Silver Level Sponsors:

- BiggsKofford
- Colorado Springs Chamber & EDC
- Community Banks of Colorado
- CRESCENT.
- The Eastern Colorado Bank
- El Paso County
- Holland & Hart
- HUB
- Land Title Guarantee Company
- Legacy Bank
- Norwood
- Nunn Construction
- Pikes Peak Community College
- Pikes Peak Hospice & Palliative Care
- Transit Mix Concrete Company
- T. Rowe Price
- Vantage Homes
- Vectra Bank
- University of Colorado - UCCS
<table>
<thead>
<tr>
<th>Sustaining Level Sponsors:</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADD STAFF, Inc.</td>
</tr>
<tr>
<td>Aventa Credit Union</td>
</tr>
<tr>
<td>CAMA South</td>
</tr>
<tr>
<td>Channelvation</td>
</tr>
<tr>
<td>Children’s Hospital Colorado</td>
</tr>
<tr>
<td>City of Fountain</td>
</tr>
<tr>
<td>Classic Companies</td>
</tr>
<tr>
<td>Colorado Springs Airport</td>
</tr>
<tr>
<td>Colorado Springs Convention &amp; Visitors Bureau</td>
</tr>
<tr>
<td>Downtown Partnership of Colorado Springs</td>
</tr>
<tr>
<td>dpiX, LLC</td>
</tr>
<tr>
<td>Financial Planning Association of Southern Colorado</td>
</tr>
<tr>
<td>FirstBank</td>
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<tr>
<td>GH Phipps Construction Companies</td>
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<td>Housing &amp; Building Association of Colorado Springs</td>
</tr>
<tr>
<td>Independent Bank</td>
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<tr>
<td>Integrity Bank and Trust</td>
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<tr>
<td>IREM Southern Colorado Chapter 53</td>
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<tr>
<td>Kaiser Permanente</td>
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<td>Keller Homes, Inc.</td>
</tr>
<tr>
<td>Olive Real Estate Group, Inc.</td>
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<tr>
<td>The Patterson Group</td>
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<td>Pikes Peak Small Business Development Center</td>
</tr>
<tr>
<td>Salzman Real Estate Services, Ltd.</td>
</tr>
<tr>
<td>TMR Direct</td>
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<tr>
<td>UCHHealth Memorial Hospital</td>
</tr>
<tr>
<td>University of Colorado Executive Programs</td>
</tr>
<tr>
<td>U.S. Bank</td>
</tr>
</tbody>
</table>
The National, State & Local Economies

October 4, 2018

Tatiana Bailey, Ph.D.
Director, UCCS Economic Forum

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Overview

- A Few National Indicators
- The Colorado State Economy
- Our Local Economy
Real Growth in GDP vs. Year Ago

Graph shows seasonally adjusted information. Source: U.S. Bureau of Economic Analysis.

Forecasts:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>2.8%</td>
<td>2.6%</td>
</tr>
<tr>
<td>GSP</td>
<td>3.7%</td>
<td>3.6%</td>
</tr>
<tr>
<td>GMP</td>
<td>3.7%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

GDP 2018 forecast by CO OSPB. GDP 2019 forecast by Wells Fargo. GSP and GMP forecasts by the UCCS Economic Forum with input from the CO OSPB.
GDPNow from Atlanta Federal Reserve

➢ Atlanta Fed previously forecasting a 4.4% growth in GDP for Q3, but then revised to 4.1%, 3.8% and now 3.6% due to drag of imports & PCE.
Where is GDP Headed?

- Many experts expect net exports to pull down GDP by 1.0%.
- Consumer spending still quite robust, which pulls up our demand for foreign-made goods.
- Imports up in 5 out of 6 major categories.
- Since January, the value of the dollar against the currencies of our major trading partners is up 6%. That makes U.S. made goods more expensive to foreigners.
- This will only increase our trade deficit.
- Still have some steam in the fiscal stimulus (tax cuts).
- CBO states that Q2 real GDP about 1.1% higher than real potential GDP (e.g. what can be sustained over the long run).

Source: Atlanta Federal Reserve, Wells Fargo, Deutsche Bank, Bloomberg
Notes: PCE forecast from the University of Michigan as of August 2018. Annual number for 2017 is the average over the course of the year.
Source: University of Michigan
High Consumer Sentiment

➢ The 100.1 reading is 3rd highest since 2004.

➢ Gains widespread across all socioeconomic groups and September reading mostly attributable to HHs in bottom 1/3 income group.

➢ Continued high prospects for jobs and incomes

➢ Consumers anticipate continued growth in the economy: more jobs and even lower unemployment rates.

➢ Largest cited problem is anticipated negative impact from tariffs (1/3 of respondents)
Higher savings rate than previously thought.

Provides protection to consumers when a downturn does happen (PCE stays higher than it would otherwise) - **Resiliency**

This also protects the broader economy as domestic demand is 2/3 of GDP.

Source: U.S. Bureau of Economic Analysis; Forecast by UCCS Economic Forum
Small Business Optimism Index

Seasonally Adjusted 1986=100

Highest level in 45 years

Source: ©NFIB Research Center, August 2018 Small Business Economic Trends Report
32% of respondents say they have increased compensation (*wage push inflation*)

38% of employers have job openings; 26% creating jobs in the next three months

34% say now is a good time to expand

56% reported capital outlays

Labor quality stated as #1 problem (25%)

Source: ©NFIB Research Center, August 2018 Small Business Economic Trends Report
U.S. Manufacturing

September PMI: 59.8%

The manufacturing industry as a whole (PMI) has been expanding for 25 months while the overall economy has grown for 113 consecutive months.

Note: Lower than August (61.8%) mostly due to higher raw material prices and lower orders.
Source: Board of Governors of the Federal Reserve System (US); Forecast by Wells Fargo
NOTE: The 2018 forecast is 2.5% inflation rate for U.S. according to Wells Fargo and 3.0% for Colorado according to the CO OSPB. Source: U.S. Bureau of Labor Statistics
Structural Limits to Inflation??

➢ Usually, low unemployment causes wages to rise.

➢ Employers eventually pass those cost increase onto consumers…

➢ However, high health care costs have kept wages from rising too much.

➢ E-commerce has introduced a new level of competition and capitalism keeping prices low.

➢ Globalism has had a similar effect.
Factors Hinting at a Slowdown…

1) Unemployment falling below ~3.5%* & rising wages
2) More pressure on inflation due to trade wars; PCE down
3) Inflation concerns precipitating interest rate hikes; yields
4) A leveling of worker productivity (aging population and low labor participation for young cohorts); the skills gap
5) Further reductions from immigration restrictions
6) Asset bubbles – overexuberance in stock market
7) The synchronized global growth of today will be the synchronized contraction of monetary policy tomorrow.
8) Downgrading of U.S. treasuries because of high debt (LT)

~Number of factors and/or confluence of these factors~

*August 2018 at 3.9% SA; was 4.4% in August 2017
Fueling the Debt..

- 2018 Q2 after-tax corporate profits grew 16.1%.
- The largest year-over-year gain in six years.
- Corporate earnings were strong before this as well.
- Federal taxes paid by U.S. companies fell by 33% in the past year.
- OMB now states that our debt will be $1t higher in the next decade (or $100b more a year in deficits).
- Due to federal tax law changes that took effect in 2017.
- Avoid further overheating the economy, and save fiscal stimulus for when we need it.

Source: OSPB September 2018 Report, U.S. Commerce Department
Factors Hinting at Continued Growth…

1) Consumers still confident - domestic growth in PCE.
2) Major global economies are simultaneously growing
3) Increased demand for our goods (PMI at 59.8, up 25 mo.)
4) Tax Act increases corporate and SB profits buoying business cap ex and stock market (short-term)
5) Seeing modest increase in labor participation (keeps unemployment from falling too low; increases productivity without too much wage pressure)
6) Interest rates still very low – people and companies still taking out loans and growing the economy
7) Great Recession created resiliency (banks still relatively cautious, savings rate high..)
## Cyclical vs. Structural Issues

<table>
<thead>
<tr>
<th>Cyclical Forces</th>
<th>Structural Forces</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term</strong></td>
<td><strong>Long-term</strong></td>
</tr>
<tr>
<td>1) Tax Cuts</td>
<td>1) Deficit</td>
</tr>
<tr>
<td>2) Low Unemployment</td>
<td>2) Aging Population/Skills Gap</td>
</tr>
<tr>
<td>3) Inflation</td>
<td>3) High Health Care Costs</td>
</tr>
<tr>
<td>4) Higher Interest Rates</td>
<td>4) High Education Costs</td>
</tr>
<tr>
<td>5) Tariffs and a Reduction in Global Trade/Demand for U.S. Goods (ST or LT?)</td>
<td>5) Better Terms of Trade (?)</td>
</tr>
</tbody>
</table>

### Cyclical Forces
- 1) Tax Cuts
- 2) Low Unemployment
- 3) Inflation
- 4) Higher Interest Rates
- 5) Tariffs and a Reduction in Global Trade/Demand for U.S. Goods (ST or LT?)

### Structural Forces
- 1) Deficit
- 2) Aging Population/Skills Gap
- 3) High Health Care Costs
- 4) High Education Costs
- 5) Better Terms of Trade (?)
A Look at Employment
Monthly Unemployment Rate – NSA

Sources: U.S. Bureau of Labor Statistics, BLS unemployment rate is from the CPS and includes self employed. Forecast by the Colorado Office of State Planning and Budgeting, June 2018
U.S. Industry Changes in the Past 12 Months

Highlights include:

- Professional & Business Svc: +536,000
- HC & Social Assistance: +395,400
- Construction: +287,000
- Leisure and Hospitality: +273,000
- Accommodation & Food Svc: +256,200
- Manufacturing: +253,000

Nice mix of high, middle & low skill

Highest Job Growth Projections in the U.S., 2016 to 2026

Note: Annual median salaries (2016) for these occupations are given above job growth projection bars. Highest paying are in green. Source: U.S. Bureau of Labor Statistics
Fastest Growing Occupations in the U.S., 2016 to 2026

Note: The 2016 annual median salaries for these occupations are given above job growth projection bars.
Source: U.S. Bureau of Labor Statistics
Future Workforce Trends

➢ Health care (because we’re getting old and decrepit) and software engineering (because technological change impacts every industry)

➢ Statisticians/mathematicians needed to interpret big data that feeds technological change

➢ Energy sector will have very high level of disruption in next 10 years.

➢ Our global competitiveness will hinge upon our ability to educate for today and tomorrow’s jobs.
U-6 includes unemployed, those marginally attached to LF, plus those employed PT for economic reasons. In August 2017, it was 8.6%. Source: U.S. Bureau of Labor Statistics
Household Data: U.S. Civilian Participation Rates SA
Employment/Population SA

Civilian Participation Rate 25-54
Civilian Participation Rate 20-24
Civilian Participation Rate (Total)
Employment/Population
Civilian Participation Rate 55+

Recession

Unemployment Rate & Number Unemployed by Age, August 2018*

*Bubble size represents number of unemployed. Data not seasonally adjusted. Source: U.S. Bureau of Labor Statistics
International Labor Participation Rates for Ages 25-34

Source: Federal Reserve Bank of San Francisco, OECD
Colorado is Moving in the Right Direction!

- The LARGEST E/P ratio increase in U.S. was in CO (+1.3%).
- N. Dakota has highest ratio at 69.6%.
- CO was 66.2%.
- U.S. was 60.1%.
- WV was lowest at 50.5%.

Source: U.S. Bureau of Labor Statistics
A Little Bit on U.S. Housing…

Real estate makes up 15% of GDP
U.S. Annual Average & Median Existing Single-Family Home Prices

Source: National Association of REALTORS®
National Picture – Housing Prices Q2

➢ 90% of measured MSAs (178) showed gains in single-family home prices.

➢ 90% of MSAs (61) showed gains in median condo prices.

▪ U.S. median existing SF home price in Q2 was $269,000 (up 5.3% 2018 Q2 from 2017 Q2).

▪ Median condo price in the U.S. was $248,200 (up 3.6%).

August marks 78 consecutive months of YoY gains.*

Source: National Association of REALTORS®; *for existing homes all types
National Real Estate

➢ Only 31% of buyers in August were first time buyers.

➢ First time buyers are squeezed out of market due to low inventory, higher prices and increasing mortgage rates.

➢ Renters state they are ready to buy, but not enough properties in their price range.

➢ Likely that building of more affordable homes would boost national sales and home ownership rates.

➢ Most MSAs are still underbuilding relative to demand.

Source: National Association of REALTORS®
How Much Home Can You Buy with $200,000

Source: Property Shark, May 2018
How Much Home Can You Buy with $200,000

Source: Property Shark, May 2018
U.S. Home Building Projections

➢ Home builders say strong demand for new homes across all price ranges and in most major markets, but building has decelerated some.

➢ …but shortage of zoned land, and high labor and material costs.

➢ NAHB projects SF housing starts to increase ~5% per year from 2018 to 2020.

➢ NAHB projects MF housing starts increasing in 2018 (up 5.6%) and then decreasing in 2019 (-7.2%) and 2020 (-3.1%).

Notes: 11% of all housing is for new homes. Source: National Association of Home Builders
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 – 2017 Real GDP U.S. (2.2%) and CO (3.6%)

*2018 GDP forecast by CO Office of State Planning & Budgeting. 2019 GDP forecast by Wells Fargo. GSP forecasts by the UCCS Economic Forum with input from the CO Office of State Planning & Budgeting.

Source: U.S. Bureau of Economic Analysis
Colorado Real GDP Growth vs. U.S.
Year-over-Year Percent Change

Source: U.S. Department of Commerce, Wells Fargo
Colorado GSP, 2017

➢ Based on GSP, Colorado had the 2\textsuperscript{nd} fastest “real” growth (3.6\%) of all states\ *
  ▪ U.S. real growth rate was 2.2\% in 2017.

➢ Largest contributors to growth were IT sector and professional & technical sectors.
  ▪ Also real estate, construction, and health care.

\*Fastest growing state was Washington (4.4\%)
Percent Change in Real GDP by State, 2016-17

Source: U.S. Bureau of Economic Analysis
2017 Fastest Growing Industries in Colorado

- Mining
- Agriculture, Forestry, Fishing & Hunting
- Management of Companies & Enterprises
- Transportation & Warehousing
- Construction
- Other Services
- Arts, Entertainment & Recreation
- Real Estate & Rental & Leasing
- Professional & Technical Services
- Accommodation & Food Services
- Finance & Insurance
- Health Care & Social Assistance

12 sectors between 2.0 - 8.5% growth

Source: Colorado Department of Labor and Employment, QCEW
2017 Fastest Growing Industries in Colorado

- Mining
- Agriculture, Forestry, Fishing & Hunting
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- Construction
- Other Services
- Arts, Entertainment & Recreation
- Real Estate & Rental & Leasing
- Professional & Technical Services
- Accommodation & Food Services
- Finance & Insurance
- Health Care & Social Assistance

Source: Colorado Department of Labor and Employment, QCEW

Up 6.8%!
Year-over-Year Percent Change in Real GDP by State (2018 Q1)

➢ WY #1, but 30% of WY’s GSP from energy
➢ CO’s growth is across 12+ sectors

Sources: U.S. Department of Commerce; Wells Fargo
Year-over-Year Percent Change in Real GDP by State (2018 Q1)

➢ Colorado actually #1!

Sources: U.S. Department of Commerce; Wells Fargo
Colorado GSP, 2017 - 2018

➢ Projections for GSP for 2018 (3.7%) are a bit higher than 2017.

➢ Have strong leading indicators:
  ▪ High rate of new business formation, high tech sector growth (large multiplier), high job postings, and uptick in oil/gas sectors.

➢ In August we had 125,000 open jobs in the state, wages grew by 5.2% (Aug to Aug), and 1:5 jobs are in computer and mathematical occupation.

Source: Colorado Office of State Planning & Budgeting; CO Department of Labor and Employment, Conference Board
Colorado Leading and Coincident Economic Indices

-3%  -2%  -1%  0%  1%  2%  3%  4%


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
### Change in New Entity Filings in Colorado

<table>
<thead>
<tr>
<th>Year</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>-9.0%</td>
</tr>
<tr>
<td>2009</td>
<td>-1.7%</td>
</tr>
<tr>
<td>2010</td>
<td>-0.4%</td>
</tr>
<tr>
<td>2011</td>
<td>4.5%</td>
</tr>
<tr>
<td>2012</td>
<td>8.2%</td>
</tr>
<tr>
<td>2013</td>
<td>7.0%</td>
</tr>
<tr>
<td>2014</td>
<td>13.8%</td>
</tr>
<tr>
<td>2015</td>
<td>6.9%</td>
</tr>
<tr>
<td>2016</td>
<td>7.5%</td>
</tr>
<tr>
<td>2017</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

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

*2018 is the first half of the year. Measures are year-over-year otherwise.*

Sources: Colorado Office of State Planning and Budgeting; Colorado Department of Labor and Employment
Impact of Tariffs on Colorado
Colorado Exports in 2017

US Exports (Percent of GDP)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>8.0%</td>
</tr>
<tr>
<td>CO</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Mexico, 17.4%
Canada, 18.3%
Rest of the World (after top 10), 26.3%
China, 7.7%
Japan, 5.9%
Malaysia, 5.5%
South Korea, 5.1%
Germany, 4.1%
Netherlands, 3.6%
U.K., 2.9%
Hong Kong, 3.1%

Sources: U.S. Department of Commerce, International Trade Administration; U.S. Bureau of Economic Analysis; UCCS Economic Forum
Impact of Tariffs on Colorado

➢ Tariff impact on CO export industries = $232 million (0.1% of GSP)

➢ Most impacted industries:
  ▪ Agriculture – Commodity prices are already low
  ▪ Aluminum (beer and Sunday football!)
  ▪ Industrial machinery (computers)
  ▪ Plastics
  ▪ Furniture

➢ Arrow Electronics and 1,000 jobs..
  ▪ Colorado (high-paying/skill) employment decreases
  ▪ Our output (GSP) decreases
  ▪ Jobs potentially go to another country
  ▪ That country benefits from tariffs we imposed to supposedly help our economy

Source: OSPB, The Colorado Sun
Colorado Jobs Supported by Export Goods (% of total jobs)

➢ U.S. Commerce Department states that 733,900 jobs in CO are supported by trade.

➢ This represents 26.8% of all CO jobs as of July 2018.

Source: International Trade Administration, OSPB calculations
World Trade is 55% of World GDP
State Employment
Monthly Unemployment Rate – NSA

Note: NSA Unemployment in U.S. (4.4%) and CO (2.9%) in 2017
Sources: U.S. Bureau of Labor Statistics, BLS unemployment rate is from the CPS and includes self employed. Forecasts by the Colorado Office of State Planning and Budgeting, June 2018
Employment by Sector in Colorado, 2017

- Employment up 2.2% (56,210)
- 88% from the Front Range
- Continued in-migration

Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages (QCEW)
Colorado Employment Change
July 2017 to July 2018

Employment in Thousands

- Total jobs gained: 77,700

For every open job state-wide in July 2018, there were only 0.80 people.

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

➢ August 2017 to August 2018, the number people in the labor force increased by 83,241 people (up 2.8%). Number unemployed only increased by 700.

➢ Total employment grew by almost the same amount (up 84,400).

- Good because businesses can still find workers (even if it’s hard).
- Good because it raises our overall productivity (e.g. GSP).
- Good because it reduces transfer payments like unemployment insurance and Medicaid.

Source: Colorado Department of Labor and Employment
State Business Growth & Climate
Around 94% of businesses in the U.S. file their taxes as individuals.

Source: Tax Foundation 2018 State Business Tax Climate Index
### Ranking Top States for Business 2018

<table>
<thead>
<tr>
<th>State</th>
<th>Overall</th>
<th>Workforce</th>
<th>Infrastructure</th>
<th>Cost of Doing Bus.</th>
<th>Economy</th>
<th>Quality of Life</th>
<th>Tech &amp; Innovation</th>
<th>Education</th>
<th>Business Friendliness</th>
<th>Access to Capital</th>
<th>Cost of Living</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>1</td>
<td>7</td>
<td>1</td>
<td>18</td>
<td>1</td>
<td>31</td>
<td>9</td>
<td>37</td>
<td>21</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>Washington</td>
<td>2</td>
<td>2</td>
<td>31</td>
<td>33</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>12</td>
<td>32</td>
<td>11</td>
<td>37</td>
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<tr>
<td>Utah</td>
<td>3</td>
<td>11</td>
<td>10</td>
<td>23</td>
<td>2</td>
<td>12</td>
<td>19</td>
<td>34</td>
<td>12</td>
<td>18</td>
<td>22</td>
</tr>
<tr>
<td>Virginia</td>
<td>4</td>
<td>3</td>
<td>20</td>
<td>34</td>
<td>13</td>
<td>19</td>
<td>15</td>
<td>6</td>
<td>5</td>
<td>13</td>
<td>33</td>
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<tr>
<td><strong>Colorado</strong></td>
<td>5th</td>
<td>5</td>
<td>29</td>
<td>37</td>
<td>8</td>
<td>9</td>
<td>7</td>
<td>11</td>
<td>17</td>
<td>11</td>
<td>34</td>
</tr>
<tr>
<td>Minnesota</td>
<td>6</td>
<td>16</td>
<td>6</td>
<td>38</td>
<td>18</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>28</td>
<td>17</td>
<td>29</td>
</tr>
<tr>
<td>Georgia</td>
<td>7</td>
<td>4</td>
<td>3</td>
<td>36</td>
<td>2</td>
<td>32</td>
<td>21</td>
<td>29</td>
<td>21</td>
<td>8</td>
<td>9</td>
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<tr>
<td>Massachusetts</td>
<td>8</td>
<td>1</td>
<td>42</td>
<td>43</td>
<td>14</td>
<td>10</td>
<td>2</td>
<td>1</td>
<td>18</td>
<td>7</td>
<td>48</td>
</tr>
</tbody>
</table>

Source: CNBC Scorecard on State Economic Climate, 2018
State & Local Demographics
Colorado & U.S. Growth Rates

Colorado Change in Population

2005 - 2040

➢ 7th-fastest state for percentage growth
➢ 8th-fastest state for absolute growth
➢ 88% of growth along the Front Range
➢ Denver the most populous county until 2019
  ▪ Denver County: 723,654
  ▪ El Paso County: 723,994

Source: Colorado State Demography Office; CU Boulder Leeds School of Business
2015-16 Net Domestic Migration

2017 percent of the population moving from a different state to:
El Paso County: 7.1%  Colorado: 4.1%  United States: 2.3%

Source: U.S. Census Bureau; American Community Survey 1-year estimates
Colorado: Projected Diversity by Age

Hispanic, Black, Asian, and other minority share

<table>
<thead>
<tr>
<th>Age</th>
<th>2015</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;18</td>
<td>43%</td>
<td>58%</td>
</tr>
<tr>
<td>18-24</td>
<td>38%</td>
<td>57%</td>
</tr>
<tr>
<td>25-44</td>
<td>33%</td>
<td>52%</td>
</tr>
<tr>
<td>45-64</td>
<td>23%</td>
<td>43%</td>
</tr>
<tr>
<td>65+</td>
<td>16%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Source: Colorado State Demography Office
State Budgets and Expenditures
Governor’s Budget Request
General Fund Budget for FY 2018-19

Total Budget: $12.2 Billion

- K-12 Education, $4,953.7M (38%)
- Health Care Policy & Financing, $2,904.5M (22%)
- Human Services, $982.6M (8%)
- Public Safety and Courts, $1,547.1M (12%)
- Higher Education, $1,003.6M (8%)
- Other, $1,117.2M (9%)
- Capital Construction, $179.2M (1%)
- Transportation Transfer, $495.0M (4%)
- Other, $1,117.2M (9%)

$249.8M in total marijuana taxes (retail & medical)

Source: Colorado Office of State Planning and Budgeting, June 2018 Colorado Outlook
Sales – Taco Bell

$0.00
$5,000.00
$10,000.00
$15,000.00
$20,000.00
$25,000.00
$30,000.00
$35,000.00
$40,000.00
$45,000.00

$0.00
$5,000.00
$10,000.00
$15,000.00
$20,000.00
$25,000.00
$30,000.00
$35,000.00
$40,000.00
$45,000.00

K-12 Per Pupil Expenditures: Colorado versus National Average

Sources: National Center for Education Statistics; Great Education Colorado
Student-Paid Portion of Higher Education Tuition at Public Institutions in 2017

Source: 2017 SHEF Report, State Higher Education Executive Officers
## TABOR Refund per Coloradan

Figure 35. Average TABOR Refund per Taxpayer by Fiscal Year Paid (Excluding Homestead Exemption)

<table>
<thead>
<tr>
<th>Average Refund Paid</th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
<th>FY 2020-21</th>
<th>FY 2021-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Filers</td>
<td>0</td>
<td>$32</td>
<td>$63</td>
<td>$54</td>
</tr>
<tr>
<td>Joint Filers</td>
<td>0</td>
<td>$64</td>
<td>$126</td>
<td>$176</td>
</tr>
</tbody>
</table>

Source: Colorado Office of State Planning and Budgeting
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
Overview

- National Indicators – The Big Picture
- The Colorado State Economy
- Our Local Economy
Real Growth in Annual GDP, GSP & GMP vs. Year Ago

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>2.8%</td>
<td>2.6%</td>
</tr>
<tr>
<td>GSP</td>
<td>3.7%</td>
<td>3.6%</td>
</tr>
<tr>
<td>GMP</td>
<td>3.7%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

2018 GDP forecast by CO OSPB. 2019 GDP forecast by Wells Fargo. GSP and GMP forecasts by the UCCS Economic Forum with input from the CO Office of State Planning & Budgeting. In 2017, Real GDP for the U.S. (2.2%), CO (3.6%) and EPC (3.3%)

Source: U.S. Bureau of Economic Analysis
Percent Change in Real Gross Metropolitan Product 2017

Nominal increase in U.S. GDP metro portion was 4.1% and for CS was 5.0%.

Source: U.S. Bureau of Economic Analysis

Colorado Springs: Real GMP % change 2016-17: 3.3%
(higher than U.S. metro portion 2.1%)
Real GMP Highlights

➢ 312 of 383 (or 81%) metro areas saw increase in GMP in 2017

- Professional & business services grew 3.5% (in 317 metros)
- Wholesale and retail trade grew 3.2% (323 metros)
- Finance, insurance, real estate, rental & leasing grew 1.5% (237 metros)
- Natural resources & mining grew 2.2%

➢ Colorado Springs ranked 58th out of 383 metro areas for 2017 (top quartile).
  - In 2016, Colorado Springs ranked 83rd.

Source: U.S. Bureau of Economic Analysis & U.S. Department of Commerce
Real GMP Contribution by Sector, Colorado Springs MSA, 2017*

- Agriculture, Forestry, Fishing, and Hunting: 0.03%
- Mining (2012): 0.6%
- Utilities: 0.9%
- Arts, Entertainment & Recreation: 0.9%
- Utilities: 0.9%
- Mining (2012): 0.6%
- Transportation and Warehousing: 1.2%
- Health Care, Social Assistance & Education: 0.9%
- State & Local Government (2016): 5.6%
- Information: 5.1%
- Retail Trade: 7.2%
- Professional and Business Services: 12.3%
- Real Estate, Rental & Leasing: 14.4%
- Other Services, Except Government: 14.5%
- Wholesale Trade: 3.6%
- Accommodation & Food Services: 8.0%
- Construction: 8.4%
- Federal Civilian Government (2016): 5.2%
- Retail Trade: 6.5%
- Information: 5.6%
- Manufacturing (2012): 6.5%
- Retail Trade: 7.2%
- Professional and Business Services: 12.3%
- Finance, Insurance, Real estate, Rental & Leasing: 14.5%

*Manufacturing and Mining data last disclosed in 2012. Government data lags a year.

Source: U.S. Bureau of Economic Analysis
Contribution to GMP by Industry, Colorado Springs MSA

<table>
<thead>
<tr>
<th>Industry</th>
<th>2001</th>
<th>2011</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>8%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Information</td>
<td>6%</td>
<td>12%</td>
<td>16%</td>
</tr>
<tr>
<td>Finance, Real Estate, Rental &amp; Leasing</td>
<td>12%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>14%</td>
<td>6%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Health Care, Social Assistance &amp; Education</td>
<td>8.4%</td>
<td>14.4%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Military*</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>State and local government*</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

*Government data lags a year so government data is from 2016.
Source: U.S. Bureau of Economic Analysis
### Colorado Springs Exports in 2017

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>49.7%</td>
</tr>
<tr>
<td>NAFTA</td>
<td>13.5%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>20.0%</td>
</tr>
<tr>
<td>Europe</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

### US Exports (Percent of GDP)

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>8.0%</td>
</tr>
<tr>
<td>CO</td>
<td>2.3%</td>
</tr>
<tr>
<td>CS</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Sources: U.S. Department of Commerce, International Trade Administration; U.S. Bureau of Economic Analysis; UCCS Economic Forum
Local Consumer Sentiment: El Paso County
New Vehicle Registrations (w/o 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
Note: The largest YTD (Aug to Aug) increases by major industries were in commercial machines (25.2%), business services (17.5%), grocery stores (11.33%), and furniture/app/elec (9.5%). Source: City of Colorado Springs
Consumer Sentiment Indices
Total United States VS. Colorado Springs Area

Compared to the total U.S., Colorado Springs residents are substantially more confident in future economic conditions, contributing to a higher overall Index of Consumer Sentiment.

Total United States

- Current Economic Conditions: 115.2
- Consumer Expectations: 116
- Consumer Sentiment (Overall): 100.1

Colorado Springs Area

- Current Economic Conditions: 97.7
- Consumer Expectations: 90.5
- Consumer Sentiment (Overall): 108.9

18% lower - 28% higher - 9% higher
Local Employment
Monthly Unemployment Rate – NSA

<table>
<thead>
<tr>
<th>Forecasts</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>3.9%</td>
<td>3.8%</td>
</tr>
<tr>
<td>CO</td>
<td>3.0%</td>
<td>3.2%</td>
</tr>
<tr>
<td>EPC</td>
<td>3.5%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

Current: Aug. 2018
5.1% PC
4.1% EPC
3.9% U.S.
3.9% TC
3.4% CO

Unemployment rate is from the CPS and includes self employed. Last time EPC rate was higher than U.S. was April 2014.
Forecasts by the Colorado Office of State Planning and Budgeting
Sources: U.S. Bureau of Labor Statistics; CO Department of Labor and Employment
Employment Growth Rate, July 2017 to July 2018

- Greeley: 4.00%
- Colorado Springs: 4.00%
- Denver: 2.9%
- Fort Collins: 2.9%
- Grand Junction: 2.9%
- Boulder: 1.4%
- Pueblo: 0.0%

Sources: U.S. Bureau of Labor Statistics; CO Department of Labor and Employment
July 2017 to July 2018 Job Growth

Source: Colorado Department of Labor and Employment
July 2017 to July 2018 Job Growth

Source: Colorado Department of Labor and Employment
Employment by Sector in El Paso County, 2017

- Health Care, Social Assistance & Education: 20.9%
- Military*: 17.2%
- Retail Trade: 9.9%
- Accommodation and Food Services: 9.4%
- Professional and Technical Services: 7.3%
- Administrative and Waste Services: 5.8%
- Construction: 5.0%
- Public Administration: 4.1%
- Finance and Insurance: 3.8%
- Other Services: 3.5%
- Manufacturing: 3.5%
- Information: 1.9%
- Wholesale Trade: 1.7%
- Arts, Entertainment, and Recreation: 1.7%
- Transportation and Warehousing: 1.6%
- Real Estate and Rental and Leasing: 1.5%
- Utilities (including CSU): 0.7%
- Management of Companies and Enterprises: 0.4%
- Agriculture, Forestry, Fishing & Hunting: 0.1%
- Mining: 0.0%
- Unclassified: 0.0%

*2017 USAFA military employment was not available so 2016 data was used.

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 instillations.
EPC Industry Specific Changes, 2017 Q1 to 2018 Q1

Industry specific data shows significant increase in employment in…

- health care & social assistance (+2,196),
- professional & technical assistance (+1,420)
- construction (+878)
- accommodations & food service (+686)

Notes: Prof & Tech up 726 from 2017 Q4 to 2018 Q1; HC up 526 for same quarter.
Source: CO Department of Labor and Employment, Quarterly Census of Employment and Wages (QCEW)
### Top 7 Industries for Employee Growth in Colorado Springs MSA, 2017 and 2027

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment Change</th>
<th>Annual Average Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Social Assistance</td>
<td>14,688</td>
<td>3.29%</td>
</tr>
<tr>
<td>Accom &amp; Food Services</td>
<td>7,470</td>
<td>2.11%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>6,418</td>
<td>2.12%</td>
</tr>
<tr>
<td>Construction</td>
<td>5,692</td>
<td>3.02%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>4,221</td>
<td>1.21%</td>
</tr>
<tr>
<td>Pro, Scientific &amp; Tech Services</td>
<td>4,212</td>
<td>1.63%</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>3,020</td>
<td>2.09%</td>
</tr>
</tbody>
</table>

Source: Colorado Department of Labor and Employment: QCEW

- Total Growth Projection: 59,656 employees gained, 1.80% annual average increase
- CO projected increase in employment: 1.79%
- Total projected population growth: 117,089, 1.7% annual average increase
Local Labor Market: El Paso County Annual Job Changes

Number of New Jobs Gained or Lost


New jobs needed to match population growth

6,334 new jobs gained in EPC 2016 to 2017*

*There were 6,057 new jobs gained in EPC 2016 Q4 to 2017 Q4. QCEW does NOT include self employed; unemp rate does.
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)
Colorado Springs MSA Job Openings

Real Time Job Market Data

September 2018

➢ Average daily job openings: 13,291
➢ Average posting duration (33 days)
➢ Median salary of posted jobs ($78,000); higher now than Colorado median ($73,125)
➢ 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
State of the City
Median Salary of Posted Job

MEDIAN SALARIES OF POSTED JOBS:

COLORADO SPRINGS
$77,050

DENVER
$76,000

MEDIAN SALARY: COLORADO
$73,000

Source: Talent Neuron & UCCS Economic Forum
Location Quotients Across the U.S.

- 1.7 LQ for Colorado Springs in Computer & Mathematical (13,980*)
- 1.65 LQ for Denver in Computer & Mathematical (71,000)

*Is number employed in this occ group, May 2017; Military is not included
Colorado Springs MSA Job Openings

Top job titles September 2018:

1) Registered Nurse (1,589 jobs)
2) Software Engineer (893 jobs)
3) Customer Service Rep (867 jobs)
4) Systems Engineer (828 jobs)
5) Systems Administrator (743)
6) Medical Assistant (742 jobs)
7) Administrative Assistant (677 jobs)
8) Certified Nursing Assistant (676 jobs)
9) Teller (594 jobs)
10) Sales Rep (588 jobs)

August 2018

<table>
<thead>
<tr>
<th>Demand for Labor</th>
<th>Supply of Labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,853</td>
<td>14,452</td>
</tr>
</tbody>
</table>

Sources: CEB TalentNeuron™; Pikes Peak Workforce Center; U.S. Bureau of Labor Statistics; CO Department of Labor and Employment; UCCS Economic Forum; The Conference Board Help Wanted Online®
An Interesting Phenomenon in El Paso County…

➢ After decades of stagnant growth in the labor force…

➢ EPC had an increase in the labor force August 2017 to August 2018 of 13,617 (or 4.1%)

Source: Colorado Department of Labor and Employment, Colorado Labor Market Information (LMI Gateway)
Increase in the Labor Force
El Paso County 2000 – 2018

**Number of People**

- Aug-00
- Aug-01
- Aug-02
- Aug-03
- Aug-04
- Aug-05
- Aug-06
- Aug-07
- Aug-08
- Aug-09
- Aug-10
- Aug-11
- Aug-12
- Aug-13
- Aug-14
- Aug-15
- Aug-16
- Aug-17
- Aug-18

Increase in the Labor Force: 30.6%
Increase in Working Age Pop*: 35.4%

*Ages 18-64
Sources: U.S. Bureau of Labor Statistics; Colorado Department of Local Affairs
More Recent Increase in the Labor Force
El Paso County 2014 – 2018

Number of People

Aug-14
Aug-15
Aug-16
Aug-17
Aug-18

Increase in the Labor Force: 12.9%
Increase in Working Age Pop*: 6.4%

*Ages 18-64
Sources: U.S. Bureau of Labor Statistics; Colorado Department of Local Affairs
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
# Health Care Audit Preliminary Results

<table>
<thead>
<tr>
<th>Job Category</th>
<th>2017 Job Postings Junior Level (0-2 Years)</th>
<th>Job Postings Total All Levels</th>
<th>2017 Labor Supply (Number of Local Graduates)**</th>
<th>Total Unmet Need (Demand – Supply)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Nurse (#1)*</td>
<td>1,615</td>
<td>5,394</td>
<td>190</td>
<td>5,204</td>
</tr>
<tr>
<td>Medical Assistant (#6)</td>
<td>259</td>
<td>1,063</td>
<td>214</td>
<td>849</td>
</tr>
<tr>
<td>Nursing Assistant (#9)</td>
<td>486</td>
<td>1,463</td>
<td>95</td>
<td>1,368</td>
</tr>
<tr>
<td>LPN (Licensed Practical Nurse)</td>
<td>238</td>
<td>480</td>
<td>3</td>
<td>480</td>
</tr>
<tr>
<td>Phlebotomist</td>
<td>53</td>
<td>134</td>
<td>18</td>
<td>116</td>
</tr>
</tbody>
</table>

*Rankings are for job titles in Talent Neuron’s May 2018 data, which is characteristic of 2017 postings.

** Graduates from PPCC, UCCS, Pima Medical Institute, National American University, IntelliTec for calendar year 2017.

Note: Job postings are for Colorado Springs MSA.
Local Wages
Private Industry Average Annual Wages, 2017

El Paso County
% difference from CO
-16.6%

El Paso County
% difference from U.S.
-13.6%

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)
Local Demographics
Demographics: EPC Population Projections 2015 to 2050

Source: Colorado State Demography Office
Population Increase in El Paso County

2017: 701,283
2018: 711,431
2050: 1,083,676

108% Increase

Note: 2017 to 2018 up 1.4%.
Source: State Demographer’s Office
Migration Patterns in El Paso County 2017

- Moved within EPC, 12.1% (16,506)
- Moved from a Different County within CO, 2.4% (16,506)
- Moved from a Different State, 7.1% (49,051)
- Moved from Abroad, 3.4%

Notes: Net migration was 7,401. Total in-migration was 71,027 (meaning out migration 63,626).
Source: American Community Survey, 2017
## 2017 Median Age

<table>
<thead>
<tr>
<th></th>
<th>El Paso County</th>
<th>Colorado</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Age</td>
<td>34.2</td>
<td>36.8</td>
<td>38.0</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, American Community Survey 1-year estimate
El Paso County Population Projections by Age Group

Number of People

Source: Colorado Department of Local Affairs, State Demography Office
Colorado Springs is Fastest-Growing City for Millennials.

Top 10 metros
- Colorado Springs: 14.7%
- San Antonio-New Braunfels: 14.4%
- Denver-Aurora-Lakewood: 12.8%
- Orlando-Kissimmee-Sanford: 12.7%
- Honolulu: 12.2%
- Austin-Round Rock: 11.8%
- Cape Coral-Fort Myers: 11.7%
- Houston-The Woodlands-Sugar Land: 11.7%
- North Port-Sarasota-Bradenton, FL: 11.1%
- Seattle-Tacoma-Bellevue: 10.8%

Bottom 10 metros
- Salt Lake City: 1.9%
- Dayton: 1.7%
- Syracuse: 1.5%
- Milwaukee-Waukesha-West Allis: 1.4%
- Jackson: 1.2%
- Youngstown-Warren-Boardman, OH-PA: 1.0%
- St. Louis, MO-IL: 0.9%
- Toledo, OH: 0.5%
- Chicago-Naperville-Elgin, IL-IN-WI: 0.2%
- Birmingham-Hoover, AL: -0.6%

Colorado Springs MSA
Net Migration 2010 to 2020 by age group

Population ages 20-34 has increased 19.3% since 2010 – largest % gain of any metro area and equal to 27,000 Millennials.

Source: Colorado Department of Local Affairs, State Demography Office, ACS data from WF Colorado Economic Outlook, 2018
Sam Has a New Job...
Sam Elliott the Professional
2017 Adult Population with Veteran Status

- El Paso County: 16.1%
- Colorado: 8.6%
- United States: 7.2%

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

85,196 veterans in El Paso County
Some College or Associate Degree in 2017

Percentage of Population by Age Group

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Colorado Springs (MSA)</th>
<th>Colorado</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages 18-24</td>
<td>45.9%</td>
<td>44.6%</td>
<td></td>
</tr>
<tr>
<td>Ages 25+</td>
<td>34.9%</td>
<td>28.9%</td>
<td></td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, American Community Survey 1-year estimates
Bachelor’s Degree or Higher in 2017

Source: U.S. Census Bureau, American Community Survey 1-year estimates
Local Housing
More Recently in the Colorado Springs MSA

➢ In 2018 Q2, for existing single-family homes:

• Median home price was $323,600
  – Up **13.9%** from 2017 Q2
  – U.S. median in Q2 was $269,000.
  – We are now 20.3% higher than U.S.

• 1.9 months supply in September 2018 in the Pikes Peak Region.

• DOM in September – 27 days

Sources: National Association of REALTORS®; Pikes Peak REALTOR® Services Corp. (RSC)
It’s all Relative..

➢ Denver’s median price was $462,900 (up 9.0% Q2 to Q2).

➢ Boulder’s median price $631,100 (up 6.4% Q2 to Q2).

➢ Boulder is the 6th most expensive city for median home price, Denver is 13th and Colorado Springs ranked 26th (out of 178 MSAs).

Sources: National Association of REALTORS®; PPAR (RSC)
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.
# Single-Family Home Prices Forecast (New & Existing)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018 (up 10.5%)</th>
<th>2019 (up 6.0%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average</strong></td>
<td>$314,733</td>
<td>$347,789</td>
<td>$368,647</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td>$280,000</td>
<td>$311,920 (up 11.4%)</td>
<td>$332,195 (up 6.5%)</td>
</tr>
</tbody>
</table>

Source: Pikes Peak REALTOR® Services Corp. (RSC); Forecasts by UCCS Economic Forum.
Pikes Peak Single-Family (Detached) Home Sales

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

### U.S. Sales in August 2018

<table>
<thead>
<tr>
<th>Price Range</th>
<th>0-100K</th>
<th>$100-250K</th>
<th>$250-500K</th>
<th>$500-750K</th>
<th>$750K-1M</th>
<th>$1M+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>8%</td>
<td>38%</td>
<td>36%</td>
<td>10%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

### EPC Sales in Apr-Sept 2018

<table>
<thead>
<tr>
<th>Price Range</th>
<th>$50-100K</th>
<th>$100-250K</th>
<th>$250-500K</th>
<th>$500-800K</th>
<th>$800K-1M</th>
<th>$1M+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>0.1%</td>
<td>21%</td>
<td>68%</td>
<td>10%</td>
<td>1%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Sources: National Association of REALTORS®, August 2018; RE/MAX, Darrell Wass
Notes: 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. Includes new and existing homes. Source: National Association of Home Builders and Wells Fargo.
Home Building
Pikes Peak Single & Multi-Family Permits

- **Single Family**
- **Multi-Family**

"Healthy" number of permits, 2018

**Source:** Pikes Peak Regional Building Department

*Forecasts by UCCS Economic Forum with input from PPRBD

**University of Colorado**
- Boulder
- Colorado Springs
- Denver
- Anschutz Medical Campus

**UCCS**
- University of Colorado
- Colorado Springs

---

*Forecasts by UCCS Economic Forum with input from PPRBD
**Source:** Pikes Peak Regional Building Department
Projections for Local Housing

➢ With input from local experts, the Forum is forecasting strong growth in single-family building for 2018 and relatively flat construction levels for 2019.

• 2018 – up 10.0% – permits for SF dwellings

• 2019 – up 0.2%

➢ Construction costs are high & available land is low.

➢ 2016 had a 19.7% increase in SF permits

➢ 2017 saw 6.1% increase in permits for SF dwellings

Notes: Single-family dwellings include detached and attached (townhomes).
Source: Pikes Peak Area Realtors, UCCS Economic Forum
Rental Market
Apartment Leasing in Colorado Springs

➢ Apartment building and leasing is indicative of level of economic growth.

➢ In 2018 Q2:

  ▪ Average rent: $1,157 (new & old units combined)
  ▪ Compared to $660 in 2002 (has almost doubled)
  ▪ Average rent for units built 2010-present: $1,432
  ▪ 1,521 units built in 2017 (there are 49,260 units total)
  ▪ Compared to 528 units built in 2016

Source: CO Department of Local Affairs, Colorado Springs Metropolitan Area Apartment Vacancy and Rent Survey, 2018 Q2
Multi-Family Rental & Vacancy Rates in Colorado Spring MSA

![Graph showing the trend of average monthly rent and vacancy rate from 2012 Q4 to 2018 Q2.]

- **Average Monthly Rent**
  - $700 to $1,200

- **Vacancy Rate (%)**
  - 3% to 8%

Source: CO Department of Local Affairs, Colorado Springs Metropolitan Area Apartment Vacancy and Rent Survey
HUD Report, Region 8

Apartment market conditions ranged from slightly tight in Utah with strong job growth to soft in markets in energy-impacted states.

<table>
<thead>
<tr>
<th>Market Condition</th>
<th>Q2 2017 (%)</th>
<th>Q2 2018 (%)</th>
<th>Percentage Point Change</th>
<th>Q2 2018 ($)</th>
<th>Q2 2018 ($)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billings</td>
<td>Slightly soft</td>
<td>8.8</td>
<td>7.1</td>
<td>– 1.7</td>
<td>975</td>
<td>936</td>
</tr>
<tr>
<td>Cheyenne</td>
<td>Balanced</td>
<td>2.7</td>
<td>4.1</td>
<td>1.4</td>
<td>886</td>
<td>890</td>
</tr>
<tr>
<td>Colorado Springs</td>
<td>Balanced</td>
<td>4.5</td>
<td>5.5</td>
<td>1.0</td>
<td>1,000</td>
<td>1,040</td>
</tr>
<tr>
<td>Denver</td>
<td>Balanced</td>
<td>5.4</td>
<td>5.2</td>
<td>– 0.2</td>
<td>1,372</td>
<td>1,426</td>
</tr>
<tr>
<td>Fargo</td>
<td>Soft</td>
<td>8.4</td>
<td>8.8</td>
<td>0.4</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Ogden</td>
<td>Slightly tight</td>
<td>3.6</td>
<td>3.4</td>
<td>– 0.2</td>
<td>928</td>
<td>972</td>
</tr>
<tr>
<td>Salt Lake City</td>
<td>Slightly tight</td>
<td>3.9</td>
<td>4.1</td>
<td>0.2</td>
<td>1,068</td>
<td>1,118</td>
</tr>
<tr>
<td>Rapid City</td>
<td>Soft</td>
<td>3.4</td>
<td>2.6</td>
<td>– 0.8</td>
<td>925</td>
<td>932</td>
</tr>
</tbody>
</table>

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; all other areas: Real Data, Inc.

2017 percentage of renter occupied housing units:

**El Paso County:** 37.0%  **Colorado:** 34.8%  **United States:** 36.1%

Source: U.S. Census Bureau, American Community Survey 1-year estimates
## Denver and Colorado Springs, 2018 Q2

<table>
<thead>
<tr>
<th></th>
<th>Denver</th>
<th>Colorado Springs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Monthly Rent</strong></td>
<td>$1,426</td>
<td>$1,040</td>
</tr>
<tr>
<td><strong>Vacancy Rate</strong></td>
<td>5.2%</td>
<td>6.3%*</td>
</tr>
<tr>
<td><strong>Number of Units Built</strong></td>
<td>10,854</td>
<td>1,521</td>
</tr>
<tr>
<td><strong>Past 12 Months (2017)</strong></td>
<td>(94% absorption)</td>
<td>(95% absorbed)</td>
</tr>
</tbody>
</table>

Note: Absorption is the net change in the # of apartment units rented in the current time period (quarter/year) compared to the same time period last year. *CS vacancy rate is the from CS Metro Area Apartment Vacancy & Rent Study; Denver’s is from HUD. Source: Housing and Urban Development, 2018 Q2 Report; CS Metro Area Apartment Vacancy & Rent Study; The Denver Post
Commercial Real Estate
Colorado Springs Industrial, Retail, Office and Medical Office Vacancy Rates

2018 Q2
- Office: 10.7%
- Medical Office: 7.8%
- Industrial: 7.4%
- Retail: 5.6%

Sources: CoStar Group™; Olive Real Estate Group, Inc.
Colorado Springs Industrial, Retail, Office and Medical Office Rents

Per Square Foot


Medical Office

Office

Retail

Industrial

2018 Q2

$17.24 per sq. ft.

$15.60 per sq. ft.

$13.37 per sq. ft.

$7.40 per sq. ft.

Sources: CoStar Group™; Olive Real Estate Group, Inc.
### Colorado Springs to Denver (metros): Rents per Square Foot

<table>
<thead>
<tr>
<th></th>
<th>2018 Q2</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Retail</td>
<td>Office</td>
<td>Industrial</td>
<td>Medical Office</td>
</tr>
<tr>
<td><strong>Colorado Springs</strong></td>
<td>$13.37</td>
<td>$15.60</td>
<td>$7.40</td>
<td>$17.24</td>
</tr>
<tr>
<td><strong>Denver</strong></td>
<td>$22.20</td>
<td>$30.75</td>
<td>$7.46</td>
<td>$28.24</td>
</tr>
<tr>
<td><strong>% Difference</strong></td>
<td>-39.8%</td>
<td>-49.3%</td>
<td>-0.8%</td>
<td>-39.0%</td>
</tr>
</tbody>
</table>

Sources: CoStar Group™; Olive Real Estate Group, Inc., Jim Justus & Jim DiBiase
Tourism
Pikes Peak Tourism 2017

- 23 million visitors (1% increase over 2016)
- Almost half (10 million) were overnight trips.
- All visitors spent $2.31 billion or $73/second.
  - $96 million in tax receipts
- Used to be mostly to visit family; now attractions, of which we will have more of..

Source: Colorado Springs Convention & Visitors Bureau and Longwoods International, Pikes Peak Region 2017 Visitor Research
Colorado Springs Hotel Occupancy Rate
12 Month Moving Average

Source: CO Hotel and Lodging Association, Rocky Mountain Lodging Report
Colorado Springs Hotel RevPAR

33% increase from Aug. 2015 to Aug. 2018

Source: CO Hotel and Lodging Association, Rocky Mountain Lodging Report
Colorado Springs Airport Enplanements

Note: By way of comparison, DIA enplanements were 30m while CS's were 840,661. Source: Colorado Springs Airport
Look Before You Book!

- Atlanta
- Chicago
- Dallas
- Denver
- Houston
- Las Vegas
- Los Angeles
- Minneapolis/Saint Paul
- Orlando
- Phoenix
- Salt Lake City
- San Antonio
- San Diego
- Seattle
- Washington D.C.

Notes: Some flights are seasonal. Source: Colorado Springs Airport
Local Employment/Wages

El Paso County Employment in Selected Sectors

Military

Expenditures in El Paso County

Actual New jobs in El Paso County
2017 Q1 to 2018 Q1: 6,023

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

Estimated jobs needed based on population growth and age composition, calculated by the UCSC Economic Forum.

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.

Colorado Springs MSA GMP by Sector

2018 Q1 Wages for All Industries

Military Employment**

Military Economic Impact

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

<table>
<thead>
<tr>
<th>2017 Population</th>
<th>Colorado Springs</th>
<th>El Paso County</th>
<th>MSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>464,474</td>
<td>699,232</td>
<td>723,878</td>
</tr>
<tr>
<td>(\text{EPC} = 34.2)</td>
<td>34.2</td>
<td>38.0</td>
<td></td>
</tr>
</tbody>
</table>

El Paso County & U.S. Age Groups

<table>
<thead>
<tr>
<th>2017 Population by Age Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages 0-17</td>
</tr>
<tr>
<td>30%</td>
</tr>
</tbody>
</table>

Population Growth 2015-2050

The State Demography Office projects a population increase of 400,508 additional people between 2015-50. Source: Colorado Department of Local Affairs, State Demography Office.

Population Estimates

<table>
<thead>
<tr>
<th>Location</th>
<th>2015</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Paso County</td>
<td>676,178</td>
<td>1,076,486</td>
</tr>
<tr>
<td>Colorado</td>
<td>5,448,055</td>
<td>8,461,295</td>
</tr>
</tbody>
</table>

Source: Colorado Department of Local Affairs, State Demography Office.

Cost of Living

2016 Housing Affordability Index

Source: National Association of REALTORS®

Real Estate

Monthly Home Sales

Median Home Price 2018 Q2

<table>
<thead>
<tr>
<th>Location</th>
<th>Price 2018 Q2</th>
<th>1-year % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado Springs</td>
<td>$323,600</td>
<td>13.9% increase</td>
</tr>
<tr>
<td>Denver</td>
<td>$462,900</td>
<td>9.0% increase</td>
</tr>
<tr>
<td>Boise</td>
<td>$262,800</td>
<td>15.4% increase</td>
</tr>
<tr>
<td>United States</td>
<td>$269,000</td>
<td>5.3% increase</td>
</tr>
</tbody>
</table>

Source: Pikes Peak REALTOR® Services Corp., National Association of REALTORS®

Monthly Building Permits

Source: Pikes Peak Regional Building Department
Economic Forum
COLLEGE OF BUSINESS
UNIVERSITY OF COLORADO
COLORADO SPRINGS

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