



Boulder Primary Employer Survey June 2021





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Introduction

This survey of primary employers was originally planned for the first quarter of 2020 but was postponed due to the pandemic.

Primary employers are those who derive more than 50 percent of revenue from outside of Boulder County and include sectors such as technology, bioscience, aerospace, etc.

The survey was adjusted and expanded to gauge impacts of Covid in addition to feedback on the Boulder business climate in general. Surveys were completed from May 4 to June 1, 2021.



Methodology

Primary method:

There are approximately 768 primary employers in Boulder. RRC compiled a list of 3,200 emails using a purchased database from Data Axle, the Naturally Boulder membership list and City of Boulder contacts.

In addition, the Boulder Economic Council created a list of approximately 171 employers from BEC and Boulder Chamber membership rosters.

Surveys were emailed out on May 3rd and results collected through June 1st. The BEC emailed to their list separately and RRC tabulated the results of both surveys together.

There were 77 completed surveys returned out of an estimated 768 primary employers (extrapolated from CU estimates in 2016 and 2020); given these estimates the results of survey represents approximately 10% of primary employers in Boulder and have a 9.6% margin of error.



77
Total
Surveys

Key Findings

- Covid impacted most businesses in Boulder negatively, but there is significant optimism about the future of the local/regional economy.
- Half of respondents expect to grow their workforce and 30% plan to grow their footprint; compared to 14% who plan to shrink their space.
- Despite cost concerns, Boulder is viewed as a good place to do business, with 73% voicing satisfaction compared to 14% that are unhappy. Companies want to do business in Boulder.



Key Findings

- Over half of respondents believe Boulder is a better place to do business than other cities, which is the same as in 2012; however, 1/3 think it is worse, which is higher than 2012 when 17% said it was worse. This likely correlates to escalating costs and scarcity of space and employees.
- The “Boulder Brand” is powerful but seems to be losing some luster. 1/3 say a Boulder address is good for business which is down from 61% in 2012. Half now say it has little or no effect.



Key Findings

- Employee housing is the dominant challenge, followed by the cost of doing business and finding space. These issues point to a continuing trend of growing companies looking outside of Boulder for affordability.
- The success factors considered most important by businesses are broadband access, affordable space and availability of qualified staff. Boulder rates well for connectivity but is a challenging environment on the other two factors.



Key Findings

- High real estate costs for purchasing and leasing have been an issue in Boulder for decades and are likely a permanent part of the business landscape in the city.
- While employee wages and availability are key issues here, they are also the dominant business challenges nationwide. Boulder companies are not unique in dealing with recruiting issues and rising payroll costs; however, the high cost of housing likely amplifies the problem locally.



Key Findings

- Post Covid, 65% of firms report their space meets all or most of their needs. However, this is down from 83% before the pandemic. The number of firms reporting their space met only some or none of their needs increased sharply after Covid to 35%. This is likely due to a shift toward hybrid office models.
- 43% of firms who rent space say they will definitely or probably not renew their lease. 18% of firms surveyed anticipate moving out of Boulder in 1-3 years which points to more activity in the regional commercial leasing market in 2021-2022.
- Of those firms planning to move, the primary reason is not surprisingly the cost of space.



Key Findings

- Despite the challenges of rising wages and availability, the growing need for talent will continue to fuel hiring with half of firms planning to grow their workforce
- 72% of respondents report that half or more of their employees live outside of Boulder. Larger companies are more likely to have a higher percentage of employees who are in-commuters.



Key Findings

- Remote working was not uncommon before Covid with 53% of firms reporting that 20% or more of employees worked remotely. However, the pandemic caused a major spike. 87% now report that 20% or more of their staff are working remotely which is in sync with national trends.
- In summary, the Boulder brand, quality of life and culture continue to make the city desirable. Companies want to be here and consider it a good place to do business. However, the high and rising costs for space, housing and employees will pressure some employers to leave. These pressures are not new to Boulder but seem to be intensifying post-Covid.



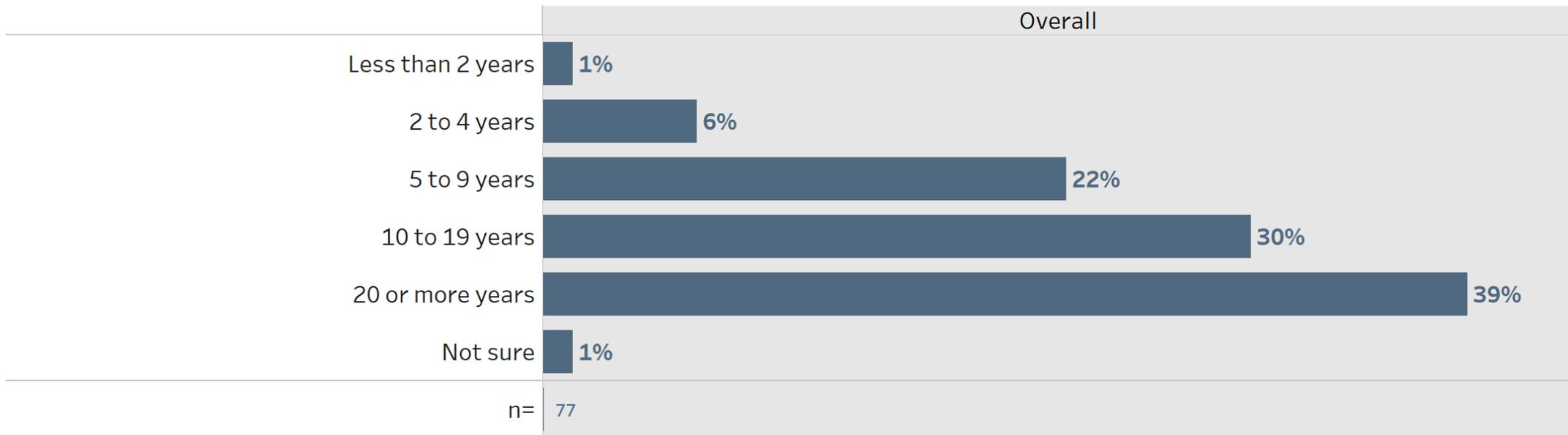
Respondent Characteristics



Years in Boulder

38% of businesses said they have been in operating in the City of Boulder for 20+ years and 2/3 have been here for 10 years or longer.

Q 4: About how many years has your business been operating in the city of Boulder?

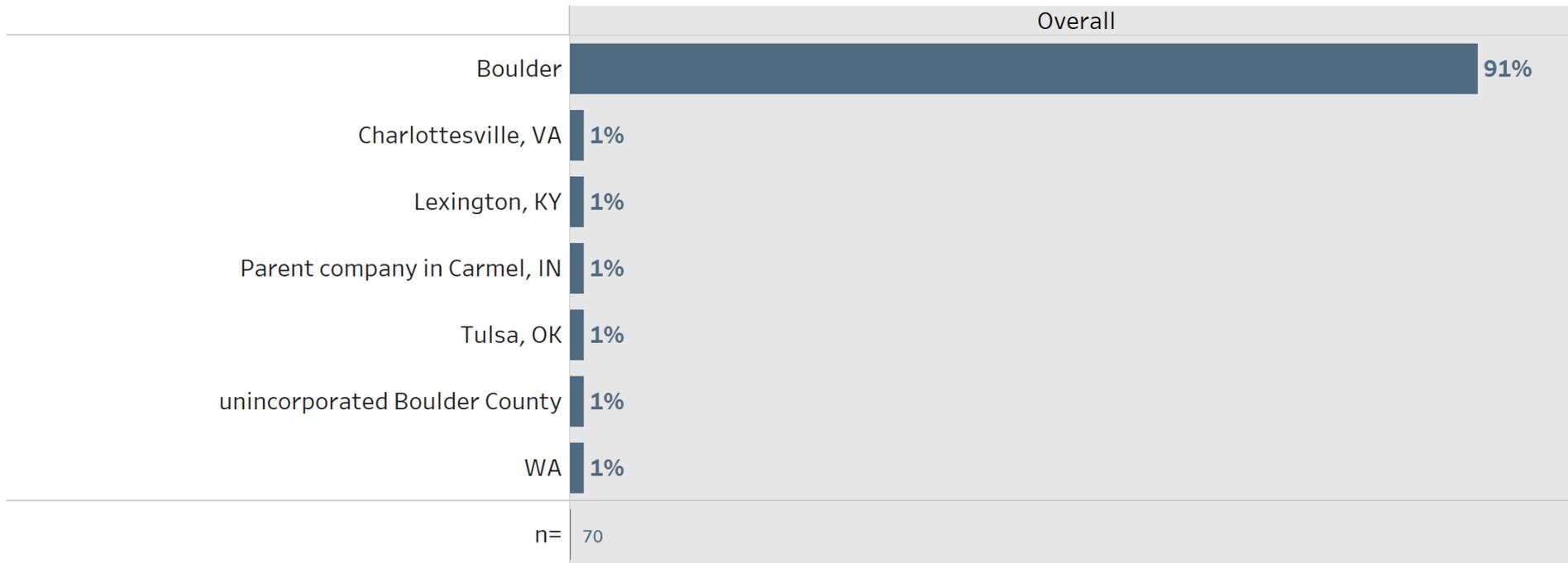


Source: RRC Associates

Headquarters

Most of the respondents are headquartered in Boulder.

Q 34: Where is your business headquartered? Other (Please specify)



Source: RRC Associates

Revenue Sources by Geography

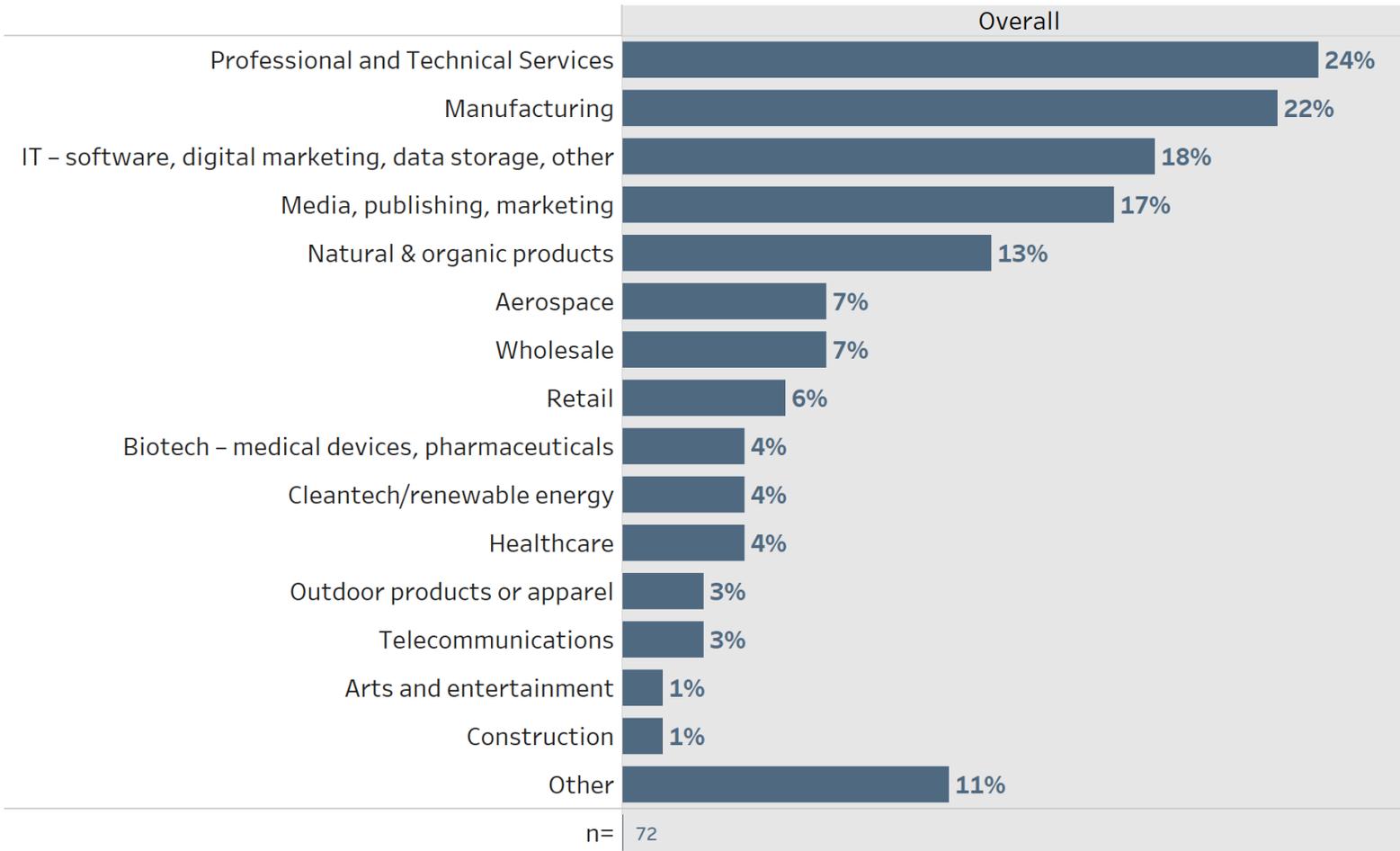
Collectively, respondents, report that approximately 79% of revenue comes from outside Boulder County with about 60% coming from outside of Colorado.

Q 35: Approximately what percentage of the revenue for your Boulder location(s) comes from sales in...

	% Boulder County	% Colorado outside Boulder County	% U.S. outside Colorado	% Countries outside U.S.
0%	28%	21%	19%	54%
1% - 10%	34%	28%	7%	30%
11% - 20%	7%	13%	1%	6%
21% - 30%	3%	16%	3%	4%
31% - 40%	4%	6%	4%	1%
41% - 50%	7%	9%	15%	1%
51% - 60%	3%	3%		
61% - 70%	1%		9%	
71% - 80%	3%	3%	16%	
81% - 90%			15%	1%
91% - 99%			7%	
100%	7%		1%	1%
Avg.	21.4%	19.1%	51.6%	7.9%
n=	67	67	67	67

Industry

Q 36: What industry is your business in? (Check all that apply)



The survey sample is diversified across industry sectors with professional/tech services and manufacturing the two largest segments.

Other specified industries:

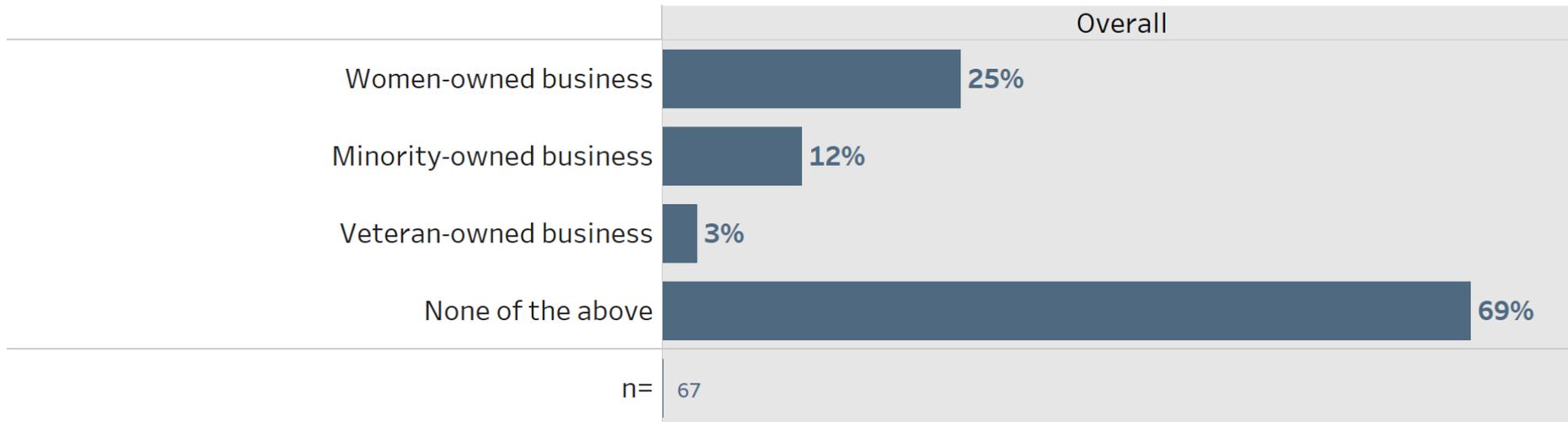
- Defense
- Climate
- Environmental Nonprofit
- Travel
- Educational non-profit
- Nonprofit
- foodservice equipment and supplies distribution
- Brewing

Source: RRC Associates

Business Ownership

31% of those surveyed reported they represented women-, minority- or veteran-owned businesses

Q 37: Which of the following, if any, applies to your business? (Check all that apply)

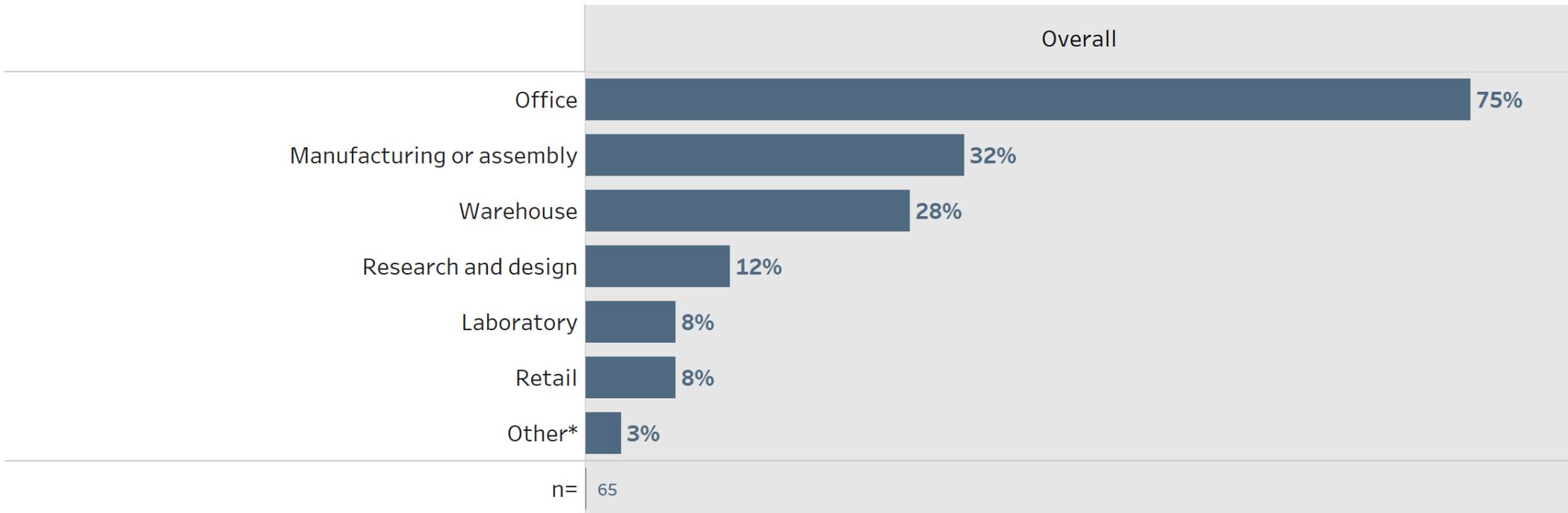


Source: RRC Associates

Type of Space

Most of the respondents are office users but manufacturing and warehousing were also represented. Many facilities in Boulder provide both office space and production, research or warehouse functions.

Q 18: What type of space does your business primarily occupy in Boulder? (Check all that apply)



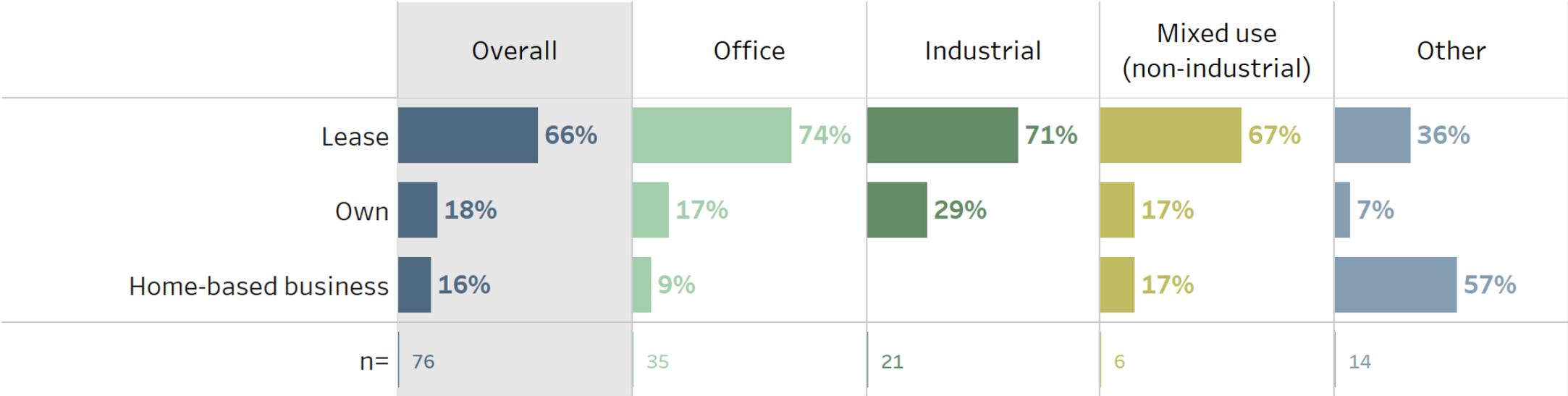
*Includes home offices and commercial kitchen spaces.

Source: RRC Associates

Own or Lease

2/3 of the respondents lease their space in Boulder and about 1/5 own their facility. The remainder are home-based.

Q 17: Does your business own or lease the space it occupies in Boulder? (If more than one location, please answer for your primary facility)



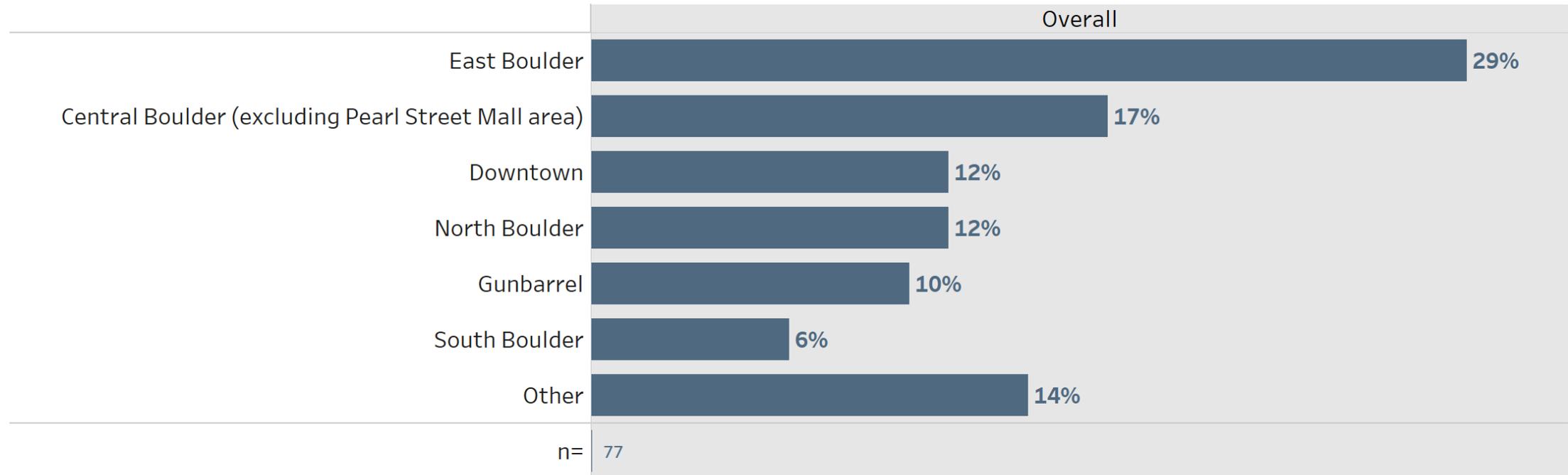
Source: RRC Associates

*mixed-use includes laboratory, research and design and retail

Business Location

Respondents are geographically dispersed across the city with about 1/4 from East Boulder where business density is highest.

Q 15: Where is your business located in Boulder? (If more than one location, please answer for your primary facility)

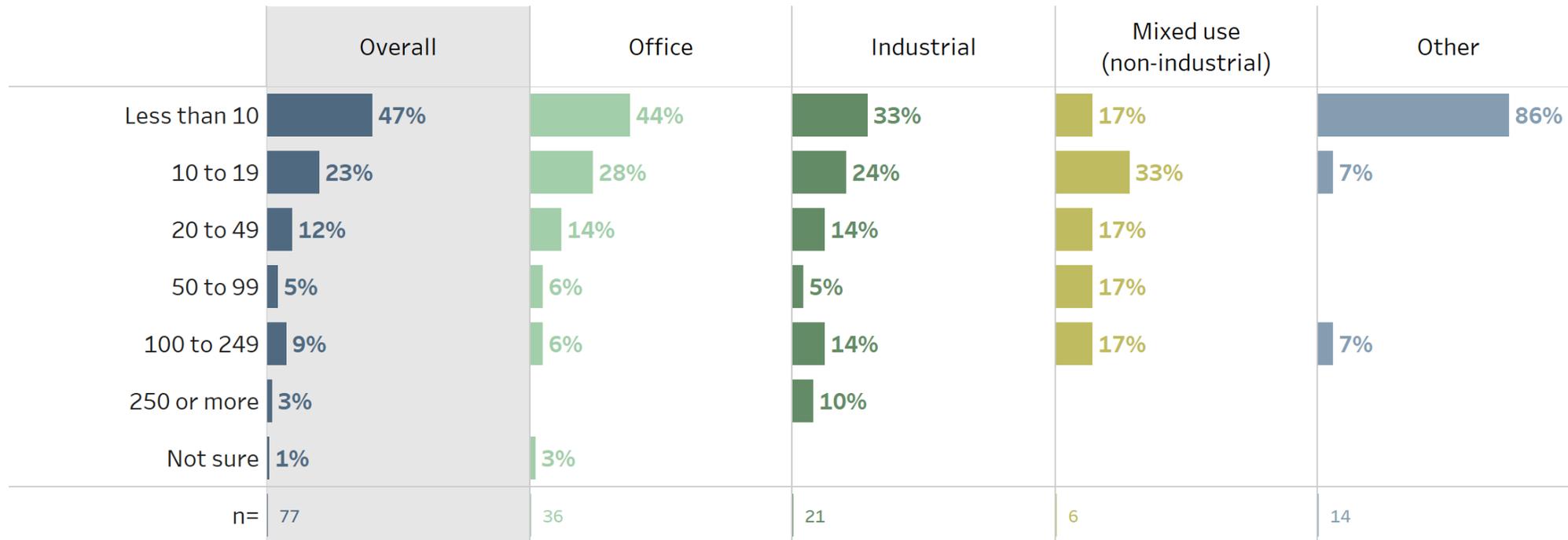


Source: RRC Associates

Number of Employees

Respondents are primarily smaller companies with half reporting less than 10 employees and 84% reporting less than 50.

Q 25: Approximately how many employees does your business currently have in Boulder, including those that may be working remotely?

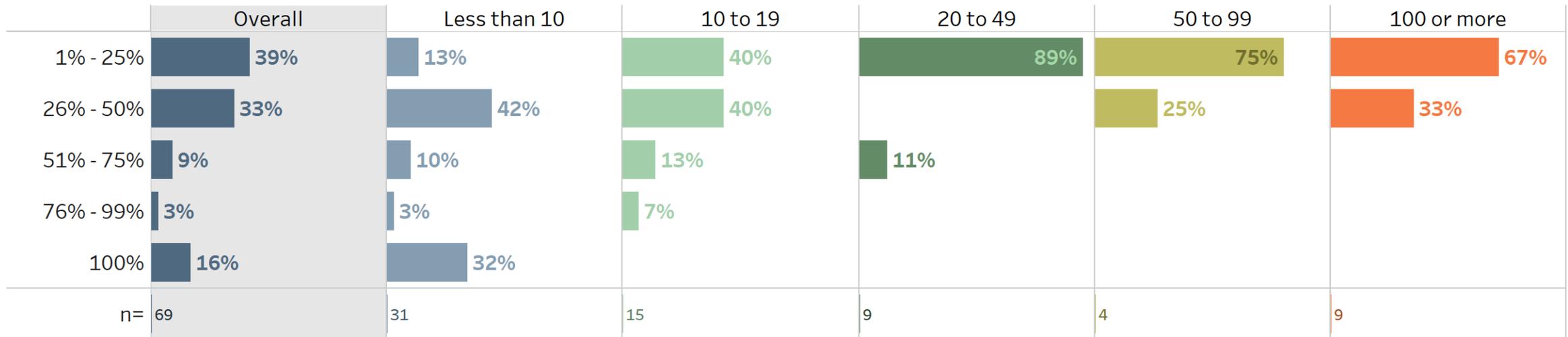


Source: RRC Associates

Employees Home Location

Overall, 72% of respondents report that 50% or less of their employees live in Boulder. While sample sizes are small for larger companies, the data indicate that bigger firms have a higher percentage of workers who commute from outside of Boulder.

Q 27: About what percentage of your Boulder employees live in the city of Boulder?



Source: RRC Associates

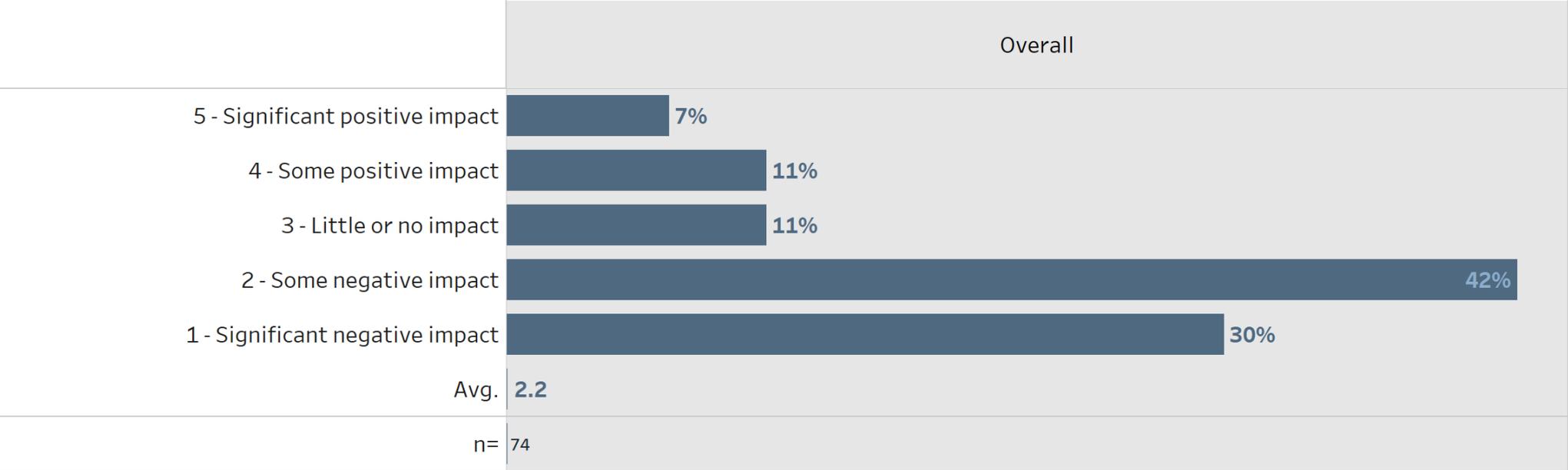
Covid Impacts



Covid Impact

As expected, the pandemic did negatively impact primary employers; almost 3/4 of respondents said it had either some or significant negative impact on their business.

Q 1: Overall, how would you describe the impact of the Covid-19 pandemic on your business in Boulder?

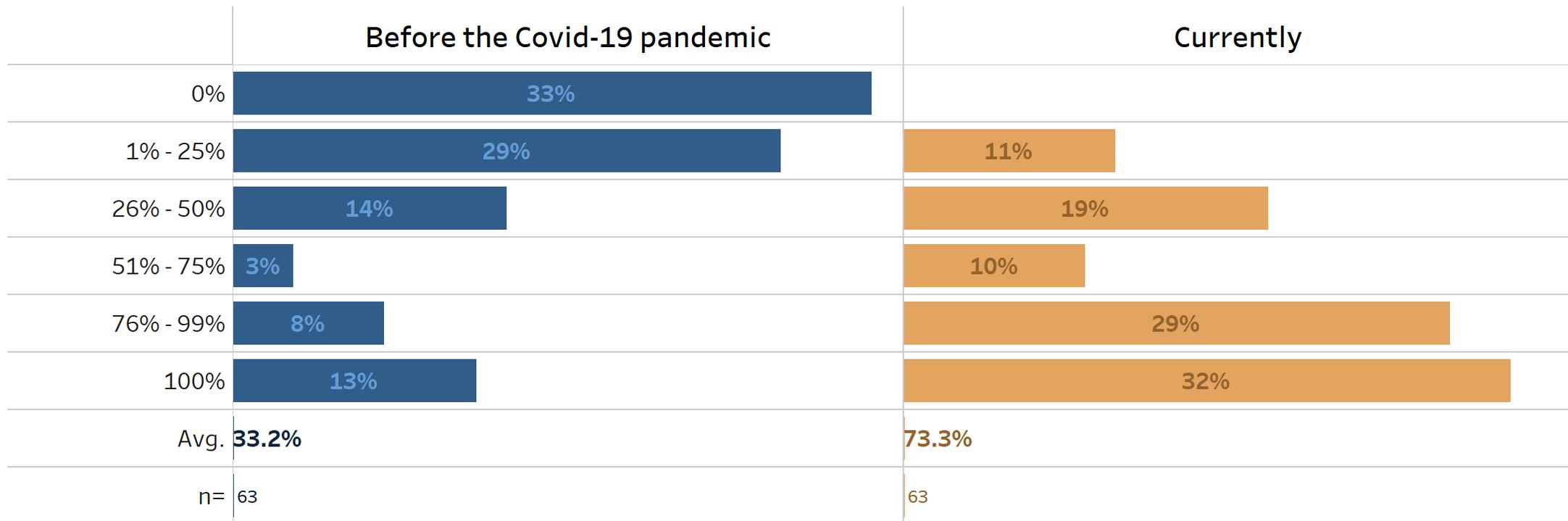


Source: RRC Associates

Remote Work

The number of firms with a significant number of employees working remotely jumped sharply. 71% report more than half are currently remote vs. 24% before Covid.

Q 28 & 29: Approximately what percentage of your employees in Boulder worked/work remotely...

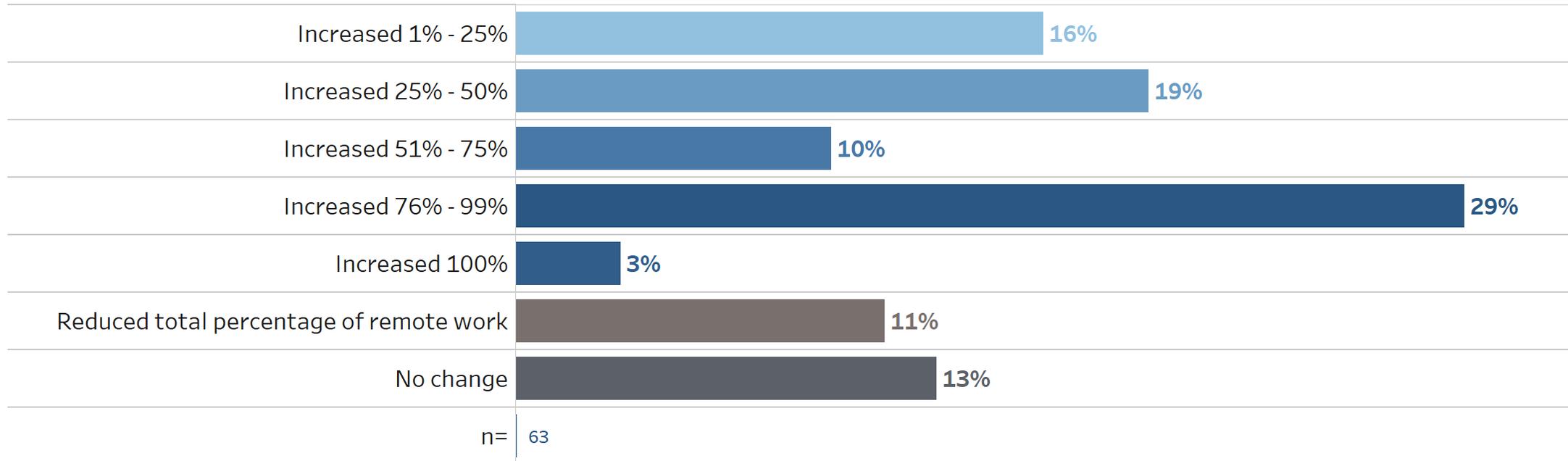


Source: RRC Associates

Remote Work

77% of firms surveyed report an increase in remote working now vs. before the pandemic. This is in sync with national trends.

Percent change in employees working remotely before and after the Covid-19 pandemic:

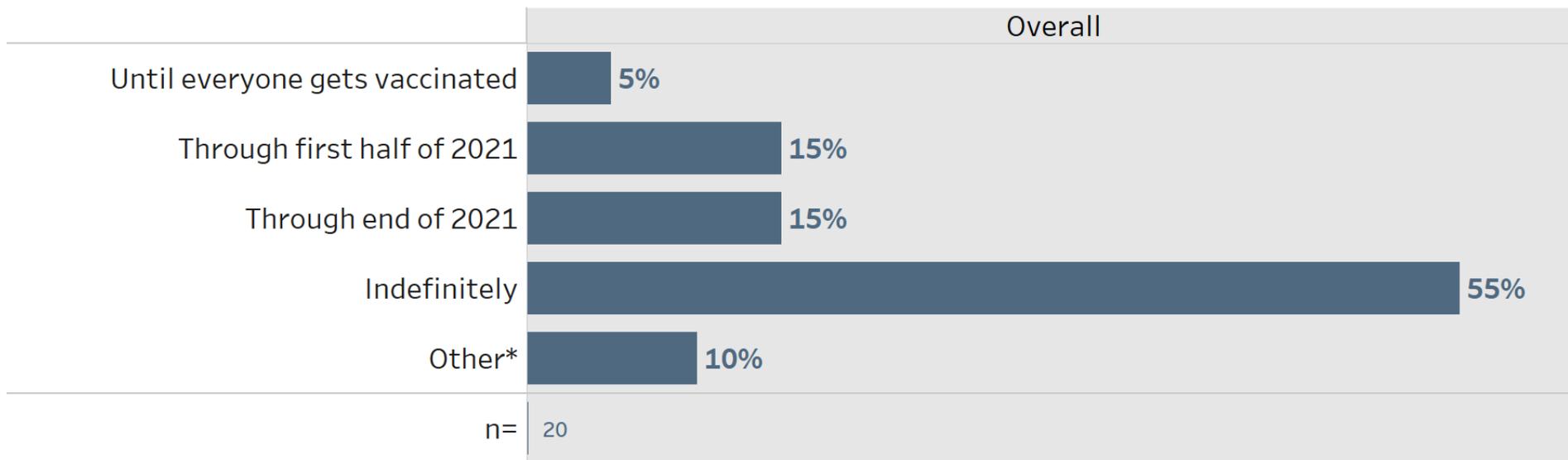


Source: RRC Associates

Expectation to Continue Remote Work

More than half of respondents said they would continue to offer remote work opportunities indefinitely for their employees. 30% expect to end the option later in 2021.

Q 30: How long do you expect to maintain remote working opportunities for your employees?



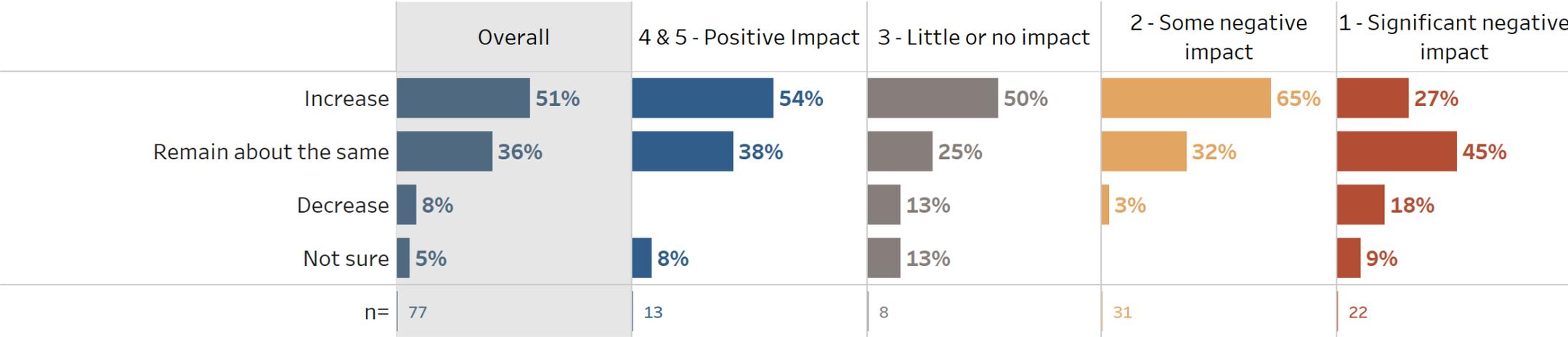
*Other comments included self employed/no other employees and previously had remote work opportunities.

Source: RRC Associates

Covid Impact on Workforce Needs

Even among companies reporting a major negative impact from Covid, just 18% expect to decrease their workforce in the next three years.

Q 26: Over the next 1 to 3 years, do you expect the number of employees working for your Boulder location(s) to...

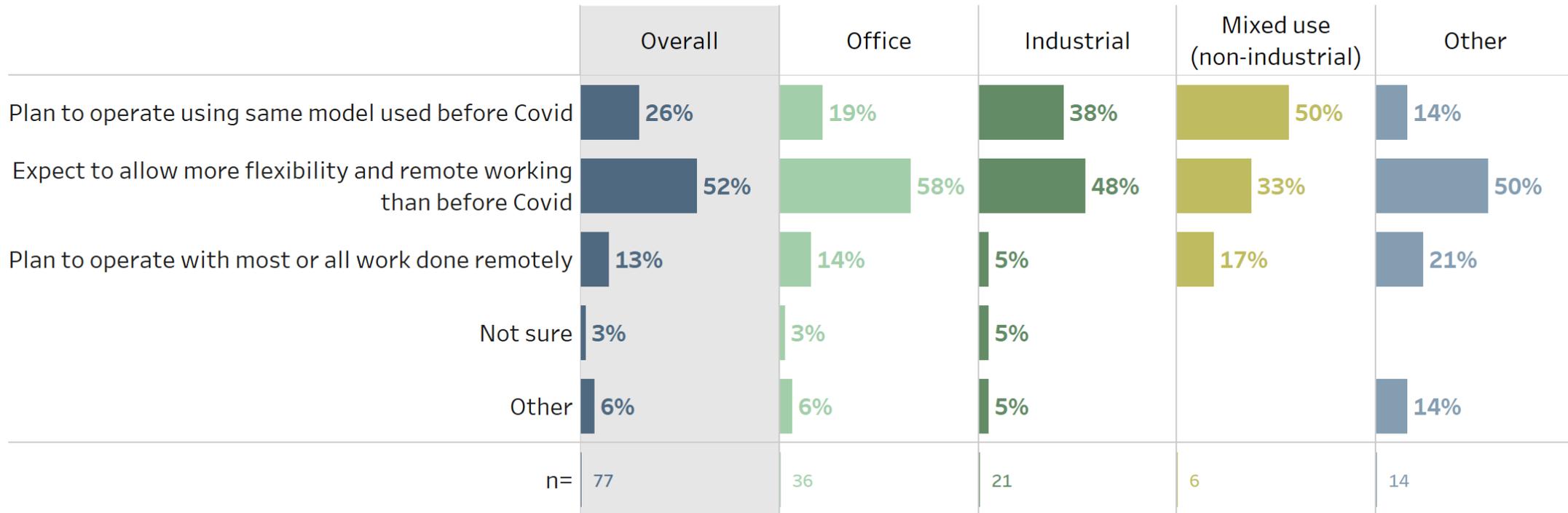


Source: RRC Associates

Post-Covid Expectations

Just a quarter of respondents expect to return to pre-Covid operating models with nearly two-thirds planning more flexibility or moving mostly to remote working.

Q 31: After Covid-related public health restrictions are lifted, what changes, if any, do you expect to make in your business operations?



*mixed-use includes laboratory, research and design and retail

Source: RRC Associates

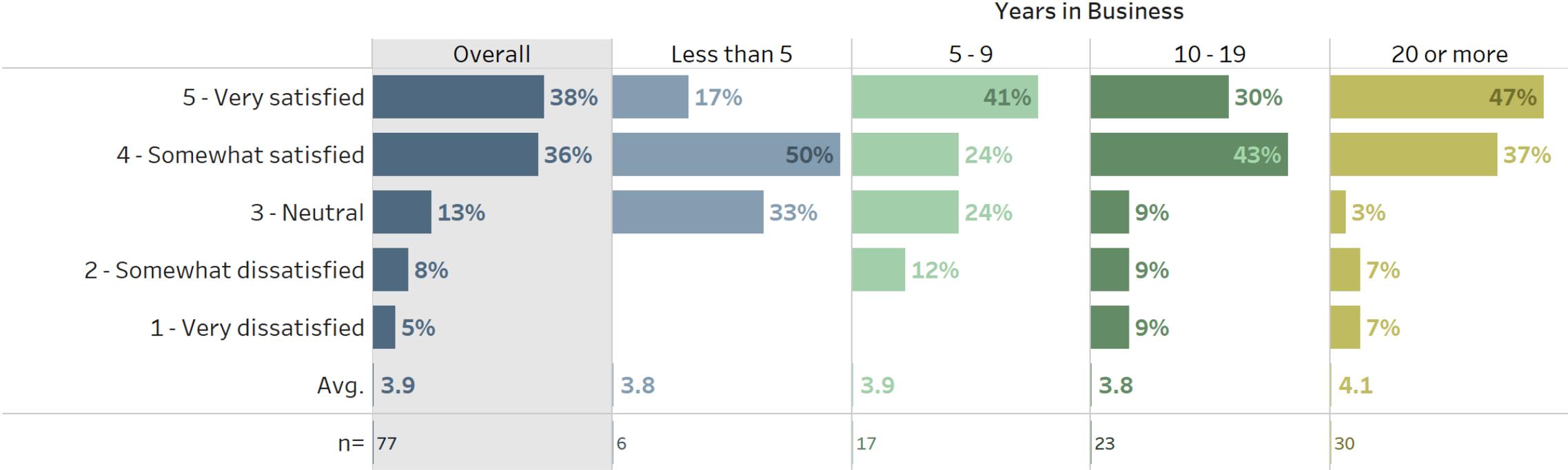
Boulder as a Place to Do Business



Satisfaction of business in Boulder

Satisfaction with operating a business in Boulder is high with 74% of respondents either somewhat or very satisfied. Just 13% are dissatisfied.

Q 5: Overall, how satisfied have you been with Boulder as a place to do business?

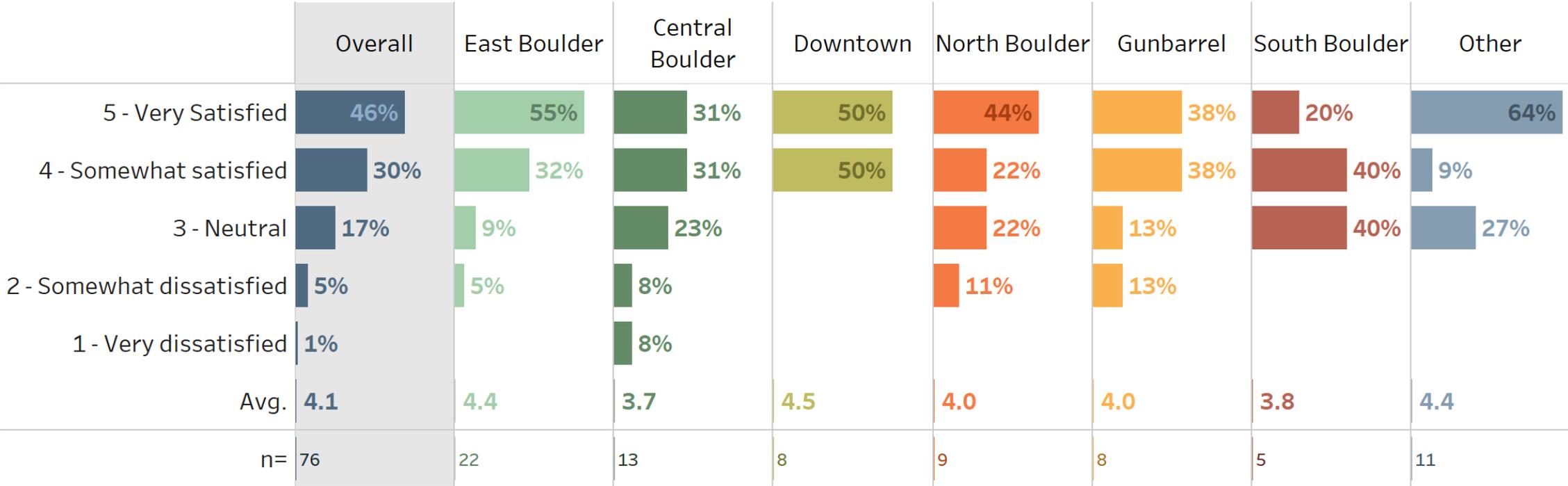


Source: RRC Associates

Satisfaction with Location

Overall, more than 3/4 of businesses are satisfied with their location with only 6% unhappy. East Boulder companies tend to be the most content with their location within the city of Boulder.

Q 16: Overall, how satisfied are you with that area as a business location? by Location

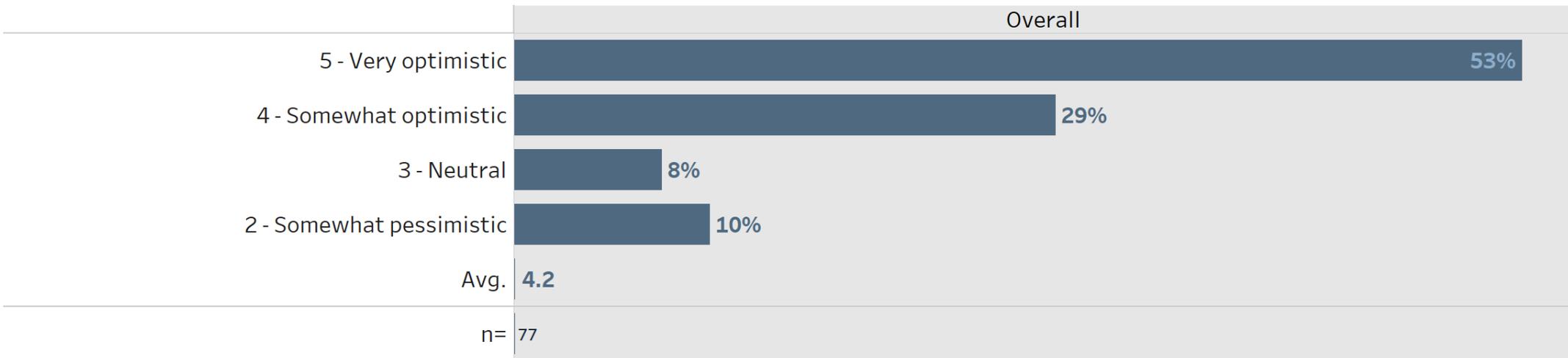


Source: RRC Associates

Boulder's Economic Future

Similar to national and regional surveys, optimism among our sample is high. 82% of businesses are either or somewhat or very optimistic. Just 10% are somewhat pessimistic.

Q 6: How optimistic are you about Boulder's economic future?

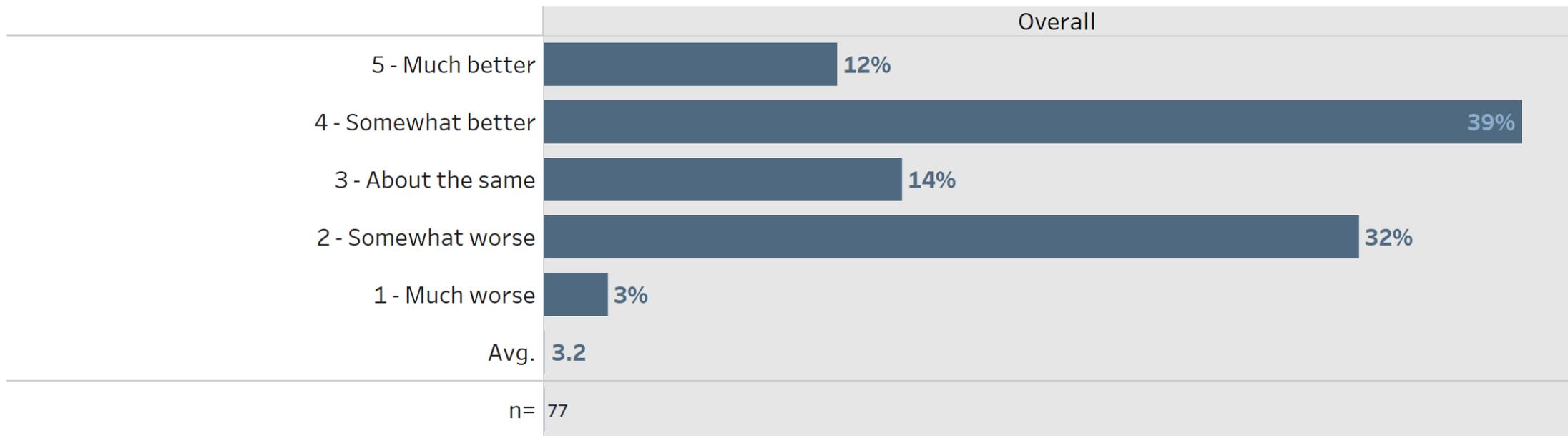


Source: RRC Associates

Boulder Compared to Other Cities

Just over half of businesses think Boulder is a better place for companies like theirs than other cities but more than 1/3 think it is worse.

Q 7: In general, how do you think Boulder compares to other cities in the area as a place for businesses like yours?



Source: RRC Associates

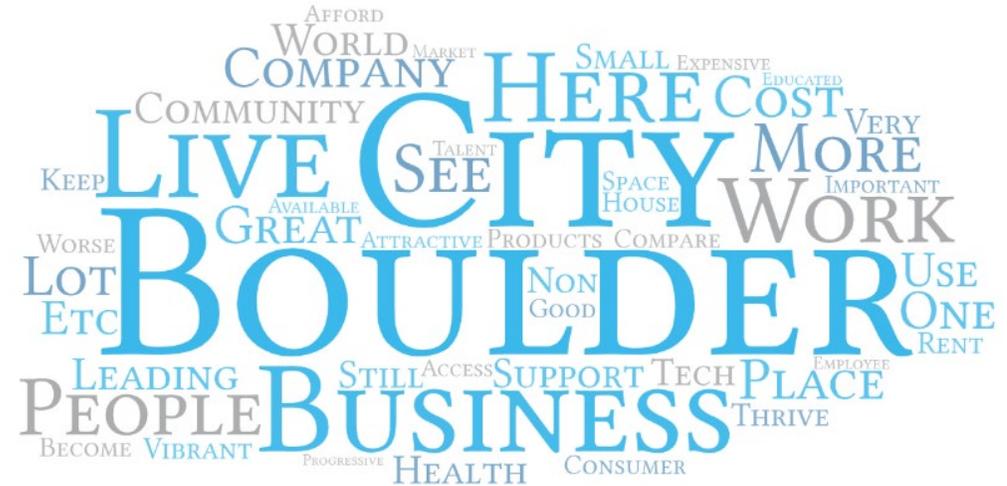
Open-Ended Comments

Q8. How do you think Boulder compares to other cities in the area as a place for business like yours? (Much better, Somewhat better, & About the same)

After rating Boulder as compared to other cities in the area on a scale from “Much better” to “Much worse,” respondents were asked to explain their rating.

Of those who rated Boulder as better than other cities, the most common reasons were associated with the **atmosphere and community** in Boulder, including access to a **well-educated workforce, supportive community, higher average income**, and the **University of Colorado**.

Respondents who rated Boulder as being about the same primarily indicated that their business was not dependent on being in Boulder, while a few comments emphasized the downsides of the city, such as **hiring challenges**, and **cost of living**.



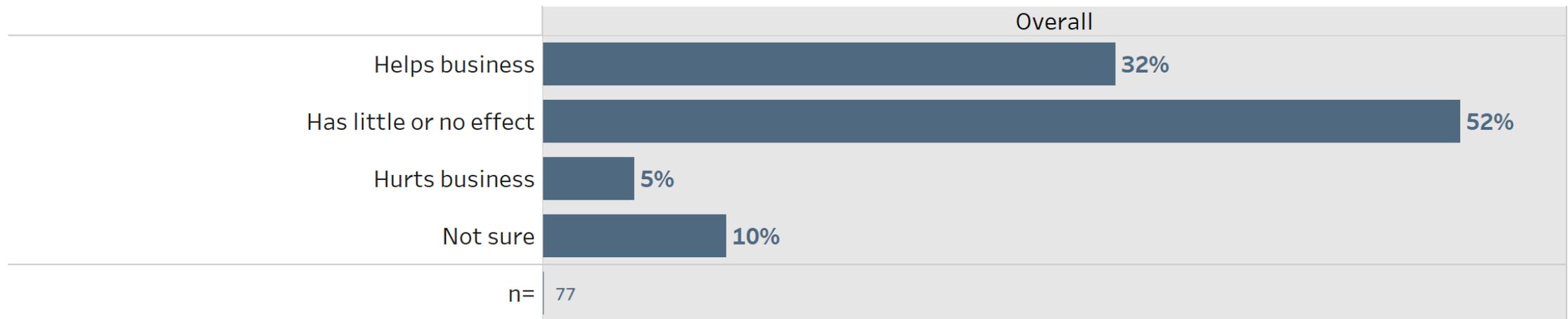
The Boulder business community is very tight knit and in most cases, supportive of each other compared to most other cities. People who live/work in Boulder want to be here, and they tend to root for Boulder companies to succeed.

I think Boulder is on the brink of losing its competitive advantage as place to work as the cost of living is too high for nonprofit employees. We need to do more to make Boulder an affordable and diverse community that will attract and retain talent. We need better transportation infrastructure to make commuting a desired and environmentally sustainable option in the workplace of the future.

Boulder Address

Approximately 1/3 of respondents feel that a Boulder address is positive for their business. More than half feel it has little or no effect and only 5% believe it hurts their business.

Q 9: How does having a Boulder address affect your business?

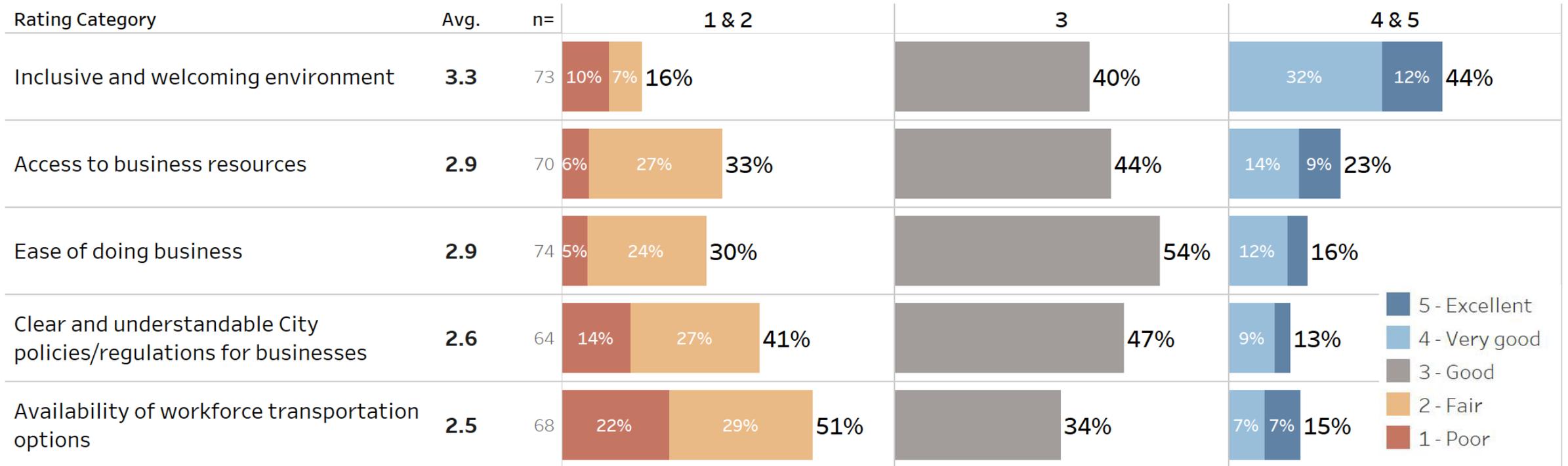


Source: RRC Associates

Boulder Ratings (1 of 2)

Boulder was rated strongly for an inclusive and welcoming environment with 44% saying it is excellent or very good. 23% of respondents rate access to business resources well and 44% rate it as good. More than half of respondents rated the ease of doing business as good.

Q 10: How would you rate the following in the city of Boulder?

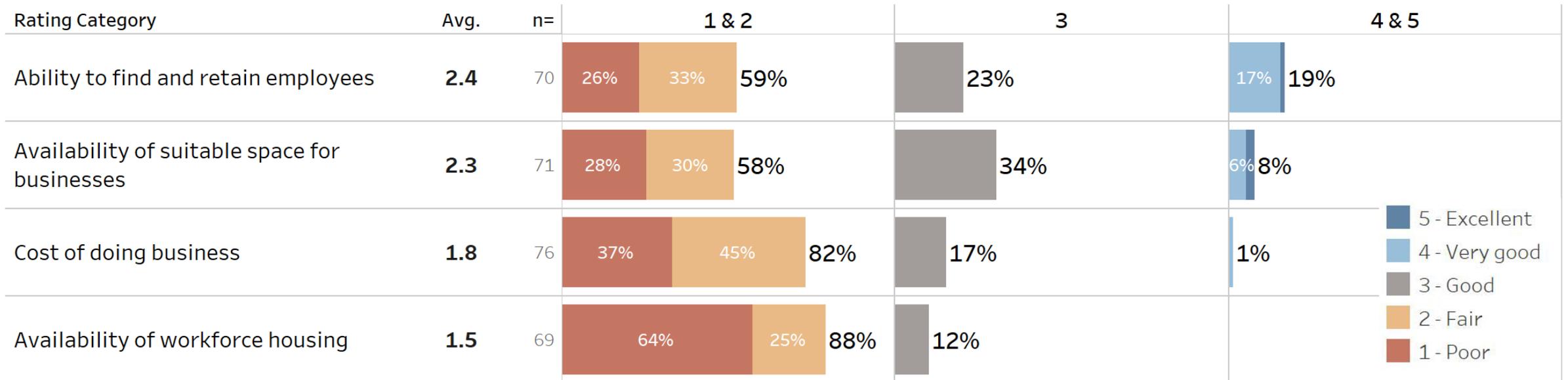


Source: RRC Associates

Boulder Ratings (2 of 2)

Employee housing is clearly the biggest negative issue with nearly 2/3 rating Boulder as “poor” in availability. The other major issue is the high cost of doing business here, followed by availability of suitable space and recruiting employees.

Q 10: How would you rate the following in the city of Boulder?

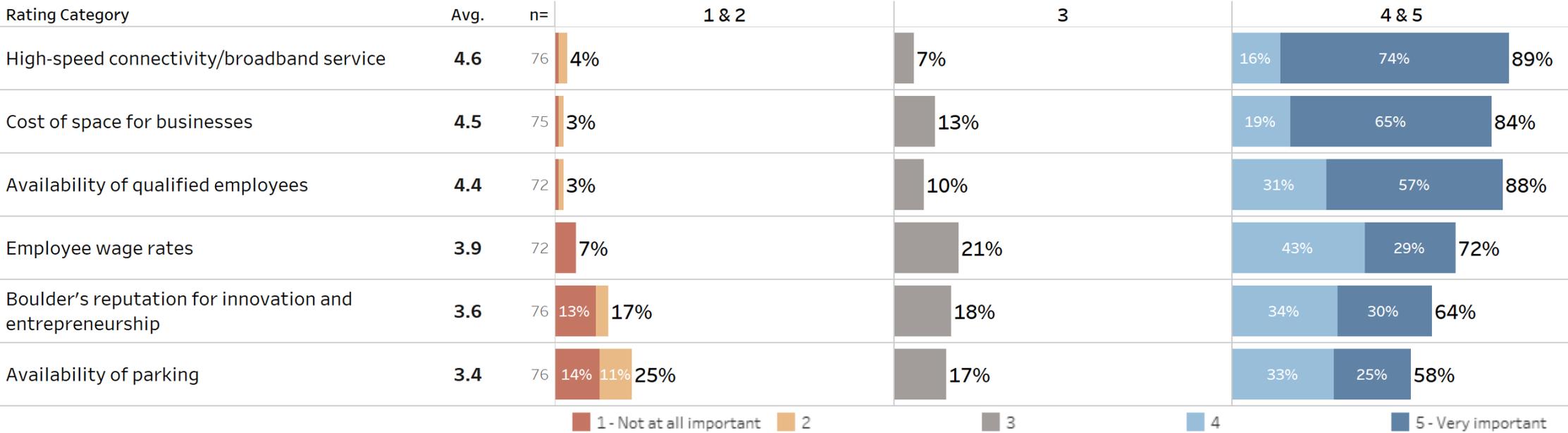


Source: RRC Associates

Importance of Boulder Amenities and Characteristics (1 of 2)

All categories listed were of particular importance to businesses. However, Broadband, cost of space and availability of talent are the dominant priorities for Boulder business. Wage rates, parking access, nearby amenities, diversity and the city’s reputation for innovation were also important.

Q 11: Using a scale from 1 to 5, please tell us how important each of the following factors are to your business:

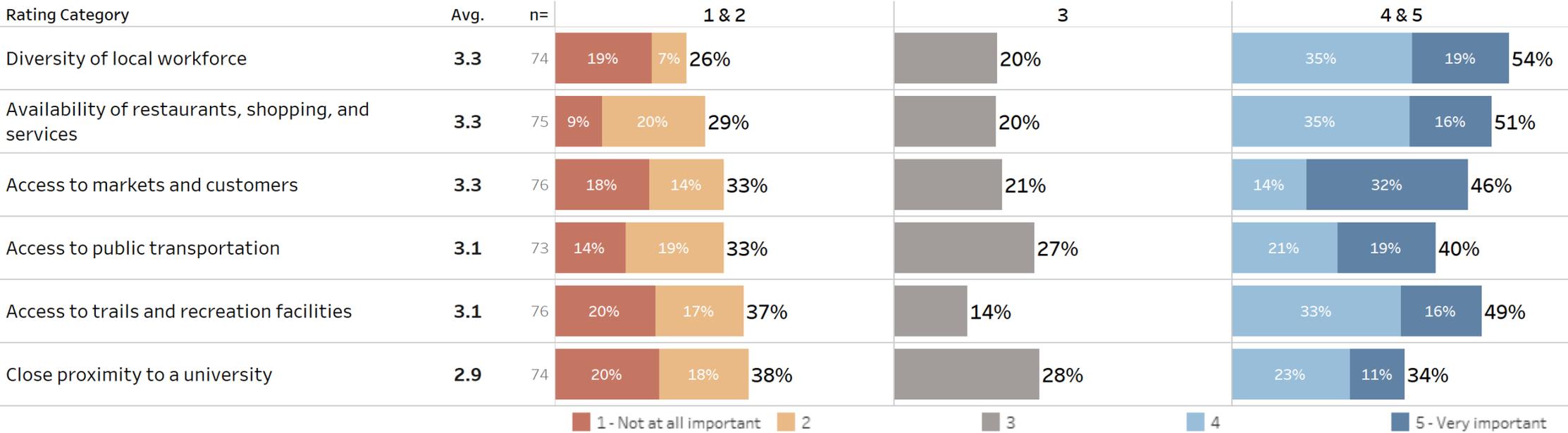


Source: RRC Associates

Importance of Boulder Amenities and Characteristics (2 of 2)

Again, almost all areas showed relatively high importance. Close proximity to a university is of slightly less importance as well as access to public transportation.

Q 11: Using a scale from 1 to 5, please tell us how important each of the following factors are to your business:



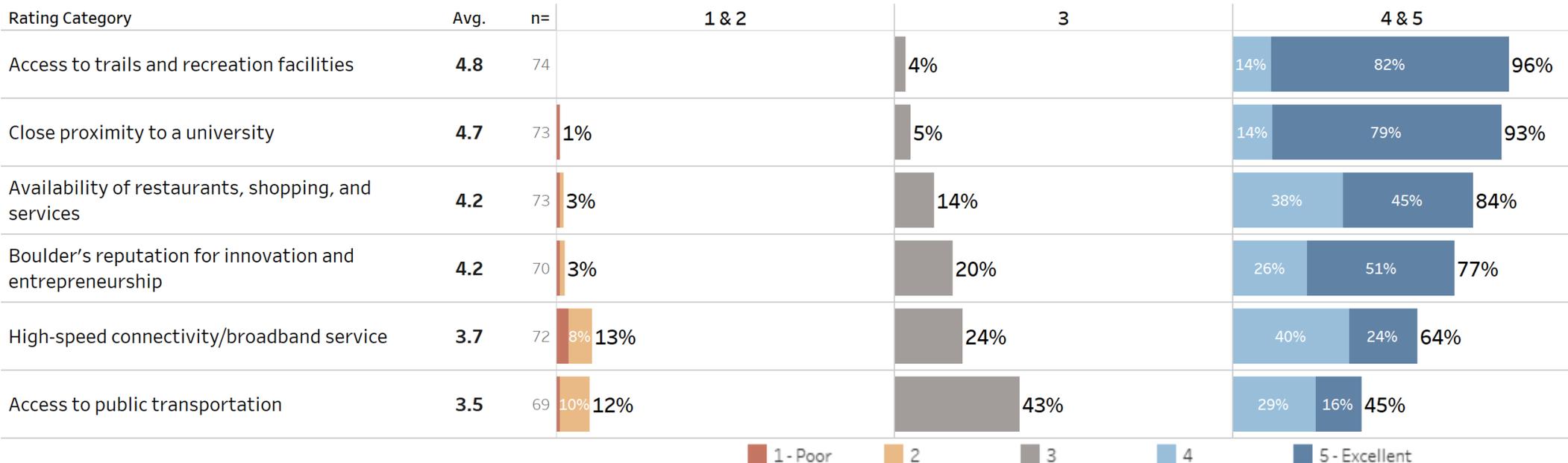
1 - Not at all important 2 3 4 5 - Very important

Source: RRC Associates

Ratings of Boulder Amenities and Characteristics (1 of 2)

Predictably, Boulder rated extremely well on quality-of-life amenities and University access, which points to the city’s strong allure to tech and lifestyle employers despite the high cost of space.

Q 13: Using the same list, please tell us how you rate the city of Boulder on the following factors, where 1 = "Poor" and 5 = "Excellent":

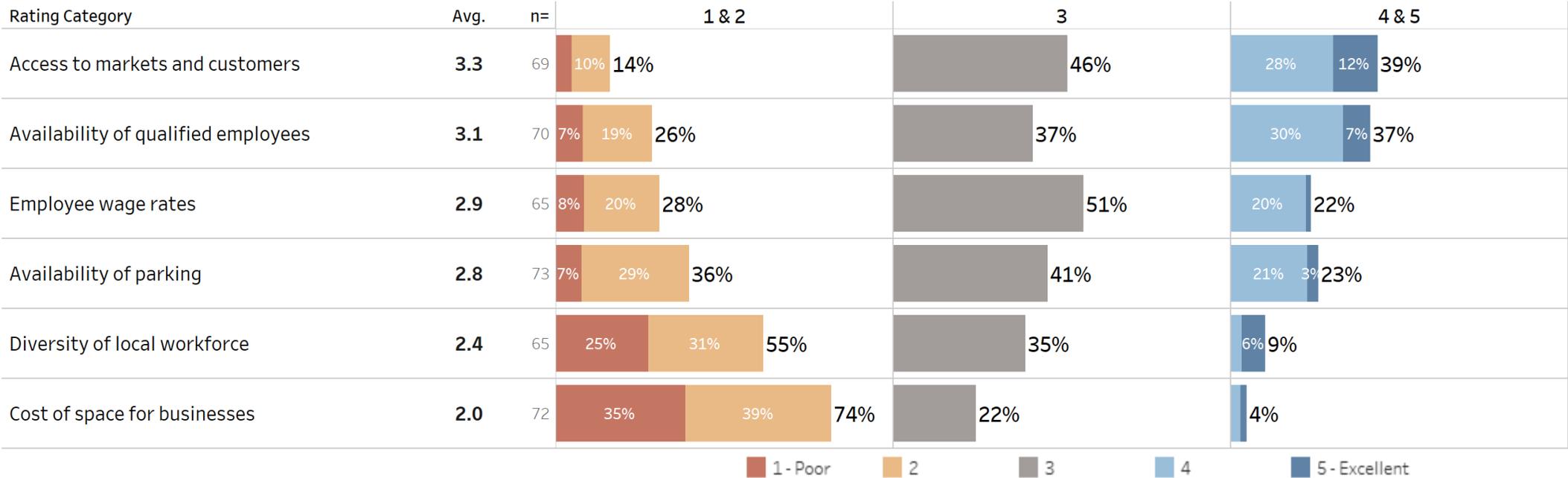


Source: RRC Associates

Ratings of Boulder Amenities and Characteristics (2 of 2)

Factors that rated low are cost of space for business, workforce diversity and availability of parking.

Q 13: Using the same list, please tell us how you rate the city of Boulder on the following factors, where 1 = "Poor" and 5 = "Excellent":



Source: RRC Associates

Importance/Ratings Matrix Description

Average ratings and importance of each factors are displayed on the following slide using the following matrix.

High importance/ Low rating

These are key areas for potential improvements. Improving these areas would likely positively affect the degree to which business needs are met overall.

These “niche” areas have a small but passionate interest, so measuring when planning for future improvements may prove to be valuable.

Low importance/ Low rating

High importance/ High rating

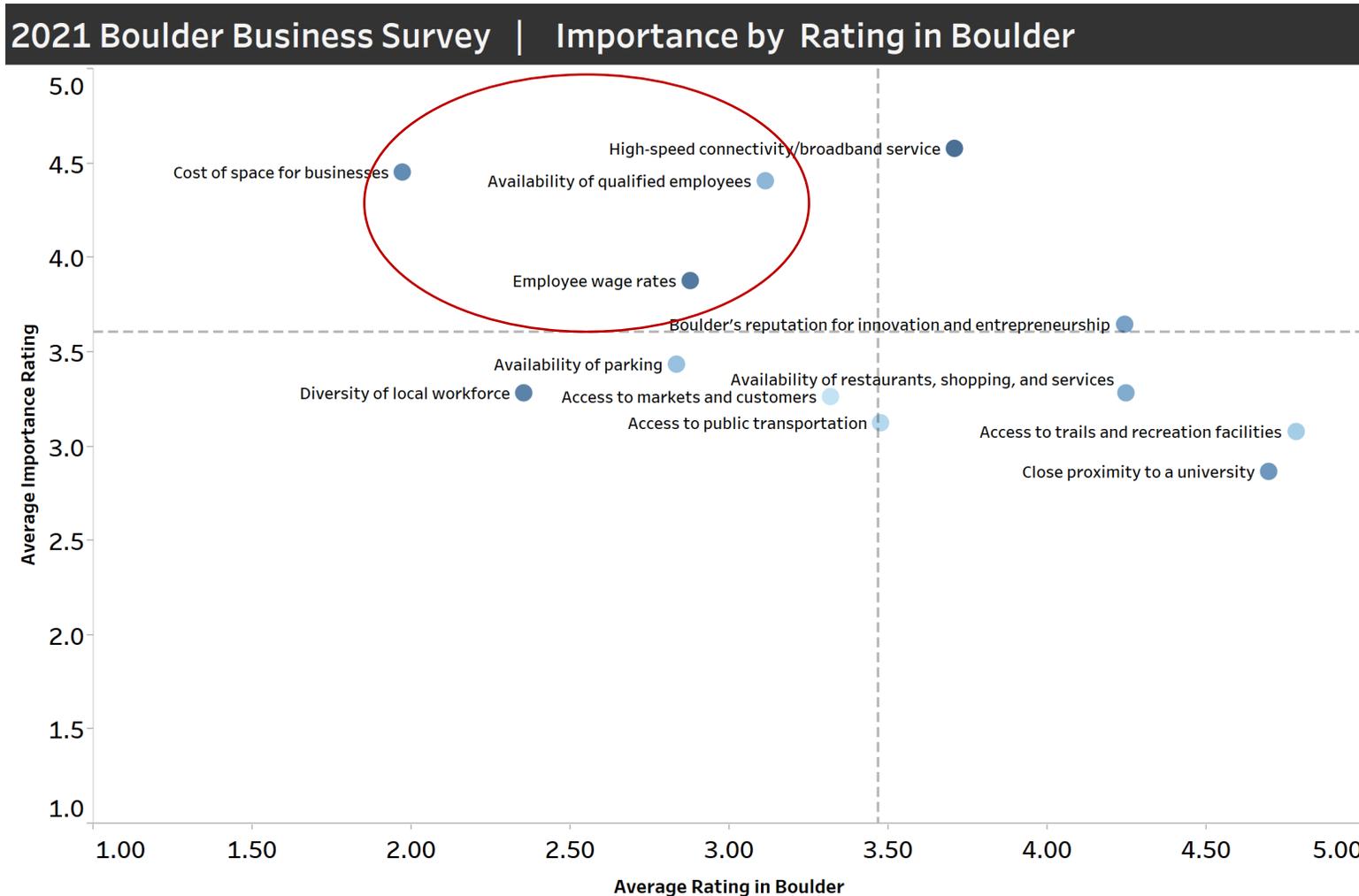
These amenities are important to most businesses and should be maintained in the future but are less of a priority for improvement as needs are currently being adequately met.

Current levels of support appear to be adequate. Future discussions evaluating whether the resources supporting these amenities outweigh the benefits may be constructive.

Low importance/ High rating

Importance/Ratings Matrix

Cost of space, employee wages and availability of qualified employees are areas that could use improvement



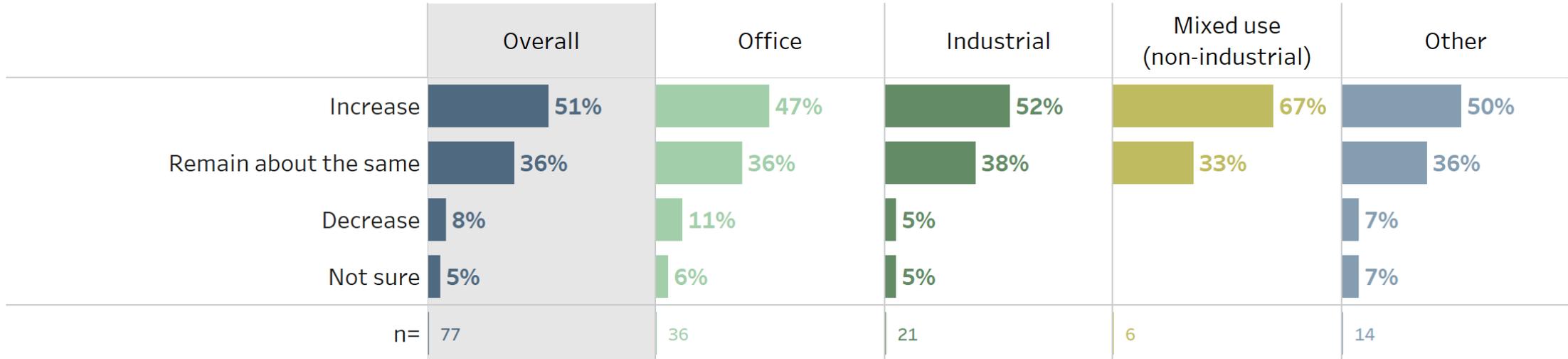
Space Needs and Planning



Employees Over Time

Demand for new employees will be strong over the next 1 to 3 years, with half expecting to grow their workforce and just 8% expecting to decrease.

Q 26: Over the next 1 to 3 years, do you expect the number of employees working for your Boulder location(s) to...



Source: RRC Associates

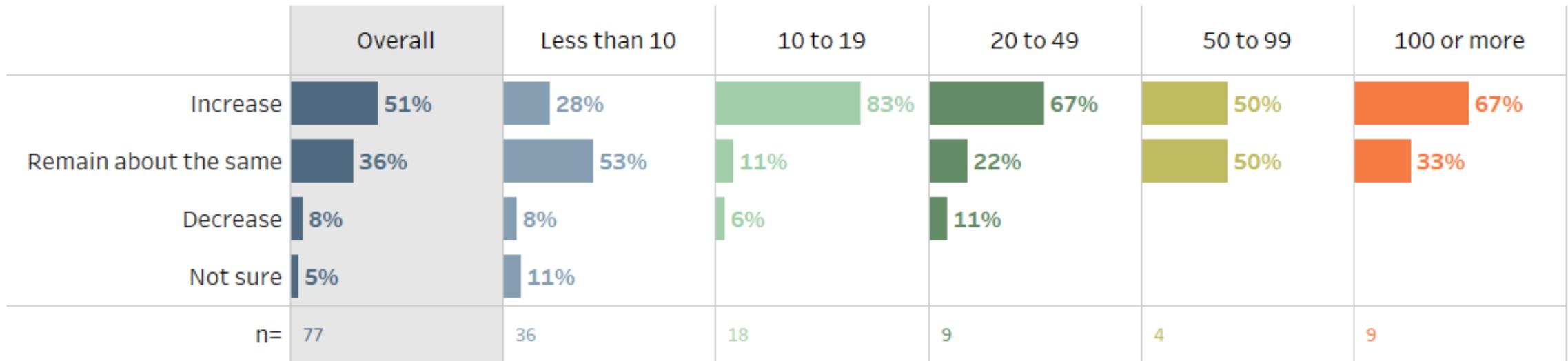
*mixed-use includes laboratory, research and design and retail

Employees Over Time

By Number of Employees

While very few respondents of any size expect to shrink their number of employees, those with more than 10 employees are the most likely to increase hiring.

Q 26: Over the next 1 to 3 years, do you expect the number of employees working for your Boulder location(s) to...



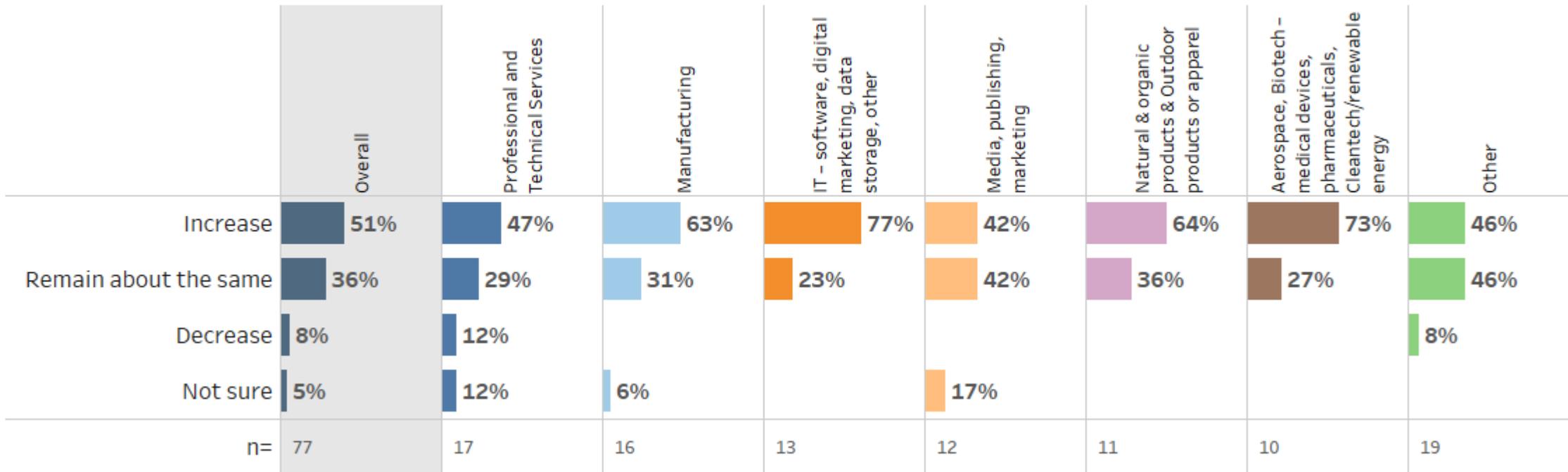
Source: RRC Associates

Employees Over Time

By Industry Sector

Companies in the various technology sectors are the most likely to be planning expansions in hiring over the next 1-3 years.

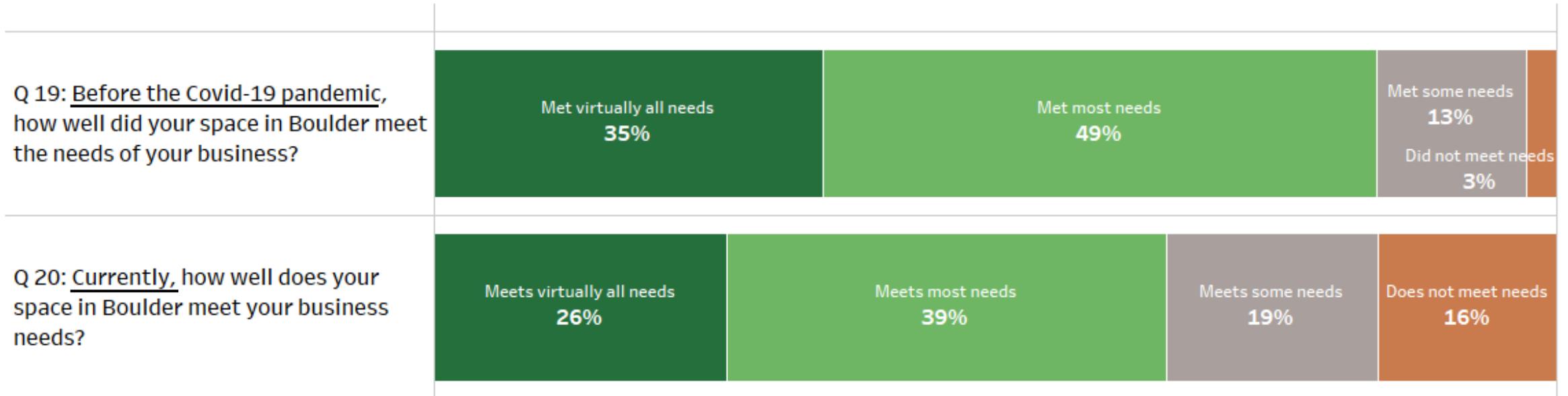
Q 26: Over the next 1 to 3 years, do you expect the number of employees working for your Boulder location(s) to...



Source: RRC Associates

Prior vs. Current Space Needs

While nearly 2/3 of responding firms say their space meets all or most current needs, this is down from 84% before the pandemic.

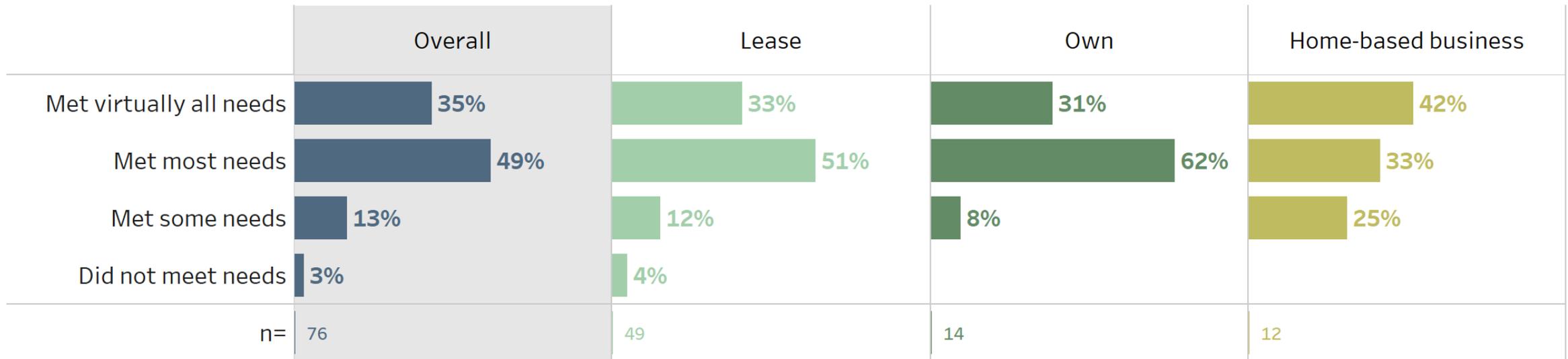


Source: RRC Associates

Prior Space Needs

Prior to the pandemic, businesses were satisfied with their space, with 84% saying it met their needs and just 3% indicating their space was inadequate.

Q 19: Before the Covid-19 pandemic, how well did your space in Boulder meet the needs of your business?



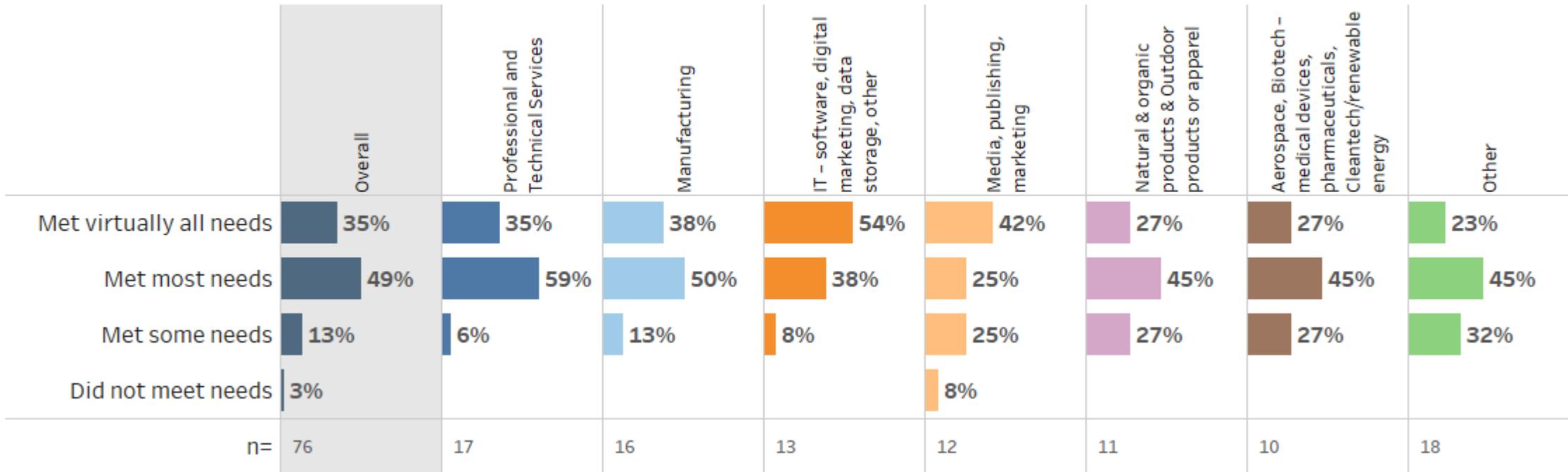
Source: RRC Associates

Prior Space Needs

By Industry Sector

Tech (including media and marketing) and manufacturing firms indicated the highest levels of satisfaction with their space in Boulder.

Q 19: Before the Covid-19 pandemic, how well did your space in Boulder meet the needs of your business?

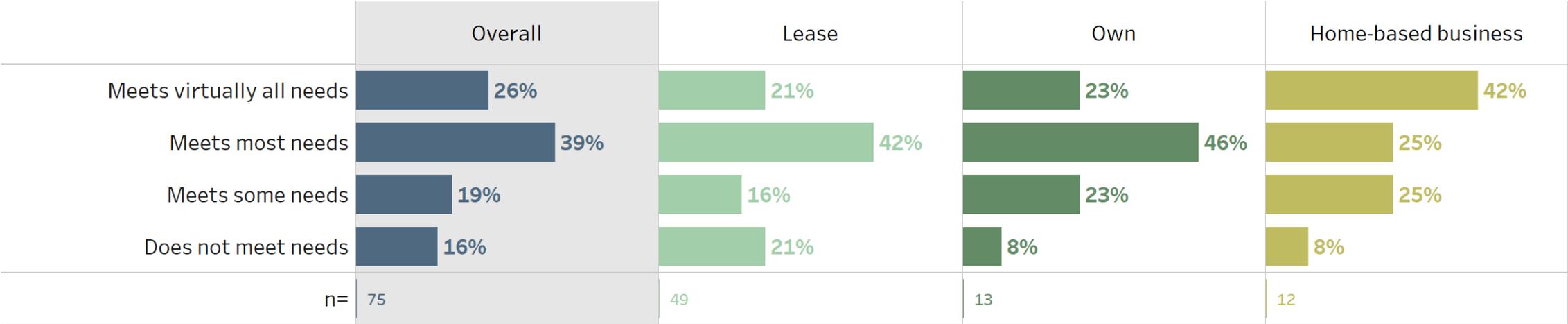


Source: RRC Associates

Current Space Needs

Post pandemic, space in Boulder continues to meet most needs but there was a small spike in respondents indicating their facilities are no longer were a good fit.

Q 20: Currently, how well does your space in Boulder meet your business needs?



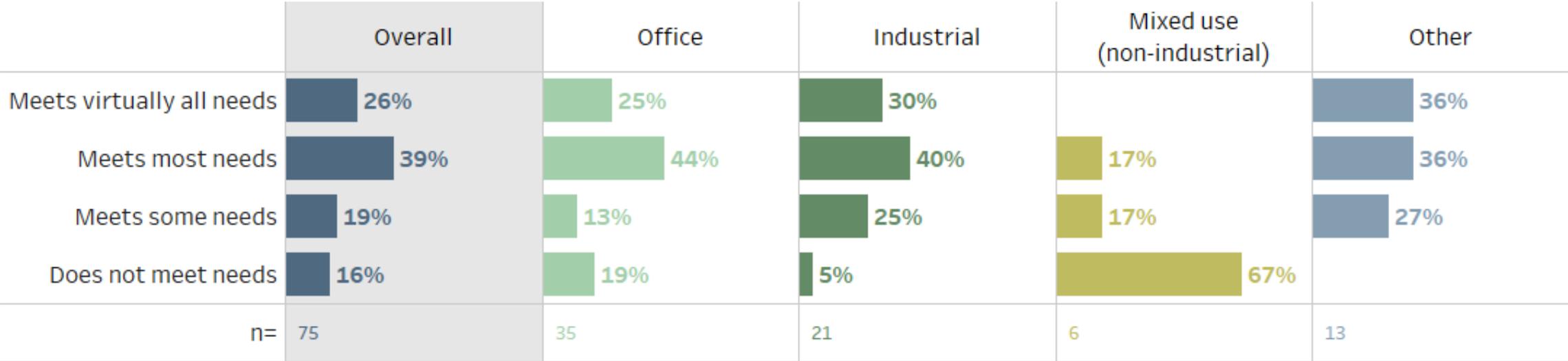
Source: RRC Associates

Current Space Needs

By Type of Space

Industrial and “other” users were the least likely to report their space does not meet their needs.

Q 20: Currently, how well does your space in Boulder meet your business needs?



Source: RRC Associates

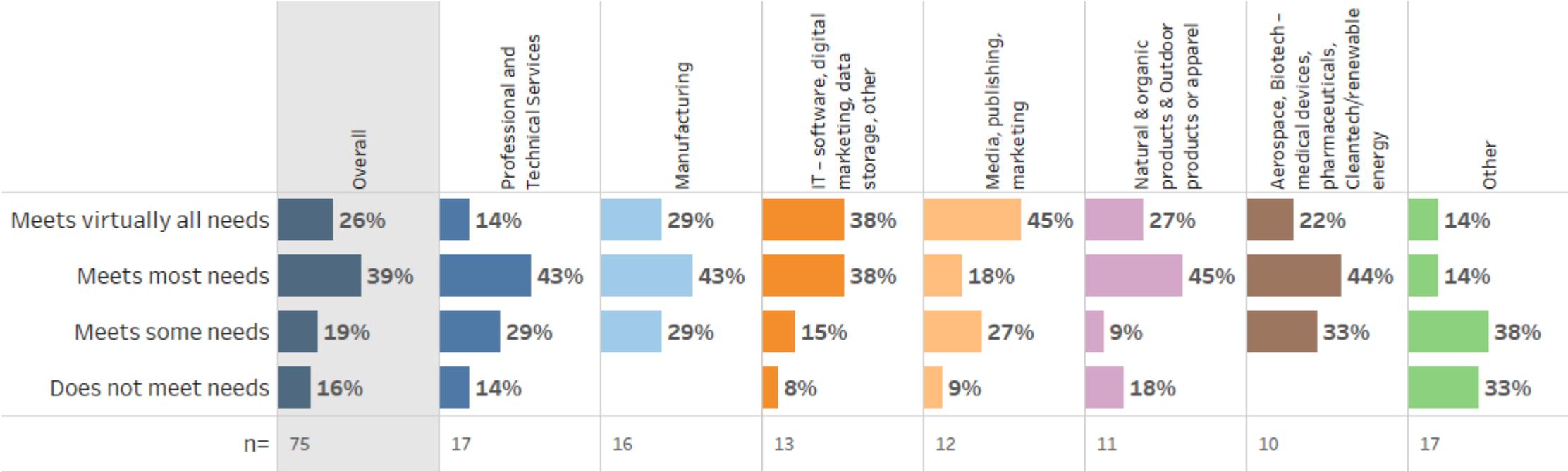
*mixed-use includes laboratory, research and design and retail

Current Space Needs

By Industry Sector

All major industry sectors reported their current space meets all or most of their needs. Only those who fell into the “other” category were more likely to not have their needs met.

Q 20: Currently, how well does your space in Boulder meet your business needs?

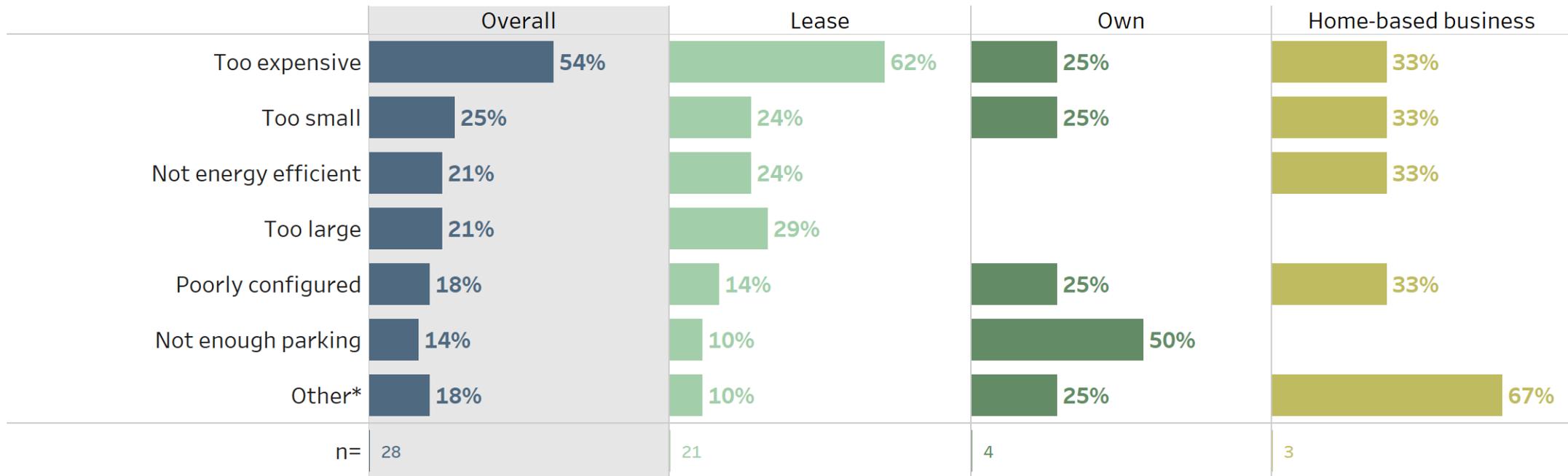


Source: RRC Associates

Reasons for Not Meeting Needs

More than half of respondents said the cost for their space is too expensive. A quarter said it is too small and 21% said it is too large. There is also a desire for more energy efficient spaces.

Q 21: What is it about your space that does not meet your business needs? (Check all that apply)

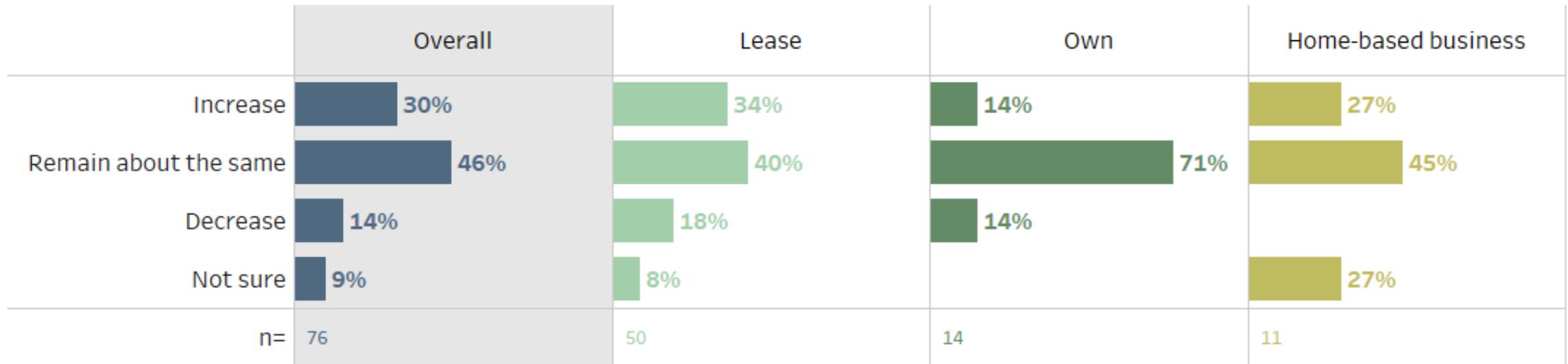


Source: RRC Associates

Expectation to Change Space

More than 3/4 of respondents say their space will either remain stable or increase in the near term. Just 14% expect to see a decrease in their footprint. Though the sample size is low, a quarter of respondents with home-based businesses are interested in increasing their space which could indicate a move to outside facilities in the future.

Q 22: Over the next 1 to 3 years, do you expect the total space your business occupies in Boulder to



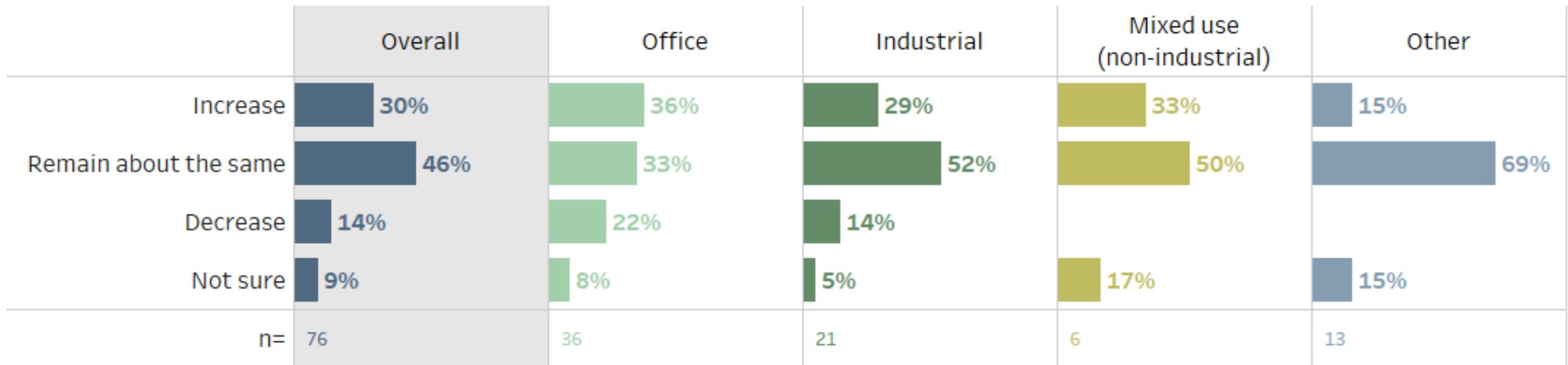
Source: RRC Associates

Expectation to Change Space

By Type of Space

Office users were the most likely to see a change in their needs in terms of either growing or shrinking their space.

Q 22: Over the next 1 to 3 years, do you expect the total space your business occupies in Boulder to



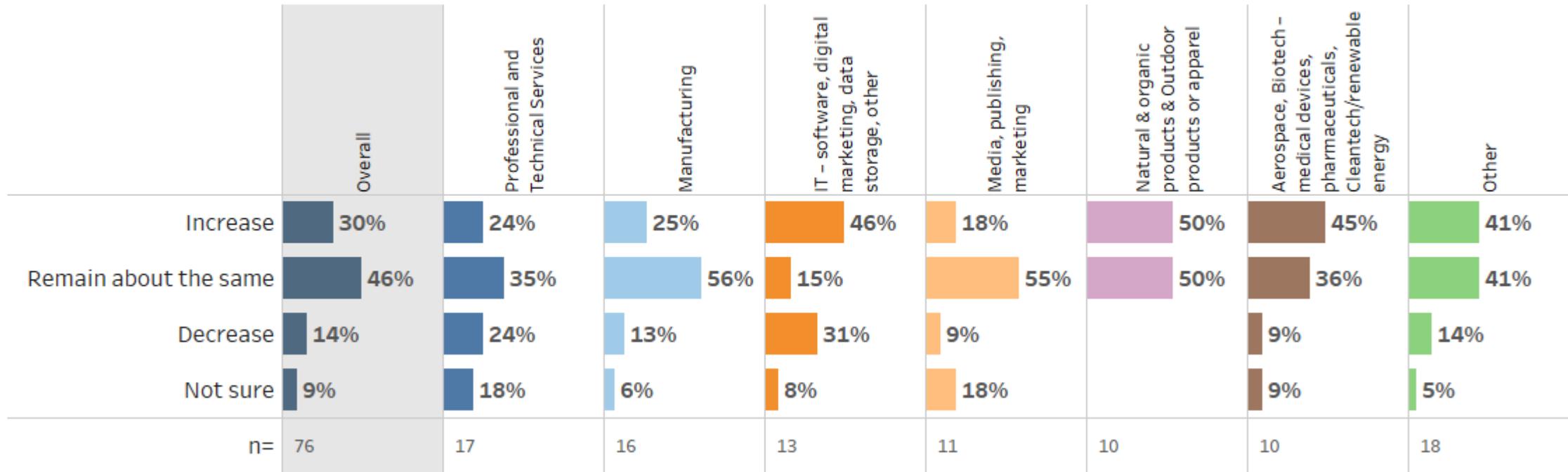
Source: RRC Associates

Expectation to Change Space

By Industry Sector

Tech and natural products firms were the most likely to see their needs for space increase in the coming 1-3 years.

Q 22: Over the next 1 to 3 years, do you expect the total space your business occupies in Boulder to



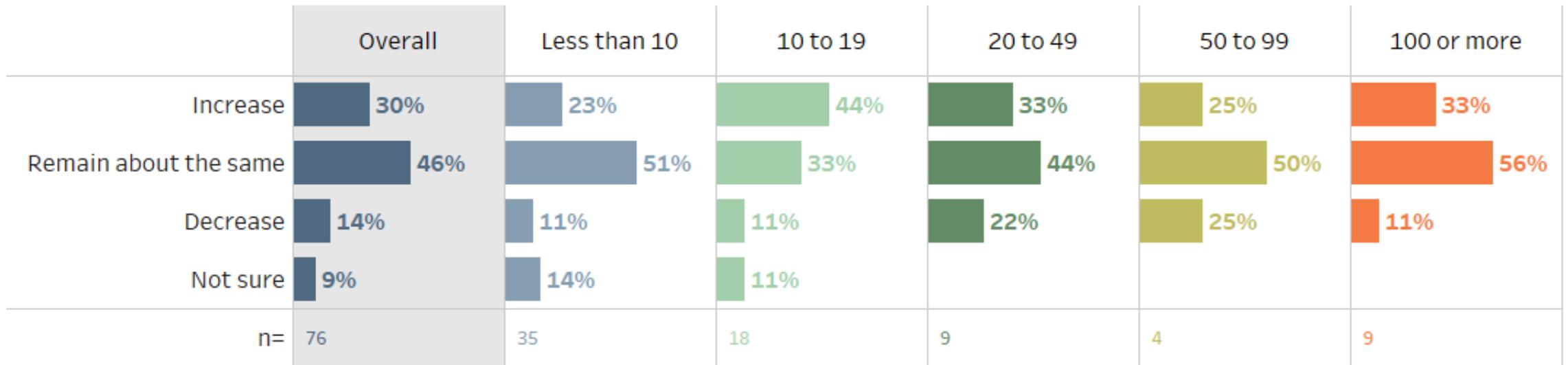
Source: RRC Associates

Expectation to Change Space

By Number of Employees

Smaller firms (10-19 employees) reported the greatest likelihood to increase their footprint in the near term.

Q 22: Over the next 1 to 3 years, do you expect the total space your business occupies in Boulder to

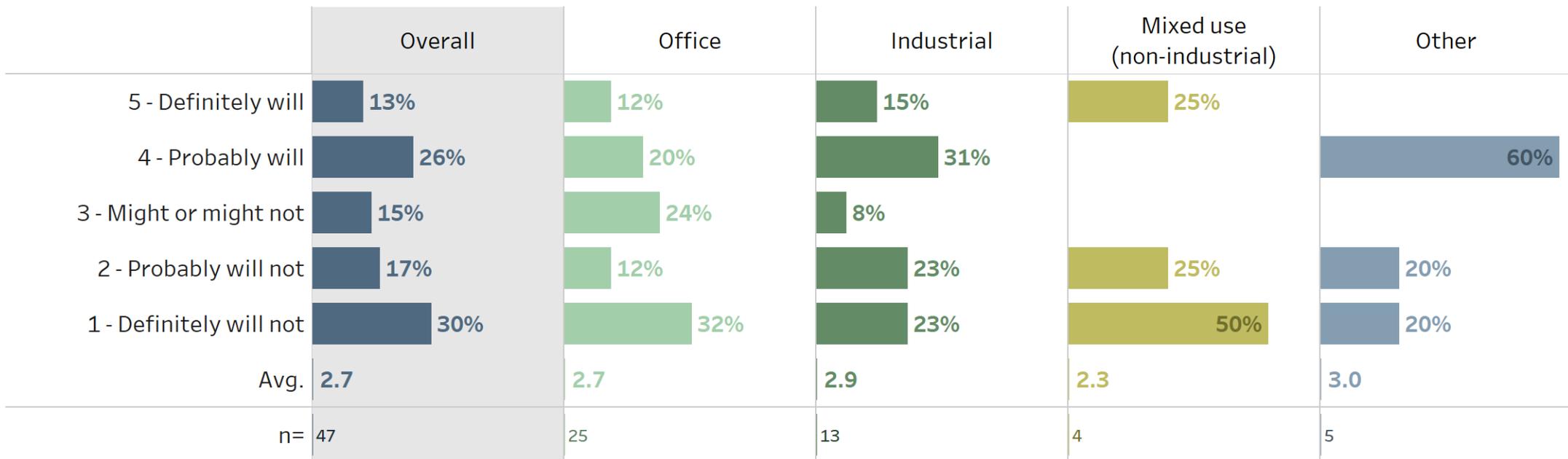


Source: RRC Associates

Likelihood to Renew

The survey indicates there will be movement within the market, as 47% of respondents who are currently leasing expect to not renew their lease. Industrial firms are most likely to stay in their current space.

Q 23: How likely are you to renew your lease when it expires?



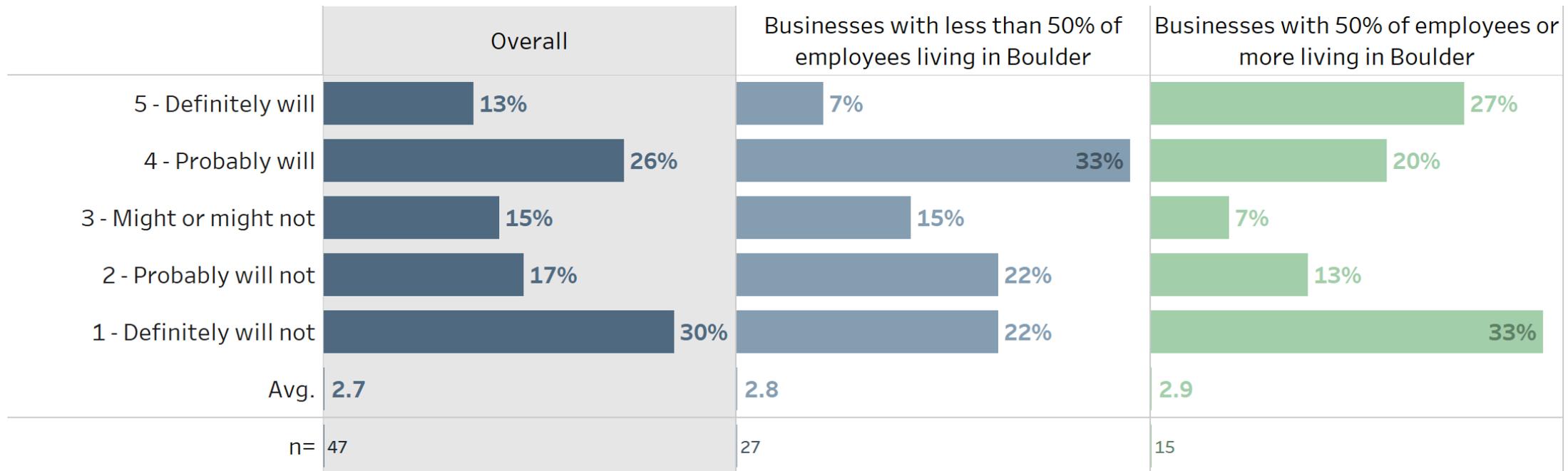
Source: RRC Associates

*mixed-use includes laboratory, research and design and retail

Likelihood to Renew

Businesses with less than 50% of their staff living in Boulder were more likely to report they probably will renew their lease but had a smaller share that definitely will. Businesses with more than 50% living in Boulder were split but had slightly larger shares reporting that they definitely will not renew.

Q 23: How likely are you to renew your lease when it expires?



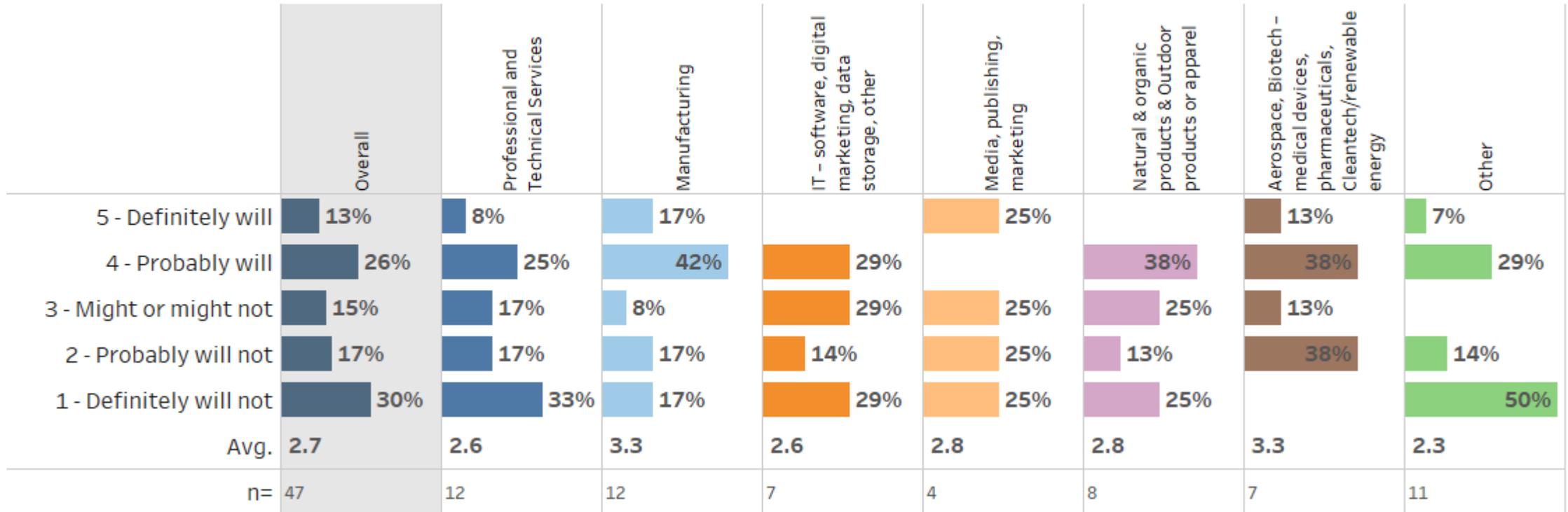
Source: RRC Associates

Likelihood to Renew

By Industry Sector

30% of businesses definitely will not renew their lease when it expires. Manufacturing businesses are most likely to renew their lease.

Q 23: How likely are you to renew your lease when it expires?



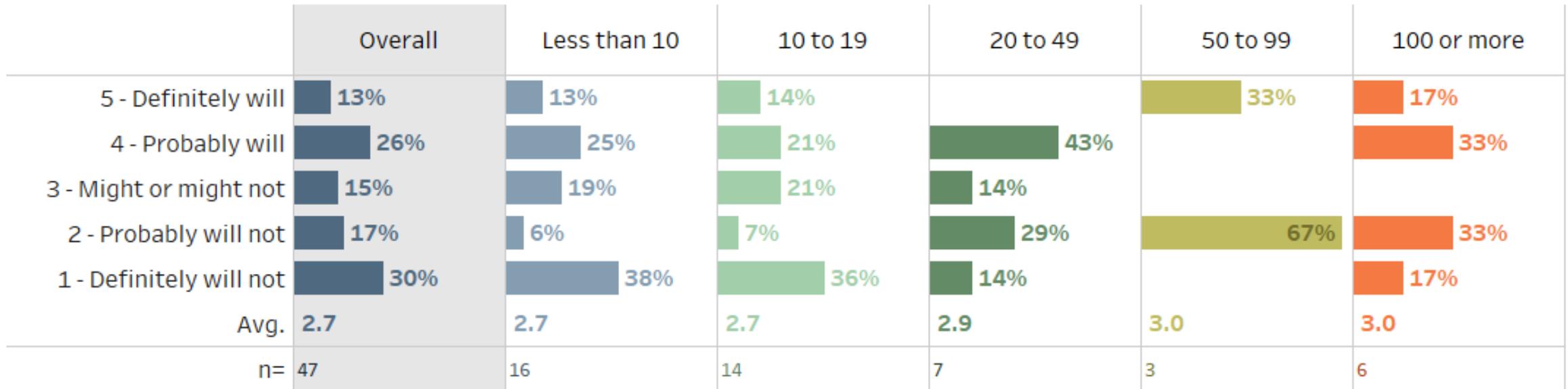
Source: RRC Associates

Likelihood to Renew

By Number of Employees

Larger firms (100+ employees) are most likely to renew their lease.

Q 23: How likely are you to renew your lease when it expires?

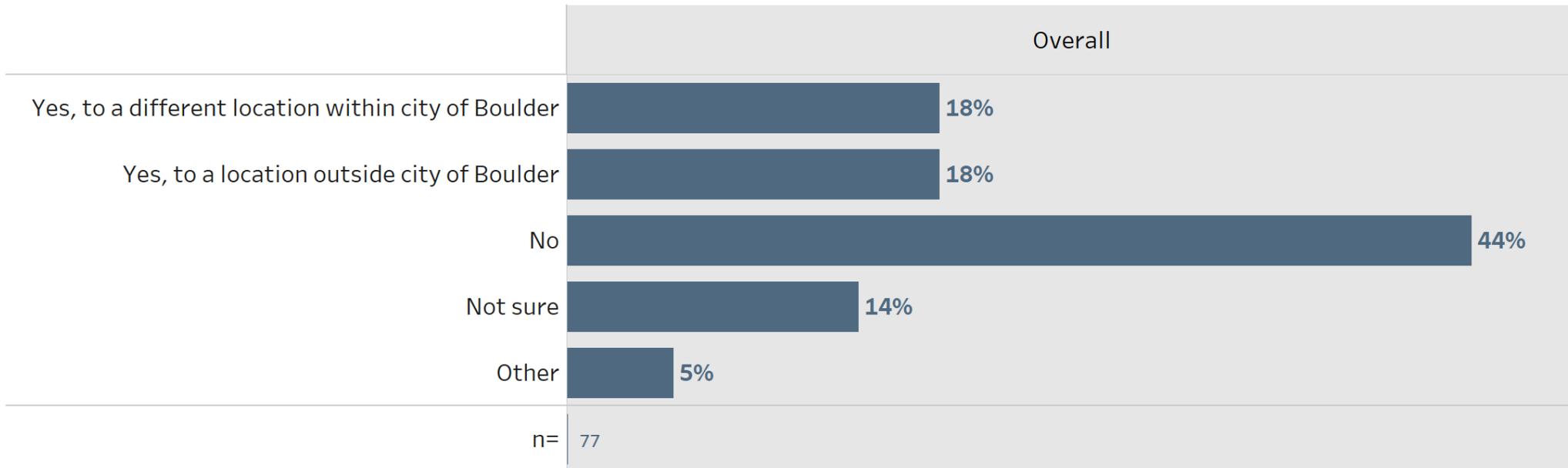


Source: RRC Associates

Relocation

About half of businesses expect to stay in the same location and 1/3 expect to move. Those who plan to move are split between moving within Boulder and leaving the city.

Q 32: Do you anticipate moving your business to a new location in the next 1 to 3 years?



Other comments:

If rent was lower, I'd get an office space

May sublet half my space and permit much more location rotation/remote

Maybe, but within Boulder if we move.

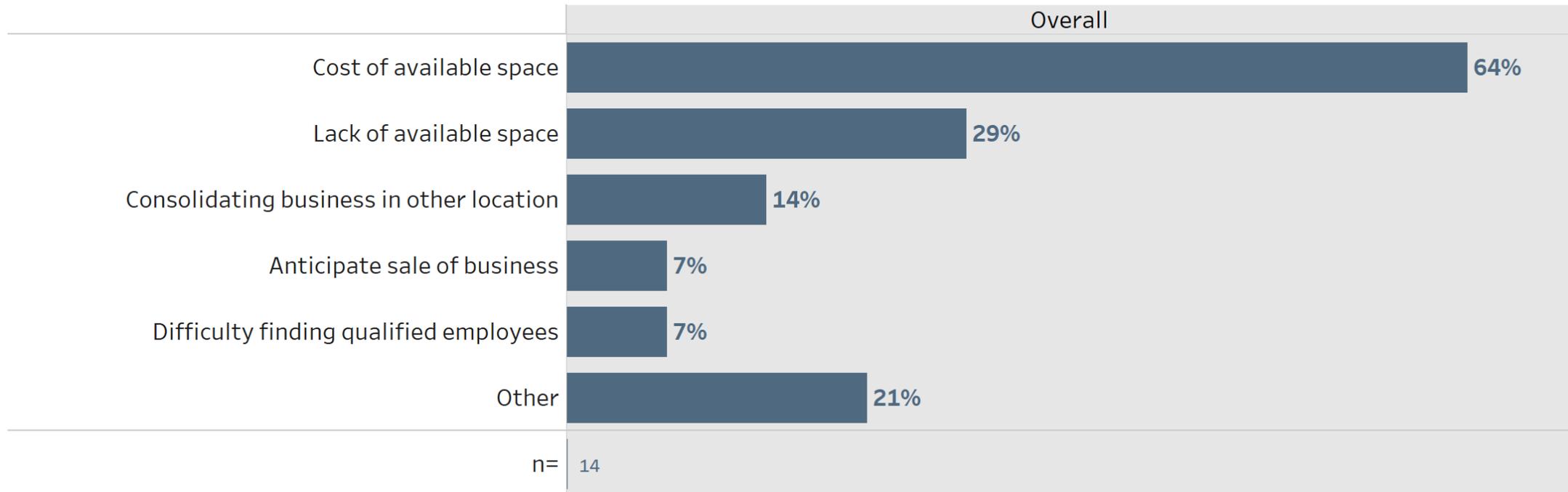
We will add a laboratory and manufacturing facility outside of the city of Boulder while maintaining our downtown corporate office

Source: RRC Associates

Reasons for Relocation

Cost of space is the dominant challenge for companies in the survey followed by the lack of suitable space on the market.

Q 33: (If yes, anticipate moving) Why is your business considering moving to a location outside the city of Boulder?
(Check all that apply)



Other comments:

Boulder is not conducive to business. But Boulder likes to pretend it is.

Not taking client meeting, rarely need physical space, property taxes are punishing (seriously, like 40-50% of mortgage)

Would like to move to a HUB Zone

Source: RRC Associates



Thank You

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