



NOVEMBER 2022

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting
our regional economy



November 2022 MEI Snapshot

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕↗ Positive Changes	10 of 18		9 of 18		10 of 18	
Nonfarm Employment Growth	-4,400	↓	63,300	↑	77,500	↑
	Employment was down 0.2% from August to September		Employment up 3.7% from September 2021 to 2022		YTD employment up 4.6% through September	
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	3.2%	↓	-1.4 percentage points	↓	3.4%	↓
	Unemployment down 0.1 percentage points from August to September		Unemployment down from September 2021 to 2022		Down 2.4 percentage points from 2021 YTD average	
Initial Unemployment Insurance Claims	-8.2%	↓	-1.2%	↓	-85.8%	↓
	Claims decreased from August to September		Claims decreased from September 2021 to 2022		YTD average claims decreased through September 2022	
Total National Retail Sales	1.7%	↑	10.8%	↑	10.3%	↑
	National sales increased from July to August		National sales increased from August 2021 to 2022		YTD sales increased through August 2022	
Mountain Region Consumer Confidence Index	112.3	↑	-1.8%	↓	106.6	↓
	Index up 12.1 percent from September to October		Index down from October 2021 to 2022		YTD average down 7.6% through October 2022	
Hotel Occupancy	78.7%	↑	8.5 percentage points	↑	70.0%	↑
	Increased 1.3 percentage points from August to September		Occupancy increased from September 2021 to 2022		YTD occupancy up from last year	
Denver International Airport Passengers	-1.9%	↓	6.5%	↑	21.5%	↑
	Passengers down from July to August		Passengers up from August 2021 to 2022		YTD passengers increased through August 2022	
Bloomberg Colorado Index	652.1	↑	-28.2%	↓	-26.3%	↓
	Index up 1.7% from September to October		Index down from October 2021 to 2022		YTD return down through October 2022	
Dow Jones Industrial Average	32,733.0	↑	-8.6%	↓	-9.9%	↓
	Index up 14% from September to October		Index down from October 2021 to 2022		YTD return down through October 2022	
Home Sales (closed)	4,002	↓	-33.9%	↓	38,234	↓
	Sales down 13.2% from August to September		Sales down from September 2021 to 2022		YTD sales down 14.2% from last year	
Median Home Price (Denver-Aurora MSA)	\$695,800	↑	12.5%	↑	\$679,000	↑
	Up 5.1% from 1Q 2022 to 2Q 2022		Price up from 2Q 2021 to 2Q 2022		YTD price 15.8% higher through 2Q 2022	
Foreclosures	151	↓	147.5%	↑	2,152	↑
	Down 26% from September to October		Up from October 2021 to 2022		Up 431.4% YTD through October 2022	
Residential Building Permits (Total)	2,178	↓	-20.6%	↓	20,272	↓
	Permits increased 13% from August to September		Permits down from September 2021 to September 2022		YTD permits down 8.1% through September 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	

November 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

- Eight Colorado cities made SmartAsset’s ranking of the 50 cities with the most resilient economies. Fort Collins came in at 5th on the list that judged cities on 14 different metrics including employment, housing, social assistance and healthcare, and economic stability. Also ranked in the top 50 were Highlands Ranch (9), Boulder (18), Arvada (22), Centennial (33), Thornton (36), Westminster (46), and Lakewood (49). Cary, North Carolina and Frisco, Texas topped the list.
- The Urban Land Institute released their “2023 Emerging Trends in Real Estate” report in October that ranked Denver 16th in overall real estate prospects and 7th in homebuilding. The ranking is based on over 2,000 surveys and direct interviews about the markets that real estate professionals consider best for investment in the coming year.
- The Tax Foundation’s 2023 State Business Tax Climate Index was released in October, and Colorado ranked 21st on the list. The rankings are based on different tax policies including corporate tax rate, individual income tax, sales tax, property tax, and unemployment insurance tax. Colorado scored highest in the corporate tax category, coming in seventh on that list. The state’s lowest rank was No. 42 for unemployment insurance tax.
- Colorado is home to three of the best 50 resorts in the world and one of the best 25 hotels on the planet, according to the 2022 Condé Nast Traveler Reader’s Choice Awards. Among the three internationally recognized resorts, the Four Seasons Resort and Residences Vail ranked highest at number 21 in the world, followed by the Viceroy Snowmass and the Westin Riverfront Resort & Spa Avon, Vail Valley. Among hotels, the Hotel Jerome in Aspen was Colorado’s representative on the top 25 list.
- Six Colorado towns made the Country Living’s “40 Prettiest American Towns to Visit in the Winter” list. Glenwood Springs was the highest ranked Colorado locality coming in at 5th. Also making the list were Dunton (7), Telluride (18), Crested Butte (25), Steamboat Springs (31), and Ouray (39).

National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released their advanced estimate of real gross domestic product (GDP) for the third quarter of 2022 and found that GDP increased at an annual rate 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 advanced estimate is based on source data that are incomplete or subject to further revision by the source agency. The second GDP estimate for 3Q 2022 will be released November 30th.

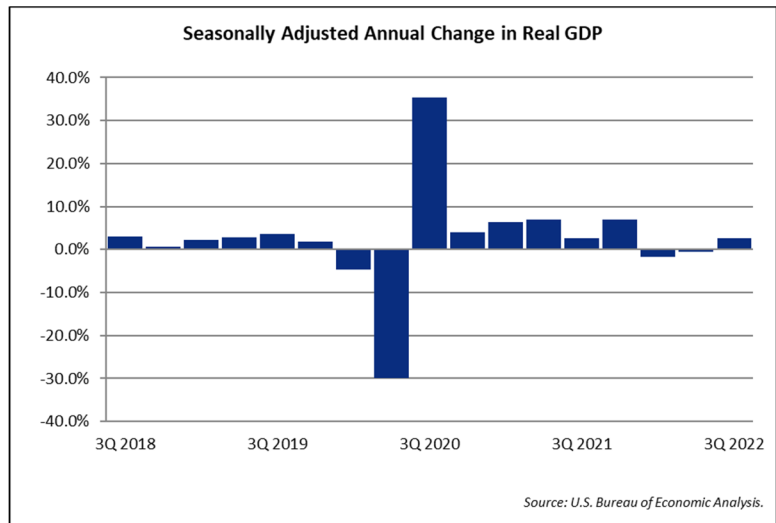
Interest Rates

- In their meeting on September 20-21, 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 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 3.0 to 3.25 percent, the fifth 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.
- The next FOMC meeting is November 1-2, 2022.

Policy Watch

National & International

- The Conference Board released their updated “Global Economic Outlook 2023” in October, estimating that global GDP will grow by just 2.1 percent in 2023 after growing by 3.2 percent in 2022. The fear of recessions



in the U.S. and Europe, central banks increasing interest rates, and aging populations all factored into the model's low growth expectations.

- The Conference Board predicts a 96 percent likelihood of a recession in the U.S. in the next 12 months. The probability model considers bond yields, the Conference Board Leading Economic Index, the National Financial Conditions Index, and the log changes in the Reserve Bank Credit: US Treasury Securities held Outright.
- The International Monetary Fund (IMF) lowered its projection for 2023 global economic growth in October. The Russian war in Ukraine, as well as ongoing Covid-19 complications, rising inflation, and worsening climate conditions, are all factors in the changing estimates. The IMF lowered their projection to 2.7 percent growth in 2023. This was the third time this year that they have lowered their growth projections.
- The European Central Bank (ECB) increased interest rates 0.75 percentage points in October following a 0.75 percentage point increase in September, the third consecutive increase after no such changes in over 10 years. This occurred as U.S. and European business activity, led specifically by services, fell in October, according to the Wall Street Journal.
- The U.S. federal budget deficit fell by half in the last fiscal year. The deficit was \$1.8 trillion in 2020, \$2.8 trillion in 2021, and was \$1.37 trillion in 2022. The United States gross national debt exceeded \$31 trillion in September for the first time.

Local

- Coloradans who buy their health insurance on the state's exchange, and not through their employer, will see their rates increase by 10.4 percent next year. Rates will rise 7.4 percent for small employers with up to 100 employees.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was \$67.4 billion in August, down 4.3 percent from \$70.5 billion in July. August imports decreased 1.1 percent to \$326.3 billion, while exports decreased 0.3 percent to \$258.9 billion. Year-to-date, the goods and services deficit increased \$132.3 billion, or 24.4 percent, from the same period in 2021. Exports increased 19.9 percent and imports increased 21 percent year-over-year.
- The Conference Board Leading Economic Index (LEI) decreased by 0.4 percent in September to 115.9, after no change in August. The LEI was down 2.8 percent over the six-month period from March to September 2022. The U.S. LEI suggests a recession is coming soon amid high inflation, slowing labor markets, rising interest rates, and tighter credit conditions. As a result, Conference Board analysts project a recession in the coming quarters.
- According to the Institute for Supply Management's Manufacturing Index, the Purchasing Managers Index (PMI) was 50.2 percent in October, down 0.7 points from the September reading. This figure indicates expansion in the overall economy for the 29th month in a row after contractions in April and May 2020, but it was the lowest reading for the fourth straight month since June 2020. New order rates remained in contraction territory at 49.2, up from 47.1 in September. The Production Index remained in expansion territory, but the Prices Index, and the Backlog of Orders index were all down into contraction territory in

October. The Employment Index came in at 50 percent, up from 48.7 in September. Eight manufacturing industries reported growth in October compared to September when increases were reported in nine industries.

- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 56.7 percent in September, 0.2 percentage points lower than August's reading of 56.9 percent. The September reading indicates growth for the 28th consecutive month after a two-month contraction in April and May of 2020. The Prices Index decreased for the fifth consecutive month in September, down 2.8 percentage points to 68.7.

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.
- According to the Regional Beige Book by the Kansas City Federal Reserve, economic activity in the Tenth District, which includes Colorado, expanded slightly as they started seeing cooling labor markets. Businesses reported less willingness to post new open positions or to replace leaving workers. Leisure spending remained strong, but consumer spending as a whole was unchanged over the month. Manufacturing production growth slowed slightly, but few businesses reported plans to reduce production or cancel existing expansion plans.
- According to an initial estimate released by the U.S. Bureau of Economic Analysis, real GDP in Colorado fell at an annualized rate of 2 percent in 2Q 2022. Colorado's GDP growth rate ranked 39th nationwide. First quarter GDP growth was initially estimated to be -1.9 percent but was subsequently revised up to positive 2.9 percent.
- According to research by the Kenan Institute of Private Enterprise, the Denver area is expected to see 3 percent economic growth this year, landing it at the No. 6 spot on their "2022's Fastest-Growing Cities in the U.S." list. Colorado's software and financial services industries, as well as aerospace, digital communications, and food and beverage sectors, were all named as contributing factors.
- Average weekly earnings for employees in Denver rose 1.1 percent in August compared to a year ago. This is down from a 5.7 percent over-the-year increase in February and is not keeping up with high inflation.
- Investments in Colorado startups declined in 3Q 2022, but local companies that did secure funding raised higher amounts according to the PitchBook-NVCA Venture Monitor report. Venture capital funding was up 28 percent from 3Q 2021 to \$1.16 billion invested in 101 deals, but down 53 percent from 2Q 2022. Last quarter's funding round was headlined by Guild Education securing \$265 million.



Labor Force and Employment

- Employment in Metro Denver increased 3.7 percent between September 2021 and 2022, rising by 63,300 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 3.6 percent, or by 54,400 jobs, while the Boulder-Longmont MSA increased 4.5 percent, or by 8,900 jobs, during the period.
- Ten of 11 supersectors reported over-the-year increases in employment. Professional and business services had the largest increase (+8.2 percent), followed by other services (+6.6 percent), and leisure and hospitality (+5.3 percent). Financial activities was the only supersector to experience a decrease in employment, falling by 3.3 percent.

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

	Month of	Month of	Month of	Year-to-Date Average	Year-to-Date Average	Year-to-Date Average YTD % Change	Annual Growth Rate	Annual Growth Rate
	Sep-22	Aug-22	Sep-21	YTD 2022	YTD 2021		2017	2012
Total 11-County Metro Denver*	1,788.3	1,792.7	1,725.0	1,771.3	1,693.8	4.6%	2.1%	2.9%
Denver-Aurora-Lakewood MSA	1,582.4	1,587.6	1,528.0	1,569.3	1,501.3	4.5%	2.1%	2.9%
Boulder MSA	205.9	205.1	197.0	202.0	192.5	4.9%	2.1%	2.7%
Natural Resources & Construction	119.8	121.2	115.1	117.9	113.5	3.8%	4.8%	5.1%
Manufacturing	93.4	93.6	90.9	93.9	90.5	3.7%	1.1%	2.2%
Wholesale & Retail Trade	235.6	238.9	231.8	238.6	233.5	2.2%	1.1%	2.1%
Transp., Warehousing & Utilities	76.0	75.8	72.8	76.0	72.5	4.8%	4.8%	2.9%
Information	62.7	63.4	61.9	62.9	61.1	3.0%	1.4%	-0.8%
Financial Activities	118.6	121.2	122.6	122.8	122.2	0.5%	2.5%	2.1%
Professional & Business Services	362.6	364.2	335.1	352.5	325.4	8.3%	2.1%	5.1%
Education & Health Services	224.8	222.7	216.4	220.6	217.1	1.6%	1.7%	3.7%
Leisure & Hospitality	185.8	191.3	176.4	183.4	161.8	13.3%	2.8%	3.4%
Other Services	69.9	69.7	65.6	68.3	64.0	6.7%	1.1%	2.8%
Government	239.1	230.7	236.4	234.5	232.3	1.0%	1.9%	0.9%
Federal Gov't	29.4	29.3	30.4	29.7	30.6	-3.0%	-0.5%	-0.8%
State Gov't	64.6	58.7	65.1	62.6	62.3	0.5%	4.4%	1.8%
Local Gov't	145.1	142.7	140.9	142.2	139.4	2.0%	1.3%	0.9%
Colorado	2,882.4	2,888.5	2,772.8	2,849.6	2,724.6	4.6%	2.3%	2.4%
United States	153,073	152,642	147,651	151,091	144,846	4.3%	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 Colorado increased 4 percent, or by 109,600 jobs, between September 2021 and 2022. National employment rose 3.7 percent, or by more than 5.4 million jobs.

Metro Denver Industry Clusters and Lifestyle Verticals Headlines

Aviation

- The Colorado Department of Transportation awarded Aims Community College a grant to create a mobile aviation lab to promote careers in aviation and aerospace. The grant is intended to help with workforce development in the industry and will be used to reach people who might not have previous exposure to aviation.
- Windsor-based Water Valley Land Co. won approval to open a U.S. Customs office near the Northern Colorado Regional Airport at Loveland. The building has already been completed, and the developers expect the facility to be open in the first quarter of 2023.

Bioscience

- The Colorado State University Board of Governors approved a \$278 million upgrade and expansion of its College of Veterinary Medicine and Biomedical Sciences at the University's South Campus. The facility will allow for a renewal of the Doctor of Veterinary Medicine program and will expand capacities for many academic programs. CSU expects to break ground in 2022 and to complete the project in 2028.

Broadband & Digital Communications

- Starry Inc. laid off 41 employees in Denver as part of widespread cuts the company is making. CEO Chet Kanojia also announced that Starry was freezing hiring while pursuing strategic options. The company is based out of Boston and provides internet services for over 90,000 customers.

Energy and Natural Resources

- A September 2022 study by BloombergNEF revealed that wind and solar projects combined provided more than 10 percent of global electricity demand for the first time in 2021. Globally, wind projects contributed 6.8 percent of global demand and solar power contributed 3.7 percent. Thirty-nine percent of all power production in 2021 was carbon free.
- Electrasteel Inc., a company that has developed a more environmentally friendly process for making iron and steel, raised \$85 million in October. The money will be used to grow their team and build a nearly 55,000-square-foot pilot plant in Boulder. Electrasteel currently employs 50 people in the Boulder area and plans to hire 100 more workers in the next two years.
- Houston-based Chord Energy, formerly Whiting Petroleum, plans to close its Denver office and lay off 104 employees. The final office closure will be in June 2023. Some employees will be offered transfer opportunities within the company.

Food and Beverage Production

- Sugarwish, a startup that began in a Denver home, is moving its headquarters to a new office space and fulfillment center in HighField Business Park. The company is also opening a second fulfillment center outside of Colorado in a move to expand beyond Colorado's borders. Sugarwish reached No 262 on the 2022 *Inc.* magazine list for its corporate gifting packages.
- Cadia, an organic food products brand, is expanding its Boulder office and moving locations from an office on 38th Street and Arapahoe Avenue to a larger space at 14th Street and Canyon Boulevard. Cadia currently

employs 15 people in Boulder, but the move into the new space will also include an investment in more people.

- Centennial City Council is expected to vote in November on allowing an agricultural use for what would be Colorado's largest rooftop greenhouse. Proposals detail a 90,000-square-foot greenhouse that should produce up to 3,800 pounds of leafy greens a day. The greenhouse would sit atop Sphere Sports Management's sports complex in an area known as "The District."
- Littleton Brewing Company will be opening at a former auto shop at 1201 West Littleton Boulevard in the spring of 2023. The company expects to employ 10 to 15 workers.
- Left Hand Brewing Co, based in Longmont, won two medals at the Great American Beer Festival in Denver, including the Brewery of the Year Award. Twenty-five Colorado breweries captured 27 medals in the annual competition including five gold medals awarded to Comrade Brewing, Crooked Stave, Our Mutual Friend, Post Brewing, and Jessup Farm Barrel House.
- Fort-Collins-based PetDine LLC, which makes pet-food supplements and treats, purchased almost 50,000 square feet of industrial space in Windsor to increase production of pet-related products. PetDine expects to hire 20 people to work in the new space.

Healthcare and Wellness

- UCHHealth Medical Center of the Rockies in Loveland will expand its number of patient beds by more than 50 percent with construction of a new tower. The hospital group will be expanding its workforce by between 1,200 and 1,400 people with this addition as well as other planned regional expansions. The 271,000-square-foot expansion will raise the number of beds to 319.
- Medtronic plans to spin off its patient-monitoring and respiratory intervention businesses into a new company. The two businesses account for \$2.2 billion in annual revenue and 8,000 employees. The spinoff could be completed within 12 to 18 months.

IT-Software

- Trimble, an industrial technology company, relocated their headquarters from Sunnyvale, California to Westminster. The 240,000-square-foot location houses more than 1,000 of Trimble's employees. Trimble also announced a large solar array project in Westminster.
- Irish software company Teamwork announced that it is making Denver its North American hub. They are currently located in the Triangle Building in Denver and are planning to hire 20 employees by the end of 2022. Teamwork employs 350 people worldwide.
- Spatial Business Systems (SBS), a Littleton-based software developer, announced it was acquired by Peak Rock Capital from Austin, Texas. The deal is designed to help SBS expand and accelerate growth. SBS employs 60 people globally, split between their headquarters in Littleton and a satellite office in Melbourne, Australia.
- Longmont-based Fermyon Technologies raised \$20 million in Series A funding in October. The cloud software development company employs 20 people globally and is looking to double its staff by mid-2023.

Other Industry Headlines

- Online retailers and package delivery firms are hiring a large number of people this fall, preparing for a busy holiday season. Amazon is looking to hire 2,550 workers in Metro Denver in many different fulfillment

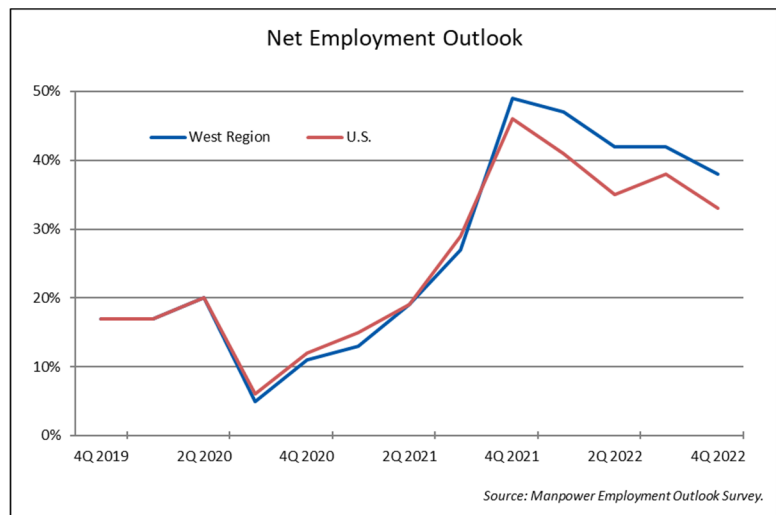


positions. The U.S. Postal Service is hiring 1,000 seasonal positions, and FedEx Ground is looking to hire 350 people to work at its new fulfillment center in Aurora.

- Computer data storage company Micron Technology Inc. signed a lease to move in as the lead tenant into the former Maxtor Corp. campus at 2452 Clover Basin Drive in Longmont. Micron will occupy 207,000 square feet of the 475,000-square-foot campus. Micron employs more than 200 people in Longmont at this time.

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 in 4Q 2022. 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%

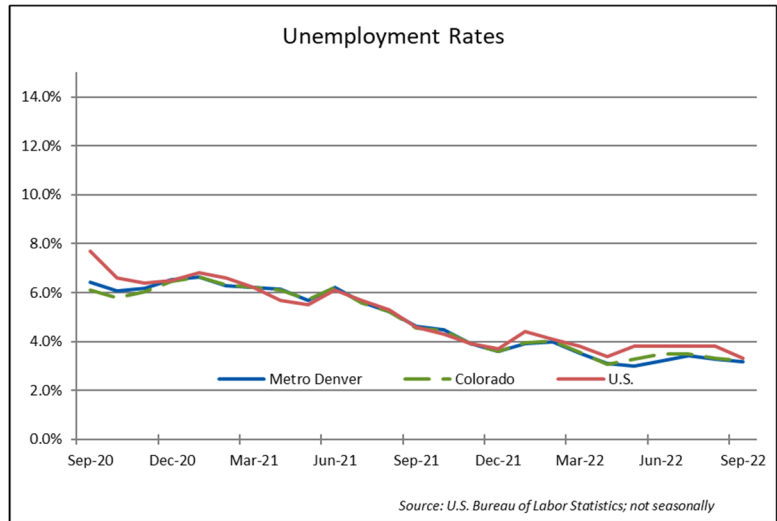
Source: Manpower Inc.

- 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 1.4 percentage points over-the-year to 3.2 percent in September. The unemployment rate fell 0.1 percentage points from the prior month.
- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate in September. Adams and Arapahoe counties reported the largest decreases, falling 1.7 percentage points, followed by the City and County of Denver (-1.6 percentage points) and Jefferson County (-1.3 percentage points). Boulder and Douglas counties reported the lowest unemployment rate of 2.5 percent in September, while Adams County reported the highest rate of 3.7 percent.



- There were 55,135 more people either employed or looking for work between September 2021 and 2022 in Metro Denver, an increase of 3 percent. The labor force rose in all seven counties, led by Boulder County (+3.8 percent), and Douglas and Broomfield counties (+3.6 percent).

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

	September 2022		2022 YTD AVG		2021 YTD AVG		2017 Ann Avg	2012 Ann Avg
	Total Labor Force	Unemployment Rate	Total Labor Force	Unemployment Rate	Total Labor Force	Unemployment Rate	Unemployment Rate	Unemployment Rate
Metro Denver	1,916.2	3.2%	1,891.7	3.4%	1,837.0	5.8%	2.5%	7.7%
Adams County	285.8	3.7%	283.1	4.0%	275.6	6.7%	2.8%	9.5%
Arapahoe County	380.8	3.4%	376.3	3.6%	366.3	6.3%	2.6%	7.8%
Boulder County	206.3	2.5%	201.5	2.7%	194.6	4.8%	2.2%	6.3%
Broomfield County	42.9	2.7%	42.4	2.8%	41.0	4.9%	2.4%	6.7%
Denver County	443.0	3.5%	437.7	3.7%	426.4	6.4%	2.5%	7.9%
Douglas County	210.0	2.5%	207.4	2.7%	200.0	4.5%	2.2%	6.1%
Jefferson County	347.5	2.9%	343.2	3.1%	333.1	5.5%	2.4%	7.5%
Colorado	3,263.5	3.2%	3,233.9	3.4%	3,145.8	5.8%	2.3%	6.8%
United States	164,463	3.3%	164,244	3.7%	160,977	5.8%	2.5%	7.9%

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

- Colorado reported an unemployment rate of 3.2 percent in September, down 1.4 percentage points from the same time last year. Over-the-month, the state’s unemployment rate fell by 0.1 percentage points. The labor force rose 2.5 percent over-the-year to about 3.3 million people either employed or looking for work. The national unemployment rate fell 1.3 percentage points over-the-year to 3.3 percent and fell 0.5

percentage points over the month. The national labor force increased 1.9 percent between September 2021 and 2022.

- Initial unemployment insurance claims in Metro Denver decreased 1.2 percent between September 2021 and 2022, falling to a weekly average of 977 claims. Over-the-month, initial claims decreased 8.2 percent.
- Colorado reported an average of 1,652 initial unemployment claims per week in September, down 10 percent from the same time last year, and representing 183 fewer claims each week. Between August and September, average weekly initial claims in Colorado decreased 9.8 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	977	1,064	989	1,050	7,415	-85.8%	1,103	1,627
Colorado	1,652	1,831	1,835	1,895	12,702	-85.1%	2,092	3,123

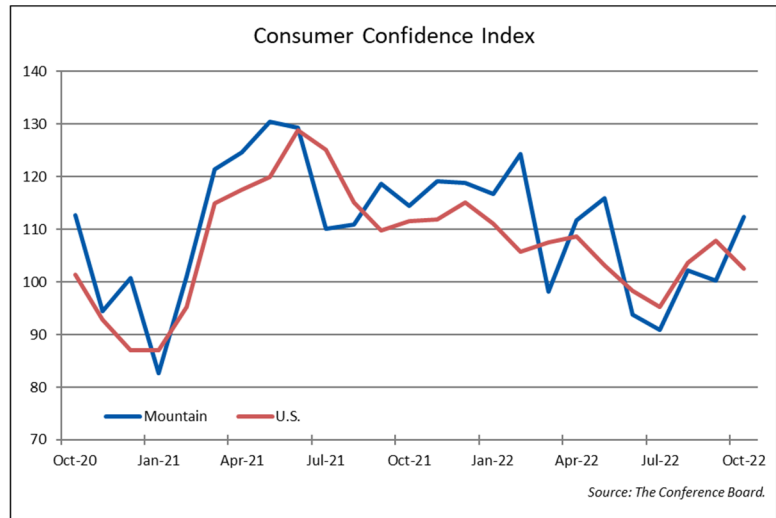
Note: Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.

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

Consumer Sector

Consumer Sentiment

- The U.S. Consumer Confidence Index fell in October, the first decline after two consecutive months of growth. The index now stands at 102.5, a 4.9 percent over-the-month decrease, and an 8.2 percent decrease over-the-year.
- Analysts at The Conference Board stated that the drop was driven by the present situation index that fell, suggesting economic growth slowed to start 4Q. Expectations fell to 78.1, down from 79.5 in September. Purchasing intentions for large purchases were mixed. Vacation intentions cooled, but intentions to buy automobiles, major appliances, and homes all rose. Looking ahead, inflationary pressures will continue to pose strong headwinds to consumer confidence and spending.



Source: The Conference Board.

Consumer Confidence Index

	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
Mountain	112.3	100.2	114.4	106.6	114.4	-7.6%	130.1	68.7
United States	102.5	107.8	111.6	104.4	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 1.8 percent between October 2021 and 2022 to 112.3. The index rose 12.1 percent over-the-month from 100.2 in September. The Present Situations Index rose 6.3 percent over-the-year to 160, while the Expectations Index decreased 10.9 percent to 80.5 during the period.

Consumer Spending

- Consumers in Colorado registered 20.8 percent fewer new cars and trucks in 3Q 2022. Year-to-date new car registrations were down 14.5 percent compared to the same time in 2021. Colorado has outperformed the U.S. market whose year-to-date new registrations were down 16.9 percent.
- According to Adobe Analytics, online shopping this holiday season is expected to reach almost \$210 billion, rising 2.5 percent over the 2021 season. Online retail sales were up 8.9 percent from January to August of this year according to the report.
- A report released by Deloitte found that Denver-area shoppers plan to spend \$1,624 on average this holiday season. The Denver figure is above the national average of \$1,455 but is 12 percent lower than the average amount spent in 2021.
- National retail sales activity rose 10.8 percent over-the-year in August, with 12 of the 13 supersectors reporting increases during the period. Gasoline stations reported the largest over-the-year increase of 28.6 percent, followed by miscellaneous store retailers (+15.1 percent) and building materials and garden equipment (+13.8 percent). Electronics and appliance stores reported the only over-the-year decrease of 5.8 percent.

National Retail Sales (\$millions)

	Month of Aug-22	Month of Jul-22	Month of Aug-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Retail Sales	701,624	690,050	633,403	5,324,921	4,827,769	10.3%	4.1%	5.0%
Motor Vehicles	135,908	127,665	123,620	1,036,091	1,003,143	3.3%	2.9%	9.0%
Furniture and Home	12,596	11,865	12,091	94,342	92,473	2.0%	2.7%	4.5%
Electronics & Appliance	7,397	7,015	7,854	56,335	59,351	-5.1%	-1.6%	2.1%
Building Materials	45,053	43,487	39,586	344,780	321,711	7.2%	3.4%	4.5%
Food and Beverage	80,094	81,426	74,501	617,611	573,040	7.8%	3.8%	3.1%
Health and Personal Care	34,261	32,430	32,537	261,356	250,970	4.1%	1.5%	0.9%
Gasoline Stations	67,928	74,079	52,841	518,077	372,655	39.0%	9.2%	4.1%
Clothing & Accessories	26,434	25,214	25,063	193,658	179,004	8.2%	0.1%	4.8%
Sporting Goods	10,159	9,190	9,488	69,381	67,816	2.3%	-2.9%	2.8%
General Merchandise	69,705	69,456	67,707	527,837	512,803	2.9%	1.3%	2.8%
Miscellaneous Store	16,556	16,200	14,390	123,123	103,034	19.5%	2.1%	1.5%
Non-Store Retailers	106,517	102,719	94,144	811,219	725,936	11.7%	11.8%	8.5%
Food Service & Drinking	89,016	89,304	79,581	671,111	565,833	18.6%	5.3%	5.8%

Source: U.S. Census Bureau.

- Retail sales in Metro Denver rose 7.3 percent between July 2021 and 2022. Six of seven counties in Metro Denver reported over-the-year increases in retail sales. Adams County reported the largest increase of 17 percent, followed by Denver County (+8.8 percent) and Broomfield County (+8.4 percent). Douglas County reported the only decrease of 8 percent. Retail sales throughout Colorado rose 7.1 percent over-the-year.

Total Retail Sales (\$000s)

	Month of Jul-22	Month of Jun-22	Month of Jul-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Metro Denver	14,080,358	16,828,620	13,117,860	97,815,044	85,825,113	14.0%	4.9%	7.9%
Adams County	3,009,368	3,385,292	2,571,929	19,309,234	16,478,744	17.2%	8.9%	12.4%
Arapahoe County	2,403,520	2,855,076	2,248,798	16,804,637	15,002,549	12.0%	1.5%	9.7%
Boulder County	1,330,559	1,849,040	1,291,097	9,863,045	8,708,646	13.3%	9.5%	5.8%
Broomfield County	284,839	318,091	262,692	1,943,736	1,685,952	15.3%	8.1%	15.9%
Denver County	3,443,336	3,955,168	3,163,388	23,961,756	20,241,792	18.4%	4.0%	1.9%
Douglas County	1,402,743	1,740,716	1,524,856	10,493,593	9,709,469	8.1%	2.0%	7.7%
Jefferson County	2,205,994	2,725,237	2,055,101	15,439,043	13,997,962	10.3%	3.9%	10.9%
Colorado	24,144,492	28,044,663	22,535,837	165,533,507	144,915,306	14.2%	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 September increased 8.2 percent over-the-year, down from 8.3 percent in August and 8.5 percent in July. The CPI was up 0.2 percent over the month, following a month of no change in August. Core inflation, which excludes volatile food and energy prices, rose 6.6 percent over-the-year in September, up 0.4 percent from August.
- All eight components of the CPI increased over-the-year, with the largest increases in transportation (+12.6 percent), food and beverage (+10.8 percent), and housing (+8 percent). Education and communication reported the most modest over-the-year increase of 0.2 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 for August was \$3.76 per gallon, up 10.5 percent from the same time last year. The Metro Denver average fuel price decreased 0.7 percent over-the-year to an average of \$3.44 per gallon, a fall of \$0.02. The average fuel price in Metro Denver was \$0.32 lower than the average fuel price throughout the U.S.

Stock Market

- All four stock market indices decreased between October 2021 and 2022. The NASDAQ reported the largest decrease, falling 29.1 percent, followed by the Bloomberg Colorado (-28.2 percent), the S&P 500 (-15.9 percent), and the DJIA Index (-8.6 percent). All four indices increased between September and October 2022. The DJIA Index reported the largest increase of 14 percent, followed by the S&P 500 (+8 percent), the NASDAQ (+3.9 percent), and the Bloomberg Colorado (+1.7 percent).



Stock Market Indexes

	Month of Oct-22	Month of Sep-22	Month of Oct-21	YTD Return 2022	YTD Return 2021	Annual Avg Return 2017	Annual Avg Return 2012
Bloomberg Colorado	652.1	641.5	908.1	-26.3%	19.6%	-3.7%	3.5%
S&P 500	3,872.0	3,585.6	4,605.4	-18.8%	22.6%	20.0%	13.4%
NASDAQ	10,988.2	10,575.6	15,498.4	-29.8%	20.3%	28.2%	15.9%
DJIA (Dow Jones)	32,733.0	28,725.5	35,819.6	-9.9%	17.0%	25.7%	7.3%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- The average hotel occupancy rate in Metro Denver rose 8.5 percentage points over-the-year to 78.7 percent in the month of September 2022. The average hotel room rate rose 9.6 percent to \$165.77 per night, an increase of \$14.52 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 96.6 percent of pre-pandemic levels recorded in September 2019.
- According to a survey from Cheaphotels.org, Denver hotel rates are staying relatively affordable compared to other cities. Denver ranked 13th among the most expensive U.S. cities for hotel accommodations, coming in below cities like Austin, Texas, Cincinnati, Ohio, and Kansas City, Missouri. Denver came in at number 6 in 2021 and was number 11 in 2019.

Metro Denver Hotel Statistics

	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
Percent of Hotel Rooms Occupied	78.7%	77.4%	70.2%	70.0%	56.9%	13.1%	74.9%	68.0%
Average Hotel Room Rate	\$165.77	\$170.84	\$151.25	\$153.60	\$124.98	22.9%	\$143.68	\$111.78

Source: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that 6.3 million passengers passed through the airport in August, a 6.5 percent increase from the previous year, or a rise of almost 388,000 passengers.

Denver International Airport Passengers

	Month of Aug-22	Month of Jul-22	Month of Aug-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual 2017	Annual 2012
Number of Airline Passengers	6,330,418	6,451,344	5,942,674	44,952,914	37,011,850	21.5%	61,379,396	53,156,278

Source: Denver International Airport, Traffic Statistics.

- Denver International Airport was the third-busiest airport in the world in 2021, up from the 16th-busiest in 2019 and 8th-busiest in 2020. DEN served 58.8 million passengers in 2021 and expects to serve 70 million in 2022.
- A Business Journals analysis showed that there were 15 percent fewer domestic flights scheduled for 4Q 2022 than there were at the same point in 2019. However, at DEN, that drop is only two percent with DEN having recovered 98.3 percent of flights compared to pre-pandemic figures.



Residential Real Estate

- According to the Freddie Mac “Primary Mortgage Market Survey,” 30-year mortgage rates were 7.08 percent at the end of October, 0.38 percentage points higher than September’s ending rate of 6.7 percent and the highest rate since April 2002. Fifteen-year fixed rate mortgages rose as well as 30-year adjustable-rate mortgages in October. A year ago, 30-year mortgage rates were 3.14 percent.
- Increased mortgage rates have caused mortgage demand to drop to the lowest level since 1997, according to the Mortgage Bankers Association. Mortgage applications were down 42 percent from the same week last year. Applications to refinance were down 86 percent from the same week a year ago.

Recently Announced Projects

- Denver-based AIR Communities submitted concept plans to expand Creekside Apartments, a 328-unit complex at 5250 East Cherry Creek South Drive, adding 1,232 apartment units in five new buildings. The plans include parking garages and 8,500 square feet of retail space within the complex.
- Minneapolis-based Mortenson, a general contractor and developer, purchased a 0.9-acre lot at 2506 W. Colfax by Mile High with plans to build an eight-story, 200-unit apartment building. The developers announced a projected break ground date in February 2023.
- Denver selected Globeville Redevelopment Partners to build at least 170 income-restricted units at 4995 Washington Street. The units will be reserved for those making 30 to 80 percent of the median area income, and at least half of all units will have three or four bedrooms.
- The owner of the Brentwood Shopping Center submitted concept plans to construct 110 rowhomes behind the shopping center. The units would be build-to-rent and would range from 850 to 1,500 square feet.
- The Urban Land Conservancy is looking to develop a plot of land off of West Colfax Avenue to build 102 units for mixed-income families. If the plans are approved, every unit would become income-restricted affordable housing. As of now, there are no definitive timelines as the project is still in the approval phase.
- Alliance Construction Solutions is nearing completion on the RidgeGate Affordable Housing project located at 10810 Rail Way in Lone Tree near the RTD RidgeGate Light Rail station. The 90,900-square-foot project will provide 67 units of affordable housing.
- According to plans submitted in October a current industrial building at 1001 West 42nd Avenue could be demolished and replaced by 20 townhomes. The name of the developer was not disclosed.
- The Colorado Coalition for the Homeless requested rezoning for the 3500 and 3600 blocks of Park Avenue West to build income-restricted housing on the site. Plans for the apartment building have not been released but the building would be at least eight stories tall and possibly up to 20.
- Pivotal Architecture, out of Denver, submitted plans to develop a plot of land near 14th Avenue and Sheridan Boulevard, turning it into a six-story apartment building that would include some income-restricted units.

Home Resales

Metro Denver

- Home sales in Metro Denver totaled 4,002 in September, down 33.9 percent from the same time last year.
- Unsold homes on the market were 93.5 percent higher in September 2022 compared with the same time last year, representing 3,712 additional homes on the market. Over-the-month, the inventory of available homes rose by 10.7 percent. The inventory of homes in September is still lower than the historic average of 15,747 listings.
- In September, the average listing spent 26 days on the market according to the Denver Metro Association of Realtors. New listings in September were up 1.3 percent from August, but down 14.6 percent from a year earlier.
- Metro Denver ranked 14th according to *The Business Journals'* list of 30 housing markets where values are cooling the fastest according to Zillow Group data. Colorado Springs also made the list, coming in at 18th.
- Buyers are backing out of home sales at higher rates as interest rates rise according to real estate research firm Zonda. The number of contracts that fell through was under 15 percent in April; by the end of July that number had reached 45 percent.

Previously Owned Home Sales Activity

	Month of Sep-22	Month of Aug-22	Month of Sep-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Ann Total 2017	Ann Total 2012
Home Sales (Closed)	4,002	4,612	6,050	38,234	44,566	-14.2%	58,999	45,637
Unsold Homes on Market	7,683	6,939	3,971	7,683	3,971	93.5%	3,854	7,706
Average Sales Price-Single Family	\$729,106	\$734,124	\$677,372	\$753,748	\$668,566	12.7%	\$466,660	\$312,905
Average Sales Price-Condo	\$405,271	\$397,526	\$376,722	\$410,705	\$363,535	13.0%	\$278,011	\$195,120
Median Sales Price-Single Family	\$625,000	\$625,000	\$568,650				\$395,000	\$256,000
Median Sales Price-Condo	\$370,000	\$370,000	\$345,000				\$247,000	\$149,900

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

- The average sales price for single-family homes increased 7.6 percent over-the-year to \$729,106, representing an additional \$51,735 per home during the period. The average sales price for condominiums rose 7.6 percent over-the-year to \$405,271, representing an additional \$28,549 per home.

National

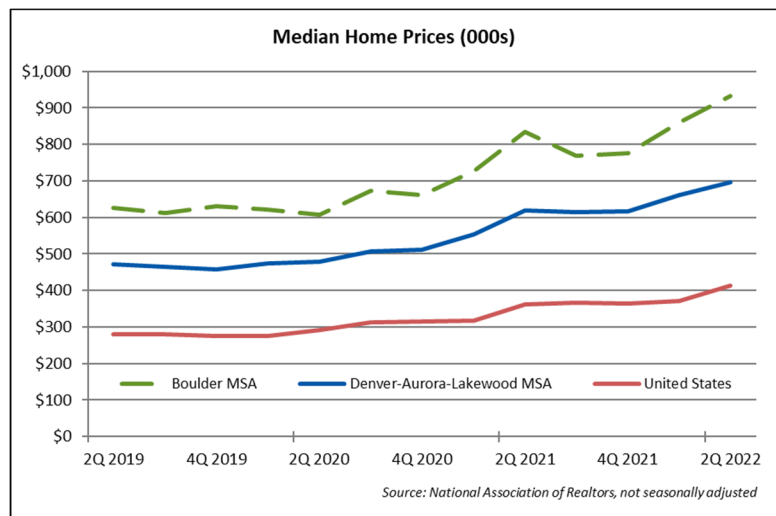
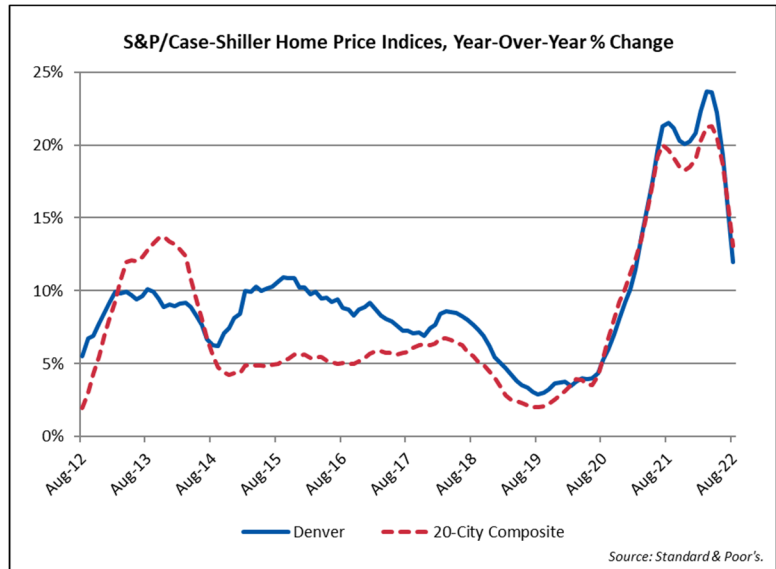
- The National Association of REALTORS' home affordability index rose to 104.4 in August from 99.6 in July. The metric is based on the ratio between the median household income and the necessary income required to qualify for the median-priced house. The index for the West region rose to 72.8 in August from 70 in July.
- Total existing-home sales decreased 1.5 percent from August to a seasonally adjusted annual rate of 4.71 million in September, marking eight consecutive months of declines, according to the National Association of REALTORS (NAR). Sales decreased 23.8 percent year-over-year from the September 2021 reading of 6.18 million.

- All four regions reported over-the-year decreases in total home sales in September. The West region reported the largest decrease of 31.3 percent, followed by the South (-23.8 percent), the Midwest (-19.7 percent) and the Northeast (-18.7 percent).

- Properties remained on the market for 19 days in September, up from 16 in August and up from 17 days in September 2021. Of the homes sold in September, 70 percent were on the market for less than a month.

- NAR data showed the median existing-home price for all housing types nationally was \$384,800 in September, up 8.4 percent from the same time last year. This marked 127 consecutive months of over-the-year increases, the longest streak on record. However, the median price was down for the third 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 twelfth 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 11.8 percent over-the-year in September, followed by the Northeast (+8.3 percent), the West (+7.1 percent), and the Midwest (+6.9 percent).



- The West region reported the highest median home price of \$595,400, while the Midwest reported the lowest median price of \$281,500 in September.
- A separate NAR report revealed that the median price in the Boulder MSA increased 11.8 percent over-the-year to \$933,400 in the second quarter of 2022. The Denver-Aurora MSA rose 12.5 percent over-the-year to a median home price of \$695,800 during 2Q 2022, while the national median home price increased 14.2 percent to \$413,500 during the period.
- The Boulder MSA had the sixth highest median home price of the 183 MSAs tracked in the report. The Denver MSA had the 13th highest median home price. Every metro area tracked in the report except Trenton, New Jersey posted home price growth between the second quarters of 2021 and 2022.
- Between the first quarter of 2022 and the second quarter of 2022, prices increased by double digits in 80 percent of all metros studied, up from 70 percent in the first quarter. The national home price increased

11.2 percent over-the-quarter. Home prices increased 8.6 percent in the Boulder MSA and 5.1 percent in the Denver MSA over-the-quarter.

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

	Quarter 2 2022 (p)	Quarter 1 2021 (r)	Quarter 2 2021	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Median 2017	Median 2012
Boulder MSA	\$933.4	\$859.1	\$835.2	\$896.3	\$780.9	14.8%	\$933.4	\$859.1
Denver-Aurora MSA	\$695.8	\$662.2	\$618.6	\$679.0	\$586.5	15.8%	\$695.8	\$662.2
United States	\$413.5	\$372.0	\$362.1	\$392.8	\$340.2	15.5%	\$413.5	\$372.0

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

- According to the Colorado Futures Center, home prices would have to drastically fall to restore 2015 levels of housing affordability, and they are not likely to do that. In 2015, 76 percent of homes were affordable to the median level of income. That number was down to 50 percent by 2020.
- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver increased 12 percent between August 2021 and August 2022, down from a 15.6 percent increase in July and a 19.3 percent increase in June. August marked the third 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.
- Month-over-month home prices fell for a third consecutive month in August after a 29-month streak of month-over-month home price increases that ended between May and June. Prices dropped in all 20 cities between July and August after 12 reported decreases from June to July.
- National housing prices increased 13 percent over-the-year in August, down from 15.6 percent in July and 18.1 in June.
- Miami reported the highest year-over-year price increase of 28.6 percent, followed by Tampa (+28 percent) and Charlotte (+21.3 percent). San Francisco reported the smallest over-the-year increase of 5.6 percent, followed by Washington, D.C. (+7.4 percent) and Minneapolis (+7.6 percent). Denver ranked 11th.

Foreclosures

- According to a new report by ATTOM, a real estate data company, foreclosures in the United States are approaching pre-COVID levels. Nationally, foreclosures are up 3 percent from 2Q 2022, but up 104 percent from 3Q 2021.

Real Estate Foreclosures

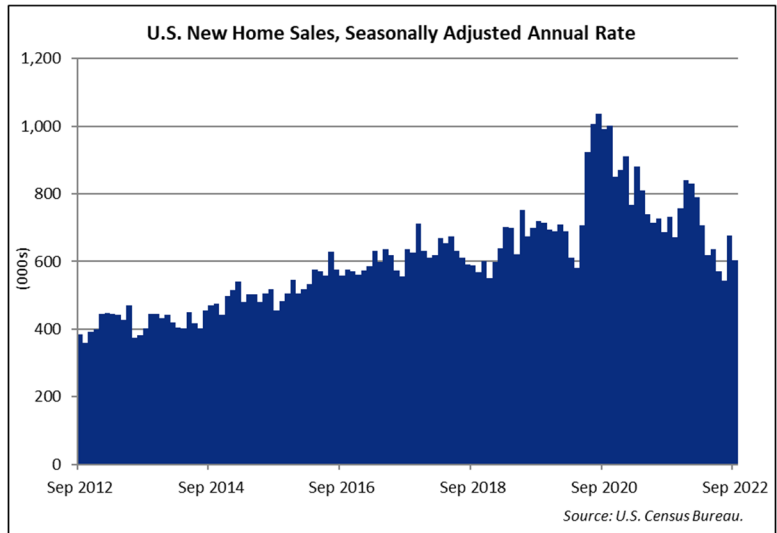
	Month of Oct-22	Month of Sep-22	Month of Oct-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Total 2017	Annual Total 2012
Total Metro Denver*	151	204	61	2,152	405	431.4%	2,982	15,013
Adams County	41	53	12	590	85	594.1%	672	3,183
Arapahoe County	35	50	13	552	86	541.9%	706	3,589
Boulder County	12	12	3	106	32	231.3%	170	783
Broomfield County	1	6	1	28	5	460.0%	39	210
Denver County	28	37	15	411	89	361.8%	648	3,064
Douglas County	7	17	4	160	33	384.8%	265	1,534
Jefferson County	27	29	13	305	75	306.7%	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 147.5 percent between October 2021 and October 2022, rising by 90 filings during the period. Over-the-month, foreclosures fell 26 percent from 204 filings in September. Six of seven counties reported increases in filings compared with last year. Boulder County reported the largest increase of 300 percent, followed by Adams County (+241.7 percent) and Arapahoe County (+169.2 percent). Broomfield County reported no change from a year ago.

New Home Sales

- New home sales in the U.S. decreased 17.6 percent over-the-year to a seasonally adjusted annual rate of 603,000 in September, 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 increases in home sales. The Northeast reported the highest increase of 25.8 percent followed by the Midwest (+10.6 percent). The West reported the largest decrease of 30.4 percent, followed by the South (-19.3 percent).



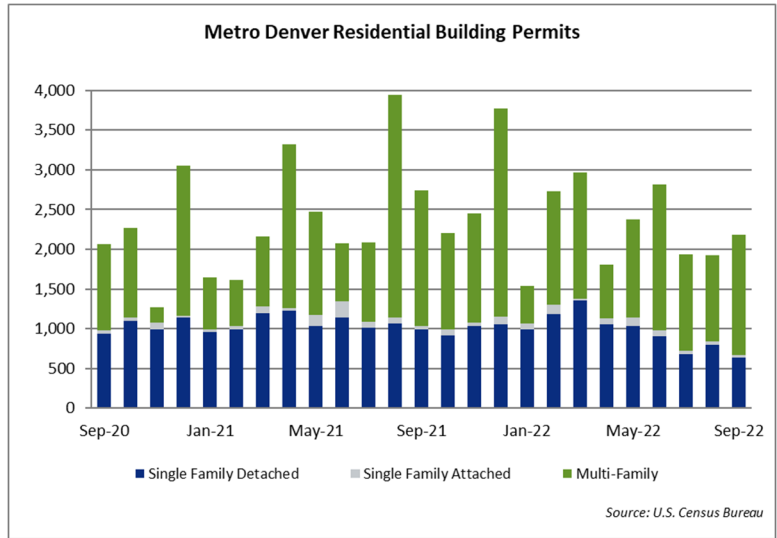
New Home Construction

National

- Builder confidence for newly built single-family homes decreased 8 points to 38 in October, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This was the 10th 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 cost of land, construction, and financing. On the demand side, the continued increase in mortgage rates has priced out a significant number of prospective home buyers.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled almost 1.6 million units in September, a 1.4 percent over-the-month increase, and a 3.2 percent decrease compared with the same time last year.
- Building permits for single-family detached units decreased 17.5 percent over-the-year, or by 184,000 units permitted to a total of 870,000 units permitted in September. Single-family attached units increased 2.1 percent to 49,000 units permitted, while multi-family units increased 25.7 percent over-the-year to 645,000 units permitted in September.
- Three of four regions reported over-the-year decreases in total units permitted. The West region reported the largest over-the-year decrease of 5.3 percent, followed by the South (-3.6 percent), and the Midwest (-2.8 percent). The Northeast was the only region to report an increase, growing 6.6 percent in the period.

Metro Denver

- Residential building permits in Metro Denver totaled 2,178 units permitted in August, a decrease of 20.6 percent, or 566 units, from the same time last year.
- Single-family detached units permitted decreased 36 percent over-the-year, falling by 357 units permitted during the period. Single-family attached units decreased 13.5 percent, or by 5 units, to a total of 32 during the period. Multi-family units decreased 11.9 percent, or by 204 units, to a total of 1,511 units permitted in September.



Residential Building Permits

	Month of Sep-22	Month of Aug-22	Month of Sep-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Total 2017	Total 2012
Single-Family Detached Units	635	800	992	8,622	9,625	-10.4%	11,419	5,947
Single-Family Attached Units	32	38	37	598	698	-14.3%	384	299
Multi-Family Units	1,511	1,090	1,715	11,052	11,732	-5.8%	12,218	8,679
Total Units	2,178	1,928	2,744	20,272	22,055	-8.1%	24,021	14,925

Source: U.S. Census Bureau.

Apartment Rental Market

- Denver’s planning department is launching a study that will examine between 10 to 15 downtown office buildings to determine if they would be suitable residential properties if converted. This comes at a time when upwards of 90 percent of apartment units downtown are occupied.
- According to RealPage, apartment demand fell by more than 82,000 units nationally in 3Q 2022. Overall, apartment vacancies rose 1 percentage point from 2Q 2022 to 4.1 percent, which remains a historically low level. As a result, rents have been growing at a slower pace, dropping in September for the first time since December 2020.
- Eviction filings in Colorado are within the historical range seen over the past 20 years and have not surpassed 4,000 a month according to the Colorado Apartment Association. Over the past 12 months, the state has averaged 3,383 evictions filings per month, well within the two-decade average of 3,000 to 4,000 per month.
- 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

Recently Announced Projects

- Port Colorado, a new rail-served industrial and commercial park, plans to bring build-to-suit industrial space on 6,500 acres of land in Aurora north of I-70 between Imboden and Manila roads. In addition, the development will include a “walkable mixed-use village” with retail and food options nearby.
- Lovett Industrial, a Houston-based developer, broke ground this month on a nearly 614,000-square-foot industrial building in Brighton, located within the Bromley Business Park. The expected delivery date is July 2023. Lovett Industrial also closed on a 14-acre site at 100 West 70th Avenue in Adams County with plans to deliver a 200,000-square-foot building.
- Westfield Company will break ground on their project to replace the Denver Mart in November. “Pivot Denver” consists of four buildings, totaling 472,800 square feet of light industrial and commercial space. The first building is expected to be completed as early as August 2023.
- Magnetic Capital and Burgage Limited purchased 0.29 acres on the southwest corner of 2nd Avenue and Adams Street in the Cherry Creek neighborhood and plan to build a five-story, 60,000-square-foot office building on the site. The company has submitted a concept plan and hopes to break ground in the fall of 2023.

Office Market

- According to a new CBRE report, national net absorption of office space in 3Q 2022 was 343,000 square feet. This was a steep drop from the 6.2 million square feet of net absorption in 2Q 2022 but a significant improvement over-the-year from -4.3 million square feet in 3Q 2021.
- 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.
- 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 represented 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 0.6 million 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

- According to a CBRE report, the U.S. industrial market is experiencing record-high rents and limited availability as companies continued expanding their warehouse footprint. Across the country, 121.4 MSF of industrial product was completed, the second-highest quarterly total on record. The demand for industrial space has been strong despite the current economic slowdown.
- 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.
- Developers will complete nearly 9 million square feet worth of new industrial space by late 2023 according to a new CoStar report, increasing Metro Denver’s inventory by 3.2 percent. Incoming inventory is currently outpacing pre-leasing in this market, meaning that vacancy rates may rise modestly.
- 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 a 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 building under construction, DIA’s Logistics Park with 625,000 square feet of space. Of the buildings under construction, 22 are slated for delivery in 2022, with the remaining 27 expected in 2023.
- 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 the 93,834-square-foot Bioscience 5 flex building at Peoria Street and E 23rd Avenue in Aurora.

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

- A CBRE report found that U.S. retail availability fell almost 1 percentage point over-the-year in 3Q to 5 percent, its lowest level since CBRE began tracking the metric in 2005. Absorption in 3Q 2022 was 14.3 million square feet, 8 percent higher than 3Q 2019.
- 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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