

Pueblo Economic & Workforce Development Dashboard

Hello! As a reminder, the report has hyperlinks at the bottom of this page to help you navigate to the data detail (e.g., graphs and tables). Happy reading and I hope your summer is going well now that we have our Colorado sunshine back!

Highlights — June 2023

There is more-than-the-usual uncertainty right now regarding a possible slowdown or (likely mild) recession. A couple of weeks ago I did a presentation in Salt Lake City for a national electrical association and the questions were indicative of how flummoxed business owners and managers are regarding the current environment. Their industry is of course more impacted by interest rates and their influence on commercial and residential real estate. For me the timing of the presentation was good because I feel like both commercial and residential real estate have highly unusual dynamics going on, and for that reason, I will focus this discussion a bit more on the real estate industry.

One interesting dynamic in this (pandemic-induced) cycle is the divergence between what individuals say in surveys and what they do as consumers in society. The [University of Michigan {Page 3}](#) sentiment is somewhat indicative of this. June preliminary sentiment improved to 63.9 from 59.2 mostly driven by the resolution of the debt ceiling crisis and decreasing inflation rates. However, as the graph shows, sentiment is still well below pre-pandemic levels that hovered between 90 and 100, which is interesting given the persistently high levels of consumption and economic activity overall. For example, details from the survey show that only 18% of respondents say now is a good time to buy a house. And yet, while new home single and multi-family starts may be down 15.5% nationwide on a year-to-date basis, starts were up 21.7% in May compared to the previous month – the eighth largest monthly gain since 1959. Even existing home sales were up 0.2% during the month. Permits for new homes are also up, indicating that homebuilders are confident about their pipeline, and this is substantiated by the home builders index that surpassed expectations at 55 (above 50 is in expansion territory). Builders are seeing more traffic at model homes, and they are also finally seeing some reductions in prices with a Producer Price Index for new residential construction falling 7.3% year-over-year. While it's true that all residential sales are down from pre-rate-hike times, the more recent sales volume indicates that some consumers a) are getting used to the higher interest rates with the hope to refinance next year when rates come back down, and/or b) have to move to accommodate a life change and they are willing to bite the bullet despite higher prices and rates. As I've talked about before, there is a nation-wide and local shortage of housing, and many existing homeowners are not willing to move with rates as high as they are, thus the relative health of the *new* residential construction subsector. This is exacerbated by the recent shift of more Millennials than Baby Boomers in absolute terms – and some of those Millennials are finally having kids. Simultaneously, many Boomers don't want to move due to the higher interest rates and precisely because they are Boomers who have a mindset of having worked harder than any other cohort for their achievements justifying keeping whatever assets they've accumulated. I am bold in saying this because my husband is a Boomer who just turned 60 so the kids and I never pass up a chance to poke at him. When they were young and would spill on the carpet, he would say, "Look at what you are doing to *my* carpet!" And I would say, "Honey, it's *our* carpet – everyone's!"

Not surprisingly, the sustained demand for housing has pushed prices upward once more with the median existing single-family home price rising 2.8% in the U.S. to \$401,100 in May. That is still down 3.4% from a year ago, but May of this year marked the fourth consecutive month that existing single-family home prices increased. Those single-digit increases are closer to stable, longer-term trends and certainly not indicative of any "crash" in the housing market. Days on market in the U.S. also fell in May to 18 days from 22 days in April.

The elevated levels of consumption even for expensive homes and financing can be largely explained by the persistently strong labor market. After declining in February and March, [U.S. Job Openings {Page 3}](#) in April ticked back up to 10.1 million. As the graph shows, even with the downward trend that began in April of 2022, job openings are still high with roughly 40% more job openings than pre-pandemic levels. Correspondingly, the number of employed people increased in May by 339,000, also an elevated level. By way of context, from 2012 to 2020, the average number of new jobs was 147,000 per month, so we are at more than double the "normal" job openings. The percentage of people in the labor force (those actively working or having looked for work over the past month) has very modestly improved (at 62.6%) but is still below pre-pandemic levels and very low compared to pre-Great Recession years. This too is keeping labor demand strong.

The [Unemployment Rate {Page 3}](#) for the U.S. did tick up to 3.4% in May from 3.1% in April, but last month's unemployment data was a bit contradictory in that the business survey showed higher levels of employment than the household survey did. Both are used in the unemployment rate calculation. Many economists seemed perplexed by this contradiction, but I believe it's probably due to a reduction in gig work, which is captured by the household survey but not by the business survey. This makes sense to me because as the economy cools, fewer households and businesses are willing to pay for "extras" like yard work, website design and the like. The household data (and my personal theory) is also substantiated by the higher levels of unemployment claims, which are up around 264,000 over the past two weeks compared to the previous range of 225,000-250,000 earlier this year. Likewise, the Colorado unemployment ticked up from 2.4% in April to 2.8% in May, and Pueblo's rates changed from 3.5% to 3.9% over the same period. The [Total Unemployed {Page 4}](#) people in Pueblo (shown under the job openings) ticked up by roughly 300 people, and the ratio of workers to open jobs also increased from 0.61 to 0.70.

[Page 3 - Macroeconomic "Big Picture"](#)

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Nonetheless, it is still a largely employee's market, and the average worker knows it. Thus, individuals and households may say they don't like inflation or the uncertainty, but for now they don't think they will lose their job or have trouble finding a new job if they need one. So, they continue to buy, and I believe even borrow if they are short on cash. There are likely some irrational buying behaviors or household budget shortfalls due to inflationary pressures as seen by the increase in revolving credit (e.g., credit cards), but I think more so there is a sentiment that job security is reasonably intact. This is in many ways a self-fulfilling prophecy. The more confident consumers are in their jobs and purchasing ability, the more they consume and fuel business growth, which in turn, helps keep businesses healthy without a need to lay off workers or cut hours. So, ladies, by all means go out and buy those shoes, cute purses or outfits this 4th of July! For the country!

Traditionally, the Fed tries to dampen things by subduing the labor market, diminishing demand, and therefore reducing inflation when price increases are above the target 2%. Hence, it's a good thing that [Inflation {Page 3}](#) cooled in May to 4.0% from 4.9% in April. Clearly, our current rate of inflation is still double what the Fed wants, but the decline was significant enough for the Fed to opt for a "pause" to interest rate hikes during its recent June meeting. The bad news is that core inflation, which represents all goods minus food and energy, still increased by 0.4% month-over-month and was at 5.3% in May. Additionally, the nerds at the Fed know what I know: there were strong baseline effects pulling May's inflation read down. In other words, inflation hit its peak around this time last year so when you do year-over-year comparisons, this year is going to look a lot better than last year. I addressed this in last week's [Fox21 segment](#) and [Gazette article](#) focusing on why grocery prices still "feel" so high despite falling inflation levels. Nonetheless, the trend is moving in the right direction. The May NFIB small business survey showed the smallest percentage of firms raising prices since March 2021, albeit a still elevated 32%.

In that segment, I also mention that May was the first month that real average hourly earnings outpaced inflation across the U.S. It is true that some lower-wage industries had larger percentage increases in wages such as hospitality. But one of the primary reasons the Fed is dogged about bringing inflation down to roughly 2% and keeping it there is not only because inflation erodes living standards but also because persistently high prices amp up the pressure on employers for higher wages – a vicious cycle. In that vein, I did another [local segment](#) and [article](#) on wages in Colorado Springs and how they are still significantly lower than both national and state-wide wage levels. This is even more so true for [Pueblo Wages {Page 4}](#), which are 25% below the U.S. and 29% lower than Colorado. Furthermore, Pueblo has a significantly higher proportion of residents who are at or below the [Federal Poverty Level {Page 4}](#) (16.3% versus 12.8% across the U.S.). This pours cold water on the otherwise stellar news of [Local Job Growth {Page 4}](#) with almost 1,500 new jobs in 2022, and 600 new jobs in 2021 – both exceeding the roughly 455 new jobs needed to match population growth. Yes, economists can occasionally deliver good news (job growth) although you can bet it's going to have caveats (lagging wages).

In fact, the Pueblo economy is a perfect microcosm of the odd relationship between higher inflation, persistent consumption, job security, and a resilient residential housing market. Regional [New Construction and Home Sales {Page 7}](#) are both holding up well considering the roughly 43% increase in the median home price since 2019 (which is roughly the same as the U.S.), as well as the markedly higher interest rates. In May, local [Median Existing Home Prices {Page 7}](#) held steady at roughly \$300,000. Historically speaking, Pueblo prices are higher, however, the pace of increases has slowed.

Commercial real estate (CRE) is not proving as resilient to high interest rates and economic uncertainty. CRE transaction volumes are down 40% in 2023 Q1 – the lowest level since 2020. Credit conditions are also tighter with the Fed's Loan Officer Survey on bank lending showing 74% of banks tightening standards for construction and land development. The Mortgage Bankers Association shows that commercial and multifamily loan originations were 56% lower in 2023 Q1 compared to a year ago. Specifically, originations declined over the year for industrial properties (-72%), office (-67%), multifamily (-55%), and hotel and retail (both -8%). Office space is the one I am most worried about with a negative 20 million square feet of net absorption in the U.S. in Q1 of this year alongside high sublet activity in most major markets. During the pandemic, the contraction in the office market was being mitigated by lower construction levels. However, in Q1 of this year, new office completions rose which exacerbates already high vacancy rates (which will worsen as leases expire).

I also worry a bit about U.S. multi-family construction with roughly one million units under construction in Q1 (or 5.6% of total apartment inventory). While it's true that we have a national and local housing shortage, I worry about apartment construction because those projects take two years or more to get going, and if we do hit a recession, more people will "double up" and demand for housing will cool a bit while investors are still in planning or building phases.

I will optimistically say that I am more confident about most Colorado cities, including Pueblo, than I am about the U.S. market for various reasons: hearty job growth since 2014 (minus 2020), a pipeline of [Working-Age People {Page 6}](#), growing [Tourism {Page 8}](#), and possibilities for a renewed manufacturing sector with the impetus to re-shore and with the federal investments in innovative advanced manufacturing. The most recent [Sales and Use Tax {Page 8}](#) is indicative of all this (up 12.6% year-over-year). The healthy local residential housing market also is indicative of Pueblo's sustained economic growth, and although commercial real estate may sputter nationwide and locally, stronger economic performance in Pueblo will likely have the local CRE market in less bad shape than many first-tier cities. Overall, it is still a positive picture despite the uncertainties, and I'll take that.

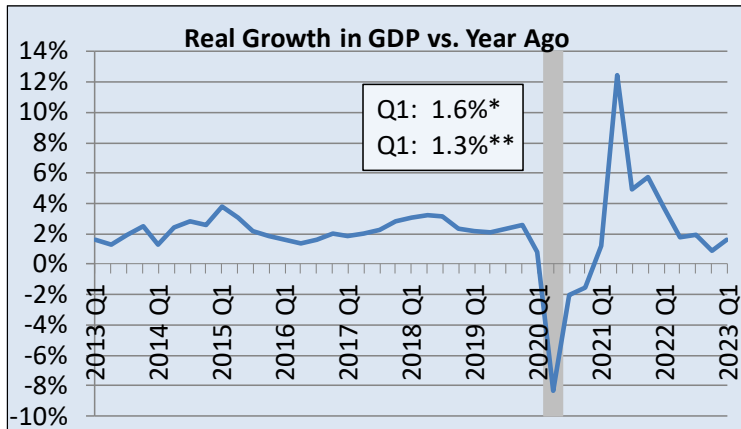
Tatiana & Rebecca

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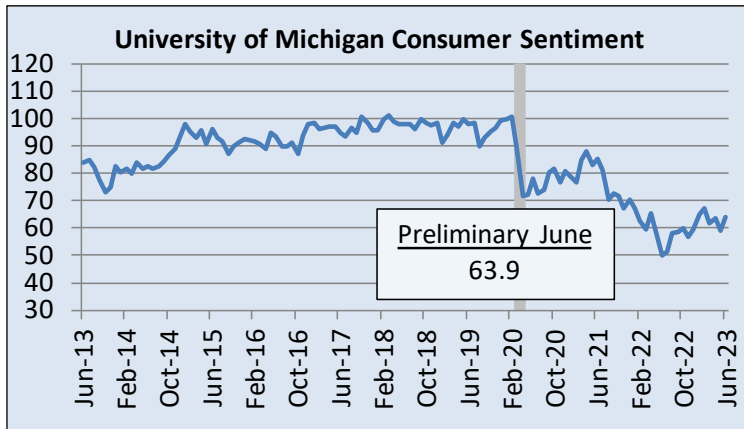
MACROECONOMIC "BIG PICTURE" (PAGE 3)



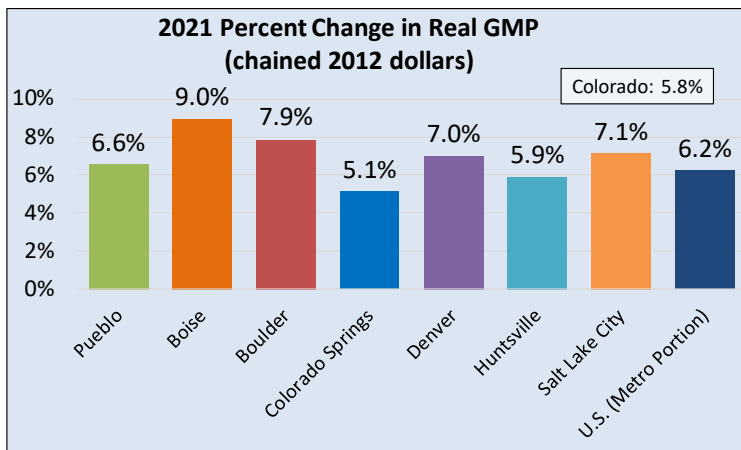
*Estimate of real GDP percent change from same quarter a year ago, SA

**If quarterly changes were annualized over the year.

Source: U.S. Bureau of Economic Analysis

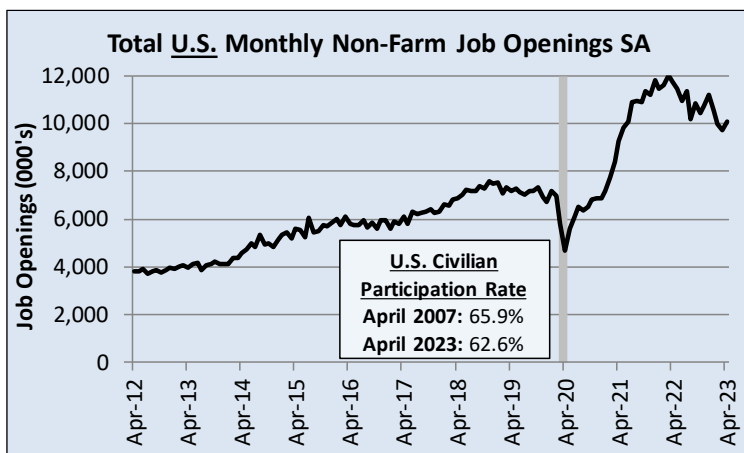


Source: University of Michigan

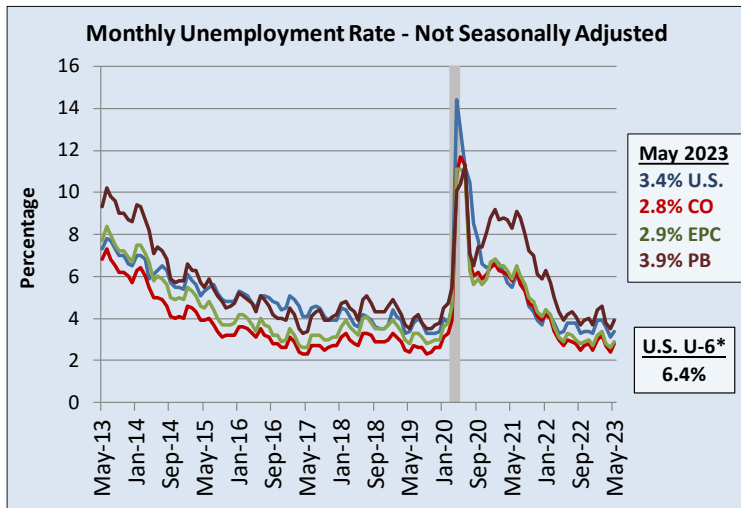


Note: Data includes military. Real GMP is adjusted for regional price parity (RPP). This regional data lags ~23 months.

Source: U.S. Bureau of Economic Analysis



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



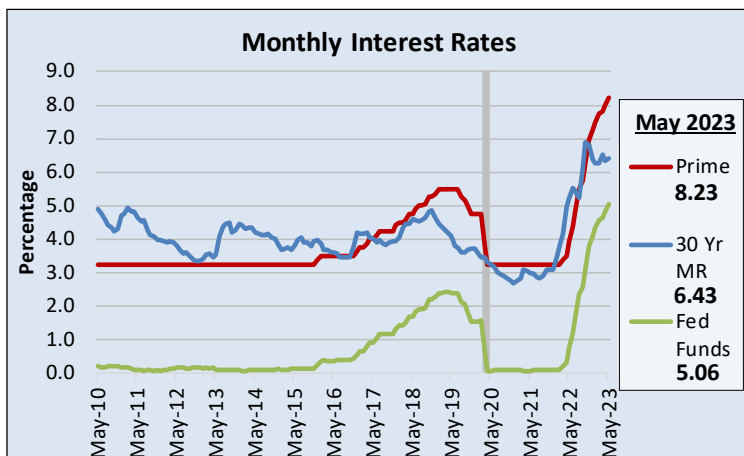
Note: Data not seasonally adjusted (NSA) to enable comparisons with counties. *U-6 includes unemployed, those marginally attached to the labor force, plus those employed part time who would prefer full-time work.

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

U.S. Consumer Price Index - May 2023		
	All items	Less food & energy
Change from April to May 2023 (SA)	0.1%	0.4%
Last 12-months (NSA)	4.0%	5.3%

The 2023 Q1 cost of living in Pueblo MSA was 98.7% of the U.S. average according to C2ER. Colorado Springs's index was 108.5% of U.S.

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



Source: Board of Governors of the Federal Reserve System

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LOCAL LABOR MARKET (PAGE 4)

Top Job Openings, Pueblo County, May 2023

Top Job Titles (Pueblo MSA)	# of Job Postings (Pueblo)	Median Advertised Salary (Pueblo)	Risk of Automation (U.S.)
Registered Nurses	343	\$102,656	Low Risk
Retail Salespersons	128	\$33,408	Medium Risk
1st-Line Supervisors, Retail Sales	94	\$49,792	Low Risk
Fast Food & Counter Workers	84	\$30,080	High Risk
Customer Service Reps	78	\$31,616	Medium Risk
Middle School Teachers	77	\$64,000	Low Risk
Sales Reps, Wholesale & Mfg	76	\$85,760	Medium Risk
Medical & Health Services Managers	74	\$60,032	Low Risk
Heavy & Tractor-Trailer Truck Drivers	71	\$56,064	High Risk
Maintenance & Repair Workers	69	\$44,672	High Risk

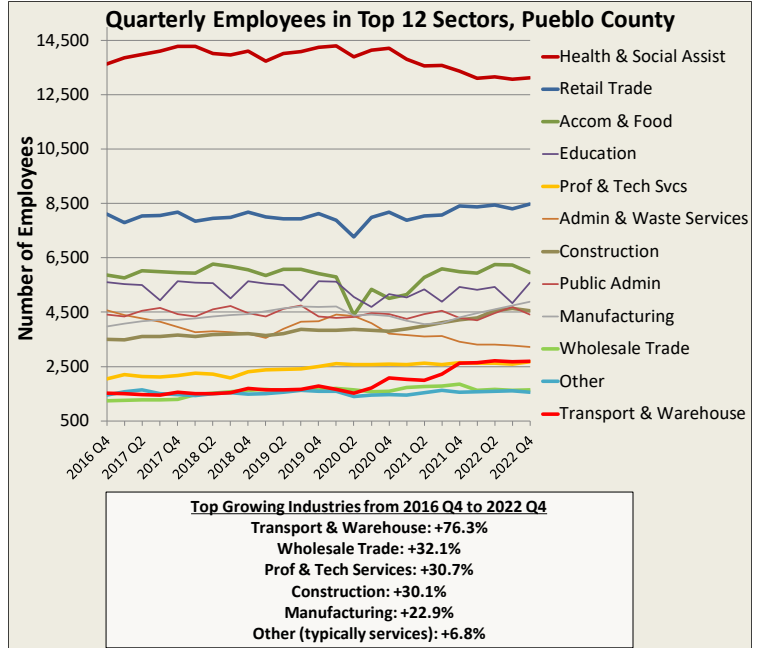
Pueblo MSA, May 2023

TOTAL Job Openings: 4,233

TOTAL Unemployed: 2,983

Workers Available per Job Opening: 0.70

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

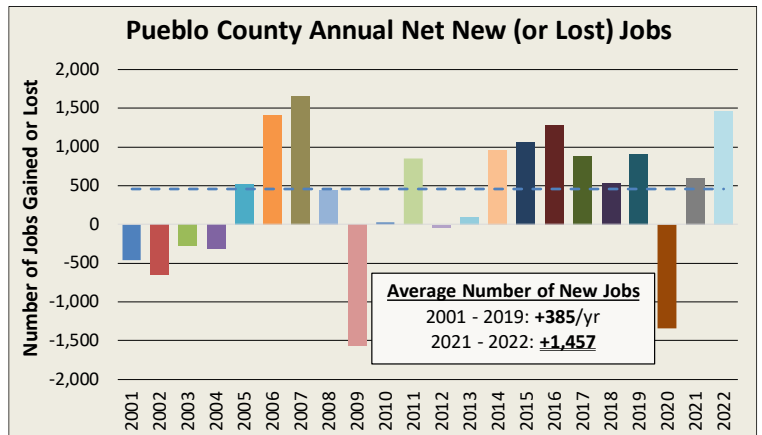


QCEW data lags up to three quarters and includes public and private employment. Source: Colorado Department of Labor & Employment, Quarterly Census of Employment and Wages (QCEW)

Top Employers - Pueblo MSA in May 2023

Name of Employer	# of Job Postings	Median Advertised Salary
Parkview Medical Center	135	\$79,104
Pueblo County School District 70	117	\$55,168
Pueblo City Schools District 60	92	\$64,128
Colorado State Government	86	\$56,960
Centura Health	77	\$84,224
Parkview Health	70	\$61,952
Pueblo County Courthouse	62	\$52,992
State Of Colorado	60	\$55,936
City Of Pueblo	53	\$41,600
Health Solutions Us	38	\$66,816
Life Care Centers of America	37	\$41,088
Crossroads Turning Points	34	\$41,600
Pueblo Community College	31	\$51,456
Lowe's	27	\$36,736
EVRAZ North America	27	\$81,152

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. 29.4% lower than Colorado 15.4% lower than El Paso County			
U.S.	Colorado	El Paso County	Pueblo County
\$69,985	\$74,360	\$61,984	\$52,468
2022 Total Employment			62,954
2022 Total # Establishments			3,917

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 livingwage.mit.edu .		

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

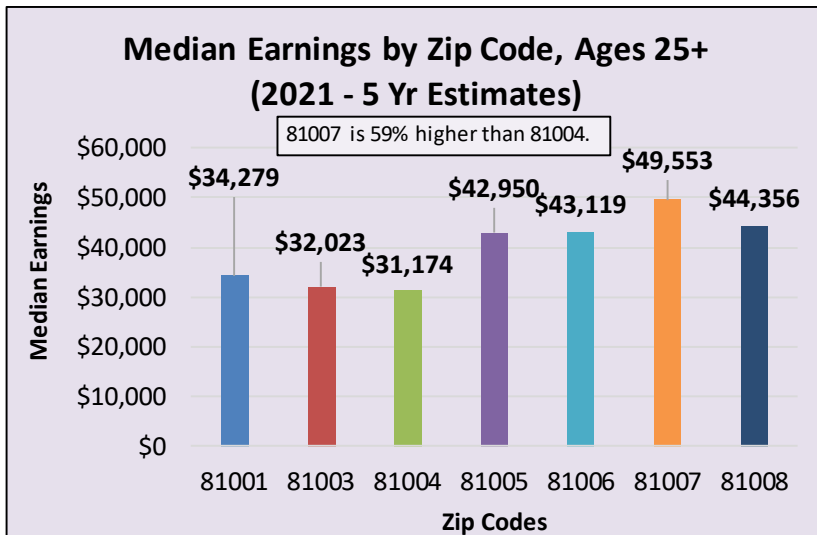
Sources: U.S. Bureau of Labor Statistics and Colorado Department of Labor and Employment, QCEW; Local military installations; U.S. Census Bureau, American Community Survey 1-year estimates; U.S. Department of Health & Human Services; MIT Living Wage Calculator

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

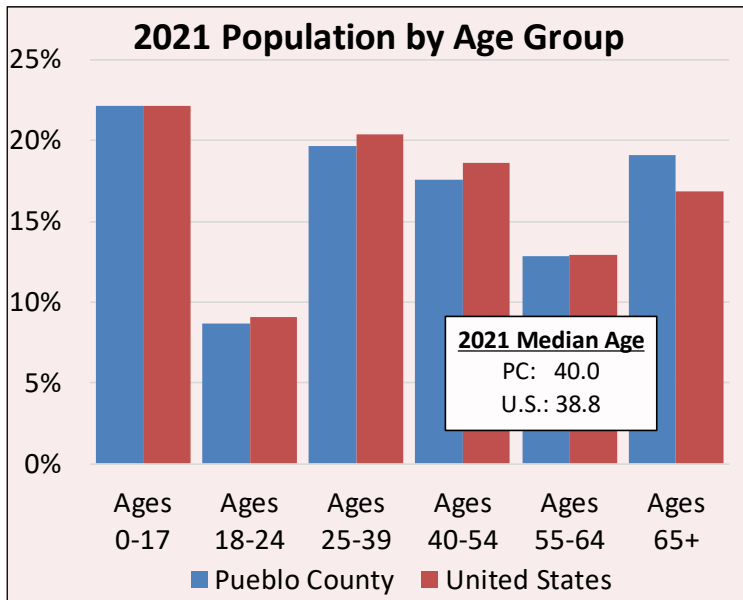


Median Earnings 2021 (All Ages Full-Time)	
U.S.	Pueblo County
\$53,888	\$50,970

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)

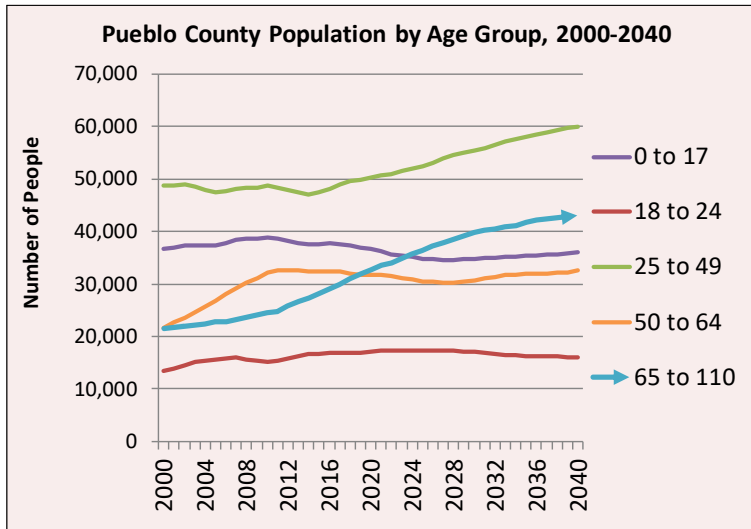


Sources: U.S. Census Bureau, Population Division, Population Estimates Program; American Community Survey 1-year estimates

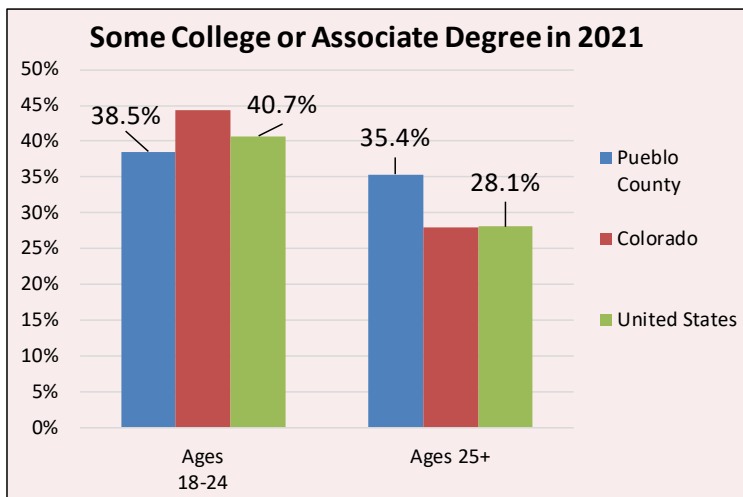
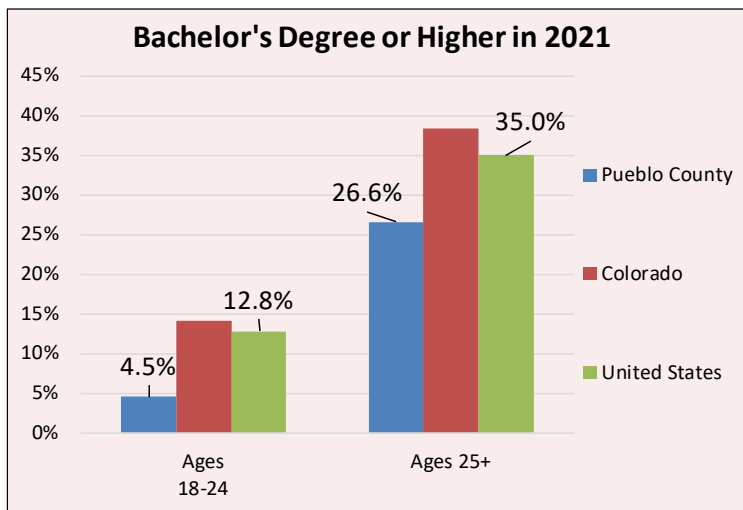
Population Estimates

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

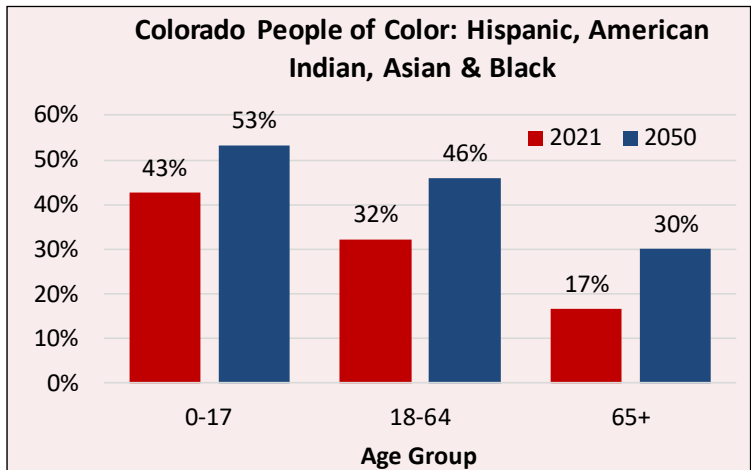
Source: Colorado State Demography Office



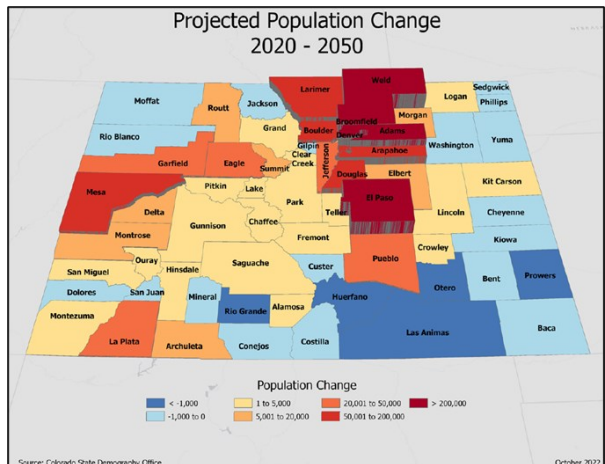
Source: Colorado State Demography Office



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



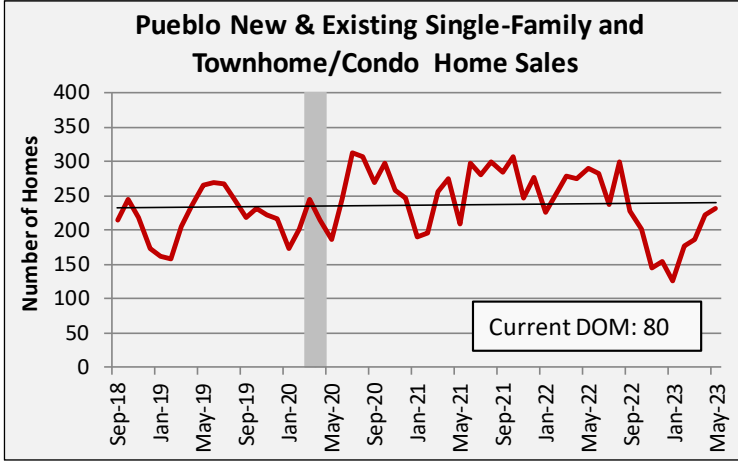
Source: Colorado State Demography Office



Source: Colorado State Demography Office

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REAL ESTATE (PAGE 7)

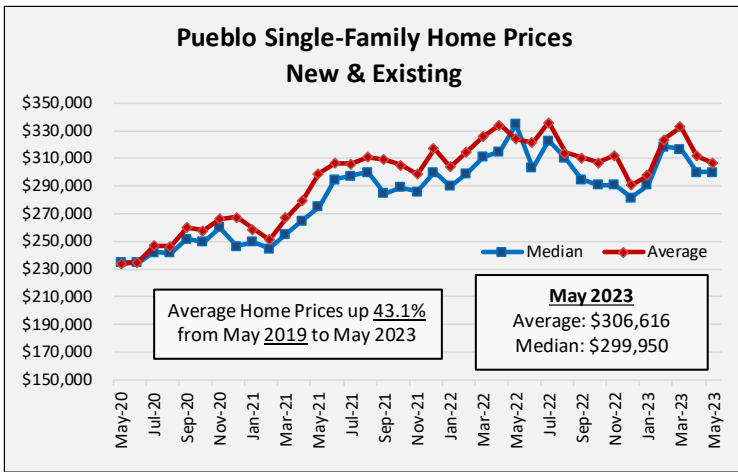


Source: Pueblo Association of REALTORS®, Inc. (PAR)

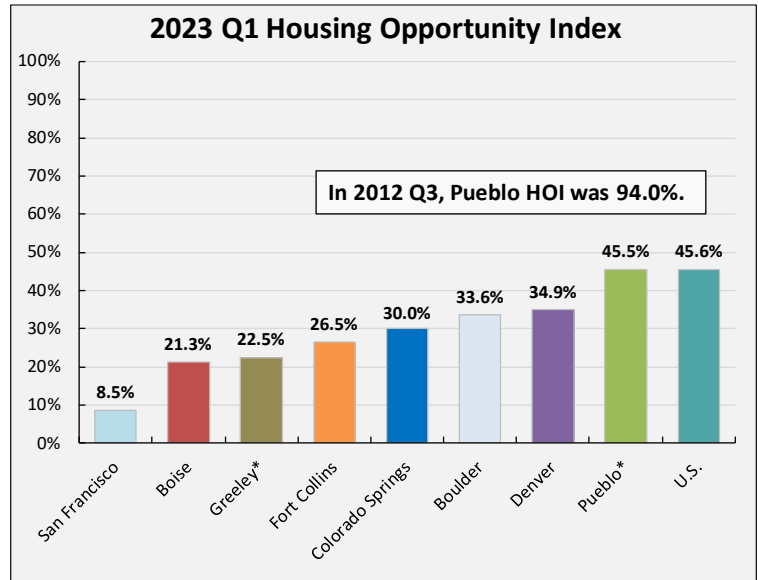
Median Existing Single-Family* Home Price 2023 Q1 (CS, Denver, U.S.) and May (Pueblo)

Location	Colorado Springs	Denver	May 2023 Pueblo (*New & Existing)	United States
Price	\$444,700	\$636,100	\$299,950	\$371,200
1-year % Change	2.3% decrease	3.9% decrease	10.4% decrease	0.2% decrease
MSA Rank	39	16	109	n/a

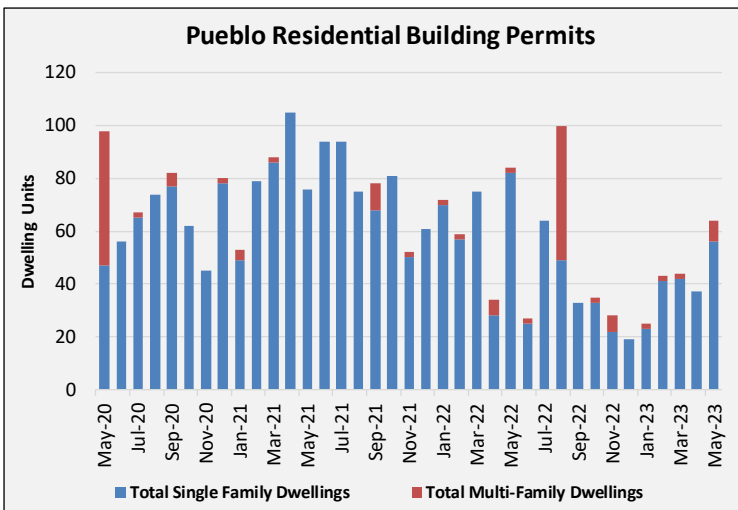
*Includes existing homes only except for Pueblo, which includes new & existing since PAR only reports both (combined). Pueblo ranking is estimated based on similar MSA city ranking and price is for most recent month. 190 MSAs measured.
Sources: National Association of REALTORS®, Pueblo Association of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



Source: 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

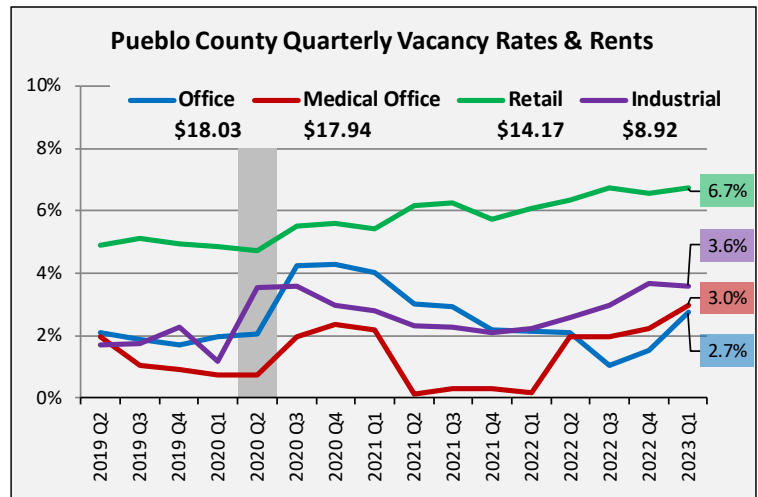


Sources: Pueblo Regional Building Department; City of Pueblo

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

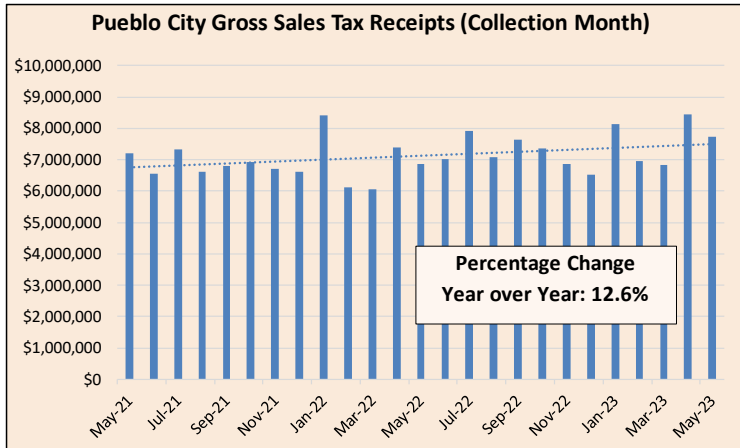
Note: "Only market rate apartment communities were surveyed, and this does not include affordable units, age-restricted units, or employee housing units."
Source: Colorado Statewide Apartment Survey – created by Colorado Housing and Financial Authority; 1876 Analytics LLC; Apartment Insights



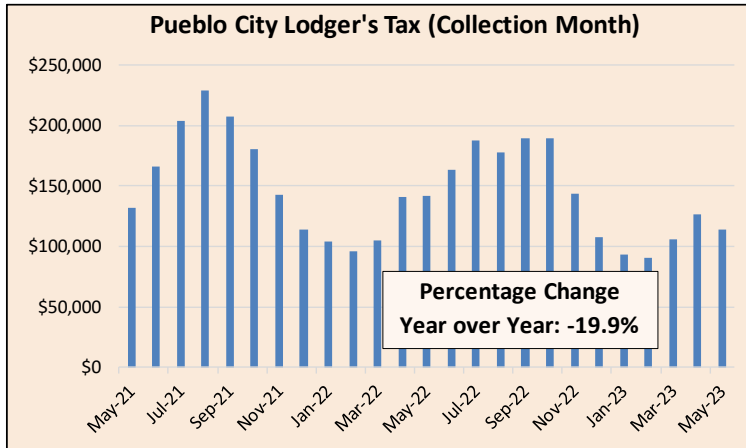
Sources: CoStar Group™; Olive Real Estate Group, Inc.

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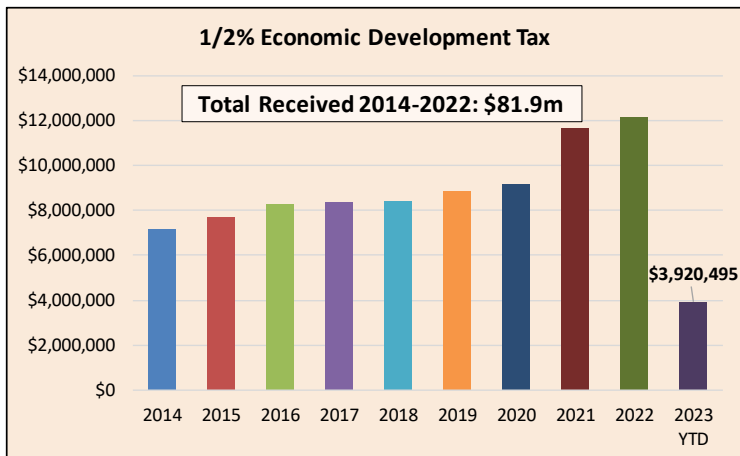
TAXATION, VEHICLE SALES, AND TOURISM (PAGE 8)



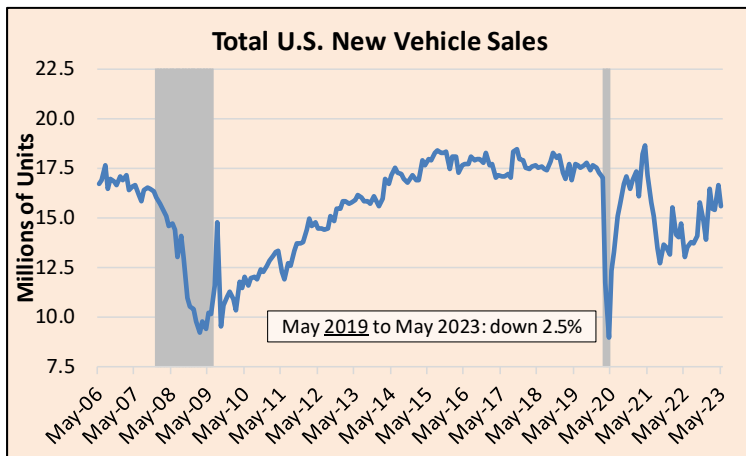
Source: City of Pueblo



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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