



SEPTEMBER 2022

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting
our regional economy



September 2022 MEI Snapshot

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕↗ Positive Changes	5 of 18		10 of 18		11 of 18	
Nonfarm Employment Growth	-7,600	↓	60,400	↑	81,200	↑
	Employment down 0.4% from June to July		Employment up 3.5% from July 2021 to 2022		YTD employment up 4.8% through July	
Manpower Net Employment (West Region)	42%	↔	42%	↑	44%	↑
	Net employment unchanged from 2Q 2022 to 3Q 2022		Net employment increased 15 percentage points from 3Q21 to 3Q22		YTD average up 24 percentage points compared with 2021	
Unemployment Rate	3.2%	↔	-2.4 percentage points	↓	3.4%	↓
	Unemployment was unchanged from June to July		Unemployment down from July 2021 to 2022		Down 2.7 percentage points from 2021 YTD average	
Initial Unemployment Insurance Claims	18.2%	↑	-50.7%	↓	-88.4%	↓
	Claims increased from June to July		Claims decreased from July 2021 to 2022		YTD average claims decreased through July 2022	
Total National Retail Sales	-1.3%	↓	9.0%	↑	10.5%	↑
	National sales decreased from June to July		National sales increased from July 2021 to 2022		YTD sales increased through July 2022	
Mountain Region Consumer Confidence Index	102.5	↑	-7.7%	↓	106.8	↓
	Index was up 12.8 percent from July to August		Index down from August 2021 to 2022		YTD average down 5.8% through August 2022	
Hotel Occupancy	78.4%	↓	1.6% percentage points	↑	67.6%	↑
	Decreased 3.5 percentage points from June to July		Occupancy increased from July 2021 to 2022		YTD occupancy up from last year	
Denver International Airport Passengers	3.1%	↑	1.3%	↑	24.3%	↑
	Passengers up from May to June		Passengers up from June 2021 to 2022		YTD passengers increased through June 2022	
Bloomberg Colorado Index	699.7	↓	-26.3%	↓	-20.9%	↓
	Index down 3.2% from July to August		Index down from August 2021 to 2022		YTD return down through August 2022	
Dow Jones Industrial Average	31,510.4	↓	-10.9%	↓	-13.3%	↓
	Index down 4.1% from July to August		Index down from August 2021 to 2022		YTD return down through August 2022	
Home Sales (closed)	4,546	↓	-31.0%	↓	33,622	↓
	Sales down 24.5% from June to July		Sales down from July 2021 to 2022		YTD sales down 10.9% 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	206	↓	255.2%	↑	1,798	↑
	Down 14.2% from July to August		Up from August 2021 to 2022		Up 613.1% YTD through August 2022	

Residential Building Permits (Total)	1,966	↓	-5.5%	↓	16,018	↑
	Permits decreased 25.7% from June to July		Permits down from July 2021 to July 2022		YTD permits up 4.2% through July 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)	14.0%	↑	+0.1 percentage points	↑	+0.1 percentage points	↑
	Vacancy rate increased 0.1 percentage points from 1Q 2022 to 2Q 2022		2Q 2022 vacancy up from 13.9% one year ago		2Q 2022 vacancy up from 13.9% one year ago	
Industrial Vacancy Rate (with Sublet)	4.7%	↓	-1.9 percentage points	↓	-1.9 percentage points	↓
	Vacancy rate decreased 0.5 percentage points from 1Q 2022 to 2Q 2022		2Q 2022 vacancy down from 6.6% one year ago		2Q 2022 vacancy down from 6.6% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.7%	↑	-0.6 percentage points	↓	-0.6 percentage points	↓
	Vacancy rate increased 0.1 percentage points from 1Q 2022 to 2Q 2022		2Q 2022 vacancy down from 5.3% one year ago		2Q 2022 vacancy down from 5.3% one year ago	

September 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.

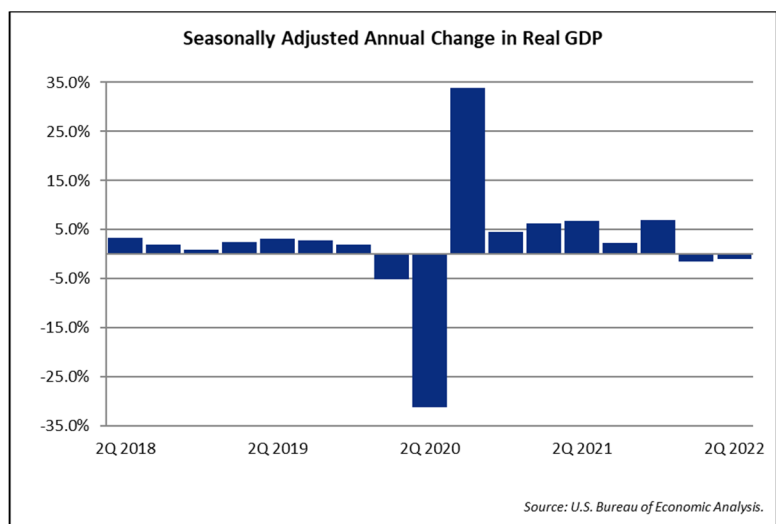
Notable Rankings

- Venture capital firms have decreased the amount of money invested so far this year, but that has not been the case in Denver. In rankings by York IE, a strategic growth and investment firm, Denver was named the 10th fastest-growing startup city in the United States. Denver companies raised \$1.1 billion in venture funding in 2Q 2022, an increase of 116 percent from the 2021 quarterly average. Venture funding in the United States was down 20.8 percent from 2Q 2021. Kirkland, Washington was the top rated city in the list, followed by Stanford, Calif. and Madison, Wis.
- *Inc. Magazine* included 146 Colorado-based companies on its list of the 5,000 fastest-growing private ventures in the U.S. To qualify for the 2022 list, companies must have had at least \$100,000 revenue in 2018 and \$2 million in 2021. Harvest Hosts, a platform that connects RVers and locations to park, was the top-ranked Colorado company coming in at number 70. Other local companies included Matter Made (ranked #81), Integrative Psychiatry Institute (#98), Fluid Truck (#101), HomePride Bath (#106), and Spartan Investment Group (#128).

National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released their second estimate of real gross domestic product (GDP) for the second quarter of 2022 and found that GDP decreased at an annual rate of 0.6 percent. In the first quarter real GDP decreased 1.6 percent.
- The decrease in 2Q 2022 real GDP reflected decreases in private inventory investment (led mainly by “other” general merchandise stores), residential fixed investment (led by broker’s commissions), federal government spending (led by nondefense spending), and state and local government spending (led by investment in structures).
- These decreases were offset by increases in exports (reflected by increases in goods, such as industrial supplies and materials, as well as services, mainly travel) and increases in personal consumption expenditures (led by food and accommodation services as well as healthcare).
- The second estimate is subject to further revision by the source agency. The third GDP estimate for 2Q 2022 is scheduled for release on September 29.



Interest Rates

- The U.S. yield curve inverted earlier this year, and the inversion is deep and has persisted. According to some analysts, the most reliable signal of a recession, which is the 3-month yield on a U.S. Treasury bond being higher than the 10-year yield, has not happened yet but the spread is narrowing. The yield curve is currently inverted from 6 months out to 10 years
- In their meeting on July 26-27, the Federal Open Market Committee (FOMC) of the Federal Reserve firmed its stance on monetary policy. Recent indicators of spending and production have softened even though 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 and COVID-related lockdowns in China are likely to continue to exacerbate supply chain disruptions.
- 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 Fed raised the target range for the federal funds rate 0.75 percentage points to 2.25 to 2.5 percent, the fourth increase in the rate in 2022. The Fed anticipates that ongoing increases in the target range will be appropriate but will continue monitoring many 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 September 20-21, 2022.

Policy Watch

National & International

- President Biden signed the Inflation Reduction Act in August, which is designed to invest in renewable energies through subsidies for energy that does not emit any carbon, including provisions designed to incentivize electric car purchases and home solar panel systems. The bill also enables Medicare to negotiate prescription drug prices and is designed to lower the deficit by \$300 billion over 10 years.
- President Biden signed the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act in August, which includes \$52.7 billion in subsidies for the further development of the domestic semiconductor manufacturing industry. Colorado currently ranks 16th in the U.S. in terms of semiconductor manufacturing jobs with 2,900 jobs in 29 establishments, according to the Semiconductor Industry Association.
- President Joe Biden announced that Americans who earn less than \$125,000 annually, or \$250,000 as a household, qualify to have up to \$10,000 of student loans forgiven. Those that qualified for Pell grants are eligible for up to \$20,000 in forgiven loans. The payment freeze was also extended through the end of 2022. 43 million Americans currently have federal student debt, and a third of those owe less than \$10,000. The application for loan forgiveness will be made available by the end of 2022.
- According to the Conference Board, the Euro Area grew faster in the first half of the year than expected, but war, inflation, central bank tightening, and flagging confidence point to a recession in Europe that will dampen growth in 2023.

Local

- High inflation means Denver's minimum wage will rise by nearly 9 percent on January 1, 2023, jumping from \$15.87 to \$17.29 an hour. In 2019 the Denver City Council passed an ordinance raising the minimum wage and then indexing it to inflation starting in 2023.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was \$79.6 billion in June, down 6.2 percent from \$84.9 billion in May. June imports decreased 0.3 percent to \$340.4 billion, while exports increased 1.7 percent to \$260.8 billion. Year-to-date, the goods and services deficit increased \$134.1 billion, or 33.4 percent, from the same period in 2021. Exports increased 20 percent and imports increased 23.3 percent year-over-year.
- The Conference Board Leading Economic Index (LEI) decreased by 0.4 percent in July to 116.6, following a 0.7 percent decline in June. The LEI was down 1.6 percent over the six-month period from January to July 2022. The index is still near a historic high, but the U.S. LEI suggests weaker economic activity is likely in the near term and tighter monetary policy is poised to dampen economic growth even further. As a result, Conference Board analysts now expect U.S. GDP growth to be flat in 3Q 2022 and to dip into a short but mild recession by the end of the year or early 2023.

- According to the Institute for Supply Management’s Manufacturing Index, the Purchasing Managers Index (PMI) was 52.8 percent in August, unchanged from the July reading. This figure indicates expansion in the overall economy for the 27th month in a row after contractions in April and May 2020, but for the second straight month it was the lowest reading since June 2020. The U.S. manufacturing sector continues expanding at a similar rate as new order rates returned to expansion levels, supplier deliveries remain at appropriate tension levels, and prices soften to acceptable levels. The Employment Index also returned to expansion territory in August after contractions in June and July. Ten manufacturing industries reported growth in August compared to July when increases were reported in 11 industries.
- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 56.7 percent in July, 1.4 percentage points higher than June’s reading of 55.3 percent. The July reading indicates growth for the 26th consecutive month after a two-month contraction in April and May of 2020. The sector’s improvement was due to an increase in business activities and new orders.
- According to the Conference Board’s “Measure of CEO Confidence” 3Q survey, 93 percent of CEOs surveyed reported that they were preparing for a recession within the next 12-18 months. 81 percent mentioned that they expect the recession to be “brief and shallow.” At the same time, 75 percent of respondents indicated that demand has risen or held steady over the past three months.
- According to a new report from the CBRE Group, construction costs are forecasted to increase by 14.1 percent by the end of 2022 due to labor shortages, inflation, and supply chain disruptions. The forecast also predicts construction costs to increase by 4.3 and 2.9 percent in 2023 and 2024, respectively.
- In 2021, the average American could expect to live until the age of 76, federal health researchers reported. The figure represents a loss of almost three years since 2019.

Local

- According to the University of Colorado Boulder Leeds School of Business third quarter 2022 Leeds Business Confidence Index, Colorado business leaders expressed pessimism ahead of 3Q 2022, recording the fifth-lowest value in the 20-year history of the index. The Index decreased 12.8 points ahead of 3Q 2022 to 41.1, falling into negative territory (below 50) and falling well below the long-term average of 54.2. All six components fell below 50, reflecting negative perceptions. The outlook was dimmest for the national economy and brightest for industry hiring. Nearly 23 percent of respondents think the country is already in a recession, while 57 percent expect it to occur sometime in the next year. Inflation was the greatest concern among panelists, followed by interest rates, the supply chain, energy prices, the Russia-Ukraine conflict, and persistent worker shortages. Looking two quarters ahead to 4Q 2022, overall expectations fell further to 38, recording the fourth-lowest outlook on record.
- According to the “Quarterly Business & Economic Indicators” report by the Colorado Secretary of State’s Office, Colorado’s economy has fared better than the country as a whole in the first six months of 2022. Colorado is outperforming national measures in terms of GDP growth, income growth, labor force participation, employment gains, and home price appreciation. Total new entity filings are up 0.5 percent over the year, and entity renewals are up 11 percent over the year.
- A new report by Dice, a Denver-based career platform, reported that job postings in the technology sector increased 48 percent in Denver in the first half of 2022 compared to 45 percent nationwide. Postings rose from 4,600 in January to a peak of 8,600 in May but fell to 6,800 in June. According to the report the overall

industry is facing a high demand for workers even though the industry has experienced higher layoffs recently.

Labor Force and Employment

- Employment in Metro Denver increased 3.5 percent between July 2021 and 2022, rising by 60,400 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 3.6 percent, or by 55,100 jobs, while the Boulder-Longmont MSA increased 2.7 percent, or by 5,300 jobs, during the period.
- Nine of 11 supersectors reported over-the-year increases in employment. Professional and business services had the largest increase (+8 percent), followed by leisure and hospitality (+7.9 percent), and natural resources and construction (+5.9 percent). Government and financial activities were the only supersectors to experience a decrease in employment, falling by 1.9 and 0.7 percent, respectively.
- Employment in Colorado increased 3.7 percent, or by 102,900 jobs, between July 2021 and 2022. National employment rose 4 percent, or by nearly 5.8 million jobs. The U.S. has now regained all of the jobs lost from February to April 2020, whereas employment in Colorado and Metro Denver surpassed pre-pandemic levels in February 2022.

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

	Month of Jul-22	Month of Jun-22	Month of Jul-21	Year-to- Date Average YTD 2022	Year-to- Date Average YTD 2021	Year-to- Date Average Change	Annual Growth Rate 2017	Annual Growth Rate 2012
Total 11-County Metro Denver*	1,786.3	1,793.9	1,725.9	1,765.8	1,684.6	4.8%	2.1%	2.9%
Denver-Aurora-Lakewood MSA	1,585.0	1,592.8	1,529.9	1,564.8	1,493.2	4.8%	2.1%	2.9%
Boulder MSA	201.3	201.1	196.0	201.1	191.4	5.1%	2.1%	2.7%
Natural Resources & Construction	122.7	122.6	115.9	117.2	113.0	3.7%	4.8%	5.1%
Manufacturing	94.9	95.5	91.7	94.0	90.4	4.0%	1.1%	2.2%
Wholesale & Retail Trade	237.8	238.9	235.2	238.9	233.6	2.3%	1.1%	2.1%
Transp., Warehousing & Utilities	75.2	76.0	71.1	76.0	72.5	4.8%	4.8%	2.9%
Information	63.6	64.0	62.1	62.8	60.8	3.3%	1.4%	-0.8%
Financial Activities	122.9	122.6	123.8	123.7	121.9	1.5%	2.5%	2.1%
Professional & Business Services	362.4	360.4	335.6	349.5	322.5	8.4%	2.1%	5.1%
Education & Health Services	220.1	218.9	217.4	219.6	217.1	1.2%	1.7%	3.7%
Leisure & Hospitality	194.9	191.6	180.6	182.0	157.0	15.9%	2.8%	3.4%
Other Services	69.4	69.9	65.8	67.9	63.5	7.0%	1.1%	2.8%
Government	222.4	233.5	226.7	234.2	232.3	0.8%	1.9%	0.9%
Federal Gov't	29.7	29.5	30.7	29.7	30.6	-2.8%	-0.5%	-0.8%
State Gov't	57.4	57.6	59.2	62.9	62.3	1.0%	4.4%	1.8%
Local Gov't	135.3	146.4	136.8	141.5	139.4	1.5%	1.3%	0.9%
Colorado	2,882.2	2,885.4	2,779.3	2,839.8	2,709.5	4.8%	2.3%	2.4%
United States	152,249	152,634	146,452	150,589	144,145	4.5%	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

Metro Denver Industry Clusters and Lifestyle Verticals Headlines

Aerospace

- Raytheon Intelligence & Space is expanding its presence in Metro Denver as the company plans to add hundreds of jobs. The company is recruiting to fill at least 420 positions in its three offices in Metro Denver. Most of the jobs are in software development and engineering roles.
- Delta Solutions and Strategies, a Colorado Springs-based defense contractor, won a five-year contract with U.S. Space Command to provide services and support to the Space Command headquarters. The contract will provide 155 jobs in intelligence, logistics, communications, and war game exercise. As a result of the contract, Delta Solution expects to add 35 employees to its current base of 315 workers in Colorado Springs.

Aviation

- Boom Supersonic, a Centennial-based startup, landed an order of 20 aircraft from American Airlines with contingencies for 40 more. This is following an order from United last year for 15 planes, and up to 35 more. Flights tests are planned for 2026, and Boom's expansion into commercial flights is expected by 2029. The company currently employs 200 people but is expected to grow much larger.
- The National Center for Atmospheric Research and University Corporation for Atmospheric Research completed their redevelopment of the Research Aviation Facility located at the Rocky Mountain Regional Airport. The new 42,921-square-foot, \$25 million building has increased lab and storage space for critical research into weather, water, climate, and air quality.

Energy and Natural Resources

- Occidental Petroleum won approval from Colorado regulators for a large-scale oil and gas well development it plans on 34 square miles in Weld County. The Houston-based company will drill as many as 209 new wells as part of the project. They plan to submit the application for their first well site within the next 6 months.
- Toyota USA and the National Renewable Energy Lab are completing a facility in Arvada in 2022 to begin producing hydrogen fuel on an industrial scale. This is in conjunction with the hydrogen fuel storage facility being developed at the National Renewable Energy Lab in Golden.
- According to the industry census published by the Interstate Renewable Energy Council, solar power jobs surged in Colorado in 2021 and set a new industry employment record in the state. The sector employed 7,462 people in 2021, up 9.7 percent from 2020. Colorado now ranks seventh in solar industry employment.

Food and Beverage Production

- Sanitas Brewing Co. will be opening its second taphouse and brewing facility at 200 W Belleview Ave in Englewood. The move includes an expansion of brewing capabilities that will be used to develop new products as well. They are planning to continue expanding into new locations in the near future.
- Molson Coors Beverage Co. is making steady progress on its renovations at its production facility in Golden. The company plans to finish the upgrades by mid-2024, representing its biggest renovations in over 50 years. The upgrades will reduce the water and electricity needs of the brewery moving forward.
- Lumachain, an Australian food supply chain startup, has chosen Denver as its headquarters location in the U.S. The company plans to hire 30 workers in the U.S. over the next year which would bring their total global workforce up to 100.

Healthcare and Wellness

- ViewRay Inc., a company that designs, manufactures, and markets a radiation therapy system, moved its headquarters to Denver in August. The company first opened a Denver office in 2019 with plans to employ 270 people here in Metro Denver within 8 years. The company also announced plans to establish a manufacturing facility in Aurora in 2023.

IT-Software

- RevGen Partners, a business and technology consulting firm, announced plans to move from Centennial to downtown Denver by January 2023. The move will allow the company to expand from 100 people to 300 as it hires data scientists, data engineers, application developers, and others.
- Denver and Boulder, which were scored together, ranked as the ninth best U.S. cities for tech talent according to a report from Cushman & Wakefield. The report cited educational programs nearby, access to outdoor activities, and a relatively low cost of living as key factors in their scoring. Denver and Boulder ranked 29th globally.
- Digicomm International, a broadband distributor and reseller based in unincorporated Arapahoe County, plans to hire 60 more people after a significant investment from Crestview Partners. Digicomm currently employs 90 people.
- ThreatX, a Louisville-based cybersecurity company, raised \$30 million in Series B funding. The company plans to expand their engineering, sales, and marketing teams as a result. The company grew 446 percent from 2018 through 2021.

Other Industry Headlines

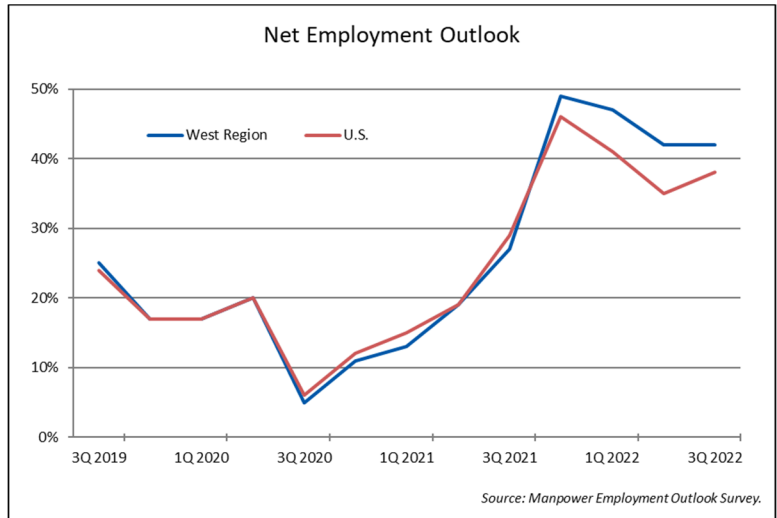
- HNTB, a transportation-infrastructure firm that focuses on design and management of airports, highways, and rail lines, is expanding their Denver office presence. The company currently plans to increase its local workforce from 60 employees to 100. The company plans to add positions such as planners, architects, and environmental engineers by the end of 2026.
- Metco Landscape released 343 workers at the end of the July as the company was placed into receivership. The company was purchased last year by Atar Capital, a California-based investment firm. Due to the labor shortage in landscaping, the former employees are not expected to have difficulty finding new placements in the industry.
- Amazon announced that they are retrofitting an existing delivery station at 6050 Downing Street into a driver training center. This new facility, the first of its kind, is in addition to the other 15 warehouse facilities that Amazon currently operates in Metro Denver.

Outdoor Recreation

- VF Corp announced in August that it will eliminate 600 office-based positions, consisting of 300 current workers as well as 300 currently open positions, in response to sales drops from Vans in China. The jobs eliminated will reportedly be spread across the globe and will not be disproportionately focused in its headquarters in Denver.

Employment Outlook

- The Manpower Employment Outlook Survey revealed that U.S. hiring optimism continued ahead of 3Q 2022. Across the nation, 50 percent of companies plan to hire in 3Q 2022, up 18 percentage points over-the-year. Companies planning to lay off increased 9 percentage points over-the-year to 12 percent, while the number of companies planning no change decreased 29 percentage points to 34 percent in 3Q 2022. The net U.S. employment outlook, which reflects the difference in the percent of companies hiring versus laying off, was 38 percent ahead of 3Q 2022, up 9 percentage points over-the-year and up 3 percentage points over-the-quarter.



- All four regions in the United States reported strong outlooks for 3Q 2022, led by the Northeast with a net employment outlook of 43 percent. The West, which includes Colorado, reported a net employment outlook of 42 percent, followed by the Midwest (36 percent) and the South (35 percent). Over-the-quarter, regional outlooks strengthened in three of the four regions, while the West reported no change. All four regions reported improvements in the outlook over-the-year.
- Growth is expected across all 11 national industry sectors, with the strongest employment outlook reported in IT & Technology (59 percent), followed by Banking, Finance, Insurance & Real Estate (45 percent) and Construction (+42 percent).

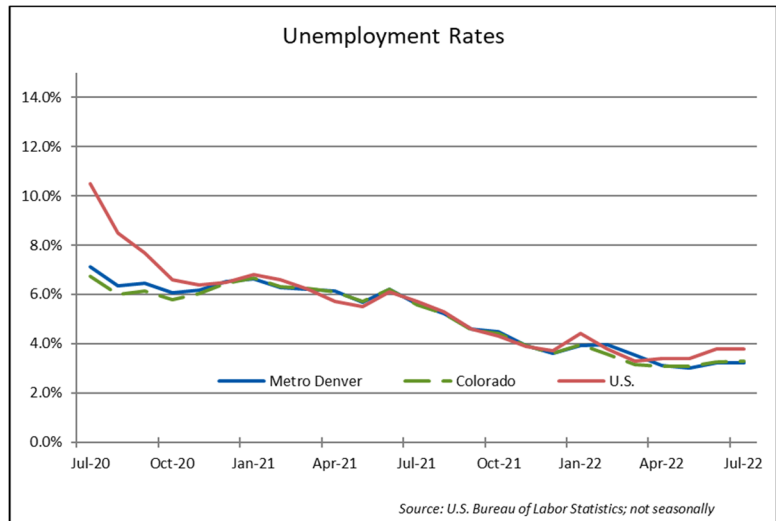
Employment Outlook Survey

	Quarter 3 2022	Quarter 2 2022	Quarter 3 2021	YTD 2022	YTD 2021	Ann Avg 2017	Ann Avg 2012
West Region							
Net Employment	42%	42%	27%	44%	20%	-	-
United States							
Percent of Companies Hiring	50%	49%	32%	52%	25%	22%	18%
Percent of Companies Laying Off	12%	14%	3%	14%	4%	5%	8%
Percent of Companies No Change	34%	34%	63%	31%	67%	72%	71%
Percent of Companies Unsure	4%	3%	2%	3%	3%	2%	4%
Net Employment	38%	35%	29%	38%	21%	17%	10%

Source: Manpower Inc.

Labor Force & Unemployment

- Unemployment in Metro Denver decreased 2.4 percentage points over-the-year to 3.2 percent in July. The unemployment rate was unchanged from the prior month.
- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate in July. Denver County reported the largest decrease, falling 2.8 percentage points, followed by Adams and Arapahoe Counties (-2.7 percentage points) and Jefferson County (-2.2 percentage points). Douglas and Broomfield counties reported the lowest unemployment rate of 2.7 percent in July, while Adams County reported the highest rate of 3.8 percent.
- There were 39,781 more people either employed or looking for work between July 2021 and 2022 in Metro Denver, an increase of 2.1 percent. The labor force rose in all seven counties, led by Douglas County (+3.2 percent), Broomfield County (+2.8 percent), and Jefferson County (+2.4 percent).
- Colorado reported an unemployment rate of 3.3 percent in July, down 2.3 percentage points from the same time last year. Over-the-month, the state’s unemployment was unchanged. The labor force rose 2.2 percent over-the-year to about 3.2 million people either employed or looking for work. The national unemployment rate fell 1.9 percentage points over-the-year to 3.8 percent and was also unchanged over the month. The national labor force increased 1.5 percent between July 2021 and 2022.



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

	July 2022		2022 YTD AVG		2021 YTD AVG		2017	2012
	Total Labor Force	Unemployment Rate	Total Labor Force	Unemployment Rate	Total Labor Force	Unemployment Rate	Ann Avg Unemployment Rate	Ann Avg Unemployment Rate
Metro Denver	1,890.8	3.2%	1,884.3	3.4%	1,831.6	6.1%	1,890.8	3.2%
Adams County	283.3	3.8%	282.1	4.1%	274.9	7.0%	283.3	3.8%
Arapahoe County	376.1	3.4%	374.9	3.7%	365.2	6.5%	376.1	3.4%
Boulder County	200.4	2.8%	200.4	2.8%	193.8	5.1%	200.4	2.8%
Broomfield County	42.4	2.7%	42.3	2.8%	40.9	5.2%	42.4	2.7%
Denver County	437.1	3.4%	436.0	3.7%	425.3	6.7%	437.1	3.4%
Douglas County	207.9	2.7%	206.6	2.7%	199.4	4.7%	207.9	2.7%
Jefferson County	343.4	3.0%	341.9	3.2%	332.1	5.7%	343.4	3.0%
Colorado	3,246.5	3.3%	3,223.9	3.5%	3,136.2	6.1%	3,246.5	3.3%
United States	165,321	3.8%	164,109	3.8%	160,801	6.1%	165,321	3.8%

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

- Initial unemployment insurance claims in Metro Denver decreased 50.7 percent between July 2021 and 2022, falling to a weekly average of 1,116 claims. Over-the-month, initial claims increased 18.2 percent.
- Colorado reported an average of 1,945 initial unemployment claims per week in July, down 51 percent from the same time last year, and representing 2,021 fewer claims each week. Between June and July, average weekly initial claims in Colorado increased 9.6 percent.

Weekly First-Time Unemployment Insurance Claims

	Month of Jul-22	Month of Jun-22	Month of Jul-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Metro Denver	1,116	944	2,264	1,058	9,115	-88.4%	1,103	1,627
Colorado	1,945	1,774	3,966	1,939	15,563	-87.5%	2,092	3,123

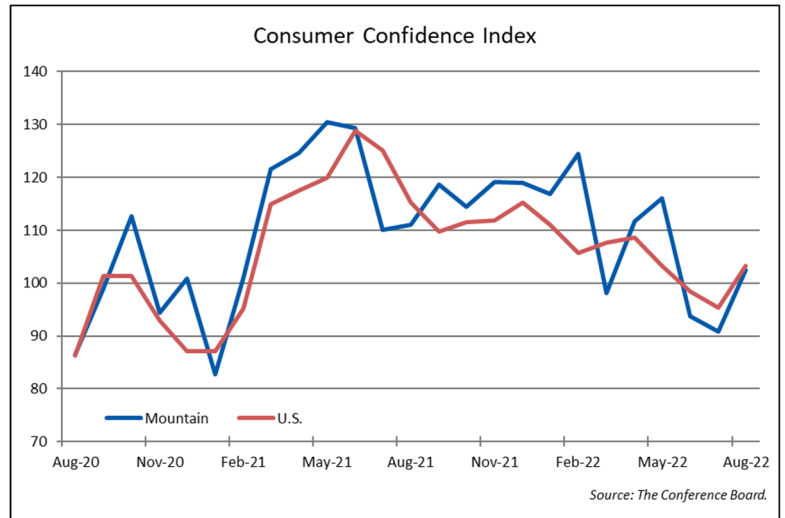
Note: Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.

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

Consumer Sector

Consumer Sentiment

- The U.S. Consumer Confidence Index rose in August, following three consecutive monthly declines. The index now stands at 103.2, an 8.3 percent over-the-month increase, and a 10.4 percent decrease over-the-year.
- Analysts at The Conference Board stated that the bounce back was driven by the present situation index which rose for the first time since March. Expectations remained below a reading of 80, suggesting weaker growth in the second half of 2022 as well as growing risk of recession by year end. Purchasing intentions for cars, homes, and major appliances increased after a pullback in July, and vacation intentions reached an 8-month high. The increase in confidence may help support spending, but inflation and interest rate hikes still pose risks to economic growth in the short term.



Consumer Confidence Index

	Month of Aug-22	Month of Jul-22	Month of Aug-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Mountain	102.5	90.9	111.0	106.8	113.8	-5.8%	130.1	68.7
United States	103.2	95.3	115.2	104.1	113.0	-7.4%	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 7.7 percent between August 2021 and 2022 to 102.5. The index rose 12.8 percent over-the-month from 90.9 in June. The Present Situations Index fell 37.7 percent over-the-year to 89.4, while the Expectations Index decreased 21.8 percent to 63.9 during the period.

Consumer Spending

- National retail sales activity rose 9 percent over-the-year in June, with 12 of the 13 supersectors reporting increases during the period. Gasoline stations reported the largest over-the-year increase of 48 percent, followed by miscellaneous store retailers (+19 percent) and food services and drinking places (+13.7 percent). Electronics and appliance stores reported the only over-the-year decrease of 11.1 percent.

National Retail Sales (\$millions)

	Month of Jun-22	Month of May-22	Month of Jun-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Retail Sales	695,711	705,001	638,109	3,931,023	3,558,054	10.5%	4.1%	5.0%
Motor Vehicles	132,611	132,017	132,297	772,570	750,400	3.0%	2.9%	9.0%
Furniture and Home	11,906	12,180	11,730	69,924	68,355	2.3%	2.7%	4.5%
Electronics & Appliance	7,016	7,072	7,891	41,939	43,577	-3.8%	-1.6%	2.1%
Building Materials	48,198	50,099	44,931	256,227	240,963	6.3%	3.4%	4.5%
Food and Beverage	79,198	79,628	73,120	455,818	422,895	7.8%	3.8%	3.1%
Health and Personal Care	33,485	32,952	32,617	194,691	186,441	4.4%	1.5%	0.9%
Gasoline Stations	75,318	72,883	50,892	376,047	266,736	41.0%	9.2%	4.1%
Clothing & Accessories	25,050	26,831	24,618	142,029	128,722	10.3%	0.1%	4.8%
Sporting Goods	9,298	8,851	9,100	50,042	49,363	1.4%	-2.9%	2.8%
General Merchandise	67,130	68,782	65,694	386,502	378,228	2.2%	1.3%	2.8%
Miscellaneous Store	16,973	17,155	14,266	90,336	74,275	21.6%	2.1%	1.5%
Non-Store Retailers	101,473	106,024	93,523	602,054	543,314	10.8%	11.8%	8.5%
Food Service & Drinking	88,055	90,527	77,430	492,844	404,785	21.8%	5.3%	5.8%

Source: U.S. Census Bureau.

Total Retail Sales (\$000s)

	Month of Jun-22	Month of May-22	Month of Jun-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Metro Denver	16,828,620	13,624,150	15,165,749	83,734,686	72,707,253	15.2%	4.9%	7.9%
Adams County	3,385,292	2,801,752	2,884,523	16,299,866	13,906,816	17.2%	8.9%	12.4%
Arapahoe County	2,855,076	2,368,206	2,602,610	14,401,117	12,753,751	12.9%	1.5%	9.7%
Boulder County	1,849,040	1,317,370	1,676,782	8,532,487	7,417,548	15.0%	9.5%	5.8%
Broomfield County	318,091	278,054	290,680	1,658,897	1,423,260	16.6%	8.1%	15.9%
Denver County	3,955,168	3,312,152	3,566,693	20,518,421	17,078,405	20.1%	4.0%	1.9%
Douglas County	1,740,716	1,398,322	1,668,914	9,090,850	8,184,613	11.1%	2.0%	7.7%
Jefferson County	2,725,237	2,148,294	2,475,547	13,233,049	11,942,861	10.8%	3.9%	10.9%
Colorado	28,044,663	22,812,481	25,533,676	141,389,015	122,379,469	15.5%	5.4%	6.1%

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

Source: Colorado Department of Revenue.

- Retail sales in Metro Denver rose 11 percent between June 2021 and 2022. All seven counties in Metro Denver reported over-the-year increases in retail sales. Adams County reported the largest increase of 17.4 percent, followed by Denver County (+10.9 percent) and Boulder County (+10.3 percent). Douglas County reported the most modest increase of 4.3 percent. Retail sales throughout Colorado rose 9.8 percent over-the-year.

Price Changes

- The U.S. Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics showed that consumer prices in July increased 8.5 percent over-the-year, down from 9.1 percent in June and 8.6 percent in May. The CPI was unchanged over-the-month, the first flat figure after 19 consecutive over-the-month increases. Core inflation, which excludes volatile food and energy prices, rose 5.9 percent over-the-year in July, unchanged from the same value in June.
- All eight components of the CPI increased over-the-year, with the largest increases in transportation (+16.4 percent), food and beverage (+10.5 percent), and housing (+7.4 percent). Education and communication reported the most modest over-the-year increase of 0.5 percent.
- The CPI for the Denver-Aurora-Lakewood MSA rose 8.2 percent over-the-year in July, up from an 8.1 percent increase in May, and the second consecutive decline in the inflation rate. Core inflation was 6.6 percent in July.
- All eight components in the Denver MSA reported increases between July 2021 and 2022, with the largest increases in transportation (+12.9 percent), food and beverage (+11.6 percent), and medical care (+11.2 percent). Education and communication reported the most modest increase of 0.5 percent.
- A U.S. Bureau of Labor Statistics report found that wholesale inflation, as measured by the producer price index, fell 0.5 percent from June to July, the first monthly drop since April 2020. Gas and wholesale trucking costs also fell in the month, a sign that supply chain pressures may be easing.

- According to the AAA Daily Fuel Gauge Report, the national average fuel price for August was \$3.84 per gallon, up 21.6 percent from the same time last year. The Metro Denver average fuel price increased 4.8 percent over-the-year to an average of \$3.79 per gallon, a rise of \$0.17. The average fuel price in Metro Denver was \$0.05 lower than the average fuel price throughout the U.S.

Stock Market

Stock Market Indexes

	Month of Aug-22	Month of Jul-22	Month of Aug-21	YTD Return 2022	YTD Return 2021	Annual Avg Return 2017	Annual Avg Return 2012
Bloomberg Colorado	699.7	722.8	948.8	-20.9%	24.9%	-3.7%	3.5%
S&P 500	3,955.0	4,130.3	4,522.7	-17.0%	20.4%	20.0%	13.4%
NASDAQ	11,816.2	12,390.7	15,259.2	-24.5%	18.4%	28.2%	15.9%
DJIA (Dow Jones)	31,510.4	32,845.1	35,360.7	-13.3%	15.5%	25.7%	7.3%

Sources: Bloomberg.com; Yahoo! Finance.

- All four stock market indices decreased between August 2021 and 2022. The Bloomberg Colorado reported the largest decrease, falling 26.3 percent, followed by the NASDAQ (-22.6 percent), the S&P 500 (-12.6 percent), and the DJIA Index (-10.9 percent). Between July and August 2022 all four indices decreased. The NASDAQ reported the largest decrease of 4.6 percent, followed by the S&P 500 (-4.2 percent), the DJIA (-4.1 percent), and the Bloomberg Colorado (-3.2 percent).

Travel & Tourism

- According to CoStar’s Director of Hospitality Market Analytics, business travel will return to peak levels by the end of 2023. While weekend demand has recovered to 2019 levels, business travel remains behind but it is showing signs of increased momentum.
- The average hotel occupancy rate in Metro Denver rose 1.6 percentage points over-the-year to 78.4 percent in the month of July 2022. The average hotel room rate rose 12 percent to \$173.27 per night, an increase of \$18.60 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 88 percent of pre-pandemic levels recorded in June 2019.

Metro Denver Hotel Statistics

	Month of Jul-22	Month of Jun-22	Month of Jul-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Percent of Hotel Rooms Occupied	78.4%	81.9%	76.8%	67.6%	54.8%	12.8%	74.9%	68.0%
Average Hotel Room Rate	\$173.27	\$176.32	\$154.67	\$148.63	\$114.59	29.7%	\$143.68	\$111.78

Source: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that 6.5 million passengers passed through the airport in July, a 1.3 percent increase from the previous year, or a rise of more than 83,000 passengers.

Denver International Airport Passengers

	Month of Jul-22	Month of Jun-22	Month of Jul-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual 2017	Annual 2012
Number of Airline Passengers	6,451,344	6,254,557	6,368,149	38,622,496	31,069,176	24.3%	61,379,396	53,156,278

Source: Denver International Airport, Traffic Statistics.

Residential Real Estate

- Homeowners in Colorado who acquire home equity loans are borrowing 50 percent more than the national average according to a LendingTree report. Colorado borrowers are taking out an average of \$128,482 so far in 2022, the highest of any state, compared to the \$83,872 national average. The average interest rate on those loans was 5.2 percent.
- According to a new Zillow report, Denver ranked ninth on a list of cities with the greatest month-to-month decline in home values. Home values dropped 1.8 percent from June to July in Denver compared with the national decline average of 0.1 percent. Thirty of the 50 largest metros experienced an over-the-month decline, with San Jose, Calif. experiencing the largest decrease of 4.5 percent.
- According to the inaugural “Buyer-Seller Index” by Knock, a real estate financial tech firm, the Metro Denver residential real estate market will soon favor buyers. The results indicated that Denver will be a top ten market for home buyers by the summer of 2023.
- According to the Freddie Mac “Primary Mortgage Market Survey,” 30-year mortgage rates were 5.66 percent as of September 1st, down from a peak of 5.81 percent on June 23, but higher than July’s ending rate of 5.3 percent. Fifteen-year fixed rate mortgages as well as 30-year adjustable-rate mortgages rose in August but were still lower than their June peak.

Recently Announced Projects

- Pinkard Construction has been awarded the Housing Authority of the City and County of Denver’s Sun Valley infrastructure project. The plan includes the replacement of 333 obsolete public housing units with over 900 mixed-income units. Construction began in July and is expected through the beginning of 2024.
- Golub & Co, a Chicago-based development group, purchased two vacant warehouses in the RiNo district and is petitioning to have the locations rezoned for residential use. If approved, the plan is to construct two 16-story apartment buildings that would house 800 units. As part of their proposal, 10 percent of planned units would be set aside for those making up to 60 percent of the median area income.
- Gerrity, the owner of the Aspen Grove Shopping Center, announced plans to redevelop the area into a mixed-use, pedestrian-friendly retail center. The first phase will include 480 multi-family apartments on top of retail and restaurant spaces.
- Edens, a Washington, D.C.-based development group, purchased the Volunteers of America Colorado headquarters and warehouse at 2660 Larimer St with plans to build 400 residential units on the property. In addition, the plans call for 85,000 square feet of retail space. The current VOA-C headquarters will remain and VOA operations in the area will continue. Edens plans to break ground in spring 2023.
- AMLI Residential leased the site at 815 N. Broadway and are following plans submitted last year to build a 366-unit apartment building with ground floor retail on the site.
- Endeavor Real Estate Group submitted concept plans for a six-story, 359-unit apartment building that will also have 21,500 square feet of retail space. The project is located at 1059 S. Broadway and is part of a 41-acre development at Broadway Station.

- Cherry Creek-based Forum Real Estate Group has partnered with Brookhaven Capital Partners to purchase property in the 1900 block of S. Colorado Boulevard with plans of turning the location into a 5-story, 300-unit apartment complex. Project completion is expected in 2026.
- Alpine Investments, a Denver-based development group, submitted plans to build a 23-story, 285-unit apartment building on the northwest corner of 11th Avenue and Cherokee Street. The new structure will replace two office buildings and will incorporate the Cherokee Row retail building.
- Consolidated Investment Group submitted two concept plans for an apartment project at 1919 N. Federal Boulevard. The plans call for 236 units as well as a first-floor parking center. The project would include either 19 or 29 units specifically designated as low income to comply with the new Denver city ordinance.
- Century Communities Inc. broke ground on a 227-unit Verona Apartments project in Highland Ranch. The developers expect to finish construction in the first half of 2023.
- “The Reserve at Lone Tree,” a 206-unit senior living community, will begin construction at the intersection of South Havana Street and High Note Avenue in October. Experience Senior Living, a division of NexCore Group, is the developer of the project.
- Glendale-based Corum Real Estate Group purchased a 1.15-acre and a 0.54-acre parcel of land in Denver, one at 2420 Arapahoe St. and the other at the corner of 24th and Curtis streets. The developer plans to build two 3-story apartment buildings on the lots that, when completed, will house 185 units between them. Corum plans to break ground September 1st and finish construction in spring 2024.
- Commerce City has started to consider plans for developing the area surrounding the N-Line’s 72nd Avenue station. In response, the city council approved 100 affordable housing units near the station.
- CRE Development Investments paid \$9.3 million for the office building at 1245 E. Colfax Avenue with plans to build an 82-unit apartment building. This new development will be in addition to the existing office structure.
- Construction began on Trailhead Community’s affordable housing project in Littleton. The project includes 80 units, 40 of which will be designated for adults with intellectual and developmental disabilities and the other 40 for seniors and working professionals. Construction is expected to be completed by the summer of 2024.
- Adam Fenton is gearing up to start construction on a 78-unit, five-story apartment building at 4225 E. Hale Parkway. The current structures, which hold 16 units, will be torn down in order to build the new development.
- redT Homes’ proposal for Howard Ranch passed the Arvada City Council and they will be moving forward on construction of 22 single-family homes, 12 cottages, and 20 duplexes. This is the seventh time the proposal was submitted.
- Saint Bernard Properties, a Denver developer, purchased the La Vista Motel at 5500 East Colfax Ave with plans to turn it into residential living space. The plans include 21 units, and this will be the company’s first motel redevelopment project.
- GM Development plans to turn the top two floors of the former Burte Hotel at 1025 N Broadway into 20 residential units. Currently the top two floors are vacant and the ground floor space is occupied by a pawn shop. The units are expected to begin leasing in the summer of 2023.



- Sentral, a flexible apartment startup, has partnered with OliverBuchananGroup to develop mixed-use apartments across the country, with their first prospective locations being Denver, San Diego, Phoenix, Austin, and Nashville. Their first project will be in the RiNo district with development planned to start in 2023.

Home Resales

Metro Denver

- Home sales in Metro Denver totaled 4,546 in July, down 31 percent from the same time last year.
- Unsold homes on the market were 81 percent higher in July 2022 compared with the same time last year, representing 3,305 additional homes on the market. Over-the-month, the inventory of available homes increased by 21.5 percent. Still, the inventory of homes in July is lower than the historic average of 15,747 listings.

Previously Owned Home Sales Activity

	Month of	Month of	Month of	YTD Total	YTD Total	YTD Total	Ann Total	Ann Total
	Jul-22	Jun-22	Jul-21	2022	2021	% Change	2017	2012
Home Sales (Closed)	4,546	6,019	6,588	33,622	37,738	-10.9%	58,999	45,637
Unsold Homes on Market	7,361	6,057	4,056	7,361	4,056	81.5%	3,854	7,706
Average Sales Price-Single Family	\$754,701	\$775,191	\$688,734	\$759,388	\$665,986	14.0%	\$466,660	\$312,905
Average Sales Price-Condo	\$406,225	\$421,602	\$376,251	\$413,195	\$359,040	15.1%	\$278,011	\$195,120
Median Sales Price-Single Family	\$695,000	\$650,000	\$585,000				\$395,000	\$256,000
Median Sales Price-Condo	\$377,750	\$390,000	\$345,000				\$247,000	\$149,900

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

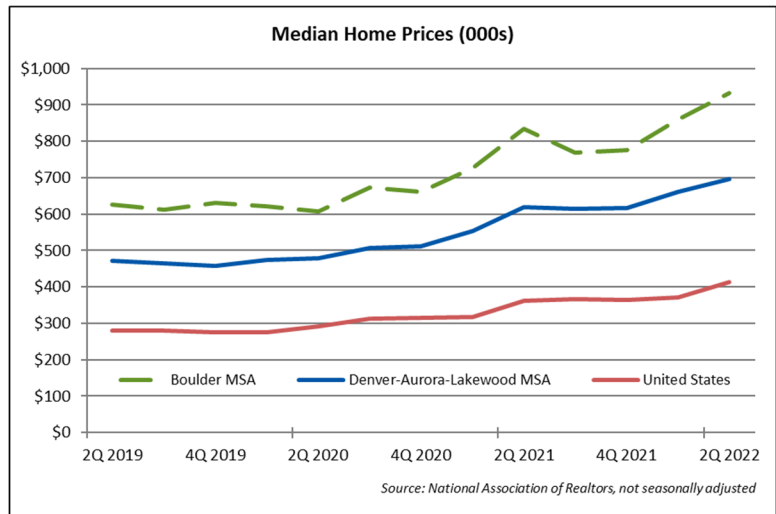
- The average sales price for single-family homes increased 9.6 percent over-the-year to \$754,701, representing an additional \$65,967 per home during the period. The average sales price for condominiums rose 8 percent over-the-year to \$406,225, representing an additional \$29,973 per home.

National

- The National Association of REALTORS’ home affordability index fell to 98.5 in June, its lowest level in over 33 years. The metric is based on the ratio between the median household income and the necessary income required to qualify for the median-priced house. Prices in the West’s Mountain region have grown by 55 percent since December of 2019.
- Economists at Goldman Sachs predicted little chance of a national rebound for housing demand for the coming year. According to a report released in August, experts expect housing price growth to flatten out and maybe even decline in 2023.
- Fannie Mae’s Economic and Strategic Research Group expects total home sales to decrease 16.2 percent in 2022. This constitutes a further downward revision from July’s predicted drop of 15.6 percent. The group also reported that inflation would fall to 1.8 percent by the end of 2023.
- Total existing-home sales decreased 5.9 percent from June to a seasonally adjusted annual rate of 4.81 million in July, marking six consecutive months of declines, according to the National Association of REALTORS (NAR). Sales decreased 20.2 percent year-over-year from the July 2021 reading of 6.03 million.

- All four regions reported over-the-year decreases in total home sales in July. The West region reported the largest decrease of 30.4 percent, followed by the South (-19.6 percent), the Northeast (-16.2 percent), and the Midwest (-14.4 percent).
- Properties remained on the market for 14 days in July, the same as in June and down from 17 days in July 2021. That mark is the lowest measure recorded since the NAR began tracking it in May 2011. Of the homes sold in July, 82 percent were on the market for less than a month.

- NAR data showed the median existing-home price for all housing types nationally was \$403,800 in July, up 10.8 percent from the same time last year. This marked 125 consecutive months of over-the-year increases, the longest streak on record. However, the median price was down \$10,000 from the record high of \$413,800 in June.



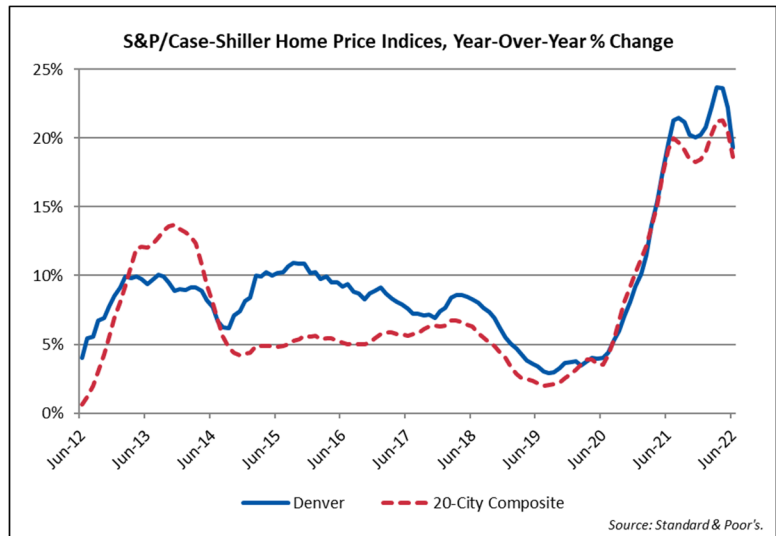
- Median home prices increased in all four major U.S. regions over-the-year. For the eleventh consecutive month, the South region reported the highest pace of price appreciation compared to the other regions. The median home price in the South increased 14.7 percent over-the-year in June, followed by the Northeast (+8.1 percent), and the West (+8.1 percent), and the Midwest (+7 percent).
- The West region reported the highest median home price of \$614,900, while the Midwest reported the lowest median price of \$293,300 in July.
- 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 during the period.

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 S&P/Case-Shiller Home Price Index, housing prices in Denver increased 19.3 percent between June 2021 and June 2022, down from a 22.2 percent increase in May and a 23.6 percent increase in April. June marked the first 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.
- Denver’s 29-month streak of month-over-month home price increases ended between May and June as home prices fell according to the S&P CoreLogic Case-Shiller index. Denver was one of six cities to drop between May and June after none reported decreases from April to May.



- National housing prices increased 18 percent over-the-year in June, down from 20.6 percent in March and April.
- Tampa reported the highest year-over-year price increase of 35 percent, followed by Miami (+33 percent) and Dallas (+28.2 percent). Minneapolis reported the smallest over-the-year increase of 10.4 percent, followed by Washington, D.C. (+10.8 percent) and Cleveland (+12.8 percent). Denver ranked 10th.

Foreclosures

- Foreclosures in Metro Denver increased 253.4 percent between August 2021 and August 2022, rising by 147 filings during the period. Over-the-month, foreclosures fell 14.6 percent from 240 filings in July. All seven counties reported increases in filings compared with last year. Douglas County reported the largest increase of 1,800 percent, followed by Adams County (+370 percent) and Arapahoe County (+252.9 percent). Denver County reported the most modest increase of 112.5 percent, or 18 filings, during the period.

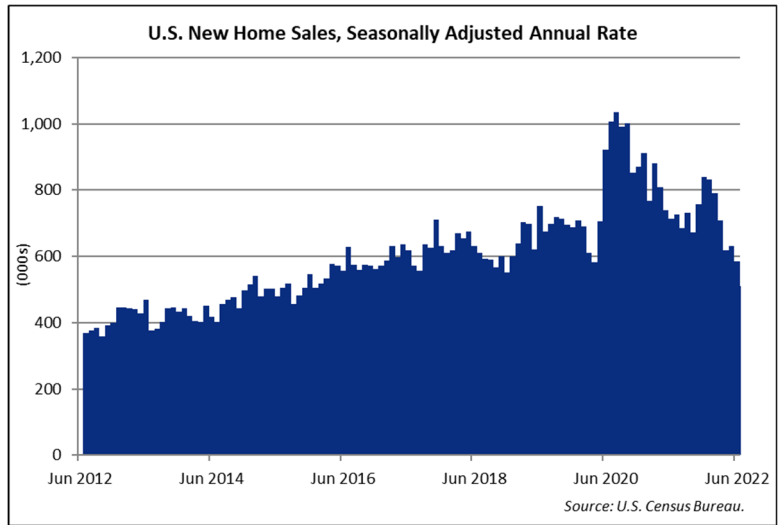
Real Estate Foreclosures

	Month of Aug-22	Month of Jul-22	Month of Aug-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Total 2017	Annual Total 2012
Total Metro Denver*	206	240	58	1,798	252	613.5%	2,982	15,013
Adams County	47	65	10	496	53	835.8%	672	3,183
Arapahoe County	60	66	17	467	57	719.3%	706	3,589
Boulder County	19	9	6	83	19	336.8%	170	783
Broomfield County	4	4	0	21	2	950.0%	39	210
Denver County	34	54	16	346	52	565.4%	648	3,064
Douglas County	20	16	1	136	23	491.3%	265	1,534
Jefferson County	22	26	8	249	46	441.3%	482	2,650

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

New Home Sales

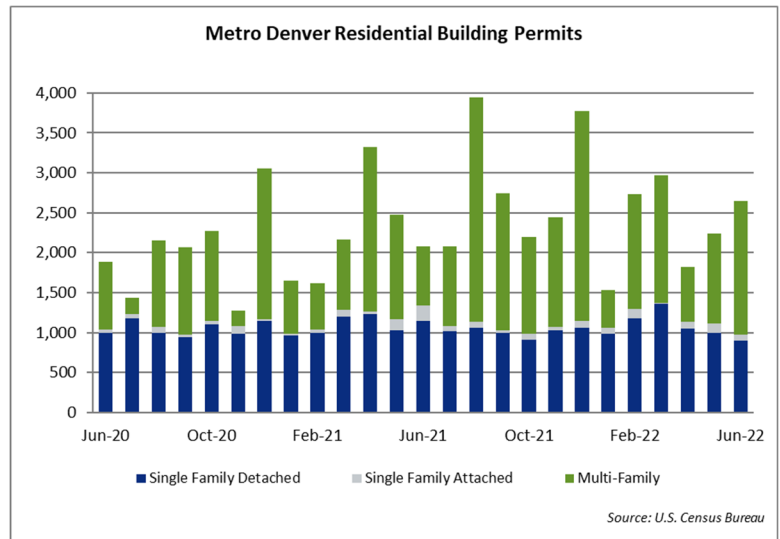
- New home sales in the U.S. decreased 29.6 percent over-the-year to a seasonally adjusted annual rate of 511,000 in July, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- All four regions reported over-the-year decreases in home sales. The West reported the largest decrease of 50.3 percent, followed by the Northeast (-37 percent), the Midwest (-22.9 percent), and the South (-20.8 percent)



New Home Construction

National

- Builder confidence for newly built single-family homes decreased 6 points to 49 in August, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This was the eighth consecutive month that builder sentiment has declined and the lowest reading since May 2020. This reading broke through the key break-even value of 50. The decline in builder confidence is a sign of continued slowing in the housing market in a high inflation, slow growth economic environment. 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 increase in mortgage rates for the first half of 2022 has priced out a significant number of prospective home buyers. Over the last month, 19 percent of builders reported lowering prices to boost sales or limit cancellations.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled about 1.7 million units in July, a 0.6 percent over-the-month decrease and a 1.8 percent increase compared with the same time last year.
- Building permits for single-family detached units decreased 11.3 percent over-the-year, or by 119,000 units permitted to a total of 932,000 units permitted in July. Single-family attached units decreased 5.5 percent to 52,000 units permitted, while multi-family units increased 27.7 percent over-the-year to 701,000 units permitted in July.



- Three of the four regions reported over-the-year increases in total units permitted. The Northeast region reported the largest over-the-year increase of 20.6 percent, followed by the South (+5.5 percent), and the Midwest (+2.9 percent). The West posted the only over-the-year decrease, shrinking by 12.1 percent.

Metro Denver

- Residential building permits in Metro Denver totaled 1,966 units permitted in July, a decrease of 5.5 percent, or 114 units, from the same time last year.
- Single-family detached units permitted decreased 32.5 percent over-the-year, falling by 330 units permitted during the period. Single-family attached units decreased 31.3 percent, or by 21 units, to a total of 46 during the period. Multi-family units increased 23.8 percent, or by 237 units, to a total of 1,234 units permitted in July.

Residential Building Permits

	Month of Jul-22	Month of Jun-22	Month of Jul-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Total 2017	Total 2012
Single-Family Detached Units	686	896	1,016	7,191	7,572	-5.0%	11,419	5,947
Single-Family Attached Units	46	78	67	528	584	-9.6%	384	299
Multi-Family Units	1,234	1,671	997	8,299	7,210	15.1%	12,218	8,679
Total Units	1,966	2,645	2,080	16,018	15,366	4.2%	24,021	14,925

Source: U.S. Census Bureau.

Apartment Rental Market

- 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

- Kroenke Sports Entertainment announced a master plan for the 55 acres surrounding Ball Arena. The plan proposes building 6,729 residential units totaling 5.38 million square feet, five office buildings totaling 2.9 million square feet, and a 309-room hotel at the corner of Wewatta Street and Speer Boulevard. Kroenke is also proposing building 3.1 million square feet of education buildings on the southern end of the site.
- Westside Investment Partners Inc. will present an updated plan for the Dawson Trails development in Castle Rock. The plans include more than 5,800 housing units, 750 acres of open space, and 3.2 million square feet of retail, industrial, and office space.
- Evergreen Devco Inc., an Arizona-based developer, purchased 68.7 acres of land at 17598 Green Valley Ranch Boulevard with plans to construct a new mixed-use development. The plans include 6 retail buildings, two hotels, a 62,000-square-foot entertainment building, 290 residential units, and two flex industrial buildings that would provide almost 270,000 square feet of space.
- Macerich Co, the owner of Flatiron Crossing, will begin the demolition of parts of the mall complex in September to begin redeveloping the area into a mixed-use district. The first phase of development will include 300 apartments, 250,000 square feet of office space, and a 2.5-acre park. Construction is expected to begin in early 2023 and take between 12 and 18 months.
- Pebb Capital, a New York investment firm, purchased a 2-acre parcel in RiNo by Mission Ballroom with plans to build a mix of uses, including a hotel. The rest of the space, according to plans, will feature 262 residential units, 54 extended-stay rooms on top of 174 hotel rooms, 44,000 square feet of office space, and 33,000 square feet of retail space.
- PMB and Montgomery Street Partners proposed a 365,000-square-foot project known as the Coal Creek Innovation Park at McCaslin Boulevard and Main Street in Superior. The life science campus will consist of three buildings that will include lab and office space, and one building with retail space and a parking area. The developers plan to break ground in early 2023.
- Breakthrough Properties, a national biotechnology real estate firm, acquired 9.3 acres in Boulder with plans to renovate 4 buildings into a 164,000-square-foot life science campus called Boulder 38 by Breakthrough. The company plans to break ground at the beginning of 2023 with work to be completed at the end of 2024.
- Midwest Property Group, a Chicago-based developer, broke ground on a four-story office building at the corner of Filmore Street and 3rd Avenue. Designs include 10,000 square feet of retail space on the ground floor and 50,000 square feet of office space above. Filmore@Third is expected to be completed in 4Q 2023.
- Volunteers of America announced plans for a 4-story motel at 4855 W. Colfax Avenue. The site, which was purchased back in 2001, will have 52 rooms including five dedicated to housing veterans. Current plans suggest ground-breaking would take place in 2023 with construction lasting 16 to 18 months.
- Denver-based HighSide broke ground on a 7-story, 153-room Cambria hotel at 3601 Brighton Blvd. in RiNo. The projected completion date is December 2023.



- Trammell Crow Company sold a 2-acre site at its Olde Town Station redevelopment to make way for a new Residence Inn by Marriott. Raymond Management Company, a Wisconsin-based developer, will break ground on the hotel this fall. The project is part of a larger development effort that includes 15,000 square feet of retail space and a 252-unit apartment complex.
- Saunders and Regis Jesuit High School broke ground on a 65,000 square-foot Science & Innovation Center this month. The \$35 million building will serve every student and is designed to expand project-based learning. The building, located on the McNichols Green, is expected to take around 18 months to complete.

Office Market

- According to JLL’s “Future of Work” report, the office remains critical to conducting business. The survey results also indicated that hybrid work is here to stay with more than half of companies planning to have moved to an employee-choice model by 2025.
- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.2 percent in the second quarter of 2022, a decrease of 0.2 percentage points from the previous quarter. The vacancy rate was unchanged over-the-year. The average lease rate increased 5.4 percent between the second quarters of 2021 and 2022, or by \$1.58, to \$30.84 per square foot.

Office Market Statistics

	Quarter 2 2022	Quarter 1 2022	Quarter 2 2021	Quarter 2 2020	Quarter 2 2019	Quarter 2 2018
Number of Buildings	6,624	6,622	6,611	6,580	6,555	6,518
Existing Square Feet (millions)	200.9	200.9	200.0	197.3	196.3	193.9
Vacant Square Feet (direct, millions)	24.5	24.9	24.4	18.4	17.4	18.9
Vacancy Rate (direct)	12.2%	12.4%	12.2%	9.3%	8.8%	9.8%
Vacancy Rate (with sublet)	14.0%	13.9%	13.9%	10.2%	9.5%	10.5%
Avg. Lease Rate (direct, per sq. ft., full service)	\$30.84	\$29.60	\$29.26	\$28.45	\$27.47	\$27.09
New Construction Completed (year-to-date)	0.40 MSF, 7 Bldgs	0.42 MSF, 6 Bldgs	1.47 MSF, 13 Bldgs	0.50 MSF, 12 Bldgs	0.85 MSF, 16 Bldgs	2.88 MSF, 21 Bldgs
Currently Under Construction	1.98 MSF, 19 Bldgs	1.73 MSF, 13 Bldgs	1.75 MSF, 19 Bldgs	3.68 MSF, 38 Bldgs	3.11 MSF, 36 Bldgs	3.72 MSF, 37 Bldgs

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

- The vacancy rate including sublease space increased 0.1 percentage points over-the-year, rising from 13.9 percent in 2Q 2021 to 14 percent in 2Q 2022. This represented nearly 3.6 million square feet of vacant sublease space, the largest amount of vacant sublease space since 2003.
- There were seven office buildings completed in the first half of 2022, delivering more than 400,000 square feet to Metro Denver. The largest building completed to date was the 250,402-square-foot One Platte located in downtown Denver.
- There was 1.98 million square feet of office space in 19 buildings under construction in Metro Denver during the second quarter of 2022. The largest buildings under construction were The Current in River North (280,000 SF in downtown Denver) and T3 Offices (213,711 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, 52 percent of the office square footage under construction is located in the City and County of Denver.

Industrial & Flex Market

- In the first half of 2022, there was a record 37 industrial leases for more than 1 million square feet nationally, up from 24 in the first half of 2021. There has been a push for industrial space as leasing activity was 44 percent higher than the first half of 2020. Leases for over 700,000 square feet were up by 24.6 percent.
- Cowarehousing, which gives primarily small businesses the opportunity to lease out smaller warehouse spaces, is growing in the industrial market according to a CoStar news release. As digital sales increased more than 50 percent from 2019 to 2021, small companies needed to expand warehouse capabilities but struggled to find adequate space. The new market offering is similar to office coworking space.
- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver decreased 1.5 percentage points to 4.5 percent between the second quarters of 2021 and 2022. The total vacancy rate including sublease space fell 1.9 percentage points over-the-year to 4.7 percent. From 2Q 2021 to 2Q 2022, 7.3 million square feet of new space was added to the industrial base. The average lease rate increased \$0.55 per square foot to \$9.41, a 6.2 percent increase over the same time last year.
- Eleven industrial buildings providing nearly 2.2 million square feet of space were completed in the first half of 2022. The largest building completed was the 1.3 million-square-foot Shamrock Foods Regional Headquarters in Aurora. The next largest buildings were a 170,500-square-foot Nexus at DEN Building D in Denver and a 152,760-square-foot building in Broomfield.

Industrial Market Statistics

	Quarter 2 2022	Quarter 1 2022	Quarter 2 2021	Quarter 2 2020	Quarter 2 2019	Quarter 2 2018
Number of Buildings	7,338	7,334	7,307	7,261	7,214	7,166
Existing Square Feet (millions)	245.9	244.3	238.5	232.6	227.6	221.5
Vacant Square Feet (direct, millions)	11.0	12.0	14.3	10.8	10.2	8.5
Vacancy Rate (direct)	4.5%	4.9%	6.0%	4.7%	4.5%	3.8%
Vacancy Rate (with sublet)	4.7%	5.2%	6.6%	5.2%	4.6%	4.0%
Avg. Lease Rate (direct, per square foot, NNN)	\$9.41	\$9.57	\$8.86	\$8.74	\$8.01	\$7.95
New Construction Completed (year-to-date)	2.16 MSF, 11 Bldgs	0.56 MSF, 6 Bldgs	3.27 MSF, 20 Bldgs	2.38 MSF, 16 Bldgs	2.55 MSF, 21 Bldgs	1.34 MSF, 11 Bldgs
Currently Under Construction	9.41 MSF, 53 Bldgs	10.90 MSF, 51 Bldgs	6.26 MSF, 30 Bldgs	6.63 MSF, 45 Bldgs	4.31 MSF, 33 Bldgs	6.33 MSF, 37 Bldgs

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

- Metro Denver’s industrial construction pipeline remains robust with 9.4 million square feet of space under construction in 54 buildings. Nearly 69 percent of the industrial space under construction is located in Adams County, including the largest building under construction, DEN’s Logistics Park with 625,000 square feet of space. Of the buildings under construction, 40 are slated for delivery in 2022, with the remaining 13 expected in 2023.
- The direct flex vacancy rate in Metro Denver decreased 0.8 percentage points over-the-year to 5.8 percent vacancy. The average lease rate rose 12.3 percent, or by \$1.63, to \$14.90 per square foot during the period.

Flex Market Statistics

	Quarter 2 2022	Quarter 1 2022	Quarter 2 2021	Quarter 2 2020	Quarter 2 2019	Quarter 2 2018
Number of Buildings	1,578	1,575	1,574	1,572	1,558	1,549
Existing Square Feet (millions)	46.9	46.9	46.9	46.8	46.0	45.8
Vacant Square Feet (direct, millions)	2.7	2.8	3.1	2.5	1.9	2.6
Vacancy Rate (direct)	5.8%	5.9%	6.6%	5.3%	4.2%	5.6%
Vacancy Rate (with sublet)	6.2%	6.3%	7.3%	5.6%	4.5%	6.0%
Avg. Lease Rate (direct, per square foot, NNN)	\$14.90	\$14.77	\$13.27	\$13.13	\$12.02	\$12.29
New Construction Completed (year-to-date)	0.08 MSF, 4 Bldgs	0.03 MSF, 1 Bldg	0.03 MSF, 1 Bldgs	0.29 MSF, 2 Bldgs	0.09 MSF, 4 Bldgs	0.35 MSF, 7 Bldgs
Currently Under Construction	0.82 MSF, 20 Bldgs	0.70 MSF, 18 Bldgs	0.26 MSF, 8 Bldgs	0.32 MSF, 8 Bldgs	0.44 MSF, 8 Bldgs	0.32 MSF, 9 Bldgs

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

- New flex construction has been more limited than other property types but remains strong heading into the third quarter of 2022. Four new flex buildings totaling 78,700 square feet were completed in the first half of 2022. There were 20 buildings totaling over 815,450 square feet under construction as of the end of 2Q 2022. More than 47 percent of the square footage under construction is located in Boulder or Broomfield Counties. The largest building under construction is the 150,720-square-foot flex building at 11100 Broomfield Lane in Broomfield.

Retail Market

- The retail property sector is in a stronger place now than in 2019 according to a new CoStar report. Vacancy rates are down as older, obsolete spaces are demolished or redeveloped at a faster pace than new spaces are coming on the market. Only 34.6 million square feet of new office space was added across the country in the first half of 2022.
- The direct vacancy rate for retail space in Metro Denver decreased 0.5 percentage points over-the-year to 4.6 percent in 2Q 2022, according to CoStar. The direct vacancy rate including sublease space also decreased 0.6 percentage points over-the-year to 4.7 percent. The average lease rate increased 3.7 percent to \$19.67 per square foot.

Retail Market Statistics

	Quarter 2 2022	Quarter 1 2022	Quarter 2 2021	Quarter 2 2020	Quarter 2 2019	Quarter 2 2018
Number of Buildings	13,020	13,011	12,966	12,900	12,778	12,648
Existing Square Feet (millions)	173.9	173.9	173.5	172.7	171.4	169.9
Vacant Square Feet (direct, millions)	8.0	7.8	8.8	7.9	6.8	6.9
Vacancy Rate (direct)	4.6%	4.5%	5.1%	4.6%	4.0%	4.1%
Vacancy Rate (with sublet)	4.7%	4.6%	5.3%	4.7%	4.1%	4.2%
Avg. Lease Rate (direct, per square foot, NNN)	\$19.67	\$19.55	\$18.97	\$18.12	\$18.78	\$18.35
New Construction Completed (year-to-date)	0.19 MSF, 27 Bldgs	0.10 MSF, 13 Bldgs	0.26 MSF, 18 Bldgs	0.56 MSF, 30 Bldgs	0.47 MSF, 49 Bldgs	0.53 MSF, 48 Bldgs
Currently Under Construction	0.77 MSF, 62 Bldgs	0.07 MSF, 10 Bldgs	1.12 MSF, 31 Bldgs	0.94 MSF, 60 Bldgs	1.15 MSF, 68 Bldgs	1.59 MSF, 66 Bldgs

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

- Through the second quarter of 2022, 27 retail buildings totaling nearly 189,520 square feet were completed. An additional 62 buildings with about 768,210 square feet of space are under construction and 87 percent are expected to be completed in 2022. Nearly 30 percent of the space under construction is located in the City and County of Denver.



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