Emerging Trends in the Denver Economy

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The views expressed are those of the presenter and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
The U.S. economy is currently in the longest expansionary period in history, and Denver growth has been outpacing national gains since 2011.

**Real Gross Domestic Product**

*Year-over-Year Percent Change*

Sources: Bureau of Economic Analysis / Haver Analytics
Employment has been increasing in Denver and the nation for more than ten years.

**PAYROLL EMPLOYMENT GROWTH**

*Index 100 = December 2007, Seasonally Adjusted*

<table>
<thead>
<tr>
<th>Percent Change</th>
<th>Dec. ‘07 to Present</th>
<th>Past Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. (Dec. ‘19)</td>
<td>10.1%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Colorado (Nov. ‘19)</td>
<td>19.0%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Denver (Nov. ‘19)</td>
<td>23.0%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

Sources: Bureau of Labor Statistics / Haver Analytics and author’s calculations.
At the same time, the unemployment rate has declined steadily and has fallen below most estimates of its longer-run level.

### Unemployment Rate

*Seasonally Adjusted*

<table>
<thead>
<tr>
<th>Year</th>
<th>United States</th>
<th>Colorado*</th>
<th>Denver*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.' 00</td>
<td>11%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Jan.' 03</td>
<td>10%</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Jan.' 06</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Jan.' 09</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Jan.' 12</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Jan.' 15</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Jan.' 18</td>
<td>5%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Dec. '19</td>
<td>4%</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Sources: Bureau of Labor Statistics, National Bureau of Economic Research and Federal Open Market Committee (FOMC) / Haver Analytics

*Data through November 2019.
Job gains in healthcare, leisure and hospitality and professional and business services have driven overall employment growth in Denver.

**Denver Metro Payroll Employment Growth**

*Index 100 = December 2007, Seasonally Adjusted*

- Educational and Health Services
- Leisure and Hospitality
- Government
- Professional and Business Services

Sources: Bureau of Labor Statistics / Haver Analytics and author’s calculations.
After sharp job losses during the recession, construction and energy employment increased strongly during the recovery.

**Denver Metro Payroll Employment Growth**

Index 100 = December 2007, Seasonally Adjusted

Sources: Bureau of Labor Statistics / Haver Analytics and author’s calculations.
Population growth has slowed in Colorado since the 1990s, but people continue to migrate into the state and metro area.
Residential construction activity has increased significantly since 2009, but permitting declined last year.

**Residential Permits**

*Seasonally Adjusted, Year-to-Date through November*

Source: Census Bureau / Haver Analytics
Low inventories have led to strong home price appreciation in recent years in Denver.
25 percent of renters and 9 percent of homeowners are severely burdened by housing costs in Colorado.

**COLORADO HOUSING COST-BURDEN RATES BY HOUSEHOLD INCOME**

*Percent of Ownership Category*

![Graph showing housing cost-burden rates by household income from 2006 to 2018 for renters and homeowners, with moderate and severely burdened categories marked.]

Note: Moderate burdens are defined as households with housing costs of between 30 – 50% of household income. Costs above 50% of household income are considered severely burdening.

Source: IPUMS-USA and author’s calculations
The services sector has driven growth in recent months.

**Non-Manufacturing and Services Activity**
*Diffusion Index, Seasonally Adjusted, Month-over-Month*

Sources: Kansas City Federal Reserve Bank and ISM / Haver Analytics
In contrast, manufacturing activity has contracted slightly.

**MANUFACTURING ACTIVITY**

*Diffusion Index, Seasonally Adjusted, Month-over-Month*

Sources: Kansas City Federal Reserve Bank and ISM / Haver Analytics
The energy sector has also weakened and is expected to decline further in the months ahead.

**Energy Survey Activity Indicators**

*Quarterly Diffusion Index*

![Graph showing energy sector activity indices from Q2:2014 to Q2:2020 (exp)].

Source: Kansas City Federal Reserve Bank Energy Survey
For additional information on the regional economy: