SIXTY-FIRST ANNUAL

# COLORADO

# BUSINESS ECONOMIC OUTLOOK

# 2026

Leeds School of Business
UNIVERSITY OF COLORADO BOULDER

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## 2026 Colorado Business Economic Outlook Partner

WhippleWood places a high value on the information provided by the University of Colorado's *Business Economic Outlook.* We are a provider of accounting and advisory services to entrepreneurs, franchisees, franchisors, nonprofits, executives, real estate investors, family-owned businesses, and corporate chieftains. We find the insights provided by the *Colorado Business Economic Outlook* a great resource when navigating the ever-changing economic environment.

WhippleWood believes that access to clear, sector-level insights empowers the business community to make better decisions. This is especially true in a year when interest rates have begun to ease with recent Federal Reserve cuts, thereby lowering the cost of capital for now, while input-cost volatility, tariffs and trade frictions, and a still tight labor market continues to pressure margins and planning. In this context, managing liquidity, working capital, and loan covenants requires more frequent scenario planning and stress testing of pricing and cash-flow assumptions. Our client accounting team routinely assists clients in navigating these details.

Recent policy changes also affect tactical decisions for Colorado companies. Federal tax updates reshaped the calculus for capital spending and innovation, most notably with the return of 100% bonus depreciation on qualifying assets, and a reversion of the business interest limitation to an EBITDA basis, all of which warrant fresh modeling across finance and capex budgets. The *Outlook* helps leaders weigh these moving parts alongside the demand, demographic, and sector dynamics here in Colorado.

When it comes to important financial decisions, WhippleWood has been a supporter and partner to our clients and the business community for more than 40 years. Professionals at WhippleWood have contributed to the forecast since 2005, which is why we are honored to support the University of Colorado in bringing these insights to you.

Rick Whipple, CPA, MTAX
Managing Partner

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# Leeds School of Business

Dear Colleagues and Friends,

It's my pleasure to welcome you to the 61st annual Colorado Business Economic Outlook Forum, proudly hosted by the Leeds School of Business and our Business Research Division.

As we celebrate 60+ years of delivering vital economic forecasts that guide decision-makers across every sector in Colorado, we also honor the Business Research Division's century of commitment to community engagement. As dean, I'm deeply appreciative of our partnerships with over 130 leaders from Colorado's public and private sectors, whose insights have been instrumental in shaping our 2026 forecast.

Sharing this year's economic outlook is only one part of our broader mission. At Leeds, we are guided by our 2035 strategic vision, which is anchored in four key initiatives that chart our path forward. *Leeds Edge* is dedicated to preparing students not just for their first job, but for a lifetime of career success, adaptability and meaningful connections. *Leeds Frontiers* focuses on advancing cutting-edge research that drives interdisciplinary innovation and creates meaningful societal impact. *Leeds Elevate* reimagines graduate education with flexible, future-focused models designed to meet today's learners where they are, ensuring accessibility and relevance. And *Leeds Thrive* places well-being and holistic development at the center of our community, cultivating an environment where every member can grow and succeed. Together, these initiatives embody a bold and dynamic vision for the future of Leeds.

As Leeds equips students with the business acumen to address complex economic challenges, as well as the innovation, resilience and communication skills to create meaningful impact, your engagement plays a vital role. By sharing your expertise through guest lectures, mentoring, judging competitions or supporting our programs, you help shape the next generation of business leaders.

We look forward to engaging with you as we continue advancing innovation and making an impact together.

Warm regards,

Vijay Khatri

Vijay Khatri
Tandean Rustandy Endowed Dean
Leeds School of Business

## Pride Points

**No. 1 Business School in Colorado**: Ranked #21 Best Public Undergraduate Business School, #42 Best Public Part-Time MBA and top 6% of business schools nationwide by *U.S. News & World Report (2025).*

Listed in the **Top 50 Ignition Schools** by *Fast Company* for impacting business and society through innovation and entrepreneurship, including programming offered by Leeds' Deming Center for Entrepreneurship (2025).

A historic gift was made to establish the **Nicholas Dante Badami Office for Experiential Learning**, which will strengthen student career outcomes, foster leadership and entrepreneurial mindsets, and ensure professional readiness to better equip students for lifelong success.

Leeds was ranked **No. 31 nationally** in the latest University of Texas at Dallas rankings for North American business schools, based on research published between 2020 and 2024.

Leeds now offers **12 graduate degree programs** including MBAs in four different formats and eight Master of Science degrees in accounting, business analytics, finance, marketing analytics, real estate, supply chain analytics, sustainable business and taxation.

More than **$6 million in scholarships** were awarded to Leeds students during the 2024–25 academic year.

**13 PhD students** graduated between 2023 and 2025 from Leeds and were placed at institutions including the University of Arkansas, the University of Oregon and the University of Southern California.

CU Boulder was ranked **No. 1 for launching startups,** after launching 35 new companies based on university intellectual property during fiscal year 2024 (Association of University Technology Managers).

# Introduction

The Business Research Division (BRD) in the Leeds School of Business is proud to present the 61st annual *Colorado Business Economic Outlook*. This 2026 consensus forecast is a product of partnerships with individuals spanning numerous universities, businesses, nonprofits, and government entities. These individuals generously gift their time, sharing their unique expertise and perspectives about people, industry, and policy relating to the state of Colorado. This forecast analyzes changes that have occurred in all economic sectors during the past year and looks at the opportunities and challenges that will shape population, employment, and the overall economy in the coming year. The information in this book is initially presented at the 61st annual Colorado Business Economic Outlook Forum in Denver, followed by approximately 50 forecast speeches that are held throughout the state during the year, ranging from presentations to industry associations and nonprofit organizations to the Federal Reserve Bank of Kansas City.

## Methodology

We are fortunate to have more than 130 individuals from the business, education, and government communities who serve on 13 sector estimating groups. These groups convene at a kickoff meeting in September where members discuss trends and issues that are likely to affect economic growth during the upcoming year. During the second half of September and into October, the committees apply this information to their industry. The BRD simultaneously generates an econometric forecast by industry, which is given to each industry committee. From this series of meetings, the sector write-ups and forecasts are prepared and submitted to the BRD in early November, when they are edited and published in this book. The following July, the Steering Committee, which is made up of the sector chairs, meets to review their forecasts and identify factors that will positively or negatively drive change in their industry's economic performance during the second half of the year. These updates are published in the summer issue of our quarterly newsletter, the *Colorado Business Review*.

## Related Economic Research

The BRD conducts customized business and economic research that expands the knowledge base of decision-makers throughout the state and region. The annual *Colorado Business Economic Outlook* provides the foundation for much of the research the BRD conducts within the state. Among the other BRD research tools available to businesses and organizations is the Leeds Business Confidence Index, a forward-looking index that gauges Colorado business leaders' opinions about national and state economic trends and how their industry will perform in the coming quarter, and the *Colorado Business Review*, which explores current topics important to the state's economy. Visit www.colorado.edu/business/brd for more information about BRD offerings.

## Acknowledgments

We are humbled and thankful to have dedicated partners in producing this forecast. A complete list of committee members appears at the back of this book. Their efforts are very much appreciated. We also thank the staff of the Colorado Department of Local Affairs and the Colorado Department of Labor and Employment, who supply us with much of the employment and population data used in the forecast. Finally, I would like to thank the many Leeds School of Business and CU Boulder personnel who have worked hard at preparing, presenting, and promoting this project. My sincerest thanks go to Brian Lewandowski, executive director; Adam Illig, senior data scientist; Carrie Broadwell-Tkach, project editor; Cindy DiPersio, guest editor; Kristin Weber, graphic designer; and Abad Velazco, Arianna Brar, James Johnson, Maggie Clarke, Prarthana Mathad, and Seamus O'Shea, student research assistants, for their help in assembling and presenting the 2026 *Colorado Business Economic Outlook*. The assistance provided by Leeds School staff members Julie Noble, Leeds event manager, and Carolyn Gleason, assistant dean for advancement, is greatly appreciated. The Leeds Engagement, Marketing, and Communications team—executive director Claire Stewart and team members Erik Jeffries, Katy Marquardt Hill, Ollie Peterson, Jennifer Schuman, Honey Hargrave, Kaylene Kapke, Kelsey Cipolla, Anneli Gray, Jane Majkiewicz, Justin Forbis, Meg Denbow, and Cora Dooley—contributed marketing, promotion, and event assistance. I also appreciate the help provided by Casey Bauer with CU Boulder Strategic Media Relations.

Last, I would like to acknowledge and thank two long-time contributors who retired this year—Penn Pfiffner began as a construction committee member in 1990 and Joseph Winter began contributing employment analysis in 2003.

## Colorado Economic Forecast for 2026

The sections that follow provide a summary of 2025, a forecast for 2026, and industry-specific data analysis and insight into the key factors influencing each sector. We believe this information will prove useful in your business and policy decision-making process.

Richard L. Wobbekind, Ph.D.
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Faculty Director, Business Research Division
Leeds School of Business
www.colorado.edu/business/brd

# Colorado Then and Now

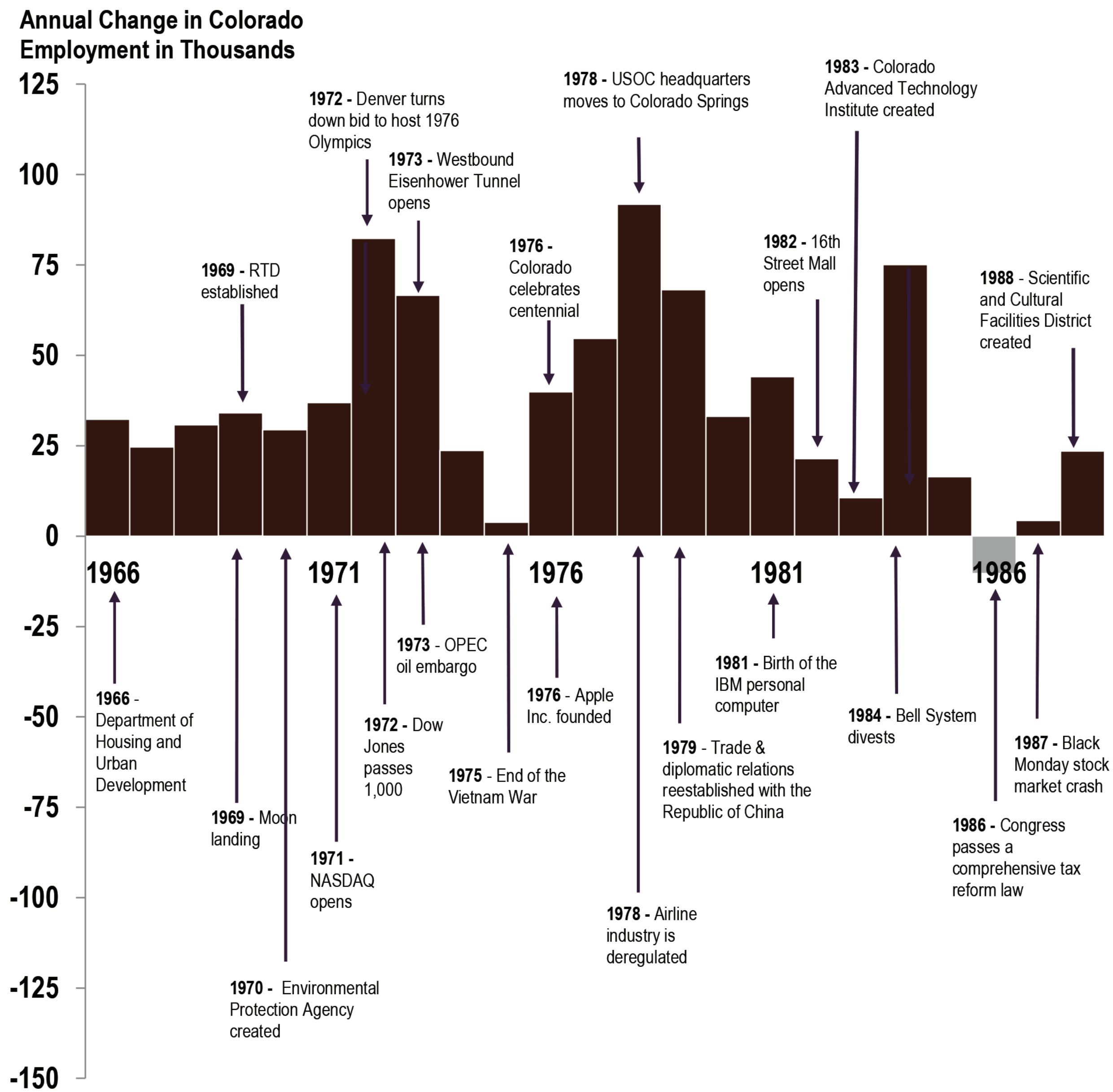
The timeline to the right provides a glimpse into the past, showing the annual change in state employment. Changes in employment have been accompanied by numerous social, economic, educational, and political changes. Colorado events are listed above the line; national events are noted below.

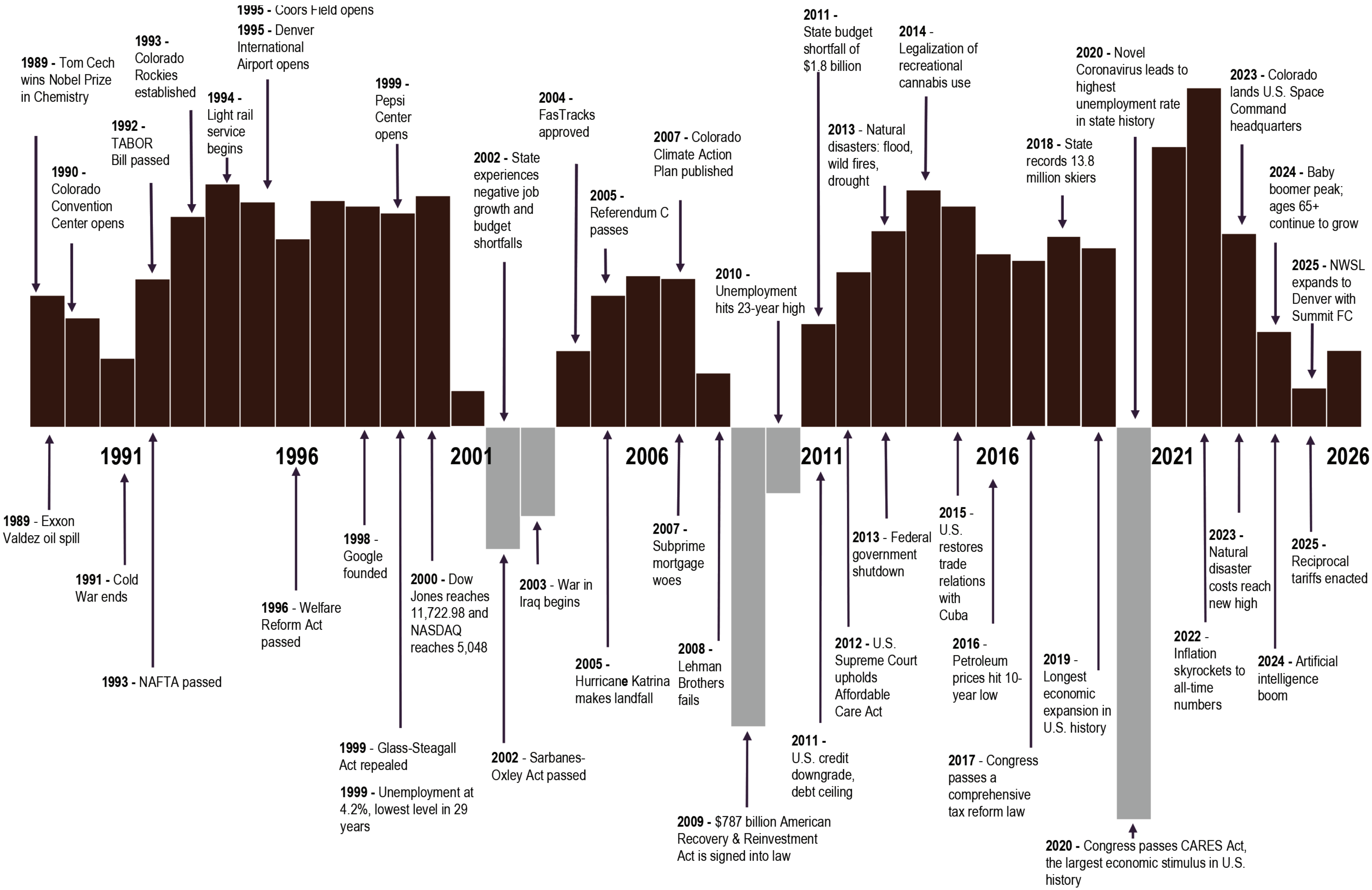
Over the past five decades, Colorado has experienced numerous economic booms and busts, dynamically changing industries, and (mostly) unrelenting population growth. The timeline puts the COVID-19 recession and rebound into perspective, comparing the recovery to those following prior economic recessions through which Colorado has persevered.

In 1970, just over 1 million individuals were employed in Colorado, and the average annual earnings were under $6,700. Since then, wage and salary employment in the state climbed to nearly 3 million (not including proprietor employment), and average annual pay for covered wage and salary earners grew to $80,300.

Goods-producing industries accounted for 24% of jobs and made up 26.7% of the Colorado GDP in 1970. By 2024, those sectors accounted for just over 12% of total jobs and 15% of the state's GDP. The share of women in the state's labor force was 46% in Q2 2025, nearly a 10-percentage-point increase from 1970.

While cyclical, the Colorado economy has benefited profoundly from booms in petroleum and mining production. The state has undergone an enormous increase in college-educated population as the percent of Colorado residents 25 years or older holding a bachelor's degree or higher nearly tripled, from 14.9% in 1970 to 44.7% in 2023. With a larger base of highly qualified employees, high-tech industries have added significantly to Colorado's economy and the state's key industry clusters, specifically aerospace, biosciences, quantum, clean tech, telecommunications, and IT software.





1989 - Tom Cech wins Nobel Prize in Chemistry
1990 - Colorado Convention Center opens
1992 - TABOR Bill passed
1993 - Colorado Rockies established
1994 - Light rail service begins
1995 - Coors Field opens
1995 - Denver International Airport opens
1999 - Pepsi Center opens
2002 - State experiences negative job growth and budget shortfalls
2004 - FasTracks approved
2005 - Referendum C passes
2007 - Colorado Climate Action Plan published
2010 - Unemployment hits 23-year high
2011 - State budget shortfall of $1.8 billion
2013 - Natural disasters: flood, wild fires, drought
2014 - Legalization of recreational cannabis use
2018 - State records 13.8 million skiers
2020 - Novel Coronavirus leads to highest unemployment rate in state history
2023 - Colorado lands U.S. Space Command headquarters
2024 - Baby boomer peak; ages 65+ continue to grow
2025 - NWSL expands to Denver with Summit FC
1991
1996
2001
2006
2011
2016
2021
2026
1989 - Exxon Valdez oil spill
1991 - Cold War ends
1993 - NAFTA passed
1996 - Welfare Reform Act passed
1998 - Google founded
1999 - Glass-Steagall Act repealed
1999 - Unemployment at 4.2%, lowest level in 29 years
2000 - Dow Jones reaches 11,722.98 and NASDAQ reaches 5,048
2002 - Sarbanes-Oxley Act passed
2003 - War in Iraq begins
2005 - Hurricane Katrina makes landfall
2007 - Subprime mortgage woes
2008 - Lehman Brothers fails
2009 - $787 billion American Recovery & Reinvestment Act is signed into law
2011 - U.S. credit downgrade, debt ceiling
2012 - U.S. Supreme Court upholds Affordable Care Act
2013 - Federal government shutdown
2015 - U.S. restores trade relations with Cuba
2016 - Petroleum prices hit 10-year low
2017 - Congress passes a comprehensive tax reform law
2019 - Longest economic expansion in U.S. history
2020 - Congress passes CARES Act, the largest economic stimulus in U.S. history
2022 - Inflation skyrockets to all-time numbers
2023 - Natural disaster costs reach new high
2024 - Artificial intelligence boom
2025 - Reciprocal tariffs enacted

# U.S. Economic Outlook

## Present Situation and Short-Term Outlook

### Gross Domestic Product

National real GDP increased 2.8% in 2024, continuing strong growth for a 4th-consecutive year following the pandemic recession. Real GDP growth continued in 2025 at an estimated rate of 1.9%. Despite several economic disruptions, the Business Research Division remains optimistic about total output growth in 2026, expecting 2.1% growth as consumption, investment, and government spending all expand but at slower rates. Net exports are projected to improve from a record deficit in 2025.

### Employment and Wages

The U.S. added an average of 76,000 jobs per month in 2025 (January through September) to total a record 159.6 million. Adding to the supply of workers, the labor force grew to the highest level on record in September 2025, totaling 171.2 million, and the labor force participation rate averaged 62.4% for the first nine months of 2025 (down slightly from 2024). At the same time, the demand for workers declined in 2025, falling from 7.6 million job openings in August 2024 (or 4.6% of total employment) to 7.2 million in August 2025 (4.3% of employment). The ratio of job openings to unemployment individuals fell below 1:1 in August. With businesses signaling caution in hiring and constrained growth in the labor force, job growth will continue to slow in 2026, and real wage growth is expected to grow.

### Consumption

Consumer spending on goods and services generally accounts for nearly 70% of total GDP. Personal consumer expenditures are estimated to increase 2.5% in 2025. Following a year of accelerated consumption in 2024, consumer spending has remained stable in 2025, despite weakening consumer confidence. Throughout 2025, the pace of wage growth has outpaced the Consumer Price Index (CPI), offering a favorable landscape for consumption. Tariffs modestly pushed up inflation in 2025, which risks growth in real wages and consumption. As well, the growth in the share of consumption among the highest income earners also poses a risk as lower income consumers struggle to keep up (the K-shaped economy). The personal savings rate was lower in each of the first eight months of 2025 (most recent data available) and remains below historic averages. In addition, household debt has increased, driven by increases in balances on mortgages, credit cards, auto loans, and student loans. The Conference Board's Consumer Confidence Index and the University of Michigan Survey of Consumers both posted lower readings every month in 2025 compared to 2024 (data through October) as consumers signaled worries about inflation and employment. Through August 2025, consumer behavior has not matched the bearish consumer confidence, as retail sales and consumption have remained positive. The resilience of consumers will likely outweigh the headwinds in 2026, and personal consumption expenditures are expected to grow 1.7%.

### Investment

The pace of gross private domestic investment decelerated moderately in 2025, due in part to companies

**REAL GROSS DOMESTIC PRODUCT, 2016-2026**
**(In Billions of Chained 2017 Dollars)**

| Economic Indicator | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025[a] | 2026[b] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross Domestic Product | $19,142 | $19,612 | $20,194 | $20,716 | $20,285 | $21,532 | $22,076 | $22,724 | $23,358 | $23,802 | $24,302 |
| *Percentage Change* | 1.8% | 2.5% | 3.0% | 2.6% | -2.1% | 6.2% | 2.5% | 2.9% | 2.8% | 1.9% | 2.1% |
| Personal Consumption Expenditures | $12,949 | $13,291 | $13,655 | $13,948 | $13,597 | $14,792 | $15,237 | $15,628 | $16,089 | $16,493 | $16,773 |
| *Percentage Change* | 2.5% | 2.6% | 2.7% | 2.1% | -2.5% | 8.8% | 3.0% | 2.6% | 2.9% | 2.5% | 1.7% |
| Gross Private Domestic Investment | $3,320 | $3,468 | $3,668 | $3,784 | $3,619 | $3,944 | $4,185 | $4,219 | $4,346 | $4,455 | $4,549 |
| *Percentage Change* | -0.1% | 4.4% | 5.8% | 3.2% | -4.4% | 9.0% | 6.1% | 0.8% | 3.0% | 2.5% | 2.1% |
| Government Expenditures | $3,379 | $3,397 | $3,465 | $3,600 | $3,723 | $3,719 | $3,673 | $3,801 | $3,945 | $3,991 | $4,035 |
| *Percentage Change* | 2.0% | 0.6% | 2.0% | 3.9% | 3.4% | -0.1% | -1.2% | 3.5% | 3.8% | 1.2% | 1.1% |
| Net Exports | -$506 | -$543 | -$594 | -$616 | -$656 | -$926 | -$1,024 | -$925 | -$1,033 | -$1,142 | -$1,055 |
| *Percent of GDP* | -2.6% | -2.8% | -2.9% | -3.0% | -3.2% | -4.3% | -4.6% | -4.1% | -4.4% | -4.8% | -4.3% |

[a]Estimate. [b]Forecast. Note: Excludes changes in inventories. Values are in chained dollars and do not sum to the total.

Sources: Bureau of Economic Analysis, Consensus Forecasts, and Colorado Business Economic Outlook Committee.

pausing investment in the face of uncertainty. After growth of 3% in 2024, investment is estimated to have grown 2.5% in 2025 and is projected to slow to 2.1% in 2026. Residential fixed investment pulled back slightly in 2025 but is expected to rebound in 2026; nonresidential fixed investment is expected to post gains both years. Venture capital activity is up, but the number of deals is down. More accommodative Fed policy will likely generate more investment opportunities in 2026, balancing some of the headwinds to growth in private domestic investment.

### Government

Government consumption increased an estimated 1.2% in 2025, and growth is expected to moderate in 2026 (1.1%).

### Net Exports

Net exports went through a tumultuous period in the first half of 2025 due to volatility in tariffs. Since imports exceed exports, trade continues to be a drag on U.S. economic growth. The trade deficit increased to record levels in 2025, and real net exports contracted to -$1.1 trillion. Real net exports are projected to remain at the 2nd-largest deficit in 2026 (-$1.06 trillion).

## Economic Risks

Multiple economic risks—with upsides and downsides—are present in 2025 and may impact the economy in 2026 and beyond:

**Tariffs—**The Trump administration's tariff policy has emerged as a prominent macroeconomic force in 2025. After taking office in January, the president immediately issued several executive orders throughout Q1, placing new tariffs on goods from the largest U.S. trading partners, Canada, Mexico, and China. These initial orders set a precedent for the administration's trade agenda, instigating retaliatory measures and urgent negotiation efforts from global U.S. trading partners. On April 2, the president announced a series of historic, sweeping tariffs on all U.S. imports, declaring the trade deficit a national emergency. New tariff policies may lead to supply-side constraints and elevated inflation in the short-run. Policies may also encourage more domestic supply and the reshoring of production.

**Tax Cuts—**In July 2025, President Trump signed tax legislation, referred to as the "One Big Beautiful Bill," into law, redefining U.S. tax provisions and spending policy to be consistent with the administration's key priorities. The legislation made the existing tax rates and brackets permanent, while also introducing new tax credits and provisions, totaling approximately $4.5 trillion in tax cuts. The Congressional Budget Office (CBO) estimated the legislation will result in an increase of the federal deficit by more than $3 trillion over the next 10 years, highlighting the fiscal risks of a decrease in revenue. To support domestic businesses, the law features numerous tax cuts and full research and development (R&D) write-offs for business owners. Americans are split on the new tax policies, with some concerned it disproportionately supports the wealthiest households at the potential expense of lower tax brackets. Supporters of the tax cuts argue the bill stimulates economic activity, increasing household disposable income and incentivizing business investment for Americans.

**Immigration—**Unauthorized migration has been a central focus for the Trump administration, leading to the enforcement of strict immigration policy and expansion of the U.S. Immigration and Customs Enforcement (ICE). As of October 2025, the Department of Homeland Security has reported over 600,000 deportations and 1.6 million departures of undocumented immigrants this year. Mass deportation of undocumented immigrants has led to disruptions in the labor market, particularly in the agriculture sector, as the U.S. Department of Agriculture estimates over 40% of farmworkers are undocumented. The Trump administration projects an overall increase in wages and job openings for citizen workers due to labor supply reductions in labor-intensive industries. However, a reduction in immigration may weigh on national output growth in the short run due to labor supply constraints, and in the long run due to impacts on innovation.

**Inflation—**At the forefront of consumers' minds in Colorado and the nation, inflation has generally trended upward in 2025, contrasting with the downward trend of the previous two years. Nationally, the CPI, which measures the weighted average price of general consumer goods and services, rose to 3% in September 2025. Prices for all items in the Denver-Aurora-Lakewood region were observed at 3.1% in September, marking a significant increase from 1.4% in September 2024. Consumers continue to cite prices and inflation as key determinants in their view of the economy.

**Interest Rates—**The Federal Reserve has a dual mandate of full employment and stable inflation targeting 2%. Entering 2025, the Federal Open Market Committee (FOMC) maintained a target rate at 4.25%-4.50% through August, then implemented consecutive 25-basis-point cuts in September and in October 2025. One more rate cut is plausible in December 2025, but addressing the dual mandate is notably difficult in the current environment, with elevated inflation, soft employment growth, and a rising unemployment rate. Between December 2025 and year-end 2026, economists expect further rate cuts totaling 75 basis points.

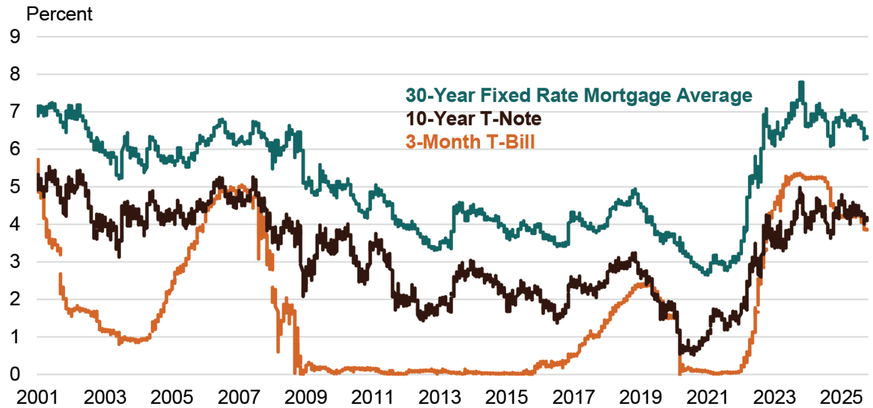
**Artificial Intelligence—**The workforce in Colorado, like other states, is experiencing the impact of the emergence of artificial intelligence (AI) technologies and infrastructure. While the automation of jobs from the development of AI remains a notable risk factor, Colorado was the first state to enact a comprehensive law regarding the development and deployment of certain AI systems. The Colorado Artificial Intelligence Act, passed in May 2024 and effective in February 2026, will create regulation around algorithmic discrimination in "high-risk" AI systems deployed for the purpose of job screening. Due to concerns of deterring innovation and competition, there were attempts in 2025 to soften the act, but

*continued on page 8*

# U.S. Economic Outlook

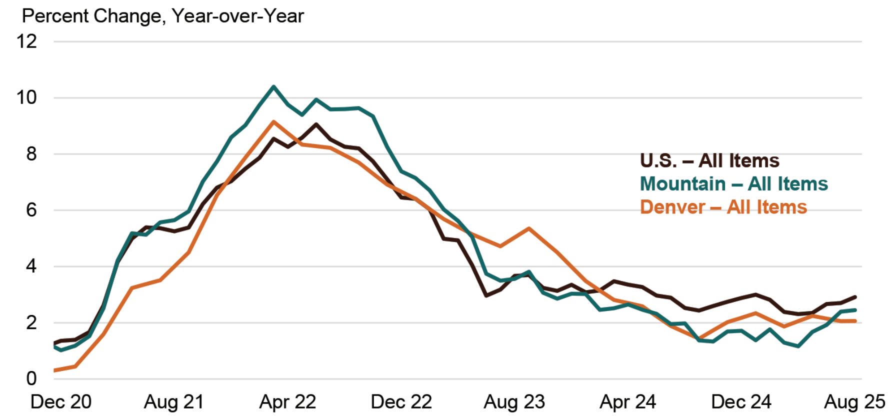
*continued from page 7*

## INTEREST RATES



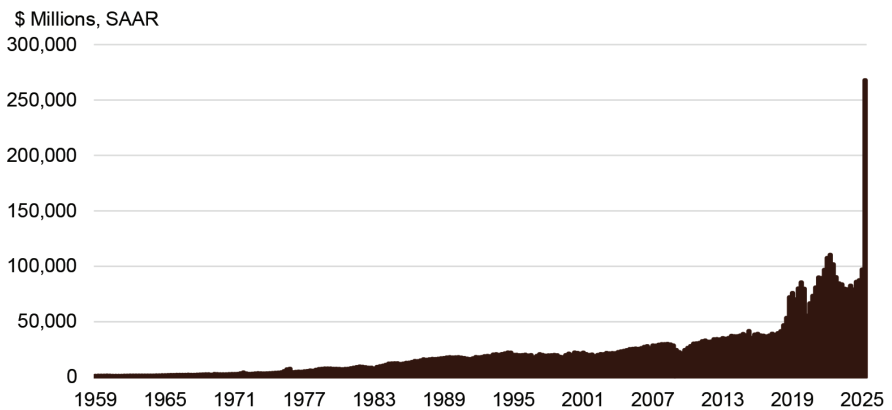

Sources: Federal Reserve and Freddie Mac.

## CONSUMER PRICE INDEX



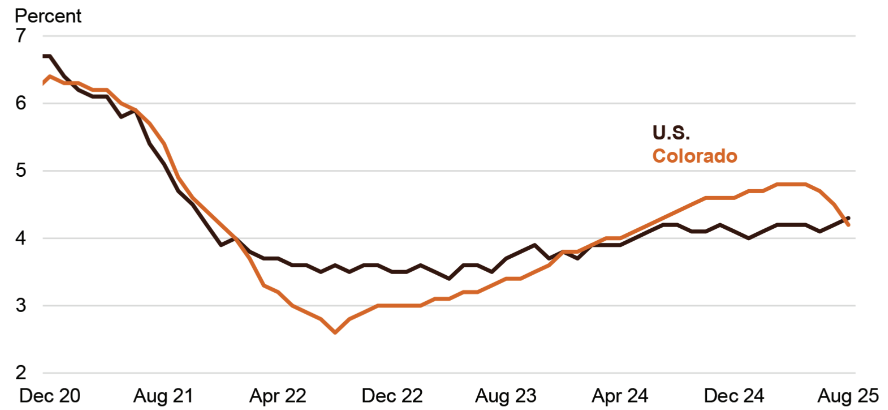

Source: Bureau of Labor Statistics.

## U.S. CUSTOMS DUTIES




Source: Bureau of Economic Analysis.

## UNEMPLOYMENT RATE




Source: Bureau of Labor Statistics.

the decision has been postponed. Employers and AI developers should continue to prepare for the consequences and changes coming in February. On a national level, workers with the most exposure to chatbots tend to be high earners in white-collar jobs with a college degree. According to Microsoft's recent research in July, jobs within the computer, mathematical, administrative support, and communication spaces have the highest AI application scores. While technological innovation will increase workforce productivity, there is little consensus about the net job growth versus job destruction.

**Public Debt—**As of November 6, the total gross national debt continues to grow, currently reaching $38.1 trillion. According to the Joint Economic Committee, over the past year it increased at an average rate of about $5.97 billion per day. The U.S. Treasury data show that the current interest rate is 3.39% on average; the debt burden continues to grow and create concern for policymakers and fiscal analysts. In July 2025, the new debt limit became $41.1 trillion because of the new budget reconciliation law. Furthermore, the 43-day government shutdown is estimated by the CBO to have cost the U.S. economy up to $14 billion in lost economic activity.

**Housing—**Heightened mortgage interest rates continue to impact national and statewide housing markets, forcing sellers to adapt to an environment that has been unwelcoming to prospective home buyers. The Federal Housing Finance Agency reports U.S. house prices overall have increased by 2.9% in Q2 2025 from Q2 2024. While home prices have continued to surpass record highs, they have recently fluctuated at slower paces compared to previous years. The September 2025 Housing Affordability Index, developed by the National Association of Realtors, stood at 104.5, a slight decrease from 104.8 in September 2024.

**Market Bubble—**Concerns are growing that the rapid surge in AI investment may be forming a market bubble with potential macroeconomic risks. In mid-November, the NASDAQ was up 17.4% year-over-year. Tech companies are projected to spend roughly $400 billion in 2025 on data centers, chips, and infrastructure to train and operate AI systems ("This Is How the AI Bubble Will Pop," Derek Thompson, 2025), an unprecedented corporate buildout. Global private AI investment reached $252.3 billion in 2024, a 26% annual increase ("2025 AI Index Report: Economy Chapter," Stanford Institute for Human-Centered Artificial Intelligence, 2025), and forecasts suggest total worldwide AI spending could hit $1.5 trillion in 2025 ("Gartner Says Worldwide AI Spending Will Total 1.5 Trillion Dollars in 2025," Gartner, 2025). Yet many firms remain in early pilot stages, and the economic returns are uncertain. The upside potential remains significant: Some analysts estimate AI could lift U.S. GDP growth by up to 0.7 percentage points through productivity improvements ("Big Tech's AI Spending Is Creating a New Economic Growth Engine—or a Risky Bubble," *Washington Post,* 2025). However, the speed, concentration, and valuation levels of current investment raise the possibility of a classic boom-and-bust cycle. As Thompson notes, the AI boom "will rise first, crash second, and eventually change the world," capturing both the transformative promise and the systemic risk associated with overinvestment.

**Climate and Weather—**According to the National Oceanic and Atmospheric Administration (NOAA), the U.S. experienced 14 climate disaster events within the first half of 2025, resulting in total losses exceeding $101 billion. This first half total surpasses the long-term U.S. average since 1980 of nine events per year and average inflation-adjusted losses of $64.8 billion annually. Natural disaster frequency and costs in the U.S. have observed an upward trend over the past 40 years, with 2024 being the 4th-costliest year at approximately $182 billion, behind 2017, 2005, and 2022. Detrimental climate conditions, attributed to rising temperatures, pose significant economic risks. The Energy Policy Institute at the University of Chicago reports that every 1°F increase in temperature will cost around 0.7% of U.S. GDP on average. Beyond this, homeowners in at-risk areas are facing the concern of heightened insurance costs as insurance companies look to mitigate their risk. Not only do natural disasters have an impact on insurance costs, but they also create a widespread financial ripple effect that can elevate the cost of living for people in the surrounding area.

**Health Care—**National analyses indicate that marketplace health insurance premiums are projected to rise substantially in 2026 if the enhanced premium tax credits expire at the end of 2025. The Kaiser Family Foundation estimates that average net premiums for subsidized enrollees would increase by about 114% without an extension, more than doubling current costs. The Center on Budget and Policy Priorities similarly reports that premium increases are imminent absent congressional action, and research from the Urban Institute estimates that up to 4.8 million more people nationwide could become uninsured if the credits lapse. These shifts carry economic implications because higher premiums can reduce household disposable income, and increases in the uninsured population can raise uncompensated care costs for hospitals and state health systems. Ongoing negotiations in Congress may affect these projections, but current estimates point to meaningful affordability risks. In Colorado, these national pressures are reflected in state-level projections. The Colorado Division of Insurance finds that individuals receiving financial assistance may see net premiums nearly double in 2026, with some rural counties facing increases of up to 200%.

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# Colorado Economic, Employment, and Population Outlook

## Summary

After growing 1.1% in 2024, Colorado employment grew an estimated 0.4% in 2025 and is projected to increase 0.6% in 2026. The state's real GDP grew 2% in 2024, with 2025 and 2026 growth projected at 2.1% and 2.9%, respectively. Colorado's labor force is projected to continue to increase modestly in 2026, and the unemployment rate will fall from an estimated 4.5% in 2025 to 4.1% in 2026 in response to labor supply constraints. Inflation averaged 2.3% in the Denver-Aurora-Lakewood MSA, but is projected to be elevated in both 2025 (3%) and 2026 (3.5%). Personal income, as well as wage and salary income, are projected to increase in 2026 (4.5% and 3.6%, respectively). Population growth will be modest in 2026—an estimated 0.6%, with notably slow net migration.

## Economy

Colorado has demonstrated one of the strongest economies over the medium-term horizon. Comparing growth from 2009-24, Colorado had the 5th-fastest real GDP growth, 6th-fastest population and labor force growth, 7th-fastest employment growth, and the 6th-highest home-price appreciation in the country.

**COLORADO ECONOMIC RANKINGS, 2009-2024**

| Metric | 15-Year Rank |
|---|---|
| Real GDP Growth | 5 |
| Employment Growth | 7 |
| Population Growth | 6 |
| Personal Income Growth | 4 |
| PCPI Growth | 3 |
| Labor Force % Growth | 6 |
| FHFA Home Price Index Growth | 6 |

Data Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, U.S. Census Bureau, Federal Housing Finance Agency All Transactions Index, BRD calculations.

Over the short term, though, Colorado's performance has slipped in the rankings, demonstrating the difficulty in maintaining growth-on-growth for a sustained period of time. In 2025, Colorado's growth rates appeared more average in the rankings. Second quarter real GDP growth ranked 22nd, and home-price growth ranked Colorado 50th. The unemployment rate, labor force growth rate, and employment growth rate all rank the state in the 30s. The state remains in the top 10 for per capita personal income, average annual pay, and labor force participation rate (LFPR).

While Colorado's relative ranking is lower over the past year compared to the 15-year ranking, some economic indicators recorded an acceleration in growth and/or an improvement in the rankings compared to last year. As well, for some of these metrics, slower growth is not slow growth. For instance, personal income grew 5% and per capita personal income grew 4.3%. More moderate growth may be the new reality for Colorado as population growth, especially through net migration, remains slow, creating headwinds for labor force and job growth.

For more than half a century, the *Colorado Business Economic Outlook* has been compiled by industry leaders in the state and presented by the Business Research Division (BRD) of the Leeds School of Business at the University of Colorado Boulder. For 61 years, this book has served as a chronicle of the changing issues and opportunities facing people and industry in Colorado. Presenting historical data and forward-looking estimates on employment for each sector of the economy, the book also offers discussion on other relevant economic metrics, ranging from sales and cash receipts to building permits and airport enplanements. This section lays the foundation for each of the North American Industry Classification System (NAICS) supersectors by providing an overview of labor force and wage and salary employment totals. The industry narrative is a collaboration with 130 individuals

**COLORADO RANKINGS, 2025 COMPARED TO 2024**

| Metric | | Rate/Level | | | Rank | | |
|---|---|---|---|---|---|---|---|
| | | 2024 | 2025 | Change | 2024 | 2025 | Change |
| Real GDP Growth | 1-Year Change | 2.3% | 1.8% | ▼ | 39 | 22 | ▲ |
| Employment Growth | 1-Year Change | 0.8% | 0.6% | ▼ | 34 | 34 | ▷ |
| Population Growth | 1-Year Change | 0.9% | 1.0% | ▲ | 16 | 16 | ▷ |
| Personal Income Growth | 1-Year Change | 4.8% | 5.0% | ▲ | 38 | 29 | ▲ |
| PCPI Growth | 1-Year Change | 3.8% | 4.3% | ▲ | 45 | 33 | ▲ |
| PCPI | Current Level | $82,931 | $86,526 | ▲ | 9 | 9 | ▷ |
| Average Hourly Wage % Growth | 1-Year Change | 5.5% | 4.4% | ▼ | 8 | 22 | ▼ |
| Unemployment Rate | Current Level | 4.4% | 4.2% | ▼ | 36 | 35 | ▼ |
| Labor Force % Growth | 1-Year Change | 1.2% | 0.0% | ▼ | 24 | 33 | ▼ |
| LFPR | Current Level | 68.1% | 67.4% | ▼ | 6 | 7 | ▲ |
| FHFA Home Price Index Growth | 1-Year Change | 2.6% | 0.9% | ▼ | 48 | 50 | ▼ |
| Job Openings Rate | Current Level | 6.2% | 3.9% | ▼ | 1 | 46 | ▼ |
| Worker Shortage Ratio | Current Level | 1.4 | 0.8 | ▼ | 19 | 46 | ▼ |

Data Sources: Bureau of Economic Analysis, Bureau of Labor Statistics (August), U.S. Census Bureau, Bureau of Labor Statistics, Federal Housing Finance Agency All Transactions Index (Q2), BRD calculations. *Unemployment rate for the last month (August).

**COLORADO RESIDENT LABOR FORCE, 2016-2026 (Not Seasonally Adjusted) (In Thousands)**

| Labor Force | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024[a] | 2025[b] | 2026[c] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Colorado Labor Force | 2,884.9 | 2,968.6 | 3,053.2 | 3,102.9 | 3,079.8 | 3,146.3 | 3,185.0 | 3,231.2 | 3,267.8 | 3,284.1 | 3,294.0 |
| Total Employment | 2,794.8 | 2,890.7 | 2,960.4 | 3,020.2 | 2,870.9 | 2,973.4 | 3,086.2 | 3,124.0 | 3,128.2 | 3,136.3 | 3,158.9 |
| Unemployed | 90.1 | 77.9 | 92.8 | 82.7 | 208.9 | 172.9 | 98.7 | 107.1 | 139.6 | 147.8 | 135.1 |
| Unemployment Rate | 3.1% | 2.6% | 3.0% | 2.7% | 6.8% | 5.5% | 3.1% | 3.3% | 4.3% | 4.5% | 4.1% |
| Labor Force Participation Rate | 67.0% | 67.8% | 68.6% | 68.6% | 67.2% | 68.0% | 68.1% | 68.2% | 68.0% | 67.6% | 67.0% |

[a]Estimated. [b]Forecast. Note: There are methodological differences between the LAUS data series and the CES employment data series that is used throughout the rest of this book.

Sources: Colorado Department of Labor and Employment (LAUS data) and Colorado Business Economic Outlook Committee.

**COLORADO NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, 2016-2026 (In Thousands)**

| Sector | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024[a] | 2025[b] | 2026[c] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Natural Resources and Mining | 23.7 | 25.8 | 28.6 | 28.8 | 21.8 | 19.8 | 20.8 | 21.5 | 21.7 | 21.8 | 22.1 |
| Construction | 155.3 | 163.7 | 173.2 | 179.1 | 174.9 | 177.5 | 183.1 | 184.7 | 186.6 | 187.0 | 188.0 |
| Manufacturing | 142.7 | 144.3 | 147.5 | 150.5 | 146.8 | 149.2 | 152.9 | 151.0 | 149.1 | 147.7 | 149.2 |
| Trade, Transportation, and Utilities | 453.9 | 461.3 | 470.4 | 477.9 | 469.3 | 486.5 | 502.3 | 506.6 | 509.3 | 506.7 | 511.3 |
| Information | 72.2 | 72.3 | 75.6 | 77.1 | 75.1 | 76.2 | 79.4 | 77.8 | 74.3 | 71.9 | 71.7 |
| Financial Activities | 163.9 | 168.1 | 171.6 | 174.6 | 172.8 | 178.2 | 182.1 | 178.7 | 178.5 | 178.0 | 178.4 |
| Professional and Business Services | 405.4 | 412.4 | 423.5 | 439.2 | 430.4 | 453.8 | 484.1 | 499.2 | 496.2 | 490.5 | 489.4 |
| Education and Health Services | 325.8 | 334.1 | 340.7 | 347.6 | 339.2 | 347.8 | 353.7 | 370.0 | 382.6 | 393.8 | 401.5 |
| Leisure and Hospitality | 323.6 | 333.2 | 339.7 | 345.4 | 272.0 | 305.6 | 338.4 | 350.7 | 353.5 | 356.5 | 355.5 |
| Other Services | 107.3 | 108.6 | 110.9 | 114.8 | 110.4 | 117.8 | 122.8 | 127.3 | 132.3 | 132.0 | 133.6 |
| Government | 428.1 | 436.7 | 445.6 | 455.1 | 440.2 | 438.5 | 450.1 | 470.0 | 487.2 | 497.6 | 500.3 |
| Total[d] | 2,601.9 | 2,660.5 | 2,727.3 | 2,790.1 | 2,652.9 | 2,750.9 | 2,869.7 | 2,937.5 | 2,971.0 | 2,983.5 | 3,001.0 |

[a]Revised. [b]Estimated. [c]Forecast. [d]Due to rounding, the sum of the individual sectors may not equal the total.Note: Nonagricultural self-employed, unpaid family workers, and domestics are excluded from the total. Sources: Colorado Department of Labor and Employment (CES Data) and Colorado Business Economic Outlook Committee.

across industries, government, and nonprofits. What they share are insights and expertise from their vantage point, while many of the economic and employment estimates are model-driven results.

On September 9, 2025, the Bureau of Labor Statistics (BLS) published *Current Employment Statistics Preliminary Benchmark (National) Summary*. In this publication, the BLS indicated national employment estimates may be overstated by 911,000 and would be revised downward when benchmark revisions are applied in March 2026. Examining the data, the BRD concluded that Colorado is a state that is likely to undergo downward revisions. Since Colorado represents roughly 1.9% of national employment, a proportional share of the decrease would suggest Colorado may be revised down by 17,000. Examining the differences in growth between the Current Employment Statistics (CES) and the Quarterly Census of Employment and Wages (QCEW) by industry for Colorado, the expected downward revisions are less than 15,000. The implied revisions were applied to the monthly employment estimates and were used as a basis for the 2026 forecast.

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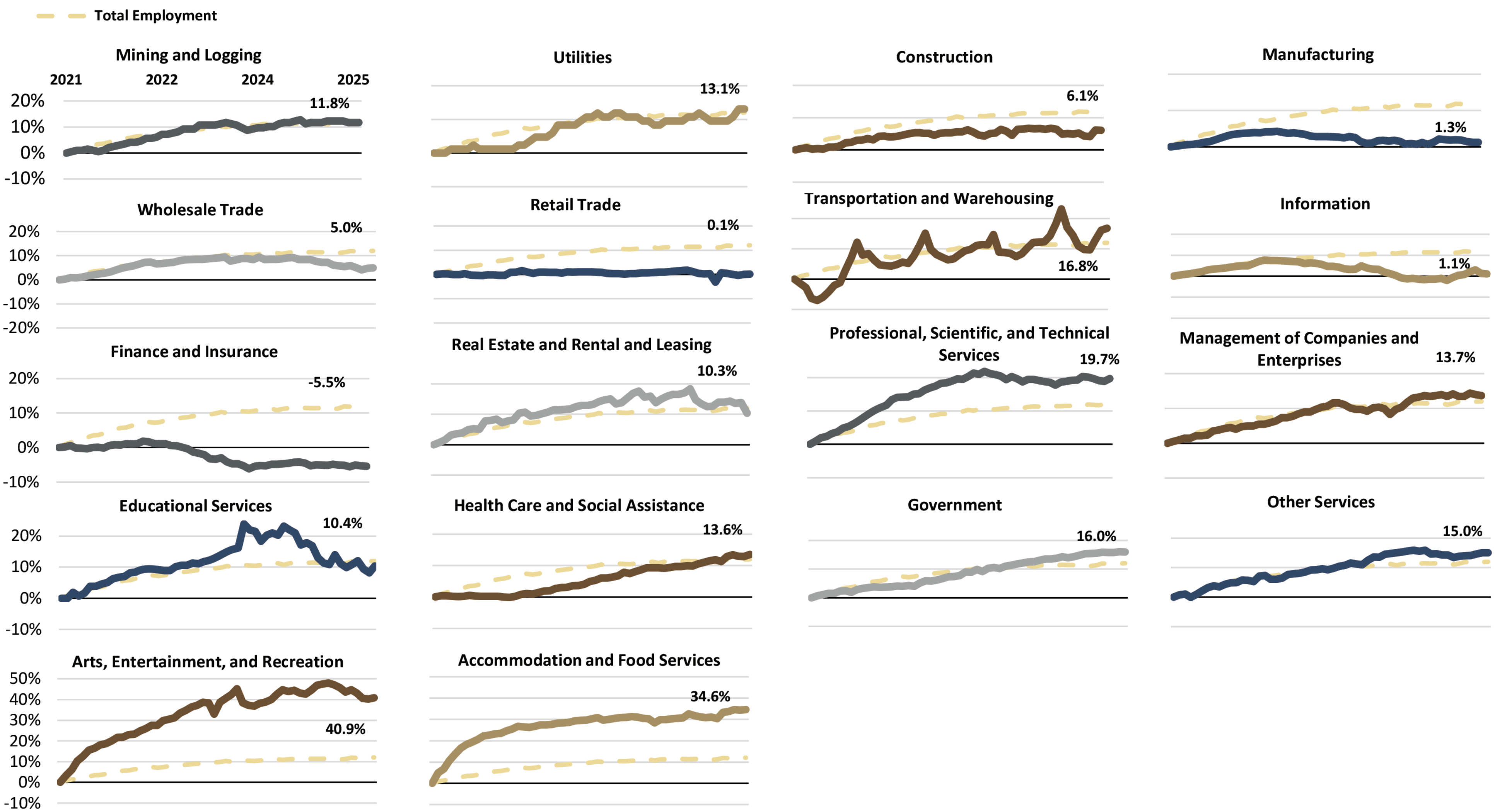
## COLORADO EMPLOYMENT TRENDS BY SECTOR, PERCENT CHANGE FROM JANUARY 2021 - AUGUST 2025




Notes: Employment differences taken from January 2021; the month and percent difference from January 2021 in employment are shown for each industry. The CES employment data is susceptible to large revisions.
Source: Bureau of Labor Statistics, Current Employment Statistics (CES).

## Employment

Colorado employment stood just shy of 3 million in August 2025, with the state notching the 3rd-consecutive year of slowing growth. Annual jobs added in 2024 totaled 33,500, or growth of 1.1%. Growth in 2025 is estimated at 12,500 (0.4%), and the forecast for 2026 is for an additional 17,500 jobs (0.6%). In 2025, a minority of the 11 industries in the state are estimated to have posted job growth—with Education and Health Services, Government, and Leisure and Hospitality posting the most jobs added and the fastest job growth. Three industries that posted the largest job losses for the year are Professional and Business Services; Trade, Transportation, and Utilities; and Information. Looking ahead to 2026, eight industries are projected to add employment, led by Education and Health Services; Trade, Transportation, and Utilities; and Government.

Preliminary year-over-year employment growth was mixed within the state, with growth in four metropolitan statistical areas (MSAs): Boulder, Colorado Springs, Denver-Aurora-Lakewood, and Grand Junction. Modest declines were recorded in the preliminary numbers in the Fort Collins-Loveland, Greeley, and Pueblo MSAs. The balance of the state (i.e., Colorado minus the MSAs) suggests Colorado's rural areas posted strong growth.

Most businesses in the economy are small businesses—96.5% of wage and salary establishments have fewer than 50 employees. These small businesses represent just under half (49.9%) of jobs in Colorado and 43.4% of total wages.

### Labor Force and Unemployment

The monthly unemployment rate increased several months in 2025 before coming back down. The rate was 4.4% in August 2024, rose to 4.8% by March 2025, and dropped back down to 4.2% in August 2025. The changing unemployment rate reflects the fluidity between a moving number of unemployed (numerator) and labor force (denominator). Year-to-date data show that both the number of unemployed people and the labor force grew in 2025, but the growth in unemployed outpaced labor force growth, resulting in elevated unemployment this year. The rate is likely to improve modestly from an estimated 4.5% in 2025 to 4.1% in 2026, driven largely by a constrained labor force.

The LFPR is important because it conveys the relative amount of labor resources available for the production of goods and services. The LFPR is the percentage of the civilian noninstitutional population 16 years and older either working or actively looking for work. This metric is calculated by dividing the labor force by the civilian noninstitutional population age 16 and older. The labor force is calculated as the sum of the number of employed and unemployed members of the civilian noninstitutional population age 16 and older, where "employed" is defined as someone who did any work for pay or profit during the week of the survey; did at least 15 hours of unpaid work in a business or farm operated by a family member they live with; or were temporarily absent from regular jobs because of illness, vacation, bad weather, labor disputes, or various personal reasons. Civilians within the noninstitutional population considered "unemployed" are those who did not have a job during the week of the survey, made at least one specific active effort to find a job during the past four weeks, and were available for work. Unemployed also includes those not working because they are waiting to be called back to a job they had been laid off from.

Structural demographic shifts are impacting labor force participation as the large baby boomer generation retires. As well, changes in immigration policy are reducing in-bound international migration, which will also reduce growth in the labor force. The average national LFPR was 62.3% in August 2025. Colorado was 7th in the nation in terms of the highest LFPRs in August 2025, with a rate of 67.4%—a decrease from 68.1% a year earlier. Another measure of the labor market is the employment-to-population ratio. This measure of labor market performance is helpful because it tends to be less volatile than the unemployment rate, which has a fluctuating numerator (unemployed) and denominator (labor force). Colorado's employment-to-population ratio was 64.6% in August 2025, a decrease from 65.1% in August 2024.

### Labor Data Sets Differ

The data for this forecast are derived from two U.S. BLS sources: CES and Local Area Unemployment Statistics (LAUS). The CES data set is the most frequently cited labor series and is typically used to evaluate sector trends. Compiled from a survey of companies, it includes full- and part-time workers, temporary workers, employees on paid holiday or sick leave, and those who worked for only part of a pay period. It does not include sole proprietors. CES data for a particular year are revised twice—three months and 15 months after the end of the year—based on the QCEW that all firms are required to submit. The LAUS labor series provides an estimate of the size of the total labor force and is used to calculate the unemployment rate. The LAUS data consider the labor force as everyone of working age who is actively employed or looking for a job. Students, retirees, stay-at-home parents, institutionalized individuals, and discouraged workers are not included in the workforce. This data series, which is more inclusive than the CES data set, is compiled from a survey of households. It includes farm workers, self-employed individuals, and full-time or part-time employees.

## Population

### Total Population Change

The most recent population estimates available are for July 1, 2024. As of this date, the U.S. population reached 341.1 million, an increase of 3.3 million over the year, or a growth rate of 1%. Elevated levels of net international migration boosted growth, accounting for eight-tenths of the 1% growth. Three states declined in population relative to prior-year levels. Colorado's resident population as of July 2024 was 5,956,729, ranking 21st in size in the United States. Colorado's population increased by 56,309, or 1%,

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**COUNTY POPULATION GROWTH, 2023-2024**

| | Rank | County | 2023-2024 | County | Largest Population |
|---|---|---|---|---|---|
| Growth | 1 | Weld | 9,608 | El Paso | 752,892 |
| Growth | 2 | Douglas | 8,889 | Denver | 728,309 |
| Growth | 3 | Adams | 7,859 | Arapahoe | 666,557 |
| Growth | 4 | Denver | 7,424 | Jefferson | 578,437 |
| Growth | 5 | El Paso | 5,975 | Adams | 543,760 |
| | | | | Douglas | 394,030 |
| Percent Growth | 1 | Kiowa | 2.7% | Larimer | 374,387 |
| Percent Growth | 2 | Weld | 2.7% | Weld | 369,880 |
| Percent Growth | 3 | Douglas | 2.3% | Boulder | 329,996 |
| Percent Growth | 4 | Elbert | 1.9% | Pueblo | 169,916 |
| Percent Growth | 5 | San Juan | 1.9% | Mesa | 161,196 |

Source: Colorado State Demography Office.

**COMPONENTS OF COLORADO RESIDENT POPULATION CHANGE, 2016-2026 (In Thousands)**

| Year | Births (Resident) | Deaths (Resident) | Natural Increase | Net Migration | Population Change | Total Population |
|---|---|---|---|---|---|---|
| 2016 | 66.6 | 36.8 | 29.7 | 53.3 | 83.0 | 5,529.6 |
| 2017 | 65.3 | 37.7 | 27.6 | 42.4 | 70.0 | 5,599.6 |
| 2018 | 63.8 | 38.2 | 25.6 | 51.8 | 77.3 | 5,676.9 |
| 2019 | 62.5 | 38.6 | 23.8 | 34.2 | 58.0 | 5,734.9 |
| 2020 | 62.8 | 42.1 | 20.7 | 31.3 | 52.0 | 5,786.9 |
| 2021 | 62.0 | 46.6 | 15.4 | 11.2 | 26.7 | 5,813.6 |
| 2022 | 62.5 | 49.7 | 12.8 | 23.8 | 36.6 | 5,850.1 |
| 2023 | 62.2 | 45.2 | 16.9 | 33.4 | 50.3 | 5,900.4 |
| 2024 | 62.4 | 45.0 | 17.4 | 38.9 | 56.3 | 5,956.7 |
| 2025[a] | 62.4 | 42.8 | 19.6 | 13.6 | 33.2 | 5,989.9 |
| 2026[a] | 62.7 | 43.2 | 19.5 | 15.7 | 35.1 | 6,025.0 |

[a]Forecast. Source: Colorado Department of Local Affairs, State Demography Office (November 2025 estimates).

from July 2023 to July 2024, ranking it 19th in total change and 17th in percentage change. This growth is slightly higher than in 2023 and significantly slower than the 76,000 annual average during the previous decade.

Births in Colorado were 62,400, flat compared to the previous year and lower than the peak of 70,800 in 2007. Births are the largest component of population change in Colorado. There were 45,000 deaths between July 2023 and July 2024, a slowdown from the pandemic peak of 49,700 in 2022 and in line with historical prepandemic trends consistent with a growing older adult population. Natural change (births minus deaths) was 17,400. Despite the lower levels of natural change, Colorado had the 7th-largest natural change in the country due to the state's younger average age. There are 17 states in a phase of natural decline, with more deaths than births.

Net migration accounted for 38,900 of the growth in the state, with net international migration accounting for the lion's share, 33,200 of total net migration—a historical high. Net domestic migration remained at low levels experienced since 2021, totaling just 5,400 in 2024, well below the historical average of 35,000 experienced from 1990 through 2020. Historically, domestic migration accounted for 80% of total net migration, and international migration 20%. These shares reversed during the period of 2022-24.

## Change by County

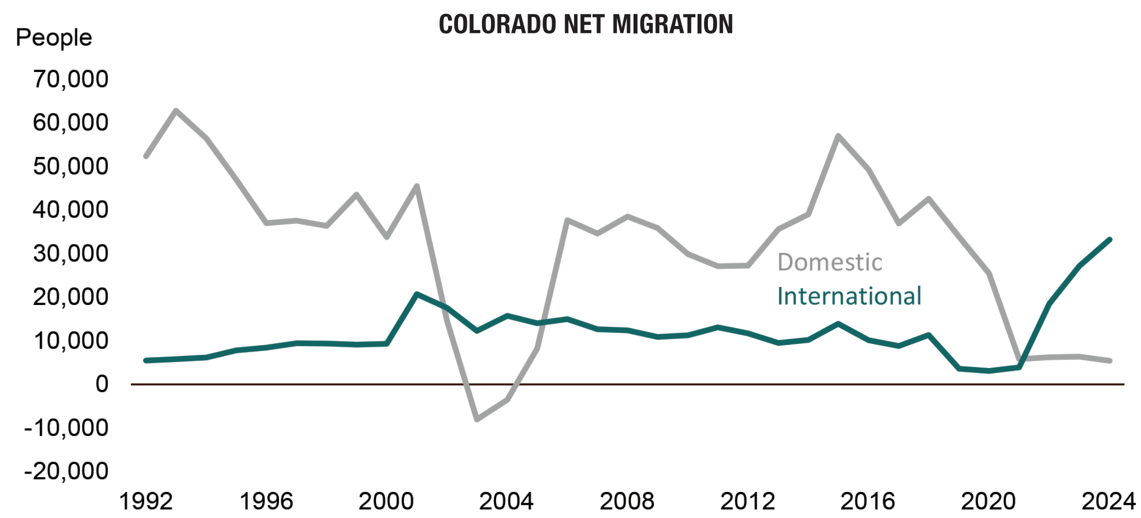
More U.S. counties experienced population gains than losses in 2024, as growth accelerated across regions of the U.S. Approximately 66% (2,064) of U.S. counties gained population from 2023 to 2024. Areas that experienced high levels of domestic out-migration during the pandemic, such as in the Midwest and Northeast, have now experienced multiple years of population growth.

In Colorado, population in 20 of the state's 64 counties, or 31%, declined. Twenty counties experienced net out-migration, led by rural and mountain resort counties. Thirty-six of the 64 counties are in a phase of natural decline—meaning there were more deaths than births in 2024. Most of the counties in a phase of natural decline were in the nonmetro parts of the state and ranged from -462 to -3. However, the metro counties of Pueblo and Mesa led the list of counties in natural decline. The three counties with the largest natural increase were El Paso, Denver, and Arapahoe.

Births continued to be lower than historical trends in 2024 but are holding steady. The slowing in births will continue to have long-run impacts on K-12 and higher education, as well as the labor force, with significant variation among counties. Most counties reached their peak births in 2007, but some counties, like Jefferson, reached their peak births in 2000.

## Age

Population growth by age group continues to be a defining factor for Colorado due to two primary reasons. First, births have been declining since 2007 in both the United States and Colorado. The second significant impact is the growth in the 65+ population, which



Source: U.S. Census Bureau, Population Estimates Program.

increased by almost 30,000 between 2023 and 2024. The growth in this group is primarily due to more people aging into the cohort rather than net migration. It is estimated that 65,600 Coloradans turned 65 in 2024. The growth in the 65+ age group is impacting the labor force, with a growing number of retirements even as workers are staying in the labor force longer. It is estimated that 40,000 workers will retire annually this decade. Additionally, the 65+ population is driving the economy with demand for health services and leisure and hospitality, and is impacting housing due to lower rates of mobility and smaller household sizes.

Coloradans who are 65 and older are the fastest- and largest-growing cohort in the state, with those 75-85 years of age currently experiencing the strongest growth. The 65+ population reached 983,500 people in 2024, growing at an annual rate of 3.1% over the prior year, compared to the total population at 1%. The population under age 18 declined 5,900 in 2024 due to slowing births since 2007. The 45-64 age cohort grew only 4,600. The 25-44 age cohort increased by 19,700 from 2023 to 2024. This cohort is primarily made up of millennials, with the leading-edge age 43, peak age 31, and tail end age 28 in 2024.

## Race and Ethnicity

Colorado's population by race and ethnicity is 65% White non-Hispanic, with a growing share of people of color. Since 2020, the number of White non-Hispanic people has declined, while growth in the non-White, non-Hispanic population has increased. The difference in growth is primarily driven by the racial/ethnic composition of Colorado population by age. The population over age 65 is 82% White non-Hispanic, compared to the population under 25 who are 53% White non-Hispanic. Therefore, a larger share of the deaths and a smaller share of the births are White non-Hispanic.

## Housing

Housing-unit growth did not keep up with household formation during the decade from 2010 to 2020, due to low levels of building and relatively strong population growth during and following the Great Recession, which created a tight housing market and escalating home prices. Since 2018, Colorado has built more housing units than new household growth, making a dent in the housing undersupply. In 2024, housing growth increased by 42,700, while population growth was 56,300. The projected slowdown in net migration will ease demand for additional housing in 2025 and 2026. The ratio of household population to housing units reached a low of 2.18 in 2024 after hitting a high of 2.31 in 2016. The declining ratio reflects multiple factors, including smaller household sizes due to an aging population and fewer births, as well as vacation and second homes.

Household formation is forecast to grow by an estimated annual average of 26,500 over the next 10 years. The largest cohort of the millennials are in their 30s, the primary age for first-time home buyers. The leading edge of the millennials are in their early 40s, entering the highest-earning and the prime second-home buying age cohort. The largest and fastest household growth will be in the 65+ population, but most of these households already have housing. The 65+ population has the lowest moving rate, and Colorado does not attract retirees (in-migrants balance the out-migrants in the 65+ cohort). The aging

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**COLORADO POPULATION CHANGE BY AGE 2023-2024**

| Age | 2023 | 2024 | Change | Pct Ch. |
|---|---|---|---|---|
| 0 to 17 | 1,251,929 | 1,246,083 | -5,846 | -0.6% |
| 18 to 24 | 547,470 | 555,397 | 7,927 | 1.4 |
| 25 to 44 | 1,750,144 | 1,769,863 | 19,719 | 1.1 |
| 45 to 64 | 1,397,298 | 1,401,886 | 4,588 | 0.3 |
| 65+ | 953,548 | 983,491 | 29,943 | 3.2 |
| Total | 5,900,389 | 5,956,720 | 56,331 | 1.0% |

Source: Colorado State Demography Office.

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**AVERAGE ANNUAL PAY BY SECTOR COLORADO AND UNITED STATES (Q1 2025)**

| NAICS | Sector | Colorado | 1-Year Growth | United States | 1-Year Growth |
|---|---|---|---|---|---|
| 11 | Agriculture, Forestry, Fishing, Hunting | $49,517 | 2.6% | $47,347 | 3.8% |
| 21 | Mining | 156,794 | -1.6 | 130,982 | 4.8 |
| 22 | Utilities | 139,178 | 3.5 | 137,453 | 5.5 |
| 23 | Construction | 82,110 | 4.3 | 81,814 | 4.9 |
| 31-33 | Manufacturing | 90,126 | 3.4 | 86,108 | 3.0 |
| 42 | Wholesale Trade | 115,046 | 3.1 | 102,670 | 3.3 |
| 44-45 | Retail Trade | 44,567 | 2.7 | 42,351 | 2.7 |
| 48-49 | Transportation and Warehousing | 76,900 | 2.6 | 67,608 | 4.2 |
| 51 | Information | 157,434 | 9.2 | 179,069 | 11.2 |
| 52 | Finance and Insurance | 136,994 | 8.0 | 147,691 | 7.4 |
| 53 | Real Estate and Rental and Leasing | 81,480 | 2.4 | 77,961 | 4.0 |
| 54 | Professional and Technical Services | 137,574 | 5.6 | 129,535 | 5.3 |
| 55 | Mgmt of Companies and Enterprises | 178,193 | 8.7 | 162,826 | 8.7 |
| 56 | Administrative and Waste Services | 61,643 | 2.3 | 58,468 | 3.4 |
| 61 | Educational Services | 53,856 | -0.8 | 64,421 | 3.4 |
| 62 | Health Care and Social Assistance | 67,309 | 3.2 | 65,051 | 2.8 |
| 71 | Arts, Entertainment, and Recreation | 50,566 | 0.5 | 50,871 | 2.7 |
| 72 | Accommodation and Food Services | 33,923 | 3.1 | 30,022 | 3.8 |
| 81 | Other Services | 57,144 | 2.3 | 53,034 | 3.5 |
| | Government | 75,151 | 5.2 | 74,727 | 4.4 |
| | Federal | 106,805 | 4.7 | 103,503 | 4.5 |
| | State | 83,960 | 4.5 | 81,463 | 5.5 |
| | Local | 65,244 | 5.9 | 66,593 | 3.9 |
| | Total, All Industries | 81,170 | 4.3 | 76,399 | 4.4 |

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

of the baby boomers into their 70s and 80s may create more turnover in larger, single-family homes as they look to downsize or need more assistance. However, several factors, including location, availability, cost, and health needs, will also factor in these decisions.

## Population Forecast

Colorado population growth is expected to slow to 0.6% annual growth in each of 2025 and 2026. Growth will be subdued by slower economic activity and jobs growth, dampening net domestic migration. Net international migration is expected to slow considerably on changes to immigration policy enforcement under the Trump administration and on slower economic activity. Total net migration is expected to total about 13,600 in 2025 and 15,700 in 2026—historically weak levels comparable to pandemic and dot-com recession lows.

Births will remain the largest population growth driver. Births are projected to rise slightly in 2025 to 62,000 and in 2026 to 63,000. Deaths are projected to return to prepandemic trends in 2025, totaling 43,000. Beginning in 2026, deaths will begin to rise again with growth in the older adult population. Near-term population growth is projected to be strongest along the Front Range, with Weld, Douglas, and Adams counties experiencing the strongest growth in population levels.

Following a slowdown in 2025 and 2026, population growth is projected to rebound, assuming stronger economic activity. However, economic growth, immigration policies, and relative affordability of housing pose risks to the forecast. Over the long term, population growth will be constrained by lower fertility rates. That said, Colorado is expected to outpace national population growth, picking up a growing share of the U.S. population over time. Colorado is forecast to increase from 1.7% of the U.S. population in 2020 to 2.1% by 2060. Geographically, the largest population growth is forecast to be along the Front Range.

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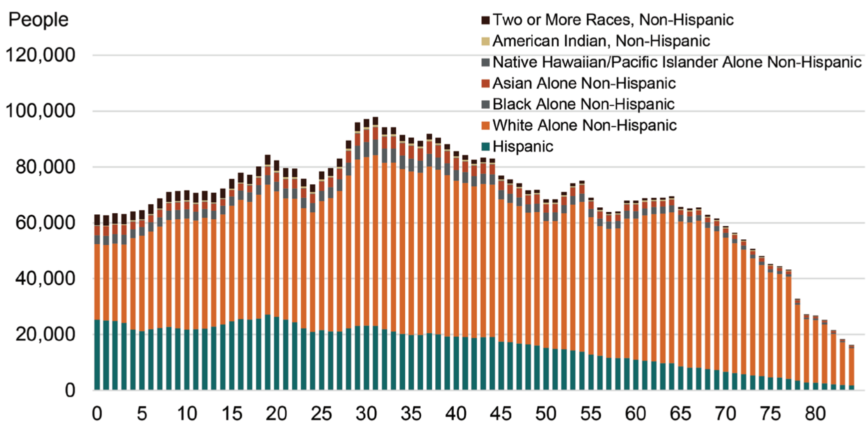
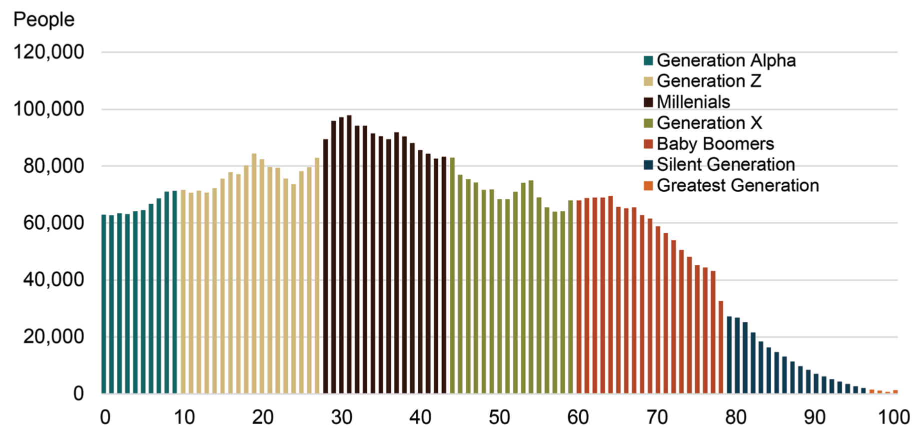
## COLORADO POPULATION BY RACE/ETHNICITY, 2024



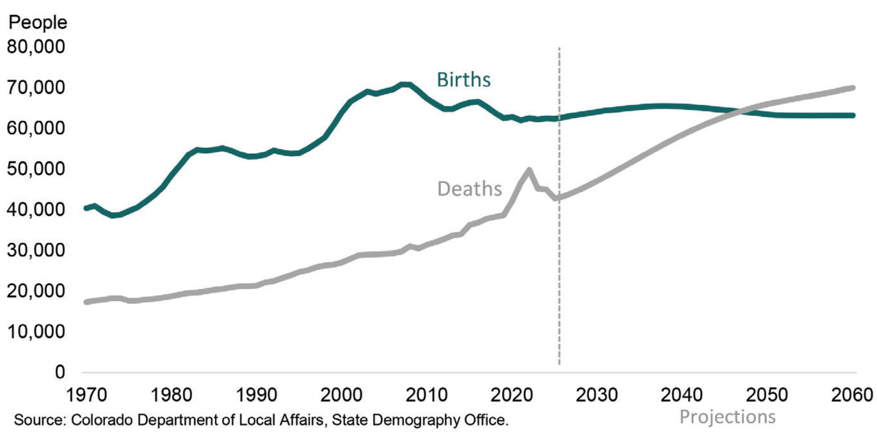

Source: Colorado Department of Local Affairs, State Demography Office.

## COLORADO POPULATION BY AGE, 2024



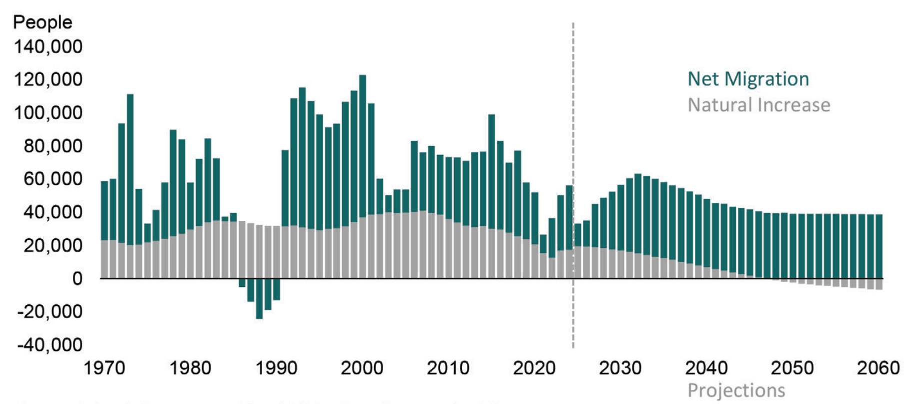

Source: Colorado Department of Local Affairs, State Demography Office.

## COLORADO BIRTHS AND DEATHS




Source: Colorado Department of Local Affairs, State Demography Office.

## COLORADO COMPONENTS OF POPULATION CHANGE




Source: Colorado Department of Local Affairs, State Demography Office.

## Summary

Employment in Colorado is estimated to have increased just 0.4%, or 12,500 jobs, in 2025, as employment growth moderated. Colorado will sustain job growth in 2026, increasing by 17,500 jobs (0.6%). Of the 11 industry groups in the state, six are projected to lose jobs in 2025. In 2026, Education and Health Services is projected to add the most jobs and record the fastest pace of job growth (in percentage terms).

**Agriculture—**Colorado Agriculture enters 2026 with sharp divergence between livestock strength and crop-sector strain. Farm income is projected to fall from $2.2 billion in 2025 to $1.8 billion in 2026 as cattle supplies tighten, milk prices soften, and egg production contracts. Record-high cattle prices in 2025 drove strong ranch income, while grain producers faced low commodity prices, high input costs, and trade-related volatility. Loan delinquencies are rising, and banks report tighter credit conditions for crop farms. Government payments are expected to make up a substantial share of grain-farm income in both 2025 and 2026. Overall, the industry remains split between cattle-sector resilience and ongoing financial pressure for crop producers.

**Natural Resources and Mining—**Natural Resources and Mining accounts for 3.5% of Colorado's real GDP but less than 1% of employment. After reaching a 20-year low in 2021, employment has stabilized and is expected to grow modestly in 2026. Oil and gas valuation rose in 2025 with higher natural gas prices. Coal production is stable in the near term, although the remaining six coal-fired power-generating stations in the state are planned for retirement or unit phase retirement between 2026 and 2031. Growth in wind, solar, and critical-mineral development will remain a key driver of long-run sector activity.

**Construction—**Colorado Construction activity is projected at $19.7 billion in 2025 and $19.9 billion in 2026, with nonresidential and multifamily gains offsetting continued weakness in single-family building. Employment is expected to edge up to 187,000 jobs in 2025, with growth constrained by skilled-labor shortages, retirements, elevated interest rates, and tighter lending standards. In 2026, construction employment is projected to rise 0.5% to 188,000, though the industry will continue to face persistent cost pressures, tariffs, and extended project timelines.

**Manufacturing—**Colorado Manufacturing employment is expected to decline again in 2025, falling 0.9% as firms face high interest rates, elevated input costs, a soft housing market, and shifting federal trade policies. Durable goods—including electronics, aerospace-related categories, and transportation equipment—continue to shed jobs, while nondurable goods, especially food and beverage manufacturing, provide partial offset. Manufacturers are accelerating investment in automation and AI to address workforce shortages and improve efficiency, supporting output but limiting headcount. In 2026, Manufacturing employment is projected to return to slow growth, rising about 1% to roughly 149,200 jobs, though uncertainty in trade policy and capital spending remains a key risk.

**Trade, Transportation, and Utilities—**The Trade, Transportation, and Utilities sector remains Colorado's largest employer. Retail trade continues to face slow hiring due to muted consumer spending and tariff-driven cost pressures, while wholesale trade is expected to post modest job gains in 2026. Transportation and

**ANNUAL EMPLOYMENT CHANGE IN NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT SECTORS, 2016-2026 (In Thousands)**

| Sector | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024[a] | 2025[b] | 2026[c] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Natural Resources and Mining | -10.4 | 2.1 | 2.8 | 0.2 | -7.0 | -2.0 | 1.0 | 0.7 | 0.2 | 0.1 | 0.3 |
| Construction | 13.1 | 8.4 | 9.5 | 5.9 | -4.2 | 2.6 | 5.6 | 1.6 | 1.9 | 0.4 | 1.0 |
| Manufacturing | 6.1 | 1.6 | 3.2 | 3.0 | -3.7 | 2.4 | 3.7 | -1.9 | -1.9 | -1.4 | 1.5 |
| Trade, Transportation, and Utilities | 21.2 | 7.4 | 9.1 | 7.5 | -8.6 | 17.2 | 15.8 | 4.3 | 2.7 | -2.6 | 4.6 |
| Information | 1.7 | 0.1 | 3.3 | 1.5 | -2.0 | 1.1 | 3.2 | -1.6 | -3.5 | -2.4 | -0.2 |
| Financial Activities | 10.0 | 4.2 | 3.5 | 3.0 | -1.8 | 5.4 | 3.9 | -3.4 | -0.2 | -0.5 | 0.4 |
| Professional and Business Services | 19.0 | 7.0 | 11.1 | 15.7 | -8.8 | 23.4 | 30.3 | 15.1 | -3.0 | -5.8 | -1.1 |
| Education and Health Services | 27.8 | 8.3 | 6.6 | 6.9 | -8.4 | 8.6 | 5.9 | 16.3 | 12.6 | 11.2 | 7.7 |
| Leisure and Hospitality | 23.2 | 9.6 | 6.5 | 5.7 | -73.4 | 33.6 | 32.8 | 12.3 | 2.8 | 3.0 | -1.0 |
| Other Services | 6.4 | 1.3 | 2.3 | 3.9 | -4.4 | 7.4 | 5.0 | 4.5 | 5.0 | -0.3 | 1.6 |
| Government | 20.2 | 8.6 | 8.9 | 9.5 | -14.9 | -1.7 | 11.6 | 19.9 | 17.2 | 10.4 | 2.7 |
| Total[d] | 138.3 | 58.6 | 66.8 | 62.8 | -137.2 | 98.0 | 118.8 | 67.8 | 33.5 | 12.5 | 17.5 |

[a]Revised. [b]Estimated. [c]Forecast. [d]Due to rounding, the sum of the sectors may not equal the total. Sources: Colorado Dept. of Labor and Employment and Colorado Business Economic Outlook Committees.

warehousing employment reflect consolidation after rapid expansion, even as demand for logistics space remains solid. Utilities expect rising electricity demand from data centers and electrification, supporting sustained capital investment and employment growth through 2026.

**Information—**Colorado's Information sector continues to contract, with estimated losses of 2,400 jobs in 2025 and a smaller decline of about 200 jobs in 2026. Publishing, telecommunications, and traditional media remain on long-term downward trends, though software publishing shows signs of stabilizing after declines in 2024 and 2025. Broadband expansion is accelerating through over $600 million in planned projects under the BEAD program, improving rural access and enabling broader economic growth. Data centers and cloud services remain a bright spot, supported by strong AI-driven demand. Film and media activity is rising due to expanded state incentives and the upcoming relocation of the Sundance Film Festival to Boulder, bringing higher production spending and job creation.

**Financial Activities—**Colorado's Financial Activities industry accounted for 6% of statewide employment in 2024. The industry shed 500 jobs (-0.3%) in 2025, with employment expected to stabilize in 2026, growing only 0.2%. About 64% of workers are in Finance and Insurance, where banks remain well capitalized and profitable, with strong capital and liquidity, solid earnings, and relatively low credit losses, even as cost of funds, deposit acquisition/retention, and commercial real estate and consumer credit metrics are key concerns. The remaining 36% of workers are in Real Estate and Rental and Leasing, where industrial and retail markets in many regions remain relatively tight; Denver office vacancy exceeds 28% (over 40% downtown); and higher insurance, HOA costs, and elevated mortgage rates contribute to ongoing housing affordability challenges.

**Professional and Business Services—**Professional and Business Services is experiencing its first multiyear employment decline since 2010, shedding 3,000 jobs in 2024 and an estimated 5,800 jobs (-1.2%) in 2025. Cuts to federal research funding and tech-sector restructuring are weighing on Professional, Scientific, and Technical Services. Management of Companies and Enterprises remains comparatively stable and is projected to post modest job gains in 2026. Overall Professional and Business Services employment is expected to decline slightly again in 2026, though losses will moderate as Colorado's STEM talent base provides underlying support.

**Education and Health Services—**Education and Health Services represents nearly one in eight Colorado jobs, with sector employment rising 3.4% in 2024 and an estimated 2.9% in 2025 and 2% in 2026. Health Care and Social Assistance—87% of sector employment—continues to expand, driven by an aging population and strong demand for ambulatory, hospital, nursing, and social assistance services. Private education employment is expected to be modest.

**Leisure and Hospitality—**Leisure and Hospitality has generally stabilized following its rapid postpandemic recovery, with steady gains in Accommodation and Food Services offset by softer results in Arts, Entertainment, and Recreation. Industry growth is expected to pause in 2026, with a modest decrease in employment projected for the year.. Tourism metrics—including visitor spending, tax revenue, and airport traffic—remain stable, though hotel occupancy and average daily rates declined modestly in 2025 as consumers became more price sensitive. Mountain resort revenues grew at a slower pace, reflecting fewer international visitors and domestic economic uncertainty. Urban markets like Denver and Colorado Springs remain supported by strong convention activity and major events. Restaurants continue to face cost pressures, but workforce programs and technology adoption could support gradual growth.

**Other Services—**Colorado's Other Services sector decreased slightly in 2025 and is expected to grow modestly in 2026. Religious, Grantmaking, Civic, and Professional Organizations—over half of sector employment—continue to grow modestly, with donor counts down but donation dollars up slightly in 2025. Union membership has increased from 6.9% to 7.7%, and advocacy organizations may see more activity ahead of the 2026 elections. Repair and Maintenance Services businesses remain strong due to record vehicle ages (12.8 years) and rising used-car prices, while the 2026 Right to Repair law in the state is expected to expand the independent repair market. Overall, the sector's outlook is for slow, broad-based growth.

**Government—**Government accounts for 16.4% of Colorado jobs, with sector employment rising 2.1% in 2025 after a 3.7% increase in 2024. Total employment is projected to grow 0.5% in 2026. Federal employment fell 3.5% in 2025 to about 55,000 and is expected to decline another 3.6% (2,000 jobs) in 2026 as agencies adjust to fiscal tightening, shutdown impacts, and increased automation. State government employment faces hiring freezes and revenue pressure tied to H.R. 1. Local governments continue to report rising costs, flat revenues, and increased reliance on reserves or service reductions. PK-12 districts face declining enrollment, labor shortages, and budget uncertainty heading into 2026.

## National and Colorado

- National real GDP grew an estimated 1.9% in 2025. U.S. real GDP is projected to grow 2.1% in 2026, led by growth in consumption.
- Consumers continue to demonstrate resiliency despite indications otherwise in consumer confidence surveys. Real personal consumption grew an estimated 2.5% in 2025, and moderate growth is projected to continue in 2026, at 1.7%.
- Employment growth in Colorado is projected at 17,500 in 2026, with jobs added in eight of the 11 major industries.
- In 2026, Colorado is projected to add 35,100 people, according to the State Demography Office. Growth will come from net migration (15,700) and from the natural increase (19,500).

# Agriculture

Agriculture is an uncertain business in the best of times. While 2025 may have been the best of times for cattle producers, it was closer to the worst of times for corn farmers. The past year was generally an unstable, unpredictable, inconsistent, and uncertain time for all of agriculture. It does not look like things are going to improve soon. As retired former Senate Agriculture chair Debbie Stabenow stated in a *Politico* interview, "Instability and chaos are not a farmer's friend."

Colorado farm income for 2025 is estimated at $2.2 billion, significantly higher than 2024, primarily because of strong profitability in the cattle business and increased government payments to grain producers. The difference in cash receipts between cattle ranchers and crop farmers may be the largest ever. Livestock producers saw record-high cattle prices and high demand for their product, while grain farmers, especially corn farmers, experienced low prices, a trade war, and significant cost increases for everything from seed, fertilizer, and crop protectants to farm equipment and repairs.

For 2026, Colorado's farm income is forecast to drop to $1.8 billion, showing the effects of less availability of feeder cattle to be sold, a continuing drop in milk prices, and shrinkage of egg production within the state. Cattle prices will still be high, but ranchers will have fewer to sell. Government payments to farmers are expected to be a significant share of farm income for grain producers again in 2026.

The beef industry moves the needle for Colorado's overall agriculture income. Since 2021, receipts from cattle are double the receipts for corn, wheat, hay, potatoes, dry beans, sunflowers, onions, sugar beets, greenhouse and nursery, fruits, and all other crops combined. What drives the cattle business drives the top line for Colorado agriculture.


Ghost Riders In The Sky. Photo courtesy of John O. Rowe.

**INDUSTRY SNAPSHOT**
**AGRICULTURE**

| | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 2.9 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 2.3 |
| Q2 2025 Real GDP Growth Rate | 1.5% |

Source: Bureau of Economic Analysis.
These data are subject to future revisions; Q2 is end of quarter.

More than ever, Colorado agriculture's economic outlook is a "tale of two commodities," with beef producers having a banner year and grain producers struggling to find profitability. Beyond that, it is a tale of multiple niche economies and their different outlooks, current situations, and how they deal with things going forward. Crops versus livestock. Eastern Plains versus Western Slope. Is there potential for government support or not? Does your product sell in an international market or not? Some smaller, family-owned farms and ranches are thriving, depending on where they sell, what their markets are, and how diverse they are. And some of them are really struggling.

Nationwide, there is an increase in delinquencies on agricultural loans. The perception among bankers is that more crop farms are struggling financially than livestock farms. There is an expectation that some farmers will not be able to make loan or rent payments. Banks are anticipating that there will not be sufficient income to pay down lines of credit, and crop farmers will be looking for additional credit at the end of the year for expenses—some of them will not get it.

Government payments are expected to increase significantly in 2025 over 2024 due to payments from Biden administration programs as well as new aid programs. Similar to the trade war in 2018 during the first Trump presidency, the federal government is expected to provide farmers with direct payments to compensate for lost trade. USDA farm program support is expected to hold steady into 2026, at the same level as 2025, with any programs that wrap up being supplanted by new programs compensating farmers for losses in the trade war. Program amounts are anticipated to be similar to those seen in the 2021 trade war but not as high as in 2020 with the pandemic.

## When Politics Plow the Field

Now more than ever, policies made in Washington, D.C., affect what is planted and harvested and who stands to gain or lose. Some of the uncertainty in agriculture this year stemmed from the federal government: Department of Government Efficiency (DOGE) cuts to government employees managing farm programs, a USDA reorganization and staff and office relocations to five regional hubs (including Fort Collins), sudden freezes on conservation grant payments, and government officials making statements that result in significant movement in the commodity markets all created additional instability.

The October 2025 government shutdown had wide-reaching effects across Colorado agriculture. Access to important information was limited or curtailed. USDA reports that inform the commodity markets were not published. Not only do these reports indicate U.S. production of various commodities and agriculture products, but they also examine the world demand for these products. This information helps farmers determine when and whether to sell their crops and livestock and what to plant for next year. The last major crop production report of 2025 was due to be released in October during the shutdown, with the next report not due until January 2026. This creates additional uncertainty in how the U.S. grain markets play out.

Farmers had some concerns with the first report from the Make America Healthy Again (MAHA) Commission issued in May 2025. Extensive work by trade associations over the summer led to a final report that was science-based in its recommendations about crop inputs for agriculture.

There is also volatility surrounding trade diplomacy. Trade policies and tariffs changed frequently, adding additional uncertainty. While Colorado does not produce a significant crop of soybeans, China's recent purchases of soybeans from South America rather than the U.S. dragged prices down for other grains. Recent talks between President Trump and Chinese President Xi Jinping generated a sale of 12 million metric tons of soybeans from U.S. farmers this year, as well as at least 25

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**VALUE ADDED BY COLORADO AGRICULTURAL SECTOR, 2016 - 2026**
**(In Millions of Dollars)**

| Year | Livestock | Crops | Total Value of Production | Value of Services and Forestry[a] | Government Payments[b] | Gross Value of Farm Revenue | Total Farm Production Expenses | Net Farm Income |
|---|---|---|---|---|---|---|---|---|
| 2016 | $4,219.1 | $2,086.0 | $6,305.1 | $586.1 | $233.9 | $7,125.1 | $5,576.9 | $1,548.2 |
| 2017 | 4,705.8 | 2,178.7 | 6,884.5 | 653.2 | 268.7 | 7,806.4 | 6,557.8 | 1,248.6 |
| 2018 | 4,696.7 | 2,531.1 | 7,227.8 | 774.3 | 229.9 | 8,232.0 | 6,484.6 | 1,747.4 |
| 2019 | 5,042.7 | 2,517.3 | 7,560.0 | 501.0 | 278.5 | 8,339.5 | 6,327.7 | 2,011.8 |
| 2020 | 5,050.0 | 2,381.6 | 7,431.6 | 1,031.8 | 738.5 | 9,201.9 | 7,418.7 | 1,783.2 |
| 2021 | 5,635.0 | 2,811.6 | 8,446.6 | 550.4 | 476.5 | 9,473.5 | 7,521.4 | 1,952.1 |
| 2022 | 6,321.0 | 2,719.2 | 9,040.2 | 1,260.9 | 454.4 | 10,755.5 | 7,884.5 | 2,871.0 |
| 2023 | 6,524.2 | 2,737.5 | 9,261.7 | 906.6 | 252.9 | 10,421.2 | 8,279.2 | 2,142.0 |
| 2024 | 7,046.1 | 2,560.7 | 9,606.8 | 764.1 | 244.6 | 10,615.5 | 9,062.5 | 1,553.0 |
| 2025[c] | 7,195.0 | 2,333.0 | 9,528.0 | 1,400.0 | 500.0 | 11,428.0 | 9,250.0 | 2,178.0 |
| 2026[d] | 6,923.0 | 2,273.0 | 9,196.0 | 1,400.0 | 500.0 | 11,096.0 | 9,250.0 | 1,846.0 |

[a]Includes sales of forest products, custom feeding fees, custom harvest fees, and other farm income. [b]Includes farm program payments directly to producers.

[c]Estimated. [d]Forecast. Source: Colorado Business Economic Outlook Agriculture Committee.

# Agriculture

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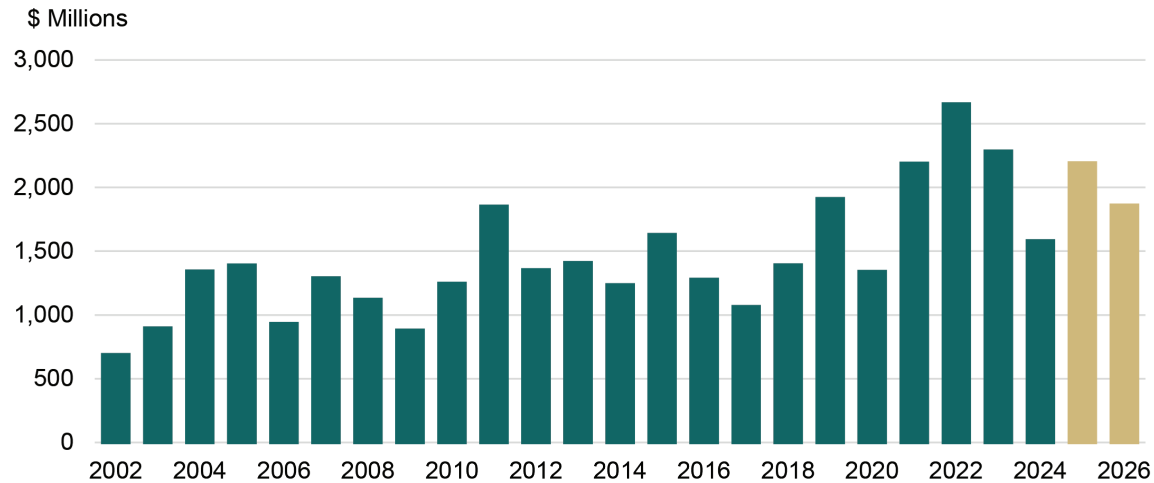
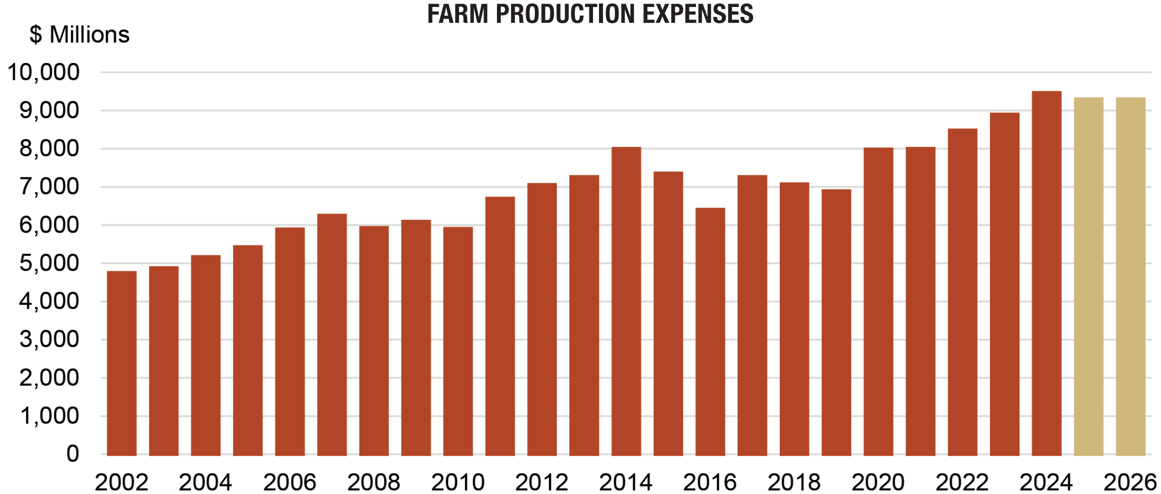
**NET FARM INCOME**




Source: Colorado Business Economic Outlook Agriculture Committee.

**FARM PRODUCTION EXPENSES**




Source: Colorado Business Economic Outlook Agriculture Committee.

million metric tons over each of the next three years. This agreement is more of a return to normal than an expansion and may preclude new government payments for soybean farmers.

Because the 2025 crops were in the ground before tariffs began to be imposed in April, the full impacts on input costs have not yet been seen but are expected to increase. Input costs for fertilizer, fuel, and weed and pest control are almost record high now; when the impact of tariffs shows up, the increase in next year's production expenses could be significant to crop farmers. Peat moss from Canada, used by nursery and greenhouse growers, is currently exempt from tariffs. Potash, also imported from Canada, is used in commercial fertilizers for all crops. Nitrogen, phosphorus, and potassium, as well as the natural gas used to produce anhydrous ammonia, are all imported and are now subject to higher tariffs.

In mid-October 2025, President Trump proposed that the U.S. would import more beef from Argentina to bring high retail beef prices down. The cattle futures market dropped sharply in reaction. U.S. agriculture organizations responded quickly, citing disease concerns, an existing trade imbalance with Argentina, and Argentina's recent sales of soybeans to China. Ground beef accounts for 45% of U.S. beef consumption. The U.S. already imports beef, primarily lean trimmings from Australia, Canada, Brazil, Mexico, and New Zealand, to blend with U.S. beef to produce ground beef.

## The Sizzle Is in the Price Tag

Industry experts expect record-high cattle prices will continue inching up for the next three years. The season average price for steers and heifers is estimated to be $220/cwt (hundredweight) for 2025 and forecast to be $235 for 2026. There is some evidence of herd building, but because raising a heifer calf to the age where it is old enough to produce a calf of its own takes so long, there will be no substantial increase in the cattle herd size for at least two years. Some economists have even begun to wonder whether beef demand is inelastic in


Blue Bird Harvest Day. Photo courtesy of Noah Brown.

that consumer demand is remaining steady even with higher prices.

Agriculture markets are cyclical, and making good choices during those rising and falling cycles can make or break producers in the next cycle. Cattle ranchers are enjoying remarkably good times, but most realize that eventually the herd will expand, beef supply will increase, and prices will drop again. Profitability and future income depend on the timing of herd expansion and how individual operations react. Producers who sold off cattle in times of drought are cautious about adding numbers beyond their feeding capability.

Expansion takes significant time and investment, and many farmers and ranchers have experienced boom-and-bust cycles before, where high prices were followed by several years of low prices. Record-high prices also make it difficult for beginning ranchers to break into the business and for all producers to expand their herds through buying heifers or cows rather than keeping their own heifers.

Colorado's Western Slope is still in the throes of drought, and producers there must bring in expensive feed and hay if they wish to expand or even keep their numbers steady. Western Slope farmers also faced fires in summer 2025, and even though they got rain in the fall, it was too late in the season and mainly caused flooding. It is an attractive proposition for them to continue to shrink their herds, as they can get strong prices for older cows that may be nearing the end of their breeding potential. It is doubtful that Western Slope cattle producers will feel much of the benefits associated with the strong performance of the beef economic sector.

The dairy sector is also rebuilding its herds, keeping heifers for milk production that otherwise would have been harvested for beef, limiting the amount of protein from that sector going into the market. Colorado dairies face challenges finding labor, combating the highly pathogenic avian influenza (HPAI), and dealing with water availability and low milk prices. Dairies are currently testing monthly for the presence of HPAI in their milk.

Concerns about disease encompass all proteins from beef to chicken. Colorado's egg producers have been repeatedly devastated by HPAI outbreaks, which has also been found in wild birds and animals, dairy cattle, and humans. Hog producers are on the lookout for porcine reproductive and respiratory syndrome (PRRS). The Colorado Department of Agriculture has warned cattle ranchers to be vigilant and monitor their animals for symptoms of New World screwworm (NWS), which has been detected in northern Mexico recently. This detection has led to a ban on imports of cattle from Mexico into the U.S.

## Too Much of a Good Grain

Colorado corn farmers had their first above-average crop in four years, but they will see smaller checks when they sell that crop because the rest of the U.S. also had great

American Farm. Photo courtesy of Tasha L. Gibson.

yields, and storage bins are bursting. Export sales are strong, primarily because of the low prices, so the end result is not necessarily a net gain. Farmers who have on-farm storage will hold on to as much of their crop as possible, hoping for better prices later in the marketing season.

Colorado wheat farmers harvested a better-than-average crop for the first time in five years. Marketing that crop will be another challenge, though, as overall lower prices for corn and soybeans are dragging down other grains. Another good crop is forecast for 2026 as wheat farmers had good soil moisture for planting their winter wheat in fall 2025, and the Eastern Plains have continued to get rainfall.

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# Agriculture

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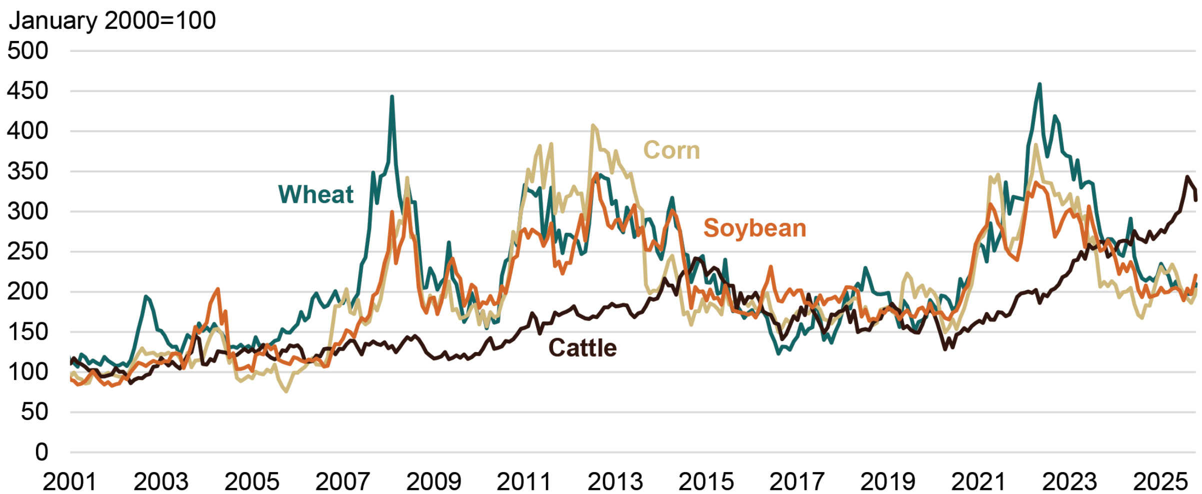
**INDEXED COMMODITY PRICES**




Sources: Bloomberg (USDA Toledo No.2 Yellow Corn Not on the River Spot Price; USDA No. 1 Hard Red Winter Wheat Spot Price/Kansas City Missouri; Generic 1st Live Cattle Future, Generic 1st Soybean Future). As of 11/05/2025.

Buckskin Dreams. Photo courtesy of Sidney Live Ferrari.

More stable conditions in the crop markets in recent years allowed producers to build some equity and keep some cash in their operations, but it is likely many will bleed through more of that equity this year. By some accounts, 2025 will be the third year in a row that production expenses for corn, wheat, and sorghum exceed revenues. Banks are seeing the highest line of credit utilization in 15 years, indicating cash flow issues. Crop insurance and government payments are helping somewhat to offset low prices for now, but in 2026 and 2027, yield shortfalls caused by drought or other issues could more significantly impact farmers.

## Summary

In 2026, Colorado agriculture faces a landscape defined by contrasts: record highs and deep lows, livestock prosperity and crop farmer strain, government support and market uncertainty. The strength of the cattle sector and its impact on Colorado's overall agriculture economy continue to mask fragility elsewhere as high prices sustain income, but tightening supplies, trade disruptions, and rising input costs threaten future stability. Grain farmers, meanwhile, are caught in a global tide of oversupply, low prices, and high expenses that erode their margins. Add to that the unpredictable influence of federal policy, international trade tensions, and environmental challenges, and it becomes clear that agriculture's outlook is as much about navigating volatility as it is about producing food. Resilience, diversification, and adaptability will remain the cornerstones of survival for Colorado producers as they head into another year.

The committee's concern is deeper for subsequent years. It will be important for agricultural producers and rural leaders to reflect on the experiences of 2014-19, a period of very low sustained corn, wheat, and hay prices. Calf prices were also tumbling lower in that period. The prospects of a revisit to that period are high. The strong agricultural economy from 2021-23 is clearly behind us—except for cattle and beef—but that too will eventually change. It will be important to think about, talk about, and implement a return to cost control, efficiency improvement, and cautious management. ✤

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*Tom Lipetzky, AGgressive Marketing Solutions*
*Michele Meyer, Colorado Department of Agriculture*
*Tony Miller, First FarmBank*

# Natural Resources and Mining

Colorado's abundant energy and mineral resources continue to be an important driver of the state's economy. The Natural Resources and Mining (NRM) sector, while comprising less than 1% of Colorado's workforce, generates some of the highest per worker income levels in the state. Colorado ranked 9th in total energy production (2023), 4th in crude oil production (July 2025), 8th for natural gas production (2023), 10th for coal production (2023), and 30th for net electricity generation (July 2025), according to the Energy Information Administration (EIA). The state ranked 22nd for the average retail price of electricity to the residential sector (July 2025) and 39th for natural gas residential prices (July 2025).

Employment in Colorado's NRM industry declined to fewer than 20,000 jobs in 2021—a two-decade low. The trend has reversed in the three following years, since then, with an estimated 2,000 jobs added. Current forecasts suggest a modest gain of 0.5% in 2025, followed by growth of 1.4% in 2026, but as always, uncertainties—geopolitical, economic, and regulatory—have the potential to stagnate job growth. It is worth noting that while natural resources employment in the state was less than 1% of the state's total employment in 2024, this sector contributed around 3.5% to the state's real GDP.

Looking farther into the future, there are many factors to consider when forecasting employment and value of Colorado's natural resources industry, including the state of the national and global economies, federal and state energy policy and regulation, and volatile energy prices. Colorado's NRM sector value for 2025 is an estimated $20.6 billion. This represents a 15% increase from the 2024 value. The value of production is projected to decrease 6.7% in 2026.

## Oil and Gas

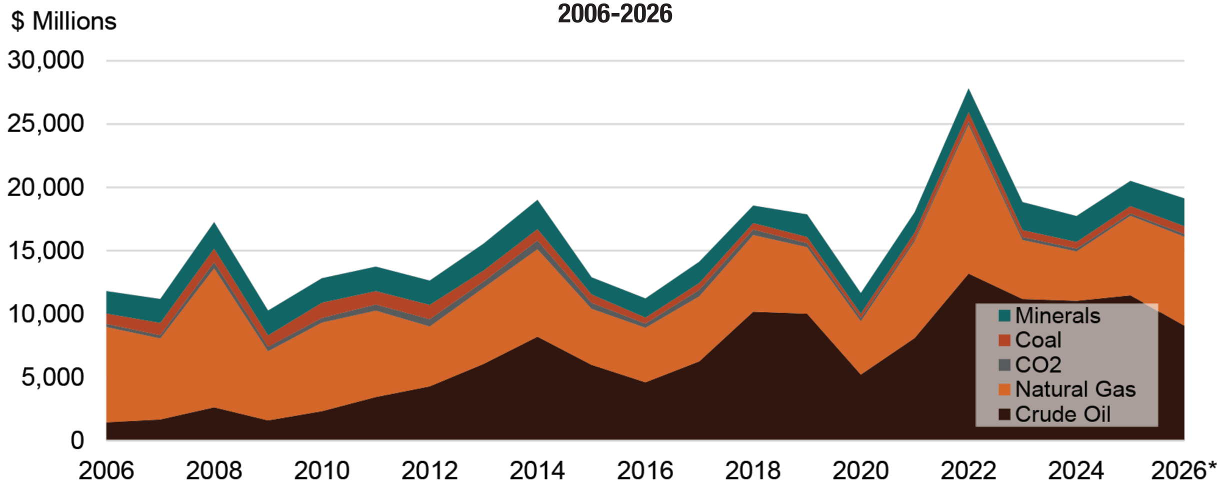
Valuation of Colorado's total oil and gas production for 2025 will be an estimated $17.9 billion—18% higher than in 2024—due to higher prices for natural gas. Nonetheless, current valuation of Colorado-produced oil is still nearly twice that of Colorado-produced natural gas. For 2026, it is expected that natural gas wellhead prices may increase nationally due to increasing demand for natural gas in power generation and growing demand for liquefied natural gas (LNG) exports. How this affects Colorado production remains to be seen. The September 2025 economic outlook from the Colorado Office of State Planning and Budgeting (OSPB) reports that the combined severance tax collections for fiscal year (FY) 2024-25 (July 1, 2024-June 30, 2025), including oil and gas, coal, and minerals, fell significantly to $66.9 million compared to FY 2023-24. This sharp decline was due in large part to elevated taxpayer refunds. OSPB is forecasting the total severance tax revenue for FY 2025-26 to return to a more normalized average of $170.3 million against potentially declining oil prices and increasing natural gas prices. On the future horizon, OSPB notes that the expiration of the reduced ad valorem credit in 2027 may potentially impact revenue by

*continued on page 26*

| INDUSTRY SNAPSHOT NATURAL RESOURCES AND MINING | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 17.7 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 16.3 |
| Q2 2025 Real GDP Growth Rate | 16.4% |
| Total Employment, Q2 2025 (Thousands) | 21.8 |
| Q2 2025 Employment Growth Rate | 0.0% |
| Employment Growth National Rank | 13 |
| Q2 2025 Share of Colorado Employment | 0.7% |
| Q2 2025 Share of National Employment | 3.5% |
| Average Wage, Q1 2025 | 108,700 |
| Percent of Statewide Average Wage | 132.1% |
| Q1 2025 Average Wage Growth Rate | -0.1% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics. These data are subject to future revisions; Q2 is end of quarter.

**VALUE OF COLORADO NATURAL RESOURCES AND MINING, 2006-2026**




*2025 estimated and 2026 forecast.
Sources: Colorado Geological Survey Mineral and Minerals Fuel Activity Reports, Colorado Oil and Gas Conservation Commission, Department of Minerals and Geology, and Colorado Business Economic Outlook Committee.

# Natural Resources and Mining

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**VALUE OF COLORADO NATURAL RESOURCES AND MINING, 2016–2026 (In Millions of Dollars)**

| | Oil and Gas Extraction | | | | | Mining | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | Crude Oil | Natural Gas | Carbon Dioxide | Subtotal | Percent Change | Coal | Minerals | Subtotal | Percent Change | Total |
| 2016 | $4,607.2 | $4,308.7 | $318.8 | $9,234.7 | -15.1% | $481 | $1,510 | $1,991 | -1.2% | $11,226 |
| 2017 | 6,259.0 | 5,137.3 | 517.2 | 11,913.5 | 29.0 | 536 | 1,680 | 2,216 | 11.3 | 14,130 |
| 2018 | 10,182.0 | 6,055.8 | 437.4 | 16,675.2 | 40.0 | 512 | 1,380 | 1,892 | -14.7 | 18,567 |
| 2019 | 10,015.4 | 5,270.0 | 299.1 | 15,584.5 | -6.5 | 490 | 1,790 | 2,280 | 20.5 | 17,865 |
| 2020 | 5,217.7 | 4,204.2 | 270.2 | 9,692.1 | -37.8 | 332 | 1,620 | 1,952 | -14.4 | 11,644 |
| 2021 | 8,106.7 | 7,646.7 | 181.8 | 15,935.2 | 64.4 | 493 | 1,610 | 2,103 | 7.7 | 18,038 |
| 2022 | 13,194.4 | 11,775.5 | 236.0 | 25,205.9 | 58.2 | 747 | 1,870 | 2,617 | 24.4 | 27,823 |
| 2023 | 11,179.9 | 4,666.0 | 234.6 | 16,080.5 | -36.2 | 545 | 2,220 | 2,765 | 5.7 | 18,846 |
| 2024[a] | 11,035.2 | 3,915.5 | 215.1 | 15,165.8 | -5.7 | 671 | 2,050 | 2,721 | -1.6 | 17,887 |
| 2025[b] | 11,468.9 | 6,290.8 | 174.6 | 17,934.3 | 18.3 | 633 | 2,000 | 2,633 | -3.2 | 20,567 |
| 2026[c] | 9,075.0 | 7,030.0 | 225.0 | 16,330.0 | -8.9 | 654 | 2,200 | 2,854 | 8.4 | 19,184 |

[a]Revised. [b]Estimated. [c]Forecast. Sources: CO Geological Survey, United States Geological Survey (USGS), Colorado Energy & Carbon Management Commission (ECMC), and the Colorado Business Economic Outlook Committee.

10% or more. The ad valorem credit allows taxpayers to claim a credit (currently 75%) of the real property taxes paid to a local government, school districts, and special districts on oil and gas produced to offset their severance tax liability.

## Oil

Colorado crude production hit an all-time high in 2019 of 192 million barrels, dropped to 154 million barrels in 2021, and then increased to above 170 million barrels by 2024. For 2025, Colorado is expected to see a similar level of production.

According to the EIA, Colorado accounts for almost 4% of the total crude produced in the United States and ranks 4th among states in production for 2025 (as of August). Development of the prime Niobrara shale assets in the Greater Wattenberg Area has been key to production growth in Colorado. Until recently, new drilling offset the rapid decline rates of lateral wells (estimated from 30% to greater than 50% in the first year). Estimates indicate that the Niobrara shale play may contain as many as 2 billion barrels of oil, making the Denver-Julesburg Basin the 5th-largest liquid play in the nation based on proved reserves.

From early 2023 through April 2025, the average West Texas Intermediate (WTI) price was relatively stable, fluctuating between $70 and $90 per barrel. Since April, WTI prices have averaged just under $65 per barrel. The Denver Basin regional pricing is typically at a 10%-25% discount relative to WTI prices, due to market demand and supply chain network constraints. For 2025, the average Denver Basin sales price is $57 per barrel through September. Looking toward 2026, the forecast is that WTI pricing will be similar or lower, potentially averaging around $55 per barrel for the coming year. As is typically the case, volatility persists due to political and economic uncertainty on both national and global levels.

The International Energy Agency's (IEA) October Oil Market Report forecasts global oil demand of 106.1 million barrels per day (mb/d) for 2025, a 3 mb/d growth over 2024. Global oil demand growth continued to decelerate due to a harsh macroclimate and transport electrification. The IEA is forecasting growth of only 700,000 barrels per day (kb/d) for both 2025 and 2026. Total global oil supply as of September was 108 mb/d, with OPEC+ production recently surging by 1 mb/d, mostly from the Middle East. The observed global inventories were at a four-year high of 7.9 billion barrels as of August. According to the EIA, the United States consumed 20.3 mb/d in 2023 and 20.5 mb/d in 2024, and is expected remain at that level in 2025 and 2026. Total U.S. domestic production has been rising

**COLORADO PHYSICAL OUTPUT OF FOSSIL FUELS, 2016–2026**

| Year | Coal Millions of Short Tons | Crude Oil Millions of Barrels | Natural Gas Billions of Cubic Feet | Carbon Dioxide Billions of Cubic Feet | Index (Base Year: 2016 = 100) | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Coal | Crude Oil | Natural Gas | Carbon Dioxide |
| 2016 | 12.8 | 119.9 | 1,708 | 444 | 100.0 | 100.0 | 100.0 | 100.0 |
| 2017 | 15.2 | 134.8 | 1,721 | 464 | 118.8 | 112.4 | 100.8 | 104.5 |
| 2018 | 14.3 | 169.2 | 1,904 | 427 | 111.7 | 141.1 | 111.5 | 96.2 |
| 2019 | 13.6 | 192.4 | 2,058 | 453 | 106.3 | 160.5 | 120.5 | 102.0 |
| 2020 | 10.0 | 171.6 | 2,070 | 301 | 78.1 | 143.1 | 121.2 | 67.8 |
| 2021 | 10.7 | 153.7 | 1,962 | 279 | 83.6 | 128.2 | 114.9 | 62.8 |
| 2022 | 11.5 | 160.3 | 1,833 | 308 | 89.8 | 133.7 | 107.3 | 69.4 |
| 2023 | 11.7 | 166.8 | 1,836 | 293 | 91.5 | 139.1 | 107.5 | 66.0 |
| 2024[a] | 10.4 | 172.2 | 1,871 | 281 | 81.3 | 143.6 | 109.5 | 63.3 |
| 2025[b] | 9.4 | 170.7 | 1,857 | 255 | 73.4 | 142.4 | 108.7 | 57.4 |
| 2026[c] | 9.3 | 165.0 | 1,850 | 275 | 72.7 | 137.6 | 108.3 | 61.9 |

[a]Revised. [b]Estimated. [c]Forecast. Sources: Colorado Geological Survey Mineral and Minerals Fuel Activity Reports, Colorado Energy & Carbon Management Commission (ECMC), and the Colorado Business Economic Outlook Committee.

steadily with the country producing 12 mb/d in 2022, 12.9 mb/d in 2023, 13.2 mb/d in 2024, and an estimated 13.5 mb/d in 2025. For 2026, the forecast is for the supply to again be 13.5 mb/d. EIA is estimating that the WTI price for 2025 will end at an average $65 per barrel and decrease significantly to $49 per barrel in 2026. Other analyst forecasts, however, indicate a range between $50 and $60 per barrel to be more likely.

At the end of 2025, there is a lot of uncertainty in the oil markets. OPEC+ is increasing production, likely to recapture market share and increase revenue (even at lower prices). On the other hand, recent new sanctions against Russian oil will take some supply off the market. Domestically, the current administration is encouraging more drilling in the presently soft energy economy. And tariffs are another new variable. Lower prices in the near term are almost certain, but markets can turn volatile quickly, and dependency on oil will remain high in 2026 and beyond.

## Retail Gasoline

The Colorado average retail price of automotive gasoline of all grades in 2025 (through early November) was $3.10 per gallon, a 3% decrease from the 2024 average price of $3.20. Nationally, the EIA estimates the average for all grades to end at $3.11 per gallon in 2025 and fall to $2.87 in 2026. The retail price for diesel nationally averaged $4.21 in 2023, decreased 11% to $3.76 in 2024, and will decline another 2% to an average of $3.67 by the end of 2025. Expectations are for Colorado gasoline to decrease another 5%-7% in 2026 (between $2.75 and $3.00 per gallon average for all grades), and the EIA projects prices to decrease 7.3% from an annual average of $3.67 in 2025 to $3.40 per gallon in 2026.

## Natural Gas

Colorado ranks 8th in the nation for both marketed natural gas production and the largest natural gas reserves. Colorado's natural gas output has more than doubled since 2000. EIA data for August 2025 show the conventional and unconventional output from Colorado basins accounted for 3.9% of the total U.S. natural gas production. The state contains 11 of the largest natural gas fields in the country, leads the nation in gross withdrawals from coalbed methane wells, and contains almost a quarter of the economically recoverable coalbed methane in the country. Power generation has been shifting away from coal for many years. As of 2025, natural gas provided 30% of Colorado's electric power versus 22% a decade ago. Colorado uses only about 25% of the natural gas it produces. There are more than 40,000 wells producing natural

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# Natural Resources and Mining

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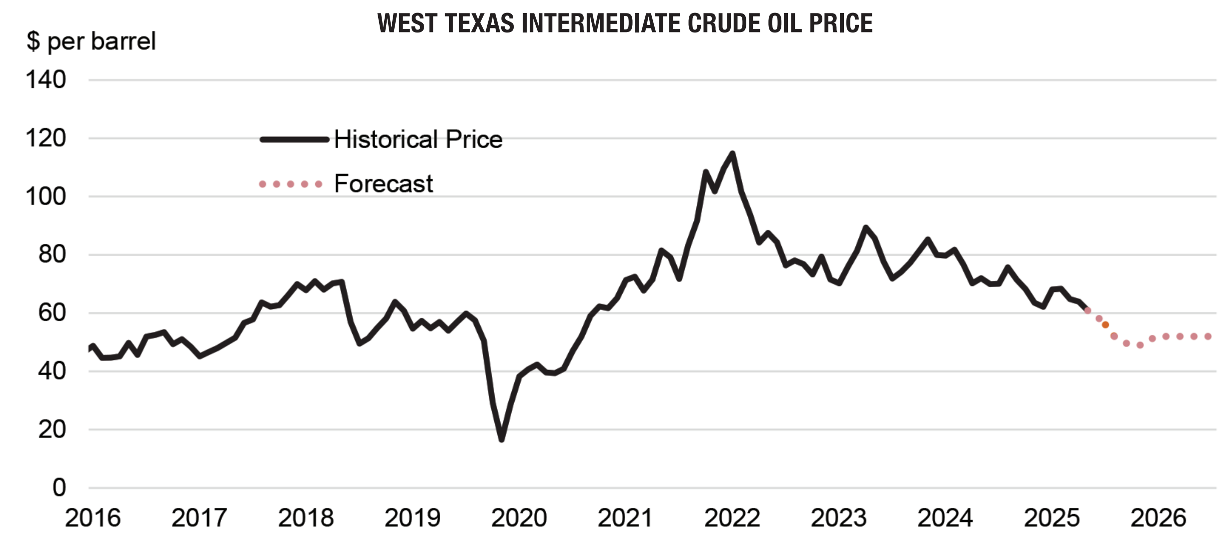



Source: U.S. Energy Information Administration, 11/12/2025 Short-Term Energy Outlook, West Texas Intermediate Crude Oil Price.

gas in Colorado. The total output (in combination with the associated gas generated from the state's oil wells) will be an estimated 1.9 trillion cubic feet (Tcf) in 2025. For 2026, production is forecast to remain about the same.

Of the 505 billion cubic feet of natural gas consumed by Colorado in 2023, roughly a quarter (26.4%) went to electric power and 28% went to residential consumption. Other significant end uses included industrial consumption (17%), lease and plant fuel (14%), and commercial consumers (12.6%). For 2025 (through August), the average monthly residential gas price in Colorado was $13.18 per thousand cubic feet—a 7.3% increase compared to the same period in 2024. As of August 2025, Colorado had the 8th-lowest residential gas price in the country.

Colorado currently has 10 underground natural gas storage fields, with over 140 billion cubic feet of capacity—1.5% of the U.S. total capacity. Depleting gas fields have increased the state's overall underground storage capacity by a third since 2010, with this trend continuing.

For 2025, the expectation is that Colorado natural gas spot prices will range between $2.50 and $3.70 per thousand cubic feet. The EIA is currently estimating the Henry Hub spot price average for 2025 to end at $3.50 per thousand cubic feet, with the average price increase to $4.00 per thousand cubic feet in 2026. This 16% annual price increase is driven in large part by more LNG exports, which are made possible by increased capacity due to additional Gulf Coast export facilities coming online. Flat production growth will also be a contributing factor.

The EIA forecasts suggest the average U.S. household using natural gas for heating will see a total winter (October through March) 2025-26 household expenditure about the same as for the previous winter. Nationally, expect residential sector retail prices for electricity to be higher than last winter and natural gas prices to be about the same. The winter forecast is for slightly milder temperatures than last winter across much of the country. Regionally, the Mountain Region is forecast to see average residential gas of $11.29 per thousand cubic feet for the coming winter—9% higher ($0.94 per thousand cubic feet) than last winter's regional residential retail price. The National Oceanic and Atmospheric Administration (NOAA) estimates that the total heating degree days (HDD) for winter 2025-26 in the West Region will be 2,816, about 1% less than the HDDs last winter. Just under half of all households in the United States depend on natural gas as a primary heating fuel; for Colorado, this number is more than 70%.

## Carbon Dioxide

Colorado's carbon dioxide production is marketed almost exclusively for enhanced oil recovery (EOR) operations. In 2025, an estimated 255 billion cubic feet of CO2 will be produced in three counties (Montezuma, Dolores, and Huerfano), with the total production value estimated at $175 million.

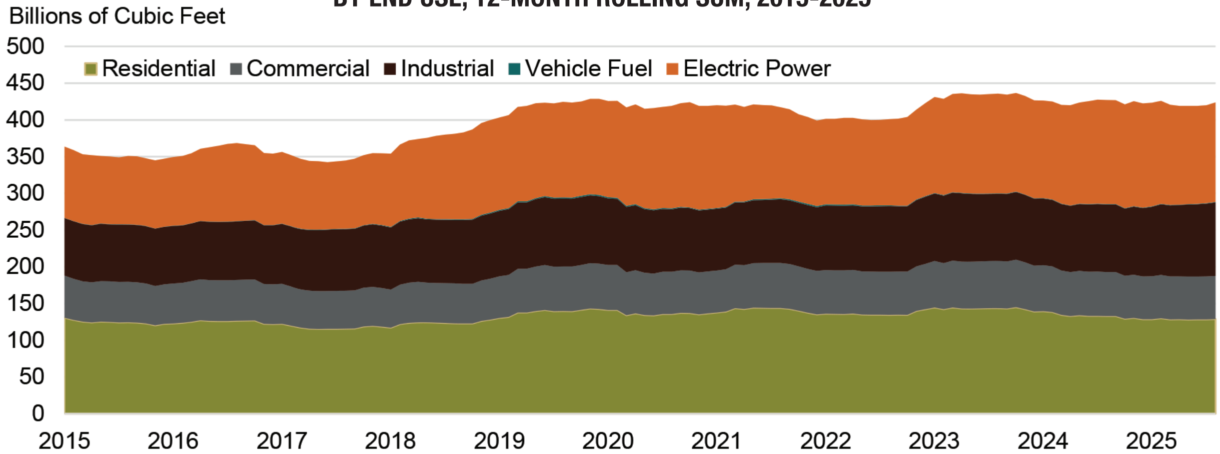
In 2024, the Colorado Legislature passed HB24-1346, expanding the authority of the Colorado Energy and Carbon Management Commission (ECMC) to regulate the injection and underground sequestration of carbon dioxide, specifically addressing the issue of pore space ownership. The Commission completed its rulemaking around geologic storage in December 2024, with the state's primacy application for regulating Class VI submitted and currently under review with the EPA—a process that is expected to be complete no later than mid-2026.

## Drilling Permits and Rig Activity

The ECMC has received 830 Applications for a Permit to Drill (APDs) for new wells in 2025 (as of early November), an 8.8% decrease in the number of APDs received during the same period in 2024. For 2025, the Commission approved 679 permits as of November 10. In 2025, 62% of the approved well permits were in Weld County. The ECMC has recorded 601 well starts in 2025 through early November. This is a small increase from 2024 for the same period, but still 60% lower than the number of well starts in 2019.

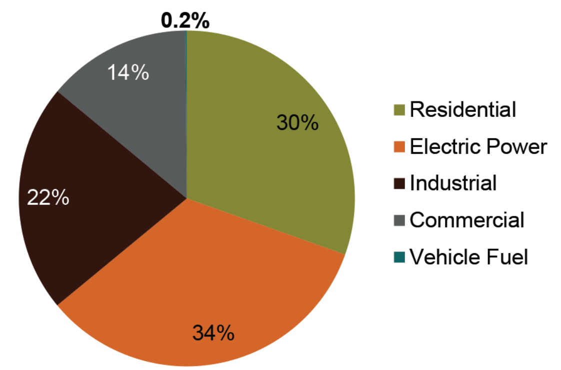
The 2025 average active rig count for Colorado stood at 10 through early November, with six of those rigs drilling in

**COLORADO NATURAL GAS DELIVERED TO CONSUMERS BY END USE, 12-MONTH ROLLING SUM, 2015-2025**




Source: U.S. Energy Information Administration.
Note: Vehicle fuel accounts for less than 1% of consumption of total natural gas delivered to consumers and is omitted from this chart.

**SHARE OF NATURAL GAS CONSUMPTION BY END USE, VOLUMES DELIVERED TO CONSUMERS, 2024**




Source: U.S. Energy Information Administration.
Note: Other includes vehicle fuel and pipeline and distribution use.

Weld County. By comparison, the average active rig count for 2023 was 17 and 2024 was 14. Assuming prices do not drop below $50 per barrel, the expectation is for rig activity to remain the same or increase slightly in 2026.

Horizontal drilling and hydraulic stimulation continue to be integral to Colorado's oil and gas activity. In 2010, only 5.6% of all Colorado drilling permits issued were for horizontal wells. In 2020, that number had reached nearly 84% of all issued permits. For 2025 (through November 1), noticed horizontal well starts totaled 481, or 80% of the state's total spud notices. Of these newly drilled horizontal wells, 90% are in Weld County.

## Coal

The state of Colorado holds exceptional coal reserves that can be utilized in electrical power generation, steel production, and other industrial applications. According to the EIA, Colorado contains a demonstrated coal reserve base of 15.5 billion tons, ranking it 8th in the United States. A total of six coal mines operated in Colorado during 2024, and these mines have a combined recoverable reserve base of 98 million tons (EIA, 2024). Through the years, mining Colorado's low-sulfur and low-mercury coal reserves has helped utilities comply with the Clean Air Act. Coal production in the state peaked at almost 40 million tons in 2004. Production declined after 2004, reaching a low of 10 million tons with a value estimated at $332 million in 2020. The decline in production from 2004 to 2020 is the result of many factors, including the closures of aging U.S. power plants, lower-priced natural gas power plant conversions, more environmental regulations, and U.S. climate change CO2 reduction initiatives. Colorado coal production increased in 2021, 2022, and 2023, reaching 11.7 million tons. This higher recent production is attributed, in part, to the economy returning to normal following the pandemic, increasing natural gas prices, higher utilization rates at existing power plants, and Russia's invasion of Ukraine. In 2023, the value of coal mined was estimated at $635 million.

In 2024, production decreased slightly to 10.4 million tons, according to data from the Mine Safety and Health Administration (MSHA). The Colorado Division of Reclamation, Mining and Safety (CDRMS) reported 11 million tons of raw coal production for 2024. Production in 2024 was less than 2023 due to adverse mining conditions at some of the mines. Coal production was at 8 million tons at the end of third quarter 2025 (MSHA), with the expectation that the year-end total could achieve 9.4 million tons. The estimated value of coal mined in Colorado for 2024 is at $671 million. Colorado coal production in 2025 is forecast to decrease relative to 2024 as some mines phase out production and others experience adverse mining conditions. Foidel Creek and West Elk are now situated in better longwall panels and likely to pursue higher production and market opportunities in 2026.

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# Natural Resources and Mining

*continued from page 29*

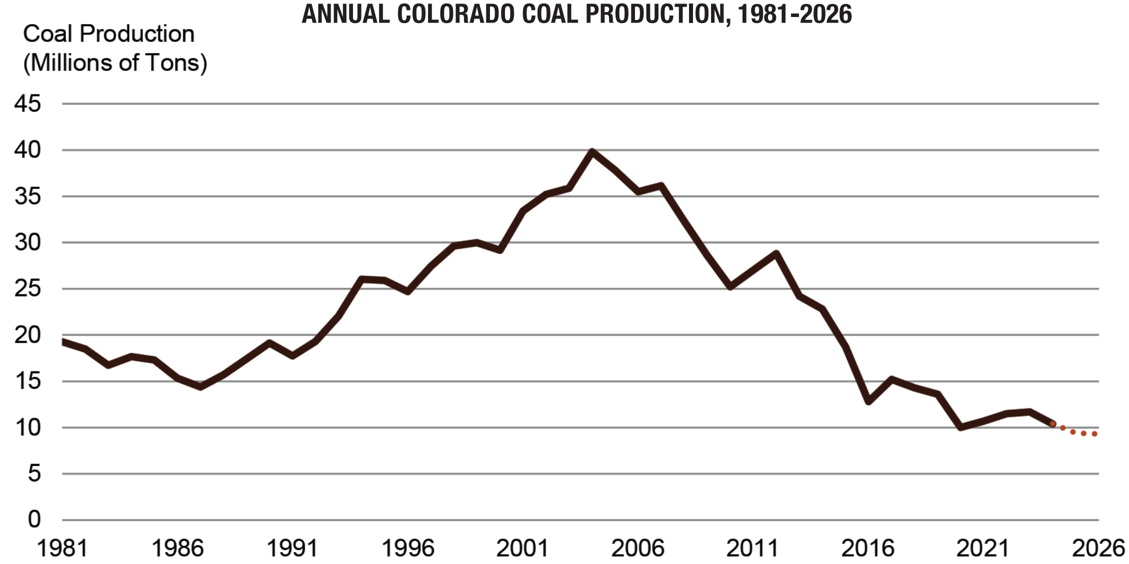
**COLORADO NATURAL RESOURCES AND MINING EMPLOYMENT 2016–2026 (In Thousands)**

| Year | Employment | Percentage Change |
|---|---|---|
| 2016 | 23.7 | -22.8% |
| 2017 | 25.8 | 8.9 |
| 2018 | 28.6 | 10.9 |
| 2019 | 28.8 | 0.7 |
| 2020 | 21.8 | -24.3 |
| 2021 | 19.8 | -9.2 |
| 2022 | 20.8 | 5.1 |
| 2023 | 21.5 | 3.4 |
| 2024[a] | 21.7 | 0.9 |
| 2025[b] | 21.8 | 0.5 |
| 2026[c] | 22.1 | 1.4 |

[a]Revised. [b]Estimated. [c]Forecast.

Sources: Colorado Department of Labor and Employment and Employment and the Colorado Business Economic Outlook Committee.

**ANNUAL COLORADO COAL PRODUCTION, 1981-2026**




Source: Mine Safety and Health Administration, adjusted for duplicative highwall mining.

The scheduled government-mandated closure or conversion to natural gas of coal-fired plants along the Front Range and Western Slope will eventually phase out the mining of coal for power-generation use in Colorado. Captive mines will likely close within the next few years. Colowyo Mine recently completed production, while Trapper is expected to conclude operations in April/May 2026. These mines provide coal to the Craig Power Station, and enough inventory will have accumulated to supply plant feed prior to its closure. Noncaptive mines could continue to provide coal for industrial markets, ship out of state, and feed seaborne thermal coal demand.

The Department of Energy's (DOE) Carbon Ore, Rare Earths, and Critical Minerals (CORE-CM) and other institutional projects continue the analysis of Colorado's coal-bearing strata. Sampling and analysis of critical minerals, including rare earth elements in Phase 1, have already been conducted at most mining operations. DOE's Phase 2 study will include some additional Colorado sites, but the project was not advanced in 2025. Carbon technology is also advancing in the U.S., and research institutions have already identified carbon-based products that can be used for road and building construction, soil amendments, carbon fiber products, and carbon batteries. The Colorado Geological Survey plans to complete the Monument Butte geological map in Moffat County, which contains coal-bearing strata, in 2026.

## Mines

Peabody and Core Natural Resources, two of the largest coal-producing companies in the U.S., operate mines in Colorado. Core Natural Resources was formed by the mergence of Arch Resources and Consol Energy in January 2025. International firms have also invested in Colorado. The Mexican firm Grupo Cementos operates a mine in La Plata County, and the Australian firm Allegiance Coal Ltd. also has a mine in La Plata County, but it is currently classified as idle. The Denver area is also the headquarters of several coal mining companies, including Tri-State Generation and Transmission (Tri-State), Kiewit Mining, and Westmoreland Coal Company. Tri-State is the owner of Colowyo and part owner of Trapper mines.

Currently, five coal mines operate in Colorado, producing bituminous and subbituminous coal for electrical generation and, to a lesser extent, industrial use. Core Natural Resources operates the West Elk Mine, located in Gunnison County, which is the last remaining operation in a once-prolific area referred to as the Somerset Coalfield. West Elk is an underground longwall operation and Colorado's largest producer, which mined 3.7 million tons in 2024. The mine can produce export-quality coal and in 2025 transitioned to another seam that comprises even higher-quality coal. Core Natural Resources anticipates an increase in production to approximately 5 million clean tons for each of the next five years at West Elk. The King II Mine in La Plata County is owned by Grupo Cementos and is a small underground operation that extracts coal using continuous miners, primarily for use in cement production. The mine extracted a total of 0.6 million tons in 2024. Deserado Mine, located near Rangely, is an underground longwall mine that supplies Deseret Power's Bonanza Power Plant located in Utah. The coal is transported to the power plant via a dedicated rail line. Deserado produced 1.9 million tons in 2024. Peabody's Foidel Creek Mine (Twentymile), located in Routt County, is an underground longwall mine that supplies coal to the nearby Hayden Power Station, as well as other domestic customers. The mine has also supplied coal previously in the export market and may do so again in the future. The mine is moving to an adjacent panel of significant length. The operation mined 1 million tons in 2024, but production should increase significantly in the new longer panel, with Peabody anticipating an increase to 1.5 million tons produced at Twentymile in 2025. Hayden Power Station Units 2 and 1 are planned for closure or possible conversion in 2027 and 2028, respectively.

Colowyo and Trapper mines are the only operating surface coal mines in Colorado and are located primarily in Moffat County. Both mines supply coal to the three-unit Craig Power Station located a few miles south of Craig. Colowyo ships the coal by rail, whereas Trapper is captive to the plant and hauls the coal directly by truck. The mines use draglines and shovels to strip the overburden. Approximately half of the coal production from each of the two mines originates from contract highwall mining operations. Approximately 1.7 and 1.5 million tons were mined at Colowyo and Trapper in 2024, respectively. Trapper is expected to have a complete year of production in 2025 before closure in 2026, with production expected to increase to 1.75 million tons for 2025. The Collom deposit in which Colowyo operates contains extensive reserves of

**COLORADO ELECTRIC POWER INDUSTRY GENERATION BY PRIMARY ENERGY SOURCE, 2014-2024**
**(In Millions of Megawatt Hours)**

| Year | Coal | Natural Gas | Hydroelectric[a] | Wind | Solar | Biomass | Petroleum | Other[b] | Total |
|---|---|---|---|---|---|---|---|---|---|
| 2014 | 32.5 | 12.0 | 1.8 | 7.4 | 0.3 | 0.1 | 0.0 | 0.0 | 53.8 |
| 2015 | 31.6 | 11.8 | 1.5 | 7.4 | 0.3 | 0.1 | 0.0 | 0.1 | 52.4 |
| 2016 | 30.0 | 12.7 | 1.6 | 9.4 | 0.5 | 0.2 | 0.0 | 0.1 | 54.4 |
| 2017 | 29.2 | 12.5 | 1.6 | 9.3 | 1.0 | 0.2 | 0.0 | 0.1 | 53.8 |
| 2018 | 26.4 | 16.4 | 1.6 | 9.8 | 1.1 | 0.2 | 0.0 | 0.1 | 55.4 |
| 2019 | 25.3 | 17.1 | 1.6 | 10.9 | 1.2 | 0.2 | 0.0 | 0.1 | 56.3 |
| 2020 | 19.5 | 18.2 | 1.5 | 13.4 | 1.5 | 0.2 | 0.0 | 0.1 | 54.1 |
| 2021 | 23.6 | 14.6 | 1.6 | 15.1 | 1.7 | 0.2 | 0.0 | 0.1 | 56.8 |
| 2022 | 21.7 | 15.4 | 1.3 | 16.9 | 2.4 | 0.2 | 0.0 | 0.0 | 58.0 |
| 2023 | 18.8 | 17.2 | 1.6 | 16.0 | 3.6 | 0.1 | 0.0 | 0.0 | 57.4 |
| 2024 | 16.5 | 17.9 | 1.7 | 17.6 | 4.9 | 0.1 | 0.0 | 0.0 | 58.8 |

[a]Includes pumped storage.
[b]Includes blast furnace gas, propane gas, other manufactured and waste gases derived from fossil fuels, non-biogenic municipal solid waste, batteries, chemicals, hydrogen, pitch, purchased steam, sulfur, tire-derived fuels, and miscellaneous technologies.
Source: U.S. Energy Information Administration.

low-sulfur coal that comprise the lowest mercury content in the United States. Colowyo mined approximately 900,000 tons in 2025 and completed production on October 15, 2025. The Colowyo Mine is now in full reclamation operations. Kiewit Mining Group is under contract with Tri-State and will be performing the reclamation activity beginning in 2026. Approximately 500,000 tons of coal remain in stockpile inventory at the mine and is planned to be delivered to the Craig Station in 2026. Craig Power Station's Unit 1 is expected to retire in January 2026. Unit 3 (Colowyo feed) and Unit 2 (Trapper feed) are scheduled for retirement in January and September 2028, respectively. Remaining inventory coal will be consumed by the station after the mines are closed. Both Colowyo and Trapper mines have been nationally recognized for their ongoing reclamation.

New Elk Mine began operations in spring 2021. The mine extracted coal underground by continuous miners and in 2023 produced 0.06 million tons of high-volatile coking coal (MSHA). This coal, which is specifically used in the making of steel, was hauled by truck then rail to a port facility in Mobile, Alabama. The mine is located in the Raton Basin, which was a major supplier of coking coal in the past for the CF&I steel mill in Pueblo. As a result of decreased demand for their metallurgical coal product and their financial position, mine owner Allegiance Coal filed for Chapter 11 bankruptcy protection on February 18, 2023. It is currently classified as an idled mine by MSHA, and the company is seeking investors to restart mining. The Raton Basin contains the only viable metallurgical-grade coal west of the Mississippi River. In 2025, coking coal was placed on the U.S. critical commodity list.

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# Natural Resources and Mining

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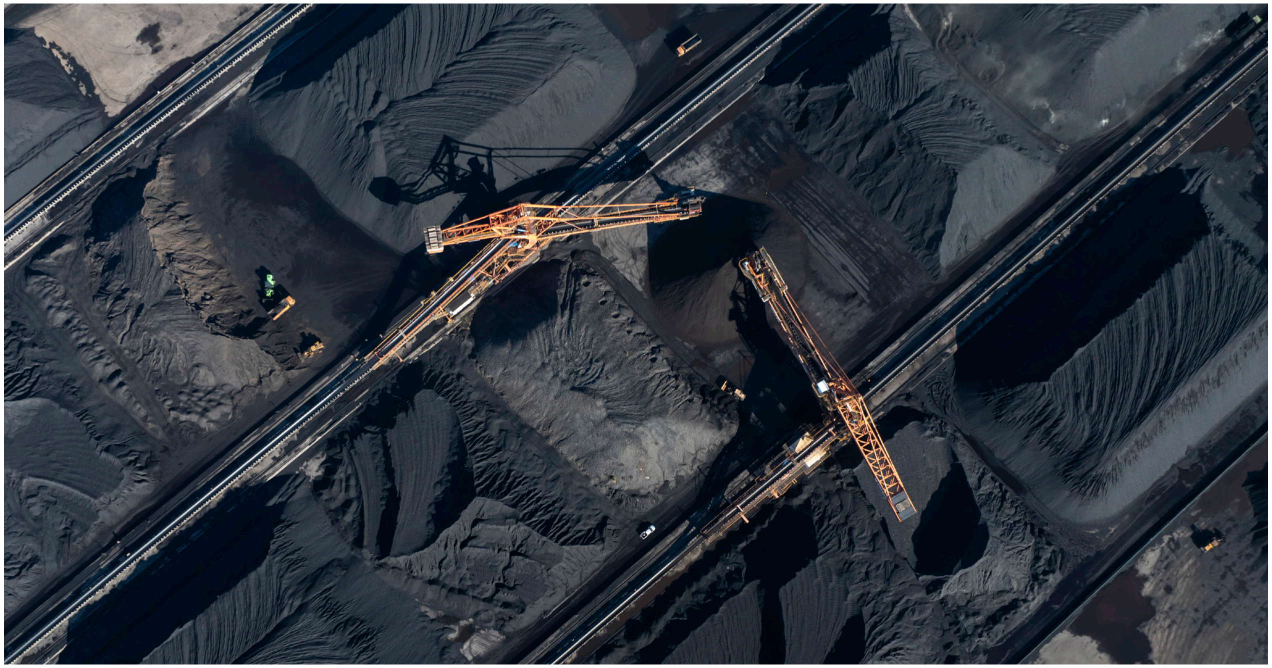

## Value

Based on EIA data, the average sales price of coal in Colorado during 2024 was $64 per ton. By comparison, the average price for Colorado coal in 2023 was $59 per ton. Due to lower production but higher prices, the total value of coal produced by Colorado mines in 2024 is estimated at $671 million. Prices are expected to be around $65-$70 per ton in 2025 and 2026 for a total estimated value of $633 million and $654 million, respectively.

## Royalties

The State of Colorado benefits from royalties, lease bonuses, rentals, and severance taxes paid by mining companies extracting coal on state-owned mineral leases. In FY 2022-23, the State Land Board collected $3.4 million from coal operators (CGS, Colorado Mineral and Energy Industry Activities 2023-2024). The federal government also benefits from royalties derived from mining of federal leases. Mine operators paid $33.4 million in 2024 in federal bonuses, rentals, and royalties, according to the Department of Interior's Natural Resources Revenue Data. Reportedly, about half of the royalties are returned to Colorado in support of public education and other community enhancements.

## Employment

According to MSHA, coal mine average employee numbers dropped from 1,159 in 2023 to 1,127 in 2024. Mining employment is forecast to be slightly lower in 2025 and decrease further in 2026 as the Colowyo and Trapper mines close. Reportedly, contractors will conduct the reclamation activities. With the closures of coal mines and power stations, certain cities and counties will be significantly impacted from a socio-economic standpoint. In 2019, the Colorado General Assembly and Governor Jared Polis signed legislation creating the Office of Just Transition (OJT) to assist in the transition of mining employees and communities affected by the retirement of the coal mining and associated power generation business in Colorado. *The Colorado Sun* reported in 2024 that Tri-State agreed to put $5.5 million annually into an economic development fund between 2026 and 2029 in Moffat County ($22 million total). Tri-State will also pay up to $48 million in funding to help offset taxes between 2028 and 2038.

## Coal Distribution

Globally, the IEA stated that coal production grew by 1.4% in 2024 to reach a new record of 10.1 billion tons. IEA forecasts production to continue growing into 2025 but anticipates production to decline in 2026. For demand, IEA noted that global demand reached an all-time high of 8.8 billion tons in 2024. They forecast that this demand will continue into 2025 and 2026. EIA stated that the U.S. exported 108 million tons of coal in 2024, principally to India (23%) and China (12%).

According to EIA, Colorado shipped 8.8 million tons of coal domestically in 2024. During that year, Colorado shipped thermal and industrial coal to 19 other states, with Utah receiving 2.4 million tons. Colorado utilities purchased 5.6 million tons of coal from Wyoming in 2024. Colorado mines exported 1.34 million tons of coal overseas in 2025.

## Consumption and Generation

According to the EIA, coal accounted for 27% of total in-state generation in 2024, exceeded only by renewables, which accounted for 43%. A total of six coal-fired power-generating stations currently remain in operation in Colorado, having a combined electrical generation capacity of 3,804 megawatts (MW). The remaining power stations are Comanche, Craig, Pawnee, Hayden, Rawhide, and Ray D Nixon. These power-generating stations generated 16.4 million MWh in 2024, down from 18.8 million MWh in 2023. All of these generating stations are planned for retirement or unit phase retirement between 2026 and 2031.

## Minerals and Uranium

Nonfuel mineral resources include metals, industrial minerals, and construction materials (aggregate, cement, etc.). The U.S. Geological Survey estimates that the total U.S. nonfuel mineral production value was $106 billion in 2024, about 1% higher than the 2023 estimate. In 2024, Colorado produced primarily cement, gold, molybdenum, sand and gravel, and crushed stone, with an estimated production value of $2.1 billion, or approximately 1.9% of the estimated total U.S. production value.

Metals mined in Colorado include primarily gold and molybdenum, with some silver. The Colorado Geological Survey estimates that the 2024 production value of gold and molybdenum was about $990 million. This is a 7.7% decrease compared to the 2023 estimated production value of $1,073 million. This decrease in value was due to a decline in molybdenum prices. Freeport is the world's largest producer of molybdenum, and in 2024, its Colorado operations accounted for approximately 38.8% of its worldwide molybdenum production. Molybdenum concentrate produced at the Colorado mines has high purity and is used in value-added chemical products.

The combined molybdenum production at the Henderson and Climax mines remained at 30 million pounds in 2024, equal to 2023. According to S&P Platts, estimated annual average prices for molybdenum decreased about 12%, from $24.19 in 2023 to $21.31 in 2024. Colorado was one of the largest U.S. producers of molybdenum in 2024. At the end of 2024, 19% of Freeport's estimated consolidated recoverable proven and probable molybdenum reserves, on a contained metal basis, were from the Henderson and Climax mines. Freeport estimated proven reserves of 44 million metric tons, with 0.16% molybdenum at the Henderson Mine, and probable reserves of 141 million metric tons, with 0.15% molybdenum at the Climax Mine. At the end of September 2025, the total molybdenum production from both Colorado mines was about 26 million pounds, up from 21 million pounds during the same period in 2024.

Established in 1946, SSR Mining is a free-cash-flow-focused precious metals mining company with operations located in the United States, Türkiye, Canada, and Argentina. Its corporate headquarters are located in Denver. SSR Mining acquired the Cripple Creek & Victor Gold Mine (CC&V) in Colorado from Newmont in the first quarter of 2025. Combined with SSR Mining's Marigold mine in Nevada, the company's U.S. gold production ranks as the 3rd-largest U.S. gold producer. In 2024, the CC&V mine produced 146,000 ounces of gold. In 2025, the mine is expected to produce between 108,000 and 138,000 ounces of gold. Gold prices in 2025 have continued to appreciate strongly, with SSR Mining's realized gold price for the first nine months of 2025 averaging $3,259 per ounce and gold prices subsequently exceeding $4,300 per ounce in October. Subsequent to the acquisition from Newmont, SSR Mining continues to evaluate and optimize mine planning for CC&V with the expectation of significant upside and mine life extension.

Colorado is also home to several of the world's largest mineral producers, including Newmont, the largest gold mining company in the world and a leading producer of copper, zinc, lead, and silver. The company's portfolio of assets and prospects is anchored in Africa, Australia, Latin America and the Caribbean, Papua New Guinea, and North America, including investment interests in copper, gold, silver, and critical minerals exploration in Colorado. Newmont is the only gold producer listed in the S&P 500 Index and is widely recognized for its principled environmental, social, and governance practices. The company is an industry leader in value creation, supported by robust safety standards, superior execution, and technical expertise.

In addition to Colorado's active mineral production, the state's substantial mineral endowment has drawn growing interest in new exploration over recent years. Metallic Minerals Corp.—an exploration company based in Vancouver, Canada—is advancing work at its La Plata project near Durango, where current activities include detailed mapping and surface sampling ahead of further drill testing. The La Plata project hosts an established resource containing more than 1.2 billion pounds of copper and 17.6 million ounces of silver, with an updated resource

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**VALUE OF COLORADO NONFUEL MINERALS 2016–2026 (In Millions of Dollars)**

| Year | Nonfuel Minerals |
|---|---|
| 2016 | $1,340 |
| 2017 | 1,510 |
| 2018 | 1,680 |
| 2019 | 1,790 |
| 2020 | 1,620 |
| 2021 | 1,610 |
| 2022 | 1,870 |
| 2023 | 2,220 |
| 2024[a] | 2,050 |
| 2025[b] | 2,000 |
| 2026[c] | 2,200 |

[a]Revised. [b]Estimated. [c]Forecast.

Sources: Data from U.S. Geological Survey, Mineral Survey Reports, and from the U.S. Energy Information Administration.

# Natural Resources and Mining

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estimate anticipated to incorporate additional critical minerals, including platinum, palladium, and gold, following completion of the 2025 field work.

Colorado produced and consumed approximately 52 million tons of aggregate (sand, gravel, and crushed stone) during calendar year 2024, based on year-over-year estimates of the Colorado Stone, Sand & Gravel Association and comparisons with USGS data. The production of construction aggregate was slightly lower than the previous year's levels, driven by construction shifts that occurred in Colorado residential, commercial, and heavy highway sectors. Early months of 2025 were impacted by slowing in these sectors as well. Forecasts for 2026 suggest slightly increased levels similar to 2024 as interest rates balance out and construction overall is steady. Highway funding and construction of major roads is a concern as the Department of Transportation faces challenges and a higher percentage of CDOT projects are for nontraditional main roadways.

Local zoning regulations and land-development alternatives continue to have a negative impact on mining and permitting. These issues are expected to continue and to cause new crushed stone quarries and sand and gravel deposits to locate further from large population centers, where the material is needed.

According to the EIA, domestic uranium production in 2024 was the highest since 2018 but remained low compared to prior years. As reported for several years, there was no uranium production in Colorado in 2024 and as of the end of the second quarter of 2025. Colorado has a long history in the uranium mining industry. Today, all uranium mined in the U.S. is used as fuel for carbon-free nuclear energy. Lakewood-based Energy Fuels has produced approximately two-thirds of all U.S. uranium since 2017. The remaining one-third of U.S. production is largely from Energy Fuels' White Mesa Mill, which processed uranium and vanadium ore produced at mines in the Four Corners region. The western part of the state was historically the largest uranium- and vanadium-producing mining area in Colorado, though uranium mines also operated historically on the Front Range.

Most of the uranium used by U.S. commercial nuclear power reactors over the last several decades was imported from foreign countries. In 2023, a total of 51.6 million pounds of triuranium octoxide—a 27% increase from 2022—was purchased by owners and operators of these nuclear power plants. According to the EIA, about 95% was purchased from foreign suppliers in both 2022 and 2023. In 2023, Canada (27%), Australia (22%), Kazakhstan (22%), Russia (12%), and Uzbekistan (10%) accounted for 93% of imported uranium. The weighted-average price reported by the EIA for uranium increased from $39.08 per pound in 2022 to $43.80 per pound in 2023.

Uranium prices increased dramatically during 2024, reaching a 17-year high of $100 per pound in the first quarter before leveling out around $80 per pound by the end of the year, driven in large part by market demand for emission-free energy, coupled with geopolitical factors, namely the Russia-Ukraine war (the U.S. currently imports roughly 20%-25% of its enriched uranium from Russia).

In May 2024, former President Biden signed H.R. 1042, Prohibiting Russian Uranium Imports Act, signaling a national policy to support the U.S. nuclear energy supply chain. In May 2025, Governor Polis signed HB25-1040 into law, designating nuclear energy as a clean energy source eligible for clean energy project financing at the county and city level and including nuclear energy as an eligible energy source for utility companies to help meet the statutorily established 2050 clean energy target. In April 2025, President Trump issued Executive Order 14241, "Immediate Measures to Increase American Mineral Production," aimed at increasing the United States' supply of domestic minerals, including uranium, to meet national security demands. On November 6, 2025, the U.S. Geological Survey published its final list of officially designated critical minerals, which includes both uranium and vanadium. These public policy developments—reflecting increased demand for energy nationwide—have supported a sustained high uranium price, with the price at approximately $80 per pound in November 2025.

Continued strong markets for uranium have bolstered investment and operational potential at Colorado operations. In addition to Energy Fuels' active operations in other states, the Whirlwind Mine in Mesa County near the Colorado-Utah border is a fully permitted project with indicated mineral resources, including over 1 million pounds of uranium and 3.3 million pounds of vanadium. Western Uranium and Vanadium is in the process of restarting the Sunday Complex of mines, and Anfield Energy owns the Slickrock Project, both of which are located in San Miguel County. Western is also permitting a uranium and vanadium mill in Montrose County, which is projected to create 80-100 permanent jobs with average annual salaries ranging from $80,000 to $100,000 and approximately 400 indirect jobs in transportation, mining services, and related industries. Anfield completed a Preliminary Economic Assessment (PEA) in 2023 for the reactivation of the Shootaring Canyon Mill in Utah and has outlined plans to develop two additional mills—one in Utah and another on property located in Colorado's Uravan Mineral Belt. Each site is expected to require approximately 60-70 permanent employees, while the mill would employ a minimum of 40 staff, scaling to 60 employees at full uranium and vanadium production.

Other uranium interests, including U.S. DOE leases, in western Colorado are held by Premier American Uranium, in addition to Global Uranium and Enrichment's Maybell project, consisting of 468 federal unpatented mining claims near Craig and the five uranium deposits comprising the Tallahassee Uranium Project near Cañon City.

## Renewables

In 2025, renewable energy, namely wind and solar, was the nation's cheapest source of electricity, per Lazard's 2025 Levelized Cost of Energy+ Report.

Colorado's abundance of renewable energy resources includes wind, solar, hydroelectric, geothermal, and biomass. Data from the EIA show renewable energy resources accounted for 43% of Colorado's net generation in 2024. According to the Colorado Energy Office, 14 Colorado towns and counties have 100% renewable energy goals, including the City of Aspen, which has operated on 100% renewable energy since 2015. The 2025 U.S. Energy and Employment Jobs Report found that Colorado had an estimated 161,038 renewable energy workers (5.5% of total state employment) in 2024, which includes 40,318 workers employed in energy efficiency. According to E2's Clean Jobs America 2025 report, in 2024, Colorado ranked 18th nationally for clean energy jobs, with 69,859 Coloradans employed by the industry, a 4.1% growth from the previous year. Additionally, in 2024, 9,312 Coloradans were employed in the solar industry, 7,753 in the wind industry, 191 in geothermal, 1,356 in bioenergy/combined heat and power, and 303 in low-impact hydroelectric power.

## Energy Policy

Colorado was the first state to pass a voter-approved renewable portfolio standard (RPS) in 2004. The Legislature has increased requirements three times, with the present standard mandating that investor-owned electric utilities provide 30% of their generation from renewable energy resources by 2020, with 3% coming from distributed generation. This was one of the most ambitious renewable portfolio goals in the nation, and the Public Utilities Commission (PUC) states that the existing wind and solar installations achieved this electricity goal, mostly through purchases by Colorado's largest utility, Xcel Energy.

In 2019, Colorado passed HB19-1261, Climate Action Plan to Reduce Pollution, which put in place statutory greenhouse gas (GHG) emissions-reductions targets. Over the last several years, the targets have been updated, and the state's current goal is to reduce GHG emissions by 26% of 2005 levels by 2025; 50% by 2030; and ultimately achieve net-zero emissions by 2050.

In January 2021, Colorado released its first Greenhouse Gas Pollution Reduction Roadmap, outlining how the state will meet its GHG-reduction goals. In February 2024, the Governor's Office released Roadmap 2.0, which includes an updated emissions inventory and outlines several new near-term actions for 2024 through 2026 to help achieve the state's emissions goals. Per projections in Roadmap 2.0, Colorado is estimated to be over 80% of the way to meeting its 2030 emissions-reductions target.

Over the last several years, Colorado has passed various renewable energy bills. More recent legislation includes HB23-1234, passed in 2023, which established a grant program within the Colorado Energy Office to assist local governments to streamline solar energy systems inspection and permitting. Also in 2023, Colorado focused on labor in the clean energy industry. SB23-292 expanded workforce standards for clean energy projects, requiring the use of prevailing wages and employment of registered apprentices, and HB23-1074 required the Office of the Future of Work to examine transitions for oil and gas workers.

In 2024, Colorado continued to pass renewable energy legislation. Notably, the state passed SB24-207, a bipartisan bill that modernized Colorado's community solar program. Furthermore, SB24-212 provided resources

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to local governments for utility-scale renewable energy projects.

In 2025, Colorado passed SB25-054, which expanded investments to coal transition communities to include those without coal infrastructure but that are still directly impacted by coal plant closures. Also in 2025, SB25-182 expanded the Industrial Clean Energy Tax credit that was created in 2023 to include "embodied carbon improvements." The state also passed HB25-1269, establishing building performance standards and providing technical and financial support for building decarbonization measures.

Also in 2025, the state passed HB25-1040, which defined nuclear energy as a "clean energy source." It should be noted that nuclear energy is not a renewable energy resource, but its new designation and low emissions profile allow it to be used by qualifying retail utilities to meet the state's clean energy targets, alongside solar, wind, and geothermal technologies.

### Wind Energy

In 2024, Colorado ranked 7th nationally for total installed wind capacity, according to EIA. In 2024, wind power accounted for 67% of the state's renewable electric generation. Over the last decade, the state has doubled its use of wind power. As of October 2025, the state has 34 utility-scale wind farms, with a total generating capacity of 5,379 MW ("Colorado Wind Farms," Michael Thomas, Cleanview, November 2025). Unlike other renewables, wind energy has a domestic supply chain with some manufacturing facilities located in Colorado. Most of Colorado's wind plants operate in rural areas with otherwise limited economic development opportunities, providing well-paying direct and indirect jobs.

The wind industry adds to local economies through lease payments to landowners, local income from taxes, wages of wind farm employees, and sales and use taxes from spending by these workers. Per American Clean Power, wind energy investment in the state has reached $9.8 billion, with over $18 million in land lease payments going to landowners each year.

In addition to jobs at wind farms, Colorado is home to one of the nation's largest wind-turbine manufacturers: Vestas blade, tower, and nacelle factories. Vestas has invested over $1 billion in Colorado ("Manufacturing Renaissance: Reviving American Pride through Wind Manufacturing," The Power Line, August 6, 2024). Pueblo is home to the world's largest tower production facility, owned by CS Wind America. The state also hosts smaller component manufacturers that supply the wind industry, such as Aluwind.

### Solar Energy

Colorado is a leader in solar energy potential, with more than 300 sunny days per year. As of mid-2025, Coloradans get 12.1% of their electricity from solar, according to the Solar Energy Industries Association (SEIA). In terms of total installed solar electric capacity, Colorado ranks 15th nationally, with more than 4,542 MW of installed capacity. SEIA projects an additional 4,816 MW will come online in the next five years, ranking Colorado 13th in the nation for projected growth. Per SEIA, there were 368 solar companies operating in Colorado in 2025, and the total investment in Colorado solar exceeded $9 billion. According to EIA, the state is projected to add another 817 MW of capacity by the end of 2026.

In Pueblo, Xcel Energy is preparing to close the Comanche Generating Station, a coal-fired power plant, and replace 300 MW of the power with solar for the local steel mill. The Bighorn Solar plant is located on-site at one of Colorado's largest energy users—EVRAZ Rocky Mountain Steel—and is the largest behind-the-meter solar project in the United States and largest solar-powered steel plant in the world ("Bighorn Solar: 300MW Powering the World's

First Steel Mill to Run Almost Entirely on Solar Power," Lightsource, 2024).

As of 2025, Colorado had 160,398 individual photovoltaic (PV) installations, according to EIA. Like many states, the rooftop solar community in Colorado has been thriving. As of October 2025, Colorado had an average cost of $2.86 per watt install price for residential PV systems ("The Cost of Solar Panels in Colorado [2025]," Emily Walker, EnergySage, November 11, 2025).

### Hydroelectric Power

For the past decade, Colorado's hydroelectric plants have been providing between 2% and 4% of the state's total electricity. In 2024, hydropower comprised approximately 6% of Colorado's net renewable energy electricity generation, per EIA.

In 2025, EIA reports Colorado had 65 mostly small hydroelectric generating stations. These facilities have the combined capacity to produce 693 MW of power. The state also has three pumped storage hydroelectric plants that can generate approximately 580 MW. Most of these stations are owned by the U.S. Bureau of Reclamation, but some are privately owned or operated by local mountain towns, such as Aspen, Nederland, Ouray, and Telluride. This renewable resource provides a predictable and seasonably variable source of electricity. The industry employs several hundred individuals for operations and maintenance. Pumped storage hydropower is the nation's 2nd-largest source of energy storage, behind batteries (Paul Denholm, NREL).

### Geothermal Energy

Although geothermal energy does not provide even 1% of Colorado's electricity, there is great potential for the resource within the state.

Direct-use geothermal resources in the state continue to contribute to local economies on a very small scale and are used for heating domestic and commercial structures, including greenhouses and aquaculture, spas, and other bathing. The use of geothermal (also known as ground-source, or geoexchange) heat pumps continues to slowly grow in Colorado. While these heat pumps are not strictly an alternative energy source, they consume electricity very efficiently (using one-half to one-quarter of the electricity consumed by conventional heating and cooling systems).

In 2022, Governor Polis, as chair of the National Governor's Association, launched the Heat Beneath Our Feet Initiative to advance geothermal energy. Also in 2022, Colorado passed HB22-1381, creating the Geothermal Energy Grant Program. The program was then expanded in 2023 by HB23-1252 and authorized grants for retrofitting existing buildings. In 2024, Governor Polis approved $7.7 million in grant funding to support the development of 35 private geothermal projects.

### Biomass Energy

Coming online in 2013, Colorado had one generator using woody biomass exclusively—Evergreen Clean Energy's 11.5 MW project in Gypsum, which generated electricity using beetle-kill trees. However, in April 2024, the plant filed for bankruptcy, closing in November 2024 ("Colorado's First Biomass Energy Plant Closed, Set for Auction as Owner Files for Bankruptcy Protection," Jason Blevins, *The Colorado Sun,* December 4, 2024). The state provides tax breaks for biomass generation from anaerobic digestion, per the NC Clean Energy Technology Center, and given Colorado's forest resources, there are other opportunities for electricity from woody biomass.

## Water Supply

Because Colorado is a semiarid state, adequate water supply to meet demands is vital to economic development. Average annual precipitation across the state has historically been about 17 inches. However, the state's topography means that the precipitation is not distributed evenly, with local annual precipitation averaging from as low as seven inches in the San Luis Valley to as high as 60 inches in the northern mountains. Further complicating water supply is the mismatch between precipitation and population: While approximately 80% of precipitation in the state falls west of the Continental Divide, 90% of the population lives east of the Continental Divide.

Adequate water supply is vital to all economic development in the state. With low average precipitation across the state, much agricultural production is dependent on irrigation water supplies. At the same time, municipalities have an increasing need for water to support a growing urban population. Water is also vital for the recreation sector, including adequate in-stream flows to support fishing and rafting and adequate water for snowmaking to support the ski industry. Water is equally vital to other sectors including manufacturing and mining, as well as providing cooling water for power generation and data center cooling. These challenges are made all the more critical with growing population and increasing aridification in Colorado and the rest of the Western U.S.

These challenges are not new to Colorado, and the need for adequate water in the face of a limited supply led to the development of the prior appropriation doctrine for water allocation. This doctrine has its roots in irrigated agriculture and mining from before statehood and is protected by the Colorado Constitution. Under prior appropriation, in times of short supply, the person who owns the water right that was established earlier is entitled to use water before those who own water rights established later. Water rights are established by appropriation—the diversion of water and the application of that water to beneficial uses like irrigation or municipal use. Once established, water rights are transferable property rights. Colorado's system of water courts provides for a process to change the place of diversion, place of use, or type of use of water rights while ensuring that other water rights are not harmed by the change.

The Colorado Water Plan, last updated in 2023, was developed in response to the challenges posed by extreme drought in the early 2000s. The Water Plan is underpinned by water supply and demand data and projection tools, updated through Basin Implementation Plans for each of the river basins in the state. The projections updated in 2022 estimated future water supply gaps for multiple

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scenarios, ranging from 180,000-555,000 acre-feet per year for municipal and industrial uses and 5.2-6.8 million acre-feet per year for agriculture (one acre-foot is approximately 325,000 gallons, and enough water to supply 2-3 households for one year). Spurred by these water supply gap estimates, multiple efforts to develop and conserve water have included:

- Water conservation measures that reduced statewide per capita water use by 5%
- Colorado Water Plan grants funding nearly $55 million in water projects
- More than $420 million in loans for multipurpose, multibenefit water projects
- Passage of Proposition DD, providing funds from sports betting used, in part, to support the Colorado Water Plan Grant Program

The states of the Colorado River Basin face key challenges in 2025-26. The Colorado River Compact allocated the flows of the Colorado River among the lower basin states (California, Nevada, Arizona) and the upper basin states (Colorado, Wyoming, Utah, New Mexico). With usage outstripping supply and the flow in the Colorado River less than the projections that formed the basis of the Colorado River Compact, storage in the key reservoirs of Lake Powell and Lake Mead is declining. The states continue to negotiate toward an agreement on water supply for the basin, although a deadline in November 2025 passed without agreement.

Meanwhile, controversy brews on the other side of the state in the South Platte River Basin. The South Platte River Compact, signed by Colorado and Nebraska in 1923, provides a priority to Nebraska during the irrigation season. The Compact also allows Nebraska to build the Perkins County Canal to divert up to 500 cubic feet per second (CFS) of water for irrigation. In July 2025, Nebraska asked the United States Supreme Court for permission to file a lawsuit against Colorado, claiming that Colorado was failing to administer water rights in a manner that would meet Compact obligations and that Colorado was actively opposing construction of the Perkins County Canal. ✤

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# Construction

In 2025, Construction activity is forecast to total $19.7 billion. Total construction value rose 2.4% from last year's activity; a substantial increase in nonresidential construction more than offset declines in residential and nonbuilding activity during 2025. The forecast for 2026 is for a 1% gain from 2025, to $19.9 billion, in the value of work. Moderate increases in multifamily residential, nonresidential, and nonbuilding construction activity are expected to offset continued declines in single-family residential construction in 2026.

The outlook for Colorado's construction industry shows employment increasing 0.2% in 2025, reaching 187,000 jobs. Much of the underlying softening in the industry is concentrated in skilled labor and specialty trade contractors. Skilled craft trades continue to face disproportionate worker losses due to retirements, and the state's roughly 4,000 active apprentices are not sufficient to replace the volume of exiting workers. Interest rates also remained higher for longer than anticipated, prompting additional caution among lenders and making project financing more difficult. In some cases, vertical construction paused after infrastructure work was completed. Slower in-migration and elevated vacancy rates across some commercial and residential segments further limited demand for additional projects, partially offsetting the gains in total construction value recorded in 2025.

In 2026, construction employment is expected to increase 0.5% to 188,000. While the opportunity for growth is there, challenges persist. Some of the headwinds for the construction industry include rising costs from tariffs on inputs such as lumber, steel, and copper. Many developers have absorbed some of the cost of tariffs initially while determining the overall impacts, but they will not be able to continue to cover the costs in the long term. In addition, elevated interest rates for mortgages, commercial lending, and bonding will constrain a lot of work, although this will more likely result in delays rather than cancellations. Even a small decrease in interest rates could spur some activity and builder confidence. Other challenges for the industry include increasing costs, longer lead times for delivery, and the need for labor amid slower migration trends. Expiring tax credits, such as those for certain energy projects, may have mixed results, with some projects accelerating to beat the deadlines and those that do not make the deadline reassessing feasibility.

## Residential Construction

### Single-Family Construction

Colorado's single-family housing industry has been experiencing slow growth, and in 2025, as inventory rises, single-family permit activity is expected to decline, land transactions are anticipated to decrease, and prices are expected to soften. The interest rate in October 2025 (6.19%) was similar as in September 2024 (6.12%), yet down from a peak in January 2025 at 7.04%, according to Freddie Mac's average 30-year fixed-rate mortgage. According to Redfin, a national real estate brokerage, as of the third quarter of 2025, approximately 80% of mortgages nationwide had rates below 6%, compared with 86% in the first quarter of 2024 and 93% during the same period in 2022.

According to John Burns Research and Consulting (JBREC), the inventories of existing homes for sale in the Denver, Greeley, Colorado Springs, and Fort Collins metropolitan areas are up year-over-year. Brokers report that sellers lack the urgency to sell and are not receiving their asking price, while buyers are requesting numerous contingencies or discounts. Despite an increase in inventory in the resale market, which could detract from additional new homes because of availability, closings in Colorado's new home market are up. Greeley leads the new home sales closing volume, up 17.8% year-over-year, followed by Colorado Springs, up 11.1%, and Fort Collins, up 7.4%. Yet the largest metropolitan area in the state, Denver, lags with a 5.1% decrease in new home closings from August 2024 to August 2025. Additionally, in 2025, like in 2024, builders continue to rely substantially on incentives to draw traffic and support sales. The announcement of rate cuts by the Fed has not yet led to additional sales in the new home sales market, partly because the use of rate buydowns is already lowering interest rates for newly built homes, although additional lowering of mortgage rates is anticipated in 2026.

**INDUSTRY SNAPSHOT**
**CONSTRUCTION**

| | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 32.6 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 22.0 |
| Q2 2025 Real GDP Growth Rate | 2.3% |
| Total Employment, Q2 2025 (Thousands) | 187.0 |
| Q2 2025 Employment Growth Rate | 2.2% |
| Employment Growth National Rank | 41 |
| Q2 2025 Share of Colorado Employment | 6.1% |
| Q2 2025 Share of National Employment | 2.2% |
| Average Wage, Q1 2025 | 82,110 |
| Percent of Statewide Average Wage | 99.8% |
| Q1 2025 Average Wage Growth Rate | 4.3% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics. These data are subject to future revisions; Q2 is end of quarter.

Throughout Colorado, as with the rest of the nation, builders continue to practice buying down interest rates to offset some of the impact of elevated interest rates and keep buyers interested in new homes. Rate buydowns vary by market within the state of Colorado and by community, with the average incentive usually between 6% and 8% of the home value. Additionally, builders report price softening, lowering base prices in addition to offering the rate buydown programs that have been in place since 2022. The strategy in 2025 remains mostly the same as in 2023 and 2024 and includes a range from a simple year-long to a 30-year fixed-rate buydown. As buydowns gained momentum, the step-increased buydown appeared. These are 2-1 or 3-2-1

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# Construction

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**RESIDENTIAL BUILDING PERMITS BY TYPE 2016–2026**

| Year | Single Family | Multifamily | Total Housing Units |
|---|---|---|---|
| 2016 | 21,577 | 17,397 | 38,974 |
| 2017 | 24,338 | 16,335 | 40,673 |
| 2018 | 26,134 | 16,493 | 42,627 |
| 2019 | 24,756 | 13,877 | 38,633 |
| 2020 | 26,636 | 13,833 | 40,469 |
| 2021 | 30,246 | 26,278 | 56,524 |
| 2022 | 23,691 | 24,650 | 48,341 |
| 2023 | 19,641 | 19,763 | 39,404 |
| 2024[a] | 20,434 | 11,751 | 32,185 |
| 2025[b] | 18,400 | 13,500 | 31,900 |
| 2026[c] | 17,700 | 13,000 | 30,700 |

[a]Revised. [b]Estimated. [c]Forecast.

Sources: U.S. Census Bureau and the Colorado Business Economic Outlook Committee.

buydowns that increase the rate incrementally over the loan term. For example, in the 3-2-1 buydown, the interest rate paid by the buyer is 3% lower than the original rate in the first year, 2% in the second year, and 1% in the third year, returning to the original rate for the duration of the loan period. The builder pays the cost difference in rates between the discounted rate and the original rate during the three years as an incentive to the buyer. The 2-1 buydown is the same practice but over two years. These rate buydowns have proven to be the most impactful way to combat elevated interest rates and support home sales. New builders may experience some relief in the size of the incentive required if rates lower in 2026. JBREC (and other researchers) have concluded that 5.5% is the interest rate level at which buyers would still purchase a home, which is still considerably lower than the current rate.

Another growing trend in single-family construction is building homes for rent instead of for sale. In 2025, there were still limited new communities being built for rent. However, some homes are being converted into rental communities within existing master-planned communities that traditionally only offered for-sale homes. Colorado is still a laggard in this movement, with a limited number of build-to-rent (BTR) communities compared to areas in the South, such as Texas, Florida, and Arizona. Nevertheless, those built or leasing up have strong occupancy rates and lease-up paces. Based on the number of projects in the pipeline, these new for-rent communities are expected to expand in several Colorado markets. Renters in single-family homes tend to favor having a yard and a private garage, and living in a home without renters above or below them.

In 2025, single-family permits in Colorado are expected to decrease 10% from 2024, to 18,400 homes. In 2026, permits are expected to further decrease nearly 4%, to 17,700 single-family homes statewide. All major metropolitan areas are experiencing a decline in single-family permit activity, primarily due to difficulties in gaining municipality approval, increased construction costs, and the continued lack of buyer activity, which is lowering sales paces, leading to an increase in incentives and a rise in builder inventory.

The value per unit for single-family construction is expected to decrease 5% from a year ago, to $403,800 in 2025. One of the reasons for the decline is smaller homes. Many developers have designed more efficient floor plans with fewer hallways, for example. The price per unit is expected to decrease 2% further in 2026, to $395,700 per unit. The decline in per unit valuation, coupled with the expected decline in permits in 2025 and 2026, will lead to single-family valuation decreasing 14% in 2025 and 6% in 2026.

In the long term, Colorado remains an attractive destination for primary- and second-home buyers. JBREC research on the second-home market, including the results of their national broker survey, indicates that

**CONSTRUCTION EMPLOYMENT, 2016–2026 (In Thousands)**

| Year | Employment | Percentage Change |
|---|---|---|
| 2016 | 155.3 | 4.4% |
| 2017 | 163.7 | 5.4 |
| 2018 | 173.2 | 5.8 |
| 2019 | 179.1 | 3.4 |
| 2020 | 174.9 | -2.3 |
| 2021 | 177.5 | 1.5 |
| 2022 | 183.1 | 3.2 |
| 2023 | 184.7 | 0.9 |
| 2024[a] | 186.6 | 1.0 |
| 2025[b] | 187.0 | 0.2 |
| 2026[c] | 188.0 | 0.5 |

[a]Revised. [b]Estimated. [c]Forecast.

Sources: Colorado Department of Labor and Employment, Bureau of Labor Statistics, and Colorado Business Economic Outlook Committee.

second-home markets (such as those in the mountains of Colorado) are not overly sensitive to interest rate fluctuations. However, interest rate increases altered the accessibility of easy leverage that supported many cash transactions. The transfer of wealth will continue to support the primary- and second-home markets, and as builders shift to follow demand, anticipated changes are expected in new home-building offerings that align more closely with buyer demand.

## Multifamily Construction

Multifamily construction permits increased year-over-year, despite elevated interest rates and soft apartment market conditions across much of the state. By year's end, 13,500 multifamily units are projected to be permitted, up 15% from a year earlier. Increases were recorded along metropolitan areas in the Front Range, while some of the mountain communities, such as in and around Aspen and Steamboat Springs, decreased apartment construction.

The share of multifamily construction relative to overall residential construction is expected to increase year-over-year to 42%, up from 37% a year earlier. Historically, multifamily construction accounts for approximately one-third of total residential construction, although it surpassed one-half of total residential construction in 2022 and 2023 because of generally strong apartment construction and slower single-family home construction.

Despite the increase in new construction permits during the past year, ongoing projects have decreased from recent years, contributing to the slowdown in sector jobs. Approximately 18,550 multifamily units were under construction as of the third quarter of 2025, according to CoStar, down from 31,450 units a year earlier. In 2026, expect a small decline in multifamily permits. The committee forecasts 13,000 multifamily permits for 2026, a 4% decline from 2025.

The large supply of recently completed apartments has contributed to rising vacancy rates, outpacing generally strong demand. Demand for apartments is expected to be supported by some households that want to buy a home but are priced out of the market and so continue to rent. However, moderate migration levels next year are expected to temper some of the demand. In addition, some demand will be met by completed units currently in the market. During the third quarter of 2025, CoStar reported that vacancy rates in Colorado averaged 10.5%, up from 9.8% a year earlier, the highest statewide vacancy rate since at least 2000. The rising vacancy rate also contributed to declining rent growth; the average statewide rent decreased 3% year-over-year to $1,732. During the past year, 23,850 units were completed statewide, down from 36,200 a year earlier, compared with the average of 18,750 units built annually from 2016 through 2023. Although absorption has been relatively strong, the vacancy rate increased in the past year because more units were completed than were absorbed in the market. During the past year, 16,350 units were absorbed statewide, down from 19,000 units a year earlier. By comparison, from 2016 through 2023, an average of 13,250 apartment units were absorbed annually. Elevated interest rates; increasing land, labor, and supply costs; and lengthy approval processes will likely impact how many projects in planning are able to break ground next year.

Apartments make up about 95% of all multifamily units built since 2010, with development of for-sale multifamily condominiums almost nonexistent. The imbalance is a result of developers' concerns about potential construction defects litigation and related insurance costs for for-sale condominiums. Despite recent state legislation intended to address the issue, condominium construction is slow to return; the few projects that have been built in recent years are typically luxury units, often in mountain resort communities or downtown Denver, where higher sales prices can cover the increased cost of construction insurance for condominiums. Builders have reported that financing for apartments is significantly easier to obtain than for condominiums.

In 2025, the average value per multifamily unit will decrease approximately 9%, to $190,000. Despite overall rising costs, geographic changes across the state toward areas with available or cheaper land contributed to the decline. For example, fewer permits were reported in Routt and Pitkin counties, two of the most expensive counties in the state to build in, which contributed to the decline in average per unit valuation. Similarly, in the Denver Metropolitan area, construction declined

**VALUE OF CONSTRUCTION BY TYPE, 2016–2026**
**(In Millions of Dollars)**

| Year | Residential | Nonresidential | Total Building | Nonbuilding | Total Construction |
|---|---|---|---|---|---|
| 2016 | $10,161.0 | $5,987.8 | $16,148.8 | $2,705.6 | $18,854.4 |
| 2017 | 10,361.8 | 6,150.7 | 16,512.5 | 2,975.8 | 19,488.3 |
| 2018 | 11,772.6 | 8,132.0 | 19,904.6 | 4,520.9 | 24,425.5 |
| 2019 | 10,831.0 | 5,161.5 | 15,992.5 | 3,158.9 | 19,151.4 |
| 2020 | 12,184.0 | 5,607.5 | 17,791.5 | 2,944.5 | 20,736.0 |
| 2021 | 15,022.3 | 5,681.0 | 20,703.3 | 3,490.3 | 24,193.6 |
| 2022 | 13,104.3 | 6,630.1 | 19,734.5 | 4,784.0 | 24,518.5 |
| 2023 | 10,520.0 | 6,690.8 | 17,210.8 | 4,940.5 | 22,151.3 |
| 2024[a] | 10,131.4 | 4,668.0 | 14,799.4 | 4,433.0 | 19,232.4 |
| 2025[b] | 9,994.9 | 5,500.0 | 15,494.9 | 4,200.0 | 19,694.9 |
| 2026[c] | 9,603.9 | 5,800.0 | 15,403.9 | 4,500.0 | 19,903.9 |

[a]Revised. [b]Estimated. [c]Forecast.

Sources: Dodge Data & Analytics and the Colorado Business Economic Outlook Committee.

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# Construction

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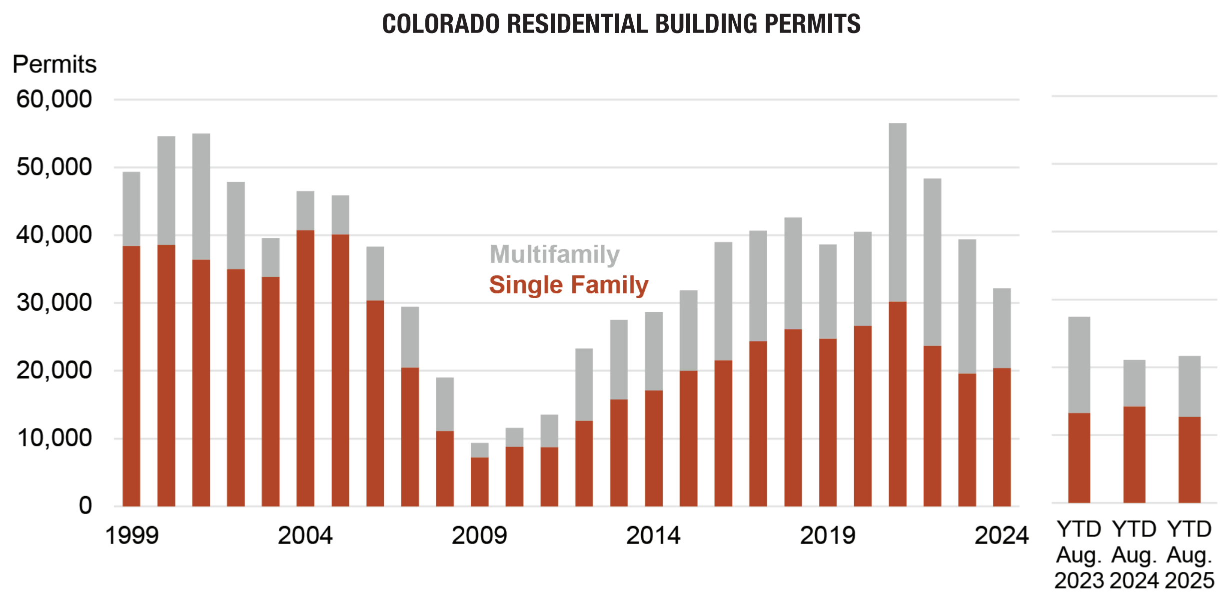
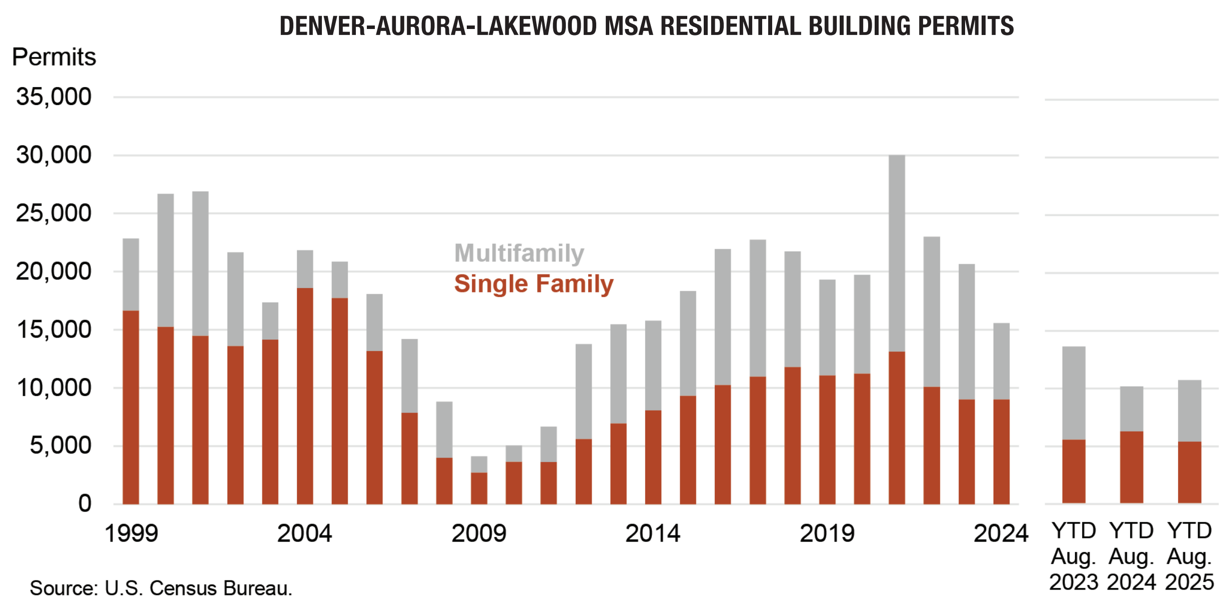



Source: U.S. Census Bureau.

in Denver County, where available developable land is limited, but increased in outlying counties with more land available, such as in Arapahoe, Douglas, and Jefferson counties. In 2026, the value per unit is expected to increase 5% to $200,000. Despite the decline in per unit valuation in 2025, overall valuation for multifamily construction is expected to increase 4% due to the increase in the number of permits. In 2026, when permits are expected to decrease slightly and per unit valuation is expected to increase, the total valuation for multifamily permits is expected to increase 1%.

## Nonresidential Building

The nonresidential building subsector tracks construction activity that is not residential and not solely infrastructure, including new and renovated office space, mixed-use space, manufacturing and warehousing, medical facilities (including medical office buildings), K-12 and higher education building projects, retail outlets, and government buildings. In 2025, nonresidential building construction was strong and is expected to finish the year at $5.5 billion, up 18% from a year earlier. In 2026, growth is expected to moderate, increasing 5% year-over-year to $5.8 billion.

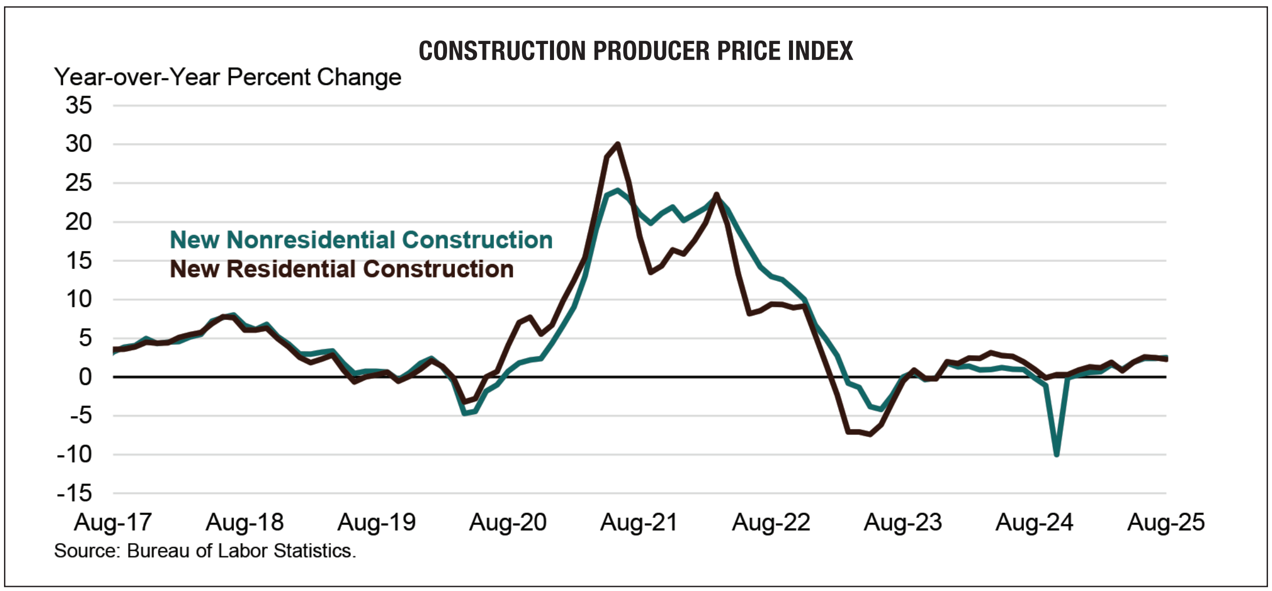
A driver of growth in nonresidential construction is state and local energy policy, which is contributing to many renovations. At the state level, HB21-1286 (Energy Performance for Buildings) and the subsequent Air Quality Control Commission Regulation 28 require owners of buildings of 50,000 square feet or more to achieve certain greenhouse gas (GHG) emission reductions by 2027 and 2030. There are an estimated 8,000 such buildings in the state. At the local level, the Energize Denver ordinance requires the owners of buildings of 25,000 square feet or more to achieve certain GHG emission reductions by 2028 and 2030. Both requirements will drive significant mechanical, electrical, and plumbing (MEP) and utility electrical distribution construction for existing building stock.

Another driver of nonresidential construction is school bonds approved by the voters, with project starts beginning in 2026. School-bond funding has been less of a driver in the past three years—except for 2024—for a few reasons, including concerns with rising property taxes and electoral efforts to change leadership of school districts. Voters recently approved $5.8 billion in school bonds on the ballot statewide, and a significant portion of that work continues in 2026, contributing to nonresidential building construction starts ranging from renovating existing facilities to building out new ones.

Nonresidential building construction is expected to be higher next year, with voters passing the Vibrant Denver Bond Campaign in the November 2025 election, totaling just under $1 billion in projects with about half in nonresidential building, and the Downtown Denver Authority projects, totaling approximately $570 million.

Additional major construction drivers include aviation (specifically Denver International Airport), higher education projects, hospitals and medical office buildings, mixed-use developments, aerospace and battery manufacturing, data centers, warehouse and distribution, hotels, and target office space. Major projects of note that should record construction starts in 2026 include the $250 million Craig Hospital expansion, the Ball Arena district projects, the National Women's Soccer League complex located at Santa Fe Yards, projects in the Denver Tech Center, and the City of Centennial's plans to create a new business center known as Midtown Centennial, a walkable and dynamic urban hub located in close proximity to I-25.

The National Western Center is proceeding with a major public-private partnership (P3) for 65 acres to include construction of new public event venues and related assets to round out the Center's project activity. Colorado Springs and Fort Collins are in steady patterns with no major increases or decreases in activity noted. Privately funded construction is expected to continue throughout the high country, such as hotels, many including high-end condos and mixed-use projects with employee housing.




## Nonbuilding

Nonbuilding measures new construction in infrastructure projects. Volume in this sector is driven by two main components: electric utility projects (generation, transmission, and distribution) and public works projects (roads and bridges, transit, drainage and flood control, water and wastewater facilities, reservoirs, and similar projects).

The committee forecasts that awards for 2025 should finish the year around $4.2 billion. This 5% decline from 2024 is due in part to the spending on electric utility projects being a bit more modest than anticipated. Awards for 2026 are forecast to be valued at about $4.5 billion, but uncertainty as federal tax credits for energy projects near their expiration means that 2026 awards could be much higher or much lower than this forecast. Readers should always keep in mind that the bulk of the money spent in this subsector is on multiyear megaprojects. As a result, the value of awards in a given year often swings more than the amount of construction activity.

### Electric Utility

Recent years have seen a significant investment in electric utility projects as Colorado utilities continue to build new energy generation and storage projects in response to clean energy regulations and anticipated spikes in demand from data centers and other energy-intensive customers. Changes in federal priorities are impacting many near-term investment decisions. For example, in order to qualify for federal solar and wind project tax credits that are expiring in July 2026, Xcel and three Colorado agencies are seeking fast-track regulatory approval for construction of over 4,000 megawatts (MW)—or 4 gigawatts (GW)—of projects that use a mix of wind, solar, and battery storage. If fast-track approval is secured, Xcel's goal is to award and begin these

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# Construction

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projects before the mid-2026 deadline. An estimated construction cost of $1.5 billion per GW means that this effort alone could represent $6 billion in new awards in 2026, but any delays in approvals or other steps could postpone the projects to beyond 2026.

In addition, Xcel has its $15 billion "Just Transition" Plan for 6,000 MW (6 GW), and about $500 million in construction remains for Xcel's $1.7 billion Colorado's Power Pathway project, which includes 550 miles of new double-circuit transmission line and four new or expanded substations by 2027. Xcel is not alone: Tri-State has proposed adding 700 MW of new renewables, 650 MW of battery storage, and 300 MW of gas by 2031. Black Hills Energy's 2030 Ready Plan proposes the addition of approximately 400 MW of new, utility-scale, clean energy resources, including wind, solar, and battery storage—but funding assumes $270 million in expiring tax credits. Colorado Springs Utilities is currently adding 1,500 MW of new electric generation, with a plan to spend $3 billion on capital infrastructure to support growth and system reliability through 2029. How the elimination of federal tax credits impacts the timing and viability of these projects remains to be seen.

## Surface Transportation

Spending on the surface transportation portion of the nonbuilding subsector is expected to be flat. The potential for a slight decline in state spending should be offset by key municipal and county projects. Some local projects being tracked include the U.S. 34 MERGE and the U.S. 34/WCR 17 projects in Greeley, the WCR 66 corridor project in Weld County, the I-25/Happy Canyon Interchange in Castle Pines North, and the Federal Boulevard Bus Rapid Transit (BRT) project in Metro Denver. The passage of the November 2025 Vibrant Denver Ballot Measure 2A will fund $441 million in transportation/mobility projects, with early bond-funded projects potentially beginning in 2026. As always, these larger projects and bond packages will be accompanied by asset-management projects such as bridge replacements and paving throughout the state and local roadway network. Higher prices combined with constrained budgets could decrease the overall number of projects awarded.

## Aviation

Aspen-Pitkin County Airport (ASE) has announced plans for $500 million in improvements, including over $150 million for runway/airfield projects; major runway reconstruction is planned for 2027 but could be awarded in 2026. Denver International Airport (DEN) continues to plan and deliver capacity expansion projects to keep up with demand. This includes DEN's near-term plans for a consolidated rental car facility (ConRAC), with a possible common transportation system (CTS) that would move people between the terminal and the ConRAC. A budget has not been announced, but similar projects at other major airports have exceeded $1 billion.

## Rail

BNSF Railway has long-range plans to construct an intermodal facility and logistics park near the towns of Hudson and Lochbuie. RTD's Downtown Rail Replacement project is budgeted at $152 million. Modest improvements to launch Mountain Rail passenger service between Denver and Granby would need to be awarded in 2026 to meet the stated goal of daily service by 2027. Plans to initiate Front Range Passenger Rail between Denver and Fort Collins continue to be examined, but construction awards in 2026 are not expected.

## Water

Litigation over Northern Water's Glade Reservoir has been resolved, and projects valued at close to $1 billion connected to construction of the reservoir are getting underway—though the bulk of the awards may not occur until 2027. Another new reservoir, Aurora Water's Wild Horse Reservoir, is in design and will move to construction in the next couple of years.

Water and wastewater treatment plant projects will continue their contribution to the nonbuilding sector. Expansion of plants to accommodate population growth and plant retrofits to reduce the discharge of nutrients and remove per- and polyfluoroalkyl substances (PFAS) chemicals drive much of these investments.

Finally, drainage and flood-control projects also fall into this category. A key project to watch is Greeley's long-term, $500 million investment to improve its stormwater system.

## Site Preparation for Major Developments

Site-preparation work will begin on several major developments in the coming years, including three proposed new stadiums. Initial work began this year on the West Greeley entertainment district known as Catalyst, which will include a new stadium for the AHL Colorado Eagles. Site-development work valued at $70 million is anticipated to begin in 2026 for the NWSL Denver Summit FC new stadium at Santa Fe Yards. Groundbreaking for a new NFL Denver Broncos stadium in Burnham Yard is expected in 2026, and construction on the first phase of the Ball Arena redevelopment could also begin in 2026.

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## 2025 Colorado Reshoring and Foreign Direct Investment Trends

National reshoring and foreign direct investment (FDI) announcements are holding steady in 2025 as companies wait for clarity on tariff policy. Some Biden-era incentive-driven projects have been pulled back, while new tariff-motivated announcements are offsetting those losses, leaving total project counts roughly on par with last year. Many companies currently sit in a "pending" posture—developing plans for U.S. reshoring or FDI that they intend to trigger once tariff structures become firm and predictable—which could lead to another surge of announcements.

Colorado reflects this same dynamic. Lower- and midlevel manufacturers, which are more sensitive to tariff uncertainty, are pausing major capital decisions. At the same time, the state has secured several large investments that strengthen its manufacturing ecosystem and expand the skilled-workforce pipeline. These projects allow Colorado to maintain momentum through the policy uncertainty while laying the groundwork for future growth in the sector.

**DISTRIBUTION OF RESHORING AND FDI JOBS ANNOUNCED IN COLORADO BY INDUSTRY, 2025**
**(In Millions of Dollars)**

| Rank | Industry | Companies | Jobs | % of Total |
|---|---|---|---|---|
| 1 | Electrical Equipment, Appliances & Components | 6 | 2,247 | 58% |
| 2 | Chemicals | 6 | 1,093 | 28% |
| 3 | Primary Metal Products | 3 | 304 | 8% |
| 4 | Transportation Equipment | 2 | 193 | 5% |
| 5 | Computer & Electronic Products | 5 | 50 | 1% |

Source: Reshoring Initiative.

### Implications of the 2025 Cases

Entegris has launched a new 135,000-square-foot facility in Colorado Springs focused on filtration, purification, and wafer-carrier (FOUP) manufacturing, crucial for the semiconductor supply chain. The facility marks a repatriation of certain manufacturing that had been overseas, aligning with broader U.S. semiconductor supply chain reshoring efforts. This underscores Colorado's increasing prominence in "advanced manufacturing" (i.e., high-tech manufacturing rather than traditional heavy industry). For the state's manufacturing ecosystem, this is a strong indicator that Colorado is capturing more complex, higher-value manufacturing rather than just commodity or bulk production. It also brings skilled-labor demand and investment in infrastructure and supply chains.

The expansion of RK Industries LLC in Aurora is projected to create ~1,786 new jobs over the next eight years. This project includes workforce training/apprenticeships in skilled trades (welding, HVAC, electrical). This signals areas of manufacturing growth in Colorado are not just in tech labs but also in mid-skill/advanced fabrication work, which has implications for workforce development, regional economic planning, and supply chain depth. Growth in manufacturing cannot be expected unless workforce development, training pipelines, and upskilling initiatives keep pace.

Electra, a Boulder-based startup, won Colorado's first-ever Industrial Tax Credit Offering (CITCO) of ~$8 million for building a demonstration clean-iron/maker facility in Jefferson County. The project aims to produce iron/steel with dramatically lower greenhouse gas emissions—a key pivot of manufacturing strategy in the age of decarbonization. Colorado can continue to position itself in the growing eco-manufacturing/sustainability-edge sectors.

### National Stats

So far, the national reshoring and FDI numbers are coming in just under last year's numbers. In 2025, there are an estimated 231,689 related to reshoring and FDI compared to 258,648 in 2024, with 63% of the jobs activity related to reshoring and 37% to FDI.

Many factors have been cited as having an increasing relevance to reshoring and FDI nationally, including tariffs, ecosystems, proximity, and skilled labor, among others. Government incentives have had a decreasing relevance in 2025. Colorado cases have roughly similar influences with the exception of tariffs.

Manufacturing accounted for more than 149,000 jobs in Colorado in 2025 and represented 5.4% of nominal GDP in Q2 2025. Colorado's national ranking in reshoring- and FDI-related job announcements rose from 39th in 2021 to 20th in 2025, capturing a greater market share of reshoring jobs in recent years. This upward trajectory suggests Colorado is well positioned to capitalize on further momentum. The top 10 reshoring states have captured 60% of the reshoring and FDI job announcements, mostly because they had preexisting ecosystems from which they could more easily ramp up production.

## How Colorado Can Capitalize on Reshoring and FDI Opportunities

The winning equation for 2025 on is to leverage existing and emerging competitive advantages, modernize/automate, and upskill the workforce.

1. ***Invest in Automation to Offset Higher Labor Costs***

   To remain competitive, companies across all sectors should prioritize automation. Despite its lower labor costs, China invests two to three times more in computer numerical control machine tools and robotics than the U.S., resulting in labor productivity growth of 6% annually compared to 0.5% in the U.S. To keep pace, Colorado must elevate its commitment to automation and productivity.

2. ***Cultivate a Highly Productive, Skilled Workforce***

   Building a workforce that meets the demands of reshoring requires a fresh approach to education and training. Revamping higher education to integrate hybrid vocational training and apprenticeship programs would create a pipeline of skilled workers aligned with industry needs.

3. ***Leverage Existing and Emerging Competitive Advantages***

   Colorado's unique assets, including access to natural gas, oil, abundant sunshine, an established infrastructure, educational institutions, and industrial ecosystems, position the state well for reshoring. Colorado's strong rail and intermodal network, along with plans for an expansive intermodal port, will enable greater connectivity, opening new markets and fostering partnerships with nearby manufacturing hubs. Instead of focusing on interstate competition, Colorado businesses can benefit from cross-state collaboration, especially given the state's proximity to growing manufacturing centers in California, Texas, Arizona, and Utah. Successful reshoring depends on strategically selecting products that maximize these location-specific advantages, particularly those that benefit from access to local supply chains and networks. When specifically replacing imports, national advantages will also play heavily into the total cost of ownership (TCO) equation, such as Made in USA branding, strong intellectual property protection, and proximity to the end market—and, perhaps, tariffs.

4. ***Utilize Total Cost of Ownership Analysis***

   Conducting a total cost analysis allows businesses to quantify all costs and risks, including geopolitical risk, and identify the most viable products and components for domestic production. Studies indicate that 20% to 30% of imports can be more competitively made or sourced in the U.S., making TCO analysis a valuable tool for reshoring efforts. According to the 2025 National Reshoring Survey, only 30% of original equipment manufacturers (OEMs) use TCO in comparing domestic to offshore sourcing.

By actively engaging in reshoring efforts and utilizing resources unique to the state and country, Colorado can unlock substantial economic benefits, from job creation and supply chain resilience to innovation and regional competitiveness. For businesses and states, the reshoring trend offers valuable incentives, infrastructure investments, and collaboration opportunities that support sustainable growth.

*The Reshoring Initiative, a nonprofit founded in early 2010, supports U.S. industry by helping manufacturers realize that local production, in some cases, reduces their total cost of ownership. For data, the free TCO Estimator, and support with your reshoring decisions, visit ReshoreNow.org or email info@reshorenow.org.*

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# Manufacturing

Following two years of growth after emerging from the pandemic, manufacturing employment in Colorado is on pace to record its 3rd-consecutive annual decline in 2025. Like the rest of the nation, Colorado's Manufacturing sector has struggled with challenges, including the effect of high interest rates, high costs of raw materials and inputs, a slower housing market, and shifting federal policies. According to the most recent report from the Institute for Supply Management's Purchasing Managers Index, the U.S. Manufacturing sector continues to contract, with lingering challenges in employment, new orders, and inventories. Manufacturers across the nation are struggling to adapt to changes in trade policy. For Colorado's Manufacturing sector, challenges in the durable goods subsectors like computers and electronic products have offset growth in nondurable goods subsectors like food products and beverages. In 2024, U.S. manufacturing decreased slightly, by 0.4%, but declined 1.3% in Colorado.

Tariff policies have created uncertainty for many of Colorado's manufacturing subsectors, related to both foreign input costs and export markets. This includes food products, beverages, computer and electronic products, transportation equipment, and machinery. Additionally, the landscape of federal investments in areas such as clean energy and microchip manufacturing has shifted, contributing to cancellations or delays for new projects. Colorado's industries are still navigating the ongoing push to automation and incorporation of artificial intelligence (AI) processes in manufacturing. In some cases,

**INDUSTRY SNAPSHOT MANUFACTURING**

| | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 30.1 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 24.4 |
| Q2 2025 Real GDP Growth Rate | -2.2% |
| Total Employment, Q2 2025 (Thousands) | 149.5 |
| Q2 2025 Employment Growth Rate | 0.1% |
| Employment Growth National Rank | 20 |
| Q2 2025 Share of Colorado Employment | 5.0% |
| Q2 2025 Share of National Employment | 1.2% |
| Average Wage, Q1 2025 | 90,126 |
| Percent of Statewide Average Wage | 109.5% |
| Q1 2025 Average Wage Growth Rate | 3.4% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics. These data are subject to future revisions; Q2 is end of quarter.

**COLORADO MANUFACTURING EMPLOYMENT BY INDUSTRY 2016-2026 (In Thousands)**

| Industry | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024[a] | 2025[b] | 2026[c] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Food | 22.2 | 22.8 | 23.3 | 23.9 | 23.7 | 24.5 | 25.7 | 25.5 | 26.4 | 26.7 | 27.2 |
| Beverage and Tobacco | 7.8 | 8.3 | 8.7 | 8.9 | 8.4 | 9.2 | 9.6 | 9.8 | 10.0 | 10.3 | 10.7 |
| Chemicals Including Pharmaceuticals | 6.4 | 6.9 | 7.6 | 8.3 | 8.8 | 9.0 | 8.9 | 8.7 | 8.4 | 8.3 | 8.2 |
| Other Nondurables | 16.2 | 16.1 | 15.6 | 15.3 | 14.2 | 14.3 | 14.8 | 13.9 | 13.2 | 13.4 | 13.7 |
| Subtotal, Nondurable Goods | 52.6 | 54.0 | 55.2 | 56.4 | 55.0 | 57.1 | 58.9 | 57.9 | 58.1 | 58.7 | 59.8 |
| Nonmetallic Minerals | 8.1 | 8.5 | 8.6 | 8.4 | 8.1 | 8.3 | 8.5 | 8.3 | 8.0 | 7.7 | 7.5 |
| Fabricated Metals | 14.8 | 14.7 | 15.2 | 15.2 | 14.7 | 14.4 | 14.6 | 14.8 | 14.6 | 14.6 | 14.6 |
| Computers and Electronics | 21.4 | 21.8 | 22.4 | 22.8 | 22.8 | 23.3 | 23.4 | 23.0 | 22.5 | 21.3 | 21.7 |
| Transportation Equipment | 9.6 | 9.8 | 10.1 | 10.8 | 11.2 | 11.5 | 11.5 | 11.6 | 11.4 | 11.3 | 11.5 |
| Miscellaneous Including Medical Device | 10.8 | 10.3 | 10.1 | 10.1 | 9.5 | 9.6 | 10.1 | 9.8 | 9.4 | 9.3 | 9.4 |
| Other Durables | 25.5 | 25.1 | 25.9 | 26.9 | 25.4 | 25.1 | 25.9 | 25.8 | 25.1 | 24.8 | 24.7 |
| Subtotal, Durable Goods | 90.2 | 90.4 | 92.3 | 94.1 | 91.8 | 92.2 | 94.0 | 93.1 | 91.0 | 89.0 | 89.4 |
| Total, All Manufacturing | 142.7 | 144.4 | 147.5 | 150.5 | 146.8 | 149.3 | 152.9 | 151.0 | 149.1 | 147.7 | 149.2 |

[a]Revised. [b]Estimated. [c]Forecast. Subsectors may not sum to the total due to rounding.

Sources: Bureau of Labor Statistics, Colorado Department of Labor and Employment, and the Colorado Business Economic Outlook Committee.

persistent skills gaps drive the need for more capital investments and new processes. In others, reconsideration of product lines and workforce requirements have fueled capital and AI investment. Although manufacturing's contribution to economic output continues to grow, it has not been accompanied by increased employment.

In 2025, Colorado's manufacturing employment is expected to contract, with losses in durable goods categories offset by strong employment in nondurable goods overall. In 2025, job growth is expected to fall by nearly 1%. In 2026, slow but positive employment growth is expected, with employment increasing by a forecast 1%, to 149,200 jobs.

## Nondurable Goods

Nondurable goods include the production of goods that generally last for less than one year and comprise about 39% of manufacturing employment. By year-end 2025, employment in the nondurable goods subsectors is expected to increase by a projected 1% on average over 2024 levels. Led by continued growth for Colorado's food and beverage manufacturers, nondurable goods employers are expected to grow faster in 2026, increasing by 1,100 jobs, or 1.9%.

### Food Manufacturing

The largest nondurable goods subsector in Colorado is food manufacturing. Colorado food brands and copackers manufacture candies, baked products, snacks, tortillas, burritos, coffee, and animal feeds. They also process meat, grains, sugar, yogurt, cheese, and other dairy products. Colorado has both large food manufacturers and many boutique manufacturers, often specializing in niche natural and organic products as well as gluten-free baked goods, specialty seasonings, and freeze-dried products. After food manufacturing employment declined slightly in 2023, employment in this subsector recovered and expanded in 2024, adding 882 employees.

Colorado manufacturers of high-protein meat, dairy, and plant-based items are expected to remain competitive as consumers become choosier with their money and substitute high-protein items for other snack options. According to a May 2025 McKinsey report from a survey of the U.S. dairy industry, there was significant growth in demand for yogurt and cottage cheese in 2024, and continued growth is expected over the next three years. Appearances on "Shark Tank" have also boosted recognition and sales for some of Colorado's products in this food product niche.

Conversations around ultra-processed foods, animal products, and environmental impacts also influence consumer choices. So far, Colorado has held on to jobs across the various kinds of products. In 2024, voters in Denver allowed a slaughterhouse to remain open, retaining 160 workers. This year, a large plant-based protein manufacturer in the state was close to laying off 150 workers before being approved for a sale.

Trade policy is a concern for the state's food manufacturers. Tariff policies have led to price pressures for products like canned foods that use inputs mostly produced outside the U.S. Additionally, reciprocal tariffs are a concern since processed food is the largest export category for Colorado, comprising 22% of all Colorado exports in 2024. That same year, 94% of Colorado's food manufacturing exports were to Canada, Mexico, and Asia, with the vast majority being meat products. Colorado food manufacturing exports rose in 2024 to just under $2.3 billion. However, through July 2025, exports were down 0.3% compared to the same period last year.

As with many areas of manufacturing, finding employees and keeping them continues to be a concern and poses a risk to the outlook. As well, the workforce is changing due to automation and fewer immigrant employees.

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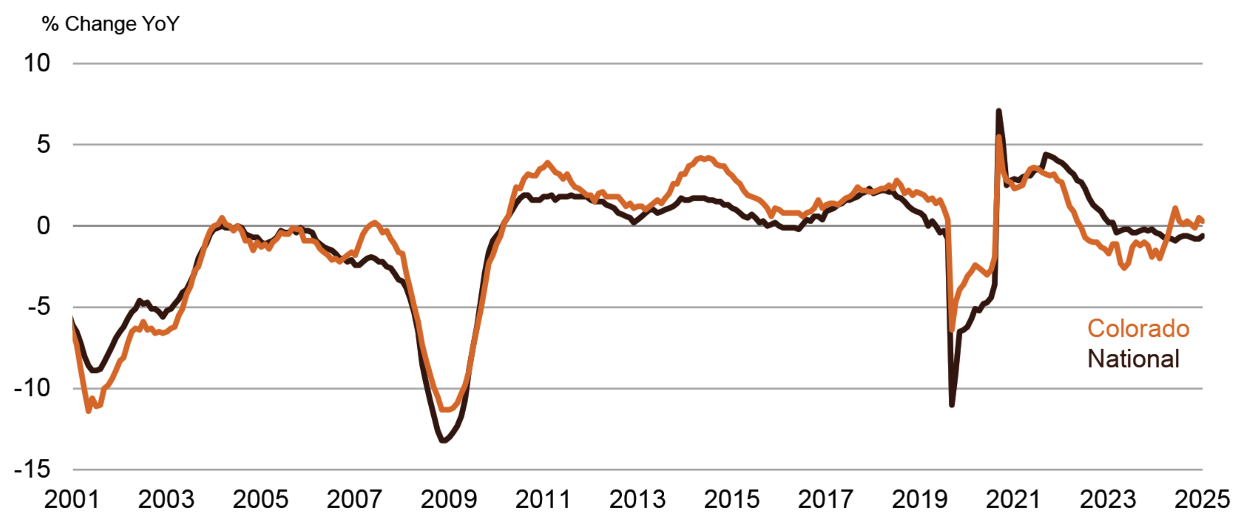
**MANUFACTURING EMPLOYMENT GROWTH 2001-2025**




Source: Bureau of Labor Statistics, Current Employment Statistics (Seasonally Adjusted).

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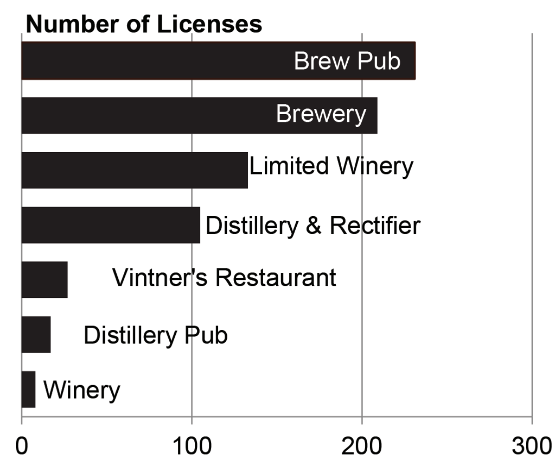
**COLORADO BEVERAGE MANUFACTURING LICENSES, 2025**




Sources: Colorado Liquor Enforcement Division, All State Liquor Licenses. Total as of November 2025.

However, the state's ability to manufacture high-demand products leads to positive expectations in this subsector, with gains of 300 jobs in 2025 and another 500 jobs in 2026 to reach 27,200 employees.

## Beverage Manufacturing

Firms in the beverage subsector produce soft drinks, ice, bottled water, beer, wine, liquor, and specialty drinks like kombucha, wine-seltzer, zero-alcohol beer, hopped tea, amaro, hard cider, and ready-to-drink cocktails. In addition to large manufacturers and bottling operations, Colorado's beverage subsector is made up of a large craft brewing and beverage community that continues to try new things to reach customers and stay in business. Taken as a whole subsector, shifts in consumer preferences toward prebiotic sodas, cannabis, and low- or no-alcohol drinks could mean shifting employment between different manufacturers and not an overall dip in employment numbers.

Craft brewers are located throughout the state, reaching even small towns with a variety of products including gluten-free, zero-sugar, low-alcohol, and organic beer. According to *The Colorado Springs Gazette,* since 2023 more breweries have closed than opened. Many breweries that opened five or 10 years ago are seeing their leases up and rents rising and are choosing to close. According to the Brewers Association, Colorado dropped two spots, to 6th in the country, for the number of craft breweries (456) in 2024 and ranked 9th with just over 779,000 barrels of craft brew produced.

Cost pressures have led to small craft breweries closing. Tariffs are negatively impacting costs for cans and imported barley. These costs, as well as rising costs for utilities and wages and changing consumer tastes, have also led to closings, consolidations, or acquisitions. Some brewers have joined forces in shared production spaces. Breweries are also working to attract and retain customers beyond drink offerings, presenting things like trivia nights, games, books, specialty foods, live music, patios, chili cook-offs, holiday cookie parties, dog biscuits, stand-up comedy, specialty cans sold in house, and views of skis and snowboards being crafted.

Colorado is home to award-winning distilleries, wineries, and cideries, including a producer of "American single malt" whiskey, which the Alcohol and Tobacco Tax and Trade Bureau recently added as a new label. Tariffs on steel, bottles, wood for barrels, and other taxes are a cause for concern for these manufacturers. Like breweries, wineries are trying to draw in consumers by creating unique experiences, offering farm tours, yoga, photo ops, live music, food trucks, monthly tastings, canned wines, and niche grapes. One Colorado distillery is likely the first to use a Brazilian flower for an unusual tingling spirit.

Among nonalcoholic drinks, milk has been gaining attention, with U.S. consumption of whole milk up 3.2%, sales of milk overall up 1.9%, and raw milk up 17.6% in 2024 according to data from Circana, a market research firm. *The New York Times* reported that offerings include ultrafiltered, caffeinated, and protein-enhanced varieties. One company has so many variations that they now have to label "Classic Milk."

Colorado exports of beverage and tobacco products increased 6.1%, from $13.8 million in 2023 to $14.6 million in 2024, as exports to Central and South America jumped by a combined $6.5 million, while exports to Canada and Mexico decreased by $3.8 million. Through July 2025, there was an unusually large jump in exports to Canada, contrary to what has happened in the U.S. as a whole, perhaps because of partial Canadian ownership of some companies. The total exports in this subsector as of July were at $15.3 million, already surpassing all of 2024, which are the best midyear exports since 2019. Employment is expected to increase in 2025 and 2026 primarily because of the two large manufacturing facilities opening near the end of 2025, adding about 300 jobs in 2025 and another 400 jobs in 2026 to reach 10,700 employees.

## Chemicals, Including Pharmaceuticals

Chemical products represent the largest nondurable goods subsector in Colorado, employing approximately 8,400 workers in 2024. Since 2022, employment in this subsector has declined modestly, averaging a loss of about 200 jobs per year. Recent company developments have been mixed, with CordenPharma announcing a $500 million expansion in Boulder that reflects optimism, while AGC Biologics announced the closure of its Boulder and Longmont facilities in December 2025, resulting in an estimated loss of 270 jobs. Employment in chemical products manufacturing is expected to continue declining through 2025 and 2026, with projected decreases of 1.7% and 1.2%, respectively.

## Other Nondurable Goods

The other nondurable goods category includes textiles, textile products, leather and allied products, apparel, paper products, petroleum and coal products, chemicals, and plastics and rubber products. In 2024, employment in the textiles, apparel, and leather and allied product

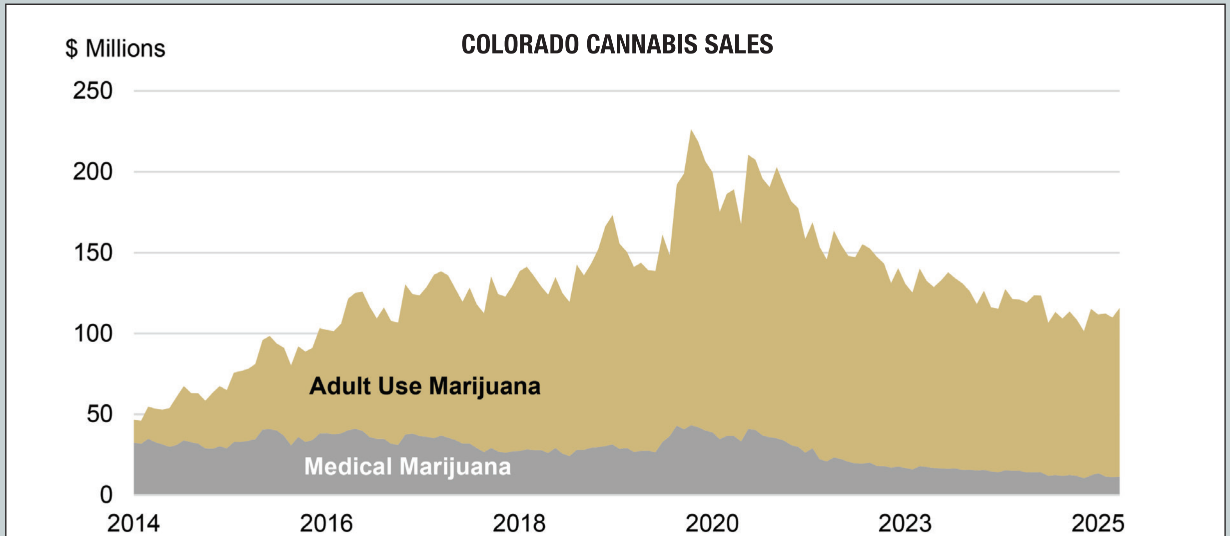
## The Colorado Cannabis Market

Colorado was an early adopter when it came to cannabis legalization, and the state continues to be a trailblazer. Medical cannabis was legalized in the state in 2000, one of only eight states to do so at the time. In 2012, Colorado, alongside Oregon, legalized cannabis for recreational use, with the law taking effect in 2014. It became one of the first states to do so. According to the National Conference of State Legislatures, Colorado is one of 24 states in the U.S. that allow recreational marijuana use and one of 40 states that allow for the medical use of cannabis.

Since Colorado opened its first licensed recreational marijuana stores in 2014, total sales have exceeded $16.9 billion. Total annual marijuana sales, including medical and recreational, began at $684 million in 2014 and peaked at $2.2 billion in 2021, achieving a compound annual growth rate of 18.5% during its seven-year growth phase. Sales have declined in recent years, dropping from $1.8 billion in 2022 to $1.6 billion in 2023 and $1.4 billion in 2024.

In 2024, marijuana sales totaled $1.4 billion, falling 9.6% year-over-year, while recreational marijuana sales fell by 8.8%, and medical marijuana sales decreased 15.1%. Continuing this downward trend, September 2025 sales decreased 0.5% year-over-year to around $106 million.

The decline in marijuana sales in Colorado is attributed to the spread of legalization across the United States. As more states allow the use of recreational marijuana, the number of tourists who come to Colorado to buy cannabis legally decreases. Additionally, the demand for marijuana has also decreased since the pandemic.



Source: Colorado Department of Revenue.

According to data from the Department of Revenue, Marijuana Enforcement Division, nearly three-fifths of marijuana sales in Colorado through October 2025 year-to-date occurred in five counties: Denver (23.4%), El Paso (10.3%), Arapahoe (10%), Adams (7.9%), and Larimer (7.2%). As of September 2025, there were a total of 882 active retail establishment licenses, down slightly from last year. The top five active store licenses hold 14% of Colorado's cannabis market share, and the top 10 account for 20%.

Marijuana prices have fallen since the introduction of recreational marijuana in 2014. The average price per gram of recreational marijuana flower was $12.13 in 2014. In comparison, prices in 2023, 2024, and 2025 were $3.48, $3.36, and $3.28, respectively.

In June 2025, the Colorado General Assembly made changes to Colorado's Regulated Marijuana Code, focusing on four primary areas, including licensing measures, surveillance requirements and restrictions, books and records requirements, and research and development allowances.

The overall cannabis industry outlook remains challenging in 2026 with additional competitive and cost pressures weighing on Colorado businesses.

***Contributor:*** *Prarthana Mathad, Leeds School of Business*

subsectors averaged about 1,900 employees, falling 0.4% from 2023. As of Q1 2025, average employment in these subsectors was up 0.3% year-over-year, aligning with previous expectations of a modest increase in 2025. Paper products manufacturers employed about 1,200 employees in Colorado in 2024, with employment forecast to fall slightly through 2025 and 2026. Paper products employment has contracted steadily throughout the last decade, though continued demand for paper packaging, including labels, laminates, and other packaging-related solutions, remains a positive force in the subsector. Colorado plastics and rubber products manufacturing firms make a diverse mix of

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goods ranging from transmission belts to cell phone cases to credit cards to dog toys. After posting consistent postpandemic growth, employment in the subsector fell 12.2% in 2024 before partly rebounding 4.5% year-over-year in Q1 2025. A downside risk for the subsector is labor shortages as firms struggle with finding employees with the right skills. However, a positive anecdotal sign is emerging with additive technology classes that are becoming more common in schools, which may boost local recruitment in the years to come. Subsectors in the other nondurable goods category are expected to increase 1.5% in 2025, adding about 200 jobs, with additional growth of 2.2%, or 300 jobs, in 2026.

## Durable Goods

Durable goods comprise about 61% of employment in the Manufacturing sector and represent the manufacture of goods that generally last longer than one year. Durable goods employment is expected to decline 2.2% in 2025, with declines in nonmetallic minerals, computer and electronic products, transportation equipment, miscellaneous manufacturing, and the other nondurable goods subsectors. Fabricated metals is the only subsector likely to have stable employment. In 2026, employment in the durable goods categories is expected to increase slightly by about 400 jobs, growing about 0.4%.

### Nonmetallic Minerals

The nonmetallic minerals subsector includes industries like cement manufacturing, concrete products, lime and gypsum, and ceramics. Products like cement are largely consumed in state to take advantage of proximity to projects due to high transportation costs, and the subsector as a whole largely supports building and construction. Some of the state's nonmetallic minerals manufacturing jobs support electronics, aerospace, defense, and medical applications, particularly for technical ceramics and glass. Data indicate employment in the subsector contracted by about 1% year-over-year in Q1 2025. The subsector has likely been impacted by flagging residential, commercial, and public construction projects. In 2025, employment is expected to fall 3.2%, to 7,700 jobs. Over the next year, employment is expected to decline further, by a projected 200 jobs, or 2.6%, due to struggles in the Construction sector.

### Fabricated Metals

Industries in the fabricated metal products subsector transform raw and semifinished metals into intermediate and finished products, such as metal containers, tools and hardware, pipes, and structural components. Important fabricated metal processes include forging, stamping, bending, forming, and machining to shape individual pieces of metal. Other processes, such as welding and assembly, are used to join separate parts together. Manufacturers in this subsector may use one or a combination of these processes to meet customer and industry needs.

The fabricated metal products subsector supplies key components to several industries critical to Colorado's economy, including aviation and aerospace, food and beverage processing, medical devices, renewable energy, oil and gas, and construction. These industries depend on the capabilities of metal fabricators to deliver customized, precise, and durable products that meet strict technical and regulatory standards. Employment in Colorado's fabricated metals subsector fell to a nine-year low of about 14,400 employees in 2021. Employment in the subsector recovered to roughly 14,800 in 2023 but has since decreased to approximately 14,600 in early 2025. The number of fabricated metals establishments also decreased to 916 in 2025.

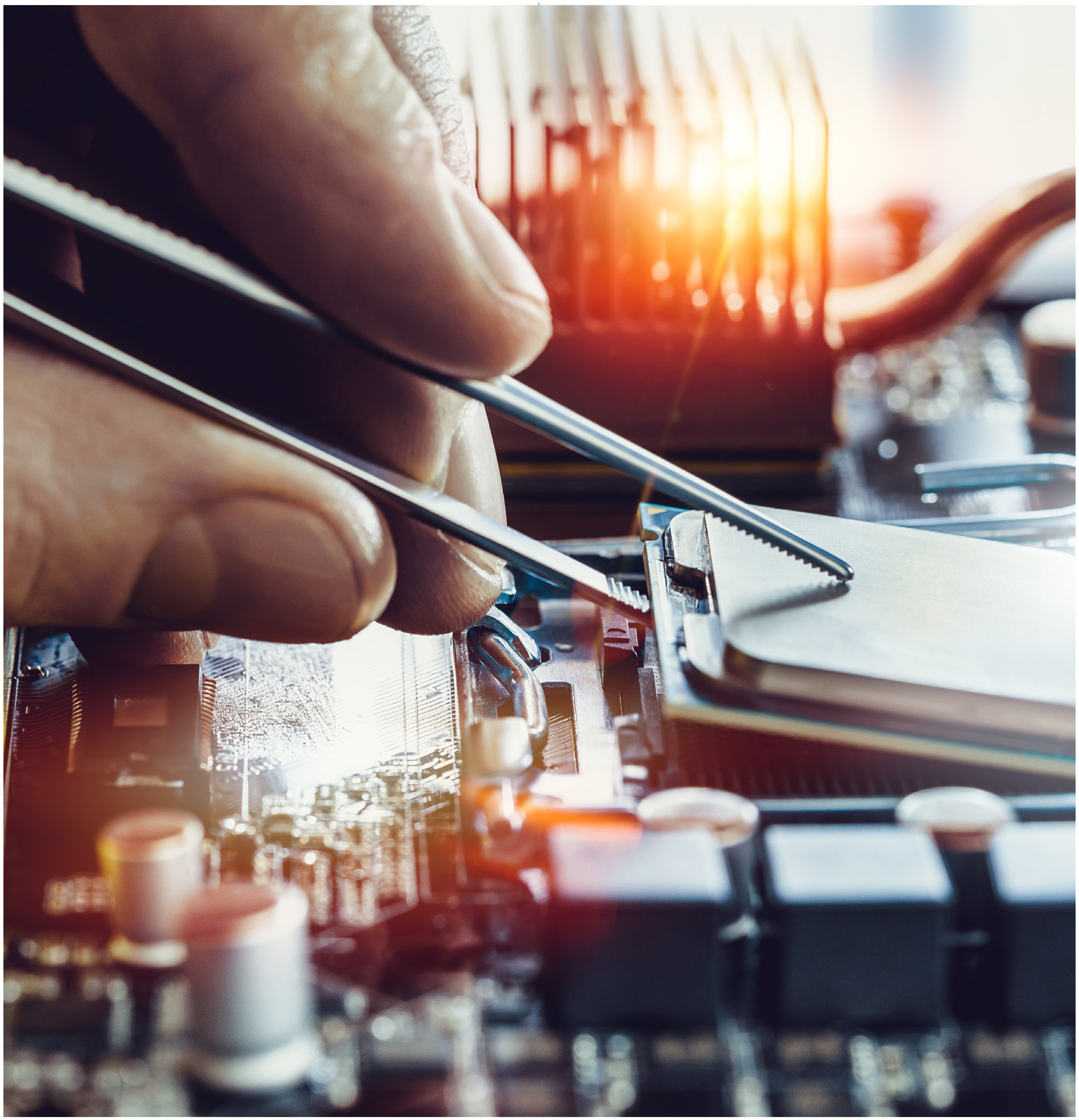
The sector continues to evolve as firms adopt advanced manufacturing technologies and digital production systems to address supply chain disruptions, labor shortages, and increased demand for precision and quality. Automation, robotics, additive manufacturing, and data-driven production systems are enabling firms to improve efficiency, consistency, and cost-effectiveness while meeting complex customer specifications. These technological investments, combined with the growing demand from Colorado's life sciences, aerospace, defense, clean energy, and construction industries, are expected to sustain productivity and strengthen the sector's contribution to the state's economy. Fabricated metal manufacturers contributed more than $1.1 billion to Colorado's GDP in 2024, underscoring the subsector's ongoing importance despite its modest employment footprint. The continued expansion in aerospace and defense, and the localization of supplier networks in response to prior federal and state investments, such as the CHIPS and Science Act, the Inflation Reduction Act, and the Infrastructure Investment and Jobs Act, will likely continue to benefit Colorado's fabricated metal firms. New investments and expansion in oil and gas production longer term will also support stability in the subsector.

Challenges for the industry include slower construction activity, high interest rates, and uncertainty in federal clean energy incentives, all of which may dampen demand for fabricated metal products. However, these headwinds are expected to be mitigated by continued investment in automation, workforce training, and targeted state initiatives supporting advanced manufacturing. Colorado's workforce development programs, especially machining, welding, and mechatronics training in high schools and community colleges, will help expand the skilled-labor pipeline and strengthen long-term competitiveness.

Overall, the outlook for Colorado's fabricated metal products subsector is relatively stable. The industry will continue to play a foundational role in the state's advanced manufacturing ecosystem, with near-term growth supported by federal investments, productivity improvements, and a deepening regional supply chain for high-tech and energy industries. Employment in the fabricated metals subsector is projected to remain stable at 14,600 through the remainder of 2025 and into 2026.

### Computer and Electronics

The computer and electronics subsector includes industries such as communications equipment, audio



and visual equipment, semiconductors, navigational equipment, laboratory measuring instruments, and optical media products, among others. Three industry groups comprise about 90% of jobs in the subsector. In 2024, navigational, measuring, electromedical, and control instruments, an industry group largely connected to Colorado's aerospace and health care companies, accounted for over half of employment. About 24% were employed in semiconductor and electrical component manufacturing, and about 13% in computer and peripheral equipment manufacturing. Colorado's computer and electronics workforce is also characterized by a large concentration of research and development-focused establishments and many companies with a national presence.

Colorado's subsector employment has struggled since mid-2022 and is on pace to decline for the 3rd-consecutive year in 2025. Following the pandemic, demand for computers and information processing equipment surged, and companies across the nation ramped up employment. In Colorado, computer and electronic equipment manufacturers added about 700 jobs from February 2020 to July 2022. However, overinvestment and underperforming product lines have impacted the subsector. Further, Colorado and the nation are facing new challenges with rapid and volatile trade policy changes and shifting company priorities as investment in AI technologies picks up speed and companies reexamine product offerings and workforce requirements. These challenges contrast with ongoing data center development in the U.S. and strong demand for accompanying equipment. As tracked in the nation's GDP, investments in computers and peripheral equipment have accelerated even as employment in the subsector has contracted. Companies reliant on exports have struggled with fewer buyers. Companies reliant on foreign-made inputs have struggled with costs. Although federal investments in advanced technologies and semiconductor chip manufacturing are still expected to boost the sector

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in future years through legislation like the CHIPS Act, expectations are changing for how federal policy may be implemented. For example, the federal government has signaled interest in equity stakes in companies that receive CHIPS Act grant dollars.

Colorado's outlook for 2025 is clouded by ongoing data collection and reporting issues, and indicators for the subsector are mixed. The most recent data available from the Quarterly Census of Employment and Wages (QCEW) indicate a 7.7% year-over-year decline in employment in Q1 2025, while data from a survey of employers over the same period indicate a contraction of just 1.3%. The expectation of this forecast is that employment is undercounted in the QCEW series due to an atypical drop of over 1,000 employees in the data from Q4 2024 to Q1 2025. However, the QCEW data series is used to benchmark employer survey data each year and will ultimately influence the magnitude of reported jobs in the subsector. In 2025, employment data are estimated to report a decline of 5.5%, to 21,300 employees.

Over the next year, employment in the subsector is expected to remain challenged as trade policies continue to settle and AI continues to reshape the workforce. However, data counts are anticipated to resolve, and final reported employment is projected to be around 21,700 employees in 2026.

## Transportation Equipment

Large aerospace companies dominate the transportation equipment manufacturing subsector, which includes the manufacture of spacecraft, satellites, and aircraft parts, as well as truck and auto parts, boat parts, travel trailers, and bicycles. The subsector is sensitive to international demand and federal spending on national defense and space exploration. Employment growth in the subsector was sluggish in 2022 and 2023, and it declined in 2024 for the first time since 2013, with employment down 1.4% during the year. Data indicate the subsector continued to shed jobs in 2025, as uncertainty around tariffs and shifting federal spending priorities presented headwinds. Employment in the subsector is expected to decline 1.2% in 2025. Looking ahead, the subsector is projected to return to growth in 2026, with employment increasing by 1.8% to reach its 2022 level of about 11,500 jobs.

## Miscellaneous Manufacturing, Including Medical Devices

Miscellaneous manufacturing consists of firms that produce highly unique products that are not easily classified into other manufacturing subsectors. Among the wide array of products manufactured in the subsector are medical equipment and supplies, electronic cigarettes, umbrellas, and candles. Miscellaneous employment fell 3.9% in 2024. In Q1 2025, employment increased 0.3% from the previous year's levels. Employment in the subsector is expected to decline slightly in 2025 but grow modestly in 2026.

## Other Durable Goods

Five subsectors comprise the remainder of Colorado's durable goods employment, including machinery, furniture, wood products, electrical equipment, and primary metals. Many of the employment drivers for the other durable goods category emerging from the pandemic have subsided. In many cases, spending on goods has been replaced by growing demand for services. These market dynamics have impacted employment for electrical equipment, furniture, and wood products. Partially offsetting declines in other subsectors, machinery manufacturing added several hundred employees over 2023 and 2024. Machinery manufacturing, which comprises more than half of the employment in the other durable goods category, includes the manufacture of components used in wind turbines. Overall, employment in the other durable goods subsectors declined in both 2023 and 2024.

The outlook for the other durable goods category was boosted in prior years by expectations of industry support through the Infrastructure and Jobs Act and other favorable policies during the Biden administration. However, federal policy changes have altered the expected trajectory of renewable energy manufacturing in the state and changed financial planning decisions for wind, solar, and energy storage projects. This includes the end of the federal tax credits for clean energy production and residential clean energy. Federal policy changes also include tariffs that have impacted foreign-sourced renewable energy components and stricter domestic-sourcing requirements tied to tax credits. Although the other durable goods category is still expected to be boosted by recent expansions for the state's wind turbine manufacturers over the forecast period, other projects anticipated by previous forecasts have been canceled or delayed. Other headwinds for the subsectors include slower residential real estate markets and slower exports. In 2025, employment is expected to continue to contract for electrical equipment, furniture, and wood products, leading to a 1.3% estimated decline in employment overall for other durable goods. Looking ahead to 2026, employment is expected to contract slightly, by 0.4%, to 24,700 jobs. ✜

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## The Changing Colorado Craft Beer Industry

Colorado's craft beer scene has long been a cornerstone of the state's cultural and economic identity. In the 1990s, breweries like Boulder Beer, Avery Brewery, and Great Divide helped position Colorado as a craft beer epicenter, fostering a culture of innovation and community. By 2025, however, the industry faces significant challenges, with declining production, brewery closures, and shifting consumer preferences threatening its once-vibrant status. This article investigates the multifaceted reasons behind this decline, including trends in brewery operations, the impact of the COVID-19 pandemic on social drinking spaces, the evolving preferences of 20-somethings, the rise of corporate craft brands, and the growing popularity of nonalcoholic (NA) beers.

### Comparison: Colorado Craft Breweries in 1995 vs. 2025

In 1995, Colorado was home to approximately 80 craft breweries, a number that reflected the early stages of the craft beer boom. Together, these breweries, often small and independent, produced around 300,000 barrels annually, contributing to a burgeoning industry that emphasized local, high-quality brews. By November 2025, the number of operating craft breweries in Colorado was 433 (229 brew pubs and 204 manufacturing breweries), according to the Colorado Liquor Enforcement Division. In 2023, Colorado saw over 30 brewery closures compared to only approximately 25 openings, signaling a contraction in the industry. Once a leader of things to come, the Centennial State was a harbinger of the potential future of American craft beer.

The closure of iconic Colorado breweries, such as Boulder Beer (established in 1979 in part by a CU physics professor), underscores the economic pressures of rising production costs (e.g., malt, cans, and labor) and a crowded market. The data suggest that the craft beer boom, once fueled by novelty and local loyalty, has given way to a more competitive and less forgiving landscape.

### The Demise of the Third Place Post-COVID

The concept of the "third place"—a social environment distinct from home and work—was central to the craft beer industry's success. Colorado taprooms—such as Station 26, located in a repurposed firehouse—thrived as community hubs where patrons gathered for trivia nights, food truck events, and local brews. The COVID-19 pandemic, however, disrupted this model profoundly. In 2020, on-premise shutdowns led to a significant drop in draft beer sales, which accounted for a significant portion of craft brewery revenue. The shift to off-premise sales (e.g., canned and bottled beers) was insufficient to offset losses, as many breweries relied heavily on taproom traffic.

Post-COVID, the recovery of the third place has been uneven. While some breweries, like Denver Beer Company, pivoted to enhance taproom culture with events, others struggled in oversaturated markets like Denver, where competition for patrons is fierce. The rise of remote work and changing social habits has further diminished the taproom's role as a community gathering space. Consumers now prioritize convenience, with 87% preferring to drink at home for cost and comfort, according to a recent survey. This shift has eroded the social allure of craft breweries, forcing many to diversify into nonbeer offerings like hard seltzers or NA beverages to attract patrons.

### Drinking Habits of 20-Somethings and the Rejection of Craft Beer in a Sober Curious World

The drinking habits of 20-somethings, particularly millennials and Gen Z, have significantly impacted Colorado's craft beer industry. Unlike older generations, who embraced craft beer's novelty and flavor diversity, younger drinkers are less loyal to the category.

This demographic shift is driven by several factors. First, health consciousness and the "sober curious" movement have gained traction, with 25% of consumers planning to moderate alcohol consumption in 2025. Second, younger drinkers are "cross-drinkers," frequently switching between beer, spirits, and ready-to-drink (RTD) beverages like hard seltzers and canned cocktails, which grew in market share in 2024. Colorado craft beer, once celebrated for its bold IPAs and experimental brews, struggles to compete with these alternatives, which offer convenience and lower alcohol content. Additionally, Gen Z's preference for cannabis-infused beverages, legalized in other states, further diverts attention from traditional craft beer. The result is a younger demographic that views craft beer as less relevant, favoring versatility and health-conscious options over the high-ABV, hop-heavy beers that once defined Colorado's craft scene.

### The Rise of Generic Big-Box Craft Brands

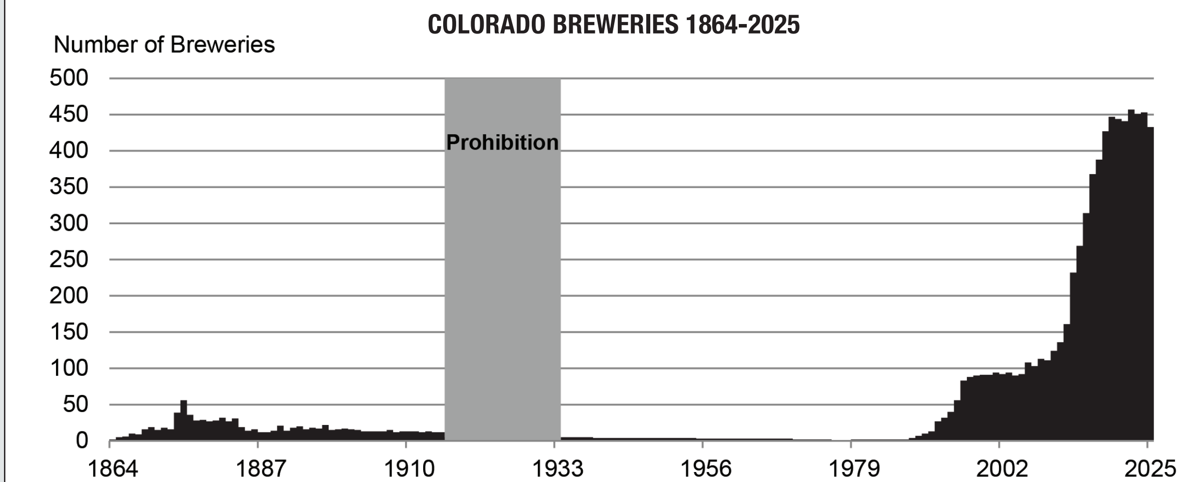
The incursion of generic big-box craft brands, backed by major corporations like Anheuser-Busch InBev and Molson Coors, has significantly contributed to the commoditization of Colorado craft beer. These companies have acquired local breweries (e.g., Breckenridge Brewery by Anheuser-Busch in 2015) or launched pseudo-craft brands that mimic the aesthetic of independent breweries. These brands leverage economies of scale, aggressive marketing, and widespread distribution to dominate retail shelves and tap lines, often at lower price points than independent breweries can afford.

This corporate takeover has diluted the authenticity that once defined Colorado craft beer. Consumers, faced with a flood of similar-tasting IPAs and lagers from big-box brands, experience "consumer fatigue" from an overabundance of options. The Brewers Association notes that craft beer's market share held steady at 13.3% in 2024, but independent breweries struggle to differentiate themselves as large players prioritize volume over innovation. In Colorado, where local pride once drove brewery loyalty, the influx of generic brands has eroded the sector's luster, with consumers perceiving less value in paying premium prices for beers that lack a distinct local identity.

### The Rise of NA Beers and Declining Alcohol Consumption

The rise of NA beers represents a significant trend in reshaping Colorado's beverage landscape. In 2024, on-premise NA beer sales surged 33%. Some breweries have responded by launching NA offerings to capture health-conscious consumers. This trend aligns with broader declines in alcohol consumption, particularly among younger demographics.

Several factors contribute to this shift. The sober curious movement, popularized by millennials and Gen Z, encourages reduced alcohol consumption without sacrificing social experiences. NA beers, offering familiar flavors without alcohol, cater to this demand, with 35% of consumers prioritizing authentic brewing methods in NA options. Additionally, the stigma around NA beverages has faded, with surveys indicating that consumers view them as "cool" or "respectable." In Colorado, some brewers have incorporated NA options (hop water, flavored seltzer, or kombucha) to diversify revenue streams, but the rapid growth of NA beers underscores a broader rejection of high-ABV craft beers, further challenging the traditional craft model.



Sources: Colorado Business Economic Outlook Committee and the Colorado Liquor Enforcement Division. Total includes brew pub and manufacturing brewery licenses. Total as of November 2025.

## The Fading of the Traditional Colorado Beer Festival

The traditional Colorado beer festival, particularly those emblematic of the mid-2000s, played a pivotal role in elevating the state's craft beer culture. Events like the Great American Beer Festival (GABF), held annually in Denver since 1982, and smaller regional festivals like Fort Collins' Colorado Brewers' Festival (1989-2019) were cultural touchstones that showcased Colorado's craft beer innovation and fostered community engagement.

In 2005, Colorado's beer festivals thrived on the novelty of craft beer, offering consumers a chance to sample diverse brews from local and national breweries in a celebratory, communal setting. GABF, for instance, sold out 46,000 tickets in hours. Regional festivals, such as the Telluride Blues & Brews Festival, paired beer with music and culture, drawing thousands to smaller towns. These events were critical for small breweries, providing exposure and direct consumer feedback.

However, the landscape has shifted dramatically. GABF attendance has declined, with 2024 seeing only 35,000 attendees. Regional festivals have fared worse; the Colorado Brewers' Festival ceased operations in 2019, citing rising costs and declining interest. Nationally, beer festival attendance dropped 30% from 2015 to 2024, reflecting broader trends. Several factors contribute to this decline. First, market saturation has diluted the appeal of festivals, as the number of U.S. breweries grew from 1,800 in 2005 to nearly 10,000 by 2023, overwhelming consumers with options and reducing the novelty of sampling new beers. Second, the COVID-19 pandemic disrupted the festival model.

Changing consumer preferences further exacerbate the decline. Younger demographics, particularly Gen Z, prioritize experiences over alcohol-centric events, with 60% preferring music or food festivals. The rise of NA beverages and health-conscious trends has also shifted focus.

Despite these challenges, some festivals have adapted by introducing NA beer and food pairings to boost attendance. However, without significant innovation, such as integrating broader cultural elements or addressing cost barriers, the traditional Colorado beer festival risks further decline, mirroring the broader struggles of the state's craft beer industry.

## Conclusion

Colorado's craft beer industry, once a beacon of innovation and community, faces a critical juncture in 2026. Data reveal a stark contrast between the optimistic growth of 1995 and the current contraction, with closures outpacing openings and production volumes declining. The demise of the third place post-COVID, shifting preferences among 20-somethings, the rise of generic craft brands, and the surge in NA beer popularity all contribute to the sector's challenges. While Colorado's craft beer legacy endures, its future hinges on brewers' ability to adapt to a rapidly evolving market, embracing health-conscious trends and rekindling the local, authentic experiences that once defined the industry.

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# Trade, Transportation, and Utilities

The Trade, Transportation, and Utilities sector is the largest provider of jobs in Colorado. This industry includes wholesale trade, retail trade, utilities, warehousing, and multiple facets of transportation (air, truck, transit, rail, pipeline, etc.). More than one-sixth of Colorado workers are included in this industry. The industry added 2,700 jobs in 2024, but lost an estimated 2,600 jobs in 2025. The sector is projected to grow 0.9% in 2026 to total 511,300.

## Trade

### Wholesale

Wholesale businesses employed an estimated 117,000 Coloradans in 2024, with around 97% working for merchant wholesalers—firms that sell to retail outlets. The remaining 3% of employees are employed by electronic markets and agents and brokers. In 2024, 72,800 were employed by firms selling durable goods, including computers, peripherals, and electronic equipment. Businesses selling groceries and related products account for the largest share of the 40,200 nondurable wholesale jobs. The major concentration of wholesale employment is in the Front Range Metro corridor, with over 58% of wholesale employment located in Denver Metro area counties: Denver (28,500), Adams (18,200), Arapahoe (14,500), and Jefferson (7,800). Wholesale employment reached a record level in 2023 following a robust recovery from the pandemic; however, employment levels have declined in 2024 and 2025. Industry pay in Colorado averaged $114,000 in 2024—42% above the average pay for all industries. The sector is expected to add 700 jobs in 2026.

### Retail Trade

The retail trade sector in Colorado consists of a variety of establishments that sell merchandise, including grocery stores, health stores, furniture stores, clothing stores, sporting goods stores, automobile dealers, gas stations, and various other merchandising establishments. In 2024, this sector accounted for just over 274,000 jobs in the state—nearly one-tenth of total statewide jobs. Retail job growth has lagged statewide annual job growth for the past several years, and annual retail trade job growth turned negative in 2025, declining by an estimated 1.7%. Job growth is projected to grow slightly (1%) in 2026.

Most of 2025 was marked by economic uncertainty within the retail trade sector, with federal tariff and trade policy changes playing a significant role. The retail trade sector is especially exposed to changing tariff policy, as it is primarily a goods-based industry, meaning that any business with imported goods or imported inputs to final goods has likely seen higher costs due to increased, broad-based import taxes. Increased business costs from tariffs result in a combination of the retailer passing on the higher costs to the consumer, which results in higher consumer prices, or the retailer absorbing some of the increased costs, which reduces the retailer's profit margins. Most analysis points to firms nationwide absorbing the majority of the additional costs imposed by increased tariffs in 2025, which will lead to shrinking profits and lower business investment in labor. While overall jobs growth nationwide slowed in 2025, the most tariff-exposed sectors experienced even weaker growth, including retail trade. This results in a weak outlook for the retail trade jobs market in both the U.S. and Colorado in 2026 as businesses continue navigating a higher cost environment.

The protracted weakness in retail trade jobs growth can also be attributed to a fundamental slowdown in retail trade sales. Annual growth in Colorado retail trade sales—excluding food services—fell below 1% in consecutive years over 2023 and 2024. Retail trade sales were nearly flat in 2024, growing by a meager 0.1%, following 0.8% growth in 2023. This slowdown followed elevated retail sales growth of 15.4% and 8.8% in 2021 and 2022, respectively, as overall spending grew during the economic recovery from the pandemic, and consumers purchased a larger share of goods compared to prepandemic trends. However, growth has reverted considerably since then as persistent inflation, a restrictive monetary policy environment, and deteriorating household balance sheets slowed spending. This resulted in flat statewide retail sales growth of 0.1% in 2024, totaling $137.7 billion, only $1.3 billion (0.9%) above the levels recorded in 2022.

While below-average retail sales growth has continued in 2025, it has rebounded from the rates recorded in 2023 and 2024. Through the first half of 2025, statewide retail trade sales grew 2.6% over the first half of 2024, likely fueled by consumers pulling forward large purchases, such as automobiles and home appliances, as they perceived new tariff policies could lead to higher costs for those items. Retail sales growth also accelerated in the U.S. overall in the first half of 2025 for similar reasons, though topline consumer resiliency can also be attributed to higher-income earners spurring consumer spending growth. Moody's Analytics reported that in the second quarter of 2025, 49.2% of all consumer spending in the U.S. was from the top 10% of income earners—a record high. Further analysis from Moody's reported that spending for the bottom 80% of income earners has only kept pace with inflation since the onset

| INDUSTRY SNAPSHOT<br>TRADE, TRANSPORTATION, AND UTILITIES | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 88.8 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 65.3 |
| Q2 2025 Real GDP Growth Rate | -3.4% |
| Total Employment, Q2 2025 (Thousands) | 510.7 |
| Q2 2025 Employment Growth Rate | 1.2% |
| Employment Growth National Rank | 46 |
| Q2 2025 Share of Colorado Employment | 16.9% |
| Q2 2025 Share of National Employment | 1.7% |
| Average Wage, Q1 2025 | 69,361 |
| Percent of Statewide Average Wage | 84.3% |
| Q1 2025 Average Wage Growth Rate | 2.9% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics.
These data are subject to future revisions; Q2 is end of quarter.

**RETAIL SALES, 2016-2026**
**(In Billions of Dollars)**

| Year | Retail Sales | Food Services and Drinking Places | Total Retail Trade Sales | Percent Change |
|---|---|---|---|---|
| 2016 | $86.3 | $12.3 | $98.6 | 3.8% |
| 2017 | 91.1 | 13.0 | 104.1 | 5.6 |
| 2018 | 95.4 | 13.8 | 109.2 | 4.8 |
| 2019 | 99.8 | 14.5 | 114.3 | 4.7 |
| 2020 | 108.6 | 11.3 | 119.9 | 4.9 |
| 2021 | 125.4 | 14.9 | 140.3 | 17.0 |
| 2022 | 136.4 | 17.1 | 153.5 | 9.4 |
| 2023 | 137.5 | 18.2 | 155.7 | 1.4 |
| 2024 | 137.7 | 18.7 | 156.3 | 0.4 |
| 2025[a] | - | - | 159.4 | 2.0 |
| 2026[b] | - | - | 161.7 | 1.4 |

[a]Estimated. [b]Forecast. Note: Retail trade includes the retail NAICS 441-459 and food services NAICS 722.

Sources: Colorado Department of Revenue, Colorado Department of Labor and Employment, and the Colorado Business Economic Outlook Committee.

of the pandemic, while spending within the top 20% of earners has recorded real gains well above inflation. This disparity illustrates increased stress on most household balance sheets and reduced relative spending; however, it also illustrates that topline consumer spending, including retail sales, could see continued resiliency as long as high-income earners' balance sheets remain healthy and they maintain current spending habits. Colorado retail sales growth is estimated to end 2025 at a similar but lower rate than was recorded in the first half of the year, as spending is projected to slow later in the year relative to the early months of the year. Slow retail sales growth is expected again statewide in 2026, as sluggish jobs and aggregate wage growth are expected to weigh on consumer spending.

The rebound in Colorado retail sales growth in 2025 has been mixed by industry, as some have recorded stronger growth, while some recorded declines. Health and personal care retailers are leading the way with 6.2% growth halfway through 2025, while furniture, electronics, and home appliance stores also saw significant growth of 5.6%. Automobile and parts dealers also recorded solid growth of 5.5%. The growth recorded among automobile dealers and furniture and home appliance stores in the first half of 2025 is likely from consumers making large purchases prior to the perceived price impacts from tariffs, as much of this growth took place in the spring during the height of tariff policy uncertainty. While there may be continued resiliency in consumer spending heading into 2026, these behavioral purchases made in 2025 could cannibalize some growth that otherwise may have taken place in 2026. Outside of the highlighted industries above, general merchandise stores and sporting goods, hobby, and miscellaneous retailers also recorded positive growth. In contrast, some industries saw negative growth in the first half of 2025, highlighted by building material, garden, and supplies retailers, which recorded a retail sales decline of 4.7%. This industry is on pace for its 3rd-consecutive year of a decline in retail sales due to the stalling housing market weighing on housing-related sales. Gasoline stations and fuel dealers also recorded a retail sales decline of 2.5% in the first half of 2025, both from slightly lower retail gasoline prices compared to 2024 and weaker demand. Other industries that saw declines included clothing, accessory, and jewelry stores, as well as food and beverage retailers. In 2024, there were generally similar trends among the industries described above, except for automobile dealers and furniture and home appliance retailers, which have experienced stronger growth in 2025 from the factors mentioned previously.

Retail trade sales, excluding food services, experienced stronger growth nationally than in Colorado in the first half of 2025, growing 3.5% over the first half of the year compared to Colorado's 2.6%, buoyed by similar industry strengths that Colorado is seeing, like health and personal care stores, furniture stores, and automobile dealers, alongside greater strength in nonstore and miscellaneous retailers. Retail stores related to building materials and supplies are also recording softer decline at the national level compared to Colorado, leading to better overall retail sales growth in the U.S. and indicating more housing activity nationally versus locally. This follows 2024 when U.S. retail sales growth of 2.7% also outpaced Colorado at 0.1%, with a similar difference in 2023 when U.S. retail sales grew faster than the state. There are likely various contributors to Colorado retail sales slowing relative to the nation. One component is that Colorado's economy recovered faster and stronger following the pandemic recession, leading to Colorado outpacing the U.S. in retail sales in 2022. But over 2023

**TRADE, TRANSPORTATION, AND UTILITIES EMPLOYMENT, 2016-2026**
**(In Thousands)**

| Year | Wholesale Trade | Retail Trade | Transportation and Utilities | Total TTU |
|---|---|---|---|---|
| 2016 | 104.7 | 268.1 | 81.2 | 453.9 |
| 2017 | 106.3 | 270.8 | 84.2 | 461.3 |
| 2018 | 108.2 | 273.2 | 89.0 | 470.4 |
| 2019 | 110.4 | 272.3 | 95.2 | 477.9 |
| 2020 | 107.6 | 262.0 | 99.7 | 469.3 |
| 2021 | 110.2 | 271.4 | 104.9 | 486.5 |
| 2022 | 115.6 | 273.9 | 112.8 | 502.3 |
| 2023 | 117.4 | 273.5 | 115.6 | 506.6 |
| 2024[a] | 116.9 | 274.3 | 118.0 | 509.3 |
| 2025[b] | 114.4 | 269.7 | 122.6 | 506.7 |
| 2026[c] | 115.1 | 272.4 | 123.8 | 511.3 |

[a]Revised. [b]Estimated. [c]Forecast.

Note: Components may not sum to total due to rounding.

Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.

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# Trade, Transportation, and Utilities

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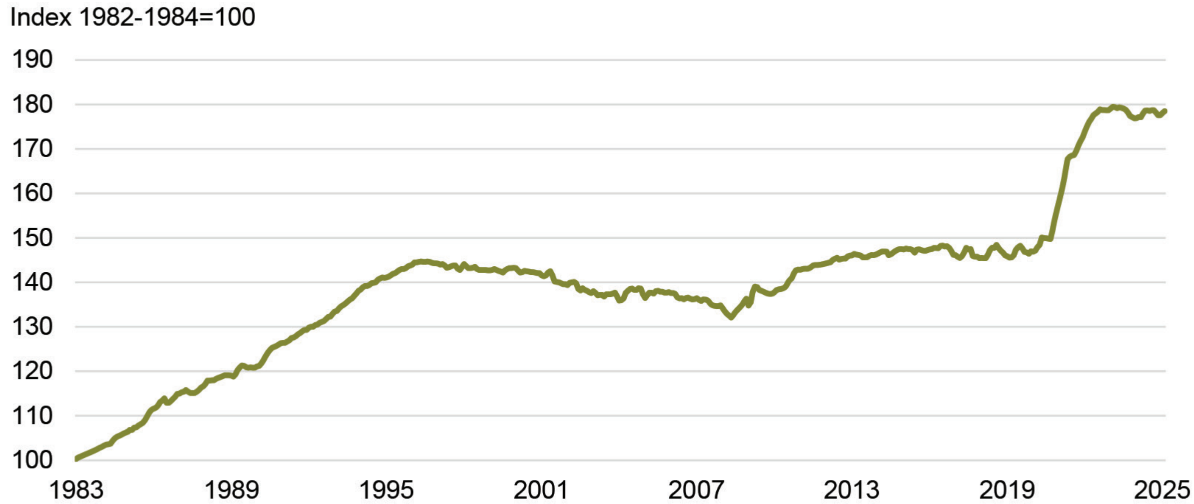
**CONSUMER PRICE INDEX, NEW VEHICLES IN U.S.**




Source: Bureau of Labor Statistics.

and 2024, U.S. personal income grew at a faster pace than Colorado's, likely contributing to greater overall spending growth in the U.S. compared to Colorado.

Retail trade spending growth in Colorado remained below long-term averages in 2025 but has rebounded from the lows experienced in 2023 and 2024, spurred by large purchases pulled forward in the first half of 2025 in advance of new federal tariff implementation and high-income earners buoying topline spending growth. Headed into 2026, retail trade sales are expected to record slow growth again; however, there are myriad downside and upside risks that could lead to differing outcomes. Downside risks include, but are not limited to, an escalation of federal tariff and trade policies with other nations that could limit consumer demand; worsening household balance sheets, especially in the high-income brackets; slowing job growth beyond the current low rates of growth; and a reacceleration of inflation, which could lead to a restrictive monetary policy environment for a longer period. Upside risks include, but are not limited to, settled federal tariff and trade policy, which will result in greater certainty for retail business investment; reduced trade barriers, which will lower business and consumer costs; loosening monetary policy that stimulates economic growth; and higher personal income growth that translates to increased retail spending. Similarly, the performance of the retail trade jobs market will largely depend on the health of retail sales and the various economic factors that will impact them.

## Colorado Auto Sales

The previous year has been defined by motor vehicles' centrality in trade negotiations with manufacturing foreign nations. The fluctuating, but generally negative, impact of tariffs, interest rates, and critical mineral throttling has put many masks on the one issue that anchors auto sales: affordability.

Kelley Blue Book reports that the average transaction price of a new vehicle topped $50,000 in 2025. That is an almost 60% increase in the previous 12 years. While several factors account for the sharp increase, cost of production and environmental regulation lead the way, followed closely by trade policy and inflation rates.

### Tariffs

While the pace of change among various tariffs is quick, a few contours are becoming clear. At this time, all countries are subject to a 10% baseline tariff, unless modified by a country-specific deal ("Trump Tariffs Update: SCOTUS, New Levies and What's Ahead," Kelley R. Taylor, Kiplinger, September 30, 2025). Section 232 of the Trade Expansion Act subjects a few countries to an additional tariff, based on national security implications. This mostly impacts vehicles from China, which are not currently eligible for import to the United States. As of November 1, 2025, the tariff on most medium- and heavy-duty trucks is 25%.

At a country-specific level, the European Union has negotiated their tariffs down to 15% (European Commission, Joint Statement on a United States-European Union Framework); Canada and Mexico average at 19% ("Vehicles From Canada and Mexico Have Mostly Foreign Content, Trade Data Suggests," Molly Boigon, Automotive News, October 30, 2025), depending on the percentage of foreign content; and the United Kingdom has their first 100,000 vehicles with a 10% tariff, under the most-favored-nation trade status. Individual trade deals have also reduced tariffs with Japan and South Korea from 25% to 15% (Office of the U.S. Trade Representative, U.S.-South Korea Trade Agreement; "Implementing the United States-Japan Agreement," The White House, September 4, 2025).

The biggest impact tariffs may have on affordability going forward is vehicle manufacturers' willingness to absorb the costs. For instance, in the first half of 2025, General Motors absorbed $1.1 billion in tariff impact ("Trump Tariffs Take $1 Billion Bite Out of GM Earnings," Nora Eckert and Nathan Gomes, Reuters, July 22, 2025). A predicted change in this policy, leading to passing the costs of tariffs along to the consumer, will have a negative impact on affordability in 2026. The overall impact to the market in 2025 is estimated at $10 billion ("Automakers Hold Off on Price Hikes Despite $10 Billion Tariff Hit," Nora Eckert, Reuters, September 18, 2025).

### Interest Rates

Federal Reserve action in 2025 did not bear out the type of auto loan rate reductions that consumers had hoped for. While numbers obviously vary in tight correlation to credit score, superprime borrowers (credit score of 781+) are seeing rates around 5.3%, while prime borrowers (661-780) are seeing loans around 6.8%. Subprime borrowers, typically focused on used cars, are still experiencing rates around 18.9% ("Average Car Loan Interest Rates by Credit Score," Shannon Bradley, NerdWallet, October 28, 2025).

Experian's *State of the Automotive Finance Market* report shows that four out of every five new car purchasers are financing their vehicles. On average, the monthly payment for a new car is approximately $745 per month, while used cars are $521 per month.

One would expect that with payments rising at this rate, the overall number of purchasers would decline. However, the National Auto Dealers' Market Beat shows that the seasonally adjusted annual rate (SAAR) is a projected 16.4 million units nationally, a 3.5% increase over 2024. Holding this trend in Colorado, year-over-year sales are up 6.3% as of September 30. Extrapolated into full year numbers, this supports a market of over 215,000 transactions annually (Colorado Automobile Dealers Association, Auto Outlook).

### Tax Credits

While much attention was given to the expiration of the federal electric vehicle (EV) tax credit, which was terminated in the tax provisions of this year's One Big Beautiful Bill Act, the usage of this particular tax credit was not as widespread as one may think. The federal credit reduced the purchase price by $7,500 for qualifying buyers and qualifying vehicles.

By the end of the second quarter, diminished state credits and a change in consumer sentiment pulled market penetration of battery electric vehicles from a high of 32.4% down to 18.6%. However, with the widely covered planned expiration of the federal tax credit, Colorado saw a rush of buyers attempting to get their purchase in before the deadline. That brought the state's EV market penetration back up to 26.4% for the third quarter, reinstating Colorado as the nation's leader (Colorado Automobile Dealers Association, Auto Outlook).

On November 3, 2025, Governor Polis announced changes to the state Vehicle Exchange Program (VXC) designed to mitigate the elimination of the federal credit. Qualified participants could now get a $9,000 rebate on the purchase of a new EV ($6,000 on a used EV) with the trade-in of an older combustion vehicle. The next three months will determine the success of the VXC's ability to sustain EV growth in the state.

Tax credits are an important part of the EV conversation, as the manufacturer's suggested retail price (MSRP) on most electric models averages out just above $53,000. By extension, multiple Colorado dealers have advertised smaller EV leases at less than $100 per month after all credits were assigned to the finance company. Thus, it can be difficult to distinguish consumer sentiment for electric versus consumer sentiment for the most affordable model available.

## Transportation and Warehousing

The Transportation and Warehousing sector includes air, railroad, and water transportation; trucking; taxi services; urban transit; couriers; warehousing; and pipeline companies.

### Warehousing

During the first quarter of 2025, Colorado's warehousing sector experienced an over-the-year decrease in jobs (1.3%) and establishments (3.6%). Concurrently, data from market research firm Cushman & Wakefield show a tightening market, with Denver's industrial warehousing vacancy rate decreasing to 7.9% in Q2 2025 from its Q2 2024 high of 8.2%. Rents for warehouse space also increased in 2025 from the prior year. During the 12-month period between Q3 2024 and Q2 2025, Denver added 1.5 million square feet of new space and filled most of that space with new occupants, resulting in positive absorption and a net increase in vacant space of only 323,000 square feet. A combination of a decline in jobs and establishments, a tighter vacancy rate, and positive absorption suggests that the sector's contraction is not due to a lack of demand but rather increased technological efficiency (automation) or market consolidation. In Colorado (specifically Denver), the industrial/warehousing market experienced a massive construction and hiring boom between 2021 and 2023 driven by the e-commerce surge. The recent job and establishment decline may be attributed to a market shift from aggressive expansion to stabilization and efficiency optimization. Additionally, the rise in third-party logistics (3PL) providers often involves consolidation. When a large 3PL acquires a smaller competitor or takes over a retailer's logistics function, it can reduce the overall number of registered warehousing firms/establishments by merging them under one roof.

Coming off the holiday season, from December 2024 through April 2025, Colorado warehouse employment decreased from 29,400 to 26,700 (-9.2%), double the rate that it had during the same time in the prior year (26,400 to 25,300, -4.2%). This may be an indication of the impact tariffs have had on employment for warehousing and storage in Colorado. It is hard to say where Colorado's warehouse employment would be without tariffs, but the data suggest that the industry might have continued to see a slightly more robust post-holiday season akin to 2017-19, 2020, and 2024. (Note: At the time this was authored, the federal government was shut down, and

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# Trade, Transportation, and Utilities

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state employment and unemployment data for September 2025 were not available.)

Despite Amazon opening at least five new delivery stations throughout Colorado in 2025 (Grand Junction, Logan County, Gypsum, Arapahoe County, and Colorado Springs), with two more yet to open in late 2025, the opening date of their massive 3.5-million-square-foot Robotics Fulfillment Center in Loveland (now complete) has been pushed back to late 2026 ("Amazon Opens New Delivery Station in Colorado Springs," Abby Smith, KRDO, September 17, 2025).

On a national level, if the on-again, off-again nature of trade policy and tariffs during 2025 continues into 2026, the demand for warehouse space near port cities could drop. Most of the tariff policy stress on the warehouse industry has been borne by port cities that are operating at 95% capacity because companies have been temporarily front-loading or stockpiling inventory ("Why Tariff Volatility Demands a New Era of Warehouse Performance Data Insight," Easy Metrics, April 25, 2025). There has been a spike in the demand for bonded warehouse space in port cities, allowing companies to defer tariffs until the inventory is withdrawn for consumption ("Responding to the Tariff Turmoil: Effects on U.S. Warehousing," AlixPartners, May 22, 2025). This causes uneven waves of increased demand for warehousing and storage in these port cities, and some warehouses have increased their use of temporary and part-time workers during peak demand. The troughs of each wave represent when demand stabilizes, and excess inventory levels come down. There is also an underlying fear of a breaking point where, if some of the higher proposed tariff levels stick, increasing the prices of goods long term, the demand for warehouse space may drop. Intuitively, the underlying drumbeat of e-commerce and the convenience of shopping online is not expected to evaporate. There is still going to be competition to get products in the hands of the consumers cheaper and faster. This requires the proliferation of warehouse space, but whether that translates into an increase in employment is dependent on automation.

## Rail Transportation

Nationwide, rail transportation employment has experienced a structural contraction, declining from 208,000 employees in January 2015 to 153,000 in August 2025. This 26% decline is primarily attributed to three compounding factors: the widespread adoption of precision scheduled railroading (PSR), the long-term decline in coal traffic, and the immediate economic shock of the COVID-19 pandemic ("Employment in Rail Transportation Heads Downhill Between November 2018 and December 2020," Ryan Ansell, BLS Monthly Labor Review, October 2021).

PSR represents the most impactful structural change. PSR is defined as an operational strategy focused on maximizing profitability (improving operating ratios) by eliminating redundant assets, minimizing crew requirements, and instituting fixed, point-to-point schedules. This shift moves away from the legacy model of waiting for long trains carrying a single commodity (unit trains) toward consolidating freight into longer, mixed-commodity trains operated on precise schedules. This results in higher efficiency and an inevitable reduction in total rail labor demand.

Colorado saw a similar initial decline in occupations exclusive to the rail transportation industry (e.g., engineers, conductors, switch operators), falling from 1,190 in 2015 to a low of 140 in 2020. However, the state has since rebounded sharply, showing 1,430 individuals in these specific occupations for 2024. While the initial dip aligns with PSR implementation and the pandemic, the subsequent strong employment growth, which surpasses the 2015 baseline, warrants further analysis regarding potential shifts in Occupational Employment and Wage Statistics (OEWS) classification or the establishment of new maintenance/logistics centers within the state.

Colorado has 2,843 miles of railroad throughout the state, with two Class 1 railroad companies (BNSF and Union Pacific) and 12 short line railroad companies (Association of American Railroads [AAR], Freight Rail in Colorado, January 2025). Colorado's freight outlook remains tethered to national commodity trends. Data from the AAR for September 2025 indicate a continued bifurcation of traffic. Shipments of grain, motor vehicle parts, and steel increased year-over-year, while coal, metallic ore, and petroleum decreased over the same period.

Intermodal traffic (i.e., movement of freight using two or more different modes of transportation where the cargo stays sealed in the same container for the entire journey) is linked to consumer demand and resilient supply chains. Intermodal traffic was up 3.5% year-to-date (YTD) through September 2025, reaching the 3rd-highest total ever recorded, despite tariffs and economic uncertainty. The Freight Rail Index (which combines intermodal shipments with carloads excluding coal and grain) has seen a downward trend during 2025 but remains near its peak in 2021. The data suggest that despite the downward trend in the overall Freight Rail Index, if demand-driven intermodal shipments remain stable throughout 2026, these revenues may offset any revenue losses from coal.

As Colorado moves away from its dependence on coal as a source of energy generation, there are signals of a governmental effort to transition infrastructure usage toward more passenger rail. On May 5, 2025, Colorado and Union Pacific signed a new 25-year lease agreement for passenger rail from Denver to the mountains via the Moffat Tunnel, which replaces the old lease that expired on May 1, 2025. The passenger rail is expected to begin operations in 2026, with plans to later connect Northwest Colorado (Craig and Steamboat Springs)—an area historically reliant on coal mining ("Colorado, Union Pacific Sign Agreement Leading to Mountain Regular Passenger Rail Service," Tony Gorman, Colorado Public Radio News, May 5, 2025).

| COLORADO AIRPORT STATISTICS, 2015-2024 (In Thousands) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Passengers and Cargo | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Passengers (in thousands)[a] | | | | | | | | | | |
| Denver International Airport (DEN) | 54,015 | 58,267 | 61,379 | 64,495 | 69,016 | 33,742 | 58,829 | 69,286 | 77,838 | 82,359 |
| Colorado Springs Municipal Airport (COS) | 1,179 | 1,298 | 1,675 | 1,725 | 1,672 | 728 | 1,864 | 2,135 | 2,358 | 2,497 |
| Aspen-Pitkin County Airport (ASE) | 467 | 509 | 490 | 571 | 608 | 368 | 498 | 600 | 614 | 700 |
| Montrose Regional Airport (MTJ) | 205 | 230 | 245 | 268 | 316 | 202 | 377 | 466 | 489 | 530 |
| Grand Junction Regional (GJT) | 429 | 465 | 481 | 488 | 549 | 278 | 505 | 444 | 488 | 542 |
| Eagle County Regional Airport (EGE) | 314 | 328 | 309 | 348 | 380 | 286 | 404 | 430 | 454 | 566 |
| Durango-La Plata County Airport (DRO) | 374 | 376 | 374 | 379 | 391 | 199 | 400 | 366 | 435 | 501 |
| Yampa Valley Airport (HDN) | 188 | 215 | 193 | 200 | 212 | 176 | 300 | 394 | 412 | 454 |
| Gunnison-Crested Butte Regional Airport (GUC) | 69 | 70 | 65 | 73 | 72 | 58 | 78 | 104 | 99 | 118 |
| San Luis Valley Regional/Bergman Field (ALS) | 6 | 8 | 13 | 14 | 20 | 9 | 24 | 20 | 23 | 24 |
| Telluride Regional Airport (TEX) | 0 | 0 | 5 | 4 | 11 | 7 | 13 | 24 | 22 | 21 |
| Cortez Municipal Airport (CEZ) | 5 | 9 | 16 | 16 | 17 | 11 | 12 | 14 | 18 | 18 |
| Pueblo Memorial Airport (PUB) | 7 | 5 | 8 | 21 | 24 | 11 | 19 | 16 | 7 | 3 |
| Fort Collins-Loveland Municipal Airport (FNL) | 7 | 9 | 6 | 5 | 6 | N/A | N/A | N/A | 6 | 6 |
| Total Passengers | 57,264 | 61,788 | 65,262 | 68,607 | 73,293 | 36,075 | 63,323 | 74,299 | 83,262 | 88,339 |
| Cargo, Freight, and Air Mail (in millions of lbs.) | | | | | | | | | | |
| DEN Freight and Express | 491 | 504 | 525 | 559 | 628 | 614 | 673 | 674 | 658 | 705 |
| DEN Air Mail | 55 | 47 | 60 | 54 | 44 | 47 | 58 | 50 | 24 | 27 |
| DEN Total | 546 | 552 | 585 | 614 | 672 | 661 | 732 | 724 | 682 | 732 |

Note: Excludes airports with few passengers.
[a]Passengers include enplanements and deplanements. For airports that do not report passenger traffic, enplanements from the Federal Aviation Administration are doubled to reflect estimated total passenger traffic.
Sources: Denver International Airport, Colorado Springs Municipal Airport, Grand Junction Regional Airport, Eagle County Regional Airport, Aspen-Pitkin County Airport, Durango-La Plata County Airport, and the Federal Aviation Administration.

## Air Transportation

According to the U.S. Department of Transportation, airlines carried more than 643 million passengers on scheduled flights for YTD July 2025, 1% below the same period in 2024 and 4% above 2019 levels. Colorado's performance matched that of the U.S. overall; for YTD July 2025, passenger traffic volume across all Colorado's commercial service airports declined by 1% compared to the same period in 2024 but showed a much stronger recovery versus 2019—an increase of 19%.

Colorado is home to a total of 14 commercial service airports, 13 of which supported scheduled commercial passenger service in 2024; only Northern Colorado Regional Airport (FNL) did not have scheduled commercial flights. Three of Colorado's airports, Alamosa

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(ALS), Cortez (CEZ), and Pueblo (PUB), remain under the federally subsidized Essential Air Service (EAS) program.

For YTD September 2025, passenger traffic at Denver International Airport (DEN) declined by 0.2% compared to the same period in 2024. The state's 2nd-busiest airport, Colorado Springs (COS), experienced a 1% decline in passenger traffic for YTD September 2025 compared to the same period in 2024. COS passenger traffic is 3% of DEN volume.

Across the state, several airports have recorded year-over-year increases in passenger traffic volume, and some airports welcomed new service in 2025, with additional announcements for new flights in 2026. Notably, in June, Southwest inaugurated the first-ever international service at COS with seasonal flights to Cancun, Mexico. Southwest is also expanding in mountain communities, with new flights between Hayden/Steamboat Springs and Austin and between Montrose and Nashville scheduled to begin in spring 2026. In addition, American Airlines is adding flights from its hub in Charlotte to both Eagle/Vail and Aspen for the upcoming 2025-26 ski season.

### Denver International Airport

DEN is owned and operated by the City and County of Denver. The City's Department of Aviation employs approximately 1,400 people at the facility. YTD September 2025, DEN's three largest carriers by total passenger traffic were United (50%), Southwest (29%), and Frontier (9%). In 2025, 27 carriers operated nonstop service to 232 destinations worldwide from DEN: 198 domestic airports in 46 states and one U.S. territory and 34 international airports in 19 countries, the most in history.

In 2024, DEN served 82.3 million passengers, nearly 6% higher than 2023; 2024 also marked the first year DEN served more than 80 million annual passengers, and DEN maintained its global position as the 3rd-busiest airport in North America and the 6th-busiest airport in the world. Thus far in 2025, DEN set all-time monthly passenger traffic records in January, June, July, August, and September. July was DEN's first-ever month with over 8 million passengers and now ranks as the busiest month ever. The months of February through May saw year-over-year declines in total passenger traffic, owing to macroeconomic and geopolitical uncertainty.

For YTD September 2025, DEN's domestic passenger traffic declined by 0.6% compared to YTD September 2024, while international passenger traffic showed resiliency and strength, increasing by 5.9% and setting all-time records in every month of the year thus far. In 2025, United added flights to three new international destinations: Punta Cana, Dominican Republic; Regina, Canada; and Rome, Italy. In addition, Lufthansa German Airlines operated an Airbus A380, the world's largest passenger aircraft configured with 509 seats, on flights between Denver and Munich between April 30 and October 24; 2025 was the first year the A380 was used for regularly scheduled flights at DEN, and Lufthansa has confirmed the A380 will return to Denver in June 2026. Although domestic passenger volume has recorded a year-over-year decline, carriers added 12 new domestic destinations to DEN's network in 2025. These additions propelled DEN to boast 198 nonstop domestic destinations, ranking it as the largest domestic air service network of any U.S. airport, ahead of Chicago/O'Hare (195 domestic destinations) and Dallas-Fort Worth (195 domestic destinations). And, in 2025, for the 4th-consecutive year, DEN ranked as the largest operation in terms of seat capacity for three airlines—United, Southwest, and Frontier.

A significant trend that has developed since the pandemic and has continued into 2025 is a higher percentage of passengers using DEN for connecting flights. In 2019, 64% of DEN passengers were origination/destination (O&D) passengers—beginning or ending a trip at DEN—while 36% were using the airport to connect/transfer to another flight. For YTD September 2025, 54% of DEN passengers were O&D, while 46% were transferring to other flights. The mix of O&D and transfer passengers is expected to plateau between 54%-55% O&D and 45%-46% connect/transfer and remain at that level through at least 2029.

The new East Security Checkpoint opened in August 2025, and DEN's Center for Equity and Excellence in Aviation (CEEA) is scheduled to open in January 2026. Construction in the Great Hall of Jeppesen Terminal to update airline ticket counters and provide enhancements to the overall customer experience is estimated to continue through 2028. Other capital projects that are in initial stages of planning include an 11-gate expansion on Concourse C West and the construction of a consolidated rental car facility (ConRAC).

## Truck Transportation

The year 2025 represented the third year of a freight recession in the country. Some have viewed 2025 as one of the most challenging years in the last 20 years or more for those in the trucking industry, with market uncertainty a driving factor in this freight recession. Changes in policies related to tariffs, trade interest rates, and regulation have fueled the recession, leading to reduced purchases and investments and a drop in freight volumes across almost all sectors. An aggravating factor in 2025 has been the on-again, off-again implementation of tariffs and changing rates with some of the U.S.'s largest trading partners, who responded with reciprocal increases. The result has been a substantial drop in imports into the country and exports out of the country. Because the trucking industry moves the vast majority of those products, the downturn has led to a significant decline in freight loadings and tonnage.

With demand declining and oversupply in the market, freight rates have fallen in many cases as carriers compete for less business. At the same time, though, operating costs for trucking and logistics companies rose (except for fuel), which reduced carrier profitability across almost all trucking sectors, dipping to 2% or less. A significant factor in the increase in operating costs for small and midsize carriers has been steeply rising truck insurance rates, which are attributed to extremely high jury awards that can be in the tens or hundreds of millions of dollars. These often far exceed actual damages and have led truck insurers to raise rates to compensate for such awards.

Due to reduced profitability, many companies shrank their operations, while others were forced into bankruptcy or closed their doors altogether. In particular, small and midsize carriers were brutally hit, and with Colorado having few large fleets, the state's trucking industry has been harder hit than many other states.

A continuing concern for Colorado trucking companies and shippers is the state's transportation system and the condition of its infrastructure. Limited improvements to roadway capacity in the state over the years have led to increased congestion on key freight corridors in Colorado. A recent national research report found that four of the worst freight bottlenecks in the country were in the Denver Metropolitan area, with each of those bottlenecks getting worse by the year. Overall, the estimated cost to businesses and consumers is $1 billion. In addition, the roadway condition of the state highway system has slipped, placing Colorado in the lower ranks for all states, which translates into higher maintenance and operational costs for the trucking industry and other highway users.

Looking toward 2026, the forecast for the trucking sector is flat at the beginning of the year, with possible improvement in the mid- to latter part of the year. Profitability is anticipated to improve as capacity further shrinks with the exit of more small- and midsize carriers from the market in the months ahead, leading to a better balance between demand and supply. While some additional bankruptcies and closures of trucking operators may be anticipated at the beginning of 2026, that number should drop as the market comes more into balance.

In the case of medium- and heavy-duty truck sales in Colorado and nationwide, there was a sizable drop in sales in 2025 based not only on the reduced profitability of trucking operators and continuing overcapacity in the market but also a combination of other factors. This included uncertainty related to the direction of the economy within the U.S. and ongoing higher interest rates, as well as the nation's trade policies with other countries, the imposition of tariffs on various parts associated with the production of trucks, and the possible impact of a suggested tariff targeted specifically on heavy trucks produced outside the U.S.


It looks to be a better year for medium- and heavy-duty truck and trailer sales in 2026. A major reason is that many fleets deferred vehicle replacement and will be looking to replace those vehicles in the upcoming year. With the anticipated drop in interest rates, truck acquisition costs will also drop, making truck purchases more affordable. Finally, with the market being more balanced, carriers in Colorado should begin to see better freight rates and profit margins than in 2025, which will provide them with a greater opportunity to replace older units and possibly expand their fleets.

### Key Factors Affecting the Trucking Industry in 2026

- **Economic Rebound and Recovery—**A driving factor for the trucking industry's prognosis for 2026

*continued on page 66*

# Trade, Transportation, and Utilities

*continued from page 65*

is whether the economy will rebound with 3% to 4% growth, as projected by some economists, versus the slow growth experienced in 2025. With a rebound in economic conditions, the committee would likely see greater investment associated with the restocking of inventories and greater consumer buying, which would boost freight movement.

- **U.S. Trade Policies—**A key question is whether 2026 will be a year of greater stabilization in trade policies and tariffs with the nation's trading partners. Changes in this area greatly affect the volume of shipments into and out of the country and, correspondingly, truck loadings and transport, the cost of trucks and parts, and transport routes associated with the ports where those shipments may come in, as well as transportation with our neighboring countries, Canada and Mexico.
- **Interest Rates and Regulatory Actions—**A continuing drop in interest rates would hopefully spur investment and development, which would fuel additional freight movement and purchases of new trucks and trailers to support that activity. Streamlining and revisiting some current regulations governing the trucking industry would enhance productivity and efficiency, benefiting not only trucking operators but also shippers and consumers.
- **Impact of Artificial Intelligence and Other New Technologies—**Artificial intelligence (AI), telematics, and autonomous operations offer tremendous opportunities for trucking companies. AI is already rapidly transforming many operations and areas within the logistics sector for many large companies. This has led to significant changes in staffing resources and operations, as well as the means of conducting and delivering services, and increased productivity. In the case of autonomous vehicles, they are currently being tested for different applications across various areas of the country. This technology, along with the automation of warehouses and distribution centers, will significantly reduce costs and errors in those processes.

| COLORADO ELECTRIC POWER CONSUMPTION 2016-2026 (In Millions of Kilowatt Hours) | | | | | NATURAL GAS (In Billions of Cubic Feet) | |
|---|---|---|---|---|---|---|
| Year | Nonresidential | Residential | Total | Percentage Change | Total Gas Consumption | Percentage Change |
| 2016 | 35,968 | 18,834 | 54,802 | 1.3% | 441.0 | -5.5% |
| 2017 | 36,215 | 18,615 | 54,830 | 0.1 | 438.1 | -0.7 |
| 2018 | 37,163 | 19,287 | 56,450 | 3.0 | 485.7 | 10.9 |
| 2019 | 37,116 | 19,405 | 56,521 | 0.1 | 514.0 | 5.8 |
| 2020 | 35,567 | 20,483 | 56,050 | -0.8 | 517.4 | 0.7 |
| 2021 | 35,726 | 20,625 | 56,351 | 0.5 | 483.2 | -6.6 |
| 2022 | 34,972 | 20,594 | 55,566 | -1.4 | 503.4 | 4.2 |
| 2023 | 35,567 | 19,999 | 55,566 | 0.0 | 505.0 | 0.3 |
| 2024[a] | 35,927 | 20,821 | 56,748 | 2.1 | 499.2 | -1.1 |
| 2025[b] | 35,878 | 21,111 | 56,989 | 0.4 | 522.3 | 4.6 |
| 2026[c] | 36,577 | 21,467 | 58,044 | 1.9 | 568.0 | 8.7 |

[a]Estimated. [b]Forecast.

Sources: Energy Information Administration and Colorado Business Economic Outlook Committee.

## Utilities

After a prolonged period of sluggish growth, electricity demand in Colorado is accelerating, driven by the rapid expansion of energy-intensive data centers and broader electrification trends. In response, Xcel Energy—the state's largest utility—projects annual electricity sales growth of 4% or more through 2030. To meet rising demand and enhance system resilience against wildfire risks, the utility plans to invest $6 billion in capital projects in 2026 and $18.8 billion over the next five years.

Xcel's base capital plan includes 4.5 gigawatts (GW) of new generation capacity, of which 4 GW will be renewables. Additional capacity may be added to accommodate upside demand scenarios.

Retail electricity prices statewide rose approximately 5.8% in 2025, while total consumption increased 0.4% to 56,989 million kilowatt-hours (kWh), aided by cooler summer weather. Residential usage led the growth, up 1.4%. Looking ahead, electricity consumption is forecast to rise 1.9% in 2026, supported by continued data center development, increased electric vehicle adoption, and electrification of space heating.

Current and projected massive projects to provide electricity for AI data centers across the country have been a game changer for the utility industry. Companies are scrambling nationwide to serve these new customers without raising prices or sacrificing environmental goals.

This has created a risky game with an uncertain future. Efficiency gains seem likely when one considers that the human brain uses about the same amount of power as a small light bulb (12-25 watts) compared to today's data centers, which can run as big as 1 GW. Depending on how things turn out, those that make the investments could gain financial rewards or be left holding the bag with expensive unused power plants.

Wildfire mitigation remains a top priority across Colorado. Utilities have received regulatory approval for comprehensive mitigation plans aligned with Colorado Public Utilities Commission directives. Measures include deployment of hundreds of weather stations near transmission infrastructure, enhanced inspection protocols in high-risk zones, expanded drone surveillance, and intensified vegetation management. Xcel Energy received approval for the state's largest initiative—a $1.9 billion wildfire mitigation plan—and reached a $640 million settlement to resolve all claims related to the Marshall Fire.

Natural gas consumption in Colorado declined 4.6% in 2025 to an estimated 522.3 billion cubic feet (Bcf), despite a 22% increase in city gate prices to an average of $4.23 per thousand cubic feet (Mcf). The decline reflects warmer weather and the ongoing shift toward electrification. However, consumption is expected to rebound in 2026, with an 8.7% increase forecast.

Utility sector employment rose modestly in 2025, up 100 positions to 9,300. Employment is expected to continue growing, as hiring for capital construction projects offsets retirements and productivity gains from automation.

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## A Technological Boom: The Rise of Artificial Intelligence

Artificial intelligence (AI) has evolved over time from a theoretical concept into a central force changing global economies. Today, AI refers to technologies that can perform cognitive functions such as reasoning, learning, and problem-solving. Many are referring to AI as the beginning of the fourth industrial revolution, with human intelligence merging with machine computation. In the United States, AI is becoming a strategic driver of innovation across many sectors, including finance, health care, and education. As a result, productivity and labor markets are undergoing massive change as the use of AI becomes more widespread.


### Recent Advancements in AI

The last several years have brought major breakthroughs in AI advancement. After milestones such as Apple's Siri and Hanson Robotics' Sophia, the development of large language models (LLMs) significantly altered the means of human-computer interaction. Open AI's release of GPT-3 in 2020 introduced the natural language capabilities that we see today, followed by GPT-4 and, in 2024, the multimodal GPT-4o, which integrates text, image, voice, and data-processing capabilities into one system. As more competition enters the market, such as Google's Gemini and Meta's Llama 3, the pace of innovation will continue to intensify.

The newest phase of this revolution, called agentic AI, focuses on systems that can autonomously plan and execute tasks rather than simply respond to different prompts. McKinsey's 2025 Technology Trends Outlook highlights that more than three-quarters of respondents to their global survey say that their organizations use AI in at least one business function. A growing number of firms are piloting or implementing these fully autonomous systems. At the same time, hardware and energy demand have rapidly surged, as chipmakers such as NVIDIA are reporting record revenue growth from AI infrastructure. NVIDIA also recently became the first company to reach a $5 trillion market cap as of October 2025.

Looking ahead, we can see incredible opportunities alongside significant challenges that will be fueled by the advancement of AI. While current concerns are mainly based on speculation, the tangible impact of AI is already huge. Advances in health care, transportation, and logistics are improving efficiency and accessibility across all sides of our society as decision-making processes are becoming more streamlined. While all of these advancements are happening, ethical and regulatory questions are being raised around data privacy, algorithmic bias, and the capabilities AI will have as it continues to advance.

### An Artificially Intelligent Community

AI's explosion has led to the development of a thriving ecosystem of researchers, entrepreneurs, and policymakers. Companies like OpenAI, Google, Microsoft, and Anthropic are at the forefront, introducing increasingly capable and general-purpose systems with billions of dollars of funding. The U.S. remains a hub for private-sector investment, leading the world in terms of number of data centers and overall drive for innovation. However, nations around the world are competing to establish AI leadership as a means of economic and national security.

AI is increasingly incorporated into daily life and throughout different industries, with some systems now outperforming human benchmarks for programming and complex reasoning tasks. According to Stanford's 2025 AI Index Report, in 2023, the FDA approved 223 AI-enabled medical devices, while autonomous cars operated by companies like Waymo saw their rides exceed 150,000 per week. We are slowly reaching the point where AI is no longer experimental as its adoption is accelerating globally. Studies are beginning to show how AI boosts productivity while closing gaps across the workforce as education and training expand, helping prepare students and employees to work with these advanced systems.

## Adopting and Integrating AI Into Business

Incorporating AI into an organization is a complex process that requires specialized infrastructure, talent, and employee training. Companies must carefully analyze which processes can be automated, which benefit from human/AI collaboration, and where human judgment remains an essential aspect.

With AI shifting into a mainstream business priority, the way organizations operate and compete is being completely reshaped. A passage from the World Economic Forum's Future of Jobs Report 2025 stated that 60% of employers expect AI and information-processing technologies to significantly transform their business by 2030. However, adoption rates vary widely across industries. An overwhelming number of workers in the financial services and technology sectors actively use AI tools, while adoption in government and education lags.

AI adoption can also vary drastically by role. IT and engineering teams tend to use AI most intensively for technical tasks such as coding, system optimization, and debugging. Marketing and sales professionals use it to create content, manage campaigns, and generate leads, while executives and knowledge workers leverage AI for decision support, strategic planning, and data analysis. Looking at these patterns can help illustrate that the effective integration of AI requires significant amounts of target training and workflow redesign, which may also lead to a realignment of organizational goals needed to maximize productivity.

## Impacts on Employment

AI is rapidly changing how people work and the skills that employers look for. While the fear around widespread job loss across certain sectors may have some validity, AI and automation are fueling demand for technologically inclined workers. Jobs built around repetition (data entry, scheduling, customer support, etc.) might shrink as they become automated; however, new positions are emerging, particularly those that rely on human judgment and creativity.

The World Economic Forum predicts in their Future of Jobs Report 2025 that these sorts of trends are going to create a divergent impact on jobs globally by 2030. Some industries will lose jobs faster than others, while growth is forecast in fields like engineering, data analysis, and digital strategy. Tomorrow's job market will reward workers who are adaptable and have the propensity to continuously learn.

For workers, success increasingly depends on the ability to collaborate with these kinds of systems and use them for different tasks. As firms become more exposed to AI, they will become more productive and will end up using workers more efficiently. Those who are ready to adapt and have technical understanding and problem-solving abilities will largely benefit. This adjustment might not be easy for companies and workers alike, but the future of employment is becoming increasingly dependent on how people learn to use AI to do their jobs better.

## Impacts Within Colorado

In May 2024, Colorado passed the Artificial Intelligence Act (SB24-205), making Colorado one of the first states to regulate "high-risk" AI systems. The law explicitly defines these types of systems as those making or substantially influencing "consequential decisions" such as those made in employment, housing, health care, and lending. The bill requires that developers and deployers use "reasonable care" in preventing algorithmic discrimination and ensure transparency by providing documentation on system purpose and training data.

The bill, set to take effect in February 2026, will require organizations across all sectors in the state of Colorado to make major changes in risk-management policies and reporting. Analysts building models, firms underwriting projects, and employers implementing AI in hiring and operations will be required to install these policies into their daily workflow. Colorado will also be positioned as a leader of AI regulation and responsible use, showing the rest of the country and the world the opportunities and obligations that should be enforced with large-scale AI adoption.

## Risks

Current trends highlight several risks that must be actively managed. Cybersecurity has emerged as a significant concern, with many security leaders anticipating AI-driven attacks in the near future, and many companies are feeling the need to ramp up their cyber risk efforts, according to a May 2025 article from McKinsey. Data privacy, model bias, and lack of overall transparency also continue to remain prominent issues.

Within the corporate world, AI is recognized as a material business risk, with about 72% of S&P 500 companies publicly disclosing AI-related risks as of October 2025, according to a study done by The Conference Board. This number demonstrates the growing regulatory and stakeholder pressure to ensure the responsible integration of AI systems and is the basis for bills such as Colorado's Artificial Intelligence Act.

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# Information

Companies in the Information industry are responsible for creating, distributing, and transmitting information. The Information industry has struggled to maintain consistent employment growth in the state since 2000. In 2024, the industry lost 3,500 jobs, the largest annual decline since 2005. In 2025, employment has been mixed, with monthly employment gains in the first half of the year but losses in Q3 2025. The recent declines in this sector have been widespread across telecommunications, publishing industries, and software publishers.

Based on year-to-date (YTD) losses, the industry is expected to shed 2,400 jobs in 2025, and an additional 200 job losses are projected in 2026 as industries adjust to varying challenges, including technological change, oversaturated markets, and shifting consumer preferences.

## Publishing Sector

The Publishing sector includes any firm that issues print or electronic copies of original works for which they own a copyright, excluding internet firms. Products include software, newspapers, periodicals, books, directories, databases, calendars, and greeting cards. Over the past two decades, publishing industry products and services diversified to include an increasing number of electronic and internet-based products, such as audio, downloadable files, digital books, podcasts, and mobile device applications. Along with increased consolidation and automation, the digital transformation of the publications industry continues to impact employment in significant ways.

Software publishing had been a shining source of growth for the publishing industry, offsetting declines across most other subsectors between 2015 and 2022. Yet software publishing employment weakened in 2023 and 2024 with tech industry layoffs prompted by a reevaluation of the business climate and a race to find cost-cutting measures to boost profits. Colorado publishing industry employment is expected to decline 1.7% (400 jobs) in 2025 and 0.4% (100 jobs) in 2026 as the long-run decline in traditional publishing continues and as the software publishing sector seeks a healthier balance between supply and demand for jobs.

Artificial intelligence (AI) and technological change will continue to shape industry employment, as digital products and services gain greater market share. Overall, AI is expected to contribute to additional consolidation and automation in the industry, dampening jobs growth in the near term.

### Newspaper Publishing

Colorado continues to experience a long-run decline in the newspaper publishing industry, consistent with national trends. Newspaper readership has dropped significantly since the 1990s, as new and free digital information options have emerged, and news sources have shifted from traditional print to web searches and social media feeds with audio and video content. For example, according to a 2025 survey of U.S. adults conducted by the Pew Research Center, 53% of respondents reported that they "sometimes" or "often" got their news from social media.

Lagging advertising sales and difficulties monetizing digital content have pushed many local newspaper publishers into extinction, with remaining publishers undergoing dramatic restructuring and consolidation since the early 2000s. The local news industry has become increasingly reliant on donations from foundations and other philanthropic organizations and the public. Government funding also helps keep local journalism afloat. In 2024, nine Colorado newsrooms were awarded a total of $900,000 in grant funding from Press Forward, allowing $50,000 per year in annual awards for each newsroom for two years (Colorado Media Project, 2024). Additionally, *The Colorado Sun* was awarded a $1.4 million grant from the American Journalism Project. *The Sun* announced its intentions to hire additional staff using the funds and to establish infrastructure for four regional hubs in northeastern Colorado, southern Colorado, the Western Slope, and the Eastern Plains to expand local news reporting. In addition, in June 2025, the Colorado Media Project announced the 2025 Newsroom Sustainability Grant, which aims to award one-year grants ranging from $30,000 to $50,000 for sustainability, revenue generating, and/or cost-saving investments serving Colorado newsrooms.

According to data from the Quarterly Census of Employment and Wages, there were 1,471 newspaper publisher jobs in Colorado in 2024, down 180 jobs from the prior year.

**INDUSTRY SNAPSHOT**
**INFORMATION**

| | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 33.0 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 36.4 |
| Q2 2025 Real GDP Growth Rate | 11.8% |
| Total Employment, Q2 2025 (Thousands) | 73.5 |
| Q2 2025 Employment Growth Rate | -4.2% |
| Employment Growth National Rank | 5 |
| Q2 2025 Share of Colorado Employment | 2.6% |
| Q2 2025 Share of National Employment | 2.6% |
| Average Wage, Q1 2025 | 157,434 |
| Percent of Statewide Average Wage | 191.3% |
| Q1 2025 Average Wage Growth Rate | 9.2% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics. These data are subject to future revisions; Q2 is end of quarter.

### Book Publishing

According to the Association of American Publishers, nationwide revenues to book publishers were down 2.1% through July 2025 YTD. Hardback and paperback books accounted for the largest share of sales in July 2025, followed by digital audio and e-books.

The largest Colorado book publishing employers are concentrated along the Front Range, with the largest establishments in Denver, Boulder, and Colorado

Springs. Many local book publishers serve niche markets with a stable and even growing consumer base, including self-publishing and religious and spiritual publishing markets. Colorado book publishers are adapting to technological changes and evolving consumer preferences for audio books and digital content. As of 2024, private book publishing establishments employed 883 workers, down from 915 workers in 2023. Industry employment is expected to remain relatively stable at current levels in 2025 and 2026.

### Software Publishing

The software publishing industry includes a wide range of products, including business analytics and enterprise software; database, storage, and backup software; design, editing, and rendering software; operating systems and productivity software; smartphone apps; and video games. (Note: The closely related custom computer programming services sector is included in Professional and Business Services.) Software publishers in Colorado range in size from small startups to major corporations with offices in the state, such as Cisco Systems, Google, IBM, and Oracle.

Fueled by organic, homegrown growth, as well as through acquisitions and company relocations, the sector saw rapid growth until 2023. The sector declined by 2.5% in 2023 and dropped by an additional 1,400 jobs in 2024, the largest decline since 2002. In 2025, employment generally stabilized, experiencing limited job gains and job losses.

In recent years, U.S. tech companies, including some prominent software publishers, announced layoffs in pursuit of cost-saving measures on recessionary fears, overhiring during the pandemic, and mounting investor pressures to maintain and increase profits. Many companies are also leveraging AI to improve productivity in software development, putting downward pressure on the demand for developers. Colorado software publishing employment is expected to continue to decline in 2025 and to stabilize in 2026 as industry growth renews upward pressure on labor demand.

### Other Publishing

The publishing industry also includes companies producing periodicals, directories, mailing lists, and greeting cards. Like book and newspaper publishers, these firms experienced a long-run decline in employment that began in the early 2000s. Digital technologies replaced print media, and the industry has restructured and consolidated considerably. Some of the largest employers in these subsectors in Colorado provide marketing services through the collection of consumer data and consumer credit and loyalty programs. Ongoing consolidation in the industry is expected to continue in 2025 and 2026 as publishing further evolves into the digital realm.

## Telecommunications

Employment in the Telecom sector declined by 5.4% (1,300 jobs) in 2024 after losing 2.4% (600 jobs) in 2023. Approximately 22,300 people worked in the Telecom sector in August 2025 across 737 establishments (Q1 2025) throughout Colorado. The sector includes large Colorado-based companies, such as DISH Network and Zayo.

The Telecom sector decreased 14% from 2019-24, an equivalent of 760 jobs per year. The sector was significantly affected by the pandemic-induced recession, much like other sectors, and employment is still trending downward in 2025. Employment in the Telecom sector is projected to decrease through the end of 2025 and continue declining in 2026.

Broadcasting and telecommunications are combined for real GDP reporting; this combined sector increased 2.3% in 2022, 3.7% in 2023, and 3.8% in 2024. In 2024, the telecom and broadcasting sector represented 2.3% of the state's nominal GDP, with real GDP for the sector increasing 27.3% between 2019 and 2024. Employment in the Telecom sector has generally been on the decline since a high of 46,800 in 2001. Since 2001, the sector has experienced just six years of annual employment growth in the state, with the most recent annual gain in jobs in 2018.

**INFORMATION EMPLOYMENT 2016–2026 (In Thousands)**

| Year | Publishing | Telecom | Other | Total |
|---|---|---|---|---|
| 2016 | 21.3 | 27.4 | 23.5 | 72.2 |
| 2017 | 21.8 | 26.1 | 24.4 | 72.3 |
| 2018 | 22.3 | 27.1 | 26.2 | 75.6 |
| 2019 | 22.8 | 26.7 | 27.6 | 77.1 |
| 2020 | 22.7 | 26.2 | 26.2 | 75.1 |
| 2021 | 23.9 | 24.9 | 27.4 | 76.2 |
| 2022 | 25.8 | 24.8 | 28.8 | 79.4 |
| 2023 | 24.8 | 24.2 | 28.8 | 77.8 |
| 2024[a] | 23.0 | 22.9 | 28.4 | 74.3 |
| 2025[b] | 22.6 | 22.1 | 27.2 | 71.9 |
| 2026[c] | 22.5 | 22.0 | 27.2 | 71.7 |

[a]Revised. [b]Estimated. [c]Forecast.

Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.

### Broadband

Broadband has emerged as a critical component of economic development and is even more important with increased remote work and online education and health care. Economic research shows that the introduction and improvement of broadband services boosts employment growth, reduces unemployment rates, and helps attract and retain high value-added firms and workers. These impacts are particularly large in rural areas.

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# Information

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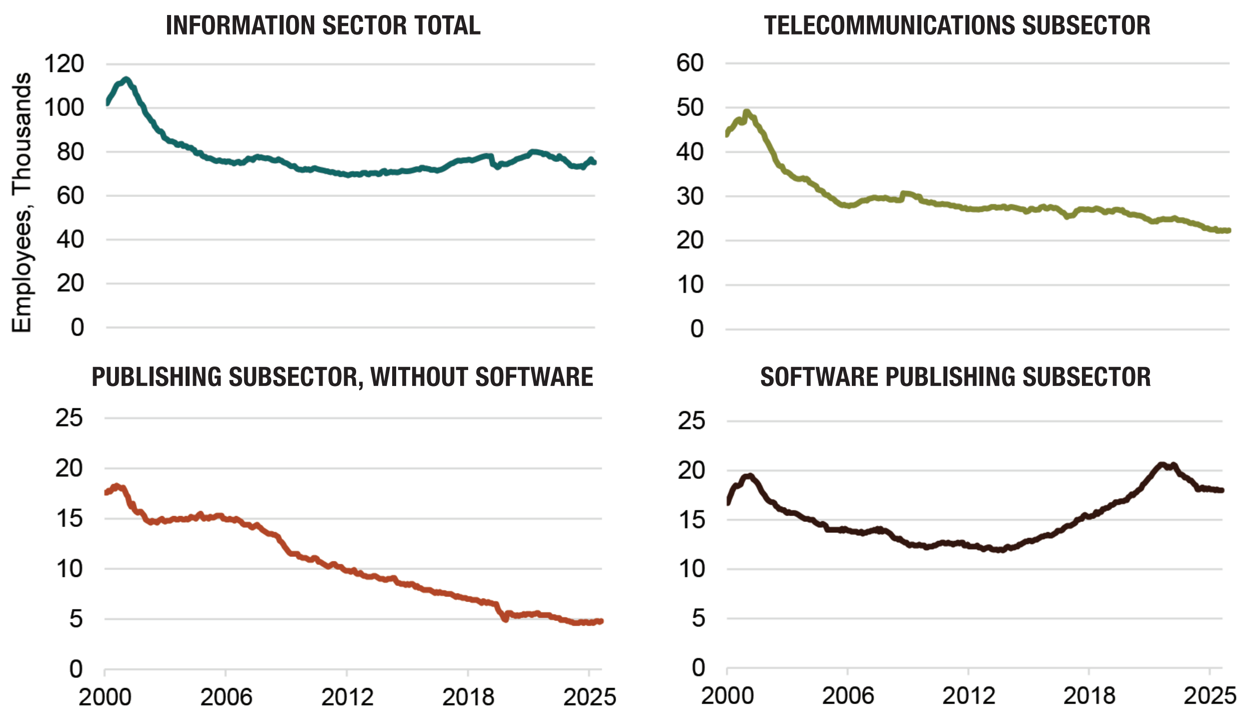


Source: U.S. Bureau of Labor Statistics, Current Establishment Survey.

Approximately 94.4% of Coloradans have access to wired or fixed wireless broadband, ranking the state 16th, according to *BroadbandNow.* However, unequal access to broadband across the state has created a digital divide. An estimated 3.9% of the state population, approximately 227,760 people, do not have access to a wired connection capable of 25 megabits per second (Mbps).

Smaller communities continue to make steady progress in broadband deployment, supported by the next phase of the federal Broadband Equity, Access, and Deployment (BEAD) Program. In 2025, the Colorado Broadband Office released its *Benefit of the Bargain Final Proposal,* which outlines 92 planned awards to 25 providers and nearly $638 million in total project costs, significantly expanding the number of rural and mountain communities positioned for high-speed service. The proposal reflects a more cost-efficient approach than earlier rounds, with increased local matching funds and a reduction of roughly $400 million in required BEAD outlays. The plan acknowledges that remaining unserved locations in Colorado are among the most difficult and expensive to reach due to topography and sparse population density, yet it commits the state to advancing toward near-universal coverage through a mix of fiber, fixed wireless, and low-Earth-orbit satellite solutions. With this strategy, Colorado aims to accelerate infrastructure buildout in remote areas and move closer to the statewide goal of 99% broadband availability by 2027.

Broadband access allows many rural communities the potential to attract remote workers and location-neutral businesses that can help diversify the economic base, but there are many other benefits, including public safety and health care. Many rural areas of the state would benefit greatly from telemedicine and remote health care monitoring, which have the promise to reduce health care costs while improving health outcomes. In October 2020, the United States Department of Agriculture (USDA) announced the investment of $6.3 million in high-speed broadband in rural Colorado, and another $10.5 million in August 2021. This funding is part of the effort to provide broadband services to unserved and underserved rural areas and is part of the $550 million Congress allocated to the second round of the ReConnect Program. In 2023, the USDA awarded an additional $48.4 million to Fort Morgan and Buena Vista to expand rural electric infrastructure. An additional $1 million was awarded to Pulse Broadband, Loveland's municipal internet service provider, to expand broadband to residents of Big Thompson Canyon and Viestenz-Smith Mountain Park, areas with historically poor connectivity.

## Telephone

Telephone, the legacy business for telecom providers, has been experiencing a protracted decline since the turn of the century. The Centers for Disease Control and Prevention, which tracks landline use to assure representative samples in its health studies, reported that 79% of U.S. households had only cellphone service in 2024, up from 76% in 2023 and 73% in 2022. Improvements in VoIP services have allowed internet and cable TV providers to compete with traditional wireline telephone services. Additionally, many of these legacy providers have lost landline subscribers to wireless and other competitors that offer free or lower-cost long-distance calling. The most viable telecom companies focus on higher-margin business-to-business sales and have diversified into separate wireless, wireline, internet, cable TV, and providers of emerging cloud-based and data center technologies.

### Television

Like the decline in land telephone subscriptions, pay-TV companies have been losing subscribers at a continued steep rate due to the uptick in video-on-demand services. A report from Leitchman Research revealed that major pay-TV providers in the U.S. lost about 5 million subscribers in 2023, compared to a loss of 4.6 million in 2022, continuing the declining trend observed in prior years. As internet speeds have become faster and more affordable in many markets, customers have been "cord-cutting" and leaving traditional cable and satellite services. A Q1 2025 report by MNTN Research found that 89% of U.S. households have at least one streaming video service.

Telecom companies are trying to stem this decline by using new technologies like high-definition, on-demand, online, mobile, multicasting, and bundling services like Disney+ with Verizon subscriptions or including Apple TV with hardware purchases from Apple. These technologies help develop alternative revenue streams for traditional cable companies; telecoms that provide both cable and internet might lose a cable subscriber through cord-cutting but can continue to sell internet services to the same household.

### Wireless

As more content is delivered wirelessly, and with 5G (fifth-generation) mobile networks now being rolled out, telecoms are fighting to expand their spectrum to meet the demands of bandwidth-intensive consumers. Wireless providers invested $39 billion in 2022 to power these wireless networks, an all-time high. More than 330 million Americans are now covered by 5G, up from 325 million last year, and Americans use nearly twice the amount of data used two years ago, according to CTIA. By 2030, 5G networks are estimated to contribute between $1.4 trillion to $1.7 trillion to the U.S. economy and create between 3.8 million and 4.6 million jobs.

According to the CTIA, the number of connected devices is 558 million, or 1.6 devices for every resident in the U.S. While a survey by Deloitte found that 38% of Americans added internet-connected devices to their homes during the pandemic, the average number of devices per U.S. household decreased to 21 devices, from its peak during the pandemic of 25 devices. According to the Pew Research Center, 97% of Americans own a cell phone and 95% own a smartphone (up from just 35% reported in the first smartphone ownership study in 2011). The uptick in ownership of these data-hungry devices and the increasing prevalence of smart-home Wi-Fi connected devices like thermostats, doorbells, and appliances has resulted in increased demand for spectrum, especially high-band.

The rollout of 5G networks will take some time to cover all of Colorado's population, but Denver, Colorado Springs, and Grand Junction residents now have 5G coverage. These 5G networks have the promise to be 100 times faster than the current 4G networks and about 10 times faster than 4G LTE networks. The deployment of 5G networks will likely take a number of years to build out; these networks are designed to work on an extremely high bandwidth above 20 GHz, but this high-spectrum band cannot travel more than a mile versus the current 4G LTE that can reach devices within a 20-mile radius. The buildout of 5G networks will require numerous small cells/antennas installed 30 feet above the ground, likely on existing utility poles or streetlights. A number of these towers went up in 2019 throughout Denver in public right-of-ways that run between sidewalks and roads. The deployment of these small cells has been occurring a few blocks at a time; it will take a few years before most big population centers in Colorado are covered.

### Data Processing

The Data Processing, Hosting, and Related Services industry is made up of companies that provide infrastructure for hosting or data processing services, which may include web hosting, streaming services, or application hosting. With the booming Internet of Things (IoT) taking over every aspect of life, the increasing popularity of AI, big data, data analytics, skyrocketing data usage, and the accelerated need of businesses to digitize business models, data centers and cloud services are in high demand. According to an analysis by JLL, the market for data centers has doubled in size since 2020, which can be largely attributed to AI demand.

The industry is quite large in Colorado, with 1,262 firms employing over 13,000 people in Q1 2025, and wages are above average, at $178,310. In 2023, employment in the state declined in this subsector, the first occurrence since 2010. This trend continued in 2024, with an additional decrease of 3.9%, or 610 jobs, from 2023. In Q1 2025, employment declined by 12.8% from Q1 2024, due in part to a clerical reclassification of employment categories that shifted some workers previously counted in the Information sector to another industry. The outlook for the Data Processing industry is strong, as spending on public cloud services is projected to grow by 21.4% in 2025 worldwide, according to Gartner. JLL notes that Denver is expected to see continued growth in data center usage and space acquisition by technology and finance institutions. The majority of data center demand in the Denver market is driven by technology, health care, banking and financial services, telecom, and retail and e-commerce companies.

## Film, Television, and Media

### Impact of Colorado Film Incentive

From May 2012 to June 2023, Colorado administered a cash rebate film production incentive program that supported 126 projects that contributed over $170 million to the local economy via direct production spend. In June 2023, Governor Polis signed HB23-1309 into law, which replaced the rebate program with a refundable

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state income tax credit for one calendar year. In 2024, HB24-1358 was passed, extending the tax credit for four additional years with an annual allocation of $5 million.

As of September 2025, the full $5 million annual tax credit allocation has been reserved for the 2025 calendar year, pointing to an increased demand for film production incentive support. The $5 million reservation is projected to support approximately $24.7 million in local qualified production spend and over 600 cast and crew positions for an estimated economic impact of over $44.4 million.

Since the beginning of the film incentive program in 2012, over $37 million in incentives has been paid or conditionally approved to productions. The Colorado Office of Film, Television and Media (COFTM) reports $216.7 million in actual and projected production spending and nearly 7,000 cast and crew hires from the start of the program through 2025.

Using a multiplier effect, it is estimated that approved productions have generated, and will generate in the future, almost $390 million in economic impact to 59 counties in Colorado. The multiplier effect was extrapolated from the University of Colorado's Leeds School of Business 2011 study *Economic and Fiscal Impact Analysis of Actual Film Budget Scenario on Colorado* and the 2015 study *Colorado Film Incentives and Industry Activity,* which were more recently updated in 2024 to include more contemporary data.

### Film Incentive Landscape

The film incentive landscape is fiercely competitive throughout the United States and the globe. According to Olsberg-SPI's 2025 Global Incentives Index, 36 states plus the District of Columbia offer a film incentive program, and approximately 70 countries offer either a national-level incentive or a mix of local territory incentives. The United Kingdom and Canada are notable leaders internationally in offering high-percentage and high (or no) annual caps. Domestically, California more than doubled its annual tax credit cap in 2025, while Georgia updated its program to apply more broadly to projects that meet current norms in streaming and new distribution models. The evolution of Colorado's incentive program also points to increased competitiveness by increasing the potential percentage from 20% to 22% (or higher, with approval from the executive director of the Office of Economic Development and International Trade [OEDIT]); lowering the minimum qualified spend to $100,000 for all companies (regardless of in- or out-of-state residency); and codifying the incentive program budget at $5 million annually for five years.

Over the last decade, Colorado's content creation scene has benefited from high-profile productions from major film studios and reputable independent production companies, such as Universal Studios and Netflix. A few notable projects include "Elevation," a postapocalyptic action thriller film starring Anthony Mackie, which was released theatrically in November 2024 and was the largest feature film to be produced in Colorado in eight years; "Coach Prime," a hit docuseries co-produced by Prime Video featuring Deion Sanders and the University of Colorado Boulder football team; "The Man Who Changed the World," a Colorado-created feature film with an estimated $16 million local economic impact; and "Hometown Takeover," an HGTV series that supported 41 local cast and crew and notably drove tourism to Fort Morgan where the featured renovations took place. In addition to direct production spending, economic impact can also be generated through film tourism as both in-state and out-of-state visitors patronize locations featured in popular productions.

## Evolution and Future of the Film Industry

As the industry continues to evolve with new technological advances such as AI and direct-to-consumer distribution models, filmmakers, crew members, actors, and industry professionals of all stripes are adjusting to current and anticipated disruptions for traditional workflows and production models. Companies, guilds, and unions are producing AI guidelines to allow for generative AI (such as Google's Veo, OpenAI's Sora, Runway, and Adobe Firefly) integration while maintaining artistic integrity and intellectual property rights; studios are leaning more heavily on virtual production stages, and those stages are beginning to multiply; the unscripted content landscape continues to face massive upheaval from the ubiquity of user-generated content; and streaming services continue to grapple with profitability.

While the production ecosystem remains in flux and recent federal policy statements add more elements of uncertainty into the industry, there is reason to believe that the industry may be stabilizing. According to FilmLA, an industry-backed nonprofit, although year-over-year production days are down, Q3 2025 did show an increase in production days and an increase in permit inquiries from the previous quarter, which may point toward productions beginning to take advantage of the increased California incentives ("L.A. Production Activity Falls Below 2023 Strikes, Led by Sharp Drop in Reality TV," Gene Maddaus, *Variety,* October 14, 2025). In Colorado, incentives are estimated to support approximately $24.7 million in production spend in calendar year (CY) 2025 and 613 jobs, compared to $21 million in CY 2024 and 620 jobs.

## Workforce Development, Regional Access to Resources, and Public Access Stations

With the signing of executive order D 2025 006, "Reimagining the Future of the Postsecondary Talent Development System in Colorado," the state is at an inflection point in its buildout of career and technical education pathways, and the film industry is actively examining ways to meet the moment.

Film, television, and media content creation depend on technological resources such as gear and software. Yet with only eight public access stations left in the state, many regions in Colorado are left with little to no access to professional gear or training opportunities that are vital for community industry and educational development. Without these localized resources, communities are unable to support a necessary element that modern businesses need. Rural communities have businesses and organizations that need content creation, from social media spots to branded content to traditional commercials. Without access to gear, workforce development programs, and career technical education, regional communities are forgoing or outsourcing these content elements and losing out on supporting homegrown content opportunities. COFTM has initiated several workforce development programs aimed at rural communities to help develop local talent and connections to local resources to fulfill this community need of local content creation. The Film Exposure Program was created to bring gear and hands-on training to rural high school students. Over the course of eight weeks, students and school district teachers work with a local media professional to create scripted scenes at each school site. The scenes are then edited together to make a collaborative short film. In addition, each school site receives a basic gear package for continued use beyond the program. Since the inception of the program in fall 2022, it has served over 280 students across nine sites.

Following the momentum from the Film Exposure Program, COFTM partnered with the Downtown Grand Junction Creative District to introduce a pilot internship program in 2024. The paid internship provided three film exposure program alums the opportunity to further explore content creation and storytelling by supporting the creative district's social media presence. Their content, which highlighted Downtown Grand Junction's local businesses and restaurants, led to over 20 hours of watch time on Instagram, with 83% of views originating from nonfollowers.

Similarly, COFTM is spearheading the Tribal Media Center PR Apprenticeship Program, which aims to connect young creatives from Native and Indigenous communities with opportunities for mentorship and career pathways while leveraging the power of interactive media and storytelling for marketing, audience engagement, and innovation for companies across sectors. COFTM also launched a Production Assistant Workshop program, which introduces students to career pathways in the film, television, and commercial industries. Finally, COFTM has partnered with SeriesFest with their Mobile Cinema Labs, which provide underserved urban communities with educational programming on filmmaking and media and provide hands-on experience with professional-grade film equipment.

## Sundance Film Festival

After a competitive, nationwide bid process, the Sundance Institute announced in March 2025 that Boulder would be the new home of the Sundance Film Festival. Beginning in January 2027, the festival will take place annually in Boulder for at least 10 years.

Recruiting the Sundance Film Festival was a Colorado-wide priority throughout early 2025. Governor Polis included the bid process in his 2025 State of the State address and worked with state legislators to open the session with the introduction of HB25-1005. The bill, which was signed into law in April 2025, supports Sundance's relocation effort via a refundable tax credit at

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$3 million to $5 million per year through 2036. The bill also provides $500,000 in tax credits to support local, existing film festivals throughout the state through a changing market landscape.

Estimates show an estimated $130 million in annual economic boost in Colorado from the festival based on audited reports from the festival in Utah, its current home. Additionally, the relocation of Sundance to Colorado will create approximately 1,800 sustainable jobs for creative arts professionals, resulting in $70 million in wages generated for Coloradans. Furthermore, additional industries within the state are also projected to benefit, as Sundance anticipates bringing more than 30,000 out-of-state visitors during peak festival periods, significantly boosting winter tourism across Colorado during the typically slower weeks at the end of January and providing a tremendous boon to hospitality industries, restaurants, retail businesses, and more.

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# Financial Activities

The Financial Activities industry consists of two sectors that comprised 6% of statewide employment in 2024: Finance and Insurance, and Real Estate and Rental and Leasing. Financial Activities underperformed in 2025, shedding 500 jobs, or 0.3%. The industry is expected to stay relatively flat in 2026, growing just 0.2%. Approximately 64% of the employees in the Financial Activities industry work in the Finance and Insurance sector (banks, credit unions, securities and investment firms, insurance carriers, etc.). About 36% of the workers are employed in the Real Estate and Rental and Leasing sector, which includes real estate-related payroll jobs and companies that lease anything from real estate to equipment to formal wear.

**FINANCIAL ACTIVITIES EMPLOYMENT 2016-2026 (In Thousands)**

| Year | Finance and Insurance | Real Estate and Rental and Leasing | Total |
|---|---|---|---|
| 2016 | 113.6 | 50.2 | 163.9 |
| 2017 | 116.0 | 52.2 | 168.1 |
| 2018 | 117.6 | 54.0 | 171.6 |
| 2019 | 118.0 | 56.6 | 174.6 |
| 2020 | 118.6 | 54.2 | 172.8 |
| 2021 | 120.6 | 57.6 | 178.2 |
| 2022 | 121.5 | 60.7 | 182.1 |
| 2023 | 115.9 | 62.9 | 178.7 |
| 2024[a] | 114.6 | 63.9 | 178.5 |
| 2025[b] | 114.2 | 63.8 | 178.0 |
| 2026[c] | 114.4 | 64.0 | 178.4 |

[a]Revised. [b]Estimated. [c]Forecast.

Note: Sum of the sectors may not equal the total due to rounding.
Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.

## Finance and Insurance

### Capital Markets

After a period of unprecedented, rapid monetary tightening followed by a period of market adjustment, 2025 stands as a year of apprehensive strength. At the time of this writing in late October 2025, equities are at or near record highs, yet the economy is showing the fatigue of policy distortion. The capital markets, as ever, remain a discounting mechanism, digesting every policy signal and reacting to every perceived and implied risk. The resulting paradox is striking: a Federal Reserve in the early stages of easing; an administration that seems intent on sustaining growth at all costs, regardless of second- and third-order consequences; inflation that has stopped falling and begun to edge higher again; and a trade environment shaped by erratic tariff announcements. Generally speaking, once supply chains shift, they seldom shift back—and certainly not without a catalyst.

Through the week ending Friday, October 24, 2025, the major U.S. indices stood at or near all-time highs. The Dow Jones Industrial Average closed at 47,207 (+11.4% year-to-date [YTD]), the S&P 500 at 6,791 (+15.5% YTD), and the Nasdaq Composite at 23,205 (+17.8% YTD) ("Wall Street Ends Higher as Solid Data, Strong Earnings Offset Valuation Concerns," Stephen Culp, Reuters, November 5, 2025). While those gains appear robust, they are heavily concentrated among a handful of mega-cap, artificial intelligence (AI)-linked companies. Deemphasizing the infamous "Magnificent 7"—Apple, Microsoft, Alphabet (Google), Amazon, Meta (Facebook), Tesla, and NVIDIA—the S&P 500 gains on an equal weight basis (rather than a capitalization weighted basis) are a less frothy 9%+. That concentration risk underscores the narrow breadth of market leadership and the growing divergence between the AI-investment beneficiaries and the broader corporate landscape.

### Post-Liberation Day Volatility

Markets were roiled early in the year following "Liberation Day," when new tariff threats announced on April 2, 2025, and retaliatory rhetoric triggered an approximate 10%-12% stock market drawdown from prior highs. The rapid policy reversals that followed—alternating between punitive tariffs and conciliatory overtures—left executives and investors questioning the reliability of economic guidance from Washington. The resulting uncertainty was reflected in The Conference Board's CEO Confidence Index, which fell to 48 in Q4 2025 (below the neutral 50 level). As in prior periods of policy volatility, sentiment rather than fundamentals drove short-term trading behavior, bringing to mind Benjamin Graham's famous quotation: "In the short run, the market is a voting machine, but in the long run, it is a weighing machine." Emotions, trends, and popularity drive stock prices in the short term, but in the long term, intrinsic value, profitability, and cash flow are factors that matter.

**INDUSTRY SNAPSHOT FINANCIAL ACTIVITIES**

| | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 119.1 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 94.2 |
| Q2 2025 Real GDP Growth Rate | 11.8% |
| Total Employment, Q2 2025 (Thousands) | 178.9 |
| Q2 2025 Employment Growth Rate | 1.1% |
| Employment Growth National Rank | 36 |
| Q2 2025 Share of Colorado Employment | 5.9% |
| Q2 2025 Share of National Employment | 1.9% |
| Average Wage, Q1 2025 | 118,318 |
| Percent of Statewide Average Wage | 143.7% |
| Q1 2025 Average Wage Growth Rate | 6.7% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics. These data are subject to future revisions; Q2 is end of quarter.

### Federal Reserve and Monetary Policy

The Federal Reserve's posture in 2025 can be described as a hesitant pivot. After two years of restrictive policy,

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# Financial Activities

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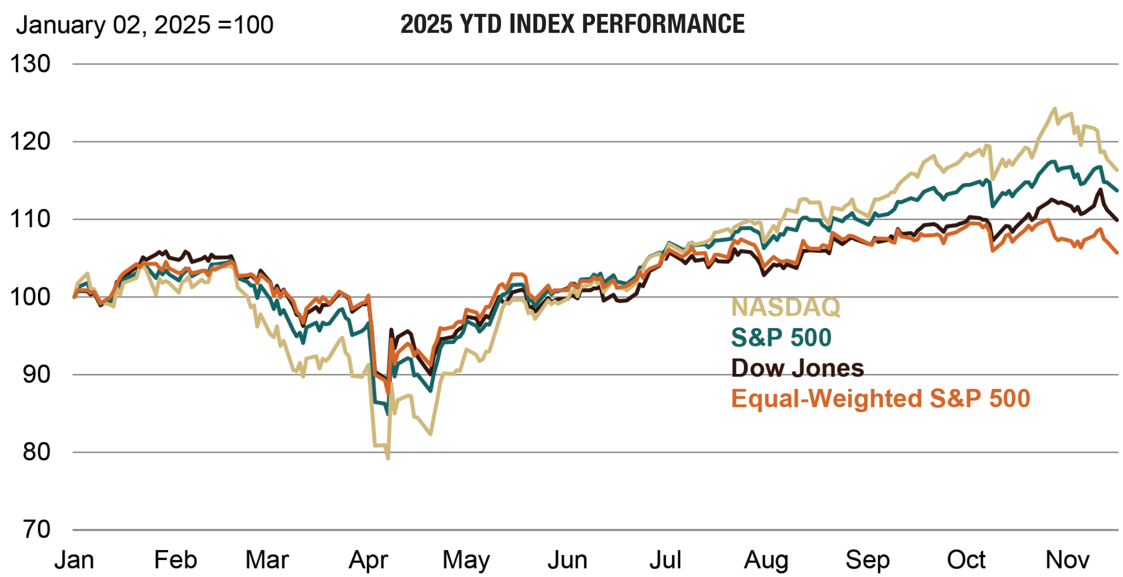
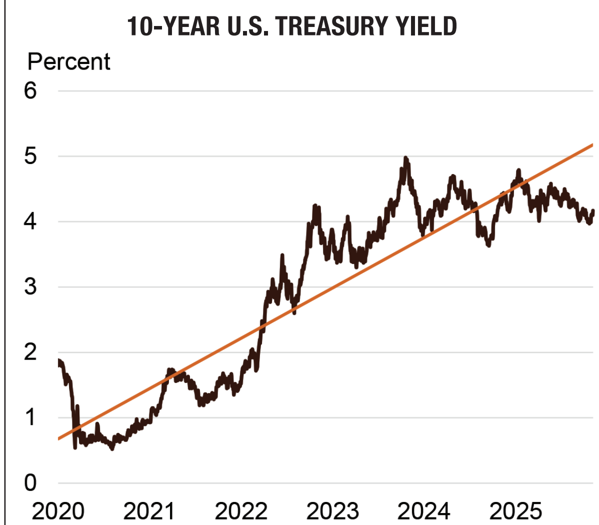


Source: Bloomberg, as of November 18, 2025.



Source: Federal Reserve Board (H. 15, Market Yield on U.S. Treasury Securities at 10-year, Constant Maturity, Quoted on Investment Basis). As of 11/13/2025.

the Fed shifted its tone from "higher for longer" to "data dependent." The 10-year U.S. Treasury yield has ranged between 3.85% and 4.75% this year, and its October dip below 4% has drawn attention as a possible indication that the bond market sees vulnerability to recession rather than persistent inflation ("10-Year Treasury Yields Dip Below 4%," Serafino Tobia, Greystone Market Commentary, October 20, 2025). As of October 24, the 10-year note yielded approximately 3.96%.

Inflation appears to have bottomed out midyear and turned higher. September's headline Consumer Price Index (CPI) of 3% year-over-year (+0.3% month-over-month) remains well above the Fed's stated 2% target. Energy costs have moderated, yet shelter and services inflation remain stubborn. Employment data have been clouded by noise. The Trump administration's Department of Government Efficiency (DOGE) initiative early in the year led to mass terminations across federal agencies, but the accompanying severance packages kept many of those workers on payrolls for several months, temporarily distorting official employment counts. As those payments expired through late summer and the government shutdown halted Bureau of Labor Statistics data collection, the labor picture became even murkier. The headline unemployment rate remains low, but the true underlying labor trend is likely weaker.

With inflation creeping upward and labor data ambiguous, pressure is mounting on the Fed to act. Speculation has risen that the Trump administration—eager to sustain growth—may urge the central bank to resume targeted quantitative easing to suppress long-term rates and support the housing market via agency mortgage-backed securities (MBS) and/or 10-year Treasury purchases. Such a policy would echo experiments of the early 2020s and risk reigniting asset inflation.

While the stock market sets new records, that does not equate to a healthy economy. Corporate earnings growth has been narrow, manufacturing surveys remain weak, and small-business sentiment has trended lower for most of 2025. The disparity between equity valuations and real-world activity has rarely been so pronounced. Apollo's chief economist, Torsten Slok, published a note at the end of October suggesting the K-shaped economy applies to corporations, too. Profit margins have increased for the Magnificent 7, while margin compression is evident for the remaining 493 companies of the S&P 500.

## GDP and the AI Investment Boom

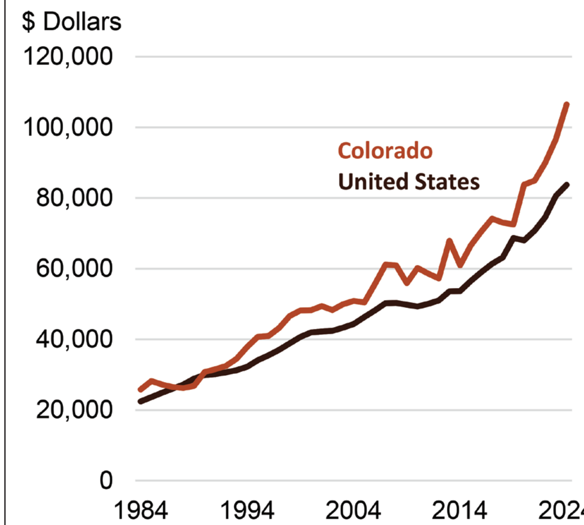
Consensus GDP forecasts are in excess of 2% real growth—a respectable number given the lagged effects of

**FINANCIAL MARKETS: STOCKS**
**2015-2025 YTD (Year-End Close)**

| | Index | | | | Annual Percent Change | | | |
|---|---|---|---|---|---|---|---|---|
| Year | S&P 500 | Dow Jones | NASDAQ | Russell 2000 | S&P 500 | Dow Jones | NASDAQ | Russell 2000 |
| 2015 | 2,059 | 17,823 | 4,736 | 1,205 | 11.4% | 7.5% | 13.4% | 3.5% |
| 2016 | 2,044 | 17,425 | 5,007 | 1,136 | -0.7 | -2.2 | 5.7 | -5.7 |
| 2017 | 2,239 | 19,763 | 5,383 | 1,357 | 9.5 | 13.4 | 7.5 | 19.5 |
| 2018 | 2,674 | 24,719 | 6,903 | 1,536 | 19.4 | 25.1 | 28.2 | 13.1 |
| 2019 | 3,231 | 28,538 | 8,973 | 1,668 | 20.8 | 15.5 | 30.0 | 8.7 |
| 2020 | 3,756 | 30,606 | 12,888 | 1,975 | 16.3 | 7.2 | 43.6 | 18.4 |
| 2021 | 4,766 | 36,338 | 15,645 | 2,245 | 26.9 | 18.7 | 21.4 | 13.7 |
| 2022 | 3,840 | 37,147 | 10,466 | 1,761 | -19.4 | 2.2 | -33.1 | -21.6 |
| 2023 | 4,770 | 37,690 | 15,011 | 2,027 | 24.2 | 1.5 | 43.4 | 15.1 |
| 2024 | 5,942 | 42,732 | 19,622 | 2,268 | 24.6 | 13.4 | 30.7 | 11.9 |
| YTD Nov 14, 2024 | 5,949 | 43,751 | 19,108 | 2,337 | 32.3 | 25.6 | 35.6 | 30.0 |
| YTD Nov 14, 2025 | 6,734 | 47,147 | 22,901 | 2,388 | 13.2 | 7.8 | 19.9 | 2.2 |

Source: Yahoo! Finance. Note: YTD represents the growth year-to-date from the prior end-of-year close.

**MEDIAN HOUSEHOLD INCOME**




Source: U.S. Census Bureau, Table H-8.

prior tightening. Roughly a quarter, or perhaps more, of that growth is attributed to AI-related capital expenditure as large firms expand data center and semiconductor capacity. The question is whether markets will remain patient if profitability does not soon justify those investments. The comparison to the dot-com era is difficult to ignore; enthusiasm for technological transformation can outpace near-term earnings reality. Should valuation multiples compress as they did in 2001—when Cisco, then the bellwether of the internet era, lost over three-quarters of its value—the resulting wealth shock could erode consumption and trigger a broader contraction. That said, at its peak in the dot-com boom, Cisco was trading at a price-to-earnings (P/E) ratio in excess of 200. This makes NVIDIA look almost tame today with a P/E ratio of "only" about 58. On the other hand, Tesla, with a P/E ratio in excess of 300, looks rather exuberant.

## The K-Shaped Economy and the Colorado Context

According to Moody's Analytics and Mark Zandi, the top 10% of U.S. households now account for nearly half of all consumer spending (49.2%). Economic momentum is thus increasingly tied to the wealth effect of a narrow segment of affluent consumers. Meanwhile, the lower two-thirds of households—nationally and within Colorado—remain most vulnerable to rising living costs, uncertain employment, and limited credit access. Credit scores for many have declined with the reversal of student loan forgiveness. In fact, recent data suggest one-fourth of U.S. adults have a subprime credit score. This defines the current K-shaped economy: One arm rises with asset values and AI-driven income growth, while the other bends under the weight of inflation and real-wage erosion.

Colorado mirrors these national trends. According to the U.S. Census, median household income in the Denver Metropolitan Statistical Area stands at $102,339, versus a national median of $83,730. Denver's above-average income and diverse employment base in aerospace, defense, technology, and professional services provide some resilience. However, consumer credit delinquencies have begun to rise, and lower-income households are disproportionately impacted by higher rent and transportation costs.

## Tariffs and Corporate Behavior

The year 2025 has been punctuated by chaotic tariff announcements and reversals. While headline indices often shrug them off, corporate planning cycles have not.

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# Financial Activities

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Imports of key manufacturing inputs have oscillated with policy volatility, making forecasting costs and inventory requirements difficult. The result is a slowdown in fixed investment outside AI and infrastructure. Companies with domestic capacity and strong balance sheets have benefited; small and midsize import-reliant firms have not. This policy unpredictability, layered atop elevated borrowing costs, has left many executives in a defensive posture—expanding only where demand is guaranteed.

### Risks and Parallels

The market appears content to ignore these fault lines—for now. History suggests that periods of policy distortion and concentrated market leadership often precede repricing events. A prolonged AI-investment cycle without visible productivity gains could trigger a valuation reset similar to the post-2000 telecom and internet bust. When Cisco and other leaders of that era fell from grace, the ripple effect was broad and immediate. Calling the timing of this recognition is akin to trying to predict the timing of the fall of the Berlin Wall. If a similar cycle unfolds today, Colorado's reliance on the wealth effect, capital gains, and sales tax revenues could make it particularly sensitive to a market reversal.

### 2026 Outlook and Implications for Colorado

As the nation approaches the midterm elections, the interplay between monetary policy, tariffs, and household confidence will define the contours of 2026.

Three broad scenarios frame the range of plausible outcomes for 2026:

**The Base Case—**The economy continues to grind higher, driven in part by the momentum of the last two years. Moderate Fed rate cuts fuel the economic momentum, aiding in the resolution of some marginal credits and inflating asset values. GDP growth continues at a ~2% pace. State and local sales tax revenues plateau but remain stable.

**Upside—**Tariff policy stabilizes; trade becomes more predictable. AI efficiency gains boost profits and productivity. The Fed cuts rates at a faster pace and incorporates quantitative easing (QE) to stimulate the housing market. Colorado benefits from tech employment and increased housing activity. (Consequences: Wealth gap expands, amplifying societal stress.)

**Downside—**Investor pressure for a return on investment (ROI) from massive AI cap-ex spending comes to a head. Not unlike the railroad booms/busts of the 1800s, gains from massive AI infrastructure spending take many years to be realized. A roughly 15%-20% equity correction ensues. Top-decile households reduce consumption, wealth effect reverses, and recession follows. Inflation falls on demand destruction, but unemployment rises and tax collections decline, increasing budgetary stress both nationally and locally.

### Conclusion

The U.S. economy enters 2026 in a late-cycle phase marked by an unusual form of fiscal activism, monetary tension, and a narrow engine of growth driven by technology and wealth. The stock market's record levels mask underlying fragility. If policy missteps or an AI cap-ex hangover trigger a rerating of risk, the impact will extend well beyond Wall Street.

Colorado is better positioned than many states thanks to its educated workforce and diverse industry mix, yet its revenue base is highly sensitive to capital markets and the wealth effect. Aerospace, defense, and energy should remain pillars of stability, but sales and capital gains tax receipts will mirror the fortunes of the top decile that drives national consumption.

In the long run, discipline and quality outperform ambition and leverage. The latter is a double-edged sword that amplifies both positive and negative attributes. The coming year will test whether the economy's foundations can support elevated valuations—or whether the weight of policy uncertainty and narrow market breadth forces a recalibration.

## Commercial Banking

### National Perspective

While there was some concern at the beginning of 2024 due to the unpredictability of interest rates, the banking industry has navigated the "new normal" of higher rates, regulatory scrutiny, and evolving deposit behavior. Into 2025, performance remains strong, with clear signs of resilience. The Federal Deposit Insurance Corporation (FDIC) Quarterly Banking Profile for the Second Quarter 2025 reported, "The banking industry continued to have strong capital and liquidity levels, which support lending and protect against potential losses."

According to polling by Morning Consult on behalf of the American Bankers Association, consumer confidence in banking and bank products ended 2024 at the highest levels in years. Into 2025, that confidence appears to hold, with banks showing healthy fundamentals.

*Industry Health and Earnings*

In Q1 2025, the approximately 4,462 FDIC-insured commercial banks and savings institutions reported net income of $70.6 billion, up ~5.8% from the prior quarter. The industry's aggregate return on assets (ROA) in Q1 2025 was 1.16%, up from 1.11% in Q4 2024. In Q2 2025, net income was $69.9 billion with an ROA of 1.13%, marking a slight decline quarter-over-quarter, largely driven by a large acquisition-related expense. Total industry assets in Q2 2025 rose to approximately $25 trillion.

Asset quality remains favorable, but pockets of stress are visible particularly in commercial real estate, especially office portfolios, as well as consumer credit metrics. In the 2025 Risk Review, the FDIC noted that although earnings remain high and credit losses low, institutions should remain alert to CRE, commercial and industrial (C&I) lending, and consumer charge-off pressures.

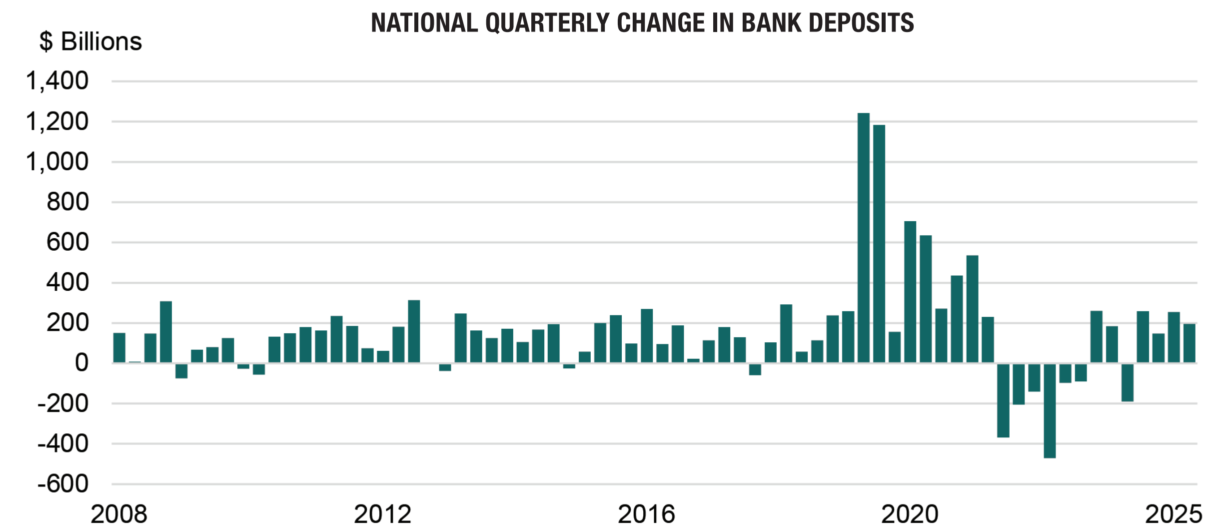
### Banking in Colorado

*Industry Structure and Market Size*

Colorado enjoys a robust banking industry. Of the approximately 127 banks in Colorado, approximately 67 are state chartered and headquartered in the state. Commercial banks in Colorado hold total assets of $225 billion, with the four largest banks holding nearly 52.7% of the market share. Total bank deposits in Colorado are $180 billion, a minor reduction from the previous year.

*Community Banking in Colorado*

With national deposit-yield pressures and competition from alternate financial institutions, Colorado banks, especially regional and community institutions, are under pressure to defend deposit bases. With 52.7% of the market held by the four largest banks, smaller banks in Colorado compete via service, local relationships, deposit cost management, and differentiation. Banks in the state have yet to see many of the significant stresses other institutions have experienced nationally with similar CRE stress. Colorado's growing tech ecosystem means banks may increasingly invest in digital banking capabilities, fintech partnerships, and client-experience improvements to stay competitive. Banks remain resilient and successful through their agility.



Source: Federal Deposit Insurance Corporation. Includes all FDIC-insured institutions.

## Industry Trends and Outlook for Colorado Banking

Banks are fiscally sound and remain optimistic. Per the Conference of State Bank Supervisors (CSBS) 2025 Survey, bankers emphasize the cost of funds, deposit acquisition/retention, and broader external risk factors. Banks continue to face strategic challenges including defending deposit base amid competition, managing CRE exposure, and navigating mergers and acquisitions (M&A)/regulatory changes. Banks with digital capability, flexible deposit pricing, and diversified revenue may outperform this environment.

*Consumer Credit Card Debt and Household Debt*

In the second quarter of 2025, consumer credit card debt reached $1.2 trillion, increasing by $27 billion from the first quarter. This is a 4.5% increase year-over-year for the quarter. This growth remains below the 10-year average. The New York Federal Reserve Bank reported that total household debt increased by $185 billion to $18.4 trillion in the second quarter.

*Interest Rate Reductions*

In September 2025, the Federal Open Market Committee (FOMC) voted to cut interest rates by 25 basis points. This was the first interest rate reduction of 2025. On October 29, the FOMC reduced interest rates by another 25 basis points to 3.75%-4.00%. Further rate reductions in 2025 are uncertain.

*Mergers and Acquisitions*

All M&A have a unique reason or goal for each deal to be made. Bank M&A in 2025 are driven by a variety of objectives. The consolidation of smaller and midsize banks may be to achieve scale and to compete within the industry footprint. However, M&A activity is not isolated to just small and midsize institutions. After a slow start at the beginning of 2025, M&A activity will end strong in 2025, pacing toward 175 annualized transactions. Fifty-two U.S. bank deals were announced in Q3 2025. Per S&P Global Market Intelligence, the aggregate value for the third quarter is $16.6 billion.

*Regulation*

The banking industry successfully prevented several pieces of legislation in 2025 that would have negatively impacted the industry and bank customers. For the second year in a row, a legislative effort was introduced to modify statutes that currently require an FDIC-insured institution to sell its assets to another FDIC-insured institution to allow a credit union to purchase the assets and liabilities of an FDIC-insured institution. This legislation was successfully thwarted in 2024 and again in 2025. A coalition of retailers and restaurateurs also brought legislation to allow the state government to limit credit card interchange fees, which are charged by a card-issuing institution and paid by the merchant each time a customer uses a credit or debit card

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# Financial Activities

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for a purchase. Interchange fees are a business cost that covers the risk and expenses associated with processing a transaction, such as fraud protection and cost of verifying the transaction. There is litigation proceeding in Illinois associated with similar legislation that passed in 2024, but the proposed legislation in Colorado was defeated. Finally, in 2024, Colorado passed landmark legislation to address algorithmic discrimination with the use of AI. With the signing of the law, Governor Polis recognized structural flaws that would need to be addressed in future legislation. AI law does not adequately recognize the regulatory authority and oversight banks must comply with regarding fraud technologies. During the general session and special session, legislation was introduced to address AI, but neither bill successfully exempted bank fraud technology. The AI implementation date was extended to June 30, 2026. Legislation will be introduced again in 2026.

Federally, Congress passed the Genius Act to align state and federal stablecoin frameworks, ensuring consistent regulation. The legislation provides minimal consumer protection, and additional clarifications are needed to improve the regulatory framework.

*Conclusion*

The commercial banking sector in the U.S. entered 2025 from a position of strength: elevated earnings, solid capital, relatively low credit losses, and favorable deposit trends. Colorado's banking industry, while subject to the national headwinds of deposit cost and margin pressure, sits in a healthy regional environment and has the opportunity to further capitalize on a growing economy and population.

## Cross-Border Payments

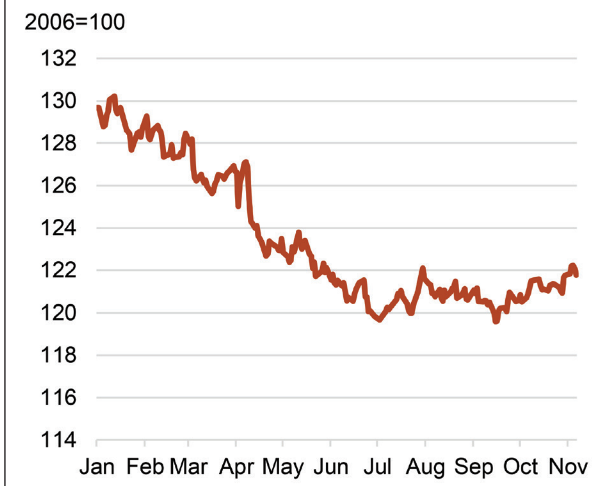
Macroeconomic volatility, global trade uncertainty, and geopolitical risk all remain elevated (and will be for the foreseeable short term), posing risks for Colorado companies with global payment footprints. By October 2025, the EUR/USD currency pair had fluctuated within a YTD trading range of 17.5%. Several other major currency pairs also showed notably higher volatility compared to their historical norms (GBP/USD: 13.9%, AUD/USD: 13.4%, USD/JPY: 13.6%). Substantial currency movements were witnessed in 2025 most notably due to U.S. trade renegotiations with many of its trading partners. Country and sector-specific tariff regimes have involved Canada, Mexico, the European Union, Japan, Brazil, and others. Sector-specific tariffs have also been applied to metals (steel, aluminum, copper), manufacturing segments of automobiles and auto parts, and commodities such as timber. Industrial policy changes are having far-reaching impacts on U.S. firms and their foreign competitors. Inflation monitoring and potential Fed policy actions for 2026 pose considerations for various USD currency pairs, with higher volatility expected again but less intense than in 2025.

At the aggregate level, the trend shows a broad-level 2025-dollar depreciation represented in the dollar index (DXY).

Late 2025 and early 2026 expectations of slower growth positioned a narrative of near-term future rate cuts by the Fed. The DXY's performance in the last 12 and nine months (-4.3% and -8.7%, respectively) demonstrated that outlook. As conflicting economic data occurred—continued elevated inflation and fluctuating GDP growth between contraction in the first quarter and higher than expected growth in the second quarter—a hold off on a shift in monetary policy action resulted. The DXY has rebounded over the past three months (+2.2%) in response to a "wait-and-see" environment.

Heading into 2026, the short-term expectations for the Federal Reserve are a slight easing of rates, and the relative interest rate differentials among major central banks will be top of mind for executives. For Colorado companies, Mexico, Canada, and China represent important trading partner countries. A continuation of a data-dependent, wait-and-see approach by the Fed could keep the USD/CAD in a relatively calmer range of its current 1.4. The Bank of Canada has executed more rate cuts in 2025 than the U.S. Federal Reserve, positioning Fed action as the greater near-term driver of the direction of interest rate differential in the USD/CAD. For the USD/MXN pair,

**NOMINAL BROAD U.S. DOLLAR INDEX, 2025**




Source: Board of Governors of the Federal Reserve System.

both central banks are positioned for potential rate cuts in 2026. Mexico has a slower growth profile and a higher nominal rate heading into 2026. Additional macroeconomic factors such as ongoing trade renegotiations, Mexico's dynamics in the Central American/South American trade, and regional volatility potential create greater policy uncertainty attributed to its future performance.

For Colorado, export sectors that benefit from a depreciating dollar in 2026 include mining, agriculture, and tourism. For mining companies, such as Newmont Corporation, SSR Mining, and Royal Gold, their products could become relatively cheaper for foreign-located clients, creating a potential revenue tailwind in 2026. Similarly, Ardent Mills, JBS USA, and Intrepid Potash in the agriculture sector stand to benefit in growth prospects with a depreciating dollar to their core client countries. Key importers of products in Colorado (crude petroleum and aerospace) that source inputs from foreign markets could face increased expenses in 2026 with a depreciating dollar. With over $28 billion in imported goods and services in 2023, Colorado companies have significant business tied to the relative factors pertinent to the U.S. dollar.

On the technological front, financial services and fintech firms are investing and developing capabilities to speed up and adequately secure the pace of cross-border payment transacting. Real-time payments (RTP), AI-enabled fraud prevention, and digital asset/stablecoin evolutions are all making marked impacts on delivering payments to the end-user in better ways. Governments are supporting initiatives to accelerate RTP rail developments, which have the potential to eliminate intermediaries, reduce fees for businesses and consumers, and drive toward more instantaneous delivery of payments. As the speed of delivery accelerates, authentication and security become paramount for infrastructure providers. AI-enabled fraud prevention tools and capabilities are increasing in development to support the goal of faster money movement, particularly for small- to medium-size enterprises (SMEs) in the cross-border payment space.

## Insurance

The Colorado insurance market enters 2026 at a pivotal moment, shaped by shifting global economic forces, evolving consumer expectations, and significant changes in risk dynamics. After years of hard market conditions, particularly in property and casualty insurance, early indicators suggest a period of stabilization and even softening in some lines, while others remain under pressure from social inflation, litigation, and climate-related risks (Risk Strategies, State of the Insurance Market 2025 Outlook). This report synthesizes recent industry data, expert commentary, and legislative developments—including the rollout of the Colorado Fair Access to Insurance Requirements (FAIR) Plan—to provide a comprehensive outlook for commercial and personal insurance consumers in the state.

### Market Overview: Key Economic and Insurance Trends

The U.S. insurance sector in 2025-26 is marked by cautious optimism. After a prolonged "super-cycle" of rising premiums and restricted capacity, new capital is entering the market and driving competitive pressure, especially in property insurance ("Property Insurance Rates Expected to Fall Further," Gavin Souter, Business Insurance, October 10, 2025; "Tariff Impacts on Property Insurance: Understanding the Ripple Effect," CRC Group, May 2025). However, risks remain elevated due to ongoing supply chain disruptions, inflationary pressures, and the persistent threat of catastrophic weather events (Swiss Re Corporate Solutions, via Business Insurance, October 2025; Buckner Company, Insurance 2025 Forecast; Colorado Division of Insurance).

In Colorado, the insurance landscape reflects national trends but is also uniquely shaped by local exposures such as wildfires, hail, and continued increase in population. The state's regulatory environment continues to evolve, with the Colorado FAIR Plan (effective July 2025) providing a new safety net for properties previously deemed uninsurable in the standard market (Rocky Mountain Insurance Information Association, Hail and Wildfire Data).

### Property Insurance: From Hard Market to Rate Relief?

After several years of sharp premium increases, 2025 saw the beginning of a reversal in property insurance rates. Industry sources report higher single-digit rate decreases in many segments, including catastrophe-exposed properties, as new capacity enters both traditional and alternative (insurance-linked securities) markets. Even riskier multifamily and habitational accounts are seeing possible reductions of 5%-10%. This trend is expected to continue into 2026, barring a major catastrophe such as a significant hurricane or wildfire before the end of the 2025.

However, Colorado remains highly exposed to wildfire and hail, with the state leading the nation in large hailstorm frequency and experiencing multibillion-dollar events in recent years (Ivans Index, Q2 2025). Insurers continue to apply higher deductibles for wind and hail, and carriers are scrutinizing property valuations closely to ensure adequate coverage.

### Special Focus: Colorado FAIR Plan

The Colorado FAIR Plan, launched in July 2025, is a significant development for both personal and commercial property owners. Designed to offer last-resort coverage for properties primarily in wildfire or other high-risk areas, the plan is expected to expand access to insurance for thousands of Colorado residents and businesses previously unable to find coverage in the standard market (Rocky Mountain Insurance Information Association, Hail and Wildfire Data).

Key features:

- Available for personal residences up to $750,000 and commercial properties up to $5 million
- Basic coverage only—policyholders should review limits and exclusions carefully
- Rates are regulated and may be higher than standard market, but they provide vital access to coverage

Early feedback suggests the FAIR Plan is already contributing to greater stability in the high-risk property market, though continued wildfire events or regulatory changes could affect its long-term sustainability.

### Auto Insurance: Moderating Increases Amid Persistent Risks

The auto insurance market in Colorado and nationwide is seeing a moderation in rate increases after several years of double-digit hikes. According to the *LexisNexis US Auto Insurance Trends Report 2025*, the average premium renewal rate for commercial auto in Q2 2025 was 8.4%, down from 9.2% in Q1. Personal auto rates are also stabilizing as insurers return to profitability, with some carriers even filing for slight reductions in premium rates.

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# Financial Activities

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**KEY DRIVERS OF AUTO INSURANCE COSTS**

| Factor | Impact |
|---|---|
| Bodily Injury Severity | +9.2% YoY (2023–2024)[a] |
| Distracted Driving Violations | +50% (2024–2025), especially ages 26–36[b] |
| Tariff-Driven Parts Cost | Increased repair/replacement costs[a] |
| Litigation/Nuclear Verdicts | Rising settlements, higher premiums[a] |

Sources: [a]Risk Strategies State of the Insurance Market 2025 Outlook, [b]Travelers Insurance, "6 Forces Driving Commercial Auto Insurance Costs," Oct 2025, Colorado Business Economic Outlook Committee.

**CASUALTY RATE OUTLOOK**

| Line | 2025 Rate Change | 2026 Outlook |
|---|---|---|
| General Liability | +4.7%[a] | +3% to +10% |
| Umbrella | +9.1%[a] | +5% to +12% |
| Workers' Compensation | -1.8%[a] | Flat to -2% |

Sources: [a]Ivans Index, Q2 2025, Applied Systems, and the Colorado Business Economic Outlook Committee.

**PROPERTY INSURANCE RATE TRENDS**

| Segment | 2024 | 2025 | 2026 Outlook |
|---|---|---|---|
| Commercial Property (General) | +8.5%[a] | +7.9%[b] | +5% to -5%[c,d] |
| Catastrophe-Exposed Property | +10% to +30% | +10% to +20% | Flat to -10% |
| Colorado FAIR Plan | N/A | Launched April 2025 | Expanded availability, rates regulated |

Sources: [a]LexisNexis US Auto Insurance Trends Report 2025, [b]Ivans Index, Q2 2025, [c]Business Insurance, "Property insurance rates expected to fall further," Oct 10, 2025, [d]CRC Group, "Tariff Impacts on Property Insurance: Understanding the Ripple Effect," May 2025, and the Colorado Business Economic Outlook Committee.

**EMPLOYEE BENEFITS RATE FORECAST**

| Coverage | 2025 Rate Change | 2026 Outlook |
|---|---|---|
| Medical | +7% to +11% | +8% to +15% |
| Prescription Drugs (Non-Specialty) | +9% to +12.5% | +10% to +13% |
| Prescription Drugs (Specialty) | +6% to +16.5% | +8% to +18% |

Source: Colorado Business Economic Outlook Committee.

However, claim severity continues to rise, driven by inflation in vehicle repair costs, increased attorney involvement, and a surge in distracted driving and DUI violations—especially among older and long-tenured drivers. Supply chain disruptions and tariffs have further increased costs for parts and repairs.

**2026 Auto Insurance Outlook—**Rate increases are expected to remain in the 5%-10% range for commercial auto, slightly lower for personal lines. Insurers are investing in telematics and advanced safety technologies to help control losses, and consumers continue to actively compare insurance options as they seek better deals. According to various industry reports, it has been determined that almost 50% of personal lines auto insurance consumers shopped around looking for better auto rates over the last 24 months.

### General Liability, Umbrella, and Casualty Lines

General liability rates continue to rise, averaging 4.7% in Q2 2025, with umbrella rates at 9.1%. Social inflation, increased litigation, and the prevalence of nuclear verdicts (awards exceeding $10 million) are key drivers (Risk Strategies, State of the Insurance Market 2025 Outlook). Underwriters are cautious, especially in high-risk sectors such as construction, transportation, and habitational real estate.

Umbrella and excess liability capacity remains constrained, with higher attachment points and more restrictive terms. Rate increases of 5%-15% are typical, though competition from new market entrants may begin to moderate these trends in late 2026.

Cyber insurance has entered a period of stabilization after years of sharp premium hikes. Organizations with strong cybersecurity controls are now seeing premium reductions of up to 10%-20%. However, ongoing threats including AI-driven attacks, fraudulent fund transfers, and high-profile ransomware events mean that underwriters remain vigilant, and coverage requirements for strict security protocols are stringent. Cyber liability insurance is now a must-have type of insurance coverage for businesses.

Management liability (Directors and Officers [D&O], Employment Practices Liability Insurance [EPLI], fiduciary liability insurance) rates are generally softening, with new entrants increasing competition. However, companies in sectors facing regulatory scrutiny, environmental, social, and governance (ESG) litigation, or cryptocurrency exposures may still see higher pricing or reduced capacity.

### Health Insurance and Employee Benefits

Health insurance premiums in Colorado are projected to rise by 7%-15% for medical and 9%-12.5% for nonspecialty prescription drugs, reflecting the impact of specialty therapies, GLP-1 drugs, and ongoing regulatory changes. Employers are increasingly focused on holistic well-being programs, compliance with pay transparency laws, and strategies to manage pharmacy spend.

Unfortunately, at the time this summary was written in October 2025, the Affordable Care Act (ACA) is under intense scrutiny by current political cabinet and nonpartisan participation. It is expected that once Congress does determine 2026 costs for ACA renewals, they will increase—but how much is difficult to forecast at this time.

### What Consumers Should Expect in 2026

- **Property insurance relief:** Most consumers and businesses should see flat or declining property insurance rates, especially if no major catastrophe events occur in late 2025.
- **Auto insurance stabilization:** Rate increases will moderate, but underlying cost pressures (repairs, litigation, distracted driving) remain.
- **Continued scrutiny on liability lines:** General liability and umbrella rates will remain elevated due to social inflation and litigation risk, but competition is increasing.
- **Better access for high-risk properties:** The Colorado FAIR Plan will expand options, but policyholders should review terms closely and consider mitigation strategies to lower costs.
- **Employee benefit costs rising:** Health and pharmacy costs will continue to rise, requiring proactive management from employers.
- **Cyber and management liability:** Rates are softening for organizations with strong controls; coverage remains essential as threats evolve.

### Conclusion

The Colorado insurance market in 2026 is poised for a period of relative stability and opportunity, with property insurance rates slowly declining for the first time in years and new solutions available for high-risk properties. However, persistent risks—from climate change to social inflation and technological disruption—require vigilance from consumers and businesses alike. Partnering with experienced brokers, regularly reviewing coverage, and investing in risk mitigation will be key to navigating the evolving landscape.

## Real Estate and Rental and Leasing

### Commercial Real Estate Markets

To have a thriving commercial real estate industry, a region needs to have a thriving economy and an expansive job market. However, business publications are reporting that many large companies are trimming their workforces despite reporting strong earnings, like Amazon laying off 30,000 employees and Denver-based Gates Industrial closing factories and eliminating hundreds of positions. Some companies are responding to efficiency gains from AI software by eliminating entry-level positions, human resources, cloud computing, advertising and accounting jobs, or even cutting staff due to the uncertainty caused by the Trump administration's tariffs. Colorado is fortunate to have robust academic institutions, which incubate new businesses and attract new industries. Not everyone is immune from downsizing, but the data show that communities that invest in economic development by attracting in-demand industries, such as cybersecurity, aerospace, and clean tech, are better able to grow their populations, attract jobs and industry, and withstand economic downturns.

**Northern Colorado—**The economies of Larimer and Weld counties have been consistently recognized as two of the fastest growing in the state and, at times, the nation. Principally nurtured by a robust Colorado State University system, industries that have blossomed include advanced manufacturing, traditional and renewable energy, agribusiness and ag tech, life sciences, brewing, and other sectors. Major employers like JBS USA, Otter Products, New Belgium Brewing, and Ursa Major Technologies boost GDP, while the energy sector supercharges growth due to advances in hydraulic fracturing. In Weld County, oil production soared from 8.5 million barrels in 1995 to 140 million barrels in 2024. Business growth has generated population growth, especially in smaller communities like Firestone and Berthoud. In 1995, the population of Larimer and Weld counties stood at about 217,000 and 148,000, respectively. Fast forward 30 years, and the estimated 2024 population of Larimer County reflects over a 70% increase to 375,000, while Weld County experiences a doubling of its population to nearly 360,000.

Office and industrial real estate have benefited from the growth in professional services and technology companies, and more recently, the lack of new supply helps keep vacancy low and rents rising. Realtec notes that office vacancy in Larimer and Weld counties in Q1 2025 compared to Q1 2024 was 6.9% and 4.6% versus 6.5% and 5.4%, respectively, with substantially no square footage under construction, and asking rents increased to $25.93 per square foot and $20.80 per square foot versus $25.05 per square foot and $20.46 per square foot. While the industrial market cooled, new square footage was added in both counties, yet demand did absorb supply. Reported county vacancies in Q3 2025 versus Q3 2024 were 5.9% and 4.3% versus 6.3% and 3.8%, respectively, with Amazon projected to open its new 3.8 million-square-foot

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# Financial Activities

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Grand Junction, Colorado. Photo courtesy of GJEP.

facility near the Northern Colorado Regional Airport by the end of 2025. Rents held steady from $12.83 per square foot and $13.13 per square foot versus $12.71 per square foot and $13.14 per square foot, respectively. Northern Colorado communities continue to record population growth, especially in Weld County, which ranks near the top in the state. Expect office and industrial to hold steady, especially if new supply is tempered, but retail will grow along with population and rooftops.

**Southern Colorado—**Defined by a highly skilled workforce, strong educational institutions, and a supportive business climate, Southern Colorado continues its upward trajectory of population and economic growth. Once a military-focused economy, Colorado Springs has evolved into a dynamic hub for aerospace, cybersecurity, and advanced technology. Key industry clusters include health care and medical equipment, with companies such as Siemens Healthineers and Thermo Fisher Scientific; advanced manufacturing companies like Spectranetics Corp and Diversified Machine Systems; cybersecurity and software development including AWS, Oracle Corp, and SAP; and aerospace and defense firms like BAE Systems, Sierra Nevada Corp, and Northrop Grumman. The metro area has experienced a decade of strong population growth. In 2016, the population was 627,000, and as of 2024, the population was 701,000, a 12.1% growth rate, compared to 10.4% for the state. Rocky Mountain CRE reports that two new companies are en route to the metro area: Swisspod, a Hyperloop transportation company, will open a new manufacturing and assembly facility with job openings in engineering/design, operations, and marketing; and Okika Devices, a semiconductor company, is moving its HQ and research and development from Carlsbad, California.

The CRE market is stronger than many comparable U.S. secondary markets, benefiting from low vacancy, steady rent growth, and rising investor demand in key sectors. As of the first half of 2025, CBRE notes that the office market has not delivered new supply in the past two years, helping the sector recover from postpandemic remote and work-from-home directives, with direct vacancy holding steady at 9% and rents slightly decreasing to $17.39 per square foot triple net (NNN). Like many other communities, the industrial market has added new supply, but positive absorption held vacancy steady at 4.2% while rents rose to $11.68 per square foot NNN. Colorado Springs is experiencing rapid growth, and local government is making strategic investments to ensure long-term resilience. Expect a continued strengthening of commercial real estate, especially in the north suburbs and around the airport.

**Western Slope—**The commercial real estate market on the Western Slope is returning to a more normalized state. After years of investment by community leaders in the Grand Junction Economic Partnership (GJEP), which was founded in 1985 to boost investment and job creation, the region is bustling with tourism and thriving economically. Recognition by major companies—like Amazon and Costco, which are building distribution facilities—that Grand Junction is the largest metropolitan area between Denver and Salt Lake City is also attracting more industrial companies to the area, many establishing primary business centers. Manufacturing companies are also coming to the area, further strengthening the industrial and office market. The GJEP notes that the region possesses everything needed to thrive: accessibility through proximity to I-70 and a regional airport, a strong workforce and talent pipeline through Colorado Mesa University and CMU Tech, relative affordability, and community leaders focused on long-term vision and vitality.

From 2016 to 2024, Grand Junction's population grew by 7%, or from about 150,000 to 161,000. Bray Real Estate reports that Mesa County's residential market is stable, not stalled. After several years of dramatic swings, the housing market is finding balance. As of September, active residential listings were up 25% from one year ago, and months of home inventory sit at four months, technically a market in balance. The median sale price decreased to $417,500 from $430,000, which is really an adjustment following several years of sharp appreciation. The market is finding equilibrium with sellers and buyers. Single-family building permits rose 1% in 2025 compared to 2024 for new inventory in the $400,000-$600,000 range, a meaningful increase signaling continued confidence from builders. Subdivision hot spots include northeast Grand Junction, Redlands, and Fruita. The continued success of GJEP to diversify the Western Slope economy by attracting in-demand industries and businesses provides the fuel to keep the economy healthy and growing. Commercial real estate thrives when companies and people demand commercial space. Expect small gains in office absorption but, interestingly, expect pockets of new construction to answer demand for industrial and retail properties.

### Denver Commercial Real Estate Markets

Colorado's commercial real estate market faced headwinds in 2025, influenced by macroeconomic shifts, including global tariffs and geopolitical uncertainties, which contributed to slower overall growth in activity and rental rates. Despite these challenges, certain property sectors and submarkets across the Front Range demonstrated resilience, with both occupiers and investors continuing to pursue leasing and sales transactions. The state's skilled workforce and high quality of life fueled ongoing population and job growth, making it a consistently attractive location for companies. Furthermore, the recently enacted tax-and-spending legislation, which maintains favorable tax treatment for real estate, provides a degree of confidence in the committee's forecasts for commercial real estate fundamentals and deal activity.

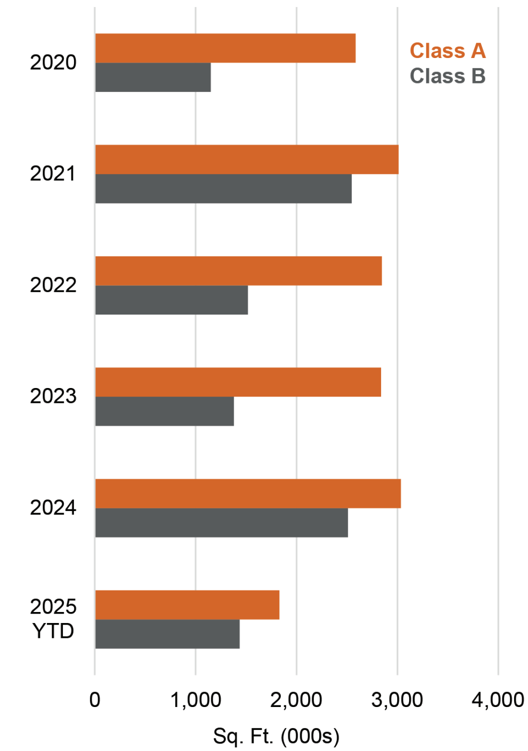
**Metro Denver—**In 2025, the Denver Metropolitan area's commercial real estate sector navigated a dynamic landscape, reflecting the broader economic adjustments. The office market, in particular, saw a continued adaptation to hybrid work models, a trend that influenced flight-to-quality decisions and prompted creative repositioning strategies among landlords. This shift, coupled with the influence of macroeconomic factors, led to a recalibration of supply and demand dynamics across several sectors. The industrial sector experienced renewed momentum, driven by significant built-to-suit transactions, as well as the need for warehouse and distribution space. The retail sector also demonstrated resilience, with availability levels remaining below post-COVID averages due to limited new construction. The multifamily market entered a period of stabilization following a surge of new supply, especially in downtown Denver, with average monthly rent at the end of Q3 dipping 2% below the five-year average. The spread between leasing and owning increased by nearly 7% in 2025, equating to almost $25,000 savings per year, further influencing tenant and investment decisions.

**Office Sector—**Metro Denver's office market maintained its slow path toward stabilization in 2025, with more companies adapting to evolving workplace strategies that align with hybrid work models, which have become an enduring feature of the postpandemic office landscape. This often entails space-rightsizing but also upgrading to higher-quality buildings with amenity-rich environments that support in-office collaboration and employee engagement. According to CBRE's Q3 2025 report, office vacancy reached 28.2%, a near 200-basis-point increase from a year earlier. While demand-side fundamentals generally remain weakened, as evidenced by the absence of large tenant requirements, notably from out of state, the market is experiencing a recalibration of supply. Office space under construction dipped just below 400,000 square feet in Q3 2025, down from more than 2 million square feet two years prior. Meanwhile, a growing wave of planned office-to-residential conversions is beginning to address long-term obsolescence of aging buildings that will move the slowing increase in vacancies closer to inflection in 2026.

According to CBRE Research, asking office rents remained largely stable year-over-year at an average of $33.89 per square foot full-service gross, as most landlords maintained headline rents in favor of the ability to offer attractive concession packages amid heightened competition. The flight-to-quality has continued to shape tenant decisions, as evidenced by strong demand for Class A and prime space within submarkets like Lower Downtown (LoDo) and Cherry Creek, where Class A vacancy currently sits below 1%. As a result, new office development remains heavily concentrated in Cherry Creek and is mostly preleased, owing to the neighborhood's thriving live-work-play ecosystem. In contrast, older commodity buildings with limited amenities and building upgrades are struggling to increase or maintain occupancy. The prevalence of these assets in downtown, excluding LoDo, are heavily inflating overall vacancy, which recently surpassed 40%.

Beyond the numbers, the market has seen a growing divergence in market performance and tenant behavior in 2025. Many occupiers are leveraging relocations and space consolidations to enhance operational efficiency while committing to longer lease terms. With a tightening construction pipeline and limited availability of newly delivered Class A space, tenants are acting decisively on quality opportunities, particularly in walkable urban

**OFFICE LEASING ACTIVITY BY CLASS**




Source: CBRE Research, Q3 2025.

environments. The flight-to-quality trend has left a trail of aging commodity buildings competing for fewer prospects, prompting creative repositioning efforts and ownership transitions. Landlords with access to fresh capital are exploring adaptive reuse or full-building conversions as pragmatic responses to sustained hybrid work adoption. Although still elevated, sublease availability has declined for the 2nd-consecutive year, totaling 5.1 million square feet in Q3 2025—down from its peak of 6.6 million

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# Financial Activities

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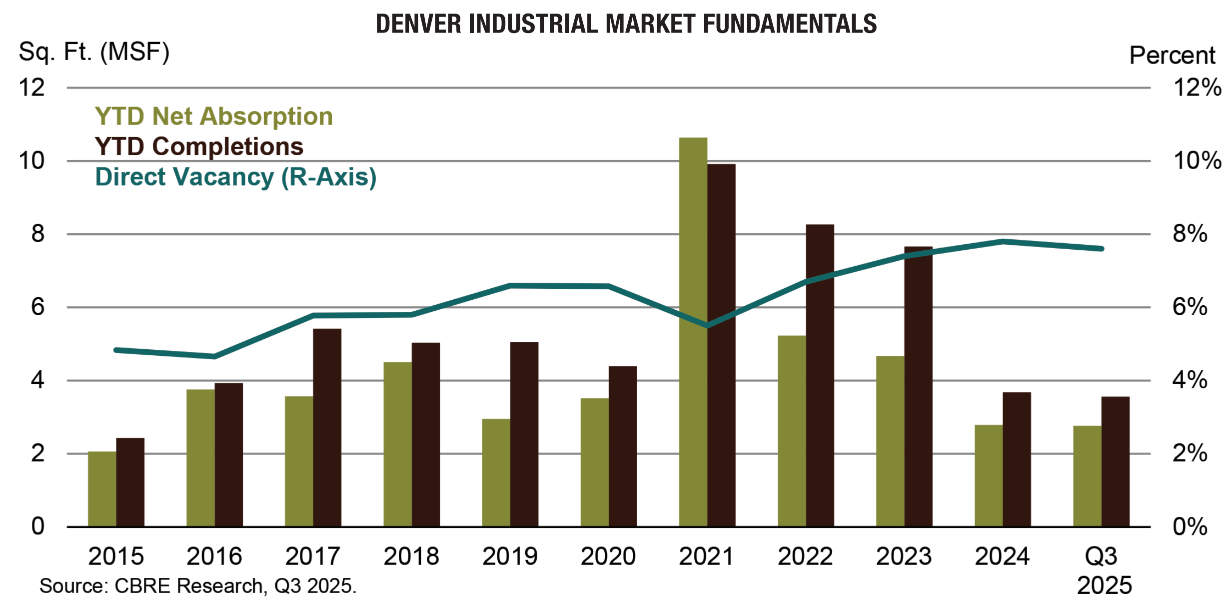



Source: CBRE Research, Q3 2025.

square feet in 2023, as more sublease listings continue to be withdrawn or reach lease expiration. Leasing activity totaled 4.9 million square feet on a rolling four-quarter basis, an 8.3% decline year-over-year, yet still indicative of steady transactional volume. The largest lease YTD was a renewal by the Colorado Department of Public Health and Environment for 248,000 square feet at 4300 Cherry Creek South Drive. EOG Resources signed the largest new lease, at 99,000 square feet in downtown's LoDo neighborhood. Despite ongoing headwinds, Denver's diverse economic base, expanding tech and aerospace sectors, and growing reputation as a top-tier destination for talent continue to underscore its long-term fundamentals. As 2026 approaches, the Metro Denver office market appears poised for gradual recovery—supported by limited new supply, future office conversions, and a market-wide shift toward quality, efficiency, and tenant experience.

**Industrial Sector—**The Metro Denver industrial market experienced some renewed momentum in Q3 2025 after seeing its highest quarterly net absorption in nearly two years. Net absorption in 2025 YTD climbed to 2.7 million square feet, a 22.4% increase compared to the amount absorbed in the first three quarters of 2024. Net absorption has averaged 5.2 million square feet annually over the past five years, including a peak of 10.7 million square feet in 2021. The year's positive space absorption was heavily driven by three key transactions: PepsiCo's 1.2 million-square-foot build-to-suit for new bottling and distribution center delivering near Denver International Airport; Trader Joe's purchase of the 613,000-square-foot vacant building in Brighton for its new distribution and transportation hub; and Target's 530,000-square-foot build-to-suit distribution center delivering in Thornton. Class A properties are driving the market's activity, while Class B and C properties are seeing more prolonged periods of vacancy.

While net absorption has improved in 2025, the market's vacancy slightly increased by 30 basis points year-over-year to 8.4% due to several large speculative projects having delivered and remaining vacant over the past year. Vacancy has steadily increased from a five-year low of 5.9% in 2021, rising a cumulative 250 basis points as robust COVID-era demand also pushed new construction to a historical high. The current development pipeline has decreased 30% year-over-year to just 3.3 million square feet, the lowest amount under construction since Q4 2015 and down from a peak of 10 million square feet in early 2023. In October, Jeremy Ballenger, executive vice president at CBRE, commented that "Denver had overbuilt in industrial compared to most of the country, but has now slowed to meet demand and respond to current economic conditions." Despite the PepsiCo project, the amount of spaces currently under construction that are build-to-suit or preleased remains high at 42% of the total, leading future deliveries to have a muted impact on the market's overall vacancy.

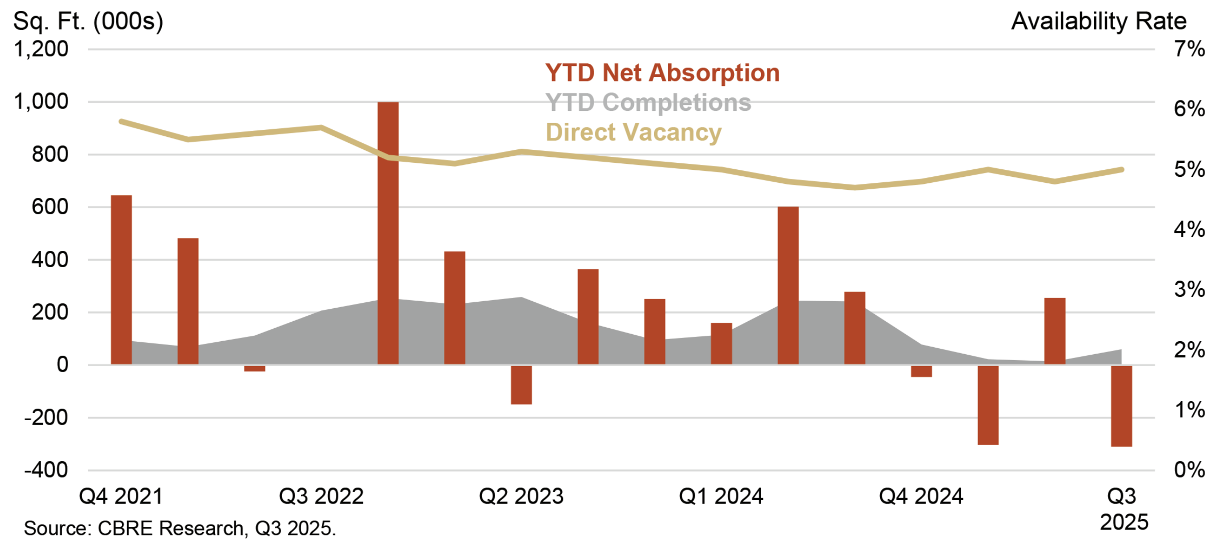
YTD leasing volume through Q3 2025 has totaled 7.2 million square feet, down 25.4% compared to the 9.6 million square feet seen across the same period in 2024. The largest lease so far in 2025 was Packaging Corporation of America renewing for 394,000 square feet in the airport submarket in Q1 2025. New leases and expansions accounted for 56.5% of YTD 2025 leasing activity, while renewals and extensions comprised 43.5%. The average lease size over the same period was 43,600 square feet across 166 leases 10,000 square feet and greater, a moderate decrease from the average a year earlier and aligning with the drop in larger-size deals that has driven the overall activity decline, according to CBRE's Q3 2025 report. Industrial sales volume was only 3.9% below 2024's annual total through the first three quarters of 2025 at

$1.6 billion, with YTD owner-user sales volume already exceeding the previous annual record by 84.9%. Looking ahead, the new construction pipeline is expected to slow further, especially once the 800,000-square-foot Philip Morris build-to-suit delivers. This decline, along with still healthy but stabilizing demand, is expected to start pushing vacancy downward in 2026 from its recent peak.

**Retail Sector—**Denver's retail sector continued to see largely strong market fundamentals well into 2025, as it ended the third quarter of 2025 with an availability rate of 5%. Despite some recent big-box availability as of late, causing net absorption to drop, the impact on overall availability has been minimal at an increase of 30 basis points year-over-year. Active demand for smaller spaces and the backfilling of big-box space, coupled with limited new construction, has allowed availability to remain slightly below its post-COVID historical average. Retailers are experiencing higher barriers to entry caused by elevated labor and construction costs; however, on the supply side, new retail development sharply declined in 2025. Metro Denver has seen just 174,000 square feet of new retail deliveries over the past year, down from 700,000 square feet in the prior 12-month period. Although new construction starts and deliveries are slowing, several grocery-anchored centers are being planned and breaking ground around the region. Additionally, several retailers are entering the market in 2025, including Wayfair, as well as the continued expansion of grocery chains, fast-casual restaurants, home furnishing stores, and fitness centers.

The metro's average asking rent was $20.48 per square foot NNN in Q3 2025, an increase of 2.8% year-over-year. Retail asking rents have largely remained stable over the longer term, with the Q3 2025 average rate sitting only 0.6% above the five-year historical average. Retail rents remain highest in Cherry Creek, where prime space is averaging $85.00 per square foot NNN. Downtown Denver's retail spaces have been highly impacted by rising office vacancy, leading more retailers to look to Cherry Creek and wealthier suburban neighborhoods. Nonetheless, the overall retail market outlook remains positive despite heightened economic headwinds, as consumer spending has remained resilient and new supply to the market constrained. Availability is expected to hover around its current 5% level, with competition for quality, well-located space expected to push rents slightly higher.

**DENVER RETAIL MARKET FUNDAMENTALS**




Source: CBRE Research, Q3 2025.

**Multifamily Sector—**After a year of rising occupancy tied to robust net absorption that outmatched the market's record-breaking new supply, the Denver multifamily market entered a period of stabilization through the first three quarters of 2025. While 2025's performance has not matched the intensity of 2024, fundamentals remain healthy as the market absorbs the tail end of its peak new supply from the past several years. According to CBRE Research, in Q3 2025 the market's occupancy stood at 94%, which was identical to the rate a year ago, signaling a sustained balance between supply and demand. Over the past 12 months, 10,900 units were absorbed, down from 15,600 units in the prior year but slightly above the five-year average of 10,600 units. New completions gradually declined in 2025 with 6,200 units delivering YTD, down significantly from the 12,700 units completed over the same period last year. Developers have adjusted their pipelines in response to the recent surge in supply, which will likely allow for occupancy rates to slightly increase in 2026 as completions slow further. Rents have fallen in three of the past four quarters as owners ramped up concessions to secure occupancy during the wave of new deliveries. Rents fell to an average of $1,814 per unit per month in Q3 2025, a 7.2% year-over-year decline from $1,955 per

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# Financial Activities

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unit a year ago and nearly 2% below the five-year average. Average multifamily rents have returned to a level last seen in late 2021.

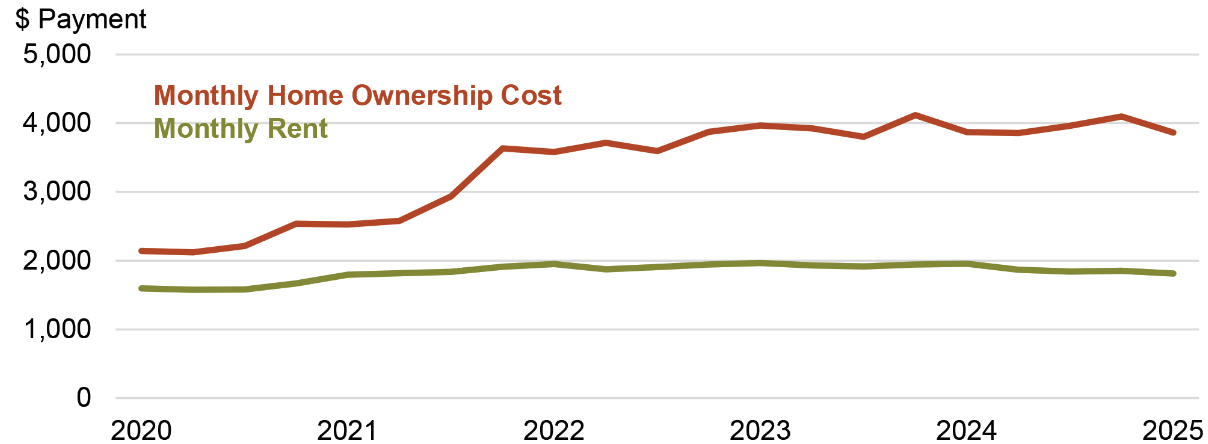
Twelve-month trailing investment sales volume totaled $3.8 billion, down from the $4.5 billion seen the previous year and notably below the five-year annual average of $5.8 billion. The decline in volume reflects a more cautious investor climate influenced by softening leasing and economic fundamentals.

The monthly cost of owning a home (including a mortgage payment based on a 6.5% average 30-year rate in Q3 2025, property taxes, and private mortgage insurance, as many first-time home buyers cannot afford a 20% down payment) compared to the monthly cost of renting remains elevated against historical levels. At a spread 6.9% greater than a year ago, it is currently $2,048 cheaper per month to rent than own, equating to an annual savings of more than $24,600. Overall, Denver's multifamily market heading into 2026 reflects a transition back toward its prepeak levels, with steady demand expected to facilitate slight occupancy gains through the end of the recent construction boom.

## Residential Real Estate

The Metro Denver housing market continues to navigate a shifting cycle shaped by elevated interest rates and persistent affordability challenges. After several years of tight supply, 2024 and 2025 have seen a notable increase in new listings while home sales have remained relatively flat, pushing inventory closer to levels that favor buyers. Trends diverge across property types, with single-family homes seeing modest price gains and sales stability, while condos and townhomes show declining prices and slower sales. At the same time, homeowners and potential homebuyers face rising costs from property insurance and steep increases in HOA dues, reflecting broader market pressures and ongoing financial challenges.

**MONTHLY RENTAL PAYMENT AND MONTHLY HOMEOWNERSHIP COST**




Source: CBRE Research, Q3 2025.

### The Shift in the Residential Real Estate Cycle Continues

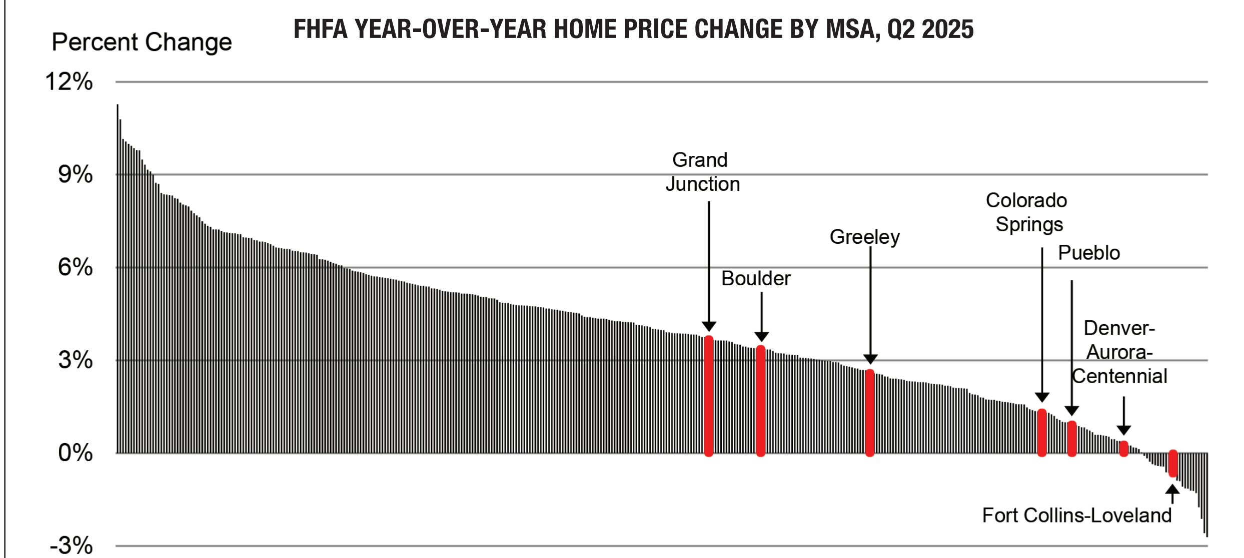
The Metro Denver housing market has experienced four distinct cycles since 2005. Bracketing the Great Recession, months' supply ranged from four to eight months, with distressed properties peaking in January 2009 at nearly 52% lender-mediated sales. From 2013-19, the market rebounded amid strong net migration and low interest rates, driving inventory down to one to three months and heavily favoring sellers with multiple offers and rapid sales. The pandemic years saw supply drop below one month as buyers sought more space for remote work and schooling, fueling migration from central Denver to the suburbs. Beginning mid-2022, rising policy and mortgage rates dampened buyer activity, while most homeowners retained their pandemic-era low rates, keeping inventory low and supporting resilient property values despite softer demand. In 2024, Metro Denver saw a sharp rise in new listings as homeowners began moving on from their low-rate mortgages, driving inventory up roughly 30% year-over-year to its highest point since 2013, even as sales activity remained at Great Recession levels.

Homebuyers were disappointed for a 2nd-straight year in 2025 as optimism regarding significant policy ease by the Federal Reserve quickly faded amid changes in trade policy and sticky inflation that kept the Fed on hold until September. According to the Freddie Mac Primary Mortgage Market Survey, the average U.S. 30-year fixed mortgage rate declined a mere 68 basis points from 6.85% in the last week of December 2024 to 6.17% in the week ending October 31, 2025, after briefly exceeding 7.00% in mid-January. Fluctuations in mortgage rates largely tracked the U.S. 10-year yield, which carved out a 4.0%-4.6% range for most of the year to date. With a total of three more rate cuts expected by the end of 2026, the U.S. 10-year and mortgage rates will likely drift modestly lower, pulled down by easing at the front end of the curve but constrained by elevated fiscal risks, increased uncertainty, and debt sustainability concerns. In short, the likelihood of mortgage rates falling below the hoped-for 5% level in 2026 remains minimal absent a severe recession, a scenario that is still widely considered unlikely.

In 2025, modest downward movement in mortgage rates, sticky prices, lackluster employment and wage gains, and general economic uncertainty resulted in a continuation of the trends seen in 2024, with a marked increase in unsold homes on the market while total home sales remained relatively flat. According to the Denver Metro Association of Realtors (DMAR), active listings increased 21.8% to 13,059 in Metro Denver through August 2025, while home sales fell 0.6% to 29,007 YTD. The trend of increased listings and minimal changes in closed sales, while more pronounced in Metro Denver, holds for statewide metrics as well. According to the Colorado Association of Realtors (CAR), new listings increased 11.3% YTD through August 2025 while home sales increased only 1.2%. Months of supply increased from 4.7 months to 5.7 months YTD, approaching the midpoint of supply levels during the Great Recession cycle and the threshold level of six months' supply considered to favor buyers over sellers.

## Diverging Trends in Single Family and Condos/Townhomes

Trends in listings, home sales, and prices for single-family homes and condos/townhomes diverged further in 2025, following a bifurcation between the two markets that emerged in 2024. In Metro Denver, active listings for condos/townhomes rose 25% through August 2025, to 4,034 units, while closed sales fell 6.8% to 6,731 YTD. By contrast, single-family listings increased 20.4% to 9,025 units, while sales increased 1.4% to 22,726 YTD through August. Similar trends were observed statewide, with new condo/townhome listings up 10.1%, while sales fell 6.4% through August. By contrast, new single-family listings increased 11.6%, while sales increased 3.3% YTD.




Source: Federal Housing Finance Agency, All Transactions Index. Lines represent all MSAs excluding the top and bottom five.

## Home Prices

Subdued demand, limited relief from mortgage rates, and persistent affordability issues stemming from the pandemic cycle run-up in prices resulted in minimal changes to overall home prices in 2025. Across all property types, the median home price in Metro Denver rose 0.7% to $599,000 YTD through August 2025, according to DMAR. On a year-over-year basis, home prices in the Denver MSA declined 0.6% as of July 2025, according to S&P Global's Case-Shiller Home Price Index. Minimal overall movement in home prices conceals the diverging trend seen in single-family homes and condos/townhomes. In Metro Denver, median single-family prices rose 0.5%, while the median home price for condos/townhomes fell 2.5% YTD through August. Statewide, the pattern also holds with median single-family prices increasing 0.5% and condos/townhomes falling 2.6% over the same period. In Metro Denver, the basis between median prices across the two product types is nearly $260,000, while statewide, the figure is approximately $180,000, suggesting that buyers may require a more substantial decline in condo/townhome prices before attached homes represent a substantial value proposition.

## Challenges

**Property and Casualty Insurance—**According to a report from the Metro Denver Economic Development Corporation, Colorado ranked as the 5th-most expensive state in the nation for homeowners' insurance in 2024, up from No. 6 in 2023. Across Colorado's largest cities, the average annual premium on median-priced homes rose 16.1% to $4,958 from 2023 to 2024, while the average insurance burden increased 1.3 percentage points to 10.8% of monthly mortgage payments.

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# Financial Activities

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**FHFA HOME PRICE INDEX Q2 2025**

| Colorado MSA | Compound Annual Growth 1-Year | 5-Year | 10-Year |
|---|---|---|---|
| Boulder | 3.4% | 7.2% | 7.1% |
| Colorado Springs | 1.3 | 7.6 | 7.9 |
| Denver-Aurora-Centennial | 0.3 | 7.1 | 7.4 |
| Fort Collins-Loveland | -0.7 | 7.4 | 7.4 |
| Grand Junction | 3.7 | 9.5 | 8.2 |
| Greeley | 2.6 | 6.9 | 7.6 |
| Pueblo | 0.9 | 8.1 | 8.1 |
| Colorado | 0.9 | 1.0 | 7.5 |

Source: Federal Housing Finance Agency, All Transactions Index (NSA), as of Q2 2025.

**HOA Insurance/Dues Increases—**Many attached communities continue to face steep increases in master insurance premiums, with some associations in Colorado reporting 200%-500% jumps in policy costs. These increases, often driven by higher replacement costs, severe weather losses, and tightening underwriting standards, are being passed along to homeowners through higher HOA dues or special assessments. In several cases, premiums have more than tripled, forcing monthly HOA fees to double or more and, in some instances, jeopardizing lending eligibility for certain properties.

**Price Cuts—**According to DMAR, Denver had the highest share of listings with a price cut in the nation, with 36.8% of active homes experiencing at least one price reduction. Statewide, the percent of list price received fell to 98.2% in August 2025. Despite price reductions, home sales remain flat, suggesting that buyers may need more substantial discounts to reenter the market.

## Metro Denver Rental Market

In the rental market, a substantial amount of new supply was delivered in the latter half of 2024, resulting in a sharp jump in vacancy rates and declines in median and average rents in the fourth quarter. As of midyear 2025, this supply is still being absorbed, with vacancy rates peaking and retail rates bottoming in the first quarter. According to the Apartment Association of Metro Denver, the average vacancy rate throughout Metro Denver stood at 6.4% in Q2 2025, a 0.8-percentage-point increase year-over-year but a 0.6-percentage-point decrease from the previous quarter. Vacancy rates ranged from 5.2% in Jefferson County and the Boulder/Broomfield submarket to 7.1% in Arapahoe County. Across Metro Denver, rents decreased 3.7% year-over-year to $1,832 per month but rose 0.7% between the first and second quarters of 2025. Douglas County reported the highest average rental rate in Q2 2025 of $2,029 per month, while Adams County reported the lowest rental rate of $1,687 per month.

## Looking Forward to 2026

The Metro Denver housing market is entering 2026 after two years of rising inventory and relatively flat sales, signaling a continuation of the postpandemic cycle shift toward a more balanced market. While mortgage rates are expected to drift modestly lower with some front-end easing, long-term fiscal uncertainty and elevated borrowing costs make a return to sub-5% rates unlikely. Buyers will continue to face affordability challenges, compounded by rising property insurance costs and steep increases in HOA dues, particularly for attached communities. The likelihood of a shift to a true buyers' market, with a return to over six months' supply and modest declines in prices, has increased considerably. In fact, Denver ranked 2nd for the largest shift toward a buyer's market since last year among the 50 most populous metropolitan areas in the U.S., with a 45.7-percentage-point increase to 55.7% more buyers than sellers, according to a study by Redfin. Condos and townhomes will continue to see more pronounced softening in prices, while in the absence of substantial relief from declining mortgage rates, single-family home prices could come under pressure in 2026.

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## Colorado Property Taxes Key Changes for 2025

**Residential Assessment Rates—**The residential property assessment rate is now divided into two tiers:

- 7.05% for school district levies
- 6.25% for other local government levies (cities, counties, fire districts, etc.)

Note: These rates are slightly adjusted if the statewide actual value growth is greater than 5%; the final determination will be made by the State Board of Equalization at the end of 2025.

**Nonresidential Assessment Rates—**The valuation for most nonresidential and personal property for 2025 is set at 27% of the actual value, a decrease from the previous 27.9%. This rate is set to decrease further in subsequent years.

**Impact on Homeowners—**While the new rates are lower than pre-2024 rates, they are higher than the temporary, pandemic-era rates from 2024. This means that many homeowners will likely see their property tax bills increase, even if their property's market value remained flat.

**Revenue Caps—**Annual growth in statewide property tax revenue for local governments is capped (generally at 5.5% per year, or 10.5% over a two-year cycle), which is intended to prevent sharp future spikes in tax bills.

### Expanded Tax Relief Programs

Eligibility for existing property tax exemption programs has been expanded for 2025:

**Senior Property Tax Exemption—**Qualifying seniors age 65 and older who have owned and lived in their home for at least 10 consecutive years can exempt 50% of the first $200,000 of their home's value.

**"Portable" Exemption—**For 2025 and 2026, qualifying seniors who have moved residences between January 1, 2020, and December 31, 2024, are eligible to transfer their exemption to their new home.

**Disabled Veterans Exemption—**The exemption for disabled veterans now also applies to veterans with "unemployability status." The exemption can also be taken by the surviving spouse of a qualifying veteran with a disability.

**Property Tax Deferral—**The program that allows certain individuals (seniors and active duty military) to postpone property tax payments is returning to county administration in 2025.

### Tax Year Estimated Calculations 2024 vs. 2025

For this exercise, the assumed combined total mill levy for all taxing entities (city + county + school + special districts) ≈ 93.425 mills (i.e., 0.093425 tax rate on assessed value).

Actual value held constant at $800,000 for simplicity (in reality, market value may change).

No special exemptions (senior, veteran) are factored in.

For tax year 2025 (payable 2026), a split assessment rate for residential was applied: ~7.05% for school portion and ~6.25% for local government portion (city/county).

**Estimated Calculations**

**Tax Year 2024 (Payable 2025)**

- Actual value: $800,000
- Value adjustment: $800,000 - $55,000 = $745,000
- Assessment rate 6.7% → Assessed value = $745,000 × 6.7% = $49,915
- Tax = $49,915 × 93.425 mill levy = $4,663.31

**Tax Year 2025 (Payable 2026)**

- Actual value: $800,000*
- Value adjustment: $0
- School portion assessed value = $800,000 × 7.05% = $56,400
    - o School portion tax = $56,400 × 50.455 mill levy = $2,845.66
- Local (city + county) portion assessed value = $800,000 × 6.25% = $50,000
    - o Local portion tax = $50,000 × 42.97 mill levy = $2,200.64
- Tax = $5,046.30.
    - o Increase of $382.99 from 2024

### Commercial Properties

**Tax Year 2024 (Payable 2025)**

- Actual value: $2,000,000
- Value adjustment: $2,000,000 - $30,000 = $1,970,000
- Assessment rate: $1,970,000 × 27.9% = $549,630
- Tax = $134,000 × 93.425 mill levy = $51,349

**Tax Year 2025 (Payable 2026)**

- Actual value: $2,000,000*
- Value adjustment: $0
- Assessment rate: $2,000,000 × 27% = $540,000
- School portion tax = $540,000 × 50.455 mill levy = $27,245
- Local (city + county) portion: $540,000 × 42.97 mill levy = $23,203
- Tax = $540,000 × 93.125 mill levy = $50,449
    - o Decrease of $900 from 2024

*Actual market value may increase (Boulder County's reappraisal year is 2025), which would increase assessed value even if rates stay the same.

For 2025, actual mill levies will not be finalized until late in the year (or early in the next), so this is a forward-looking estimate.

Exemptions (senior, veteran, homestead deferral) could reduce the tax below these estimates.

***Sources:***

*The Colorado Division of Property Taxation (2025). https://dpt.colorado.gov/*
*Boulder County (2025). Property Values, Taxes, and Budgets. https://bouldercounty.gov/2025-property-values-taxes-and-budgets/*

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# Professional and Business Services

Professional and Business Services (PBS) is a uniquely diverse supersector, aggregating activity across Professional, Scientific, and Technical Services; Management of Companies and Enterprises; as well as Administrative and Support Services and Waste Management and Remediation Services. Collectively, these sectors have consistently produced solid employment growth across Colorado, adding 126,800 jobs between 2014 and 2023—more than any other industry. However, growth turned in 2024, and the industry posted a loss of 3,000 jobs. Industry estimates for 2025 show continued losses totaling 5,800 jobs (-1.2%), with decreases across the three major sectors. Losses are projected to moderate in 2026 with a decrease of 1,100 jobs (-0.2%).

Colorado's PBS companies and jobs cluster largely along Colorado's Front Range, particularly between Fort Collins and Colorado Springs. This highly concentrated strip results from a strong networking effect between the client businesses situated there, as well as the increasing supply of highly educated talent choosing to move to and reside in nearby areas. Employers generally hire and retain highly skilled and highly educated workers who are compensated at above-average salaries. This is particularly true for the Professional, Scientific, and Technical Services and the Management of Companies and Enterprises sectors, where average salaries were $135,000 and $175,000, respectively. A precondition of PBS employment is often higher education and the associated degrees.

**INDUSTRY SNAPSHOT**
**PROFESSIONAL AND BUSINESS SERVICES**

| | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 71.4 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 73.9 |
| Q2 2025 Real GDP Growth Rate | 25.8% |
| Total Employment, Q2 2025 (Thousands) | 496.6 |
| Q2 2025 Employment Growth Rate | 1.1% |
| Employment Growth National Rank | 44 |
| Q2 2025 Share of Colorado Employment | 16.5% |
| Q2 2025 Share of National Employment | 2.2% |
| Average Wage, Q1 2025 | 117,794 |
| Percent of Statewide Average Wage | 143.1% |
| Q1 2025 Average Wage Growth Rate | 5.9% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics. These data are subject to future revisions; Q2 is end of quarter.

**TOTAL PROFESSIONAL AND BUSINESS SERVICES SUPERSECTOR EMPLOYMENT, 2016-2026**
**(In Thousands)**

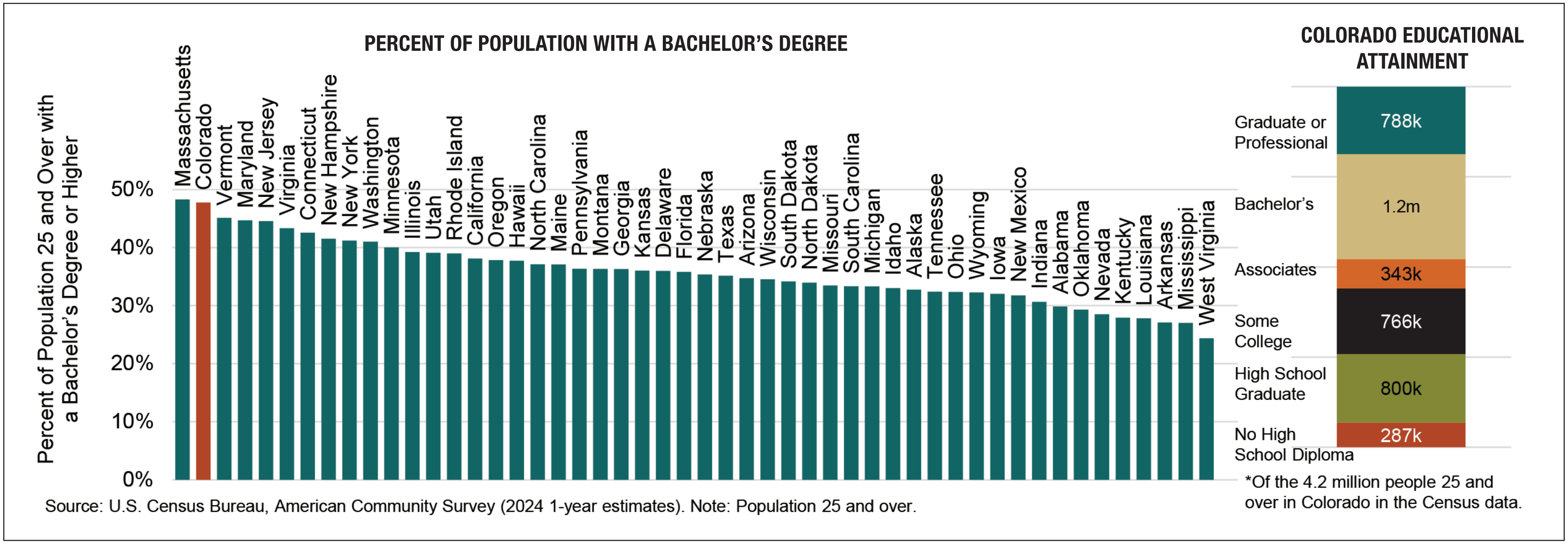
| Year | Professional, Scientific, and Technical Services | Management of Companies and Enterprises | Administrative and Support and Waste Management and Remediation Services | Total[a] |
|---|---|---|---|---|
| 2016 | 209.8 | 37.4 | 158.2 | 405.4 |
| 2017 | 215.4 | 39.2 | 157.7 | 412.4 |
| 2018 | 224.4 | 40.8 | 158.3 | 423.5 |
| 2019 | 235.3 | 42.3 | 161.6 | 439.2 |
| 2020 | 239.3 | 41.9 | 149.3 | 430.4 |
| 2021 | 255.5 | 43.4 | 154.9 | 453.8 |
| 2022 | 279.1 | 45.0 | 160.0 | 484.1 |
| 2023 | 293.8 | 46.7 | 158.7 | 499.2 |
| 2024[a] | 291.4 | 47.3 | 157.6 | 496.2 |
| 2025[b] | 289.4 | 47.1 | 154.0 | 490.5 |
| 2026[c] | 288.0 | 47.6 | 153.8 | 489.4 |

[a]Due to rounding, the sum of the individual items may not equal the total. [b]Estimated. [c]Forecast.

Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.

Because most PBS work is not arduous physical labor, many engineers, technologists, accountants, attorneys, enterprise managers, and others can and do opt to work well past normal retirement age, helping ensure the stability of long-term employment in these positions across the state.

PBS clients and revenue sources are largely businesses, so the number of new business filings has proven a useful predictor of future PBS job growth. The Q3 2025 Quarterly Business and Economic Indicators report from the Colorado Secretary of State's Office cited new entity filings increased 7.2% year-over-year but decreased 12.9% quarter-over-quarter. Business filing renewals increased for the quarter. Colorado's job opening rate ranked 46th nationally in August, and the ratio of job openings to the number of unemployed individuals remained above the national average (0.9 versus 1.0).




## Professional, Scientific, and Technical Services

The Professional, Scientific, and Technical Services (PST) sector comprises establishments that provide services that often require high levels of expertise and training, including legal, engineering, computer design, and advertising services, among others. Employment in the PST sector decreased 0.8% in 2024 year-over-year. Through August 2025, the sector averaged 292,300 workers, an increase of 0.7% over the average in August 2024. While employment growth in the state has been muted, the sector is one of the strongest in Colorado's job market. The committee expects the full year's losses to total 2,000 in 2025 (-0.7%), averaging 289,400. Continued employment losses across PST are anticipated for 2026 (-1,400, -0.5%).

Cuts in federal grants have significantly impacted private companies in Colorado's Scientific Research and Development Services sector. These cuts have led to job losses and cancellation of clinical trials and other projects and created long-term economic uncertainty. Private firms often partner with universities and federal labs on research projects, and with universities in Colorado reporting dozens of grant cancellations and stop-work orders, private-sector partners have also been forced to halt work, leading to immediate job losses for researchers and associated staff ("How Reducing Federal R&D Reduces GDP Growth," Meghan Ostertag, Information Technology & Innovation Foundation, September 15, 2025).

The biomedical subsector has been particularly hard hit, with reports of active clinical trials at facilities like the CU Anschutz Medical Campus being canceled. This has a direct impact on the private biotech and pharmaceutical companies involved in the development and testing of drugs and therapies ("CU Boulder Warns Federal Research Cuts Could Hurt Economy," Jennifer Meckles, KUSA 9News, May 22, 2025).

The funding cuts of an estimated $300 million at Colorado State University have eliminated research positions and halted collaborative work that supports the oil and gas industry, energy companies, and energy-producing communities nationwide. These cuts threaten the development of technologies aimed at making the nation's energy infrastructure safer, more

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# Professional and Business Services

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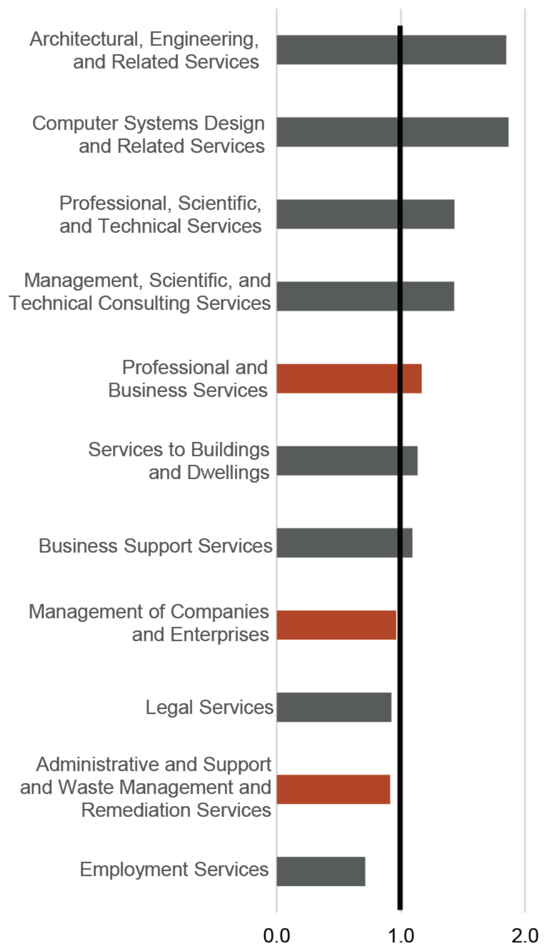
**PROFESSIONAL AND BUSINESS SERVICES, LOCATION QUOTIENTS**




Data source: Bureau of Labor Statistics (2024). Calculations by the BRD. Note: a location quotient measures the relative concentration of industry employment compared to the national average (<1=lower concentration, 1=same, >1=higher concentration. Dark bars are industries and light bars are the subsectors.

efficient, and more competitive ("Colorado Businesses, Universities Impacted by Trump's 'Politically Motivated' Grant Terminations," Sara Wilson, Rocky Mountain PBS, October 9, 2025).

Additionally, the unpredictable nature of federal funding has created a climate of significant uncertainty, making it difficult for private companies to plan for the future, make long-term investments, and attract new talent. This instability can deter private investment that historically has been "crowded in" by initial federal research and development funding.

## Accounting and Payroll Services

The Accounting and Payroll Services industry saw significant overall growth between 2014 and 2023, growing at a compound annual growth rate of 3.5%. This was faster than that of Colorado, at 2.4%, though slower than the PST sector as a whole, which grew at 4.6% annually during that period. While growth slowed significantly between 2023 and 2024, with total job growth falling to 0.4% and the overall PST sector declining to 0.5%, Accounting and Payroll Services saw an overall decline in employment of 0.3%.

## Legal Services

Colorado's Legal Services industry is in the midst of one of the more interesting and dynamic shifts in decades. The impacts and adoption of artificial intelligence (AI) are accelerating across the industry. In a survey conducted by the American Bar Association, AI adoption in firms with 51 or more attorneys was reported at 39% in 2025. This is the largest jump in usage reported since 2023, when 21% reported adopting AI and 24% in 2024. The impacts of AI are also felt within the industry as clients adopt AI in their businesses and personal lives.

Challenges around talent acquisition persist and are expected to continue as law school enrollment declines. *Colorado Lawyer* reports that undergraduate enrollment trends suggest that enrollment numbers will not recover in this postpandemic era, with enrollment rates declining upward of 15% this year. In the vein of talent, the discussion turns to office environments, culture, and retention. Roughly 60% of legal professionals are working in hybrid arrangements, according to the 2022 Law Department Compensation Survey. Access to these types of arrangements is proving to be the expectation for junior legal professionals.

The industry in Colorado is also seeing promising shifts in diversity, with women's representation in partnership roles exceeding the national average of 31%, per *Colorado Lawyer.*

## Architectural, Engineering, and Related Services

Employment in the Architectural, Engineering, and Related Services (AES) subsector exhibited steady growth from 2015-24. In 2024, AES employment increased by 1.9%, or 1,100 jobs. Growth has decreased by 1.3% from the previous year, or 800 jobs, from January 2025 through August 2025.

The committee expects increased but slow growth of 0.6%, or an average of 400 jobs, in 2025. The challenge of filling open positions will moderate potential growth in the year ahead. The jobs market for this subsector is typified as "slow to hire and slow to fire" due to market uncertainties of government shutdown, questionable funding, material cost escalation, and cost of goods with tariffs. The committee expects continued growth in 2026, increasing 0.3% to 250 jobs.

In 2025, as in 2024, this subsector is experiencing record employment, while at the same time, a high number of job openings. Employers are still searching for employees in specific job roles and are using internal recruiting and employment agencies to fill them. A tight labor market for engineers is expected to continue for this subsector in 2026. The number of college graduates in engineering continues to grow but much slower than the number of retirements.

Almost all firms in 2025 have continued to work on a hybrid schedule comprising several days in the office with the rest of the week at home. While productivity is perhaps higher than some expected, coordination challenges remain, which can lead to project delays. Technology advances have allowed more designers to work remotely but with the added effort in managing and leading workers not in the office.

Current use of AI and machine learning technologies continues to evolve in larger firms that can absorb the effort needed to collect the massive amount of data that their AI will need for providing design support. To keep internal and competitive knowledge from being shared globally, these firms are using closed-source model AI. The development of cradle-to-grave AI-designed projects will be similar to building information modeling (BIM). However, real-time data collection by AI-powered infrastructure systems can generate reliable information related to vehicle identification and traffic flow and improve forecasting budgets for future infrastructure maintenance and construction.

One national leading indicator for vertical construction activity is the Architecture Billings Index (ABI), which registered a score of 42.7 in August 2025 and has remained below 50 for the last 18 months, reflecting sluggish billings. A marked downturn in business conditions at architecture firms shows hesitance among clients to commit to new projects due to escalated interest rates and tepid demand in the commercial sectors.

Appropriations for public infrastructure projects, such as environmental mitigation, roads, transit, bridges, water, wastewater, and drainage, will continue. The Trump administration announced cuts to federal funding for transportation and environmental projects across the United States. Several of these projects are located in Colorado. The federal Infrastructure Investment and Jobs Act (IIJA) continues to delay funding for infrastructure projects. Only 40% of project funding has been dispersed, with 70% of funding obligated and 30% not allocated yet.

Continuation of visible projects that will involve engineering design services and subsequent construction include interstate, state, and local roadway work; water

and wastewater programs; and other infrastructure around the Denver Metro area and the state. Example infrastructure projects include the I-70 reconstruction from Golden to Vail Pass and numerous local projects to improve traffic flow and reduce congestion. Denver voters passed nearly $950 million in bonds in November. The Denver Summit FC have a proposed stadium in Denver, and the Denver Broncos have identified Burnham Yard as their future location.

Stepped-up private-sector investment in electricity generation, transmission, and distribution is anticipated to satisfy the increased need for AI data centers, showing strong growth in 2025. In contrast, the forecast for electricity generation by renewable energy is decreasing due to the Trump administration reducing funding. Related industries to the data centers are the need for engineering for supplying power and water. Still showing declining growth is single-family residential development; however, multifamily demand remains at slightly higher levels. Public-private partnerships are being considered to adapt existing buildings to residential uses. Commercial and industrial work is slowly increasing with institutional development slowing.

As anticipated years ago, many elementary and middle schools around the state are consolidating because of declining enrollment due to the slowing birth rate. The consolidation of high schools will start to follow soon. It is anticipated that colleges will be challenged by the end of the decade to maintain student levels as they are prone to the headwinds of fewer students due to lower birthrates, fewer high school graduates, and greater competition from technical universities and community colleges.

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# Professional and Business Services

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Today's Gen Z is increasingly looking beyond the traditional classroom, opting instead for trade colleges, paid apprenticeships, and direct-entry industries like heavy construction by attending Colorado Construction Academy's Civil Construction Academy, which relaunched in October 2024. Trade colleges are seeing a significant increase in students but are being challenged by not being able to hire qualified teachers fast enough and retain teachers who retire. These colleges are finding teachers among retired workers and older workers in labor-intense trades who can no longer physically perform that work.

## Computer Systems Design and Related Services

The Computer Systems Design (CSD) and Related Services subsector has averaged 5.5% employment growth over the past 10 years. Businesses within this subsector are primarily engaged in planning and designing computer systems that integrate computer hardware, software, and communication technologies. Nearly all businesses rely on computer and information technology to effectively operate. Many businesses, however, lack the resources and knowledge to perform these functions internally, so they hire these services to firms within the CSD industry. Firms offering these services may also provide training and support for the users of the system, including on-site management and operation for clients.

The CSD industry is largely made up of highly educated and technically skilled workers. Many workers in the CSD industry are employed as computer systems analysts, computer software engineers, and computer programmers. A strong talent pipeline is required to enable growth in this industry. According to CBRE's *Scoring Tech Talent 2025* report, Denver ranked 14th as the best market for tech talent, with nearly 117,000 positions in 2024. Average salaries across tech talent employed in the tech industry are approximately $108,900, putting Denver in the middle tier for major U.S. markets. The report analyzes 13 metrics, including tech talent supply, growth, concentration, cost, completed tech degrees, industry outlook for job growth, and market outlook for both office and apartment rental growth.

Several forces are increasingly shaping company performance and strategy in Colorado's CSD services subsector. While demand remains elevated in areas such as AI, cloud native architectures, cybersecurity, and data engineering, broader industry momentum has weakened. Nationally, the tech sector is undergoing significant restructuring as companies respond to slower revenue growth and tighter financing conditions. Major firms, including Microsoft and Meta, announced layoffs in 2025 as part of broader AI-related reorganizations. In July, Microsoft announced plans to cut about 4% of its workforce, or roughly 9,000 employees, as part of a restructuring tied to its expanded investment in AI ("Microsoft to Cut About 4% of Jobs Amid Hefty AI Bets," Reuters, July 2, 2025). Meta also reduced staffing across its AI division in early 2025, cutting approximately 600 roles as the company reorganized its research and infrastructure teams to focus on new generative AI priorities ("Meta Is Axing 600 Roles Across Its AI Division," Emma Roth, The Verge, October 22, 2025). At the same time, demand for commoditized hardware and legacy desktop PC services continues to soften as the pandemic-era hardware cycle fades, and inflation-driven cost pressures constrain discretionary IT spending. Colorado's CSD employment fell by 2.5% in 2024, the largest decline since 2009, and monthly employment has continued to trend downward in 2025, with the subsector down an additional 3.5% year-to-date (YTD). Against this backdrop, the committee anticipates another 3.5% decline to 82,800 jobs by the end of 2025, followed by only a modest rebound of 0.2% in 2026, averaging 82,900 jobs for the year.

### Subsector Activity

In Colorado Springs, the technology firm Teknowledge, which provides AI and cybersecurity services, announced plans to lay off 324 employees between October and December 2025 due to changing client demand, shifts in the global technology landscape, economic conditions, and broader industry restructuring, according to a Worker Adjustment and Retraining Notification (WARN) letter filed with the state.

## Management, Scientific, and Technical Consulting Services

Management, Scientific, and Technical (MST) Consulting Services remains a growth subsector in PST, averaging 7.3% growth over the last 10 years. Employment increased by 1.1% YTD 2025. In August 2025, the subsector increased 2%, or 500 jobs, averaging 50,300.

Management consultancies across Colorado continue to see incremental revenue growth but are starting to question adding headcount. While companies are engaging outside experts for advice on mergers, acquisitions, restructuring, technology, process management, and workplace culture, they are also seeing the impact of AI and macroeconomic uncertainty in the labor market writ large. In contrast to sustained growth over the last five years, dramatic new opportunities in technology such as cybersecurity and AI are drawing new questions about future revenue and headcount growth. Each consultancy is reviewing their internal strengths and weaknesses in light of the new technologies and working to leverage these into growth and defend against the threat of eroding market position by the emerging AI consultant competition.

Regarding scientific and technical sectors, Metro Denver remains well positioned as No. 3 in a list of best locations for adding jobs in science, technology, engineering, and mathematics (STEM), according to the 2024 STEM Job Growth Index (STEMdex) from RCLCO and CapRidge Partners. STEMdex is designed to predict where growth will be going over the next five to 10 years, with current concentrations of jobs representing only a portion of the model. Denver's tech economy has been steadily growing, earning it recognition as a rising star in the innovation landscape. Known for its dynamic blend of startups and established firms in aerospace, cybersecurity, and renewable energy, Denver's employment market is attractive to STEM professionals seeking a balance between career opportunities and outdoor lifestyle. With favorable business policies, an expanding infrastructure, and a talented workforce from nearby universities, Denver is carving out a strong position as a regional tech leader. Denver scores highly in economic factors, workforce quality, and business climate, although the high cost of living and urban sprawl weigh on quality-of-life metrics.

## Management of Companies and Enterprises

Management of Companies and Enterprises (MCE) includes a very broad cross section of company headquarters and regional offices for businesses. MCE includes firms working across the full spectrum of the economy and firms with operations around the globe. The global economic, financial, and political conditions impact the decisions and changes in these firms here in Colorado. At the same time, these firms have the ability to adjust to localized influences—deploying resources, ideas and innovation, and talent to match these influences.

In Colorado, these firms account for less than 2% of total employment, with under 50,000 total jobs. The firms tend to be larger than the average Colorado business, with well-known Colorado companies like Vail Associates, Newmont Mining, Ball Corporation, Arrow Electronics, and Johns Manville all part of this sector. However, firms in this sector have a nearly identical average size (11.5 average firm employment) compared to Colorado firms as a whole (11.6 average employment). This sector is a leader in another manner: The average annual wage and salary is more than double the Colorado average wage/salary earnings—about $175,000 per year.

Firms in this sector have been an indicator of the coming changes in global financial and economic conditions. In the past, these firms have contracted (either through reductions or staffing relocations) forward of economic slowdowns in the U.S. and Colorado (2008-10, and again in 2020) and, conversely, have experienced increased staffing to meet growing business and financial opportunities in enterprise acquisitions and operational/business growth. It is expected the 2025 employment level will be flat or a slight decrease (0.5%) compared to 2024, a reduction of about 250 positions in Colorado firms.

While the financial and economic conditions for the remainder of 2025 and 2026 still are uncertain (specifically, global interest rates and trade policy), recent financial decisions and market conditions suggest an improving economic environment for these firms. Many firms in this sector are focused on consumer behavior and sentiment, as they can have immediate impacts on spending and travel in 2026. More broadly, firms in this sector have a prospective view of their business opportunities—and longer-term indicators suggest emerging opportunities for investment and growth. Employment growth is projected for this sector in 2026, including a recovery of the employment reduction in 2025 and an increase from business and investment opportunities. The employment projection is an increase of an estimated 500 jobs in 2026 over 2025, or a 1.1% increase.

## Administrative and Support Services and Waste Management and Remediation Services

The Administrative and Support Services sector provides a range of day-to-day administrative services, such as payroll, billing, human resources, and distribution logistics on a contract or fee basis. This is the only sector in PBS that lost establishments over the past

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# Professional and Business Services

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decade (2014-24), and employment in this sector has remained relatively flat over the decade compared to the other sectors in this industry, growing just 2.3% compared to 28.4% growth for the overall industry. Employment decreased an estimated 2.3% in 2025, but losses are expected to be slim in 2026 (-0.1%). The average annual salary in the sector increased from $85,883 in 2015 to $111,759 in 2024, the latest data available, an annual growth rate of 2.7%.

Facilities Support employed 3,641 people in 2025 and is also expected to stay flat through 2026 with employment totaling 3,637. The average annual salary in this sector rose from $50,543 in 2015 to $65,526 in 2024, an annual growth rate of 2.6%.

## Employment Services

This subsector includes staffing companies that list vacancies on behalf of business customers, perform outreach and recruitment, and supply workers to businesses for limited periods of time. They may also provide human resource management services. Since the pandemic, Employment Services companies have often been asked to expand into services and solutions that have traditionally been provided through the Administrative and Support Services sector.

The Employment Services subsector posted losses in 2023 (-3,800) and 2024 (-2,500) but recorded gains through August YTD in 2025 (1,800). At the same time, salaries grew at an annual rate of 6.3%, increasing from an average of $37,413 in 2015 to $68,755 in 2024. During the same period, the cost of employer-paid benefits rose at an annual rate of 3.6%, suggesting that the structural scarcity of labor has given temporary workers more bargaining power.

Employment Services is expected to grow modestly next year, adding just over 250 jobs, with overall employment averaging over 44,000 jobs in 2026.

## Business Support Services

This subsector includes businesses that perform functions for clients on a contract or fee basis. Specific services include document preparation, call centers, collection agencies, copy shops, court reporting, credit bureaus, repossession, and other related services.

The last year that the Business Support Services grew was in 2013, recording 11 consecutive years of employment losses through 2024, with telemarketing bureaus and other call centers bearing the brunt of this job loss. In 2025 YTD, this industry continued to decrease, losing 500 jobs (-3.2%). Offshoring and the growth of AI are likely the primary causes of this -5.4% annual growth rate. These reductions are projected to continue with the loss of an additional 220 jobs through 2026 with employment expected to average fewer than 14,000.

At the same time, salaries in the sector grew at 7.2% annually, rising from $36,522 in 2015 to $72,858 in 2024.

Overall, the Administrative and Support Services sector moved from employing 38% of the people working in PBS down to 28% of total employment in 2025.

## Waste Management and Remediation Services and Other

This sector provides critical services throughout Colorado, from residential and commercial waste collection and disposal to recycling and hazardous materials cleanup. Employment in the sector grew at an annual rate of 3.1%, adding 3,130 jobs between 2015 and 2025, with employment in 2025 averaging 10,985. Employment is projected to grow to 11,251 in 2026, a 2.4% gain.

The average annual wage in the sector grew at an annual rate exceeding 3.5%, with the average annual wage moving from $54,250 in 2015 up to $77,427 in 2024.

## Regional Analysis

Over the past decade, the Administrative and Support Services sector in Colorado lost more than 5,000 jobs. The strongest performance of the sector was in the Denver-Aurora-Centennial Metropolitan Statistical Area (MSA), which grew more than 1,000 jobs, while losses were recorded in the rest of Colorado's MSAs, led by Colorado Springs and Pueblo. Conversely, in Waste Management and Remediation Services, all regions posted gains. Colorado as a whole added jobs over the decade, with all MSAs adding jobs in the sector.

In Pueblo, the Waste Management and Remediation Services sector experienced a 7% employment loss in 2022, but by 2024, it had surpassed 2021 employment levels. This is likely due to the Pueblo Chemical Agent-Destruction Pilot Plant (PCAPP) winding down its operations, which were completed in 2023. The plant is being transitioned to defense contractor Bechtel, which will complete the closure process.

In the meantime, Colorado is positioning itself to become a national leader in recycling and materials recovery. Waste Connections is partnering with AMP Robotics to create an automated materials recovery facility that will process 62,000 tons of waste annually, and Waste Management is investing $100 million in an automated recycling center south of the Denver-Arapahoe landfill. Other economic development efforts include the addition of lithium battery recycling and recovering precious metals from electronic waste. Colorado is also working to attract lithium battery recycling.

## PBS Sector Summary

The three sectors of PBS may all contribute to a shrinking industry in 2025. In 2026, further cuts are projected in Professional, Scientific, and Technical Services and in Administrative and Support Services and Waste Management and Remediation Services, but modest growth is expected in the comparatively small Management of Companies and Enterprises sector. The committee projects PBS employment will decrease 1.2% to an average of 490,500 jobs in 2025. Losses will moderate in 2026, decreasing 0.2%, to average a total 489,400 jobs. ✤

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## Building Climate Resilience: The NSF ASCEND Engine in Colorado and Wyoming

### A Region on the Cutting Edge and on the Front Lines

Changes in the environment are reshaping daily life in Colorado, as intensifying wildfires, drought, soil degradation, and extreme weather events place increasing strain on communities and the statewide economy. The National Science Foundation-backed Advanced Sensing for Computation and Environmental Decision-making (ASCEND) Engine was established to address these challenges by harnessing the state's unique advantages in advanced sensing, computational modeling, and artificial intelligence (AI)-powered decision tools to proactively protect communities and support economic growth.

The NSF ASCEND Engine plays a pivotal role in growing Colorado's resilience ecosystem by accelerating the commercialization of climate technologies through collaborative partnerships with federal labs, research universities, and industry leaders. These institutional strengths, combined with the state's strong venture capital investments and a thriving accelerator community, make the region a model for translating cutting-edge research into market-ready solutions, creating economic value and a more resilient future for the state and the Rocky Mountain region.

### The Technology Stack for a Resilient Future

At the core of the ASCEND technology stack is a simple idea with far-reaching implications: Better data and better models lead to better environmental decisions. The Engine's work focuses on three technical areas:

- Advanced sensing captures environmental data from "soil to satellite."
- Computational analytics transform those signals into high-fidelity models using physics, machine learning, or both.
- Decision-support tools deliver actionable information to businesses, utilities, land managers, and local governments.

Currently, these technologies are being integrated into multilayer digital twins for wildfire, water systems, and soil health, creating virtual replicas of real landscapes that allow communities to test scenarios to help them prepare for and respond to natural hazards. These emerging technologies will improve community resiliency and save resources, for example, by helping fire officials to predict fire ignition and growth, water utilities to proactively adapt to droughts, and farmers to maximize crop yields while reducing water and fertilizer usage.

### Impacts on Employment and Workforce

As ASCEND technologies and related businesses scale, they will require a workforce skilled in advanced manufacturing, data analytics, and systems engineering. The growth of these industries will create high-paying jobs and new career pathways, supporting robust economic growth.

The ASCEND Engine's catalytic investment and intentional ecosystem building have facilitated unique collaborations that have set the stage for breakthroughs in ASCEND technologies, leading to unprecedented business, employment, and regional economic development opportunities that would not otherwise have been possible. ✤

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# Education and Health Services

The Education and Health Services (EHS) supersector comprises private-sector education as well as four private-sector Health Care and Social Assistance subsectors, including ambulatory care, hospitals, residential and nursing facilities, and social assistance. This industry represents almost one in every eight jobs in the state of Colorado. More than 87% of sector employment is made up of Health Care and Social Assistance, while about 13% is related to Educational Services. EHS was impacted early in the pandemic as it faced similar shutdowns in the broader person-to-person services industry. EHS employment increased 3.4% in 2024 and an estimated 2.9% in 2025. The industry is projected to increase another 2% in 2026.

**EDUCATION AND HEALTH SERVICES EMPLOYMENT, 2016-2026 (In Thousands)**

| Year | Educational Services | Health Care and Social Assistance | Total |
|---|---|---|---|
| 2016 | 39.8 | 286.0 | 325.8 |
| 2017 | 40.5 | 293.6 | 334.1 |
| 2018 | 41.9 | 298.8 | 340.7 |
| 2019 | 43.5 | 304.1 | 347.6 |
| 2020 | 41.0 | 298.2 | 339.2 |
| 2021 | 42.8 | 304.9 | 347.8 |
| 2022 | 45.3 | 308.4 | 353.7 |
| 2023 | 48.1 | 321.9 | 370.0 |
| 2024[a] | 48.8 | 333.8 | 382.6 |
| 2025[b] | 47.8 | 346.0 | 393.8 |
| 2026[c] | 47.5 | 354.0 | 401.5 |

[a]Revised. [b]Estimated. [c]Forecast. Note: Due to rounding, the sum of the individual sectors may not equal the total.

Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.

## Educational Services (Private)

Private-sector educational services can be classified as private not-for-profit, private for-profit, religious exempt, and private occupational, as well as private companies delivering training and development and other ancillary and support services. Public elementary and secondary educators are accounted for in local government; public higher education employees are accounted for in state government. Contributions to Colorado's employment come from many schools within the state's private K-12 and postsecondary institutions, the latter accounting for approximately one-third of all postsecondary enrollments. The largest employers in the private education services subsector come from private postsecondary education. Among Colorado's more prominent private schools are the University of Denver (DU), Regis University, and Colorado College, all listed as nonprofits. Two large private for-profit schools have left the state in the last several years, Johnson & Wales University and the University of Phoenix, which had final closures in 2021 and 2022, respectively. This sector is expected to decline slightly in 2026.

### Changes in Profit and Nonprofit Private Colleges and Universities

In fall 2025, there were 276 private schools and colleges operating in Colorado.

In addition to the three Department of Higher Education (DHE) nonprofit universities of DU, Regis University, and Colorado College are schools under the other two regulatory agencies of the Division of Private and Occupational Schools (DPOS) and the Colorado Commission on Higher Education. In 2025, under DPOS, there were a total of 258 schools, with 20 of those having headquarters outside of Colorado. This total is down from 264 schools in 2023. "The mission of the Division is to implement the directives of the General Assembly, to provide standards for and to foster and improve private occupational schools and their educational services, and to protect the citizens of this state against fraudulent or substandard private occupational schools," according to the DHE. Another 67 schools were governed by the Degree Authorization Act (DAA). The DAA, authorized under the Colorado Commission on Higher Education, oversees all other private for-profit institutions of higher learning in the state.

Among Colorado-based private accredited colleges approved by the DPOS are schools as diverse as the Academy for Dental Assisting Careers (three locations in Colorado), Empire Beauty School (three locations in Colorado), and Phlebotomy Training Specialists (five locations in Colorado). Of the schools overseen by DAA, 30 include seminary schools and the 37 other schools include DU, Regis University, and Colorado College, among others. Of the 67 DAA schools, 15 were headquartered out of state.

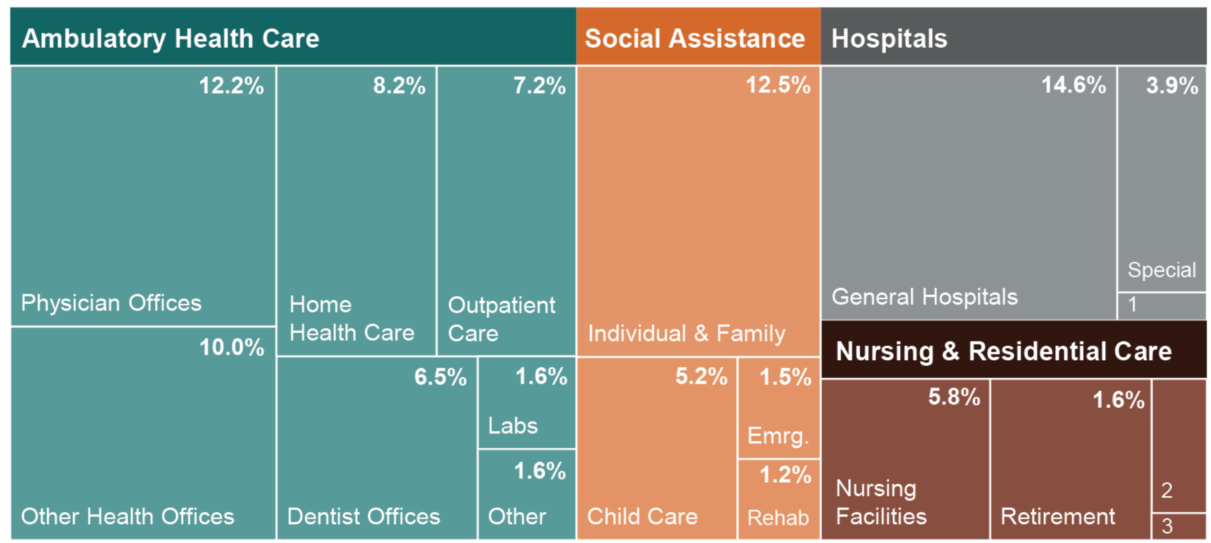
According to *U.S. News & World Report*'s online program rankings, private institutions in Colorado include many

**INDUSTRY SNAPSHOT EDUCATION AND HEALTH SERVICES**

| | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 38.8 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 34.3 |
| Q2 2025 Real GDP Growth Rate | 20.2% |
| Total Employment, Q2 2025 (Thousands) | 382.9 |
| Q2 2025 Employment Growth Rate | -1.5% |
| Employment Growth National Rank | 43 |
| Q2 2025 Share of Colorado Employment | 13.0% |
| Q2 2025 Share of National Employment | 1.4% |
| Average Wage, Q1 2025 | 65,801 |
| Percent of Statewide Average Wage | 79.9% |
| Q1 2025 Average Wage Growth Rate | 2.9% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics. These data are subject to future revisions; Q2 is end of quarter.

**HEALTH CARE AND SOCIAL ASSISTANCE EMPLOYMENT IN 2024**




Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Colorado NSA.
Note: (1) Psychiatric & Substance Abuse Hospitals, 0.5% (2) Resident. Disorder Care, 1.6% (3) Other Resident. Care Facilities, 0.3%.

top-ranked programs, such as DU's Daniels College of Business's online MBA (ranked No. 65) and University College's online bachelor's degree in business (ranked No. 21).

Employment in the private education sector is driven by both business demand for continuing education programs and consumer demand for training that improves employment prospects and/or general quality of life. In the corporate and business sector, skill development of employees through learning curricula continues to play a critical role in developing competitive competencies of businesses, especially in the high-tech and consulting arenas. Corporations consider reinvestment in their employees a required business-development function. Furthermore, certification within specific industries drives both corporate and consumer consumption of learning to remain competitive.

## Other Private Education in Colorado

According to *privateschoolreview.com,* for the 2025-26 school year, there are 499 private schools serving 73,366 students in Colorado (by comparison, there are 1,916 public schools serving 867,675 students). Of all K-12 students in Colorado, 8% attend private schools (compared to the national average of 10%). There are also 349 private daycares and preschools serving 51,708 students.

In the Niche report (Jarpe, 2024), which ranked Colorado's best schools for 2025, 12 of the 15 best schools are private schools, the majority of which are in the Metro Denver area. These schools received an A+ ranking by Niche, which factors in aspects such as academics, diversity, clubs, sports, and college preparation. One example is the Dawson School, located in Lafayette, which is ranked 5th in the Niche report.

## Cautious Growth

Driving cautious optimism for growth in the near term are several hurdles, including the traditional growth in enrollments during low and volatile periods of unemployment, while the impact of the student loan crisis is expected to have a low likelihood of impacting growth in this subsector.

The impacts of the recent growth in artificial intelligence (AI) are still being examined in the private education subsector for both potential positive and negative impacts.

## Educational Support Services

Colorado's private education sector also includes educational support services. One example is Scholarly Software, which works with colleges and universities to build custom human resource and workforce management software.

As education companies like Scholarly Software continue to create more content, learning technologies, and educational analytics opportunities, Colorado remains a strong player in the educational support field. One area of growth and integration in existing systems is the use of AI, which Scholarly is employing responsibly and transparently.

## Summary

Education is in the midst of significant transformation and reform, including an ongoing accelerated increase in the adoption of online learning for all age levels. This heavy reliance on technology requires more strategic

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# Education and Health Services

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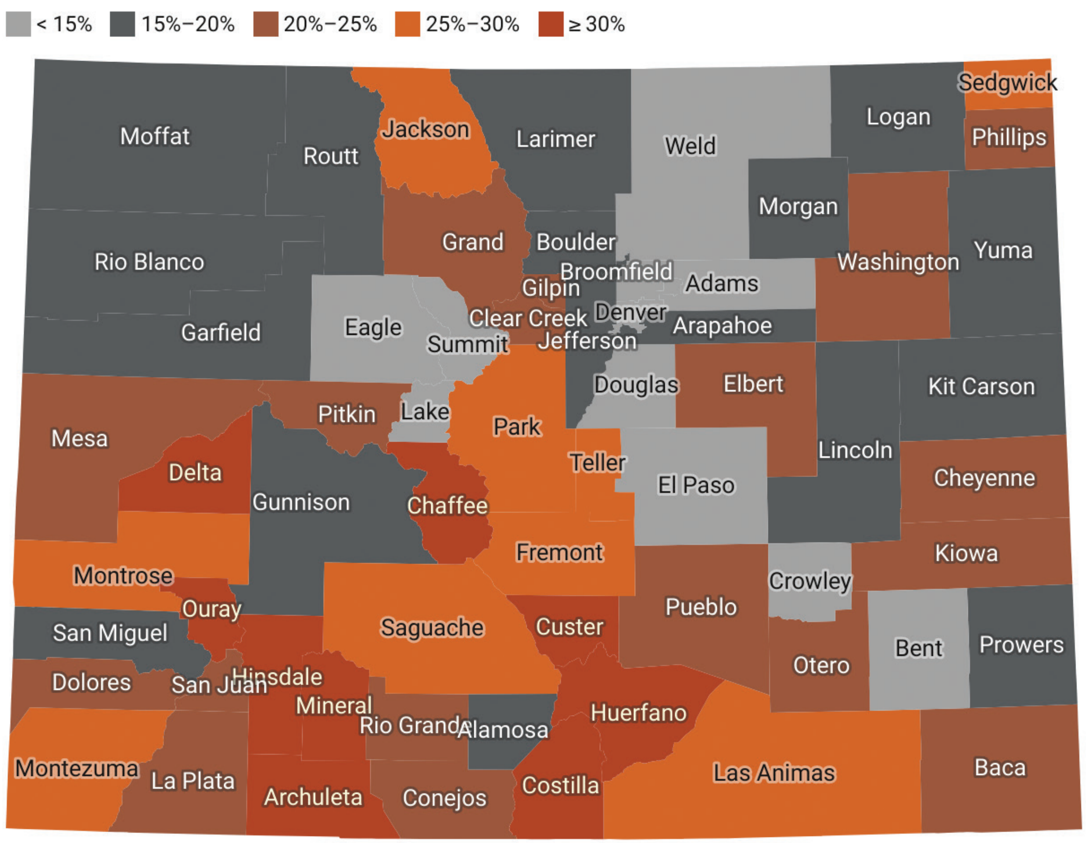
**PERCENT OF POPULATION 65 AND OVER, 2025**




Source: Colorado Department of Local Affairs, State Demography Office. Created with Datawrapper.

thought specific to pedagogy and instructional design and also provides tremendous opportunities for data-driven education. When big data can provide reports on at-risk behaviors such as dropped classes within a week of course starts, an understanding of how students learn best, and the development of courses that are tailored to student needs in real time, personalized learning is very close to becoming reality.

## Health Care and Social Assistance

The private-sector Health Care and Social Assistance sector is a significant contributor to Colorado's economy, employing 333,800 workers in 2024. Employment is estimated to grow 3.7% in 2025 to 346,000, after particularly strong growth in the hospital subsector. Growth is projected at 2.3% in 2026.

## Population Trends

### Aging

The State Demography Office estimates that Colorado is home to 6 million people in 2025. This number is expected to grow to 6.2 million by 2030. The average age of Coloradans is expected to continue to increase in the coming years as more people shift to Medicare eligibility. Further, this demographic shift will disproportionately impact rural counties, as they are older on average than urban counties. According to the Colorado Demography Office, the share of residents age 65 and older is projected to rise from 14.8% to 16.6% in urban areas and from 20% to 22.4% in rural areas between 2021 and 2026, increases of 1.8 and 2.4 percentage points, respectively. The population age 80 and above is also expected to grow, increasing from 3% to 3.5% in urban areas and from 3.9% to 4.5% in rural areas over the same period, representing gains of 0.5 and 0.6 percentage points.

## Health Insurance Coverage

Health insurance coverage is categorized into several product buckets, collectively referred to as the addressable market. Coverage options include commercial group (employer sponsored), commercial individual, Medicare, Medicaid, and uninsured. The Colorado Health Institute estimates that 94.1% of Coloradans have health insurance, based on the 2025 Colorado Health Access Survey.

### Commercial Group and Individual

Commercial group or employer-sponsored insurance provided health insurance for 53% of Coloradans in 2025 in small and large group plans. This number has increased 3.6 percentage points from 2023, as reported in the 2025 Colorado Health Access Survey. Major insurers in Colorado include Aetna, Anthem, Cigna, Humana, Kaiser, and UnitedHealthcare.

The commercial individual market includes health plans for individuals who are not able to participate in state Medicaid or Children's Health Insurance Program due to income, are not Medicare eligible, and do not receive group insurance through their employer. This makes this health market responsive to factors influencing the other health insurance coverage options. Between 2023 and 2025, the individual market increased 1.6 percentage points from 5.1% to 6.7%.

In 2025, people who purchased coverage on the individual market continued to face greater challenges affording care than those with employer-sponsored or public insurance. Colorado Health Access Survey data show that individual-market enrollees were among the most likely to delay or go without needed health care due to cost, second only to the uninsured. Only about half of people with individual coverage reported that Colorado's health care system meets their needs or the needs of their families, underscoring ongoing affordability and access barriers within this segment of the market.

### Government Programs (Medicare and Medicaid)

**Medicare—**Medicare is a federally governed health insurance program and covers individuals 65 and older and younger individuals who have specific medical needs. The Medicare-eligible population has increased significantly in Colorado with the Medicare age-in of baby boomers. An estimated 16.8% of Coloradans were eligible for Medicare in 2024 based on standard age-in criteria. Medicare age individuals use health services at significantly higher rates than younger cohorts (*Acute Healthcare Resource Utilization by Age: A Cohort Study,* 2021). An aging population in Colorado and significantly higher demands for health care services will continue to drive an increase in demand for health care services into 2025 as the state's oldest baby boomers turn 79. In 2026, the oldest baby boomers will turn 80 and will enter their highest years of health care utilization.

**Medicaid—**Medicaid is a shared state and federally governed health insurance option for low income and medically fragile populations. Colorado has long been a state with a particularly restrictive revenue environment. The passage of H.R. 1, combined with evolving federal policies related to trade, has recently impacted Colorado's revenue collections (the Department of Health Care Policy and Financing [HCPF] has a webpage dedicated to explaining the full scope of anticipated H.R. 1 impacts: https://hcpf.colorado.gov/impact). Additionally, Colorado's rolling conformity to federal personal and corporate income tax policy has exposed the state to negative revenue impacts resulting from provisions in H.R. 1. This has created an immediate negative impact on anticipated revenue collections and the state's overall budget outlook for the current state fiscal year (FY) 2025-26. In the coming fiscal years, provisions in H.R. 1 shift Medicaid and SNAP costs to the state, which will add more pressure to the state budget if current enrollment, service, and benefit levels are to be maintained.

The two provisions in H.R. 1 that impact the financing of Colorado's Medicaid program most immediately and acutely are community engagement requirements (also referred to as work requirements), section 71119, and section 71115, which reduces the maximum provider tax rate in Medicaid expansion states from the current 6% to 5.5% in FY 2028 and continues downward by increments of 0.5% per year until reaching 3.5% in FY 2032.

Work/community engagement requirements are impactful because they create new administrative costs for state and local governments, as well as administrative complexity for impacted members. The reduction in the maximum provider tax rate (or fee, as it is typically referred to in Colorado) is potentially more impactful from a fiscal perspective. Implementation of this provision will reduce Colorado's ability to generate revenue used to draw down federal funds using the Colorado Healthcare Affordability and Sustainability Enterprise. Initial estimates assume the impact to be between $900 million and $2.5 billion annually. This revenue source funds a significant subset of the Medicaid caseload. A reduction in this revenue source could jeopardize coverage and/or reduce payments to hospitals and other providers.

These budgetary pressures are creating a critical juncture for policymakers and Colorado state legislators, particularly as it pertains to the state's Medicaid program. Medicaid expenditures have been growing for the past several years both in per capita terms and as an overall share of the state budget. The end of the COVID-19 public health emergency and associated continuous enrollment for Medicaid members marked an inflection point in health care utilization patterns for the Colorado Medicaid population and for many other populations utilizing health care services (observed in other states and in the private market as well).

In addition to increases in per capita utilization, the Colorado Legislature has approved across the board provider rate increases of varying percentages every year since state FY 2016-17, except for a 1% reduction that occurred in state FY 2020. Other benefit changes, mostly expansions, have also occurred in the past nine fiscal years. These actions can have a compounding effect on Medicaid expenditures, which cannot always be accurately measured or budgeted at the time of implementation.

### Uninsured

In 2025, Colorado's uninsured rate was 5.9%, according to the Colorado Health Access Survey. This is a 1.3 percentage point increase from the 2023 rate.

## The Health Care Workforce

The primary employment segments in health care include ambulatory, hospitals, nursing and residential care facilities, and social assistance. In Q1 2025, the private health care workforce was 341,000. This workforce includes physicians, nurses, home health aides, administrative, dentists, dental assistants, behavioral health, health counselors, and physical therapists.

### Ambulatory

Employment in the ambulatory health services subsector was 160,000 employees in Q1 2025. This is the largest subsector and includes outpatient services such as behavioral health. This subsector was one of the hardest hit

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# Education and Health Services

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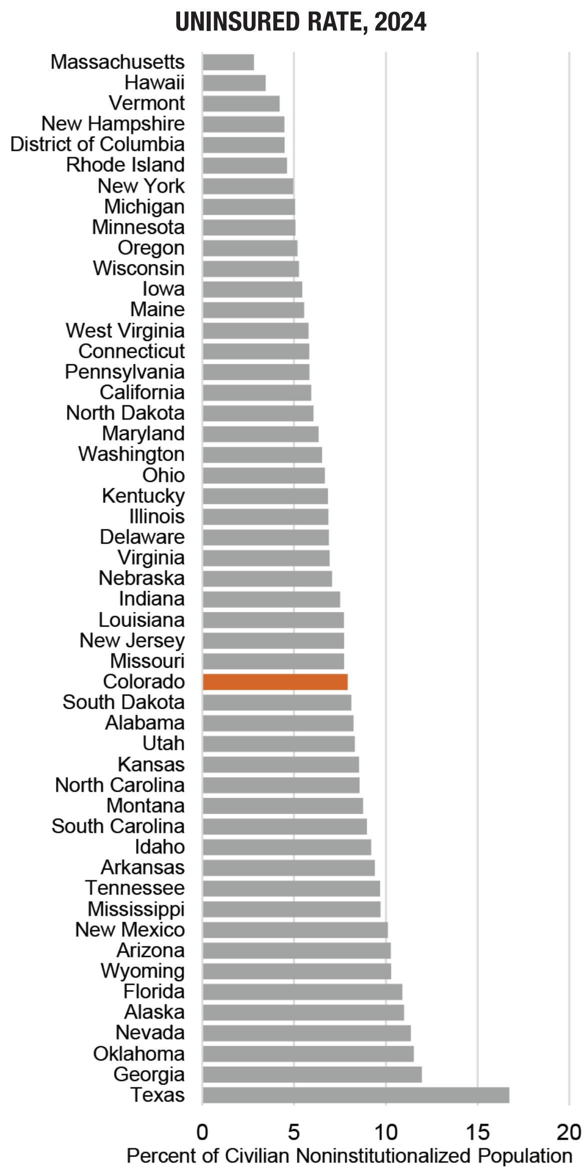


Source: U.S. Census Bureau, ACS 1-year Estimates, 2024.
Note: Estimates from Colorado Health Institute differ slightly from Census estimates due to methodology.

employment subsectors early in the pandemic. However, it quickly rebounded and has been growing steadily in more recent years. Average quarterly growth is 0.5%. One factor impacting this subsector is pent-up demand for nonurgent health services postpandemic. However, value-based care site-of-service initiatives have been steadily shifting services from hospitals to outpatient services. This is driven by better health outcomes and lower costs.

Behavioral health services are included in ambulatory services. Employment has increased significantly in this space and employment was 10,000 in Q1 2025. In 2019, there were 2,900 employees. The pandemic had a significant adverse effect on many Coloradans, and the demand for services significantly outpaced supply. Employment grew 20% to 30% from 2020 through 2024. While Q1 2025 growth was still favorable, it dropped to 15% over Q1 2024. Current estimates continue to indicate strong growth, but at a slowing pace year-over-year. While this growth has improved access, there are continued policy efforts to address gaps in care and access for behavioral interventions.

### Hospitals

Hospitals employed 67,000 Coloradans in Q1 2025. Growth in this subsector has been relatively moderate postpandemic, not rebounding as quickly as the ambulatory subsector. Hospital employment decreased by 2.4% in 2020 and decreased 0.9% in 2021. By comparison, ambulatory services decreased by 0.1% in 2020 and increased by 4.6% in 2021. Hospital employment began growing again in 2022 to rates more comparable to ambulatory. However, there was a notable spike in hospital employment in Q1 2025, jumping 8.6% over Q1 2024.

Policy changes under the current federal administration could cause employment growth to cool as providers face uncertainty about reimbursement for government-insured populations including Medicare and Medicaid and subsidies for those purchasing coverage through the individual market. Hospitals also carry the burden of uncompensated care from uninsured populations, as they are required to provide emergency services.

### Nursing and Residential Care

Employment in the nursing and residential care subsector was 45,000 in Q1 2025. This subsector experienced a year-over-year decrease between 2020 and 2022 before rebounding 6.6% in 2023 and 5.3% in 2024. Growth is expected to increase in 2025 and 2026 at a decreasing rate of 3.5%. This subsector consists of many low-paying, low-skill, and high-stress jobs that have had to compete for employees with other sectors that are seeking entry-level skillsets. Relatively low availability of employees in nursing and residential care is one of the challenges for the state in supporting its growing 65+ population. The populations requiring nursing and residential care are not anticipated to be impacted by current administration policies to the same degree, as they would not be subject to work requirements.

### Social Assistance

Social assistance is the last subsector that makes up Health Services. There were 69,000 employees in this subsector in Q1 2025. There was growth in 2023 and 2024, averaging 4.8%. This trend is estimated to continue. Demand for privately employed social assistance may see an increase if more people need services for children and youth, the elderly, food, housing, and emergency services.

## Other Notable Trends in Health Care

### AI in Health Care Delivery

AI continues to roll out within the health care industry, impacting everything from care delivery to prior authorization of services. For example, some clinics are starting to use AI to help screen patients for diseases like tuberculosis. However, many of the AI tools still require experts to effectively vet and interpret findings. Jobs that are expected to be at risk in the health sector include administrative functions like medical coders and transcriptionists as well as clinical roles like pharmacy technicians.

### Increasing Cancer Risk at Earlier Ages

Recent studies between 2010 and 2019 have identified 14 cancer types with increasing prevalence in those under the age of 50. There is no clear understanding of what is driving this change, but lifestyle, environmental factors, and genetic variations are some areas being studied in an effort to determine the cause. One impact of this trend is changing guidelines for preventative screens such as colonoscopies. The U.S. Preventative Services Task Force published new guidelines recommending that colon cancer screening begin at 45, down from 50 in May 2021.

## Conclusion

The health care sector is facing several challenges, and federal policy changes are expected to negatively impact the number of Coloradans with access to health coverage. It is also expected to negatively impact financing and reimbursement across health care providers and health care insurers. However, the demand for health care continues to increase as the average age rises and health conditions like colon cancer occur at increasingly younger ages. Individual market subsidies, Medicaid changes, and health care policies are some of the driving factors in the federal government's shutdown. This creates a potential downside risk for the 2025 and 2026 employment forecast numbers. ✤

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# Leisure and Hospitality

## Employment Overview

After fully restoring pandemic-era job losses in 2023, Colorado's Leisure and Hospitality sector has shifted from a rapid recovery phase into a period of stabilization and normalization. In 2025, the sector continues to add jobs overall, but growth is no longer uniform across the industries that make up Leisure and Hospitality. Accommodation and Food Services, supported by tourism, business travel, and continued population growth, added a few thousand jobs statewide over the past year, growing 0.8%. Labor market data show that the number of unfilled openings in this subsector has declined from the peak levels seen during the recovery period, indicating an easing of the acute labor shortages experienced in 2022 and 2023. The industry is projected to pull back modestly in 2026 with pressure on the Accommodation and Food Services sector.

**LEISURE AND HOSPITALITY EMPLOYMENT 2016-2026 (In Thousands)**

| Year | Arts, Entertainment, and Recreation | Total Accommodation and Food Services | Total Leisure and Hospitality[a] |
|---|---|---|---|
| 2016 | 52.9 | 270.8 | 323.6 |
| 2017 | 55.4 | 277.8 | 333.2 |
| 2018 | 56.9 | 282.8 | 339.7 |
| 2019 | 59.1 | 286.3 | 345.4 |
| 2020 | 44.4 | 227.6 | 272.0 |
| 2021 | 50.3 | 255.4 | 305.6 |
| 2022 | 57.1 | 281.2 | 338.4 |
| 2023 | 61.6 | 289.1 | 350.7 |
| 2024[a] | 63.5 | 289.9 | 353.5 |
| 2025[b] | 64.0 | 292.5 | 356.5 |
| 2026[c] | 64.4 | 291.1 | 355.5 |

[a]Revised. [b]Estimated. [c]Forecast. Note: Due to rounding, the sum of the individual sectors may not equal the total.

Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.

In contrast, Arts, Entertainment, and Recreation posted modest growth over the past year. The contraction appears concentrated in discretionary and event-dependent businesses, where spending is more sensitive to economic uncertainty and household budgeting. This divergence indicates that the industry is no longer moving through a single recovery cycle. Colorado's Leisure and Hospitality industry has evolved into two different tracks: hospitality and lodging continue to expand, while arts and recreation operators are adjusting to softer demand and increased operating costs as consumers become more selective.

Tourism-related employment in Colorado has fully recovered from the pandemic period and now exceeds pre-2020 levels. Tourism employment is broader than the official Leisure and Hospitality sector because it aggregates jobs across multiple industries that are influenced by visitor spending. These industries primarily include Accommodation and Food Services and Arts, Entertainment, and Recreation, and also portions of other sectors where a significant share of activity is tied to tourism. Employment growth has occurred in both urban and rural regions of the state, with urban counties posting higher overall job totals while rural and mountain communities show steady, sustained activity.

Compared to other states, Colorado's tourism employment performance is strong. Tourism-related employment is approximately 6% higher than it was in January 2020, placing Colorado ahead of other visitor-driven states such as Nevada and Louisiana, while slightly behind states such as Idaho and Hawaii. This growth shows that visitor spending continues to support a broad base of jobs across Colorado, even as individual industries within Leisure and Hospitality experience differing year-over-year trends.

## Tourism in Colorado

### The Colorado Tourism Office

The Colorado Tourism Office (CTO) is a division of the Colorado Office of Economic Development and International Trade (OEDIT), with the mission to empower the tourism industry to inspire the world to explore Colorado respectfully and responsibly. Three strategic pillars guide this mission: economic vitality, destination stewardship, and industry leadership.

**INDUSTRY SNAPSHOT LEISURE AND HOSPITALITY**

| | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 29.8 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 21.2 |
| Q2 2025 Real GDP Growth Rate | 7.4% |
| Total Employment, Q2 2025 (Thousands) | 352.5 |
| Q2 2025 Employment Growth Rate | -2.4% |
| Employment Growth National Rank | 8 |
| Q2 2025 Share of Colorado Employment | 12.1% |
| Q2 2025 Share of National Employment | 2.0% |
| Average Wage, Q1 2025 | 36,946 |
| Percent of Statewide Average Wage | 44.9% |
| Q1 2025 Average Wage Growth Rate | 2.7% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics. These data are subject to future revisions; Q2 is end of quarter.

The CTO supports the tourism industry by advancing collaborative partnerships with destination marketing organizations, local communities, and private businesses, with a focus on inclusivity, innovation, and leadership. Recognizing tourism as a vital economic driver, the CTO aims to promote responsible travel experiences while balancing resident quality of life and safeguarding the state's cultural and natural resources.

### 2024 Annual Tourism Research

The Colorado tourism industry continued its steady growth in 2024, generating a record high of $28.5 billion in travel spending and welcoming 95.4 million visitors. According to an annual economic impact report developed by Dean Runyan Associates, travel spending in Colorado increased by $100 million from $28.4 billion in

2023 to $28.5 billion in 2024, a 0.5% increase. Half of this growth is attributed to the Denver Metro area and Front Range counties.

Additionally, the Longwoods International Travel USA Report identified that visitation to Colorado increased by 2.1 million visitors, from 93.3 million in 2023 to 95.4 million in 2024, a 2.3% increase. Notably, 86% of overnight travelers were repeat visitors, and 64% had visited within the past 12 months. The average length of stay for overnight visitors was 3.4 nights.

State and local tax revenue also grew to a combined $1.9 billion in 2024, a 1.3% increase from the prior year. As a result, the tourism industry in Colorado contributed $800 in tax benefits for every Colorado household in 2024.

In 2024, the Colorado tourism industry supported over 470,525 direct and indirect travel-related jobs across the state. That year, every $1 million in travel-related spending continued to support approximately seven jobs in the industry.

Travelers spent approximately $13.9 billion in the Denver region alone in 2024, making up 48.7% of the statewide total. Overnight business trips decreased by 11.7% from 2023.

## Insights Into 2025 Colorado Tourism Industry Performance

Smith Travel Research reports that Colorado's hotel sector is experiencing a period of decline in 2025. From January through September 2025, statewide hotel performance shows decreases across key metrics compared to the same period in 2024:

- Occupancy—65.6% vs. 66.5% (-1.3%)
- Average Daily Rate (ADR)—$167.14 vs. $169.71 (-1.5%)
- Revenue per Available Room (RevPAR)—$109.66 vs. $112.86 (-2.8%)
- Revenue—$3.88 billion vs. $3.94 billion (-1.6%)

This softening reflects continued normalization of travel demand and mixed regional performance across the state.

## Insights Into 2025 Colorado Airport Trends

Colorado airports have been posting record numbers of passengers in 2025, and continued growth is expected in 2026. Denver International Airport (DEN), in particular, continues to be a leading world airport, coming in at the 3rd-busiest airport in the United States as of August 2024 and 6th busiest in the world. Below are the growth percentages year-to-date (YTD) August 2025 vs. 2024 and 2023:

- Denver—YTD passenger traffic down 0.4% vs. 2024 and up 7.9% vs. 2023
- Aspen—YTD passenger traffic up 4.9% vs. 2024 and up 18.9% vs. 2023
- Colorado Springs—YTD July passenger traffic down 3.4% vs. 2024 and up 5.3% vs. 2023
- Eagle County—YTD July passenger traffic up 17% vs. 2024 and up 66.7% vs. 2023
- Grand Junction—YTD July passenger traffic up 15.1% vs. 2024 and up 31.2% vs. 2023

## International Travel

International visitors play a vital role in Colorado's tourism economy, spending more, staying longer, and exploring more widely than other travelers. The CTO engages key international markets such as the U.K./Ireland, Canada, Australia, Germany, France, and Mexico through in-market representation.

In 2024, nearly 1 million international travelers visited Colorado, approaching prepandemic levels. However, a 5% decline is projected for 2025 due to federal policy changes impacting travel to the U.S. Overall, Colorado is expected to perform better than most states, where declines of 8%-10% are anticipated.

Economic Development Administration (EDA) grant funding has expanded the CTO's global reach, supporting pan-European and winter campaigns in major markets, though this funding will end in fiscal year (FY) 2025-26. Winter promotions successfully engaged travelers in Australia, Mexico, and the U.K. through major snow shows and VIP events.

Looking beyond 2025, the CTO will continue to target the international markets of Australia, Canada, France, Germany, Mexico, and the United Kingdom.

## Key CTO Stewardship Initiatives

### Destination Stewardship Education and Promotion

The CTO is deeply committed to weaving destination stewardship into every aspect of its work. Through a holistic approach, it strives to balance resident well-being, a thriving visitor economy, and the protection of Colorado's cultural and natural treasures.

Core programs include Destination Development, Grants and Funding, Welcome Services, CTO Learning Labs, and the Governor's Tourism Conference. These programs are grounded in this stewardship philosophy.

### Grants and Funding Programs

The CTO awarded $592,520 through the Tourism Marketing Matching Grant program, supporting 16 statewide campaigns with increased award limits and a new tiered match system. The Tourism Management Grant program distributed $210,022 to 12 projects across the state, advancing visitor experience initiatives.

Through the EDA Travel, Tourism, and Outdoor Recreation program, CTO managed $4.8 million in federal funding: $2.4 million for international marketing, $1.8 million for Tourism Recovery Marketing Grants (supporting seven destinations), and the remainder for administration.

All 59 creative asset production shoots funded through the Restart and Reimagine Colorado Tourism programs were completed, marking the close of the Coronavirus

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# Leisure and Hospitality

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Aid, Relief, and Economic Security Act (CARES Act) grant awarded in 2021.

### Destination Development Initiatives

The CTO advanced its Colorado Destination Stewardship Strategic Planning Initiative, producing statewide and regional plans to guide tourism leadership and strengthen public-private collaboration for the next decade.

Through the Destination Development Mentor Program, 11 communities received 1,100 hours of consulting, developing projects such as visitor education, off-peak season marketing, and music tourism strategies.

The Destination Blueprint Program served eight communities, providing 800 consulting hours toward initiatives like workforce-development campaigns, trailhead ambassador programs, and destination management plans.

Collaborating with the Colorado Energy Office and the Colorado Department of Transportation (CDOT), the CTO and the Scenic & Historic Byway Commission designated 18 Colorado Electric Byways as of May 2024.

The Colorado Dark Sky Certification Mentor Program supported four locations with 70 consulting hours, while the new Colorado State Parks Dark Sky Certification Program provided 180 hours of assistance, equipment, and training to 12 state parks pursuing certification.

The CTO also launched the Accessible Travel Program in partnership with Wheel the World, leading to three destinations achieving Destination Verified status and 70 verified accessible experiences statewide.

### Visitor Services

Colorado's Welcome Centers greeted 750,000 guests in FY 2024-25, staffed by 145 volunteers providing travel information and hospitality.

The CTO launched a multiyear effort to reimagine Colorado's Welcome Centers, beginning with a pilot redesign in Fruita. The project, in partnership with CDOT, finalized design concepts and budgets and is set for construction with completion expected in early 2026.

### Industry Partnerships

The Care for Colorado Coalition grew to 220+ organizations, promoting stewardship and education for residents and visitors.

The Colorado Governor's Tourism Conference in Mt. Crested Butte convened 400+ professionals around themes of stewardship, accessibility, artificial intelligence (AI), and sustainability. The CTO upgraded its Learning Labs, migrating 26 courses to a new interactive platform aligned with OEDIT's Learning Management System (LMS), incorporating multimedia and updated content codeveloped with destination partners to enhance professional development statewide.

## Casinos and Sports Betting

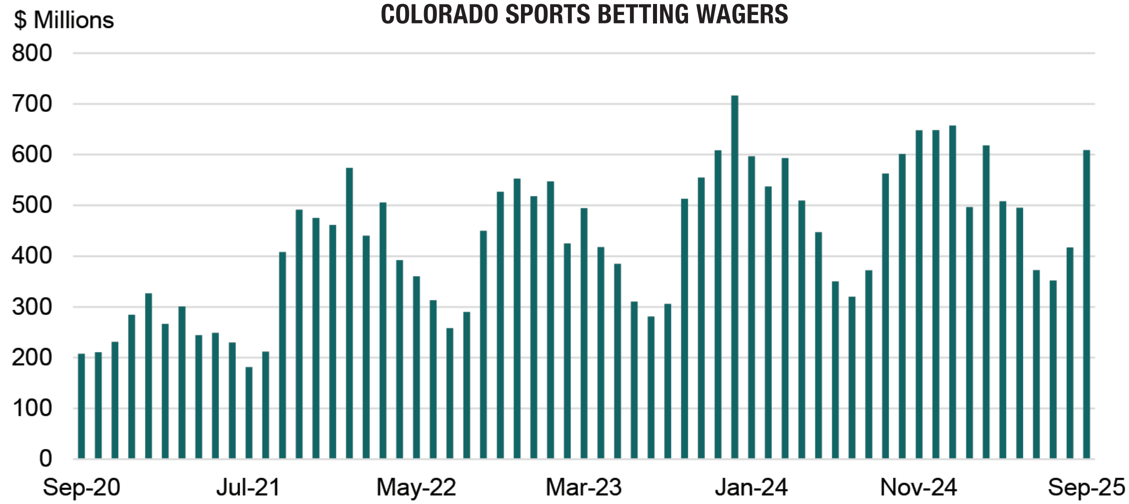
Colorado's gaming sector remains a stable and significant economic contributor. Casinos continue to produce over $1.1 billion in annual gaming revenue, while sports betting shows strong year-over-year revenue growth, now contributing nearly $40 million annually to state funds, with a large share supporting water conservation and responsible gaming programs.

### Casinos

Colorado casinos continue to show steady performance. For the fiscal year ending June 30, 2025, statewide casino adjusted gross proceeds (AGP) totaled roughly $1.1 billion, up about 1.1% from the previous year. Gaming tax collections also increased, rising from $175.3 million to $177.6 million (up 1.3%). There were 33 casinos operating during both years, with no change in total operating facilities. Tax rates remain unchanged: Casinos pay a graduated tax rate based on AGP, ranging from 0.25% to 20%, depending on revenue tier.

Monthly trend reports from fall 2025 show that casinos statewide generated between $294 and $295 million in monthly AGP, with approximately 10,900-10,970 gaming devices statewide, and gaming tax collections ranging

**COLORADO SPORTS BETTING WAGERS**




Source: Colorado Department of Revenue, Sports Betting Monthly Reports.

**COLORADO CASINOS**
**2014–2025**

| Year | Casinos Open | Devices | Adjusted Gross Proceeds (In Millions) Black Hawk | Central City | Cripple Creek | Total |
|---|---|---|---|---|---|---|
| 2014 | 37 | 14,168 | $561 | $62 | $123 | $746 |
| 2015 | 36 | 13,823 | 596 | 66 | 128 | 790 |
| 2016 | 35 | 13,509 | 610 | 70 | 131 | 811 |
| 2017 | 34 | 12,958 | 621 | 72 | 135 | 828 |
| 2018 | 33 | 12,969 | 623 | 79 | 140 | 842 |
| 2019 | 33 | 12,848 | 613 | 80 | 141 | 834 |
| 2020 | 35 | 10,878 | 400 | 56 | 104 | 560 |
| 2021 | 33 | 10,568 | 728 | 83 | 165 | 976 |
| 2022 | 33 | 10,982 | 813 | 82 | 165 | 1,060 |
| 2023 | 33 | 10,787 | 841 | 82 | 165 | 1,088 |
| 2024 | 33 | 10,926 | 850 | 80 | 173 | 1,103 |
| YTD Sept. 2024 | 33 | 10,970 | 642 | 60 | 139 | 841 |
| YTD Sept. 2025 | 33 | 10,967 | 647 | 57 | 143 | 848 |

Source: Colorado Division of Gaming. Note: AGP calculated on an annual basis, hence different from the state fiscal year.

from $6.4 million to $13.5 million per month, depending on the month. The three gaming towns, Black Hawk, Central City, and Cripple Creek, continue to host all casinos, with the number of active casinos staying very stable across reporting periods.

### Sports Betting

Sports wagering continues to expand as a significant revenue stream. For the fiscal year ending June 30, 2025, Colorado collected $36.8 million in sports betting taxes, up from $30.4 million the prior fiscal year. Total sports betting revenues to the state, including licensing fees, operations fees, fines, and interest, reached $39.6 million in FY 2025, compared to $33.6 million in FY 2024. Sports betting tax revenue is primarily directed to water conservation projects, hold-harmless distributions to limited gaming recipients, and responsible gaming programs.

The sports betting fund ended FY 2025 with a combined balance of $38.7 million, up from $32.4 million in FY 2024. The increase reflects year-over-year growth both in activity (taxes collected) and retained earnings in the state fund. By mid-FY 2025, tax collections were already exceeding 50% of the annual budget target, indicating continued strong momentum in wagering volume.

## Colorado Restaurant Industry

Restaurants and the hospitality sector as a whole are critical pillars of Colorado's economy, driving tourism, employing hundreds of thousands of residents, generating sales tax revenue, fostering career development, and serving as the heartbeats and hubs of our communities statewide.

The National Restaurant Association reports that each dollar spent in Colorado's 14,700+ restaurants boosts the state economy by $1.87, driving $18.7 billion in restaurant and food service sales in 2024. Restaurants are the largest private employer in the state, employing 9.8% of Colorado's workforce and contributing $500 million in state sales tax revenue last year.

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# Leisure and Hospitality

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While Colorado's restaurant industry is earning national accolades and showing slow-but-steady growth, there are also economic and regulatory challenges plaguing local businesses as operators face ever-increasing costs and decreasing sales volume amid an uncertain economy. "Survive '25" was the restaurant rallying cry this year for many local businesses.

Challenges abound for operators trying to balance costs. Increases in food, labor, utilities, rent, insurance, and credit card fees, paired with tariff uncertainty, declining sales volume, and regulatory burdens and compliance mandates, mean that Colorado restaurants are cutting back on spending, improvements, and hiring and doing all they can to keep their doors open.

Casual, full-service dining is taking the hardest hit, but even quick-service and fast-food models are adapting to a new, postpandemic normal in which consumers feel strapped and dine out less often. They are also not drinking alcohol as often and are tired of service charges and menu-price increases.

Innovations in technology, value offerings, and a renewed focus on driving on-premises traffic are the bright spots for the industry, helping some local operators grow and succeed against stacked odds.

## Restaurant Sales Slowly Climb

The restaurant industry in Colorado surpassed its prepandemic 2019 high point—$14.5 billion in revenue, employing more than 280,000 workers—in 2021, with a total of $14.9 billion in sales, a 2.8% year-over-year increase. In 2022, Colorado restaurant retail sales jumped to $17.1 billion, an almost 14% increase over the prior year, and 2023 retail sales rose to $18.1 billion, a 6.2% year-over-year increase. Sales in 2024 came in at $18.7 billion, a 3.3% increase, which underscores the softening of the industry's sales volume in recent years (Colorado Department of Revenue).

Factoring in increases to menu prices and inflation, the growth rates in restaurant retail sales show a leveling off and overall slowing; the committee hears daily from operators how cost increases and reduced consumer spending are endangering profitability.

According to National Restaurant Association data, 61% of national operators reported a decline in customer traffic between 2023 and 2024, while 39% of operators say their restaurant was not profitable in 2024.

## Labor Force and Establishments Shrink

In 2024, there were approximately 290,000 workers employed in the Accommodation and Food Services sector in Colorado, most of which work in restaurants. The sector is estimated to have grown 0.9% in 2025, but growth is expected to decline 0.5% in 2026.

Local operators confirm what the data indicate: They are eliminating support positions, especially in front-of-house, consumer-facing roles, to save on labor costs—that means far fewer bussers, food runners, hosts, and other roles like expediters or prep cooks in the kitchen. Operators also share that it is not worth the risk of hiring younger people, like teenagers, because wages are so high and mandated benefits make those positions less sustainable for the business. This weakens the hospitality industry's workforce pipeline and potential for growth; one in three adults have worked in the industry at one point, and the skills they earned through restaurant experience contribute greatly to local economies. That is why the work of the Colorado Restaurant Foundation (CRF) is so crucial to developing the local workforce.

Nationally, restaurant staffing levels have been essentially flat during 2025, with fewer than 13,000 jobs added YTD. According to the National Restaurant Association, other indicators continue to suggest that this recent plateau in restaurant employment is not driven by reduced demand for employees on the part of operators but rather corresponds with an uptick in employees leaving their jobs. Still, the size of the industry's workforce remains above prepandemic levels; as of August 2025, eating and drinking place employment is nearly 93,000 jobs (or 0.8%) above its February 2020 levels.

## Wages and Labor Costs on the Rise

According to the National Restaurant Association's 2025 State of the Industry report, labor costs, food costs, and recruiting and retaining employees are among the top challenges that both full-service and limited-service operators expect to face in 2025 and beyond.

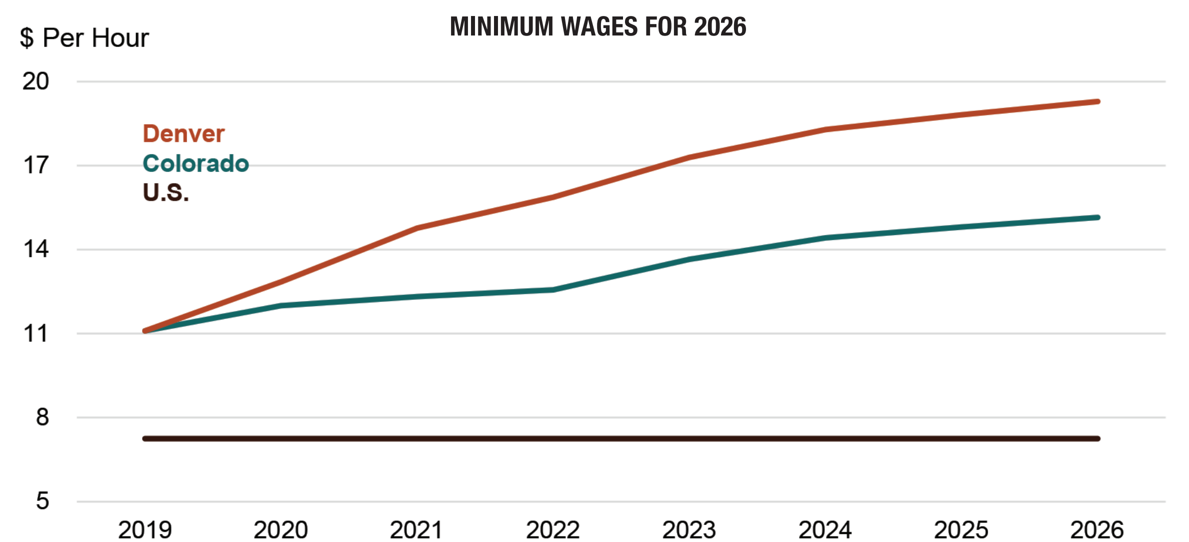
For several years, Colorado restaurant wage growth has outpaced both national and statewide figures in other industries. According to the BLS, wages for the restaurant sector in Colorado increased 34.1% between Q1 2020 and Q1 2025.

Annual minimum wage increases, which are tied to the Consumer Price Index (CPI), cost local restaurants tens of thousands of dollars every year. According to a January 2025 survey of 135 Colorado Restaurant Association (CRA) member restaurants, in Denver, the annual minimum wage increase cost an average of $82,400 per restaurant location, and across the state, the wage increase cost restaurants almost $53,000 on average per location.

Increased labor costs are forcing unintended consequences that are impacting businesses and consumers alike. Using Denver as an example, the minimum wage will be set at $19.29 in 2026, up 48 cents from 2025; this is an increase of 2.6% and secures Denver's place on the list of highest minimum wages in the country, on par with Seattle and higher than New York City.

Denver's tipped minimum wage has increased 100% since 2019 ($8.08 to $16.27 in 2026), and the non-tipped minimum wage is up 68% in that same period ($11.10 to $19.29 in 2026). Exacerbating the toll on businesses, the tip credit—the $3.02 per hour discount to the full minimum wage that operators can pay tipped employees, as long as the employees earn the rest in tips—remains frozen in our state's constitution. The CRA and other allied industry groups supported a legislative effort (HB25-1208) in 2025 to allow for increases to the tip credit, but after opposition and amendments, the law passed with an allowance for localities to increase their tip credits if and when they increase their minimum wage. No local governments have taken that action so far.

For the rest of Colorado, based on how the state calculates wage increases with CPI, the 2026 non-tipped wage should rise 2.3%, or 34 cents, to $15.15 an hour, with a tipped wage of $12.13. The state's current minimum wage is $14.81, with a tipped wage of $11.79. In contrast, consider New York City, where the tipped minimum wage for food service workers will be $11.35 in 2026, with a $5.65 tip credit.



Sources: The Colorado Sun, City of Denver.

With labor costs playing a major role in recent restaurant closures, the decline in the number of Colorado Accommodation and Food Services establishments is no surprise. The data show a decrease of 5.7% between Q1 2024 and Q1 2025, a loss of 894 businesses. Prior to 2020, the number of Denver restaurants usually grew by 3%-5% per year.

In a January 2025 CRA survey of Colorado restaurant operators, respondents reported that Denver's 2025 minimum wage would lead to several operational changes. Across both the state and Denver, the most common response to rising labor costs is raising menu prices, with more than four in five respondents planning to do so. Denver restaurants were also more likely than operators

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statewide to implement service charges, reduce hours, or consider closing locations.

## Inflationary Impacts and Operating Costs

Inflation has cooled since the historic rates of 2022, when Colorado saw the highest gas prices in a decade and annual growth in the local CPI hitting 8%. But today, consumer sentiment, which directly impacts leisure spending at restaurants, remains negative.

The cost of food, labor, rent, and credit card fees are higher than ever for local restaurants, but inflation has also pushed up the price of construction, repairs, insurance, utilities, and property taxes.

Food price growth in the Denver Metropolitan Statistical Area continues to outpace the nation as well. Over the past year, the price of food rose by 3.4% in the Denver Metro, compared to just 2.9% on average across the country. The average Colorado household has spent $47,939 more since 2020 because of inflation.

National Restaurant Association data tell us that national menu prices rose 0.3% in August 2025, matching July's increase and continuing a steady upward trend. Over the past seven months, prices for food away from home have climbed at an average monthly pace of 0.4%, pushing the year-over-year CPI for food away from home up 3.9%. While menu inflation remains firm, it is well below the 8.8% peak in March 2023, which marked the fastest pace in over two decades.

The Western region, which includes Colorado, has the 2nd-highest menu-price inflation in the country now, following the South by just 0.1%, after years of the West ranking highest.

Given these inflationary pressures, the typical 3% to 5% profit margin for Colorado restaurants is shrinking by the day—and many say they are bringing in 1% to 2% margins, if not operating in the red.

## Regulatory Burdens

Colorado restaurants are contending with an expanding list of government-imposed mandates that add cost and administrative burden to already-thin margins. Employers must fund and administer the state's FAMLI paid-leave program, manage overlapping paid-sick-leave rules, and comply with new payroll reporting tied to the Colorado SecureSavings retirement plan.

At the same time, operators are required to collect and remit the state's Retail Delivery Fee on every to-go and third-party delivery order, navigate complex sales tax filings across hundreds of jurisdictions, and prepare for additional state programs like Extended Producer Responsibility recycling fees and updated data-privacy and AI-compliance laws—all of which layer new costs and paperwork on independent restaurants.

## Bright Spots Ahead: Technology, Off-Premises, and Workforce Development

Resilience and innovation do exist amid the ongoing cost and regulatory pressures Colorado—and national—restaurants are facing.

One of the most promising areas is technology adoption, which continues to reshape operations and the customer experience. In its 2025 State of the Industry report, the National Restaurant Association states that a majority of consumers now consider digital options—such as online ordering, mobile payments, and loyalty apps—when choosing where to dine. Operators are responding with increased investment in automation, contactless technology, and AI-powered marketing tools that streamline service and personalize engagement. These tools help restaurants optimize labor, reduce errors, and gather valuable data to inform menu and pricing decisions, all while enhancing convenience and customer satisfaction.

Off-premises sales remain another major growth engine. Nearly half of operators say off-premises business now represents a larger share of total sales than before the pandemic, and most consumers want more takeout and delivery options. Restaurants are capitalizing on this demand with expanded offerings such as meal kits, consumer packaged goods, wine, cookbooks, merchandise, bundled family meals, and subscription programs that keep customers engaged beyond a single transaction.

Finally, workforce-development trends offer cautious optimism. Many operators are reinvesting in training, career development, and culture building to retain staff and create pathways for advancement, helping strengthen the industry's long-term labor foundation.

## Local Workforce-Development Efforts

The CRA and CRF supported local restaurants across several programs and initiatives in 2024 and 2025, including workforce development through the CRF.

Colorado's Registered Apprenticeship program is an award-winning example of workforce development at the highest level. Launched through a CRF partnership with the National Restaurant Association Educational Foundation (NRAEF), the CRF has enrolled more than 224 apprentices at 132 apprentice-employer restaurants and hotels across the state. The program has a 76% overall retention rate; by the end of 2025, 35 apprentices will have graduated from the program.

The CRF's Bridge Internship Program provides paid, work-based learning experiences that connect participants from CRF's entry-level training programs to real-world hospitality careers. Over its two-year pilot, 25 interns have completed the program, with several advancing into registered apprenticeships or employment.

The CRF also manages the Colorado ProStart high school hospitality education program with the CRA and the NRAEF, which trains high school students in restaurant/hospitality management, culinary arts, and business economics.

In 2025, there are approximately 2,300 Colorado ProStart students enrolled in 46 programs servicing over 85 high schools. ProStart directly supports the state's career and technical education (CTE) framework, bridging education with real industry experience. Continued funding ensures equitable access for schools, especially those in underserved and rural communities, where program costs could otherwise be a barrier.

The CRF has also distributed more than $4 million in Angel Relief Fund emergency assistance grants to local restaurant workers since 2020 and in 2024 launched a partnership with Kind Therapy Inc. (formerly Khesed Wellness) to provide a therapy-session subscription model to Colorado restaurants to help their teams maintain positive mental health outcomes.

### Legislation and Policy Environment

The CRA worked to defend the restaurant industry against multiple bills in the 2025 legislature that would further harm small businesses struggling to remain open. The industry walked away with modest successes, and the CRA will continue our work in the upcoming session.

In 2025, the CRA successfully partnered with allied industry groups to protect Colorado's $3.02 tip credit by passing HB25-1208, which safeguards the long-standing tipped wage system and allows local governments that raise their minimum wage to adjust their local tip credit accordingly. This ensures that tipped employees can continue earning money through the model that works best for them, while preserving financial stability for restaurants.

The CRA further protected operators from several costly and disruptive mandates. It worked with a broad business coalition to defeat SB25-005, which would have eased union formation. The CRA also rewrote HB25-1090 to preserve the use of service fees, so long as they are clearly disclosed to guests. The CRA worked to ensure fairness in food safety oversight with SB25-285, by helping design a gradual, statewide consistent increase in inspection fees over a three-year period. Collectively, these wins will reduce the regulatory burden on small businesses, sustain workforce development, and protect the flexibility Colorado restaurants need to adapt and thrive in the ever-challenging economic environment.

Additionally, the CRF and its supporters secured $362,000 in continued state funding for Colorado Pro-Start, the high school hospitality training program. This funding maintains a critical pipeline of skilled, career-ready workers for the restaurant and tourism sectors.

In 2026, the CRA anticipates a few bills from the 2025 legislative session to return in some form, such as the extreme-temperatures bill and union/labor topics. It also expects to see legislation regarding the sale of hemp beverages in retail locations, wherever liquor is allowed to be sold. Legislation on the elimination of certain credit card swipe fees will return, though in a more limited version compared to 2025 legislation.

## Hotels, Lodging, and Resorts

### Denver Overview

After an early postpandemic rebound, Denver's hotel market lost momentum in late 2023. Occupancy growth stalled in October 2023 as the leisure surge faded and corporate travel recovery plateaued, followed by limited rate growth through much of 2024. Occupancy began declining in September 2024 and trended lower each month through August 2025 as corporate and transient demand softened and declines in government transient and group demand intensified this year. A modest uptick in September 2025 suggests the bottoming process is underway, but the recovery path will be uneven, particularly given the October government shutdown. YTD ADR has held up better than volume—hotels generally maintained rate integrity until July and August 2025—yet ADR is now tracking nearly 2% lower for the year, a typical late-cycle pattern as operators lean on discounting to stimulate shoulder and weekend demand.

Short-term headwinds remain. The federal government shutdown that began October 1, 2025, curtailed funded travel, pressed pause on some meetings, and injected caution into fourth quarter booking windows, particularly for properties reliant on government per diem and adjacent corporate segments. Until appropriations are restored, the committee expects softer midweek patterns and thinner pickup for late Q4 and early Q1 programs.

The base case for 2026: Occupancy stabilizes first, then rate follows. The committee expects the September 2025 trend to carry into 2026, with occupancy expected to be modestly higher year-over-year as group pace rebuilds and leisure normalizes to presurge patterns. Rate growth should reemerge by April/May 2026 once comparables ease and discounting abates; by then, stronger citywide and seasonal demand should let revenue managers reestablish fences and shift mix toward higher-rated segments. In the greater Denver area, new supply was limited in 2025, and the pipeline remains light given current RevPAR levels and economic conditions throughout the metropolitan area.

Several Denver-specific tailwinds support a cautious upturn. The Colorado Convention Center's late 2023 rooftop expansion—an 80,000-square-foot, column-free ballroom with added prefunction and terrace space—has expanded the city's capacity for large programs; convention officials reported record-setting booking performance in 2025 and attributed multiple future groups to the new inventory. That incremental citywide load should translate into healthier compression across downtown and the walkable submarkets in 2026. Furthermore, DEN's capacity and access improvements (Great Hall security upgrades and ongoing surface-access projects) underpin robust air service and visitor throughput, a structural positive for market-wide visitation into 2026.

Risks to the outlook include a slower-than-expected rebound in downtown office-adjacent demand, and persistent rate resistance from price-sensitive segments. Conversely, upside could come from stronger convention pickup (helped by the new ballroom's flexibility), continued air-service growth, and out-of-state event migration that prefers Denver's central geography.

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Bottom line for 2026: The committee expects occupancy to mark a clear, if measured, turn upward from 2025 starting in Q1 and firming through the summer; ADR growth should resume by late spring as mix improves and discounting recedes. For owners and operators, the playbook is to protect price over peak periods, prioritize group base to stabilize midweeks, and deploy targeted value adds (not broad cuts) in shoulder months to accelerate RevPAR recovery.

## Colorado Resort Destination Markets

Resort destinations throughout Colorado experienced a stellar couple of years of growth in 2021 and 2022, which was fueled by high inflation; increased demand from seeking more exclusive, outdoor-oriented vacations in drive-to destinations; the limited ability to travel internationally; an influx of demand for more spacious accommodations; and the increase in transient demand, which is less price sensitive. As domestic travel started to normalize, occupancy growth stalled in 2023 and 2024, which was still below prepandemic levels. ADR growth moderated considerably in 2024 and 2025; however, growth generally continued as hoteliers maintained rate despite limited demand growth.

The 2025 trends vary depending on the market and asset type. In general, there has been little movement in occupancy, while rates have either remained stable or increased slightly. Some markets experienced a modest decline in occupancy given more limited international demand in light of geopolitical tensions. In general, the resort markets have shown resilience given the recent uncertainty in overall economic conditions.

While the Colorado resort destination markets will not be affected significantly by new lodging supply in 2026, it is important to note that there are a few high-end luxury projects in the pipeline that will likely be some of the highest-rated hotels in the state once they open. A Four Seasons and a Six Senses are proposed for development in Telluride, and a few projects are rumored in Aspen. Additionally, Steamboat Springs is slated to have several new branded hotels over the next couple of years. The future investment in these strong, high-end luxury brands and the interest in developing throughout Colorado resort markets are positive factors contributing to long-term stability. Challenges that hotel operators in the Colorado resort markets will continue to face in 2026 include access to affordable housing, the cost and quality of labor, and rising property taxes and insurance rates.

### Notable Resort Market New Hotel Openings in 2025

- Hotel Alpenrock, Curio by Hilton, Breckenridge—205 rooms, reopened January 2025
- Hotel 1888 Glenwood Springs—16 rooms opened, June 2025

### Notable Resort Market Hotels Under Construction

- Kindred at Keystone—107 rooms, December 2025 opening
- White Elephant Aspen—54 rooms, February 2026 opening
- Holiday Inn Express Steamboat Springs—80 rooms, December 2025 opening
- SpringHill Suites/TownePlace Suites Steamboat Springs—180 rooms, March 2026 opening
- Boundary by Terra Vi Durango—47 rooms, January 2026 opening
- Hampton Inn by Hilton Durango—100 rooms, February 2026 opening
- AC by Marriott Durango—103 rooms, February 2026 opening

## Mountain Travel and Lodging

Mountain destination travel in Colorado in 2025 can largely be characterized as a series of marginal hops forward in a challenging landscape. Rate pressure in urban and statewide lodging does not conflict with the moderate stabilization observed in mountain resort lodging, which caters to different traveler types. While sharp declines in international visitation since March have helped suppress that segment of the marketplace, for the most part, domestic economic uncertainty is at the core of consumer behavior when it comes to mountain travel. Manifesting in the data as rate sensitivity, consumers have been watching their pocketbooks, and there is clear correlation between higher rates and softer bookings, and vice versa. The result was gains or declines in occupancy that straddle flat, and rates that are just modestly increasing, leaving little room for suppliers to leverage price drops to drive volume. However, beginning with the summer months, lodgers found a sweet spot that resulted in moderate RevPAR and revenue gains, even as bookings and demand fell behind last year.

### 2025 Performance

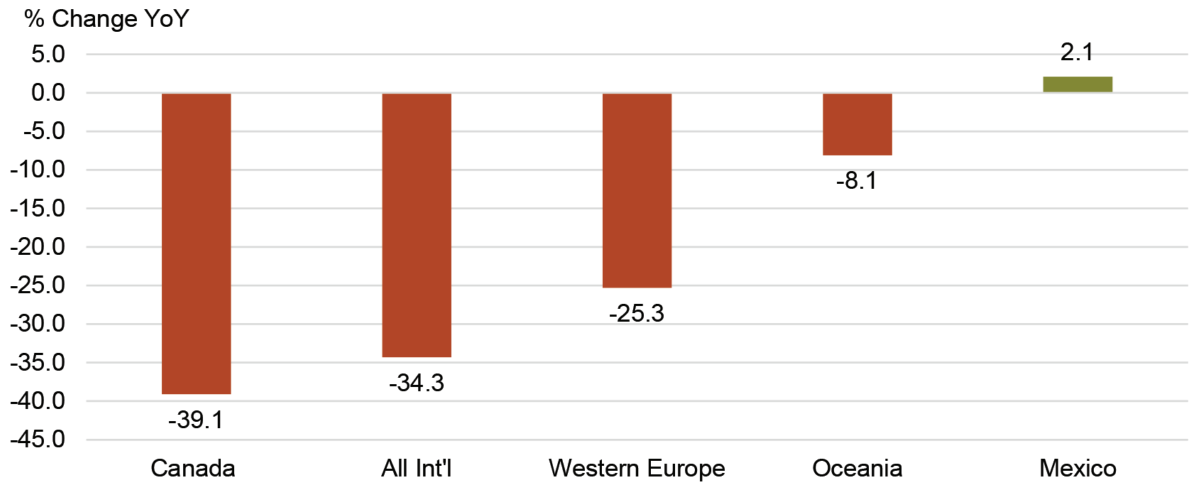
- **Occupancy—**At 49.7% occupancy, Colorado mountain resort occupancy is projected to finish up 0.5% year-over-year compared to 2024, with six months gaining and six declining. Occupancy hovered within a narrow range of +/-1.5% from flat throughout the year and booking pace—the volume of bookings made this year versus last in any given month—spent more time in negative territory than positive as consumers fought to justify discretionary spending as comfortably as they did last year.
- **Pure Demand—**Because changes in available inventory were notable in 2025 and occupancy was within 1.5 points of flat, an examination of pure demand—actual room nights booked—is warranted. While occupancy will finish up 1.1%, demand is expected to finish slightly down, 0.2%, compared to last year. This discrepancy between pure demand and occupancy is because of the notably smaller inventory this year, with almost 150,000 fewer room nights in 2025 compared to 2024. While declines in pure demand can be made up by lodging suppliers with higher rates, they do reflect fewer overnight guests in town, which can impact business on Main Street.

- **ADR—**Colorado mountains resorts ADR for 2025 is projected to be $543, up 1.8%. This modest rate growth is a reflection of changes to consumer behavior since late 2024. Rate gains have consistently been met with opposition in the form of lower booking volume and shorter stays, while both metrics have consistently increased when rates have softened. ADR strength peaked in April, up 8%, but for the most part remained largely below the national inflation rate. It is noteworthy that booking pace returned to positive when ADR gains softened in late summer from 3.9% to 1.8%, making the product considerably more attractive to wary consumers
- **RevPAR—**In 2025, RevPAR will finish up a modest 2.3% year-over-year, with mixed results across the calendar. Summer months (May-October) performed stronger than winter months (January-April; November-December), though both seasons struggled to find their revenue footing until mid-summer saw suppliers soften their rate gains, which drove positive booking pace and extended length of stay, helping secure moderate, but safe, RevPAR gains.
- **Absolute Revenue—**Like occupancy and demand, RevPAR and absolute revenue can vary because of the inventory calculus used to arrive at RevPAR. While RevPAR is expected to finish up 2.3%, absolute revenue will log a more modest gain of 1.6% year-over-year. This is well below the national inflation rate, which revenue has largely underpaced for the past 18 months, putting operators at risk.

## Factors at Play in 2025

**Low Consumer Confidence—**While Wall Street continued to set all-time records in 2025, consumer confidence remained below 100 points beginning in February. Concerns about inflation, wages, and a softening job market have consistently kept the index from picking up any momentum that would work in suppliers' favor. This is reflected in mountain travel in the form of rate sensitivity, with consumers pushing back hard against both year-over-year and month-over-month rate gains while embracing rate declines or softness. Consumer confidence is likely to remain suppressed for the foreseeable future.

**YEAR-OVER-YEAR % CHANGES IN U.S. DOMESTIC AND INTERNATIONAL BOOKINGS FOR ARRIVAL CALENDAR YEAR 2025**




Source: Inntopia Business Intelligence.

**International Visitation—**An analysis of just under 500,000 bookings through the Inntopia Commerce system finds that bookings for arrival from Western Europe, Oceania, Mexico, and Canada are down a dramatic 34.3% compared to last year, with summer down 53.2%. Canadian visitation is the most impacted, down 39.1% for 2025, while Western Europe is down 25.3% and Oceania down 8.1%. Only visitation from Mexico is up versus last year, a modest 2.1% increase. Cancellations by international travelers peaked in February (Canada) and April (other countries) and have now settled below normal levels, indicating a high degree of commitment from those who are booking to visit internationally, and current losses from these markets are now almost solely a lack of new transactions. Declines in international bookings are closely correlated to the implementation of aggressive trade policy by the U.S. government and, in the specific case of Canada, comments around sovereignty. With international travelers spending on average 25% more per trip than domestic travelers, there is some inflated impact over and above these absolute numbers.

The trend in booking declines appears to have settled at current levels, and while some markets may see modest recovery in 2026, largely driven by any inflationary pressures on the U.S. dollar, the shifts in behavior from Canada are expected to be sustained for the foreseeable future, irrespective of any near-term trade reconciliation as consumers in that market dig into alternative options to U.S. travel.

**Shifts in Available Inventory—**There were approximately 148,000—or 2.5%—fewer room nights available

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for rent at Colorado ski resort towns in 2025 compared to 2024, a reflection of changes to how available inventory is being used. Homeowners are using their units more this year than last, removing them from the rental market for more days and suppressing inventory that property managers have for short-term, free individual traveler (FIT) rental. This was particularly true for the summer season.

An increase in the number of units listed for sale also contributed to the decline in inventory, as did units under renovations, while more distressing conditions such as bank ownership or default were rare. It is unclear what is driving the increased usage of second homes at mountain resorts, though the committee may conjecture that owners themselves are also feeling some of the consumer angst reflected in price sensitivity and are using their units rather than paying to travel to other destinations. While changes in available inventory are part of the regular dynamics of private home and condo inventory and occur at a daily level of frequency, sustained larger changes like this can impact performance metrics like occupancy and RevPAR, which rely on available inventory data for their calculations.

**2026—**The year ahead for Colorado mountain travel is perhaps one of the hardest to assess in recent years, pandemic included. Economic uncertainty is unlikely to ease over the coming months, and consumers will remain in a defensive position for the foreseeable future. While interest rates are expected to come down over the coming 12-month period, softer employment and elevated inflation may force the Federal Reserve to rethink rate cuts. Softer interest rates will free up discretionary dollars for travel and make travel on credit more appealing than it has been. However, if interest rates are forced to hold in defense against tariff-induced inflation, pressure on consumers in terms of housing and big-ticket loan items will remain, taking away from discretionary dollars for travel. At the same time, sustained interest rates will continue to make travel spending on credit less appealing. Based on current policy, as the committee assesses 2026 it is forced to assume some version of a middle ground, with expectations that booking and travel patterns to mountain resorts in 2025 will continue through calendar year 2026, with consumers behaving relatively defensively. That translates to several takeaways at mountain destinations:

- Ongoing price sensitivity will make revenue margins tighter. Consumers will continue to monitor prices closely and choose both products and packages that present the best value for their investment. This may mean more business for economy properties as consumers "trade down" (as already evidenced in the second half of 2025), or book shorter stays at moderate properties. Packaging will also play a key role in driving the value proposition, and midweek/off-season travel may be where gains in occupancy and rate are most easily captured.
- Luxury properties are likely to continue to remain relatively immune to the impacts of current consumer conditions. Those properties have traditionally been able to hold their pricing gains through uncertain times, and that pattern has continued through 2025 and into 2026. However, revenue gains at luxury properties will come at a cost—with occupancy gains remaining modest, rate gains will drive revenue wins.
- Overall demand in 2026 will be close to flat, putting properties in a position of relying on the small rate gains to drive bottom-line revenue.
- Consumers who are investing in lodging may be defensive about discretionary retail spending, putting pressure on Main Street revenue.
- International travel, down dramatically in 2025 vs. 2024, will continue to soften—though more gently—from Canada and flatten from Western Europe, Oceania, and Mexico. But there is unlikely to be any recovery of note from these markets, and deficits vs. 2024 norms will remain in the 30%-50% decline range (depending on season).
- Sentiments about how U.S. consumers are viewed abroad appear to be causing international travel hesitation, creating an unusual opportunity for mountain destinations to target travelers that might otherwise leave the country for their mountain vacation.

**Upshot—**The committee expects 2026 to be a year of uncertainty, with the following performance expectations at Colorado mountain resorts:

- **Occupancy—**Will remain up moderately, 1% to 2.5% year-over-year
- **Demand—**Will remain nearly flat, ranging from a decline of -0.5% to a gain of 1%
- **Rate—**Will sit below the national inflation rate, up 1.8% to 2.75% year-over-year
- **RevPAR—**Will range from 2.8% to 4%
- **Revenue—**Will range from 1.25% to 3.25%
- **Booking Pace—**Will vary by month and be determined by rate strengthening or declining
- **Length of Stay—**Should hold steady, provided that economic conditions remain uncertain and rate gains hold below inflation

Last, the committee reminds itself that there is a degree of passion to mountain travelers that help insulate Colorado resort towns from some of the impacts of economic uncertainty. That passion is most notably triggered by snow, and the data back to post-9/11 show that a strong snow year, even if limited to the three months from January to March, can dramatically change the revenue prospects of mountain resorts for the year. The committee's performance analysis for 2026 assumes a good—but not outstanding—year for snow across Colorado resorts and does not take into account any wildfire predictions for summer, which are also influenced by snow and snowpack.

## Tourism and Conventions in Denver

Travel to Denver in 2024, the most recent full year of data, saw a continuation of the strong visitation patterns of 2023. However, after three years (2021-23) of aggressive, postpandemic, double-digit growth, visitation in 2024 was slightly softer than 2023's record-breaking year, with both overnight leisure visitation and spending by overnight visitors down 1% compared to 2023. Overall, the markets that Visit Denver oversees have seen stabilization and a measure of predictability.

In Denver, the travel product itself continues to evolve. There has been significant progress in addressing crime and safety issues, particularly downtown and citywide, though much work remains. The initial projects covered under the Denver Downtown Development Authority and Vibrant Denver bonds have the potential to dramatically improve Denver's infrastructure. Certain sectors of the industry, such as restaurants, have had both high points (e.g., the continuation of the Michelin program with a record 32 local restaurants recognized, including Wolf's Tailor earning recognition as Colorado's first two-star restaurant in 2025, and several James Beard Foundation award nominations) yet continue to struggle with high food and labor prices along with red tape and workforce challenges. Hotels, which enjoyed high rates during the peak of the inflationary period, have not yet seen their occupancy return to 2019 levels, primarily due to softness in the transient market and increased supply.

Despite this softness, Denver did experience several notable wins in 2024:

- Even when faced with multiple obstacles, travelers are still coming to Denver. In total, 2024 overnight visitor volume estimates experienced a very mild softening, and total expenditure estimates held at the same level as 2023.
- In 2024, Denver saw a 7% increase in marketable visitor trips, which is the segment that is most likely to respond to promotional messages and that spends the most per day on their trip.
- Denver also saw significantly fewer in-state overnight trips versus 2023, when in-state overnight trips reached a record peak of 29% of total trips. Denver's in-state overnight trips accounted for only 24% of total trips in 2024.
- Additionally, of the total nights away for an overnight trip, the percentage of time spent in Denver was 70% in 2024, up significantly by 8% year-over-year and on par with the record high in 2019 (69%).
- In 2024, Denver also saw overnight visitor average household income jump from $74,400 in 2023 to $83,900.
- Denver saw satisfaction among overnight travelers significantly increase by 5% year-over-year for those who were very satisfied with their overall trip, at 67% of overnight visitors.

## 2024 Longwoods Visitor Study

Visit Denver has many ways to measure the impact of the travel industry on the city, but none are as eagerly anticipated as the Annual Visitor Profile from Longwoods International. Longwoods surveys domestic visitors 12 months a year and produces an annual report on visitation, spending, visitor demographics, and more. Their methodology is the industry standard for this kind of study, with a high degree of confidence and a low margin of error. Longwoods has been researching the Denver visitor market since 1994.

In 2024, the latest figures available, Denver welcomed 37.1 million visitors, on par with the previous record set in 2023. These visitors also spent nearly as much money

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in Denver as they ever have, generating $10.3 billion in tourism revenue, also on par with 2023.

Overnight visitors totaled 19.8 million, generating $8.7 billion in spending, on par with 2023's record-breaking year. Overnight leisure visitors remained steady with 17.4 million visitors, consistent with 2023.

The 2024 study shows that travel trends, both in terms of visitor numbers and spending, are returning to levels more in line with 2019. When compared to other destinations, Denver enjoyed comparably higher growth, suggesting that it benefits from its unique position offering visitors both sought-after urban experiences and easy access to outdoor activities.

The study confirmed that Denver is a year-round destination with overnight visitation spread evenly throughout the year, with a modest surge in the warmer months. Denver saw 22% of visitors in Q1, 26% in Q2, 28% in Q3, and 23% in Q4.

The data further showed how crucial DEN, and its air service, is for continued strong Denver tourism trends. In 2024, nearly 40% of overnight Denver visitors arrived by plane, in comparison to the national average of 24%. The airport, as well as Visit Denver's partners at the CTO, are key to Denver's position as both a destination and a gateway to the rest of the state, with overnight Denver visitors spending an average of 2.7 nights, or 70% of their trip, and the remainder in other parts of the Centennial State.

Longwoods International also conducted return on investment (ROI) research for Visit Denver's largest advertising campaign of the year, the 2024 summer advertising campaign. The study revealed strong ROI numbers, showing that the campaign generated 3 million incremental trips, generating $1.3 billion in incremental visitor spending and $143 million in state and local taxes, including more than $106 million for Denver. Measured against spending, the campaign generated a near-record ROI of $217 in visitor spending and $24 in taxes for every $1 in advertising investment.

## Colorado Convention Center Expansion

The completion of the Colorado Convention Center expansion in late 2023 marked a transformative milestone in Denver's meetings and conventions landscape.

Now fully operational, the expansion has already proven its value. Since opening, it has enabled Visit Denver to secure 29 new citywide conventions that would not have been possible without this additional space. These bookings are projected to bring more than 182,000 attendees and generate over $440 million in economic impact, further reinforcing Denver's position as a top-tier convention destination.

The key expansion features driving the new demand include the 80,000-square-foot, column-free Bluebird Ballroom, a stunning 35,000-square-foot wraparound concourse offering panoramic views of the Rocky Mountains, and a 20,000-square-foot rooftop terrace offering spectacular 360-degree views of the mountains to the west and Denver's skyline to the east.

## 2025 Convention Business

Entering 2025, Denver's convention business was positioned for a record-setting year, driven by unprecedented levels of definite bookings at the Colorado Convention Center. Thanks to strong long-term sales efforts and sustained interest from major national groups, the Colorado Convention Center entered the year with its most robust convention calendar to date. Despite lower-than-anticipated attendance, this early momentum laid the groundwork for a year defined by high-impact meetings and citywide events, delivering strong economic returns across the hospitality sector.

While the broader hotel market in Denver saw demand softening across several segments, the convention and group sector proved to be a key driver of performance in 2025. The steady return of major meetings, bolstered by successful long-term bookings made in prior years, helped offset some of the softness seen in other areas of the market.

As of August 2025, group occupancy in Metro Denver was down 3.7% year-over-year with downtown down 1.7%. Group ADR varied across submarkets with some neighborhoods doing better than others, but overall, Metro Denver was able to grow group rate by 0.8% with downtown also showing a slight increase at 0.5%. This resulted in group RevPAR down 3% for Metro Denver, while downtown was down 1.3%.

Despite some headwinds—including geopolitical uncertainty and conversion softness among smaller meetings—Denver's convention segment demonstrated resilience and positive momentum throughout 2025.

## Hotels

At the end of Q1 2025, 1,554 rooms were under construction in the Denver Metro area. Upon completion, the new additions will increase Denver's room inventory by 2.7%. The largest property underway is the 241-room

Virgin Hotel. This luxury property is expected to be completed in 2026 and will be part of Denver's new Fox Park initiative. The hotel is being built on the former *Denver Post* printing plant and will anchor the Fox Park development in Globeville, a large project with offices, residences, parks, and arts space. While the Virgin Hotel at Fox Park is a welcome addition to Denver's hospitality scene, it is a limited-service, boutique property with modest meeting space.

### International Tourism

The international visitation picture remains murkier, with a combination of factors contributing to slow growth in this segment after several years of postpandemic rebound. A strong U.S. dollar, which makes travel here more expensive, paired with federal government policies, visa fees, and rhetoric, have contributed to diminished interest in the U.S. as a travel destination from key overnight markets, particularly Canada.

International visits to Denver are expected to decline by 11% (to 493,200) in 2025, as forecast and adjusted by Tourism Economics. International travel spending in Denver is forecast to decline by 8% in 2025, to $442.7 million. These declines are part of Tourism Economics' adjustment due to the current administration's actions and impact.

## Tourism in Colorado Springs

### Current State of Tourism

Overall, Colorado Springs and the Pikes Peak region have continued to see boosts in visitation and visitor spending year-over-year since 2021. According to the most recent Longwoods International Travel USA Visitor Profile Study, 2024 was the biggest tourism year on record for the Pikes Peak region, with 25.5 million visitors and $3.1 billion in visitor spending.

While there will be no visitor profile study data available for 2025 until next year, initial reports and insights indicate 2025 could be the first year (since 2020) that has shown some potential dips in tourism. This observation is not unique to Colorado Springs and the Pikes Peak region.

Big changes across the world are impacting the industry this year. Data from Tourism Economics show international visitor arrivals and spending across the U.S. are down, with Canada being the source of the largest drops. Comparing June 2024 to June 2025, Canadian car travel dropped 33% and air travel dropped 22%. With rising political tensions, tariffs, and exchange rates cited, 62% of Canadians reported being less likely to visit the U.S. in 2025.

### Colorado Springs Airport

As of August 2025, Colorado Springs Airport (COS) reported a 4% passenger traffic increase compared to August 2024. Enplanements rose 4.6% year-over-year, and seat availability grew by 8.6%. Southwest Airlines launched COS's first international service in June, which was to Cancun (CUN). In February, Allegiant Airlines launched three nonstop routes—Phoenix/Mesa (AZA), Santa Ana/Orange County (SNA), and St. Petersburg/Tampa (PIE). COS's modernization project, ElevateCOS, continued to make progress, completing almost four of seven phases. Retail space and food court updates will be completed at the end of 2025 and early 2026.

### Lodging and Attractions

The most recent Lodgers and Automobile Rental Tax (LART) report for Colorado Springs shows collections in 2025 are down 1.1% year-over-year. According to Pikes Peak Region Attractions, various attractions experienced a 5%-15% decline in visitation over the summer. These data points reflect what many other U.S. destinations have also experienced this year.

### Growth of Sporting Events

Colorado Springs hosted several key events in 2025 that continued to drive great tourism and economic impact. The Space Symposium took place in April at The Broadmoor. In June, The Broadmoor hosted the U.S. Senior Open (returning in 2031)—a large-scale event that tipped the scale and increased LART collections year-over-year in the month of June. The Pikes Peak International Hill Climb and USA Weightlifting National Championships (returning in 2026) also took place in June. In July, the Department of Defense Warrior Games were hosted at Robson Arena at Colorado College. The NCAA Division II Soccer Championships return to Weidner Field in December 2025.

### Destination Master Plan

This year, Visit Colorado Springs (VCOS) worked with key tourism partners to update the 10-year (2018-28) Destination Master Plan (DMP). The result is a focused, three-year strategic roadmap with three key imperatives and 13 primary initiatives that fall under those areas:

1. Secure additional promotional funding for VCOS to build year-round visitation and increase the length of overnight stays.
2. Grow overnight visitation in the off-season to create a more balanced and sustainable visitor economy.
3. Increase the average length of stay to enhance economic impact and better support local businesses.

VCOS created a DMP Working Group dedicated to tracking and pushing these imperatives and subinitiatives forward throughout the final three years of the plan.

### Focus Areas Heading Into 2026

To help grow overnight visitation in the off-season, VCOS launched its first winter leisure campaign in 2025, which will run through early 2026. It highlights year-round winter adventures, both indoor and outdoor, as well as key winter events. Additional off-season efforts include a winter incentive program to drive more meetings and events for the region from November through March.

In 2025, VCOS launched a Pikes Peak Neighborhoods Project through grant funds awarded by the CTO's Tourism Marketing Grant. The project included an interactive

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## Leisure and Hospitality

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map (VisitCOS.com/areas), dedicated pages for 25 areas of the region, and corresponding video content for each spot. This project will help support increasing the average length of stay by showing visitors how much there is to see and do in Colorado Springs and the Pikes Peak region. Heading into 2026, VCOS will continue driving visitors to this resource and supporting local businesses across all neighborhoods and towns.

Increasing promotional funding for tourism requires a ballot initiative and vote by residents to increase the LART, which has remained at 2% (lodging) and 1% (automobile) since it was implemented in 1980. In 2025, VCOS started a Locals Corner page on VisitCOS.com to help bring even more transparency to residents about tourism's impact on the region. The page includes results from the 2024 Resident Sentiment Survey as well as deals and discounts for locals to take advantage of. Heading into 2026, VCOS will continue prioritizing messaging to residents about what LART is (a tourist tax) and how tourism impacts the local economy.

### Tourism in Grand Junction

Grand Junction, located in Mesa County, is nearly equidistant from Denver, Colorado, and Salt Lake City, Utah, approximately 264 miles from both major cities. The city is home to the Grand Junction Regional Airport (GJT), Colorado's 3rd-largest airport, offering nonstop service to six destinations with convenient connections to more than 150 cities worldwide. GJT is served by United Airlines, American Airlines, Delta Air Lines, and Breeze Airways. Amtrak's California Zephyr operates daily stops in Grand Junction, connecting passengers between Chicago and the San Francisco Bay area. Although the Grand Junction area is a destination in and of itself, its convenient location continues to drive tourism growth by providing access to other sought-after destinations in Western Colorado and beyond.

The travel and tourism industry plays a vital role in the Grand Junction area's economic landscape. Tourism is responsible for 30% of the City of Grand Junction's sales tax revenue, according to three separate economic impact studies—Tourism Economics, an Oxford Economics Company; BBC Research & Consulting; and The Adams Group, Inc. Sales tax revenue generated from Grand Junction's travel and tourism industry provides funding for essential services such as public safety, infrastructure, and housing, while simultaneously reducing the tax burden on residents and local businesses.

Visit Grand Junction, the City of Grand Junction's destination marketing organization (DMO), leads efforts to elevate the brand and attract visitors from outside Mesa County, fueling sustainable economic growth and enhancing the quality of life for residents. Through responsible marketing strategies and close collaboration with public land managers, residents, and area businesses, Visit Grand Junction ensures that its destination management efforts benefit both the environment and the community. Visit Grand Junction was once again recognized for its commitment to sustainable tourism and was one of 27 forward-thinking global organizations to take part in World Tourism Day in 2025. Visit Grand Junction's presentation, *Data Science at the DMO: A Proactive Strategy for Visitor Dispersion and Stewardship*, emphasized how data-driven insights guide responsible tourism management and elevate the experience for residents and visitors.

Grand Junction's Leisure and Hospitality industry has demonstrated stability in 2025 and is expected to maintain this performance into 2026, supported by steady hotel metrics and consistent demand. However, a notable challenge is lodging cannibalization, where lodging accommodations intended for short-term stays are instead being used for 30 days or more, rendering them nontaxable for both lodging and sales tax. This issue has evolved into a broader challenge affecting the local hospitality industry and the overall tourism economy. Nontaxable reservations due to stays of 30 days or more significantly reduce lodging inventory and divert crucial funds from essential city services while also negatively impacting the destination marketing budget. In response, Visit Grand Junction is focused on strengthening and protecting Grand Junction's destination brand to ensure it attracts visitors who contribute to the area's local economy and hospitality industry. Rooted in resident engagement and authentic storytelling, Grand Junction's brand remains a unifying force that amplifies community pride and sustains the destination's competitive advantage, despite the cannibalization issue.

Grand Junction's lodging tax rate is 6%, of which 4.25% is allocated to Visit Grand Junction for destination marketing and management programs. A 1% allocation is used to fund the Grand Junction Regional Air Service Alliance specifically to market, promote, purchase, and contract additional direct airline service for existing or new carriers to and from Grand Junction. The Grand Junction Sports Commission receives the remaining 0.75% to market, promote, solicit, and sponsor sporting activities, events, tournaments, and competitions.

Despite national concerns about inflation, economic instability, world conflicts, socioeconomic issues, and air travel challenges, Grand Junction's steady hotel occupancy rate, coupled with year-over-year increases in the ADR, continues to boost the hospitality industry and drive sales as well as lodging tax collections. However, current occupancy levels indicate that Grand Junction hotel room demand is outpacing supply. According to industry experts, including Muse, the American Hotel and Lodging Association (AHLA), Oxford Economics, and Smith Travel Research (STR), a healthy hotel occupancy rate typically falls between 65% and 70%—a level that supports profitability while allowing room to grow. The U.S. tends to average about 65% occupancy. Grand Junction's August 2025 occupancy was 82.7%, reaching almost 95% daily occupancy during August's peak weekend. This clearly indicates that new hotel development is both economically sustainable and urgently needed to meet demand. Expanding hotel development will not only support continued tourism growth but also help accommodate increasing visitor volume, stimulate job creation, and generate additional sales and lodging tax collections that directly benefit the community. Hotel development will also invigorate retail, dining, and activity-based businesses. As of September 2025, Grand Junction room inventory consists of the following: 30 hotels, 2,963 lodging rooms, 310 short-term rentals, and 341 RV parks and campgrounds.

### Grand Junction Hotel Performance Experienced Strong Growth in Occupancy in 2025

- Monthly hotel occupancy for August 2025 reached a record high of 82.7%, while all remaining 11 months of record-high occupancy were achieved within the prior four years.
- Grand Junction's rolling 12-month average occupancy for the period October 2024-September 2025 is 0.6% above October 2023-September 2024. Grand Junction's average rolling 12-month pacing is 3.2 percentage points above Colorado with ski, 2.8 percentage points above Colorado without ski, and 0.8 percentage points above the United States during the same time period.

### Grand Junction Hotel Performance Experienced Record-High ADR in 2025

- Monthly hotel ADR reached record highs in January, February, May, August, and September 2025. All remaining monthly ADR records were achieved within the prior three years, with an all-time record monthly ADR of $135.71 set in September 2025.
- Grand Junction's rolling 12-month average occupancy for the period October 2024-September 2025 is 1.2% above October 2023-September 2024. Grand Junction's average rolling 12-month pacing is 4 percentage points above Colorado with ski, 2.7 percentage points above Colorado without ski, and 0.2 percentage points below the United States during the same time period.

### Grand Junction Hotel Performance Experienced Record-High RevPAR in 2025

- Monthly hotel RevPAR reached record highs in January, May, August, and September 2025. All remaining monthly RevPAR records were achieved within the prior four years, with an all-time record monthly RevPAR of $104.94 set in September 2025.
- Grand Junction's rolling 12-month average occupancy for the period October 2024-September 2025 is 2% above October 2023-September 2024. Grand Junction's average rolling 12-month pacing is 7.2 percentage points above Colorado with ski, 5.7 percentage points above Colorado without ski, and 0.9 percentage points above the United States during the same time period.

### Grand Junction Leisure and Hospitality Employment

- Grand Junction employment for 2024 is flat (0%) compared to 2023, while U.S. employment in the industry increased 1.6% over the same period.
- Through August 2025 year-to-date, Grand Junction employment is tracking even with August 2024, compared to a 1.3% year-over-year increase nationally.

Grand Junction's growth has plateaued from 2023 through 2025 primarily due to a shortage of hotel rooms. Relative to peer U.S. destinations with similar population and visitation levels, Grand Junction has 2,832 fewer hotel rooms—a 49% deficit. With additional hotel development, the region's Leisure and Hospitality sector could be better positioned to align with national growth trends.

Visit Grand Junction's partnership with the CTO is a critical alliance that advances mutual success and statewide tourism objectives. Current projects include

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# Leisure and Hospitality

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the Destination Blueprint Program, Tourism Marketing Grant, and representation on the state Tourism Marketing Committee, among many other collaborative campaigns and co-op projects:

- **Workforce Campaign—**Building on 2024's momentum, the program continues to support and advance the Leisure and Hospitality workforce through innovative talent attraction and collaboration with local workforce agencies and partners. The campaign highlights hospitality employment in Grand Junction by reshaping perceptions of tourism careers and promoting professional growth. Local hospitality professionals share why the industry has been a rewarding career path while also supporting a strong quality of life and healthy work-life balance. The project will include a national advertising campaign to attract new talent to the Grand Junction area.
- **Destination Video—**This tourism video will amplify the workforce campaign while fostering local pride, aiming to attract visitors by featuring the unique attractions that define the Grand Junction experience.
- **America 250-Colorado 150—**Visit Grand Junction was recently awarded a Tourism Marketing Grant to support the launch of a campaign celebrating the 250th anniversary of the United States and the 150th anniversary of Colorado. This campaign will showcase Grand Junction's unique experiences while incorporating elements of the sesquisemiquincentennial celebration.

All campaigns remain distinct in their focus, emphasizing authenticity, emotional connection, and the importance of community involvement—all core elements of Grand Junction's destination brand.

Business confidence in Grand Junction remains strong, with recent expansion across retail, lodging, experience, and restaurant sectors. Throughout 2025, Grand Junction's business community continued its momentum, welcoming 95 new establishments—20 in food and drink, 12 in activities, and 63 in retail. Retail growth is highlighted by the introduction of Lululemon and Goose Gear's relocation to Grand Junction, signaling continued demand from the city's growing consumer base. The renovation of the historic Hotel Melrose introduced elevated boutique lodging, offering guests a refined, locally inspired stay in the heart of the city. The restaurant scene continues to thrive as new establishments such as WestCo Brewing and Moody's Underground draw a loyal local following alongside steady visitor demand. Together, these developments reflect sustained confidence in Grand Junction's economy—creating jobs, attracting visitors, and driving business growth. This, in turn, fosters a more favorable climate for investors and strengthens optimism among business owners.

The U.S. travel outlook for 2026 is positive, per the U.S. Travel Association (USTA), which anticipates that domestic leisure travel will maintain its strength in late 2025 and into 2026. Projected growth rate for domestic leisure travel volume is estimated to be 2% in 2025 and 1.9% in 2026, with domestic leisure travel spending growth estimated to be 1.9% in 2025 and 1.9% in 2026. Similarly, USTA projects continued strength in domestic business travel, with a projected growth rate for domestic business travel volume estimated to be 1.5% in 2025 and 2% in 2026, with domestic business travel spending growth estimated to be 1.4% in 2025 and 1.9% in 2026.

Insights from Future Partners' October 2025 State of the American Traveler survey, based on responses from 4,069 travelers, reveal continued enthusiasm for travel across the U.S., despite economic uncertainty. Although only 35% of American travelers claim to feel better off financially in 2025 compared to 2024, 60% plan to prioritize leisure travel in the next three months, and 92% plan to take at least one leisure trip over the next 12 months. Future Partners has also recently discussed a trend of "anti-luxury" travel, which they define as "travel that emphasizes authenticity, meaning, and personal emotional value and pushes back against opulence or exclusivity." This movement resonates most with younger generations, appealing to 59% of Gen Z and 53% of millennials, compared to just 28% of baby boomers. Interest also varies by income level, with 52% of travelers earning under $50,000 finding it appealing, versus only 37% of those earning over $200,000.

## Arts and Culture

Colorado's creative economy continues to be a major contributor to the state's quality of life and economic vitality. According to the Bureau of Economic Analysis, arts and culture industries accounted for 3.7% of Colorado's nominal GDP in 2023, representing nearly $19.7 billion in value added, and supported more than 121,000 jobs. From world-class venues to thriving cultural districts, Colorado's creative sector enhances both community identity and economic opportunity.

Colorado is home to one of the nation's highest concentrations of vibrant arts communities and is one of only three states in the nation with four or more cities recognized in Southern Methodist University's SMU DataArts' 2024 Arts Vibrancy Index. The index, which highlights large, medium, and small communities nationwide, listed Metro Denver as No. 18 among large communities, Boulder as No. 6 among medium-size communities, and Steamboat Springs (No. 2) and Glenwood Springs (No. 8) among the top small communities for arts vibrancy.

Across the state, communities of all sizes contribute to the state's creative economy. Colorado added seven new Certified Creative Districts across the state, including in Estes Park, Evergreen, Ignacio, Lyons, North Boulder, Silverthorne, and Silverton. The designations aim to strengthen local economies through arts, culture, and community development, providing communities with benefits including a cash award of up to $10,000 for newly certified districts, technical and professional support, and access to additional resources and funding opportunities. With the additions, Colorado now has 37 certified districts.

Many of the state's largest cultural organizations are concentrated in Metro Denver, which is home to the nation's 2nd-largest cultural funding mechanism. The Scientific and Cultural Facilities District (SCFD) is a seven-county tax district created within Colorado law, approved by Colorado's General Assembly, and renewed by voters multiple times over more than 30 years. Just one penny on every $10 in sales and use tax collected goes to SCFD. These tax dollars provide critical operational support for small, medium, and large organizations. In 2024, SCFD distributed $85 million in grants to over 300 cultural organizations across Metro Denver.

In collaboration with the SCFD, the biennial report from the Colorado Business Committee for the Arts (CBCA) quantifying the economic impact of arts and culture across Metro Denver found that in 2024, economic activity generated by the cultural sector in Metro Denver reached a record-breaking $3.12 billion, up 19.7% compared to 2022 and up 36% compared to 2019. Economic impact, total employment, personnel expenses, and educational outreach all saw notable gains. However, the sector experienced a decline in overall arts giving, driven by a 90% reduction in federal funding as pandemic-era relief programs concluded. This drop was partially offset by increases in individual and foundation contributions. In-person attendance at arts and culture experiences rose 12.5% between 2022 and 2024, totaling over 14.5 million engagements, though participation remained 5% below prepandemic levels.

Major milestones in Colorado's arts and culture industry highlight the vibrancy and global reach of Colorado's arts and cultural scene.

- Red Rocks Amphitheatre in Morrison set a global attendance record in 2024, welcoming nearly 1.7 million ticketed patrons through November, and was ranked by *Billboard Magazine* as the most attended outdoor venue in the nation. The venue is also the 2nd-most attended venue in America, behind New York's Madison Square Garden, and is the 4th-best attended venue in the world, behind London's O2 Arena, Madison Square Garden, and Mexico City's Auditorio Nacional.
- In March 2025, it was announced that the Sundance Film Festival will be moving to Boulder starting in 2027, marking a major shift after nearly 40 years in Utah. After an extensive yearlong selection process evaluating cities across the nation, Boulder was chosen for its vibrant arts culture, engaged community, and striking natural setting at the base of the Rocky Mountains. The relocation is expected to generate major economic and cultural benefits for Colorado, boosting jobs, tourism, and small business activity.
- The Denver Museum of Nature & Science announced the launch of the East Wing Project, a visionary initiative that will rejuvenate the historic theater, lobby, and plaza. This project was made possible by a generous $20 million gift from the Sturm Family Foundation, the largest private donation to the museum in its history. The museum is also planning a $30 million, 18-month renovation and expansion project to the Gems and Minerals Hall, which will begin in early 2026.
- The Butterfly Pavilion plans to remain in Westminster and expand its longtime site at 6252 W. 104th Avenue under a new public-private partnership with the city, abandoning earlier plans to relocate to Broomfield. The phased renovation and growth strategy aims to position Westminster as a global hub for invertebrate research, conservation, and education, while enhancing community access to the three-decade-old attraction.

## Spectator Sports and Other Entertainment

Denver is one of only a few U.S. cities with six major professional sports teams and is home to some of the newest sports venues in the nation, with all major facilities constructed within the past 25 years. Three of these venues (Empower Field at Mile High, Ball Arena, and Coors Field) are located in or near downtown Denver and together attract more than 6 million fans annually, making a significant contribution to the region's visitor economy and downtown revitalization.

Empower Field at Mile High, home to the Denver Broncos football team, recorded an average attendance of nearly 74,000 fans per home game in 2024, according to ESPN, ranking 5th in the nation, behind only the Dallas Cowboys, New York Jets, New York Giants, and Green Bay Packers.

In September 2025, the Denver Broncos, the City of Denver, and the State of Colorado announced plans for a new privately funded stadium with a retractable roof at Burnham Yard, a 58-acre site in Denver's La Alma Lincoln Park neighborhood. The project is designed to create a year-round destination and integrate housing, offices, retail, restaurants, hotels, entertainment venues, and public spaces, with city and state support limited to public infrastructure improvements and no new taxes. The stadium has a target opening date in 2031.

Located less than a mile from Empower Field, Ball Arena hosts more than 250 events per year, including professional basketball, hockey, and lacrosse. The arena serves as home to the Denver Nuggets, Colorado Avalanche, and Colorado Mammoth. In 2024, the Denver Nuggets ranked 6th in the nation for highest average attendance per home game, with nearly 20,000 fans in attendance per game.

Kroenke Sports and Entertainment continues to move forward with plans to redevelop the 55-acre neighborhood around Ball Arena. The project includes a hotel, performance venue, and residential towers, along with new parks and public spaces, and aims to connect the arena to the River Mile and other downtown areas by replacing surface parking with mixed-use buildings.

Coors Field, home to the Colorado Rockies, continues to draw large crowds in downtown Denver, with an average attendance of over 31,000 per home game in 2024.

On the day of the Rockies' 2024 home opener, downtown Denver recorded one of the highest pedestrian volumes

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of the year, reaching nearly 350,000 visitors, according to Downtown Denver Partnership.

Denver's sports presence continues to expand with the addition of a new National Women's Soccer League (NWSL) franchise named the Denver Summit FC, which will debut in 2026. The team will play temporarily in a 12,000-seat stadium at a 43-acre Centennial complex, which includes the CommonSpirit Performance Center training facility, before moving to a permanent 14,500-seat stadium and mixed-use district at Santa Fe Yards, south of downtown, in 2028. Denver secured the 16th NWSL franchise with a record $110 million expansion fee, the highest in league history.

Other notable spectator sporting events in Colorado include:

- The Winter X Games in Aspen, which have drawn global audiences since 2002, with an estimated 55,000 total attendees at the 2025 event and 10,000 ticketed spectators.
- The International Federation of Sport Climbing Speed Climbing World Cup, which was hosted in downtown Denver in 2025, coinciding with the 16th Street Mall Summer Kickoff.

## Outdoor Recreation

Outdoor recreation continues to be one of Colorado's defining economic and quality of life strengths. Participation remains consistently high, and visitation trends show that Coloradans and visitors are choosing the outdoors in all seasons and regions of the state. State parks are experiencing steady and measurable growth in use. Visitation increased from 18.1 million visits in 2022 to an estimated 19.4 million visits in 2025, with projections indicating more than 21 million visits by 2026. This represents approximately 16% growth over a five-year period. The increase reflects strong resident participation, sustained tourism activity, and expanded access created through new and developing state parks.


National parks tell a different story. Visitation to National Park Service-administered sites in Colorado has remained essentially flat at 7.3 million in 2023. Rocky Mountain National Park accounts for roughly 4 million of those visits each year, and the park continues to operate under a timed-entry system during peak visitation periods. The flat visitation trend does not indicate reduced demand but rather reflects capacity management and congestion mitigation strategies intended to protect sensitive resources and visitor experience. As a result, visitation that might have been absorbed by national parks in prior decades is increasingly shifting to state parks and other public lands in Colorado.

Federal public lands, including national forest and Bureau of Land Management sites, continue to experience strong use. Combined visitation to these lands is projected to increase from approximately 67.4 million visits in 2022 to more than 72 million visits in 2026. (Note: The actual number of visitors is likely higher; however, the U.S. Forest Service did not have updated visitor estimates for Colorado.) While these numbers provide important scale, the most notable shift is occurring between systems. National park visitation has stabilized due to capacity constraints, while state park visitation continues to grow as Colorado adds new parks and enhances recreation infrastructure.

The Keep Colorado Wild (KCW) Pass is a significant driver of the state park system's ability to accommodate this growth. The pass is a $29 option offered during annual vehicle registration, and when selected, it grants access to all Colorado state parks for that vehicle for the full registration year. The program replaces the

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**COLORADO PUBLIC LAND VISITS**
**2016–2026**
**(In Thousands)[a]**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024[a] | 2025[b] | 2026[c] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Colorado State Parks[b] | 14,296.0 | 15,398.0 | 14,924.0 | 14,891.4 | 19,474.4 | 19,938.0 | 18,121.7 | 18,270.7 | 18,937.9 | 19,443.5 | 21,013.7 |
| National Parks and Sites | | | | | | | | | | | |
| Bent's Old Fort NHS | 31.9 | 26.4 | 23.6 | 21.7 | 12.4 | 21.6 | 26.1 | 19.7 | 16.1 | 16.1 | 15.0 |
| Black Canyon of the Gunnison NP | 238.0 | 307.1 | 309.0 | 432.8 | 341.6 | 308.9 | 297.3 | 357.1 | 335.8 | 339.0 | 372.9 |
| Colorado NM | 391.1 | 375.0 | 375.5 | 397.0 | 435.6 | 499.8 | 480.4 | 486.2 | 488.0 | 477.8 | 480.4 |
| Curecanti NRA | 982.5 | 1,041.4 | 931.5 | 836.0 | 921.6 | 1,043.7 | 992.7 | 995.0 | 980.9 | 780.0 | 915.1 |
| Dinosaur NM[c] | 225.2 | 233.8 | 225.0 | 221.2 | 195.5 | 266.1 | 259.8 | 241.2 | 238.4 | 374.7 | 298.8 |
| Florissant Fossil Beds NM | 73.6 | 71.8 | 79.6 | 77.3 | 61.1 | 75.1 | 67.2 | 63.7 | 71.5 | 70.8 | 68.2 |
| Great Sand Dunes NP | 388.3 | 486.9 | 442.9 | 527.5 | 461.5 | 602.6 | 493.4 | 512.2 | 473.6 | 433.8 | 534.6 |
| Hovenweep NM[c] | 18.9 | 17.6 | 17.9 | 15.6 | 8.7 | 11.8 | 12.5 | 15.5 | 13.8 | 11.7 | 11.2 |
| Mesa Verde NP | 583.5 | 613.8 | 563.4 | 556.2 | 287.5 | 548.5 | 499.8 | 505.2 | 480.1 | 467.8 | 444.5 |
| Rocky Mountain NP | 4,517.6 | 4,437.2 | 4,590.0 | 4,670.1 | 3,305.2 | 4,434.8 | 4,300.4 | 4,115.8 | 4,154.3 | 4,280.1 | 4,126.8 |
| Sand Creek Massacre NHS | 6.8 | 6.5 | 6.0 | 5.7 | 4.2 | 6.2 | 4.8 | 5.6 | 6.4 | 5.3 | 5.3 |
| Total Visitors to Parks and Sites | 7,457.4 | 7,617.5 | 7,564.4 | 7,761.1 | 6,034.9 | 7,819.1 | 7,434.4 | 7,317.2 | 7,258.9 | 7,257.2 | 7,272.8 |
| Bureau of Land Management | 7,739.0 | 8,310.0 | 8,708.0 | 9,553.0 | 12,507.0 | 10,602.0 | 10,373.0 | 10,818.0 | 10,428.0 | 12,379.6 | 12,238.1 |
| National Forest[d] | 27,000.0 | 26,100.0 | 31,000.0 | 31,490.0 | 31,490.0 | 31,490.0 | 31,490.0 | 31,490.0 | 31,490.0 | 31,490.0 | 31,490.0 |
| Total Public Land Visitation[e] | 56,492.4 | 57,425.5 | 62,196.4 | 63,695.5 | 69,506.3 | 69,849.1 | 67,419.1 | 67,895.9 | 68,114.8 | 70,570.3 | 72,014.7 |

[a]2025 is forecasted with limited data and 2026 is estimated based on trends.

[b]State parks managed by Colorado Parks and Wildlife.

[c]Dinosaur NM and Hovenweep NM cross into Utah, but the number of visitors reported in this table is only for the Colorado portion of the parks.

[d]Yearly visitor numbers were not available; reported numbers based on limited data.

[e]Due to rounding, the sum of the individual items may not equal the total.

Note: Yucca House National Monument does not report visitations, therefore it is not included.

Definition: NHS = national historic site, NP = national park, NM = national monument, and NRA = national recreation area.

Sources: Colorado Parks and Wildlife, National Park Service Visitor Use Statistics, Bureau of Land Management, National Forest Service and Colorado Business Economic Outlook Committee.

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traditional model of buying a park pass at an entrance gate, and it links outdoor access to a stable and predictable revenue source. Since its launch in 2023, the KCW Pass has generated roughly $100 million in dedicated funding, with participation holding steady at 27% of eligible vehicles. Revenue is directed to park operations, staffing, maintenance, trail and infrastructure upgrades, and planning and development for new state parks. It also provides annual funding to local search and rescue agencies and the Colorado Avalanche Information Center. By connecting public access to direct reinvestment, the KCW Pass allows Colorado to expand outdoor recreation opportunities while protecting the natural resources that support them.

## The Economic Contributions of Outdoor Recreation in Colorado

According to *The 2023 Economic Contributions of Outdoor Recreation in Colorado,* prepared by Southwick Associates for Colorado Parks and Wildlife (CPW) in partnership with Colorado State University, outdoor recreation generated $65.8 billion in total economic output in 2023 and contributed $36.5 billion to the state's GDP—roughly 12% of Colorado's total economy. This activity supported more than 404,000 jobs statewide, produced $22.2 billion in wages and salaries, and generated $11.2 billion in combined local, state, and federal tax revenue.

CPW defines outdoor recreation broadly to include both motorized and nonmotorized activities undertaken primarily for leisure, exercise, or enjoyment in outdoor settings. Five major categories were analyzed:

- Trail and Road Recreation—hiking, trail running, horseback riding, cycling (on- and off-road), e-biking, and off-highway vehicle (OHV) or four-wheeling
- Water-Based Recreation—swimming, rafting, kayaking, and boating
- Winter Recreation—resort and backcountry skiing or snowboarding, snowshoeing, and snowmobiling
- Wildlife-Related Recreation—hunting, fishing, and wildlife viewing
- Other Outdoor Activities—camping, picnicking, rock climbing, target shooting, and outdoor sports

These categories encompass the diverse ways Coloradans interact with the outdoors, from neighborhood trails to backcountry slopes and lakes, reflecting both everyday recreation and major tourism drivers.

Among all outdoor activities, trail and road recreation generated the largest statewide spending, totaling $17.4 billion in 2023 and supporting about 80,000 jobs. Much of that total came from nonmotorized pursuits such as hiking and cycling, though motorized recreation (OHV and four-wheeling) also contributed significantly to local economies on the Western Slope and Eastern Plains. Combined, these activities produced an estimated $13.8 billion in total economic output, underscoring the broad reach of Colorado's trail systems and road-based recreation infrastructure.

By comparison, wildlife-related recreation, which includes hunting, fishing, and wildlife viewing, accounted for more than $7.6 billion in total economic output and supported about 47,000 jobs statewide. Within that category:

- Hunting generated roughly $2.1 billion in spending and $4.2 billion in total economic output, supporting more than 14,000 jobs.
- Fishing contributed an estimated $3.2 billion in spending and $7.6 billion in output, with about 22,000 jobs, making it one of the most economically significant forms of outdoor recreation in Colorado.
- Wildlife viewing, including birdwatching and nature photography, added approximately $1.3 billion in spending and $4.2 billion in output, supporting nearly 11,000 jobs.

While trail and road activities draw larger spending totals statewide, wildlife-related recreation provides a more geographically balanced contribution, sustaining small-town businesses, outfitters, and service providers across rural Colorado.

Outdoor recreation in Colorado's State Parks and State Wildlife Areas also represents a major share of this economy. Based on residents' activity patterns, CPW attributed $9.9 billion in retail sales and $12.5 billion in total economic output directly to recreation within these public lands, supporting about 77,000 jobs and generating $6.9 billion in value-added GDP. The analysis found that roughly one-third of all outdoor recreation days by residents occurred in state parks or wildlife areas, further demonstrating the economic value of Colorado's public land system.

While many reports treat outdoor recreation as synonymous with tourism or hospitality, CPW's analysis makes clear that the outdoor recreation economy extends far beyond those sectors. Spending associated with recreation flows through manufacturing, retail trade, transportation, construction, and professional services, along with the expected categories of lodging, food service, and guiding operations. Gear production, vehicle and equipment sales, apparel design, and maintenance industries all depend on recreation spending. In this way, outdoor recreation functions as a truly multisector economic driver, supporting both urban and rural supply chains and linking local enjoyment of public lands with statewide economic resilience.

Taken together, the 2023 CPW findings reaffirm what Coloradans have long known: Outdoor recreation is not simply a lifestyle; it is a cornerstone of the state's prosperity. From motorized trail systems to fly-fishing rivers, ski resorts, and wildlife areas, Colorado's natural assets sustain a far-reaching network of economic activity that powers communities, supports conservation funding, and enhances quality of life. With outdoor recreation contributing roughly one-eighth of Colorado's total economy, continued investment in parks, access, and sustainable infrastructure remains vital to maintaining both the state's economic health and its outdoor heritage.

## Ski Industry

The U.S. and Colorado ski industries both enjoyed a strong winter 2024-25 ski season.

On a national level, the country's 492 open and operating downhill ski areas recorded 61.6 million downhill skier and snowboarder visits in winter 2024-25, the 2nd-most ever, up 1.9% year-over-year. Visits to the Rocky Mountain Region (Colorado, Idaho, Montana, New Mexico, Utah, Wyoming) dipped 0.9% year-over-year but were still the 3rd highest on record.

Colorado recorded its 3rd-busiest winter ever, with 13.9 million downhill skier and snowboarder visits across 34 resorts and ski hills, despite subpar snowfall. While visits were down 3% year-over-year, they were up 5.3% from the prior five-season average of 13.2 million visits. Over the past four winters, Colorado's ski resorts have consistently set a new standard—surpassing 13.8 million visits each season despite fluctuating snow conditions. Before 2021-22, Colorado had topped 13 million visits only twice, in 2018-19 and 2015-16.

The growth enjoyed by both the U.S. and Colorado ski industries in recent seasons has been spurred by strong interest in outdoor recreational activities, generally favorable economic conditions, continued innovations in lift ticket and season pass offerings, substantial resort investments that have enhanced resorts' capacity and the quality of the experience, increased retention of older participants in snow sports, and more flexible work arrangements, which have helped disperse visitation to nonweekend and nonholiday periods.

Colorado resorts have also benefited from strong air service to mountain airports and DEN, improvements to the I-70 corridor, improved staffing levels following the pandemic, and a visitor profile that is diverse in age, geographic origin, ability level, and frequency of participation in snow sports.

The strong growth trend enjoyed by Colorado has been mirrored by most other states in the Rocky Mountains. Utah, Idaho, Montana, and Wyoming each set all-time skier visit records in 2022-23 and had their 2nd-, 3rd-, or 5th-busiest seasons in 2024-25. Indeed, the Rockies have been the primary driver of the nation's growth in skier visits over the past four decades.

Although Colorado resort skier visits dipped 3% year-over-year, taxable sales in many resort communities rose. Across a mix of eight resort communities (Aspen, Breckenridge, Frisco, Snowmass Village, Steamboat Springs, Telluride, Vail, and Winter Park), state taxable sales edged up 0.7% in winter 2024-25 (November-April) from 2023-24, slightly trailing the 1.7% gain in the state as a whole. Also of note, state taxable sales in these communities have leaped by a cumulative 62.2% from the pre-COVID 2018-19 winter season, far outpacing the 44.3% gain statewide over the same period—providing new resources to resort communities to offset the impacts of skier visitation.

Indeed, per CTO and Dean Runyan Associates, tourism-generated local taxes (sales, lodging, passenger facility charges, car rental) have outpaced tourism spending in 2019-24 in the six counties where these towns are located, in part due to increased tax rates on lodging and short-term rentals in several communities. While these taxes have generated extra monies for needs such as affordable housing and childcare, there has been debate about ensuring adequate funding for tourism marketing and keeping travel affordable to visitors.

The summer period is also important to ski resort communities, accounting for a lower, secondary peak in economic activity. Spending in the same eight communities rose 1.7% in May through July from 2024 to 2025, about equal to the 1.6% gain statewide. Cumulatively, spending in these communities jumped 56.7% in May through July

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# Leisure and Hospitality

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from 2019 to 2025, again outpacing the state's 39.4% gain over the same period. The industry has invested significantly in new summer outdoor recreational offerings since the passage of the 2011 Ski Area Recreational Opportunity Enhancement Act, which allows for more recreational uses on public land. In addition to helping resort economies, these offerings have likely helped redirect and relieve some of the recreational and visitation pressure that is impacting many areas of Colorado's mountains.

Looking ahead to the winter 2025-26 season, resorts have several reasons for optimism. Sales of season passes and "frequency products" with a fixed number of ski days have been strong, and lodging bookings have been pacing well. Flights and scheduled seats to most Colorado mountain airports and to DEN are currently up from last winter, and the inauguration of winter seasonal DEN-Mexico City flights on United is a positive. Additionally, spending by affluent consumers has remained strong, fueled in part by a buoyant stock market, despite mixed patterns on other national economic measures.

On the other hand, after partially recovering from the COVID pandemic, international visitation dipped this past winter, and some international markets, especially Canada and Australia, are expected to be soft for the foreseeable future. Ski resorts are also facing uncertainty about the extent of availability of seasonal work visas, as well as possible challenges with permitting and implementing future capital improvements with U.S. Forest Service staffing reductions.

As always, weather and snow conditions can also provide positive or negative momentum to the season. In its October 16, 2025, U.S. winter forecast, the National Oceanic and Atmospheric Administration (NOAA) expected weak, short-duration La Niña conditions in December 2025-February 2026. La Niña typically leads to a more northerly storm track during the winter months and warmer and drier conditions in the southern part of the country, although NOAA cautions that every winter is unique. Located between these northern and southern regions, Colorado and its snow and weather advantage relative to other Western ski regions is unknown for this upcoming winter.

The long-term prospects for the industry remain positive. Colorado maintains a preeminent position within the ski industry, accounting for by far the largest number of visits, as well as being home to many of the largest and most renowned resorts. Colorado has benefited from a strong reputation for an outstanding combination of ski terrain, lift infrastructure, consistent and reliable snow conditions, guest service, scenery, community character and amenities, and travel accessibility, among other attributes.

Ski resorts also continue to improve and expand their infrastructure, enhancing the guest experience and increasing their operating capacity. Improvements are also being made to I-70, particularly between Floyd Hill and eastern Idaho Springs, with completion of these improvements anticipated in 2029. While this will be helpful in the long term, some traffic hassles are likely in the interim, most immediately periodic traffic holds during off-peak travel hours for rock scaling and blasting, potentially impacting skier travel and visitation this season. Also on the accessibility front, four-day-per-week train service is scheduled between Denver and Winter Park, and planning continues for a new gondola connecting the town and ski mountain at Winter Park, in addition to the air service upgrades noted previously. Resorts are also unveiling a variety of improvements this winter, including a 50% terrain expansion at Monarch, the opening of Kindred Resort at Keystone, and Sunlight's largest-ever capital project with two replacement lifts.

To help ensure a bright future, Colorado resorts have also significantly expanded free or low-cost lift access for children. Colorado Ski Country USA inaugurated the Fifth Grade Ski Passport in 1996, sparking copycat programs around the country. Additional grades have been added over time, and free or low-cost lift access is now offered to grades K-6 at resorts throughout the state.

Colorado is also home to the headquarters of the continent's two largest resort operators—Vail Resorts and Alterra Mountain Company—further cementing the state's standing as the epicenter of the U.S. ski industry. Alterra closed on its purchase of Arapahoe Basin in November 2024, and Vail and Alterra now collectively own eight Colorado ski resorts and have season pass partnerships with another seven Colorado resorts.

Even as it continues to cultivate its strengths, vigorous competition from ski resorts in other states and from other vacation and leisure options, climate change, concerns about congestion and travel delays along the I-70 corridor, and staffing difficulties in tight housing markets remain key challenges for Colorado resorts.

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# Other Services

The Other Services supersector comprises establishments that provide services not specifically categorized elsewhere in the employment classification system. As a result, the businesses under this category are highly fragmented and diverse. Car washes, beauty salons, religious organizations, funeral homes, grantmaking foundations, and labor unions are some of the industries included in Other Services. In addition, the supersector includes businesses that provide maintenance and repair for agriculture, construction, mining, and forestry machinery and equipment. Industry growth is influenced by the economy, demographics of the Colorado population, disposable income, and consumer confidence.

**OTHER SERVICES EMPLOYMENT, 2016-2026 (In Thousands)**

| Year | Repair and Maintenance Services | Personal and Laundry Services | Religious, Grantmaking, Civic, Professional, and Similar Organizations | Total |
|---|---|---|---|---|
| 2016 | 25.0 | 27.8 | 54.5 | 107.3 |
| 2017 | 25.5 | 28.7 | 54.4 | 108.6 |
| 2018 | 26.0 | 29.4 | 55.6 | 110.9 |
| 2019 | 26.7 | 30.3 | 57.7 | 114.8 |
| 2020 | 25.4 | 25.9 | 59.0 | 110.4 |
| 2021 | 26.5 | 28.5 | 62.8 | 117.8 |
| 2022 | 27.5 | 30.9 | 64.4 | 122.8 |
| 2023 | 28.5 | 32.6 | 66.1 | 127.3 |
| 2024[a] | 29.2 | 33.4 | 69.8 | 132.3 |
| 2025[b] | 29.5 | 33.2 | 69.3 | 132.0 |
| 2026[c] | 30.0 | 33.6 | 70.0 | 133.6 |

[a]Revised. [b]Estimated. [c]Forecast. Note: Due to rounding, the sum of the individual sectors may not equal the total.
Sources: Colorado Department of Labor and Employment, and Colorado Business Economic Outlook Committee.

Employment declined modestly in this sector in 2025, decreasing 0.2%. Employment growth is expected to rebound in 2026, increasing 1.2% to reach 133,600.

## Religious, Grantmaking, Civic, Professional, and Similar Organizations

Industries in the Religious, Grantmaking, Civic, Professional, and Similar Organizations sector are establishments that organize, support, and/or promote various professional, social, and political causes. These organizations account for the largest portion of the Other Services supersector, employing 53% of the Other Services employees in 2024. Establishments in this sector include labor unions, nonprofits such as the Boy and Girl Scouts, and the United States Olympic Committee, as well as social advocacy and political organizations. The outlook for donations in 2025 remains mixed, with donor counts continuing to decline even as total giving rises modestly. According to the Fundraising Effectiveness Project, the number of donors fell by 1.9% in Q2 2025, while dollars raised increased by 2.9% compared to Q2 2024, reflecting ongoing consolidation among larger donors and continued losses among small donors. Looking ahead, the 2026 midterm elections are expected to drive increased donor activity for social and political organizations.

While membership has been declining for decades, labor unions have maintained a strong presence since 2020. The pandemic brought workers' rights, needs, and desires into the limelight, perhaps shifting the balance between the employer-employee relationship. Consequently, several high-profile labor strikes have been in the state spotlight in recent years, including the Kaiser Permanente strike in 2023 and the Albertsons and Safeway strike in 2025. According to data from the Bureau of Labor Statistics, 7.7% of employees in Colorado were union members in 2024, ranking 27th in the nation, up from 6.9% in 2023.

After adding 1,700 jobs in 2023, employment growth accelerated in 2024, with the sector adding an additional 3,700 jobs, up 5.6% year-over-year. In 2025, employment growth took a pause, with an estimated loss of 500 jobs. Looking to 2026, the sector is projected to rebound to 70,000 employees, an increase of 1%.

**INDUSTRY SNAPSHOT OTHER SERVICES**

| | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 12.9 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 8.3 |
| Q2 2025 Real GDP Growth Rate | -4.8% |
| Total Employment, Q2 2025 (Thousands) | 133.0 |
| Q2 2025 Employment Growth Rate | 0.9% |
| Employment Growth National Rank | 42 |
| Q2 2025 Share of Colorado Employment | 4.4% |
| Q2 2025 Share of National Employment | 2.2% |
| Average Wage, Q1 2025 | 57,144 |
| Percent of Statewide Average Wage | 69.4% |
| Q1 2025 Average Wage Growth Rate | 2.3% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics. These data are subject to future revisions; Q2 is end of quarter.

## Repair and Maintenance

The Repair and Maintenance sector encompasses businesses that provide repair and maintenance services for automotive, commercial machinery, electronic equipment, and household goods. This sector has typically been buoyed by the increasing average age of vehicles, pushing up demand for vehicle repair and maintenance. The average age of cars and light trucks in the U.S. has risen to a record of 12.8 years in 2025, up by two months from 2024, according to S&P Global Mobility. In addition, used car prices have increased in recent months (up 5.1% in September 2025), contributing to car owners keeping their old cars for longer and going in for more tune-ups. The outlook for this sector is positive and will likely benefit from the signing of

Colorado's Consumer Right to Repair Digital Electronic Equipment (HB24-1121) in May 2024. The law, which becomes effective in January 2026, will expand access to parts, tools, and documentation for a wide range of electronics and equipment, which could expand the market for independent repair shops in the state.

The sector grew steadily in 2023, increasing by 3.6%, and grew an additional 2.5% in 2024. In 2025, the sector experienced volatility, with months of employment growth and months of employment decline. Employment in this sector is expected to average 29,500 in 2025, a gain of 1% year-over-year, and 30,000 in 2026, an increase of 1.7%.

## Personal and Laundry Services

Industries in the Personal and Laundry Services sector are vastly diverse. They include firms that provide services such as hair, nail, and skin care; death care (i.e., funeral homes and cemeteries); dry cleaning and laundry (including coin operated); pet care (except veterinary); photofinishing; and parking lots. This sector has experienced steady growth in recent years, growing by 2.5% in 2024. The sector is projected to decrease 0.6% in 2025 to average 33,200 jobs, followed by a 1.2% gain in 2026 to average 33,600 jobs.

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# Government

Representing 16.4%, or nearly one in six jobs in the state, the Government supersector includes federal, state, and local workers. Government activities include a variety of services, ranging from space research and technology to public safety, program administration, and education. Government employment increased an estimated 2.1% (10,400 jobs) in 2025, compared to 3.7% (17,200 jobs) in 2024. While the sector reached a new employment peak in 2025, changes in federal policies and funding in 2025 led to a decrease in the number of federal workers in Colorado. In addition, government entities at all levels continued to be impacted by other challenges, including inflation, high interest rates, worker shortages, flat tax revenues, demographic shifts, and the end of pandemic-related federal funding. In 2026, government employment in Colorado is projected to increase 0.5% to total 500,300 jobs.

## Federal Government

In 2024, total federal government employment in Colorado was 57,000, which was a 3.3% increase from 2023. In 2025, federal government employment decreased by an estimated 3.5%, to 55,000, and is expected to decrease another 2,000 jobs (3.6%) in 2026, because 2026 will reflect a full year of the job cuts.

Federal fiscal policy in 2025 remains defined by elevated debt service costs, persistent deficits, and shifting employment patterns, most significantly impacting Colorado's federal research and administrative workforce.

Entering 2025, the federal backdrop is dominated by high structural deficits, rising net interest costs, and a labor market that is slowing but still healthy by historical standards. National conditions set the tone for Colorado as federal headcounts should remain broadly stable, and the composition of the federal workforce continues to tilt toward higher-skilled roles in IT, analytics, and science—areas in which the Front Range retains a strong comparative advantage.

As the federal government continues to adopt artificial intelligence (AI) technologies, albeit gradually, the number of lower-skilled administrative and support positions will likely decline year-over-year. This gradual shift will reshape the composition of the federal workforce over the coming decades, generating demand for higher-skilled roles while requiring many existing employees to rapidly upskill to remain competitive. AI is becoming embedded across nearly every function of government and the broader economy, and its long-term impact on public-sector employment cannot be overstated.

## Fiscal Outlook

The near-term fiscal trajectory is being shaped by large primary deficits and materially higher interest rate costs. According to the latest Congressional Budget Office (CBO) baseline, the deficit remains around 6% of GDP in fiscal year (FY) 2025 and, after a brief improvement, trends higher again later in the decade as demographics and interest outlays intensify significantly.

Net interest rose from $475 billion in FY 2022 to $659 billion in FY 2023 and an estimated $870 billion in FY 2024, with CBO and the Government Accountability Office (GAO) indicating that outlays will exceed $1 trillion by FY 2026. That dynamic compresses discretionary spending opportunities even if nominal receipts grow, because entitlement programs and interest are absorbing a larger share of the budget. Historically, deficits at or above 6% of GDP have been associated with recessions, wars, or unusual shocks; the persistence of such gaps in a nonrecessionary setting underscores the structural nature of today's fiscal imbalance.

For state and local stakeholders, the headline implication is continued pressure on discretionary appropriations. There is increasing evidence that where federal agencies can shift activities to fee-supported models, shared services, or public-private partnerships, they are likely to

**GOVERNMENT EMPLOYMENT IN COLORADO, 2016-2026 (In Thousands)**

| Year | Federal | State | Local | Government |
|---|---|---|---|---|
| 2016 | 53.5 | 116.5 | 258.2 | 428.1 |
| 2017 | 53.5 | 121.2 | 261.9 | 436.7 |
| 2018 | 52.9 | 125.9 | 266.8 | 445.6 |
| 2019 | 53.1 | 130.2 | 271.8 | 455.1 |
| 2020 | 54.7 | 126.4 | 259.1 | 440.2 |
| 2021 | 54.2 | 124.2 | 260.2 | 438.5 |
| 2022 | 53.4 | 129.5 | 267.2 | 450.1 |
| 2023 | 55.2 | 136.2 | 278.6 | 470.0 |
| 2024[a] | 57.0 | 141.9 | 288.4 | 487.2 |
| 2025[b] | 55.0 | 149.6 | 293.0 | 497.6 |
| 2026[c] | 53.0 | 149.6 | 297.7 | 500.3 |

[a]Revised. [b]Estimated. [c]Forecast. Note: Due to rounding, the sum of the individual sectors may not equal the total.

Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.

**INDUSTRY SNAPSHOT GOVERNMENT**

| | |
|---|---|
| Nominal GDP, Q2 2025 ($ Billions) | 62.9 |
| Real GDP, Q2 2025 ($ Billions, 2017 Dollars) | 49.7 |
| Q2 2025 Real GDP Growth Rate | 1.0% |
| Total Employment, Q2 2025 (Thousands) | 487.6 |
| Q2 2025 Employment Growth Rate | -2.0% |
| Employment Growth National Rank | 9 |
| Q2 2025 Share of Colorado Employment | 16.7% |
| Q2 2025 Share of National Employment | 2.1% |
| Average Wage, Q1 2025 | 75,151 |
| Percent of Statewide Average Wage | 91.3% |
| Q1 2025 Average Wage Growth Rate | 5.2% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics. These data are subject to future revisions; Q2 is end of quarter.

**FEDERAL FISCAL AND EMPLOYMENT METRICS (2023-2026)**

| Indicator | 2023 | 2024 | 2025[a] | 2026[b] |
|---|---|---|---|---|
| Federal Budget Deficit ($ trillions) | 1.7 | 1.8 | 1.9 | 1.7 |
| Debt-to-GDP Ratio | 97.3 | 97.8 | 99.9 | 101.7 |
| Net Interest Outlays ($ billions) | 658 | 881 | 952 | 1,010 |
| Real GDP Growth | 2.4% | 3.0% | 2.0% | 1.8% |
| Unemployment Rate | 3.6% | 4.0% | 4.2% | 4.5% |
| Core PCE Inflation | 4.6% | 2.9% | 2.9% | 3.2% |
| U.S. Federal Employment (thousands) | 2,927 | 3,000 | 2,918 | 2,770 |
| CO Federal Employment (thousands) | 55.2 | 57.1 | 55.0 | 52.0 |

[a]Estimated. [b]Forecast. Sources: Congressional Budget Office, Budget and Economic Outlook: 2025-2035, Bureau of Labor Statistics, Moody's Analytics, Business Research Division.

do so. Grantmaking cadence is also normalizing from the pandemic surge, which matters for Colorado's universities, municipalities, and special districts reliant on federal pass-through funding.

## Government Shutdown and Employment Outlook

Federal government shutdown impacts are creating operational concern in FY 2025, and this will continue into 2026. After multiple continuing resolutions, negotiations over discretionary appropriations left some agencies operating on short horizons, impacting the ability to conduct proper long-term, strategic planning. The October 2025 lapse in appropriations furloughed many nonexempt employees, paused payments to contractors and grantees, and delayed compliance reviews and permitting across agencies with footprints in Colorado. The current push to permanently lay off some percentage of these furloughed workers will put additional pressure on unemployment and has put into question the economic impact that historically stable federal government employment and spending has had in Colorado and other states across the country.

While Congress has historically authorized back pay after shutdowns, there is no statutory guarantee for the October 2025 lapse or future lapses, since the decision is made after the fact. That uncertainty can strain household finances for affected workers and challenge small vendors dependent on timely federal disbursements. The Office of Management and Budget has asked agencies to identify savings via attrition and consolidation, particularly in administrative roles tied to expiring pandemic programs, which could translate into modest headcount reductions in 2026 if implemented.

In Colorado, the near-term impacts are likely to be concentrated in front-office administrative, facilities operations, and compliance or inspection roles, particularly within large federal employment hubs such as the Denver Federal Center. By contrast, more specialized and research-intensive work, especially in federal laboratories that receive diversified or external funding, should prove more resilient. In short, administrative functions are most vulnerable to immediate effects, while complex, research-oriented activities are expected to remain comparatively stable.

## Social Security

The Social Security program's pay-as-you-go design continues to face demographic pressure. CBO's 2025 long-term outlook points to combined trust fund depletion by 2033, after which incoming payroll taxes would fund roughly 79% of scheduled benefits in the absence of reform.

Policy solutions—such as increasing the taxable maximum, adjusting the benefit formula or full retirement age, or broadening the base—are straightforward in arithmetic terms but politically complex. The taxable wage cap is $168,600 in 2025; approximately one-fifth of earnings now fall above that cap, up from about one-tenth in the early 1980s, which means a larger share of high-income earnings is exempt from payroll taxation. As more baby boomers shift from wage to retirement income, payroll-tax growth will continue to decelerate even before considering longevity gains.

From a Colorado perspective, the state's aging profile and in-migration of retirees reinforce these dynamics: Benefit outlays rise locally for retirees, while payroll contributions depend on continued expansion of the working-age population and wages.

## Budget Deficit

The January 2025 CBO baseline places the FY 2025 deficit near $1.8 trillion (about 6.1% of GDP), with a temporary narrowing to about $1.6 trillion by FY 2027 before widening again through 2035. On the spending side, interest costs and health care programs drive most of the growth; on the revenue side, bracket creep and nominal income growth provide some relief but not enough to offset entitlements and debt service.

Deficit composition matters for states because when interest and mandatory programs absorb larger shares, then discretionary programs, from research to infrastructure

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# Government

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to community development, will face tighter caps and increase pressure to reduce these expenditures. Colorado's experience since 2021 illustrates that the large one-time federal flows (American Rescue Plan Act [ARPA], Infrastructure Investment and Jobs Act [IIJA], Inflation Reduction Act [IRA]) lifted investment in the state but are not sustainable when baseline deficits are elevated.

## Macroeconomic Factors

The CBO projects real GDP growth of about 2% in the near term as monetary policy eases and supply-side constraints continue to unwind.

Inflation has cooled meaningfully from its 2022 peak. Core PCE is expected to move toward 2.3% in 2025 and about 2.1% in 2026, consistent with a slower nominal GDP path and less volatile energy prices. The Federal Reserve began easing in 2024, and policy remains restrictive, but less so as inflation continues to moderate.

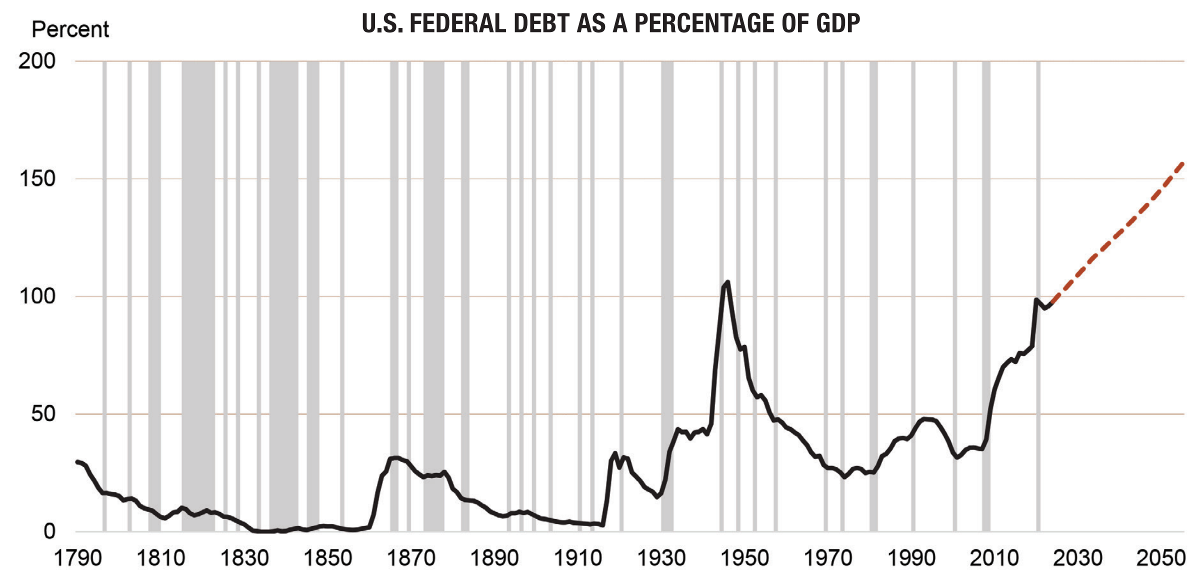
Labor markets are adjusting rather than collapsing as the unemployment rate is projected to hover near 4% by late 2025. Participation remains supported by continued immigration and improved prime-age participation, while wage growth cools from 2022-23 highs but remains positive in real terms as inflation tames.

Productivity will be the swing factor for potential growth. Early AI-enabled and process-automation gains are becoming visible in professional and administrative services, while federal adoption is quite uneven but progressing in shared services, grants analytics, and compliance monitoring. Sustained productivity improvement would raise potential output and alleviate some fiscal strain by lifting incomes and receipts without proportionate increases in inflation.

## Demographics

CBO's 2025 demographic outlook shows the U.S. population rising from approximately 343 million in 2025 to about 385 million by 2055, with net immigration accounting for nearly all growth after 2040. Of course, this will be significantly impacted by current and future immigration policies and positions. The projected share of residents age 65+ reaches close to 21% by 2035, increasing Medicare and Social Security outlays while slowing growth in the labor force, absent offsetting participation or productivity gains.

For Colorado, population dynamics are a two-sided story as the state continues to attract skilled migrants in technology, aerospace, and energy, while also seeing aging cohorts that lift demand for health and social services. Net migration supports housing demand and service activity but also necessitates infrastructure investment and workforce development to support these population increases. Any federal funding cuts will more acutely impact growing states like Colorado, especially in areas like infrastructure, where pressures continue in maintaining existing and implementing new infrastructure.




Source: Congressional Budget Office, Long Term Budget Projections. Shaded areas represent recessions.

## Federal Employment and Fiscal Policy: Implications of H.R. 1

The fiscal and policy framework established under H.R. 1 represents a major inflection point in federal economic strategy. The legislation combines broad tax reductions with selective spending restraint, designed to spur near-term private-sector activity but at the cost of wider medium-term fiscal pressures. In the short run, lower corporate and individual tax rates, coupled with accelerated depreciation and investment incentives, are expected to lift disposable income and business outlays, reinforcing consumer demand and equipment spending through 2026.

However, the longer-run picture is more complex. The projected rise in federal deficits, totaling several trillion dollars over the next decade, will add to already elevated debt service costs. Sustained borrowing at that scale risks pushing long-term interest rates higher, crowding out some private investment, and narrowing future fiscal capacity. The policy mix therefore delivers a near-term boost in growth and sentiment, while amplifying longer-term structural imbalances.

For Colorado, the implications are nuanced. The state's economy is deeply tied to sectors that initially benefit from tax-driven investment like advanced manufacturing, aerospace, energy, professional services, and technology—each of which stands to gain from enhanced capital formation and business confidence. Yet these same gains could be offset by federal spending restraint in areas central to Colorado's public and research ecosystem. Reductions in discretionary appropriations would place pressure on laboratories, universities, and infrastructure projects that depend on consistent federal funding flows. With federal transfers representing roughly one-fifth of total state revenues, even marginal changes in Medicaid, research grants, or transportation programs could create fiscal stress at the state and local levels.

In sum, H.R. 1 positions the national economy for a short-term acceleration but introduces greater uncertainty for the public institutions that underpin Colorado's long-term innovation and research base. The state is likely to see a stronger private-sector pulse alongside tighter federal and state budgets, a dynamic that reinforces both opportunity and risk as fiscal priorities shift toward growth today and consolidation tomorrow.

## Federal Employment

At the national level, federal payroll employment remains close to 2.9 million workers (including USPS), with composition gradually shifting toward IT, cybersecurity, data science, program evaluation, and STEM research. Bureau of Labor Statistics (BLS) occupational outlooks show double-digit growth in many analytics-adjacent roles (e.g., statisticians, data scientists, information security analysts) through 2030, with median wages above $100,000. Hybrid work patterns have eased geographic constraints for certain mission-support roles, though on-site presence remains essential across labs, field operations, and public-facing services. The current push to bring federal workers back into the office has created added stress on federal workers who adapted their lifestyles to hybrid work over the last five years.

In Colorado, BLS data indicate that federal employment averaged about 57,000 in 2024 and approximately 55,600 year-to-date in August 2025, a modest pullback consistent with the winding down of temporary administrative roles. The quality mix continues to improve, however, as agencies deepen investment in cyber, data, and scientific talent. From a local-economy perspective, these higher-wage roles carry larger multipliers via supplier spending and household consumption.

Colorado's federally funded research ecosystem remains a durable anchor. In FY 2023, the National Renewable Energy Laboratory (NREL) (Golden/Flatirons) reported nearly $1.3 billion in Colorado economic output and supported about 5,700 jobs (direct, indirect, and induced). National Institute of Standards and Technology (NIST) Boulder has about 560 federal employees and about 940 contractors and affiliates, with earlier studies attributing an impact of about $319 million in Colorado output to operations and construction activity. The Denver Federal Center supports about 7,800 employees and close to $760 million in annual wages, reflecting a significant impact on the local and regional economy.

The National Oceanic and Atmospheric Administration's (NOAA) Boulder complex, together with university-based cooperative institutes (CIRES at the University of Colorado and CIRA at Colorado State University), adds significant research employment and sponsored-research flows. These entities, while not always counted as federal headcount, magnify the economic footprint through contracts, subawards, and commercialization partnerships. Aggregating across facilities, in 2015, the CO-LABS network had an estimated impact of $2.6 billion statewide. Adjusting for inflation and updated lab-level reports, this translates into a conservative estimate of a $3 billion impact statewide.

Bottom line for Colorado is that even if aggregate federal headcount is flat to slightly lower in 2025-26, the research-intensive composition of the state's federal presence supports higher value-added activity, tech transfer, and wage-driven local spending. This is an advantage in Colorado that will most likely limit the impact of federal job reductions, compared to states with higher levels of lower-skilled federal workers.

Looking ahead, hiring is likely to be selective and skills focused, with agencies prioritizing cyber, data, and mission-critical science roles while consolidating duplicative administrative layers. For planning purposes, the committee assumes flat to slightly negative federal headcount in 2026, with upside if appropriations stabilize and lab investments accelerate.

## Federal Employment, AI Adoption, and Potential Implications

With the ongoing disruptions across federal employment, coping and adapting will inevitably involve a greater reliance on AI. In the near term, AI's most immediate impact appears to be in supporting government transactional and administrative services, with a more limited role, at least initially, in research and development or basic scientific work. Over time, this balance will likely shift, but the adoption of AI for more complex and analytical functions such as research is expected to occur more gradually, as agencies work through the broader implications of automation, data integrity, and workforce realignment.

Ultimately, the challenge for federal leaders will be to ensure that AI integration enhances public-sector capability. This will require thoughtful workforce planning, retraining initiatives, and organizational restructuring to equip employees with the skills needed to work alongside intelligent systems. Policymakers will also need to anticipate the cultural and ethical dimensions of automation, crafting strategies that balance efficiency with fairness and innovation with human expertise.

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This discussion about AI is particularly relevant amid the federal government shutdown and broader workforce uncertainty. In previous shutdowns, displaced federal workers could expect to return to their positions or transfer to comparable roles once operations resumed. This time, however, the calculus may be different. Federal leaders facing budget constraints and technological advances may seize the opportunity to permanently automate many back-office and administrative functions—roles that collectively represent a substantial portion of the nondefense federal workforce.

Only a few years ago, the federal conversation centered on using technology to enable remote work and flexible schedules, allowing employees to maintain productivity while improving their work-life balance. That debate now feels very dated. The focus has shifted from enabling work through technology to questioning how much human work AI may ultimately replace and how rapidly those changes may occur.

To understand what this transition might mean for the federal workforce, it is useful to look back at previous industrial transformations. The two most recent revolutions, the Third Industrial Revolution (roughly the 1970s through early 2000s, driven by computing and automation) and the Fourth Industrial Revolution (2000s to present, fueled by data, cloud computing, and connectivity), both forced widespread reskilling and structural change. During the digital revolution, routine clerical and manufacturing positions declined sharply as computers entered workplaces, creating demand for workers with technical literacy, analytical reasoning, and systems-thinking skills. While the federal government supported some retraining through initiatives like the expansion of community colleges and workforce programs, much of the transition was led by the private sector, which adapted more quickly to market and technology pressures.

The Fourth Industrial Revolution extended those dynamics. Policymakers largely focused on incremental workforce investments—such as STEM education and digital-literacy programs—while corporations and universities drove most upskilling through internal training and credential partnerships. These transitions illustrate a recurring pattern: Technological change consistently outpaces public policy, leaving workers to rely on employer-led or self-initiated learning to stay relevant. The AI revolution now emerging could accelerate that imbalance even further, potentially demanding a more coordinated national strategy if the pace of workforce displacement surpasses what prior industrial shifts produced.

While public dialogue on this issue remains limited, discussions about the implications of AI for both the federal and private workforces are inevitable. Policymakers and agency leaders will need to confront fundamental questions about the future composition and skillsets of the U.S. workforce. There will be a critical need for new education and training programs, perhaps on a scale comparable to previous industrial transitions, to help workers adapt to the AI economy. Without such initiatives, many Americans could face prolonged unemployment or underemployment as technology outpaces traditional job structures. Whether federal domestic policy rises to meet this challenge remains one of the most important open questions of the decade.

## State Government

The state government consists of a variety of public-sector activities, such as higher education, law enforcement and security, road and other public infrastructure construction, and a range of government administrative services. In many communities across Colorado, state government is the largest employer, with competitive wages and benefits. After bottoming out in 2021 from pandemic-related impacts, state government employment has fully recovered and now exceeds prepandemic employment levels.

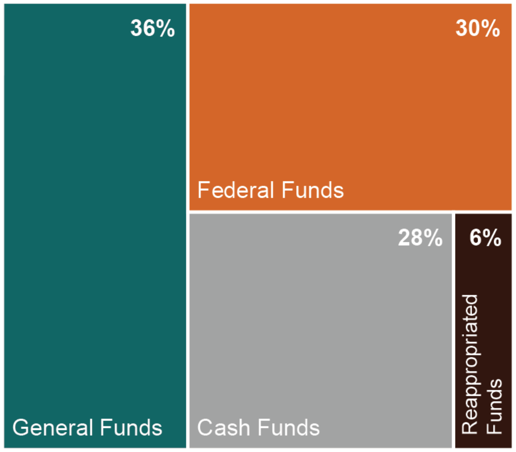
Noneducation state employment, which represents most state executive, legislative, and judicial branch employment, grew at a healthy pace in 2024, adding 2,000 jobs. Calendar year 2024 represents two state budget years: FY 2023-24, which ended June 30, 2024, and FY 2024-25, which began July 1, 2024. Between the two fiscal years, the Colorado General Assembly increased full-time equivalent (FTE) positions by 1.9%; however, total appropriated FTE is much higher than actual employment levels. State government also frequently has open positions it is unable to fill, resulting in lower employment levels than appropriated FTE.

### State Revenue

State employment is largely a function of the revenue collected by the state government. The state collects funds from taxes, fees, and the federal government allocations. For state FY 2025-26, which runs from July 1, 2025, through June 30, 2026, state appropriations of all funds total $46.7 billion. The breakdown of state funds by source is shown in the chart below.

The General Fund revenue is the most flexible in terms of how it can be spent. It is also the most susceptible to macroeconomic activity. About 30.2% of General Fund

**TOTAL STATE APPROPRIATIONS BY FUND SOURCE FY 2025-2026**




Source: Colorado Department of Education.

revenue subject to the Taxpayer's Bill of Rights (TABOR) limits is collected from sales and excise taxes on goods like cigarettes, while 64.6% is collected from individual and corporate income taxes. These revenue sources are tied to employment levels, wages, business performance, and consumer spending, so if Colorado businesses are not confident in the economy and they stop hiring or lay off employees, then wages decline, causing consumer spending to decline—all of which impact the state's General Fund revenue.

According to Legislative Council Staff's September 2025 forecast, preliminary data suggest that General Fund revenue declined by 0.4% in FY 2024-25, which ended on June 30, 2025. This decline was driven by a decrease in income tax revenue, which fell 1.7%. General Fund revenue is expected to remain flat in the current FY 2025-26, due to a 3% decline in income tax revenue and a 3.1% increase in sales and excise tax revenue, which is essentially flat when adjusted for projected inflation.

Cash fund revenue, funded by state taxes, fees, and fines, with the revenue allocated to specific funds, declined 1% this fiscal year and is projected to increase by 11.3% next year. This revenue totals only about 18% of General Fund revenue, about $3.1 billion for the current fiscal year, compared to $17.1 billion in the General Fund. Federal funds appropriated by the state are mostly allocated to one of three departments: health care/Medicaid, education, and transportation. Those three departments receive over 87% of all federal funds received by the state.

Additional ties to the federal government result from Colorado's adherence to federal taxable income as the basis for Colorado income tax and the passage of federal legislation H.R. 1, the One Big Beautiful Bill Act. The passage of this bill is estimated to result in a $1.2 billion reduction in state revenue during state FY 2025-26 and a $720 million reduction the next fiscal year, according to Legislative Council Staff. In addition to reduced tax revenue, responsibility for funding previously federally funded programs is shifting to state government. The largest impacts to the state budget will come from the Supplemental Nutrition Assistance Program (SNAP), Medicaid work requirements and eligibility provisions, and changes to the hospital provider fee. While these impacts are modest (under $100 million), in the forecast years, they are projected to grow to close to $1 billion by state FY 2031-32, according to the Office of State Planning and Budgeting.

These impacts, paired with worsening macroeconomic conditions, resulted in Governor Polis calling a special legislative session to address the state budgetary shortfall. At the same time, the governor called for a state employee hiring freeze from August 27, 2025, through December 31, 2025, with limited exceptions. Legislation passed during the August special session closed a portion of the gap, but spending cuts will likely be needed as well. The governor's budget proposal for state FY 2026-27 was released on November 1, 2025, and requested an increase of 0.3% of FTE employees for FY 2026-27, which totals 222 additional state employees.

## Higher Education

Colorado's public higher education system remains a sizable component of state government employment and budgetary activity. Data from the University of Colorado's Economic Impact Study found that the University of Colorado System alone employed more than 57,000 faculty, staff, and student workers in FY 2023-24. Employment in Colorado's public higher education sector has rebounded from the 10% decline it experienced as a result of the COVID-19 pandemic, with jobs exceeding prepandemic levels in 2023. Employment continued to grow in 2024, increasing 7.6% through September.

As of February 2024, Colorado leads the nation in educational attainment, with nearly 63% of the population age 25-64 having some form of postsecondary qualification. Colorado's higher education enrollment is projected to continue its recovery, with an expected increase of 3% in 2024-25 and an additional 1.5% for FY 2025-26 returning to prepandemic levels. This growth occurred despite challenges with the new Free Application for Federal Student Aid (FAFSA) process. According to the Colorado


Photo courtesy of Region 9 Economic Development District.

Department of Higher Education (CDHE), in FY 2024-25, the University of Colorado Boulder saw a 3.4% increase in undergraduate enrollment. Metropolitan State University of Denver's enrollment increased by 2%, the Colorado School of Mines increased enrollment by 6%, and Colorado Mesa University reported a significant 35% rise in its freshman class, attributed to innovative financial aid strategies. Meanwhile, community colleges in Colorado, while still recovering from pandemic-related declines, are seeing moderate improvements. Most of this increase is being driven by growth in concurrent enrollment for students in high school.

The other important driver for employment in public higher education institutions is state funding levels. Since 2020, Colorado has utilized a performance-based funding model for higher education aimed at promoting

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institutional effectiveness and student performance. However, this model falls short in prioritizing student progression and aligning educational outcomes with state workforce needs. Still only 3% of funding is impacted by performance metrics, with the remaining 97% coming from base appropriations, meaning there has been minimal impact to funding share allocation. For FY 2025-26, CDHE has requested a 2.5% funding increase for the state's public institutions. While overall solid enrollment will help support institutions' budgets in 2025, higher education employment is expected to be flat next year due to state funding constraints. The sector may shed jobs depending on the severity of funding limitations for higher education in the FY 2025-26 state budget.

## Local Government

### County Government

County governments are entering 2026 with a clearer picture of their fiscal landscape than they have had in several years, but the outlook remains cautious. The uncertainty that once defined the state's property tax system has largely stabilized following the Gallagher Amendment repeal and recent legislative compromises. This has allowed counties to build budgets on a more predictable foundation. However, that stability does not necessarily translate to comfort. Rising costs, slowing economic growth, and limited revenue flexibility continue to squeeze county budgets in ways that are becoming increasingly difficult to manage.

Inflation is no longer at peak levels, but it remains stubbornly above historical norms and continues to drive up the cost of delivering essential services, particularly in public safety, workforce retention, infrastructure maintenance, and employee health care. At the same time, statewide economic growth is projected to remain modest through 2026, which means county revenues are not keeping pace with expenditures. Federal relief dollars that once filled critical gaps have largely expired, and state budget pressures are tightening as policymakers grapple with a projected shortfall of more than a billion dollars. Taken together, the fiscal environment for counties is tighter, more constrained, and far less forgiving than it was even a year ago.

These financial pressures are compounded by the ongoing social and environmental challenges counties are responsible for addressing. The housing crisis continues to escalate, with affordability worsening in both the Front Range and rural communities alike. Homelessness remains a visible and costly issue for counties, demanding expanded local intervention without providing the necessary resources to support it.

Counties also face increasingly severe and costly natural hazards. Wildfires, drought, and other climate-driven emergencies are no longer rare events but recurring threats that require year-round preparedness and significant long-term investment. Water security remains a defining challenge for both agricultural regions and growing metropolitan areas, forcing counties into complex resource planning and infrastructure upgrades just to keep pace with future demand.

While counties have maintained stability through careful budget management and strategic prioritization, the path forward grows more difficult each year. The essential challenge is structural: The demand for local services continues to rise faster than the revenue available to fund them. Counties remain overly reliant on property taxes and lack the diversified revenue tools needed to respond effectively to economic shifts and cost pressures. Without additional flexibility, whether through new local revenue authority or a more balanced state-local fiscal partnership, many counties will be forced to delay capital improvements, scale back operational investments, or reevaluate service levels.

In this environment, counties are focused on preserving core functions while preparing for potential economic and budgetary softening ahead. Stability has improved compared to the uncertainty of past years, but the fiscal outlook remains fragile.

### Municipal Government

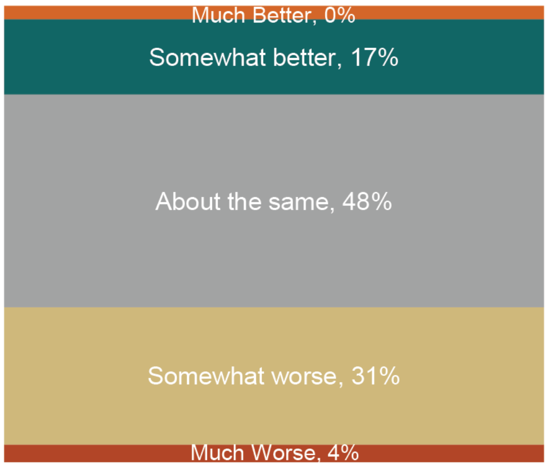
The Colorado Municipal League (CML) conducts an annual statewide survey to measure the economic outlook of Colorado cities and towns compared to the previous year. Results from the 2025 survey show that most responding municipalities feel that their economy is about the same or worse than a year ago. Of those municipalities that reported, Front Range municipalities and municipalities with populations of 25,000 or more were more likely to feel their economy was worse, while Western Slope and Eastern Plains municipalities were more likely to report somewhat better overall economies.

The survey also inquired about the challenges cities and towns expect to encounter in the coming year. These challenges include unfunded street and road maintenance as the most frequently occurring issue, followed by lack of affordable housing, increased insurance costs for employees, and state-mandated expenditures.

Municipalities are facing growing fiscal pressures as traditional funding sources are increasingly constrained and less reliable than in previous years. Most Colorado municipalities rely heavily on sales and use tax as a primary source of revenue, followed by property tax, charges for services, state and federal grants, and local share of the Highway User Tax Fund. Survey responses related to a sense of better or worse revenues were mixed, with a quarter indicating their local revenues were better and a quarter indicating revenues were worse than in FY 2024. Western Slope and mountain municipalities were more likely than other areas of the state to feel that their revenue had improved since FY 2024. Further, about half of respondents felt their revenue was about the same as last year.

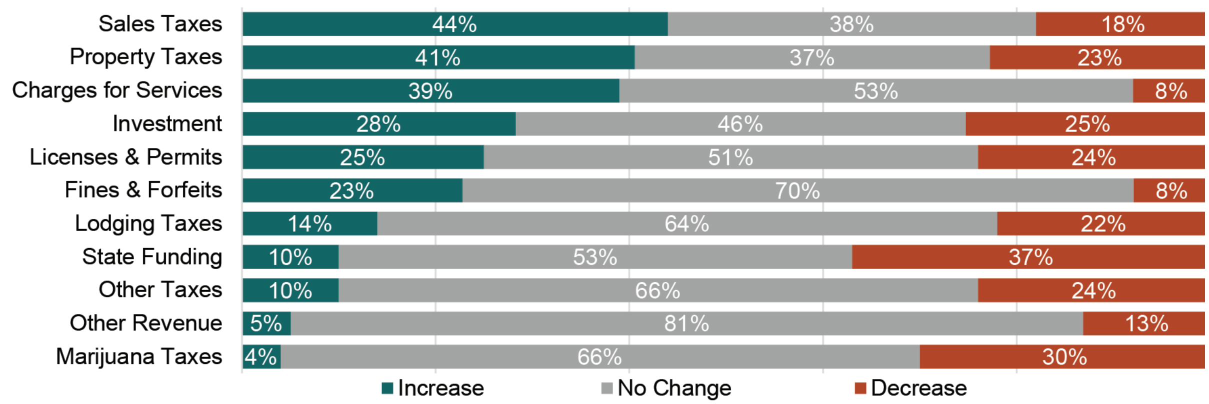
When asked about how revenue amounts will change in the coming year, just under half of respondents noted that they expect an increase in sales, use, and excise taxes revenue, with a median 4% increase. Other revenues expected to show small increases include property taxes and charges for services. On the other hand, municipalities cited an expected decrease in state funding, with an

**OVERALL MUNICIPAL ECONOMY IN FY 2025 COMPARED TO FY 2024**




Source: Colorado Municipal League.

**EXPECTED CHANGES IN SOURCES OF REVENUE SINCE FY 2024**




Source: Colorado Municipal League, 2025 State of Our Cities & Towns Report.

expected median decrease of 15%; marijuana taxes, with a median decrease of 11%; and investment and interest income, with a 13% median decrease.

The survey identified several challenges looking toward 2026. Increases in operational costs, such as increased health and liability insurance, infrastructure needs related to roads and water/wastewater, and ongoing affordable housing pressures, coupled with uncertainty in state and federal policy and inflation, are of concern to Colorado's cities and towns. Respondents also left comments in CML's survey emphasizing that in growing municipalities, the demand for quality public service frequently outpaces growth in revenues. Some comments detailed concerns over the sustainability of service delivery, indicating the need to levy more taxes or discontinue certain services.

**CHALLENGES FOR MUNICIPALITIES LOOKING TOWARD 2026**


Source: Colorado Municipal League, 2025 State of Our Cities & Towns Report.

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As most municipalities face flat or declining revenues and increased costs, many are planning to adopt budgets that include bolstering revenues by pursuing new grants, increasing existing fees, and adding new fees. In addition, approximately a quarter of respondents reported that they will be relying on reserve funds to balance their upcoming budget, and over half of municipalities plan to make budget cuts.

In the years ahead, Colorado's local governments will continue to encounter significant challenges, including the maintenance and replacement of aging infrastructure, the impacts of inflation and state-mandated expenditures, and the ongoing need to provide affordable housing. These complex and evolving pressures underscore the necessity of preserving flexibility for municipalities in determining how best to manage revenue collection and allocate resources. Preserving local decision-making authority is essential to enabling Colorado communities to remain resilient, adaptive, and innovative as they address the increasing demands of growth and providing essential public services.

## PK-12 Education

Colorado public school districts educate nearly 880,000 students in prekindergarten through 12th grade. Funding for public schools comes from three main sources of revenue: local property tax, state funding, and federal dollars. The state share is primarily from income and sales tax revenues flowing through the state and then to districts. While federal education law is well established and sets strong requirements for public education, federal dollars are typically a relatively small overall component of the annual funding of public schools. Since March 2020, K-12 public education, like many sectors of the economy, has experienced dramatic changes in the delivery of services, labor force availability, and revenue fluctuations.

Funding of education in Colorado compared to the national average has declined since 1992, despite such actions as Amendment 23 to the Colorado State Constitution in 2000 and the passage of cannabis sales taxes to support education. According to 2022-23 data from the National Center for Education Statistics, Colorado spent $1,668 less per student than the U.S. average, an increasing trend since the early to mid-90s when the gap was less than $500 per student. Many school districts have turned to increasing local property taxes to support education, but due to the wildly disparate property values within Colorado school districts, the ability to generate revenue is a function of property values, as well as local voters' willingness to support public education with additional property tax dollars. These disparities are a result of residential development, nonresidential development, oil and gas resources, property valuations, and the number of students in a district.

### 2025 Impacts

School district operations continue to be impacted by labor shortages in nearly all areas, and this imbalance creates upward wage pressures and strains the system when community expectations for services remain at an all-time high. Specifically, the Colorado Department of Education (CDE) reports on the teacher shortage. The influx of pandemic-related funding and the need to hire additional staff for learning recovery efforts likely contributed to the supply and demand issues related to certain positions. However, research shows that teachers leave the field at much higher rates than similarly educated and licensed fields. CDE research shows a decline in open teaching positions, likely due to the end of the Elementary and Secondary School Emergency Relief (ESSER) funding in September 2024 and the related positions.

Inflation continues to prove challenging for Colorado school districts. Funding increases for 2025-26 were based on calendar year 2024 Denver-Aurora-Lakewood Metropolitan Statistical Area inflation of 2.3%. Continued inflation and the application of high tariffs is impacting current fiscal year spending as prices for goods and services climb after funding increases were allocated and budgets were developed. Planned spending patterns are being modified to address any near-term shortfalls by redirecting resources or reducing budgeted activities.

High prices of owner-occupied and rental housing units continue to drive both student enrollment declines and labor shortages for school districts. Although the local conditions vary across the state, this housing shortage is particularly acute along the Front Range and in resort areas.

The 2024-25 school year saw the September 2024 deadline to spend American Rescue Plan ESSER III dollars. This short-term funding allowed districts to respond to student learning loss and the growing pediatric mental health crisis, as well as address some demands of aging capital infrastructure. Overall, Colorado state assessment scores are at or above prepandemic levels in all grades except fourth grade (English language arts [ELA]) and eighth grade (ELA and math). The funding cliff will be noticeable if those ESSER III resources were allocated for ongoing expenditures or high-impact interventions that created expectations for ongoing services.

### 2026 Outlook

The outlook for 2026-27 is filled with uncertainty—financial, enrollment, policy, and programmatic. For government services like K-12 public education, stability is a key component to providing reliable, consistent, and effective programs and services. Public schools are cornerstones within a community, and research shows that instability within the public school system, including funding shortages, low achievement, and school closures, can lead to lower property values and population declines and can limit local business investments. Statewide funded enrollment in 2026-27 is projected to have a net decrease by 6,000 FTE students, or 0.7%, from 2025-26. This decrease continues a downward trend after the significant 3.3% enrollment drop recorded in October 2020. The student enrollment trend across the state has dropped from growth of 2% in 2008 to 0.1% and 0.2% in 2018 and 2019. This trend of declining enrollment is a result of declining birth rates and elevated housing costs, but it was also recently accelerated by federal immigration policies. This decline is projected to continue within Colorado in the

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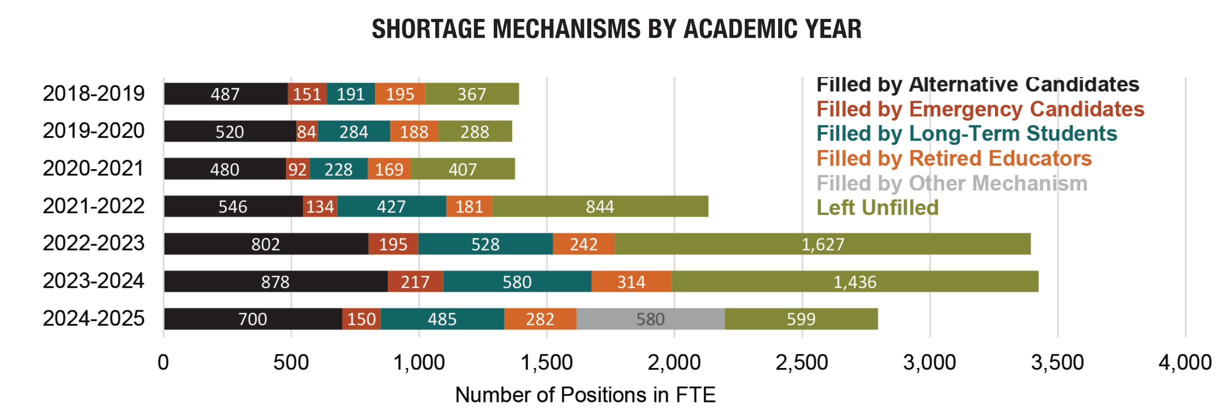

Source: Colorado Department of Education, Educator Shortage Survey Results. Note: Filled by Other Mechanism new in 2024-25.

coming years and is consistent with national trends, which indicate a 1% annual decline in the K-12 student population. Within Colorado, enrollment projections vary by specific school district and region, with varying degrees of growth and decline. The projected maximum decline is 10% and maximum growth is 9%. Among Colorado's 10 largest school districts, this spread is from a decline of 2.6% to growth of 5.4%.

While enrollment is projected to decrease, funding will be partially supported by the required inflationary increase in the School Finance Act and the continued rollout of the new School Finance Act passed in the 2025 legislative session. The new finance act supports districts with higher concentrations of disadvantaged students, as well as small, rural districts. Concerns continue to exist that an economic downturn could cause other legislative actions and changes to the finance act as a way to reduce the state's funding obligation to PK-12 public education.

Governor Polis' 2026-27 budget proposal, released on October 31, 2025, contains a per pupil base funding inflationary increase of 2.6%, based on the Colorado September 2025 Economic Forecast. The proposal totals a funding increase of $275.8 million, or 2.7%, for K-12 education. This totals a statewide average change of $413, or 3.5%, more per pupil than 2025-26. The difference in the percentage changes in per pupil funding and total funding illustrates the impact of declining enrollment on funding. The sharper increase in per pupil funding can mask the reality that districts operate on total dollars, and declining enrollment means many are still facing tight budgets.

The new School Finance Act and the required inflation adjustment to the base per pupil funding will soften but not eliminate the impact of rising costs and enrollment declines. The upcoming FY 2026 state revenue forecasts in December 2025 and March 2026 will indicate where the legislature is able to set the budget for K-12 education in 2026-27 and signal the ability of the state to continue providing the expected funding levels into the future. The uncertainty regarding funding will continue to be a challenge for school districts in the near term. The new finance act and the political pressure to implement the new formula will add to that unpredictability. Within the confines of the resources allocated by the legislature, districts across the state will be contending with labor shortages, wage pressures, and inflationary costs outstripping the funding increases. However, within these fiscal constraints, an environment of high expectations remains for educators to prepare students for the 21st-century economy. With an uncertain near-term future, districts will bolster reserves and fund the balance to the extent possible, as state funding for K-12 tends to lag an economic downturn.

## Fixed Income Markets—Local Government

Throughout 2025, interest rates established by the Federal Open Market Committee (FOMC) remained unchanged until September, when the Fed Funds rate was reduced by 25 basis points for the first time that year. This adjustment led to a decline in interest income for local governments during the fourth quarter. Multiple local governments in Colorado adopted a conservative approach in forecasting interest earnings during the budget cycle, with some projecting aggregate returns below 3.5% for both liquid and longer-term public fund securities.

Statutory local governments in Colorado are required to adhere to C.R.S. 24-75-601 when investing public funds. The prioritization of safety, liquidity, and yield—specifically in that order—guides the selection of investments on behalf of taxpayers. Colorado features four local government investment pools that function in accordance with SEC Rule 2a-7 for money market funds. These pools, which maintain a stable net asset value (NAV) of $1, serve as a primary investment vehicle for many local governments. In 2025, the four local government investment pools consistently achieved yields exceeding 4.3% until the fourth quarter. Yields on the daily liquid investment options for local governments are expected to decrease into the third quarter of 2026.

Throughout the first three quarters of 2025, the yield curve for fixed income securities has remained inverted, prompting local governments to favor liquidity funds rather than lengthening portfolio duration. As of October 2025, asset managers across the industry anticipate two additional rate cuts by the FOMC before year-end. Furthermore, projections from FOMC members indicate another reduction in theFed Funds rate is likely during the first half of 2026.

Local governments are advised to adopt a conservative approach when projecting interest income for 2026. A prudent estimate for public funds is an interest income rate of 2.75%, which accounts for both longer-term securities and daily liquid funds, such as bank deposits. While two- to five-year maturity schedules offer some advantages, current long-term rates for eligible investments under C.R.S. have decreased, with further reductions anticipated by the FOMC. Ongoing detailed cash flow analysis and diligent management of capital project expenditures will remain essential for Colorado's public entities throughout 2026.

## Public Finance Forecast

The reduction in the Fed Funds rate established by the FOMC is expected to result in lower debt issuance costs for public entities in Colorado, compared to 2024 and 2025. This environment enables local governments in Colorado to refinance existing bond issuances, thereby achieving savings on interest payments to investors while maintaining their original maturity schedules.

Debt issuance and the use of other public financing instruments exceeded 2024 levels. The favorable conditions of low issuance costs and manageable debt service payments fostered a robust market environment for both investors and local governments in Colorado. Certificates of Participation rates remained stable throughout the second quarter. Looking ahead, 2026 is projected to see continued high volumes of public debt issuance, offering increased opportunities for local governments to reduce debt service obligations or address deferred projects. Nonetheless, the willingness of taxpayers to accept higher taxes remains limited.

Credit ratings for Colorado's local governments remained stable during the third quarter. Factors such as population growth, consistent revenues, strong taxing capacity, and low debt levels have supported this stability. Leading rating agencies, including Moody's and Standard & Poor's, have indicated that Colorado debt is expected to retain investment grade status through 2026. Although some larger jurisdictions have experienced slight downgrades in their credit ratings, none are currently under negative watch.

In the realm of public finance for higher education, Colorado institutions are prioritizing student housing initiatives. Mesa State University and Metropolitan State University (Metro) are planning several projects slated for completion in 2026. Despite Metro's credit rating being downgraded in 2025, the university is not currently under negative watch by its rating agency. Additionally, some higher education institutions in Colorado have experienced enrollment growth, a trend expected to persist through 2026.

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# International Trade

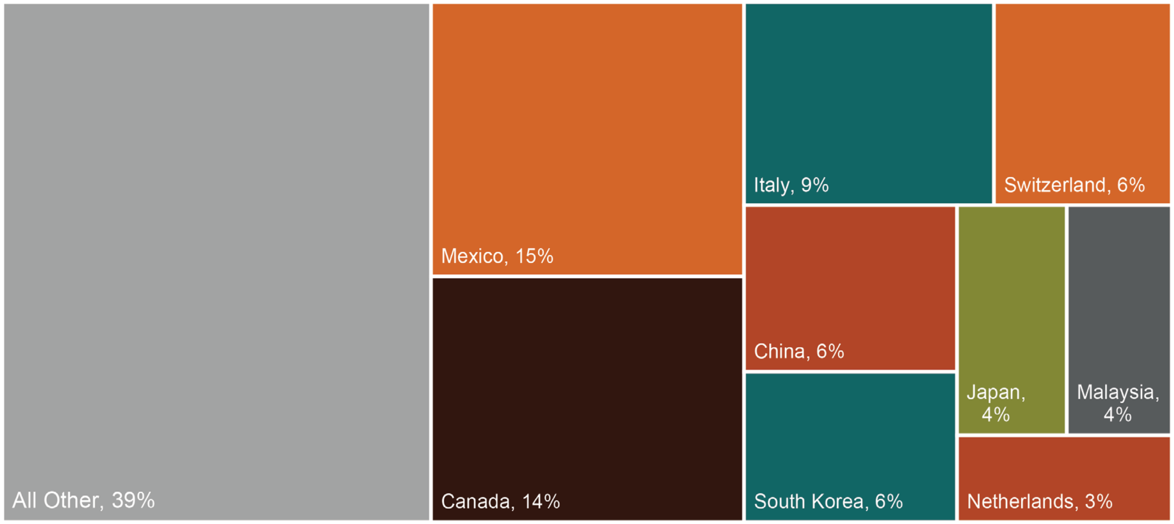
## United States

The U.S. economy continues to recover gradually from the inflation-driven slowdown of the prior years. While the economy has persisted in its expansion through early 2025, international trade is showing mixed signs as it weathers a period of volatility and uncertainty. In February, the Trump administration began implementing tariffs to alter the U.S. trade deficit and motivate domestic production. Trade activity in the first quarter saw a surge in imports as many companies and consumers "front-loaded" import purchases in anticipation of pending tariffs. Since then, various pauses and restarts to tariffs have continued to cause uncertainty and leave the outlook for 2026 unclear. This is further exacerbated by the federal government shutdown and pause in the publication of monthly trade data by the U.S. Census Bureau.

Using the latest publicly available data, U.S. July exports were $280.5 billion, $0.8 billion more than June exports. July imports were $358.8 billion, $20 billion more than June imports. The July increase in the goods and services deficit reflected an increase in the goods deficit of $18.2 billion, to $103.9 billion, and a decrease in the services surplus of $1.1 billion, to $25.6 billion. Year-to-date (YTD), the goods and services deficit increased $154.3 billion, or 30.9%, from the same period in 2024. Exports increased $103.1 billion, or 5.5%. Imports increased $257.5 billion, or 10.9%.

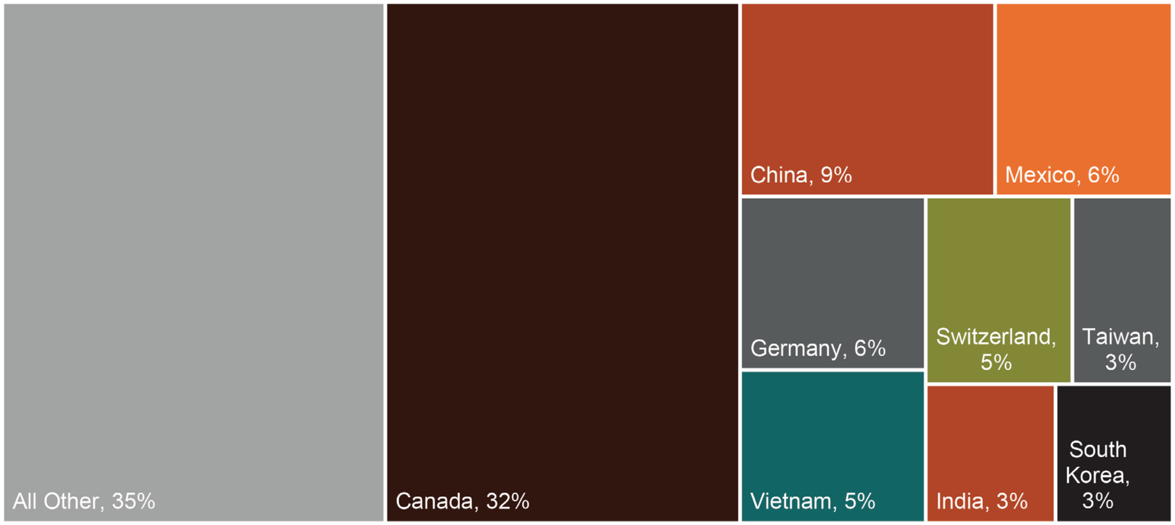
By North American Industry Classification System (NAICS) categories, the largest U.S. export categories July YTD were transportation equipment ($155 billion), chemicals ($149 billion), oil and gas ($105 billion), computers and electronics products ($82 billion), and machinery, except electrical ($79 billion). Together, these represent 45% of all U.S. exports. For U.S. imports, the largest categories July YTD were computers and electronics products ($378 billion), chemicals ($271 billion), transportation equipment ($264 billion), primary metal products ($161 billion), and machinery, except electrical ($143 billion). Together, these represent 60% of all U.S. imports.

**COLORADO EXPORT MARKETS JULY 2025 YTD**




Source: U.S. Census Bureau, USA Trade Online.

**COLORADO IMPORT DESTINATION MARKETS JULY 2025 YTD**




Source: U.S. Census Bureau, USA Trade Online.

On partner-country trade, the European Union remains a top export destination, with the U.S. also maintaining strong trade flows with Canada and Mexico. The latest monthly figures show deficits with major partners; for example, in July 2025, the goods and services deficit reached $78.3 billion (the highest in four months), with imports increasing more than exports.

The change in trade flows can be tied partly to price trends—though current data for the U.S. export and import price indexes are less readily available for mid-2025, the prior year showed export prices declining by around 1.1% in a recent quarter. For 2024, export price index declines of 2.1% year-over-year were noted. While we await updated price index releases, the lift in volume suggests that part of the trade growth is real, not purely price driven. Looking ahead, the nation's total goods export value is projected around $3.2 trillion for 2025, while imports could approach $4.8 trillion, based on trade-data projections.

## Colorado

Using full 2024 trade data, Colorado's top export trading partners in order of export volume were Mexico ($1.7 billion), Canada ($1.6 billion), China ($758 million), South Korea ($626 million), and Malaysia ($528 million). Colorado's total exports in 2024 were $10.5 billion, up almost 1% from 2023. Colorado's top commodity exports in 2024, as categorized by NAICS code at the three-digit level, were 311 food and kindred products ($2.3 billion, 22% of total exports); 334 computer and electronic products ($2.1 billion, 20% of total exports); and 333 machinery, except electrical ($1.1 billion, 11% of total exports).

When looking at imports, Colorado imported $16.8 billion in 2024, down 5.6% from 2023, resulting in a trade deficit of $6.3 billion in commodities traded. Colorado's top import partners for 2024 were Canada ($5.4 billion), China ($1.8 billion), Mexico ($1.1 billion), Switzerland ($888 million), and Germany ($875 million). Colorado's top commodity imports in 2024, as categorized by NAICS code at the three-digit level, were 211 oil and gas ($3.3 billion, 22% of total imports); 334 computer and electronic products ($2.8 billion, 17% of total imports); and 333 machinery, except electrical ($1.6 billion, 10% of total imports).

**MAJOR DESTINATIONS FOR COLORADO EXPORTS OF MANUFACTURED GOODS, MINERALS, AND AGRICULTURAL PRODUCTS, 2020-2025 YTD**
**(In Millions of Dollars)**

| Country | 2020 | 2021 | 2022 | 2023 | 2024 | July 2024 YTD | July 2025 YTD | 2025 YTD Percent Change | Country Share of Total |
|---|---|---|---|---|---|---|---|---|---|
| Mexico | $1,048 | $1,419 | $1,442 | $1,606 | $1,737 | $1,013 | $1,009 | -0.4% | 15.2% |
| Canada | 1,284 | 1,606 | 1,716 | 1,866 | 1,699 | 990 | 902 | -8.9 | 13.6 |
| China | 504 | 921 | 915 | 895 | 759 | 478 | 417 | -12.8 | 6.3 |
| Korea, South | 521 | 606 | 767 | 731 | 627 | 343 | 376 | 9.6 | 5.7 |
| Malaysia | 525 | 520 | 497 | 508 | 547 | 318 | 284 | -10.9 | 4.3 |
| Switzerland | 183 | 296 | 726 | 738 | 536 | 311 | 424 | 36.4 | 6.4 |
| Japan | 400 | 448 | 494 | 448 | 474 | 284 | 296 | 4.4 | 4.5 |
| Netherlands | 300 | 246 | 311 | 365 | 305 | 204 | 219 | 7.1 | 3.3 |
| Taiwan | 222 | 268 | 249 | 265 | 296 | 167 | 172 | 3.0 | 2.6 |
| Germany | 305 | 289 | 289 | 233 | 287 | 149 | 178 | 19.6 | 2.7 |
| United Kingdom | 202 | 226 | 260 | 214 | 225 | 126 | 135 | 6.9 | 2.0 |
| Australia | 152 | 144 | 158 | 162 | 173 | 107 | 96 | -10.5 | 1.4 |
| Singapore | 76 | 84 | 106 | 106 | 169 | 119 | 67 | -43.5 | 1.0 |
| France | 106 | 181 | 191 | 167 | 165 | 88 | 92 | 4.0 | 1.4 |
| Hong Kong | 137 | 166 | 173 | 152 | 159 | 91 | 84 | -7.2 | 1.3 |
| Total Top 15 Countries | 5,965 | 7,419 | 8,295 | 8,455 | 8,159 | 4,787 | 4,749 | -0.8 | 71.6 |
| All Other Countries | 2,210 | 1,676 | 1,996 | 1,941 | 2,418 | 1,370 | 1,887 | 37.7 | 28.4 |
| Total All Countries | $8,174 | $9,095 | $10,290 | $10,396 | $10,577 | $6,157 | $6,636 | 1.7% | 100.0% |

Source: U.S. Census Bureau, USA Trade Online.

## Colorado Trade in Services

According to the U.S. Chamber of Commerce's 2024 report *Trade Means Growth for Colorado,* international trade in goods and services supports more than 800,000

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# International Trade

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**TOP 15 COLORADO EXPORTS, 2020-2025 YTD**
**(In Millions of Dollars)**

| Description | 2020 | 2021 | 2022 | 2023 | 2024 | July 2024 YTD | July 2025 YTD | 2025 YTD Percent Change | Percent of Total |
|---|---|---|---|---|---|---|---|---|---|
| Meat | $1,357 | $1,839 | $1,938 | $1,790 | $1,841 | $1,094 | $1,068 | -2.4% | 16.1% |
| Nuclear Reactors | 1,123 | 1,164 | 1,361 | 1,434 | 1,552 | 952 | 809 | -15.0 | 12.2 |
| Industrial Machinery | 1,205 | 1,315 | 1,295 | 1,477 | 1,379 | 808 | 787 | -2.6 | 11.9 |
| Precision Instruments | 1,168 | 1,258 | 1,405 | 1,434 | 1,191 | 709 | 774 | 9.3 | 11.7 |
| Aircraft/Spacecraft | 866 | 347 | 530 | 507 | 511 | 246 | 283 | 15.1 | 4.3 |
| Iron Or Steel | 191 | 295 | 355 | 369 | 381 | 232 | 224 | -3.4 | 3.4 |
| Prec. Stones and Metals | 22 | 25 | 284 | 343 | 348 | 176 | 301 | 71.3 | 4.5 |
| Cereals | 44 | 39 | 60 | 135 | 269 | 171 | 193 | 12.8 | 2.9 |
| Organic Chemical | 103 | 256 | 392 | 275 | 256 | 169 | 620 | 266.1 | 9.3 |
| Plastics And Articles Thereof | 213 | 253 | 277 | 241 | 251 | 147 | 143 | -2.7 | 2.2 |
| Pharmaceutical Products | 189 | 122 | 137 | 186 | 246 | 109 | 123 | 12.6 | 1.8 |
| Vehicles | 117 | 144 | 179 | 180 | 229 | 120 | 126 | 4.7 | 1.9 |
| Misc Chemical Products | 105 | 132 | 138 | 155 | 186 | 109 | 104 | -4.8 | 1.6 |
| Aluminum And Articles Thereof | 200 | 262 | 276 | 177 | 186 | 116 | 108 | -6.8 | 1.6 |
| Food Industry Residues & Waste | 67 | 95 | 74 | 107 | 160 | 95 | 69 | -27.6 | 1.0 |
| Total Top 15 | 6,969 | 7,545 | 8,700 | 8,809 | 8,986 | 5,253 | 5,732 | 9.1 | 86.4 |
| All Others | 1,205 | 1,551 | 1,590 | 1,587 | 1,591 | 905 | 904 | 0.0 | 13.6 |
| Total All Commodities | $8,174 | $9,095 | $10,290 | $10,396 | $10,577 | $6,157 | $6,636 | 7.8% | 100.0% |

Source: U.S. Census Bureau, USA Trade Online.

jobs, or one in every five jobs in the state. In fact, the share of jobs supported by trade has nearly doubled since the 1990s.

Over the past decade, Colorado has seen an increase in services exports. As U.S. Chamber of Commerce data show, Colorado's services exports have outpaced its exports of goods and have become increasingly important to the state's economy. Data compiled by the Coalition of Service Industries (CSI) provide further details and show that in 2022 (most recent data available), Colorado service exports supported over 97,000 jobs, the majority of which (61,000) were attributable to digitally traded services (CSI, BEA, Trade Partnership Worldwide, 2024). In 2022, the top five sectors for service exports from Colorado included:

- Business, Professional, and Technical Services ($5.4 billion)
- Travel Services ($2.8 billion)
- Royalties and License Fees ($2.6 billion)
- Telecom, Computer, and Information Services ($2.1 billion)
- Financial Services ($1.6 billion)

The top three markets for Colorado's services track the state's leading export markets for goods and include Mexico, Canada, and China. Meanwhile, top markets for digital services include the EU, Indo-Pacific Economic Framework for Prosperity (IPEF) member countries, and the U.K. (CSI, 2024).

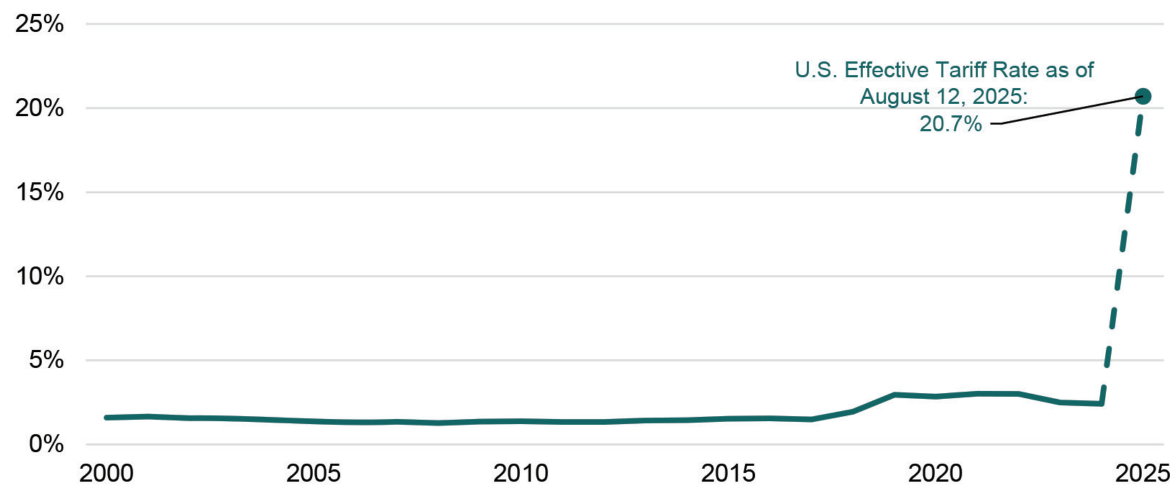
As for the nation, Colorado continues to run a trade deficit for goods and for international trade overall. However, its ability to maintain and potentially grow a surplus in services can help mitigate the goods deficit and contribute increasingly to job creation and economic growth in Colorado.

## Outlook 2026

### Estimating the Impacts of U.S. Tariff Policy

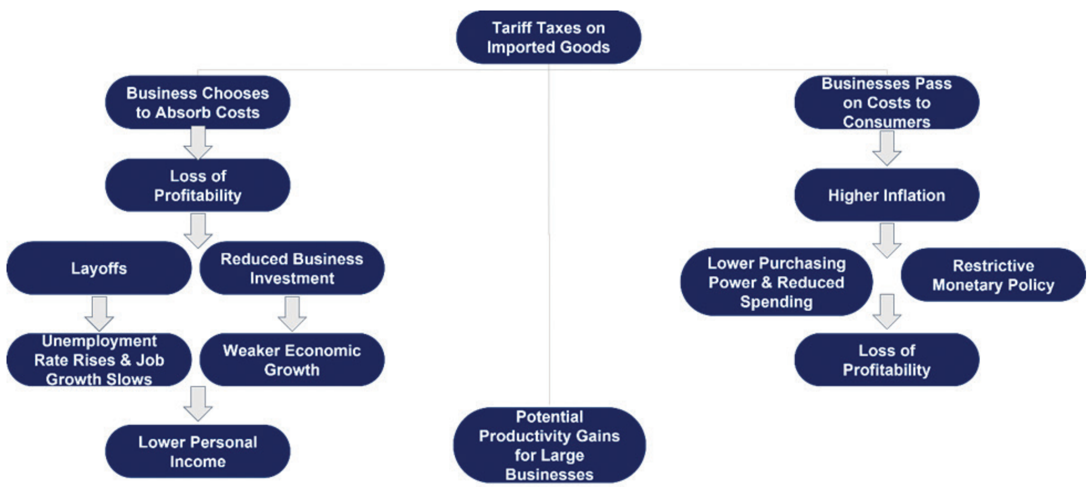
In accordance with Executive Order D 2025 008, enacted by Governor Polis, the Office of State Planning and Budgeting (OSPB) released their publication *Estimating the Impacts of U.S. Tariff Policy* on September 4, 2025. OSPB finds that increased tariffs will likely lead to worse economic outcomes for both the U.S. and Colorado. Under current tariffs imposed by the Trump administration as of August 12, 2025, OSPB estimates that the effective tariff rate in Colorado has increased sevenfold since last year. Per import-weighted estimates, in 2024, the effective tariff rate in Colorado was 3%, and it has now increased to 21% following broad-based tariff implementation from the federal administration on certain nations and products. Using the same methodology for the U.S., the nation's estimated effective tariff rate has increased from 2.6% in 2024 to 20.7%. Note that since late August, overall tariff policies have increased further due to actions including new Section 232 tariffs on pharmaceuticals, lumber, heavy trucks, and furniture, meaning that effective tariff rates are likely higher than estimated in the OSPB report. However, an upcoming Supreme Court ruling could remove currently implemented tariffs, putting downward pressure on those estimates.

## EFFECTIVE TARIFF RATE




Sources: Yale Budget Lab, Colorado OSPB.

## ECONOMIC IMPACTS FROM INCREASED TARIFFS




Source: Office of State Planning and Budgeting September 2025 Forecast

This stark change in American trade policy can be likened to an economic shock to global trade and will lead to American and Coloradan businesses and consumers paying more for everyday goods. Currently, businesses are estimated to be shouldering most of the cost, but recent research from Goldman Sachs suggests that consumers will bear slightly more than half the cost after full tariff implementation and equilibrium pass-through is reached. As that cost continues to shift to the consumer, the inflationary pressures on consumer goods are expected to rise. OSPB estimates that the impact of tariffs on durable and nondurable goods alone in the state (which make up just over 30% of consumption) could result in up to $600 million in additional costs to Colorado consumers. Additional indirect price pressures on service purchases are also expected to impact consumers' purchasing power. From the OSPB September 2025 forecast, it becomes evident that these new costs to both businesses and consumers are a headwind to overall economic growth. Whether businesses absorb the costs or pass those costs on to consumers, it is likely to lead to lower profitability that reduces business investment and increases layoffs, leading to lower personal income and further reducing consumer spending. Note though that there are potential productivity gains, particularly for larger businesses facing tariff costs, through creativity and available technological opportunities.

The OSPB report expects elevated tariffs to have more acute impacts on certain sectors and regions of the Colorado economy compared to others. Key industries in Colorado such as agriculture, construction, energy, aerospace, and goods-focused businesses are some of the most exposed from higher tariffs and the potential for retaliatory tariffs abroad. The report also includes input-output impact analysis for certain industry subsectors, including short-term impacts of recent trade policies on the Colorado beef sector (estimated to total 265 lost jobs and $80 million in GDP loss within

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# International Trade

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**NOMINAL BROAD DOLLAR INDEX**


Source: Board of Governors of the Federal Reserve System.

**GOLD PRICES**


Source: Bloomberg (GOLD (XAU) $USD Spot Rate). As of 11/20/25.

Colorado), Colorado computer and electronics businesses (expected to result in 476 lost jobs and $200.6 million in GDP loss within the state), and the Colorado aerospace industry (an estimated 195 lost jobs and $61.6 million in GDP loss).

The report also highlights the impacts on state revenue and expenditures. OSPB expects downward pressure on income and sales tax revenue, in particular due to an anticipated slowdown in economic activity by weakening consumer demand, which will result in lower spending, falling business profits, slower wage growth, and a weaker asset market. Increased costs from tariffs are also expected to constrain areas of the state's budget, which could necessitate policy decisions to reallocate resources, reduce service levels, or limit the scope of certain programs. The more direct cost pressures include rising costs of medical supplies on health care, inflationary pressures' impacts on the state's school finance formula, and higher construction costs negatively impacting how far transportation and affordable housing initiatives' funding can go.

## Will the Dollar's Slide Continue?

The exchange rate—the value of the U.S. dollar in terms of other currencies—can affect international trade by making imported goods more or less expensive and making U.S.-produced goods more or less costly for foreign buyers. A strong dollar is beneficial to U.S. consumers but reduces the competitiveness of U.S. exporters and domestic industries that compete with imports. Exchange rate movements tend to not be fully passed through to consumer prices, and the effects occur gradually over time.

The value of the U.S. dollar, measured against a basket of trading partner currencies, depreciated significantly in the first half of 2025, more than reversing an appreciation in late 2024. The steepest decline occurred in the wake of the administration's April tariff announcement. This decline was somewhat surprising as standard economic theory predicts that when a country imposes tariffs, its currency should appreciate, partly offsetting the impact of the tariffs. Instead, the dollar depreciation will somewhat amplify the impact of tariffs on prices paid by U.S. businesses and consumers.

The decline in the dollar's value may be interpreted as a sign of reduced confidence in U.S. assets by foreign investors. Although financial inflows continued into the United States—as an accounting matter, the U.S. current account deficit must be matched by foreign purchases of U.S. assets—the exchange rate movements indicate that foreign buyers of U.S. assets are paying a reduced price for them in their home currencies. Concerns that the U.S. fiscal situation is increasingly unsustainable, as well as threats to the independence of the Federal Reserve, may have diminished the attractiveness of U.S. Treasury securities as a "safe haven" asset.

This shift in perceptions may also have contributed to a sharp rise in the price of gold in 2025.

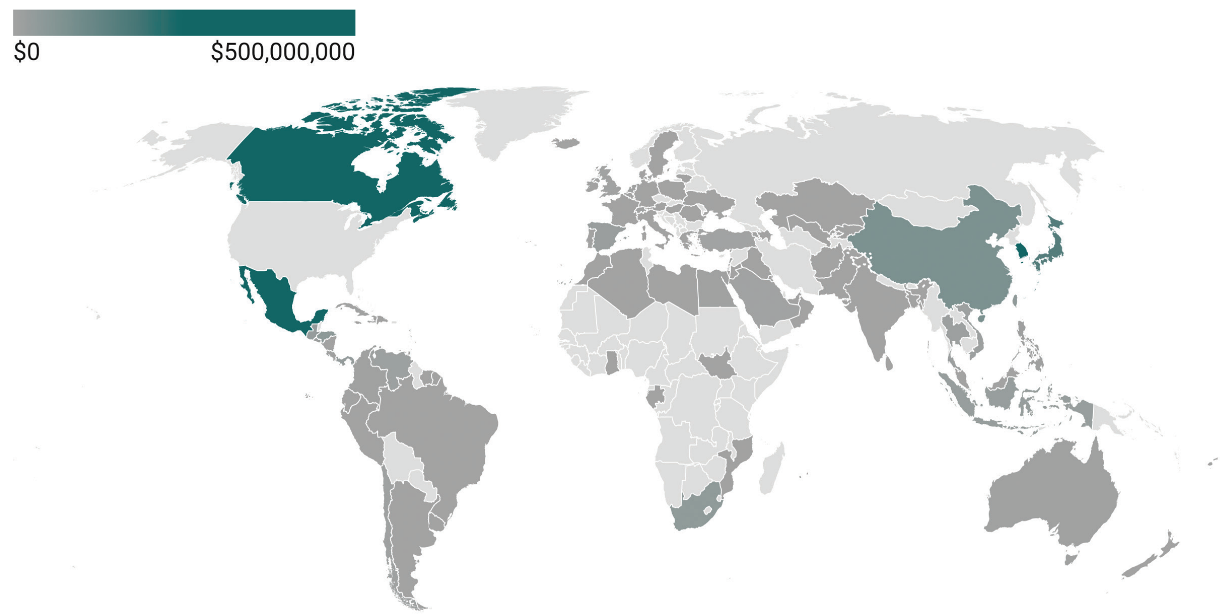
Looking forward, interest rate differentials are often a key driver of exchange rate movements in the short run. In the U.S., the Fed has initiated an easing of monetary policy, but the path downward will be complicated as the impact of tariffs continues to show in consumer prices. The European Central Bank may be at the end of an easing cycle that started in mid-2024. After long struggles with deflation, Japan is facing inflation that continues to run above its target, which may lead the Bank of Japan to tighten policy. The Bank of Canada has been reducing its policy rate, and the Canadian economy is facing negative impacts from U.S. tariffs, though inflation concerns linger. Like other financial markets, foreign exchange markets are driven by expectations—other things equal, surprises that point toward lower U.S. interest rates or higher foreign interest rates would tend to depreciate the dollar.

In the longer term, factors that have led to questions about the central role of the dollar in the international financial system appear likely to persist. However, many other developed countries are also facing fiscal woes that can undermine confidence in their currencies by creating fears that inflation might be used to reduce the real value of debt. Two most likely alternatives to the dollar—the euro and the yuan—have significant drawbacks as international reserve currencies. The euro sovereign bond market is fragmented and lacks a reserve asset comparable to U.S. Treasuries. Meanwhile, China continues to restrict financial flows, which limit the ability of the yuan to play an international role.

## International Agriculture: Market Overview

- In the first half of 2025 (January-July YTD), Colorado exported a total of $1.5 billion in agricultural goods to 100 countries around the world, roughly the same as this timeframe in 2024.
- Agricultural exports finished 2024 totaling $2.8 billion, a 14% increase from 2023.

**COLORADO TOTAL AG EXPORTS TO THE WORLD JAN-JULY 2025 (YTD)**




Source: S&P Connects Global Trade Atlas, Colorado Department of Agriculture. • Created with Datawrapper

- In 2025, Colorado's top export partners were Mexico ($446 million, 5%), Canada ($296 million, 4%), South Korea ($264 million, 15%), Japan ($153 million, 7%), and China ($77 million, -57%).
- Despite a year of uncertainty with tariffs and new restrictions, agricultural trade for Colorado continues.

### Notable Shifts in Meat/Livestock

From extreme weather to new pests and high input costs, the past year has brought many challenges for Colorado livestock producers to overcome. Drought and dry grasslands continue to impact feeding livestock, causing ranchers to continue to limit their herd sizes. For bison in particular, herd sizes are expected to bounce back, but this could take many years. Cattle herds are expected to recover quicker but remain at an all-time low. For lamb, the sizes and weight of the animals are smaller than in previous years.

In addition to dry weather conditions, the increasing threat and spread of the New World screwworm (NWS) through Latin America and Mexico is cause for concern. Currently, the Mexico-U.S. border is closed

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# International Trade

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completely for livestock entering the U.S. to prevent the spread of NWS. Without feeder cattle from Mexico, plus reduced herd sizes in the U.S., meat prices could continue to rise in the coming months.

Overall, meat products remain Colorado's largest agricultural export commodity, totaling $1 billion so far in the first half of 2025, the same as this time last year. Mexico, South Korea, Canada, Japan, and China are the top five importers of Colorado meat products. With the exception of Canada and China, meat exports continue to grow to these markets despite mentioned challenges.

## Notable Shifts in Grains and Pulses

So far in 2025, wheat exports have almost doubled, while exports to the state's top grain-importing partners have significantly increased over this period last year: Mexico 275%, Vietnam 306%, Thailand 197%, Indonesia 30%, and South Korea 26%. It should be noted that even with an increase in export numbers, commodity prices for wheat and other grains like millet and sorghum are significantly lower. Last year, by comparison, the price per bushel was in the range of $7; this year, the price is down to $5 per bushel.

In the case of dry beans, 2024 was a record year for exports, mainly to Mexico. At the end of 2024, Colorado dry bean exports totaled a record of $26 million. In mid-2025, the growing season in Mexico had bounced back, and dry bean exports are back to average levels, still better than in 2023.

## Notable Shifts in Alcohol

In the alcohol beverage industry around the world, trends in the younger generations suggest a lower rate of alcohol consumption. This, paired with oversaturation in the market and increasing competition, has created a challenging market for alcoholic beverage producers. There is a shift to nonalcoholic alternatives and consolidation of producers into larger entities. Alcoholic beverage exports across the board have seen a significant decrease over the past year.

## Impact of Tariffs and Disruption of Trade

**Commodity Pricing—**With soybean exports halted to China, our biggest market growers responded and planted less soy and grew more corn. Wheat prices, which typically follow corn, thereby took a dive, exacerbated further by a worldwide glut on the market for wheat.

**Canada—**Canada chose not to retaliate directly with their own tariff hikes and instead chose a different path, with a "Buy Canada" mantra. It is also encouraging increased production locally where possible. This, combined with Canada seeking alternative markets, has significantly hurt trade for our small- to medium-size packaged goods producers.

**Packaging—**Companies that produce packaged foods have been impacted by the tariff situation with China. China is our main supplier of packaging materials, and this has meant that packaging costs, including bottling and canning, have dramatically increased.

Despite the ongoing tariff and trade talks with trade partners around the world, Colorado agriculture exports have remained steady and strong. Going forward, it will be important to watch the impacts of the renegotiation of the USMCA trade agreement between Canada, the U.S., and Mexico, as well as other free trade agreements. Colorado farmers and ranchers have adapted to an ever-changing environment of high input costs, extreme weather conditions, and changing consumer trends, and they will continue to do so.

## Exporting Education: International Students in Colorado

Student mobility was generally considered to have fully recovered from the disruptions of the COVID-19 pandemic by academic year 2024-25, with international student enrollment nationally reaching its highest level in recent years. In Colorado, over 10,500 students from over 150 countries enrolled in colleges and universities and paid tuition, room and board, and other living expenses, contributing over $400 million to Colorado's economy and making international education

**INTERNATIONAL STUDENT ENROLLMENT AT SELECT COLORADO INSTITUTIONS**

| University | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Percent Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| University of Colorado Boulder | 1,910 | 2,163 | 2,614 | 2,951 | 3,424 | 3,654 | 3,789 | 3,886 | 3,174 | 3,263 | 3,469 | 3,512 | 3,648 | 3.9% |
| Colorado State University | 1,598 | 1,793 | 2,148 | 2,305 | 2,495 | 2,501 | 2,416 | 2,446 | 2,021 | 1,906 | 1,863 | 1,884 | 2,052 | 8.9% |
| University of Colorado Denver | 1,348 | 1,617 | 1,463 | 1,446 | 1,051 | 1,068 | 1,398 | 1,288 | 1,067 | 1,088 | 1,353 | 1,368 | 1,474 | 7.7% |
| University of Denver | 1,590 | 1,457 | 1,690 | 1,688 | 1,494 | 1,404 | 1,278 | 1,122 | 902 | 771 | 906 | 1,092 | 956 | -12.5% |
| Colorado School of Mines | 660 | 767 | 823 | 875 | 800 | 818 | 856 | 866 | 720 | 682 | 711 | 813 | 559 | -31.2% |

Source: Institute of International Education, annual Open Doors report.

Colorado's 5th-largest export. However, early data from fall 2025 suggest a decline in both new and total international student enrollment, driven by changes in federal policy and other external factors.

The decline in international students in 2025 is attributed by universities in Colorado and across the United States to factors such as new visa restrictions and difficulties securing visa appointments, the travel ban that restricts the entry of foreign nationals from specific countries, perceptions of the United States being a less welcoming country, and news about the loss of research funds. This shift signals potential challenges ahead for sustaining international engagement and the economic benefits it brings. Institutions cite a potential negative economic impact from reduced international student enrollment, particularly through lost tuition revenue, decreased local spending, and stifled innovation.

India is the leading country of origin of international students in Colorado (and the United States), having overtaken China in academic year 2023-24. India and China are followed by Kuwait, Saudi Arabia, and Canada.The increase in students from India in recent years has been primarily at the graduate level and in science, technology, engineering, and mathematics (STEM) fields. Even with overall declines, the United States is expected to remain a preferred choice among Indian students, and with strengths in these fields, Colorado will likely continue to attract Indian students. Academic year 2024-25 was the first time in some years that Canada made it into the top five countries of origin for international students.

As in previous years, the five institutions with the most international students are the University of Colorado Boulder, Colorado State University, the University of Colorado Denver, the University of Denver, and the Colorado School of Mines.

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# Around the Region

To benchmark Colorado's economy by size and growth within the region, this section includes a summary of Colorado and the regional states of Arizona, Kansas, Montana, Nebraska, New Mexico, Utah, and Wyoming. This section compares currently reported economic activity in these states and their top metropolitan statistical areas (MSAs) as measured by total employment, employment growth, unemployment rate, average annual pay, and GDP.

Nearly every state in the region showed positive 10-year employment growth, with the exception of Wyoming. Utah and Arizona recorded the highest average 10-year employment growth rates of 2.5% and 2.1%, respectively. In August 2025, all the regional states posted year-over-year job gains, with New Mexico, Utah, and Arizona posting the largest increases of 1.9%, 1.7%, and 1.3%, respectively. Kansas saw the lowest employment growth of -0.7%. Colorado was the leading state in the region in average annual pay; however, it slid behind Arizona to 2nd in personal income and GDP.

Regarding MSAs, the Phoenix-Mesa-Scottsdale, Salt Lake City, and Lincoln MSAs posted the largest year-over-year employment increases of 1.6%, 1.5%, and 1.4%, respectively, in August 2025.

In terms of real GDP growth, Utah, Montana, and Arizona saw the fastest year-over-year increases of 2.6%, 2.3%,

| REGIONAL STATES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| September 2025 Total Employees (In Thousands) | 3,253.7 Arizona | 2,991.5 Colorado | 1,775.1 Utah | 1,452.4 Kansas | 1,064.1 Nebraska | 904.8 New Mexico | 529.8 Montana | 297.5 Wyoming |
| Employment CAGR August 2015 - August 2025 | 2.5% Utah | 2.1% Arizona | 1.6% Colorado | 1.4% Montana | 0.9% New Mexico | 0.5% Nebraska | 0.4% Kansas | 0.0% Wyoming |
| Employment % Change August 2024 - August 2025 | 1.9% New Mexico | 1.7% Utah | 1.3% Arizona | 0.9% Wyoming | 0.6% Nebraska | 0.6% Colorado | 0.3% Montana | -0.7% Kansas |
| Unemployment Rate September 2025 (Not Seasonally Adjusted) | 2.9% Montana | 3.0% Nebraska | 3.2% Wyoming | 3.3% Utah | 3.8% Kansas | 4.1% Arizona | 4.1% New Mexico | 4.2% Colorado |
| Average Annual Pay 2024 | $80,287 Colorado | $70,406 Arizona | $66,894 Utah | $61,635 Wyoming | $61,050 Nebraska | $60,910 New Mexico | $60,778 Kansas | $60,038 Montana |
| Personal Income Q2 2025 (Millions of Dollars) | $520,869 Arizona | $518,074 Colorado | $247,464 Utah | $207,302 Kansas | $153,103 Nebraska | $130,862 New Mexico | $82,989 Montana | $52,881 Wyoming |
| Personal Income Q2 2025 (Per Capita) | $89,866 Wyoming | $86,526 Colorado | $76,005 Nebraska | $72,789 Montana | $69,845 Utah | $69,613 Kansas | $68,081 Arizona | $61,389 New Mexico |
| GDP Q2 2025 (Millions of Current Dollars) | $592,853 Arizona | $578,592 Colorado | $313,044 Utah | $238,960 Kansas | $196,276 Nebraska | $151,485 New Mexico | $81,559 Montana | $52,187 Wyoming |
| Real GDP Percentage Change Q2 2024 - Q2 2025 | 2.6% Utah | 2.3% Montana | 2.1% Arizona | 1.8% Colorado | 1.7% New Mexico | 1.1% Kansas | 0.8% Wyoming | 0.7% Nebraska |

Sources: Bureau of Economic Analysis, Colorado Department of Labor and Employment, and Bureau of Labor Statistics (CES, QCEW, and LAUS data). Based on preliminary data.

and 2.1%, respectively, in Q2 2025. In 2023 (most recent available data), the Kansas City MSA led the MSAs in the region with the biggest increase, with 5% in 2023, followed by the Phoenix-Mesa-Chandler MSA (4.8%) and the Denver-Aurora-Lakewood MSA (4.7%). All regional MSAs recorded year-over-year gains in 2022.

In 2024, Colorado's $80,300 average annual earnings exceeded all states in the region, followed by Arizona, with $70,400. Boulder ($96,400) and Denver-Aurora-Lakewood ($88,850) led Colorado with above-average annual pay levels. This far surpasses other MSAs in the region.

## REGIONAL METROPOLITAN STATISTICAL AREAS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| August 2025 Total Employees (In Thousands) | **2,461.6** Phoenix-Mesa-Scottsdale | **1,639.9** Denver-Aurora-Centennial | **1,147.8** Kansas City | **841.0** Salt Lake City | **427.6** Albuquerque | **312.3** Wichita | **199.3** Lincoln | **48.9** Cheyenne |
| Employment CAGR August 2015 - August 2025 | **2.5%** Phoenix-Mesa-Scottsdale | **2.2%** Salt Lake City | **1.6%** Denver-Aurora-Centennial | **1.2%** Albuquerque | **0.9%** Kansas City | **0.7%** Lincoln | **0.6%** Wichita | **0.3%** Cheyenne |
| Employment % Change August 2024 - August 2025 | **1.6%** Phoenix-Mesa-Scottsdale | **1.5%** Salt Lake City | **1.4%** Lincoln | **1.4%** Albuquerque | **0.4%** Cheyenne | **0.0%** Denver-Aurora-Centennial | **-0.2%** Kansas City | **-0.6%** Wichita |
| Unemployment Rate August 2025 (Not Seasonally Adjusted) | **2.8%** Lincoln | **2.9%** Cheyenne | **3.7%** Denver-Aurora-Centennial | **3.8%** Salt Lake City | **4.2%** Albuquerque | **4.2%** Phoenix-Mesa-Glendale | **4.3%** Kansas City | **4.5%** Wichita |
| Average Annual Pay 2024 | **$88,846** Denver-Aurora-Centennial | **$76,895** Salt Lake City | **$73,324** Phoenix-Mesa-Scottsdale | **$69,221** Kansas City | **$62,533** Albuquerque | **$60,961** Cheyenne | **$59,080** Lincoln | **$59,054** Wichita |
| Personal Income 2024 (Millions of Dollars) | **$336,480** Phoenix-Mesa-Chandler | **$268,349** Denver-Aurora-Centennial | **$155,194** Kansas City | **$89,251** Salt Lake City | **$52,828** Albuquerque | **$39,422** Wichita | **$22,858** Lincoln | **$6,579** Cheyenne |
| Personal Income 2024 (Per Capita) | **$89,297** Denver-Aurora-Centennial | **$70,395** Salt Lake City | **$69,865** Kansas City | **$66,373** Lincoln | **$66,365** Phoenix-Mesa-Chandler | **$65,150** Cheyenne | **$60,375** Wichita | **$57,278** Albuquerque |
| GDP 2023 (Billions of Current Dollars) | **$362** Phoenix-Mesa-Chandler, AZ | **$289** Denver-Aurora-Centennial | **$170** Kansas City, MO-KS | **$135** Salt Lake City, UT | **$54** Albuquerque, NM | **$44** Wichita, KS | **$25** Lincoln, NE | **$8** Cheyenne, WY |
| Real GDP Percentage Change 2023 | **5.0%** Kansas City | **4.8%** Phoenix-Mesa-Chandler | **4.7%** Denver-Aurora-Centennial | **4.6%** Lincoln | **3.9%** Albuquerque | **2.9%** Wichita | **2.7%** Salt Lake City | **-0.5%** Cheyenne |

Sources: Bureau of Economic Analysis, Colorado Department of Labor and Employment, and Bureau of Labor Statistics (CES, QCEW, and LAUS data). Based on preliminary data.

# Around the State

## COLORADO METROPOLITAN STATISTICAL AREAS

| | | | | | | |
|---|---|---|---|---|---|---|
| **August 2025 Total Employees (In Thousands)** | | | | | | |
| 1,639.9 | 335.9 | 206.9 | 184.9 | 117.9 | 68.6 | 63.5 |
| Denver-Aurora-Centennial | Colorado Springs | Boulder | Fort Collins | Greeley | Grand Junction | Pueblo |
| **Employment CAGR August 2015 - August 2025** | | | | | | |
| 2.1% | 1.8% | 1.6% | 1.6% | 1.4% | 1.1% | 0.5% |
| Colorado Springs | Fort Collins | Greeley | Denver-Aurora-Centennial | Boulder | Grand Junction | Pueblo |
| **Employment % Change August 2024 - August 2025** | | | | | | |
| 1.1% | 0.8% | 0.1% | 0.0% | -0.1% | -0.3% | -0.3% |
| Boulder | Colorado Springs | Grand Junction | Denver-Aurora-Centennial | Fort Collins | Greeley | Pueblo |
| **Unemployment Rate August 2025 (Not Seasonally Adjusted)** | | | | | | |
| 3.6% | 3.7% | 3.7% | 3.7% | 3.7% | 4.0% | 5.2% |
| Fort Collins-Loveland | Boulder | Colorado Springs | Denver-Aurora-Centennial | Grand Junction | Greeley | Pueblo |
| **Average Annual Pay 2024** | | | | | | |
| $96,397 | $88,846 | $69,912 | $67,130 | $66,380 | $57,309 | $56,178 |
| Boulder | Denver-Aurora-Centennial | Fort Collins | Colorado Springs | Greeley | Grand Junction | Pueblo |
| **Personal Income 2023 (Billions of Current Dollars)** | | | | | | |
| $268 | $51 | $33 | $26 | $22 | $9 | $8 |
| Denver-Aurora-Centennial | Colorado Springs | Boulder | Fort Collins | Greeley | Grand Junction | Pueblo |
| **Personal Income 2024 (Per Capita)** | | | | | | |
| $100,242 | $89,297 | $71,359 | $65,775 | $62,532 | $57,653 | $48,891 |
| Boulder | Denver-Aurora-Lakewood | Fort Collins | Colorado Springs | Greeley | Grand Junction | Pueblo |
| **GDP 2023 (Billions of Current Dollars)** | | | | | | |
| $289 | $48 | $36 | $27 | $26 | $8 | $8 |
| Denver-Aurora-Centennial | Colorado Springs | Boulder | Greeley | Fort Collins | Grand Junction | Pueblo |
| **Real GDP Percentage Change 2023** | | | | | | |
| 18.5% | 6.6% | 4.4% | 3.5% | 3.4% | 2.6% | 1.3% |
| Greeley | Pueblo | Colorado Springs | Denver-Aurora-Centennial | Boulder | Grand Junction | Fort Collins |

Sources: Bureau of Economic Analysis, Colorado Department of Labor and Employment, and Bureau of Labor Statistics (CES, QCEW, and LAUS data). Based on preliminary data.

## Boulder County

As of 2025, Boulder County's economy has experienced a blend of growth and challenges. Key sectors, such as life sciences, technology, and outdoor recreation, are driving economic activity, while remote work and office vacancies reduce much-needed foot traffic in areas of commerce.

The presence of federal research institutions, the University of Colorado Boulder, and a strong startup culture continues to draw companies seeking to headquarter their burgeoning businesses near top-tier talent and resources.

Boulder County's economy is thriving with robust growth in key sectors. This dynamic blend of industries not only fuels current success but also sets the stage for sustained innovation and long-term prosperity, ensuring Boulder County remains a vibrant and forward-thinking economic hub.

Boulder County is home to the following incorporated communities: Boulder, Erie, Lafayette, Longmont, Louisville, Lyons, Nederland, Superior, and Ward.

### Employment and Wages

The unemployment rate in Boulder County decreased 1 percentage point in August 2025 year-over-year, to 3.7%. August saw a significant decrease in the unemployment rate compared to the rest of the year, 0.8 percentage points lower than the 2025 average of 4.5%, tying the state rate for August (3.7%) but below the national rate of 4.5% (both not seasonally adjusted).

Employment in the Boulder Metropolitan Statistical Area (MSA) increased 1.1% in August 2025 year-over-year. This marks the first month the area's employment grew more than 1%. Census Bureau data show the 2023 median household income for Boulder County residents was $102,772, compared to $92,911 for Colorado residents and $80,610 for U.S. residents.

The City of Boulder's recent decline in the unemployment rate and increase in employment are positive. However, as a whole, Boulder has not seen a lot of growth in 2025. Employment has averaged 0% growth this year, and the unemployment rate has averaged 4.6%. Median household incomes are well above state and national averages, reinforcing Boulder's position as a strong and desirable place to live and work.

### Financial Services and Venture Capital Investment

Venture capital activity has continued its upward trajectory following a strong 2024, where Boulder-based companies secured $1.7 billion in funding. In the third quarter of 2025 alone, firms in the Boulder area drew $251.4 million across 30 venture capital (VC) deals—a 24% increase compared to the same period last year. Statewide, investment has also surged, with the Denver Metro area achieving a decade-high total of $1.785 billion in VC funding.

### Leading Industries and Sectors

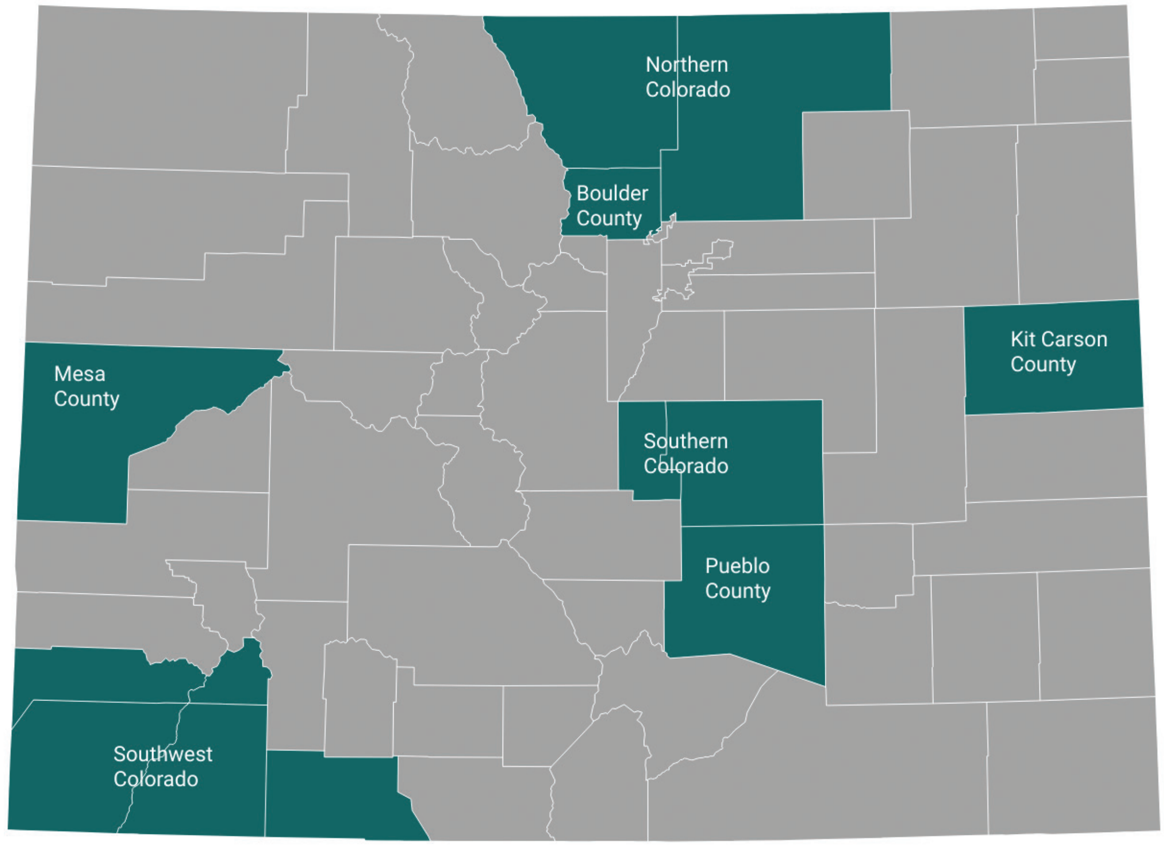
The Boulder County economy continues to benefit from a diverse mix of businesses, with high concentrations

**BOULDER COUNTY REGIONAL SNAPSHOT**

| | |
|---|---|
| Nominal GDP, 2023 ($ Millions) | 37.7 |
| Real GDP, 2023 (Millions, 2017 Dollars) | 32.9 |
| 2023 Real GDP Growth Rate | 3.4% |
| Total Employment, Aug 2025 (Thousands) | 206.9 |
| Aug, 2025 Employment Growth Rate | 1.1% |
| Share of Colorado Employment | 6.9% |
| Average Wage, Q1 2025 ($) | 97,686 |
| Percent of Statewide Average Wage | 120.6% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics.

**ECONOMIC SUMMARIES FROM AROUND THE STATE**




Created with Datawrapper.

of employment in Professional and Technical Services (PTS) (17.8%), Health Care and Social Assistance (11.9%), Manufacturing (10.8%), and growing sectors including quantum computing. Collaborations between academia, government, and private-sector companies have led to increased emphasis on attracting small- to midsize quantum companies from across the nation and the globe.

**Professional and Technical Services—**The PTS industry represents the largest employment base in Boulder County, with a concentration of employment that is 2.5 times the national average. PTS has 34,458 employees in the MSA, which decreased 2.8% year-over-year. There are approximately 5,750 firms in the industry, representing nearly 31% of Boulder-area employers.

Even with these decreases, the PTS industry stands as the cornerstone of Boulder County's workforce, offering high-paying jobs and outpacing national employment trends.

**Information—**The Information industry is an eclectic mix of businesses that includes motion picture and music producers and distributors, radio and television network programming and broadcasting, telecommunications, and data processing. The Information sector in Boulder County has a much stronger employment concentration than the nation, with employment 2.2 times the national average and a concentration of businesses that is well above the national average. The sector's concentration of both employment and firms showcases Boulder County as a vibrant hub for innovation and creativity.

**Aerospace—**Colorado enjoys the highest concentration of private aerospace workers in the nation, and Boulder County represents 25% of the state's aerospace employment. The University of Colorado Boulder offers

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## Around the State

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internationally recognized aerospace research and education programs and is the top public university for NASA research funding. Several federally funded labs in the area, including the Laboratory for Atmospheric and Space Physics (LASP), the National Oceanic and Atmospheric Administration (NOAA), and the National Center for Atmospheric Research (NCAR), conduct research in space.

The Metro Denver Economic Development Corporation estimates that aerospace in Boulder County represents an employment concentration over 16 times the national average. Notable aerospace companies in Boulder County include BAE Systems, Blue Canyon Technologies (a subsidiary of Raytheon Technologies), Custom Microwave, EnerSys, Lockheed Martin, Northrop Grumman, Redstone Aerospace, Sierra Space Corporation, Special Aerospace Services, and Think Orbital. Aerospace companies in the Boulder area are adding employees, and several have recently added or plan to add lab, manufacturing, and office space.

Boulder County plays a leading role in Colorado's aerospace industry and is home to a significant concentration of aerospace jobs, world-class research institutions, and innovative companies that continue to grow and expand.

**Bioscience—**Boulder County holds a substantial share of Colorado's bioscience jobs, accounting for approximately 20% to 25% of the state's bioscience workforce. This concentration is due to the presence of leading research institutions and biotech companies, with a strong focus on innovation in life sciences. The region's collaborative environment and access to talent make it a key player in Colorado's bioscience sector. The University of Colorado Boulder is home to the BioFrontiers Institute, an organization designed to facilitate interdisciplinary research and expand Colorado's leadership in biotechnology, and the university attracts major research funding and generates numerous startups.

Boulder County ranks among the top regions in the nation for the life sciences market, often positioned within the top 10 to 15 areas. Nearly 3 million square feet of laboratory space is planned, in development, or recently completed. In addition to significant developments by BioMed Realty and Conscience Bay in Boulder and Sterling Bay in Louisville, notable companies like Medtronic in Lafayette and Umoja Biopharma and Biodesix in Louisville are making strong strides.

Furthermore, Enveda BioScience, a newly established leader in biotechnology and natural product research, is positioning itself for significant growth, contributing to the City of Boulder's expanding role as a hub for cutting-edge advancements in the sector.

With a focus on innovation, Boulder County is a national leader in bioscience, offering a supportive environment for groundbreaking research and biotech companies that attract top talent and contribute to the region's economic success.

**Clean Tech—**Boulder County has a significant presence in the clean-tech industry, which includes renewable energy, energy efficiency, energy research, engineering, and consulting services, supported by the Renewable and Sustainable Energy Institute (RASEI)—a joint institute between the University of Colorado Boulder and the National Renewable Energy Laboratory (NREL)—and other national labs that are leaders in climate research. In addition to clean-tech businesses such as Also Energy, Electra, Envision Energy, Gravity Renewables, Namaste Solar, Siemens Gamesa, Solid Power, and Uplight, the area continues to be a center for renewable energy innovation and startup activity.

Boulder County is at the forefront of the clean-tech revolution, with a thriving industry backed by world-class research institutions and innovative startups that are making significant strides in renewable energy and climate solutions.

**Information Technology—**The tech industry in Boulder County dates back to the 1960s when IBM established a facility in the City of Boulder. Today, the area has a wide range of technology companies in cybersecurity, data storage, digital marketing, quantum computing, software, and more. Boulder County continues to provide an environment and resources that attract tech startups, workers, and capital investment and is home to many technology accelerators and mentorship programs. The employment concentration in the IT software industry in Boulder County is more than three times the national average. Tech companies with a significant presence include Accenture, AMD, Apple, Google, Micron, Microsoft, Qualcomm, Seagate Technology, and S&P Global.

Boulder County's tech industry is flourishing, with a high concentration of IT and software companies, attracting talent and investment, and offering a vibrant ecosystem for tech startups and established firms alike.

**Natural and Organic Products—**According to the 2020 Naturally Boulder Economic Impact Study conducted by CU Boulder's Business Research Division, the natural and organic food industry in Colorado contributes $3.1 billion to the state's economy and supports approximately 22,150 jobs. Boulder County is home to Aurora Organic Dairy, Boulder Organic Foods, Celestial Seasonings, Danone, Fresca Foods, Hope Foods, Justin's, Made in Nature, Meati Foods, Organic India, and many more natural and organic products businesses.

Boulder County is a powerhouse for the natural and organic products industry, with a rich history of innovation and a thriving market that continues to grow and support some of the most well-known brands in the sector.

**Outdoor Products and Recreation—**Boulder County has a high concentration of manufacturers, distributors, retailers, marketing and media, and other businesses focused on the outdoor products and recreation industry. Widely recognized as an industry hub, the area is home to the Outdoor Industry Association, and many outdoor industry businesses are headquartered or have a facility in Boulder County, including Active Interest Media, Backcountry Access, Dynafit, Fit for Life, Fjällräven, Gaiam, HEAD, La Sportiva, Newton Running, Pearl Izumi, Scarpa, Scratch Labs, Sea to Summit, and Spyder Active Sports.

Boulder County remains a premier destination for outdoor products and recreation and is home to a concentration of leading companies and startups in the industry, further solidifying its reputation as a hub for outdoor enthusiasts and businesses alike.

**Tourism—**A popular destination that receives national media attention, the Boulder area is known for its recreational and cultural amenities, special events, and impressive choices of entertainment, shopping, and dining options. While the sector continues to recover from impacts of the COVID pandemic, employment in Leisure and Hospitality increased by 42.7% between August 2020 and August 2024.

Boulder's tourism sector is on the rise, with significant growth in the Leisure and Hospitality industry, including the Sundance Film Festival moving to the City of Boulder starting in 2027. The area's natural beauty and cultural offerings make it a top destination, ensuring continued success and growth for years to come.

***Contributors:***
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## Kit Carson County

Kit Carson County continues to be an agriculturally driven economy in 2025, as it has been for many decades. Commodity prices remain low with ever-increasing input costs. Residents and businesses express concerns over the U.S. economic challenges. Renewable energy sites in the county and surrounding area are noticeable, with a number of wind turbines seen in the landscape. Current construction projects for wind, solar, and transmission lines have filled hotel rooms, rental properties, and recreational vehicle parks as their employees move into the area for temporary jobs. Renewable energy investment dollars can be seen in Colorado's Enterprise Zone tax credit programs.

**KIT CARSON COUNTY REGIONAL SNAPSHOT**

| | |
|---|---|
| Nominal GDP, 2023 ($ Millions) | 0.7 |
| Real GDP, 2023 (Thousands, 2017 Dollars) | 0.6 |
| 2023 Real GDP Growth Rate | 18.4% |
| Total Employment, Q1 2025 (Thousands) | 3.0 |
| Q1 2025 Employment Growth Rate | 1.2% |
| Share of Colorado Employment | 0.1% |
| Average Wage, Q1 2025 ($) | 47,573 |
| Percent of Statewide Average Wage | 58.7% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics.
Note: Employment based on four-quarter data ending in Q1.

**Housing—**This county and its three partner counties in the region (Elbert, Lincoln, and Cheyenne) spent time in 2025 completing a regional housing needs assessment (HNA), which is meant to address the near-term pressure in the housing crisis we are all experiencing. The HNA directs next steps for each county and the whole region by identifying opportunities and suggesting mitigations to the challenges faced on the rural plains of Colorado. Housing inventory in Kit Carson County is improving as an old hotel in the Burlington business district is being converted into housing and retail space. The apartments are in renovation now and will be made available soon. Other benefactors of the HNA are the local residents who may find accessory dwelling units (ADUs) or in-law suites a viable option for remaining close to family and friends. ADUs are attractive due to their smaller size than traditional homes, which may require more maintenance and high owner costs. The HNA, once approved by the Department of Local Affairs (DOLA), will open doors to funding opportunities to the communities in Kit Carson County and the other three counties in the region.

**Employment—**After a relatively high unemployment rate in the first months of 2025, the unemployment rate of 2.9% (not seasonally adjusted) in July 2025 was much lower, dropping a full percent since January 2025. This is significantly lower than the statewide unemployment rate of 4.2% and the national rate of 4.3%. According to the Bureau of Labor Statistics (BLS) Local Area Unemployment Statistics, there were 3,427 employees in the county in August 2024, a decrease of 12.4% year-over-year. The low unemployment rate makes filling vacant jobs an uphill battle, but it could be a great opportunity for individuals looking for work.

From 2022 to 2023, average annual wages increased 2.4% in Kit Carson County, spanning every major sector, according to the BLS Quarterly Census of Employment and Wages. Average annual wages in Kit Carson County were $47,531 in 2024, 40.8% below the state average of $77,114. While this is a positive for employees, it probably is not covering the increase in household expenses like gas, groceries, and clothing.

**Retail—**Kit Carson County experienced a 1.1% increase in taxable retail sales in 2024. As of June 2025, year-to-date taxable retail sales increased 3.2%. Tourism may have provided some of the increase in retail sales.

**Population—**People over age 65 make up approximately 21.3% of the total population of the county, and this population continues to grow as older adults choose to remain near family and friends instead of moving to larger cities. Maintaining health services is a concern as rural hospitals like the one in Burlington, the county seat, experience revenue reduction and impactful legislation on their operation. Without health services, aging adults may be forced to consider moving to a different location so their health care needs can be met easily and at a reasonable cost.

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# Around the State

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Kit Carson County strives to attract new business and industry to the county with incentives like Rural Jump-Start, Enterprise Zone tax credits, and other financing incentives provided by the State of Colorado. All of Kit Carson County is an Enhanced Rural Zone eligible for more tax credits than urban areas, and the zone's boundary will remain unchanged for another 10 years. Offering these incentives and assistance programs makes Kit Carson County a great place to live, work, and recreate.

***Contributor:*** *Candace Payne, East Central Council of Governments*

## Mesa County

Mesa County's economy continues to demonstrate resilience and strategic diversification, positioning the region as western Colorado's economic anchor. Home to a current estimate of 162,123 residents, Mesa County includes the City of Grand Junction, City of Fruita, Town of Palisade, and smaller communities, including DeBeque, Colbran, Mesa, Mack, and Loma.

The Grand Junction area serves as the metropolitan midpoint between Denver and Salt Lake City, acting as a regional transportation and logistics hub through direct access to I-70 and U.S. highways 6 and 50, a regional airport, and rail service. Mesa County continues to diversify its economic base, anchored by industries including health care, education, transportation and warehousing, hospitality, and manufacturing, with proactive growth in the technology, arts and entertainment, and outdoor sectors.

**Current Economic Indicators—**According to the Q3 2025 Mesa County Economic Update published by Colorado Mesa University, the county's real GDP for 2023 grew by 2.6% compared to 2022. Personal income per capita increased from $54,220 in 2020 to $57,653 in 2023, while median household income fell to $66,339 in 2023 from $69,578 in 2022. Despite the decline, Mesa County has seen a positive trend in median household income since 2019.

**MESA COUNTY REGIONAL SNAPSHOT**

| | |
|---|---|
| Nominal GDP, 2023 ($ Millions) | 9.1 |
| Real GDP, 2023 (Millions, 2017 Dollars) | 7.4 |
| 2023 Real GDP Growth Rate | 2.6% |
| Total Employment, Aug 2025 (Thousands) | 68.6 |
| Aug, 2025 Employment Growth Rate | 0.1% |
| Share of Colorado Employment | 2.3% |
| Average Wage, Q1 2025 ($) | 57,021 |
| Percent of Statewide Average Wage | 70.4% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics.

As of August 2025, Mesa County's preliminary estimates for the civilian labor force equaled 79,903, with employment at 76,970. The yearly unemployment average for 2025 through August YTD was 4.7%, with unemployment dipping to 3.7% in August.

Mesa County sales taxes have remained flat in 2025, with a yearly total of $40.3 million as of September. This is 1.7% less than the previous year's total (through September), showing a slight decline in sales tax collection from 2024. Mesa County new business entity filings in 2024 were at 2,410, compared to 2,536 in 2023.

**Education and Talent Pipelines—**Mesa County Valley School District 51 is the largest district on the Western Slope and the 14th largest in the state. As the county's largest employer, the organization employs more than 3,000 staff members who serve approximately 19,400 students across 42 schools and programs. District 51 earned an accredited status from the Colorado Department of Education for the 2nd-consecutive year, with 100% of schools earning academic ratings at the two highest levels. In 2024, the district celebrated another record-high graduation rate of 83%, with more than 1,400 graduates.

Despite challenges facing declining enrollment, investments have been made in the long-term educational infrastructure of the region with the newly constructed Grand Junction High School and voters approving $190 million in bond funds for improvement projects throughout the district to support major facility renovations and improve safety.

Mesa County School District 51 maintains a strong partnership with Colorado Mesa University (CMU) and CMU Tech to support career pathways, with more than 1,200 high school students earning over 12,000 college credits, fully funded by the district.

CMU is one of the fastest-growing four-year institutions in the U.S., serving nearly 10,000 full-time students and over 11,000 total students across its various programs in the 2024-25 academic year. It is the largest university in western Colorado and celebrated its largest incoming freshman class for the 2024-25 academic year with a 35% year-over-year increase compared to previous years, despite national trends of declining enrollment in higher education.

**Health Care—**Mesa County operates as a regional health care hub, providing acute and urgent care for patients throughout western Colorado, eastern Utah, and Wyoming. Health care remains the 2nd-largest employment sector in Mesa County, representing 14.2% of total employment. Major employers include Intermountain Health St. Mary's Regional Hospital, Community Hospital, the VA Western Colorado Health Care System, Family Health West, and HopeWest.

Recent Quarterly Census of Employment and Wages (QCEW) data demonstrate strong gains in the health care and social assistance sector, with 794 jobs added in Q4 2024 compared to Q4 2023. Significant investments in recent years include the newly constructed 130,000-square-foot James Pulsipher Regional Cancer Center at Community Hospital and the expansion of

Grand Junction, Colorado. Photo courtesy of GJEP.

Intermountain Health St. Mary's Regional Hospital's Cancer Centers of Colorado, bolstering Mesa County as the regional leader in cancer care.

**Transportation, Warehousing, and Infrastructure—** Due to Mesa County's strategic location and infrastructure, transportation and warehousing remain key industries. Q4 2024 QCEW data identified average employment for this sector as 3,001, with a total employment increase of 142 jobs compared to Q3 2023.

In December 2024, Mesa County welcomed the first Amazon last-mile facility in western Colorado, a $25 million capital investment that created close to 100 jobs. Additionally, a significant expansion for High Country Beverage, Colorado's premier beverage distributor, is currently underway with the construction of a new 159,650-square-foot facility, with 80,000 square feet of the facility available for lease.

To support the region's waste management and sustainability infrastructure, the City of Grand Junction has partnered with Bruin Waste through the launch of a new division focused on advanced recycling and materials sortation, previously available to the region through Utah. Bruin Waste's independent recycling division was accepted into the state's Rural Jump-Start Program and will use AI-driven systems to improve recycling efficiency and reduce transportation costs.

**Grand Junction Regional Airport—**The Grand Junction Regional Airport (GJT) is the largest commercial airport in western Colorado, offering six direct flights, including Dallas-Fort Worth, Phoenix, Las Vegas, Santa Ana/Orange County, Salt Lake City, and Denver.

GJT served over 571,000 total passengers in 2024, a record year for passenger traffic, and 2025 is set to surpass this record with the airport on track to serve more than 600,000 passengers through the end of the year. The 2025 Colorado Aviation Impact Study quantified the total economic impact of GJT, amounting to 3,398 jobs, $255.3 million in payroll, $445.8 million value added, and $817 million in business revenues.

In 2025, GJT secured more than $53 million for FAA Airport Improvement Program grants to advance its runway replacement and expansion project. The investment accelerates the project's completion date to 2029, a full year ahead of schedule, and is part of more than $200 million in federal grants to GJT since 2018. The project will replace and expand the airport's primary runway, upgrade its subbase, and strengthen infrastructure to accommodate larger aircraft. These improvements enhance the airport's role as a regional hub for passenger travel, cargo movement, and specialized services, including wildfire suppression, positioning Mesa County for stronger supply chain resilience, accessibility, and growth in the tourism and aviation sectors.

**Tourism—**The Leisure and Hospitality industry is a principal driver of economic growth in the Grand Junction area. Tourism generates 27% to 30% of Grand Junction sales tax collections, according to three independent reports: Tourism Economics, an Oxford Economics Company; BBC Research & Consulting; and The Adams Group, Inc. This highlights tourism's critical role in funding public safety, infrastructure, and city services.

According to the 2023 Economic Impact of Tourism Study conducted by Tourism Economics, tourism in Grand Junction generated $556.3 million in total economic impact, $366.7 million in visitor spending, and $52.5 million in state and local tax revenue, supporting 4,746 total jobs. In Mesa County overall, the same study reported that tourism generated $710.5 million in total economic impact, $468.9 million in

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## Around the State

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visitor spending, and $66.6 million in state and local tax revenue, supporting 6,505 jobs.

Grand Junction's positive tourism growth and consistently strong hotel performance position the city as a compelling destination for new investment. Development of additional hotel properties, retail, restaurants, and recreation businesses will capture unmet visitor demand, expand the local tax base, and contribute to long-term fiscal stability through stimulating job creation, supporting tertiary industries, enhancing quality of life, and boosting the region's overall competitiveness for both business and leisure travel.

**Real Estate—**The availability and affordability of housing remain a priority for Mesa County. According to the September 2025 Bray Real Estate Report, residential real estate volume YTD has surpassed 2024, increasing by 9% from $944 million last year to $1.029 billion in 2025 so far. The total number of sales is also above 2024, with 2,187 transactions recorded in 2025 YTD, an increase of 4.8% over the 2,087 sold in 2024 through September.

Building permits for single-family housing units remain steady in 2025, with 512 permits filed YTD, representing a 1% year-over-year increase. Grand Junction has also seen growth in the development of multifamily housing, with over 1,990 new units recently developed or in planning.

In January 2025, The Junction Apartments in downtown Grand Junction opened with 256 units across two buildings. The City of Fruita also welcomed its first affordable housing development, The Fruita Muse, with 50 townhomes designed for residents earning 30%-100% area median income (AMI). Additionally, to support affordable housing, the City of Grand Junction acquired 22 acres of property from Enstrom Candies, known as the Salt Flats, which will be used to develop between 324 and 500 housing units, with a focus on affordability for households earning below $100,000 annually.

**Growth on the Horizon—**The region continues to promote economic development, exemplified by Mesa County's acquisition of a 31-acre parcel in Clifton through the CONVEY Act. Located near I-70, the property will transition from federal to local control to accelerate private-sector opportunities.

Grand Junction, Colorado. Photo courtesy of GJEP.

In 2025, Morgan Mining, an interdisciplinary construction, mining, and engineering firm, selected Mesa County for a significant expansion projected to create up to 893 new primary jobs over eight years. Morgan Mining was awarded Colorado's Job Growth Incentive Tax Credit, valued at $10.9 million in eligible tax credits contingent on job creation.

In Grand Junction, development activity along the Colorado River has increased at the Las Colonias and Dos Rios business parks. OakStar Bank opened its new 12,000-square-foot facility designed to accommodate multiple businesses with a mix of banking services, restaurants, retail, and office space. The Confluence Center of Colorado, a nonprofit hub housing six organizations focused on land and water science and conservation and a preschool and childcare facility, opened in November 2025.

The City of Grand Junction is currently developing the Grand Junction Recreation Center, a 108,000-square-foot multiuse facility, marking an $82.1 million investment in the quality of life for the region, with completion scheduled for mid-2026.

Mesa County continues to see substantial investments in the region's long-term economic development, transforming the area from an up-and-coming community to a diversified and thriving economy with momentum in job growth, recreation, and the expansion of critical services.

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## Northern Colorado

Northern Colorado, encompassing Larimer and Weld counties, is one of the state's most steadily growing and collaborative regional economies, a place where innovation and practicality intersect. Located along the I-25 corridor between Denver and Cheyenne, the region benefits from strong connections to Denver International Airport, rail lines, and major highways. With a labor market exceeding 380,000 workers, Larimer and Weld counties share deep economic and workforce ties, supported by complementary industries, commuter flows, and coordinated education-to-employment systems.

As of 2024, Northern Colorado's combined population reached 744,319 residents, reflecting continued growth and regional appeal. Larimer County has 374,574 residents, up 0.8% year-over-year, while Weld County, one of Colorado's fastest-growing counties, added 2.6% year-over-year to reach 369,745 people.

Northern Colorado illustrates a balanced demographic profile that supports both near-term opportunity and long-term stability. Weld County is home to many young families, with over 25% of residents under age 19 and the region's highest share of married households and households with children, demonstrating its family-oriented character and steady population growth. Larimer County complements that dynamic with a strong base of young adults and early-career professionals. For employers, these demographics present an advantage of steady inflows of educated workers who are well positioned to join and strengthen the local economy.

Northern Colorado's economic foundation blends established and emerging industries. Agriculture, energy, and manufacturing continue to anchor the regional economy, while new opportunities are expanding in bioscience and medical devices, fabrication and production technology manufacturing, distribution and e-commerce, food processing and manufacturing, information technology, and plastics. Collaborative efforts like the Northern Colorado Regional Economic Development Initiative (NoCo REDI), NoCo Works, and six local sector partnerships help employers and educators adapt quickly to evolving needs, retraining and connecting workers with in-demand careers.

**NORTHERN COLORADO REGIONAL SNAPSHOT**

| | |
|---|---|
| Nominal GDP, 2023 ($ Millions) | 55.2 |
| Real GDP, 2023 (Millions, 2017 Dollars) | 44.7 |
| 2023 Real GDP Growth Rate | 9.4% |
| Total Employment, Aug 2025 (Thousands) | 302.8 |
| Aug, 2025 Employment Growth Rate | -0.2% |
| Share of Colorado Employment | 10.1% |
| Average Wage, Q1 2025 ($) | 68,360 |
| Percent of Statewide Average Wage | 84.4% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics.

Educational institutions, including Colorado State University, the University of Northern Colorado, Aims Community College, and Front Range Community College, provide a strong base for lifelong learning and workforce readiness. The region exceeds the national average in educational attainment, with over 40% of residents over age 25 holding a bachelor's degree or higher.

The region's infrastructure supports this balanced, sustainable growth. Advanced health care systems such as UCHealth and Banner Health ensure high-quality medical care and innovation capacity. High-speed broadband, modern utilities, and a diverse mix of real estate, from industrial and flex space to vibrant downtowns, provide a practical framework for business expansion and community development.

Northern Colorado's entrepreneurial ecosystem contributes to its resiliency and forward momentum. Organizations such as Innosphere Ventures have supported more than 220 startups, helping them raise $1.2 billion and create over 2,500 jobs. Regional initiatives like Elevate Quantum and the NSF ASCEND Engine are advancing new technologies and fostering collaboration across Colorado and Wyoming. These efforts reflect the region's commitment to practical innovation, developing industries and workforce capacity in ways that sustain long-term opportunity.

Companies such as Woodward, Otter Products, Bobo's, Ursa Major, Hach, JBS, Leprino Foods, Tolmar, Vestas, Agilent Technologies, Aurora Organic Dairy, Anheuser-Busch, New Belgium Brewing, and Halliburton exemplify the range of businesses contributing to Northern Colorado's growth. Together, they represent the region's ability to produce high-quality goods, drive technological advancement, and sustain a robust local supply chain.

With its diverse economy, strong infrastructure, skilled workforce, and collaborative partnerships, Northern Colorado is a region growing with purpose. Its communities are working together to create an environment where businesses, institutions, and families can thrive, anchored by shared values of resilience, opportunity, and sustainable growth.

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# Around the State

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## Pueblo County

Pueblo's economy remains anchored by its strong manufacturing base and continues to serve as the hub of Southern Colorado. The community offers a strategic location along the Front Range, extensive rail and highway connectivity, a relatively low cost of land and real estate, abundant water capacity, and the largest voter-funded cash incentives in the state. Pueblo's combination of affordability, workforce readiness, and infrastructure investment keeps it positioned as one of Colorado's most competitive midsize markets.

In 2025, Pueblo County's unemployment rate averaged 5.2%—down from 6.5% a year earlier—while the cost of living fell to 92.9% of the U.S. average, underscoring Pueblo's affordability advantage. Health Care and Social Assistance (20.3% of total jobs), Government (19.2%), and Retail Trade (12.8%) remain the county's largest employment sectors. Transportation and Warehousing, Manufacturing, and Construction have led growth since 2019, expanding 42%, 13%, and 9%, respectively. Median annual wages rose modestly to $56,784, with housing affordability supported by a median home price of $315,000 and apartment vacancies at 2.9%.

Pueblo's long-standing manufacturing heritage continues to drive its primary-job economy. EVRAZ North America's nearly $1 billion investment in a new long-rail mill at the Pueblo site is nearing completion and now operates under the newly formed Rocky Mountain Steel Mills following its July 2025 acquisition by Atlas Holdings. Companies such as United Launch Alliance, Collins Aerospace, CAE Doss Aviation, CS Wind, Trane Technologies, GulfCo Manufacturing, Fuji Film, Target Distribution, Fōmcore, and Trussworks—which announced its ceiling and floor truss production facility in August 2025, adding 65 new primary jobs—are contributing to a diverse industrial base. At the same time, Pueblo continues to attract interest from aerospace, renewable energy, and food and beverage manufacturers seeking growth capacity and alignment with local environmental, social, and governance (ESG) goals.

| PUEBLO COUNTY REGIONAL SNAPSHOT | |
|---|---|
| Nominal GDP, 2023 ($ Millions) | 8.6 |
| Real GDP, 2023 (Millions, 2017 Dollars) | 6.9 |
| 2023 Real GDP Growth Rate | 6.6% |
| Total Employment, Aug 2025 (Thousands) | 63.5 |
| Aug, 2025 Employment Growth Rate | -0.3% |
| Share of Colorado Employment | 2.1% |
| Average Wage, Q1 2025 ($) | 55,339 |
| Percent of Statewide Average Wage | 68.3% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics.

Significant infrastructure investments are strengthening Pueblo's competitive foundation. The Colorado Department of Transportation's $114 million I-25/U.S. 50 interchange reconstruction (through 2027) will add five new bridges, a diverging-diamond design, and safer freight access. The county's Medal of Honor Boulevard extension is improving east-west connectivity between Pueblo West and the city, complementing the new county jail now under construction. Pueblo Water's new $11 million Waterworks Park has transformed the Arkansas River corridor into a recreation and tourism destination.

Downtown vitality is further enhanced by the HARP 1A Expansion Project and boathouse construction—a $16 million investment that extends the Riverwalk channel, adds event space, and reinforces Pueblo's quality-of-place appeal.

Local utilities are stepping up in parallel: Black Hills Energy's Reliability Upgrade for Southern Colorado is delivering new transmission and substations in the Pueblo region, enabling growth-scale power for advanced manufacturing and logistics. Meanwhile, San Isabel Electric's multimillion-dollar grid-hardening and renewable-energy programs are strengthening reliability for homes and industry alike—evidence that Pueblo's service providers are actively preparing the region for next-generation industry. The City of Pueblo's five-year capital improvement framework signals that Pueblo is not only talking about growth but budgeting for it—aligning infrastructure expenditures with policy goals and economic trends.

Pueblo's talent strategy now runs from high school career and technical education (manufacturing, engineering, construction, health) straight into Pueblo Community College and Pueblo Corporate College, where employers can get fully customized training—often paid for in part through Skill Advance Colorado/Colorado First grants for new or expanding companies. CSU Pueblo's engineering, nursing, business, and 3+2 programs then give firms a way to recruit and grow bachelor's and master's level talent locally, keeping the region's workforce aligned with industry needs.

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## Southern Colorado

**Employment—**Much like the rest of the nation, the labor market in El Paso County has softened. The region had been either meeting or exceeding the number of new jobs needed to match population growth (estimated by Data-Driven Economic Strategies and the State Demography Office to be roughly 5,600) since 2013. The pandemic year (2020) was the only exception. However, starting in 2024, new jobs were below that threshold, according to two separate sources. In 2024, there were only 2,019 net new jobs in El Paso County, less than half of the new jobs needed to match population growth. There were data collection issues across the state that year, so this metric is being watched closely. Early indicators of 2025 are, however, showing that same

Pueblo's new Waterworks Park along the Arkansas River offers safe recreation and continuous river connectivity from below Pueblo Dam to Runyon Lake, contributing to quality of life and tourism. Image courtesy of Pueblo Board of Water Works, via pueblowater.org.

(subpar) trend. It would not be surprising if indeed El Paso County is experiencing the same slowdown in the labor market as both the nation and state.

The unemployment rate in El Paso County was 3.7% on a nonseasonally adjusted basis at the end of August 2025, compared with 4.6% in August 2024 and 3.6% in August 2023. The labor force increased slightly from 385,306 to 387,085 from August 2024 to August 2025, a 0.5% increase. While a low unemployment rate seems favorable, it is important to remember that the rapidly aging population and overall low labor participation rate in the U.S. are major contributors to that low unemployment rate (individuals are only counted as "unemployed" if they have been actively looking for work in the past four weeks).

The supersectors that have contributed most to the region's employment growth in percentage terms since 2019 include Transportation and Warehousing (96.7%), Professional and Technical Services (26.5%), Health Care and Social Assistance (18.6%), Public Administration (12%), and Accommodation and Food Services (5.6%). In absolute terms, the sector with the most employees was Health Care and Social Assistance, with approximately 52,650 employees, while the sector with the least employees was Transportation and Warehousing. Although the latter is a small employer in absolute terms, the high growth (5,706 jobs) primarily emanates from expansion in the Amazon distribution center near the Colorado Springs Airport.

**Specific Sectors—**When expanding the view to all sectors in the region, 12 of the 21 industries in El Paso County saw job gains in 2024. The most significant gains were in Health Care and Social Assistance, Management of Companies and Enterprises, Public Administration, and Educational Services. Accommodation and Food Services, Administrative and Waste Services, and Finance and Insurance offset a good portion of the gains (hence, the net new jobs of only 2,019 in 2024).

Average annual pay increased in only 11 industry sectors in El Paso County, with an increase in the average annual wage from $64,688 in 2023 to $67,491 in 2024. This 4.3% wage increase was higher than the Colorado average (4.1%) but lower than the U.S. average (4.5%). While wage gains are always welcome, the region still significantly lags both the U.S. and the state. In 2024, the average wage in El Paso County was 15.9% below the 2024 state average of $80,287 and 10.7% below the U.S. average of $75,585. This is an area of concern and attention as housing prices are now well above the U.S. average.

**Residential Real Estate—**In 2006, the local median home price was 8% below the U.S., whereas in 2024, the local home price was 18% above ($485,000) the U.S. ($410,208). Thus far in 2025, housing prices in the region have moderated, and the hope is that this trend

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**SOUTHERN COLORADO REGIONAL SNAPSHOT**

| | |
|---|---|
| Nominal GDP, 2023 ($ Millions) | 53.1 |
| Real GDP, 2023 (Millions, 2017 Dollars) | 43.6 |
| 2023 Real GDP Growth Rate | 4.4% |
| Total Employment, Aug 2025 (Thousands) | 335.9 |
| Aug, 2025 Employment Growth Rate | 0.8% |
| Share of Colorado Employment | 11.2% |
| Average Wage, Q1 2025 ($) | 66,758 |
| Percent of Statewide Average Wage | 82.4% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics.

## Around the State

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will continue. The slowing population growth rate in the state and region makes it that much more important to remain affordable. It is difficult to attract new (much-needed) talent if wages are below the U.S. and state averages while home prices are above the U.S. average. El Paso County (median age 35.5) and the state (39.1) have had a long-standing comparative advantage in terms of a younger median age than the U.S. (39.1), but remaining affordable will be key in terms of maintaining that regional and state advantage.

Average home prices in the region in 2024 were 50% higher than they were in 2019, while median home prices were up 48%. More recently, in Q2 2025, the median price for an existing single-family home in Colorado Springs was $480,600, a 0.2% increase from Q2 2024. By way of comparison, the U.S. median home price was $429,400, a 1.7% increase over the same period.

From October 2024 through September 2025, a total of 2,675 single-family permits were issued in El Paso County. This is similar to the number of permits the year before (2,679). Through September 2025, permits for 70 multifamily projects and 1,052 units were pulled. According to CoStar Group, in Q3 2025, average monthly rents for apartments were $1,471 in the Colorado Springs Metro area. For Q3 2025, the Denver Metro area's average monthly rent for apartments was $1,810. Thus, Colorado Springs has an average monthly rent roughly $340 per month less than the Metro Denver region, but the wage differential diminishes this rental price advantage. It is worth noting that the average monthly rent in the U.S. is roughly $1,700 per month, according to CoStar's Apartments.com.

There were permits for 3,848 dwelling units (both single-family homes and multifamily units) pulled in 2024 in the Pikes Peak region. The Pikes Peak region needs 8,500 dwelling units, either single family or multifamily, per year between 2023 and 2028 when incorporating both population growth and the existing shortage of housing. These calculations by Data-Driven Economic Strategies incorporate research by Common Sense Institute and input from the Colorado State Demography Office. Through September 2025, the region issued 3,171 single- and multifamily permits combined. There were only two years (when interest rates were low in 2021 and 2022) that the region met that residential construction threshold. This highlights the paradox of higher interest rates, which disincentivize construction and home buying while exacerbating the housing shortage.

Foreclosures decreased 16% in 2024, to 613, in El Paso County. The average number of foreclosures in El Paso County in 2024 was 51 per month, and through September 2025, the average was 86 per month. While nowhere near the monthly average during the Great Recession (233), foreclosures are trending higher in the region.

The Cost of Housing Index for Colorado Springs, compiled by Wells Fargo and the National Association of Home Builders, showed that it would take 37% of the local median pretax income for mortgage payments, based on standard mortgage underwriting criteria when buying an existing home in Q2 2025. This was up slightly from the 36% required in Q1 2025 but down from the 40% required in Q2 2024.

Another metric, the cost of living index (COLI), for the Colorado Springs Metropolitan Statistical Area (MSA) in 2025 Q2 stood at 101.5%, which translates to the region being 1.5% more expensive than the U.S. metro average. Undoubtedly, the welcome moderation in home prices has been the driving force behind the decline in this metric, which peaked at 108 postpandemic.

**Per Capita Personal Income—**Per capita personal income for El Paso County was $65,715 in 2023 (most current data available), 82% of the state average ($80,068). El Paso County's per capita personal income ranked 28th in the state in 2023.

**Commercial Real Estate—**Average commercial office vacancy rates in Colorado Springs dropped to 10.4% in 2024 from 11% in 2023. Through September 2024, the vacancy rate average rose back up to 11.2%. This stands in sharp contrast to national office vacancy rates, which rose to 20.7% in Q2 2025, according to Moody's Analytics. The slowing labor market is not helping the office sector writ large. At the same time, average office rents in Colorado Springs increased from $25.11 per square foot in 2023 to $25.50 per square foot in 2024, mostly reflective of insufficient product. Rents continued to rise to $25.83 per square foot through Q3 2025. As a second-tier city, Colorado Springs has not historically built speculative space and as such has not had "excess product" like many other areas.

The average industrial vacancy rate in Colorado Springs declined to 3.8% in 2024 from 4.1% in 2023. Through September 2025, the average rate rose to 4.8%, which is still lower than the U.S. average for this subsector. Nationwide, there has been declining demand for industrial space amid economic uncertainty and tariffs. Average rents rose slightly from $10.35 per square foot in 2023 to $10.43 per square foot in 2024. They continued to rise slightly to $10.85 per square foot through Q3 2025.

The average retail vacancy rate in Colorado Springs rose slightly from 4.3% in 2023 to 4.6% in 2024. Average rates stood at 5% through September 2025. Average rents increased from $17.73 per square foot in 2023 to $18.04 in 2024. They dropped down to $17.72 per square foot through Q3 2025. This appears to be a trend nationwide as consumers grow more wary of future job and income prospects (according to the University of Michigan sentiment surveys).

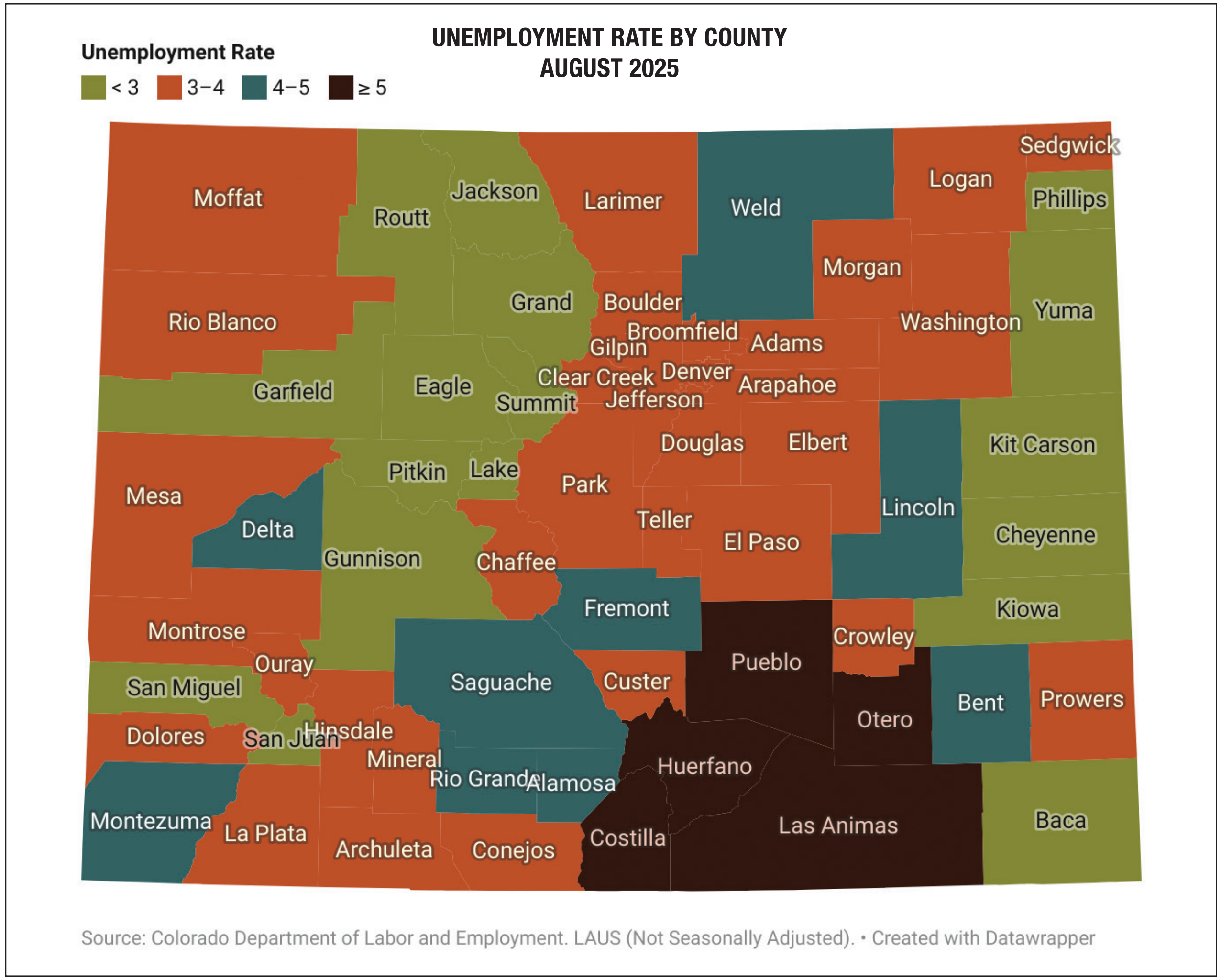
Average medical office vacancy rates in Colorado Springs increased from 8.7% in 2023 to 9% in 2024. Through September 2025, average vacancies stood at 9.8%. Average rents also increased in this property type, from $22.39 per square foot in 2023 to $23.91 in 2024. Through Q3 2025, they rose to $26.26 per square foot. In Q3 2025, the cost of retail space was 21.6% lower in Colorado Springs than in Denver, and office space was 30.4% lower. Medical office space had a similar price at just 3.8% lower, and industrial spaces were 19.7% more expensive in Colorado Springs.

Nationwide, commercial real estate investment and profitability is struggling due to high interest rates, high construction costs, and general economic uncertainty. Rent growth is down across all subsectors.

**Sales and Use Tax—**Colorado Springs sales and use tax collections increased 1.1% to $250.4 million in 2024. Sales and use tax collections were down 0.3% in September. It is important to remember that these "increases" are not inflation adjusted—they are in nominal dollars. The City of Colorado Springs had a significant shortfall in its 2025 budget and had to lay off 38 positions alongside other budgetary adjustments in order to align revenues and expenditures.

**Education—**In 2024, nine of the 17 school districts in the Colorado Springs MSA exceeded the state of Colorado's average high school graduation rate of 84.2%.

Postsecondary educational attainment data for 2024 reflect mixed trends. For those with a bachelor's degree or higher, the U.S. increased slightly (to 36.8% of all Americans age 25+) while Colorado and Colorado Springs stayed relatively steady. For younger cohorts (age 18-24), however, Colorado Springs had a marked decline in the proportion of that educated group who obtained their bachelor's degree. Most likely, individuals in the region are either starting and finishing university training later, or there is a smaller cohort entering universities that will potentially show up as fewer (age 25+) graduates in coming years. The general trend is stagnant/declining university attendance across the nation, so this shift may confirm this is happening locally. From 2010-24 across the U.S., there was an 8.5% decline in the attendance at four-year postsecondary institutions while the population increased 10%. The share of the population with some college or an associate degree declined in both Colorado Springs and the U.S., though Coloradans age 18-24 saw a small improvement. Pikes Peak State College (PPSC) in Colorado Springs has had strong enrollment this academic year while the University of Colorado Colorado Springs has had declining enrollment. This is not an unusual trend




nationwide, as there is growing preference for shorter-term, specialized certifications/degrees. If this trend continues, educational attainment for some college or associate degree may increase in future years. One of the regional school districts with the highest percentage of free and reduced-price meals, Harrison School District, started "first-dollar" Promise scholarships this academic year, which provides funding to all graduates who want to attend PPSC. For several prior years, these scholarships were available as "last-dollar" scholarships, and enrollment at PPSC quickly increased. Hence, the expanded and more accessible first-dollar scholarships, now funded via a property mill levy increase in the district, will undoubtedly further increase enrollments.

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# Around the State

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In sum, the greater Colorado Springs region continues to grow from both a population and economic perspective, although the rates of increase have slowed. This is in some part due to broader, nationwide economic trends, statewide demographic (aging) trends, and affordability challenges. The region is still, however, one of the few in the state poised for continued population growth, and as such, regional leaders are working hard to keep the area desirable and affordable.

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## Southwest Colorado

### Rural Realities: From Survival to Sustainability

#### Redefining Prosperity in Southwest Colorado

Across Southwest Colorado, prosperity looks deceptively strong. Region 9 Economic Development District (EDD)—one of Colorado's Planning and Management Regions, encompassing Archuleta, Dolores, La Plata, Montezuma, and San Juan counties, along with the Southern Ute and Ute Mountain Ute Tribes—has added jobs steadily since 2019 and kept unemployment near the state average.

Beneath these metrics, many households tell a different story: Job growth has not translated into secure housing, affordable childcare, or stable health outcomes. The region's economic outlook remains precarious.

As Nobel laureate Amartya Sen reminds us in his book "Development as Freedom," "Economic growth is not an end in itself; it is a means to expanding the real freedoms that people enjoy." True prosperity is not measured by job counts or rising GDP but by whether people can live securely, care for their families, and participate fully in community life. In Southwest Colorado, many still lack those basic freedoms.

Unable to participate fully in the economy, residents experience both financial strain and emotional disconnection, reflected in rising rates of depression, anxiety, and substance use. Economic and emotional well-being are intertwined; rebuilding one requires strengthening the other.

Maslow's Hierarchy of Needs helps explain why so many households remain in survival mode. When communities operate at the base of that pyramid—focused only on meeting physiological needs like food, water, and shelter—without advancing toward safety, belonging, and esteem, the broader economy suffers. Workforce stability weakens, entrepreneurship slows, and social cohesion frays as individuals lack the emotional and financial capacity to thrive. True resilience emerges only when people can move beyond survival into security and belonging.

#### Employment and Population Trends: Growth With Constraints

Region 9's labor market has expanded modestly over the past five years but still trails the state, according to data from the Colorado Department of Labor and Employment. From 2019 to 2024, total employment grew by roughly 0.8% annually, compared to 1.4% statewide—insufficient to keep pace with population growth of about 1.1% per year (Colorado Department of Local Affairs, 2024). Job growth has concentrated in service sectors such as construction, tourism, health care, and administrative support, which respond to in-migration and short-term population shifts rather than long-term industry expansion. While these industries sustain livelihoods, they often lack the wages and stability needed to anchor lasting prosperity.

Location-quotient analysis reinforces this pattern. Region 9 shows strong specialization in outdoor recreation, hospitality, and local service work, but these jobs are seasonal, tourism focused, and lower wage compared to higher-value sectors. Many of the region's fastest-growing industries pay below the state median. A clear example is early childhood education, where wages often fall below $35,000 per year—among the lowest of any profession in the region—despite the sector's central role in enabling parents to work and supporting the broader labor force (CDLE QCEW, 2024; Early Milestones Colorado, 2023).

| SOUTHWEST COLORADO REGIONAL SNAPSHOT | |
|---|---|
| Nominal GDP, 2023 ($ Millions) | 6.5 |
| Real GDP, 2023 (Millions, 2017 Dollars) | 5.1 |
| 2023 Real GDP Growth Rate | 2.1% |
| Total Employment, Q1 2025 (Thousands) | 42.4 |
| Q1 2025 Employment Growth Rate | 0.9% |
| Share of Colorado Employment | 1.5% |
| Average Wage, Q1 2025 | 54,702 |
| Percent of Statewide Average Wage | 67.5% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics.
Note: Employment based on four-quarter data ending in Q1.

Roughly one in four households lacks a $400 emergency fund, revealing how thin safety nets are, according to Mercy Hospital's *Community Health Needs Assessment FY 2026-2028.* Even as job counts rise, household purchasing power and savings remain fragile. In practical terms, many households are working but not getting ahead.

Labor force participation also lags behind the state average, with housing costs, limited childcare, and health constraints being major factors. In La Plata County, lost wages from insufficient childcare capacity reach an estimated $34 million annually, further eroding workforce participation.

Many residents face the paradox of economic growth without access: Jobs exist, but wages often lag behind

Photo courtesy of Region 9 Economic Development District.

housing costs, infrastructure capacity, and caregiving demands.

In La Plata County, the median home price now exceeds $650,000—about seven times the median household income—and average rents have risen more than 40% since 2019, according to the Colorado Association of Realtors. About one in five homes across the region is a short-term rental or second home, concentrating property wealth while shrinking the long-term housing supply.

This pattern creates structural inefficiencies: As investment in tourism and second homes grows faster than housing for the local workforce, costs increase, workforce stability weakens, and overall economic resilience declines. The resulting tension is evident in many communities, where residents face growing competition for housing and services from remote workers, part-time residents, and visitors whose uneven economic contributions deepen the disconnect between local demand and community resources.

In effect, Region 9's employment growth reflects a model of uneven prosperity—one where job creation and population inflow coexist with widening gaps in affordability and access. These dynamics underscore that true economic development begins with meeting basic needs, shifting the lens to create opportunities for targeted, intentional investment and system alignment.

## Basic Individual Needs Equal Regional Well-Being

The Maslow lens shows that economic participation depends less on the number of available jobs than on whether people can meet their basic needs and highlight household well-being as the region's most critical economic infrastructure.

Local realities and emerging solutions include:

**Food Security—**Roughly 30.5% of the Region 9 population—nearly twice the national average—experiences food insecurity, with disproportionate impacts among adults 18-39, low-income residents, and communities of color (Mercy Hospital). While regional food-system metrics are not actually tracked, this gap also signals opportunity. By strengthening data collection and investing in local food production, communities could improve household resilience while diversifying their economy. A stronger regional foodshed—linking producers, distributors, and consumers—represents both an economic driver and a resilience strategy.

A promising example is the Good Food Collective, which bridges multiple parts of the foodshed by purchasing local produce at wholesale for food-access sites and helping 16 local producers secure state grants. This illustrates the kind of investment in local food production that is scalable—especially when policy targets both households and entrepreneurs.

**Health and Well-Being—**Depression rates (35%) far exceed the state average (~20%), suicide mortality surpasses state levels, and more than half of local families report that substance abuse has negatively affected their lives (Mercy Hospital). While mental-health challenges span the state, Region 9's rural geography compounds care barriers—limited facilities, long travel distances, and seasonal isolation.

Region 9 EDD's regional approach has proved effective and reveals new opportunities for innovation. The Southwest Opioid Response District (SWORD) demonstrates how regional management of opioid-settlement funds can build an efficient, coordinated treatment network across counties and tribal territories. With no inpatient treatment and a dispersed population, building a recovery ecosystem creates both service access and entrepreneurial opportunity for rural clinicians and health partners. Centering data on people and key, basic

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# Around the State

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services allows communities to invest intentionally and build innovative, connected rural health systems.

**Housing—**Housing shortages deepen this fragility. According to Region 9 EDD's Deputy Director Shak Powers, the regional housing assessment warns that production must double—to about 310 units annually—just to avoid falling further behind. In Archuleta County, state-defined area median income (AMI) thresholds have unintentionally priced out much of the local workforce from qualifying for new workforce housing. Although regional wages may appear high, local living costs outpace income, leaving many essential workers ineligible. Meanwhile, Montezuma County continues to grapple with the legacy of its agricultural roots, such as long-standing land-use codes and cultural resistance to density.

Yet there are emerging successes. Anvil Construction in Silverton, supported through Region 9 EDD's Business Loan Fund, has completed five workforce housing units and broken ground on additional mixed-use projects—demonstrating how strategic small-business lending can fill local housing gaps while stimulating main-street economies. Likewise, HomesFund has now provided more than $2 million in housing and home-rehabilitation loans across the region. Its model couples financing with financial-literacy education—a major need, with eight in 10 participants entering the program without basic personal-finance knowledge. Together, these examples show how capital tools and strong financial management can expand housing access, build local capacity, and strengthen economic resilience even as broader structural challenges persist.

### Infrastructure and Fiscal Realities: The Limits of Local Capacity

The state's southwestern area's social vulnerability stems from thin fiscal capacity and aging infrastructure. Local revenues cannot keep pace. Local mill levies are outdated (La Plata's only just approved a meager 1% increase, which had been unchanged since 1992, and Montezuma County has no countywide sales tax), so counties and towns rely heavily on outside grants to fund water, roads, broadband, and social programs.

This budgetary imbalance is clear across the region. In Dolores County, a 50-year-old water system has degraded to the point of chronic carcinogen warnings, while compliance with state standards requires a specialized staff small towns cannot afford. In Archuleta County, outdated sewer systems threaten neighborhoods, and new infrastructure investments are passed to developers or homebuilders, thus discouraging new projects. These are not new problems—federal pullback has simply exposed long-standing vulnerabilities.

But this shift also creates opportunity. Local fiscal structures were never designed to carry modern infrastructure alone. As federal programs scale back, they open space for more efficient, state-led regional systems—models that pool expertise, standardize delivery, and free local governments to focus on foundational needs like housing, childcare, and mental health.

A sponge city is a regional hub that absorbs economic activity without redistributing benefits proportionally. Durango captures much of the region's spending and service demand, while surrounding communities shoulder housing and infrastructure costs with limited revenue. Prosperity pools at the center while the periphery dries out.

Analysis of the region suggests that coordinated, state-supported infrastructure systems—similar to regional broadband and SWORD models—distribute capacity more evenly and reduce these fiscal imbalances.

### Agricultural Transitions and Environmental Pressures

Once the backbone of the rural economy, traditional agriculture no longer sustains communities. Decades of dedicating land and water to legacy production, reinforced by fragmented land models and county-level systems rather than watershed-scale planning, have created an economy tied to identity but increasingly out of step with ecological and market realities.

Data from local environmental indicators show declining agricultural vitality and financial outcomes. Many young people no longer see a future in farming. Producers adapt where they can, but structural change is underway.

This is not simply a story of loss but a signal to adapt. With average annual precipitation down roughly 20%-25% over the past 40 years (National Oceanic and Atmospheric Administration), the region faces a pivotal moment to rethink land and water use. Shifting investments in water efficiency, soil health, and drought-resilient or value-added production can sustain livelihoods while protecting the landscapes that define Southwest Colorado. Framing this conversation at both the regional and state levels ensures the region's next chapter of growth stays rooted in stewardship, balance, and long-term resilience.

### Healing Legacy Through Shared Stewardship and Defining a Vision Forward

Region 9's prosperity is inseparable from the well-being of its tribal nations. The Southern Ute Indian Tribe and Ute Mountain Ute Tribe anchor the cultural and economic history of Southwest Colorado and steward lands and waters vital to agriculture, energy, and recreation. Yet the Tribes' Comprehensive Economic Development Strategies show that these communities face disproportionate poverty, health inequities, and environmental degradation. Healing this legacy—land loss, water exclusion, and generational underinvestment—is essential to any regional vision of prosperity.

The sovereign structure of tribal governance often results in parallel rather than integrated systems, but this sovereignty also brings powerful tools: access to unique federal funding streams, regulatory flexibility, legal authority to innovate, and deep stewardship knowledge. Leveraging these strengths as shared opportunities can create efficiencies that ripple across housing, infrastructure, workforce, and service delivery. Building intentional, trust-based partnerships with tribal nations can transform fragmentation into shared regional strength, positioning sovereignty as a cornerstone of long-term regional resilience.

The Ute Mountain Ute Tribe faces environmental injustice near White Mesa, Utah, along with severe housing shortages, food security gaps, and workforce constraints. Despite these challenges, the Tribe has advanced self-reliance through strategic investments in housing and job creation that strengthen sovereignty and local capacity. Likewise, the Southern Ute Indian Tribe recently completed 60 workforce housing units, demonstrating how internal investment can expand opportunity, stability, and economic participation. These actions underscore how tribal leadership can catalyze broader regional gains when aligned with county and state initiatives.

For the region, addressing these shared issues requires reframing opportunity and embracing shared belonging. The core challenges—housing, health, broadband, and water—are fundamentally the same across counties and tribal territories. Aligning strategies around these shared needs can turn historic divides into shared strength. Sovereignty, when embraced as a regional asset rather than a boundary, offers a powerful path toward collective prosperity and resilience.

## Strategic Imperatives for 2026: From Survival to Sustainability

The regional outlook demands deliberate action. Rural prosperity will not emerge from job creation alone; it must be built on a foundation of human well-being, modern infrastructure, and collaborative governance. Three imperatives define the path forward:

**1. Invest in Foundational Human Needs—**Childcare, housing, and health care are not social programs—they are essential economic infrastructure. Prioritizing these essentials will yield higher workforce participation, greater household stability, and longer-term resilience.

**2. Realign Fiscal Structures—**Modern infrastructure requires modern finance. Mill levies, TABOR constraints, and fragmented revenue systems limit local fiscal capacity to sustain essential infrastructure. Aligning fiscal tools with current service demands would increase local governments' capacity to invest in infrastructure and community services.

**3. Advance Cross-Jurisdictional Collaboration—**The success of Region 9's broadband and SWORD initiatives demonstrates that collaboration multiplies capacity. Work will continue in 2026 on intentional systems building—aligning counties, tribes, and towns around shared data, shared priorities, and shared investment.

## Building Prosperity From the Ground Up

Economic development is not simply about generating jobs; it is about creating the conditions that allow people to take and keep them. Southwest Colorado's experience shows that when people cannot meet basic needs, job numbers lose their meaning, and community health declines.

Southwest Colorado, like much of rural Colorado, stands at a threshold: Its landscapes attract investment and talent, yet its infrastructure and affordability lag behind. Water scarcity, fiscal constraints, and regional imbalance will continue to shape the conversation, but they also point toward a deeper truth—prosperity must be locally rooted to last.

Across five counties and two sovereign tribal nations, the opportunity now lies in defining a shared future built on stewardship, not scarcity. By centering well-being, aligning fiscal policy with human needs, and practicing collaborative governance, Region 9 EDD will work to model a new approach to rural resilience—one that begins, as all enduring change does, with planting a seed.

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