

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.

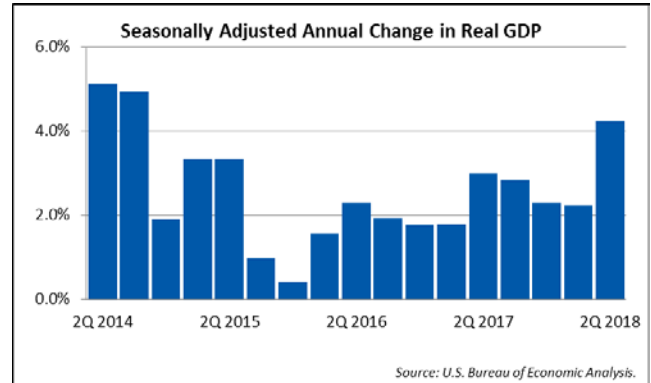
Notable Rankings

- Colorado has the fifth-most attractive aerospace and defense market in the country, according to a new study by PricewaterhouseCoopers (PwC). The ranking is an improvement from the previous year when the state ranked eighth. Colorado's educated labor force and modern infrastructure support the aerospace industry and attract major aerospace contractors. To come up with the ranking, PwC looked at several different metrics including labor costs, available infrastructure, tax policy, and overall economic conditions.
- Job-hunting website Hired compiled the "2018 Global Brand Health Report," a list of the top rated companies to work for in a dozen cities around the globe, including Denver. For the regional ranking, Centennial-based Arrow Electronics scored No. 1, up from No. 3 last year. Other top Denver companies included HomeAdvisor, CenturyLink, SendGrid, and DigitalGlobe. Hired compiled its global list by providing 2,200 software engineers, product managers, data scientists, and designers in 12 top tech markets with a list of established companies and asked them to rank how interested they would be in working for each of them on a five-point scale.
- *U.S. News and World Report* released its "2019 Best Colleges" ranking, and three Colorado universities ranked in the top 100 of the National Universities list. Colorado School of Mines ranked No. 80 on the list, followed by University of Colorado Boulder, ranked No. 96, and University of Denver, ranked No. 96 (tied). Colorado School of Mines was ranked #46 in the subcategory "Best Colleges for Veterans" and University of Colorado Boulder tied with University of Denver, ranking #59 in the same category.
- According to the nonprofit Trust for America's Health and the Robert Wood Johnson Foundation, Colorado ranked as the least obese state in the country with about 23 percent of its adult residents classified as obese in 2017. The state also has the second lowest rate of diabetes and hypertension in the country and the second-highest percentage of residents that are physically active. Since 1995, Colorado has regularly recorded the lowest or second-lowest obesity rate in the country.
- Highlands Ranch ranked No. 8 and Broomfield ranked No. 18 on a new ranking of the "Best Places to Live in America" by *Money* magazine and Realtor.com. The rankings focus on a place's economic health, cost of living, diversity, public education, income, crime, and ease of living and amenities. Highlands Ranch was noted for a median family income of \$126,404 and projected job growth from 2017-22 of 7.4 percent. Broomfield reported a median family income of \$105,598 and projected job growth of 9.89 percent for the same period.
- Haven Life, an online life insurance agency, put together a ranking of the best states for an early retirement, and Colorado ranked 10th on the list. The list analyzes locations based on three categories, in which Colorado ranked 10th in well-being, 37th in cost of living, and 15th in health care quality. Other qualities that allowed Colorado to score well included access to arts and entertainment and its relatively mild winters.
- Thirty Colorado-based breweries took home 32 gold, silver, or bronze medals at the 2018 Great American Beer Festival. In all, 306 medals were handed out in 102 categories covering 167 difference beer styles to 280 breweries.

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 second quarter of 2018. The estimate showed that GDP increased at an annual rate of 4.2 percent through the second quarter, which was 2 percentage points above the first quarter rate of 2.2 percent.
- The percentage change in real GDP was unrevised from the second estimate, reflecting a downward revision to private inventory investment that was offset by upward revisions to state and local government spending, PCE, nonresidential fixed investment, exports, and residential fixed investment. Imports were revised down slightly.



Interest Rates

- The U.S. central bank is implementing tighter policy as unemployment heads toward multi-decade lows, wage growth accelerates to its quickest pace in nine years, and estimates point to annualized third-quarter growth of more than 4 percent. Some officials have argued that rates should be lifted even more quickly as they respond to strong financial markets, above-trend growth, steady tightening in the jobs market, and inflation that has largely returned to the central bank's 2 percent target. Fed policymakers projected core inflation will rise to a median 2.1 percent next year and continue to slightly overshoot the central bank's target, as it is projected to hold steady through 2020 and 2021.
- For the third time this year, the Federal Open Market Committee (FOMC) of the Federal Reserve voted to raise the benchmark federal funds rate, increasing the rate to a range of 2 percent to 2.25 percent. The FOMC also projects one more increase before the end of the year and three in 2019. Fed officials collectively estimate gross domestic product to rise 3.1 percent in 2018, an updated revision from the 2.8 percent projection in June. The forecast for 2019 also moved higher by 0.1 percentage points to 2.5 percent.
- The Fed also indicated that it is likely the federal funds rate would remain for two years above what they term the long-term "neutral" rate that is neither restrictive nor stimulative. Committee members expect the economy to slow in 2021. The next FOMC meeting is on November 7-8.

Policy Watch

National

- President Trump imposed tariffs on \$200 billion worth of goods and is prepared to tax all imports from China. The administration implemented the tariffs on September 24, starting at 10 percent before increasing to 25 percent on January 1st. The timing will partially reduce the toll of price increases for holiday shoppers buying Chinese imports in the coming months. The tariffs are aimed at pressuring China to change long-standing trade practices that the administration says are hurting U.S. businesses. This wave of tariffs is expected to raise prices on everyday products including electronics, food, tools, and housewares. Retail, manufacturing, and a wide range of other U.S. businesses have warned that the new tariffs could hurt profits, hiring, and growth.

Local

- Colorado Department of Revenue officials will begin collecting sales tax on December 1st from out-of-state online retailers who sell goods to Coloradans. The move comes after the U.S. Supreme Court ruled in June that retailers do not have to have a physical presence in a state in order to be made to collect and remit sales tax to local authorities.

- The Jefferson County Board of County Commissioners voted to eliminate the county's portion of the business personal property tax, arguing that the \$7 million in revenue lost by the move will be more than offset by local company expansions and a greater ability for local leaders to recruit and retain capital-intensive businesses. The vote means that companies in the state's fourth-largest county that have been paying tax for years on the equipment they use will instead receive a tax credit for the county's portion of the business personal property tax when they receive their bills next year for taxes accrued in 2018. They will have to continue paying the portion of the tax owed to special districts and to school districts, however.
- For the last fiscal year, Colorado collected \$37 million above what was approved through the Taxpayer Bill of Rights (TABOR). However, a 2017 law requires refunds go to the state-administered senior homestead exemption and disabled veterans property tax exemption before refunds to the general population. Forecasters expect the Colorado economy to slow down, as it is at capacity in many industries, signified through labor shortages and accelerating wage pressure.

Economic Indexes & Notable Data Releases

National & International

- The U.S. goods and services trade deficit was \$50.1 billion in July, up \$4.3 billion from \$45.7 billion in June, revised. July exports were \$211.1 billion, \$2.1 billion less than June exports. July imports were \$261.2 billion, \$2.2 billion more than June imports. The July increase in the goods and services deficit reflected an increase in the goods deficit of \$4.2 billion to \$73.1 billion and a decrease in the services surplus of \$0.1 billion to \$23.1 billion.
- The Conference Board Leading Economic Index (LEI) for the U.S. increased 0.4 percent in August to 111.2 (2016=100), following a 0.7 percent increase in July, and a 0.5 percent increase in June. The leading economic index is now well above its previous peak (March 2006, 102.4). The leading indicators are consistent with a solid growth scenario in the second half of 2018. The strength among the LEI's components was widespread, further supporting an outlook of above 3 percent growth for the remainder of 2018.
- The Institute for Supply Management's Manufacturing Index registered 61.3 percent, an increase of 3.2 percentage points from the July reading of 58.1 percent. Export orders expanded at stable levels. Price pressure continues, but the index softened for the third straight month and remains above 70. Demand was still robust, but the nation's employment resources and supply chains continued to struggle. Respondents were again overwhelmingly concerned about tariff-related activity, including how reciprocal tariffs will impact company revenue and current manufacturing locations. The manufacturing sector grew for the 24th consecutive month.
- The Institute for Supply Management's Non-Manufacturing Index registered 58.5 percent, which was 2.8 percentage points higher than the July reading of 55.7 percent, representing continued growth in the non-manufacturing sector at a faster rate. Logistics, tariffs, and employment resources continue to have an impact on many of the respective industries. Overall, respondents remain positive about business conditions and the economy. The non-manufacturing sector grew for the 103rd consecutive month.

Local

- The University of Colorado Boulder Leeds School of Business released its third quarter 2018 Leeds Business Confidence Index. The overall index decreased to 59.6, but remains comfortably in positive territory (above 50). Expectations are down a modest 0.1 points from 3Q 2017, but fell 1.7 points from the second quarter of 2018. Five of the six components fell from the second quarter to the third quarter 2018, though all of the individual components of the index remain positive. The number one challenge listed pertained to the tight labor market, citing a lack of available workers, lack of skilled workers, lack of qualified workers, and labor shortages in key industries. Housing issues, including both the availability of housing and the affordability of housing, garnered the second-most responses, followed by concerns over trade policy, politics, and interest rates.

- Gross Domestic Product (GDP) in the Greeley MSA increased 9.1 percent from 2016 to 2017 to nearly \$11 billion, ranking it as the sixth-fastest growing MSA in the country, based on data from the U.S. Bureau of Economic Analysis. Other regions in Colorado also ranked high, with GDP in the Denver MSA increasing 3.6 percent (#47) to nearly \$186 billion and the Boulder MSA increasing 3.1 percent (#67) to \$27.6 billion.
- Strong earnings growth from professional services, oil and gas, and construction kept personal income on track in Colorado during the second quarter, according to an update from the U.S. Bureau of Economic Analysis. Colorado personal income rose at an annual pace of 5.3 percent in the second quarter, down from 5.4 percent in the first. Nationally, the rate of personal income growth downshifted from 5 percent to 4.2 percent over the same period. Colorado ranked fifth for the pace of personal income gains during the quarter, behind Texas, Louisiana, Kentucky, and North Dakota.
- The 2017 American Community Survey, released by the U.S. Census Bureau, reported that the Denver MSA had the seventh-highest median household income out of the 25 most populous metro areas. Denver's median income rose from \$73,107 in 2016 to \$76,643 in 2017. The 4.8 percent growth is second among major metros, behind a 6.1 percent increase in the San Diego area over the same period. Median household income increased 3.6 percent to \$69,117 in Colorado compared with a 2.6 percent increase nationally.
- According to the regional Beige Book by the Kansas City Federal Reserve, economic activity in the Tenth District, which includes Colorado, increased modestly in late July and August, and growth was expected to continue in most sectors. Consumer spending increased slightly since the previous survey period, including gains in retail, auto, restaurant, and tourism sales. Residential real estate conditions declined slightly, due in part to seasonal effects and higher interest rates, while commercial real estate activity rose modestly.
- A new Inrix Inc. study ranked the Interstate 70 corridor through Colorado as the fourth most suitable spot in the U.S. to deploy driverless trucking technology. The study examines freight volume, congestion, length, and safety to determine the top five corridors for automated freight. This will likely lead to a more diffuse pattern of technology adoption than in other countries where a few select routes stand out above all others.

Labor Force and Employment

- Employment in Metro Denver increased 2.7 percent between August 2017 and August 2018, adding an additional 45,000 jobs over-the-year. The Denver-Aurora-Lakewood MSA added 41,000 jobs, an increase of 2.8 percent, while the Boulder MSA (+2.1 percent) added 4,000 jobs.
- Ten of the 11 supersectors recorded growth over-the-year. Transportation, warehousing, and utilities, information, and leisure and hospitality reported the highest rates of growth between August 2017 and August 2018, rising 7.3 percent, 7.2 percent, and 5.6 percent, respectively. The leisure and hospitality supersector added the most jobs during the period, rising by 10,900 workers.
- The other services supersector reported the only decline during the period, falling 0.5 percent or by 300 jobs.
- Employment in Colorado rose 2.7 percent between August 2018 and the same time last year, adding 73,100 jobs. National employment levels increased during the same period, adding over 2.4 million jobs, an increase of 1.7 percent.

Metro Denver Industry Cluster Headlines

Aerospace

- Spire Global Inc., a San Francisco-based satellite data company, is expanding its Boulder office in order to develop its enterprise products and to support its expansive partnerships. Growth in the business has been fueled by the need for more satellite-based data in the weather world, and high tech and meteorological communities in Colorado have created local demand for the company's services. About 35 people currently work for the company in Boulder, and the new building will hold more than 100 employees.

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

	Month of Aug-18	Month of Jul-18	Month of Aug-17	Year-to- Date Average YTD 2018	Year-to- Date Average YTD 2017	Year-to- Date Average % Change	Annual Growth Rate 2013	Annual Growth Rate 2008
Total 11-County Metro Denver*	1,706.2	1,708.1	1,661.2	1,685.5	1,640.8	2.7%	3.6%	1.0%
Denver-Aurora-Lakewood MSA	1,514.1	1,517.9	1,473.1	1,494.2	1,453.3	2.8%	3.7%	1.0%
Boulder MSA	192.1	190.2	188.1	191.3	187.4	2.1%	2.3%	0.9%
Natural Resources & Construction	114.7	114.4	110.6	111.9	106.0	5.6%	9.7%	-1.5%
Manufacturing	90.2	91.3	87.9	89.8	87.3	3.0%	1.6%	-2.3%
Wholesale & Retail Trade	238.8	242.2	235.1	238.2	232.8	2.3%	2.6%	0.1%
Transp., Warehousing & Utilities	61.9	61.2	57.7	60.2	57.3	5.0%	5.1%	0.3%
Information	59.4	58.7	55.4	58.3	54.8	6.3%	1.6%	-1.7%
Financial Activities	117.2	118.1	116.7	116.8	115.4	1.1%	3.6%	-2.2%
Professional & Business Services	310.9	312.5	302.8	304.7	295.8	3.0%	4.3%	2.1%
Education & Health Services	213.8	214.9	209.7	214.2	208.7	2.6%	4.2%	4.3%
Leisure & Hospitality	205.3	205.5	194.4	195.1	186.5	4.6%	3.9%	1.4%
Other Services	63.2	62.5	63.5	62.6	62.7	-0.1%	2.1%	2.7%
Government	230.8	226.8	227.4	233.9	233.5	0.1%	1.9%	2.6%
Federal Gov't	29.9	30.1	30.6	30.1	30.8	-2.3%	-1.2%	-0.7%
State Gov't	59.3	58.0	57.7	62.9	61.5	2.4%	2.7%	3.7%
Local Gov't	141.6	138.7	139.1	140.9	141.3	-0.3%	2.2%	3.0%
Colorado	2,749.9	2,752.7	2,676.8	2,716.1	2,643.2	2.8%	3.0%	0.8%
United States	149,226	148,892	146,801	148,171	145,850	1.6%	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

Aviation

- Sheltair Aviation Services LLC, an aviation-services company, has entered into a long-term lease agreement with Jefferson County to construct and operate a full-service, fixed-base operation and hanger complex at Rocky Mountain Metropolitan Airport. Phase one of the project will include a new 10,000-square-foot FBO facility, a new 35,000-square-foot hanger, and a new fuel farm on 10 acres at the airport, which is located partially in Broomfield. Future plans include the development of an additional 25 acres of aviation-related space.

Beverage Production

- MillerCoors is eliminating 350 positions as part of a corporate "restructuring plan." The company said the reorganization results from several years of volume declines amid a challenging industry, including a tough first half of 2018. The 350 positions being eliminated across the organization include 150 that had been held open or were cut earlier this year. MillerCoors is also offering a voluntary severance program. The impact on Colorado operations is not known.

Energy – Cleantech

- Shell is launching a new accelerator, the Shell GameChanger Accelerator Powered by the U.S. Department of Energy's National Renewable Energy Lab, also known as the GCxN. The accelerator will focus on technologies enabling the "grid of the future" through long-term energy storage and controls, leveraging resources available through Shell and NREL to

de-risk emerging technologies and accelerate their path to market. GCxN will identify promising startups through their network of more than 40 cleantech accelerators, incubators, and universities.

Energy – Fossil Energy

- BP recently relocated its headquarters to Denver, adding 100 employees who are relocating from Houston and acquiring a new 160,000-square-foot office space. A hundred other employees will be hired locally. BP chose Denver because of its progressive community and high-tech workforce. The company noted the significant number of large independent oil companies in the Denver area.

Financial Services – Banking and Finance

- Wells Fargo is cutting more than 10,000 jobs over the next three years through layoffs and attrition. The San Francisco-based bank will shed 5 percent to 10 percent of its workforce in the coming years. Wells Fargo employs about 265,000 people, including roughly 6,000 in Colorado. The job cuts come as the entire banking industry re-assesses the role branches and employees play in a world where most customers prefer to handle their banking on mobile phones. The bank has not disclosed the impact on Colorado employment.
- CULedger, a startup creating distributed ledger technology for credit unions, has raised \$8.5 million, which is 85 percent of the \$10 million it aspires to raise by close of its Series A funding in November. It has 32 investors, which include credit unions and credit union subsidiaries. The company will be hiring in Denver and the number of hires will depend on the company's needs.

IT-Software

- Slack Technology signed a lease for office space in the LoDo district of Downtown Denver at 16 Chestnut. The new office will employ hundreds of workers, including product engineering and infrastructure, as well as sales, technical operations, and customer support. Since it was founded four years ago, Slack has grown to more than 8 million daily active users and about 3 million paid subscribers.
- Boulder tech firm JumpCloud secured \$10 million to expand its headcount by 50 employees and has hired on three new executives. About 40 of these new jobs will be engineering positions and the other 10 are scattered throughout different areas of the company. JumpCloud is considering moving into a larger office space in order to accommodate its entire team.
- Los Angeles-based Ordermark is opening a 1,500-square-foot office at 5500 Greenwood Plaza Blvd. in Greenwood Village. The startup makes software and hardware products for restaurants handling online orders. The startup employs 45 people and plans to increase the Denver headcount in the future.
- LocalWise, an HR tech startup in California's Bay Area, moved its sales and marketing employees to Denver this summer, and plans to expand next year. The company currently has six employees working at Taxi, the Zeppelin development in RiNo. LocalWise plans to hire between 20 and 30 people in the next 12 months.
- Carbon Black Inc., an endpoint cybersecurity firm, has opened an office in Boulder. The office will be the company's fifth in the U.S. and ninth around the world. The focus of this location will be developing new products for detecting, responding to, and predicting cyberattacks. The company has about 85 employees in the area already with plans to grow to 150 by the end of 2019, serving roles in sales, engineering, R&D, and threat research.
- OverWatchID, a Denver cybersecurity firm, closed on a \$2.5 million funding round in order to grow its headcount and invest in R&D. Currently the company employs 50 people with plans to add 10 additional workers. OverWatchID has Series A funding slated for the first quarter of 2019, which will allow the company to add an additional 40 employees in Colorado and develop new technology.
- Online learning company Udemy is planning to add 200 positions over the next three years to its new Denver location after starting with eight positions earlier this year. The new positions include sales, marketing, and customer support.

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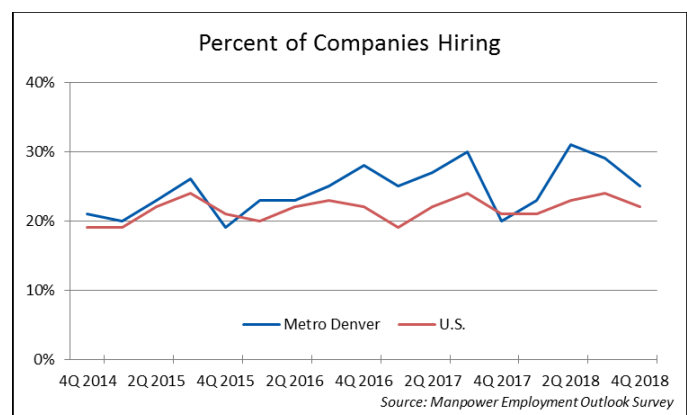
Today, the company employs about 500 people across five offices. Udemy launched in 2010 and raised about \$173 million in venture capital since that time.

Other Industry Headlines

- Denver has the fifth-most coworking spaces per capita in the country and Colorado is the most expensive state for coworking desks, according to a study by marketing company SimpleTexting. The study also found Denver has 222 coworking spaces, ranking only behind Washington, D.C., Atlanta, Miami, and San Francisco. There were 75 coworking spaces worldwide in 2007. As of 2017, there were 15,500. Statista predicts that 1.69 million people will use coworking spaces in 2018, up from 1.27 million in 2017.
- San Diego-based coworking firm CommonGrounds Workspace entered the Denver market with an 11,000-square-foot space at 1890 Wynkoop Street in LoDo, which opened October 1. The space holds up to 15 hot desks and more than 20 private offices. Amenities include an on-site café and coffee shop, as well as access to a car to borrow for off-campus meetings. The space is also being outfitted with double-glazed glass walls, 60-inch hydroelectric standing desks, and conference rooms.
- WeWork, a New York-based coworking company, is leasing space in the RiNo area at The Hub. The mixed-use development is currently under construction at 3601 Walnut Street. WeWork will take the 45,000-square-foot fifth floor and will outfit the space with more than 900 desks by the time it opens in early 2019. WeWork has four additional locations in Denver. In total, WeWork has over 432,000 square feet of space, the second largest office user in downtown Denver.
- Rise Collaborative, a women-only coworking space, has signed a lease for 10,700 square feet at 730 Colorado Blvd. in Denver. Rise Collaborative will have 14 private offices, with monthly rentals ranging from \$900 to \$2,650. In addition, the space will have 10 dedicated desks, three conference rooms, a classroom, social media room, and two private phone booths. The space also can hold events for more than 200 people.
- Nite Ize Inc., a Boulder manufacturing company, purchased a 160,000-square-foot property in Longmont, where it will centralize its production and distribution. The new facility has 28-foot clear heights, front park/rear load design with 16 docks, two drive-in doors, a newly installed ESFR fire suppression system, and trailer parking. The company plans to incorporate additional production, inventory, and order processing space into the new location.
- Voco Creative, a local marketing firm, purchased a 4,500-square-foot building at 3700 Franklin Street with preparations to expand its footprint by 50 percent. The firm, which has 20 employees, will take over the second floor once the renovation is complete. Voco helps brands with branding, marketing research, content creation, advertising, and other forms of marketing.
- Ernst & Young LLP (EY) is opening a second office in the Denver Tech Center by the end of the year. EY ranked fourth in the Denver area in 2017 for the largest accounting firms by employee size. The current Denver office has doubled over the past five years to 600 employees. The growth reflected a combination of new hires and transfers by current employees based in other cities. The new office will be equipped with standing desks, ergonomic chairs, communal areas, and aromatherapy rooms.

Employment Outlook

- Denver-Aurora MSA employers expect to hire at a hopeful pace during the fourth quarter of 2018, according to the *Manpower Employment Outlook Survey*. Among employers surveyed, 25 percent plan to hire more employees from October to December, an increase of 5 percentage points from the same period last year. This number is offset by the 7 percent



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that plan to reduce payrolls, a 2 percentage point decrease, while 68 percent of employers expect to maintain current staff levels, the same as last year.

- For the coming quarter, job prospects appear best in Construction, Durable Goods Manufacturing, Nondurable Goods Manufacturing, Transportation & Utilities, Wholesale & Retail Trade, Information, Financial Activities, Professional & Business Services, Leisure & Hospitality, and Other Services. In contrast, employers in Government plan to reduce staffing levels. Hiring is expected to remain unchanged in Education & Health Services.

Employment Outlook Survey

	Quarter 4 2018	Quarter 3 2018	Quarter 4 2017	YTD 2018	YTD 2017	Ann Avg 2013
Denver-Aurora-Broomfield MSA						
Percent of Companies Hiring	25%	29%	20%	27%	26%	21%
Percent of Companies Laying Off	7%	4%	9%	4%	6%	7%
Percent of Companies No Change	68%	65%	68%	67%	66%	71%
Percent of Companies Unsure	0%	2%	3%	2%	2%	3%
United States						
Percent of Companies Hiring	22%	24%	21%	23%	22%	19%
Percent of Companies Laying Off	5%	3%	6%	4%	5%	7%
Percent of Companies No Change	71%	71%	71%	72%	72%	72%
Percent of Companies Unsure	2%	2%	2%	2%	2%	3%

Source: Manpower Inc.

Unemployment

- Metro Denver's not-seasonally adjusted unemployment rate rose between July and August, increasing 0.4 percentage points to 3.3 percent. Over-the-year, the rate increased 0.6 percentage points from 2.7 percent in August 2017.
- Between July and August, all seven counties in the Metro Denver area reported increasing unemployment rates. The City and County of Denver reported an increase of 0.3 percentage points while the remaining six counties increased 0.4 percentage points. Over-the-year, all seven counties posted increases, ranging from 0.5 percentage points in the City and County of Broomfield to 0.7 percentage points in Boulder and Douglas Counties.

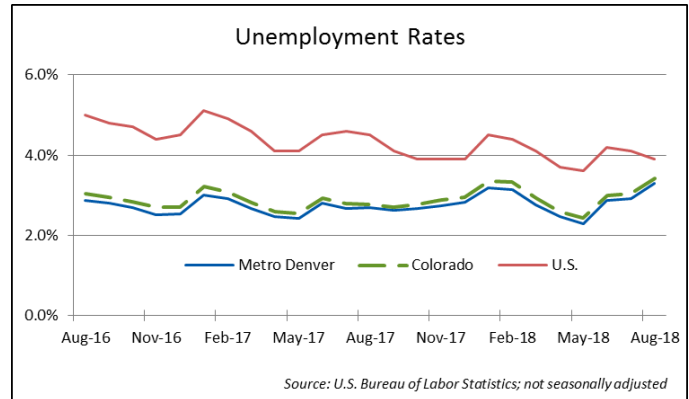
Labor Force Statistics (000s, not seasonally adjusted civilian labor force)

	August 2018 (p)		2018 YTD AVG		2017 YTD AVG		2013 Ann Avg	2008 Ann Avg
	Labor Force	Unemploy- ment Rate	Total Labor Force	Unemploy- ment Rate	Total Labor Force	Unemploy- ment Rate	Unemploy- ment Rate	Unemploy- ment Rate
Metro Denver	1,804.5	3.3%	1,790.9	2.9%	1,732.0	2.7%	6.5%	4.9%
Adams County	270.5	3.6%	268.5	3.2%	259.6	3.1%	8.1%	5.4%
Arapahoe County	364.2	3.4%	361.2	2.9%	349.1	2.8%	6.6%	4.9%
Boulder County	191.7	3.1%	191.2	2.6%	185.6	2.4%	5.5%	4.1%
Broomfield County	39.3	3.1%	39.0	2.7%	37.7	2.6%	5.8%	4.5%
Denver County	411.4	3.3%	408.2	2.9%	394.6	2.8%	6.6%	5.4%
Douglas County	190.1	3.1%	188.4	2.6%	182.0	2.4%	5.3%	4.2%
Jefferson County	337.2	3.2%	334.4	2.8%	323.3	2.6%	6.3%	4.7%
Colorado	3,101.4	3.4%	3,076.5	3.0%	2,971.6	2.8%	6.9%	4.8%
United States	161,909	3.9%	161,881	4.1%	160,247	4.6%	7.4%	5.8%

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

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- Metro Denver added 45,344 people either employed or looking for work between August 2017 and August 2018. The labor force rose across all seven counties over-the-year, from 2.4 percent in Boulder County, to 2.7 percent in Douglas County.
- Colorado reported an unemployment rate of 3.4 percent, up 0.6 percentage points from August 2017. During that time, the labor force in Colorado also increased, rising 2.8 percent or adding 83,241 people either employed or looking for work. The national unemployment rate decreased 0.6 percentage points over-the-year to 3.9 percent.
- Between July and August, initial unemployment insurance claims increased in Metro Denver, rising 1.1 percent. However, the August level was 10.8 percent lower than the same month last year. The average number of monthly claims year-to-date (975 claims) is the lowest August since the beginning of the dataset in 2004.
- Claims throughout Colorado decreased over-the-month, falling 2.2 percent. Between August 2017 and August 2018, claims also fell 8.2 percent to 1,585 total claims in Colorado. The year-to-date average monthly claims for Colorado is also lower than any previous August since the beginning of the dataset.



Weekly First-Time Unemployment Insurance Claims

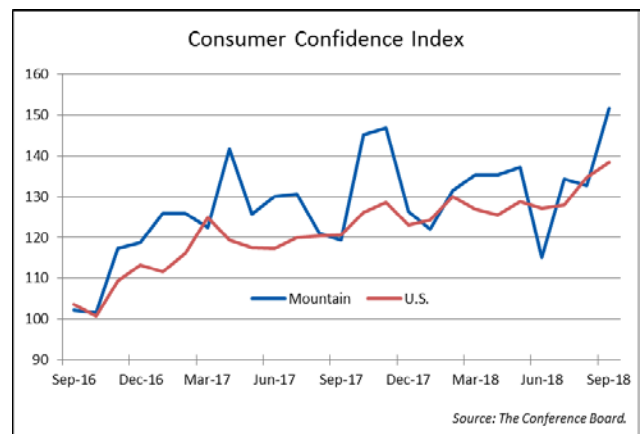
	Month of Aug-18	Month of Jul-18	Month of Aug-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Ann Avg 2013	Ann Avg 2008
Metro Denver	888	878	996	975	1,092	-10.7%	1,625	1,738
Colorado	1,585	1,621	1,726	1,874	2,025	-7.5%	3,166	3,112

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. increased in September, following a rather large improvement in August. The Index now stands at 138.4 (1985=100), up from 134.7 in August. Consumers' assessment of current conditions held steady in September. The percentage stating business conditions are "good" increased from 40.5 percent to 41.4 percent, while those saying business conditions are "bad" declined marginally from 9.3 percent to 9.1 percent.
- Analysts at The Conference Board stated that the further increase in September caused the index to hover at an 18-year high, with the reading being not far from the all-time high of 144.7 reached in 2000. Consumers' assessment of current conditions remains extremely favorable, bolstered by a strong economy and robust job growth. These historically high confidence levels should continue to support healthy consumer spending and should be welcome news for retailers as they begin gearing up for the holiday season.



MONTHLY ECONOMIC INDICATORS

- Colorado is included in the Mountain Region Index and the area reported an increase in consumer confidence between August and September. The index rose from 132.7 in August (revised) to 151.8 in September, an increase of 14.4 percent. The Mountain Region Index was also 27.1 percent higher over-the-year. The Present Situation Index rose 8.7 percent over-the-month to 193.4 in September, and the Expectations Index rose 20.9 percent to 124.

Consumer Confidence Index

	Month of Sep-18	Month of Aug-18	Month of Sep-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Ann Avg 2013	Ann Avg 2008
Mountain	151.8	132.7	119.4	132.8	127.0	4.6%	74.6	76.5
United States	138.4	134.7	120.6	129.3	118.7	9.0%	73.2	58.0

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

- National retail sales decreased between June and July, with total retail sales falling 0.5 percent below the month-ago level. Only four sectors reported increases over-the-month, non-store retailers (+3.3 percent), clothing and clothing accessory stores (+1.9 percent), food and beverage stores (+1.2 percent), and gasoline stations (+1.1 percent). Sporting goods, hobby, book, and music stores reported the largest decrease during the period, falling 7 percent, followed by building materials and garden equipment and supply stores (-5.8 percent) and miscellaneous store retailers (-5.6 percent).
- Between July 2017 and July 2018, 11 of the 13 retail sectors reported growth. Gasoline stations (+21.3 percent), non-store retailers (+12 percent), and food service and drinking places (+9.2 percent) reported the largest growth over-the-year. Sporting goods, hobby, book, and music stores decreased 7.3 percent and miscellaneous store retailers fell by 1.7 percent during the period.

National Retail Sales (\$millions)

	Month of Jul. 2018(p)	Month of Jun. 2018	Month of Jul. 2017	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual Growth 2013	Annual Growth 2008
Total Retail Sales	508,986	511,348	476,896	3,429,180	3,252,915	5.4%	3.6%	-1.1%
Motor Vehicles	105,745	106,981	102,369	716,953	687,661	4.3%	8.2%	-13.7%
Furniture and Home	10,047	10,103	9,434	68,148	63,852	6.7%	4.2%	-11.2%
Electronics & Appliance	7,693	7,821	7,434	53,068	51,870	2.3%	0.9%	-1.2%
Building Materials	34,461	36,585	32,643	228,893	220,751	3.7%	7.2%	-5.9%
Food and Beverage	62,869	62,154	60,664	426,504	410,935	3.8%	2.0%	3.9%
Health and Personal Care	28,560	28,845	26,678	197,833	189,916	4.2%	2.9%	4.0%
Gasoline Stations	46,633	46,146	38,441	296,185	258,175	14.7%	-1.0%	11.5%
Clothing & Accessories	22,293	21,887	20,645	147,062	138,414	6.2%	2.2%	-2.5%
Sporting Goods	6,095	6,552	6,574	43,441	45,251	-4.0%	1.9%	-1.2%
General Merchandise	57,876	58,658	56,092	392,727	379,996	3.4%	1.5%	2.8%
Miscellaneous Store	10,682	11,316	10,870	74,338	73,096	1.7%	2.2%	-4.9%
Non-Store Retailers	53,564	51,857	47,824	368,643	338,053	9.0%	6.1%	3.4%
Food Service & Drinking	62,468	62,443	57,228	415,385	394,945	5.2%	3.7%	2.6%

Source: U.S. Census Bureau.

Price Changes

- The U.S. Consumer Price Index (CPI) rose 2.7 percent between August 2017 and August 2018. Seven of the eight components increased during the period, with the greatest increase in transportation, which rose +6.4 percent. Housing (+2.9 percent) and other goods and services (+2.2 percent) followed with the second and third-largest increases, respectively. Apparel reported the only decrease over-the-year, falling 1.4 percent.

MONTHLY ECONOMIC INDICATORS

- Data is now released bi-monthly for the Denver-Aurora-Lakewood area. Between May and July, the index fell 0.2 percent to 261.7. Five of the eight components fell over the two-month period, with apparel and transportation reporting the fastest declines, falling 6 percent and 1.1 percent, respectively. Other goods and services (+1.4 percent), housing (+0.4 percent), and medical care (+0.3 percent), reported the only increases between May and July.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price for September increased 1.4 percent from August to \$2.88 per gallon. The September average fuel price was 12.6 percent above the prior year's level (\$2.56 per gallon). Metro Denver reported a 2.7 percent increase in the average fuel price between August and September. The average fuel price of \$2.90 per gallon for September in Metro Denver was \$0.02 higher than the national average. The area reported average fuel prices that were 18.9 percent higher for September 2018 than the previous year's level.

Stock Market

- Between August and September, the DJIA and the S&P 500 reported increases, rising 1.9 percent and 0.4 percent, respectively. The Bloomberg Colorado Index (-1.7 percent) and the NASDAQ (-0.2 percent) reported decreases over-the-month. Between September 2017 and September 2018, all four indices posted increases. The NASDAQ reported the largest increase, rising 24.6 percent, followed by the DJIA (+18.1 percent), and the S&P 500 (+15.7 percent). The Bloomberg Colorado index rose 5.5 percent over-the-year.

Stock Market Indexes

	Month of Sep-18	Month of Aug-18	Month of Sep-17	YTD Return 2018	YTD Return 2017	Ann Avg Return 2013	Ann Avg Return 2008
Bloomberg Colorado	535.7	545.2	507.9	7.7%	-1.8%	30.6%	-51.0%
S&P 500	2,914.0	2,901.5	2,519.4	8.4%	12.5%	29.6%	-38.5%
NASDAQ	8,091.5	8,109.5	6,496.0	17.2%	20.7%	38.3%	-40.5%
DJIA (Dow Jones)	26,458.3	25,964.8	22,405.1	6.5%	13.4%	26.5%	-33.8%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- Crested Butte Mountain Resort, located in Crested Butte, Colorado, was acquired along with Okemo Mountain Resort in Vermont and Mount Sunapee Resort in New Hampshire in Vail Resorts' \$74 million purchase of Triple Peaks LLC. The company's Epic Pass added 20 new mountains this season and will include access to 65 total destinations on four continents for the 2018-19 season. Vail Resorts now owns five ski areas in Colorado.
- According to a new study from EducatedDriver.com, Denver workers spend an average of 427 days commuting during his or her life. The website multiplied the average daily round-trip commute time for a given city using Census Bureau data by 11,250 days of commuting (250 days per year for 45 years). The average daily round-trip commute for Denver was 54.6 minutes. Nationwide, the average city-dweller spends around 52 minutes per day commuting, or 408 days during a lifetime.
- The Regional Transportation District's (RTD) Board of Directors approved changes to fare and pass programs. The changes include the introduction to a new low-income program, an increased discount for riders between the ages of 6 as 19, as well as increasing some fares. Local fare will be increased to \$3, regional fare to \$5.25, and the fare to Denver International Airport will be increased to \$10.50. Changes will be implemented in January, with the low-income program estimated to begin in July.
- The flood of new rooms in the Denver hotel market has created a downturn in revenue per available room for local hoteliers after seven years of significant growth in that area, according to the Denver Metro Lodging 2018 Mid-Year Market Review. The decline was even more marked in downtown, where much of the new hotel construction has been occurring over the past two years. Analysts are expecting the hotel market to stabilize in the coming years.

MONTHLY ECONOMIC INDICATORS

- The average hotel occupancy rate in Metro Denver fell 1.2 percentage points between July and August to 85.2 percent occupied. Between August 2017 and August 2018, occupancy fell 0.7 percentage points. The average room rate increased 1.5 percent over-the-year, rising by \$2.24 per night.

Metro Denver Hotel Statistics

	Month of Aug-18	Month of Jul-18	Month of Aug-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Annual 2013	Annual 2008
Percent of Hotel Rooms Occupied	85.2%	86.4%	85.9%	75.9%	77.1%	-1.2%	70.8%	65.0%
Average Hotel Room Rate	\$156.14	\$158.38	\$153.90	\$145.39	\$144.01	1.0%	\$115.09	\$118.27

Source: Rocky Mountain Lodging Report.

- Denver International Airport (DEN) reported the second-busiest month for international travelers in the airport's history. This July brought 284,312 international passengers to the airport, a 21 percent increase from July 2017. Overall, DEN reported consecutive increases in travelers every month since October, and as the airport continues to add flight routes, is on pace to set an annual passenger traffic record by the end of the year.
- Spokespeople for DEN reported that over 6.1 million passengers passed through the airport in July, increasing 3.6 percent from June, the first time the airport has served over 6 million passengers in one month. Additionally, the July 2018 level was 4.8 percent higher than the July 2017 level, recording an additional 279,489 passengers through the airport.

Denver International Airport Passengers

	Month of Jul-18	Month of Jun-18	Month of Jul-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual 2013	Annual 2008
Number of Airline Passengers	6,119,150	5,905,029	5,839,661	36,941,935	35,407,937	4.3%	52,556,359	51,245,432

Source: Denver International Airport, Traffic Statistics.

Residential Real Estate

- Zia, a \$123 million affordable housing complex in Sunnyside, has broken ground. The complex will have 434 units, including 314 for-rent apartments and 120 for-sale condos. Of the 314 apartments, 66 will be reserved for residents making 80 percent of the average median income in Denver and 25 condos will be for those earning between 80 and 95 percent of average median income. For-sale units are expected to be completed in spring 2020.
- A 12-story residential, mixed-use building is coming to the ballpark area in Denver at 3100 Inca St. The complex will have 70 one-bedroom units, 103 two-bedroom units, 9 three-bedroom units, and 69 four-bedroom units. Additionally, the complex will have a restaurant and ground floor retail, as well as 203 parking spaces. The development will be social community, offering the ability for full-unit rentals or rent-by-bedroom options.
- RiNo 16 LLC has proposed a 16-story apartment building on 3541 and 3595 Wynkoop Street. The development, Vert Lofts, will have 175 residential units. Income-restricted units will make up approximately 10 percent of the total. The units include 426-square-foot studios, one bedrooms ranging from 587 to 707 square feet, and two bedrooms ranging from 793 to 941 square feet. Also included are 191 parking spaces across three below-grade levels as well as the building's first three floors.
- Denver-based Aimco broke ground on an \$87 million, 253-apartment community at the University of Colorado Anschutz Medical Campus. The community will be divided into five "districts" with varying floor plans. Amenities will include an athletic club, onsite retail, and adjacency to light rail. The project is expected to be completed in 2020.
- Modera LoHi, a planned development at 2525 16th St., will be a five-story, 132-unit complex. The project is expected to be complete in the second quarter of 2020. A 1970s-era office building is currently being demolished to make room for the new development.

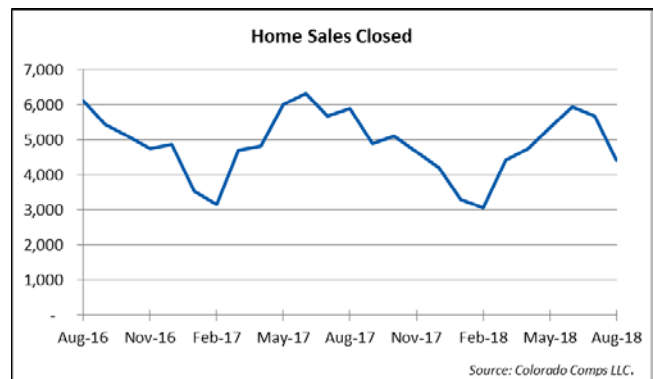
MONTHLY ECONOMIC INDICATORS

- Morgan Creek Ventures has started the second and final phase of Boulder Commons, a 45,000-square-foot net-zero energy apartment building with 38 units along with additional office and retail space. The new project is a key piece of the Boulder Junction transit-oriented development at Pearl Parkway and Junction Place. The office space will feature a 7,000-square-foot deck facing west over the neighborhood to the mountains.
- The property at 3301 W. 38th Avenue has been proposed for a three-story building with 6,000 square feet of ground floor commercial space and 32 condominiums. The 0.5-acre lot is home to a 3,373-square-foot building that would be demolished.
- A one-story warehouse and a single-family home are being replaced in RiNo with 28 condominiums. The condominiums in the project called Micro Micro, will average 600 square feet with 15-foot-high ceilings and mezzanines. Upper level condominiums will include a spiral staircase ascending to rooftop gardens. Retail and restaurant space would also be added to the property.
- Rise Realty Holdings is planning to build a 23-unit project at the southeast corner of 16th Avenue and Hooker Street. The building would have parking on the first level and 19 one-bedroom units and four two-bedroom units on the upper floors. The developer plans to break ground in April 2019 and finish in late spring 2020. Units will be rented in the \$1,500 to \$2,600 range.

Home Resales

Metro Denver

- According to the latest market trends report from the Denver Metro Association of Realtors, the number of homes on the market surged, the number of sales dropped, and price reductions were abundant, all signs that buyers are pulling back in the area. Over the past four years, Denver has experienced the strongest seller's market in record history. About 30 percent of sellers lowered their listing price in August to entice buyers, creating downward pressure on the market.
- Metro Denver existing home sales decreased 22.2 percent between July and August. Over-the-year, home sales decreased 24.8 percent, a sign that the market is cooling.
- Unsold homes on the market were 7.7 percent higher in August than July, and were 11.8 percent higher than August 2017. Compared with last year, there were 868 additional homes on the market.
- The average sales price for single-family homes rose 7.1 percent over-the-year to \$500,828, while the average sales price of condominiums (\$300,471) increased 8.2 percent during the same period.



Previously-Owned Home Sales Activity

	Month of Aug-18	Month of Jul-18	Month of Aug-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Ann Total 2013	Ann Total 2008
Home Sales (Closed)	4,433	5,696	5,893	36,984	40,129	-7.8%	53,631	47,837
Unsold Homes on Market	8,228	7,643	7,360	8,228	7,360	11.8%	8,575	24,365
Average Sales Price-Single Family	\$500,828	\$517,195	\$467,557	\$510,542	\$466,325	9.5%	\$335,871	\$270,261
Average Sales Price-Condo	\$300,471	\$305,620	\$277,634	\$300,145	\$273,848	9.6%	\$198,441	\$171,350
Median Sales Price-Single Family	\$411,000	\$419,000	\$400,000				\$278,900	\$219,900
Median Sales Price-Condo	\$259,900	\$263,500	\$250,000				\$160,000	\$138,000

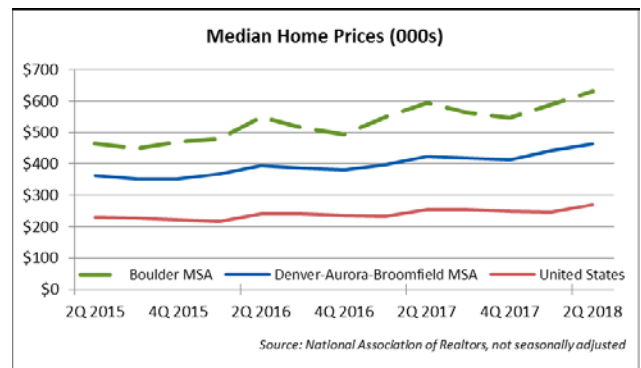
Source: Colorado Comps LLC; Denver Metro Association of Realtors; REcolorado.

National

- Total existing-home sales remained steady in August after four straight months of decline, according to the National Association of Realtors (NAR). Total existing home sales did not change from July and remained at a seasonally adjusted rate of 5.34 million in August. Sales are now down 1.5 percent from a year ago. Strong gains in the Northeast and a moderate uptick in the Midwest helped to balance out any losses in the South and West, halting months of downward momentum. With inventory stabilizing and modestly rising, buyers appear ready to step back into the market.
- Total housing inventory at the end of August also remained unchanged from July at 1.92 million existing homes available for sale, and is up from 1.87 million a year ago. Unsold inventory is at a 4.3-month supply at the current sales pace, consistent with last month and up from 4.1 months a year ago.
- While inventory continues to show modest year-over-year gains, it is still far from a healthy level and new home construction is not keeping up to satisfy demand. Homes continue to sell quickly with the majority of properties selling within a month, indicating that more inventory, especially moderately priced, entry-level homes, would propel sales.

Home Prices

- NAR data shows that the median existing-home price for all housing types in August was \$264,800, up 4.6 percent from August 2017 (\$253,100). August's price increase marks the 78th straight month of year-over-years gains. The median price in the Northeast was \$292,800, which was up 2.6 percent over-the-year. In the Midwest, the median price was \$208,500, up 3.4 percent from last year. The median home price in the South was up 3.2 percent to \$227,900, while the median price in the West was \$392,900, up 4.8 percent from August 2017.
- A separate NAR report revealed that the median price in the Boulder MSA (\$631,100) during the second quarter of 2018 was 7.2 percent higher over-the-quarter and was 6.4 percent higher over-the-year. The Denver-Aurora MSA (\$462,900) was 4.8 percent higher than the first quarter and was 9 percent above the year-ago level.
- The national median sales price during the second quarter of 2018 increased 9.7 percent over-the-quarter to \$269,000 and was 5.3 percent higher than the previous year's level.
- Of the 178 MSAs included in the second quarter 2018 report, the Boulder MSA reported the sixth-highest median price, while the Denver-Aurora MSA median price was the 13th highest.



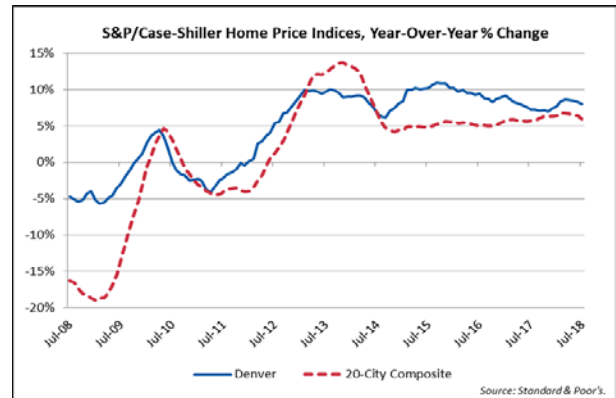
Median Sales Price of Existing Single-Family Homes (\$000s)

	Quarter 2 2018 (p)	Quarter 1 2017 (r)	Quarter 2 2017	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Median 2013	Median 2008
Boulder MSA	\$631.1	\$588.5	\$593.2	\$609.8	\$570.8	6.8%	\$371.8	\$359.6
Denver-Aurora MSA	\$462.9	\$441.5	\$424.5	\$452.2	\$410.3	10.2%	\$280.6	\$219.3
United States	\$269.0	\$245.3	\$255.4	\$257.2	\$243.8	5.5%	\$197.4	\$196.6

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

MONTHLY ECONOMIC INDICATORS

- According to the S&P/Case-Shiller home price index, Denver housing prices continued to appreciate in July for the 31st-straight month. The Denver index increased 0.3 percent over-the-month to 217.11 and rose 8 percent over-the-year. The July 2018 level was the highest level recorded in Denver in the history of the 27-year data series.
- Las Vegas (+13.7 percent), Seattle (+12.1 percent), and San Francisco (+10.8 percent) recorded the largest increases over-the-year. Denver (+8 percent) ranked fourth.
- Washington, D.C. (+2.7 percent), Chicago (+3 percent), and New York (+3.4 percent) recorded the smallest increases over-the-year.
- The national home price index increased over-the-month by 0.4 percent and rose 6 percent over-the-year. Rising home prices are beginning to catch up with housing. Widespread slowing was reported, as 15 of the 20 cities in the index observed smaller monthly increases compared with a year ago. The index of housing affordability has worsened substantially since the start of the year.



Foreclosures

- Foreclosures in Metro Denver fell 16.1 percent or by 46 fewer homes foreclosed between August 2017 and August 2018. Five of the seven counties in Metro Denver reported decreases in the number of foreclosures over-the-year, with Boulder County reporting the largest decrease of 61.1 percent. Arapahoe County followed, decreasing 37.2 percent and Denver County reported a decrease of 20 percent. The City and County of Broomfield (+66.7 percent) and Douglas County (+57.9 percent) were the only counties to report increases during the period. Arapahoe County reported the largest absolute decrease in foreclosures, falling by 32 homes over-the-year.

Real Estate Foreclosures

	Month of Aug-18	Month of Jul-18	Month of Aug-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual Total 2013	Annual Total 2008
Total Metro Denver*	239	242	285	1,836	2,011	-8.7%	7,520	24,727
Adams County	56	61	58	407	449	-9.4%	1,636	5,629
Arapahoe County	54	61	86	447	475	-5.9%	1,700	5,860
Boulder County	7	12	18	87	108	-19.4%	387	984
Broomfield County	5	5	3	32	27	18.5%	109	260
Denver County	48	54	60	368	430	-14.4%	1,616	6,145
Douglas County	30	21	19	181	192	-5.7%	769	2,180
Jefferson County	39	28	41	314	330	-4.8%	1,303	3,669

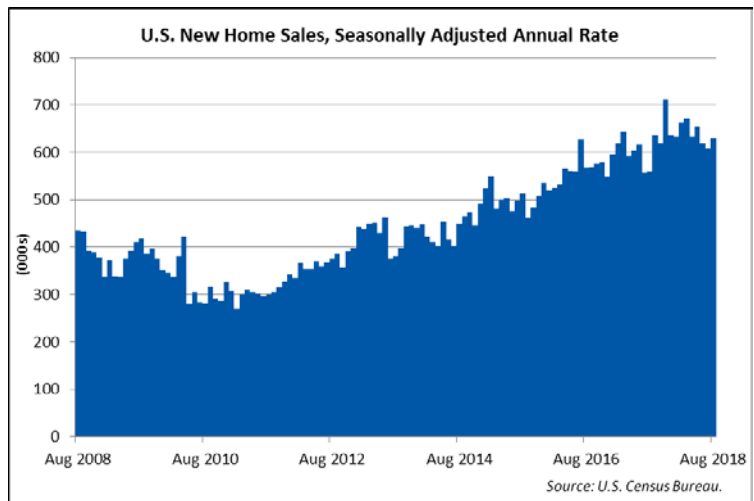
*The total number of election and demand setups (initial filings) received by county public trustees. Filings may be subsequently cured or withdrawn.

Sources: County public trustees

- Four of the seven counties reported decreases between July and August. Boulder County reported the largest percentage decrease, falling 41.7 percent while Arapahoe County reported the largest absolute decrease in foreclosures, falling by seven houses. The City and County of Broomfield remained flat, holding steady at five foreclosures. Douglas County and Jefferson County reported the only increases in foreclosure activity between July and August, rising 42.9 percent and 39.3 percent, respectively.

New Home Sales

- Sales of new single-family homes in August were at a seasonally adjusted annual rate of 629,000, according to estimates released by the U.S. Census Bureau and the Department of Housing and Urban Development. This was 3.5 percent above the revised July rate of 608,000 and 12.7 percent above the August 2017 estimate of 558,000. The seasonally adjusted estimate of new houses for sale at the end of August was 318,000. This represents a supply of 6.1 months at the current sales rate.
- Between August 2017 and 2018, three of the four regions reported increases in home sales. The West reported an increase of 19.1 percent, followed by the Midwest, which increased 13.2 percent, and the South (+11.5 percent). The Northeast reported the only decrease, falling 2.9 percent to 34,000 homes sold.



New Home Construction

National

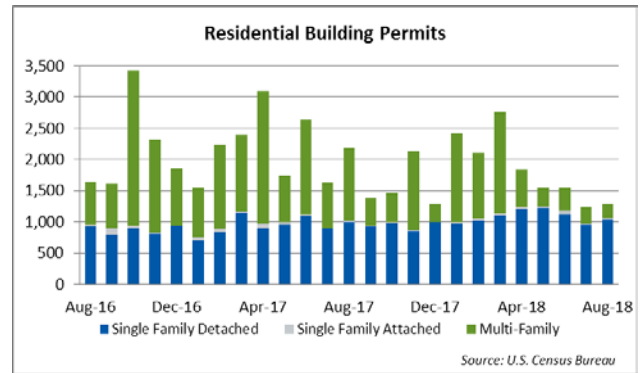
- Builder confidence for newly built single-family homes remained unchanged at a solid 67 reading in September on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). Despite recent affordability concerns, builders continue to report firm demand for housing, especially as millennials and other newcomers enter to market. The recent decline in lumber prices from record-high levels earlier this summer was also welcome relief, although builders still need to manage construction costs to keep homes competitively priced.
- According to the Census Bureau, the seasonally adjusted annual number of nationwide residential building permits decreased 4.1 percent in August (1.2 million permits) from July, and decreased 3.9 percent below August 2017.
- In spite of an overall decrease in permits, the single-family attached market rose 25 percent between July and August. Single-family detached units fell 5.3 percent over-the-month and multi-family units decreased 3.7 percent. Between August 2017 and August 2018, single-family detached units rose to 827,000, an increase of 3 percent. Multi-family units fell 16.1 percent over-the-year to 387,000 units permitted and single-family attached units reported a decrease of 2.8 percent during the period, falling to 35,000 permits.
- Two of the four regions reported increases in permits over-the-year, the South (+2.5 percent) and the Midwest (+0.5 percent). The West (-16.6 percent) and the Northeast (-6.4 percent) reported decreases during the period, falling to 307,000 permits and 102,000 permits, respectively.

Metro Denver

- Multifamily executives and brokers are concerned a new softening of the market could force developers to slow development and lead to a potential undersupply of units in the future. An increase of new units on the market, especially in the luxury segment, led to larger concessions and flattening rent growth in the second quarter of the year. Coupled with increased operational expenses and other costs, certain sections of the Denver-area multifamily market are seeing some softening.

MONTHLY ECONOMIC INDICATORS

- Residential building permits for the Metro Denver area decreased 41 percent in August compared with the prior year.
- The over-the-year decrease in total units permitted was attributed to an 80.3 percent decrease in multi-family permits and a 29.2 percent decrease in single-family attached permits. Single-family detached permits increased 4.4 percent between August 2017 and August 2018.
- Metro Denver recorded an increase in permits over-the-month, rising 3.8 percent. Single-family detached units reported the only increase during the period, rising 9.7 percent, while single-family attached (-29.2 percent) and multi-family permits (-14.2 percent) reported decreases between July and August.



Residential Building Permits

	Month of Aug-18	Month of Jul-18	Month of Aug-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Total 2013	Total 2008
Single-Family Detached Units	1,041	949	997	8,637	7,514	14.9%	7,396	4,037
Single-Family Attached Units	17	24	24	219	307	-28.7%	399	224
Multi-Family Units	229	267	1,160	5,878	9,622	-38.9%	9,145	5,296
Total Units	1,287	1,240	2,181	14,734	17,443	-15.5%	16,940	9,557

Source: U.S. Census Bureau.

Apartment Rental Market

- Nearly a quarter of metro Denver renters dedicated half or more of their monthly income toward keeping a roof over their heads last year, according to a new study from Apartment List. Housing advocates consider a household that pays 30 percent to just under half of gross household income toward shelter as “cost-burdened” and those that pay half or more as “severely cost-burdened.” In metro Denver, 23.8 percent of renting households were severely burdened in 2017, the same as in 2016. Exactly 27 percent met the definition of burdened.
- The apartment vacancy rate throughout Metro Denver decreased slightly in the second quarter of 2018, falling 0.1 percentage point to 6 percent from the first quarter of 2018. The average vacancy rate increased over-the-year by 1 percentage point. Vacancy rates ranged from 4.4 percent in Adams County to 7.5 percent in Denver County. Vacancy rates rose over-the-year in three of the six submarkets, with the largest increase reported by Douglas County (+2.2 percentage points). Adams and Boulder/Broomfield counties recorded decreases in the vacancy rate over-the-year, falling by 0.8 and 0.6 percentage points, respectively. The rate remained unchanged in Jefferson County at 4.7 percent.
- The average monthly rental rate of apartments in Metro Denver increased over-the-quarter in all six submarkets in the second quarter of 2018. The average rental rate in Metro Denver (\$1,484) was 4.5 percent higher than the previous quarter’s level. The rate was also 4.5 percent higher than the second quarter of 2017, representing an increase of \$64 in the average monthly rental rate over-the-year. The average rental rate ranged from \$1,387 in Adams County to \$1,652 in the Boulder/Broomfield County submarket.

Apartment Statistics

	Quarter 2 2018	Quarter 1 2018	Quarter 2 2017	YTD Average 2018	YTD Average 2017	YTD Average % Change	Annual Average 2013	Annual Average 2008
Apartment Vacancy Rate	6.0%	6.1%	5.0%	6.1%	5.4%		4.6%	6.6%
Average Monthly Rental Rate (all units)	\$1,484	\$1,420	\$1,420	\$1,452	\$1,401	3.6%	\$1,026	\$882

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

- Construction is underway on Denver Health’s \$157 million outpatient center, which is part of a \$937 million bond package approved by Denver voters last year. Many of the specialty clinics and services will move into the new location, creating a hub for patients seeking specialty care. The building will have a simplified pathway so it will be easier for patients to find the clinic they are visiting and there will be spaces for physicians and staff to collaborate.
- Denver-based Prime West plans to construct a 15-story building at 4832 S. Newport Street with 384,000 square feet of office space, as well as 16,000 square feet of retail. The plan calls for 1,235 parking spaces, on floors one through five, as well as one below-grade level.
- McWhinney plans to break ground on a second Baseline industrial building later this year at Colorado Highway 7 and Interstate 25. The building will consist of about 152,000 square feet, and will be located west of the existing building. The first building was completed in June and has features such as 24-foot clear heights, dock-high loading, and flexible space configurations making it ideal for the industrial market.
- A 142,180-square-foot speculative industrial development will be constructed at Ridge Road and Robb Street in Arvada. Called Mountain Gateway, the project includes two buildings for a total of 141,640 square feet, 20 dock-high doors, 11 drive-in doors, 24-foot clearances, and office space to suit. The Class A warehouse and office project will be the largest speculative industrial project built in the west Denver submarket in more than 15 years.
- Rocky Mountain Resources, a multifaceted company with offices in Denver and Los Angeles, will develop the approximately 620-acre Rocky Mountain Rail Park next to Colorado Air and Space Port in Watkins. Union Pacific will service the development, which will be shovel-ready by mid-2019. The park will enable Rocky Mountain Resources to deliver aggregate to the Front Range on UP unit, or single-commodity, trains.
- Vaisala Inc., the Finnish weather and environmental measurement company, will break ground on a new 30,000-square-foot office building that will replace the one it is currently leasing and will be tailor-made to the company. The project will be completed in November 2019. Vaisala selected the Front Range to house its U.S. headquarters because of its proximity to entities such as the National Center for Atmospheric Research, the University Corporation for Atmospheric Research, and the National Oceanic and Atmospheric Administration.
- A development referred to as Block 162 Hotel and additional tenant/office space is planned for two buildings between California and Welton Streets along 16th Street. For one building, plans include a restaurant and hotel lobby on the ground floor, and a private dining area and kitchen on the second floor. The other building, the proposed hotel, would consist of a nine-story podium level, with a slim tower protruding upwards for an additional 29 floors. The hotel would have ballroom or meeting space on the third through eighth floors, with a rooftop bar, and a pool and outdoor deck on the ninth level, at the top of the podium.
- The former Emily Griffith vocational school property at 1250 Welton Street in downtown Denver is planned for redevelopment, including a 250-room hotel, parking garage, retail, and office space. The hotel will include 6,000 square feet of meeting space, while the parking garage will have 120 spaces. The estimated project cost is \$96.55 million, which includes the cost of the property.
- A new EVEN Hotel is coming to the corner of Park Avenue and Blake Street near Coors Field in Downtown Denver. The hotel would include 153 rooms in an eight-story building. One underground level will contain 24 vehicle parking spaces, the ground floor will contain the hotel lobby, restaurant and bar, a game room, and other building services. The second floor will include meeting rooms and a fitness center, administrative offices, and some hotel rooms. The remaining hotel rooms will be on floors 3 through 8.
- TWC Management plans to build Vib, a six-story hotel with 112 rooms along RiNo’s Brighton Boulevard. In addition to the lobby, the ground floor would have a fitness center and a 969-square-foot space allocated as a coffee and market area. The hotel rooms would be on floors three through six, and range in size from 266 to 474 square feet. Hotel amenities would include a rooftop terrace, lobby, bar, 2,000 square feet of meeting space, and work stations.

MONTHLY ECONOMIC INDICATORS

- Home2 Suites by Hilton Longmont has opened at 710 S. Sherman St., providing a new all-suites option for lodgers in the city. The hotel includes large studio-style guest rooms that include kitchenettes and sleeper sofas, with complementary breakfasts, WiFi, and pet-stay policies. The 109-suite hotel will serve the area's tech industry by targeting business travelers, whether in town for one night or one month.

Office Market

- Office absorption in Denver's downtown office submarket will likely exceed one million square feet every year through 2021, according to a forecast from Newmark Knight Frank. This will lead to an even greater shortage of Class A space downtown. Though Denver's downtown office inventory has increased 13 percent in the last four years, all of it has been absorbed despite record-high rental rates. From 1980 to 2017, the average annual absorption downtown was 322,055 square feet. In addition, construction is expected to slow to less than 400,000 square feet in 2019 and 2020, driving up downtown rents by 3 to 5 percent over the next few years.
- Among 40 markets ranked in a new report from CommercialCafe, a site for commercial real estate listings, Denver ranked ninth in total office space square footage slated to be available by the end of 2018. Denver shows 3.4 million of new square footage completed by the end of 2018. Nationwide, roughly 101 million square feet of new office space is on track to be ready by the end of 2018, according to the report.

The Metro Denver office market reported positive trends for the third quarter of 2018. According to CoStar Realty data, the direct vacancy rate fell 0.4 percentage points over-the-year to 9.3 percent vacancy. The average lease rate rose 1.8 percent between the third quarters of 2017 and 2018, gaining \$0.46 per square foot during the period.

Office construction in Metro Denver was robust during the third quarter of 2018. There was 2.95 million square feet of space completed across 25 buildings by the end of the third quarter 2018. Two of the largest office buildings completed so far in 2018 included the 672,000-square-foot 1144 Fifteenth Class A high rise-office building and the 324,098-square-foot Village Center Station II office building in Greenwood Village. There was 4.36 million square feet of space under construction at the end of the third quarter of 2018, a 20.6 percent decrease in space under construction compared with the same time last year. Of this space, the largest project in terms of square footage was the Block 162 tower, which will be adding 566,050 square feet of office space to the Denver market. The next largest project currently under construction is the 16 Chestnut Building, which is the future location of DaVita's worldwide headquarters, adding 428,219 square feet. Eighty-two percent of the office space under construction is located in the City and County of Denver.

Office Market Statistics

	Quarter 3 2018	Quarter 2 2018	Quarter 3 2017	Quarter 3 2016	Quarter 3 2015	Quarter 3 2014
Number of Buildings	6,319	6,316	6,282	6,244	6,202	6,178
Existing Square Feet (millions)	190.7	190.6	187.1	184.1	182.0	180.5
Vacant Square Feet (direct, millions)	17.8	19.0	18.1	16.7	17.5	18.4
Vacancy Rate (direct)	9.3%	10.0%	9.7%	9.1%	9.6%	10.2%
Vacancy Rate (with sublet)	10.2%	10.7%	10.5%	9.8%	10.2%	10.6%
Avg. Lease Rate (direct, per sq. foot, full service)	\$26.58	\$26.62	\$26.12	\$25.42	\$24.31	\$22.98
New Construction Completed (year-to-date)	2.95 MSF, 25 Bldgs	2.88 MSF, 21 Bldgs	2.42 MSF, 26 Bldgs	0.98 MSF, 23 Bldgs	1.34 MSF, 8 Bldgs	1.16 MSF, 23 Bldgs
Currently Under Construction	4.36 MSF, 45 Bldgs	3.72 MSF, 37 Bldgs	5.49 MSF, 51 Bldgs	4.84 MSF, 36 Bldgs	2.83 MSF, 29 Bldgs	2.85 MSF, 25 Bldgs

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

Industrial & Flex Market

CoStar data revealed that the industrial market remains healthy through the third quarter of 2018. The third quarter direct vacancy rate was 0.1 percentage points lower than the same period last year. The average lease rate rose 4.3 percent between the third quarters of 2017 and 2018, adding \$0.33 per square foot to the average lease rate.

MONTHLY ECONOMIC INDICATORS

Industrial Market Statistics

	Quarter 3 2018	Quarter 2 2018	Quarter 3 2017	Quarter 3 2016	Quarter 3 2015	Quarter 3 2014
Number of Buildings	7,064	7,049	7,025	6,983	6,957	6,945
Existing Square Feet (millions)	219.7	218.7	215.5	210.5	207.2	205.3
Vacant Square Feet (direct, millions)	9.5	8.7	9.5	7.4	5.5	7.4
Vacancy Rate (direct)	4.3%	4.0%	4.4%	3.5%	2.6%	3.6%
Vacancy Rate (with sublet)	4.6%	4.3%	4.8%	3.8%	2.9%	3.8%
Avg. Lease Rate (direct, per square foot, NNN)	\$7.98	\$7.97	\$7.65	\$7.31	\$6.85	\$5.76
New Construction Completed (year-to-date)	2.39 MSF, 26 Bldgs	1.34 MSF, 11 Bldgs	2.41 MSF, 30 Bldgs	2.71 MSF, 19 Bldgs	1.24 MSF, 4 Bldgs	2.13 MSF, 19 Bldgs
Currently Under Construction	6.71 MSF, 33 Bldgs	6.33 MSF, 37 Bldgs	6.94 MSF, 33 Bldgs	3.82 MSF, 34 Bldgs	1.57 MSF, 8 Bldgs	1.77 MSF, 8 Bldgs

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

There was 2.39 million square feet of industrial space completed across 26 buildings as of the end of the third quarter of 2018 as industrial construction continued at a healthy pace. Major completed projects included a 701,900-square-foot distribution center in Majestic Commercenter in Aurora and the 245,847-square-foot warehouse property at Eastpark 70 in Aurora. Adams County welcomed 66.6 percent of the completed industrial space through the third quarter of 2018, or 1.6 million square feet. There were 33 buildings with over 6.7 million square feet of space under construction during the period, including 2.4 million square feet for Amazon in Thornton.

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 0.6 percentage points to 6.2 percent between the third quarters of 2017 and 2018. The average lease rate rose 3.6 percent over-the-year to \$12.22 per square foot. There was 350,568 square feet of new space completed as of the end of the third quarter of 2018, including 133,122 square feet of flex space in the Interpark industrial development in Broomfield. Thirteen buildings offering 1.22 million square feet of new flex space are under construction, with the majority of new construction split between Adams and Arapahoe Counties.

Flex Space Statistics

	Quarter 3 2018	Quarter 2 2018	Quarter 3 2017	Quarter 3 2016	Quarter 3 2015	Quarter 3 2014
Number of Buildings	1,505	1,505	1,496	1,482	1,474	1,465
Existing Square Feet (millions)	46.0	46.0	45.5	44.9	44.5	43.6
Vacant Square Feet (direct, millions)	2.9	3.1	3.1	3.0	3.1	3.4
Vacancy Rate (direct)	6.2%	6.8%	6.8%	6.8%	6.9%	7.7%
Vacancy Rate (with sublet)	6.5%	7.2%	7.0%	6.9%	8.0%	9.0%
Avg. Lease Rate (direct, per square foot, NNN)	\$12.22	\$12.12	\$11.80	\$10.83	\$10.33	\$9.71
New Construction Completed (year-to-date)	0.35 MSF, 7 Bldgs	0.35 MSF, 7 Bldgs	0.49 MSF, 11 Bldgs	0.13 MSF, 4 Bldgs	0.33 MSF, 3 Bldgs	0.37 MSF, 6 Bldgs
Currently Under Construction	1.22 MSF, 13 Bldgs	0.32 MSF, 9 Bldgs	0.34 MSF, 7 Bldgs	0.36 MSF, 7 Bldgs	0 MSF, 0 Bldg	0.53 MSF, 6 Bldgs

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

Retail Market

The Metro Denver retail market reported a flat vacancy rate and an increase in the average lease rate over-the-year through the third quarter of 2018, according to CoStar Realty data. The direct vacancy rate remained at 4.4 percent between the third quarter of 2017 and the third quarter of 2018, while the average lease rate for retail space rose 2.8 percent over-the-year, adding \$0.51 per square foot during this same period.

MONTHLY ECONOMIC INDICATORS

There were 69 buildings under construction during the third quarter of 2018, totaling 1.57 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 the 185,000-square-foot 9th & Colorado Retail project located on the former campus of the University of Colorado Health Sciences Center. While not yet reflected in the CoStar data, the Denver Premium Outlets celebrated their grand opening on September 27. Metro Denver reported 834,855 square feet of retail space completed as of the end of the third quarter. The largest space completed was the King Soopers in the Candelas neighborhood of Arvada, adding 124,564-square-feet of new retail, followed by the 77,344-square-foot building at the Promenade at Castle Rock.

Retail Market Statistics

	Quarter 3 2018	Quarter 2 2018	Quarter 3 2017	Quarter 3 2016	Quarter 3 2015	Quarter 3 2014
Number of Buildings	12,356	12,333	12,254	12,130	12,018	11,951
Existing Square Feet (millions)	168.2	168.0	167.1	165.2	163.6	162.7
Vacant Square Feet (direct, millions)	7.4	7.5	7.4	7.4	7.9	8.6
Vacancy Rate (direct)	4.4%	4.5%	4.4%	4.5%	4.8%	5.3%
Vacancy Rate (with sublet)	4.7%	4.7%	4.9%	4.7%	5.0%	5.4%
Avg. Lease Rate (direct, per square foot, NNN)	\$18.68	\$18.34	\$18.17	\$16.34	\$15.70	\$15.67
New Construction Completed (year-to-date)	0.84 MSF, 78 Bldgs	0.53 MSF, 48 Bldgs	1.20 MSF, 74 Bldgs	0.93 MSF, 63 Bldgs	0.54 MSF, 32 Bldgs	0.36 MSF, 43 Bldgs
Currently Under Construction	1.57 MSF, 69 Bldgs	1.59 MSF, 66 Bldgs	1.57 MSF, 59 Bldgs	1.64 MSF, 59 Bldgs	0.99 MSF, 47 Bldgs	0.19 MSF, 16 Bldgs

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

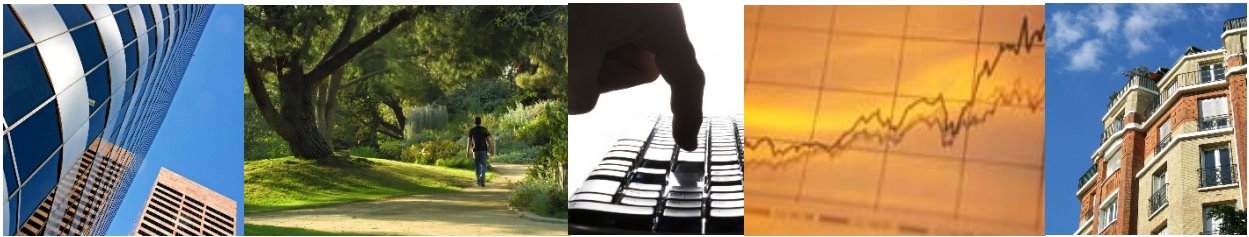
MONTHLY ECONOMIC INDICATORS

Monthly Economic Indicators

	<i>Monthly/Quarterly Direction</i>		<i>Year-Over-Year Direction</i>		<i>Year-to-Date Direction</i>	
↕↗ Positive Changes	8 of 18		13 of 18		13 of 18	
Nonfarm Employment Growth	-1,900	↓	45,000	↑	44,700	↑
	Employment down 0.1% from July to Aug.		Employment up 2.7% from Aug. 2017 to 2018		YTD employment up 2.7% through Aug.	
% Companies Hiring (Denver Area)	25%	↓	25%	↑	27%	↑
	Companies expecting to add workers fell 4 percentage points from 3Q 2018 to 4Q 2018		Companies expecting to add workers rose 5 percentage points from 4Q 2017 to 4Q 2018		YTD average up 1 percentage point compared with 2017	
Unemployment Rate	3.3%	↑	0.6 percentage point	↑	2.9%	↑
	Unemployment up 0.4 percentage points between July and Aug.		Unemployment increased from Aug. 2017 to 2018		Up 0.2 percentage point from 2017 YTD average	
Initial Unemployment Insurance Claims	1.1%	↑	-10.8%	↓	-10.7%	↓
	Claims increased from July to Aug		Claims decreased from Aug 2017 to 2018		YTD average claims decreased through Aug 2018	
Total National Retail Sales	-0.5%	↓	6.7%	↑	5.4%	↑
	National sales decreased from June to July		National sales increased from July 2017 to 2018		YTD sales rose through July 2018	
Mountain Region Consumer Confidence Index	151.8	↑	27.1%	↑	132.8	↑
	Index up 14.4% from Aug. to Sept.		Index up from Sept. 2017 to 2018		YTD average up 4.6% through Sept. 2018	
Hotel Occupancy	85.2%	↓	-0.7 percentage points	↓	75.9%	↓
	Decreased 1.2 percentage points from July to Aug.		Occupancy decreased from Aug. 2017 to 2018		YTD occupancy decreased 1.2 percentage points from last year	
Denver International Airport Passengers	3.6%	↑	4.8%	↑	4.3%	↑
	Passengers up from June to July		Passengers up from July 2017 to 2018		YTD passengers increased through July 2018	
Bloomberg Colorado Index	535.7	↓	5.5%	↑	7.7%	↑
	Index down 1.7% from Aug. to Sept.		Index up from Sept. 2017 to 2018		YTD return up through Sept. 2018	
Dow Jones Industrial Average	26,458.3	↑	18.1%	↑	6.5%	↑
	Index up 1.9% from Aug. to Sept.		Index up from Sept. 2017 to 2018		YTD return up through Sept. 2018	
Home Sales (closed)	4,433	↓	-24.8%	↓	36,984	↓
	Sales down 22.2% between July and Aug.		Sales down from Aug. 2017 to 2018		YTD sales down 7.8% through Aug. 2018	
Median Home Price (Denver-Aurora MSA)	\$462,900	↑	9.0%	↑	\$452,200	↑
	Up 4.8% from 1Q 2018 to 2Q 2018		Price up from 2Q 2017 to 2Q 2018		YTD price 10.2% higher through 2Q 2018	
Foreclosures	239	↓	-16.1%	↓	1,836	↓
	Down 1.2% from July to Aug.		Down from Aug. 2017 to 2018		Down 8.7% YTD through Aug. 2018	
Residential Building Permits (Total)	1,287	↑	-41.0%	↓	14,734	↓
	Permits increased 3.8% from July to Aug.		Permits down Aug. 2017 to 2018		YTD permits down 15.5% through Aug. 2018	

MONTHLY ECONOMIC INDICATORS

Apartment Vacancy Rate	6.0%	↓	1.0 percentage point	↑	6.1%	↑
	Vacancy decreased 0.1 percentage points from 1Q 2018 to 2Q 2018		Vacancy increased from 2Q 2017 to 2Q 2018		YTD average up 0.7 percentage points from last year	
Office Vacancy Rate (with Sublet)	10.2%	↓	-0.3 percentage points	↓	-0.3 percentage points	↓
	Vacancy rate decreased from 2Q 2018 to 3Q 2018		Vacancy rate down from 10.5% one year ago		Vacancy rate down from 10.5% one year ago	
Industrial Vacancy Rate (with Sublet)	4.6%	↑	-0.2 percentage points	↓	-0.2 percentage points	↓
	Vacancy rate increased from 2Q 2018 to 3Q 2018		3Q 2018 vacancy down from 4.8% one year ago		3Q 2018 vacancy down from 4.8% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.7%	↔	-0.2 percentage points	↓	-0.2 percentage points	↓
	Vacancy rate remained flat from 2Q 2018 to 3Q 2018		3Q 2018 vacancy down from 4.9% one year ago		3Q 2018 vacancy down from 4.9% one year ago	



Economic and Demographic Research

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