



DECEMBER 2022

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting
our regional economy



December 2022 MEI Snapshot

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕↗ Positive Changes	4 of 18		9 of 18		10 of 18	
Nonfarm Employment Growth	25,000	↑	71,500	↑	76,400	↑
	Employment was up 1.4% from September to October		Employment up 4.1% from October 2021 to 2022		YTD employment up 4.5% through October	
Manpower Net Employment (West Region)	38%	↓	38%	↓	42%	↑
	Net employment fell from 3Q 2022 to 4Q 2022		Net employment decreased 11 percentage points from 4Q21 to 4Q22		YTD average up 15 percentage points compared with 2021	
Unemployment Rate	3.4%	↑	-1.0 percentage points	↓	3.4%	↓
	Unemployment rose 0.2 percentage points from September to October		Unemployment down from October 2021 to 2022		Down 2.3 percentage points from 2021 YTD average	
Initial Unemployment Insurance Claims	15.1%	↑	7.3%	↑	-84.4%	↓
	Claims increased from September to October		Claims increased from October 2021 to 2022		YTD average claims decreased through October 2022	
Total National Retail Sales	-5.5%	↓	9.0%	↑	10.2%	↑
	National sales decreased from August to September		National sales increased from September 2021 to 2022		YTD sales increased through September 2022	
Mountain Region Consumer Confidence Index	94.2	↓	-20.9%	↓	104.7	↓
	Index down 8.5 percent from October to November		Index down from November 2021 to 2022		YTD average down 7.6% through November 2022	
Hotel Occupancy	73.8%	↓	7.7 percentage points	↑	70.4%	↑
	Decreased 4.9 percentage points from September to October		Occupancy increased from October 2021 to 2022		YTD occupancy up from last year	
Denver International Airport Passengers	-0.6%	↓	15.1%	↑	20.6%	↑
	Passengers down from August to September		Passengers up from September 2021 to 2022		YTD passengers increased through September 2022	
Bloomberg Colorado Index	711.9	↑	-16.1%	↓	-19.5%	↓
	Index up 9.2 percent from October to November		Index down from November 2021 to 2022		YTD return down through November 2022	
Dow Jones Industrial Average	34,570.0	↑	0.3%	↑	-4.9%	↓
	Index up 5.6 percent from October to November		Index up from November 2021 to 2022		YTD return down through November 2022	
Home Sales (closed)	3,312	↓	-41.9%	↓	45,548	↓
	Sales down 17.2% from September to October		Sales down from October 2021 to 2022		YTD sales down 19.1% from last year	
Median Home Price (Denver-Aurora MSA)	\$666,000	↓	8.3%	↑	\$674,700	↑
	Down 4.3% from 2Q 2022 to 3Q 2022		Prices are up from 3Q 2021 to 3Q 2022		YTD price 13.2% higher through 3Q 2022	
Foreclosures	189	↑	231.6%	↑	2,343	↑
	Up 23.5% from October to November		Up from November 2021 to 2022		Up 407.1% YTD through November 2022	
Residential Building Permits (Total)	1,488	↓	-32.3%	↓	21,759	↓
	Permits decreased 31.7% from September to October		Permits down from October 2021 to October 2022		YTD permits down 10.3% through October 2022	

Apartment Vacancy Rate	4.8%	↑	+1.1 percentage points	↑	4.6%	↔
	Vacancy increased from 1Q 2022 to 2Q 2022		Vacancy increased from 2Q 2021 to 2Q 2022		YTD average unchanged from last year	
Office Vacancy Rate (with Sublet)	14.3%	↑	+0.4 percentage points	↑	+0.4 percentage points	↑
	Vacancy rate increased 0.4 percentage points from 2Q 2022 to 3Q 2022		3Q 2022 vacancy up from 13.9% one year ago		3Q 2022 vacancy up from 13.9% one year ago	
Industrial Vacancy Rate (with Sublet)	5.7%	↑	-0.5 percentage points	↓	-0.5 percentage points	↓
	Vacancy rate increased 0.9 percentage points from 2Q 2022 to 3Q 2022		3Q 2022 vacancy down from 6.2% one year ago		3Q 2022 vacancy down from 6.2% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.5%	↓	-0.4 percentage points	↓	-0.4 percentage points	↓
	Vacancy rate decreased 0.2 percentage points from 2Q 2022 to 3Q 2022		3Q 2022 vacancy down from 4.9% one year ago		3Q 2022 vacancy down from 4.9% one year ago	

December 2022 MEI

About This Report

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.

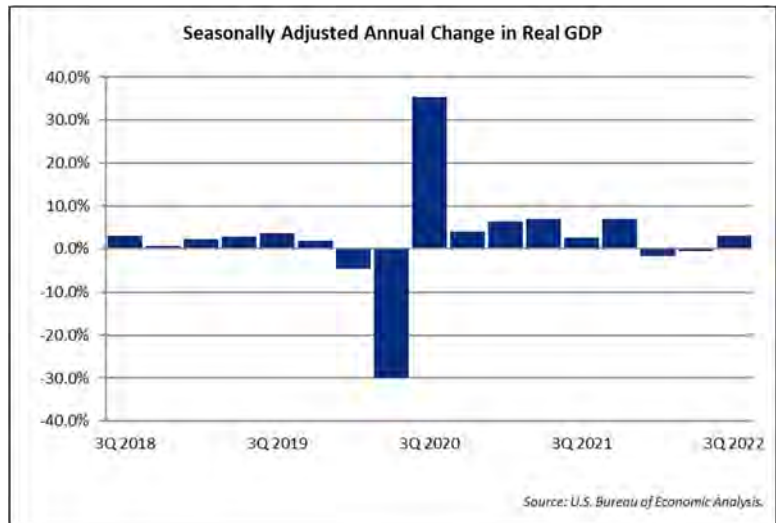
Notable Rankings

- The “World’s Best Cities 2023” by Resonance Consultancy ranked Denver as the 56th best city in the world. The rankings were based on scores in six core categories: place, product, programming, people, prosperity, and promotion. Denver scored highly in GDP per capita, overall prosperity, and education levels.
- The newest edition of the American Dream Prosperity Index by the Legatum Institute and the Milken Center for Advancing the American Dream, a measure of prosperity using over 200 individual indicators, ranked Colorado as the 10th most prosperous state. The report noted that prosperity increased overall in 49 out of 50 states, but those gains were not equally distributed. Colorado ranked first in the Business Environment category due to top-10 rankings in financing ecosystems, domestic market contestability, burden of regulation, and price distortions. The top three states were Massachusetts, Connecticut, and Minnesota.
- According to CBRE’s *Tech-30 2022* report, Denver’s 14.2 percent growth in tech jobs in 2020 and 2021 propelled the city to the seventh-highest gain in office rents, 10.3 percent, among Tech-30 markets. Denver’s growth was driven by companies looking to expand into new markets and homegrown companies. Tech companies claimed 87 percent of the nearly \$2.2 billion in venture capital funding awarded to Denver companies in the first half of 2022. The impact of Denver’s tech industry is felt in the office leasing market as Denver ranks seventh in terms of gains in office rents among tech hubs. Technology was the third-most active industry for office leasing in Denver in 2021.

National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released their second estimate of real gross domestic product (GDP) for the third quarter of 2022 and found that GDP increased at an annual rate of 2.9 percent, an increase from the first estimate of 2.6 percent. In the second quarter real GDP decreased 0.6 percent.
- The increase in 3Q 2022 real GDP reflected increases in exports, consumer spending, nonresidential fixed investment, and government spending. The increases in exports reflected increases in both goods and services. Consumer spending increases in services purchases were partly offset by decreases in goods purchases.
- These increases were partly offset by decreases in residential fixed investment and private inventory investment. Imports, which are a subtraction in the calculation of GDP, decreased in 3Q.
- The second estimate is based on more complete source data that is subject to further revision by the source agency. The third GDP estimate for 3Q 2022 will be released December 22nd.



Interest Rates

- In their meeting on November 1-2, the Federal Open Market Committee (FOMC) of the Federal Reserve firmed its stance on monetary policy. Recent indicators of spending and production have remained strong as job gains have remained robust and the unemployment rate has remained low. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher food and energy prices, and broader price pressures. Further, the invasion of Ukraine by Russia is creating additional upward pressure on inflation.
- The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the long run. In support of these goals, the committee raised the target range for the federal funds rate 0.75 percentage points to 3.75 to 4 percent, the sixth increase in the rate in 2022. The Fed anticipates that ongoing increases in the target range will be appropriate but will continue monitoring factors including inflation and labor market conditions. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities.
- Fed Chair Jerome Powell indicated that the central bank is planning on raising interest rates by 0.5 percentage points in December, slowing the rate of interest rate increases after seeing signs of softening inflation.
- The next FOMC meeting is December 13-14, 2022.

Policy Watch

National & International

- The Bank of England raised its benchmark lending rate for the eighth consecutive meeting, increasing the rate to 3 percent from 2.25 percent. This marks its highest rate since November of 2008 as officials try to get control of rising inflation in the U.K.

Local

- The Jefferson County Public School Board of Education voted to close 16 elementary schools as they experience declining enrollment. The closures will affect approximately 2,400 students and 422 full-time employees. The district closed schools that are using 45 percent or less of their building capacity.
- Colorado voters passed Proposition 123 in November, allowing the state to take 0.1 percent of the state's federal taxable income to create a \$300 million affordable housing fund. The measure, passing with 52.6 percent of the vote, will lower the average Taxpayer's Bill of Rights refund every year. Proponents of Prop 123 estimate that 100,000 affordable housing units will be built over the next 10 years.
- Colorado voters overwhelmingly passed their second income tax cut in two years in November. Proposition 121, which secured over 65 percent of the vote, lowers the state income tax rate from 4.55 to 4.4 for both individuals and corporations starting with the 2022 tax year. The measure will not impact the state budget until the 2023-2024 budget year.
- Proposition 125, which will allow grocery and convenience stores with a license to sell beer to begin selling wine on March 1, 2023, passed by a narrow margin. Two other alcohol-related measures failed in this election cycle.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was \$73.3 billion in September, down 4.3 percent from \$67.4 billion in August. September imports increased 1.5 percent to \$331.3 billion, while exports decreased 1.1 percent to \$258. billion. Year-to-date, the goods and services deficit increased \$125.6 billion, or 20.2 percent, from the same period in 2021. Exports increased 20.2 percent and imports increased 20.2 percent year-over-year.
- The Conference Board Leading Economic Index (LEI) decreased by 0.8 percent in October to 114.9, after falling 0.5 percent in September. The LEI was down 3.2 percent over the six-month period from April to October 2022. The U.S. LEI suggests that the economy may be in a recession amid high inflation, rising interest rates, and declining prospects for housing construction and manufacturing. As a result, Conference Board analysts project a recession to begin around yearend and last until mid-2023.
- According to the Institute for Supply Management's Manufacturing Index, the Purchasing Managers Index (PMI) was 49 percent in November, down 1.2 points from the October reading. This figure indicates contraction in the manufacturing sector after 29 months of expansion. New order rates remained in contraction territory at 47.2, down from 49.2 in October. The Production Index remained in expansion territory, but the Prices Index and the Backlog of Orders index were down into contraction territory in

October. The Employment Index came in at 48.4 percent, down from 50 in October. Six manufacturing industries reported growth in November compared to October when increases were reported in eight industries.

- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 56.5 percent in November, 2.1 percentage points higher than October's reading of 54.4 percent. The November reading indicates growth for the 30th consecutive month after a two-month contraction in April and May of 2020. The Prices Index decreased in November to 70, down 0.7 percentage points from October's reading of 70.7. Thirteen of the 18 industries reported growth for the month, down from 16 industries the prior month.
- According to the U.S. Census Bureau, the average commute time dropped due to the pandemic response. Commute times in Denver dropped from 28.8 minutes in 2019 to 26.7 minutes in 2021, a 2.1 percent decline and the 10th highest decline of the 15 large cities with steep declines. Commute times declined the most in San Francisco (-6.1 percent) and Washington D.C. (-4.6 percent).

Local

- According to the University of Colorado Boulder Leeds School of Business fourth quarter 2022 Leeds Business Confidence Index, Colorado business leaders expressed pessimism ahead of 4Q 2022, recording the fourth-lowest reading in the 20-year history of the index. The index decreased 1.3 points ahead of 4Q 2022 to 39.8, staying within negative territory (below 50) and remaining well below the long-term average of 54. Four of six components fell ahead of 4Q 2022, but all six values demonstrated negative perceptions. The outlook was dimmest for the national economy and brightest for industry hiring. Nearly 18 percent of respondents think the country was in a recession in the first half of 2022, while 45 percent expect it to begin in the second half of 2022. Inflation was the greatest concern among panelists, followed by interest rates, the supply chain, and persistent worker shortages. Looking two quarters ahead to 1Q 2023, overall expectations rose by 1.2 points to 41.
- The University of Colorado Boulder Leeds School of Business released their 2023 economic forecast in which they expect GDP growth to slow in 2023. The Business Economic Outlook Forum predicts a slowdown in job growth to 2 percent from the 4.4 percent rate of annual growth Colorado is on pace for this year, reflecting the addition of 57,100 jobs in 2023. With limited population growth and high labor force participation, the unemployment rate is expected to reach 4.1 percent.
- According to the Quarterly Economic Indicators Report from the University of Colorado Boulder, more Colorado residents registered businesses in the third quarter than in the second quarter of this year. New entity filings rose to 43,657 in Q3, up 14.5 percent from the same time last year and up 10.6 percent from Q2. The report also noted that dissolutions were down 27.1 percent over the year.
- The University of Colorado system, including CU Boulder, CU Colorado Springs, CU Denver, and CU Anschutz Medical Campus, was responsible for \$13.3 billion in economic impacts during the last fiscal year. The university system employs 47,513 workers across the four campuses and the hospital, supporting almost 90,000 jobs directly and indirectly, according to a study by the Business Research Division of the Leeds School of Business at CU Boulder.
- Seventeen Colorado companies made Deloitte's "2022 North America Technology Fast 500" list based on revenue growth from 2018 to 2021. Fluid Truck, the Denver-based company which helps owners rent out their vehicles, ranked 9th overall and was the highest ranked company from Colorado. Harvest Hosts out of Vail (No. 30) and Pie Insurance (No. 45) both made the top 50. Also ranked were Arrive Health (No. 61),

Maxwell (No. 62), Aytu BioPharma Inc. (No. 94), Pax8 (No. 131), Forge Nano (No. 175), CyberGRX (No. 220), Quantum Metric (No. 244), Edison Interactive (No. 254), Swimlane (No. 355), Veritone Inc. (No. 400), Zynex Inc. (No. 416), EverCommerce Inc. (No. 450), Skupos (No. 490), and BillingPlatform (No. 491).

- According to the Regional Beige Book by the Kansas City Federal Reserve, economic activity in the Tenth District, which includes Colorado, declined slightly due to cooling labor markets. Businesses reported that they are still using higher compensation and additional training to build their workforce over the next several months. Consumer demand fell slightly in recent weeks and the volume of consumer purchases fell broadly. Manufacturing production growth declined modestly as selling prices continued to rise at a robust pace, but several contacts noted growth in construction material prices.
- According to the Colorado State Demography Office, Colorado did not experience a surge in population associated with the rise in remote work. Colorado’s population grew by 30,551 between July 1, 2020 and July 1, 2021, about half of the rate of increase in 2019, and a third of the rate of increase in 2015.

Labor Force and Employment

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

	Month of Oct-22	Month of Sep-22	Month of Oct-21	Year-to-Date Average YTD 2022	Year-to-Date Average YTD 2021	Year-to-Date Average YTD % Change	Annual Growth Rate 2017	Annual Growth Rate 2012
Total 11-County Metro Denver*	1,808.9	1,783.9	1,737.4	1,774.6	1,698.2	4.5%	2.1%	2.9%
Denver-Aurora-Lakewood MSA	1,601.8	1,578.5	1,538.0	1,572.2	1,505.0	4.5%	2.1%	2.9%
Boulder MSA	207.1	205.4	199.4	202.5	193.2	4.8%	2.1%	2.7%
Natural Resources & Construction	124.0	119.9	115.4	118.5	113.7	4.2%	4.8%	5.1%
Manufacturing	93.6	92.9	91.5	93.8	90.6	3.5%	1.1%	2.2%
Wholesale & Retail Trade	240.2	235.9	235.1	238.8	233.7	2.2%	1.1%	2.1%
Transp., Warehousing & Utilities	76.8	75.6	73.6	76.0	72.6	4.7%	4.8%	2.9%
Information	63.0	62.9	62.4	62.9	61.2	2.8%	1.4%	-0.8%
Financial Activities	119.8	118.4	123.0	122.5	122.3	0.2%	2.5%	2.1%
Professional & Business Services	370.3	363.9	338.0	354.4	326.7	8.5%	2.1%	5.1%
Education & Health Services	226.9	224.5	218.4	221.2	217.2	1.8%	1.7%	3.7%
Leisure & Hospitality	180.9	182.7	177.0	182.9	163.4	11.9%	2.8%	3.4%
Other Services	71.1	69.6	65.1	68.5	64.1	6.9%	1.1%	2.8%
Government	242.3	237.6	237.9	235.2	232.8	1.0%	1.9%	0.9%
Federal Gov't	29.4	29.4	30.5	29.6	30.6	-3.0%	-0.5%	-0.8%
State Gov't	66.5	64.6	65.7	63.0	62.7	0.6%	4.4%	1.8%
Local Gov't	146.4	143.6	141.7	142.5	139.6	2.1%	1.3%	0.9%
Colorado	2,905.2	2,878.9	2,787.2	2,854.8	2,730.9	4.5%	2.3%	2.4%
United States	154,416	153,204	149,310	151,440	145,293	4.2%	1.6%	1.7%

*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 4.1 percent between October 2021 and 2022, rising by 71,500 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 4.1 percent, or by 63,800 jobs, while the Boulder-Longmont MSA increased 3.9 percent, or by 7,700 jobs, during the period.
- Ten of 11 supersectors reported over-the-year increases in employment. Professional and business services had the largest increase (+9.6 percent), followed by other services (+9.2 percent), and natural resources and construction (+7.5 percent). Financial activities was the only supersector to experience a decrease in employment, falling by 2.6 percent.
- Employment in Colorado increased 4.2 percent, or by 118,000 jobs, between October 2021 and 2022. National employment rose 3.4 percent, or by more than 5.1 million jobs.

Metro Denver Industry Clusters and Lifestyle Verticals Headlines

Aerospace

- Sierra Space, a Louisville-based aerospace company, is expanding rapidly, hiring more than 1,000 people in 2022, and now employs 1,300 people in Metro Denver. The company is expanding its real estate footprint in Metro Denver, acquiring office and manufacturing space in Broomfield, leasing 180,000 square feet in those two spaces. The company has partnered with Blue Origin, Jeff Bezos' aerospace manufacturing company, to build the Orbital Reef space station.
- Asteroid mining company Karman+ selected Metro Denver as the location of their new headquarters, creating 150 high-paying new jobs over the next seven years. The Netherlands-based company pointed to Denver's quality of life, the potential for collaboration with higher education institutions, and a state regulatory environment conducive to advancing the development of space resources as reasons for their selection.

Arts & Culture

- The Denver Film Festival sold 15 percent more tickets to their 2022 event than they did in 2021 as they returned to in-person events. While ticket sales were still well below 2019 levels, ticket revenues were only 3 percent below pre-pandemic figures as the festival set a record with 1,000 out-of-state visitors coming into Colorado to view the 260 films presented.

Bioscience

- California-based Agilent Technologies is planning a major expansion at its Frederick manufacturing hub. The plans, which could double its Colorado workforce, include adding 310,000 square feet of manufacturing space, 61,000 square feet of office space, and 42,000 square feet of warehouse and utility space. The expansion is expected to be completed by the end of 2024 and add 465 employees to the Agilent facility.
- Boulder-based Arca Biopharma Inc. posted lower year-over-year losses as the company continues cutting costs and looking for a strategic merger or sale. The company cut its losses-per-share in half from 3Q 2021, which included cutting 12 positions in June 2022.

Financial Services

- Fidelity Investment in Denver has 1,300 employees in Metro Denver and is adding an average of 40 new hires every week. In 2020-21, Fidelity added 1,400 jobs statewide and now they employ upwards of 2,100 people in Colorado as they expand the range of products and services that they offer. New hires are mostly customer-facing and tech positions.

- American Financing Corp, an Aurora-based mortgage banker, will lay off 194 of its 305 employees at its Aurora headquarters by the end of 2022. The company filed a WARN notice with the Colorado Department of Labor and Environment that noted the layoffs were due to “a sudden and drastic reduction in sales” due to “general economic conditions.”

Food and Beverage Production

- Left Hand Brewing, the most award-winning brewery in Colorado, opened a 10,000-square-foot brewery and restaurant across from Mission Ballroom. This is their first stand-alone location in an area that is expected to grow rapidly in the coming years.
- Bobo’s Oat Bars is opening a new bakery in Loveland. The 123,000-square-foot operation allows for the consolidation of its current operations. Bobo’s currently employs 160 people and is expanding production up to 1 million oat bars a day.
- Intelligent Growth Solutions, a Scotland-based agricultural infrastructure company, chose Loveland for its North American headquarters. The office will create 114 high paying jobs. The company will be located in The Forge, the former Hewlett-Packard facility.
- Teton Waters Ranch merged with SunFed Ranch to create a new company based in Loveland called Grass Fed Foods LLC that sells \$150 million of grass-fed beef products. The company confirmed that they are looking to continue expanding into the organic and humanely-raised beef markets. They currently employ 36 people in Loveland.
- Epic Brewing will be closing its taproom and beer-making plant by the end of 2022, leaving its RiNo location that it has occupied for nine years. Epic Brewing is looking for a new location in Denver but has yet to choose one. The building will be repurposed into a new restaurant called “The Rustic,” a Texas-based restaurant chain.
- 10 Barrel Brewing announced they are closing their taproom and brewing facility in Denver’s River North Art District. The location at 2620 Walnut Street was 10,000 square feet and offered seating area for 300 guests.

Healthcare and Wellness

- Nymbi Science, a startup that provides digital balance training for older adults, raised \$12 million in a Series B financing round in November. The Denver-based company will be using the funds to launch two new product lines plus will add to its current staff of about 30 people.

IT-Software

- Meta, the parent company of Facebook, Instagram, and WhatsApp, aims to maintain Denver as a central hub of operations even as the company is undergoing consolidation and layoffs. Meta announced in October that they were cutting 13 percent of their workforce; it is unclear how many workers in Metro Denver were affected.
- AMP Robotics Corp. raised \$91 million in a Series C funding round, as the company looks to begin scaling its business and continuing to expand internationally. AMP Robotics produces artificial-intelligence software and robotic equipment used to automate the sorting of recyclable materials. AMP recently opened a new 84,000-square-foot facility in Louisville. The company employs 300 workers, up from 90 at the beginning of 2021.

- Boulder-based ColdQuanta raised \$110 million in a Series B funding round. The capital will be used to expand its product portfolio and to add engineering staff. The funding round comes as the company transitions from a research-driven organization to one focused on selling quantum computing technology. The company will be rebranding under the name Inflection as part of their commercial launch.
- Twitter cut about half of their workforce, including 87 employees in Boulder. Following the terminations, Elon Musk issued an ultimatum for returning to work in person and changing job expectations. In response, 38 additional Twitter employees resigned from their positions.
- Vangst, a Denver-based startup that runs a hiring platform for the cannabis industry, cut nine employees, citing the drop in hiring amid an overall economic downturn. The cuts were across a number of roles including sales, marketing, and engineering.

Outdoor Recreation

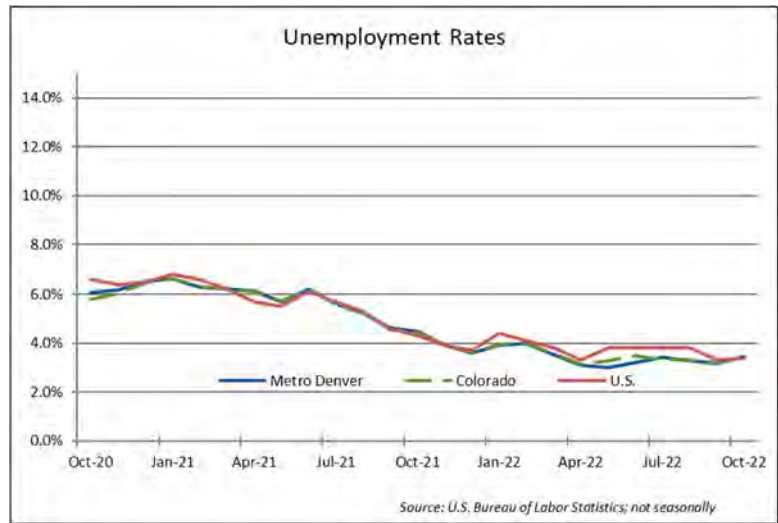
- Colorado reaped a larger economic benefit from the skiing industry than any other state in 2021, earning \$1.27 billion, according to the U.S. Bureau of Economic Analysis. The overall outdoor recreation industry added \$11.6 billion in value to the state and ranked 12th in the country. Colorado ranked in the top-10 in climbing, hiking, tent camping, and bicycling.
- The VF Foundation gave \$3 million to the University of Denver to launch a new “Leadership in the Outdoor Recreation Industry” program. The program will be designed to meet a need in the industry for workers with business savvy as well as an in-depth understanding of policy concerns such as conservation and the protection of outdoor spaces.
- Outside Inc., a media conglomerate based in Boulder, cut 12 percent of its workforce in November in response to slowing advertising and events revenue. The company announced that it plans to cut back on spending in the hopes of becoming profitable by 3Q 2023. Approximately 60 people were laid off.

Other Industry Headlines

- Broomfield-based Biofire, a firearm technology company, raised \$14 million in venture capital funds as they ramp up production of their Smart Gun in advance of a product launch in 2023. This is in addition to \$17 million in seed funding they secured over the past 3 years. Biofire employs 35 people currently but plans to expand rapidly as they bring production online.
- Landline, a ground transportation company, moved its headquarters to Colorado after partnering with United Airlines last year to run buses from Breckenridge and Fort Collins to Denver International Airport. The company, formerly headquartered in Los Angeles, has grown its staff in Colorado to 40 and is looking to add positions this year.

Employment Outlook

- The Manpower Employment Outlook Survey revealed that U.S. hiring optimism fell ahead of 4Q 2022. Across the nation, 48 percent of companies plan to hire in 4Q 2022, down 11 percentage points over-the-year. Companies planning to lay off increased 2 percentage points over-the-year to 15 percent, while the number of companies planning no change increased 10 percentage points to 34 percent. The net U.S. employment outlook, which reflects the difference in the percent of companies hiring versus laying off, was 33 percent ahead of 4Q 2022, down 13 percentage points over-the-year and down 5 percentage points over-the-quarter.



Employment Outlook Survey

	Quarter 4 2022	Quarter 3 2022	Quarter 4 2021	YTD 2022	YTD 2021	Ann Avg 2017	Ann Avg 2012
West Region							
Net Employment	38%	42%	49%	42%	27%	-	-
United States							
Percent of Companies Hiring	48%	50%	59%	51%	34%	22%	18%
Percent of Companies Laying Off	15%	12%	13%	14%	7%	5%	8%
Percent of Companies No Change	34%	34%	24%	32%	56%	72%	71%
Percent of Companies Unsure	3%	4%	4%	3%	4%	2%	4%
Net Employment	33%	38%	46%	37%	27%	17%	10%

Source: Manpower Inc.

- All four regions in the United States reported moderate hiring outlooks for 4Q 2022, led by the West, which includes Colorado, with a net employment outlook of 38 percent. The Northeast reported a net employment outlook of 34 percent, followed by the South (32 percent) and the Midwest (27 percent). Over-the-quarter, regional outlooks weakened in all four regions. All four regions also reported a weakening outlook over-the-year.
- Growth is expected across all 11 national industry sectors, with the strongest employment outlook reported in IT & Technology (+56 percent), followed by Banking and Finance (+42 percent), and Construction (+36 percent).

Labor Force & Unemployment

- Unemployment in Metro Denver decreased 1 percentage point over-the-year to 3.4 percent in October. The unemployment rate rose 0.2 percentage points from the prior month.
- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate in October. The City and County of Denver reported the largest decrease, falling 1.3 percentage points, followed by

Adams and Arapahoe counties (-1.2 percentage points) and Jefferson County (-0.9 percentage points). Boulder and Douglas counties reported the lowest unemployment rate of 2.8 percent, while Adams County reported the highest rate of 4.1 percent.

- There were 54,786 more people either employed or looking for work between October 2021 and 2022 in Metro Denver, an increase of 2.9 percent. The labor force rose in all seven counties, led by Douglas County (+3.6 percent), and the City and County of Broomfield (+3.5 percent).

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

	October 2022		2022 YTD AVG		2021 YTD AVG		2017	2012
	Total Labor Force	Unemployment Rate	Total Labor Force	Unemployment Rate	Total Labor Force	Unemployment Rate	Ann Avg Unemployment Rate	Ann Avg Unemployment Rate
Metro Denver	1,913.9	3.4%	1,893.9	3.4%	1,839.2	5.7%	2.5%	7.7%
Adams County	286.4	4.1%	283.5	4.0%	275.9	6.6%	2.8%	9.5%
Arapahoe County	380.4	3.7%	376.7	3.6%	366.7	6.1%	2.6%	7.8%
Boulder County	204.6	2.8%	201.8	2.7%	195.0	4.7%	2.2%	6.3%
Broomfield County	43.0	3.0%	42.5	2.8%	41.1	4.8%	2.4%	6.7%
Denver County	442.5	3.7%	438.2	3.7%	426.9	6.3%	2.5%	7.9%
Douglas County	209.9	2.8%	207.7	2.7%	200.3	4.3%	2.2%	6.1%
Jefferson County	347.1	3.2%	343.6	3.1%	333.5	5.3%	2.4%	7.5%
Colorado	3,260.7	3.5%	3,236.5	3.5%	3,150.4	5.7%	2.3%	6.8%
United States	164,753	3.4%	164,295	3.7%	161,065	5.7%	2.5%	7.9%

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

- Colorado reported an unemployment rate of 3.5 percent in October, down 0.9 percentage points from the same time last year. Over-the-month, the state’s unemployment rate rose by 0.3 percentage points. The labor force rose 2.2 percent over-the-year to about 3.3 million people either employed or looking for work. The national unemployment rate fell 0.9 percentage points over-the-year to 3.4 percent and rose 0.1 percentage points over the month. The national labor force increased 1.8 percent between October 2021 and 2022.
- Initial unemployment insurance claims in Metro Denver increased 7.3 percent between October 2021 and 2022, rising to a weekly average of 1,125 claims. Over-the-month, initial claims increased 15.1 percent.
- Colorado reported an average of 2,237 initial unemployment claims per week in October, up 6.7 percent from the same time last year, and representing 141 more claims each week. Between September and October, average weekly initial claims in Colorado increased 35.4 percent.

Weekly First-Time Unemployment Insurance Claims

	Month of Sep-22	Month of Aug-22	Month of Sep-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Metro Denver	1,125	977	1,048	1,057	6,779	-84.4%	1,103	1,627
Colorado	2,237	1,652	2,096	1,929	11,642	-83.4%	2,092	3,123

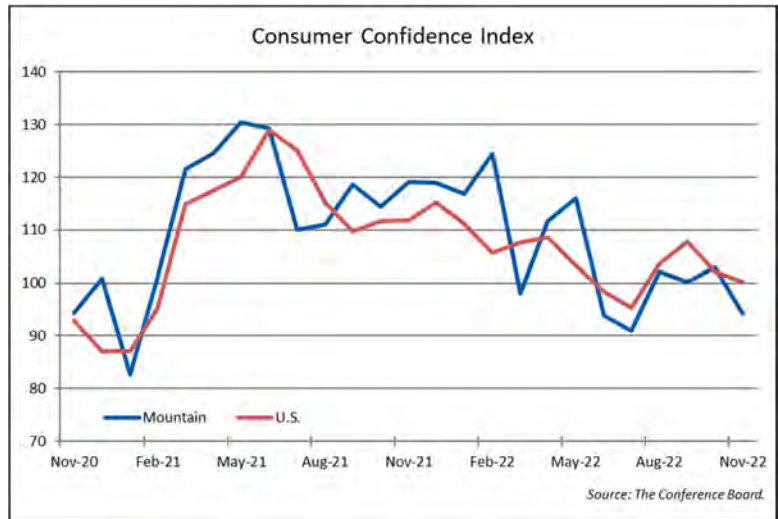
Note: Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.

Source: Colorado Department of Labor and Employment, Labor Market Information.

Consumer Sector

Consumer Sentiment

- The U.S. Consumer Confidence Index fell in November, the second consecutive month of decline after two consecutive months of growth. The index now stands at 100.2, a 2 percent over-the-month decrease, and a 10.5 percent decrease over-the-year.
- Analysts at The Conference Board stated that the drop was driven by declines in both the present situation index and the expectations index, suggesting the economy has lost momentum as the year winds down. Expectations fell to 75.4, down from 77.9 in October. Purchasing intentions to buy automobiles, major appliances, and homes all fell. Looking ahead, inflationary pressures will continue to pose strong headwinds to consumer confidence and spending.



Consumer Confidence Index

	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Mountain	94.2	103.0	119.1	104.7	114.8	-7.6%	130.1	68.7
United States	100.2	102.2	111.9	104.0	112.5	-7.1%	120.5	67.1

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

- Colorado is included in the Mountain region and the index for the area decreased 20.9 percent between November 2021 and 2022 to 94.2. The index fell 8.5 percent over-the-month from 103 in October. The Present Situations Index fell 7.4 percent over-the-year to 138.9, while the Expectations Index decreased 34.7 percent to 64.4 during the period.

Consumer Spending

- A record 196.7 million Americans shopped over the Thanksgiving holiday weekend, according to the National Retail Foundation. The total number of shoppers from Thanksgiving Day through Cyber Monday increased by nearly 17 million from 2021, up about nine percent. Brick-and-mortar stores saw a 17 percent increase in shoppers from 2021. The number of online shoppers increased 2 percent, leading to a 2.3 increase in online sales.
- The National Retail Federation’s 2022 forecast for the holiday shopping season says that retailers expect holiday spending to increase 6 to 8 percent over last year. According to the report, retail sales from November through December will range between \$942.6 billion and \$960.4 billion.
- iSeeCars.com, an online auto website, released data in November that reported new car prices were up 29 percent in August from 2019 levels. The cost of a 3-year-old car is up 52 percent over the same period.

Affordability indexes for new cars declined nationally at a faster rate than Metro Denver. Used car prices are starting to fall as new car supply chain issues continue to be resolved.

- National retail sales activity rose 9 percent over-the-year in September, with 12 of the 13 supersectors reporting increases during the period. Gasoline stations reported the largest over-the-year increase of 18.9 percent, followed by food services and drinking places (+14 percent) and non-store retailers (+12.8 percent). Electronics and appliance stores reported the only over-the-year decrease of 8.6 percent.

National Retail Sales (\$millions)

	Month of Sep-22	Month of Aug-22	Month of Sep-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Retail Sales	664,134	702,729	609,406	5,990,160	5,437,175	10.2%	4.1%	5.0%
Motor Vehicles	124,880	135,891	118,654	1,160,954	1,121,797	3.5%	2.9%	9.0%
Furniture and Home	12,065	12,534	11,974	106,345	104,447	1.8%	2.7%	4.5%
Electronics & Appliance	6,901	7,224	7,548	63,063	66,899	-5.7%	-1.6%	2.1%
Building Materials	42,586	45,165	38,859	387,478	360,570	7.5%	3.4%	4.5%
Food and Beverage	78,215	80,093	72,978	695,825	646,018	7.7%	3.8%	3.1%
Health and Personal Care	33,465	33,985	32,089	294,545	283,059	4.1%	1.5%	0.9%
Gasoline Stations	61,813	67,977	51,994	579,939	424,649	36.6%	9.2%	4.1%
Clothing & Accessories	23,941	26,376	22,592	217,541	201,596	7.9%	0.1%	4.8%
Sporting Goods	8,999	10,185	8,566	78,406	76,382	2.6%	-2.9%	2.8%
General Merchandise	66,088	69,704	62,955	593,924	575,758	3.2%	1.3%	2.8%
Miscellaneous Store	15,892	16,558	14,230	139,017	117,264	18.6%	2.1%	1.5%
Non-Store Retailers	102,008	107,724	90,401	914,434	816,337	12.0%	11.8%	8.5%
Food Service & Drinking	87,281	89,313	76,566	758,689	642,399	18.1%	5.3%	5.8%

Source: U.S. Census Bureau.

- Retail sales in Metro Denver rose 11.3 percent between September 2021 and 2022. All seven counties in Metro Denver reported over-the-year increases in retail sales. Adams County reported the largest increase of 23.1 percent, followed by Denver County (+11.5 percent) and Jefferson County (+10.1 percent). Boulder County reported the most modest increase of 4.1 percent. Retail sales throughout Colorado rose 10.6 percent over-the-year.

Total Retail Sales (\$000s)

	Month of Sep-22	Month of Aug-22	Month of Sep-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Metro Denver	16,523,278	14,534,607	14,840,128	128,872,930	113,726,357	13.3%	4.9%	7.9%
Adams County	3,424,694	3,057,320	2,782,579	25,791,248	21,751,409	18.6%	8.9%	12.4%
Arapahoe County	2,693,911	2,553,162	2,491,395	22,051,709	19,721,048	11.8%	1.5%	9.7%
Boulder County	1,764,661	1,419,610	1,695,804	13,047,316	11,729,614	11.2%	9.5%	5.8%
Broomfield County	309,908	288,624	281,824	2,542,268	2,222,766	14.4%	8.1%	15.9%
Denver County	4,001,399	3,542,874	3,587,592	31,506,030	27,055,173	16.5%	4.0%	1.9%
Douglas County	1,658,625	1,422,394	1,576,506	13,574,612	12,777,216	6.2%	2.0%	7.7%
Jefferson County	2,670,080	2,250,623	2,424,429	20,359,746	18,469,131	10.2%	3.9%	10.9%
Colorado	27,571,559	24,839,385	24,935,676	217,944,451	192,054,975	13.5%	5.4%	6.1%

Note: As of June 2019, the DOR reports data based on "destination sourcing," or the location where the purchaser received the goods, as opposed to the retailer's business location. Further, out-of-state retailers are now required to collect and remit sales tax for goods delivered into Colorado based on the purchaser's location. These changes may cause variations in current data compared with prior years.

Source: Colorado Department of Revenue.

Price Changes

- The U.S. Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics showed that consumer prices in October increased 7.7 percent over-the-year, down from 8.2 percent in September and 8.3 percent in August. The CPI was up 0.4 percent over the month, increasing by the same amount as September. Core inflation, which excludes volatile food and energy prices, rose 6.3 percent over-the-year in October, up 0.3 percent from September.
- All eight components of the CPI increased over-the-year, with the largest increases in transportation (+11.2 percent), food and beverage (+10.6 percent), and housing (+7.9 percent). Education and communication reported the most modest over-the-year increase of 0.01 percent.
- The CPI for the Denver-Aurora-Lakewood MSA rose 7.7 percent over-the-year in September, down from an 8.2 percent increase in July, and the third consecutive decline in the inflation rate. Core inflation was 7.2 percent in September. Over-the-month prices fell 0.2 percent from July to September.
- Six of eight components in the Denver MSA reported increases between September 2021 and 2022, with the largest increases in food and beverage (+11.3 percent), housing (+8.2 percent), and other goods and services (+8 percent). Education and communication and apparel reported the only decreases of 0.5 and 0.4 percent, respectively. The medical care industry did not report pricing data in September.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price at the end of November was \$3.40 per gallon, up 1.3 percent from the same time last year. The Metro Denver average fuel price decreased 9.3 percent over-the-year to an average of \$3.03 per gallon, a fall of \$0.31. The average fuel price in Metro Denver was \$0.37 lower than the average fuel price throughout the U.S.

Stock Market

- Three of the four stock market indices tracked decreased between November 2021 and 2022. The NASDAQ reported the largest decrease, falling 26.2 percent, followed by the Bloomberg Colorado (-16.1 percent) and the S&P 500 (-10.7 percent). The DJIA Index reported the only increase of +0.3 percent. All four indices increased between October and November 2022. The Bloomberg Colorado Index reported the largest increase of 9.2 percent, followed by the DJIA (+5.6 percent), the S&P 500 (+5.3 percent), and the NASDAQ (+4.4 percent).

Stock Market Indexes

	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Return 2022	YTD Return 2021	Annual Avg Return 2017	Annual Avg Return 2012
Bloomberg Colorado	711.9	652.1	848.2	-19.5%	11.7%	-3.7%	3.5%
S&P 500	4,078.8	3,872.0	4,567.0	-14.4%	21.6%	20.0%	13.4%
NASDAQ	11,468.0	10,988.2	15,537.7	-26.7%	20.6%	28.2%	15.9%
DJIA (Dow Jones)	34,570.0	32,733.0	34,483.7	-4.9%	12.7%	25.7%	7.3%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- The average hotel occupancy rate in Metro Denver rose 11.6 percentage points over-the-year to 73.8 percent in the month of October 2022. The average hotel room rate rose 10.9 percent to \$163.18 per night, an increase of \$16.02 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 93.1 percent of pre-pandemic levels recorded in October 2019.

Metro Denver Hotel Statistics

	Month of Oct-22	Month of Sep-22	Month of Oct-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Percent of Hotel Rooms Occupied	73.8%	78.7%	66.1%	70.4%	59.1%	11.3%	74.9%	68.0%
Average Hotel Room Rate	\$163.18	\$165.77	\$147.16	\$154.65	\$127.55	21.2%	\$143.68	\$111.78

Source: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that almost 6.3 million passengers passed through the airport in September, a 15.1 percent increase from the previous year, or a rise of almost 826,000 passengers.
- Denver International Airport opened 22 new gates for United Airlines in November, with 12 in the A-West concourse and 10 in the B-East concourse, as it builds capacity to serve 100 million passengers in the next 10 years. This marks the end of a program that increased gate capacity at DEN by 30 percent, adding 39 gates over all three concourses.
- Denver International Airport announced that in 2024 and 2026 the security gates in the Great Hall’s main floor are scheduled to be rebuilt to increase passenger capacity. The airport is also planning to build the Center of Equity and Excellence in Aviation to train workers in a variety of aviation-related roles and is planning the development of a consolidated rental car facility.

Denver International Airport Passengers

	Month of Sep-22	Month of Aug-22	Month of Sep-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual 2017	Annual 2012
Number of Airline Passengers	6,290,682	6,330,418	5,464,881	51,243,596	42,476,731	20.6%	61,379,396	53,156,278

Source: Denver International Airport, Traffic Statistics.

Residential Real Estate

- According to the Freddie Mac “Primary Mortgage Market Survey,” 30-year mortgage rates were 6.49 percent at the end of November, 0.59 percentage points lower than October’s ending rate of 7.08 percent but higher than the 3.11 percent rate in the comparable week of 2021. Fifteen-year fixed rate mortgages and 30-year adjustable-rate mortgages were also higher than the previous year.

Recently Announced Projects

- Developers broke ground on a 45-acre segment of the Erie Town Center project, planning to build 457 residential units and 125,000 square feet of commercial space. The Four Corners development will include 50 single-family homes and 195 townhome units to be built by the Colorado division of Toll Brothers. The next phase of the development will also include 202 apartment units.
- Residential construction around the University of Colorado Anschutz Medical Campus continues. JE Dunn Construction broke ground on a 370-unit apartment development in December 2021; the Link Apartments Fitz is also under construction with 405 units; and Anton Development company began work on a 413-unit apartment project directly across from the UHealth University of Colorado Hospital.

- The Morgan Group, with J.P. Morgan, broke ground on a luxury apartment property in Arvada. The 328-unit complex is located at 9881 West 58th Avenue and will include 10,200 square feet of retail space. Delivery is expected in spring 2025.
- Century Living, an offshoot of national homebuilder Century Communities, broke ground on a 300-unit apartment development in Parker. The project is located in the 600-acre Compark Business Campus. Construction is expected to be completed before the end of 2023.
- Cyprus Equity Investments completed work on Revel, its 300-unit, transit-oriented development in Aurora. The community is within walking distance of RTD's Second Avenue and Abilene station. Construction by Brinkman Construction began in 4Q 2019, and the first buildings opened to residents in December 2021.
- A new 255-unit multifamily project broke ground in Aurora in November. Tempo Nine Mile, a joint venture between Draper and Kramer, Koelbel and Company, Mile High Development, and Urban Roots Development Inc., is part of The Point at Nine Mile master plan. The development will consist of units ranging from one to three bedrooms, plus 3,000 square feet of ground floor retail.
- The Overland Property Group celebrated the grand opening of "The Reserves at Green Valley Ranch" mixed-income apartment community. The 216-unit community is designed to alleviate some of the region's housing affordability issues as 144 of the units are permanently affordable, targeting renters with from 30 to 80 percent of the area's median income.
- Atlanta-based Wood Partners secured permits to build a multifamily project across from Empower Field at Mile High. The seven-story project, called Alta Mile High, will yield 216 residential units, ranging from studio to three-bedroom layouts. A 1Q 2025 completion is anticipated.
- Flora is under construction in the River North Arts District. The 12-story building will include 92 apartments, 7,500 square feet of office space, and 7,900 square feet of retail and restaurant space. The building is under development by Cavaliere Enterprises.
- The Aurora City Council moved forward with plans to build 53 townhomes in the East Colfax Corridor. Red T Homes, the developer of the project, announced that the homes will be available for \$550,000.

Home Resales

Metro Denver

- Home sales in Metro Denver totaled 3,312 in October, down 41.9 percent from the same time last year.
- Unsold homes on the market were 115.9 percent higher in October 2022 compared with the same time last year, representing 3,914 additional homes on the market. Over-the-month, the inventory of available homes fell by 5.1 percent. The inventory of homes in October is still lower than the historic average of 15,747 listings.
- In October, the average listing spent 28 days on the market according to the Denver Metro Association of Realtors. New listings in October were down 26.73 percent from September, and down 27.9 percent from a year earlier.
- The average sales price for single-family homes increased 9.9 percent over-the-year to \$724,801, representing an additional \$65,236 per home during the period. The average sales price for condominiums rose 9.2 percent over-the-year to \$412,700, representing an additional \$34,819 per home.

Previously Owned Home Sales Activity

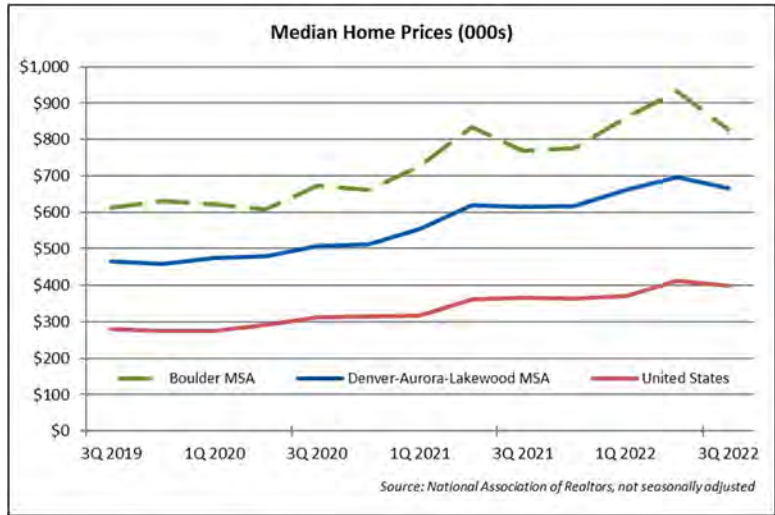
	Month of Oct-22	Month of Sep-22	Month of Oct-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Ann Total 2017	Ann Total 2012
Home Sales (Closed)	3,312	4,002	5,705	45,548	56,321	-19.1%	58,999	45,637
Unsold Homes on Market	7,290	7,683	3,376	7,290	3,376	115.9%	3,854	7,706
Average Sales Price-Single Family	\$724,801	\$729,106	\$659,564	\$751,617	\$667,657	12.6%	\$466,660	\$312,905
Average Sales Price-Condo	\$412,700	\$405,271	\$377,881	\$410,844	\$365,002	12.6%	\$278,011	\$195,120
Median Sales Price-Single Family	\$600,000	\$625,000	\$570,000				\$395,000	\$256,000
Median Sales Price-Condo	\$370,000	\$370,000	\$335,150				\$247,000	\$149,900

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

National

- The National Association of REALTORS’ (NAR) home affordability index fell to 96.6 in September from 103.8 in August. The metric is based on the ratio between the median household income and the necessary income required to qualify for the median-priced house. The index for the West region fell to 67.6 in September from 72.7 in August.
- According to the *2022 Profile of Home Buyers and Sellers* by the NAR, first-time buyers constituted 26 percent of all home buyers, an all-time low. Similarly, the average age of first-time and repeat buyers jumped up three years to 36 as price and mortgage rate increases have priced many buyers out of the market.
- Lawrence Yun, the chief economist at the NAR, predicts home prices to increase in 2023 even if mortgage rates stay around 7 percent. The forecast estimates that home sales will fall by 7 percent nationally, while home prices are expected to increase by 1 percent.
- Total existing-home sales decreased 5.9 percent from September to a seasonally adjusted annual rate of 4.43 million in October, marking nine consecutive months of declines, according to the National Association of REALTORS (NAR). Sales decreased 28.4 percent year-over-year from the October 2021 reading of 6.19 million.
- All four regions reported over-the-year decreases in total home sales in October. The West region reported the largest decrease of 37.5 percent, followed by the South (-27.2 percent), the Midwest (-25.5 percent) and the Northeast (-23 percent).
- Properties remained on the market for 21 days in October, up from 19 in September and up from 18 days in October 2021. Of the homes sold in October, 64 percent were on the market for less than a month.
- NAR data showed the median existing-home price for all housing types nationally was \$379,100 in October, up 6.6 percent from the same time last year. This marked 128 consecutive months of over-the-year increases, the longest streak on record. However, the median price was down for the fourth month in a row after a record high of \$413,800 in June.
- Median home prices increased in all four major U.S. regions over-the-year. For the 13th consecutive month, the South region reported the highest pace of price appreciation compared to the other regions. The median home price in the South increased 8 percent over-the-year in October, followed by the Northeast (+8 percent), the Midwest (+5.9 percent), and the West (+5.3 percent).
- The West region reported the highest median home price of \$588,400, while the Midwest reported the lowest median price of \$274,500 in October.

- A separate NAR report revealed that the median price in the Boulder MSA increased 7.5 percent over-the-year to \$826,900 in the third quarter of 2022. The Denver-Aurora MSA rose 8.3 percent over-the-year to \$666,000 during 3Q 2022, while the national median home price increased 8.6 percent to \$398,500 during the period.
- The Boulder MSA had the 7th highest median home price of the 186 metropolitan areas tracked in the report. The Denver MSA had the 14th highest median home price. Four Metro areas saw median home prices drop over-the-year in 3Q 2022, up from just one in 2Q 2022.
- Between the second quarter of 2022 and the third quarter of 2022, prices increased by double digits in 46 percent of all metros studied, down from 80 percent in the second quarter. The national home price decreased 3.4 percent over-the-quarter. Home prices decreased 11.4 percent in the Boulder MSA and 4.3 percent in the Denver MSA over-the-quarter.

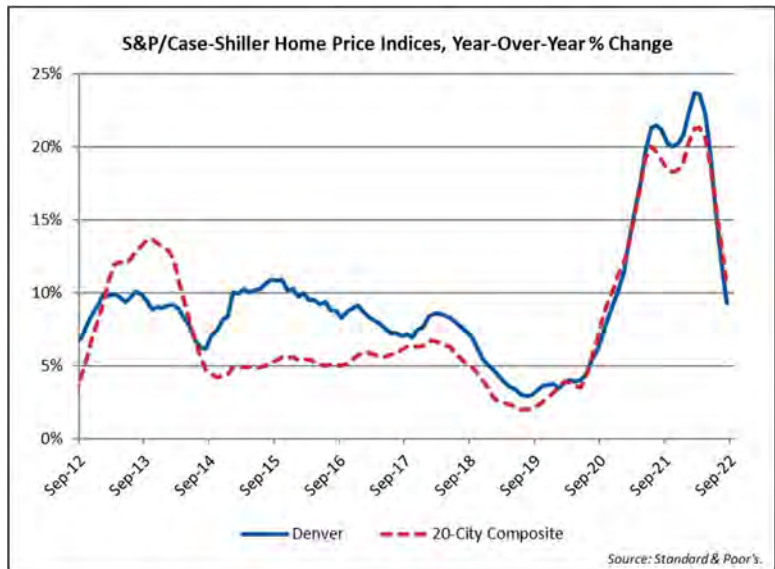


Median Sales Price of Existing Single-Family Homes (\$000s)

	Quarter 3 2022 (p)	Quarter 2 2022 (r)	Quarter 3 2021	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Median 2017	Median 2012
Boulder MSA	\$826.9	\$933.4	\$769.4	\$873.1	\$777.1	12.4%	\$566.1	\$383.7
Denver-Aurora MSA	\$666.0	\$695.8	\$614.8	\$674.7	\$595.9	13.2%	\$414.7	\$252.4
United States	\$398.5	\$412.7	\$367.1	\$394.4	\$349.1	13.0%	\$248.8	\$177.2

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

- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver increased 9.3 percent between September 2021 and September 2022, down from a 12 percent increase in August and a 15.6 percent increase in July. September marked the fourth consecutive month where the annual rate of price growth was under 20 percent after 11 consecutive months of annual price gains at or above 20 percent.
- National housing prices increased 10.6 percent over-the-year in September, down from 13 percent in August and 15.6 percent in July. Month-over-month home prices fell for a third consecutive month in



September after a 41-month streak of month-over-month home price increases. Prices dropped in all 20 cities for the second consecutive month after 12 reported decreases from June to July.

- Miami reported the highest year-over-year price increase of 24.6 percent, followed by Tampa (+23.8 percent) and Charlotte (+17.8 percent). San Francisco reported the smallest over-the-year increase of 2.3 percent, followed by Seattle (+6.2 percent) and Minneapolis (+6.5 percent). Denver ranked 12th.

Foreclosures

Real Estate Foreclosures

	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Total 2017	Annual Total 2012
Total Metro Denver*	189	153	57	2,343	462	407.1%	2,982	15,013
Adams County	35	41	11	625	96	551.0%	672	3,183
Arapahoe County	46	35	7	598	93	543.0%	706	3,589
Boulder County	14	12	5	120	37	224.3%	170	783
Broomfield County	5	1	1	33	6	450.0%	39	210
Denver County	38	28	14	449	103	335.9%	648	3,064
Douglas County	18	7	8	178	41	334.1%	265	1,534
Jefferson County	33	29	11	340	86	295.3%	482	2,650

*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.

- Foreclosures in Metro Denver increased 231.6 percent between November 2021 and November 2022, rising by 132 filings during the period. Over-the-month, foreclosures rose 23.5 percent from 153 filings in October. All seven counties reported increases in filings compared with last year. Arapahoe County reported the largest increase of 557.1 percent, followed by Broomfield County (+400 percent) and Adams County (+218.2 percent).

New Home Sales

- New home sales in the U.S. decreased 5.8 percent over-the-year to a seasonally adjusted annual rate of 632,000 in October, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- One of the four regions reported an over-the-year increase in home sales. The Northeast reported the only increase of 59.4 percent. The Midwest reported the largest decrease of 26.5 percent, followed by the West (-22.8) and the South (-0.2 percent).



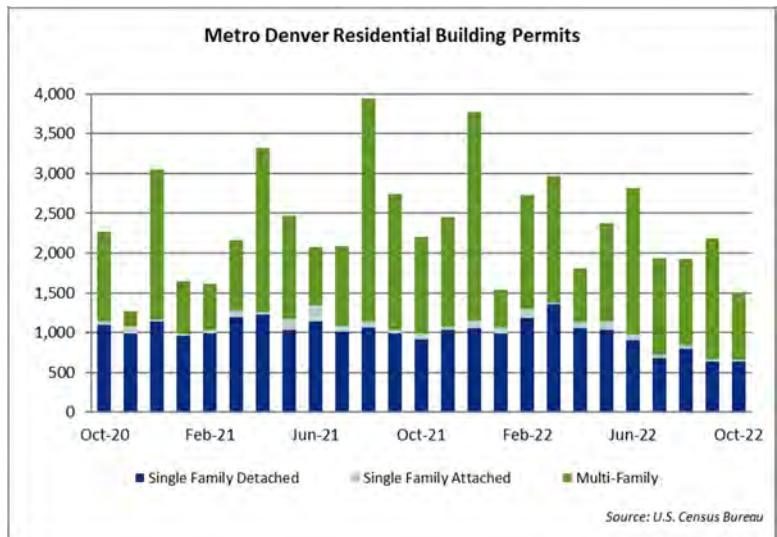
New Home Construction

National

- Builder confidence for newly built single-family homes decreased 5 points to 33 in October, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This was the 11th consecutive month that builder sentiment has declined and the lowest reading since May 2020. The decline in builder confidence is a sign of continued slowing in the housing market. The housing market faces both demand-side and supply-side challenges. On the supply side, builders are halting construction due to the increasing costs of materials and financing. On the demand side, the continued increase in mortgage rates has priced out a significant number of prospective home buyers.
- According to data from the Commerce and Housing and Urban Development departments, the annual rate of multifamily starts in October was 556,000, slowing slightly from September’s annualized rate of 559,000 but 17.3 percent higher than in October 2021. The total dollar value of new starts was up 26 percent above last year’s figure.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled over 1.5 million units in October, a 3.3 percent over-the-month decrease, and an 11 percent decrease compared with the same time last year.
- Building permits for single-family detached units decreased 21.9 percent over-the-year, or by 236,000 units permitted to a total of 841,000 units permitted in October. Single-family attached units decreased 1.9 percent to 51,000 units permitted, while multi-family units increased 9 percent over-the-year to 620,000 units permitted in October.
- All four regions reported over-the-year decreases in total units permitted. The West region reported the largest over-the-year decrease of 24.1 percent, followed by the Northeast (-17.6 percent), the Midwest (-9.9 percent), and the South (-3.8).

Metro Denver

- Residential building permits in Metro Denver totaled 1,488 units permitted in October, a decrease of 32.3 percent, or 711 units, from the same time last year.
- Single-family detached units permitted decreased 30.3 percent over-the-year, falling by 276 units permitted during the period. Single-family attached units decreased 64.1 percent, or by 50 units, to a total of 28 during the period. Multi-family units decreased 31.8 percent, or by 385 units, to a total of 826 units permitted in October.



Residential Building Permits

	Month of Oct-22	Month of Sep-22	Month of Oct-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Total 2017	Total 2012
Single-Family Detached Units	634	635	910	9,255	10,535	-12.1%	11,419	5,947
Single-Family Attached Units	28	32	78	626	776	-19.3%	384	299
Multi-Family Units	826	1,511	1,211	11,878	12,943	-8.2%	12,218	8,679
Total Units	1,488	2,178	2,199	21,759	24,254	-10.3%	24,021	14,925

Source: U.S. Census Bureau.

Apartment Rental Market

Note: The Apartment Vacancy and Rent Survey for 3Q 2022 will not be released due to extenuating circumstances on the part of the report researchers. The survey for 4Q 2022 is expected to be released in late January 2023.

- The apartment vacancy rate throughout Metro Denver rose 1.1 percentage points over-the-year to 4.8 percent vacancy in the second quarter of 2022. Vacancy rates ranged from 3.2 percent in the Boulder/Broomfield submarket to 5.6 percent in Denver County.
- All six submarkets reported over-the-year increases in the average monthly rental rate, led by Douglas County (+17.9 percent), Jefferson County (+16 percent), and Arapahoe County (+14.8 percent). The Boulder/Broomfield submarket reported the most modest over-the-year increase of 5.3 percent. Douglas County reported the highest rental rate in 2Q 2022 of \$2,119 per month, while Adams County reported the lowest rental rate of \$1,685 per month. Across Metro Denver, rents increased 12.7 percent over-the-year to \$1,862 per month. Rents rose 5.4 percent between the first and second quarters of 2022.

Apartment Statistics

	Quarter 2 2022	Quarter 1 2022	Quarter 2 2021	YTD Average 2022	YTD Average 2021	YTD Average % Change	Ann Avg 2017	Ann Avg 2012
Apartment Vacancy Rate	4.8%	4.3%	3.7%	4.6%	4.6%	-0.1%	5.6%	4.7%
Average Monthly Rental Rate (all units)	\$1,862	\$1,766	\$1,651	\$1,814	\$1,598	13.5%	\$1,403	\$974

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

- The Urban Land Institute’s semi-annual survey of economists and industry analysts suggests an economic and real estate slowdown is on the horizon. Their outlook for commercial property expects a modest decline in 2023 before a recovery in 2024. They forecast slower industrial growth, even as the construction pipeline continues to grow.

Recently Announced Projects

- Kensington Development Partners introduced plans to convert a 40-acre empty lot west of Erie’s Nine Mile shopping center into a new mixed-use district. The Chicago-based developer has yet to release concrete plans but pointed to the Boulevard One project in Denver’s Lowry neighborhood as an inspiration for the project.
- GM Development has submitted plans to overhaul the former Veterans Affairs hospital campus in Denver’s Hale neighborhood. The Denver-based real estate firm outlined two options for the space, both totaling

more than 1 million square feet. One option plans for 1.3 million square feet of space that would include retail, office and potentially hotel space. The second option calls for 1 million square feet of new construction along with repurposing the main hospital building. Both plans include at least 1,450 multifamily units. Construction is expected to begin as soon as plans are approved by the City, but construction could take years to finish.

- Commercial development around the University of Colorado Anschutz Medical Campus is booming with several commercial projects under construction. The UCHealth University of Colorado hospital is building an 11-story tower with 103 new beds and a parking garage. The Benson Hotel and Faculty Club with 106 rooms is slated to be completed in 2023. Further, construction is underway on the Fitzsimons Innovation Community's Bioscience 5 building, which will total 90,000 square feet.
- Prologis, a San Francisco-based investment trust, is planning to add 1 million square feet to their Prologis Park 70, an industrial park in Aurora. The project will consist of up to four buildings, ranging from 150,000 to 700,000 square feet. The park will contain 16 buildings and more than 6.7 million square feet when construction is finished.
- Dallas-Based Mohr Capital is building a four-building speculative campus next to the Oracle Corp. operation in Broomfield's Interlocken business park. The plans released called for four, basically identical, life-science buildings that will total nearly 400,000 square feet. The industrial/flex buildings should break ground in 2Q 2024 with completion expected by the end of that year.
- Broe Real Estate Group disclosed plans to build 250,000 square feet of new mixed-use space in the Cherry Creek area. The company is set to begin construction in late 2023 on a 174,050-square-foot building for office and retail space. That would be the second building in their development to break ground, as their 76,715-square-foot building at 200 Clayton Street broke ground last year and is expected to be completed in the spring of 2023.
- Confluence Companies, a Golden-based developer, is set to begin work on their "My Mainstreet" project in Parker that will bring 140,000 square feet of office, retail, and restaurant space in addition to 574 residential units. The company estimates that construction will occur over an 8-year period, wrapping up in 2030.
- Mortenson, a development and construction company, is building their own new headquarters in the RiNo district in Denver. The 70,000-square-foot building will be located at 3083 Walnut St. and will be replacing a parking lot. Construction will begin in March or April of 2023, and Mortenson expects to finish construction in late summer 2024.
- Markel Homes Construction Co. plans to build a mixed-use project in Louisville's North End Community. Plans call for 38 new residential units and 40,562 square feet of office and retail space split in four commercial buildings. This is the final development in a section of South Boulder Road that has been planned since 2006.
- Xcel Energy plans to build a new service center, office, and warehouse facility at HighPoint Elevated in Aurora. The industrial park near Denver International Airport will be built by Hyde Development and Mortenson and will include 40,000 square feet of space plus 5 acres of yard space. Construction is slated to begin in 1Q 2023.
- Kaiser Permanente will spend \$70 million to renovate and expand its Metro Denver facilities in the next several years, including the creation of a new medical office building in Parker. The new building is planned

to be 22,500 square feet at the intersection of Parker and Hess roads. Construction is scheduled to begin in early 2024 with a targeted opening in the summer of 2025.

- Precision Contractors, in collaboration with Intergroup Architects, broke ground on a development that will house a new Furniture Row and Denver Mattress Co. store location in Littleton. The 74,365-square-foot facility will be one of 330 stores operated across nearly 30 states.
- The Thrash Group, a Mississippi hospitality developer, is planning to build a boutique hotel at the corner of Kimbark Street and Third Avenue in Longmont. The project will include 84 guest rooms and 4,000 square feet of commercial space. The project is slated to be completed by mid-2024
- Hotel rooms are planned for the upper floors of the historic Evans School in the Golden Triangle. Denver’s Landmark Preservation Commission will review an application that would create an event space on the second floor and use the rest of the upper floors’ space for hotel rooms and amenity spaces.

Office Market

- National office leasing activity is below its 2021 pace according to a new CoStar report. The number of new office leases (-18 percent) and the total amount of office space leased (-16 percent) in 3Q 2022 were both down from the same period a year ago. The average lease signed in 2022 was 3,827 square feet, down 16 percent from the average size in 2019.
- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.4 percent in the third quarter of 2022, an increase of 0.3 percentage points from the previous quarter. The vacancy rate was up 0.2 percentage points over-the-year. The average lease rate increased 5.4 percent between the third quarters of 2021 and 2022, or by \$1.60, to \$30.97 per square foot.
- According to CoStar the U.S. office market has been shifting dramatically with a surge of sublease inventory. Denver ranked 18th for its 129 percent increase in sublease space from 3Q 2019 to 3Q 2022. Current sublease space represents 3.1 percent of the total market, or 5.66 million square feet. ADT alone listed more than 123,000 square feet of space for sublease in November according to a listing provided by CoStar Group. This is the fifth sublease space over 100,000 square feet to be listed in Metro Denver in 2022.
- The vacancy rate including sublease space increased 0.4 percentage points over-the-year, rising from 13.9 percent in 3Q 2021 to 14.3 percent in 3Q 2022. This included more than 3.8 million square feet of vacant sublease space, the largest amount of vacant sublease space since 2002.

Office Market Statistics

	Quarter 3 2022	Quarter 2 2022	Quarter 3 2021	Quarter 3 2020	Quarter 3 2019	Quarter 3 2018
Number of Buildings	6,639	6,638	6,626	6,600	6,573	6,535
Existing Square Feet (millions)	201.6	201.4	200.8	198.6	197.1	194.6
Vacant Square Feet (direct, millions)	25.1	24.4	24.4	20.0	17.7	17.9
Vacancy Rate (direct)	12.4%	12.1%	12.2%	10.1%	9.0%	9.2%
Vacancy Rate (with sublet)	14.3%	13.9%	13.9%	11.3%	9.6%	10.0%
Avg. Lease Rate (direct, per sq. ft., full service)	\$30.97	\$30.83	\$29.37	\$28.58	\$27.67	\$27.13
New Construction Completed (year-to-date)	0.60 MSF, 11 Bldgs	0.40 MSF, 7 Bldgs	1.88 MSF, 18 Bldgs	1.79 MSF, 28 Bldgs	1.34 MSF, 23 Bldgs	2.95 MSF, 25 Bldgs
Currently Under Construction	3.44 MSF, 24 Bldgs	1.98 MSF, 19 Bldgs	1.39 MSF, 16 Bldgs	2.80 MSF, 28 Bldgs	3.21 MSF, 36 Bldgs	4.36 MSF, 45 Bldgs

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

- There were 11 office buildings completed in the first three quarters of 2022, delivering 601,000 square feet to Metro Denver. The largest building completed to date was the 250,402-square-foot One Platte office building located in downtown Denver.
- There was 3.44 million square feet of office space in 24 buildings under construction in Metro Denver during the third quarter of 2022. The largest buildings under construction were the 1900 Lawrence (704,036 SF in downtown Denver) and the 351,222-square-foot Westray Tower 1 in Centennial. As has been the trend in recent years, the largest share of office construction is found in the City and County of Denver. Currently, 61 percent of the office square footage under construction is located in the City and County of Denver.

Industrial & Flex Market

- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver decreased 0.3 percentage points to 5.5 percent between the third quarters of 2021 and 2022. The total vacancy rate including sublease space fell 0.5 percentage points over-the-year to 5.7 percent. The average lease rate increased \$0.81 per square foot to \$9.69, a 9.1 percent increase over the same time last year.
- Thirty-three industrial buildings providing 6.2 million square feet of space were completed in the first three quarters of 2022. The largest building completed was the 1.3 million-square-foot Shamrock Food Regional HQ at 22000 East 38th Ave in Aurora. The next largest buildings were the 588,085-square-foot FACC Building E and the 541,840-square-foot HighPoint Building in Aurora.

Industrial Market Statistics

	Quarter 3 2022	Quarter 2 2022	Quarter 3 2021	Quarter 3 2020	Quarter 3 2019	Quarter 3 2018
Number of Buildings	7,362	7,346	7,319	7,272	7,236	7,187
Existing Square Feet (millions)	250.6	247.2	239.7	233.1	229.3	222.5
Vacant Square Feet (direct, millions)	13.7	11.3	13.8	11.1	11.0	8.6
Vacancy Rate (direct)	5.5%	4.6%	5.8%	4.8%	4.8%	3.8%
Vacancy Rate (with sublet)	5.7%	4.8%	6.2%	5.3%	5.1%	4.0%
Avg. Lease Rate (direct, per square foot, NNN)	\$9.69	\$9.40	\$8.88	\$8.62	\$8.37	\$7.82
New Construction Completed (year-to-date)	6.20 MSF, 33 Bldgs	2.16 MSF, 11 Bldgs	4.46 MSF, 29 Bldgs	3.98 MSF, 29 Bldgs	5.44 MSF, 38 Bldgs	2.39 MSF, 26 Bldgs
Currently Under Construction	8.58 MSF, 49 Bldgs	9.41 MSF, 53 Bldgs	7.73 MSF, 38 Bldgs	6.99 MSF, 49 Bldgs	3.89 MSF, 30 Bldgs	6.71 MSF, 33 Bldgs

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

- Metro Denver’s industrial construction pipeline remains robust with 8.58 million square feet of space under construction in 49 buildings. More than 67 percent of the industrial space under construction is located in Adams County, including the largest buildings under construction, the 919,000-square-foot Dollar General warehouse and the 625,000-square-foot DIA Logistics Park. Of the buildings under construction, 26 are slated for delivery in 2022, with 32 expected in 2023 and 1 in 2024.
- The direct flex vacancy rate in Metro Denver decreased 0.9 percentage points over-the-year to 5.3 percent vacancy. The average lease rate rose 13.9 percent, or by \$1.85, to \$15.16 per square foot during the period.
- New flex construction has been more limited than other property types but remains strong heading into the third quarter of 2022. Eight new flex buildings totaling 278,207 square feet were completed in the first three quarters of 2022. There were 19 buildings totaling 740,785 square feet under construction as of the end of 3Q 2022. 51 percent of the square footage under construction is located in Boulder or Broomfield Counties.

The largest building under construction is a 150,720-square-foot building in the S.T.E.M Research Park of Broomfield.

Flex Market Statistics

	Quarter 3 2022	Quarter 2 2022	Quarter 3 2021	Quarter 3 2020	Quarter 3 2019	Quarter 3 2018
Number of Buildings	1,583	1,582	1,578	1,576	1,566	1,553
Existing Square Feet (millions)	47.2	47.1	47.0	47.0	46.3	45.9
Vacant Square Feet (direct, millions)	2.5	2.8	2.9	2.7	1.9	2.0
Vacancy Rate (direct)	5.3%	5.9%	6.2%	5.8%	4.1%	4.4%
Vacancy Rate (with sublet)	5.8%	6.2%	6.9%	6.2%	4.5%	4.7%
Avg. Lease Rate (direct, per square foot, NNN)	\$15.16	\$14.88	\$13.31	\$13.13	\$12.23	\$12.19
New Construction Completed (year-to-date)	0.28 MSF, 8 Bldgs	0.08 MSF, 4 Bldgs	0.06 MSF, 2 Bldgs	0.29 MSF, 2 Bldgs	0.24 MSF, 8 Bldgs	0.35 MSF, 7 Bldgs
Currently Under Construction	0.74 MSF, 19 Bldgs	0.82 MSF, 20 Bldgs	0.32 MSF, 7 Bldgs	0.13 MSF, 6 Bldgs	0.61 MSF, 6 Bldgs	1.22 MSF, 13 Bldgs

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

Retail Market

- The direct vacancy rate for retail space in Metro Denver decreased 0.4 percentage points over-the-year to 4.4 percent in 3Q 2022, according to CoStar. The direct vacancy rate including sublease space also decreased 0.4 percentage points over-the-year to 4.5 percent. The average lease rate increased 5.8 percent to \$19.94 per square foot.

Retail Market Statistics

	Quarter 3 2022	Quarter 2 2022	Quarter 3 2021	Quarter 3 2020	Quarter 3 2019	Quarter 3 2018
Number of Buildings	13,074	13,055	13,001	12,944	12,819	12,698
Existing Square Feet (millions)	174.6	174.5	174.1	173.3	172.0	170.8
Vacant Square Feet (direct, millions)	7.8	8.0	8.3	8.3	6.7	6.4
Vacancy Rate (direct)	4.4%	4.6%	4.8%	4.8%	3.9%	3.7%
Vacancy Rate (with sublet)	4.5%	4.7%	4.9%	4.9%	4.0%	3.9%
Avg. Lease Rate (direct, per square foot, NNN)	\$19.94	\$19.70	\$18.84	\$18.30	\$18.29	\$18.65
New Construction Completed (year-to-date)	0.57 MSF, 63 Bldgs	0.19 MSF, 27 Bldgs	0.34 MSF, 27 Bldgs	0.89 MSF, 56 Bldgs	0.51 MSF, 60 Bldgs	0.84 MSF, 78 Bldgs
Currently Under Construction	0.69 MSF, 55 Bldgs	0.77 MSF, 62 Bldgs	1.13 MSF, 34 Bldgs	0.74 MSF, 48 Bldgs	1.62 MSF, 78 Bldgs	1.57 MSF, 69 Bldgs

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

- Through the third quarter of 2022, 63 retail buildings totaling 569,727 square feet were completed. An additional 55 buildings with more than 690,000 square feet of space are under construction and 70 percent are expected to be completed in 2022. More than 60 percent of the space under construction is located in the City and County of Denver or Adams County.



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