MetroDenverEDC

MARCH 2022

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting our regional economy

Development Research Partners

PINNACOL ASSURANCE

March 2022 MEI Snapshot

	Monthly/Quarterly Direction		*Year-Over-Year Direction*		*Year-to-Date Direction*	
⇓⇑ Positive Changes	**10 of 18**		**14 of 18**		**13 of 18**	
Nonfarm Employment Growth	4,700	⇑	103,000	⇑	52,300	⇑
	Employment up 0.3% from November to December		Employment up 6.3% from December 2020 to 2021		YTD employment up 3.2% through December	
Manpower Net Employment (West Region)	47%	⇓	47%	⇑	47%	⇑
	Net employment down 2 percentage points from 4Q 2021 to 1Q 2022		Net employment increased 34 percentage points from 1Q21 to 1Q22		YTD average up 34 percentage points compared with 2021	
Unemployment Rate	4.1%	⇓	-2.8 percentage points	⇓	5.6%	⇓
	Unemployment down 0.3 percentage points from November to December		Unemployment down from December 2020 to 2021		Down 1.8 percentage points from 2020 YTD average	
Initial Unemployment Insurance Claims	-26.4%	⇓	-94.8%	⇓	-30.6%	⇓
	Claims decreased from November to December		Claims decreased from December 2020 to 2021		YTD average claims decreased through December 2021	
Total National Retail Sales	9.1%	⇑	16.6%	⇑	19.4%	⇑
	National sales increased from November to December		National sales increased from December 2020 to 2021		YTD sales increased through December 2021	
Mountain Region Consumer Confidence Index	124.3	⇑	23.1%	⇑	120.6	⇑
	Index up 6.4 percent from January to February		Index up from February 2021 to 2022		YTD average up 31.2% through February 2022	
Hotel Occupancy	51.6%	⇓	18.8 percentage points	⇑	51.6%	⇑
	Decreased 0.9 percentage points from December to January		Occupancy increased from January 2021 to 2022		YTD occupancy up from last year	
Denver International Airport Passengers	1.6%	⇑	69.7%	⇑	74.4%	⇑
	Passengers up from November to December		Passengers up from December 2020 to 2021		YTD passengers increased through December 2021	
Bloomberg Colorado Index	788.4	⇑	-2.8%	⇓	-10.9%	⇓
	Index up 0.8% from January to February		Index down from February 2021 to 2022		YTD return down through February 2022	
Dow Jones Industrial Average	33,892.6	⇓	9.6%	⇑	-6.7%	⇓
	Index down 3.5% from January to February		Index up from February 2021 to 2022		YTD return down through February 2022	
Home Sales (closed)	3,569	⇓	8.9%	⇑	3,569	⇑
	Sales down 28.7% from December to January		Sales up from January 2021 to 2022		YTD sales up 8.9% from last year	
Median Home Price (Denver-Aurora MSA)	$617,600	⇑	20.5%	⇑	$607,100	⇑
	Up 0.5% from 3Q 2021 to 4Q 2021		Price up from 4Q 2020 to 4Q 2021		YTD price 23.2% higher through 4Q 2021	
Foreclosures	149	⇑	577.3%	⇑	237	⇑
	Up 69.3% from January to February		Up from February 2021 to 2022		Up 393.8% YTD through February 2022	
Residential Building Permits (Total)	1,590	⇓	-3.5%	⇓	1,590	⇓
	Permits decreased 57.9% from December to January		Permits down from January 2021 to January 2022		YTD permits down 3.5% through January 2022	

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

March 2022 MEI

About This Report

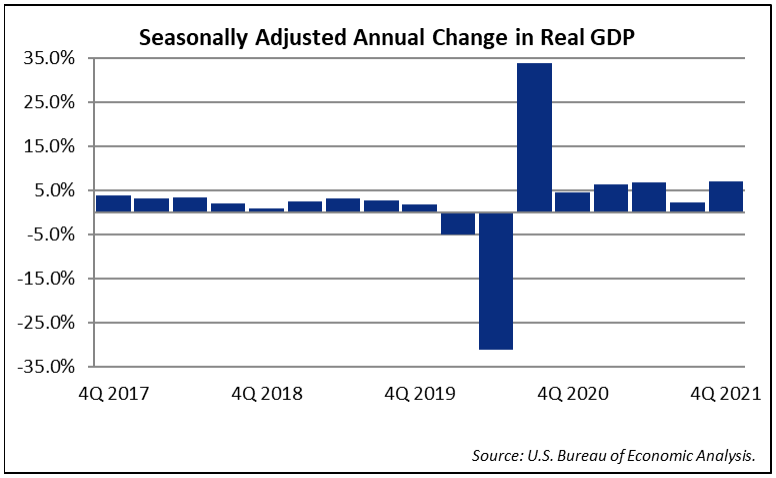
The Monthly Economic Indicators is a comprehensive analysis of economic conditions in the seven-county Metro Denver area, or the region comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties. There are two metropolitan statistical areas (MSAs) located within the Metro 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

- WalletHub compared the 116 largest U.S. cities across 11 key metrics to determine which cities were the hardest working compared to the rest of America. Anchorage, Washington, D.C., and Virginia Beach ranked the highest, while Denver ranked 17th. Among the key metrics, Denver ranked 12th for average workweek hours, 41st for average commute time, 43rd for annual volunteer hours per resident, and 46th for share of workers with multiple jobs. On the other hand, Denver ranked 20th for average leisure time spent per day and 35th for share of households where no adults worked.

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 fourth quarter of 2021 and found that GDP increased at an annual rate of 7 percent, a slight upward revision from the 6.9 percent advance estimate released last month. Real GDP increased 2.3 percent in the third quarter of 2021.
- The second estimate is based on more complete source data than were available for the advance estimate. The third GDP estimate for 4Q 2021 is scheduled for release on March 30.
- The increase in fourth quarter real GDP primarily reflected increases in private inventory investment (led by motor vehicle dealers), exports (led by a widespread increase in goods as well as an increase in services led

by travel), personal consumption expenditures (led by healthcare, financial services and insurance, and transportation), and nonresidential fixed investment (led by intellectual property products).

- These increases were partly offset by decreases in federal government spending (led by defense spending on intermediate goods and services) and state and local government spending (led by new educational structures).

Interest Rates

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

Policy Watch

National

- Russia's invasion of Ukraine has far-reaching implications for the U.S. and the global economy, particularly given Russia's role as the world's second-largest producer of natural gas and one of the world's largest oil-producing nations. After news of the invasion, oil prices surged to more than $100 per barrel for the first time since 2014 and are expected to remain elevated. Further, the U.S. and its allies have responded to the invasion with a series of escalating financial sanctions – excluding the energy sector – causing supply chain disruptions and price increases for crucial commodities and food products. The increased prices and supply chain disruptions are expected to further exacerbate inflation in the U.S., which is already at the highest level in 40 years.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was $80.7 billion in December, up 1.8 percent from $79.3 billion in November. December imports increased 1.6 percent to $308.9 billion, while exports increased 1.5 percent to $228.1 billion. Between 2020 and 2021, the goods and services deficit increased $182.4 billion, or 27 percent. Imports increased 20.5 percent, while exports increased 18.5 percent for the year.

- The Conference Board Leading Economic Index (LEI) decreased by 0.3 percent in January to 119.6, following a 0.7 percent increase in December and a 0.8 percent increase in November. The U.S. LEI posted a small decline in January as the Omicron wave, rising prices, and supply chain disruptions took their toll. According to the Conference Board, initial claims for unemployment insurance, consumers' outlook and declines in stock prices, and the average work week in manufacturing all contributed to the decline – the first since February 2021. Widespread strengths among the leading indicators still point to continued, albeit slower, economic growth into the spring. Labor shortages, inflation, and a potential of new COVID-19 variants pose risks to growth in the near term. The Conference Board forecasts GDP growth for 1Q 2022 to slow somewhat from the rapid pace of 4Q 2021. Still, the U.S. economy is expected to expand by a robust 3.5 percent year-over-year in 2022 – well above the pre-pandemic growth rate, which averaged about 2 percent.
- According to the Institute for Supply Management's Manufacturing Index, the Purchasing Managers Index (PMI) was 57.6 percent in January, a decrease of 1.2 percentage points from the December reading of 58.8 percent. This figure indicates expansion in the overall economy for the 20th month in a row after contraction in April 2020. There were shortages of critical intermediate materials, difficulties in transporting products, and lack of direct labor on factory floors due to the COVID-19 Omicron variant. While the U.S. manufacturing sector remains in a demand-driven, supply chain-constrained environment, January was the third straight month with indications of improvement in labor resources and supplier delivery performance. Fourteen manufacturing industries reported growth in January, with only Paper Products reporting a decrease.
- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 59.9 percent in January, 2.4 percentage points below December's reading of 62.3 percent. The January reading indicates growth for the 20th consecutive month after a two-month contraction in April and May of 2020. Fifteen service industries reported growth, with the only decreases reported in Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment, & Recreation; and Information. Although there was a pullback for most of the subindexes in January, the rate of growth remains strong for the service sector, which has expanded all but two of the last 144 months. Respondents continue to be impacted by coronavirus pandemic-related supply chain issues, including capacity constraints, demand-pull inflation, logistics challenges, and labor shortages. Moreover, the COVID-19 Omicron variant has disrupted operations, especially through reduced staffing levels. Despite these impediments, business activity and economic growth continue.
- Roughly 20 percent of high-paying professional jobs are offered as remote and another 5 percent are offered as a hybrid position, according to a review of 5 million career listings on Ladders, a career site focused on high-paying jobs. Prior to COVID-19, just 1.3 percent of jobs paying $80,000 or more offered a hybrid setup.
- The share of homebuyers planning to move from one region to another has grown as many Americans look to relocate to more affordable regions of the U.S. A record 32 percent of home buyers said they want to relocate, according to a consumer survey conducted by Redfin. Miami was the most popular migration destination in January, followed by Phoenix, Tampa, Sacramento, and Las Vegas. Remote work policies, new job opportunities, and ongoing shortages of affordable housing will likely keep Americans moving, according to Redfin economists.

Local

- According to the University of Colorado Boulder Leeds School of Business first quarter 2022 Leeds Business Confidence Index, confidence remained elevated ahead of Q1 2022. The Index increased 1.9 points ahead of

Q1 2022 to 58, remaining comfortably in positive territory – above 50 – and above the long-term average of 54.4. All six components increased from Q4 and all components were above 50, with the greatest optimism recorded in hiring and industry sales. While panelists expressed concern about inflation, supply chain issues, worker constraints, and COVID-19 variants, they also expressed optimism concerning increased demand and COVID-19. Looking two quarters ahead to Q2 2022, panelists signaled expectations of a sustained economic recovery with the index increasing to 59.4. More than 68 percent of respondents expect to increase wages in response to higher inflation, and most expect inflation to moderate in the second half of 2022 or 2023.

Labor Force and Employment

The Colorado Department of Labor and Employment is currently conducting its annual benchmark revision to the employment data series. Data for January 2022 and revisions to 2021 data will be available mid-March.

- Employment in Metro Denver increased 6.3 percent between December 2020 and 2021, rising by 103,000 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 6.3 percent, or by 91,800 jobs, while the Boulder-Longmont MSA increased 6 percent, or by 11,200 jobs, during the period.

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

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

**Includes the Denver-Aurora-Lakewood MSA (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties) and the Boulder MSA (Boulder County).*
Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary (r) =revised

- Ten of the 11 supersectors reported over-the-year increases in employment. Leisure and hospitality reported the largest increase, rising 41.6 percent, followed by other services (+10.8 percent) and

transportation, warehousing, and utilities (+7 percent). Natural resources and construction reported the only over-the-year decrease of 0.3 percent.

- Employment in Colorado increased 5.5 percent, or by 144,300 jobs, between December 2020 and 2021. National employment rose 4.6 percent, or by nearly 6.6 million jobs. Colorado has now regained 335,500 of the 376,300 jobs lost from January to April 2020, a recovery rate of 89.2 percent.

Metro Denver Industry Cluster Headlines

Aerospace

- New Zealand-based Rocket Lab Inc. plans to add 40,000 square feet of office, lab, and production space in Littleton, which will include two mission operations centers. The new space systems complex will be near the current offices of Advanced Solutions, Inc. (ASI), a company that Rocket labs acquired in October 2021. ASI develops flight software used by both government and commercial satellite operators. The complex will allow Rocket Lab to double its local headcount to more than 120 people by early 2023, adding jobs in space-flight software development, spacecraft guidance, navigation and control, spacecraft simulation, and systems engineering.
- Washington-based rocket and space company Blue Origin is recruiting to hire workers and establish a new presence in south Metro Denver. The local office will support functions across Blue Origin with a focus on program management, systems engineering, avionics, software, integration, and mission design in support of its launch vehicle and space systems programs. Blue Origin has already hired some engineers in the area and has 50 open positions posted.
- Ball Aerospace & Technologies Corp. plans to expand its east Boulder campus by adding 310,000 square feet of new building space to its aerospace campus at Arapahoe Road and 48th Street. The addition would bring the total square footage of the campus to just under 751,000. Construction of the expansion is expected to occur in four phases over the next 15 years with full build-out expected by 2037. The expanded campus could house as many as 2,000 Ball employees.
- Louisville-based Sierra Space employs about 1,000 people and plans add another 700 to its staff over the next year as it expands its business to provide transportation and orbiting destinations as a platform for establishing commercial activity in space. The company has leased space in Centennial where it will add about 450 employees. The company also plans to add more office space to house hundreds more employees near Louisville or Broomfield. The company will also be adding staff in Florida and Wisconsin.

Aviation

- Frontier Group Holdings Inc., the parent company of Denver-based Frontier Airlines, plans to buy fellow low-cost airline Spirit Airlines Inc. for $2.9 billion. The transaction would create the nation's fifth largest carrier with more than 1,000 daily flights to over 145 destinations in 19 countries. By 2026, the merged company expects to add 10,000 direct jobs and thousands of additional jobs for business partners. The merger is expected to close in the second half of 2022, pending a regulatory review process and approval by Spirit stockholders.

Energy and Natural Resources

- Coal output from Colorado's seven active coal mines increased 14 percent in 2021, rebounding to yield 12.1 million tons after falling to a decades' low of 10.6 million tons in 2020, according to state Division of Reclamation, Mining, and Safety production reports. Demand for coal among the region's coal-fired power

plants rose last year as utilities used more electricity generated from coal to counter the rising price of natural gas.

- Denver-based energy tech startup Project Canary raised $111 million in a series B round to fuel the company's growth. Project Canary offers oil and gas producers equipment to monitor for emissions leaks at their well pads in real time and provide data allowing the companies to find and fix leaks quickly. The company has about 75 employees now and expects to reach a headcount of 185 within a year.
- PDC Energy, one of Denver's largest oil producers, announced it is buying Great Western Petroleum LLC, the largest privately held oil and gas company in the Denver-Julesburg Basin. The $1.3 billion acquisition is expected to close before this summer.
- The Colorado Public Utilities Commission approved Xcel Energy Inc.'s Power Pathway proposal to build 560 miles of high-capacity transmission line stretching from northeast Denver to near the southeastern corner of the state. The $1.7 billion project will be the biggest electrical transmission line project in Colorado history and is expected to spark large-scale renewable energy development.

Food and Beverage Production

- Purely Elizabeth, a Boulder-based company that makes premium, healthy breakfast foods, raised $50 million in Series B funding to fuel core growth and expansion. The company plans to expand production, add new product lines, and grow its staff from 34 to about 40 by the end of the year.

IT-Software

- Australian health technology company Lumary plans to expand its U.S. presence to Denver and bring 120 new jobs to the area. Lumary currently has 130 employees worldwide. The new jobs in Denver will have an average annual wage of $80,596 and will including positions in business development and account oversight.
- Denver-based rental technology startup Nomad brought on a $20 million Series A round and plans to expand into 10 new markets over the next two years. Nomad is a marketplace that works with small-time rental property owners and guarantees owners will receive an agreed-upon rent, regardless of whether the unit is occupied. Nomad entered the Phoenix market in 2021 and plans to expand into Raleigh, N.C. this spring. The company has grown to nearly 40 employees and expects to hire 50 more in 2022.
- Boulder-based payments startup Tilled increased from just over 10 employees in May 2021 to 50. By the end of 2022, the company plans to increase its headcount to more than 150. The company's staff largely is focused on technology with nearly 40 percent engineers, but it expects to hire in sales, marketing, engineering, implementation, and customer support.
- Blend360, provider of data science and talent solutions services, is opening a new office in Denver and plans to hire 100 technology focused employees locally in 2022. The new positions include data science, data engineering, and business intelligence roles. About half of those positions are targeted for new college graduates.

Other Industry Headlines

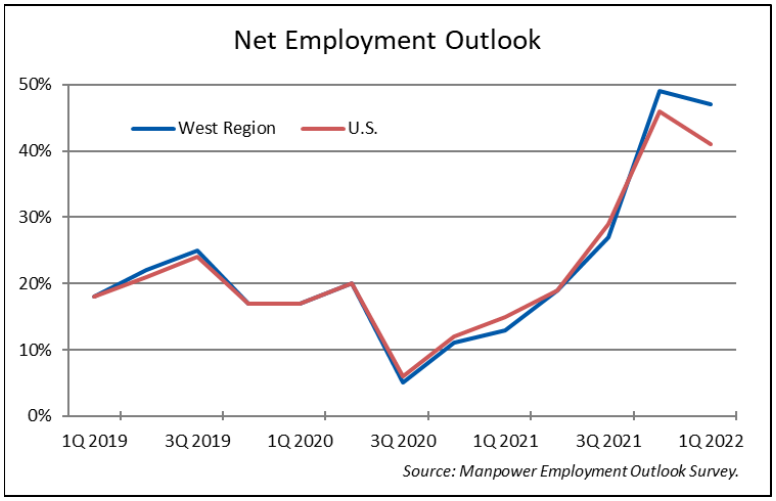
- After opening an office in Denver 5 years ago, Irvine California-based entertainment company Vizio has exceeded hiring goals and expects even more growth in 2022. Vizio's Denver office in Cherry Creek is currently home to 140 of its engineering and tech specialists focused on software, ad products, and

entertainment innovations. Vizio is hiring for nearly 60 full-time and internship positions out of its Denver office and plans to continue to grow in the state.

- Denver-based vacation property rental company Evolve has raised a $100 million venture round to fuel its rapid growth. Evolve helps vetted homeowners rent their properties and takes a 10 percent management fee for helping to get these homes booked. The company reported it grew its net booking value by 78 percent in 2021, generated 38 percent more revenue per listing than the market average the prior year, and grew its team to nearly 800 employees. Nearly 750 of the company's employees are in the Denver area and in 2022, the company plans to grow its team by roughly 25 percent.
- Delivery startup Veho announced a $170 million Series B fundraising round just weeks after raising $125 million in a Series A round. The company pairs a workforce of crowdsourced drivers with its technology platform to create a transparent and fast delivery system. Following this round, Veho expects to grow its headcount from nearly 500 employees to 2,000 by the end of 2022, including more than 150 additional software engineers. The company, which previously counted Boulder is its headquarters, is in the process of moving its headquarters to New York City. Veho has about 60 employees locally and expects to grow that staff by 100 this year.
- Boulder-based quantum company ColdQuanta was awarded a five-year subcontract in December to develop portable atomic clocks for the U.S. Navy. ColdQuanta has grown rapidly over the last two years, raising nearly $75 million in venture funding and expanding its staff to about 140 employees. As they prepare for more commercial work and product developments, the company is hiring for nearly 50 roles across quantum computing, cold atom technologies, and quantum signal processing. The company has offices in Boulder; Madison, Wis.; and Oxford, England.
- Lightning eMotors has completed a 102,000-square-foot expansion to its manufacturing campus in Loveland, giving the electric vehicle manufacturer more than 226,000 square feet of space. The expansion is part of a $5 million program to increase throughput and consistency throughout the assembly process. The company has 50 employees at the site and expects to double its headcount by the end of the year.

Employment Outlook

- The Manpower Employment Outlook Survey revealed that all four regions in the United States reported positive net employment outlooks for 1Q 2022. The West, which includes Colorado, reported the highest net employment outlook of 47 percent, reflecting the difference in the percent of companies hiring versus laying off. The Northeast reported a net employment outlook of 45 percent, followed by the South (37 percent) and the Midwest (35 percent). While over-the-quarter declines were reported in all four regions, year-over-year improvements were reported in all four regions.



- Nationally, 57 percent of companies plan to hire in 1Q 2022, up 36 percentage points over-the-year. Companies planning to lay off increased 10 percentage points over-the-year to 16 percent, while the number of companies planning no change decreased 43 percentage points to 25 percent in 1Q 2022.

Employment Outlook Survey

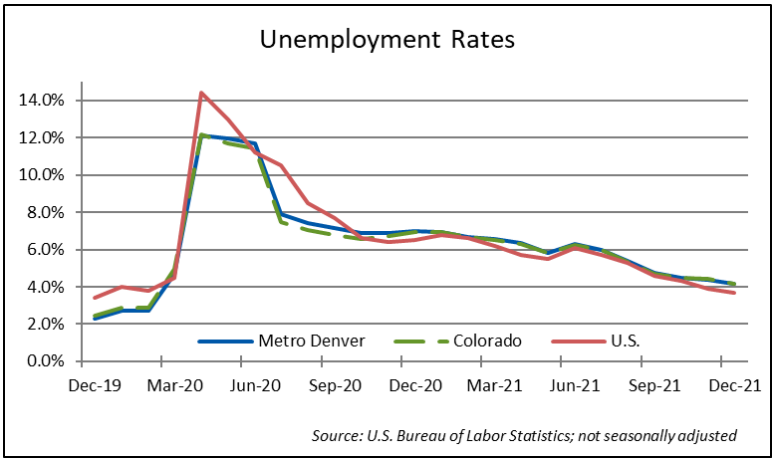
	Quarter 1 2022	Quarter 4 2021	Quarter 1 2021	YTD 2022	YTD 2021	Ann Avg 2017	Ann Avg 2012
West Region							
Net Employment	47%	49%	13%	47%	13%	-	-
United States							
Percent of Companies Hiring	57%	59%	21%	57%	21%	22%	18%
Percent of Companies Laying Off	16%	13%	6%	16%	6%	5%	8%
Percent of Companies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

Source: Manpower Inc.

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

Labor Force & Unemployment

The Colorado Department of Labor and Employment is currently conducting its annual benchmark revision to the employment data series. Data for January 2022 and revisions to 2021 data will be available mid-March.



- Unemployment in Metro Denver decreased 2.8 percentage points over-the-year to 4.1 percent in December. The unemployment rate was 0.3 percentage points lower than in the prior month. Average annual unemployment was 5.6 percent in 2021, down from 7.4 percent in 2020.
- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate in December. Denver County reported the largest decrease of 3.2 percentage points, followed by Arapahoe, Broomfield, and Jefferson Counties (-2.9 percentage points). Douglas County reported the lowest unemployment rate of 3.1 percent in December, while Adams County reported the highest rate of 4.9 percent.
- There were 42,158 more people either employed or looking for work between December 2020 and 2021 in Metro Denver, an increase of 2.3 percent. The labor force rose in all seven counties, led by Boulder and Douglas Counties (+2.8 percent) and Jefferson County (+2.3 percent).

- Colorado reported an unemployment rate of 4.1 percent in December, down 2.8 percentage points from the same time last year. The unemployment rate has fallen for six consecutive months and is at its lowest rate since February 2020. The labor force increased 1.7 percent over-the-year, to nearly 3.23 million people either employed or looking for work. The national unemployment rate fell 2.8 percentage points over-the-year to 3.7 percent and fell 0.2 percentage points over-the-month. The national labor force increased 1 percent between December 2020 and 2021.
- Colorado's unemployment rate continues to remain above the national level in part because a higher percentage of workers have returned to the active labor force in Colorado compared with the rest of the nation.

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

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

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

- Initial unemployment insurance claims in Metro Denver decreased 94.8 percent between December 2020 and 2021, falling to a weekly average of 801 claims. Initial claims decreased over-the-year in each of the past nine months as business hiring has increased.
- Colorado reported an average of 1,613 initial unemployment claims per week in December, down 93.9 percent from the same time last year, and representing 24,846 fewer claims each week. In 2021, average weekly initial claims in Colorado fell 27.9 percent compared with 2020.

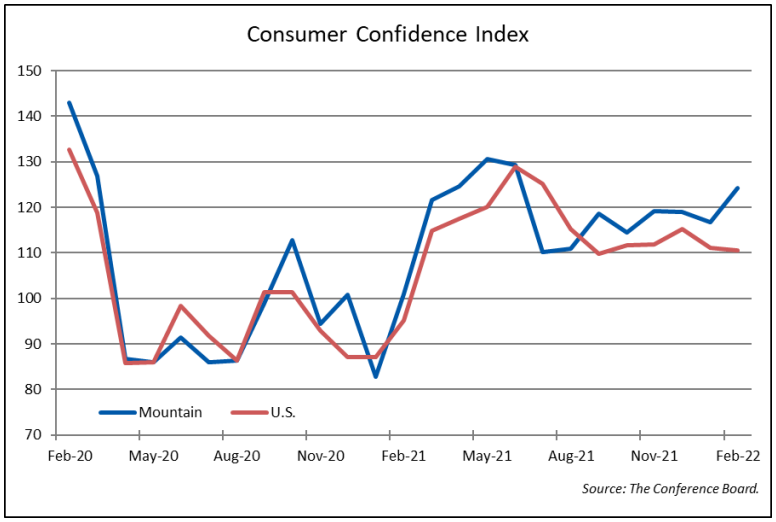
Weekly First-Time Unemployment Insurance Claims

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

Note: Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.
Source: Colorado Department of Labor and Employment, Labor Market Information.

Consumer Sector

Consumer Sentiment



- The Consumer Confidence Index for the U.S. declined slightly in February after a decrease in January. The index now stands at 110.5, a 16.1 percent over-the-year increase but a 0.5 percent over-the-month decrease. The Index remains below its pre-pandemic reading of 132.6 in February 2020.
- Analysts at The Conference Board stated that concerns about inflation rose again in February after posting back-to-back declines. Despite this reversal, consumers remain relatively confident about short-term growth prospects. While they do not expect the economy to pick up steam in the near future, they also do not foresee conditions worsening. Nevertheless, confidence and consumer spending will continue to face headwinds from rising prices in the coming months. The proportion of consumers planning to purchase homes, automobiles, major appliances, and vacations over the next six months all decreased.

Consumer Confidence Index

	Month of Feb-22	Month of Jan-22	Month of Feb-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Mountain	124.3	116.8	101.0	120.6	91.9	31.2%	130.1	68.7
United States	110.5	111.1	95.2	110.8	91.2	21.6%	120.5	67.1

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

- Colorado is included in the Mountain region and the index for the area increased 23.1 percent between February 2021 and 2022 to 124.3. The index increased 6.4 percent over-the-month from 116.8 in January. The Present Situations Index rose 61.7 percent over-the-year to 158.3, while the Expectations Index decreased 1.4 percent to 101.6 during the period.

Consumer Spending

- National retail sales activity rose 16.6 percent over-the-year in December, with all 13 supersectors reporting increases during the period. Food services and drinking places reported the largest over-the-year increase of 43.7 percent, followed by gasoline stations (+42.8 percent), and clothing and clothing accessories stores (+27.9 percent). Non-store retailers reported the most modest over-the-year increase of 9.2 percent.
- National retail sales increased 19.4 percent from 2020 to 2021, the strongest annual increase in records dating back to 1992.

National Retail Sales ($millions)

	Month of Dec-21	Month of Nov-21	Month of Dec-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual Growth 2016	Annual Growth 2011
Total Retail Sales	712,682	653,011	611,429	7,418,116	6,215,073	19.4%	3.0%	7.3%
Motor Vehicles	127,429	120,384	116,492	1,536,554	1,244,316	23.5%	4.3%	9.4%
Furniture and Home	13,259	13,338	12,129	145,902	115,563	26.3%	3.6%	2.8%
Electronics & Appliance	10,596	9,150	9,484	95,540	76,680	24.6%	-4.5%	2.6%
Building Materials	38,760	39,952	34,524	483,273	425,577	13.6%	5.2%	3.4%
Food and Beverage	84,620	77,521	77,260	901,444	865,095	4.2%	2.0%	4.9%
Health and Personal Care	36,919	32,138	33,670	382,578	348,713	9.7%	3.8%	4.3%
Gasoline Stations	52,308	52,738	36,635	588,140	430,116	36.7%	-4.8%	19.0%
Clothing & Accessories	41,222	29,679	32,237	302,788	204,196	48.3%	1.7%	7.2%
Sporting Goods	13,215	10,292	11,319	110,781	86,380	28.2%	0.9%	0.3%
General Merchandise	89,339	76,615	77,086	829,146	739,679	12.1%	0.1%	3.5%
Miscellaneous Store	16,254	15,256	13,939	167,984	132,716	26.6%	1.9%	4.0%
Non-Store Retailers	114,785	106,160	105,157	1,052,541	924,559	13.8%	10.2%	10.4%
Food Service & Drinking	73,976	69,788	51,497	821,445	621,483	32.2%	5.4%	6.1%

Source: U.S. Census Bureau.

- Retail sales in Metro Denver rose 22.7 percent between November 2020 and 2021. All seven counties in Metro Denver reported over-the-year increases in retail sales. Douglas County reported the largest increase of 32.2 percent, followed by Denver County (+27.2 percent) and Adams County (+22.8 percent). Broomfield County reported the most modest increase of 13.6 percent. Retail sales throughout Colorado rose 21.1 percent over-the-year.

Total Retail Sales ($000s)

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

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

Source: Colorado Department of Revenue.

Price Changes

- The U.S. Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics showed that consumer prices in January rose 0.8 percent from December and 7.5 percent over-the-year, the largest annual increase since February 1982 and the ninth month in a row at or above 5 percent. Shortages of supplies and workers, ultra-low interest rates, federal aid, and robust consumer spending contributed to the acceleration of inflation. Core inflation rose 6 percent over-the-year in January, up from 5.5 percent in December.

- All eight components of the CPI increased over-the-year, with the largest increases in transportation (+20.8 percent), food and beverage (+6.7 percent), and housing (+5.7 percent). Education and communication reported the most modest over-the-year increase of 1.6 percent.
- Consumer inflation in the Denver MSA reached its highest level since November 1982. The CPI for the Denver-Aurora-Lakewood MSA rose 7.9 percent over-the-year in January, up from a 6.5 percent increase in November and a 4.5 percent increase in September. Core inflation was 7 percent.
- Seven of the eight components in the Denver MSA reported increases between January 2021 and 2022, with the largest increases in transportation (+21.1 percent), medical care (+12.1 percent), and apparel (+9.7 percent). Education and communication reported the only over-the-year decrease of 2.2 percent.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price for February was $3.62 per gallon, up 33.1 percent from the same time last year. The Metro Denver average fuel price increased 26.5 percent over-the-year to an average of $3.32 per gallon, a rise of $0.70. The average fuel price in Metro Denver was $0.30 lower than the average fuel price throughout the U.S.

Stock Market

- Three of the four stock market indices increased between February 2021 and 2022. The S&P 500 reported the largest increase, rising 14.8 percent, followed by the DJIA Index (+9.6 percent) and the NASDAQ (+4.2 percent). The Bloomberg Colorado Index reported a decline of 2.8 percent.

Stock Market Indexes

	Month of Feb-22	Month of Jan-22	Month of Feb-21	YTD Return 2022	YTD Return 2021	Annual Avg Return 2017	Annual Avg Return 2012
Bloomberg Colorado	788.4	782.5	810.8	-10.9%	6.7%	-3.7%	3.5%
S&P 500	4,373.9	4,515.6	3,811.2	-8.2%	1.5%	20.0%	13.4%
NASDAQ	13,751.4	14,239.9	13,192.4	-12.1%	2.4%	28.2%	15.9%
DJIA (Dow Jones)	33,892.6	35,131.9	30,932.4	-6.7%	1.1%	25.7%	7.3%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- Total visitations in Rocky Mountain National Park reached over 4.4 million people in 2021, making it the fifth most visited national park in the U.S. and the 14th most visited site across the entire National Park System (NPS). Nationally, last year's visitation to the 423 NPS sites increased by 60 million over the 2020 figure.
- The average hotel occupancy rate in Metro Denver rose 18.8 percentage points over-the-year to 51.6 percent in the month of January 2022. The average hotel room rate rose 40.3 percent to $116.98 per night, an increase of $33.60 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 84.7 percent of pre-pandemic levels recorded in January 2020. The average room rate has returned to 91.8 percent of pre-pandemic levels.

Metro Denver Hotel Statistics

	Month of Jan-22	Month of Dec-21	Month of Jan-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Percent of Hotel Rooms Occupied	51.6%	52.5%	32.8%	51.6%	32.8%	18.8%	74.9%	68.0%
Average Hotel Room Rate	$116.98	$112.17	$83.38	$116.98	$83.38	40.3%	$143.68	$111.78

Source: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that 5,367,607 passengers passed through the airport in December, a 69.7 percent increase from the previous year, or a rise of more than 2.2 million passengers. Carriers today are seeing domestic capacity measured in passenger seats at 92.7 percent of pre-pandemic levels.
- In 2021, 58.8 million passengers passed through DEN, a 74.4 percent increase compared with 2020 and the fourth highest annual total since the airport opened in February 1995. Den had reached 69 million annual passengers in 2019, before the pandemic.

Denver International Airport Passengers

	Month of Dec-21	Month of Nov-21	Month of Dec-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual 2016	Annual 2011
Number of Airline Passengers	5,367,607	5,284,857	3,163,187	58,828,552	33,741,129	74.4%	58,266,515	52,849,132

Source: Denver International Airport, Traffic Statistics.

- Cayman Airways, the only Caribbean-based airline to operate in Denver, is restarting its nonstop flight to the Cayman Islands from Denver International Airport. The airline will offer one nonstop flight per week on Saturdays between DEN and Owen Roberts International Airport in Grand Cayman.

Residential Real Estate

- Home buyers relocating to Denver had a budget 14.8 percent higher than locals shopping for homes, according to a recent analysis of the average budgets of Redfin home searchers in 2021. The maximum budget for out-of-towers was an average $901,386, while locals averaged $785,171. Further, the analysis found that relocators in 42 out of 49 cities had more to spend on homes than locals. Denver ranked 12th for the largest percentage gap in budget between out of town and local home buyers. Cities with the largest gaps included Nashville (28.6 percent), Philadelphia (28.4 percent), and New York (26.5 percent).
- The average rate on a 30-year loan reached 3.92 percent in mid-February, up from 3.69 percent the previous week and up from 2.81 percent a year ago, according to a Freddie Mac report. The last time the 30-year mortgage rate was higher was in May 2019 when the rate was 3.99 percent. The rate retreated slightly to 3.89 percent as of 2/24/2022.
- In the fourth quarter of 2021, investors purchased a record $49.9 billion in homes. Investor purchases – including those ranging from small part-time landlords to private equity giants – made up 18.4 percent of home sales in the fourth quarter, a record high according to Seattle-based Redfin Corp. The analysis found that mid-price homes gained share with investors, representing 32.3 percent of investor purchases in the fourth quarter of 2021. Home purchases in the lower price range were still the most popular for investors at 37 percent, a decrease from 44.3 percent in the previous quarter.

Recently Announced Projects

- LMC, a subsidiary of Lennar Corp., has three multifamily projects under construction in Metro Denver. A 14-story, 224-unit apartment building is being built at 990 Bannock Street in Baker. Also in Baker, the 420-unit Evans West development will be at 1140 Bannock Street and will include extensive commercial space for food and beverage, retail, and office use. Emblem Gateway, located near the airport at the intersection of 61st Avenue and Ceylon Street, will be 3 stories with 240 units.

- Taylor Morrison Home Corp., the nation's fifth-largest home builder, is planning a 196-acre master-planned community in west Arvada. Trailstone will be built in two phases: the first will deliver more than 410 lots and the second will add more than 265 lots. Sales will begin in 2023 with a tentative Q4 2024 target move-in date for first residents.
- Chicago-based The X Company purchased a half-acre lot at 2000 Welton Street in Denver and plans to replace the existing parking lot with an apartment project. The company has proposed an 18-story apartment project with 409 units.
- Arvada-based developer Milender White has proposed a 23-story apartment complex at the 1200 block of Elati Street in Denver's Golden Triangle neighborhood. The project is expected to have nearly 400 units and about 3,600 square feet of ground-floor retail space.
- Houston-based builder Hines and Chicago-based international real estate firm Cresset Real Estate Partners are building the 11-story Mica RiNo luxury apartment community within the mixed-use development North Wynkoop, at 4290 Brighton Boulevard. The project will have 397 units and approximately 15,000 square feet of ground-floor retail. Formerly known as Residences at RiNo, the project broke ground in October 2020 and is expected to open to residents in the fourth quarter of 2022.
- National real estate company EDENS has proposed a new mixed-use project in Denver that will add about 85,000 square feet of retail space and 379 residential units. On the block formed by Larimer and Lawrence streets, and 26th and 27th avenues, EDENS plans to demolish all but one of the existing buildings and put in multiple five- to seven-story buildings. The plans also call for development of several parcels on the other side of 26th Street. Construction likely will take two years.
- Greystar has proposed a 47-story apartment tower at 650 17th Street in Downtown Denver, a site that is currently a parking lot. According to the concept plan, the 342-unit tower will be 573 feet tall and have about 15,800 square feet of ground-floor retail.
- Indiana-based Thompson Thrift Development Inc. is planning to build Notch66, a 336-unit multi-family project in Longmont at Main Street and Ute Highway. The project is expected to be completed by next year.
- Kansas City-based developer Garrison Cos. plans to build a large apartment complex on a nearly 5-acre parcel on Longmont's Main Street. The project, known as Main 16, will include 260 residential units and nearly 7,000 square feet of commercial space. Small existing buildings on the site will be demolished to make way for the new project.
- Santa Monica-based Mass Equities is planning a five-story, 237-unit apartment project on a 2.1-acre site at the 1300 block of Osage Street in Denver. The site sits at the edge of Lincoln Park's transition from primarily residential to primarily industrial uses and currently houses warehouse buildings as well as a martial arts school and a restaurant. The site is made up of multiple parcels with three different owners and will need to be rezoned to allow for buildings taller than 3 stories.
- Mill Creek Residential has proposed two apartment projects in Denver. An 8-story, 219-unit project was proposed for the 500 block of Bannock Street in Baker. At 3401 Blake Street in RiNo, the developer plans to replace a single-story office/light industrial building with a 12-story apartment complex with 198 units.
- Experience Senior Living Development, a NexCore-owned company, plans to build The Reserve at Lone Tree, a two-building senior housing community at RidgeGate in Lone Tree. The property will consist of a 9-story building with 124 independent living units and another 5-story building with 60 assisted living and 24

memory care units. Construction is set to begin in the fourth quarter of 2022 and is expected to open in 2024.

- Ascent Living Communities has opened its newest, full-service senior living community, Hilltop Reserve. The community is located at 525 S. Holy Street in Denver and delivered 124 independent living residences, 56 assisted living suites, and 25 memory care suites.
- JLL Capital Markets plans to build a mid-rise luxury multifamily development at 1375 E. Hampden Avenue in Englewood. The complex will reach six stories and include 119 residential units. Completion is slated for spring of 2023.
- Denver-based developer Metropolitan Residential Advisors plans to build 61 condominium homes at 3600 Galapago Street in Englewood. The Englewood Planning and Zoning Commission has recommended the rezoning and development for the site, which is in a historically commercial area and is currently the home of a mostly vacant strip mall. The proposed homes will be priced between $275,000 and $475,000 and are meant to add much-needed attainable housing for middle-class residents.
- Property Markets Group has proposed a five-story condo building along 2nd Avenue between St. Paul Street and Steele Street in Cherry Creek. The building, called Cherry Creek Condos, will have 38 units and about 10,000 square feet of ground-floor retail space.

Home Resales

Metro Denver

- Home sales in Metro Denver totaled 3,569 in January, up 8.9 percent from the same time last year.
- Unsold homes on the market were 48.9 percent lower in January 2022 compared with the same time last year, representing 1,132 fewer homes on the market. Over-the-month, the inventory of available homes decreased by 19.8 percent.

Previously Owned Home Sales Activity

	Month of Jan-22	Month of Dec-21	Month of Jan-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Ann Total 2017	Ann Total 2012
Home Sales (Closed)	3,569	5,009	3,276	3,569	3,276	8.9%	58,999	45,637
Unsold Homes on Market	1,184	1,477	2,316	1,184	2,316	-48.9%	3,854	7,706
Average Sales Price-Single Family	$674,123	$674,972	$579,600	$674,123	$579,600	16.3%	$466,660	$312,905
Average Sales Price-Condo	$390,508	$378,742	$321,204	$390,508	$321,204	21.6%	$278,011	$195,120
Median Sales Price-Single Family	$575,000	$577,200	$480,150				$395,000	$256,000
Median Sales Price-Condo	$351,000	$350,000	$295,000				$247,000	$149,900

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

- The average sales price for single-family homes increased 16.3 percent over-the-year to $674,123, representing an additional $94,523 per home during the period. The average sales price for condominiums rose 21.6 percent over-the-year to $390,508, representing an additional $69,305 per home.

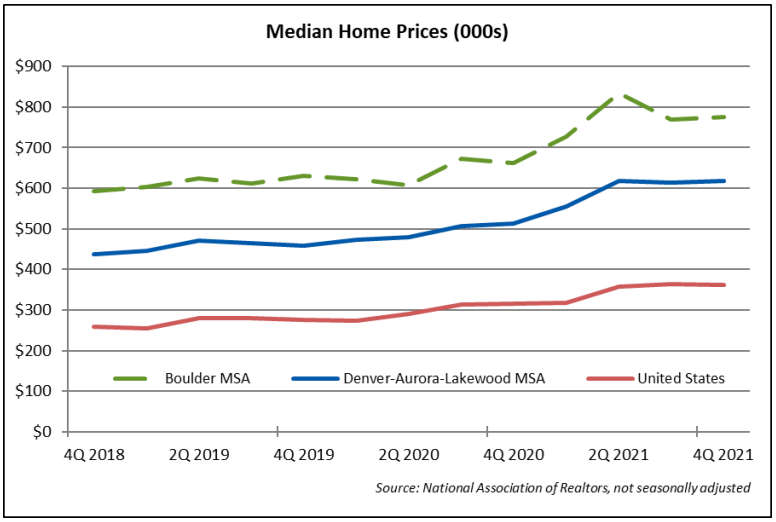
National

- Total existing-home sales increased 6.7 percent from December to a seasonally adjusted annual rate of 6.5 million in January, according to the National Association of Realtors (NAR). Sales decreased 2.3 percent year-over-year from the January 2021 reading of 6.65 million.

- Two of the four regions reported over-the-year decreases in total home sales in January. The Northeast region reported the largest decrease of 8.2 percent, followed by the West (-6.6 percent). The Midwest reported no change in the number of home sales over-the-year, while the South reported the only increase of 0.3 percent.
- Properties remained on the market for 19 days in January, equal to days on the market in December, and down from 21 days in January 2021. Of the homes sold in January, 79 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 $350,300 in January, up 15.4 percent from the same time last year. This marked 119 straight months of year-over-year gains.
- Median home prices increased in all four major U.S. regions over-the-year. The South region reported the largest increase of 18.7 percent, followed by the West (+8.8 percent), the Midwest (+7.8 percent), and the Northeast (+6 percent).
- The West region reported the highest median home price of $505,800, while the Midwest reported the lowest median price of $245,900 in January.
- A separate NAR report revealed that the median price in the Boulder MSA increased 17.2 percent over-the-year to $775,100 in the fourth quarter of 2021. The Denver-Aurora MSA rose 20.5 percent over-the-year to a median home price of $617,600 during 4Q 2021, while the national median home price increased 14.6 percent to $361,700 during the period.



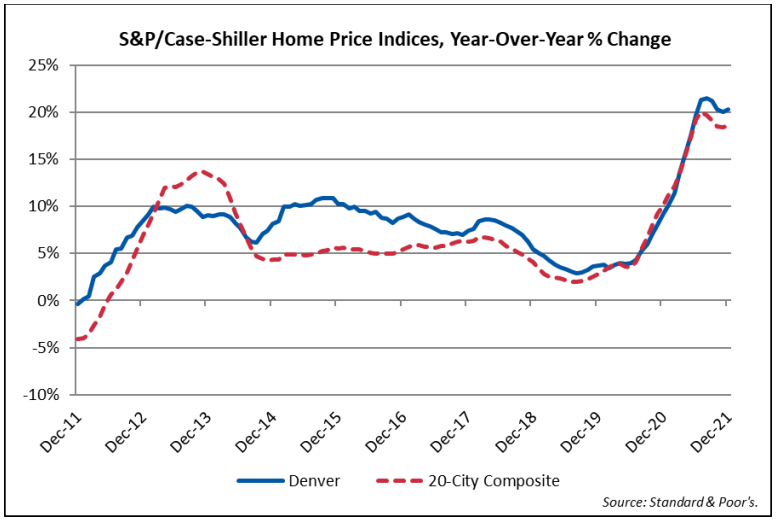
- The Boulder MSA had the seventh highest median home price of the 183 MSAs tracked in the report. The Denver MSA had the 13th highest median home price. Every metro area tracked in the report except three – Davenport-Moline-Rock Island, IA-IL; Peoria, IL; and St Croix, Virgin Islands – posted home price growth between the fourth quarters of 2020 and 2021.

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

	Quarter 4 2021 (p)	Quarter 3 2021 (r)	Quarter 4 2020	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Median 2016	Median 2011
Boulder MSA	$775.1	$769.4	$661.3	$782.7	$645.9	21.2%	$511.7	$353.1
Denver-Aurora MSA	$617.6	$614.8	$512.5	$607.1	$492.7	23.2%	$384.3	$231.4
United States	$361.7	$363.1	$315.7	$353.4	$300.2	17.7%	$235.5	$166.2

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

- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver increased 20.3 percent between December 2020 and December 2021, following a 20.1 percent increase in November and a 20.3 percent increase in October. December was the sixth consecutive month of year-over-year price gains greater than 20 percent and the first month of acceleration after three months of deceleration.
- National housing prices increased 18.8 percent over-the-year in December, the same rate as November and down from a 19 percent increase in October.



- Phoenix reported the highest year-over-year price increase of 32.5 percent, followed by Tampa (+29.4 percent) and Miami (+27.3 percent). Washington, D.C. reported the smallest over-the-year increase of 10.5 percent, followed by Minneapolis (+11.4 percent) and Chicago (+12.2 percent). Denver ranked 10th.

Foreclosures

Real Estate Foreclosures

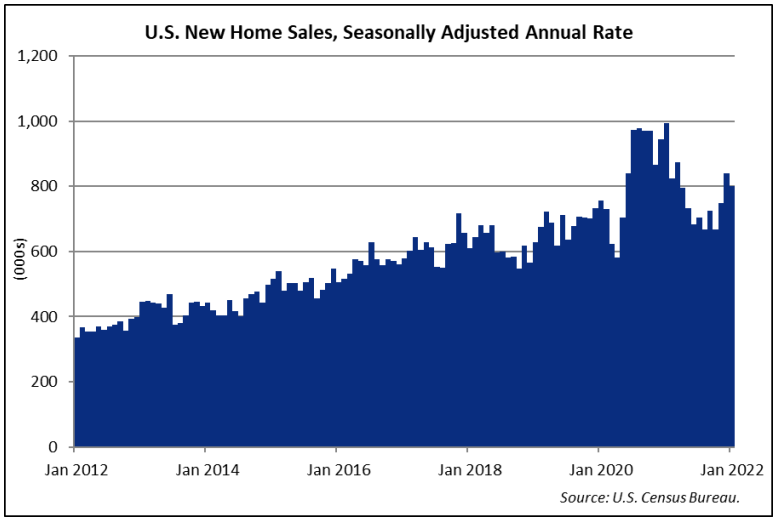
	Month of Feb-22	Month of Jan-22	Month of Feb-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Total 2017	Annual Total 2012
Total Metro Denver*	149	88	22	237	48	393.8%	2,982	15,013
Adams County	32	22	4	54	9	500.0%	672	3,183
Arapahoe County	42	19	8	61	12	408.3%	706	3,589
Boulder County	5	3	1	8	4	100.0%	170	783
Broomfield County	3	2	2	5	2	150.0%	39	210
Denver County	32	24	3	56	8	600.0%	648	3,064
Douglas County	18	5	3	23	8	187.5%	265	1,534
Jefferson County	17	13	1	30	5	500.0%	482	2,650

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

- Foreclosures in Metro Denver increased 577.3 percent between February 2021 and February 2022, rising by 127 filings during the period. All seven counties reported increases in filings compared with last year but remain below pre-pandemic levels. Jefferson County reported the largest increase of 1600 percent, followed by Denver County (+966.7 percent) and Adams County (+700 percent). Broomfield County reported the most modest increase of 50 percent, or 1 filing, during the period.
- Attom Data Solutions found that there were 23,204 U.S. properties with foreclosure filings in January, up 29 percent from the month prior and up 139 percent over-the-year. Still, foreclosure completions remain well below historic levels, with less than half as many foreclosures compared with January 2020, before the pandemic was declared.

New Home Sales

- New home sales in the U.S. decreased 19.3 percent over-the-year to a seasonally adjusted annual rate of 801,000 in January, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- Three of the four regions reported over-the-year decreases in home sales. The Northeast reported the largest decrease of 46.8 percent, followed by the Midwest (-37.1 percent) and the South (-23.8 percent). The West reported the only increase of 5.3 percent.



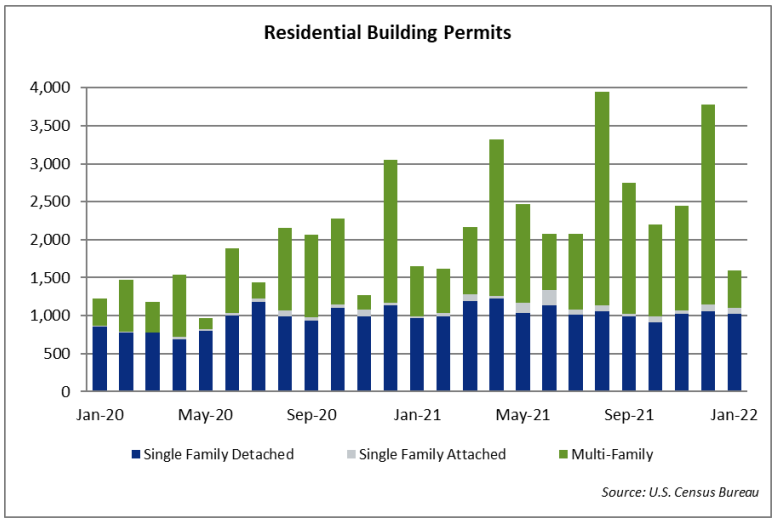
New Home Construction

National

- Builder confidence for newly built single-family homes decreased 1 point to 82 in February, according to the latest National Association for Home Builders/Wells Fargo Housing Market Index (HMI). Despite strong buyer demand, builder sentiment fell 1 point each month for the past two months as the industry grapples with ongoing building material production bottlenecks that are raising construction costs and delaying projects. Despite these monthly declines, the HMI has posted very solid readings at or above the 80-point mark for the past five months. Residential construction costs are up 21 percent over-the-year and NAHB analysts note that delivery delays are raising construction costs and pricing prospective buyers out of the market. Higher interest rates in 2022 are expected to further reduce housing affordability even as demand remains solid due to a lack of resale inventory.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled about 1.9 million units in January, a 0.5 percent over-the-month increase, and a 0.6 percent increase compared with the same time last year.
- The increase in building permits across the U.S. was driven by an increase in multi-family permits. Building permits for multi-family units increased 11.6 percent over-the-year, to 625,000 units permitted in January. Single-family attached units increased 3.6 percent to 57,000 units permitted, while single-family attached units decreased 4.3 percent over-the-year, or by 55,000 units permitted.
- Two of the four regions reported over-the-year increases in total units permitted. The Midwest region reported the largest over-the-year increase of 12.2 percent, followed by the South (+5.5 percent). The Northeast reported the largest over-the-year decrease of 27.7 percent, followed by the West (-3.5 percent).

Metro Denver

- Residential building permits in Metro Denver totaled 1,590 units permitted in January, a decrease of 3.5 percent, or 57 units, from the same time last year.
- Single-family detached units permitted increased 5.8 percent over-the-year, rising by 56 units permitted during the period. Single-family attached units increased by 215.4 percent, or by 56 units, to a total of 82 during the period. Multi-family units decreased by 25.7 percent, or by 169 units, to a total of 489 units permitted in January.



Residential Building Permits

	Month of Jan-22	Month of Dec-21	Month of Jan-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Total 2017	Total 2012
Single-Family Detached Units	1,019	1,058	963	1,019	963	5.8%	11,419	5,947
Single-Family Attached Units	82	91	26	82	26	215.4%	384	299
Multi-Family Units	489	2,625	658	489	658	-25.7%	12,218	8,679
Total Units	1,590	3,774	1,647	1,590	1,647	-3.5%	24,021	14,925

Source: U.S. Census Bureau.

Apartment Rental Market

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

Apartment Statistics

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

Source: Denver Metro Apartment Vacancy and Rent Survey.

- All six submarkets reported over-the-year increases in the average monthly rental rate, led by Douglas County (+17 percent), Arapahoe County (+15.6 percent), and Adams County (+13.7 percent). The Boulder/Broomfield submarket reported the most modest over-the-year increase of 10.4 percent. Douglas County reported the highest rental rate in 4Q 2021 of $1,881 per month, while Adams County reported the lowest rental rate of $1,624 per month. Across Metro Denver, rents increased 13.1 percent over-the-year to

$1,709 per month. Rents fell 1 percent between the third and fourth quarters. Metro Denver's annual average rents increased 9.2 percent in 2021, up from a 1.1 percent increase in 2020.

- According to a new study from QuoteWizard, 50 percent of Colorado renters spend 30 percent or more of their income on housing, which the U.S. Department of Housing and Urban Development defines as cost-burdened. Nationally, about 47 percent of renter households are cost-burdened and Colorado ranks eighth among the states for share of cost-burdened renters.

Commercial Real Estate

Recently Announced Projects

- Chicago-based Riverside Investment & Development plans to break ground in March on 1900 Lawrence, a 30-story office project in downtown Denver. The project will add 700,000 square feet of office space.
- Jordan Perlmutter & Co and Rockefeller Group have formed a joint venture on a new office development called Paradigm River North in Denver's RiNo neighborhood. The building will be eight stories with approximately 188,000 square feet of office space and 12,000 square feet of ground-floor retail space. The project broke ground in February and has an anticipated completion date in early 2024.
- California-based Shea Properties is seeking rezoning for the Marina Square Shopping Center at 8108 and 8351 Belleview Avenue in the Denver Tech Center. The developer plans to demolish the existing structures and build a large mixed-use project. Plans include 40,000 square feet of retail space, 450 apartments, and office space. The office space will house Shea Properties' Colorado headquarters.
- Alberta Development Partners plans to redevelop 8081 E. Orchard Road, a former church on a 9.6-acre site in Greenwood Village. Parts of the existing 249,000-square-foot building will be repurposed to create 160,000 square feet of office space. A new 40,000-square-foot grocery store will be built on the west side of the lot.
- EverWest Real Estate Investors and Invesco completed a 121,000-square-foot warehouse building as part of 25 North, their 70-acre master-planned park in Thornton. When completed, the park will offer 940,000 square feet of warehouse, distribution, and flex space along Interstate 25. The first three buildings have now been completed and the developers plan to break ground on the remaining 600,000 square feet this year.
- Two Hyatt hotels recently opened in downtown Denver. The 14-story, 264-room Hyatt Centric opened at 1776 Champa Street in November. In February, the 10-story, 216-room upscale boutique hotel Thompson Denver opened at 1616 Market Street.
- Kimpton Hotels & Restaurants plans to open its first boutique hotel in the Denver Tech Center in early 2024. The 190-room facility will feature a 19th-floor rooftop bar and lounge and 7,000 square feet of meeting and event space.

Office Market

- Denver's office market showed signs of rebounding from the pandemic faster than many other large U.S. cities in January, according to the CBRE "Pulse of U.S. Office Demand" report. Comparing Denver to a baseline average from 2018 and 2019, CBRE found Denver is 17 percent above the pre-pandemic baseline for leasing activity, making it the third-strongest market in the study, and putting it well above the U.S.

average. Only Seattle and Denver saw month-over-month increases in their leasing index levels, according to the study.

- According to CBRE's Q4 2021 Denver Office report, annual net absorption totaled negative 2 million in 2021, driven by continued negative absorption in class B and C properties, but offset by positive net absorption in Class A properties. This flight-to-quality trend is expected to remain prevalent despite an extremely competitive market as occupiers stay committed to establishing physical locations suited to their company's needs.
- Cushman & Wakefield is forecasting 48.5 million square feet of new office will deliver in 2022 across the 90 U.S. office markets it tracks, and an additional 25.6 million square feet is slated to deliver in 2023. Nationally, office absorption is expected to turn positive by the middle of this year, but certain markets such as New York – which is seeing a lot of new office space deliveries – likely will continue to have elevated vacancy and absorption that lags the national average.
- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.5 percent in the fourth quarter of 2021, an increase of 0.2 percentage points from the previous quarter, and the highest rate posted in the region since the third quarter of 2011. The vacancy rate increased 1.6 percentage points over-the year. The average lease rate increased 2 percent between the fourth quarters of 2020 and 2021, or by $0.59, to $29.47 per square foot.
- The vacancy rate including sublease space increased 1.8 percentage points over-the-year, rising from 12.3 percent in 4Q 2020 to 14.1 percent in 4Q 2021. This represented 3.2 million square feet of vacant sublease space, down from 3.3 million square feet in 3Q 2021.
- There were 22 office buildings completed in 2021, delivering more than 2.1 million square feet to Metro Denver. The largest building completed to date was the 606,142-square-foot Block 162 located at 675 15th Street in Denver.
- There was 1.78 million square feet of office space in 16 buildings under construction in Metro Denver during the fourth quarter of 2021, down 36.9 percent compared with the same time last year. The largest buildings under construction were The Current in River North (280,000 SF in downtown Denver), T3 Offices (257,610 SF in downtown Denver), and One Platte (250,402 SF in downtown Denver). As has been the trend in recent years, the largest share of office construction is found in the City and County of Denver. Currently, 62.1 percent of the office square footage under construction is located in the City and County of Denver.

Office Market Statistics

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

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

Industrial & Flex Market

- According to Newmark, a combination new deliveries and organic growth in second-generation space boosted annual absorption to 8.3 million square feet for Denver's industrial market in 4Q 2021, breaking 2006's record by nearly 1 million square feet. Although new deliveries have outpaced absorption since 2016, it has also been a driving source of the market's expansion. In the fourth quarter, 4.5 million square feet or 53.8 percent of absorption came from build-to-suit projects that delivered over the course of 2021.
- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver decreased 0.2 percentage points to 5 percent between the fourth quarters of 2020 and 2021. The total vacancy rate including sublease space fell 0.4 percentage points over-the-year to 5.3 percent. From 4Q 2020 to 4Q 2021, 5.5 million square feet of new space was added to the industrial base. The average lease rate increased $0.62 per square foot to $9.31, a 7.1 percent increase over the same time last year.
- Thirty-six industrial buildings providing 5.49 million square feet of space were completed in 2021. The largest building completed was the 594,138-square-foot Stafford Logistics Center building in Aurora. The next largest buildings were the 526,400-square-foot 76 Commerce Center Building 3 in Brighton and the 450,000-square-foot Ferguson Enterprises building in Aurora.

Industrial Market Statistics

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

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

- The industrial construction pipeline remains filled with 11.38 million square feet of space under construction in 54 buildings. More than 61 percent of the industrial space under construction is located in Adams County, including the largest building under construction, the Shamrock Food Regional Headquarters with 1.3 million square feet of space. Of the buildings under construction, 51 are slated for delivery in 2022, with the remaining three expected in 2023.
- The direct flex vacancy rate in Metro Denver decreased 0.8 percentage points over-the-year to 6.8 percent vacancy. The average lease rate rose 9.2 percent, or by $1.23, to $14.56 per square foot during the period.

Flex Market Statistics

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

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

- New flex construction has been more limited than other property types, but the construction pipeline is strong heading into 2022. Seven new flex buildings totaling 167,800 square feet were completed in 2021, with four of the seven in Castle Rock in Douglas County. There were 14 buildings totaling 564,876 square feet under construction as of the end of 4Q 2021, all with expected delivery in 2022. Sixty-six percent of the square footage under construction is located in Boulder or Broomfield Counties. The largest building under construction is the 150,725-square-foot flex building at 11100 Broomfield Lane, in Broomfield.

Retail Market

- The direct vacancy rate for retail space in Metro Denver decreased 0.5 percentage points over-the-year to 4.6 percent in 4Q 2021, according to CoStar. The direct vacancy rate including sublease space decreased 0.5 percentage points over-the-year to 4.7 percent. The average lease rate increased 2.4 percent to $19.27 per square foot.

Retail Market Statistics

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

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

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

Metro Denver EDC

Development Research Partners