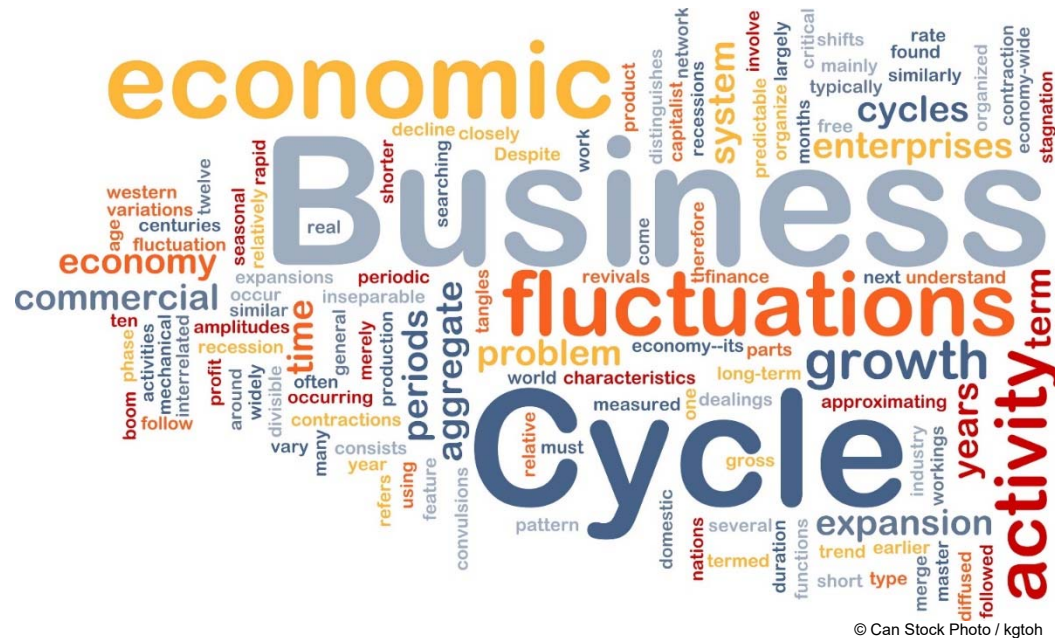


Cycles: 2018 Economic Forecast for Metro Denver

January 31, 2018



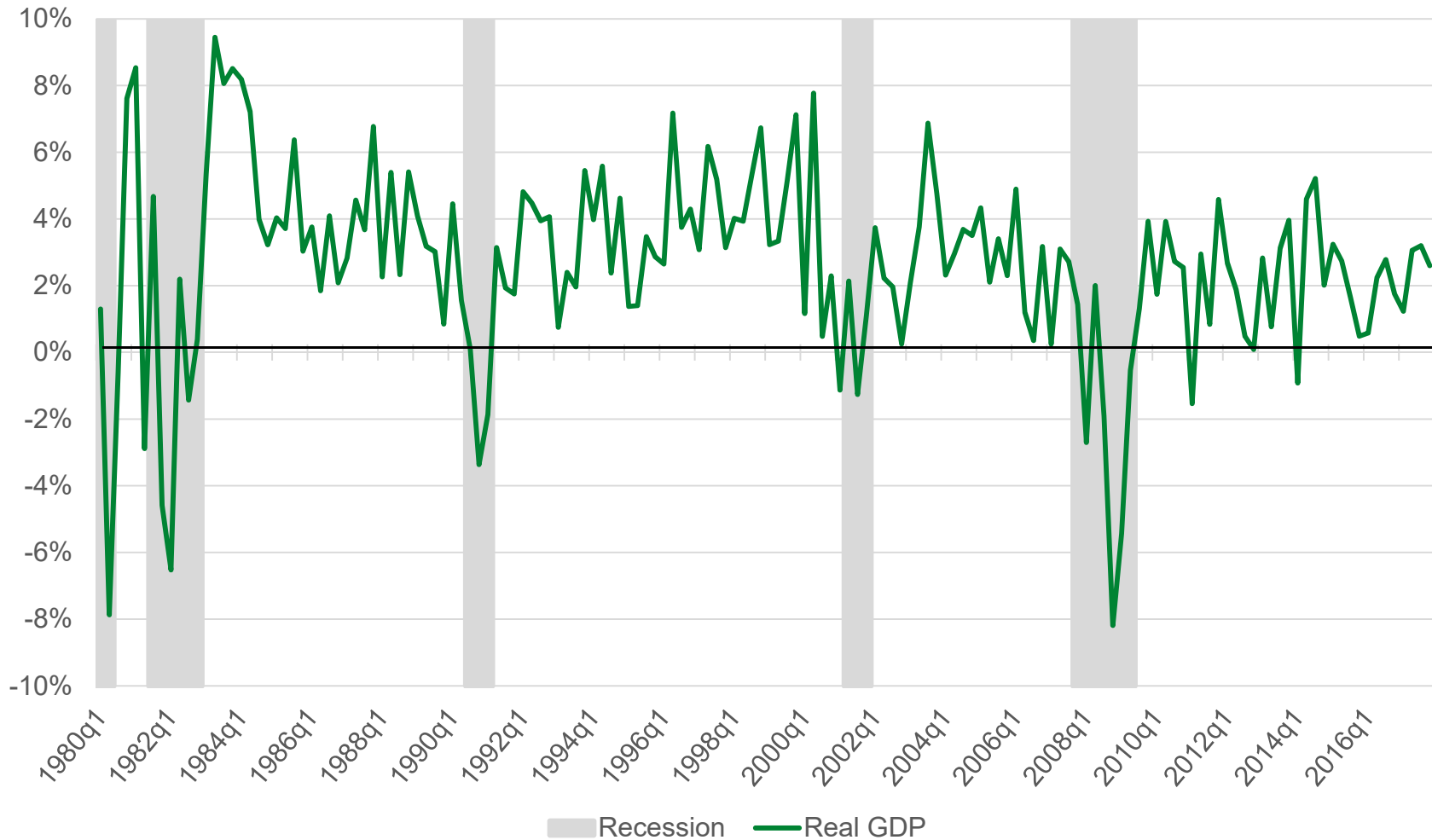
Prepared by:



In Partnership with:

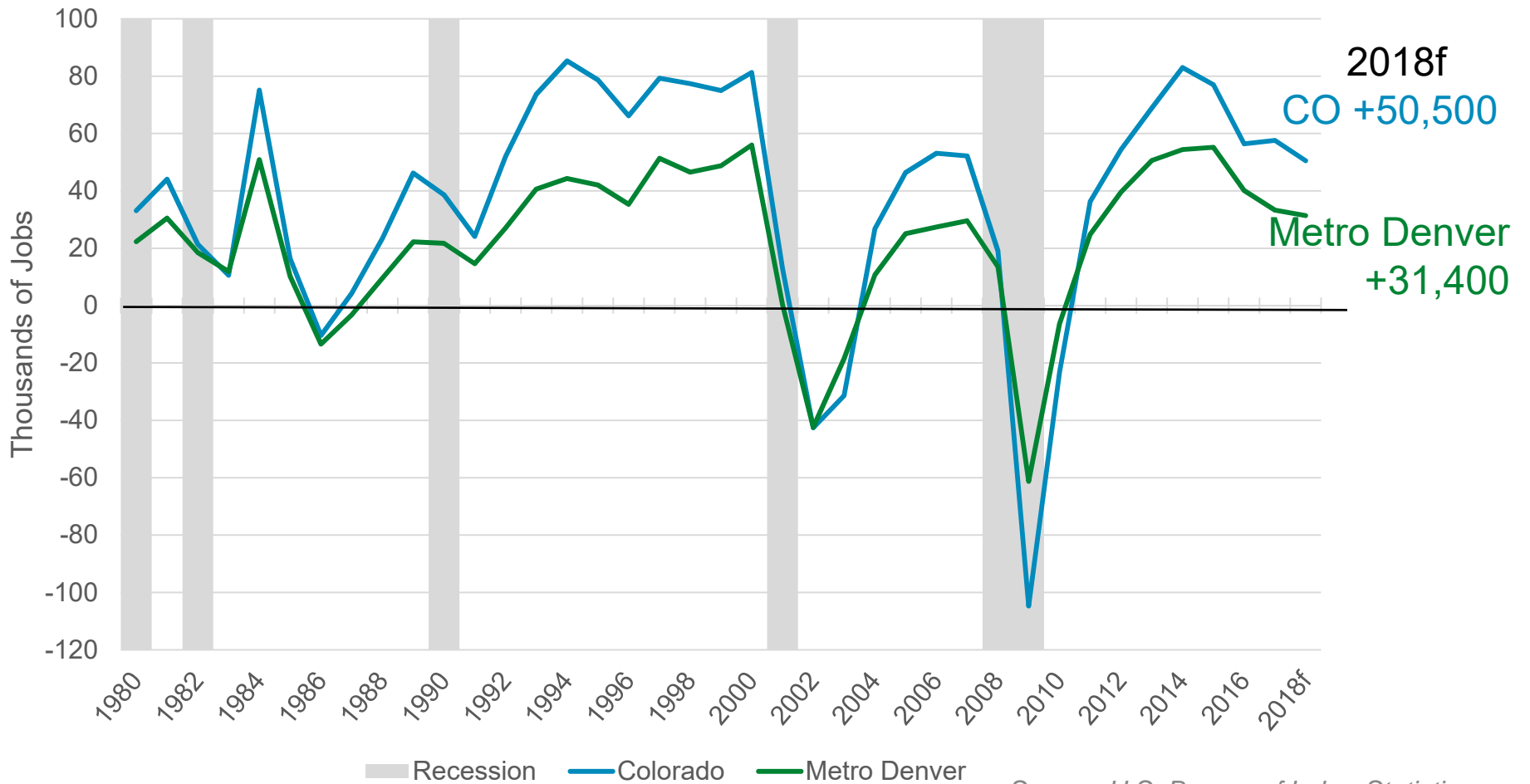


Real GDP Growth Rate and NBER Cycles



Sources: U.S. Bureau of Economic Analysis; National Bureau of Economic Research.

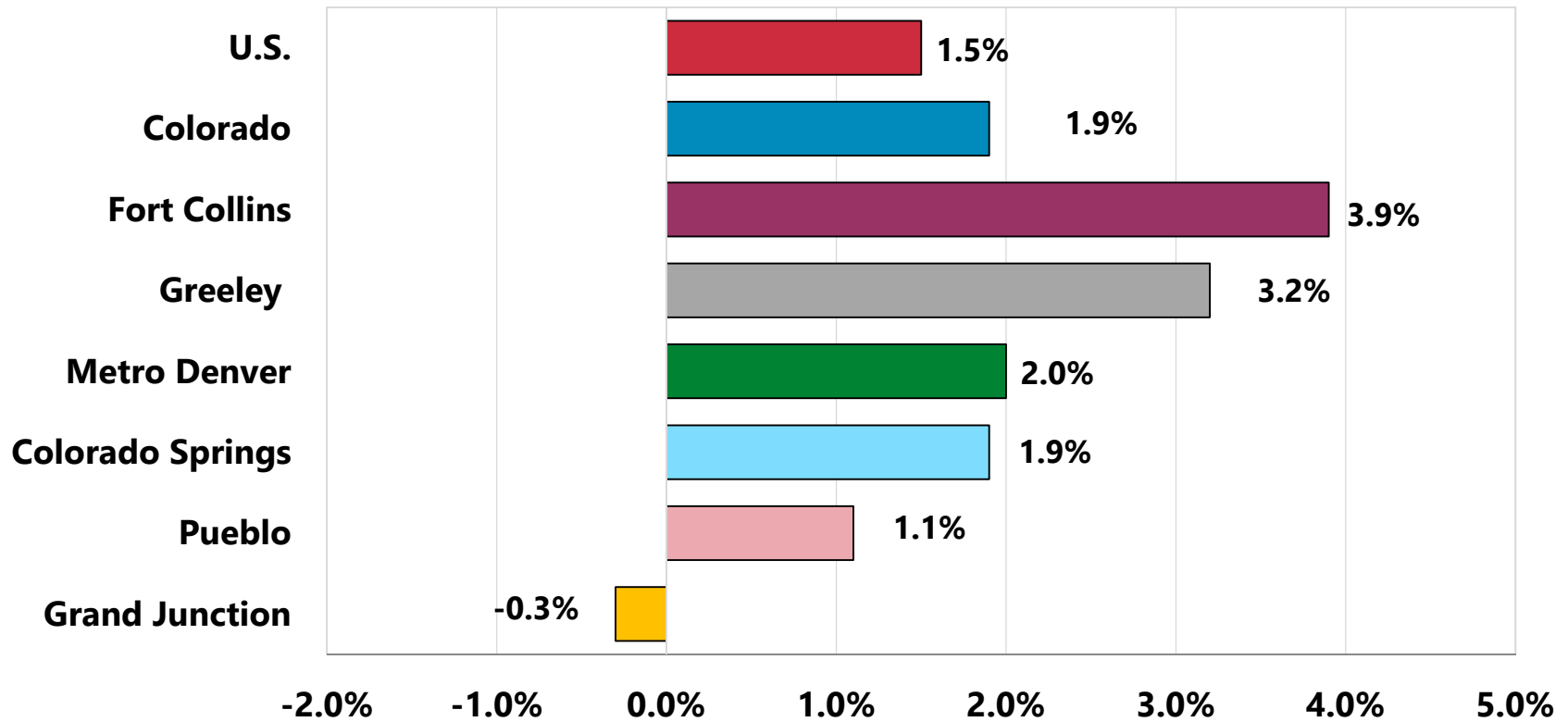
Employment Gains/Losses by Year



Source: U.S. Bureau of Labor Statistics.
2017e=DRP estimate; 2018f=DRP forecast

Employment growth varies across the state

Nonfarm Job Growth Rates by Metro Area, preliminary 2017



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics.

Metro Denver Employment Growth by Supersector

Largest: 298,700 workers

Professional & Business Services

Wholesale & Retail Trade

Government

Education & Health Services

Leisure & Hospitality

Financial Activities

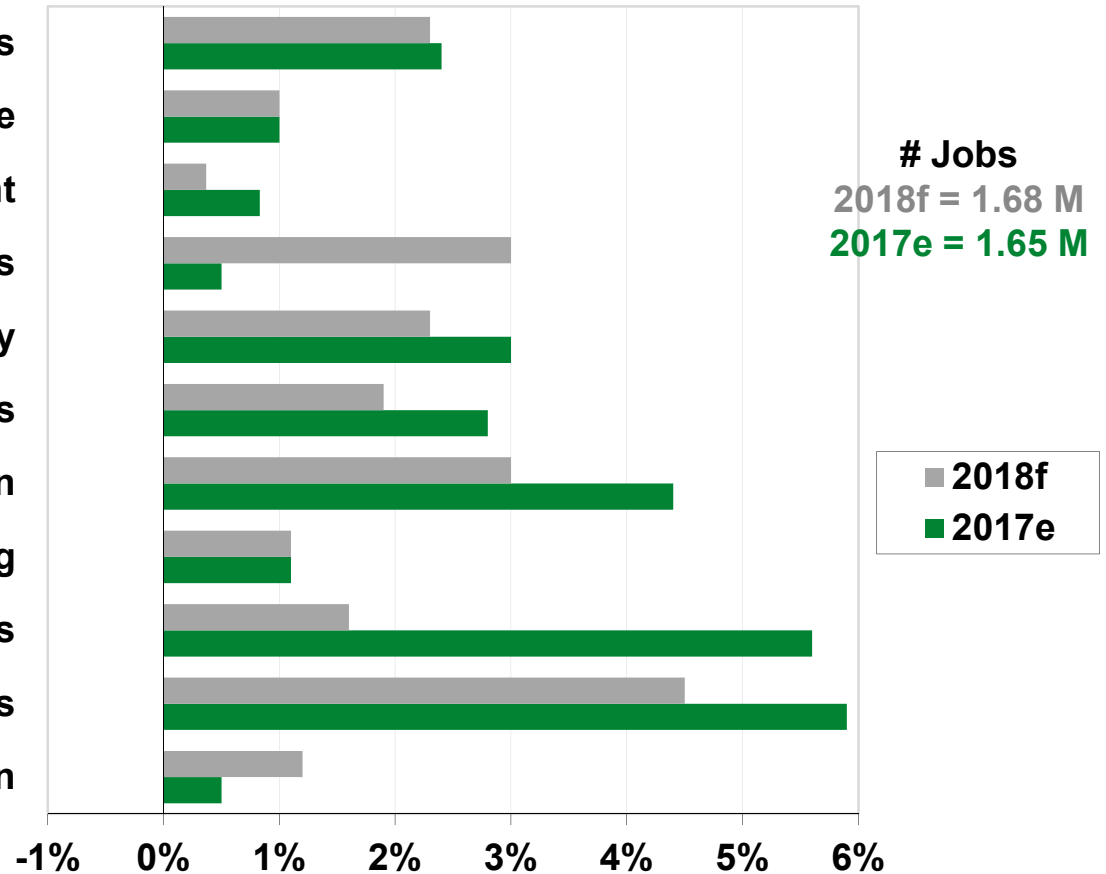
Natural Resources & Construction

Manufacturing

Other Services

Transp., Warehousing & Utilities

Information



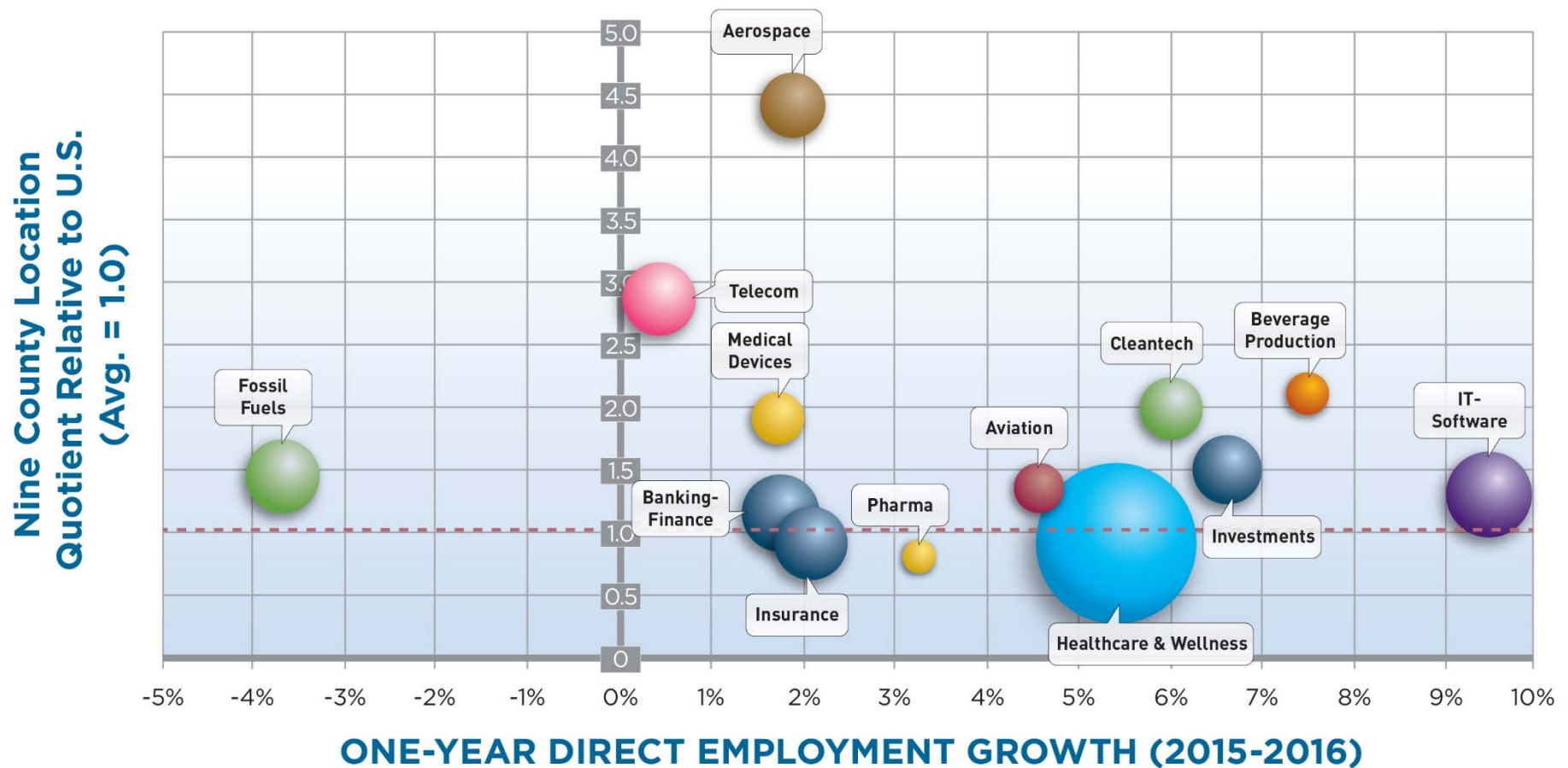
Smallest: 54,500 workers

Source: Colorado Department of Labor & Employment.
2017e=DRP estimate; 2018f=DRP forecast

Key Metro Denver and Northern Colorado Industry Clusters

- Aerospace
- Aviation
- Beverage Production
- Bioscience
 - Medical Devices & Diagnostics
 - Pharmaceuticals & Biotechnology
- Broadcasting & Telecommunications
- Energy
 - Fossil Energy
 - Cleantech
- Financial Services
 - Banking & Finance
 - Investments
 - Insurance
- Healthcare & Wellness
- IT/Software

Metro Denver and Northern Colorado Industry Clusters, 2015-2016



Full reports at www.metrodenver.org

Source: Development Research Partners.

Consumer Activity Cycles



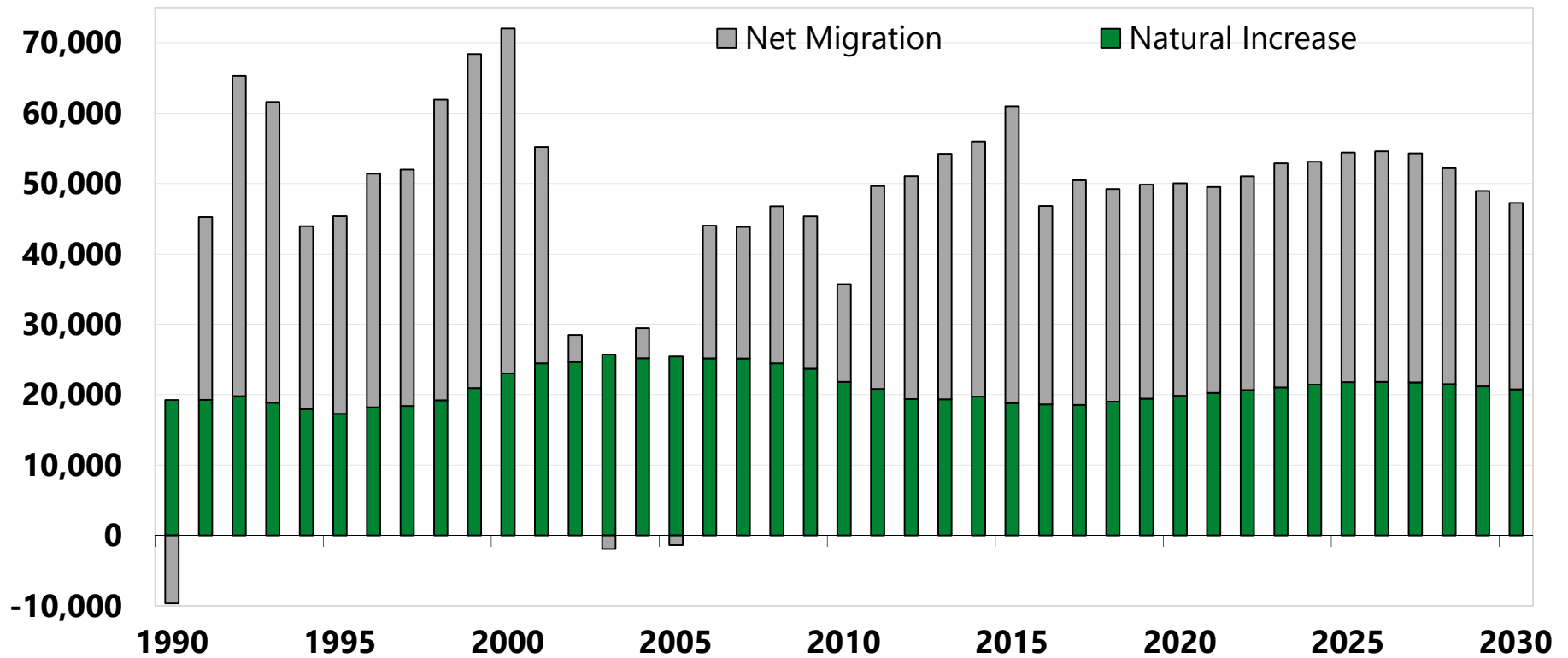
© Can Stock Photo / Kzenon



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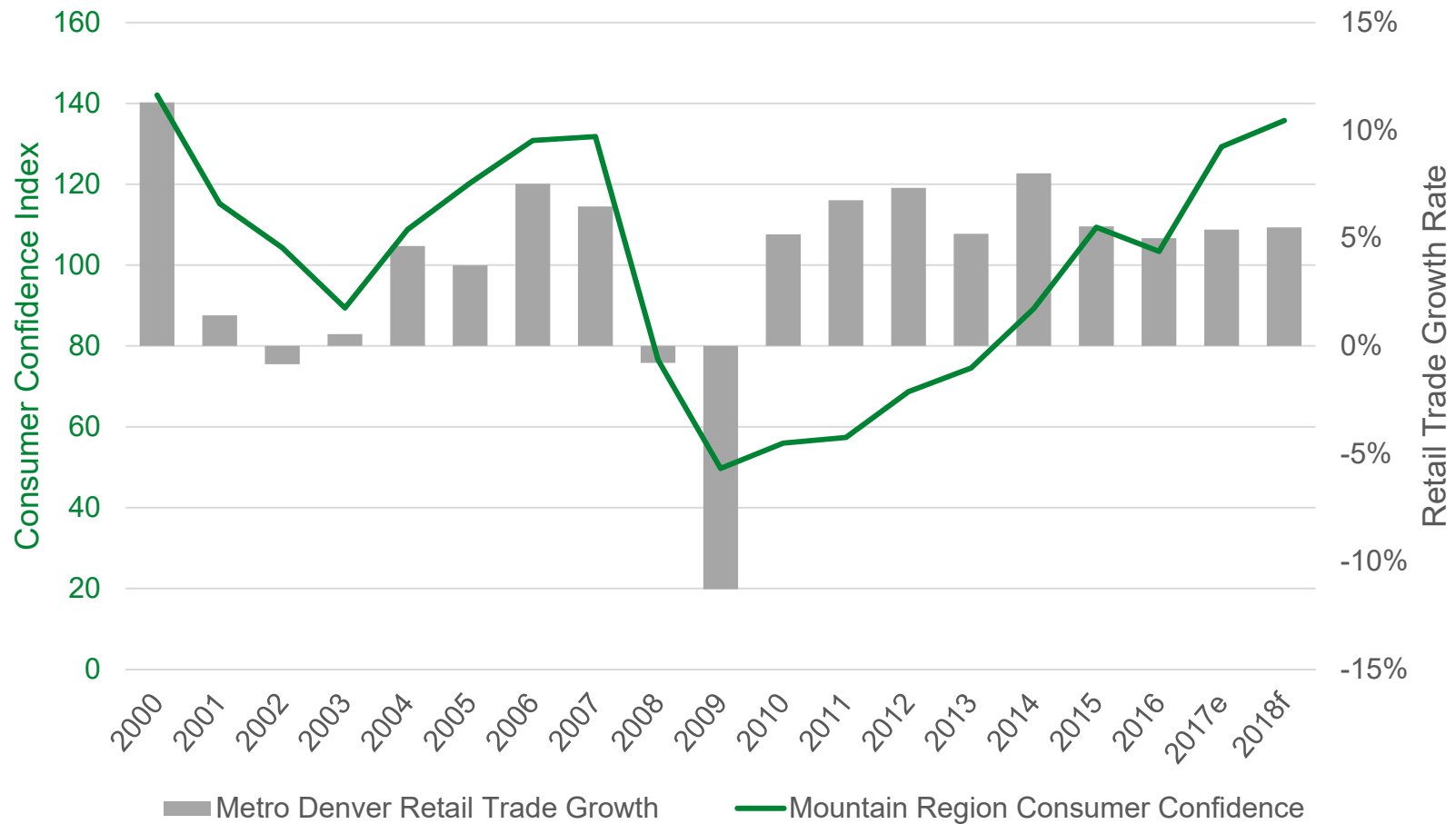
Metro Denver Annual Change in Population

2018 Population = 3.22 Million



Source: Colorado Division of Local Government, State Demography Office.

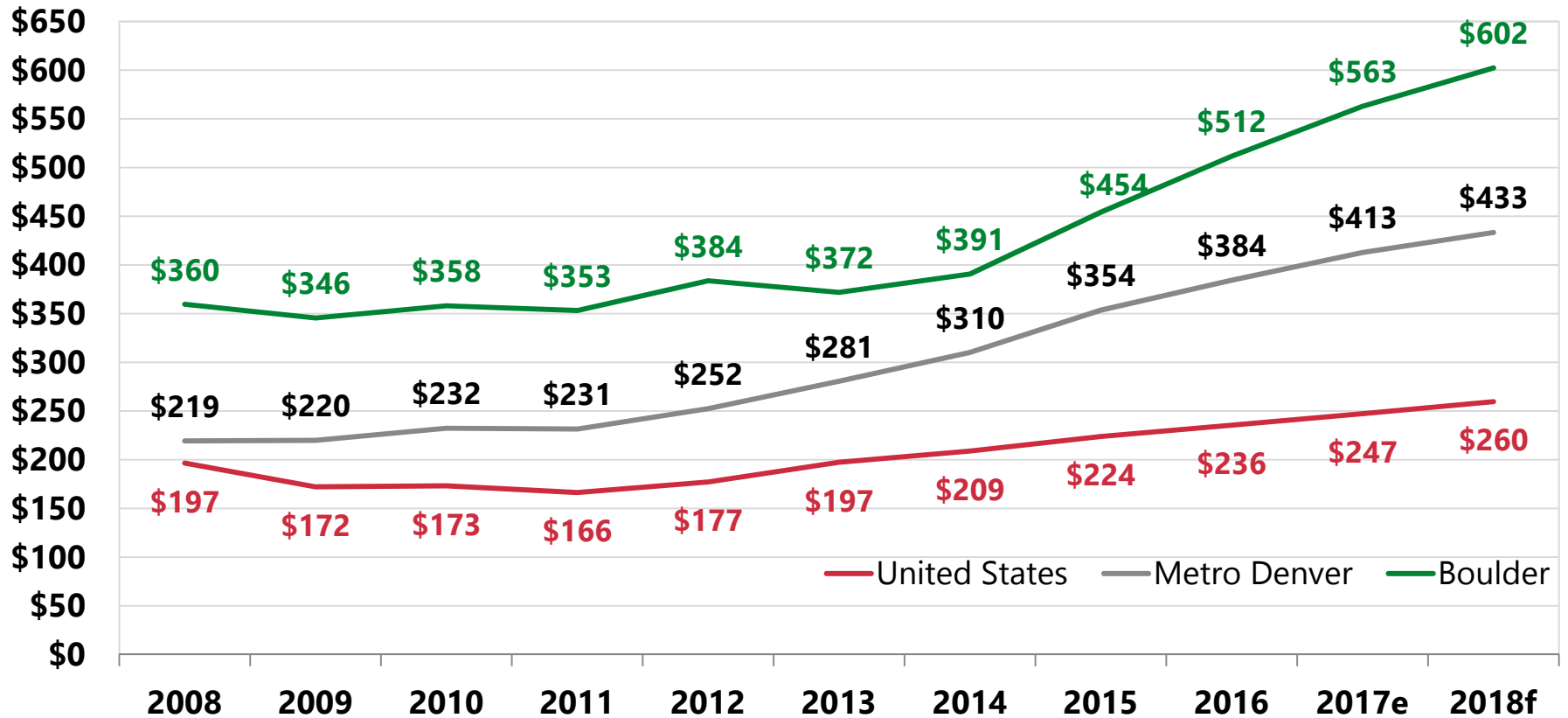
Consumers Are Confident & Spending



Sources: Colorado Department of Revenue; The Conference Board.
2017e=DRP estimate; 2018f=DRP forecast

Metro Denver ranked #14 and Boulder #7 for highest median home price in 3Q 2017

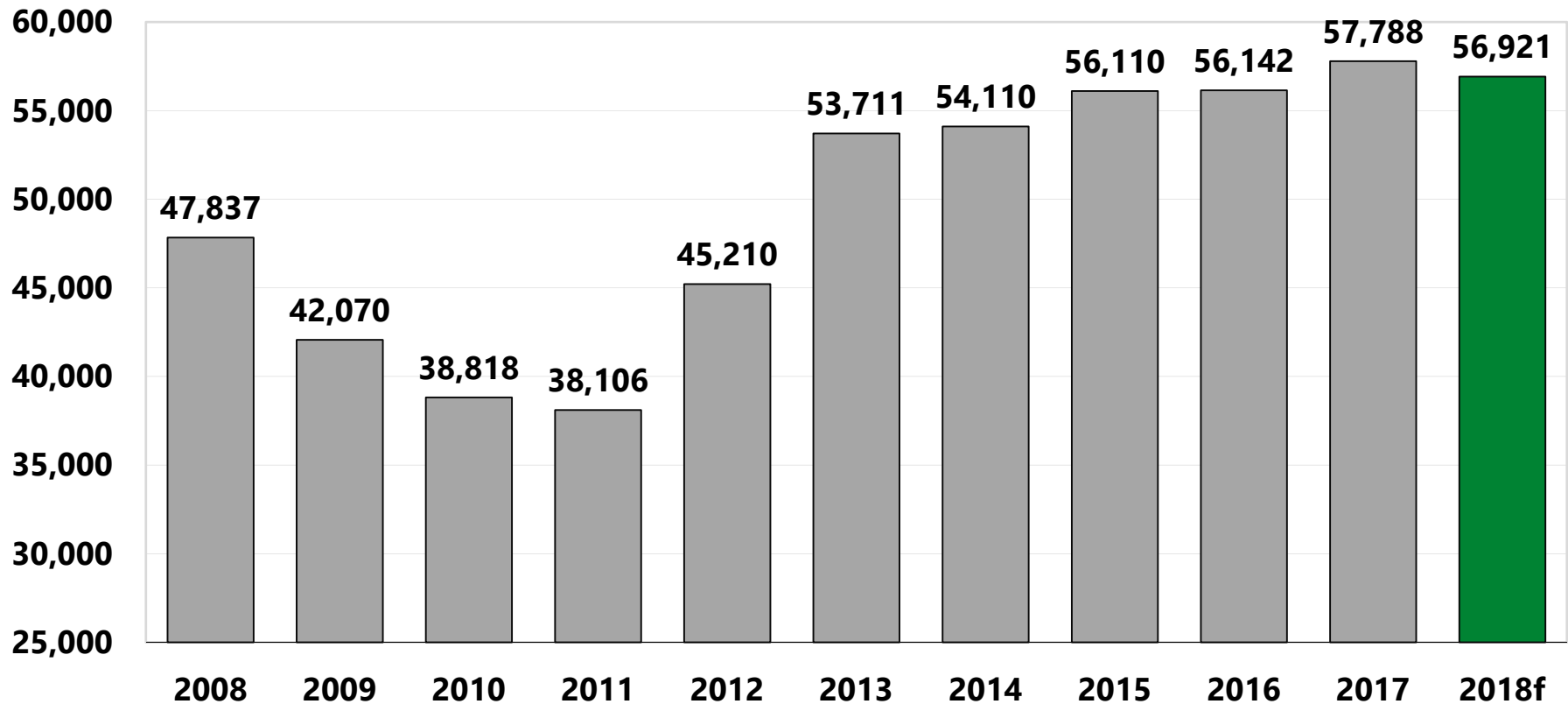
Median Home Prices (in thousands)



Source: National Association of REALTORS.
2017e= DRP estimate; 2018f=DRP forecast

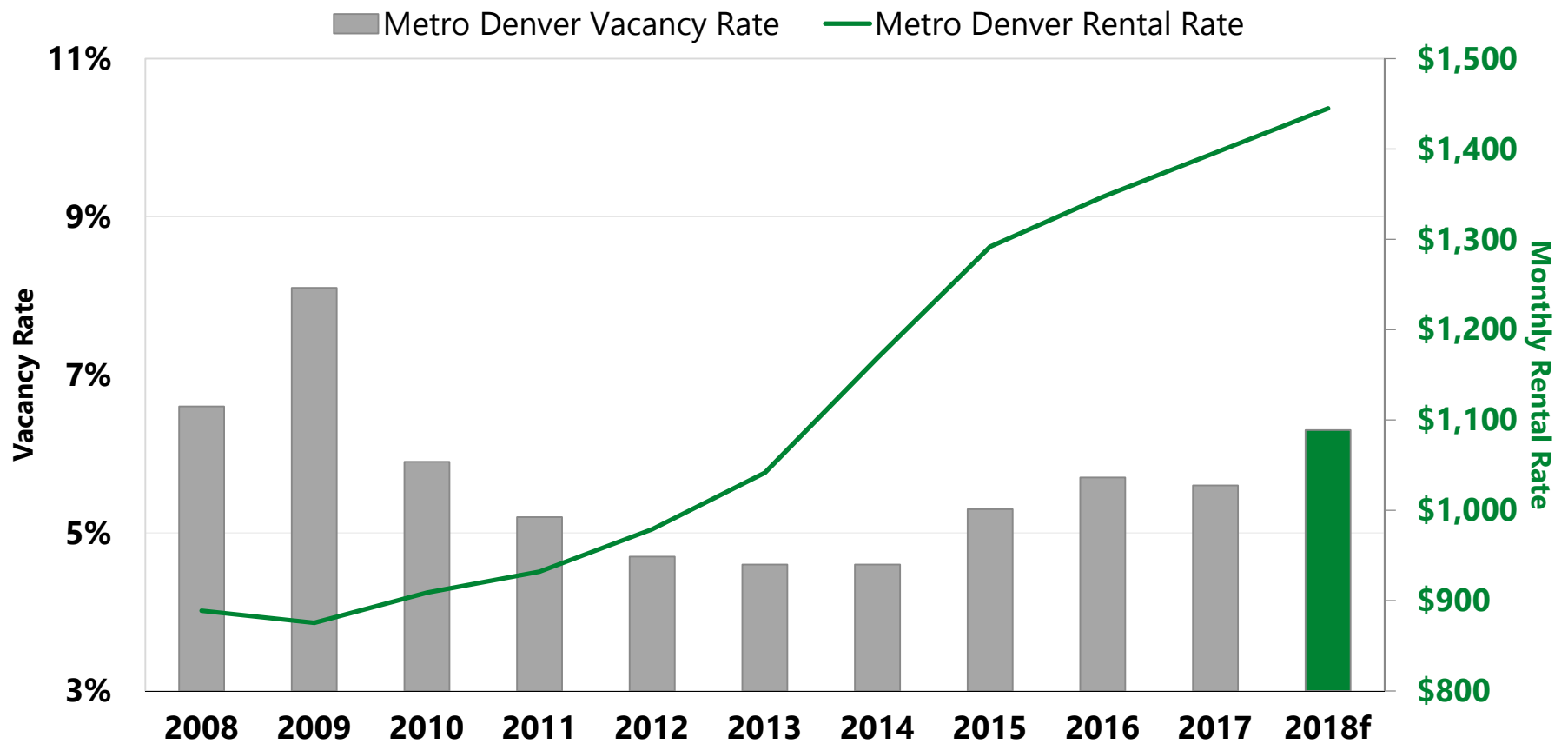
Home sales remain at reasonable level despite lack of inventory

Metro Denver Existing Home Sales Closed



Sources: Metrolist (2008-2010); Denver Metro Association of REALTORS (2011-2017).
2018f=DRP forecast

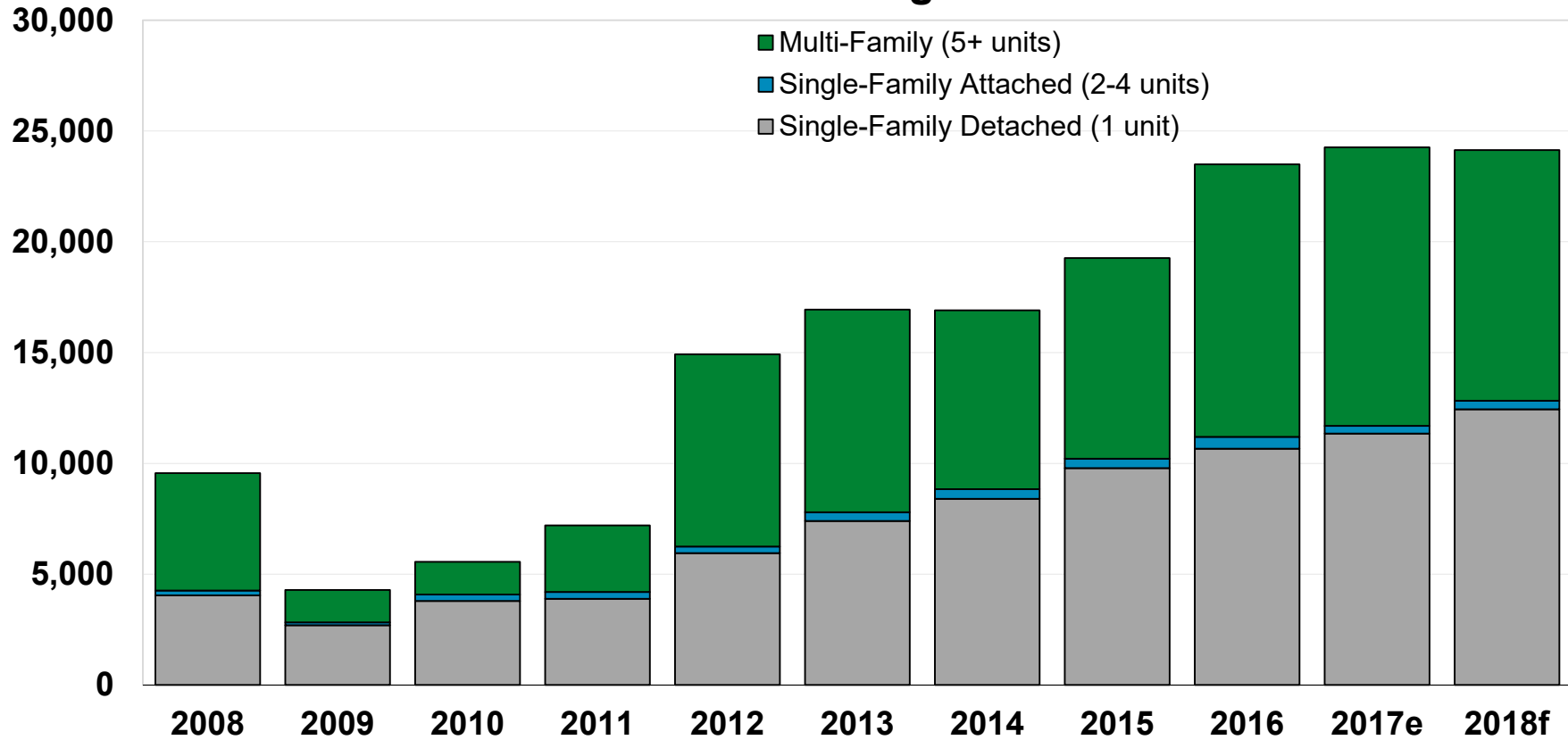
Apartment Vacancy and Rental Rates



Source: Denver Metro Apartment Vacancy & Rent Survey.
2018f=DRP forecast

Multi-family represented 52% of new construction in 2017 (30+ year average = 28%)

Metro Denver Building Permits*



* The Census Bureau tracks building permits by the number of housing units in the structure.
 Source: U.S. Census Bureau, Building Permits.
 2017e = DRP estimate; 2018f=DRP forecast

Commercial Real Estate Cycles

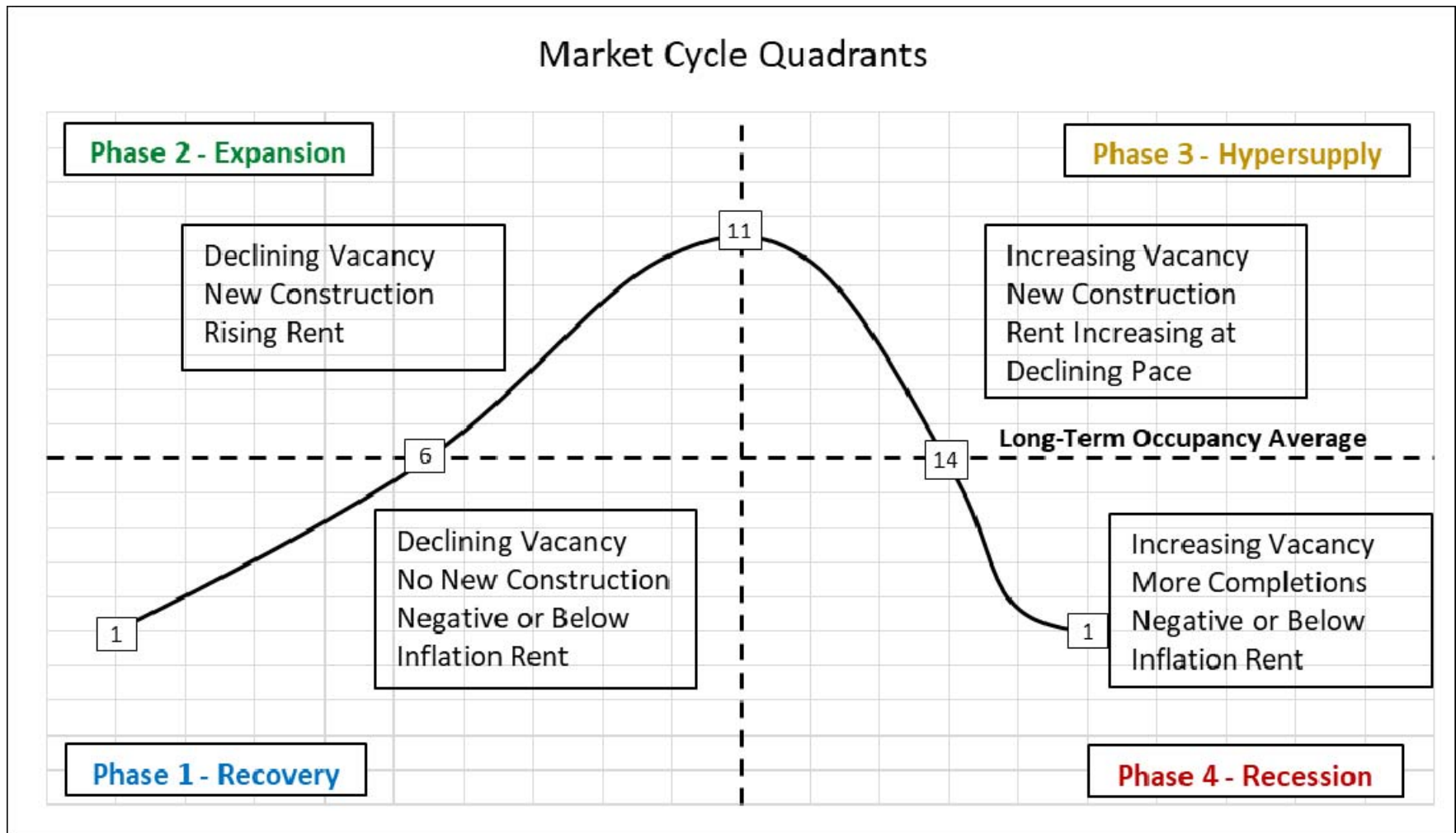


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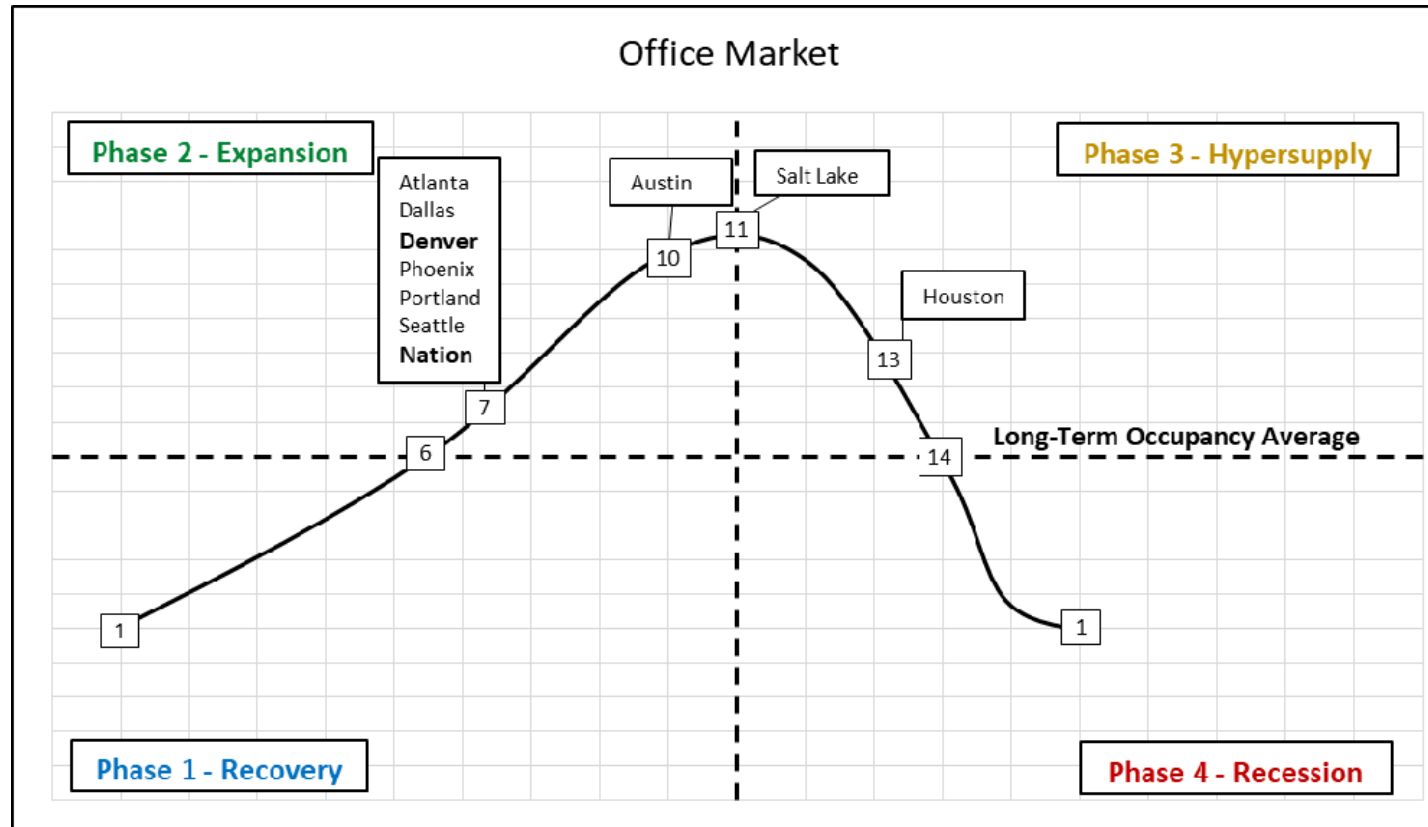


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Cycle Monitor - Glenn Mueller, Black Creek Group



Denver Office at 7 for past five quarters, up from 4 during 3Q 2014



4Q 2017

Vacancy Rate:
9.8%

Full Service
Rent: **\$26.24**

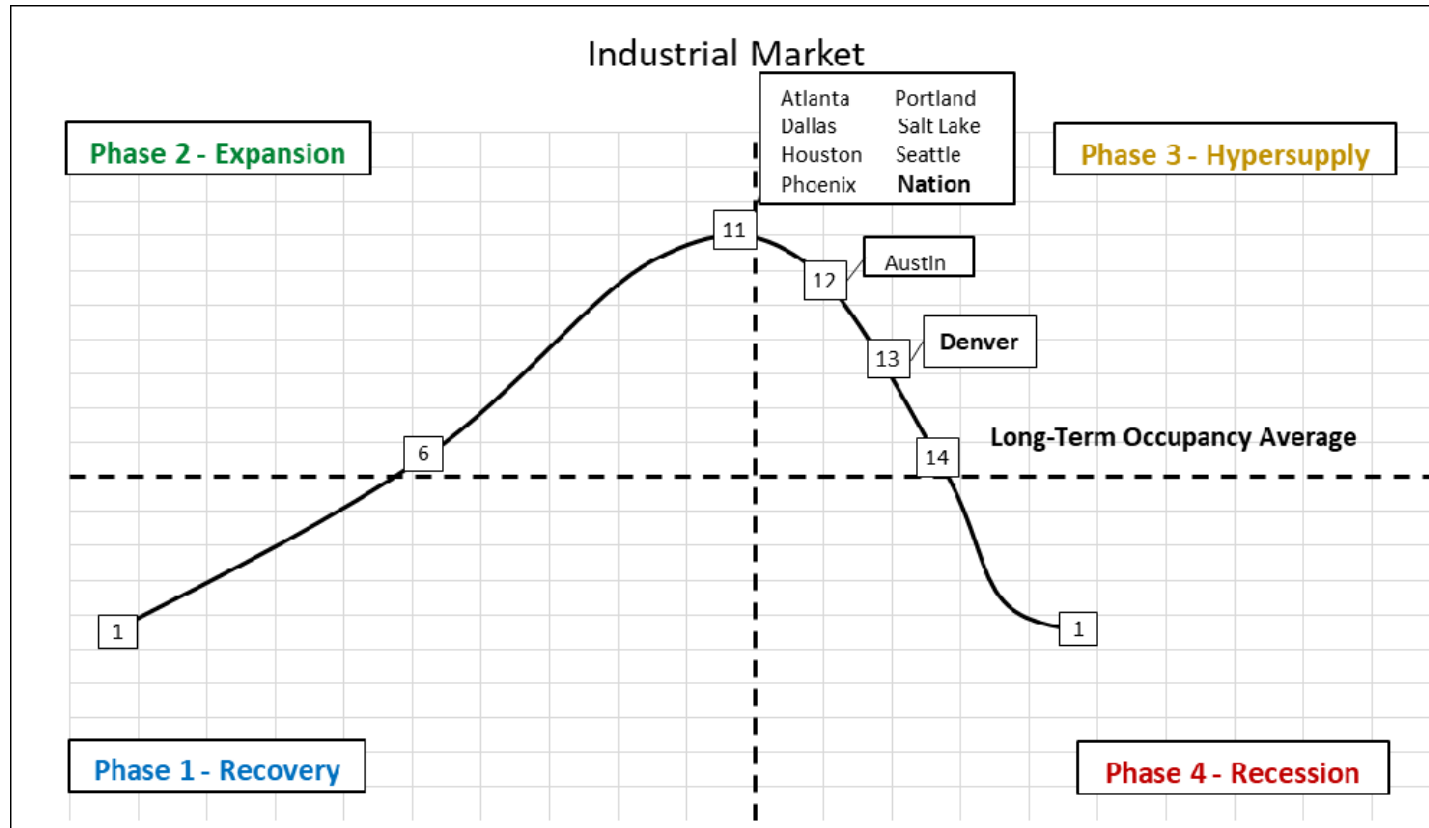
Completed:
3.0 MSF

Under
Construction:
5.1 MSF

Source: CoStar Group

Source: Black Creek Group, Cycle Monitor, Third Quarter 2017 Analysis.

Denver Industrial moved to 13 after being at 11 or 12 since 1Q 2014



4Q 2017

Vacancy Rate:
3.9%

NNN Rent
Direct: **\$7.61**

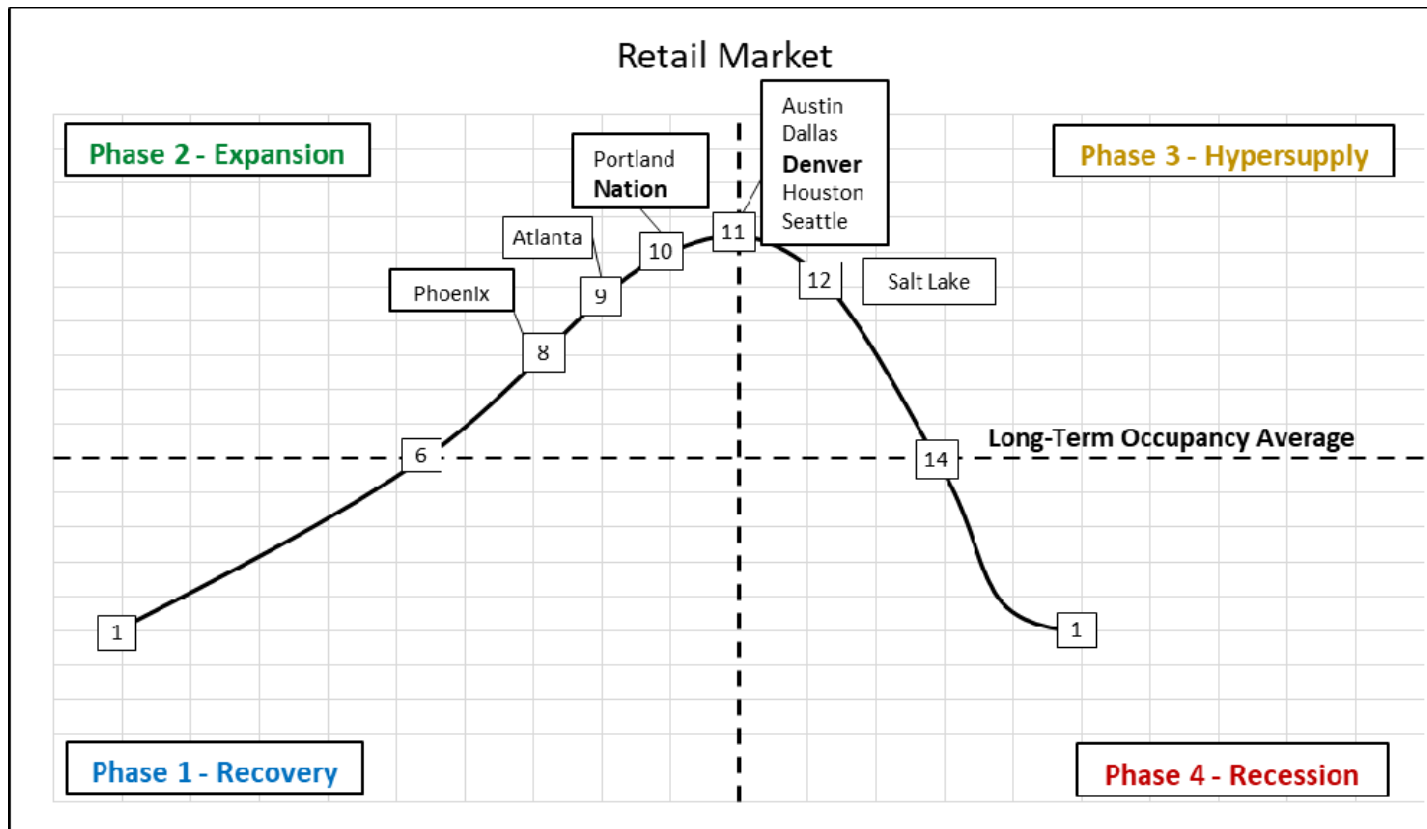
Completed:
5.3 MSF

Under
Construction:
5.8 MSF

Source: CoStar Group

Source: Black Creek Group, Cycle Monitor, Third Quarter 2017 Analysis.

Denver Retail moved to 11 after being at 10 for past six quarters



4Q 2017

Vacancy Rate:
4.3%

NNN Rent
Direct: **\$17.95**

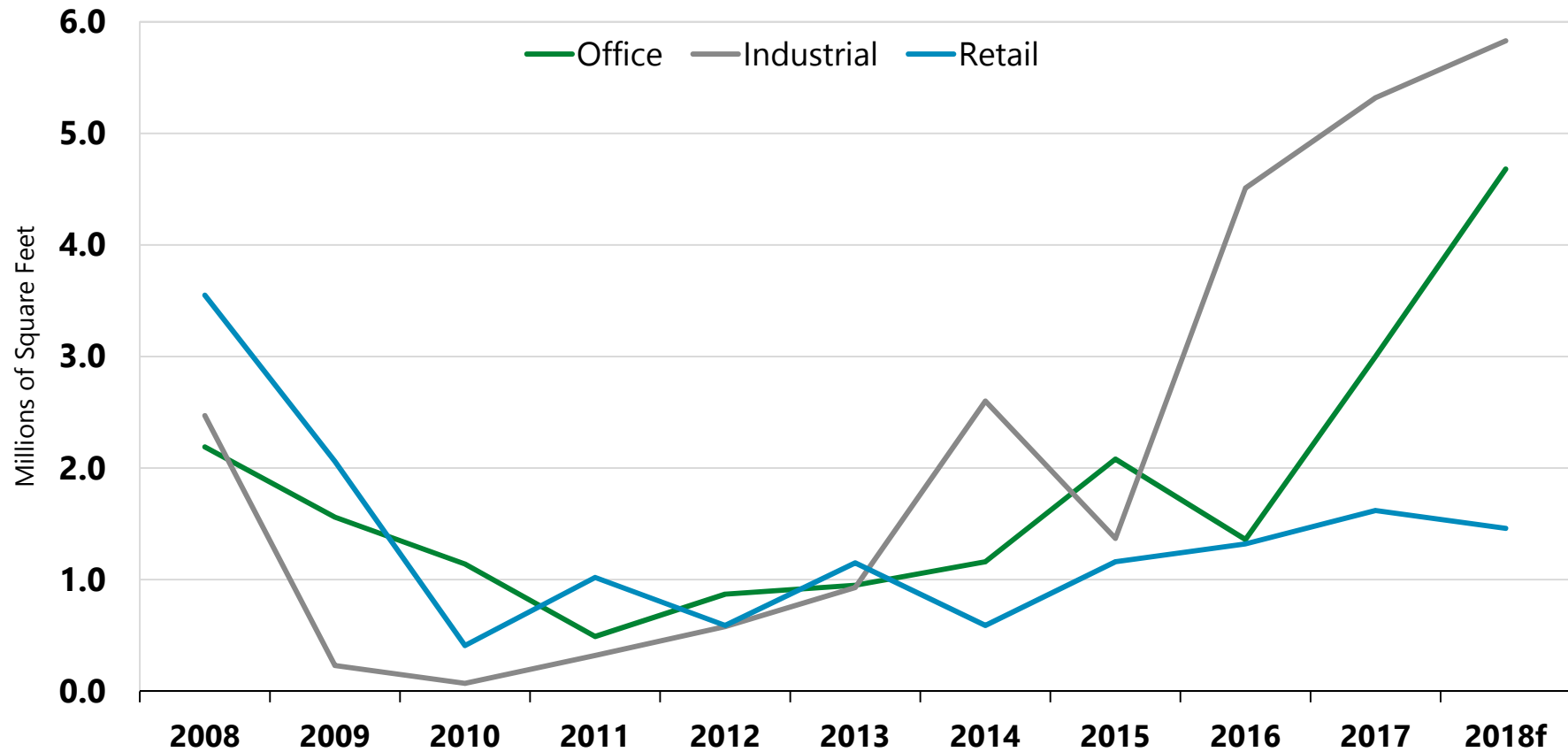
Completed:
1.6 MSF

Under
Construction:
1.5 MSF

Source: CoStar Group

Source: Black Creek Group, Cycle Monitor, Third Quarter 2017 Analysis.

New Commercial Real Estate Added in Metro Denver



Source: CoStar Realty Information

Influences on Metro Denver's Economic Cycles

Challenges

- Hard to find workers
- Rising interest rates
- Rising inflation rate
- Affordable housing funding, availability
- Infrastructure needs > funding
- Anti-growth initiatives

Opportunities

- Continued job growth
- Tax Cuts and Jobs Act influence in CO
- Confident consumers
- Some tempering in residential markets
- Active commercial real estate market
- Technology driving major changes

Questions?

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