

# Colorado Prices in the 21st Century

FEBRUARY 2021

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The chart on the second page, inspired by the American Enterprise Institute's "Chart of the Century," displays 17 years of changes in wages, inflation, and the prices of consumer goods and services in Colorado since the beginning of the 21<sup>st</sup> century. As real wages have risen locally, most durable and nondurable goods have become more affordable; conversely, the rising costs of housing, health care, and higher education have increasingly crowded out more and more of every dollar of spending.

The Bureau of Labor Statistics (BLS) produces a historical price index for select metropolitan statistical areas (MSAs). They currently do not produce a statewide price index. Therefore, this chart includes three items which are representative of a statewide average and not just the MSA. Similarly, the price changes reported at the Denver MSA level may not be fully representative of actual price changes in regions across Colorado that are outside of the MSA.

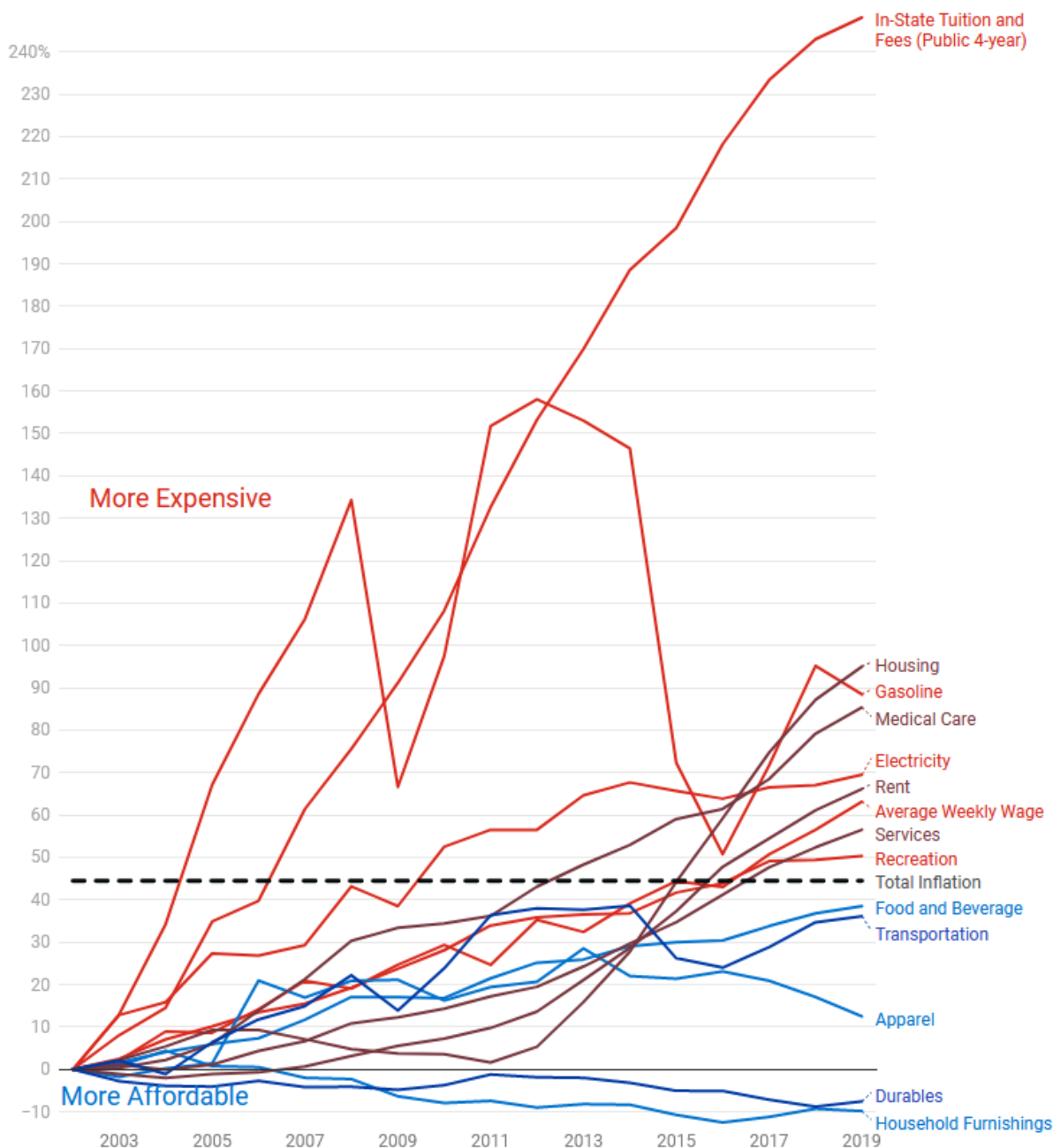
While this chart offers no explanation of the reasons behind the variations in price growth between items, we hope it serves as a common starting point and inspires discussion and more informed questions.

## **Key Changes from 2020 Release:**

- Few of the trends changed much between 2018 and 2019. Each item which was more expensive in 2018 remained so in 2019, as did each item which was less expensive in 2018.
- The only price to significantly change its directional trend was that of gasoline. Historically, the price of gasoline is highly-variable, and it began a sharp multi-year decline in 2019.
- Two spending items, durable goods and household furnishings, have become nominally cheaper since 2002; both were over twice as affordable in 2019 as they were in 2002.
- The price of housing, which comprises the largest share (33.5%) of the average Denverite's budget, grew between 2002 and 2019 at a rate that outpaced that of wages by just over 50%. On average, for every 1% of wage growth, housing prices increased by about 1.5%. The second-largest budget item, transportation, grew by less than half as much as wages over that span.
- Some signs from the new data tentatively point to a slowing increase in the price of higher education. Over the previous decade, four-year tuition and fees increased by an annual average of 16.7%; in 2019, it rose 5.1%. Though the price of higher education grew almost four times faster than wages after 2002, wage growth exceeded it in 2019 for the first time since 2006. If 2019's trends were not aberrant, this price may flatten somewhat over the next several years.

## Colorado Prices in the 21st Century

This chart, inspired by AEI's "Chart of the Century," tracks the change in the prices of different goods and services in Colorado and the Denver Metropolitan Statistical Area (MSA) from 2002 through 2019. Items the prices of which have grown faster than inflation, depicted in red lines, are now more expensive in real dollars than they were in 2002. Those in blue lines are less expensive now than they were in 2002.



Visit <https://commonsenseinstitute.org/colorado-prices-in-the-21st-century/> for a full list of sources. View AEI's "Chart of the Century" here: <https://www.aei.org/carpe-diem/chart-of-the-day-or-century-3/>

## "Colorado Prices in the 21st Century" Chart Sources

Below are the data sources that correspond with the goods and services shown in the "Colorado Prices in the 21st Century" chart.

Data	Source	Region
In-state Tuition and Fees (Public 4-year)	Western Interstate Commission for Higher Education (WICHE), Tuition and Fees in Higher Education in the West. Rates are unweighted state averages. Updated 2.25.2020	Colorado
Gasoline	Colorado Regular All Formulations Retail Gasoline Prices (EIA)	Colorado
Housing	All-Transactions House Price Index for Denver-Aurora-Lakewood	Denver MSA
Medical Care	Consumer Price Index for All Urban Consumers: Medical care in Denver-Aurora-Lakewood	Denver MSA
Electricity	Annual Average Price per Kilowatt-hour, Colorado (EIA)	Colorado
Rent	Consumer Price Index for All Urban Consumers: Rent of primary residence in Denver-Aurora-Lakewood	Denver MSA
All Services	Consumer Price Index for All Urban Consumers: Services in Denver-Aurora-Lakewood	Denver MSA
Recreation	Consumer Price Index for All Urban Consumers: Recreation in Denver-Aurora-Lakewood	Denver MSA
Overall Inflation	Consumer Price Index for All Urban Consumers: All items in Denver-Aurora-Lakewood	Denver MSA
Food and Beverage	Consumer Price Index for All Urban Consumers: Food and beverages in Denver-Aurora-Lakewood	Denver MSA
Transportation	Consumer Price Index for All Urban Consumers: Transportation in Denver-Aurora-Lakewood	Denver MSA
Apparel	Consumer Price Index for All Urban Consumers: Apparel in Denver-Aurora-Lakewood	Denver MSA
All Durables	Consumer Price Index for All Urban Consumers: Durables in Denver-Aurora-Lakewood	Denver MSA
Household Furnishings	Consumer Price Index for All Urban Consumers: Household furnishings and operations in Denver-Aurora-Lakewood	Denver MSA
Weekly Wage	Average Weekly Wages for Employees in Total Covered Establishments in Denver-Aurora-Broomfield	Denver MSA