Harry Salzman

Hello! Attached you have the latest economic dashboard, which you are receiving as a UCCS Economic Forum sponsor. *Below you have some highlights for this month's dashboard, and I have included some commentary on how we appear to be closing out the calendar year. Next month's dashboard will continue with some of this commentary as data typically lags 1-2 months.*

The UCCS College of Business Office of Professional and Executive Development has a Multi-Generational Professional Series coming up in case you are interested (https://www.uccs.edu/business/community-resources/office-of-professional-and-executive-development/multi-generational-professional-seminar-series.html). In addition to the link, I am attaching a flyer.
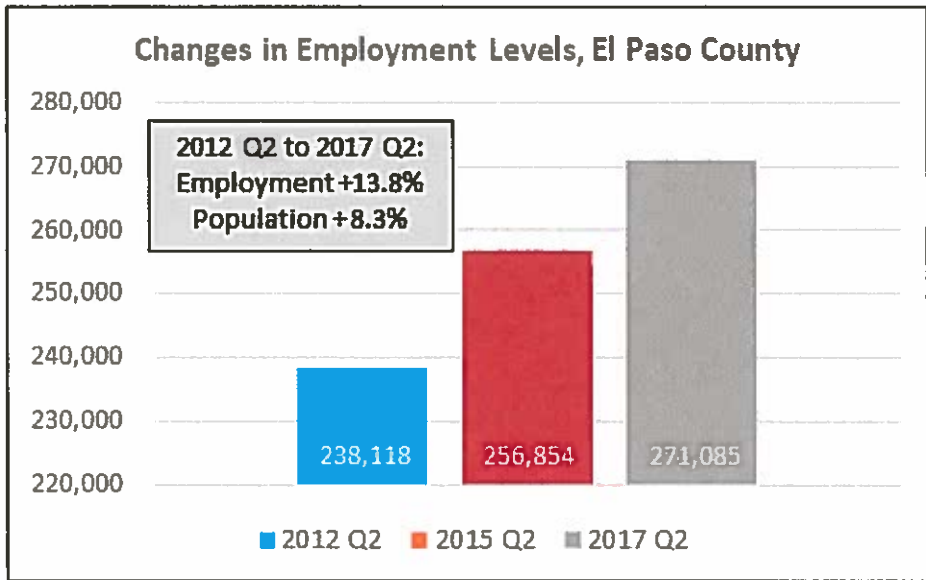
Consumer Sentiment edged down in November to 98.5 from the October level (100.7). This represents a modest change, and truly, consumer sentiment has been quite steady all year only moving within a range of 4.0 index points. The generally optimistic outlook is due to the strong labor market and anticipated wage gains, which are their highest in a decade. Consumers do have some trepidation about upcoming inflation and interest rate hikes in 2018. In the next year, it is likely that consumers will be swayed by whether they feel their wage gains are enough to outweigh any inflationary pressures and interest rate hikes.

In looking back at the past year, the University of Michigan believes that overall sentiment has been high enough that 2018 will continue to see strong personal consumption. They are sticking to their forecast for a 2.7% rise in person consumption expenditures in 2018. This optimistic outlook is fueled by roughly half of survey respondents saying that they have had improved finances in most of the past 12 months. Positive financial sentiments are also attributable to rising home values, which were mentioned by 2/3 of survey respondents who are homeowners. Respondents are, however, slowly altering their responses about home buying. In the past year, over 40% of respondents have cited low interest rates as an important factor in their own decision making about buying a home. In November of this year, those references to low mortgage rates fell to 32%. For the housing industry, it will be important to see how those sentiments change (or don't change) as the next rate hikes occur.

Prospectively, consumers under age 45 expect income gains of 4.6% in the next year, most likely due to anticipated tax cuts, and those with incomes in the top third expect rises in income of 3.0%. Both of these groups are considered pivotal in total discretionary spending in the U.S. {Page 1}

Job Openings and the Civilian Participation Rate both stayed relatively steady in October with roughly 6 million job openings in the U.S. per month over the course of 2017 and a (historically low) civilian participation rate around 63% during 2017. Future job gains and sustainable economic growth in the next year will largely hinge upon our ability to lure back discouraged workers while simultaneously providing training/educational programs that are congruent with the current job openings. On the one hand, it can be viewed as a disadvantage that we have fewer workers participating in the labor force. On the other hand, this latent labor force could represent an opportunity to further increase our labor force and tax base while simultaneously sustaining our current economic expansion. {Page 1}

The Unemployment Rate in El Paso County went from 3.1% in October to 3.3% in November, not seasonally adjusted. This compared to a 3.0% in November of 2016. It does appear that our local unemployment rate is edging up slightly. It is important, however, to put this in context of a few years ago. If we compare total employment in El Paso County from 2012 Q2 to 2017 Q2, we see an increase of 32,967 jobs (up 13.8%). Population has also increased during that time, but at lower rate of 8.3% (see graph below). On page 2 of the dashboard you can see that from 2016 Q2 to 2017 Q2, El Paso County obtained 6,455 new jobs, which is about 1,000 more new jobs than we need to match population growth and yet stay within the "natural" unemployment rate. So the takeaway from this that we have certainly come a long way in terms of employment gains and a levelling off is not necessarily alarming especially if we are still generating new jobs at or above the level needed to match population growth. Much like the rest of the nation, further gains in employment could hinge upon our ability to locally train individuals for local jobs and also attract qualified individuals from other regions.

Changes in Employment Levels, El Paso County

2012 Q2 to 2017 Q2:
Employment +13.8%
Population +8.3%

	2012 Q2	2015 Q2	2017 Q2
	238,118	256,854	271,085

In the state of Colorado, the unemployment rate went from 2.6% in October to 2.9% (not seasonally adjusted). Last November, the state unemployment rate was 2.7%. It is likely that the modest increases in unemployment we are seeing across the state are for similar reasons to the slight uptick locally. We have more people slowly entering or re-entering the labor force, which is a good thing, but they are not always qualified for the healthy number of job openings. Again, training and education for today's jobs will be a pivotal part of continued economic expansion.

In the U.S., the unemployment rate in November was unchanged from the previous month both at 3.9%. We had a robust increase of 228,000 new jobs created in November. The sectors that positively influenced employment were professional and business services, manufacturing and health care. For the 11 months of 2017, employment has grown on average by 174,000 new jobs, which is quite favorable, but not quite as high as the 187,000 average monthly gains seen in 2016.

It is notable that in November alone, manufacturing added 31,000 jobs. The PMI index, which measures the health of the manufacturing sector, has shown expansion for 15 consecutive months while the economy as a whole has shown expansion for the past 102 months. Since November of 2016, manufacturing in the U.S. has increased by 189,000, and many economists have speculated that a weaker dollar may continue to positively impact this industry during 2018.

Health care continues to have a positive impact on job growth with 30,000 new jobs in November. During 2017, health care has added on average 24,000 new jobs per month, which is lower than the average monthly increase of 32,000 per month in 2016.

Jobs in the construction industry increased by 23,000 in November and by 132,000 cumulatively in 2017 (thus far).

Through November of 2017, hourly wages have risen by 64 cents or 2.5%. {Page 1}

The Demand for Labor in the Colorado Springs MSA was 12,582 in November while the supply of labor was 11,001. Job openings in November edged up to 12,582 from the October level (11,685), which one would assume is mostly seasonal although not necessarily. When I look back at the past few years, job openings do not seem to consistently be impacted by the holidays. Hence, the October-to-November increase in job openings of 7.7% indicates that local businesses are bullish on their business expansion and their hiring. Juxtaposing labor demand and supply, we have 1,581 more jobs than we have people looking for work. This delta is not as large as it has been in other months since 2015, but we do still have more jobs than people seeking work. {Page 1}

Residential Building Permits have shown an interesting trend in the past two months. Both October and November had notable increases from levels earlier in the year. From January to September 2017, the average number of single and multi-family dwellings was 215 per month with the vast majority of permits being for single-family dwellings. In October and November, however, not only were combined permits higher, but roughly 40% of permits were for multi-family dwellings. November had 313 single-family permits pulled and 244 multi-family permits pulled (for a total of 557 permits pulled). This highlights the (local) trend towards apartment and condominium living. {Page 3}

New Vehicle Registrations saw another dip in November down 24% over the prior month, which appears to be at least partly seasonal. It is notable that for 2017 thus far, luxury utility vehicles are up 14.3% compared to 2016. Luxury goods are very elastic, or sensitive to changes in consumer income and sentiment so a 14.3% increase can be a proxy indicator to tell us that locally, our consumers feel good about their economic prospects – or at least those individuals in the higher income brackets who can afford luxury utility vehicles.

A broader indicator for all income levels could be the sales and use tax collections. As the graph on page 4 shows, these collections have had a general upward trend for the past 5 years although we are slightly lower than the November 2016 levels. {Page 4}

I am thankful for the level of support the Forum receives all year from the Forum sponsors (you). My best wishes to you and yours for a fantastic holiday season!
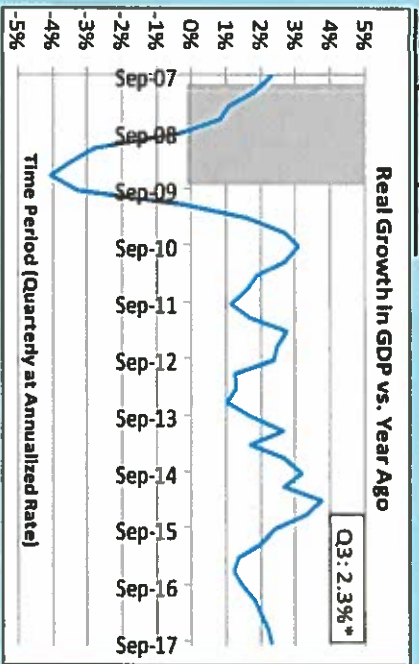
Tatiana

The Big Picture

U.S. Quarterly GDP

Real Growth in GDP vs. Year Ago

Q3: 2.3%*

Time Period (Quarterly at Annualized Rate)

Y-axis: 5%, 4%, 3%, 2%, 1%, 0%, -1%, -2%, -3%, -4%, -5%

X-axis: Sep-07, Sep-08, Sep-09, Sep-10, Sep-11, Sep-12, Sep-13, Sep-14, Sep-15, Sep-16, Sep-17
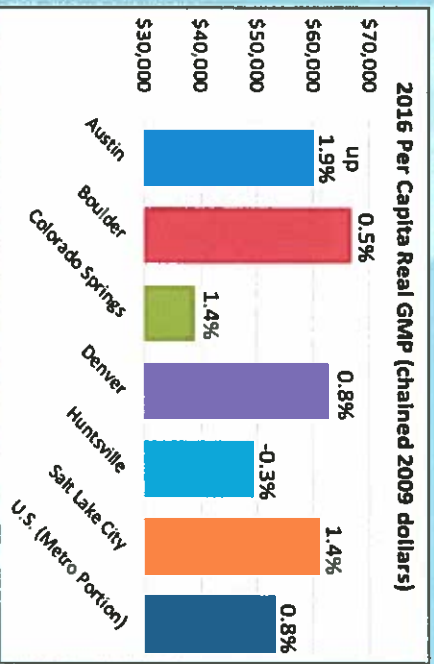
Source: U.S. Bureau of Economic Analysis
*November release of Real GDP Percent Change from Q3 Year Ago, SA
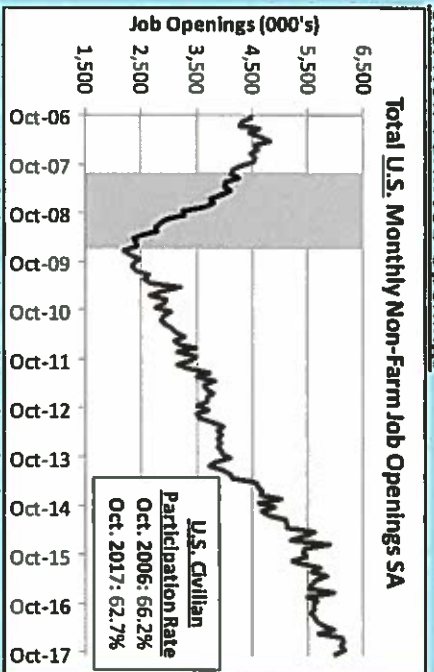
U.S. Consumer Sentiment

University of Michigan Consumer Sentiment

Nov. 98.5

X-axis: Nov-07, Jul-08, Mar-09, Nov-09, Jul-10, Mar-11, Nov-11, Jul-12, Mar-13, Nov-13, Jul-14, Mar-15, Nov-15, Jul-16, Mar-17, Nov-17

Y-axis: 30, 40, 50, 60, 70, 80, 90, 100, 110, 120
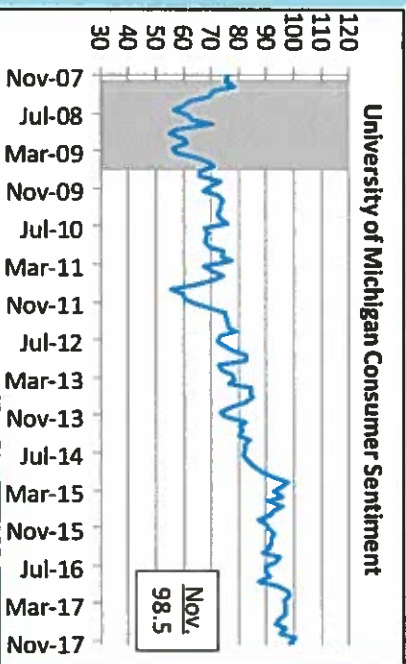
Source: University of Michigan

MSA GMP Per Capita

2016 Per Capita Real GMP (chained 2009 dollars)

- Austin — Up 1.9%
- Boulder — 0.5%
- Colorado Springs — 1.4%
- Denver — 0.8%
- Huntsville — -0.3%
- Salt Lake City — 1.4%
- U.S. (Metro Portion) — 0.8%

Y-axis: $30,000, $40,000, $50,000, $60,000, $70,000

Source: U.S. Bureau of Economic Analysis

Note: Military data is included in both GMP and population. Real GMP is adjusted for regional price parity (RPP). Percentage change compares 2016 to 2015 per capita real GMP.
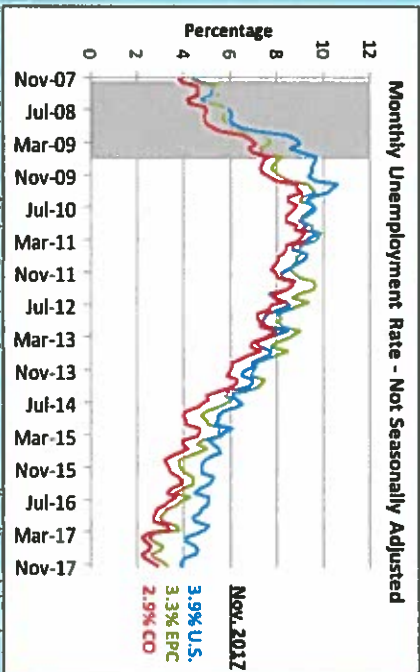
Labor Force/Employment

U.S. Non-Farm Job Openings

Total U.S. Monthly Non-Farm Job Openings SA

U.S. Civilian Participation Rate
Oct. 2006: 66.2%
Oct. 2017: 62.7%

Y-axis (Job Openings (000's)): 1,500, 2,500, 3,500, 4,500, 5,500, 6,500

X-axis: Oct-06, Oct-07, Oct-08, Oct-09, Oct-10, Oct-11, Oct-12, Oct-13, Oct-14, Oct-15, Oct-16, Oct-17

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

Unemployment Rate

Monthly Unemployment Rate - Not Seasonally Adjusted

Nov. 2017
3.9% U.S.
3.3% EPC
2.9% CO

X-axis: Nov-07, Jul-08, Mar-09, Nov-09, Jul-10, Mar-11, Nov-11, Jul-12, Mar-13, Nov-13, Jul-14, Mar-15, Nov-15, Jul-16, Mar-17, Nov-17

Y-axis (Percentage): 0, 2, 4, 6, 8, 10, 12

Sources: U.S. Bureau of Labor Statistics; Data not seasonally adjusted; local data often lags one month.

Inflationary Measures

U.S. Consumer Price Index - Nov. 2017

	All Items	Less food & energy
Change from October to November 2017 (SA)	0.4%	0.1%
Last 12-months (NSA)	2.2%	1.7%

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

UCCS Economic Forum

COLLEGE OF BUSINESS
UNIVERSITY OF COLORADO
COLORADO SPRINGS

updated (12/18/2017)

Local Labor Force/Employment

Colorado Springs MSA Job Openings

November 2017

Average daily job openings: 11,479
Average posting duration: 33 days
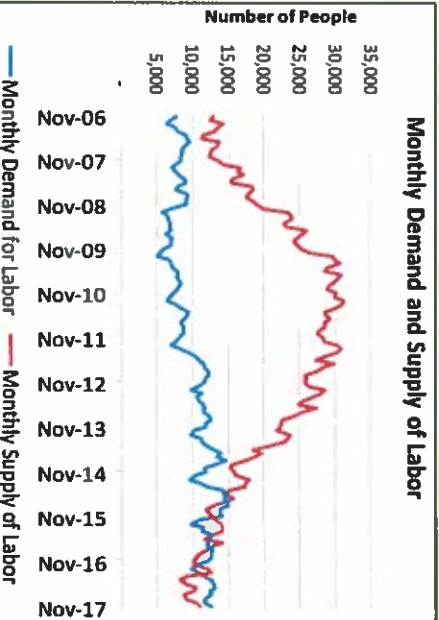Median salary of posted jobs: $70,800
Colorado median salary: $66,000

Top Job Titles

Registered Nurse (1,339 jobs)
Software Engineer (823 jobs)
Customer Service Rep (818 jobs)
Systems Engineer (706 jobs)
Administrative Assistant (671 jobs)
Teller (662 jobs)
Systems Administrator (630 jobs)
Medical Assistant (609 jobs)
Sales Rep (557 jobs)
Network Engineer (551 jobs)

November 2017	
Demand for Labor	Supply of Labor
12,582	11,001

Sources: Pikes Peak Workforce Center—CEB TalentNeuron™; U.S. Bureau of Labor Statistics; UCCS Economic Forum
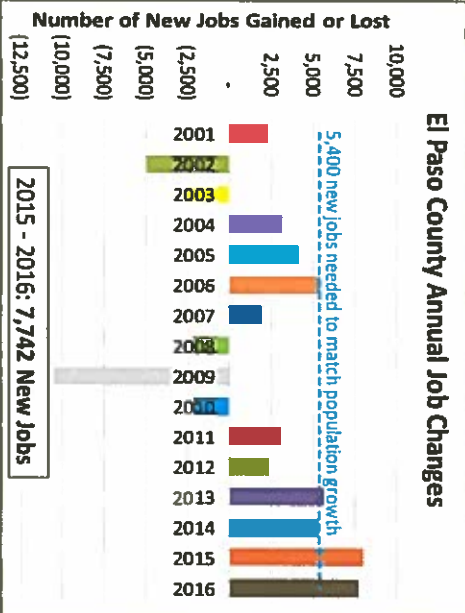
Colorado Springs MSA Labor Force

Monthly Demand and Supply of Labor

— Monthly Demand for Labor
— Monthly Supply of Labor

Y-axis (Number of People): 5,000, 10,000, 15,000, 20,000, 25,000, 30,000, 35,000

X-axis: Nov-06, Nov-07, Nov-08, Nov-09, Nov-10, Nov-11, Nov-12, Nov-13, Nov-14, Nov-15, Nov-16, Nov-17

Sources: Pikes Peak Workforce Center—CEB TalentNeuron™; U.S. Bureau of Labor Statistics; UCCS Economic Forum

Local Employment/Wages

El Paso County New Jobs

El Paso County Annual Job Changes

Number of New Jobs Gained or Lost

10,000	
7,500	
5,000	
2,500	
-	
(2,500)	
(5,000)	
(7,500)	
(10,000)	
(12,500)	

2015 - 2016: 7,742 New Jobs

5,400 new jobs needed to match population growth

Years: 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016

Actual New jobs in El Paso County
2016 Q2 to 2017 Q2: 6,455
****

Estimated New Jobs Needed (2015-2020)
5,400 (or 2% growth rate)

Estimated jobs needed based upon population growth and age composition; calculated by the UCCS Economic Forum.

Colorado Springs MSA GMP by Sector

Real GMP Contribution by Sector, Colorado Springs MSA, 2016
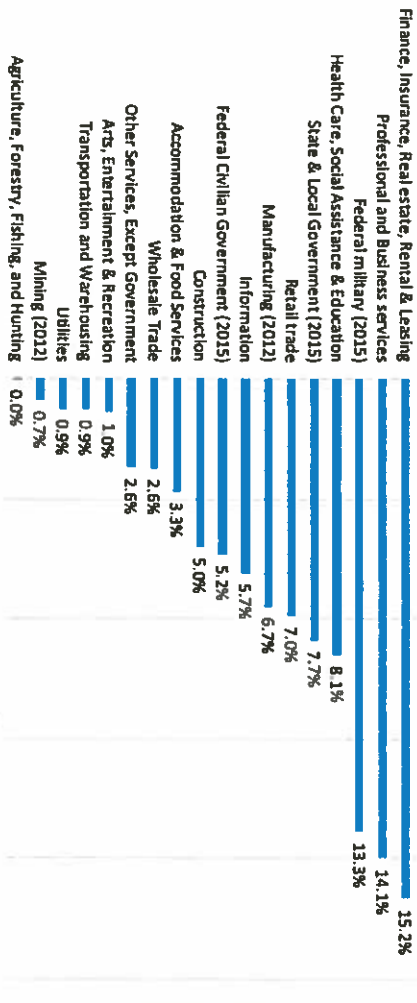
Sector	%
Finance, Insurance, Real estate, Rental & Leasing	15.2%
Professional and Business services	14.1%
Federal military (2015)	13.3%
Health Care, Social Assistance & Education	8.1%
State & Local Government (2015)	7.7%
Retail trade	7.0%
Manufacturing (2012)	6.7%
Information	5.7%
Federal Civilian Government (2015)	5.2%
Construction	5.0%
Accommodation & Food Services	3.3%
Other Services, Except Government	2.6%
Wholesale Trade	2.6%
Arts, Entertainment & Recreation	1.0%
Transportation and Warehousing	0.9%
Utilities	0.9%
Mining (2012)	0.7%
Agriculture, Forestry, Fishing, and Hunting	0.0%

Millions of dollars (inflation-adjusted to 2009)
$- , $1,000 , $2,000 , $3,000 , $4,000 , $5,000

El Paso County Employment in Selected Sectors

Monthly Employees in Top 12 Sectors

Number of Employees: 42,500, 40,000, 37,500, 35,000, 32,500, 30,000, 27,500, 25,000, 22,500, 20,000, 17,500, 15,000, 12,500, 10,000, 7,500, 5,000

Dates: 7/1/2015, 10/1/2015, 1/1/2016, 4/1/2016, 7/1/2016, 10/1/2016, 1/1/2017, 4/1/2017

Legend: Health & Social Assist, Retail Trade, Accom & Food, Education, Prof & Tech Svcs, Administration, Construction, Public Admin, Manufacturing, Finance & Insurance, Other, Information

2017 Q2 for All Industries

	Colorado Average Annual Wage	El Paso County Average Annual Wage	El Paso County Total Employment
	$54,184	$46,748	271,085

*Estimated military employment in 2016 (and % of total EPC employees who are military).

55,900 (17.5%)

Note: QCEW data lags by up to two quarters and does not include military-related employees.

Military

El Paso County Military Employment

Military Employment**

Number Employed: 70,000, 60,000, 50,000, 40,000, 30,000, 20,000, 10,000

Years: 2007, 2008, 2009, 2010, 2011, 2012, 2013*, 2014, 2015*, 2016

Legend: USAFA, Schriever, Fort Carson, Peterson

Expenditures in El Paso County

Military Economic Impact

$ Millions: $7,000, $6,000, $5,000, $4,000, $3,000, $2,000, $1,000, $-

Years: 2007, 2008, 2009, 2010, 2011, 2012, 2013*, 2014, 2015*, 2016

Legend: USAFA, Schriever, Fort Carson, Peterson
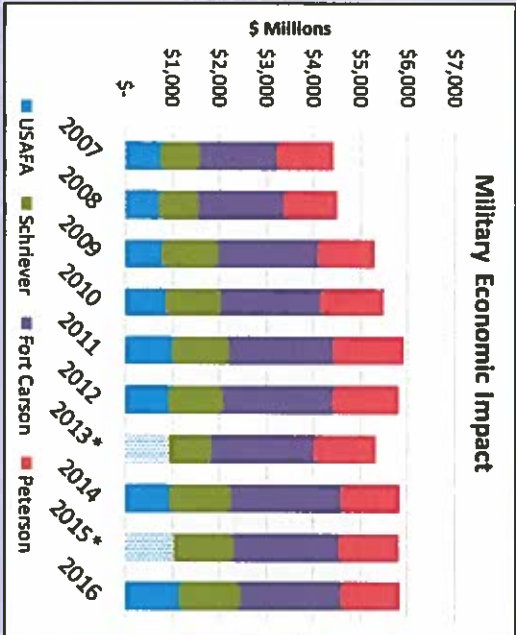
*2013 and 2015 data was not available for all locations. Textured bars are an estimate in 2013 and 2015 made by the UCCS Economic Forum.
**The employment numbers for Schriever and Peterson include significant numbers of civilian contractors. The employment numbers for USAFA include cadets and several kinds of contract workers.

Demographics

2016 Population

	Colorado Springs (city)	El Paso County	Colorado Springs MSA
2016 Population	465,101	688,284	712,327

2016 Population by Age Group

2016 Median Age
EPC: 33.9
U.S.: 37.9

Age groups: Ages 0-17, Ages 18-24, Ages 25-39, Ages 40-54, Ages 55-64, Ages 65+

Legend: El Paso County, United States

El Paso County & U.S. Age Groups
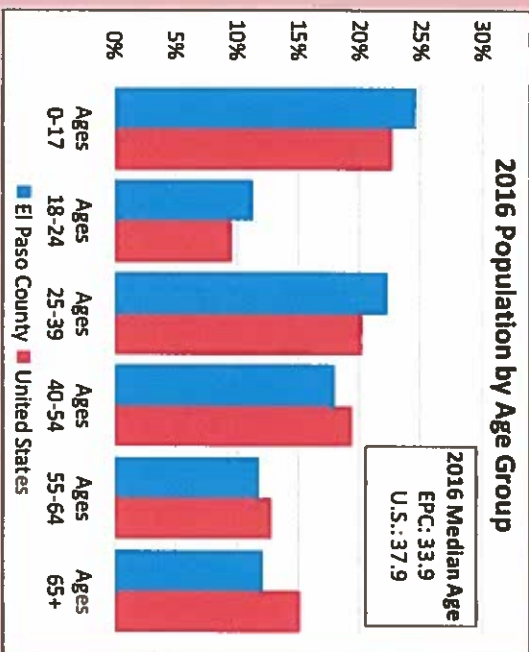
El Paso County—Population Projections

Annual Population by Age Group

Number of People

Legend: 0 to 17, 18 to 24, 25 to 29, 30 to 49, 50 to 64, 65 to 100

Cost of Living

2016 Housing Affordability Index

City	Index
Austin	162
Boulder	114
Colorado Springs	162
Denver	125
Huntsville	229
Salt Lake City	157
San Antonio	174
San Francisco	69

Higher Housing Affordability Index means greater affordability. In 2016, the U.S. average affordability composite index was 165.

Population Growth

Expectations of Growth 2015-2050
Total Population Change
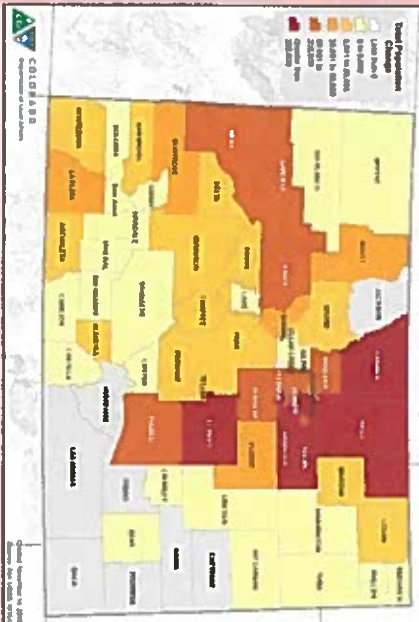
The State Demography Office projects a population increase of 400,621 additional people between 2015-50.
Source: Colorado Department of Local Affairs, State Demography Office

Population Estimates

	2015	2050
El Paso County	676,178	1,076,486
Colorado	5,448,055	8,461,295

Real Estate

Monthly Home Sales

Pikes Peak Region Home Sales

Number of Homes

Median Home Price
2017 Q3

Location	Colorado Springs	Denver	Boise	United States
Price	$283,900	$418,100	$232,200	$254,000
1-year % Change	7.3% increase	8.1% increase	11.1% increase	5.3% increase
MSA Rank	30	14	61	n/a

Monthly Building Permits

Pikes Peak Region Residential Building Permits

Dwelling Units

Legend: Total Single Family Dwellings, Total Multi-Family Dwellings
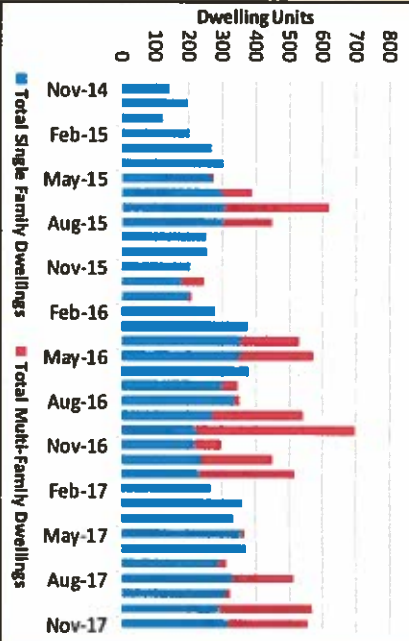
Tourism

Hotel Occupancy Rate

Colorado Springs: 12 Month Moving Average

(chart with points labeled 61.6% and 69.0%, x-axis Nov-14 through Nov-17)
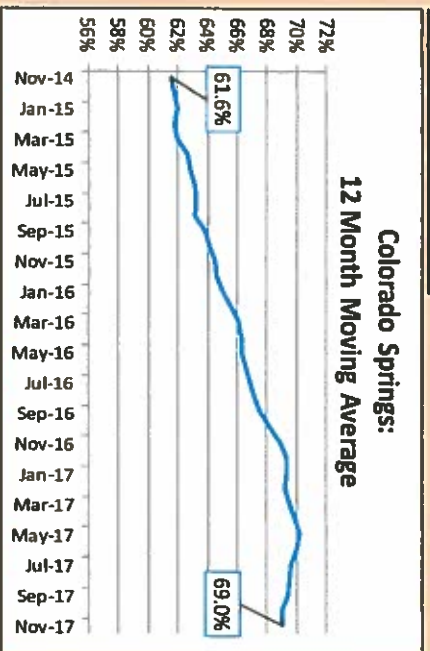
Hotel Occupancy Rate
November 2017

Colorado Springs	Denver	Colorado
59.2%	64.9%	58.0%

Source: Colorado Hotel & Lodging Assoc., Rocky Mountain Lodging Report

Hotel RevPAR

Colorado Springs RevPAR

51% increase from Nov. 2014 to Nov. 2017
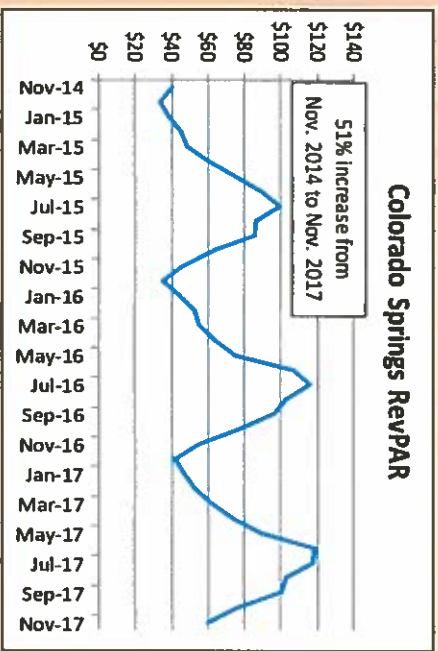
Hotel RevPAR
November 2017

Colorado Springs	Denver	Colorado
$60.45	$88.03	$75.38

Source: Colorado Hotel & Lodging Assoc., Rocky Mountain Lodging Report

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Additional Metrics

Colorado Springs Commercial Real Estate

Colorado Springs Quarterly Vacancy Rates

(x-axis: 2015 Q3, 2015 Q4, 2016 Q1, 2016 Q2, 2016 Q3, 2016 Q4, 2017 Q1, 2017 Q2, 2017 Q3)

2017 Q3 Rents
- Office $15.70 per sq. ft.
- Medical Office $17.30 per sq. ft.
- Industrial $6.81 per sq. ft.
- Retail $12.68 per sq. ft.
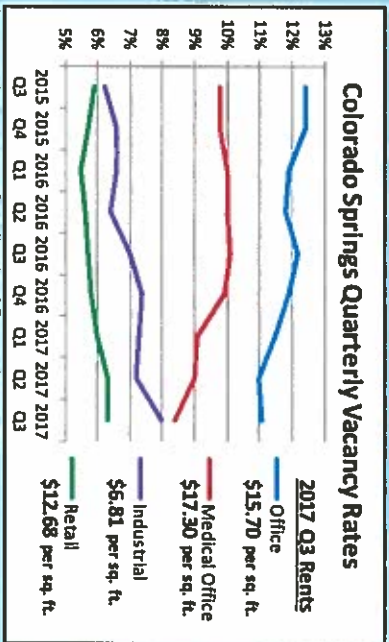
Sources: CoStar Group™; Olive Real Estate Group, Inc.

Monthly New Vehicle Registrations

El Paso County New Vehicle Registrations
(without luxury utility)

Latest 11-month average in 2017 compared to 2016 for luxury utility: up 14.3%
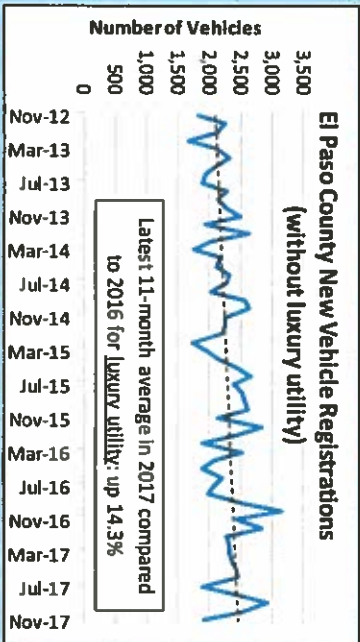
Luxury utility categories are not included in graph line above, but % change in this category is noted in the text box.

Source: El Paso county Clerk and Recorder
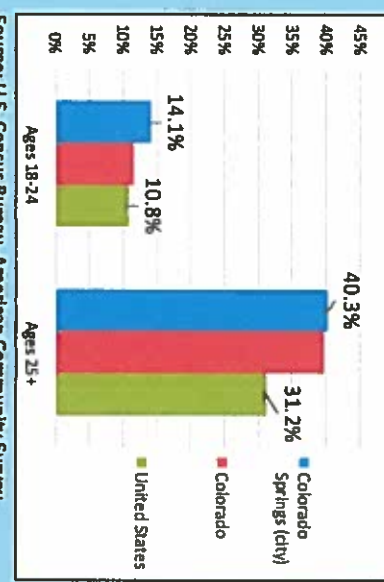
Monthly Sales & Use Tax Collection

Colorado Springs 2% Sales & Use Tax Collection

Change from Nov. 2016: down 2.8%
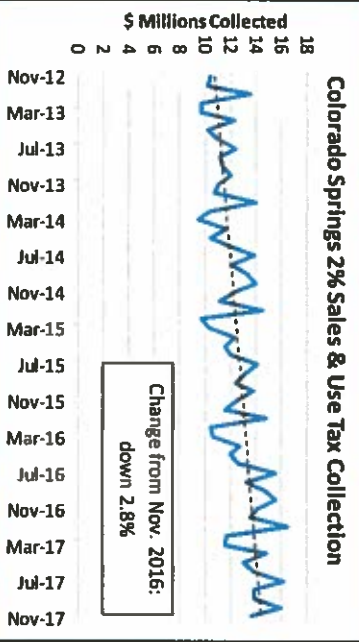
Source: City of Colorado Springs

Educational Attainment

Some College or Associate Degree in 2016

Ages 18-24: 43.1%, 45.1%
Ages 25+: 34.6%, 29.0%
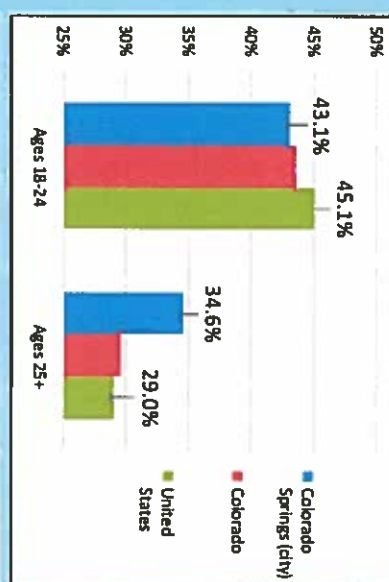
Bachelor's Degree or Higher in 2016

Ages 18-24: 14.1%, 10.8%
Ages 25+: 40.3%, 31.2%

- Colorado Springs (city)
- Colorado
- United States

Source: U.S. Census Bureau, American Community Survey

U.S. Interest Rates

Monthly Interest Rates

Nov. 2017
- 30 Yr 3.92
- MR
- Prime 4.25
- Fed Funds 1.16
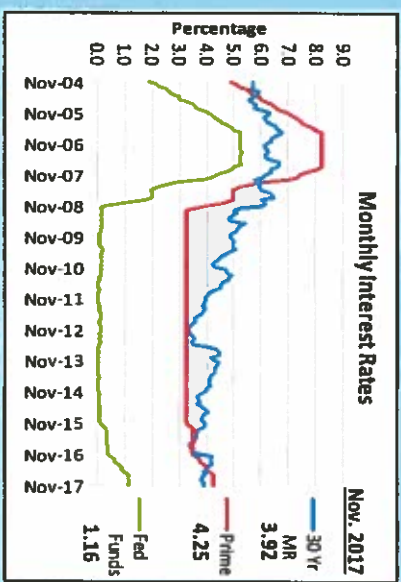
Source: Board of Governors of the U.S. Federal Reserve System

Thank you to all the UCCS Economic Forum sponsors!