COLORADO ECONOMY

Front Range a GDP force

10 of the state’s 64 counties account for 85 percent of engine

By Aldo Svaldi
The Denver Post

The dominance of the Front Range economy isn’t a new topic in Colorado. But that massive center of gravity is attracting nearly all the growth the state has mustered, and that is creating even more concentration of economic activity, according to new numbers from the U.S. Bureau of Economic Analysis.

Colorado has 64 counties, but just 10 of them, stretching contiguously from Larimer and Weld in the north through metro Denver and down to El Paso in the south, accounted for 85 percent of the state’s economic activity in 2015, the most recent year available.

Put another way, those 10 counties are contributing 85 cents on the dollar in the goods and services sold in the state. The next 10 counties are throwing in a dime and the remaining 44 counties are digging deep to put in a nickel.

Denver alone accounted for about a fourth of the inflation-adjusted dollars generated from goods and services in Colorado in 2015, at $76.6 billion, with only an eighth of the population. Arapahoe County accounts for 13.6 percent of state GDP at $41.7 billion and El Paso comes in third at $28.9 billion, or 9.4 percent of the state economy.

In a case of the big shall get bigger, about 95 percent of the growth the state experienced between 2012 and 2015 occurred in those 10 leading counties, said Stephan Weiler, an economics professor at Colorado State University who studies the urban and rural divide.
“Almost all of the growth in the state in GDP has been in those 10 counties,” Weiler said. “They are growing faster, they are getting larger and they are becoming more dominant.”

In 2012, the 10 Front Range counties accounted for 84.4 percent of state GDP. By 2015, it was up to 85.5.

Beyond the northern Front Range, a second set of 10 counties contributed nearly a tenth of state GDP. Mesa County, at $5.6 billion, contributed 1.8 percent to state GDP. Pueblo County, at $4.9 billion, chipped in 1.6 percent and Eagle County, the biggest of the ski resort economies, added $3.7 billion or 1.2 percent. La Plata, Garfield, Pitkin, Summit, Routt, Morgan and Montrose counties round out that group.

And then there are all the rest. The bottom 44 counties may cover a lot of land, but as a group they generate only 5 percent of state GDP. The Gaylord Rockies Resort and Convention Center in Aurora, which opened Tuesday, is expected to generate $275 million a year in direct economic activity. That’s comparable to what Kiowa, Dolores, Mineral, Jackson, San Juan and Hinsdale counties generated in 2015 — combined.

Gross Domestic Product, or GDP, represents the value of goods and services produced in an economy, and it is measured on the national, state and metro levels. The new county series, still a prototype, attempts to drill down even further.

Accounting for what goes where, however, gets trickier as the numbers get more granular and closer to the source. Jeff Romine, chief economist for the city of Denver, notes that the interconnectedness of things can get lost as items are counted one by one.

For example, a petroleum engineer may owe his or her livelihood to oil coming out of the ground in Weld County or natural gas coming from Garfield County. But his or her paycheck is handed out at a high-rise office on 17th Street, and counted there. Grain from the Eastern Plains may come through Denver, get processed and then resold at a higher price. Many of those tourists coming in through Denver International Airport and staying the night are actually heading elsewhere, maybe to Vail or Steamboat Springs.

“Denver’s economy is partially here because of the strength and the uniqueness of Colorado,” Romine said.

Denver wouldn’t be Denver without its neighbors near and far, and that includes activity that happens in other states.

Another way to look at the numbers is how much activity is produced per person in a county. Small counties can’t match more populated ones in total GDP, but it is fair to ask how productive the population is given the resources they have at hand.

Pitkin County leads on that measure with $147,000 in economic activity per person, followed by Broomfield County at $118,000 and Denver County at $112,000. San Miguel, Routt, Summit and Eagle
scored highly on per capita county GDP, and it helps to have all those outside dollars coming in from skier visits and vacation homes. Other counties packing a big punch despite a small population, minus a ski resort, were Moffat, Gilpin and Yuma.

Counties with more commuters than jobs lagged on the per capita measure, including Elbert, Douglas and Jefferson. Surprisingly, Weld County, despite having a robust and diversified economy, appears to send many of its residents elsewhere to make a living. Or it isn’t getting full credit for what it generates.

Whether all that economic concentration is good or bad for the state may depend on where one is sitting — jobless on a couch in Saguache County or in yet another traffic jam in Adams County. But being attached to a locomotive that is moving, even at the caboose, is better than being stranded on the tracks, some argue.

“The rural areas need a strong metro area to help drive their economy. This level of concentration has been positive for the state of late as Colorado has been one of the fastest growing state economies in the U.S.,” said state demographer Elizabeth Garner.

That said, spreading out the centers of activity would not only help improve living standards in other parts of the state, but also ease the pressure on the northern Front Range, Weiler argues.

Rural areas may feel they are losing out or getting left behind, something Gov. John Hickenlooper has tried to address in his economic development policies. But Front Range residents gripe about the road congestion and escalating housing costs, which eat more and more of each paycheck.

Companies are drawn to where the activity is, where workers are available and where transportation options are more abundant. Compared with other states, Colorado’s economy isn’t more concentrated in its metro areas than the U.S. as a whole, Garner said.

King County, home to Seattle, accounts for 55 percent of GDP in Washington state, while Multnomah County, home to Portland, accounts for 29 percent of Oregon’s activity, said Jeannine Aversa, a spokeswoman for the Bureau of Economic Analysis.

So there are other counties that tower over their neighbors in a bigger way than Denver does. But Denver deserves some credit. King County is nearly 15 times larger than Denver County in the area it covers, and Multnomah County is three times larger.