



COLORADO BUSINESS REVIEW

A publication of the Business
Research Division
Volume 92, Number 2, 2025



COLORADO 2025 MIDYEAR ECONOMIC UPDATE

Real gross domestic product (GDP) decreased quarter-over-quarter in Q1 2025 at an annualized rate of 0.5%, but rebounded with 3% growth in Q2, according to data from the Bureau of Economic Analysis (BEA). The first half of 2025 posted slower growth compared to the first half of 2024.

Personal consumption expenditures grew at an annualized rate of 0.5% in Q1, the slowest pace since Q2 2020, and increased 1.4% in Q2. Investment surged by 23.8% in Q1 but decreased by 15.6% in Q2. Government expenditures fell 0.6% in Q1 but increased 0.4% in Q2. The trade deficit increased to the greatest level

on record in Q1 as both exports and imports hit record levels (net exports subtract from GDP). Inflation-adjusted imports were up 6.8% year-over-year in the first half of 2025 while exports increased 2.3%

The decrease in GDP in Q1 was largely driven by trade in anticipation of tariffs. The surge in imports during the quarter subtracted 4.6% from GDP growth, producing the largest gap (in percentage and dollars) in the history of the data (1947-2025). The surge in investment also appears to be related to tariffs as inventories and equipment posted extraordinary growth. Conversely, the rebound in

IN THIS ISSUE

SUMMARY	1
POPULATION AND EMPLOYMENT	3
NATURAL RESOURCES AND MINING	4
CONSTRUCTION	7
MANUFACTURING	9
TRADE, TRANSPORTATION, AND UTILITIES	10
INFORMATION	11
FINANCIAL ACTIVITIES	12
PROFESSIONAL AND BUSINESS SERVICES	13
EDUCATION AND HEALTH SERVICES	14
LEISURE AND HOSPITALITY	15
OTHER SERVICES/GOVERNMENT	16
INTERNATIONAL TRADE	17

Q2 was partially attributable to the reversal of trade disruptions, with net exports adding 5% to GDP growth and a decrease in inventories detracting from growth. The national labor market has continued to grow, with 85,300 jobs added per month on average in July 2025 year-to-date, totaling 597,000 jobs over the period. Job openings, labor force growth, and low unemployment portray resiliency in the labor market with continued demand for workers.

The national labor market is showing signs of weakening in 2025, with 85,300 jobs added per month on average through July year-to-date, compared to 153,300 on average during the same period last year. The labor force decreased for the third-consecutive month in July, the unemployment rate has remained at or above 4% for 15-consecutive months, and job openings cooled by 6.2% year-over-year.

National employment has maintained modest growth year-over-year, increasing 1% in July. The job openings rate published by the Bureau of Labor Statistics decreased slightly to 4.4% from May to June. The ratio of job openings to unemployed people has remained steady over the past year. The ratio in June 2025 was 1.1:1, similar to June 2024 levels, and has remained above 1 for 50 consecutive months. In addition, jobless claims remain relatively low. While the civilian labor force fell month-over-month, the year-over-year growth (January-July) was 1.6%, totaling 170.3 million in July. In July, the labor force participation rate was 62.2%, 0.5 percentage points lower than the prior year.

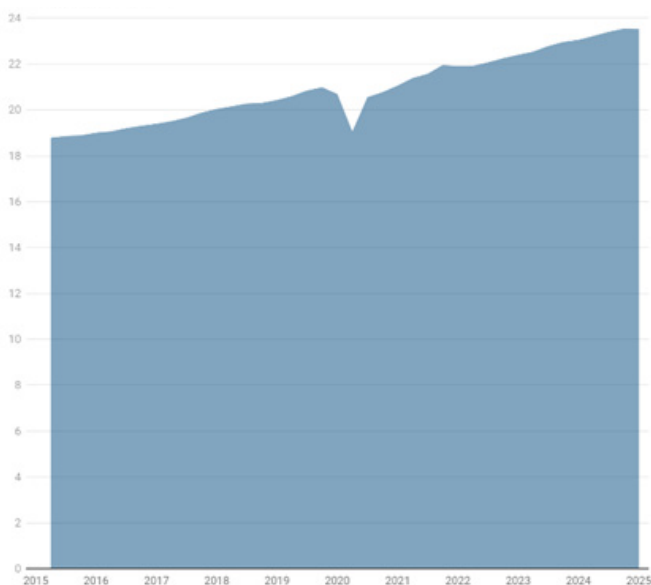
Colorado ranked 33rd for year-over-year employment growth in June 2025. The state recorded nearly 3 million jobs, 0.4% above June 2024 levels. The unemployment rate remained steady at 4.8% in June, ranking 40th in the nation. The civilian labor force growth rate fell 0.1% month-over-month but grew 0.6% year-over-year in June 2025, ranking 31st. Additionally, the labor force participation rate of 67.7% ranked Colorado 6th nationally in June.

Heading into 2025, the Colorado Business Economic Outlook estimating committees projected job growth of 36,700 jobs. At a meeting held in late 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 2025 is 22,200 (0.7%), with the highest growth rates expected in Education and Health Services, Information, and Mining. The largest percentage declines are projected in Financial Activities; Construction; and Trade, Transportation, and Utilities.

According to the Leeds Business Confidence Index (LBCI), Colorado's business leaders' confidence improved 5.9 points going into Q3 2025 from the previous quarter, but with the index at 37.9, perceptions remained negative (an index value below 50 indicates pessimism). The index was down 12.7 points from Q3 2024. Leaders noted uncertainty, tariffs, and other federal policies as leading factors for their sentiment.

U.S. Real GDP

U.S. Quarterly GDP, \$ Trillions



Sources: Bureau of Economic Analysis and Consensus Forecasts.

U.S. Real GDP

U.S. Quarterly GDP, \$ Trillions

Real GDP Growth	23
Employment Growth	43
Population Growth	16
Personal Income Growth	30
PCPI Growth	30
PCPI	8
Average Hourly Wage % Growth	40
Average Annual Pay % Growth	42
Average Annual Pay	7
Unemployment Rate	40
Labor Force % Growth	30
LFPR	6
FHFA Home Price Index Growth	48
Job Openings Rate	23
Worker Shortage Ratio	42

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, U.S. Census Bureau, Colorado Department of Local Affairs, Federal Housing Finance Agency All Transaction Index, BRD Calculations
*Unemployment rate for the last month.



Confidence has been impacted by uncertainty in 2025. Consumer confidence increased month-over-month, but was down 4.7 points from July 2024 to July 2025 and down 12.3 points from December 2024. The University of Michigan's Index of Consumer Sentiment increased to 61.7 in July, up one point from 60.7 in June, but down 4.7 points year-over-year and down 12.3 points from December 2024. The National Federation of Independent Business's Optimism Index decreased month-over-month to 98.6 in June 2025 and was down 6.5 points from December 2024, but is up 7.1 points from June 2024.

POPULATION AND EMPLOYMENT

According to the U.S. Census Bureau, Colorado's population increased by approximately 56,000 in 2024, reaching a total population of 5.96 million.

Both the natural increase and net migration accelerated in 2024, but remained below levels recorded in 2021 and 2022. The state's natural increase was 17,000, comprised of around 62,000 births and 45,000 deaths. Net migration totaled an estimated 39,000. According to the

State Demography Office, population is projected to grow by 49,800 in 2025 and 49,000 in 2026. An estimated 16% of Colorado's population is reaching retirement age (65+), which will have implications for the labor market.

Migration is continuing to impact and shift the population composition of Colorado, with international migration comprising a larger share of net migration in recent years.

The Bureau of Labor Statistics reported that total national nonfarm employment increased by 73,000 in July 2025 and averaged 85,300 per month over the past 12 months. In addition, the national labor force increased 1.2% year-over-year in July 2025, and the labor force participation rate decreased to 62.2, the lowest since November 2022.

According to the Colorado Department of Labor and Employment, Colorado's total labor force increased by 200 in June 2025, totaling 3.3 million. The labor force participation rate remained steady in June at 67.7%, ranking the state 6th-highest nationally.

Colorado has added 10,600 nonfarm jobs year-over-year in June 2025, bringing total employment to nearly 3 million.

In June 2025, six Colorado industry

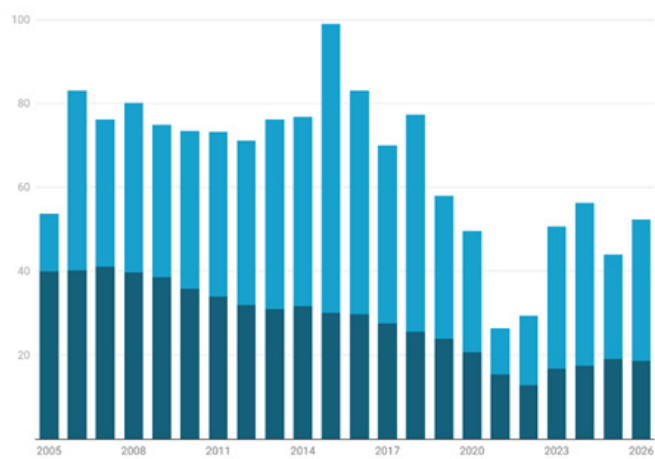
sectors gained jobs year-over-year, while five sectors experienced decreases in employment levels. The fastest-growing industries were Information (5.4%), Leisure and Hospitality (3.1%), Government (2.1%), and Education and Health Services (1.9%), Mining and Logging (0.5%), and Manufacturing (0.3%). Conversely, the sectors that declined in June year-over-year included Construction (-2.7%); Other Services (-2.1%); Financial Activities (-1.7%); Trade, Transportation, and Utilities (-1.6%); and Professional and Business Services (-0.6%).

The Colorado Springs Metropolitan Statistical Area (MSA) observed the highest year-over-year employment growth in June (1.5%), followed by Grand Junction (0.7%) and Denver (0.2%). The remaining MSAs—Boulder, Fort Collins, Pueblo, and Greeley—all recorded year-over-year losses in June.

Colorado's seasonally adjusted unemployment rate was 4.7% in June, a slight improvement from May, as the labor force grew and the number of unemployed individuals decreased. The Fort Collins MSA recorded the lowest unemployment rate within the state in June, while Pueblo had the highest rate.

Colorado Change in Population

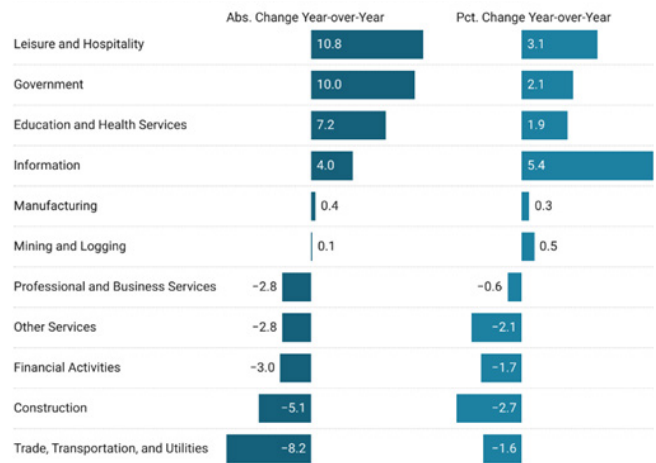
Population Change, Thousands



Sources: Colorado Demography Office and the U.S. Census Bureau; 2025 and 2026 are forecasted.

Colorado’s nominal GDP was \$569 billion as of Q1 2025, the 15th-largest in the country, led by Real Estate, Rental, and Leasing; Government; and Professional and Business Services. Colorado’s Q1 2025 real (inflation-adjusted) GDP decreased at a seasonally adjusted annual rate of 0.4% quarter-over-quarter, but increased 2% year-over-year. Overall, the largest year-over-year

Colorado Employment Change (as of June 2025)



Source: Colorado Department of Labor and Employment.

percentage gains in Colorado real GDP were recorded in the following industries: Information (5%); Manufacturing (4.5%); Professional, Scientific, and Technical Services (4.2%); and Retail Trade (3.7%). The largest losses were in Other Services (-4.1%); Educational Services (-4.1%); and Administrative and Support and Waste Management and Remediation Services (-3.9%).

NATURAL RESOURCES AND MINING

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

AGRICULTURE

According to the BEA, Agriculture, Forestry, Fishing, and Hunting nominal GDP totaled \$2.8 billion in Q1 2025. Real (inflation-adjusted) GDP decreased 3.5% year-over-year.

General drought conditions prevail in Colorado, even following some weeks of cooler, rainier weather this spring. As reported by U.S. Drought Monitor, 44.93% of Colorado was experiencing some level of drought as of August 5, primarily in the Western half of the state, compared to 43.4% last year at the same time.

Wheat and corn prices faced downward pressure this summer, with wheat below \$4.00 per bushel and corn just above \$5.00 per bushel.

As reported by USDA, Colorado’s 2025 winter wheat crop production is estimated at 69.6 million bushels, an 8% increase over last year’s final crop of 64.4 million bushels. Producers in Colorado planted 1.6 million acres of corn in 2025, 1.3 million of which was harvested for grain. This is a 10.2% increase from last year’s harvested grain acreage and a 9.6% increase in planted all-purpose acres.

Colorado agricultural exports are flat year-over-year. Beef and beef byproducts are Colorado’s top agricultural export. Beef exports to China are off from \$128 million to just \$51 million, a 60% decline, as China turns to other suppliers in the midst of ongoing trade uncertainty with the U.S. China has also not been re-approving U.S. processing facilities for export to China, and the imposed tariff rate essentially prices U.S. beef out of the market.

High demand from consumers is keeping meat prices high. Cattle prices have increased to \$230 per hundredweight (cwt), up from about \$190 a year ago. Still, Colorado ranchers must have grass for the cattle to graze on and hay for them to eat, which are affected by

drought and supply. While producers are still moving cattle to market rather than retaining for future growth, there is a sense that producers are beginning to retain more mother cows.

According to USDA forecasts, U.S. net farm income is projected to increase by \$41 billion in 2025 to \$180.1 billion. This growth is driven by increases in supplemental and ad hoc disaster assistance payments, which are projected to rise by \$33.1 billion from 2024 levels, reaching \$42.4 billion in 2025. U.S. total commodity insurance indemnity payments are forecasted to drop by \$623.3 million (3.1%) in 2025 from 2024.

Volatile tariff policies with major trade partners (Mexico, Canada, and China) may cause production costs to increase while simultaneously making it more difficult to export commodities. Tightened immigration policies could negatively affect the agricultural labor force. The One Big Beautiful Bill Act will likely increase agriculture safety nets, both in terms of price supports and subsidies on crop insurance. Congress will still need to address the next Farm Bill.

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.

Mining, Quarrying, and Oil and Gas Extraction GDP totaled \$16.5 billion in Q1 2025. Real GDP decreased 0.2% year-over-year.

Mining and Logging, the smallest industry by jobs, posted 0.5% year-over-year growth in June 2025 to 21,900 jobs. Mining and Logging employment increased 0.9% in 2024. Industry employment growth of 1.6% is expected in 2025. Job growth has been constrained by mergers and acquisitions and industry consolidation

in recent years as companies attempt to operate more efficiently. In Colorado, the average annual pay for a private Natural Resources and Mining job in 2024 was \$107,630, compared to the \$80,284 average annual pay for all industries.

The U.S. has increased domestic energy production by enhancing energy independence and maintaining price stability. Coal production is expected to decline as Colorado shifts away from coal-generated energy toward renewable sources.

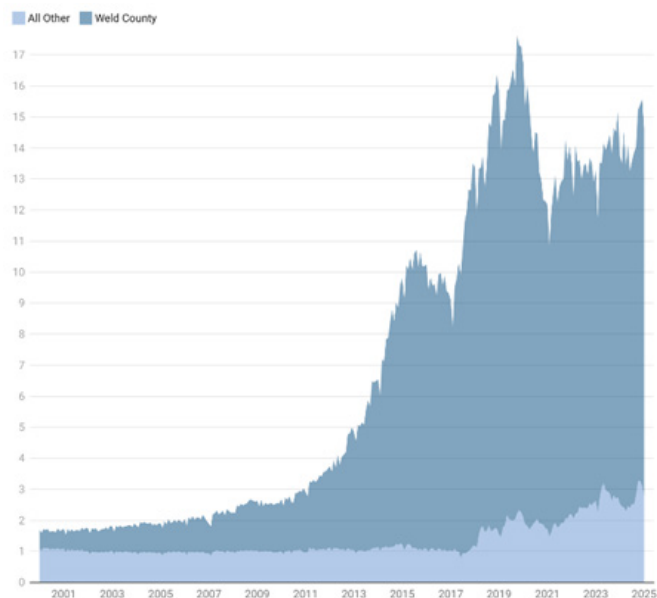
As of early June, the Energy Information Administration (EIA) is forecasting U.S. crude oil production to decline modestly from its all-time high of 13.5 million barrels per day (mbpd) in Q2 2025 to 13.3 mbpd in Q4 2026. Crude oil prices have been stable and, per the EIA, are projected decrease to \$66 per barrel in 2025 and again to \$59 per barrel in 2026. Pump prices in the U.S. have not seen a rise as of now, but political tensions in the Middle East could cause global and national oil prices to rise, especially if there is a disruption in the Strait of Hormuz. Retail gasoline (around \$3.20/gallon) prices in the U.S. are also likely to rise if the situation in Middle East evolves.

The average monthly price of WTI oil has decreased since peaking in June 2022. Prices averaged \$68.17 in June 2025, a 14.5% decrease year-over-year. According to the EIA, Colorado ranks fourth in crude oil production among U.S. states in April 2025. The Colorado Energy and Carbon Management Commission reported field production of crude oil totaled 42.2 million barrels in Q1 2025, a 0.9% increase from the same period last year (41.8 million barrels). In 2024, 81.2% of production was concentrated in Weld County, representing a 1.3% increase from 2023. The U.S. Baker Hughes rig count has fallen to 547 rigs, a 5.8% year-over-year decrease in June 2025. As of June 2025, there were eight active oil rigs in Colorado, down six from the prior year. The U.S. rig count in May 2025 was 573, down 29 rigs from May 2024, marking a year-over-year decrease of 4.8%.



Colorado Oil Production

Monthly Production in Weld County and the Rest of Colorado
(Millions of Barrels)



Source: Colorado Energy and Carbon Management Commission.

Natural gas production increased 1.8% from 2023 to 2024, totaling 1,864 billion cubic feet in 2024. The revised Colorado production outlook for 2025 is 1,800-1,880 billion cubic feet. The Henry Hub natural gas spot price increased 18.9% in June 2025 compared to the year prior, from \$2.54 per million btu to \$3.02 per million btu. Colorado is the 9-largest natural gas producing state, accounting for nearly 4% of the U.S. total as of April 2025.

Colorado produces coal from both underground and surface mines, primarily located in the Green River, Piceance, and San Juan basins. State coal production decreased from 11.7 million tons in 2023 to 11 million tons in 2024, marking a 6% year-over-year decrease. There are currently nine coal mines operating in Colorado and six coal-fueled power stations. Coal-fired plants are being phased out in Colorado, with most slated to close by 2030.

In 2024, renewable sources of energy—hydroelectric, wind, biomass, and solar—accounted for 44.8% of Colorado's total in-state electricity net generation. According to the EIA, wind power accounted for the largest share of Colorado's renewable electricity generation at 67%, followed by combined utility-scale (1 megawatt or larger) photovoltaic and small-scale (less than 1 megawatt) solar at 26.5%.

Colorado is committed to meeting renewable energy targets and net-zero emissions. The state was among the top 10 solar-generating states in 2024, as well as 7th in the country for wind, solar, and geothermal combined, according to Environment Colorado Research and Policy Center. State legislation in 2025 has continued decarbonizing efforts, with a focus on geothermal and nuclear energy, establishing grants and funding for water conservation, coal transition, and transportation and energy strategies. The sector will likely feel future impacts of the One Big Beautiful Bill Act, which proposes to reduce access to tax credits for solar, wind, and home efficiency projects, as well as rescind greenhouse gas reduction grants.



CONSTRUCTION

Since 2021, the Construction industry has slowed in Colorado. Compared to previous years, fewer permits are being issued in 2025, and there is reduced demand for multifamily residential homes.

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 (including data centers), retail, and industrial buildings. Nonbuilding includes infrastructure projects (roads, bridges, sewer, etc.).

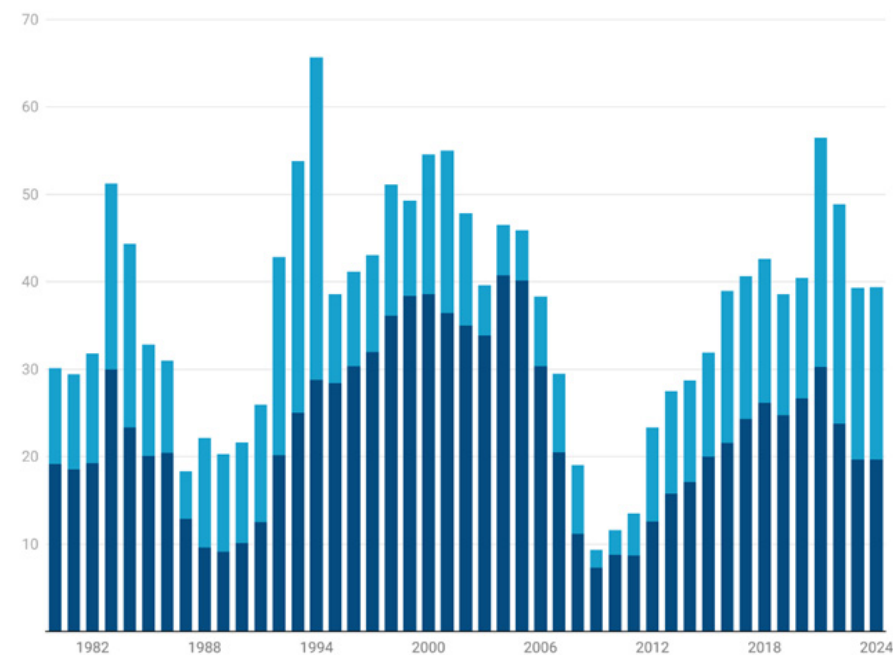
Construction nominal GDP totaled an annualized \$33.3 billion in Q1 2025. Industry real GDP rose 0.3% year-over-year. In June 2025, the Construction sector recorded 181,900 jobs in Colorado, the 5th-largest sector in the state, accounting for 6.2% of total employment. However, employment declined by 2.7% (5,100 jobs) year-over-year in the initial estimates, while nationally, employment increased 1.5% over the same period, according to the Bureau of Labor Statistics. The industry is projected to end 2025 with employment down 0.4%. At this point last year, there were 50,000 multifamily units under construction, compared to the current 20,000 under construction.

In mid-June, the 30-year mortgage rate averaged 6.81%, according to Freddie Mac, nearly unchanged from mid-June 2024, but nearly 4 percentage points higher than the average 3.02% mortgage rate recorded in mid-June 2021. These elevated rates have suppressed residential home price growth and slowed new development. Colorado's home price appreciation, as measured by the Federal Housing Finance Agency Purchase Only Index, increased by 1.9% year-over-year in Q1 2025, ranking the state 43rd. However, the quarter-over-quarter data shows little change (0.3%).

Colorado's residential building permits continued to contract in 2025, declining 0.6% year-to-date in May from 2024. This decrease was driven by a decline in single family (-10.8%), while multifamily increased by 19.3%.

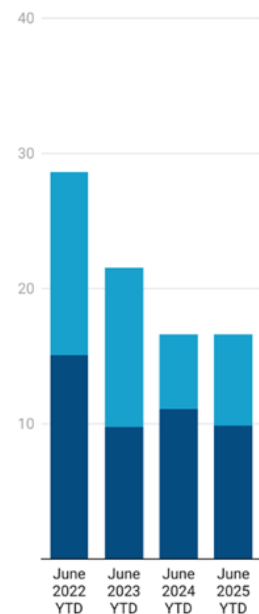
Single Family and Multifamily Residential Building Permits

Permits 1980-2024



Source: U.S. Census Bureau.

June YTD Permits



Source: U.S. Census Bureau.

Tens of thousands of multifamily units have been delivered across Colorado in recent years, with many more currently under development and slated for delivery soon. Currently, the multifamily building industry is soft, as indicated in the vacancy rates and falling rents.

The total value of residential construction declined 12.9% in 2024 and declined further by 9.7% in the first five months of 2025, according to Dodge Data and Analytics. 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 the stalling of a major subsector of nonresidential construction.

The construction industry currently faces heightened uncertainty due to several factors. One of the main

challenges is pricing: contractors are unsure how to estimate costs when submitting bids to general contractors (GCs), largely due to tariffs on key materials. For now, many GCs are absorbing those costs.

The foreign-born workforce makes up one-fifth of the total construction industry in Colorado and plays a role in keeping projects on schedule and costs under control. Their contributions are critical as the industry contends with rising material prices and ongoing inflation. Without this segment of the workforce, contractors would face even greater challenges meeting demand.



MANUFACTURING

The Manufacturing sector is composed of the durable goods and the nondurable goods subsectors. Durable goods last for a significant period of time, whereas nondurable goods are typically consumed quickly.

Manufacturing GDP in current dollars totaled an annualized \$29.1 billion in Q1 2025. Real GDP rose 4.5% year-over-year on an inflation-adjusted basis, the second highest among super sectors in the state. Year-to-date, ongoing strength in nondurable goods manufacturing, highlighted by strong growth in beverage manufacturing, has been largely offset by weakness in fabricated metals, computer and electronic products, and transportation equipment.

In Colorado, manufacturing employment fell 1.3% (1,900 jobs) in 2024. In 2024, two key durable goods categories, transportation and fabricated metals, contracted and contributed to a larger-than-expected decline in employment for the sector. Manufacturing was the eighth-largest employment sector in Colorado in June 2025, with 149,900 jobs, or 5% of total employment. The industry grew 0.3% year-over-year in June 2025, compared to employment declines nationally. Full-year growth is projected at 0.8% in 2025 in Colorado.

Durable goods manufacturing makes up the larger share of the two

subsectors in the state, at 60.2%, or 90,900 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. Employment declined in June 2025 year-over-year by 900 jobs (1%).

Nondurable manufacturing, which consists of food and beverages, makes up the other 39.8% of Colorado's Manufacturing sector employment, totaling 60,200 jobs in June 2025. Nondurable manufacturing employment increased 1.9%, or 1,100 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 June 2025, the index recorded a reading of 49.0, an increase from May, but still below 50 (neutral), indicating that the sector is slowly contracting. Conversely, the S&P Global Flash U.S. Manufacturing PMI, which measures the economic health of the manufacturing sector in the U.S., remained at 52.0 in June 2025, unchanged from the prior month. Growth was recorded in the technology sector (index of 57.4), followed by consumer goods and financials. A reading above 50 indicates expansion, while a reading below 50 suggests contraction.

The imposition of tariffs, and uncertainty caused by unstable tariff rates, promise to weigh on the outlook for the rest of the year. Based on the Federal Reserve Bank of Kansas City's Manufacturing Survey, manufacturing activity in the Tenth District, which includes Colorado, continues to contract in 2025. The index measuring new orders for exports is down and has noticeably worsened over the past couple of months. Indexes measuring the volume of new orders and backlog of orders continue to show weakness, and the expectation for future activity has also weakened. According to the District's latest Beige Book, "ongoing shifts in trade policy led to businesses accelerating import activity to limit exposure to looming import levies."

Federal policy shifts are expected to impact Colorado's manufacturers associated with the state's top trade partners and trade products. This includes food products, computer and electronic products, machinery, fabricated metals, and transportation equipment. Further, employment at manufacturers that depend on imported raw materials and other inputs will likely face challenges. So far, reported willingness or ability for manufacturers to pass on price increases to customers is mixed. Manufacturers that have tight margins and limited ability to pass on price increases could face heightened challenges amid the current policy environment.



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 annual \$90 billion in Q1 2025. In Q1 2025, wholesale real GDP decreased 2.6% year-over-year, while retail increased 3.7%, and transportation and warehousing increased 3.4% year-over-year.

Overall, TTU employment in Colorado increased by 4,200 jobs (0.5%) in 2024 but decreased by 1.6% (8,200 jobs) year-over-year in June 2025. TTU is the 2nd-largest employment industry in the state. It is projected to lose 1,800 jobs (0.4 %) in 2025.

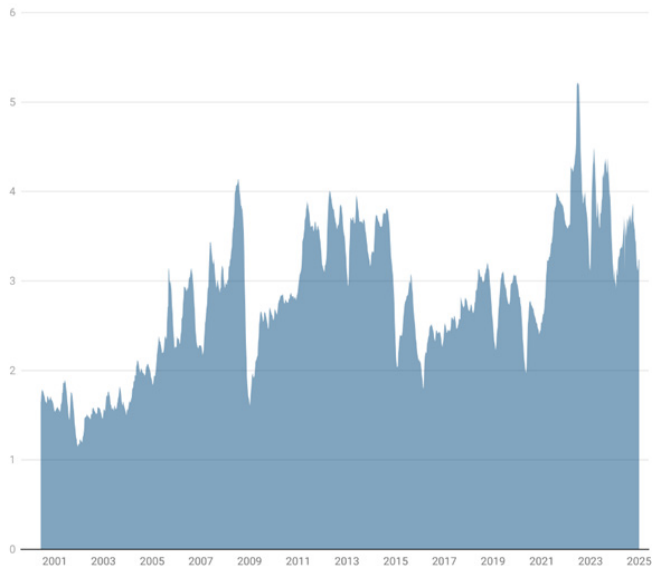
Wholesale trade employment was down 5.1% in June 2025 year-over-year, while national wholesale trade employment went up 0.6%. The Transportation, Warehousing, and Utilities subsector is one industry bright spot, with 2.1% growth, or 2,500 jobs added year-over-year in June. The industry has recorded strong growth following the pandemic with the rise in e-commerce and the rebound in leisure travel.

Employment for food and beverage retailers fell 14.7% in February year-over-year, which can be attributed to industry labor strikes. By June, sector employment was down 1.2% year-over-year.

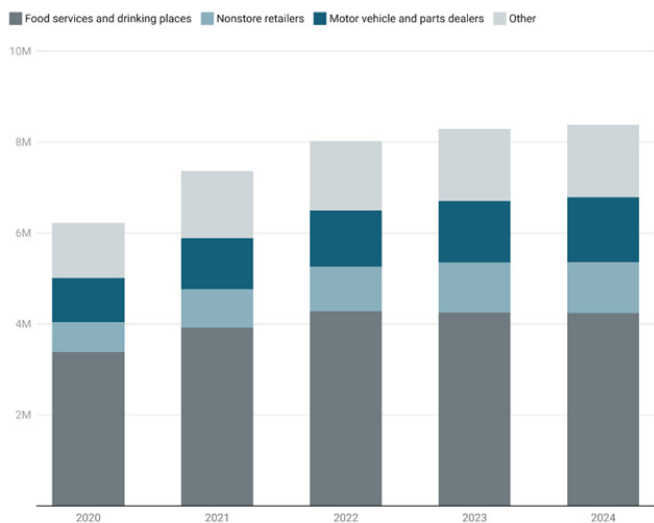
According to the U.S. Census Bureau, national retail and food services sales for June 2025 (seasonally adjusted) totaled \$713.7 billion, growing 3.9% year-over-year and 0.6% from the prior month. The fastest year-over-year growth was recorded in miscellaneous store retailers (8.5%), health and personal care stores (8.3%), food services and drinking places (6.6%), motor vehicle and parts dealers (6.5%). Year-over-year declines were recorded in electronics and appliance stores (-0.2%), building material and garden equipment (-1.1%), department stores (-3.6%), and gasoline stations (-4.4%). In Colorado, taxable retail sales increased 2.6% year-over-year and 1.7% year-to-date (January-April).

Denver International Airport (DEN) continues to demonstrate industry leadership. In 2024, the Airports Council International ranked DEN as the 3rd-busiest airport in the world. Building on that momentum, DEN was named the Overall Winner at the Routes Americas 2025 Awards in recognition of its growth, innovation, and excellence in aviation route development. In 2024, DEN served 82.4 million passengers, marking a 5.8% increase from 2023. However, as of April 2025, passenger volume declined 1.5% year-to-date compared to the same period in 2024.

Weekly Colorado Midgrade Conventional Retail Gasoline Prices



National Retail and Food Service Sales



Source: U.S. Census Bureau.



INFORMATION

The Information sector includes establishments engaged in processing data and producing, transmitting, and distributing information and cultural products.

Information GDP totaled an annualized \$33 billion in Q1 2025. Real GDP increased 5% year-over-year, the highest among the supersectors in the state. Information employment fell 4.5% in 2024 (3,500 jobs) but increased year-over-year in June by 5.4% (4,000 jobs).

By component, publishing, the largest employment subsector, posted a 7.3% decline in employment in 2024. Job growth in publishing has declined in recent years, as traditional publishing has faced significant disruptions from digital technology and changing consumer reading habits. However, the sector posted modest year-over-year job growth in May and June 2025.

Telecommunications decreased 2.2% in June 2025 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.

Employment in the software publishers subsector decreased by 100 jobs year-over-year in June 2025. Software publishers has traditionally been a strength in the Information sector, experiencing rapid growth between 2015 and 2022, but has weakened in recent years. This matches a national trend of layoffs in prominent software publishing companies, over-hiring during the pandemic, less robust investment funding, and labor cost savings through the adoption of AI technologies.

While employment in the information sector has fallen in recent years, GDP has increased, suggesting increases in productivity. The implementation of cloud computing and AI, automation, and improved software has contributed to workflow changes and productivity as companies leverage new technologies to improve efficiency. Further technological developments will likely continue to impact industry employment and performance going forward.

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 \$122.4 billion in Q1 2025. Real GDP increased 2.7% year-over-year. Financial Activities employment fell 0.1% (200 jobs) in 2024 and 1.7% (3,000 jobs) year-over-year in June 2025. By subsector, Finance and Insurance decreased by 1,500 jobs (1.3%) year-over-year in June 2025, while Real Estate, Rental, and Leasing also decreased by 1,500 jobs (2.3%) over the same period.

Capital markets have experienced considerable volatility since the beginning of 2025, primarily due to rapidly changing and unclear economic policies. The S&P 500 began to steadily decline from mid-February to mid-March. Following the announcement of “Liberation Day” tariffs, the S&P 500 faced a sharp decline of 12.1% from April 2 to April 8. Tariffs on most nations were paused for 90 days on April 9, in which the S&P 500 gained 9.5%, one of the largest one-day returns post-World War II. NASDAQ and Dow Jones experienced similar trends. All three indices have since rebounded. As of July 25, the S&P 500 grew 18.3% year-over-year, the NASDAQ was up 22.9%, and the Dow Jones was up 12.7%. While markets are at a year-to-date high, unclear policy continues to create uncertainty across the industry going into the second half of the year.

The Federal Reserve has maintained a federal interest rate of 4.25% to 4.5%, which is set to remain steady until the impact of current economic policies becomes clearer. As of May 2025, the U.S. 10-year government bond yield was 4.4%. Other 10-year government bond yields in May 2025 were 2.6% (Germany), 4.6% (United Kingdom), and 1.5% (Japan). The One Big Beautiful Bill Act is estimated to add \$3.4 trillion to the federal deficit from 2025 to 2034, per the Congressional Budget Office (CBO). Current political tensions and economic uncertainty may put pressure on U.S. bond yields.

In the cryptocurrency market, Bitcoin increased significantly, by 78.7%, year-over-year as of late June

2025. Other cryptocurrency markets have also seen significant increases in value over the past year. According to Forbes, the top three cryptocurrencies of 2025 by market capitalization are: Bitcoin (\$2.1 trillion), Ethereum (\$302.9 billion), and Tether (\$157.7 billion).

According to Pitchbook, Global mergers and acquisitions (M&A) value reached \$1.1 trillion across an estimated deal count of 12,371 in Q1 2025. North America accounted for 80% of the deals. U.S. M&A value increased 66.5% from \$507 billion year-to-date in June 2024 to \$844.0 billion year-to-date in June 2025. Meanwhile, deal volume decreased 11.3% from 4,909 to 4,356 over the same period, indicating that fewer deals are occurring at higher values. State trends, however, indicate an overall decrease in M&A during the first two quarters of 2025, diverging from national trends.

Per the FDIC, in Q1 2025, Colorado FDIC deposits totaled \$74.9 billion, a 17.5% year-over-year decrease from \$90.8 billion in Q1 2024. Nationally, FDIC deposits increased 2.6% year-over-year in Q1 2025.

The Denver Office Figures by CBRE reported that office vacancy for the Denver market in Q1 2025 was 26.8%, up 70 basis points from the previous quarter and up 170 basis points year-over-year. Office total vacancy in the Downtown submarket rose to 35.3%, and vacancy in the Southeast submarket rose to 26%. In addition, Metro Denver recorded negative 813,000 square feet of total net absorption, driven by large move-outs, most notably, Anthem vacating 301,000 square feet and Comcast vacating 137,000 square feet.

Inflation increased 2.7% in July nationally, while the national median rent declined to \$2,100 per month as of June 2025, a 1.9% year-over-year decrease, according to Zillow. Midgrade gasoline prices averaged \$3.73 per gallon in May 2025, down 10% from the previous year. In Colorado, rent prices in June 2025 were 7.1% higher than the national average at \$2,250 per month. In mid-July 2025, gasoline prices were down 9.9% from July 2024 in Colorado. The average in July was \$3.09 per gallon in the state compared to \$3.25 nationally,

PROFESSIONAL AND BUSINESS SERVICES

Professional and Business Services (PBS) encapsulates a diverse set of subsectors, such as Professional, Scientific, and Technical Services, which 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. Professional and Business Services (PBS) jobs are typically high-paying, business-to-business roles. Since the pandemic, much of the work in this sector has been performed remotely; however, this trend is shifting as many companies increasingly push for a return to five days in the office.

PBS GDP totaled an annualized \$92.2 billion in Q1 2025. In Q1, the PBS sector experienced a year-over-year real (inflation-adjusted) increase of 2.3%, and a quarterly increase of 1.5% (annualized). Real GDP expanded year-over-year in Professional, Scientific, and Technical Services (4.2%) and in Management of Companies and Enterprises (0.1%), but decreased 3.9% 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.

In 2024, PBS employment declined by 0.6%, or 496,200 jobs. This industry is the 2nd-largest employer in Colorado, with 493,800 employees as of June 2025. The industry is projected to lose 600 jobs in 2025 (-0.1%). Colorado's cultural emphasis on work-life balance and its high quality of life continue to attract skilled professionals. This decline can be attributed to corporate restructuring and economic uncertainty.

The Professional, Scientific, and Technical Services (PST) subsector, which employed 292,800 people (59.3% of total PBS employment) in June 2025, is proving to be one of the state's most dynamic sectors. The sector grew 0.2% year-over-year in June 2025.

Management of Companies and Enterprises is another industry within PBS that is showing consistent growth, up 2.8% in June. Colorado is also home to 21 Fortune 1000 companies, including Arrow Electronics (102nd), DISH Network (197th), Qurate Retail (216th), and Ball Corporation (260th).

The Administrative and Support and Waste Management and Remediation Services subsector continues to experience employment losses, decreasing 3.6% year-over-year in June. Employment in the Employment Services industry grew 5.2% year-over-year, Business Support Services declined 1.4%, and Services to Buildings and Dwellings increased 2.9%.



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 \$39.1 billion in Q1 2025. In Colorado, real GDP declined year-over-year in Educational Services (-4.1%) but grew in Health Care and Social Assistance (3.3%). Approximately 13% of Colorado's workforce is employed in the EHS sector, made up of 390,800 people; the national average is 16.9%.

Employment in Education and Health Services grew 3.4% (12,600 jobs) in 2024, and growth continued in 2025, with a gain of 1.9% year-over-year in June. Industry employment is projected to increase by 9,000 jobs, or 2.4% for the full year. The educational services subsector experienced a 7.4% employment decline year-over-year in June 2025, while the Health Care and Social Assistance subsector was up 3.3%.

Private education makes up 12% of the Education and Health Services sector. Employment growth in education is expected to remain flat in 2025. This slowdown can be attributed to several factors, including rising retirement rates, declining migration, and statewide budget constraints. Notably, in 2025, Denver Public Schools closed seven schools and restructured others, citing declining enrollment driven by falling birth rates and rising housing costs.

Colorado's private higher education sector has seen significant growth in 2024-2025, with institutions

such as Colorado College earning high rankings from U.S. News.

Health Care and Social Assistance makes up 88% of Education and Health Services. Hospitals continue to experience significant staffing shortages, especially for nurses. In Colorado, approximately 519,089 people were enrolled in state Medicaid and the Children's Health Insurance Program (CHIP) as of March 2025, representing a 3% decline from March 2024. Nationally, 71 million individuals were enrolled in Medicaid and CHIP during the same period.

Federal legislation poses cuts to Medicaid funding. These reductions could have severe implications for rural health care providers as well as for major research and medical centers, such as the Anschutz Medical Campus, and disproportionate share hospitals (DSH), such as Denver Health. According to the Congressional Budget Office, an estimated 10.9 million people could lose insurance coverage over the next decade as a result.

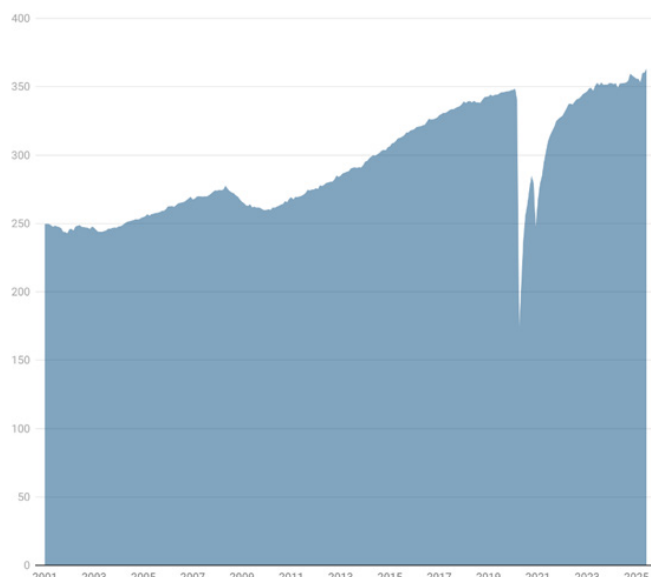
At the same time, international trade disruptions and tariffs are placing additional strain on the health care sector, particularly in the durable medical equipment and pharmaceutical industries. The American Hospital Association has expressed concern over reduced access to critical medical equipment due to rising import costs. Johnson & Johnson has reported \$400 million in added expenses tied to tariffs on Chinese medical devices and materials sourced from North America.

Overall, the health care sector is facing mounting financial pressures driven by rising medical costs, federal budget cuts, and global trade instability.



Leisure and Hospitality

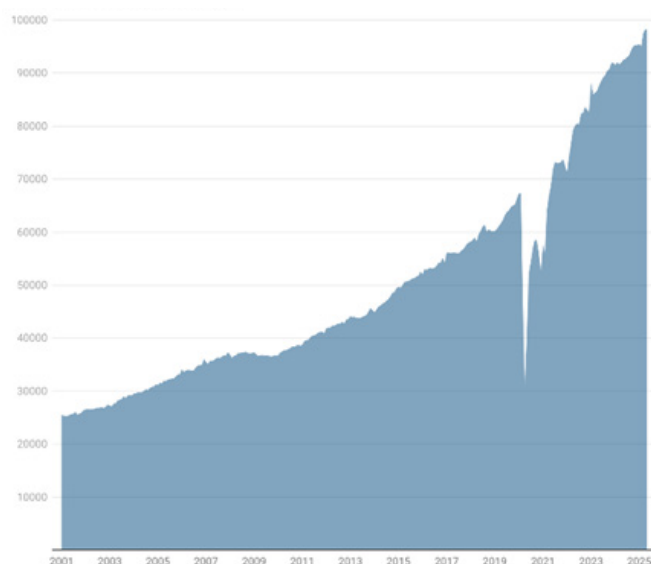
Employment, Thousands



Source: Bureau of Labor Statistics, Current Employment Statistics.

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

Advance Monthly Sales, Millions of Dollars



Source: U.S. Census Bureau.

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 \$31.6 billion in Q1 2025. Real GDP showed year-over-year growth of 1.6% in Arts, Entertainment, and Recreation, while Accommodation and Food Services decreased 0.8%. This is the 5th-largest sector in Colorado, making up 12% of total employment. The industry grew 0.8% (2,800 jobs) in 2024, and growth continued to climb an additional 3.1% in June 2025. The industry is projected to add an average of 5,000 jobs in 2025, a 1.4% increase.

The Arts, Entertainment, and Recreation industry recorded a year-over-year employment decrease of 3% in June, while Accommodation and Food Services recorded a 4.4% increase. Accommodation and Food Services makes up the majority of the sector (301,200 jobs), accounting for 82.9% of the industry total. Halfway through 2025, this sector mostly recovered from mass layoffs from the pandemic, supported by strong growth. However, this industry is struggling to overcome staff shortages, stagnant real wage growth, the rising cost of labor, and a lack of housing affordability in Colorado.

Tourism remains strong, driven by outdoor recreation. According to Colorado Ski Country USA, Colorado skier visits remained robust at 13.8 million (3rd-highest season to date, with the two prior years being record-breaking). Colorado had a strong winter and key snow build-up; however, this industry did face labor issues last season.

Food Services and Drinking Places employment fell by 0.2% in 2024, but increased 4.2% year-over-year in June. According to data gathered by the U.S. Census Bureau, national sales at food services and drinking places surged by 6.6% in June 2025 from the previous year and were up 0.6% from the prior month.

The AAA travel survey reflected increased skepticism among travelers. Tourism remains desirable but has become more expensive, especially for those planning trips at the last minute. International travel at Denver International Airport has increased 3.5% year-to-date as of April 2025. Additionally, 82% of Colorado respondents said they plan to travel this year, with 45% intending to fly, although only 22% have finalized their plans.



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 \$13 billion in Q1 2025. Real GDP decreased 4.1% year-over-year. Industry employment in Colorado grew 3.9% in 2024 but fell 2.1% in June 2025 year-over-year. The Repair and Maintenance sector was unchanged; Personal and Laundry Services was down 2.4%; and the largest subsector, Religious, Grantmaking, Civic, Professional, and Similar Organizations, was down 4% in June year-over-year (not seasonally adjusted). Employment is projected to remain fairly flat for the year, up just 0.1% in 2025.

GOVERNMENT

Government comprises federal, state, and local government, including higher education institutions and public schools. 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. The local government subsector includes city, county, school, and special district employees.

Government GDP totaled an annualized \$66.2 billion in Q1 2025. Real GDP increased 3.1% year-over-year. Government employment increased 1.1% in 2024. In June 2025, the Government sector employed 497,600 individuals statewide, a year-over-year increase of 2.1%. State government and local government employment increased 6.2% and 1.1%, respectively, year-over-year, while federal government employment fell 3.7%, evidence of federal layoffs. Month-over-month, state employment increased 0.4% to 150,000, local government remained nearly unchanged at 292,800, and federal government employment decreased 0.7% to 54,800. Overall, employment is projected to increase by 7,000 jobs, or 1.4%, for the year.

Nationally, the federal government workforce has contracted. As of June 2025, the federal workforce experienced a month-over-month

decrease of 0.2% (7,000 jobs) and a year-over-year decrease of 1.8% (54,000 jobs). In June 2025, 78% of states reported smaller year-over-year federal workforces; Colorado had the 7th-largest decline at 3.7%. Maryland saw the largest year-over-year decrease at 6.8%. Evidence of widespread federal layoffs will likely not be fully realized until later in the year when severance packages end.

Funding freezes across higher education institutions, including Johns Hopkins, Stanford, and four out of the eight Ivy League schools, has spurred hiring freezes and cost-cutting measures as universities grapple with the effects. Additionally, billions in federal funding is currently being withheld from after-school and summer programs, creating setbacks for programs that rely on government funding.

The sector may face future challenges with DOGE, consolidations and changes to federal funding.



INTERNATIONAL TRADE

International trade in 2025 has had rippling impacts across different economic sectors and markets, causing uncertainty and instability.

In February, the Trump administration began implementing tariffs to alter the U.S. trade deficit and motivate domestic production. The tariffs mostly target the U.S. major trade partners, Canada, China, and Mexico. The trade data for 2025 is only available through May, so it does not yet reflect the full impact of the proposed 55% tariff on Chinese goods and the 50% tariff on European Union imports. Liberation Day (April 2) tariffs were paused for a 90-day period allowing time for negotiations. This pause lifted on August 1. These pauses have created significant uncertainty around the international trade environment, leaving the outlook for the second half of 2025 unclear.

According to data from the BEA, U.S. exports, including goods and services, grew 2.6% in Q1 2025 year-over-year, and imports grew 12.7% (seasonally adjusted).

Colorado's year-to-date 2025 exports to Canada, Mexico and China were down 7.7% as of May 2025. However, Colorado's exports to the rest of the world increased 22.7% in May 2025 year-to-date. Colorado's top five leading export partners in May 2025 were (in order): Mexico, Canada, Italy, Switzerland, and South Korea. Colorado's top 10 export partners made up 70.9% of all exports.

Colorado's top export partners in May 2025 year-to-date were Mexico (14.9%), Canada (13.5%), and Italy (11.7%). As of May 2025, these trends have shifted slightly. In May, Colorado exported \$516.5 million of organic chemicals to Italy. This has led them to be Colorado's 3rd-largest export partner. Year-to-date percentages show that China has experienced a major decline in exports (-26%), which can be attributed to the trade tariffs enacted earlier in the year.

Colorado's top four exports in May 2025, accounting for about 70.2% of the total value of state exports, were (in order):

- Food and Kindred products (19.9%)
- Chemicals (17.1%)
- Meat Products and Meat Packaging Products (16.8%)
- Computer and Electronic Products (16.4%)

According to the United States Census Bureau, Colorado's May 2025 imports totaled \$1.4 billion, up 2.6% from May 2024. May 2025 year-to-date total was \$6.8 billion, marking a 3.4% decrease compared to 2024. Year-to-date in May 2025, Colorado's top five import partners were (in order): Canada, China, Mexico, Germany, and Vietnam. Colorado's top 10 import partners contributed 74.3% of all imports.

Colorado's top four imports in May 2025, accounting for about 55.7% of the total value of state exports, were (in order):

- Computer and Electronic Products (17.5%)
- Chemicals (14.7%)
- Transportation (12.7%)
- Pharmaceuticals and Medicines (10.8%).

The U.S. has had a trade deficit since the 1970s due to industrialization, expansion of global trade, and a shift toward a service-based economy. Currently, the deficit totals \$71.5 billion. The new administration is pushing to protect domestic production through trade barriers. There is heightened concern for rising price burdens being placed on consumers and businesses, especially amid recession worries. This unease is intensified by rapid policy shifts and ongoing tariff announcements, which disrupt consumer and business confidence. The 2025 metrics tell the same story of the past year's trends while starting to hint at the impacts of the tariffs; however, the extent and impact of tariffs are yet to be fully seen.

COMMITTEE CHAIRS

Chris Eisinger
*Energy and Carbon Management
Commission*

Tony Gurzick
Grizzly Peak Consulting

David Hansen
Colorado Legislative Council

Adam Illig
Leeds School of Business

Katharine Jones
*U.S. Department of Housing and Urban
Development*

Kristina Kolaczowski
Optum

Brian Lewandowski
Leeds School of Business

Glenda Mostek
*Colorado Nursery and Greenhouse
Association*

Ron New
WhippleWood Advisors

Jennifer Pinsonneault
City of Boulder

Brian Pool
*Government Performance Solutions,
Inc.*

Rachel Rose
*Colorado Office of Economic
Development and International Trade*

Tim Sheesley
Xcel Energy

Richard Thompson
National University

Kate Watkins
Colorado Department of Local Affairs

Tim Wonhof
*Colorado Department of Labor and
Employment*

Richard Wobbekind
Leeds School of Business



The *CBR* is a quarterly publication of the Business Research Division at CU Boulder. Opinions and conclusions expressed in the *CBR* are those of the authors and are not endorsed by the BRD, the Leeds School of Business faculty, or the officials of CU.

View our website: www.colorado.edu/business/brd

Richard L. Wobbekind, editor; Brian Lewandowski, assistant editor and technical advisor; Adam Illig, associate editor; and Lauren Davis, design.

This report is not produced at taxpayer expense.

The University of Colorado Boulder is an equal opportunity/ nondiscrimination institution.

A special thanks to BRD Student Research Assistants Madeleine McCormick, Seamus O'Shea, and Maggie Clarke, who summarized the midyear outlook.

For information/address change:
Business Research Division
420 UCB, University of Colorado Boulder
Boulder, CO 80309-0420 • 303-492-8227