

2016 Colorado Planning & Management Region Report

Region 4 – El Paso, Park and Teller Counties

INTRODUCTION

Region 4 consists of three counties; El Paso, Park, and Teller. Together, El Paso and Teller Counties comprise the Colorado Springs Metropolitan Statistical Area, while Park County is the largest county by area in the Denver Metropolitan Statistical Area. Park County is the 17th largest county in the State of Colorado and is the geographic center of the state. Teller County is the 24th most populous of Colorado's 64 counties and contains 557 square miles of land and two square miles of water. El Paso County contains slightly more than twice the land area of the state of Rhode Island and has the second largest population of any county in Colorado.

The region as a whole experienced 8.4% population growth between 2010 and 2015. El Paso County experienced 8.79% growth, faster than the state as a whole, while both Park and Teller saw more modest gains.

Population:

County	Census 2010	July 2015	% Change
El Paso	622,263	677,022	8.79%
Park	16,206	16,659	2.79%
Teller	23,350	23,461	0.48%
Colorado	5,029,196	5,456,584	8.50%

Source: State Demography Office

JOBS & THE ECONOMY

Every major indicator measuring the economy in the Colorado Springs area has returned at least to pre-recession (pre-2008) levels, with some reaching their highest levels since the end of the technology boom in 2000. The area's growth has been spread across several key sectors of the local economy, with the retail, health care, tourism, and professional and business service sectors each adding more than 3,000 jobs between 2012 and 2015. Colorado Springs has experienced the second highest job growth in the state over the past year. Employment trends suggest an increase in professional and higher paying jobs in the Colorado Springs region, with significant job openings in the fields of software and systems engineering, nursing and physical therapy, and project management.

Unemployment in the region has been falling steadily since early 2012, as the economy rebounds from the recession. Unemployment rates dropped from 9.9% in January of 2011 to 3.8% in January of 2016, and have settled at around four percent during the remainder of the year. Unemployment rates in the Colorado Springs region, as well as the State of Colorado, continue to trend below the national average.

Local retailers are reporting strong sales, and vacancy rates for Colorado Springs shopping centers dropped to 9.5%, down from 12.2 percent in 2012.

HOUSING

Homebuilding and home sales are on the rise across the region. Home sales in the region increased for the 20th consecutive month on a year-over-year basis, with an increase of 18.3% between 2014 and

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2015. Meanwhile, median and average prices of single family homes have risen steadily since 2011, and are now at an all-time high. Housing prices are forecast to continue rising in 2017. The warming housing market is creating challenges for moderate-income homebuyers. Listings are remaining active for shorter time frames, and homes are selling at an average of 99.5 percent of their listing price.

Homebuilders in Colorado Springs and El Paso County began construction of 333 single-family homes in March of 2016, the most in a single month in nearly a decade. Likewise, the city has seen a 39% increase in the number of building permits pulled between 2013 and 2016. However, the construction of new single family homes is providing little relief to those seeking affordable housing options, as the majority of these homes are priced over \$300,000.

Construction of new multifamily housing units in downtown Colorado Springs commenced this year and is expected to continue in coming years to help attract young professionals to the area.

TOURISM

The Pikes Peak Region is home to numerous popular tourist attractions, including Garden of the Gods, Cheyenne Mountain State Park, Pikes Peak Highway, the U.S. Olympic Training Center, the Gold Belt Scenic Byway, the South Park National Heritage Area, several popular 14-er hikes, Florrisant Fossils Beds National Monument, and the Cheyenne Mountain Zoo, among others. Thus, tourism unsurprisingly represents a significant portion of the region's economy.

Collections from the City of Colorado Springs' sales tax on hotel rooms and rental cars in February of 2016 rose nearly 20 percent from the year before, representing the 11th consecutive monthly increase on a year-over-year basis. Hotel occupancy rates in Colorado Springs exceeded 60 percent in early 2016, representing the highest levels seen since before 2002.

Teller County is home to the City of Cripple Creek, a historic mining town whose economy is now bolstered by casinos and other tourist attractions. Teller County receives most of its income through gaming, tourist accommodations and food services, all part of the services economic sector, which is highly vulnerable to recessions and other economic fluctuations.

Outdoor recreational opportunities and a rural lifestyle remain attractive features for second-home buyers in Park County. Park County's employment is dominated by the construction and service sectors, and is highly influenced by the market for second homes and the provision of services to tourists and part-time residents.

One of the biggest projects slated for Colorado Springs is the City for Champions, which includes a sports-medicine facility on the University of Colorado at Colorado Springs campus, a new Air Force Academy visitor center, a U.S. Olympic Museum and an indoor-outdoor sports facility downtown. The city was awarded \$120.5 million over the next 30 years under the state's Regional Tourism Act to help

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fund the \$250 million project. The project is already stimulating additional development on adjacent parcels.

The Manitou Incline:

The Manitou Incline is a popular hiking destination that attracts thousands of tourists and locals each year. Use of the Incline has grown steadily since it first became legal to hike in 2013, with a spike in use following the repairs completed between August and December of 2014. In the summer months of 2015, between 45,000 and 50,000 hikers visited the Incline each month.

The City of Manitou Springs recently received a \$1 million grant from the Federal Emergency Management Association (FEMA) to complete phase two of the work, which will focus on the area between the base and the halfway point of the Incline. A subsequent phase of repairs will focus on the upper third of the Incline, but the city has not yet identified funding sources to complete this work. Repairs have been timed to coincide with the city's off season for tourism in hopes of minimizing impacts to the local economy. The popularity of the Incline has prompted city officials to consider implementing a fee system, possibly following the completion of the third round of repairs.

AGRICULTURE

Due to the mountainous terrain and inhospitable soil types in much the Pikes Peak region, agriculture consists primarily of limited grazing and hay production. While the number of farms in the region has increased in recent years, the total acreage of the farms has decreased. In addition to land and water problems, farmers find it difficult to keep prices competitive while operating costs rise. To compensate for rising production prices, many small farmers have attempted to capitalize on the market for organic-grown produce.

ENERGY

Momentum for investing in renewable and clean energy is gaining in the Pikes Peak region. Many organizations, businesses and individuals are pushing for more renewable energy and efficiency technologies for residential, commercial, and community buildings. Such projects will provide more stable and lower cost energy for citizens while contributing to the economic development in the region by creating new business and job opportunities.

Colorado Springs currently relies primarily on coal for electricity. The three-unit, coal-fired Martin Drake Power Plant provides about a third of the power for the region. Although the plant is slated for closure by 2035, the Colorado Springs Utilities Board has questioned whether Units 6, 7 or both could be closed earlier. Unit 5 of the plant has essentially been decommissioned, well in advance of the board-imposed deadline of December 31, 2017. Community leaders and clean air advocates have continued lobbying to have Drake decommissioned and removed from downtown Colorado Springs, noting that the plant detracts from an otherwise progressing downtown. Alternatives are still being explored.

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The region's utility companies are also making strides to diversify their energy portfolios to include clean and renewable energy sources. Fountain Utilities, serving an area six miles south of Colorado Springs, has 20% of its electricity portfolio from renewable sources and is incorporating smart grid technologies as a part of the American Recovery and Reinvestment Act. Colorado Springs Utilities (CSU), a municipally-owned utility company serving over 600,000 metered customers, has goals of generating 20% renewable energy by 2020, cutting average electric consumption by 10% and maintaining a 20% cost advantage over nearby utilities. CSU plans to achieve this proposed renewable energy goal with 20 megawatts (MW) of woody biomass (wood pulp from beetle-kill pine), 35.4 MW of hydroelectric, increased solar and wind generation and other potential renewable sources and technologies.

MILITARY

In El Paso County, the presence of the military creates almost as many jobs for civilians as it does for its active duty personnel. Defense jobs place a close third behind service and retail employment in El Paso County and the region. The military sector has historically provided a stabilizing influence for the region during economic boom and bust cycles affecting other industry segments. However, with nearly 40 percent of the regional economy directly dependent upon federal funds, the Pikes Peak region is especially vulnerable to federal budget cuts. Fortunately military payrolls have held steady in 2016, with a slight increase in defense spending at Peterson Air Force Base.

NEW PROJECTS

Groundbreaking for the \$73 million, 60,000 square foot Olympic Museum is expected to occur in October of 2016. Community leaders hope the museum will act as a catalyst for the redevelopment of southwest downtown, while boosting tourism in the Pikes Peak region. The museum is one of four projects that make up City for Champions - a tourism initiative proposed by city officials, area business people and civic leaders that will receive state sales tax revenues through Colorado's Regional Tourism Act. City for Champions includes a proposed downtown sports and events center, an Air Force Academy visitors' center, and a sports medicine and performance center at the University of Colorado at Colorado Springs.

Teller, Park, and Western El Paso Counties have undertaken an initiative to bring high-speed, broadband internet to rural residents. The counties hope bringing broadband to the area will help improve their economic competitiveness and vitality, and satisfy the demand for increasingly mobile, data-driven, and connected lifestyles.