



# JANUARY 2022

## MONTHLY ECONOMIC INDICATORS

Activity & trends impacting  
our regional economy



January 2022 MEI Snapshot

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕↗ Positive Changes	11 of 18		16 of 18		17 of 18	
Nonfarm Employment Growth	9,700	↑	87,700	↑	47,700	↑
	Employment up 0.6% from October to November		Employment up 5.3% from November 2020 to 2021		YTD employment up 2.9% through November	
Manpower Net Employment (West Region)	47%	↓	47%	↑	47%	↑
	Net employment down 2 percentage points from 4Q 2021 to 1Q 2022		Net employment increased 34 percentage points from 1Q21 to 1Q22		YTD average up 34 percentage points compared with 2021	
Unemployment Rate	4.4%	↓	-2.5 percentage points	↓	5.8%	↓
	Unemployment down 0.1 percentage points from October to November		Unemployment down from November 2020 to 2021		Down 1.7 percentage points from 2020 YTD average	
Initial Unemployment Insurance Claims	3.9%	↑	-90.1%	↓	-18.9%	↓
	Claims increased from October to November		Claims decreased from November 2020 to 2021		YTD average claims decreased through November 2021	
Total National Retail Sales	4.3%	↑	14.6%	↑	19.6%	↑
	National sales increased from September to October		National sales increased from October 2020 to 2021		YTD sales increased through October 2021	
Mountain Region Consumer Confidence Index	117.3	↓	16.4%	↑	115.0	↑
	Index down 1.5 percent from November to December		Index up from December 2020 to 2021		YTD average up 10% through December 2021	
Hotel Occupancy	53.2%	↓	20.0 percentage points	↑	58.5%	↑
	Decreased 12.9 percentage points from October to November		Occupancy increased from November 2020 to 2021		YTD occupancy up from last year	
Denver International Airport Passengers	4.3%	↑	71.9%	↑	73.9%	↑
	Passengers up from September to October		Passengers up from October 2020 to 2021		YTD passengers increased through October 2021	
Bloomberg Colorado Index	884.7	↑	16.5%	↑	16.5%	↑
	Index up 4.3% from November to December		Index up from December 2020 to 2021		YTD return up through December 2021	
Dow Jones Industrial Average	36,338.3	↑	18.7%	↑	18.7%	↑
	Index up 5.4% from November to December		Index up from December 2020 to 2021		YTD return up through December 2021	
Home Sales (closed)	5,875	↑	17.3%	↑	62,196	↑
	Sales up 3% from October to November		Sales up from November 2020 to 2021		YTD sales up 17.6% through November 2021	
Median Home Price (Denver-Aurora MSA)	\$614,800	↓	21.5%	↑	\$595,900	↑
	Down 0.6% from 2Q 2021 to 3Q 2021		Price up from 3Q 2020 to 3Q 2021		YTD price 22.6% higher through 3Q 2021	
Foreclosures	50	↓	28.2%	↑	512	↓
	Down 12.3 percent from November to December		Up from December 2020 to 2021		Down 48% YTD through December 2021	
Residential Building Permits (Total)	2,517	↑	97.9%	↑	26,889	↑
	Permits increased 9.4% from October to November		Permits up from November 2020 to November 2021		YTD permits up 53.8% through November 2021	

Apartment Vacancy Rate	3.8%	↑	-1.1 percentage points	↓	4.3%	↓
	Vacancy increased 0.1 percentage points from 2Q 2021 to 3Q 2021		Vacancy decreased from 3Q 2020 to 3Q 2021		YTD average down 1 percentage point from last year	
Office Vacancy Rate (with Sublet)	14.1%	↑	+1.8 percentage points	↑	+1.8 percentage points	↑
	Vacancy rate up 0.2 percentage points from 3Q 2021 to 4Q 2021		4Q 2021 vacancy up from 12.3% one year ago		4Q 2021 vacancy up from 12.3% one year ago	
Industrial Vacancy Rate (with Sublet)	5.3%	↓	-0.4 percentage points	↓	-0.4 percentage points	↓
	Vacancy rate decreased 1 percentage point from 3Q 2021 to 4Q 2021		4Q 2021 vacancy down from 5.7% one year ago		4Q 2021 vacancy down from 5.7% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.7%	↓	-0.5 percentage points	↓	-0.5 percentage points	↓
	Vacancy rate decreased 0.4 percentage points from 3Q 2021 to 4Q 2021		4Q 2021 vacancy down from 5.2% one year ago		4Q 2021 vacancy down from 5.2% one year ago	

# January 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*

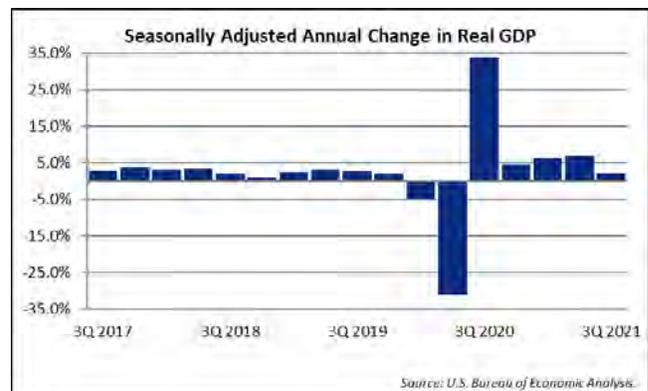
- According to an analysis from Rent.com, Denver is the fourth best city for young professionals in their early-20s to mid-30s. Seattle Ranked No. 1, followed by Charleston, S.C., and San Francisco. The ranking is scored on a combination of factors, including a diverse job market, housing costs to income ratio, recreation and community, unemployment rate, and median income.
- Colorado ranked No. 4 among the best states to work remotely, according to a Ziplly Fiber analysis based on factors such as broadband connectivity, electrical grid reliability, health care, inclusiveness, housing market, cost of living, and the tax burden. North Dakota, Nebraska, and Minnesota were the top 3 states ahead of Colorado.
- Metro Denver ranked No. 6 on a SmartAsset list of the top metros where small businesses are struggling to hire. Data for the analysis comes from the Census Bureau's Small Business Pulse Survey of businesses with fewer than 500 employees during the week of November 15-21, 2021. The analysis found that 60.9 percent of Metro Denver small businesses that were actively hiring were struggling to find workers, compared with the national average of 54 percent. Saint Louis, Pittsburgh, and Columbus were the top 3 metro areas where small businesses were struggling to hire.
- According to a recent Zillow study, Evergreen, Colorado was the 3rd most popular U.S. small town in 2021. The study examined cities with populations between 15,000 and 25,000 and ranked them based on page-view traffic, available housing inventory, price appreciation, and other housing barometers such as median sales count that indicate consumer demand. The rankings indicate places people are thinking about moving rather than where they are actually moving.
- Longmont ranked No. 16 and Denver ranked No. 23 on SmartAsset's 2021 list of top 40 boomtowns, based on an analysis of 500 U.S. cities. Fort Collins and Greeley also were included on the list at No. 38 and No. 40, respectively. The study considered metrics including population change, GDP growth, business establishment growth, housing growth, unemployment rate, and change in household income. All four Colorado cities ranked in the top 20 percent for GDP growth, growth in the number of local businesses, and growth in the number of local housing units.

- Fort Collins ranked eighth and Boulder ranked ninth in a SmartAsset study of the nation's most fitness-friendly cities. The study compared 284 metro areas based on percentage of residents who bike to work, fitness professionals per 10,000 workers, fitness establishments per 10,000 residents, percentage of restaurants that serve fast food, and the average wage of a personal trainer. Denver was named among the top 50, with a rank of 45.
- Winter Park Resort was voted the best ski resort in North America by USA Today readers, marking the third year in a row the resort has earned the title. Colorado's Copper Mountain also made the top 10 list at No. 6.
- Denver was one of the top 10 most popular flight destinations for the 2021 holiday season, according to a survey by RetailMeNot and Priceline. The survey found that between December 17, 2021 and January 1, 2022, Denver was the fourth most popular flight destination behind New York, Orlando, and Las Vegas. The survey also found Denver to be the eighth most affordable destination in terms of hotel prices, with an average nightly hotel rate of \$152.
- Metro Denver's traffic congestion was the 15th worst in the nation in 2021, according to the Global Traffic Scorecard released by Inrix Research. Drivers in Metro Denver spent an average of 40 hours in traffic in 2021, up from 24 hours in 2020. In 2019, Metro Denver drivers spent an average of 63 hours in traffic annually.

## National Economic Overview

### Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released their third estimate of real gross domestic product (GDP) for the third quarter of 2021 and found that GDP increased at an annual rate of 2.3 percent, up from the advanced estimate of 2.1 percent and down from the 6.7 percent growth rate during the second quarter of 2021.
- The third estimate is based on more complete source data than were available for the second estimate. The advanced GDP estimate for 4Q 2021 is scheduled for release on January 27.
- The increase in third quarter real GDP reflected increases in private inventory investment (led by nondurable goods industries and motor vehicles and parts dealers), personal consumption expenditures (reflecting increases in services led by international travel and transportation services), state and local government spending (led by education employee compensation), and nonresidential fixed investment (led by software and research and development).
- These increases were partly offset by decreases in exports, residential fixed investment (led by improvements and new single-family structures), and federal government spending on nondefense intermediate goods and services. In the third quarter, nondefense spending on intermediate goods and services decreased after the processing and administration of Paycheck Protection Program (PPP) loan applications by banks on behalf of the federal government ended.



## Interest Rates

- In their meeting on December 14-15, the Federal Open Market Committee (FOMC) of the Federal Reserve maintained its current accommodative stance of monetary policy. With inflation having exceeded two percent for some time, the Fed will keep short-term interest rates near zero until labor market conditions have reached levels consistent with the Committee's assessment of maximum employment.
- While current policies are still accommodative, the Fed is taking action to tighten credit conditions. The Fed will reduce the monthly pace of its net asset purchases by \$20 billion for Treasury securities and \$10 billion for agency mortgage-backed securities. This means that beginning in January, the Committee will increase holdings of Treasury securities by at least \$40 billion per month and of agency mortgage-backed securities by at least \$20 billion per month. This \$60 billion in bond purchases is down from \$120 billion in October. Further, the Fed has indicated that it may end bond purchases completely in March but is prepared to adjust the pace of purchases if warranted by changes in the economic outlook.
- The next FOMC meeting is January 28-29, 2022.

## **Policy Watch**

### National

- A federal appeals court has given the Occupational Safety and Health Administration (OSHA) the authority to move forward with enforcement of its emergency temporary standard on COVID-19 vaccination and testing. The standard requires employers with more than 100 employees to implement and enforce a policy that mandates that employees be fully vaccinated by January 4, 2022 or submit to weekly COVID-19 testing and wear a mask. OSHA announced that it will not issue citations for noncompliance for its vaccine mandate before January 10, 2022, or before February 9, 2022 for its testing requirements, so long as an employer is exercising reasonable, good faith efforts to come into compliance with the standard.
- The Biden administration extended a student loan moratorium through May 1, which was originally set to expire January 31. Under the moratorium, interest rates will remain at zero percent and debt collection efforts will be suspended. The policy applies to more than 36 million Americans who have student loans that are held by the federal government.

### Local

- Colorado maintained its #20 ranking on the 2022 Tax Foundation's *State Business Tax Climate Index*, which enables business leaders, government policymakers, and taxpayers to gauge how their states' tax systems compare. The index is designed to show how well states structure their tax systems and provides a roadmap for improvement. For the Corporate Tax component, Colorado moved up the ranks from #9 in 2021 to #6 in 2022, reflecting Colorado's comparatively low corporate tax rate. Colorado ranked #14 for Individual Income Tax but remained among the bottom half of states for rankings in Sales Tax, Property Tax, and Unemployment Insurance Tax.
- The Denver City Council approved an ordinance making Denver the first U.S. city requiring owners of large commercial and multi-family buildings to reduce greenhouse gas emissions through energy efficiency, renewable energy, and building electrification. The ordinance requires buildings larger than 25,000 square feet to reach 30 percent energy savings by 2030. Interim goals for 2024 and 2027 were set to advance progress. The ordinance also requires a gradual adoption of electric heating and cooling systems to replace

natural gas systems when cost effective. The Denver energy task force has estimated the new building measures, when fully enforced, would cut greenhouse gas emissions in the region by 11.8 million tons annually, amounting to a nearly 80 percent reduction of current emissions by 2040.

- Starting January 1, Denver's minimum wage increased to \$15.87 per hour. Denver's minimum wage increased to \$12.85 in 2020 and \$14.77 in 2021. Starting in 2023, Denver's minimum wage will increase at the beginning of every year based on the consumer price index.

## ***Economic Indexes & Notable Data Releases***

### **National & International**

- The U.S. goods and services trade deficit was \$67.1 billion in October, down \$14.3 billion from \$81.4 billion in September. Exports were \$223.6 billion in October, an increase of \$16.8 billion from September exports, while October imports were \$290.7 billion, \$2.5 billion more than September imports.
- The Conference Board Leading Economic Index (LEI) increased by 1.1 percent in November to 119.9, following a 0.9 percent increase in October and a 0.3 percent increase in September. The U.S. LEI rose sharply again in November suggesting the current economic expansion will continue into the first half of 2022. According to the Conference Board, inflation and continuing supply chain disruptions, as well as a resurgence of COVID-19, pose risks to GDP growth in 2022. The Conference Board forecasts real GDP growth to strengthen in 4Q 2021 to about 6.5 percent, before moderating to a still healthy rate of 2.2 percent in 1Q 2022.
- According to the Institute for Supply Management's Manufacturing Index, the Purchasing Managers Index (PMI) was 58.7 percent in December, a decrease of 2.4 percentage points from the November reading of 61.1 percent. This figure indicates expansion in the overall economy for the 19th month in a row after contraction in April 2020. The U.S. manufacturing sector remains in a demand-driven, supply chain-constrained environment, with indications of improvements in labor resources and supplier delivery performance. Shortages of critical lowest-tier materials, high commodity prices, and difficulties in transporting products continue to impact reliable consumption. Global pandemic-related issues – worker absenteeism, short-term shutdowns due to parts shortages, employee turnover, and overseas supply chain problems – continued to limit manufacturing growth potential. Fifteen manufacturing industries reported growth in November, with only Wood Products, Printing and Related Support Activities, and Paper Products reporting decreases.
- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered another all-time high of 69.1 percent in November, 2.4 percentage points higher than the October reading of 66.7 percent, the previous all-time high. The November reading indicates the 18th straight month of growth for the services sector, which has expanded all but two of the last 142 months. All eighteen service industries reported growth. Demand continued to outpace supply that has been impacted by capacity constraints, shortages of labor and materials, and logistics challenges.
- New data from the U.S. Census Bureau shows that the U.S. population grew 0.12 percent over the 12-month period from July 1, 2020 through July 1, 2021. This is the lowest annual growth rate since the Bureau began collecting data in 1900 and reflects how all components of population change – deaths, births, and immigration levels – were impacted during the period when the COVID-19 pandemic became most prevalent. While the pandemic played a role in the near-zero population growth, that growth had begun to

slow prior to the onset of the pandemic. Colorado's population increased 0.5 percent, the 17th fastest pace of growth of the 50 states.

- The Conference Board's Salary Increase Budget Survey indicates that the average annual raise for current employees increased from 3 percent in April 2021 to 3.9 percent in November 2021, the highest annual rate since 2008. In the November survey, 46 percent of respondents said that increases in wages for new hires played a factor in salary increase budget estimates for 2022, and 39 percent said that increased inflation played a factor.
- Data from payroll service provider Gusto shows small business owners more than tripled the average size of their bonuses in November 2021. About 14 percent of paychecks on the company's platform in November included bonuses, up from 11 percent during the same period in 2020. The average size of the bonus was \$1,647 in November, up from \$552 in November 2020.

### Local

- Colorado's GDP grew at an annual rate of 2.3 percent in the third quarter, matching the national rate of GDP growth. Colorado arts, entertainment, and recreation reported the largest increase of 46.4 percent, followed by accommodation and food services (+16.5 percent), professional, scientific, and technical services (+15.6 percent), and transportation and warehousing (+14.8 percent). The largest declines were in agriculture, forestry, fishing, and hunting (-27.2 percent), retail trade (-17 percent), and wholesale trade (-15.3 percent).
- Metro Denver's real GDP declined 2.9 percent between 2019 and 2020, according to county-level GDP data released by the Bureau of Economic Analysis. Real GDP fell in all seven Metro Denver counties, with the largest decline of 3.9 percent in the city and county of Denver and the most modest decline of 0.6 percent in the city and county of Broomfield.
- The Metro Denver Economic Development Corp.'s *Toward a More Competitive Colorado* report found that Colorado maintained its top 10 ranking in 14 of the 30 indicators tracked. Colorado continues to maintain the second-most educated population as measured by the percentage of adults with bachelor's degrees or higher. The state also offers the nation's third-highest concentration of high-tech employees. Challenge areas for the state include a rank of No. 42 for public high school graduation rate and a No. 34 rank for total revenue per capita available for highway expenditures. New concerns that arose in 2020 include a fall in rank for employment growth from No. 6 in 2019 to No. 17 in 2020. In addition, the state's ranking fell in two areas measuring innovation and entrepreneurship.
- According to the University of Colorado Boulder Leeds School of Business fourth quarter 2021 Leeds Business Confidence Index, confidence remained elevated ahead of Q4 despite falling from record high levels in Q3. The Index fell from 67.3 in Q3 to 56.1 ahead of Q4 2021 but remained above the long-term average of 54.3. All six components fell from Q3. Five of the six components of the LBCI were above 50, with the greatest optimism recorded in hiring and industry sales. The only component to fall below 50 was the national economy. Panelists anticipated a sustained recovery in the first quarter of 2022, with the index increasing modestly to 57.2. More than 57 percent of companies reported as of September that either sales never decreased, or sales have already returned to pre-pandemic levels. Nearly 46 percent reported that employment has rebounded.
- According to ColoradoCast – a new short-term economic forecast that predicts monthly changes up to six months out – Colorado's economy returned to pre-pandemic GDP levels in September 2021 and is projected to continue to expand through their April 2022 forecast horizon. Colorado's economy is projected to grow at

a 6.45 percent annual rate in April 2022, a slowdown from the more robust annualized rate of growth at the end of 2021, but still high relative to historic standards.

- The Office of the State Auditor reported that Colorado paid out approximately \$73 million in fraudulent unemployment benefits during the first year of the COVID-19 pandemic. About 852,000 Coloradans received \$6.9 billion in unemployment benefits in 2020, so fraudulent payments represented about 1 percent of total payments.
- According to TRIP, a Washington, D.C.-based national transportation research nonprofit organization, Colorado traffic has nearly returned to prepandemic levels. Colorado roadways recorded 4.59 billion vehicle miles traveled in September 2021, a 1.2 percent decrease from the same month in 2019. The regional return of traffic despite the continued work-from-home policies of many large employers in the Denver Metro area is indicative of the state’s centrality in the national freight network. TRIP estimated that \$331.8 billion worth of goods moved through the state over the past year – 88 percent moved either entirely or partly by trucks.

### Labor Force and Employment

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

	Month of Nov-21	Month of Oct-21	Month of Nov-20	Year-to- Date Average YTD 2021	Year-to- Date Average YTD 2020	Year-to- Date Average Change	Annual Growth Rate 2016	Annual Growth Rate 2011
<b>Total 11-County Metro Denver*</b>	1,740.1	1,730.4	1,652.4	1,693.8	1,646.1	2.9%	2.6%	1.8%
Denver-Aurora-Lakewood MSA	1,544.3	1,535.3	1,465.7	1,503.5	1,458.7	3.1%	2.6%	1.7%
Boulder MSA	195.8	195.1	186.7	190.3	187.4	1.6%	2.6%	2.8%
Natural Resources & Construction	115.6	117.1	113.8	114.9	114.1	0.7%	2.7%	-0.5%
Manufacturing	91.7	91.2	90.4	90.5	89.1	1.5%	1.2%	2.2%
Wholesale & Retail Trade	240.1	236.2	234.2	234.9	226.4	3.8%	1.8%	1.5%
Transp., Warehousing & Utilities	85.6	81.0	78.1	78.7	71.1	10.6%	2.5%	-0.5%
Information	59.2	59.7	58.6	59.0	59.3	-0.5%	1.3%	0.1%
Financial Activities	122.8	121.7	118.9	120.5	118.6	1.6%	3.3%	-0.2%
Professional & Business Services	331.9	330.6	311.2	322.0	310.8	3.6%	2.3%	3.9%
Education & Health Services	218.3	217.8	210.6	216.5	209.4	3.4%	3.1%	3.6%
Leisure & Hospitality	168.3	170.4	141.8	158.7	149.4	6.2%	3.9%	3.3%
Other Services	67.3	66.2	59.9	64.6	59.7	8.3%	3.5%	1.7%
Government	239.3	238.5	234.9	233.4	238.1	-1.9%	2.6%	0.1%
Federal Gov't	30.5	30.7	30.8	30.7	31.0	-0.7%	1.5%	-3.0%
State Gov't	65.2	64.6	64.0	61.6	65.1	-5.5%	3.9%	3.1%
Local Gov't	143.6	143.2	140.1	141.1	142.0	-0.6%	2.3%	-0.3%
Colorado	2,770.5	2,761.2	2,650.3	2,714.5	2,644.5	2.6%	3.1%	-1.0%
United States	150,004	149,226	144,121	145,744	142,056	2.6%	2.1%	-0.7%

\*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 5.3 percent between November 2020 and 2021, rising by 87,700 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 5.4 percent, or by 78,600 jobs, while the Boulder-Longmont MSA increased 4.9 percent, or by 9,100 jobs, during the period.
- All 11 supersectors reported over-the-year increases in employment. Leisure and hospitality reported the largest increase, rising 18.7 percent, followed by other services (+12.4 percent) and transportation, warehousing, and utilities (+9.6 percent). The information supersector reported the most modest over-the-year increase of 1 percent.
- Employment in Colorado increased 4.5 percent, or by 120,200 jobs, between November 2020 and 2021. National employment rose 4.1 percent, or by nearly 5.9 million jobs. Colorado has now regained 322,200 of the 376,300 jobs lost from January to April 2020, a recovery rate of 85.6 percent.
- Employment data show that employment recovery after the COVID-19 recession has been uneven among high- and low-income Coloradans. After a decrease in employment for all income levels in spring 2020, employment for Coloradans making at least \$60,000 was back to pre-pandemic levels by the summer of 2020 and is now up 9 percent over pre-pandemic levels. By contrast, employment for the middle and lower tiers have still not recovered. Further, employment for Coloradans making \$27,000 or less has declined 30 percent compared with pre-pandemic levels.
- Seasonally adjusted employment data from the U.S. Department of Labor's monthly Job Openings and Labor Turnover Survey shows a record 4.5 million American workers quit their jobs in November, up from nearly 4.2 million in October. The national quit rate was 3 percent in November, up from 2.8 percent in October. November quit rates were highest in accommodation and food services (6.9 percent), healthcare and social assistance (6.4 percent), and retail trade (4.4 percent).

## Metro Denver Industry Cluster Headlines

### *Aerospace*

- Lafayette-based rocket engine producer Ursa Major Technologies received \$85 million in investment to scale up production at its rocket engine factory in Berthoud. The company is scaling up to meet an order for 50 rocket engines to be delivered in 2022, after which the company will accelerate its pace of production to as many as two engines per week. Ursa Major employs 125 people at its 90-acre engine assembly and test campus in Berthoud and will likely add dozens more positions over the next few months.
- Louisville-based Sierra Space and Blue Origin are working together on a commercially owned and operated space station, intended to be a mixed-use business park in space that is expected to launch in 2027. NASA signed a \$130 million agreement with the companies for the project, called Orbital Reef.

### *Bioscience*

- Tenant demand for life sciences space is expected to outpace supply in 2021, a trend that will likely continue into 2022. CBRE Group Inc. found that life sciences companies were collectively seeking nearly 23.8 million square feet of new lab space across 12 U.S. markets with life science hubs in the third quarter of 2021. That exceeds the amount of speculative lab space under construction in 3Q by nearly 2.8 million square feet. Denver and Boulder are included among cities where tenant-in-market (TIM) activity is outpacing construction, along with Los Angeles, New Jersey, Philadelphia, San Diego, Seattle, and Washington, D.C.-Baltimore.

- Colorado raised \$2.4 billion in capital across its life science ecosystem in 2021, double the previous record of \$1.2 billion set in 2020, according to the Colorado BioScience Association. The increase was due in large part to an influx of public capital, through both traditional IPOs and special purpose acquisition company (SPAC) deals.
- Genomic sequencing company Genapsys, which currently has a location in Redwood City, Calif., has chosen to open a second location in Westminster. Colorado competed with California and Massachusetts for the new location for the company. The expansion will bring 241 new jobs to Colorado, primarily chemists, biologists, engineers, and administrative workers, at an average annual wage of \$111,369. In addition, 15 of the newly created jobs are expected to be remote jobs for workers from rural Colorado communities.

### ***Energy & Natural Resources***

- BPX Energy, the onshore U.S. oil and gas business of London-based energy company BP plc, intends to increase its spending on drilling and infrastructure by 50 percent in 2022. The 700-employee company runs its Permian Basin and Eagle Ford operations from Denver, where 40 percent of the business' staff, or about 280 people, are based. BPX Energy is looking to fill 40 positions at its Denver headquarters, representing both jobs being added as it grows, and jobs open due to employee attrition.

### ***Financial Services***

- Denver-based insurance startup AgentSync achieved unicorn status after a \$75 million Series B fundraising round that valued the company at \$1.2 billion. The company builds tools and infrastructure for the insurance industry, aiming to increase efficiency and reduce barriers to entry for insurance technology firms. With this new round of capital, the company plans to grow its staff from 115 employees to double that in the next 12 months. The company expects that 80 percent of those new hires will work in Denver.

### ***Food and Beverage Production***

- Jack & Annie's, a Boulder-based food startup that sells frozen food products made with jackfruit as a meat alternative, recently closed on a \$23 million round of funding. The company plans to use the funds to expand their retail footprint and hire more employees. Jack & Annie's has 15 employees in India and 25 employees in the U.S., with offices and a fulfillment center in Boulder.
- Lafayette-based Planterra Foods Co. opened a 189,000-square-foot manufacturing facility in Denver that will employ about 200 people at full capacity. Planterra makes a variety of meat alternative products from a blend of pea and rice protein fermented by shiitake mushrooms. At the new plant, Planterra will produce its Ozo brand of meatless products that include burgers, sausages, nuggets, and grounds.

### ***Healthcare and Wellness***

- French-founded electric snow bicycle company MoonBikes is expanding into the U.S. and has chosen Colorado as its American headquarters. The company opened an office in Boulder in September and raised a \$5 million seed round in October, which enabled the company to produce its first batch of 400 bikes for early adopters. The funding will also help the company expand its presence outside of France, as it builds out its U.S. team. The company has hired local sales and marketing managers and expects more hires in the coming months.

### IT-Software

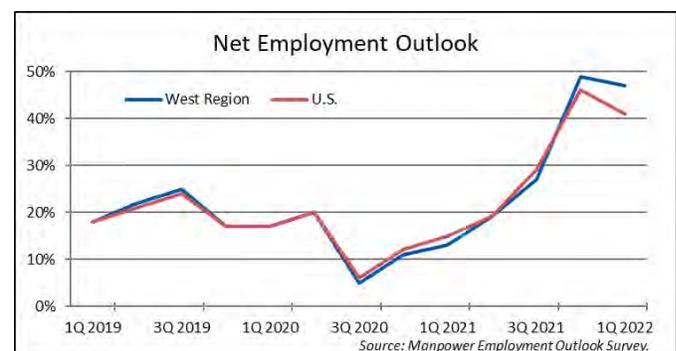
- Denver-based chat startup CometChat has raised \$10 million in series A funding, which the company plans to use to accelerate growth, enhance its platform, and grow its team. In total the company has about 80 employees globally and plans to double its team in the next year. CometChat currently has 12 employees in Denver.
- Australia-based SaaS nonprofit startup Humanitix is planning to open its U.S. headquarters in Denver. The nonprofit reroutes event booking fees to charitable causes, primarily focused on children and education. The Denver expansion initially was planned for March 2020 but was delayed due to the COVID-19 pandemic. Now the company is searching for permanent office space and preparing to hire a local sales and account management team in Denver.
- Denver-based Gtmhub – a company that offers tools and software to enable enterprises to benefit from the objectives and key results (OKR) methodology – raised \$120 million in a Series C fundraising round. The remote-first company counts Denver as its global headquarters, with about 15 percent of its 240 employees working in Denver. With this round of funding, Gtmhub plans to double its staff and keep a similar ratio working remotely. Gtmhub currently employs primarily customer-facing teams in Denver but expects to add technical roles in the future.
- Digital experience consultant Bounteous has decided to open a new office in Denver in early 2022. The 8,000-square-foot office is located in The Granite Tower at 1099 18th Street. With a hybrid workforce of more than 1,500 people worldwide, approximately 50 employees will be working out of the new Denver office once it opens.
- Delivery technology startup Veho raised \$125 million in Series A funding, which brought the company to unicorn status with a valuation of \$1 billion. Veho is currently operating in 14 cities across the country with a tech platform that utilized workforce crowdsourcing to provide a transparent and fast delivery service. The company will use this round of funding to expand into 50 U.S. markets by the end of 2022 and hire 1,000 employees across the U.S. The company, which has 60 employees in Colorado, is in the process of moving its headquarters to New York City in 2022 but will hire an additional 100 in Colorado.

### Other Industry Headlines

- Western States College of Construction launched in November 2021, providing students with the education necessary to perform a skilled trade through apprenticeship programs include electrical, HVAC, plumbing, pipefitting, and sheet metal. The nonprofit corporation is accredited through the American Council for Construction Education and says students graduate with no debt from one of 10 campuses in Colorado and Wyoming.

### Employment Outlook

- The Manpower Employment Outlook Survey revealed that all four regions in the United States reported positive net employment outlooks for 1Q 2022. The West, which includes Colorado, reported the highest net employment outlook of 47 percent, reflecting the difference in the percent of companies hiring versus laying off. The Northeast reported a net employment outlook of



45 percent, followed by the South (37 percent) and the Midwest (35 percent). While over-the-quarter declines were reported in all four regions, year-over-year improvements were reported in all four regions.

- Nationally, 57 percent of companies plan to hire in 1Q 2022, up 36 percentage points over-the-year. Companies planning to lay off increased 10 percentage points over-the-year to 16 percent, while the number of companies planning no change decreased 43 percentage points to 25 percent in 1Q 2022.

**Employment Outlook Survey**

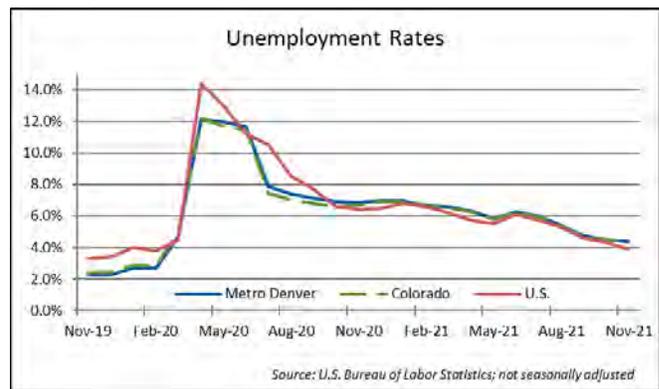
	Quarter 1 2022	Quarter 4 2021	Quarter 1 2021	YTD 2022	YTD 2021	Ann Avg 2017	Ann Avg 2012
<b>West Region</b>							
Net Employment	47%	49%	13%	47%	13%	-	-
<b>United States</b>							
Percent of Companies Hiring	57%	59%	21%	57%	21%	22%	18%
Percent of Companies Laying Off	16%	13%	6%	16%	6%	5%	8%
Percent of Companies No Change	25%	24%	68%	25%	68%	72%	71%
Percent of Companies Unsure	2%	4%	5%	2%	5%	2%	4%
Net Employment	41%	46%	15%	41%	15%	17%	10%

Source: Manpower Inc.

- Growth is expected across all 11 national industry sectors. As the workplace continues to become more digitally reliant and tech savvy, employers in the IT, Technology, Telecoms, Communications & Media industry anticipate the strongest staffing climate with a net employment outlook of 60 percent.

**Labor Force & Unemployment**

- Unemployment in Metro Denver decreased 2.5 percentage points over-the-year to 4.4 percent in November. The unemployment rate was 0.1 percentage points lower than the prior month.
- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate. Denver County reported the largest decrease of 3 percentage points, followed by Arapahoe County (-2.7 percentage points) and Adams County (-2.6 percentage points). Douglas County reported the lowest unemployment rate of 3.4 percent in November, while Adams County reported the highest rate of 5.1 percent.



- There were 36,929 more people either employed or looking for work between November 2020 and 2021 in Metro Denver, an increase of 2 percent. The labor force rose in all seven counties, led by Douglas County (+2.9 percent), Boulder County (+2.6 percent), and Jefferson County (+2.3 percent).
- Colorado reported an unemployment rate of 4.4 percent in November, down 2.3 percentage points from the same time last year. The unemployment rate has fallen for five consecutive months and is at its lowest rate since February 2020. The labor force increased 1.4 percent over-the-year, to nearly 3.22 million people either employed or looking for work. The national unemployment rate fell 2.5 percentage points over-the-

year to 3.9 percent and fell 0.4 percentage points over-the-month. The national labor force increased 1 percent between November 2020 and 2021.

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

	November 2021 (p)		2021 YTD AVG		2020 YTD AVG		2016	2011
	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	1,895.6	4.4%	1,869.3	5.8%	1,824.8	7.4%	2.9%	8.4%
Adams County	284.9	5.1%	281.4	6.6%	274.2	8.1%	3.4%	10.3%
Arapahoe County	380.5	4.7%	375.3	6.1%	366.5	7.9%	3.0%	8.6%
Boulder County	200.0	3.5%	196.6	4.8%	192.8	6.2%	2.6%	6.7%
Broomfield County	41.7	3.7%	41.1	5.0%	40.2	6.7%	2.8%	7.3%
Denver County	438.3	4.8%	432.8	6.3%	423.4	8.3%	3.0%	8.9%
Douglas County	203.4	3.4%	200.2	4.5%	194.4	5.8%	2.6%	6.7%
Jefferson County	346.7	4.1%	341.8	5.4%	333.3	7.1%	2.8%	8.3%
Colorado	3,217.5	4.4%	3,191.3	5.8%	3,117.6	7.3%	3.1%	8.7%
United States	162,099	3.9%	161,159	5.5%	160,808	8.2%	4.9%	8.9%

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

- Initial unemployment insurance claims in Metro Denver decreased 90.1 percent between November 2020 and 2021, falling to a weekly average of 1,089 claims. Initial claims decreased over-the-year in each of the past eight months as business hiring has increased.
- Colorado reported an average of 2,137 initial unemployment claims per week in November, down 87.8 percent from the same time last year, and representing 15,449 fewer claims each week. Year-to-date average weekly initial claims fell 15.5 percent in Colorado through November.

**Weekly First-Time Unemployment Insurance Claims**

	Month of Nov-21	Month of Oct-21	Month of Nov-20	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Ann Avg 2016	Ann Avg 2011
Metro Denver	1,089	1,048	10,985	6,261	7,716	-18.9%	1,239	1,789
Colorado	2,137	2,096	17,586	10,778	12,755	-15.5%	2,412	3,357

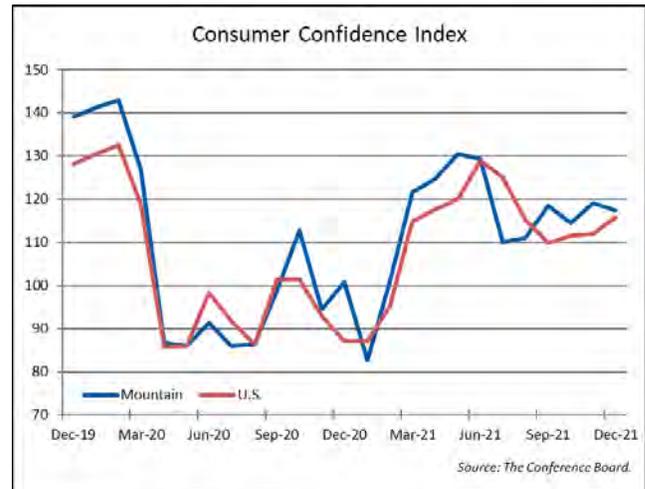
Note: Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.  
Source: Colorado Department of Labor and Employment, Labor Market Information.

**Consumer Sector**

**Consumer Sentiment**

- The Consumer Confidence Index for the U.S. increased in December, following a modest gain in November. The index now stands at 115.8, a 33 percent over-the-year increase and a 3.5 percent over-the-month increase. The Index remains below its pre-pandemic reading of 132.6 in February 2020.

- Analysts at The Conference Board stated that concerns about inflation declined after hitting a 13-year high in November – as did concerns about COVID-19 – despite reports of continued price increases and the emergence of the Omicron variant. Expectations about short-term growth prospects improved, setting the stage for continued growth in 2022. The proportion of consumers planning to purchase homes, automobiles, major appliances, and vacations over the next six months all increased.
- Looking ahead to 2022, both confidence and consumer spending are expected to face headwinds from rising prices and a winter surge of the pandemic.
- Colorado is included in the Mountain region and the index for the area increased 16.4 percent between December 2020 and 2021 to 117.3. The index decreased 1.5 percent over-the-month from 119.1 in November. The Present Situations Index rose 52.3 percent over-the-year to 149.1, while the Expectations Index fell 6.5 percent to 96 during the period.



Consumer Confidence Index

	Month of Dec-21	Month of Nov-21	Month of Dec-20	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Ann Avg 2016	Ann Avg 2011
Mountain	117.3	119.1	100.8	115.0	104.5	10.0%	103.4	57.4
United States	115.8	111.9	87.1	112.8	101.0	11.6%	99.8	58.1

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

**Consumer Spending**

- Mastercard Spending Pulse found that holiday shoppers spent 8.5 percent more between November 1 and December 24 in 2021 compared with the same period in 2020 and spent 10.7 percent more compared with the same period in 2019. Both online and in-store holiday purchases were higher in 2021 compared with the two previous years.
- National retail sales activity rose 14.6 percent over-the-year in October, with all 13 supersectors reporting increases during the period. Gasoline stations reported the largest over-the-year increase of 44.8 percent, followed by food services and drinking places (+30 percent), clothing and clothing accessories stores (+24.2 percent), and miscellaneous store retailers (+24 percent). Health and personal care stores reported the most modest over-the-year increase of 4.6 percent.
- Looking ahead, the November advanced estimates for national retail sales activity show consumers continued to spend at record levels in November, although the month-over-month rate of sales growth slowed from October.
- Headwinds include inflationary pressures, the expiration of pandemic-related fiscal support, and supply-chain constraints that continue to impact merchandise availability. Despite these headwinds, the retail

sector is poised for continued growth, with Oxford Economics projecting inflation-adjusted consumption will rise by 4.3 percent in 2022, the second strongest growth rate in the past 20 years, behind only 2021.

**National Retail Sales (\$millions)**

	Month of Oct-21	Month of Sep-21	Month of Oct-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual Growth 2016	Annual Growth 2011
Total Retail Sales	633,897	607,540	553,114	6,052,244	5,060,371	19.6%	3.0%	7.3%
Motor Vehicles	125,040	123,266	114,679	1,288,781	1,024,604	25.8%	4.3%	9.4%
Furniture and Home	12,458	12,388	11,114	119,324	92,247	29.4%	3.6%	2.8%
Electronics & Appliance	8,031	7,645	6,865	75,738	58,900	28.6%	-4.5%	2.6%
Building Materials	39,837	39,278	37,582	404,541	356,391	13.5%	5.2%	3.4%
Food and Beverage	77,646	74,774	71,957	739,307	715,956	3.3%	2.0%	4.9%
Health and Personal Care	32,046	31,787	30,630	313,469	286,468	9.4%	3.8%	4.3%
Gasoline Stations	55,271	52,459	38,161	483,117	359,087	34.5%	-4.8%	19.0%
Clothing & Accessories	24,944	23,306	20,088	231,751	150,672	53.8%	1.7%	7.2%
Sporting Goods	8,827	8,804	7,657	87,260	66,693	30.8%	0.9%	0.3%
General Merchandise	71,984	65,393	63,203	663,092	595,629	11.3%	0.1%	3.5%
Miscellaneous Store	15,371	14,437	12,400	136,506	106,789	27.8%	1.9%	4.0%
Non-Store Retailers	87,846	82,692	81,386	831,758	727,860	14.3%	10.2%	10.4%
Food Service & Drinking	74,596	71,311	57,392	677,600	519,075	30.5%	5.4%	6.1%

Source: U.S. Census Bureau.

- Retail sales in Metro Denver rose 19.9 percent between October 2020 and 2021. All seven counties in Metro Denver reported over-the-year increases in retail sales. Douglas County reported the largest increase of 34.1 percent, followed by Denver County (+26.6 percent) and Adams County (+21.4 percent). Jefferson County reported the most modest increase of 11.8 percent. Retail sales throughout Colorado rose 16.9 percent over-the-year.

**Total Retail Sales (\$000s)**

	Month of Oct-21	Month of Sep-21	Month of Oct-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual Growth 2016	Annual Growth 2011
Total Metro Denver	13,176,883	14,840,128	10,993,599	126,903,240	108,836,994	16.6%	2.3%	6.4%
Adams County	2,573,215	2,782,579	2,119,147	24,324,624	20,798,503	17.0%	5.6%	10.4%
Arapahoe County	2,187,885	2,491,395	1,980,514	21,908,932	19,286,289	13.6%	-0.9%	3.1%
Boulder County	1,308,980	1,695,804	1,111,503	13,038,595	11,279,757	15.6%	5.9%	8.2%
Broomfield County	242,493	281,824	212,499	2,465,259	2,112,079	16.7%	-1.6%	0.2%
Denver County	3,304,767	3,587,592	2,611,076	30,359,939	25,585,353	18.7%	-1.9%	1.9%
Douglas County	1,511,370	1,576,506	1,126,927	14,288,586	10,708,620	33.4%	13.1%	17.0%
Jefferson County	2,048,174	2,424,429	1,831,933	20,517,304	19,066,393	7.6%	1.1%	8.2%
Colorado	21,859,202	24,935,676	18,694,740	213,914,178	182,617,188	17.1%	1.0%	7.0%

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 November rose 0.5 percent from October and 6.8 percent over the past year, the largest annual increase

since June 1982 and the sixth month in a row above 5 percent. Core inflation rose 4.9 percent over-the-year, up from 4.6 percent in October.

- All eight components of the CPI increased over-the-year, with the largest increases in transportation (+21.1 percent), food and beverage (+5.8 percent), and apparel (+5 percent). Education and communication and medical care reported the most modest over-the-year increases of 1.7 percent each.
- Consumer inflation in the Denver MSA reached its highest level since May 1983. The CPI for the Denver-Aurora-Lakewood MSA rose 6.5 percent over-the-year in November, up from a 4.5 percent increase in September and a 3.5 percent increase in July. Core inflation was 5.2 percent. Early in the pandemic, Metro Denver reported the highest consumer inflation rates among U.S. metros but has been tracking below the U.S. level throughout 2021.
- Seven of the eight components in the Denver MSA reported increases between November 2020 and 2021, with the largest increases in transportation (+20.5 percent), apparel (+8.1 percent), and medical care (+5.6 percent). Education and communication reported the only over-the-year decrease of 1.8 percent.
- Inflation at the wholesale level increased 9.6 percent between November 2020 and November 2021, surpassing the previous record of 8.6 percent set in both September and October. The producer price index – which measures inflationary pressures before they reach consumers – rose 0.8 percent over the month in November after increasing 0.6 percent in October.
- CoStar analysts predict inflation hikes will start to taper off in the second half of 2022 as some supply-chain and labor shortage concerns improve, but that inflation will not be lower than 1.5 percent to 2.5 percent for some time.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price for December was \$3.29 per gallon, up 45.6 percent from the same time last year. The Metro Denver average fuel price increased 47 percent over-the-year to an average of \$3.23 per gallon, a rise of \$1.03. The average fuel price in Metro Denver was \$0.06 lower than the average fuel price throughout the U.S.

**Stock Market**

**Stock Market Indexes**

	Month of Dec-21	Month of Nov-21	Month of Dec-20	YTD Return 2021	YTD Return 2020	Annual Avg Return 2016	Annual Avg Return 2011
Bloomberg Colorado	884.7	848.2	759.6	16.5%	25.1%	4.0%	-3.6%
S&P 500	4,766.2	4,567.0	3,756.1	26.9%	16.3%	9.5%	0.0%
NASDAQ	15,645.0	15,537.7	12,888.3	21.4%	43.6%	7.5%	-1.8%
DJIA (Dow Jones)	36,338.3	34,483.7	30,606.5	18.7%	7.2%	13.4%	5.5%

Sources: Bloomberg.com; Yahoo! Finance.

- All four stock market indices increased between December 2020 and 2021. The S&P 500 reported the largest increase, rising 26.9 percent, followed by the NASDAQ (+21.4 percent), the DJIA Index (+18.7 percent), and the Bloomberg Colorado Index (+16.5 percent).
- According to a Wall Street Journal analysis, the S&P 500 hit 70 new highs in 2021. Indeed, the three national indexes posted their best three-year performance since 1999.

**Travel & Tourism**

- The average hotel occupancy rate in Metro Denver rose 20 percentage points over-the-year to 53.2 percent in the month of November 2021. The average hotel room rate rose 39.1 percent to \$121.55 per night, an increase of \$34.19 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 82 percent of pre-pandemic levels recorded in November 2019. The average room rate has returned to 91 percent of pre-pandemic levels.



**Metro Denver Hotel Statistics**

	Month of Nov-21	Month of Oct-21	Month of Nov-20	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Ann Avg 2016	Ann Avg 2011
Percent of Hotel Rooms Occupied	53.2%	66.1%	33.2%	58.5%	42.6%	15.9%	75.0%	66.8%
Average Hotel Room Rate	\$121.55	\$147.16	\$87.36	\$127.05	\$106.10	19.7%	\$140.46	\$109.94

Source: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that 5,699,357 passengers passed through the airport in October, an increase of 71.9 percent from the previous year, or a rise of more than 2.38 million passengers. Carriers today are seeing domestic capacity measured in passenger seats at 93.8 percent of pre-pandemic levels.

**Denver International Airport Passengers**

	Month of Oct-21	Month of Sep-21	Month of Oct-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual 2016	Annual 2011
Number of Airline Passengers	5,699,357	5,464,881	3,314,971	48,176,088	27,709,250	73.9%	58,266,515	52,849,132

Source: Denver International Airport, Traffic Statistics.

- Denver International Airport is planning to extend the contracts for its Great Hall renovation project by \$1.3 billion – adding to the \$707 million that has already gone to the first and second phases of the renovation – and moving the projected completion date from 2024 to 2028. Phase 3 would include \$496 million for relocation of security checkpoints, \$604 million for reconfiguration of check-in areas, and \$160 million for other components including upgrades to curbside pick-up and drop-off areas. An additional \$40 million would be used to build the Center of Excellence and Equity in Aviation. The center would serve to engage lower-income community members, youths, and others in the aviation industry, in hopes of building up the aviation workforce.

## Residential Real Estate

### 2022 Outlook

- The National Association of Realtors (NAR) presented their 2022 real estate outlook, projecting that the annual median home price will increase 5.7 percent and inflation will rise 4 percent. Existing home sales are expected to decline to 5.9 million in 2022 and housing starts will increase modestly to 1.67 million as the pandemic's supply chain backlogs subside.
- NAR's 2021 Profile of Home Buyers and Sellers noted several demographic trends that will continue to affect the housing market into 2022 and beyond. Baby boomers will want to age in place and will continue to hold onto their homes, contributing to the ongoing inventory shortage. Millennials, who are the largest generation of potential buyers, will face significant headwinds including low inventory, high prices, and student loan debt. Additionally, a drop in the birth rate could contribute to continued stagnation, as the birth of a child is often a motivation to buy and a child moving out is often a reason to downsize and sell.
- Mortgage rates will remain historically low but will increase by 0.5 percentage points to 3.4 percent in 2022. With more supply from new construction and existing owners relocating, home sales are expected to rise to the largest number since 2006. According to the CoreLogic Home Price Index Forecast, price growth should moderate from 15 percent in 2021 to 6 percent in 2022.
- Zillow's Home Value Forecast is calling for a 17.5 percent annual increase in Metro Denver home values for the 12 months ending in November 2022. Nationally, Zillow forecasted a 14.3 percent increase in home values. The Zillow Home Value Index increased 22.1 percent in Metro Denver and 19.3 percent nationally for the 12 months ending in November 2021.
- In Colorado, the average homeowner gained \$78,000 in home equity over-the-year in the third quarter of 2021, according to a quarterly report from real estate data firm CoreLogic. During the first and second quarters of 2021, home equity was up \$47,000 and \$77,000, respectively, over-the-year. Nationally, homeowner equity rose by an average of \$57,000, or 31.1 percent over-the-year in the third quarter, creating \$3.2 trillion in additional wealth.
- According to a Real Estate Witch report analyzing U.S. Census data, the average home value has increased 118 percent over the last 56 years, from \$171,942 in 1965 (adjusted for inflation) to \$374,900 in 2021. Over the same period, median household income has increased 15 percent, from \$59,920 in 1956 (adjusted for inflation) to \$69,178 in 2021. This disparity has led to a steady increase in the house-price-to-income (PTI) ratio. In 2021, Denver had a PTI ratio of 5.0, a rate below the national average of 5.4, but nearly double what experts consider a healthy PTI ratio of 2.6.
- According to Texas-based RealPage Inc., rental rates increased by an expected 13 percent from the start of 2021 to the end. RealPage forecasted apartment rental rates will grow 8 percent year-over-year nationally in 2022.
- The U.S. has a shortage of 6.8 million rental homes for extremely low-income renters, or households earning at or below 30 percent of their area median income, according to a National Low-Income Housing Coalition analysis of data from the 2019 American Community Survey. Colorado has a shortage of nearly 163,000 rental homes for extremely low-income renters, with a shortage in Metro Denver of nearly 84,000.

**Recently Announced Projects**

- San Francisco-based developer Carmel Partners plans to build a 485-unit apartment complex at 3300 Blake Street in Denver’s RiNo neighborhood. The complex would take up an entire city block and reach seven stories on the southern end and 12 stories on the northern end.
- San Antonio-based developer Embrey paid \$15.5 million for most of the block formed by Colfax and 14th avenues, and Fox and Galapago streets in Denver. The parcels add up to 2.56 acres. Embrey plans to build a seven-story, 370-unit apartment building called The Finch. Construction is expected to begin in the first quarter of 2022 and should be ready for the first residents to move in by 2024.
- California-based Vivo Living is renovating a former Best Western in Longmont into a 210-unit apartment building, which is expected to be completed in January. During renovation, the property has continued to be used as a hotel and a full transition to long-term renters is expected for the first quarter of 2022. The property will have 12 percent of its units reserved for low- and moderate-income renters.
- Austin-based StoryBuilt plans to build a 5-story, 94-unit condominium complex called Archie. The complex will be built on a property at 2137 Glenarm Place which is currently a parking lot near Benedict Fountain Park in Denver’s Five Points neighborhood.
- Rivet Development Partners is developing a 56-unit apartment complex at 2700 Wewatta Way in Denver’s RiNo neighborhood that will provide affordable and supportive housing for young adults. The housing will be available to individuals aged 18 to 25 who are at risk of or already experiencing homelessness. The building will be five stories with a mix of studios and one and two bedrooms. Besides housing, the complex will provide supportive services including mental health resources, education, life-skills development, financial literacy training, and career development.

**Home Resales**

**Metro Denver**

- Home sales in Metro Denver totaled 5,875 in November, up 17.3 percent from the same time last year.
- Unsold homes on the market were 34.2 percent lower in November 2021 compared with the same time last year, representing 1,167 fewer homes on the market. Over-the-month, the inventory of available homes decreased by 33.4 percent.

**Previously Owned Home Sales Activity**

	Month of Nov-21	Month of Oct-21	Month of Nov-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Ann Total 2016	Ann Total 2011
Home Sales (Closed)	5,875	5,705	5,009	62,196	52,887	17.6%	60,289	38,105
Unsold Homes on Market	2,248	3,376	3,415	2,248	3,415	-34.2%	4,265	16,187
Average Sales Price-Single Family	\$678,387	\$659,564	\$598,441	\$668,670	\$560,332	19.3%	\$432,051	\$279,858
Average Sales Price-Condo	\$379,782	\$377,881	\$323,897	\$366,403	\$322,184	13.7%	\$253,700	\$159,141
Median Sales Price-Single Family	\$575,000	\$570,000	\$495,000				\$366,000	\$230,000
Median Sales Price-Condo	\$351,900	\$335,150	\$294,000				\$224,700	\$124,900

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

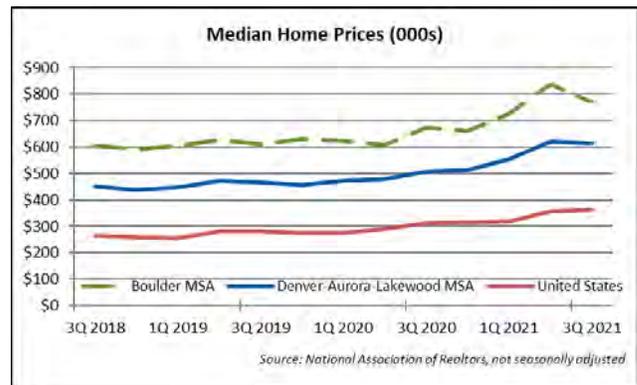
- The average sales price for single-family homes increased 13.4 percent over-the-year to \$678,387, representing an additional \$79,946 per home during the period. The average sales price for condominiums rose 17.3 percent over-the-year to \$379,782, representing an additional \$55,885 per home.

**National**

- Total existing-home sales increased 1.9 percent from October to a seasonally adjusted annual rate of 6.46 million in November, according to the National Association of Realtors (NAR), marking three consecutive months of growth. Sales decreased 2 percent year-over-year from the November 2020 reading of 6.59 million.
- Three of the four regions reported over-the-year decreases in total home sales. The Northeast region reported the largest decrease of 11.6 percent, followed by the West (-3.6 percent), and the Midwest (-0.7 percent). The South reported the only increase in total home sales of 1.1 percent.
- Properties remained on the market for 18 days in November, equal to October and down from 21 days in November 2020. Of the homes sold in October, 83 percent were on the market for less than a month.

**Home Prices**

- NAR data showed the median existing-home price for all housing types nationally was \$353,900 in November, up 13.9 percent from the same time last year. This marked 117 straight months of year-over-year gains.
- Median home prices increased in all four major U.S. regions over-the-year. The South region reported the largest increase of 18.4 percent, followed by the Midwest (+9 percent), the West (+8.4 percent), and the Northeast (+4.7 percent).
- The West region reported the highest median home price of \$507,200, while the Midwest reported the lowest median price of \$260,100 in November.



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

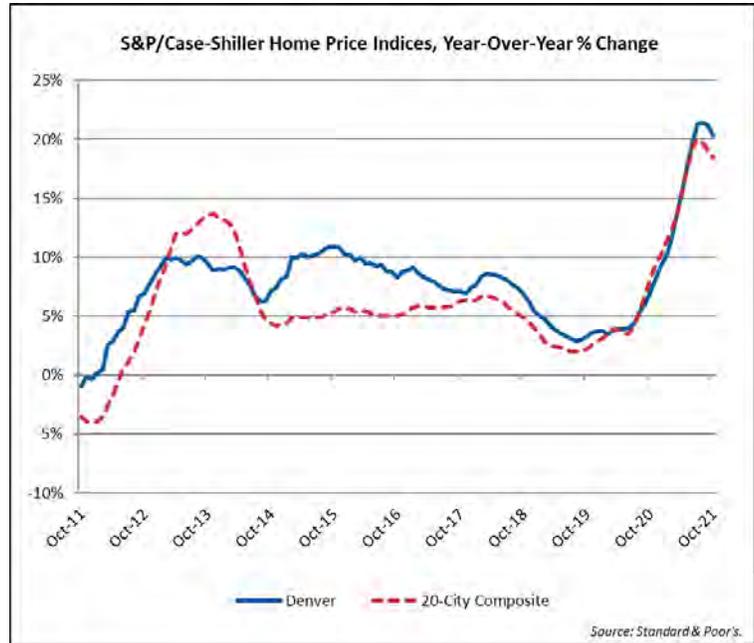
	Quarter 3 2021 (p)	Quarter 2 2021 (r)	Quarter 3 2020	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Median 2016	Median 2011
Boulder MSA	\$769.4	\$835.2	\$673.4	\$777.1	\$634.2	22.5%	\$511.7	\$353.1
Denver-Aurora MSA	\$614.8	\$618.6	\$506.0	\$595.9	\$486.1	22.6%	\$384.3	\$231.4
United States	\$363.7	\$357.7	\$313.4	\$346.5	\$293.0	18.3%	\$235.5	\$166.2

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

- A separate NAR report revealed that the median price in the Boulder MSA increased 14.3 percent over-the-year to \$769,400 in the third quarter of 2021. The Denver-Aurora MSA rose 21.5 percent over-the-year to a median home price of \$614,800 during 3Q 2021, while the national median home price increased 16 percent to \$363,700 during the period.
- The Boulder MSA had the seventh highest median home price of the 183 MSAs tracked in the report. The Denver MSA had the 14th highest home price. Every metro area tracked in the report except two –

Shreveport-Bossier City, LA and St Croix, Virgin Islands – posted home price growth between the third quarters of 2020 and 2021.

- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver increased 20.3 percent between October 2020 and October 2021, following a record high increase of 21.5 percent in August and a 21.2 percent increase in September. October was the fourth consecutive month of year-over-year price gains greater than 20 percent and the second consecutive month of deceleration in the rate of home price growth, following 15 months of acceleration.
- National housing prices increased 19.1 percent over-the-year in October, following a record high increase of 20 percent in August and a 19.7 percent increase in September.
- Phoenix reported the highest year-over-year price increase of 32.3 percent, followed by Tampa (+28.1 percent) and Miami (+25.7 percent). Chicago reported the smallest over-the-year increase of 11.5 percent, followed by Minneapolis (+11.5 percent) and Washington, D.C. (+12 percent).
- Denver leads the nation in long term home price gain, with an increase of 105 percent since the 2006 housing boom peak. Dallas reported the second largest increase, rising 102 percent over the period, compared with the national rate of 48 percent growth.



**Foreclosures**

**Real Estate Foreclosures**

	Month of Dec-21	Month of Nov-21	Month of Dec-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual Total 2016	Annual Total 2011
Total Metro Denver*	50	57	39	512	984	-48.0%	3,214	16,708
Adams County	10	11	5	106	208	-49.0%	719	3,553
Arapahoe County	12	7	10	105	217	-51.6%	731	3,959
Boulder County	2	5	1	39	48	-18.8%	174	918
Broomfield County	1	1	1	7	13	-46.2%	34	207
Denver County	12	14	9	115	228	-49.6%	720	3,434
Douglas County	3	8	1	44	98	-55.1%	310	1,781
Jefferson County	10	11	12	96	172	-44.2%	526	2,856

\*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 28.2 percent between December 2020 and December 2021, rising by 11 filings during the period. Six of the seven counties reported increases in filings compared with last year. Douglas County reported the largest increase of 200 percent, followed by Adams and Arapahoe

Counties (+100 percent) and Denver County (+33.3 percent). Jefferson County reported the only decrease of 16.7 percent, or 2 filings during the period.

- As of mid-November, over 1 million mortgage holders were in COVID-19-related forbearance plans, down from a high of nearly 5 million in the early days of the pandemic, according to real estate data provider Black Knight.

**New Home Sales**

- New home sales in the U.S. decreased 14 percent over-the-year to a seasonally adjusted annual rate of 744,000 in November, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- Two of the four regions reported over-the-year decreases in home sales. The Midwest reported the largest decrease of 44.8 percent, followed by the South (-21.2 percent). The West reported the largest increase of 14.2 percent, and the Northeast reported an increase of 8.8 percent.



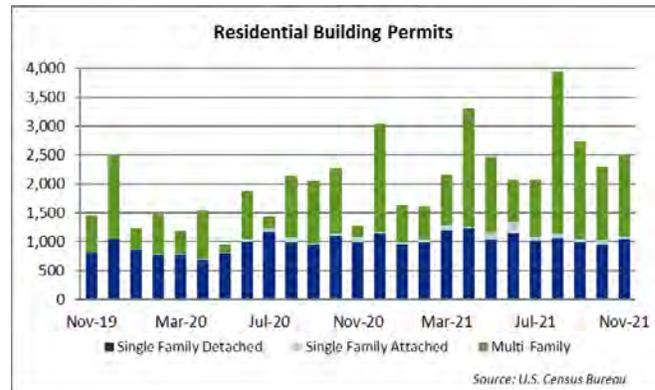
**New Home Construction**

***National***

- Builder confidence for newly built single-family homes increased 1 point to 84 in December, according to the latest National Association for Home Builders/Wells Fargo Housing Market Index (HMI). This ties the highest reading of the year that was posted in February. Strong consumer demand and limited existing inventory helped push builder confidence higher for the fourth consecutive month in December despite inflation concerns and ongoing production bottlenecks. The most pressing issue for the housing sector remains lack of inventory. Additional challenges include finding workers, predicting prices, and dealing with material delays.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled about 1.72 million units in November, a 3.9 percent over-the-month increase, and a 1.2 percent increase compared with the same time last year.
- The increase in building permits across the U.S. was driven by an increase in multi-family permits. Building permits for multi-family units increased 15.6 percent over-the-year, to 563,000 units permitted in November. Single-family detached units decreased 4.2 percent, or by 49,000 units, while single-family attached units decreased 11.1 percent to 48,000 units permitted during the period.
- Two of the four regions reported over-the-year increases in total units permitted. The West region reported the largest over-the-year increase of 10 percent, followed by the South (+1.8 percent). The Northeast reported the largest over-the-year decrease of 13.3 percent, followed by the Midwest (-6 percent).

**Metro Denver**

- Residential building permits in Metro Denver totaled 2,517 units permitted in November, an increase of 97.9 percent, or 1,245 units, from the same time last year.
- Single-family detached units permitted increased 5.6 percent over-the-year, rising by 55 units permitted during the period. Single-family attached units decreased by 52.1 percent, or by 49 units, to a total of 45 during the period. Multi-family units increased by 645.3 percent, or by 1,239 units, to a total of 1,431 units permitted in November.



**Residential Building Permits**

	Month of	Month of	Month of	YTD Total	YTD Total	YTD Total	Total	Total
	Nov-21	Oct-21	Nov-20	2021	2020	% Change	2016	2011
Single-Family Detached Units	1,041	945	986	11,611	10,084	15.1%	10,663	3,885
Single-Family Attached Units	45	79	94	838	429	95.3%	532	309
Multi-Family Units	1,431	1,277	192	14,440	6,966	107.3%	12,301	3,005
<b>Total Units</b>	<b>2,517</b>	<b>2,301</b>	<b>1,272</b>	<b>26,889</b>	<b>17,479</b>	<b>53.8%</b>	<b>23,496</b>	<b>7,199</b>

Source: U.S. Census Bureau.

**Apartment Rental Market**

- Multifamily asking rents in the U.S. have expanded by an average of 11 percent year-over-year in 2021, the highest increase on record, according to a CoStar analysis. This figure is somewhat exaggerated as a result of comparison with the uncharacteristically weak performance in 2020 due to the outbreak of COVID-19, when the national year-over-year asking rent growth remained relatively flat, at 0.5 percent. Compared with the average rate of increase between 2016 and 2019, the average national asking multifamily rent is \$88 higher than pre-pandemic rates.
- A study from RentCafé and Yardi Matrix found that in 2021, there were an average of 14 applications for every vacant apartment in Metro Denver. Of the 105 largest markets examined, Metro Denver matched the national average, while Knoxville, Tenn. had the most, at 36 applications per vacant apartment.
- The apartment vacancy rate throughout Metro Denver fell 1.1 percentage points over-the-year to 3.8 percent vacancy in the third quarter of 2021. The 3Q vacancy rate increased 0.1 percentage points from the previous quarter, which was the lowest rate recorded since 3Q 2000. Vacancy rates ranged from 3.2 percent in the Boulder/Broomfield submarket to 4 percent in Adams County. Vacancies were tightest in north Aurora at 1.1 percent, followed by Denver’s City Park neighborhood (1.6 percent), Broomfield (2 percent), and Golden and Longmont (2.4 percent).

Apartment Statistics

	Quarter 3 2021	Quarter 2 2021	Quarter 3 2020	YTD Average 2021	YTD Average 2020	YTD Average % Change	Ann Avg 2016	Ann Avg 2011
Apartment Vacancy Rate	3.8%	3.7%	4.9%	4.3%	5.3%	-1.0%	5.7%	5.2%
Average Monthly Rental Rate (all units)	\$1,726	\$1,651	\$1,522	\$1,640	\$1,521	7.9%	\$1,350	\$924

Source: Denver Metro Apartment Vacancy and Rent Survey.

- All six submarkets reported over-the-year increases in the average monthly rental rate, led by Douglas County (+17.5 percent), Arapahoe County (+16.1 percent), and the Boulder/Broomfield submarket (+15.2 percent). Denver County reported the most modest over-the-year increase in the average rent of 10.3 percent. The Boulder/Broomfield submarket reported the highest rental rate in 3Q 2021 of \$1,930 per month, while Adams County reported the lowest rental rate of \$1,666 per month. Across Metro Denver, rents increased 13.5 percent over-the-year to \$1,726 per month, the largest annual gain since reporting began in 1990. Rents rose 4.5 percent between the second and third quarters.

**Commercial Real Estate**

- While office, multifamily, industrial, and retail remain important classes for commercial real estate investment and development, some non-conventional asset classes are gaining momentum. The Covid-19 pandemic has diverted investors’ attention into more niche, but downturn-proof, real estate sectors including cold storage, self-storage, medical offices, and data centers.

**Recently Announced Projects**

- Westminster City Council approved a mixed-use development in south Westminster called the Uplands. Developer Oread Capital & Development plans to build up to 2,350 housing units on five parcels covering 233 acres, along with tens of thousands of square feet of retail and commercial space. Additionally, 47 acres will be dedicated to public parkland and open space. The project may take 15 years or more to complete.
- Riverside Investment & Developing Co. has closed on the land and secured key financing for the development of a 32-story, 700,000-square-foot Class-A office building at 1900 Lawrence Street in Denver’s Central Business District. The project was significantly influenced by COVID-19 as developers originally planned to break ground in 2020. Construction now is expected to begin in March 2022 and to be completed in early 2024.
- The Credit Union of Colorado purchased 9.5 acres in the Central Park neighborhood of Denver, which will be the home of its new 3-story headquarters building. The project is expected to be completed in early 2023 and will be able to accommodate more than 500 employees. The group currently has about 175 employees and expects to fill the new space by adding employees over the next several years.
- Brennan Investment Group has broken ground on a three-building industrial park on an 18-acre site at 7194 S. Revere Parkway in Centennial. The complex, named Centennial Business Center, is within two miles of the Centennial Airport. The buildings will range in size from 47,578 square feet to 124,800 square feet. Construction is slated for completion in the second quarter of 2022.
- Atlanta-based warehouse startup Saltbox plans to expand into Denver with a space located in Park Hill that will offer over 102,000 square feet and more than 125 flexible warehouse and office suites. The company’s

logistics-focused space is meant to serve small- and medium-sized businesses and e-commerce companies as they grow and scale. The Denver location opened in December with a flexible remote workforce of about 20 in Denver that will assist with shipping and fulfillment operations.

- McWhinney Real Estate Services Inc. plans to build two flex-space industrial buildings at 1755 and 1765 W. 160th Avenue in Broomfield. Each building is planned to be about 152,000 square feet on roughly seven acres of land. The buildings will include office and warehouse space.
- United Parcel Service Inc. (UPS) is planning a new 47,377-square-foot package distribution facility at 10355 W. 120th Avenue in Broomfield. Plans call for a 28-foot-tall building with roll-up doors to be built on an eight-acre parcel.
- The University of Colorado-Boulder is partnering with Aspen Skiing Co. and The Little Nell Hotel Group to build a 250-room hotel and conference center that will be the largest such venue in Boulder County. The Limelight Hotel Boulder will be located on Grandview Avenue in the northwest corner of the Boulder campus and is expected to break ground in fall 2022 and open in 2025. The hotel will include 25,000 square feet of meeting space, including a 15,000-square-foot ballroom.

### Office Market

- CBRE's 2022 U.S. Market Outlook released in December forecasted continued strengthening of the U.S. office market in the first quarter of 2022. Despite uncertainty due to the omicron variant and other risks, CBRE predicts occupiers will be more comfortable making long-term leasing decisions due to effective medical advancements. CBRE expects the average U.S. office employee to spend 24 percent less time working in the office post-pandemic. Further, CBRE's 2021 Occupier Survey revealed that 87 percent of large companies plan to adopt a hybrid work approach. The shifting role of the office will likely accelerate a flight to quality, with office buildings that offer desirable technology, amenities, and flexible space capturing a growing share of demand. Although office demand will be greater in 2022, vacancies are expected to continue to rise in 2022, particularly as new construction that started before the pandemic delivers, keeping pressure on rents. Concessions, such as free rent and tenant-improvement allowances, are expected to remain elevated.
- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.5 percent in the fourth quarter of 2021, an increase of 0.2 percentage points from the previous quarter, and the highest rate posted in the region since the third quarter of 2011. The vacancy rate increased 1.6 percentage points over-the-year. The average lease rate increased 2 percent between the fourth quarters of 2020 and 2021, or by \$0.59, to \$29.47 per square foot.
- The vacancy rate including sublease space increased 1.8 percentage points over-the-year, rising from 12.3 percent in 4Q 2020 to 14.1 percent in 4Q 2021. This represented 3.2 million square feet of vacant sublease space, down from 3.3 million square feet in 3Q 2021.
- There were 22 office buildings completed in 2021, delivering more than 2.1 million square feet to Metro Denver. The largest building completed to date was the 606,142-square-foot Block 162 located at 675 15th Street in Denver.
- There was 1.78 million square feet of office space in 16 buildings under construction in Metro Denver during the fourth quarter of 2021, down 36.9 percent compared with the same time last year. The largest buildings under construction were The Current in River North (280,000 SF in downtown Denver), T3 Offices (257,610 SF in downtown Denver), and One Platte (250,402 SF in downtown Denver). As has been the trend in recent

years, the largest share of office construction is found in the City and County of Denver. Currently, 62.1 percent of the office square footage under construction is located in the City and County of Denver.

**Office Market Statistics**

	Quarter 4 2021	Quarter 3 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018	Quarter 4 2017
Number of Buildings	6,612	6,608	6,590	6,559	6,527	6,480
Existing Square Feet (millions)	200.0	199.8	197.9	196.2	194.6	190.3
Vacant Square Feet (direct, millions)	25.0	24.5	21.6	17.7	17.7	17.8
Vacancy Rate (direct)	12.5%	12.3%	10.9%	9.0%	9.1%	9.3%
Vacancy Rate (with sublet)	14.1%	13.9%	12.3%	9.6%	9.9%	10.2%
Avg. Lease Rate (direct, per sq. ft., full service)	\$29.47	\$29.36	\$28.88	\$28.03	\$27.19	\$26.72
New Construction Completed (year-to-date)	2.14 MSF, 22 Bldgs	1.88 MSF, 18 Bldgs	1.58 MSF, 28 Bldgs	1.62 MSF, 29 Bldgs	4.21 MSF, 46 Bldgs	3.00 MSF, 38 Bldgs
Currently Under Construction	1.78 MSF, 16 Bldgs	1.39 MSF, 16 Bldgs	2.82 MSF, 28 Bldgs	3.62 MSF, 43 Bldgs	4.12 MSF, 46 Bldgs	5.11 MSF, 43 Bldgs

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

**Industrial & Flex Market**

- CBRE predicts that amid record demand, rent growth, and investment activity, the industrial real estate market will remain strong in 2022. Demand will primarily be driven by growing e-commerce sales, the improving economy, population migration, and the need for onshore “safety stock” inventory to avoid further supply chain disruptions.
- Cushman & Wakefield predicts that industrial absorption from the start of 2022 to the end of 2023 across the U.S. will be 855 million square feet. Although demand will be high and new industrial development will be challenging, Cushman expects new supply will slightly outpace demand, which will help moderate the market. New industrial deliveries are expected to reach 932 million square feet over the next two years.
- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver decreased 0.2 percentage points to 5 percent between the fourth quarters of 2020 and 2021. The total vacancy rate including sublease space fell 0.4 percentage points over-the-year to 5.3 percent. From 4Q 2020 to 4Q 2021, 5.5 million square feet of new space was added to the industrial base. The average lease rate increased \$0.62 per square foot to \$9.31, a 7.1 percent increase over the same time last year.

**Industrial Market Statistics**

	Quarter 4 2021	Quarter 3 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018	Quarter 4 2017
Number of Buildings	7,311	7,306	7,274	7,230	7,181	7,147
Existing Square Feet (millions)	239.7	239.0	234.2	229.0	224.2	220.0
Vacant Square Feet (direct, millions)	12.0	14.1	12.2	10.9	9.6	8.6
Vacancy Rate (direct)	5.0%	5.9%	5.2%	4.8%	4.3%	3.9%
Vacancy Rate (with sublet)	5.3%	6.3%	5.7%	5.0%	4.4%	4.0%
Avg. Lease Rate (direct, per square foot, NNN)	\$9.31	\$8.96	\$8.69	\$8.38	\$7.95	\$7.72
New Construction Completed (year-to-date)	5.49 MSF, 36 Bldgs	4.46 MSF, 29 Bldgs	4.99 MSF, 40 Bldgs	6.29 MSF, 52 Bldgs	5.36 MSF, 35 Bldgs	5.32 MSF, 45 Bldgs
Currently Under Construction	11.38 MSF, 54 Bldgs	7.73 MSF, 38 Bldgs	6.14 MSF, 38 Bldgs	5.79 MSF, 37 Bldgs	4.6 MSF, 35 Bldgs	4.97 MSF, 25 Bldgs

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

- Thirty-six industrial buildings providing 5.49 million square feet of space were completed in 2021. The largest building completed was the 594,138-square-foot Stafford Logistics Center building in Aurora. The next largest buildings were the 526,400-square-foot 76 Commerce Center Building 3 in Brighton and the 450,000-square-foot Ferguson Enterprises building in Aurora.
- The industrial construction pipeline remains filled with 11.38 million square feet of space under construction in 54 buildings. More than 61 percent of the industrial space under construction is located in Adams County, including the largest building under construction, the Shamrock Food Regional Headquarters with 1.3 million square feet of space. Of the buildings under construction, 51 are slated for delivery in 2022, with the remaining three expected in 2023.

**Flex Market Statistics**

	Quarter 4 2021	Quarter 3 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018	Quarter 4 2017
Number of Buildings	1,575	1,570	1,568	1,565	1,551	1,540
Existing Square Feet (millions)	47.7	47.6	47.5	47.1	46.3	45.9
Vacant Square Feet (direct, millions)	3.3	3.4	3.6	2.6	2.3	3.0
Vacancy Rate (direct)	6.8%	7.1%	7.6%	5.5%	5.0%	6.5%
Vacancy Rate (with sublet)	7.3%	7.9%	8.3%	5.9%	5.2%	6.7%
Avg. Lease Rate (direct, per square foot, NNN)	\$14.56	\$13.33	\$13.33	\$12.20	\$12.08	\$12.37
New Construction Completed (year-to-date)	0.17 MSF, 7 Bldgs	0.06 MSF, 2 Bldgs	0.40 MSF, 3 Bldgs	0.80 MSF, 13 Bldgs	0.38 MSF, 10 Bldgs	0.56 MSF, 12 Bldgs
Currently Under Construction	0.56 MSF, 14 Bldgs	0.32 MSF, 7 Bldgs	0.18 MSF, 7 Bldgs	0.36 MSF, 4 Bldgs	0.43 MSF, 9 Bldgs	0.18 MSF, 8 Bldgs

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

- The direct flex vacancy rate in Metro Denver decreased 0.8 percentage points over-the-year to 6.8 percent vacancy. The average lease rate rose 9.2 percent, or by \$1.23, to \$14.56 per square foot during the period.
- New flex construction has been more limited than other property types, but the construction pipeline is strong heading into 2022. Seven new flex buildings totaling 167,800 square feet were completed in 2021, with four of the seven in Castle Rock in Douglas County. There were 14 buildings totaling 564,876 square feet under construction as of the end of 4Q 2021, all with expected delivery in 2022. Sixty-six percent of the square footage under construction is located in Boulder or Broomfield Counties. The largest building under construction is the 150,725-square-foot flex building at 11100 Broomfield Ln, in Broomfield.

**Retail Market**

- In their 2022 Market Outlook, CBRE predicts the retail construction pipeline will remain modest heading into 2022 as developers focus on industrial and multi-family projects instead. With retail development expected to remain constrained, retailers will continue to use space more efficiently. Grocery-based e-commerce is expected to grow more than 20 percent in 2022 and grocery-anchored retail assets will remain the gold standard of retail investment.
- According to DBRS Morningstar, there were 10,700 store closings nationally in 2020, while 2021 is expected to end with more store openings than closings. Data through the third quarter of 2021 revealed approximately 2,890 store closings and 5,700 store openings. There are differences in performance among the types of retail properties with grocery-anchored shopping centers performing significantly better than enclosed malls.

- The direct vacancy rate for retail space in Metro Denver decreased 0.5 percentage points over-the-year to 4.6 percent in 4Q 2021, according to CoStar. The direct vacancy rate including sublease space decreased 0.5 percentage points over-the-year to 4.7 percent. The average lease rate increased 2.4 percent to \$19.27 per square foot.

**Retail Market Statistics**

	Quarter 4 2021	Quarter 3 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018	Quarter 4 2017
Number of Buildings	12,967	12,959	12,928	12,846	12,717	12,573
Existing Square Feet (millions)	174.7	174.6	174.2	173.4	172.1	170.1
Vacant Square Feet (direct, millions)	8.0	8.6	8.8	7.3	6.3	7.0
Vacancy Rate (direct)	4.6%	4.9%	5.1%	4.2%	3.7%	4.1%
Vacancy Rate (with sublet)	4.7%	5.1%	5.2%	4.3%	3.8%	4.3%
Avg. Lease Rate (direct, per square foot, NNN)	\$19.27	\$18.82	\$18.82	\$18.45	\$18.90	\$18.04
New Construction Completed (year-to-date)	0.46 MSF, 39 Bldgs	0.34 MSF, 27 Bldgs	0.90 MSF, 64 Bldgs	1.22 MSF, 123 Bldgs	1.88 MSF, 139 Bldgs	1.62 MSF, 101 Bldgs
Currently Under Construction	0.78 MSF, 43 Bldgs	1.13 MSF, 34 Bldgs	0.58 MSF, 41 Bldgs	1.31 MSF, 72 Bldgs	0.97 MSF, 53 Bldgs	1.46 MSF, 60 Bldgs

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

- In 2021, 39 retail buildings totaling 460,993 square feet were completed. An additional 43 buildings with 782,387 square feet of space are under construction and all but two are expected to be completed in 2022. The largest space under construction is the 139,400-square-foot Victory Crossing in Adams County.



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