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

Notable Rankings

- A new ranking of state economies using metrics like poverty rate, home ownership, job growth, and education ranks Colorado first in the country, ahead of Utah and Massachusetts. Compiled by the financial site 24/7 Wall Street, the state scored points for its low unemployment rate (2.7 percent at the time of the survey), five-year annual GDP growth rate of 2.7 percent, and a five-year employment growth rate of 2.4 percent.
- *MagnifyMoney* released a new ranking of "booming" cities in the U.S., and Denver ranked No. 6. The study looked at how much each metro in the United States changed between 2011 and 2016 across three categories. Highlighted for workforce and earnings with a fourth-place score of 58.3, Denver was noted for the unemployment rate falling 29 percent and a labor force that grew by over 9 percent. Increases to the median earnings were positive at 6.5 percent.
- FitSmallBusiness.com ranked Colorado No. 8 on a list of the states with the most favorable conditions for small business startups. The business website ranked the states in seven categories such as the cost of starting a business, taxes, labor market, cost of living, and access to capital, using publicly available statistics. The states that scored high had low taxes, a high quality labor market, and a great quality of life, making them the ideal place to start a business.
- This year's Inc. 5000 list, made up of the fastest-growing private companies in the nation, included 137 companies located in Colorado. Boulder-based PopSockets, the maker of self-adhesive, collapsible cell phone grips, ranked second on the list with a three-year growth of 71,424 percent. Velocity Global ranked No. 4, with a growth rate of 39,817 percent. The Denver-based company also ranked No. 1 in the Top Business Products and Services companies. Velocity Global specializes in global recruiting, immigration, payroll, and consulting to help companies expand operations overseas.
- Denver ranked ninth among the country's 30 largest metro areas on the "2018 U.S. Green Building Adoption Index" by CBRE and Maastricht University. Denver fell from seventh last year after being surpassed by Manhattan and Washington, D.C. According to the index, 45.2 percent of all office space in Denver is certified sustainable under either LEED or EPA Energy Star standards. This represents more than 51.3 million square feet of space in 209 buildings.
- National Jewish Health together with academic affiliate University of Colorado Hospital was ranked the top respiratory care hospital in the nation, according to the "2018-19 Best Hospitals" list by *U.S. New and World Report* that ranks hospitals in 16 adult specialties. University of Colorado Hospital also ranked in the top 50 for a number of specialties, with its highest rankings being No. 6 for diabetes and endocrinology and No. 20 for orthopedics. In addition, Englewood-based Craig Hospital ranked No. 10 nationally for rehabilitation.
- The University of Colorado Boulder's earth science and atmospheric science disciplines both ranked No. 1 overall among world universities in the Shanghai Ranking Consultancy's "2018 Global Ranking of Academic Subjects." The university also scored highly in a dozen other academic categories, highlighting the breadth of CU Boulder research. The annual ranking, which has been published since 2009, includes more than 1,600 universities from 83 countries scored across 54 academic subject categories.
- *Wallethub* published its 2018 list of top community college systems in the U.S., and Colorado ranked No. 14. The website evaluated the schools based on three key dimensions, including cost and finance, education outcomes, and career outcomes. *Wallethub* selected a sample of the 715 schools from the list of member institutions in the American Association of Community Colleges.

- Colorado ranks 7th in the nation for healthcare across 40 key measures, according to the 2018 *Wallethub* study, "Best and Worst States for Health Care." The report compared each U.S. state on cost, access, and outcomes. Specific variables included the number of hospital beds per capita, life expectancy, and average monthly insurance premiums. Colorado received the best marks for health outcomes, low cancer rates, and low rates of heart disease.

National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released the second estimate of real gross domestic product (GDP) for the second quarter of 2018. The estimate showed that GDP increased at an annual rate of 4.2 percent through the second quarter, which was 2 percentage points above the first quarter rate of 2.2 percent.
- Economic growth was stronger during the second quarter than earlier estimated, although growth in a key measure of U.S. corporate profits moderated from the first quarter.
- The second-quarter growth rate's revision partly reflected stronger business investment than earlier forecast and a slight downward revision to consumer spending. The 4.2 percent rate still marked the strongest pace of growth in nearly four years.

Interest Rates

- The Federal Open Market Committee (FOMC) of the Federal Reserve voted unanimously to keep its benchmark federal funds rate in a range of 1.75 percent and 2 percent. The FOMC expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the committee's 2 percent objective over the medium term.
- The Fed did not convey any concern that President Trump's trade policies could hamper growth, nor did it suggest worry about the sluggish pace of wage increases for most workers. The next FOMC meeting is on September 25-26.

Policy Watch

National

- The U.S. moved forward with plans to impose additional 25 percent tariffs on $16 billion of annual imports from China. U.S. trade officials released a final list of 279 product categories that are subject to the higher tariffs, which began August 23rd. Officials say the duties were in response to Beijing's "large-scale technology transfer." Beijing still hopes that talks with Washington can avert duties on an additional $200 billion in exports that may go into effect next month. Officials on both sides said low-level talks were continuing.

Economic Indexes & Notable Data Releases

National & International

- The U.S. goods and services trade deficit was $46.3 billion in June, up $3.2 billion from $43.2 billion in May, revised. June exports were $213.8 billion, $1.5 billion less than May exports. June imports were $260.2 billion, $1.6 billion more than May imports. The trade deficit in goods had narrowed slightly from February to May, and now appears to have widened two months in a row. Export growth is expected to cool over the coming months, weighed down by more modest global momentum, a firmer U.S. dollar, trade tariffs, and trade policy uncertainty.

- The Conference Board Leading Economic Index (LEI) for the U.S. increased 0.6 percent in July to 110.7 (2016=100), following a 0.5 percent increase in June, and a 0.1 percent increase in May. The increase suggests that the U.S. economy will continue to expand at a solid pace for the remainder of this year.
- The Institute for Supply Management's Manufacturing Index registered 58.1 percent, a decrease of 2.1 percentage points from the June reading of 60.2 percent. Price pressure remained strong, but the index softened for the second straight month. Demand remained robust, but the nation's employment resources and supply chains continued to struggle. Respondents were overwhelmingly concerned about how tariff-related activity, including reciprocal tariffs, will continue to affect their business. The manufacturing sector grew for the 23rd consecutive month.
- The Institute for Supply Management's Non-Manufacturing Index registered 55.7 percent in July, which was 3.4 percentage points lower than the June reading of 59.1 percent. This represents the continued growth of the non-manufacturing sector at a slower rate. There has been a 'cooling off' in growth for the non-manufacturing sector, as tariffs and deliveries are an ongoing concern. Still, the majority of respondents remain positive about business conditions and the economy. The non-manufacturing sector grew for the 102nd consecutive month.

Local

- The University of Colorado Boulder Leeds School of Business released its third quarter 2018 Leeds Business Confidence Index. The overall index decreased to 59.6, but remains comfortably in positive territory (above 50). Expectations are down a modest 0.1 points from 3Q 2017, but fell 1.7 points from the second quarter of 2018. Five of the six components fell from the second quarter to the third quarter 2018, though all of the individual components of the index remain positive. The number one challenge listed pertained to the tight labor market, citing a lack of available workers, lack of skilled workers, lack of qualified workers, and labor shortages in key industries. Housing issues, including both the availability of housing and the affordability of housing, garnered the second-most responses, followed by concerns over trade policy, politics, and interest rates.
- Active-duty military, veterans, retirees, defense contractors, and civilian employees on bases combine to contribute $36 billion to Colorado's annual economic output, or just over 7 percent of the state's total economic output, according to a report by Summit Economics LLC and issued jointly by the Aurora, Colorado Springs-area, and Pueblo chambers of commerce. Defense-related economic activity directly and indirectly supports 246,723 Colorado jobs.
- According to the regional Beige Book by the Kansas City Federal Reserve, economic activity in the Tenth District, which includes Colorado, expanded moderately in late May and June. Growth is also expected to continue into the months ahead. Most sectors expanded, including a slight pickup in energy activity, modestly higher consumer spending and business services, moderately stronger real estate activity, and continued robust gains in the manufacturing sector.

Labor Force and Employment

- Employment in Metro Denver increased 3 percent between July 2017 and 2018, adding an additional 50,500 jobs during the period. The Denver-Aurora-Lakewood MSA added 46,800 jobs, an increase of 3.2 percent, while the Boulder MSA added 3,700 jobs, an increase of 2 percent over-the-year.

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

	Month of Jul-18	Month of Jun-18	Month of Jul-17	Year-to-Date Average YTD 2018	Year-to-Date Average YTD 2017	Year-to-Date Average % Change	Annual Growth Rate 2013	Annual Growth Rate 2008
Total 11-County Metro Denver*	1,707.6	1,712.8	1,657.1	1,682.5	1,637.9	2.7%	3.6%	1.0%
Denver-Aurora-Lakewood MSA	1,517.2	1,521.7	1,470.4	1,491.2	1,450.5	2.8%	3.7%	1.0%
Boulder MSA	190.4	191.1	186.7	191.2	187.3	2.1%	2.3%	0.9%
Natural Resources & Construction	114.8	115.0	109.8	111.5	105.3	5.9%	9.7%	-1.5%
Manufacturing	91.3	91.0	88.1	89.8	87.2	3.0%	1.6%	-2.3%
Wholesale & Retail Trade	242.5	240.5	235.1	238.1	232.5	2.4%	2.6%	0.1%
Transp., Warehousing & Utilities	61.8	60.5	57.5	60.0	57.2	4.9%	5.1%	0.3%
Information	58.7	58.6	55.4	58.1	54.7	6.1%	1.6%	-1.7%
Financial Activities	118.0	118.5	116.7	116.7	115.3	1.2%	3.6%	-2.2%
Professional & Business Services	311.2	310.6	302.4	303.6	294.7	3.0%	4.3%	2.1%
Education & Health Services	215.5	214.4	209.2	214.3	208.6	2.8%	4.2%	4.3%
Leisure & Hospitality	205.7	205.4	195.6	193.7	185.4	4.5%	3.9%	1.4%
Other Services	62.2	63.1	63.4	62.5	62.6	-0.2%	2.1%	2.7%
Government	225.9	235.2	223.9	234.2	234.4	-0.1%	1.9%	2.6%
Federal Gov't	30.1	30.1	30.8	30.1	30.8	-2.3%	-1.2%	-0.7%
State Gov't	58.0	58.7	56.7	63.4	62.0	2.3%	2.7%	3.7%
Local Gov't	137.8	146.4	136.4	140.7	141.6	-0.7%	2.2%	3.0%
Colorado	2,751.5	2,757.9	2,669.8	2,711.1	2,638.4	2.8%	3.0%	0.8%
United States	148,901	150,057	146,486	148,024	145,714	1.6%	1.6%	-0.5%

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

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

- Ten of the 11 supersectors recorded growth over-the-year. The transportation, warehousing, and utilities supersector reported the highest rate of growth, rising 7.5 percent between July 2017 and July 2018. Information, leisure and hospitality, and natural resources and construction also reported significant growth, rising by 6 percent, 5.2 percent, and 4.6 percent, respectively. The largest absolute increase in employment was in the leisure and hospitality supersector, which added 10,100 jobs over-the-year, followed by professional and business services (+8,800 jobs).
- The other services supersector reported the only decline during the period, falling 1.9 percent or by 1,200 jobs.
- Employment in Colorado rose 3.1 percent over-the-year and added 81,700 jobs. National employment levels increased during the same period, adding over 2.4 million additional jobs, an increase of 1.6 percent.

Metro Denver Industry Cluster Headlines

Aviation

- The Federal Aviation Administration approved a commercial spaceport license for Front Range Airport in Adams County. The facility was renamed The Colorado Air and Space Port, and will serve as a hub for commercial space transportation, research, and development. This was the first step in a layered process that will ultimately result in horizontal take offs and landings in Colorado by aircraft capable of suborbital flight.

Beverage Production

- Travel and entertainment website Thrillist recently named Longmont to its list of "7 Small Beer Cities that Deserve National Attention." The list notes the rise to national prominence of Left Hand Brewing and Oskar Blues along with up-and-coming smaller breweries such as Grossen Bart, Pumphouse, and 300 Suns.
- Collision Brewing Co. is opening a restaurant and brewery next month near Longmont's Sandstone Ranch outdoor recreation complex. The facility will be about 10,000 square feet, seating for 150 people, and room for private gatherings. Collision plans to brew a variety of beers and employ about 50 people.

Energy – Cleantech

- A new report by business group Advanced Energy Economy states that 3.2 million people in the U.S. are employed in the alternative or advanced energy sector, including 62,800 people in Colorado. About 30 percent of the state's advanced energy jobs, or 18,600, are tied to electricity generation, while the share nationally is about 20 percent. Within power generation, the state has 7,800 workers in solar and 7,300 workers in wind. Colorado has 5,900 workers involved in making fuels from corn and biomass. The biofuels category represents 9 percent of the advanced energy employment in Colorado versus only a 2.8 percent concentration nationally. Over half of the advanced energy jobs in the state are found in five counties: Denver (12,200 jobs), Arapahoe (8,000), Jefferson (6,700), Adams (5,300), and El Paso (5,300).

Energy – Fossil Energy

- Well Data Labs, an oil and gas technology firm, is quadrupling its office space at 1675 Larimer Street, a year after moving in. The company plans to move from 2,500 square feet on the sixth floor to 11,000 square feet on the seventh floor. Well Data Labs had eight employees last year and has grown to 21 currently. The company, which is hiring petroleum engineers, account managers, and product developers, expects to have a headcount of 30 by year-end and 60 by the end of 2019. The new office is designed to fit around 100 employees.

Financial Services – Insurance

- Pie Insurance secured $11 million in Series A funding and will be expanding its Denver office. The digitally-based company provides workers compensation insurance for small businesses. Pie operates in eight states and aims to operate nationwide by 2019.

Financial Services – Banking and Finance

- Envios de Valores La Nacional Corporation, a New York-based money transmitter company, will be moving its headquarters to Littleton. The company was one of three firms to receive unanimous approval from the Colorado State Banking Board to offer money transfer or payment services in the state. The company currently employs 425 people nationwide and has generated $80 million in revenue this year. Sixteen of these employees currently work in Littleton, a number that is expected to grow by 10 with the headquarters move.
- FirstBank will continue to expand its headcount this year across all divisions of the bank, with plans to add between 100 and 150 employees company-wide. The bank employs approximately 2,700 people and has been expanding at a steady rate. FirstBank is the largest Denver area bank holding company, and net consumer transactions were up 23 percent compared to the same time last year.

Healthcare and Wellness

- Paladina Health, the Denver-based network of clinics that works outside of the health-insurance sphere, raised $165 million in its first round of funding after DaVita Inc. sold off the company three months ago. Paladina employs about 200 people today, with 100 more expected to join over the next six months. The company operates 53 clinics across 10 states, with plans to expand more into Colorado and neighboring states.

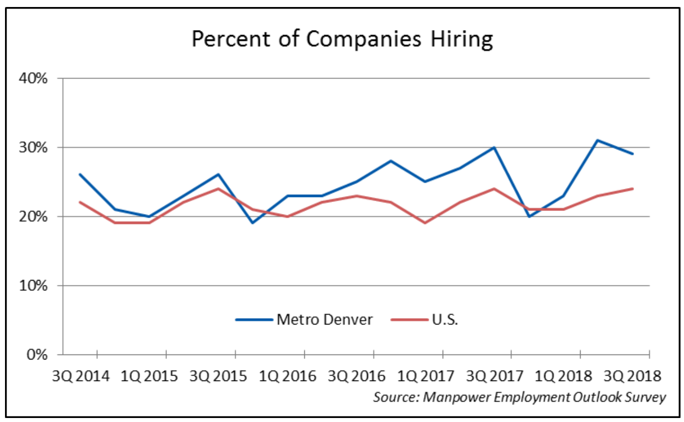
IT-Software

- Between July 2017 and the end of June 2018, tech companies leased 849,000 square feet of new office and commercial space between Fort Collins and Colorado Springs, according to real estate firm CBRE. That is more than double the amount of space tech firms filled in the preceding 12 months and brings the total tech-dedicated space in the region to 17.3 million square feet. At least 22 companies either opened new Front Range offices or moved their headquarters to the area during the 12-month study period.
- Gusto, a company that offers cloud-based payroll and HR resources for small businesses, is planning to hire as many as 100 employees in Denver by the end of the year. Currently, the company employs more than 500 people in Denver, with the potential of hiring up to 1,750 in the coming years. Gusto is located at 1201 16th Street in the Tabor Center and is expanding its current office space there.
- Backbone PLM, a cloud-based collaborative platform that enables brands to streamline the product development process, raised $8 million in Series A funding. The company currently employs 25, and plans to double its employees over the next year and a half. Backbone recently moved to a new location at 1801 13th Street in Boulder.
- Tata Consultancy Services, based in India, is expanding its presence in Denver and bringing 120 new jobs to its business consultancy operation. The company's longstanding relationship with Colorado and Denver's booming tech scene was a driving factor in the decision to expand in Denver. Tata is looking for employees in a range of sectors, including computer science specialists, analysts, developers, and architects.
- Germany-based eGym GmbH, a developer and seller of electronic fitness equipment integrated with mobile apps, has moved its U.S. headquarters from New York to Boulder. The company will be hiring people locally and moving employees from San Francisco. eGym Inc. leased space in the Colorado Building at 1919 14th Street, as it begins to ramp up operations in Boulder, growing from 12 employees to 285 within eight years.
- Xero, the cloud accounting software maker, officially moved from its offices in the Denver Tech Center into a new 30,000-square-foot space on the top floor of the Circa Building. The company employs about 140 people in its Denver office and expects to increase to 300 by 2020. Xero's new headquarters features amenities such as a ping-pong table, putting green, and espresso machine.
- Evolve Vacation Rental Network recently raised $80 million in funding with plans to add at least 50 new employees. More than 300 people currently work in Evolve's offices at 717 17th Street, where the startup recently leased an additional floor. Evolve lists homeowner's properties on sites such as Airbnb and VRBO, handles marketing, booking and reservations, and connects homeowners with local housekeeping and maintenance vendors.
- BluPrint, a Denver-based online platform providing tutorials and lifestyle streaming services, laid off 17 employees as part of a restructuring following NBCUniversal Cable's purchase of the company last year. The company is also adding 17 additional positions in the area of social media, editorial and production content, and anticipates having 10 new openings. Most of the positions eliminated were e-commerce jobs. Currently, the company has 205 employees and an additional 100 temporary and contract workers.
- Amazon is moving dozens of advertising-focused engineers into a three-story office building this fall in the heart of Boulder at 1900 15th Street. The space will be 37,000 square feet, giving Amazon room to grow. Currently, the team is working in a shared office space in downtown Boulder. Amazon employs around 250 high-paid engineers in offices spread between Denver, Boulder, and Broomfield, and it is advertising more than 100 open IT and engineering jobs in the area.
- Zcash, a cryptocurrency company in Boulder, is ramping up operations in Denver. The startup now has 27 employees around the world, and the dozen employees in Colorado chose Denver when deciding where to base the engineering team. The company plans to hire an additional six employees for the Denver location.

Other Industry Headlines

- VF Corporation, makers of popular outdoor apparel brands, announced it will move its global headquarters from Greensboro, North Carolina to Denver in spring of 2019. The company will also move some of its brands to the state, bringing in total about 800 high-paying jobs with an average wage of $185,721. Over the course of two years, North Face, JanSport, Smartwool, Eagle Creek, and Altra will relocate to join the headquarters.
- Denver-based Thrive Workplace, which has coworking locations in Cherry Creek and the Ballpark neighborhood, has chosen Arvada for its third location. The company signed a lease for 20,800 square feet on the second floor of 5610 Ward Road, and expects to open there in November. The Arvada location will include 57 offices, dedicated desks, three conference rooms, and a 1,400-square-foot training room.
- PopSockets LLC, a designer and manufacturer of mobile-phone accessories, has leased 46,000 square feet of space in Flatirons Park in Boulder. The owners of Flatirons Park are converting some of its existing warehouse space to office/flex and creative office space. The move is the largest office lease transaction in the Boulder market year-to-date, and one of the largest signed in the last 18 months. PopSockets is looking to grow globally and expand its product line, and anticipates adding an additional 50 employees over the next year.
- KPMG LLP, one of the largest professional services networks in the world, is expanding its Metro Denver head count. Over the past five years, the company has increased its headcount from 350 to 800 professionals, and the company expects to hire another 200 people during fiscal year 2019. The expansion of the firm's Denver footprint has been driven by the growth of the Denver metro area and increased client needs, mainly changes in tax law and advances in technology.

Employment Outlook



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

Employment Outlook Survey

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

Source: Manpower Inc.

Unemployment

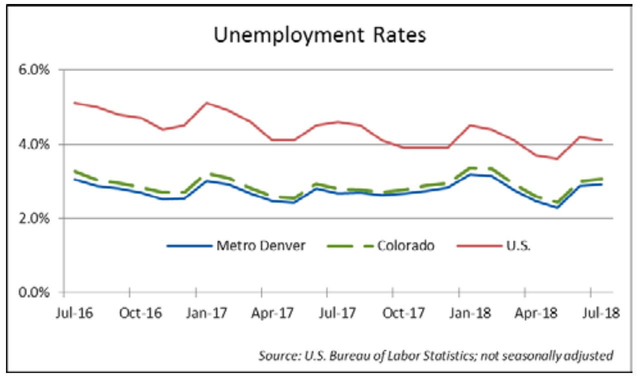
- Metro Denver's not-seasonally adjusted unemployment rate remained flat between June and July, holding steady at 2.9 percent. Over-the-year, the rate rose slightly by 0.2 percentage points from 2.7 percent in July 2017.
- Between June and July, four of the seven counties reported a 0.1 percentage point increase in the unemployment rate. The remaining three counties, Boulder, Broomfield, and Jefferson, held steady at 2.7 percent, 2.7 percent, and 2.8 percent, respectively. Between July 2017 and 2018, all seven counties reported increases in the unemployment rate, ranging from a 0.1 percentage point increase in Broomfield County to a 0.3 percentage point increase in Denver and Douglas Counties.

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

	July 2018 (p)		2018 YTD AVG		2017 YTD AVG		2013	2008
	Labor Force	Unemploy-ment Rate	Labor Force	Unemploy-ment Rate	Labor Force	Unemploy-ment Rate	Ann Avg Unemploy-ment Rate	Ann Avg Unemploy-ment Rate
Metro Denver	1,815.1	2.9%	1,789.0	2.8%	1,728.1	2.7%	6.5%	4.9%
Adams County	272.6	3.2%	268.2	3.1%	259.0	3.1%	8.1%	5.4%
Arapahoe County	366.5	3.0%	360.8	2.9%	348.3	2.8%	6.6%	4.9%
Boulder County	191.6	2.7%	191.1	2.6%	185.3	2.4%	5.5%	4.1%
Broomfield County	39.5	2.7%	38.9	2.6%	37.6	2.6%	5.8%	4.5%
Denver County	414.2	3.0%	407.8	2.9%	393.7	2.8%	6.6%	5.4%
Douglas County	191.2	2.7%	188.2	2.5%	181.6	2.4%	5.3%	4.2%
Jefferson County	339.4	2.8%	334.0	2.7%	322.6	2.6%	6.3%	4.7%
Colorado	3,126.2	3.1%	3,073.0	2.9%	2,965.0	2.9%	6.9%	4.8%
United States	163,734	4.1%	161,876	4.1%	160,159	4.6%	7.4%	5.8%

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

- Metro Denver added 56,320 people either employed or looking for work between July 2017 and July 2018. The labor force rose across all seven counties over-the-year, from 2.6 percent in Boulder County to 3.3 percent in Adams, Denver, Douglas, and Jefferson Counties.



- Colorado reported an unemployment rate of 3.1 percent, up 0.3 percentage points from July 2017. During that time, the labor force in Colorado also increased, rising 3.5 percent or adding 106,640 people either employed or looking for work. The national unemployment rate decreased 0.5 percentage points over-the-year to 4.1 percent.
- Between June and July, unemployment insurance claims increased in Metro Denver, rising 1.7 percent. However, the July level was 14 percent lower than the same month last year. The average number of monthly claims year-to-date (987 claims) is the lowest July since the beginning of the dataset in 2004.
- Claims throughout Colorado also increased over-the-month, rising 3.4 percent. Following a similar trend as Metro Denver, the state's unemployment insurance claims also decreased over-the-year, falling 8.1 percent. The year-to-date average monthly claims for Colorado is also lower than any previous July since the beginning of the dataset.

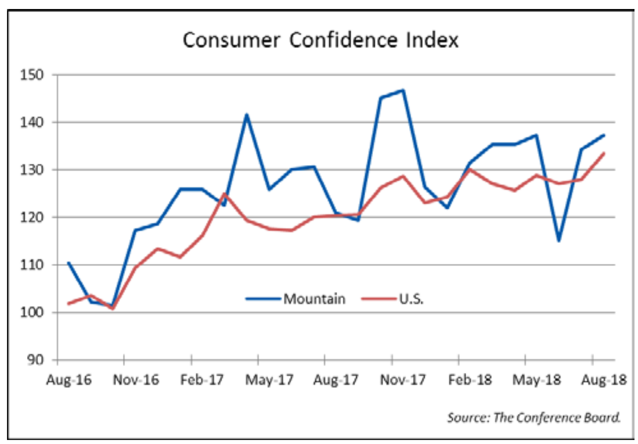
Weekly First-Time Unemployment Insurance Claims

	Month of Jul-18	Month of Jun-18	Month of Jul-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Ann Avg 2013	Ann Avg 2008
Metro Denver	878	863	1,021	987	1,105	-10.7%	1,625	1,738
Colorado	1,621	1,567	1,764	1,915	2,068	-7.4%	3,166	3,112

Note: Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.
Source: Colorado Department of Labor and Employment, Labor Market Information.

Consumer Sector

Sentiment & Spending



- The Consumer Confidence Index for the U.S. increased in August, following a modest increase in July. The index now stands at 133.4 (1985=100), up from 127.9 in July. Consumers' appraisal of current conditions improved further in August. The percentage stating business conditions are "good" increased from 38.1 percent to 40.3 percent, while those saying business conditions are "bad" declined from 10.3 percent to 9.1 percent.
- Analysts at The Conference Board stated that consumer confidence increased to its highest level since October 2000 (Index, 135.8). Expectations, which had declined in June and July, bounced back in August and continued to suggest solid economic growth for the remainder of 2018. Overall, these historically high confidence levels should continue to support healthy consumer spending in the near-term.
- Colorado is included in the Mountain Region Index and the area reported an increase in consumer confidence between July and August. The index rose from 134.3 in July to 137.2 in August, an increase of 2.2 percent. The Mountain Region Index was also 13.4 percent higher over-the-year. The Present Situation Index rose from 174.2 in July (revised) to 183.4 percent in August, an increase of 5.3 percent. At the same time, the Expectations Index fell to 106.4 percent in August, a decrease of 1.2 percent over-the-month.

Consumer Confidence Index

	Month of Aug-18	Month of Jul-18	Month of Aug-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Ann Avg 2013	Ann Avg 2008
Mountain	137.2	134.3	121.0	131.0	127.9	2.4%	74.6	76.5
United States	133.4	127.9	120.4	128.0	118.4	8.1%	73.2	58.0

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

- The National Retail Federation projects back-to-school and back-to-college spending will reach a combined $82.8 billion in the U.S. this year. The average family with kids is expected to spend $684.79 in 2018, slightly under the $687.72 projection from last year. The slight decrease in overall spending this year can be attributed to a projected dip in electronics purchases. Back-to-school spending increases over the last decade reflect rising back-to-school costs, including increased demands on students to contribute to shared supplies such as tissues and dry erase markers.
- National retail sales decreased between May and June, with total retail sales falling 3.8 percent below the month-ago level. Electronics and appliance stores and sporting goods, hobby, book, and music stores reported the only increases in retail sales over-the-month, rising 1.5 percent and 0.4 percent, respectively. The largest decreases in sales were reported in the building materials, garden equipment, and supplies stores (-10.2 percent), clothing and clothing accessories stories (-9.8 percent), and the miscellaneous store retailers (-8.7 percent).
- Between June 2017 and June 2018, 12 of the 13 retail sectors reported growth. Gasoline stations (+19.1 percent), food service and drinking places (+8.8 percent), and clothing and clothing accessories stores (+6.6 percent) reported the largest growth over-the-year. Sporting goods, hobby, book, and music stores reported the only decrease over-the-year, falling 3.5 percent.
- The National Retail Federation reported that consumer spending is the backbone of the current economic expansion, though there is concern regarding the uncertainty of tariffs. If the tariffs escalate, they will no doubt weigh on confidence and household spending. The June increase signaled a strong upcoming third quarter of economic growth.

National Retail Sales ($millions)

	Month of Jun. 2018(p)	Month of May 2018	Month of Jun. 2017	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual Growth 2013	Annual Growth 2008
Total Retail Sales	510,929	531,011	483,261	2,919,775	2,776,019	5.2%	3.6%	-1.1%
Motor Vehicles	107,006	111,276	102,818	611,233	585,292	4.4%	8.2%	-13.7%
Furniture and Home	10,099	10,286	9,572	58,097	54,418	6.8%	4.2%	-11.2%
Electronics & Appliance	7,759	7,645	7,625	45,313	44,436	2.0%	0.9%	-1.2%
Building Materials	36,597	40,766	36,288	194,444	188,108	3.4%	7.2%	-5.9%
Food and Beverage	62,243	63,951	59,636	363,724	350,271	3.8%	2.0%	3.9%
Health and Personal Care	29,042	29,592	27,551	169,470	163,238	3.8%	2.9%	4.0%
Gasoline Stations	46,013	46,649	38,648	249,419	219,734	13.5%	-1.0%	11.5%
Clothing & Accessories	21,773	24,144	20,427	124,655	117,769	5.8%	2.2%	-2.5%
Sporting Goods	6,543	6,517	6,780	37,337	38,677	-3.5%	1.9%	-1.2%
General Merchandise	58,357	59,796	56,290	334,550	323,904	3.3%	1.5%	2.8%
Miscellaneous Store	11,228	12,304	11,122	63,568	62,226	2.2%	2.2%	-4.9%
Non-Store Retailers	51,773	55,101	49,081	314,995	290,229	8.5%	6.1%	3.4%
Food Service & Drinking	62,496	62,984	57,423	352,970	337,717	4.5%	3.7%	2.6%

Source: U.S. Census Bureau.

Price Changes

- The U.S. Consumer Price Index (CPI) rose 2.9 percent over-the-year to 252 in July. All eight CPI components were up between July 2017 and 2018, led by transportation (7.3 percent) and housing (2.9 percent). Apparel and recreation reported the smallest increases, rising 0.3 percent each between July 2017 and 2018.
- Data is now released bi-monthly for the Denver-Aurora-Lakewood area. Between May and July, the index fell 0.2 percent to 261.7. Five of the eight components fell over the two-month period, with apparel and recreation reporting the fastest declines, falling 6 percent and 1.1 percent, respectively. Other goods and services (+1.4 percent), housing (+0.4 percent), and medical care (+0.3 percent), reported the only increases between May and June.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price for August decreased 0.8 percent from July to $2.84 per gallon. The August average fuel price was 15.9 percent above the prior year's level ($2.45 per gallon). Metro Denver reported a 3.9 percent increase in the average fuel price between July and August. The average fuel price of $2.82 per gallon for August in Metro Denver was $0.02 lower than the national average. The area reported average fuel prices that were 18.9 percent higher for August 2018 than the previous year's level.

Stock Market

- Three of the four indices rose between July and August, with the Bloomberg Colorado index reporting the only decrease, falling 1.1 percent. The NASDAQ reported the largest increase, rising 5.7 percent over-the-month to 8,109.5. The S&P 500 reported an increase of 3 percent, followed by the DJIA (+2.2 percent). Between August 2017 and August 2018, the NASDAQ reported an increase of 26.1 percent, followed by the DJIA (+18.3 percent), S&P 500 (+17.4 percent), and the Bloomberg Colorado Index (+8.7 percent).

Stock Market Indexes

	Month of Aug-18	Month of Jul-18	Month of Aug-17	YTD Return 2018	YTD Return 2017	Ann Avg Return 2013	Ann Avg Return 2008
Bloomberg Colorado	545.2	551.3	501.6	9.6%	-3.0%	30.6%	-51.0%
S&P 500	2,901.5	2,816.3	2,471.7	8.0%	10.4%	29.6%	-38.5%
NASDAQ	8,109.5	7,671.8	6,428.7	17.5%	19.4%	38.3%	-40.5%
DJIA (Dow Jones)	25,964.8	25,415.2	21,948.1	4.5%	11.1%	26.5%	-33.8%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- The average hotel occupancy rate in Metro Denver fell 1.9 percentage points between June and July to 86.4 percent occupied. Over-the-year, occupancy rose 0.4 percentage points. The average room rate increased 2.8 percent between July 2017 and 2018, rising by $4.36 per night.

Metro Denver Hotel Statistics

	Month of Jul-18	Month of Jun-18	Month of Jul-17	YTD Avg 2018	YTD Avg 2017	YTD Avg % Change	Annual 2013	Annual 2008
Percent of Hotel Rooms Occupied	86.4%	88.3%	86.0%	74.5%	75.8%	-1.3%	70.8%	65.0%
Average Hotel Room Rate	$158.38	$161.85	$154.02	$143.57	$142.39	0.8%	$115.09	$118.27

Source: Rocky Mountain Lodging Report.

- Denver International Airport (DEN) will soon offer service to 200 destinations worldwide, topping the 200 mark for the first time in Denver aviation history. DEN is one of only four U.S. airports to provide service to 200 destinations. In addition to the new international flights to Paris and Zurich, DEN also experienced significant growth in domestic air service in 2018. Four airlines have added service to 17 U.S. destinations, bringing Denver's domestic network to 175 destinations in 46 states and the District of Colombia.

- A new nonstop flight from DEN to the Cayman Islands will begin in March 2019, offered by Cayman Airways. This will be the airline's first at DEN, and will be Denver's only nonstop service to an island in the Caribbean. The new service will operate on Wednesdays and Sundays during peak travel periods with reduced frequency during September, October, and November.
- Spokespeople for DEN reported that over 5.9 million passengers passed through the airport in June, increasing 7.1 percent from May. Additionally, the June 2018 level was 4.5 percent higher than the May 2017 level, recording an additional 254,347 passengers through the airport.

Denver International Airport Passengers

	Month of Jun-18	Month of May-18	Month of Jun-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual 2013	Annual 2008
Number of Airline Passengers	5,905,029	5,511,995	5,650,682	30,822,785	29,568,276	4.5%	52,556,359	51,245,432

Source: Denver International Airport, Traffic Statistics.

Residential Real Estate

- San Francisco-based Carmel Partners plans to add 403 apartments and 11,486 square feet of commercial space at 3301 Brighton Boulevard in RiNo. The development would include 544 parking spaces and five floors of apartments.
- RidgeGate, a development in Lone Tree, is adding 350 affordable apartments, including 150 reserved for people age 55+, on the east side of I-25. The affordable rental housing will be centered around a forthcoming light rail stop. Units will be reserved for residents making between 40 and 60 percent of the area median income for the Denver-Aurora-Lakewood statistical area. Currently, the average home sale price for Lone Tree is $820,000.
- An eight-story, 337-unit apartment building is slated for a nearly 2.5-acre lot on the southeast corner of Denargo St. and Wewatta Way. The plans, called Denargo Market Phase III, will include restaurant and retail space, a parking garage, and courtyard with a pool.
- Trammell Crow Residential plans to build a five-story, 202-unit complex at 3400 W. 38th Ave. The development will have 212,957 square feet of residential space, 9,500 square feet of commercial space, and 252 parking spaces. Trammell Crow expects to begin work on the development this fall.
- Zeppelin Development submitted revised plans for its apartment development at 2101 31st Street in RiNo. The company's plans have shifted from a 228-unit project to be built with federal Low Income Housing Tax credits to a 194-unit market rate project. Zeppelin Development is working with area employers to buy leases for blocks of units so that employers can offer the units at a discounted rate to their employees.
- Brick Stone Apartments at 56th Avenue and Tower Road, a 150-unit community, is being developed by SEEC Enterprises on 5.5 acres and is expected to be completed in the fourth quarter of 2019. Of the 150 units, 30 will have three bedrooms and 78 will have two bedrooms. The site is about 10 miles away from Denver International Airport and less than three miles away from the Gaylord Rockies Resort and Convention Center in Aurora.
- Construction is about to begin on Peoria Crossing, an 82-unit development at East 30th Avenue in Aurora. The project will provide housing for residents earning between 30 percent and 60 percent of the median income, and is facilitated by the City of Aurora and the Housing Authority. Housing is expected to be open in August 2019.
- The Denver Housing Authority is slated to bring a $20 million mixed-income housing project to the Curtis Park area in the Five Points neighborhood. The project will include 68 units dedicated to low-income residents and senior citizens. Construction work is estimated to take 12 months.
- Lux Builders plans to build 52 apartments at 4105 E. Warren Ave., in the University Hills neighborhood. The development would include apartments on the second through fifth floors, and 42 parking spaces between the

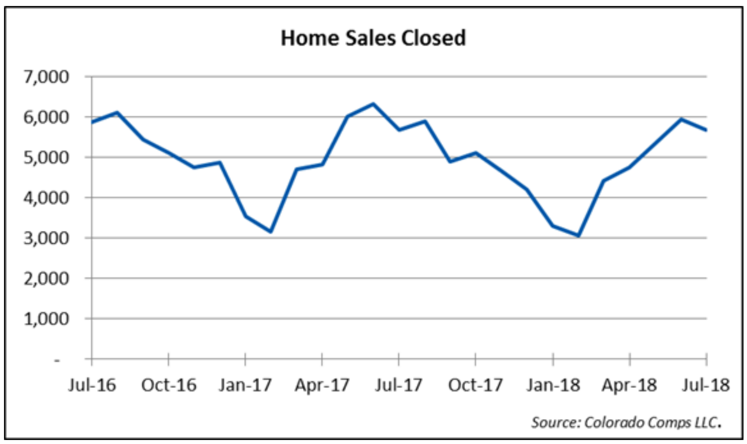
basement and first floor. The units would be a mix of studios, one-, and two-bedrooms, ranging in size from 451 to 840 square feet.

- Habitat for Humanity purchased an undeveloped block in the Elyria Swansea neighborhood and plans to build 32 homes. The homes, divided into 16 duplexes, will be a mix of three- and four- bedroom layouts. Construction is expected to begin in early 2019, with the first homes being sold by late summer. Homes will be sold to families earning up to 80 percent of the area median income with monthly mortgage payments capped at 30 percent of the homeowner's gross monthly income.
- Metro West Housing Solutions, a nonprofit that owns and manages apartment complexes in Lakewood and Denver, started work on the renovation of the former Masonic lodge at 1440 Independence St. The structure will be converted into micro units as part of an affordable housing development, divided into 19 micro units averaging 388 square feet each. The converted lodge will be part of Indy Street Flats, which will bring 115 apartments reserved for those earning between 30 and 60 percent of the area median income to Lakewood's Eiber neighborhood.

Home Resales

Metro Denver

- Metro Denver existing home sales decreased 4.1 percent between June and July. However, home sales increased slightly over-the-year, rising 0.4 percent between July 2017 and July 2018.
- Unsold homes on the market were 2.8 percent higher in July than June, and were 4 percent higher compared with a year ago. Compared with last year, there were 291 additional homes on the market.
- The average sales price for single-family homes rose 8.3 percent over-the-year to $517,195, while the average sales price of condominiums ($305,620) increased 8.9 percent during the same period.



Previously-Owned Home Sales Activity

	Month of Jul-18	Month of Jun-18	Month of Jul-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Ann Total 2013	Ann Total 2008
Home Sales (Closed)	5,696	5,937	5,673	32,551	34,236	-4.9%	53,631	47,837
Unsold Homes on Market	7,643	7,436	7,352	7,643	7,352	4.0%	8,575	24,365
Average Sales Price-Single Family	$517,195	$523,435	$477,503	$511,874	$466,117	9.8%	$335,871	$270,261
Average Sales Price-Condo	$305,620	$308,877	$280,617	$300,101	$273,154	9.9%	$198,441	$171,350
Median Sales Price-Single Family	$419,000	$439,900	$405,000				$278,900	$219,900
Median Sales Price-Condo	$263,500	$272,500	$250,000				$160,000	$138,000

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

- The average sales price of a single-family home was $39,691 higher in July 2018 compared with one-year earlier, while the average price of a condominium increased $25,003.

National

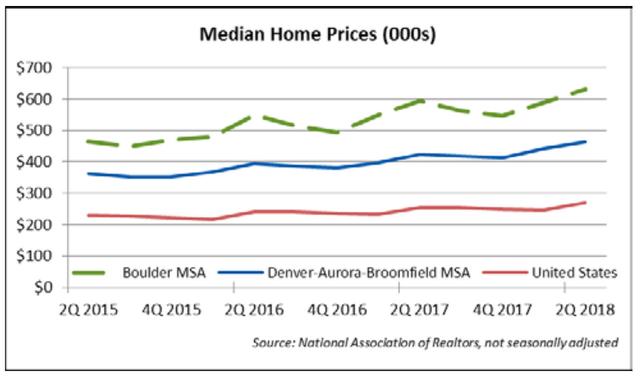
- Total existing-home sales decreased 0.7 percent to a seasonally adjusted annual rate of 5.34 million in July from 5.38 million in June according to the National Association of Realtors (NAR). With last month's decline, sales are now 1.5

percent below a year ago and have fallen on an annual basis for five straight months. In addition to the steady climb in home prices over the past year, it is evident that the quick run-up in mortgage rates earlier this spring has had somewhat of a cooling effect on home sales. This weakening in affordability has put the most pressure on would-be first time buyers in recent months, who continue to represent only about a third of sales despite a very healthy economy and labor market.

- Total housing inventory at the end of July decreased 0.5 percent to 1.92 million existing homes available for sale (unchanged from a year ago). Unsold inventory is at a 4.3-month supply at the current sales pace (also unchanged from a year ago).
- Properties typically stayed on the market for 27 days in July, up from 26 days in June but down from 30 days a year ago. Fifty-five percent of homes sold in July were on the market for less than a month.

Home Prices

- For those buying homes in Metro Denver, a recent survey by Realtor.com found that Denver was sixth on a list of the 100 largest metro areas for the most profitable housing markets. The analysis found that the median return for homes was as high as 14 percent and as low as 2 percent between the various markets. Denver reported an 11-percent return with a median home list price of $467,600. The rates were figured by comparing homes that sold over the past year and comparing that sales price with the previous one, going back as far as 2008. The profit was defined as the difference between the two sales.
- According to the Beracha, Hardin, & Johnson Buy vs. Rent Index, Denver was found to be in rent territory, meaning it is now better to rent than own. In Denver, renting and reinvesting, on average, will outperform owning and building equity in terms of wealth creation. The index predicts that Denver will experience downward pressure in the coming years on the demand for ownership. According to the study, the best buys in the country currently appear to be in the Midwest and Northeast, with Chicago and Cleveland reporting the best ownership scores.
- NAR data shows that the median existing-home price for all housing types in July was $269,600, up 4.5 percent from July 2017 ($258,100). July's price increase marks the 77th straight month of year-over-year gains. The median price in the Northeast was $309,700, which is up 6.8 percent from July 2017. In the Midwest, the median price was $210,500, up 2.5 percent from a year ago. The median price in the South was $233,400, up 2.7 percent from a year ago. The West reported a median home price of $392,700, up 5.1 percent from July 2017.



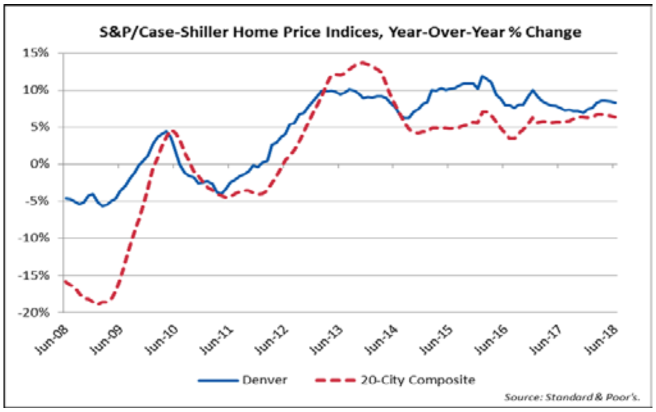
- A separate NAR report revealed that the median price in the Boulder MSA ($631,100) during the second quarter of 2018 was 7.2 percent higher over-the-quarter and was 6.4 percent higher over-the-year. The Denver-Aurora MSA ($462,900) was 4.8 percent higher than the first quarter and was 9 percent above the year-ago level.
- The national median sales price during the second quarter of 2018 increased 9.7 percent over-the-quarter to $269,000 and was 5.3 percent higher than the previous year's level.
- Of the 178 MSAs included in the second quarter 2018 report, the Boulder MSA reported the sixth-highest median price, while the Denver-Aurora MSA median price was the 13th highest.

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

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

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

- Zillow economists reported that the Metro Denver housing market is beginning to shift, but that it will take a long time before the market becomes friendlier to buyers rather than sellers. Inventory, when it begins to rise, will be coming up from incredibly low levels. Home value growth remains well above historic norms, even as it slows in some markets, and that rapid growth still makes saving an adequate down payment a challenge for many buyers.



- According to the S&P/Case-Shiller home price index, Denver housing prices continued to appreciate in June for the 30th-straight month. The Denver index increased 0.2 percent over-the-month to 214.11 and rose 8.3 percent over-the year. The June 2018 level was the highest level recorded in Denver in the history of the 27-year data series.
- Las Vegas (+13 percent), Seattle (+12.8 percent), and San Francisco (+10.7 percent) recorded the largest increases over-the-year. Denver (+8.3 percent) ranked fourth.
- Washington, D.C. (+2.9 percent), Chicago (+3.3 percent), and New York (+3.9 percent) recorded the smallest increases over-the-year.
- The national home price index increased over-the-month by 0.3 percent and rose 6.3 percent over-the-year. As home prices continue to rise, new evidence suggests that sales growth is easing in the housing market. Sales of both new and existing homes are roughly flat over the last six months and rising mortgage rates and the rise in home prices are affecting housing affordability.

Foreclosures

- CoreLogic released a monthly loan-performance-insights report in June, showing that mortgage delinquency rates across the country have hit an eleven-year low, and Colorado ranked No. 1. Specifically, the rate of Colorado homes with payments that have been delinquent for thirty days or more stood at 1.8 percent, the lowest in the country. The Denver-Aurora-Lakewood market also reported the second-lowest delinquency rate of ten major metro areas in the U.S., behind only the San Francisco-Oakland-Hayward area. Fewer foreclosures often means an absence of bargains, which gives sellers a greater advantage over buyers, and helps drive home prices up.
- Foreclosures in Metro Denver rose 41.5 percent or 71 additional homes foreclosed between June and July. All seven counties reported increases in foreclosure activity and the greatest absolute increases were in Adams County (+28 foreclosures) and the City and County of Denver (+14 foreclosures). Boulder County rose by 140 percent, or seven additional homes, while Adams County rose by 84.8 percent.

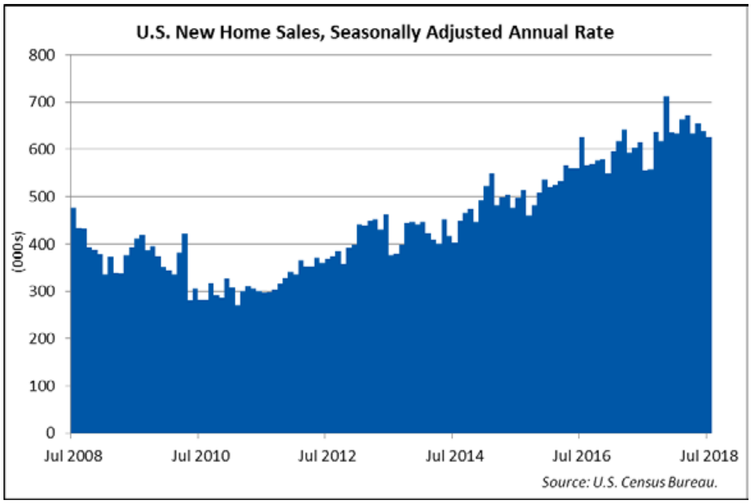
Real Estate Foreclosures

	Month of Jul-18	Month of Jun-18	Month of Jul-17	YTD Total 2018	YTD Total 2017	YTD Total % Change	Annual Total 2013	Annual Total 2008
Total Metro Denver*	242	171	223	1,597	1,726	-7.5%	7,520	24,727
Adams County	61	33	55	351	391	-10.2%	1,636	5,629
Arapahoe County	61	54	49	393	389	1.0%	1,700	5,860
Boulder County	12	5	11	80	90	-11.1%	387	984
Broomfield County	5	3	2	27	24	12.5%	109	260
Denver County	54	40	54	320	370	-13.5%	1,616	6,145
Douglas County	21	14	27	151	173	-12.7%	769	2,180
Jefferson County	28	22	25	275	289	-4.8%	1,303	3,669

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

- Between July 2017 and July 2018, six of the seven Metro Denver counties reported increases in foreclosures. Douglas County reported the only decrease, falling 22.2 percent or 6 less homes foreclosed. Broomfield County foreclosures increased 150 percent over-the-year, followed by Arapahoe County (+24.5 percent) and Jefferson County (+12 percent).

New Home Sales



- Sales of new single-family homes in July were at a seasonally adjusted annual rate of 627,000, according to estimates released by the U.S. Census Bureau and the Department of Housing and Urban Development. This was 1.7 percent below the revised June rate of 638,000, but 12.8 percent above the July 2017 estimate of 556,000. The seasonally-adjusted estimate of new houses for sale at the end of July was 309,000. This represents a supply of 5.9 months at the current sales rate.
- Between July 2017 and 2018, three of the four regions reported increase in home sales. The West reported an increase of 18.5 percent, followed by the Midwest, which increased 18.2 percent, and the South (17.2 percent). The Northeast region reported the only decrease over-the-year, falling 48.8 percent.
- Two of the four regions reported decreases between June and July, with the largest decrease reported in the Northeast, falling 52.3 percent to 21,000 homes sold. The South also reported a decrease, falling from 367,000 homes sold to 355,000 homes sold, a decrease of 3.3 percent. The West (+10.9 percent) and the Midwest (+9.9 percent) reported increases over-the-month, rising to 173,000 and 78,000 homes sold, respectively.

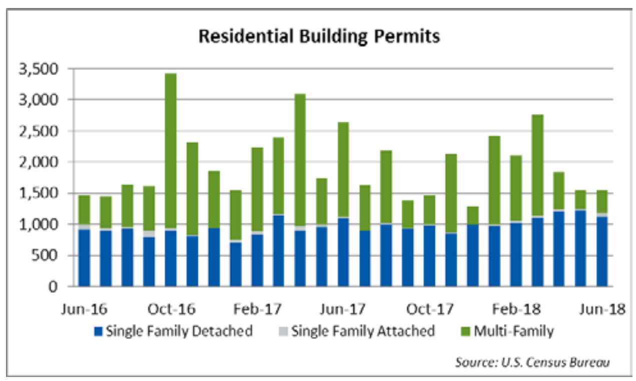
New Home Construction

National

- Builder confidence for newly built single-family homes fell one point to a reading of 67 on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). Builders continue to report strong demand for new housing, fueled by steady job growth and income growth along with rising household formations. However, they are increasingly focused on growing affordability concerns, stemming from rising construction costs, shortages of skilled labor, and a dearth of buildable lots.

- According to the Census Bureau, the seasonally adjusted annual number of nationwide residential building permits increased 0.9 percent in July (1.3 million permits) from June, and increased 3.6 percent above July 2017.
- In spite of an overall increase in permits, the single-family attached market fell 22.2 percent and multi-family units fell 0.2 percent between June and July. Single-family detached units rose 2.3 percent between June and July to 873,000 units permitted. Between July 2017 and July 2018, single-family detached units reported an increase of 6.9 percent. Multi-family units also increased 0.8 percent over-the-year to 402,000 units permitted. Single-family attached units reported a decrease of 33.3 percent during the period, falling to 28,000 permits.
- Between June and July, three of the four regions reported increases in building permits. The Northeast reported the largest increase, rising 5 percent over the month to 125,000 permitted units. The Midwest (+4.6 percent) rose to 181,000 permits and the West rose by 0.6 percent. The South reported the only decrease, falling 0.7 percent to 665,000 permitted units during the period.
- All four regions reported increases in permits over-the-year, with the greatest increase in the Midwest (+4.6 percent). The South rose 4.2 percent, followed by the Northeast (+2.5 percent) and the West (+2.2 percent), which rose to 332,000 permits between July 2017 and July 2018.

Metro Denver



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

Residential Building Permits

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

Source: U.S. Census Bureau.

Apartment Rental Market

- RentCafe reported that Denver is expected to have 15,187 apartment deliveries in 2018, third in the nation behind New York City and the Dallas-Fort Worth area. Metro Denver was noted for an increase in apartment construction of 150 percent in 2018. Challenges in construction include shortages of labor with a lack of apartment construction workers and competition with office developers for labor resources.

- Denver currently has 10,700 downtown apartment units either under construction or planned, and a new report from CBRE found that even with the pending supply, Denver is underserved and additional supply is needed. In 2000, Denver's downtown jobs to apartment ratio was 21.3, more than four times greater than Seattle. However, new supply has pushed downtown Denver's ratio lower in recent years, reaching 6.6 jobs per unit at the end of 2017. By comparison, the downtown ratio has remained between 4 to 4.5 jobs per apartment for the last 15 years in Seattle, a market where it is believed that apartment supply has better kept pace with demand.
- The apartment vacancy rate throughout Metro Denver decreased slightly in the second quarter of 2018, falling 0.1 percentage point to 6 percent from the first quarter of 2018. The average vacancy rate increased over-the-year by 1 percentage point. Vacancy rates ranged from 4.4 percent in Adams County to 7.5 percent in Denver County. Vacancy rates rose over-the-year in three of the six submarkets, with the largest increase reported by Douglas County (+2.2 percentage points). Adams and Boulder/Broomfield counties recorded decreases in the vacancy rate over-the-year, falling by 0.8 and 0.6 percentage points, respectively. The rate remained unchanged in Jefferson County at 4.7 percent.
- The average monthly rental rate of apartments in Metro Denver increased over-the-quarter in all six submarkets in the second quarter of 2018. The average rental rate in Metro Denver ($1,484) was 4.5 percent higher than the previous quarter's level. The rate was also 4.5 percent higher than the second quarter of 2017, representing an increase of $64 in the average monthly rental rate over-the-year. The average rental rate ranged from $1,387 in Adams County to $1,652 in the Boulder/Broomfield County submarket.

Apartment Statistics

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

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

- Parc Santa Fe, located on South Santa Fe Drive and U.S. 85, is a planned 345,126-square-foot, three-building urban industrial development in Littleton. Slated for completion in the second quarter of 2019, the development offers 24-foot and 28-foot clear heights, dock-high and grade-level loading, ESFR sprinklers, and secured outdoor storage.
- A 10-story, 65,000-square-foot boutique office building is planned for 955 Bannock in the Golden Triangle. The ground floor will contain the building lobby and retail, four floors will consist of covered parking, and the rest of the building will be Class A office space. Amenities for the building include showers, lockers and bike storage, and an outdoor deck with meeting space.
- The Laszlo, a high-end 51-room boutique hotel, is planned for the West End on Main Street, located in Parker. The hotel is four stories with planned completion in the summer of 2019, and will feature 14,000 square feet of restaurant, bar, and retail space, including a steak and seafood restaurant, sports bar, martini and oyster bar, diner, and tap room. Located near the AMC movie theatre on Stage Run Road, the development aims to tie together Class A office space and retail, several additional restaurants, the movie theatre, and pedestrian connections to trails and green space into an arts and entertainment district.

Office Market

- CBRE published its 2Q 2018 *Marketview* report, finding that Metro Denver's office sector remained stable in 2Q with healthy key fundamentals. Denver posted 853,716 square feet of positive net absorption during the quarter, with occupancy of newly delivered Class A space in the Southeast submarket the driving force. New construction deliveries and tight labor conditions continue to bring moderations to the metro area in 2018. CBRE expects increasing lease rates and elevating vacancy in the near term as tenants await completion of their preleased space.

- The 2Q 2018 *Marketbeat* office reports by Cushman & Wakefield for Metro Denver revealed strong leasing activity in the Southeast Suburban (SES) and Central Business District (CBD) areas. There was 416,600 square feet of space absorbed in the SES submarket, largely due to Charter Communications moving into their 306,000-square-foot build-to-suit space at Village Center Station. Net absorption was positive for the sixth consecutive quarter in the CBD submarket, ending the quarter with approximately 132,000 square feet absorbed. Through the first half of 2018, net absorption was roughly +329,000 square feet, representing a large increase compared to the +35,000 square feet absorbed through the first half of 2017.

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

Office construction in Metro Denver was robust during the second quarter of 2018. There was 2.88 million square feet of space completed across 21 buildings by the end of the second quarter 2018. Two of the largest office buildings completed during the quarter included the 672,000-square-foot 1144 Fifteenth Class A high rise-office building and the 324,098-square-foot Village Center Station II office building in Greenwood Village. There was 3.72 million square feet of space under construction at the end of the second quarter of 2018, a 20.7 percent decrease in space under construction compared with the same time last year. Of this space, the largest project in terms of square footage was the Block 162 tower, which will be adding 595,000 square feet of office space to the Denver market. The next largest project currently under construction is the 16 Chestnut Building, which is the future location of DaVita's worldwide headquarters, adding 428,219 square feet.

Office Market Statistics

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

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

Industrial & Flex Market

- CBRE's *Marketview* report found that in the second quarter of 2018, the industrial market in Metro Denver recorded its 33rd consecutive quarter of positive net absorption as average asking lease rates continued to climb. Positive net absorption of 419,516 square feet was posted in 2Q 2018, and the average asking lease rate reached the highest ever recorded in the Metro Denver area. Confidence remains strong in the industrial market. Sizeable spec projects delivering soon will satisfy demand for large, high quality space in historically tight submarkets. The new projects are driving the rising average asking lease rates as new construction includes Class A features.

- The 2Q 2018 *Marketbeat* report by Cushman & Wakefield found that the recent uptick in vacancy was due to two new large developments, totaling approximately 1 million square feet, which delivered this quarter without any preleasing. At the end of the second quarter, tenant requirements have increased, and it is anticipated that the second half of the year will result in an uptick in leasing activity. New development activity will continue to be at historic highs in the near term as many new projects that will break ground in the second half of 2018 are planned for 2019 delivery, including both speculative and build-to-suit development.

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

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

Industrial Market Statistics

	Quarter 2 2018	Quarter 1 2018	Quarter 2 2017	Quarter 2 2016	Quarter 2 2015	Quarter 2 2014
Number of Buildings	7,048	7,042	7,015	6,973	6,955	6,940
Existing Square Feet (millions)	218.3	217.2	213.6	209.2	206.5	204.6
Vacant Square Feet (direct, millions)	9.8	9.0	8.7	7.1	5.7	7.6
Vacancy Rate (direct)	4.5%	4.1%	4.1%	3.4%	2.8%	3.7%
Vacancy Rate (with sublet)	4.7%	4.3%	4.5%	3.6%	3.0%	3.9%
Avg. Lease Rate (direct, per square foot, NNN)	$7.86	$7.73	$7.60	$7.51	$6.61	$5.63
New Construction Completed (year-to-date)	1.34 MSF, 11 Bldgs	0.32 MSF, 6 Bldgs	1.93 MSF, 22 Bldgs	2.07 MSF, 11 Bldgs	0.89 MSF, 3 Bldgs	1.18 MSF, 13 Bldgs
Currently Under Construction	6.33 MSF, 37 Bldgs	6.33 MSF, 32 Bldgs	3.26 MSF, 24 Bldgs	3.46 MSF, 23 Bldgs	0.86 MSF, 3 Bldgs	1.31 MSF, 9 Bldgs

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

The Metro Denver flex market recorded falling vacancy rates and increasing average lease rates through the second quarter of the year. According to CoStar, the direct vacancy rate for flex space fell 0.5 percentage points to 7 percent between the second quarters of 2017 and 2018. The average lease rate rose 4.7 percent over-the-year to $12.16 per square foot. There was 350,558 square feet of new space completed at the end of the second quarter of 2018, including 133,122 square feet of flex space in the Interpark industrial development in Broomfield. Nine buildings offering 323,829 square feet of new flex space are under construction, of which 74.4 percent of the new flex space under construction is located in Adams County.

Flex Space Statistics

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

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

Retail Market

- The 2Q 2018 CBRE *Marketview* report reported that the local market has welcomed new retail trends and experiences that have helped overcome the impact of national store closures. The entertainment, grocery, and food and beverage sectors remained the key drivers in the Denver retail market in 2Q 2018. Persistent demand was showcased by the high level of new construction underway and the market achieving positive quarterly net absorption in spite of major national store closures.
- *Marketbeat* by Cushman & Wakefield reported that in the second quarter of 2018, deliveries totaled only 26,600 square feet, the least amount delivered during a single quarter since the third quarter of 2015. Rental rates will continue to rise, driven by low vacancy, but at a more modest pace as they have surpassed record highs. Leasing activity will pick back up as new product delivers and continue with hundreds of thousands of square feet in the proposed stage of the pipeline.

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

There were 66 buildings under construction during the second quarter of 2018, totaling 1.59 million square feet. Some of the largest projects under construction included the 330,000-square-foot Denver Premium Outlets at I-25 and 136th Avenue in Thornton and the 235,000-square-foot 9th & Colorado Retail project located on the former campus of the University of Colorado Health Sciences Center. Metro Denver reported 527,544 square feet of retail space completed at the end of the second quarter. Thirty-eight percent of the retail space completed was in Jefferson County, with the largest space completed being the King Soopers in the Candelas neighborhood of Arvada. About 20 percent of all recently completed retail space was in Douglas County, followed by the City and County of Denver (18 percent).

Retail Market Statistics

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

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

Monthly Economic Indicators

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
⇓⇑ Positive Changes	6 of 18		11 of 18		11 of 18	
Nonfarm Employment Growth	-5,200	⇓	50,500	⇑	44,600	⇑
	Employment down 0.3% from June to July		Employment up 3% from July 2017 to 2018		YTD employment up 2.7% through July	
% Companies Hiring (Denver Area)	29%	⇓	29%	⇓	28%	⇑
	Companies expecting to add workers fell 2 percentage points from 2Q 2018 to 3Q 2018		Companies expecting to add workers fell 1 percentage point from 3Q 2017 to 3Q 2018		YTD average up 1 percentage point compared with 2017	
Unemployment Rate	2.9%	⇔	0.2 percentage points	⇑	2.8%	⇑
	Unemployment remained flat between June and July		Unemployment increased from July 2017 to 2018		Up 0.1 percentage point from 2017 YTD average	
Initial Unemployment Insurance Claims	1.7%	⇑	-14.0%	⇓	-10.7%	⇓
	Claims increased from June to July		Claims decreased from July 2017 to 2018		YTD average claims decreased through July 2018	
Total National Retail Sales	-3.8%	⇓	5.7%	⇑	5.2%	⇑
	National sales decreased from May to June		National sales increased from June 2017 to 2018		YTD sales rose through June 2018	
Mountain Region Consumer Confidence Index	137.2	⇑	13.4%	⇑	131.0	⇑
	Index up 2.2% from July to August		Index up from August 2017 to 2018		YTD average up 2.4% through August 2018	
Hotel Occupancy	86.4%	⇓	0.4 percentage points	⇑	74.5%	⇓
	Decreased 1.9 percentage points from June to July		Occupancy increased from July 2017 to 2018		YTD occupancy decreased 1.3 percentage points from last year	
Denver International Airport Passengers	7.1%	⇑	4.5%	⇑	4.5%	⇑
	Passengers up from May to June		Passengers up from June 2017 to 2018		YTD passengers increased through June 2018	
Bloomberg Colorado Index	545.2	⇓	8.7%	⇑	9.6%	⇑
	Index down 1.1% from July to August		Index up from August 2017 to 2018		YTD return up through August 2018	
Dow Jones Industrial Average	25,964.8	⇑	18.3%	⇑	4.5%	⇑
	Index up 2.2% from July to August		Index up from August 2017 to 2018		YTD return up through August 2018	
Home Sales (closed)	5,696	⇓	0.4%	⇑	32,551	⇓
	Sales down 4.1% between June and July		Sales up from July 2017 to 2018		YTD sales down 4.9% through July 2018	
Median Home Price (Denver-Aurora MSA)	$462,900	⇑	9.0%	⇑	$452,200	⇑
	Up 4.8% from 1Q 2018 to 2Q 2018		Price up from 2Q 2017 to 2Q 2018		YTD price 10.2% higher through 2Q 2018	
Foreclosures	242	⇑	8.5%	⇑	1,597	⇓
	Up 41.5% from June to July		Up from July 2017 to 2018		Down 7.5% YTD through July 2018	
Residential Building Permits (Total)	1,543	⇑	-41.6%	⇓	12,207	⇓
	Permits increased 0.3% from May to June		Permits down June 2017 to 2018		YTD permits down 10.5% through June 2018	

Apartment Vacancy Rate	6.0%	⇓	1.0 percentage point	⇑	6.1%	⇑
	Vacancy decreased 0.1 percentage points from 1Q 2018 to 2Q 2018		Vacancy increased from 2Q 2017 to 2Q 2018		YTD average up 0.7 percentage points from last year	
Office Vacancy Rate (with Sublet)	10.9%	⇑	+0.2 percentage points	⇑	+0.2 percentage points	⇑
	Vacancy rate increased from 1Q 2018 to 2Q 2018		Vacancy rate up from 10.7% one year ago		Vacancy rate up from 10.7% one year ago	
Industrial Vacancy Rate (with Sublet)	4.7%	⇑	+0.2 percentage points	⇑	+0.2 percentage points	⇑
	Vacancy rate increased from 1Q 2018 to 2Q 2018		2Q 2018 vacancy up from 4.5% one year ago		2Q 2018 vacancy up from 4.5% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.7%	⇑	-0.1 percentage points	⇓	-0.1 percentage points	⇓
	Vacancy rate increased from 1Q 2018 to 2Q 2018		2Q 2018 vacancy down from 4.8% one year ago		2Q 2018 vacancy down from 4.8% one year ago	

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