



AUGUST 2022

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting
our regional economy



August 2022 MEI Snapshot

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕↗ Positive Changes	11 of 18		12 of 18		12 of 18	
Nonfarm Employment Growth	12,300	↑	76,700	↑	84,800	↑
	Employment up 0.7% from May to June		Employment up 4.5% from June 2021 to 2022		YTD employment up 5.1% through June	
Manpower Net Employment (West Region)	42%	↔	42%	↑	44%	↑
	Net employment unchanged from 2Q 2022 to 3Q 2022		Net employment increased 15 percentage points from 3Q21 to 3Q22		YTD average up 24 percentage points compared with 2021	
Unemployment Rate	3.2%	↑	-3.0 percentage points	↓	3.5%	↓
	Unemployment was up 0.2 percentage points from May to June		Unemployment down from June 2021 to 2022		Down 2.7 percentage points from 2021 YTD average	
Initial Unemployment Insurance Claims	-3.3%	↓	-61.7%	↓	-89.8%	↓
	Claims decreased from May to June		Claims decreased from June 2021 to 2022		YTD average claims decreased through June 2022	
Total National Retail Sales	2.5%	↑	8.3%	↑	10.6%	↑
	National sales increased from April to May		National sales increased from May 2021 to 2022		YTD sales increased through May 2022	
Mountain Region Consumer Confidence Index	92.9	↓	-15.6%	↓	107.7	↓
	Index down 1 percent from June to July		Index down from July 2021 to 2022		YTD average down 5.8% through July 2022	
Hotel Occupancy	81.9%	↑	11.4 percentage points	↑	65.7%	↑
	Increased 9.9 percentage points from May to June		Occupancy increased from June 2021 to 2022		YTD occupancy up from last year	
Denver International Airport Passengers	4.5%	↑	9.4%	↑	30.2%	↑
	Passengers up from May to June		Passengers up from June 2021 to 2022		YTD passengers increased through June 2022	
Bloomberg Colorado Index	722.8	↑	-23.2%	↓	-18.3%	↓
	Index up 13.1% from June to July		Index down from July 2021 to 2022		YTD return down through July 2022	
Dow Jones Industrial Average	32,845.1	↑	-6.0%	↓	-9.6%	↓
	Index up 6.7% from June to July		Index down from July 2021 to 2022		YTD return down through July 2022	
Home Sales (closed)	6,019	↑	-17.5%	↓	29,076	↓
	Sales up 3.4% from May to June		Sales down from June 2021 to 2022		YTD sales down 6.7% from last year	
Median Home Price (Denver-Aurora MSA)	\$662,200	↑	19.4%	↑	\$662,200	↑
	Up 7.2% from 4Q 2021 to 1Q 2022		Price up from 1Q 2021 to 1Q 2022		YTD price 19.4% higher through 1Q 2022	

Apartment Vacancy Rate	4.3%	↔	-1.2 percentage points	↓	4.3%	↓
	Vacancy unchanged from 4Q 2021 to 1Q 2022		Vacancy decreased from 1Q 2021 to 1Q 2022		YTD average down 1.2 percentage points from last year	
Office Vacancy Rate (with Sublet)	14.0%	↑	+0.1 percentage points	↑	+0.1 percentage points	↑
	Vacancy rate increased 0.1 percentage points from 1Q 2022 to 2Q 2022		2Q 2022 vacancy up from 13.9% one year ago		2Q 2022 vacancy up from 13.9% one year ago	
Industrial Vacancy Rate (with Sublet)	4.7%	↓	-1.9 percentage points	↓	-1.9 percentage points	↓
	Vacancy rate decreased 0.5 percentage points from 1Q 2022 to 2Q 2022		2Q 2022 vacancy down from 6.6% one year ago		2Q 2022 vacancy down from 6.6% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.7%	↑	-0.6 percentage points	↓	-0.6 percentage points	↓
	Vacancy rate increased 0.1 percentage points from 1Q 2022 to 2Q 2022		2Q 2022 vacancy down from 5.3% one year ago		2Q 2022 vacancy down from 5.3% one year ago	

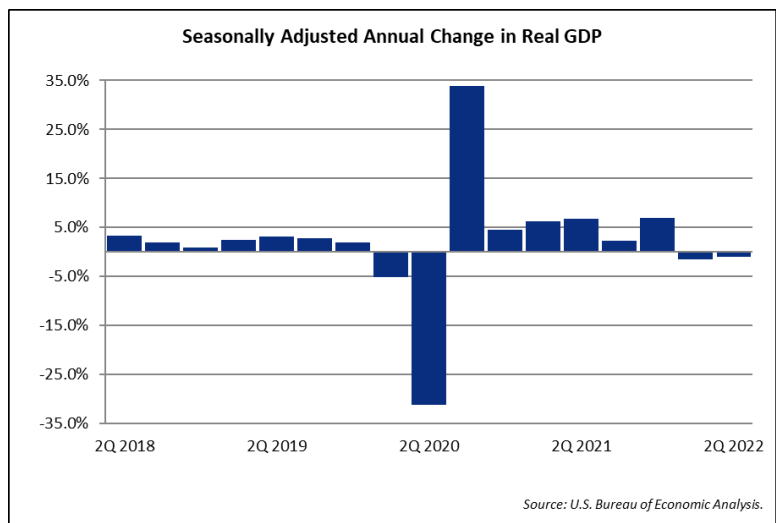
August 2022 MEI

About This Report

The Monthly Economic Indicators is a comprehensive analysis of economic conditions in the seven-county Metro Denver area, or the region comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties. There are two metropolitan statistical areas (MSAs) located within the Metro Denver region: the Boulder MSA (Boulder County) and the Denver-Aurora-Lakewood MSA (the Denver MSA) (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties). This report presents recent data and long-term trends for the seven-county region, MSAs, or counties, depending on availability. The analysis includes four main data sections: labor force and employment, the consumer sector, residential real estate, and commercial real estate.

Notable Rankings

- Colorado was the fourth best state for business according to CNBC’s “America’s Top States for Business 2022” rankings. The measure is based on 88 metrics in 10 broad categories such as the workforce, infrastructure, cost of business, and many other factors that impact both the labor market and the economy. Colorado received a number one ranking in the workforce category due to 42 percent of residents holding a bachelor’s degree or higher. North Carolina was rated the best state for business, followed by Washington and Virginia.
- CBRE’s “Scoring Tech Talent 2022” ranked Denver as the 10th best market for tech talent due to an influx of millennials in the past five years. The results were driven by Denver’s highly educated population, as well as by recent relocations of tech companies and their workers from San Francisco, New York City, and Chicago. The push towards remote work in the tech industry has allowed workers to move out of traditional tech hubs and into other high-quality markets. The report, which ranked the top 50 tech markets, rated the San Francisco Bay Area number one.



National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis

(BEA) released their advanced estimate of real gross domestic product (GDP) for the second quarter of 2022 and found that GDP decreased at an annual rate of 0.9 percent. In the first quarter, real GDP decreased 1.6 percent.

- The decrease in 2Q 2022 real GDP reflected decreases in private inventory investment (led by general merchandise stores and motor vehicle dealers), residential fixed investment (led by broker's commissions), federal government spending (led by nondefense spending), state and local government spending (led by investment in structures), and nonresidential fixed investment (led by structures and equipment).
- These decreases were offset by increases in exports (reflected by increases in goods, such as industrial supplies and materials, as well as services, mainly travel) and increases in personal consumption expenditures (led by food and accommodation services as well as healthcare).
- The advanced estimate is based on source data that are incomplete or subject to further revision by the source agency. The second GDP estimate for 2Q 2022 is scheduled for release on August 25.

Interest Rates

- In their meeting on July 26-27, the Federal Open Market Committee (FOMC) of the Federal Reserve firmed its stance on monetary policy. Recent indicators of spending and production have softened even though job gains have remained robust and the unemployment rate has remained low. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures. Further, the invasion of Ukraine by Russia is creating additional upward pressure on inflation and COVID-related lockdowns in China are likely to continue to exacerbate supply chain disruptions.
- The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the long run. In support of these goals, the Fed raised the target range for the federal funds rate 0.75 percentage points to 2.25 to 2.5 percent, the fourth increase in the rate in 2022. The Fed anticipates that ongoing increases in the target range will be appropriate but will continue monitoring many factors including inflation and labor market conditions. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities.
- The next FOMC meeting is September 20-21, 2022.

Policy Watch

National & International

- The European Central Bank raised interest rates by 0.5 percentage points on July 21st, the first increase in 11 years, as the bank attempts to fight inflation. The bank is responding to the lasting effects of the COVID pandemic, war in Eastern Europe, and stubbornly high rates of inflation.
- According to the International Monetary Fund's "World Economic Outlook Update," world GDP growth is expected to average 3.2 percent in 2022, down from 6.1 percent in 2021. The analysis cites supply-chain issues in China due to recent COVID complications, food shortages, and global energy shortages all contributing to high persistent inflation. The IMF also decreased its forecast of U.S. growth to 2.3 percent in 2022, down from its April forecast for U.S. growth of 3.7 percent.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was \$85.5 billion in May, down 1.3 percent from \$86.7 billion in April. June imports increased 0.6 percent to \$341.4 billion, while exports increased 1.2 percent to \$255.9 billion. Year-to-date, the goods and services deficit increased \$126.5 billion, or 38.4 percent, from the same period in 2021. Exports increased 19.4 percent and imports increased 24 percent year-over-year.
- The Conference Board Leading Economic Index (LEI) decreased by 0.8 percent in June to 117.1, following a 0.6 percent decline in May. The LEI was down 1.8 percent in the first half of 2022. The May decrease in the U.S. LEI was fueled by falling stock prices, a moderating labor market, and lower consumer expectations. The index is still near a historic high, but the U.S. LEI suggests weaker economic activity is likely in the near term and tighter monetary policy is poised to dampen economic growth even further. As a result, Conference Board analysts now expect U.S. GDP growth to average 1.7 percent in 2022 and 0.5 percent in 2023.
- According to Pitchbook, national startups raised \$62.3 billion in venture funding during 2Q 2022, a 23 percent decline from the second quarter of 2021. While down from last year's total, this mark was higher than any pre-2021 quarter. Experts expect VC funding to continue to slow in the second half of 2022.
- Companies are preparing to boost salaries in 2023 based on a new survey by Willis Towers Watson PLC. Salary budgets are expected to grow by an average of 4.1 percent due to the tight labor market, which is leading U.S. companies toward their largest raises in 15 years. Employee expectations of inflation are also a key factor in expected 2023 raises.
- The latest "AICPA Economic Outlook Survey" revealed that the overall CPA outlook index dropped 11 percentage points from a year ago, down from 78 to 67. While the index remains in positive territory as it is over 50, worries about inflation and labor availability caused the drop in confidence. Forty percent of respondents indicated that they plan to hire workers in the near future, up from 33 percent one year ago. On the downside, only 18 percent were optimistic about the national economy.
- According to the Institute for Supply Management's Manufacturing Index, the Purchasing Managers Index (PMI) was 52.8 percent in July, a decrease of 0.2 percentage points from the June reading of 53 percent. This figure indicates expansion in the overall economy for the 26th month in a row after contraction in April and May 2020, but it was the lowest reading since June 2020. The U.S. manufacturing sector continues expanding — though slightly less so in July — as new order rates continue to contract, supplier deliveries improve, and prices soften to acceptable levels. Despite the Employment Index contracting in June and July, companies improved their progress on addressing moderate-term labor shortages at all tiers of the supply chain, but panelists reported higher rate of quits after a drop in June. Prices expansion eased dramatically in July, for a fourth straight month, but instability in energy markets continues. Eleven manufacturing industries reported growth in July compared to June, with declines reported in seven industries.
- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 55.3 percent in June, 0.6 percentage points lower than May's reading of 55.9 percent. The June reading indicates growth for the 25th consecutive month after a two-month contraction in April and May of 2020. The sector's slowdown was due to a decline in business activity and slowing supplier deliveries. COVID-19, a

restricted labor pool, labor shortages, and the war in Ukraine continued to disrupt the services sector. All 18 industries surveyed reported growth in June.

Local

- According to the University of Colorado Boulder Leeds School of Business third quarter 2022 Leeds Business Confidence Index, Colorado business leaders expressed pessimism ahead of 3Q 2022, recording the fifth-lowest value in the 20-year history of the index. The Index decreased 12.8 points ahead of 3Q 2022 to 41.1, falling into negative territory (below 50) and falling well below the long-term average of 54.2. All six components fell below 50, reflecting negative perceptions. The outlook was dimmest for the national economy and brightest for industry hiring. Nearly 23 percent of respondents think the country is already in a recession, while 57 percent expect it to occur sometime in the next year. Inflation was the greatest concern among panelists, followed by interest rates, the supply chain, energy prices, the Russia-Ukraine conflict, and persistent worker shortages. Looking two quarters ahead to 4Q 2022, overall expectations fell further to 38, recording the fourth-lowest outlook on record.
- The University of Colorado Boulder Leeds School of Business released their mid-year “Colorado Business Review” detailing a labor market that has been strong but likely will cool off in the second half of 2022. According to the report, as of May 2022, Colorado was one of 14 states to have eclipsed pre-COVID job totals. While analysts expect job growth to flatten by the fourth quarter of 2022, they forecast that the state will add 104,000 jobs in 2022.
- According to the 10th District Beige Book, growth in 2Q 2022 slowed as consumer spending declined slightly and the manufacturing sector increased at a slower pace after several months of historically high growth. Job growth remained strong in the district, with reports of increases in applications submitted for each job posting. Prices continued to rise broadly as supply chain issues persisted and energy costs remained high.
- Small-group and individual health insurance premiums could rise by an average of 10 percent in 2023 according to the Colorado Division of Insurance. This comes after individual-plan premiums dropped by 1.4 percent between 2020 and 2021.
- A new study by Policygenius revealed that home insurance premiums in Colorado are rising at double the rate of overall inflation. Premiums increased an average of 17.5 percent, which ranked third nationally behind Arkansas and Washington. Providers cited increased payouts due to natural disasters such as hailstorms and the Marshall fire, which destroyed \$500 million worth of homes at the end of 2021.
- The number of people experiencing homelessness in Metro Denver was up 12.8 percent in 2022 compared to 2020, according to data from the Metro Denver Homeless Initiative. According to the point-in-time survey, there were 6,888 people experiencing homelessness in January 2022, up from 6,104 in 2020. The number of people living in shelters is up six percent, reaching 4,815 in 2022.

Labor Force and Employment

- Employment in Metro Denver increased 4.5 percent between June 2021 and 2022, rising by 76,700 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 4.6 percent, or by 69,900 jobs, while the Boulder-Longmont MSA increased 3.5 percent, or by 6,800 jobs, during the period.
- Ten of 11 supersectors reported over-the-year increases in employment. Leisure and hospitality reported the largest increase, rising 9.8 percent, followed by professional and business services (+9.2 percent) and

transportation, warehousing, and utilities (+8.3 percent). Government was the only supersector to see a decrease in employment, falling by 0.2 percent.

- Employment in Colorado increased 4.3 percent, or by 117,800 jobs, between June 2021 and 2022. National employment rose 4.2 percent, or by nearly 6.2 million jobs. The U.S. has now regained 97.6 percent of the jobs lost from February to April 2020, whereas employment in Colorado and Metro Denver surpassed pre-pandemic levels in February 2022.

**Nonfarm Wage & Salary Employment
(000s, not seasonally adjusted)**

	Month of Jun-22	Month of May-22	Month of Jun-21	Year-to- Date Average YTD 2022	Year-to- Date Average YTD 2021	Year-to- Date Average Change	Annual Growth Rate 2017	Annual Growth Rate 2012
Total 11-County Metro Denver*	1,794.4	1,782.1	1,717.7	1,762.5	1,677.7	5.1%	2.1%	2.9%
Denver-Aurora-Lakewood MSA	1,593.5	1,577.6	1,523.6	1,561.5	1,487.1	5.0%	2.1%	2.9%
Boulder MSA	200.9	204.5	194.1	201.0	190.6	5.4%	2.1%	2.7%
Natural Resources & Construction	123.1	119.0	115.4	116.4	112.6	3.4%	4.8%	5.1%
Manufacturing	95.3	94.4	91.5	93.8	90.2	4.0%	1.1%	2.2%
Wholesale & Retail Trade	238.5	237.9	235.7	239.0	233.3	2.4%	1.1%	2.1%
Transp., Warehousing & Utilities	76.0	74.3	70.2	76.2	72.7	4.7%	4.8%	2.9%
Information	63.5	63.5	61.4	62.6	60.6	3.3%	1.4%	-0.8%
Financial Activities	123.1	124.2	122.6	124.0	121.6	2.0%	2.5%	2.1%
Professional & Business Services	358.9	357.3	328.7	347.1	320.4	8.4%	2.1%	5.1%
Education & Health Services	219.9	220.8	217.6	219.7	217.1	1.2%	1.7%	3.7%
Leisure & Hospitality	193.4	182.0	176.1	180.2	153.0	17.7%	2.8%	3.4%
Other Services	69.3	68.0	64.7	67.5	63.1	7.1%	1.1%	2.8%
Government	233.4	240.7	233.8	236.2	233.2	1.3%	1.9%	0.9%
Federal Gov't	29.5	29.6	30.7	29.8	30.6	-2.8%	-0.5%	-0.8%
State Gov't	57.6	66.3	59.6	63.9	62.8	1.7%	4.4%	1.8%
Local Gov't	146.3	144.8	143.5	142.6	139.8	1.9%	1.3%	0.9%
Colorado	2,881.1	2,853.7	2,763.3	2,832.0	2,697.9	5.0%	2.3%	2.4%
United States	152,692	151,748	146,493	150,325	143,761	4.6%	1.6%	1.7%

*Includes the Denver-Aurora-Lakewood MSA (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties) and the Boulder MSA (Boulder County).

Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary (r) =revised

Metro Denver Industry Cluster and Lifestyle Verticals Headlines

Arts & Culture

- Red Rocks Amphitheater was Metro Denver’s most popular tourist attraction in 2021, serving more than 2.1 million people, according to a report by the *Denver Business Journal*. The Denver Museum of Nature and Science, Denver Zoo, and Denver Botanic Gardens all reported serving more than a million people.

Aviation

- Centennial-based Boom Supersonic announced plans to build a test facility near the company’s headquarters for design of their new supersonic airliner, a 65-80 passenger Overture plane. They plan to

construct their first prototype in a 70,000 square-foot building before beginning the commercial production process. The company currently employs 200 people.

- New York-based Sky Harbour plans to break ground in the summer of 2022 on 18 new hangars at Centennial Airport. The new hangars will be built in two phases of nine hangars each, totaling 200,000 square feet of space. In addition, there are six hangars currently under construction by six different companies. Business travel has rebounded from the pandemic as flights and landings at Centennial Airport are up 2.5 percent.
- Denver International Airport received a \$60 million dollar grant from the FAA to increase its capacity for passengers. The grant will primarily be used to upgrade the baggage handling system. The airport renovations are designed to allow for 100 million annual passengers by 2032.

Bioscience

- A Parker-based male fertility platform, Posterity Health, raised \$6 million in seed funding to expand access to fertility care to more states. The company provides telehealth services, assessment, and consultation with reproductive urologists in 26 states. The company plans to use the money to hire sales staff and expand into 10 more states by the end of 2022.

Energy and Natural Resources

- Eberspächer Vairex, formerly Vairex Air Systems, has moved from Boulder to a 12,500-square-foot flex space in Lafayette. The new facility is designed to increase the company's production capacity as they experience higher demand for their fuel-celled forklifts. Vairex currently employ 17 workers in Lafayette and plans to increase its staff to more than 30 by the end of 2022 and more than 60 by the end of 2023.

Financial Services

- Gen II Fund Services, a private equity fund administrator, signed a lease to occupy the top two floors of an office building in the Denver Tech Center. Gen II plans on making the Denver office its western hub and bringing hundreds of employees to the area starting in 2023. The company currently employs 100 people in Metro Denver and will now have space to accommodate up to 400.

Food and Beverage Production

- Colorado breweries won 15 medals at the U.S. Open Beer Championship that took place in Ohio. Lafayette's Liquid Mechanics Brewing Co. was the biggest winner with 3 medals, followed by Bootstrap Brewing Co., Bent Barley Brewing Co., and Beyond the Mountain Brewing Co. each winning two medals.
- PepsiCo bought 152 acres near Denver International Airport and plans to build a 1.2 million-square-foot manufacturing facility. The company will be hiring 250 new employees once the facility opens in the summer of 2023, with plans to potentially expand to 500 workers. PepsiCo already employs 1,200 people in Denver.
- Meati, a plant-based meat alternative company in Boulder, has debuted in local grocery stores as they plan for a national expansion. This comes on the heels of a \$150 million Series C funding round so that the company may complete the buildout of its 100,000-square-foot production facility in Thornton. The meat alternative company has grown to 200 employees in 2022, up from 70 at the end of 2021.
- Denver-based NextBite laid off an undisclosed number of employees as they restructure the company before scaling up the business nationally. The virtual restaurant company also hired a new president to facilitate the expansion process. NextBite grew from 80 employees to more than 300 employees in 2021.

- Denver ranked fifth in the world for its agtech and food startup ecosystem according to a report by Startup Genome. Colorado currently has 110 agriculture tech startups in the state. Foodtech and agtech investments totaled \$52 billion worldwide in 2021, an increase of 86 percent from 2020, according to AgFunder’s 2022 report.

Healthcare and Wellness

- UCHealth University of Colorado Hospital in Aurora was named the best hospital in Colorado in the U.S. News and World Report “2022-23 Best Hospitals Ranking”. The Aurora hospital ranked first for the 11th straight year, followed by UCHealth Medical Center of the Rockies in Loveland and SCL Health Saint Joseph Hospital in Denver. In total, 12 Colorado hospitals met the standards to appear in the annual list. In a separate ranking, UCHealth University of Colorado Hospital ranked in five adult specialties nationally including second in the nation in pulmonology and lung surgery, a ranking shared with National Jewish Health.
- UCHealth Medical Center of the Rockies has received a state Level 1 trauma designation, making it the only hospital north of Denver to receive that designation. MCR is one of six Level 1 trauma centers in Colorado, joining four Metro Denver facilities and one Colorado Springs hospital. Level 1 trauma centers can treat severe and complex injuries and are required to have around-the-clock coverage in several specialties.
- SOBRsafe, a Denver-based technology firm, released a wearable alcohol-detection sensor and has partnered with North-Star Care rehabilitation center that has already purchased 1,150 wristbands. The wristbands read blood-alcohol levels and report them to the center for interventions. SOBRsafe currently employs 10 people in its Denver headquarters and plans on doubling its headcount this year.

IT-Software

- Louisville-based cybersecurity firm Swimlane raised \$70 million in a Series C financing round. The company specializes in security automation and response by simplifying repeatable steps to reduce security risk. The funding will accelerate the company’s growth and operations on a global scale. Swimlane currently employs about 150 people.

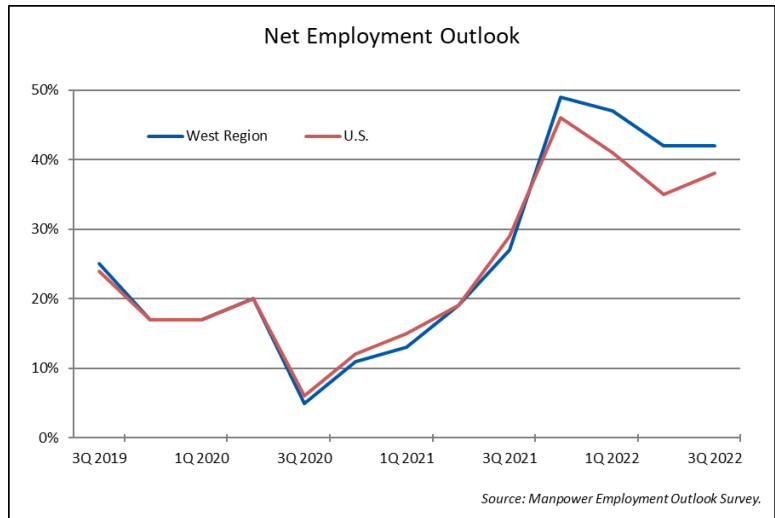
Other Industry Headlines

- Terra CO2, a Golden-based startup that produces low-carbon cement alternatives, raised \$46 million in a Series A funding round. The funding will be used to build another pilot plant and accelerate its timeline to production. Terra CO2 plans to break ground on a commercial plant in 2023 and have commercial-use material available by 2025.
- Scythe Robotics of Longmont is building a 50,000-square-foot manufacturing plant in Longmont that will bring 394 high paying jobs to the city. The company chose to stay in Longmont, where their headquarters is currently located, and hope to ramp up production to 10,000 units when the plant is complete. The company currently employs 28 people in Longmont.
- Armanino LLP, a California-based accounting and consulting firm, has leased additional space to accommodate significant growth in downtown Denver. The company employs about 100 people in the Metro Denver area, up from just 20 before the pandemic.
- Denver-based Re/Max Holdings Inc. announced that it is planning to lay off 17 percent of its staff, or approximately 120 workers, by the end of 2022. The move is a result of a transition to a new technology

platform that is expected by the middle of 2023. The company's franchisees, which are independently owned and operated, are not impacted by the layoffs.

Employment Outlook

- The Manpower Employment Outlook Survey revealed that U.S. hiring optimism continued ahead of 3Q 2022. Across the nation, 50 percent of companies plan to hire in 3Q 2022, up 18 percentage points over-the-year. Companies planning to lay off increased 9 percentage points over-the-year to 12 percent, while the number of companies planning no change decreased 29 percentage points to 34 percent in 3Q 2022. The net U.S. employment outlook, which reflects the difference in the percent of companies hiring versus laying off, was 38 percent ahead of 3Q 2022, up 9 percentage points over-the-year and up 3 percentage points over-the-quarter.



- All four regions in the United States reported strong outlooks for 3Q 2022, led by the Northeast with a net employment outlook of 43 percent. The West, which includes Colorado, reported a net employment outlook of 42 percent, followed by the Midwest (36 percent) and the South (35 percent). Over-the-quarter, regional outlooks strengthened in three of the four regions, while the West reported no change. All four regions reported improvements in the outlook over-the-year.
- Growth is expected across all 11 national industry sectors, with the strongest employment outlook reported in IT & Technology (59 percent), followed by Banking, Finance, Insurance & Real Estate (45 percent) and Construction (+42 percent).

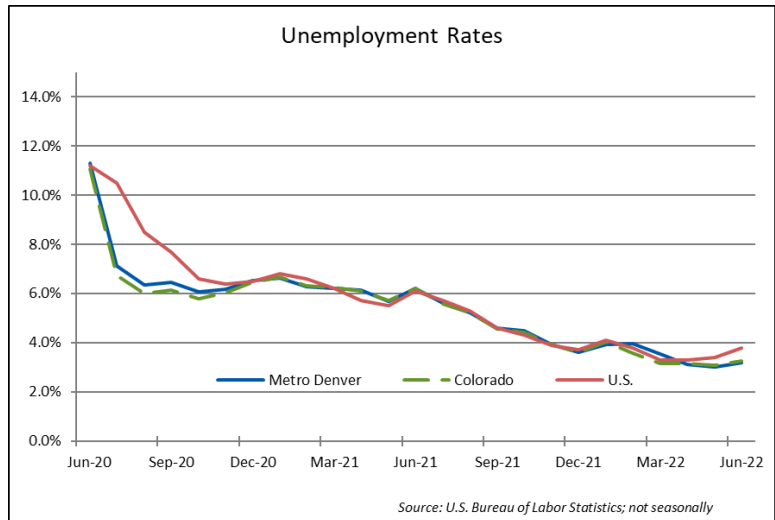
Employment Outlook Survey

	Quarter 3 2022	Quarter 2 2022	Quarter 3 2021	YTD 2022	YTD 2021	Ann Avg 2017	Ann Avg 2012
West Region							
Net Employment	42%	42%	27%	44%	20%	-	-
United States							
Percent of Companies Hiring	50%	49%	32%	52%	25%	22%	18%
Percent of Companies Laying Off	12%	14%	3%	14%	4%	5%	8%
Percent of Companies No Change	34%	34%	63%	31%	67%	72%	71%
Percent of Companies Unsure	4%	3%	2%	3%	3%	2%	4%
Net Employment	38%	35%	29%	38%	21%	17%	10%

Source: Manpower Inc.

Labor Force & Unemployment

- Unemployment in Metro Denver decreased 3 percentage points over-the-year to 3.2 percent in June. The unemployment rate increased 0.2 percentage points from the prior month.
- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate in June. Denver and Adams counties reported the largest decreases, falling 3.4 percentage points, followed by Arapahoe County (-3.3 percentage points) and Jefferson County (-2.8 percentage points). Douglas and Broomfield counties reported the lowest unemployment rate of 2.7 percent in June, while Adams County reported the highest rate of 3.7 percent.



- There were 46,951 more people either employed or looking for work between June 2021 and 2022 in Metro Denver, an increase of 2.5 percent. The labor force rose in all seven counties, led by Douglas County (+3.5 percent), Broomfield County (+3.2 percent), and Jefferson County (+2.8 percent).
- Colorado reported an unemployment rate of 3.2 percent in June, down 3 percentage points from the same time last year. Over-the-month, the state’s unemployment rate rose 0.1 percentage points. The labor force rose 2.4 percent over-the-year to about 3.2 million people either employed or looking for work. The national unemployment rate fell 2.3 percentage points over-the-year to 3.8 percent but rose 0.4 percentage points over-the-month. The national labor force increased 1.8 percent between June 2021 and 2022.

**Labor Force Statistics
(000s, not seasonally adjusted civilian labor force)**

	June 2022		2022 YTD AVG		2021 YTD AVG		2017	2012
	Total Labor Force	Unemployment Rate	Total Labor Force	Unemployment Rate	Total Labor Force	Unemployment Rate	Ann Avg Unemployment Rate	Ann Avg Unemployment Rate
Metro Denver	1,898.3	3.2%	1,883.3	3.5%	1,828.4	6.2%	1,898.3	3.2%
Adams County	284.2	3.7%	282.0	4.1%	274.4	7.1%	284.2	3.7%
Arapahoe County	378.0	3.4%	374.8	3.7%	364.5	6.6%	378.0	3.4%
Boulder County	199.9	2.8%	200.4	2.8%	193.4	5.2%	199.9	2.8%
Broomfield County	42.7	2.7%	42.2	2.8%	40.9	5.3%	42.7	2.7%
Denver County	439.3	3.3%	435.9	3.8%	424.6	6.8%	439.3	3.3%
Douglas County	209.0	2.7%	206.4	2.7%	199.0	4.7%	209.0	2.7%
Jefferson County	345.1	3.0%	341.7	3.2%	331.6	5.8%	345.1	3.0%
Colorado	3,244.1	3.2%	3,219.9	3.5%	3,129.3	6.2%	3,244.1	3.2%
United States	165,012	3.8%	163,907	3.8%	160,465	6.2%	165,012	3.8%

Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary

- Initial unemployment insurance claims in Metro Denver decreased 61.7 percent between June 2021 and 2022, falling to a weekly average of 944 claims. Over-the-month, initial claims decreased 3.3 percent.
- Colorado reported an average of 1,774 initial unemployment claims per week in June, down 59 percent from the same time last year, and representing 2,550 fewer claims each week. Between May and June, average weekly initial claims in Colorado decreased 2.2 percent.

Weekly First-Time Unemployment Insurance Claims

	Month of Jun-22	Month of May-22	Month of Jun-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Metro Denver	944	976	2,462	1,049	10,256	-89.8%	1,103	1,627
Colorado	1,774	1,813	4,324	1,938	17,496	-88.9%	2,092	3,123

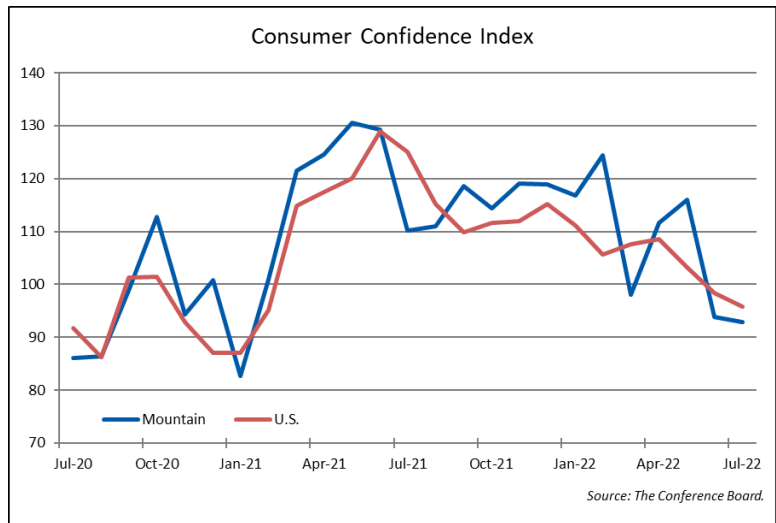
Note: Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.

Source: Colorado Department of Labor and Employment, Labor Market Information.

Consumer Sector

Consumer Sentiment

- The Consumer Confidence Index fell again in July to its lowest level since February 2021 for the U.S., following a decline in June. The index now stands at 95.7, a 2.7 percent over-the-month decrease, and a 23.5 percent decrease over-the-year.
- Analysts at The Conference Board stated that consumers’ grimmer outlook was driven by increasing concerns about inflation, in particular rising gas and food prices. Expectations fell below a reading of 80, suggesting weaker growth in the second half of 2022 as well as growing risk of recession by year end. Purchasing intentions for cars, homes, and major appliances pulled back in July; this trend is likely to continue as the Fed aggressively raises interest rates to tame inflation. Over the next six months, consumer spending and economic growth are likely to continue facing strong headwinds from further inflation and rate hikes.



Consumer Confidence Index

	Month of Jul-22	Month of Jun-22	Month of Jul-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Mountain	92.9	93.8	110.1	107.7	114.2	-5.8%	130.1	68.7
United States	95.7	98.4	125.1	104.3	112.7	-7.4%	120.5	67.1

Source: The Conference Board. (p) = preliminary (r) = revised

- Colorado is included in the Mountain region and the index for the area decreased 15.6 percent between July 2021 and 2022 to 92.9. The index fell 1 percent over-the-month from 93.8 in June. The Present Situations Index fell 9 percent over-the-year to 138.9, while the Expectations Index decreased 23.7 percent to 62.3 during the period.

Consumer Spending

- National retail sales activity rose 8.3 percent over-the-year in May, with 11 of the 13 supersectors reporting increases during the period. Gasoline stations reported the largest over-the-year increase of 46.3 percent, followed by miscellaneous store retailers (+25.2 percent) and food services and drinking places (+17 percent). Electronics and appliance stores reported the largest over-the-year decrease of 4.9 percent, followed by motor vehicles and parts dealers (-4.2 percent).

National Retail Sales (\$millions)

	Month of May-22	Month of Apr-22	Month of May-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Retail Sales	698,183	681,357	644,652	3,228,494	2,919,945	10.6%	4.1%	5.0%
Motor Vehicles	131,833	137,296	137,600	639,775	618,103	3.5%	2.9%	9.0%
Furniture and Home	12,185	12,197	11,925	58,023	56,625	2.5%	2.7%	4.5%
Electronics & Appliance	7,132	7,080	7,501	34,983	35,686	-2.0%	-1.6%	2.1%
Building Materials	50,050	46,152	46,315	207,980	196,032	6.1%	3.4%	4.5%
Food and Beverage	79,619	76,368	74,598	376,611	349,775	7.7%	3.8%	3.1%
Health and Personal Care	32,891	32,435	31,436	161,145	153,824	4.8%	1.5%	0.9%
Gasoline Stations	72,873	64,776	49,813	300,719	215,844	39.3%	9.2%	4.1%
Clothing & Accessories	26,847	25,904	25,886	116,995	104,104	12.4%	0.1%	4.8%
Sporting Goods	8,815	8,733	8,686	40,708	40,263	1.1%	-2.9%	2.8%
General Merchandise	68,665	65,483	67,916	319,255	312,534	2.2%	1.3%	2.8%
Miscellaneous Store	17,175	15,685	13,723	73,383	60,009	22.3%	2.1%	1.5%
Non-Store Retailers	99,768	102,317	92,062	494,325	449,791	9.9%	11.8%	8.5%
Food Service & Drinking	90,330	86,931	77,191	404,592	327,355	23.6%	5.3%	5.8%

Source: U.S. Census Bureau.

Total Retail Sales (\$000s)

	Month of May-22	Month of Apr-22	Month of May-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Metro Denver	13,624,150	13,735,545	12,174,239	66,906,066	57,541,504	16.3%	4.9%	7.9%
Adams County	2,801,752	2,503,400	2,369,470	12,914,575	11,022,293	17.2%	8.9%	12.4%
Arapahoe County	2,368,206	2,310,492	2,145,431	11,546,041	10,151,141	13.7%	1.5%	9.7%
Boulder County	1,317,370	1,330,015	1,177,570	6,683,446	5,740,766	16.4%	9.5%	5.8%
Broomfield County	278,054	276,813	234,164	1,340,806	1,132,580	18.4%	8.1%	15.9%
Denver County	3,312,152	3,683,610	2,869,134	16,563,252	13,511,711	22.6%	4.0%	1.9%
Douglas County	1,398,322	1,531,001	1,378,006	7,350,134	6,515,699	12.8%	2.0%	7.7%
Jefferson County	2,148,294	2,100,214	2,000,465	10,507,811	9,467,314	11.0%	3.9%	10.9%
Colorado	22,812,481	22,856,797	20,411,656	113,344,352	96,845,793	17.0%	5.4%	6.1%

Note: As of June 2019, the DOR reports data based on "destination sourcing," or the location where the purchaser received the goods, as opposed to the retailer's business location. Further, out-of-state retailers are now required to collect and remit sales tax for goods delivered into Colorado based on the purchaser's location. These changes may cause variations in current data compared with prior years.

Source: Colorado Department of Revenue.

- Sales of new vehicles in Colorado declined 11.3 percent in the first half of 2022, according to a report released by the Colorado Automobile Dealers Association, compared with the 17.9 percent decrease in national sales activity. The market share for hybrid, battery-electric, and plug-in hybrid vehicles increased in 2Q 2022 in Colorado, representing 8.7 percent, 6.4 percent, and 2.5 percent of total sales, respectively.
- Retail sales in Metro Denver rose 16.3 percent between May 2021 and 2022. All seven counties in Metro Denver reported over-the-year increases in retail sales. Broomfield County reported the largest increase of 18.7 percent, followed by Adams County (+18.2 percent) and Denver County (+15.4 percent). Douglas County reported the most modest increase of 1.5 percent. Retail sales throughout Colorado rose 11.8 percent over-the-year.

Price Changes

- The U.S. Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics showed that consumer prices in June increased 9.1 percent over-the-year, up from 8.6 percent in May and 8.3 percent in April. June was the 14th consecutive month with inflation at or above 5 percent and the highest rate reported since December 1981. The CPI rose 1.4 percent over-the-month. Core inflation, which excludes volatile food and energy prices, rose 5.9 percent over-the-year in June, down from 6 percent in May.
- All eight components of the CPI increased over-the-year, with the largest increases in transportation (+19.7 percent), food and beverage (+10 percent), and housing (+7.3 percent). Education and communication reported the most modest over-the-year increase of 0.8 percent.
- The CPI for the Denver-Aurora-Lakewood MSA rose 8.3 percent over-the-year in May, down from a 9.1 percent increase in March, and the first decline in the inflation rate since November 2020. Core inflation was 7.1 percent in May.
- Six of the eight components in the Denver MSA reported increases between May 2021 and 2022, with the largest increases in transportation (+16.1 percent), medical care (+10.3 percent), and other goods and services (+9.5 percent). Education and communication reported the largest over-the-year decrease of 0.6 percent, followed by apparel (-0.3 percent).
- According to the AAA Daily Fuel Gauge Report, the national average fuel price for July was \$4.21 per gallon, up 32.7 percent from the same time last year. The Metro Denver average fuel price increased 23.5 percent over-the-year to an average of \$4.40 per gallon, a rise of \$0.84. The average fuel price in Metro Denver was \$0.19 higher than the average fuel price throughout the U.S.

Stock Market

Stock Market Indexes

	Month of Jul-22	Month of Jun-22	Month of Jul-21	YTD Return 2022	YTD Return 2021	Annual Avg Return 2017	Annual Avg Return 2012
Bloomberg Colorado	722.8	638.9	940.8	-18.3%	23.9%	-3.7%	3.5%
S&P 500	4,130.3	3,785.4	4,395.3	-13.3%	17.0%	20.0%	13.4%
NASDAQ	12,390.7	11,028.7	14,672.7	-20.8%	13.8%	28.2%	15.9%
DJIA (Dow Jones)	32,845.1	30,775.4	34,935.5	-9.6%	14.1%	25.7%	7.3%

Sources: Bloomberg.com; Yahoo! Finance.

- All four stock market indices decreased between July 2021 and 2022. The Bloomberg Colorado reported the largest decrease, falling 23.2 percent, followed by the NASDAQ (-15.6 percent), the S&P 500 (-6 percent),

and the DJIA Index (-6 percent). Between June and July 2022 all four indices increased. The Bloomberg Colorado reported the largest increase of 13.1 percent, followed by the NASDAQ (+12.3 percent), the S&P 500 (+9.1 percent), and the DJIA Index (+6.7 percent).

Travel & Tourism

- According to a study by Longwoods International and Dean Runyan Associates, Colorado tourism has rebounded from the pandemic, but the recovery has not been evenly distributed across the state. In 2021, Colorado hosted 84.2 million visitors spending \$21.9 billion, substantially increased compared with 2020 but still below 2019 activity levels. Half of the eight travel regions in Colorado have not recovered fully from the pandemic, including Metro Denver and the Front Range. Meanwhile, mountain regions have seen faster recoveries as the 2021-2022 Colorado ski season ranked as the busiest ever in the United States.
- A separate report by Longwoods International revealed that the number of travelers visiting Denver in 2021 exceeded 2018 levels, but business travel remained down 25 percent from peak pre-pandemic levels. Denver welcomed 31.7 million visitors in 2021, a 14.5 percent increase compared with 2020. The visitors spent \$6.6 billion, a 26.2 percent increase over 2020. Visit Denver expects to see continued improvement in 2022.
- The average hotel occupancy rate in Metro Denver rose 11.4 percentage points over-the-year to 81.9 percent in the month of June 2022. The average hotel room rate rose 33.9 percent to \$176.32 per night, an increase of \$44.66 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 94.9 percent of pre-pandemic levels recorded in June 2019.

Metro Denver Hotel Statistics

	Month of Jun-22	Month of May-22	Month of Jun-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Percent of Hotel Rooms Occupied	81.9%	72.0%	70.5%	65.7%	50.9%	14.8%	74.9%	68.0%
Average Hotel Room Rate	\$176.32	\$156.20	\$131.66	\$143.58	\$104.12	37.9%	\$143.68	\$111.78

Source: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that nearly 6.3 million passengers passed through the airport in June, a 9.4 percent increase from the previous year, or a rise of more than 500,000 passengers.
- DEN expects to meet or exceed its record-setting traffic volume this year. DEN served over 32 million passengers in the first half of the year, up 30.2 percent from 2021 and down just 1.6 percent compared with the first half of 2019. June was the best month on record for international passengers.

Denver International Airport Passengers

	Month of Jun-22	Month of May-22	Month of Jun-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual 2017	Annual 2012
Number of Airline Passengers	6,254,557	5,982,477	5,715,347	32,171,152	24,701,027	30.2%	61,379,396	53,156,278

Source: Denver International Airport, Traffic Statistics.

Residential Real Estate

- A working paper by the National Bureau of Economic Research estimated that the move to remote work is responsible for over half of the recent growth in nationwide housing prices. Since 2019, home prices have risen by 23.8 percent nationwide. The focus on remote work caused a 15.1 percent increase in prices, suggesting that the pandemic caused a change in home price fundamentals rather than home prices being influenced by fiscal and monetary stimulus.
- According to a recent Redfin report, Metro Denver’s housing market is among the more vulnerable to an economic downturn. Denver ranked 34th out of 98 metro areas studied with a risk score of 53.8. The report considered many risk factors including the ratio of mortgages to home values, the share of home sales that were flipped, and how quickly the markets have cooled in 2022, among others. Riverside, California posted the highest risk score of 84, followed by Boise, Idaho and Cape Coral, Florida.

Recently Announced Projects

- Embrey Partners plans to build a 396-unit complex in Englewood that would include both townhomes and multi-family housing units. The project, located near W Oxford and S Navajo streets would consist of a 4-story multi-family building and a 3-story townhome complex. Depending on the approval process, the company hopes to break ground by summer of 2023.
- Houston-based Hines and Chicago-based Cresset Partners purchased 2.35 acres next to the Mission Ballroom in the River North neighborhood of Denver to build a 392-unit apartment building. The 10-story project would also include 32,000 square feet of retail space.
- Denver-based Trailbreak Partners plans on building an 18-story, 332-unit apartment building with 5,200 square feet of retail space on the corner of 8th Avenue and Lincoln Street. The building would replace the current building, which houses a Lowdown Brewery + Kitchen, among others. The concept plan submitted by Trailbreak is early in the process as the company does not own the property.
- Focus Property Group, a Denver-based development group, filed plans to build a 204-unit apartment building at 1901 Chestnut behind Union Station. The building will also include 13,000 square feet of retail space.
- Illinois-based Watermark Companies is building 167 attached townhomes on the corner of 62nd Avenue and North Dunkirk Street near Denver International Airport. The townhomes will be two and three-bedroom units for rent. Watermark expects to deliver the first units of “Canvas at Gateway” by the spring of 2023, with completion expected in early 2025
- Harbor Associates, a California-based company, is planning to convert two office buildings in Downtown Denver to residential space. An 8-story building on 16th Street would be converted into 96 residential units and an 11-story building on 16th Avenue would house 111 apartments.
- Katz Development will be breaking ground in spring 2023 on an 84-unit apartment building at 3495 Wynkoop Street in RiNo that will primarily be built of wood. The company was a winner of a grant in June that focused on making construction more sustainable by promoting mass timber buildings. The 12-story building, in addition to being more environmentally friendly, will also be built with fewer workers, less noise, and will be completed in just 14-18 months.

- MGL Partners, a Denver-based affordable housing developer, purchased land for the second phase of the Crisman Apartments in Longmont. The project will create 83 new units for individuals and families earning between 30 and 60 percent of the area median income.
- Shanahan Development has proposed building a 6-story condo building in Denver’s Five Points neighborhood to replace what is currently a parking lot owned by the Regional Transportation District. The project, on the corner of 29th and Welton streets, would create 50 for-sale condos that would only be available to those earning 70 percent of the area median income.

Home Resales

- Mortgage rates fell in July but are still higher than they were a year ago at this time. According to the Freddie Mac “Primary Mortgage Market Survey,” 30-year mortgage rates were 5.3 percent as of July 28th, down from a peak of 5.81 percent on June 23rd. Fifteen-year fixed rate mortgages as well as 30-year adjustable-rate mortgages declined from their peaks in late June.

Metro Denver

- Home sales in Metro Denver totaled 6,019 in June, down 17.5 percent from the same time last year.
- Unsold homes on the market were 94 percent higher in June 2022 compared with the same time last year, representing 2,935 additional homes on the market. Over-the-month, the inventory of available homes increased by 65.9 percent. Still, the inventory of homes in June is lower than the historic average of 15,747 listings.

Previously Owned Home Sales Activity

	Month of Jun-22	Month of May-22	Month of Jun-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Ann Total 2017	Ann Total 2012
Home Sales (Closed)	6,019	5,821	7,299	29,076	31,150	-6.7%	58,999	45,637
Unsold Homes on Market	6,057	3,652	3,122	6,057	3,122	94.0%	3,854	7,706
Average Sales Price-Single Family	\$775,191	\$784,361	\$688,283	\$760,126	\$661,120	15.0%	\$466,660	\$312,905
Average Sales Price-Condo	\$421,602	\$427,239	\$380,448	\$414,260	\$355,523	16.5%	\$278,011	\$195,120
Median Sales Price-Single Family	\$650,000	\$650,000	\$580,000				\$395,000	\$256,000
Median Sales Price-Condo	\$390,000	\$400,000	\$350,000				\$247,000	\$149,900

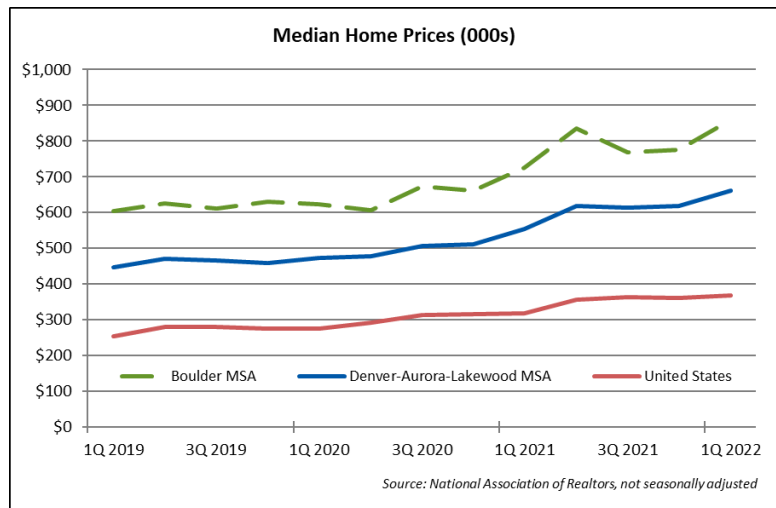
Source: Colorado Comps LLC; Denver Metro Association of Realtors; REcolorado.

- The average sales price for single-family homes increased 12.6 percent over-the-year to \$775,191, representing an additional \$86,908 per home during the period. The average sales price for condominiums rose 10.8 percent over-the-year to \$421,602, representing an additional \$41,154 per home.

National

- Total existing-home sales decreased 5.4 percent from May to a seasonally adjusted annual rate of 5.12 million in June, marking five consecutive months of declines, according to the National Association of Realtors (NAR). Sales decreased 14.2 percent year-over-year from the June 2021 reading of 5.97 million.
- All four regions reported over-the-year decreases in total home sales in June. The West region reported the largest decrease of 21.3 percent, followed by the South (-14.1 percent), the Northeast (-11.8 percent), and the Midwest (-9.6 percent).

- Properties remained on the market for 14 days in June, down from 16 days in May and 17 days in June 2021. That mark is the lowest measure recorded since the NAR began tracking it in May 2011. Of the homes sold in June, 88 percent were on the market for less than a month.
- NAR data showed the median existing-home price for all housing types nationally was \$416,000 in June, up 13.4 percent from the same time last year. This marked 124 straight months of year-over-year gains, the longest streak on record.
- Median home prices increased in all four major U.S. regions over-the-year. For the tenth consecutive month, the South region reported the highest pace of price appreciation compared to the other regions. The median home price in the South increased 16.8 percent over-the-year in June, followed by the Midwest (+10.2 percent), the Northeast (+10.1 percent), and the West (+9.6 percent).
- The West region reported the highest median home price of \$624,000, while the Midwest reported the lowest median price of \$306,900 in June.
- A separate NAR report revealed that the median price in the Boulder MSA increased 18.2 percent over-the-year to \$859,100 in the first quarter of 2022. The Denver-Aurora MSA rose 19.4 percent over-the-year to a median home price of \$662,200 during 1Q 2022, while the national median home price increased 15.7 percent to \$368,200 during the period.
- The Boulder MSA had the sixth highest median home price of the 183 MSAs tracked in the report. The Denver MSA had the 10th highest median home price. Every metro area tracked in the report except three – Cape Girardeau, Mo.-Ill.; Topeka, Kan.; and Rockford, Ill. – posted home price growth between the first quarters of 2021 and 2022.
- Between the fourth quarter of 2021 and the first quarter of 2022, prices decreased in 64 metros, or 35 percent of all markets tracked. Declines were concentrated in smaller markets in the Eastern U.S., with the largest over-the-quarter declines reported in Rockford, Ill. (-11.3 percent); Akron, Ohio (-9.7 percent); and Topeka, Kan. (-9.5 percent). Still, the national home price increased 2.1 percent over-the-quarter. Home prices increased 10.8 percent in the Boulder MSA and 7.2 percent in the Denver MSA during the period.

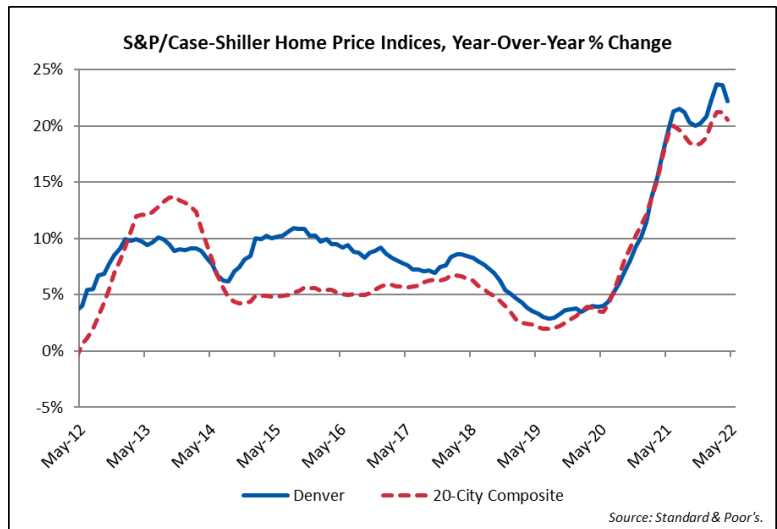


Median Sales Price of Existing Single-Family Homes (\$000s)

	Quarter 1 2022 (p)	Quarter 4 2021 (r)	Quarter 1 2021	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Median 2017	Median 2012
Boulder MSA	\$859.1	\$775.1	\$726.6	\$859.1	\$726.6	18.2%	\$566.1	\$383.7
Denver-Aurora MSA	\$662.2	\$617.6	\$554.4	\$662.2	\$554.4	19.4%	\$414.7	\$252.4
United States	\$368.2	\$360.7	\$318.2	\$368.2	\$318.2	15.7%	\$248.8	\$177.2

Source: National Association of REALTORS. (p) =preliminary (r) =revised

- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver increased 22.2 percent between May 2021 and May 2022, down from a 23.6 percent increase in April and a 23.7 percent increase in March. May marked the fourth highest annual rate of price growth on record and the 11th consecutive month of annual price gains at or above 20 percent.
- National housing prices increased 19.7 percent over-the-year in May, down from a record high of 20.6 percent in March and April.
- Tampa reported the highest year-over-year price increase of 36.1 percent, followed by Miami (+34 percent) and Dallas (+30.8 percent). Minneapolis reported the smallest over-the-year increase of 11.5 percent, followed by Washington, D.C. (+12.2 percent) and Chicago (+12.9 percent). Denver ranked 10th.



Foreclosures

- According to Attom Data Solutions, foreclosure activity in the United States climbed in the first half of 2022, approaching pre-pandemic levels as national and state moratoriums ended. In the first six months of 2022, there were 164,581 properties in the foreclosure process, a 153 percent increase over-the-year, but down one percent from the same time period two years ago. Experts suggest that foreclosure activity will return to normal pre-pandemic levels by 2023.
- Foreclosures in Metro Denver increased 605.9 percent between July 2021 and July 2022, rising by 206 filings during the period. Over-the-month, foreclosures rose 15.9 percent from 207 filings in June. All seven counties reported increases in filings compared with last year. Denver County reported the largest increase of 1,700 percent, followed by Arapahoe County (+1,550 percent) and Adams County (+622.2 percent). Douglas County reported the most modest increase of 128.6 percent, or 9 filings, during the period.

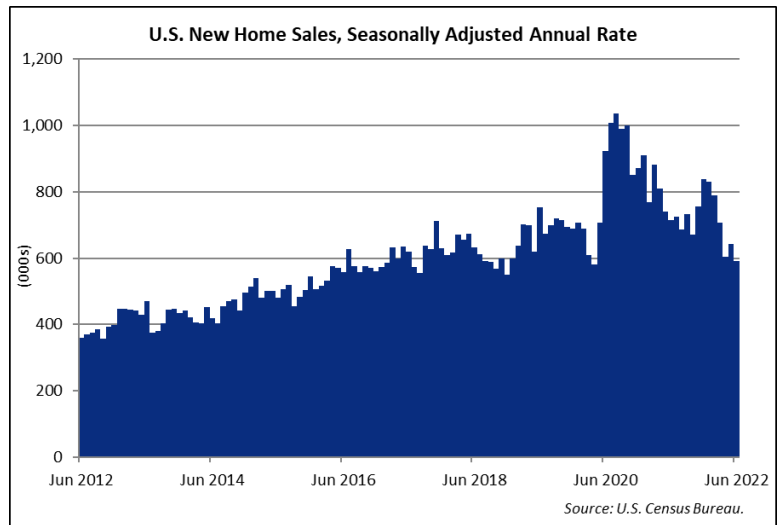
Real Estate Foreclosures

	Month of Jul-22	Month of Jun-22	Month of Jul-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Total 2017	Annual Total 2012
Total Metro Denver*	240	207	34	1,592	194	720.6%	240	207
Adams County	65	53	9	449	43	944.2%	65	53
Arapahoe County	66	45	4	407	40	917.5%	66	45
Boulder County	9	7	2	64	13	392.3%	9	7
Broomfield County	4	2	0	17	2	750.0%	4	2
Denver County	54	40	3	312	36	766.7%	54	40
Douglas County	16	25	7	116	22	427.3%	16	25
Jefferson County	26	35	9	227	38	497.4%	26	35

*The total number of election and demand setups (initial filings) received by county public trustees. Filings may be subsequently cured or withdrawn. Sources: County public trustees.

New Home Sales

- New home sales in the U.S. decreased 17.4 percent over-the-year to a seasonally adjusted annual rate of 590,000 in June, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- All four regions reported over-the-year decreases in home sales. The Northeast reported the largest decrease of 37.9 percent, followed by the West (-32.9 percent), the Midwest (-22.1 percent) and the South (-8.7 percent)



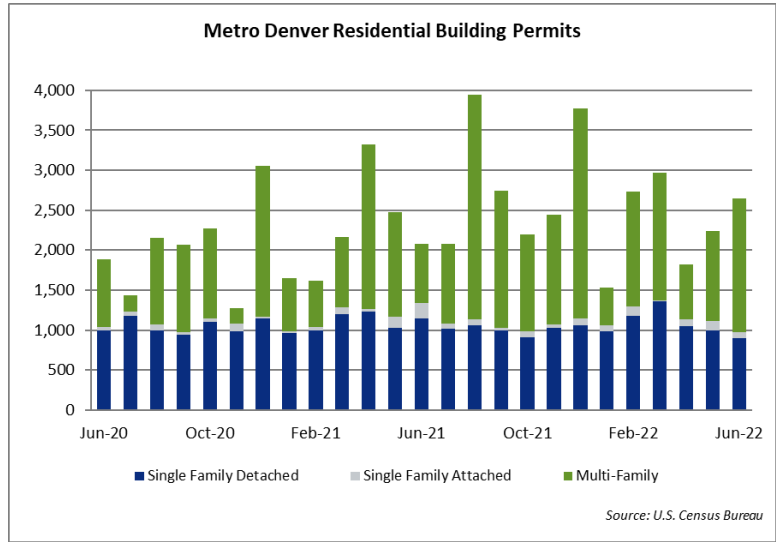
New Home Construction

National

- Builder confidence for newly built single-family homes decreased 12 points to 55 in July, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This was the seventh consecutive month that builder sentiment has declined and the lowest reading since May 2020. The decline in builder confidence is a sign of a slowing housing market in a high inflation, slow growth economic environment. The housing market faces both demand-side and supply-side challenges. On the supply side, builders are halting construction due to the increasing cost of land, construction, and financing. On the demand side, the increase in mortgage rates for the first half of 2022 has priced out a significant number of prospective home buyers. Over the last month, 13 percent of builders reported lowering prices to boost sales or limit cancellations.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled about 1.7 million units in June, a 0.1 percent over-the-month increase, and a 2.1 percent increase compared with the same time last year.
- Building permits for single-family detached units decreased 11.1 percent over-the-year, or by 121,000 units permitted to a total of 970,000 units permitted in June. Single-family attached units increased 2 percent to 50,000 units permitted, while multi-family units increased 29.8 percent over-the-year to 676,000 units permitted in June.
- Two of the four regions reported over-the-year increases in total units permitted. The West region reported the largest over-the-year increase of 11.5 percent, followed by the Northeast (+11 percent). The Midwest reported the largest decline of 5.7 percent, followed by the South (-1.3 percent).

Metro Denver

- Residential building permits in Metro Denver totaled 2,645 units permitted in June, an increase of 27.4 percent, or 569 units, from the same time last year.
- Single-family detached units permitted decreased 21.5 percent over-the-year, falling by 245 units permitted during the period. Single-family attached units decreased 60.8 percent, or by 121 units, to a total of 78 during the period. Multi-family units increased 127 percent, or by 935 units, to a total of 1,671 units permitted in June.



Residential Building Permits

	Month of Jun-22	Month of May-22	Month of Jun-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Total 2017	Total 2012
Single-Family Detached Units	896	996	1,141	6,468	6,556	-1.3%	11,419	5,947
Single-Family Attached Units	78	115	199	491	517	-5.0%	384	299
Multi-Family Units	1,671	1,131	736	6,975	6,213	12.3%	12,218	8,679
Total Units	2,645	2,242	2,076	13,934	13,286	4.9%	24,021	14,925

Source: U.S. Census Bureau.

Apartment Rental Market

- According to a June rental report by Realtor.com, the median rent in the U.S. reached \$1,876 per month. Of the 50 largest metro areas, Metro Denver’s median rent of \$2,032 was the 14th highest. The San Jose metro area was the most expensive at \$3,324 per month whereas Oklahoma City was the cheapest at \$1,033. The strong job market, increased wages, and a high demand for new apartments are all factors in the increasing prices. Some experts expect rent increases to moderate over the next few months.
- According to a study by RealPage, incomes and apartment rents in Metro Denver are rising at a similar rate. Renters in market-based units are paying an average of 21.8 percent of their income on rents, less than the national average of 23.2 percent. Part of this is due to the migration of tech workers from high cost of living areas like San Francisco to the Metro Denver area. The rent to income ratio for those living in federally designated affordable apartments was not included in the analysis.
- The apartment vacancy rate throughout Metro Denver fell 1.2 percentage points over-the-year to 4.3 percent vacancy in the first quarter of 2022. The 1Q 2022 vacancy rate was unchanged from the previous quarter. Vacancy rates ranged from 3.3 percent in Jefferson County to 5.2 percent in Denver County. Among the submarkets in Metro Denver, vacancies were tightest in Denver’s North Central/City Park market at 0.7 percent while vacancy rates were highest in the Commerce City/Brighton market at 18.6 percent due to the large number of new units added during the quarter.
- All six submarkets reported over-the-year increases in the average monthly rental rate, led by Arapahoe County (+17.1 percent), Douglas County (+16.4 percent), and Denver County (+13.3 percent). The

Boulder/Broomfield submarket reported the most modest over-the-year increase of 9.1 percent. Douglas County reported the highest rental rate in 1Q 2022 of \$1,937 per month, while Adams County reported the lowest rental rate of \$1,664 per month. Across Metro Denver, rents increased 14.4 percent over-the-year to \$1,766 per month. Rents rose 3.3 percent between the fourth quarter of 2021 and the first quarter of 2022.

Apartment Statistics

	Quarter 1 2022	Quarter 4 2021	Quarter 1 2021	YTD Average 2022	YTD Average 2021	YTD Average % Change	Ann Avg 2017	Ann Avg 2012
Apartment Vacancy Rate	4.3%	4.3%	5.5%	4.3%	5.5%	-1.2%	5.6%	4.7%
Average Monthly Rental Rate (all units)	\$1,766	\$1,709	\$1,544	\$1,766	\$1,544	14.4%	\$1,403	\$974

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

Recently Announced Projects

- CoorsTek, a ceramic manufacturing company owned by the family that founded Coors Brewing Co., announced plans to redevelop a 12.4-acre property in Golden. The plans call for 800,000 square feet of office space, some of which would be used by CoorsTek, 350 residential units, a hotel, and 50,000 square feet of retail and restaurant space to be built over the next ten years. AC Development, also owned by the Coors family, expects to start demolition later this year and break ground on Phase One in mid-2023.
- BMC Investments plans to break ground in early 2023 on a 7-story building in Cherry Creek that will include 90,000 square feet of office space and 10,000 square feet of retail space. The project, located at 242 Milwaukee Street, is in response to high demand for class A office space.
- Elevation Development Group and Edgemark Development, both Denver-based developers, broke ground on a 4-story project at 3rd Avenue and University Boulevard in Cherry Creek that will supply 50,000 square feet of office space and 10,000 square feet of ground floor retail space.
- Minnesota-based Opus Group and Principal Real Estate Investors acquired 316 vacant acres near Denver International Airport and plan to build a 3.9 million-square-foot industrial park called Sun Empire. The development will start with two warehouses totaling nearly 829,000 square feet. Construction after that will be based on tenant needs with the additional buildings ranging from 200,000 square feet to 1 million square feet.
- Dollar General is planning to build a 1 million-square-foot distribution center in Aurora. The company will break ground on the \$172 million facility by September 2022 with the goal of completing construction by the end of 2023. The distribution center will create 400 new jobs in addition to the 600 people Dollar General currently employs in Colorado.
- North Carolina-based SunCap Property Group has teamed with Boston-based GID Industrial to develop Connect 25, a 460,000-square-foot speculative industrial park across four buildings in Broomfield. They expect to finish construction of the first stage of development in early 2023.
- Saunders Commercial Development, an Englewood-based developer, has broken ground on a high-cube industrial project in Castle Rock, the first of its kind, which will include two 80,000-square-foot buildings. The development will be completed in early 2023.

- Phoenix-based ViaWest Group will construct a 134,400-square-foot industrial space north of downtown Denver. The 5601 Franklin Street location offers immediate access to I-25. The Downtown Denver Distribution Center is expected to be completed in 2Q 2023 and will feature modern design, heavy power, and ample trailer parking.
- Denver-based Nichols Partnership has submitted development proposals for a hotel and a hybrid project. The 125-unit hotel is expected to be built at 1709 Blake Street and will use the adjacent structures for event and restaurant space. The hybrid project at 1480 Wewatta Street will be a 12-story building with 89 furnished studio and one-bedroom units offering both short and mid-term living arrangements.

Office Market

- The national office market remains challenged amid rising inflation and other economic headwinds. Leasing activity was flat in the second quarter nationally, totaling 47.2 million square feet and increasing just 0.1 percent from Q1 according to Jones Lang Lasalle Inc. Office lease volume was only 75.5 percent of pre-pandemic levels and vacancy rates hit a new high of 18.9 percent.
- According to a July 2022 Costar report, there was 26 million square feet of office space in the U.S. that is secured by active commercial mortgage-backed securities that face leasing challenges, defined as buildings with less than 75 percent of their space leased. Unless the owners of the properties can refinance their loans there could be a widespread selling of office buildings.
- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.2 percent in the second quarter of 2022, a decrease of 0.2 percentage points from the previous quarter. The vacancy rate was unchanged over-the-year. The average lease rate increased 5.4 percent between the second quarters of 2021 and 2022, or by \$1.58, to \$30.84 per square foot.

Office Market Statistics

	Quarter 2 2022	Quarter 1 2022	Quarter 2 2021	Quarter 2 2020	Quarter 2 2019	Quarter 2 2018
Number of Buildings	6,624	6,622	6,611	6,580	6,555	6,518
Existing Square Feet (millions)	200.9	200.9	200.0	197.3	196.3	193.9
Vacant Square Feet (direct, millions)	24.5	24.9	24.4	18.4	17.4	18.9
Vacancy Rate (direct)	12.2%	12.4%	12.2%	9.3%	8.8%	9.8%
Vacancy Rate (with sublet)	14.0%	13.9%	13.9%	10.2%	9.5%	10.5%
Avg. Lease Rate (direct, per sq. ft., full service)	\$30.84	\$29.60	\$29.26	\$28.45	\$27.47	\$27.09
New Construction Completed (year-to-date)	0.40 MSF, 7 Bldgs	0.42 MSF, 6 Bldgs	1.47 MSF, 13 Bldgs	0.50 MSF, 12 Bldgs	0.85 MSF, 16 Bldgs	2.88 MSF, 21 Bldgs
Currently Under Construction	1.98 MSF, 19 Bldgs	1.73 MSF, 13 Bldgs	1.75 MSF, 19 Bldgs	3.68 MSF, 38 Bldgs	3.11 MSF, 36 Bldgs	3.72 MSF, 37 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

- The vacancy rate including sublease space increased 0.1 percentage points over-the-year, rising from 13.9 percent in 2Q 2021 to 14 percent in 2Q 2022. This represented nearly 3.6 million square feet of vacant sublease space, the largest amount of vacant sublease space since 2003.
- There were seven office buildings completed in the first half of 2022, delivering more than 400,000 square feet to Metro Denver. The largest building completed to date was the 250,402-square-foot One Platte located in downtown Denver.

- There was 1.98 million square feet of office space in 19 buildings under construction in Metro Denver during the second quarter of 2022. The largest buildings under construction were The Current in River North (280,000 SF in downtown Denver) and T3 Offices (213,711 SF in downtown Denver). As has been the trend in recent years, the largest share of office construction is found in the City and County of Denver. Currently, 52 percent of the office square footage under construction is located in the City and County of Denver.

Industrial & Flex Market

- As Amazon and Walmart pull back on their demand for industrial space, experts believe the market will revert to the pre-pandemic growth path after years of record low vacancy rates and rapid increases in rents. According to the 2Q 2022 Cushman & Wakefield report, 15 deals, each for more than 1 million square feet, were signed in 2Q as companies began picking up the slack left by the e-commerce giants. Current industrial construction is at 177 percent of the 10-year average.
- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver decreased 1.5 percentage points to 4.5 percent between the second quarters of 2021 and 2022. The total vacancy rate including sublease space fell 1.9 percentage points over-the-year to 4.7 percent. From 2Q 2021 to 2Q 2022, 7.3 million square feet of new space was added to the industrial base. The average lease rate increased \$0.55 per square foot to \$9.41, a 6.2 percent increase over the same time last year.
- Eleven industrial buildings providing nearly 2.2 million square feet of space were completed in the first half of 2022. The largest building completed was the 1.3 million-square-foot Shamrock Foods Regional Headquarters in Aurora. The next largest buildings were a 170,500-square-foot Nexus at DEN Building D in Denver and a 152,760-square-foot building in Broomfield.

Industrial Market Statistics

	Quarter 2 2022	Quarter 1 2022	Quarter 2 2021	Quarter 2 2020	Quarter 2 2019	Quarter 2 2018
Number of Buildings	7,338	7,334	7,307	7,261	7,214	7,166
Existing Square Feet (millions)	245.9	244.3	238.5	232.6	227.6	221.5
Vacant Square Feet (direct, millions)	11.0	12.0	14.3	10.8	10.2	8.5
Vacancy Rate (direct)	4.5%	4.9%	6.0%	4.7%	4.5%	3.8%
Vacancy Rate (with sublet)	4.7%	5.2%	6.6%	5.2%	4.6%	4.0%
Avg. Lease Rate (direct, per square foot, NNN)	\$9.41	\$9.57	\$8.86	\$8.74	\$8.01	\$7.95
New Construction Completed (year-to-date)	2.16 MSF, 11 Bldgs	0.56 MSF, 6 Bldgs	3.27 MSF, 20 Bldgs	2.38 MSF, 16 Bldgs	2.55 MSF, 21 Bldgs	1.34 MSF, 11 Bldgs
Currently Under Construction	9.41 MSF, 53 Bldgs	10.90 MSF, 51 Bldgs	6.26 MSF, 30 Bldgs	6.63 MSF, 45 Bldgs	4.31 MSF, 33 Bldgs	6.33 MSF, 37 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

- Metro Denver’s industrial construction pipeline remains robust with 9.4 million square feet of space under construction in 54 buildings. Nearly 69 percent of the industrial space under construction is located in Adams County, including the largest building under construction, DEN’s Logistics Park with 625,000 square feet of space. Of the buildings under construction, 40 are slated for delivery in 2022, with the remaining 13 expected in 2023.
- The direct flex vacancy rate in Metro Denver decreased 0.8 percentage points over-the-year to 5.8 percent vacancy. The average lease rate rose 12.3 percent, or by \$1.63, to \$14.90 per square foot during the period.

Flex Market Statistics

	Quarter 2 2022	Quarter 1 2022	Quarter 2 2021	Quarter 2 2020	Quarter 2 2019	Quarter 2 2018
Number of Buildings	1,578	1,575	1,574	1,572	1,558	1,549
Existing Square Feet (millions)	46.9	46.9	46.9	46.8	46.0	45.8
Vacant Square Feet (direct, millions)	2.7	2.8	3.1	2.5	1.9	2.6
Vacancy Rate (direct)	5.8%	5.9%	6.6%	5.3%	4.2%	5.6%
Vacancy Rate (with sublet)	6.2%	6.3%	7.3%	5.6%	4.5%	6.0%
Avg. Lease Rate (direct, per square foot, NNN)	\$14.90	\$14.77	\$13.27	\$13.13	\$12.02	\$12.29
New Construction Completed (year-to-date)	0.08 MSF, 4 Bldgs	0.03 MSF, 1 Bldg	0.03 MSF, 1 Bldgs	0.29 MSF, 2 Bldgs	0.09 MSF, 4 Bldgs	0.35 MSF, 7 Bldgs
Currently Under Construction	0.82 MSF, 20 Bldgs	0.70 MSF, 18 Bldgs	0.26 MSF, 8 Bldgs	0.32 MSF, 8 Bldgs	0.44 MSF, 8 Bldgs	0.32 MSF, 9 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

- New flex construction has been more limited than other property types but remains strong heading into the third quarter of 2022. Four new flex buildings totaling 78,700 square feet were completed in the first half of 2022. There were 20 buildings totaling over 815,450 square feet under construction as of the end of 2Q 2022. More than 47 percent of the square footage under construction is located in Boulder or Broomfield Counties. The largest building under construction is the 150,720-square-foot flex building at 11100 Broomfield Lane in Broomfield.

Retail Market

- The direct vacancy rate for retail space in Metro Denver decreased 0.5 percentage points over-the-year to 4.6 percent in 2Q 2022, according to CoStar. The direct vacancy rate including sublease space also decreased 0.6 percentage points over-the-year to 4.7 percent. The average lease rate increased 3.7 percent to \$19.67 per square foot.

Retail Market Statistics

	Quarter 2 2022	Quarter 1 2022	Quarter 2 2021	Quarter 2 2020	Quarter 2 2019	Quarter 2 2018
Number of Buildings	13,020	13,011	12,966	12,900	12,778	12,648
Existing Square Feet (millions)	173.9	173.9	173.5	172.7	171.4	169.9
Vacant Square Feet (direct, millions)	8.0	7.8	8.8	7.9	6.8	6.9
Vacancy Rate (direct)	4.6%	4.5%	5.1%	4.6%	4.0%	4.1%
Vacancy Rate (with sublet)	4.7%	4.6%	5.3%	4.7%	4.1%	4.2%
Avg. Lease Rate (direct, per square foot, NNN)	\$19.67	\$19.55	\$18.97	\$18.12	\$18.78	\$18.35
New Construction Completed (year-to-date)	0.19 MSF, 27 Bldgs	0.10 MSF, 13 Bldgs	0.26 MSF, 18 Bldgs	0.56 MSF, 30 Bldgs	0.47 MSF, 49 Bldgs	0.53 MSF, 48 Bldgs
Currently Under Construction	0.77 MSF, 62 Bldgs	0.07 MSF, 10 Bldgs	1.12 MSF, 31 Bldgs	0.94 MSF, 60 Bldgs	1.15 MSF, 68 Bldgs	1.59 MSF, 66 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

- Through the second quarter of 2022, 27 retail buildings totaling nearly 189,520 square feet were completed. An additional 62 buildings with about 768,210 square feet of space are under construction and 87 percent are expected to be completed in 2022. Nearly 30 percent of the space under construction is located in the City and County of Denver.



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