

2026-5-10

# Studies: Colorado is losing businesses

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The Denver Gazette · 10 May 2026 · A1 · BY MARK SAMUELSON

A growing body of research is warning about businesses packing to leave Colorado at a moment when major cities on both coasts are making headlines over departures of corporations and high earners.



The studies' conclusion sits at crosscurrents with state data, perennially touted by officials, that new business filings are up over last year. The discrepancy could be the result of timing issues or the difference in datasets used.

Colorado's risks are underscored in a report issued this week by the Greenwood Village-based Common Sense Institute, warning that, in 2024, the state ranked near the bottom of 50 states in welcoming the opening of new businesses.

The CSI report also shows a corresponding departure of business establishments that ranked as the worst such losses in the nation that year.

That indicator was compiled from Business Employment Dynamics (BDM) data from the U.S. Bureau of Labor Statistics, documenting a corporate flight compounded with a high business closure rate. 2024 is the most recent full year of data available, the study noted.

The CSI report also drew from a study issued last month by the Colorado Chamber of Commerce, citing a net loss of 98 firms and 13,607 jobs from the state since 2019. *Note*

The CSI report said that, although BDM data is subject to ups and downs, these findings "clearly indicate high costs of doing business in Colorado and low confidence among business owners in the state's economic prospects." *Note*

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The most damaging data tracked “net establishment births” of businesses per thousand residents nationwide during 2024.

That breakout showed South Carolina with the best rate of business starts at 1.1 per thousand, against low performing states that included Massachusetts and Washington state, with a negative 1.03 and negative 0.94 per thousand starts, respectively.

On that indicator, Colorado showed as 48th out of 50 states — with a negative 0.67 starts, worse than Oregon (negative 0.55 starts) and Nevada (negative 0.44 starts). California showed well in positive territory, according to the indicator, with 0.87 starts per thousand.

The CSI report said this translates to Colorado losing a net 3,934 business establishments — 28,121 “births” and 32,055 “deaths.”

Meanwhile, a corresponding indicator showed openings (or closures) of physical places of business over the span, with Colorado dead last in the ranking, at a negative 2.25 establishments per thousand residents.

That is worse than the performance of Massachusetts (negative 2.08) and Oregon (negative 1.09). Meanwhile, a new report from the Colorado Department of Labor and Employment marked a net increase of 1,400 nonfarm payroll jobs in the state in March, while Colorado’s unemployment rate stayed steady at 3.9%.

The state’s labor force had decreased by 10,600, while the labor participation rate had dropped to 66%, marking the lowest participation rate since 2020, it said.

The CSI report came on the heels of a letter signed last month by more than 200 business and technology leaders in the state, who warned that Colorado is scaring away the corporate expansions and entrepreneurs that had made the state a magnet for high-tech growth in recent years.

That letter had been addressed to Gov. Jared Polis, Denver Mayor Mike Johnston, Democratic senatorial candidates and other political leaders.

Notably, Gov. Polis himself signed the letter and joined in a media presentation of it.

A source close to the governor later walked back some of the letter’s assertions, noting that Polis had prominently promoted private-public partnerships to pursue the state’s growth as a tech hub.

### Q1 Colorado business filings up

New business filings in Colorado grew in the first quarter of the year, despite several worrying economic trends across the state, according to a separate report released last month.

There were nearly 55,000 new businesses registered in the state during the first three months of the year, up 12.3% year over year, the report from the University of Colorado Boulder said. The state also saw business renewals rise 16.2% compared to last year.

New business filings are an economic measurement tracking entrepreneurial activity in the state. A new business — from large companies setting up an office to a new storefront opening or a cleaning worker setting up their own practice — is required by law to register with the Colorado Secretary of State’s Office.

Meanwhile, delinquencies — which track businesses that are late to renew their filings — rose by 9.4% compared to last year. Dissolutions, businesses that have closed, fell by 10.5%.

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But over the last few quarters, delinquencies haven't been trending toward more dissolutions — meaning businesses could just be late in filing.

The issue of corporate loss was underlined in February, when Palantir Technologies, with a market capitalization reported at \$32.8 billion, announced it would move its corporate headquarters from Denver to Miami. *Note*

The departure earned speculation that regulatory issues, including a recent Colorado Senate bill on artificial intelligence, as well as Florida's balmy tax climate, had motivated the pending departure.

Then late last month, Re/Max Holdings — one of Colorado's most prominent companies and a brand recognized worldwide — announced it would also move to Florida, after a proposed purchase by tech-based realty company Real Brokerage.

Re/Max, in its accompanying statement, allowed that some corporate operations may remain in the area.

State saw job losses for first time since pandemic

The reports have been released against the backdrop of signs of trouble for Colorado's job market.

New state data revisions showed that Colorado's labor market wasn't slowly growing; rather, it contracted in 2025. *Note*

The state saw job losses for the first time since the pandemic last year, according to annual benchmarking data released by the Colorado Department of Labor and Employment on Wednesday. The state lost 11,700 jobs in 2025 at an annual rate of -0.4%. *Note*

Job growth across the nation was relatively flat at 0.1%, according to the report. *Note*

The last time the state has seen job losses has often followed recessions, such as in 2008 with the housing crisis and in 2002 following the dot-com bubble.

The Bureau of Labor Statistics releases job reports detailing employment after every month through a sampling process to get an idea on how the nation's job market is faring. The monthly reports are considered to be fairly accurate and are later revised throughout the year as more data comes in through a process called benchmarking.

The benchmarking for 2025 shows that Colorado's job market saw losses instead of gains and more people have left the labor force. This January, Colorado's labor force participation rate fell to 66.8%, down from revised numbers for January 2025 at 67.6%.

With fewer people in the workforce, federal data shows the state's 2025 unemployment rate was revised from 4.5% down to 4%.

The state is facing "headwinds" for both supply and demand of labor, University of Colorado Boulder economist Brian Lewandowski earlier said.

"Slow population growth and falling labor force participation are constraining the supply of workers," he explained.

The state also had one of the lowest job opening rates in 2025, the economist added.

Over the last year, the largest job gains have mostly been in the educational and health services sector. It gained 14,200 jobs from January 2025 to 2026.

