

2022 Colorado Economic Outlook and Trends Based on 2021 Benchmark Data

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Colorado-based Business and Economic Research
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Overview

Purpose and Summary

This month, the purpose of the chartbook is to review the Colorado benchmark data for 2021 and 2020. The benchmark or revisions to the data was significant. Colorado employment was revised upwards, and the unemployment rate was revised downwards.

The recovery has occurred much quicker than expected. The base of power is slowly changing. The share of employment increased in Colorado Springs, Fort Collins, and Pueblo MSAs.

The transportation, warehousing and storage, financial activities, and PST (professional, scientific, and technical services) sectors increased their share of employment. The most significant declines in employment share occurred in the leisure and hospitality, extractive industries, and state education sectors. The 2022 Colorado forecast acknowledges the significant headwinds that could put the economy into a recession. Currently, the momentum of the labor market and economic activity exceeds the obstacles.

Highlights

Colorado Population

Colorado and U.S. Unemployment

Colorado Employment by MSA

Colorado Employment by Industry

- Employment Growth Between 2019 and 2021
- Slight Employment Decline Between 2019 and 2021
- Significant Employment Decline Between 2019 and 2021

Summary

- Headwinds
- Forecast

Colorado Population

Between 2020 and 2030, the population share will increase in Adams, Douglas, Larimer, Weld, Broomfield, and El Paso counties, and it will decline in Denver, Boulder, Jefferson, Arapahoe, and Pueblo counties.

The total population share of these metro counties will increase from 81.1% to 84.1%. As a result, the combined share of the other 53 counties will decrease from 18.9% to 15.9%.

The base of power is changing!

Front Range County Population (2000-2030)

The Base of Power is Changing

A person fills every job in Colorado.

As the population increases, the population and employment are becoming more concentrated in certain parts of the state. Cooperation between regions will be essential in the growth of Colorado. The following changes will occur over the next decade:

- The population share in the most heavily populated Front Range counties will increase from 81.1% to 84.1%.
- The population share in Boulder, Jefferson, Denver, Arapahoe, and Pueblo counties will increase more slowly than other counties.
- The El Paso County population surpassed Denver County in 2020. The combined population of Larimer and Weld (Northern Colorado) will be greater than Denver by 2030.
- Adams County has gained prominence because of its population growth. It is the focal point of the new congressional district.

Change in Colorado Population – Top Front Range Metro Counties
The Base of Power is Changing

BoCo/BroCo/JeffCo	2000	2010	2020	2030	2030-2020	CAGR	% State 2000	% State 2030
Boulder	276,254	295,605	330,860	354,742	23,882	0.70%	6.4%	5.5%
Broomfield	38,545	56,107	74,470	94,152	19,682	2.37%	0.9%	1.4%
Jefferson	526,716	535,651	582,782	611,909	29,127	0.49%	12.1%	9.4%
Total	841,515	887,363	988,112	1,060,804	72,692	0.71%	19.4%	16.3%
Denver								
Denver	556,740	604,879	717,632	802,307	84,675	1.12%	12.8%	12.3%
Adams								
Adams	351,734	443,711	520,070	604,681	84,611	1.52%	8.1%	9.3%
Douglas/Arapahoe								
Arapahoe	490,722	574,819	655,044	725,287	70,243	1.02%	11.3%	11.2%
Douglas	180,511	287,124	360,037	417,104	57,067	1.48%	4.2%	6.4%
Total	671,233	861,943	1,015,081	1,142,390	127,309	1.19%	15.5%	17.6%
Northern Colorado								
Larimer	253,087	300,532	359,701	412,984	53,283	1.39%	5.8%	6.4%
Weld	183,074	254,230	331,184	429,763	98,579	2.64%	4.2%	6.6%
Total	436,161	554,762	690,885	842,747	151,862	2.01%	10.1%	13.0%
Southern Colorado								
El Paso	519,803	627,232	731,641	832,460	100,819	1.30%	12.0%	12.8%
Pueblo	141,854	159,496	168,434	179,833	11,399	0.66%	3.3%	2.8%
Total	661,657	786,728	900,075	1,012,294	112,219	1.18%	15.2%	15.6%
Total Metro Counties	3,519,040	4,139,386	4,831,855	5,465,223	633,368	1.24%	81.1%	84.1%
State	4,338,801	5,050,332	5,782,915	6,499,600	716,685	1.18%	100.0%	100.0%

Source: State Demography Office, cber.co.

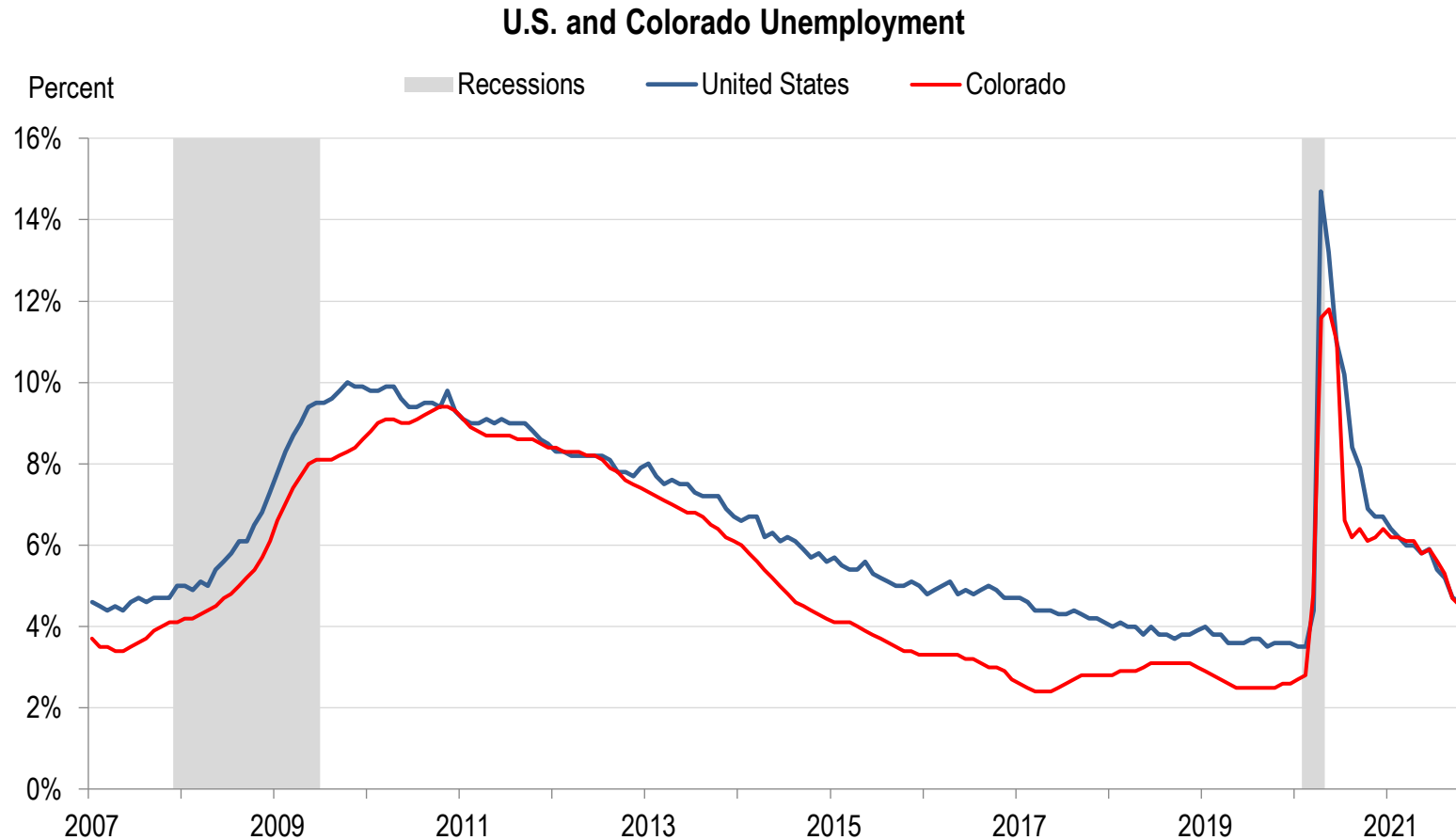
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Colorado and U.S. Unemployment

The 2021 benchmark revisions revised the Colorado wage and salary employment data upwards.

The revisions reduced the Colorado unemployment rate. It is now similar to or less than the rate for the United States.

U.S. and Colorado Unemployment Rate



Annual Unemployment Rate

The U.S. and Colorado unemployment rates will continue to decline through 2022. The Colorado and U.S. rates were similar for most of this period. That trend will continue in 2022. Businesses will continue to struggle to find workers.

Year	United States	Colorado
2016	4.9%	3.1%
2017	4.4%	2.6%
2018	3.9%	3.0%
2019	3.7%	2.6%
2020	8.1%	6.9%
2021	5.4%	5.2%
2022	3.6%	3.4%

Source: BLS, cber.co.

Colorado Employment by MSA

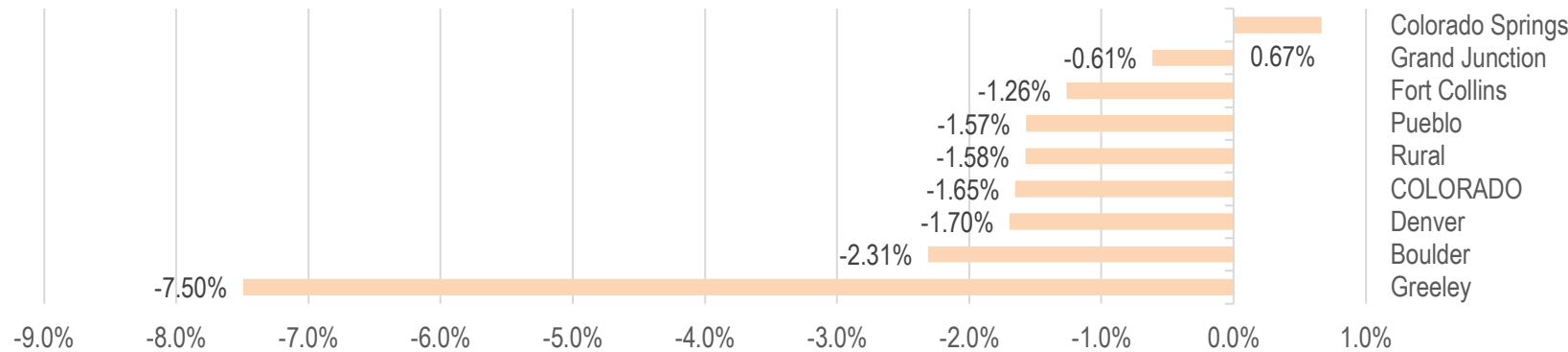
The following charts evaluate the growth of Colorado MSAs from 2019 to 2021 and the change in employment share for 1990 to 2021.

Finally, they show the monthly employment patterns for each metro area for the past three years and they include the annual change in MSA employment between 1991 and 2021.

The change in employment for each MSA varies. The regions have different demographics, geographic sizes, and industries. This evaluation provides a foundation to understand the impact that COVID-19 related policies had on the labor market and its ability to recover and deal with the obstacles that may derail the current economic growth.

Change in MSA Employment 2019 vs. 2021

Percent Change in Employment by MSA 2019 vs. 2021

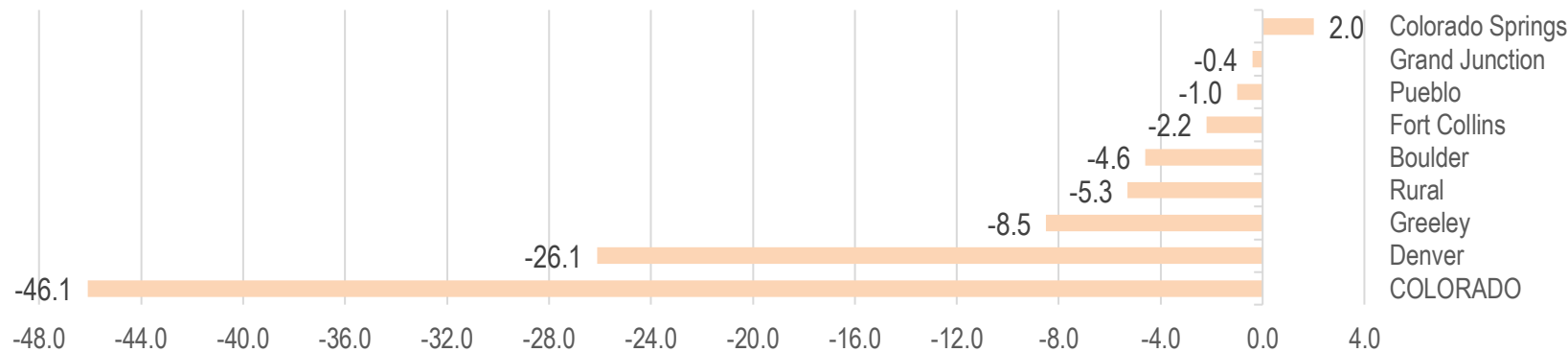


MSA Employment Growth

Between 2019 and 2021, the Colorado Springs MSA was the only area to show an increase. Annual state employment for 2021 was 46,100 less than in 2019.

There are many strengths in the Greeley MSA economy; however, state energy policy has negatively impacted its performance.

Absolute Change in Employment by MSA 2019 vs. 2021 (Thousands)



Douglas, Broomfield, and Adams counties showed strong growth in the Denver MSA, while job growth in Arapahoe, Jefferson, and Denver counties was lackluster.

There are many hypotheses for the slower than expected growth in Boulder and Larimer counties.

Source: Bureau of Labor Statistics and cber.co.

MSA Share of Employment 1990 – 2021

Colorado

The Colorado Springs, Fort Collins, and non-MSA areas (rural) posted the most significant gains in market share. Each of these communities has room to expand their communities and employment opportunities.

The market share in Boulder, Greeley, and Pueblo MSAs declined between 1990 and 2021.

The Boulder, Greeley, Denver, Grand Junction, and Pueblo MSAs had declining employment share between 1990 and 2021.

Recently, Douglas and Adams counties have shown strong growth in the Denver MSA, while job growth in Arapahoe, Jefferson, and Denver counties was lackluster.

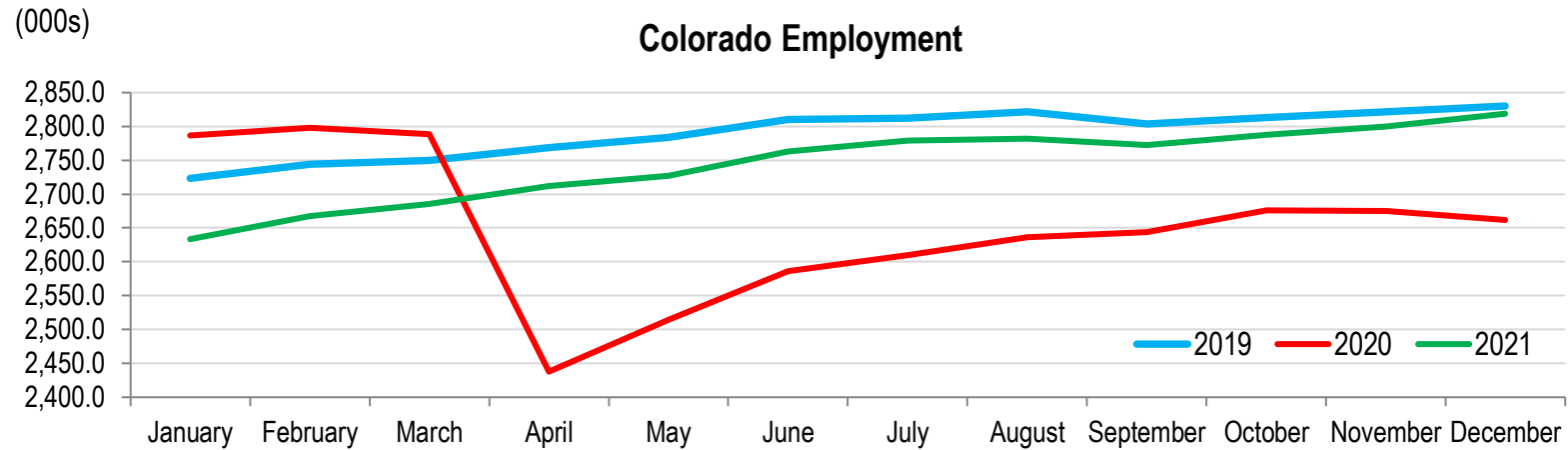
MSA Share of Employment, 1990 - 2021

MSA	1990	2000	2010	2019	2021	Trend 1990-2021	Trend 2019-2021
Boulder	7.04%	7.15%	7.21%	7.31%	7.31%	Increase	Flat
Colorado Springs	10.32%	10.40%	10.65%	10.77%	10.82%	Increase	Increase
Denver	56.27%	56.04%	55.67%	55.22%	54.69%	Decrease	Decrease
Fort Collins	5.21%	5.30%	5.34%	5.40%	5.44%	Increase	Increase
Grand Junction	2.28%	2.30%	2.28%	2.25%	2.24%	Slight Decrease	Slight Decrease
Greeley	3.08%	3.12%	3.16%	3.16%	3.16%	Increase	Flat
Pueblo	2.85%	2.80%	2.74%	2.69%	2.71%	Decrease	Slight Increase
Rural	12.94%	12.89%	12.95%	13.19%	13.63%	Increase	Significant Increase
Total	100.00%	100.00%	100.00%	100.00%	100.00%		

Source: Bureau of Labor Statistics and cber.co.

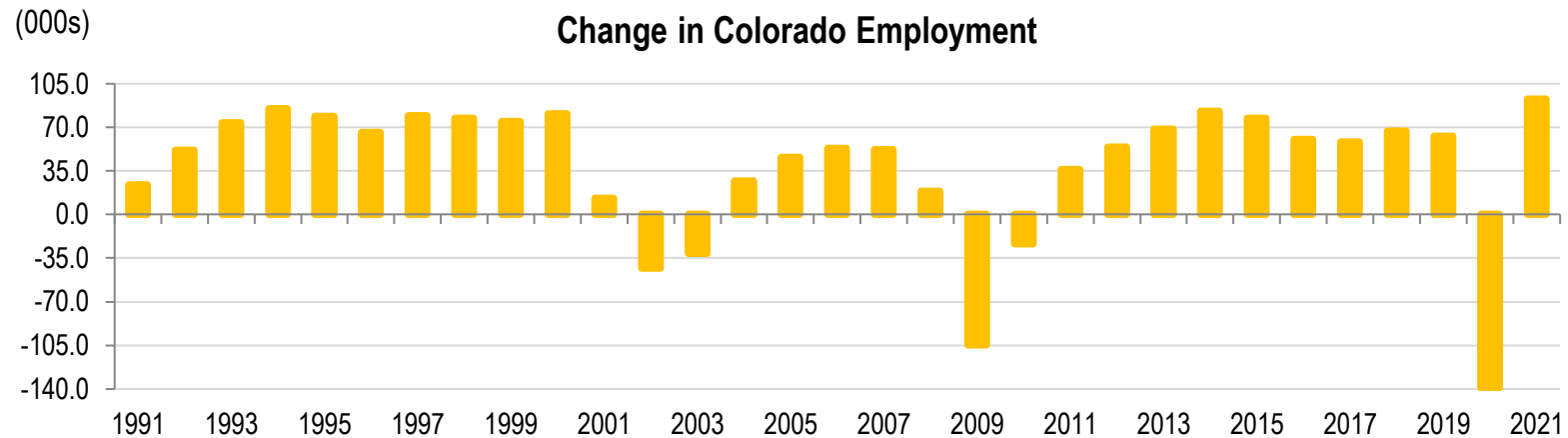
Change in Colorado Employment

Colorado



Colorado employment declined by 139,000 in 2020, similar to the total loss of 128,200 in 2009 and 2010.

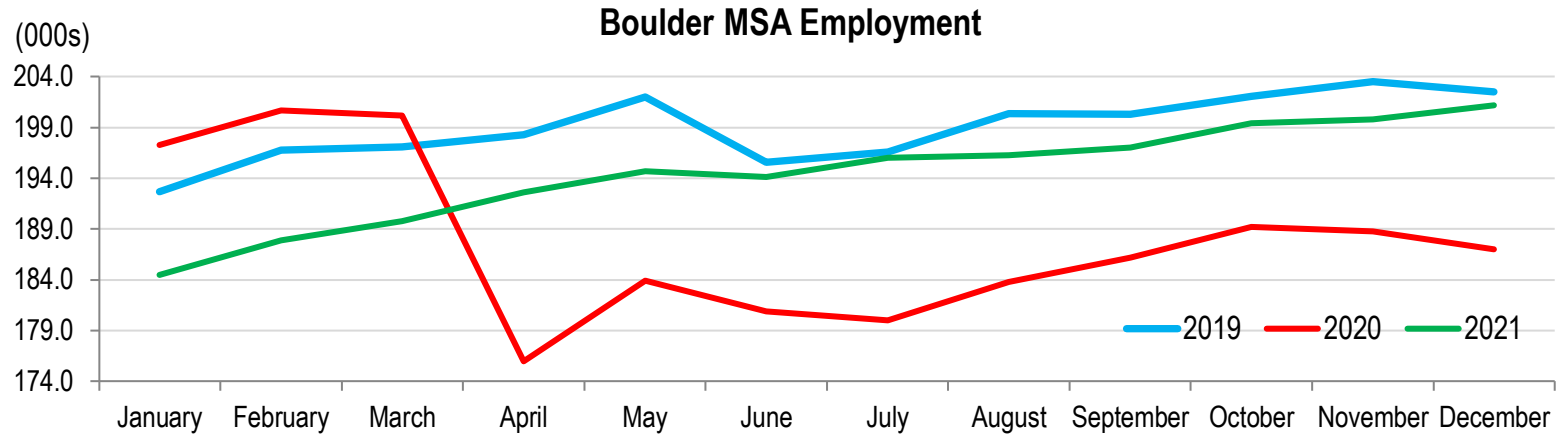
The job recovery from the COVID-19 recession has occurred more quickly than the return to normal from the Great Financial Crisis or the 2001 recessions.



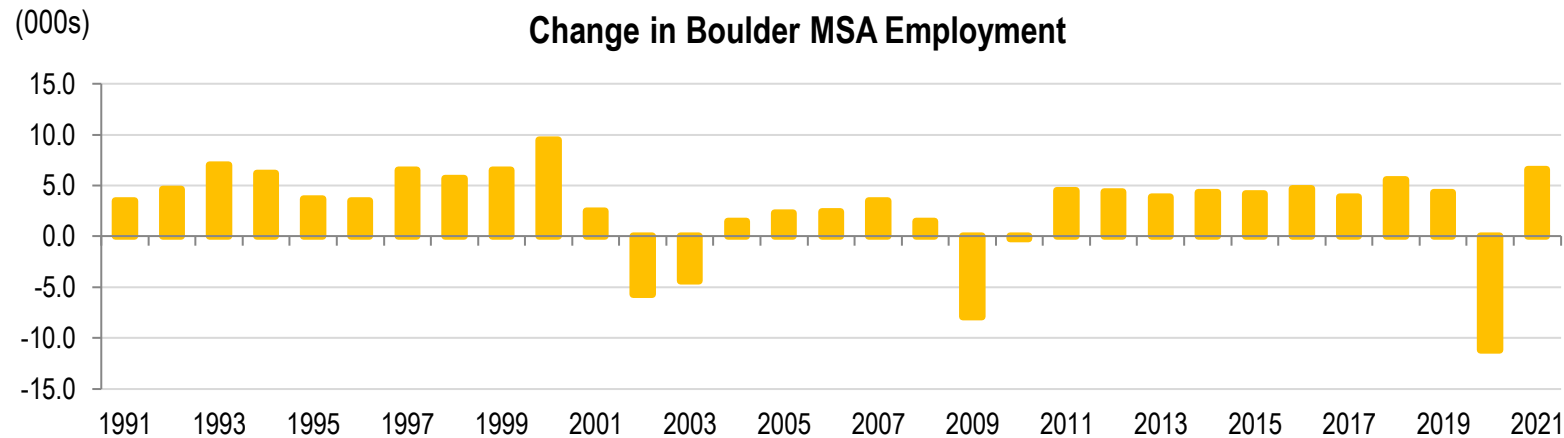
Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

Boulder MSA



The Boulder MSA continues to be a center of innovation for Colorado; however, between 2019 and 2021, its employment increased more slowly than other MSAs. Over the years, areas of innovation and entrepreneurship have been developed in other MSAs. For example, the Colorado Springs MSA is a focal point for cybersecurity and defense.

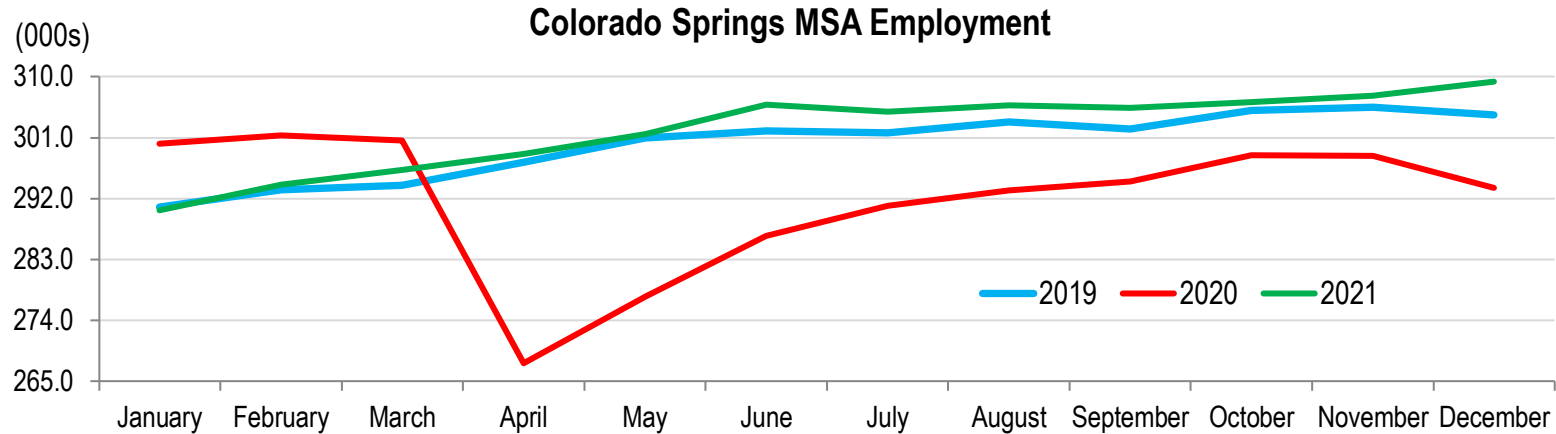


In addition, affordable and accessible housing is a challenge for the Boulder MSA. As a result, many workers live in neighboring communities. The strength of the Boulder economy is the advanced technology companies, federal labs, and the University of Colorado at Boulder.

Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

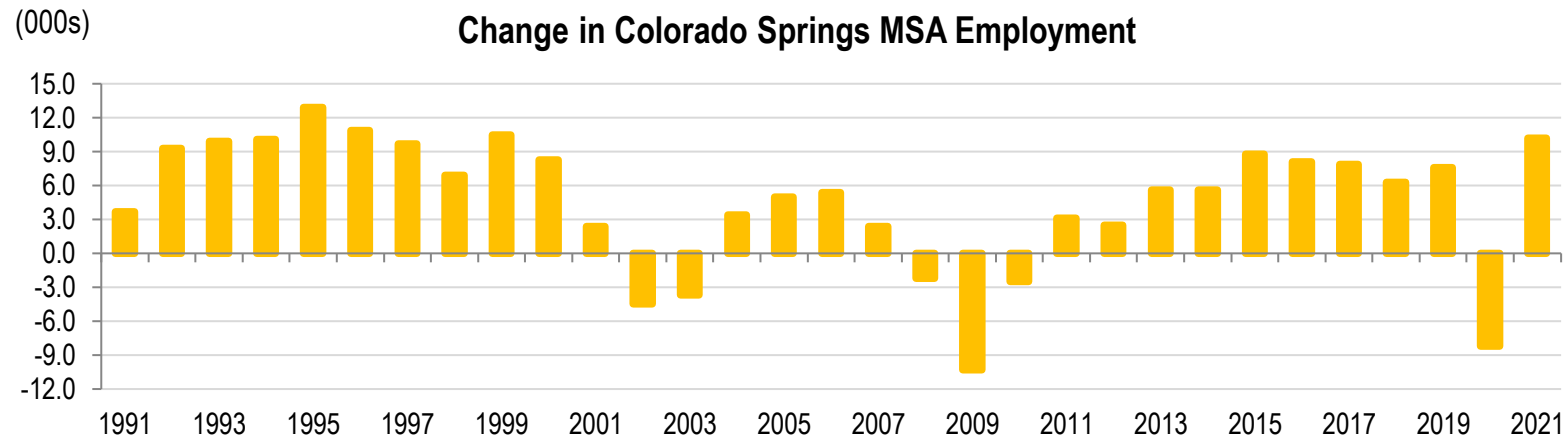
Colorado Springs MSA



Between 2019 and 2021, Colorado Springs MSA employment recovered from the COVID-19-related policies faster than all other MSAs.

In 2020, El Paso County had the largest population in Colorado.

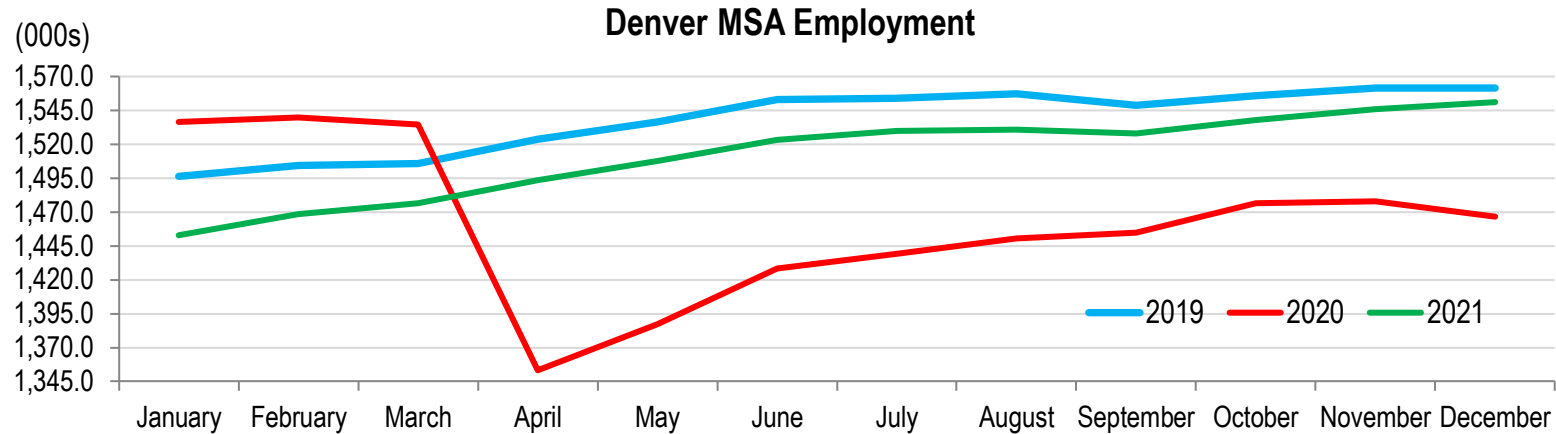
It has a unique mix of industries, including military, higher education, sports, and tourism.



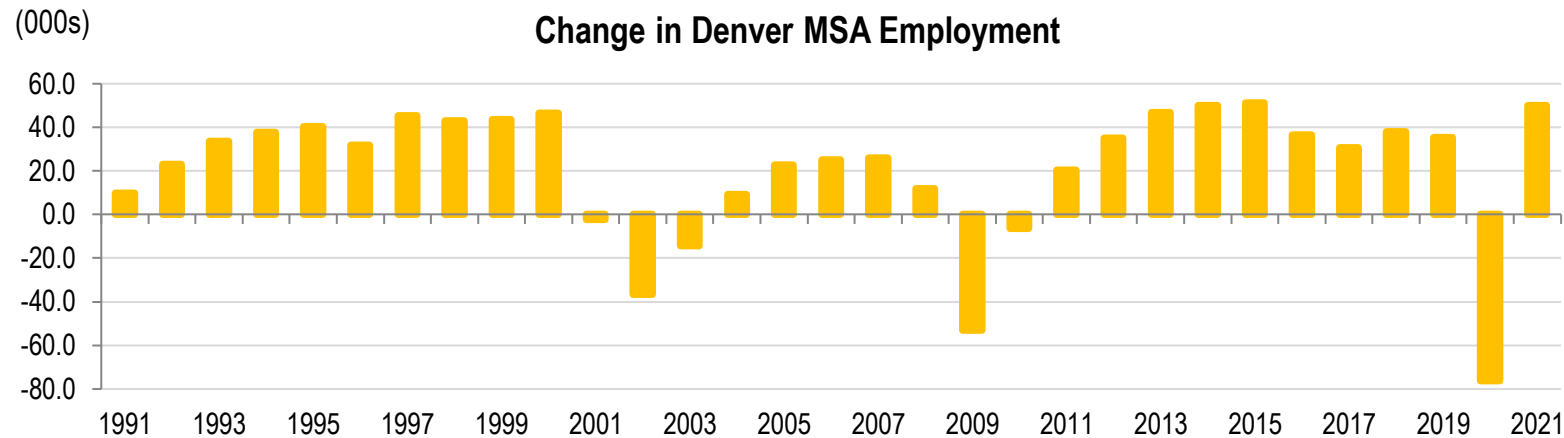
Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

Denver MSA



Between 2019 and 2021, the rate of increase for Denver MSA employment was slower than other MSAs. The six urban counties in the Denver MSA include Adams, Broomfield, Douglas, Denver, Arapahoe, and Jefferson counties. The four rural counties in the Denver MSA are Elbert, Clear Creek, Gilpin, and Park counties.

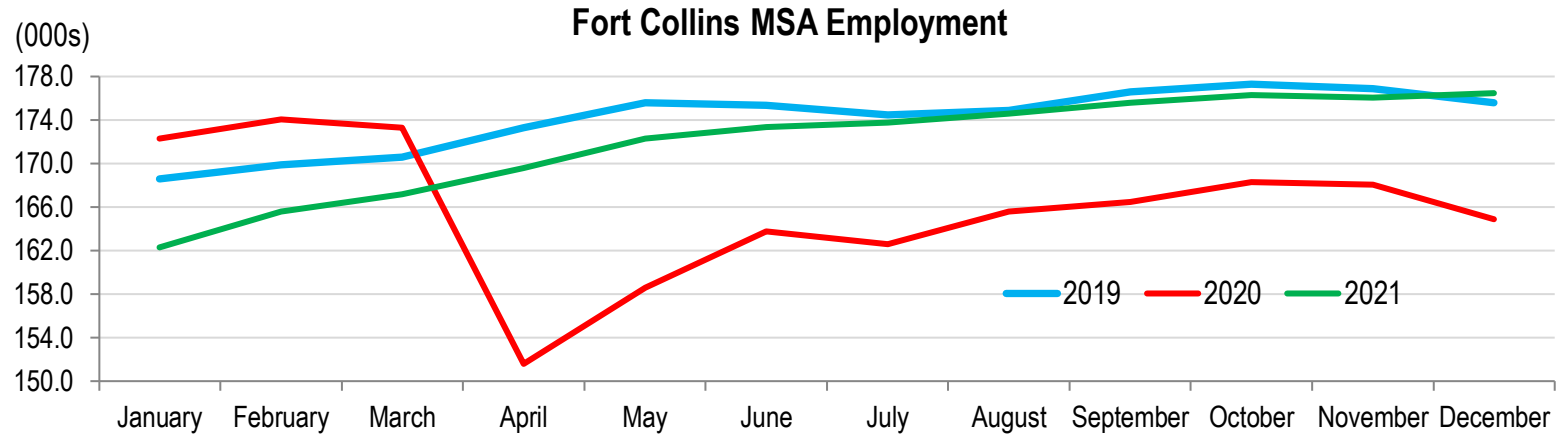


Over the past decade, population growth has occurred more rapidly in Adams, Broomfield, and Douglas Counties. The lower population growth rate for the Denver, Arapahoe, and Jefferson counties has slowed the Denver MSA employment growth.

Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

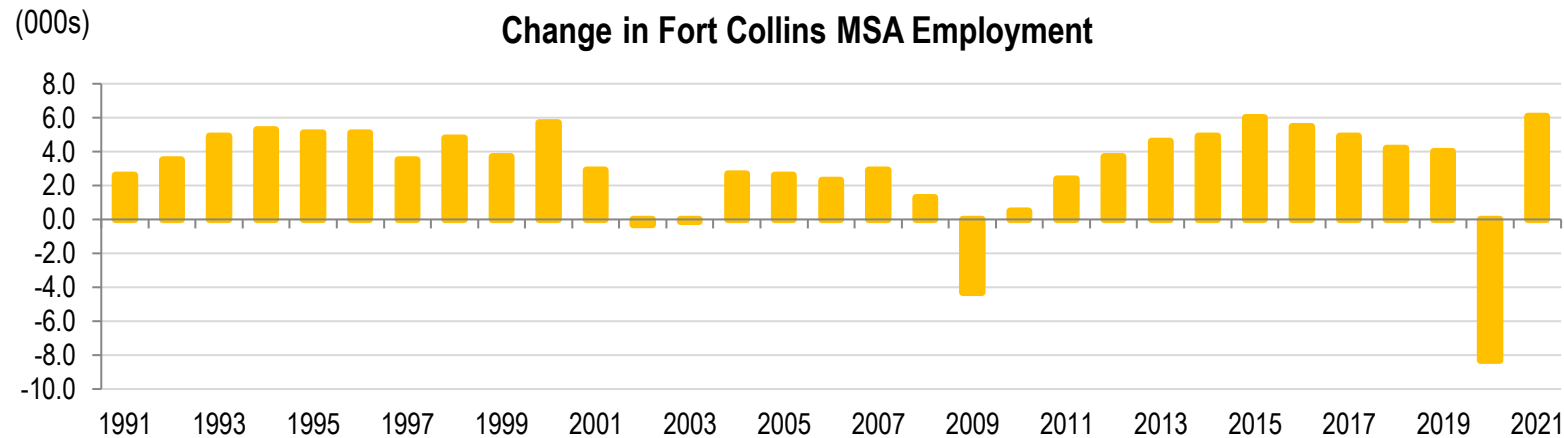
Fort Collins MSA



Over the past decade, the Fort Collins MSA has been a leader in population growth.

Between 2019 and 2021, the Fort Collins MSA was a leader in employment growth.

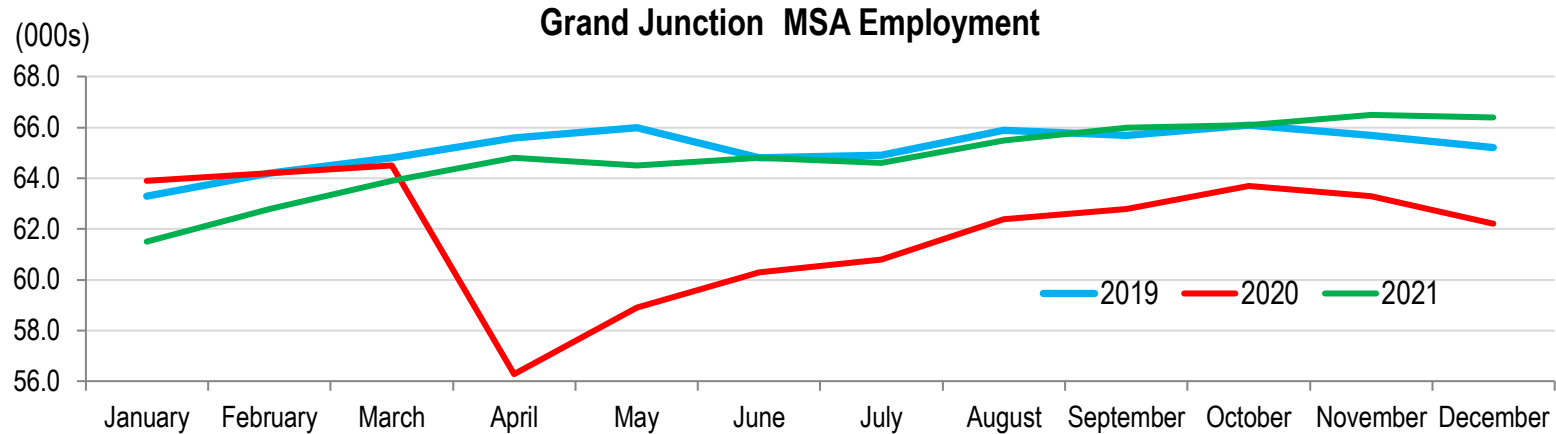
The expansion of the economy extends beyond the city of Fort Collins, and it includes Mead, Berthoud, Loveland, and Wellington. Strengths of the regional economy include innovation, advanced technology, and CSU.



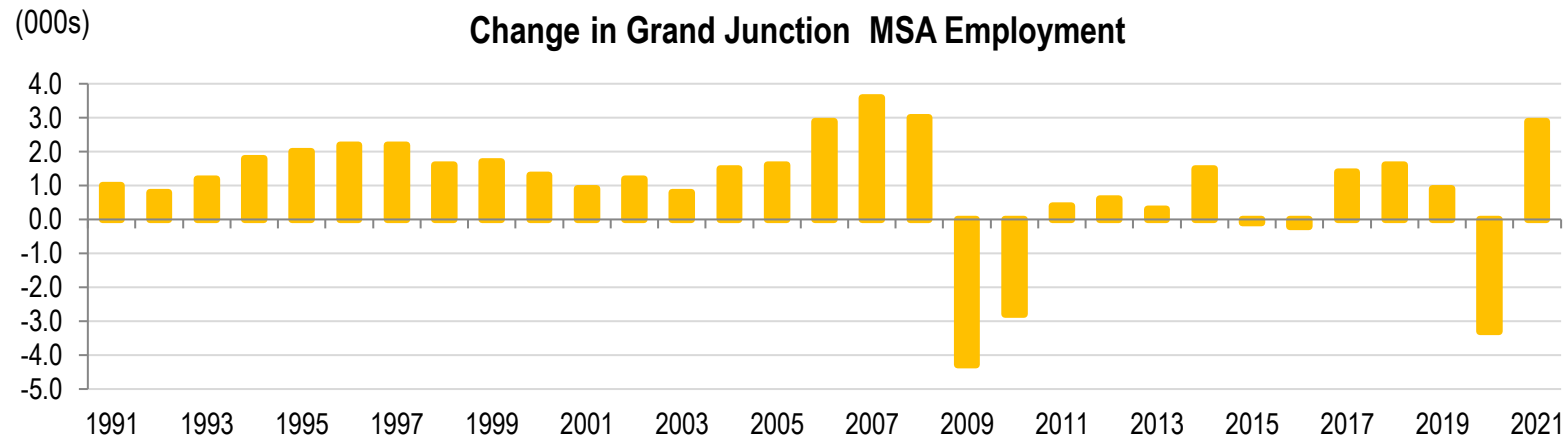
Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

Grand Junction MSA



Historically, the extractive industries were a driver in the growth of the Grand Junction MSA economy. Since the Global Financial Crisis and the increased uncertainty in that industry, the region has become more diversified. Except for 2020, employment has been flat for the past decade.

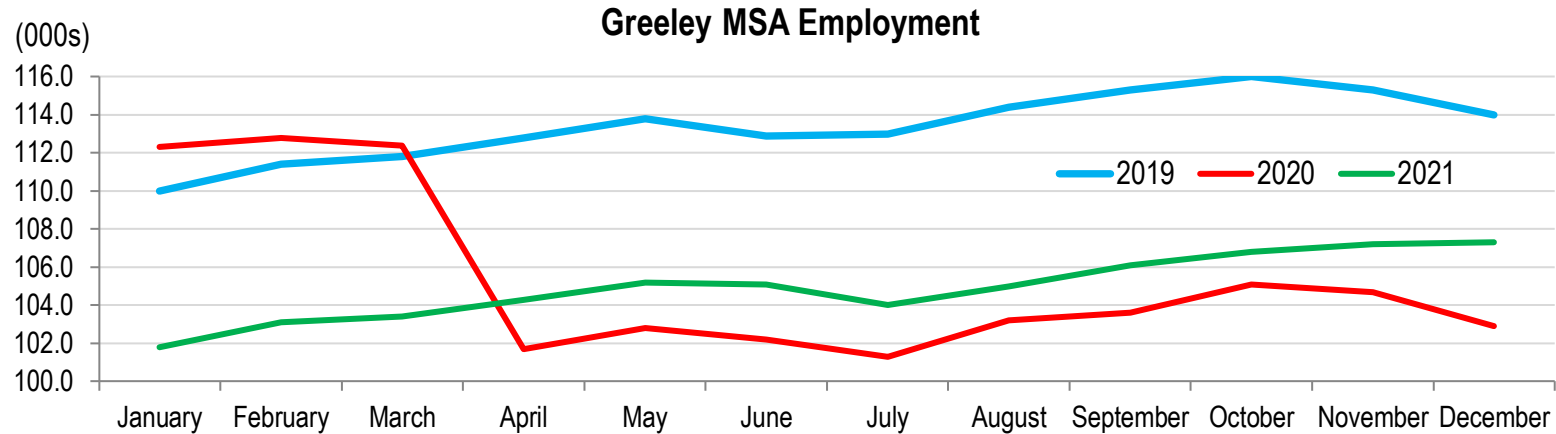


The Grand Junction MSA has become a hub of commerce for the Western Slope. Colorado Mesa University has matured as a four-year college, and Grand Junction is a focal point for health care and retail trade.

Source: Bureau of Labor Statistics, cber.co.

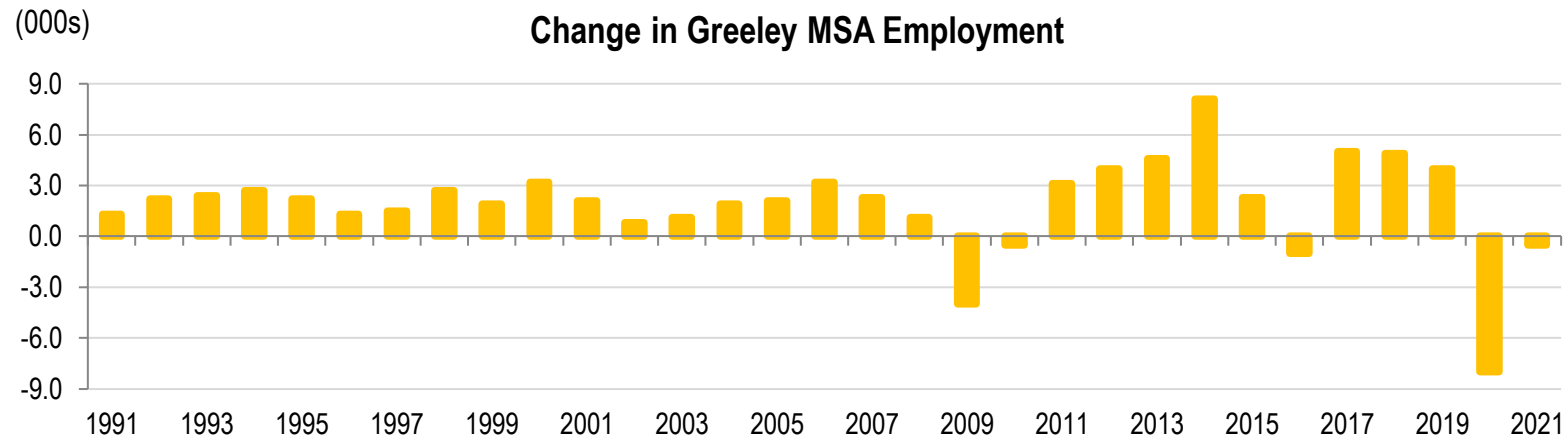
Change in Colorado Employment

Greeley MSA



The Greeley MSA is the top producer of oil and gas in Colorado and a national leader in agriculture products. It is also the home of the University of Northern Colorado.

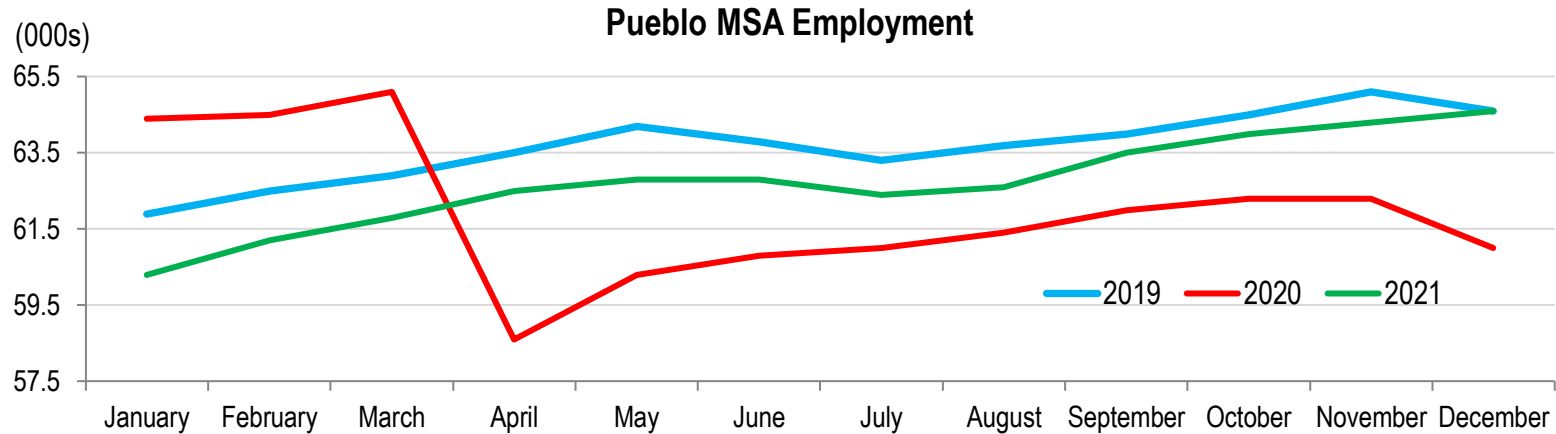
The volatility of commodity prices and state regulations have impacted the Greeley MSA economy. In 2015, the price for a barrel of oil plunged, and oil production declined. More recently, state policies to regulate/eliminate fossil fuels production have had a more devastating effect on employment in the Greeley MSA. It was the only MSA to experience job losses in 2020 and 2021.



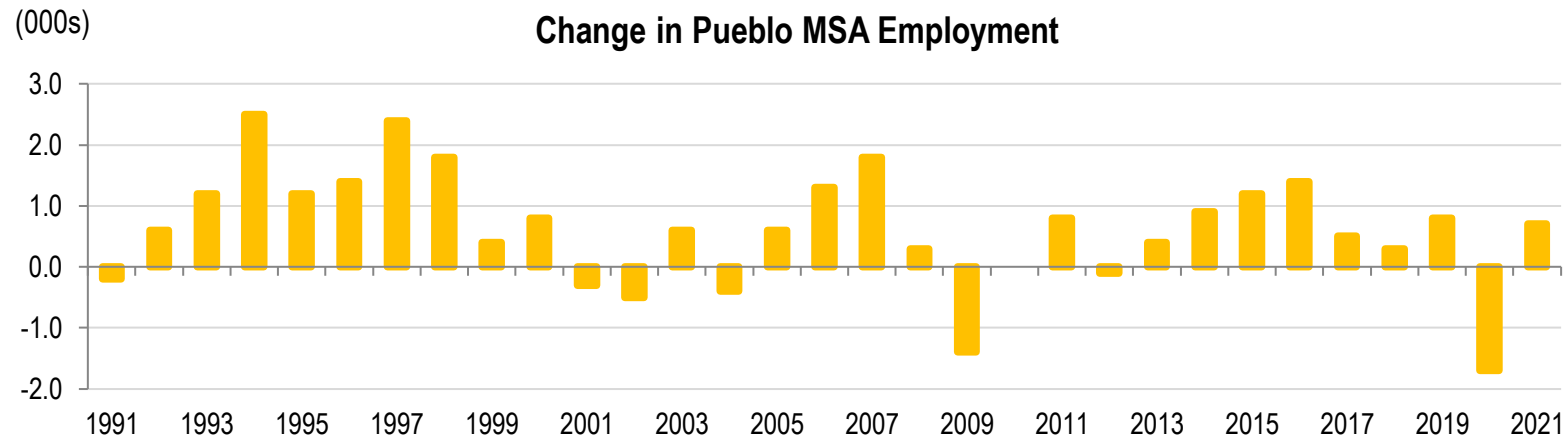
Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

Pueblo MSA



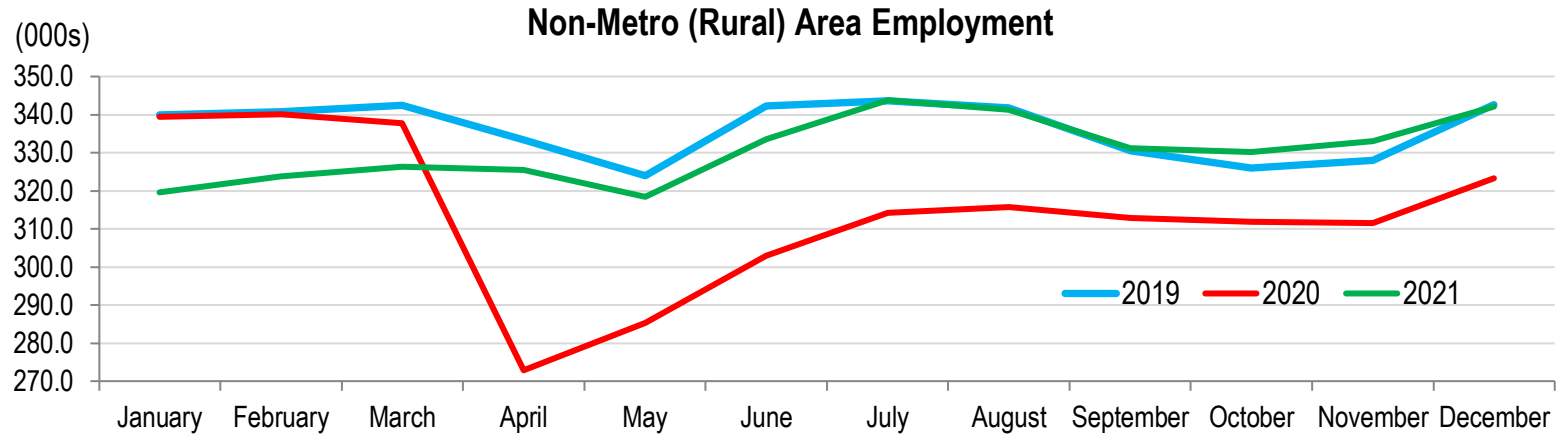
Between 2019 and 2021, the Pueblo MSA employment increased faster than other MSAs. The growth of Colorado Springs to the south has pushed people into Pueblo County, where housing is more affordable.



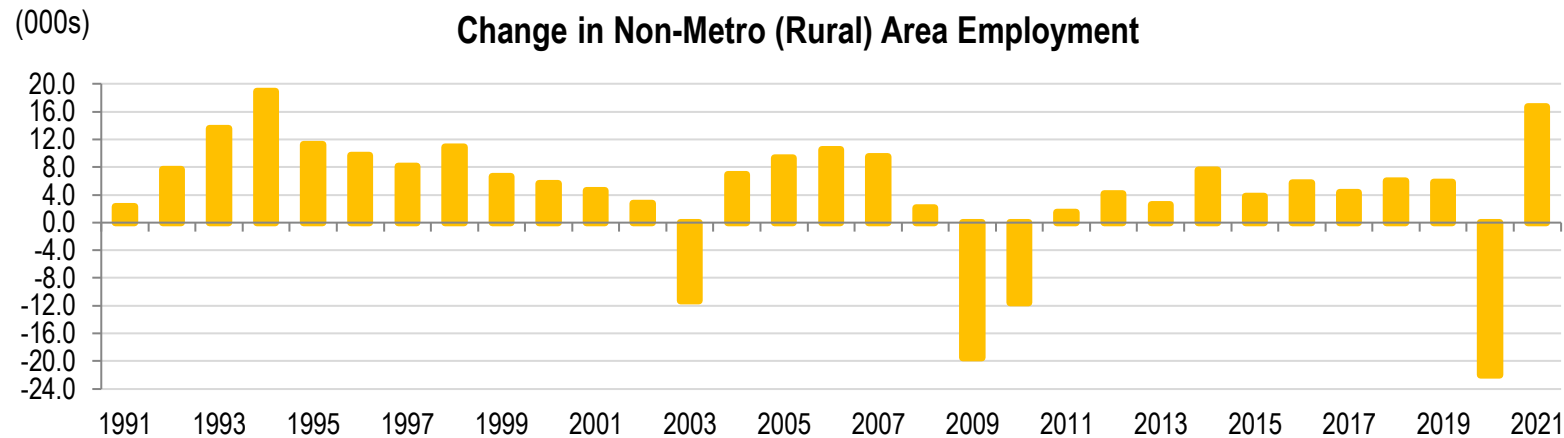
Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

Non-Metro (Rural) Area



The non-metro area of Colorado includes 47 counties. These rural communities are popular places to work because of the quality of life and lower housing prices. As a result, there has been steady growth in rural population and employment.



Source: Bureau of Labor Statistics, cber.co.

Colorado Employment by Industry

The following charts evaluate the growth of the Colorado industries between 1990 and 2021 and 2019 to 2021.

They also show the change in employment share for 1990 to 2021.

In addition, they include the monthly employment patterns for each industry for the past three years and the annual change in industry employment between 1991 and 2021.

The change in employment for each industry varies. This evaluation provides a foundation to understand the impact that COVID-19 related policies had on the labor market and its ability to recover and deal with the obstacles that may derail current economic growth.

Overall Share of Colorado Employment

Private Sector, Government, Goods Producing, and Service Producing 1990-2021 and 2019-2021

Since 1990, the employment share for the private sector increased, and it declined for the government sector.

Since 1990, the share of the goods-producing sectors has decreased; however, it was flat during the pandemic.

The service-producing sector, excluding government, has increased since 1990.

Overall Share of Employment, 1990 - 2021

Category	1990	2000	2010	2019	2021	Trend 1990-2021	Trend 2019-2021
Private	81.80%	84.79%	82.29%	83.69%	84.03%	Increase	Increase
Government	18.20%	15.22%	17.71%	16.31%	15.97%	Decrease	Decrease
Goods Producing	16.49%	16.42%	11.87%	12.85%	12.58%	Decrease	Flat, Slight Decrease
Service, not Government	65.31%	68.36%	70.42%	70.84%	71.44%	Increase	Increase

Source: Bureau of Labor Statistics and cber.co.

Colorado Employment by Industry

Employment Growth between 2019 and 2021

Between 2019 and 2021, the change in employment was positive for nine sectors. These sectors account for 36.1% of the state's total 2021 employment.

The PST, warehousing and storage, and financial activities sectors were the top three sectors for absolute growth.

Share of Colorado Employment

Industries With Employment Growth 1990 – 2021 and 2019-2021

All nine sectors increased their share between 2019 and 2021. The PST sector increased from 8.43% to 9.26%.

The sectors with the strongest increase in employment share (1990 to 2021) were PST, MCE, health care, and warehousing and storage. The growth in state government, excluding higher education is also noteworthy.

Industry Share of Employment, 1990 - 2021

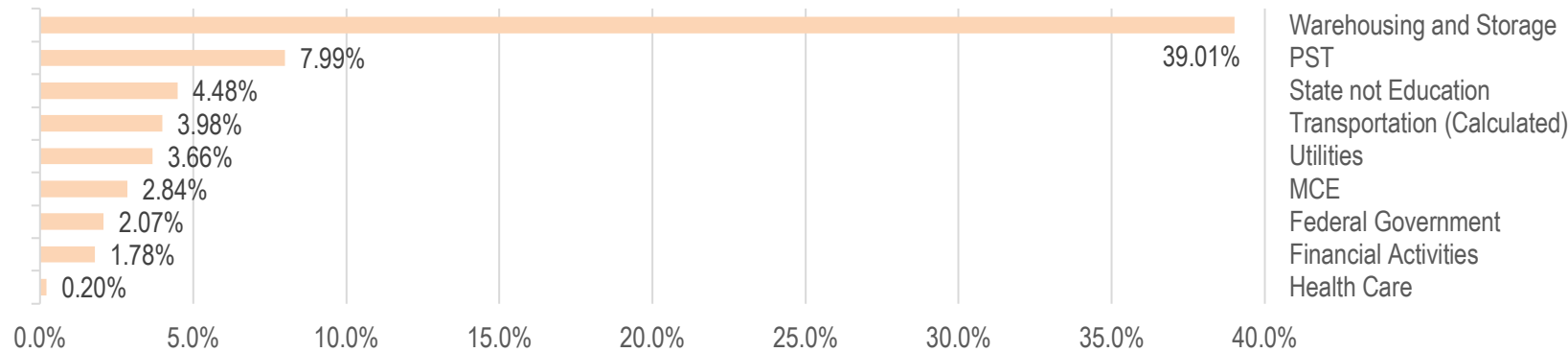
Industry	1990	2000	2010	2019	2021	Trend 1990-2021	Trend 2019-2021
Utilities	0.64%	0.36%	0.37%	0.29%	0.31%	Volatile Down	Up
Transportation (Calculated)	2.95%	2.59%	2.50%	2.61%	2.76%	Up Since 2000	Up
Warehousing and Storage	0.30%	0.40%	0.30%	0.51%	0.71%	Up Since 2010	Up
Financial Activities	6.88%	6.64%	6.50%	6.26%	6.48%	Down	Up
Prof., Scientific, Technical	5.68%	7.03%	7.61%	8.43%	9.26%	Up	Up
Mgmt. Corp. & Enterprises	0.86%	0.86%	1.31%	1.52%	1.59%	Up	Up
Health Care	7.60%	7.67%	10.43%	10.90%	11.10%	Up	Up
Federal Government	3.77%	2.46%	2.51%	1.90%	1.98%	Volatile Down	Up
State not Education	1.60%	1.39%	1.47%	1.84%	1.95%	Up	Up

Source: Bureau of Labor Statistics and cber.co.

Change in Industry Employment 2019 vs. 2021

Employment Growth

Percent Change in Employment by Industry 2019 vs. 2021

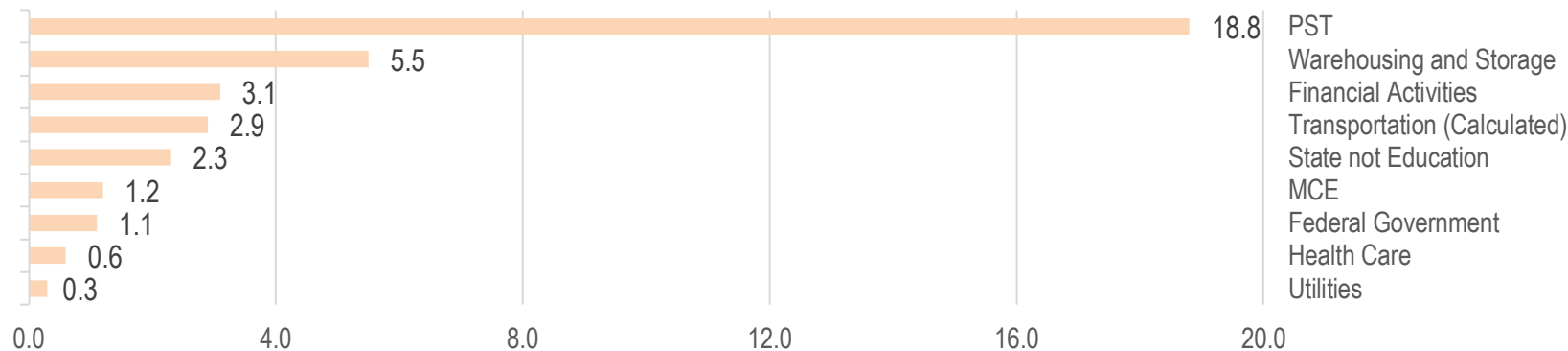


Industry Employment Change

The difference between 2021 and 2019 employment was positive for the nine sectors shown in these two charts.

In 2021, there were 991,700 employees in these sectors, an increase of 35,800 compared to 2019 (955,900). These sectors accounted for 36.1% of the state's total employment in 2021.

Absolute Change in Employment by Industry 2019 vs. 2021 (Thousands)



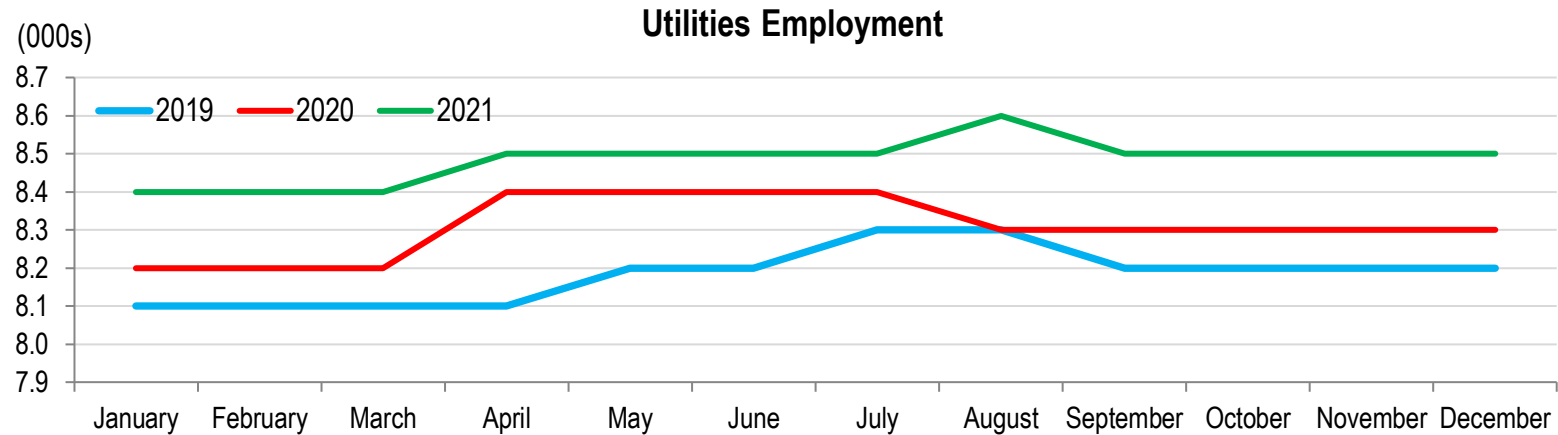
Warehousing and storage, PST, and state-not education were the top three sectors for relative growth.

PST, warehousing and storage, and financial activities were the top three sectors for absolute growth.

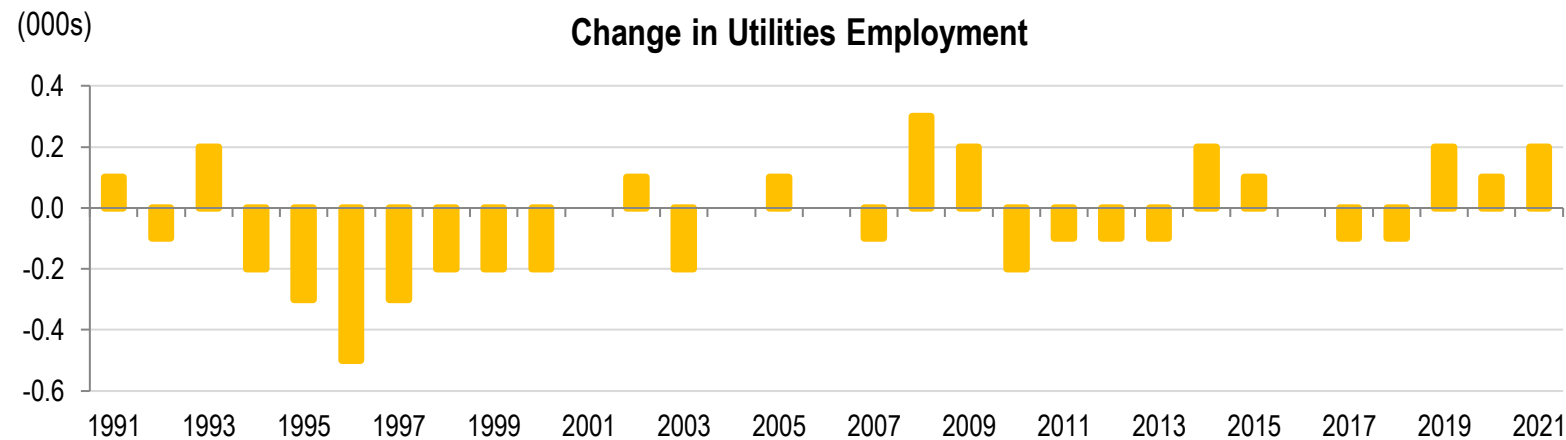
Source: Bureau of Labor Statistics and cber.co.

Change in Colorado Employment

Utilities



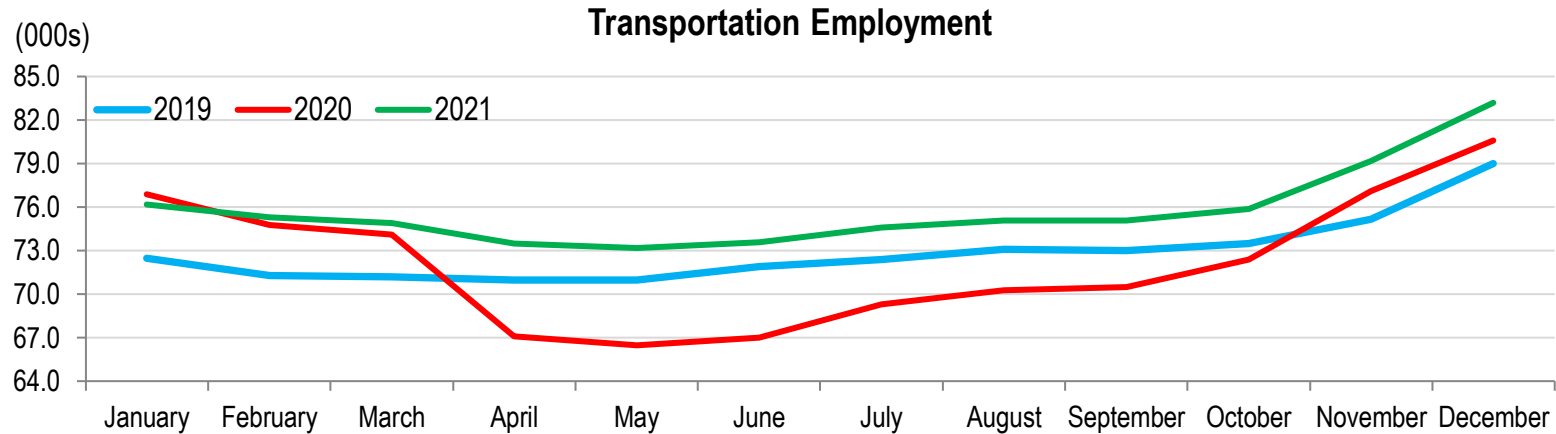
Since 2010, the annual number of utility employees has ranged between 8,200 and 8,500. The sector is not subject to business cycle fluctuations.



Source: Bureau of Labor Statistics, cber.co.

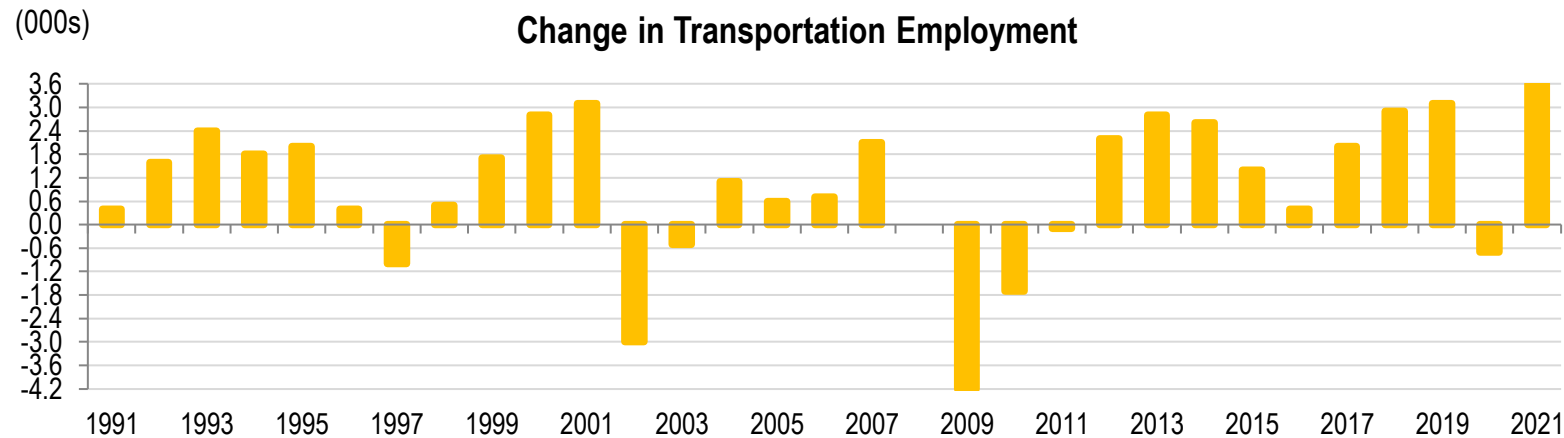
Change in Colorado Employment

Transportation



During the pandemic, airlines received subsidies, and some transportation jobs were essential. The transportation industry recovered faster than other industries.

The trucking industry is struggling with labor shortages, especially with long-haul drivers. The reasons for the shortages include retirements and dissatisfied workers.

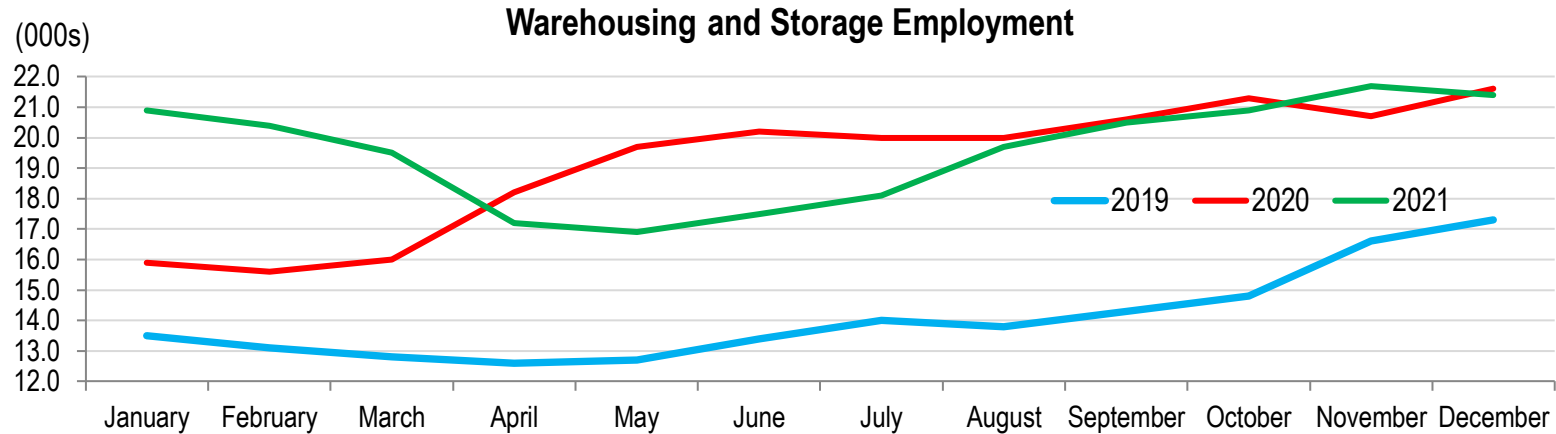


In addition, RTD has had trouble finding drivers. COVID-19 related policies and remote/hybrid policies have caused a reduction in passengers on RTD bus and rail lines. In turn, this has caused scheduling challenges.

Source: Bureau of Labor Statistics, cber.co.

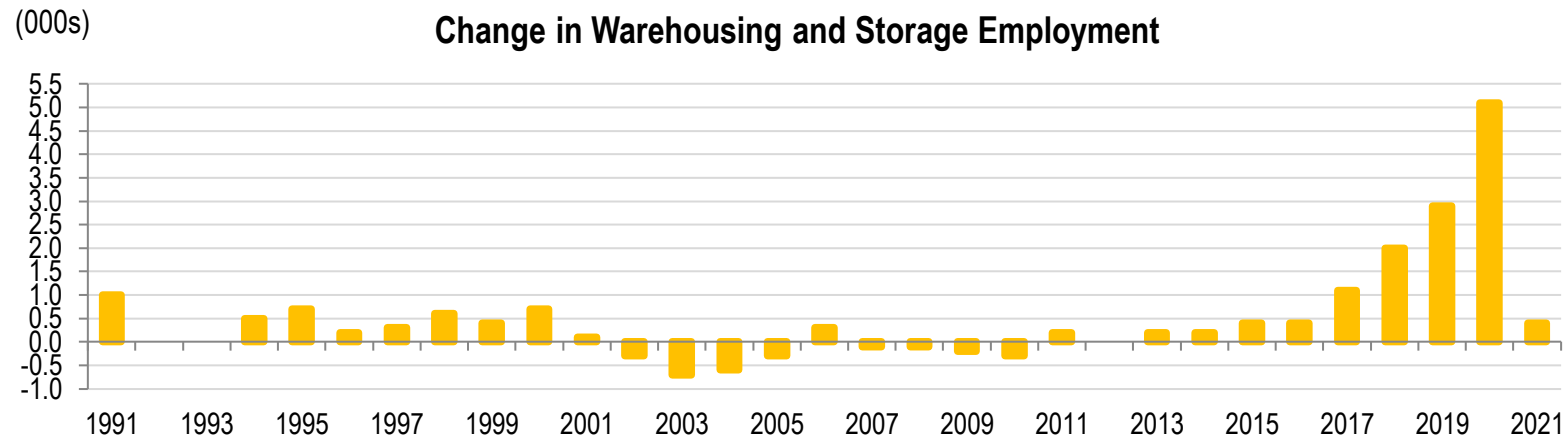
Change in Colorado Employment

Warehousing and Storage



There was growth in warehousing and storage employment in 2020 and 2021. It began increasing in 2017 and peaked in 2000.

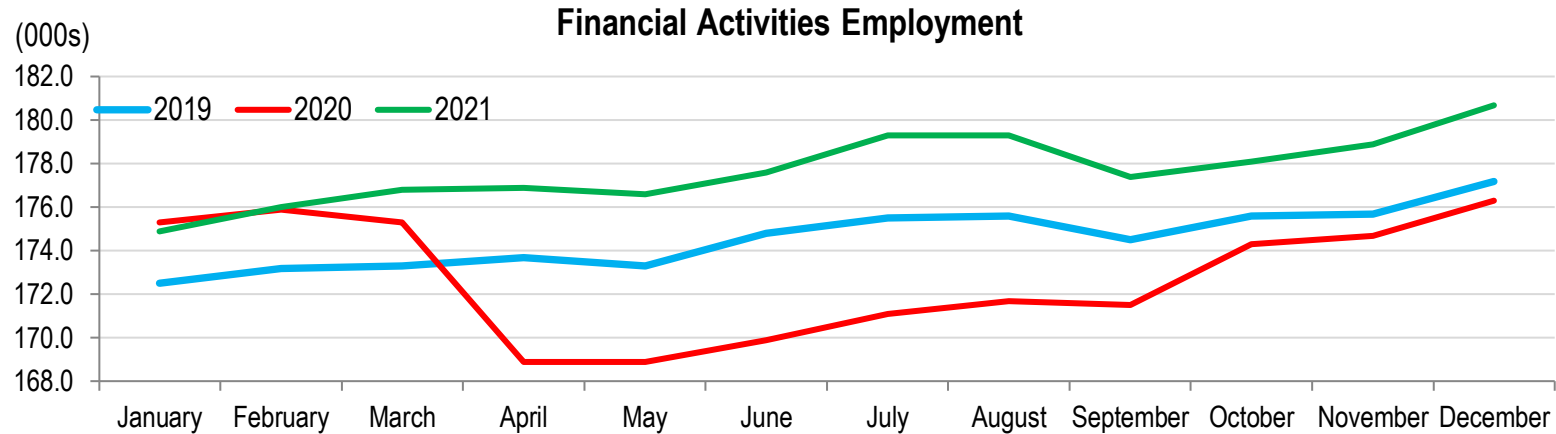
Colorado is a viable location for storage and warehouse facilities because of its location and strong economy.



Source: Bureau of Labor Statistics, cber.co.

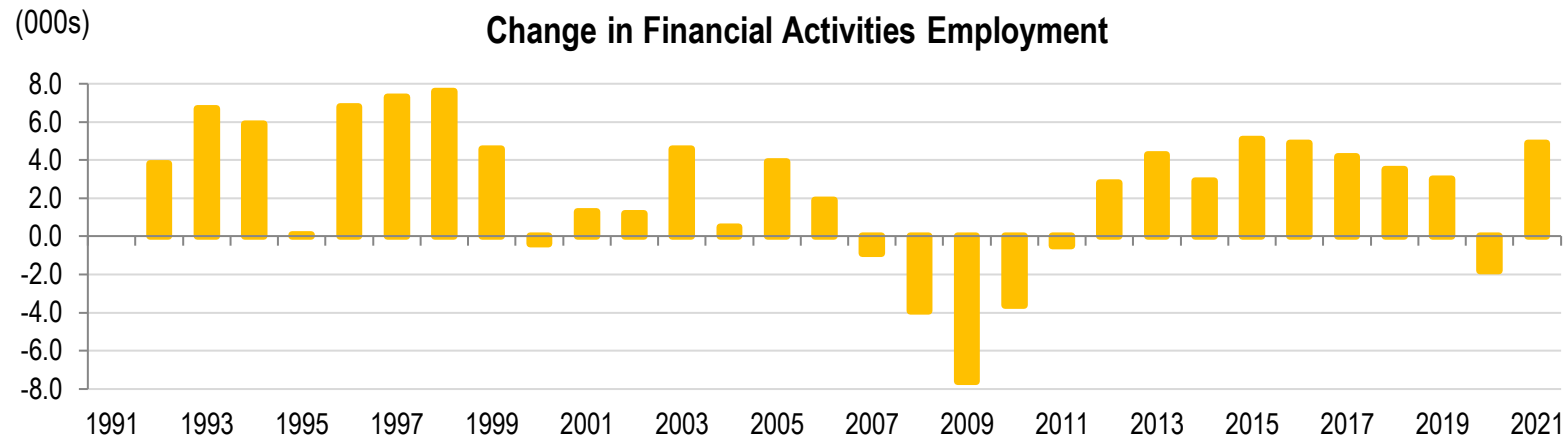
Change in Colorado Employment

Financial Activities



Employment in the Colorado financial sector was volatile, particularly between 2000 and 2011. The COVID-19 crisis impacted industry employment less than the 2001 and 2007 recessions.

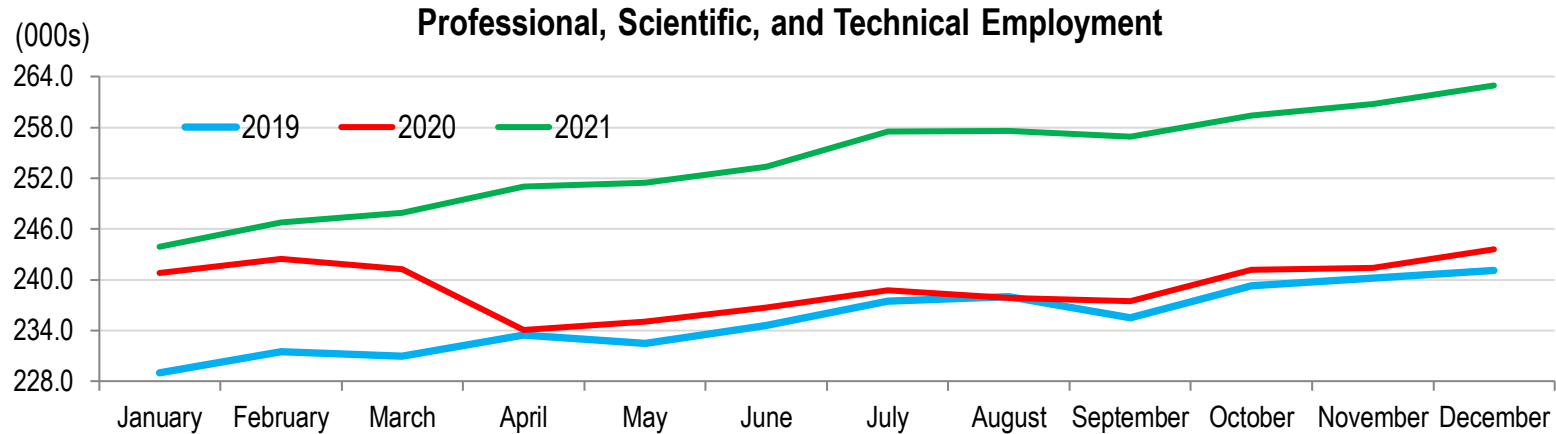
Industry employment will be affected by increased automation and usage of online services. Inflation, rate hikes, rising housing prices, and volatile equity markets will increase the demand for financial products and services.



Source: Bureau of Labor Statistics, cber.co.

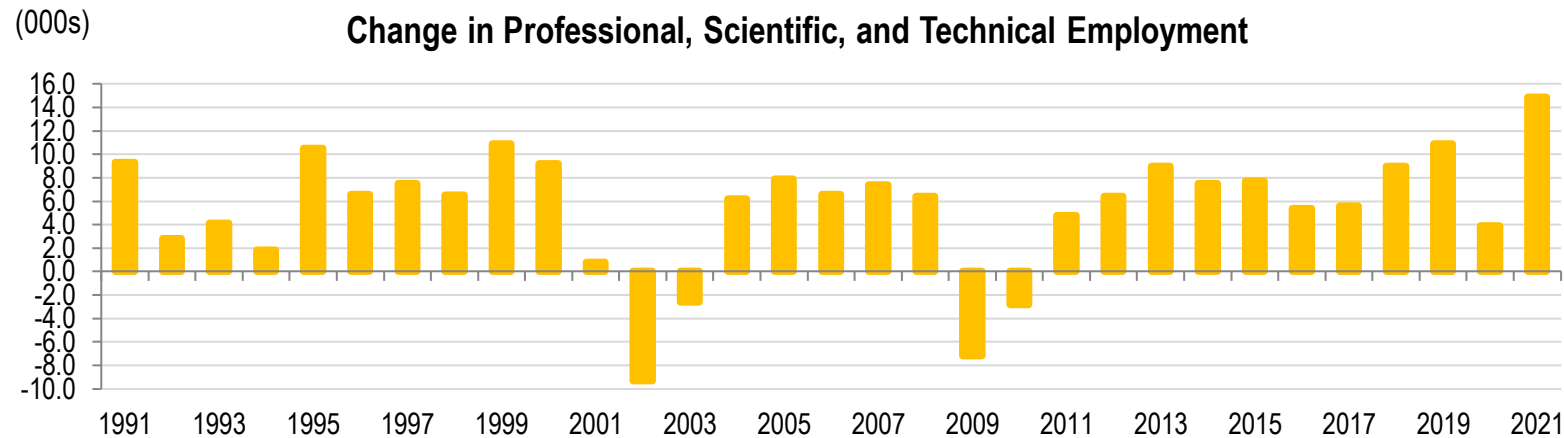
Change in Colorado Employment

Professional, Scientific, and Technical (PST)



The PST sector is driving the Colorado economy. Sector wages are well above the average for all industries.

In 2021, nine sectors had annual employment greater than their 2019 level. The total gain in employment for these nine sectors was 35,800. For this period, the PST sector increased by 18,800, and the combined total for the other eight sectors was 17,000.

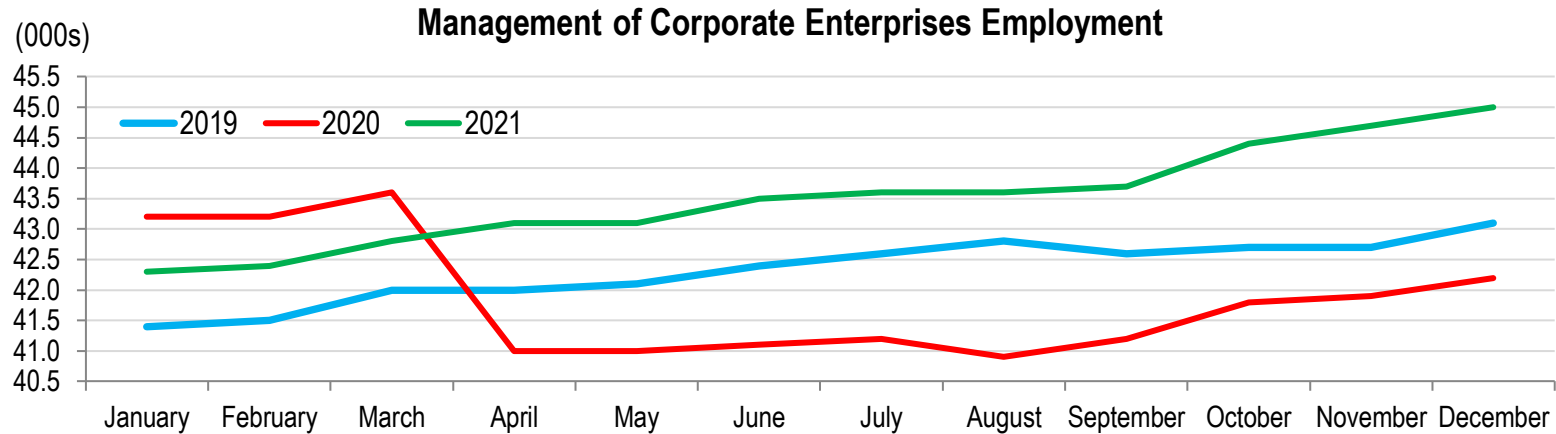


Many industries have ties to the PST sector. For example, Engineers and researchers support the extractive and advanced manufacturing industries, and all Industries utilize legal services.

Source: Bureau of Labor Statistics, cber.co.

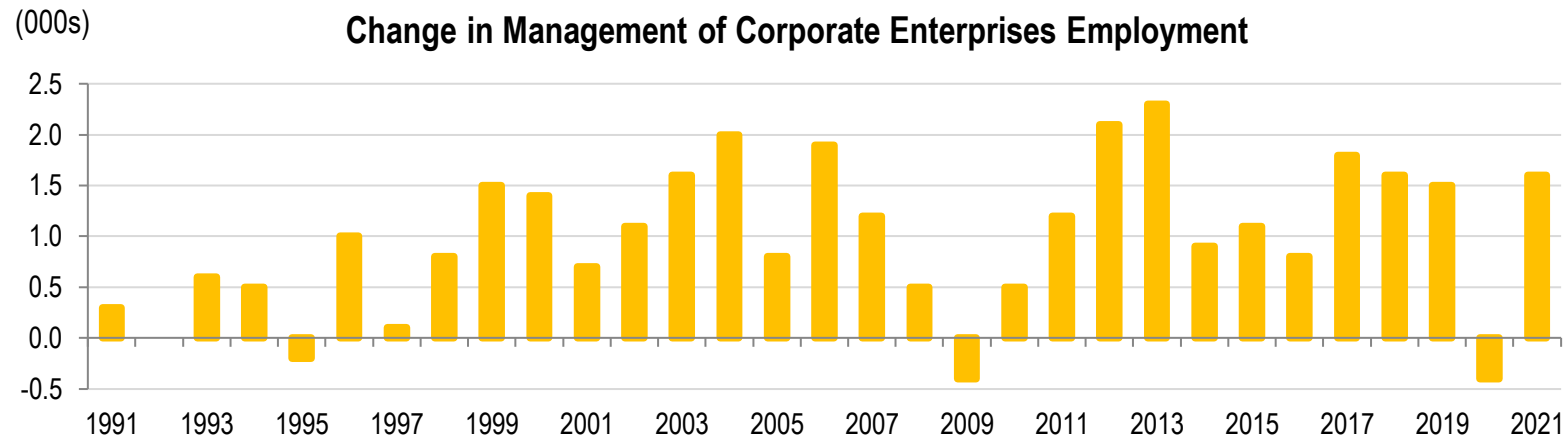
Change in Colorado Employment

Management of Corporate Enterprises (MCE)



MCE is a small sector of companies that are corporate headquarters.

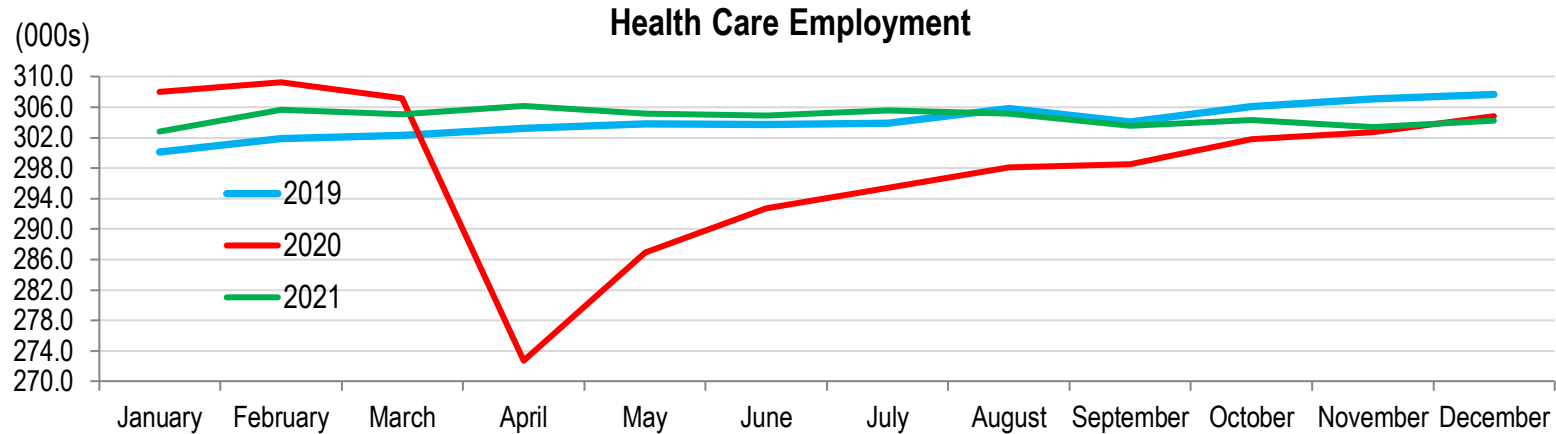
Historically, they have been less vulnerable to layoffs and cutbacks during downturns and have been quicker to recover than other companies. That was the case during this period. The MCE sector has posted job losses on only three occasions since 1991.



Source: Bureau of Labor Statistics, cber.co.

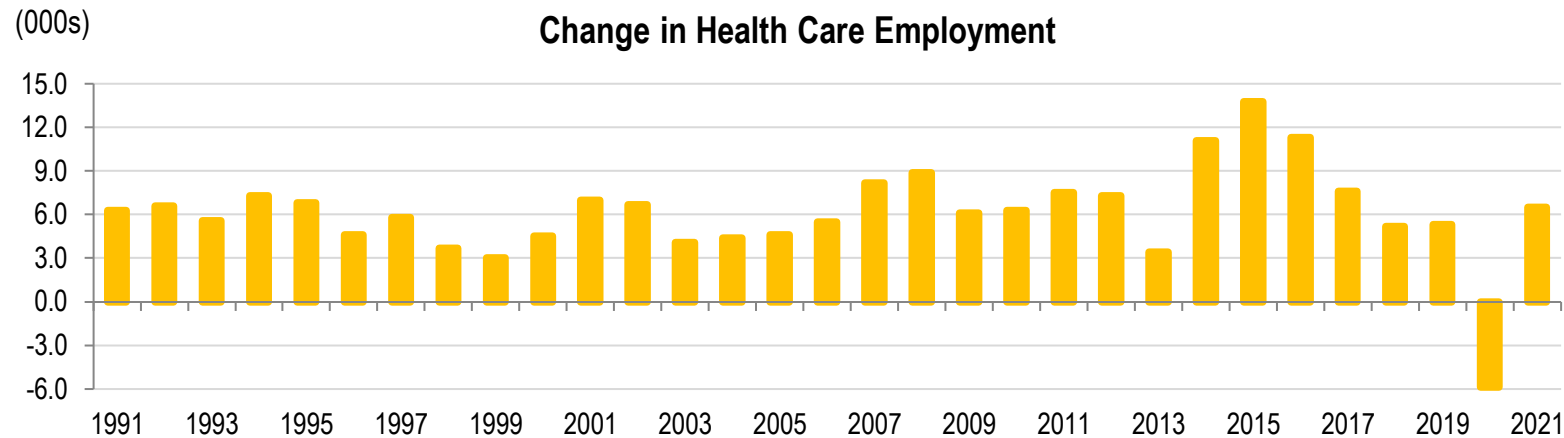
Change in Colorado Employment

Health Care



Over the past 30 years, the only time annual health care employment declined was in 2020. The increase in 2021 offset that decline.

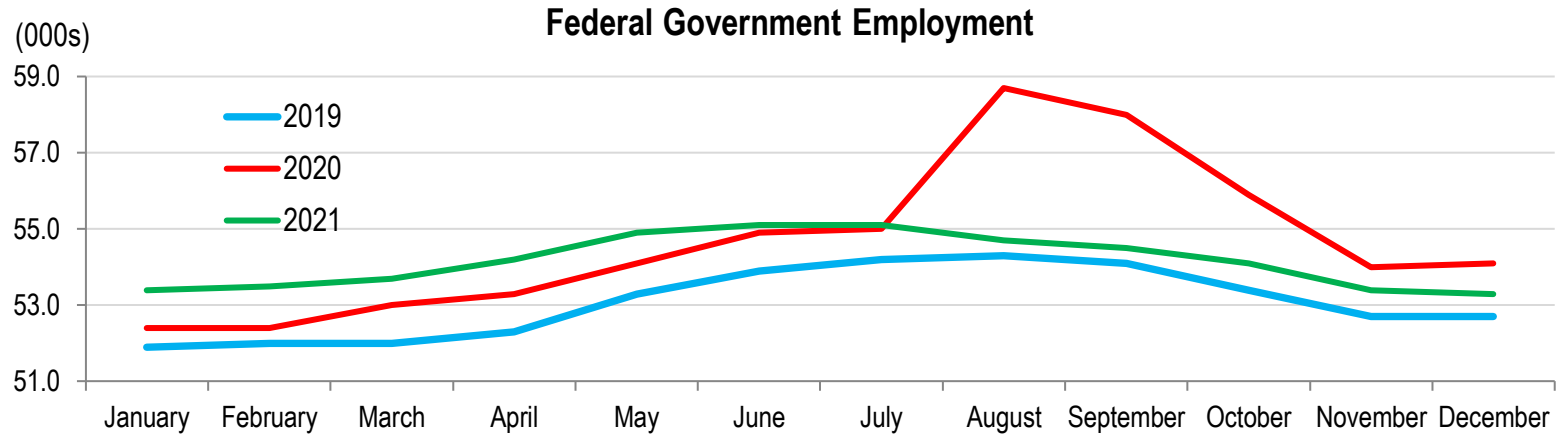
During much of this period, there has been a shortage of health care workers, caused, in part, by aging baby boomers.



Source: Bureau of Labor Statistics, cber.co.

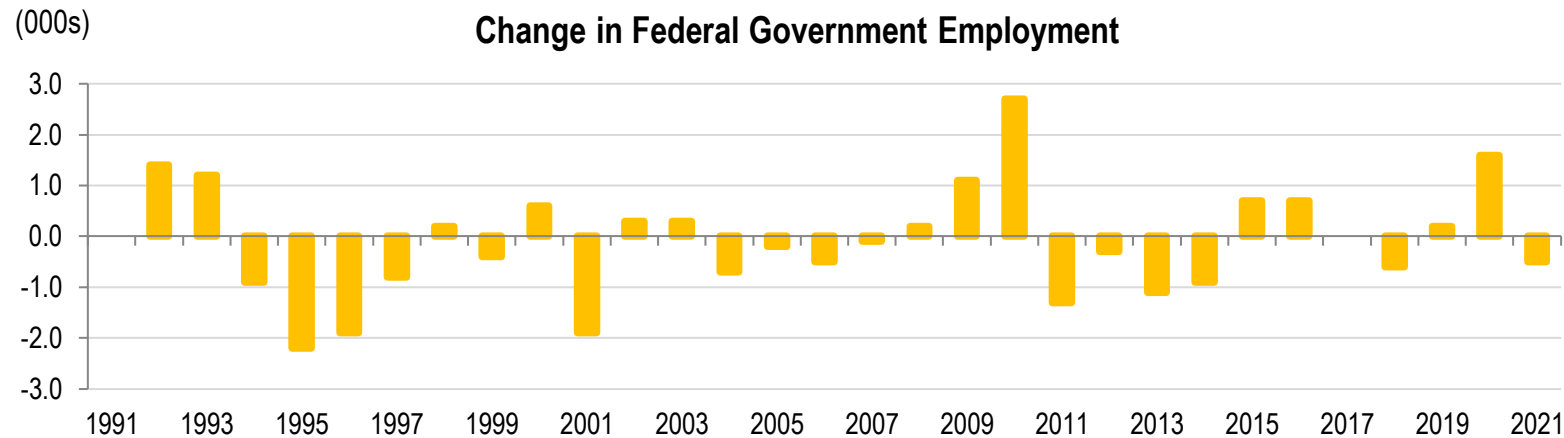
Change in Colorado Employment

Federal Government



Over the past thirty years, there have been about 55,000 federal workers at Colorado federal facilities such as NIST and NREL.

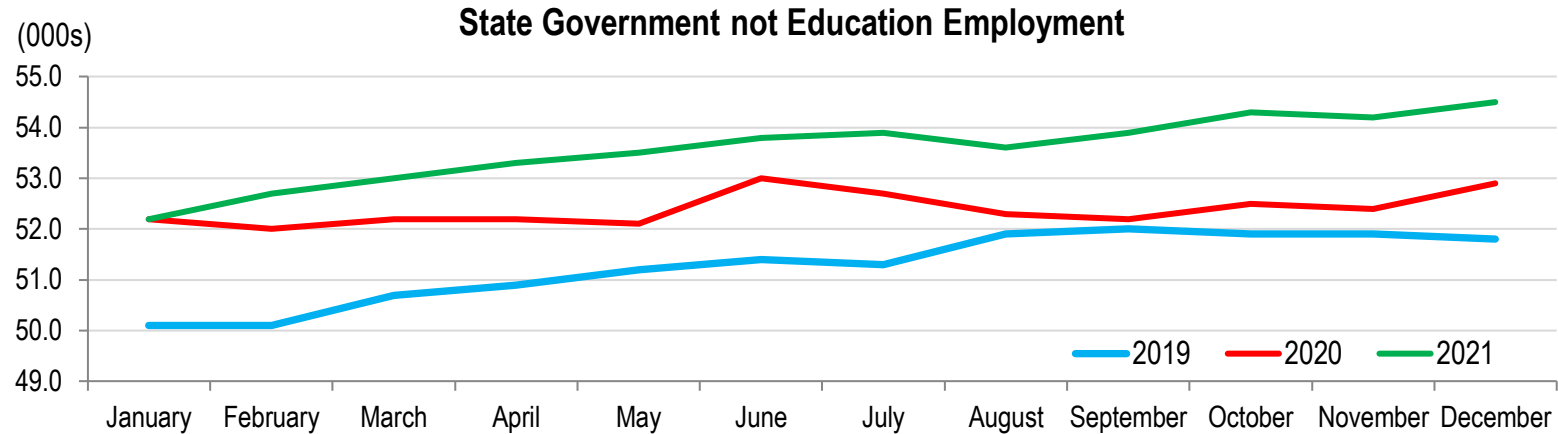
Every ten years there is a temporary increase for census workers. That was the cause of the spike in the 2020 data.



Source: Bureau of Labor Statistics, cber.co.

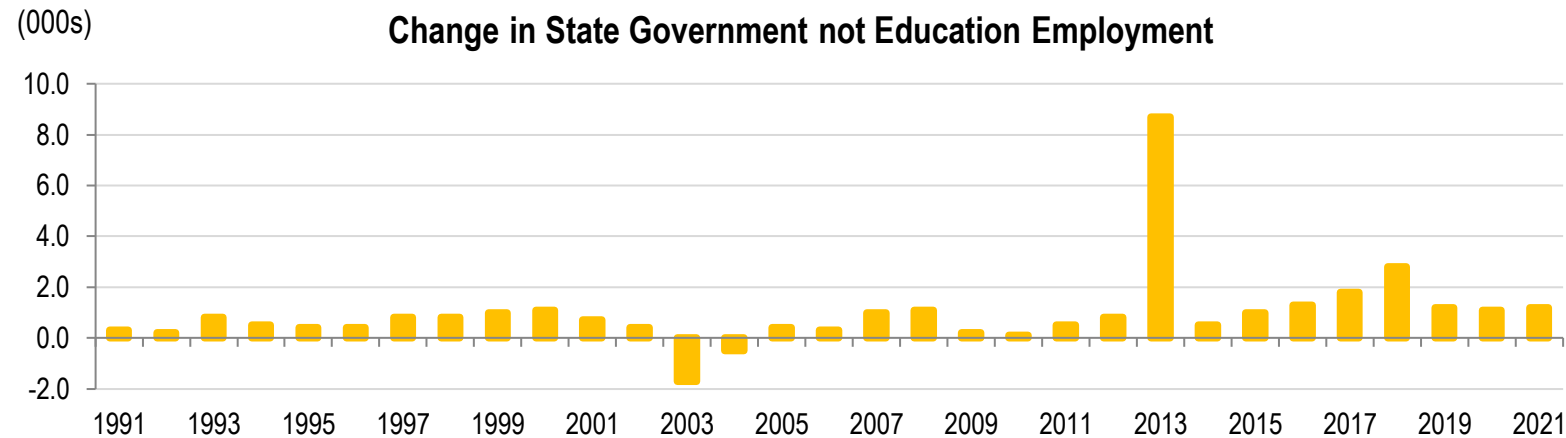
Change in Colorado Employment

State Government not Education



Colorado state government employment increased every year during these thirty years, except 2003.

The spike in 2013 reflects the state's purchase of two hospitals.



Source: Bureau of Labor Statistics, cber.co.

Colorado Employment by Industry

Slight Decline in Employment Between 2019 and 2021

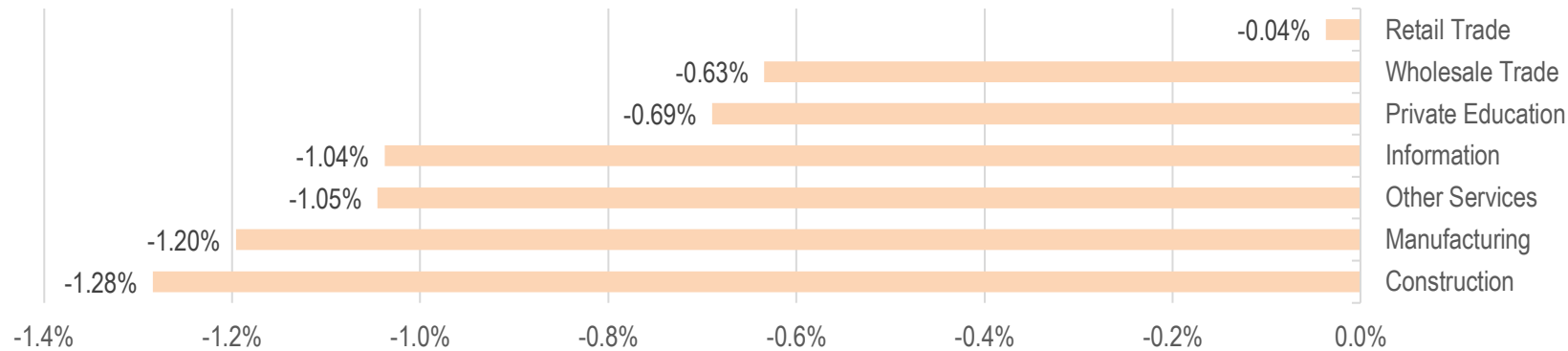
Between 2019 and 2021, the change in employment (slight decline) was slightly negative for seven sectors. These sectors account for 36.1% of the state's total 2021 employment.

Retail trade, private education, and wholesale trade had the most favorable absolute change in employment.

Change in Industry Employment, 2019 vs. 2021

Minimal Job Decline

Percent Change in Employment by Industry 2019 vs. 2021

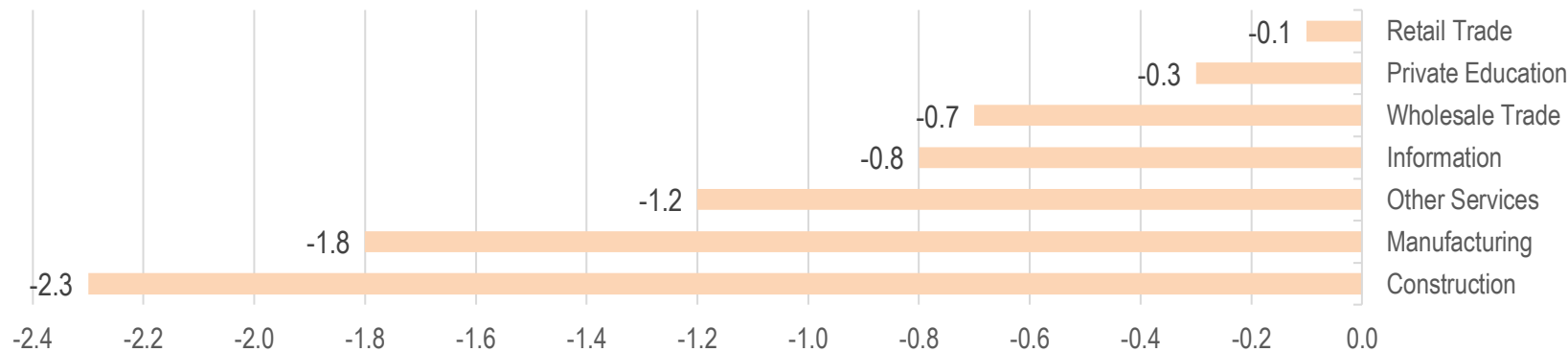


Employment Change

The difference between 2021 and 2019 employment was slightly negative for the seven sectors shown in these two charts.

In 2021, there were 940,500 employees in these sectors, a decline of 7,200 compared to 2019 (947,700). These sectors account for 34.3% of the state's total employment.

Absolute Change in Employment by Industry 2019 vs. 2021 (Thousands)



Retail trade, wholesale trade, and private education had the most favorable relative change in employment.

Retail trade, private education, and wholesale trade had the most favorable absolute change in employment.

Source: Bureau of Labor Statistics and cber.co.

Share of Colorado Employment

Industries with Decreased Employment Growth (Limited) 1990-2021 and 2019-2021

Between 2019 and 2021, the sectors in this chart showed a slight increase in employment share despite a slight decrease in employment.

The most noteworthy long-term declines are in manufacturing and retail trade.

Manufacturing employment declined because of automation, offshoring, and outsourcing. Retail has evolved for similar reasons – automation and online sales.

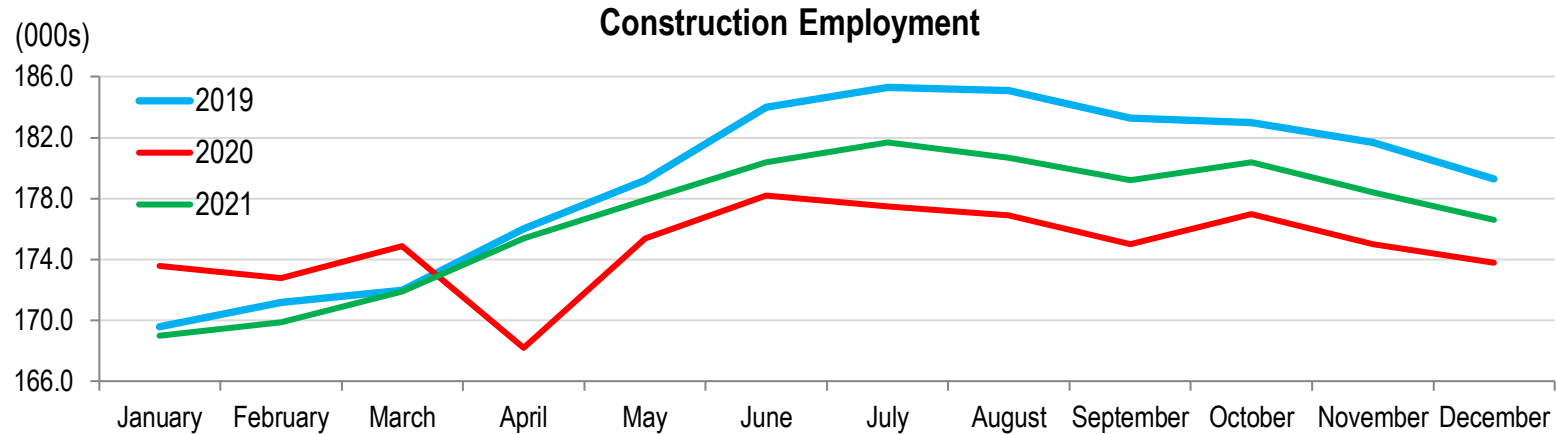
Industry Share of Employment, 1990 - 2021

Industry	1990	2000	2010	2019	2021	Trend 1990-2021	Trend 2019-2021
Construction	4.18%	7.39%	5.18%	6.42%	6.44%	Volatile	Flat/Slightly Up
Manufacturing	11.19%	8.48%	5.59%	5.39%	5.42%	Down	Flat/Slightly Up
Wholesale Trade	4.79%	4.49%	4.08%	3.96%	4.00%	Down	Flat/Slightly Up
Retail Trade	11.36%	11.08%	10.64%	9.76%	9.92%	Down	Flat/Slightly Up
Information	3.43%	4.90%	3.25%	2.76%	2.78%	Down	Flat/Slightly Up
Private Education	0.92%	1.03%	1.45%	1.56%	1.57%	Up	Flat/Slightly Up
Other Services	3.68%	3.62%	4.16%	4.11%	4.14%	Up	Flat/Slightly Up

Source: Bureau of Labor Statistics and cber.co.

Change in Colorado Employment

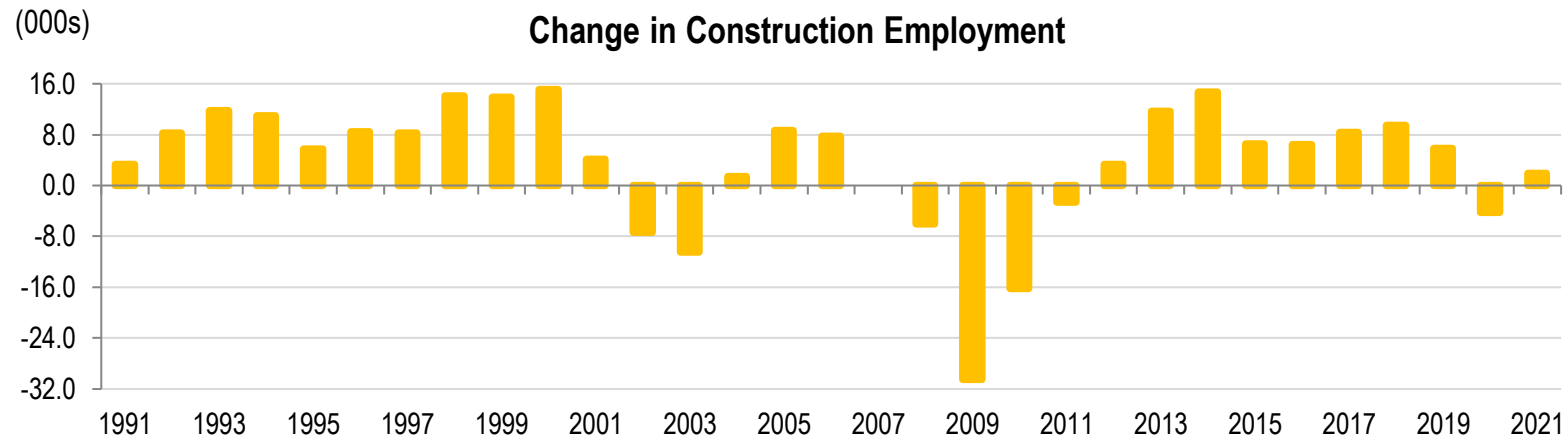
Construction



The 2001 Recession and the Great Financial Crisis had a more severe impact on construction employment than the 2020 pandemic-related policies.

There was strong demand for housing during the pandemic; however, the industry faced supply chain disruptions, inflated prices for inputs, and labor shortages. Those challenges still exist at varying levels in 2022.

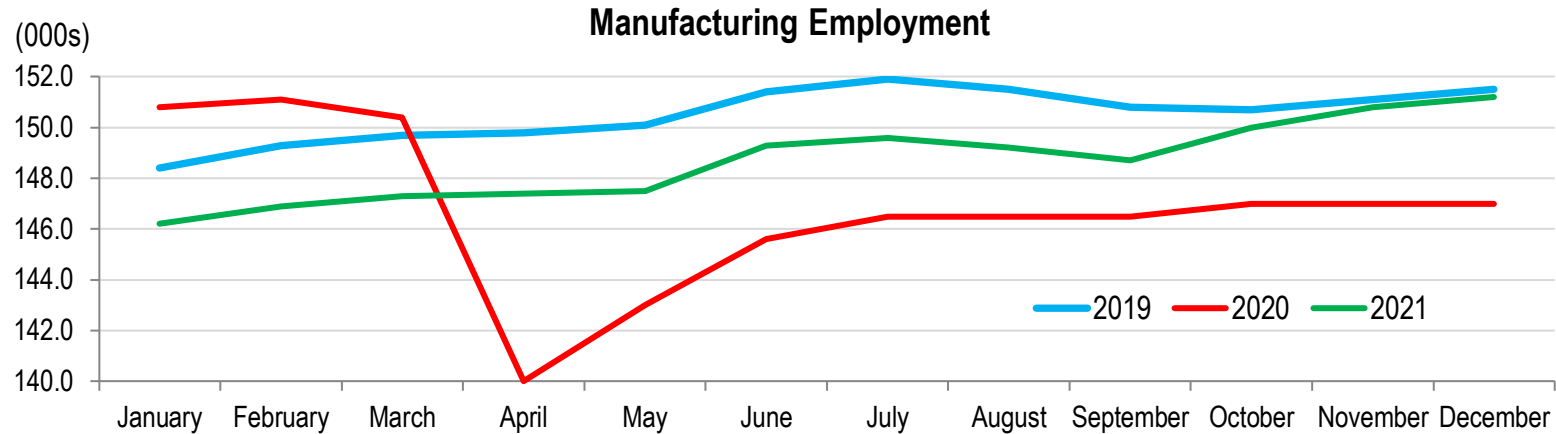
The Federal Reserve has begun putting rate hikes in place to curb inflation. Increased mortgage rates may reduce demand for new housing.



Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

Manufacturing



In 2020, Colorado manufacturing employment decreased by 3,700. In 2021, employment increased by 1,900.

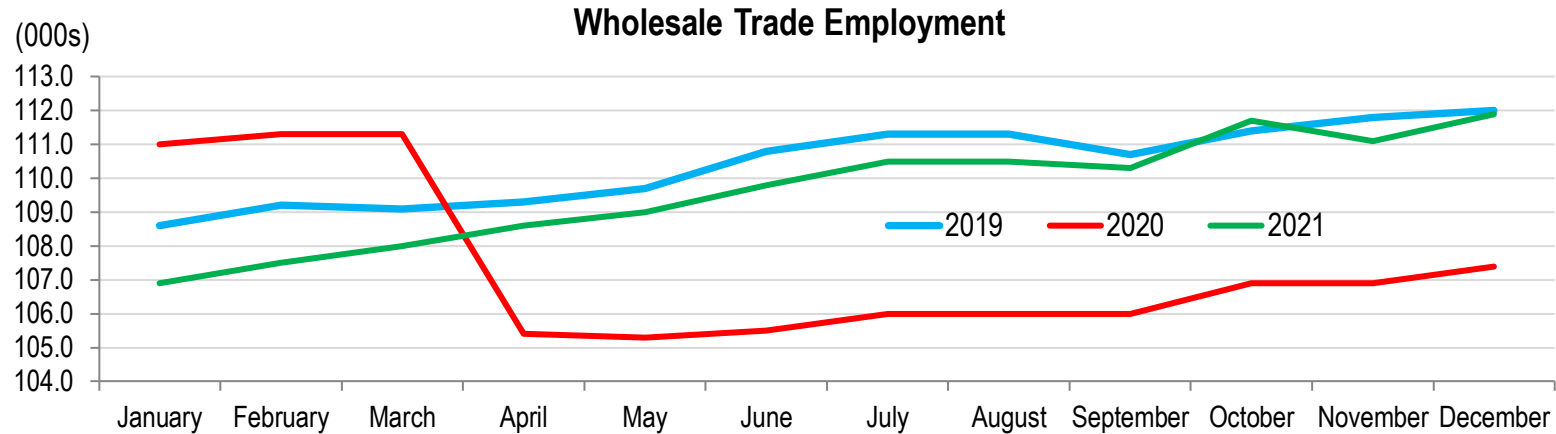
Between 2019 and 2021, the manufacturing sub-sectors that posted gains were computers and electronics, transportation equipment, and beverages.



Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

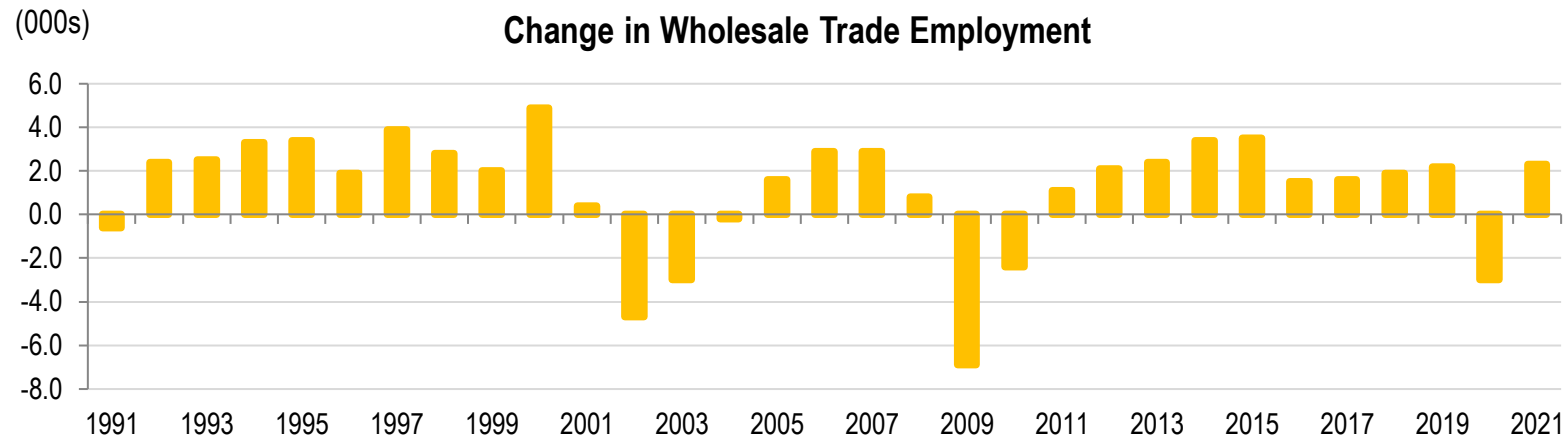
Wholesale Trade



Wholesale trade employment decreased by 3,000 in 2020, but it added 2,300 in 2021.

The employment for merchant wholesalers of durable goods was more in 2021 than in 2019.

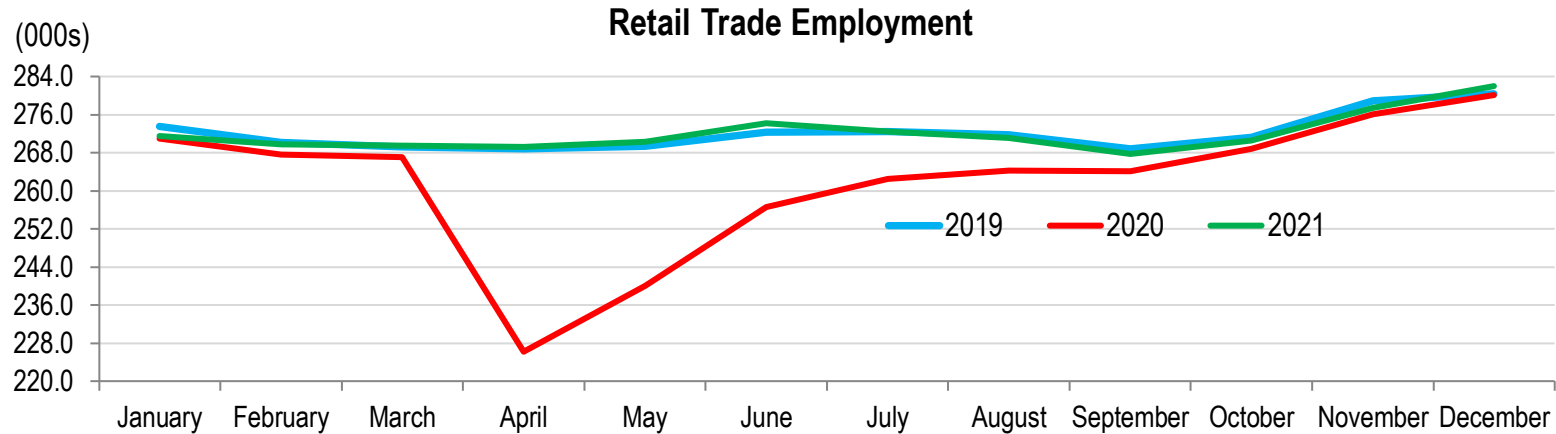
On the other hand, there was less employment for wholesalers of nondurable goods in 2021 than in 2019.



Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

Retail Trade



The retail trade industry has been evolving to meet the changing needs of consumers. That evolution is evident in the slowdown in hiring that began in 2016.

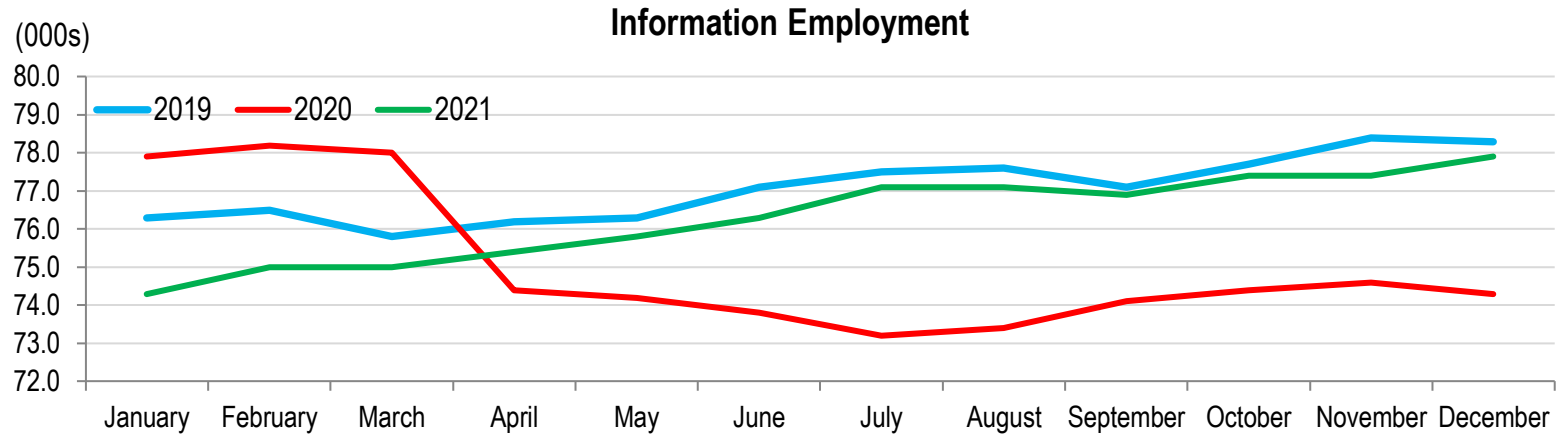
There was elevated spending for retail goods between 2019 and 2021. As a result, the retail recovery was quicker than anticipated.



Retail employment for 2021 was slightly less than in 2019. There was an increase in employment for both food and general merchandise stores from 2019 to 2021.

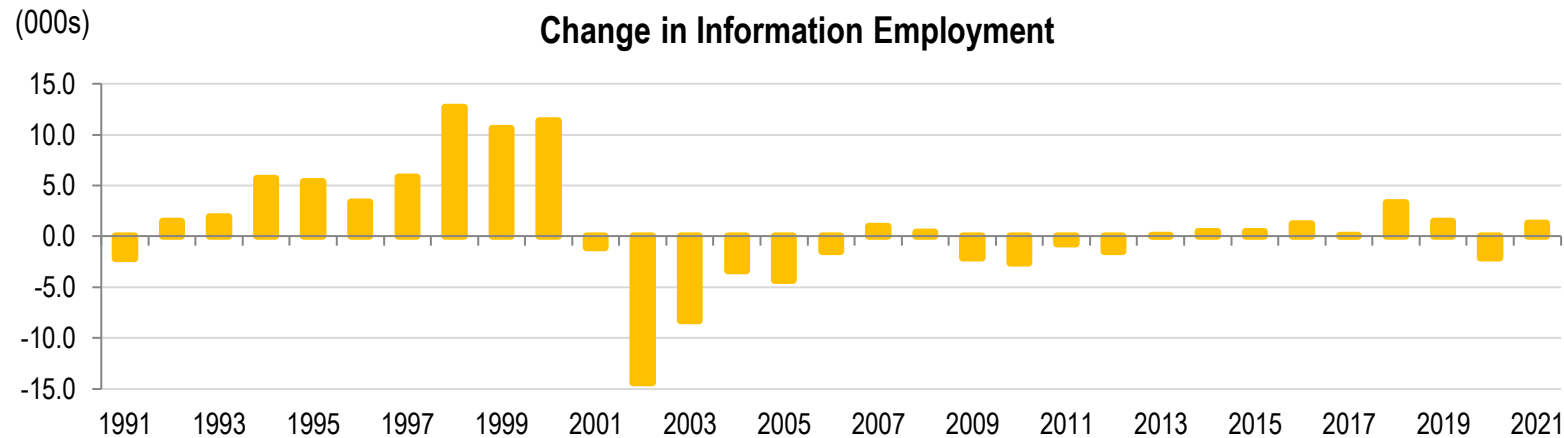
Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment Information



Overall employment for the information sector was about 800 less in 2021 than in 2019.

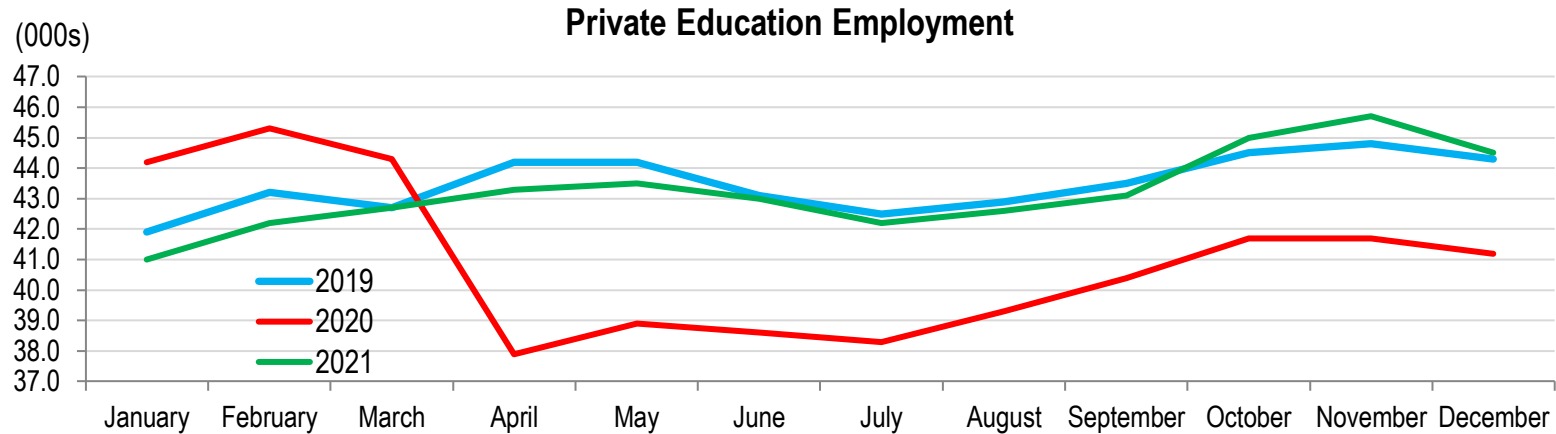
Employment in both the publishing and software subsectors increased from 2019 to 2021. The telecommunications subsector had significantly fewer workers in 2021 than in 2019.



Source: Bureau of Labor Statistics, cber.co.

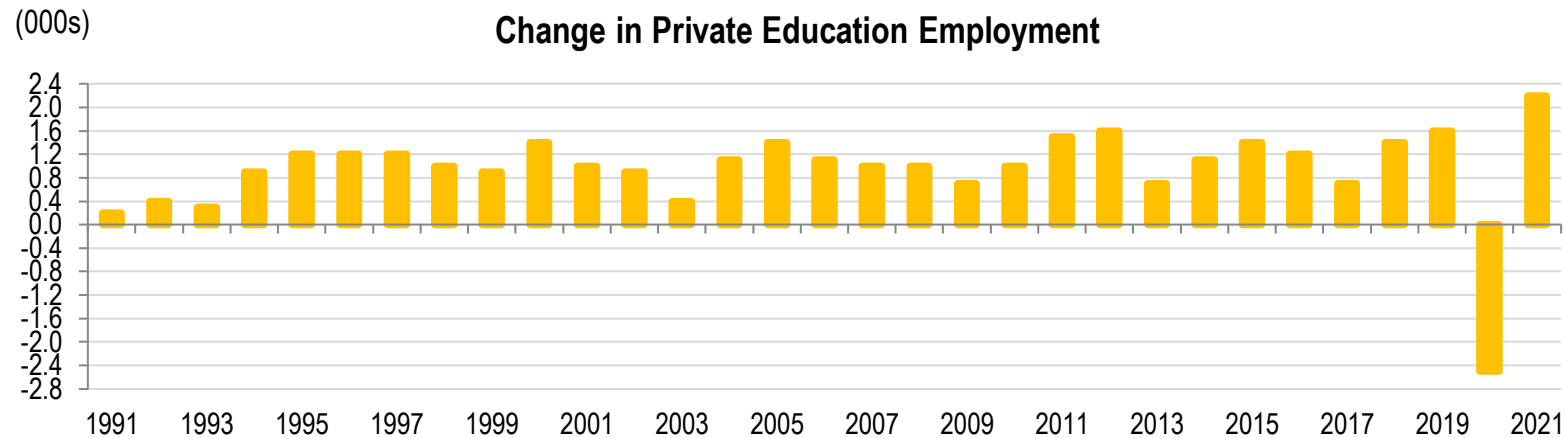
Change in Colorado Employment

Private Education



Overall employment for the information sector was about 800 less in 2021 than in 2019.

Employment in both the publishing and software subsectors increased from 2019 to 2021. The telecommunications subsector had significantly fewer workers in 2021 than in 2019.

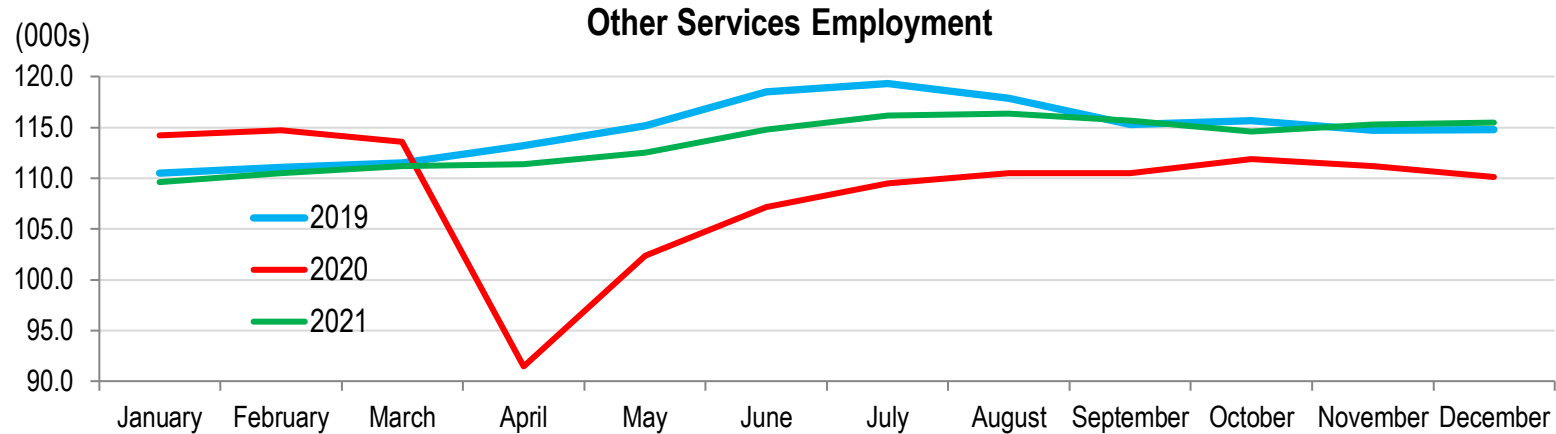


Private education employment for 2021 was about 300 less than in 2019. The sector includes private universities, schools, specialty camps, and other private education services.

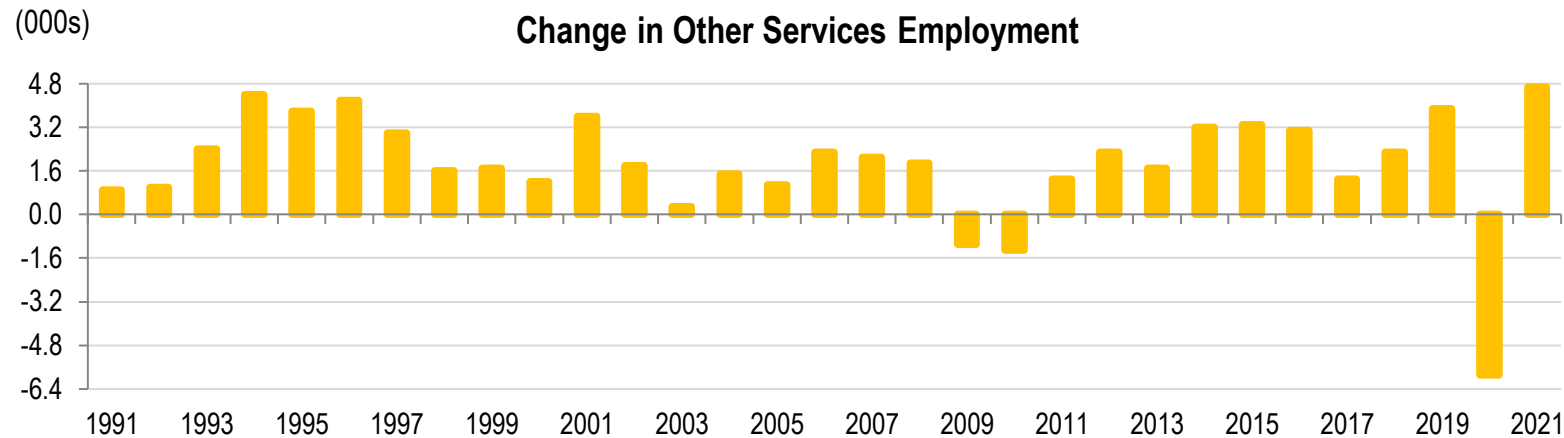
Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

Other Services



The other services sector was hit harder by the policies associated with COVID-19 than previous recessions. Lockdowns forced sector businesses to shut down because they were not deemed essential, or people did not feel comfortable using their services.



Source: Bureau of Labor Statistics, cber.co.

Colorado Employment by Industry

Significant Decline in Employment Between 2019 and 2021

Between 2019 and 2021, seven sectors had a significant decline in employment. These sectors account for 29.6% of the state's total 2021 employment. At best, these industries will return to their 2019 level in 2022 or 2023.

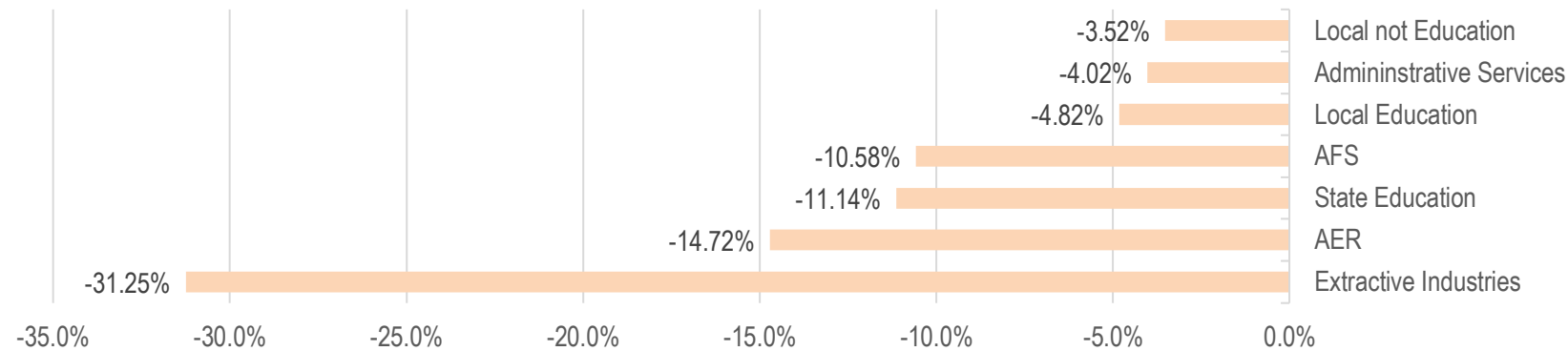
Local government – not education, administrative services, and local education had the most favorable absolute change in employment between 2019 and 2021.

The most jobs lost were in the leisure and hospitality sector and the extractive industries.

Change in Industry Employment, 2019 vs. 2021

Significant Job Decline

Percent Change in Employment by Industry 2019 vs. 2021

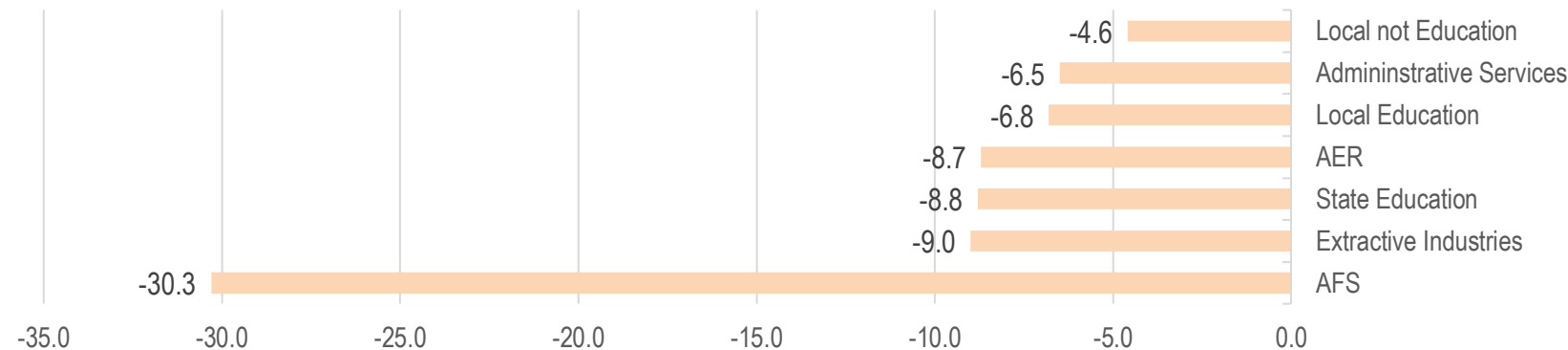


Employment Change

The difference between 2021 and 2019 employment was significantly negative for the seven sectors shown in these two charts.

In 2021, there were 811,900 employees in these sectors, a decline of 74,700 compared to 2019 (886,600). These sectors account for 29.6% of the state's total employment.

Absolute Change in Employment by Industry 2019 vs. 2021 (Thousands)



Local government – not education, administrative services and local education had the most favorable relative, and absolute changes in employment.

These industries may not return to their 2019 employment level in 2022.

Source: Bureau of Labor Statistics and cber.co.

Share of Colorado Employment

Industries with Decreased Employment Growth (Significant) 1990-2021 and 2019-2021

All sectors lost employment share between 2019 and 2021.

Public policy has been put in place to regulate/eliminate fossil fuels. It is unlikely the extractive industries will return to previous employment levels. In time, all other sectors will return to their 2019 level.

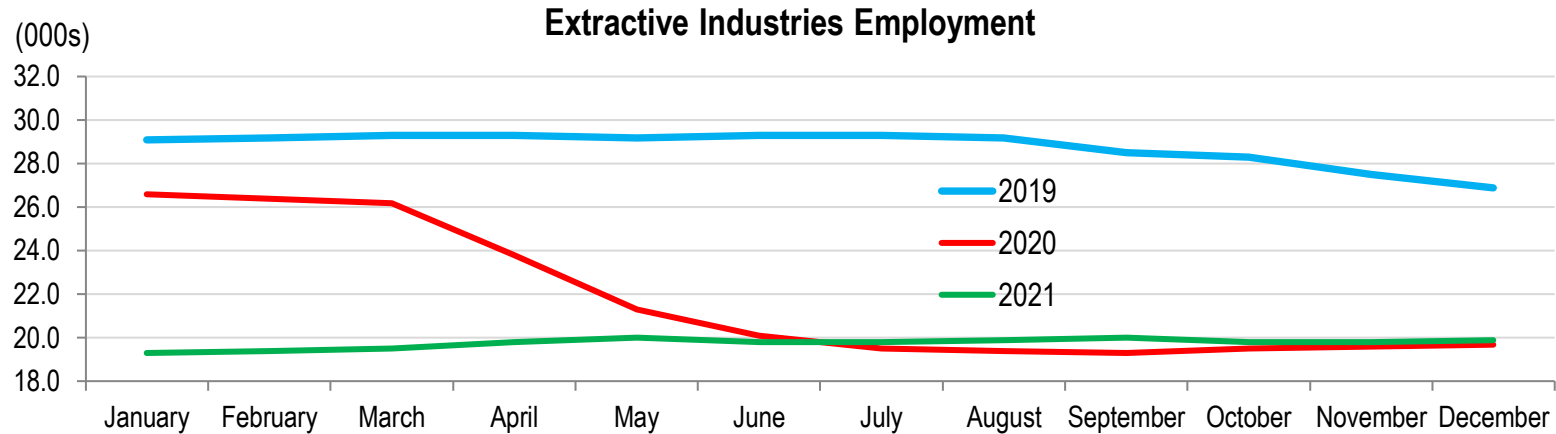
Share of Employment, 1990 - 2021

Industry	1990	2000	2010	2019	2021	Trend 1990-2021	Trend 2019-2021
Extractive Industries	1.12%	0.55%	1.10%	1.03%	0.72%	Down	Down
Administrative Services	5.23%	6.57%	5.98%	5.79%	5.65%	Down Since 2010	Down
Arts, Ent., and Recreation	1.54%	1.92%	2.01%	2.12%	1.84%	Down Since 2000	Down
Accommodation and Food	9.46%	9.19%	9.83%	10.26%	9.33%	Down	Down
State Education	2.67%	2.17%	2.71%	2.83%	2.56%	Down	Down
Local Education	5.37%	4.75%	5.71%	5.06%	4.89%	Down	Down
Local not Education	4.79%	4.45%	5.31%	4.68%	4.60%	Down Since 2010	Down

Source: Bureau of Labor Statistics and cber.co.

Change in Colorado Employment

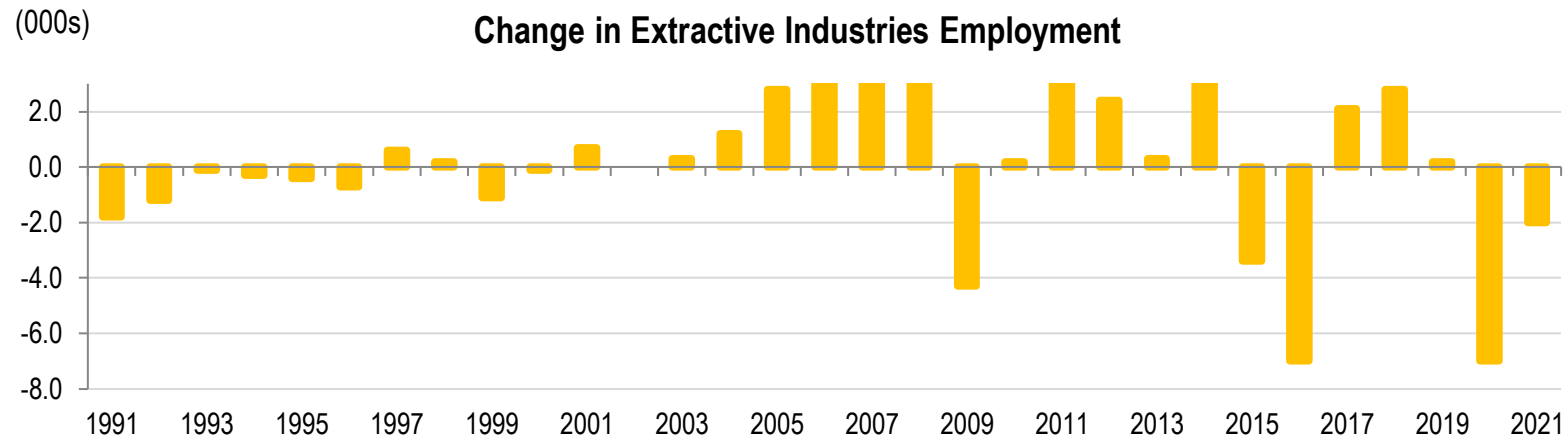
Extractive Industries



In 2021, Colorado employment for the extractive industries was 9,000 below the 2019 total. The sector lost jobs in 2020 and 2021.

Employment in the extractive industries has always been volatile. It is likely to decline in the near term because of state policies to regulate/eliminate fossil fuels in Colorado.

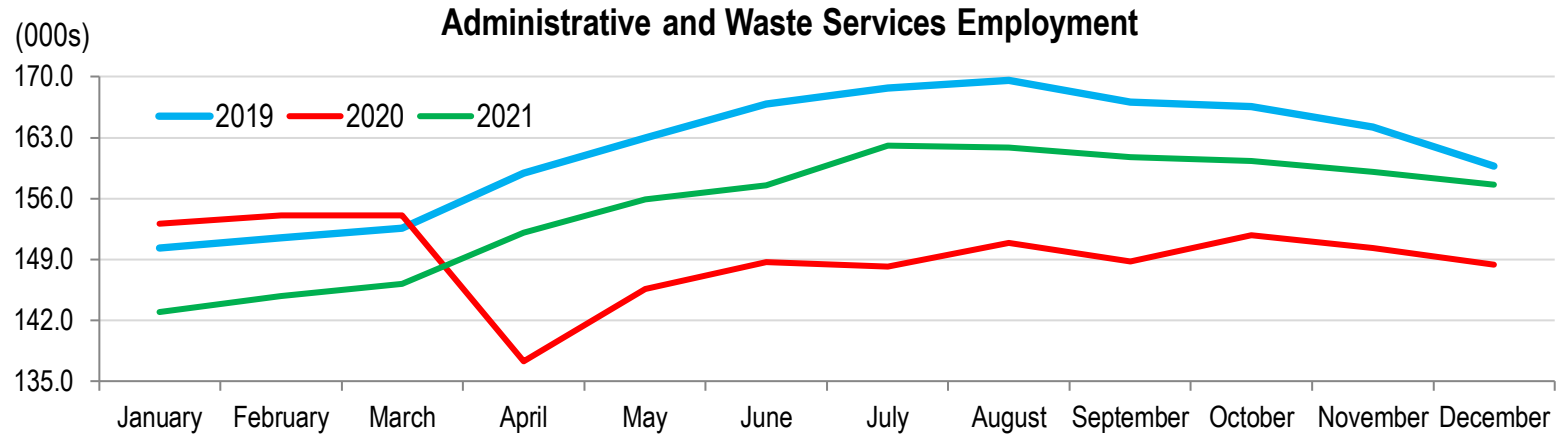
In 2022, production will stabilize at 2017 levels.



Source: Bureau of Labor Statistics, cber.co.

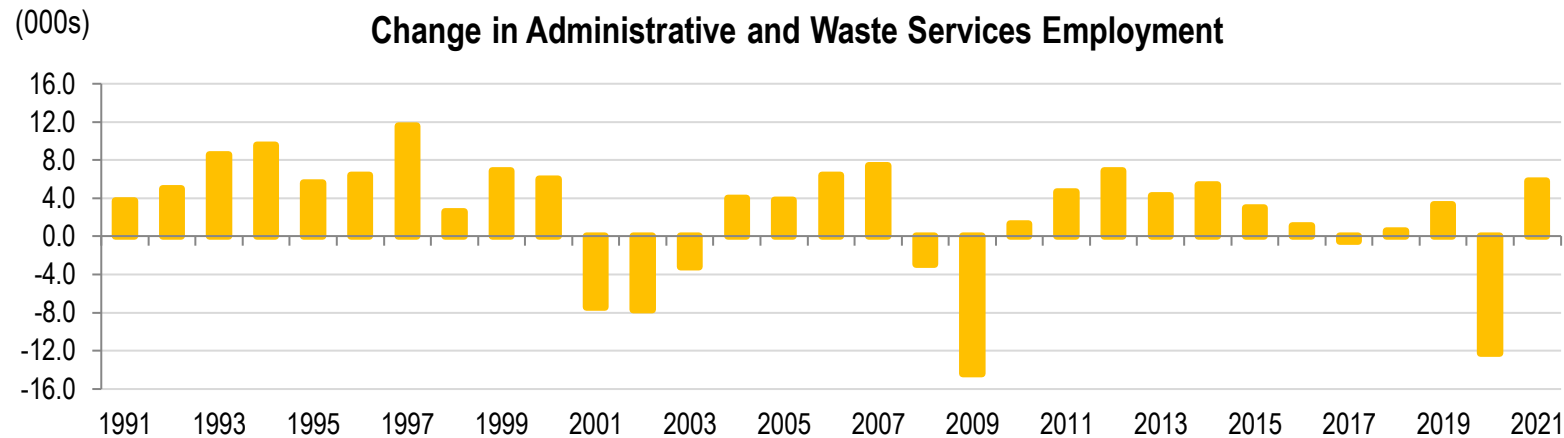
Change in Colorado Employment

Administrative and Waste Services



In 2021, Colorado administrative services employment was 6,500 below the 2019 total.

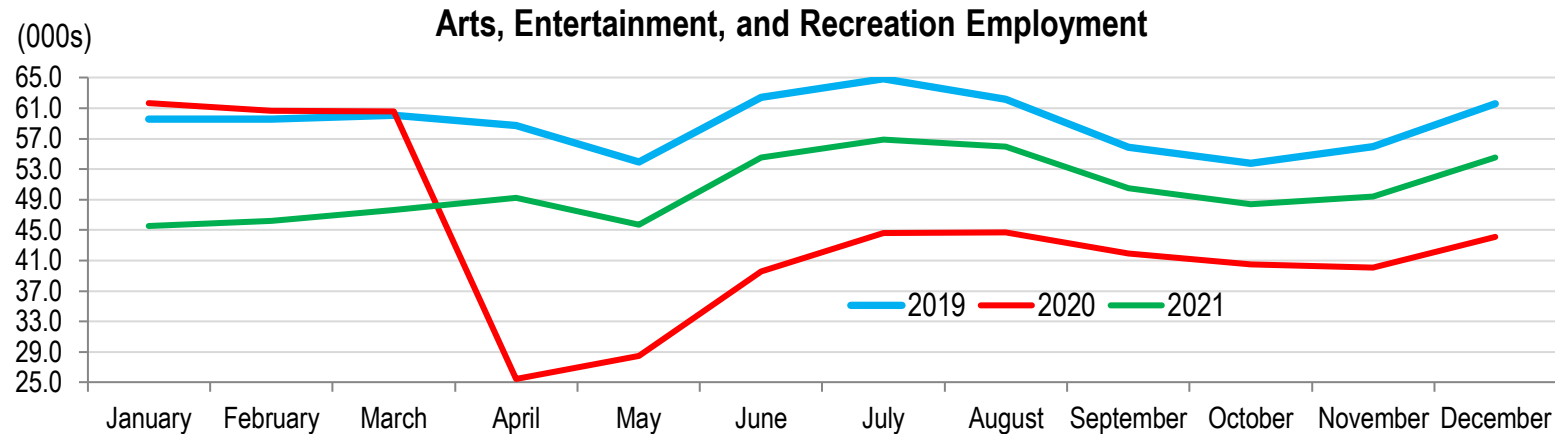
This sector will be slow to recover because its companies provide services for other businesses that have not returned to full strength.



Source: Bureau of Labor Statistics, cber.co.

Change in Colorado Employment

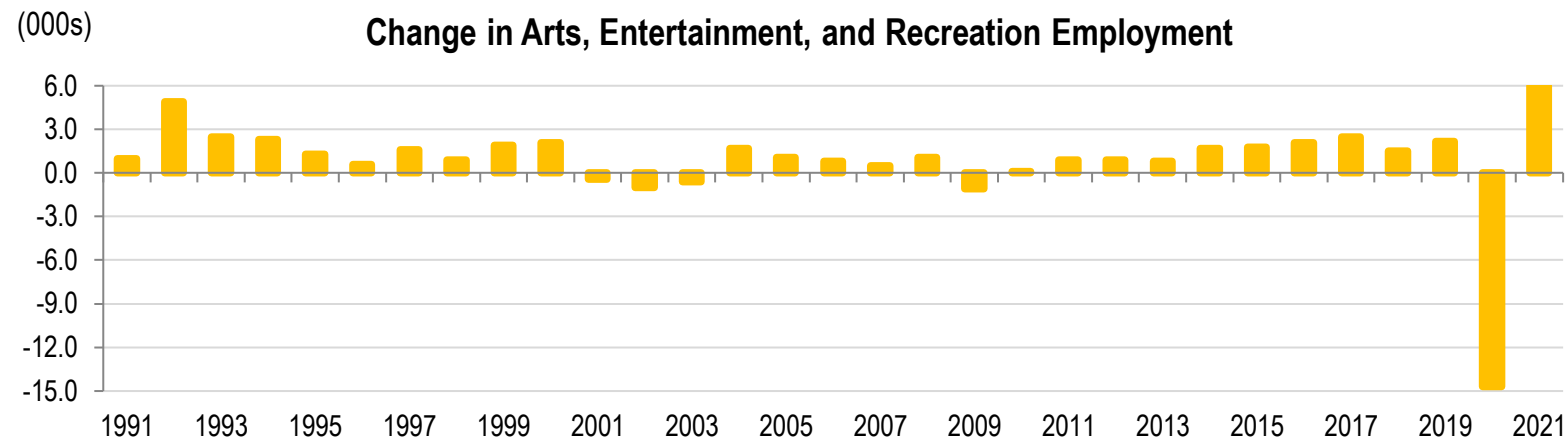
Arts, Entertainment, and Recreation (AER)



In 2021, employment for the arts, entertainment, and recreation sector was 8,700 below the 2019 total.

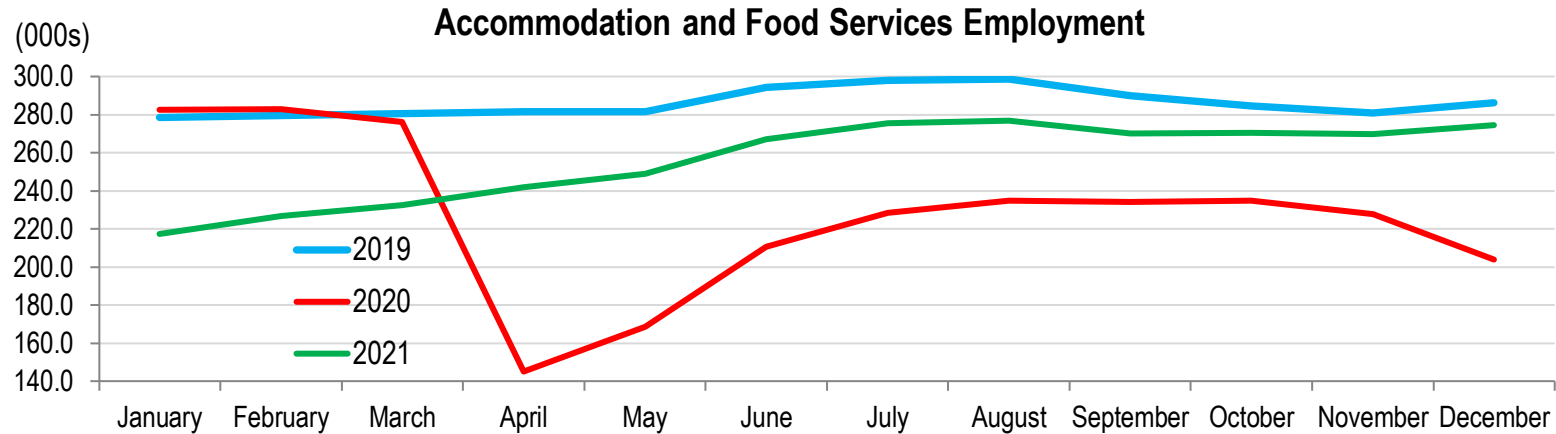
This sector includes museums, theatres, recreation activities such as ski areas and sports camps.

There will be greater demand for these activities with the elimination of COVID-19 policies; however, there are other challenges that are equally as threatening.



Source: Bureau of Labor Statistics, cber.co.

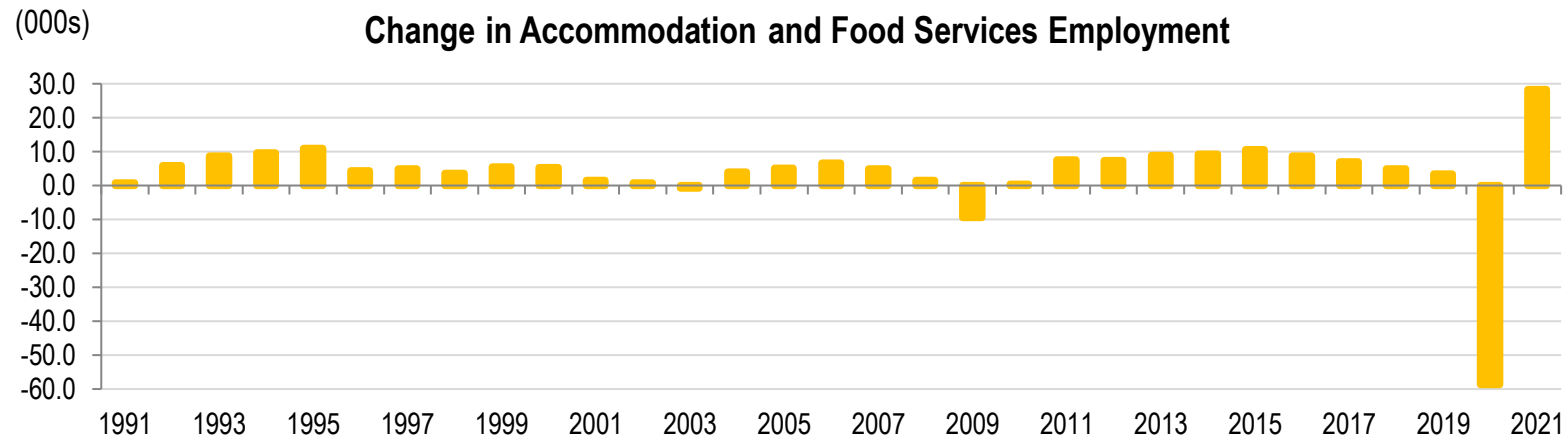
Change in Colorado Employment Accommodation and Food Services (AFS)



In 2021, Colorado AFS employment was 30,300 below the 2019 total.

In 2021, the leisure and hospitality sector (AER+AFS) employment was 39,000 less than in 2019.

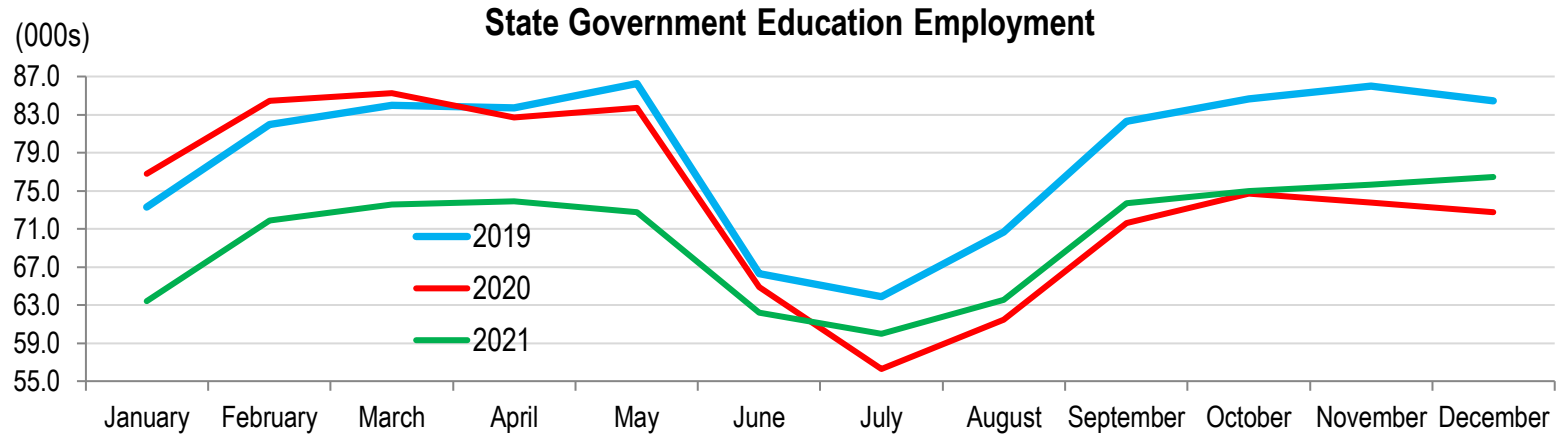
With the elimination of COVID-19 policies, the sector is at the mercy of other headwinds, such as rising gas prices, labor shortages, and inflation.



Source: Bureau of Labor Statistics, cber.co.

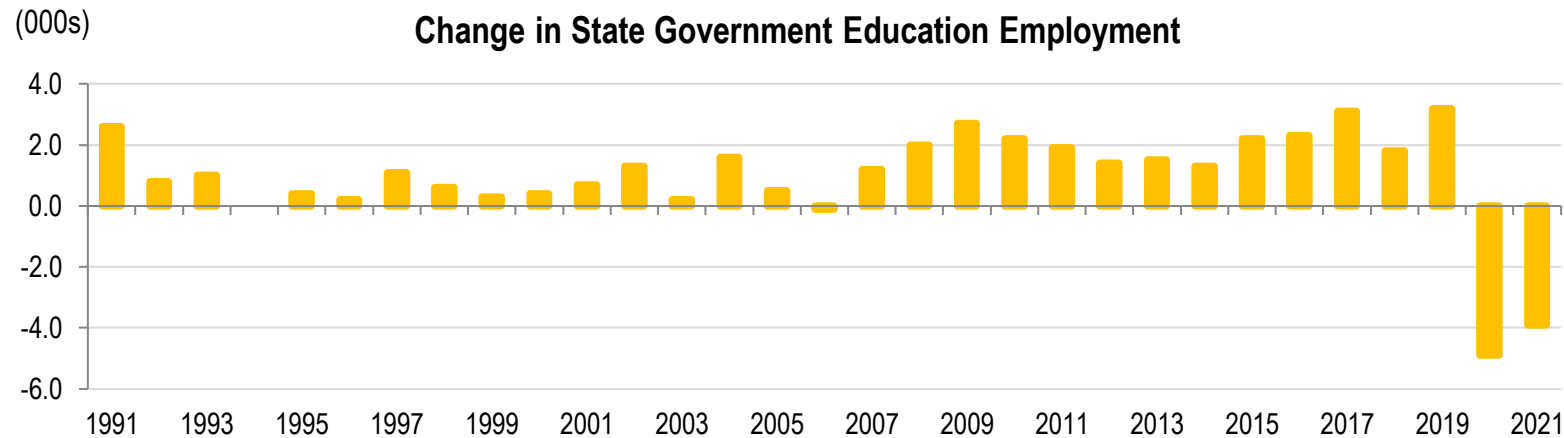
Change in Colorado Employment

State Government Education



In 2021, Colorado state government education employment was 8,800 below the 2019 total. The sector lost jobs in 2020 and 2021.

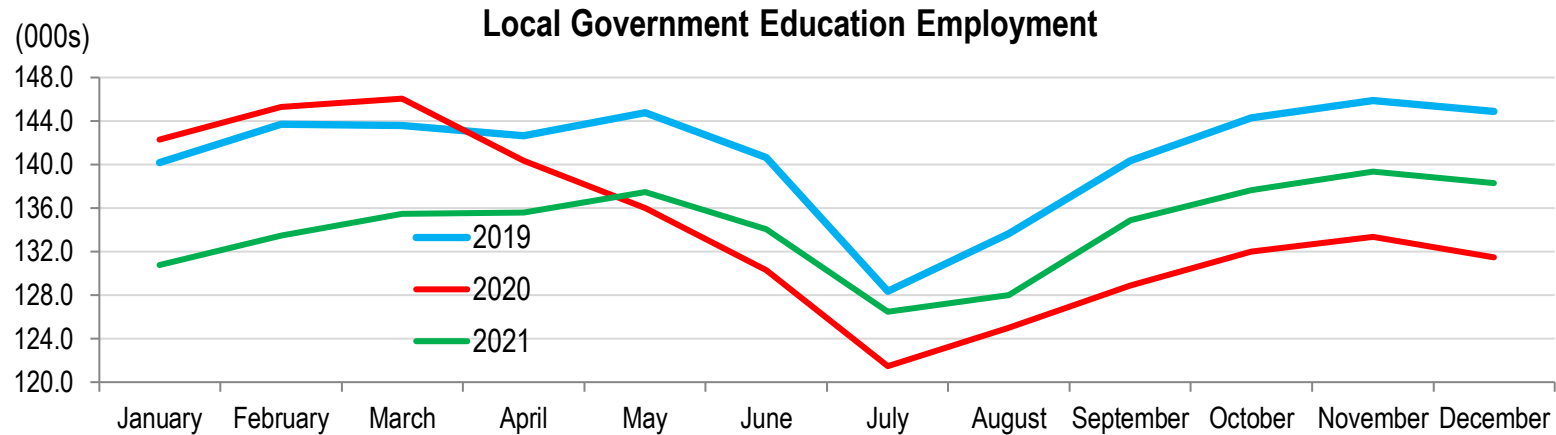
The state's major universities are operating with reduced or limited COVID-19 restrictions. As a result, there should be increased enrollment and employment at state colleges and universities. There should also be a resurgence of economic activity in local economies.



Source: Bureau of Labor Statistics, cber.co.

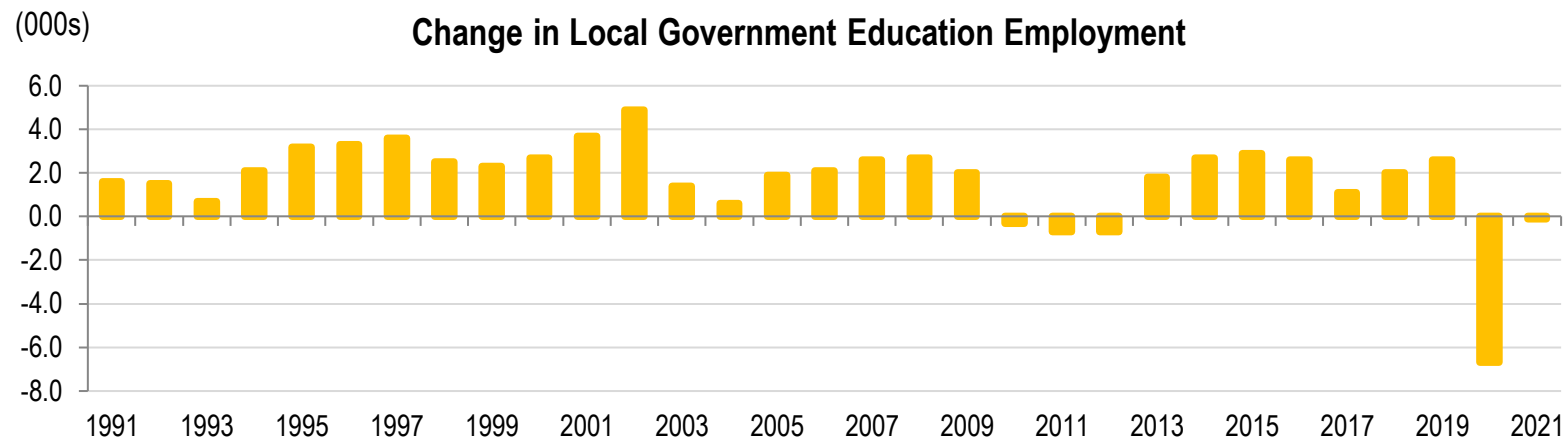
Change in Colorado Employment

Local Government Education



In 2021, Colorado local education employment was 6,800 below the 2019 total. The sector lost jobs in 2020 and 2021.

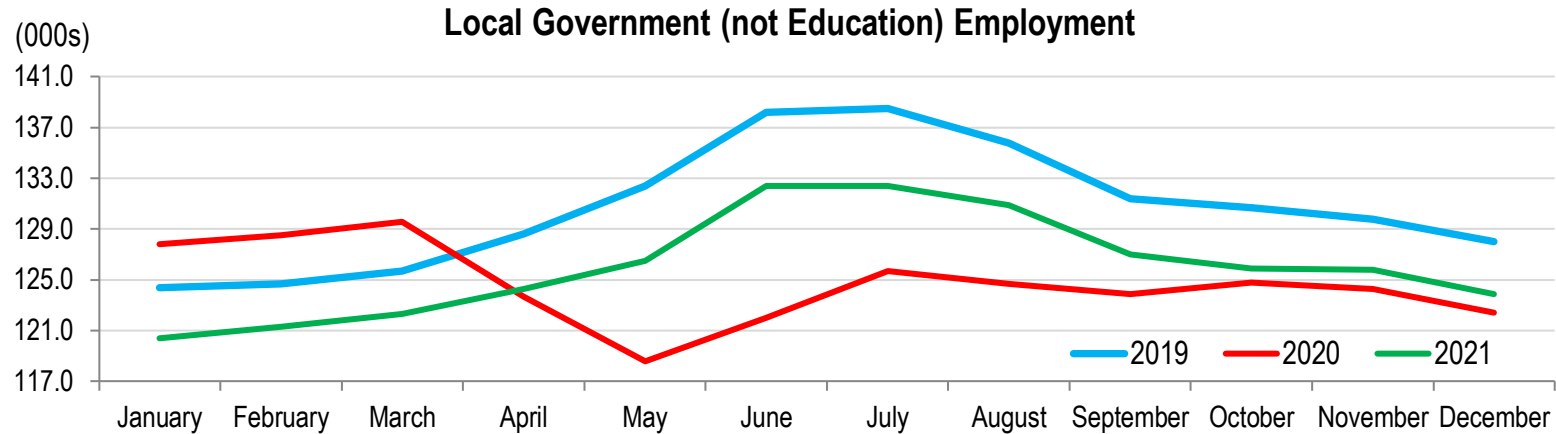
The funding for K-12 education is a contentious issue in Colorado. During the 2022 and 2023 legislative sessions, legislators will struggle to provide appropriate K-12 funding.



Source: Bureau of Labor Statistics, cber.co.

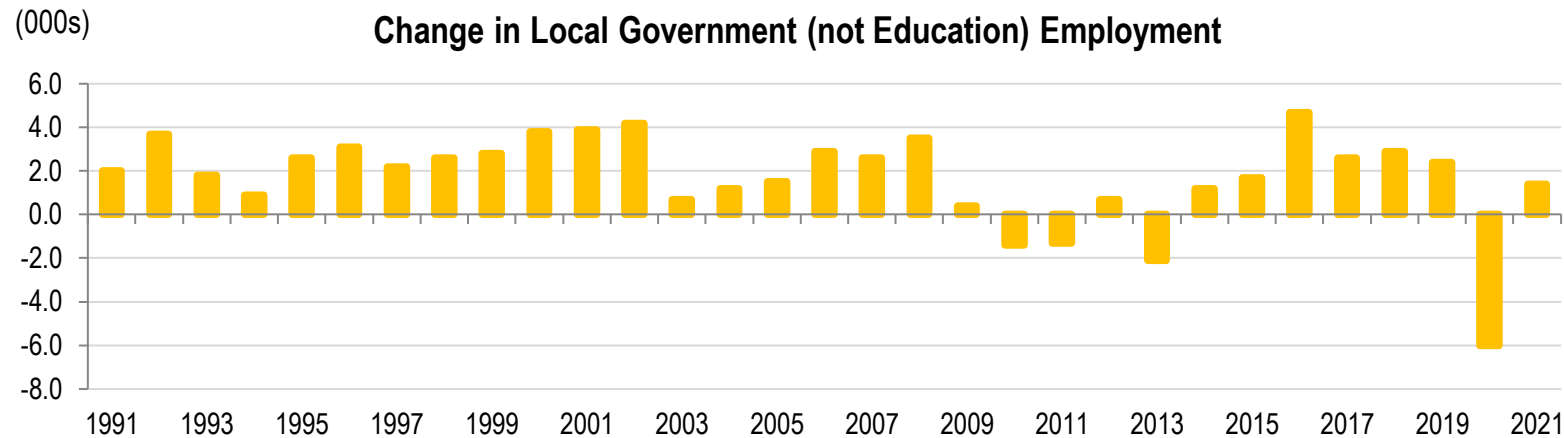
Change in Colorado Employment

Local Government (not Education)



In 2021, Colorado local government (not education) employment was 4,600 below the 2019 total.

Sector employment will increase at a more normal rate in 2022 and 2023.



Source: Bureau of Labor Statistics, cber.co.

Summary

Headwinds and Forecast

Headwinds

Back in the good old days (2019), the top economic concerns were Brexit, the trade war with China, and the upcoming elections. In 2022, the headwinds will be more severe, and they will diminish economic growth and the strength of the labor market. Despite the challenges, there will be solid growth in 2022.

The most significant headwinds include:

- Inflation that will not subside in the near term. Its most significant impact will be on low-income families and people with a fixed income. The Fed will increase interest rates to address inflation. In turn, this will slow consumption.
- The current labor shortage will worsen as the unemployment rate declines.
- Supply chain disruptions will continue to negatively impact industries ranging from semiconductor chips to automobiles to tennis balls.
- The conflict between Ukraine and Russia has jeopardized the global economy because the region provides commodities (wheat, food, natural gas, oil, and precious metals to the entire world). It has also created uncertainty in the country.

Less significant headwinds include:

- In Denver, Boulder, Steamboat, and some mountain communities, affordable and accessible housing is a problem.
- There are still concerns about COVID-19 variants and mutations.
- Businesses are continuing to adjust to remote and hybrid work.
- The mix of companies in Colorado is changing, and industries continue to evolve, such as retail trade, the hospitality industry, and extractive industries.
- The off-year election will be contentious.

Colorado Economic Forecast 2022

Colorado's real GDP growth rate will be lower in 2022.

The labor market expanded at a faster pace than expected in 2021 and will taper off in 2022. It will continue to be driven by growth in the PST sector.

Retail sales rebounded in 2021. Growth will be slower in 2022.

Increased inflation will negatively impact economic growth in the months ahead. Supply chain disruptions and the war in Ukraine will drive costs higher. The Colorado CPI will exceed the national rate.

	Colorado Economic Forecast			
	2019	2020	2021	2022
Real GDP Value (billions)	\$356.77	\$346.01	\$366.50	\$380.8
% Change Real GDP	4.2%	-3.0%	5.9%	3.9%
CES Employment (thousands)	2,790.1	2,651.1	2,744.0	2,826.0
Annual Change (thousands)	62.8	-139.0	92.9	82.0
% Change	2.3%	-5.0%	3.5%	3.0%
Unemployment Rate	2.7%	7.3%	5.5%	3.6%
Retail Sales (billions)	\$224.6	\$228.8	\$267.7	\$289.1
% Change	9.0%	1.9%	17.0%	8.0%
Consumer Price Index	1.9%	2.0%	3.5%	6.8%
DIA Passengers (millions)	69.0	33.0	59.0	64.0
Single Family Permits	24,756	26,489	27,000	28,000
Multi-family Permits	13,877	13,738	24,000	23,000
Oil Production (thousands) barrels	189,707	172,000	142,000	155,000

In 2021, DIA was one of the busiest U.S. airports. The number of passengers was eleven million less than the total for 2019. The number of passengers will increase by at least five million in 2022.

There was an increase in building permits issued in 2021. Demand will continue to exceed the supply because of in-migration and the Marshall Fire. Total building permits will be flat in 2022. Higher input costs, rising prices, and interest rates will impact home sales.

The production of crude oil declined in 2011 because of state regulations. Oil production will increase slightly in 2022.

cber.co
2022 Colorado Economic Outlook and Trends
Based on 2021 Benchmark Data

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ABOUT THE AUTHOR

Gary Horvath has produced annual employment forecasts of the state economy for over 30 years. They have been supplemented by monthly economic updates and indices that track economic performance over the short term. In addition, he has directed three statewide analyses that included reviews of all 64 county economies.

Horvath was the principal investigator for a state and federally funded project to prepare a nanotechnology roadmap for Colorado. As well, he was a co-founder of the Colorado Photonics Industry Association, a trade group for Colorado’s Photonics cluster. Horvath has been an active board member of the group since its inception.

Horvath has also served on the Board of Directors for the Economic Development Council of Colorado, Northwest Denver Business Partnership, Adams County Economic Development, and Broomfield Economic Development Corporation. Horvath has also been the chair of the photonics/electronics committee in the Governor’s Office of Economic Development and International Trade early stage and proof of concept grant program, and he served on the 2021 Colorado Legislative Redistricting Commission.