



CELEBRATING



OF COMPETITIVE ANALYSIS & RESPONSE

TOWARD A MORE
COMPETITIVE
COLORADO
2021



Metro Denver EDC

A MESSAGE FROM THE PRESIDENT

Dear Metro Denver,

The Metro Denver Economic Development Corporation (Metro Denver EDC) is pleased to present our 2021 *Toward a More Competitive Colorado* (TMCC) study. Since this data was first tracked 20 years ago, we've worked to monitor and analyze Colorado's rankings compared to the states we compete against for business attraction and capital investment.

In the early days, we reviewed the data from 49 other states across 61 different indicators in eight broad categories. Over the years, we've tracked Colorado's competitive position via nearly 121,000 ranked values. Today the publication has evolved to feature **an analysis of 30 core indicators** for Colorado against 9 key competitor states – all with the goal of keeping our elected officials, policy makers, and business and civic leaders informed on our state's strengths and challenges as a place to live and do business.

As we take this year's data into the consideration, the good news is that despite pandemic-related challenges, **Colorado has maintained a top-10 ranking nationally in 14 of the 30 indicators**. Some of our key strengths are as follows.

- We continue to maintain the **second most educated population** as measured by the percentage of adults with a bachelor's degree or higher.
- We offer a robust technical workforce, with the nation's **third-highest concentration of high-tech employees**.
- Our community continues to see concentrations of business funding, including the **fourth-highest amount of NASA prime contract awards**, the fifth-highest amount of venture capital dollars as a percent of State GDP, and the **sixth-highest concentration of Small Business Innovation Research (SBIR) grants**.
- Colorado offers a strong and supportive entrepreneurial environment with **sole proprietors representing 25.6 percent of the state's total employment**, the fifth-highest share in the nation.
- And, as usual, our community is healthy and working hard – both in and outside the office. We've maintained the **lowest obesity prevalence** and the **second highest participation in physical activities** in the country.

Of course, there is always work to do. Challenges persist in a number of core indicators, highlighting the **need for continued vigilance and involvement** in efforts to foster a healthy business environment:

- Colorado ranked **No. 42 for its public high school graduation rate** – an improvement from No. 46 in 2015 but a position that requires attention from our K-12 education partners and public officials.
- Transportation funding remains a challenge as Colorado ranked **No. 34 for total revenue per capita available for highway expenditures** from federal, state, and local sources – a rank that's declined from No. 26 in 2016 to 2018.

Further, new concerns arose in 2020 that require our immediate attention:

- Colorado employment fell by 134,000 jobs and **the state's rank for employment growth fell from No. 6 in 2019 to No. 17 in 2020**. To put that in perspective, two of Colorado's key competitors quickly advanced in the rankings with Utah claiming the No. 2 spot and Arizona ranked at No. 3. Despite the current number of unemployed people in our state, companies are struggling to find and retain the workers needed.
- Through the years, Colorado has generally ranked in the top-10 on most innovation indicators. The **state's rank fell to No. 26 for the most recent two years** of R&D expenditures as a percentage of state GDP. Further, according to the Kauffman Indicators of Entrepreneurship index, **Colorado ranked 22nd for early-stage entrepreneurship in 2020, down from No. 10 in 2018**.

As an organization that relies heavily on data to guide our strategies and areas of focus, TMCC serves as an important resource as to where our policy efforts should lie. We hear more and more from executives and site selectors with concerns regarding where Colorado is headed when it comes to policy. They worry that the cost and regulatory burden of doing business in our state is on the rise. As our leadership has recommended for the past year, we think it's crucial to prioritize our economy and workforce as we continue to recover from the impacts of the pandemic. Before bills are introduced or votes are cast, legislators must ask themselves this: is this legislation making it easier or harder for my neighbor to get or keep a job? Is this legislation helping or hindering business creation and innovation? Our TMCC findings offer a clear picture of where we should collectively focus our efforts on impactful investments in education, workforce development, and business infrastructure while striving to maintain a low tax and regulatory environment.

We encourage you as our partners to use TMCC as a resource for your business and community, and would welcome the opportunity to talk more about how to use this data to shape our strategies as a state. We look forward to working with you to continue to drive investment and job creation in Colorado and the Metro Denver region.

Sincerely,



Raymond H. Gonzales
President • Metro Denver Economic Development Corporation

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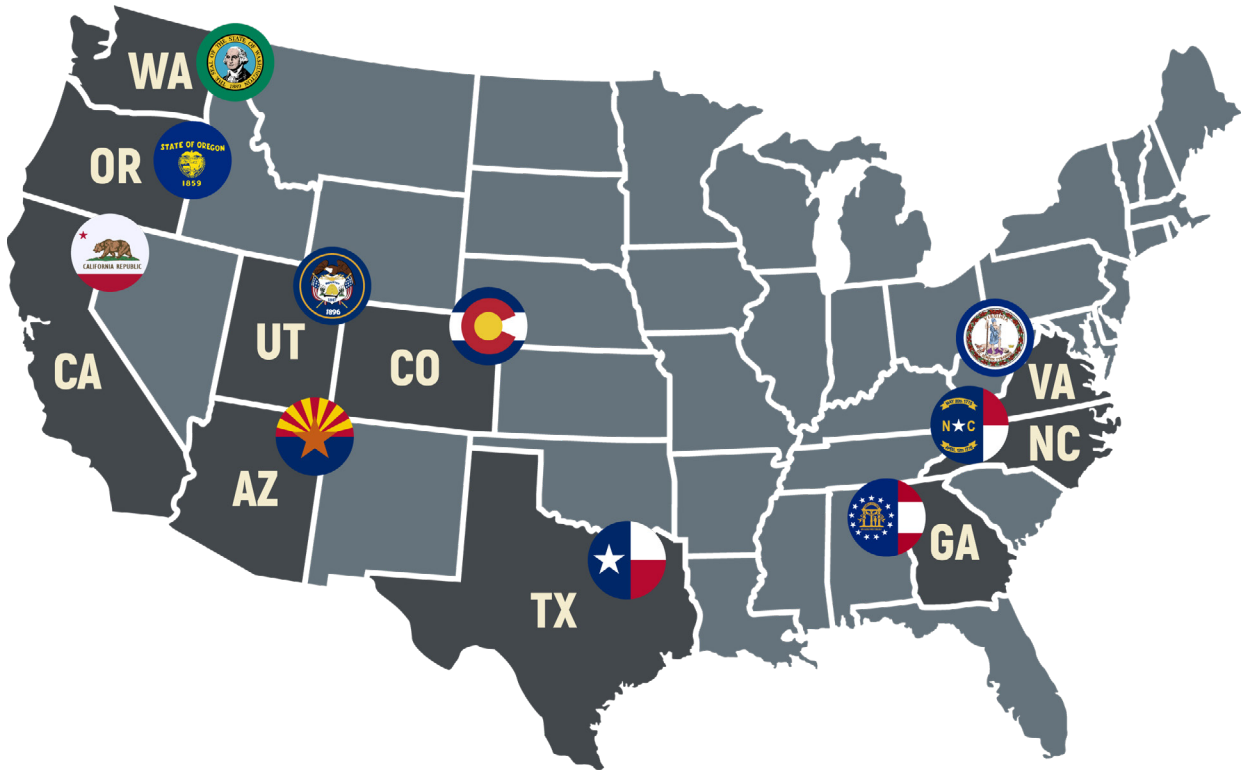


REPORT OVERVIEW / KEY FINDINGS

The Metro Denver Economic Development Corporation has compiled competitive data for the past 20 years and produced *Toward a More Competitive Colorado* (TMCC) annually since 2005.

TMCC is a longitudinal study of Colorado's competitive position as tracked by over 100 indicators grouped into eight major categories. Stretching back to 2000, the data provides a look at how

Colorado's business environment has fared during some of the best and worst years in the state's economic history. TMCC provides data and trend lines for policy makers, businesses, and other community leaders



 ¹Colorado's major competitor states:

- | | | | | |
|---|--|--|--|--|
|  ARIZONA |  CALIFORNIA |  GEORGIA |  NORTH CAROLINA |  OREGON |
|  TEXAS |  UTAH |  VIRGINIA |  WASHINGTON | |

to consider as they deliberate future policies and programs.

This edition of TMCC examines a group of 30 key indicators to evaluate Colorado's competitive position both nationally and with select competitor states. This document highlights the trends in the key indicators for Colorado and nine major competitor states¹ for the interval years of 2010, 2015, and 2020 (or the most current year available), detailing the state's strengths and some of its challenges. It should be noted that this report measures Colorado's competitive position in the midst of the COVID-19

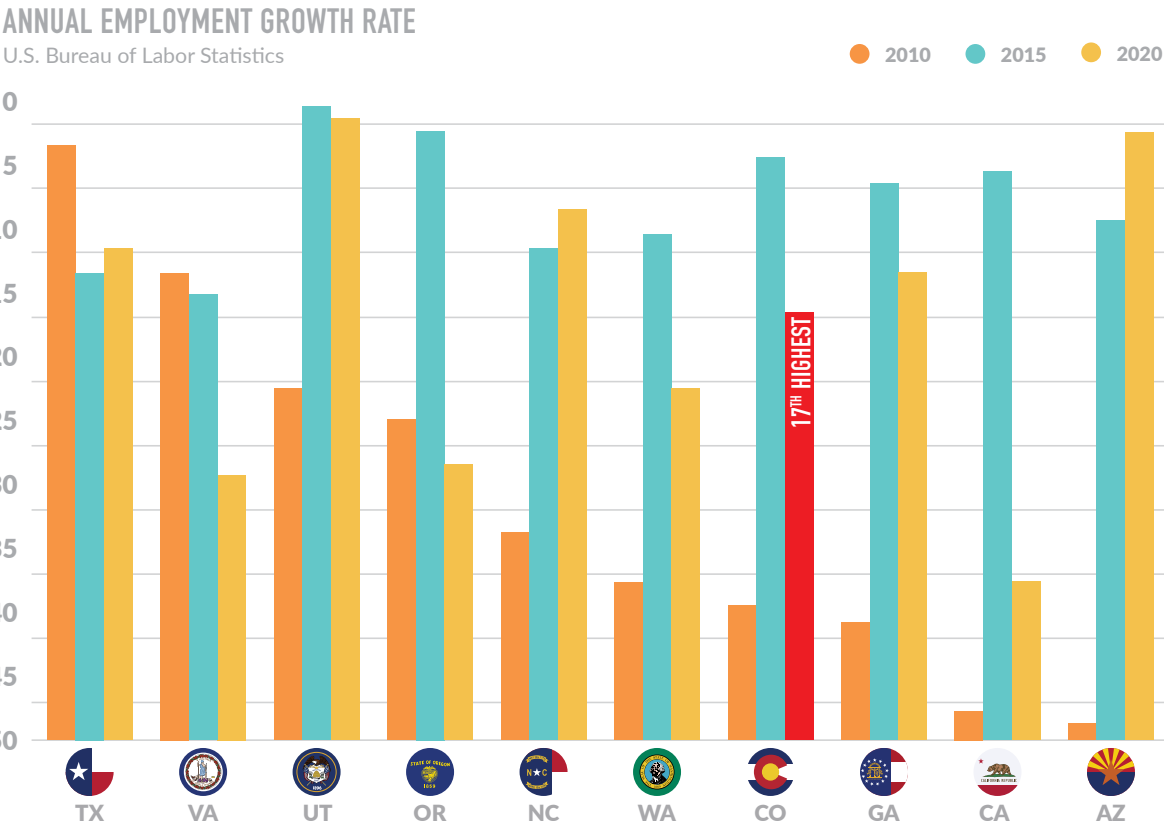
pandemic. This report marks changes from a decade-long period of expansion through the two-month long COVID-19 recession ending in April 2020, and into the beginning of the recovery period that followed.

The indicators show that Colorado is still in a strong and economically competitive position, factors that will contribute to the state's continued recovery. Indeed, Colorado achieved a top-10 ranking for 14 of the 30 indicators. However, Colorado's rank relative to the other states declined in 14 of the 30 indicators this year compared to the prior year.

While the declines were generally only by a rank or two, there were two notable steeper declines. First, Colorado's employment growth rate rank declined from No.6 in 2019 to No. 17 in 2020 as COVID-related closures and the associated job losses were especially hard on service-oriented businesses, of which Colorado has a strong concentration due to the importance of tourism to the state. Second, Colorado's entrepreneurship index declined by seven positions, falling from No. 15 to No. 22.

ECONOMIC VITALITY

- Every state reported a decline in employment in 2020 and national employment fell by 6.1 percent, following nine consecutive years of national employment growth. Business closures associated with the COVID-19 pandemic were a major factor in the employment decline. Colorado employment fell by 4.9 percent, or by almost 134,000 jobs. Colorado's rank for employment growth among the states fell from No. 6 in 2019 to No. 17 in 2020. All but two competitor states also dropped in ranking. Utah was the fastest growing competitor and ranked No. 2 among the states, posting a -1 percent growth rate. Arizona followed closely behind and was ranked No. 3 among the states with a -2.9 percent growth rate.
- Colorado attracts a well-educated and productive workforce, ranking No. 9 in 2020 for high per capita personal income and No. 13 for state Gross Domestic Product per employee. Among the competitor states, only California (No. 5) and Washington (No. 6) have higher per capita personal income.

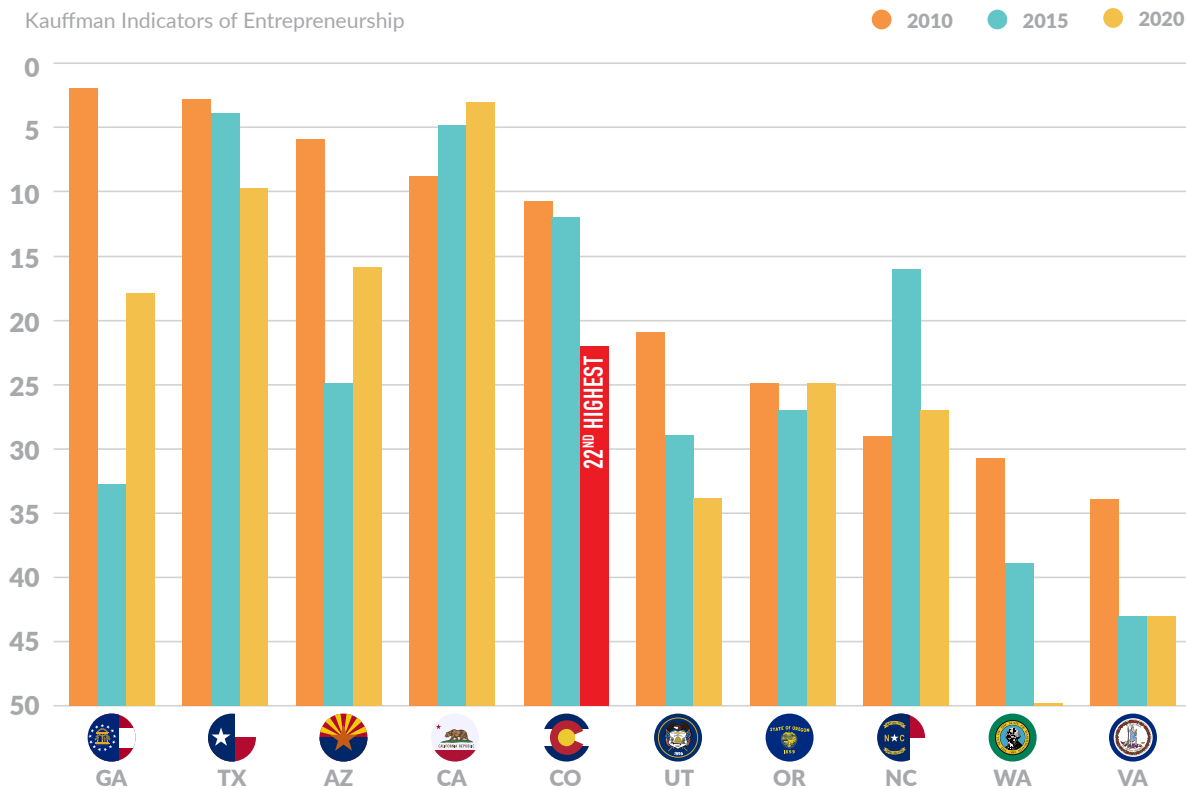


INNOVATION

- Colorado's entrepreneurial environment fosters job creation and a high-level of new business establishments. In 2020, Colorado ranked 11th among the states with 9.88 new business establishments per 1,000 workers. This figure is the highest on record in Colorado since the series began in 2000; however, large increases in new business establishments in Washington, Nevada, Rhode Island, and New Hampshire pushed Colorado outside the top-10 ranking for the first time since 2000. Among competitor states, only Washington (No. 1), California (No. 5), and Utah (No. 6) outrank Colorado.
- According to the Kauffman Indicators of Entrepreneurship index, Colorado ranked 22nd for early-stage entrepreneurship in 2020, down from No. 15 in 2019. Colorado's position reflects its rankings for new entrepreneurs, startup job creation, and startup survival rates. Colorado ranked high for startup early job creation, with 6.54 jobs per 1,000 people created by startups in their first year.
- A significant share of Colorado's employment base is proprietors' employment. In 2019, proprietors comprised 25.6 percent of the state's total employment, the fifth-highest share in the nation. Colorado outranked all the competitor states except for Texas (No. 4) and has maintained a top-10 ranking since 2000.
- In 2020, more than \$2.3 billion in nearly 175 venture capital deals were awarded to Colorado companies, ranking the state fifth in venture capital dollars as a percent of State GDP. Colorado is consistently a top location for venture capital among the competitor states, ranking just behind California (No. 2) and Washington (No. 4).
- Colorado is a top location for public sources of research grants and contract awards. In 2020, Colorado had the sixth-highest concentration of Small Business Innovation Research (SBIR) grants and the fourth-highest amount of NASA prime contract awards. In 2019, Colorado companies and institutions were awarded more than \$1.35 billion in NASA prime contract awards comprising 9 percent of dollars awarded nationally.
- Colorado (No. 6) has the second highest concentration of SBIR grants per worker compared with the competitor states, behind Virginia (No. 5). Additionally, Colorado ranked higher than every competitor state except California for NASA prime contract awards, a result of the state's strong Aerospace industry cluster.
- Innovation in Colorado is demonstrated by the level of R&D expenditures at the state's academic institutions. In 2019, Colorado's science and engineering R&D per capita ranked 14th-highest. Colorado was the highest-ranked competitor except North Carolina (No. 9) and Utah (No. 12).
- Colorado's innovators at the state's universities, businesses, and institutions earned the state a No. 10 ranking in 2020 for patents granted per capita. California, Washington, and Oregon were the only other competitor states in the top 10.
- Cutting-edge technology characterizes Colorado's economic base, with one of the nation's highest concentrations of high-tech employees. In 2020, Colorado ranked No. 3 for high-tech employment concentration and has ranked in the top four since 2000. Virginia (No. 2) and Washington (No. 5) were the only other competitors in the top five.

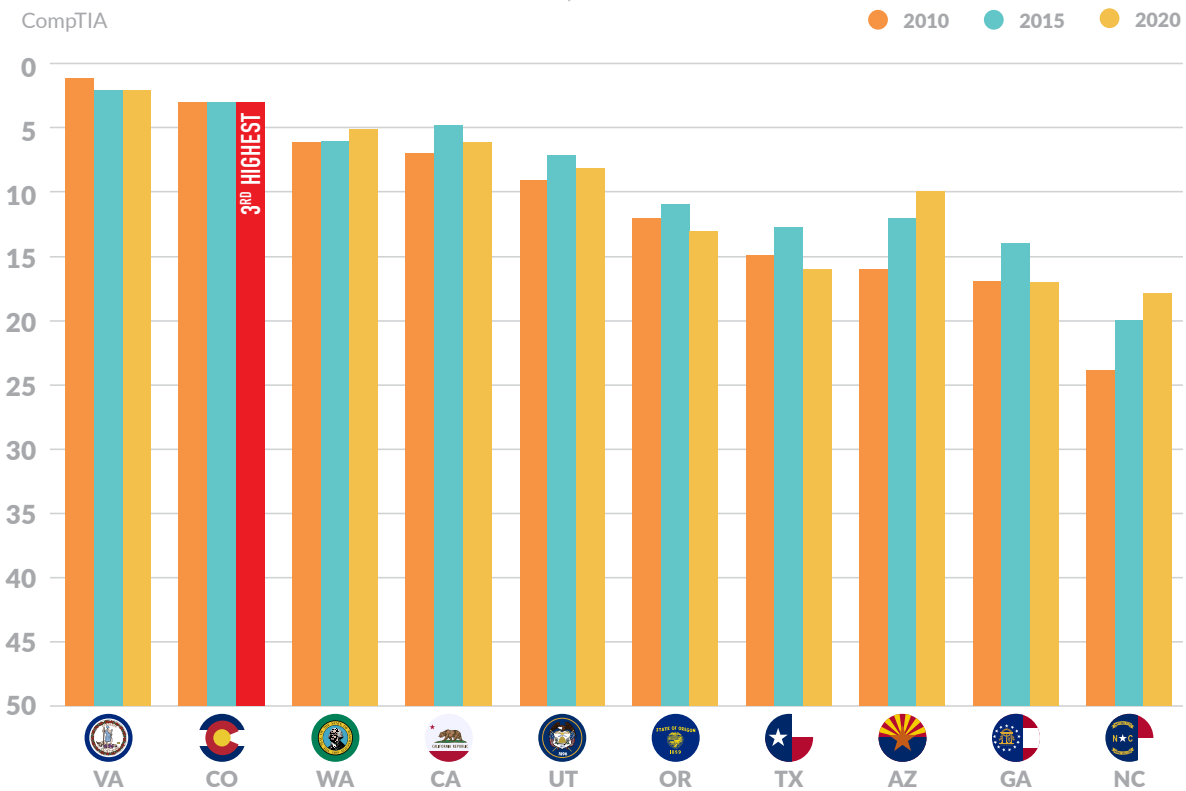
ENTREPRENEURSHIP INDEX

Kauffman Indicators of Entrepreneurship



HIGH-TECH EMPLOYMENT CONCENTRATION PER 1,000 WORKERS

CompTIA



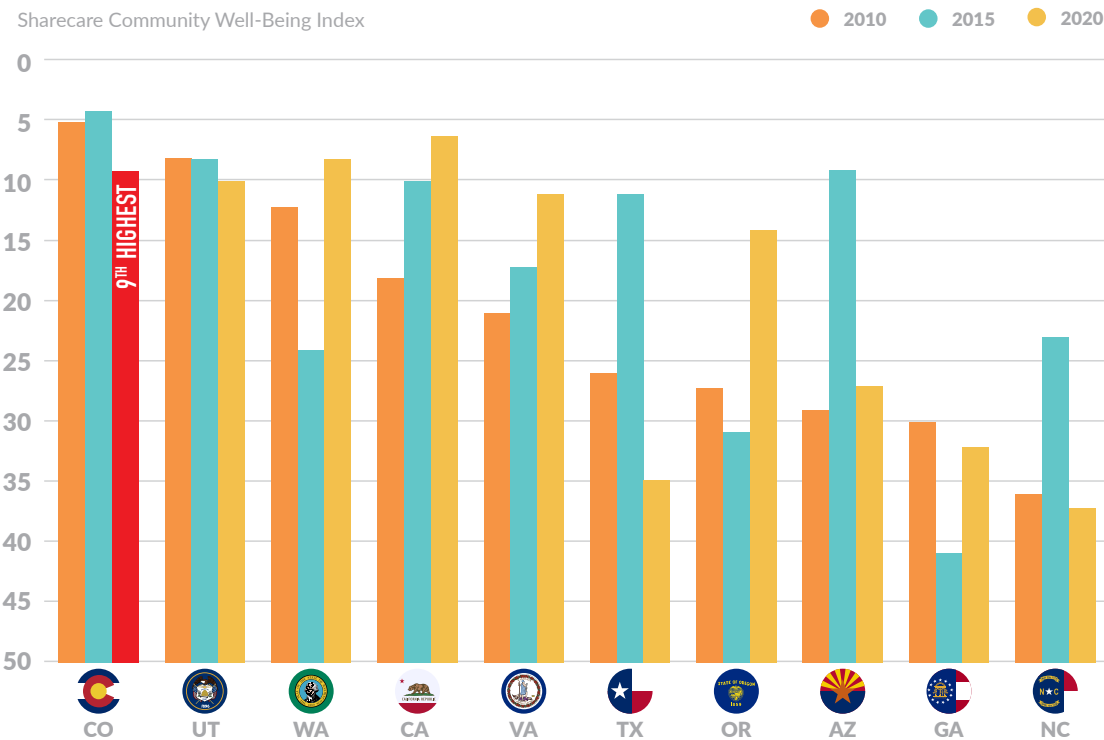
TAXES

- Colorado has the 21st best state business tax climate according to the Tax Foundation. Colorado ranks among the top 25 states due to its favorable corporate tax, individual income tax, and property tax ranks. Of Colorado's competitors, North Carolina, Oregon, Texas, Utah, and Washington ranked better than Colorado, but Arizona, California, Georgia, and Virginia ranked worse. The Tax Foundation noted no significant changes in tax structure among Colorado's competitors from 2019 to 2020.
- The Tax Foundation ranks Colorado No. 10 in its corporate tax index. Colorado ranks favorably with its single-rate system and the fourth-lowest corporate income tax rate in the country of 4.55 percent. Four of Colorado's competitors ranked among the bottom 25 states including California, Oregon, Texas, and Washington.



HIGHEST WELL-BEING

Sharecare Community Well-Being Index



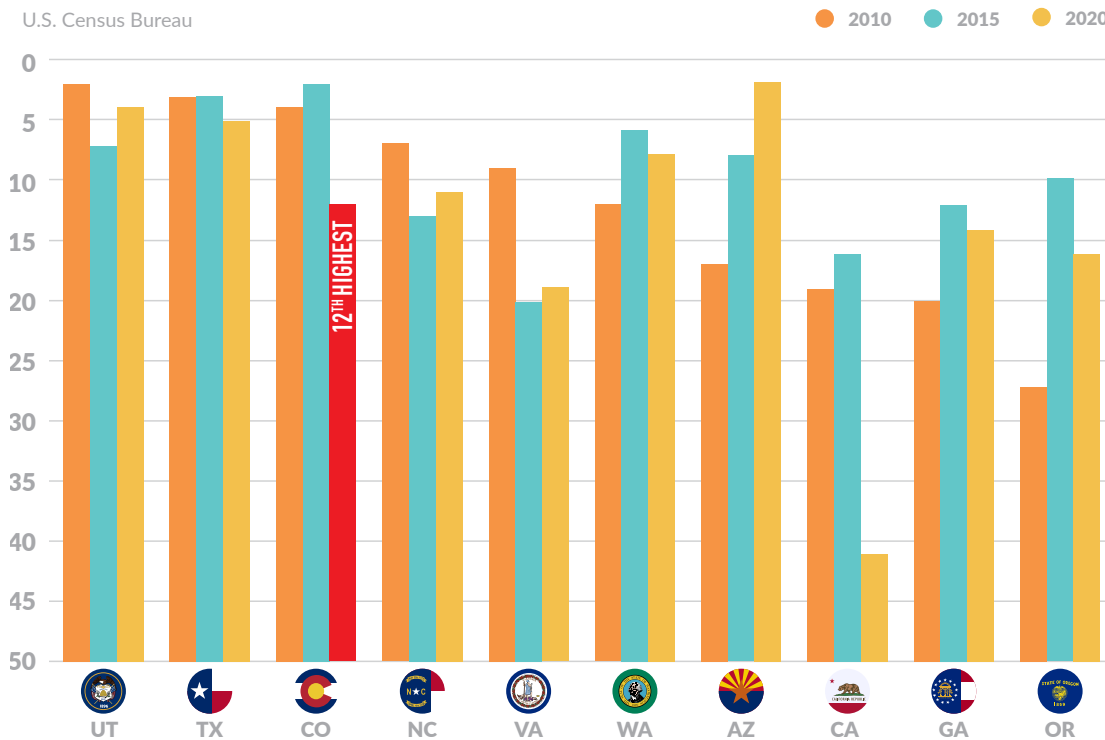
- Colorado currently ranks ninth for well-being, according to the Sharecare Community Well-Being Index, with residents posting high levels of physical well-being, social well-being, and economic access. Researchers noted that states in the top 10 for the Community Well-Being Index reported lower COVID-19 incidence rates on average in comparison to states falling in the bottom 10 for the Index. Of Colorado's competitor states, only California and Washington ranked ahead of Colorado at No. 6 and No. 8, respectively.

- Four of Colorado's competitors rank among the bottom half of states for well-being including Arizona (No. 27), Georgia (No. 32), Texas (No. 35), and North Carolina (No. 37).
- Colorado ranked in the top 10 for its population growth rate from 2006 to 2019, but the state's 0.9 percent growth rate from 2019 to 2020 only earned it a No. 12 position. Indeed, this was the slowest growth rate in the state since 1989. Colorado's population growth was still nearly double the national rate of

0.5 percent, which was the slowest pace of growth since 1929. Colorado's competitors were among the fastest growing states in 2020, with Arizona, Utah, Texas, and Washington among the top 10.

ANNUAL POPULATION GROWTH RATE

U.S. Census Bureau



P-12 EDUCATION

- Colorado was one of 10 states at or near 100 percent SAT participation among students in the class of 2020. As an early adopter, Colorado has given a college entrance exam to all 11th grade students since 2001. While Colorado's mean score ranked 40th overall among the states, Colorado's students ranked No. 2 of the other states with similarly high participation rates.
- Colorado had the 13th-highest mean ACT scores in the nation for the graduating class of 2020. While state ranks depend heavily on participation, Colorado's mean score was generally higher than states with similar participation rates including California (No. 15) and Washington (No. 17).
- In 2019, Colorado continued to struggle with its high school graduation rate, ranking 42nd in the nation with an 81.1 percent rate. Colorado's rank has improved over the last 5 years, from 46th among the states in 2015. Colorado was also one of the lowest ranked competitors, outscoring only Arizona (No. 49) and Oregon (No. 48).
- In 2020, Colorado ranked 25th in expenditures per student in K-12 public schools. Colorado's per student expenditures have ranked in the middle of the states since 2005, ranking between 32nd and 21st. Colorado also ranks in the middle of the competitor states, with rankings ranging from Washington at No. 12 to Utah at No. 49. Four of Colorado's competitors ranked in the top half of the states for the level of public K-12 expenditures per student: Washington (No. 12), California (No. 19), Oregon (No. 20), and Virginia (No. 24).



HIGHER EDUCATION

- College-educated workers find abundant opportunities to remain in or relocate to Colorado. With 42.7 percent of the adult population having a bachelor's degree or higher, Colorado ranked as the second most highly educated state in the nation for the eighth consecutive year, behind Massachusetts (45 percent). Colorado remains the highest ranked competitor state and the only state besides Virginia (No. 6) in the top 10.
- Businesses need ready access to individuals that excel in science, technology, engineering, and mathematics. One measure of the prevalence of STEM education is the number of science, engineering, and health graduate students per 1,000 Individuals ages 25 to 34, a measure in which Colorado currently ranks No. 16. Colorado ranked ahead of seven competitor states, behind only Virginia (No. 8) and Georgia (No. 14).

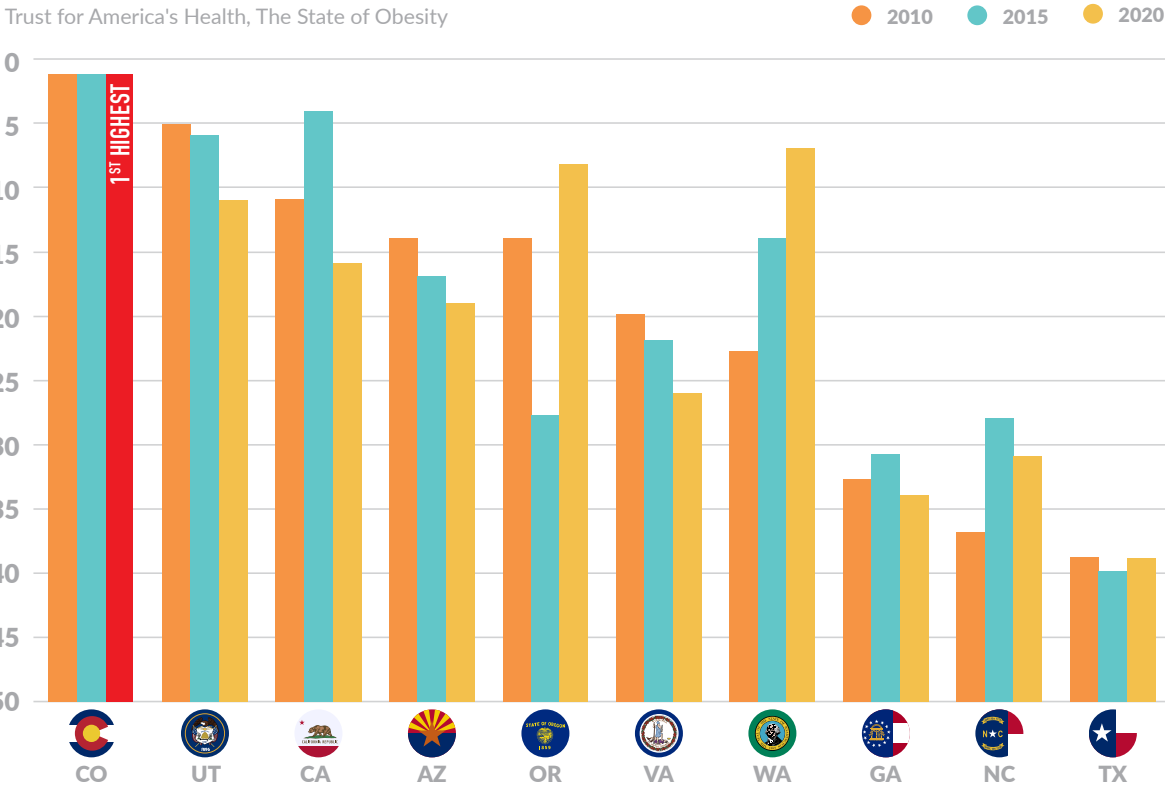


HEALTH

- Colorado maintained its status as the “thin-
nest” state in 2020 for the 18th consecutive
year, with the nation’s lowest obesity rate of
24.2 percent. According to the most recent
Behavioral Risk Factor Surveillance System
data, adult obesity rates now exceed 35 per-
cent in 16 states, up from eight states in 2018.
- Colorado consistently reports some of the
highest levels of physical activity among
adults in the nation. Colorado boasts favorable
weather, vast open spaces, and communi-
ties amenable to an active lifestyle. In 2019,
Colorado had the second highest levels of
reported physical activity in the nation, behind
Utah. Colorado has ranked No. 1 or No. 2 for
the past seven years of comparable data.

LOWEST OBESITY PREVALENCE AMONG ADULTS

Trust for America's Health, The State of Obesity

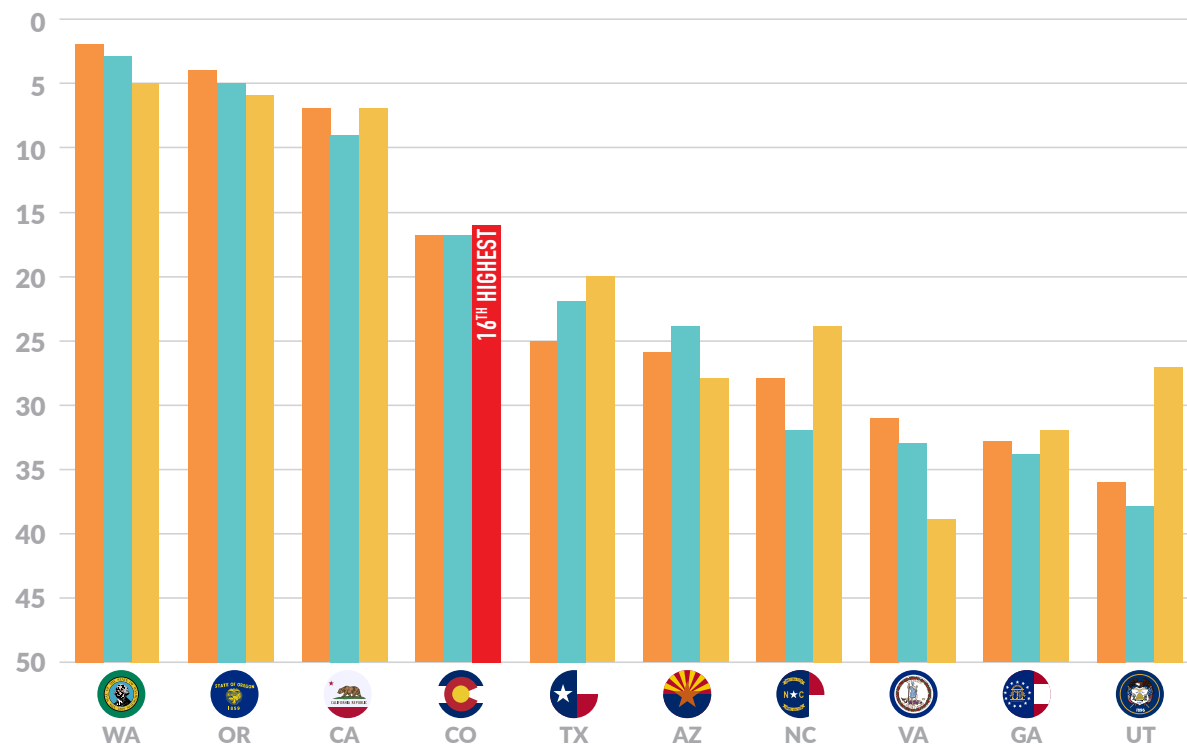


INFRASTRUCTURE

PERCENT OF ELECTRICITY GENERATED THROUGH RENEWABLE SOURCES

Energy Information Administration

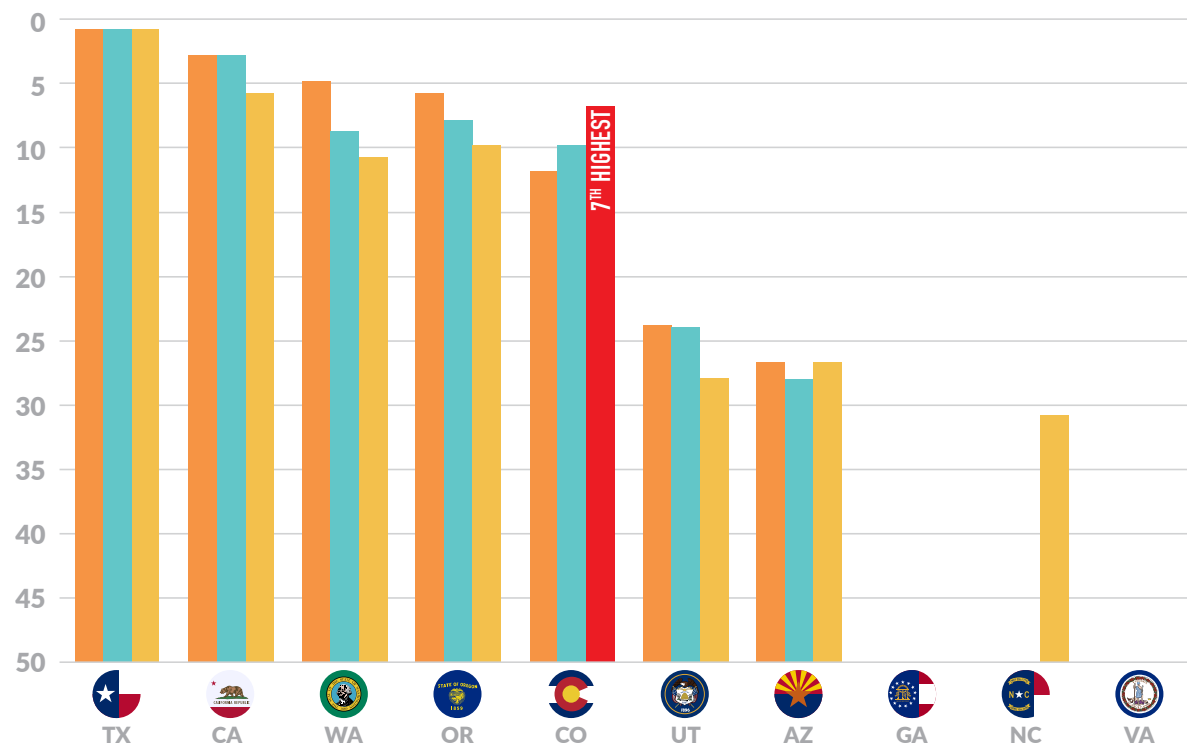
2010 2015 2019



TOTAL WIND ENERGY INSTALLED CAPACITY

American Wind Energy Association

2010 2015 2020



- Transportation funding remains a challenge for Colorado. When examining data from the Federal Highway Administration on the total revenue per capita available for highway expenditures from federal, state, and local sources, Colorado funding once again ranked in the bottom half of the nation in 2019 at No. 34. Colorado's rank fell from 26th, a position it held from 2016 to 2018. Colorado ranked in the middle of the competitor states on per capita transportation funding, which were led by Virginia (No. 15) and trailed by Georgia (No. 46).
- Colorado ranks among the top-20 states for the percentage of its electricity generated from renewable sources. Strong policies and investment from the state's utility providers means that renewables fill an increasingly important place in the state's energy portfolio. In 2019, Colorado generated nearly 25 percent of its electricity from renewable sources. Renewable energy investment supports thousands of jobs in Colorado, from manufacturing turbine components to installing wind and solar energy facilities.
- Wind is the largest component of Colorado's renewable energy mix. With nearly 4,700 MW of wind capacity at the end of 2020, Colorado had the nation's seventh-largest wind energy infrastructure. The only competitor states that outranked Colorado for total wind energy capacity were Texas (No. 1) and California (No. 6).
- Colorado ranked eighth among the states for total wind energy net generation and increased production by 17.3 percent in 2020 compared with the previous year.
- Solar energy generation is a rapidly growing segment of Colorado's energy mix, boosted by cost reductions, scale, and vast resource potential. Colorado's solar generation has more than quintupled since 2015 and in 2020 the state had generated the 14th most electricity from solar in the nation. California led the nation, generating 30.5 million megawatt hours of electricity in 2020.



2021: LOOKING BACK ON A BUSY YEAR

The Metro Denver EDC leads global business attraction, retention and expansion efforts for Colorado's Front Range – partnering with state, county and local economic development organizations to support our region and the state's economic vitality.

The team at the Metro Denver EDC manages an average of 30 qualified economic development projects across nine defined industry clusters at any given time. That said, the prospect pipeline in 2021 nearly doubled in a year's time with 54 active companies considering relocation, expansion or investment in Colorado at last count. The majority of our prospect activity has been concentrated in the IT/Software, Bioscience and Food/Bev/Ag industries, and companies are considering Colorado for our workforce, central location and incredible lifestyle.

While Covid-19 has slowed economic activity of some Colorado industries, the EDC team has continued to evolve our services, providing drone site tours, industry peer meetings, and employee residential relocation services virtually. We have also enhanced the proactive efforts to engage with companies focused on creating quality jobs with competitive wages, those invested in diversity and inclusivity efforts, and those that align with the values of our region and state overall.

SAMPLING OF COMPANIES SUPPORTED IN 2021

fluidtruck

HE HOTELENGINE.

MOI MAYBELL QUANTUM INDUSTRIES

melio

ORBITFAB

PROXIMO

Square

strive HEALTH

tipico

ABOUT THE METRO DENVER EDC

Often called a "center of influence," the Metro Denver EDC was the nation's first regional economic development organization. From Castle Rock to Fort Collins and Golden to Greeley, we represent the nine counties and 66 communities that contribute to our resilient economy and incredible culture.

Thanks to the leadership and generosity of 250 of Colorado's most influential companies, we work to monitor and respond to the Colorado economy through corporate attraction and retention; workforce development; domestic and global marketing; investments in infrastructure; and public policy that fosters a pro-business climate.

The data we produce is foundational to the work we do. Publications like our annual *Toward a More Competitive Colorado* report offer our clients, investors and community partners timely and relevant information on our regional and state economies.

If information like the data included in this report would be valuable on a more regular basis, we invite you to consider an investment in our organization. Metro Denver EDC investors leverage our data, intel and insights to strengthen their own companies and programs. They help lead the transformational projects that make Metro Denver a world-class region. They help determine our priorities – including our organizational strategy, policy engagement, and decisions around regional growth. And ultimately, they play a key role in making our community an even better place to live and work.

For more information on becoming part of the Metro Denver EDC or broader Denver Metro Chamber of Commerce, contact membershipdept@denverchamber.org.

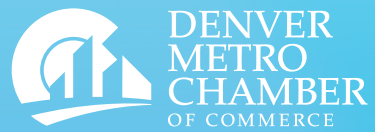
ABOUT DEVELOPMENT RESEARCH PARTNERS



Development Research Partners specializes in economic research and analysis for local and state government and private sector businesses. Founded in 1994, the DRP team combines extensive experience in real estate economics and economic development to provide clients with reliable consulting services in four areas of expertise:

- **Economic & Demographic Research** - Research in support of business and community activities, ranging from community profiles to evaluating and forecasting economic and market conditions.
- **Industry Studies** - Specialized research projects including industry cluster research, industry trends analysis and strategic competitive analysis.
- **Fiscal & Economic Impact Analysis** - Comprehensive custom analysis and analytical tools to evaluate and forecast site-specific activities and model business and government costs and benefits.
- **Real Estate & Public Finance Economics** - Analysis and strategy for infill redevelopment, adaptive reuses and property development, including market and feasibility studies, public investment analysis and public-private partnering opportunities.

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