 3} came down slightly in November to 10.46 million (from 10.51m in October). As the graph shows, even with some of the decreases we've had in job openings over the past few months, openings are still historically very high. In November, job openings increased in professional and business services (+212,000) and nondurable goods manufacturing (+39,000). The number of openings decreased in finance and insurance (-75,000) and in federal government (-44,000). In this current economic slowdown, the two industries that are seeing more layoffs are both finance and insurance, which is a large industry in terms of employment, and tech, which is a small industry in terms of employment even though it's in the headlines a lot. Many of those tech layoffs are a boon for tech companies that are still growing as they have had extreme difficulty in finding talent. In other words, most tech workers are getting "snatched up" pretty quickly. By contrast, the finance portion of the finance and insurance industry often suffers during times of increased interest rates. That's a cyclical thing. Across all industries in the U.S., there is still roughly 0.6 of a worker available for each open position.

Overall, **Unemployment Rates {Page 3}** fell for all regions from November to December of last year: U.S. from 3.4% to 3.3%, CO from 3.3% to 2.8%, El Paso County from 3.6% to 3.0%, and Pueblo County from 5.1% to 4.3%. That is a significant decline for Pueblo. All of those unemployment rates are incredibly low if you recall that the "natural rate" of unemployment is around 4.0-4.5%. The U.S. rate of 3.3% is the lowest we have seen since 1969.

Home Sales {Page 6} in Pueblo increased in December to 154 from 145 in November. Existing single-family **Home Prices {Page 7}** declined in December (\$281,500) compared to November (\$290,834). Year-over-year, single family home prices are down 6.2%. Given the drastic reduction in the **Housing Opportunity Index {Page 7}** to 45.5% in 2022 Q3 from 94.0% in 2012 Q3, I believe declines in Pueblo home prices are a welcomed change. Remember that the HOI represents the proportion of homes sold in the region that households with the regional median income can afford.

Similarly, **Residential Building Permits {Page 7}** have drastically declined in Pueblo, which is not surprising given the higher interest rates. The unfortunate side of this, besides higher prices due to higher mortgage rates, is that there is a national and state shortage of housing to begin with. Building less will exacerbate that shortage. When interest rates do fall again in 2024 or later, a frenzy of homebuying is likely to happen once more. And that will increase home prices again, but hopefully with lower mortgage rates some of those prices increases will be offset.

I don't think anyone will argue that 2023 is going to have a sharper decline in local, residential construction. It is worth noting, however, that both architecture and construction U.S. surveys are showing some more recent upticks in confidence in their outlook for 2023. It's mostly due to 30-year mortgage rates coming down from a high of roughly 7.0% to 6.13% as of last week. Some of the renewed optimism is also due to the feeling that the Fed may only increase rates one more time and by 0.25%, which was not the assumption a few months ago. Also, residential builders have seen more foot traffic in models because of the moderation in mortgage rates. The simple fact that prospective buyers surface when rates come down a little bit tells me that there is still very healthy home buying demand. When interest rates do come back down, builders and agents will be quite busy again. The 2022 Q4 home prices are not yet out, so I will include that in next month's narrative.

The state has changed their license for the job posting information and we are looking at the new source carefully before we publish anything. So, stay tuned for next month's labor market information, which will have updates.

That's it for this month. Have a great week!

Tatiana (tbailey@ddestrategies.org) & Rebecca (rwilder@ddestrategies.org)

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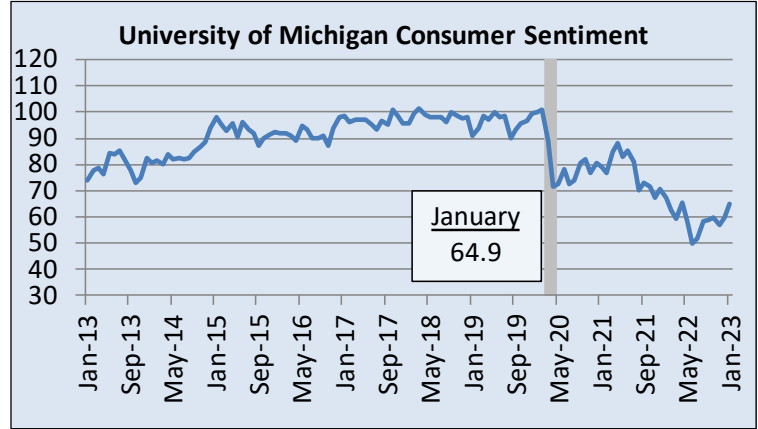


Pueblo Economic & Workforce Development Dashboard

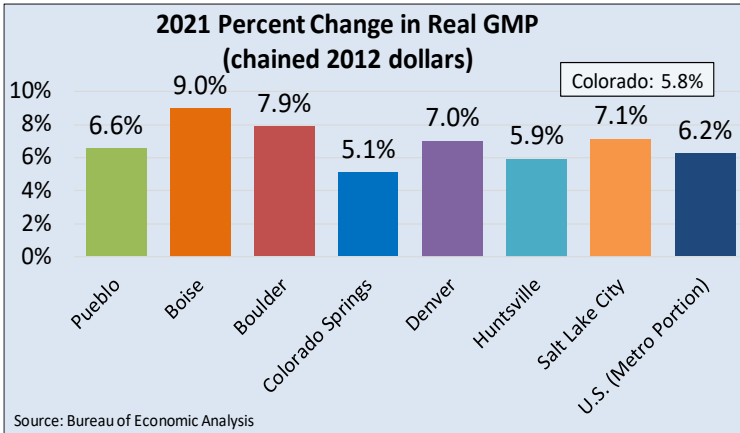
MACROECONOMIC "BIG PICTURE" (PAGE 3)



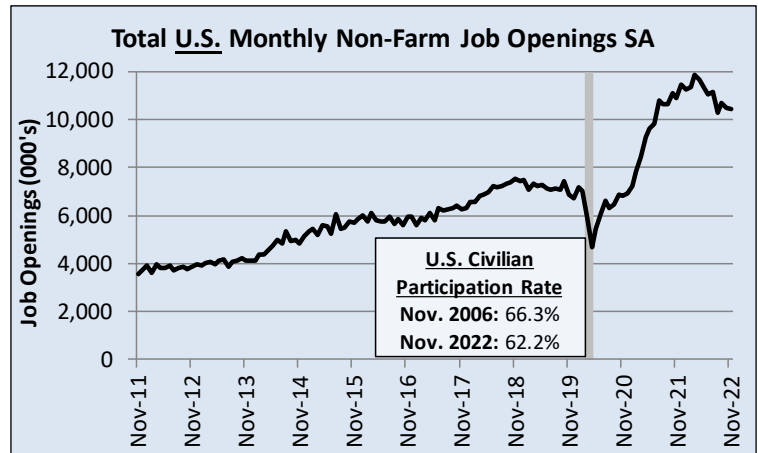
*Estimate of real GDP percent change from same quarter a year ago, SA
 **If quarterly changes were annualized over the year.
 Source: U.S. Bureau of Economic Analysis



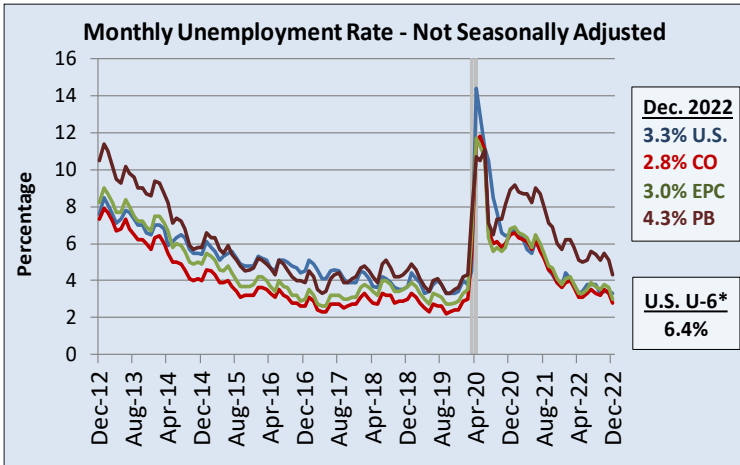
Source: University of Michigan



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



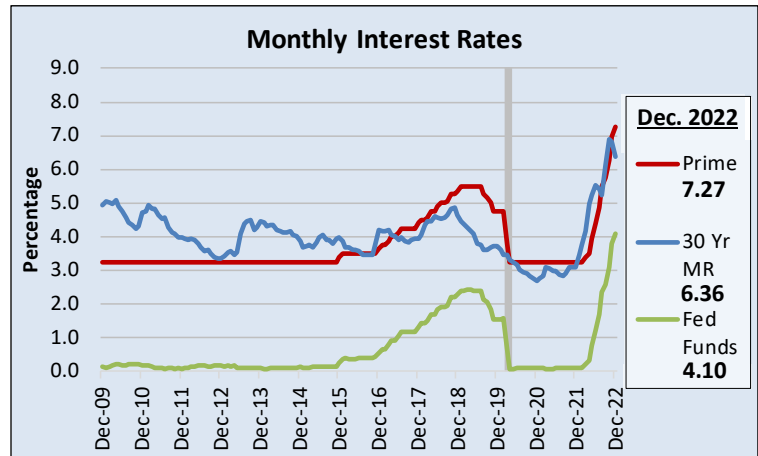
Source: U.S. Bureau of Labor Statistics; Job openings data lags.



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

U.S. Consumer Price Index - December 2022		
	All items	Less food & energy
Change from November to December 2022 (SA)	-0.1%	0.3%
Last 12-months (NSA)	6.5%	5.7%

The 2022 Q3 cost of living in Pueblo MSA was 96.3% of the U.S. average according to C2ER. Colorado Springs's index was 105.1% of U.S.
 Source: U.S. Bureau of Labor Statistics; all urban consumers (CPI-U)

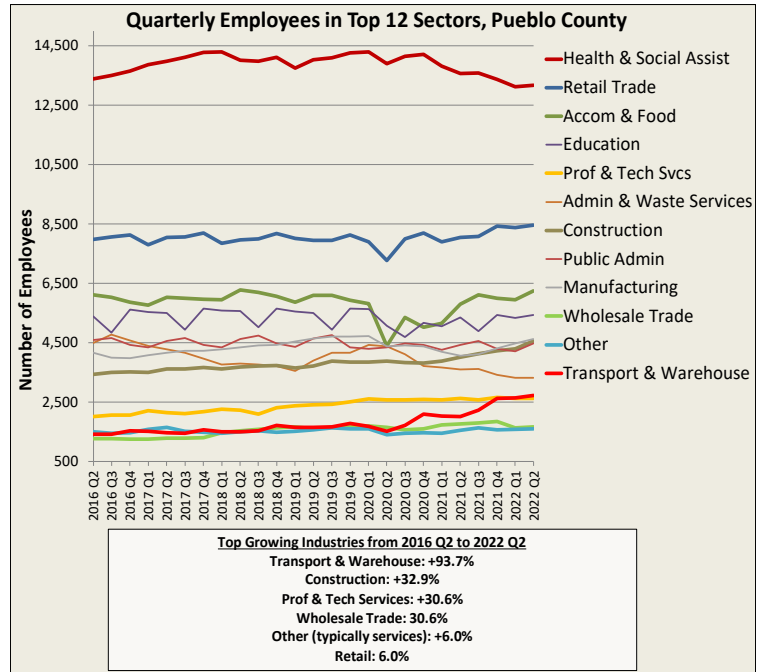


Source: Board of Governors of the Federal Reserve System

Pueblo Economic & Workforce Development Dashboard

LOCAL LABOR MARKET (PAGE 4)

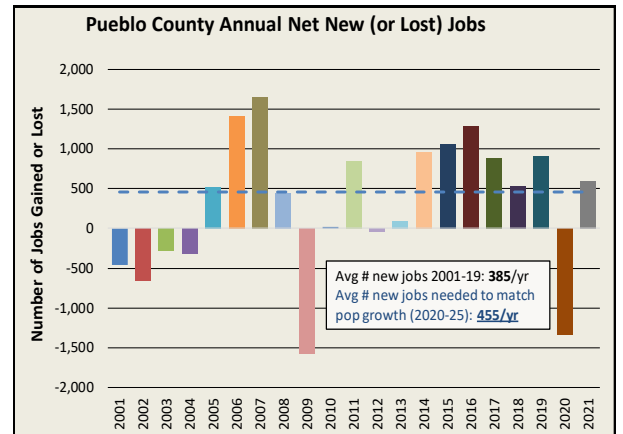
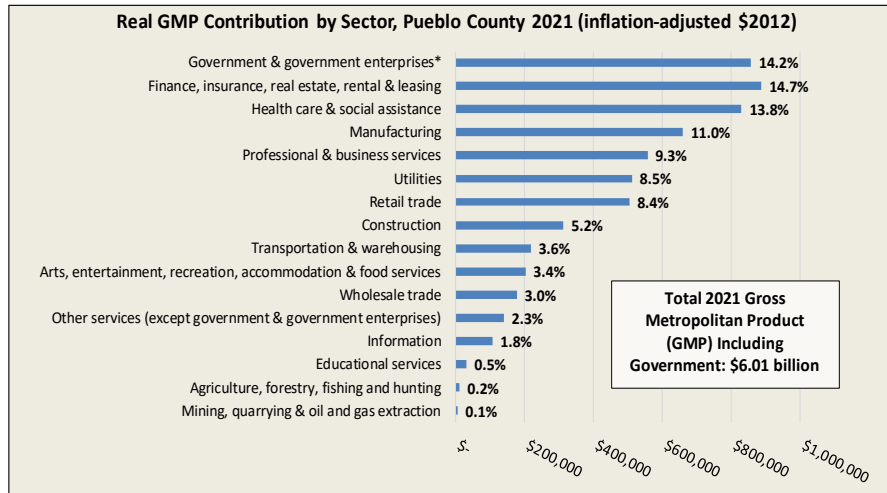
November 2022			
Top Job Titles (Pueblo MSA)	# of Job Postings (Pueblo)	Median Market Salary (Pueblo)	Risk of Automation (U.S.)
Registered Nurses	295	\$65,113	Low Risk
Retail Salespersons	130	\$26,551	High Risk
Heavy & Tractor-Trailer Truck Drivers	83	\$48,971	Medium Risk
Maintenance and Repair Workers	74	\$34,302	Medium Risk
First-Line Supervisors of Retail Sales Workers	73	\$34,710	Medium Risk
Medical & Health Service Managers <i>(NEW to top 10 in July)</i>	65	\$62,460	Low Risk
Customer Service <i>(NEW to top 10 in July)</i>	62	\$28,017	Medium Risk
Managers, All Others	57	\$53,974	Low Risk
Sales Representatives, Wholesale & Manufacturing <i>(NEW in top 10 in September)</i>	54	\$40,198	Medium Risk
Licensed Practical & Licensed Vocational Nurses <i>(New in top 10 in December)</i>	52	\$41,490	Low Risk



Pueblo MSA, November 2022	
TOTAL Job Openings:	4,214
TOTAL Unemployed:	4,141
Workers Available per Job Opening:	0.98

QCEW data lags up to three quarters and includes public and private employment. Source: CO Dept. of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

Sources: The Conference Board® LaborInsight's HelpWantedOnline™ via Pikes Peak Workforce Center; CO Dept. of Labor & Employment



An estimated 455 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. Source: CO Dept. of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

*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. Note: GMP (local) data lags by approximately 23 months. Source: U.S. Bureau of Economic Analysis

Pueblo MSA and Pueblo County are one and the same.

2021 Federal Poverty Level (FPL)		
	Pueblo County	U.S.
% people at FPL or below	16.3%	12.8%
Note: FPL in 2021 was \$12,880 for an individual and \$26,500 for a family of four.		

2022 Q2 Average Annual Wages for All Industries			
Pueblo wages are 24.9% lower than the U.S.			
28.6% lower than Colorado			
15.3% lower than El Paso County			
U.S.	Colorado	El Paso County	Pueblo County
\$67,288	\$70,772	\$59,696	\$50,544
2022 Q2 Total Employment			63,540
2022 Q2 Total # Establishments			3,880

2021-22 Minimum Wage & Living Wage Pueblo County		
	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$12.56	\$26,125
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 .		

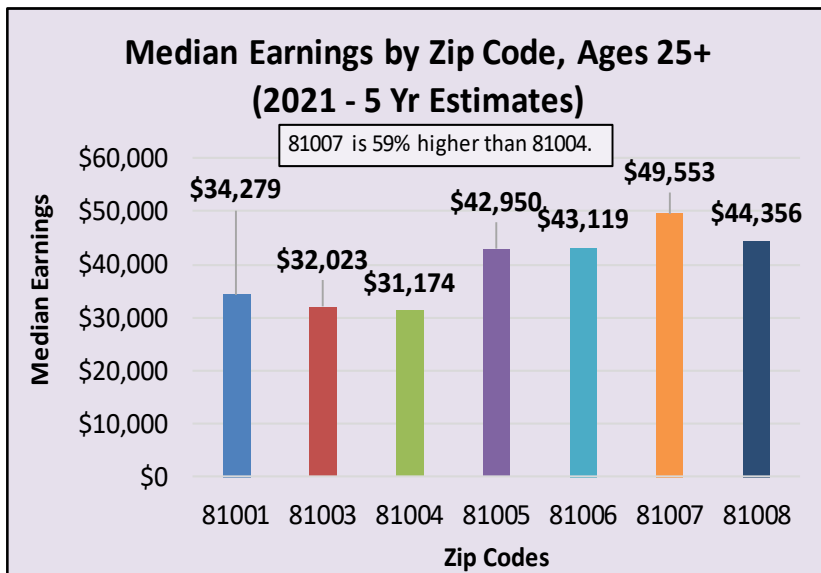
Note: QCEW data lags by up to three quarters and includes public and private employment. Sources: U.S. Bureau of Labor Statistics and Colorado Department of Labor and Employment, QCEW; Local military installations; U.S. Census Bureau, American Community Survey 1-year estimates; U.S. Department of Health & Human Services; MIT Living Wage Calculator

LOCAL INFORMATION BY ZIP CODE (PAGE 5)

Pueblo Percentage with HS Diploma by Zip Code, 2021 - 5 Year Estimates							
Zip Code	White Alone	Black Alone	Amer Ind/ Native Alaskan	Asian Alone	Other Race Alone	Two or More Races	Hispanic/ Latino Origin
81001	90.5%	97.7%	71.1%	91.1%	72.3%	89.7%	81.0%
81003	82.8%	58.2%	87.9%	79.5%	86.0%	85.3%	79.8%
81004	90.7%	87.6%	80.5%	92.2%	78.4%	85.2%	84.2%
81005	95.1%	95.1%	76.2%	100.0%	78.9%	96.8%	88.9%
81006	93.7%	100.0%	67.9%	100.0%	88.5%	93.6%	89.6%
81007	93.1%	98.4%	86.4%	96.1%	81.1%	97.1%	89.7%
81008	92.1%	100.0%	55.4%	72.0%	96.0%	84.6%	85.5%

Pueblo Percentage with Bachelor's Degree by Zip Code, 2021 - 5 Year Estimates							
Zip Code	White Alone	Black Alone	Amer Ind/ Native Alaskan	Asian Alone	Other Race Alone	Two or More Races	Hispanic/ Latino Origin
81001	20.1%	37.8%	1.0%	47.4%	3.8%	23.6%	10.4%
81003	15.9%	21.9%	11.6%	47.0%	20.5%	23.0%	15.1%
81004	22.1%	12.0%	2.4%	34.8%	8.8%	14.2%	11.8%
81005	26.0%	47.6%	4.0%	42.8%	7.9%	38.6%	16.5%
81006	26.3%	36.1%	1.9%	100.0%	8.5%	15.1%	16.2%
81007	29.1%	19.8%	18.9%	57.8%	18.6%	43.8%	18.9%
81008	30.8%	54.4%	14.5%	59.3%	23.5%	26.6%	20.7%

Note: Native Hawaiian and Other Pacific Islander category excluded due to extremely high margins of error (sample size too small). Margin of error can be larger for smaller populations. Five-year estimates are more accurate due to small sample size in many zip codes. Source: U.S. Census Bureau, American Community Survey 5-year estimates



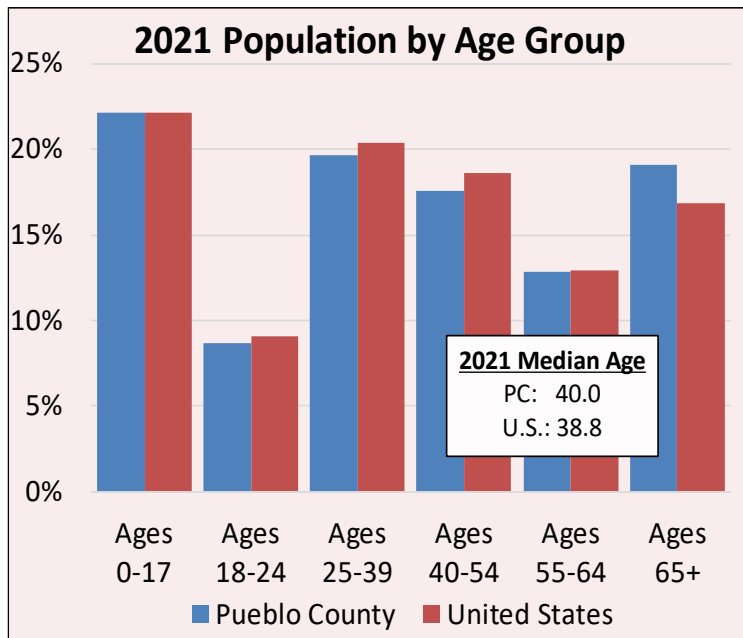
Five-year estimates are more accurate due to small sample size in many zip codes. Data for 5-year estimates lags, so 2021 should be released in December 2022.

Source: U.S. Census Bureau, American Community Survey 5-year estimates

Median Earnings 2021 (All Ages Full-Time)	
U.S.	Pueblo County
\$53,888	\$50,970

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

DEMOGRAPHICS (PAGE 6)

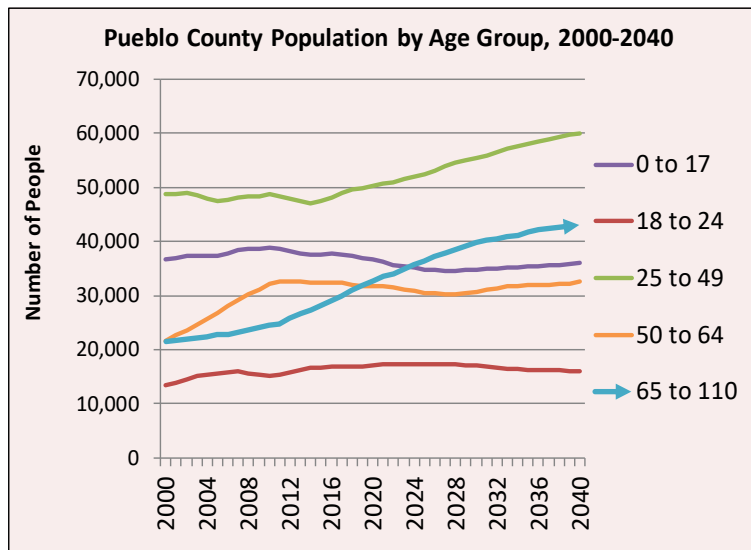


Sources: U.S. Census Bureau, Population Division, Population Estimates Program; American Community Survey 1-year estimates

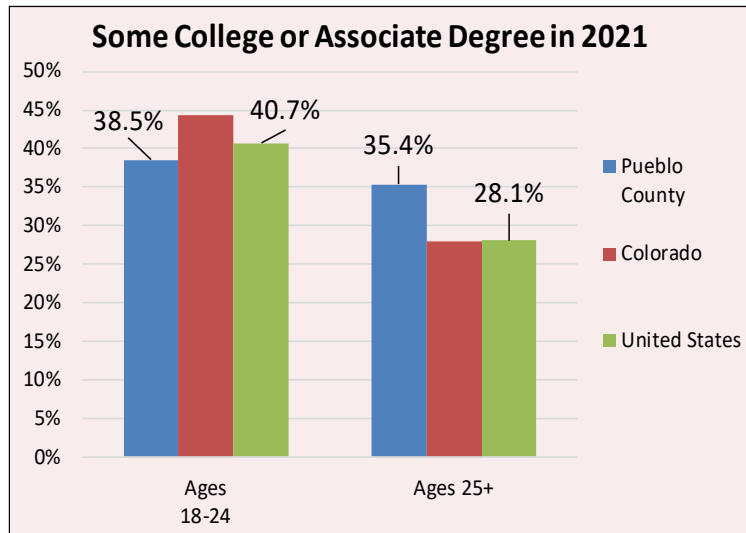
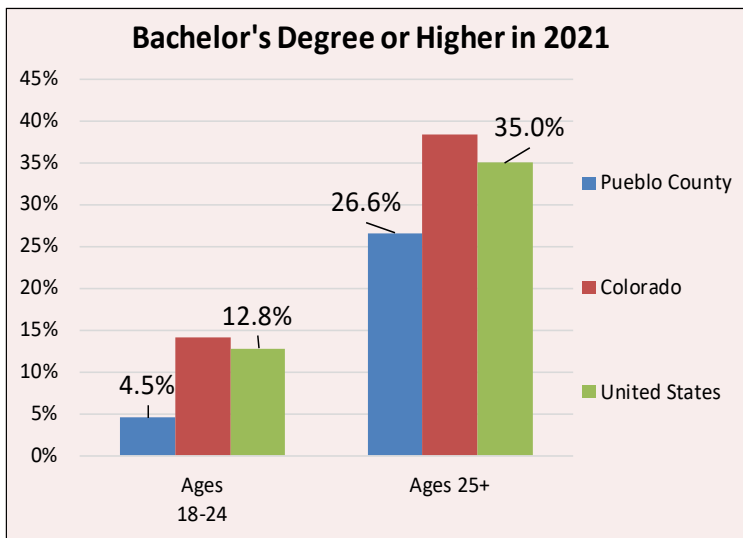
Population Estimates

Region & (Growth Rate)	2021	2050
Pueblo County (14%)	169,504	192,621
Colorado (29%)	5,814,707	7,486,286

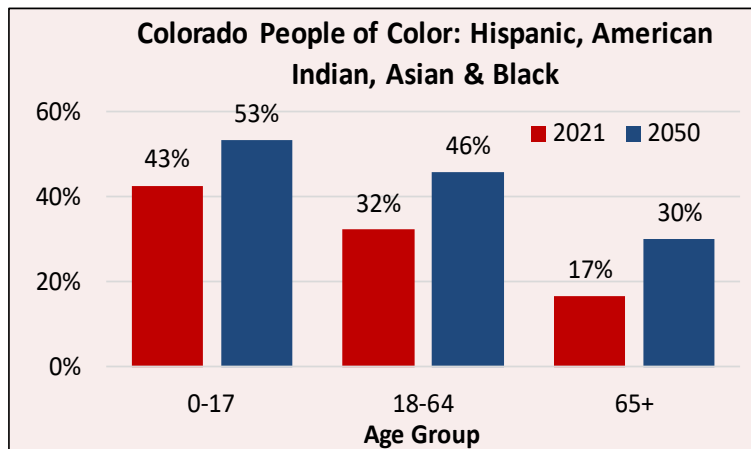
Source: Colorado State Demography Office



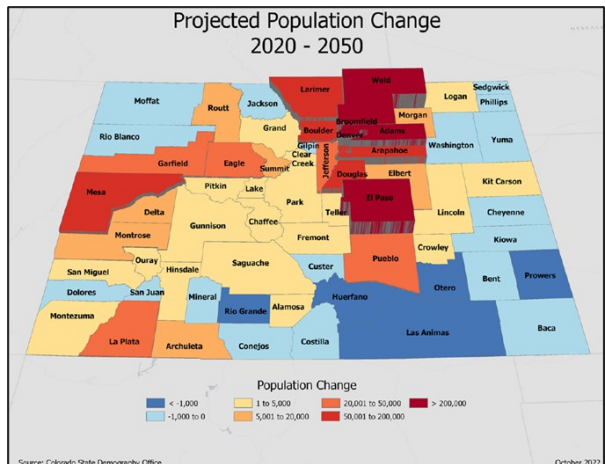
Source: Colorado State Demography Office



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

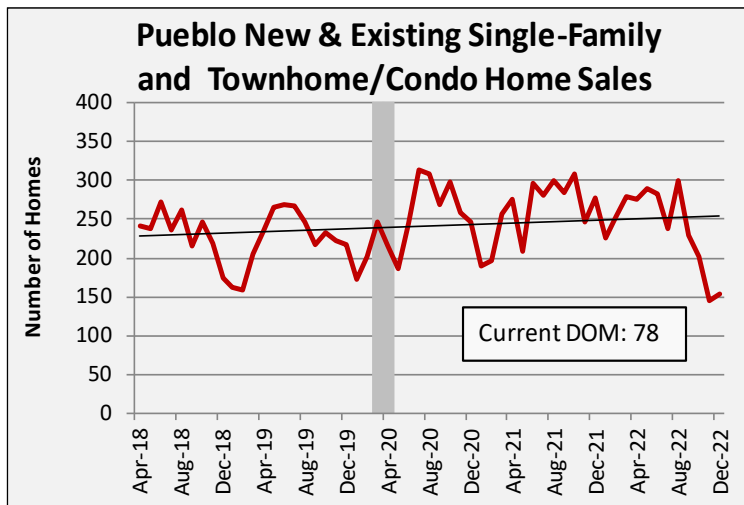


Source: Colorado State Demography Office



Source: Colorado State Demography Office

REAL ESTATE (PAGE 7)

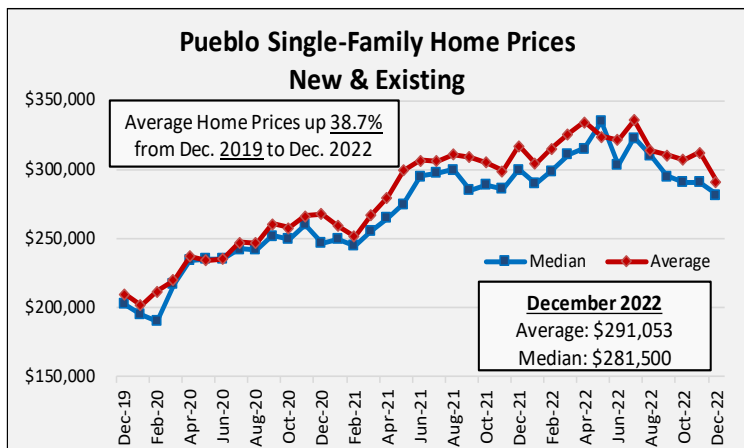


Source: Pueblo Association of REALTORS®, Inc. (PAR)

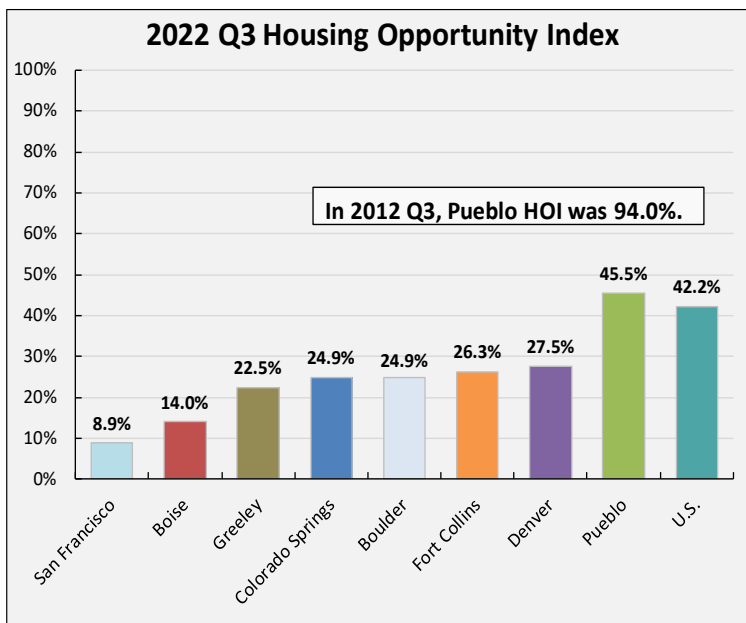
Median Existing Single-Family* Home Price 2022 Q3 (CS, Denver, U.S.) and Dec. (Pueblo)

Location	Colorado Springs	Denver	Dec. 2022 Pueblo (*New & Existing)	United States
Price	\$462,200	\$666,000	\$281,500	\$398,500
1-year % Change	4.8% increase	8.3% increase	6.2% decrease	8.6% increase
MSA Rank	36	14	112	n/a

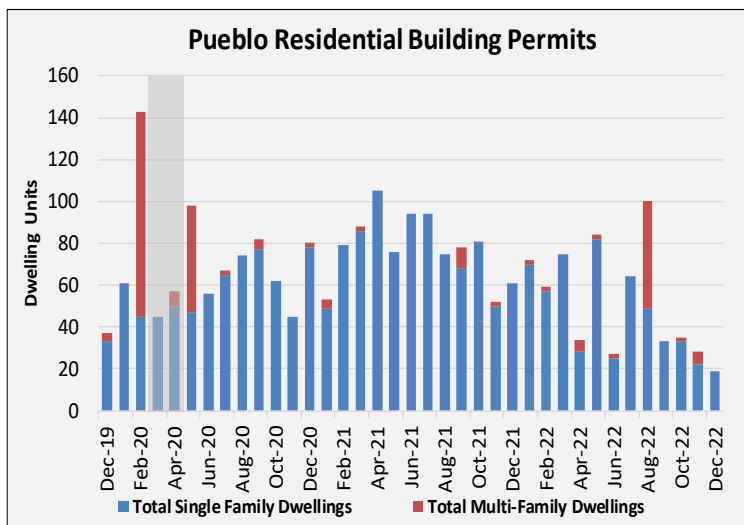
*Includes existing homes only except for Pueblo, which includes new & existing since PAR only reports both (combined). Pueblo ranking is estimated based on similar MSA city ranking and price is for most recent month. 190 MSAs measured. Sources: National Association of REALTORS®; Pueblo Association of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



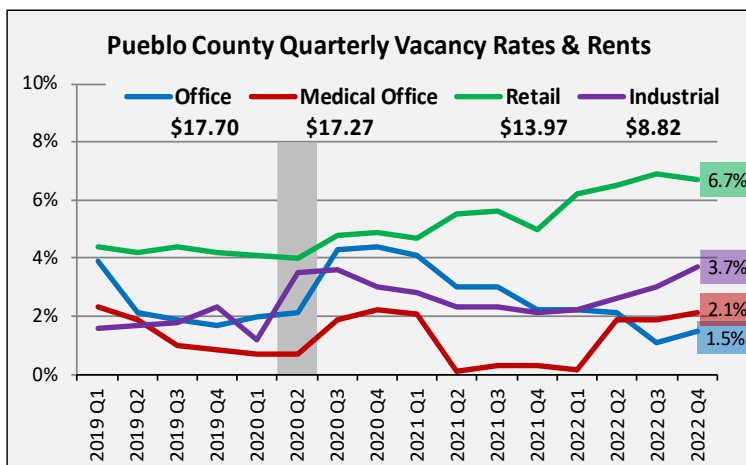
Source: Pueblo Association of REALTORS®, Inc. (PAR)



Note: 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



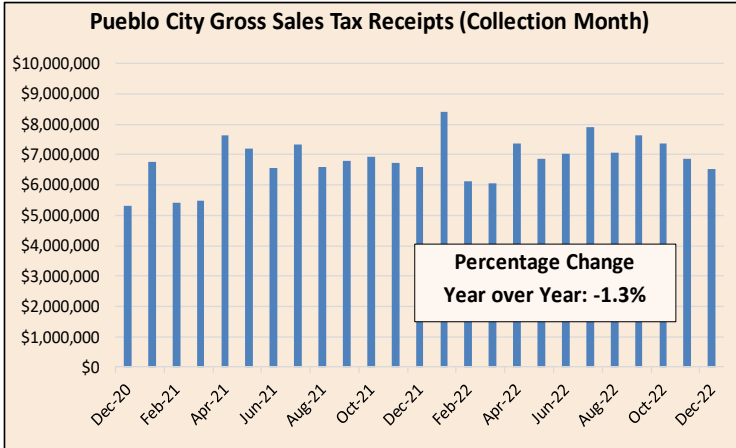
Sources: Pueblo Regional Building Department; City of Pueblo



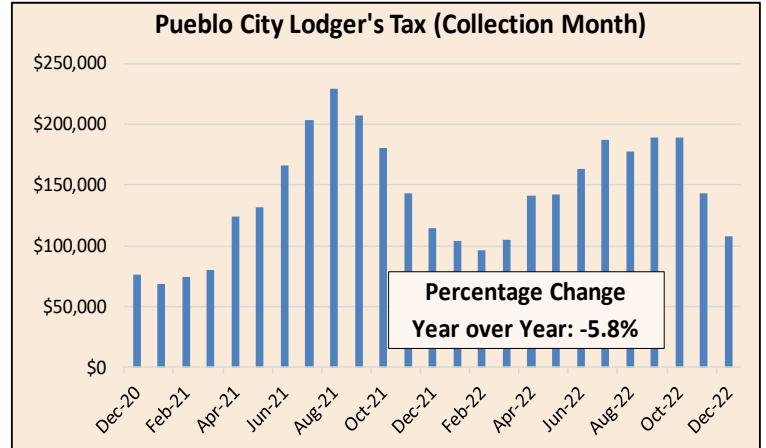
Sources: CoStar Group™; Olive Real Estate Group, Inc.

Pueblo Economic & Workforce Development Dashboard

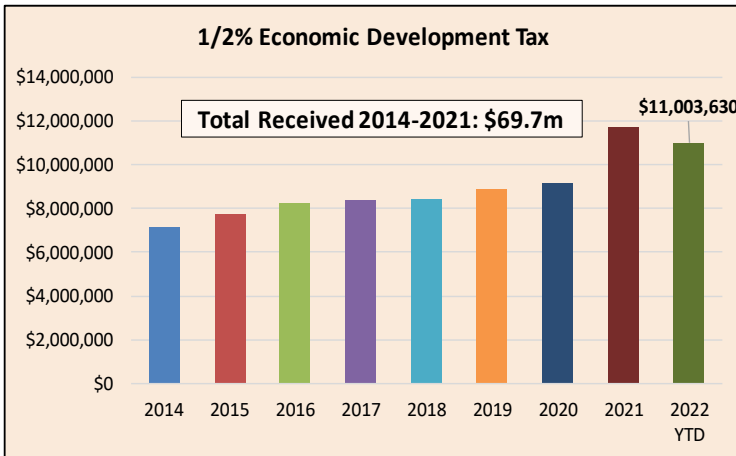
TAXATION, VEHICLE SALES, AND TOURISM (PAGE 8)



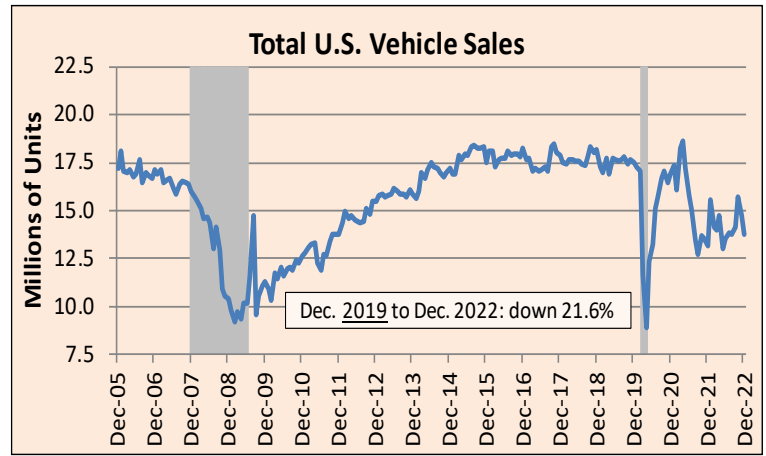
Source: City of Pueblo



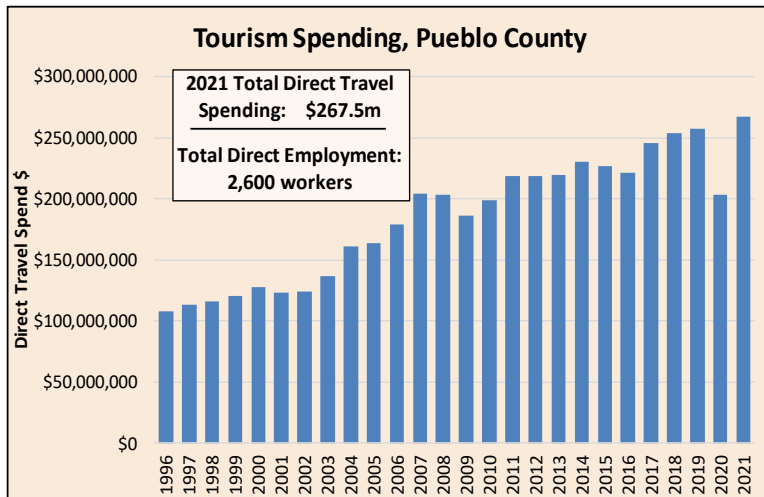
Source: City of Pueblo



Source: City of Pueblo



Source: U.S. Bureau of Economic Analysis



Note: Direct travel includes day and overnight visitors.

Sources: Colorado Tourism Office; Greater Pueblo Chamber of Commerce

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