[DELIBERATIVE AND CONFIDENTIAL]

2025 State of Denver Restaurants: Challenges Facing the Sector

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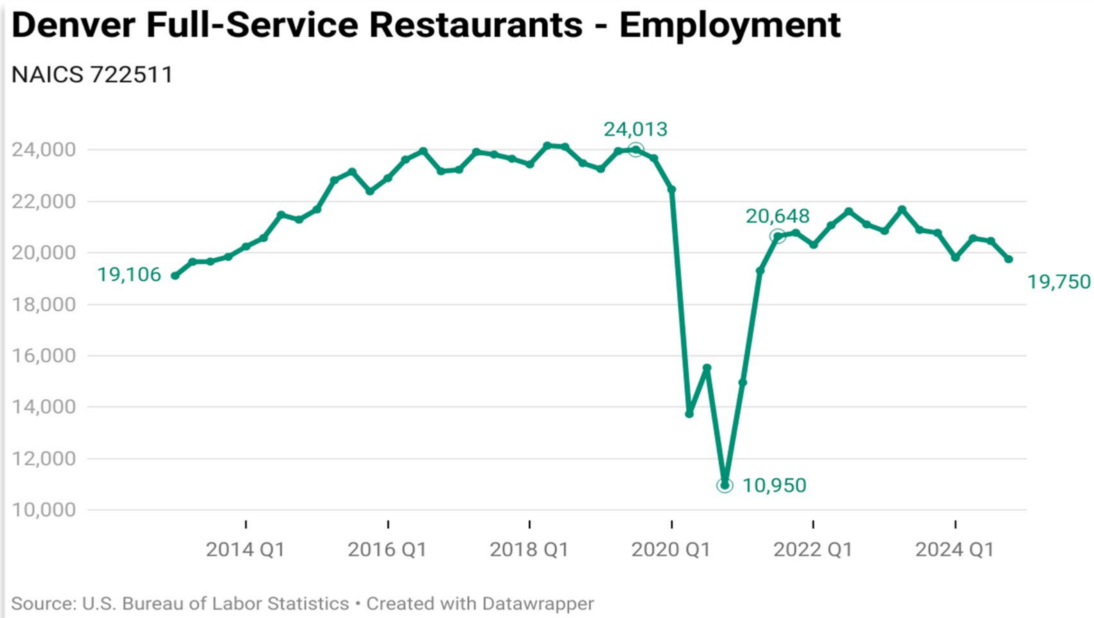
1. Executive Summary

The Denver Restaurant Liaison Project was launched by Denver Economic Development & Opportunity (DEDO), Visit Denver, and inKind to understand the current challenges facing Denver's restaurant sector and to identify practical policy options grounded in data and operator experience. Cumulus, Etc.—Adam Schlegel—and Dana Faulk Query were hired to lead this six-month project. According to Bureau of Labor Statistics data (BLS), restaurants employ 7.9% of Denver's total workforce—down from 8.7% in 2019—and generate approximately 13% of the City's sales-tax revenue, making the sector a critical pillar of both household employment and the municipal budget (City and County of Denver, Annual Comprehensive Financial Report 2024).

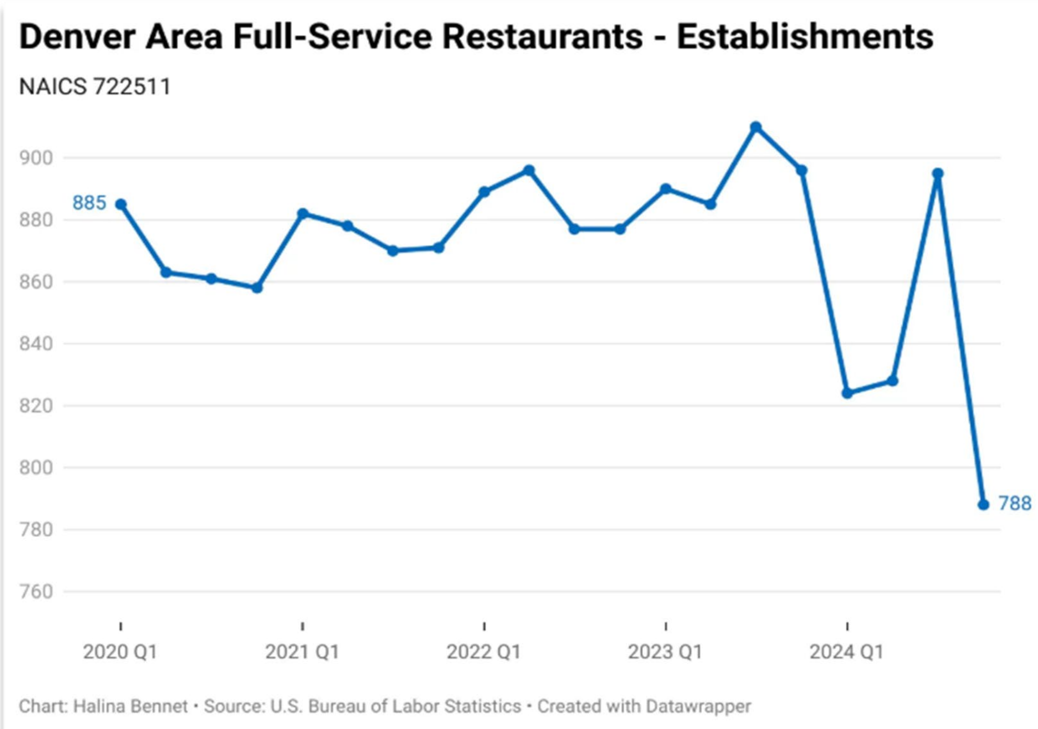
The evidence collected through this project shows that Denver's restaurant economy is in a period of structural contraction, not recovery. Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) data indicate that Denver has 6% fewer restaurant sector jobs and approximately 15% fewer full-service restaurant jobs in 2025 than at the beginning of 2020. This decline in jobs is driven entirely by losses in the full-service category, as the limited-service restaurant category established less than 100 new jobs from 2019 to 2025. Factoring in the average annual pre-pandemic industry growth rate of 2.3% from 2014-2019(QCEW), the number of jobs missing could be even higher and is estimated between 10,000–15,000 restaurant jobs that would likely exist today.

Figure 1 - Denver Full-Service Restaurants - Employment



City finance data confirm weakening demand. Between 2023 and 2024, the Denver Department of Finance recorded a 2.2% decline in gross restaurant sales in the full-service restaurant category (Denver Department of Finance, 2025). Data demonstrates that sales-tax revenue from Eating and Drinking Establishments has declined below pre-COVID growth rates.

Figure 2 - Denver Area Full-Service Restaurants - Establishments



On the cost side, operators report rapid increases across every major expense category. The Denver Restaurant Liaison Survey (2025) shows average increases of 50–55% in hourly labor costs, 23% in rent, and 22% in cost of goods sold between 2019 and 2024. According to that same survey, overall earnings declined nearly 20% during the same period. These pressures are compounded by sustained inflation across utilities, insurance, property taxes, financing costs, and new state-mandated employee benefits including the Family and Medical Leave Insurance (FAMLI) program, which was passed in 2020 and implemented in 2023, and the Healthy Families and Workplaces Act (HFWA), which was passed in 2020 and became mandatory in 2021.

Labor costs were the most frequently cited challenge among operators, with mandated hourly wage increases far outpacing sales growth and effectively eliminating profit margins. Respondents reported little room to raise menu prices further without losing guests, and external benchmarks confirm that Colorado and Denver now have some of the highest restaurant prices in the country.

Operators overwhelmingly link these pressures to Denver's rapidly increasing local minimum wage, Colorado's fixed $3.02 tip credit, and ordinances that trigger uncapped annual CPI-based wage hikes. While many tipped workers earn well above the minimum wage—$35+ per hour based on qualitative data—restaurants report that escalating wage floors are forcing reductions in hours, staff cuts, or closures, underscoring how labor costs have become the most destabilizing factor for Denver's full-service restaurants.

External benchmarks reinforce the shrinking margin for price flexibility. Colorado has recorded the highest restaurant inflation in the country (USA Today, November 7, 2024, 'Reality Bites'), and Colorado's menu prices now sit 5.1% above the national average, with Denver approximately 2.7% above the average of the 20 largest U.S. cities (Washington Hospitality Association, November 5, 2025, 'Cost of Dining Report'). Guests are paying more, but restaurants are earning less—a pattern consistent with operators' reports that further price increases would drive customers away.

As discussed in detail later in the report, case-study analyses deepen this picture. Across more than 80 Denver profit-and-loss statements and two longitudinal cohorts, restaurants would have needed ~25% sales growth from 2019 to 2024 to break even. Actual sales increased roughly 5%, driven primarily by price rather than traffic. Blak Box Intelligence, a leading research and data platform in the hospitality industry, Denver's overall traffic decreased by 2.9% in 2023, further decreased by 3.9% in 2024, and is negative 2.3% through November of 2025. From 2019 to 2024, labor's share of revenue rose 7–8 percentage points, Prime margins[1] fell nearly 4 points, and Earnings Before Interest, Taxes, and Amortization (EBITDA[2]) turned negative for many full-service restaurants after 2022—even as comparable non-Denver locations across Colorado remained stably profitable.

Regulatory and permitting challenges further contribute to the fragility of the sector. Operators and brokers consistently described Denver's regulatory environment as slow, fragmented, and unpredictable, with multi-agency processes that lack clear sequencing, consistent timelines, and unified communication. Many emphasized that they are not seeking deregulation but rather clear, coordinated, risk-appropriate pathways for common business operations.

Permitting delays are widely reported to extend build-out timelines by months, increasing carrying costs and jeopardizing financing. Operators noted inconsistencies in inspection outcomes, conflicting guidance between departments, and difficulty accessing timely answers to basic procedural questions. Brokers similarly reported that regulatory friction has become a defining element of the market, with some national brands (Denver Liaison Project Broker Roundtable) choosing to pause or cancel Denver expansions due in part to permitting uncertainty.

These regulatory burdens intersect with rapidly rising fixed costs. Elevated real-estate taxes and insurance premiums add further strain, creating a high-cost,

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1 Prime margin is calculated as Total Sales minus Prime Costs, where Prime Costs include Cost of Goods Sold (COGS) plus all direct labor (wages, payroll taxes, and benefits for hourly and salaried staff involved in operations). Prime Margin % = (Sales – COGS – Direct Labor) ÷ Sales. This metric reflects the restaurant's controllable operating efficiency and is one of the most widely used performance benchmarks in the industry.

2 EBITDA is used to compare restaurants because it removes differences in financing, taxes, and non-cash accounting items, providing a consistent apples-to-apples view of underlying operating performance. Typical EBITDA margins for healthy independent restaurants range from 8–15%, and well-run multi-unit concepts often fall in the 12–18% range. https://pos.toasttab.com/blog/on-the-line/what-is-a-good-ebitda-for-a-restaurant high-friction environment that limits the ability of independent and minority-owned operators to open, expand, or reinvest.

Public-safety and street-condition concerns add a final layer of operational pressure. Operators report shortening hours, reducing outdoor seating, and increasing spending on security due to vandalism, theft, and behavioral-health crises near their restaurants. These conditions influence visitor behavior, reduce late-night economic activity, and heighten the financial risk of operating in certain corridors.

Throughout this project, the City of Denver—under Mayor Mike Johnston's leadership—has demonstrated meaningful engagement with the industry. The mayor's office, DEDO, and relevant city departments have participated actively in interviews, roundtables, and data reviews, and have begun implementing permitting improvements and public-realm activation strategies. Early increases in downtown foot traffic reflect the value of these efforts. Yet operators consistently emphasize that these positive trends have not yet translated into sustained improvements in sales, job recovery, or margin stability.

This report does not argue for any single corrective measure. Instead, it documents the scope and nature of the challenge and offers a portfolio of options across four domains—labor and workforce, cost and business stability, regulatory and permitting processes, and public safety—grounded in empirical evidence and validated by operator experience. The overarching finding is clear: restoring Denver's restaurant sector to a stable, job-producing, revenue-generating position will require coordinated, cross-agency attention at the scale of a citywide economic development priority.

2. Introduction and Context

Restaurants are foundational to Denver's cultural identity, economic health, and hospitality ecosystem. They serve as neighborhood anchors, major employers, and critical drivers of tourism and economic development. Representing 8.7% of the city's total workforce - down from 9.7% in 2020 (Bureau of Labor & Statistics) - and contributing 13% of all sales tax revenue (City of Denver Financial Report, 2024), restaurants are a significant source of jobs and financial contribution to the city's annual budget. The restaurant sector is a key driver of tourism and is also one of the most visible and influential industries in the city, contributing to its unique cultural fabric and providing residents and visitors with crucial and beloved places to gather. Yet in recent years, the city's restaurant sector has struggled under the combined weight of rising costs, weakened demand, safety concerns, and structural challenges within the regulatory environment. This aligns with emerging national research, including a 2025 analysis in The Economist, warning that high local minimum-wage escalations may unintentionally amplify stress on restaurants when layered on top of inflation, weakened demand, and rising non-labor operating costs (The Economist, November 20, 2025, ‘Economists Get Cold Feet About High Minimum Wages’).

In response to rising concerns about the city’s restaurant industry, Visit Denver, Denver Economic Development & Opportunity (DEDO), and inKind partnered with Cumulus, Etc. to lead the Denver Restaurant Liaison Project—a strategic effort to understand restaurant challenges using empirical data, operator insights, and comparative analysis. Cumulus, Etc. is a consulting company focused primarily on the hospitality industry. Adam Schlegel serves as the principal and partnered with industry veteran Dana Faulk Query to lead this effort. This report synthesizes those findings to present a comprehensive picture of the state of the sector and a policy framework for strengthening Denver’s restaurant economy.

This project reflects extensive engagement with operators across the city and draws from surveys, interviews, neighborhood walkthroughs, commercial broker feedback, and national datasets. The intent is to equip city departments and policymakers with clear, actionable insights grounded in rigorous data and lived experience. The City’s engagement—rooted in partnership, transparency, and a shared commitment to Denver’s economic vitality—provides a strong foundation for the policy and implementation strategies recommended in this report.

3. Methodology

The Denver Restaurant Liaison Project utilized a mixed-methods research approach to ensure a comprehensive and accurate understanding of sector conditions. The methodology included:

1. **Restaurant Operator Survey (2025)**: Made available in English, Vietnamese, and Spanish, and distributed to more than 1,000 operators with over 150 full-service, quick-service, independent, multi-unit, and minority-owned restaurants represented in the results.
2. **Operator Interviews and Roundtables:** Over 50 in-depth interviews were conducted with operators from diverse districts and business models. Five restaurant roundtables were held with multi-unit groups, minority-owned restaurants, and independent neighborhood operators to gather qualitative insights. The roundtables included representation from EatDenver, Colorado Restaurant Association (CRA), Hispanic Restaurant Association, The Tavern League, and an open session accessible to all restaurants. The attendees collectively represented over 150 Denver restaurants.
3. **Corridor Observations:** Walkthroughs conducted in Lower Downtown (LoDo), Colfax, Cherry Creek, River North (RiNo), Ballpark, Berkeley/Highlands, and South Broadway to assess environmental conditions and corridor-specific challenges.
4. **Commercial Broker Session:** A written survey and a facilitated roundtable session with leading hospitality brokers provided insight into

tenant-improvement costs, leasing trends, investment patterns, and permitting impacts on deal flow.

5. **National and Regional Datasets:** Analysis of OpenTable visitation data, Toast transaction data, BackOffice Restaurant Management Software, Bank of America card-spending reports, USAFacts, Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) data, U.S. Department of Commerce Bureau of Economic Analysis (BEA), Colorado Restaurant Association data, state & local government websites, and national restaurant benchmarks.
    a. Minimum wage data was specifically gathered from state or local government websites. Wages associated with companies with revenues of $500K or more and/or those with more than twenty employees are cited.
    b. BLS Quarterly Census of Employment and Wages (QCEW) data was pulled from the Bureau of Labor Statistics website. The data was reported quarterly from 2013-2025 and included employment numbers, number of establishments open, and average weekly wages for the following North American Industry Classification System (NAICS) categories:
        i. 722 - Food services and drinking places
        ii. 7224 - Drinking places (alcoholic beverages)
        iii. 7225 - Restaurants and other eating places
        iv. 722511 - Full-service restaurants
        v. 722513 – Limited-service restaurants
6. **Documentary Review:** Review of relevant reports, academic literature, legislative analyses, and industry publications to contextualize Denver's restaurant performance relative to national dynamics.
7. **Case Studies:** Three restaurant case studies are presented in the report.
    a. The first was synthesized from over 80 restaurant profit & loss statements of Denver metro restaurants obtained from BackOffice Restaurant Management Software and illustrates the average changes in cost structures for both full-service and quick-serve restaurants between 2019 and 2024.
    b. The second follows "Group One", a cohort of fifteen full-service restaurants representing several different brands and restaurant groups located within the City of Denver for which annual profit & loss statements from 2019 to 2024 were made available. This group was compared to a smaller group of non-Denver restaurants operated by the same brands and restaurant groups. The restaurants represented ranged from casual full-service to fine-dining full service, with an average spend per person (PPA) ranging from under $30 to greater than $100.
    c. The third, "Group Two", included thirty-one full-service restaurants operating within the City of Denver between 2018 and 2024, all of

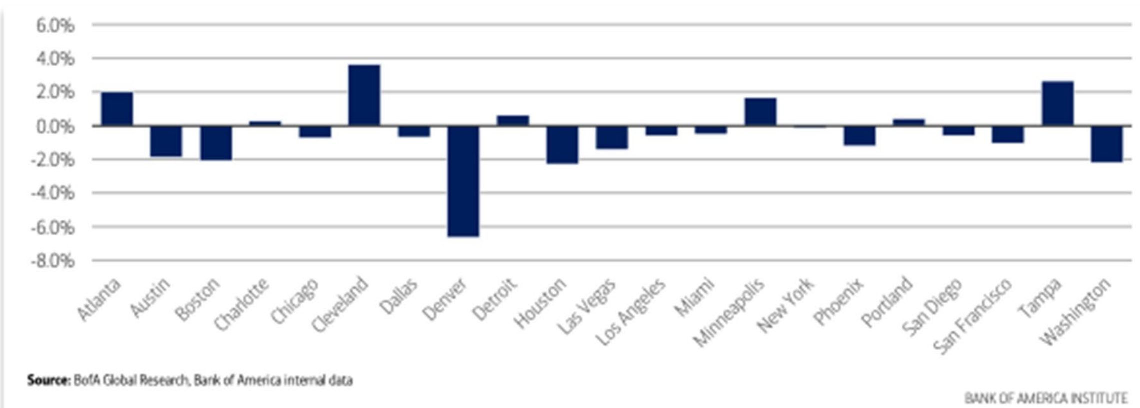
which use the same financial accounting system. This cohort-based approach eliminates outlying data from openings, closures, and partial-year reporting, providing a clear view of underlying structural trends in restaurant economics.

This multi-layered approach ensures that the findings are both statistically grounded and reflective of real-world operator experiences.

4. The State of Denver's Restaurant Sector: An Overview

Independent data reveal that Denver's restaurant sector is struggling across demand, employment, and cost metrics. Spending and visitation have fallen behind national patterns: OpenTable shows reservation counts trailing U.S. averages in 85% of weeks since 2022; Toast data indicate stagnant or declining transaction counts even as national volume increases; and Bank of America data shows that Denver had the steepest year-over-year (YOY) spending decline at -6.7% in September 2025.

Figure 3 - 'Dining out is cooling off' (Bank of America, October 30, 2025)



Denver is also experiencing restaurant job loss at a level inconsistent with national trends. While U.S. restaurant employment has exceeded pre-pandemic levels, the Denver metro has fewer restaurant jobs today than in early 2020, an approximately a 6% decline for the sector and nearly a 15% decline for the full-service restaurant category (Bureau of Labor & Statistics). Given pre-2020 growth rates, full-service restaurant employment has shrunk over 27% and the city is missing an estimated 10,000–15,000 jobs that would exist if growth had continued at its previous rate.

Based on the data, full-service dining, a sub-sector frequently defined by local and independent operators, clearly shows the slowest recovery. These trends reflect broader national concerns identified by The Economist (The Economist, November 20, 2025, 'Economists Get Cold Feet About High Minimum Wages'), which reports that economists across political and academic lines are increasingly cautious about the cumulative impact of high minimum-wage floors in cities where restaurants are already facing intensified inflation, rising input costs, and reduced demand. The article notes that such wage pressures can accelerate employment stagnation in exactly the types of full-service, labor-intensive establishments that dominate Denver's independent dining scene.

Colorado faces the highest restaurant inflation in the United States, according to USA Today/KUNC with menu prices rising faster here than anywhere else (USA Today, November 7, 2024, 'Reality Bites').

Local operators report cost increases in every category: labor costs up 50–55%, with tipped-position wages up 95%, rent up 23%, CAM and property taxes up 20%, COGS up 22%, and insurance/utilities rising sharply. As a result, restaurants have raised menu prices by an average of 28%; yet despite price increases, earnings have fallen 20% (Denver Restaurant Liaison Survey, 2025).

Public-safety perceptions—including behavioral-health crises, vandalism, and worker commute-safety issues—further reduce demand and limit operational hours.

Growth and new openings in Denver have also slowed. Commercial brokers describe Denver as a high-risk, high-friction market with tenant improvement (TI) costs reaching $600–$1,000 per sq ft, unpredictable permitting timelines, and declining investor interest. In practice, this would mean that building a 3,000 square foot restaurant would cost between $1.8 and $3 million dollars—a sizable investment in a locale where recovering that investment is particularly uncertain.

Taken together, these indicators illustrate a sector under sustained structural pressure rather than temporary fluctuation. The data make clear that Denver's restaurants are facing an environment in which overhead and labor costs, demand, employment, and operating conditions are misaligned in ways that cannot self-correct without intervention. The following Key Findings sections distill these dynamics into the most consequential themes emerging from the project's research, surveys, and stakeholder engagement—providing the foundation for the policy and programmatic recommendations that follow.

5. Key Findings: Introduction

The findings presented in this section synthesize quantitative data from the methods outlined in Section 3. Taken together, these data provide a multi-dimensional view of the pressures, constraints, and adaptive strategies shaping Denver's independent restaurant sector.

Four recurring thematic domains emerged consistently across data sources: Labor & Workforce Challenges, Restaurant Economics & General Affordability, Regulatory & Permitting Barriers, and Public Safety & Environmental Conditions, and concludes with a comparison of Denver to both other Colorado and national peer cities. Each is described below, followed by a summary of the way these challenges intersect to create what many say amounts to a perfect storm for Denver's restaurant industry.

6. Key Findings: Labor & Workforce Challenges

The restaurant industry operates within a uniquely complex economic framework. High barriers to entry, driven by substantial capital requirements and lengthy investment recovery periods, make opening a restaurant costly and challenging even for larger, well-capitalized groups. Once operational, restaurants remain highly labor-intensive, employing far more workers than most industries to achieve relatively modest profits.

The sector employs approximately 15.5 million workers nationwide, representing 10% of the U.S. workforce (National Restaurant Association; BLS). Profit margins remain thin: full-service restaurants average 3–5%, and quick-service concepts average 6–9% profit margins (IBISWorld, 2024). Labor is the largest controllable expense category, typically accounting for 25–35% of operating costs, with labor + food typically comprising 60–70% of total expenses (Toast; Restaurant365). Economists classify hospitality and restaurants as labor-intensive industries with relatively low labor productivity compared with capital-intensive sectors such as manufacturing or logistics (Jones & Lockwood, 1998; BLS Productivity Data). Together, these findings confirm that restaurants employ many workers relative to the modest profits they generate.

Across survey responses and qualitative interviews, labor costs emerged as the most frequently reported challenge facing Denver restaurants, especially for those in the full-service category. Survey data indicates that respondents experienced an average increase of 50-55% in hourly labor costs between 2019 and 2024, a rate far outpacing changes in gross sales (Denver Restaurant Liaison Survey, 2025), effectively eliminating traditional profit margins. At the same time, operators report that they have already raised menu prices significantly in recent years and see limited room to increase them further without losing guests, a concern that is consistent with external data showing that Colorado has experienced the highest restaurant price inflation in the country and that Denver already sits above national urban averages for menu prices (USA Today, November 7, 2024, 'Reality Bites'). External benchmarks reinforce the limited room operators have to push prices further: the Washington Hospitality Association's 2025 Cost of Dining Report finds that Colorado's menu prices are approximately 5.1% above the national average, and that Denver's prices are about 2.7% above the average for the 20 largest U.S. cities, placing Denver firmly in the "high-cost" tier of American dining markets.

Overwhelmingly, operators linked escalating wage obligations directly to Denver's local minimum wage structure and Colorado's fixed tip credit of $3.02 per hour. These wage increases are the result of House Bill 19-1210, which passed in 2019 and gave Colorado municipalities the authority to set a local minimum wage above the state minimum, while prohibiting them from adjusting the state's $3.02 tip credit. That same year, Denver City Council passed an ordinance, Council Bill 19-1237, that created a new local minimum wage higher than Colorado's minimum wage and tied future increases to the Consumer Price Index (CPI). The annual increases require no review by legislators and do not have a cap, meaning that as the ordinance is written, they will continue in perpetuity.

Tip credit is a wage policy that allows employers to pay certain tipped employees, primarily food and beverage workers, a base wage that is lower than the standard minimum wage, on the condition that tips make up the difference. Under this system, an employee's total earnings each week (base wages plus tips) must meet or exceed the full local minimum wage. If an employee's tips fall short in any given week, the employer is legally required to pay the difference, ensuring that all tipped workers earn at least the full minimum wage. This structure reflects that most tipped employees earn well above the minimum wage through tips while still ensuring a wage floor during slower periods.

Survey respondents indicate that the tip system is vital to restaurants because it keeps labor costs sustainable, supports the compensation system that workers often prefer, helps maintain lower menu prices, and protects jobs. When labor costs increase suddenly, restaurants often must cut hours, reduce staff and positions, or in some cases, close entirely.

> ***"There is no world where you'd project a 95% increase in the tipped minimum wage when you're writing a business plan or financial projections. It simply defies the imagination and flies in the face of reason."***
> ***— Independent full-service restaurant operator***

While wages in Denver have increased rapidly—69.5% for the full minimum wage and 95.4% for the tipped minimum wage—Colorado's tip credit of $3.02 remains the same. In many cases, tips received are a significant portion of income, with many full-service restaurant owners interviewed reporting that servers and bartenders make an average of $35-$50 per hour with tips, while line cooks, dishwashers, and other kitchen staff average $22-$24 per hour.

Figure 5 - Denver Minimum Wage and Tipped Minimum Wage Increases

Year	Citywide Minimum Wage	Tipped Minimum Wage	Tip Credit/Offset
2019	$12.00	$8.08	$3.02
2020	$12.85	$9.83	$3.02
2021	$14.77	$11.75	$3.02
2022	$15.87	$12.85	$3.02
2023	$17.29	$14.27	$3.02
2024	$18.29	$15.27	$3.02
2025	$18.81	$15.79	$3.02
Total Increase 2019-2026	**69.5%**	**95.4%**	**0%**

Denver's minimum wage and tipped minimum wage will increase to $19.29 and $16.27 on January 1, 2026, as required by law. Participants emphasized their commitment to paying fair wages but noted that the rapid increase in base wage obligations, layered on top of rising non-labor costs, has compressed margins to the point that many operators feel they are "not able to stay in business much longer".

Denver's minimum wage increases are compounded by wage adjacent expenses including payroll taxes, paid sick leave via the Healthy Families and Workplaces Act (HFWA), and contributions to Colorado's Family and Medical Leave Insurance (FAMLI) program, which was introduced in 2023, adding another layer of cost to rapidly increasing payrolls. In Colorado, employers with 10 or more employees must contribute half of the FAMLI premium (0.45% of wages in 2025 and .44% in 2026), while smaller employers are exempt from the employer share but must still remit the employee portion. In a recent study, Colorado Chamber of Commerce cited FAMLI as "new, extensive and costly," with estimated claims statewide reaching approximately $785 million per year and administrative costs around $25 million (Colorado Chamber of Commerce, 2024 Regulatory Impact Analysis Report).

Several operators noted that while such policies are well-intended, their implementation often fails to account for the highly variable, shift-based nature of restaurant employment and the administrative burden of remaining compliant with program requirements. Larger employers are more likely to have a Human Resource person or department or compliance staff to manage new regulations, while smaller employers typically do not, placing added strain on and increasing risk of unintentional non-compliance from small to medium-sized businesses.

In a dedicated roundtable, brokers reinforced these survey findings by characterizing labor costs as the "number one, two, and three" issue in

Denver restaurant deal models, noting that even highly capitalized national brands struggle to make projects work without unusually strong sales ("higher than $4mm annually") or significant concessions in other cost categories.

To offset the cost of rising labor, many restaurants have introduced components of technology previously performed by hourly staff. This comes in the form of ordering kiosks, digital ordering devices, and cooking and beverage equipment. Many surveyed indicate that such changes often contribute to poor and impersonal service experiences, as well as job elimination and decreased hours for employees.

Federal, Statewide, and City Comparisons

Minimum wage policy has undergone substantial divergence across major U.S. cities over the past decade, creating significant variation in labor cost structures for restaurants depending on their location. While the Federal minimum wage has remained unchanged at $7.25 and $2.13 respectively since 2009, many states and cities have implemented aggressive statutory increases and CPI-indexed adjustments. Denver, a prominent mid-sized market, shifted from average wage levels in the early 2010s to one of the country's highest minimum-wage jurisdictions.

As a point of reference, cities are often categorized into tiers, with Tier One cities being major population centers (2-10+ million) with national or global influence, large talent pools, strong infrastructure, and high cost of living. Examples of Tier One cities include New York City, Los Angeles, Chicago, San Francisco, Boston, and Washington D.C. Tier Two cities are large, economically significant cities that are growing rapidly and important regional hubs, but do not have the global influence or cost levels of Tier One cities. They typically have populations of 1-3 million and are considered more affordable than Tier One cities. They include Denver, Atlanta, Phoenix, Dallas, Minneapolis, San Diego, Charlotte, and Portland. Seattle tends to straddle the line, sometimes considered a Tier One city and other times considered a Tier Two.

Many Tier One cities, along with a handful of Tier Two cities, are also considered "regulation heavy", a phrase that usually refers to cities or jurisdictions with more extensive, prescriptive, or complex regulatory environments—especially in areas like labor laws, building codes, permitting, environmental rules, business licensing, and zoning. In 2024, Colorado Chamber of Commerce ranked Colorado as the sixth most regulated state in the nation based on its 2024 Regulatory Impact Analysis Report. The report found that the state has one of the highest numbers of business regulations, with nearly half of the regulations considered excessive or duplicative.

This section analyzes non-tipped and tipped minimum wage trends from 2013 through 2025 for Denver, Colorado statewide, Tier Two cities such as Minneapolis and Phoenix, Tier One cities such as New York City, Washington, D.C., San Francisco, and cities that reflect the Federal baseline. Peer city comparisons from Appendix A provide further context for Denver's relative wage trajectory. The intent is to compare Denver to Colorado's baseline (all but three cities in the state follow the state's minimum and tipped minimum wage), Tier Two cities (most similar to Denver), and Tier One cities that are commonly known for their higher wage and regulatory environments,

As shown in Figure 1.1, Denver's growth rate for the non-tipped minimum wage between 2013 to 2025 significantly exceeds statewide wage increases and those of both Tier One and Tier Two cities. See below:

- Denver, which increased from $7.78 to $18.81 (+142%)
- Colorado statewide, which rose from $7.78 to $14.81 (+90%)
- Minneapolis (note this is Minneapolis only; does not include St. Paul), increasing from $7.25 to $15.96 (~(+120%)
- Phoenix, increasing from $7.80 to $14.70 (+88%)
- Washington, D.C., rising from $8.25 to $17.95 (+118%)
- New York City, rising from $7.25 to $16.50 (+127%)
- Seattle, San Francisco, and Portland, which began the period at higher levels but increased more gradually after 2018
- Markets such as Austin, Charlotte, Nashville, Oklahoma City, Houston, and Atlanta remained anchored at or near the Federal minimum ($7.25) and the Federal tipped minimum ($2.13) for the entire period

Where Denver stands out is the speed and magnitude of its increases. Until 2019, Denver tracked identically with the Colorado statewide minimum. After Denver adopted a city-specific wage schedule in 2020—combined with annual CPI indexing—the city began to diverge sharply from the rest of the state.

Appendix Tables A3 (Indexed Non-Tipped Minimum Wage) and A5 (% Change Since 2013) illustrate these relative changes. By 2025:

- Denver's non-tipped minimum wage equals 259% of the Federal rate
- Colorado statewide reached 204% of Federal rate
- Minneapolis reaches approximately 220% of Federal rate
- Phoenix reaches 188% of Federal rate
- Washington, D.C. approaches 338% of Federal rate
- New York City approaches 228% of Federal rate

This divergence positions Denver alongside or even exceeding Tier One cities, despite not having the population, density, global influence, or infrastructure that typically defines those cities.

The following series of charts and graphs summarizes changes in federal, Colorado statewide, Denver city, and peer-city minimum wages from 2013 through 2025, distinguishing between non-tipped and tipped minimum wages. The first chart highlights how Denver's local minimum wage diverges from Colorado's, far exceeds the federal baseline, and how it compares to both Tier One (Washington, D.C.) and Tier Two (Minneapolis) cities.

The second chart shows how Denver's tipped minimum wage far outpaces the federal and state rates, as well as those of many Tier One and Tier Two cities. The exception is Minneapolis, whose elected officials eliminated the tip credit in 1984, meaning that all employees, whether tipped or untipped, are paid the same hourly wage.

Figure 6 – Non-Tipped Minimum Wage Over Time (Selected Jurisdictions)

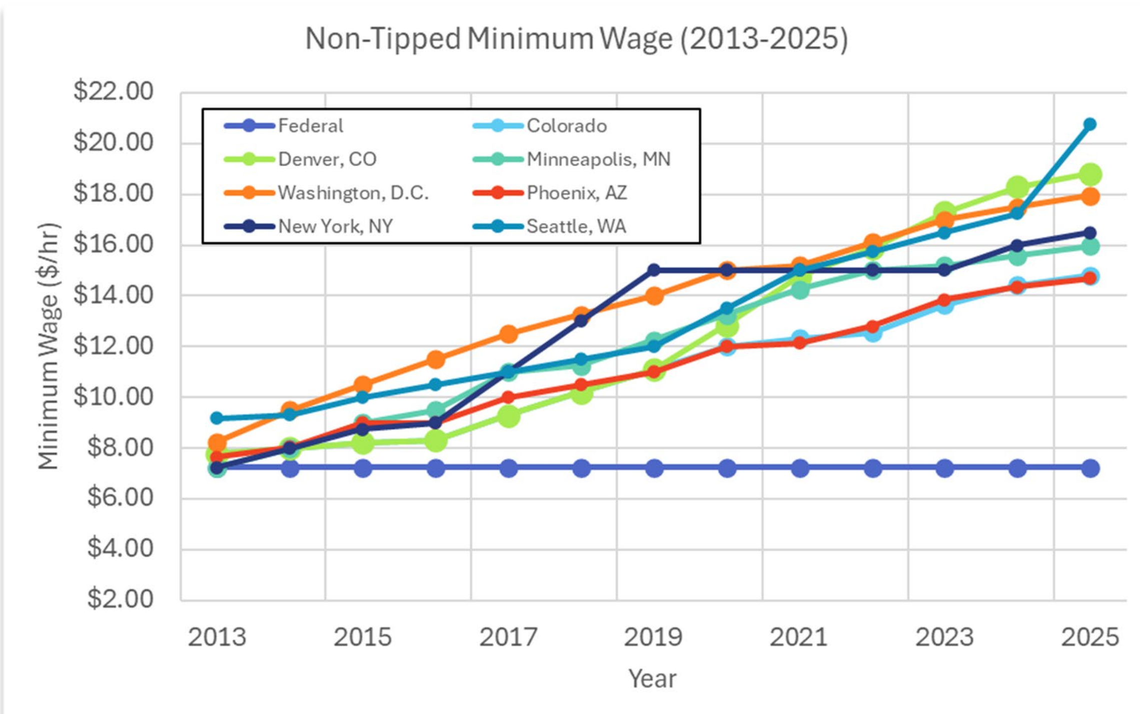
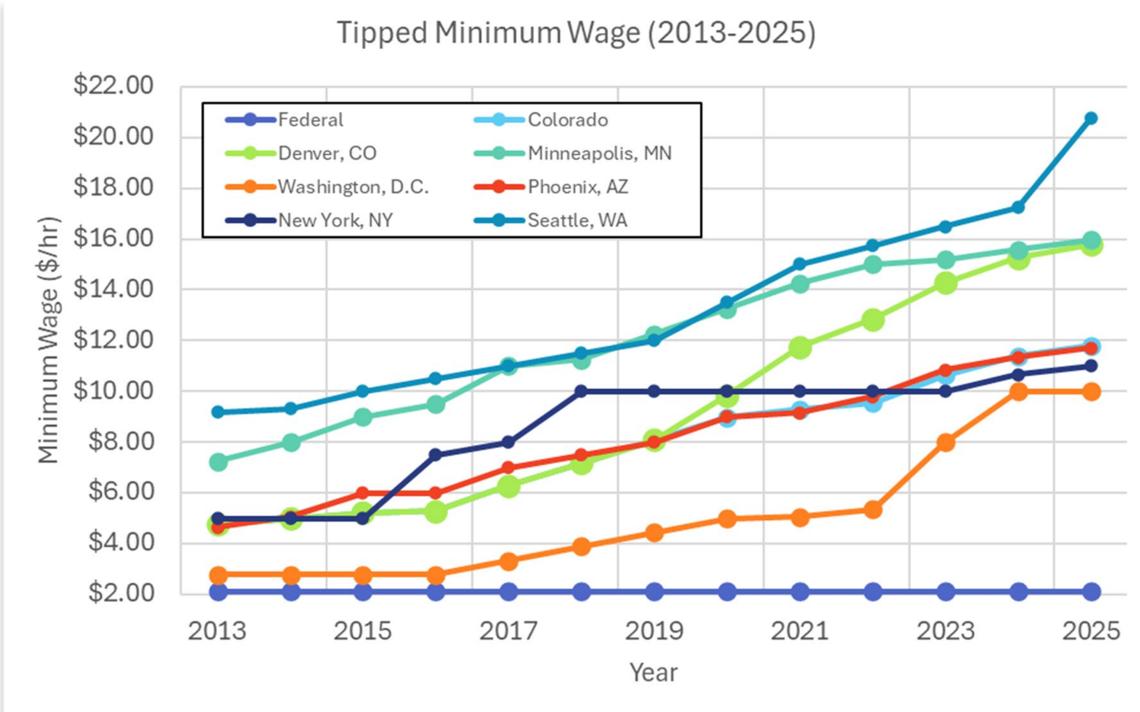


Figure 7 – Tipped Minimum Wage Over Time (Selected Jurisdictions)



From 2013 to 2025, Colorado's non-tipped minimum wage rose from the high-$7 range into the mid-$14 range, while Denver tracked Colorado through 2019 and then increased more quickly once a local ordinance took effect in 2020. By 2025, Denver's city minimum wage reached the high teens per hour, positioning Denver alongside or even above many Tier One cities.

Denver's Minimum Wage Has Closed the Living-Wage Gap

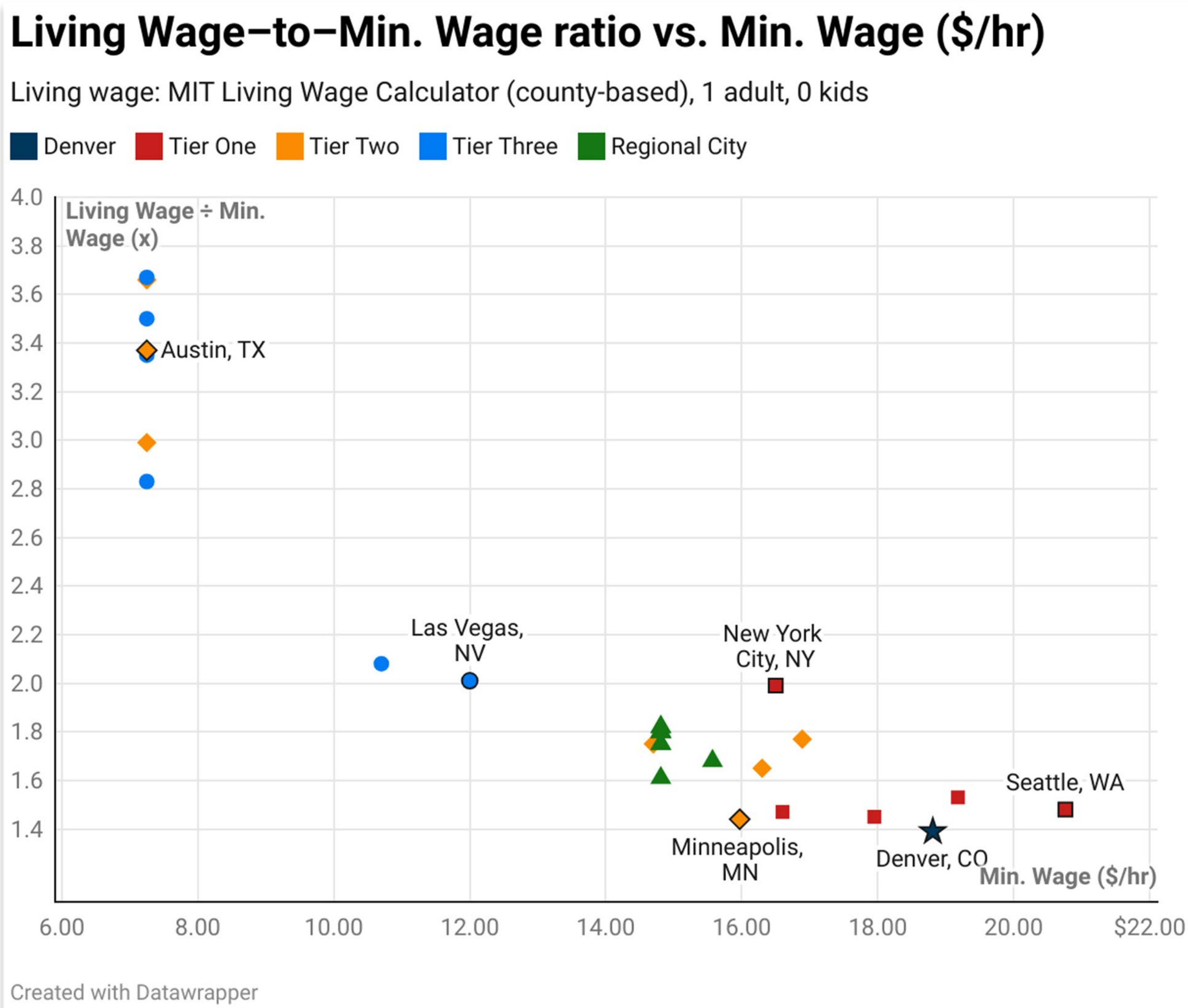
Across the 29-city benchmark, Denver stands out as one of the clearest examples of how sustained minimum-wage policy can materially narrow the gap between statutory wages and the cost of living for a single adult. Using the MIT Living Wage Calculator (1 adult, 0 kids) and the highest applicable local minimum wage in each market, Denver now ranks near the top of the peer set on both key affordability metrics: the Living Wage–to–Minimum Wage ratio and the absolute dollar gap between minimum wage and living wage.

Figure 8 – Living Wage Comparison

Comparison Group	Location	Living Wage ($/hr, 1 adult 0 kids)	Min. Wage ($/hr)	Gap ($)	Living ÷ Min (x)
Tier Two	Denver, CO	$26.20	$18.81	$7.39	1.39
Tier Two	Minneapolis, MN	$22.98	$15.97	$7.01	1.44
Tier One	Washington, DC	$25.98	$17.95	$8.03	1.45
Tier One	Chicago, IL	$24.42	$16.60	$7.82	1.47
Tier One	Seattle, WA	$30.82	$20.76	$10.06	1.48
Tier One	San Francisco, CA	$29.31	$19.18	$10.13	1.53
Regional City	Colorado Springs, CO	$23.90	$14.81	$9.09	1.61
Tier Two	Portland, OR	$26.84	$16.30	$10.54	1.65
Regional City	Boulder, CO	$26.18	$15.57	$10.61	1.68
Regional City	Fort Collins, CO	$25.87	$14.81	$11.06	1.75
Regional City	Loveland, CO	$25.87	$14.81	$11.06	1.75
Tier Two	Phoenix, AZ	$25.73	$14.70	$11.03	1.75
Tier Two	Oakland, CA	$29.95	$16.89	$13.06	1.77
Regional City	Aurora, CO	$26.71	$14.81	$11.90	1.80
Regional City	Englewood, CO	$26.71	$14.81	$11.90	1.80
Regional City	Glendale, CO	$26.71	$14.81	$11.90	1.80
Regional City	Littleton, CO	$26.71	$14.81	$11.90	1.80
Regional City	Arvada, CO	$26.89	$14.81	$12.08	1.82
Regional City	Lakewood, CO	$26.89	$14.81	$12.08	1.82
Tier One	New York City, NY	$32.85	$16.50	$16.35	1.99
Tier Three	Las Vegas, NV	$24.10	$12.00	$12.10	2.01
Tier Three	Columbus, OH	$22.24	$10.70	$11.54	2.08
Tier Three	Oklahoma City, OK	$20.54	$7.25	$13.29	2.83
Tier Two	Houston, TX	$21.65	$7.25	$14.40	2.99
Tier Three	Salt Lake City, UT	$24.27	$7.25	$17.02	3.35
Tier Two	Austin, TX	$24.42	$7.25	$17.17	3.37
Tier Three	Nashville, TN	$25.41	$7.25	$18.16	3.50
Tier Two	Atlanta, GA	$26.50	$7.25	$19.25	3.66
Tier Three	Charlotte, NC	$26.59	$7.25	$19.34	3.67

In absolute terms, Denver's minimum wage has risen rapidly enough that the remaining dollar gap between minimum wage and living wage is smaller than in nearly all comparable cities in the analysis, with only Minneapolis, MN having a smaller gap. At the same time, Denver's Living Wage / Minimum Wage ratio is the lowest in the 29-city sample, indicating that statutory wages cover a larger share of basic living costs in Denver than in other major U.S. metros. Notably, Denver has now surpassed all of the largest coastal and Midwestern cities in the analysis, including New York City, San Francisco, Seattle, Chicago, and Washington, D.C., on both measures.

Figure 9 – Living Wage-to-Min. Wage Ratio vs. Min. Wage ($/hr)



This outcome reflects a meaningful policy success. Relative to peers, Denver has moved more quickly to align minimum wages with local living costs, improving wage sufficiency for entry-level and hourly workers and reducing reliance on overtime, tips, or multiple jobs to meet basic expenses. From a worker-centric perspective, Denver has effectively compressed the distance between "legal minimum" and "basic economic viability" more than any other market in the benchmark.

However, the same data also suggest that Denver is now entering territory historically associated with secondary labor-market effects observed in other high-wage cities. In markets such as San Francisco, Seattle, and New York City, similarly elevated wage floors have coincided with slower job growth in labor-intensive sectors, reduced operating margins for small employers, accelerated price increases, and a shift toward automation, reduced hours, or leaner staffing models—particularly in full-service restaurants and other service industries with limited pricing power.

Denver’s position near the top of both the ratio and dollar-gap rankings indicates that it is no longer merely “catching up” to peer cities but is now leading them. While this leadership may improve income stability for workers, it also raises the risk that Denver begins to experience the same structural pressures seen in other high-wage metros: slower employment growth, greater strain on small and independent businesses, and a widening divide between firms that can absorb higher labor costs and those that cannot.

In short, Denver’s minimum-wage trajectory has successfully reduced the living-wage gap more than any other city in the analysis. Whether this proves to be a durable competitive advantage or a precursor to labor-market tightening and job-growth headwinds will depend on how quickly wages continue to rise relative to productivity, pricing capacity, and consumer demand. The data suggest Denver has crossed an important threshold—one that brings both measurable benefits and increasingly visible trade-offs.

Changes in the minimum wage, especially when they are steep and significant, have far-reaching effects. Growth in the sector, for both number of establishments and employment growth (or decline), are closely related to a restaurant’s overall labor costs.

To demonstrate this, we used Quarterly Census of Employment and Wages (QCEW) reports to compare Denver to other Colorado cities excluding Denver from 2019 to 2024. Metrics include average weekly wage, average employment (# of jobs), and average establishment count, and represent NACIS categories that include both full and limited-service restaurants, as well as total food service and drinking places (bars/alcohol service).

Figure 10 - QCEW Report Table 2013 vs. 2024 Comparison - Denver vs. Colorado Excluding Denver

Segment	Region	Year	Avg Weekly Wage	Avg Employ -ment	Avg Establish-ment Count	% Wage Chg Since 2013	% Emp Chg Since 2013	% Estab Chg Since 2013
Total Food Svcs & Drinking Places (722)	Denver County, CO	2013	$376	37,824	1,813			
		2024	$768	44,380	2,237	104.0%	17.3%	23.4%
	Colorado excl. Denver	2013	$319	162,890	9,070			
		2024	$570	197,572	10,900	78.8%	21.3%	20.2%
Full-Service Restaurants (722511)	Denver County, CO	2013	$417	19,564	699			
		2024	$849	20,146	836	103.3%	3.0%	19.6%
	Colorado excl. Denver	2013	$358	83,050	3,759			
		2024	$651	88,962	4,061	82.0%	7.1%	8.0%
Limited-Service Restaurants (722513)	Denver County, CO	2013	$310	10,031	613			
		2024	$658	12,752	714	112.0%	27.1%	16.4%
	Colorado excl. Denver	2013	$266	58,235	3,259			
		2024	$492	75,818	3,991	85.0%	30.2%	22.5%

Figure 11 - QCEW Report Table 2019 vs. 2024 Comparison - Denver vs. Colorado Excluding Denver

Segment	Region	Year	Avg Weekly Wage	Avg Employ-ment	Avg Establish-ment Count	% Wage Chg Since 2019	% Emp Chg Since 2019	% Estab Chg Since 2019
Total Food Svcs & Drinking Places (722)	Denver County, CO	2019	$529	46,391	2,146			
		2024	$768	44,380	2,237	45.2%	-4.3%	4.2%
	Colorado excl. Denver	2019	$422	191,284	10,063			
		2024	$570	197,572	10,900	35.0%	3.3%	8.3%
Full-Service Restaurants (722511)	Denver County, CO	2019	$583	23,728	862			
		2024	$848	20,156	836	45.6%	-15.1%	-3.1%
	Colorado excl. Denver	2019	$479	91,825	4,008			
		2024	$652	88,921	4,060	35.9%	-3.1%	1.3%
Limited-Service Restaurants (722513)	Denver County, CO	2019	$456	12,705	674			
		2024	$658	12,753	713	44.2%	0.4%	5.8%
	Colorado excl. Denver	2019	$361	71,180	3,665			
		2024	$492	75,816	3,991	36.2%	6.5%	8.9%

Across all restaurant segments, wages have risen sharply since 2019—generally between 25% and 46%, with Denver County consistently showing the highest wage growth. At the same time, employment has largely declined or grown only modestly in Denver, especially in full-service restaurants, while establishment counts have remained relatively stable or grown slightly. Overall, the data suggests strong wage inflation alongside a softening labor base and modest expansion in the number of establishments.

Figures 12 and 13 show that average weekly wages in Denver rose quickly from 2013–2024, while restaurant employment never returned to its pre-2020 growth path.

Figure 12 – Average Weekly Wages by Segment, Denver County (2013-2024)

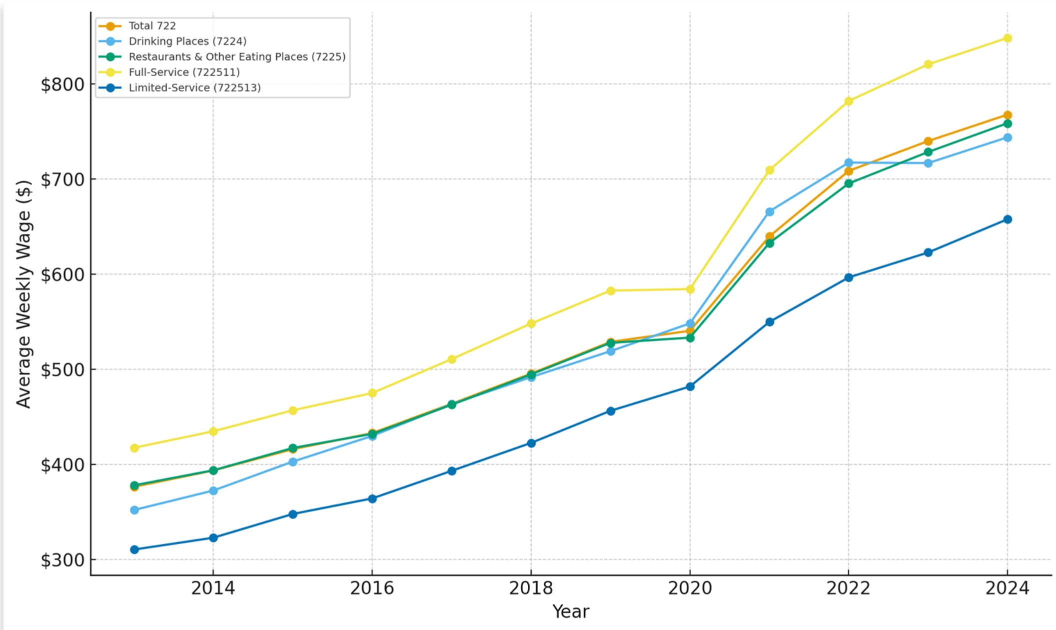
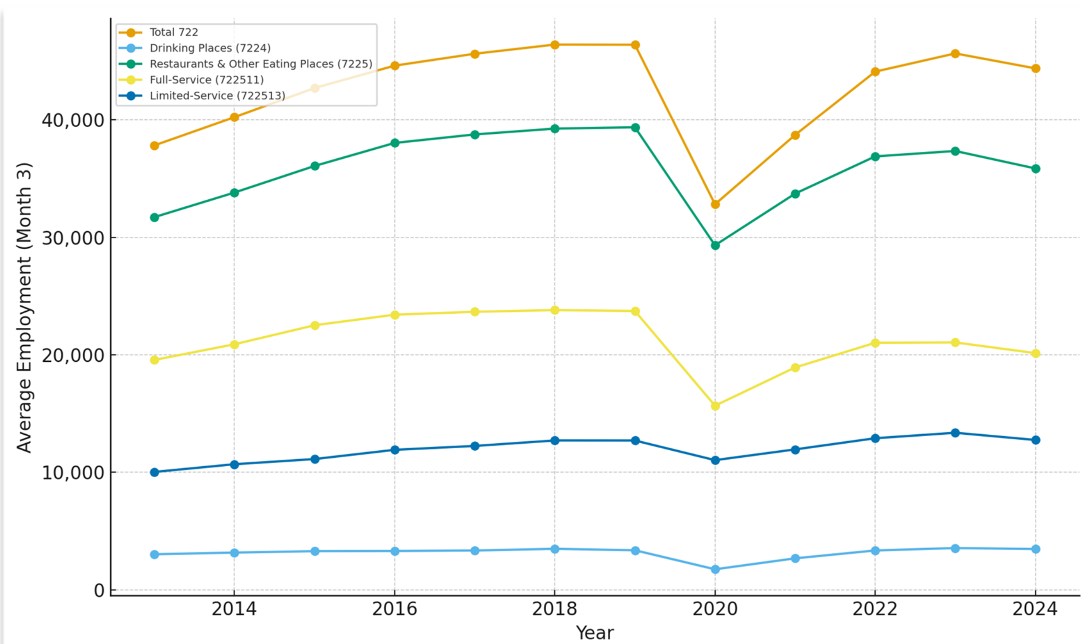


Figure 13 – Average Employment by Segment, Denver County (2013-2024)



Establishment counts also lag projections, especially among full-service restaurants. Overall, Denver's wages have grown much faster than the rest of Colorado, but its job and business recovery has been weaker. When compared with peer cities, Denver's trajectory closely matches other higher-wage, higher-cost metros like Seattle, San Francisco, Portland, and Washington, D.C., all of which show slower post-2019 employment and establishment recovery. In contrast, lower-wage cities such as Phoenix, Charlotte, Nashville, and Houston generally returned to or exceeded their pre-2020 growth paths. Together, the data show that Denver's rapid wage increases coincided with meaningful slowdowns in restaurant employment and business growth, especially in the labor-intensive full-service segment.

Further data, which can be found in Appendix B, analyzes a selection of both Tier One and Tier Two cities using BLS QCEW data for NAICS 722 and its key sub-sectors. The goal is to understand how Denver's wage growth, employment trends, and establishment count compare to other cities throughout the United States. Cities included in the comparison include Portland, Seattle, Minneapolis (does not include St. Paul), Chicago, San Francisco, Phoenix, Washington, D.C., and New York City, among others.

The ability to sustain staffing levels and restaurant counts is increasingly diverging, with lower-cost growth markets expanding and higher-cost metros like Denver and coastal peers grappling with tighter, more fragile restaurant ecosystems. Across the markets in our comparison, the following patterns emerged:

1. **Wages have increased across the country.**
    - Across all NAICS segments, wages often increased by ~70–120% between 2013 and 2024.
    - This wage growth is much stronger than employment growth, which is flat or negative in many higher-cost cities, especially since 2019.
2. **High-growth Sun Belt and Mountain cities are expanding.**
    - Phoenix, Nashville, Salt Lake City, Austin, and similar markets show strong gains in establishments and jobs.
    - In these cities, rapid wage growth is happening alongside continued hiring and new openings—suggesting more "room to run" in the restaurant economy.
3. **High-cost, regulation-heavy metros are tightening.**
    - Markets like San Francisco, Seattle, Portland, Oakland, Washington, D.C., Chicago, and Minneapolis have big wage increases but flat or shrinking employment and, in some segments, fewer establishments.
    - This points to higher labor costs coinciding with a contraction or restructuring of the restaurant base in those cities.
4. **Denver mirrors the high-wage, tight-labor pattern.**

    - Since 2013, Denver's restaurant and bar wages roughly doubled, with especially sharp increases in full-service and limited-service segments.
    - Establishments grew, but employment is up only modestly versus 2013 and down from 2019 in key categories, signaling staffing strain rather than robust job growth.
5. **Colorado outside Denver is under less pressure.**
    - The rest of Colorado also shows strong wage growth, but with healthier increases in both establishments and employment.
    - This suggests that cost and staffing pressures are most acute in Denver's urban core, while out-state markets remain relatively more balanced.

Compared with both Colorado outside Denver and a broad set of Tier One and Tier Two peer cities, Denver now looks less like a mid-cost growth market and more like a high-cost coastal city (yet without the population size): wages have roughly doubled, employment growth has stalled or reversed in key segments, and operators are responding with staff cuts, reduced hours, higher menu prices, service charges, and increased reliance on labor-replacing technology—potentially at the expense of service quality and job opportunities.

At the same time, national QCEW data show a widening split between lower-cost Sun Belt and Mountain markets, where wage growth has coincided with expanding employment and establishment counts, and higher-cost, higher-regulation metros like Denver, Seattle, San Francisco, and Portland, where rising wages correlate with tighter, more fragile restaurant ecosystems.

Taken together, the evidence shows that Denver's restaurant industry is being reshaped by an unprecedented and sustained escalation in labor costs driven by local minimum wage policy, a rapidly rising tipped minimum wage, and a fixed state tip credit that no longer functions as an effective offset. While operators remain committed to fair pay, and many tipped workers now regularly earn well above the full minimum wage in total compensation, the speed and magnitude of mandated base wage increases, and rising non-labor expenses, have compressed margins to the breaking point. Compared with statewide trends and peer cities, Denver's restaurant labor market now reflects the characteristics of higher-cost metros, with faster wage escalation alongside slower job recovery and reduced establishment stability.

Case Study Summary: Labor Cost Pressures and Workforce Impacts
To assess how labor policies and rising operating costs are affecting restaurant stability in Denver, this report includes a set of financial case studies based on multi-year operating data from Denver restaurants and comparable locations across Colorado. The full analyses are provided in Appendix B; this summary

highlights the key findings most relevant to workforce policy and economic sustainability.

Across all case studies, the data show that labor costs in Denver have increased faster than restaurant revenues, significantly eroding profitability in an industry that already operates on thin margins. Between 2019 and 2024, restaurants would have needed sales growth of roughly 36–40 percent simply to offset rising expenses, yet average sales increased by only about 5 percent. This mismatch has left many operators with limited options beyond reducing labor hours, eliminating positions, delaying hiring, or closing altogether.

Comparative analysis shows that these impacts are not uniform across Colorado. Denver restaurants experienced substantially higher labor cost growth and weaker financial performance than similar restaurants outside the city, with many Denver locations operating at negative margins by 2023–2024 while non-Denver locations remained comparatively stable. Long-term data further indicate that labor costs rose sharply beginning in 2020 and have remained structurally elevated, even as restaurants successfully managed food costs through pricing and operational changes. Collectively, these findings indicate that Denver's restaurant workforce challenges are not the result of poor management or short-term disruptions, but of sustained cost pressures that increasingly limit employers' ability to maintain staffing levels, create new jobs, and invest in long-term workforce development.

6.1 Labor and Workforce Recommendations and Options

The evidence collected through this project demonstrates that labor costs are the largest and fastest-growing expense category for Denver restaurants, increasing by roughly 50-55% percent since 2019 (Denver Restaurant Liaison Survey, 2025). Denver minimum wage has increased 69% ($11.10 to $18.81) and Denver's tipped minimum wage has increased 95% since 2019 ($8.08 to $15.79). The goal of labor and workforce policy is to preserve high wage standards while rebalancing how those wages are financed and expanding pathways into stable, sustainable hospitality employment.

The following policy options were developed from ideas and recommendations shared directly by participants in the Denver Restaurant Liaison engagement process.

Recommendation 1. Set the Tipped Minimum Wage to the State's

Stakeholders strongly advocated for anchoring Denver's tipped minimum wage to the state's tipped minimum wage of $11.79 per hour. The law guarantees that all workers must earn the full minimum wage for every hour worked; thus, tipped workers will earn a minimum of $19.29 per hour in 2026. The tipped wage affects the majority of Denver restaurants, particularly full-service restaurants; thus, adjusting the tip credit will have the most impact, is the best opportunity for changing the negative trajectory of the city’s restaurant sector and for increasing affordability overall.

In addition to adjusting the tip credit, Denver should consider setting a higher tip threshold—to a dollar amount higher than $3.02—to guard against wage-erosion. Colorado’s tip threshold is effectively defunct at this point in time. Currently it sits at $1.64 per hour and yet the de-facto tip threshold is $3.02 (Colorado Department of Labor and Employment, Division of Labor Standards and Statistics, Tips [Gratuities] and Tipped Employees Under Colorado Wage Law).

Recommendation 2. Establish a Middle Minimum Wage Tier at 85% of the Full City Minimum Wage for Whole House Gratuity

Some restaurants have adopted a whole-house tip-sharing model, in which gratuities are pooled and shared among all hourly employees, including both front-of-house and back-of-house staff. Operators taking this approach view it as an equitable compensation model that helps reduce wage disparities within restaurant teams and improve retention.

However, under current federal labor rules, restaurants that use a whole-house tip pool are effectively barred from claiming the tip credit. Because only employees who “customarily and regularly” receive tips may be paid a tipped minimum wage, restaurants that share tips with back-of-house staff must pay all employees the full minimum wage, even when 100 percent of tips are distributed to hourly workers. As a result, restaurants that adopt whole-house tip-sharing face significantly higher base wage costs than restaurants using traditional front-of-house-only tipping or service charge models. This structure unintentionally penalizes restaurants that choose this pay model and discourages broader adoption of whole-house tip sharing.

To address this misalignment, stakeholders identified a complementary policy option: establishing a middle-tier minimum wage, set at 85 percent of the full city minimum wage, for restaurants that implement whole-house tip-sharing systems. This approach would recognize that these restaurants already redistribute tips across all roles and would reduce the financial penalty associated with abandoning the tip credit, without reducing workers’ overall take-home pay. A middle-tier wage could encourage innovation in pay models while maintaining strong wages for restaurant employees.

Option 1. Implement a Citywide Standardized Service Fee

The city could authorize or require a universal service charge on restaurant bills, similar to the “service compris” model used in Paris. This creates predictable wage funding for restaurants, reduces over-reliance on voluntary tipping, and creates clarity for the consumer.

Option 2. Use Tax Policy Tool to Support Wage and Equity Goals

The city and state could reduce, rebate, or credit taxes on service charges or shared-tip income when restaurants use those funds for equitable, team-wide compensation. Additional revenue-neutral tax credits could reward operators that meet strong wage and benefit standards during a period of industry contraction.

7. Key Findings: Restaurant Economics & General Affordability

The financial pressures facing Denver restaurants extend beyond labor costs, encompassing rent escalation, insurance volatility, utility increases, material and equipment inflation, and steadily rising build-out costs. These pressures compound the effects of uneven sales recovery and create vulnerabilities for operators across business models, particularly independent and minority-owned restaurants with limited access to capital. While not a standalone housing agenda, several of the strategies below acknowledge the interdependence of workforce geography, transportation, and commercial affordability—factors that materially shape business stability. This domain therefore focuses on interventions that stabilize restaurant cost structures, strengthen corridor viability, and support the workforce that keeps Denver's hospitality ecosystem functioning.

Affordability pressures—particularly related to rent, property taxes, insurance, and cost of goods sold—constitute an additional challenge for Denver restaurants. Operators reported median commercial rent increases of roughly 23% percent since 2019, with many operators expecting significant escalations upon lease renewal. These increases coincide with heightened expenses in nearly every other category: a 22% percent increase in cost of goods sold, 20% rise in insurance and utilities, and a nearly 20% percent decline in earnings over the same period. (Denver Restaurant Liaison Survey, 2025). This mismatch between cost escalation and earnings erosion is central to operators' concerns about long-term viability.

Meanwhile, Denver's workforce challenges are partially rooted in the geographic displacement of employees who can no longer afford to live near job centers—leading to longer commutes, higher absenteeism, and increased turnover. The City of Denver's Department of Housing Stability reports that many Denver households have already been displaced to other parts of the city or out of Denver altogether, and over 115,000 households are housing-cost burdened, putting them at ongoing risk of displacement.

> *"Everything costs more—labor, food, insurance, trash—but our guests have hit their limit on what they can pay for a night out. We are absorbing more and more of the cost just to keep the doors open."*
> *— Independent full-service restaurant owner*

Dining out has become increasingly unaffordable for many people, and that lack of affordability is pronounced in Colorado. The state now has the sixth highest menu prices in the country—trailing only Washington (state), California, Oregon, Massachusetts, and

New York, in descending order. Notably, the three states with the highest menu prices—Washington, California, and Oregon—all prohibit the use of a tip credit, which contributes to higher labor costs and, in turn, higher menu prices.

However, rising menu prices do not translate into higher profitability for restaurant owners. Although both wages and menu prices have increased, operators report an average 19.7% decline in earnings since 2019. Guest volume is also trending downward, meaning fewer diners are spending more simply to offset steep cost inflation—especially labor costs. According to OpenTable, Denver saw just a 1% increase in reserved diners from October 2024 to October 2025—the second-lowest growth among major metropolitan areas— while only Seattle performed worse, with a 1% decline.

The broker roundtable yielded further insight into the real estate and insurance elements contributing to this affordability challenge. Brokers indicated that real estate taxes on certain commercial properties have approximately quadrupled within the last five years, concurrent with a steep ascent in insurance premiums, which are reported as "not just high for Colorado, but high by national standards."

Denver's restaurant sector has undergone a structural shift marked by sustained cost escalation and comparatively weak revenue growth. Restaurants, already characterized by thin margins, high labor intensity, and substantial upfront capital requirements, now face an economic environment in which labor, rent, insurance, taxes, and cost of goods sold have all risen significantly faster than sales. Case-study data show that labor costs have increased as a percentage of revenue across full-service and quick-service concepts, while prime margins and EBITDA performance have declined. In contrast, comparable restaurants outside Denver exhibit more stable cost structures and profitability, underscoring the concentration of cost pressures in the city's urban core.

At the same time, affordability dynamics, including elevated commercial rents, rising property taxes, unprecedented tenant-improvement costs, and softening consumer demand, have further constrained operators' ability to adapt. Menu price increases have offset only a portion of these pressures, and taxable restaurant activity has contracted once changes in the sales-tax rate are controlled for. Taken together, these trends indicate that Denver restaurants are operating within a materially different economic landscape than before 2020, one defined by higher fixed and variable costs, reduced resilience, and limited capacity to absorb additional shocks. This context provides a foundational understanding for the policy recommendations that follow.

7.1 Affordability & Business Stability Recommendations

As evidenced by the data presented in the Labor & Workforce and Affordability sections of this paper, any strategy focused on stabilizing restaurants must view business costs and workforce stability together.

The City and its regional partners have an opportunity to deploy deliberate, targeted interventions that temper operating costs, preserve the presence of independent operators in high-pressure corridors, and support the long-term resilience of both restaurants and the workers they employ.

Recommendation 1. Targeted Commercial Affordability Tools for Small and Independent Restaurants

The City and County of Denver could work with economic development partners and philanthropic institutions to develop targeted commercial affordability tools in priority restaurant corridors. These tools should be thoughtfully designed to minimize unintended market consequences while meaningfully supporting local businesses that generate cultural and economic value for their neighborhoods.

Potential mechanisms include:

- Limited rent stabilization tools for small tenants in designated hospitality or cultural districts, preventing sudden spikes in lease costs that destabilize locally owned restaurants.
- Gap-financing programs or direct subsidies that buy down rent escalations or provide structured support during lease renewals.
- Priority access to below-market commercial space in public or publicly financed developments, ensuring that independent and minority-owned restaurants have opportunities to remain in high-visibility corridors.
- Partnership incentives that encourage landlords to work with local operators, including tax or fee incentives for long-term leases with small businesses.

These commercial affordability strategies would help maintain Denver's culinary diversity, strengthen neighborhood anchors, and ensure that restaurants critical to corridor vitality are not displaced by market pressures alone.

Recommendation 2. Affordability-Focused Small Business Support

Beyond rent and housing, operators identified a wide range of non-labor costs that have increased substantially in recent years. Insurance premiums have climbed sharply, utility burdens have risen as energy demands grow, and waste management fees have become more volatile. Rising interest rates also challenge operators seeking to finance renovations, repairs, or expansions.

The City could strengthen business stability by offering targeted supports that help restaurants navigate these cost pressures, such as:

- Technical assistance and shared-services programs (e.g., group purchasing, collective waste-management agreements) that reduce operating costs through economies of scale.

- Small grants or low-interest loans to offset the cost of energy-efficiency upgrades—lowering long-term utility expenditures while supporting the City's climate goals.
- Credit-enhancement tools for independent operators undertaking critical capital improvements, allowing them to secure financing under more favorable terms.
- Risk-mitigation programs that help stabilize insurance costs, particularly for operators experiencing unpredictable premium increases.

These interventions recognize that labor cost solutions must be paired with broader affordability measures if Denver's restaurant sector is to maintain financial health and retain its economic and cultural vitality.

8. Key Findings: Regulatory and Permitting Barriers

For decades, Colorado's economy has benefited from a reputation as a place where industries can thrive. But as regulatory expansion has accelerated in recent year, Colorado has become the sixth most regulated state in the country (Colorado Chamber of Commerce, 2024 Regulatory Impact Analysis Report). In an article published December 11, 2025, the Denver Gazette reported that while these regulations were intended to advance environmental protection, worker welfare, and public health, Colorado's growing body of business regulations has expanded into overlapping, and at times conflicting, mandates, making compliance increasingly costly and difficult for many industries to manage. ('Regulatory Layers Turn Cost of Doing Business in Colorado into 'Death by a Thousand Cuts', The Denver Gazette, 2025.)

These statewide regulatory trends are reflected most clearly at the local level, where businesses encounter complex and often disjointed permitting and compliance processes. Through interviews and surveys, regulatory complexity and permitting delays emerged as a major area of concern, particularly among operators who have opened new locations, expanded patios, or pursued concept changes since 2020. Many respondents described navigating a fragmented system in which multiple city departments and divisions, including Community Planning & Development (building, zoning, structural, mechanical, electrical, civil), Department of Licensing and Consumer Protection (formerly the Department of Excise & Licenses), Public Health & Environment, Denver Fire Department, Department of Transportation Infrastructure (DOTI), and Landmark Preservation, each maintain distinct processes, documentation requirements, and timelines.

> *"I'd sum up Denver as a city of No."*
> *— Multi-unit independent restaurant operator*

Departmental silos, inconsistent code interpretations, and prolonged review cycles create costly uncertainty. The permitting process can take six to nine months—sometimes more— with confusing feedback and little direct communication. The resulting unpredictability forces operators into repeated redesigns and resubmissions—each of which, under current practice, resets the review queue and adds weeks or months to the timeline. Operators also frequently emphasized that the permitting process was significantly more efficient when Denver staff worked on-site instead of remotely.

Small, independent operators, lacking the capital reserves of larger groups, view these delays as existential threats. Based on more than 50 interviews with operators, it is estimated that delays can generate operator losses of up to $70,000 per month in working capital from a combination of payroll expense, rent, utilities, and debt payments, reducing cash reserves and negatively impacting their ability to grow or weather downturns after opening.

Many interviewees reported that performance varies widely between and often within departments. Common frustrations included multiple departments having unaligned timelines and requirements, different inspectors applying standards in varying ways, and few clear and consolidated resources to guide applicants through the entire permitting process. Through interviews with and a survey of over 15 architects and general contractors directly involved with Denver restaurant projects, respondents noted the following themes by department:

1. **Department of Licensing & Consumer Protection (Excise & Licensing):** General praise for the department, with numerous respondents noting a professional and proactive approach to solving issues.
2. **Public Health & Environment:** Applauded for guest service, communication and turnaround time, though consistency of enforcement was mixed.
3. **Denver Fire:** Noted for strong communication and guest service, with varying degrees of consistency in enforcement and turnaround times.
4. **Department of Transportation & Infrastructure:** Fair to poor overall scores, with consistency and permitting process creating the most friction.
    a. **Right of Way:** Fair to poor overall scores with consistency and permitting process creating the most friction.
    b. **Sewer Use and Drainage Permit (SUDP):** Seen as one of the most difficult departments to navigate, with most respondents noting poor consistency of enforcement, clarity of requirements, and turnaround time.
5. **Community Planning & Development:** While generally considered fair for communication, professionalism, and consistency, the majority of respondents rated the plan review process as poor.
6. **Sewer Use and Drainage Permit (SUDP):** Seen as one of the most difficult departments to navigate, with most respondents noting poor consistency of enforcement, clarity of requirements, and turnaround time.
    a. **Zoning:** Generally considered fair in guest service, communications and clarity, the majority of respondents noted a poor performance in turnaround time.

"Every permit requires a different office, a different portal, and a different interpretation of the rules. It feels like there is no single person who can tell you what the

full process looks like from start to finish."
— Multi-unit restaurant operator

Applicants also frequently acknowledged their own role in delays, noting that they often submitted incomplete or incorrect information. Many explained that the complexity of starting a business or navigating construction requirements exceeds their expertise, making mistakes inevitable. Several respondents recognized that, while their frustrations with the system were real, misunderstandings of specific codes and filing errors created self-inflicted slowdowns. These admissions underscore the need for clearer initial guidance and a stronger onboarding process or dedicated support team to help applicants get it right the first time.

Under Mayor Johnston, the City of Denver has made significant progress in modernizing and streamlining its permitting processes, with a strong emphasis on predictability, transparency, and customer service. The launch of the Denver Permitting Office in May 2025 established a clear expectation that city permit review be completed within 180 days and introduced new tools—such as internal performance dashboards and a forthcoming public-facing dashboard—to track and improve review timelines. Customer navigation has been improved through a new centralized permitting website organized by customer type, while in-person service has been strengthened by the addition of on-call plan review staff at the Webb Building permit counter, supported by virtual connections to teams in other locations. Together, these changes reflect a concerted effort to make the permitting system easier to understand, more accountable, and more responsive.

Denver has also made targeted improvements to support restaurant and retail projects, particularly in downtown. Programs such as the Downtown Express Permitting Program and the Restaurant Permitting Specialist pilot have delivered measurable results, with participating businesses achieving permits in weeks rather than months and average total timelines under four months. In parallel, the City has undertaken deeper process reforms, including a restaurant permitting "roadmap" to reduce red tape, efforts to simplify inspections and scheduling, and initiatives to ease restaurant-to-restaurant space transitions. These operational changes are reinforced by structural improvements, such as a new inter-departmental escalation policy to resolve conflicts more quickly, the development of "Getting Started" guides to help applicants prepare before applying, and the launch of the One & Done Concept Phase Review to provide earlier clarity and reduce rework. Collectively, these efforts demonstrate sustained progress toward a more efficient, coordinated, and business-friendly permitting system.

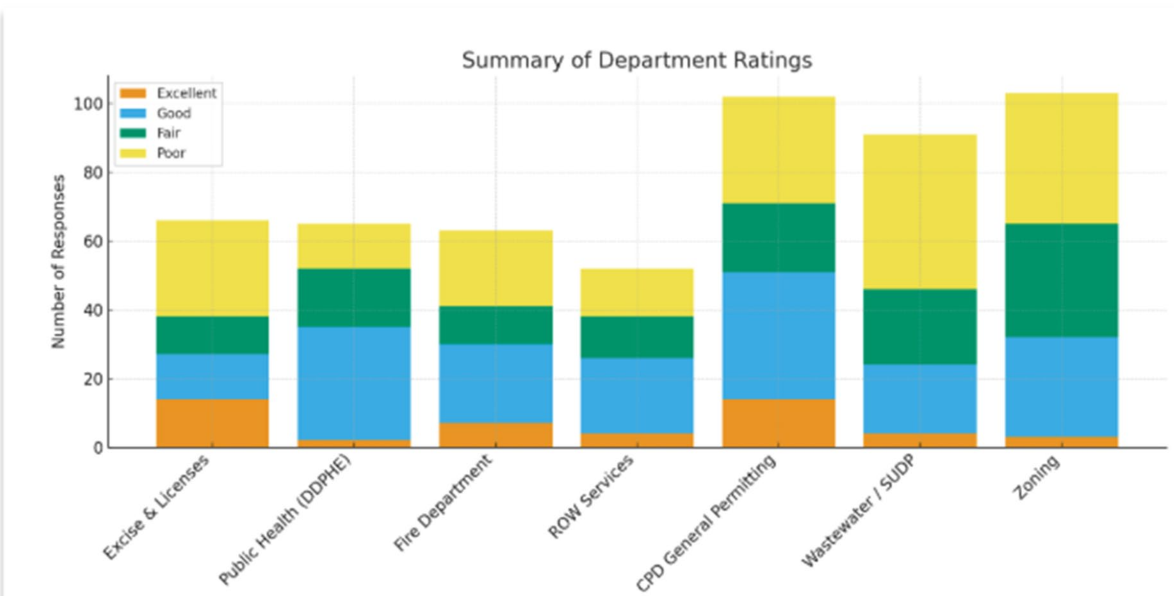
In one-on-one interviews there was a mixed response to progress, some noting tremendous progress while others found little change at hand. Many respondents acknowledged meaningful progress in recent months, while expressing concern about the city's ability to sustain that momentum amid recent staffing cuts. While stakeholders consistently highlighted staff professionalism, they identified the permitting process as the most acute challenge, particularly the lack of clear and consistent guidance, which contributes to incomplete or incorrect applications.

To this end, roundtable participants also repeatedly cited the absence of a single, dedicated liaison within city government who understands the full depth and breadth of restaurant permitting. While individual staff within departments were often described as helpful, the overall system was characterized as opaque and duplicative. Operators reported significant time and resource costs associated with tracking permit status, responding to sequential requests for additional information, and reconciling conflicting guidance from different inspectors or agencies.

Survey responses confirmed these sentiments. A majority of respondents rated “permitting and licensing processes” as either “difficult” or “very difficult” to navigate, and several noted that these challenges disproportionately impact smaller independent and minority-owned restaurants that lack in-house legal or administrative staff (Denver Restaurant Liaison Survey, 2025).

The Architect and General Contractor Survey (15 respondents) and the broker roundtable also strongly corroborated these experiences. Participants described Denver’s city planning and permitting environment as “one of the worst experiences for businesses in the country,” emphasizing that extended plan review timelines, misaligned departmental requirements, and a lack of clear accountability routinely contribute to “deal fatigue”.

Figure 15 - Summary of City of Denver Permitting Division & Department Ratings (Architect & General Contractor Survey, 2025.)



Brokers reported that several national brands have walked away from projects after 18–24 months of navigating permitting and Energize Denver–related infrastructure requirements, deciding that those Denver deals would be their last in Colorado. High-profile examples of groups being told that required transformer upgrades and HVAC conversions could take 18 months or more now circulate widely in national development circles, reinforcing a narrative of Denver as a high-friction market.

Energize Denver, the city's building energy performance policy, was passed by the Denver City Council in 2021 and phased into compliance in 2023 to require energy benchmarking and performance standards for exiting commercial and multifamily buildings as part of Denver's emissions reduction goals. Energize Denver requirements apply to all existing and new buildings of more than 5,000 square feet, with steeper requirements for those with total square footage of 25,000 or more.

This means that while a restaurant smaller than 5,000 square-feet is not directly regulated, it may be affected if located within a larger building. While building owners are responsible for benchmarking and meeting performance targets and prescriptive requirements, they may require tenants to upgrade lighting, change equipment, share utility data, or work around building-wide retrofits. In many cases, these added costs are passed on to restaurants through increased rent and common area maintenance charges.

For developers and investors looking to build large new structures in Denver, these requirements can be a deterrent.

Ongoing Permit Concerns

Repeatedly, respondents noted key concerns with the following permits, usually submitted after a business has been in operations:

1. **Outdoor Places Permitting Process:** The program, previously a single-page permit that required four supporting documents, is now a twenty-six-page document that requires owners to hire an architect.
2. **Outdoor Places - Patio Extensions:** While the city was lauded during the COVID outbreak for its adaptability and desire for businesses to create solutions, patio permits were often cited as having extraordinary lead times, with a few respondents citing multiple year waiting periods.
3. **Signage Permits:** Numerous concerns about the "overtly strict" signage requirements, with specific numbers of signs mentioned as highly enforced, while the permitting process created lengthy and costly delays and regulations.
4. **New Food Licenses:** A handful of respondents noted the extraordinary work required upon a switch requiring liquor and food licenses being combined. A potential lag in the license process occasionally required a complete reinspection and bringing existing businesses up to a new infrastructure code.
5. **Transfer of Ownership:** When an existing business closes and a new ownership group takes possession, the new business often faces unknown upgrades to a facility, despite having a general same usage. These unforeseen issues cause tremendous unbudgeted costs and delays. The regulations take effect upon a

layout or menu change, often the case when a new business takes over an existing space.

6. **Access:** Often respondents noted reaching out directly to the administration when lengthy delays occurred in order to expedite the process.

City Comparison

To better understand the differences between permitting processes in Denver and other cities, both on the Front Range and nationally, a comprehensive study was done through online research and direct contact, when available, to compare cities. It is noted that direct timeframes for permitting vary widely across municipalities, and published data supporting timeframes does not directly exist.

Key aspects noted as unique contributions to an effective permitting process include:

- Restaurant Permitting Concierge Team: Los Angeles (CA), Santa Rosa (CA), Seattle (WA), New York City, Detroit (MI)
- Restaurant Permitting Roadmap: Seattle (WA), San Francisco (CA), New York City (NY)
  Consolidated Review Divisions: Phoenix (AZ), Austin (TX), Nashville (TN)

Based on one-on-one discussions with operators, brokers, and architects, restaurant permitting in Denver typically takes three to nine months, placing the city among those with the longest timelines, while cities such as Houston and San Diego tend to move more quickly. As in most jurisdictions, the process involves multiple agencies and a mix of staggered and concurrent reviews, with health, fire, and liquor licensing often adding significant time depending on project complexity.

While Denver does not have formal reporting on number of days to approval, number of permits in process, or total permits approved this year, many surveyed operators reported an average of 3-9 months to move through the permitting process, with front range cities reporting much shorter processing times. Operators working with Colorado Springs reported 45-60 days, with Westminster following close behind with an average of 13 weeks for full approval.

Figure 16 - Comparison of permitting departments and timelines: Denver vs. other Front Range cities

City-by-City Summary

City	Permits in Process	Days to Approval	# Approved This Year	# of Employees (Permitting/Planning)	Liaison / Support Offered?
Colorado Springs	52 (all commercial)	45–60 days	No data	145	No — but offers a pre-design meeting with permitting staff
Westminster	3–5 (restaurant only)	13 weeks	15	12	Yes — Business Support & Development Group
Aurora	7 commercial permits issued in last 6 months	45–60 days	Over 12,000 (majority residential; no commercial breakout)	147	No — but Office of Development provides pre-app meeting
Englewood	No data	2–6 months	566	16	No
Lakewood	No data	4–9 weeks	No data	4	No — but Planning & Development offers pre-con meetings + ongoing support; city has software guiding applicants step-by-step
Boulder	No exact data — permit map shows *zero* commercial permits	4–6 months	No data	104 (Community Planning Dept.)	No
Denver	No permit-in-process data provided	Not listed	Not listed	300 employees in permitting	Not listed

From an economic standpoint, the cumulative effect of regulatory friction is substantial. Delays in opening or expanding establishments translate directly into forgone employment opportunities, tax revenue, and neighborhood activation. Participants emphasized that the goal is not deregulation but instead a clearer, more predictable, and more coordinated pathway to compliance. In addition to the above financial impact - the decision of operators to reduce or forgo construction impacts permitting and construction fees collected by the city.

Earlier this year, Denver took proactive steps to reduce delays by launching a new Denver Permitting Office to coordinate multi-department reviews and assign a "project champion" for each project. The aim is to ensure that site development plans and building permits are approved within 180 days. If the planning department hasn't decided within 180 days, the developer can appeal to the new permitting office. If the appeal takes more than 30 days, the city will refund up to $10,000 in permitting costs per project.

Overall, there are significant regulatory and permitting challenges facing Denver restaurant operators, particularly those expanding or launching new concepts since 2020. Respondents describe a fragmented system involving numerous departments with inconsistent standards, siloed communication, and review timelines that can stretch from three to nine months or longer. These delays create costly uncertainty, forcing repeated redesigns and resubmissions that reset review cycles and threaten the survival of small independent operators. Survey feedback from architects, contractors, and brokers reinforces these concerns, portraying Denver as one of the most difficult permitting environments in the country due to misaligned departmental requirements, unclear accountability, and extensive delays. Compared with both national peers and nearby Front Range cities, Denver ranks among the slowest jurisdictions, reinforcing its reputation as a high-friction market and contributing to national brands abandoning local projects.

Despite these challenges, the section also identifies several strengths and areas of progress. Departments such as the Department of Licensing & Consumer Protection and Denver Fire received positive ratings for communication, professionalism, and guest service, demonstrating that strong performance exists within portions of the system. Operators also acknowledged their own role in delays, citing incomplete submissions and misunderstandings of code—insights that underscore the opportunity for clearer guidance, stronger onboarding, and a centralized liaison.

The comparison study highlights Westminster and Colorado Springs as successful models, suggesting that dedicated business support teams and integrated review structures can meaningfully reduce friction. Denver has begun taking steps in this direction through the creation of the new Denver Permitting Office and its "project champion" approach. While early reforms are promising, it will take more time and data for them to be proven effective, and key gaps remain—particularly around consistency, clarity, and citywide applicability.

8.1 Regulatory and Permitting Reform Recommendations

Findings from the Denver Restaurant Liaison Project make clear that regulatory and permitting processes are among the most significant determinants of whether restaurants can open, expand, renovate, or adapt their business models in a timely and financially viable manner. Operators consistently emphasized that they are not seeking deregulation or weaker safety standards; but rather, asking for a system that is clear, coordinated, predictable, and proportionate to the scale and risk of the work being performed. In its current state, Denver's permitting environment is widely described as fragmented, slow, and inconsistent—introducing substantial delays and costs that strain already-thin margins and discourage reinvestment.

The recommendations below aim to reduce friction, improve communication, and create a permitting environment that enables restaurants to focus their resources on quality, workforce investment, and guest experience—not prolonged administrative hurdles.

Recommendation 1. Develop a Restaurant Concierge / Navigator Role

A central recommendation is the creation of a dedicated Restaurant Navigator within Denver's economic development infrastructure. Programs like Restaurant and Hospitality Express in Los Angeles serve as great models and dedication to the industry. This role would serve as a single, knowledgeable point of contact responsible for guiding operators through the end-to-end processes, helping to work through bottlenecks, coordinate inconsistencies, and being a single point of coordination as regulations change.

Recommendation 2. Clear Guidelines: Opening A Restaurant In Denver

In tandem with the navigator function, Denver should improve transparency and predictability by publishing clear, accessible process maps for all restaurant-related workflows. San Francisco and New York are often cited as providing strong road maps and support, while locally Westminster has shown this best practice. There are three essential roadmaps to create:

- Before you start your restaurant: As prospective restaurateurs review opportunities and leases, a guide and direct connection with city divisions and departments to ensure a space will meet code and requirements. For instance, a water line or grease trap adjustment can make or break an entire project.
- How to open a restaurant in Denver: A comprehensive overview that outlines required steps and approvals, timeline expectations, required documentation and common pitfalls and frequently asked questions.
- Clear, inter-departmental dashboard during review: KDS, or Kitchen Display System, is a common tool within a restaurant kitchen. It shows every order being made, with clear time stamps, assignments to stations, alerts when missing time and expectations, enabling all staff clear visibility into progress. Denver needs to adopt a similarly holistic tool where applicants login to the system and understand their position by division, reviewers and key commentary relating to their project, expectations on future division timeframes, and expected outcomes.

These resources should be provided in multiple languages and designed specifically with small operators and minority-owned businesses in mind.

Recommendation 3. Streamline and Align Multi-Agency Workflows

To address structural inefficiencies, City leadership could initiate a comprehensive review of restaurant-related workflows with the goal of eliminating redundancies and aligning sequencing across departments. Potential reforms include:

- Allowing select reviews (e.g., zoning, SUDP, fire, and building reviews) to occur in parallel when risk profiles permit
- Consolidating inspections, when possible, to reduce repeated disruptions to operators
- Creating a unified application portal so operators do not have to submit the same information multiple times
- Standardizing pre-submittal requirements to ensure applicants are not caught off-guard by late-stage requests
  Requiring regulatory and permitting staff to work in-office to improve communication, coordination, and responsiveness across departments.

- Establishing interdepartmental service-level agreements (SLAs) with published performance metrics

Priority should be given to workflows that operators identified as the most challenging: liquor licensing, patio permitting, SUDP reviews, health approvals, and temporary event permits.

A coordinated multi-agency modernization effort would substantially reduce uncertainty and signal that the City understands the operational realities of small businesses in a fast-paced, margin-sensitive industry.

Recommendation 4. Improve Consistency and Communication in Inspections and Enforcement

Operators reported significant inconsistencies in how inspectors interpret and apply codes—often receiving different instructions depending on the individual inspector or agency contact. These inconsistencies lead to costly rework, prolonged delays, and frustration among operators who are actively attempting to comply with regulations.

To address this, the City should:

- Expand ongoing inspector training across departments.
- Issue interpretation bulletins that standardize how complex codes are applied.
- Create opportunities for operators to attend educational sessions on compliance expectations.
- Establish a non-punitive feedback channel through which businesses can report recurring inconsistencies or seek clarification without fear of retaliation.

The goal is not leniency, it is predictability. A consistent inspection environment enhances safety outcomes, reduces conflict, and strengthens trust between businesses and regulatory agencies.

Recommendation 5. Review Energize Denver to ensure feasibility and application

While Denver's environmental goals are well-intended, programs such as Energize Denver can impose significant additional costs and infrastructure challenges in practice. The city should review how these requirements are applied to individual operations within larger developments, which often fall under the same enforcement standards.

Recommendation 6. Review Outdoor Places & Signage Requirements

Stakeholders repeatedly mentioned the difficulty in navigating an updated Outdoor Places regulations and guide, citing a predecessor program consisting of a single page. Denver needs to revisit the necessity of a lengthy process, often requiring additional capital and consultation to navigate.

Further, Denver's signage requirements repeatedly are cited for their restrictive nature (size and quantity) and lengthy approval process. While respondents note the need to ensure a strong city image, references to cities like Nashville, Austin and Los Angeles illustrate a business friendly and engaging outcome.

Respondents again praised Denver's efforts during the COVID-19 pandemic to create shared patio spaces across communities; however, subsequent Outdoor Places regulations have introduced barriers in terms of time, cost, and restrictions. Often captured in the refrain that "Denver loves its patios," these spaces are vital community assets that drive activation while providing essential revenue opportunities for restaurants.

Recommendation 7. Streamline Transfer of Ownership

Under current rules, transferring an existing business to a new operator can automatically trigger a full review if there is a change in layout or menu. Denver should seek a more streamlined approach to avoid unnecessary vacancies and allow new businesses to open and contribute more quickly. Providing a centralized navigator—such as the Department of Environmental Health or Licensing—with the authority to assess proposed changes, determine their level of impact, and quickly approve minor updates would better support business continuity and progress.

Recommendation 8. Denver: A City of Yes

San Francisco offers an example of a city refocusing its efforts to make it easier for businesses and communities to thrive. Closer to home, respondents frequently pointed to Aurora, Broomfield, Englewood, and Westminster as jurisdictions that are eager to assist businesses and support vibrant local economies. Through one on one and group work with staff across Denver's departments and divisions, one consistently observes a genuine desire to see the restaurant and business community succeed. With greater streamlining, inclusivity, and engagement—and leadership that reinforces the message that Denver is open for business—this shared commitment can translate into meaningful action.

9. Key Findings: Public Safety and Environmental Conditions

Concerns about public safety and street-level environmental conditions were among the most frequently cited themes in survey responses, 1-1 interviews, and roundtable discussions. Operators referenced a range of issues, including vandalism, theft, open drug use, visible homelessness, loitering, and insufficient lighting or sanitation in the public spaces surrounding their businesses. Many operators also reported response times of 45 minutes or more by the Denver Police Department, which in many cases is simply too little, too late. These conditions were described not only as safety concerns for staff and guests, but also as factors shaping customer perceptions of entire corridors.

> *"My staff does not feel safe closing at night. We've had windows broken, guests harassed on the sidewalk, and people sleeping in our doorway when we arrive to open."*
> *— Central Denver independent restaurant operator*

Survey data show that a majority of respondents view public safety as a "significant" or "very significant" constraint on their ability to operate successfully. In one-on-one interviews and roundtable discussions, operators reported shortening operating hours, reducing or eliminating outdoor seating, or increasing spending on private security, cameras, and damage repair. Others highlighted the psychological toll on staff who must regularly navigate difficult or confrontational situations in the immediate vicinity of their workplace (Denver Restaurant Liaison Survey, 2025).

Participants emphasized that public safety concerns intersect with broader questions of mental health services, substance use treatment, and homelessness response. Many expressed a desire for more coordinated, multi-agency approaches that combine law enforcement, social services, and community-based interventions rather than relying solely on reactive policing.

Brokers highlighted how these conditions shape first impressions of Denver for both visitors and investors. They pointed to Rockies games and downtown visits as many travelers' initial experience of the city, noting that visible vagrancy, theft, and deteriorated buildings around the Ballpark neighborhood and 16th Street reinforce a perception of Denver as unsafe and poorly managed. They also underscored that land-use decisions, such as converting numerous downtown buildings into affordable housing without concurrently addressing public safety and activation, can unintentionally deepen the narrative of decline in the urban core.

> *"We do not want to criminalize poverty. We also cannot be expected to shoulder the entire burden of street conditions on our block. We need partners in this work."*
> *— Central Denver independent full-service restaurant operator*

From the perspective of economic development, sustained public safety challenges threaten to erode the competitive position of Denver's hospitality districts. Operators identified notable shifts in market demand and dining culture that intersect with the structural challenges described above. City finance data and operator reports indicate that the restaurant sector recovered from the acute phase of the COVID-19 pandemic by 2023, but growth has since softened or reversed, with a 2.2% decline in gross restaurant sales between 2023 and 2024 in the full-service restaurant category (Denver Department of Finance, 2025).

Many restaurants described multiple demand-side changes: fewer weekday lunches in central business districts; shifts toward earlier dining times and reduced late-night activity; greater price sensitivity among guests; and continued importance of off-premise channels (takeout, delivery), but with eroded margins due to third-party fees.

In downtown Denver, however, recent developments have begun to shift this narrative. Mayor Johnston launched All-In-Mile-High, a citywide initiative aimed at moving people experiencing unsheltered homelessness into indoor shelter or permanent housing, with a goal of placing 1,000 individuals into permanent housing by the end of 2025. Backed by significant funding, the initiative has coincided with encouraging signs of recovery in the urban core. A Downtown Denver Partnership report released on October 29, 2025, showed pedestrian traffic reaching 93% of September 2019 levels—the strongest recovery metric to date—alongside a declining office vacancy rate of 28%. Return-to-office activity has rebounded to 64% of pre-pandemic levels, a 7% increase from September 2024, and citywide crime data indicate positive overall trends. (End of Third Quarter 2025 High Frequency Update, Downtown Denver Partnership.)

Taken together, these indicators point to growing momentum downtown, a shift that many respondents—particularly those operating in the urban core—have noted.

Figure 17 - Crime Analysis: Denver (2025 through Dec 1)

Crime Category	2020	2021	2022	2023	2024	2025
Violent Crime	**5369**	**6209**	**6708**	**6334**	**6179**	**4948**
sexual-assault	680	726	782	721	713	608
robbery	1112	1269	1248	1187	1194	810
murder	83	91	77	73	66	36
aggravated-assault	3494	4123	4601	4353	4206	3494
Property Crime	**32366**	**42248**	**44279**	**40359**	**33400**	**24493**
theft-from-motor-vehicle	9881	13615	14145	13276	8868	6528
larceny	9374	10094	10014	10002	10905	9711
burglary	4927	5711	5039	4851	4906	3437
auto-theft	8037	12640	14900	12109	8601	4668
arson	147	188	181	121	120	149
Other Crimes	**22911**	**25165**	**26599**	**27945**	**29491**	**25782**
white-collar-crime	1080	1028	1134	1140	1282	1180
public-disorder	8947	10948	11919	11292	10559	9093
other-crimes-against-persons	3263	3421	3538	3850	4296	4103
drug-alcohol	2273	2399	2930	3756	4265	3318
all-other-crimes	7348	7369	7078	7907	9089	8088
Total	**60646**	**73622**	**77586**	**74638**	**69070**	**55223**

https://www.denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directory/Police-Department/Crime-Information

While these efforts show tremendous progress, those surveyed remained cautious to pessimistic, noting particularly the perception of Denver business pockets as compared to Cherry Creek. Based on surveyed restaurants, homelessness received the highest overall rating on impacts to business. These were followed by roads and infrastructure, crime and safety, and street parking. In a 2024–25 survey presented by Downtown Denver Partnership (via a report from Gensler), public perception of downtown dropped sharply: only ~55% of respondents said downtown, “offers a great experience,” down from ~73% in 2023.

Figure 18 - Impact Report: Denver Restaurant Liaison Survey 2025 *(note: many respondents representing multiple Denver restaurants)*

	NO IMPACT	MINOR IMPACT	MODERATE IMPACT	SIGNIFICANT IMPACT	MAJOR IMPACT	TOTAL	WEIGHTED AVERAGE
Food trucks	65.52% 57	21.84% 19	8.05% 7	3.45% 3	1.15% 1	87	1.53
Events & festivals	29.89% 26	37.93% 33	22.99% 20	8.05% 7	1.15% 1	87	2.13
Crime & safety	11.36% 10	15.91% 14	28.41% 25	19.32% 17	25.00% 22	88	3.31
Homelessness	8.14% 7	11.63% 10	30.23% 26	19.77% 17	30.23% 26	86	3.52
Emergency response delays	37.21% 32	13.95% 12	18.60% 16	9.30% 8	20.93% 18	86	2.63
Road construction / infrastructure disruptions	9.20% 8	22.99% 20	16.09% 14	11.49% 10	40.23% 35	87	3.51
Bike lanes	39.08% 34	18.39% 16	16.09% 14	5.75% 5	20.69% 18	87	2.51
Bus lanes	50.57% 44	14.94% 13	16.09% 14	2.30% 2	16.09% 14	87	2.18
Street parking (availability/cost)	18.39% 16	13.79% 12	20.69% 18	14.94% 13	32.18% 28	87	3.29

"The energy of the city used to flow through our dining rooms. Now it feels like people go out less often, spend more cautiously, and are more likely to stay home or order in."
— Long-time Denver independent full-service restaurateur

Broker Environmental Observations

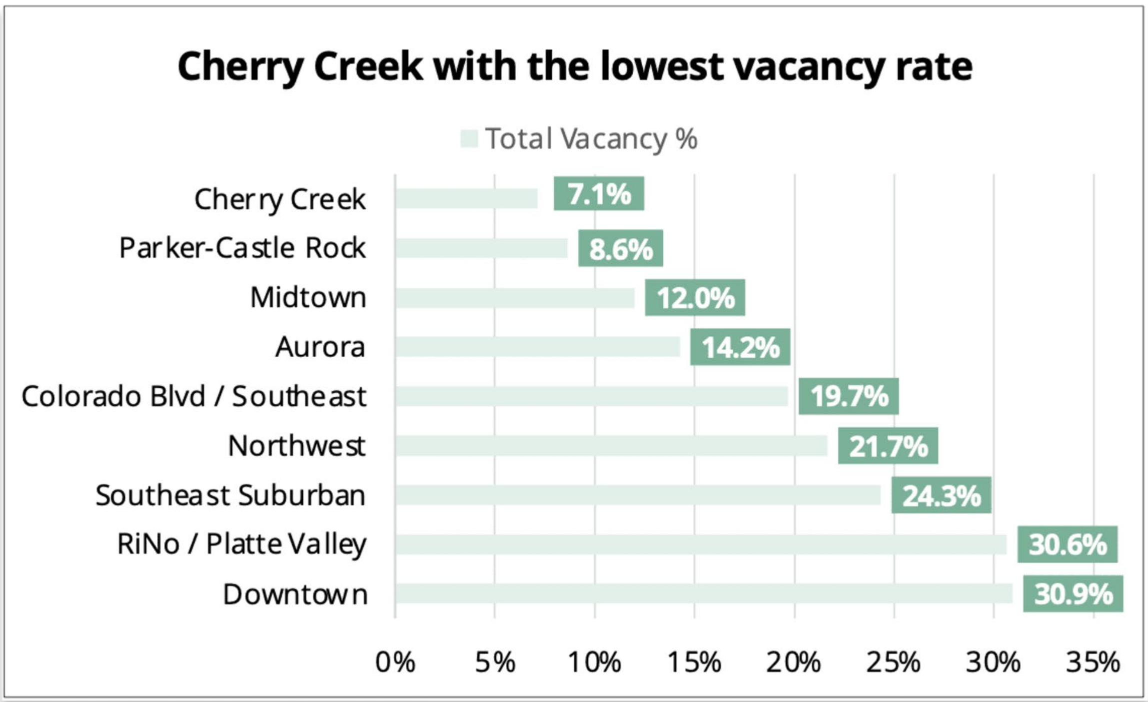
Several participants expressed concern that the current environment rewards larger, better-capitalized groups and national brands at the expense of smaller, independent, and culturally specific establishments. National brokers, however, contend that chain restaurants are reluctant to enter the Denver market due to minimal economic viability and citywide bureaucracy that cripples development. In both instances, the results are negative: fewer jobs, more vacant storefronts, less sales tax revenue, and reduced vibrancy in Denver's neighborhoods. Without targeted support, this trend risks eroding the distinctiveness and diversity of Denver's restaurant landscape—one of the city's core cultural and tourism assets.

Brokers described a pattern in which "everything happening in Denver is existing flight, not new growth." Much of the current activity involves operators relocating within the region or choosing nearby municipalities—such as Englewood, Littleton, Golden, or Broomfield—over Denver for new projects. National brands that once viewed Denver as a test market are increasingly cautious, concentrating any Colorado expansion almost exclusively in Cherry Creek, where strong top-line sales and perceived safety allow them to absorb high labor and occupancy costs.

The broker roundtable illustrated a deteriorating investment climate, characterized by high fixed costs, perceived regulatory hostility and unpredictability, and a widening gap between Denver's risk profile and the returns available in competing markets.

A report published by Avison Young for quarter 3 of 2024 showcases the wide disparity in vacancy rates across the Denver Metro Region.

Figure 19 - Vacancy Rates in Denver Neighborhoods (Sept 2024)



https://milehighcre.com/avison-young-release-q3-denver-office-market-report/?utm_source=chatgpt.com

Within city limits, several once-vibrant corridors, including RiNo, South Broadway, Colfax, Sunnyside, LoHi, and Uptown along 17th, were described by local operators as "dying" or significantly diminished, due to a combination of safety concerns, construction, and the erosion of both daytime office populations and nighttime traffic. Cherry Creek was characterized as the exception: a submarket with near-full occupancy and strong sales, but where costs are so elevated that only the most capitalized concepts can feasibly participate. When brands pull out of Denver deals, brokers report that they often pull out of Colorado entirely, redirecting expansion to other states where cost and regulatory conditions are perceived as more favorable.

Sense of Identity

In a wider sense, many Denver Restaurant Liaison Survey respondents and interviewees expressed concern that Denver is lacking a clear sense of identity and has lost the creative energy and entrepreneurial spirit that once defined both its restaurant and broader culture. Participants noted that the city's earlier growth periods, characterized by affordable commercial space, flexible permitting, moderate labor costs, better public safety, and a strong network of independent operators, created conditions in which new concepts could take risks and experiment.

In contrast, rising operating costs, prolonged regulatory timelines, and questionable public safety have made it increasingly difficult for emerging restaurateurs to gain a foothold. Operators emphasized that these pressures fall disproportionately on independent and minority-owned businesses, which often lack access to the capital reserves and institutional support available to larger groups. As a result, the current landscape feels increasingly "corporate" and "cultureless" to many participants, marked by the expansion of multi-unit groups, out-of-state investment, and standardized concepts that prioritize financial predictability over originality. Several interviewees warned that this shift risks eroding the distinctive, artistic, and community-rooted voices that once drove Denver's culinary reputation, ultimately making the city less competitive as a destination for both talent and tourism.

An often-cited issue relates to citywide construction projects, having profound impacts on business operations. Many downtown Denver respondents noted the difficulty during the construction of 16th Street, while noting overall traffic and improvement at the conclusion. Respondents on the Broadway Corridor, however, noted the lengthy construction appears to have lasting impacts, as sales declines continue to mount. Prolonged road closures and detours can reshape consumer behavior, resulting in new traffic patterns that challenge long-standing businesses.

At the time of this project, these challenges were most pronounced along the East Colfax Bus Rapid Transit (BRT) corridor. Restaurant operators on Colfax Avenue reported significant declines in business, often ranging from 30% to 40% compared to prior years. While the city has offered one-time grants to impacted businesses of up to $15,000, many respondents said the assistance has been insufficient given the scale and duration of the impact. Several businesses have permanently closed, citing the ongoing and long-term effects of construction, and many others expressed serious concern about their future viability.

Bike lane infrastructure was also a recurring concern, particularly among restaurants in the central business district and Broadway corridor. Respondents cited confusing layouts, uneven implementation, negative impacts on parking and traffic flow, and low utilization. While many supported the city's goal of expanding mixed-mobility options, the prevailing sentiment was that these installations have been overbuilt and create confusion. Further, many respondents reported daily, small infrastructure work creating a general sense of malaise toward the business community. Respondents cited examples such as unannounced street closures or parking meter bagging without a clearly identified responsible agency, forcing businesses to scramble to understand the cause and duration of the disruption. While such closures may pose a general inconvenience for residents, for businesses they can result in significant sales losses with no opportunity to recover those losses.

9.1 Public Safety and Community Stability Recommendations

Public safety emerged as one of the most urgent and consistent themes across survey data, operator interviews, corridor visits, and roundtable discussions. Restaurants depend on the conditions of the public realm immediately outside their doors. When those environments feel unsafe, unpredictable, or neglected, restaurants experience cascading operational impacts: reduced customer foot traffic, shortened operating hours, diminished worker comfort when commuting or closing late, increased spending on security, and, in some cases, exposure to repeated incidents of vandalism, harassment, or property damage. These conditions contribute directly to business instability and, for many operators, are now considered co-equal with labor and affordability pressures in determining whether a restaurant can survive.

Operators also emphasized that they do not seek punitive or enforcement-only solutions. They want a coordinated, compassionate, and practical set of interventions that acknowledge the complex intersections of homelessness, mental health, substance use, and economic precarity visible across Denver’s streets. They expressed a desire for interventions that restore safety and predictability while maintaining dignity for vulnerable individuals and reducing the burden placed on restaurant workers who are neither trained nor resourced to manage behavioral health crises. The recommendations below reflect the multifaceted nature of these concerns and offer pathways for restoring stability in restaurant districts while fostering more humane, effective public-safety responses.

Recommendation 1. Implement Coordinated Clean-and-Safe Corridor Initiatives

One of the clearest findings of this project is the strong desire for coordinated “clean-and-safe” corridor initiatives in hospitality districts. Operators emphasized that predictable improvements in lighting, sanitation, environmental maintenance, and graffiti and vandalism response create both actual and perceived safety—shaping customer willingness to visit and employees’ comfort traveling to and from work.

The City, working in partnership with Business Improvement Districts (BIDs), neighborhood organizations, and service providers, could formalize corridor-level programs that:

- Maintain consistent schedules for litter removal, graffiti cleanup, and environmental sanitation.
- Address recurring problem areas through targeted environmental design interventions, such as improved lighting, clear sightlines, and better visibility around alleys, bus stops, and building edges.
- Communicate planned activities, construction disruptions, or environmental changes directly to restaurants and corridor stakeholders.

- Establish reliable channels for reporting issues and receiving timely responses.

These initiatives are often among the most effective and least contentious public-safety investments, producing immediate benefits for operators, workers, and guests.

Recommendation 2. Strengthen Collaborative Responses to Homelessness and Behavioral Health

Restaurant staff are frequently the first to encounter individuals experiencing homelessness, mental health crises, or substance use challenges—yet they lack the training, authority, and resources to respond safely or effectively. Relying solely on law enforcement for these interactions can escalate tensions or lead to inappropriate responses to behavioral health incidents.

Denver's STAR program facilitates this approach and yet is vastly underutilized within the restaurant industry. Creating an awareness campaign, while ensuring restaurant organizations and leadership have regular communication between outreach teams, BIDs, and restaurant operators would enhance coordination and reduce the burden on businesses. Regular communication between outreach teams, BIDs, and restaurant operators would enhance coordination and reduce the burden on businesses.

Recommendation 3. Formalize Partnerships Between Restaurants, BIDs, and Public Safety Agencies

Many operators reported positive outcomes when they had direct working relationships with district police officers, BID security teams, or community resource officers. These relationships create shared understanding of corridor-level conditions and help align public-safety strategies with on-the-ground realities.

The City could institutionalize these positive practices by creating:

- Regular roundtables or corridor-based working groups
- Shared data on incident trends
- Clear contacts for escalating concerns
- Joint planning sessions for events, construction projects, or seasonal changes in activity

Such partnerships would help ensure that enforcement strategies, outreach efforts, and environmental improvements are coordinated and responsive to the lived experience of restaurants.

Recommendation 4. Integrate Safety Considerations into Economic Development and Planning

Public-safety conditions cannot be addressed independently from land use, transportation, and economic development decisions. As Denver implements downtown revitalization efforts, transit-oriented development strategies, and neighborhood activation plans, safety must be treated as a central indicator of economic success.

This means incorporating safety considerations into:

- Streetscape and corridor design
- Lighting and environmental maintenance
- Transit schedules and nighttime mobility
- Permitting decisions for food trucks, festivals, and events
- Investments in public space adjacent to hospitality clusters

A coordinated approach would help ensure that improvements in public safety reinforce the broader economic health of restaurant districts.

Recommendation 5. Establish Coordinated Marketing and Messaging Campaigns

Operators emphasized the importance of shifting narratives about Denver—both internally and externally. Public perception of safety, restaurant quality, and the hospitality workforce influences local spending patterns and regional destination choices.

A coordinated marketing campaign could highlight:

- Denver is safe and welcoming—encouraging residents to return to dining, nightlife, and entertainment districts.
- Hospitality workers as essential contributors to Denver's culture and economy, challenging stereotypes that diminish their value.
- The city's thriving ecosystem of small and medium-sized businesses, emphasizing entrepreneurship and community identity.
- The importance of understanding tipping systems, clarifying misconceptions about the relationship between tips, wages, and service charges.
- Denver's local brand narrative, aimed at residents first rather than solely national or international tourists.

These campaigns would support demand recovery and help counter negative perceptions that suppress corridor activity.

Recommendation 6. Remove Blanket Ground-Floor Restaurant and Retail Mandates

Operators and brokers noted that municipal requirements mandating restaurant or retail uses in every new development—particularly in locations with insufficient foot traffic—place undue pressure on small businesses and can create failures that harm corridor reputation.

The City could revise these mandates by:

- Eliminating blanket requirements
- Creating flexible criteria that align restaurant and retail uses with viable corridors

- Concentrating hospitality density in areas where customer traffic and safety conditions support success
- Allowing alternative ground-floor uses when restaurant demand is insufficient

This approach supports a more strategic distribution of restaurants and reduces the risk borne by operators pushed into unsustainable locations.

Recommendation 7. Require Clear, Advance Communication About Construction Projects

Restaurants are highly sensitive to construction impacts, which disrupt access, reduce visibility, deter customers, and impose immediate revenue losses. Operators emphasized that even short-term closures require planning.

The City should establish clear standards requiring:

- 48-hour notice for street or access closures
- Consistent updates on timelines and expected impacts
- Coordination with BIDs and business associations when larger projects are planned
- Mitigation strategies for affected businesses (signage, access maps, promotional support)

Predictability reduces operational disruption and strengthens trust between businesses and the City.

Recommendation 8. Strengthen Business Incentives During Corridor Construction Disruptions

Existing construction-related supports—such as the Colfax offsets—were widely described as inadequate relative to revenue losses and long-term shifts in customer behavior. Operators noted that guests quickly develop new patterns when construction limits access, and many do not return even after work concludes.

To address this, the City should implement stronger business incentives during major public-works projects, such as:

- Direct financial assistance that correlates to overall business impact, utilizing an insurance company model for assessing and reimbursement based on unexpected business disruptions
- Tax or fee reductions
- Rent-support partnerships with willing landlords
- Marketing or promotional campaigns to maintain customer visibility
- Streamlined permitting for temporary structures, signage, or events designed to attract customers during construction

These measures help preserve corridor vitality and prevent permanent closures caused by public infrastructure work.

Recommendation 9. Increase Restaurant and Hospitality Representation in Civic Planning

Many operators noted that participation in civic planning and advisory boards is often prohibitively expensive or held at times difficult for the industry. As a result, hospitality voices are underrepresented in decisions about transportation, land use, permitting, workforce programs, and economic development.

To correct this imbalance, the City could:

- Reduce or subsidize membership costs
- Offer stipend-supported seats for small-business members
- Create hospitality-specific advisory councils
- Ensure that restaurant operators have a meaningful role in planning decisions that affect their corridors

Representation is essential for informed policymaking that reflects industry realities.

Recommendation 10. Strengthen Police Staffing and Clarify Roles in Public Safety

Many operators expressed a desire for a stronger law enforcement presence, particularly in high-activity corridors, during closing hours, and in areas with repeated incidents. The success of stabilized districts such as Cherry Creek demonstrates that consistent police visibility, combined with sanitation and environmental maintenance, contributes to corridor vitality.

Key elements include:

- Adequate police staffing levels
- Clarified expectations for when police—not restaurant staff—should respond
- Coordination between police, BIDs, outreach teams, and City departments

These approaches ensure that essential governmental functions are sufficiently resourced.

Recommendation 11. Address City Parking & Bike Lane Infrastructure

Within the urban corridor, restaurant owners and brokers reported the most pronounced business impacts, with 47% of restaurant survey respondents indicating significant or major adverse effects. As the City of Denver works to improve perceptions of accessibility and ease of movement, it should consider implementing reduced on-street parking rates, particularly during peak seasons and weekends. Additionally, similar to construction communications, businesses should receive clear and advance notice prior to major on-street parking disruptions. Engaging restaurant owners early in the planning process allows the City to identify practical solutions while reinforcing the vital role the restaurant industry plays in Denver’s economy.

City of Denver 2025 Progress

Throughout this project, the City of Denver, under Mayor Mike Johnston’s leadership, has demonstrated meaningful engagement with the industry. The mayor’s office, DEDO and relevant city departments have participated actively in interviews, roundtables, and data reviews, and have begun implementing permitting improvements and public-realm activation strategies. The blue boxes throughout this executive summary highlight specific actions taken by the city that support this sector.

In 2025, Denver launched the expanded Downtown Development Authority. This entity will invest to redefine the downtown experience and attract new residents, businesses and visitors. The pilot year of the DDA has been highly successful, awarding $166 million in investments across 13 different projects in 4 award cycles, expanding the board’s membership, and selecting projects across a range of areas, including downtown safety, parks and public spaces, new retail businesses and new housing.

- Launched the Downtown Express Permitting Program and the Restaurant Permitting Specialist pilot, delivering measurable results with participating businesses achieving permits in weeks rather than months and average total timelines under four months.
- Made deeper process reforms, including a restaurant permitting “roadmap” to reduce red tape, efforts to simplify inspections and scheduling, and initiatives to ease restaurant-to-restaurant space transitions, including inter-departmental escalation policy to resolve conflicts more quickly, the development of “Getting Started” guides to help applicants prepare before applying, and the launch of the One & Done Concept Phase Review to provide earlier clarity and reduce rework.
- Established clear expectations that city permit review be completed within 180 days and introduced new tools, such as internal performance dashboards and a forthcoming public-facing dashboard, to track and improve review timelines.
- Improved customer navigation through a new centralized permitting website organized by customer type, while in-person service has been strengthened by the addition of on-call plan review staff at the Webb Building permit counter, supported by virtual connections to teams in other locations.

- Created the Business Advancement Division to improve processes and support by working directly with businesses that need support navigating City processes.
- Implemented Getting-Started-Guides (Permitting Wizard) with one for single family permitting, another for commercial permitting and one for restaurant permitting.
- Provided an exemption to Denver Energy Code C505.1 (change of occupancy or use) for most business users under 5,000 sf, removing unintentional added challenges for small businesses in certain scenarios.
- Reduced red tape and streamline processes through the Restaurant Rapid Improvement Event.
- Eased licensing inspection process, offering more ways to schedule and removing duplicative inspections.
- Eliminated parking requirements, so existing buildings no longer need to include a minimum number of vehicular parking spaces.
- Eased grease interceptor by Department of Transportation and Infrastructure (DOTI), so hydro-mechanical interceptors may be allowed by policy.
- Provided a pathway for restaurants to use the public right-of-way prior to 2020 via the Denver's Tables, Chairs, and Railings program, formalizing many of these emergency-era changes through the creation of the Outdoor Places Program.

Launched All-In-Mile-High, a citywide initiative aimed at moving people experiencing unsheltered homelessness into indoor shelter or permanent housing, with a goal of placing 1,000 individuals into permanent housing by the end of 2025.

In 2025, the city focused on efforts on addressing safety issues throughout with a focus on reducing violent crime. In 2025, Denver has seen homicides decline by more that 50% and recorded one of the lowest homicide rates in the last 35 years.

10.Implementation and Next Steps

The recommendations outlined in this report reflect a recalibration rather than a wholesale reinvention of Denver's approach to supporting its restaurant sector. The data make clear that restaurants are not facing a short-term disruption, but a sustained structural imbalance driven primarily by labor-cost escalation, layered regulatory complexity, rising fixed costs, and public-realm instability. Implementation must therefore be deliberate, sequenced, and realistic—prioritizing action that stabilize the sector in the near term while creating pathways for longer-term reform.

Successful implementation will depend on three principles: urgency with discipline, cross-departmental coordination, and co-creation with restaurant operators.

Near-Term Actions (0–12 months).

Near-term priorities should focus on measures that directly address the most destabilizing pressures identified in this report — particularly labor costs, permitting friction, and public-realm conditions. These steps are intended to deliver visible relief, rebuild trust, and create momentum.

Labor & Workforce

- Implement changes to tipped wage accompanied by clear compliance guidance and worker-education materials.
- Evaluate the feasibility of establishing a middle-tier minimum wage for certified whole-house tip-sharing restaurants, including eligibility criteria, compliance mechanisms, and fiscal impacts.
- Clarify the City's position on standardized service fees, including consumer transparency standards and tax treatment, to reduce uncertainty for operators already using or considering this model.

Regulatory & Permitting

- Stand up a dedicated Restaurant Navigator / Concierge function within the City's economic development infrastructure, with clear authority to coordinate across departments and troubleshoot active projects.
- Publish clear, plain-language guides for opening, operating, and modifying a restaurant in Denver, including pre-lease considerations, permitting timelines, and common pitfalls.
- Identify a short list of high-friction permits (e.g., patios, SUDP, signage, ownership transfers) and implement immediate procedural simplifications where risk profiles allow.

Public Safety & Corridors

- Launch coordinated clean-and-safe pilots in priority hospitality corridors, with defined service standards for lighting, sanitation, graffiti removal, and communication.
- Improve awareness and utilization of non-police response options, including STAR, through targeted outreach to restaurant operators and staff.
  Establish regular corridor-level coordination meetings among restaurants, BIDs, outreach teams, and public safety agencies.

Medium-Term Actions (1–2 years).

Over the medium term, Denver can move from pilots and design work to more durable programmatic structures.

Labor & Affordability

- Develop targeted commercial affordability tools for small and independent restaurants in designated corridors, including rent-stabilization mechanisms, gap financing, or landlord-partnership incentives.
- Expand small-business cost-mitigation supports such as shared services, energy-efficiency grants, and insurance-risk mitigation programs.

Regulatory Modernization

- Fully integrate the Restaurant Navigator role into the Denver Permitting Office, supported by service-level agreements and performance metrics.
- Align multi-agency review processes to allow parallel reviews where feasible and consolidate inspections to reduce downtime and rework.
- Deploy a unified, transparent permitting dashboard that provides applicants real-time visibility into review status, outstanding requirements, and expected timelines.

Public Realm & Demand Recovery

- Formalize clean-and-safe corridor programs with sustainable funding and governance structures.
- Integrate restaurant-district safety considerations into transportation, streetscape, and downtown revitalization planning.
- Coordinate local marketing and messaging campaigns aimed at restoring resident confidence in dining districts and clarifying tipping and service-fee norms.

Longer-Term Actions (3–5 years).

In the longer term, the city and its partners can consider institutionalizing aspects of the liaison model more formally—for example, by embedding ongoing restaurant engagement structures into economic development planning, formalizing corridor-based clean-and-safe governance, and aligning housing, transportation, and workforce strategies around the needs of the hospitality sector. At this stage, Denver will also have more longitudinal data with which to assess how adjustments to wage policy, affordability tools, regulatory reforms, and safety strategies have affected restaurant viability, employment, and neighborhood outcomes.

Throughout these phases, it will be important to establish clear metrics and feedback loops. Potential indicators include time to permit issuance for common actions, key employment numbers, employee turnover rates, reported safety incidents in key corridors, restaurant openings and closures by neighborhood and ownership type, and survey-based measures of operator confidence. Regular reporting on these indicators—through an annual or biannual “State of Denver Restaurants” update—would help maintain focus and transparency.

Finally, implementation should be guided by the principle of co-creation. Restaurant operators should have ongoing opportunities to shape how programs and policies are designed, communicated, and refined over time. The liaison structure piloted through this project can serve as the foundation for that continued engagement.

11. Conclusion

Denver's restaurant sector is at a critical inflection point. The evidence assembled through the Denver Restaurant Liaison Project shows a city that values its hospitality culture yet has unintentionally created an operating environment in which costs rise faster than revenue, risk accumulates faster than returns, and resilience is increasingly limited to the most capitalized.

The findings of this report do not point to a single policy failure or a single solution. Instead, they reveal a compounding set of pressures: rapid and uncapped wage escalation layered onto a fixed tip credit; rising rents, taxes, and insurance costs; permitting systems that add time and uncertainty to already capital-intensive investments; and public-realm conditions that directly shape customer behavior, worker safety, and corridor vitality. Together, these forces have pushed many full-service and independent restaurants to the edge of viability—even as they continue to provide essential jobs, tax revenue, and cultural value.

Importantly, this report also shows that these outcomes are not inevitable. Denver retains meaningful leverage to stabilize and strengthen its restaurant ecosystem if it acts with coordination and clarity. Rebalancing how wages are financed—without abandoning high wage standards—offers the most immediate opportunity to slow job loss and business contraction. Pairing labor reforms with targeted affordability tools, predictable regulatory pathways, and visible improvements to public safety can restore confidence among operators, workers, and investors alike.

The recommendations presented here reflect what restaurant operators repeatedly emphasized throughout this process: they are not asking for deregulation, exemptions, or a rollback of worker protections. They are asking for systems that are coherent, proportional, and grounded in economic reality—systems that allow restaurants to plan, invest, hire, and serve their communities sustainably.

Denver's restaurants are not peripheral to the city's success; they are foundational. They employ nearly one in ten workers, generate a significant share of sales-tax revenue, animate neighborhoods, and shape the city's national identity. Allowing this sector to continue contracting would have consequences far beyond individual businesses—affecting employment, tourism, public-space vitality, and fiscal stability.

This report is intended as a practical framework for action. With coordinated leadership from the Mayor's Office, City Council, and key departments—and with continued partnership from operators, workers, and community organizations—Denver can move from managing decline to enabling stability and renewed growth. The opportunity now is not merely to preserve what exists, but to create the conditions for a restaurant sector that remains vibrant, diverse, and resilient for years to come.

Appendix A - Minimum Wage Reference Tables (Filtered)

These tables present the restaurant-relevant minimum wage history from 2013 through 2025 for the federal baseline, Colorado, Denver, and comparable peer cities. Salt Lake City, Austin, Charlotte, Nashville, Oklahoma City, Houston, and Atlanta are excluded as they are all set to Federal minimum wage guidelines.

Figure A1 - Non-Tipped Minimum Wage by City (Filtered, 2013-2025)

Year	Denver, CO	Colorado	Federal	Columbus, OH	Chicago, IL	Minneapolis, MN	New York, NY	Oakland, CA	Phoenix, AZ	Portland, OR	San Francisco, CA	Seattle, WA	Washington, D.C.
2013	$7.78	$7.78	$7.25	$7.85	$8.25	$7.25	$7.25	$8.00	$7.65	$8.95	$10.24	$9.19	$8.25
2014	$8.00	$8.00	$7.25	$7.95	$8.25	$8.00	$8.00	$9.00	$8.05	$9.10	$11.05	$9.32	$9.50
2015	$8.23	$8.23	$7.25	$8.10	$10.00	$9.00	$8.75	$12.25	$9.00	$9.25	$12.25	$10.00	$10.50
2016	$8.31	$8.31	$7.25	$8.10	$10.50	$9.50	$9.00	$12.55	$9.00	$9.75	$13.00	$10.50	$11.50
2017	$9.30	$9.30	$7.25	$8.15	$11.00	$11.00	$11.00	$12.86	$10.00	$11.25	$14.00	$11.00	$12.50
2018	$10.20	$10.20	$7.25	$8.30	$12.00	$11.25	$13.00	$13.23	$10.50	$12.00	$15.00	$11.50	$13.25
2019	$11.10	$11.10	$7.25	$8.55	$13.00	$12.25	$15.00	$13.80	$11.00	$12.50	$15.59	$12.00	$14.00
2020	$12.85	$12.00	$7.25	$8.70	$13.50	$13.25	$15.00	$14.14	$12.00	$13.25	$16.07	$13.50	$15.00
2021	$14.77	$12.32	$7.25	$8.80	$15.00	$14.25	$15.00	$14.36	$12.15	$14.00	$16.32	$15.00	$15.20
2022	$15.87	$12.56	$7.25	$9.30	$15.40	$15.00	$15.00	$15.06	$12.80	$14.75	$16.99	$15.75	$16.10
2023	$17.29	$13.65	$7.25	$10.10	$15.80	$15.19	$15.00	$15.97	$13.85	$15.45	$18.07	$16.50	$17.00
2024	$18.29	$14.42	$7.25	$10.45	$16.20	$15.57	$16.00	$16.50	$14.35	$15.95	$19.18	$17.25	$17.50
2025	$18.81	$14.81	$7.25	$10.70	$16.60	$15.97	$16.50	$16.89	$14.70	$16.30	$19.18	$20.76	$17.95
'13-'25 Δ%	142%	90%	0%	36%	101%	120%	128%	111%	92%	82%	87%	126%	118%

Figure A2 - Tipped Minimum Wage by City (Filtered, 2013-2025)

Year	Denver, CO	Colorado	Federal	Columbus, OH	Chicago, IL	Minneapolis, MN	New York, NY	Oakland, CA	Phoenix, AZ	Portland, OR	San Francisco, CA	Seattle, WA	Washington, D.C.
2013	$4.76	$4.76	$2.13	$3.92	$4.95	$7.25	$5.00	$8.00	$4.65	$8.95	$10.24	$9.19	$2.77
2014	$4.98	$4.98	$2.13	$3.98	$4.95	$8.00	$5.00	$9.00	$5.05	$9.10	$11.05	$9.32	$2.77
2015	$5.21	$5.21	$2.13	$4.05	$5.45	$9.00	$5.00	$12.25	$6.00	$9.25	$12.25	$10.00	$2.77
2016	$5.29	$5.29	$2.13	$4.05	$5.95	$9.50	$7.50	$12.55	$6.00	$9.75	$13.00	$10.50	$2.77
2017	$6.28	$6.28	$2.13	$4.08	$6.10	$11.00	$8.25	$12.86	$7.00	$11.25	$14.00	$11.00	$3.33
2018	$7.18	$7.18	$2.13	$4.15	$6.25	$11.25	$9.00	$13.23	$7.50	$12.00	$15.00	$11.50	$3.89
2019	$8.08	$8.08	$2.13	$4.28	$6.40	$12.25	$7.50	$13.80	$8.00	$12.50	$15.59	$12.00	$4.45
2020	$9.83	$8.98	$2.13	$4.35	$8.10	$13.25	$10.00	$14.14	$9.00	$13.25	$16.07	$13.50	$5.00
2021	$11.75	$9.30	$2.13	$4.40	$9.00	$14.25	$10.00	$14.36	$9.15	$14.00	$16.32	$15.00	$5.05
2022	$12.85	$9.54	$2.13	$4.65	$9.24	$15.00	$10.00	$15.06	$9.80	$14.75	$16.99	$15.75	$5.35
2023	$14.27	$10.63	$2.13	$5.05	$9.48	$15.19	$10.00	$15.97	$10.85	$15.45	$18.07	$16.50	$8.00
2024	$15.27	$11.40	$2.13	$5.22	$11.02	$15.57	$10.65	$16.50	$11.35	$15.95	$19.18	$17.25	$10.00
2025	$15.79	$11.79	$2.13	$5.35	$12.62	$15.97	$11.00	$16.89	$11.70	$16.30	$19.18	$20.76	$10.00
'13-'25 Δ%	232%	148%	0%	36%	155%	120%	120%	111%	152%	82%	87%	126%	261%

Appendix B – Case Studies

The following are a series of three case studies which, individually and collectively, illustrate the average changes in cost structures for both full-service and quick-serve restaurants over time.

Case Study #1

The first case study follows the average changes in cost structures for both full-service and quick-serve restaurants between 2019 and 2024. They are synthesized from over 80 restaurant profit & loss statements of Denver metro restaurants obtained from Restaurant Accounting Services & Management System [RASI].

The first two columns show average expenses as a percentage of total revenue in 2019. The third column shows the average percentage increase in each cost category between 2019 and 2024, with the fourth column showing the total expense by category in dollars. The key takeaway is that to keep up with rising expenses, a restaurant would need to see more than a 36-40% increase in sales, and that even with this theoretical increase, profit margin would decrease.

Crucially, sales are estimated to have increased by an average of only 5% between 2019 and 2024, with those increases driven more by increased pricing than growing sales volume. This leaves many restaurants in the red, forced to cut costs, hours, and even entire positions to survive. (Note for below: G&A is General & Administrative including insurance, CAM is Common Area Maintenance)

Figure B.1 – Full-Service Restaurant Expense Analysis 2019 and 2024

TYPICAL Full Service Restaurant					
	2019		2024		
	$	% of sales	$	% of sales	% increase in expense
Sales	**$2,000,000**		$2,000,000		
COGS	$600,000	30%	$732,000	37%	**+22%**
Hourly Tip Labor	$200,000	10%	$380,000	19%	**+90%**
Hourly Labor	$300,000	15%	$390,000	20%	**+30%**
Management Labor	$200,000	10%	$260,000	13%	**+30%**
Other Expenses	$200,000	10%	$260,000	13%	**+30%**
Rent/CAM	$200,000	10%	$300,000	15%	**+50%**
Total Cost	**$1,700,000**		**$2,322,000**		
EBITDA	**$300,000**	15%	**($322,000)**	-16%	

Figure B.2 - Quick Service Restaurant Expense Analysis 2019 and 2024

TYPICAL Quick Service Restaurant	2019		2024		
	$	% of sales	$	% of sales	% increase in expense
Sales	**$1,000,000**		$1,000,000		
COGS	$300,000	30%	$366,000	37%	+22%
Hourly Tip Labor	$0	0%	$0	0%	+90%
Hourly Labor	$250,000	25%	$425,000	43%	+70%
Management Labor	$100,000	10%	$130,000	13%	+30%
Other Expenses	$100,000	10%	$130,000	13%	+30%
Rent/CAM	$100,000	10%	$150,000	15%	+50%
Total Cost	**$850,000**		**$1,201,000**		
EBITDA	**$150,000**	15%	**($201,000)**	-20%	

Case Study #2

The second case study presents a detailed analysis of financial data drawn from comparing pairs of restaurants from the same brand—one located in the City and County of Denver and the other elsewhere in Colorado. Group One includes a set of mostly Denver-based restaurants with annual profit-and-loss data available from 2019 through 2024. The analysis examines how their cost structures and profitability have changed over time as minimum wages and other operating expenses have risen. Key metrics reviewed include Net Sales, Labor %, COGS %, Rent %, and Restaurant EBITDA %, compared year by year and between Denver and non-Denver locations.

In this cohort, average Denver net sales decline sharply in 2020 with COVID-19, rebound in 2021, and then grow modestly through 2024. Labor as a percentage of sales tends to run higher than 2019 levels, particularly in 2020 and 2023, while COGS % declines a few points over time—suggesting some combination of menu price increases, mix management, or product cost control. Rent as a % of sales is comparatively stable. Restaurant EBITDA % is comfortably positive before the pandemic, weakens in 2020–2021, and becomes negative from 2022 onward, consistent with the pressure of rising wage floors and other inflationary costs outpacing revenue growth. Non-Denver data points appear only from 2022 forward and should be viewed as directional rather than fully representative due to the small sample.

Figures 2.3–2.4 illustrate weighted-average financial performance for Denver and non-Denver restaurants with complete data from 2019–2024. Denver shows substantial labor cost escalation, rising 7–8 percentage points, while non-Denver labor costs remain stable. COGS percentages decline slightly in both groups, indicating that margin pressure is driven primarily by labor costs.

EBITDA margins diverge significantly, with Denver declining into negative territory by 2023–2024, while non-Denver restaurants maintain healthy profitability. Sales recovery is weaker in Denver, compounding labor-driven margin compression. Together, these metrics highlight a widening performance gap, suggesting Denver operators face a uniquely high-cost burden associated with wage policy changes.

Figure B.3 - Average COGS % of Sales (2019-2024), Denver vs Non-Denver, by Net Sales

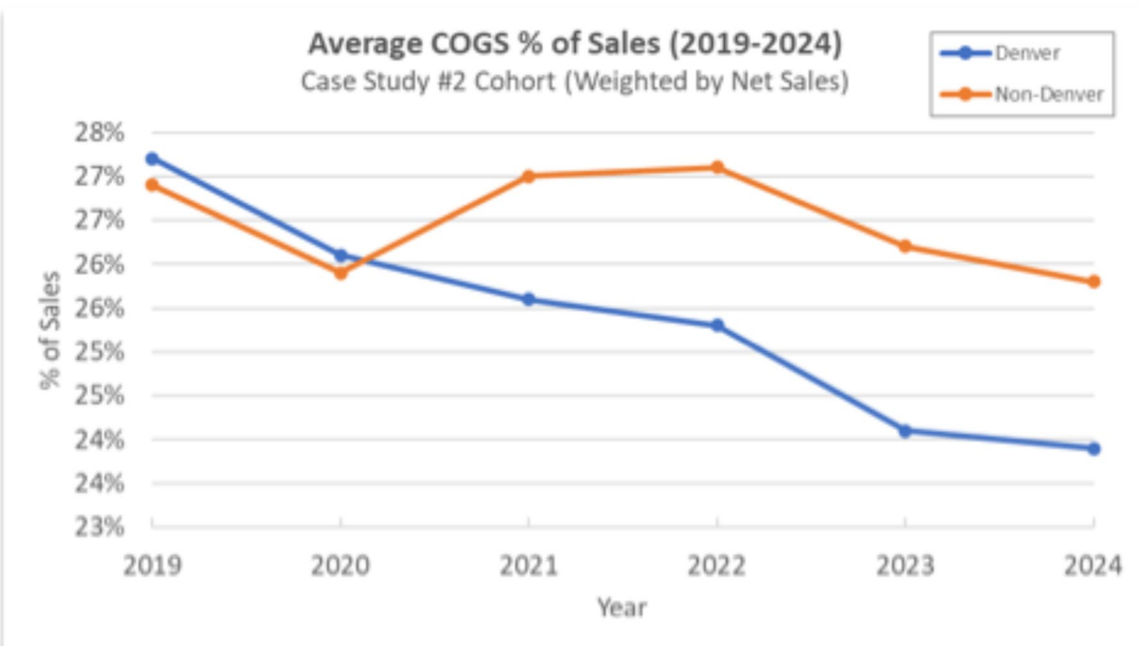


Figure B.4 - Average Labor % of Sales (2019-2024), Denver vs Non-Denver, weighted by Net Sales

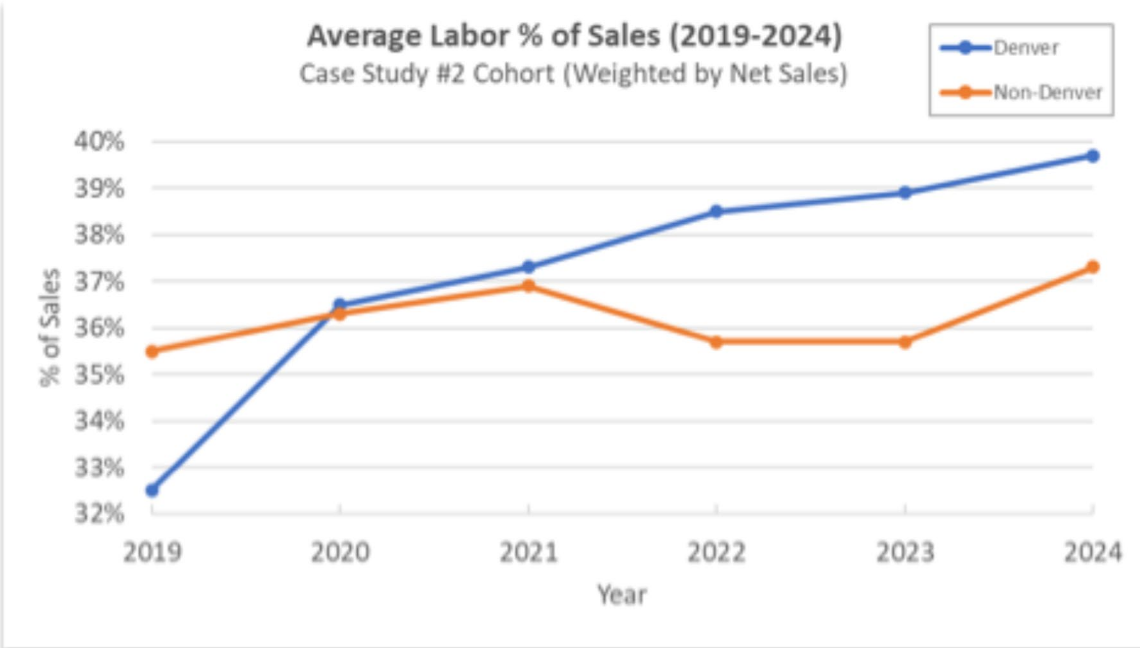


Figure B.5 - Average Restaurant EBITDA % (2019-2024), Denver vs Non-Denver, weighted by Net Sales

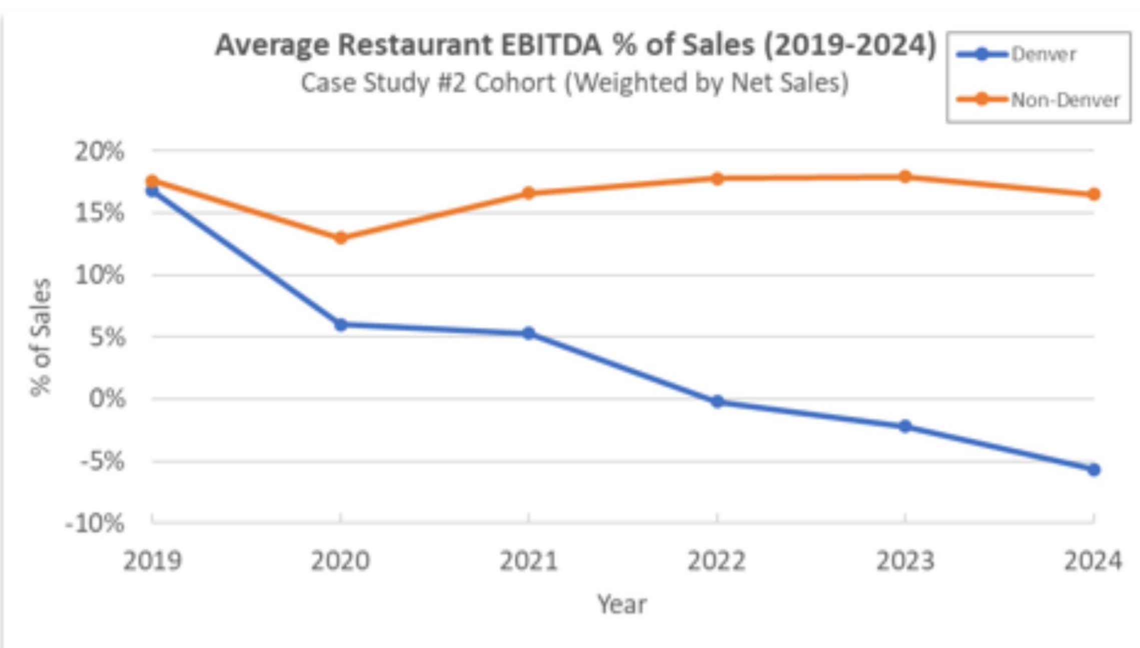
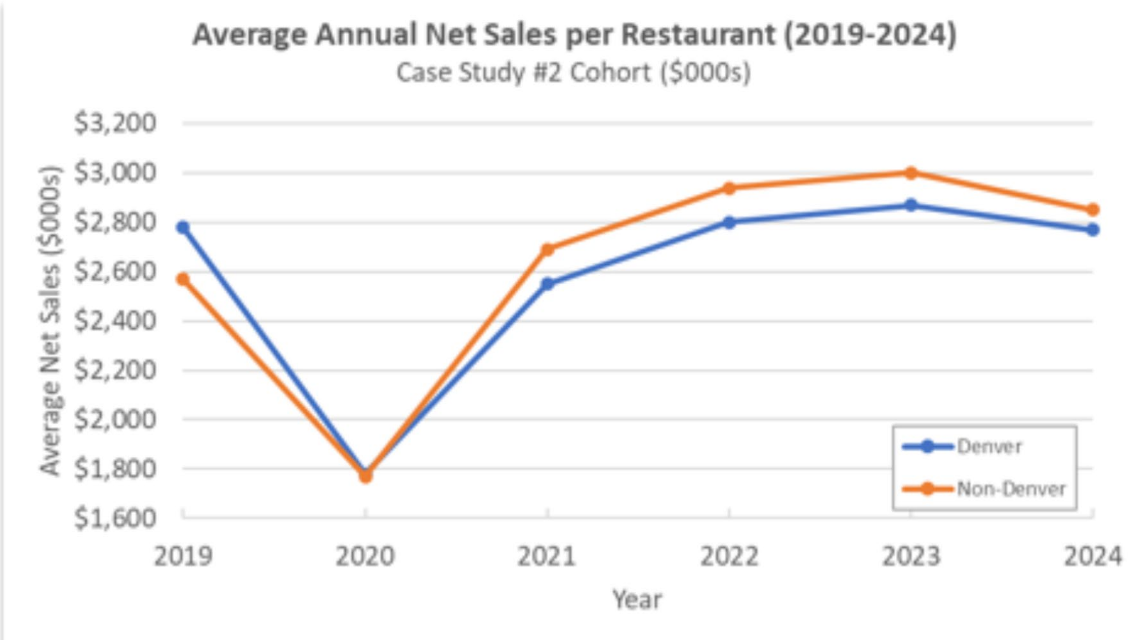


Figure B.6 – Average Annual Net Sales per Restaurant (2019-2024), Denver vs Non-Denver, simple averages



In conclusion, the restaurant industry faces high startup costs, substantial labor needs, and mounting financial pressure as operating expenses outpace revenue growth. In Denver, sales declined slightly between 2023 and 2024, while operators reported sharp increases in labor, rent, and cost of goods sold, driving already thin margins into negative territory for many concepts. Case-study data show Denver restaurants experiencing significant labor-driven margin erosion from 2019–2024, in contrast to more stable cost structures and profitability in non-Denver locations. Together, these findings indicate a widening performance gap and highlight the disproportionate cost burden carried by Denver operators under recent wage and inflationary pressures.

Case Study #3

The third case study reviews the financial performance of 31 full-service restaurants in Denver from 2018 to 2024. All restaurants use comparable accounting systems, which allows for consistent comparisons across years. By focusing only on restaurants that operated continuously throughout the full period, the analysis avoids distortions from openings, closures, or partial-year data. This approach reveals clear, long-term trends in how Denver restaurants' costs and profitability have changed.

The charts in this section track changes in COGS %, Labor %, Prime Margin %, and EBITDA %. Labor costs rise sharply starting in 2020, which aligns with the rollout of Denver's local minimum wage ordinance. Even though many operators later raised prices and improved efficiency, labor costs remain noticeably higher than they were before 2020. COGS %, on the other hand, stays consistent across the years, suggesting that restaurants were generally able to manage food cost inflation through menu adjustments, vendor negotiations, and product mix decisions. Prime Margin %—the combination of labor and COGS—drops significantly in 2020 before stabilizing at about 31–32% from 2022 to 2024, lower than the roughly 35.5% average seen in 2018 and 2019.

EBITDA % is more volatile. It falls sharply in 2020, spikes unusually high in 2021 due to pandemic relief programs such as PPP and rent abatements and then settles into a more typical range of 5–8% in 2022–2024. This is lower than the 9–10% margins seen before local wage increases took effect. The combined data shows that Denver restaurants now operate in a permanently higher-cost environment, even after adjusting operations and pricing.

Figure B.8 - Cohort Time Series (% of Sales)

Cohort Time Series (% of Sales)

Year	COGS %	Labor %	Prime Margin %	EBITDA %
2018	28.4%	36.1%	35.5%	9.6%
2019	28.0%	36.5%	35.4%	9.1%
2020	28.4%	42.7%	28.9%	3.5%
2021	28.6%	39.4%	31.9%	28.3%
2022	28.8%	40.1%	31.1%	13.3%
2023	27.5%	40.8%	31.7%	7.5%
2024	27.9%	39.8%	32.3%	5.9%
2025YTD	27.4%	38.9%	32.5%	5.5%

A comparison of 2018–2019 averages to 2022–2024 averages shows the following long-term changes:

- Labor costs increased by nearly 4 percentage points.
- Prime Margin dropped by almost 4 points.
- COGS remained essentially unchanged.
- EBITDA declined only slightly but now stabilizes at a lower level than before. These shifts highlight labor as the primary driver of long-run cost pressure.

Figure B.9 - Profit & Loss Analysis

Metric	2018–19 Avg	2022–24 Avg
COGS %	28.2%	28.1%
Labor %	36.3%	40.2%
Prime Margin %	35.5%	31.7%
EBITDA %	9.4%	8.9%

The following series of charts show that labor costs rose sharply beginning in 2020, largely due to Denver's minimum wage increases, and they have remained higher than pre-2020 levels even after restaurants adjusted prices and operations. By contrast, COGS % stayed relatively stable throughout the entire period, suggesting operators were largely able to manage food inflation through menu adjustments, vendor negotiations, and product mix changes.

Prime Margin %—which reflects the combined impact of labor and food costs—dropped significantly in 2020 and has since stabilized below its 2018–2019 levels, indicating a more challenging cost structure for full-service restaurants. EBITDA % was unusually volatile during the pandemic due to federal relief programs but has now settled into a lower steady range of about 5–8%, compared with 9–10% before 2020. Overall, the long-term trend points to a structurally higher cost environment and reduced profitability for Denver's full-service restaurant cohort.

Figure B.10 – COGS % and Labor % Over Time

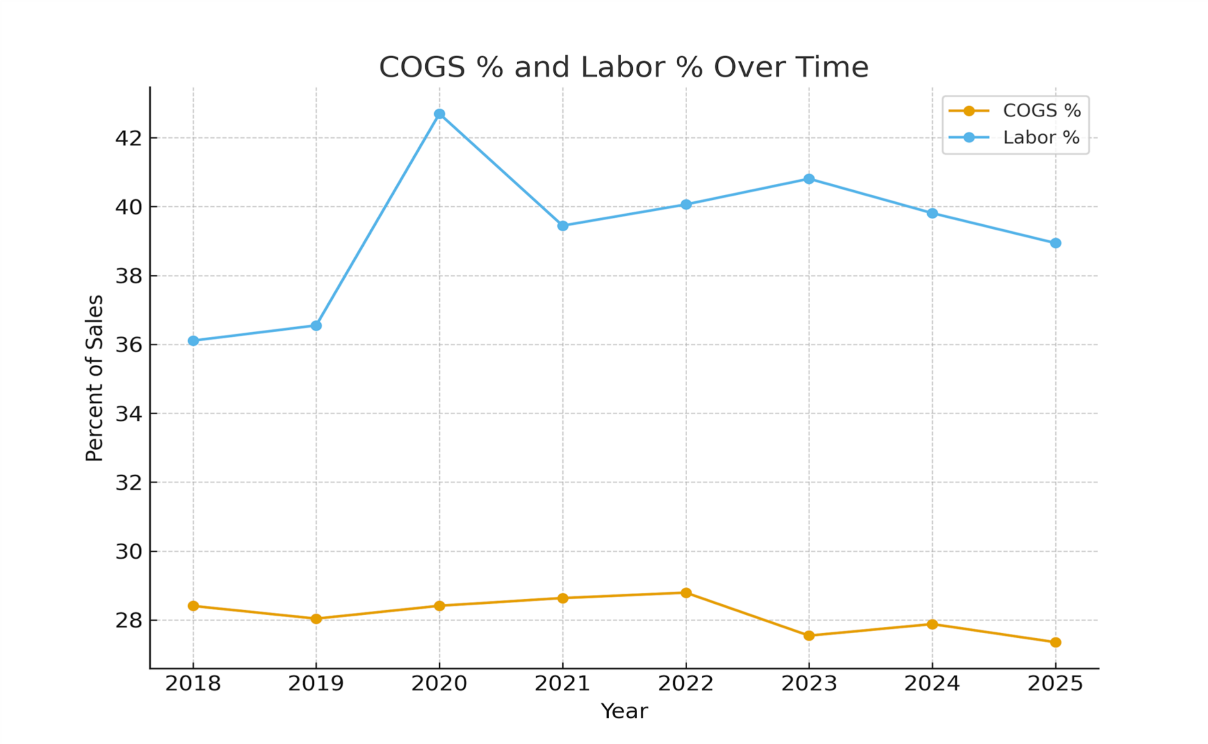


Figure B.11 – Prime Margin % Over Time

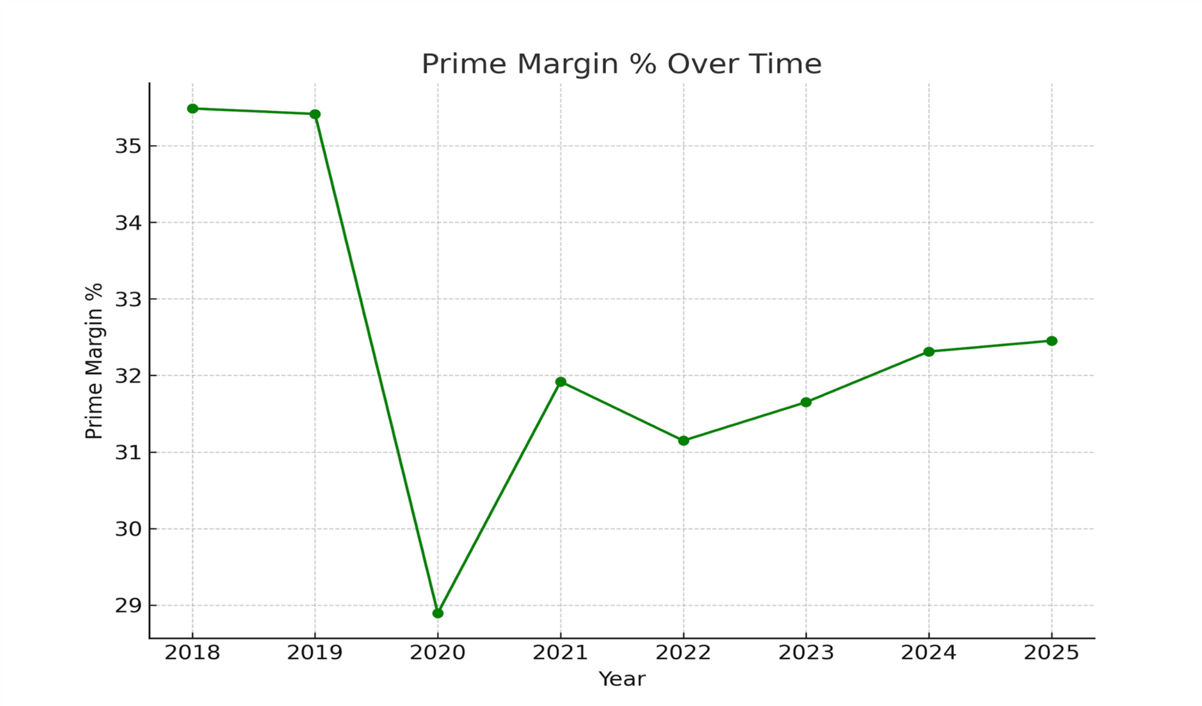
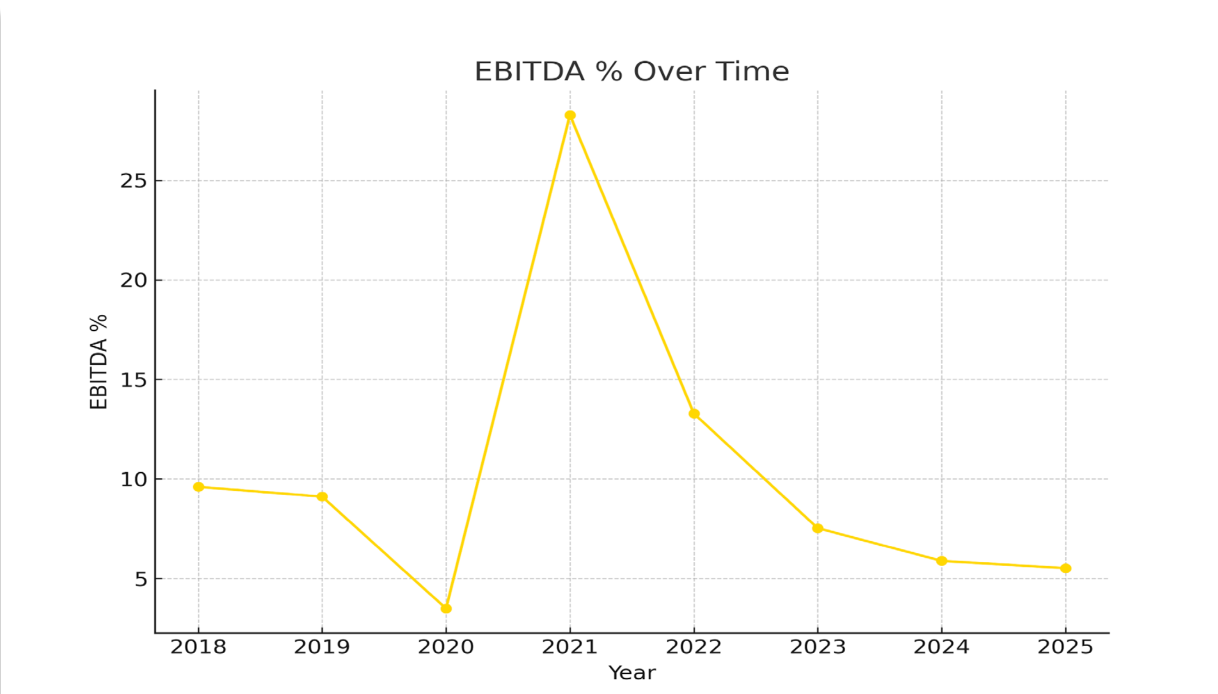


Figure B.12 – EBITDA % Over Time



In summary, the restaurant industry is costly to enter and highly labor-intensive, employing 10% of the U.S. workforce while earning relatively modest profits. Rising expenses have made this model even more challenging, especially in Denver, where sales fell slightly between 2023 and 2024 while labor, rent, and food costs rose sharply.

Case Study #1 shows that expenses grew so quickly between 2019 and 2024 that restaurants would have needed a 36–40% increase in sales just to keep margins stable, but actual sales grew only about 5%. Case Study #2 compares Denver restaurants with similar locations elsewhere in Colorado and finds that Denver locations faced much higher labor costs, weaker sales recovery, and negative EBITDA by 2023–2024. In contrast, non-Denver restaurants remained profitable, highlighting a growing performance gap. Case Study #3 shows a long-term pattern of rising labor costs and shrinking margins for Denver full-service restaurants from 2018–2024.