EAGLE COUNTY
ECONOMIC UPDATE

October 2026

DAVIS SCHOOL OF BUSINESS
COLORADO MESA UNIVERSITY

ECONOMIC SUMMARY

- Eagle County employment averaged 33,259 from January through August 2026, down about 810 (2.4%) from the same months of 2025, and the unemployment rate rose to 3.5% in August from 2.8% a year earlier. Most of the decline appears to reflect a smaller labor force, while the number of unemployed residents rose only slightly.
- Resort related taxes were lower through the summer, with Vail lift tax down 11.9%, Vail sales tax down 4.6% through August, and County sales tax down 1.2% through July. QCEW data shows Eagle County lost 1,099 jobs (2.9%) in Q1 2026, and accommodation and food services accounted for 669 of them.
- The median sales price for a home in Eagle County was about $1.82 million in Q2 2026, down 6.6% from a year earlier, and months supply of inventory averaged 7.7, which is in buyer's market territory. The estimated monthly payment on a median priced home is about 116% of median household income, far above the common affordability benchmark of 30%.

CONTENTS

Local Economic Indicators..... 1
The Local Labor Market..... 2
Standard of Living Measures..... 5
Population Trends..... 7
Industry Trends..... 8

Local Real Estate Indicators..... 10

Colorado Economic Indicators 12

National Economic Indicators..... 13
GDP, inflation, labor market..... 14

LOCAL ECONOMIC INDICATORS

	Q2 2026	Q1 2026	Q2 2025	Change since last quarter	Change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Eagle County -NSA	3.87%	3.00%	3.70%	0.87%	0.17%
Unemployment Rate Colorado -NSA	3.70%	4.20%	4.00%	-0.50%	-0.30%
Unemployment Rate U.S. -NSA	4.20%	4.60%	4.10%	-0.40%	0.10%
Labor Force	33,030	36,095	33,862	-3,066	-833
Employed	31,755	35,008	32,626	-3,253	-871
Unemployed	1,274	1,087	1,236	187	38
Sales/Use Taxes	**2026 (YTD)**		**2025 (YTD)**		
Town of Vail Sales Tax (YTD Jan-Aug)	$29,917,650		$31,363,087		-4.61%
Eagle County Sales Tax (YTD Jan-Jul)	$19,467,629		$19,709,626		-1.23%
Eagle County Lodging Tax (YTD Q1-Q2, 2% basis)	$2,104,231		$2,558,895		-17.77%
Town of Vail Lift Tax (YTD Jan-Aug)	$4,796,343		$5,442,847		-11.88%
Business Filings, Jan-Aug (7 towns)	1,165		1,027		13.44%

Standard of Living and Growth	2025	2024	2023	2022	% change
Population	54,291	54,635	54,807	55,347	-0.63%
	2024	**2023**	**2022**	**2021**	
Eagle County GDP (in thousands)	$5,267,447	$5,096,577	$4,927,871	$4,558,954	3.35%
Personal Income (in thousands)	$7,481,568	$7,115,696	$6,493,492	$5,737,304	5.14%
Personal Income Per Capita	$137,706	$130,343	$117,417	$102,843	5.65%
Median Household Income	$111,517	$110,598	$105,813	$94,928	0.83%
Percent of Population Below Poverty Line	7.9%	6.6%	7.2%	7.1%	1.30%

SOURCES: Unemployment Rates: Bureau of Labor Statistics (LAUS); Labor Force, Employed, and Unemployed: Colorado Department of Labor and Employment; Business Confidence: Leeds Business Confidence Index, University of Colorado Boulder; Sales and Lift Taxes: Town of Vail; County Sales and Lodging Taxes: Eagle County; Business Filings: Colorado Secretary of State's Office; Population, Median Household Income, and Poverty Rate: U.S. Census Bureau (Population Estimates and SAIPE); GDP, Personal Income, and Per Capita Personal Income: Bureau of Economic Analysis; Jobs: Colorado State Demography Office.

LOCAL LABOR MARKET

As of August 2026, Eagle County employment has averaged 33,259 for the year, which is down roughly 810 (2.4%) from the same months of 2025 (Figure 1). The unemployment rate estimate for Eagle County was 3.5% in August, up from 2.8% in August of 2025. The nonseasonally adjusted unemployment rate averaged 3.87% in Q2, slightly above Colorado (3.70%) and below the U.S. (4.20%) (Figure 4). In Q2 the labor force was about 830 smaller than a year earlier, while the number of unemployed residents rose by only about 40, which suggests most of the drop in employment came from fewer residents in the labor force. So far in 2026 the unemployment rate has averaged 3.4%, with an average of about 1,170 residents unemployed.

It is important to note that this data is from the state and is based on a fairly small sample at the county level. Employment is measured by place of residence, and a person with more than one job is counted as employed only once. Eagle County employment is also very seasonal, which is why each month is compared to the same month of the prior year.

The labor force has averaged 34,424 so far in 2026, compared to 35,226 over the same months of 2025 and an average of 35,650 in 2019. Labor force participation in Eagle County was 76.4% in 2025, well above Colorado's rate of 67.5%, although it has fallen from 83.9% in 2019 (Figure 5). Eagle County employment is down 5.9% since 2019, while Colorado employment is up 1.8% and U.S. employment is up 3.6%.

The jobs data in Figure 2 is from the State Demography Office, which measures jobs by place of work and counts every job a person holds. Jobs in Eagle County increased 1.1%, from 43,270 in 2023 to 43,739 in 2024. The largest industries are accommodation and food services (7,898), construction (4,773), retail trade (3,891), health care (3,890), real estate (3,659), and arts, entertainment and recreation (3,639), which includes the ski areas (Figure 3). Figure 6 shows the top three industries since 2001

TOURISM AND RESORT ACTIVITY

Local tax collections are one of the most timely measures of visitor activity in Eagle County. Vail lift tax collections were $4.8 million from January through August 2026, down 11.9% from the same months of 2025, and Vail sales tax brought in $29.9 million, down 4.6%. According to the Town, most of the decline came during the winter, when a lack of snow pushed collections down 9.1%, while summer collections were up 3.7%.

County sales tax brought in $19.5 million from January through July, down 1.2% from 2025, although July alone was up 1.7%. Collections were lower in Avon and Vail and higher in the other towns and the unincorporated areas of the county. With inflation at 3.7%, lower collections mean that taxable spending has fallen after adjusting for prices.

Because the lodging tax rate doubled in 2026, collections are compared using the old rate, which puts first half lodging tax collections at about $2.1 million, down 17.8% from a year earlier. Vail Mountain is scheduled to open November 13th and Beaver Creek November 25th, and early season snowfall will have a large effect on these numbers by the next issue.

OTHER INDICATORS

New business entity filings in Eagle County's seven towns are at 1,165 through August, which is up 13.4% from 1,027 over the same months of 2025. Business filings are a measure of new business activity, and the increase suggests more people are starting businesses in Eagle County even as resort related taxes have slowed.

Figure 1:

Employment Estimates

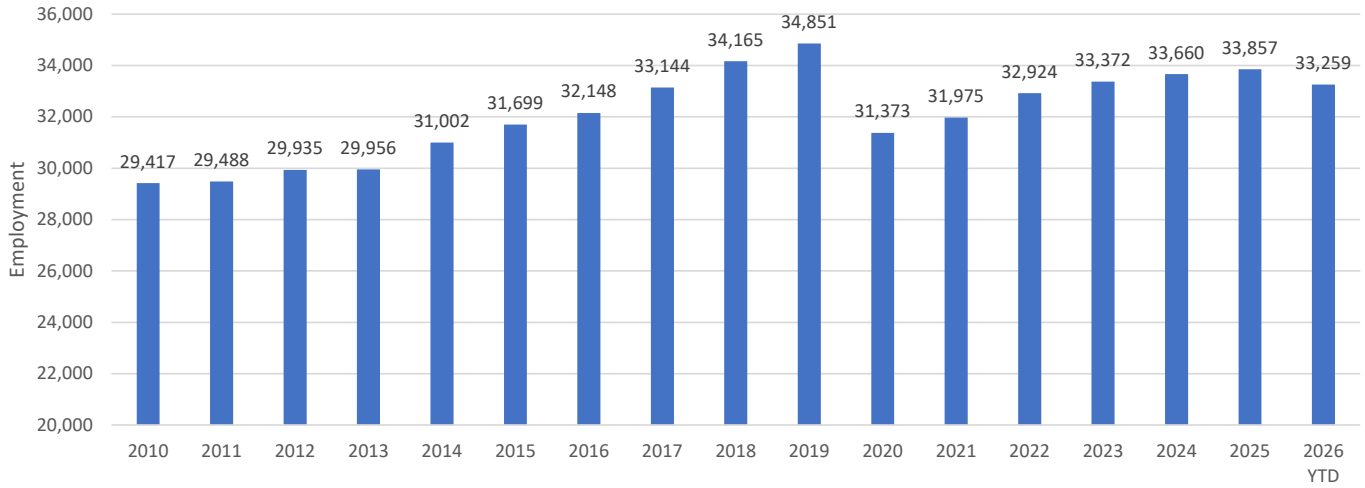


Figure 2:

Total Full and Part Time Jobs

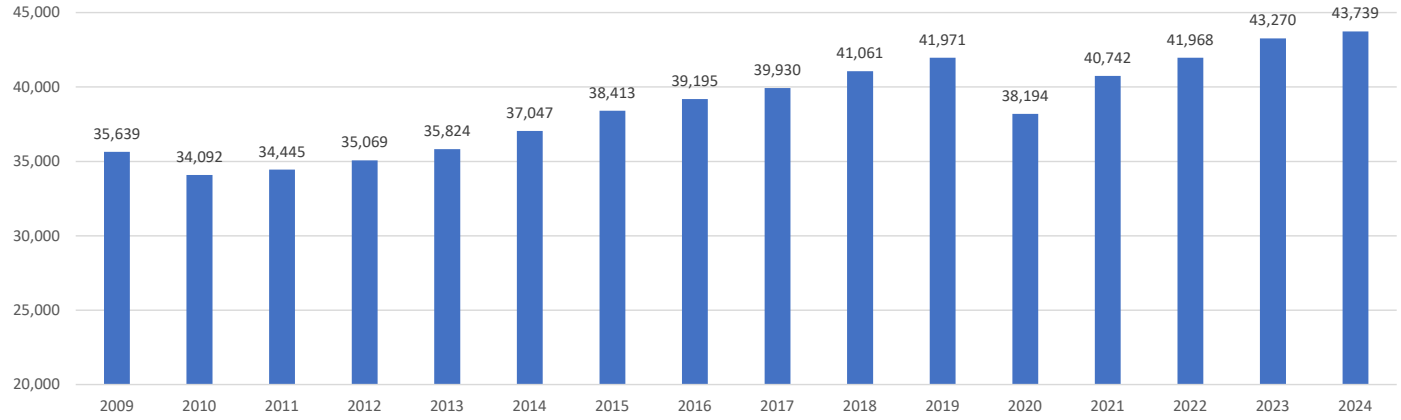


Figure 3:

Jobs by Industry

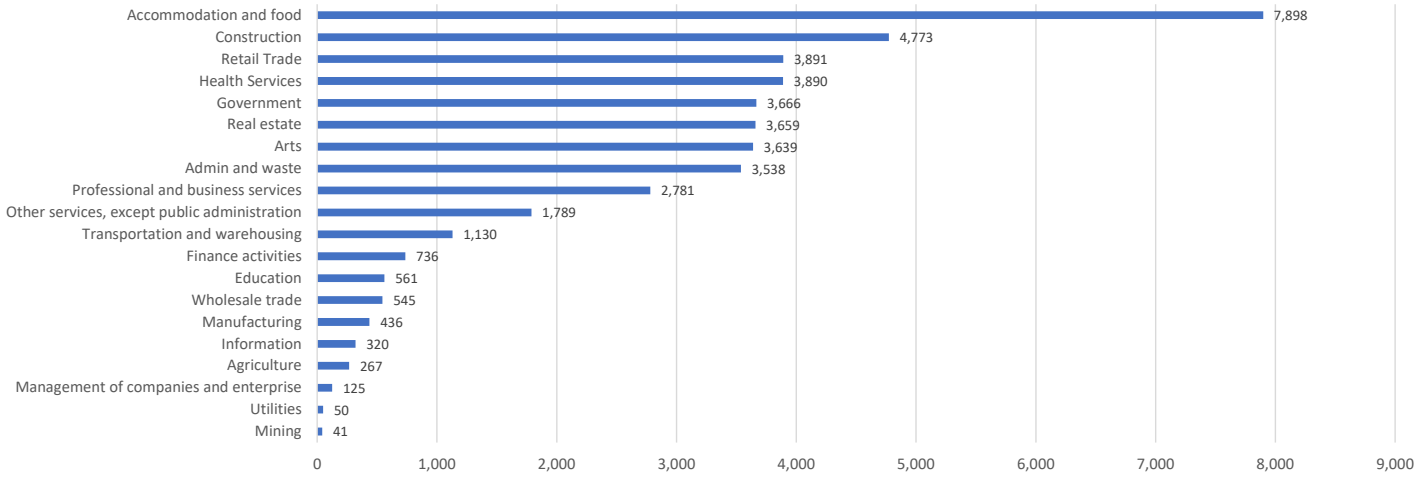


Figure 4:

Unemployment

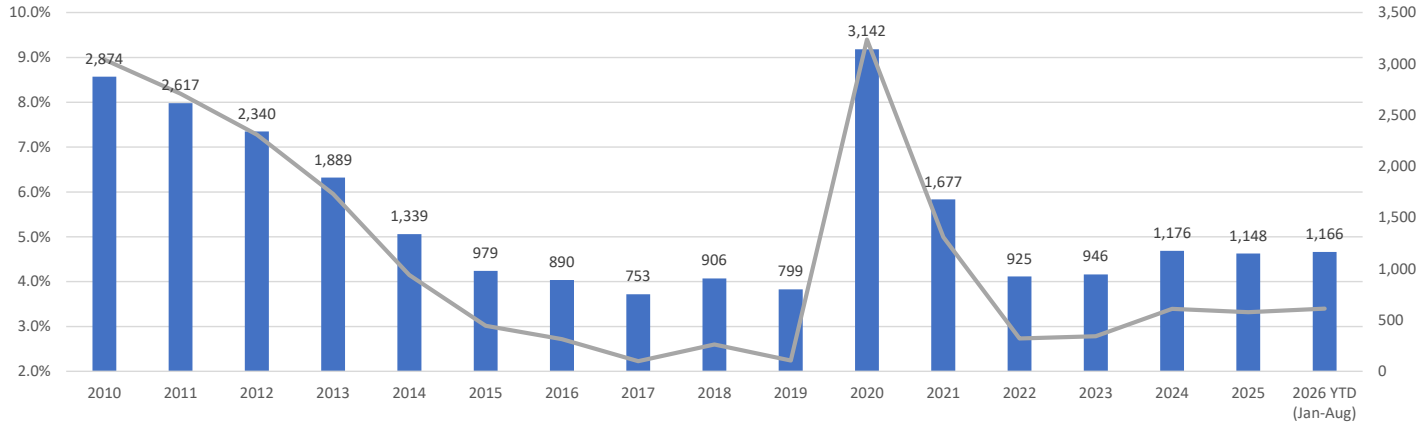


Figure 5:

Labor Force Participation Rate

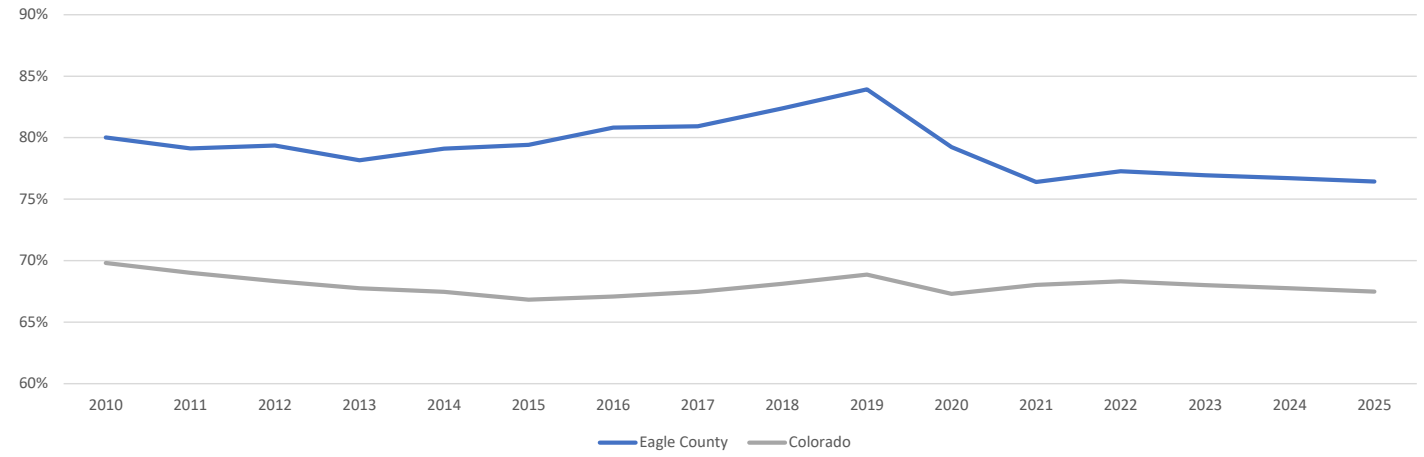
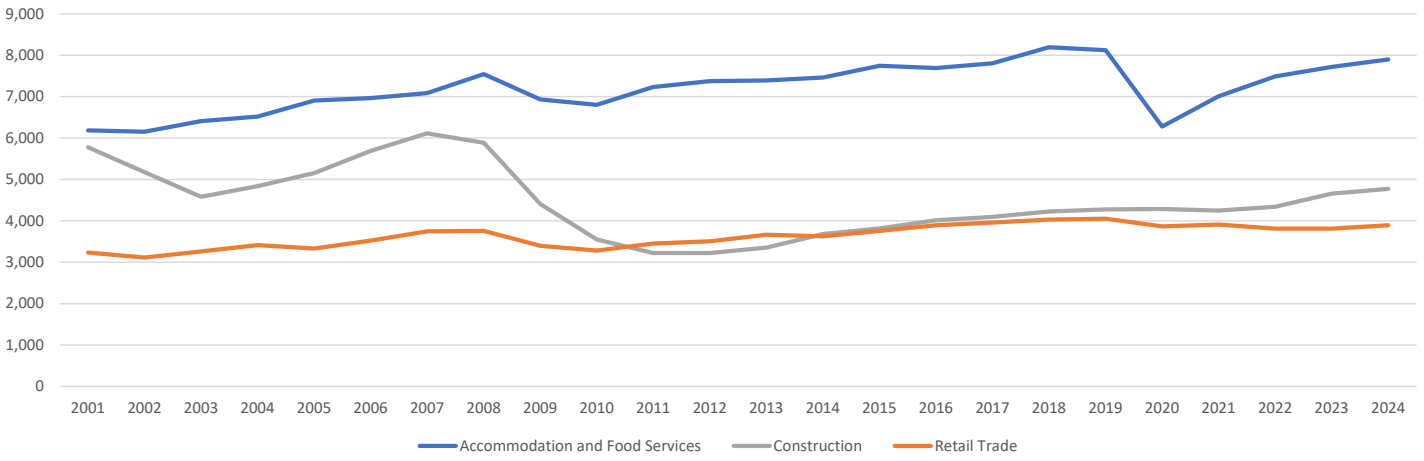


Figure 6:

Top Industry Job Trends



STANDARD OF LIVING MEASURES

Standard of living measures are released each December for the prior year, and county data lags national data, so the most recent estimates are for 2024. Eagle County real GDP grew 3.35% in 2024, after growing 3.42% in 2023 (Figure 8). Figure 7 compares Eagle County to other resort counties, Mesa County, and Colorado. Eagle County's growth was second only to Summit County (4.18%), and was above Mesa (2.63%), Routt (2.48%), Pitkin (2.42%), Colorado (1.96%), and Garfield (1.36%).

Median household income in Eagle County rose 0.8%, from $110,598 in 2023 to $111,517 in 2024 (Figure 9). However, after adjusting for inflation, median household income is below its 2020 and 2023 levels. Median household income is an estimate with a fairly wide confidence interval, so one year's change should be interpreted with caution.

Per capita personal income rose 5.6%, from $130,343 in 2023 to $137,706 in 2024 (Figure 10). Per capita personal income is all personal income in the county divided by the population, and it includes investment income such as dividends, interest, and rent, which is a large part of why it is so much higher than median household income in Eagle County. Per capita income has more than tripled since 2010, when it was $43,780, and after adjusting for inflation it is at its highest level in data going back to 1989.

The Census Bureau's Small Area Income and Poverty Estimates (SAIPE) put Eagle County's poverty rate at 7.9% in 2024, up from 6.6% in 2023. The 2024 rate is the same as in 2019 and below the 2011 peak of 9.8% (Figure 11).

Figure 7:

Comparable County GDP % Change 2024

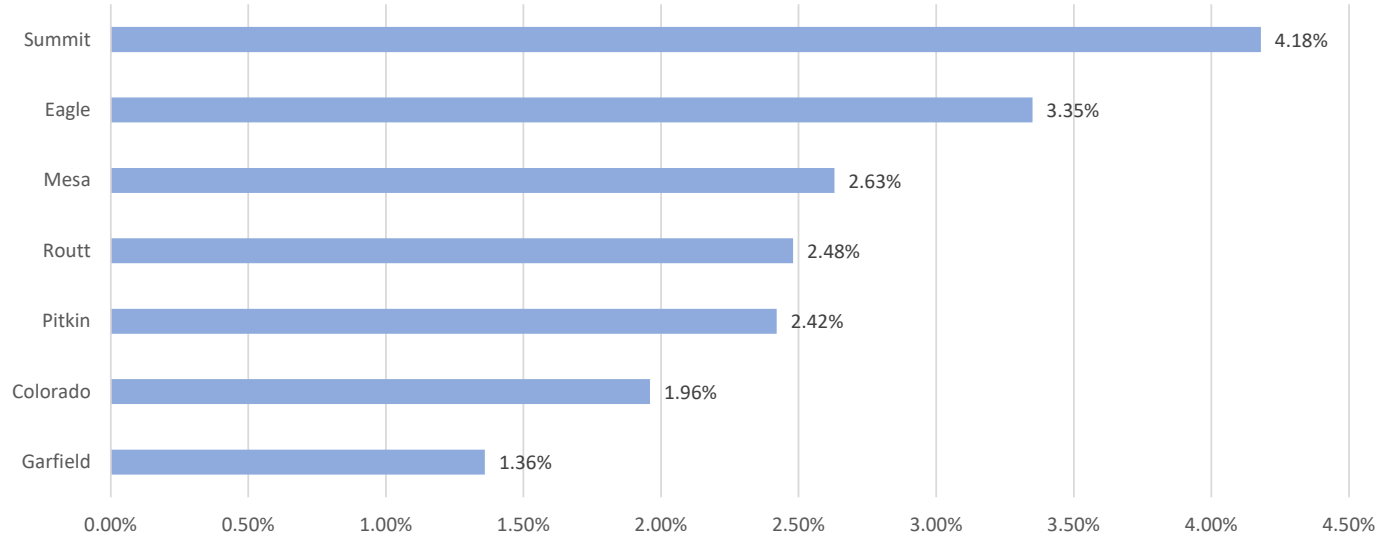


Figure 8:

Eagle County Real GDP % Change (chained 2017 dollars)

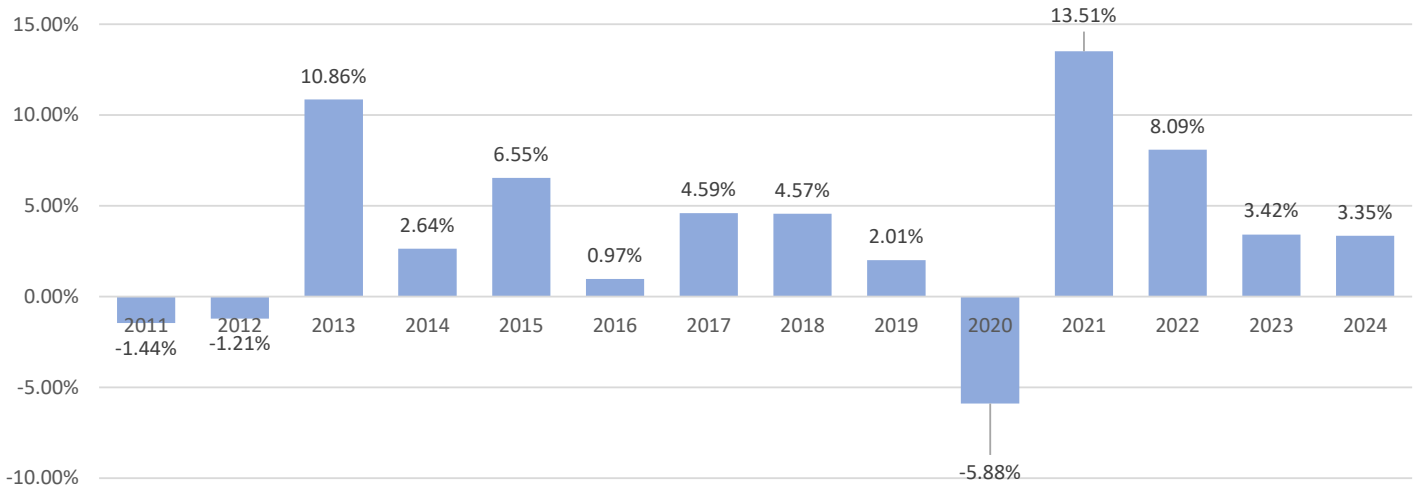


Figure 9:

Median Household Income

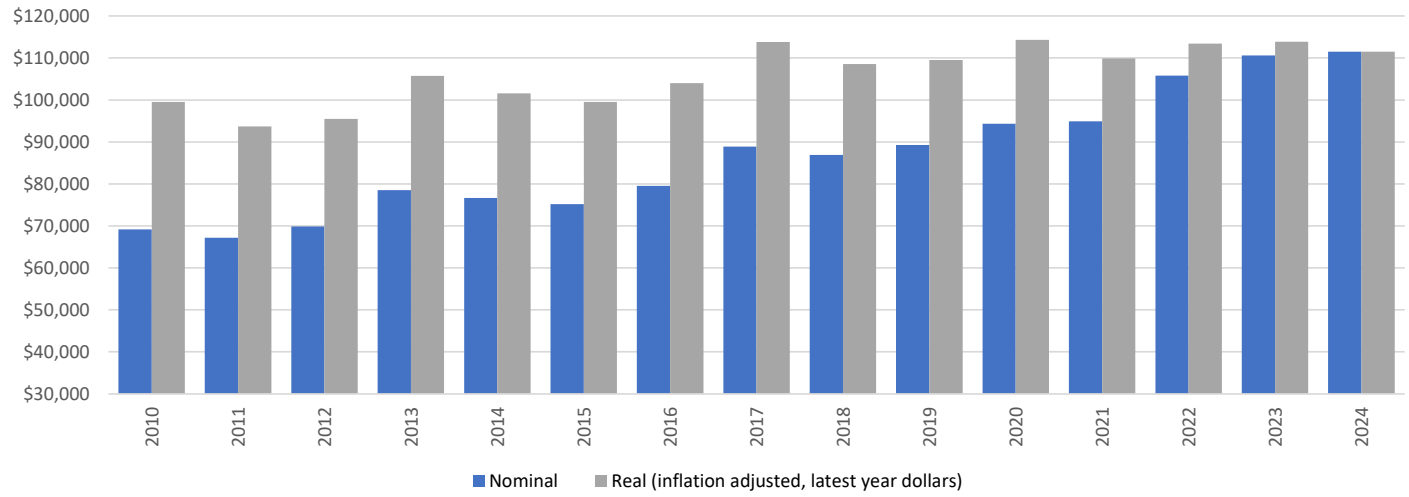


Figure 10:

Per Capita Income

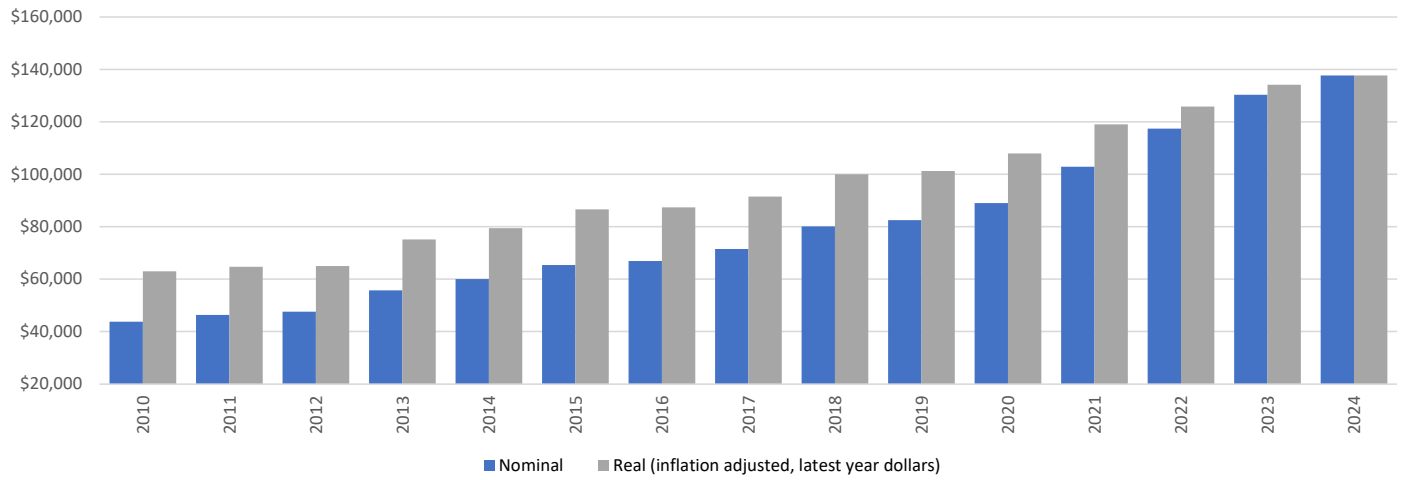
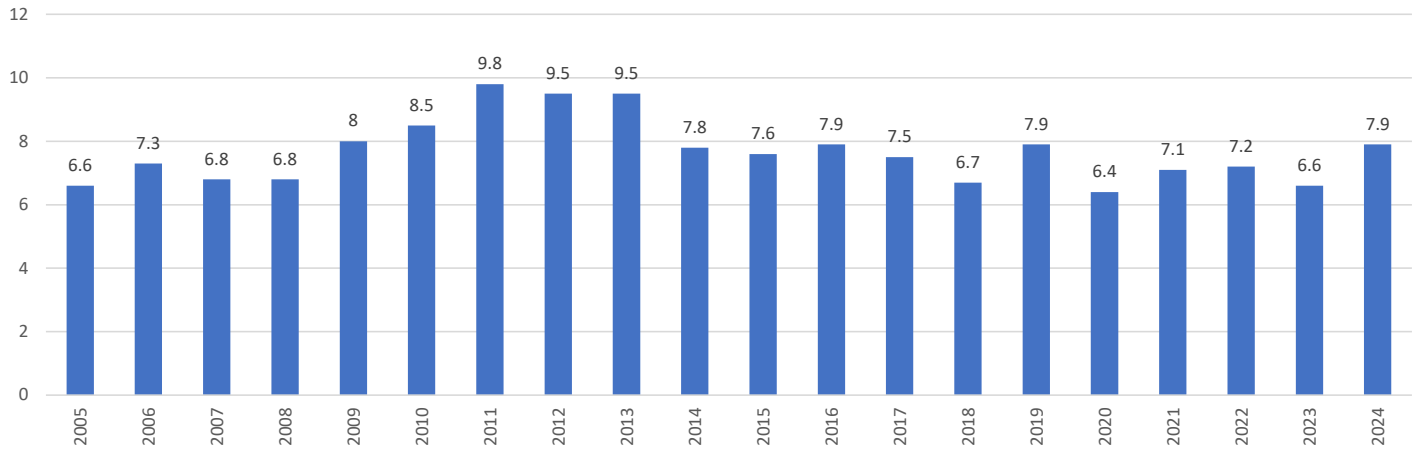


Figure 11:

Percent Below Poverty Line



POPULATION TRENDS

The Colorado State Demography Office estimates Eagle County's population at 54,196 in 2024, down 381 from 2023 and the third straight annual decline since the population peaked at 55,799 in 2021. Table 2 shows population forecasts for Eagle County and nearby resort counties. Eagle County is forecast to reach 54,495 in 2030, 62,042 in 2040, and 68,442 in 2050.

Population change is a function of births, deaths, and migration. Unlike Mesa and Delta counties, Eagle County has more births than deaths each year, with 456 births and 198 deaths in 2024. Net migration has been negative since 2021, with 639 more people leaving the county than moving in during 2024, following a net outflow of 1,076 in 2023. The State Demography Office expects net migration to turn slightly positive, at 103 people per year, by 2030 (Table 3).

Table 2:

Population Estimates Table (2020-2050), Colorado State Demography Office

	Eagle	Garfield	Pitkin	Summit	Routt	Grand	Lake
2020	55,673	61,799	17,358	31,238	24,837	15,750	7,413
2025	53,715	63,220	16,465	30,781	25,229	16,349	7,361
2030	54,495	65,876	16,444	31,446	25,887	16,895	7,661
2035	58,287	70,684	16,534	32,321	26,996	17,539	8,032
2040	62,042	75,562	16,556	33,118	27,878	18,126	8,359
2045	65,393	79,987	16,605	33,782	28,459	18,627	8,602
2050	68,442	83,161	16,743	34,348	28,775	19,078	8,784

Table 3:

Eagle County Population Change Breakdown, Colorado State Demography Office

	Population	Change	Births	Deaths	Net Migration
2019	54,818	613	557	145	201
2020	55,673	855	529	171	497
2021	55,799	126	518	167	-225
2022	55,318	-481	523	181	-823
2023	54,577	-741	508	173	-1,076
2024	54,196	-381	456	198	-639
2030	54,495	433	494	163	103

EAGLE COUNTY INDUSTRY TRENDS

Q1 2026 QCEW data shows Eagle County had 36,205 jobs, a loss of 1,099 (2.9%) compared to Q1 2025 (Table 4). Total quarterly wages rose 1.6%, to $618.5 million, and the average weekly wage rose 4.6%, to $1,314. Accommodation and food services lost the most jobs (669, or 7.7%), followed by administrative and waste services (243), real estate (157), arts, entertainment and recreation (134), and retail trade (103) (Figure 12). These losses occurred during a winter with limited snowfall, which also lowered Vail's lift and sales tax collections, although QCEW data alone cannot show what caused them. Health care (112), transportation and warehousing (109), and management of companies (47) added the most jobs. Accommodation and food services remains Eagle County's largest industry, with 7,983 jobs and $108.9 million in wages for the quarter.

Figure 13 shows longer term trends for key industries using annual QCEW data. Total jobs in Eagle County grew 19.7% from 2014 to 2025, from 29,743 to 35,602. Private health care grew the fastest, adding 1,504 jobs (73.7%) to reach 3,544, and construction grew 34.7%, to 3,722. Accommodation and food services had 7,419 jobs in 2025, roughly the same as in 2014 and below its 2018 high of 7,973, while arts, entertainment and recreation has declined 5.4% since 2014. Essentially, tourism employment has moved horizontally while health care and construction have led job growth, and the share of jobs in accommodation, food, arts and recreation fell from about 37% in 2014 to about 30% in 2025.

Table 4:

Quarterly Census of Employment and Wages (QCEW) Q1 2026 Compared to Q1 2025

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Wage Change	Total Employment Change
Total, All Industries	36,205	$618,479,413	$1,314	$9,567,448	-1,099
Accommodation and Food Services	7,983	$108,893,867	$1,049	-$6,751,844	-669
Health Care and Social Assistance	3618	$87,395,065	$1,858	$4,753,695	112
Construction	3,602	$74,520,522	$1,591	$4,568,714	24
Arts, Entertainment, and Recreation	4,237	$48,508,245	$881	$482,766	-134
Retail Trade	3,666	$47,517,668	$997	-$857,981	-103
Professional and Technical Services	1,431	$39,500,375	$2,124	$2,374,373	-3
Public Administration	1,653	$38,143,125	$1,775	$1,367,163	3
Real Estate and Rental and Leasing	1,798	$31,027,992	$1,328	-$3,939,374	-157
Administrative and Waste Services	2,353	$27,130,241	$887	-$1,390,477	-243
Educational Services	1,592	$23,302,351	$1,126	$390,848	-3
Finance and Insurance	470	$20,354,754	$3,329	$4,104,214	-16
Transportation and Warehousing	1,027	$17,049,876	$1,277	$1,087,310	109
Other Services, Ex. Public Admin	1,224	$16,658,255	$1,047	-$171,804	-68
Wholesale Trade	402	$9,745,294	$1,865	$674,837	-5
Management of Companies and Enterprises	187	$8,746,133	$3,598	$2,064,793	47
Manufacturing	366	$6,983,721	$1,468	$386,901	-4
Information	294	$5,785,300	$1,515	-$147,426	-10
Utilities	215	$5,659,228	$2,022	$191,049	1
Agriculture, Forestry, Fishing & Hunting	52	$733,775	$1,085	$185,529	11
Mining	12	$382,149	$2,383	-$247,315	-15

SOURCE: Colorado Department of Labor and Employment (QCEW). The most recent quarterly data available is reported.

Figure 12:

Total Jobs Change from Q1 2025 to Q1 2026

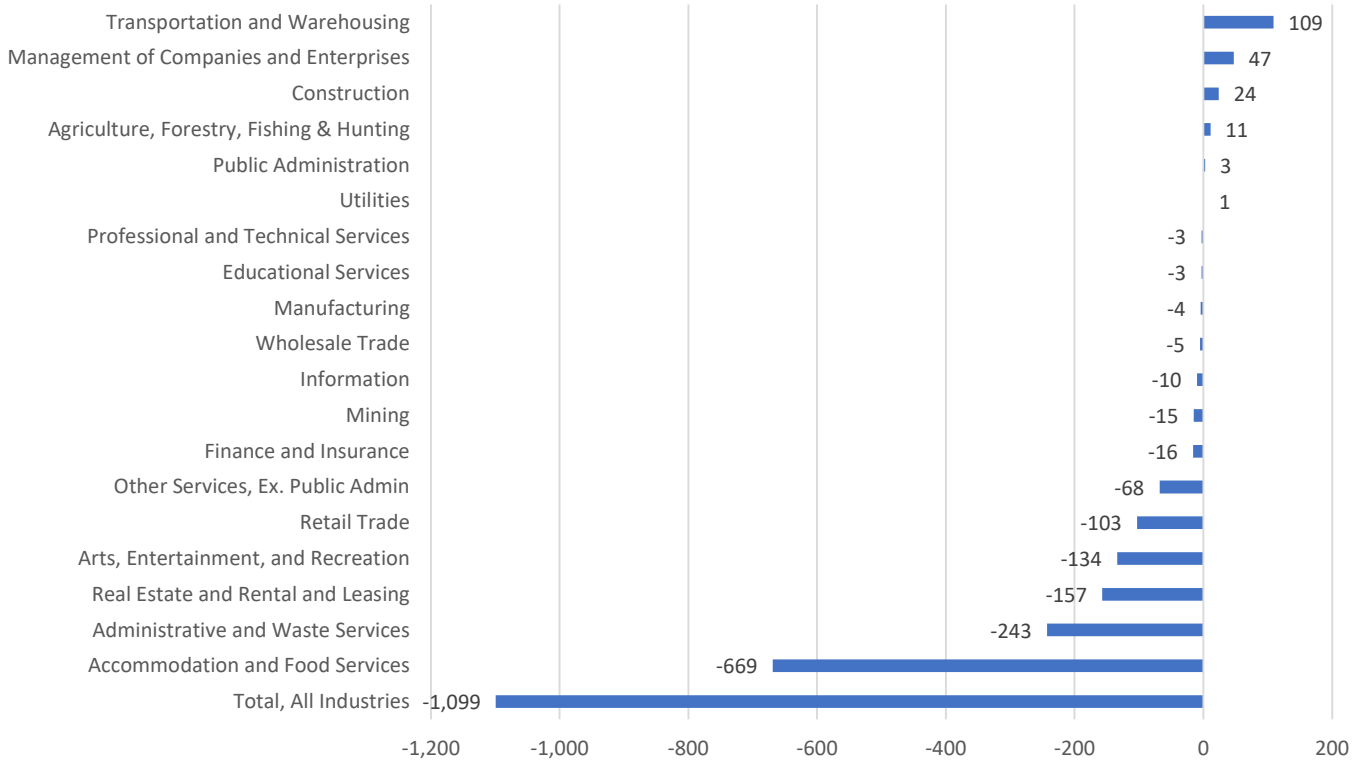
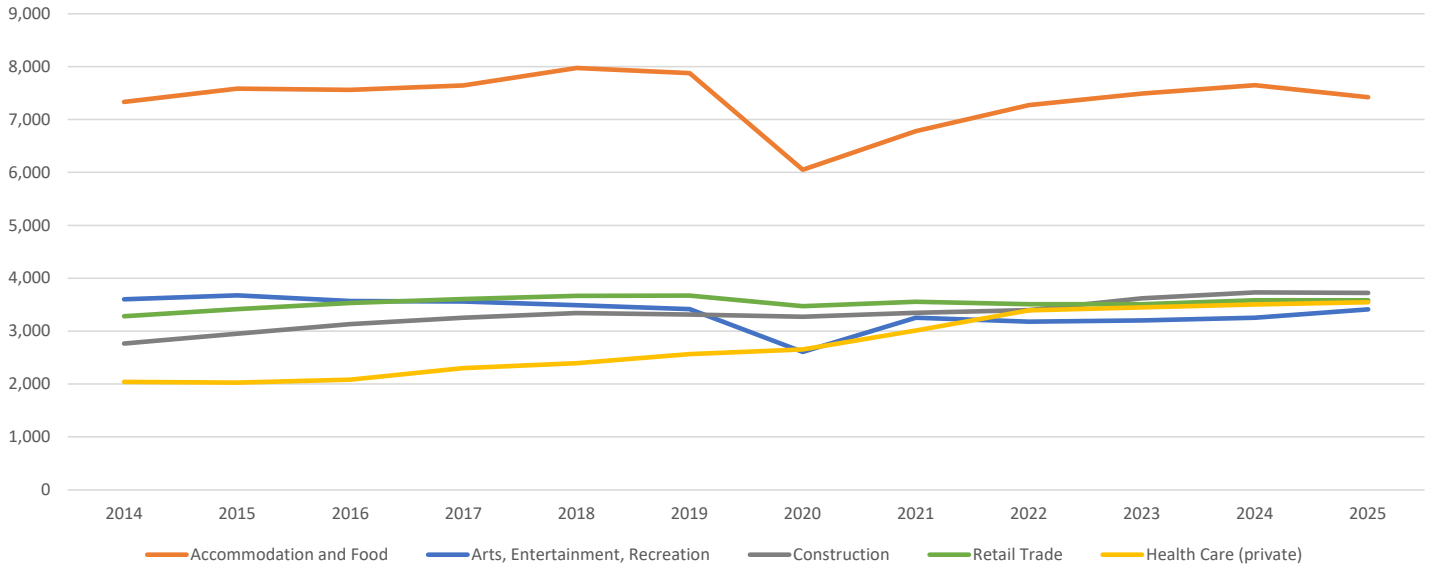


Figure 13:

QCEW Trends



LOCAL REAL ESTATE

	Q2 2026	Q2 2025	% change since last year
Real Estate			
Inventory of Homes for Sale (3 month avg)	337	333	1.00%
New Residential listings (3 month total)	261	275	-5.09%
Sold Residential Listings (3 month total)	124	107	15.89%
Median Sales Price	$1,819,167	$1,947,917	-6.61%
Average Sales Price	$2,742,611	$3,525,861	-22.21%
Days on Market	108	102	5.88%
Months Supply of Inventory	7.67	8.80	-12.88%
	2025	**2024**	
Total Building Permits	223	416	-46.39%
Foreclosures	**2026 (YTD)**	**2025 (YTD)**	
Foreclosure Filings	8	10	-20.00%
Foreclosure Sales	0	1	-100.00%
Mortgage Rates	**Sept 2026**	**Sept 2025**	
30 Year Mortgage Rate	6.86%	6.35%	0.51%
15 Year Mortgage Rate	6.20%	5.50%	0.70%
Housing Affordability	**Q2 2026**	**Q2 2025**	
Price to Income Ratio	16.3	17.6	-1.3
Mortgage Payment as % of median household income	115.56%	118.36%	-2.80%

SOURCES: Real Estate: Colorado Association of Realtors Market Trends Program through ShowingTime (single family homes only); Building Permits: U.S. Census Bureau; Foreclosure Filings and Sales: Eagle County Public Trustee; Mortgage Rates: Freddie Mac.

LOCAL REAL ESTATE INDICATORS

Home sales in Eagle County picked up in Q2 2026, with 124 homes sold compared to 107 in Q2 2025 (15.9%). New listings fell 5.1%, to 261, and active listings averaged 337, about the same as last year (333). Months supply of inventory averaged 7.7 in Q2, down from 8.8 a year earlier, and was 9.4 in August compared to 10.0 last August, which partly reflects the seasonal pattern of the market (Figure 16). The general rule is that a market becomes a buyer's market once months supply goes above 5 or 6, which puts Eagle County in buyer's market territory.

The median sales price in Q2 2026 was about $1.82 million, down 6.6% from $1.95 million in Q2 2025. The average sales price was $2.74 million, down 22.2%, although the average can swing widely in Eagle County based on a small number of very high priced sales (Figure 15). Homes averaged 108 days on market, compared to 102 a year ago.

Affordability continues to be a challenge in Eagle County, where the ratio of the median sales price to median household income rose from 9.6 in 2016 to 16.5 in 2024 (Figure 14). Using the Q2 2026 median sales price, the ratio is about 16.3. With a 30 year mortgage rate of 6.86% and 10% down, the monthly payment on a median priced home is estimated at about 116% of median household income, down slightly from 118% a year ago and far above the common affordability benchmark of 30%.

Census Bureau data shows that Eagle County issued permits for 223 housing units in 2025, down 46% from 416 in 2024. Foreclosure filings in the first half of 2026 fell to 8 from 10, and there were no foreclosure sales compared to 1 a year earlier. As of October 15th, the 30 year mortgage rate was 7.40% and the 10 year treasury was 5.10%, both higher than in September, when the Federal Reserve raised its target rate.

Figure 14:

Housing Cost Ratio

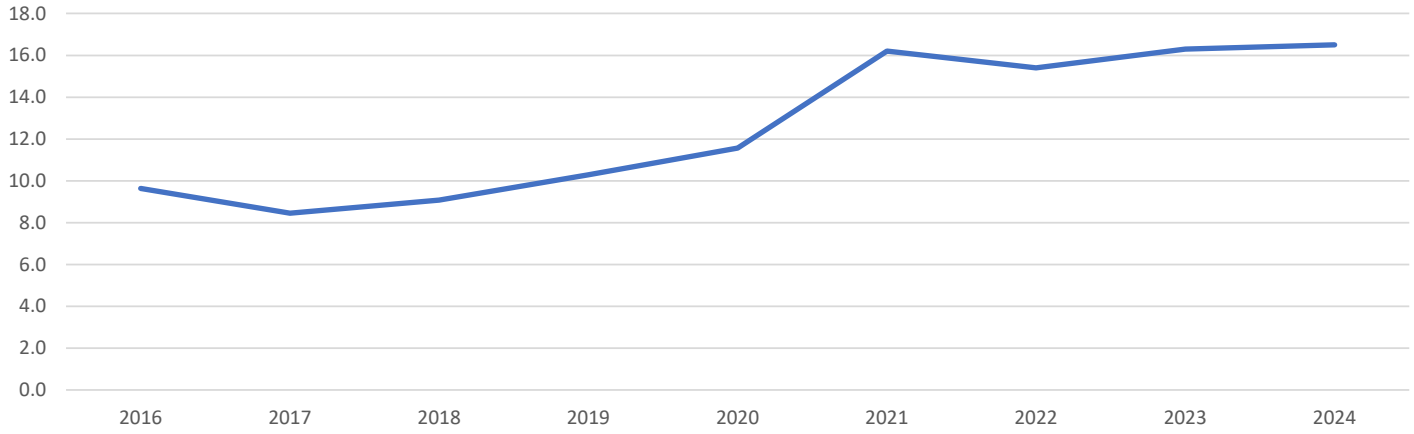


Figure 15:

Median and Average Sales Price

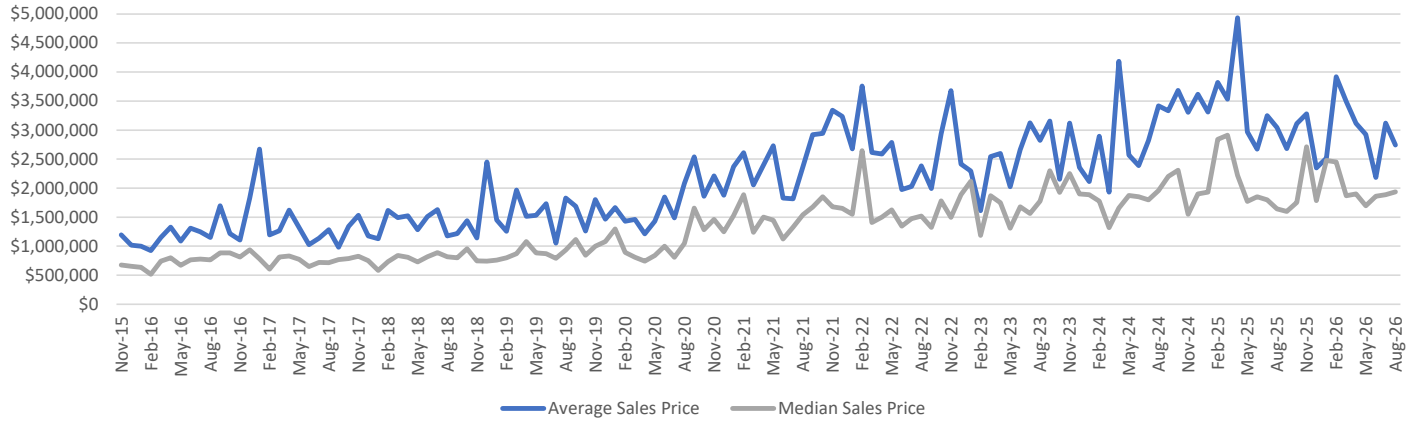
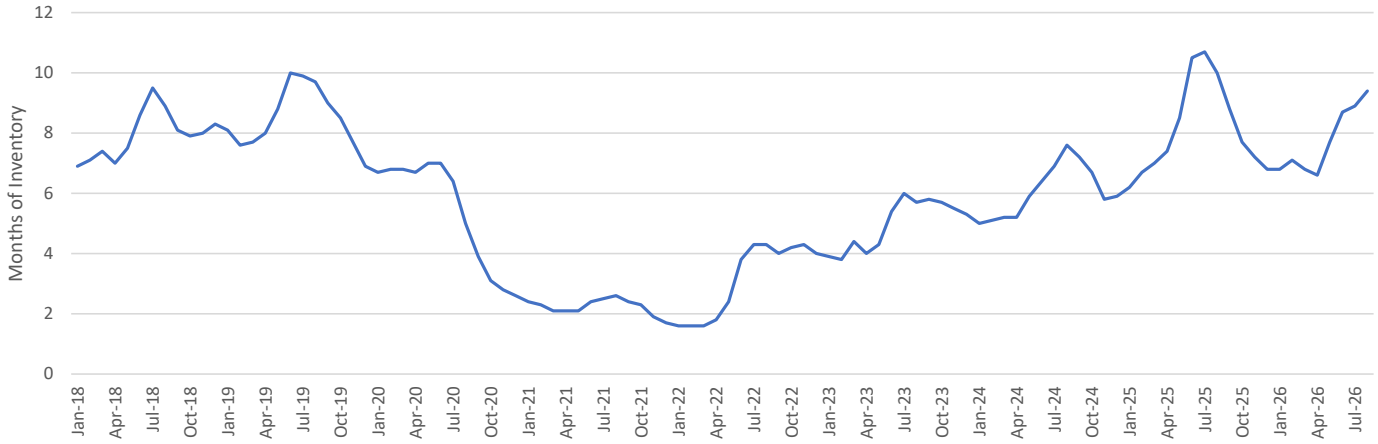


Figure 16:

Months Supply of Inventory



COLORADO ECONOMIC INDICATORS

Colorado Economy (quarterly averages)	Q2 2026	Q1 2026	Q2 2025	change since last quarter	change since last year (comparable quarters)
Real GDP Growth Colorado (annual rate)	1.01%	3.45%	4.42%	-2.44%	-3.41%
Real GDP Growth U.S. (annual rate)	2.20%	2.50%	4.00%	-0.30%	-1.80%
Nonfarm Payroll Jobs Colorado-SA (thousands)	2,966.9	2,956.6	2,957.5	10.3	9.4
Inflation, CPI West Region (change over the year)	3.42%	2.85%	2.41%	0.57%	1.02%
Business Confidence	**Q4 2026**	**Q3 2026**	**Q4 2025**		
Leeds Business Confidence Index (Colorado)	40.7	43.2	36.0	-2.5	4.7
Leeds Expectations for State Economy	35.2	36.9	31.0	-1.7	4.2
Population and Housing	**2025**		**2024**		
Population Colorado	6,012,561		5,988,502		0.40%
	Sep 2026		**Sep 2025**		
Median Sales Price Colorado (single family)	$575,000		$580,000		-0.86%
Months Supply of Inventory Colorado	4.5		4.6		-2.17%

COLORADO ECONOMY

The Colorado economy has slowed in 2026, with real GDP growing at an annual rate of 1.0% in Q2, down from 3.5% in Q1 and below U.S. growth of 2.2%. Job growth has also cooled considerably, as Colorado added only about 6,600 jobs (0.2%) from August 2025 to August 2026, compared to roughly 56,000 to 72,000 jobs per year from 2015 to 2019. Gains were concentrated in education and health care and in leisure and hospitality, while information and financial activities lost jobs. The Leeds Business Confidence Index came in at 40.7 heading into Q4 2026, and expectations for the state economy were even lower at 35.2, which means more Colorado business leaders expect conditions to worsen than improve.

Part of the slowdown appears to come from the supply of workers. Colorado's labor force participation rate fell to 65.3% in August 2026, the lowest on record, after averaging about 72% in the mid 2000s and 68.6% in 2019. Population growth has also slowed, and Colorado grew 0.4% in 2025, or about 24,000 people, to 6.01 million, which is the slowest growth in decades and below the U.S. rate of 0.5%. An aging population is likely a large part of both trends, as baby boomers continue to retire and slower migration into the state brings in fewer working age residents. It is important to note that fewer available workers can hold back job growth even when businesses want to hire, which affects employers in every county.

Inflation in the West region averaged 3.4% in Q2, up from 2.4% a year earlier, while the statewide housing market has softened. The median single family sales price was $575,000 in September 2026, down 0.9% from a year earlier, as sales fell about 15% and months supply of inventory held near 4.5. However, the largest risk for local governments may be the state budget, as the Legislative Council's September forecast projects a $1.58 billion General Fund shortfall for the 2027 to 2028 fiscal year, driven largely by Medicaid costs and federal cost shifts.

Colorado's unemployment rate was 4.0% in August 2026, up slightly from 3.9% a year earlier and below the U.S. rate of 4.1%, but well above the 2.7% average in 2019. Unemployment holding near 4% while job growth has nearly stalled is consistent with a labor market where fewer people are looking for work, as the labor force participation rate fell from 67.0% to 65.3% over the past year. For communities across the state, this means employers may continue to have trouble filling positions even in a slower economy, while state budget pressures and higher interest rates are likely to weigh on growth into 2027.

NATIONAL ECONOMIC INDICATORS

	Latest	Previous	Year Ago	change since last period	change since last year
Quarterly Indicators	**Q2 2026**	**Q1 2026**	**Q2 2025**		
Real GDP	2.20%	2.50%	4.00%	-0.30%	-1.80%
Employment Cost Index	3.38%	3.43%	3.62%	-0.04%	-0.23%
Federal Debt (% of GDP)*	122.6%	122.6%	120.5%	0.0%	2.0%
Labor Market	**Sep 2026**	**Aug 2026**	**Sep 2025**		
Non Farm Payroll Change (in thousands)	29	133	76	-104	-47
Initial Weekly Unemployment Claims (4 week MA)	203,313	203,250	237,313	0.03%	-14.33%
Unemployment Rate-U3-SA	**4.20%**	**4.10%**	**4.40%**	0.10%	-0.20%
Unemployment Rate-U6-SA	7.60%	7.70%	8.10%	-0.10%	-0.50%
Interest Rates and Stocks	**Sep 2026**	**Aug 2026**	**Sep 2025**		
Federal Funds Rate	3.73%	3.63%	4.27%	0.10%	-0.54%
10 Year U.S. Treasury	4.99%	4.68%	4.12%	0.31%	0.87%
30 Year U.S. Treasury	5.37%	5.22%	4.74%	0.15%	0.63%
S&P 500	7,669	7,711	6,584	-0.54%	16.49%
Inflation	**Sep 2026**	**Aug 2026**	**Sep 2025**		
Inflation Rate (CPI)	3.72%	3.35%	3.02%	0.36%	0.69%
Inflation Rate, Western Small and Mid-Size Metros (CPI)	2.95%	2.89%	3.48%	0.06%	-0.52%
Core Inflation Rate (All Items Less Food and Energy)	2.57%	2.45%	3.02%	0.12%	-0.45%
Inflation Rate (Shelter)	3.22%	3.03%	3.58%	0.19%	-0.36%
Producer Price Index (PPI)	12.84%	9.78%	3.71%	3.07%	9.13%
Business Activity	**Aug 2026**	**Jul 2026**	**Aug 2025**		
National Consumer Confidence	51.7	55.2	58.2	-6.34%	-11.17%
Industrial Production Index	103.3	103.2	101.6	0.06%	1.62%

SOURCES: GDP: Bureau of Economic Analysis. Consumer Confidence: University of Michigan. Industrial Production and Interest Rates: Board of Governors of the Federal Reserve System. Weekly Unemployment Claims: U.S. Employment and Training Administration. Non-Farm Payroll, Unemployment Rates, Inflation Measures (including Western Metros CPI) and Employment Cost Index: Bureau of Labor Statistics. Stock Prices: S&P Dow Jones Indices, LLC. Federal Debt: U.S. Office of Management and Budget. * indicates data is lagged by one quarter. Changes in rates are in percentage points.

Figure 17:

Real GDP for U.S.

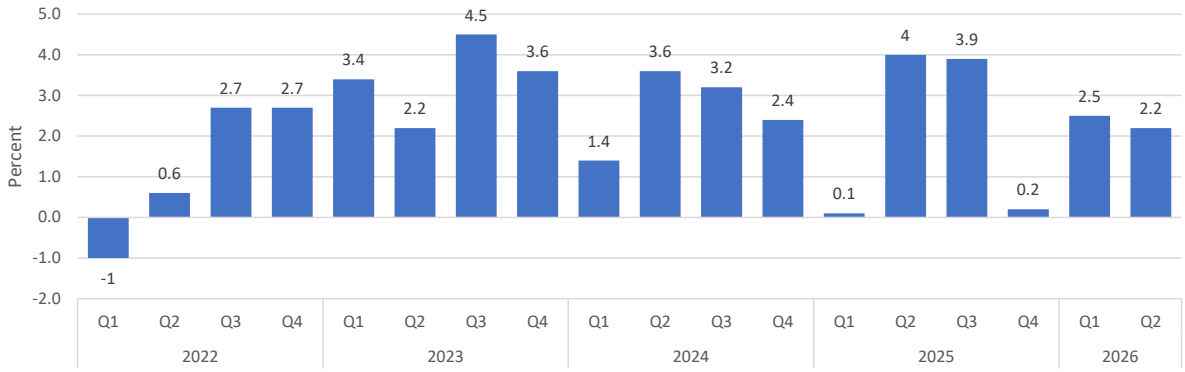
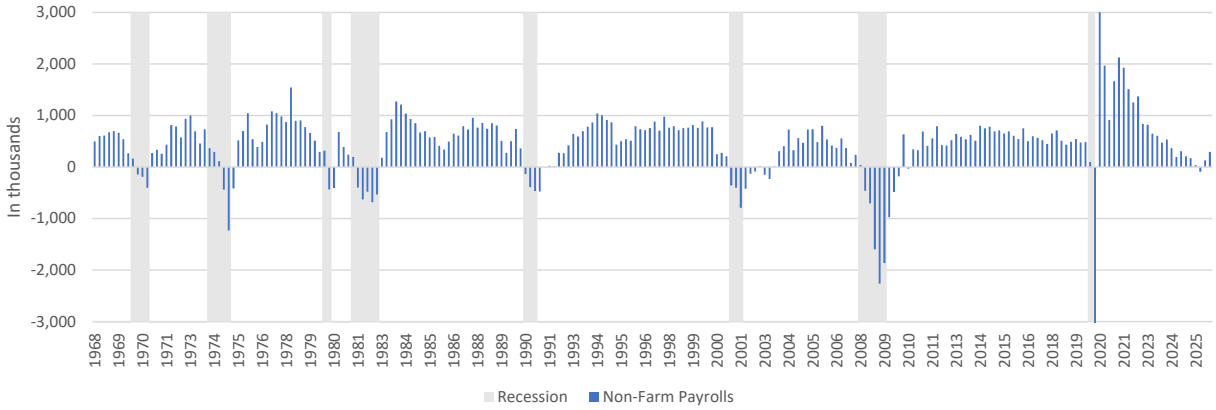


Figure 18:

Non-Farm Payrolls (Quarterly)



ECONOMIC GROWTH

U.S. real GDP grew 2.2% in Q2 2026, down from 2.5% in Q1 (Figure 17). Growth appears to have picked up in the third quarter, with the Atlanta Federal Reserve's GDPNow model estimating Q3 growth at 3.5% as of October 20th. Retail sales were up 5.6% in Q2 compared to a year earlier, although higher gasoline prices account for part of that increase (Figure 19). Some consumer measures show signs of stress but others show a resilient consumer who is insistent on spending. Industrial production is up 2.2% from a year ago, and the S&P 500 is up 16.5%. However, consumer sentiment remains low, with the University of Michigan consumer sentiment index falling to 51.7 in August, down from 58.2 a year earlier and close to its all time low of 50.0 in June 2022 (Figure 20).

LABOR MARKET

The U.S. added 29,000 jobs in September, down from 133,000 in August, continuing a slowdown in hiring (Figure 18). The unemployment rate was 4.2% in September, slightly lower than a year ago (Figure 21). Initial unemployment claims remain low, with the four week average at about 203,000. Layoffs are not accelerating, but hiring is slow. Wage growth continues to cool, with the employment cost index up 3.4% from a year ago in Q2, compared to 3.6% in Q2 2025 (Figure 22).

INFLATION

Consumer prices rose 3.7% over the year ending in September, up from 3.4% in August and 3.0% a year earlier. Core inflation, which excludes food and energy, was 2.6%, lower than a year ago (3.0%), with energy as the main source of rising inflation. Producer prices rose 12.8% in September, up from 9.8% in August, reflecting higher oil and fuel costs that may pass through to consumer prices in the coming months. Inflation in small and mid size western metros, which best represents the Western Slope, was 3.0% in September, below the national rate. Shelter inflation ticked up to 3.2% in September from 3.0% in August.

In response to inflation staying above the target rate of 2%, the Federal Reserve raised the federal funds rate by 0.25 percentage points on September 16th, to a range of 3.75% to 4.00%. The vote was unanimous, and Fed officials project one more increase this year, with the next meeting on October 27th and 28th. The 10 year treasury rose to 4.99% in September, up from 4.12% a year ago. The intention is to push interest rates up, cool the economy, and push inflation lower. This is a difficult task for the Fed, as most of inflation is resulting from higher energy prices, and it's questionable whether Fed interest rate policy can compensate for supply shocks. This will put pressure on an already stretched U.S. consumer and slowing labor market, setting the stage for further slowing in hiring and eventual increases in the unemployment rate.

Figure 19:

Retail Sales

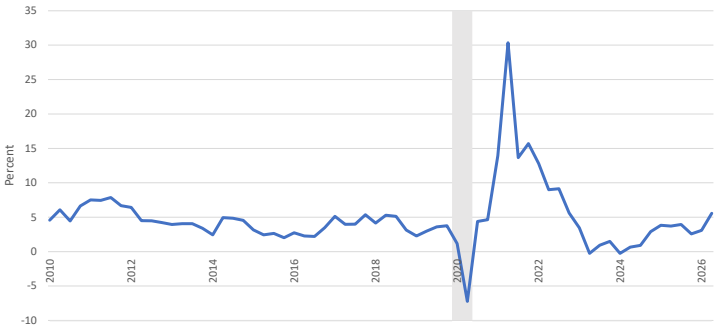


Figure 20:

University of Michigan Consumer Confidence Index

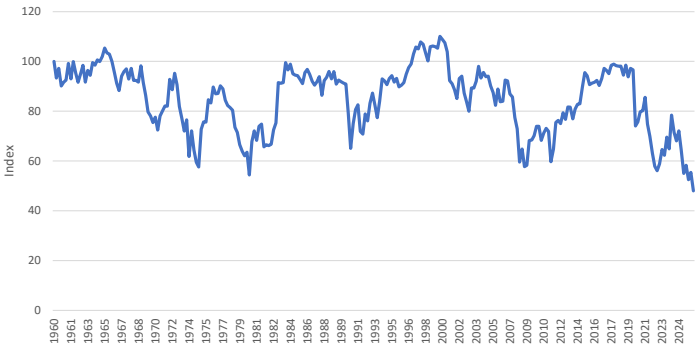


Figure 21:

Unemployment Rate

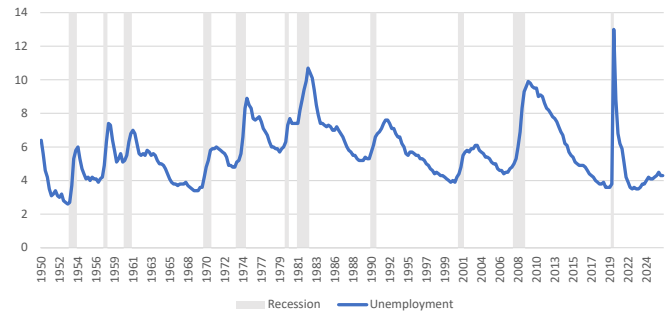
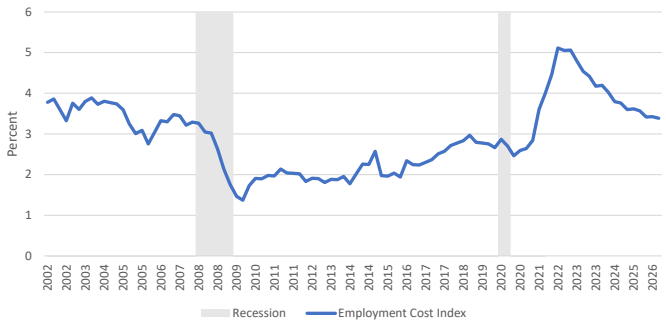


Figure 22:

Employment Cost Index



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EAGLE COUNTY ECONOMIC UPDATE

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The Eagle County Economic Update is compiled and written by Dr. Nathan Perry, Professor of Economics at Colorado Mesa University.

