

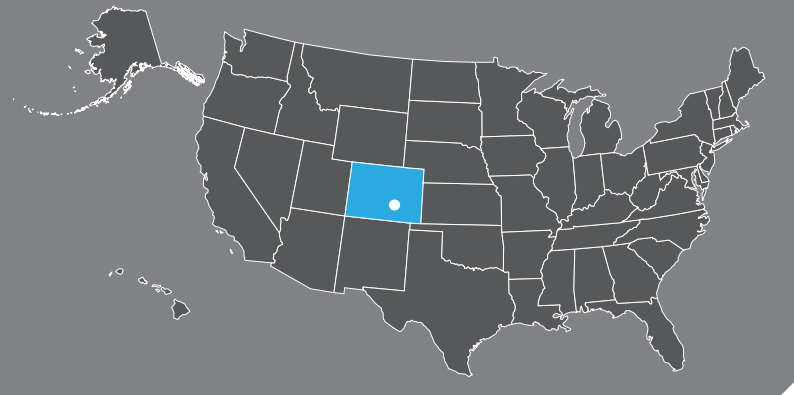
# HUD PD&R Housing Market Profiles

## Pueblo, Colorado



### Quick Facts About Pueblo

- Current sales market conditions: tight
- Current apartment market conditions: slightly tight
- From 1892 to the mid-1970s, the city of Pueblo was home to Colorado Fuel and Iron Company (CF&I), a large steel mill that served as the backbone of the local economy, providing much of the steel needed for westward rail expansion; in the 1920s it was the largest private employer in the state, with over 15,000 workers. Since its closure, many Pueblo metropolitan area residents have found employment in the nearby metropolitan area of Colorado Springs or in the education and health services sector, which is the largest employment sector in the Pueblo metropolitan area.



By Jeremy Albright | As of January 1, 2022

### Overview

The Pueblo metropolitan area consists of Pueblo County in southern Colorado and is coterminous with the Pueblo Metropolitan Statistical Area; it was formerly one of the largest industrial steel and coal producers in the Rocky Mountain Region until the collapse of the industry in the mid-20th century. Despite the significant losses to the manufacturing sector during the late 1970s and subsequent economic downturn following the steel industry collapse, EVRAZ North America, the successor to CF&I, remains the sixth largest employer in the metropolitan area. Although no longer a manufacturing stronghold, the economy of the Pueblo metropolitan area has increasingly benefitted from its proximity to outdoor recreation activities, in-migration from the Colorado Springs metropolitan area, where housing costs are notably more expensive, and recent efforts to attract technology and cannabis firms. The city of Pueblo is bordered to the west and south by several outdoor recreational attractions, including Lake Pueblo, the most popular state park in Colorado with over 3 million annual visitors in recent years, as well as the Pike and San Isabel National Forest and the Great Sand Dunes National Park and Preserve, bolstering the leisure and hospitality sector, which is the fourth largest

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employment sector in the metropolitan area. Some significant investments in technology and cannabis in the metropolitan area: the Comanche Solar project, the largest solar farm in the state, installed in 2015, and the largest hemp oil processing facility in the nation by Paragon Processing LLC has brought 250 manufacturing jobs to the metropolitan area as of 2019 and is projected to add another 250 jobs by the end of 2022.

- As of January 1, 2022, the population of the Pueblo metropolitan area is estimated at 171,200, an increase of 1,350 people, or 0.8 percent, annually since July 2014. By comparison, during a period of weak economic growth from 2010 to 2014, the population increased by an average of 490, or 0.3 percent annually.
- Net in-migration has generally increased since the mid-2010s as the economy improved and increasing numbers

of workers with commuting flexibilities relocated from more expensive metropolitan areas. Since 2014, net in-migration has averaged 1,300 people a year, up significantly from the average of only 190 people a year from 2010 to 2014, a period which included a low of approximately 20 people from 2013 to 2014. Retirees have also contributed significantly to the recent trend of net in-migration; residents age 65 and older rose from 15.3 percent of all residents in 2010 to 19.1 percent in 2019.

- Due in part to the increasing share of older residents, net natural change—resident births minus resident deaths—decreased significantly in the metropolitan area since the early 2010s. After averaging 310 people from 2010 to 2014, net natural increase has averaged only 10 people a year since 2014, including net natural declines each year since 2017.

## Economic Conditions

Since its decline as a manufacturing hub, the Pueblo metropolitan area has generally been slower to recover from economic shocks than the national average. For example, during the recovery of nonfarm payrolls after the Great Recession from 2010 until 2014, job gains averaged a 0.7 percent increase annually compared with an average of 1.3 percent annually in the nation. During the 2001 recession, national nonfarm payroll losses were fully recovered by the end of 2004; nonfarm payrolls in the metropolitan area did not reach pre-recession levels until 1 full year later. Economic conditions in the Pueblo metropolitan area have been similarly slow to recover from the effects of the COVID-19 pandemic.

Approximately 80.3 percent of jobs lost in the metropolitan area from the pre-pandemic high of March 2020 to the low of April 2020 recovered as of December 2021, compared with the nearly full recovery of nationwide payrolls relative to their pre-pandemic high in February 2020 (monthly data; not seasonally adjusted).

During the fourth quarter of 2021 —

- Nonfarm payrolls in the Pueblo metropolitan area averaged 63,700, an increase of 1,200 jobs, or 1.9 percent, from a year ago, but remain 1,100 jobs, or 1.7 percent, lower than the average of 64,800 during the fourth quarter of 2019.

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**Job growth in the leisure and hospitality sector has led recovery in nonfarm payrolls in the Pueblo metropolitan area since May 2020.**

	3 Months Ending		Year-Over-Year Change	
	December 2020 (Thousands)	December 2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	62.5	63.7	1.2	1.9
Goods-Producing Sectors	8.0	8.3	0.3	3.8
Mining, Logging, & Construction	3.7	3.9	0.2	5.4
Manufacturing	4.4	4.3	-0.1	-2.3
Service-Providing Sectors	54.4	55.4	1.0	1.8
Wholesale & Retail Trade	9.7	9.9	0.2	2.1
Transportation & Utilities	2.8	3.0	0.2	7.1
Information	0.5	0.5	0.0	0.0
Financial Activities	1.8	1.9	0.1	5.6
Professional & Business Services	6.7	6.5	-0.2	-3.0
Education & Health Services	13.0	12.4	-0.6	-4.6
Leisure & Hospitality	5.7	6.8	1.1	19.3
Other Services	2.1	2.2	0.1	4.8
Government	12.2	12.2	0.0	0.0
<b>Unemployment Rate</b>	8.7%	6.6%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics

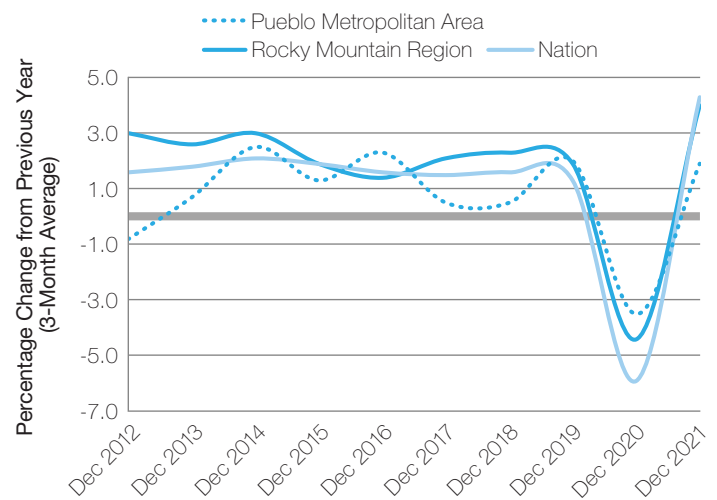


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- The leisure and hospitality sector, which has led the recovery in nonfarm payrolls, grew at a faster rate than any other sector, increasing by 1,100 jobs, or 19.3 percent, to 6,800 jobs compared with the previous year, reflecting a full recovery from the decline that occurred during the fourth quarter of 2020. The removal of COVID-19 countermeasures and increased outdoor recreation visitation contributed to the rise in leisure and hospitality payrolls. Lake Pueblo, the largest outdoor recreation area within the metropolitan area, had 3.4 million visitors in 2021, up 11 percent from 2020 (Colorado Parks and Wildlife).
- Gains in 6 of 11 sectors were partially offset by declines in the 3 remaining sectors. The largest losses were in the education and health services sector, which declined by 600 jobs, 4.6 percent, from a year prior, partly due to the high rate of staff resignations and terminations regarding vaccination status. After a Colorado state emergency rule mandated all healthcare workers be vaccinated against COVID-19, the Parkview Medical Center, the largest employer in the Pueblo metropolitan area, terminated approximately 60 employees for noncompliance (The Colorado Sun).
- The unemployment rate declined significantly to an average of 6.6 percent, down from 8.7 percent during the fourth quarter of 2021 but above the average of 3.5 percent during the fourth quarter of 2019.

In recent years, economic conditions in the Colorado Springs metropolitan area, where the average home price was approximately \$443,600 during 2021, had an increasingly significant impact on the Pueblo metropolitan area, where the average home price was \$254,700 during 2021 (CoreLogic, Inc.). Colorado Springs, located approximately 40 miles north of the Pueblo metropolitan area, has a much higher concentration of high-paying jobs in the professional and business services sector and the government sector. Many employees in these sectors recently increased their geographic flexibility, particularly since the onset of the COVID-19 pandemic, and sought cheaper housing in the Pueblo metropolitan area, contributing to a notably faster

The Pueblo metropolitan area lagged regional and national nonfarm payroll growth rates historically and during the recovery following the COVID-19 pandemic.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Pueblo Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Parkview Medical Center	Education and Health Services	2,425
Pueblo County	Government	1,100
Walmart Inc.	Wholesale and Retail Trade	1,075

Notes: As of the 12 months ending January 2021. Excludes local school districts.  
Source: Pueblo County Economic Development Corporation

rate of growth in resident employment than nonfarm payrolls. In 2015, approximately 3,650 workers, or 52 percent of those who commuted outside of the metropolitan area for work, had commuted to the Colorado Springs metropolitan area (2015–2019 American Community Survey 5-year data). During the fourth quarter of 2021, resident employment in the Pueblo metropolitan area averaged 73,800, a 1.6-percent increase from a year ago, approximately equal to the level during the fourth quarter of 2019.

## Sales Market Conditions

The sales housing market in the Pueblo metropolitan area is tight, with an estimated vacancy rate of 0.5 percent, down from 2.6 percent in April 2010, when the market was balanced. New and existing Pueblo metropolitan area home sales prices increased modestly following the Great Recession, appreciating by respective averages of only 3 and 2 percent annually from 2010 through 2015 (CoreLogic, Inc.). The increase in net-in migration since the mid-2010s, particularly among homebuyers, contributed to tightening sales market conditions

and accelerating home price growth. From 2016 through 2019, new and existing home prices rose by average annual rates of 11 and 6 percent, respectively. Home price growth further accelerated since the onset of COVID-19 as many residents from the nearby metropolitan areas of Denver and Colorado Springs, particularly those with the ability to work remotely, relocated to the Pueblo metropolitan area in search of more affordable housing. The homeownership rate as of January 1, 2022, has risen to 65.7 percent, up from 64.8 percent in 2016.

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The percentage of home loans in the Pueblo metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into REO status was 1.9 percent in December 2021, down from 3.4 percent a year earlier, which was significantly higher than the pre-pandemic level of 1.0 percent in December 2019 (CoreLogic, Inc.). The increase in the seriously delinquent rate from December 2019 to December 2020 was due exclusively to the number of home loans that were 90 or more days delinquent, which increased by nearly five-fold during the period. Partly because of the increased availability of mortgage forbearance by borrowers, provided for under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the number of foreclosures declined 47 percent from December 2019 to December 2020 and by 28 percent during the past year. Although the total number of delinquent loans and the number of foreclosures declined in the metropolitan area during the past year, the rate of seriously delinquent loans and REO properties remained above the statewide rate and below the national rate of 1.1 and 2.0 percent, respectively, during December 2021.

During 2021—

- Due in part to rising demand for owner properties, new home sales increased by 45 homes, or 14 percent from a year earlier, to 360 homes. New home sales remained relatively unchanged from 2010 through 2015 but increased at an average annual rate of 17 percent from 2016 through 2019 as the economy improved. Although new home sales

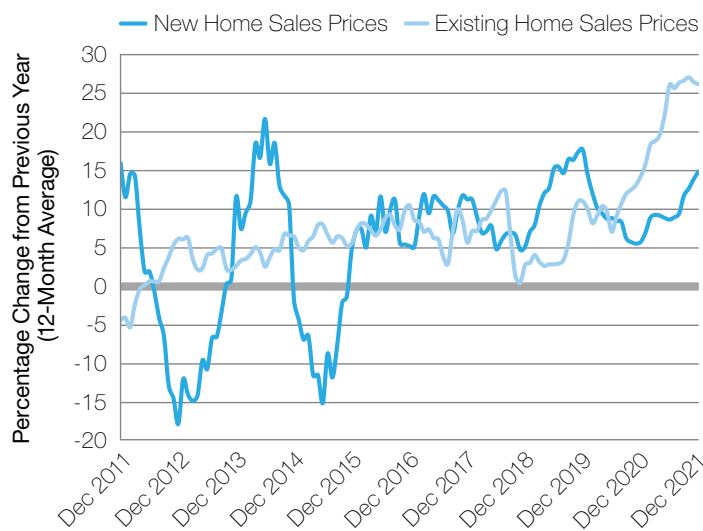
activity continued to grow during the start of the COVID-19 pandemic, the annual growth rate fell by 10 percentage points to 7 percent during 2020.

- Existing home sales increased by 230 homes, or 6 percent from a year earlier, to 4,100 homes, after falling 4 percent during 2020 as reduced economic and migration activity reduced home purchase activity in the initial months of the COVID-19 pandemic. Existing home sales generally fluctuated less than new home sales, averaging a 5 percent annual growth rate from 2010 through 2019, partly due to the sensitivity of new home construction to changing economic conditions, as evidenced by the large drop in home construction following the Great Recession and large increase in 2015 as the economy improved.
- Average sales prices for new homes rose sharply to \$346,200, an increase of 15 percent from a year earlier; by comparison, new home prices increased by an average of 5 percent annually from 2010 through 2020.
- Average sales prices for existing homes rose sharply to \$248,200, an increase of 26 percent from a year earlier; by comparison, existing home prices increased by an average of 6 percent annually from 2010 through 2020.

Single-family building activity, measured by the number of single-family homes permitted, was limited following the Great Recession, averaging only 160 units a year from 2012 to 2014.

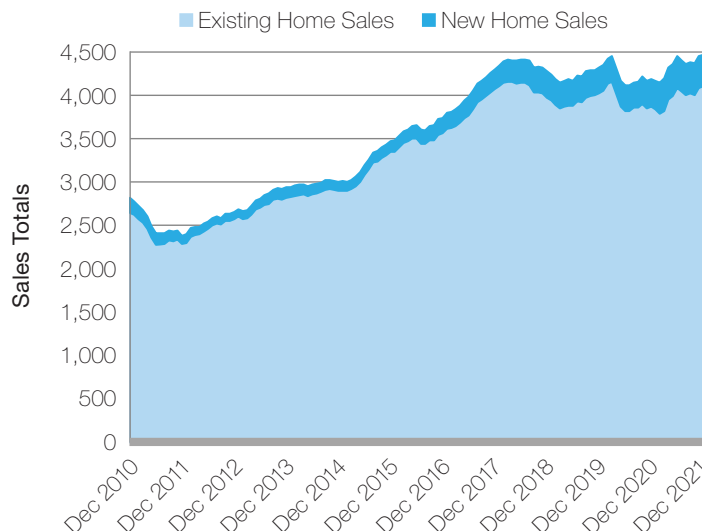
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Historically moderate home price growth in the Pueblo metropolitan area increased significantly since the onset of the COVID-19 pandemic as increased existing home sales demand outpaced supply.



Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.

Despite new home sales increasing in the Pueblo metropolitan area during the past decade, existing home inventory remains low, and total home sales have only slightly increased above 2018 levels.



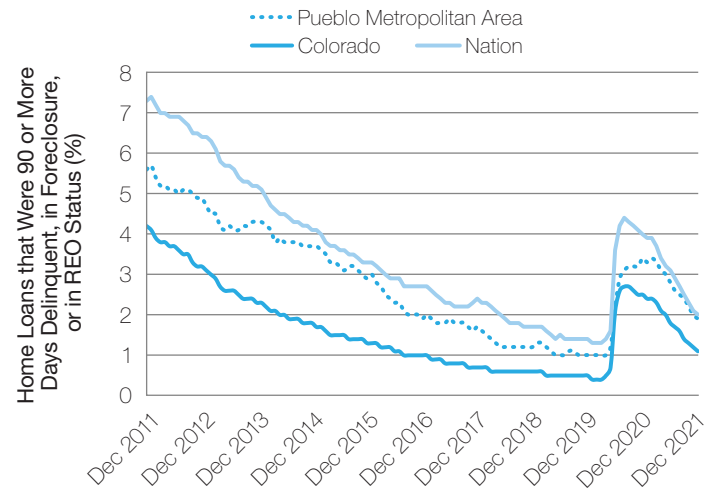
Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.

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As the economy improved from 2015 through 2019, single-family building activity increased to an average of 360 units annually, far below the pre-recession high of 1,200 units in 2006. As single-family demand has increased following the onset of the pandemic, building activity in 2021 has risen to the highest level since 2006, even with supply chain bottlenecks for building materials and appliances and labor shortages constraining construction. The price of net inputs to residential construction, measured by the Producer Price Index, has risen nearly 25 percent from December 2019 through December 2021, and unfilled appliance orders more than doubled over the same period (U.S. Census Bureau; U.S. Bureau of Labor Statistics Producer Price Index). A historical lack of single-family construction following the Great Recession, partly due to slowing net in-migration and nonfarm payroll growth, and supply chain constraints contributed to the tightening owner market by shrinking months of available supply. The available inventory of single-family homes is approximately 260 homes, a 1.0-month supply, unchanged from 2020, down from 1.4 months of supply in 2019.

- The number of single-family homes permitted was 740 in 2021, an increase of 160, or 28 percent from the previous year.
- Total single-family homes permitted in 2021 and 2020 exceeded the total number of single-family homes permitted during 2019 as sales price increases have incentivized building activity despite rising construction costs (preliminary data).
- The Villa Bella development, located in the northern part of the city of Pueblo, is the largest master-planned community underway in the metropolitan area, with 1,100 homes expected to be completed on nearly 610 acres. Several lots have been sold, and a small number of homes are under construction, with most of the homes planned to be completed in the coming years; prices currently range from the mid \$300,000s to the mid \$400,000s (Richmond American Homes).
- The age of the Pueblo metropolitan area housing stock, coupled with slow home price appreciation following the Great Recession, contributed to an elevated level of demolitions of condemned homes and limited the supply of available for-sale housing in the Pueblo metropolitan area. As of 2020, 44.3 percent of total housing units were constructed before 1970 in the Pueblo metropolitan area compared with 25.8 percent state-wide (2016–2020 American Community Survey 5-year data). Notably, officials for the city of Pueblo estimate that the number of condemned homes in the city exceeds their ability to demolish them (The Pueblo Chieftain).

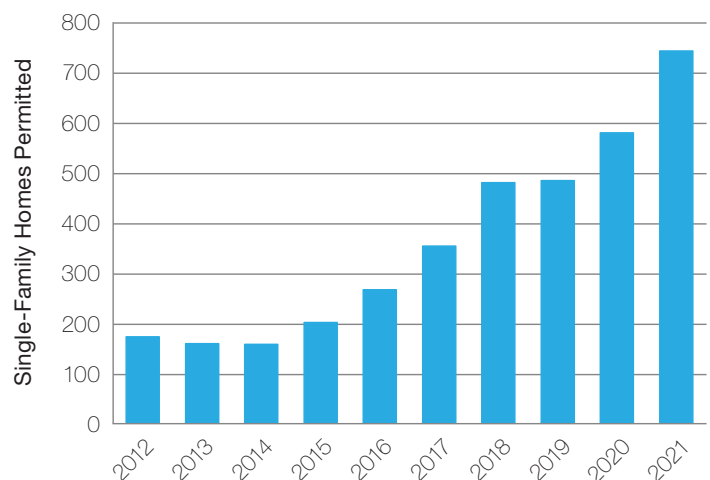
The Pueblo metropolitan area had one of the highest percentages of home loans 90 or more days delinquent, in foreclosure, or recently transitioned to REO status in the state since the early 2010s.



REO = real estate owned.

Source: CoreLogic, Inc.

The number of single-family homes permitted in the Pueblo metropolitan area has trended upward since 2015, with a notably large increase from 2020 to 2021.



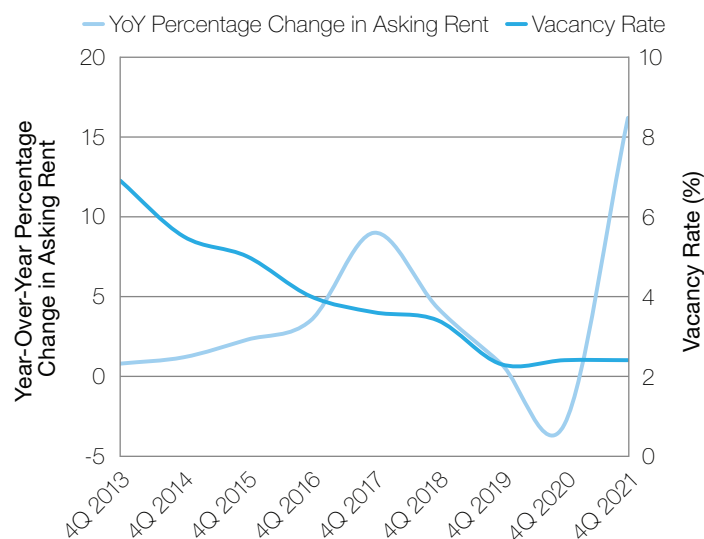
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; past 12 months of data—preliminary data

## Apartment Market Conditions

Overall apartment housing market conditions in the Pueblo metropolitan area are slightly tight, with a 2.4-percent vacancy rate in the fourth quarter of 2021, down from a 6.9-percent vacancy rate in the fourth quarter of 2013, when market conditions were very soft. From the fourth quarter of 2013 through the fourth quarter of 2015, the average apartment vacancy rate remained above 5.0 percent; year-over-year apartment rent growth averaged approximately 1 percent annually (Moody's Analytics REIS). However, from the fourth quarter of 2016 through the fourth quarter of 2018, as the economy improved and net in-migration reached its highest level in the past decade, apartment rent growth more than tripled to an average of nearly 6 percent annually; the apartment vacancy rate fell to below 4 percent. The apartment vacancy rate continued to fall during 2019 to 2.3 percent. Apartment rent growth plateaued at \$789 during 2019 coinciding with nonfarm payroll growth and net in-migration slowing slightly from peak growth levels in 2016. The average apartment rent decreased during the fourth quarter of 2020 partly due to weakening economic conditions associated with the COVID-19 pandemic. Apartment market conditions tightened during the past year as economic conditions improved, and net in-migration accelerated, contributing to a continued low vacancy rate and a sharp increase in the average rent.

- The apartment vacancy rate in the Pueblo metropolitan area in the fourth quarter of 2021 was 2.4 percent, unchanged from the rate during the previous year (Moody's Analytics REIS).

**A lack of new apartment construction during the past 2 years contributed to strong rent growth in the Pueblo metropolitan area during the fourth quarter of 2021.**



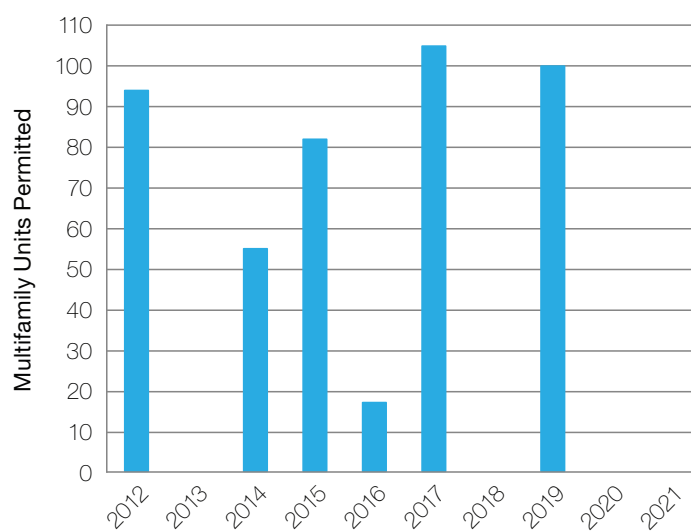
4Q = fourth quarter. YoY = year-over-year.  
Source: Moody's Analytics REIS

- The average apartment rent in the Pueblo metropolitan area in the fourth quarter of 2021 was \$900, up 16 percent from a year ago, the largest percentage year-over-year increase in the past decade.
- Single-family homes made up nearly 48 percent of occupied rental inventory as of 2019, compared with approximately 27 percent nationally (2019 American Community Survey 1-year data).
- Rental demand is partially supported by the presence of Colorado State University-Pueblo (CSU-Pueblo) students. Nearly 3,150 of the 3,625 enrolled students, who represent an estimated 790 households, live off-campus each year and account for approximately 3 percent of all renter households. Total enrollment remained flat in recent years but is expected to rise slightly in the near future as students return to in-person learning, potentially contributing to increasing rental demand (CSU-Pueblo).

Before the Great Recession, multifamily building activity in the Pueblo metropolitan area, measured by the number of multifamily units permitted, averaged 125 units each year from 2000 through 2008. However, multifamily permitting occurred in only 8 of the past 12 years since the economic downturn. Several large projects completed in the early 2010s were sufficient to meet demand and moderate rent growth, but demand exceeded supply since the mid-2010s resulting in tightening conditions. Despite rising demand, supply chain

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**Multifamily permitting activity in the Pueblo metropolitan area has been sporadic during the past decade.**



Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; past 12 months of data—preliminary data

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bottlenecks associated with the COVID-19 pandemic resulted in several planned projects being postponed; the apartment market tightened further in the past year.

- No multifamily units were permitted during 2021 or 2020 (preliminary data). The absence of multifamily permitting is not uncommon for the Pueblo metropolitan area, with no multifamily units permitted in 2018 and 2013 as well.
- Multifamily construction averaged 70 units annually from 2015 through 2017, coinciding with the economic expansion in the metropolitan area.
- Most multifamily development in the past decade occurred in a small number of buildings with five or more units. From 2012 to 2021, only five multifamily projects were permitted in the metropolitan area, accounting for 79 percent of all multifamily units permitted (Dodge Data & Analytics LLC).
- The Pueblo Springs Apartment complex, which will be in the Northside neighborhood in the city of Pueblo, is the largest multifamily development planned in the metropolitan area; it is anticipated to consist of 310 units, with construction planned for late 2022 pending approval from the Pueblo City Council (Dodge Data & Analytics LLC).