

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.

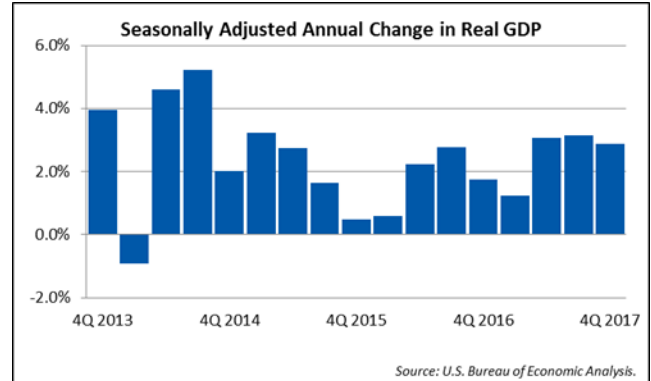
### Notable Rankings

- According to a recent report on the nation's tech sector from CompTIA, Colorado's tech employment grew by the 10th highest rate in the country and ranked 15th for net tech employment with 285,300 workers. The tech industry contributed more than \$43 billion to the state's economy in 2017 and comprised 9.7 percent of the state's total workforce. Employment in Colorado's technology industry increased by an estimated 6,530 jobs or 2.3 percent in 2017. Colorado also reported a 44.3 percent increase from 2016 to 2017 in the number of job postings related to emerging technologies.
- Business.org, a website that provides research, product reviews, and recommendations to business owners, ranked Denver No. 10 in the country on a list of the best cities for entrepreneurs and startups. Criteria included the percentage of young adult residents, percentage of residents with higher education, local unemployment rate, housing costs, startup growth rates, and included data from the Kauffman Index's 2017 Growth Entrepreneurship report. Researchers noted Denver's youthful population, low unemployment rate, and easy access to transportation.
- Colorado ranked sixth on the 2018 *Wallethub* list of "Most Innovative States". *Wallethub* used 22 key metrics and Colorado had high rankings in several categories, including share of technology companies (fourth), share of STEM professionals (sixth), projected STEM job demand by 2020 (sixth), venture capital funding per capita (seventh), share of science and engineering grads age 27 and over (ninth), and R&D spending per capita (18th). The state also ranked No. 1 in eighth grade math and science performance.
- Denver ranks fourth in the nation on a list of the best U.S. cities for working women. *MagnifyMoney* used criteria such as women's unemployment rates, percentage of women-owned businesses, rate of women managers, wage gap between men and women, and rate of women with health insurance. Denver's wage gap (12.8 percent) between men and women was the fourth lowest in the country and well below the national average (20.4 percent). Denver also has the second highest percentage of legislators who are women (40 percent).
- The Brewers Association, a Boulder-based nonprofit trade group, published a list of the year's top 50 U.S. craft brewers as ranked by sales volume, and five Colorado craft brewers made the list. CANarchy, based in Longmont, ranked No. 9, Left Hand Brewing of Longmont ranked No. 44, while Boulder-based Avery Brewing ranked No. 50. Fort Collins had two breweries on the list, New Belgium Brewing (No. 8) and Odell (No. 32). All five companies made the association's 2016 list as well.
- Colorado School of Mines ranked first in the world in 2017 for a Bachelor of Science in Mining Engineering, according to QS World University Ranking. The rankings assess the world's leading institutions in a broad spectrum of academic areas, drawing on major global surveys of academics and employers, and research citation data.
- The Greeley Metropolitan Statistical Area reported a 3.5 percent increase in population last year, making it the third-highest percentage growth of any MSA in the country, and the fastest-growing MSA in Colorado. Much of the growth is driven by energy, manufacturing, food-processing, and service stations. The Greeley MSA added 10,390 people from 2016 to 2017 and the population reached 304,633 people.

## National Economic Overview

### Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released the third estimate of real gross domestic product (GDP) for the fourth quarter of 2017. The estimate showed that GDP increased at an annual rate of 2.9 percent through the fourth quarter, which was 0.3 percentage points below the third quarter rate of 3.2 percent.
- The increase in real GDP in the fourth quarter reflected positive contributions from personal consumption expenditures, nonresidential fixed investment, exports, federal government spending, and private inventory investment.
- Real GDP growth was partly offset by negative contributions from residential fixed investment. Imports, which are a subtraction in the calculation of GDP, also decreased.



### Interest Rates

- The Federal Open Market Committee (FOMC) of the Federal Reserve lifted its key interest rate from 1.5 percent to 1.75 percent, the highest level since 2008. The move was widely expected as the U.S. economy continues to strengthen and stock markets remain near record highs.
- The Fed anticipates hiking rates two or more times in 2018, part of an ongoing move away from the extraordinary measures it took to stimulate the economy during and after the Great Recession. Of the 15 board members, six anticipate the Fed to hike four interest rates this year and one believes five hikes will be necessary.
- The Fed expects inflation, which has run below its 2 percent target for six years, to stay at 1.9 percent in this year and reach 2 percent in 2019. The next FOMC meeting is on May 1-2.

## Policy Watch

### National

- President Donald Trump ordered a 25 percent tariff on steel and a 10 percent tariff on aluminum imports to the U.S., allowing exemptions for Canada and Mexico initially, and negotiated with South Korea, Australia, the European Union, and Japan for additional exemptions. Business leaders raised concerns, citing tariffs imposed in 2002 by George W. Bush which resulted in the loss of 200,000 U.S. jobs. Trump pointed to the weakened steel and aluminum industries as representing a major threat to America's military strength and national security. Critics are concerned about a resulting trade war. China has already declared tariffs on 128 U.S. exports, including pork and fruit.

### Local

- Strong consumer spending, booming stock market, resurgent oil and gas industry, and federal tax code changes have combined to boost the outlook for Colorado's economy and expected revenue forecasts from both the Colorado Legislative Council and governor's Office of State Planning and Budgeting. Legislative economists predict that the state will have as much as an additional \$1.3 billion, or 11.5 percent more in 2018-19 than is budgeted in 2017-18. The forecast is similar to predictions from the governor's Office of State Planning and Budgeting. The forecast predicts that after meeting the reserve requirement, Colorado will have an additional \$492 million in reserve this fiscal year, and an additional \$548.1 million in 2018-19. Depending on how fast state revenues increase, the state could exceed the spending cap imposed by the Taxpayer Bill of Rights. Lawmakers have proposed a range of potential policies for the

surplus including higher transportation and education funding, a refund for local governments reimbursing them for the cost of senior property tax exemptions, a larger state reserve, and affordable housing initiatives, among others.

- The Colorado Office of Economic Development and International Trade nominated 126 “Opportunity Zones” across the state, areas that are eligible for new federal economic development tax incentives established in the 2017 Tax Cuts and Jobs Act. The areas were evaluated based on income, need, and opportunity and included zones in Alamosa, Bent, Rio Blanco, Crowley, Cheyenne, Lake, and Las Animas counties, among others.

## Economic Indexes & Notable Data Releases

### National & International

- The U.S. trade deficit was \$56.6 billion in January, up \$2.7 billion from \$53.9 billion in December, revised. January exports were \$200.9 billion, \$2.7 billion less than December exports. January imports were \$257.5 billion, down less than \$0.1 billion from December imports.
- The Conference Board Leading Economic Index (LEI) for the U.S. decreased in March, following an increase in February. The index now stands at 127.7 (1985 = 100), down from 130 in February. Consumers’ assessment of current conditions declined slightly, with business conditions the primary reason for the moderation. Consumers’ short-term expectations also declined including their outlook for the stock market, but the overall expectations remain quite favorable.
- The Institute for Supply Management’s Manufacturing Index registered 60.8 percent, an increase of 1.7 percentage points from the January reading of 59.1 percent. Among the 18 manufacturing industries tracked in the index, 15 reported growth in February with Printing and Related Support Activities, Primary Metals, Machinery, and Computer and Electronic Products reporting the highest rates of growth. Two industries reported a contraction during the period, Apparel, Leather, and Allied Products and Furniture and Related Products. The overall economy grew for the 106th consecutive month.
- The Institute for Supply Management’s Non-Manufacturing Index registered 59.5 percent, which is 0.4 percentage points lower than the January reading of 59.9 percent. This represents the continued growth of the non-manufacturing sector at a slightly slower rate. Sixteen of the 18 non-manufacturing industries reported growth in February, with only Arts, Entertainment, and Recreation, and Accommodation and Food Services reporting a contraction. The non-manufacturing sector grew for the 97th consecutive month.

### Local

- According to new U.S. Census Bureau estimates, the pace of population growth in the City and County of Denver has slowed for the second-straight year. While the population exceeded 700,000 residents for the first time, the annual growth rate was 1.4 percent, slower than the 2 percent level the city had exceeded for five consecutive years, and down from a peak of 2.8 percent in 2015. The City and County of Broomfield reported the fastest growth of any metro county, at 2.8 percent, with Douglas County (+2.3 percent) following. The slowest metro growth rate was Boulder County, which grew at .42 percent.
- The U.S. Bureau of Economic Analysis and the National Endowment for the Arts released an analysis of the impact of arts and culture in the U.S. In 2015, goods and services generated by museums, architecture firms, artists, and other artistically inclined businesses and agencies accounted for 4.3 percent of Colorado’s GDP. The analysis looked at 36 industries broken down into core contributors, like museums and graphic design firms, or support industries including broadcasting.
- The University of Colorado Boulder Leeds Business School released their second quarter 2018 Leeds Business Confidence Index. The overall index improved based on better expectations for the second quarter in every component except the national economy. However, all six components remained in positive territory. The index value of 61.3 for the second quarter of 2018 was up 1.8 points from last quarter, but down 2.1 points from the second quarter of 2017. Of the index components, state expectations increased from 58.1 in the first quarter to 62.1 in the second quarter,

## MONTHLY ECONOMIC INDICATORS

marking a transition to increased confidence after three quarters of decreasing expectations. Both sales and profits expectations increased over-the-quarter, and hiring expectations increased from 59.3 in the first quarter to 60.5. The only component where expectations declined over-the-quarter was for the national economy, falling 0.1 points to 58.1.

### Labor Force and Employment

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

	Month of	Month of	Month of	Year-to-Date Average	Year-to-Date Average	Year-to-Date Average YTD % Change	Annual Growth Rate 2013	Annual Growth Rate 2008
	Feb-18	Jan-18	Feb-17	YTD 2018	YTD 2017			
<b>Total 11-County Metro Denver*</b>	1,659.9	1,646.6	1,619.1	1,653.3	1,613.5	2.5%	3.6%	1.0%
Denver-Aurora-Lakewood MSA	1,469.1	1,460.9	1,432.2	1,465.0	1,428.6	2.5%	3.7%	1.0%
Boulder MSA	190.8	185.7	186.9	188.3	184.9	1.8%	2.3%	0.9%
Natural Resources & Construction	109.3	107.4	102.2	108.4	101.7	6.6%	9.7%	-1.5%
Manufacturing	88.9	88.0	86.6	88.5	86.6	2.2%	1.6%	-2.3%
Wholesale & Retail Trade	236.0	236.9	230.2	236.5	231.0	2.4%	2.6%	0.1%
Transp., Warehousing & Utilities	59.1	59.6	57.5	59.4	57.7	2.9%	5.1%	0.3%
Information	57.9	57.3	54.4	57.6	54.5	5.8%	1.6%	-1.7%
Financial Activities	116.1	115.1	114.4	115.6	114.2	1.3%	3.6%	-2.2%
Professional & Business Services	297.2	294.3	289.0	295.8	288.3	2.6%	4.3%	2.1%
Education & Health Services	214.5	213.1	207.4	213.8	206.8	3.4%	4.2%	4.3%
Leisure & Hospitality	184.4	184.9	177.8	184.7	177.6	4.0%	3.9%	1.4%
Other Services	61.8	62.4	62.1	62.1	61.8	0.6%	2.1%	2.7%
Government	234.7	227.6	237.5	231.2	233.6	-1.0%	1.9%	2.6%
Federal Gov't	29.9	30.2	30.8	30.1	30.8	-2.4%	-1.2%	-0.7%
State Gov't	65.9	59.4	64.4	62.7	61.3	2.3%	2.7%	3.7%
Local Gov't	138.9	138.0	142.3	138.5	141.6	-2.2%	2.2%	3.0%
Colorado	2,683.1	2,655.5	2,613.2	2,669.3	2,602.4	2.6%	3.0%	0.8%
United States	146,696	145,472	144,423	146,084	143,908	1.5%	1.6%	-0.5%

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

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

- Employment in Metro Denver rose 2.5 percent between February 2017 and 2018, or an additional 40,800 jobs during the period. Employment growth consisted of a 2.6 percent increase in the Denver-Aurora-Lakewood MSA, or an additional 36,900 jobs, and a 2.1 percent increase in the Boulder MSA, representing 3,900 jobs.
- Nine of the 11 supersectors recorded growth over-the-year. Roughly 71.1 percent of the over-the-year absolute increase can be attributed to growth in four supersectors, professional and business services, education and health services, natural resources and construction, and leisure and hospitality. The largest sector by employment, professional and business services, increased 2.8 percent and created 8,200 jobs over-the-year.
- The natural resources and construction supersector reported the largest over-the-year percentage increase in employment, rising 6.9 percent and added 7,100 jobs. Information created 3,500 jobs, a 6.4 percent increase over-the-year. The government supersector (-2,800 jobs) and the other services sector (-300 jobs) both recorded declines in employment over-the-year.

- Colorado employment rose 2.7 percent in February compared with the previous year's level, adding 69,900 new jobs over the same period. National employment levels increased 1.6 percent over-the-year, with the addition of almost 2.3 million jobs.

### Metro Denver Industry Cluster Headlines

#### *Beverage Production*

- American craft-beer sales grew by 8 percent in 2017, but the number of breweries that closed nationwide also increased by nearly 70 percent, according to the Boulder-based Brewers Association. Data suggests that the industry is at a point where competition is challenging both small breweries that cannot find a local foothold in crowded markets and nationally distributed breweries that are losing share to local producers. The slower growth volume also indicates a maturing industry in which 6,260 breweries were operating at the end of last year, an increase of 16 percent from 2016.

#### *Energy – Cleantech*

- Colorado air pollution officials finalized a plan to spend \$68.7 million to cut car and truck pollution in the state by investing in electric and alternative-fuel vehicles. The improvements will be funded out of a settlement with Volkswagen after allegations the company installed software in its diesel-powered vehicles that enabled the vehicles to cheat on pollution tests. The plan includes electric vehicle charging stations, electric or alternative fuel transit and school buses, and funding allocated to reduce diesel emissions in construction, agriculture, mining, and industry.
- Colorado has the ninth-highest solar employment according to the Solar Foundation's 2017 "Solar Jobs Census", with about 6,789 jobs. The state added 785 new jobs in 2017, and ranked eighth in the nation for jobs added. Colorado also ranked eighth in solar jobs per capita.

#### *Energy – Fossil Energy*

- Well Master Corporation is expanding in Jefferson County and recently broke ground on its new facility in Golden's Coors Technology Center. The company plans to occupy 26,000 square feet of the new 68,500-square-foot industrial facility, and will expand to nearly 60 employees over the next couple of years.

#### *IT-Software*

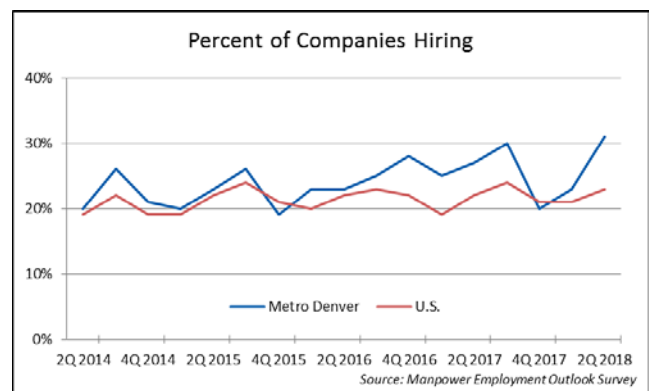
- Freestar LLC, a fast-growing Phoenix-based startup, plans to double its staff and is opening a Denver office. With hundreds of publisher clients around the globe, the company is hiring data scientists, data engineers, full stack developers, and business developers. The company reported \$110 million in revenue projected this year and reported year-over-year growth from 2016 to 2017 at 3,600 percent.
- Boulder-based Redeam, a software and technology company focused on attractions and tours, raised \$7.7 million from travel-related venture capital firms and notable tech investors. The startup currently employs 15 people with plans to double in size over the next year. Redeam has more than 200 clients including CitySightseeing/Gray Line New York, Ripley's Believe It Or Not, National Geographic Encounter, and Metropolitan Museum of Art.
- Denver-based Faction, a cloud computing infrastructure company, raised \$18 million in Series B funding. The company plans to double its 50-person workforce over the next year and expand internationally as a result of client demand.
- Facebook announced plans to hire tech workers in Denver as it begins to build a local presence. The company received zoning approval for a 22,800-square-foot space at 1900 16th St. and plans to hire network engineers, a data center manager, and other data-center related engineering positions. Facebook currently operates inside the Thrive Workplace coworking space in Denver.

## Other Industry Headlines

- Commencal, a bike company based out of Andorra, is moving its U.S. headquarters from Carlsbad, California to Golden. Leasing 8,500 square feet, the location will include warehouse space and a showroom. Commencal has been making bikes since 2000, and has additional locations in British Columbia, Australia, New Zealand, South America, and Africa.
- New York-based Serendipity Labs leased 15,000 square feet for a coworking space at 6400 S. Fiddlers Green Circle. Coworking space in the Denver Tech Center (DTC) has not grown as quickly as the rest of Denver, leaving opportunity for new firms to enter the DTC market. Serendipity will offer different levels of membership, including drop-in office space, one-person offices, or 10-person offices.
- AlphaGraphics, one of the nation’s largest franchised print-store companies, is moving its headquarters to Denver. In the move, the company will consolidate much of its finance, marketing, and network support service teams in the new location. The company employs about 50 people at its current corporate headquarters in Salt Lake City, Utah.
- Epsilon, a global marketing and consumer research firm, is moving its regional headquarters to Jefferson County. The relocation/expansion project will bring more than 500 jobs and \$7.4 million in capital investment to the county over the next couple years.
- Locally based real estate investment firm Northstar Commercial Partners has doubled its space in a downtown office tower. The company has about 40 Denver employees, with expectations to increase to about 60 over the next year. Northstar’s portfolio consists of 50 assets in 17 states.
- The Colorado CovenantCare at Home facility in Westminster will shut down mid-May 2018 and lay off at least 67 employees. The company cited the saturated competitive market of home care providers and the uncertainty with reimbursement rates as responsible for its closure. CovenantCare also has a retirement facility in Westminster that will not be impacted.
- The Denver Post is cutting 30 newsroom staff positions by the beginning of July. The Denver Post cut 10 positions in December 2017, and further trimmed payrolls in 2015 and 2016 to maintain profitability as advertising has increasingly transitioned from print to digital formats. The daily newspaper, Colorado's largest, is owned by Denver-based MediaNews Group, which is the second-largest U.S. newspaper chain.
- After filing for bankruptcy protection in September as well as a difficult holiday shopping season, Toys “R” Us and Babies “R” Us announced plans to close its 880 U.S. stores and lay off more than 30,000 people. Toys “R” Us began company-wide liquidation sales mid-March, which are expected to be completed by the end of June. Toys “R” Us has eight locations in Colorado.

## Employment Outlook

- Employers in the Denver-Aurora-Broomfield MSA expect to hire at a robust pace during 2Q 2018, according to the *Manpower Employment Outlook Survey*. The percentage of employers planning to increase employment levels rose 8 percentage points between the first quarter of 2018 and the second quarter of 2018, with 31 percent of companies expanding their employment levels. The majority of companies intend to maintain staff levels through the first quarter of the year; however, the level fell 8 percentage points below the prior quarter’s level.
- For the coming quarter, job prospects appear best in construction, durable goods manufacturing, nondurable goods manufacturing, transportation and utilities, information, professional and business services, leisure and



## MONTHLY ECONOMIC INDICATORS

hospitality, and government. Hiring in wholesale and retail trade, financial activities, education and health services, and other services is expected to remain unchanged.

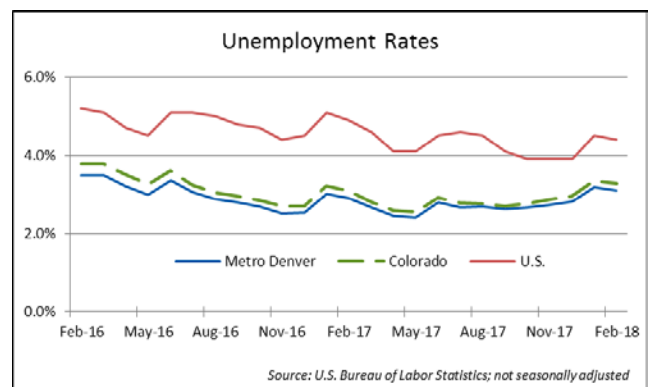
### Employment Outlook Survey

	Quarter 2 2018	Quarter 1 2018	Quarter 2 2017	YTD 2018	YTD 2017	Ann Avg 2013
<b>Denver-Aurora-Broomfield MSA</b>						
Percent of Companies Hiring	31%	23%	27%	27%	26%	21%
Percent of Companies Laying Off	3%	2%	2%	3%	5%	7%
Percent of Companies No Change	63%	71%	69%	67%	67%	71%
Percent of Companies Unsure	3%	4%	2%	4%	3%	3%
<b>United States</b>						
Percent of Companies Hiring	23%	21%	22%	22%	21%	19%
Percent of Companies Laying Off	3%	5%	3%	4%	5%	7%
Percent of Companies No Change	73%	71%	73%	72%	73%	72%
Percent of Companies Unsure	1%	3%	2%	2%	2%	3%

Source: Manpower Inc.

### Unemployment

- Colorado residents joined the labor force faster than any other state last year, as the share of employed adults rose from 64.9 percent in 2016 to 66.2 percent. Only 12 states increased their employment-to-population ratio last year. Colorado also reported the largest gain since 1979, when the ratio grew by 2 percentage points. Colorado hit a high of 71.6 percent in 1998 during the tech and telecom boom, and fell to a low of 63.5 percent in 2013.
- Colorado's adjusted year-end unemployment rate for 2017 was 2.8 percent, the fourth-lowest in the country. That is the best the state had finished in the U.S. rankings since at least 1976. Job growth numbers were adjusted upward for 2017 to 2.2 percent, tying Colorado for the sixth-fastest rate in the country. Colorado is the only state with a very low unemployment rate and growth over 2 percent.
- Metro Denver's not-seasonally adjusted unemployment rate fell slightly, decreasing 0.1 percentage points to 3.1 percent in February compared with January. Metro Denver's rate rose 0.2 percentage points over-the-year from the February 2017 level of 2.9 percent.
- The seven Metro Denver counties reported unemployment rates of 3.6 percent or lower in February. Douglas County reported the lowest unemployment rate of the seven-county region, of 2.7 percent. All seven counties had unemployment rates which rose between 0.1 and 0.3 percentage points over-the-year.
- Six of the seven counties reported a decrease in the unemployment rate over-the-month. Boulder County remained flat at 2.9 percent. All other counties rose by 0.1 percentage points or less. Additionally, all seven counties reported increases in the labor force over the year. Boulder County grew the slowest (+3.4 percent), while Arapahoe County grew the fastest (+3.9 percent).
- The Colorado unemployment rate remained constant over-the-month at 3.3 percent in February. Colorado had the sixth lowest unemployment rate in the country, as residents continued to meet employer demand. The state's labor force increased 3.9 percent over-the-year. The national unemployment rate decreased 0.1 percentage point over-the-month to 4.4 percent.



# MONTHLY ECONOMIC INDICATORS

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

	February 2017 (p)		2017 YTD AVG		2016 YTD AVG		2013	2008
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Ann Avg Unemployment Rate	Ann Avg Unemployment Rate
Metro Denver	1,780.4	3.1%	1,766.6	3.1%	1,707.7	3.0%	6.5%	4.9%
Adams County	266.9	3.6%	265.1	3.6%	256.3	3.5%	8.1%	5.4%
Arapahoe County	358.8	3.2%	356.2	3.2%	344.0	3.0%	6.6%	4.9%
Boulder County	191.3	2.9%	188.7	2.9%	183.0	2.6%	5.5%	4.1%
Broomfield County	38.7	2.9%	38.4	2.9%	37.2	2.8%	5.8%	4.5%
Denver County	405.7	3.2%	402.8	3.2%	389.3	3.1%	6.6%	5.4%
Douglas County	187.0	2.7%	185.7	2.8%	179.3	2.5%	5.3%	4.2%
Jefferson County	331.9	3.0%	329.7	3.0%	318.6	2.9%	6.3%	4.7%
Colorado	3,058.3	3.3%	3,037.3	3.3%	2,932.0	3.2%	6.9%	4.8%
United States	161,494	4.4%	160,766	4.5%	159,079	5.0%	7.4%	5.8%

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

- Unemployment insurance claims decreased in Metro Denver, falling 13.5 percent between January and February. Nevertheless, the February level was 3.9 percent higher over-the-year. The average number of claims year-to-date (1,240 claims) is the lowest February since the beginning of the dataset in 2004.
- Claims throughout Colorado also decreased over-the-month, falling 18.5 percent. Even with the significant decrease from January, the state's unemployment insurance claims increased 5.8 percent over-the-year. The year-to-date average claims for Colorado is lower than any previous February since 2006.

## Weekly First-Time Unemployment Insurance Claims

	Month of Feb-18	Month of Jan-18	Month of Feb-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Ann Avg 2013	Ann Avg 2008
Metro Denver	1,150	1,330	1,107	1,240	1,325	-6.4%	1,625	1,738
Colorado	2,074	2,546	1,961	2,310	2,354	-1.8%	3,166	3,112

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.

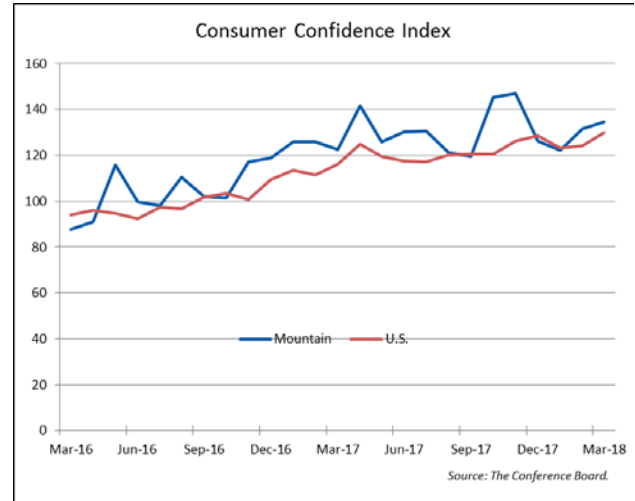
Source: Colorado Department of Labor and Employment, Labor Market Information.



## Consumer Sector

### Sentiment & Spending

- The Consumer Confidence Index for the U.S. fell in March, reporting a level of 127.7 from the revised February level of 130.0, a 1.8 percent decrease over-the-month. The fall in March was after an 18-year high reached the previous month.
- Analysts at The Conference Board stated that consumers' assessment of current conditions declined slightly, with business conditions the primary reason for moderation. Consumers' short-term expectations also declined, including their outlook for the stock market, but overall expectations remain quite favorable.
- Colorado is included in the Mountain Region Index and the area reported an increase in consumer confidence between February and March. The index rose to 134.7 in March from the February revised level of 131.4, increasing 2.5 percent over-the-month. The Mountain Region Index was also 10 percent higher than the year-ago level. The Present Situation Index rose from 157 in February (revised) to 165 in March, while the Expectations Index increased slightly from the February level of 114.3 (revised) to 114.5 in March, rising 0.2 percent.



Consumer Confidence Index

	Month of Mar-18 (p)	Month of Feb-18	Month of Mar-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Ann Avg 2013	Ann Avg 2008
Mountain	134.7	131.4	122.5	129.4	124.8	3.7%	74.6	76.5
United States	127.7	130.0	124.9	127.3	117.5	8.3%	73.2	58.0

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

- National retail sales decreased through January, with total retail sales falling 20.7 percent below the month-ago level, a typical seasonal pattern. Over the year, sales increased 5.2 percent from the January 2017 level. All 13 sectors reported over-the-month decreases, the largest being in clothing and clothing accessories stores (-53.1 percent), followed by sporting goods, hobby, book, and music stores (-45.8 percent), electronics and appliance stores (-36.3 percent), and general merchandise stores (-35.9 percent). Gasoline stations reported the smallest decrease over-the-month, falling 2 percent. Twelve of the 13 sectors reported over-the-year increases, with the largest increase in the non-store retailers sector, which rose 12.2 percent between January 2017 and January 2018. Sporting goods, hobby, book, and music stores reported the only decrease over-the-year, falling 6.4 percent.

## MONTHLY ECONOMIC INDICATORS

### Total Retail Sales (\$millions)

	Month of Jan-18	Month of Dec-17	Month of Jan-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual Growth 2013	Annual Growth 2008
Total Retail Sales	445,081	561,402	423,111	445,081	423,111	5.2%	3.6%	-1.1%
Motor Vehicles	88,809	100,910	84,658	88,809	84,658	4.9%	8.2%	-13.7%
Furniture and Home	8,348	11,560	8,348	8,348	8,348	0.0%	4.2%	-11.2%
Electronics & Appliance	7,682	12,069	7,350	7,682	7,350	4.5%	0.9%	-1.2%
Building Materials	25,501	28,996	23,873	25,501	23,873	6.8%	7.2%	-5.9%
Food and Beverage	59,619	66,924	57,266	59,619	57,266	4.1%	2.0%	3.9%
Health and Personal Care	27,315	30,529	26,564	27,315	26,564	2.8%	2.9%	4.0%
Gasoline Stations	37,915	38,675	34,246	37,915	34,246	10.7%	-1.0%	11.5%
Clothing & Accessories	16,128	34,390	15,700	16,128	15,700	2.7%	2.2%	-2.5%
Sporting Goods	5,970	11,010	6,378	5,970	6,378	-6.4%	1.9%	-1.2%
General Merchandise	50,783	79,177	49,479	50,783	49,479	2.6%	1.5%	2.8%
Miscellaneous Store	10,116	12,254	9,154	10,116	9,154	10.5%	2.2%	-4.9%
Non-Store Retailers	53,470	75,177	47,658	53,470	47,658	12.2%	6.1%	3.4%
Food Service & Drinking	53,425	59,731	52,437	53,425	52,437	1.9%	3.7%	2.6%

Source: U.S. Census Bureau

### Price Changes

- The U.S. Consumer Price Index (CPI) rose 2.2 percent over-the-year to 249 in February. The CPI also rose between January and February by 0.5 percentage points. Seven of the eight CPI components were up between February 2017 and 2018, led by transportation (4.1 percent) and housing (2.8 percent). Education and communication reported the only decrease, falling 1.8 percent over-the-year.
- The core consumer price index, which excludes volatile food and energy prices, showed prices were 1.8 percent higher in February than the same month last year. This continues the trend over the last year, with prices increasing by an annual average of 1.7 to 1.8 percent per month over the last 12 months.
- For the Denver-Aurora-Lakewood area, data is released bi-monthly. Between November and January, the index fell from 250.5 to 244.8, a 2.3 percent decrease. Five of the eight CPI components reported increases over the two-month period, with recreation (+1.8 percent), other goods and services (+1.4 percent), and medical care (+1.3 percent) reporting the largest increase. Education and communication reported the largest decrease during the period, falling 1.2 percent.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price for March increased 4.6 percentage points from February to \$2.66 per gallon. The March average fuel price was 14.3 percent above the prior year's level (\$2.32 per gallon). Metro Denver reported a 4.2 percent increase in the average fuel price between February and March. The average fuel price of \$2.46 per gallon for March in Metro Denver was \$0.20 lower than the national average. The area reported average fuel prices that were 13.2 percent higher for March 2018 than the previous year's level.

### Stock Market

- Trade conflict between the U.S. and China caused stocks around the world to rapidly decline, with widespread losses between multiple industries. Technology companies, because they do so much business outside the U.S., were particularly vulnerable to the effects of the trade dispute. Banks also took steep losses as interest rates declined in response to the tariffs. Stocks also decreased at the start of the month after the tariffs on aluminum and steel were announced, but they quickly recovered as the administration reported that the tariffs would not be as severe as they originally intended.

## MONTHLY ECONOMIC INDICATORS

- The Bloomberg Colorado index reported the only increase in March, while three of the four indices improved over-the-year. The Bloomberg Colorado index increased 1.8 percent over-the-month to 484.2, but fell 11.8 percent over-the-year. The DJIA fell 3.7 percent between February and March, but rose 16.6 percent over-the-year. The NASDAQ recorded a decrease over-the-month of 2.9 percent, and recorded a 19.5 percent increase over-the-year. The S&P 500 fell 2.7 percent over-the-month but increased 11.8 percent between March 2017 and 2018.

### Stock Market Indexes

	Month of Mar-18	Month of Feb-18	Month of Mar-17	YTD Return 2018	YTD Return 2017	Ann Avg Return 2013	Ann Avg Return 2008
Bloomberg Colorado	484.2	475.9	548.8	-2.7%	6.2%	30.6%	-51.0%
S&P 500	2,640.9	2,713.8	2,362.7	-1.7%	5.5%	29.6%	-38.5%
NASDAQ	7,063.4	7,273.0	5,911.7	2.3%	9.8%	38.3%	-40.5%
DJIA (Dow Jones)	24,103.1	25,029.2	20,663.2	-3.0%	4.6%	26.5%	-33.8%

Sources: Bloomberg.com; Yahoo! Finance.

### Travel & Tourism

- The Colorado Public Utilities Commission (PUC) approved the Regional Transportation District's (RTD) automated crossing gates for the 11 University of Colorado A-Line train crossings. Regulators also voted to push forward the G-Line, which uses the same crossing gate technology. Prior to opening in 2016, the A-Line's crossing technology ran into problems, such as gates dropping without a train approaching and gates that did not fully drop before a train went through.
- The average hotel occupancy rate in Metro Denver rose 3.3 percentage points to 64.5 percent occupancy in February compared with the January level. The February level was 0.2 percentage points below the previous year's level. The average room rate for February was \$127.25 per night, 2.6 percent below the January level, and 0.1 percent lower over-the-year.

### Metro Denver Hotel Statistics

	Month of Feb-18	Month of Jan-18	Month of Feb-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Annual 2013	Annual 2008
Percent of Hotel Rooms Occupied	64.5%	61.2%	64.7%	62.8%	63.3%	-0.5%	70.8%	65.0%
Average Hotel Room Rate	\$127.25	\$130.70	\$127.40	\$129.01	\$126.36	2.1%	\$115.09	\$118.27

Source: Rocky Mountain Lodging Report.

- Denver International Airport (DEN) ranked as the fifth busiest airport in the United States, up from sixth in the last Skytrax annual rankings and airport awards. In 2017, DEN had record-setting passenger traffic, serving nearly 61.4 million passengers. DEN was also No. 5 for the world's best regional airport and No. 2 for the best airport staff in North America.
- Spokespeople for DEN reported that over 4.95 million passengers passed through the airport in December, increasing 0.8 percent from November. Additionally, the December 2017 level was 2.6 percent higher than the December 2016 level, recording 125,580 additional passengers through the airport.
- The official count of Denver International Airport passengers is the highest on record, reaching 61.4 million passengers for 2017, up 5.3 percent from 2016's previous record of 58.3 million passengers. December 2017 was the airport's busiest month in its history, with almost 5 million passengers. Officials attributed last year's record partially to a big increase in international passengers.

## Denver International Airport Passengers

	Month of Dec-17	Month of Nov-17	Month of Dec-16	YTD Total 2017	YTD Total 2016	YTD Total % Change	Annual 2012	Annual 2007
Number of Airline Passengers	4,950,804	4,913,238	4,825,224	61,379,396	58,266,515	5.3%	53,156,278	49,863,286

Source: Denver International Airport, Traffic Statistics.

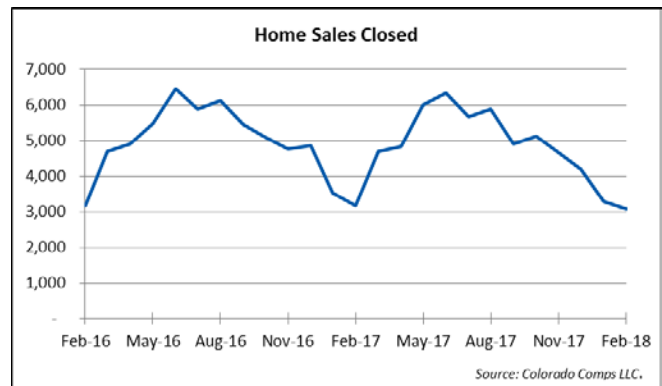
## Residential Real Estate

- The Aurora Highlands project, a planned 23,000-home development with 80 million square feet of commercial, office, and retail space, will break ground this spring. Aurora, Adams County, and the Aerotropolis Area Coordination Metropolitan District finalized a deal that forms a regional transportation authority, an entity critical to raising the money necessary to pay for the project's roads and infrastructure. The master-planned community of homes, parks, offices, and shopping districts could eventually grow to 5,000 acres, or 60,000 residents, filling the land between E-470 and Powhatan Road.
- RidgeGate, a 15-year-old mixed-use community in Lone Tree is continuing development with a city center and an additional 10,000 residential units on the east side of I-25. Development will include a grid of streets and two light-rail stations on the RTD Southeast line, already under construction. Plans were approved for a 400-acre Lone Tree City Center and a 1,800-acre East Village. The city center will include offices, retail, and hotels, with the potential to bring 50,000 new jobs to the area.
- Revesco Properties has begun the initial planning process to re-zone 62 acres in Denver, allowing taller, denser construction to the area adjoining Elitch Gardens on the east and south. The new development, River Mile, will include a complete city neighborhood with residences, schools, offices, restaurants and cafes, a community center, and grocery store. Two light rail stations will serve the site and development will include open access to the river to allow for fly-fishing and other activities.
- Akara Partners plans to build a 34-story tower at 2136 Lawrence Street, featuring lobby and commercial space, coworking and amenity space, and 441 residential units. The majority of the units would be 360-square-foot studios, and the rest will include 560-square-foot one-bedrooms and 1,125-square-foot three-bedroom units.
- Zocalo Community Development has proposed a 515,000-square-foot mixed-use development project for Denver's West Colfax neighborhood. The plans include housing, a community engagement center, and commercial retail space. The housing will be targeted to various income levels with 170 units priced at market value and 185 affordable units for people making 60 percent of the area median income.
- Parc Mosaic, a 226-unit apartment complex in Boulder, has broken ground at 1550 Eisenhower Boulevard, with planned completion in mid-2019. The development will offer one-, two-, and three-bedroom apartments and penthouses, and the complex will feature a rock-climbing wall, indoor/outdoor pool, fitness center, and secure bicycle and ski storage.
- Urban Peak, which operates a 40-bed shelter in a one-story building, is planning to add four stories to the location after a recent rezoning approval. The plan is for the first story to remain a 40-bed shelter and kitchen, while adding office space for Urban Peak staff, as well as transitional living spaces to the second floor. The top three floors would include 60 one-bedroom affordable units.
- Paris Family Apartments, a 39-unit complex reserved for people making 50 percent or less of area median income, recently broke ground in Aurora. The complex will feature 24 two-bedroom and 15 three-bedroom units. Funding for the project came from a variety of neighborhood revitalization and community stabilization focused sources including \$2 million in federal money dedicated through Aurora's community development division.

## Home Resales

### Metro Denver

- Metro Denver existing home sales decreased 6.6 percent between January and February to 3,077 homes sold. Home sales also fell 2.7 percent between February 2017 and 2018.
- Unsold homes on the market were 5.6 percent higher in February than January and were 5.3 percent higher than the previous year's inventory level, with 206 more homes on the market over-the-year.
- The average sales price for single-family homes rose 11.8 percent over-the-year to \$482,465, while the average sales price of condominiums (\$288,209) increased 12.6 percent during the same period.
- The average sales price of a single-family home was \$50,931 higher in February 2018 compared with one-year earlier, while the average price of a condominium increased \$32,224.



### Previously-Owned Home Sales Activity

	Month of Feb-18	Month of Jan-17	Month of Feb-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Ann Total 2013	Ann Total 2008
Home Sales (Closed)	3,077	3,294	3,164	6,371	6,698	-4.9%	53,631	47,837
Unsold Homes on Market	4,084	3,869	3,878	4,084	3,878	5.3%	8,575	24,365
Average Sales Price-Single Family	\$482,465	\$478,098	\$431,534	\$480,200	\$428,429	12.1%	\$335,871	\$270,261
Average Sales Price-Condo	\$288,209	\$286,521	\$255,985	\$287,343	\$252,857	13.6%	\$198,441	\$171,350
Median Sales Price-Single Family	\$415,000	\$396,800	\$372,000				\$278,900	\$219,900
Median Sales Price-Condo	\$257,750	\$254,600	\$232,000				\$160,000	\$138,000

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

### National

- Total existing-home sales grew 3 percent to a seasonally adjusted annual rate of 5.54 million in February from 5.38 million in January, according to the National Association of Realtors (NAR). After last month's increase, sales are now 1.1 percent above a year ago. Economists suggest that affordability continues to be a pressing issue because new and existing housing supply is still severely subpar.
- Total housing inventory at the end of February rose 4.6 percent to 1.59 million existing homes available for sale, but is still 8.1 percent lower than a year ago and has fallen year-over-year for 33 consecutive months. Unsold inventory is at a 3.4-month supply at the current sale pace.
- First-time buyers were 29 percent of sales in February, which was unchanged from last month and down from 31 percent a year ago.
- Properties typically stayed on the market for 37 days in February, which is down from 41 days in January and 45 days a year ago. Forty-six percent of homes sold in February were on the market for less than a month.

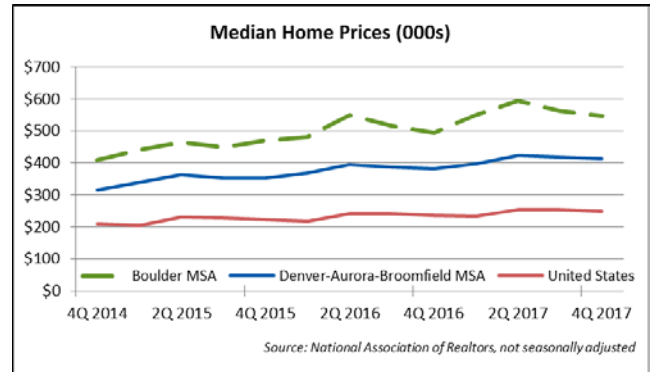
### Home Prices

NAR data shows that the median existing-home price for all housing types in February was \$241,700, up 5.9 percent from February 2017 (\$228,200). February's price increase marks the 72nd straight month of year-over-year gains. The median price in the Midwest was \$179,400, up 4.5 percent from a year ago. In the South, existing home sales increased 6.6 percent

## MONTHLY ECONOMIC INDICATORS

and the median home price was \$215,700, up 5.4 percent from a year ago. In the Northeast (\$258,900), the median home price rose 3.6 percent above February 2017. The median home price in the West was \$370,600, up 9.6 percent from February 2017.

- NerdWallet calculated affordability for 173 metropolitan areas, ranking Boulder as the fifth least affordable location, based on a comparison of the median annual household income and the monthly principal-and-interest payment for a median-priced, single-family home. Boulder was noted for significant population growth and being home to the University of Colorado, where about 30,000 students are enrolled.
- A separate NAR report revealed that the median price in the Boulder MSA (\$546,400) during the fourth quarter of 2017 was 3 percent lower over-the-quarter but was 10.4 percent higher over-the-year. The Denver-Aurora MSA (\$414,400) was 0.9 percent lower than the third quarter and yet was 8.6 percent above the year-ago level.
- The national median sales price during the fourth quarter of 2017 declined 2.7 percent over-the-quarter to \$247,800 yet was 5.3 percent higher than the previous year's level.
- Of the 177 MSAs included in the fourth quarter 2017 report, the Boulder MSA reported the seventh-highest median price, while the Denver-Aurora MSA median price was the 13th highest.

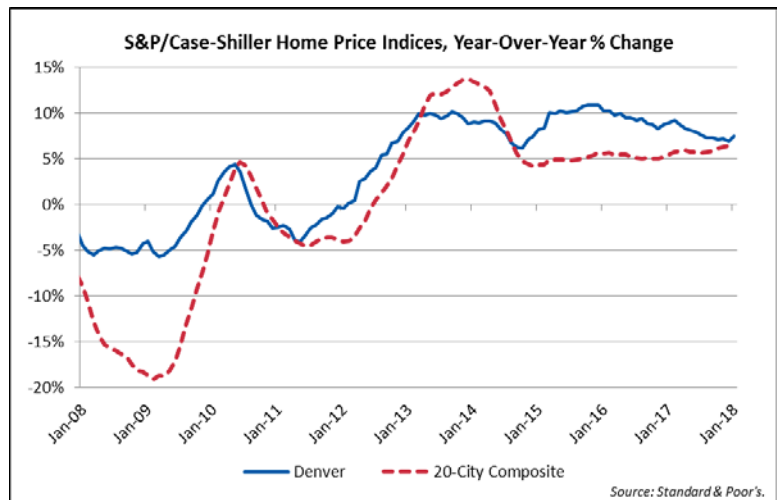


### Median Sales Price of Existing Single-Family Homes (\$000s)

	Quarter 4 2017 (p)	Quarter 3 2017 (r)	Quarter 4 2016	YTD Avg 2017	YTD Avg 2016	YTD Avg % Change	Median 2012	Median 2007
Boulder MSA	\$546.4	\$563.5	\$494.8	\$566.1	\$511.7	10.6%	\$383.7	\$376.2
Denver-Aurora MSA	\$414.4	\$418.1	\$381.6	\$414.7	\$384.3	7.9%	\$252.4	\$245.4
United States	\$247.8	\$254.7	\$235.4	\$248.8	\$235.5	5.6%	\$177.2	\$217.9

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

- According to the S&P/Case-Shiller home price index, Denver housing prices continued to appreciate in December for the 25th-straight month. The Denver index increased slightly over-the-month to 205.29 in January and rose 7.6 percent between January 2017 and January 2018. The January 2018 level was the highest level recorded in Denver in the history of the 27-year data series.
- Seattle (+12.9 percent), Las Vegas (+11.1 percent), and San Francisco (+10.2 percent) recorded the largest increases over-the-year. Denver (+7.6 percent) ranked fourth.
- Chicago (+2.4 percent), Washington, D.C. (+2.4 percent), and Cleveland (+3.5 percent) recorded the smallest increases over-the-year.
- The national home price index remained flat over-the-month and increased 6.2 percent over-the-year.



## MONTHLY ECONOMIC INDICATORS

- Analysts for the index reported the home price surge continues. Two factors supporting price increases are the low inventory of homes for sale and the low vacancy rate among owner-occupied housing. Currently, the homeowner vacancy rate is 1.6 percent compared to an average of 2.1 percent since 2000; it peaked in 2010 at 2.7 percent.

### Foreclosures

- Foreclosures in Metro Denver fell 4.2 percent in February over the previous month, representing 10 fewer foreclosures. However, foreclosures were 0.9 percent higher between February 2017 and 2018. Boulder, Broomfield, and Jefferson counties reported over-the-year decreases in foreclosures, while the remainder of the counties all reported increases.

#### Real Estate Foreclosures

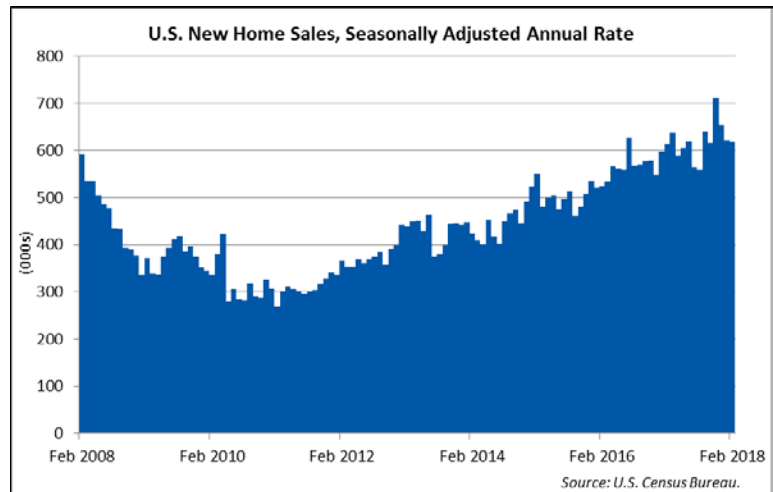
	Month of Feb-18	Month of Jan-18	Month of Feb-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual Total 2013	Annual Total 2008
Total Metro Denver*	229	239	227	468	458	2.2%	7,520	24,727
Adams County	57	52	55	109	115	-5.2%	1,636	5,629
Arapahoe County	56	64	53	120	99	21.2%	1,700	5,860
Boulder County	6	12	12	18	22	-18.2%	387	984
Broomfield County	0	8	2	8	4	100.0%	109	260
Denver County	47	44	42	91	96	-5.2%	1,616	6,145
Douglas County	26	23	24	49	50	-2.0%	769	2,180
Jefferson County	37	36	39	73	72	1.4%	1,303	3,669

\*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

- Boulder County recorded the largest absolute decrease over-the-year, falling by 6 houses or 50 percent. Denver County reported the largest absolute increase in foreclosures during the same period, rising by 5 houses or 11.9 percent.
- Four of the seven counties recorded decreases in foreclosures between January and February. The City and County of Broomfield reported the largest decrease over-the-month, falling from 8 foreclosures to zero foreclosures, while Douglas County reported the largest increase over-the-month, rising 13 percent.

### New Home Sales

- The Census Bureau report on new home sales stated that national home sales decreased in February to 618,000 annual sales from the revised January level of 622,000 annual sales. The February home sales level was 0.6 percent below January, but was 0.5 percent above the previous year's level.
- Three of the four regions, the Northeast (+8.8 percent), the West (+3.1 percent), and the South (+0.6 percent), recorded increases in home sales between February 2017 and 2018. The only region to report a decrease over the period was the Midwest, falling 8.1 percent.
- The West and Midwest regions reported decreases in home sales over-the-month. The West region recorded the largest decline, falling 17.6 percent to 164,000 homes sold, while the Midwest declined 3.7 percent between January and February. During the same period, the Northeast reported the largest increase, rising 19.4 percent to 37,000 homes sold. The South also increased, rising 9 percent over-the-month to 338,000 homes sold.



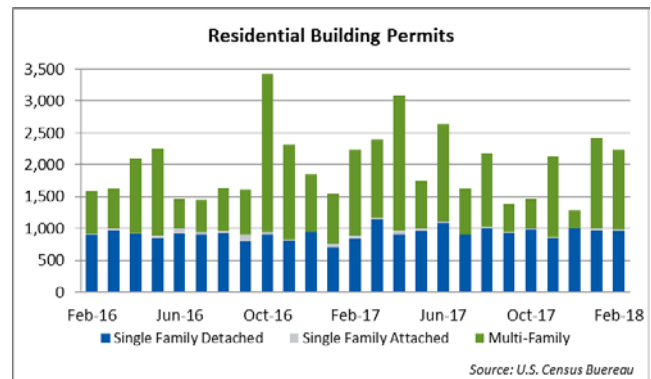
## New Home Construction

### National

- Builder confidence for newly-built single-family homes decreased one point to a level of 70 in March on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). The index fell for the third-consecutive month; however, it is still at a high level historically.
- According to the Census Bureau, the seasonally adjusted annual number of nationwide residential building permits decreased 4.1 percent in February (1.32 million permits) from January, but increased 8.4 percent above February 2017.
- The decrease in permits from January to February was driven by a 14.8 percent decrease in multi-family units and a 2.1 percent decrease in single-family attached units. Single-family detached units increased during the period, rising 1.4 percent. Over-the-year, multi-family units rose by 13.2 percent (385,000 permits), single-family detached units rose by 6.6 percent (889,000 permits), and single-family attached units rose by 4.4 percent (47,000 permits).
- The number of permits in the West region decreased 3.2 percent over-the-month and increased 36.3 percent over-the-year to 368,000 permits. The South also recorded a decrease of 11.7 percent over-the-month to 619,000 permits, while increasing over-the-year by 5.8 percent.
- The Northeast recorded an increase of 23.7 percent between January and February, rising to 146,000 permits. The Midwest also rose during this period, increasing 5.6 percent over-the-month. The Northeast also recorded an increase over-the-year, rising 24.8 percent. The Midwest recorded a decrease during the same period, falling 23.9 percent to 188,000 permits.

### Metro Denver

- Residential building permits for the Metro Denver area increased 0.3 percent in February compared with the prior year.
- The over-the-year increase in total units permitted was attributed to a 15 percent increase in single-family detached permits, or an increase of 125 permits. Single-family attached units and multi-family units reported decreases over-the-year, falling 60.7 percent and 6.3 percent, respectively.
- Metro Denver recorded a decrease in permits over-the-month, falling 7.7 percent. Single-family attached units reported the only increase between January and February, rising 4.8 percent. Single-family detached units (-1.4 percent) decreased by 14 permits and multi-family units (-12.1 percent) decreased by 174 permitted units.



Residential Building Permits

	Month of Feb-18	Month of Jan-18	Month of Feb-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Total 2013	Total 2008
Single-Family Detached Units	958	972	833	1,930	1,536	25.7%	7,396	4,037
Single-Family Attached Units	22	21	56	43	107	-59.8%	399	224
Multi-Family Units	1,262	1,436	1,347	2,698	2,134	26.4%	9,145	5,296
Total Units	2,242	2,429	2,236	4,671	3,777	23.7%	16,940	9,557

Source: U.S. Census Bureau.

## Apartment Rental Market

- After the San Francisco Bay Area, metro Denver reported the largest apartment rent increases this decade, according to RealPage, a real estate research firm. Between 2010 and 2017, metro Denver apartment rents rose 46.9 percent, the



## MONTHLY ECONOMIC INDICATORS

fourth-highest increase in the country after three northern California metros. However, Denver's effective rent, at \$1,401, remains substantially below those cities, suggesting that Denver's outperformance for rent growth in this cycle was influenced by the fact that the region came into the cycle with rents that were unusually low.

- The apartment vacancy rate throughout Metro Denver increased in the fourth quarter of 2017, rising 1 percentage point to 6.4 percent from the third quarter of 2017. The average vacancy rate also increased over-the-year by 0.2 percentage points. Vacancy rates ranged from 4.9 percent in Arapahoe County to 10.1 percent in Douglas County. Vacancy rates rose over-the-year in four of the six submarkets, with the largest increase reported by Douglas County (+4.3 percentage points). Arapahoe and Adams counties recorded the only decreases in the vacancy rate over-the-year, falling by 1.7 and 0.2 percentage points, respectively.
- The average monthly rental rate of apartments in Metro Denver decreased over-the-quarter in five of the six submarkets in the fourth quarter of 2017. The average rental rate in Metro Denver (\$1,396) was 1.1 percent lower than the previous quarter's level. However, the rate was 3.7 percent higher than the fourth quarter of 2016, representing an increase of \$49 in the average monthly rental rate over-the-year. The average rental rate ranged from \$1,306 in Adams County to \$1,527 in the Douglas County submarket.

### Apartment Statistics

	Quarter 4 2017	Quarter 3 2017	Quarter 4 2016	YTD Average 2017	YTD Average 2016	YTD Average % Change	Annual Average 2012	Annual Average 2007
Apartment Vacancy Rate	6.4%	5.4%	6.2%	5.6%	5.7%		4.7%	6.2%
Average Monthly Rental Rate (all units)	\$1,396	\$1,412	\$1,347	\$1,403	\$1,350	3.9%	\$974	\$856

Source: Denver Metro Apartment Vacancy and Rent Survey.

- The average rent for apartments decreased while vacancy rates rose to their highest level in seven years for the fourth quarter of 2017 as thousands of new apartments became available in the metro area. Builders completed 13,348 units in 2017, 38 percent more than what was built in 2016. With another 10-12,000 units planned for delivery in 2018, builders are depending on the continued trend of strong net migration to the metro area.

## Commercial Real Estate

- Davis Partnership Architects submitted a concept review application to the city for Two Tabor, a 33-story, 800,000-square-foot building proposed for the Tabor Center block. Plans call for high ceilings, light-filled floor plates, and the latest in technology, infrastructure, and flexible workspaces.
- Denver-based Prime West is building a 15-story structure at the southwest corner of Layton Avenue and Newport Street. The plans call for 384,000 square feet of office space and 16,000 square feet of ground-floor retail space. The office building is within the Denver Tech Center master-planned community and will include 1,235 parking spaces.
- Southern Glazers Wine and Spirits will expand its Denver presence with a new warehouse/distribution facility at Interstate 70 and E-470 in Aurora. The 334,315-square-foot building will be built on 25 acres with construction anticipated to begin in the second quarter with completion by year-end.
- A partnership was announced between Aecom Capital and Mass Equities to develop a previously-announced project in the RiNo neighborhood of Denver. The first phase will involve redeveloping an existing 62,000-square-foot building into a creative office building. Other phases of the project include a 480-unit apartment complex and over 33,000 square feet of retail.
- Denver-based Sagebrush Cos. announced plans to break ground on a 54,000-square-foot industrial office building in Boulder at 5125 Pearl Parkway during the fourth quarter. The development will be Class A space and meet Gold LEED standards.

## MONTHLY ECONOMIC INDICATORS

- Denver-based Focus Property Groups submitted plans to the city for a three-story building in Denver's RiNo neighborhood. The proposed building will include a food hall on the ground floor, and 42,000 square feet of office space on the upper two floors.
- Officials of the Denver Broncos, the Metropolitan Football Stadium District, and the Denver Department of Community Planning and Development announced a new planning effort will be launched to develop a master plan forming the basis of redeveloping as many as 52-acres of surface parking at the stadium into mixed-use housing, retail, and other game-day draws. The goal of the redevelopment will be to help ensure the long-term viability of the stadium. The master plan is expected to be completed in the next year.
- Construction is underway on a new hotel in downtown Denver at the corner of 15th and Stout streets that permits indicate will be a Hilton dual-branded property, consisting of Home2 and Tru. The hotel will be approximately 191,443 square feet with 153 parking spaces in the garage.
- The Colorado School of Mines is planning a new \$49 million dormitory project, part of a long-term plan to increase housing on campus. According to a school representative, the Colorado School of Mines has welcomed a slight increase in incoming freshman. Construction is expected to begin this fall and is slated to finish before the start of the 2020 school year.

### Office Market

The Metro Denver office market reported increases in the vacancy rate and the average lease rate over-the-year through the first quarter of 2018. According to CoStar Realty data, the direct vacancy rate rose 0.2 percentage points over-the-year to 10 percent vacancy. The average lease rate rose 2.9 percent between the first quarters of 2017 and 2018, gaining \$0.74 per square foot during the period.

Office construction in Metro Denver was robust during the first quarter of 2018. There was 874,000 square feet of space completed across 8 buildings by the end of the first quarter 2018. Two of the largest office buildings completed during the quarter included the 222,070-square-foot INOVA Dry Creek 2 office building and the 210,000-square-foot Riverview office building at 1700 Platte St. There was 4.05 million square feet of space under construction at the end of the first quarter of 2018, a 28.6 percent decrease in space under construction compared with the same time last year. Of this space, over 2.95 million square feet of space was under construction in the City and County of Denver, the largest amount of space of the seven counties and representing 73 percent of total Metro Denver office construction.

#### Office Market Statistics

	Quarter 1 2018	Quarter 4 2017	Quarter 1 2017	Quarter 1 2016	Quarter 1 2015	Quarter 1 2014
Number of Buildings	6,266	6,258	6,227	6,188	6,151	6,130
Existing Square Feet (millions)	187.7	186.9	184.5	181.8	179.2	178.2
Vacant Square Feet (direct, millions)	18.8	18.5	18.1	16.7	17.2	19.0
Vacancy Rate (direct)	10.0%	9.9%	9.8%	9.2%	9.6%	10.7%
Vacancy Rate (with sublet)	11.0%	10.9%	10.8%	9.8%	10.2%	11.0%
Avg. Lease Rate (direct, per sq. foot, full service)	\$26.40	\$26.29	\$25.66	\$25.05	\$23.73	\$22.27
New Construction Completed (year-to-date)	0.87 MSF, 8 Bldgs	3.0 MSF, 38 Bldgs	0.77 MSF, 9 Bldgs	0.15 MSF, 3 Bldgs	0.02 MSF, 3 Bldgs	0.08 MSF, 4 Bldgs
Currently Under Construction	4.05 MSF, 41 Bldgs	5.11 MSF, 43 Bldgs	5.66 MSF, 45 Bldgs	4.02 MSF, 37 Bldgs	2.76 MSF, 24 Bldgs	2.00 MSF, 21 Bldgs

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

### Industrial & Flex Market

CoStar data revealed that the industrial market reported increases in the vacancy rate and the average lease rate through the first quarter of 2018. The first quarter direct vacancy rate was 0.3 percentage points higher than the first quarter of

## MONTHLY ECONOMIC INDICATORS

2017. The average lease rate rose 4.8 percent between the first quarters of 2017 and 2018, adding \$0.35 per square foot to the average lease rate.

There was 323,000 square feet of industrial space completed across 6 buildings in 2018 as industrial construction continued at a healthy pace. Major completed projects included a 168,000-square-foot building in the DCT Summit Distribution Center in Adams County and the 62,000-square-foot Olympic Metals warehouse in Arapahoe County. Adams County welcomed 66.3 percent of the completed industrial space in the first quarter of 2018, or 214,000 square feet. There were 33 buildings with over 7.18 million square feet of space under construction during the period, including 2.4 million square feet for Amazon in Thornton.

### Industrial Market Statistics

	Quarter 1 2018	Quarter 4 2017	Quarter 1 2017	Quarter 1 2016	Quarter 1 2015	Quarter 1 2014
Number of Buildings	7,039	7,033	6,996	6,961	6,949	6,925
Existing Square Feet (millions)	217.3	217.0	212.1	207.4	206.0	203.1
Vacant Square Feet (direct, millions)	9.2	9.5	8.3	6.4	6.0	7.4
Vacancy Rate (direct)	4.2%	4.4%	3.9%	3.1%	2.9%	3.7%
Vacancy Rate (with sublet)	4.4%	4.5%	4.3%	3.4%	3.1%	3.9%
Avg. Lease Rate (direct, per square foot, NNN)	\$7.70	\$7.61	\$7.35	\$7.49	\$6.42	\$5.27
New Construction Completed (year-to-date)	0.32 MSF, 6 Bldgs	5.32 MSF, 45 Bldgs	0.68 MSF, 10 Bldgs	0.09 MSF, 2 Bldgs	0.39 MSF, 1 Bldg	0.10 MSF, 4 Bldgs
Currently Under Construction	7.18 MSF, 33 Bldgs	5.83 MSF, 26 Bldgs	4.21 MSF, 31 Bldgs	3.96 MSF, 22 Bldgs	0.86 MSF, 4 Bldgs	2.22 MSF, 17 Bldgs

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

The Metro Denver flex market recorded falling vacancy rates and increasing average lease rates through the first quarter of the year. According to CoStar, the direct vacancy rate for flex space fell 1.8 percentage points to 6.1 percent between the first quarters of 2017 and 2018. The average lease rate rose 2.6 percent over-the-year to \$11.90 per square foot. There was 63,600 square feet of new space completed in the first quarter of 2018, including 33,600 square feet of flex space in the Walnut Creek Business Park in Jefferson County. Eleven buildings offering 320,000 square feet of new flex space are under construction.

### Flex Space Statistics

	Quarter 1 2018	Quarter 4 2017	Quarter 1 2017	Quarter 1 2016	Quarter 1 2015	Quarter 1 2014
Number of Buildings	1,497	1,495	1,490	1,477	1,467	1,459
Existing Square Feet (millions)	45.4	45.3	45.2	44.4	43.8	43.2
Vacant Square Feet (direct, millions)	2.8	3.1	3.6	3.2	3.1	3.7
Vacancy Rate (direct)	6.1%	6.8%	7.9%	7.3%	7.1%	8.5%
Vacancy Rate (with sublet)	6.7%	7.0%	8.0%	7.4%	8.3%	9.8%
Avg. Lease Rate (direct, per square foot, NNN)	\$11.90	\$11.96	\$11.60	\$10.60	\$10.11	\$9.51
New Construction Completed (year-to-date)	0.06 MSF, 2 Bldgs	0.56 MSF, 12 Bldgs	0.46 MSF, 9 Bldgs	0.04 MSF, 2 Bldgs	0.19 MSF, 2 Bldgs	0.07 MSF, 2 Bldgs
Currently Under Construction	0.32 MSF, 11 Bldgs	0.18 MSF, 8 Bldgs	.06 MSF, 2 Bldgs	0.39 MSF, 6 Bldgs	0.14 MSF, 1 Bldg	0.45 MSF, 7 Bldgs

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

### Retail Market

The Metro Denver retail market reported a slight increase in vacancy rate and an increase in the average lease rate over-the-year through the first quarter of 2018, according to CoStar Realty data. The direct vacancy rate rose to 4.4 percent,

## MONTHLY ECONOMIC INDICATORS

while the average lease rate for retail space rose 4.9 percent over-the-year, adding \$0.85 per square foot during this same period.

### Retail Market Statistics

	Quarter 1 2018	Quarter 4 2017	Quarter 1 2017	Quarter 1 2016	Quarter 1 2015	Quarter 1 2014
Number of Buildings	12,240	12,216	12,131	12,035	11,933	11,857
Existing Square Feet (millions)	168.0	167.8	166.7	165.0	163.7	162.5
Vacant Square Feet (direct, millions)	7.3	7.3	7.1	7.6	8.1	8.6
Vacancy Rate (direct)	4.4%	4.4%	4.3%	4.6%	5.0%	5.3%
Vacancy Rate (with sublet)	4.6%	4.6%	4.6%	4.8%	5.2%	5.6%
Avg. Lease Rate (direct, per square foot, NNN)	\$18.05	\$17.93	\$17.20	\$16.36	\$15.82	\$15.40
New Construction Completed (year-to-date)	0.21 MSF, 24 Bldgs	1.62 MSF, 101 Bldgs	0.53 MSF, 20 Bldgs	0.35 MSF, 30 Bldgs	0.19 MSF, 12 Bldgs	0.13 MSF, 20 Bldgs
Currently Under Construction	1.14 MSF, 54 Bldgs	1.46 MSF, 60 Bldgs	1.27 MSF, 63 Bldgs	0.81 MSF, 33 Bldgs	0.71 MSF, 28 Bldgs	0.60 MSF, 19 Bldgs

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

Douglas County recorded the largest amount of retail space completed through the first quarter of 2018, reporting 74,500 square feet of retail space completed, and comprising 36.3 percent of completed space in Metro Denver. There were 54 buildings under construction during the first quarter of 2018, totaling 1.14 million square feet. Some of the largest projects under construction included the 330,000-square-foot Denver Premium Outlets at I-25 and 136th Avenue in Thornton and 185,000 square feet of retail at NE Highway 7 and Sheridan Parkway, the Vista Highlands in Broomfield.

# MONTHLY ECONOMIC INDICATORS

	<i>Monthly/Quarterly Direction</i>		<i>Year-Over-Year Direction</i>		<i>Year-to-Date Direction</i>	
↕↗ Positive Changes	<b>10 of 18</b>		<b>8 of 18</b>		<b>9 of 18</b>	
Nonfarm Employment Growth	13,300	↑	40,800	↑	39,800	↑
	Employment up 0.8% from January to February		Employment up 2.5% from February 2017 to 2018		YTD employment up 2.5% through January	
% Companies Hiring (Denver Area)	31%	↑	31%	↑	27%	↑
	Companies expecting to add workers rose 8 percentage points from 1Q 2018 to 2Q 2018		Companies expecting to add workers rose 4 percentage points from 2Q 2017 to 2Q 2018		YTD average up 1 percentage point compared with 2017	
Unemployment Rate	3.1%	↓	0.2 percentage points	↑	3.1%	↑
	Unemployment decreased 0.1 points between January and February		Unemployment rate up from February 2017 to 2018		Up 0.1 percentage points from 2017 YTD average	
Initial Unemployment Insurance Claims	-13.5%	↓	3.9%	↑	-6.4%	↓
	Claims decreased from January to February		Claims increased from February 2017 to 2018		YTD average claims decreased through February 2018	
Total National Retail Sales	-20.7%	↓	5.2%	↑	5.2%	↑
	National sales decreased from December to January		National sales increased from January 2017 to 2018		YTD sales rose through January 2018	
Mountain Region Consumer Confidence Index	134.7	↑	10.0%	↑	129.4	↑
	Index up 2.5 percent from February to March		Index up from March 2017 to 2018		YTD average up 3.7% through March 2018	
Hotel Occupancy	64.5%	↑	-0.2 percentage points	↓	62.8%	↓
	Increased 3.3 percentage points from January to February		Occupancy decreased from February 2017 to 2018		YTD occupancy decreased 0.5 percentage points from last year	
Denver International Airport Passengers	0.8%	↑	2.6%	↑	5.3%	↑
	Passengers up from November to December		Passengers up from December 2016 to 2017		YTD passengers increased through December 2017	
Bloomberg Colorado Index	484.2	↑	-11.8%	↓	-2.7%	↓
	Index up 1.8% from February to March		Index down from March 2017 to 2018		YTD return down through March 2018	
Dow Jones Industrial Average	24,103.1	↓	16.6%	↑	-3.0%	↓
	Index down 3.7% from February to March		Index up from March 2017 to 2018		YTD return down through March 2018	
Home Sales (closed)	3,077	↓	-2.7%	↓	6,371	↓
	Sales down 6.6% from January to February		Sales down from February 2017 to 2018		YTD sales down 4.9% through February 2018	
Median Home Price (Denver-Aurora MSA)	\$414,400	↓	8.6%	↑	\$414,700	↑
	Down 0.9% from 3Q 2017 to 4Q 2017		Price up from 4Q 2016 to 4Q 2017		YTD price 7.9% higher through 4Q 2017	
Foreclosures	229	↓	0.9%	↑	468	↑
	Downt 4.2% from January to February		Up from February 2017 to 2018		Up 2.2% YTD through February 2018	
Residential Building Permits (Total)	2,242	↓	0.3%	↑	4,671	↑
	Permits decreased 7.7% from January to February		Permits up February 2017 to 2018		YTD permits up 23.7 percent through February 2018	

# MONTHLY ECONOMIC INDICATORS

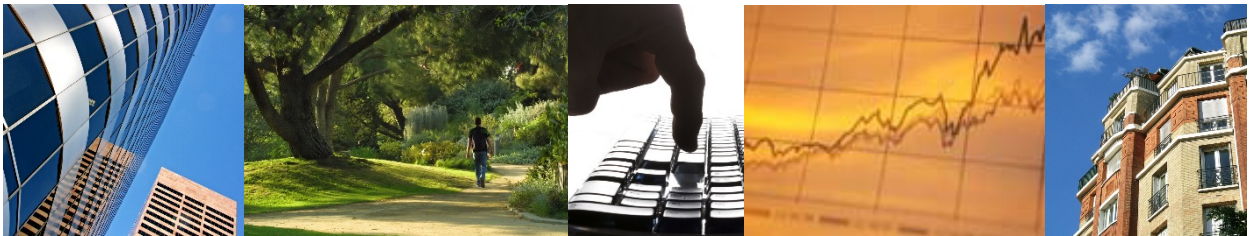
## Monthly Economic Indicators

Apartment Vacancy Rate	6.4%	↑	0.2 percentage points	↑	5.6%	↓
	Vacancy increased 1 percentage point from 3Q 2017 to 4Q 2017		Vacancy increased from 4Q 2016 to 4Q 2017		YTD average down 0.1 percentage points from last year	
Office Vacancy Rate (with Sublet)	11.0%	↑	+0.2 percentage points	↑	+0.2 percentage points	↑
	Vacancy rate increased from 4Q 2017 to 1Q 2018		Vacancy rate up from 10.8% one year ago		Vacancy rate up from 10.8% one year ago	
Industrial Vacancy Rate (with Sublet)	4.4%	↓	+0.1 percentage points	↑	+0.1 percentage points	↑
	Vacancy rate decreased from 4Q 2017 to 1Q 2018		1Q 2018 vacancy up from 4.3% one year ago		1Q 2018 vacancy up from 4.3% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.6%	↔	+0.0 percentage points	↔	+0.0 percentage points	↔
	Vacancy rate remained unchanged from 4Q 2017 to 1Q 2018		1Q 2018 vacancy rate remained unchanged from one year ago		1Q 2018 vacancy rate remained unchanged from one year ago	



Development  
Research Partners

---



*Economic and Demographic Research*

*Industry Studies*

*Fiscal and Economic Impact Analysis*

*Real Estate Economics*

---

10184 West Belleview Avenue  
Suite 100  
Littleton, Colorado 80127  
[www.DevelopmentResearch.net](http://www.DevelopmentResearch.net)  
303.991.0070