

# BUSINESS

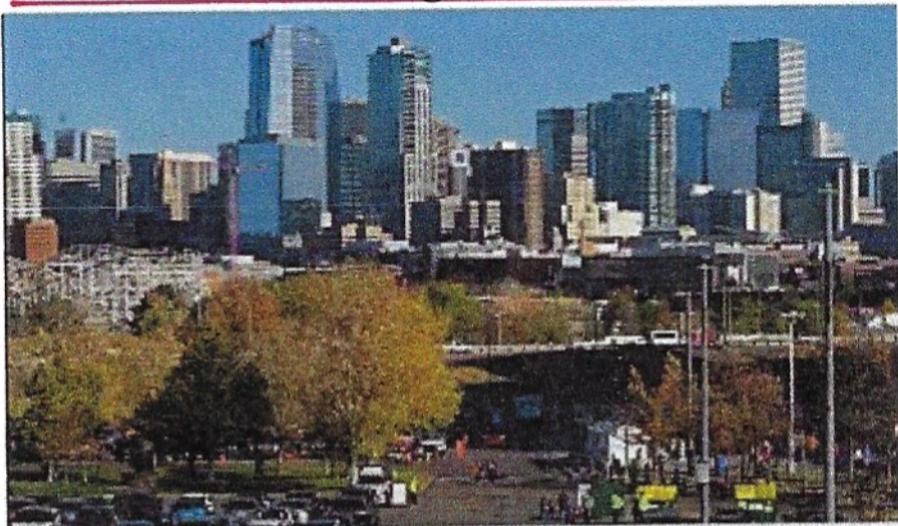
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## Study shows some red flags for Colorado's economy.

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A new report on economic competitiveness by a Greenwood Village-based research institute ranks Colorado seventh among U.S. states for overall economic performance.



But the report is laden with red flags about where the state's economy is headed. The Common Sense Institute released its annual Free Enterprise Report on Friday, citing that Colorado's strengths as a free market competitor had gained steam through 2024. The multitiered ranking graded the state 17th nationally in free enterprise competitiveness, after it had dropped to 29th in 2022. "Colorado ranks 7th nationally in overall economic performance, driven by strong fundamentals including GDP per capita, personal income per capita, and a relatively low poverty rate," the report said in its summary.

The report is based on 2024 data. But it suggests Colorado's edge is slipping away on several fronts related to its workforce. Those include housing performance — near dead-last in ranking — along with worker migration and public safety.

"While Colorado remains among the nation's top-performing state economies, several indicators suggest the state's competitive momentum is beginning to slow relative to peer states," the report summary noted.

A 'clear snapshot'

Raymond H. Gonzales, president of the Metro Denver Economic Development Corp., underscored the conclusions following a preliminary look at the report.

"These important findings provide a clear snapshot of Colorado's current economic competitiveness and where the state stands relative to other regions," Gonzales told The Denver Gazette.

The CSI report weighs all 50 states, plus Washington, D.C., on a competitiveness index evaluating education, energy, healthcare, housing, infrastructure, public safety, budget, taxes and fees, and workforce.

Reporting teams

in Arizona, Colorado, Iowa and Oregon issue the report under the direction of CSI Chief Economist Steven Byers.

Colorado scored less than stellar for its economic momentum and pace of growth — 19th nationally.

1

Housing affordability was red-flagged as the state's "largest competitiveness challenge." Colorado was ranked 50th (out of 51, counting the District of Columbia) in housing competitiveness. No

Less popular destination

The state was also graded down for lower in-migration numbers, a key workforce indicator — one that the state had excelled in a decade ago. Note

"Colorado now ranks 44th nationally in net interstate migration, a significant shift for a state that was historically one of the country's most popular destinations for new residents," the report stated.

Meanwhile, the state's public safety ranking, 45th nationally, was singled out as a factor that may caution potential residents against migrating here.

Report authors said that policymakers should be focusing on those and other factors, while the state continues to perform relatively well.

"They help identify the areas where policymakers, businesses and communities must focus their efforts to ensure Colorado continues to grow, attract talent and investment, and remain a leading place to live and do business," the authors said.

Gonzales, who is executive vice president of the Denver Metro Chamber of Commerce, said the Institute's findings aligned with an analysis of 38 indicators that the chamber had released last month.

That report, "Toward a More Competitive Colorado," found that although Colorado had improved in 10 areas, declines were registered in 17 indicators, and 11 remained unchanged. Note

"Colorado's workforce and education ecosystem remains a major strength, with the nation's second-most highly educated workforce and more than two decades in the top five nationally," Gonzales said in a statement to The Denver Gazette.

"At the same time, persistent challenges, particularly the cost of living and housing affordability, continue to weigh on competitiveness," he said.

Gonzales added that recent data indicate some improvements in housing.

In a series of articles exploring Colorado's economy and regulatory structure, Gov. Jared Polis last year acknowledged the state's housing challenges.

"We're still at lower housing costs than other markets like New York and California, but they're much higher than they were, and that's really one of the reasons we've really leaned into housing reforms over the last three years now," he said. "Reducing government-imposed barriers to housing and allowing more housing to be built."

Polis said new laws to eliminate constraints on condo construction, allow more accessory dwelling units, and push communities to build more multi-family and single-family housing will increase construction and create more supply to offset high costs.

Polis also said he understands the criticism about Colorado's regulatory environment but maintained the state is still business-friendly. He added that he is working with the legislature to roll back regulations, especially repetitive ones. He also agreed more work needs to be done to remove costly regulations and make it "easier to do business."

Which states are doing better than Colorado on key issues?

According to the CSI report, topranked competitors include South Dakota for energy performance (Colorado ranks 22nd); West Virginia for housing; Nevada for infrastructure; Wyoming for public safety;

and Idaho for budget considerations. Colorado ranked 36th on the budget indicator — dragged down, the report said, by the share of jobs that are absorbed by state and local government. The report ranked Colorado 7th nationally on healthcare. The top performer was New Hampshire.

