

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

### Notable Rankings

- Fortune's "Inner City 100" includes two Denver companies this year. All Copy Products was noted for a five-year growth rate of 89.82 percent, with \$74.24 million in revenue for 2016. NIMBL also made the list with \$14.58 million in revenue last year and a growth rate of 89.82 over the last five years. To qualify for this ranking, companies must be located in "core urban areas with higher unemployment and poverty rates and lower median incomes than their surrounding areas."
- The 2017 Kauffman Index growth entrepreneurship report found Denver has startup activity and a concentration of high-growth companies by revenue at levels comparable to or higher than many metro areas. The Denver area placed 13th among U.S. metro areas in a ranking of growth entrepreneurship and also reached 13th in a study focused on tech startup job openings. While Denver is one of the top U.S. cities for entrepreneurs and tech startups, companies starting here are not adding as many jobs as quickly or growing as large as they are in the most entrepreneurial American metro areas.
- Denver lost its 3rd place rank and dropped to 11th place in this year's "Innovation That Matters" report. Released by the U.S. Chamber of Commerce and others, the report measures the health of startup communities in 25 cities nationwide. According to the report, the number of startups in the city fell 40 percent to 218 this year, compared to 361 startups last year.
- Denver ranked No. 8 on a national list for technology services job growth, just behind Silicon Valley. Researchers for the real estate giant CBRE found that while Denver's technology services employment was growing quickly, rental rates were also surging as tech companies leased space for expansion. In some cases, Denver is becoming a proxy for being in San Francisco or Silicone Valley as expanding tech companies open offices in Denver to benefit from the cost savings in real estate and the lower employee turnover rate.
- Boulder placed No. 8 on the NerdWallet list of "Best Places for Tech Jobs". The list analyzed 381 U.S. metro areas with populations of 50,000 or more. Colorado Springs came in at No. 12, the Denver metro area was ranked No. 25, and Fort Collins placed No. 126.
- The ACBJ Economic Index rated Denver 10 out of 100 largest U.S. cities on the strength of their economies. Denver was noted for its almost non-existent unemployment rate, currently the lowest of all 100 markets. Provo, Utah ranked first.
- A MagnifyMoney analysis looked at a decade of data to determine which communities are undergoing dynamic transformations, and Denver rated fifth (tied with Portland) out of the 50 largest U.S. metro areas. Denver's biggest changes in the past 10 years have been in the area of housing, with rents going up 60 percent and home prices going up 35 percent.
- The annual "State Business Tax Climate Index" prepared by the Tax Foundation ranked Colorado No. 18 overall. The rank is meant to look at each state's tax structure, to show that states with transparent, less complicated tax codes rank higher in business tax climates. Of the various index components, Colorado ranked No. 14 for property tax, No. 15 for individual income tax, and No. 18 for corporate tax.

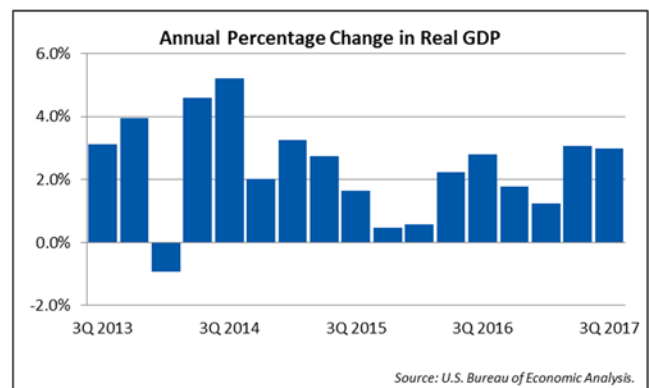
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- The 2017 Bloomberg Brain Concentration Index named Boulder #1 and Denver #10 on their top ten list for brain-concentration metro areas. This list measures the concentration of a workforce with advanced degrees, science and engineering undergraduate degrees, and net business formation. Also in Colorado, Fort Collins ranked third.
- The University of Colorado Boulder was ranked 44th out of 1,250 universities in *U.S. News & World Report's* "Best Global Universities." Universities were measured for 13 weighted metrics including global research reputation, publications, conferences, and international collaboration.
- Denver ranked No. 10 on "The 20 Coolest Cities in the U.S." list, put together by *Forbes* and *Sperling's Best Places*. They evaluated the 100 largest metro areas in the U.S. and determined the coolness using nine metrics, including recreation and arts, non-chain restaurants, availability of mass transit, and diversity.
- Two Colorado cities made National Geographic's "25 Happiest Places to Live in the United States". Boulder ranked No. 1 and Fort Collins ranked No. 4. The index uses 15 metrics to determine the "happiness" of a place, such as physical, social, community, financial, and well-being. The study found a high correlation between bikeability and happiness in a city, as well as other qualities that were common; greenery, a high-quality culinary community, limited marketing onslaught, and no billboards.
- SmartAsset released their 2017 list for "The Most Livable Mid-Sized Cities in the U.S." and Colorado's Highlands Ranch ranked first on the list. SmartAsset analyzed income inequality, median home value, unemployment rate, as well as other figures related to quality of life. Centennial and Arvada also joined the list ranking second and eighth, respectively.
- Wallethub ranked 1,268 cities for their 2017 list of "Best Small Cities in America", and Littleton, Colorado, ranked No. 10. Littleton fared especially well when it comes to quality of life, ranking 37th nationally. In addition, Littleton scored well for its economic health (No. 150) and education and health (No. 145).
- Denver ranked 50 out of 100 cities on the *U.S. News & World Report's* annual "Best Place to Retire" report. Measurements included affordable housing, retiree taxes, happiness index, job market, and healthcare quality. Sarasota, Florida ranked first on the list, followed by Lancaster, Pennsylvania and San Antonio, Texas, respectively.

## National Economic Overview

### Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released the first estimate of real gross domestic product (GDP) for the third quarter of 2017. The estimate showed that GDP increased at an annual rate of 3 percent through the third quarter, which was 0.1 percentage points below the second quarter rate of 3.1 percent.
- The slight decrease in real GDP in the third quarter still 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 and state and local government spending. Imports, which are a subtraction in the calculation of GDP, also decreased.



## Interest Rates

- The Federal Open Market Committee (FOMC) of the Federal Reserve reported that they decided to maintain the target range of the federal funds rate at 1 percent to 1.25 percent at the October meeting. Rates have already been raised twice this year as part of a program for a slow but steady normalization of monetary policy.
- The Fed in October began the process of gradually reducing its \$4.5 trillion balance sheet, which mostly contains bonds the central bank purchased to stimulate the economy.
- The next FOMC meeting will be held December 12-13.

## Policy Watch

### National

- The September unemployment rate reflected a negative impact by hurricanes Harvey and Irma. The U.S. shed 33,000 jobs over the month, as thousands of businesses closed throughout Texas and Florida. This was the first decline in nearly seven years. There were huge job losses in Florida's restaurants and bars, with significant damage to Florida's tourism industry overall. While the job market and economy generally look healthy, roughly 1.5 million people were unable to work last month because of weather.
- Negotiations to revise NAFTA have been extended into the next year. Negotiations previously almost reached the point of collapse, as the Trump administration demanded big changes that Canada and Mexico agreed would have been tough to accept. This extension is a relief to many business groups that are worried Trump may pull out of NAFTA all together.
- National Council of Compensation Insurance is recommending a 12.7 percent decrease in workers compensation rates for the coming year. This recommendation was based on lower losses in 2015 compared to 2014. Colorado's loss-time claim frequency has declined since 2011, but in 2015, insurers also saw a dramatic decrease in medical and insurance average-cost-per-case figures.
- President Trump signed an executive order to stop subsidies to health insurance companies. Without the subsidies, insurance companies will exit more expensive markets, causing them to unravel. Most of the changes will not occur until federal agencies write and adopt regulations to implement the new executive orders, with the major changes likely in 2019. Colorado officials expect health insurance premiums to increase another 6 percent due to the change, but no insurers plan to leave the market at this time.

### Local

- Business filings in Colorado were up 5.1 percent over-the-year, according to the latest report issued by Colorado Secretary of State Wayne Williams. The pace of business dissolution filings also accelerated in the third quarter, up 18.1 percent year over year. Richard Wobbekind, executive director of the CU/Leeds Business Research Division, believes employment growth in 2018 will be more subdued than in 2017. He suggests that the low unemployment rate, coupled with slow growth in the primary working-age population, will constrain potential growth.
- Small businesses in Colorado secured a record \$902 million in U.S. Small Business Administration-backed loans in the fiscal year that ended September 30th. Across the state there were 1,758 guaranteed loans given to small businesses through the SBA lending program. 547 loans worth \$263.5 million went to women-owned businesses.

## Economic Indexes & Notable Data Releases

### National & International

- The U.S. trade deficit was \$42.4 billion in August, down \$1.2 billion from the July deficit of \$43.6 billion (revised). Imports decreased to \$237.7 billion, falling \$0.4 billion from July. August exports were \$195.3 billion, an increase of \$0.8 billion from July. Year-to-date, the goods and services deficit increased 8.8 percent from the same period in 2016.
- The Conference Board Leading Economic Index (LEI) for the U.S. declined 0.2 percent in September to 128.6 (2010=100), following a 0.4 percent increase in August, and a 0.3 percent increase in July. According to the Conference Board analysts, the September decline, which was the first decline in 12 months, was partly a result of the temporary impact of the recent hurricanes on the construction and labor markets. The majority of the LEI components continued to contribute positively, and the trend in the U.S. LEI remains consistent with solid growth.
- The Institute for Supply Management's Manufacturing Index increased 2 percentage points in September to 60.8 percent, compared with the August level of 58.8 percent. Among the 18 manufacturing industries tracked in the index, 17 reported growth between August and September, while furniture and related products recorded the only contraction. The overall economy grew for the 100th consecutive month.
- The Institute for Supply Management's Non-Manufacturing Index increased 4.5 percentage points in September to 59.8 percent, compared with the August level of 55.3 percent. Fifteen of the 17 non-manufacturing industries reported growth in September, with the strongest growth in retail trade, other services, and management of companies and support services. The non-manufacturing sector grew for the 93rd consecutive month.
- A new study, published by economist Danny Yagen at the University of California, Berkeley, found that in August, 78.4 percent of Americans in their prime working years had jobs. This is down 1.3 percentage points from when the recession began. Yagen found that this 1.3 percent, or 1.5 million workers, have disappeared from the economy. While the recession is over, employment is not back to normal. The pattern of recovery seems to have changed from previous recessions, while some cities, such as Cleveland or Memphis, have seen no recovery at all. This leads some economists to conclude that recessions do permanent damage to the economy.

### Local

- The University of Colorado Boulder Leeds School of Business released their fourth quarter Leeds Business Confidence Index (LBCI) for 2017. The overall expectations for both the national economy and state economy slowed for the second consecutive quarter in the fourth quarter of 2017, but the outlook remained positive. The index value of 56.5 for the fourth quarter of 2017 was down 3.2 points from last quarter but up 3.5 points from the fourth quarter of 2016. Of the index components, national expectations decreased from 54.6 to 51.4, and state expectations fell from 60.9 in the third quarter to 58.8 in the fourth. LBCI panelists responded that there were concerns in Colorado about labor market shortages and statewide housing prices. For the nation, respondents expressed concern about the general political landscape.
- The U.S. Federal Reserve released its most recent "Beige Book Survey" and reported that economic activity in the 10th District, which includes Colorado, increased at a modest pace in September. Retail, restaurant, and tourism activity picked up since the last survey, while auto sales fell modestly. Further, the manufacturing sector continued to increase moderately, and the capital spending plans were positive. Economic activity is expected to continue growing in the coming months.
- A study recently completed by Development Research Partners revealed that completion of the final 10-mile segment of the beltway around Metro Denver would yield a \$1.2 billion increase in economic activity in Jefferson County over a 20-year period. Jefferson County government would also benefit from an additional \$25.8 million in tax revenues over the period, a 23 percent increase over the no-build scenario. While it is expected that development will eventually occur with or without the completion of the Jefferson Parkway, the parkway will impact development patterns, especially related to the timing and types of uses along the corridor. With the parkway, commercial development at three key

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sites along the corridor will occur at a faster pace and with greater intensity, leading to increases in employment, business activity, and residential spending.

- The third quarter 2017 MoneyTree venture capital report by PricewaterhouseCoopers and CB Insights revealed that Colorado companies raised approximately \$178 million in 29 deals during the three months ended September 30. While the amount of venture capital placed in the state was essentially the same as the second quarter, the companies receiving the largest amounts represented a diverse set of industries, including digital health, app development, and food supplements. Nationally, companies raised \$19 billion in VC funding in the third quarter across 1,207 deals. Colorado ranked 13th among the states for the dollar volume of venture capital and seventh for the number of deals.

### Labor Force and Employment

- Employment in Metro Denver rose 1.7 percent between September 2016 and 2017, or an additional 27,700 jobs during the period. Employment growth consisted of a 1.4 percent increase in the Denver-Aurora-Lakewood MSA, or an additional 20,900 jobs, and a 3.7 percent increase in the Boulder MSA, representing 6,800 jobs.
- Nine of the 11 supersectors recorded growth over-the-year. Nearly 69 percent of the over-the-year absolute increase can be attributed to growth in leisure and hospitality, education and health services, and professional and business services. The largest sector by employment, professional and business services, increased 2.7 percent and created 8,100 jobs over-the-year.

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

	Month of Sep-17	Month of Aug-17	Month of Sep-16	Year-to- Date Average 2017	Year-to- Date Average 2016	Year-to- Date Average % Change	Annual Growth Rate 2012	Annual Growth Rate 2007
<b>Total 11-County Metro Denver*</b>	1,657.0	1,659.4	1,629.3	1,644.7	1,611.1	2.1%	2.9%	2.1%
Denver-Aurora-Lakewood MSA	1,464.2	1,471.3	1,443.3	1,455.7	1,427.2	2.0%	2.9%	2.1%
Boulder MSA	192.8	188.1	186.0	189.0	183.9	2.8%	2.7%	2.2%
Natural Resources & Construction	104.6	105.4	104.4	102.5	102.1	0.3%	5.1%	-1.4%
Manufacturing	86.0	86.2	86.6	85.9	86.4	-0.5%	2.2%	-1.5%
Wholesale & Retail Trade	235.3	237.6	231.8	234.9	231.0	1.7%	2.2%	2.1%
Transp., Warehousing & Utilities	58.4	58.3	55.7	57.4	54.9	4.5%	2.7%	2.8%
Information	53.4	53.7	54.3	53.6	54.5	-1.7%	-0.9%	0.8%
Financial Activities	114.4	116.2	113.6	114.5	112.5	1.7%	2.1%	-0.6%
Professional & Business Services	302.7	301.0	294.6	297.1	290.4	2.3%	5.1%	5.7%
Education & Health Services	215.2	214.5	209.0	214.8	206.9	3.9%	3.7%	3.9%
Leisure & Hospitality	190.5	198.1	185.8	189.4	181.9	4.1%	3.4%	2.6%
Other Services	63.1	64.2	62.0	63.0	61.0	3.2%	2.8%	2.0%
Government	233.4	224.2	231.5	231.6	229.5	0.9%	0.9%	1.8%
Federal Gov't	30.7	30.8	30.9	30.9	30.7	0.8%	-0.8%	-0.7%
State Gov't	63.6	56.0	61.3	61.1	59.1	3.3%	1.8%	2.8%
Local Gov't	139.1	137.4	139.3	139.6	139.7	-0.1%	0.9%	2.1%
Colorado	2,662.5	2,663.8	2,618.4	2,638.2	2,588.6	1.9%	2.4%	2.3%
United States	146,880	146,540	145,084	145,818	143,683	1.5%	1.7%	1.1%

\*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

- The transportation, warehousing, and utilities supersector reported the largest percentage increase over-the-year in employment, rising 4.8 percent and added 2,700 jobs. Education and health services created 6,200 jobs, a 3 percent increase over the year. The information sector (-900 jobs) and the manufacturing supersector (-600 jobs) both recorded declines in employment over-the-year.
- Colorado employment rose 1.7 percent in September compared with the previous year's level, adding 44,100 new jobs over the same period. National employment levels increased 1.2 percent over-the-year, with the addition of 1.8 million jobs.

### Metro Denver Industry Cluster Headlines

#### **Aerospace**

- Three Colorado-based projects made it onto *Popular Science's* 2017 "Top 10 Aerospace Inventions" list. NOAA's GOES-16 satellite has the ability to scan high-risk areas every 30 seconds, gathering information forecasters haven't had before. NASA's OSIRIS-REx spacecraft is an asteroid-collecting spacecraft currently on the way to Bennu, a carbon-rich asteroid. It was built by Lockheed Martin in Jefferson County. The last is Dream Chaser, an autonomous ferry designed to deliver cargo to and from the International Space Station. The spacecraft is owned and operated by Sierra Nevada Space Systems in Louisville.
- Trimble Inc., based in Sunnyvale, California, said it is planning to build a second location in Westminster. This facility will house up to 1,100 new workers and be its largest employment facility. Company officials believe Colorado has proven to be a strategic element in their U.S. operations since opening the first Westminster facility in 2000. After the new building is completed, Trimble plans to hire hundreds of new employees.
- Canada's MacDonald, Dettwiler and Associates Ltd. closed its \$2.4 billion purchase of Westminster-based DigitalGlobe and renamed the combined business Maxar Technologies Ltd. Maxar will develop new technologies and services, saying the deal with DigitalGlobe is meant to drive revenue growth and expansion for the business. The post-merger company is hunting for a location for its shared corporate services like human resources, finance, and similar functions. Westminster and Colorado are being considered, but a decision has not been finalized.
- Juniper Unmanned, a Golden-based company that flies drones for oil and gas, just raised \$500,000 and is hiring 24 drone pilots. The company is ready to start providing around-the-clock services for drone operations, including the manpower to fly them. One of the firm's newest clients, CDOT, commissioned Juniper Unmanned to survey 42 stretches of highway prone to rock falls. The company's CEO, Jeff Cozart, expects the next round of hiring will be double the size of this one.

#### **Beverage Production**

- Two Denver craft breweries, Wit's End Brewing and Strange Craft Beer, are combining their taprooms and brewing operations. Wit's End head brewer will take over as head brewer for both breweries, but the ownership of the two breweries will remain separate. Strange Craft co-owner Tim Myers will handle distribution for Wit's End, likely expanding the number of places where Wit's End is served.
- Thirsty Monk, a North Carolina brewery bar, is expanding to Denver. The brewery bar will take over a two-year-old brewery in the Uptown neighborhood as its first additional location. The company also plans to open a location in Portland in early 2018. Brian Grace, the former head brewer for Denver's Crooked Stave Artisan Beer Project, will serve as head brewer for the nationwide brewery group.
- This year's Great American Beer Festival (GABF) was estimated to create an economic impact of around \$35.4 million, an increase of 23.8 percent from last year's festival. One reason GABF was expected to have such a significant impact is related to all the additional events popping up alongside the main convention. For the last nine years, the Denver Beer Fest has been one of the many additions which spanned nine days and included 266 events ranging from beer dinners to beer yoga. These events were originally intended for those who could not get tickets to GABF, but have since added to the experience for those attending the main convention.

### *Bioscience – Medical Devices & Diagnostics*

- Alberta-based Agrium Inc. officially opened its new facility in Loveland's Centerra office park. The facility is a four-story, 120,000-square-foot office building that will serve several hundred of the company's national corporate and wholesale office employees. Agrium's national wholesale and corporate teams previously were scattered across the Denver Tech Center. They were brought together under one roof when the project was completed earlier this year.
- Germany-based pharmaceutical manufacturer Corden Pharma International GmbH has agreed to acquire the Hospira Boulder manufacturing plant from New York-based Pfizer Inc. Corden Pharma will enter into a multiyear supply arrangement with Pfizer, with the expectations that the agreement will help defray costs associated with running the site for the next few years while it adds new client work to the plant.

### *Bioscience – Pharmaceuticals and Biotechnology*

- Switzerland-based Novartis announced the closing of its pharmaceutical manufacturing site in Broomfield due to price drops caused by increased competition in the U.S. This will affect approximately 450 employees. The company is planning to consolidate commercial production of its generic solids portfolio at its manufacturing site in Wilson, N.C. The company will offer those being laid off severance packages and provide outplacement services.

### *Financial Services*

- First Data, a global credit and debit card payments processor, has moved or cut about half of its metro Denver-based workforce. Once headquartered in metro Denver, the company moved its headquarters to Atlanta. First Data has reported to the state that it will lay off up to 201 employees at the Greenwood Village location, the site of its former headquarters.
- TD Ameritrade, recent purchaser of rival broker Scottrade, is laying off 32 employees at a facility in Westminster as part of a company-wide reorganization. The Westminster site is a former Scottrade office. It is unclear if other brokerage offices in Colorado will be impacted in the reorganization.

### *Healthcare and Wellness*

- Denver ranked second on Healthgrades' National Health Index, a list of the 25 U.S. cities leading the way in healthcare. Healthgrades measured access to care, risky behaviors, hospital quality, and population health. It was found that states that can better provide health insurance for residents are likely to have an overall healthier population.
- Colorado ranked No. 10 nationally in terms of the percentages of its acute-care facilities receiving an "A" from a patient watchdog group for preventing errors and infections. With 46.2 percent of participating hospitals receiving an "A", Colorado ranked No. 2 behind Idaho, among states in the Rocky Mountain West. This marks a significant boost from the spring 2017 Leapfrog report card, when Colorado ranked 21st nationally.

### *IT-Software*

- Homebot, a Denver-based real estate technology company, received \$4.5 million in capital, with plans to expand out to the national market. The firm provides homeowners data on their home and the market. Homebot expects to add eight staff and expand into the largest 25 U.S. markets by year end.
- ChannelAdvisor, a North Carolina-based e-commerce software company, has opened a new office in Denver. The new Denver location is expected to support additional members of the company's sales organization. The expansion is designed to enable additional growth for the company.
- Thanx, a San Francisco-based app providing loyalty rewards programs, leased a LoDo office at 1123 Auraria Parkway. Thanx previously worked out of Union Station's WeWork coworking space. Currently they have 25 employees, and plan to hire five to eight people by year end.

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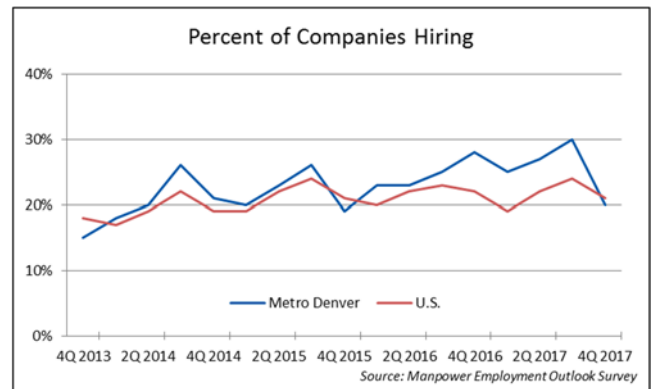
- PromonTech, a Denver-based mortgage tech company, is nearly doubling its space in Writer's Square. Launched in 2015 with a single employee, the firm now has 48 engineers and developers. Rapid hires over recent months had forced the company into coworking space, leading management to pursue a larger office space.

### Other Industry Headlines

- United Parcel Service (UPS) is opening a package distribution facility in Aurora. The facility will employ 700 workers when fully operational. The 360,000-square-foot building is expected to require \$104 million in investment, including \$90 million in equipment. UPS has agreed to provide an initial 590 full-time jobs with an average salary of \$30,108 and a promise to grow to 732 full time jobs with an average salary of \$51,810, excluding benefits.
- Denver startup Revolar, the maker of a wearable emergency alert, abruptly closed late last month and laid off a staff of 25. The company, which leased 4,000 square feet at 800 Grant St. in Capitol Hill, ceased operations Sept. 25 and moved out Oct. 4. Revolar raised at least \$5.73 million since 2015, according to SEC filings.
- Boulder-based Spectra Logic, a data storage manufacturer, laid off 38 people amid weak performance in the disaster recovery and backups market. The reductions, roughly 9 percent of the total workforce, will help position the company to focus on high-performance computing and other growth areas. The emergence of cloud technology has disrupted the storage industry in recent years, and many firms have struggled to adjust.

### Employment Outlook

- Employers in the Denver-Aurora-Broomfield MSA expect weaker hiring expectations through the fourth quarter of 2017, according to the *Manpower Employment Outlook Survey*. The percentage of employers planning to increase employment levels fell 10 percentage points between the third and fourth quarters, with 20 percent of companies expanding their employment levels. The majority of companies intend to maintain staff levels through the fourth quarter of the year, with the level rising 4 percentage points above the prior quarter's level.
- Sectors with the best job outlooks were construction, durable goods manufacturing, transportation and utilities, and wholesale and retail trade. Employers in financial activities and government plan to reduce staffing levels, while hiring in nondurable goods manufacturing, information, and other services is expected to remain unchanged.



### Employment Outlook Survey

	Quarter 4 2017	Quarter 3 2017	Quarter 4 2016	YTD 2017	YTD 2016	Ann Avg 2012
<b>Denver-Aurora-Broomfield MSA</b>						
Percent of Companies Hiring	20%	30%	28%	26%	25%	17%
Percent of Companies Laying Off	9%	5%	6%	6%	4%	6%
Percent of Companies No Change	68%	64%	65%	66%	70%	74%
Percent of Companies Unsure	3%	1%	1%	2%	2%	3%
<b>United States</b>						
Percent of Companies Hiring	21%	24%	22%	22%	22%	18%
Percent of Companies Laying Off	6%	4%	6%	5%	5%	8%
Percent of Companies No Change	71%	70%	69%	72%	71%	71%
Percent of Companies Unsure	2%	2%	3%	2%	2%	4%

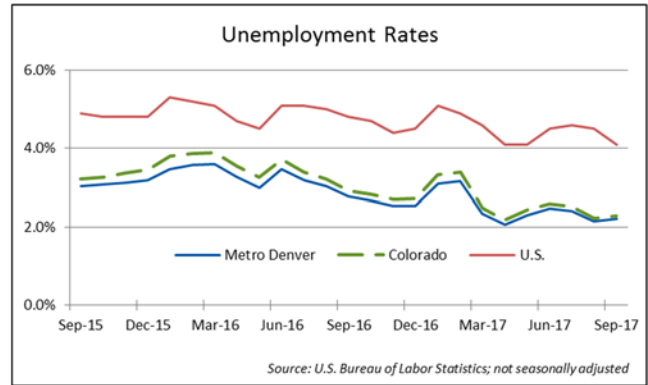
Source: Manpower Inc.



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## Unemployment

- Metro Denver’s not-seasonally adjusted unemployment rate increased slightly, rising 0.1 percentage points to 2.2 percent in September compared with August. However, Metro Denver’s rate also fell 0.6 percentage points over-the-year from the September 2016 level of 2.8 percent. The Denver MSA ranked in the top 10 of metropolitan areas with the lowest unemployment rate.
- The seven Metro Denver counties reported unemployment rates below 2.5 percent in September. Boulder and Douglas counties reported the lowest unemployment rates of the seven-county region, recording 1.9 percent and 2.0 percent, respectively. Adams County recorded the largest over-the-year decline, falling 0.8 percentage points to 2.4 percent.
- All seven counties reported either no change or a 0.1 percentage point increase in the unemployment rate over-the-month. Declines of up to 0.8 percentage points were recorded in all seven counties over-the-year. Additionally, all seven counties had increases in the labor force, as more people entered or re-entered the market looking for work. This can partially account for the increases in the unemployment rate over-the-month.
- The Colorado unemployment rate increased 0.1 percentage points over-the-month to 2.3 percent in September 2017. While this reflected very tight conditions, the state’s labor force surpassed 3 million for the first time in September. The national unemployment rate fell 0.4 percentage points to 4.1 percent. North Dakota had the lowest unemployment rate in the country at 1.9 percent.



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

	September 2017 (p)		2017 YTD AVG		2016 YTD AVG		2012	2007
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Ann Avg Unemployment Rate	Ann Avg Unemployment Rate
Metro Denver	1,768.3	2.2%	1,737.0	2.5%	1,686.8	3.3%	7.6%	3.8%
Adams County	264.1	2.4%	260.0	2.8%	253.2	3.8%	9.4%	4.2%
Arapahoe County	357.5	2.3%	351.4	2.5%	341.4	3.3%	7.7%	3.7%
Boulder County	191.9	1.9%	187.0	2.2%	180.4	2.9%	6.2%	3.3%
Broomfield County	38.2	2.2%	37.5	2.4%	36.4	3.1%	6.6%	3.5%
Denver County	401.5	2.2%	394.8	2.5%	383.7	3.3%	7.9%	4.1%
Douglas County	184.7	2.0%	181.5	2.2%	176.1	2.8%	6.0%	3.1%
Jefferson County	330.4	2.1%	324.9	2.4%	315.6	3.2%	7.4%	3.6%
Colorado	3,024.7	2.3%	2,968.4	2.6%	2,887.3	3.5%	7.9%	3.7%
United States	161,049	4.1%	160,336	4.6%	159,116	5.0%	8.1%	4.6%

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

- September unemployment insurance claims decreased in Metro Denver, falling 8.9 percent between August and September. Further, the September level was 9.7 percent lower than the year-ago level. The average number of claims in September (907 claims) was at the lowest level in data records dating back to 2004.
- Claims throughout Colorado declined over-the-month, falling 8.1 percent. Colorado’s unemployment insurance claims decreased 13.5 percent between September 2016 and 2017. The average number of claims in September fell to a low not posted since late 2007.

# MONTHLY ECONOMIC INDICATORS

## Weekly First-Time Unemployment Insurance Claims

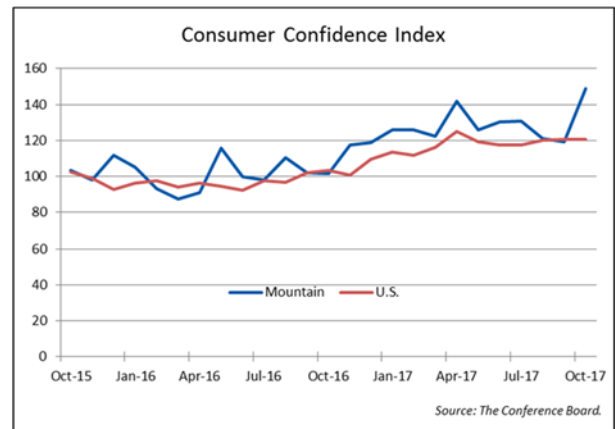
	Month of Sep-17	Month of Aug-17	Month of Sep-16	YTD Avg 2017	YTD Avg 2016	YTD Avg % Change	Ann Avg 2012	Ann Avg 2007
Metro Denver	907	996	1,004	1,071	1,200	-10.7%	1,627	1,211
Colorado	1,625	1,726	1,878	1,981	2,310	-14.2%	3,123	2,211

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. rose in October, reporting a level of 125.9 from the revised September level of 120.6, a 4.4 percent increase over-the-month. The increase in Consumer Confidence in October was primarily a result of consumers' upbeat attitudes towards business conditions. The level of consumer confidence is at its highest in almost 17 years (Dec. 2000, 128.6). Additionally, the national index for October 2017 was 24.9 percent higher than the October 2016 level.
- Analysts at The Conference Board stated that consumers' optimism about the short-term outlook also rose in October. The percentage of consumers expecting business conditions to improve over the next six months increased from 20.9 percent to 22.2 percent. However, consumers' assessment of the job market was less favorable. The proportion expecting jobs to increase in the months ahead decreased marginally from 19.2 percent to 18.9 percent, though those anticipating fewer jobs declined from 13 percent to 11.8 percent.
- Colorado is included in the Mountain Region Index and the area reported an increase in consumer confidence between September and October. The index rose to 149.1 in October from the September revised level of 119.4, increasing 24.9 percent over-the-month. The Mountain Region Index was 46.9 percent higher than the year-ago level. The Present Situation Index rose 22.2 percent to 171.2 in October from 140.1 in September (revised), while the Expectations Index increased 27.4 percent to 134.4 from 105.5 in September (revised).



### Consumer Confidence Index

	Month of Oct-17 (p)	Month of Sep-17 (r)	Month of Oct-16	YTD Avg 2017	YTD Avg 2016	YTD Avg % Change	Ann Avg 2012	Ann Avg 2007
Mountain	149.1	119.4	101.5	129.2	100.5	28.6%	68.7	131.8
United States	125.9	120.6	100.8	119.4	97.5	22.4%	67.1	103.4

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

- According to an annual survey by the National Retail Federation, consumers say they will spend an average \$967.13 on holiday purchases this year. The survey also found that only 27 percent of consumers say their spending will be impacted by concerns about the nation's economy, down from 32 percent during the election-year jitters in 2016. For the first time in survey history, online is the most popular shopping destination this year, cited by 59 percent of consumers. NRF also produces an annual holiday spending forecast which suggests an increase in retail sales. The forecast projects that holiday retail sales in November and December this year will be up between 3.6 percent and 4 percent.

## MONTHLY ECONOMIC INDICATORS

- Housing, utilities and health care contributed the most to national consumer spending growth, according to a new report on personal consumption expenditures from the Bureau of Economic Analysis. Colorado saw the largest increase in spending at 5.4 percent. While the recent hurricanes curbed consumer activity last month, consumer spending habits were on track to put the U.S. economy on stable footing during the second half of 2017.
- U.S. auto sales increased 6 percent in September 2017 compared with September 2016, the first over-the-year increase posted in 2017. New vehicle registrations in Colorado have far surpassed national growth rates, posting a 14.7 percent increase over-the-year in September and a 7.5 increase year-to-date. New-vehicle registrations in Colorado have increased every month this year so far from 2016 levels except for an 18.4 percent year-over-year decline in February and a slight 0.5 percent decline in August. Industry analysts attribute strong auto sales in Colorado to the state's healthy economy and unemployment rates that are among the lowest in the nation, among other factors.
- National retail sales increased through August, with total retail sales rising 3.9 percent above the August 2016 total. In addition to the over-the-year increase, retail sales rose 3.1 percent above the July 2017 level to \$491.6 billion. Motor vehicle sales rose 1.8 percent over-the-year, and increased 2.7 percent between August and September. The building materials sector reported an increase of 9.8 percent between September 2016 and 2017, and rose 1.1 percent over-the-month. Gasoline sales rose 7.4 percent over-the-year and increased 3.9 percent over-the-month. Non-store retailers, such as Amazon, also saw an increase over-the-year of 9.5 percent, and 5.7 percent between July and August.

### Total Retail Sales (\$millions)

	Month of Aug-17	Month of Jul-17	Month of Aug-16	YTD Total 2017	YTD Total 2016	YTD Total % Change	Annual Growth 2012	Annual Growth 2007
Total Retail Sales	491,572	476,896	473,169	3,744,487	3,607,001	3.8%	5.0%	3.4%
Motor Vehicles	105,082	102,369	103,208	792,743	763,101	3.9%	9.0%	1.1%
Furniture and Home	10,102	9,434	9,513	73,954	71,062	4.1%	4.5%	-1.5%
Electronics & Appliance	7,743	7,434	8,122	59,613	60,840	-2.0%	2.1%	1.1%
Building Materials	33,012	32,643	30,078	253,763	236,424	7.3%	4.5%	-4.0%
Food and Beverage	60,524	60,664	58,607	471,459	462,178	2.0%	3.1%	4.3%
Health and Personal Care	28,130	26,678	27,922	218,046	218,042	0.0%	0.9%	6.2%
Gasoline Stations	39,923	38,441	37,157	298,098	275,450	8.2%	4.1%	7.1%
Clothing & Accessories	22,641	20,645	22,248	161,055	160,328	0.5%	4.8%	3.8%
Sporting Goods	7,686	6,574	8,009	52,937	55,710	-5.0%	2.8%	1.8%
General Merchandise	57,685	56,092	55,753	437,681	432,014	1.3%	2.8%	4.4%
Miscellaneous Store	11,410	10,870	10,938	84,506	81,390	3.8%	1.5%	2.4%
Non-Store Retailers	50,530	47,824	46,147	388,583	351,119	10.7%	8.5%	8.6%
Food Service & Drinking	57,104	57,228	55,467	452,049	439,343	2.9%	5.8%	5.1%

Source: Colorado Department of Revenue.

### Price Changes

- The U.S. Consumer Price Index (CPI) increased 0.5 percent in September to 246.8 and rose 2.2 percent over-the-year. Six of the eight CPI components were up between September 2016 and 2017, led by transportation (4.8 percent) and housing (2.8 percent). However, the education and communication index fell 2.1 percent and the apparel index declined 0.2 percent over the same period.
- For the Denver-Boulder-Greeley area, the all items index increased by 3.1 percent from the first half of 2016 to 2017. The housing index (+5.1 percent) and transportation index (+4.1 percent) posted the largest increases over-the-year, with apparel reporting the largest decrease of 6.8 percent.
- The increase in prices for the first half of 2017 pushed up inflation in Metro Denver to its highest level since 2011.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price at the beginning of November increased 1.2 percent from the beginning of October to \$2.54 per gallon. The beginning of November average fuel price was 14.4

## MONTHLY ECONOMIC INDICATORS

percent above the prior year's level (\$2.22 per gallon). Metro Denver reported a 2.8 percent increase in the average fuel price between the beginning of October and the beginning of November. The average fuel price of \$2.48 per gallon for the beginning of November in Metro Denver was \$0.06 lower than the national average. The area reported average fuel prices that were 18.5 percent higher in the beginning of November 2017 than the previous year's level.

### Stock Market

- Three of the four stock market indices improved in October, while all four improved over-the-year. The Bloomberg Colorado index declined 0.4 percent over-the-month to 505.7, but was 2.5 percent above the prior year's level. The DJIA rose 4.3 percent between September and October and rose 28.9 percent over-the-year. The NASDAQ recorded an increase over-the-month of 3.6 percent, and recorded a 29.6 percent increase over-the-year. The S&P 500 recorded a 2.2 percent increase over-the-month and increased 21.2 percent between October 2016 and 2017.
- Within the Bloomberg Colorado Index, the worst performers were Real Goods Solar Inc (decreased 11.36 percent), Ciber Inc (decreased 8.66 percent), and EchoStar Corp (down 3.52 percent). Real Goods Solar's stock price remains nearly 50 percent off its 12-month high, which has concerned stockholders. EchoStar Corp launched a satellite back in August, which caused a temporary increase in stock prices, but is showing a pattern of overall decrease since that point.

#### Stock Market Indexes

	Month of Oct-17	Month of Sep-17	Month of Oct-16	YTD Return 2017	YTD Return 2016	Ann Avg Return 2012	Ann Avg Return 2007
Bloomberg Colorado	505.7	507.9	493.2	-2.2%	-0.8%	3.5%	17.7%
S&P 500	2,575.3	2,519.4	2,126.2	15.0%	4.0%	13.4%	3.5%
NASDAQ	6,727.7	6,496.0	5,189.1	25.0%	3.6%	15.9%	9.8%
DJIA (Dow Jones)	23,377.2	22,405.1	18,142.4	18.3%	4.1%	7.3%	6.4%

Sources: Bloomberg.com; Yahoo! Finance.

### Travel & Tourism

- The Colorado Transportation Commission approved a provisional \$200 million in funding that, with matching federal grant money, would pay to broaden a segment of North Interstate-25 to three lanes between Colorado Highway 402 to Colorado Highway 56 in Berthoud. The ultimate objective is to see three complete lanes in both directions of North I-25 by 2025. The Colorado Department of Transportation is set to break ground in the coming months on the northern segments of the North I-25 Express Lanes project.
- Arapahoe Basin, generally one of the first ski areas to open every year, started its 2017-18 ski season on Friday, Oct. 13, eight days earlier than last year. Loveland Ski Area opened on October 20th, opening last year on November 10th.
- According to the hotel data firm STR, Denver had 4,091 hotel rooms under construction in September, an 8 percent decline from the fast pace of construction in September 2016. There was a 5.7 percent increase in hotel room construction across the nation.
- The average hotel occupancy rate in Metro Denver fell 2 percentage points to 83.9 percent occupancy in September compared with the August level. The September level was 0.1 percentage points above the previous year's level. The average room rate for September was \$151.51 per night, 1.6 percent below the August level, but 0.9 percent higher over-the-year.

#### Metro Denver Hotel Statistics

	Month of Sept-17	Month of Aug-17	Month of Sept-16	YTD Avg 2017	YTD Avg 2016	YTD Avg % Change	Annual 2012	Annual 2007
Percent of Hotel Rooms Occupied	83.9%	85.9%	83.8%	77.9%	77.9%	0.0%	68.0%	67.0%
Average Hotel Room Rate	\$151.51	\$153.90	\$150.12	\$144.91	\$142.29	1.8%	\$111.78	\$111.21

Source: Rocky Mountain Lodging Report.

## MONTHLY ECONOMIC INDICATORS

- Denver International Airport (DEN) has submitted a proposal to the Denver City Council to add 39 gates by 2021 across all three of its concourses. The gate additions and related concourse work will cost an estimated \$1.5 billion and will enable DEN to accommodate 80 million passengers per year. Final vote on the contracts are possible Nov. 13.
- Spokespeople for DEN reported that nearly 5.1 million passengers passed through the airport in September, decreasing 11 percent from the 5.7 million passengers in August. The September 2017 level was 0.3 percent lower than the September 2016 level, recording 15,127 fewer passengers through the airport. The third quarter of 2017 was the busiest quarter in the airport's history with an increase of 681,447 passengers from the same quarter last year.

### Denver International Airport Passengers

	Month of Sep-17	Month of Aug-17	Month of Sep-16	YTD Total 2017	YTD Total 2016	YTD Total % Change	Annual 2012	Annual 2007
Number of Airline Passengers	5,097,144	5,727,326	5,112,271	46,232,407	43,519,317	6.2%	53,156,278	49,863,286

Source: Denver International Airport, Traffic Statistics.

## Residential Real Estate

- Doster Construction is building a 280-unit apartment complex at 7700 S. Winnipeg St. in Aurora, consisting of 283,084 square feet and 14 buildings. Construction work has begun and is expected to be completed in winter 2019. The property will include a pool, fitness center, two pet playgrounds, a clubhouse, and 12 parking garage buildings.
- A new 216-unit affordable apartment project broke ground in Commerce City in October. Minneapolis-based Dominion teamed up with the Commerce City Housing Authority to develop the project offering homes that target people making 60 percent of the area median income. The North Range Crossings apartment complex is located at E. 104th Avenue and Sable Boulevard, and is scheduled to be complete in January 2019.
- Northeast Denver Housing Center plans to begin construction of a 180-unit affordable housing project in January at the southeast corner of MLK Blvd. and Moline St. in Denver. Forty-two of the units will be three bedrooms with the balance split between one- and two-bedroom units. The units, which should be completed by the first quarter of 2019, are targeted to households at 30 to 60 percent of Denver's area median income.
- A \$52 million, 173,000-square-foot senior living facility is being developed by MGL Partners in the Belleview Station area, at 4855 S. Niagara St. in south Denver. The Carillon at Belleview Station will include a salon and spa, fitness center, 163 apartments (including 139 independent and assisted living suites and 24 memory care suites), and a 1,500-square-foot "sky lounge" on the top floor. The project is slated for completion in May 2018 and will be managed by Leisure Care, a Seattle-based senior housing management company.
- Construction on the West Line Village in Lakewood began in October, bringing 134 new market-rate town homes adjacent to Sheridan Station. The transit-oriented-development on West 10th Avenue and Depew Street includes nine floor plans ranging from 800 to 1,750 square feet, including studios, one-, two-, and three-bedroom homes, one- and two-car garages, as well as a front or backyards.
- Westfield Co. Inc. will bring 99 new homes to Denver with its latest project, called S'Park, at 25th and Larimer streets in the River North area. Units will range in size from 550 square feet to 2,400 square feet and in list price from \$300,000 to \$900,000. S'Park will include ground-floor retail and a greenhouse, as well as rooftop solar panels through a lease arrangement with Microgrid Energy.
- Colorado-based Century Communities announced a new housing development in Aurora. The Heights community on South Scranton Street will offer 94, three-story, detached condominiums with two- or three-bedroom layouts with two-bay attached garages. Detached condos are separate, privately owned homes but the yards and other amenities are jointly owned community areas. Prices start in the mid-\$300,000s.

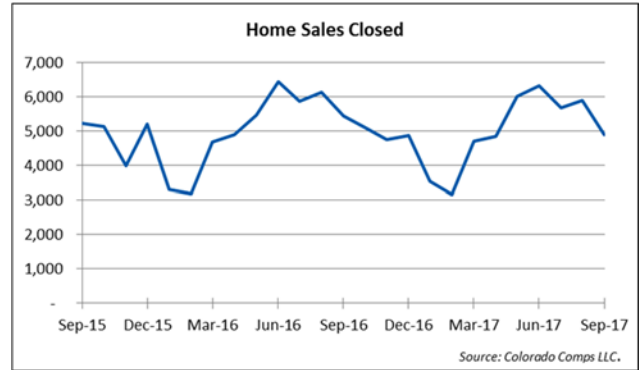
# MONTHLY ECONOMIC INDICATORS

- Grandview LoHi, a new development, will offer 48 for-sale condominiums, a rarity in the city for newly constructed housing. The five-story project will cost an estimated \$20 million and will break ground in the first quarter of 2018 and is slated for completion in spring 2019. Grandview LoHi will also include 4,600 square feet of retail space and large rooftop terraces in the double-height top floor units.

## Home Resales

### Metro Denver

- Existing home sales in Metro Denver decreased 17 percent over-the-month to 4,894 homes sold and decreased 10.2 percent between September 2016 and 2017.
- Unsold homes on the market were 3.1 percent higher in September than August, although they were 0.2 percent lower than the previous year's inventory level, with 13 fewer homes on the market over-the-year.
- The average sales price for single-family homes rose 7.1 percent over-the-year to \$460,162, while the average sales price of condominiums (\$279,066) increased 11 percent during the same period.
- The average sales price of a single-family home was \$30,310 higher in September 2017 compared with one-year earlier, while the average price of a condominium increased \$27,588.



### Previously-Owned Home Sales Activity

	Month of Sep-17	Month of Aug-17	Month of Sep-16	YTD Total 2017	YTD Total 2016	YTD Total % Change	Ann Total 2012	Ann Total 2007
Home Sales (Closed)	4,894	5,893	5,450	45,023	45,431	-0.9%	45,203	49,789
Unsold Homes on Market	7,586	7,360	7,599	7,586	7,599	-0.2%	10,085	27,911
Average Sales Price-Single Family	\$460,162	\$467,557	\$429,852	\$465,658	\$432,945	7.6%	\$304,178	\$310,418
Average Sales Price-Condo	\$279,066	\$277,634	\$251,477	\$274,423	\$250,438	9.6%	\$179,616	\$180,321
Median Sales Price-Single Family	\$395,000	\$400,000	\$370,000				\$250,000	\$245,000
Median Sales Price-Condo	\$250,000	\$250,000	\$228,500				\$142,000	\$150,000

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

### National

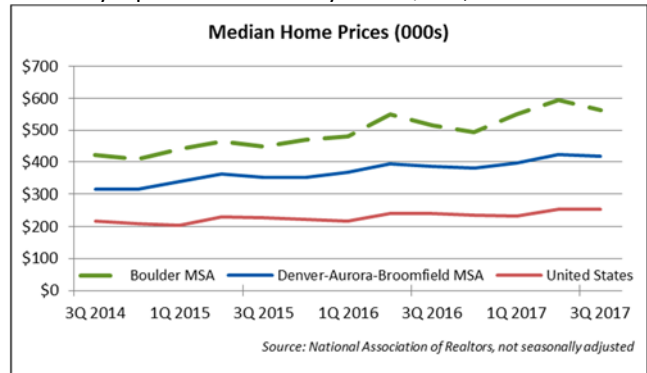
- National existing-home sales rose 0.7 percent in September 2017 to a seasonally adjusted annual rate of 5.39 million from 5.35 million in August, according to the National Association of Realtors (NAR). Last month's sales pace is 1.5 percent below a year ago and is the second slowest over the past year (behind August). Analysts noted that sales activity was negatively impacted by recent hurricanes.
- Total housing inventory at the end of September rose 1.6 percent to 1.90 million existing homes available for sale, but still remains 6.4 percent lower than a year ago (2.03 million), falling year-over-year for 28 straight months.
- First-time buyers were 29 percent of sales in September, which is down from 31 percent in August and is the lowest share since September 2015. NAR economists said the ongoing rise in home prices continues to strain budgets of some of the would-be first-time buyers and low inventory continues to pressure affordability in the lower- and mid-price ranges.
- Properties typically stayed on the market for 34 days in September, which is up from 30 days in August but down from 39 days a year ago. Forty-eight percent of homes sold in September were on the market for less than a month.

# MONTHLY ECONOMIC INDICATORS

## Home Prices

NAR data shows the median existing-home price for all housing types in September was \$245,100, up 4.2 percent from September 2016 (\$235,200). September's price increase marked the 67th consecutive month of year-over-year price appreciation. The median price in the Northeast was \$274,100, which is 4.8 percent above September 2016. The Midwest reported the lowest median price of \$195,800, up 5.4 percent from a year ago. The existing-home price in the South was \$215,100, up 4.6 percent from a year ago. In the West, prices increased by 5 percent over-the-year to \$362,700.

- A separate NAR report revealed that the median price in the Boulder MSA (\$563,500) during the third quarter of 2017 was 5 percent lower over-the-quarter but was 9.4 percent higher over-the-year. The Denver-Aurora MSA (\$418,100) was 1.5 percent lower than the second quarter and yet was 8.1 percent above the year-ago level.
- The national median sales price during the third quarter of 2017 declined 0.5 percent over-the-quarter to \$254,000 yet was 5.3 percent higher than the previous year's level.
- Of the 180 MSAs included in the third quarter 2017 report, the Boulder MSA reported the seventh-highest median price, while the Denver-Aurora MSA median price was the 14th highest.

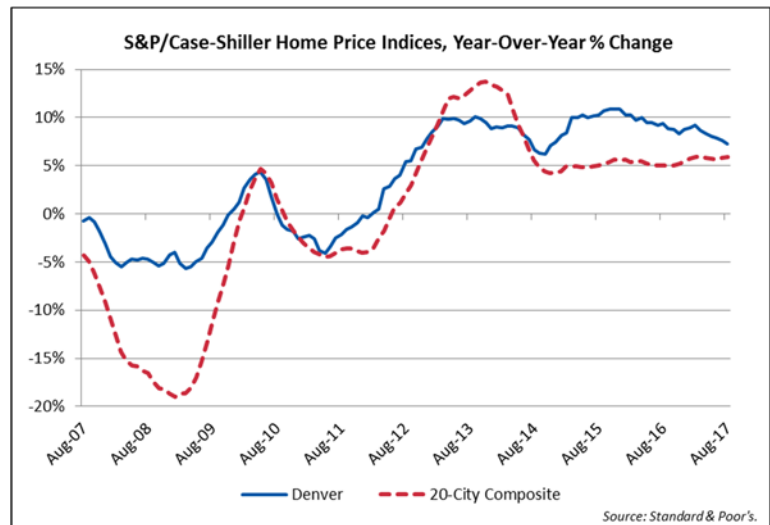


### Median Sales Price of Existing Single-Family Homes (\$000s)

	Quarter 3 2017 (p)	Quarter 2 2017 (r)	Quarter 3 2016	YTD Avg 2017	YTD Avg 2016	YTD Avg % Change	Median 2012	Median 2007
Boulder MSA	\$563.5	\$593.2	\$515.2	\$568.4	\$514.8	10.4%	\$383.7	\$376.2
Denver-Aurora MSA	\$418.1	\$424.5	\$386.8	\$412.9	\$383.4	7.7%	\$252.4	\$245.4
United States	\$254.0	\$255.4	\$241.3	\$247.2	\$233.1	6.1%	\$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 August for the 20th-straight month. The Denver index increased 0.67 percent over-the-month to 201.65 in August and rose 7.2 percent between August 2016 and August 2017. The August 2017 level was the highest level recorded in Denver in the history of the 27-year data series.
- Seattle (+13.2 percent), Las Vegas (+8.5 percent), and San Diego (+7.8 percent) recorded the largest increases over-the-year. Denver (+7.2 percent) ranked fourth.
- Washington, D.C. (+3.4 percent), Chicago (+3.7 percent), and New York (+4.4 percent) recorded the smallest increases over-the-year.



- The national home price index increased 0.5 percent over-the-month and 6.1 percent over-the-year.
- Analysts for the index reported that currently, low mortgage rates combined with an improving economy are supporting home prices. Nationally and in nine of the 20 cities in the report, home prices have reached new all-time highs. Analysts are concerned that measures of affordability are beginning to slide, indicating that the

## MONTHLY ECONOMIC INDICATORS

pool of buyers is shrinking. August saw the National Index annual rate tick up to 6.1 percent, while wages climbed 3.6 percent in the year to August.

### Foreclosures

- Metro Denver recorded a 15.1 percent decrease in foreclosures in September over the prior month and a 2.1 percent increase over the year-ago level. The decrease in the number of Metro Denver foreclosures was primarily the result of a decrease in foreclosure activity in Arapahoe County (-36 percent) and Douglas County (-31.7 percent) over-the-month. Additionally, foreclosures in the Metro Denver area were down 6.6 percent year-to-date, compared with the same period in 2016.
- Five of the seven counties recorded increases in foreclosures over-the-year. Broomfield County reported the largest increase in foreclosures over-the-year, rising 400 percent (four houses), followed by the City and County of Boulder with a 37.5 percent increase (six houses). Denver and Jefferson counties recorded the only decreases in foreclosures over-the-year, at 25.5 percent and 25 percent, respectively.

#### Real Estate Foreclosures

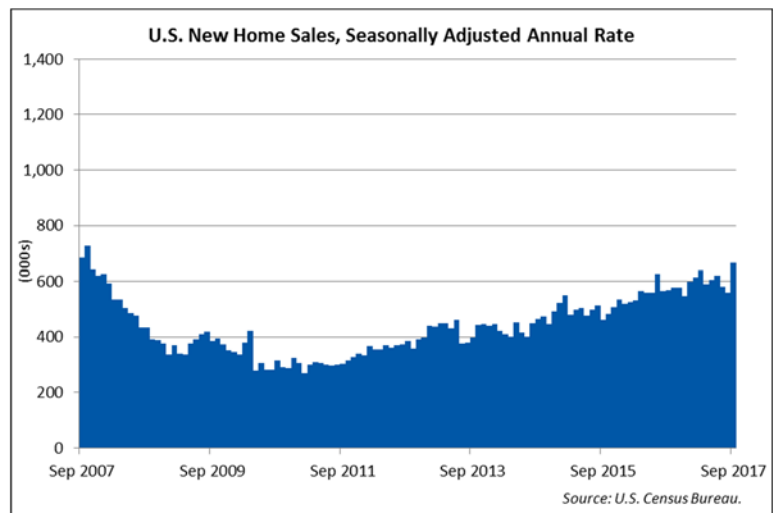
	Month of Sep-17	Month of Aug-17	Month of Sep-16	YTD Total 2017	YTD Total 2016	YTD Total % Change	Annual Total 2012	Annual Total 2007
Total Metro Denver*	242	285	237	2,273	2,434	-6.6%	15,013	27,355
Adams County	66	58	51	515	531	-3.0%	3,183	6,192
Arapahoe County	55	86	52	530	562	-5.7%	3,589	6,237
Boulder County	22	18	16	130	147	-11.6%	783	981
Broomfield County	5	3	1	32	26	23.1%	210	252
Denver County	41	60	55	491	537	-8.6%	3,064	8,240
Douglas County	20	19	18	212	233	-9.0%	1,534	1,865
Jefferson County	33	41	44	363	398	-8.8%	2,650	3,588

\*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

- Four of the seven counties reported increases in foreclosures between August and September, ranging from 66.7 percent in the City and County of Broomfield to 5.3 percent in Douglas County. Arapahoe, Denver, and Jefferson counties recorded the only over-the-month declines in foreclosures, falling 36 percent, 31.7 percent, and 19.5 percent, respectively.

### New Home Sales

- The Census Bureau report on new home sales stated that national home sales increased in September to 667,000 annual sales from the revised August level of 561,000 annual sales. The September home sales level was 18.9 percent higher than August and 17 percent higher than the previous year's level.
- The Northeast (+54.8 percent), the South (+23.1 percent), and the West (+4.4 percent) recorded increases in home sales between September 2016 and 2017, while the Midwest (-2.7 percent) recorded a decline.
- All four regions reported over-the-month increases in home sales. The Northeast reported the largest over-the-month increase in sales, rising 33.3 percent to





# MONTHLY ECONOMIC INDICATORS

48,000 sales, followed by the South, which recorded a 25.8 percent (405,000 sales) increase in sales. Sales in the Midwest (73,000 sales) rose 10.6 percent over-the-month, while sales in the West (141,000 sales) rose 2.9 percent.

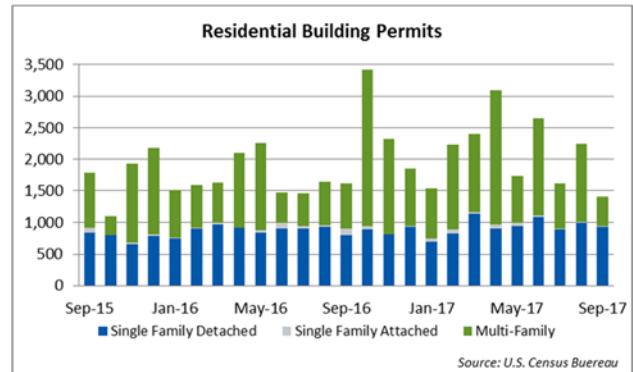
## New Home Construction

### National

- Builder confidence for newly-built single-family homes rose 4 points to a level of 68 in October on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). Readings above 50 indicate builders view sales conditions as good rather than poor. The index has been above 60 since September 2016. All three HMI components posted gains in October. The gauge for current sales conditions rose five points to 75 and the index charting sales expectations increased five points to 78. Meanwhile, the component measuring buyer traffic ticked up a single point to 48.
- According to the Census Bureau, the seasonally adjusted annual number of nationwide residential building permits decreased 3.7 percent in September (1.23 million permits) from August and was 3.5 percent below September 2016.
- The decrease in permits from August to September was driven by a 15.8 percent decrease in multi-family units and a 2.8 percent decrease in attached units, while single-family detached units increased over-the-month. Multi-family units (-23.9 percent) and single-family attached units (-10.3 percent) were also down over-the-year, while single-family detached units (+9.9 percent) increased from year-ago levels.
- The number of permits in the West region decreased 9.7 percent over-the-month and 1.5 percent over-the-year to 324,000 permits.
- The South (595,000 permits) recorded a decrease in permits over-the-year, falling 3.7 percent. However, the Midwest recorded a 2.2 percent increase in permits to 185,000 and the Northeast reported a 14.8 percent decrease to 121,000 permits.

### Metro Denver

- Residential building permits for the Metro Denver area decreased 13 percent in September compared with the prior year.
- The over-the-year decrease in total units permitted was attributed to a 90 percent decrease in single-family attached permits and a 35.2 percent decrease in multi-family permits. The single-family detached market recorded the only over-the-year increase in permits, increasing 16.4 percent.
- All three property types recorded a decrease in permitted units over-the-month, with total units falling 37.4 percent from August 2017 to September. Single-family attached units decreased from 22 permits to 10 permits. Multi-family units recorded a decrease of 62.3 percent over-the-month and single-family detached units fell 6.4 percent.



### Residential Building Permits

	Month of Sep-17	Month of Aug-17	Month of Sep-16	YTD Total 2017	YTD Total 2016	YTD Total % Change	Total 2012	Total 2007
Single-Family Detached Units	932	996	801	8,444	7,927	6.5%	5,947	7,799
Single-Family Attached Units	10	22	100	315	367	-14.2%	299	398
Multi-Family Units	462	1,225	713	10,149	6,948	46.1%	8,679	6,195
<b>Total Units</b>	<b>1,404</b>	<b>2,243</b>	<b>1,614</b>	<b>18,908</b>	<b>15,242</b>	<b>24.1%</b>	<b>14,925</b>	<b>14,392</b>

Source: U.S. Census Bureau.

## Apartment Rental Market

- A study from the Apartment Association of Metro Denver found that vacancy rates rose as the market absorbed a record 9,713 new units in what will end as a record year for apartment building.
- The apartment vacancy rate throughout Metro Denver increased in the third quarter of 2017, rising 0.4 percentage points to 5.4 percent from the second quarter of 2017. The average vacancy rate also increased over-the-year by 0.3 percentage points. Vacancy rates ranged from 3.8 percent in the Boulder/Broomfield submarket to 6.8 percent in the City and County of Denver. Vacancy rates rose over-the-year in three of the six submarkets, the City and County of Denver (1.3 percent), Adams County (0.3 percent), and Jefferson County (0.3 percent). Boulder/Broomfield reported the largest over-the-year decrease of the submarkets, falling 1.4 percentage points.
- The average monthly rental rate of apartments in Metro Denver decreased in four of the six submarkets in the third quarter of 2017. The average rental rate in Metro Denver (\$1,412) was 0.6 percent lower than the previous quarter's level. However, the rate was 3.2 percent higher than the third quarter of 2016, representing an increase of \$44 in the average monthly rental rate over-the-year. The average rental rate ranged from \$1,313 in Adams County to \$1,557 in the Boulder/Broomfield submarket.

### Apartment Statistics

	Quarter 3 2017	Quarter 2 2017	Quarter 3 2016	YTD Average 2017	YTD Average 2016	YTD Average % Change	Annual Average 2012	Annual Average 2007
Apartment Vacancy Rate	5.4%	5.0%	5.1%	5.4%	5.5%		4.7%	6.2%
Average Monthly Rental Rate (all units)	\$1,412	\$1,420	\$1,368	\$1,405	\$1,351	4.0%	\$974	\$856

Source: Denver Metro Apartment Vacancy and Rent Survey.

## Commercial Real Estate

- Denver-based Etkin Johnson Real Estate Partners will break ground on a 400,000-square-foot, three-building industrial campus in the Colorado Technology Center in Louisville. The company was waiting for its 153,018-square-foot 633 CTC Boulevard building to be completed and fully leased before beginning construction on the new speculative campus.
- Simon Premium Outlets is building a 330,000-square-foot shopping mall called the Denver Premium Outlets near 136th Avenue and I-25 in Thornton. Denver Premium Outlets will consist of about 80 stores and is expected to generate about \$100 million in revenue for the city of Thornton over its lifetime. The \$134 million outlet mall is expected to open in fall 2018.
- Consolidated Investment is building a warehouse at Eastpark 70, its industrial park near the interchange of I-70 and Tower Road in north Aurora. The new speculative building will contain 245,847 square feet and will be located at 19700 East 23rd Avenue. Eastpark 70 is designed to ultimately contain about 1.2 million square feet of industrial space.
- Brennan Investment Group purchased an 11.08-acre tract at 14101 E. Otero Ave. to add nearly 150,000 square feet of speculative distribution space. Slated to deliver in summer 2018, the development will feature 28-foot clear heights, 24 loading docks, six drive-in bays, ESFR sprinkler system, and 256 parking spaces.
- Vertex Builders expects to break ground in December on a four-story medical office building at South Havana Street and East Dry Creek Road. The Dry Creek medical office will include 53,000 square feet of tenant space, with a 10,000-square-foot, lower-level parking garage on a four-acre site. Construction should be completed before the end of 2018.
- The Corners development in Wheat Ridge will feature a 35,000-square-foot Lucky's Market, 40,000 square feet of retail shops and restaurants, a pocket park, a plaza, and a 230-unit residential community. Construction on the Lucky's Market began in October, with plans for the natural food grocer to open during summer 2018.

## MONTHLY ECONOMIC INDICATORS

- Wayfinder Co-op is a brand new coworking space for outdoor enthusiasts and businesses, opening this January. Leasing a 7,750-square-foot office space, they plan to provide eight private offices, 24 dedicated desks, and 50 “flex members”. Outdoor entrepreneurs are the main focus for this space, with networking incentives, memberships to a local rock climbing gym, and a mapping room for workers to plan their next excursions. So far, 23 companies have signed letters of intent to move in.
- The University of Colorado Boulder broke ground on an \$82.5 million aerospace engineering building. The 144,000-square-foot building will have an indoor flight environment for unmanned aircraft that is expected to drive innovation for CU’s nationally ranked program. It is slated to open in the summer of 2019 on CU Boulder’s East Campus.

### Office Market

- According to CoStar’s national third quarter publication, the U.S. Office market ended the third quarter 2017 with a vacancy rate of 9.5 percent. The vacancy rate was unchanged over the previous quarter, with net absorption totaling positive 9.7 million square feet in the third quarter. A total of 375 buildings were delivered to the market in the quarter totaling 19.4 million square feet, with 154 million square feet still under construction at the end of the quarter.
- The third-quarter office report from Cushman & Wakefield noted that 266,000 square feet of office space was absorbed in the third quarter, compared with -55,000 square feet posted during the second quarter. Positive net absorption should continue through the remainder of 2017 as large users begin to occupy leased space.

The Metro Denver office market reported increases in the vacancy rate and the average lease rate over-the-year through the third quarter of 2017. According to CoStar Realty data, the direct vacancy rate rose 0.6 percentage points over-the-year to 9.9 percent vacancy. The average lease rate rose 1.9 percent between the third quarters of 2016 and 2017, gaining \$0.48 per square foot during the same period.

Office construction in Metro Denver was robust during the third quarter of 2017. There was 2.42 million square feet of space completed across 26 buildings as of the third quarter of 2017. Some of the largest office buildings completed in the third quarter included the 227,000-square-foot Arrow office building and the 212,000-square-foot INOVA Dry Creek 1 office building in Centennial. There was 5.49 million square feet of space under construction during the third quarter of 2017, a 13.4 percent increase in space under construction compared with the same time last year. Of this space, nearly 3.65 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 66 percent of total Metro Denver construction.

### Office Market Statistics

	Quarter 3 2017	Quarter 2 2017	Quarter 3 2016	Quarter 3 2015	Quarter 3 2014	Quarter 3 2013
Number of Buildings	6,157	6,153	6,125	6,087	6,067	6,042
Existing Square Feet (millions)	184.1	183.9	181.3	179.3	177.9	176.8
Vacant Square Feet (direct, millions)	18.2	18.3	16.9	17.4	17.8	19.6
Vacancy Rate (direct)	9.9%	9.9%	9.3%	9.7%	10.0%	11.1%
Vacancy Rate (with sublet)	10.8%	10.9%	10.0%	10.3%	10.6%	11.5%
Avg. Lease Rate (direct, per sq. foot, full service)	\$25.79	\$25.86	\$25.31	\$24.37	\$23.46	\$22.27
New Construction Completed (year-to-date)	2.42 MSF, 26 Bldgs	1.96 MSF, 21 Bldgs	0.98 MSF, 23 Bldgs	1.34 MSF, 18 Bldgs	1.16 MSF, 23 Bldgs	0.95 MSF, 15 Bldgs
Currently Under Construction	5.49 MSF, 51 Bldgs	4.69 MSF, 41 Bldgs	4.84 MSF, 36 Bldgs	2.83 MSF, 29 Bldgs	2.85 MSF, 25 Bldgs	1.79 MSF, 23 Bldgs

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

### Industrial & Flex Market

- CoStar reported that the U.S. industrial market ended the third quarter with a vacancy rate of 5.1 percent, unchanged from the previous quarter. Net absorption totaled a positive 55.8 million square feet. Rental rates ended the quarter at

## MONTHLY ECONOMIC INDICATORS

\$6.31 nationally, an increase over the previous quarter. There were 469 buildings delivered to the market in the quarter for a total of 67.4 million square feet, with 276.6 million square feet under construction at the end of the quarter.

- The most recent Cushman & Wakefield report revealed that the outlook for the industrial and flex market is positive. New deliveries will see an uptick in the fourth quarter and into the next year, with an estimated 2.4 million square feet set to deliver during 2018 with much of it likely to be preleased before completion. Activity will remain particularly strong in the Northwest along I-25 and Highway 36. Limited supply and fierce competition by investors continues to be the climate for the industrial investment market in Denver. With over \$6 billion of construction projects planned and committed to in the coming years, construction-related industries will continue to demand industrial space.

CoStar data revealed that the industrial market reported increases in the vacancy rate and the average lease rate through the third quarter of 2017. The third quarter direct vacancy rate was 0.8 percentage points higher than the third quarter of 2016. The average lease rate rose 2.6 percent between the third quarters of 2016 and 2017, adding \$0.19 per square foot to the average lease rate.

There was 2.41 million square feet of space completed across 30 buildings year-to-date through the third quarter of 2017 and industrial construction continued at a strong pace. Major completed projects included the 250,000-square-foot McLane building in Commerce City. Adams County welcomed 64 percent of the completed industrial space year-to-date in 2017, or 1.54 million square feet. There were 33 buildings with nearly 6.94 million square feet of space under construction during the period, including 2.4 million square feet for Amazon in Thornton.

### Industrial Market Statistics

	Quarter 3 2017	Quarter 2 2017	Quarter 3 2016	Quarter 3 2015	Quarter 3 2014	Quarter 3 2013
Number of Buildings	7,000	6,994	6,962	6,935	6,923	6,899
Existing Square Feet (millions)	213.5	213.1	209.7	206.4	204.5	202.2
Vacant Square Feet (direct, millions)	9.2	8.6	7.3	5.5	7.4	9.0
Vacancy Rate (direct)	4.3%	4.1%	3.5%	2.7%	3.6%	4.4%
Vacancy Rate (with sublet)	4.7%	4.5%	3.8%	2.9%	3.8%	4.7%
Avg. Lease Rate (direct, per square foot, NNN)	\$7.52	\$7.58	\$7.33	\$6.85	\$5.76	\$4.93
New Construction Completed (year-to-date)	2.41 MSF, 30 Bldgs	1.93 MSF, 22 Bldgs	2.71 MSF, 19 Bldgs	1.24 MSF, 4 Bldgs	2.13 MSF, 19 Bldgs	0.89 MSF, 4 Bldgs
Currently Under Construction	6.94 MSF, 33 Bldgs	3.26 MSF, 24 Bldgs	3.82 MSF, 34 Bldgs	1.57 MSF, 8 Bldgs	1.77 MSF, 8 Bldgs	0.63 MSF, 7 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 third quarter of the year. According to CoStar, the direct vacancy rate for flex space fell 0.9 percentage points to 6.1 percent between the third quarters of 2016 and 2017. The average lease rate rose 9.7 percent over-the-year to \$12.04. There was 492,600 square feet of new space completed in 2017, including the 108,000-square-foot 6755 E. Yampa Street building in Denver and an 83,291-square-foot flex building in the Prairie Business Center in Louisville. Seven buildings offering 341,200 square feet of new flex space are under construction.

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### Flex Space Statistics

	Quarter 3 2017	Quarter 2 2017	Quarter 3 2016	Quarter 3 2015	Quarter 3 2014	Quarter 3 2013
Number of Buildings	1,484	1,481	1,470	1,463	1,455	1,448
Existing Square Feet (millions)	45.5	45.4	44.8	44.5	43.6	43.3
Vacant Square Feet (direct, millions)	2.8	3.0	3.1	3.1	3.4	4.4
Vacancy Rate (direct)	6.1%	6.5%	7.0%	7.0%	7.8%	10.2%
Vacancy Rate (with sublet)	6.3%	6.6%	7.1%	8.1%	9.0%	11.6%
Avg. Lease Rate (direct, per square foot, NNN)	\$12.04	\$11.85	\$10.98	\$10.35	\$9.74	\$9.33
New Construction Completed (year-to-date)	0.49 MSF, 11 Bldgs	0.46 MSF, 9 Bldgs	0.13 MSF, 4 Bldgs	0.33 MSF, 3 Bldgs	0.37 MSF, 6 Bldgs	0.10 MSF, 3 Bldgs
Currently Under Construction	0.34 MSF, 7 Bldgs	0.14 MSF, 4 Bldgs	0.36 MSF, 7 Bldgs	0 MSF, 0 Bldg	0.53 MSF, 6 Bldgs	0.07 MSF, 2 Bldgs

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

### Retail Market

- The national retail market did not experience much change in market conditions, according to a national third quarter report from CoStar. The vacancy rate remained at 4.7 percent from the previous quarter. Net absorption was positive 12.2 million square feet, and vacant sublease space decreased by 103,744 square feet. Quoted rental rates also increased from the second quarter 2017 levels, ending at \$16.21 per square foot per year.

The Metro Denver retail market reported a stable vacancy rate and an increase in the average lease rate over-the-year through the third quarter of 2017, according to CoStar Realty data. The direct vacancy rate was 4.6 percent in the third quarters of 2016 and 2017, ranging between 4.4 percent and 4.6 percent for the past five quarters. The average lease rate for retail space rose 9.1 percent over-the-year, adding \$1.50 per square foot during this same period.

Douglas County recorded the largest amount of retail space completed through the third quarter of 2017, reporting 387,800 square feet of retail space completed, and comprising more than 32 percent of completed space in Metro Denver. There were 59 buildings under construction during the third quarter of 2017, totaling 1.57 million square feet. Some of the largest projects under construction included the 351,300-square-foot Denver Premium Outlets in Thornton and the 235,000-square-foot general retail building at 9th and Colorado Blvd in Denver.

### Retail Market Statistics

	Quarter 3 2017	Quarter 2 2017	Quarter 3 2016	Quarter 3 2015	Quarter 3 2014	Quarter 3 2013
Number of Buildings	12,050	12,025	11,948	11,835	11,769	11,683
Existing Square Feet (millions)	166.5	166.3	165.0	163.3	162.4	161.3
Vacant Square Feet (direct, millions)	7.6	7.5	7.6	8.1	8.7	9.6
Vacancy Rate (direct)	4.6%	4.5%	4.6%	4.9%	5.4%	5.9%
Vacancy Rate (with sublet)	5.0%	5.0%	4.9%	5.1%	5.5%	6.2%
Avg. Lease Rate (direct, per square foot, NNN)	\$17.98	\$17.41	\$16.48	\$15.80	\$15.75	\$15.34
New Construction Completed (year-to-date)	1.20 MSF, 74 Bldgs	0.86 MSF, 45 Bldgs	0.93 MSF, 63 Bldgs	0.54 MSF, 32 Bldgs	0.36 MSF, 43 Bldgs	0.98 MSF, 53 Bldgs
Currently Under Construction	1.57 MSF, 59 Bldgs	1.43 MSF, 73 Bldgs	1.64 MSF, 59 Bldgs	0.99 MSF, 47 Bldgs	0.19 MSF, 16 Bldgs	0.42 MSF, 28 Bldgs

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

# MONTHLY ECONOMIC INDICATORS

## Monthly Economic Indicators

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕↗ Positive Changes	6 of 18		9 of 18		12 of 18	
Nonfarm Employment Growth	-2,400	↓	27,700	↑	33,600	↑
	Employment down 0.1% from August to September		Employment up 1.7% from September 2016 to 2017		YTD employment up 2.1% through September	
% Companies Hiring (Denver Area)	20%	↓	20%	↓	26%	↑
	Companies expecting to add workers fell 10 percentage points from 3Q 2017 to 4Q 2017		Companies expecting to add workers fell 8 percentage points from 4Q 2016 to 4Q 2017		YTD average up 1 percentage point compared with 2016	
Unemployment Rate	2.2%	↑	-0.6 percentage points	↓	2.5%	↓
	Unemployment rose 0.1 points between August and September		Unemployment rate down from September 2016 to 2017		Down from 2016 YTD average of 3.3%	
Initial Unemployment Insurance Claims	-8.9%	↓	-9.7%	↓	-10.7%	↓
	Claims decreased from August to September		Claims decreased from September 2016 to 2017		YTD average claims decreased through September 2017	
Total National Retail Sales	3.1%	↑	3.9%	↑	3.8%	↑
	National sales increased from July to August		National sales increased from August 2016 to 2017		YTD sales rose through August 2017	
Mountain Region Consumer Confidence Index	149.1	↑	46.9%	↑	129.2	↑
	Index up 24.9% from September to October.		Index up from October 2016 to 2017		YTD average up 28.6% through October 2017	
Hotel Occupancy	83.9%	↓	0.1 percentage points	↑	77.9%	↔
	Decreased 2 percentage points from August to September		Occupancy increased from September 2016 to 2017		YTD occupancy unchanged from last year	
Denver International Airport Passengers	-11.0%	↓	-0.3%	↓	6.2%	↑
	Passengers down from August to September		Passengers down from September 2016 to 2017		YTD passengers increased through September 2017	
Bloomberg Colorado Index	505.7	↓	2.5%	↑	-2.2%	↓
	Index down 0.4% from September to October		Index up from October 2016 to 2017		YTD return down through October 2017	
Dow Jones Industrial Average	23,377.2	↑	28.9%	↑	18.3%	↑
	Index up 4.3% from September to October		Index up from September 2016 to 2017		YTD return up through October 2017	
Home Sales (closed)	4,894	↓	-10.2%	↓	45,023	↓
	Sales down 17% from August to September		Sales down from September 2016 to 2017		YTD sales down 0.9% through September 2017	
Median Home Price (Denver-Aurora MSA)	\$418,100	↓	8.1%	↑	\$412,900	↑
	Down 1.5% from 2Q 2017 to 3Q 2017		Price up from 3Q 2016 to 3Q 2017		YTD price 7.7% higher through 3Q 2017	
Foreclosures	242	↓	2.1%	↑	2,273	↓
	Down 15.1% from August to September		Up from September 2016 to 2017		Down 6.6% YTD through September 2017	
Residential Building Permits (Total)	1,404	↓	-13.0%	↓	18,908	↑
	Permits decreased 37.4% from August to September		Permits down from September 2016 to 2017		YTD permits up 24.1% through September 2017	

# MONTHLY ECONOMIC INDICATORS

Apartment Vacancy Rate	5.4%	↑	0.3 percentage points	↑	5.4%	↓
	Vacancy increased 0.4 percentage points from 2Q 2017 to 3Q 2017		Vacancy increased from 3Q 2016 to 3Q 2017		YTD average down 0.1 percentage points from last year	
Office Vacancy Rate (with Sublet)	10.8%	↓	+0.8 percentage points	↑	+0.8 percentage points	↑
	Vacancy rate down 0.1 percentage points from 2Q 2017 to 3Q 2017		Vacancy rate up from 10% one year ago		Vacancy rate up from 10% one year ago	
Industrial Vacancy Rate (with Sublet)	4.7%	↑	+0.9 percentage points	↑	+0.9 percentage points	↑
	Vacancy rate up 0.2 percentage points from 2Q 2017 to 3Q 2017		3Q 2017 vacancy up from 3.8% one year ago		3Q 2017 vacancy up from 3.8% one year ago	
Retail Space Vacancy Rate (with Sublet)	5.0%	↔	+0.1 percentage points	↑	+0.1 percentage points	↑
	Vacancy rate unchanged from 2Q 2017 to 3Q 2017		3Q 2017 vacancy rate up from 4.9% one year ago		3Q 2017 vacancy rate up from 4.9% one year ago	



*Economic and Demographic Research*

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