MetroDenverEDC

FEBRUARY 2022

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting our regional economy

Development Research Partners

PINNACOL ASSURANCE

February 2022 MEI Snapshot

	Monthly/Quarterly Direction		*Year-Over-Year Direction*		*Year-to-Date Direction*	
⇓⇑ Positive Changes	**7 of 18**		**14 of 18**		**14 of 18**	
Nonfarm Employment Growth	4,700	⇑	103,000	⇑	52,300	⇑
	Employment up 0.3% from November to December		Employment up 6.3% from December 2020 to 2021		YTD employment up 3.2% through December	
Manpower Net Employment (West Region)	47%	⇓	47%	⇑	47%	⇑
	Net employment down 2 percentage points from 4Q 2021 to 1Q 2022		Net employment increased 34 percentage points from 1Q21 to 1Q22		YTD average up 34 percentage points compared with 2021	
Unemployment Rate	4.1%	⇓	-2.8 percentage points	⇓	5.6%	⇓
	Unemployment down 0.3 percentage points from November to December		Unemployment down from December 2020 to 2021		Down 1.8 percentage points from 2020 YTD average	
Initial Unemployment Insurance Claims	-26.4%	⇓	-94.8%	⇓	-30.6%	⇓
	Claims decreased from November to December		Claims decreased from December 2020 to 2021		YTD average claims decreased through December 2021	
Total National Retail Sales	2.5%	⇑	19.6%	⇑	19.6%	⇑
	National sales increased from October to November		National sales increased from November 2020 to 2021		YTD sales increased through November 2021	
Mountain Region Consumer Confidence Index	116.9	⇓	41.4%	⇑	116.9	⇑
	Index down 1.7 percent from December to January		Index up from January 2021 to 2022		YTD average up 41.4% through January 2022	
Hotel Occupancy	52.5%	⇓	19.4 percentage points	⇑	58.0%	⇑
	Decreased 0.7 percentage points from November to December		Occupancy increased from December 2020 to 2021		YTD occupancy up from last year	
Denver International Airport Passengers	-7.3%	⇓	84.2%	⇑	74.8%	⇑
	Passengers down from October to November		Passengers up from November 2020 to 2021		YTD passengers increased through November 2021	
Bloomberg Colorado Index	782.5	⇓	-0.8%	⇓	-11.6%	⇓
	Index down 11.6% from December to January		Index down from January 2021 to 2022		YTD return down through January 2022	
Dow Jones Industrial Average	35,131.9	⇓	17.2%	⇑	-3.3%	⇓
	Index down 3.3% from December to January		Index up from January 2021 to 2022		YTD return down through January 2022	
Home Sales (closed)	5,009	⇓	-6.5%	⇓	67,205	⇑
	Sales down 14.7% from November to December		Sales down from December 2020 to 2021		YTD sales up 15.4% through December 2021	
Median Home Price (Denver-Aurora MSA)	$614,800	⇓	21.5%	⇑	$595,900	⇑
	Down 0.6% from 2Q 2021 to 3Q 2021		Price up from 3Q 2020 to 3Q 2021		YTD price 22.6% higher through 3Q 2021	
Foreclosures	84	⇑	223.1%	⇑	84	⇑
	Up 68% from December to January		Up from January 2021 to 2022		Up 223.1% YTD through January 2022	
Residential Building Permits (Total)	3,774	⇑	23.8%	⇑	30,474	⇑
	Permits increased 54.3% from November to December		Permits up from December 2020 to December 2021		YTD permits up 48.5% through December 2021	

Apartment Vacancy Rate	4.3%	⇑	-1.5 percentage points	⇓	4.3%	⇓
	Vacancy increased 0.5 percentage points from 3Q 2021 to 4Q 2021		Vacancy decreased from 4Q 2020 to 4Q 2021		YTD average down 1.1 percentage points from last year	
Office Vacancy Rate (with Sublet)	14.1%	⇑	+1.8 percentage points	⇑	+1.8 percentage points	⇑
	Vacancy rate up 0.2 percentage points from 3Q 2021 to 4Q 2021		4Q 2021 vacancy up from 12.3% one year ago		4Q 2021 vacancy up from 12.3% one year ago	
Industrial Vacancy Rate (with Sublet)	5.3%	⇓	-0.4 percentage points	⇓	-0.4 percentage points	⇓
	Vacancy rate decreased 1 percentage point from 3Q 2021 to 4Q 2021		4Q 2021 vacancy down from 5.7% one year ago		4Q 2021 vacancy down from 5.7% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.7%	⇓	-0.5 percentage points	⇓	-0.5 percentage points	⇓
	Vacancy rate decreased 0.4 percentage points from 3Q 2021 to 4Q 2021		4Q 2021 vacancy down from 5.2% one year ago		4Q 2021 vacancy down from 5.2% one year ago	

February 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.

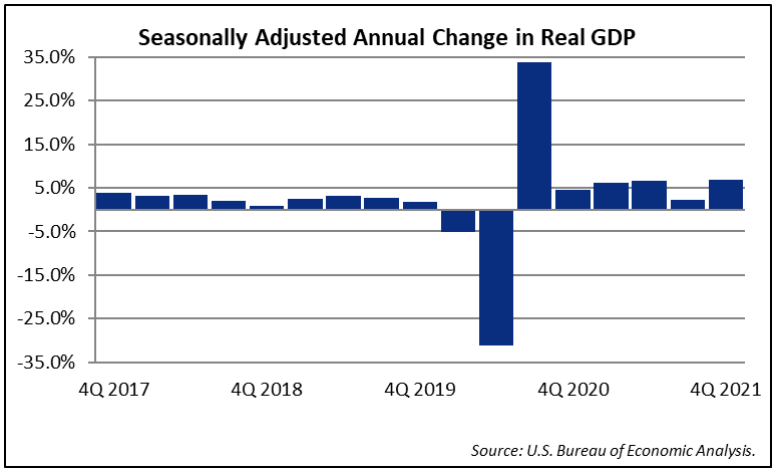
Notable Rankings

- JLL's 2022 "Innovation Geographies" report analyzed over 100 cities globally to identify the most advanced innovation ecosystems and talent hubs to provide a global comparison of the most attractive cities for people, businesses, and capital. Metro Denver ranked 22nd in the world for talent concentration and 52nd for innovation. According to the report, smaller cities like Denver that have high tech concentrations are becoming increasingly attractive to companies and people and are outperforming competitors when it comes to the real estate market.
- For the second consecutive year, Colorado was named the "Best State for Women-Led Startups" based on data compiled by Merchant Maverick. The ranking was based on five key focus areas: total venture capital in the past five years invested into women-led startups, the percent of employer firms led by women, the percent of employees at women-led firms, the percent of women self-employed in their own business, and the average income of women self-employed in their own business. Colorado was the only state to rank in the top 10 for all five metrics.
- Colorado was the No. 7 growth state for U-Haul moves in 2021, down from No. 6 in 2020, according to the U-Haul Growth Index. Growth states are calculated by the net gain of one-way U-Haul trucks entering a state versus leaving the state in a calendar year. Texas was U-Haul's top growth state in 2021, followed by Florida, Tennessee, South Carolina, Arizona, and Indiana. Colorado's top growth cities included Denver, Fort Collins, and Colorado Springs.

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 fourth quarter of 2021 and found that GDP increased at an annual rate of 6.9 percent, up from the 2.3 percent growth rate during the third quarter of 2021. GDP growth increased 5.7 percent between 2020 and 2021, the largest one-year increase since 1984.



- 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 4Q 2021 is scheduled for release on February 24, 2022.
- The increase in fourth quarter real GDP primarily reflected increases in private inventory investment (led by motor vehicle dealers), exports (led by a widespread increase in goods as well as an increase of services led by travel), personal consumption expenditures (led by healthcare, recreation, and transportation), and nonresidential fixed investment (led by intellectual property products).
- These increases were partly offset by decreases in federal government spending (led by defense spending on intermediate goods and services) and state and local government spending (led by education compensation and new educational structures).
- GDP growth in 2021 was driven by a 7.9 percent surge in consumer spending and a 9.5 percent increase in private investment. In Q4 2021, consumer spending rose at a more muted 3.3 percent annual pace, but private investment increased 32 percent, led by an increase in business inventories as companies stocked up to meet higher customer demand.

Interest Rates

- In their meeting on January 25-26, the Federal Open Market Committee (FOMC) of the Federal Reserve maintained its current accommodative stance on monetary policy, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses. Supply and demand imbalances related to the pandemic and the reopening of the economy have continued to contribute to elevated levels of inflation. With inflation well above two percent and a strong labor market, the Fed will keep short-term interest rates near zero, but said it will soon be appropriate to raise the target range for the federal funds rate.
- While current policies are still accommodative, the Fed is taking action to tighten credit conditions. The Fed will continue to reduce the monthly pace of its net asset purchases, bringing them to an end in early March. Beginning in February, the committee will increase its holdings of Treasury securities by at least $20 billion per month and of agency mortgage-backed securities by at least $10 billion per month. Fed Chairman Jerome Powell confirmed that the Fed's focus can move away from labor market recovery, but that elevated and persistent inflation is a threat to its goal of maintaining maximum employment. The Committee will continue to monitor the implications of incoming information for the economic outlook and is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals.
- The next FOMC meeting is March 15-16, 2022.

Policy Watch

Local

- The Healthy Families and Workplaces Act of 2020 requires that all Colorado employers allow employees the ability to accrue up to 48 hours of paid sick leave per year starting in 2022. In 2021, the bill only required this of companies with 16 or more employees. Based on the requirements of the bill, employees can earn one hour of paid leave for every 30 hours worked, up to a maximum of 48 hours. Starting in January 2021, the bill also required employers to grant 80 hours of paid sick leave for treatment of Covid-19 symptoms, continuing a federal policy that ended in 2020.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit increased to a near-record high of $80.2 billion in November as exports slowed and imports increased sharply. The November deficit was 19.4 percent higher than the October deficit of $67.2 billion, but just below the record high of $81.4 billion reported in September. November imports increased 4.6 percent to $304.4 billion, while exports increased 0.2 percent to $224.2 billion. Through the first 11 months of 2021, the U.S. trade deficit was 28.6 percent higher than during the same period in 2020.
- The Conference Board Leading Economic Index (LEI) increased by 0.8 percent in December to 120.8, following a 0.7 percent increase in both October and November. The U.S. LEI ended 2021 on a rising trajectory, suggesting the economy will continue to expand well into the spring. According to the Conference Board, economic growth may moderate in the first quarter due to headwinds from the Omicron variant, labor shortages, and inflationary pressures – as well as the Federal Reserve's expected interest rate hikes. The Conference Board forecasts real GDP to grow in 1Q 2022 by a relatively healthy 2.2 percent. Still, for all of 2022, the U.S. economy is expected to expand by a robust 3.5 percent – well above the pre-pandemic trend growth.
- According to the Institute for Supply Management's Manufacturing Index, the Purchasing Managers Index (PMI) was 58.7 percent in December, a decrease of 2.4 percentage points from the November reading of 61.1 percent. This figure indicates expansion in the overall economy for the 19th month in a row after contraction in April 2020. The U.S. manufacturing sector remains in a demand-driven, supply chain-constrained environment, with indications of improvements in labor resources and supplier delivery performance. Shortages of critical lowest-tier materials, high commodity prices, and difficulties in transporting products continue to impact reliable consumption. Global pandemic-related issues – worker absenteeism, short-term shutdowns due to parts shortages, employee turnover, and overseas supply chain problems – continued to limit manufacturing growth potential. Fifteen manufacturing industries reported growth in November, with only Wood Products, Printing and Related Support Activities, and Paper Products reporting decreases.
- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 62 percent in December, 7.1 percentage points below November's all-time high reading of 69.1 percent. The December reading indicates the 19th straight month of growth for the services sector and the 10th consecutive month with the Services PMI exceeding 60 percent. Sixteen service industries reported growth,

with Mining being the only industry to report contraction. Although there was a pullback for most of the indexes in December, the rate of growth remains strong in the services sector, which has expanded for all but two of the last 143 months. Respondents have indicated that they continue to struggle with inflation, supply chain disruptions, capacity constraints, logistical challenges, and shortages of labor and materials.

- The latest release of the Census Bureau's July 1 population estimates show that the U.S. population grew by 392,635 people, or 0.1 percent between July 2020 and July 2021, marking the slowest growth rate since the nation's founding. Colorado's population grew 0.5 percent over-the-period, or by 27,761 people – the slowest rate since the late 1980s. Colorado's growth ranked 17th in percent change and 11th in total change compared with the other states.
- The number of people filing initial paperwork to start a business in the U.S. rose 25 percent to nearly 4.4 million in 2020, according to a Lending Tree analysis of EIN filings. The retail trades sector reported the largest increase of 59.7 percent, while new mining businesses reported the largest decrease of 21.3 percent. In Metro Denver, business applications increased 10.2 percent to 53,440 in 2020. Preliminary 2021 data show that year-to-date filings in the U.S. reached nearly 5 million in November 2021, outpacing the annual figure for 2020. Analysts expect the upward trend to continue into 2022 based on Census Bureau projections that show a 0.3 percent increase in business formations over the next four quarters.
- Venture Forward, a multiyear research program from GoDaddy, found that Americans created 2.8 million more online microbusinesses in 2020 compared with 2019. Online microbusinesses are defined as a business with a discrete domain name and an active website. About 90 percent of these online businesses employ fewer than 10 employees, and nearly 17 percent of the 20 million microbusinesses tracked in the U.S. were started after the onset of the pandemic.
- According to a BizWest analysis of U.S. Bankruptcy Court data, bankruptcy filings in Colorado fell 32 percent over-the-year in December, ending the year with a 24 percent decline compared with 2020. Colorado recorded 6,281 bankruptcy filings in 2021, down 24.1 percent from 8,279 filings in 2020.

Local

- According to the University of Colorado Boulder Leeds School of Business first quarter 2022 Leeds Business Confidence Index, confidence remained elevated ahead of Q1 2022. The Index increased 1.9 points ahead of Q1 2022 to 58, remaining comfortably in positive territory – above 50 – and above the long-term average of 54.4. All six components increased from Q4 and all components were above 50, with the greatest optimism recorded in hiring and industry sales. While panelists expressed concern about inflation, supply chain issues, worker constrains, and COVID-19 variants, they also expressed optimism concerning increased demand and COVID-19. Looking two quarters ahead to Q2 2022, panelists signaled expectations of a sustained economic recovery with the index increasing to 59.4. More than 68 percent of respondents expect to increase wages in response to higher inflation, and most expect inflation to moderate in the second half of 2022 or 2023.
- According to the regional Beige Book by the Kansas City Federal Reserve, economic activity in the Tenth District, which includes Colorado, expanded at a moderate pace at the end of 2021. Food manufacturing and other non-durable goods production grew solidly, and manufacturing businesses generally sustained elevated levels of activity. Consumer spending expanded at a moderate pace, particularly in leisure activities and travel. Prices increased broadly as businesses incurred additional costs to overcome numerous supply challenges. Businesses continued to recruit workers utilizing both wage increases and enhanced non-wage benefits to overcome labor shortages, actions that contacts expect to continue into 2022. Looking ahead, businesses cited supply chain disruptions and labor shortages as top risks.

- According to PitchBook's quarterly "Venture Monitor" report, Colorado companies raised $6.5 billion in venture funding in 2021, topping the previous record of $2.7 billion set in 2019 and repeated in 2020. Deals also reached record levels in 2021, with PitchBook tracking 448 total investments, up from the previous record of 428 set in 2019. Colorado's momentum was consistent with figures seen across the country. The U.S. venture capital industry reached $329.9 billion across an estimated 17,054 deals – a record for deal count and roughly double 2020's previous deal value high.
- According to the Colorado Department of Education, 855,482 students enrolled in K-12 schools in October 2021, down 1,174 or 0.1 percent compared with the year prior. Last year, enrollment was down 2.5 percent. There are multiple reasons for the decline, including the state's declining birthrate, families moving out of state, and the fact that not all of the students who left last year for homeschool have returned.
- A survey released by the Colorado Restaurant Association revealed that 45 percent of Colorado restaurants had reduced hours of operation due to Omicron between January 6th and January 18th, while 43 percent said they closed on extra days. The survey also found that 78 percent of respondents said business conditions had become worse than they were three months prior. Just 1 percent said conditions had improved.

Labor Force and Employment

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

	Month of Dec-21	Month of Nov-21	Month of Dec-20	Year-to-Date Average YTD 2021	Year-to-Date Average YTD 2020	Year-to-Date Average Change	Annual Growth Rate 2016	Annual Growth Rate 2011
Total 11-County Metro Denver*	1,744.7	1,740.0	1,641.7	1,698.0	1,645.7	3.2%	2.6%	1.8%
Denver-Aurora-Lakewood MSA	1,547.9	1,542.8	1,456.1	1,507.1	1,458.5	3.3%	2.6%	1.7%
Boulder MSA	196.8	197.2	185.6	190.9	187.2	2.0%	2.6%	2.8%
Natural Resources & Construction	114.4	115.4	114.8	114.9	114.2	0.6%	2.7%	-0.5%
Manufacturing	91.7	91.8	89.7	90.6	89.2	1.6%	1.2%	2.2%
Wholesale & Retail Trade	243.9	241.0	238.5	235.7	227.4	3.7%	1.8%	1.5%
Transp., Warehousing & Utilities	88.2	84.8	82.4	79.4	72.1	10.2%	2.5%	-0.5%
Information	60.2	59.7	58.7	59.2	59.3	-0.2%	1.3%	0.1%
Financial Activities	123.7	122.6	120.0	120.8	118.8	1.7%	3.3%	-0.2%
Professional & Business Services	331.9	331.3	314.4	322.7	311.1	3.7%	2.3%	3.9%
Education & Health Services	218.0	217.4	211.2	216.6	209.5	3.4%	3.1%	3.6%
Leisure & Hospitality	168.7	169.5	119.1	159.6	146.9	8.7%	3.9%	3.3%
Other Services	66.8	66.8	60.3	64.8	59.7	8.4%	3.5%	1.7%
Government	237.2	239.7	232.6	233.8	237.6	-1.6%	2.6%	0.1%
Federal Gov't	30.4	30.5	30.9	30.7	31.0	-0.8%	1.5%	-3.0%
State Gov't	64.3	65.2	64.2	61.8	65.1	-5.0%	3.9%	3.1%
Local Gov't	142.5	144.0	137.5	141.3	141.6	-0.2%	2.3%	-0.3%
Colorado	2,789.7	2,773.4	2,645.4	2,721.0	2,644.6	2.9%	3.1%	-1.0%
United States	150,170	150,098	143,602	146,122	142,185	2.8%	2.1%	-0.7%

**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

- Employment in Metro Denver increased 6.3 percent between December 2020 and 2021, rising by 103,000 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 6.3 percent, or by 91,800 jobs, while the Boulder-Longmont MSA increased 6 percent, or by 11,200 jobs, during the period.
- Ten of the 11 supersectors reported over-the-year increases in employment. Leisure and hospitality reported the largest increase, rising 41.6 percent, followed by other services (+10.8 percent) and transportation, warehousing, and utilities (+7 percent). Natural resources and construction reported the only over-the-year decrease of 0.3 percent.
- Employment in Colorado increased 5.5 percent, or by 144,300 jobs, between December 2020 and 2021. National employment rose 4.6 percent, or by nearly 6.6 million jobs. Colorado has now regained 335,500 of the 376,300 jobs lost from January to April 2020, a recovery rate of 89.2 percent.
- Employment recovery has been uneven across U.S. states, according to seasonally adjusted employment data from the Bureau of Labor Statistics. As of December 2021, four states have recovered all jobs lost due to the pandemic: Utah, Idaho, Texas, and Arizona. In contrast, Hawaii and Wyoming have recovered about 50 percent of the jobs lost. Colorado currently ranks as having the 13th fastest recovery.

Metro Denver Industry Cluster Headlines

Energy & Natural Resources

- According to the Solar Energy Industries Association's "U.S. Solar Market Insight" report, the U.S. solar market installed 5.4 gigawatts of solar capacity in Q3 2021, the largest Q3 on record and a 33 percent over-the-year increase. Further, solar accounted for 54 percent of all new electricity-generating capacity in the first three quarters of 2021.
- The U.S. Energy Information Administration reported that nearly half of new energy generating capacity planned for 2022 will be solar (46 percent), followed by natural gas (21 percent) and wind (17 percent). The agency expects roughly 46 gigawatts of new utility-scale solar power to be added across the U.S.
- Arvada-based Carbon America – a startup aiming to commercialize new carbon dioxide capture and sequestration technologies – has raised $30 million in Series A venture capital funding and plans to grow in Metro Denver. The company has 45 employees and expects to quadruple its size in a little over a year.
- Houston-based Cemvita Factory Inc. has opened a lab in Westminster where it is using modern biotech engineering techniques to make microbes capable of extracting copper, nickel, zinc, lithium, and iron ore – materials in demand for making battery and renewable energy products. There are currently 10 employees in the 5,500-square-foot office and lab and the company expects to expand to 30 employees by the end of the year.

Food and Beverage Production

- California-based energy drink company Monster Beverage Corp recently acquired CANarchy Craft Brewery Collective LLC, a nationwide collective of independent craft beer companies including Colorado's largest craft brewery, Oskar Blues Brewery. Monster's organizational structure for its existing energy drink business will remain unchanged. CANarchy will function independently, retaining its own organizational structure.
- Denver job-training non-profit Women's Bean Project employs women who struggle to find work – 85 percent of the program's participants have felonies – and helps them learn the skills necessary for mainstream employment. The organization is moving to a new production facility at 1300 W. Alameda

Avenue that is twice the size of its current facility. Once in the new space, Women's Bean Project plans to increase its hiring from 60 women to 75 in the first year and up to 40 more by the third year.

- SnapDNA Corp. – developer of a food-safety testing technology that enables rapid molecular detection of foodborne pathogens– has moved its headquarters from the Bay Area to Broomfield. The company will create 144 new jobs in the area over the next eight years with an average annual salary of $124,573. These jobs will include microbiologists as well as engineering, testing, operations, manufacturing, sales, and marketing roles.

IT-Software

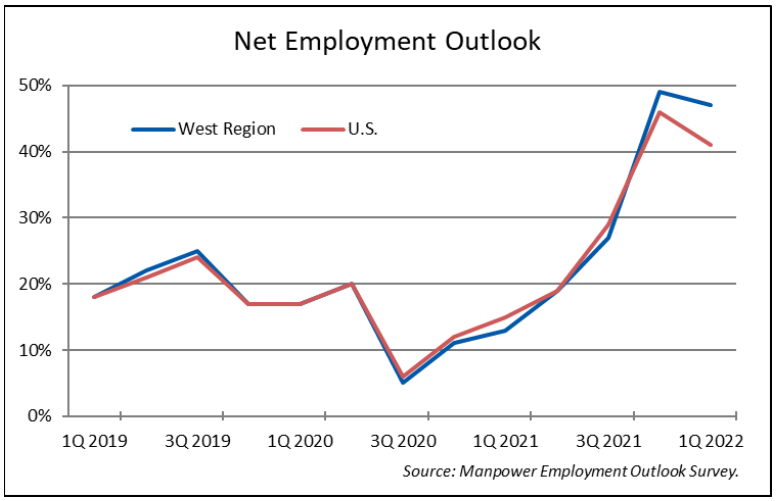
- Arizona-based business intelligence, data management, and technology solutions company Edge R&D has selected Colorado for its expansion. Arizona and Washington were the other main contenders for the expansion. Over the next eight years, the company will bring 69 new jobs to Douglas County, mainly focused in technical and professional roles including program managers, data and software engineers, and business analysts. The average annual wage for the new positions is expected to be more than 200 percent of the area average annual wage.
- Denver-based software startup Spekit has raised one of the largest venture rounds by a woman-led technology company in the state's history by bringing on a $45 million Series B round. The company plans to use the funds to double its staff of more than 130 employees and expand its employee training product.
- Australia-based SaaS nonprofit startup Humanitix will open its U.S. headquarters in Denver and plans to create 136 new full-time jobs over the next five years. The nonprofit reroutes event booking fees to charitable causes, primarily focused on children and education. Humanitix may also create more than 210 jobs over the next eight years or more, with those jobs including general management, software engineering, finance, and customer support and call center operators. The projected annual wage of the jobs is $52,276.

Other Industry Headlines

- Global construction and project management firm Hill International Inc. launched a Denver office in January with a team of four employees. The company plans to build to between 12 and 15 employees in Denver over the course of the year. Hill International, which has about 3,000 employees globally, has been providing services to Colorado clients since the 1970s and decided to open a Denver office due to the rising economy of the area and to continue to develop relationships with Metro Denver-based clients.
- Denver-based content studio startup Soona raised $35 million in a Series B fundraising round and has nearly reached unicorn valuation. Since its founding in 2018, the company has grown to serve more than 8,000 customers with its virtual photo and video shoot technology. With the new capital, Soona plans to grow its product offerings to meet customer demand, expand its physical footprint, and grow its team. Soona has a team of 120 employees and plans to grow to nearly 200.
- Broomfield-based Vita Inclinata Technologies Inc., a company that uses counterthrust to stabilize helicopter rescue baskets during windy conditions, has opened its second Broomfield manufacturing facility in a 13,000-square-foot site at 555 Alter St. The new facility will employ 10 to 20 workers in roles including production, technicians, engineers, and production managers.
- Denver-based full-service hospitality firm AZDS – which offers website design, marketing, and email services, and makes internal booking systems for hotels – grew its staff from 17 in 2015 to 40 in 2021. AZDS reported

the largest growth in demand for its service came in late 2020 and early 2021 due to slowdowns to the hotel industry prompting a need for innovation in technology to help hotels drive business.

Employment Outlook



- The Manpower Employment Outlook Survey revealed that all four regions in the United States reported positive net employment outlooks for 1Q 2022. The West, which includes Colorado, reported the highest net employment outlook of 47 percent, reflecting the difference in the percent of companies hiring versus laying off. The Northeast reported a net employment outlook of 45 percent, followed by the South (37 percent) and the Midwest (35 percent). While over-the-quarter declines were reported in all four regions, year-over-year improvements were reported in all four regions.
- Nationally, 57 percent of companies plan to hire in 1Q 2022, up 36 percentage points over-the-year. Companies planning to lay off increased 10 percentage points over-the-year to 16 percent, while the number of companies planning no change decreased 43 percentage points to 25 percent in 1Q 2022.

Employment Outlook Survey

	Quarter 1 2022	Quarter 4 2021	Quarter 1 2021	YTD 2022	YTD 2021	Ann Avg 2017	Ann Avg 2012
West Region							
Net Employment	47%	49%	13%	47%	13%	-	-
United States							
Percent of Companies Hiring	57%	59%	21%	57%	21%	22%	18%
Percent of Companies Laying Off	16%	13%	6%	16%	6%	5%	8%
Percent of Companies No Change	25%	24%	68%	25%	68%	72%	71%
Percent of Companies Unsure	2%	4%	5%	2%	5%	2%	4%
Net Employment	41%	46%	15%	41%	15%	17%	10%

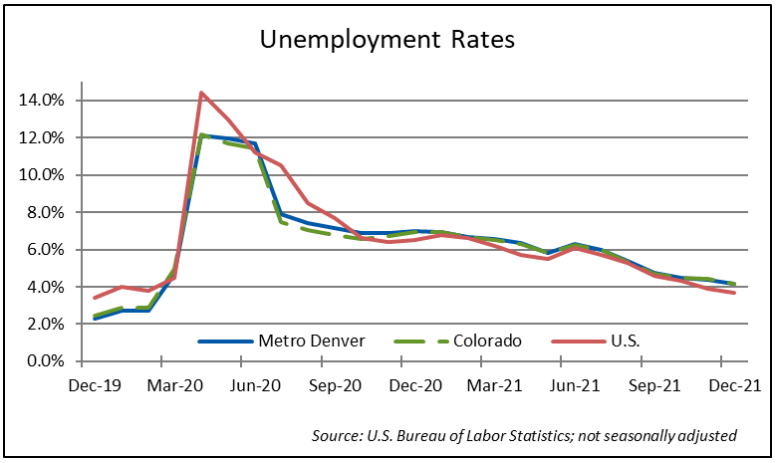
Source: Manpower Inc.

- Growth is expected across all 11 national industry sectors. As the workplace continues to become more digitally reliant and tech savvy, employers in the IT, Technology, Telecoms, Communications & Media industry anticipate the strongest staffing climate with a net employment outlook of 60 percent.

Labor Force & Unemployment

- Unemployment in Metro Denver decreased 2.8 percentage points over-the-year to 4.1 percent in December. The unemployment rate was 0.3 percentage points lower than in the prior month. Average annual unemployment was 5.6 percent in 2021, down from 7.4 percent in 2020.

- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate in December. Denver County reported the largest decrease of 3.2 percentage points, followed by Arapahoe, Broomfield, and Jefferson Counties (-2.9 percentage points). Douglas County reported the lowest unemployment rate of 3.1 percent in December, while Adams County reported the highest rate of 4.9 percent.



- There were 42,158 more people either employed or looking for work between December 2020 and 2021 in Metro Denver, an increase of 2.3 percent. The labor force rose in all seven counties, led by Boulder and Douglas Counties (+2.8 percent) and Jefferson County (+2.3 percent).
- Colorado reported an unemployment rate of 4.1 percent in December, down 2.8 percentage points from the same time last year. The unemployment rate has fallen for six consecutive months and is at its lowest rate since February 2020. The labor force increased 1.7 percent over-the-year, to nearly 3.23 million people either employed or looking for work. The national unemployment rate fell 2.8 percentage points over-the-year to 3.7 percent and fell 0.2 percentage points over-the-month. The national labor force increased 1 percent between December 2020 and 2021.
- Colorado's unemployment rate continues to remain above the national level in part because a higher percentage of workers have returned to the active labor force in Colorado compared with the rest of the nation.

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

	December 2021 (p)		2021 YTD AVG		2020 YTD AVG		2016	2011
	Total Labor Force	Unemploy-ment Rate	Total Labor Force	Unemploy-ment Rate	Total Labor Force	Unemploy-ment Rate	Ann Avg Unemploy-ment Rate	Ann Avg Unemploy-ment Rate
Metro Denver	1,887.7	4.1%	1,870.6	5.6%	1,826.5	7.4%	2.9%	8.4%
Adams County	284.2	4.9%	281.6	6.4%	274.5	8.0%	3.4%	10.3%
Arapahoe County	378.5	4.5%	375.6	6.0%	366.8	7.9%	3.0%	8.6%
Boulder County	199.6	3.2%	197.0	4.7%	192.9	6.2%	2.6%	6.7%
Broomfield County	41.5	3.4%	41.2	4.8%	40.2	6.6%	2.8%	7.3%
Denver County	436.1	4.6%	433.0	6.2%	423.8	8.2%	3.0%	8.9%
Douglas County	202.5	3.1%	200.3	4.4%	194.6	5.8%	2.6%	6.7%
Jefferson County	345.1	3.8%	342.0	5.3%	333.7	7.1%	2.8%	8.3%
Colorado	3,227.9	4.1%	3,194.4	5.6%	3,122.2	7.3%	3.1%	8.7%
United States	161,696	3.7%	161,204	5.4%	160,742	8.1%	4.9%	8.9%

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

- Initial unemployment insurance claims in Metro Denver decreased 94.8 percent between December 2020 and 2021, falling to a weekly average of 801 claims. Initial claims decreased over-the-year in each of the past nine months as business hiring has increased.

- Colorado reported an average of 1,613 initial unemployment claims per week in December, down 93.9 percent from the same time last year, and representing 24,846 fewer claims each week. In 2021, average weekly initial claims in Colorado fell 27.9 percent compared with 2020.

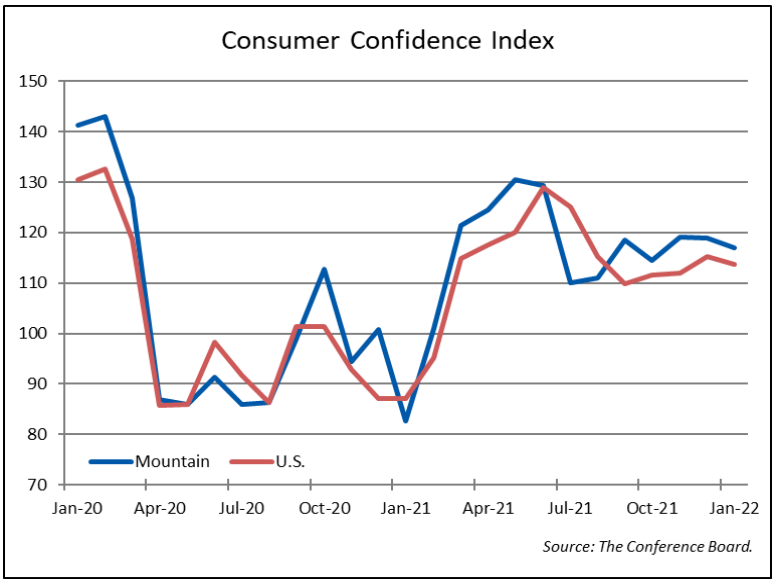
Weekly First-Time Unemployment Insurance Claims

	Month of Dec-21	Month of Nov-21	Month of Dec-20	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Ann Avg 2016	Ann Avg 2011
Metro Denver	801	1,089	15,488	5,806	8,364	-30.6%	1,239	1,789
Colorado	1,613	2,137	26,459	10,014	13,897	-27.9%	2,412	3,357

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 for the U.S. declined in January, following gains in each of the final three months of 2021. The index now stands at 113.8, a 30.7 percent over-the-year increase but a 1.2 percent over-the-month decrease. The Index remains below its pre-pandemic reading of 132.6 in February 2020.
- Analysts at The Conference Board stated that concerns about inflation declined for the second straight month but remained elevated after hitting a 13-year high in November. Concerns about the pandemic increased slightly, amid the ongoing Omicron surge. The proportion of consumers planning to purchase homes, automobiles, major appliances, and vacations over the next six months all increased.
- Looking ahead to 2022, both confidence and consumer spending may continue to be challenged by rising prices and the ongoing pandemic.

Consumer Confidence Index

	Month of Jan-22	Month of Dec-21	Month of Jan-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Mountain	116.9	118.9	82.7	116.9	82.7	41.4%	130.1	68.7
United States	113.8	115.2	87.1	113.8	87.1	30.7%	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 increased 41.4 percent between January 2020 and 2021 to 116.9. The index decreased 1.7 percent over-the-month from 118.9 in December.

The Present Situations Index rose 77.2 percent over-the-year to 148.7, and the Expectations Index increased 16.6 percent to 95.6 during the period.

Consumer Spending

- According to the National Retail Federation, holiday spending increased a record 14.1 percent over-the-year to reach $886.7 billion in November and December of 2021. According to NRF analysts, 2021 holiday spending reflected continued consumer demand despite headwinds from supply-chain disruptions, the rise of the COVID-19 Omicron variant, and surging inflation. Further retail sales growth is expected in 2022, although COVID-19 presents significant uncertainty.
- National retail sales activity rose 19.6 percent over-the-year in November, with all 13 supersectors reporting increases during the period. Gasoline stations reported the largest over-the-year increase of 53.4 percent, followed by clothing and clothing accessories stores (+38.8 percent), and food services and drinking places (+37 percent). Food and beverage stores reported the most modest over-the-year increase of 7.9 percent.

National Retail Sales ($millions)

	Month of Nov-21	Month of Oct-21	Month of Nov-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual Growth 2016	Annual Growth 2011
Total Retail Sales	649,933	634,076	543,273	6,702,356	5,603,644	19.6%	3.0%	7.3%
Motor Vehicles	120,399	125,000	103,220	1,409,140	1,127,824	24.9%	4.3%	9.4%
Furniture and Home	13,308	12,439	11,187	132,613	103,434	28.2%	3.6%	2.8%
Electronics & Appliance	9,314	8,087	8,296	85,108	67,196	26.7%	-4.5%	2.6%
Building Materials	39,857	39,857	34,662	444,418	391,053	13.6%	5.2%	3.4%
Food and Beverage	77,554	77,642	71,879	816,857	787,835	3.7%	2.0%	4.9%
Health and Personal Care	31,725	32,098	28,575	345,246	315,043	9.6%	3.8%	4.3%
Gasoline Stations	52,770	55,248	34,394	535,864	393,481	36.2%	-4.8%	19.0%
Clothing & Accessories	29,549	25,080	21,287	261,436	171,959	52.0%	1.7%	7.2%
Sporting Goods	10,317	8,841	8,368	97,591	75,061	30.0%	0.9%	0.3%
General Merchandise	76,510	72,084	66,964	739,702	662,593	11.6%	0.1%	3.5%
Miscellaneous Store	15,339	15,339	11,988	151,813	118,777	27.8%	1.9%	4.0%
Non-Store Retailers	103,520	87,684	91,542	935,116	819,402	14.1%	10.2%	10.4%
Food Service & Drinking	69,771	74,677	50,911	747,452	569,986	31.1%	5.4%	6.1%

Source: U.S. Census Bureau.

- Retail sales in Metro Denver rose 22.7 percent between November 2020 and 2021. All seven counties in Metro Denver reported over-the-year increases in retail sales. Douglas County reported the largest increase of 32.2 percent, followed by Denver County (+27.2 percent) and Adams County (+22.8 percent). Broomfield County reported the most modest increase of 13.6 percent. Retail sales throughout Colorado rose 21.1 percent over-the-year.
- New vehicle registrations in Colorado rose 10 percent between 2020 and 2021, according to a report from the Colorado Automobile Dealership Association. Nationally, new vehicle sales increased 5.1 percent. Electric vehicle registrations increased by 81 percent in Colorado and accounted for 33,549 new registrations in 2021, as the segment's market share reached nearly 6 percent in 4Q 2022. Used car sales increased 16.5 percent, driven by an increase in the sales of seven- to 10-year-old cars. According to the association, tight supplies and record-high prices are expected to limit gains in used vehicle sales over the next 12 months.

Total Retail Sales ($000s)

	Month of Nov-21	Month of Oct-21	Month of Nov-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual Growth 2016	Annual Growth 2011
Total Metro Denver	12,775,714	13,176,883	10,411,578	139,678,954	119,248,572	17.1%	2.3%	6.4%
Adams County	2,392,818	2,573,215	1,947,761	26,717,442	22,746,264	17.5%	5.6%	10.4%
Arapahoe County	2,220,632	2,187,885	1,886,407	24,129,565	21,172,696	14.0%	-0.9%	3.1%
Boulder County	1,270,829	1,308,980	1,049,309	14,309,423	12,329,066	16.1%	5.9%	8.2%
Broomfield County	237,785	242,493	209,331	2,703,044	2,321,410	16.4%	-1.6%	0.2%
Denver County	3,073,797	3,304,767	2,417,431	33,433,737	28,002,784	19.4%	-1.9%	1.9%
Douglas County	1,526,441	1,511,370	1,154,350	15,815,027	11,862,970	33.3%	13.1%	17.0%
Jefferson County	2,053,412	2,048,174	1,746,989	22,570,716	20,813,382	8.4%	1.1%	8.2%
Colorado	21,069,325	21,859,202	17,396,870	234,983,502	200,014,058	17.5%	1.0%	7.0%

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.

Price Changes

- The U.S. Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics showed that consumer prices in December rose 0.3 percent from November and 7 percent over the past year, the largest annual increase since June 1982 and the eighth month in a row at or above 5 percent. For the year, prices increased 4.7 percent between 2020 and 2021, the highest annual inflation rate since 1990. Prices rose sharply for cars, gas, food, and furniture. A significant portion of inflation was driven by pandemic-related mismatches between supply and demand. Core inflation rose 5.5 percent over-the-year in December, up from 4.9 percent in November. Annual core inflation increased 3.6 percent between 2020 and 2021.
- All eight components of the CPI increased over-the-year, with the largest increases in transportation (+21.1 percent), food and beverage (+6 percent), and apparel (+5.8 percent). Education and communication reported the most modest over-the-year increase of 1.6 percent.
- Consumer inflation in the Denver MSA reached its highest level since May 1983. The CPI for the Denver-Aurora-Lakewood MSA rose 6.5 percent over-the-year in November, up from a 4.5 percent increase in September and a 3.5 percent increase in July. Core inflation was 5.2 percent. Early in the pandemic, Metro Denver reported the highest consumer inflation rates among U.S. metros but tracked below the U.S. level throughout 2021. Consumer prices increased 3.5 percent in 2021, up from 2 percent in 2020.
- Seven of the eight components in the Denver MSA reported increases between November 2020 and 2021, with the largest increases in transportation (+20.5 percent), apparel (+8.1 percent), and medical care (+5.6 percent). Education and communication reported the only over-the-year decrease of 1.8 percent.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price for January was $3.37 per gallon, up 39 percent from the same time last year. The Metro Denver average fuel price increased 40.5 percent over-the-year to an average of $3.21 per gallon, a rise of $0.93. The average fuel price in Metro Denver was $0.16 lower than the average fuel price throughout the U.S.

Stock Market

- Three of the four stock market indices increased between January 2021 and 2022. The S&P 500 reported the largest increase, rising 21.6 percent, followed by the DJIA Index (+17.2 percent) and the NASDAQ (+8.9 percent). The Bloomberg Colorado Index reported a decline of 0.8 percent.

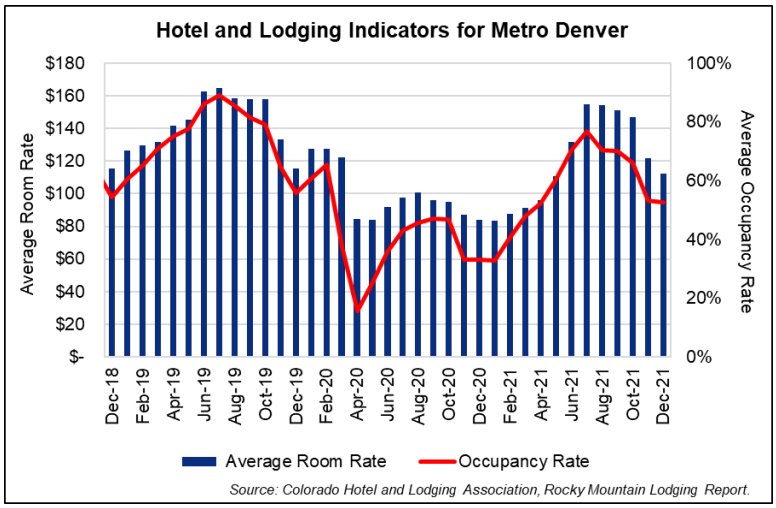
Stock Market Indexes

	Month of Jan-22	Month of Dec-21	Month of Jan-21	YTD Return 2022	YTD Return 2021	Annual Avg Return 2017	Annual Avg Return 2012
Bloomberg Colorado	782.5	884.7	788.9	-11.6%	3.9%	-3.7%	3.5%
S&P 500	4,515.6	4,766.2	3,714.2	-5.3%	-1.1%	20.0%	13.4%
NASDAQ	14,239.9	15,645.0	13,070.7	-9.0%	1.4%	28.2%	15.9%
DJIA (Dow Jones)	35,131.9	36,338.3	29,982.6	-3.3%	-2.0%	25.7%	7.3%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- The average hotel occupancy rate in Metro Denver rose 19.4 percentage points over-the-year to 52.5 percent in the month of December 2021. The average hotel room rate rose 33.5 percent to $112.17 per night, an increase of $28.13 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 94.3 percent of pre-pandemic levels recorded in December 2019. The average room rate has returned to 97 percent of pre-pandemic levels. For the year, occupancy rates in 2021 averaged 58 percent compared with the 2020 average of 41.7 percent. The average room rate increased 20.4 percent from 2020 to 2021.



Metro Denver Hotel Statistics

	Month of Dec-21	Month of Nov-21	Month of Dec-20	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Ann Avg 2016	Ann Avg 2011
Percent of Hotel Rooms Occupied	52.5%	53.2%	33.1%	58.0%	41.7%	16.3%	75.0%	66.8%
Average Hotel Room Rate	$112.17	$121.55	$84.04	$125.87	$104.53	20.4%	$140.46	$109.94

Source: Rocky Mountain Lodging Report.

- According to STR Inc., a Tennessee-based hotel-market data firm, there were 158,906 U.S. hotel rooms under construction in December 2021, a 19.2 percent decrease compared to the same time in 2020. The peak for U.S. hotel construction was in April 2020, with 220,200 rooms underway at the time. The number of hotel rooms in planning phase was up 38.9 percent over-the-year in December 2021, suggesting the pipeline could rebound soon.

- Spokespeople for Denver International Airport (DEN) reported that 5,284,857 passengers passed through the airport in November, an 84.2 percent increase from the previous year, or a rise of nearly 2.42 million passengers. Carriers today are seeing domestic capacity measured in passenger seats at 99.6 percent of pre-pandemic levels.

Denver International Airport Passengers

	Month of Nov-21	Month of Oct-21	Month of Nov-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual 2016	Annual 2011
Number of Airline Passengers	5,284,857	5,699,357	2,868,692	53,460,945	30,577,942	74.8%	58,266,515	52,849,132

Source: Denver International Airport, Traffic Statistics.

- The Denver City Council approved Denver International Airport's request for an additional $1.1 billion, which will add a third and final phase to the airport's terminal renovation. The project is expected to be completed in 2028. The renovations are meant to address the airport's rapid growth and will increase DEN's capacity to 100 million passengers annually. The airport was designed for 50 million passengers annually, but airport officials predict 72 million passengers in 2022.
- Denver International Airport maintained its status as the third busiest airport in the world through 2021, up from #9 in 2020, according to aviation data provider Cirium. Airport leaders attribute the airport's strong traffic recovery to its domestic performance relative to other major airports at a time when international air travel was slower to recover. Hartsfield-Jackson Atlanta International and Dallas/Fort Worth International Airport saw the most passenger traffic in 2021.
- Across the country, airlines cut nearly 7,000 flights that were previously scheduled for January, February, and March of 2022, according to data from Cirium. Denver International Airport now has 329 fewer flights scheduled for the first quarter and is among the top airports with the most flights cut for Q1, behind only Charlotte, N.C., Las Vegas, Fort Lauderdale, and Los Angeles. Even with the planned flight cuts, Q1 flights out of DEN are up more than 20 percent compared with the same time last year.

Residential Real Estate

- According to the latest Freddie Mac PMMS Mortgage Survey, the average 30-year fixed rate mortgage declined one basis point from the week prior to 3.6 percent during the week ending January 27, but were up from 2.8 percent a year earlier. Most economists believe rates will continue to increase but at a more gradual pace.
- According to the 2022 Rental Affordability Report from Attom Data Solutions LLC, it is typically more affordable to own a home in 58 percent of the 1,154 counties in their analysis. In Colorado, this is true for only four of the 22 counties with 500 or more recent sales. Those counties are Pueblo, Morgan, Fremont, and Park Counties. It is now more affordable to rent than own in every county in Metro Denver.

Recently Announced Projects

- Denver Housing Authority has completed two of seven planned residential complexes in the neighborhood between West Colfax Ave. and Sixth Ave. east of Federal Boulevard. Two more buildings are expected to be completed by the end of the year, with the remaining three buildings expected to break ground in 2022 and 2023. Combined, the seven structures will have more than 950 units. At least a third of all units will be

reserved for people making 20 to 30 percent of Denver's median income and about half will be for people making 40 to 70 percent of the median income.

- SRG Residential, a division of California-based Sares Regis Group, plans to purchase an office furniture and design firm at the edge of Ballpark and RiNo and will replace the two existing buildings with a seven-story apartment complex. Plans call for 385 units and 406 parking spaces.
- Upland Real Estate Partners, The Max Collaborative, and Wynne Yasmer Real Estate are joining forces to build The Broadleaf, a 370-unit apartment complex in Fitzsimons Village across from the Anschutz Medical Campus in Aurora. The building, slated for completion in early 2024, will be five to seven stories and will have about 9,000 square feet of ground-floor retail space.
- Evergreen Development Company is planning to build a 311-unit apartment complex in Aurora. The complex will replace a section of a partially vacant commercial center in the East Bank Shopping Center northeast of Parker Road and Quincy Avenue.
- Los Angeles-based Cypress Equity Investment has nearly completed the construction of Revel, a 300-unit apartment community at 353 Dearborn Way in Aurora. The project will have five residential buildings and a clubhouse. Cypress has opened a new regional headquarters in Denver and is actively filling its pipeline with more development sites and opportunities in Metro Denver.
- Atlanta-based developer Wood Partners purchased land for a planned seven-story, 216-unit apartment complex near Mile High Stadium in Denver. The company plans to break ground in the second quarter of 2022.
- Developer Alpine Investment plans to build a 119-unit Class A mid-rise apartment complex near East Hampden Avenue and U.S. 285 in Englewood. The six-story property is scheduled for completion in the spring of 2023.
- Austin-based developer StoryBuilt has three Metro Denver projects planned to break ground in 2022 and 2023 called Archie, Judy, and Ozzie. Archie is a 94-unit condo project at 2137 Glenarm Place that will start in the second quarter of 2023, Judy is a 55-unit townhome project at 5785 38th Ave. in Wheat Ridge expected to start in May 2022, and Ozzie is an 83-unit apartment complex at 4190 W Colfax Ave. that is expected to break ground in the second quarter of 2022.
- The Housing Authority of the City of Aurora has begun construction of a 59-unit affordable independent living apartment complex called Liberty View at Fitzsimons. The units will be reserved for veterans ages 62 and older.
- Confluent Development, Pinkard Construction, and OZ Architecture, in partnership with Narrate COS., recently broke ground on the partners' first multifamily project. Carraway on Penn is being built at 1190 S. Pennsylvania St. in Denver and will offer 42 residential units, amenity space, and on-site covered parking. The project has an expected completion date in October 2022.
- Confluence Companies plans to create a housing and commercial space development along the St. Vrain River east of Roger's Grove in unincorporated Boulder County. The property at 21 S. Sunset St. will need to be annexed into Longmont to drive the project forward. The next step is to create a formal development plan over the next 18 months and bring it to Longmont City Council for approval.

Home Resales

Metro Denver

- Home sales in Metro Denver totaled 5,009 in December, down 6.5 percent from the same time last year.
- Unsold homes on the market were 41.9 percent lower in December 2021 compared with the same time last year, representing 1,064 fewer homes on the market. Over-the-month, the inventory of available homes decreased by 34.3 percent.

Previously Owned Home Sales Activity

	Month of Dec-21	Month of Nov-21	Month of Dec-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Ann Total 2016	Ann Total 2011
Home Sales (Closed)	5,009	5,875	5,355	67,205	58,242	15.4%	60,289	38,105
Unsold Homes on Market	1,477	2,248	2,541	1,477	2,541	-41.9%	4,265	16,187
Average Sales Price-Single Family	$674,972	$678,387	$581,145	$669,137	$562,203	19.0%	$432,051	$279,858
Average Sales Price-Condo	$378,742	$379,782	$327,096	$367,338	$322,667	13.8%	$253,700	$159,141
Median Sales Price-Single Family	$577,200	$575,000	$485,000				$366,000	$230,000
Median Sales Price-Condo	$350,000	$351,900	$295,000				$224,700	$124,900

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

- The average sales price for single-family homes increased 16.1 percent over-the-year to $674,972, representing an additional $93,827 per home during the period. The average sales price for condominiums rose 15.8 percent over-the-year to $378,742, representing an additional $51,647 per home.

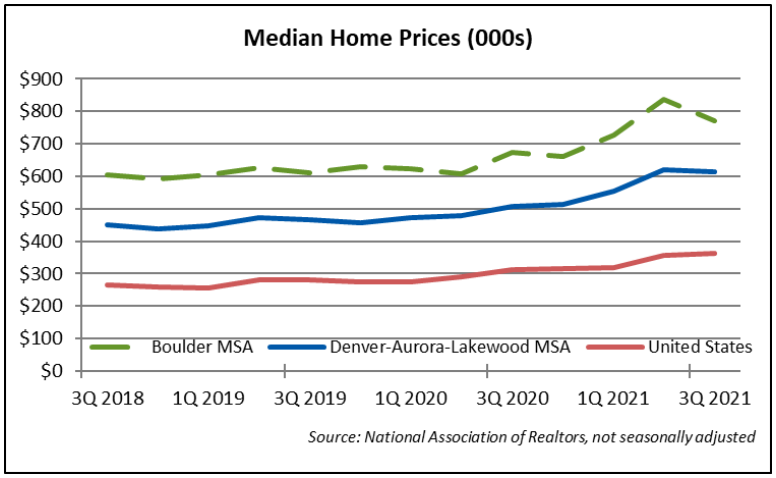
National

- Total existing-home sales decreased 4.6 percent from November to a seasonally adjusted annual rate of 6.18 million in December, according to the National Association of Realtors (NAR). Sales decreased 7.1 percent year-over-year from the December 2020 reading of 6.65 million.
- All four regions reported over-the-year decreases in total home sales in December. The West region reported the largest decrease of 6.8 percent, followed by the South (-6.3 percent), and the Midwest and Northeast (-1.3 percent).
- Properties remained on the market for 19 days in December, one more day than the 18 days recorded in November, and down from 21 days in December 2020. Of the homes sold in December, 79 percent were on the market for less than a month.
- In 2021, existing-home sales totaled 6.12 million nationally– an increase of 8.5 percent compared with 2020 and the highest annual level since 2006.

Home Prices

- NAR data showed the median existing-home price for all housing types nationally was $358,000 in December, up 15.8 percent from the same time last year. This marked 118 straight months of year-over-year gains.
- Median home prices increased in all four major U.S. regions over-the-year. The South region reported the largest increase of 20.2 percent, followed by the Midwest (+10 percent), the West (+8.4 percent), and the Northeast (+6.3 percent).

- The West region reported the highest median home price of $507,100, while the Midwest reported the lowest median price of $256,900 in December.
- A separate NAR report revealed that the median price in the Boulder MSA increased 14.3 percent over-the-year to $769,400 in the third quarter of 2021. The Denver-Aurora MSA rose 21.5 percent over-the-year to a median home price of $614,800 during 3Q 2021, while the national median home price increased 16 percent to $363,700 during the period.



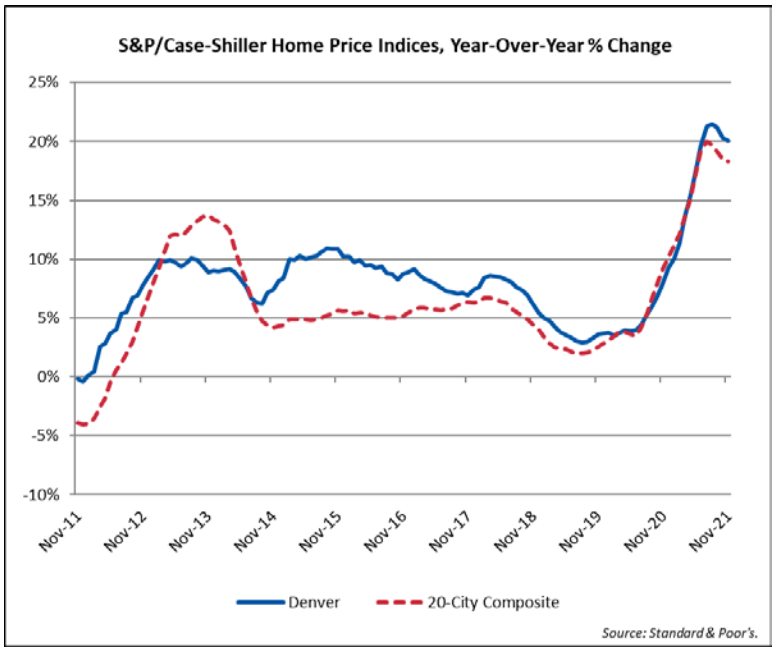
- The Boulder MSA had the seventh highest median home price of the 183 MSAs tracked in the report. The Denver MSA had the 14th highest home price. Every metro area tracked in the report except two – Shreveport-Bossier City, LA and St Croix, Virgin Islands – posted home price growth between the third quarters of 2020 and 2021.

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

	Quarter 3 2021 (p)	Quarter 2 2021 (r)	Quarter 3 2020	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Median 2016	Median 2011
Boulder MSA	$769.4	$835.2	$673.4	$777.1	$634.2	22.5%	$511.7	$353.1
Denver-Aurora MSA	$614.8	$618.6	$506.0	$595.9	$486.1	22.6%	$384.3	$231.4
United States	$363.7	$357.7	$313.4	$346.5	$293.0	18.3%	$235.5	$166.2

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

- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver increased 20.1 percent between November 2020 and November 2021, following a 21.2 percent increase in September and a 20.3 percent increase in October. November was the fifth consecutive month of year-over-year price gains greater than 20 percent and the third consecutive month of deceleration in the rate of home price growth, following 15 months of acceleration.
- National housing prices increased 18.8 percent over-the-year in November, following a 19.6 percent increase in September and a 19 percent increase in October.



- Phoenix reported the highest year-over-year price increase of 32.2 percent, followed by Tampa (+29 percent) and Miami (+26.6 percent). Washington, D.C. reported the smallest over-the-year increase of 11.1 percent, followed by Minneapolis (+11.2 percent) and Chicago (+11.6 percent).

Foreclosures

Real Estate Foreclosures

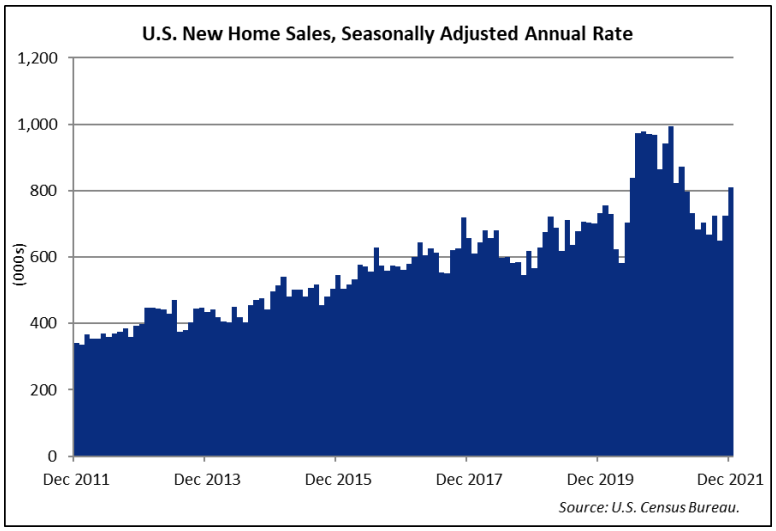
	Month of Jan-22	Month of Dec-21	Month of Jan-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Total 2017	Annual Total 2012
Total Metro Denver*	84	50	26	84	26	223.1%	2,982	15,013
Adams County	22	10	5	22	5	340.0%	672	3,183
Arapahoe County	19	12	4	19	4	375.0%	706	3,589
Boulder County	3	2	3	3	3	0.0%	170	783
Broomfield County	2	1	0	2	0	-	39	210
Denver County	24	12	5	24	5	380.0%	648	3,064
Douglas County	1	3	5	1	5	-80.0%	265	1,534
Jefferson County	13	10	4	13	4	225.0%	482	2,650

**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.

- Foreclosures in Metro Denver increased 223.1 percent between January 2021 and January 2022, rising by 58 filings during the period. Five of the seven counties reported increases in filings compared with last year. Denver County reported the largest increase of 380 percent, followed by Arapahoe County (+375 percent) and Adams County (+340 percent). Broomfield County reported 2 filings, unchanged from a year prior, while Douglas County reported the only decrease of 80 percent, or 4 filings, during the period.
- According to ATTOM's *Year-End 2021 U.S. Foreclosure Market Report*, 151,153 foreclosures were reported nationally in 2021, the lowest level since tracking began in 2005. Foreclosure activity in 2021 was down 29 percent from 2020 and down 95 percent from a peak of nearly 2.9 million in 2010.

New Home Sales

- New home sales in the U.S. decreased 14 percent over-the-year to a seasonally adjusted annual rate of 811,000 in December, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- Three of the four regions reported over-the-year decreases in home sales. The Northeast reported the largest decrease of 34.1 percent, followed by the Midwest (-23.2 percent) and the South (-17.5 percent). The West reported the only increase of 2.1 percent.



- New home sales in 2021 totaled 762,000 nationally, down 7.3 percent from 2020. All four regions reported declines in total houses sold annually, with the West reporting the largest decrease of 10.6 percent and the Northeast reporting the most modest decrease of 5.4 percent compared with 2020.

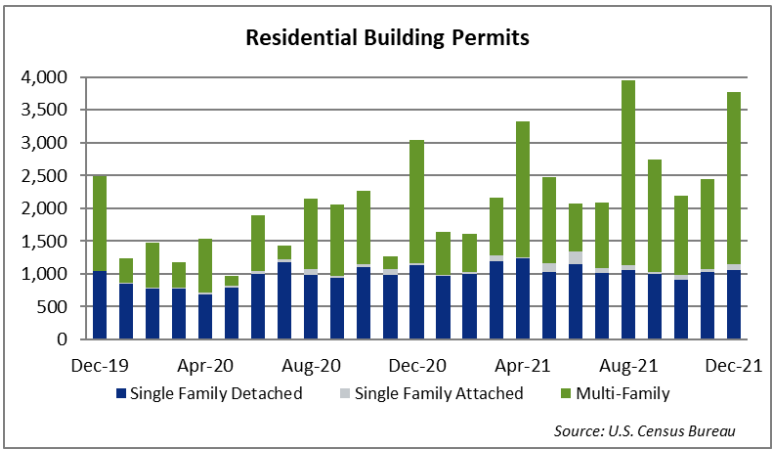
New Home Construction

National

- Builder confidence for newly built single-family homes decreased 1 point to 83 in January, according to the latest National Association for Home Builders/Wells Fargo Housing Market Index (HMI). Growing inflation concerns and ongoing supply chain disruptions ended a four-month rise in home builder sentiment even as consumer demand remains robust. Still, the HMI has hovered at the 83 or 84 level – the same rate as the spring of 2021 – for the past three months. Higher materials costs and lack of availability are adding weeks to typical single-family construction times and NAHB analysis indicates that the aggregate cost of residential construction materials has increased almost 19 percent since December 2020. While lean existing home inventory and solid buyer demand are supporting the need for new construction, the combination of ongoing increases for building materials, worsening skilled labor shortages, and higher mortgage rates point to declines in housing affordability in 2022.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled about 1.89 million units in December, a 9.8 percent over-the-month increase, and a 7.2 percent increase compared with the same time last year.
- The increase in building permits across the U.S. was driven by an increase in multi-family and single-family attached permits. Building permits for multi-family units increased 45 percent over-the-year, to 690,000 units permitted in December. Single-family attached units increased 36.7 percent to 67,000 units permitted. Single-family attached units decreased 8.5 percent over-the-year, or by 105,000 units permitted.
- Three of the four regions reported over-the-year increases in total units permitted. The West region reported the largest over-the-year increase of 93.5 percent, followed by the Midwest (+3.1 percent) and the South (+0.3 percent). The West reported the only over-the-year decrease of 6.5 percent.

Metro Denver

- Residential building permits in Metro Denver totaled 3,774 units permitted in December, an increase of 23.8 percent, or 725 units, from the same time last year.
- Single-family detached units permitted decreased 7.2 percent over-the-year, falling by 82 units permitted during the period. Single-family attached units increased by 264 percent, or by 66 units, to a total of 91 during the period. Multi-family units increased by 39.3 percent, or by 741 units, to a total of 2,625 units permitted in December.



Residential Building Permits

	Month of Dec-21	Month of Nov-21	Month of Dec-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Total 2016	Total 2011
Single-Family Detached Units	1,058	1,028	1,140	12,621	11,224	12.4%	10,663	3,885
Single-Family Attached Units	91	45	25	912	454	100.9%	532	309
Multi-Family Units	2,625	1,373	1,884	16,941	8,850	91.4%	12,301	3,005
Total Units	3,774	2,446	3,049	30,474	20,528	48.5%	23,496	7,199

Source: U.S. Census Bureau.

Apartment Rental Market

- The apartment vacancy rate throughout Metro Denver fell 1.5 percentage points over-the-year to 4.3 percent vacancy in the fourth quarter of 2021. The 4Q 2021 vacancy rate increased 0.5 percentage points from the previous quarter. Vacancy rates ranged from 3.1 percent in the Boulder/Broomfield submarket to 4.9 percent in Douglas County. Among the submarkets in Metro Denver, vacancies were tightest in north Aurora at 0.6 percent, followed by Denver's City Park neighborhood (1.1 percent), Boulder's university area (2.1 percent), and Longmont (2.2 percent). Annually, the vacancy rate in Metro Denver fell 1.1 percentage points in 2021 following a 0.3 percentage point increase in 2020.

Apartment Statistics

	Quarter 4 2021	Quarter 3 2021	Quarter 4 2020	YTD Average 2021	YTD Average 2020	YTD Average % Change	Ann Avg 2016	Ann Avg 2011
Apartment Vacancy Rate	4.3%	3.8%	5.8%	4.3%	5.4%	-1.1%	5.7%	5.2%
Average Monthly Rental Rate (all units)	$1,709	$1,726	$1,510	$1,658	$1,518	9.2%	$1,350	$924

Source: Denver Metro Apartment Vacancy and Rent Survey.

- All six submarkets reported over-the-year increases in the average monthly rental rate, led by Douglas County (+17 percent), Arapahoe County (+15.6 percent), and Adams County (+13.7 percent). The Boulder/Broomfield submarket reported the most modest over-the-year increase of 10.4 percent. Douglas County reported the highest rental rate in 4Q 2021 of $1,881 per month, while Adams County reported the lowest rental rate of $1,624 per month. Across Metro Denver, rents increased 13.1 percent over-the-year to $1,709 per month. Rents fell 1 percent between the third and fourth quarters. Metro Denver's annual average rents increased 9.2 percent in 2021, up from a 1.1 percent increase in 2020.
- National apartment demand is expected to slow in 2022, according to CoStar National. Analysts predict that 2022 apartment demand will be similar to levels seen in 2019, with the number of occupied units expected to increase by 2.1 percent. Apartment rents are expected to increase 7 percent in 2022, a significant slowdown from the 11 percent growth in 2021.
- Property owners across the state filed 3,237 eviction cases in December, the highest monthly total since February 2020, before the onset of the pandemic. By comparison, fewer than 200 eviction cases were filed across the state in April 2020 when there was a federal moratorium on evictions. Eviction numbers have steadily increased since August when the moratorium ended.

Commercial Real Estate

Recently Announced Projects

- California-based developer Majestic Realty Co. completed a large office and warehouse facility in Aurora in December. The 554,232-square-foot complex will be home to the domestic wing of Japanese automaker, Subaru Corp. The building was delivered in shell condition, with a temporary certificate of occupancy given to Subaru while the company completes final build-out.
- Evergreen Devco, Inc. broke ground on a UCHealth medical office building and two multi-tenant retail buildings at the Nine Mile Corner mixed-use project in Erie. Construction of the three buildings is expected to be completed in 3Q 2022. The multi-tenant buildings will total 18,000 square feet and will include restaurants and services for the community, while the medical building will total 8,000 square feet.

Office Market

- According to the CBRE Pulse of U.S. Office Demand report, December leasing activity decreased over-the-month and remained below pre-pandemic levels. Sublease availability declined slightly compared to November but was elevated compared to typical 2018-2019 levels. According to CBRE analysts, a December slowdown was expected due to Omicron, but will likely be a short-term phenomenon, similar to the Delta variant in late summer 2021.
- According to Newmark's Denver Office Market Overview, quarterly net absorption was -235,879 square feet for 4Q 2021, bringing annual net absorption to just under -3 million square feet. This was the second consecutive year of negative annual absorption following 10 years of positive absorption from 2010 to 2019. In 2021, activity in Denver's office market steadily increased as the year progressed and reached pre-pandemic levels in September, although the rise of the delta and Omicron variants once again brought uncertainty for some tenants and many delayed returns to office. Continuing supply problems affected construction and tenant improvements, which pushed back occupancy dates. Looking ahead, Newmark expects positive absorption for Denver's office market in mid-2022.
- JLL's fourth quarter office market report found that U.S. leasing velocity increased by 9.2 percent in 4Q 2021. According to JLL, despite industry-wide acceptance of remote and hybrid work, tech companies leased more office space than any other industry through the pandemic, owing in part to employment growth within the sector. Still, tech leasing activity remains below pre-pandemic levels.
- Cushman and Wakefield found that net absorption for the national office market remained negative in 4Q 2021 but increased 33 percent over-the-quarter and 75 percent over-the-year.
- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.5 percent in the fourth quarter of 2021, an increase of 0.2 percentage points from the previous quarter, and the highest rate posted in the region since the third quarter of 2011. The vacancy rate increased 1.6 percentage points over-the year. The average lease rate increased 2 percent between the fourth quarters of 2020 and 2021, or by $0.59, to $29.47 per square foot.
- The vacancy rate including sublease space increased 1.8 percentage points over-the-year, rising from 12.3 percent in 4Q 2020 to 14.1 percent in 4Q 2021. This represented 3.2 million square feet of vacant sublease space, down from 3.3 million square feet in 3Q 2021.

- There were 22 office buildings completed in 2021, delivering more than 2.1 million square feet to Metro Denver. The largest building completed to date was the 606,142-square-foot Block 162 located at 675 15th Street in Denver.
- There was 1.78 million square feet of office space in 16 buildings under construction in Metro Denver during the fourth quarter of 2021, down 36.9 percent compared with the same time last year. The largest buildings under construction were The Current in River North (280,000 SF in downtown Denver), T3 Offices (257,610 SF in downtown Denver), and One Platte (250,402 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, 62.1 percent of the office square footage under construction is located in the City and County of Denver.

Office Market Statistics

	Quarter 4 2021	Quarter 3 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018	Quarter 4 2017
Number of Buildings	6,612	6,608	6,590	6,559	6,527	6,480
Existing Square Feet (millions)	200.0	199.8	197.9	196.2	194.6	190.3
Vacant Square Feet (direct, millions)	25.0	24.5	21.6	17.7	17.7	17.8
Vacancy Rate (direct)	12.5%	12.3%	10.9%	9.0%	9.1%	9.3%
Vacancy Rate (with sublet)	14.1%	13.9%	12.3%	9.6%	9.9%	10.2%
Avg. Lease Rate (direct, per sq. ft., full service)	$29.47	$29.36	$28.88	$28.03	$27.19	$26.72
New Construction Completed (year-to-date)	2.14 MSF, 22 Bldgs	1.88 MSF, 18 Bldgs	1.64 MSF, 31 Bldgs	1.76 MSF, 33 Bldgs	4.23 MSF, 46 Bldgs	3.00 MSF, 38 Bldgs
Currently Under Construction	1.78 MSF, 16 Bldgs	1.39 MSF, 16 Bldgs	2.82 MSF, 28 Bldgs	3.62 MSF, 43 Bldgs	4.12 MSF, 46 Bldgs	5.11 MSF, 43 Bldgs

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

Industrial & Flex Market

- In a study of large warehouse lease transactions across the U.S., CBRE found that companies leased 57 warehouses of 1 million square feet or larger in 2021, a 19 percent increase from 2020. The industry making up the largest share of the 100 biggest leases was general retail and wholesale, which recorded 44 transactions totaling 46.1 million square feet. In 2020, the industry had 32 such leases, representing 35 million square feet. E-commerce-only occupiers had 21 deals for 27 million square feet in 2021 and food-and-beverage users had 15 deals for 14.2 million square feet. According to CBRE, the trend of broad industrial demand by a variety of industries is expected to continue in 2022 as strong retail sales and the need to hold more inventory close to consumer markets is expected to increase the average transaction size.
- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver decreased 0.2 percentage points to 5 percent between the fourth quarters of 2020 and 2021. The total vacancy rate including sublease space fell 0.4 percentage points over-the-year to 5.3 percent. From 4Q 2020 to 4Q 2021, 5.5 million square feet of new space was added to the industrial base. The average lease rate increased $0.62 per square foot to $9.31, a 7.1 percent increase over the same time last year.
- Thirty-six industrial buildings providing 5.49 million square feet of space were completed in 2021. The largest building completed was the 594,138-square-foot Stafford Logistics Center building in Aurora. The next largest buildings were the 526,400-square-foot 76 Commerce Center Building 3 in Brighton and the 450,000-square-foot Ferguson Enterprises building in Aurora.

Industrial Market Statistics

	Quarter 4 2021	Quarter 3 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018	Quarter 4 2017
Number of Buildings	7,311	7,306	7,274	7,230	7,181	7,147
Existing Square Feet (millions)	239.7	239.0	234.2	229.0	224.2	220.0
Vacant Square Feet (direct, millions)	12.0	14.1	12.2	10.9	9.6	8.6
Vacancy Rate (direct)	5.0%	5.9%	5.2%	4.8%	4.3%	3.9%
Vacancy Rate (with sublet)	5.3%	6.3%	5.7%	5.0%	4.4%	4.0%
Avg. Lease Rate (direct, per square foot, NNN)	$9.31	$8.96	$8.69	$8.38	$7.95	$7.72
New Construction Completed (year-to-date)	5.49 MSF, 36 Bldgs	4.46 MSF, 29 Bldgs	5.25 MSF, 44 Bldgs	5.97 MSF, 52 Bldgs	5.33 MSF, 34 Bldgs	5.32 MSF, 45 Bldgs
Currently Under Construction	11.38 MSF, 54 Bldgs	7.73 MSF, 38 Bldgs	6.14 MSF, 38 Bldgs	5.79 MSF, 37 Bldgs	4.6 MSF, 35 Bldgs	4.97 MSF, 25 Bldgs

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

- The industrial construction pipeline remains filled with 11.38 million square feet of space under construction in 54 buildings. More than 61 percent of the industrial space under construction is located in Adams County, including the largest building under construction, the Shamrock Food Regional Headquarters with 1.3 million square feet of space. Of the buildings under construction, 51 are slated for delivery in 2022, with the remaining three expected in 2023.

Flex Market Statistics

	Quarter 4 2021	Quarter 3 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018	Quarter 4 2017
Number of Buildings	1,575	1,570	1,568	1,565	1,551	1,540
Existing Square Feet (millions)	47.7	47.6	47.5	47.1	46.3	45.9
Vacant Square Feet (direct, millions)	3.3	3.4	3.6	2.6	2.3	3.0
Vacancy Rate (direct)	6.8%	7.1%	7.6%	5.5%	5.0%	6.5%
Vacancy Rate (with sublet)	7.3%	7.9%	8.3%	5.9%	5.2%	6.7%
Avg. Lease Rate (direct, per square foot, NNN)	$14.56	$13.33	$13.33	$12.20	$12.08	$12.37
New Construction Completed (year-to-date)	0.17 MSF, 7 Bldgs	0.06 MSF, 2 Bldgs	0.40 MSF, 3 Bldgs	0.84 MSF, 14 Bldgs	0.39 MSF, 11 Bldgs	0.56 MSF, 12 Bldgs
Currently Under Construction	0.56 MSF, 14 Bldgs	0.32 MSF, 7 Bldgs	0.18 MSF, 7 Bldgs	0.36 MSF, 4 Bldgs	0.43 MSF, 9 Bldgs	0.18 MSF, 8 Bldgs

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

- The direct flex vacancy rate in Metro Denver decreased 0.8 percentage points over-the-year to 6.8 percent vacancy. The average lease rate rose 9.2 percent, or by $1.23, to $14.56 per square foot during the period.
- New flex construction has been more limited than other property types, but the construction pipeline is strong heading into 2022. Seven new flex buildings totaling 167,800 square feet were completed in 2021, with four of the seven in Castle Rock in Douglas County. There were 14 buildings totaling 564,876 square feet under construction as of the end of 4Q 2021, all with expected delivery in 2022. Sixty-six percent of the square footage under construction is located in Boulder or Broomfield Counties. The largest building under construction is the 150,725-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 4Q 2021, according to CoStar. The direct vacancy rate including sublease space decreased 0.5

percentage points over-the-year to 4.7 percent. The average lease rate increased 2.4 percent to $19.27 per square foot.

Retail Market Statistics

	Quarter 4 2021	Quarter 3 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018	Quarter 4 2017
Number of Buildings	12,967	12,959	12,928	12,846	12,717	12,573
Existing Square Feet (millions)	174.7	174.6	174.2	173.4	172.1	170.1
Vacant Square Feet (direct, millions)	8.0	8.6	8.8	7.3	6.3	7.0
Vacancy Rate (direct)	4.6%	4.9%	5.1%	4.2%	3.7%	4.1%
Vacancy Rate (with sublet)	4.7%	5.1%	5.2%	4.3%	3.8%	4.3%
Avg. Lease Rate (direct, per square foot, NNN)	$19.27	$18.82	$18.82	$18.45	$18.90	$18.04
New Construction Completed (year-to-date)	0.46 MSF, 39 Bldgs	0.34 MSF, 27 Bldgs	0.82 MSF, 81 Bldgs	1.35 MSF, 133 Bldgs	1.92 MSF, 141 Bldgs	1.62 MSF, 101 Bldgs
Currently Under Construction	0.78 MSF, 43 Bldgs	1.13 MSF, 34 Bldgs	0.58 MSF, 41 Bldgs	1.31 MSF, 72 Bldgs	0.97 MSF, 53 Bldgs	1.46 MSF, 60 Bldgs

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

- In 2021, 39 retail buildings totaling 460,993 square feet were completed. An additional 43 buildings with 782,387 square feet of space are under construction and all but two are expected to be completed in 2022. The largest space under construction is the 139,400-square-foot Victory Crossing in Adams County.

Metro Denver EDC

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