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UNIVERSITY OF COLORADO
COLORADO SPRINGS

The National, State & Local Economies

September 29, 2017

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Director, UCCS Economic Forum

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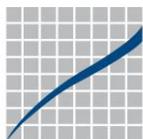
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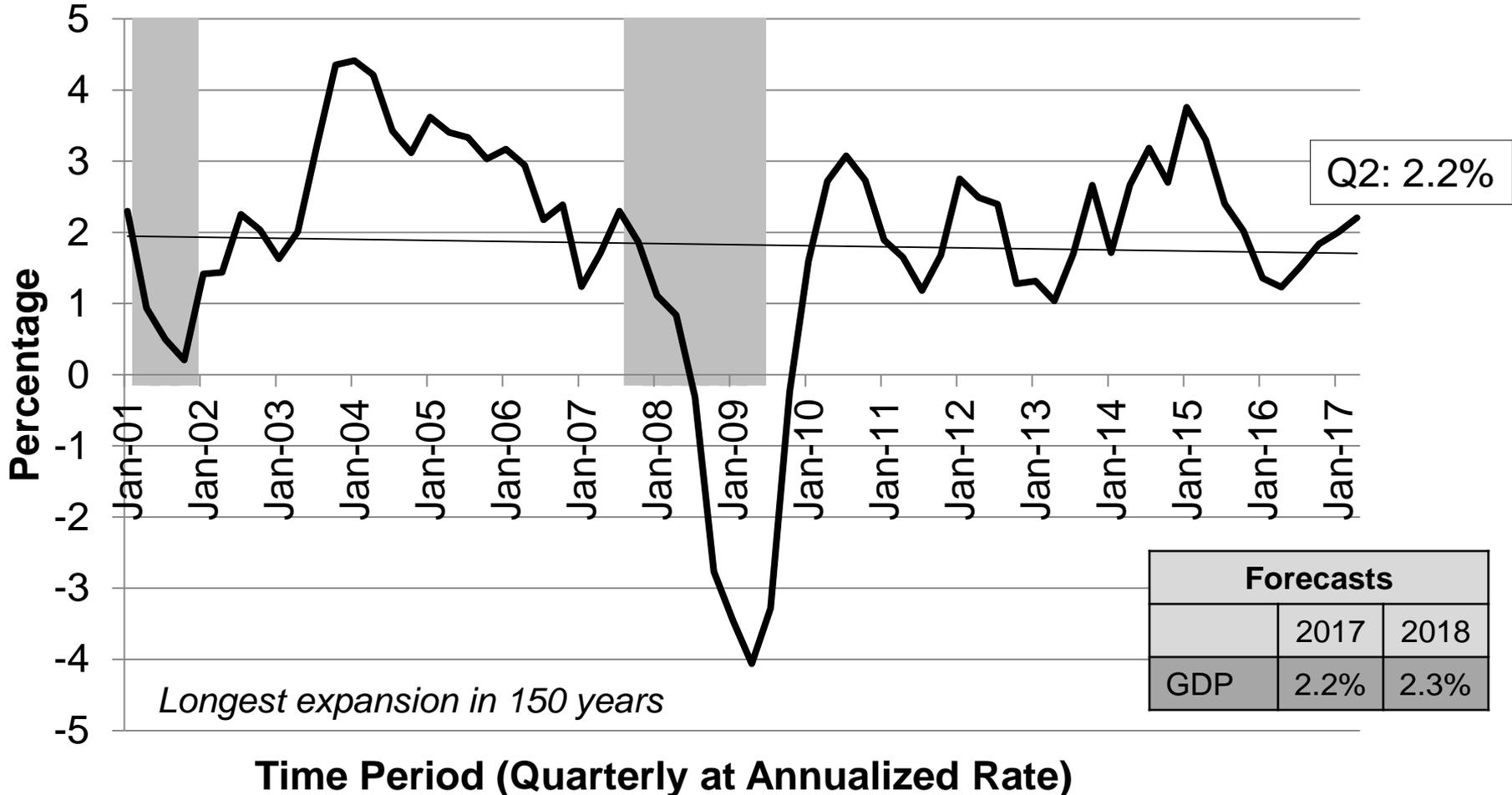
U.S. Bank



Overview

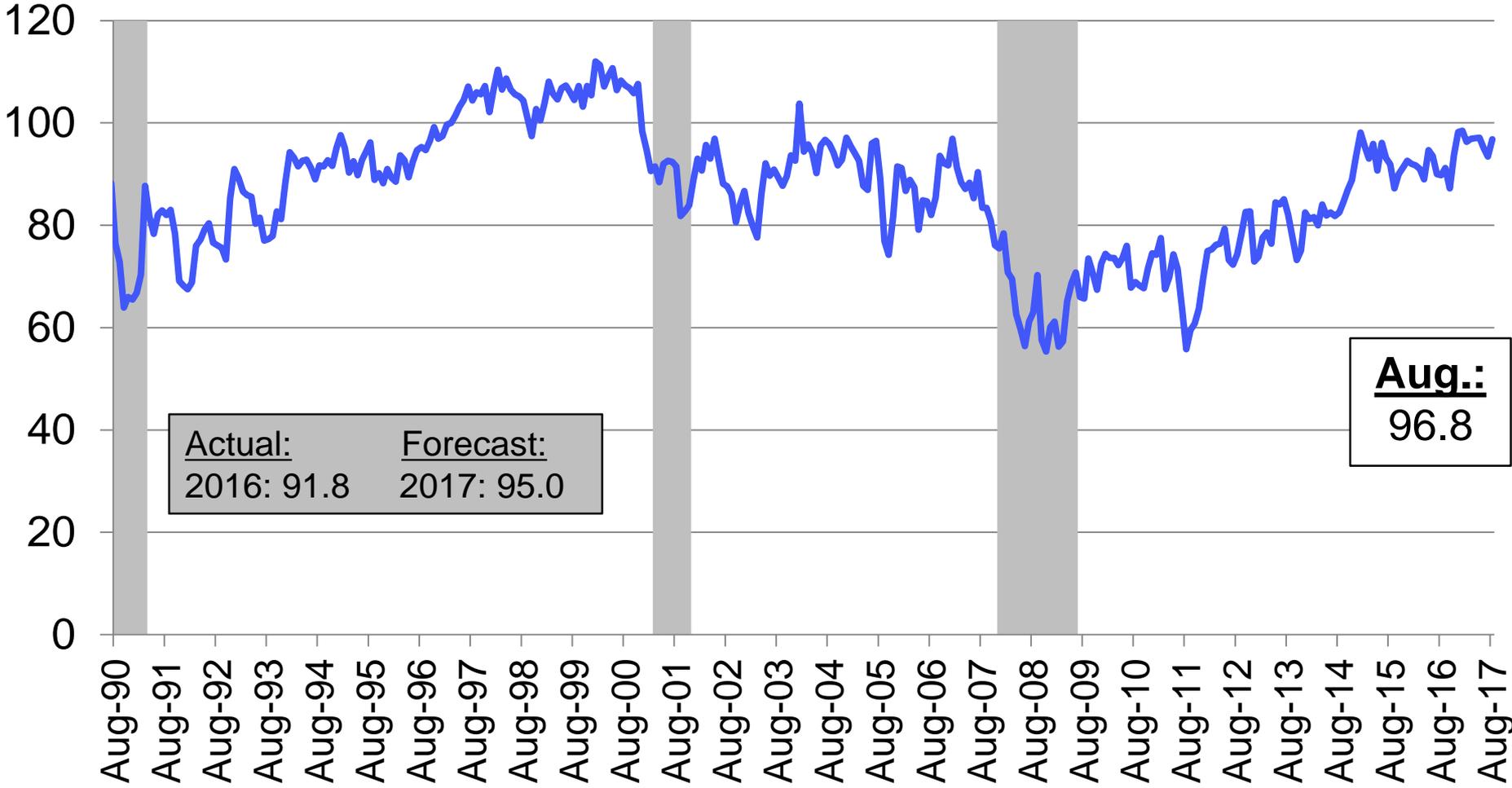
- **A Few National Indicators – Big Picture**
- The Colorado State Economy
- Our Local Economy

Real Growth in GDP vs. Year Ago



Source: U.S. Bureau of Economic Analysis; GDP forecasts by CO Office of State Planning & Budgeting in "real" terms. GSP and GMP forecasts by the UCCS Economic Forum with input from the CO OSPB. Graph shows seasonally adjusted information.

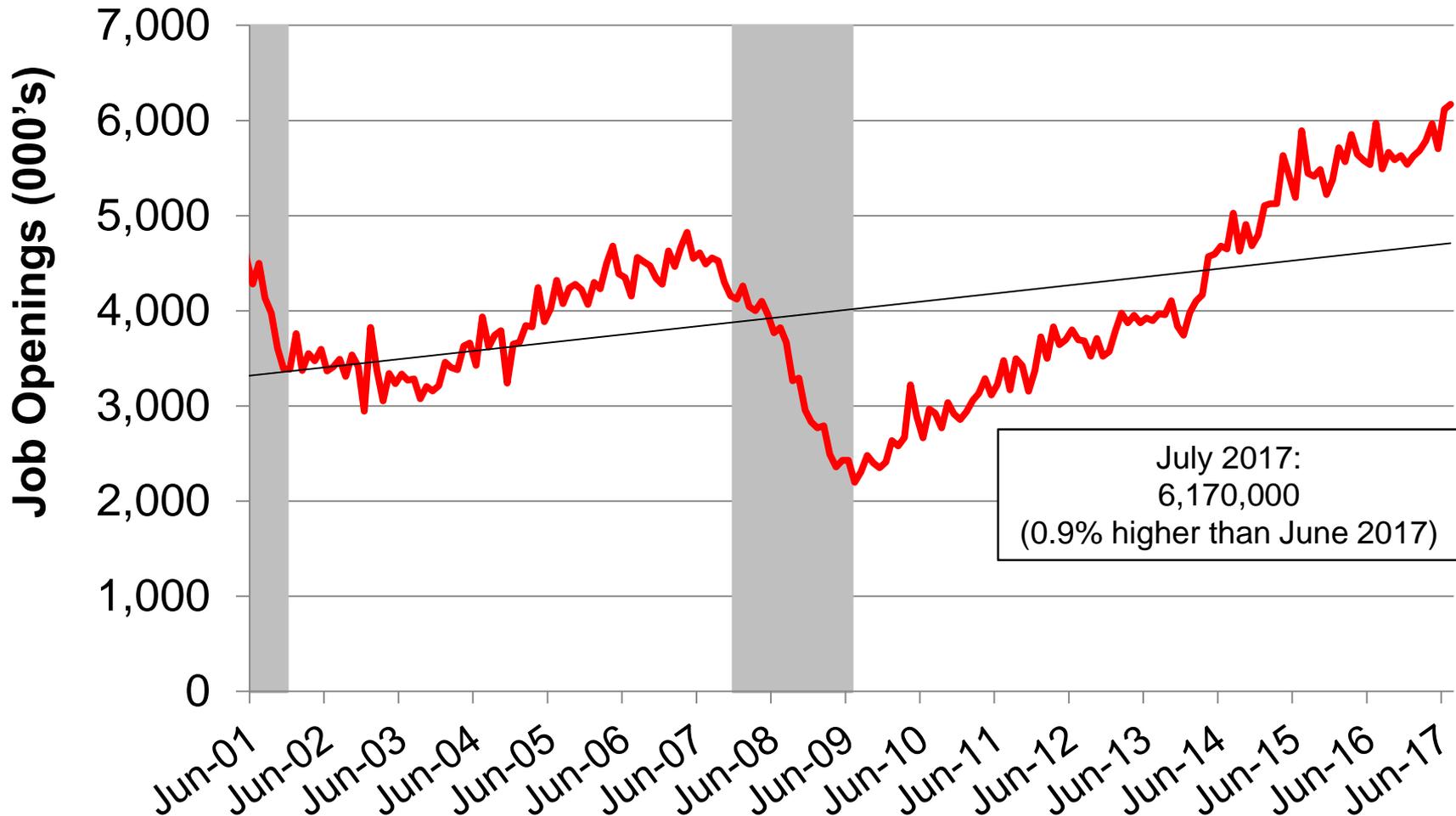
University of Michigan Consumer Sentiment



➤ 2.7% projected increase in real, personal consumption expenditures through mid-2017 (UM). PCE over past 58 yrs. has NOT fluctuated with presidential elections. Source: University of Michigan; Forecasts by UCCS Economic Forum

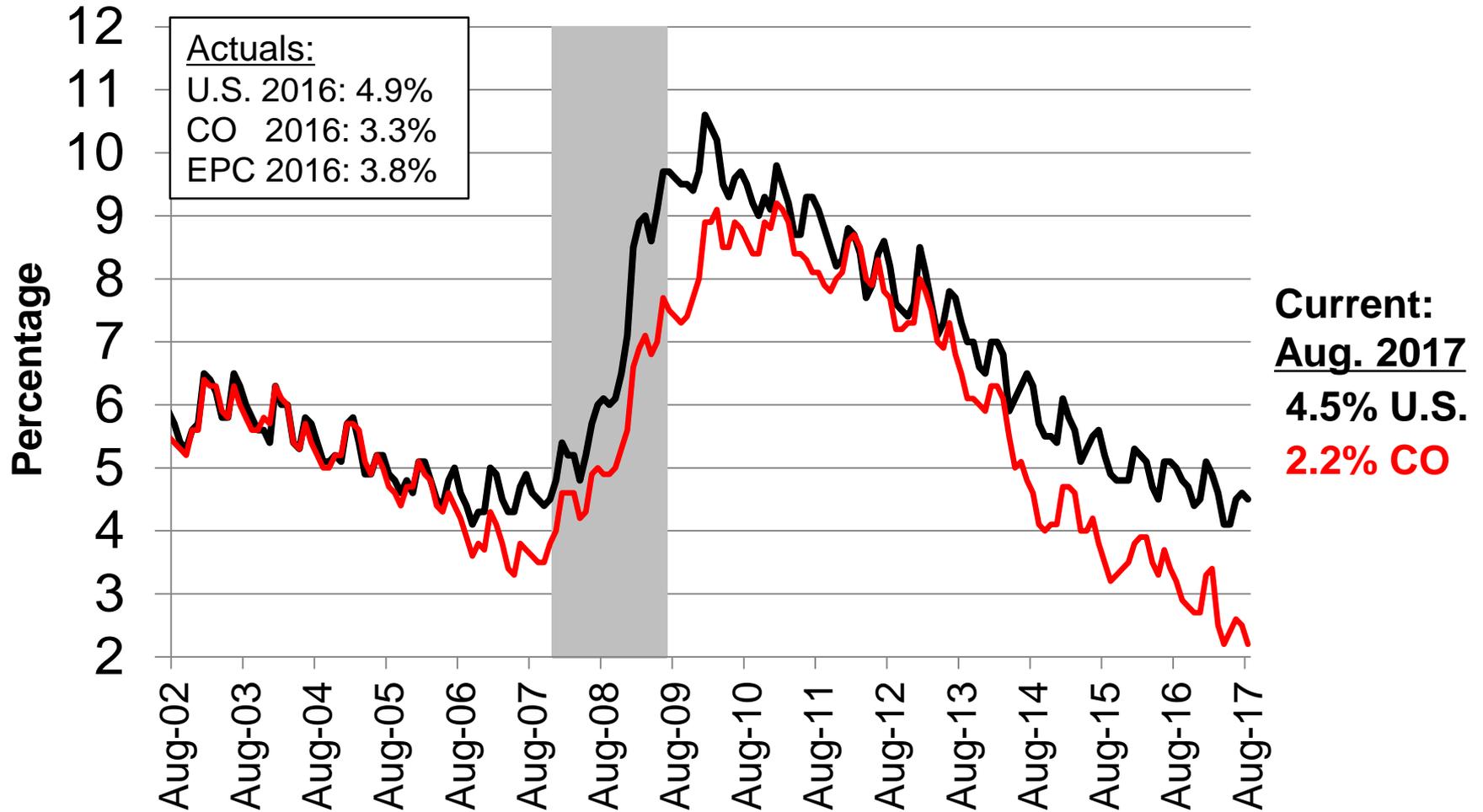
Survey Employer Data through July 2017

Total U.S. Monthly Non-Farm Job Openings SA (000's)



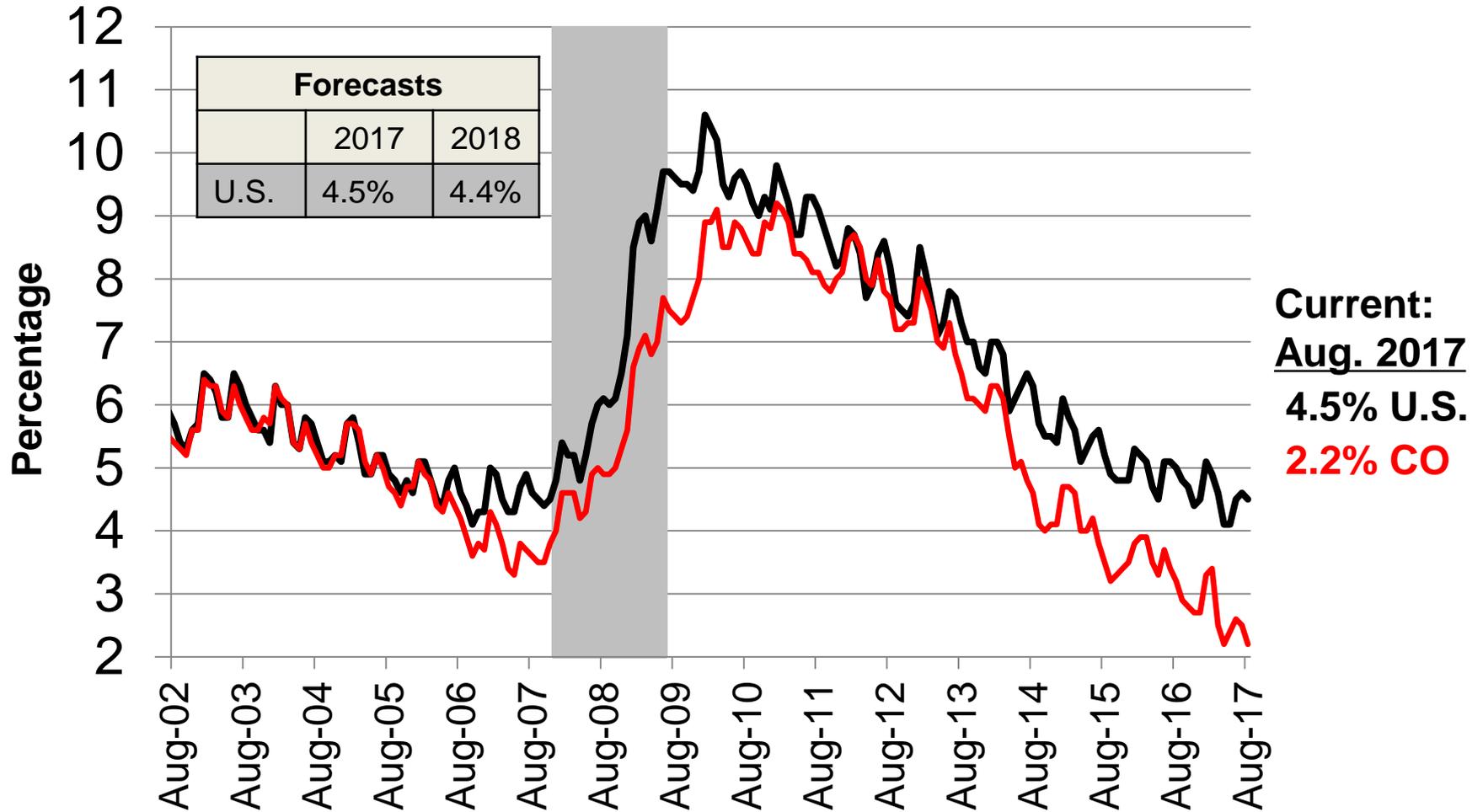
Source: Federal Reserve Bank of St. Louis, U.S. Bureau of Labor Statistics

Monthly Unemployment Rate – NSA



Sources: U.S. Bureau of Labor Statistics, BLS unemployment rate is from the CPS and includes self employed.

Monthly Unemployment Rate – NSA



Sources: U.S. Bureau of Labor Statistics, BLS unemployment rate is from the CPS and includes self employed.

Industry Changes in the Past 12 Months – U.S.

Highlights include:

- Professional & Business Svc: +603,000
- HC & Social Assistance: +432,800
- Leisure and Hospitality: +361,000
- Construction: +174,000
- Financial Activities: +156,000

Source: U.S. Bureau of Labor Statistics, Comparing July 2017 to July 2016.

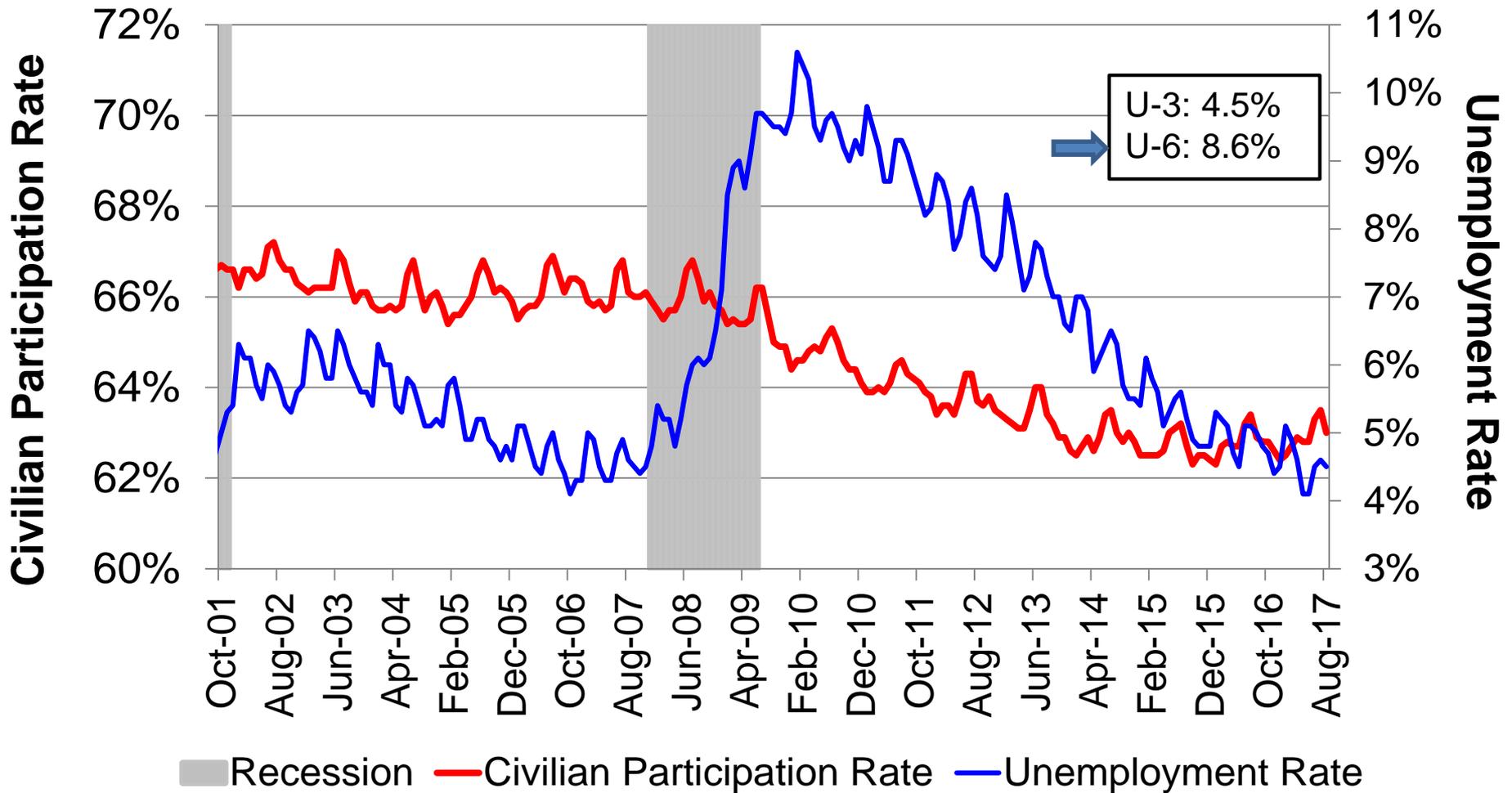


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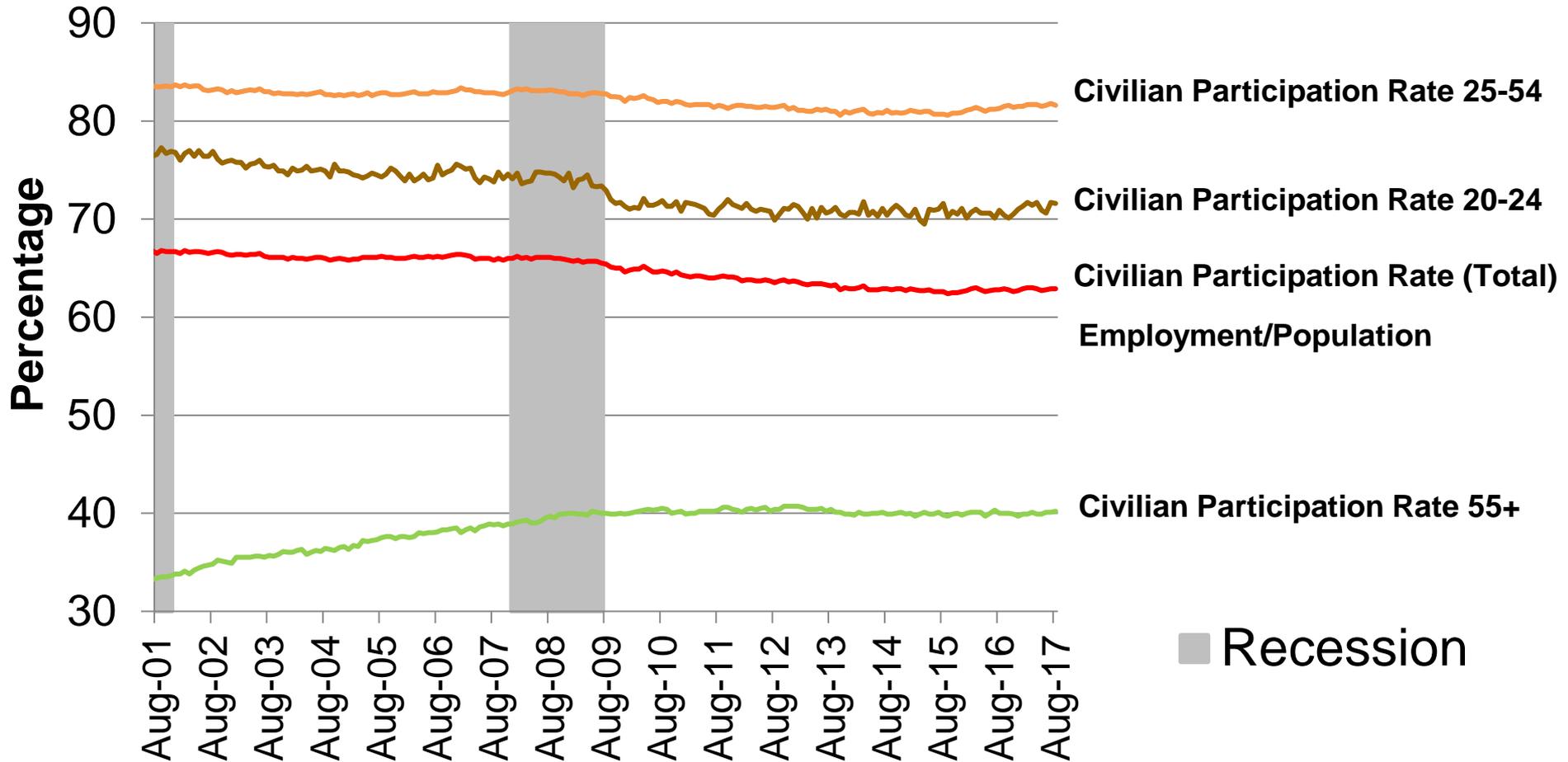
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U.S. Civilian Participation and Unemployment Rates, NSA



U-6 includes unemployed, those marginally attached to LF, plus those employed PT for economic reasons. In August 2016, it was 9.7%. Source: Bureau of Labor Statistics data through August 2017.

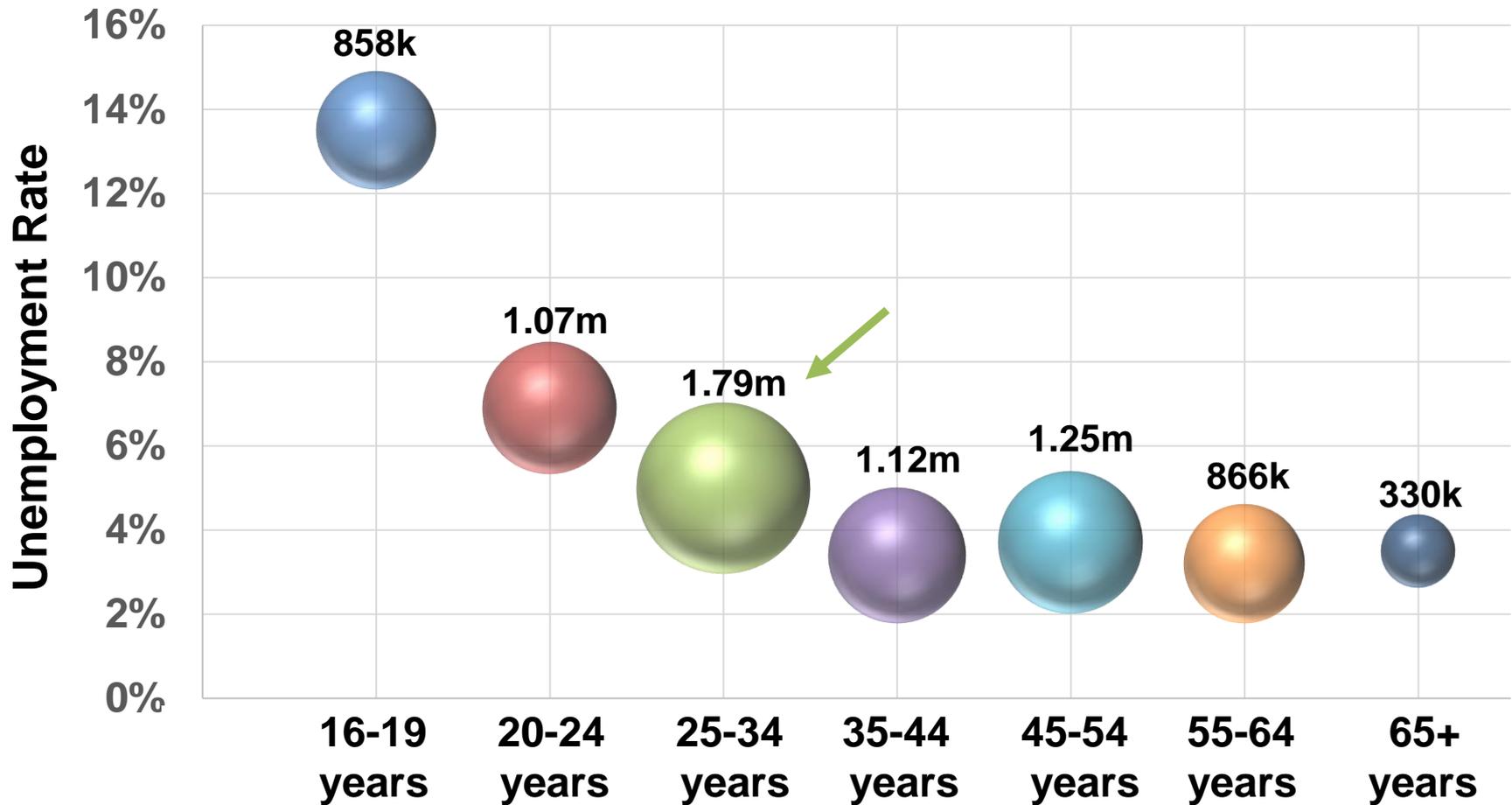
Household Data: U.S. Civilian Participation Rates SA Employment/Population SA



Data through August 2017

Source: Federal Reserve Bank of St. Louis, U.S. Bureau of Labor Statistics

Unemployment Rate & Number Unemployed by Age, August 2017*



*Bubble size represents number of unemployed. Data not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics

A Little Bit on Housing

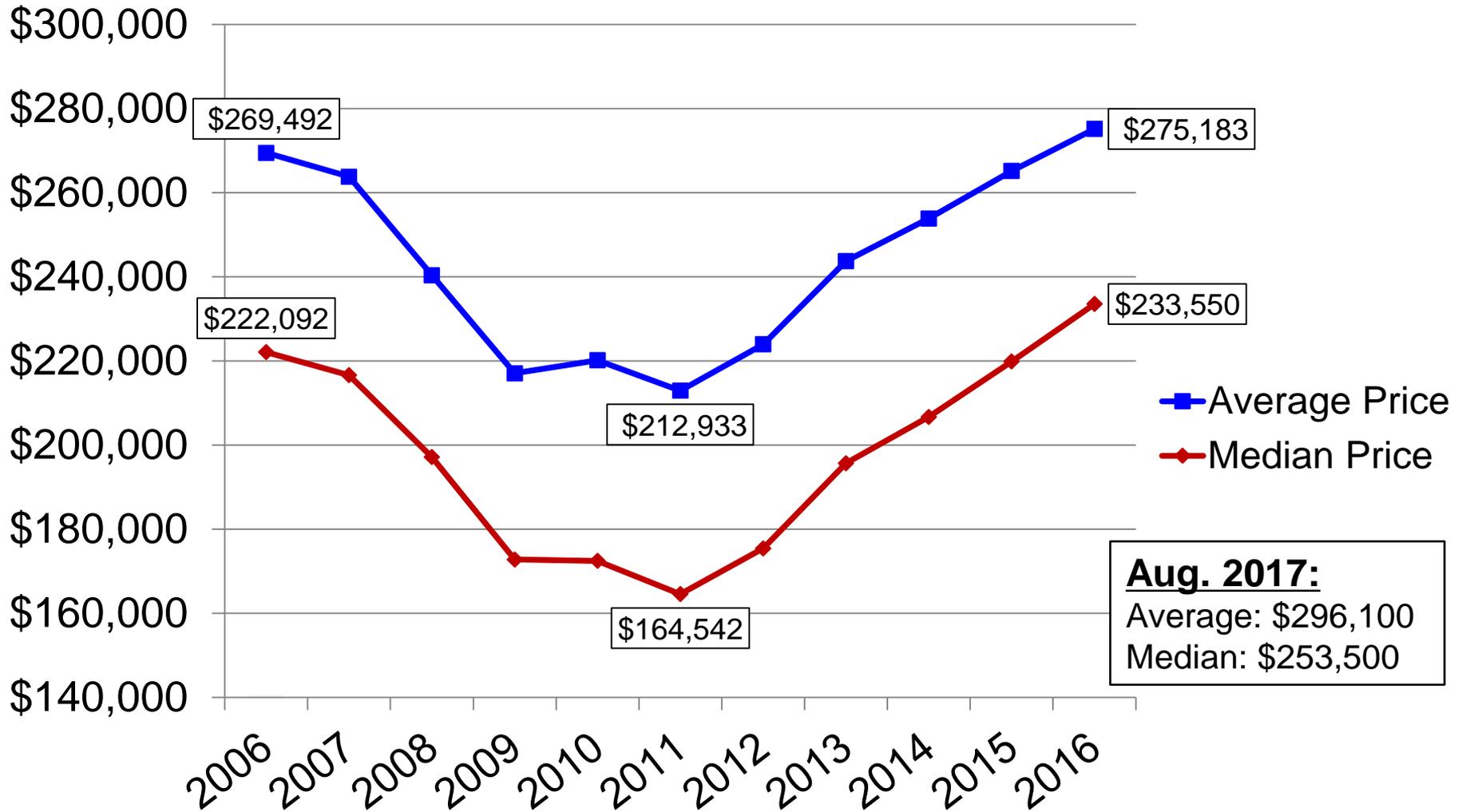
National Picture – Housing Prices Q2

- 87% of measured MSAs (178) showed gains in single-family home prices in Q2.
- The national median existing single-family home price in Q2 was **\$255,600** (up 6.2% QoQ).
- 87% of MSAs (61) showed gains in median condo prices.
- The average condo price in the U.S. was **\$239,500** (up 5.4% QoQ).

July marked the 65th consecutive month of YoY gains.

Source: National Association of REALTORS®; Core Logic March report

U.S. Annual Average & Median Existing Single-Family Home Prices



Source: National Association of REALTORS®

National Picture – Housing Shortage

- Inventory of existing homes has fallen for 26 consecutive months – pushing up prices.
- Housing inventory was 7.1% lower in July than it was a year ago. At the end of 2016, housing inventory was at its lowest level since 1999.
- Sales of new single-family homes up 10.9% from a year ago.
 - Lot and labor shortages
- Number of homes sold pretty steady over last 3 years (5.4 million)

Source: National Association of REALTORS®, Annual home sales include all housing types.

U.S. Housing – Pace of Sales & Rates

- 51% of homes sold in July were OTM for <1 mo. (total DOM was 50).
- 19% of sales were all cash (down from 21% last year), distressed were 5%, 4% foreclosures, 1% short sales.
- Average rate for 30-yr mortgage in July: 3.97% (was 3.65% in all of 2016).

Source: National Association of REALTORS®, July, 2017 report.

U.S. Housing – Ownership Rates

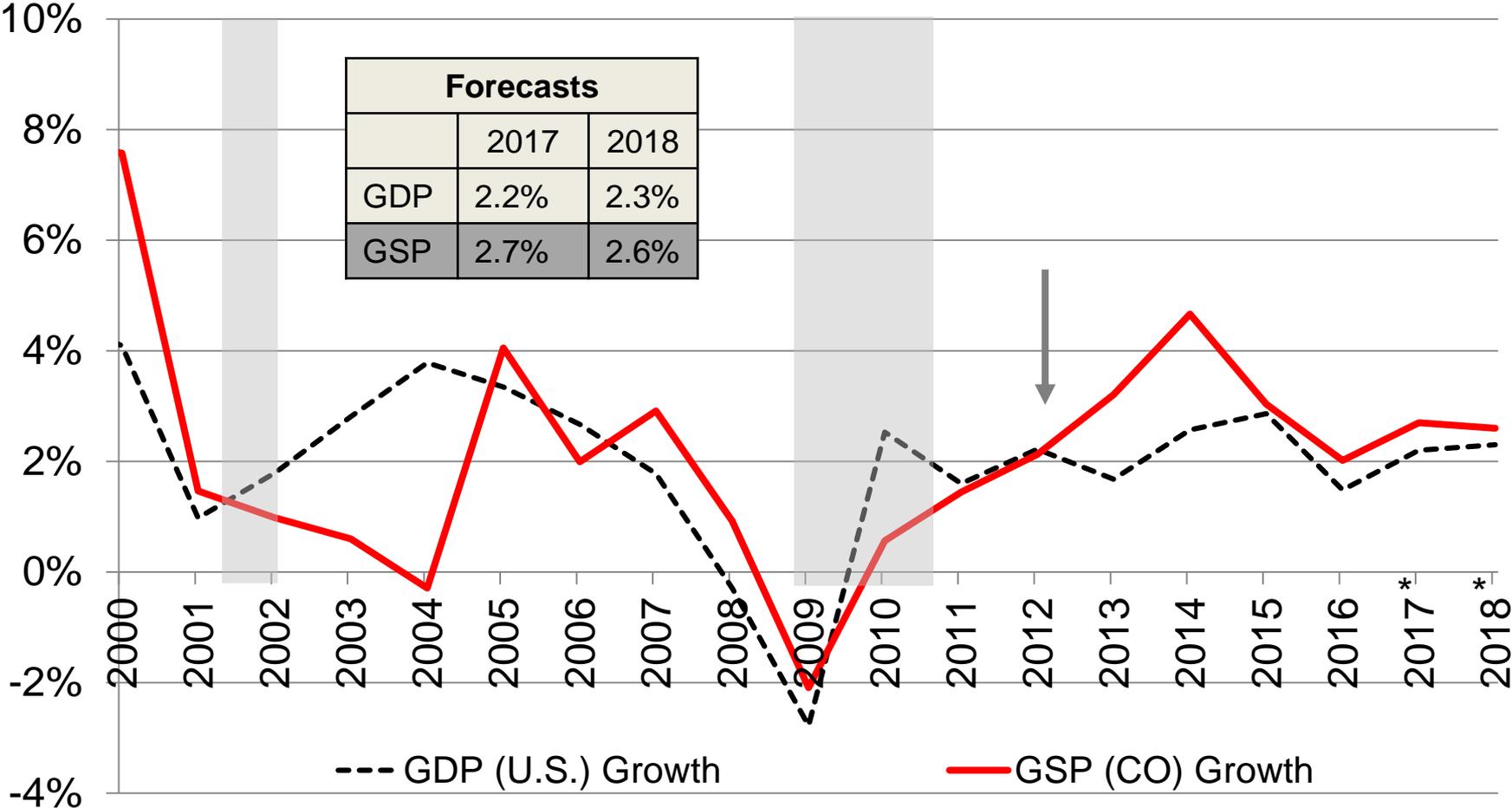
- Homeownership rate was 63.7% in Q2, 2017 – up almost 1% from Q2, 2016 (lowest in over 50 years).
- Homeownership rate for those under age 35 was 35.3% in 2017 Q2 (latent 1.7m).
- El Paso County homeownership rate was 72.2% in 2006 and down to 64.1% in 2016.

Source: U.S. Bureau of the Census for homeownership rates;

Overview

- National Indicators – The Big Picture
- **The Colorado State Economy**
- Our Local Economy

Real Growth in GDP and GSP vs. Year Ago



Not seasonally adjusted, annualized information – Colorado ranked 12th in the U.S. for GSP growth. 2016 growth rate was 2.0%.
 *GDP forecasts by CO Office of State Planning & Budgeting and Forum in “real” terms. GSP and GMP forecasts by the UCCS Economic Forum with input from the CO Office of State Planning & Budgeting.
 Source: U.S. Bureau of Economic Analysis

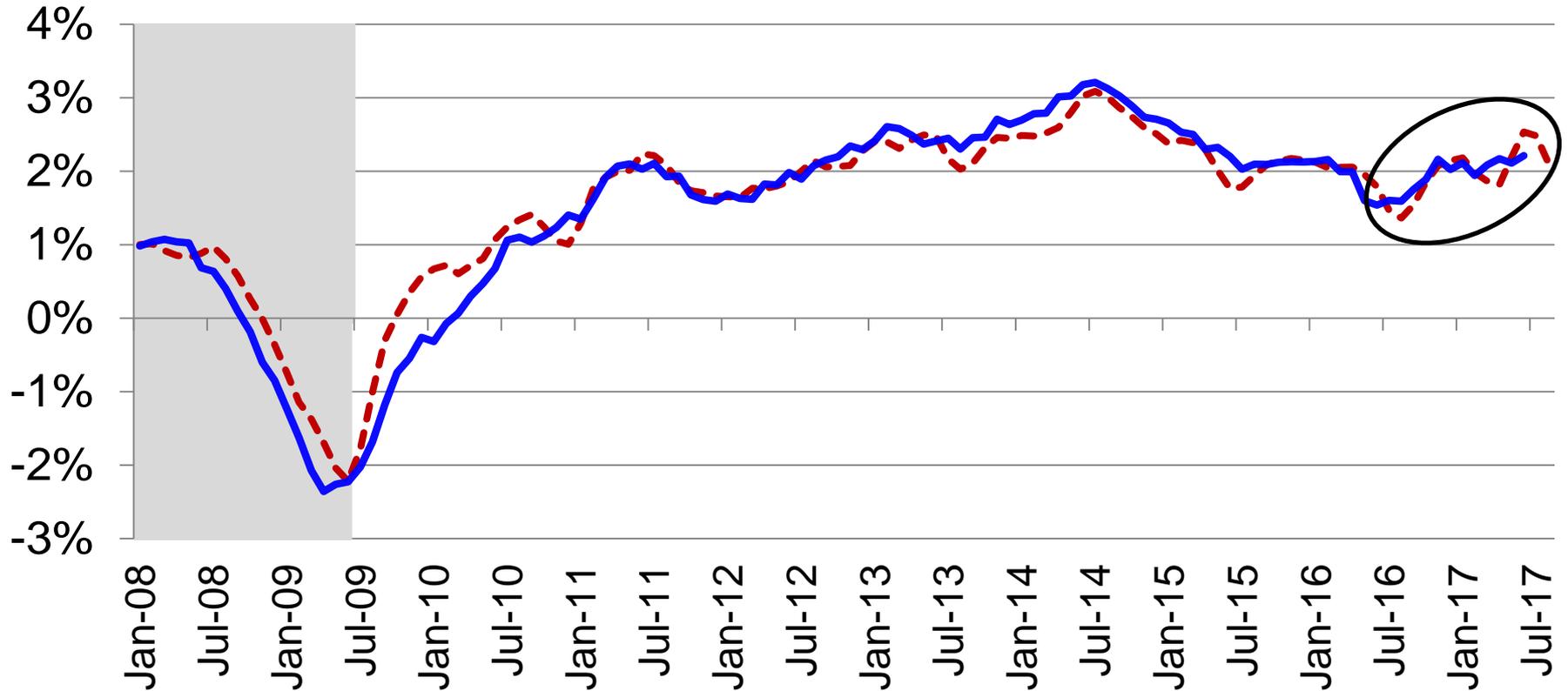
Colorado GSP, 2016

- Based on GSP, Colorado had the 12th fastest “real” growth (2.0%) of all states in the U.S. (1.5%).*
- 2016 real GSP growth hindered by labor shortages, lower oil and gas prices/exploration (brought down GSP by ½ pt); lowest since 2011.
- Largest contributors to growth were IT sector and professional & technical sectors (half of 2016 GSP growth).
 - Also real estate, construction, and health care.

Fastest growing states were Washington (3.7%) and Oregon (3.3%)

Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; Colorado State Demography Office

Colorado Leading and Coincident Economic Indices



Recession

--- Leading Index for Colorado 3-months ahead, SA (3-month moving average)

— Coincident Economic Activity Index for Colorado, July 1992=100, 6-month % change, SA

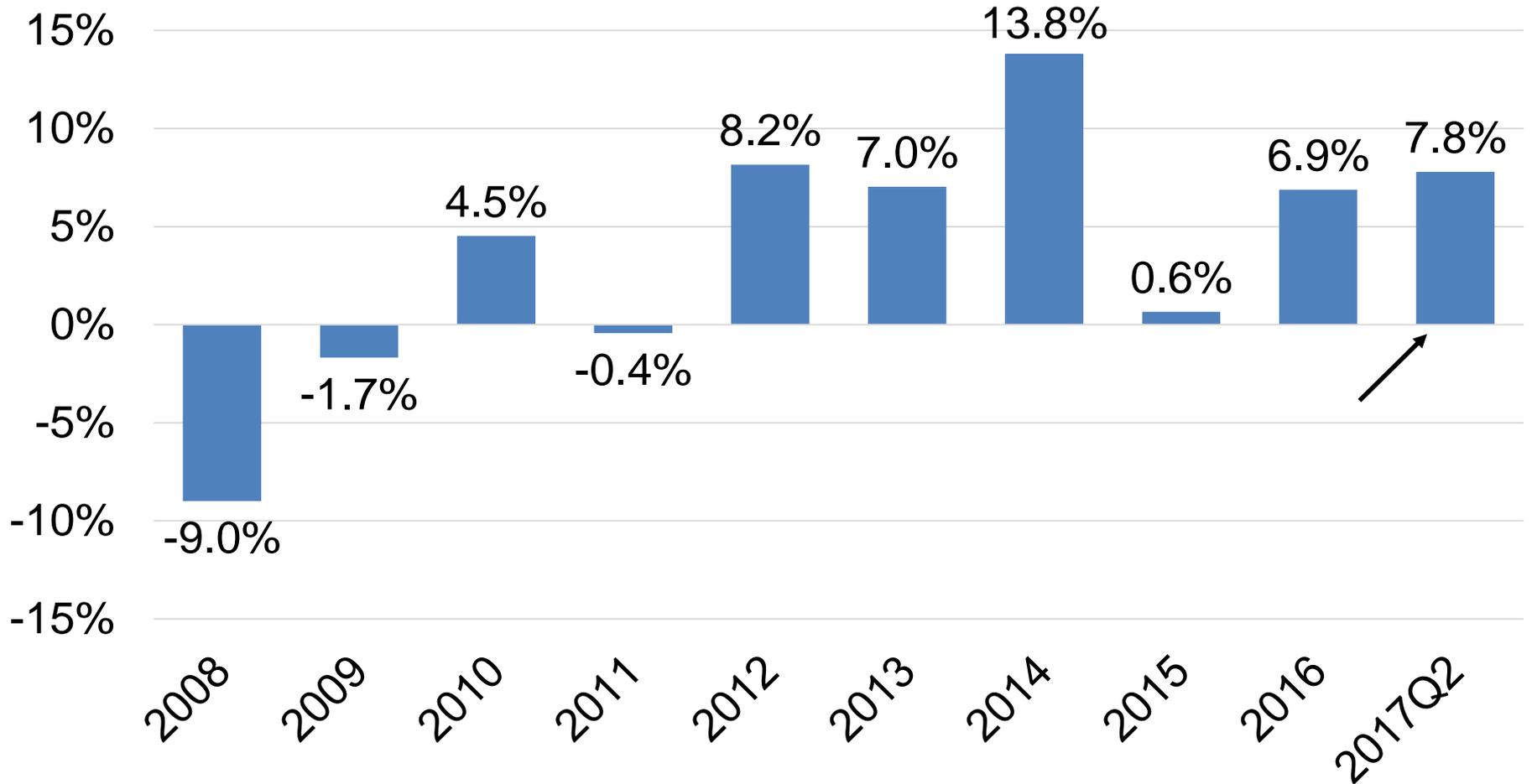
Sources: Colorado Office of State Planning and Budgeting; Federal Reserve Bank of Philadelphia

Colorado GSP, 2017 - 2018

- Projections for GSP for 2017 (2.7%) and 2018 (2.6%) are ***higher***.
- Strong leading indicators:
 - show strong new business formation, high tech sector growth (large multiplier), high job postings, and some recovery in oil/gas sectors, increased housing permits, lower unemployment claims.

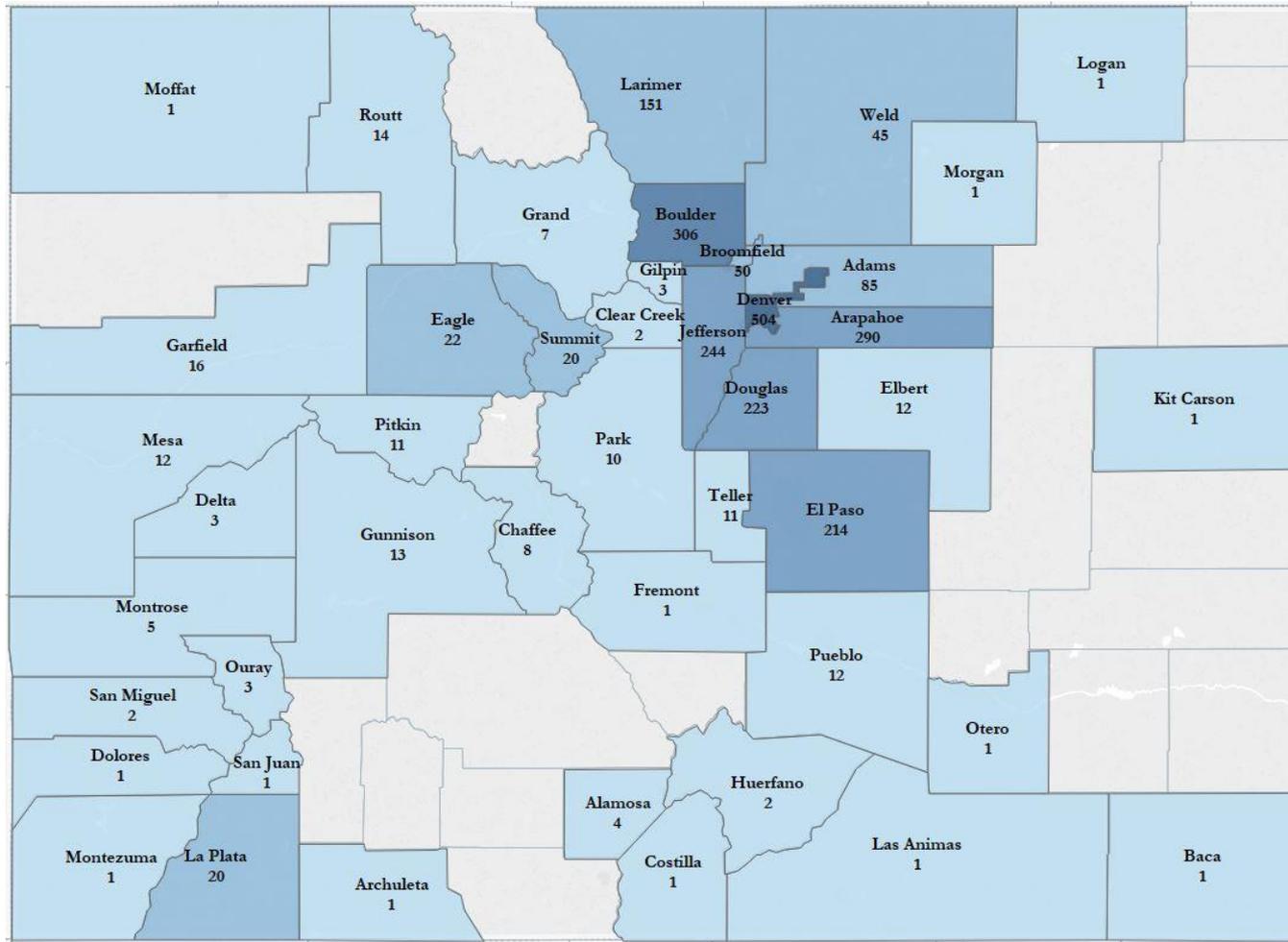
Note: GSP real growth 2014 (4.7%) & 2015 (3.0%)

Year-over-Year Change in New Entity Filings to Do Business in Colorado



Sources: Colorado Office of State Planning and Budgeting; Colorado Secretary of State

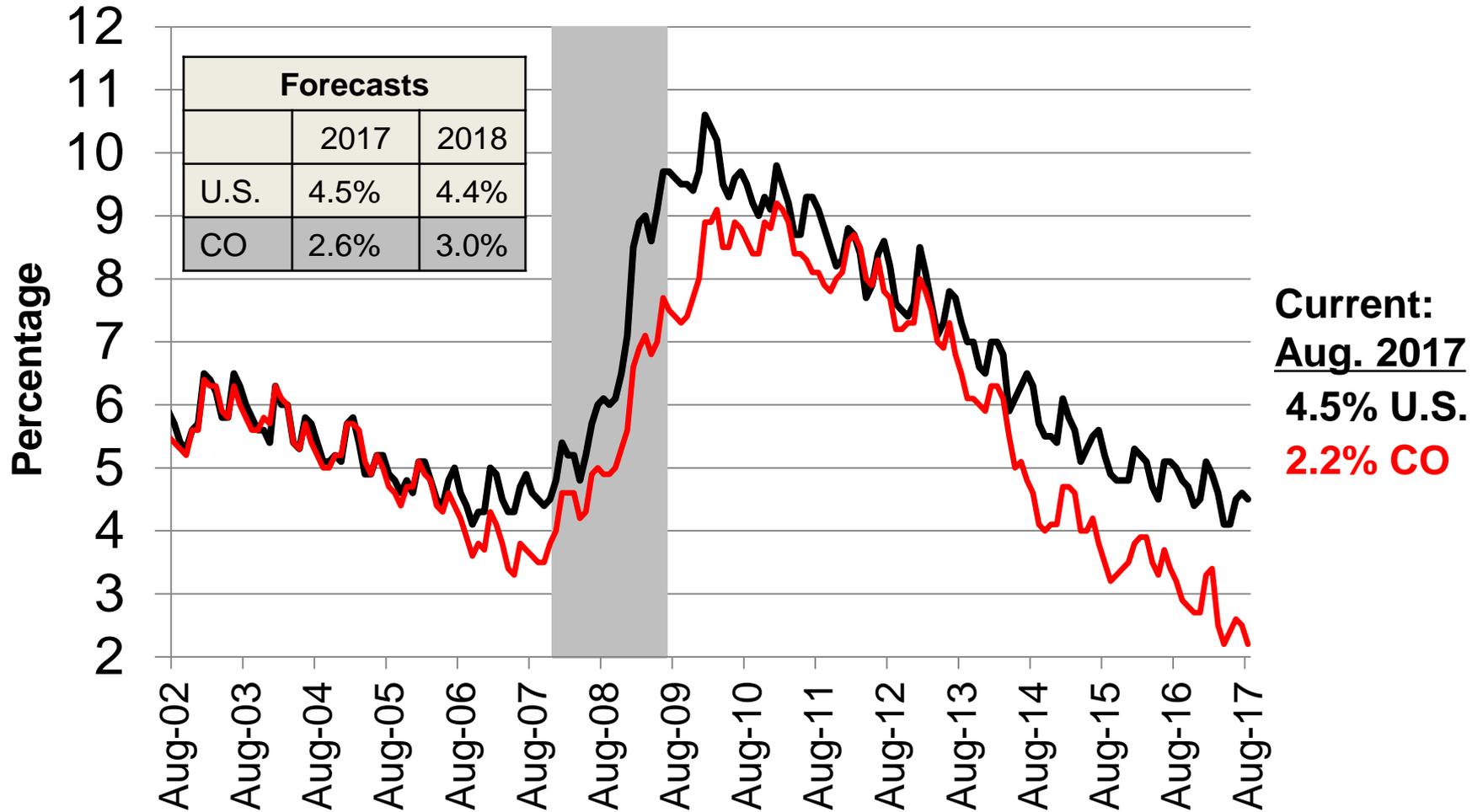
New Technology Businesses Formed in Colorado, 2016



Sources: Colorado Office of State Planning and Budgeting; Colorado Department of Labor and Employment

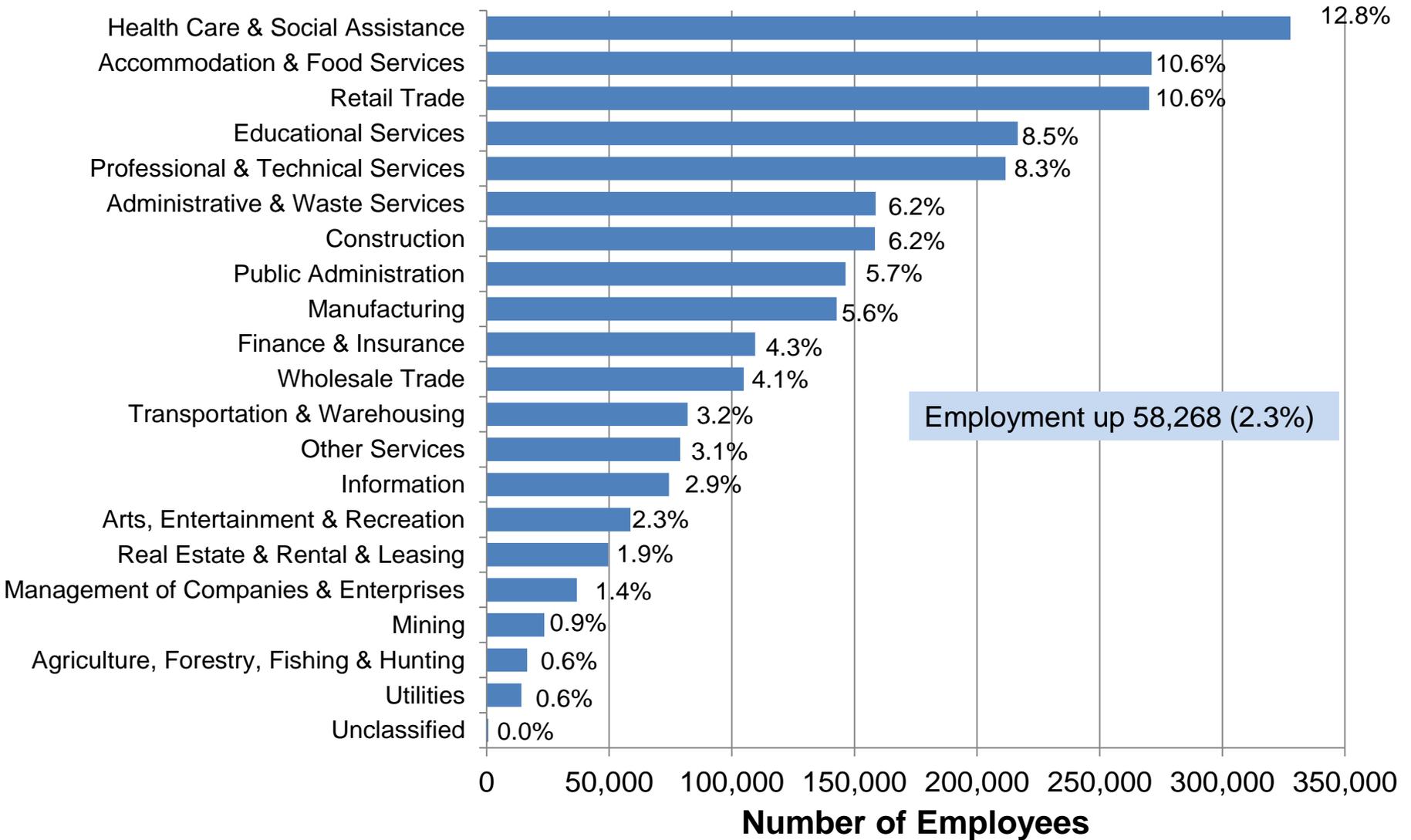
State Employment

Monthly Unemployment Rate – NSA



Sources: U.S. Bureau of Labor Statistics, BLS unemployment rate is from the CPS and includes self employed.

Employment by Sector in Colorado, 2016



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



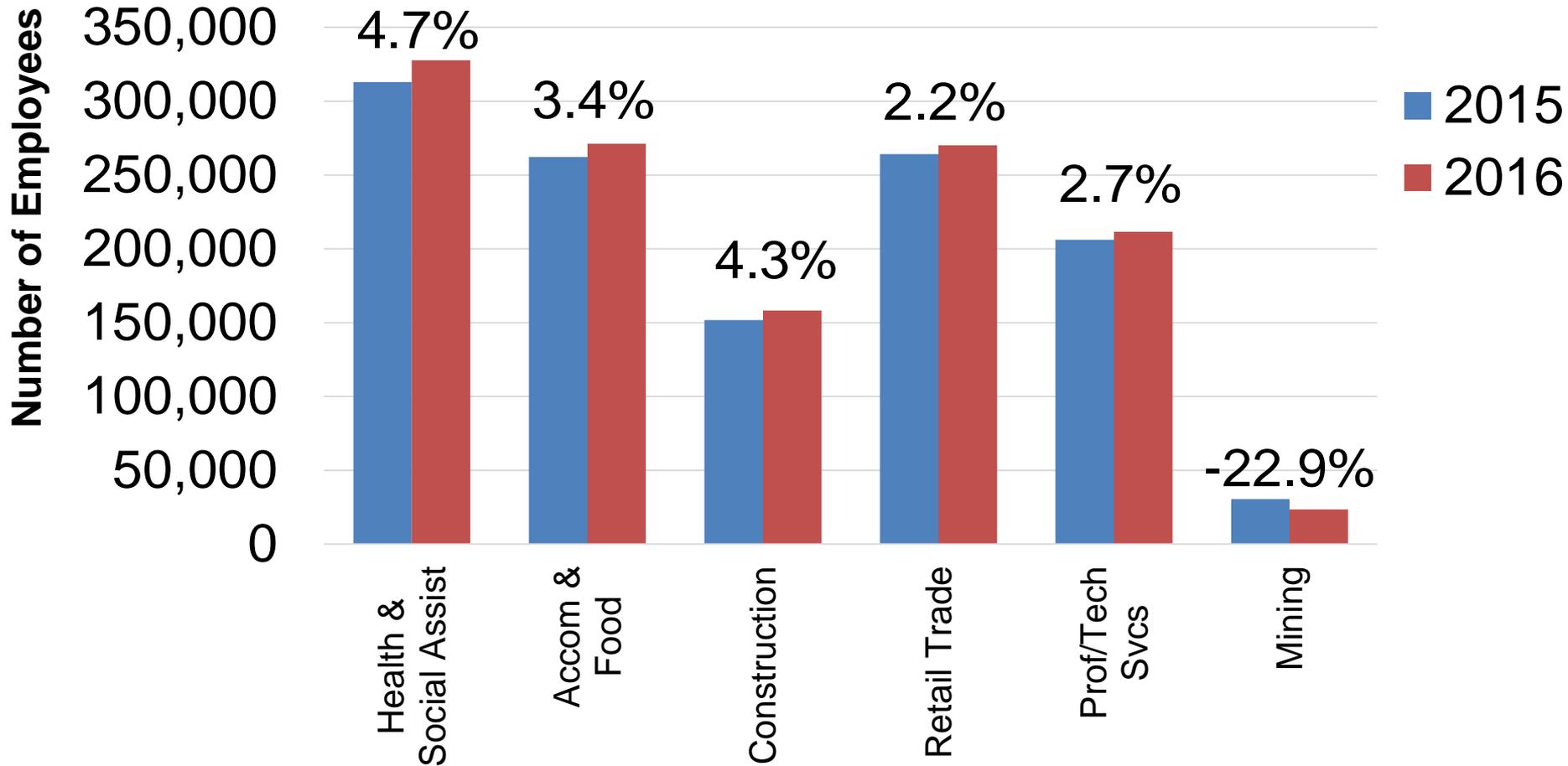
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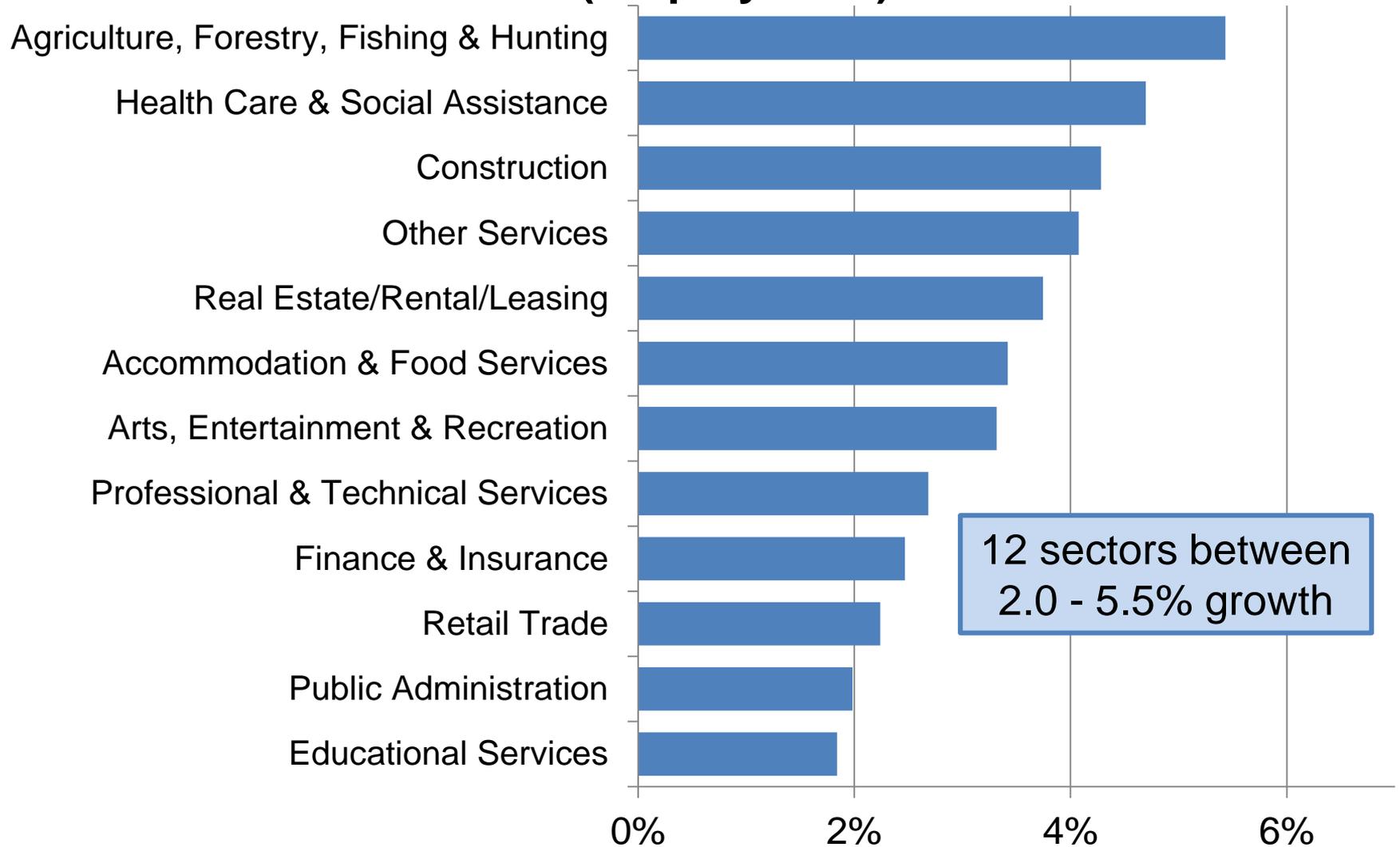
Colorado Employment by Selected Industry, 2015-16



Percentage is change from 2015 to 2016. These are the largest industries in CO with respect to employment.

Source: CO Department of Labor and Employment, QCEW

2016 Fastest Growing Industries in Colorado (Employment)



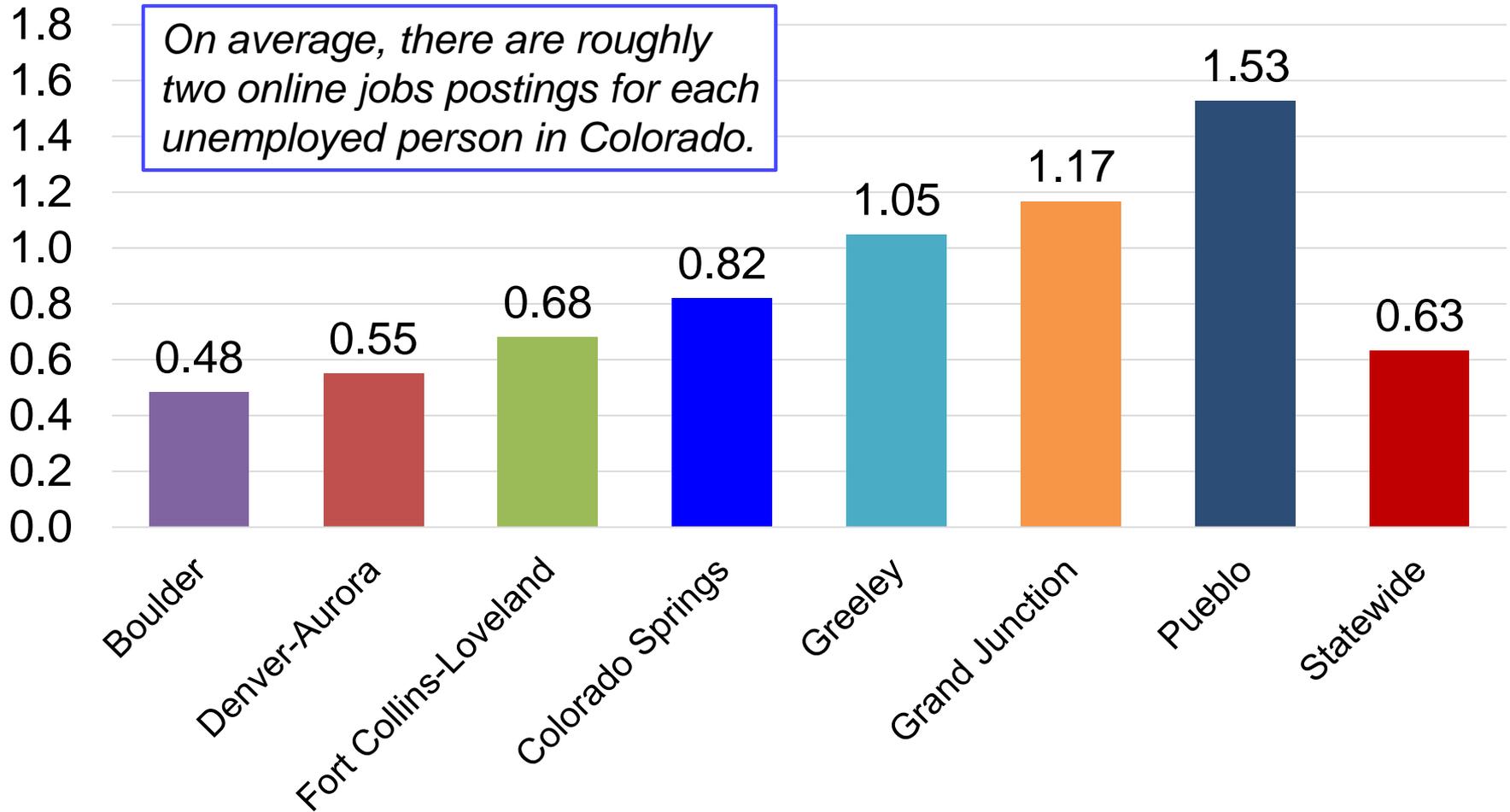
Sources: Colorado Department of Labor and Employment, QCEW

Front Range Employment by County, 2016

- 12 counties Front Range counties:
 - accounted for a net of 55,165 new jobs
 - 94.7% of the jobs created statewide
- Colorado Springs MSA:
 - EPC added 7,742 jobs (13.3% of jobs statewide)
 - Teller County added 213 jobs (0.4%).
- HC & Social Assistance had net increase of 14,798 new jobs along the Front Range (or 27%).

Sources: Colorado State Demography Office; Colorado Department of Labor and Employment, QCEW

Supply and Demand of Jobs by Metro Area, April 2017



Sources: Colorado Office of State Planning and Budgeting; The Conference Board, U.S. Bureau of Labor Statistics



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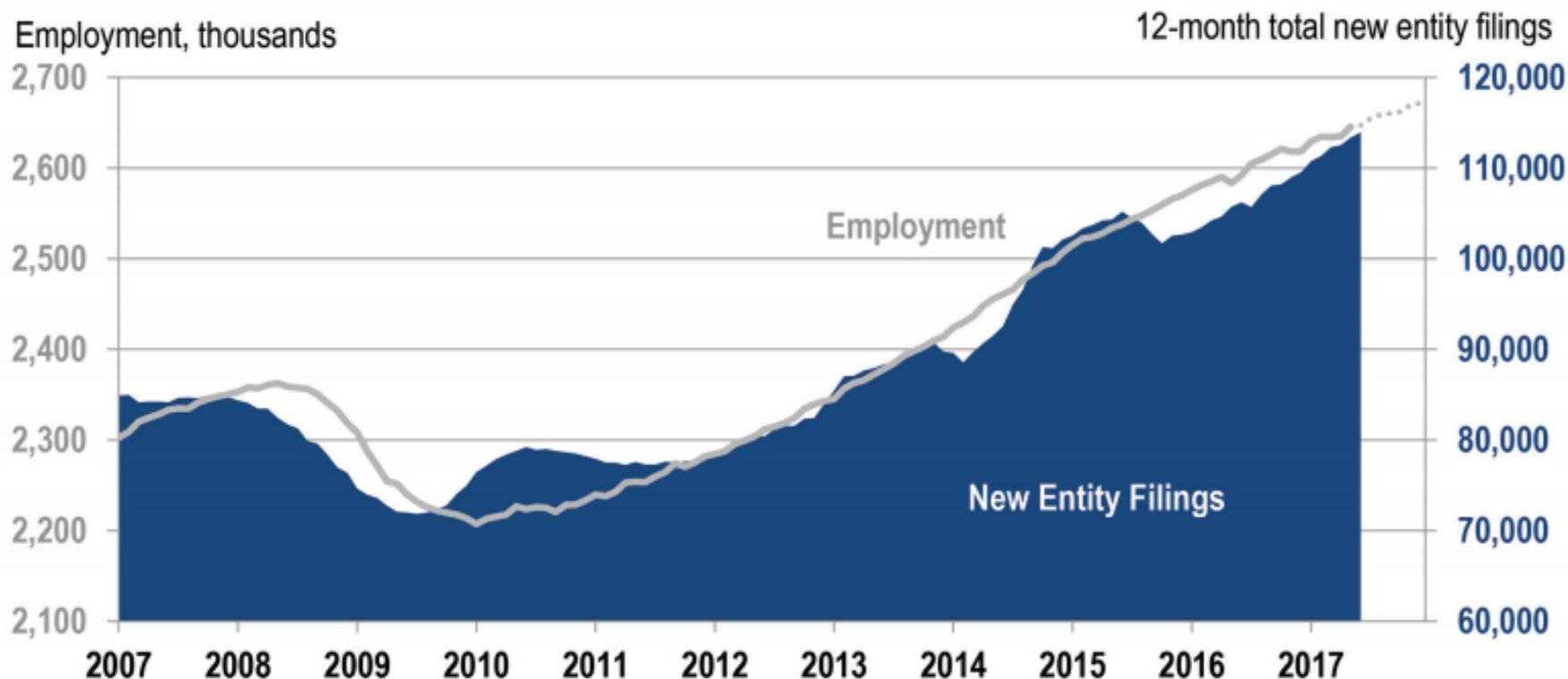
Impact of Low Unemployment Rate

- The unemployment rate in Colorado was 1.6% lower than that of the nation over 2016.
- Whenever Colorado and national unemployment rates are more than 1% different, there is continued in-migration to the state.

Source: State Demographer's Office

State Business Growth & Climate

Colorado Employment & New Entity Filings



Note: Solid line displays actual seasonally adjusted employment numbers; dotted line reflects calculated forecasts.

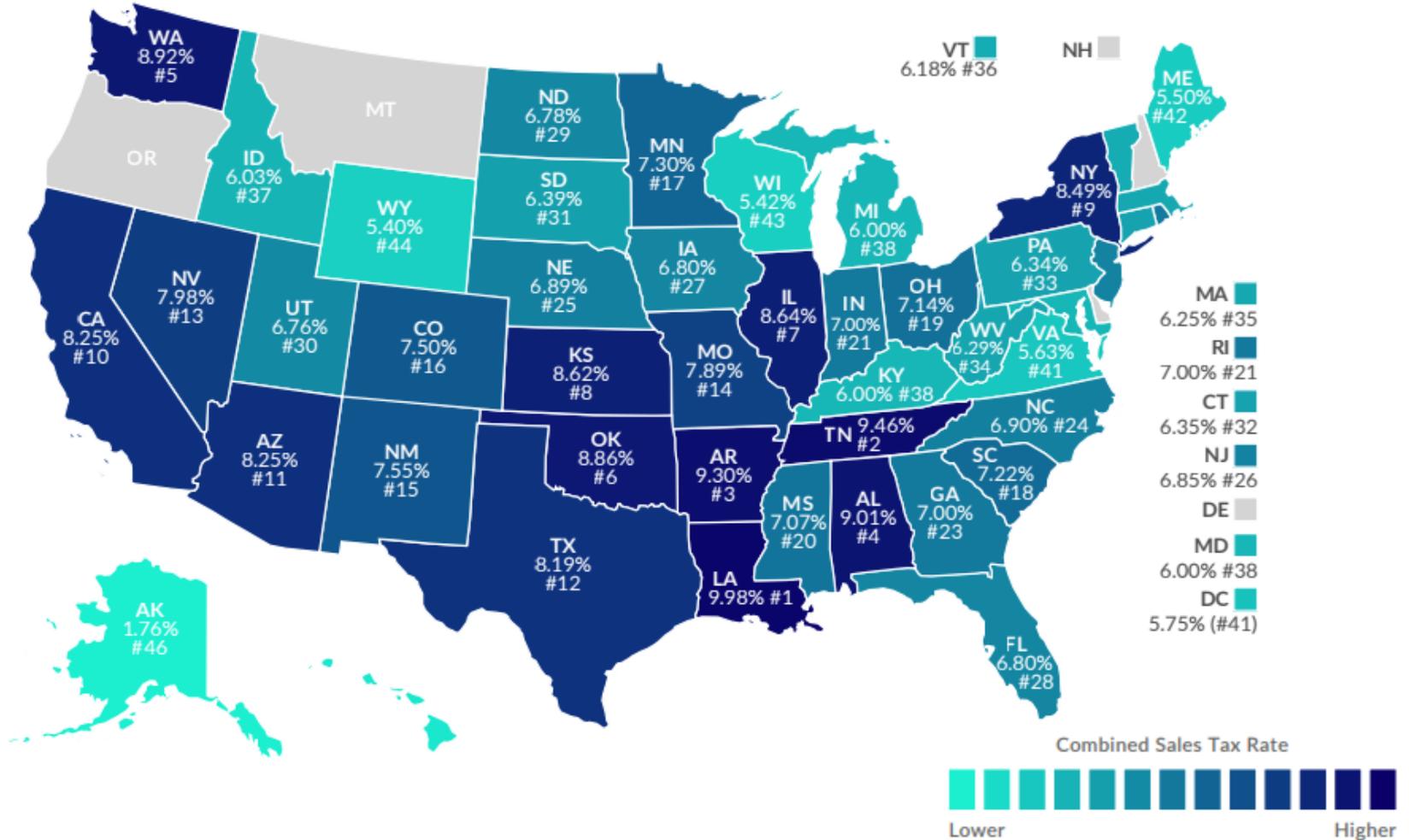
Source: Seasonally adjusted. Colorado total nonfarm employees from the Bureau of Labor Statistics, Current Employment Statistics (CES), calculations by BRD research team.

Businesses in Colorado

- 113,949 total new entities in 12-month period ending in June 2017
 - 7.3% increase over prior year
- 123,347 existing entity renewals in Q2
 - 5.1% increase over prior year
- 647,246 entities in good standing in 2017 Q2
 - 6.1% increase over prior year

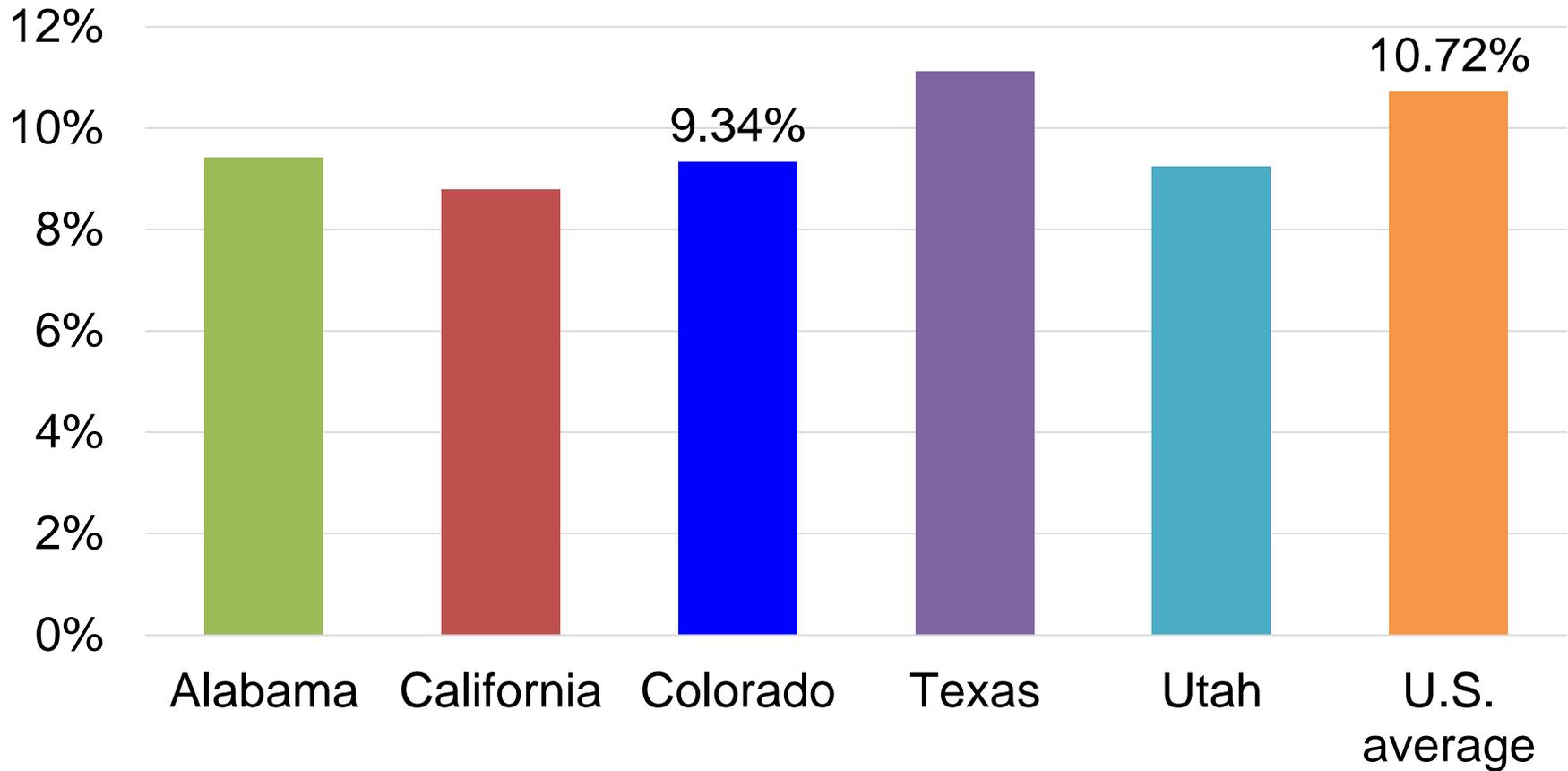
Source: Colorado Secretary of State Wayne W. Williams – Quarterly Business & Economic Indicators – Report for Q2 2017 – with Leeds School of Business UC Boulder Business Research Division

Sales Tax – Combined State & Average Local Rates, January 1, 2017



Sources: Tax Foundation; Sales Tax Clearinghouse; State Revenue Department

2017 Effective State & Local Tax Rates on Median U.S. Households for Selected States



Includes effective **real-estate, vehicle property, income and sales & excise taxes**. Assumes “Median U.S. Household” has an annual income of \$54,286; owns a home values at \$178,600; own a car valued at \$23,070; and spends annually an amount equal to the spending of a household earning the median U.S. income.

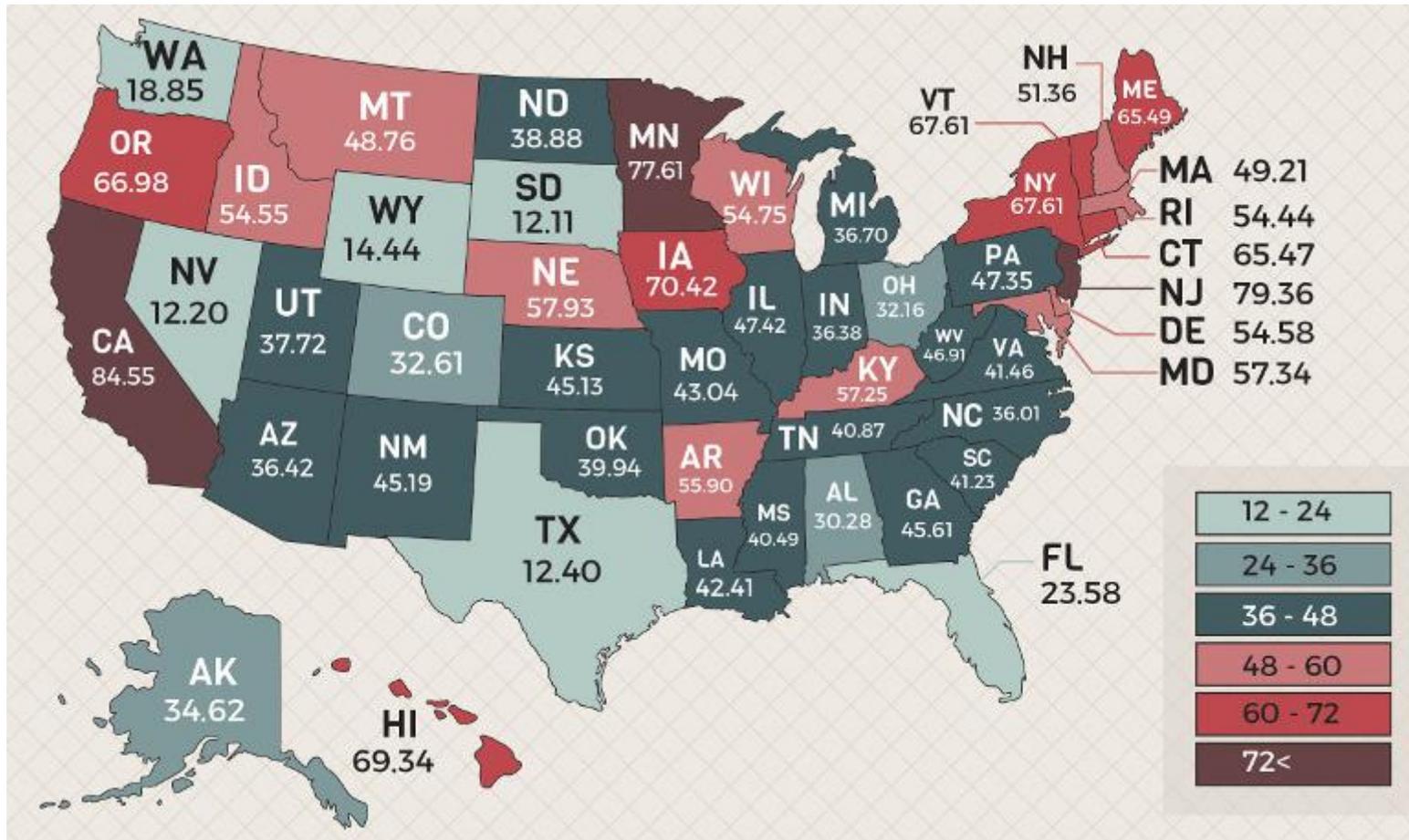
Source: WalletHub®

Colorado Tax Highlights, 2017

- Lowest non-zero, state-level sales tax (2.9%)
- 3rd highest average local sales tax rate (4.6%)
- 8th lowest effective real estate tax (\$1,073)
- 40th highest in effective vehicle property tax (\$412)
- 25th highest in effective income tax (\$1,377)

Sources: Tax Foundation; Sales Tax Clearinghouse; State Revenue Department; WalletHub®

The Small Business Tax Index (BTI), 2016

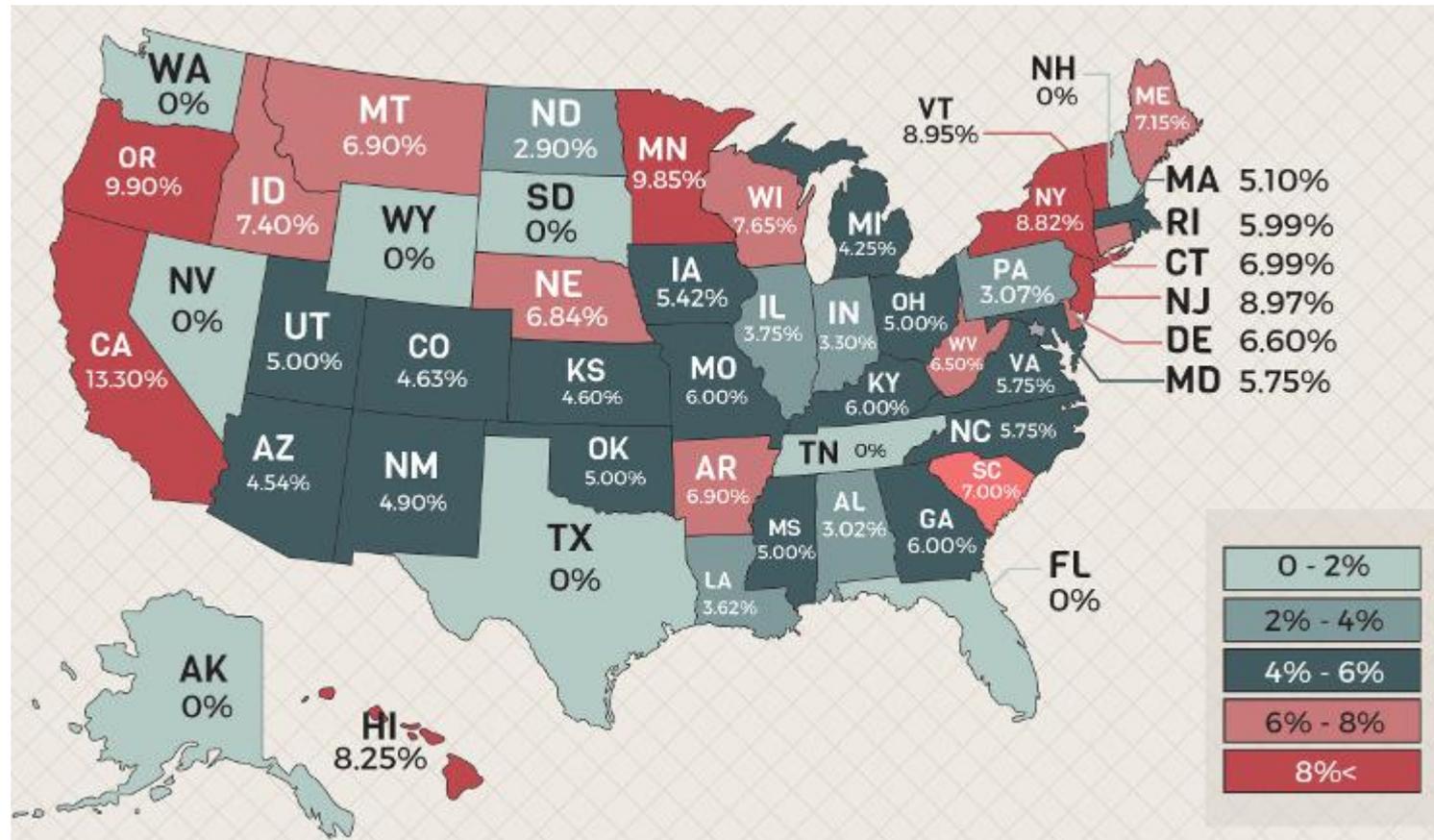


Greener states have a lower BTI, which implies a better state tax system.

In 2016, the BTI used 25 different factors including each state's highest personal income tax rate, individual capital gains tax rates, tax rates on dividends and interest, added income taxes for LLCs, and more.

Sources: Small Business and Entrepreneurship Council; *TFE Times* July 21, 2017 article

Maximum Personal Income Tax Rates, 2016



Around 94% of businesses in the U.S. file their taxes as individuals.

Sources: Small Business and Entrepreneurship Council; *TFE Times* July 21, 2017 article

State & Local Demographics



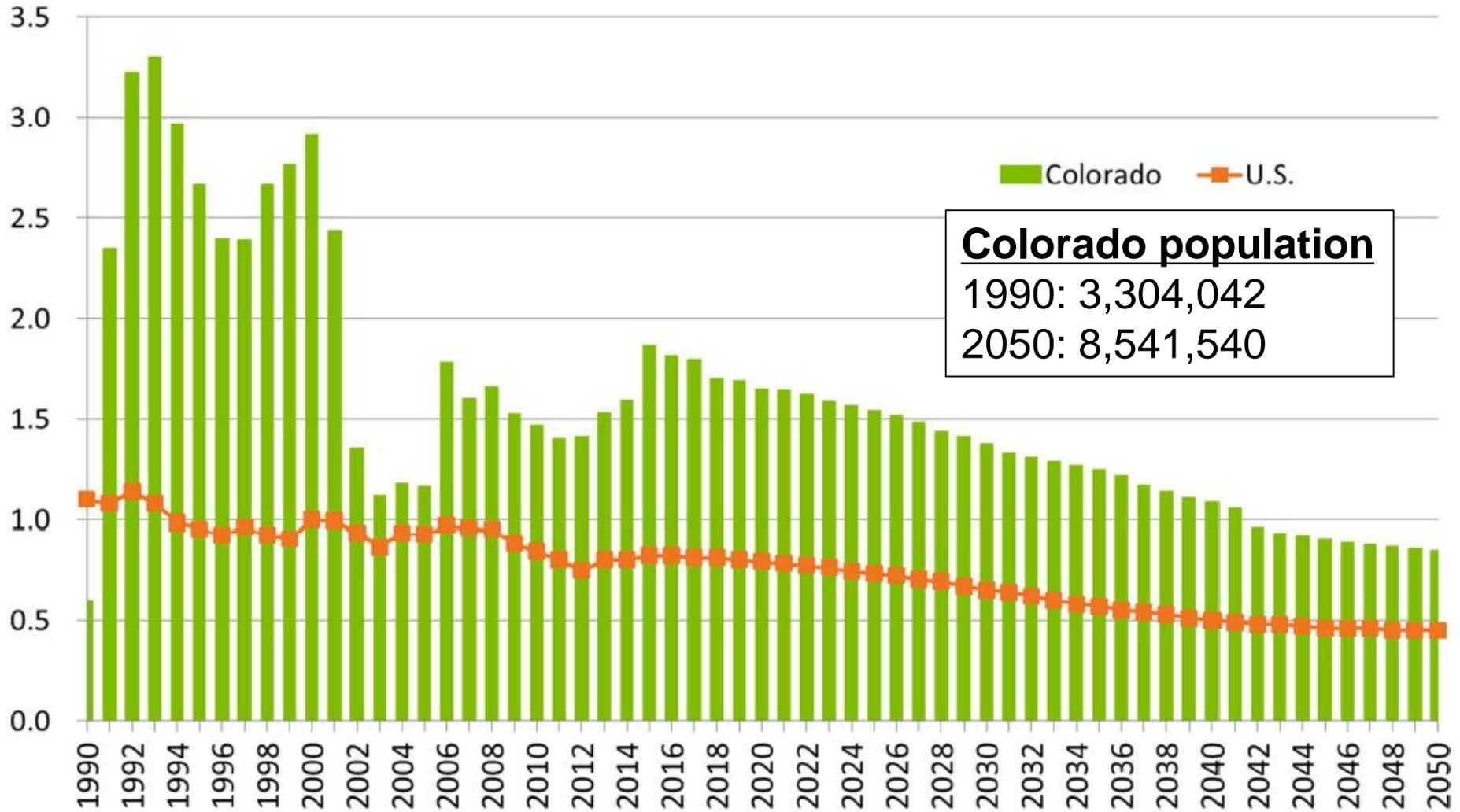
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Colorado & U.S. Growth Rates



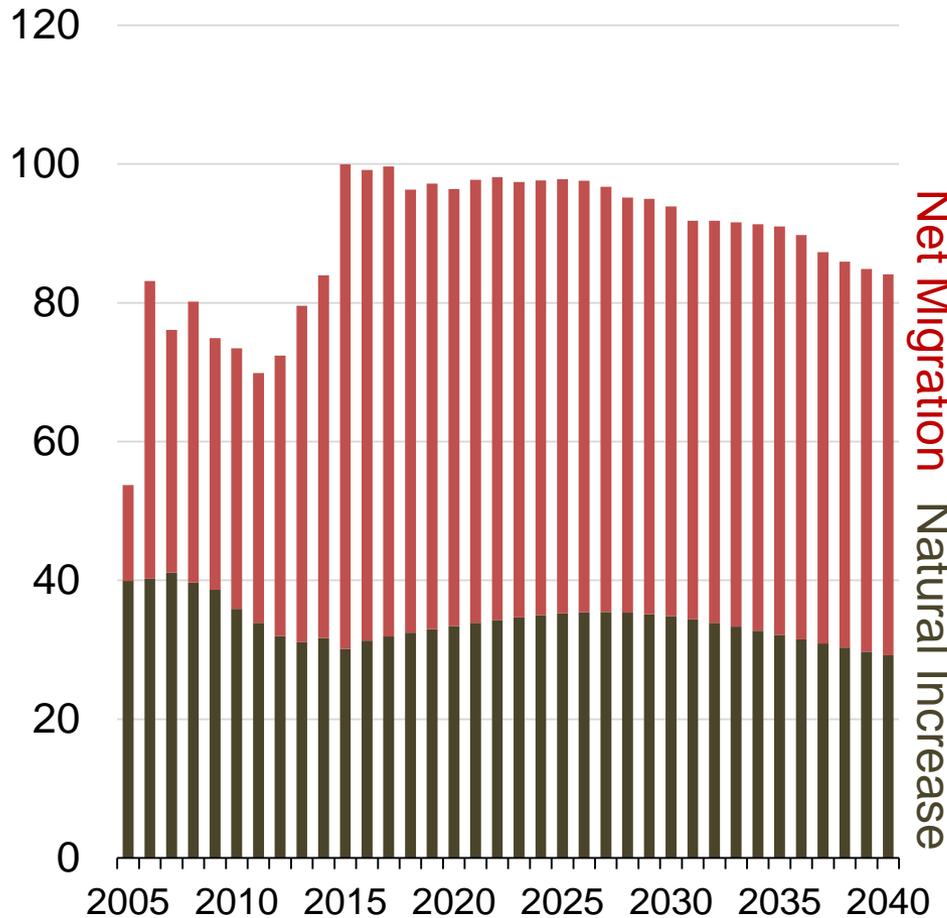
Source: Colorado State Demography Office; U.S. forecast prepared by U.S. Bureau of the Census, 2014



Colorado Change in Population

2005 - 2040

Thousands



- 7th-fastest state for percentage growth
- 8th-fastest state for absolute growth
- 92% of growth along the Front Range
- Denver the most populous county

Source: Colorado State Demography Office; CU Boulder Leeds School of Business

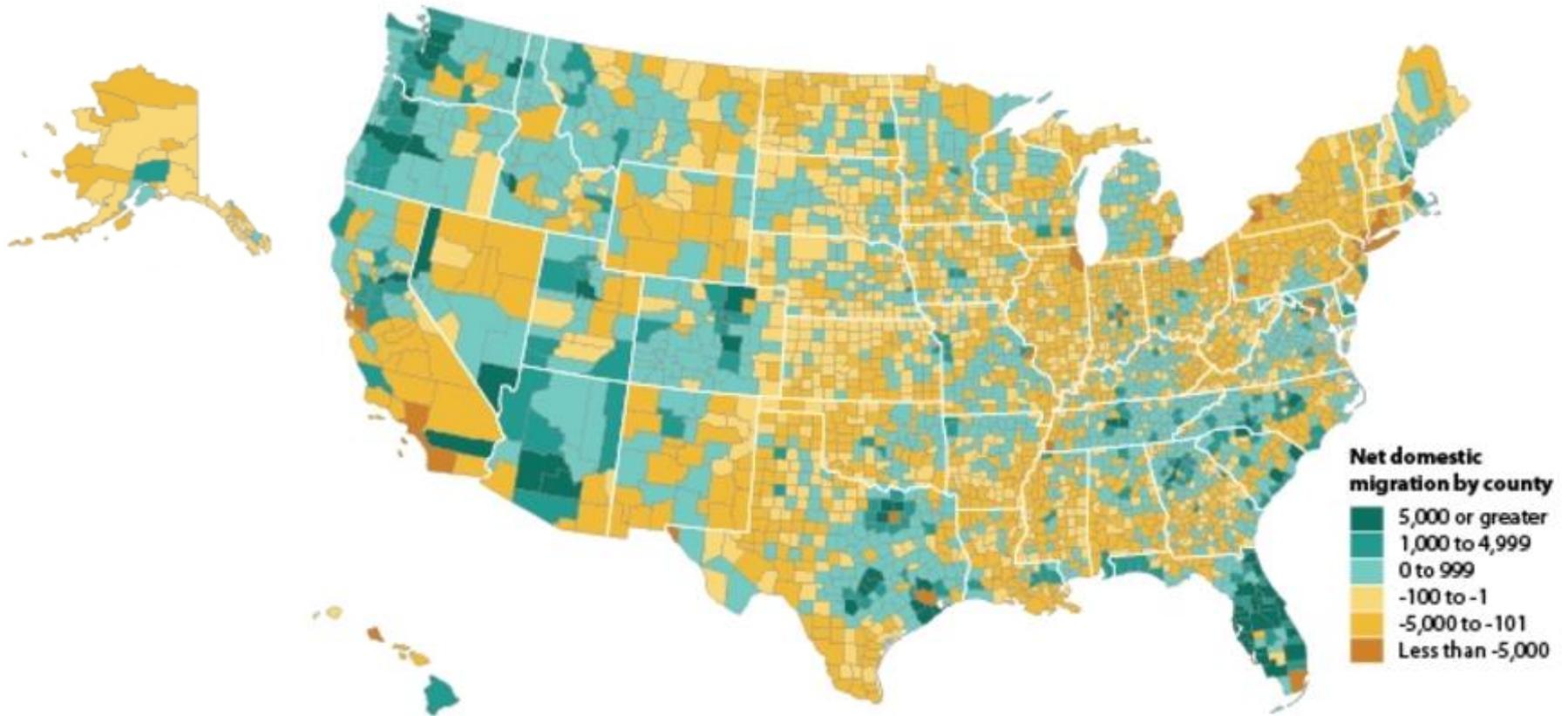


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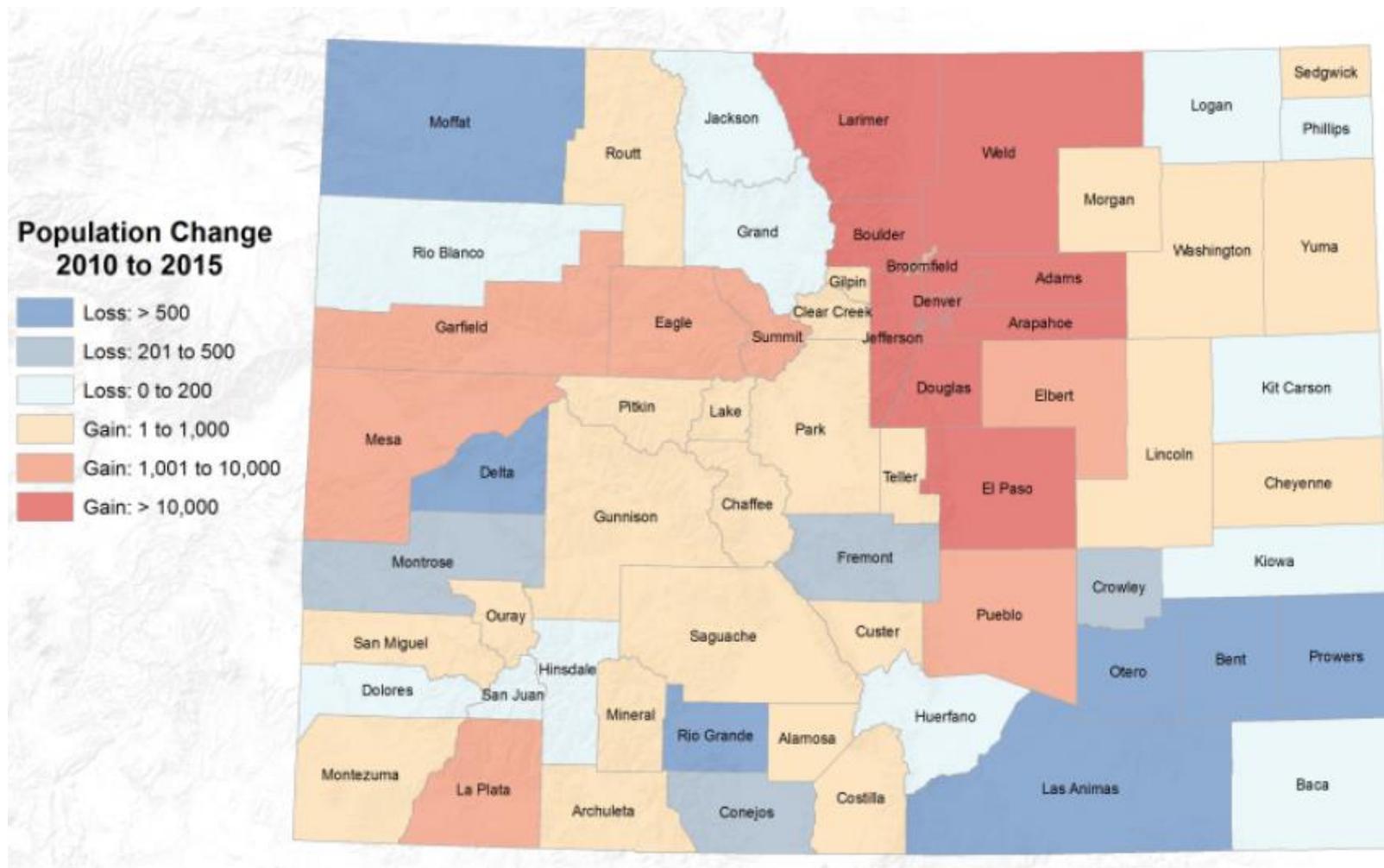
2015-16 Net Domestic Migration



2016 percent of the population moving from a different state to
El Paso County: 7.3% Colorado: 4.1% United States: 2.4%

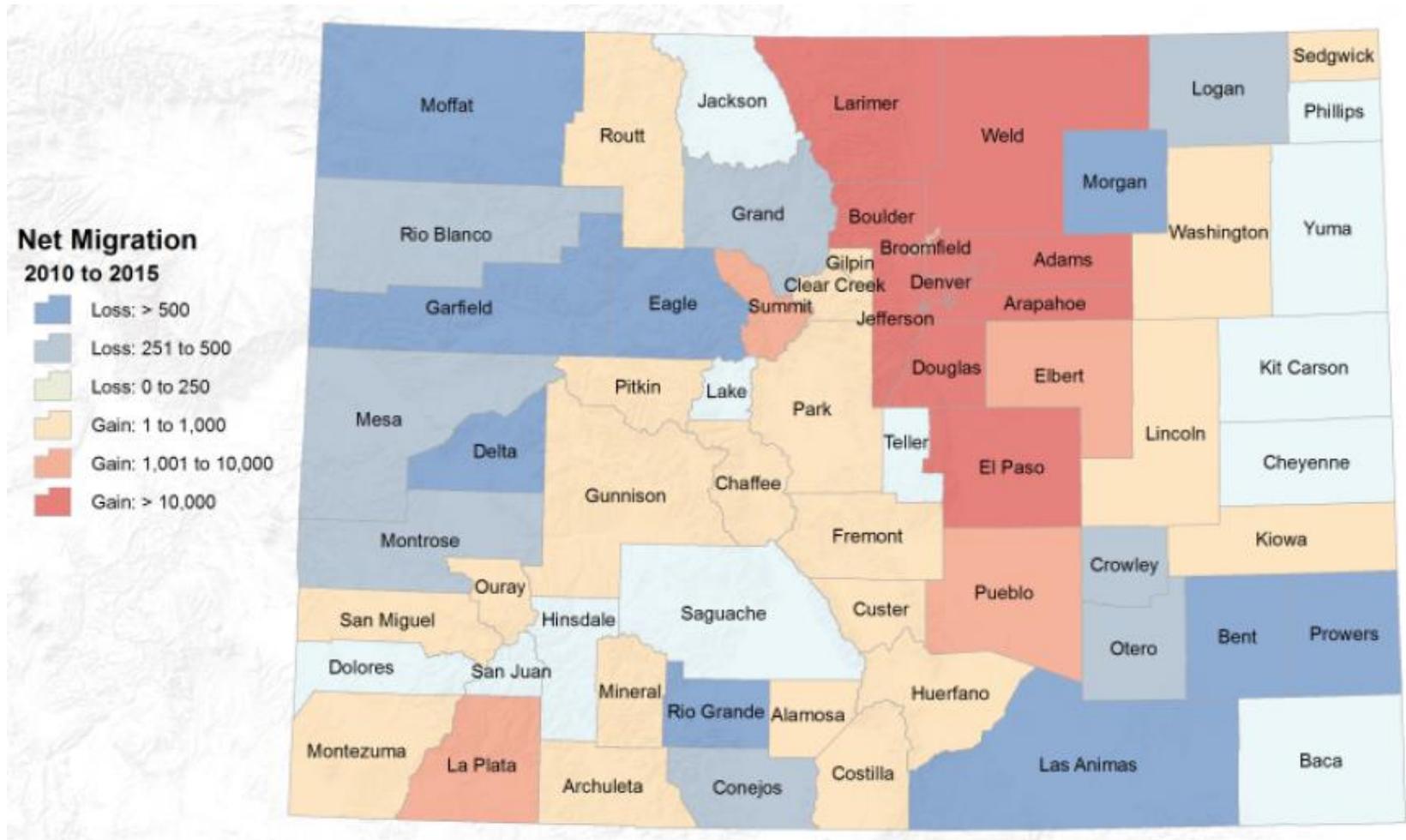
Source: U.S. Census Bureau; American Community Survey 1-year estimates

Colorado: Total Population Change 2010 – 2015



Source: Colorado State Demography Office

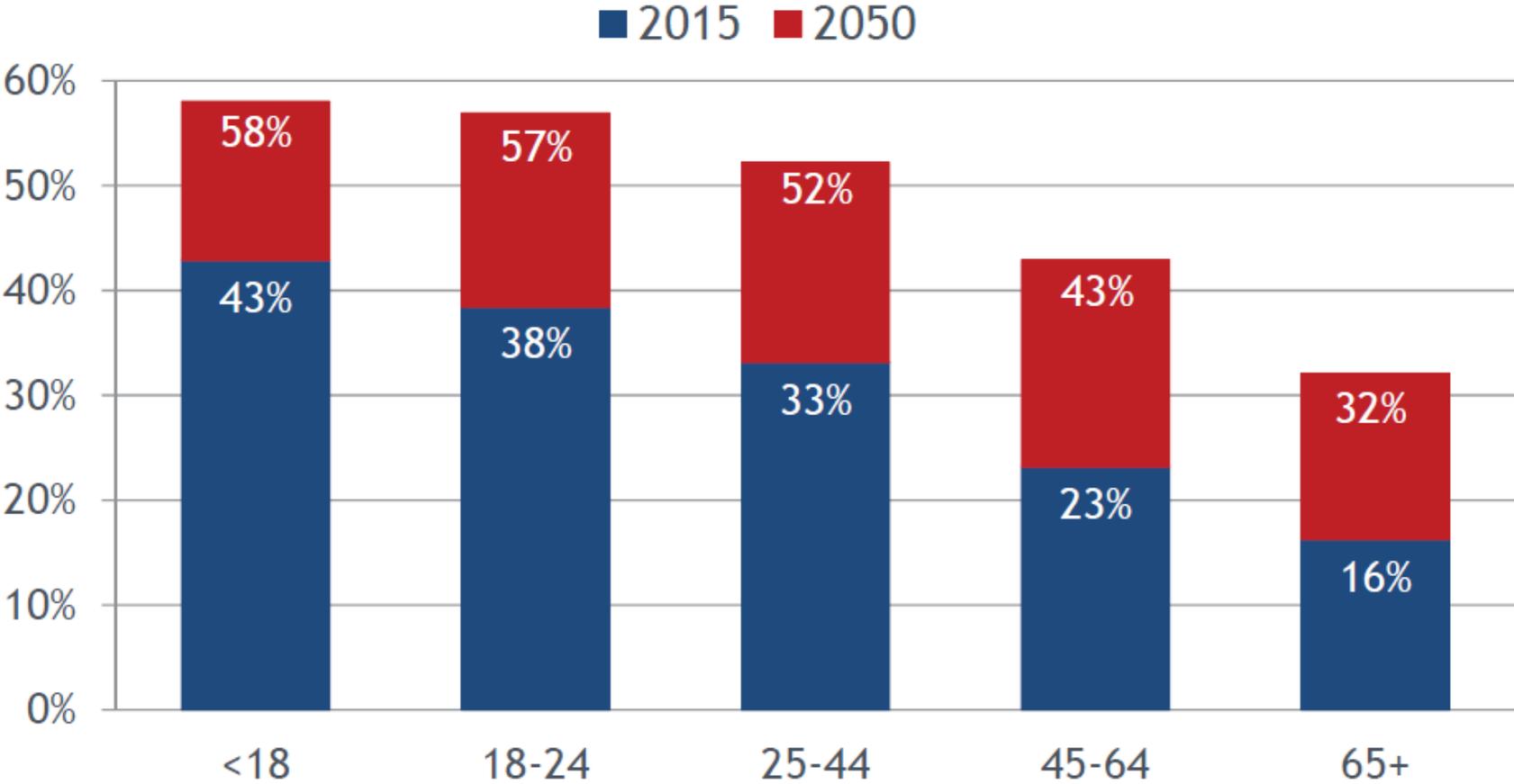
Colorado: Net Migration 2010 – 2015



Source: Colorado State Demography Office

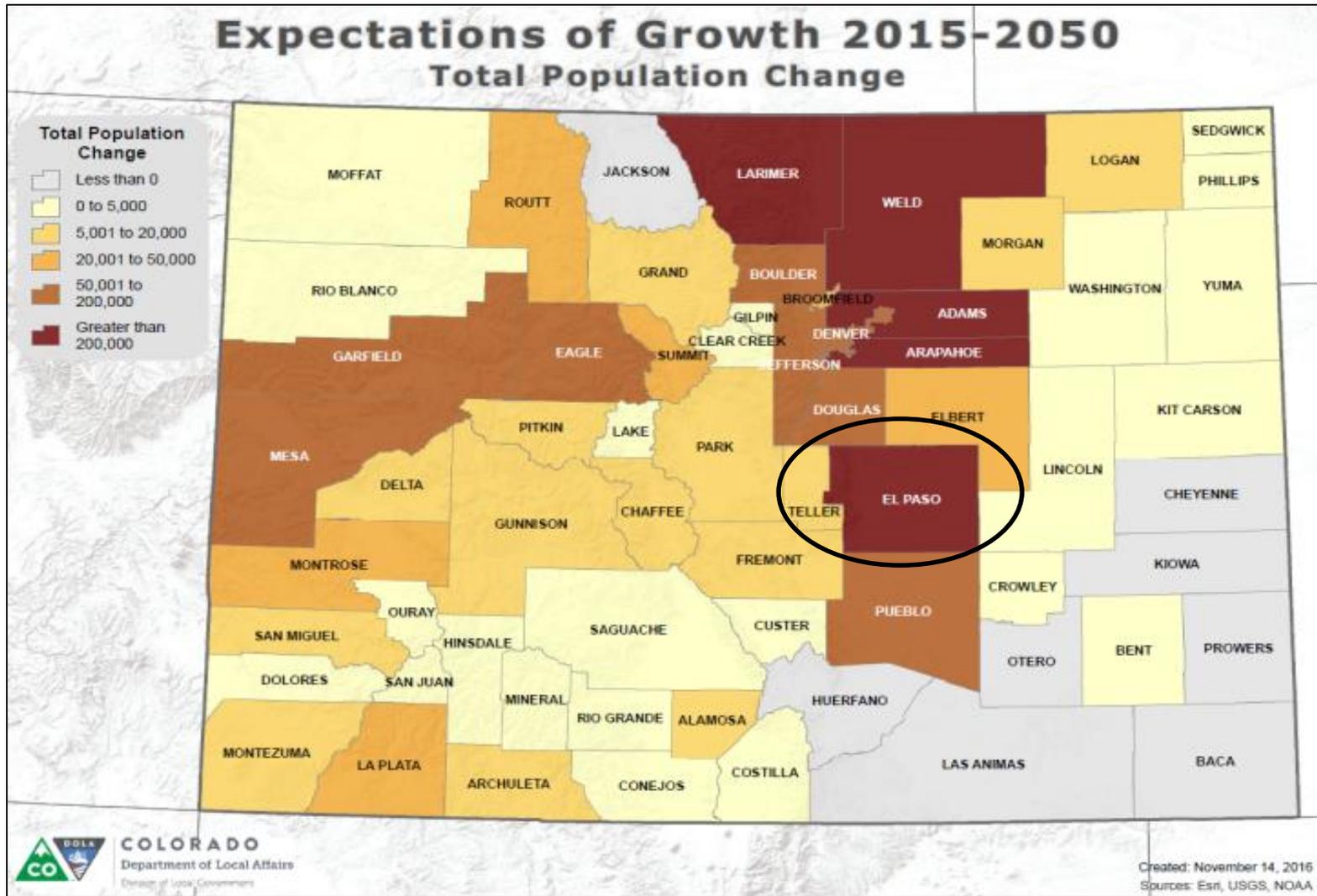
Colorado: Projected Diversity by Age

Hispanic, Black, Asian, and other minority share



Source: Colorado State Demography Office

Demographics: EPC Population Projections



Source: Colorado State Demography Office

Population Projections – Front Range

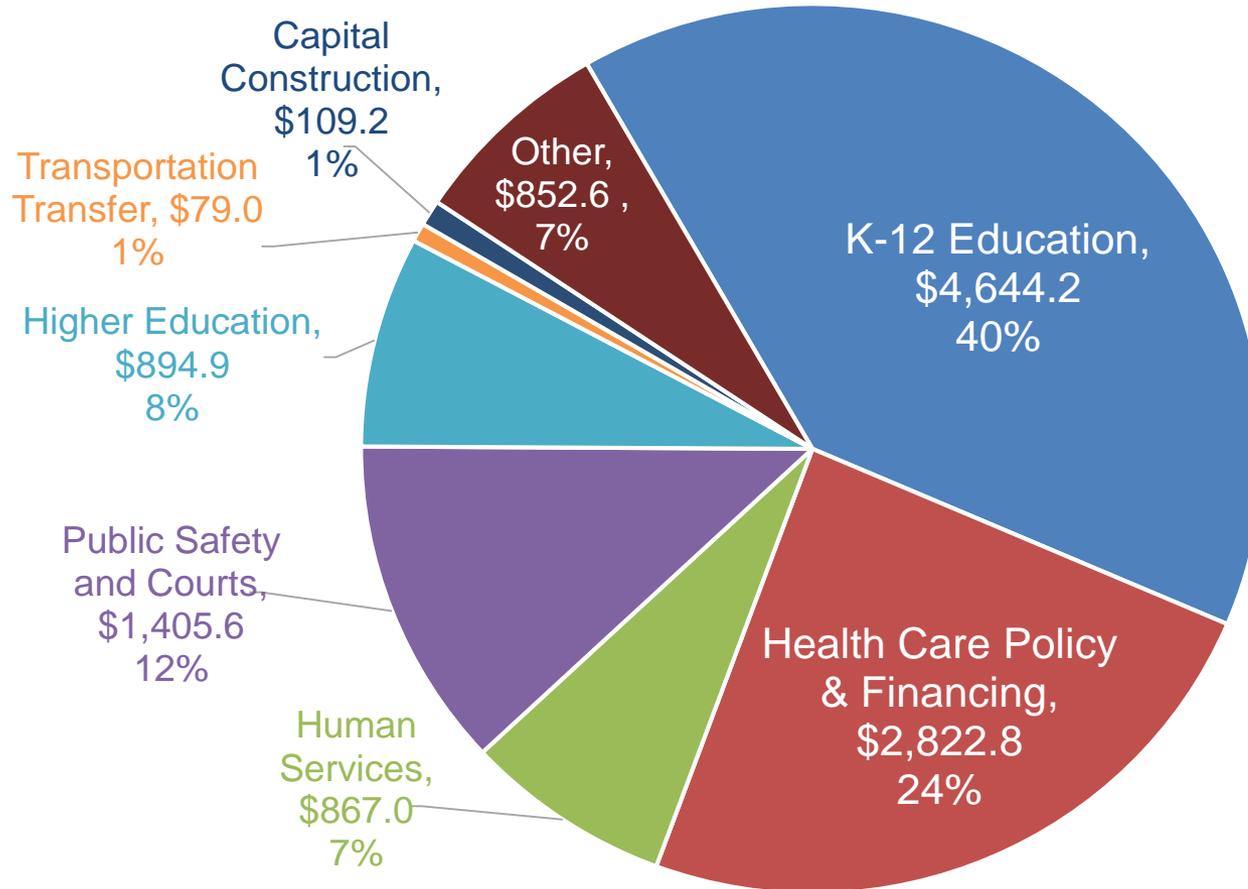
- Between 2015 and 2020, 86% of the growth along the Front Range.
- The 2050 forecast for Colorado is for 8.6 million with 7.1 million
- A population increase of 400,621 additional people between 2015-2050 is forecasted for El Paso County.

Source: Colorado State Demography Office

Colorado Education

General Fund Budget for FY 2017-18

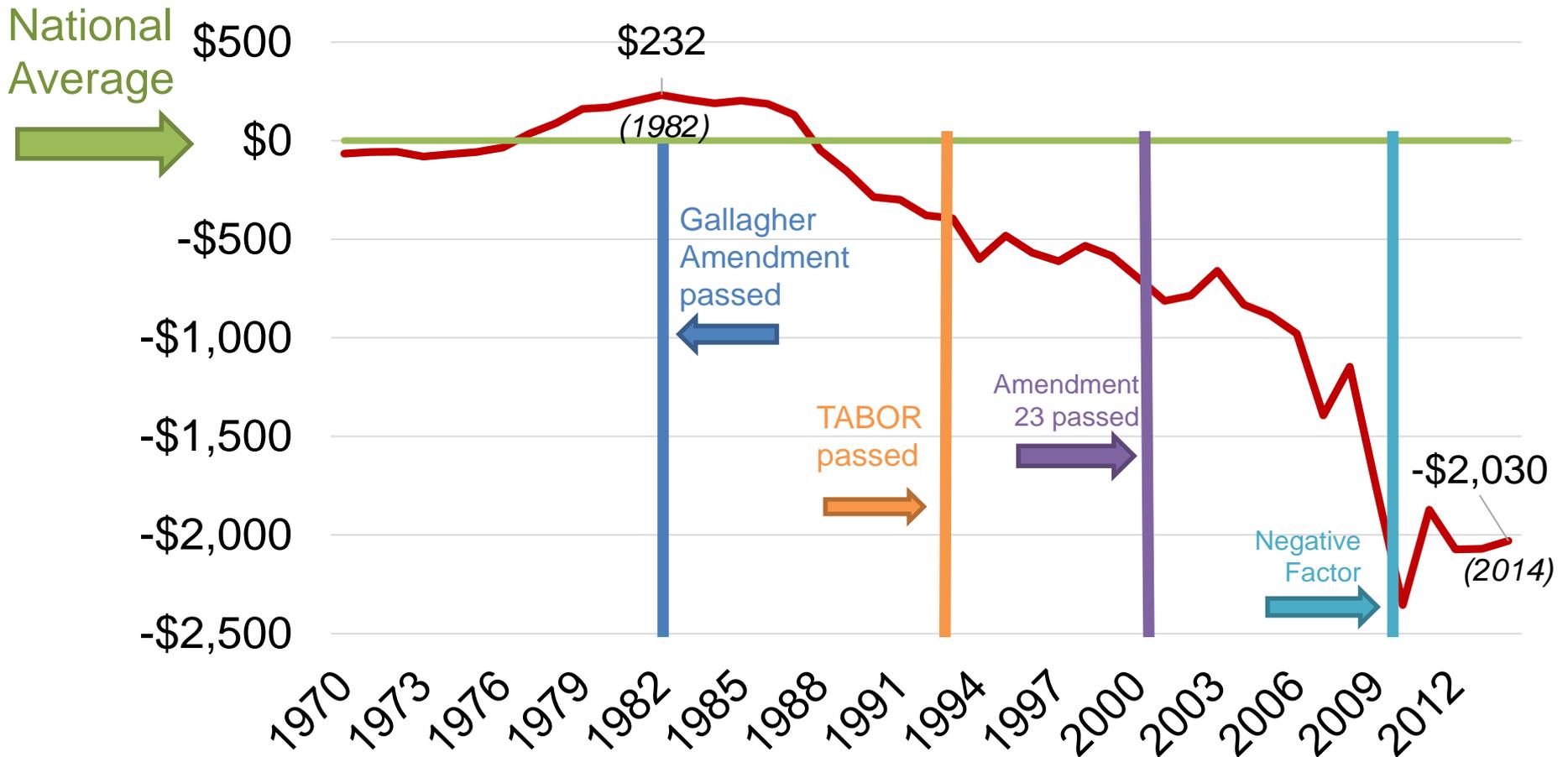
Includes State Education Fund (\$ millions)



Total Budget:
\$11.7 Billion

Source: Colorado Office of State Planning and Budgeting, September 2017 Colorado Outlook

K-12 Per Pupil Expenditures: Colorado versus National Average



Sources: National Center for Education Statistics; Great Education Colorado

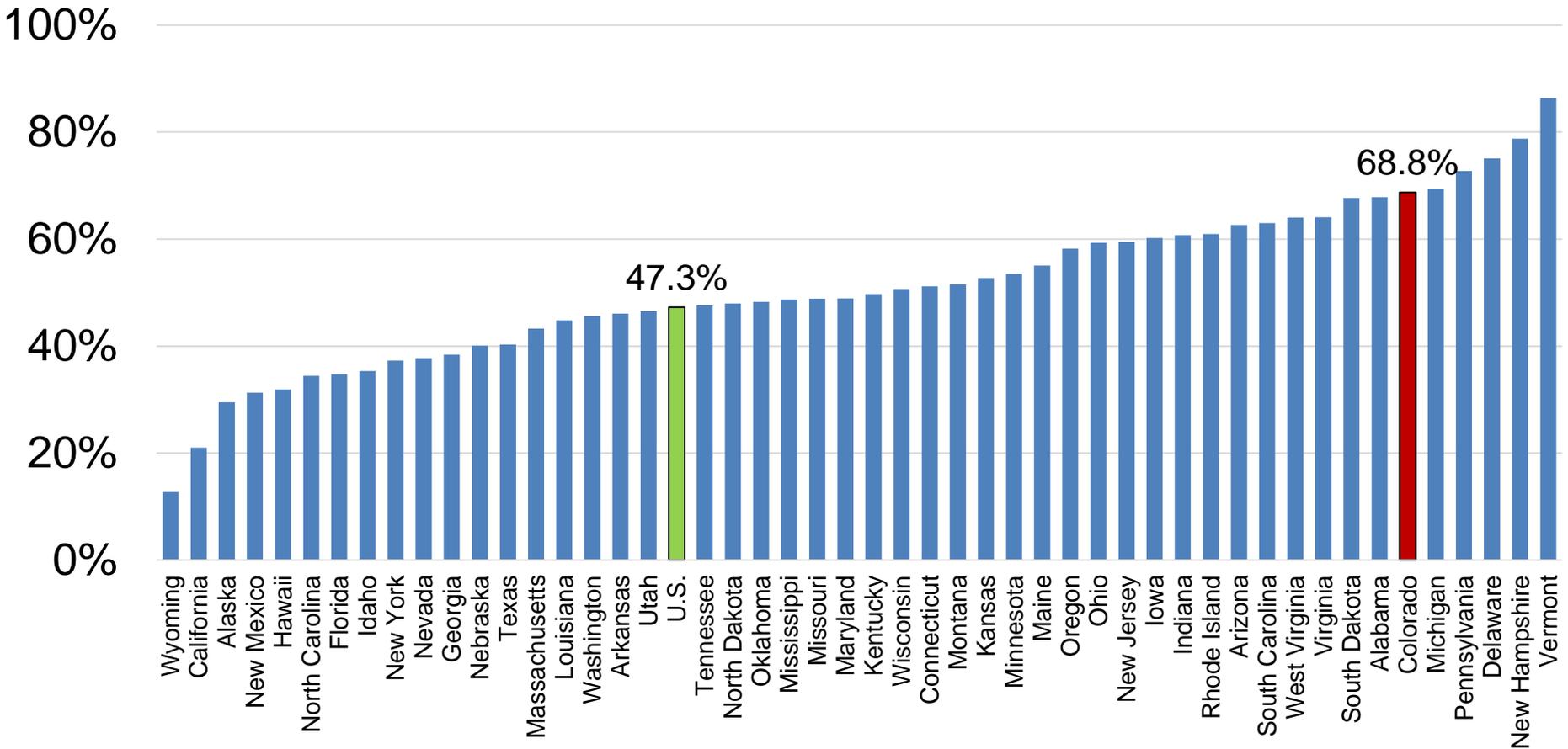
K-12 Educators' Average Starting Salaries 2012-13

➤ Colorado: \$32,126

➤ U.S.: \$36,141

Source: National Education Association

Student-Paid Portion of Higher Education Tuition at Public Institutions in 2016

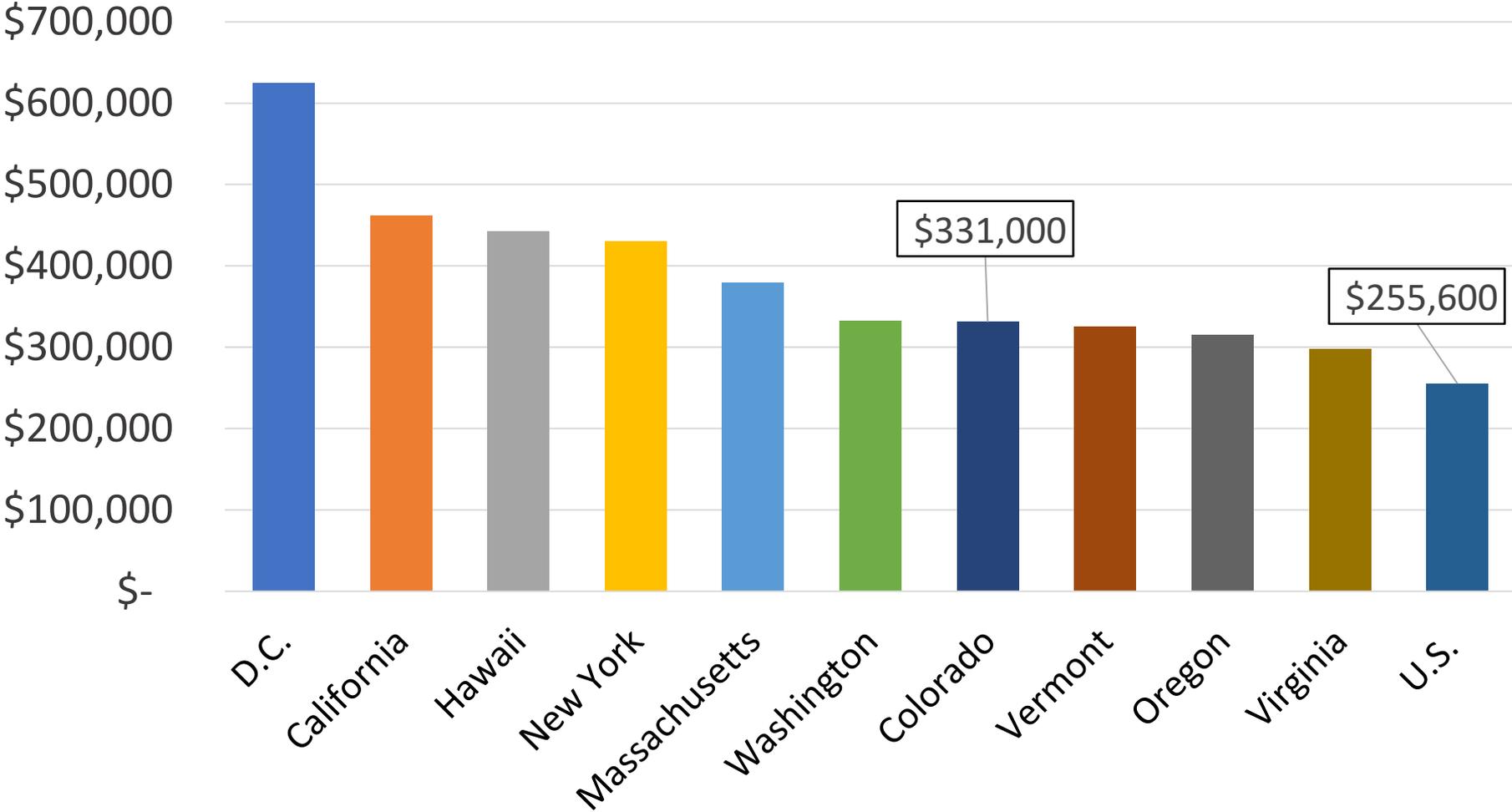


Note: As of June 2017, Illinois has been removed from the state and U.S. totals as data is being revised.

Source: 2016 SHEF Report, State Higher Education Executive Officers

Colorado Real Estate

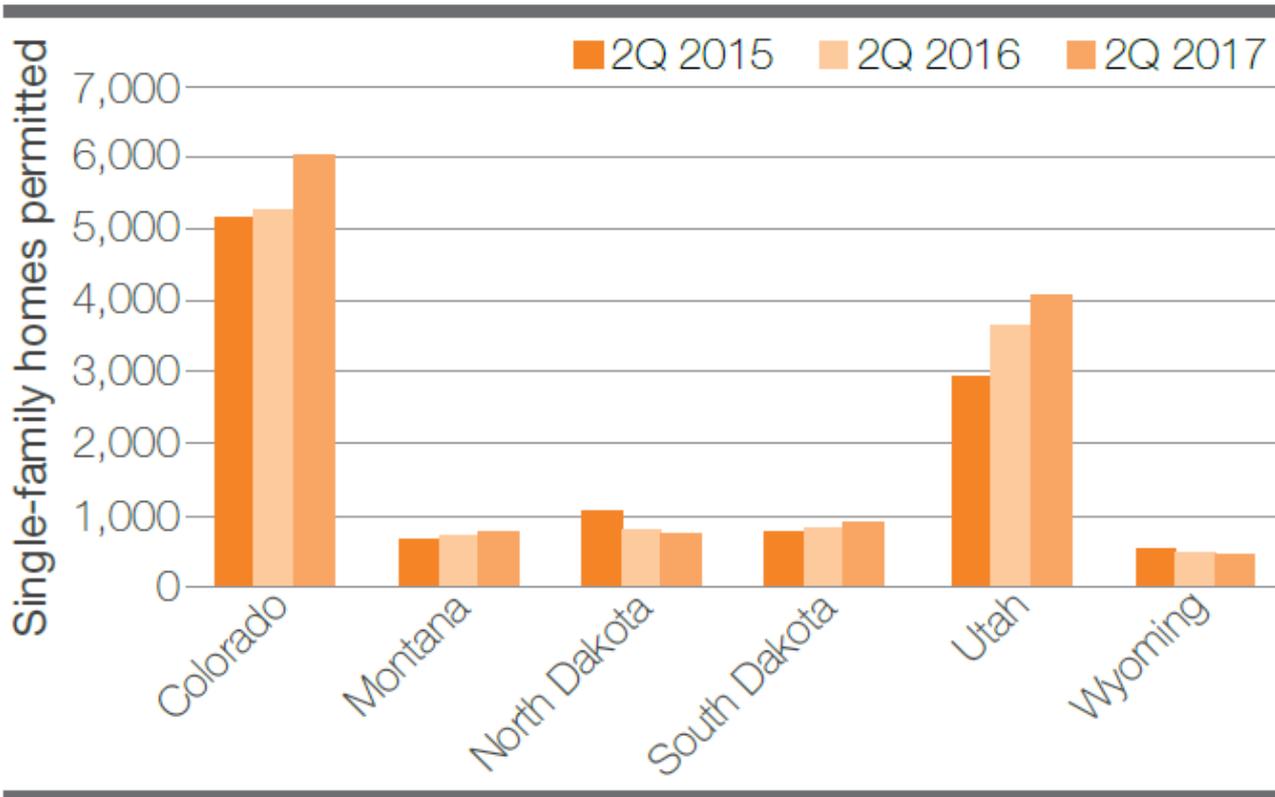
Median Home Prices – 10 Most Expensive States



Sources: Trulia for state prices, May-Aug, 2017; National Association of REALTORS® for U.S. 2017, Q2

HUD Report, Region 8

Single-family permitting increased in the Rocky Mountain region, led by gains in Colorado and Utah.



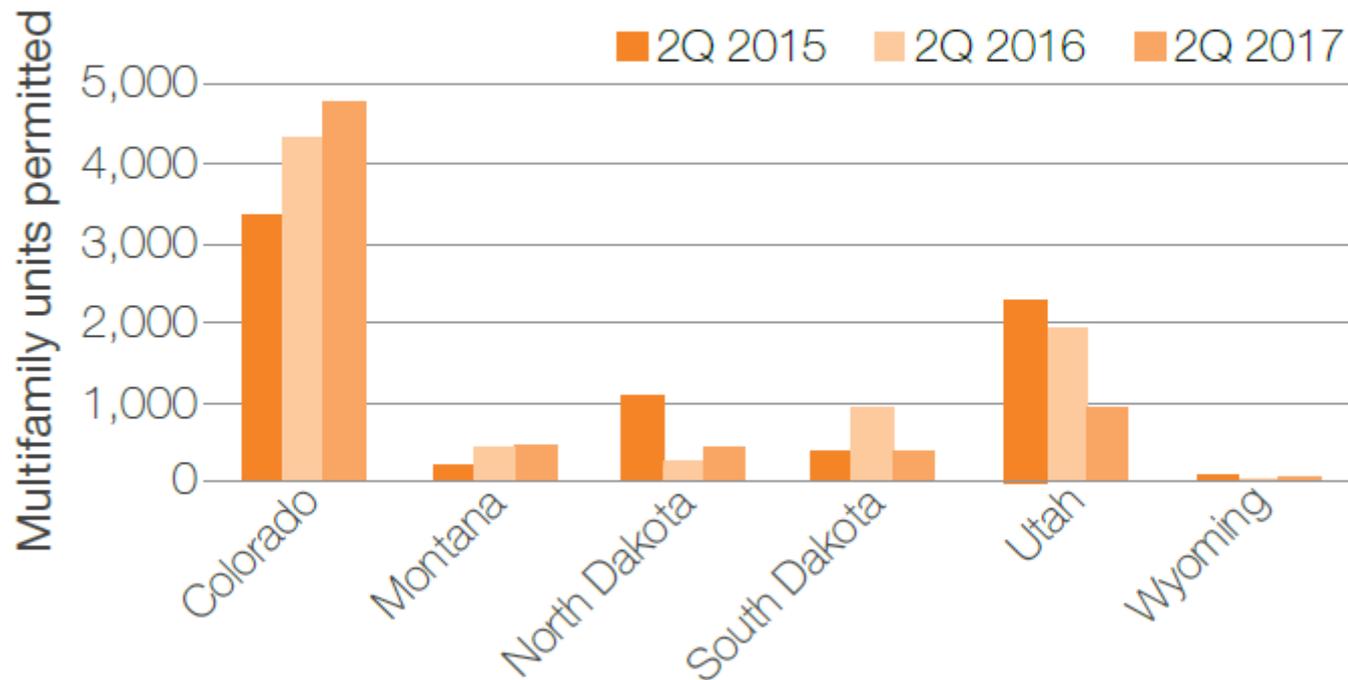
2Q = second quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

HUD Report, Region 8

Multifamily construction was down in the Rocky Mountain region, with increased activity in Colorado offset by declines in Utah and South Dakota.



2Q = second quarter.

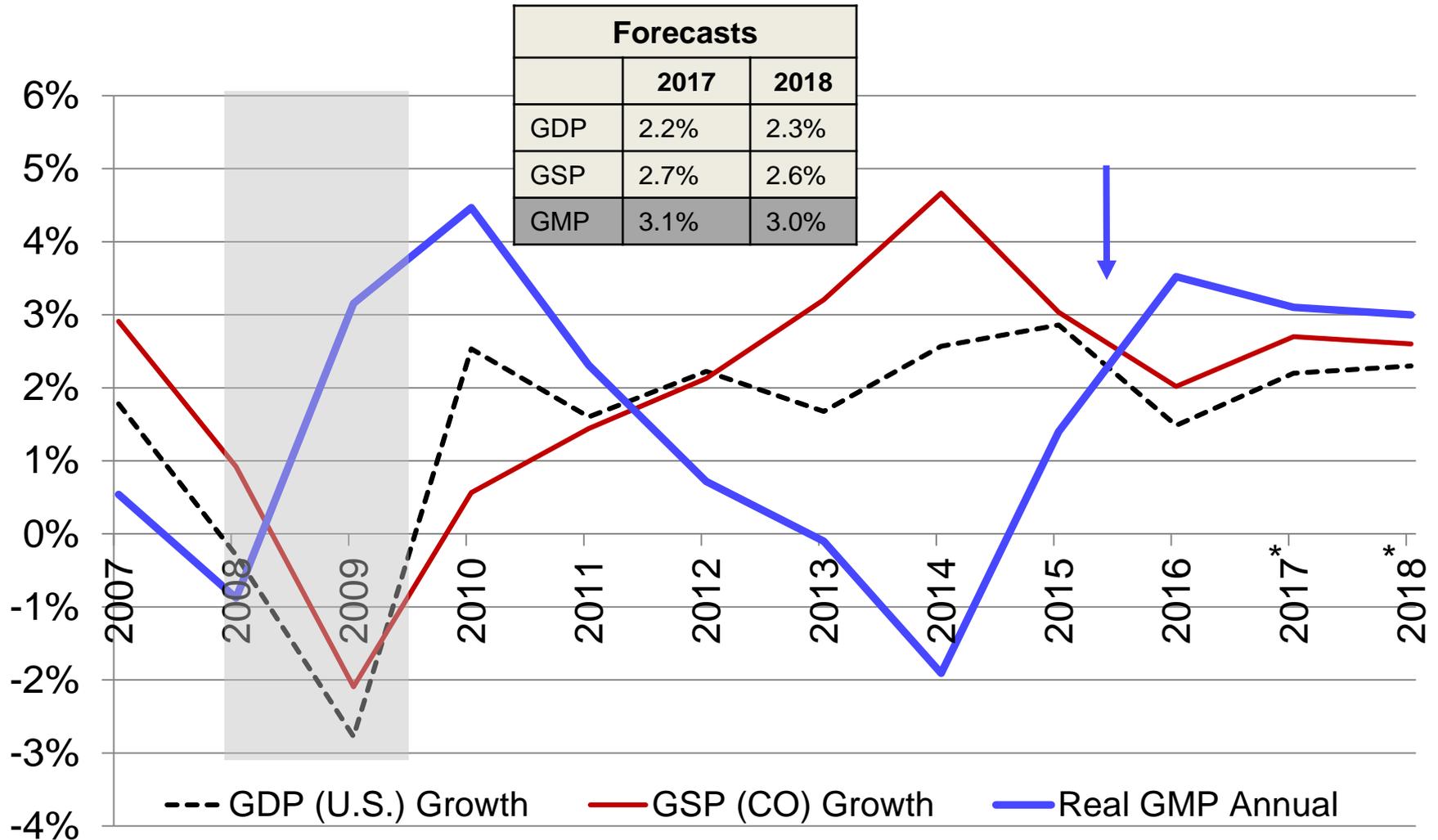
Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey

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- The Colorado State Economy
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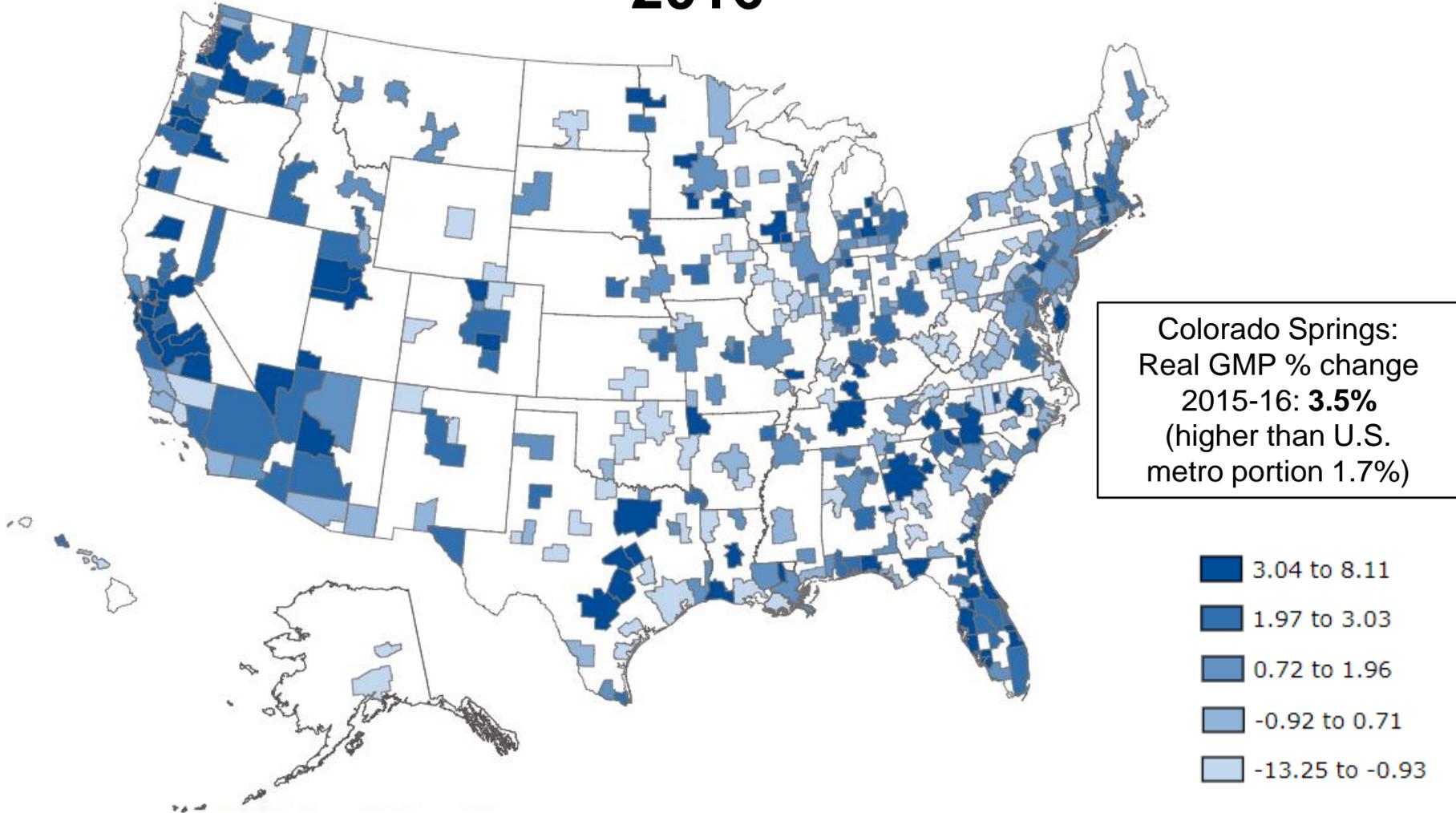
Real Growth in Annual GDP and GSP vs. Year Ago



*GDP forecasts by CO Office of State Planning & Budgeting and Forum in "real" terms. GSP and GMP forecasts by the UCCS Economic Forum with input from the CO Office of State Planning & Budgeting.

Source: U.S. Bureau of Economic Analysis

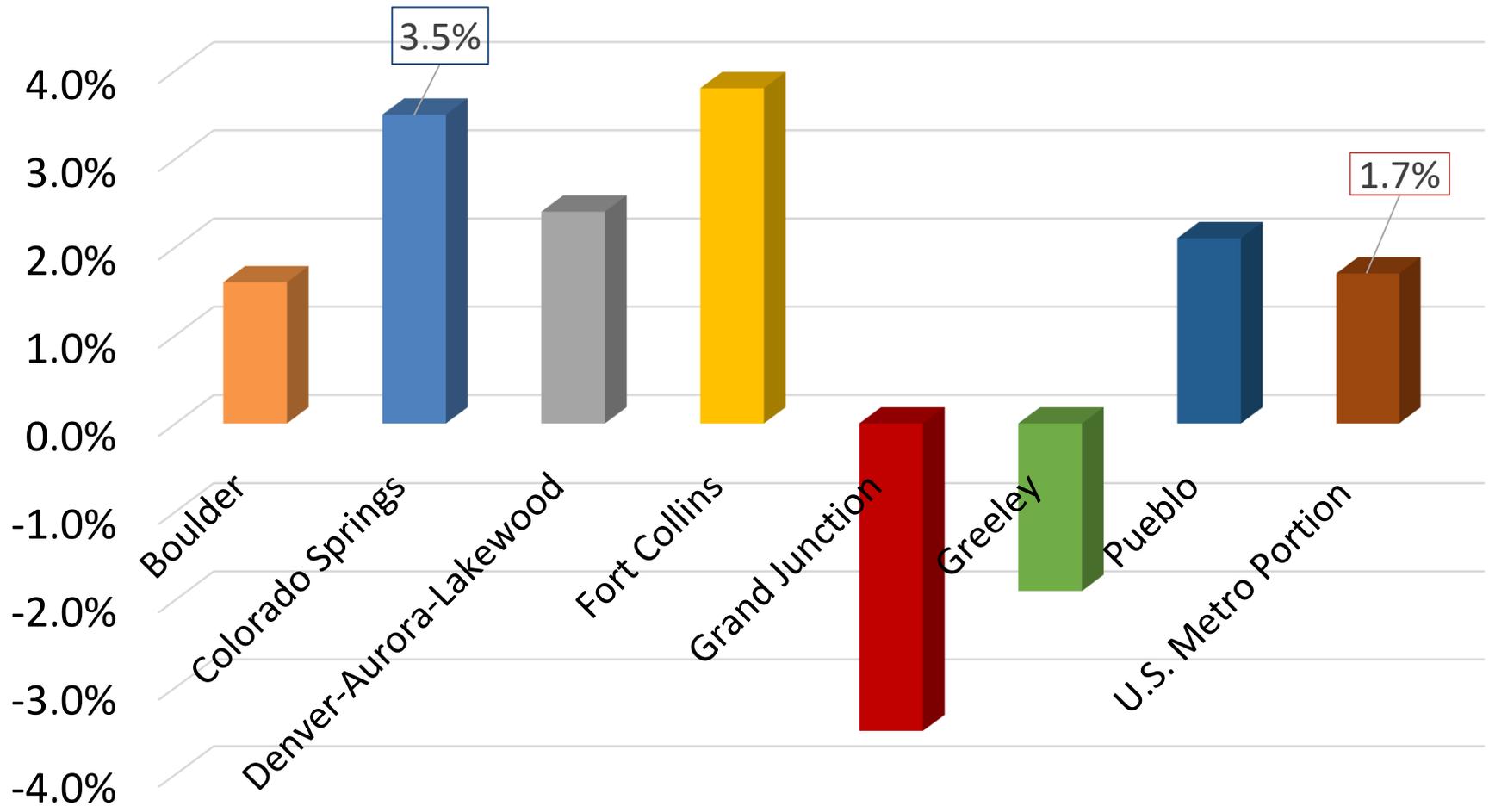
Percent Change in Real Gross Metropolitan Product, 2016



Nominal increase in U.S. GDP was 2.3% and for CS was 5.4%.
Source: U.S. Bureau of Economic Analysis

Real GMP Change from 2015 to 2016

Major Colorado MSAs



Source: U.S. Bureau of Economic Analysis

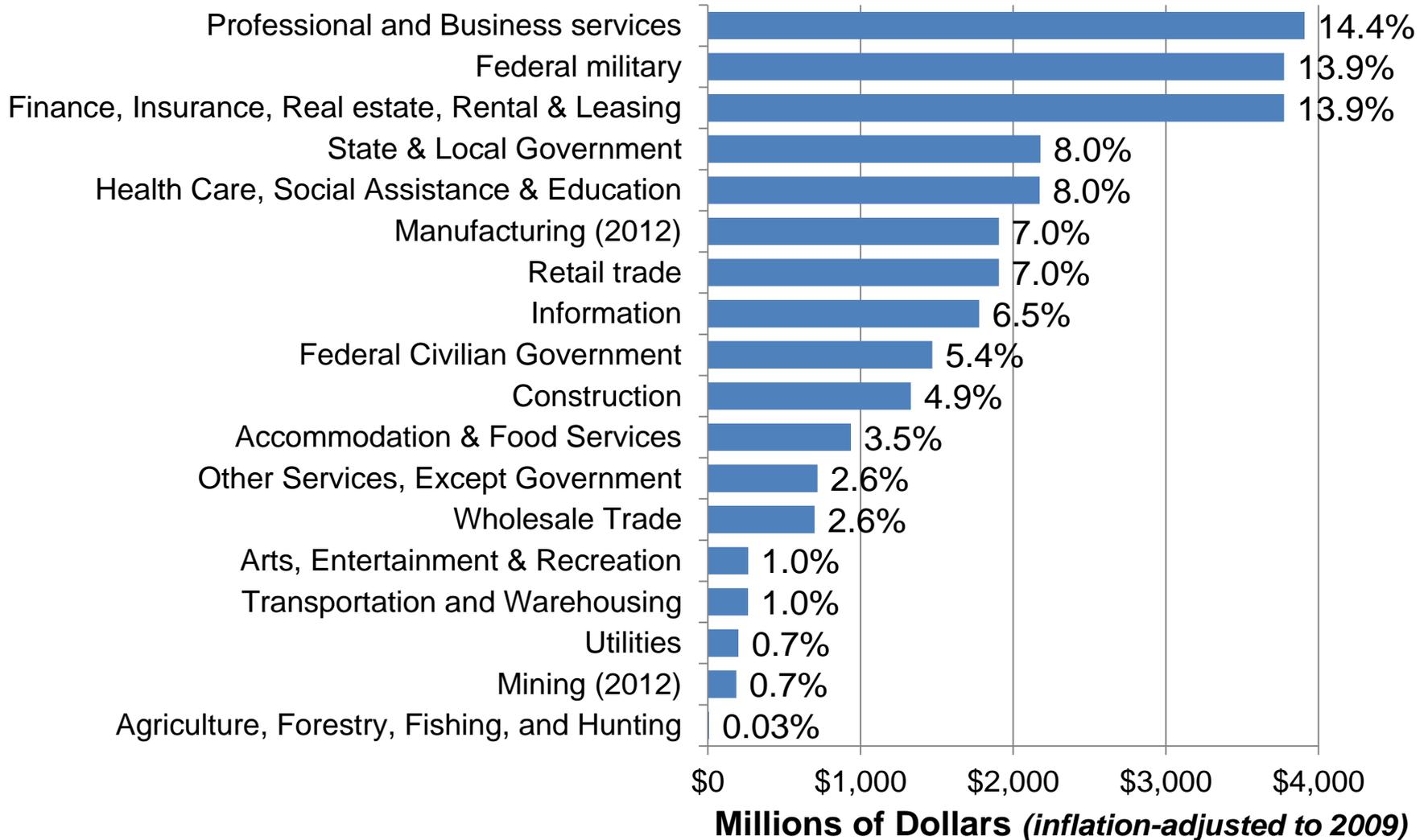
(Nominal) GMP Highlights

- 267 of 382 (or 70%) metro areas saw increase in GMP in 2016
 - Professional & business services grew 2.7% (in 273 metros)
 - Information services grew 6.5% (260 metros)
 - Finance, insurance, real estate, rental & leasing grew 1.2% (217 metros)

- Colorado Springs ranked 83rd out of 382 metro areas for 2016 (top quartile).

Source: U.S. Bureau of Economic Analysis & U.S. Department of Commerce

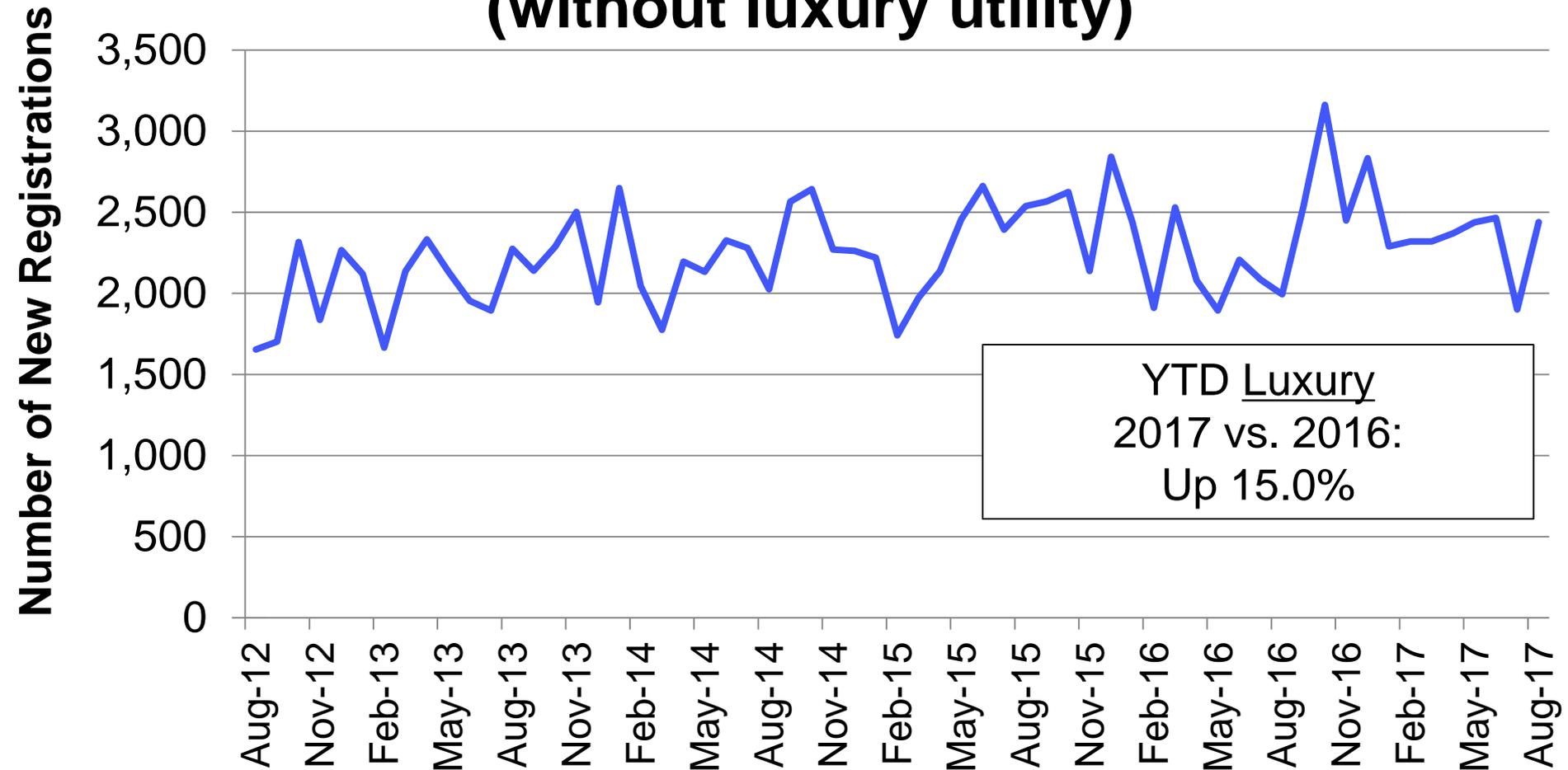
Real GMP Contribution by Sector, Colorado Springs MSA, 2015*



* Manufacturing and Mining data last disclosed in 2012.

Source: U.S. Bureau of Economic Analysis

El Paso County New Vehicle Registrations (without luxury utility)



Luxury utility categories (all terrain, camper trailer, trailer coach and trailer utility) are not included in the graph line above, but % change in this category is noted in the text box.

Source: El Paso County Clerk and Recorder

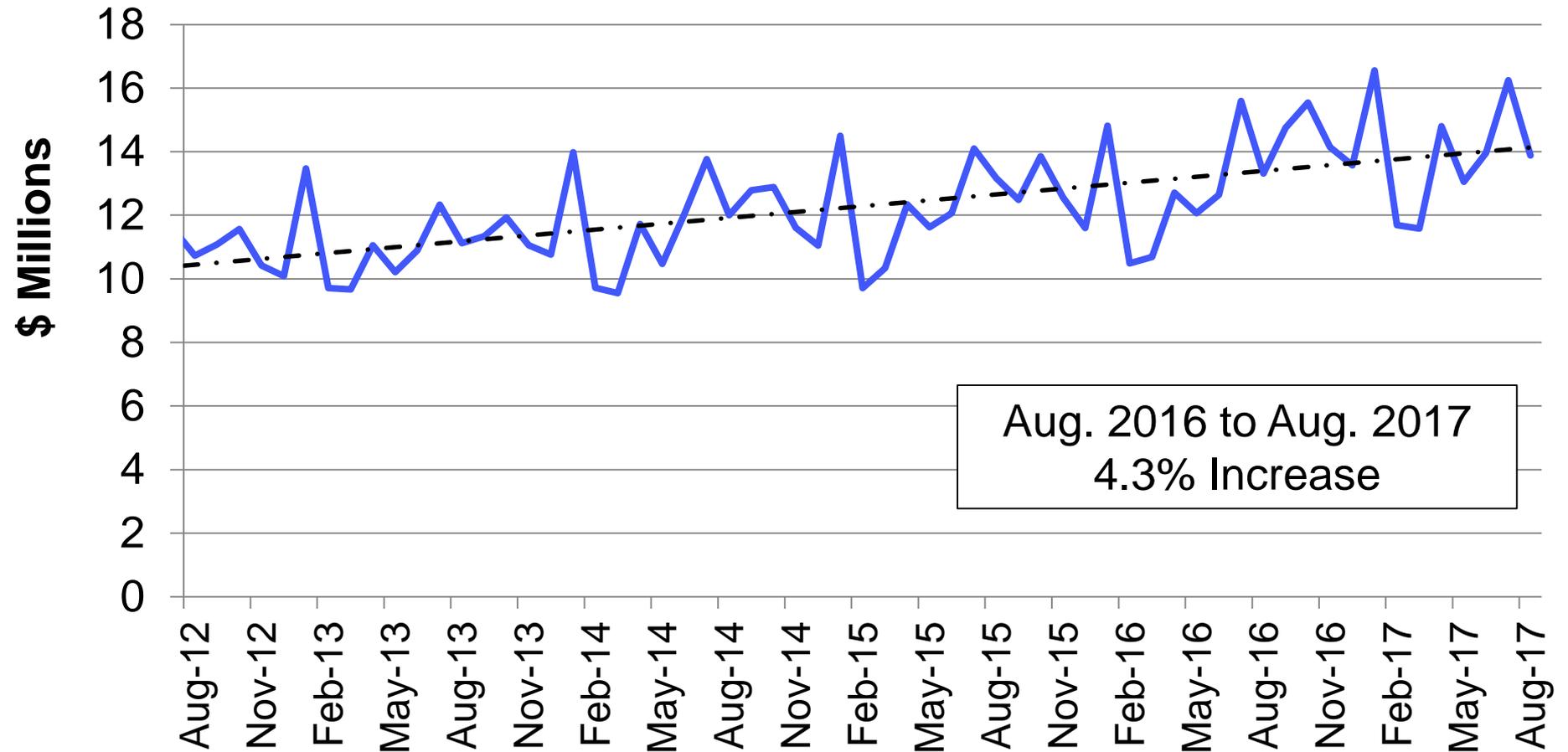


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Colorado Springs 2% Monthly Sales & Use Tax Collections



Aug. 2016 to Aug. 2017
4.3% Increase

Source: City of Colorado Springs

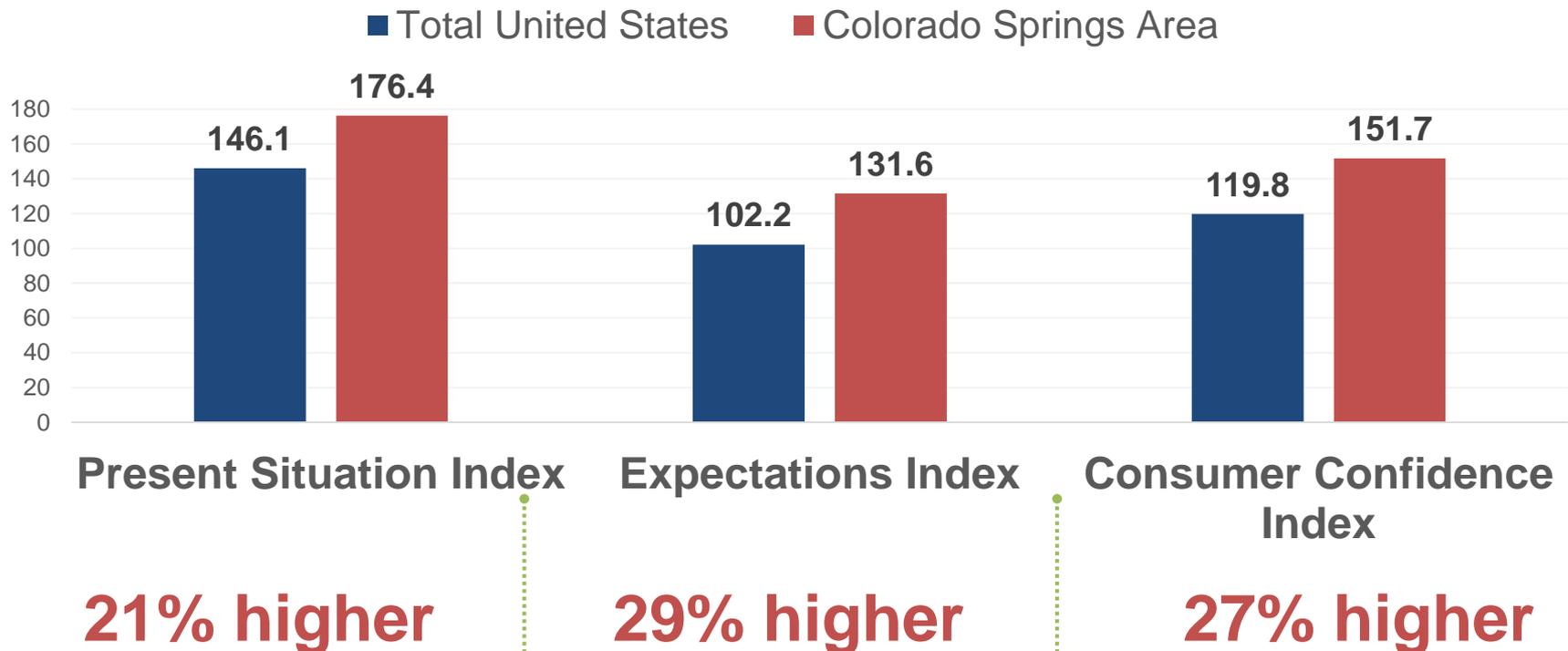


Consumer Confidence Indices

Total United States VS. Colorado Springs Area

Compared to U.S., Colorado Springs residents are significantly more confident in both current and future economic conditions

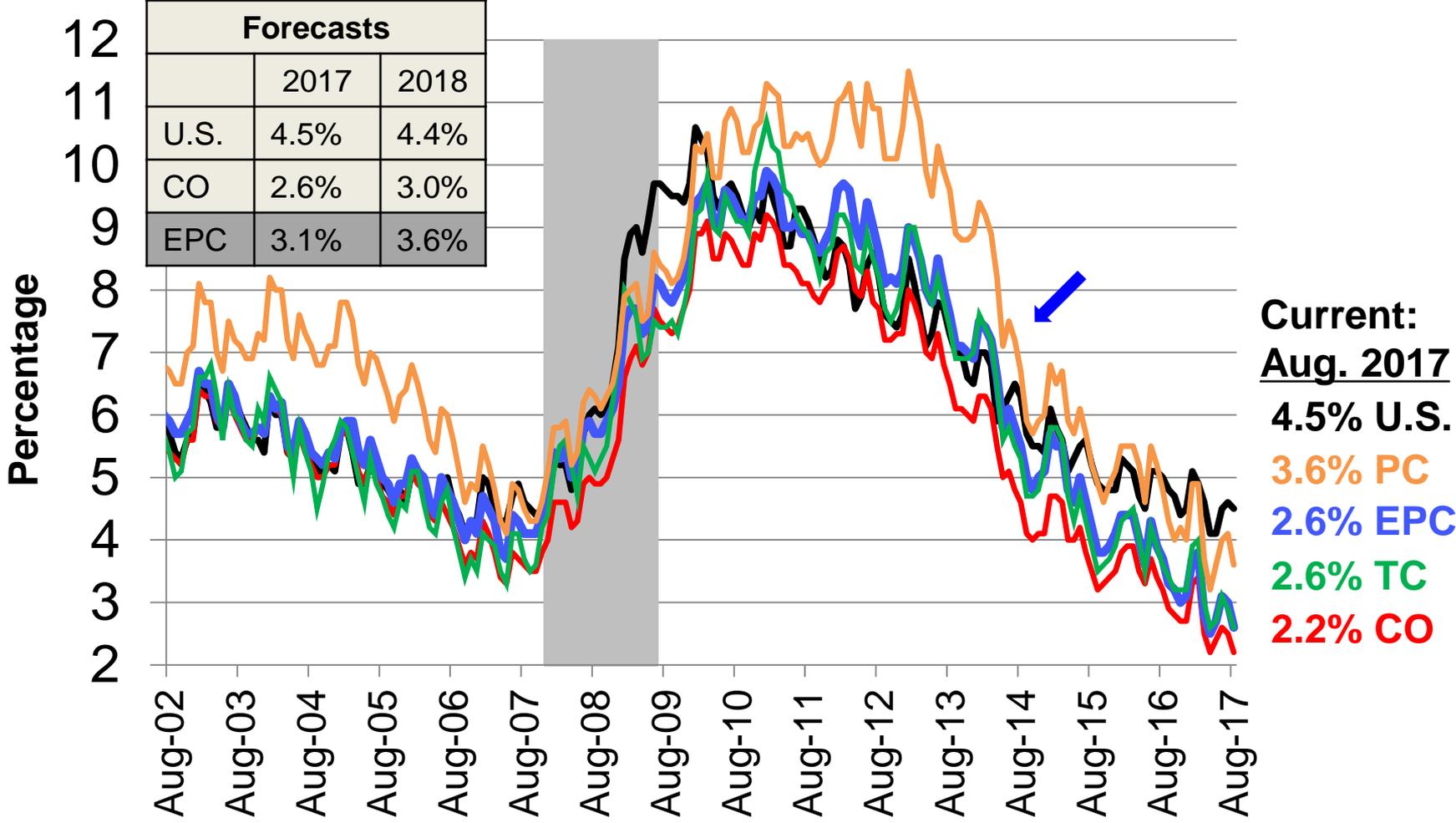
(stat sig. testing based on preliminary data at a 90% confidence level)



Source: Elevated Insights (local market research firm); n=475 Conference Board for U.S. sentiment.

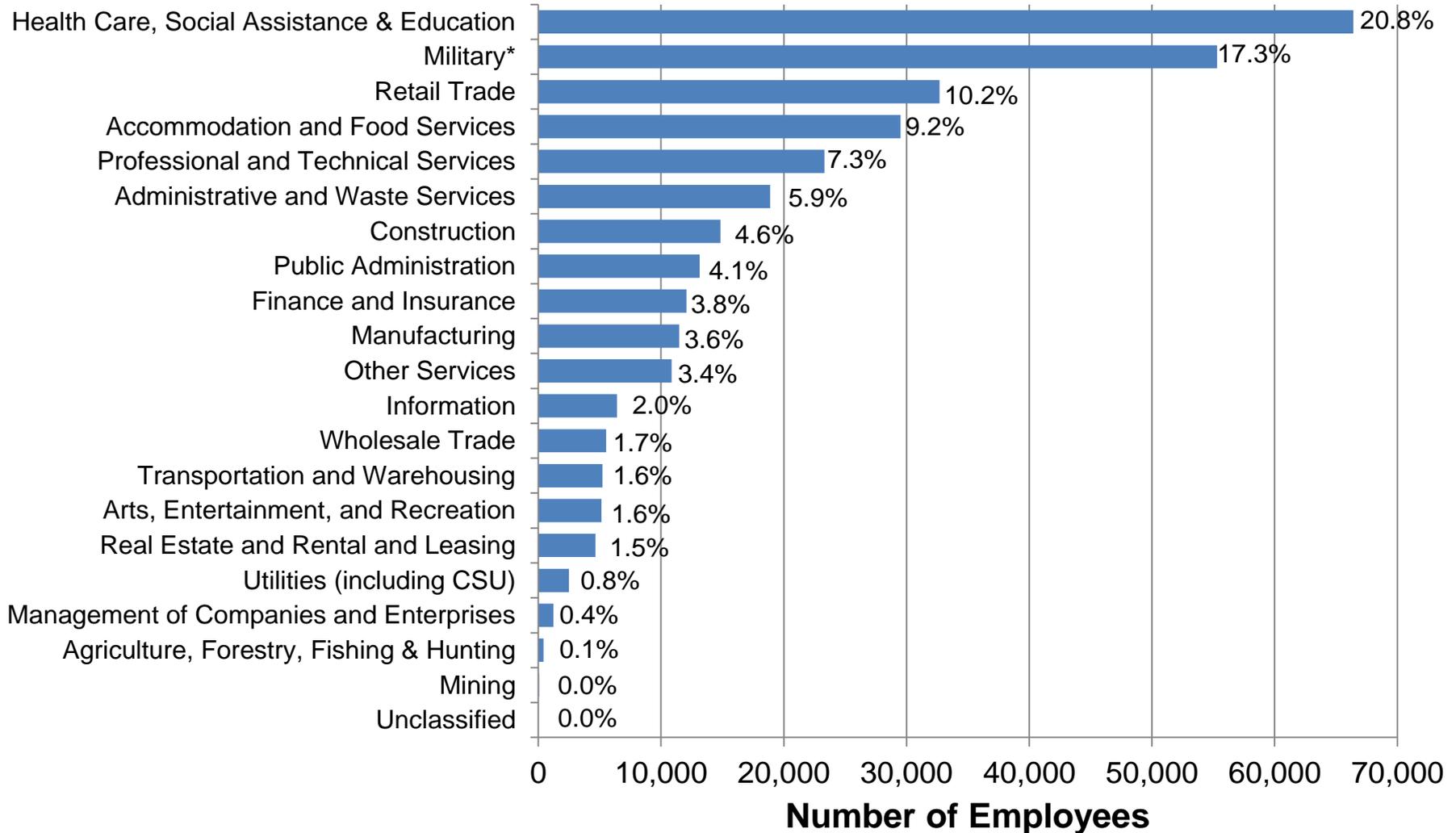
Local Employment

Monthly Unemployment Rate – NSA



Last time EPC unemployment rate was higher than U.S. was April, 2014.
 Sources: U.S. Bureau of Labor Statistics, BLS unemployment rate is from the CPS and includes self employed.

Employment by Sector in El Paso County, 2016



*Military employment is 2015 estimate.

Sources: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages (QCEW); Department of Military and Veteran Affairs; Colorado Springs Chamber of Commerce & EDC; respective military installations

El Paso County Job Growth by Sector 2015 to 2016

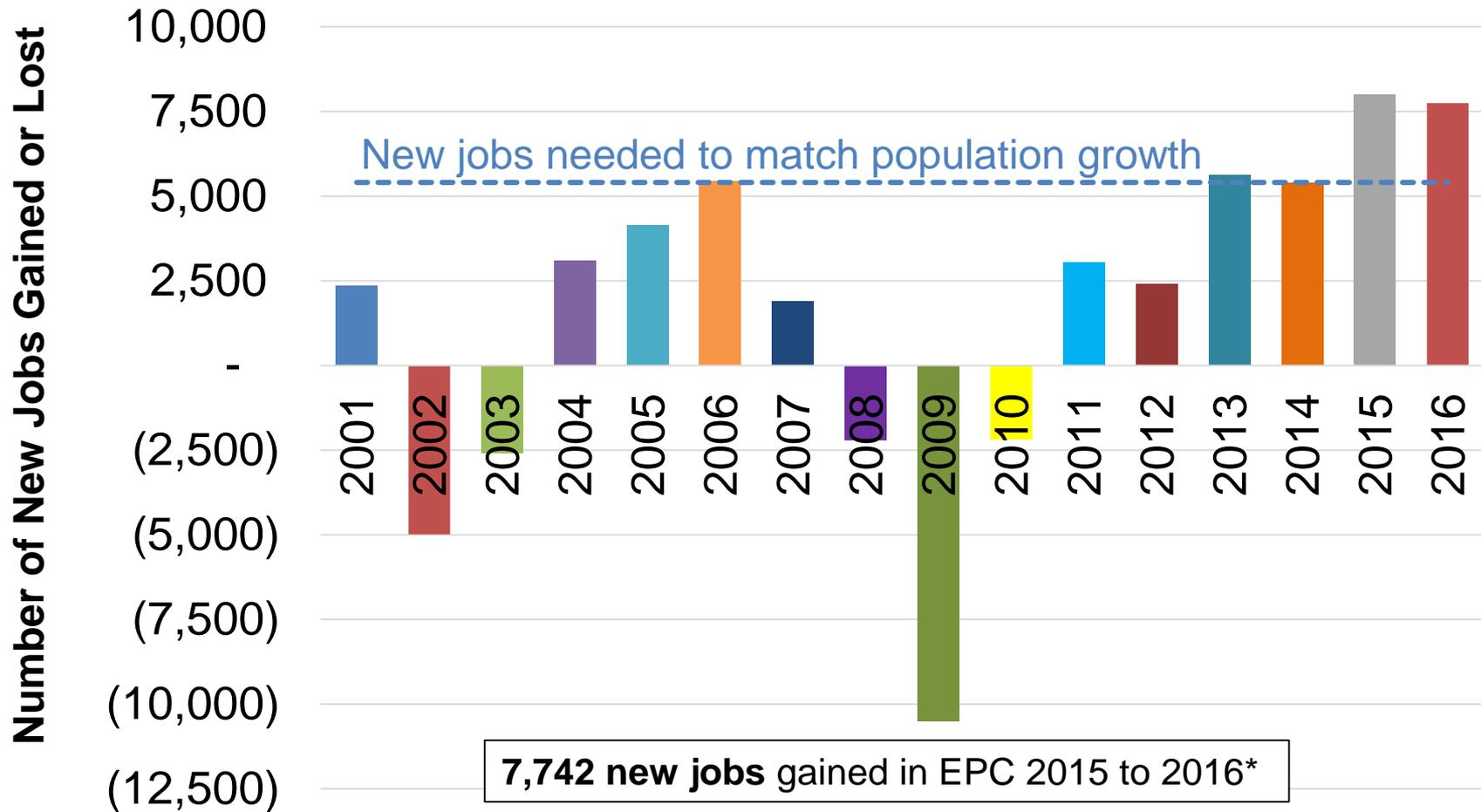
➤ Health Care & Social Assistance:	+2,518
➤ Accommodation & Food:	+1,022
➤ Retail Trade:	+844
➤ Construction:	+587
➤ Education Services:	+586
➤ Other Services:	+537
➤ Finance and Insurance:	+443

These sectors account for 6,537 of the 7,742 new jobs.

Note: Losses in information (-638), manufacturing (-198), and mining (-27)

Sources: U.S. Bureau of Labor Statistics, QCEW data; UCCS Economic Forum

Local Labor Market: El Paso County Annual Job Changes



*There were 7,083 new jobs gained in EPC 2016 Q1 to 2017 Q1. QCEW does NOT include self employed; unemp rate does.
Source: U.S. Bureau of Labor Statistics, QCEW data

Colorado Springs MSA Job Openings

Real Time Job Market Data

September 2017

- Average daily job openings: 11,915
- Average posting duration (33 days)
- Median salary of posted jobs (\$72,050); higher now than Colorado median (\$65,575)
- April 2015 the CS and CO medians were:
 - \$55,550 for CS
 - \$54,950 for CO
 - Suggests more professional/higher skills jobs

Sources: CEB TalentNeuron™; Pikes Peak Workforce Center

Colorado Springs MSA Job Openings

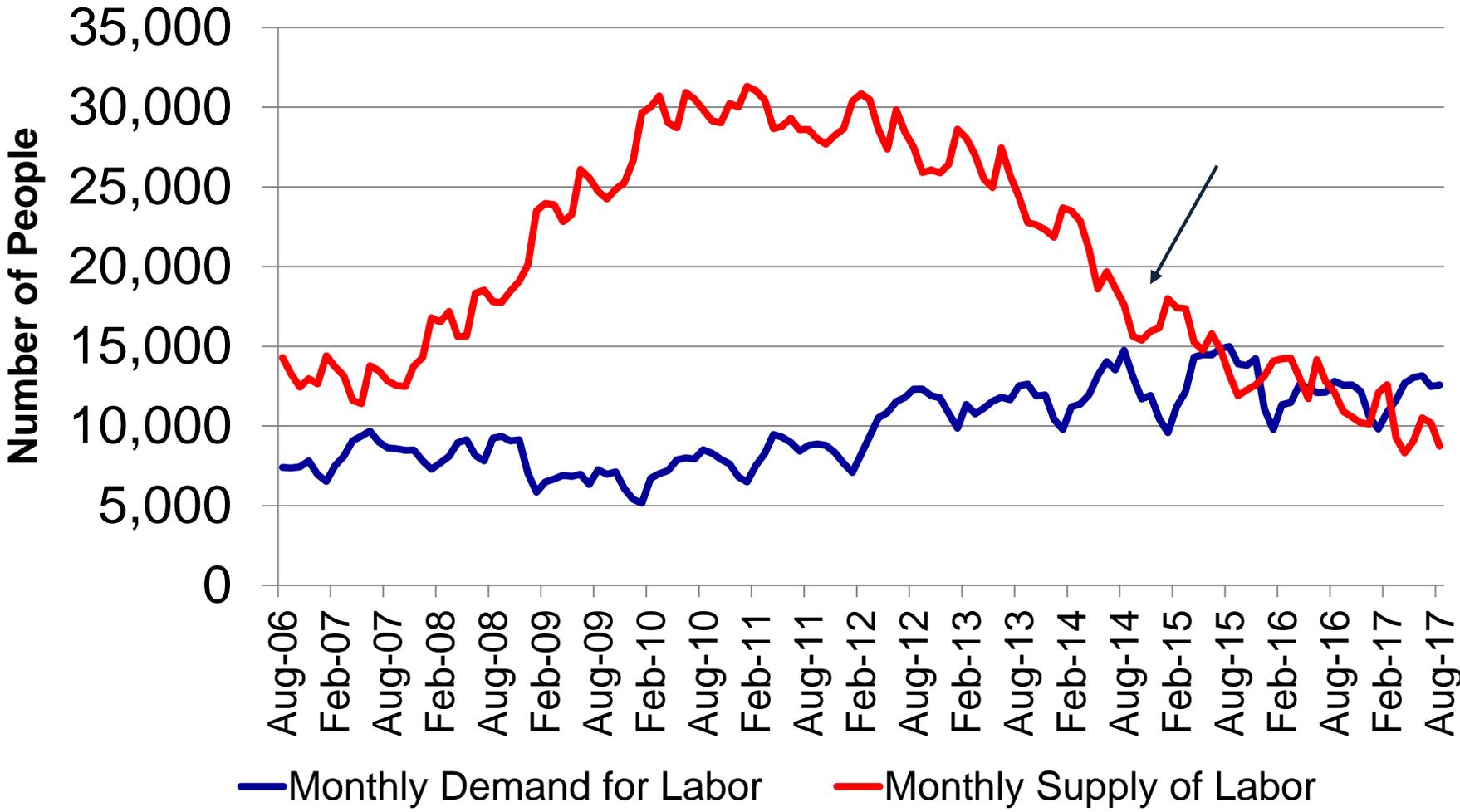
Top job titles September 2017:

- 1) *Registered Nurse (1,263 jobs)*
- 2) *Software Engineer (812 jobs)*
- 3) Customer Service Rep (800 jobs)
- 4) *Systems Engineer (659 jobs)*
- 5) Teller (657 jobs)
- 6) Administrative Assistant (636 jobs)
- 7) *Systems Administrator (593)*
- 8) Medical Assistant (559 jobs)
- 9) *Network Engineer (544 jobs)*
- 10) Sales Rep (535 jobs)

August 2017	
Demand for Labor	Supply of Labor
12,567	8,738

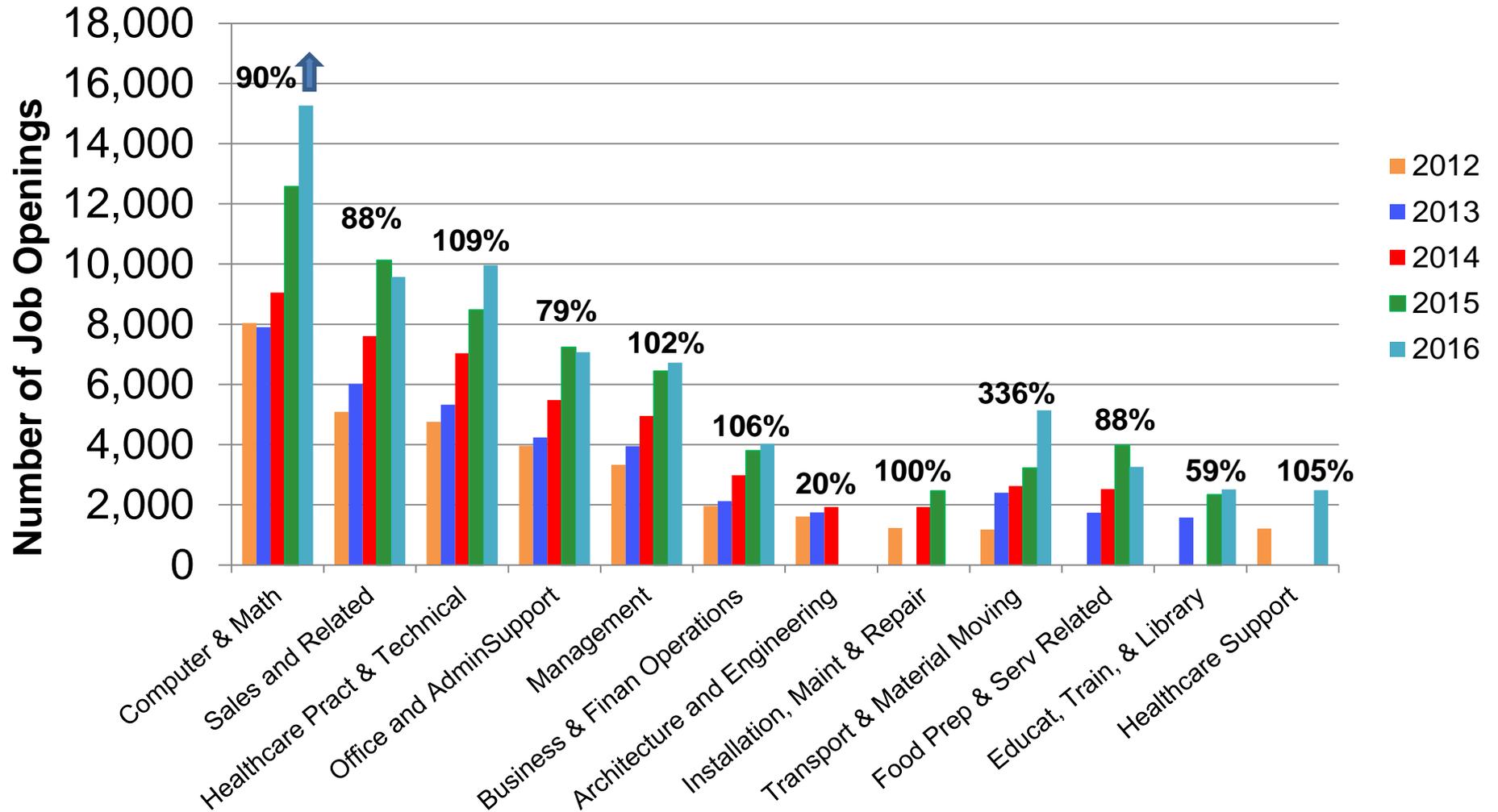
Sources: CEB TalentNeuron™; Pikes Peak Workforce Center; U.S. Bureau of Labor Statistics; UCCS Economic Forum; The Conference Board Help Wanted Online®

Colorado Springs MSA Labor Force



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

Jobs Demanded 2012 to 2016 – Top Categories



Source: CEB TalentNeuron™ via Pikes Peak Workforce Center

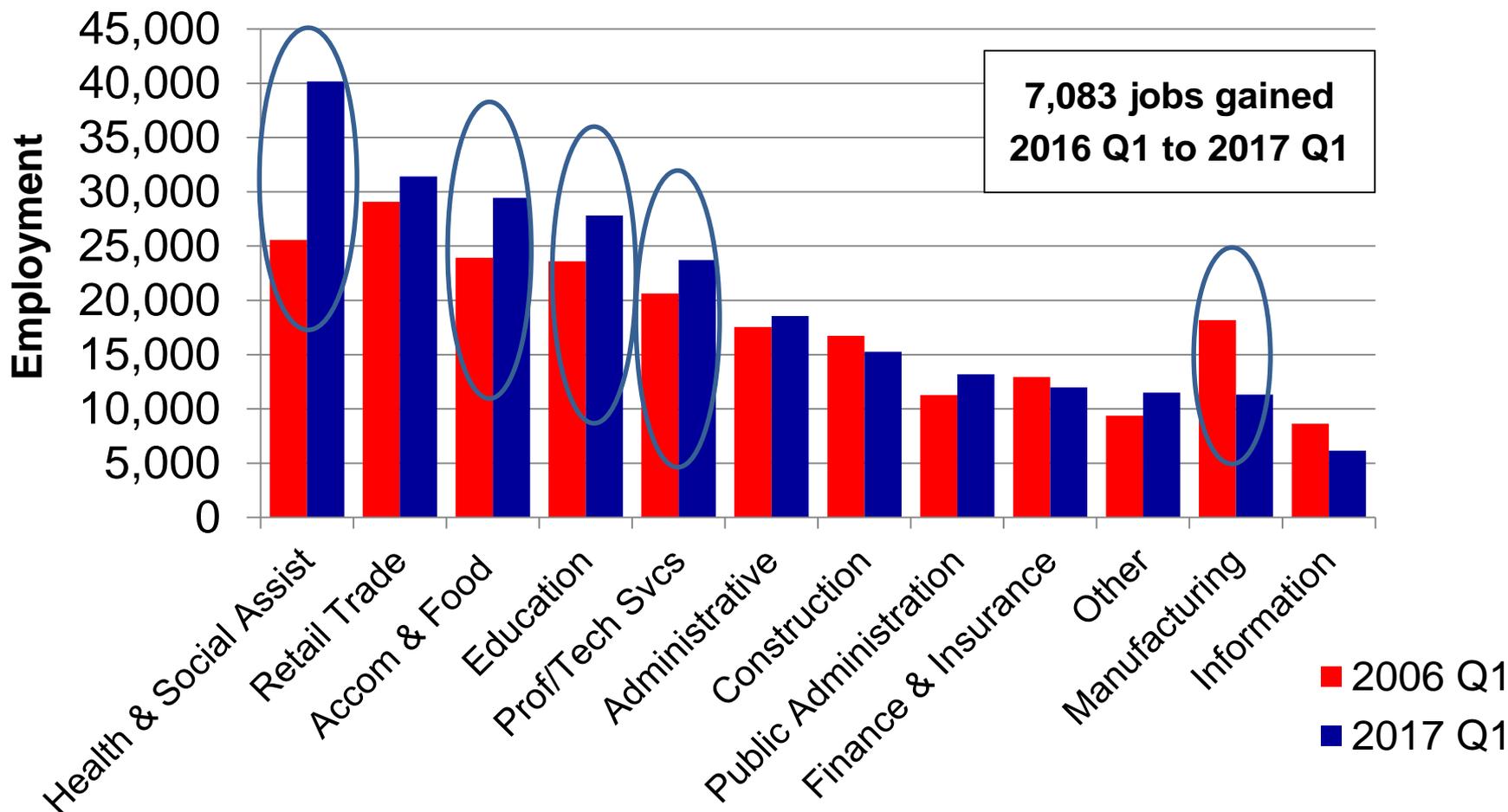


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El Paso County Employment in Selected Sectors for 2006 Q1 and 2017 Q1



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

Top 7 Industries for Employee Growth in Colorado Springs MSA between 2016 and 2026

	Employment Change	Annual Average Percent Increase
Health & Social Assistance	13,805	3.21%
Accom & Food Services	7,045	2.07%
Educational Services	6,293	2.12%
Retail Trade	5,624	1.60%
Pro, Scientific & Tech Services	5,482	2.12%
Construction	4,882	2.85%
Finance & Insurance	4,055	2.81%

Source: Colorado Department of Labor and Employment: QCEW

Total Growth Projection: 65,398 employees gained, 2.00% annual average increase

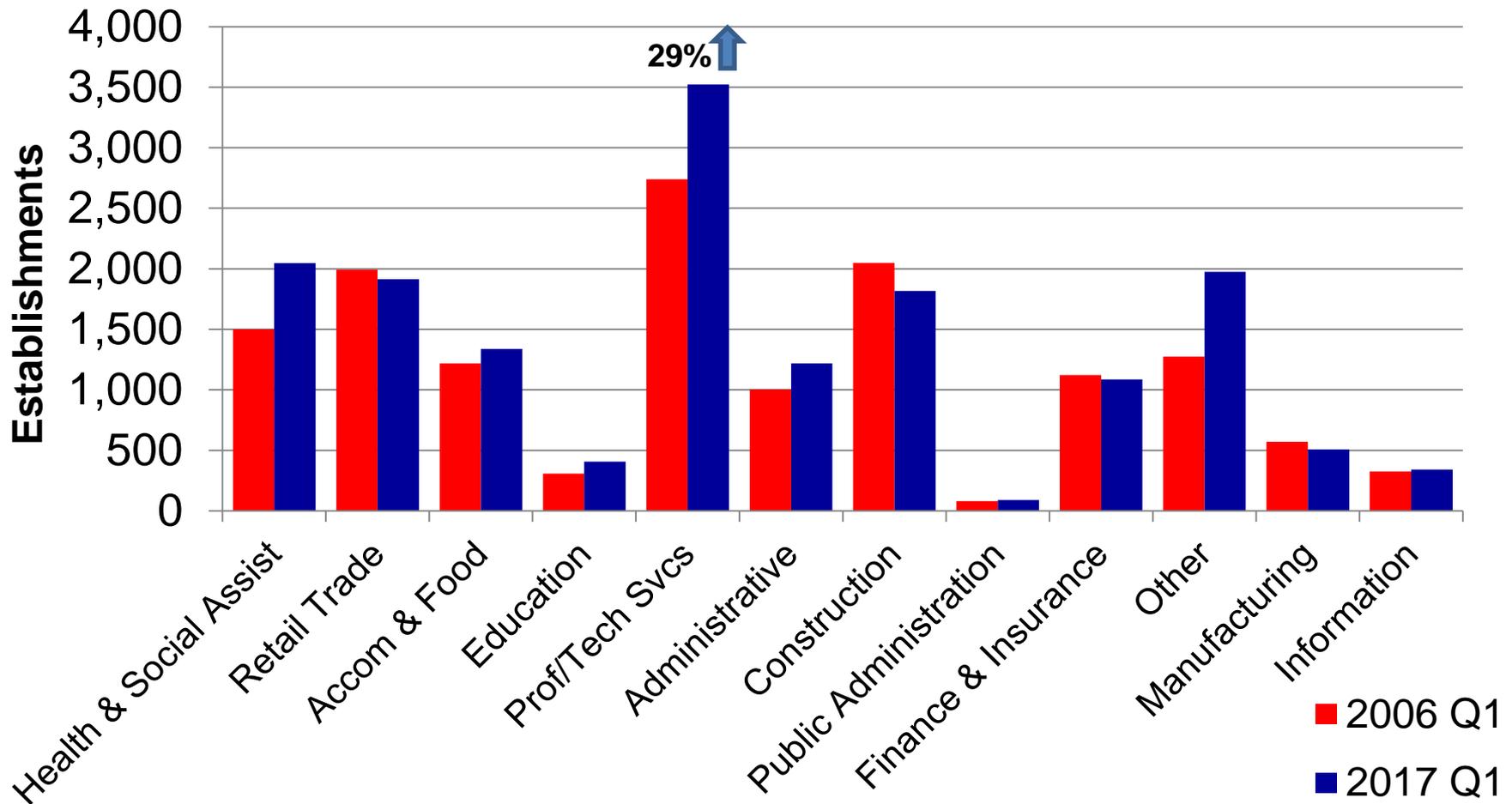


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El Paso County Average Number of Establishments in Selected Sectors for 2006 Q1 and 2017 Q1



Note: Sectors are in order based on the number of employees in 2017 Q1.

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

Local Per Capita Income & Wages



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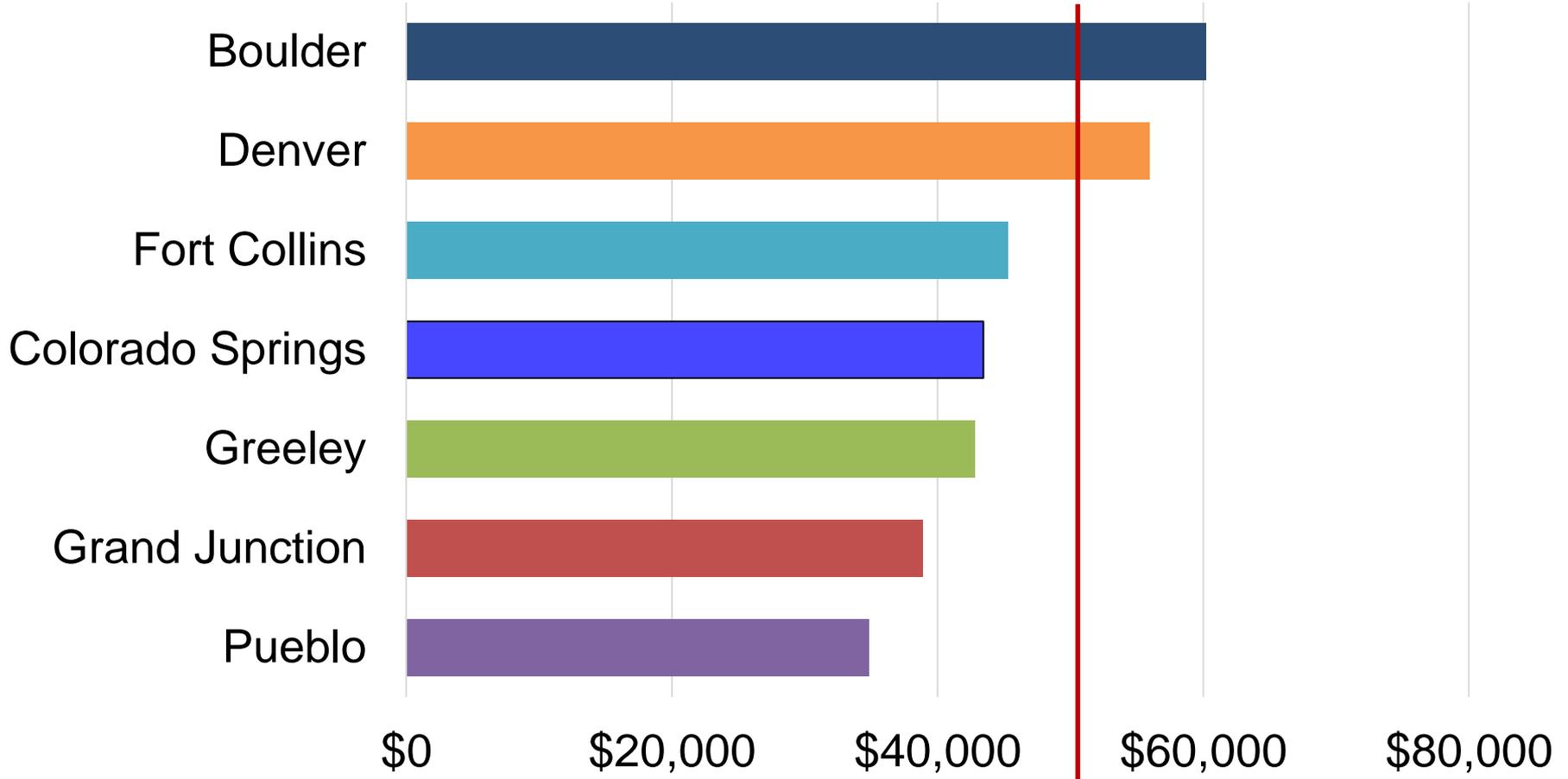
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Per Capita Personal Income by MSA, 2015

US. (metro portion) \$49,827

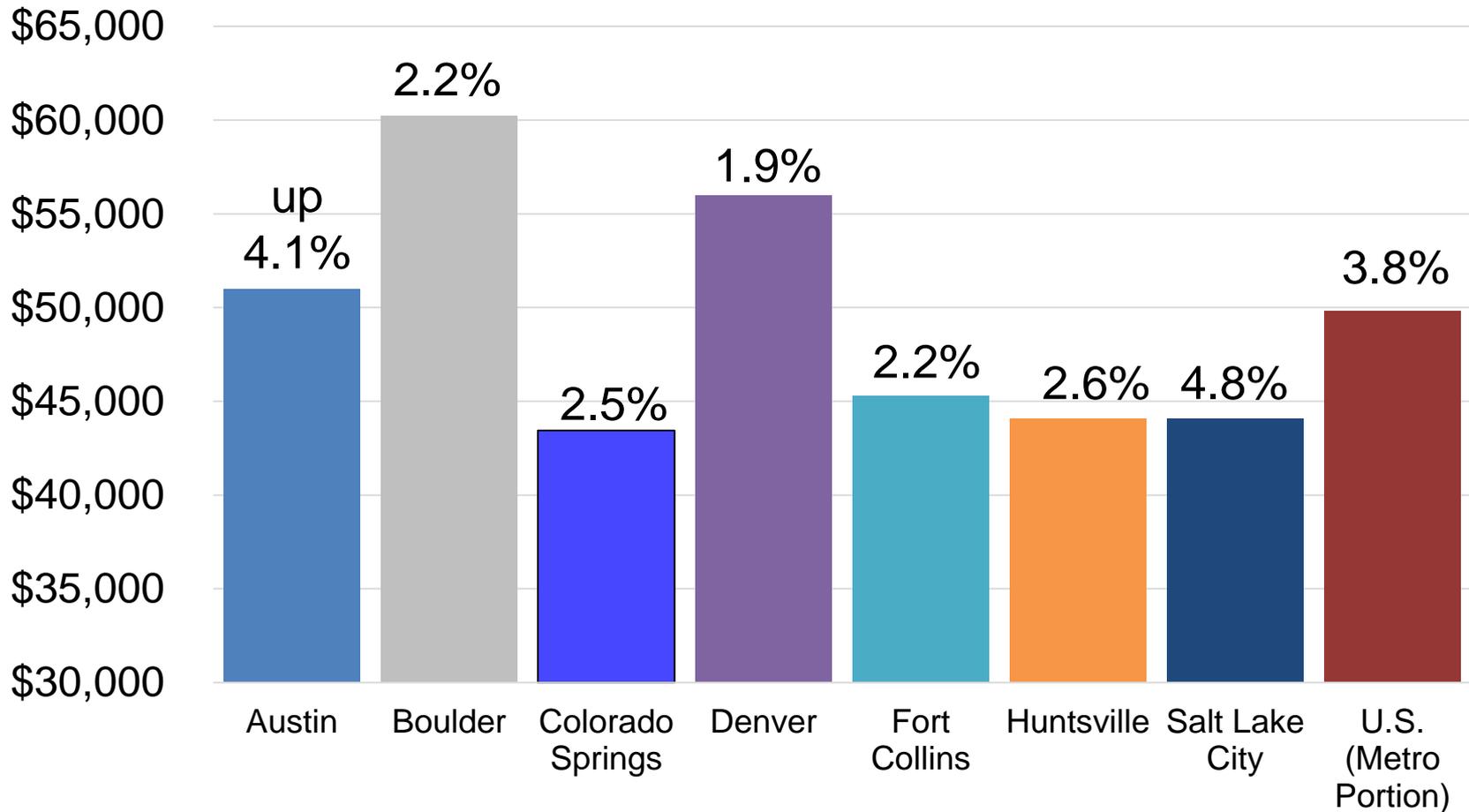
Colorado \$50,971



2016 MSA data not available until November, 2017.

Source: U.S. Bureau of Economic Analysis

2015 Per Capita Personal Income by MSA (Nominal)



Percentage change compares 2015 to 2014 Per Capita Personal Income.

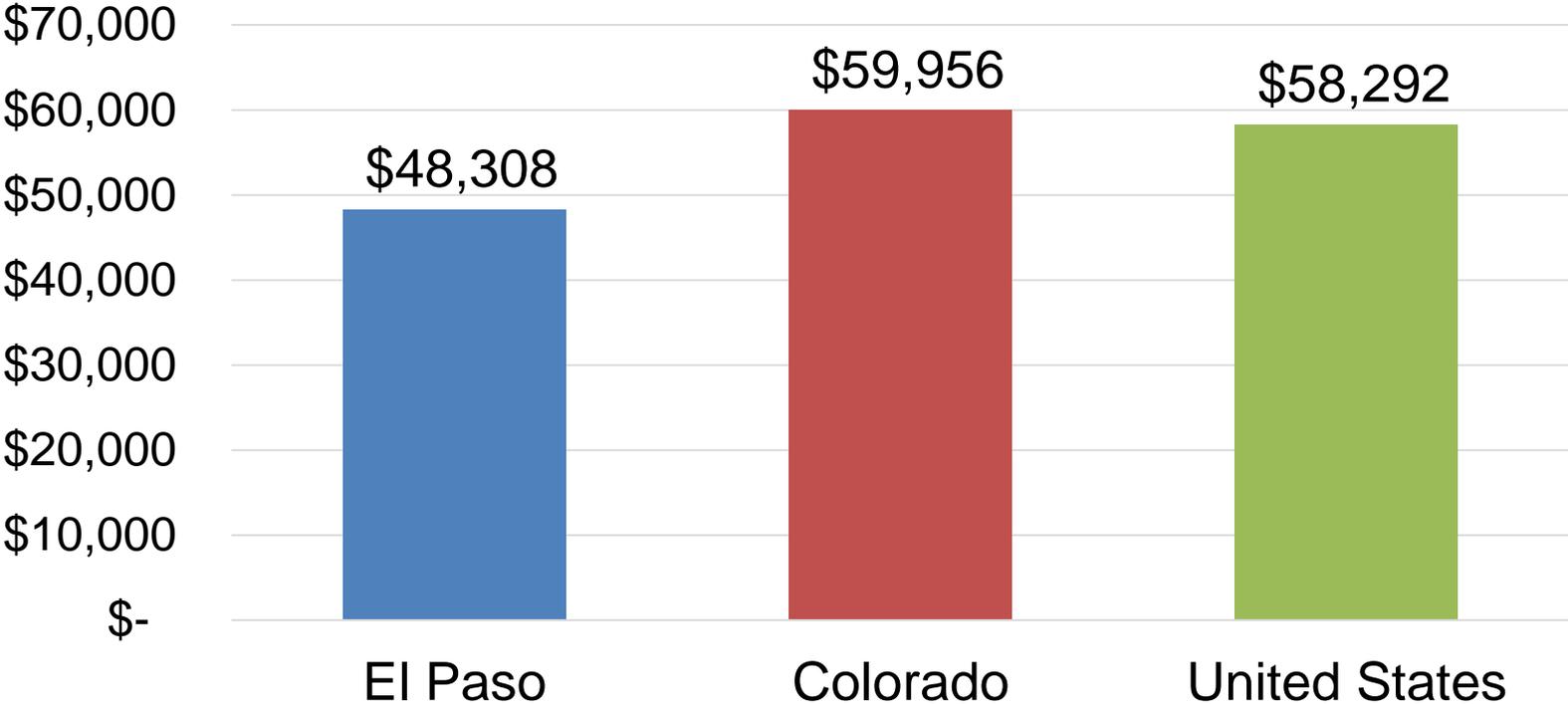
Source: U.S. Bureau of Economic Analysis

Recent Changes in Private Industry Wages

	El Paso County	Colorado	United States
2015 to 2016	1.2%	0.7%	1.2%
2016 Q1 to 2017 Q1	8.1%	8.0%	6.9%

Sources: U.S. Bureau of Labor Statistics & CO Department of Labor and Employment, QCEW

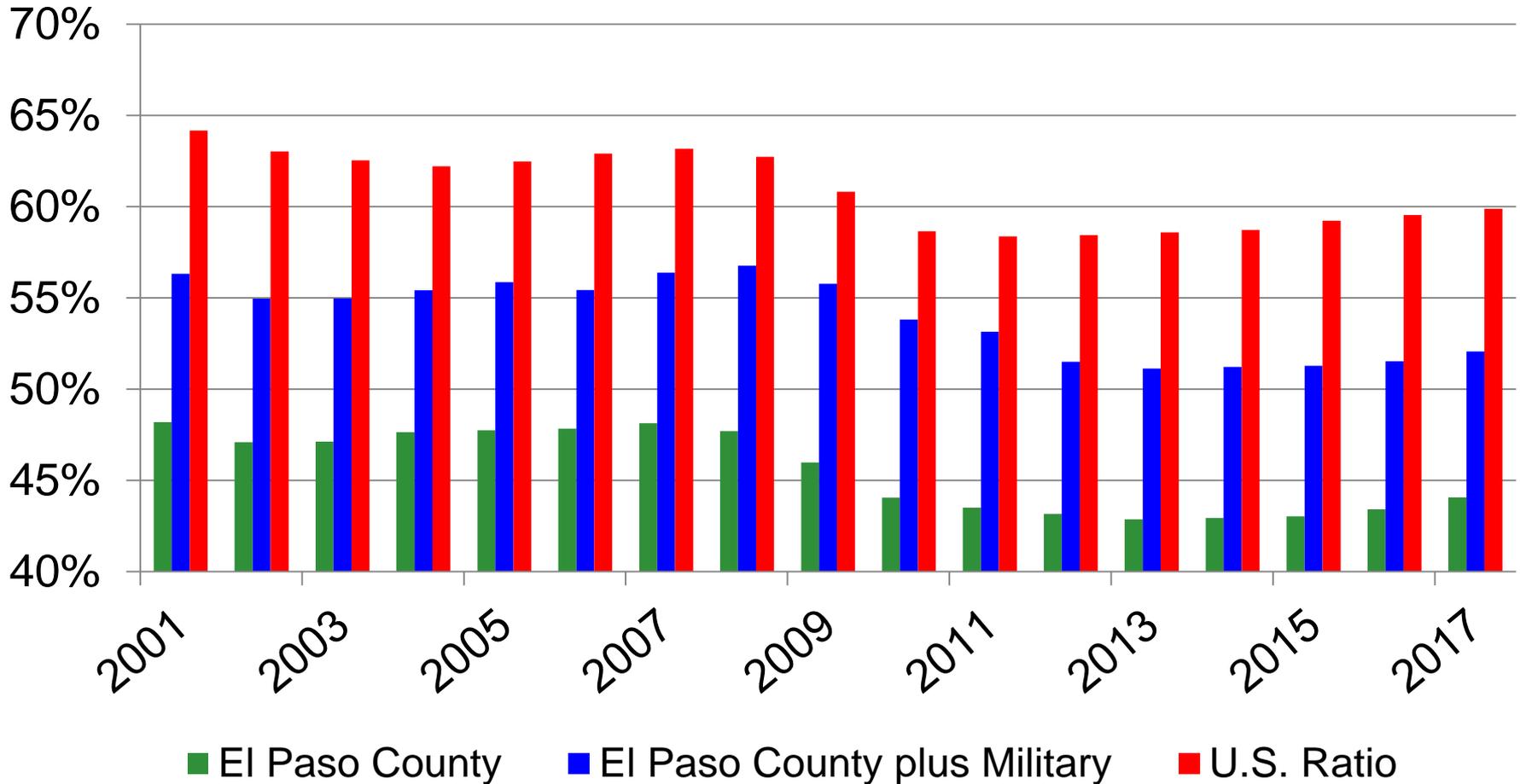
Private Industry Average Annual Wages, 2017 Q1



El Paso County % difference from CO	El Paso County % difference from U.S.
-19.4%	-17.1%

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)

Structural Issues: Employment to Population, EPC & U.S.



Note: 2017 military employment is the same as 2016. EPC 2016 and 2017 population forecasts are by the State Demography Office.
 Sources: U.S. Bureau of Labor Statistics; Department of Local Affairs, State Demography Office; UCCS Economic Forum; Colorado Springs Chamber & EDC; Respective military installations; Department of Military and Veteran Affairs

Workforce Asset Map!



<https://wam.uccs.edu>

Colorado Springs Workforce Asset Map

The Workforce Asset Map (WAM!) is a "one stop," free, online tool that helps job seekers, employers, and students identify and easily access workforce-related resources within the Colorado Springs region.



I am a...



STUDENT

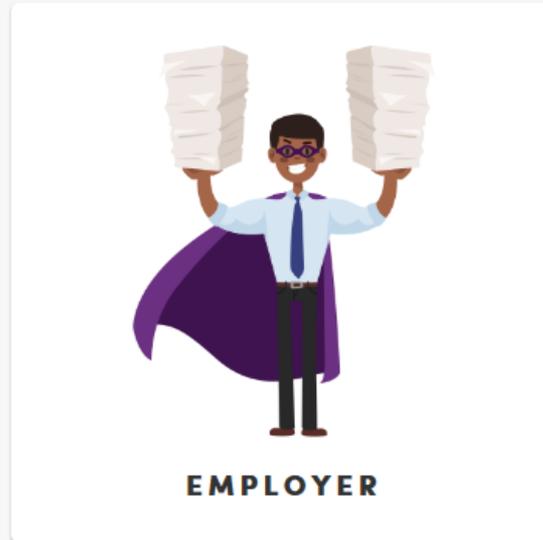


JOB SEEKER



EMPLOYER

I am a...



who needs help with...

Hiring or Posting a Position

Learning about Labor Supply

**Developing a program for
Interns, Apprentices or
Employee Training**

Connecting in the Community

I am a...



EMPLOYER

looking for information on...

Hiring or Posting a Position

an internship

an apprenticeship

a job

As you navigate through this website, the  indicates a veteran specific program or service (to include spouses and family members).



EMPLOYER

looking for information on...

Hiring or Posting a Position

an internship

...looking for...

High School Student

Undergraduate Student

Graduate Student

Veteran

looking for information on...

Hiring or Posting a Position

an internship

...looking for...

High School Student

Resource

Harrison School District 2

Damon DiFabio

Email: ddifabio@hsd2.org

Harrison School District 2

Woody Longmire

Email: wlongmire@hsd2.org

Widefield School District 3

Nicole Carter

Email: cartern@wsd3.org

Fountain Fort Carson School District 8

Jacqueline Law

Email: jlaw@ffc8.org

Colorado Springs School District 11

Duane Roberson

Email: duane.roberson@d11.org

Phone: 7195202569

Cheyenne Mountain School District 12

John Fogarty

Email: jfogarty@cmsd12.org

Phone: 7194756100

Local Demographics

2016 Median Age

El Paso County	United States
33.9	37.9

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



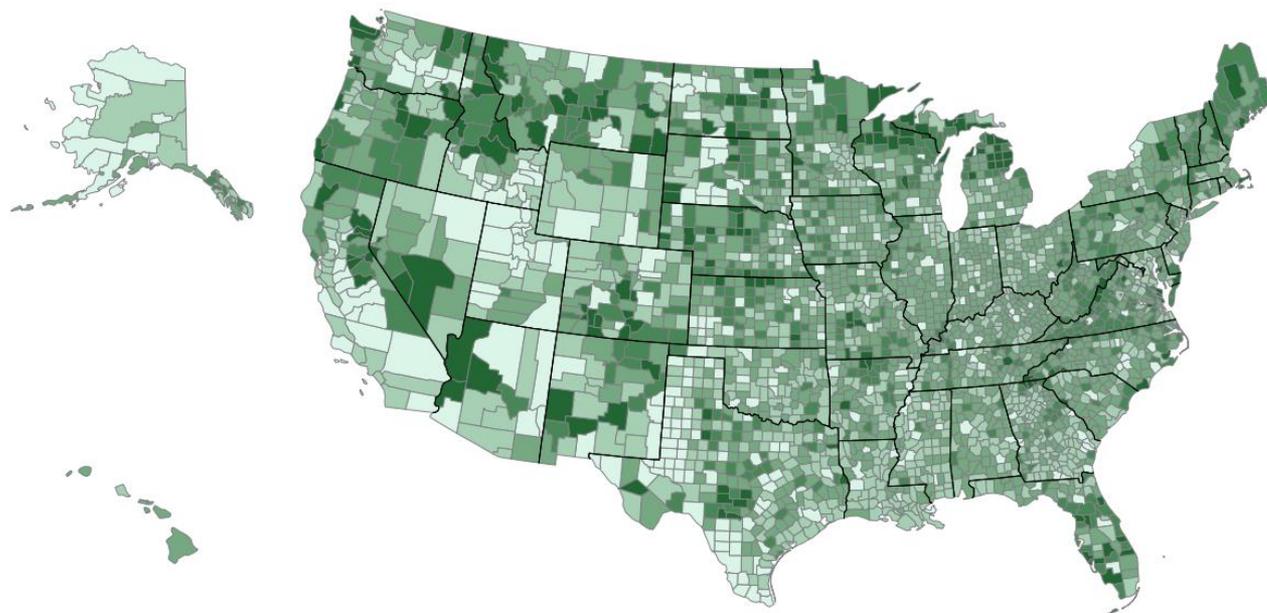
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2016 Median Age



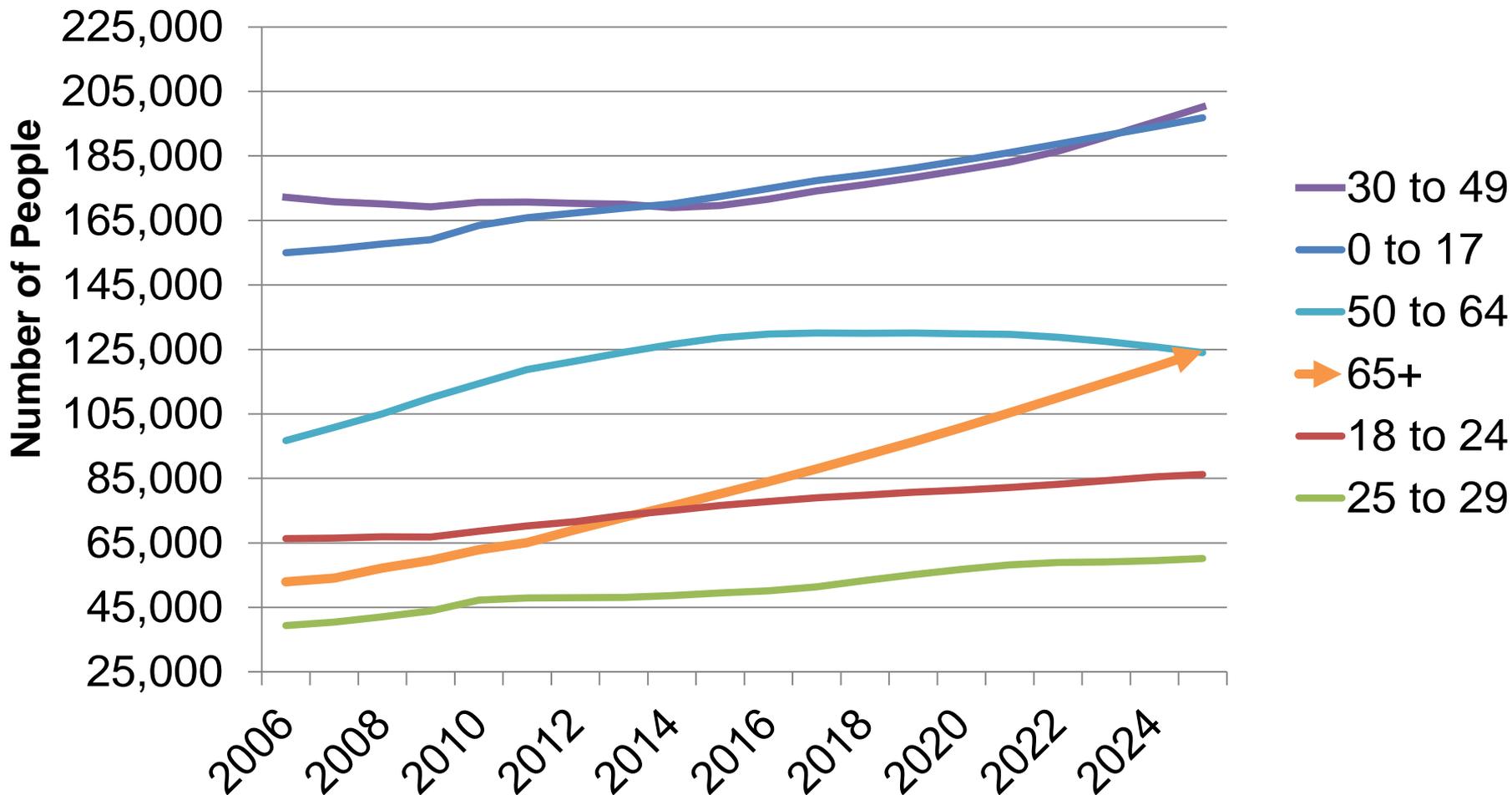
2016
Median age in
years by county

	50.0 or greater
	45.0 to 49.9
	40.0 to 44.9
	35.0 to 39.9
	Less than 35.0

U.S. median age 37.9

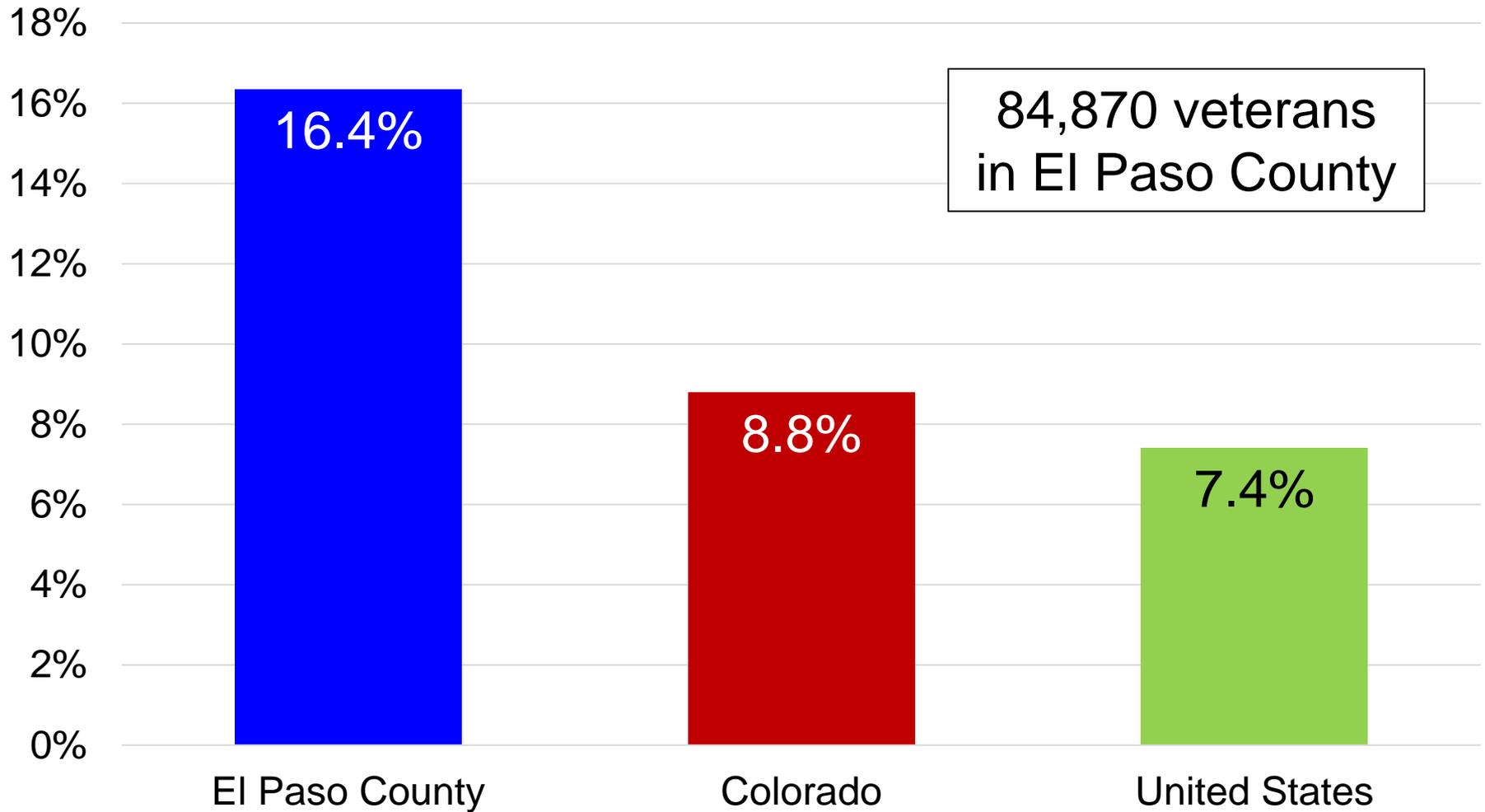
Sources: U.S. Census Bureau; U.S. Department of Commerce

El Paso County Population Projections by Age Group



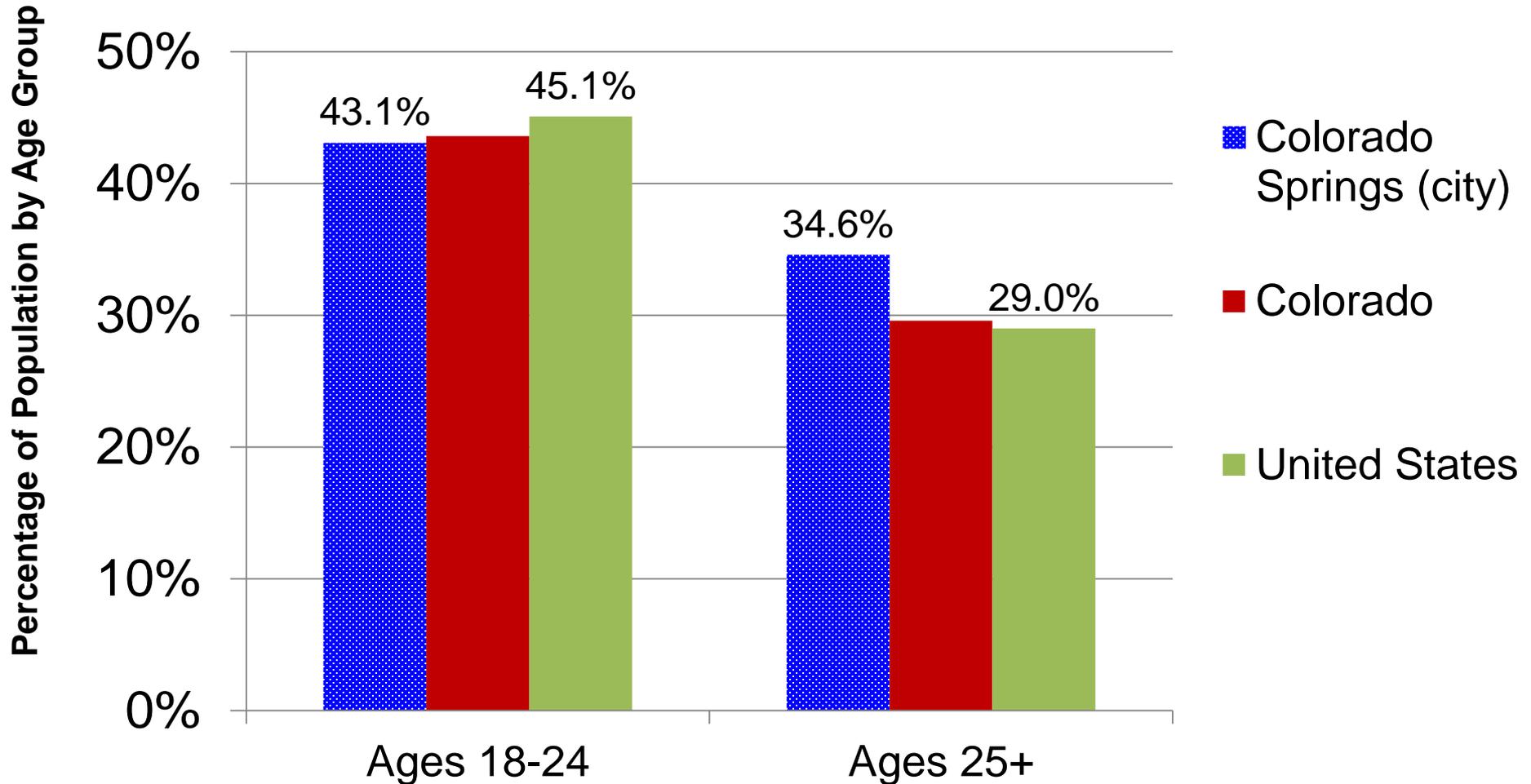
Source: Colorado Department of Local Affairs

2016 Adult Population with Veteran Status



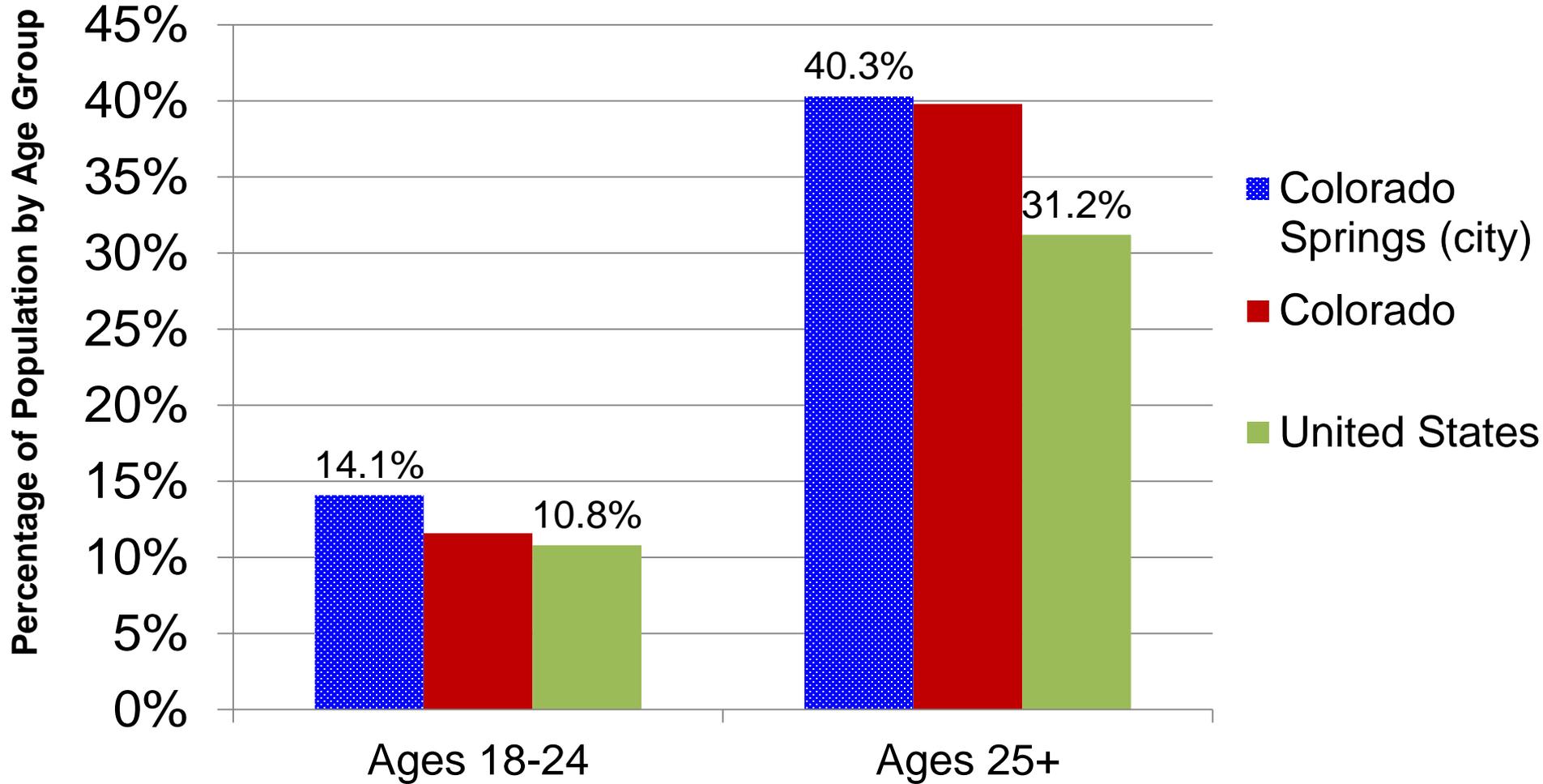
Source: U.S. Census Bureau, American Community Survey 1-year estimates

Some College or Associate Degree in 2016



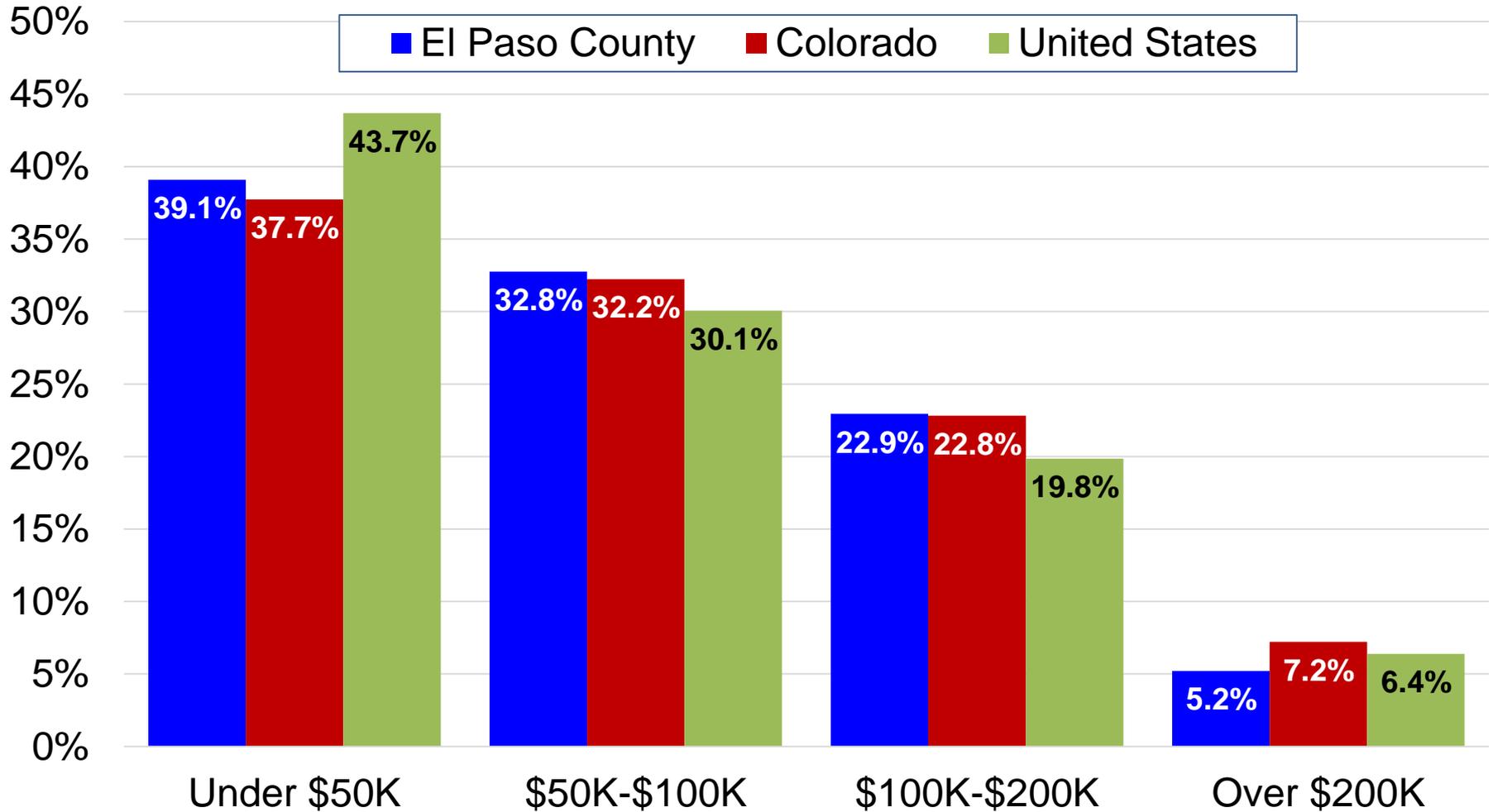
Source: U.S. Census Bureau, American Community Survey 1-year estimates

Bachelor's Degree or Higher in 2016



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

2016 Household Income



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



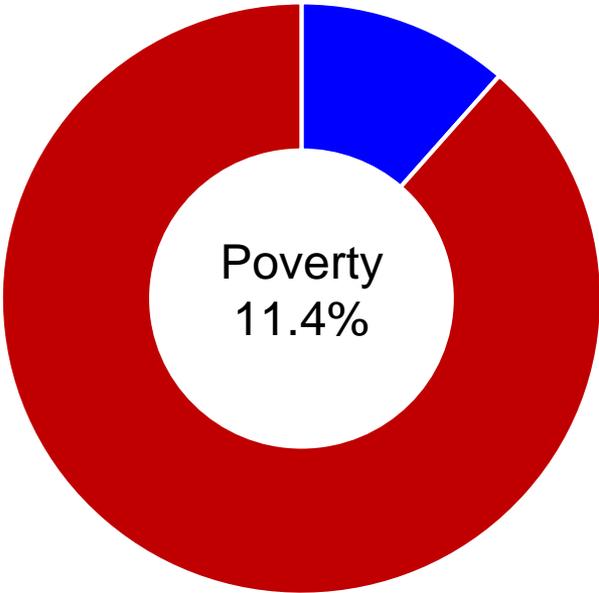
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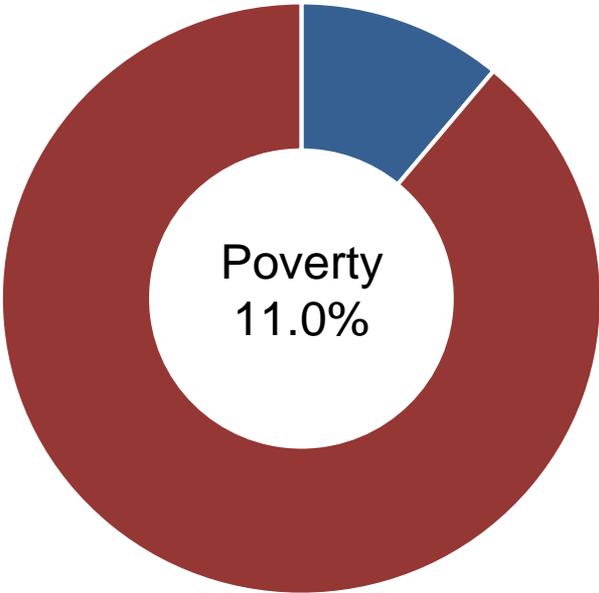
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2016 Poverty

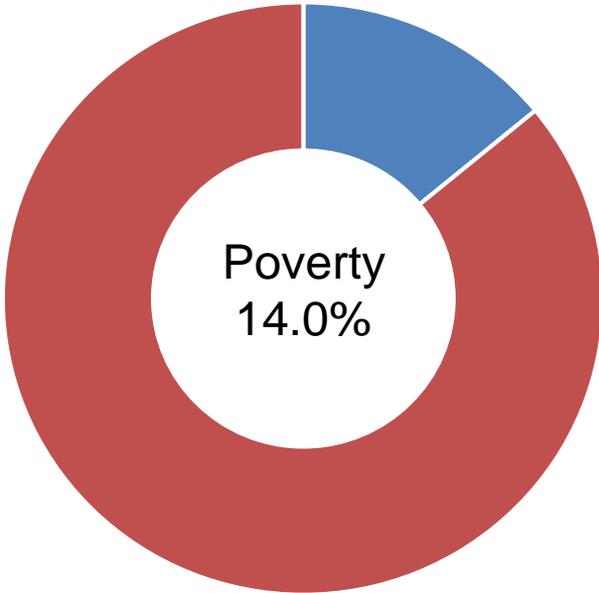
El Paso County



Colorado



United States



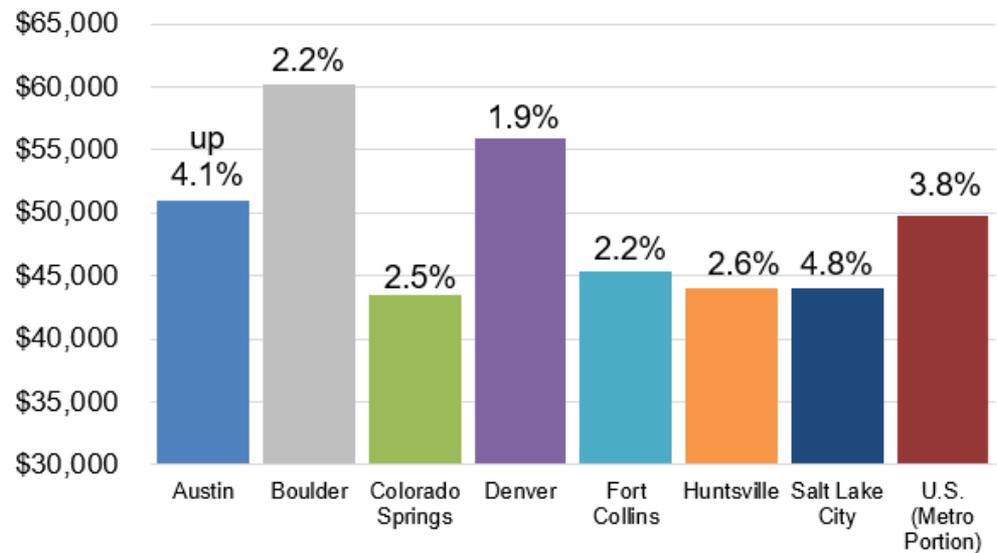
- Below poverty line
- Above poverty line

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

Context: The Good and the Bad

- Military is not as large as it used to be
- Great, regional job growth across sectors
- We are smart (educated) and young.
- We do have three structural issues:
 - Empl/Pop rate too low
 - Lower average salaries (needs improvement)
 - Low public education funding may impede future growth (CO-wide issue)

2015 Per Capita Personal Income by MSA (Nominal)



Source: U.S. Bureau of Economic Analysis

Local Housing

State & Local Picture - Housing

- In 2017 Q2, Colorado Springs had a median price of \$284,200 which is an 9.6% increase from 2016 Q2.
- Denver: 7.6% increase and the median price was \$424,500. Boulder's median price \$593,200 (up 7.9% Q2 to Q2).
- Boulder is the 6th most expensive city for median home price and Denver is 13th out of 178 measured MSAs. Colorado Springs ranked 28th.

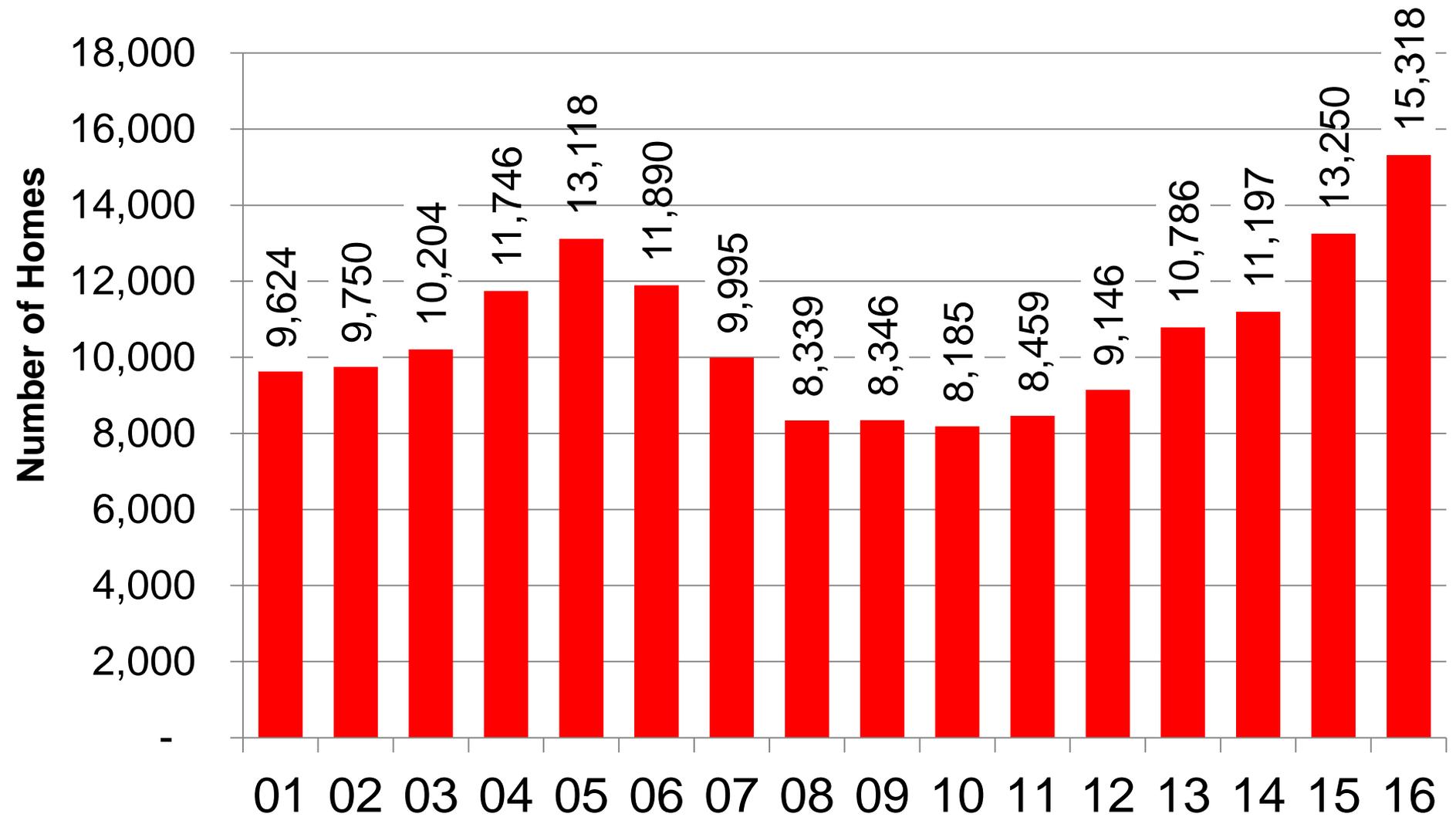
Sources: National Association of REALTORS®; PPAR (RSC)

Local Picture

- From 2015 to 2016, single family home sales increased 15.6%; townhomes/condos 14.7%.
 - Comparing Aug 2016 to Aug 2017 YTD, sales are up 14.2% (SF)
 - Up 13.2% (townhomes/condos)
 - The ratio of active homes to sales was 3.99 on average for SF in 2014. In August, 2017, the ratio was 1.38.

Source: PPAR (RSC)

Pikes Peak Single-Family (Detached) Home Sales



Source: Pikes Peak REALTOR® Services Corp. (RSC)

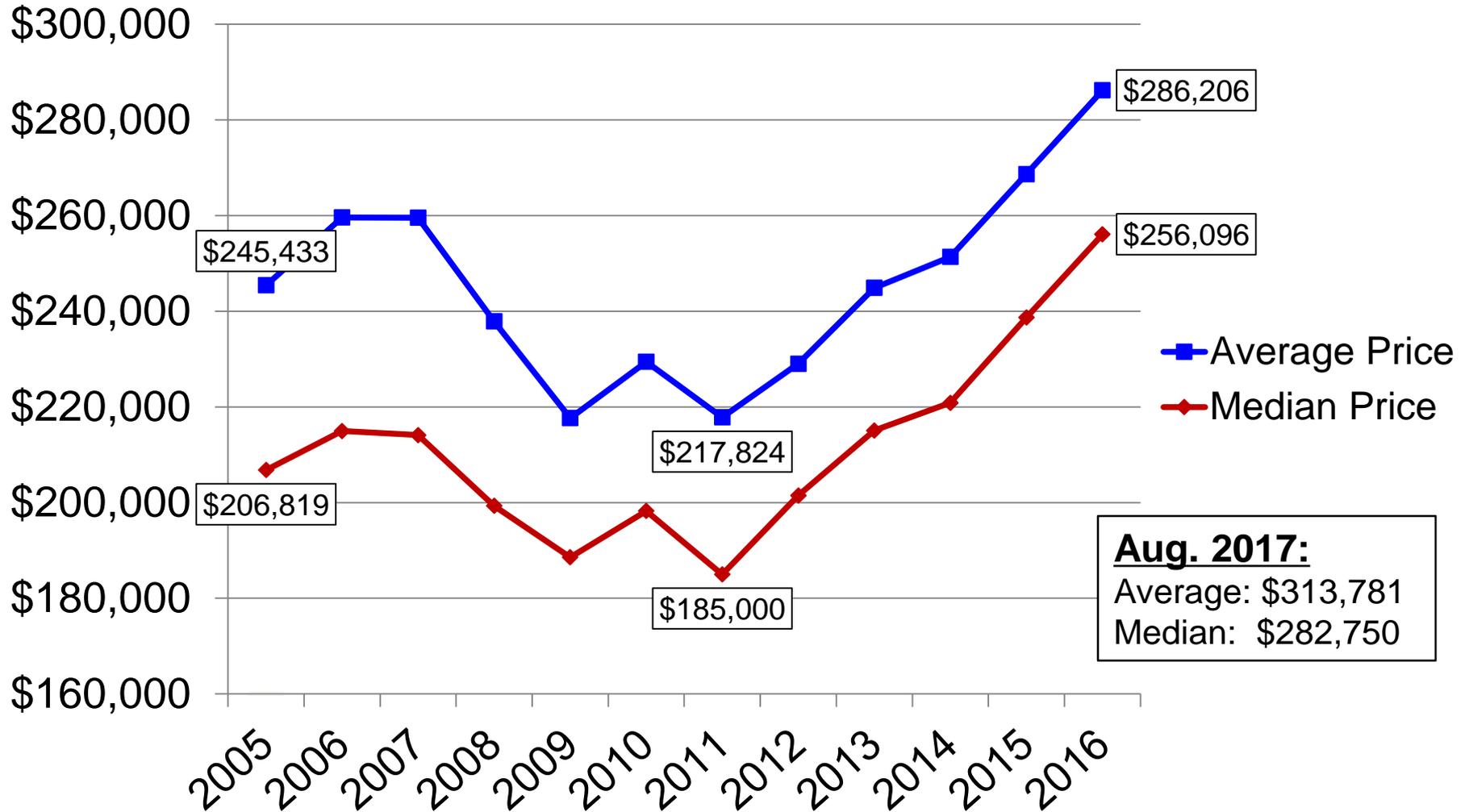


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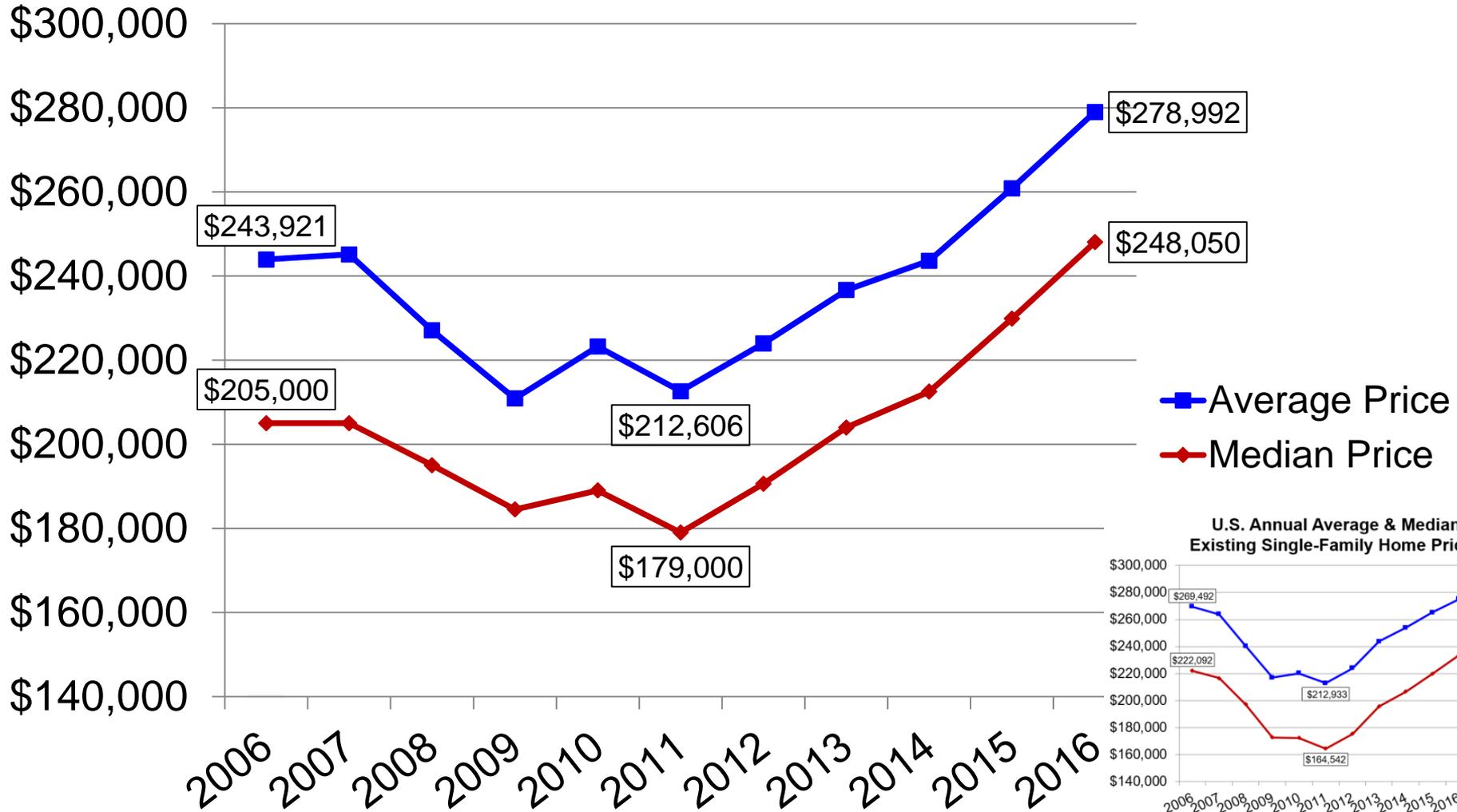
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Pikes Peak Region Annual Average & Median* (Single-Family) Home Prices



Source: Pikes Peak REALTOR® Services Corp. (RSC); Forecasts by UCCS Economic Forum. *Includes all homes: new and existing.

Pikes Peak Region Annual Average & Median Existing Single-Family Home Prices



Source: Pikes Peak REALTOR® Services Corp. (RSC)

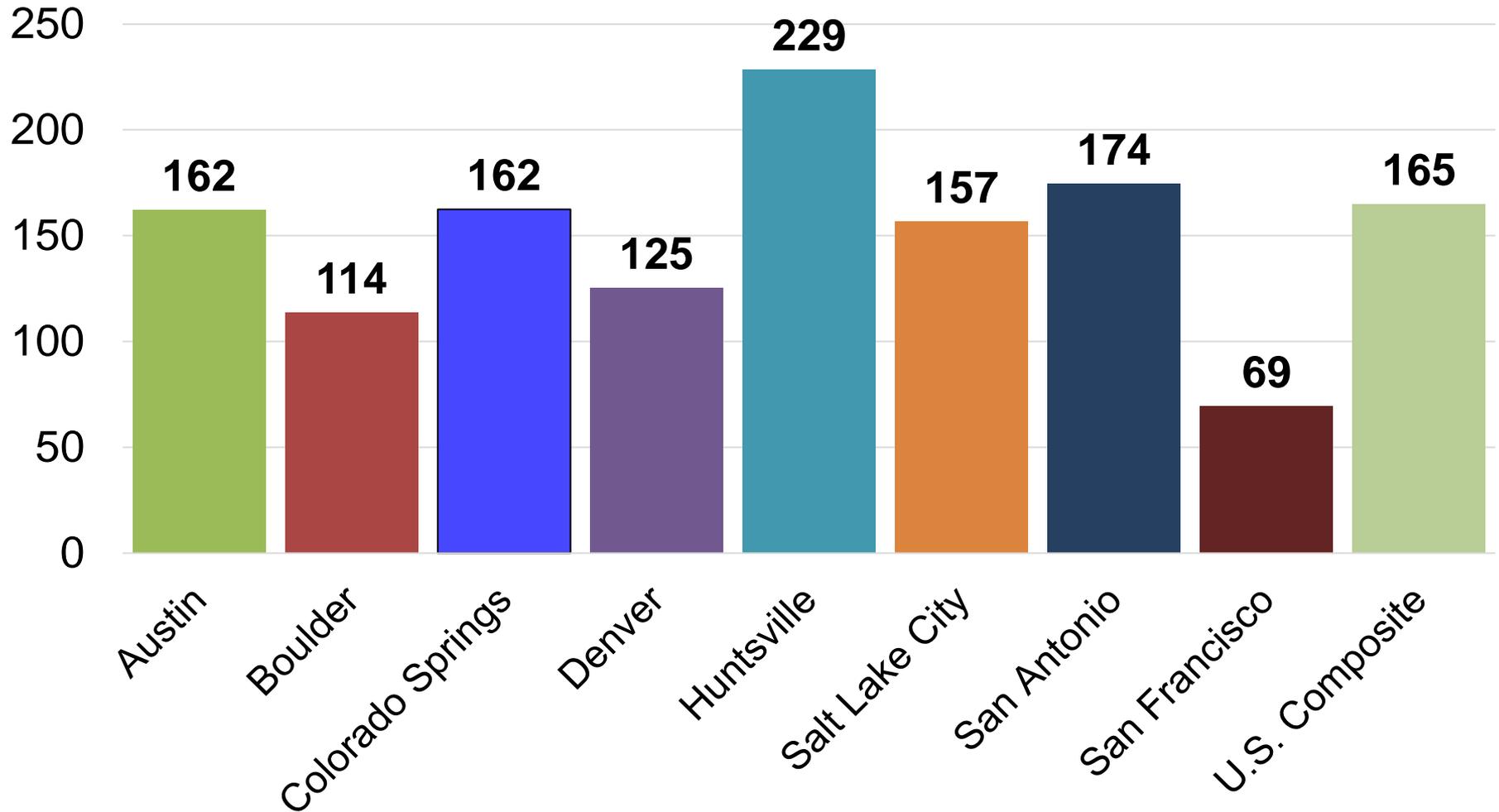
More Recently in the Colorado Springs MSA

➤ In 2017 Q2, for existing single-family homes:

- Median home price was \$284,200.
 - U.S. median in Q2 was \$255,600.
 - We are now 11% higher than U.S.
- 1.2 months supply in August 2017 in the Pikes Peak Region

Sources: National Association of REALTORS®; Pikes Peak REALTOR® Services Corp. (RSC)

2016 Housing Affordability Index

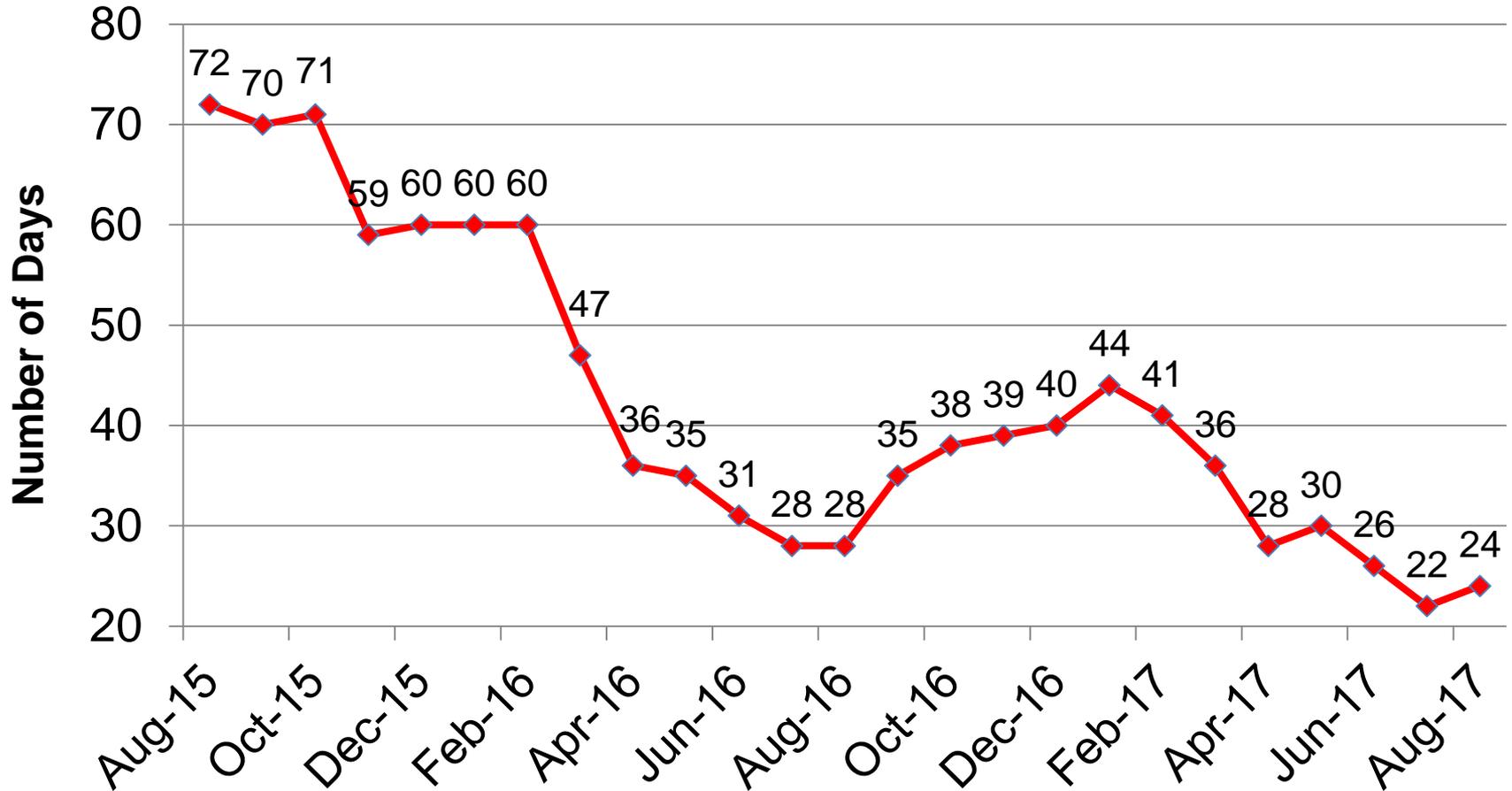


Higher Housing Affordability Indices mean greater affordability; U.S. average affordability composite index was **165**.

Sources: National Association of REALTORS®

Single-Family/Patio Homes

Average Days on Market



Source: Pikes Peak REALTOR® Services Corp. (RSC)



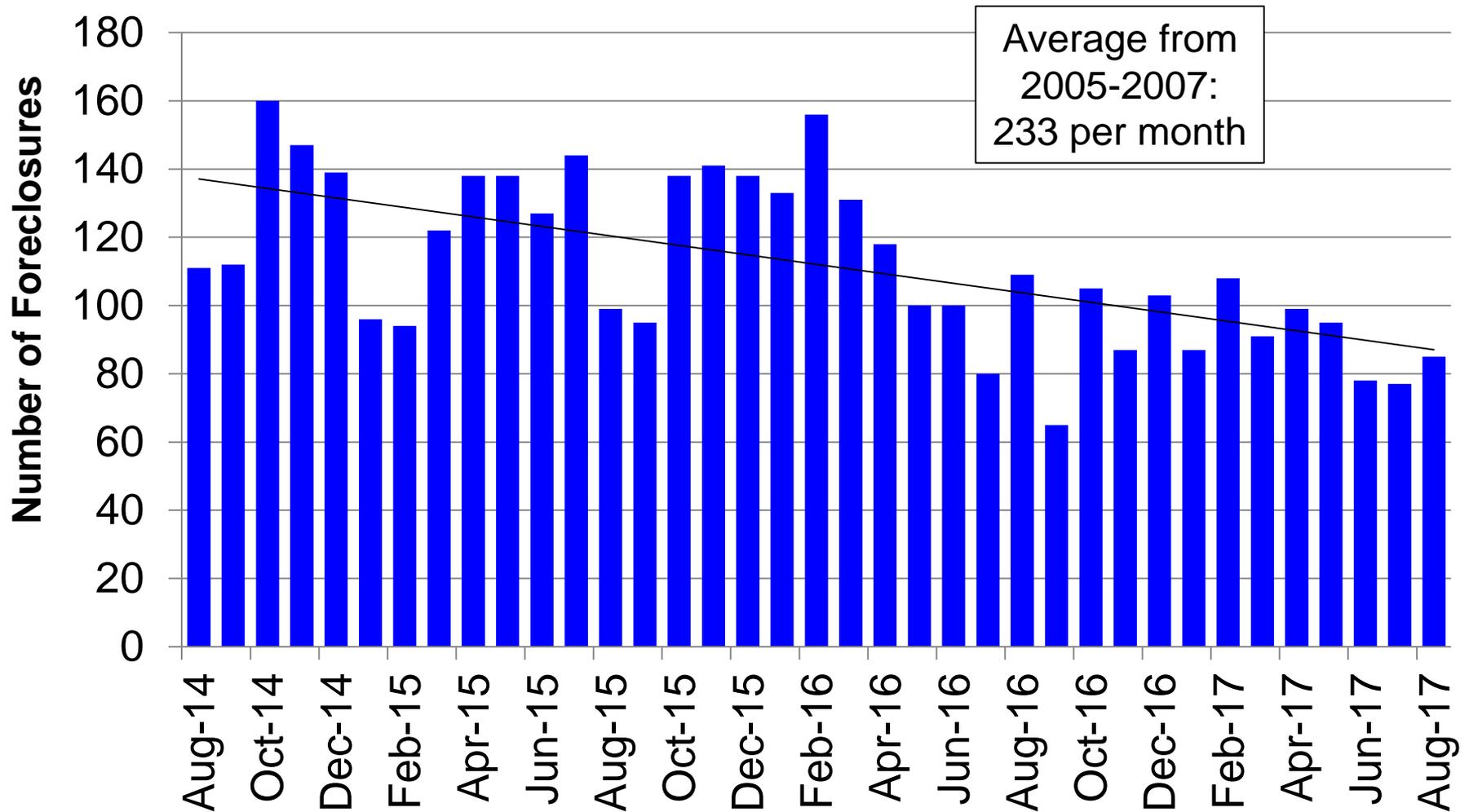
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Number of Foreclosures, El Paso County



Source: El Paso County Public Trustee



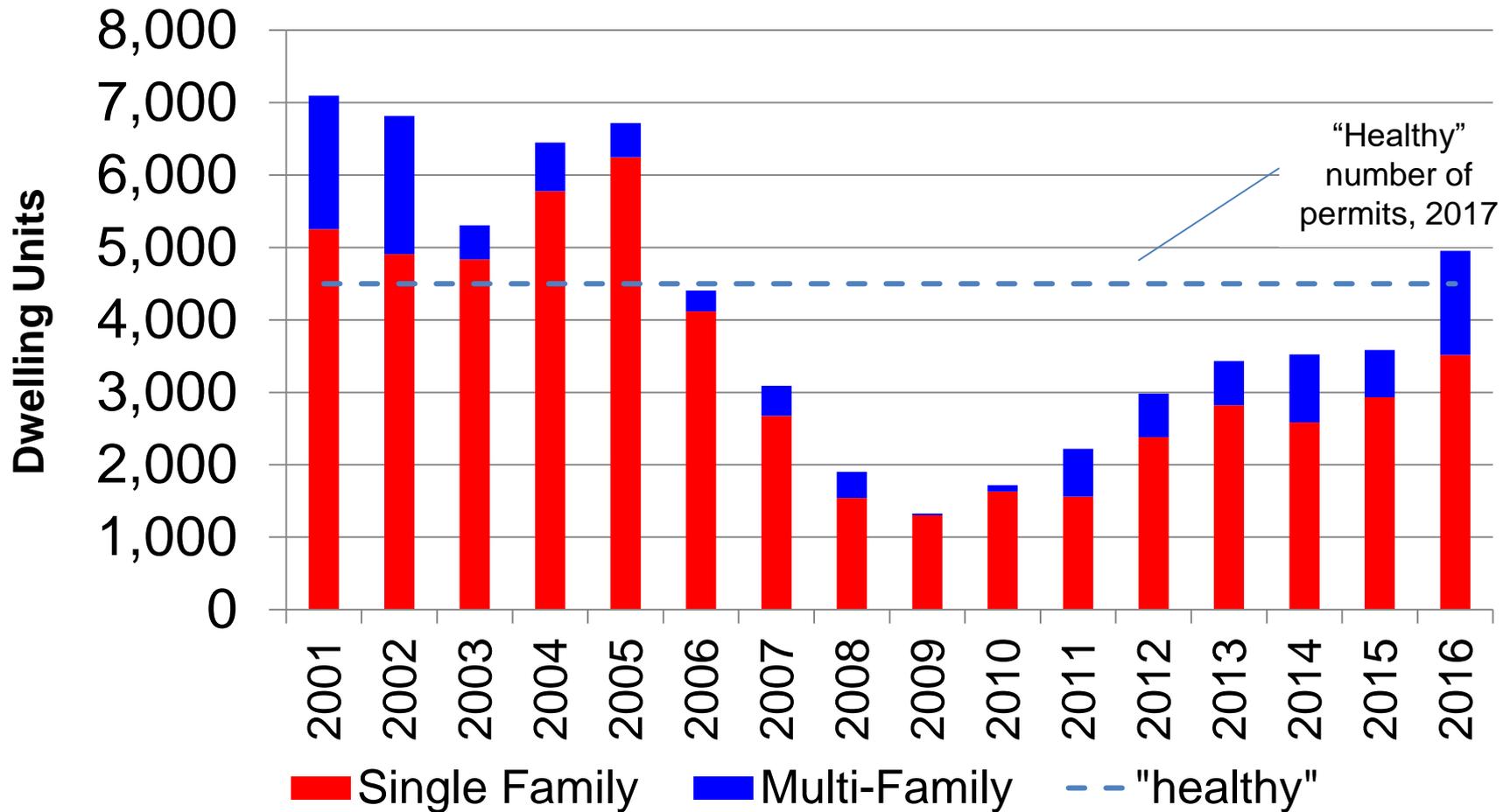
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Home Building

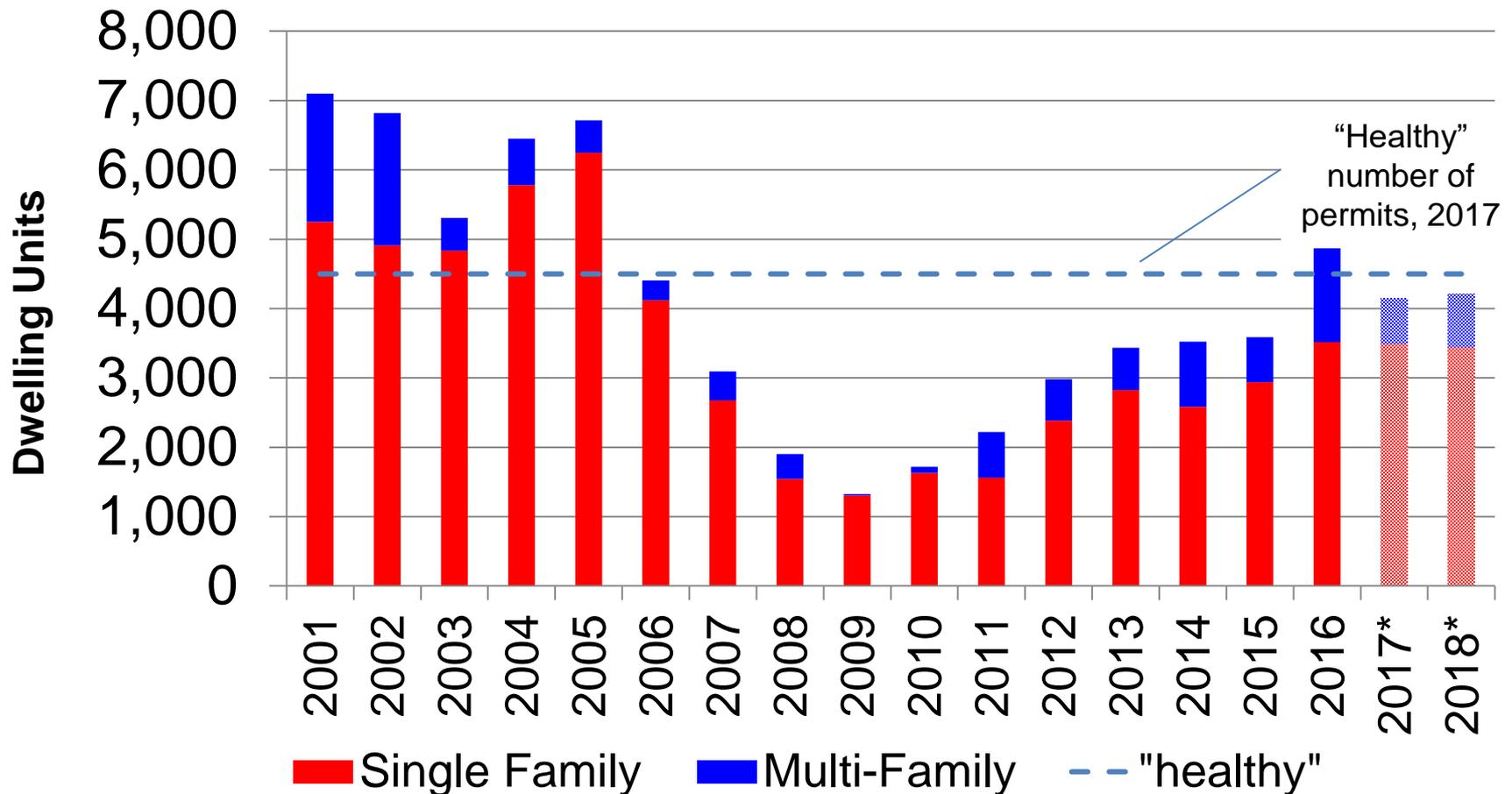
Pikes Peak Single & Multi-Family Permits



"Healthy" number of permits, 2017

Source: Pikes Peak Regional Building Department

Pikes Peak Single & Multi-Family Permits



*Forecasts by UCCS Economic Forum with input from PPRBD; Kiplinger's is forecasting a 10% increase in construction in 2017.
Source: Pikes Peak Regional Building Department

Projections for Local Housing

- The Forum with input from local experts is forecasting relatively flat single-family construction:
 - For 2017 (-0.4%)
 - For 2018 (-1.4%)
- Mostly due to high levels in 2016 (+19.7%).
- Construction costs are high & available land is low.

Projections for Local Housing

- In terms of prices, the Forum is projecting median home prices will:
 - Increase 9.5% in 2017 (to \$280,425*)
 - Increase another 5.5% in 2018 (to \$295,848)
- For home sales, the Forum is projecting:
 - Increase 5.8% in 2017 (to 16,200 homes sold)
 - Increase 5.0% in 2018 (to 17,010 homes sold)

*Average median price over the course of the year.

Rental Market

HUD Report, Region 8

Despite an increase in completions, apartment markets remained balanced or nearly balanced in most major metropolitan areas in the Rocky Mountain region.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2016 (%)	2Q 2017 (%)	Percentage Point Change	2Q 2016 (\$)	2Q 2017 (\$)	Percent Change
Casper	Soft	14.4	14.8	0.4	981	906	- 8
Colorado Springs ^a	Balanced	4.0	4.5	0.5	911	1,000	10
Denver ^a	Balanced	5.0	5.4	0.4	1,313	1,372	4
Fargo ^b	Slightly soft	6.4	8.4	2.0	NA	NA	NA
Ogden	Slightly tight	3.7	3.7	0.0	941	980	4
Provo	Balanced	6.2	5.5	- 0.7	1,078	1,122	4
Salt Lake City ^c	Balanced	3.3	4.3	1.0	901	958	6
Sioux Falls ^c	Slightly soft	6.1	6.6	0.5	827	844	2

2Q = second quarter. NA = data not available.

Note: Fargo apartment vacancy rates as of June 1.

Sources: Market condition—HUD, PD&R, Economic and Market Analysis Division; vacancy rate and average monthly rent—(a) *Apartment Insights*; (b) Appraisal Services, Inc.; (c) Reis, Inc.; all other metropolitan areas: Axiometrics, Inc.

2016 percentage of renter occupied housing units:

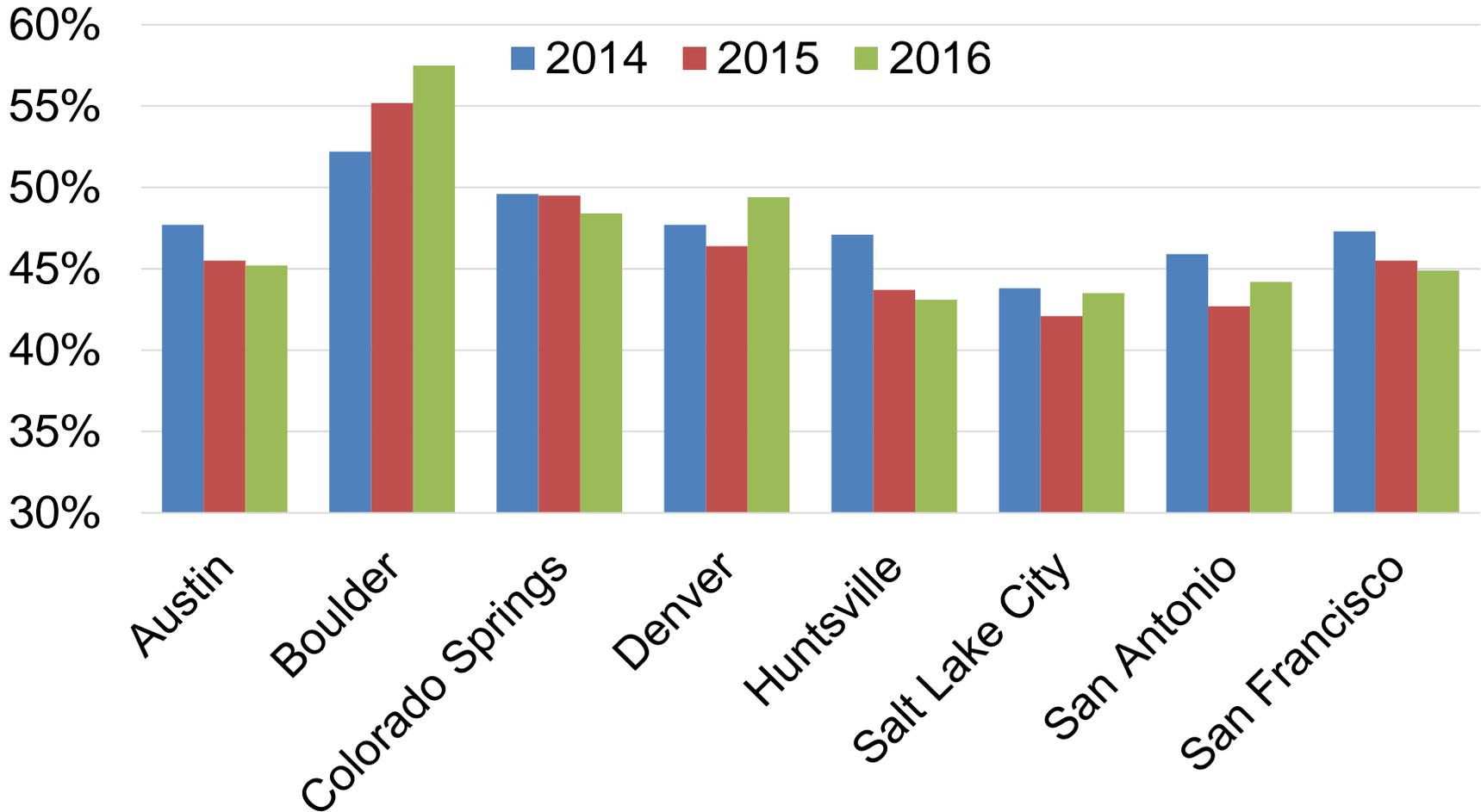
El Paso County: 37.4%

Colorado: 35.2%

United States: 36.9%

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

MSA Rental Households Paying 30% or More of Income on Housing



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



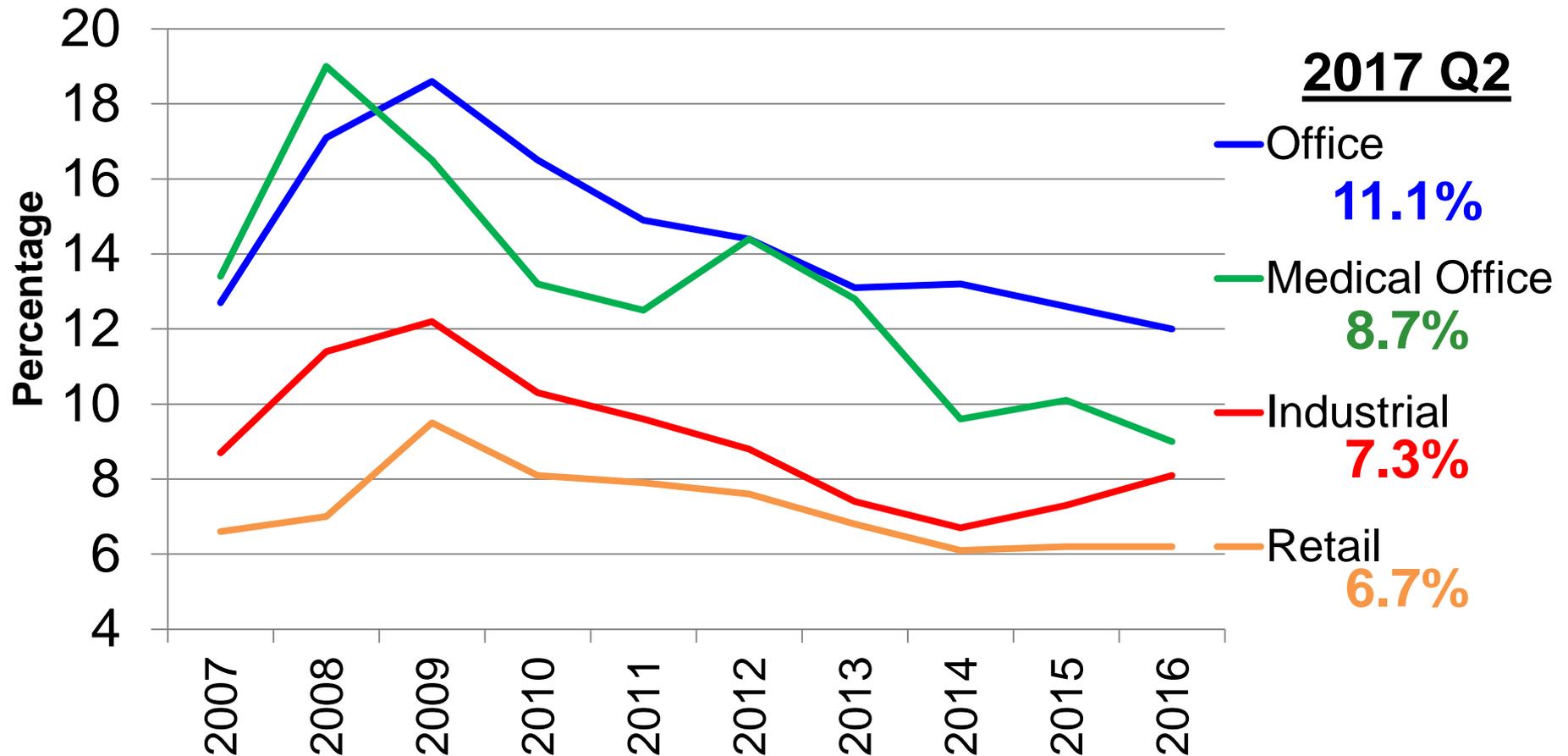
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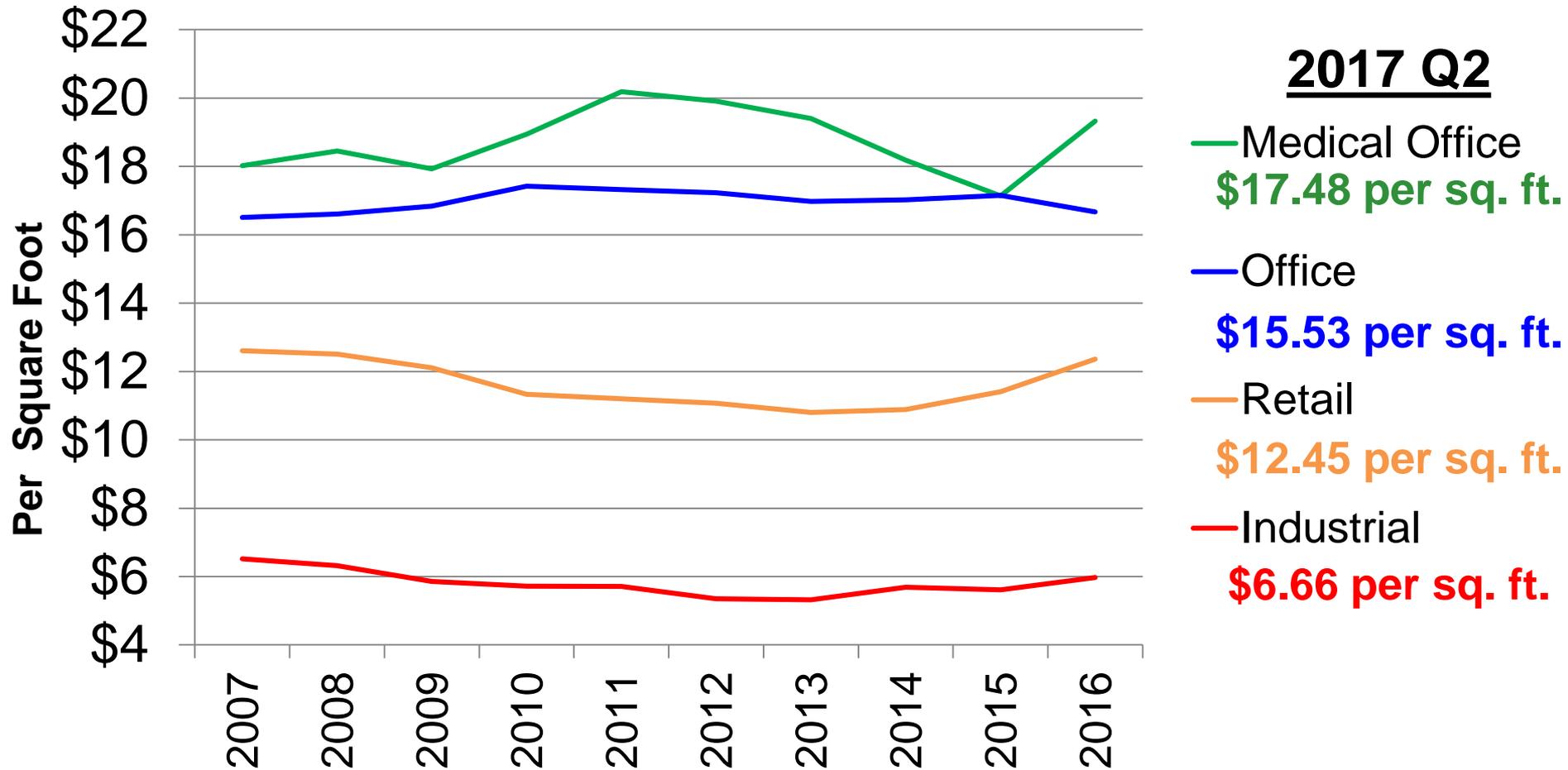
Commercial Real Estate

Colorado Springs Industrial, Retail, Office and Medical Office Vacancy Rates



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

Colorado Springs Industrial, Retail, Office and Medical Office Rents



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

Major Trends in Commercial Real Estate

- Currently, office vacancy rates are at 11.1%.
- Important to note that 3-4% of vacancy rates are “not real” – space is obsolete.
- Not a lot of options for high quality space – supply is dwindling.

Source: Olive Real Estate Group, Inc., Jim Justus & Jim DiBiase

Major Trends in Commercial Real Estate

- Given solid economic growth across many sectors including professional occupations, population growth, and robust job postings, vacancy rates will continue to go down.
- At 8-8.5% vacancy, lease rates will likely spike.
- In a tight labor market, amenities in professional settings becomes more important – requires more space. Millennials are demanding.

Source: Olive Real Estate Group, Inc., Jim Justus & Jim DiBiase

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Major Trends in Commercial Real Estate

- Another major pressure is the high cost of building.
- About \$350/sq. ft. to build Class A medical space; \$260/sq. ft. to build Class A office
- Natural disasters in South will exacerbate labor shortages and further increase material costs.

Source: Olive Real Estate Group, Inc., Jim Justus & Jim DiBiase

Advice...

- Vacancy rates will continue to go down, but supply not increasing in the short and medium run.
- Likely prices will only increase further.
- Good time to move forward with expanding or upgrading your space.



Source: Olive Real Estate Group, Inc., Jim Justus & Jim DiBiase

Colorado Springs to Denver (metros): Rents per Square Foot

2017 Q2				
	Retail	Office	Industrial	Medical Office
Colorado Springs	\$12.45	\$15.53	\$6.66	\$17.48
Denver	\$21.28	\$29.39	\$7.13	\$26.15
% Difference	-41.5%	-47.2%	-6.6%	-33.2%

Sources: CoStar Group™; Olive Real Estate Group, Inc., Jim Justus & Jim DiBiase

Tourism



University of Colorado
Colorado Springs



University of Colorado

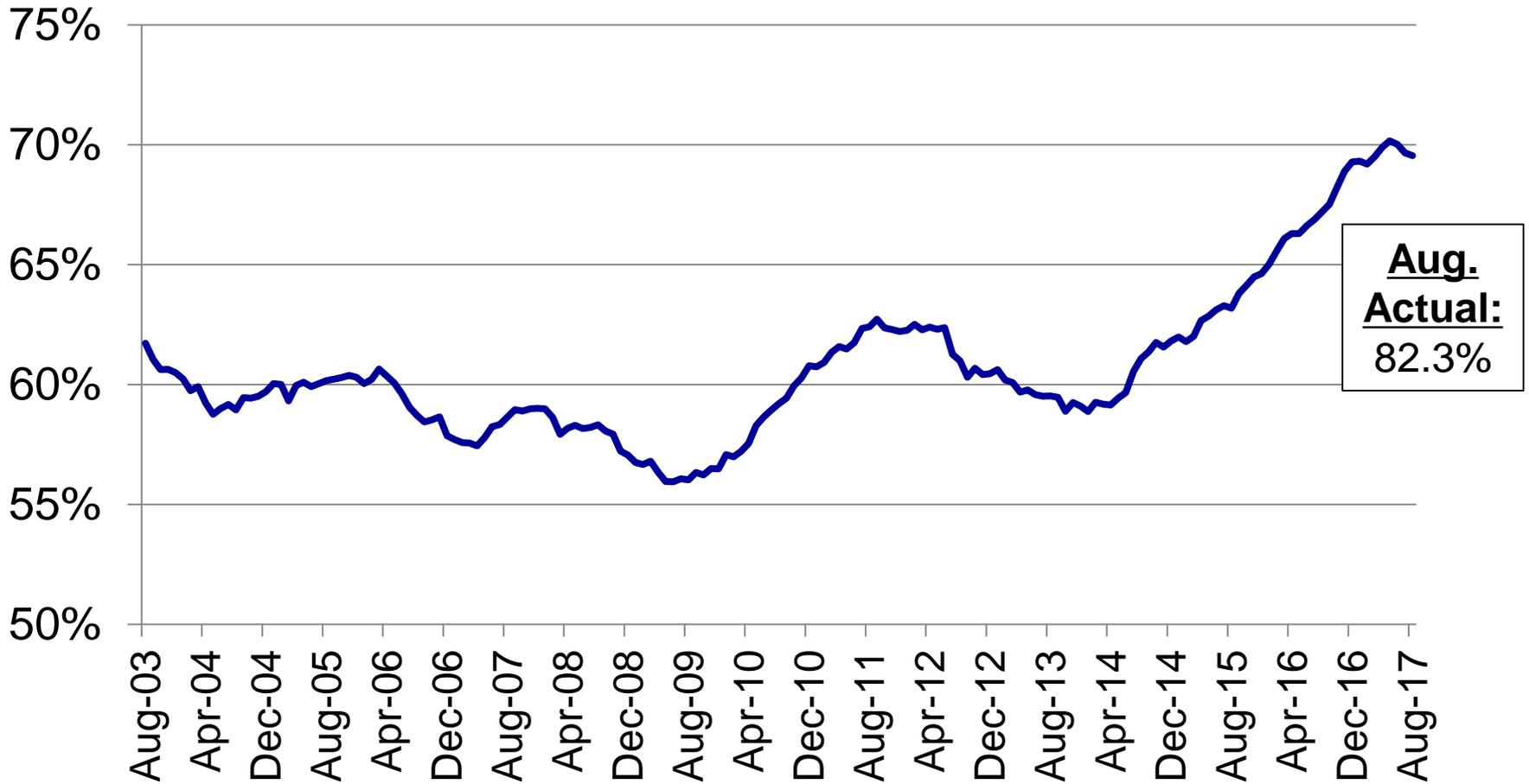
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Pikes Peak Tourism 2016

- 23 million visitors (12% increase over 2015)
- About 57% were day trips.
- 43% were overnight stays (avg. LOS 4.5 days)
- All visitors spent \$2.3 billion or \$71/second.
 - 14% increase over 2015
- Used to be mostly to visit family; now attractions.

Source: Colorado Springs Convention & Visitors Bureau

Colorado Springs Hotel Occupancy Rate 12 Month Moving Average



**Aug.
Actual:
82.3%**

Source: CO Hotel and Lodging Association, Rocky Mountain Lodging Report

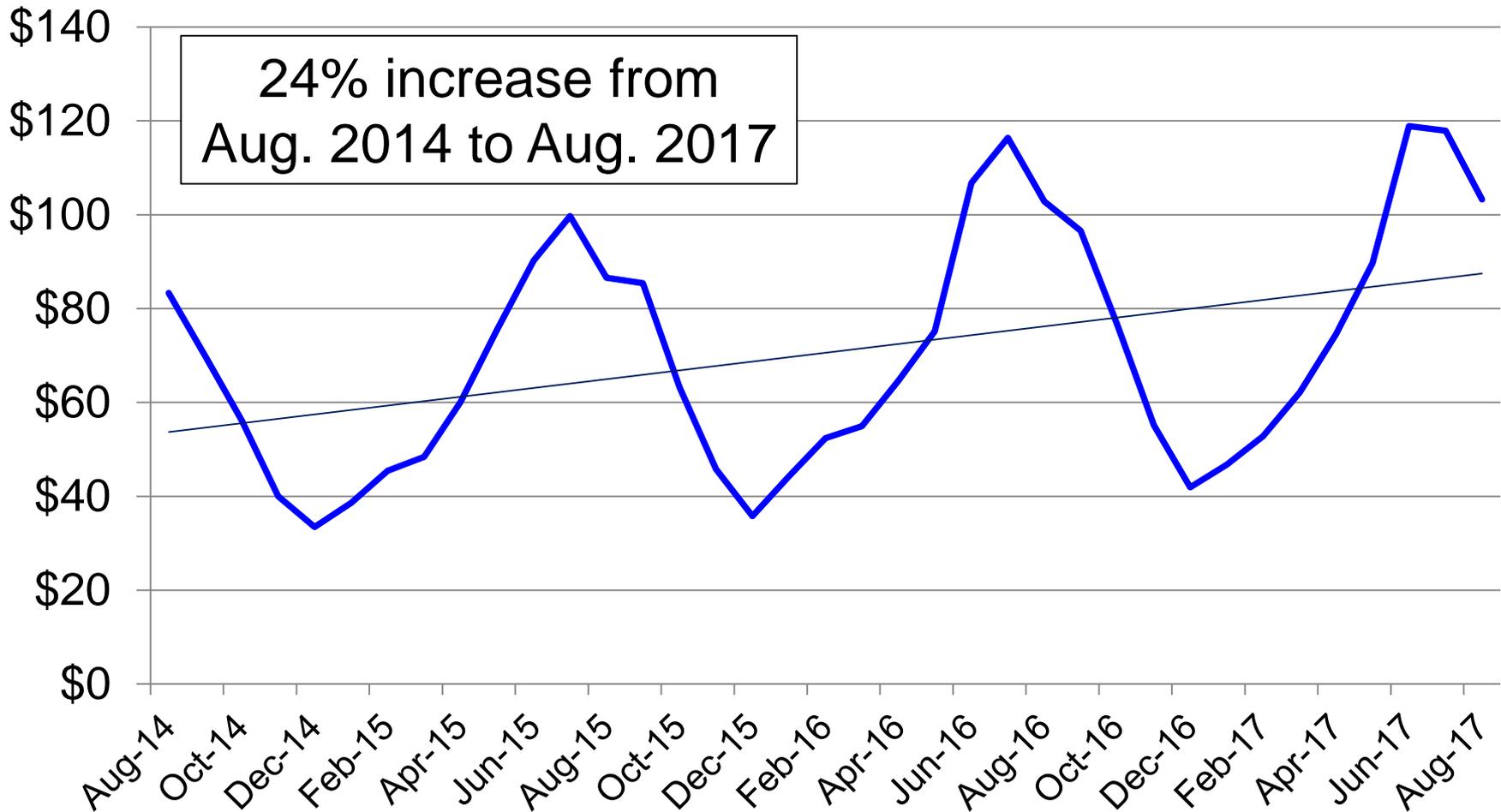


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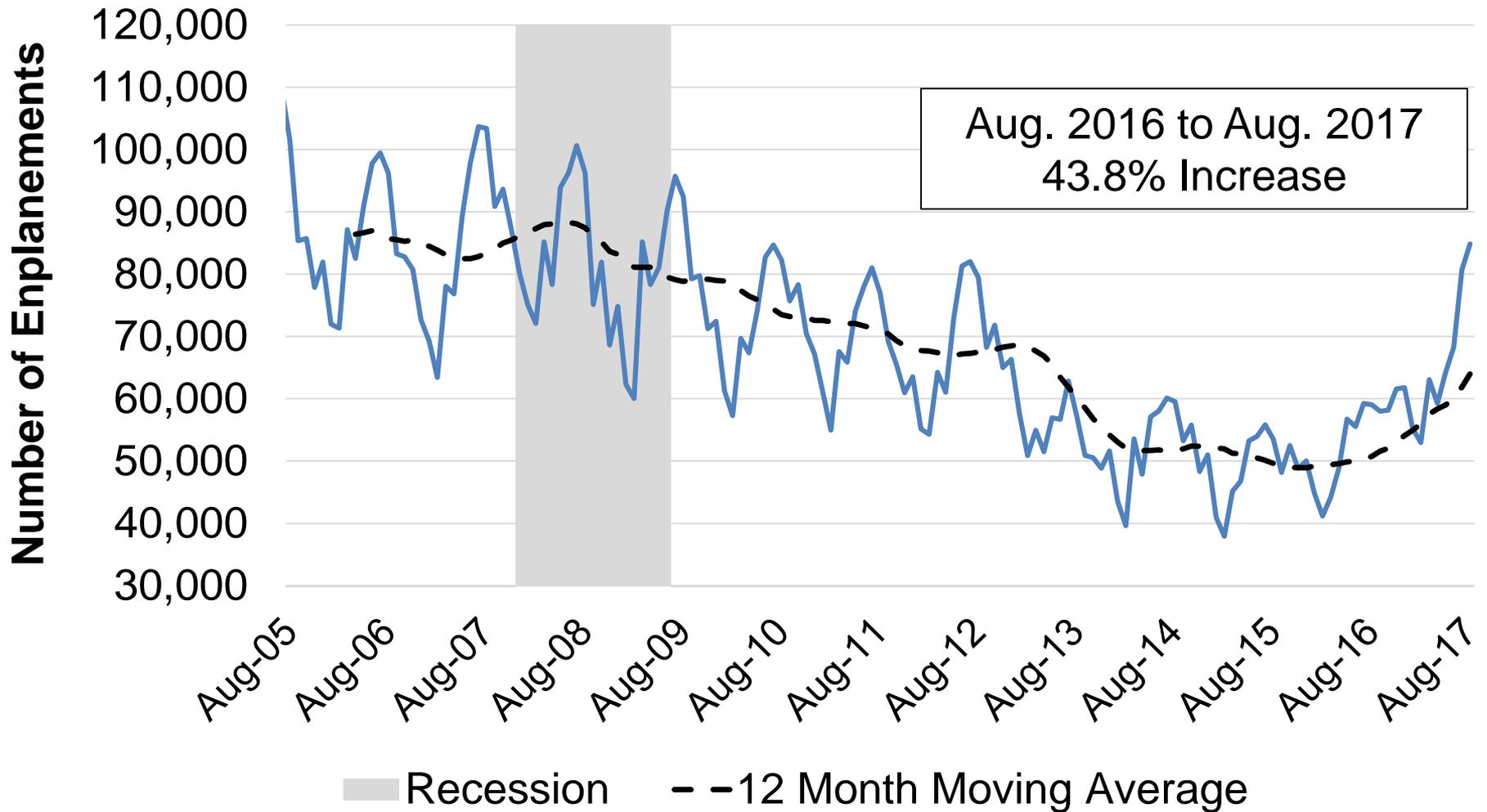
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Colorado Springs Hotel RevPAR



Source: CO Hotel and Lodging Association, Rocky Mountain Lodging Report

Colorado Springs Airport Enplanements



Source: Colorado Springs Airport

Look Before You Book!

- Atlanta
- Chicago
- Dallas
- Denver
- Fort Myers (Seasonal)
- Houston
- Las Vegas
- Los Angeles
- Minneapolis (April 2018)
- Orlando
- Phoenix/Mesa
- Salt Lake City
- San Antonio (April 2018)
- San Diego (July 10)
- San Jose (April 2018)
- San Francisco (June 11)
- Seattle
- Tampa (Seasonal)
- Washington D.C. (July 10)



Source: Colorado Springs Airport

Demographics

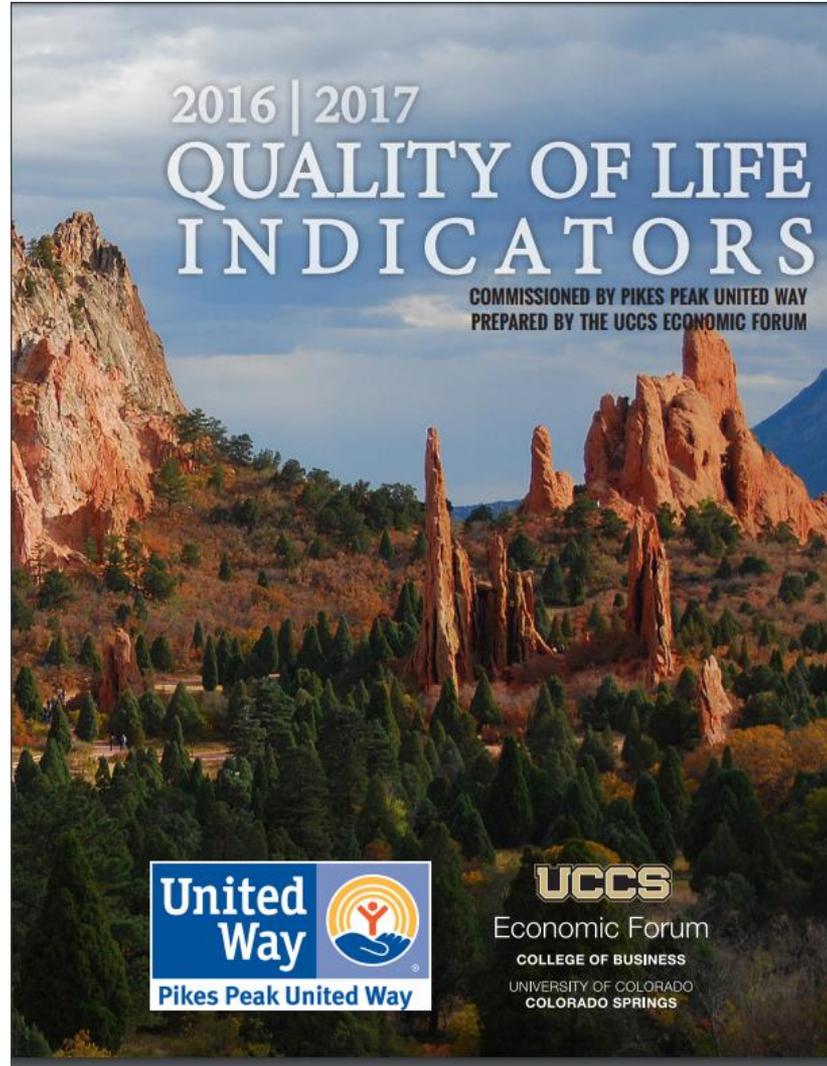
Economy

Health

Transportation

Social Well-Being

Safety



Recreation

Land Use & Built Environment

Housing & Homelessness

Arts

Education

ppunitedway.org or uccseconomicforum.com

Crimes in the Colorado Springs MSA 2006 to 2015

- Violent crimes per 100,000 inhabitants decreased by 30.0%
- Property crimes per 100,000 inhabitants decreased by 23.7%.
- The population increased by approximately 109,000 during this time.

Source: Federal Bureau of Investigation, Uniform Crime Report

2015 Mortality Rates due to Homicide per 100,000 Population

Canada	Germany	Italy	Japan	United States
1.8	0.7	0.9	0.3	5.3

Source: Global Health Observatory, World Health Organization 2017



University of Colorado
Colorado Springs



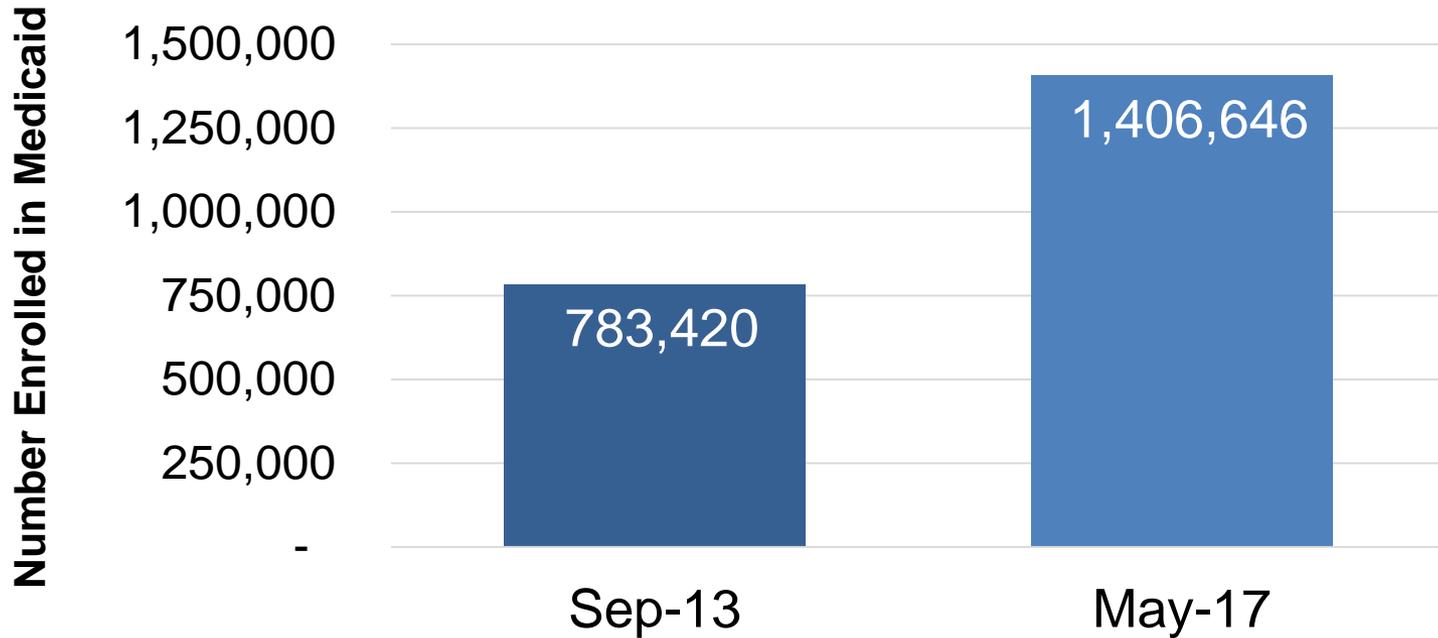
University of Colorado
Boulder | Colorado Springs | Denver | Anschutz Medical Campus

Suicide Rates per 100,000 for Ages 10-19 in 2015

El Paso County	21.4
Colorado	12.7
United States	5.9

Source: Center for Disease Control & Prevention, National Center for Health Statistics

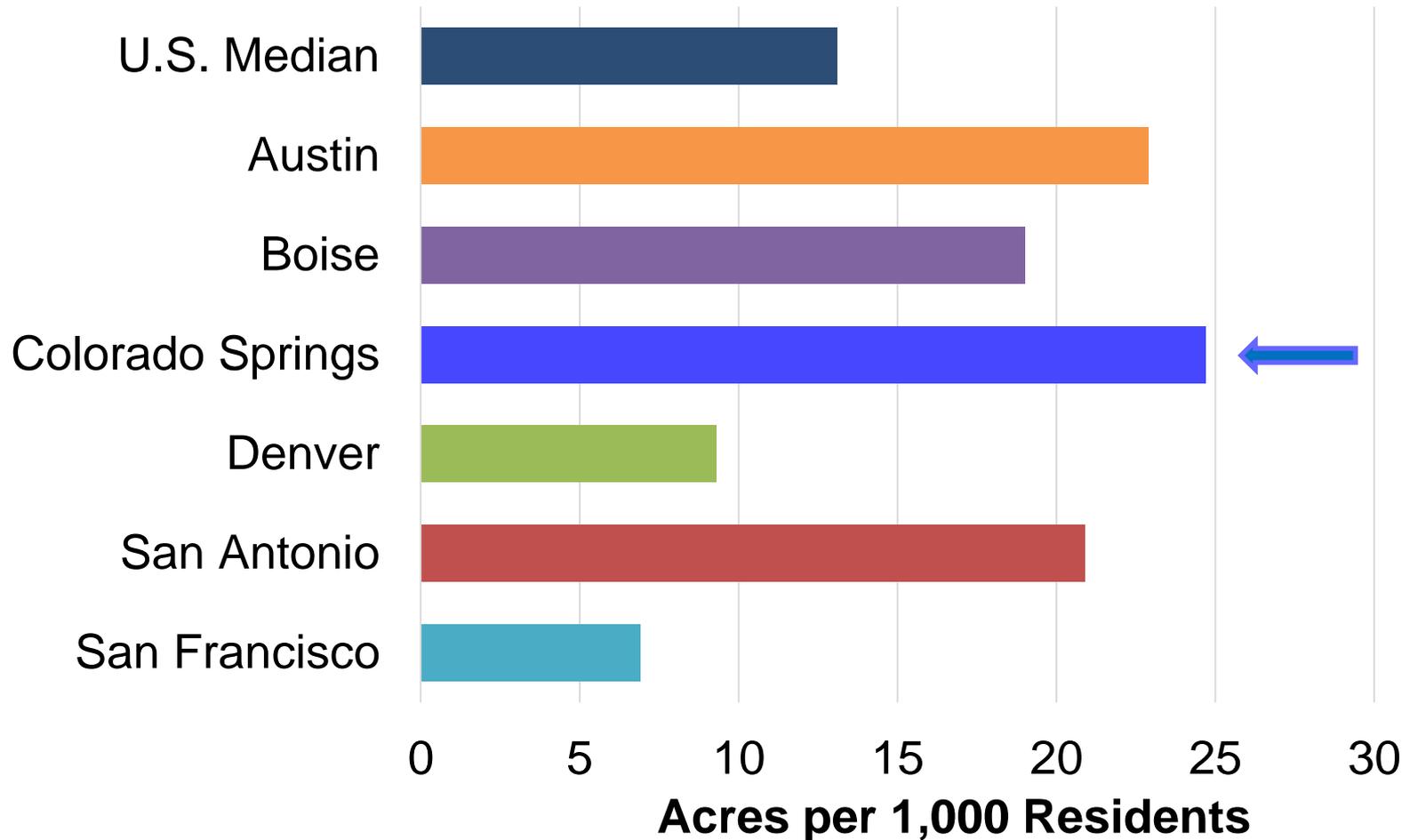
Total Colorado Medicaid Enrollment



- In our MSA in 2015-16, there were 181,000 people enrolled in Medicaid.
- This translates to 26% of the total population or roughly 1 in 4 people.
- Of the 181,000 in our MSA, 77,500 (or 43%) were children.

Source: Kaiser Family Foundation

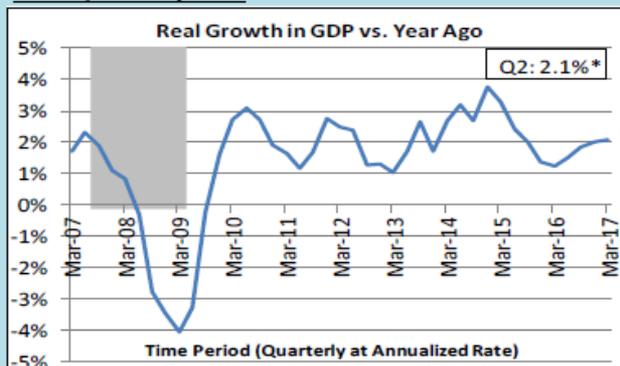
City* Park Acres per 1,000 Residents in 2016



*Parkland includes city, county, metro, state and federal acres within city limits. 100 cities were included in the 2016 study.
Source: The Trust for Public Land, 2017 City Park Facts Report

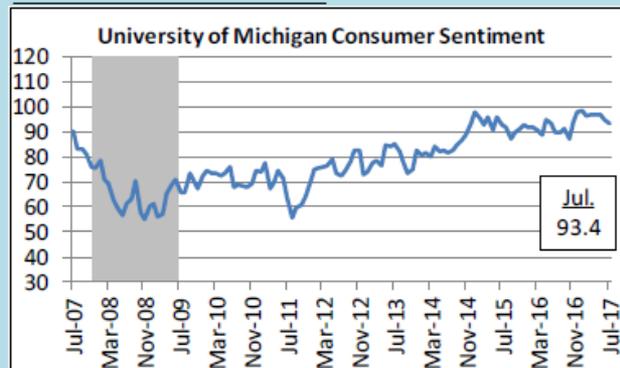
The Big Picture

U.S. Quarterly GDP



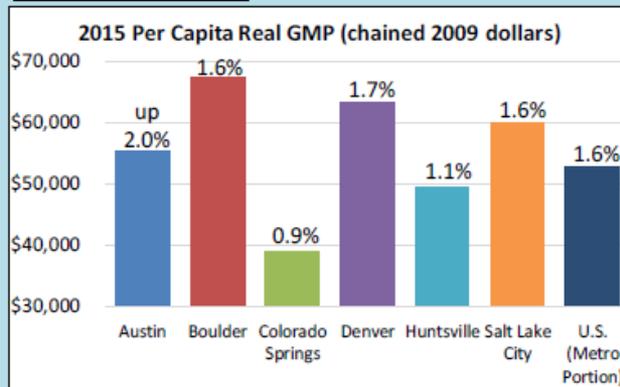
Source: U.S. Bureau of Economic Analysis
*July release of Real GDP Percent Change from Q2 Year Ago, SA

U.S. Consumer Sentiment



Source: University of Michigan

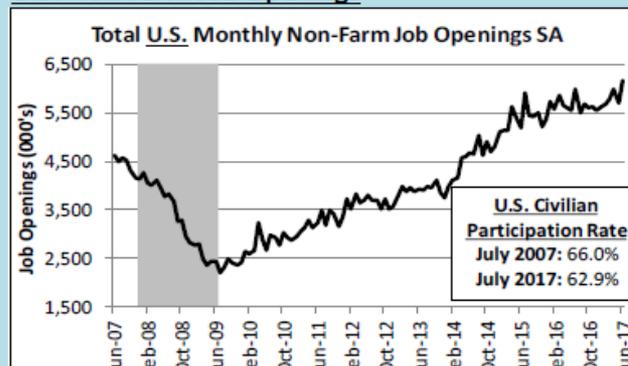
MSA GMP Per Capita



Note: Military data is included in both GMP and population. Real GMP is adjusted for regional price parity (RPP). Percentage change compares 2015 to 2014 Per Capita Real GMP.
Source: U.S. Bureau of Economic Analysis

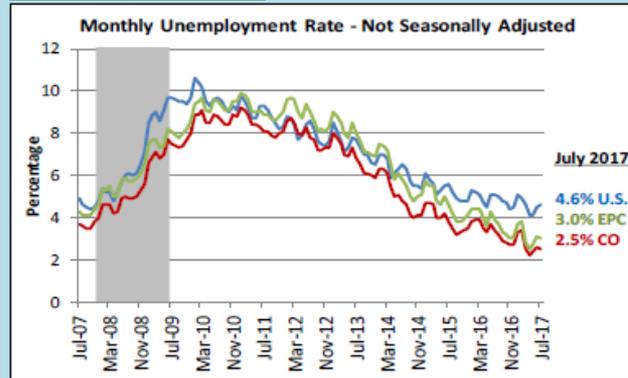
Labor Force/Employment

U.S. Non-Farm Job Openings



Source: U.S. Bureau of Labor Statistics; Jobs data is through June 2017.

Unemployment Rate



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

Inflationary Measures

U.S. Consumer Price Index - July 2017		
	All items	Less food & energy
Change from June 2017 (SA)	0.1%	0.1%
Last 12-months (NSA)	1.7%	1.7%

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



Economic Forum

COLLEGE OF BUSINESS

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COLORADO SPRINGS

updated (08/18/2017)

Local Labor Force/Employment

Colorado Springs MSA Job Openings

July 2017

Average daily job openings: 11,287
Average posting duration: 33 days
Median salary of posted jobs: \$69,600
Colorado median salary: \$65,200

Top Job Titles

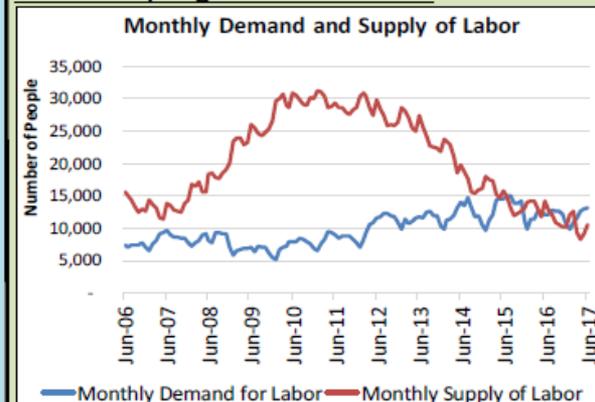
Registered Nurse (1,175 jobs)
Software Engineer (808 jobs)
Customer Service Rep (793 jobs)
Teller (657 jobs)
Administrative Assistant (617 jobs)
Systems Engineer (606 jobs)
Systems Administrator (586 jobs)
Network Engineer (540 jobs)
Sales Rep (519 jobs)
Medical Assistant (514 jobs)

June 2017

Demand for Labor	Supply of Labor
13,160	10,519

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

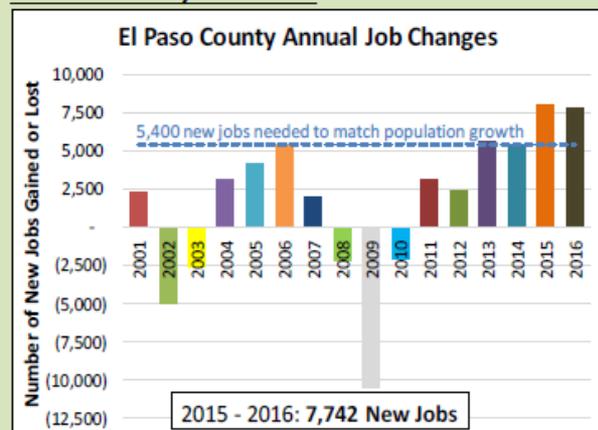
Colorado Springs MSA Labor Force



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

Local Employment/Wages

El Paso County New Jobs



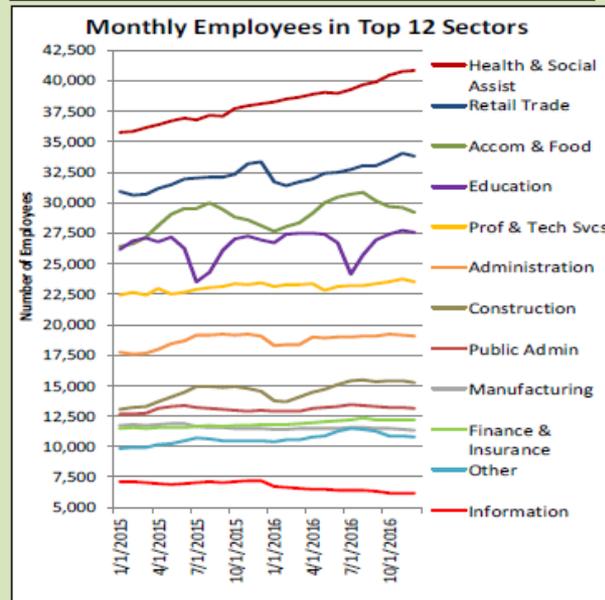
Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages (QCEW); UCCS Economic Forum

**Actual New jobs in El Paso County
2015 to 2016: 7,742**

**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.

El Paso County Employment in Selected Sectors



2016 for All Industries

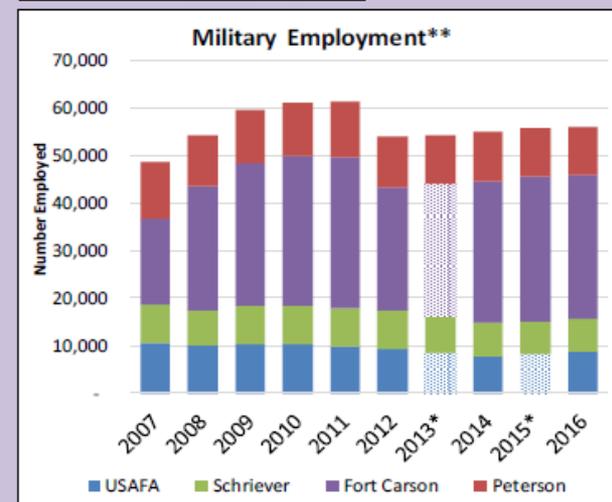
Colorado Average Weekly Wage	El Paso County Average Weekly Wage	El Paso County Total Employment
\$1,052	\$908	264,447
*Estimated military employment in 2016 (and % of total EPC employees who are military).		55,900 (17.5%)

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

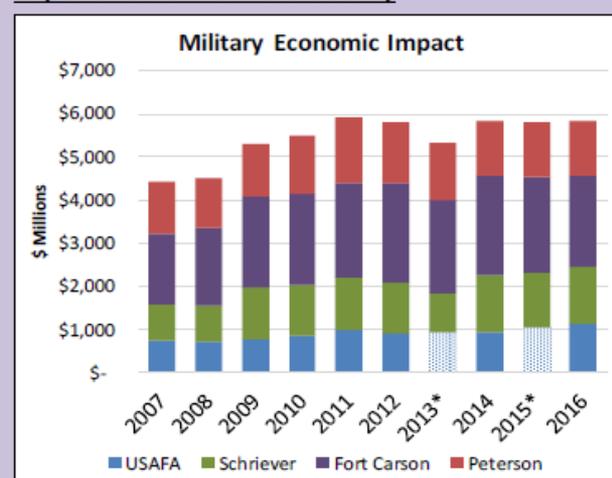
Sources: Colorado Department of Labor and Employment, QCEW. See military section for military employment sources.

Military

El Paso County Employment



Expenditures in El Paso County

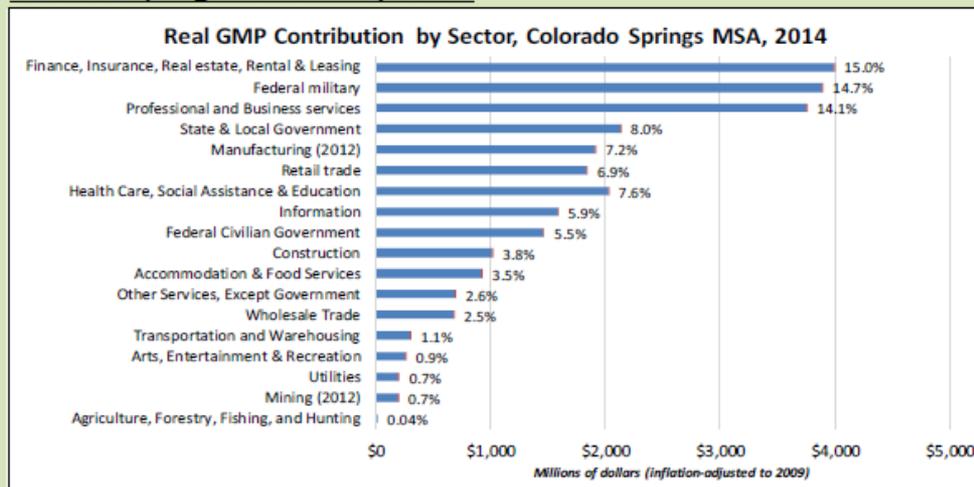


*2013 and 2015 data was not available for all locations. Textured bars are an estimate in 2013 and 2015 made by the UCCS Economic Forum.

**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.

Sources: Department of Military and Veteran Affairs; Colorado Springs Chamber of Commerce & EDC; respective military installations

Colorado Springs MSA GMP by Sector



Source: U.S. Bureau of Economic Analysis; government data lags. Manufacturing and Mining data last disclosed in 2012.

Demographics

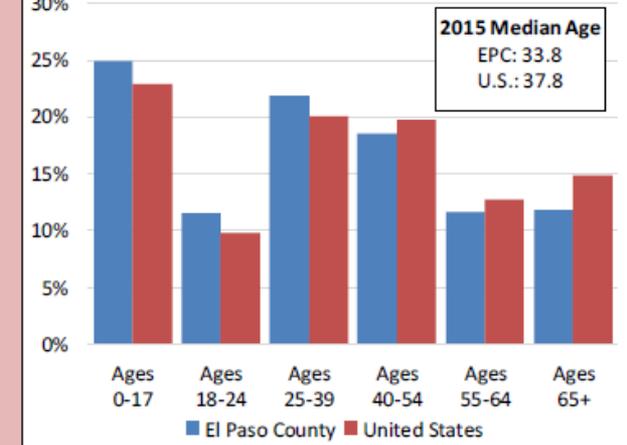
2015 Population

Colorado Springs (city)	El Paso County	Colorado Springs MSA
456,568	674,471	697,856

Colorado Springs MSA is made up of El Paso and Teller Counties.
Source: U.S. Census Bureau, Population Division

El Paso County & U.S. Age Groups

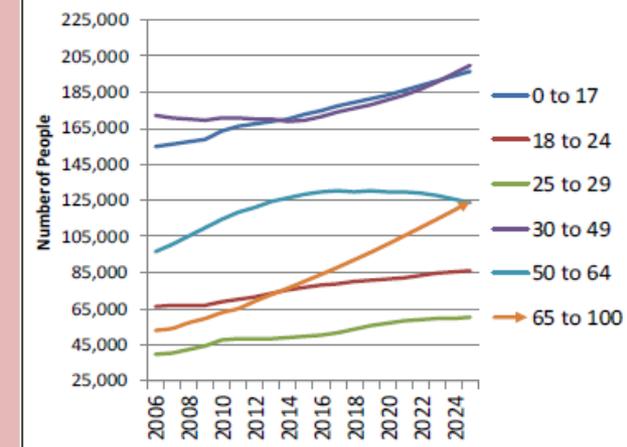
2015 Population by Age Group



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

El Paso County—Population Projections

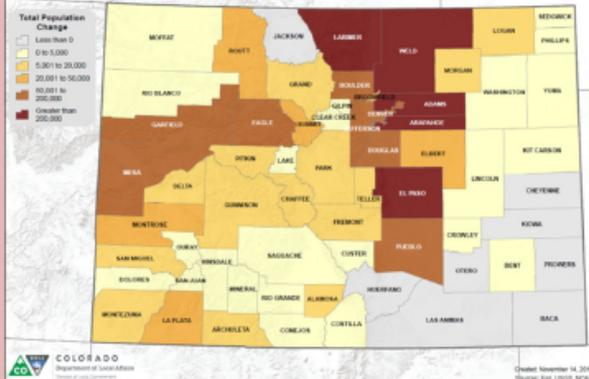
Annual Population by Age Group



Source: Colorado Department of Local Affairs, State Demography Office

Population Growth

Expectations of Growth 2015-2050



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

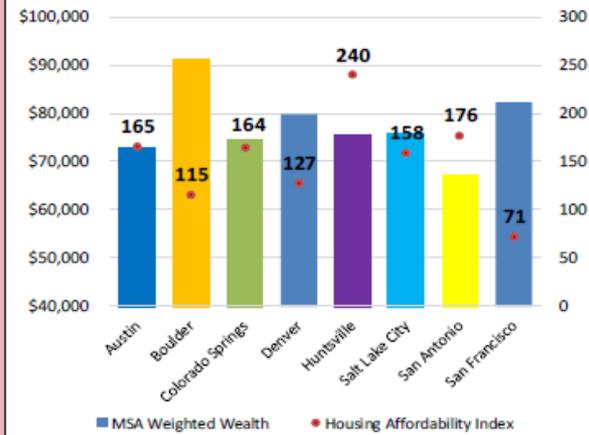
Population Estimates

	2015	2050
El Paso County	674,500	1,070,000
Colorado	5,443,000	8,686,000

Source: Colorado Department of Local Affairs, State Demography Office

Cost of Living

2015 Median Wealth & Housing Affordability



Higher Housing Affordability Indices mean greater affordability. In 2015, U.S. median wealth was \$49,787 and the U.S. average affordability composite index was 166.
Sources: Synergos Technologies and U.S. Census Bureau; Credit Suisse and the National Association of REALTORS®

Real Estate

Monthly Home Sales

Pikes Peak Region Home Sales



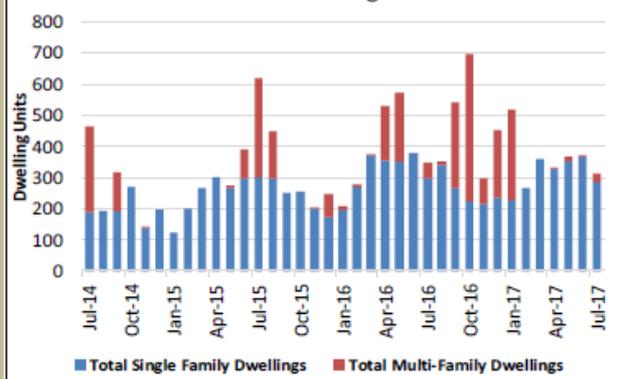
Median Home Price 2017 Q2

Location	Colorado Springs	Denver	Boise	United States
Price	\$284,200	\$424,500	\$227,800	\$255,600
1-year % Change	9.6% increase	7.6% increase	9.4% increase	6.2% increase
MSA Rank	28	13	66	n/a

Sources: Pikes Peak REALTOR® Services Corp.; National Association of REALTORS®

Monthly Building Permits

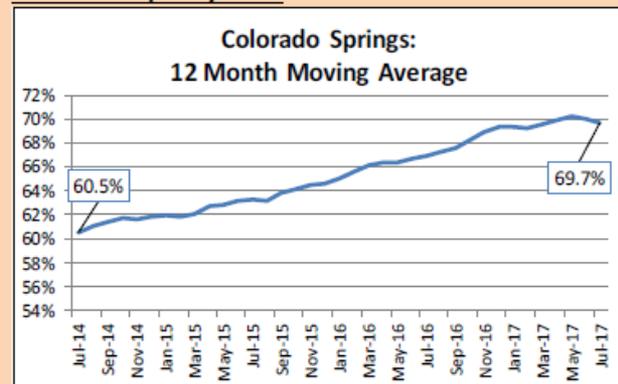
Pikes Peak Region Residential Building Permits



Source: Pikes Peak Regional Building Department

Tourism

Hotel Occupancy Rate

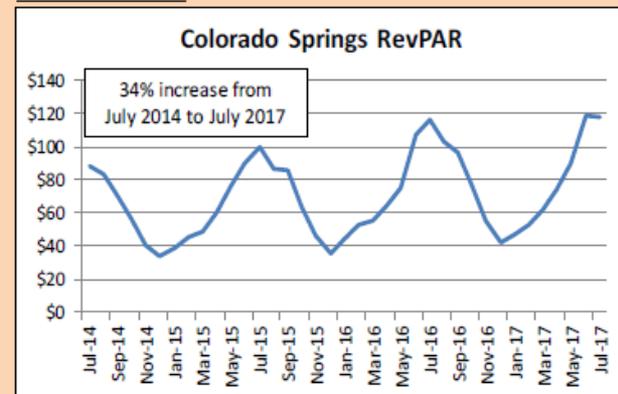


Hotel Occupancy Rate July 2017

Colorado Springs	Denver	Colorado
87.0%	86.0%	83.6%

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

Hotel RevPAR



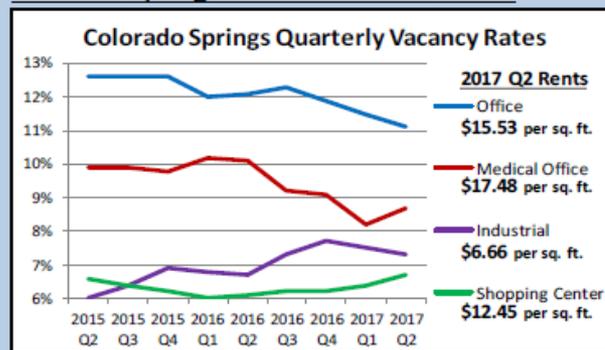
Hotel RevPAR July 2017

Colorado Springs	Denver	Colorado
\$117.93	\$132.43	\$138.55

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

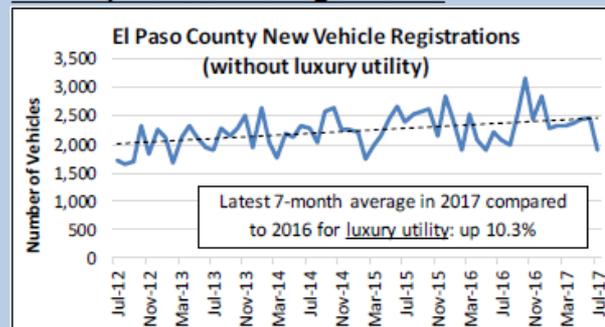
Additional Metrics

Colorado Springs Commercial Real Estate



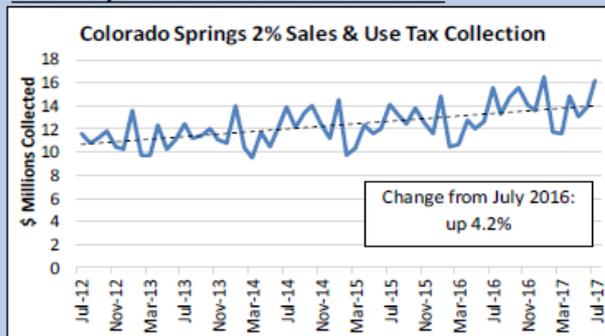
Sources: CoStar Group™; Olive Real Estate Group, Inc.

Monthly New Vehicle Registrations



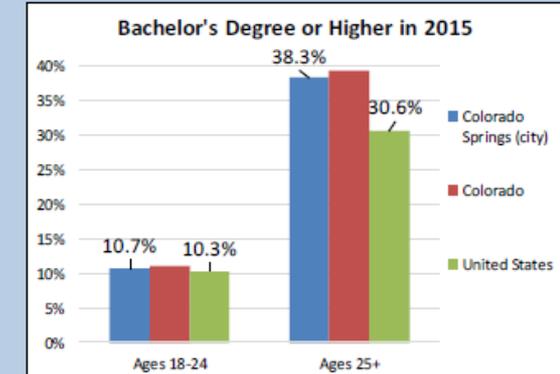
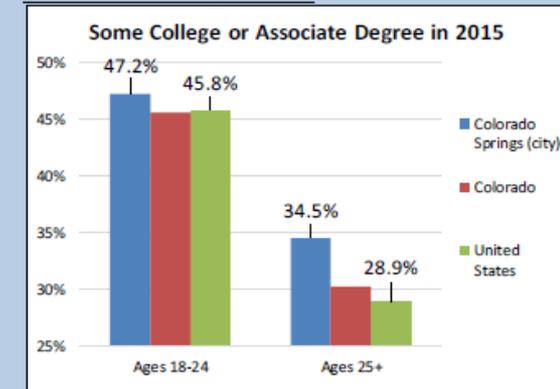
Luxury utility categories are not included in graph line above, but % change in this category is noted in the text box.
Source: El Paso county Clerk and Recorder

Monthly Sales & Use Tax Collection



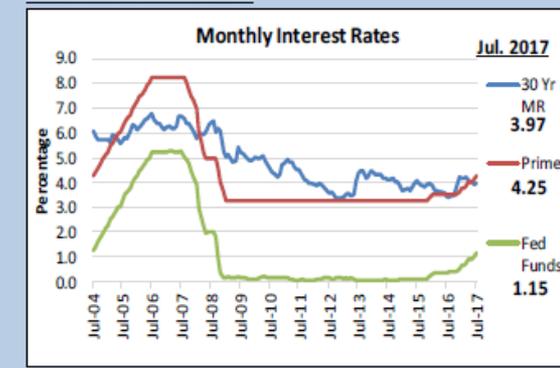
Source: City of Colorado Springs

Educational Attainment



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

U.S. Interest Rates



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

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