



JUNE 2022

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting
our regional economy



June 2022 MEI Snapshot

| | Monthly/Quarterly Direction | | Year-Over-Year Direction | | Year-to-Date Direction | |
|-------------------------------------------|-------------------------------------------------------------|---|-----------------------------------------------------------------|---|--------------------------------------------------------|---|
| ↕↗ Positive Changes | 11 of 18 | | 11 of 18 | | 13 of 18 | |
| Nonfarm Employment Growth | 14,400 | ↑ | 84,200 | ↑ | 88,100 | ↑ |
| | Employment up 0.8% from March To April | | Employment up 5% from April 2021 to 2022 | | YTD employment up 5.3% through April | |
| 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 | 3.1% | ↓ | -3.1 percentage points | ↓ | 3.6% | ↓ |
| | Unemployment down 0.5 percentage points from March to April | | Unemployment down from April 2021 to 2022 | | Down 2.7 percentage points from 2021 YTD average | |
| Initial Unemployment Insurance Claims | 17.4% | ↓ | -83.3% | ↓ | -92.1% | ↓ |
| | Claims decreased from March to April | | Claims decreased from April 2021 to 2022 | | YTD average claims decreased through April 2022 | |
| Total National Retail Sales | 17.7% | ↑ | 7.3% | ↑ | 12.3% | ↑ |
| | National sales increased from February to March | | National sales increased from March 2021 to 2022 | | YTD sales increased through March 2022 | |
| Mountain Region Consumer Confidence Index | 119.1 | ↑ | -8.7% | ↓ | 114.0 | ↑ |
| | Index up 6.6 percent from April to May | | Index down from May 2021 to 2022 | | YTD average up 1.7% through May 2022 | |
| Hotel Occupancy | 66.6% | ↑ | 14.4 percentage points | ↑ | 60.0% | ↑ |
| | Increased 3.5 percentage points from March to April | | Occupancy increased from April 2021 to 2022 | | YTD occupancy up from last year | |
| Denver International Airport Passengers | -2.8% | ↓ | 24.7% | ↑ | 43.2% | ↑ |
| | Passengers down from March to April | | Passengers up from April 2021 to 2022 | | YTD passengers increased through April 2022 | |
| Bloomberg Colorado Index | 702.6 | ↓ | -14.8% | ↓ | -20.6% | ↓ |
| | Index down 3.9% from April to May | | Index down from May 2021 to 2022 | | YTD return down through May 2022 | |
| Dow Jones Industrial Average | 32,990.1 | ↔ | -4.5% | ↓ | -9.2% | ↓ |
| | Index unchanged from April to May | | Index down from May 2021 to 2022 | | YTD return down through May 2022 | |
| Home Sales (closed) | 5,238 | ↑ | -6.8% | ↓ | 17,236 | ↓ |
| | Sales up 4.2% from March to April | | Sales down from April 2021 to 2022 | | YTD sales down 3.8% 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 | |
| Foreclosures | 218 | ↓ | 738.5% | ↑ | 1,145 | ↑ |
| | Down 38.8% from April to May | | Up from May 2021 to 2022 | | Up 754.5% YTD through May 2022 | |
| Residential Building Permits (Total) | 1,849 | ↓ | -44.3% | ↓ | 9,302 | ↑ |
| | Permits decreased 41.9% from March to April | | Permits down from April 2021 to April 2022 | | YTD permits up 6.5% through April 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) | 13.9% | ↓ | +0.8 percentage points | ↑ | +0.8 percentage points | ↑ |
| | Vacancy rate down 0.1 percentage points from 4Q 2021 to 1Q 2022 | | 1Q 2022 vacancy up from 13.1% one year ago | | 1Q 2022 vacancy up from 13.1% one year ago | |
| Industrial Vacancy Rate (with Sublet) | 5.4% | ↑ | -0.7 percentage points | ↓ | -0.7 percentage points | ↓ |
| | Vacancy rate increased 0.1 percentage point from 4Q 2021 to 1Q 2022 | | 1Q 2022 vacancy down from 6.1% one year ago | | 1Q 2022 vacancy down from 6.1% one year ago | |
| Retail Space Vacancy Rate (with Sublet) | 4.7% | ↓ | -0.7 percentage points | ↓ | -0.7 percentage points | ↓ |
| | Vacancy rate decreased 0.1 percentage points from 4Q 2021 to 1Q 2022 | | 1Q 2022 vacancy down from 5.4% one year ago | | 1Q 2022 vacancy down from 5.4% one year ago | |

June 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

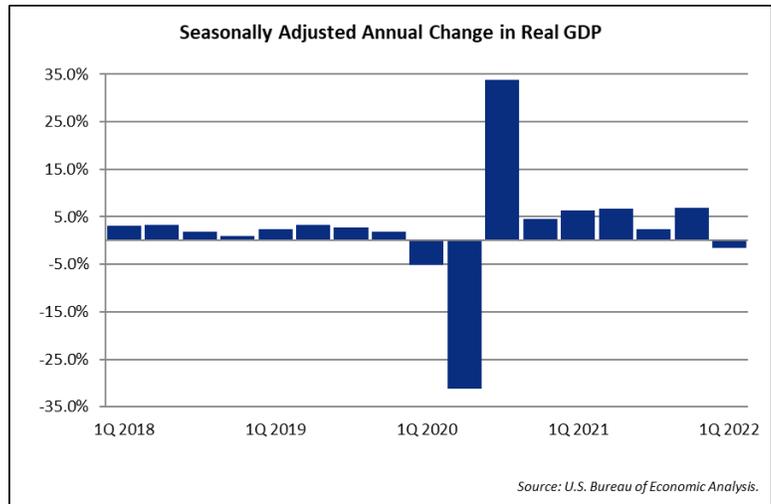
- *Fortune* magazine's list of the 500 largest U.S. companies by revenue included 10 Colorado companies in their 2022 ranking. Arrow Electronics maintained its place ahead of all other Colorado firms at No. 104, followed by Dish Network (No. 205), Qurate Retail (No. 265), and Ball (No. 272). Two of the 10 companies moved up in their rankings between 2021 and 2022. DCP Midstream reported the largest increase in ranking, climbing 98 spots to No. 344, while Ovintiv climbed 58 spots to No. 400. VF reported the largest decline in rankings, falling 117 spots to No. 380, followed by DaVita, falling 52 spots to No. 323. Newmont ranked No. 308 and Liberty Media ranked No. 326.
- Banking platform NorthOne ranked Colorado as the best state for women entrepreneurs after analyzing data about women-owned businesses, unemployment, the gender wage gap, and startup survival rates. Colorado was the only state to rank in the top 10 nationally for each of the gender-specific metrics. Further, Colorado had the highest percentage of women-owned businesses in the country at 10.4 percent. Nevada, Virginia, and Maryland were other top states in the ranking.
- Colorado Springs ranked No. 2 and Boulder ranked No. 4 on the *U.S. News and World Report's* list of best places to live in the U.S in 2022-2023. *U.S. News* analyzed the 150 most populous metro areas and ranked them based on criteria including the job market, housing affordability, quality of life, desirability, and net migration. Metro Denver and Fort Collins ranked No. 54 and No. 55, respectively.
- Two Metro Denver suburbs ranked in the top 10 most popular housing markets for the first quarter of 2022, according to a recent report from Zillow that analyzed page-view traffic, home value growth, and for-sale inventory for more than 1,000 U.S. cities. According to Zillow, every city in the top 10 is a suburban area roughly 30 minutes away from the nearest city center. Woodinville, Washington was the most popular market, followed by Burke, Virginia and Highlands Ranch, Colorado. Golden, Colorado ranked 10th on the list.
- Denver is the nation's ninth-best large city for renters, according to a recent report from RentCafé, which ranked cities with a population over 600,000 based on metrics from three categories: housing and cost of living, local economy, and quality of life. According to the report, Denver's best performance was in the local economy category.

- Denver was named one of the top U.S. travel destinations for Memorial Day 2022, according to AAA booking data. Other U.S. cities on the list included Orlando, Boston, New York, Las Vegas, Miami, Seattle, and Honolulu.

National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released their second estimate of real gross domestic product (GDP) for the first quarter of 2022 and found that GDP decreased at an annual rate of 1.5 percent. In the fourth quarter, real GDP increased 6.9 percent.
- The second estimate is based on more complete source data than were available for the advanced estimate. The third GDP estimate for 1Q 2022 is scheduled for release on June 29.
- The decrease in first quarter real GDP reflected decreases in private inventory investment (led by motor vehicle wholesale trade and utilities), exports (led by widespread decreases in nondurable goods), federal government spending (led by defense spending on intermediate goods and services), and state and local government spending.
- These decreases were offset by increases in imports (led by nonfood and nonautomotive consumer goods) and increases in personal consumption expenditures (led by housing and utilities), nonresidential fixed investment (led by equipment and intellectual property products), and residential fixed investment.
- According to a quarterly survey published by the Federal Reserve Bank of Philadelphia, 34 percent of forecasters predict second quarter U.S. GDP will grow by 2.3 percent compared to a year ago. That is down 1.9 percentage points from the 4.2 percent growth prediction made three months ago for the quarter. Forecasters have also lowered their full-year expectations for GDP growth. The panel now predicts a 2.5 percent increase for 2022, a 2.3 percent increase for 2023, and a 2 percent increase for 2024.
- Fannie Mae downgraded its projected 2022 U.S. real GDP to 1.3 percent, 0.8 percentage points lower than its previous forecast. The downgrade is attributed to a combination of persistent inflation, rising interest rates, and a slowdown in global economic growth. While expectations of the economy having a modest recession in the second half of 2023 remain unchanged, Fannie Mae expects constrained consumer spending power amid elevated inflation and a rapidly rising rate environment carries the risk of a contraction happening sooner.
- After expanding by 5.9 percent in 2021, The Conference Board expects global economic growth to slow to 2.9 percent this year and a lower 1.9 percent in 2023, representing a downgrade of 1 percentage point from the February global economic outlook. The war in Ukraine is expected to weigh on growth, causing



recessions in Ukraine, Russia, and potentially other regions. Emerging economies' aggregate growth is downgraded to 3.2 percent for 2022 and to 2.8 for 2023, reflecting downwardly adjusted forecasts for China and many other emerging economies including Russia, Turkey, and economies in Africa.

Interest Rates

- In their meeting on May 3-4, the Federal Open Market Committee (FOMC) of the Federal Reserve firmed its stance on monetary policy. Although overall economic activity edged down in the first quarter, household spending and business fixed investment remained strong. Inflation remained 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 exacerbate supply chain disruptions.
- With appropriate firming in the stance of monetary policy, the Committee expects inflation to return to its two percent objective and the labor market to remain strong. In support of these goals, the Fed raised the target range for the federal funds rate 0.5 percentage points to 0.75 to 1 percent, the largest increase since May 2000. The Fed anticipates that ongoing increases in the target range will be appropriate. In addition, the Committee will begin reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities on June 1.
- The next FOMC meeting is June 14-15, 2022.

Policy Watch

Local

- Governor Jared Polis signed several bills into law that are aimed at helping businesses financially.
 - Senate Bill 238 reduces the tax assessment rate for nonresidential properties from 29 percent to 27.9 percent in 2023 and exempts the first \$30,000 in property value. The changes are expected to save the average business owner about \$1,200. The bill also reduced the residential property assessment rate from 6.95 percent to 6.77 percent and exempts the first \$15,000 of value on homes, which is expected to save the average homeowner \$274.
 - Senate Bill 124 allows companies to retroactively file their 2018-2021 taxes at the entity level and take advantage of the federal State and Local Tax deduction, which is expected to save LLC and S Corporations at least \$316 million.
 - House Bill 1351 will delay a 2-cent per gallon fee on gasoline from being implemented from July 1, 2022 to April 1, 2023.
 - Senate Bill 6 will increase from 4 percent to 5.3 percent the amount of sales tax receipts that retailers making less than \$100,000 a month in revenue can keep when they calculate and remit sales taxes for the year 2023 only.
 - House Bill 1001 reduces from \$49 to \$1 for 2023 the amount that new businesses must pay in registering with the Colorado Secretary of State's Office.
- More than \$2 billion is expected to be refunded to Colorado taxpayers as part of the Taxpayer's Bill of Rights (TABOR), which requires the Colorado government to send a portion of state revenue back to taxpayers in

strong economic times. Senate Bill 22-233 allows for a new temporary mechanism for the refund: an income tax reduction that will be distributed to taxpayers by check in early September. The amount was previously announced to be a flat rate of \$400 for individuals and \$800 for joint filers, but an amendment to the bill now allows for larger refunds if revenues are greater than previously planned for. Based on the most recent projections, refunds are now expected to be more than \$500 for individuals and \$1,000 for joint filers.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was \$109.8 billion in March, up 22.3 percent from \$89.8 billion in February. March imports increased 10.3 percent to \$351.5 billion, while exports increased 5.6 percent to \$241.7 billion. Year-to-date, the goods and services deficit increased \$84.8 billion, or 41.5 percent, from the same period in 2021. Exports increased 17.7 percent and imports increased 23.8 percent year-over-year.
- The Conference Board Leading Economic Index (LEI) decreased by 0.3 percent in April to 119.2, following a 0.1 percent increase in March. The April decrease in the U.S. LEI was largely due to weak consumer expectations and a drop in residential building permits. Overall, the U.S. LEI was essentially flat in recent months, which is in line with a moderate growth outlook in the near-term. A range of downside risks – including inflation, rising interest rates, supply chain disruptions, and pandemic related shutdowns, particularly in China – continue to weigh on the outlook. The Conference Board projects the U.S. economy will resume expanding in Q2 following Q1’s contraction in real GDP. Despite downgrades to previous forecasts, The Conference Board still projects 2.3 percent year-over-year U.S. GDP growth in 2022.
- According to the Institute for Supply Management’s Manufacturing Index, the Purchasing Managers Index (PMI) was 56.1 percent in May, an increase of 0.7 percentage points from the April reading of 55.4 percent. This figure indicates expansion in the overall economy for the 24th month in a row after contraction in April and May 2020, but it was the second-lowest reading since September 2020. The U.S. manufacturing sector remains in a demand-driven, supply chain-constrained environment. Companies improved their progress on addressing moderate-term labor shortages at all tiers of the supply chain and panelists reported lower rates of quits compared to April. May was the second straight month of slight easing of prices expansion, but instability in global energy markets continued. Fifteen manufacturing industries reported growth in May compared to April, with the only decline reported in Furniture & Related Products.
- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 55.9 percent in May, 1.2 percentage points lower than April’s reading of 57.1 percent. The May reading indicates growth for the 24th 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 and the war in Ukraine continued to disrupt the services sector. Fourteen service industries reported growth in May, with decrease reported in Agriculture, Forestry, Fishing, & Hunting; Retail Trade; and Information.
- The U.S. birthrate increased in 2021 for the first time in seven years, according to provisional data released by the National Vital Statistics System. Between 2014 and 2020, births dropped an average of 2 percent per year, including a decline of 4 percent between 2019 and 2020. In 2021, nearly 3.7 million babies were born in the U.S., an increase of about 46,000 births, or 1 percent, from 2020, but a decrease from the 2019 figure.

Local

- According to the University of Colorado Boulder Leeds School of Business second quarter 2022 Leeds Business Confidence Index, confidence slipped ahead of Q2 2022, but remained positive, with business leaders citing the Russia/Ukraine conflict and inflation as primary concerns. The Index decreased 4.1 points ahead of Q2 2022 to 53.9, falling below the long-term average of 54.4, but remaining in positive territory – above 50. All six components decreased from the prior quarter and the prior year, while five of the components remained above 50. More than half of respondents expect to increase wages in response to higher inflation, and most do not expect inflation to moderate until 2023. Despite economic risks, the survey results coupled with economic metrics point to continued economic growth over the next two quarters.
- 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 but expectations for future growth softened somewhat due to rising costs, worsening supply chain disruptions, and heightened uncertainty. Demand for goods slowed while demand for services grew steadily, particularly in leisure and hospitality. Although expected growth generally softened, construction activity grew at a robust pace and backlogs for future projects extended further. Labor demand remained elevated, and the number of hours worked increased in recent weeks. Above average wage gains aimed at retaining workers were reported widely.
- New U.S. Census Bureau data shows that between July 2020 and July 2021, the estimated population in Metro Denver increased by less than 0.1 percent, or 683 people. Three of the seven counties reported increases over-the-year. Douglas County reported the largest increase in population of 2.5 percent, or 8,888 people, followed by Broomfield County (+1.1 percent) and Adams County (+0.4 percent). Denver County reported the largest decrease in population of 0.9 percent, or 6,167 people.
- According to Washington-based data and analytics company Inrix, Denver traffic to and from downtown increased 101 percent in February and March 2022 compared with the same period in 2020. The study was conducted to understand the status of return-to-office work in major U.S. downtowns. Of the 10 major cities studied, only Denver and Nashville reported a higher number of trips to downtown in February 2022 compared to February 2020. According to Inrix, 9.3 percent of Metro Denver’s jobs are located downtown, however the number of employees working in downtown Denver on a daily basis is only 40 percent of the level from before the coronavirus pandemic.

Labor Force and Employment

- Employment in Metro Denver increased 5 percent between April 2021 and 2022, rising by 84,200 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 5 percent, or by 74,100 jobs, while the Boulder-Longmont MSA increased 5.2 percent, or by 10,100 jobs, during the period.
- All 11 supersectors reported over-the-year increases in employment. Leisure and hospitality reported the largest increase, rising 17 percent, followed by professional and business services (+7.9 percent) and other services (+7.8 percent). Government reported the most modest over-the-year increase of 0.9 percent.
- Employment in Colorado increased 4.8 percent, or by 129,000 jobs, between April 2021 and 2022. National employment rose 4.6 percent, or by more than 6.6 million jobs. The U.S. has now regained 94.6 percent of the jobs lost from February to April 2020.

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

| | Month of Apr-22 | Month of Mar-22 | Month of Apr-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* | 1,770.3 | 1,755.9 | 1,686.1 | 1,749.6 | 1,661.5 | 5.3% | 2.1% | 2.9% |
| Denver-Aurora-Lakewood MSA | 1,567.6 | 1,554.0 | 1,493.5 | 1,549.5 | 1,472.8 | 5.2% | 2.1% | 2.9% |
| Boulder MSA | 202.7 | 201.9 | 192.6 | 200.1 | 188.7 | 6.0% | 2.1% | 2.7% |
| Natural Resources & Construction | 116.1 | 113.2 | 113.4 | 113.9 | 111.4 | 2.3% | 4.8% | 5.1% |
| Manufacturing | 94.0 | 94.0 | 90.2 | 93.3 | 89.8 | 3.9% | 1.1% | 2.2% |
| Wholesale & Retail Trade | 240.7 | 240.0 | 232.5 | 239.5 | 232.7 | 2.9% | 1.1% | 2.1% |
| Transp., Warehousing & Utilities | 75.5 | 75.9 | 71.4 | 76.7 | 73.8 | 3.9% | 4.8% | 2.9% |
| Information | 62.1 | 61.9 | 60.7 | 62.2 | 60.3 | 3.1% | 1.4% | -0.8% |
| Financial Activities | 123.5 | 124.5 | 121.6 | 124.0 | 121.2 | 2.4% | 2.5% | 2.1% |
| Professional & Business Services | 349.1 | 343.4 | 323.4 | 341.4 | 316.8 | 7.8% | 2.1% | 5.1% |
| Education & Health Services | 221.4 | 220.9 | 218.5 | 219.8 | 216.8 | 1.4% | 1.7% | 3.7% |
| Leisure & Hospitality | 182.1 | 177.2 | 155.6 | 176.4 | 144.4 | 22.1% | 2.8% | 3.4% |
| Other Services | 67.9 | 67.1 | 63.0 | 66.8 | 62.5 | 6.8% | 1.1% | 2.8% |
| Government | 237.9 | 237.8 | 235.8 | 235.6 | 231.8 | 1.6% | 1.9% | 0.9% |
| Federal Gov't | 29.7 | 29.8 | 30.7 | 29.9 | 30.6 | -2.3% | -0.5% | -0.8% |
| State Gov't | 66.5 | 66.6 | 65.1 | 64.8 | 63.1 | 2.7% | 4.4% | 1.8% |
| Local Gov't | 141.7 | 141.4 | 140.0 | 141.0 | 138.2 | 2.0% | 1.3% | 0.9% |
| Colorado | 2,840.5 | 2,824.8 | 2,711.5 | 2,813.9 | 2,674.2 | 5.2% | 2.3% | 2.4% |
| United States | 150,983 | 149,912 | 144,358 | 149,386 | 142,692 | 4.7% | 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 Headlines

Aerospace

- Star Harbor Academy, a startup launching a commercial space-flight training center, plans to develop a 53-acre campus in Lone Tree where people can learn to be astronauts and companies can develop new space technologies. Star Harbor will have an airplane for low-gravity parabolic flights, pools for water training that simulate weightlessness, underwater habitats, a high-gravity centrifuge where people can experience the G-force of flight, and other specialized instructional gear. Although the main building is not expected to be finished until 2026, the academy plans to begin training its first classes of astronauts in the next 18 to 24 months.
- Golden-based Lunar Outpost, a startup that designs autonomous rover vehicles for space exploration, recently raised \$12 million in seed funding. The company plans to use the capital to develop a new type of rover, deploy its robotics systems, and improve existing rover platforms.

Aviation

- United Airlines is expanding its Denver-based Flight Training Center with the construction of a new four-story building, which broke ground in May and is expected to be complete by the end of 2023. The

expansion will add 155,000 square feet to United's 23-acre campus that currently houses seven buildings and over 1,000 employees. Along with additional classrooms and offices, United's new building will add 12 flight simulators to bring the world's largest flight training campus to 80 total. United expects its Denver employee count to rise from its current 7,000 workers to 10,000 by the end of the project's completion.

Bioscience

- Inotiv Inc. is planning to double its Westminster pharmaceutical research and laboratory operations, which the company acquired last year in its procurement of Westminster-based Plato BioPharma Inc. The company plans to invest \$5.5 million in construction, renovations, and build out for an expansion of the Westminster facility. Inotiv will also create five new jobs and retain the existing 34 jobs, with an average salary of \$95,000.
- Pharmaceutical company Eli Lilly & Co. recently opened a new headquarters facility for their oncology research division called Loxo@Lily, located in Louisville's Colorado Technology Center. The pharmaceutical company acquired Loxo Oncology Inc. in 2019, which was headquartered in Connecticut with a few dozen workers in Boulder. The new Louisville facility totals 115,000 square feet and is home to about 150 employees.
- Lakewood-based Terumo Blood and Cell Technologies opened its newest \$250 million manufacturing facility in Douglas County that will eventually employ about 300 people. The 170,000-square-foot, state-of-the-art plant is the second Colorado location that will serve plasma collections customers with single-use collection sets for the recently U.S. Food & Drug Administration-cleared Rika Plasma Donation System.
- Growcentia Inc., an agricultural biotechnology company and Colorado State University spinoff, celebrated the grand opening of its new, 30,000-square-foot corporate headquarters in Loveland's Centerra development. The new facility provides the company with two R&D laboratories, manufacturing bays, office, warehousing, and shipping space.

Broadband and Digital Communications

- Media company Outside Inc. will lay off 85 to 90 people of its 580-person workforce as the publisher continues to transition to a primarily digital company. The company will also cut the majority of its other print publications, reducing their print cadence to one or two special issues per year except for flagship title *Outside Magazine*, to focus on video content.

Energy and Natural Resources

- Arvada-based carbon sequestration startup Carbon America announced its first project will be collecting carbon dioxide emissions from the Sterling Ethanol and Yuma Ethanol fuel plants and inject them into the first underground sequestration well drilled in the state. The company expects the project will take 18 to 20 months to design, permit, build, and test, with the first underground sequestration to start in the second half of 2024. Carbon America employs 66 people and is hiring steadily to add more staff, opening a second office in Lakewood. The company aims to have a half-dozen carbon capture and sequestration projects under contract by year's end.
- Veloce Energy Inc., a company developing modular electrification devices, is moving from its north Fort Collins location to the Forge campus in South Loveland. The 16-person company's modular systems are intended to help electric-vehicle drivers set up home charging stations without needing to completely rework their existing power lines.

Financial Services

- Boulder-based Elevations Credit Union, the top credit union mortgage lender in Colorado, has opened a new loan production office in Lakewood. It is the third Elevations office in Metro Denver and the first in Lakewood. The new office will employ 10 loan officers.
- A large but undisclosed number of employees were laid off at American Financing Corp. in Aurora in May. Those affected are receiving severance and benefits. According to the company, the mortgage market is starting to normalize after being incredibly hot for the past two years, which led to a reassessment of their business needs and workforce alignment.

Food and Beverage Production

- Twenty Colorado breweries were awarded 22 medals – including five gold medals– at this year’s World Beer Cup, an international beer competition hosted by Boulder-based trade organization the Brewers Association. The competition honored craft beer-makers globally, with entries from nearly 2,500 breweries representing 57 countries. Among the gold medal winners were Edgewater-based Joyride Brewing Co., Golden-based Cannonball Creek Brewing Co., and three Denver-based brewers: Grüvi, Station 26 Brewing Co., and Amalgam Brewing.
- Naked Wines, a direct-to-consumer wine subscription service, has chosen Denver over Seattle for its second U.S. headquarters. The Napa, California-based company currently has 150 employees in the U.S. and plans to create 251 new jobs in Colorado over the next eight years. The company plans to hire software engineers, product managers, and marketers to staff a new 14,000-square-foot office near 19th and Lawrence streets in LoDo. The new jobs will have an estimated average annual wage of \$121,016, which is 161 percent of the average annual wage in Denver County.
- Sparboe Companies, a Minnesota-based poultry business, notified the Colorado labor department that 96 workers had been temporarily laid off at its Sparboe Hudson egg farm in May. The announcement came after an outbreak of the avian flu was detected at the Weld County farm. The positions being eliminated include processing manager, production supervisor, packer, stacker, machine operator, manure technician, gate security, and administrative assistant.

Healthcare and Wellness

- Denver-based mental health tech company Sondermind, which uses its platform to connect individuals with licensed therapists, currently employs about 280 people and expects to grow its headcount to as many as 375 people by the end of the year. The company expanded into six new states in 2021 and expects growth in the next few years will include more geographical expansion.

IT-Software

- Denver-based Ping Identity Holding Corp., a cloud-based cybersecurity company, added 225 employees in 2021 and expects its headcount will grow at a similar pace in 2022. The company currently employs about 1,400 people total, with just under 500 working in Metro Denver. While a substantial portion of the recent growth was fueled by acquiring other organizations, the company is now moving to a phase of growth that is focused on integration of the capabilities it has purchased into the larger business.
- Massachusetts-based Dynatrace has selected Denver for its new office and has leased 52,000 square feet at 1900 16th Avenue in LoDo. Dynatrace is a software intelligence platform that optimizes the health and business impact of client companies’ software. The company currently has 15 employees in Denver and

expects to hire up to 400 within the next three years. Between 100 and 150 new hires are expected within the next nine to 12 months. The new positions will include a mix of technical roles as well as customer success and sales roles.

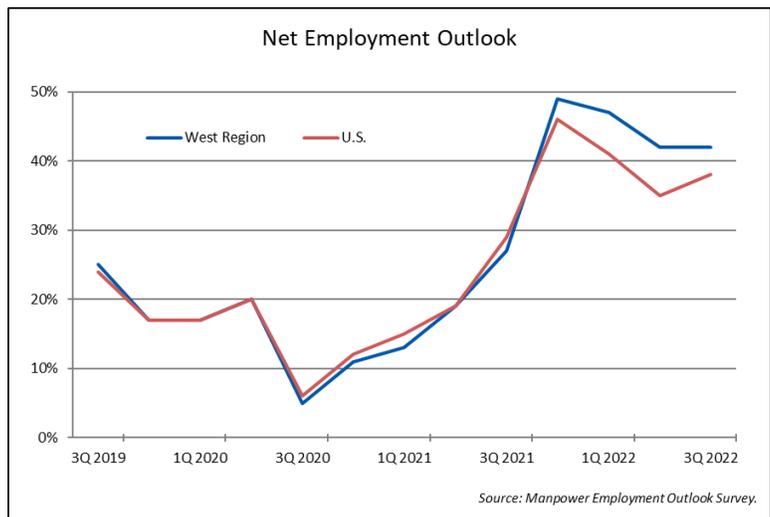
- Denver-based SOBRsafe began trading as a public company on the Nasdaq and plans to double its staff of 11 employees. The company provides preventative, touch-based technology to prevent alcohol-related incidents and plans to develop additional alcohol-detection applications for youth drivers and rehabilitation later this year.

Other Industry Headlines

- Denver-based Velocity Global, a company that helps companies hire in other countries and establish international locations, recently raised \$400 million in Series B funding. The new funding will be used to expand the services the company offers, as well as more than double its headcount. Currently, Velocity Global employs 700 people.
- Greenwood Village-based Safe Rx, which makes prescription drug bottles with combination locks designed to curb opioid abuse, raised \$3 million in a fundraising round in May. The startup currently has 12 full-time employees and contractors at its headquarters in the Denver Tech Center. As a result of the new capital, the company has hired two new employees and has four additional positions open. Safe Rx is planning to double its office space with this new staff expansion.

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

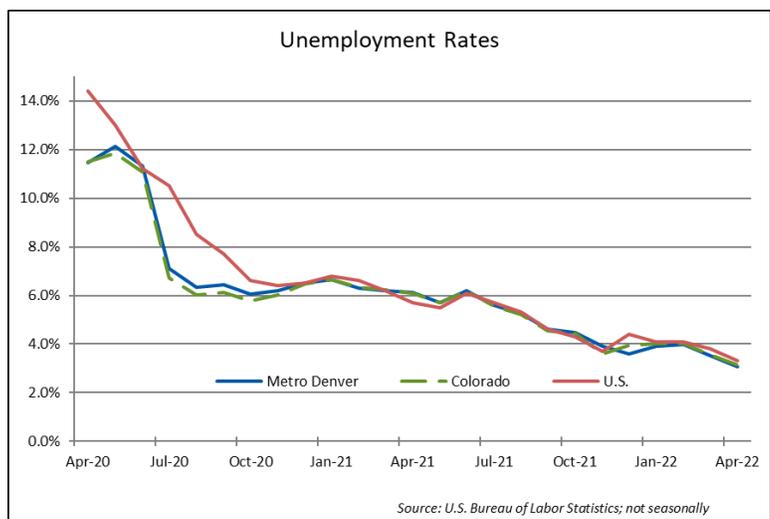
| | Quarter 3 2022 | Quarter 2 2022 | Quarter 3 2021 | YTD 2022 | YTD 2021 | Ann Avg 2017 | Ann Avg 2012 |
|---------------------------------|-------------------|-------------------|-------------------|-------------|-------------|-----------------|-----------------|
| West Region | | | | | | | |
| Net 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 3.1 percentage points over-the-year to 3.1 percent in April. The unemployment rate decreased 0.5 percentage points from the prior month.

- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate in April. Denver and Adams counties reported the largest decreases, falling 3.4 percentage points, followed by Arapahoe County (-3.2 percentage points) and Jefferson County (-2.9 percentage points). Douglas County reported the lowest unemployment rate of 2.3 percent in April, while Adams County reported the highest rate of 3.7 percent.



Source: U.S. Bureau of Labor Statistics; not seasonally

- There were 52,066 more people either employed or looking for work between April 2021 and 2022 in Metro Denver, an increase of 2.8 percent. The labor force rose in all seven counties, led by Douglas County (+3.7 percent), Broomfield County (+3.4 percent), and Boulder County (+3.3 percent).
- Colorado reported an unemployment rate of 3.1 percent in April, down 3 percentage points from the same time last year and the lowest rate since February 2020 when unemployment was 3 percent. Over-the-month, the state’s unemployment rate fell 0.4 percentage points. The labor force increased 2.1 percent over-the-year to nearly 3.2 million people either employed or looking for work. The national unemployment rate fell 2.4 percentage points over-the-year to 3.3 percent and fell 0.5 percentage points over-the-month. The national labor force increased 1.9 percent between April 2021 and 2022.

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

| | April 2022 (p) | | 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 | 1,882.4 | 3.1% | 1,879.4 | 3.6% | 1,820.1 | 6.3% | 2.5% | 7.7% |
| Adams County | 281.3 | 3.7% | 281.5 | 4.4% | 273.2 | 7.2% | 2.8% | 9.5% |
| Arapahoe County | 374.6 | 3.3% | 374.0 | 3.9% | 362.7 | 6.7% | 2.6% | 7.8% |
| Boulder County | 200.8 | 2.4% | 200.2 | 2.9% | 192.5 | 5.3% | 2.2% | 6.3% |
| Broomfield County | 42.2 | 2.4% | 42.1 | 2.9% | 40.7 | 5.4% | 2.4% | 6.7% |
| Denver County | 435.6 | 3.4% | 435.1 | 4.0% | 422.8 | 6.9% | 2.5% | 7.9% |
| Douglas County | 206.4 | 2.3% | 205.7 | 2.7% | 198.0 | 4.8% | 2.2% | 6.1% |
| Jefferson County | 341.5 | 2.8% | 340.8 | 3.3% | 330.2 | 6.0% | 2.4% | 7.5% |
| Colorado | 3,198.4 | 3.1% | 3,212.9 | 3.7% | 3,118.2 | 6.3% | 2.3% | 6.8% |
| United States | 163,449 | 3.3% | 163,568 | 3.9% | 160,005 | 6.3% | 2.5% | 7.9% |

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

- Initial unemployment insurance claims in Metro Denver decreased 83.3 percent between April 2021 and 2022, falling to a weekly average of 930 claims. Over-the-month, initial claims increased 17.4 percent.
- Colorado reported an average of 1,898 initial unemployment claims per week in April, down 80.4 percent from the same time last year, and representing 7,804 fewer claims each week. Between March and April, average weekly initial claims in Colorado increased 41.4 percent.

Weekly First-Time Unemployment Insurance Claims

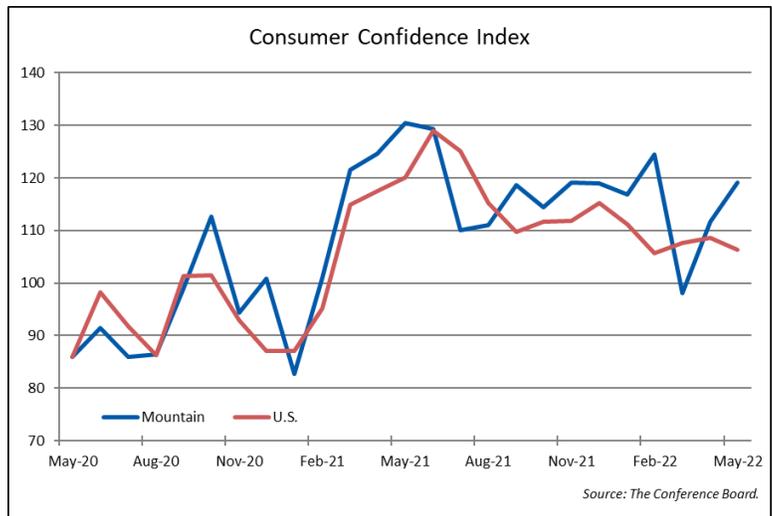
| | Month of Apr-22 | Month of Mar-22 | Month of Apr-21 | YTD Avg 2022 | YTD Avg 2021 | YTD Avg % Change | Ann Avg 2017 | Ann Avg 2012 |
|--------------|-----------------|-----------------|-----------------|--------------|--------------|------------------|--------------|--------------|
| Metro Denver | 930 | 792 | 5,555 | 1,093 | 13,859 | -92.1% | 1,103 | 1,627 |
| Colorado | 1,898 | 1,342 | 9,702 | 2,011 | 23,564 | -91.5% | 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 for the U.S. decreased slightly in May following a small increase in April. The index now stands at 106.4, a 2 percent over-the-month decrease, and an 11.3 percent decrease over-the-year.
- Analysts at The Conference Board stated that purchasing intentions for cars, homes, major appliances, and more all cooled – likely a reflection of rising



interest rates and consumers pivoting from big-ticket items to spending on services. Vacation plans also softened due to rising prices. Indeed, inflation concerns in May remained effectively unchanged from April's elevated levels. Looking ahead, surging prices and additional interest rate hikes are expected to pose continued downside risks to consumer spending in 2022.

Consumer Confidence Index

| | Month of May-22 | Month of Apr-22 | Month of May-21 | YTD Avg 2022 | YTD Avg 2021 | YTD Avg % Change | Ann Avg 2017 | Ann Avg 2012 |
|---------------|--------------------|--------------------|--------------------|-----------------|-----------------|---------------------|-----------------|-----------------|
| Mountain | 119.1 | 111.7 | 130.5 | 114.0 | 112.1 | 1.7% | 130.1 | 68.7 |
| United States | 106.4 | 108.6 | 120.0 | 107.9 | 106.9 | 0.9% | 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 8.7 percent between May 2021 and 2022 to 119.1. The index increased 6.6 percent over-the-month from 111.7 in April. The Present Situations Index fell 0.7 percent over-the-year to 161.7, while the Expectations Index decreased 16.7 percent to 90.7 during the period.

Consumer Spending

- National retail sales activity rose 7.3 percent over-the-year in March, with nine of the 13 supersectors reporting increases during the period. Gasoline stations reported the largest over-the-year increase of 39.9 percent, followed by food services and drinking places (+22.4 percent) and miscellaneous store retailers (+18.1 percent). Sporting goods, hobby, book, and music stores reported the largest over-the-year decrease of 6 percent, followed by electronics and appliance stores (-2.8 percent) and general merchandise stores (-1.9 percent).

National Retail Sales (\$millions)

| | Month of Mar-22 | Month of Feb-21 | Month of Mar-21 | YTD Total 2022 | YTD Total 2021 | YTD Total % Change | Annual Growth 2017 | Annual Growth 2012 |
|--------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-----------------------|--------------------------|--------------------------|
| Total Retail Sales | 681,430 | 579,139 | 634,945 | 1,848,530 | 1,645,842 | 12.3% | 4.1% | 5.0% |
| Motor Vehicles | 139,990 | 116,991 | 141,659 | 370,528 | 341,612 | 8.5% | 2.9% | 9.0% |
| Furniture and Home | 12,566 | 10,685 | 12,401 | 33,674 | 32,749 | 2.8% | 2.7% | 4.5% |
| Electronics & Appliance | 7,655 | 6,426 | 7,875 | 20,799 | 20,839 | -0.2% | -1.6% | 2.1% |
| Building Materials | 44,531 | 33,529 | 43,010 | 111,831 | 103,184 | 8.4% | 3.4% | 4.5% |
| Food and Beverage | 76,252 | 69,315 | 70,946 | 220,551 | 205,233 | 7.5% | 3.8% | 3.1% |
| Health and Personal Care | 33,637 | 29,947 | 33,452 | 95,808 | 90,428 | 5.9% | 1.5% | 0.9% |
| Gasoline Stations | 64,345 | 49,575 | 46,008 | 163,018 | 119,075 | 36.9% | 9.2% | 4.1% |
| Clothing & Accessories | 25,549 | 20,509 | 23,616 | 64,171 | 55,103 | 16.5% | 0.1% | 4.8% |
| Sporting Goods | 8,760 | 7,142 | 9,323 | 23,172 | 22,791 | 1.7% | -2.9% | 2.8% |
| General Merchandise | 67,471 | 56,575 | 68,779 | 184,930 | 180,327 | 2.6% | 1.3% | 2.8% |
| Miscellaneous Store | 15,101 | 12,836 | 12,786 | 40,433 | 33,069 | 22.3% | 2.1% | 1.5% |
| Non-Store Retailers | 100,930 | 92,870 | 95,909 | 292,418 | 262,845 | 11.3% | 11.8% | 8.5% |
| Food Service & Drinking | 84,643 | 72,739 | 69,181 | 227,197 | 178,587 | 27.2% | 5.3% | 5.8% |

Source: U.S. Census Bureau.

- According to data from the Bureau of Economic Analysis, personal savings as a percentage of disposable personal income fell to 4.4 percent in April, the lowest rate since 2008. The low rate of savings suggests that many households are using their savings to offset cost increases from inflation.

Total Retail Sales (\$000s)

| | Month of Mar-22 | Month of Feb-22 | Month of Mar-21 | YTD Total 2022 | YTD Total 2021 | YTD Total % Change | Annual Growth 2017 | Annual Growth 2012 |
|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-----------------------|--------------------------|--------------------------|
| Total Metro Denver | 15,239,434 | 11,712,374 | 13,305,365 | 39,546,371 | 33,486,573 | 18.1% | 4.9% | 7.9% |
| Adams County | 2,801,764 | 2,298,461 | 2,521,118 | 7,609,423 | 6,323,630 | 20.3% | 8.9% | 12.4% |
| Arapahoe County | 2,669,047 | 2,018,187 | 2,338,259 | 6,867,343 | 5,893,535 | 16.5% | 1.5% | 9.7% |
| Boulder County | 1,682,625 | 1,139,347 | 1,463,640 | 4,036,061 | 3,436,979 | 17.4% | 9.5% | 5.8% |
| Broomfield County | 312,729 | 233,453 | 258,812 | 785,939 | 652,841 | 20.4% | 8.1% | 15.9% |
| Denver County | 3,724,499 | 2,870,610 | 3,112,694 | 9,567,490 | 7,864,892 | 21.6% | 4.0% | 1.9% |
| Douglas County | 1,578,218 | 1,324,075 | 1,403,378 | 4,420,811 | 3,776,754 | 17.1% | 2.0% | 7.7% |
| Jefferson County | 2,470,552 | 1,828,241 | 2,207,464 | 6,259,303 | 5,537,942 | 13.0% | 3.9% | 10.9% |
| Colorado | 26,478,769 | 20,115,932 | 22,516,333 | 67,675,075 | 56,470,494 | 19.8% | 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.

- Retail sales in Metro Denver rose 14.5 percent between March 2021 and 2022. All seven counties in Metro Denver reported over-the-year increases in retail sales. Broomfield County reported the largest increase of 20.8 percent, followed by Denver County (+19.7 percent) and Boulder County (+15 percent). Adams County reported the most modest increase of 11.1 percent. Retail sales throughout Colorado rose 17.6 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 April rose 0.6 percent from March and 8.3 percent over-the-year, the first slowdown in the pace of inflation since August 2021, but the 12th month in a row at or above 5 percent. Core inflation, which excludes volatile food and energy prices, rose 6.2 percent over-the-year in April, down from 6.5 percent in March.
- All eight components of the CPI increased over-the-year, with the largest increases in transportation (+19.9 percent), food and beverage (+9 percent), and housing (+6.5 percent). Education and communication reported the most modest over-the-year increase of 1 percent.
- Consumer inflation in the Denver MSA reached its highest level since March 1982. The CPI for the Denver-Aurora-Lakewood MSA rose 9.1 percent over-the-year in March, up from a 7.9 percent increase in January and a 6.5 percent increase in November. Core inflation was 8 percent.
- Seven of the eight components in the Denver MSA reported increases between March 2021 and 2022, with the largest increases in transportation (+21.7 percent), other goods and services (+9.6 percent), and food and beverage (+8.8 percent). Education and communication reported the only over-the-year decrease of 1.6 percent.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price for May was \$4.67 per gallon, up 53.4 percent from the same time last year. The Metro Denver average fuel price increased 41 percent over-the-year to an average of \$4.35 per gallon, a rise of \$1.26. The average fuel price in Metro Denver was \$0.33 lower than the average fuel price throughout the U.S.

Stock Market

- All four stock market indices decreased between May 2021 and 2022. The Bloomberg Colorado reported the largest decrease, falling 14.8 percent, followed by the NASDAQ (-12.1 percent), the DJIA Index (-4.5 percent), and the S&P 500 (-1.7 percent). Between April and May 2022, the Bloomberg Colorado reported the largest decrease of 3.9 percent, followed by the NASDAQ (-2.1 percent). Both the S&P 500 and the DJIA remained nearly unchanged over-the-month.

Stock Market Indexes

| | Month of May-22 | Month of Apr-22 | Month of May-21 | YTD Return 2022 | YTD Return 2021 | Annual Avg Return 2017 | Annual Avg Return 2012 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------------------|------------------------------|
| Bloomberg Colorado | 702.6 | 731.3 | 824.6 | -20.6% | 8.6% | -3.7% | 3.5% |
| S&P 500 | 4,132.2 | 4,131.9 | 4,204.1 | -13.3% | 11.9% | 20.0% | 13.4% |
| NASDAQ | 12,081.4 | 12,334.6 | 13,748.7 | -22.8% | 6.7% | 28.2% | 15.9% |
| DJIA (Dow Jones) | 32,990.1 | 32,977.2 | 34,529.5 | -9.2% | 12.8% | 25.7% | 7.3% |

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- The Denver Art Museum was named one the world’s best new museums in the 26th edition of Condé Nast Traveler’s Hot List. Seven other museums were listed in *The Best New Museums in the World: 2022 Hot List*, including The Fellini Museum in Italy, M+ in Hong Kong, and MoMu in Belgium. The Denver Art Museum reopened in late 2021 after a four-year, \$150 million refurbishment, which qualified the museum as “new” for the purposes of this list.
- The average hotel occupancy rate in Metro Denver rose 14.4 percentage points over-the-year to 66.6 percent in the month of April 2022. The average hotel room rate rose 46 percent to \$140.06 per night, an increase of \$44.12 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 89 percent of pre-pandemic levels recorded in April 2019. The average room rate has returned to 99 percent of pre-pandemic levels.

Metro Denver Hotel Statistics

| | Month of Apr-22 | Month of Mar-22 | Month of Apr-21 | YTD Avg 2022 | YTD Avg 2021 | YTD Avg % Change | Ann Avg 2017 | Ann Avg 2012 |
|---------------------------------|--------------------|--------------------|--------------------|-----------------|-----------------|---------------------|-----------------|-----------------|
| Percent of Hotel Rooms Occupied | 66.6% | 63.1% | 52.2% | 60.0% | 43.4% | 16.6% | 74.9% | 68.0% |
| Average Hotel Room Rate | \$140.06 | \$130.58 | \$95.94 | \$128.31 | \$90.37 | 42.0% | \$143.68 | \$111.78 |

Source: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that nearly 5.5 million passengers passed through the airport in April, a 24.7 percent increase from the previous year, or a rise of nearly 1.1 million passengers.

Denver International Airport Passengers

| | Month of Apr-22 | Month of Mar-22 | Month of Apr-21 | YTD Total 2022 | YTD Total 2021 | YTD Total % Change | Annual 2017 | Annual 2012 |
|------------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-----------------------|----------------|----------------|
| Number of Airline Passengers | 5,458,016 | 5,617,325 | 4,375,546 | 19,934,118 | 13,919,580 | 43.2% | 61,379,396 | 53,156,278 |

Source: Denver International Airport, Traffic Statistics.

- Southwest Airlines will begin operating 16 new gates at Denver International Airport's C-East concourse starting in June. At 530,000 square feet, the new space is the largest physical expansion at the airport since the Westin Hotel and Transit Center in 2015. The C-East Expansion broke ground in early 2019 and is the second of four areas to open as part of the airport's 38-gate expansion project across all three concourses.

Residential Real Estate

National

- According to Freddie Mac's *Primary Mortgage Market Survey*, purchase mortgage rates for 30-year fixed rate mortgages averaged 5.09 percent for the week ending June 2, nearly unchanged from the week prior but down from the recent peak of 5.3 percent in mid-May. Despite mortgage rates falling for three consecutive weeks, rates were still significantly higher than last year's rate of 2.99 percent, which analysts note is affecting affordability and purchase demand.
- U.S. mortgage application volume fell 2.3 percent from the prior week at the end of May, the fourth over-the-week decline in five weeks and the lowest level since December 2018, according to the Mortgage Bankers Association. New purchase applications were down 14 percent over-the year, while refinancing applications were down 75 percent over the same period.
- According to the National Association of Realtors (NAR), pending home sales in the U.S. fell 3.9 percent over-the-month in April, the sixth consecutive month of declines and the slowest pace in nearly 10 years. The NAR Pending Home Sales index is a forward-looking indicator of home sales based on contract signing. Over-the-year, pending home sales were down 9.1 percent in April.
- According to a recent NAR survey, institutional investors in residential properties made up 13.2 percent of all homebuyers in the U.S. in 2021, up from 11.8 percent in 2020, but below the peak of 15.7 percent in 2014. Colorado was among the top 5 states with the highest percent increase in institutional buyer share from 2020 to 2021, increasing 3.2 percentage points to 14 percent. The study also found that median purchase price among institutional buyers was typically 26 percent below the state median price.

Local

- According to a monthly study from Florida Atlantic University, Metro Denver ranked 37th out of the 100 largest metros for overvalued home prices in April. The study shows that Metro Denver's average home price in April was 38.5 percent above what would be expected based on long-term trends in the Zillow Home Value Index. Boise, ID was the most overvalued metro at 72.6 percent, followed by Austin, TX (67.7 percent), and Ogden, UT (64.7 percent).
- According to a new report from OJO Labs, Metro Denver's housing market was the second most competitive among the nation's 50 largest metro areas in April, up from No. 5 in March. In April, 70 percent of homes in Metro Denver sold for above the listing price, up from 66 percent in March and 59 percent in April 2021. On average, Metro Denver homes sold for \$33,464 above the list price in April.

Recently Announced Projects

- Southern Land Co. broke ground on the first single-family homes at its Westerly community in Erie. At full buildout, the community will have about 1,200 homes made up of 1,900- to 3,000-square-foot single-family homes and paired villas. Model homes are expected to be completed by mid-2022 and for-sale properties will be completed in the following months.
- Chicago-based CMK Companies plans to build a 25-story, 646-unit residential building at 2215 and 2243 California Street. The building will feature two towers rising above a four-story podium and will include 396 parking spaces, 8,482 square feet of retail space, and 508 square feet for the leasing office.
- Cherry Creek developer BMC Investments recently broke ground on 560 build-to-rent homes in Centennial's Copperleaf master-planned community. On the 36-acre site at East Quincy Avenue and E-470, BMC and its equity Partner Rockpoint are building the 330-unit Madison Apartments and The Filmore Homes, which will consist of 95 single-family homes and 135 attached townhome units. Both communities will have their own separate clubhouse and amenities. Completion of the rental units is expected in the summer of 2023.
- CMK Companies has submitted concept plans for a 37-story high-rise on the northwest corner of 21st and Lawrence streets in downtown Denver's Ballpark District. Plans call for 500 residential units, 350 parking spots, and two ground-floor retail spaces totaling more than 7,000 square feet.
- AMLI Residential plans to build a 20-story, 500-unit apartment building on a 1.72-acre parcel at 929 Broadway in Denver's Golden Triangle neighborhood. The north end of the lot is currently home to one- and two-story structures and the southern end is a surface parking lot. According to the plans, 14 of the building's units will be income restricted. The building will also have 7,700 square feet of ground-floor retail space and 653 parking spaces. The developer hopes to break ground by the end of 2022.
- Planned affordable housing development Willoughby Corner is set to receive \$13 million from the Colorado Housing and Finance Authority over the next 10 years. The 400-unit development at the southwest corner of 120th and Emma streets in east Lafayette will include 360 apartment units for people earning 60 percent or less of the area's median income, including 63 units for residents over the age of 55. The remaining 80 units will be townhomes and duplexes available for purchase for people making 120 percent or less of the area median income. Developers hope to begin construction in January 2023.
- Greenwood Village-based Brookhaven Capital Partners plans to build an apartment building at 1975 and 1995 S. Colorado Boulevard in Denver. The site is currently home to a La Quinta Inn and a free-standing Perkins Restaurant. The apartment building will be nine stories with 370 units and 339 parking spaces.
- Denver-based Trailbreak Partners has proposed a residential and retail structure at 800 Lincoln Street in Capital Hill, a site that is currently home to LowDown Brewery and Kitchen. The developer plans to build an 18-story building with 332 residential units, 367 parking spots, and 5,230 square feet of ground-floor retail space. The plans show two residential towers rising above a six-story base.
- Continental Properties broke ground on a 272-unit, 380,302-square-foot multifamily project called Springs at Peña Station, which will be completed in late 2024. The community will offer luxury-style apartment living, a pool, fitness center, and clubhouse, among other amenities on nearly 14 acres of vacant land at the 220-acre transit-oriented development Peña Station Next.

- Tennessee-based GBT Realty Corp. is planning the construction of a 25-story residential building at 2000 N. Broadway, currently home to a Firestone shop. GBT purchased the half-acre property in May 2021 for \$5.4 million. The proposed building would have 262 residential units and 247 parking spaces.
- Denver-based real estate developer St. Charles Town Company is building the Aspgren Park Apartments, a 216-unit workforce housing community to be located at 728 South Lipan Street in the Athmar Park neighborhood of Denver. The community will replace a former railroad storage lot and will include a unit mix catering to families as well as veterans transitioning from active duty to civilian life. Construction is expected to finish in the fall of 2023.
- The Opus Group plans to break ground in June on a senior living complex called Cadence Broomfield. The complex located at 4275 W. 121st Avenue will be three stories with 165 units, including options for independent living, assisted living, and memory care. The project is slated to open in 2024.
- Laramar Group, a real estate development firm with offices in Denver and Chicago, submitted concept plans for an apartment building that would replace the Royal Palace Motel at 1565 Colorado Boulevard in Denver. Plans call for a six-story building with 161 residential units and 165 parking stalls.
- Ryan Companies US, Inc. began construction on a 151-unit, 133,560-square-foot multifamily project in the Two Creeks neighborhood of Lakewood. The building will include a pool, outdoor space, and an automated vehicle parking system. Construction is slated for completion in late 2023.
- An affordable apartment complex at 48th Avenue and Vine Street in Denver called Vina Apartments is now open, offering 150 residential units. Half of the units are for those earning between 30 percent and 50 percent of the area median income and the remaining units will be available for those who make up to 80 percent of the area median income.
- Denver-based apartment developer Trailbreak Partners paid \$6 million for a 0.95-acre lot at 3245 Eliot Street in the Highlands and plans to build a three-story, 124-unit project at the site. The property is currently home to a 17,000-square-foot office building that dates back to 1955. Construction is expected to begin in late fall and finish in early 2024.
- Boulder Housing Partners plans to redevelop a 3.4-acre site at 3300 Penrose Place in Boulder to build a 115-unit affordable housing complex. The site is currently the headquarters for the Geological Society of America and is an architecturally notable building that will be retained in the redevelopment. Construction is projected to start in 2025.
- Dallas-based Stillwater Capital plans to build a nine-story apartment project on a site in Cherry Creek along North Detroit Street that is currently home to four retail buildings. The project calls for 90 units and approximately 11,000 square feet of retail space. Groundbreaking is planned for 2023.
- Gorman & Co. and Denver's Department of Housing Stability celebrated the opening of Avenida del Sol, a new 79-unit affordable apartment community located at 5048 Morrison Road in Denver's Westwood neighborhood. All units are income-restricted at a variety of income levels ranging from 30 percent to 80 percent of the area median income.
- The city of Boulder and Flatirons Habitat for Humanity broke ground on the redevelopment of Ponderosa Mobile Home Park in Boulder, which will replace roughly 70 trailer homes with single-family attached and detached homes. Residents will be allowed to stay in the trailers as new homes are built and will be given the opportunity to purchase the new homes as they become available.

- Academy Place, Broomfield’s first affordable low-income family apartment development in more than 22 years, opened in April at W. 120th Avenue. The development features 50 units at varying levels of rent subsidy, along with community and open space for outdoor activity. Academy Place will also provide services free of charge to residents, such as financial literacy, transportation services, and job skill workshops.
- The Jefferson County Commissioners approved the rezoning of an eight-acre site on Nob Hill in El Rancho to allow for the construction of 14 lodging units. The lodging units will be congregated and under professional management, but the owners will have the option to turn them into single-family homes. Each unit have two to four bedrooms with a maximum footprint of 1,000 square feet and a maximum height of 35 feet.
- Clearwater Capital Holdings purchased 10 residential lots and one 4.1-acre tract at the Village at Castle Pines, a master-planned community in Castle Pines. Construction of 10 luxury homes is expected to begin in August and the company hopes to have finished lots for the remaining tract by the end of the year. The 10 new homes will each list between \$3.9 million and \$5 million and will likely be 5,500- to 7,000-square-foot on half-acre to acre lots.

Home Resales

Metro Denver

- Home sales in Metro Denver totaled 5,238 in April, down 6.8 percent from the same time last year.
- Unsold homes on the market were 23.5 percent higher in April 2022 compared with the same time last year, representing 610 additional homes on the market. Over-the-month, the inventory of available homes increased by 44.3 percent.

Previously Owned Home Sales Activity

| | Month of Apr-22 | Month of Mar-22 | Month of Apr-21 | YTD Total 2022 | YTD Total 2021 | YTD Total % Change | Ann Total 2017 | Ann Total 2012 |
|-----------------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
| Home Sales (Closed) | 5,238 | 5,029 | 5,619 | 17,236 | 17,919 | -3.8% | 58,999 | 45,637 |
| Unsold Homes on Market | 3,204 | 2,221 | 2,594 | 3,204 | 2,594 | 23.5% | 3,854 | 7,706 |
| Average Sales Price-Single Family | \$797,584 | \$761,915 | \$679,343 | \$746,354 | \$640,223 | 16.6% | \$466,660 | \$312,905 |
| Average Sales Price-Condo | \$416,473 | \$421,553 | \$364,605 | \$407,776 | \$343,636 | 18.7% | \$278,011 | \$195,120 |
| Median Sales Price-Single Family | \$657,250 | \$635,000 | \$555,000 | | | | \$395,000 | \$256,000 |
| Median Sales Price-Condo | \$394,250 | \$380,000 | \$260,000 | | | | \$247,000 | \$149,900 |

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

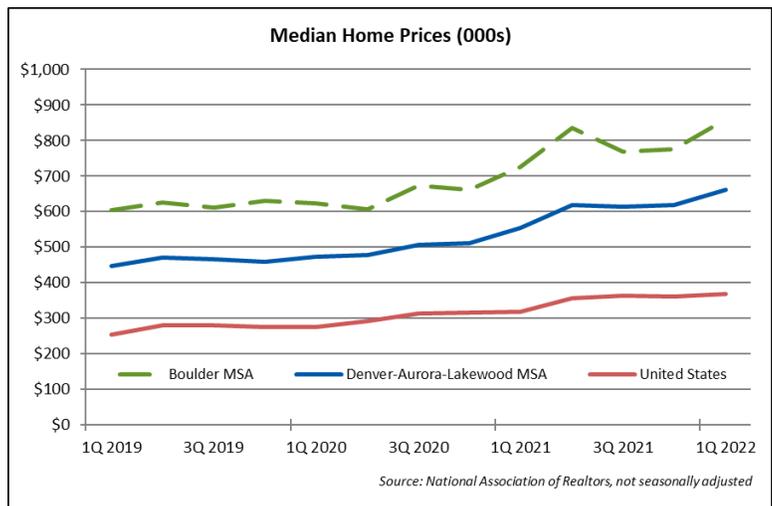
- The average sales price for single-family homes increased 17.4 percent over-the-year to \$797,584, representing an additional \$118,241 per home during the period. The average sales price for condominiums rose 14.2 percent over-the-year to \$416,473, representing an additional \$51,869 per home.
- Looking ahead, price gains for Metro Denver’s housing market flattened in May following several months of sharp increases and the inventory of homes available for sale continued to rise, according to the most recent monthly update from the Denver Metro Association of Realtors. These shifting conditions suggest Metro Denver’s housing market may have hit its peak as rising interest rates cool buyer demand.

National

- Total existing-home sales decreased 2.4 percent from March to a seasonally adjusted annual rate of 5.61 million in April, marking three consecutive months of declines, according to the National Association of Realtors (NAR). Sales decreased 5.9 percent year-over-year from the April 2021 reading of 5.96 million.
- All four regions reported over-the-year decreases in total home sales in April. The Northeast region reported the largest decrease of 10.7 percent, followed by the West (-8.1 percent), the South (-5.7 percent), and the Midwest (-1.5 percent).
- Properties remained on the market for 17 days in April, equal to both the number of days in March 2022 and in April 2021. Of the homes sold in April, 88 percent were on the market for less than a month.

Home Prices

- NAR data showed the median existing-home price for all housing types nationally was \$391,200 in April, up 14.8 percent from the same time last year. This marked 122 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 eighth 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 22.2 percent over-the-year in April, followed by the Midwest (+8.7 percent), the Northeast (+8.1 percent), and the West (4.3 percent).
- The West region reported the highest median home price of \$523,000, while the Midwest reported the lowest median price of \$282,000 in April.



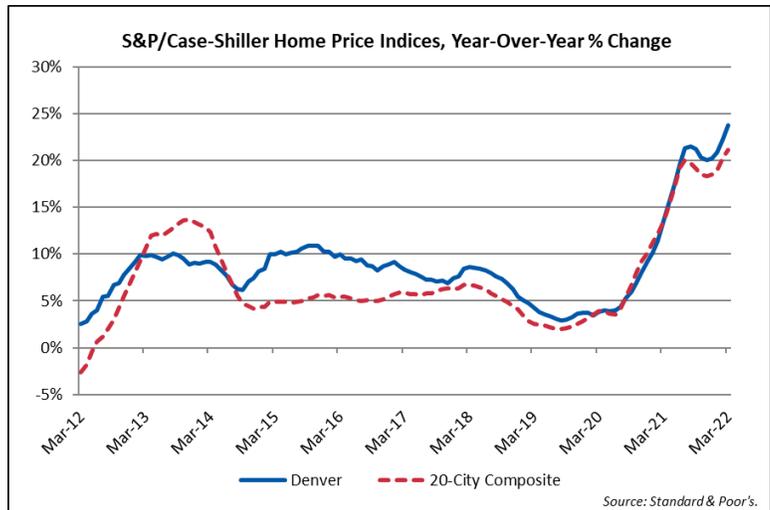
- A separate NAR report revealed that the median price in the Boulder MSA increased 18.2 percent over-the-year to \$859,100 in the first quarter of 2022. The Denver-Aurora MSA rose 19.4 percent over-the-year to a median home price of \$662,200 during 1Q 2022, while the national median home price increased 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 23.7 percent between March 2021 and March 2022, following a 22.3 percent increase in February and a 20.8 percent increase in January. March marked the highest annual rate of price growth since the index began in 1987 and was the ninth consecutive month of annual price gains at or above 20 percent.
- National housing prices increased a record 20.6 percent over-the-year in March, up from 20 percent in February and 19.1 percent in January.



- Tampa reported the highest year-over-year price increase of 34.8 percent, followed by Phoenix (+32.4 percent) and Miami (+32 percent). Minneapolis reported the smallest over-the-year increase of 12.4 percent, followed by Washington, D.C (+12.9 percent) and Chicago (+13 percent). Denver ranked 11th.

Foreclosures

- Foreclosures in Metro Denver increased 738.5 percent between May 2021 and May 2022, rising by 192 filings during the period. Over-the-month, foreclosures fell 38.8 percent from 356 filings in April, the highest level recorded since February 2016. All seven counties reported increases in filings compared with last year. Douglas County reported the largest increase of 1,700 percent, followed by Boulder County (+1,400 percent) and Jefferson County (+1,000 percent). Adams County reported the most modest increase of 511.1 percent, or 46 filings, during the period.

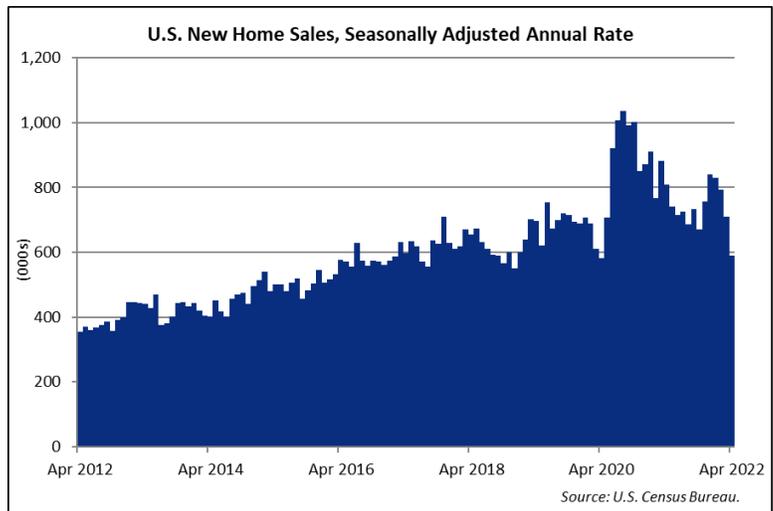
Real Estate Foreclosures

| | Month of May-22 | Month of Apr-22 | Month of May-21 | YTD Total 2022 | YTD Total 2021 | YTD Total % Change | Annual Total 2017 | Annual Total 2012 |
|---------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-----------------------|----------------------|----------------------|
| Total Metro Denver* | 218 | 356 | 26 | 1,145 | 134 | 754.5% | 2,982 | 15,013 |
| Adams County | 55 | 91 | 9 | 331 | 34 | 873.5% | 672 | 3,183 |
| Arapahoe County | 54 | 112 | 6 | 296 | 29 | 920.7% | 706 | 3,589 |
| Boulder County | 15 | 16 | 1 | 48 | 9 | 433.3% | 170 | 783 |
| Broomfield County | 2 | 2 | 0 | 11 | 2 | 450.0% | 39 | 210 |
| Denver County | 41 | 71 | 6 | 218 | 28 | 678.6% | 648 | 3,064 |
| Douglas County | 18 | 14 | 1 | 75 | 14 | 435.7% | 265 | 1,534 |
| Jefferson County | 33 | 50 | 3 | 166 | 18 | 822.2% | 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.

New Home Sales

- New home sales in the U.S. decreased 26.9 percent over-the-year to a seasonally adjusted annual rate of 591,000 in April, 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 South reported the largest decrease of 36.6 percent, followed by the Midwest (-25.5 percent) and the West (-12.4 percent). The Northeast reported the only increase of 17.1 percent.



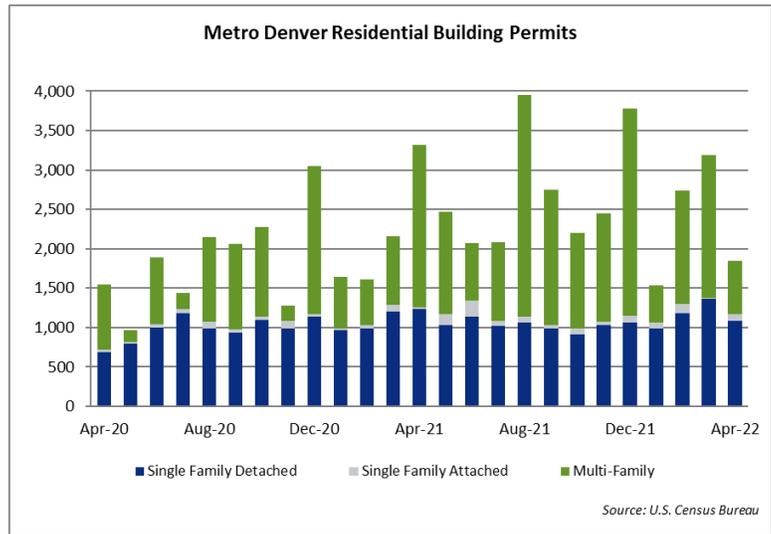
New Home Construction

National

- Builder confidence for newly built single-family homes decreased 8 points to 69 in May, according to the latest National Association for Home Builders/Wells Fargo Housing Market Index (HMI). This is the fifth consecutive month that builder sentiment has declined and the lowest reading since June 2020. The steep drop in builder confidence reflects a slowing housing market as growing affordability challenges take a toll on buyer demand. Building material costs are up 19 percent from a year ago, in less than three months mortgage rates have surged to a 12-year high, and based on current affordability conditions, less than 50 percent of new and existing home sales are affordable for a typical family. Entry-level and first-time home buyers are especially bearing the brunt of the rapid rise in mortgage rates.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled about 1.82 million units in April, a 3 percent over-the-month decrease, and a 3.3 percent increase compared with the same time last year.
- Building permits for single-family detached units decreased 3.7 percent over-the-year, or by 72,000 units permitted to a total of more than 1.1 million units permitted in April. Single-family attached units increased 14.3 percent to 56,000 units permitted, while multi-family units increased 16.7 percent over-the-year to 658,000 units permitted in April.
- Three of the four regions reported over-the-year increases in total units permitted. The Midwest region reported the largest over-the-year increase of 9.2 percent, followed by the South (+4 percent) and the Northeast (+1.9 percent). The West reported the only over-the-year decline of 0.9 percent.

Metro Denver

- Residential building permits in Metro Denver totaled 1,849 units permitted in April, a decrease of 44.3 percent, or 1,469 units, from the same time last year.
- Single-family detached units permitted decreased 12.3 percent over-the-year, falling by 151 units permitted during the period. Single-family attached units increased by 222.2 percent, or by 60 units, to a total of 87 during the period. Multi-family units decreased by 66.9 percent, or by 1,378 units, to a total of 682 units permitted in April.



Residential Building Permits

| | Month of Apr-22 | Month of Mar-22 | Month of Apr-21 | YTD Total 2022 | YTD Total 2021 | YTD Total % Change | Total 2017 | Total 2012 |
|------------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-----------------------|---------------|---------------|
| Single-Family Detached Units | 1,080 | 1,359 | 1,231 | 4,606 | 4,383 | 5.1% | 11,419 | 5,947 |
| Single-Family Attached Units | 87 | 18 | 27 | 303 | 182 | 66.5% | 384 | 299 |
| Multi-Family Units | 682 | 1,808 | 2,060 | 4,393 | 4,173 | 5.3% | 12,218 | 8,679 |
| Total Units | 1,849 | 3,185 | 3,318 | 9,302 | 8,738 | 6.5% | 24,021 | 14,925 |

Source: U.S. Census Bureau.

Apartment Rental Market

- According to Texas-based property-management software company RealPage Inc., 57 percent of U.S. tenants in market-rate units with an expiring lease chose to renew in the past year, an annual increase of 3.5 percentage points. For comparison, the average apartment retention between 2010 and 2019 was 51.5 percent. RealPage found that renters that renewed leases in April paid 10.7 percent more than their previous lease, but new renters paid 18.7 percent more than the previous resident of a unit.
- 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 is planning to redevelop a 12-acre superblock near 10th Street and Ford Avenue in downtown Golden. The proposed redevelopment would be incremental and phased in over a 15-to-20-year timeframe. Pending approval by Golden City Council, portions of the site will be demolished later this year and construction of the new CoorsTek headquarters will commence in early 2023. The initial phase will also deliver a series of tangible community benefits such as historic preservation, workforce housing, and public art.
- Denver-based developer McWhinney submitted plans to build a residential building and an office building on a 4.7-acre site in the 3300 and 3400 block of Brighton Boulevard in Denver's RiNo neighborhood. Currently the Great Divide Brewing Company operates a packaging facility on the northern half of the site. The proposed residential building would have 500 residential units, featuring two towers and topping out at 12 stories. The office building would be a seven-story structure with 420,000 square feet in a single tower. The two structures would each feature a parking podium with ground-floor retail space.
- Menalto Development plans to start construction for a development called Hurley Place, located at Chestnut Place and 28th Street in RiNo. The first phase of development features a 300,000-square-foot office building across from a multifamily building with more than 200 units. The second phase of the project is planned for 3715 Chestnut Place and includes a 520,000-square-foot condominium building with 126 units, a hotel with 175 rooms, and a 550,000-square-foot apartment building with 340 units. All three structures will be 12 stories.
- Elevation Development Group plans to build a large structure at 1801 Market Street in LoDo that will include about 200,000 square feet each of office and apartment space as well as 19,000 square feet of retail space. The office component will top out at 9 stories, while the 103-unit residential component will be 12 stories.
- Chicago-based Golub & Company and Denver-based Formativ submitted plans to Denver Community Planning and Development for the first phase of a new mixed-use community at Denargo Market in Denver's RiNo neighborhood. The plans include a 10-story office building with 16,265 square feet of ground-floor retail and food and beverage space, a 16-story, 336-unit apartment building with 3,918 square feet of ground-floor retail space, and a 17-story office building with 20,277 square feet of ground-floor retail and food and beverage space. Construction is expected to start in May 2023 and be completed in 2025.
- Baltimore-based St. John Properties plans to begin construction on Simms Technology Park on a nearly 81-acre site at the southwest corner of Simms Street and West 112th Avenue in July. The first phase of construction, expected to be completed in summer 2023, includes two 31,000-square-foot and one 41,000-

square-foot office buildings, as well as two flex buildings at 33,000 square feet and 36,000 square feet. At full build-out the technology park will consist of 14 buildings totaling 600,000 square feet.

- JAGreen Development LLC and Raith Capital Partners have acquired 157 acres along the 56th Avenue corridor in Aurora where the venture is planning to develop AEROS Logistics Center, a 2 million-square foot Class A industrial park. The project is being master planned for a variety of uses including logistics, distribution, manufacturing, construction, and data centers. Companies will have the option for build-to-suit for sale or lease.
- Texas-based Lincoln Property Company and Maryland-based FCP are planning to build Colorado Research Exchange (CoRE), a 450,000-square-foot speculative life science campus at 235 Interlocken Boulevard in Broomfield. The campus will consist of three tenant-occupied buildings and one amenity building. Construction will happen in two phases, with the first phase expected to start this fall and will deliver two buildings, the amenity center, and parking by early 2024.
- BMC Investments purchased three buildings in the 200 block of Milwaukee Street in Cherry Creek and plans to replace them with a 156-unit apartment building with about 30,000 square feet of ground-floor retail space and 256 parking spaces. The building will step up from five stories on the north end of the site to eight stories on the south end, according to plans. The developer plans to demolish the existing structures at the site in about April 2023 and finish the project by the end of 2024.
- Urban Frontier, LLC is in the process of renovating an old building at 1100 Washington Avenue in downtown Golden. The building was constructed in 1874 and was previously home to a grocery store and the Olinger Woods Chapel, a mortuary. When renovations are completed, the building will consist of a restaurant and a store on the first floor with four rental apartment units on the second floor. The second story of the building is expected to be completed in June and tenant improvements for the first floor will be completed in approximately 6 months.
- The four-story building at 1250 Welton Street reopened in May as The Slate Denver, a 251-room hotel that is part of Hilton's Tapestry Collection. The redevelopment project was designed to preserve the historic buildings that housed the Emily Griffith Opportunity School.
- Fairfield Inn & Suites is planning to build a new hotel on a property at Swede Gulch Road and Teepees Way in Evergreen. Current plans call for a four-story building with 85 hotel rooms.
- Denver-based Magnetic Capital broke ground on a three-story, 23-unit building at 3354 Larimer St. in RiNo, which is being leased by San Francisco-based hotel Sonder. Sonder, which operates in more than 30 cities around the world, leases some or all of what are essentially apartment buildings, then rents the units out for as little as one night. Although the building is licensed as a hotel, it is being constructed according to typical apartment building design standards. The building will also include ground floor retail space including a 5,600-square-foot restaurant space leased to Salvaje and a separate 672-square-foot retail space. The building is expected to be completed by March 2023.

Office Market

- Demand for Denver office inventory surged in the 12-month period ending in March 2022, driven largely by expansionary aerospace companies in the southeast suburban corridor and technology and finance companies downtown, according to CoStar Analytics. Office leasing volume during the period was back to pre-pandemic levels, amounting to roughly 10.2 million square feet. Comparatively, leasing volume in 2020

amounted to 6.2 million square feet. About 15 percent of all space leased during the past year involved a sublet lease, which is a record and well above the pre-pandemic annual average of 8 percent.

- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.4 percent in the first quarter of 2022, a decrease of 0.1 percentage points from the previous quarter, which was the highest rate posted in the region since the second quarter of 2011. The vacancy rate increased 0.8 percentage points over-the-year. The average lease rate increased 1 percent between the first quarters of 2021 and 2022, or by \$0.29, to \$29.62 per square foot.
- The vacancy rate including sublease space increased 0.8 percentage points over-the-year, rising from 13.1 percent in 1Q 2021 to 13.9 percent in 1Q 2022. This represented 2.9 million square feet of vacant sublease space, down from the most recent peak of 3.4 million square feet in 2Q 2021.
- There were 6 office buildings completed in the first quarter of 2022, delivering nearly 420,000 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 1.73 million square feet of office space in 13 buildings under construction in Metro Denver during the first quarter of 2022, down 36.4 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), The District Building One (267,000 SF in Centennial), and T3 Offices (238,726 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, 49.3 percent of the office square footage under construction is located in the City and County of Denver and 27.4 percent is located in Boulder County.

Office Market Statistics

| | Quarter 1 2022 | Quarter 4 2021 | Quarter 1 2021 | Quarter 1 2020 | Quarter 1 2019 | Quarter 1 2018 |
|-----------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Number of Buildings | 6,622 | 6,616 | 6,598 | 6,572 | 6,543 | 6,500 |
| Existing Square Feet (millions) | 200.4 | 200.0 | 198.1 | 196.5 | 195.3 | 191.9 |
| Vacant Square Feet (direct, millions) | 24.8 | 24.9 | 22.9 | 18.0 | 17.6 | 18.5 |
| Vacancy Rate (direct) | 12.4% | 12.5% | 11.6% | 9.1% | 9.0% | 9.7% |
| Vacancy Rate (with sublet) | 13.9% | 14.0% | 13.1% | 9.8% | 9.7% | 10.4% |
| Avg. Lease Rate (direct, per sq. ft., full service) | \$29.62 | \$29.48 | \$29.33 | \$28.38 | \$27.35 | \$26.65 |
| New Construction Completed (year-to-date) | 0.42 MSF, 6 Bldgs | 2.14 MSF, 22 Bldgs | 0.07 MSF, 3 Bldgs | 0.35 MSF, 9 Bldgs | 0.48 MSF, 5 Bldgs | 0.87 MSF, 8 Bldgs |
| Currently Under Construction | 1.73 MSF, 13 Bldgs | 1.78 MSF, 16 Bldgs | 2.72 MSF, 26 Bldgs | 3.91 MSF, 40 Bldgs | 3.35 MSF, 40 Bldgs | 4.05 MSF, 41 Bldgs |

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

Industrial & Flex Market

- According to Newmark’s 1Q 2022 Denver Industrial Market Overview, Denver’s industrial market exhibited moderate levels of expansion for the first quarter of 2022 with absorption of 838,429 square feet. Although down from the previous quarter due to far fewer build-to-suit buildings being delivered, market-wide absorption was still up 39.1 percent over-the-year. Most of this expansion was attributed to sustained activity in the e-commerce and food and beverage industries.
- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver decreased 0.5 percentage points to 5.1 percent between the first quarters of 2021 and 2022. The total vacancy rate

including sublease space fell 0.7 percentage points over-the-year to 5.4 percent. From 1Q 2021 to 1Q 2022, 6.7 million square feet of new space was added to the industrial base. The average lease rate increased \$0.88 per square foot to \$9.69, a 10 percent increase over the same time last year.

- Six industrial buildings providing more than 560,000 square feet of space were completed in the first quarter of 2022. The largest building completed was the 152,761-square-foot Baseline Building II in Broomfield. The next largest buildings were a 132,308-square-foot distribution center in Denver and a 121,000-square-foot building in Brighton.

Industrial Market Statistics

| | Quarter 1 2022 | Quarter 4 2021 | Quarter 1 2021 | Quarter 1 2020 | Quarter 1 2019 | Quarter 1 2018 |
|------------------------------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Number of Buildings | 7,327 | 7,321 | 7,289 | 7,239 | 7,199 | 7,153 |
| Existing Square Feet (millions) | 242.4 | 241.8 | 235.7 | 229.5 | 226.1 | 219.8 |
| Vacant Square Feet (direct, millions) | 12.2 | 12.1 | 13.2 | 9.6 | 9.6 | 7.8 |
| Vacancy Rate (direct) | 5.1% | 5.0% | 5.6% | 4.2% | 4.2% | 3.5% |
| Vacancy Rate (with sublet) | 5.4% | 5.3% | 6.1% | 4.6% | 4.4% | 3.7% |
| Avg. Lease Rate (direct, per square foot, NNN) | \$9.69 | \$9.31 | \$8.81 | \$8.44 | \$8.09 | \$7.84 |
| New Construction Completed (year-to-date) | 0.56 MSF, 6 Bldgs | 5.49 MSF, 36 Bldgs | 1.13 MSF, 9 Bldgs | 0.11 MSF, 4 Bldgs | 1.08 MSF, 12 Bldgs | 0.32 MSF, 6 Bldgs |
| Currently Under Construction | 10.90 MSF, 51 Bldgs | 11.38 MSF, 54 Bldgs | 5.27 MSF, 24 Bldgs | 7.45 MSF, 49 Bldgs | 4.43 MSF, 29 Bldgs | 6.33 MSF, 32 Bldgs |

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

- The industrial construction pipeline remains filled with 10.9 million square feet of space under construction in 51 buildings. Nearly 63 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, 42 are slated for delivery in 2022, with the remaining nine expected in 2023.
- The direct flex vacancy rate in Metro Denver decreased 0.7 percentage points over-the-year to 6.9 percent vacancy. The average lease rate rose 13.7 percent, or by \$1.79, to \$14.86 per square foot during the period.

Flex Market Statistics

| | Quarter 1 2022 | Quarter 4 2021 | Quarter 1 2021 | Quarter 1 2020 | Quarter 1 2019 | Quarter 1 2018 |
|------------------------------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| Number of Buildings | 1,577 | 1,576 | 1,575 | 1,573 | 1,560 | 1,549 |
| Existing Square Feet (millions) | 47.5 | 47.5 | 47.5 | 47.4 | 46.7 | 46.2 |
| Vacant Square Feet (direct, millions) | 3.3 | 3.2 | 3.6 | 2.7 | 2.6 | 2.6 |
| Vacancy Rate (direct) | 6.9% | 6.7% | 7.6% | 5.8% | 5.7% | 5.7% |
| Vacancy Rate (with sublet) | 7.2% | 7.2% | 8.4% | 6.1% | 5.9% | 6.0% |
| Avg. Lease Rate (direct, per square foot, NNN) | \$14.86 | \$14.57 | \$13.07 | \$12.78 | \$12.06 | \$12.24 |
| New Construction Completed (year-to-date) | 0.03 MSF, 1 Bldg | 0.17 MSF, 7 Bldgs | 0.03 MSF, 1 Bldgs | 0.25 MSF, 1 Bldg | 0.21 MSF, 3 Bldgs | 0.06 MSF, 2 Bldgs |
| Currently Under Construction | 0.70 MSF, 18 Bldgs | 0.56 MSF, 14 Bldgs | 0.19 MSF, 8 Bldgs | 0.22 MSF, 8 Bldgs | 0.31 MSF, 8 Bldgs | 0.43 MSF, 11 Bldgs |

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

- New flex construction has been more limited than other property types, but the construction pipeline is strong heading into the second quarter of 2022. One new flex building totaling 26,217 square feet was

completed in the first quarter of 2022 in Lafayette. There were 18 buildings totaling nearly 704,000 square feet under construction as of the end of 1Q 2022, all with expected delivery in 2022. Fifty-six 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

- According to analysis conducted by CoStar Group, the amount of retail space per person in the U.S. has fallen to where it was roughly two decades ago, a sign of a stabilizing market. There was 56.8 square feet of retail space per person in the U.S. in 2021, compared with 53.8 square feet per person in 2000. The lack of new construction is also helping to trim the U.S. retail footprint, according to CoStar. Primarily driven by migration, retail space per person varies widely across the U.S. with Milwaukee, Cleveland, and Rochester having the highest retail space per person and San Jose, Seattle, and Phoenix having the least.
- In-store retail sales per square foot rose to records across most major categories in the first quarter and surpassed pre-pandemic levels, according to data compiled by Datex Property Solutions. For the 12-month period ending March 2022, 12 of 19 retail categories reported a record level of sales per square foot with the greatest upticks including fast food, beauty supplies, specialty food, and specialty retail. Six categories remain below 2019 sales figures, while one, craft retailers, is above its 2019 sales level. The higher level of sales per square foot, coupled with tightening space availability and increased leasing activity, is beginning to give retail landlords more pricing power. This is further demonstrated by the increase in retail asking rents over the past 12 months, which have accelerated at their quickest pace in over a decade.
- Denver is among the top five U.S. markets for retail rental growth, according to an analysis from JLL Capital Markets. Since 2011, the largest rental rate increase was reported in Nashville at 63 percent, followed by South Florida (47.1 percent) and Austin and Tampa (39 percent). Other top markets for rental growth include Denver (37 percent) and Charlotte, Dallas-Fort Worth, and Raleigh-Durham, about 30 percent rental growth. Each of these markets reported rental growth since 2011 above the national rate of 27.7 percent and all had population growth above the 10-year national average of 7.4%.
- The direct vacancy rate for retail space in Metro Denver decreased 0.7 percentage points over-the-year to 4.5 percent in 1Q 2022, according to CoStar. The direct vacancy rate including sublease space also decreased 0.7 percentage points over-the-year to 4.7 percent. The average lease rate increased 2.7 percent to \$19.56 per square foot.

Retail Market Statistics

| | Quarter 1 2022 | Quarter 4 2021 | Quarter 1 2021 | Quarter 1 2020 | Quarter 1 2019 | Quarter 1 2018 |
|------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Number of Buildings | 12,983 | 12,970 | 12,932 | 12,858 | 12,735 | 12,599 |
| Existing Square Feet (millions) | 173.5 | 173.4 | 173.0 | 172.3 | 171.0 | 169.2 |
| Vacant Square Feet (direct, millions) | 7.8 | 8.0 | 9.0 | 7.3 | 6.5 | 6.7 |
| Vacancy Rate (direct) | 4.5% | 4.6% | 5.2% | 4.3% | 3.8% | 4.0% |
| Vacancy Rate (with sublet) | 4.7% | 4.8% | 5.4% | 4.3% | 3.9% | 4.1% |
| Avg. Lease Rate (direct, per square foot, NNN) | \$19.56 | \$19.31 | \$19.04 | \$18.26 | \$18.83 | \$18.12 |
| New Construction Completed (year-to-date) | 0.10 MSF, 13 Bldgs | 0.46 MSF, 39 Bldgs | 0.07 MSF, 7 Bldgs | 0.19 MSF, 13 Bldgs | 0.08 MSF, 14 Bldgs | 0.21 MSF, 24 Bldgs |
| Currently Under Construction | 0.07 MSF, 10 Bldgs | 0.78 MSF, 43 Bldgs | 0.61 MSF, 29 Bldgs | 1.14 MSF, 70 Bldgs | 1.04 MSF, 60 Bldgs | 1.14 MSF, 54 Bldgs |

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

- In the first quarter of 2022, 13 retail buildings totaling nearly 100,000 square feet were completed. An additional 10 buildings with about 71,000 square feet of space are under construction and all but one are expected to be completed in 2022. Nearly half of the space under construction is located in Adams County.



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