Economic Update & The Metals Industry

April 5, 2017

Tatiana Bailey, Ph.D.

Keep a Sense of Humor!

Keep a Sense of Humor!

Anton Rubaclini
@AntonRubaclini

I live in constant fear that Trump will deport my latina mother-in-law who lives at 1837 3rd st, LA 90023 blue house. she gets off work at 6
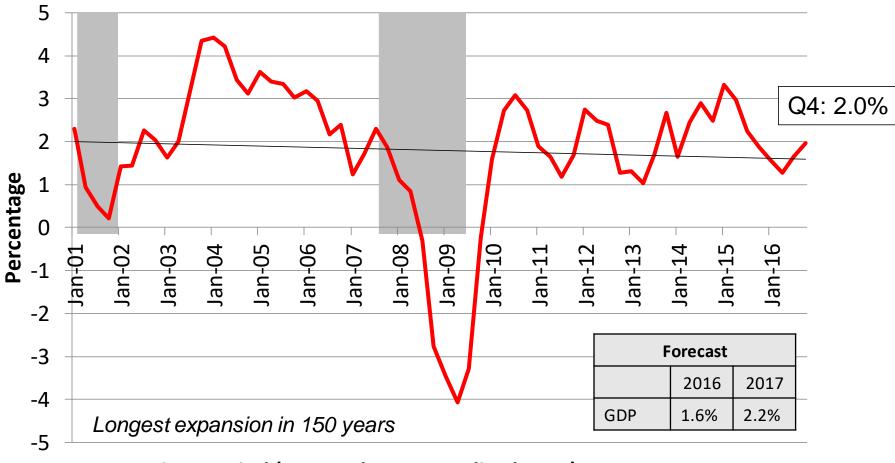
Overview

- **National Indicators – The Big Picture**

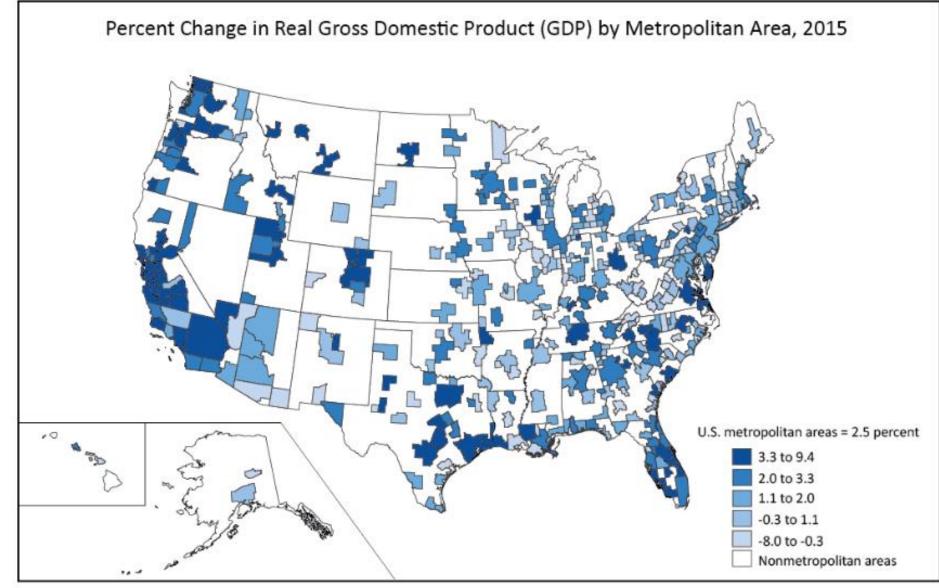- Labor Force, Employment & Unemployment

- Demographics

- The Metals Market

Real Growth in GDP vs. Year Ago

Q4: 2.0%

Percentage

Time Period (Quarterly at Annualized Rate)

Longest expansion in 150 years

Forecast		
	2016	2017
GDP	1.6%	2.2%

Source: U.S. Bureau of Economic Analysis; Forecasts by CO Office of State Planning & Budgeting in "real" terms. Seasonally adjusted information.

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Percent Change in Real Gross Domestic Product (GDP) by Metropolitan Area, 2015

U.S. metropolitan areas = 2.5 percent

3.3 to 9.4
2.0 to 3.3
1.1 to 2.0
-0.3 to 1.1
-8.0 to -0.3
Nonmetropolitan areas

U.S. Bureau of Economic Analysis

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(Nominal) GMP Highlights

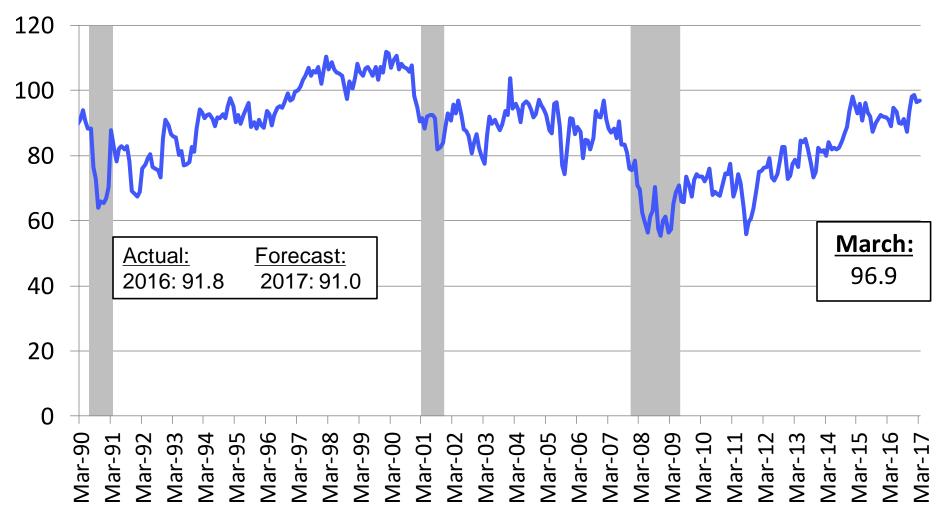➢ 292 of 382 (or 76%) metro areas saw increase in GMP in 2015*

➢ Growing industries for all MSAs: professional & business services, wholesale & retail trade, finance, insurance, real estate, rental & leasing

➢ GMP for U.S. metro areas increased 3.8% from 2014 to 2015 (and 2.5% inflation-adjusted).*

*NOTE: 2015 data is from advanced statistics. Source: U.S. Bureau of Economic Analysis & U.S. Department of Commerce

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University of Michigan Consumer Sentiment

Actual: Forecast:
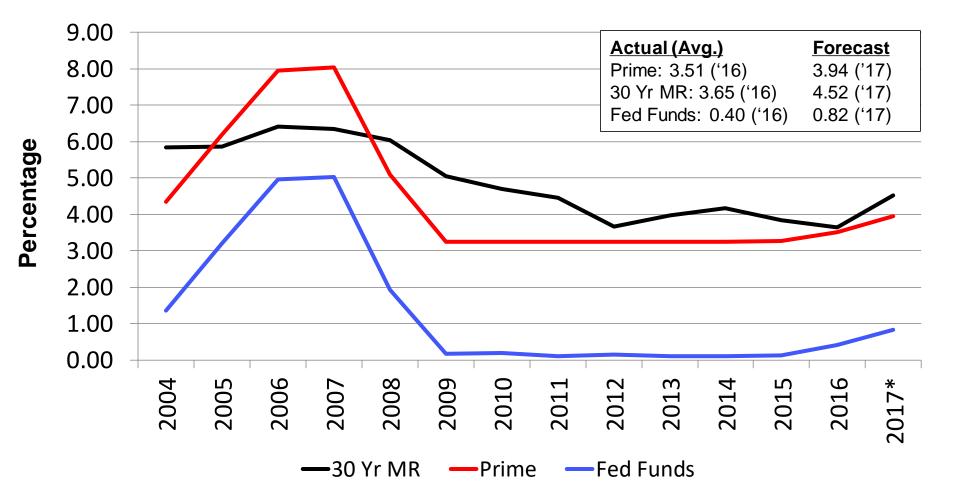2016: 91.8   2017: 91.0

March:
96.9

> 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

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Interest Rates

Actual (Avg.)	Forecast
Prime: 3.51 ('16)	3.94 ('17)
30 Yr MR: 3.65 ('16)	4.52 ('17)
Fed Funds: 0.40 ('16)	0.82 ('17)

Legend: 30 Yr MR, Prime, Fed Funds

Source: Board of Governors of the Federal Reserve System (US)
*Forecasts by Wells Fargo

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Increases in the Interest Rate

➢March 15 increase from a range* of 0.5%-0.75% to a range of 0.75% to 1.0%.

➢Projecting a rate of ~1.4% by end of 2017; 3.0% by end of 2019

➢Likely a total of 3 rate hikes in 2017 and 3 more in 2018.

Pros:
1) Helps ward off inflation; job numbers point to more consumer demand
2) Attract investment to U.S.
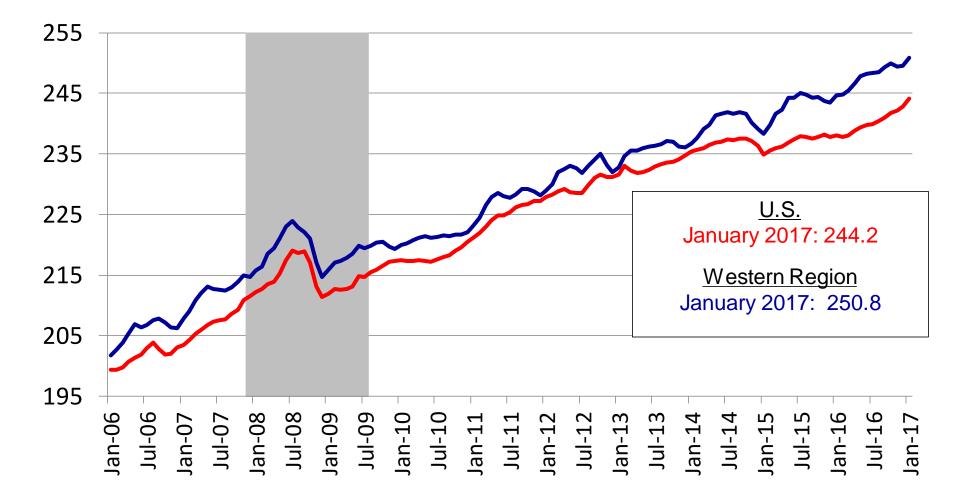3) Government/Fed has a tool to stimulate the economy for future downturns

Cons:
1) Raises HH and business costs of borrowing, slowing the economy; less disposable income
2) Raises the dollar (fewer exports)
3) Some Americans just getting back on track
4) Servicing large U.S. debt ($19t)

➢ After the last recession, the Fed went from $900b in Treasuries, mortgage-backed securities and other assets to $4.5t.

The effective federal funds rate (EFFR) is calculated as a volume-weighted median of overnight fed funds. transactions, published each morning.

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Consumer Price Index (1982-1984 = 100)

U.S.
January 2017: 244.2

Western Region
January 2017: 250.8

Over the last 12 months, CPI increased 2.7% (all items), which is at the Fed target.

Sources U.S. Bureau of Labor Statistics

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Manufacturing Sector Improving

Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
MANUFACTURING AT A GLANCE — March 2017						
PMI®	57.2	57.7	-0.5	Growing	Slower	7
New Orders	64.5	65.1	-0.6	Growing	Slower	7
Production	57.6	62.9	-5.3	Growing	Slower	7
Employment	58.9	54.2	+4.7	Growing	Faster	6
Supplier Deliveries	55.9	54.8	+1.1	Slowing	Faster	11
Inventories	49.0	51.5	-2.5	Contracting	From Growing	1
Customers' Inventories	47.0	47.5	-0.5	Too Low	Faster	6
Prices	70.5	68.0	+2.5	Increasing	Faster	13
Backlog of Orders	57.5	57.0	+0.5	Growing	Faster	2
New Export Orders	59.0	55.0	+4.0	Growing	Faster	13
Imports	53.5	54.0	-0.5	Growing	Slower	2
OVERALL ECONOMY				Growing	Slower	94
Manufacturing Sector				Growing	Slower	7

Manufacturing ISM® *Report On Business®* data is seasonally adjusted for the New Orders, Production, Employment and Supplier Deliveries Indexes.
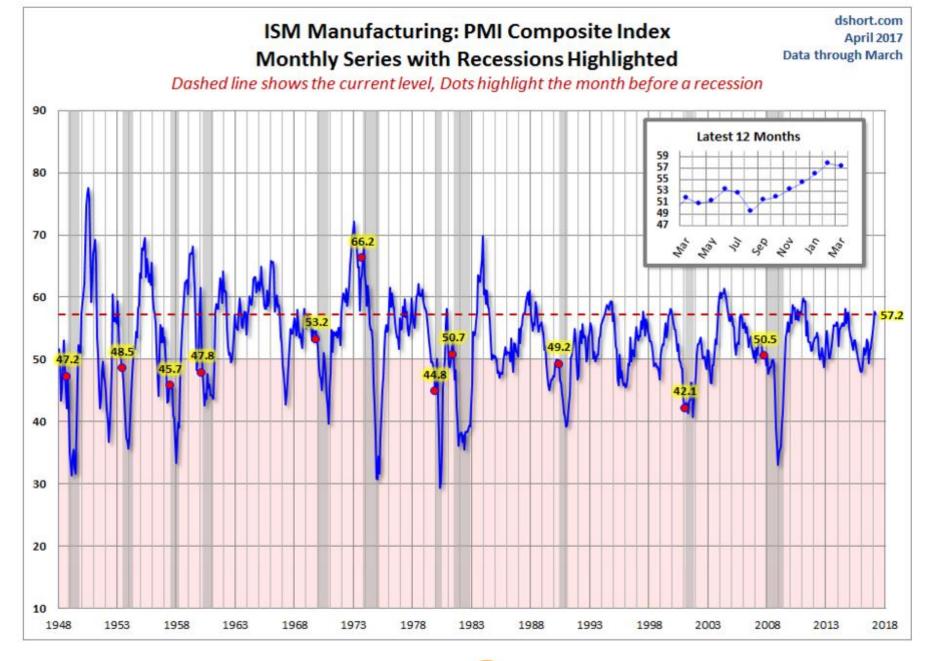
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Manufacturing Sector Improving

THE LAST 12 MONTHS

Month	PMI®		Month	PMI®
Mar 2017	57.2		Sep 2016	51.7
Feb 2017	57.7		Aug 2016	49.4
Jan 2017	56.0		Jul 2016	52.3
Dec 2016	54.5		Jun 2016	52.8
Nov 2016	53.5		May 2016	51.0
Oct 2016	52.0		Apr 2016	50.7
Average for 12 months – 53.2 High – 57.7 Low – 49.4				

ISM Manufacturing: PMI Composite Index
Monthly Series with Recessions Highlighted

Dashed line shows the current level, Dots highlight the month before a recession

dshort.com
April 2017
Data through March

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Manufacturing Sector Improving – New Orders

➢ New orders have been increasing for 7 months.

New Orders	% Better	% Same	% Worse	Net	Index
Mar 2017	45	45	10	+35	64.5
Feb 2017	42	48	10	+32	65.1
Jan 2017	32	52	16	+16	60.4
Dec 2016	32	48	20	+12	60.3

Includes wood products, printing & related, electrical equipment, appliances & components, apparel, leather & allied products, paper, plastics & rubber, primary metals, furniture & related, machinery, nonmetallic mineral, transportation, misc. manufacturing, textile mills, chemical products, computer and electronic, fabricated metal, petroleum & coal, food, beverage & tobacco.
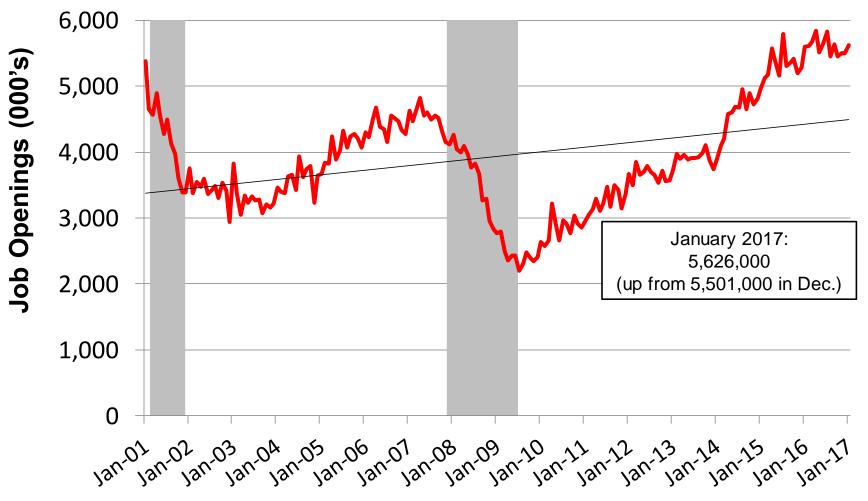Source: Institute of Supply Management (ISM)

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- National Indicators – The Big Picture

- **Labor Force, Employment & Unemployment**

- Demographics

- The Metals Market

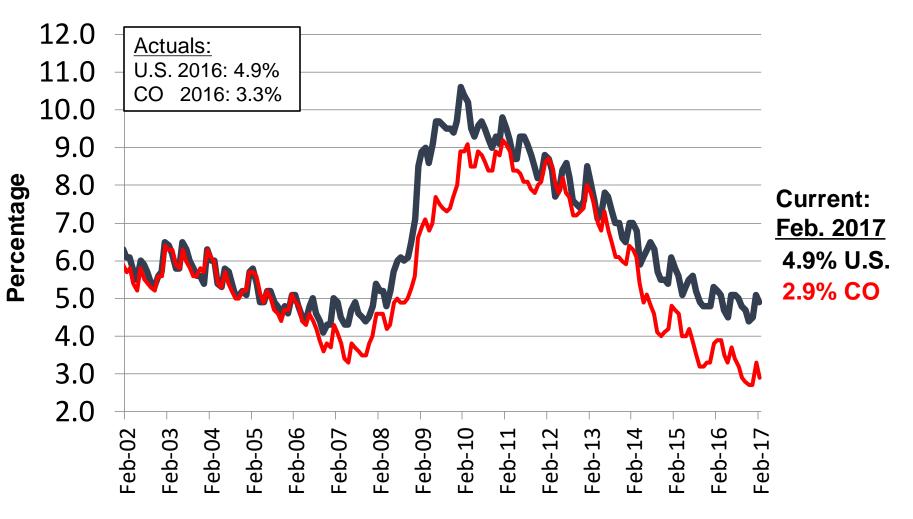PEAK ANALYTICS CONSULTING

Survey Employer Data through January 2017
Total <u>U.S.</u> Monthly Non-Farm Job Openings SA (000's)

Job Openings (000's)

6,000

5,000

4,000

3,000

2,000

1,000

0

January 2017:
5,626,000
(up from 5,501,000 in Dec.)

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

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

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February 2017 BLS Data – U.S.

➢ Total nonfarm payroll employment rose by 235,000 (avg. 209,000/mo for last 3 months).

➢ Forecast for 2017: slow to 160,000 new jobs/mo.

➢ 75th consecutive month of private sector job growth.

➢ Gains in construction (+58,000), private educational services (+29,000), manufacturing (+28,000), health care (+27,000), mining (+8,000) and professional & business services (+37,000); declines in retail trade

➢ Job growth totaled 2.2 million in 2016, less than the increase of 2.7 million in 2015.

Source: U.S. Bureau of Labor Statistics
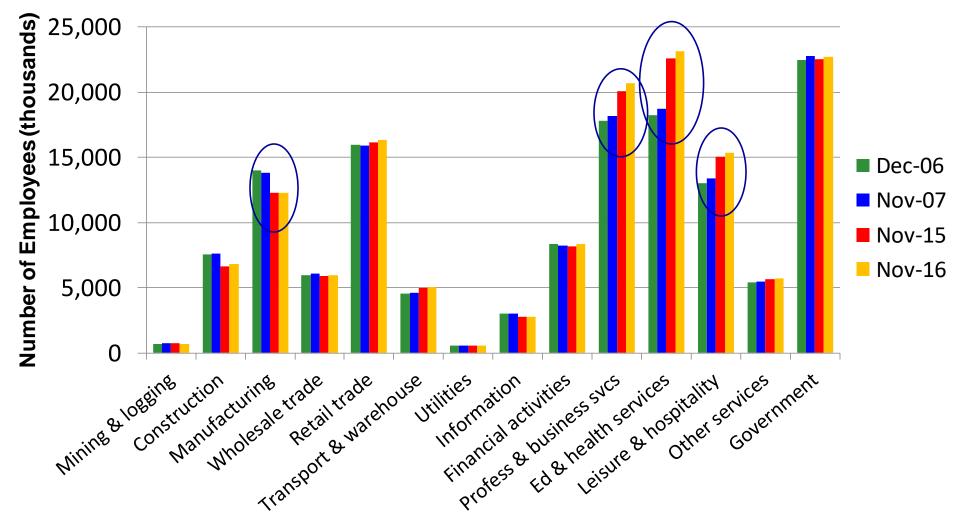
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Trend Data by Industry, 2016

Highlights include:

- HC & Social Assistance: +2,092,000

- Professional & Business Svc: +552,000

- Food Svc & Drinking Places: +247,000

- Financial Activities: +156,000

- Transportation & Warehousing: +110,000

- Manufacturing: -63,000
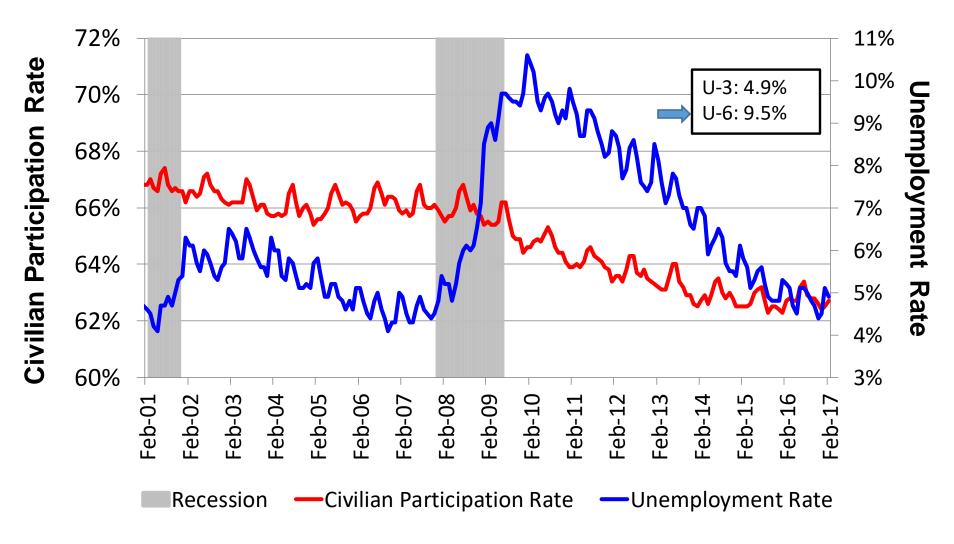
Source: U.S. Bureau of Labor Statistics

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U.S. Employment by Industry, NSA

Source: U.S. Bureau of Labor Statistics, Current Employment Survey

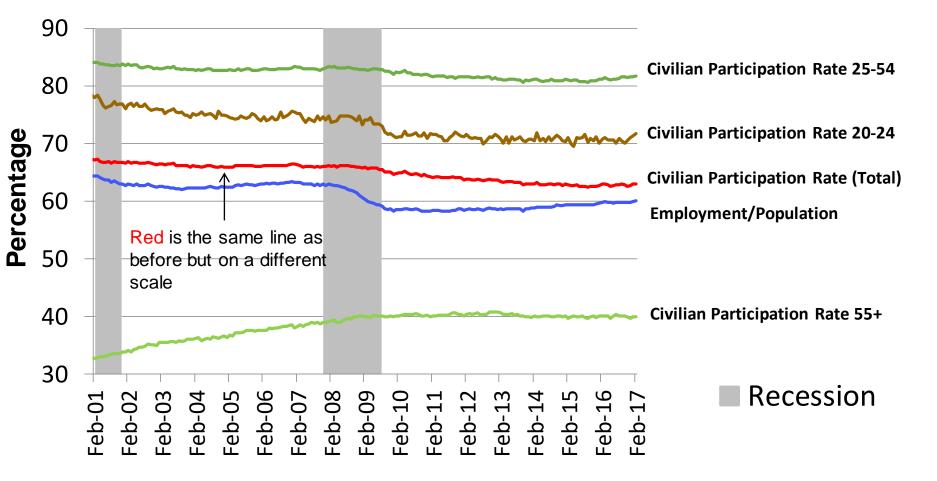**PEAK** ANALYTICS CONSULTING

U.S. Civilian Participation and Unemployment Rates, NSA

U-6 includes unemployed, those marginally attached to LF, plus those employed PT for economic reasons.
Source: Bureau of Labor Statistics data through February 2017.

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

Percentage (y-axis): 30, 40, 50, 60, 70, 80, 90

X-axis: Feb-01, Feb-02, Feb-03, Feb-04, Feb-05, Feb-06, Feb-07, Feb-08, Feb-09, Feb-10, Feb-11, Feb-12, Feb-13, Feb-14, Feb-15, Feb-16, Feb-17

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

Red is the same line as before but on a different scale

Recession

Data through February 2017

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

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Unemployment Rate & Number Unemployed by Age, January 2017*

*Bubble size represents number of unemployed. Data not seasonally adjusted.
Source: U.S. Bureau of Labor Statistics

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February BLS Data – Untapped Labor

➢ Number of long-term unemployed (27 wks+) was essentially unchanged in February: 1.8 million

➢ LTE account for 23.8% of unemployed.

➢ 1.7 million people marginally attached to labor force (~30% are discouraged workers – not counted in unemployment rate because although they want to work, they have not searched in the last 4 weeks)

➢ Civilian participation rate was little changed at 63.0% in February (62.9% in January).

➢ Last 12 months, average hourly earnings up 2.8%.

Source: U.S. Bureau of Labor Statistics

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Movement in Worker Participation?

➤In all of 2016, the LTE declined by 263,000 people.

➤Involuntary PT workers down 459,000 in 2016.

➤Discouraged workers down by 237,000 from a year earlier.

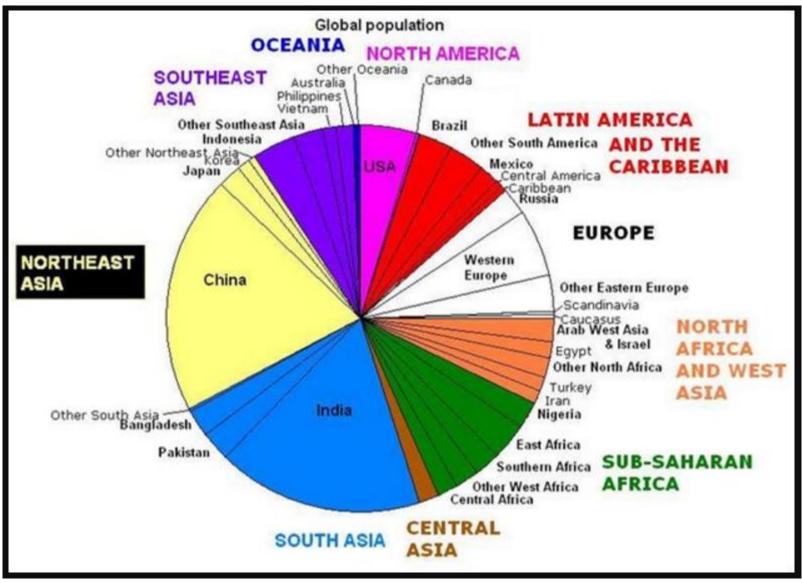Source: U.S. Bureau of Labor Statistics

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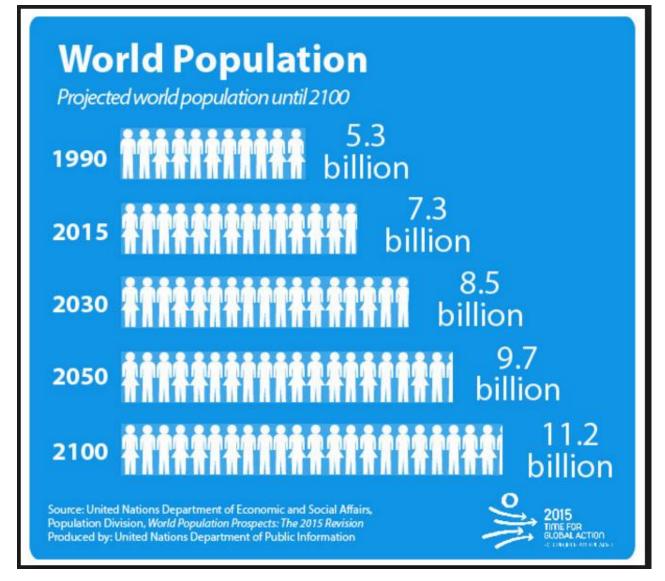PEAK ANALYTICS CONSULTING

World Population

Population Projections

World Population

Projected world population until 2100

Year	Population
1990	5.3 billion
2015	7.3 billion
2030	8.5 billion
2050	9.7 billion
2100	11.2 billion

Source: United Nations Department of Economic and Social Affairs, Population Division, *World Population Prospects: The 2015 Revision*
Produced by: United Nations Department of Public Information

2015
TIME FOR
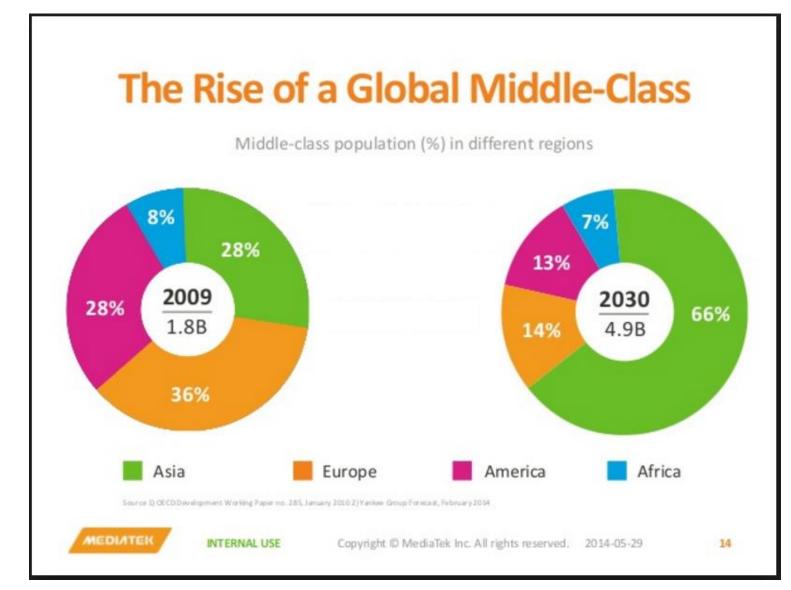GLOBAL ACTION

Source: Mediatek, 2014

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The (Scrap) Metal Industry

➢ Metal recycling in the United States is estimated to be a $20b industry.

➢ 120-130 million tons of recyclables handled each year in the U.S. alone.

➢ Scrap metal industry employs about 140,000 people.

➢ Steel is the most recycled metal (74 million tons in U.S. or 55% of all processed material) from cars, steel structures, household appliances, railroad tracks, ships, farm equipment, etc..

➢ Nonferrous metals, including aluminum, copper, lead, nickel, tin, zinc and others, are among the few materials that do not degrade or lose their chemical or physical properties in the recycling process.

➢ 8 million metric tons recycled in the U.S. from copper and precious metal circuitry in electronic devices, soft-drink containers, automobile batteries and radiators, aluminum siding, airplane parts, etc..

Source: Institute of Scrap Recycling Industries; Schupan

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The (Scrap) Metal Industry - Benefits

➢ The scrap-metal-recycling industry provides resources to the basic manufacturing sector.

➢ Recycles valuable resources at a lower cost than extracting new metals.

➢ Conserves natural resources and therefore helps protect the environment.

➢ By definition, it's a renewable resource.

➢ Such industries are increasingly of interest and preferred investments. Long-term sustainability is the emphasis now.
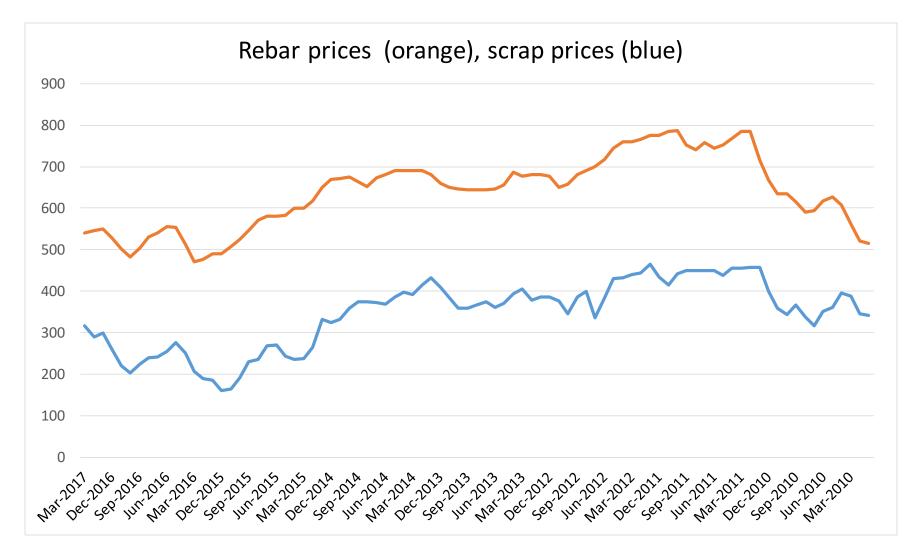
Ferrous Market – Scrap Drives Ferrous Pricing

➢ The majority of steel made in US today is produced in an electric arc furnace which melts scrap.

➢ Scrap is the largest cost for these steelmakers - more than labor, electricity, etc combined- and has the biggest impact on finished steel prices. So scrap and finished steel prices are directly related. Everyone follows scrap to get an idea where finished steel prices are headed.

➢ This includes items like beams (for bldgs), rebar and hot-rolled coil which is used to make cars and appliances and welded pipe.

➢ Ferrous scrap moves monthly and if it goes up $25 a ton, finished steel goes up $25 a ton. If it goes down $25 a ton, mills will try to hold high price but usually concede and lower $25 a ton.

➢ Demand and imports can influence the price but scrap is the tail that wags the dog.

Source: Lisa Gordon, American Metal Market
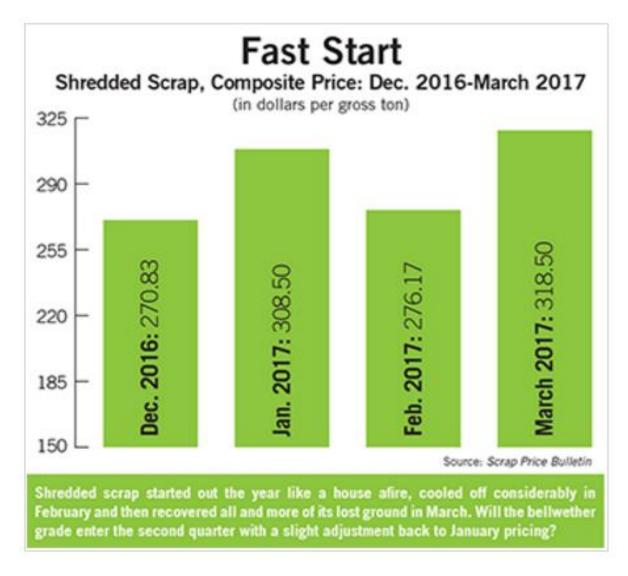
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Tight Correlation: Scrap & Rebar

Rebar prices (orange), scrap prices (blue)

Source: American Metal Market

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Scrap Metal Pricing - Erratic

Fast Start
Shredded Scrap, Composite Price: Dec. 2016-March 2017
(in dollars per gross ton)

Dec. 2016: 270.83
Jan. 2017: 308.50
Feb. 2017: 276.17
March 2017: 318.50

Source: Scrap Price Bulletin

Shredded scrap started out the year like a house afire, cooled off considerably in February and then recovered all and more of its lost ground in March. Will the bellwether grade enter the second quarter with a slight adjustment back to January pricing?

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The Metals Market & Some Forecasting

➢ Aluminum dipped 10% and copper 15% in late 2015.

➢ Iron ore pellets (taconite) dropped below $40/ton hitting MI and MN hard in 2016.

➢ Copper is a particularly good barometer because of its diverse and wide use across sectors* – often an indicator of global health of the economy.

➢ Where we are headed? Recent actions of large metal recyclers gives us some clues.

➢ Alter Trading and Sims Metal both cut jobs in 2016 mostly due to (~30%) drop in ferrous prices.

➢ Cuts mostly in U.S.; closed or reduced 35 of 270 global operations.

*Including housing, infrastructure and consumer electronics.
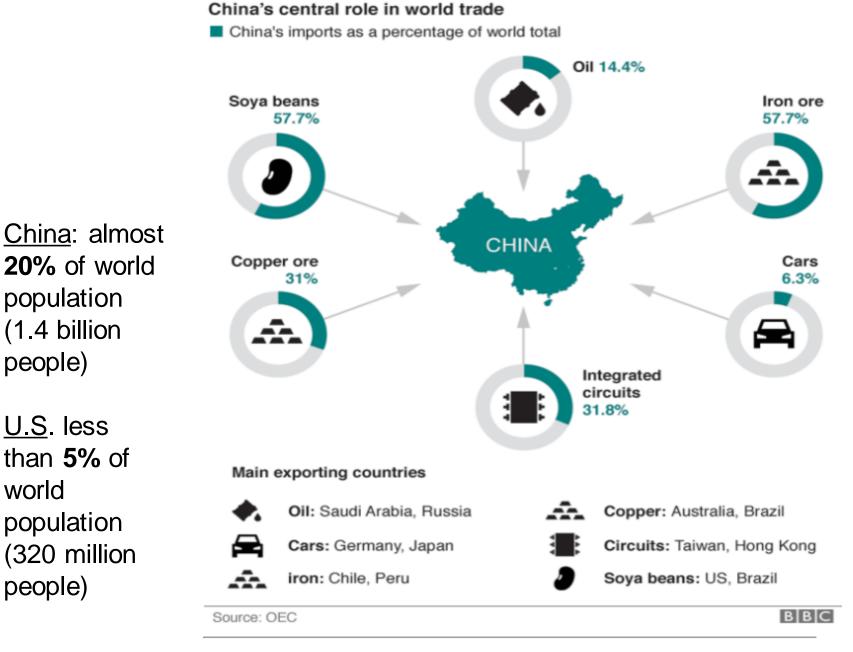Source: Rick LeBlanc, *The Balance.*

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Steel Forecast

➢ Global steel prices have been low for so long mostly because the robust Chinese demand for steel has caused an overproduction of this commodity.

➢ Simple economics: too much supply depresses prices.

➢ Chinese have been a very large producer of steel.

➢ At its peak, China produced 822 million tons of steel in 2014 compared to 803 million tons in 2015 (3% reduction).

➢ Due to a slowdown in the rate of GDP growth, Chinese officials have stated they will reduce steel production by 20% by 2020 (~165 million fewer tons).

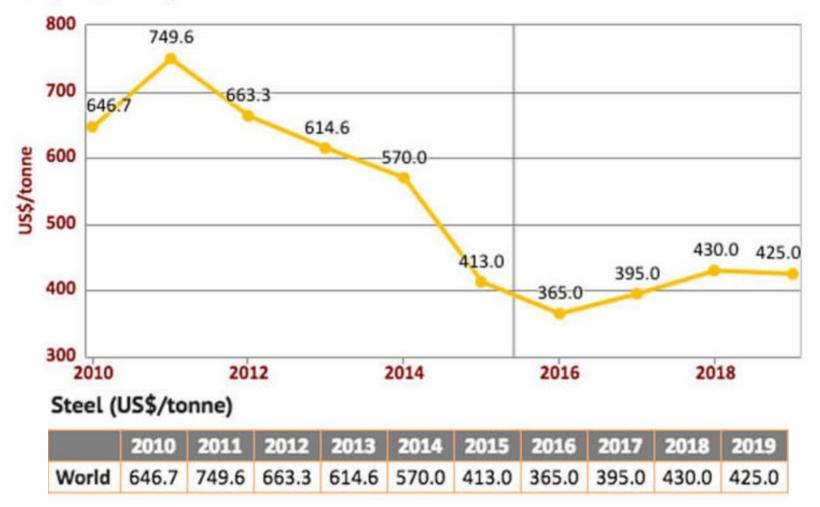➢ If Chinese continue on the path of reduction, U.S. (and other) steel producers will benefit.

*Including housing, infrastructure and consumer electronics.
Source: Rick LeBlanc, *The Balance.*

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China: almost **20%** of world population (1.4 billion people)

U.S. less than **5%** of world population (320 million people)

China's central role in world trade
■ China's imports as a percentage of world total

Oil 14.4%

Soya beans 57.7%

Iron ore 57.7%

Copper ore 31%

CHINA

Cars 6.3%

Integrated circuits 31.8%

Main exporting countries

Oil: Saudi Arabia, Russia

Copper: Australia, Brazil

Cars: Germany, Japan

Circuits: Taiwan, Hong Kong

iron: Chile, Peru

Soya beans: US, Brazil

Source: OEC

BBC

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Steel Forecast

Steel (US$/tonne)

Steel (US$/tonne)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
World	646.7	749.6	663.3	614.6	570.0	413.0	365.0	395.0	430.0	425.0

Note: Steel Insight predicted at the end of 2016 $500/ton pricing for 2017.
Sources: tradingeconomics.com/commodity/steel; knoema.com; recyclingtoday.com/article/worldsteel-2016-2017-steel-outlook

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Steel & Other Metals Forecast

➢ World Steel Association is predicting a 0.4% increase (to 1,494 tons) in global steel demand and a 5.9% increase in U.S. demand.*

➢ Forecasters are saying that despite the continued slowdown in Chinese steel demand, rest-of-world demand will compensate.

➢ China will demand 15% less steel in 2017 than in 2013.

➢ This translates to 42% of global steel demand from 48% in 2009.

➢ U.S. consumes 120 million tons of finished steel each year and ~20-30% of it is imported.

➢ U.S. demand is about 8% of global demand for steel; similar for copper and many other metals.

•In line with American Institute of Architect's forecast.
Sources: tradingeconomics.com/commodity/steel; knoema.com; recyclingtoday.com/article/worldsteel-2016-2017-steel-outlook

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Steel Forecast

➢ Country-specific information for 2017:

- Brazil's demand has declined (-17% in 2015; -9% in 2016; +3% in 2017)
- India's demand will increase (+5.5%)
- E.U. will increase (+1.7%)
- ASEAN 5 will hold their +6% increase
- China up but a slower rate of growth overall (+4.8%)
- Developed economies +1.1%
- U.S. demand expected to increase (+2.7%); grew 3.2% in 2016.

Note: Steel demand: Construction (40%), manufacturing/other (30%), auto (20%), energy (10%)
ASEAN 5 includes Thailand, Vietnam, Malaysia, Indonesia, Philippines
Sources: World Steel Association; Economics Committee

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Steel & Other Metals Forecast

➢ Many variables to consider:

- Higher U.S. GDP in 2017 than 2016 (job growth continues)

- Strength of U.S. dollar increases imports, decreases exports hurting domestic scrap metal; effect of rising interest rates (strengthens the dollar)

- ISM manufacturing index has been >50 for many months.

- We DO have a "D" grade in infrastructure from the ASCE ($500b to $1t)

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Steel & Other Metals Forecast

➢Many variables to consider:

• Higher probability of U.S. slowdown after new admin

• Stability of European Union

• Trade wars? Supply chain of virtually all goods would be negatively impacted.

• Trump has talked of 45% import tax with China; could hurt us more than it helps (e.g. only 1% of Chinese steel is imported to U.S. in 2016). Obama tried in 2008.

•In line with American Institute of Architect's forecast; ASEAN 5 includes Thailand, Vietnam, Malaysia, Indonesia, Philippines
Sources: tradingeconomics.com/commodity/steel; knoema.com; recyclingtoday.com/article/worldsteel-2016-2017-steel-outlook

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Trump Administration & Metals Industry

➢ New administrations mean a lot of change/pivots:

- Corporate taxes reduced → raise profit margins → more (capital) investment (+)

- Public infrastructure spending (likely to pass) (+)

- Level the (global) playing field (+)

- Supply chain hurt; higher prices and lower demand could offset any windfalls (-) Reason for cold shoulder from auto

- If banking regulations ease, could be more private investment (+)

- Decreased energy regulations → more exploration (+/-)

- Wilbur Ross (Sec. of Commerce) and rest of administration is very friendly to the steel and other metals industries. (+)

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Some Anecdotal Information

➢ In Colorado, scrap metal returns down 50% since 2013.

➢ Some scrap yards have folded.

➢ More focus on "sustainability" and reporting on that (e.g. wood branch, energy efficiency programs, refrigeration recycling, etc..) →pivot

➢ Maximize loading of recycling bins to reduce transport costs; restructuring contracts (less favorable terms)

➢ Holding product with the hope of higher prices

➢ Sometimes have to pay in order to remove scrap (small loads, bulky loads, remote locations..)

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Some Anecdotal Questions & Answers

1) What are global indicators for the metals industry and its pricing?
   - Relative supply and demand by country. I would study this as a scrap metal seller.
   - Once you know trade flows and volume, study the key economic indicators of those countries (U.S. included).
   - Not really "risks" now to selling overseas.
   - Look at new markets and new technologies.

2) Is there a case for stockpiling metals?
   - Probably varies by seller – look at marginal costs and if you are still making a modest profit, sell.
   - If you are at a break even point, the marginal costs of storage are negligible, and if your homework shows prices may increase, hold the product until costs > benefit.

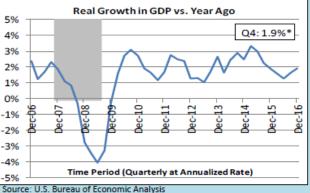**PEAK** ANALYTICS CONSULTING

Some Anecdotal Questions & Answers

3) How does strength of U.S. dollar impact the value of scrap metal?

- If U.S. dollar is strong, our exported product is less attractive.
- Global (non-U.S.) metal producers/recyclers' products are more attractive.
- Double whammy because our new and recycled metal products are demanded less, which reduces prices.
- Other (global) producers benefit and sell more of their product. Even U.S. domestic buyers of metal products import rather than use U.S. product because it's cheaper.

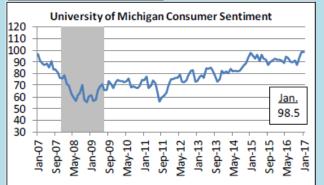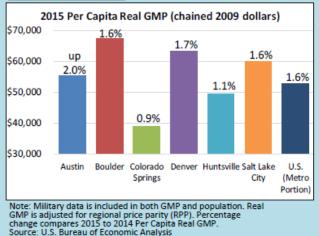*Know your universe to the fullest extent possible.*

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The Big Picture

U.S. Quarterly GDP

Real Growth in GDP vs. Year Ago

Q4: 1.9%*

Time Period (Quarterly at Annualized Rate)

U.S. Consumer Sentiment

University of Michigan Consumer Sentiment

Jan. 98.5

MSA GMP Per Capita

2015 Per Capita Real GMP (chained 2009 dollars)

Austin	up 2.0%
Boulder	1.6%
Colorado Springs	0.9%
Denver	1.7%
Huntsville	1.1%
Salt Lake City	1.6%
U.S. (Metro Portion)	1.6%

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.

Labor Force/Employment

U.S. Non-Farm Job Openings

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

U.S. Civilian Participation Rate
Jan. 2007: 66.4%
Jan. 2017: 62.9%

Unemployment Rate

Monthly Unemployment Rate - Not Seasonally Adjusted

Dec. 2016
4.5% U.S.
3.2% EPC
2.7% CO

UCCS Economic Forum
COLLEGE OF BUSINESS

UNIVERSITY OF COLORADO
COLORADO SPRINGS

updated (02/22/2017)

Colorado Springs MSA Job Openings

January 2017

Total Job openings: 10,383

Average posting duration: 44 days

Median salary of posted jobs: $68,800
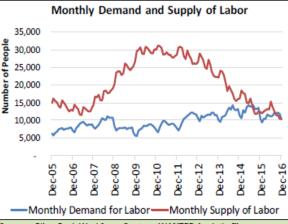
Colorado median salary: $60,925

Top Job Titles

Registered Nurse (1,026 jobs)

Customer Service Rep (752 jobs)

Software Engineer (747 jobs)

Teller (605 jobs)

Administrative Assistant (553 jobs)

Systems Engineer (517 jobs)

Sales Rep (483 jobs)

Project Manager (471 jobs)

Systems Administrator (441 jobs)

Network Engineer (433 jobs)

December 2016	
Demand for Labor	**Supply of Labor**
10,276	10,346

Colorado Springs MSA Labor Force

Monthly Demand and Supply of Labor

— Monthly Demand for Labor — Monthly Supply of Labor

Local Employment/Wages

El Paso County New Jobs

El Paso County Annual Job Changes

New jobs needed to match population growth

2014-15: 48% ↑

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

Actual New jobs in El Paso County
2015 Q3 to 2016 Q3: 8,201
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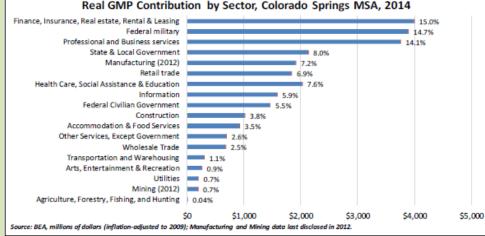**Estimated New Jobs Needed (2015-2020)**
5,400 (or 2% growth rate)

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

Colorado Springs MSA GMP by Sector

Real GMP Contribution by Sector, Colorado Springs MSA, 2014

Sector	%
Finance, Insurance, Real estate, Rental & Leasing	15.0%
Federal military	14.7%
Professional and Business services	14.1%
State & Local Government	8.0%
Manufacturing (2012)	7.2%
Retail trade	6.9%
Health Care, Social Assistance & Education	7.6%
Information	5.9%
Federal Civilian Government	5.5%
Construction	3.8%
Accommodation & Food Services	3.5%
Other Services, Except Government	2.6%
Wholesale Trade	2.5%
Transportation and Warehousing	1.1%
Arts, Entertainment & Recreation	0.9%
Utilities	0.7%
Mining (2012)	0.7%
Agriculture, Forestry, Fishing, and Hunting	0.04%

Source: BEA, millions of dollars (inflation-adjusted to 2009); Manufacturing and Mining data last disclosed in 2012.

Source: U.S. Bureau of Economic Analysis; government data lags.

El Paso County Employment in Selected Sectors

Monthly Employees in Top 12 Sectors

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

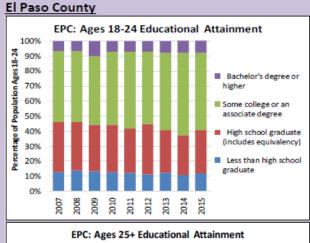| 2016 Q3 for All Private Industries		
Colorado Average Weekly Wage	El Paso County Average Weekly Wage	El Paso County Total Employment
$1,062	$934	267,180
*Estimated military employment in 2015 (and % of total EPC employees who are military).		55,300 (17.1%)

Note: QCEW data lags by up to two quarters and does not include military-related employees.
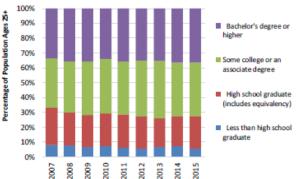Sources: Colorado Department of Labor and Employment, QCEW. See military section for military employment sources.

Education

El Paso County

EPC: Ages 18-24 Educational Attainment

- Bachelor's degree or higher
- Some college or an associate degree
- High school graduate (includes equivalency)
- Less than high school graduate

EPC: Ages 25+ Educational Attainment

- Bachelor's degree or higher
- Some college or an associate degree
- High school graduate (includes equivalency)
- Less than high school graduate

Population with Bachelor's Degree or Higher 2015			
	Colorado Springs (city)	Colorado	United States
Ages 18-24	10.7%	11.1%	10.3%
Ages 25+	38.3%	39.3%	30.6%
Population with Some College or an Associate Degree			
	Colorado Springs (city)	Colorado	United States
Ages 18-24	47.2%	45.6%	45.8%
Ages 25+	34.5%	30.2%	28.9%

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

Demographics

2015 Population

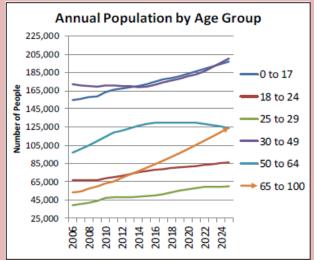| Colorado Springs (city)	El Paso County	Colorado Springs MSA
456,568	674,471	697,856

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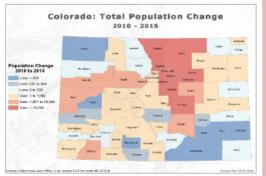
El Paso County & U.S. Age Groups

2015 Population by Age Group

2015 Median Age
EPC: 33.8
U.S.: 37.8

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

El Paso County & U.S. Age Groups

Annual Population by Age Group

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

Population Growth

Colorado: Total Population Change 2010 - 2015

Expectations of Growth 2015-2050
Total Population Change

The State Demography Office projects a population increase of 400,621 additional people between 2015-50.

El Paso County & U.S. Age Groups
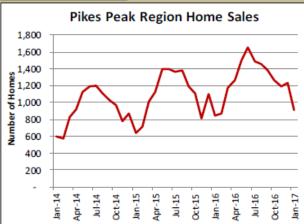

2015 Median Wealth & Housing Affordability

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 164.
Sources: Synergos Technologies and U.S. Census Bureau; Credit Suisse and the National Association of Realtors

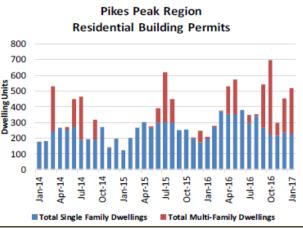# Real Estate

Monthly Home Sales

Pikes Peak Region Home Sales

Median Home Price 2016 Q4

Location	Colorado Springs	Denver	Boise	United States
Price	$257,900	$381,600	$203,400	$235,000
1-year % Change	8.5% increase	7.9% increase	7.2% increase	5.7% increase
MSA Rank	31	14	71	n/a

Sources: Pikes Peak Association of REALTORS®; National Association of REALTORS®
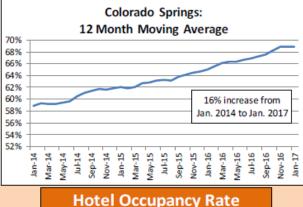
Monthly Building Permits

Pikes Peak Region Residential Building Permits

Source: Pikes Peak Regional Building Department

Tourism

Hotel Occupancy Rate

Colorado Springs: 12 Month Moving Average

16% increase from Jan. 2014 to Jan. 2017

Hotel Occupancy Rate
January 2017

Colorado Springs	Denver	Colorado
50.4%	62.1%	59.0%

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

Hotel RevPAR

Colorado Springs RevPAR

32% increase from Jan. 2014 to Jan. 2017

Hotel RevPAR
January 2017

Colorado Springs	Denver	Colorado
$46.70	$77.97	$97.53

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

Military

El Paso County Employment

Military Employment**

Legend: USAFA, Schriever, Fort Carson, Peterson

Expenditures in El Paso County

Military Economic Impact

Legend: USAFA, Schriever, Fort Carson, Peterson
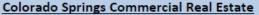
*2013 and 2015 data was not available for all locations. Textured bars are an estimate in 2013 made by the UCCS Economic Forum and duplicated data in 2015 for USAFA (from the previous year).
**The employment numbers for Schriever and Peterson include significant numbers of civilian contractors. The employment 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
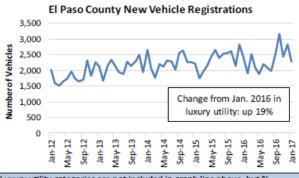
Additional Metrics

Colorado Springs Commercial Real Estate

Colorado Springs Quarterly Vacancy Rates

Legend: Office, Medical Office, Industrial, Shopping Center

Rent per Square Foot
2016

Office	Medical Office	Industrial	Shopping Center
$10.91	$12.26	$7.35	$14.32

Source: Turner Commercial Research, Commercial Availability Report

Monthly New Vehicle Registrations

El Paso County New Vehicle Registrations

Change from Jan. 2016 in luxury utility: up 19%

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

Inflationary Measures

U.S. Consumer Price Index - January 2017

	All Items	Less food & energy
Change from Dec. 2016 (SA)	0.6	0.3
Last 12-months (NSA)	2.5	2.3

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