

# Pueblo Economic & Workforce Development Dashboard

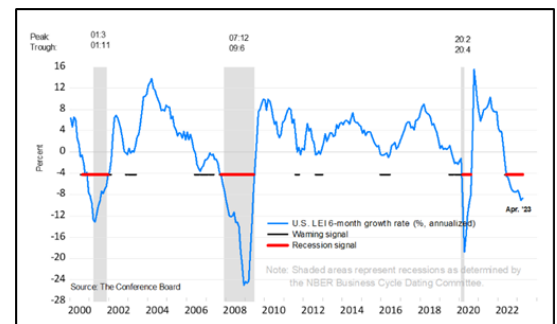
## Highlights—May 2023

Hello! I hope you had a great Memorial Day weekend! Before I jump into the latest economic data, if you attended the May 17<sup>th</sup> State of the Economy presentation I did and you have not yet given us your feedback, we would so appreciate it if you would fill out this five-minute survey. <https://forms.office.com/r/ufDBrX4WmQ>

Below are the highlights for this month's EPR (Economic Progress Report).

The second estimate for **GDP {Page 3}** for first quarter of this year showed a small upward revision in the annualized update (from 1.1% to 1.3%) while the rate stayed the same if we look only at 2023 Q1 compared to 2022 Q1 (at 1.6% growth). Whichever method you use, that is still a fairly weak growth rate although it's better than negative as that would imply a recession, which we have avoided thus far. Economists have been calling for a recession for about a year and a half now, and I think many people are wondering if such a downturn will occur at all. While it's true economists can be the buzz killers at a fun cocktail party, I would argue that the pandemic and its distortions have made it particularly hard to forecast. Between government stimulus checks, robust consumer spending that fueled inflation, an incredibly short recession with an outsized rebound in jobs and GDP, supply chain shocks, a shift towards reshoring, and a demographic transition that is coming to roost, the "normal" trajectory of economic variables is no longer in play. With all these simultaneous distortions, I do think it's possible that the usual economic indicators that tell us we are heading into a recession could be wrong this time around. But I don't think so and I'll tell you why.

First, there are now several key metrics that are flashing red. At the economics presentation I did in mid-May, I talked about the Conference Board's Leading Economic Indicator (LEI), which has an incredibly good track record of predicting recession. As the graph shows, the LEI, which is a compilation of six, key economic variables is below the red "recession signal." In fact, it has declined for 13 consecutive months, and a falling LEI below the threshold has coincided with a recession since 1960.



There are a couple of other indicators I watch and have recently talked about in these narratives because they are remarkably accurate predictors including the small business survey and the manufacturer's survey. Both have been in contraction territory for many months. Pre-tax corporate profits are also declining, which is such a volatile metric that I don't usually pay much attention. However, I find it interesting that corporate profits are down given that the stock market is pricing in interest rate cuts towards the end of this year. Interest rates are pivotal to businesses that often rely on loans to either bridge revenue fluctuations and/or to fund business expansion. Thus, if the stock market is assuming credit conditions will ease in the next six months and they don't, I would say corporate profits may decline further. For all these reasons, I would agree with most of my economics colleagues that a mild recession is likely yet this year.

Having said all this, none of the aforementioned indicators are in deep contractionary territory, which is one of the reasons most economists are not predicting a harsh recession. If you correlate these key recession indicators to GDP, the relatively small declines in these recession indices point to a small decline in GDP (and therefore "mild" recession) with a likely recovery out of contraction territory within 6-12 months. Of course, the key indicator everyone is watching as the determinant of a (harsh or mild) recession is inflation. Initially, supply chain bottlenecks were the main culprit, and most indicators now show that supply chains are almost back to "normal" levels. There may be a new normal, however, in the U.S. efforts towards reshoring as this will likely keep some upward pressure on prices since it is typically more expensive to produce in the U.S. Now, inflation is also the result of the persistently strong labor market, which will not disappear with a downturn given the built-in reduction over the next several years of fewer working age people. This will keep the labor market relatively strong, as inflation (very slowly) retreats. Wage appreciation alongside even slowly declining prices means that consumer expenditures will continue to be strong, and this alone will keep an economic downturn from being too severe. To me this all translates to a likely mild recession that doesn't last very long, but that is followed by low growth levels for an extended period mostly due to an aging demographic and the associated lower productivity levels, high government expenditures (40% of U.S. government spending is for our 65+ population), and some persistent inflation.

Speaking of **Inflation {Page 3}**, it did decline in April to 4.9% year-over-year from 5.0% in March. Core inflation also came down by that same very small margin of 0.1% (5.6% to 5.5%). There is progress in bringing down inflation – it's just painfully slow.

**University of Michigan Consumer Sentiment {Page 3}** echoes the dynamic of uncertainty but with still-strong consumer expenditures fed by stable or slightly improving income levels. Yes, this is largely due to a strong labor market with stronger wages alongside stabilizing inflation, but there is another important feeder to consumer expenditures that isn't talked about much. This is the massive refinancing of

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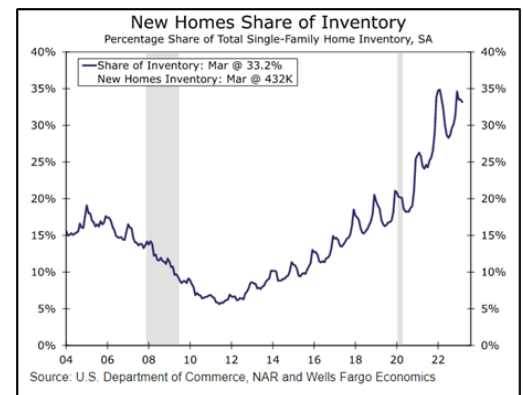
homes that occurred during the pandemic while interest rates were still rock bottom. About one-third of all outstanding mortgages were refinanced during the refi boom from 2020 Q2 to 2022 Q1. Home sales added another 17% to the new mortgage market and between the two there were 14 million new mortgages in the U.S. during this period according to Wells Fargo. The refinanced mortgages, in particular, brought lower monthly payments to millions of households which further expands the purchasing power of consumers.

Yet, the UM survey shows that consumers are worried about a future recession, and this caused consumer sentiment to fall from 63.5 in April to 59.2 in May. Survey responses were collected during the uncertainty of the debt ceiling debacle, which appears to be resolving so sentiment is likely to improve with this temporary debt ceiling fix. And I do believe it's temporary given how bills passed by Congress are approved without regard to how new expenditures will be covered. I did a [Fox21 piece](#) on this that aired last week as well as a Gazette article where I addressed the need to tie new programs to means to pay for the programs with a (nonpartisan) return-on-investment analysis. If a newly proposed bill includes new expenditures, proposed programs must pay for themselves either with an increase to GDP (and associated taxes) or another means to cover the expenses. It's a simple accounting principle, and it's astounding that the U.S. government doesn't adhere to these fundamental and commonsense rules. As I mentioned in last week's piece, the U.S. has been able to get away with this because our dollar is the world's reserve currency so there has always been demand for our Treasuries (e.g., bonds). Foreign governments and investors want to hold dollars and they can do so by buying our Treasuries, which gives the U.S. constant supply of capital for our high levels of spending. Although most Americans may not know the specifics around the accounting of the \$31 trillion debt, they understand that U.S. debt levels are exorbitant and our inability to rein in spending compromises our economic vitality especially in the long run.

Before I jump into real estate, I think it's worth mentioning that the local [Labor Market {Page 4}](#) continues to be strong despite everything we hear in the news about layoffs. This is evidenced by the ratio of workers available to the number of jobs openings, which in April was 0.61 (almost identical to the U.S). Similarly, the Pueblo unemployment rate is remarkably low at 3.5% in April, down from 3.8% in March. Remember that a "normal" frictional unemployment rate is considered to be around 4.5% by most economists. The low ratio of workers to jobs and low unemployment rate underscore that unemployment is going to need to increase significantly in order to cool inflation.

The strength of the labor market is also quite evident in the [Annual New Jobs {Page 4}](#) chart. The light blue bar in the chart showing 2022 new jobs highlights the stellar performance of Pueblo in terms of job creation. In 2022, Pueblo had 1,451 new jobs well exceeding the number of new jobs (+455) needed to match population growth as shown by the dotted line. Some of this may still be a pandemic rebound, but I believe it more so highlights the positive trajectory of the region and Colorado as a whole. The more Pueblo can attract outside investment, wisely use its economic development fund, and diversify its core industries, the more likely it is that these positive trends will continue.

I talked a little bit above about the massive refinancing boom that provided a boost to household incomes mostly for existing homeowners who took advantage of refinancing with historically low interest rates. As we all know, those who moved in the past couple of years paid much higher home prices from 2019 to 2022 (up 43% nationwide), but the days of double-digit price appreciation appear to be behind us with low single-digit appreciation over the past year. Most recently, from 2022 Q4 to 2023 Q1, [Home Prices {Page 7}](#) declined 4.8% in Pueblo year-over-year while prices slightly increased by 0.2% nationwide. In Pueblo in April, the median price for a home was \$300,000 for both new and existing homes (down from \$316,920 in March). The nearby chart shows how newly built homes are now making up a much larger share of total home sales and this due to a) low inventory of existing homes, b) improved supply chains for building materials, and c) many builders providing price cuts or other incentives. For these reasons, housing construction is recently ticking up again even if it's down from a year ago.



[Lease Rates for Apartments {Page 7}](#) also declined from \$1,154 on average in 2022 Q4 to \$1,140 in the first quarter of this year. In sum, home and rental prices have stopped increasing at double-digit rates and are even slightly declining. This unfortunately does not change the two years we had of double-digit increases resulting in [Housing Affordability {Page 7}](#) at 45.5% of median earning Pueblo residents able to afford the median priced home. This HOI, or Housing Opportunity Index, was at 94% ten years ago.

That's it for this month! Let's hope for lots of sunshine and pool days as we slide into the summer months.

Tatiana & Rebecca

If you wish to unsubscribe from this monthly report, please email [rwilder@ddestrategies.org](mailto:rwilder@ddestrategies.org) or [tbaily@ddestrategies.org](mailto:tbaily@ddestrategies.org)

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# Pueblo Economic & Workforce Development Dashboard

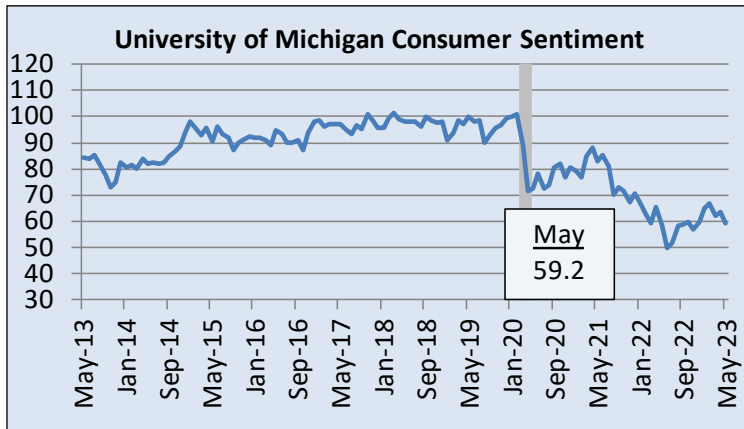
## MACROECONOMIC "BIG PICTURE" (PAGE 3)



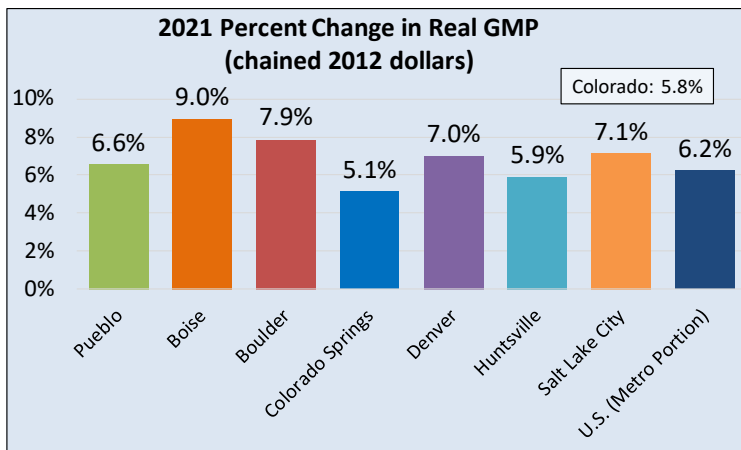
\*Estimate of real GDP percent change from same quarter a year ago, SA

\*\*If quarterly changes were annualized over the year.

Source: U.S. Bureau of Economic Analysis

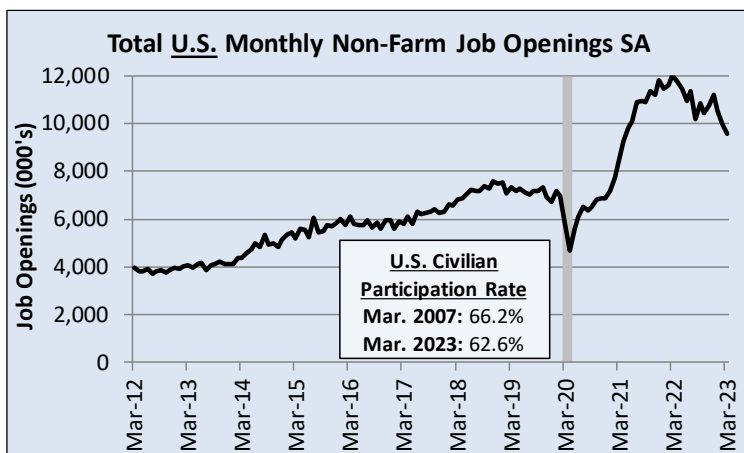


Source: University of Michigan

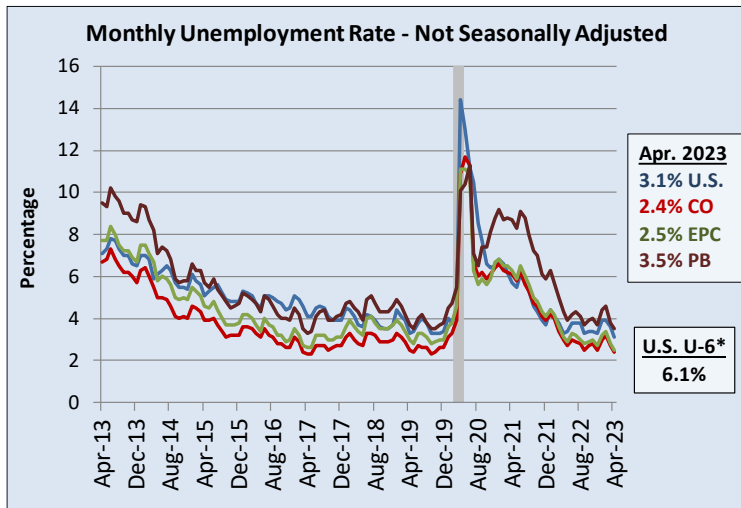


Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.

Source: U.S. Bureau of Economic Analysis



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



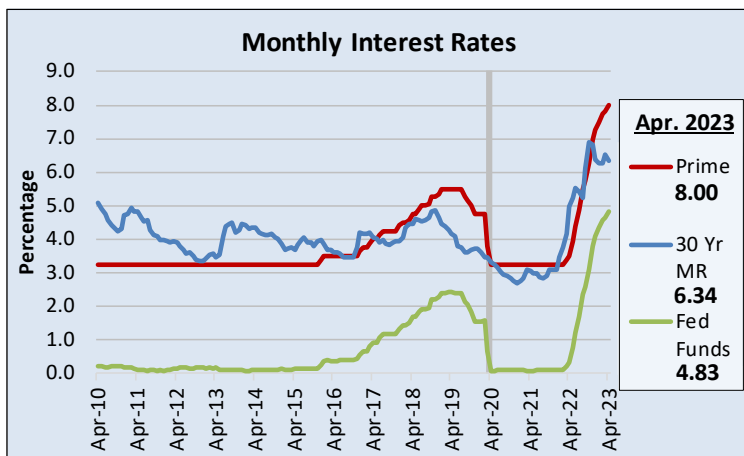
Note: Data not seasonally adjusted (NSA) to enable comparisons with counties. \*U-6 includes unemployed, those marginally attached to the labor force, plus those employed part time who would prefer full-time work.

Sources: U.S. Bureau of Labor Statistics; CO Dept. of Labor & Employment

U.S. Consumer Price Index - April 2023		
	All items	Less food & energy
Change from March to April 2023 (SA)	0.4%	0.4%
Last 12-months (NSA)	4.9%	5.5%

The 2022 cost of living in Pueblo MSA was 97.2% of the U.S. average according to C2ER. Colorado Springs's index was 105.0% 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)

### Top Job Openings, Pueblo County, April 2023

Top Job Titles (Pueblo MSA)	# of Job Postings (Pueblo)	Median Advertised Salary (Pueblo)	Risk of Automation (U.S.)
Registered Nurses	413	\$99,584	Low Risk
Retail Salespersons	122	\$33,152	Medium Risk
1st-Line Supervisors, Retail Sales	88	\$49,280	Low Risk
Food Service Managers	72	\$51,456	High Risk
Fast Food & Counter Workers	70	\$30,080	High Risk
Sales Reps, Wholesale & Mfg	68	\$52,096	Medium Risk
Customer Service Reps	67	\$33,408	Medium Risk
Medical & Health Services Managers	67	\$92,928	Low Risk
Middle School Teachers	66	\$64,000	Low Risk
Coaches & Scouts	64	\$47,488	Low Risk

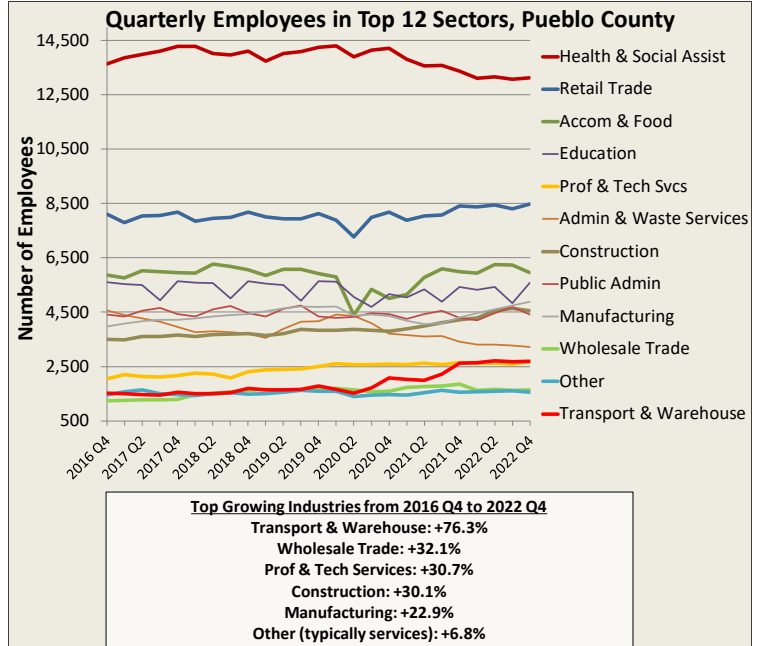
#### Pueblo MSA, April 2023

TOTAL Job Openings: 4,367

TOTAL Unemployed: 2,665

Workers Available per Job Opening: 0.61

Sources: The Conference Board®-Lightcast® Help Wanted OnLine® via Pikes Peak Workforce Center; CO Dept. of Labor & Employment

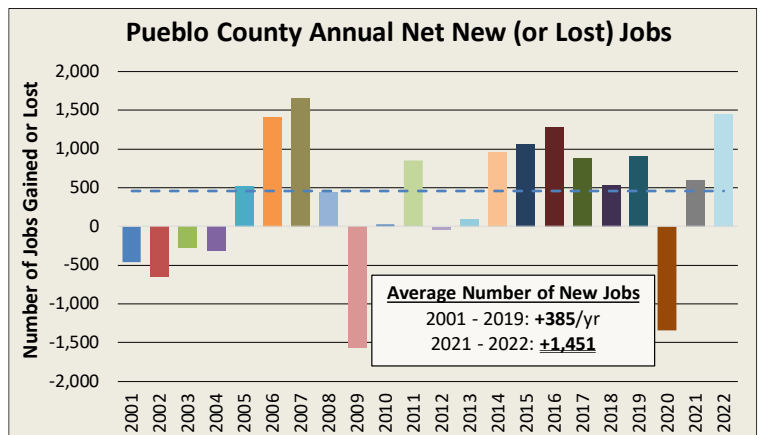


QCEW data lags up to three quarters and includes public and private employment. Source: Colorado Department of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

### Top Employers - Pueblo MSA in April 2023

Name of Employer	# of Job Postings	Median Advertised Salary
Parkview Medical Center	143	\$90,368
Pueblo County School District 70	121	\$55,168
Pueblo City Schools District 60	99	\$64,128
Centura Health	70	\$84,224
City Of Pueblo	70	\$48,000
Parkview Health	69	\$60,416
Colorado State Government	61	\$59,776
Colorado State University	53	\$54,784
Pueblo County Courthouse	47	\$52,992
Aya Healthcare	43	\$152,320
Health Solutions Us	39	\$66,816
Amentum	36	\$67,840
Life Care Centers of America	32	\$41,088
Walmart	28	\$43,648
State Of Colorado	27	\$59,264

Source: The Conference Board®-Lightcast® Help Wanted OnLine® via Pikes Peak Workforce Center



The dashed line represents the number of new jobs needed (455) based on population growth and age composition from 2020–2025. This QCEW data lags up to three quarters and includes public and private employment.

Source: Colorado Department of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

**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 Average Annual Wages for All Industries			
Pueblo wages are 25.0% lower than the U.S. 29.5% lower than Colorado 15.4% lower than El Paso County			
U.S.	Colorado	El Paso County	Pueblo County
\$69,992	\$74,412	\$61,984	\$52,468
<b>2022 Total Employment</b>			<b>62,948</b>
<b>2022 Total # Establishments</b>			<b>3,917</b>

2022-23 Minimum Wage & Living Wage Pueblo County		
	Wage/Hr	Annualized
Minimum wage salary for full-time worker	\$13.65	\$28,392
Living wage: HHs with 1 adult, 2 children	\$45.38	\$94,390
Living wage: HHs with 2 adults (1 working), 2 children	\$39.18	\$81,494
Living wage: HHs with 2 adults* (2 working), 2 children	\$25.00	\$52,000
*Living wage is for each working adult. For specifics, go to <a href="http://livingwage.mit.edu">livingwage.mit.edu</a> .		

Note: QCEW data lags by up to three quarters and includes public and private employment.

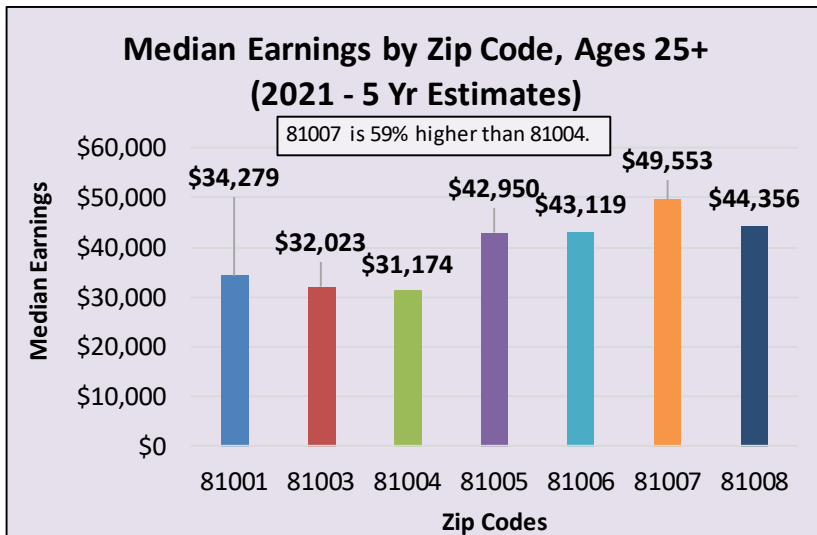
Sources: U.S. Bureau of Labor Statistics and Colorado Department of Labor and Employment, QCEW; Local military installations; U.S. Census Bureau, American Community Survey 1-year estimates; U.S. Department of Health & Human Services; MIT Living Wage Calculator

## 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

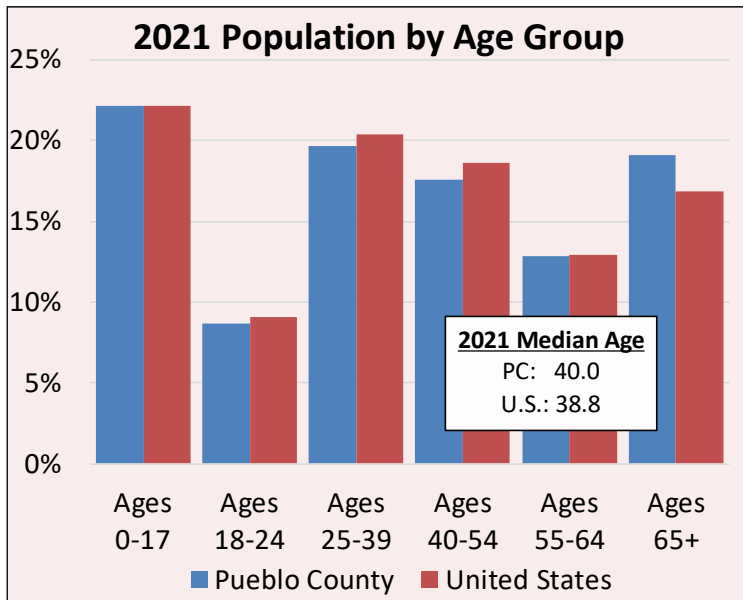


Median Earnings 2021 (All Ages Full-Time)	
U.S.	Pueblo County
\$53,888	\$50,970

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

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

## DEMOGRAPHICS (PAGE 6)

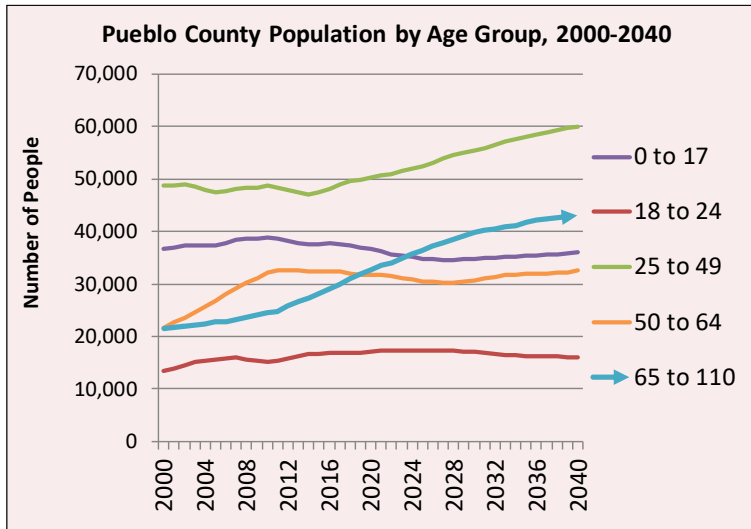


Sources: U.S. Census Bureau, Population Division, Population Estimates Program; American Community Survey 1-year estimates

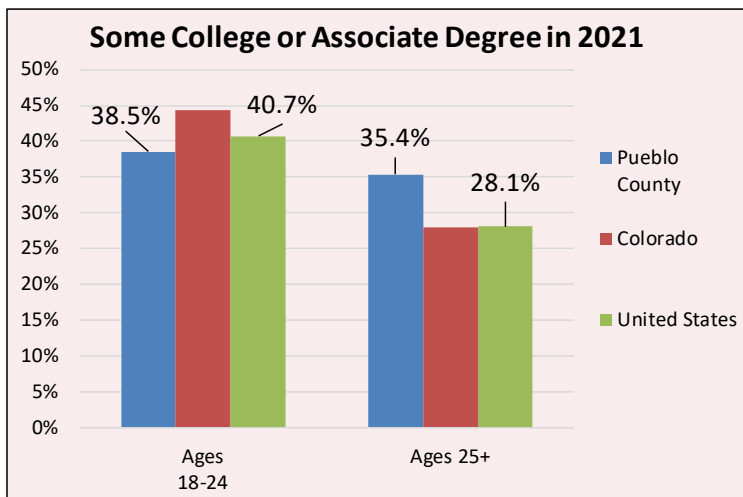
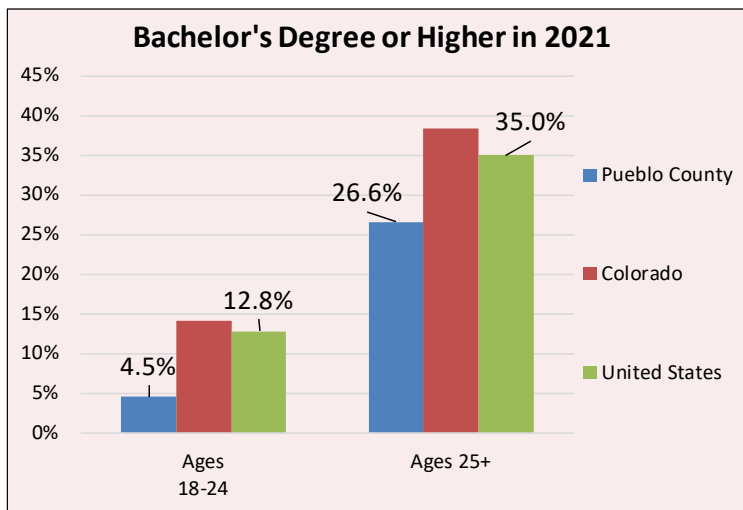
### Population Estimates

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

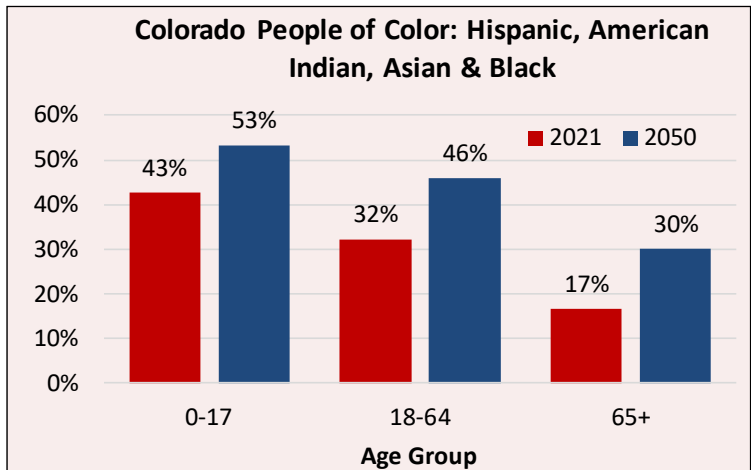
Source: Colorado State Demography Office



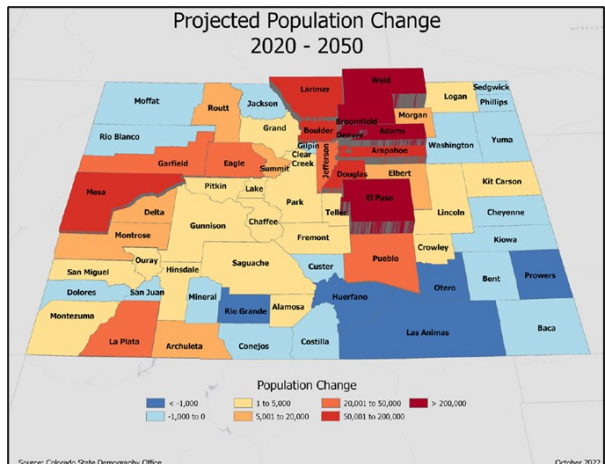
Source: Colorado State Demography Office



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



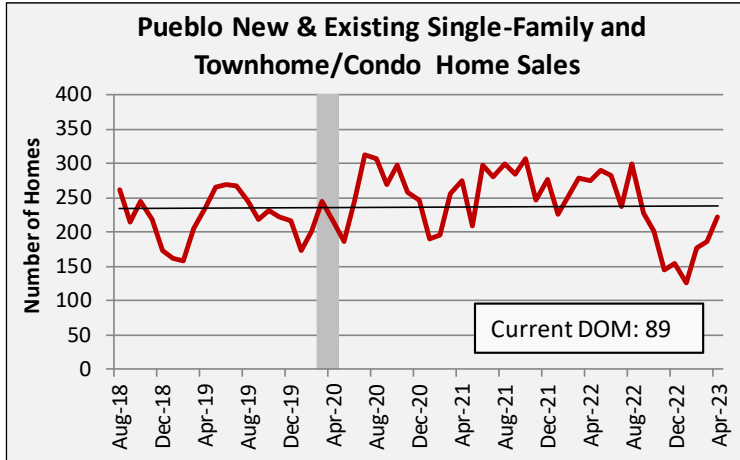
Source: Colorado State Demography Office



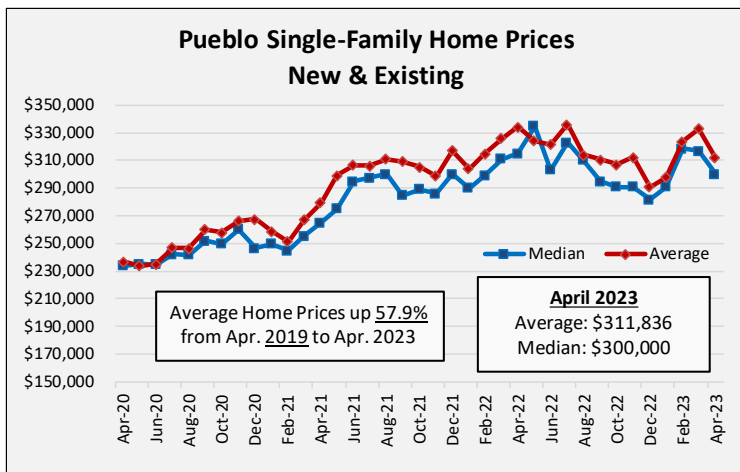
Source: Colorado State Demography Office

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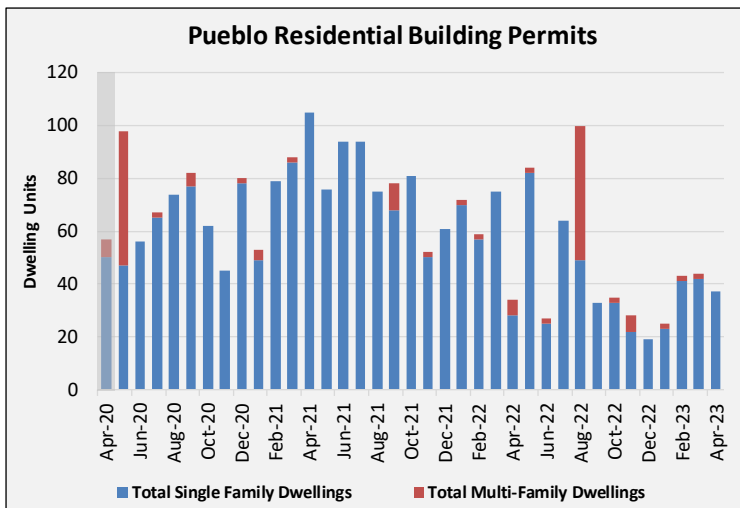
## REAL ESTATE (PAGE 7)



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



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



Sources: Pueblo Regional Building Department; City of Pueblo

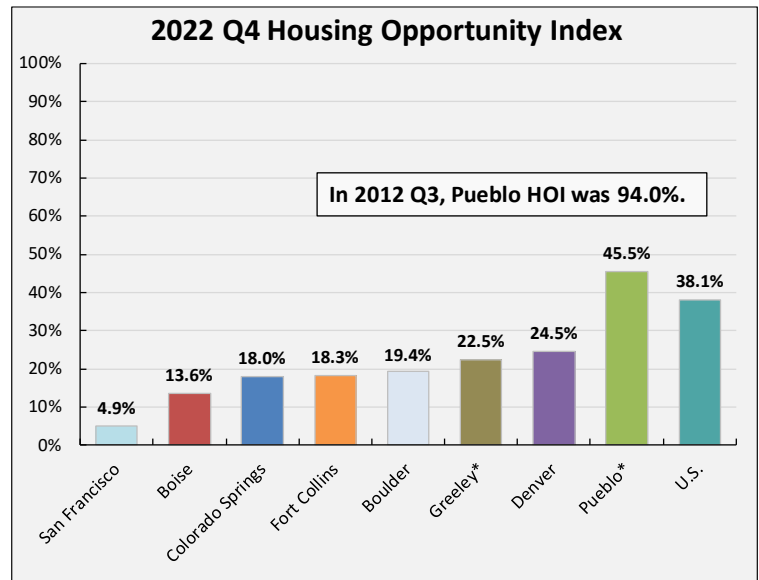
Apartments, 2023 Q1				
	Vacancy Rate	Average Rents	Median Rents	Average Year of Construction
Pueblo Metro Area	9.7%	\$1,140	\$1,000	1986
Pueblo Northeast	21.4%	\$1,056	\$1,000	1979
Pueblo Northwest	4.9%	\$1,366	\$1,372	2000
Pueblo South	1.7%	\$906	\$936	1973

Note: "Only market rate apartment communities were surveyed, and this does not include affordable units, age-restricted units, or employee housing units."  
Source: Colorado Statewide Apartment Survey – created by Colorado Housing and Financial Authority; 1876 Analytics LLC; Apartment Insights

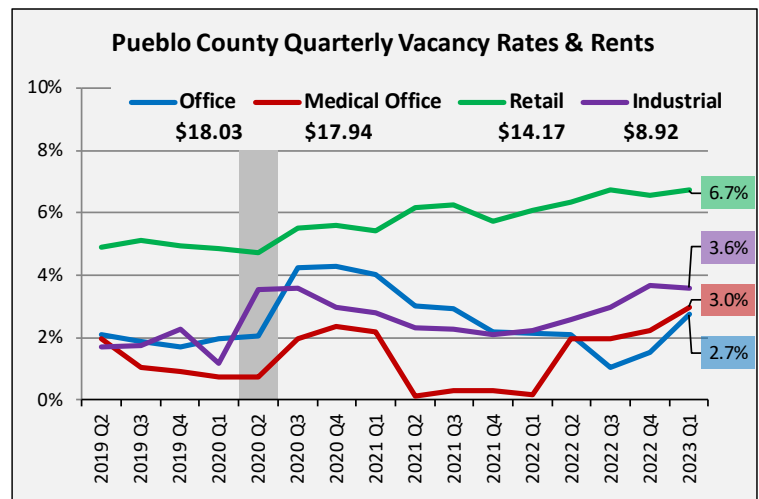
### Median Existing Single-Family\* Home Price 2023 Q1 (CS, Denver, U.S.) and Apr. (Pueblo)

Location	Colorado Springs	Denver	Apr. 2023 Pueblo (*New & Existing)	United States
Price	\$444,700	\$636,100	\$300,000	\$371,200
1-year % Change	2.3% decrease	3.9% decrease	4.8% decrease	0.2% decrease
MSA Rank	39	16	109	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)



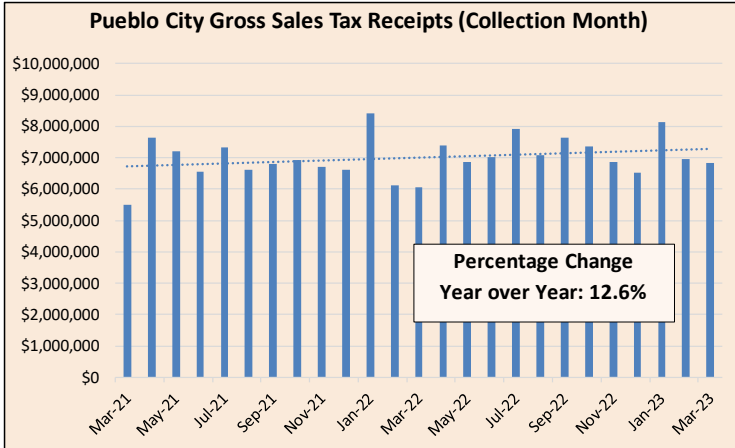
\*Most recent Greeley and Pueblo data is not available so their HOI is still 2022 Q3.  
Note: The Housing Opportunity Index (HOI) is defined as the share of homes sold in that area that are affordable to a family earning the local median income, based on standard mortgage underwriting criteria. It includes new and existing homes.  
Sources: National Association of Home Builders; Wells Fargo



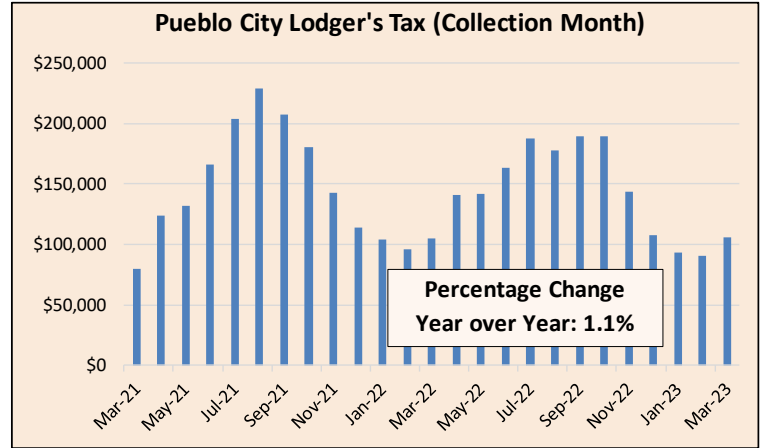
Sources: CoStar Group™; Olive Real Estate Group, Inc.

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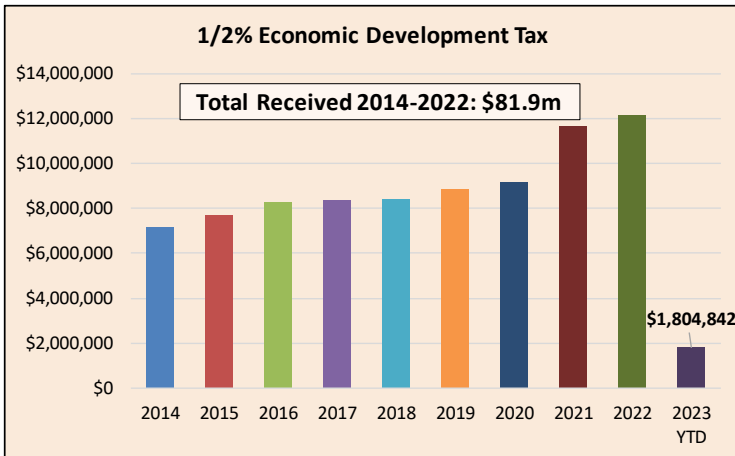
## TAXATION, VEHICLE SALES, AND TOURISM (PAGE 8)



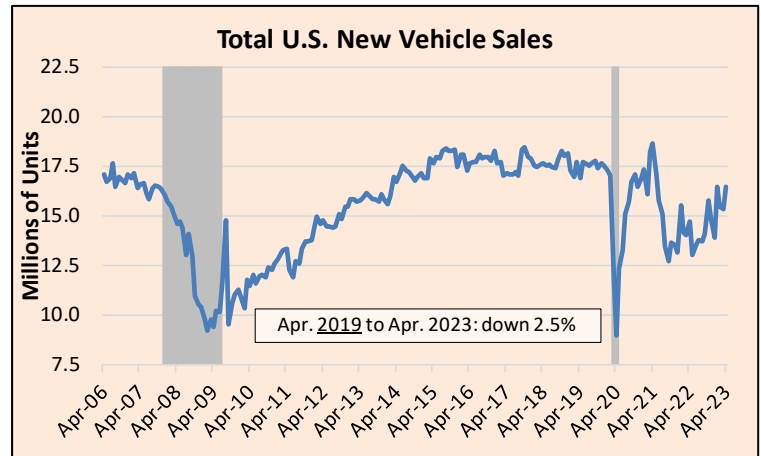
Source: City of Pueblo



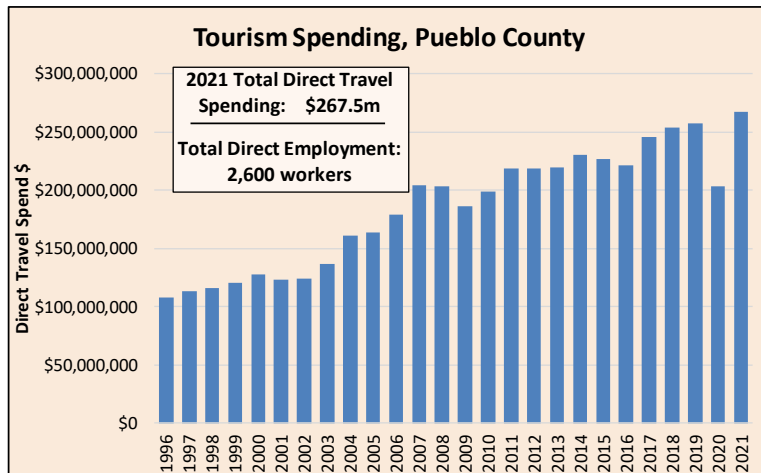
Source: City of Pueblo



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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