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.

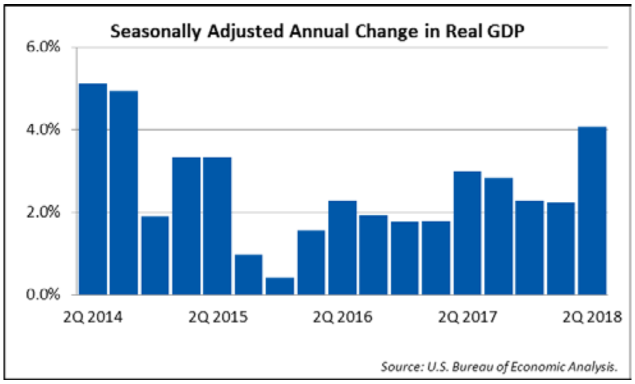
Notable Rankings

- Colorado ranked No. 5 in 2018 on *CNBC's* annual "Best States for Business" list. Colorado scored "A+", "A", or "A-" grades in the categories of workforce, economy, technology and innovation, and access to capital. The state scored a "D+" grade in the cost of living category. With the state's low unemployment and booming economy, *CNBC* observed that Colorado needs more workers in order to support its great economy. Texas ranked No. 1.
- Denver ranked No. 10 on the 2018 "Scoring Tech Talent in North America" list, created by real estate giant CBRE. The list has been created for the past six years and ranks 50 North American cities on criteria such as tech talent supply, growth, concentration, cost, completed tech degrees, and the outlook for office and apartment rent cost growth. Denver was found to have a tech talent pool of 99,760 workers, an increase of 23.8 percent between 2012 and 2017, with a concentration of 6.2 percent.
- *Area Development* recently released its 8th annual "Leading Metro Locations" report which ranked 394 MSAs across 21 economic and work force indicators, and reported that the Denver-Aurora-Lakewood MSA ranked No. 10. *Area Development* found that high technology and an educated workforce are key factors that differentiate the leading locations for firm expansion. Eight of the top ten metro locations were in the Pacific and Mountain regions, with San Jose ranked first.
- *Forbes* released the first-ever "Best Employers for Women" list, which included two Metro Denver companies. Red Robin Gourmet Burgers, based in Greenwood Village, ranked No. 103 and Golden-based Home Advisor ranked No. 107. To create this list, *Forbes* partnered with market research firm Statista and surveyed 400,000 employees working in businesses with at least 1,000 employees. The final list of 300 companies also considered gender diversity among boards and executives.
- *Fortune's* 2018 "Best Workplaces for Millennials" list included two Denver-area companies. Fast Enterprises LLC of Centennial ranked No. 29 and Denver's SendGrid ranked No. 73. The fourth annual report, compiled by *Fortune* and San Francisco-based Great Place to Work, surveyed nearly 400,000 employees and asked respondents to rate the practices of their employers. The two Denver-area companies were the only Colorado firms to make the list.
- *Site Selection Magazine* released the 2018 "Sustainability Rankings" list, and Colorado ranked fourth. The magazine uses the following criteria: number and percentage of LEED buildings, number and percentage of Energy Star buildings, renewable energy generation, investments in "green energy", corporate and social responsibility rankings, measurabl.com sustainability rankings, brownfield grants and cleanups, green laws and incentives, and Gallup/Health Ways well-being scores. Last year Colorado did not make the list.
- The Tax Foundation ranked Colorado No. 16 for state and local sales tax rates, with a combined state and average local sales tax rate of 7.52 percent. While Colorado has one of the highest average local tax rates, it also has the lowest non-zero, state-level sales tax rate.
- Colorado ranked No. 6 on the MoneyTree Report for the most U.S.-based venture capital funding deals in the second quarter of 2018. The state reported 41 deals in the PwC/CB Insights MoneyTree Report during the second quarter, raising $448 million. Colorado was also No. 4 on MoneyTree's list of most cybersecurity deals during the quarter with four, raising $16 million.

- From 2015 to 2016, Colorado gained a little more than 223,000 residents, while losing 193,000 to other states, resulting in a net migration of 30,000. Two ZIP codes in the Denver metro area, 80007 in northwest Arvada, and 80238 in the Stapleton area, were the fastest growing ZIP codes in the state during the period. While net migration between 2015 and 2016 was the lowest reported in the past seven years, it was still the ninth-highest in the nation. California contributed the most new residents to Colorado during the time period, followed by Texas and Florida.
- According to a new list from *U.S. News and World Report*, Denver ranked as the tenth most desirable city to live in. *U.S. News* surveyed people throughout the country to determine where residents would live if given the choice. The list contains the 25 most desirable places to live out of the 125 largest metro areas in the country.
- A new *WalletHub* report ranked Denver No. 12 among the top cities to live in. The study assessed a total of 62 cities with populations over 300,000. To determine the top cities, the report looked at five equally-weighted areas including affordability, economy, education and health, quality of life, and safety. Denver took fifth place in the economy category, though it ranked 30th in affordability. Aurora also made the list, ranking 22nd, and coming in at No. 8 for the economy category.
- *SmartAsset* ranked the housing markets of two Metro Denver cities in the top 10 healthiest in the United States. Aurora ranked No. 7 and Denver ranked No. 9. The study used four factors to determine a healthy market: stability, affordability, fluidity, and the risk of loss. It only considered cities with a population greater than 200,000. Aurora was noted for the ease of sales, risk, and stability.
- Colorado was ranked as the third happiest state in the country based on health, lifestyle, and economic stability factors, according to a survey by MagnifyMoney. Colorado ranked second in health, fourth in lifestyle, and 13th in economic stability overall. The study weighted health and lifestyle double that of economic stability.
- Denver ranked 11th and Aurora ranked 42nd on the Cvent Inc. list of the "2018 Top Meeting Destinations in the U.S.," up from No. 12 and No. 56 the previous year, respectively. Aurora is growing its presence in the large convention market, with the Gaylord Rockies Resort and Convention Center opening mid-December. The new hotel will be the largest hotel property in the state with 1,501 rooms and 485,000 square feet of meeting space.

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 second quarter of 2018. The estimate showed that GDP increased at an annual rate of 4.1 percent through the second quarter, which was 1.8 percentage points above the first quarter rate of 2.2 percent.
- The last time the economy expanded at a comparable pace was in 2014, when growth reached 5.2 percent in the third quarter. GDP growth for a full year has not exceeded 3 percent in 14 years.
- The second quarter figure is widely seen as a referendum on the GOP tax cuts of late 2017. This quarter benefits from good timing, coming after the deficit-busting cuts trickled through the economy, but before the effects of the White House's protectionist trade policies are fully felt.

Interest Rates

- The Federal Open Market Committee (FOMC) of the Federal Reserve voted unanimously to keep its benchmark federal-funds rate in a range of 1.75 percent and 2 percent. The FOMC expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the committee's 2 percent objective over the medium term.

- The Fed did not convey any concern that President Trump's trade policies could hamper growth, nor did it suggest worry about the sluggish pace of wage increases for most workers. The next FOMC meeting is on September 25-26.

Policy Watch

National

- The Trump administration announced a plan to provide up to $12 billion in emergency relief for farmers hurt by the president's recent tariffs and protectionist trade policies. The aid to farmers would come through a direct assistance program designed to help with food purchase and distribution, and one specifically geared toward promoting trade. The initiative is a signal that the administration has no plans to lift the tariffs anytime soon, as President Trump continues to use tariffs as a negotiation strategy around the world.

Local

- The Denver City Council recently approved a ballot initiative to ask voters whether they want to pay more in sales taxes to fund parks, trails, and open space. The proposal was for a 0.25 percent tax, and was sponsored by nine of the 13 council members. If passed, the measure would generate about $46 million in 2019, an increase of about 63 percent for parks and recreation, to be used for new land purchases, improvements at parks, restoration of waterways, planting and maintaining trees, and maintenance of open spaces.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was $43.1 billion in May, down $3 billion from $46.1 billion in April, revised. May exports were $215.3 billion, $4.1 billion more than April exports. May imports were $258.4 billion, $1.1 billion more than April imports.

- The Conference Board Leading Economic Index (LEI) for the U.S. increased 0.5 percent in June to 109.8 (2016=100), following no change in May and a 0.4 percent increase in April. Widespread increase in the leading indicators suggest continued solid growth in the U.S. economy.

- The Institute for Supply Management's Manufacturing Index registered 60.2 percent in June, an increase of 1.5 percentage points from the May reading of 58.7 percent. In June, 17 of the 18 industry sectors reported growth. Consumption, described as production and employment, continues to expand in spite of labor, skill, and material shortages. Demand remains robust, but the nation's employment resources and supply chains continue to struggle. Respondents are overwhelmingly concerned about how tariff related activity is and will continue to affect their business.

- The Institute for Supply Management's Non-Manufacturing Index registered 59.1 percent in June, which is 0.5 percentage points higher than the May reading of 58.6 percent. This represents the continued growth of the non-manufacturing sector at a slightly faster rate. Seventeen of the 18 non-manufacturing industries reported growth in June. The non-manufacturing sector grew for the 101st consecutive month. Respondents continue to be optimistic about business conditions and the overall economy.

Local

- In a new report from the Economic Opportunity Institute, Colorado ranked 20th out of all U.S. states in income inequality. The report found that the top 1 percent of Colorado earners make 20.6 times more than their fellow residents and take home 17.2 percent of all the income in the state. The Denver-Aurora-Lakewood metro area's top 1 percent make 19.8 times more than the bottom 99 percent of earners, with an average income of $1.3 million, while the average income of the bottom 99 percent was $68,017. According to the study, a household must make $458,576 annually to be considered part of the top 1 percent in the state.

- According to a report from the Bell Policy Center, University of Colorado Denver, and the Colorado Trust, Colorado's middle class is shrinking, largely due to middle-income families being unable to afford a middle-class lifestyle. The study found that Colorado had the 11th-fastest decline in middle-income population. The negative growth is consistent with national trends, as the middle income bracket has grown only in Washington, D.C. over the course of the study, between 2000 and 2016. The traditional elements of a middle-class lifestyle are becoming harder for Coloradans to afford, such as home ownership, health care, automobile ownership, retirement savings, college savings, and vacation.
- Denver small businesses have a shorter than average life expectancy, according to a survey by the JPMorgan Chase Institute. The report found that small businesses in the city have a median life expectancy of 4.9 years whereas the average American small business has a median lifespan of 5.3 years. Nationally, the report found that by sector, real estate firms have the longest median lifespan of nine years and restaurants have the shortest median lifespan of 3.7 years. Erratic timing, volatile expenses, and sporadic revenues were all cited as reasons that small businesses run into cash flow problems.
- 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.
- According to a new report from the real estate firm Transwestern, which ranked 15 of the country's largest markets for transit accessible office buildings, Denver ranked first with 71 percent of its office buildings accessible by public transportation. Transwestern defined transit-accessible as buildings within a 10-minute walk from a subway, commuter rail, or light rail facility. Denver's 71 percent topped the rest of the country by a wide margin with only New York/New Jersey (58 percent) rated above 50 percent in the report.
- The number of new business filings in Colorado increased by more than 6 percent over the past year. The new University of Colorado Boulder report released by Secretary of State Wayne Williams indicates the state added 31,572 new business filings in the second quarter. That marks an expected seasonal decrease from the previous quarter, but a 6.2 percent increase in new entity filings from the same period last year. New filings reflected a combination of new entity formation growth and existing entity growth, providing a favorable predictor of future job growth.
- According to the regional Beige Book by the Kansas City Federal Reserve, economic activity in the Tenth District, which includes Colorado, expanded moderately in late May and June. Growth is also expected to continue into the months ahead. Most sectors expanded, including a slight pickup in energy activity, modestly higher consumer spending and business services, moderately stronger real estate activity, and continued robust gains in the manufacturing sector.

Labor Force and Employment

- Workers in Metro Denver can expect average pay increases of 3.2 percent next year, slightly more than this year's 3.1 percent raises and the largest increase since 2008, according to an annual compensation survey from the Employers Council. Wage increases should outpace inflation, which is forecast to run at 2.8 percent next year in the Denver area. The largest pay increases are expected to be from the retail and wholesale trade sectors, as employers try to keep up with an increasing state minimum wage and tight labor conditions.

- Employment in Metro Denver rose 2.8 percent between June 2017 and 2018, or an additional 46,400 jobs during the period. Employment growth consisted of a 2.9 percent increase in the Denver-Aurora-Lakewood MSA, or an additional 42,500 jobs, and a 2.1 percent increase in the Boulder MSA, representing 3,900 jobs.

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

	Month of Jun-18	Month of May-18	Month of Jun-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*	1,709.2	1,694.2	1,662.8	1,677.7	1,634.7	2.6%	3.6%	1.0%
Denver-Aurora-Lakewood MSA	1,517.9	1,499.7	1,475.4	1,486.3	1,447.2	2.7%	3.7%	1.0%
Boulder MSA	191.3	194.5	187.4	191.4	187.5	2.1%	2.3%	0.9%
Natural Resources & Construction	115.0	112.0	108.8	111.0	104.5	6.1%	9.7%	-1.5%
Manufacturing	90.9	90.3	88.2	89.5	87.0	2.9%	1.6%	-2.3%
Wholesale & Retail Trade	239.9	238.2	234.8	237.3	232.1	2.2%	2.6%	0.1%
Transp., Warehousing & Utilities	60.4	59.6	57.4	59.7	57.2	4.4%	5.1%	0.3%
Information	58.5	57.8	55.5	58.0	54.6	6.1%	1.6%	-1.7%
Financial Activities	118.5	116.0	116.5	116.5	115.0	1.3%	3.6%	-2.2%
Professional & Business Services	310.9	307.6	300.7	302.4	293.5	3.0%	4.3%	2.1%
Education & Health Services	214.9	214.4	209.7	214.2	208.5	2.8%	4.2%	4.3%
Leisure & Hospitality	204.0	195.1	194.9	191.4	183.7	4.2%	3.9%	1.4%
Other Services	62.7	62.7	63.6	62.5	62.5	0.0%	2.1%	2.7%
Government	233.5	240.5	232.7	235.3	236.1	-0.4%	1.9%	2.6%
Federal Gov't	30.0	30.1	30.9	30.1	30.8	-2.4%	-1.2%	-0.7%
State Gov't	58.7	67.0	57.3	64.3	62.9	2.3%	2.7%	3.7%
Local Gov't	144.8	143.4	144.5	140.9	142.5	-1.1%	2.2%	3.0%
Colorado	2,751.5	2,721.6	2,676.7	2,703.3	2,633.2	2.7%	3.0%	0.8%
United States	149,980	149,334	147,578	147,863	145,585	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

- Ten of the 11 supersectors recorded growth over-the-year. The highest rate of growth was reported in the natural resources and construction supersector, rising 5.7 percent or by 6,200 jobs. Information reported an increase of 5.4 percent followed by transportation, warehousing, and utilities, which grew by 5.2 percent. The largest absolute increase in employment was in the professional and business services supersector, which rose by 3.4 percent and added 10,200 jobs between June of 2017 and 2018.
- The other services supersector reported the only decline during the period, falling 1.4 percent or by 90 jobs.
- Colorado employment rose 2.8 percent in June compared with the previous year's level, adding 74,800 new jobs over the period. National employment levels increased 1.6 percent over-the-year, with the addition of 2.4 million jobs.

Metro Denver Industry Cluster Headlines

Aerospace

- Ball Corp. reported that second quarter 2018 net earnings attributed to the corporation were $119 million, driven by excellent operational performance, solid global demand for environmentally-friendly aluminum packaging, achieving more value for innovative packages, and lower corporate costs. Year-to-date, the company has hired approximately 540 people in the aerospace sector with an additional 200 to 400 employees required within the next 12 months. Colorado facility expansions in Westminster and Boulder are on track for completion in the fourth quarter of 2018.

Beverage Production

- A new brewery, Coal Mine Ave. Brewing, opened in Littleton after years of planning and a full year of construction delays. Located at 9719 W. Coal Mine Ave., the 4,400-square-foot brewery includes an outdoor patio, a fenced dog-friendly yard, and four craft beers on tap with as many as eight more on the way.
- The number of breweries in America grew by 19.7 percent over the past 12 months, which was about four times the rate of growth in the production of craft beer, according to statistics released by the Brewers Association. Such a disparity in numbers is largely to be expected, as new breweries contribute much smaller volumes of beer than established breweries distributing to all 50 states. It also reflects rising fears by brewers in Colorado that the flood of new taprooms and distribution breweries coming online is diluting sales for all breweries, as the market for their products is not growing as rapidly as the number of companies offering fermented beverages.

Bioscience – Medical Devices and Diagnostics

- Akitvax, a Colorado medical device company, recently received a $15 million government contract which resulted in a move from Boulder to Broomfield and added staff. The company plans to expand its current staff level of seven by more than 20 engineers and other technical staff. Akitvax is moving its headquarters to 100 Technology Drive.

Bioscience – Pharmaceuticals and Biotechnology

- Boulder Botanical & Bioscience Labs, a manufacturer of CBD products and nutraceuticals, announced it will be moving its company headquarters to the former General Electric manufacturing facility, a 26,180-square-foot building at 1150 Catamount Drive in Golden. The new headquarters location will allow the company to grow its vertical integration program. Scheduled to open in September, the new campus will house Boulder Botanical's corporate headquarters, its research and development division, customer service center, and shipping and receiving centers. The company also plans to add additional staff to the facility.

Healthcare and Wellness

- Small group health insurance costs will rise more drastically than individual market premiums in 2019, according to the Colorado Division of Insurance. A review was done of 808 individual and small group insurance plans submitted for approval to the state, resulting in a forecast of the average small group policy rising in price by 7.15 percent. Meanwhile, insurers requested average price increases of individual policies of 5.94 percent for next year. Individual policy increases were 34 percent on average in 2018 and 20 percent in 2017.

IT-Software

- Five years after opening an office in Denver, OnDeck Capital Inc., an online lending platform for small businesses, has grown from about 15 employees to 160 employees. The company plans to continue growing its Denver office by at least 15 percent within the next five months. Currently, the Denver office includes employees from nearly all of OnDeck's operational teams, and accounts for 34 percent of OnDeck's total headcount.
- OverWatchID, a Denver-based cybersecurity company, moved its headquarters from the Denver Tech Center to Downtown Denver and expanded from 2,500 square feet to 9,000 square feet at 900 S. Broadway. Currently the company employs 30 people, but plans to add 12 more employees in 2018. Local customers include Frontier Airlines and Datavail.
- Denver-based tech firm FullContact announced it is moving into a flexible office space provider, which is WeWork's newest Denver space in the Tabor Center. A major factor behind the move was the flexibility the upscale WeWork

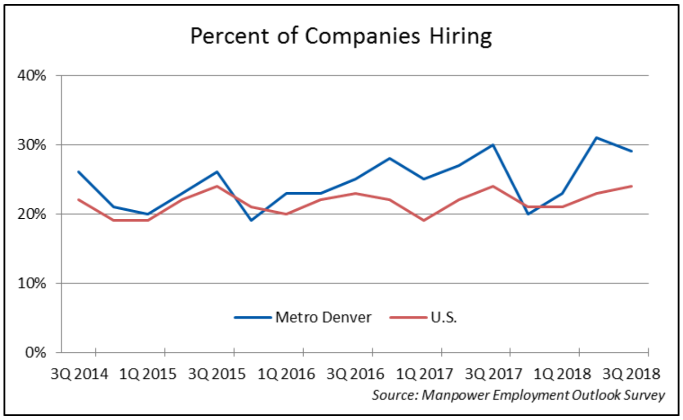
space offered a company projected to grow from 90 employees to 175 by 2022. Originally an app and desktop software company, it now helps businesses manage data and contacts for millions of customers and clients.

- Broomfield technology company Conga will consolidate its facilities from four states into a global headquarters in Broomfield, adding as many as 570 new jobs in the next eight years, with an average salary of $90,426. The company will combine the new employees with about 200 current local workers. Conga makes tools to help companies compose and edit documents and check contracts from within Salesforce.com.
- TalentReef, which helps restaurants, hotels, and other service industries recruit and train employees, is moving to 40,000 square feet in downtown Denver at 950 17th street. The company also plans to double its Denver workforce to 400 employees in three years. TalentReef subscriptions can range from $4,000 per year for a single franchise to $1 million per year for a large company with multiple international locations. The company also plans to acquire two or three other technology companies in the near future.
- Denver-based employment technology company Guild Education recently secured $40 million in Series C funding. The company currently has 163 employees and expects to hire about 40 additional employees in the coming year. The funding will be used to grow Guild’s footprint to support more companies in their quest to educate their employees, hiring staff for its product, engineering, and data analytics teams.
- Propeller Aero, a Sydney-based startup making drone software for construction and mining companies, moved its U.S.-based office to the RiNo area, with plans to double its Denver presence to 25 employees. The Denver location primarily handles sales and customer service. After looking at potential U.S. headquarters sites in New York City and San Francisco, Propeller’s founders decided on Denver to be closer to one of its key partners, Trimble.

Other Industry Headlines

- AirDNA, a startup which sells data on the short term rental market, is moving its office to 1523 15th Street in LoDo. The company plans to double its staff in the next six months, requiring the move to a larger location. The company moved its headquarters from California to Colorado two years ago, citing the real estate market and hiring prospects as motivation for the relocation.
- Phonebook publishing company, DexYP, is closing its Greenwood Village office within 90 days. Roughly 39 employees, the bulk of whom have the title “telemarking consultant” or “telesales associate” will be let go on September 30. An undisclosed number of other employees will lose their jobs in the next 90 days.

Employment Outlook



- Employers in the Denver-Aurora-Broomfield MSA expect to hire at a weaker pace during 3Q 2018, according to the *Manpower Employment Outlook Survey*. The percentage of employers planning to increase employment levels fell 2 percentage points between the second quarter of 2018 and the third quarter of 2018, with 29 percent of companies expanding their employment levels. The majority of companies intend to maintain staff levels through the third quarter of the year, and the level rose 2 percentage points above the prior quarter’s level.
- For the coming quarter, job prospects appear best in construction, durable goods manufacturing, nondurable goods manufacturing, transportation and utilities, financial activities, professional and business services, education and health services, and leisure and hospitality. Employers in other services plan to reduce staffing levels, while hiring in wholesale and retail trade, information, and government is expected to remain unchanged.

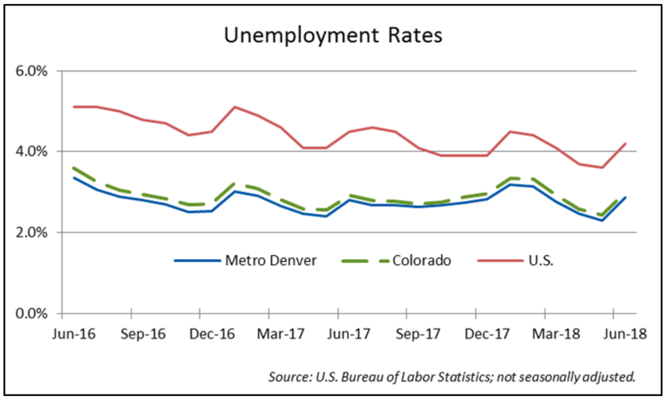
Employment Outlook Survey

	Quarter 3 2018	Quarter 2 2018	Quarter 3 2017	YTD 2018	YTD 2017	Ann Avg 2013
Denver-Aurora-Broomfield MSA						
Percent of Companies Hiring	29%	31%	30%	28%	27%	21%
Percent of Companies Laying Off	4%	3%	5%	3%	5%	7%
Percent of Companies No Change	65%	63%	64%	66%	66%	71%
Percent of Companies Unsure	2%	3%	1%	3%	2%	3%
United States						
Percent of Companies Hiring	24%	23%	24%	23%	22%	19%
Percent of Companies Laying Off	3%	3%	4%	4%	4%	7%
Percent of Companies No Change	71%	73%	70%	72%	72%	72%
Percent of Companies Unsure	2%	1%	2%	2%	2%	3%

Source: Manpower Inc.

Unemployment

- Metro Denver's not-seasonally adjusted unemployment rate rose 0.6 percentage points in June from the previous month. The rate also increased over-the-year from the June 2017 level, rising slightly by 0.1 percentage point.
- Between May and June, all seven counties reported an increase in the unemployment rate, rising between 0.5 and 0.6 percentage points. Of the seven Metro Denver counties, Adams, Arapahoe, and Broomfield Counties reported no change in the unemployment rate over the year. The remaining four counties reported increases of 0.1 percentage points between June 2017 and June 2018.



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

	June 2018 (p)		2018 YTD AVG		2017 YTD AVG		2013	2008
	Labor Force	Unemploy-ment Rate	Labor Force	Unemploy-ment Rate	Labor Force	Unemploy-ment Rate	Ann Avg Unemploy-ment Rate	Ann Avg Unemploy-ment Rate
Metro Denver	1,813.8	2.9%	1,784.6	2.8%	1,723.0	2.7%	6.5%	4.9%
Adams County	272.2	3.1%	267.5	3.1%	258.2	3.1%	8.1%	5.4%
Arapahoe County	366.2	2.9%	359.8	2.9%	347.2	2.8%	6.6%	4.9%
Boulder County	191.5	2.7%	191.1	2.6%	185.1	2.4%	5.5%	4.1%
Broomfield County	39.6	2.7%	38.8	2.6%	37.5	2.6%	5.8%	4.5%
Denver County	413.9	2.9%	406.7	2.8%	392.5	2.8%	6.6%	5.4%
Douglas County	191.2	2.6%	187.7	2.5%	181.0	2.4%	5.3%	4.2%
Jefferson County	339.2	2.8%	333.1	2.7%	321.6	2.6%	6.3%	4.7%
Colorado	3,115.8	3.0%	3,064.0	2.9%	2,955.9	2.9%	6.9%	4.8%
United States	163,277	4.2%	161,567	4.1%	159,867	4.6%	7.4%	5.8%

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

- All seven counties also reported increases in the labor force over-the-year. Boulder County grew the slowest (+2.9 percent), while the rest of the counties rose by 3.6 percent.
- The Colorado unemployment rate increased over-the-year by 0.1 percentage points to 2.9 percent in June. Colorado had the eighth-lowest unemployment rate in the country, as employers struggle to fill open positions. The state's labor force increased 3.7 percent over-the-year. The national unemployment rate decreased 0.3 percentage points over-the-year to 4.2 percent.
- Unemployment insurance claims decreased in Metro Denver, falling 4.6 percent between May and June. Additionally, the June level was 2.9 percent lower over-the-year. The average number of monthly claims year-to-date (1,006 claims) is the lowest June since the beginning of the dataset in 2004.
- Claims throughout Colorado also decreased over-the-month, falling 11.9 percent. The state's unemployment insurance claims also decreased 2.8 percent over-the-year. The year-to-date average monthly claims for Colorado is also lower than any previous June since the beginning of the dataset.

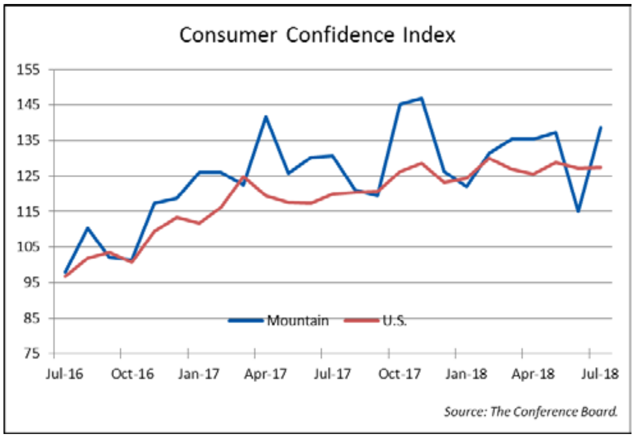
Weekly First-Time Unemployment Insurance Claims

	Month of Jun-18	Month of May-18	Month of Jun-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Ann Avg 2013	Ann Avg 2008
Metro Denver	863	905	889	1,006	1,119	-10.2%	1,625	1,738
Colorado	1,567	1,779	1,612	1,964	2,119	-7.3%	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 marginally in July, reporting a level of 127.4 from the revised June level of 127.1, a 0.2 percent increase over-the-month. The percentage of consumers claiming business conditions were "good" increased from 37.2 percent to 38 percent, while those saying business conditions were "bad" declined from 11.5 percent to 10.1 percent.
- Analysts at The Conference Board stated that consumers' optimism about the short-term outlook waned again in July. The percentage of consumers anticipating business conditions will improved over the next six months increased from 20.7 percent to 23.1 percent, but those expecting business conditions will worsen also rose, from 9.3 percent to 10.8 percent.
- Colorado is included in the Mountain Region Index and the area reported an increase in consumer confidence between May and June. The index rose to 138.6 in July from the June revised level of 115.1, increasing 20.4 percent over-the-month. The Mountain Region Index was also 6.1 percent higher than the year-ago level. The Present Situation Index rose from 145.9 in June (revised) to 176.2 in July, while the Expectations Index rose from the June level of 94.5 (revised) to 113.5 in July, increasing 20.1 percent.

Consumer Confidence Index

	Month of Jul-18	Month of Jun-18	Month of Jul-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Ann Avg 2013	Ann Avg 2008
Mountain	138.6	115.1	130.6	130.7	128.9	1.4%	74.6	76.5
United States	127.4	127.1	120.0	127.2	118.1	7.7%	73.2	58.0

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

- According to the National Retail Federation, total back-to-school spending for K-12 schools and colleges is projected to reach $82.8 billion this year. Consumers plan to spend the most on clothing ($236.90) followed by electronics ($187.10) and shoes ($138.66). Purchases for college students will make up $55.3 billion of the total, an all-time high and a 2.2 percent increase from 2017.
- National retail sales increased from April to May, with total retail sales in May rising 9.7 percent above the month-ago level. All sectors reported over-the-month increases, with the strongest growth in building materials, garden equipment, and supplies stores (+18.5 percent), miscellaneous store retailers (+18.2 percent), clothing and clothing accessories stores (+15.4 percent), and gasoline stations (+11.9 percent).
- Over-the-year, retail sales grew by 6.8 percent as 12 of the 13 sectors reported increases between May 2017 and May 2018. Gasoline stations reported the largest increase, rising 18.5 percent, followed by clothing and clothing accessories stores, which increased 11.3 percent over-the-year. Sporting goods, hobby, book, and music stores reported the only decrease over the year, falling 1.8 percent between May 2017 and May 2018.
- Growth in retail sales are consistent with the underlying economic momentum that has fueled a steady run of retail sales increases. It is expected that households can continue this spending pace, which is helping drive the current economic cycle. The big risk to the outlook is the trade war, which could raise prices while reducing consumer confidence and household buying power.

Total Retail Sales ($millions)

	Month of May 2018(p)	Month of Apr. 2018	Month of May 2017	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual Growth 2013	Annual Growth 2008
Total Retail Sales	531,045	483,951	497,070	2,408,880	2,292,758	5.1%	3.6%	-1.1%
Motor Vehicles	111,279	101,222	105,685	504,230	482,474	4.5%	8.2%	-13.7%
Furniture and Home	10,310	9,527	9,616	48,022	44,846	7.1%	4.2%	-11.2%
Electronics & Appliance	7,710	7,090	7,546	37,619	36,811	2.2%	0.9%	-1.2%
Building Materials	40,736	34,377	38,588	157,817	151,820	4.0%	7.2%	-5.9%
Food and Beverage	64,059	58,982	61,237	301,589	290,635	3.8%	2.0%	3.9%
Health and Personal Care	29,408	27,710	28,284	140,244	135,687	3.4%	2.9%	4.0%
Gasoline Stations	46,677	41,709	39,383	203,434	181,086	12.3%	-1.0%	11.5%
Clothing & Accessories	24,213	20,988	21,750	102,951	97,342	5.8%	2.2%	-2.5%
Sporting Goods	6,526	6,159	6,644	30,803	31,897	-3.4%	1.9%	-1.2%
General Merchandise	59,793	54,532	57,019	276,190	267,614	3.2%	1.5%	2.8%
Miscellaneous Store	12,174	10,296	11,790	52,210	51,104	2.2%	2.2%	-4.9%
Non-Store Retailers	55,149	52,354	50,556	263,270	241,148	9.2%	6.1%	3.4%
Food Service & Drinking	63,011	59,005	58,972	290,501	280,294	3.6%	3.7%	2.6%

Source: U.S. Census Bureau

Price Changes

- The U.S. Consumer Price Index (CPI) rose 2.9 percent over-the-year to 252 in June. The CPI also rose slightly between May and June by 0.2 percentage points. All eight CPI components were up between June 2017 and 2018, led by transportation (6.7 percent) and housing (2.8 percent). Recreation reported the smallest increase, rising 0.5 percent over-the-year.

- Data is now released bi-monthly for the Denver-Aurora-Lakewood area. Between March and May, the index rose from 260.6 to 262.2, a 0.6 percent increase. In comparison, the U.S. CPI increased 0.8 percent from March to May. Four of the eight CPI components in the Denver area reported increases over the two-month period, with transportation (+5.2 percent) and education and communication (+0.3 percent) reporting the largest increases. Apparel reported the greatest decrease during the period, falling 3.2 percent.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price for the beginning of August increased 0.6 percent from the beginning of July to $2.87 per gallon. The beginning of August average fuel price was 23.4 percent above the prior year's level ($2.33 per gallon). Metro Denver reported a 1.7 percent decrease in the average fuel price between the beginning of July and the beginning of August. The average fuel price of $2.73 per gallon for the beginning of August in Metro Denver was $0.15 lower than the national average. The area reported average fuel prices that were 20.2 percent higher at the beginning of August 2018 than the previous year's level.

Stock Market

- Three of the four indices rose between June and July, with the Bloomberg Colorado index reporting the only decrease. The index fell 0.2 percent over-the-month to 551.3. The DJIA reported the largest increase over-the-month, rising 4.7 percent, followed by the S&P 500 (+3.6 percent) and the NASDAQ (+2.2 percent). All four indices rose between July 2017 and July 2018, with the NASDAQ reporting the largest increase, rising 20.9 percent, followed by DJIA (+16.1 percent) and the S&P 500 (+14 percent).

Stock Market Indexes

	Month of Jul-18	Month of Jun-18	Month of Jul-17	YTD Return 2018	YTD Return 2017	Ann Avg Return 2013	Ann Avg Return 2008
Bloomberg Colorado	551.3	552.4	527.0	10.8%	1.9%	30.6%	-51.0%
S&P 500	2,816.3	2,718.4	2,470.3	4.8%	10.3%	29.6%	-38.5%
NASDAQ	7,671.8	7,510.3	6,348.1	11.1%	17.9%	38.3%	-40.5%
DJIA (Dow Jones)	25,415.2	24,271.4	21,891.1	2.3%	10.8%	26.5%	-33.8%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- The U.S. Department of Transportation will award $4.3 million in infrastructure grants to numerous Colorado airports. The funds are part of the second installment of the national $3.18 billion Airport Improvement Program. Infrastructure improvement includes work on runways, taxiways, and terminal projects. The Colorado grants include Boulder with $191,500 for runway rehabilitation, Centennial with $300,000 to conduct an airport master plan study, and Vance Brand (Longmont) with $300,000 for taxiway construction.
- The average hotel occupancy rate in Metro Denver rose 13.1 percentage points to 88.3 percent occupancy in June compared with the May level. The June level was 0.7 percentage points lower than the previous year's level. The average room rate for June was $161.85 per night, 13.1 percent above the May level, and 1.1 percent higher over-the-year.

Metro Denver Hotel Statistics

	Month of Jun-18	Month of May-18	Month of Jun-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Annual 2013	Annual 2008
Percent of Hotel Rooms Occupied	88.3%	75.2%	89.0%	72.5%	74.1%	-1.6%	70.8%	65.0%
Average Hotel Room Rate	$161.85	$143.15	$160.09	$140.52	$140.04	0.3%	$115.09	$118.27

Source: Rocky Mountain Lodging Report.

- Average air fares from Denver are the eighth-cheapest in the country, according to air consultancy Boyd Group International of Evergreen. The study found that airports with a significant Southwest presence tend to have more competitive fares. Denver ranked fourth nationally for origin and destination traffic at 8.17 million.
- A $78.9 million purchase contract that was recently approved will add 26 new cars to Denver International Airport's underground train system, in part to keep up with growing passenger traffic. DEN officials have said the train cars likely will be delivered in batches in 2020. They plan to use 16 of them to retire cars that date to the airport's opening in 1995, resulting in a net increase of 10 cars for the current 31-car fleet. That will allow flexibility to increase train frequency or expand each train's capacity.
- Spokespeople for DEN reported that over 5.5 million passengers passed through the airport in May, increasing 8.2 percent from April. Additionally, the May 2018 level was 4.6 percent higher than the May 2017 level, recording 240,772 additional passengers through the airport.

Denver International Airport Passengers

	Month of May-18	Month of Apr-18	Month of May-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual 2013	Annual 2008
Number of Airline Passengers	5,511,995	5,096,401	5,271,223	24,917,756	23,917,594	4.2%	52,556,359	51,245,432

Source: Denver International Airport, Traffic Statistics.

Residential Real Estate

- Evergreen Devco, a real estate development firm, is adding a development to the southwest corner of Santa Fe Drive and West Mineral Avenue in Littleton. Plans call for more than 300 luxury apartments in six buildings with another 100-200 units in a senior living facility. The eastern commercial side will include several restaurants, a multistory office building, a gas station, and a cluster of storefronts arranged around a central plaza.
- Akara Partners, a Chicago-based developer, plans to build a 23-story structure at 2136 Lawrence Street. The plans originally called for 34 stories, but have been revised down and offset by larger upper floors. The building would have ground-floor retail space, while the second through fifth floors — one floor less than the original proposal — would consist of coworking space at the front of the building, with parking to the rear. There also would be two levels of below-grade parking, which were not included in the original proposal. Plans also call for 441 residential units, with two-thirds of the units as 360-square-foot studios. There also would be 560-square-foot one bedrooms and 1,125-square-foot three bedrooms.
- Trammell Crow Residential recently broke ground on a 335-unit mixed-use apartment community in northern Boulder. The development, called Diagonal Crossing, will have 250 market-rate homes, 85 affordable homes, and retail space. The land purchased included six parcels, three of which will be used for the development, and three donated to three nonprofits: Studio Arts, Meals on Wheels, and Naropa University. Community amenities include a clubhouse, fitness center, and pool.
- Greystar Real Estate Partners plans to build a 13-story apartment complex at 1800 Market Street. The approved plan calls for a 394,607-square-foot structure with 302 units made up of 80 studios, 155 one-bedrooms, and 67 two-bedrooms. The building would also have 8,700 square feet of retail space. Greystar expects to break ground later this year.
- The construction of 68 duplexes and 136 single-family homes is planned for the Trails at Crowfoot neighborhood in Parker. The duplexes will have front porches and garages in the rear, and the master plan for the neighborhood includes several "pocket parks" located in various spots. The homes will be priced from the low to mid $400,000s.
- Unico Properties submitted plans for the area on 14th Street between Wazee and Wynkoop Streets, right next to the Cherry Creek trail. The development plan includes 7,300 square feet of ground-floor retail, 67,000 square feet of office

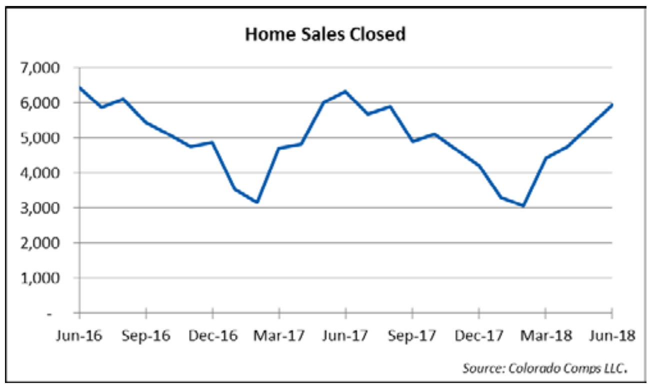
space on the second and third floors, and 50,000 square feet of residential space, divided into approximately 55 units, on the upper floors.

- Denver-based Forbes Partnership plans to build a five-story structure at 2190 E. 18th Avenue. The development would be five stories and would include 55 residential units and 2,174 square feet of commercial space.
- Generation Development plans to build a five-story building at 2200 E. 18th Ave., which is currently the home to a medical office building. Generation plans to demolish the existing structure and erect a 38,814-square-foot building which would include commercial space on the ground floor, and 24 residential units on the upper three floors. The second floor would be devoted to parking.

Home Resales

Metro Denver

- Several Metro Denver cities ranked on the newly released Wallethub report, "Best and Worst Cities for First-Time Home Buyers". Centennial ranked No. 3 on the list, with 114th in affordability, 51st in the real estate market category, and seventh in quality of life. Other cities included in the top 30 were Thornton (No. 6), Arvada (No. 17), Longmont (No. 23), and Westminster (No. 28). These rankings relied heavily on the quality of life score to counterbalance what were low assessments on affordability.
- According to real estate website Zillow, Denver reported 99.6 percent of its homes fully rebounded from their pre-recession peaks, the highest of the 50 largest metros in the U.S. Nationally, condos and co-ops are struggling to make their way back to prior peaks, with just 38 percent having fully rebounded, compared with 52 percent of single-family homes. Denver's housing market was more stable when the recession hit, allowing the market to recover more quickly, and propelling housing prices in Denver to never before seen levels.



- Metro Denver existing home sales increased 11.1 percent between May and June to 5,937 homes sold. Home sales decreased over-the-year, falling 6.1 percent between June 2017 and 2018.
- Unsold homes on the market were 15.5 percent higher in May than June, and were 5.3 percent higher than the previous year's inventory level, with 377 additional homes on the market over-the-year.
- The average sales price for single-family homes rose 6.8 percent over-the-year to $523,435, while the average sales price of condominiums ($308,877) increased 3.8 percent during the same period.

Previously-Owned Home Sales Activity

	Month of Jun-18	Month of May-18	Month of Jun-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Ann Total 2013	Ann Total 2008
Home Sales (Closed)	5,937	5,346	6,325	26,855	28,563	-5.9%	53,631	47,837
Unsold Homes on Market	7,436	6,437	7,059	7,436	7,059	5.3%	8,575	24,365
Average Sales Price-Single Family	$523,435	$527,557	$490,077	$510,744	$463,825	11.2%	$335,871	$270,261
Average Sales Price-Condo	$308,877	$304,780	$297,451	$298,934	$271,731	11.8%	$198,441	$171,350
Median Sales Price-Single Family	$439,900	$436,700	$410,100				$278,900	$219,900
Median Sales Price-Condo	$272,500	$273,500	$256,000				$160,000	$138,000

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

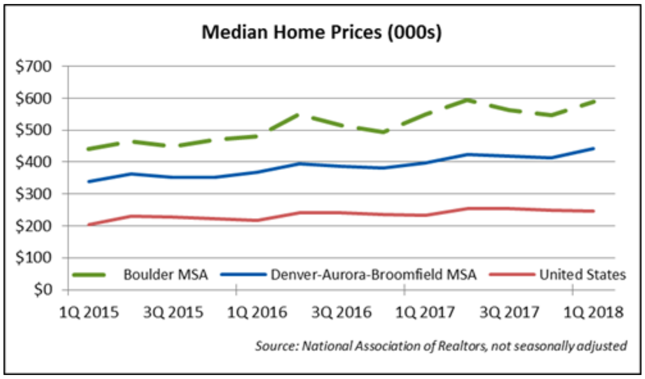
- The average sales price of a single-family home was $33,358 higher in June 2018 compared with one-year earlier, while the average price of a condominium increased $11,426.

National

- Total existing-home sales decreased 0.6 percent to a seasonally adjusted annual rate of 5.38 million in June from a downwardly revised 5.41 million in May, according to the National Association of Realtors (NAR). With last month's decline, sales are now 2.2 percent below a year ago. The root cause is the severe housing shortage, as what is for sale in most areas is going under contract very fast. This dynamic is keeping home price growth elevated, pricing out would-be buyers and ultimately slowing sales.
- Total housing inventory at the end of June increased 4.3 percent to 1.95 million existing homes available for sale, and is 0.5 percent above a year ago (1.94 million) – the first year-over-year increase since June 2015. Unsold inventory is at a 4.3-month supply at the current sales pace (4.2 months a year ago).
- Properties typically stayed on the market for 26 days in June, unchanged from the last three months and down from 28 days a year ago. Fifty-eight percent of homes sold in June were on the market for less than a month.

Home Prices

- NAR data shows that the median existing-home price for all housing types in June was $276,900, an all-time high and up 5.2 percent from June 2017 ($263,300). June's price increase marks the 76th straight month of year-over-year gains. The median price in the Northeast was $305,900, up 3.3 percent from June 2017. In the Midwest, the median price was $218,800, up 3.5 percent from a year ago. The median price in the South was $237,500, up 2.7 percent from a year ago. The West recorded an increase of 10.2 percent to a median price of $417,400.

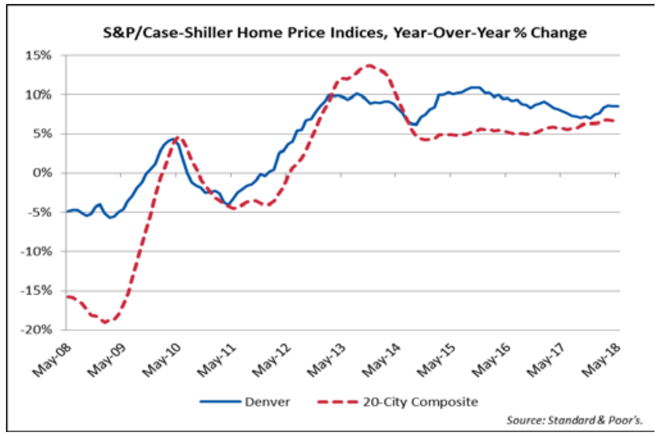


- A separate NAR report revealed that the median price in the Boulder MSA ($588,500) during the first quarter of 2018 was 7.7 percent higher over-the-quarter and was 7.3 percent higher over-the-year. The Denver-Aurora MSA ($441,500) was 6.5 percent higher than the fourth quarter and was 11.5 percent above the year-ago level.
- The national median sales price during the first quarter of 2018 declined 0.9 percent over-the-quarter to $245,500 yet was 5.7 percent higher than the previous year's level.
- Of the 178 MSAs included in the first quarter 2018 report, the Boulder MSA reported the sixth-highest median price, while the Denver-Aurora MSA median price was the 12th highest.

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

	Quarter 1 2018 (p)	Quarter 4 2017 (r)	Quarter 1 2017	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Median 2013	Median 2008
Boulder MSA	$588.5	$546.4	$548.4	$588.5	$548.4	7.3%	$371.8	$359.6
Denver-Aurora MSA	$441.5	$414.4	$396.1	$441.5	$396.1	11.5%	$280.6	$219.3
United States	$245.5	$247.8	$232.2	$245.5	$232.2	5.7%	$197.4	$196.6

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



- Home prices continue to rise two to three times faster than the rate of inflation, according to the latest S&P Case-Shiller report. The year-over-year increases have topped 5 percent every month since August 2016. Inventory is still falling, but not at the double-digit annual rates it was just a few months ago. Rent growth, on the other hand, has largely stabilized at a relatively sustainable annual rate which may take some of the urgency out of the market from those tenants desperate to escape rapid rising rents.
- According to the S&P/Case-Shiller home price index, Denver housing prices continued to appreciate in May for the 29th-straight month. The Denver index increased 0.8 percent over-the-month to 215.15 in May and rose 8.5 percent between May 2017 and May 2018. The May 2018 level was the highest level recorded in Denver in the history of the 27-year data series. This means local home resale prices averaged 115.2 percent higher than they were in the benchmark month of January 2000.
- Seattle (+13.6 percent), Las Vegas (+12.6 percent), and San Francisco (+10.9 percent) recorded the largest increases over-the-year. Denver (+8.5 percent) ranked fourth.
- Washington, D.C. (+3.1 percent), Chicago (+3.3 percent), and New York (+4.2 percent) recorded the smallest increases over-the-year.
- The national home price index increased over-the-month by 1.1 percent and rose 6.4 percent over-the-year.

Foreclosures

- Foreclosures in Metro Denver fell 17 percent in June over the previous month, representing 35 fewer homes foreclosed. Additionally, foreclosures were 33.7 percent lower between June 2017 and 2018. Boulder County reported the largest decrease in foreclosures over-the-year, falling 73.7 percent. Jefferson County reported a decrease of 58.5 percent, followed by the City and County of Broomfield (-50 percent). Arapahoe County reported the only increase over-the-year, rising by 10.2 percent or an additional five homes foreclosed.

Real Estate Foreclosures

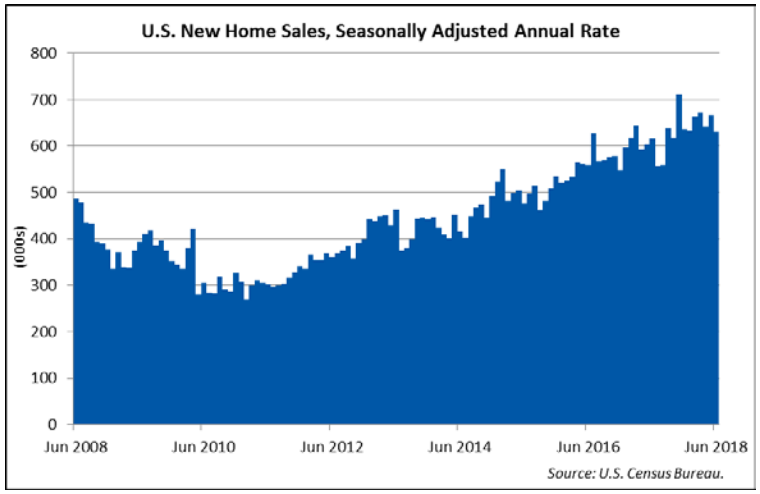
	Month of Jun-18	Month of May-18	Month of Jun-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual Total 2013	Annual Total 2008
Total Metro Denver*	171	206	258	1,355	1,503	-9.8%	7,520	24,727
Adams County	33	37	47	290	336	-13.7%	1,636	5,629
Arapahoe County	54	44	49	332	340	-2.4%	1,700	5,860
Boulder County	5	14	19	68	79	-13.9%	387	984
Broomfield County	3	4	6	22	22	0.0%	109	260
Denver County	40	37	63	266	316	-15.8%	1,616	6,145
Douglas County	14	21	21	130	146	-11.0%	769	2,180
Jefferson County	22	49	53	247	264	-6.4%	1,303	3,669

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

- Between May and June, Arapahoe County and the City and County of Denver reported the only increases in foreclosures, rising 22.7 percent and 8.1 percent, respectively. Of the five Metro Denver counties that reported decreases in foreclosure activity over-the-month, Boulder County (-64.3 percent) and Jefferson County (55.1 percent) reported the largest decreases.

New Home Sales

- The Census Bureau report on new home sales stated that national home sales decreased in June to 631,000 annual sales from the revised May level of 666,000 annual sales. The June home sales level was 5.3 percent below May, but was 2.4 percent above the previous year's level.
- Three of the four regions reported increases in home sales between June 2017 and June 2018. The Northeast region reported the largest increase, rising 20.9 percent, followed by the South (+8.1 percent), and the Midwest (+7.6 percent). The West region reported the only decrease over-the-year, falling 15 percent.



- The Northeast reported the only increase between May and June, rising 36.8 percent. The Midwest reported the largest decrease, falling 13.4 percent to 71,000 homes sold. The South (361,000 homes) and the West (147,000 homes) regions also reported decreases, falling 7.7 percent and 5.2 percent, respectively.

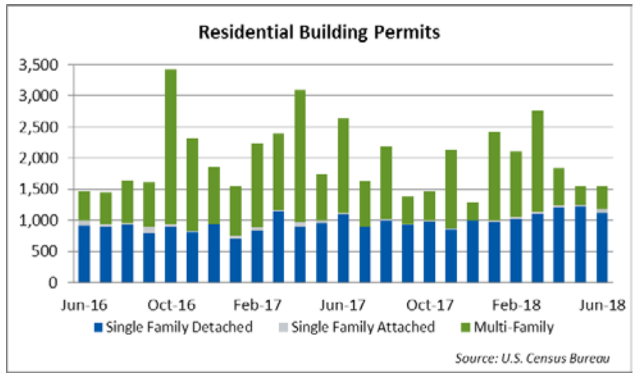
New Home Construction

National

- Builder confidence for newly-built single-family homes remained unchanged at a solid 68 in July on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). Builders are encouraged by growing housing demand, but they continue to be burdened by rising construction material costs. Builders need to manage these cost increases as they strive to provide competitively priced homes, especially as more first-time home buyers enter the housing market.
- According to the Census Bureau, the seasonally adjusted annual number of nationwide residential building permits decreased 0.7 percent in June (1.29 million permits) from May, and decreased 1.5 percent below June 2017.
- The decrease in permits from May to June was driven by decreases in multi-family units. Single-family attached units reported an increase of 5.9 percent over-the-month to 36,000 permits and single-family detached permits increased 1.2 percent to 853,000 units permitted. Multi-family permits fell 5 percent between May and June, decreasing to 403,000 permits. Between June 2017 and June 2018, multi-family (-12.8 percent) and single-family attached (-2.7 percent) permits decreased. Single-family detached units reported the only increase over-the-year, rising 4.9 percent.
- The South reported the only increase between May and June, rising by 7.2 percent to 670,000 permits. The Midwest (-17.2 percent), Northeast (-11.2 percent), and West (0.9 percent) all reported decreases over-the-month.
- Between June 2017 and June 2018, the Northeast and the South region reported increases, rising by 13.3 percent and 4.2 percent, respectively. The Midwest (-18.4 percent) fell to 173,000 permits and the West (-6.3 percent) fell to 330,000 permits.

Metro Denver

- Residential building permits for the Metro Denver area decreased 41.6 percent in June compared with the prior year.
- The over-the-year decrease in total units permitted was attributed to a 76 percent decrease in multi-family permits. Single-family attached permits rose 91.2 percent over-the-year, rising by 31 permits. Single-family detached permits increased 2.5 percent during the same period.
- Metro Denver recorded a slight increase in permits over-the-month, rising 0.3 percent. Single-family attached permits rose by 150 percent between May and June 2018 to 65 permits. Multi-family permits rose by 25.8 percent, rising to 366 permits. Single-family detached units reported the only decrease, falling 9 percent to 1,112 permits.



Residential Building Permits

	Month of Jun-18	Month of May-18	Month of Jun-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Total 2013	Total 2008
Single-Family Detached Units	1,112	1,222	1,085	6,647	5,619	18.3%	7,396	4,037
Single-Family Attached Units	65	26	34	178	279	-36.2%	399	224
Multi-Family Units	366	291	1,525	5,382	7,747	-30.5%	9,145	5,296
Total Units	1,543	1,539	2,644	12,207	13,645	-10.5%	16,940	9,557

Source: U.S. Census Bureau.

Apartment Rental Market

- Residential builders in the Denver area are set to complete more than 15,000 new apartments this year, an increase of 150 percent compared with 2017 numbers and puts Metro Denver among the top three metros in the country for new apartment construction, according to an analysis by RentCafe. If they deliver, one out of every 23 new apartments added in the country this year will be in Metro Denver. Of the new apartments, the city of Denver will receive almost 9,300, Westminster, 1,400, and Lakewood, 725. Despite all the new construction, supply continues to lag behind rental demand in Metro Denver and prices continue to climb.
- The Apartment Association of Metro Denver reported that the second quarter 2018 average rent was just over $1,484, an increase of $64 between the first and second quarters of this year. The demand for units is still outpacing Denver’s record levels of construction. In the last three months, 3,435 apartments have been constructed, while in the same three months last year, 2,151 units were built.
- 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

- New plans for the historic Rock Drill campus in Northeast Denver have been submitted, including hotel rooms, retail and entertainment space, and office space. Developers are seeking approval for more than 700,000 square feet of commercial space and plan to create a metro district in order to fund infrastructure. Rezoning approval is not needed; however, developers do need Denver City Council to approve the new metro district.
- Denver Health and Hospital Authority will begin construction on its long-planned outpatient facility and its largest parking garage. The outpatient facility will be 300,000 square feet and will receive funding from the $937 million bond package approved by voters last fall. The garage will provide more than 1,200 parking spaces, and include a 2,578-square-foot commercial space on the ground floor and solar panels installed on the roof.
- Hines, a Houston-based developer, is at the beginning stages of plans to build a new 40-story skyscraper in downtown Denver at 3500 Blake Street. The RiNo building would replace a 15,000-square-foot structure on the 1.15-acre lot. Hines is currently under contract with the owner, with plans to close in October.
- Modern West, a new 16-acre business park, is being developed near Longmont's Vance Brand Municipal Airport. The development is expected to include manufacturing facilities, warehouse space, and offices. The goal of Modern West is to provide high quality buildings flexible enough to be used by a variety of tenant sizes across a variety of industries that incorporate high bay ceilings and loading docks.
- Commerce City approved plans and financing for a mixed-use retail and residential development at the old Mile High Greyhound Park during a recent city council meeting. The residential portion will also include neighborhood parks and community space. Upon completion, the mixed-use development could potentially support 1,454 permanent employees and generate $65.4 million in annual income.
- Elevation Development Group broke ground on a new project at 3rd Avenue and Josephine Street in Cherry Creek. The 260 North development will include 11,000 square feet of ground floor retail, five levels of Class AA office space, and three levels of below-grade parking. It is expected to be completed in the third quarter of 2019. Wichita-based Lario Oil Co. leased the 11,600-square-foot fourth floor, and will move its Denver division office there from 1675 Larimer St.
- Formativ, a locally-based developer, has begun construction on a large mixed-use project in RiNo called Lot Twenty Eight. The entire development, including outdoor space, will include 16,000 square feet of creative meeting space, 23,800 square feet of event space, 7,200 square feet for food and drink concepts, 10,900 square feet for retail, and 42 parking spaces. Tenants have already been found for the creative office space, restaurant, and retail concepts.
- Denver-based Columbia Group plans to renovate a church at 4890 Zuni Street and build an additional 4,500-square-foot structure on the lot, turning it into an embedded neighborhood center that will offer commercial space in a residential area. The project, Zuni Plaza, will include restaurant space and an art studio.
- New York-based WeWork leased five floors at 1700 Lincoln in downtown Denver. The company, which provides co-working spaces for startups, freelancers, and businesses of varying sizes, currently has three locations in Denver, Union Station, LoHi, and as of August 1st, the Tabor Center. The new location plans to open early in the first quarter of 2019 with 1,900 desks on five floors. Amenities will include printing nooks, common areas, stocked kitchens, onsite staff, phone booths, and conference rooms.

Office Market

- According to the national CoStar second quarter market report, the U.S. office market ended the second quarter 2018 with a vacancy rate of 9.2 percent. The vacancy rate was unchanged from the previous quarter, with net absorption totaling positive 19 million square feet in the second quarter. The average asking rental rate for available space, all classes, was $25.19 per square foot per year at the end of the second quarter, representing a 0.7 percent increase from the previous quarter.
- Newmark Knight Frank released its second quarter 2018 analysis, finding that Denver's office market continued its ninth straight year of expansion, as net absorption in the second quarter of 2018 surpassed 1 million square feet. Vacancy is likely to continue to fall over the next several quarters, as tenants, many of them new to the Denver market, occupy space leased in both new and existing buildings.

The Metro Denver office market reported increases in the vacancy rate and the average lease rate over-the-year through the second quarter of 2018. According to CoStar Realty data, the direct vacancy rate rose 0.3 percentage points over-the-year to 10.1 percent vacancy. The average lease rate rose 2 percent between the second quarters of 2017 and 2018, gaining $0.53 per square foot during the period.

Office construction in Metro Denver was robust during the second quarter of 2018. There was 2.88 million square feet of space completed across 21 buildings by the end of the second quarter 2018. Two of the largest office buildings completed during the quarter 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 3.72 million square feet of space under construction at the end of the second quarter of 2018, a 20.7 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 595,000 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.

Office Market Statistics

	Quarter 2 2018	Quarter 1 2018	Quarter 2 2017	Quarter 2 2016	Quarter 2 2015	Quarter 2 2014
Number of Buildings	6,292	6,280	6,257	6,214	6,172	6,150
Existing Square Feet (millions)	189.1	187.8	185.5	182.2	179.7	178.5
Vacant Square Feet (direct, millions)	19.1	18.7	18.1	16.4	17.0	18.9
Vacancy Rate (direct)	10.1%	10.0%	9.8%	9.0%	9.5%	10.6%
Vacancy Rate (with sublet)	10.9%	10.8%	10.7%	9.6%	10.0%	11.0%
Avg. Lease Rate (direct, per sq. foot, full service)	$26.61	$26.51	$26.08	$25.37	$24.06	$22.69
New Construction Completed (year-to-date)	2.88 MSF, 21 Bldgs	0.87 MSF, 8 Bldgs	1.96 MSF, 21 Bldgs	0.46 MSF, 10 Bldgs	0.30 MSF, 7 Bldgs	0.31 MSF, 12 Bldgs
Currently Under Construction	3.72 MSF, 37 Bldgs	4.05 MSF, 41 Bldgs	4.69 MSF, 41 Bldgs	3.95 MSF, 34 Bldgs	2.93 MSF, 26 Bldgs	1.73 MSF, 21 Bldgs

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

Industrial & Flex Market

- CoStar Group released its National Industrial Market analysis for the second quarter of 2018 and reported that the U.S. Industrial market ended the second quarter 2018 with a vacancy rate of 4.7 percent. The vacancy rate was down over the previous quarter, with net absorption totaling positive 76 million square feet. Rental rates ended the second quarter at $6.67 per square foot, an increase of 1.8 percent from the previous quarter.
- According to the second quarter 2018 report from Newmark Knight Frank, Denver's industrial market continues to outpace the previous year's growth, as year-to-date net absorption in the second quarter of 2018 reached 1.8 million square feet. New deliveries in the coming quarters will mean that vacancy will also continue to inch upward, as not all of the large buildings scheduled to deliver are entirely pre-leased.

CoStar data revealed that the industrial market vacancy rate and the average lease rate increased through the second quarter of 2018. The second quarter direct vacancy rate was 0.4 percentage points higher than the second quarter of 2017. The average lease rate rose 3.4 percent between the second quarters of 2017 and 2018, adding $0.26 per square foot to the average lease rate.

There was 1.34 million square feet of industrial space completed across 11 buildings at the end of the second quarter of 2018 as industrial construction continued at a healthy pace. Major completed projects included a 701,900-square-foot distribution center in Aurora and the 168,029-square-foot DCT Summit Distribution Center in Adams County. Adams County welcomed 73.8 percent of the completed industrial space through the second quarter of 2018, or 991,027 square feet. There were 37 buildings with over 6.33 million square feet of space under construction during the period, including 2.4 million square feet for Amazon in Thornton.

Industrial Market Statistics

	Quarter 2 2018	Quarter 1 2018	Quarter 2 2017	Quarter 2 2016	Quarter 2 2015	Quarter 2 2014
Number of Buildings	7,048	7,042	7,015	6,973	6,955	6,940
Existing Square Feet (millions)	218.3	217.2	213.6	209.2	206.5	204.6
Vacant Square Feet (direct, millions)	9.8	9.0	8.7	7.1	5.7	7.6
Vacancy Rate (direct)	4.5%	4.1%	4.1%	3.4%	2.8%	3.7%
Vacancy Rate (with sublet)	4.7%	4.3%	4.5%	3.6%	3.0%	3.9%
Avg. Lease Rate (direct, per square foot, NNN)	$7.86	$7.73	$7.60	$7.51	$6.61	$5.63
New Construction Completed (year-to-date)	1.34 MSF, 11 Bldgs	0.32 MSF, 6 Bldgs	1.93 MSF, 22 Bldgs	2.07 MSF, 11 Bldgs	0.89 MSF, 3 Bldgs	1.18 MSF, 13 Bldgs
Currently Under Construction	6.33 MSF, 37 Bldgs	6.33 MSF, 32 Bldgs	3.26 MSF, 24 Bldgs	3.46 MSF, 23 Bldgs	0.86 MSF, 3 Bldgs	1.31 MSF, 9 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 second quarter of the year. According to CoStar, the direct vacancy rate for flex space fell 0.5 percentage points to 7 percent between the second quarters of 2017 and 2018. The average lease rate rose 4.7 percent over-the-year to $12.16 per square foot. There was 350,558 square feet of new space completed at the end of the second quarter of 2018, including 133,122 square feet of flex space in the Interpark industrial development in Broomfield. Nine buildings offering 323,829 square feet of new flex space are under construction, of which 74.4 percent of the new flex space under construction is located in Adams County.

Flex Space Statistics

	Quarter 2 2018	Quarter 1 2018	Quarter 2 2017	Quarter 2 2016	Quarter 2 2015	Quarter 2 2014
Number of Buildings	1,504	1,499	1,492	1,480	1,471	1,463
Existing Square Feet (millions)	45.9	45.6	45.4	44.7	44.2	43.6
Vacant Square Feet (direct, millions)	3.2	2.7	3.4	3.1	3.2	3.5
Vacancy Rate (direct)	7.0%	6.0%	7.5%	6.9%	7.3%	8.1%
Vacancy Rate (with sublet)	7.4%	6.6%	7.6%	6.9%	8.4%	9.4%
Avg. Lease Rate (direct, per square foot, NNN)	$12.16	$12.04	$11.61	$10.76	$10.27	$9.72
New Construction Completed (year-to-date)	0.35 MSF, 7 Bldgs	0.06 MSF, 2 Bldgs	0.46 MSF, 9 Bldgs	0.1 MSF, 3 Bldgs	0.32 MSF, 3 Bldgs	0.36 MSF, 5 Bldgs
Currently Under Construction	0.32 MSF, 9 Bldgs	0.43 MSF, 11 Bldgs	0.14 MSF, 4 Bldgs	0.31 MSF, 7 Bldgs	0.07 MSF, 1 Bldg	0.42 MSF, 6 Bldgs

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

Retail Market

- According to the national CoStar second quarter market report, the U.S. retail market did not experience much change in market conditions in the second quarter of 2018. The vacancy rate increased 0.1 percentage point, ending the quarter at 4.5 percent. Average quoted asking rental rates ended the second quarter at $16.71 per square foot per year. This represented a 1.8 percent increase in rental rates in the current quarter, and a 4.7 percent increase from four quarters ago.
- Newmark Knight Frank released its second quarter 2018 Denver Retail Market Overview, finding that after eight straight years of positive absorption, the Denver retail market contracted in the first quarter due to closures of several mid- to large-format retailers. Activity rebounded this quarter with absorption of 271,288 square feet, bringing year-to-date absorption to negative 57,000 square feet. The Denver retail market has maintained solid fundamentals, but the market remains bifurcated. Because of the limited new supply, there is high demand for second-generation space in well-located Class A retail centers, which are full and thriving.

The Metro Denver retail market reported a slight increase in vacancy rate and an increase in the average lease rate over-the-year through the second quarter of 2018, according to CoStar Realty data. The direct vacancy rate rose to 4.5 percent, while the average lease rate for retail space rose 4.5 percent over-the-year, adding $0.79 per square foot during this same period.

There were 66 buildings under construction during the second quarter of 2018, totaling 1.59 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 235,000-square-foot 9th & Colorado Retail project located on the former campus of the University of Colorado Health Sciences Center. Metro Denver reported 527,544 square feet of retail space completed at the end of the second quarter. Thirty-eight percent of the retail space completed was in Jefferson County, with the largest space completed being the King Soopers in the Candelas neighborhood of Arvada. About 20 percent of all recently completed retail space was in Douglas County, followed by the City and County of Denver (18 percent).

Retail Market Statistics

	Quarter 2 2018	Quarter 1 2018	Quarter 2 2017	Quarter 2 2016	Quarter 2 2015	Quarter 2 2014
Number of Buildings	12,304	12,287	12,191	12,090	11,986	11,908
Existing Square Feet (millions)	168.5	168.3	167.2	165.6	164.1	163.0
Vacant Square Feet (direct, millions)	7.5	7.4	7.3	7.5	8.1	8.8
Vacancy Rate (direct)	4.5%	4.4%	4.3%	4.5%	4.9%	5.4%
Vacancy Rate (with sublet)	4.7%	4.6%	4.8%	4.7%	5.1%	5.5%
Avg. Lease Rate (direct, per square foot, NNN)	$18.19	$18.01	$17.40	$16.48	$15.85	$15.52
New Construction Completed (year-to-date)	0.53 MSF, 48 Bldgs	0.21 MSF, 24 Bldgs	0.86 MSF, 45 Bldgs	0.64 MSF, 44 Bldgs	0.34 MSF, 20 Bldgs	0.32 MSF, 32 Bldgs
Currently Under Construction	1.59 MSF, 66 Bldgs	1.14 MSF, 54 Bldgs	1.43 MSF, 73 Bldgs	1.04 MSF, 45 Bldgs	0.78 MSF, 32 Bldgs	0.58 MSF, 23 Bldgs

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

MONTHLY ECONOMIC INDICATORS

	Monthly/Quarterly Direction		*Year-Over-Year Direction*		*Year-to-Date Direction*	
⇓⇑ Positive Changes	**12 of 18**		**10 of 18**		**11 of 18**	
Nonfarm Employment Growth	15,000	⇑	46,400	⇑	43,000	⇑
	Employment up 0.9% from May to June		Employment up 2.8% from June 2017 to 2018		YTD employment up 2.6% through June	
% Companies Hiring (Denver Area)	29%	⇓	29%	⇓	28%	⇑
	Companies expecting to add workers fell 2 percentage points from 2Q 2018 to 3Q 2018		Companies expecting to add workers fell 1 percentage point from 3Q 2017 to 3Q 2018		YTD average up 1 percentage point compared with 2017	
Unemployment Rate	2.9%	⇑	0.1 percentage point	⇑	2.8%	⇑
	Unemployment increased 0.6 points between May and June		Unemployment increased from June 2017 to 2018		Up 0.1 percentage point from 2017 YTD average	
Initial Unemployment Insurance Claims	-4.6%	⇓	-2.9%	⇓	-10.2%	⇓
	Claims decreased from May to June		Claims decreased from June 2017 to 2018		YTD average claims decreased through June 2018	
Total National Retail Sales	9.7%	⇑	6.8%	⇑	5.1%	⇑
	National sales increased from April to May		National sales increased from May 2017 to 2018		YTD sales rose through May 2018	
Mountain Region Consumer Confidence Index	138.6	⇑	6.1%	⇑	130.7	⇑
	Index up 20.4% from June to July		Index up from July 2017 to 2018		YTD average up 1.4% through July 2018	
Hotel Occupancy	88.3%	⇑	-0.7 percentage points	⇓	72.5%	⇓
	Increased 13.1 percentage points from May to June		Occupancy decreased from June 2017 to 2018		YTD occupancy decreased 1.6 percentage points from last year	
Denver International Airport Passengers	8.2%	⇑	4.6%	⇑	4.2%	⇑
	Passengers up from April to May		Passengers up from May 2017 to 2018		YTD passengers increased through May 2018	
Bloomberg Colorado Index	551.3	⇓	4.6%	⇑	10.8%	⇑
	Index down 0.2% from June to July		Index up from July 2017 to 2018		YTD return up through July 2018	
Dow Jones Industrial Average	25,415.2	⇑	16.1%	⇑	2.3%	⇑
	Index up 4.7% from June to July		Index up from July 2017 to 2018		YTD return up through July 2018	
Home Sales (closed)	5,937	⇑	-6.1%	⇓	26,855	⇓
	Sales up 11.1% between May and June		Sales down from June 2017 to 2018		YTD sales down 6% through June 2018	
Median Home Price (Denver-Aurora MSA)	$441,500	⇑	11.5%	⇑	$441,500	⇑
	Up 6.5% from 4Q 2017 to 1Q 2018		Price up from 1Q 2017 to 1Q 2018		YTD price 11.5% higher through 1Q 2018	
Foreclosures	171	⇓	-33.7%	⇓	1,355	⇓
	Down 17% from May to June		Down from June 2017 to 2018		Down 9.8% YTD through June 2018	
Residential Building Permits (Total)	1,543	⇑	-41.6%	⇓	12,207	⇓
	Permits increased 0.3% from May to June		Permits down June 2017 to 2018		YTD permits down 10.5% through June 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)	10.9%	⇑	+0.2 percentage points	⇑	+0.2 percentage points	⇑
	Vacancy rate increased from 1Q 2018 to 2Q 2018		Vacancy rate up from 10.7% one year ago		Vacancy rate up from 10.7% one year ago	
Industrial Vacancy Rate (with Sublet)	4.7%	⇑	+0.2 percentage points	⇑	+0.2 percentage points	⇑
	Vacancy rate increased from 1Q 2018 to 2Q 2018		2Q 2018 vacancy up from 4.5% one year ago		2Q 2018 vacancy up from 4.5% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.7%	⇑	-0.1 percentage points	⇓	-0.1 percentage points	⇓
	Vacancy rate increased from 1Q 2018 to 2Q 2018		2Q 2018 vacancy down from 4.8% one year ago		2Q 2018 vacancy down from 4.8% one year ago	

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