

2017 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 experienced growth between 2010 and 2017 at an annual rate of 1.7% - or an estimated increase of 69,827 residents. Most growth occurred in El Paso County, whose growth rate reflects that of the region.

Population:

| County | Census 2010 | July 2017 | % Change |
|-----------------|------------------|------------------|-------------|
| El Paso | 622,263 | 690,207 | 1.7% |
| Park | 16,206 | 17,285 | 1.1% |
| Teller | 23,350 | 24,154 | 0.6% |
| Region 4 | 661,819 | 731,646 | 1.7% |
| Colorado | 5,029,196 | 5,538,180 | 1.6% |

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 levels, with some reaching their highest levels since the end of the technology boom in 2000. Colorado Springs has experienced the second highest job growth in the state over the past year, according to Current Employment Statistics (CES). 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 3.7% in August 2016 to 2.6% in August 2017. Unemployment rates in the Colorado Springs region, as well as the State of Colorado, continue to trend below the national average.

| County | August 2016 | August 2017 | % Change |
|-----------------|-------------|-------------|--------------|
| El Paso | 3.7% | 2.6% | -1.1% |
| Park | 2.6% | 1.8% | -0.8% |
| Teller | 3.6% | 2.6% | -1.0% |
| Colorado | 3.2% | 2.2% | -1.0% |

Source: Labor Market Information

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HOUSING

Homebuilding and home sales continue to rise across the region. Home sales in the region increased, with an increase of 9.4% between September 2016 and September 2017. 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 2018. The hot housing market is creating challenges for moderate-income homebuyers and remains a sellers' market with 1.4 months supply of single family homes.

Homebuilders in Colorado Springs and El Paso County began construction of 344 single-family homes in May 2017; new home starts through the first 5 months of 2017 are up 1.2% from the same period in 2016. Likewise, El Paso County has seen a 48.6% increase in the number of building permits pulled between 2013 and 2016. While Teller County building permits have increased 82.6% and Park County has experienced a 144.6% increase in building permits over this same period of time. 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 expanded in 2016 with more than 1,500 multifamily units permitted in El Paso County, concentrated in downtown Colorado Springs. Apartment construction is expected to continue in coming years and should help to 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, [Florissant Fossil Beds National Monument](#), and the [Cheyenne Mountain Zoo](#), among others. Thus, tourism unsurprisingly represents a significant portion of the region's economy. Colorado Springs took a significant step forward with groundbreaking for the [United States Olympic Museum](#) and Hall of Fame (see more info below in New Projects).

Collections from the City of Colorado Springs' sales tax on hotel rooms and rental cars during the summer of 2017 continued rising. Hotel occupancy rates for calendar year 2016 in Colorado Springs exceeded 69 percent, representing the highest levels seen since the late 90's. Several new hotels are either planned or have opened, including a [Great Wolf Lodge](#) that opened in early 2017. This hotel provides a unique year-round a water park attraction not previously available in the region.

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. These industries are part of the services economic sector, which is highly vulnerable to recessions and other economic fluctuations.

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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 fund the \$250 million project. Construction began June 2017 after nearly 5 years of preparation.

The Manitou Incline:

The Manitou Incline, in El Paso County, 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 began repairs focusing on the upper third of the Incline August 2017 with an expected completion date of December 2017. Repairs have been timed to coincide with the City's off-season for tourism in hopes of minimizing impacts to the local economy.

AGRICULTURE

Due to the mountainous terrain and inhospitable soil types in much of 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 on coal for 52% of the City's electricity generation while 41% comes from natural gas and hydroelectric sources. 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. The smallest and oldest of the group, Unit 5 was decommissioned at the end of 2016, well in advance of the board-

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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.

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.

NEW PROJECTS

With construction of the new United States Olympic Museum and Hall of Fame under way and opening planned for 2019, development and interest in new business opportunities in the Southwest Downtown Urban Redevelopment Area has burgeoned. The Museum is one component of the Regional Tourism Act Project known as City for Champions. A sports-medicine facility on the University of Colorado at Colorado Springs campus will soon break ground and a new Air Force Academy visitor center is out for proposals. The combination of these projects will significantly increase tourism and economic activity in the City, County, and region.

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, as well as satisfy the demand for increasingly mobile, data-driven, and connected lifestyles.