

Metro Denver inflation hits 5% in May

Gasoline costs are up more than 40%, fueling the spike



A motorist fills up the tank of a vehicle at a Conoco gasoline station May 30 in Denver. Higher energy costs pushed metro Denver's annual inflation rate to 5% in May, its highest reading since 2022. DAVID ZALUBOWSKI — THE ASSOCIATED PRESS

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A surge in gasoline and other energy costs because of the conflict with Iran has caused inflation to flare up in metro Denver, according to the latest update from the U.S. Bureau of Labor Statistics.

The Consumer Price Index for Denver-Aurora-Lakewood rose 5% between May of this year and May 2025, driven primarily by a 25.3% surge in energy costs, including a 41.8% increase in gasoline prices.

"I think the consumer is increasingly vulnerable and inflation never helps. I fully expect that each successive model run we do will show the economy weakening - unless conditions change rather significantly," said Phyllis Resnick, lead economist with the Colorado Futures Center at Colorado State University, in an email.

Resnick oversees the ColoradoCast, a six-month forecast that is calling for slower growth in the state during the remainder of the year.

Higher energy costs alone accounted for about 60% of the increase in inflation that local consumers faced, according to the BLS report.

Food costs are up 1.8% over the past year in Denver, with fruits and vegetables up 4%. Nationally, tomatoes cost 32% more, while lettuce is up 25%, both surpassing a 17.5% gain in coffee.

Diesel prices, which have surged as much as 60% in some markets, are combining with higher tariffs and supply shortages to drive up the cost of produce on grocery store shelves.

Vegetables and fruits must be moved quickly and kept refrigerated, making them especially susceptible to higher fuel costs. Weather-related crop damages in Mexico, an important supplier of tomatoes to the U.S., have also cut into supply.

Most fruits and vegetables sold in the U.S. are imported, making them vulnerable to the higher tariffs the Trump administration has imposed, including a 17% tariff on tomatoes from Mexico.

Clothing and alcoholic beverages are two other categories where the combination of higher tariffs and higher shipping costs is driving up prices.

Denver's 8% rise in alcohol beverage prices far outstripped the 2.1% gain nationally, and apparel costs rose 13.9% in Denver versus 4.8% nationally.

On the plus side, rents are down significantly in metro Denver, according to multiple measures, and the CPI report showed a modest 0.2% increase.

But a measure looking at an equivalent shelter cost for homeowners is up 4.2% in Denver.

One fallout from the war was a jump in 30-year mortgage rates, which briefly fell below 6% back at the start of the year and are now back into the mid-6% range. Colorado homeowners have also been hit with increases in property taxes and insurance premiums.

Metro Denver's CPI increase, which is measured every other month, outpaced the 4.2% annual gain measured nationally in May and the 3.5% pace measured in the Western region. The 1.8% jump measured from March to May was among the highest among the metro areas tracked.

The last time inflation was this hot in metro Denver was in September 2023, when the region's annual CPI increase ran at 5.4%.

The most recent peak in inflation came in 2022, when the Denver CPI averaged 8%, a pace not seen since 1982. Supply chain shortages and a heavy influx of federal dollars pumped into the economy because of the pandemic contributed to that surge.

The current surge is tied directly to the bombing campaign that Israel and the U.S. took against Iran on Feb. 28. The conflict resulted in a sharp drop in tanker traffic through the Strait of Hormuz, where about a quarter of the world's petroleum supply normally passes.

After showing signs of easing, hostilities flared up this week, pushing up oil prices again. The U.S. Strategic Petroleum Reserve, an emergency stockpile that has prevented even larger oil price increases, is now approaching its lowest levels since 1982.

