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 sections: labor force and employment, the consumer sector, residential real estate, and commercial real estate.

Notable Rankings

- WalletHub named Denver as the 10th most recovered city since the end of the Great Recession among 505 other U.S. cities. WalletHub ranked U.S. cities by two categories: (1) employment and earning opportunities, which included the unemployment rate, median household income, labor force participation rate, and inflow of college-educated workers, and (2) economic environment, which included median home price, poverty rate, population size, consumer non-housing debt, and gross metropolitan product. Boulder ranked 19th, Lakewood 24th, Arvada 54th, Centennial 66th, Aurora 103th, Westminster 134th, Highlands Ranch 148th, and Thornton 164th.
- *U.S. News & World Report* ranked several Colorado universities in their list of best online degree programs. Colorado State University – Global Campus ranked 15th in the nation for its online bachelor's degree program, which was ranked based on student engagement, faculty credentials, student services, and technology. University of Denver ranked 48th, Colorado Technical University 81st, Regis University 156th, and University of Northern Colorado 165th.
- *Government Technology* magazine released their annual GovTech 100 list, which includes companies focused on helping state and local government agencies become more efficient. Four Colorado companies made the list this year, Engaged Public, Fast Enterprises, EvoGov, and Granicus/GovDelivery. The list recognized companies that are active in one or more market segments: administrative, service delivery, intelligent infrastructure, and civic tech.
- Smart Asset released the rankings from its third annual "Healthiest Housing Market Study," which ranked the top cities across the nation and the top cities in individual states. For Colorado, Louisville ranked number one, followed by Centennial, Arvada, and Westminster. The study measured market health by the average number of years residents spend in homes, home values, ease of sale, and the costs associated with ownership.
- Livability named Boulder as the fifth best place to live in their "Top 100 Best Places to Live." Following Boulder, Littleton ranked 24th and Lakewood ranked 26th. The criteria consisted of eight categories including amenities, economy, education, healthcare, and housing.
- Apartment List, a San Francisco-based rental listing company, analyzed 510 U.S. cities to rank them for family-friendliness. The company used four metrics to rank the cities, which were safety, housing affordability, education quality, and child friendliness. Centennial received the highest rating in the state for the second year in a row, ranking 49th, followed by Broomfield (73), Thornton (110), Arvada (227), Boulder (289), Lakewood (346), Denver (351), Westminster (354), and Aurora (355).
- The Washington, D.C.-based research firm WalletHub released their "2017's Best and Worst States to Raise a Family" report ranking all 50 states and the District of Columbia. North Dakota ranked first followed by New Hampshire and Vermont, with Colorado coming in at 15th. Their analysis used both quantitative (the percentage of households with kids) to the subjective ("family fun" rank) to compile the rankings.
- WalletHub ranked Colorado No. 5 in the top states for retirees in 2017. The ranking was based on the states' affordability, quality of life, and availability of healthcare. Colorado ranked high in quality of life (17) and healthcare (7), but only ranked 27th in the country for affordability.
- Denver International Airport recorded the fastest public Wi-Fi among the nation's 20 busiest airports. DEN has spent nearly $2.5 million to upgrade its wireless capabilities, and has worked with CenturyLink to install the latest Wi-Fi technologies.

- *U.S. News & World Report* released their annual list of the nation's best hotels, with five Colorado hotels making the list. The Little Nell in Aspen took the top spot in Colorado, ranking No. 39 in the nation. Many Denver area hotels made the Colorado list including the Four Seasons Hotel (No. 6 in Colorado), The Ritz-Carlton (No. 13 in Colorado), and The Crawford Hotel (No. 16 in Colorado).
- AAA added two new Denver hotels to its 4-diamond list. They are the ART Hotel in downtown Denver and the new Westin Denver International Airport.
- Business Insider named Red Rocks Amphitheater to its list of the world's 15 most beautiful public spaces. The list was based on a survey from urban designers and planners on spaces that have been game-changers for cities. Denver-owned Red Rocks was named alongside Millennium Park in Chicago and London's Trafalgar Square.

Policy Watch

National

- Nineteen states raised their minimum wage in the beginning of 2017, ranging from the addition of less than 10 cents an hour to $1.95 an hour. Currently, 29 states and the District of Columbia have a minimum wage greater than the $7.25 federal minimum wage that has not been changed since 2009. All 19 states have structured current and future minimum wage levels around the national inflation rate, which has been relatively low at 1.7 percent for the 2016 fiscal year.

Local

- Gov. John Hickenlooper delivered his 2017 State of the State address on January 12th. The governor discussed the Colorado Department of Transportation's $9 billion need for 130 highway projects, another $2 billion for 100 transit projects, and how the state needs to push for infrastructure investment that will create jobs and strengthen the economy. He also discussed the need to expand broadband availability to everyone in the state and most importantly to every school, hospital, and home. Currently, 83 percent of Coloradans have high-speed internet, but coverage is very unequal across rural districts. Gov. Hickenlooper also highlighted the need to increase possibilities to obtain four-year degrees and technical training for the Colorado workforce, and to increase apprenticeships and the size of their CareerWise program. Public K-12 education funding has been a difficult budgeting task for Colorado in the past, with per student funding falling well below the national average. Due to effects from the Gallagher Amendment, property taxes for schools are estimated to drop $170 million, requiring other sources of funding to support Colorado schools.
- The Trump administration plans to build a $15 billion border fence along the United States' southern border. To fund said project, a proposal has been considered to implement an import tax up to 20 percent on imported goods from Mexico. For Colorado, Mexico is the second-largest market for exported goods, after Canada. In 2015, Colorado exported $1.08 billion to Mexico, an 83 percent increase from 2010. Manufactured food products represented the largest share of Colorado exports to Mexico, exporting $269.6 million or 25 percent of total exports in 2015, followed by chemicals (18 percent, $192.9 million), non-electrical machinery (10 percent, $112.1 million), and fabricated metal products (9 percent, $100.2 million). Colorado imported $1.72 billion worth of goods from Mexico in 2015, up 164 percent from 2010. The imports consisted of computer and electronic products (50 percent, $836.3 million), plastics and rubber products (9 percent, $150.8 million), non-electrical machinery (8 percent, $135.6 million), and electrical equipment, appliances and components (5.5 percent, $95.3 million).
- The new Regional Transportation District's R Line connecting Aurora to the rest of the rail system is expected to open February 24. The R Line connects 10.5 miles of new light rail to existing track at Nine Mile Station. It will run south from Peoria Station in Aurora, follow Interstate 225 to Belleview Station on the existing track in southeast Denver, and travel to Lincoln Station in Lone Tree. Meanwhile, the Federal Railroad Administration granted RTD and its private contractor another waiver to keep the A and B commuter rail lines operating. The new waiver will expire on April 30. RTD and its contractor need the waiver in order to continue operating the trains while working to fix computer glitches that control crossing gates at intersections along the lines.

National Economic Overview

The U.S. Bureau of Economic Analysis (BEA) released the first estimate of real gross domestic product (GDP) for the fourth quarter of 2016. The estimate showed that GDP increased at a slower rate in the fourth quarter, recording an annual rate of 1.9 percent, which was 1.6 percentage points below the third quarter of 2016. This deceleration in real GDP reflected a downturn in exports, an acceleration of imports, a deceleration in personal consumption expenditures, and a downturn in federal government spending. The increase in GDP reflected positive contributions from personal consumption expenditures, private inventory investment, nonresidential fixed investment, and state and local government spending. The second estimate for the fourth quarter, based on more complete data, will be released February 28, 2017.

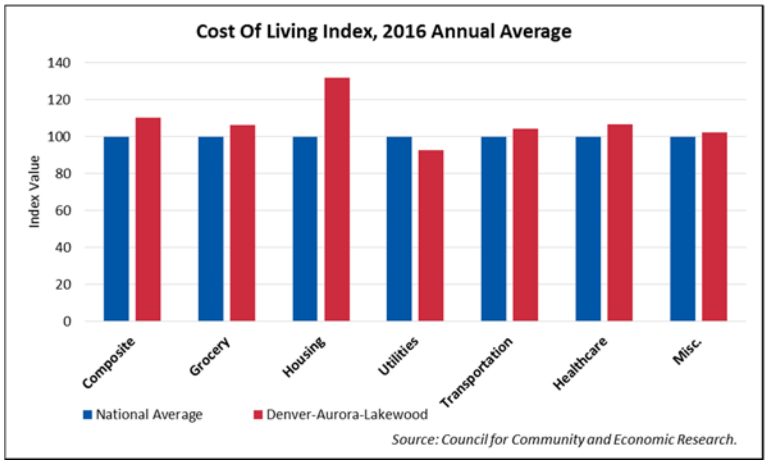
The January meeting of the Federal Open Market Committee (FOMC) reported that economic activity expanded at a moderate pace and the labor market continued to strengthen. The committee reported that household spending has been rising moderately, but business fixed investment has remained soft. Despite a slight increase in inflation since the beginning of 2016, the rate is still below the committee's longer-run objective of 2 percent. With this current economic outlook, the FOMC agreed to maintain the target federal funds rate at 0.5 percent to 0.75 percent range and will determine future rate hikes dependent on economic conditions relative to its objectives of maximum employment and 2 percent inflation. The committee cautioned that any further federal funds rate increases would be gradual for some time. The next committee meeting will be held on March 14.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was $45.2 billion in November, up $2.9 billion from the October deficit of $42.4 billion (revised). Imports increased to $231.1 billion, rising $2.4 billion between October and November. November exports were $185.8 billion, $0.4 billion less than October exports. Year-to-date, the deficit decreased $4.9 billion, or 1.1 percent, from the same period in 2015. Exports decreased $56.6 billion or 2.7 percent, and imports decreased $61.4 billion or 2.4 percent.
- The Conference Board Leading Economic Index for the U.S. increased 0.5 percent in December to 124.6 (2010 = 100), following a 0.1 percent increase in November and a 0.2 percent increase in October. The Conference Board stated this suggests the economy will continue growing at a moderate pace, perhaps even accelerating slightly in the early months of this year. The economic index consists of ten components that include manufacturing average weekly hours, manufacturers' new orders, building permits for new private housing units, and the interest rate spread for 10-year treasury bonds.
- The Institute for Supply Management's Manufacturing Index increased 1.5 percentage points in December to 54.7 percent, compared with the November level of 53.2 percent. The December index marked the 91st consecutive month of growth in the overall economy according to the index. Among the 18 manufacturing industries tracked in the index, 11 reported growth between November and December. The Price Index recorded the largest over-the-month increase, rising 11 percentage points to 65.5 percent. The New Orders Index increased to 60.2 percent, 7.2 percentage points higher than the November reading. The PMI®, New Orders, Production, and Employment Indexes all registered new highs for the year 2016 and are projected to continue increasing.
- The Institute for Supply Management's Non-Manufacturing Index grew in December for the 83rd consecutive month. The index for the month of December came in at 57.2 percent, matching last month's figure. Of the 18 non-manufacturing industries tracked in the index, 12 industries reported growth. The Business Activity Index decreased to 61.4 percent, a 0.3 percentage point decline from the month of November, while still reflecting 89 months of continued growth, just at a slower rate. The New Orders Index showed the largest increase from November at 61.6 percent, a 4.6 percentage point increase and 89 months of continued growth. Survey respondents noted the increasing growth from a year-end spending boost by consumers, while voicing troubles with labor supply and end-of-year budgeting.

- The Council for Community and Economic Research released their year-end review "Cost of Living Index" that measures average prices for the first three quarters of 2016 for 264 urban areas. The index measures relative price levels for consumer goods and services in participating areas and uses six separate categories of differing weights to create the composite index. The composite index ranged from 228.2 (New York (Manhattan), N.Y.) to 76.4 (McAllen, Texas) with the average being 100 across all 264 urban areas. The composite index of 110.4 in the Denver-Aurora-Lakewood metropolitan area reflected higher than national averages on all indexes other than utilities.



Local

- The Metro Denver Economic Development Corp. released their *2017 Economic Forecast for Metro Denver*. The United States continued on an expansionary path through 2016, and growth is expected to continue in 2017 with increasing employment, falling unemployment, rising consumer confidence, and expanding gross domestic product. Colorado will likely be among the top 10 states for employment growth during 2016 and the state is expected to add another 54,500 workers in 2017. The natural resources and construction, leisure and hospitality, and education and health services supersectors are expected to lead the state in employment growth through 2017. Metro Denver experienced job growth in each supersector in 2016 for the fourth consecutive year, leading to a gain of 45,400 jobs across the seven-county area. In 2017, job gains will continue to be broad-based but at a slower 2.4 percent pace as labor markets tighten and unemployment remains low. The full report is available at http://www.metrodenver.org/research-reports/economic-forecasts/2017-economic-forecast/.
- According to the U.S. Bureau of Economic Analysis, Colorado's gross domestic product (GDP) increased to an annual rate of 5.1 percent for the third quarter of 2016. Colorado recorded the fourth-highest growth rate in the nation, behind South Dakota (7.1 percent), Utah (5.8 percent), and Nevada (5.2 percent). Colorado's GDP for the year ending in the third quarter of 2016 was $325.4 billion, with the biggest gains being in construction, information, and wholesale trade.
- According to the *MoneyTree* report from PricewaterhouseCoopers LLP and CB Insights, venture capital investment in Colorado dropped by roughly 33 percent in 2016 compared with the year before. For the year, investors placed $670 million in 128 Colorado companies, down from the prior year's $1 billion in 157 companies. The decline is in part due to deal volumes down by 50 percent in the fourth quarter of 2016 and fourth-quarter deal values down by 33 percent compared to the same time period in 2015. However, tech company funding rounds announced since January 1 have nearly matched the fourth quarter total of $46.5 million raised by Colorado companies.
- The U.S. Federal Reserve System released its latest six-week "Beige Book" report, which covers the Fed's Kansas City-based 10th District, which includes Colorado. According to the report, economic activity increased modestly in late November and December and most sectors were optimistic about growth in the next few months. Consumer spending increased with retail, auto, and tourism reporting stronger sales than in the previous survey period. Manufacturing activity expanded moderately, transportation, professional, and high-tech firms reported increased sales, while the wholesale trade sector noted continued moderate declines in activity. District real estate were moderately weaker as residential real estate declined and commercial real estate remained flat. Employment increased slightly since the previous period and wages reported modest growth.
- According to the Colorado Secretary of State, business filings for the fourth quarter of 2016 increased by 6.3 percent compared with the same period in 2015. The 24,763 new business filings mark the fourth consecutive quarter of

growth. A total of 109,526 new business filings were recorded over-the-year, while entities in good standing also increased by 5.8 percent over the same time period.

- Colorado's four-year graduation rate reached a six-year high in 2016, according to data released by the Colorado Department of Education. The on-time graduation rate for the class of 2016 was 78.9 percent, a 1.6 percentage point increase from the previous year.
- The Downtown Denver Partnership released its annual commuter survey, highlighting how Downtown Denver's nearly 124,000 employees commute to work. For the first time in the five years of conducting the survey with the current methodology, the number of people driving alone (40.3 percent, up from 38.5 percent in 2015) exceeded the number of people who regularly use transit (39.6 percent, down from 40.6 percent in 2015). However, 74 percent of those who regularly drive alone to work were open to considering other modes. In addition, bout 7 percent of commuters bike to work and 5 percent walk.

Labor Force and Employment

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

	Month of Dec-16 (p)	Month of Nov-16 (r)	Month of Dec-15	Year-to-Date Average 2016	Year-to-Date Average 2015	Year-to-Date Average % Change	Annual Growth Rate 2011	Annual Growth Rate 2006
Total 11-County Metro Denver*	1,650.2	1,651.6	1,598.2	1,625.3	1,575.3	3.2%	1.8%	2.0%
Denver-Aurora-Lakewood MSA	1,460.3	1,461.7	1,415.5	1,440.0	1,395.0	3.2%	1.7%	2.1%
Boulder MSA	189.9	189.9	182.7	185.3	180.3	2.8%	2.8%	1.5%
Natural Resources & Construction	112.2	112.7	101.4	108.8	100.2	8.6%	-0.5%	4.1%
Manufacturing	87.1	87.2	87.1	87.5	85.8	2.0%	2.2%	-0.4%
Wholesale & Retail Trade	238.0	236.1	232.9	230.5	227.6	1.3%	1.5%	1.4%
Transp., Warehousing & Utilities	58.4	56.0	55.4	54.3	54.0	0.7%	-0.7%	0.0%
Information	52.6	52.6	54.4	53.7	53.7	0.0%	0.0%	-1.2%
Financial Activities	111.1	110.3	112.0	111.3	109.7	1.4%	-0.2%	0.8%
Professional & Business Services	297.1	299.3	288.0	294.6	285.1	3.3%	3.9%	4.1%
Education & Health Services	211.8	213.2	202.1	206.6	199.5	3.6%	3.6%	2.9%
Leisure & Hospitality	186.6	186.6	173.4	185.5	174.6	6.3%	3.3%	2.9%
Other Services	60.9	61.2	60.0	61.0	59.5	2.5%	1.7%	2.1%
Government	234.4	236.4	231.5	231.5	225.8	2.5%	0.1%	1.3%
Federal Gov't	31.1	30.7	30.6	30.7	30.3	1.4%	-3.0%	-1.8%
State Gov't	62.2	62.5	60.7	59.5	57.7	3.0%	3.1%	1.0%
Local Gov't	141.1	143.2	140.2	141.3	137.8	2.5%	-0.3%	2.2%
Colorado	2,645.1	2,636.2	2,598.1	2,608.9	2,541.2	2.7%	1.6%	2.4%
United States	146,148	146,418	144,116	144,319	141,865	1.7%	1.2%	1.8%

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

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

Employment in Metro Denver increased 3.3 percent between December 2015 and 2016, adding 52,000 jobs during the period. The employment growth consisted of a 3.2 percent increase in the Denver-Aurora-Lakewood MSA, adding 44,800 jobs, and a 3.9 increase in the Boulder-Longmont MSA, representing an additional 7,200 jobs. The natural resources and construction supersector reported the largest percentage increase of 10.7 percent over-the-year, adding 10,800 jobs. The leisure and hospitality supersector recorded the second-largest growth over-the-year of 7.6 percent but created the most jobs during the period, adding 13,200 positions. Two supersectors recorded declines in employment over-the-year. The information supersector declined 3.3 percent and lost 1,800 jobs, while the financial activities supersector declined 0.8 percent and lost 900 jobs.

Colorado employment rose 1.8 percent in December compared with the previous year's level, adding 47,000 new jobs. National employment levels increased 1.4 percent over-the-year, with an additional 2.03 million jobs.

Metro Denver Industry Cluster Headlines

The Metro Denver Economic Development Corporation's 11th-annual Industry Cluster Study was released on Jan. 26, 2017. The report analyzes 2016 data for the nine leading industry clusters in the nine-county Metro Denver and Northern Colorado region and offers an in-depth, competitive analysis of the major industries contributing to the region's employment base and ongoing economic expansion. The full report is available at http://www.metrodenver.org/research-reports/industry-cluster-study/.

Aerospace

- Denver-based York Space Systems was awarded a military contract with the U.S. Army Space and Missile Defense Command to produce a small satellite for the Harbinger Mission planned to launch in late 2017. York Space Systems is attempting to provide more affordable satellites and technology to meet growing demand by the commercial sector.
- Ball Aerospace and the University of Colorado Boulder signed a five-year agreement to carry out government-sponsored research, development work, Ball Aerospace-funded work, and student design projects. CU Boulder and Ball Aerospace have collaborated on many past projects including the NASA Imaging X-ray Polarimetry Explorer mission that is expected to launch in December 2017.
- Lockheed Martin Autonomous Systems, which currently employs about 50 people in Littleton, recently moved into a new light industrial space with more parking for test vehicles and a warehouse with more indoor room to test fly autonomous drones. The new facility provides enough space to increase the number of people working there to more than 100. Autonomous Systems is the center for the company's development of technologies for self-driving ground transportation, autonomous drones, machine learning, and machine vision.

Beverage Production

- New Belgium Brewing will soon be the second Colorado craft brewery, joining Oskar Blues Brewery, to distribute their product to all 50 states. The company announced that by June their product would be shipping to Maine, New Hampshire, Vermont, and Oklahoma, which were the last four states to be added to the company's distribution network.
- Stem Ciders, which has an existing taproom in the River North neighborhood, plans to build a new $7 million restaurant, taproom, and production facility on a four-acre plot in Lafayette. The company started construction on the two-story, 30,000-square foot facility in January, and hopes to open the new facility by the fourth quarter of 2017. The business produced 7,500 barrels of cider last year, and will have the capacity to make 100,000 barrels of cider annually once the new facility opens. Stem is planning to hire five additional production staff and as many as 20 new restaurant employees.

Bioscience

- Nivalis Therapeutics Inc., a Boulder-based biotech company, plans to cut 25 of their 30 positions, including their CEO and president after a failed clinical trial. About $3 million will have to be paid in severance to the departing workers and the cuts are scheduled to occur between January 15th and March 31st.

Energy – Fossil Fuels

- The 4th quarter Energy Survey was released by the Federal Reserve Bank of Kansas City showing promising growth in the oil and gas industries. Regional firms have said they returned to profitability in the last quarter of 2016, while revenues and spending increased for the first time since the third quarter of 2015. Executives in the survey said oil and natural gas prices needed to be an average of $60 per barrel and $3.98 per thousand cubic feet to warrant a substantial increase in production and operations.

- A new forecast from the Federal Energy Information Administration projects that U.S. crude oil prices will rise to an average of $52 per barrel in 2017, causing gasoline prices to increase to an average of $2.38 per gallon. Natural gas will see the largest increase from $2.15 per thousand cubic feet in 2016 to $3.55 per thousand cubic feet in 2017. They expect a large contributor to the increase in oil supply to come from shale oil plays across the U.S., including Colorado's Denver-Julesburg Basin. The report also noted that for the first time in history a fuel type other than coal produced the largest share of electricity generation, with natural gas producing 34 percent and coal producing 30 percent.

Energy – Cleantech

- Environmental Entrepreneurs, a national non-partisan business group, released a report detailing Colorado jobs in the clean-energy sector. The report found that 62,000 people in Colorado are currently working in the sector, and an additional 1,500 jobs are expected to be added next year. Energy efficiency is the state's largest clean-energy sector, employing 40,000 Coloradans, followed by solar energy with 7,000 employees and wind energy with 6,500 workers.

Healthcare and Wellness

- UCHealth opened a new urgent-care clinic in Thornton to expand accessibility to more affordable emergency services. The clinic will employ nurse physicians, physician assistants, and nurse practitioners in order to supply basic treatments including laboratory and X-ray services.
- Centura Health and Children's Hospital Colorado announced a partnership to improve pediatric care. Most of Centura's 17 hospitals will work with Children's Hospital officials to share clinical guidelines and protocols, and Children's Hospital will offer educational programs for physicians and nurses. The partnership is intended to provide the best quality pediatric care across Colorado no matter which institutions patients decide to use.
- New Jersey-based Pinnacle Foods Inc., the owner of Boulder Brands Inc., will be laying off 27 workers and shutting down their Boulder manufacturing plant. The remaining 46 employees will be offered jobs elsewhere within the company.

IT-Software

- eFolder, an Atlanta cloud-based backup storage company, will be moving to downtown Denver in February. The company's new headquarters location on 17th Street in Denver beat out San Francisco, Wichita, and Salt Lake City. The company plans to add another 108 employees on top of the current 15 in Denver, paying an average annual wage of $100,278.
- French-based Esker, a cloud-based document automation company, is expanding into Colorado and will be opening an office in Lakewood at 777 S Wadsworth Blvd. Esker chose to expand to Denver due to recruitment possibilities, solid infrastructure, an airport hub, and economic growth that is higher than the national average.
- ProtectWise Inc., a cyber security company, has raised $25 million in venture capital funding that will be used to expand their employee base for sales and marketing. The company doubled its payroll to 70 employees in 2016 and is expected to double that amount in the coming year.
- Boulder-based TeamSnap, a company that provides amateur sports management technology, has raised $25 million in venture capital and plans to expand its staff by 50 percent. Currently, the company provides software and apps for more than 1.3 million teams and leagues worldwide and claims to have nearly 15 million individual users. The company employs 85-100 workers, and is planning to expand its marketing and sales team.
- Denver-based Choozle, an advertisement-technology software company, raised $2.4 million in a second A round investment that plans to continue growing steadily in 2017. The startup has brought on four new employees so far this year, driving its total workforce to 36. The company plans to expand to 52 employees by the end of 2017.

- Ascent360, a Golden-based digital marketing company, raised $1.9 million in a seed-round funding. The 15-employee company is currently looking to grow by five employees, with growth projections of 100 employees in three to five years.
- Denver's Cloud Elements, which creates cloud-based software, raised $13 million in venture capital and plans to increase its staff of 60 to about 80 in 2017.
- Newmedia, a Denver-based web design agency, recently cut 15 employees and has reduced its workforce by more than one-third in recent months. The company currently has 55 full-time employees, which is down from a high of about 90 employees in early 2016. However, the company expects to grow after a major software release and plans to hire as many as 100 employees in the coming months.

Other Industry Headlines

- Amazon.com Inc. announced plans to build a one million-square-foot facility in Aurora that will employ over 1,000 full-time employees. The facility will be built at Smith Way and 19th Avenue, about five miles from the company's existing 452,000-square-foot sortation center. The facility should be completed before the next holiday season.
- Haibike, a German-made electric bike brand, is building their U.S. headquarters in Denver. The company hopes to begin manufacturing the bicycles in Denver in 18 months, where currently the bikes are manufactured at their German facility. The company stated that their sales doubled in the 2016 fiscal year from the year prior, and hopes that Colorado's outdoor recreation interests will further boost popularity.
- All Aboard Transit Services, a Commerce City-based vendor hired by the Regional Transportation District (RTD) will be shutting down by April 1st, laying off 117 employees. It is hoped that many of the company's employees, which provided transportation for RTD customers with disabilities, will be hired by other Denver area transport services that successfully renewed contracts.
- Natural Habitats USA, Inc. has moved their headquarters to Boulder from Richmond, California. The company produces certified organic and fairly traded product and hopes that Boulder's industry history with natural products will benefit the company's future growth.
- J. M Smucker Company announced the construction of a new manufacturing facility that will be located in Longmont. The company has grown from approximately $10 million in annual sales in 2000 to $200 million today, continuing 17 consecutive quarters of double-digit growth in U.S. retail sales. The company plans on two phases that will amount to $340 million in investment, and will hire 250 employees for phase one, with the possibility of hiring another 250 workers for phase two. Construction will start in spring 2017 with production expected to begin in 2019.
- Amtrak is relocating half of its Denver-based train crew to Lincoln, Nebraska, resulting in the loss of 21 employees in Metro Denver. The change affects only conductors and engineers working on the California Zephyr east of Denver. The train service will not be interrupted and the remaining 21-person train crew will continue to work the train between Denver and Grand Junction.

Employment Outlook

The *Manpower Employment Outlook Survey* expects that the percentage of companies in the Denver-Aurora MSA hiring in the first quarter of 2017 will decrease compared with the previous quarter. The percentage of companies hiring fell three percentage points between the fourth quarter of 2016 and the first quarter of 2017, with 25 percent of companies expanding their employment levels. The percentage of companies planning to decrease employment levels rose two percentage points from the fourth quarter, with 8 percent of companies planning to reduce employment levels. The majority of companies intend to maintain staff levels through the first quarter of the year, despite the level falling one percentage point over-the-quarter to 64 percent. In the first quarter of 2017, job prospects appear best in construction, transportation and utilities, financial activities, leisure and hospitality, other services, and government. Employers in durable goods, manufacturing, information, professional and business services, and education and health services plan to reduce staffing levels.

Hiring expectations in the U.S. weakened slightly through the first quarter of 2017 compared with the prior quarter. The percentage of employers planning to increase employment levels fell 3 percentage points to 19 percent between the fourth quarter of 2016 and the first quarter of 2017. The percentage of companies planning to reduce employment levels was unchanged over-the-year and over-the-quarter, with 6 percent of companies planning to lay off employees. The percentage of companies planning to maintain staffing levels (73 percent) was 1 percentage point lower than the prior year's level, but 4 percentage points above the previous quarter's level. The survey analysts stated that recent political events have caused U.S. employers to remain cautiously optimistic and will keep their headcount stable for the next three months. Additionally, analysts stated there remains significant differences between industries and employers demanding increasingly specific skills to fill positions.

Employment Outlook Survey

	Quarter 1 2017	Quarter 4 2016	Quarter 1 2015	YTD 2017	YTD 2016	Ann Avg 2012
Denver-Aurora-Broomfield MSA						
Percent of Companies Hiring	25%	28%	23%	25%	23%	17%
Percent of Companies Laying Off	8%	6%	4%	8%	4%	6%
Percent of Companies No Change	64%	65%	70%	64%	70%	74%
Percent of Companies Unsure	3%	1%	3%	3%	3%	3%
United States						
Percent of Companies Hiring	19%	22%	20%	19%	20%	18%
Percent of Companies Laying Off	6%	6%	6%	6%	6%	8%
Percent of Companies No Change	73%	69%	72%	73%	72%	71%
Percent of Companies Unsure	2%	3%	2%	2%	2%	4%

Source: Manpower Inc.

Unemployment

Metro Denver's unemployment rate in December was unchanged from the November level of 2.6 percent, maintaining the lowest rate since December 2000. The December unemployment rate was 0.5 percentage points below the December 2015 level of 3.1 percent and has decreased 0.5 percentage points year-to-date. All seven Metro Denver counties reported unemployment rates of 3 percent or lower in December and three out of the seven counties recorded over-the-month decreases in the unemployment rate. Boulder (2.2 percent) and Douglas (2.2 percent) counties reported the lowest

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

	December 2016 (p)		2016 YTD AVG		2015 YTD AVG		2011	2006
	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	1,698.6	2.6%	1,691.4	3.1%	1,649.9	3.6%	8.1%	4.3%
Adams County	254.8	3.0%	253.8	3.6%	247.5	4.3%	9.9%	4.8%
Arapahoe County	344.3	2.6%	343.1	3.1%	334.8	3.7%	8.3%	4.3%
Boulder County	182.1	2.2%	180.7	2.7%	176.7	3.2%	6.5%	3.7%
Broomfield County	35.9	2.5%	35.6	3.0%	34.7	3.3%	7.0%	4.3%
Denver County	384.1	2.7%	382.5	3.1%	373.1	3.7%	8.6%	4.8%
Douglas County	177.1	2.2%	176.2	2.7%	171.6	3.1%	6.4%	3.6%
Jefferson County	320.4	2.4%	319.4	3.0%	311.5	3.5%	8.0%	4.2%
Colorado	2,899.7	2.7%	2,892.8	3.3%	2,828.5	3.9%	8.4%	4.3%
United States	158,968	4.5%	159,187	4.9%	157,130	5.3%	8.9%	4.6%

Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary unemployment rates of the seven-county region. Adams County, along with Arapahoe and Boulder counties, saw no change in the unemployment rate from the previous month; however, Adams County reported the largest decrease of 0.8 percentage points over-the-year. Colorado's unemployment rate fell 0.6 percentage points over-the-year to 2.7 percent during the month of December. The national unemployment rate of 4.5 percent in December was 0.1 percentage points above the November 2016 rate and was 0.3 percentage points below the previous year.

December unemployment insurance claims increased in Metro Denver, rising 1.1 percent between November and December, and recorded a 1.6 percent increase over-the-year. Claims throughout Colorado slightly increased over-the-month, rising 0.2 percent. Similar to Metro Denver, Colorado's unemployment insurance claims on average for 2016 were lower than reported in the same period in 2015. Unemployment claims typically increase during the fourth quarter of each year due to company restructuring prior to the first of the year.

Weekly First-Time Unemployment Insurance Claims

	Month of Dec-16	Month of Nov-16	Month of Dec-15	YTD Avg 2016	YTD Avg 2015	YTD Avg % Change	Ann Avg 2011	Ann Avg 2006
Metro Denver	1,478	1,462	1,455	1,239	1,331	-6.9%	1,789	1,161
Colorado	2,917	2,911	2,915	2,412	2,615	-7.8%	3,357	2,115

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. decreased slightly in January 2017, reporting a level of 111.8 from the revised December level of 113.3, a 1.3 percent decrease over-the-month. However, the national index for January 2017 was 14.3 percent above the January 2016 level of 97.8. Analysts at The Conference Board stated that between December and January, the Present Situation Index rose 6.2 percent to 129.7 and the Expectations Index fell 6.6 percent to 99.8. Analysts reported the decline in confidence was driven by a less optimistic outlook for business conditions, jobs, and consumers' income prospects. Nonetheless, consumers' assessment of current conditions improved in January and remain confident that the economy will continue to expand in the coming months.

Colorado is included in the Mountain Region Index and the area reported an increase in consumer confidence between December and January. The index rose to 124.3 in January from the December revised level of 118.7, an increase of 4.7 percent over-the-month. Along with the fourth month of confidence growth, the index rose 18.2 percent over-the-year. For the Mountain Region, the Present Situation Index rose to 149.2 in January from 142.1 in December (revised), while the Expectations Index increased to 107.7 from 103.2 in December (revised).

Consumer Confidence Index

	Month of Jan-17 (p)	Month of Dec-16 (r)	Month of Jan-16	YTD Avg 2017	YTD Avg 2016	YTD Avg % Change	Ann Avg 2012	Ann Avg 2007
Mountain	124.3	118.7	105.2	124.3	105.2	18.2%	68.7	131.8
United States	111.8	113.3	97.8	111.8	97.8	14.3%	67.1	103.4

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

National retail sales increased 0.6 percent between November and December, totaling $469.1 billion. Compared with year-ago data, retail sales were also up 4.1 percent or an additional $18.6 billion. Motor vehicle sales rose 3.7 percent over-the-year, but fell 0.2 percent between November and December. The building materials sector reported an increase of 2.6 percent between December 2015 and 2016, and rose 0.5 percent over-the-month. Similarly, gasoline sales rose 6.3 percent over-the-year and increased 2.0 percent over-the-month. Core retail sales, which excludes motor vehicle, building material, and gasoline sales, recorded a 0.7 percent increase between November and December and rose 4.2 percent over-the-year.

- The International Council of Shopping Centers released its post-holiday Shopping Survey, finding mixed results for the retail industry. Consumers spent 16 percent more during the last months of 2016 as opposed to 2015, spending an average of $711 on gifts and other holiday-related items. While the survey reported positive growth for retail sales overall, many individual department and apparel stores saw over-the-year declines of up to 13 percent.

Retail sales in Metro Denver increased 1.3 percent between February 2015 and 2016, the latest available data. Retail sales for February 2016 totaled $7.4 billion, an absolute increase of about $95 million compared with the February 2015 total of over $7.3 billion. Four of the seven Metro Denver counties reported year-over-year increases, with Douglas County (+29.2 percent) and Adams County (+2.1 percent) recording the largest increases. The City and County of Broomfield and Jefferson County also recorded growth in retail sales over-the-year, rising 1.9 percent and 1.1 percent, respectively. The largest decline in retail sales between February 2015 and 2016 was in Boulder County, falling 4.6 percent, followed by the City and County of Denver (-2.8 percent) and Arapahoe County (-2.3 percent). Six of the seven counties in Metro Denver recorded declines in sales between January and February, with Douglas County (+9 percent) recording the only increase in sales over-the-month. Retail sales in Colorado were unchanged over-the-year, recording nearly $12.4 billion in retail sales in February 2016, but retail sales were 1.6 percent lower over-the-month.

Total Retail Sales ($000s)

	Month of Feb-16	Month of Jan-16	Month of Feb-15	YTD Total 2016	YTD Total 2015	YTD Total % Change	Annual Growth 2011	Annual Growth 2006
Total Metro Denver	7,440,821	7,526,929	7,345,759	14,967,750	15,400,667	-2.8%	6.4%	9.8%
Adams County	1,478,241	1,508,804	1,447,453	2,987,045	2,967,019	0.7%	10.4%	13.0%
Arapahoe County	1,428,805	1,442,657	1,462,199	2,871,462	3,081,120	-6.8%	3.1%	8.5%
Boulder County	616,381	676,428	646,273	1,292,809	1,377,653	-6.2%	8.2%	6.6%
Broomfield County	155,176	161,049	152,248	316,225	310,734	1.8%	0.2%	7.6%
Denver County	1,872,968	1,887,623	1,927,396	3,760,591	3,974,469	-5.4%	1.9%	15.5%
Douglas County	735,207	674,610	568,983	1,409,817	1,218,344	15.7%	17.0%	5.0%
Jefferson County	1,154,043	1,175,758	1,141,207	2,329,801	2,471,328	-5.7%	8.2%	3.9%
Colorado	12,375,305	12,581,790	12,371,256	24,957,095	25,944,316	-3.8%	7.0%	9.9%

Source: Colorado Department of Revenue.

The U.S. Consumer Price Index (CPI-U) increased 2.1 percent between December 2015 and 2016, the largest 12-month increase since the period ending June 2014, and was unchanged over-the-month. The increase in the overall CPI over-the-year was attributed to increases in medical care (+4.1 percent), housing (+3 percent), and transportation (+2.5 percent). For the Denver-Boulder-Greeley area, the all items index increased by an average of 2.8 percent in 2016. The housing index (+6.1 percent) and medical care index (+1.3 percent) saw the largest increases over the year, with transportation reporting the largest decrease of 1.6 percentage points over the year.

According to the *AAA Daily Fuel Gauge Report*, the national average fuel price for January decreased 2.6 percent from December to $2.27 per gallon. The January average fuel price was 26.2 percent higher than the prior year's level ($1.80 per gallon). Metro Denver reported a 1.2 percent decrease in the average fuel price between December and January. The average fuel price of $2.15 per gallon for January in Metro Denver was $0.13 lower than the national average. The area reported average fuel prices that were 29.1 percent higher in January 2017 than the previous year's level.

Stock Market

All four stock market indices improved between December and January, and all four recorded increases between January 2015 and 2016. The Bloomberg Colorado index increased 3.1 percent over-the-month to 532.9, and was 15.1 percent above the prior year's level. The DJIA, which closed above 20,000 for the first time on January 25th, rose 0.5 percent between December 2016 and January 2017 and 20.6 percent over-the-year. The NASDAQ recorded an increase between December and January of 4.3 percent, and a 21.7 percent increase over-the-year. The S&P 500 rose 1.7 percent over-the-month and increased 17.4 percent between January 2016 and January 2017.

Stock Market Indexes

	Month of Jan-17	Month of Dec-16	Month of Jan-16	YTD Return 2017	YTD Return 2016	Ann Avg Return 2012	Ann Avg Return 2007
Bloomberg Colorado	532.9	517.0	463.1	3.1%	-6.8%	3.5%	17.7%
S&P 500	2,277.8	2,238.8	1,940.2	1.7%	-5.1%	13.4%	3.5%
NASDAQ	5,614.8	5,383.1	4,614.0	4.3%	-7.9%	15.9%	9.8%
DJIA (Dow Jones)	19,864.1	19,762.6	16,466.3	0.5%	-5.5%	7.3%	6.4%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- Colorado's ski area visitation in November and December started out slow compared to 2015, but was 3 percent above the five-year average for the early season. As conditions improved late into December, many ski resorts saw record visitation. Broomfield-based Vail Resorts recorded a 13 percent decline in the early season, but traffic picked up during the holidays. Season-to-date lift ticket revenue at Vail Resorts' ski areas was up 4.3 percent through the first week of January compared with the same period last season.
- The Colorado Department of Transportation is launching two test runs for their new "SnowStang" that will transport skiers and snowboarders from the Federal Center in Lakewood to six different resorts. CDOT hopes the alternative transportation will lessen traffic congestion through the I-70 corridor and will assess public demand for a possible full implementation of the service next year.
- Attendance at the 111th National Western Stock Show reached 684,580 people, which was a big year for the two-week event although still below the 2006 record of 726,972 people. A voter-approved overhaul of the National Western Center, combined with the long-planned $1.2 billion reconstruction of a 10-mile stretch of I-70 between I-25 and Tower Road that includes the removal of the aging viaduct, lowering a portion of the interstate, and building a four-acre park over the lowered portion of the interstate, is expected to result in big changes to the area.
- Visits to U.S. national parks set a record in 2016 for the third consecutive year, including visits to Rocky Mountain National Park in Colorado. Overall visitation in national parks surpassed 325 million in 2016, breaking last year's 307 million by 6 percent. Rocky Mountain National Park alone welcomed 4.5 million visitors.

The average hotel occupancy rate in Metro Denver fell 13.5 percentage points to 55.9 percent occupancy in December compared with the November level. The December level was 0.4 percentage points above the previous year's level. The average room rate for December was $115.39 per night, 12.4 percent lower than the November level and 0.2 percent lower over-the-year. Occupancy rates typically decline during the fall and winter months.

Metro Denver Hotel Statistics

	Month of Dec-16	Month of Nov-16	Month of Dec-15	YTD Avg 2016	YTD Avg 2015	YTD Avg % Change	Annual 2011	Annual 2006
Percent of Hotel Rooms Occupied	55.9%	64.6%	55.5%	75.0%	75.9%	-1.2%	66.8%	66.4%
Average Hotel Room Rate	$115.39	$131.67	$115.63	$140.46	$133.65	5.1%	$109.94	$101.54

Source: Rocky Mountain Lodging Report.

Spokespeople for Denver International Airport (DEN) reported that nearly 4.7 million passengers passed through the airport in November, decreasing 10.1 percent from the 5.2 million passengers in October. The November 2016 level was 7.1 percent higher than the November 2015 level, recording 311,952 additional passengers through the airport. DEN also recorded over 53.4 million passengers during the first 11 months of 2016, an increase of 8.1 percent compared with the same period in 2015. November was the 15th consecutive record-setting month for over-the-year passenger traffic.

Denver International Airport Passengers

	Month of Nov-16	Month of Oct-16	Month of Nov-15	YTD Total 2016	YTD Total 2015	YTD Total % Change	Annual 2011	Annual 2006
Number of Airline Passengers	4,695,897	5,226,077	4,383,945	53,441,291	49,433,263	8.1%	52,849,132	47,325,016

Source: Denver International Airport, Traffic Statistics.

Residential Real Estate

- Urban Land Conservancy and Denver-based Zocalo Community Development Inc. will begin development on a six-acre parcel near 48th and Race streets. The development will include up to 560 residential units, including mixed-income homes, both for-sale and for-rent, and about 80,000 square feet of commercial space. The multi-phase development is projected to cost about $200 million and is expected open late 2018.
- San Francisco Bay Area-based national real estate firm Legacy Partners, in a joint venture with Diamond Realty Investments and the real estate investment arm of Mitsubishi Corp., will begin construction on a new 300-unit multifamily development located along Westminster Blvd. in Westminster. The Legacy on the Promenade development will consist of 276 apartments and 24 townhomes. Of the townhomes, 12 will be live/work spaces ideal for small business owners.
- Arapahoe County sold a 103-acre parcel of land to Wild Plum Farm JV LLC for a single-family home development. CalAtlantic Group Inc., a California-based developer, will build 105 homes ranging in price from $1 million to $2 million plus.
- Corum Real Estate will break ground on a $34 million, 100-unit apartment complex in Denver's Highlands neighborhood. Corum purchased the site at 2690 18th St. for $6.2 million and will demolish the current office building to make room for the new development. It is estimated to be completed in mid-2018.
- Boulder's Planning Board has approved a 70-unit, middle-income housing development in northeast Boulder. The 2.7-acre lot at 3289 Airport Road will have apartments and a small market in five three-story buildings. No decision has been made yet as to whether the units will be sold or leased. Regardless, the development will add to the goal of 3,500 units built for the middle-income demographic by 2030. The development is schedule to be completed within two years.
- Brice Leconte is planning a third iUnit apartment complex at the corner of Federal Boulevard and 20th Avenue. The 56-unit apartment development will include 1,200 square feet of office space that will be split into 150-square-foot rentable suites to provide a live-work environment.
- Construction has started on the Solis Townhomes development, offering affordable housing for moderate-income families in the Denver Cole neighborhood at 3390 Humboldt St. The project will provide 11 two- and three-bedroom units with prices set at $147,000 and $167,000, respectively. The development is a result of the Inclusionary Housing Ordinance that requires developers of projects with 30 or more units to invest in Denver's affordable housing.

Home Resales

- According to the latest Homeownership and Vacancy Survey by the U.S. Census Bureau, home ownership decreased in Colorado in 2016. Colorado's home ownership rate averaged 62.4 percent in 2016, down from 63.6 percent in 2015 and 65 percent in 2014. Home ownership at the national level decreased from 63.8 percent in 2015 to 63.7 percent in 2016.
- Denver and Omaha tied for the number one spot for the fastest home sales across the country in December, according to a RE/MAX National Housing Report. Homes in the Metro Denver area were on the market for an average of 36 days, which includes going under contract and being finalized. Denver also ranked number three in the country for the

lowest supply of housing inventory, behind San Francisco and Seattle. This occurred during the best year for U.S. home sales, with nine months of 2016 showing higher sales than 2015.

Existing home sales in Metro Denver increased between November and December, increasing 2.3 percent to 4,874 homes sold during the month. However, home sales were 6.5 percent lower between December 2015 and 2016. Unsold homes on the market were 7.9 percent lower in December 2016 than December 2015, with 279 fewer homes on the market as of the end of the month. Also, unsold homes on the market dropped by 24.7 percent between November 2016 and December 2016, representing 1,064 fewer homes. The average sales price for single-family homes rose 5.1 percent over-the-year to $421,962, while the average sales price of condominiums ($277,384) increased 21.3 percent during the same period. Between December 2015 and 2016, the single-family market added about $20,650 to the average sales price, while the condominium market added about $48,700 to the average sales price.

Previously-Owned Home Sales Activity

	Month of Dec-16	Month of Nov-16	Month of Dec-15	YTD Total 2016	YTD Total 2015	YTD Total % Change	Ann Total 2011	Ann Total 2006
Home Sales (Closed)	4,874	4,766	5,212	60,289	56,178	7.3%	38,105	50,244
Unsold Homes on Market	3,240	4,304	3,519	4,265	4,563	-6.5%	16,187	28,789
Average Sales Price-Single Family	$421,962	$433,374	$401,314	$432,051	$396,059	9.1%	$279,858	$317,115
Average Sales Price-Condo	$277,384	$260,340	$228,677	$253,700	$228,399	11.1%	$159,141	$188,745
Median Sales Price-Single Family	$360,000	$365,000	$335,000				$230,000	$249,900
Median Sales Price-Condo	$235,000	$228,750	$206,750				$124,900	$157,000

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

According to the National Association of Realtors (NAR), existing-home sales in 2016 reached 5.45 million sales, and surpassed 2015 (5.25 million) as the highest since 2006 (6.48 million). Existing home sales declined 2.8 percent between November and December to a seasonally adjusted annual rate of 5.49 million. Total housing inventory at the end of December dropped 10.8 percent to 1.65 million existing homes available for sale, which is the lowest level since NAR began tracking the supply of all housing types in 1999. Inventory is 6.3 percent lower than a year ago (1.76 million), and has fallen year-over-year for 19 straight months. First-time buyers were 32 percent of sales in December, which is unchanged both from November and a year ago. First-time buyers also represented 32 percent of sales in all of 2016. Properties typically stayed on the market for 52 days in December, up from 43 days in November but down from a year ago (58 days). Thirty-seven percent of homes sold in December were on the market for less than a month. NAR economists said the housing market's best year since the Great Recession ended on a healthy but somewhat softer note. Solid job creation throughout 2016 and exceptionally low mortgage rates translated into a good year for the housing market; however, higher mortgage rates and home prices combined with record low inventory levels stunted sales in much of the country in December.

Home Prices

- Long-term U.S. mortgage rates declined during the first month of 2017, according to Freddie Mac. The rate on a 30-year fixed-rate mortgage averaged 4.19 percent for the week ending January 26, 2017, up from the prior week's average rate of 4.09 and was 0.4 percentage points above the year-ago rate of 3.79 percent.
- According to research from the online real estate company Zillow, Denver homeowners are spending a higher percentage of their income on mortgage payments than the national average. Across Metro Denver, homeowners spend 19.6 percent on their income on mortgage payments, as opposed to the 14.6 percent national average.
- Nearly seven in 10 Metro Denver homeowners undertook home improvements in 2014 and 2015, the highest rate out of 25 major U.S. metros, according to a study from Lawnstarter. According to the American Housing Survey released by the U.S. Census Bureau, 69.3 percent of homeowners in the Denver area reported making some kind of home improvement in the last two years.

NAR data shows the median existing-home price for all housing types in December was $232,200, up 4 percent from December 2015 ($223,200). December's price increase marked the 58th consecutive month of year-over-year gains. The

South reported the largest increase between December 2015 and 2016, rising 6.5 percent to a median home price of $207,600. Median home prices in the West were the highest among all four regions ($341,400), rising 6 percent over-the-year. The Midwest reported the lowest median home price ($178,400), which was 4.6 percent above the previous year's level. The Northeast reported the only decrease in median home prices over-the-year to $245,900, a drop of 3.8 percent.

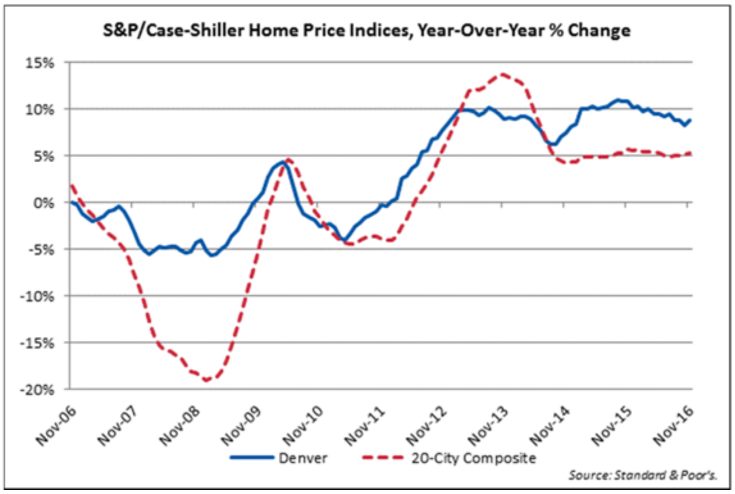
Median Sales Price of Existing Single-Family Homes ($000s)

	Quarter 3 2016 (p)	Quarter 2 2016 (r)	Quarter 3 2015	YTD Avg 2016	YTD Avg 2015	YTD Avg % Change	Median 2011	Median 2006
Boulder MSA	$515.2	$549.6	$449.0	$514.8	$451.6	14.0%	$353.1	$366.4
Denver-Aurora MSA	$386.8	$394.4	$353.0	$383.4	$351.3	9.1%	$231.4	$249.5
United States	$240.9	$240.7	$228.9	$232.9	$221.0	5.4%	$166.2	$221.9

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

A separate NAR report revealed that median home prices throughout the Metro Denver area decreased between the second and third quarters of 2016, but were stable nationally. The median price in the Boulder MSA ($515,200) was 6.3 percent lower and the price in the Denver-Aurora MSA ($386,800) was 1.9 percent lower. However, the median price in Boulder was 14.7 percent higher than the third quarter of 2015. Between the third quarters of 2015 and 2016, the Denver-Aurora MSA recorded a 9.6 percent increase. The national median sales price rose slightly of 0.1 percent over-the-quarter to $240,900 but was 5.2 percent higher than the previous year's level. Of the 178 MSAs included in the third quarter 2016 report, the Boulder MSA reported the seventh highest median price and the third largest over-the-year increase. The Denver-Aurora MSA median price was the 16th highest and had the 28th largest increase.

According to the S&P/Case-Shiller home price index, Denver housing prices increased between October and November 2016. The Denver index was 188.69 in November, recording the highest index level in its history. Prices in 18 of the 20 cities tracked by the index increased over-the-month and all 20 cities recorded increases over-the-year. Denver's home prices in November 2016 were 8.7 percent higher than the prior year's level, recording the third largest over-the-year increase of the 20 cities. Seattle (+10.4 percent) and Portland (+10.1 percent) recorded the largest over-the-year increases, while New York (+2.4 percent) reported the smallest increase. The national home price index rose 5.6 percent between November 2015 and 2016. Analysts for the index reported that the annual growth rate of 5.5 percent over the last two-and-a-half years and the national index having reached a new all-time high shows the housing market has fully recovered from the boom-bust cycle that began 12 years ago. Low interest rates, falling unemployment, and consistent gains in per-capita disposable income have supported the recovery.



Foreclosures

Metro Denver recorded an 8.8 percent increase in foreclosures in December over the previous month but an 18 percent decrease over the year-ago level. Foreclosures decreased in Metro Denver from 333 in December 2015 to 273 in December 2016. Six of the seven counties in the metro area reported decreases or no change in the number of foreclosures over-the-year. Boulder County reported the largest decline of 56.5 percent over-the-year, while Douglas County and Jefferson County's foreclosures were unchanged from the year-ago level. All but Denver County recorded increases between November and December, with Broomfield recording a 100 percent increase to four foreclosures, up from two.

Real Estate Foreclosures

	Month of Dec-16	Month of Nov-16	Month of Dec-15	YTD Total 2016	YTD Total 2015	YTD Total % Change	Annual Total 2011	Annual Total 2006
Total Metro Denver*	273	251	333	3,195	3,166	0.9%	16,708	18,958
Adams County	68	53	91	717	672	6.7%	3,553	4,330
Arapahoe County	66	59	79	731	778	-6.0%	3,959	4,719
Boulder County	10	8	23	173	197	-12.2%	918	790
Broomfield County	4	2	3	34	33	3.0%	207	194
Denver County	48	63	60	716	630	13.7%	3,434	4,696
Douglas County	30	27	30	310	292	6.2%	1,781	1,258
Jefferson County	47	39	47	514	564	-8.9%	2,856	2,971

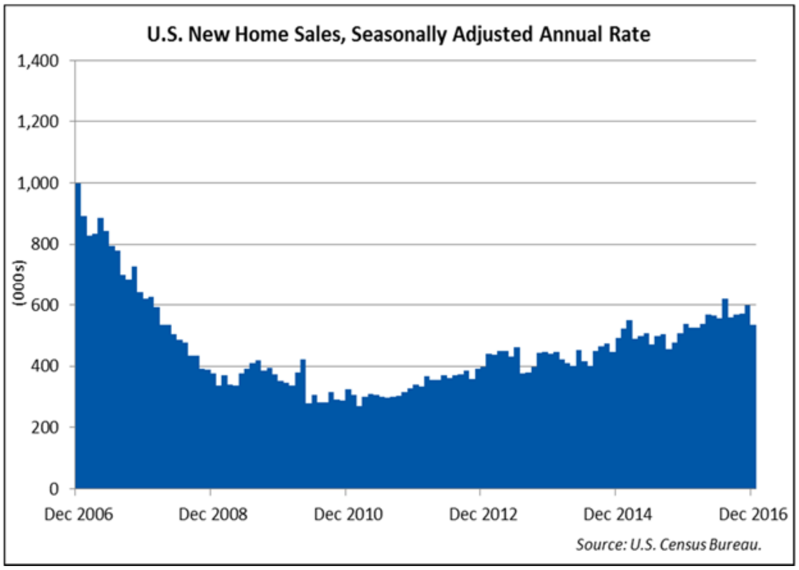
**The total number of election and demand setups (initial filings) received by county public trustees. Filings may be subsequently cured or withdrawn.*
Sources: County public trustees.

RealtyTrac released the foreclosure report for December 2016, stating the U.S. foreclosure rate decreased 14 percent from the previous year's level. The total filings for the month of December (85,919 filings) were also 1 percent lower than the previous month's level, and down 17 percent from a year ago – the 15th consecutive month with a year-over-year decrease in foreclosure activity.

Home foreclosures filings fell 18.4 percent in Colorado from 2015, placing Colorado at No. 37 in the nation for total foreclosure filings, according to the "2016 U.S. Foreclosure Market" report by ATTOM Data Solutions. There were 6,547 foreclosure starts in Colorado in 2016, which was a 31 percent decrease from 2015, and total foreclosure completions were down 17 percent.

New Homes

The Census Bureau report on new home sales – after adjustment for seasonal trends – stated that national home sales decreased in December to 536,000 annual sales from the revised November level of 598,000 annual sales. The December home sales level was 10.4 percent below November and was 0.4 percent below the previous year's level. Three of the four regions reported over-the-month decreases in home sales. The Midwest reported the largest over-the-month decrease in sales, falling 41 percent to 49,000 sales. The West also recorded an over-the-month decrease in new home sales, falling 1.3 percent to 156,000 sales. The South (-12.6 percent) reported an over-the-month decline in new home sales, while new home sales in the Northeast recorded the only increase over-the-month, reporting a 48.4 percent increase to 46,000 sales. The Midwest reported the only over-the-year decrease in sales, falling 29 percent, while the Northeast (+48.4 percent) and the West (+2.0 percent) recorded over-the-year increases, and the South was unchanged.



The National Association of Homebuilders (NAHB)/Wells Fargo Housing Market Index for newly built single-family homes remained steady in January, reporting a level of 67 down from the revised December level of 69. NAHB spokespersons attributed continued confidence to the optimistic view that a new Congress and administration will help create a better business climate for small businesses and streamline business reform and the regulatory process. NAHB expects 10 percent growth for single-family construction in 2017, but will be closely watching the effects of the projected interest rate increases that the Federal Reserve has proposed.

According to the Census Bureau, the seasonally adjusted annual number of nationwide residential building permits increased 1.3 percent in December (1.2 million permits) from November and was 2.2 percent above December 2015. There was no change in single-family attached units over-the-month, a 6.4 percent increase in single-family detached units, and an 8.6 percent decrease in multi-family units. Single-family attached permits rose 5.7 percent over-the-year and single-family detached permits rose 12.5 percent. There was a 15.7 percent decrease in multi-family permits between December 2015 and December 2016. The West (341,000 permits) reported an increase in permits over-the-year, rising 25.4 percent, the South reported a 0.3 percent increase to 584,000 permits, the Midwest recorded a 12.6 percent increase over-the-year with 188,000 permits, while the Northeast (-36.1 percent) recorded the only decline.

Residential building permits for the Metro Denver area decreased 15.7 percent in December compared with the prior year. The over-the-year decrease in total permits was attributed to an 82.4 percent decrease in single-family attached permits and a 33.8 percent decrease in multi-family permits. The single-family detached market recorded the only over-the-year increase in permits, rising 16 percent or 131 more permits over-the-year. Single-family detached units recorded the only increase in permits between November and December 2016, increasing 15.3 percent. Both the single-family attached units and multi-family units recorded a decrease over-the month, 25 percent and 39.4 percent, respectively. Total permits issued in Metro Denver also recorded a decrease between November and December 2016, falling 20 percent over the period.

- According to a study commissioned by Housing Colorado, construction of for-sale and for-rent housing in Metro Denver in 2015 resulted in $7.5 billion in local income. This included jobs and income for residents of the metro region, which was defined to be Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Gilpin, and Jefferson counties. In addition, all residential construction in 2015 added $1.1 billion in taxes and 99,775 full-time equivalent one-year jobs in the metro area.

Residential Building Permits

	Month of Dec-16	Month of Nov-16	Month of Dec-15	YTD Total 2016	YTD Total 2015	YTD Total % Change	Total 2011	Total 2006
Single-Family Detached Units	948	822	817	10,772	9,832	9.7%	3,885	12,938
Single-Family Attached Units	3	4	17	422	402	5.0%	309	428
Multi-Family Units	909	1,500	1,373	11,833	8,651	36.8%	3,005	4,769
Total Units	1,860	2,326	2,207	23,027	18,885	22.0%	7,199	18,135

Source: U.S. Census Bureau.

Apartment Rental Market

The *Denver Metro Apartment Vacancy and Rent Survey* for the fourth quarter of 2016 reported increasing vacancy in the metro area, increasing 1.1 percentage points to 6.2 percent from the third quarter of 2016. However, the average vacancy rate in the fourth quarter of 2016 was 0.6 percentage points below the prior year. Vacancy rates ranged from 4.4 percent in Jefferson County to 7.2 percent in Douglas County. Douglas County reported the largest over-the-year decrease of the counties, falling 3.5 percentage points. Vacancy rates declined over-the-year in four of the six submarkets, with Adams County increasing by 0.5 percentage points and Arapahoe County increasing by 0.4 percentage points.

Apartment Statistics

	Quarter 4 2016	Quarter 3 2016	Quarter 4 2015	YTD Average 2016	YTD Average 2015	YTD Average % Change	Annual Average 2011	Annual Average 2006
Apartment Vacancy Rate	6.2%	5.1%	6.8%	5.7%	5.3%		5.2%	7.0%
Average Monthly Rental Rate (all units)	$1,347	$1,368	$1,292	$1,350	$1,263	6.9%	$932	$850

Source: Denver Metro Apartment Vacancy and Rent Survey.

The average monthly rental rate of apartments in Metro Denver decreased across all six submarkets in the fourth quarter of 2016. The fourth quarter average rental rate in Metro Denver ($1,347) was 1.5 percentage points lower than the previous quarter's level. However, the rate was 4.3 percent higher than the fourth quarter of 2015, representing an increase of $55 in average monthly rental rates over-the-year. The average rental rate ranged from $1,251 in Adams County to $1,499 in the Boulder/Broomfield submarket. All six submarkets reported over-the-year increases in average rental rates, ranging from 0.4 percent in the Boulder/Broomfield area to 6.9 percent in Adams County. Yardi Matrix predicts that apartment rents will rise by 5 percent in 2017 in the Denver area, which is the 20th largest increase of the large U.S. markets.

Commercial Real Estate

- Houston-based Patrinely Group and USAA Real Estate Co. have begun developing a 32-story office building at 15th and Welton streets in downtown Denver. The project, called Block 162, will have 606,500 square feet, 21 floors of office space atop 10 floors of parking and three levels of underground parking, a 12th floor terrace, fitness center, and 1,400 square feet of meeting space. Construction should begin early in 2018. It is expected that Block 162 will be the only significant high-rise structure to be completed in Downtown Denver in 2019-2020.
- Denver-based Urban Villages has begun its third and final component to create the Sugar Block, a residential and commercial mixed development. The four-story, 10,800-square-foot office space building called SugarSquare, along Wazee Street, will complete the Sugar Block development. The building is 100 percent pre-leased and is expected to be completed by the fourth quarter of 2017.
- Mikron Automation in Arapahoe County will further expand their current facility by adding 19,000 square feet of industrial space. When the expansion is complete, the company will have a total of 82,000 square feet located at the Dove Valley Business Park.
- Arapahoe Community College plans to build a $40 million 14-acre campus in Castle Rock to be completed by August 2019. The so-called Collaboration Campus will be a partnership between Arapahoe Community College, Colorado State University, and Douglas County Schools to supply smooth transitions from high school to an associate's or bachelor's degree.
- The Denver Hose Company No. 1 building, a historic Denver fire station will be incorporated into a hotel by Focus Property Group. The 12-story, $80 million Hilton Garden Inn will have 223 rooms, a ballroom, meeting space, underground parking, and a fitness center. The Hotel is expected to open in early 2019.
- H&A Development has acquired a .68-acre site for $3.6 million near 13th Avenue and Elati Street and will begin construction on a 157-room Element hotel. The $38 million hotel will include second level parking and a restaurant and bar.

Office Market

- Office vacancy across the nation continued to improve throughout 2016 based on a national report released by the CoStar Group. The vacancy rate in the U.S. market area decreased from 10.2 percent at the end of the first quarter to 9.7 percent at the end of the fourth quarter. Vacancy declined in both central business districts and suburban markets. At the same time, rents continued to increase with the average quoted asking price rising 1.3 percent to $24.30 per square foot from $23.98 per square foot in the third quarter. The report also noted that Denver had the fifth-most square footage under construction of the major markets in the fourth quarter. At the time of the report, CoStar analysts reported that Denver had more than 6 million square feet under construction in 51 buildings with 44.7 percent preleased.
- Jones Lang LaSalle, a Chicago based real estate company, released a report on the Denver area's commercial real estate market for the fourth quarter. It found that Denver's vacancy rate has increased by 0.5 percent since 2015 to 13.8 percent, the first increase in four years. Total net absorption of office space amounted to 261,000 square feet, much lower than 2015 total net absorption of 1.9 million. While the report reveals mixed results, the region is expected to add 130,000 new jobs by 2020 with positive growth in the technology, healthcare, and business services sectors.

- The latest office market report for Denver from Cushman & Wakefield highlights strong economic conditions, strong absorption activity, rising rents, and a steady vacancy rate in the fourth quarter of 2016. The overall vacancy rate in the Denver market increased slightly from the third quarter, but much of the increase was due to a large amount of sublease space added in the central business district. While direct absorption remained strong in the fourth quarter, the report notes that there was a slight cool-down compared to 2015. Leasing activity slowed slightly from the third quarter to the fourth quarter but analysts note that Denver remains a top destination for companies looking at relocation options.

The Metro Denver office market reported declines in the vacancy rate and increases in the average lease rate through the fourth quarter of 2016. According to CoStar, the direct vacancy rate fell 0.3 percentage point's over-the-year to 9.3 percent vacancy. The fourth quarter 2016 direct vacancy rate was the lowest fourth quarter vacancy rate since 2000 when the vacancy rate was 6.8 percent. The average lease rate rose 2.9 percent between the fourth quarters of 2015 and 2016, gaining $0.71 per square foot during the same period. Existing square footage in the office market increased 2.7 million square feet in 45 buildings during the same period.

Office construction in Metro Denver was robust during the fourth quarter of 2016. There was nearly 1.4 million square feet of space completed across 28 buildings in 2016. Some of the largest office buildings completed through 2016 included the 311,015-square-foot 1401 Lawrence office building in downtown Denver, the 175,755-square-foot Pearl West office building in Boulder, and the 127,000-square-foot FirstBank office building in Jefferson County. There was nearly 5.91 million square feet of space under construction during the fourth quarter of 2016, nearly double the amount of space under construction from the prior year. Of this space, over 3.7 million square feet of space was under construction in the City and County of Denver, the largest amount of space of the seven counties at 63.7 percent of total Metro Denver construction.

Office Market Statistics

	Quarter 4 2016	Quarter 3 2016	Quarter 4 2015	Quarter 4 2014	Quarter 4 2013	Quarter 4 2012
Number of Buildings	6,092	6,087	6,064	6,032	6,006	5,990
Existing Square Feet (millions)	180.4	180.0	179.0	176.7	175.6	174.6
Vacant Square Feet (direct, millions)	16.9	16.9	17.1	17.8	19.4	20.9
Vacancy Rate (direct)	9.3%	9.4%	9.6%	10.0%	11.1%	12.0%
Vacancy Rate (with sublet)	10.2%	10.1%	10.2%	10.6%	11.5%	12.3%
Avg. Lease Rate (direct, per sq. foot, full service)	$25.36	$25.15	$24.65	$23.50	$22.30	$20.89
New Construction Completed (year-to-date)	1.36 MSF, 28 Bldgs	0.98 MSF, 23 Bldgs	2.08 MSF, 27 Bldgs	1.16 MSF, 23 Bldgs	0.95 MSF, 15 Bldgs	0.87 MSF, 8 Bldgs
Currently Under Construction	5.91 MSF, 45 Bldgs	4.84 MSF, 36 Bldgs	3.18 MSF, 33 Bldgs	2.85 MSF, 25 Bldgs	1.79 MSF, 23 Bldgs	0.90 MSF, 10 Bldgs

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

Industrial & Flex Market

- The CoStar Group reported that the industrial vacancy rate in the U.S. decreased in 2016 from 5.9 percent in the first quarter to 5.4 percent in the fourth quarter. Vacancy in the flex market also improved, falling from a vacancy rate of 7.9 percent to 7.1 percent over the same period. The overall vacancy rate was at lows not posted since 2000. Rents increased over-the-quarter with the average quoted asking rate rising 1.2 percent from $5.98 per square foot in the third quarter to $6.05 per square foot in the fourth quarter. There were 256.4 million square feet of industrial space under construction at the end of the fourth quarter. Additionally, sales activity in 2016 was up from 2015 in both the number of transactions and sales volume.

- Denver's industrial market metrics remained healthy in the fourth quarter of 2016 according to the latest market report from Cushman & Wakefield. The market continued its prolonged expansion cycle with strong leasing, sales activity, lease rates, and sales prices. Analysts noted that in 2016 the amount of leases signed was almost identical to 2015. The Denver market also recorded its highest sales volume in history fueled by investor demand, low interest rates, steady absorption, and strong market fundamentals. The Denver market is a noted investment priority for both foreign and domestic buyers. Analysts expect 2017 will be another banner year based on the initial offerings activity.

CoStar Realty data revealed that the industrial market continued to loosen during the fourth quarter of 2016. The fourth quarter direct vacancy rate was 0.7 percentage points higher than the fourth quarter of 2015. The average lease rate rose 5.4 percent between the fourth quarters of 2015 and 2016, adding $0.38 per square foot to the average lease rate. There was also a 2.1 percent increase over-the-quarter in the average lease rate. There were 30 industrial buildings completed in 2016, ranging from the 15,000-square-foot New Terrain Brewing building in Golden to the 545,000-square-foot Medline Industries building in Aurora. There were 29 buildings with over 2.3 million square feet of space under construction during the period.

Industrial Market Statistics

	Quarter 4 2016	Quarter 3 2016	Quarter 4 2015	Quarter 4 2014	Quarter 4 2013	Quarter 4 2012
Number of Buildings	6,954	6,945	6,924	6,914	6,887	6,878
Existing Square Feet (millions)	210.7	209.2	206.2	204.6	201.9	200.8
Vacant Square Feet (direct, millions)	8.0	7.0	6.3	6.2	8.3	10.5
Vacancy Rate (direct)	3.8%	3.3%	3.1%	3.0%	4.1%	5.2%
Vacancy Rate (with sublet)	4.1%	3.6%	3.3%	3.2%	4.4%	5.7%
Avg. Lease Rate (direct, per square foot, NNN)	$7.41	$7.26	$7.03	$6.03	$5.11	$4.71
New Construction Completed (year-to-date)	4.51 MSF, 30 Bldgs	2.71 MSF, 19 Bldgs	1.37 MSF, 7 Bldgs	2.60 MSF, 23 Bldgs	0.93 MSF, 5 Bldgs	0.58 MSF, 8 Bldgs
Currently Under Construction	2.33 MSF, 29 Bldgs	3.82 MSF, 34 Bldgs	2.97 MSF, 17 Bldgs	1.35 MSF, 6 Bldgs	2.01 MSF, 15 Bldgs	1.05 MSF, 7 Bldgs

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

Similar to the industrial market, the Metro Denver flex market recorded rising vacancy rates and average lease rates through the fourth quarter of the year. The direct vacancy rate for flex space rose 0.6 percentage points to 7.6 percent between the fourth quarters of 2015 and 2016. The average lease rate rose 4.9 percent over-the-quarter to $11.42 per square foot. The fourth quarter lease rate was also 8.2 percent higher than the prior year's level and added $0.87 per square foot. There was 241,470 square feet of new space completed in 2016, including the 110,520-square-foot 150 Capital Drive building in Golden, the 54,960-square-foot TIC Corporate Training Facility in Aurora, and a 33,500-square-foot flex building in the Mountain West Business Center in Littleton.

Flex Space Statistics

	Quarter 4 2016	Quarter 3 2016	Quarter 4 2015	Quarter 4 2014	Quarter 4 2013	Quarter 4 2012
Number of Buildings	1,469	1,467	1,463	1,457	1,448	1,443
Existing Square Feet (millions)	41.7	41.6	41.5	41.1	40.4	40.2
Vacant Square Feet (direct, millions)	3.2	3.0	2.9	3.4	4.1	5.0
Vacancy Rate (direct)	7.6%	7.3%	7.0%	8.2%	10.1%	12.5%
Vacancy Rate (with sublet)	7.9%	7.7%	8.3%	9.5%	11.6%	13.9%
Avg. Lease Rate (direct, per square foot, NNN)	$11.42	$10.89	$10.55	$9.89	$9.37	$8.65
New Construction Completed (year-to-date)	0.24 MSF, 6 Bldgs	0.13 MSF, 4 Bldgs	0.50 MSF, 7 Bldgs	0.57 MSF, 9 Bldgs	0.10 MSF, 3 Bldgs	0.13 MSF, 3 Bldgs
Currently Under Construction	0.39 MSF, 8 Bldgs	0.36 MSF, 7 Bldgs	0.22 MSF, 4 Bldgs	0.32 MSF, 3 Bldgs	0.23 MSF, 5 Bldgs	0.08 MSF, 3 Bldgs

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

Retail Market

- The national U.S. retail market did not post much change in market conditions in the fourth quarter of 2016 according to the CoStar Group. The market had moderate net absorption, steadily declining vacancy rates, increasing rental rates, and declining sales activity. The U.S.'s retail vacancy rate fell throughout 2016 from 5.4 percent in the first quarter to 4.9 percent in the fourth quarter. Analysts noted the amount of sublease space has trended down. The average quoted asking rental rate increased 3.1 percent from year-ago levels to $15.84 per square foot at the end of the fourth quarter. Total retail center sales activity in 2016 was down compared to 2015 in both the number of transactions and sales volume. Transactions fell 4.9 percent and sales volume declined by 6.4 percent. Compared with other major markets in the U.S., Denver has the 13th largest amount of space under construction with 1.7 million square feet in 67 buildings under construction at the time of the report.

Metro Denver's retail market continued to gain momentum through the fourth quarter of 2016. The direct vacancy rate decreased 0.5 percentage points between the fourth quarters of 2015 and 2016 and was 0.2 percentage points below the third quarter 2016 level. The fourth quarter direct vacancy rate was the lowest fourth quarter level since the fourth quarter of 2002. The average lease rate for retail space rose 3.4 percent over-the-year, adding $0.55 per square foot during this same period of time.

The majority of completed retail projects during the year were larger scale projects. Through the fourth quarter of 2016, nearly 76 percent of completed retail projects were over 10,000 square feet. Of the 90 buildings completed in 2016, 57 of them were smaller than 10,000 square feet, with an overall average size of 5,586 square feet. Douglas and Arapahoe Counties recorded the largest amounts of retail space completed through 2016, reporting 419,020 square feet and 256,840 square feet of retail space completed, respectively. There were 51 buildings under construction at the end of 2016, totaling about 1.2 million square feet. Twenty-three of the buildings under construction were larger than 10,000 square feet, spanning a total over 1 million square feet or 86 percent of total retail space under construction.

Retail Market Statistics

	Quarter 4 2016	Quarter 3 2016	Quarter 4 2015	Quarter 4 2014	Quarter 4 2013	Quarter 4 2012
Number of Buildings	11,915	11,892	11,824	11,740	11,659	11,574
Existing Square Feet (millions)	164.9	164.6	163.6	162.2	161.2	159.7
Vacant Square Feet (direct, millions)	7.5	7.7	8.2	8.6	9.3	10.1
Vacancy Rate (direct)	4.5%	4.7%	5.0%	5.3%	5.8%	6.3%
Vacancy Rate (with sublet)	4.8%	4.9%	5.2%	5.4%	6.0%	6.5%
Avg. Lease Rate (direct, per square foot, NNN)	$16.55	$16.35	$16.00	$15.66	$15.34	$14.75
New Construction Completed (year-to-date)	1.32 MSF, 90 Bldgs	0.93 MSF, 63 Bldgs	1.16 MSF, 66 Bldgs	0.59 MSF, 51 Bldgs	1.15 MSF, 69 Bldgs	0.59 MSF, 46 Bldgs
Currently Under Construction	1.19 MSF, 51 Bldgs	1.64 MSF, 59 Bldgs	0.94 MSF, 43 Bldgs	0.87 MSF, 37 Bldgs	0.42 MSF, 29 Bldgs	0.85 MSF, 27 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**	**5 of 18**		**13 of 18**		**12 of 18**	
Nonfarm Employment Growth	-1,400	⇓	+52,000	⇑	+50,000	⇑
	Employment down 0.1% from Nov. to Dec.		Employment up 3.3% from Dec. 2015 to 2016		YTD employment up 3.2% through Dec.	
% Companies Hiring (Denver Area)	25%	⇓	25%	⇑	25%	⇑
	Companies expecting to add workers fell 3 percentage points from 4Q 2016 to 1Q 2017		Companies expecting to add workers rose 2 percentage points from 1Q 2016 to 1Q 2017		YTD average up 2 percentage points compared with 2016	
Unemployment Rate	2.6%	⇔	-0.5 percentage points	⇓	3.1%	⇓
	Unemployment recorded no change between Nov. and Dec.		Unemployment rate down from Dec. 2015 to 2016		Down from 2015 YTD average of 3.6%	
Initial Unemployment Insurance Claims	+1.1%	⇑	+1.6%	⇑	-6.9%	⇓
	Claims increased from Nov. to Dec.		Claims increased from Dec. 2015 to 2016		YTD average claims decreased through Dec. 2016	
Total Retail Sales	-1.1%	⇓	1.3%	⇑	-2.8%	⇓
	Metro sales decreased from Jan. to Feb.		Metro sales up from Feb. 2015 to 2016		YTD sales down through Feb. 2016	
Mountain Region Consumer Confidence Index	124.3	⇑	18.2%	⇑	124.3	⇑
	Index up 4.7% from Dec. to Jan.		Index up from Jan. 2016 to 2017		YTD average up 18.2% through Jan. 2017	
Hotel Occupancy	55.9%	⇓	+0.4 percentage points	⇑	75.0%	⇓
	Decreased 8.7 percentage points from Nov. to Dec.		Occupancy increased from Dec. 2015 to 2016		YTD occupancy down 0.9 percentage points from last year	
DIA Passengers	-10.1%	⇓	7.1%	⇑	8.1%	⇑
	Passengers down from Oct. to Nov.		Passengers up from Nov. 2015 to 2016		YTD passengers increased through Nov. 2016	
Bloomberg Colorado Index	532.9	⇑	15.1%	⇑	3.1%	⇑
	Index up 3.1% from Dec. to Jan.		Index up from Jan. 2016 to 2017		YTD return through Jan. 2017	
Dow Jones Industrial Average	19,864.1	⇑	20.6%	⇑	0.5%	⇑
	Index up 0.5% from Dec. to Jan.		Index up from Jan 2016 to 2017		YTD return through Jan. 2017	
Home Sales (closed)	4,874	⇑	-6.5%	⇓	60,289	⇑
	Sales up 2.3% from Nov. to Dec.		Sales down from Dec. 2015 to 2016		YTD sales up 7.3% through Dec. 2016	
Median Home Price (Denver-Aurora MSA)	$386,800	⇓	9.6%	⇑	$383,400	⇑
	Down 1.9% from 2Q 2016 to 3Q 2016		Price up from 3Q 2015 to 3Q 2016		YTD price 9.1% higher through 3Q 2016	
Foreclosures	273	⇑	18.0%	⇓	3,195	⇑
	Up 8.8% from Nov. to Dec.		Down from Dec. 2015 to 2016		Up 0.9 % YTD through Dec. 2016	
Residential Building Permits (Total)	1,860	⇓	15.7%	⇓	23,027	⇑
	Permits decreased 20% from Nov. to Dec.		Permits down from Dec. 2015 to 2016		YTD permits up 22% through Dec. 2016	

Apartment Vacancy Rate	6.2%	⇑	0.4 percentage points	⇓	5.7%	⇑
	Vacancy increased 1.1 percentage points from 3Q 2016 to 4Q 2016		Vacancy decreased from 4Q 2015 to 4Q 2016		YTD average up 0.4 percentage points from last year	
Office Vacancy Rate (with Sublet)	10.2%	⇑	0.0 percentage points	⇔	0.0 percentage points	⇔
	Vacancy rate up 0.1 percentage points from 3Q 2016 to 4Q 2016		Vacancy rate unchanged from 4Q 2015 to 4Q 2016		Vacancy rate unchanged from 4Q 2015 to 4Q 2016	
Industrial Vacancy Rate (with Sublet)	4.1%	⇑	+0.8 percentage points	⇑	+0.8 percentage points	⇑
	Vacancy rate up 0.5 percentage points from 3Q 2016 to 4Q		4Q 2016 vacancy up from 3.3% one year ago		4Q 2016 vacancy up from 3.3% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.8%	⇓	-0.4 percentage points	⇓	-0.4 percentage points	⇓
	Vacancy rate down 0.1 percentage point from 3Q 2016 to 4Q 2016		4Q 2016 vacancy rate down from 5.2% one year ago		4Q 2016 vacancy rate down from 5.2% one year ago	

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10184 West Belleview Avenue
Suite 100
Littleton, Colorado 80127
www.DevelopmentResearch.net
303.991.0070