Economic Update & The Metals Industry

April 5, 2017

Tatiana Bailey, Ph.D.
Keep a Sense of Humor!

WHO WORE IT BETTER?
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

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

Longest expansion in 150 years

<table>
<thead>
<tr>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>GDP</td>
</tr>
</tbody>
</table>

Q4: 2.0%
(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
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
Interest Rates

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

Forecast

Source: Board of Governors of the Federal Reserve System (US)
*Forecasts by Wells Fargo
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.
Over the last 12 months, CPI increased 2.7% (all items), which is at the Fed target.

Sources U.S. Bureau of Labor Statistics
## Manufacturing Sector Improving

### MANUFACTURING AT A GLANCE
March 2017

<table>
<thead>
<tr>
<th>Index</th>
<th>Series Index Mar</th>
<th>Series Index Feb</th>
<th>Percentage Point Change</th>
<th>Direction</th>
<th>Rate of Change</th>
<th>Trend* (Months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMI®</td>
<td>57.2</td>
<td>57.7</td>
<td>-0.5</td>
<td>Growing</td>
<td>Slower</td>
<td>7</td>
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<tr>
<td>New Orders</td>
<td>64.5</td>
<td>65.1</td>
<td>-0.6</td>
<td>Growing</td>
<td>Slower</td>
<td>7</td>
</tr>
<tr>
<td>Production</td>
<td>57.6</td>
<td>62.9</td>
<td>-5.3</td>
<td>Growing</td>
<td>Slower</td>
<td>7</td>
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<tr>
<td>Employment</td>
<td>58.9</td>
<td>54.2</td>
<td>+4.7</td>
<td>Growing</td>
<td>Faster</td>
<td>6</td>
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<tr>
<td>Supplier Deliveries</td>
<td>55.9</td>
<td>54.8</td>
<td>+1.1</td>
<td>Slowing</td>
<td>Faster</td>
<td>11</td>
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<tr>
<td>Inventories</td>
<td>49.0</td>
<td>51.5</td>
<td>-2.5</td>
<td>Contracting</td>
<td>From Growing</td>
<td>1</td>
</tr>
<tr>
<td>Customers' Inventories</td>
<td>47.0</td>
<td>47.5</td>
<td>-0.5</td>
<td>Too Low</td>
<td>Faster</td>
<td>6</td>
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<tr>
<td>Prices</td>
<td>70.5</td>
<td>68.0</td>
<td>+2.5</td>
<td>Increasing</td>
<td>Faster</td>
<td>13</td>
</tr>
<tr>
<td>Backlog of Orders</td>
<td>57.5</td>
<td>57.0</td>
<td>+0.5</td>
<td>Growing</td>
<td>Faster</td>
<td>2</td>
</tr>
<tr>
<td>New Export Orders</td>
<td>59.0</td>
<td>55.0</td>
<td>+4.0</td>
<td>Growing</td>
<td>Faster</td>
<td>13</td>
</tr>
<tr>
<td>Imports</td>
<td>53.5</td>
<td>54.0</td>
<td>-0.5</td>
<td>Growing</td>
<td>Slower</td>
<td>2</td>
</tr>
</tbody>
</table>

| OVERALL ECONOMY      |                  |                  |                         |              |                |                 |
| Manufacturing Sector |                  |                  |                         | Growing      | Slower         | 7               |

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

## The Last 12 Months

<table>
<thead>
<tr>
<th>Month</th>
<th>PMI®</th>
<th>Month</th>
<th>PMI®</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 2017</td>
<td>57.2</td>
<td>Sep 2016</td>
<td>51.7</td>
</tr>
<tr>
<td>Feb 2017</td>
<td>57.7</td>
<td>Aug 2016</td>
<td>49.4</td>
</tr>
<tr>
<td>Jan 2017</td>
<td>56.0</td>
<td>Jul 2016</td>
<td>52.3</td>
</tr>
<tr>
<td>Dec 2016</td>
<td>54.5</td>
<td>Jun 2016</td>
<td>52.8</td>
</tr>
<tr>
<td>Nov 2016</td>
<td>53.5</td>
<td>May 2016</td>
<td>51.0</td>
</tr>
<tr>
<td>Oct 2016</td>
<td>52.0</td>
<td>Apr 2016</td>
<td>50.7</td>
</tr>
</tbody>
</table>

Average for 12 months – 53.2
High – 57.7
Low – 49.4
Manufacturing Sector Improving – New Orders

- New orders have been increasing for 7 months.

<table>
<thead>
<tr>
<th>New Orders</th>
<th>% Better</th>
<th>% Same</th>
<th>% Worse</th>
<th>Net</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 2017</td>
<td>45</td>
<td>45</td>
<td>10</td>
<td>+35</td>
<td>64.5</td>
</tr>
<tr>
<td>Feb 2017</td>
<td>42</td>
<td>48</td>
<td>10</td>
<td>+32</td>
<td>65.1</td>
</tr>
<tr>
<td>Jan 2017</td>
<td>32</td>
<td>52</td>
<td>16</td>
<td>+16</td>
<td>60.4</td>
</tr>
<tr>
<td>Dec 2016</td>
<td>32</td>
<td>48</td>
<td>20</td>
<td>+12</td>
<td>60.3</td>
</tr>
</tbody>
</table>

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)
Overview

• National Indicators – The Big Picture
• **Labor Force, Employment & Unemployment**
• Demographics
• The Metals Market
Survey Employer Data through January 2017

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

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

Monthly Unemployment Rate – NSA

Actuals:
U.S. 2016: 4.9%
CO 2016: 3.3%

Current:
Feb. 2017
4.9% U.S.
2.9% CO

Sources: U.S. Bureau of Labor Statistics; Colorado Department of Labor & Employment
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
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
U.S. Employment by Industry, NSA

Number of Employees (thousands)

U.S. Civilian Participation and Unemployment Rates, NSA

Recession

Civilian Participation Rate

Unemployment Rate

U-3: 4.9%
U-6: 9.5%

U-6 includes unemployed, those marginally attached to LF, plus those employed PT for economic reasons.


PEAK ANALYTICS CONSULTING
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+

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

Data through February 2017
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
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
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
Overview

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Population Projections

World Population
Projected world population until 2100

- 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
The Rise of a Global Middle-Class

Middle-class population (%) in different regions

- Asia: 28% of 1.8B in 2009, 66% of 4.9B in 2030
- Europe: 28% of 1.8B in 2009, 14% of 4.9B in 2030
- America: 8% of 1.8B in 2009, 13% of 4.9B in 2030
- Africa: 36% of 1.8B in 2009, 7% of 4.9B in 2030

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
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

PEAK ANALYTICS CONSULTING
Tight Correlation: Scrap & Rebar

Rebar prices (orange), scrap prices (blue)

Source: American Metal Market
Scrap Metal Pricing - Erratic

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

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

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
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
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
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)

Sources: tradingeconomics.com/commodity/steel; knoema.com; recyclingtoday.com/article/worldsteel-2016-2017-steel-outlook
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.
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. (+)

*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
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.)
- 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..)
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.
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.*
**Local Employment/Wages**

**El Paso County New Jobs**

**El Paso County Annual Job Changes**

- 2001: 5,000
- 2002: 5,500
- 2003: 6,000
- 2004: 6,500
- 2005: 7,000
- 2006: 7,500
- 2007: 8,000
- 2008: 8,500
- 2009: 9,000
- 2010: 9,500
- 2011: 10,000
- 2012: 10,500
- 2013: 11,000
- 2014: 11,500
- 2015: 12,000

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

**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**

**Monthly Employees in Top 12 Sectors**

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

**Education**

**El Paso County**

- EPC: Ages 18-24 Educational Attainment
- EPC: Ages 25+ Educational Attainment

**2016 Q3 for All Private Industries**

<table>
<thead>
<tr>
<th></th>
<th>Colorado Average Weekly Wage</th>
<th>El Paso County Average Weekly Wage</th>
<th>El Paso County Total Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,062</td>
<td>$934</td>
<td>267,180</td>
</tr>
</tbody>
</table>

*Estimated military employment in 2015 (and % of total EPC employees who are military).*

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**

**Real GMP Contribution by Sector, Colorado Springs MSA, 2014**

<table>
<thead>
<tr>
<th>Sector</th>
<th>GMP Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance, Insurance, Real estate, Rental &amp; Leasing</td>
<td>15.0%</td>
</tr>
<tr>
<td>Federal military</td>
<td>14.1%</td>
</tr>
<tr>
<td>Professional &amp; Business services</td>
<td>8.0%</td>
</tr>
<tr>
<td>State &amp; Local Government</td>
<td>7.2%</td>
</tr>
<tr>
<td>Manufacturing (2012)</td>
<td>6.5%</td>
</tr>
<tr>
<td>Health, Social Assistance &amp; Education</td>
<td>6.5%</td>
</tr>
<tr>
<td>Information</td>
<td>5.5%</td>
</tr>
<tr>
<td>Federal Civilian Government</td>
<td>5.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>5.5%</td>
</tr>
<tr>
<td>Accommodation &amp; Food Services</td>
<td>3.5%</td>
</tr>
<tr>
<td>Other Services, Except Government</td>
<td>3.5%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>2.5%</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>2.5%</td>
</tr>
<tr>
<td>Arts, Entertainment &amp; Recreation</td>
<td>1.1%</td>
</tr>
<tr>
<td>Utilities</td>
<td>0.7%</td>
</tr>
<tr>
<td>Mining (2012)</td>
<td>0.7%</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing, and Hunting</td>
<td>0.04%</td>
</tr>
</tbody>
</table>

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

**Population with Bachelor's Degree or Higher**

<table>
<thead>
<tr>
<th>Ages</th>
<th>Colorado Springs (city)</th>
<th>Colorado</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>10.7%</td>
<td>11.1%</td>
<td>10.3%</td>
</tr>
<tr>
<td>25+</td>
<td>39.3%</td>
<td>45.6%</td>
<td>30.6%</td>
</tr>
</tbody>
</table>

**Population with Some College or an Associate Degree**

<table>
<thead>
<tr>
<th>Ages</th>
<th>Colorado Springs (city)</th>
<th>Colorado</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>47.2%</td>
<td>45.6%</td>
<td>45.8%</td>
</tr>
<tr>
<td>25+</td>
<td>34.5%</td>
<td>30.2%</td>
<td>28.9%</td>
</tr>
</tbody>
</table>

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

**2015 Population**

<table>
<thead>
<tr>
<th>Location</th>
<th>El Paso County</th>
<th>Colorado Springs (city)</th>
<th>Colorado Springs MSA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>674,471</td>
<td>456,568</td>
<td>697,856</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Age Group</th>
<th>El Paso County</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-17</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>18-24</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>25-39</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>40-54</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>55-64</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>65+</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

2015 Median Age

EPC: 33.8

U.S.: 37.8

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 402,621 additional people between 2015-50.

**El Paso County & U.S. Age Groups**

2015 Median Wealth & Housing Affordability

<table>
<thead>
<tr>
<th>Location</th>
<th>MSA Weighted Wealth</th>
<th>Housing Affordability Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>169</td>
<td>425</td>
</tr>
<tr>
<td>Boulder</td>
<td>118</td>
<td>245</td>
</tr>
<tr>
<td>Colorado Springs</td>
<td>166</td>
<td>245</td>
</tr>
<tr>
<td>Denver</td>
<td>129</td>
<td>245</td>
</tr>
<tr>
<td>Houston</td>
<td>161</td>
<td>180</td>
</tr>
<tr>
<td>Salt Lake City</td>
<td>73</td>
<td>180</td>
</tr>
<tr>
<td>San Antonio</td>
<td>73</td>
<td>245</td>
</tr>
<tr>
<td>San Francisco</td>
<td>73</td>
<td>245</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Month</th>
<th>Number of Homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-14</td>
<td>1,000</td>
</tr>
<tr>
<td>Apr-14</td>
<td>950</td>
</tr>
<tr>
<td>Jul-14</td>
<td>800</td>
</tr>
<tr>
<td>Oct-14</td>
<td>750</td>
</tr>
<tr>
<td>Jan-15</td>
<td>600</td>
</tr>
<tr>
<td>Apr-15</td>
<td>550</td>
</tr>
<tr>
<td>Jul-15</td>
<td>500</td>
</tr>
<tr>
<td>Oct-15</td>
<td>450</td>
</tr>
<tr>
<td>Jan-16</td>
<td>400</td>
</tr>
<tr>
<td>Apr-16</td>
<td>350</td>
</tr>
<tr>
<td>Jul-16</td>
<td>300</td>
</tr>
<tr>
<td>Oct-16</td>
<td>250</td>
</tr>
<tr>
<td>Jan-17</td>
<td>200</td>
</tr>
</tbody>
</table>

**Median Home Price 2016 Q4**

<table>
<thead>
<tr>
<th>Location</th>
<th>Price</th>
<th>Denver</th>
<th>Boise</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado Springs</td>
<td>$257,900</td>
<td>$381,600</td>
<td>$203,400</td>
<td>$235,000</td>
</tr>
</tbody>
</table>

1-year % Change

<table>
<thead>
<tr>
<th>Location</th>
<th>Price Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado Springs</td>
<td>8.5% increase</td>
</tr>
<tr>
<td>Denver</td>
<td>7.9% increase</td>
</tr>
<tr>
<td>Boise</td>
<td>7.2% increase</td>
</tr>
<tr>
<td>United States</td>
<td>5.7% increase</td>
</tr>
</tbody>
</table>

MSA Rank

<table>
<thead>
<tr>
<th>Location</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado Springs</td>
<td>31</td>
</tr>
<tr>
<td>Denver</td>
<td>14</td>
</tr>
<tr>
<td>Boise</td>
<td>71</td>
</tr>
<tr>
<td>United States</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Source: Pikes Peak Association of REALTORS®; National Association of REALTORS®

**Monthly Building Permits**

Pikes Peak Region Residential Building Permits

<table>
<thead>
<tr>
<th>Month</th>
<th>Total Single Family Dwellings</th>
<th>Total Multi-Family Dwellings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-14</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>Apr-14</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>Jul-14</td>
<td>200</td>
<td>150</td>
</tr>
<tr>
<td>Oct-14</td>
<td>250</td>
<td>200</td>
</tr>
<tr>
<td>Jan-15</td>
<td>300</td>
<td>250</td>
</tr>
<tr>
<td>Apr-15</td>
<td>350</td>
<td>300</td>
</tr>
<tr>
<td>Jul-15</td>
<td>400</td>
<td>350</td>
</tr>
<tr>
<td>Oct-15</td>
<td>450</td>
<td>400</td>
</tr>
<tr>
<td>Jan-16</td>
<td>500</td>
<td>450</td>
</tr>
<tr>
<td>Apr-16</td>
<td>550</td>
<td>500</td>
</tr>
<tr>
<td>Jul-16</td>
<td>600</td>
<td>550</td>
</tr>
<tr>
<td>Oct-16</td>
<td>650</td>
<td>600</td>
</tr>
<tr>
<td>Jan-17</td>
<td>700</td>
<td>650</td>
</tr>
</tbody>
</table>

Source: Pikes Peak Regional Building Department