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Colorado's cost of living soars

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Colorado is now the third most expensive state to live in, according to a new report by a business group. Released on Thursday, the Colorado Scorecard “presents a mixed outlook,” according to the state chamber’s president and CEO, Loren Furman. *Note*

Although Colorado saw improvements in many areas, including the cost of doing business, GDP and median full-time salary, its cost of living and housing affordability are on the decline, ranking third and second highest nationally, respectively. *Note*

“Colorado’s strengths remain clear, but the state’s rising cost of living is becoming impossible to overlook,” said Furman. “The findings reinforce what we’re hearing directly from employers: increased costs are making it harder to grow and compete for top talent. These trends will not correct themselves — they require action.” *Note*

She added: “As we approach the 2026 legislative session, the Chamber will continue to advocate for balanced policies that address these issues head-on.”

The chamber released the report as business leaders from all over the state have pointed to Colorado’s regulatory environment and its spurring cost of living as among the significant barriers now threatening to stall the state’s economic engine. *Note*

Where Colorado does well

Colorado has consistently ranked among the healthiest states in the nation, rising from 10th to fifth place in 2023 and up another three spots last year on the United Health Foundation’s America’s Health Rankings report. The state was once again ranked second nationally for older adults, behind only Vermont.

The state also rose one spot to become the second-best state in the nation for health and wellness, according to SmileHub’s rankings, which analyzed community health baselines, health care access, and personal health and wellness activity. Only Massachusetts ranked higher.

Once among CNBC’s top five states for doing business, Colorado slipped to 16th last year but has climbed five spots to 11th this year. To compile their rankings, CNBC evaluated states based on factors like business friendliness, quality of life, cost of doing business, and economic strength.

On another positive note, the average annual salary for open full-time positions in Colorado has increased by more than \$4,000 to \$57,491, according to a report from Aspen Technology Labs.

The state’s GDP also increased by more than \$25 billion from 2023 to 2024 and by more than \$100 billion since 2021, according to the latest data from the U.S. Bureau of Economic Analysis.

Where Colorado needs improvement

Colorado dropped from 47th to 48th in housing affordability in U.S. News’ 2025 rankings.

According to the Colorado Realtors’ Association, the average home price in the Denver Metro area stood at nearly \$700,000 in 2024.

The state’s overall cost of living also lagged behind most of the country. The CNBC’s rankings said Colorado fell from 46th to 47th this year.

Colorado is the sixth-most regulated state in the country, which business leaders often cite when expressing worries that the regulatory environment and red tape are deterring companies from relocating to the state.

That number comes from the chamber's own study conducted last year, which found that about 45% of Colorado's nearly 200,000 regulations are "excessive or duplicative."

"Colorado's regulations are consistently the top concern in every business survey we've conducted in recent years," Furman said following the study's release. "If we don't get our regulatory climate under control, we're putting future jobs and economic growth at risk. We're preparing a bold legislative package to tackle this growing burden, which is our top priority going into 2025."

She said businesses look forward to working with legislative leaders and the Governor's Office to "bring meaningful regulatory relief to the Colorado business community."

The chamber also included results from its business leader survey conducted last year, in which 67% of business owners said they believe the state's economy is on the wrong track, up seven percentage points from 2023 and 14 from 2022.

The state's economy is now showing signs of cooling after years of leading the nation, experts have noted.

Between 2010 and 2020, Colorado ranked among the top states in the country for just about every economic metric, including population growth, employment growth, and income growth, according to Prof. Brian Lewandowski, the executive director of the University of Colorado's Business Research Division. said.

"Then, a couple of years ago, we started to see a little bit of slowing in Colorado's economy, and we're continuing to see that in 2025," he said.

Lewandowski and his colleagues have a few theories why, including reduced population growth and a rapid increase in home prices leading to an affordability crisis.

Others pointed to Colorado's regulatory climate as the culprit.

They also cited affordability as a major woe plaguing both businesses and residents alike. Colorado's median household income in 2024, for example, stood at more than \$97,000 - 19% higher than the national average.

That number, combined with the state's below-average poverty rate, indicated a lucrative lifestyle for most Coloradans.

But beneath those gaudy statistics, other cost-of-living metrics show that Colorado - more specifically, Denver - is one of the most expensive places to live, both compared to the national average and to other cities with a comparable population.

And as the costs of living in the Denver area and throughout Colorado have risen, the city and state's population growth has slowed.

Data from the Colorado Demography Office shows that the state's population increased by just over 36,000 in 2023, a far cry from the 76,000 it averaged each year from 2010 through 2019. Denver, too, saw just over 16,000 new residents that year, nearly a third of the 45,000 it averaged during that same period.