

## Migration, Housing, and the Future of Colorado's Growing Economy

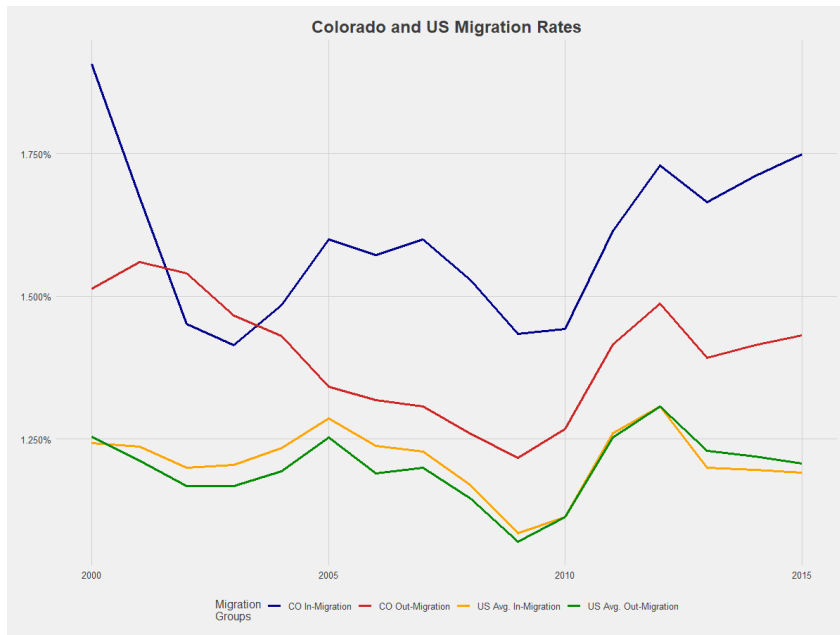
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<https://redi.colostate.edu/>

- Colorado typically experiences above-average rates of in-migration as well as out-migration.
- There are some indications that at least in the Denver area, net migration may slow as housing prices rise.
- Important regional differences migration differences across the state have become more pronounced over time, with the Front Range rapidly gaining population while other parts of the state see net outflows.

A highly-skilled, dynamic workforce is a major contributing factor to Colorado's [innovative economy](#). While some of this talent is 'home-grown,' a substantial portion of the state's educated labor pool migrates in, drawn by Colorado's strong labor market and natural and social amenities. But the state's attractiveness can be a double-edged sword: our last [REDI Report](#) found that Colorado's ratio of median rent to median renter household income exceeds the national average, and continues to grow. Rent-to-income ratios in metro Denver counties are among the highest in the state. These costs may be starting to impact households' location decisions; data from online housing searches reveal that more people are [looking to move out of Denver](#) than are looking to move in.

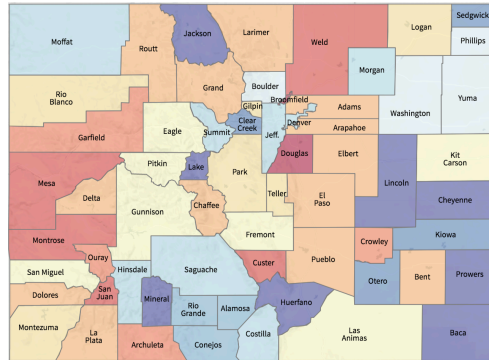


An analysis of the IRS Statistics of Income division's migration data to compare population movements in and out of Colorado to the averages for the United States sheds some light on the issue. The IRS data diverges from other sources because it only counts tax files. Also, data accuracy increased from 2010 on after a shift from a partial year to full year counting method. Using data for the number of personal exemptions claimed, which approximates the number of individuals, we note three interesting observations.

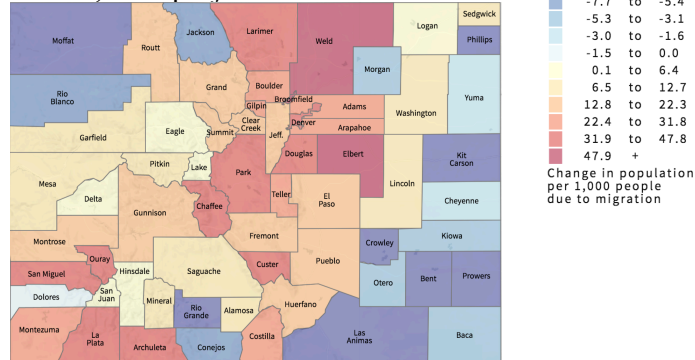
First, the decline of Colorado's in-migration rate following the 2001 recession was dramatic, larger even than what the state experienced after the Great Recession. Second, in addition to having above average rates of in-migration from other states, Colorado also has above average rates of *out-migration* to other states. In other words, Colorado experiences high rates of migration dynamism, mirroring the state's high rate of establishment dynamism. And third, during the housing recovery Colorado has had sharp increases of both its in-migration rate and its out-migration rate. Inflows have traditionally been drawn by the state's strong economy and amenities; rising outflows could be due to rising housing costs.

Beyond these state-wise trends, regional differences in net migration rates have become especially pronounced in recent years. Between 2000 and 2010, some metro-Denver counties experienced net out-migration in part due to the Dot-com recession 2001. But outside of Boulder, Denver, and Jefferson Counties, the Front Range as a whole saw moderate net in-migration. In contrast, several rural areas of the state also saw negative net migration, particularly in south and east Colorado.

2000's



2010's, with projections for 2018-2020



Data: Colorado State Demography Office

By the current decade, we see the emergence of the migration trends felt acutely in the state today. In-migration is heavily concentrated along the Front Range, including a re-emergence of net inflows into Denver and Boulder counties that saw outflows in the 2000's. Some amenity-rich western counties continue to experience net in-migration, but the Eastern Plains and extraction-reliant northwest of the state face increasingly rapid out-migration.

Both cases have consequences. Population declines in rural areas threaten to shrink the tax and consumer base, jeopardizing the availability of schools, health care, retail, banking, and other essential services. And while urban growth along the Front Range has complemented the region's robust recovery from the 2008 recession, these inflows put upward pressure on prices in a supply-constrained housing market.

Colorado's economy relies heavily on attracting workers, consistently seeing positive net inflows and considerable dynamism in migration. With a strong labor market – the state's unemployment rate sits at 3.1% - it is likely that Colorado will remain an attractive option for relocation. But the increasingly polarized nature of Colorado's migration flows presents hurdles for both booming regions and declining ones. Addressing the twin challenges of rapid growth along the Front Range and out-migration from areas reliant on agriculture and extraction requires identifying and seizing opportunities for mutual gains from rural-urban partnerships – projects such as the redevelopment of Denver's [National Western Center](#). If undertaken with any eye towards increasing inter-regional ties, there is potential to increase rural resiliency, and in turn alleviate urban population pressures. Increased home-building and a slackening of demand may slow the rise of Front Range housing prices, but for the Colorado economy to remain dynamic and resilient in the coming decades, economic linkages between regions experiencing rapid growth and those experiencing population declines could benefit the entire state.



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