

# Colorado Springs economy forecast to coast through 2019; what comes after that?

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The Colorado Springs economy is expected to coast through 2019 toward a likely mild recession in mid-2020, two economists said Tuesday during a local economic forecast breakfast.

Tatiana Bailey, director of the University of Colorado at Colorado Springs Economic Forum, and Mary Kelly, an economist and leadership development consultant, both agreed a mild recession is probable next year as a result of trade tensions and political uncertainties as the 2020 presidential election approaches. They made the comments during an economic forecast sponsored by Vectra Bank at the Cheyenne Mountain Resort.

“Anything that creates uncertainty affects the economy. I don’t expect a recession until 2020, and it won’t be bad. Recessions are part of a natural

cycle of the economy,” Kelly said. “If people start worrying about a recession, it will trigger one because consumer spending will start to slow. If we don’t get the trade issues resolved, there will be more uncertainty.”

Kelly said she also is worried that some of the nation’s largest banks are starting to make riskier loans, which “scares me a lot” and could be a major factor in triggering another downturn. Many economists and other analysts blame the last recession on lower mortgage lending standards that inflated home values to unsustainable levels.

Bailey predicted the local economy would continue to level off, or moderate, during the rest of the year with many economic indicators sending mixed signals about whether a recession is on the way. She said growing trade protectionism worldwide, combined with political uncertainty over the upcoming presidential election, will slow the national and local economies and result in a mild downturn next year.

The Colorado Springs economy is better positioned now to weather a recession than it was in 2008 because it is less dependent on military spending and has become more diverse, Bailey said. Even if defense spending declines after the next election, she said there is “a decent chance that Colorado Springs will benefit” by the Department of Defense consolidating units from elsewhere at one of the five local military bases.

Bailey began warning more than a year ago that a recession is coming, but said in October that her concerns were eased amid growing consumer confidence and small business optimism. Since then, trade tensions have persisted in the U.S., Europe and China, and political uncertainties tend to erode consumer and business confidence, she said.