



# COLORADO BUSINESS REVIEW

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Research Division  
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*“The national  
economy  
is defying  
expectations  
in 2024...”*

## ***COLORADO 2024 MIDYEAR ECONOMIC UPDATE***

Second quarter growth in real gross domestic product (GDP) accelerated in Q2 2024, growing at an annualized rate of 2.8% in the first estimate from the Bureau of Economic Analysis. Personal consumption expenditures, which represent nearly 70% of the economy, expanded 2.3%. The pace of gross private domestic investment grew 8.4%, government expenditures increased 3.1%, and the trade deficit grew in Q2.

The labor market continued to show resiliency, too, with an average of 222,000 jobs added per month from January through June 2024, totaling 1.3 million jobs over the six-month

period. Job openings, labor force growth, and low unemployment point to continued strength in the labor market and strong demand for workers.

The labor market remained strong through the first half of 2024, but there are a few modest signs of slowing. The job openings rate published by the Bureau of Labor Statistics increased slightly to 4.9% from April to May, but showed a year-over-year decline of 1.2 million job openings. The ratio of job openings to unemployed people has generally trended down over the past year, decreasing from 1.5 job openings per

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unemployed individual in May 2023 to 1.2 in May 2024. The ratio has remained above 1 for 37 consecutive months, and has now returned to pre-pandemic levels. In addition, jobless claims remain relatively low. The civilian labor force grew 0.6% year-over-year, totaling 1.7 million in June—the second-highest level on record. In June, the labor force participation rate was 62.6%—the same level as the prior year.

Colorado ranked 24th for year-over-year employment growth in June 2024. The state recorded nearly 3 million jobs, 1.4% above June 2023 levels. The unemployment rate remained steady at 3.8% in June, tied for 31st in the nation. The June civilian labor force was just slightly below an all-time high recorded in December 2023, growing 0.1% year-over-year, ranking 38th in the nation for the growth rate. In addition, the labor force participation rate of 67.9% ranked Colorado 4th nationally in June.

Heading into 2024, the Colorado Business Economic Outlook estimating committees projected job growth of 41,900 jobs. At a meeting held in early June, the chairs of the 14 Colorado Business Economic Outlook committees deliberated on the headwinds and tailwinds for each industry. The revised outlook for Colorado employment growth in 2024 is 49,600, with the highest growth rates expected in Natural Resources and Mining, Government, and Education and Health Services. The estimating committee expects gains in all but three industries in the state, with forecasted declines in Information; Construction; and Trade, Transportation, and Utilities.

According to the Leeds Business Confidence Index (LBCI), Colorado Business leaders' optimism

extended for another quarter, to Q3 2024, driven by general economic conditions, politics, and interest rates. Leaders remained bullish on the state economy, industry sales, industry profits, and capital expenditures, but expressed some pessimism around the national economy and industry hiring.

Other surveys, too, are beginning to reflect a potential rebound, and optimism is on the rise. The National Federation of Independent Business's Optimism Index increased for the third consecutive month in June to 91.5, reaching the highest level since the end of 2023. The Consumer Confidence Survey decreased 0.9 points in June to 100.4, and remained down 9.7 points from June 2023. The expectations index decreased from 74.9 to 73 in June, remaining below 80, the threshold that tends to prelude a recession. The University of Michigan's Index of Consumer Sentiment declined to 65.6 in June, down 3.5 index points from the prior month (within the margin of error), but up from 64.2 in June 2023. The Institute for Supply Management's Services PMI registered 53.8 in May, signaling a general expansion among services. The Manufacturing PMI has experienced a period of sustained contraction, consistently remaining below the significant 50 threshold for 18 out of the past 19 months, with a peak of 50.3 in March 2024, and most recently declining to 48.7 in May 2024. Colorado's economy is also signaling resiliency as the state continues to outperform in terms of employment and income growth.

*The national economy is defying expectations in 2024, with GDP, employment, and income outperforming growth expectations set last fall, and inflation is notably improving. We present the midyear review of the Colorado economy in this issue of the Colorado Business Review, where we evaluate observed data halfway through 2024 and update our expectations for the remainder of the year. The information presented is compiled from remarks made by Colorado Business Economic Outlook*

*Estimating Group chairs at a roundtable meeting held in June. Industry sector summaries include comparisons of the current economic situation to the forecast presented last fall. In addition, key factors influencing recent economic trends are noted.*

*We greatly appreciate the time and input from the individuals who contributed to this update; their names are listed on the back page. I also acknowledge the BRD research staff—Brian Lewandowski, Adam Illig, Bryce Petrillo, and Adam Abrahamson—*

## FROM THE EDITOR

*who collected data and conducted additional analysis for this issue.*

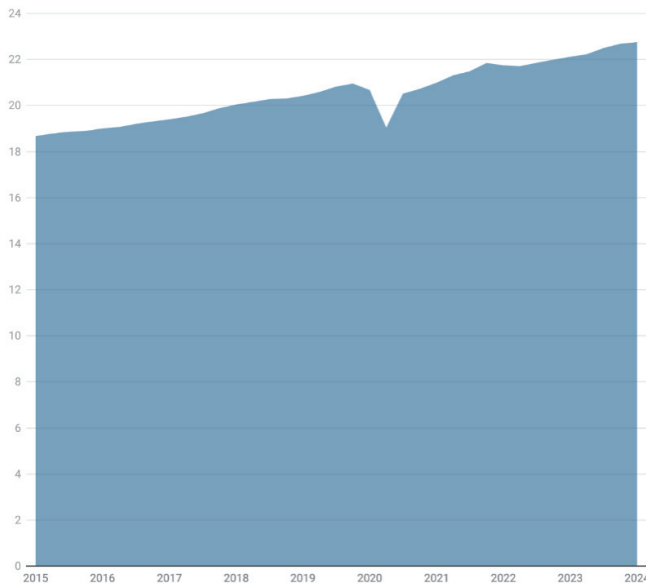
*Last, I would like to thank WhippleWood CPAs and Advisors for their continued support of the Colorado Business Economic Outlook. Their support helps with the distribution of the analysis shared in the annual publication and this midyear update.*

*Please contact me directly at 303-492-1147 with any comments or questions.*

*—Richard Wobbekind*

## U.S. Real GDP

U.S. Quarterly GDP, \$ Trillions



Source: Bureau of Economic Analysis and Consensus Forecast. | Created with Datawrapper

## Colorado's Rank Among Other States

Real GDP Growth	13
Employment Growth	24
Population Growth	17
Personal Income Growth	14
PCPI Growth	16
PCPI	7
Average Hourly Wage % Growth	2
Average Annual Pay % Growth	18
Average Annual Pay	7
Unemployment Rate	31
Labor Force % Growth	38
LFPR	4
FHFA Home Price Index Growth	26
FHFA Home Price Index Growth	45
Job Openings Rate	2
Worker Shortage Ratio	18

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, U.S. Census Bureau, Colorado Department of Local Affairs, Federal Housing Finance Agency All Transactions Index, BRD Calculations. \*Unemployment rate for the last month. | Created with Datawrapper

## POPULATION AND EMPLOYMENT

**According to the State Demography Office, Colorado's population increased by approximately 36,500 in 2023, reaching a total of 5.8 million by the end of the year.**

As anticipated, both natural increase and net migration saw slight upticks in 2023, rebounding from levels in 2021 and throughout 2022. The state's natural increase was 17,400, just shy of the forecasted number, comprised of 62,400 births and 45,000 deaths.

For 2024, births are forecast to remain constant at around 63,000, with a slight decrease in deaths to 44,000. Natural increase is expected to rise to 19,000, continuing its recovery from the record low of 13,000 in 2022. Net migration is projected to reach between 25,000 and 30,000 this year, with expectations leaning closer to 30,000 by 2025. International migration has recently become a larger share of migration as net domestic migration has slowed.

Due to the slowdown in births and minor decrease in deaths, migration is becoming more impactful on population change. However, net migration for 2023 was lower than the forecasted 35,000, reaching only 20,000. Migration is expected to increase slightly over the next 5 to 7 years due to the demand for new jobs in the state and an expected 40,000 retirements per year.

The Bureau of Labor Statistics reported that total national nonfarm employment increased by 206,000 in June, and averaged 218,000 per month over the past 12 months. In addition, the national labor force increased 0.6% year-over-year in June 2024, and the labor force participation rate remained stable at 62.6%.

According to the Colorado Department of Labor and Employment, Colorado's labor force increased over the year by 0.1% in June 2024, exceeding 3.2 million. Colorado's labor force remains just slightly below the all-time peak in December 2023. The labor force participation rate remained steady in June at 67.9%, ranking the state 4th-highest.

Colorado has added 40,900 nonfarm payroll jobs since June 2023, bringing total nonfarm employment to nearly 3 million in June 2024, reflecting a year-over-year increase of 1.4%. In June 2024, eight Colorado industry sectors gained jobs year-over-year, while three sectors experienced decreases in employment levels. The fastest-growing sector was Mining, growing 5%, followed by Government (4.5%), and Education and Health Services (3.4%). Conversely, the sectors that contracted in June year-over-year included Information (-3.9%), Construction (-2.3%), and Trade, Transportation, and Utilities (-1.2%).

The Boulder MSA observed the highest year-over-year employment growth in June (2.7%), followed by Fort Collins-Loveland (2%), Colorado Springs (1.8%), Greeley (1.5%), Pueblo (0.5%), and Grand Junction (0.2%). The Denver-Aurora-Lakewood MSA was the sole MSA to experience year-over-year employment decline (-0.9%). Colorado's seasonally adjusted unemployment rate was 3.8% in June, slightly below the national average of 4.1%. Looking at the not seasonally adjusted data by MSA, the Fort Collins MSA had the lowest unadjusted unemployment rate in the state in June at 3.6%, followed by Boulder (3.8%), Denver-Aurora-Lakewood (4%), Colorado Springs (4.2%), Greeley (4.3%), Grand Junction (4.4%), and Pueblo (5.5%).

Colorado's nominal GDP was \$539 billion as of Q1 2024, the 13th-largest in the country, led by Real Estate, Rental, and Leasing; Government; and Professional and Business Services.

Colorado's Q1 2024 real (inflation-adjusted) GDP increased at a seasonally adjusted annual rate of 2.3% for the quarter and at 3.3% year-over-year. Overall, the largest year-over-year percentage gains in Colorado were recorded in the following industries: Agriculture, Forestry, Fishing, and Hunting (68.3%); Mining, Quarrying, and Oil and Gas Extraction (13.2%); and Retail Trade (8%). The largest losses were in Wholesale Trade (-4.8%) and Other Services (-2.6%).

# NATURAL RESOURCES AND MINING

The Natural Resources and Mining sector includes the subsectors of agriculture, forestry, fishing and hunting, mining, quarrying, and oil and gas extraction.

## Agriculture

According to the Bureau of Economic Analysis, Agriculture, Birds, Forestry, Fishing, and Hunting nominal GDP totaled \$1.8 billion in Q1 2024 and averaged \$1.6 billion in 2023, with real (inflation-adjusted) GDP increasing 42.8% year-over-year.

Cooler than usual weather and above-average rainfall benefited both crop and livestock producers through the second half of 2023. While 2023 was the hottest year on record globally, Colorado and the western U.S. were notable exceptions. Market prices for corn, wheat, milk, hogs, and sunflower are all generally lower across the board than a year ago. Corn prices are down 3.4% year-over-year from last July (\$5.62 per bushel), and beef prices remain on the rise this year. There is global uncertainty around grain markets as Russia walked away from the Black Sea grain agreement. Input prices are less expensive across the board than a year ago: fuel, seed, feed, pesticides, and fertilizer have experienced price decreases, whereas farm labor, trucking and shipping, repairs, and equipment have increased since last year. In June 2023, cattle on feed numbers are 8% lower than the same period last year. Drought in prior years has caused ranchers to decrease the size of their herds, limiting the number of calves to sell in 2023. Hay prices are expected to decrease because farmers will be able to grow their own rather than outsourcing. Additionally, high interest rates will significantly impact operating expenses.

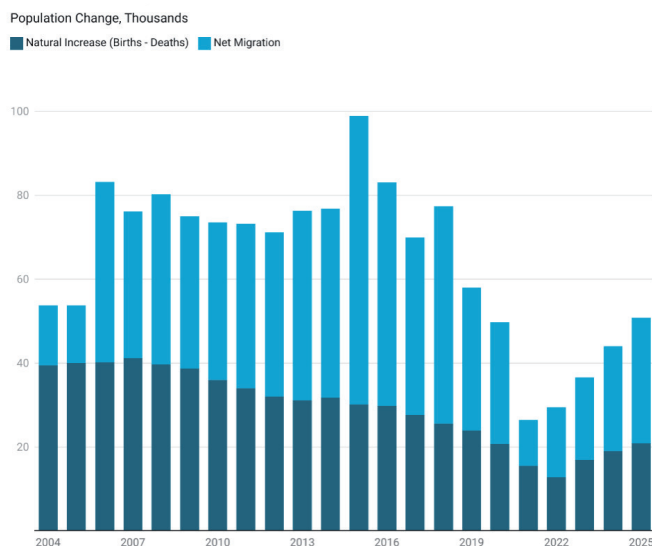
Wheat prices recorded a year-over-year decrease of 25.4% in May 2024, dropping to \$6.02 per bushel. Better growing conditions with lower temperatures and more rain in wheat-growing areas throughout the U.S. have increased supply, demand continues to fluctuate in tandem with the population of cattle on feed. According to the USDA, winter wheat production in Colorado is forecast to reach 81.4 million bushels based on May conditions. This forecast is 9.1% higher than last year's production of 74.6 million bushels, which was initially projected to be 68 million bushels in July 2023.

Colorado agricultural exports January-April totaled \$873.4 million, up 17.4% compared to the same period last year. Beef and beef byproducts are Colorado's top agricultural export, comprising 76.5% of the total.

According to the U.S. Drought Monitor, Colorado has experienced low levels of drought in 2024, with an average of 43% of the state experiencing abnormally dry conditions, 14% experiencing moderate drought conditions, and nearly 0% experiencing extreme to exceptional drought conditions. Parts of the Front Range and northeastern Colorado experienced record-breaking wet conditions through September 2023. Meanwhile, the San Luis Valley continued to face drier-than-normal conditions, as reported by the Colorado Climate Center. With the absence of drought conditions in Colorado, dryland crops thrived, farmers typically increased planting, pasture conditions improved, and reservoirs rose to higher levels.

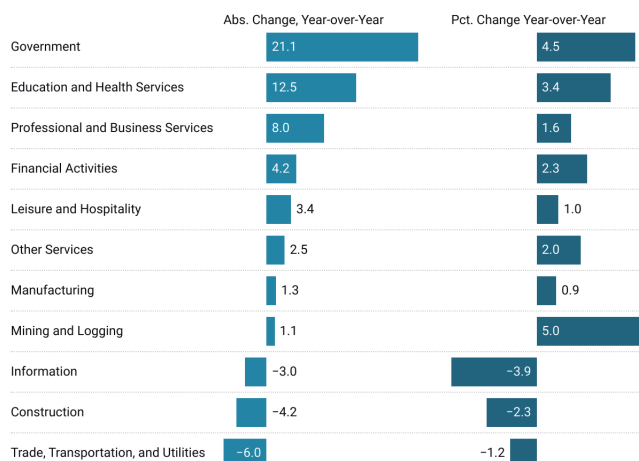
According to USDA estimates, net farm income is projected to decline by \$39.8 billion (26%) to \$116.1 billion from 2023 to 2024, continuing a downward trend since the record high in 2022. Cash receipts for farm commodities are expected to decrease by \$21.2

## Colorado Change in Population



Source: Colorado Demography Office, U.S. Census Bureau, and the Business Research Division; 2024 and 2025 are forecasted. | Created with Datawrapper

## Colorado Employment Change (as of June 2024)



Source: Colorado Department of Labor and Employment. | Created with Datawrapper



billion (4.2%) to \$485.5 billion in 2024. According to a February report from the USDA, production costs are anticipated to rise by \$7.2 billion (1.6%) to \$455.1 billion in 2024. Additionally, total commodity insurance indemnity payments are forecasted to drop by \$1.5 billion (6.6%) in 2024, and direct government payments to farmers are projected to decrease by \$2.2 billion (17.7%) from 2023 levels, reaching \$10.2 billion in 2024.

Additional uncertainties for farmers beyond the weather include legislation. The Agriculture Improvement Act of 2018 (Farm Bill) protects the livelihood of farmers by providing farm insurance and creates nutrition programs such as Supplemental Nutrition Assistance Program (SNAP) and The Emergency Food Assistance Program (TEFAP). The Farm Bill was enacted in 2018 and expired on October 1, 2023, but was extended by President Biden in November 2023. Historically, the Farm Bill has been extended when a new one has not been passed by Congress by the expiration date.

However, it appears unlikely that Congress will pass a new Farm Bill before recessing for the fall 2024 elections.

### **Mining and Logging**

In Colorado, the Mining and Logging industry mostly encompasses the extraction of mineral solids such as coal and petroleum, as well as natural gas and carbon dioxide. Job growth has been constrained by M&A and industry consolidation in recent years. Mining and Logging is the smallest industry by jobs, but posted the fastest growth in June—5% year-over-year. Industry employment is projected to grow 5.3% in 2024.

Crude oil prices have been stable and are projected to remain between \$80 and \$90 per barrel for 2024 and 2025. The U.S. has increased domestic production, thereby enhancing energy independence and maintaining price stability. Coal production is expected to decline as Colorado shifts away from coal-generated energy toward renewable sources. In 2022, renewable sources of

energy accounted for 37% of Colorado's total in-state electricity net generation. According to the Energy Information Administration, wind power accounted for the largest share of Colorado's renewable electricity generation at 75%, followed by combined utility-scale (1-megawatt or larger) photovoltaic and small-scale (less than 1 megawatt) solar at 17%.

Mining nominal GDP totaled an annualized \$16.5 billion in Q1 2024. Real GDP grew 13.2% year-over-year. Mining and Logging employment increased 4.3% in 2023 and 5.1% year-over-year in May 2024. Industry employment remains robust in early 2024 with the continuation of high energy prices and inventory demand. The industry is projected to end 2023 up 3.7%. In Colorado, the average annual pay for a Mining and Logging job in 2023 was \$166,048, compared to the \$77,097 average annual pay for all industries. The industry made up 0.8% of Colorado's covered nonfarm employment in May 2024, compared to 0.4% for the nation.

The average monthly price of WTI oil has decreased since peaking in June 2022. Prices averaged \$80.12 in May 2024, an increase of 11.9% year-over-year. According to the U.S. Energy Information Administration, Colorado ranks fourth in crude oil production among U.S. states in March 2024. The Colorado Energy and Carbon Management Commission reported field production of crude oil totaled 42.7 billion barrels in January to May 2024, a 35.6% decrease from this period last year (66.2 billion barrels). In 2024, 82.4% of production was concentrated in Weld County, representing a 3% increase year-over-year.

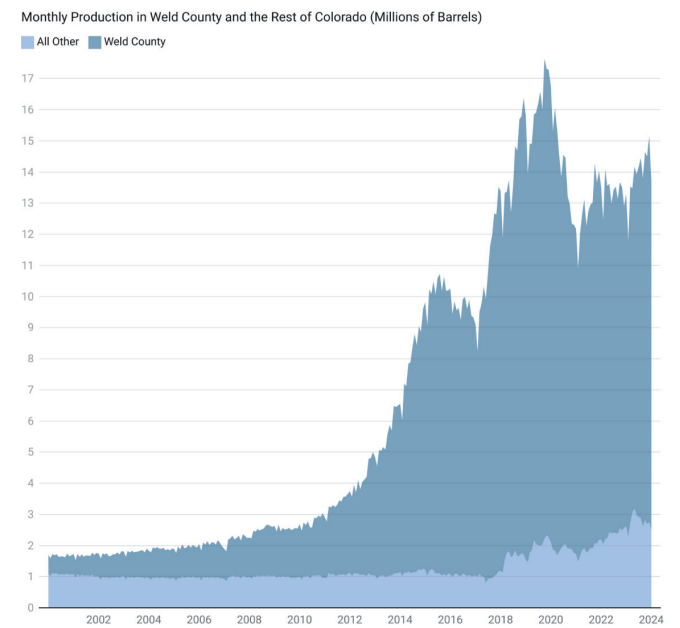
The Baker Hughes rig count continues to rise after reaching a low of four rigs in November 2020. As of June 2024, there were 14 active oil rigs in Colorado. The U.S. rig count in June 2024 was 591, down 96 rigs from 2023, marking a year-over-year decrease of 14%.

Natural gas production decreased less than 1% in 2023, totaling 1,826 billion cubic feet. The revised Colorado production outlook for 2024 is 1,800-1,880 billion cubic feet. The Henry Hub natural gas spot price decreased just 1.4% in May 2024 compared to the year prior, from \$2.15 per million btu to \$2.12 per million btu. Colorado is the eighth-largest natural gas producing state and the eighth-largest in natural gas reserves, accounting for nearly 4% of the U.S. total. The pricing of natural gas has proven to be very volatile over the past year.

Colorado ranks eighth among the states in estimated recoverable coal reserves. The state produces coal from both underground and surface mines, primarily located in the Green River, Piceance, and San Juan Basins. Colorado coal production decreased slightly from 12.8

million tons in 2022 to 12.4 million tons in 2023, marking a 3.3% year-over-year decrease. Despite the decline, coal production in 2023 exceeded projections, which were estimated at 11.6 million tons for the year. There are currently 7 coal mines operating in Colorado and 6 coal-fueled power plants. Coal-fired plants are being phased out in Colorado, with most slated to close by 2030.

### Colorado Oil Production



Source: U.S. Census Bureau; Colorado Business Economic Outlook Committee. I Created with Datawrapper



# CONSTRUCTION

**The Construction sector has been adversely impacted by inflation in raw inputs and wages, high interest rates, and a shortage of labor.**

The Construction sector is generally segmented by residential, nonresidential, and nonbuilding (infrastructure) construction. Residential construction includes both single family and multifamily. Nonresidential construction includes such activity as office, retail, and industrial buildings. Nonbuilding including infrastructure projects (roads, bridges, sewer, etc.).

Construction GDP totaled an annualized \$32.6 billion in Q1 2024. Industry real GDP rose 6.2% year-over-year. In June 2024, the Construction sector recorded 181,000 jobs in Colorado, the seventh-largest sector in the state with 6.1% of total employment in the state. Employment in the sector in the state was down 2.3% (4,300 jobs) year-over-year, contrasting with the nation, which grew industry employment 2.9% over the same period, according to the Bureau of Labor Statistics. Construction industry employment is projected to decline slightly, by 0.7%, in 2024.

In mid-July, the 30-year mortgage rate averaged 6.77%, according to Freddie Mac, nearly unchanged from mid-July 2023, but nearly 4 percentage points higher than the average 2.88% mortgage rate recorded in mid-July 2021. Rates have suppressed residential home price growth and new development. Colorado's home price appreciation, according to the Federal Housing Finance Agency Purchase Only Index, increased by 3.6% year-over-year in Q1 2024 and was flat quarter-over-quarter, ranking the state 45th for home price growth.

Colorado residential building permits declined at a steeper rate than the nation in 2023, down 18.5%,

driven by decreases in both single family (-17.1%) and multifamily (-19.8%) activity, according to data from the U.S. Census Bureau. Colorado's residential sector has continued to contract early in 2024, with a year-over-year decline in permits of 22.6% year-to-date in May (also steeper than the national slowdown); however, the decrease was driven by a 54.3% decrease in multifamily permits while single family increased by 19.9%.

Tens of thousands of multifamily units have been delivered in Colorado over the past few years, and thousands of multifamily units are currently under development and planned for deliver in the near future. The glut of supply, slip in occupancy, high interest rates, and difficult financing have led to the sharp slowdown in new multifamily permits. Overall, the residential value of construction decreased 20.1% in 2023, but grew 11.2% during the first five months of 2024, according to Dodge Data and Analytics.

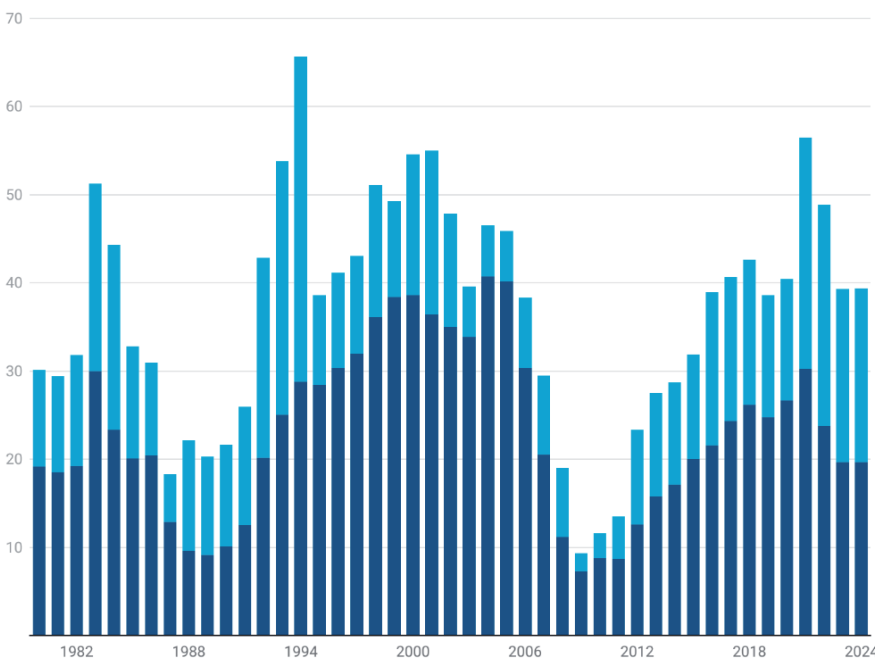
New nonresidential construction spending in Colorado was down 0.4% in 2023 and 23.9% year-to-date through May 2024. Like other sectors of construction, difficult financing and high interest rates have weighed on the viability of new projects; however, high office vacancy rates have also contributed to a stalling of a major subsector of nonresidential construction.

Colorado's nonbuilding (infrastructure) sector grew for a third-consecutive year in 2023, increasing 3.1% for the year. Growth continued in early 2024 with growth of 10.5% through the first five months of the year. The growth has been driven in part by federal government infrastructure spending.

Colorado now lacks an inventory of new mega projects, which means sustainable growth in nonresidential and nonbuilding will need to be driven by more, smaller projects.

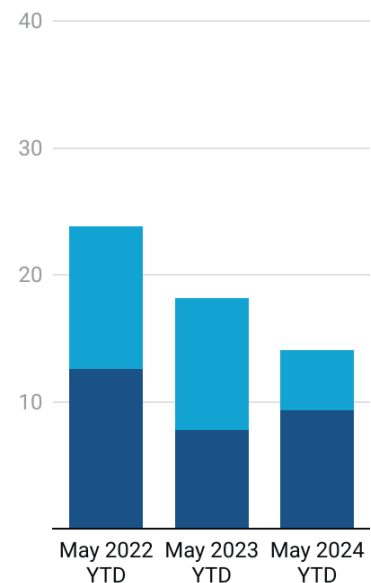
## Single Family and Multifamily Residential Building Permits

Permits, 1980-2024



Source: U.S. Census Bureau; Colorado Business Economic Outlook Committee. | Created with Datawrapper

## May YTD Permits



Source: U.S. Census Bureau; Colorado Business Economic Outlook Committee. | Created with Datawrapper

# MANUFACTURING

**The Manufacturing sector is composed of the durable goods sector and the nondurable goods subsector.**

Durable goods last for a significant period of time, whereas nondurable goods are typically consumed quickly. Manufacturing GDP in current dollars totaled an annualized \$29.8 billion in Q1 2024. Real GDP rose 4.4% year-over-year on an inflation-adjusted basis. In Colorado, manufacturing employment fell 1.2% (1,800 jobs) in 2023.

Manufacturing was the eighth-largest employment sector in Colorado in June 2024, with 152,600 jobs, or 5.1% of total employment. The industry grew 0.9% year-over-year in June, compared to flat growth nationally. Full-year growth is projected at 0.6% in 2024 in Colorado.

Durable goods manufacturing makes up the larger share of the two subsectors in the state, at 61.1%, or 93,300 jobs in June. Within this subsector, there is manufacturing of wood and metal products; machines, including computers, electronic parts and aerospace materials; and transportation equipment. The sector added 400 jobs year-over-year in June, up 0.4%.

Nondurable manufacturing, which consists of food and beverages, makes up the other 39% of Colorado's Manufacturing sector employment, totaling 59,300 jobs in June 2024. Nondurable manufacturing employment increased 1.5%, or 900 jobs, year-over-year in June.

Challenges in the state's manufacturing sector are corroborated in national and regional surveys. The ISM Manufacturing Index measures manufacturing activity through a monthly survey of purchasing managers at manufacturing firms. In May 2024, the index recorded a reading of 48.7, down 0.5 percentage points from April. After rising above 50 (neutral) for the first time

in 16 months in March 2024, the index contracted in April and May. Conversely, the S&P Global Flash U.S. Manufacturing PMI, which measures the economic health of the manufacturing sector in the U.S., rose from 51.3 in May to 51.7 in June, driven by positive new orders and employment. A reading above 50 indicates expansion, while a reading below 50 suggests contraction.

The Kansas City Fed also produces a manufacturing survey, which identifies manufacturing activity, such as production and shipments, as well as price changes of raw materials and finished goods. The composite index is an average of production, new orders, employment, supplier delivery time, and raw materials inventory indexes. A positive value indicates an expansion in manufacturing activity, negative values indicate a contraction, while a value of zero indicates neutrality. The month-over-month composite index registered a reading of -8 in June 2024 versus the prior month of -2. The index registered a reading of -9 versus one year ago, but an expected index of 7 in the next six months. In the early half of 2023, there were many challenges related to the macroeconomy that were expected to impact the manufacturing industry. However, early 2024 index readings suggest that the pace of decline slowed, and employment grew. The year-over-year index reading in June 2024 of -9 is mostly driven by survey respondents reporting declines in production and new orders. In June, firms were asked about hiring conditions and worker retainment—approximately 25% of firms stopped posting new positions and/or reduced hours for their hired workers in the last 3 months, but only 11% planned to reduce hours in the next six months. In addition, nearly 80% of firms reported that they could not find workers with the requisite skills, 40% reported their workers wanted more flexible hours, 23% cited the availability and cost of childcare and the immigration status of their workers as a difficulty, and 17% provided the availability/cost of housing as a barrier.





# TRADE, TRANSPORTATION, AND UTILITIES

**Within the Trade, Transportation, and Utilities (TTU) sector, the trade subsector consists of wholesale and retail trade firms.**

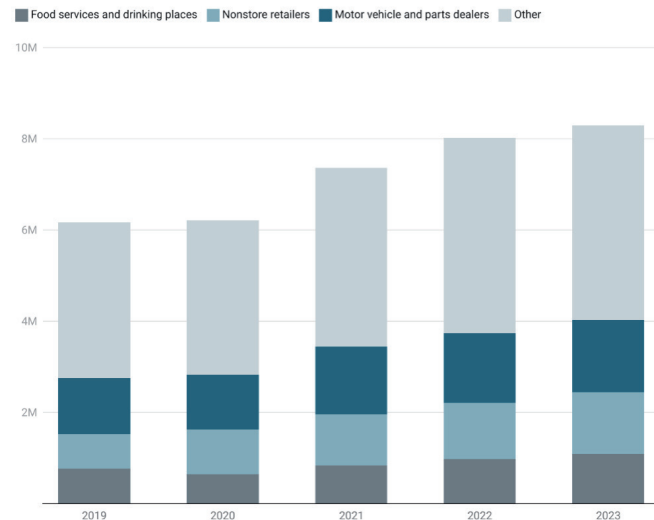
The Trade, Transportation, and Utilities industry totaled an annualized \$85.7 billion in Q1 2024. Wholesale real GDP decreased 4.8% year-over-year in Q1 2024, while transportation and warehousing increased 1.5% year-over-year.

Overall, TTU employment in Colorado increased by 4,200 jobs (0.8%) in 2023 but decreased 1.2% (6,000 jobs) year-over-year in June 2024. TTU is the second-largest industry by employment in the state. It is projected to lose 2,600 jobs (0.5%) in 2024.

The Transportation, Warehousing, and Utilities subsector observed losses of 3.6% (4,200 jobs) year-over-year in June 2024. Utilities are expected to add jobs. Warehousing and storage grew 3%, couriers and messengers posted year-over-year gains. Air transportation gained jobs year-to-date when examining monthly data for the first five months, though the sector recorded a loss year-over-year in the month of May. This decrease may reflect both a maturing warehousing sector, as well as a worker supply shortage for the transportation industry and inflationary pressures. Truck transportation posted a year-over-year loss. All these industries are adversely impacted by the cost of fuel and inflation.

Wholesale trade employment was down 1.1% in June 2024 year-over-year, while national wholesale trade employment up 1.3%. Retail trade employment in Colorado fell 0.2% year-over-year in June 2024, resulting in a decrease of 500 jobs, compared to 0.5% national growth.

## National Retail and Food Service Sales

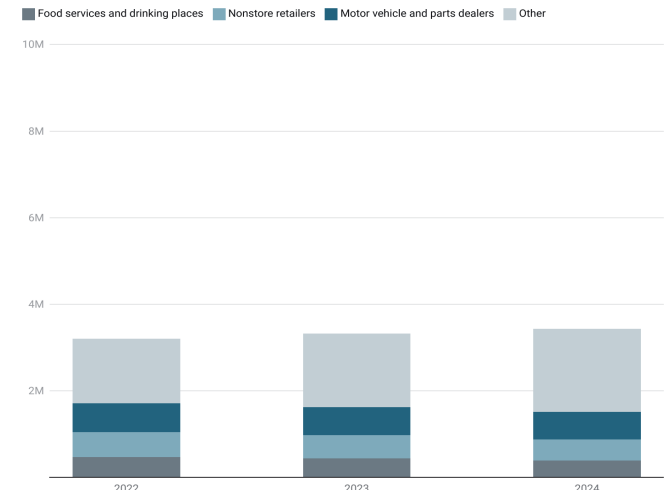


Source: U.S. Census Bureau. | Created with Datawrapper

According to the U.S. Census Bureau, national retail and food services sales for May 2024 (seasonally adjusted) totaled \$703.1 billion, growing 2.3% year-over-year and increasing by 0.1% from April. Total sales for the March 2024 through May 2024 period were up 2.9% year-over-year. Retail trade sales increased by 0.2% from April 2024 and by 2% year-over-year. Nonstore retailers, which include electronic shopping and mail-order houses, vending machine operators, and direct selling establishments, were up 6.8% year-over-year, while food services and drinking places were up 3.8% from May 2023. Furniture, department, building materials, sporting goods, and health stores all posted year-over-year declines, while electronics and appliance stores, food and beverage stores, and clothing stores reported the strongest gains. Miscellaneous store retailers grew 7.3%, the highest year-over-year increase. Colorado retail sales increased by 5.6% year-over-year, surpassing the national year-over-year gain of 4.2%. Taxable sales in the state totaled \$12.9 billion, down 0.2% year-over-year in March 2024.

According to data from Airports Council International, Denver International Airport ranked as the third-busiest airport in the nation as of April 2024. DEN had the busiest year on record in 2023, but the airport dropped four places in the worldwide passenger traffic ranking as other major airports continued to recover passenger traffic from the pandemic. During the year, DEN served 77.8 million passengers, a 12.3% increase from 2022, surpassing the previous record of 69.3 million passengers. Notably, 2023 is the first year in its history that DEN served more than 70 million annual passengers. Total passengers increased 8.5% year-to-date in May 2024, with transfers experiencing strong growth, indicating the airport's continued strength as an air travel hub.

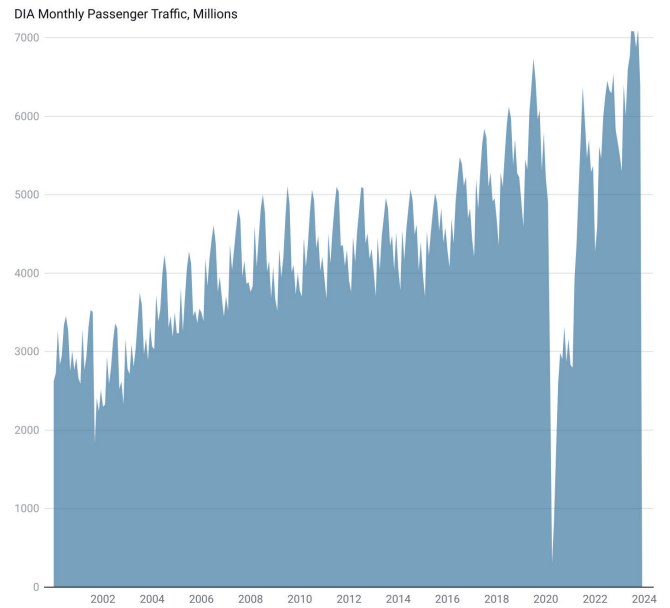
## National Retail and Food Service Sales, May YTD



Source: U.S. Census Bureau. | Created with Datawrapper



## DIA Enplanements and Deplanements



Source: Denver International Airport. | Created with Datawrapper

## INFORMATION

**Information GDP totaled an annualized \$32.4 billion in Q1 2024.**

The information sector's real GDP increased 6.1% year-over-year. Information employment fell in 2023, down 1,700 jobs, or 2.1%, and is continuing a sharp decline year-over-year in June (3.9% or 3,000 jobs). Information is projected to lose 2,500 jobs in 2024, a decrease of 3.2%.

By component, Publishing industries, the largest employment subsector, posted a 4.9% decline in employment in June 2024 year-over-year. Job growth in publishing has softened in recent years, as long-run declines in traditional publishing face significant disruptions from digital technology and consumer reading habits. Print publishing continues to consolidate with the shift to digital consumption, and continuing long-run declines in employment in newspaper and book publishing industries.

Telecommunications decreased 8.2% in June year-over-year. Elevated competition in a mature market with limited growth opportunities has led telecommunications companies

to seek cost-cutting measures that have contributed to recent job losses. In January 2024, DISH network, based in Englewood, laid off nearly 500 employees as the company faced financial challenges and declining business in its wireless satellite divisions. The company laid off an additional 160 workers from its corporate campus at the end of January 2024.

Employment in the Software Publishers subsector decreased 4.6% in June 2024. Software Publishers has traditionally been a strength in the Information sector, experiencing rapid growth between 2015 and 2022, but has weakened in recent months. This matches a national trend of layoffs in prominent software publishing companies, over-hiring during the pandemic, recessionary fears, and labor cost savings through the adoption of AI technologies. These trends have contributed to the softening in the industry. In addition, the rapid advancement of AI technology will likely continue to impact the software publishing industry as Colorado-based companies pursue development of AI software and leverage its efficiencies for software development.

## FINANCIAL ACTIVITIES

**The Financial Activities sector includes establishments primarily engaged in financial transactions, as well as establishments engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets.**

Financial Activities GDP totaled an annualized \$27.6 billion in Q1 2024. Real GDP increased 1.4% year-over-year. Financial Activities employment fell 0.9% (1,600 jobs) in 2023, but increased 2.3% (4,200 jobs) year-over-year in June 2024. By subsector, Finance and Insurance increased by 600 jobs (0.5%) year-over-year in June 2024, while Real Estate, Rental, and Leasing increased by 3,600 jobs (5.7%) over the same time period. The industry is projected to post modest growth this year.

Capital markets experienced a great deal of volatility in 2022 and 2023, with signs of a potential bull market emerging. The S&P 500 has been steadily increasing, up 23.7% year-over-year as of early June. The NASDAQ followed suit, experiencing a 17.1% increase since the beginning of the year. The NASDAQ year-over-year growth was 28.5% as of June 11, 2024. Capital markets



continue a strong upward trend in early 2024 following a strong finish to 2023. Fed policy has helped bring down inflation, but high interest rates continue to weigh on the market.

A CBRE report from April 2024 reported that office vacancy for the Denver market in Q1 2024 was 23.5%, up 60 basis points from the previous quarter and up 200 basis points year-over-year. In addition, metro Denver recorded negative 454,000 square feet of total net absorption, driven not just by large move-outs, but also by midsize occupiers. Notable layoffs or departures include Newrez, a mortgage lending company that announced in June it was planning to lay off nearly 320 employees from its Greenwood Village location. In June, Wells Fargo announced it was moving out of 71,000 square feet of space in downtown Denver, resulting in a loss of 80 jobs.

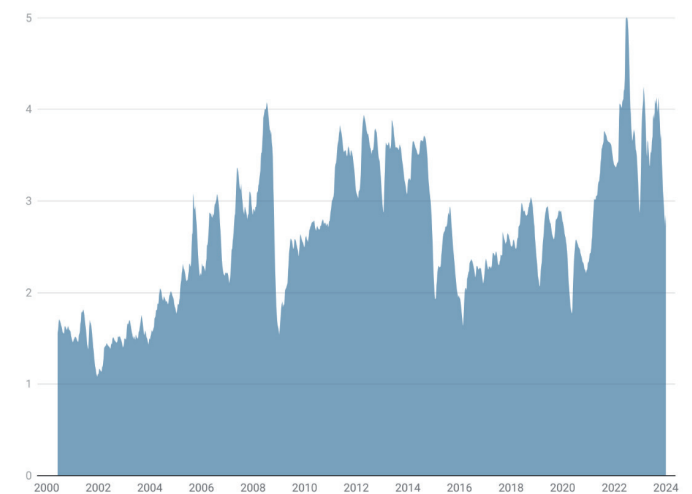
In an effort to stabilize inflation, the Federal Reserve has targeted short-term interest rates at 5.25%-5.5% after the most recent rate adjustments. As of June 2024, the 10-year government bond yield in the U.S. is 4.46%, reflecting one of the higher yields globally. For comparison, Germany's 10-year government bond yield is currently at 2.45%, the United Kingdom at 4.28%, and Japan at 0.46%. This trend indicates a significant surge in long-term bond and mortgage rates, aligning with the global economic adjustments to inflationary pressures.

Across the nation, rising prices and inflation continue to impact consumers, with the national median rent climbing to \$2,150 per month and midgrade gasoline prices averaging \$3.75 per gallon. In Colorado, rent prices are among the highest at around \$2,295 per month according to Zillow, while gasoline costs average \$3.64 per gallon. These increases in essential living expenses are significantly affecting discretionary spending, as more of consumers' budgets are directed toward housing and transportation costs.

In the cryptocurrency market, bitcoin increased significantly, by 97.1% year-over-year as of late June. Other cryptocurrency markets are also seeing massive increases in value over the past year. According to Forbes, the top three cryptocurrencies of 2024 are: Bitcoin (market capitalization of \$1,323 billion), Ethereum (\$424.8 billion), and Tether (\$112.4 billion).

According to the Federal Reserve, as of the week of June 12, 2024, commercial deposits have decreased by \$604 billion, or 3.3%, since peaking the week of April 13, 2022.

### Weekly Colorado Midgrade Conventional Retail Gasoline Prices



Source: U.S. Energy Information Association. | Created with Datawrapper

## **PROFESSIONAL AND BUSINESS SERVICES**

**Professional and Business Services (PBS) encapsulates a diverse set of subsectors, such as Professional, Scientific, and Technical Services that includes legal services, accounting, architectural services, computer, and software design, and consulting.**

The sector also contains the management of companies and enterprises, as well as a variety of administrative services that include waste management, building support, business support, and employment services. PBS jobs are usually high-paying business-to-business jobs, and work in the occupations within this industry is often able to be completed remotely.

PBS GDP totaled an annualized \$86.4 billion in Q1 2024. In 2023, the PBS sector experienced a year-over-year increase of 10.3%, with a 4.7% increase in Q1 and subsequent quarterly increases hovering around 2%. However, since the beginning of 2024, this growth has decelerated, with a growth of only 1.2% in Q1 2024. Real GDP expanded year-over-year in Professional, Scientific, and Technical Services (4.4%) and Management of Companies and Enterprises (2.5%), but decreased 1.1% in Administrative and Support and Waste Management and Remediation Services. Demand for technical and experienced talent is proving to be one headwind for maintaining a long-term growth trend.

PBS employment grew by 3%, or 14,400 jobs, in 2023. The industry employs the most workers in Colorado, with 506,400 employees as of June 2024. The industry is projected to add 10,000 jobs in 2024. This record of success is due to a number of factors, including both the diversity of supply and demand for PBS talent. Importantly, the relatively easy shift to work-from-home in the largest PBS subsectors ensured companies could keep trusted talent.

The Professional, Scientific, and Technical Services (PST) subsector, which employed 300,100 people (59.3% of total PBS employment) in June 2024, is proving to be one of the state's most dynamic sectors. The sector grew 2.5% year-over-year in June.

Management of Companies and Enterprises is another industry within PBS that is showing consistent growth, up 1.9% in June 2024. Colorado is also home to 21 Fortune 1000 companies, including Arrow Electronics (102nd), DISH Network (197th), Qurate Retail (216th), and Ball Corporation (260th).

Administrative and Waste Services have continued to suffer after experiencing the worst losses in the sector during the pandemic. In June, the sector decreased 0.2% year-over-year, or by 300 jobs. Despite making up approximately 31% of PBS employment, Administrative and Waste Services consisted of only 17.4% of total wages. Employment in the Employment Services industry fell 7.7% year-over-year, and Business Support Services declined 10.3% year-over-year in May. Services to Buildings and Dwellings grew 1.4%.

## **EDUCATION AND HEALTH SERVICES**

**The Education and Health Services (EHS) Sector includes private-sector establishments that provide instruction and training by private schools and universities, as well as establishments that provide health care and social assistance to individuals.**

EHS GDP totaled an annualized \$36.2 billion in Q1 2024. Real GDP grew year-over-year in Educational Services (4.1%) but fell in Health Care and Social Assistance (0.4%). Approximately 12.8% of Colorado's workforce is employed in the EHS sector, the fourth-largest sector in the state; the national average is 16.6%.

Employment in Education and Health Services grew 4.6% (16,200 jobs) in 2023, and growth continued in 2024, with a gain of 3.4% year-over-year in June. Industry employment is projected to increase 13,300 jobs, or 3.6% for the full year. The Educational Services subsector experienced a 4.8% employment increase year-over-year in June 2024, while the Health Care and Social Assistance subsector was up 3.2%.

Private education makes up 13% of the Education and Health Services sector. Employment growth in education is expected to be flat this year. This is due to a decline in enrollment numbers for private education institutions. Between 2010 and 2021, undergraduate enrollment in private-for-profit and private nonprofit institutions fell 20%, according to data from the National Center for Education Statistics.

Health Care and Social Assistance makes up 87% of Education and Health Services. Hospitals continue to experience significant staffing shortages, especially for nurses. According to the Bureau of Labor Statistics, nurse practitioners are expected to grow 44.5% nationally through 2032, the second-largest growth rate among all occupations. Additionally, employment for medical and health services managers and physicians'



assistants is expected to grow 28.4% and 26.5%, with an average salary of \$134,440 and \$130,490, respectively.

Colorado Department of Health Care Policy and Financing (HCPF) began Medicaid eligibility redetermination for the first time since COVID in May 2023. In the first month, 120,000 Coloradans were evaluated, and 42% lost coverage. Approximately 1.3 million people were enrolled in state Medicaid and the Children's Health Insurance Program (CHIP) in February 2024, down from 1.7 million in May 2023.

Record high levels of drug shortages across the nation have been impacted by many factors, including high demand for "trendy" weight loss drugs (e.g., Ozempic and Wegovy), the over-prescription of antibiotics, and the generic drug market that is lowering prices to edge out domestic suppliers such as Akorn. Generic drug prices have dropped 50% since 2016. The increased demand of generic drugs has raised quality control issues from low-cost overseas manufacturers, specifically in cancer drugs.

There have been two major data breaches in health care in Q1 and Q2 of 2024, including the Change Health breach (a subsidiary of UHG) and Ascension. These breaches have put patients' personal health information and personal identifying information at risk, and disrupted provider claims processing and payments, posing a risk to the industry.



## ***LEISURE AND HOSPITALITY***

**The Leisure and Hospitality (L&H) sector covers establishments in the tourism, travel, and recreational industries.**

Leisure and Hospitality GDP totaled an annualized \$30.1 billion in Q1 2024. Real GDP showed year-over-year growth in Arts, Entertainment, and Recreation (2.1%) but Accommodation and Food Services decreased 0.6%. This is the fifth-largest sector in Colorado, making up 12% of total employment. The industry grew 4% (13,400 jobs) in 2023, and growth continued to climb an additional 1% in June 2024. The industry is projected to add an average of 5,800 jobs in 2024, a 1.7% increase. The Arts, Entertainment, and Recreation industry recorded a year-over-year decrease of 1% in June, while Accommodation and Food Services recorded a 1.4% increase. Accommodation and Food Services make up the majority of the sector (294,100 jobs), accounting for 82.6% of the industry total. Much debate has been held surrounding the labor shortages preventing these industries from fully recovering from the mass layoffs during the pandemic. Potential causes aside, restaurants, hotels, and other hospitality employers have lamented being short-staffed.

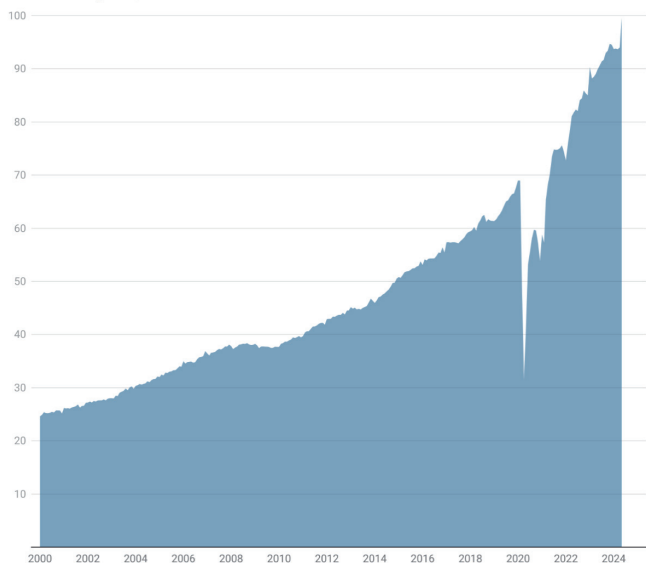
Notably, tourism to the state remains strong, driven by outdoor recreation. Colorado skier visits remained robust, despite falling to 14 million (down from a record 14.8 million in the 2022-2023 season). This mirrored national trends and followed a relatively modest December winter in the state.

Food Services and Drinking Places employment grew by 5,300 in 2023 (not seasonally adjusted). Growth has been volatile in 2024. Job growth in June decreased 600 jobs, or 0.2%. According to data gathered by the U.S. Census Bureau, national sales at food services and drinking places surged by 3.8% in May 2024, an increase of nearly \$3.5 billion (seasonally adjusted). Food Services and Drinking Places sales increased 11.6% annually in 2023.

With leveling fuel prices and the increasing cost of airline tickets, the AAA travel survey revision reflected more optimism, with tourism and visitations becoming more financially feasible. International travel has increased at DIA, up 8.5% year-to-date from May 2023. In addition, 26% of Colorado respondents plan on taking a trip out of the country.

## U.S. Total Retail Sales, Food Services, and Drinking Places

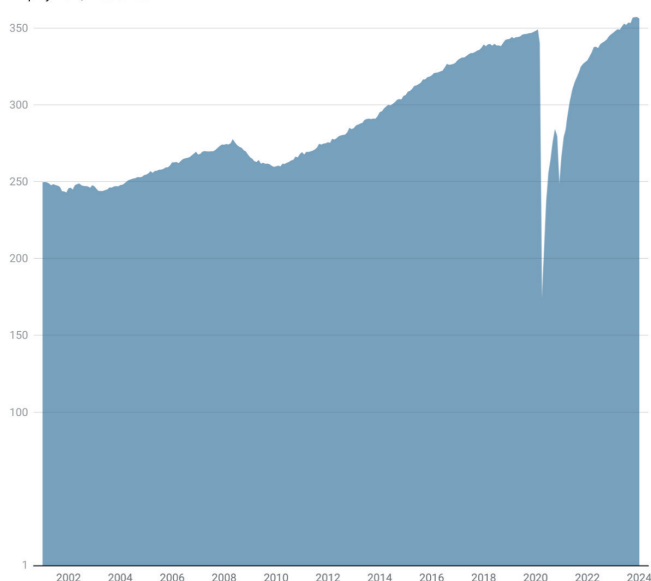
Advance Monthly Sales, Billions of Dollars



Source: U.S. Census Bureau. | Created with Datawrapper

## Leisure and Hospitality

Employment, Thousands



Source: Bureau of Labor Statistics, Current Employment Statistics. | Created with Datawrapper

## OTHER SERVICES

**The Other Services industry includes automotive repair, car washes, nail salons, barber shops, religious organizations, funeral homes, grantmaking foundations, labor unions, and others.**

Industry GDP totaled an annualized \$12.6 billion in Q1 2024. Real GDP decreased 2.6% year-over-year. Industry employment grew 3.5% in 2023 and 2% in June 2024 year-over-year. The Repair and Maintenance sector was up 6.2%; Personal and Laundry Services was up 0.6%; Personal and Laundry Services was up 1.2%; and the largest subsector, Religious, Grantmaking,

Civic, Professional, and Similar Organizations, was down 0.6% in June year-over-year (not seasonally adjusted).

## GOVERNMENT

**The Government supersector comprises federal, state, and local government, including higher education institutions and public schools.**

Government GDP totaled an annualized \$61.3 billion in Q1 2024. Real GDP increased 3.8% year-over-year. Government employment increased 5.2% in 2023. In June 2024, the Government sector employed 494,200 individuals, a year-over-year increase of 4.5%. The largest year-over-year gains came from state (5.4%), followed by local (4.2%) and federal (3.3%) government. Employment is projected to increase by 20,200 jobs for the year. Industry experts believe that the sector is finally experiencing the pandemic employment recovery that several other sectors experienced earlier after the pandemic receded.

The state government subsector includes state agencies and departments, such as the Colorado Department of Transportation and the Colorado Department of Regulatory Agencies, and public universities. State government employment totaled 146,200 in June 2024. The local government subsector includes city, county, school, and special district employees. Local government employment totaled 291,300 in June. Federal government employment totaled 56,700.

The state government passed the Public Employees' Workplace Protection bill (SB23-111) allowing certain public-sector workers to discuss workplace issues and public employee retention; organize, form, join, or assist in employee organizations; and participate in the political process while off-duty. The bill also prohibits discrimination toward employees for participating in these activities.

Government continues to face similar issues as in years prior. Labor shortages and employee retention are the main concerns while continuing to face the costs of competing with private-sector companies whose benefits and nonmonetary compensations outweigh those of the public sector. In recent months, the sector has been challenged by the end of American Rescue Plan Act (ARPA) funding and navigating a continued need for more funding for services.

# INTERNATIONAL TRADE

International trade in 2024 is off to a slow start compared to 2023. Although international trade has rebounded significantly in both the U.S. and Colorado from the 2020 recession lows and is expected to continue recovering, uncertainties remain that could impact trade in the year ahead, including declining inflation, monetary policy, and economic instability.

According to data from the Bureau of Economic Analysis (BEA), U.S. exports grew 0.4% in Q1 2024 year-over-year, and imports declined 1.5%. Colorado exports increased

0.7% year-over-year in April 2024 according to the U.S. Census Bureau. Year-to-date, Colorado exports have decreased 2.6%. Through April 2024 year-to-date, the state's largest trading partners were Mexico (15.9%), Canada (15.6%), China (8.6%), South Korea (6.1%), and Switzerland (5.3%). Although Switzerland is not typically a highly ranked trading partner for Colorado, the country has made a notable leap into the top 5 due to a surge in precious metals and gold exports. Of these, the countries that have experienced an increase in exports from Colorado were: Mexico (10.9%) and China (4.3%).

However, year-to-date percentages show that three countries experienced declines: Switzerland (44.1%), South Korea (29.6%), and Canada (15.3%).

Colorado's top four exports in 2024 year-to-date through April, accounting for about 63.5% of the total value of state exports, were (in order):

- Computer & Electronic Products
- Food & Kindred Products
- Machinery, except Electrical
- Chemicals

Colorado imports increased 3.3% in April 2024 year-over-year but are down 2.5% through April 2024 year-to-date. The top three countries that Colorado imports from through April 2024 are (in order): Canada (31.6% of total imports), China (10.7%), and Mexico (6.5%).

The value of imports from Canada increased by 11.1% in April 2024 year-over-year and 6.1% year-to-date. Imports from China decreased by 16.2% in April 2024 year-over-year but decreased 2% year-to-date through April 2024. The value of imports from Mexico increased by 3.3% in April 2024 year-over-year but dropped 23.6% year-to-date through April 2024.

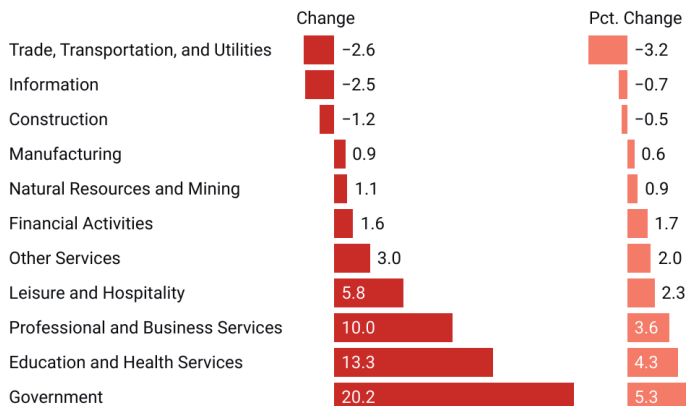
Nominal data indicate a 7.8% decline for Colorado international trade but a 16.4% increase in net exports. Colorado will likely stay in a trade deficit because of the increasing labor expenses and high interest rates causing export profitability issues. With the decline in inflation in 2023, the real metrics provide a different story—a 13.3% increase in exports from Colorado from 2021 to 2022. Colorado exports, following a similar pattern to national exports, peaked in March of the current year.

## Colorado Exports, 12 Month Trailing



Source: U.S. Census Bureau. | Created with Datawrapper

## Colorado Employment Revised Forecast 2024 Year-Over-Year



Source: Colorado Business Economic Outlook. | Created with Datawrapper

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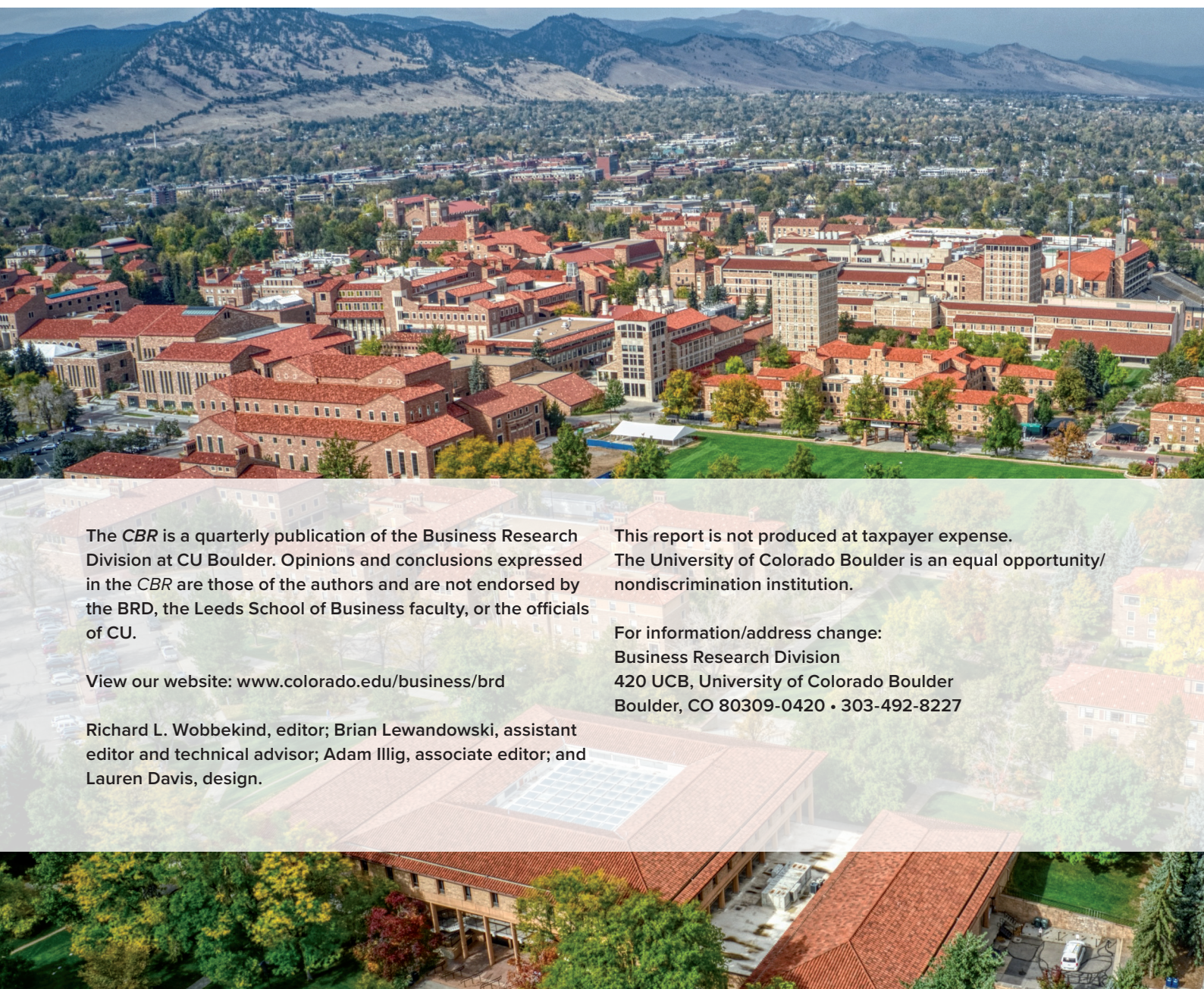
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