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# COLORADO'S DECLINING COMPETITIVENESS

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The Denver Gazette · 31 May 2026 · CINAMON WATSON

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For much of the 2010s, Colorado enjoyed an enviable economic cycle. Young, educated workers flooded into the state from elsewhere in the country. Businesses followed the labor force and drove Colorado to the top of national rankings for economic verve.

In the 2020s, that cycle has been weakening.

The Colorado Chamber of Commerce recently sounded an alarm over the number of firms choosing against Colorado for relocation and expansion projects. Their findings should not be dismissed as isolated anecdotes or partisan frustration. Increasingly, they align with a broader body of economic and demographic evidence suggesting Colorado's momentum is slowing.

The state is still growing. But it is no longer growing the way it once did.

According to recent Common Sense Institute analysis of Census Bureau data, Colorado ranked 48th in the nation for domestic migration as a share of population between 2024 and 2025. A decade ago, Colorado ranked 3rd. The state once gained so many movers from other states that population growth seemed almost automatic. Today, that engine is sputtering.

Colorado gained 20 times more people from net migration in 2015 than it did in 2025. Between 2024 and 2025, Colorado actually lost 12,100 residents through domestic migration, meaning more Americans moved out of Colorado than moved into it.

Only two components of change kept Colorado's population growing instead of shrinking: foreign immigration, largely brought on in the early 2020s southern border crisis, and natural growth specifically related to Colorado's lower than average death rate. While a growing population matters, the means of that growth matter acutely. The domestic migration picture marks a profound shift in Colorado's national appeal, as this is the component of change which most notably grows the number of skilled, educated workers.

Colorado's economic and entrepreneurial energy grew in the 2010s from a rapid influx of such workers pursuing opportunity, lifestyle, and economic mobility. Highly educated Americans moved here in large numbers because Colorado combined economic dynamism with natural beauty and, crucially, relative affordability.

Businesses benefited from a growing labor pool, expanding consumer demand, and a culture associated with innovation and growth.

That formula is under strain now. Colorado's affordability crisis has become impossible to ignore. Housing costs remain among the highest in the nation; CSI's Free Enterprise Index has ranked Colorado 50th in the nation every year for the last decade. The state increasingly struggles to offer middle-class households the kind of upward mobility that once defined the Colorado experience. The state now ranks the nation's 9th most unaffordable overall.

And as population inflows weaken, the business environment is weakening alongside them.

A recent CSI analysis of Bureau of Labor Statistics Business Employment Dynamics data found that Colorado experienced one of the nation's worst rates of net establishment loss in 2024. The state lost a net total of 3,934 business establishments and suffered a net employment loss of 13,287 associated with those closures and slowdowns. Relative to population, Colorado ranked 48th nationally in net establishment growth and experienced the largest employment loss from net business formation of any state in the country.

Note

That does not happen in vacuum. Business climates are shaped by taxes, labor costs, energy prices, housing availability, infrastructure, education quality, and regulatory predictability, among other variables. While Colorado still performs well in some, businesses appear concerned about the state's broader trajectory.

When employers describe Colorado as "anti-business" or speak about "uncertainty," they are rarely referring to a single law or regulation. More often, they are describing an overall governing environment that has become increasingly complex, active, and difficult to navigate.

Colorado's regulatory expansion over the last decade has been significant.

According to another CSI analysis, Colorado's legislative output has grown 56% since 2012, the fourth-highest increase in the nation. In 2025 alone, the legislature passed 487 bills, roughly 23% more than the average annual output between 2012 and 2018. The complexity of legislation has increased even faster. Bills passed in 2025 were, on average, 26% more complex than those passed during the earlier period, judging by word count.

Meanwhile, the number of statewide ballot questions has quadrupled over the same timeframe. None of this necessarily means every policy passed has been bad policy, but the pace matters. Businesses need a degree of predictability in order for their financial goals to be realized. In an ever-growing regulatory landscape, that predictability erodes while new regulations present new costs.

Every additional layer of regulation creates compliance costs, planning uncertainty, legal ambiguity, and operational burden. Large corporations may absorb those burdens more easily. Small businesses often cannot.

The results may be what CSI is detailing currently: a self-reinforcing feedback loop (Fewer people move into the state, therefore labor becomes harder and more expensive to find. Housing costs remain elevated, therefore businesses become more reluctant to expand or relocate here. Business formation slows and economic growth cools, therefore fewer new residents arrive in pursuit of opportunity.

Recent county-level demographic trends reinforce this concern.

Colorado's largest population gains are increasingly concentrated in a handful of counties such as Weld and Douglas, while several major metro counties have stagnated or lost population outright. Jefferson County, one of the state's largest counties, has grown just 2.24% over the last decade. Arapahoe and Jefferson Counties have both shifted from net in-migration to net out-migration.

Colorado is not collapsing. It remains a prosperous state with enormous advantages. Policymakers, however, should recognize that the status quo has changed.

The conditions that drove Colorado's explosive success in the 2010s no longer exist automatically, namely a nationwide popularity with skilled, educated workers seeking a new state to call home. In order to remain economically competitive, Colorado must make it easier to build businesses, hire workers, construct housing that is attainable for a workforce, and invest long-term capital.

Signals need not be immediate to be troubling. Economies as large and diverse as Colorado's rarely decline overnight the way oil-dependent Colorado did in the 1980s. Competitiveness erodes gradually through years of accumulating pressures, slowing growth, and warning signs left unaddressed.

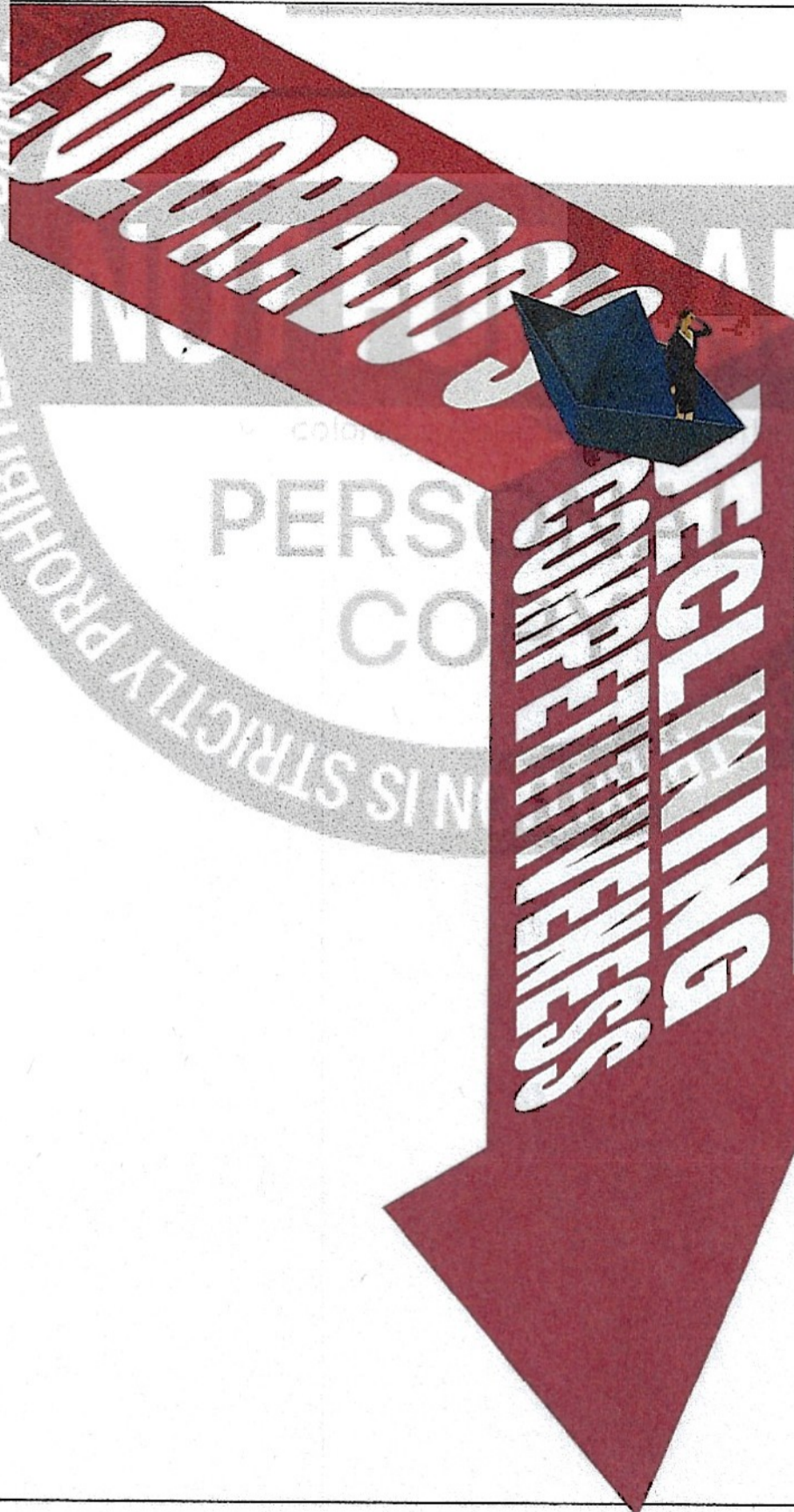
Commercial, civic, and political leaders should take careful note of the data underpinning Colorado's economic health. The arrows do not point toward an effortless return to the previous decade's status quo.

This is Colorado's warning sign.

# SUNDAY PERSPECTIVE

DENVERGAZETTE.COM

SUNDAY, MAY 31, 2026



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## GUEST OPINION



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Vance to AFA grads: Value AI, hallow humanness. **B8**

## CALDARA

Colorado legislators give themselves raises for incompetence. **B10**



# BUSINESS

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Cinamon Watson is CEO of Common Sense Institute.



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