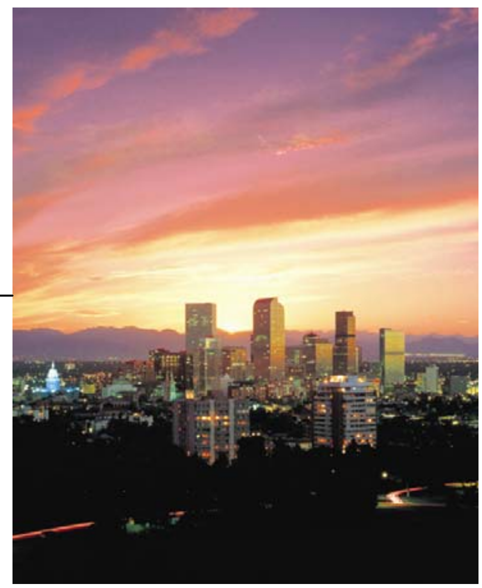
Monthly Economic Summary

A Monthly Summary of Economic Conditions in Metro Denver

(Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties)



Released January 6, 2010

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MONTHLY ECONOMIC SUMMARY

The Monthly Economic Summary 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-Longmont MSA (Boulder County) and the Denver-Aurora-Broomfield 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 sections: labor force and employment, the consumer sector, residential real estate, and commercial real estate.

Notable Rankings

- The Denver-Aurora-Broomfield metropolitan statistical area (MSA) ranked 43rd among the nation's 100 largest MSAs on a *Forbes* list of "America's Best Bang-for-the-Buck Cities." Cities were ranked on cost-of-living, stability and affordability of the housing market, commute times, and employment outlook.
- Denver ranks 10th among 75 large cities for the literacy of its residents, according to an annual report by Central Connecticut State University. The report's criteria for literacy included each city's library resources, educational attainment, and newspaper circulation. Denver's 2009 ranking was somewhat below its highest placement, which was a fourth place ranking achieved in 2007.
- Colorado has the nation's eighth-best small business climate, according to a ranking assembled by the Small Business & Entrepreneurship Council. Criteria for the ranking included government spending, health care costs, and regulatory burden. Colorado earned top-15 scores on the criteria for state and local excise taxes and taxes on corporate income and capital gains.
- Colorado was the nation's fourth-largest "magnet" for new residents in 2009, according to a recent report by Allied Van Lines, Inc. The report ranked states by their net relocation gain, or the volume of inbound moves minus the volume of outbound moves. Colorado ranked behind Arizona, North Carolina, and number one magnet state Texas, which received a significant volume of corporate relocations in 2009.
- Results from a survey by England's University of Cambridge suggests Colorado ranks among the nation's five happiest states. University researchers based the ranking on data from the Gallup Well-Being Index, which uses interviews to measure physical and emotional health, job satisfaction, and other factors for each state's residents. Colorado ranked fourth happiest behind Utah, Hawaii, and Wyoming.

Policy Watch

- U.S. Treasury Secretary Timothy Geithner made a controversial decision to extend the $700 billion Troubled Asset Relief Program (TARP) through October 2010. The program – which was scheduled to expire in December 2009 – was originally conceived to help rid banks of bad loans and risky assets. Some policymakers supported the program's expiration and said unspent funds should be returned to taxpayers. Others backed the administration's TARP extension, which will be used to support housing markets, small business lending, and a Federal Reserve liquidity program. Secretary Geithner committed to use a portion of the remaining TARP funds for deficit reduction.
- In December, Wells Fargo & Co. and Citigroup Inc. became the last two major national banks to repay the funds they received under TARP. Both companies conducted major capital raises to pay back TARP funds and will now be free of the program's restrictions, notably those on executive compensation. Some lawmakers worry that a mass exit from TARP is reducing the government's leverage at a time when banks are still failing to lend.

- As Colorado lawmakers prepare for the next legislative session, policy discussions are largely focused on the state's budget woes. In late December, legislative economists announced the state's cumulative budget shortfall for the current and next fiscal year has reached $1.5 billion. While a deficit of this magnitude leaves little room for new spending, lawmakers are hoping to launch several job creation programs. Governor Ritter recently unveiled a series of proposals that would establish tax-favored savings accounts for job training dollars and expand student loan forgiveness and repayment programs for healthcare professionals. The Governor also introduced a certificate program that will allow jobseekers to take basic math and English competency tests at Colorado workforce centers. Jobseekers can then list official gold, silver, or bronze-level certification as part of their credentials. The certificate program is effective immediately, and lawmakers will discuss the governor's other proposals when the legislative session begins on January 13.
- Job creation incentives are also emerging at the local level. The Denver Office of Economic Development's Wage Subsidy Program, for example, will use funds from the American Recovery and Reinvestment Act plus other state and federal dollars to temporarily pay 50 percent of the wages for as many as 300 new jobs. Eligible employers must agree to maintain the new jobs once wage subsidies end, and employers cannot hire subsidized workers to fill positions vacated by layoffs. Denver Workforce Centers have scheduled recruitment fairs to identify workers that meet the program's various eligibility criteria.

General Economic Overview

The U.S. trade deficit fell in October as a 2.6 percent increase in exports dwarfed a 0.4 percent gain in imports. While total U.S. imports have risen over the past several months, imports remain weak in comparison to prior years. The year-to-date total of imports through October, for example, was the lowest reported for that period since 2004. The nation's households are clearly spending less on consumer goods and services in the wake of recession, but a sizeable reduction in consumption of crude oil is also behind the overall contraction in imports. According to the U.S. Department of Commerce, average daily U.S. crude oil imports – as measured in barrels – fell in October to the lowest levels reported since January 2000.

Any additional improvements in the nation's balance of trade should be beneficial to gross domestic product (GDP), which currently reflects a sluggish economy. The U.S. Bureau of Economic Analysis' third – or final – estimate of third quarter GDP growth suggests the nation's economy expanded at a 2.2 percent rate between July and September. The estimate represents the second consecutive downward revision to third quarter economic growth, which the Bureau of Economic Analysis (BEA) initially pegged at 3.5 percent. The third quarter revision was larger than many economists expected, but one of the factors behind the revision – a third quarter decline in business inventories – suggests growth could rebound in the coming months as companies restock. The BEA also made downward revisions to spending by businesses and households in the third quarter, although household spending on automobiles remained significant. Specifically, a Cash-for-Clunkers-driven increase in motor vehicle output accounted for nearly two-thirds of GDP growth in the third quarter.

Because much of the economy's early recovery appears to be leaning on temporary subsidies – like the Cash-for-Clunkers program – many policymakers are expecting a slow rebound. A statement from the Federal Open Market Committee's mid-December meeting suggests Federal Reserve policymakers are cautiously optimistic, but they note that significant damage in housing and labor markets will take time to repair. As a result, the committee plans to leave its target federal funds rate between zero and 0.25 percent for an "extended period" but will gradually withdraw its other fiscal stimulus. Most of the Federal Reserve's special liquidity and lending programs, for example, are scheduled to expire on February 1.

As policymakers continue to monitor the unfolding recovery from a nationwide perspective, other groups are tracking post-recession trends in U.S. regions. *Mountain Monitor: Tracking Economic Recession and Recovery in the Intermountain West's Metropolitan Areas* – a report jointly released by the Brookings Institution and the University of Nevada at Las Vegas – suggests the recession struck Colorado and other mountain states the hardest. Researchers say the economies of Colorado, Nevada, Utah, Arizona, Idaho, and New Mexico shifted rapidly from a trend of "hyper growth" to one of steep contraction throughout the recession, and recovery throughout the mountain region is likely to lag recovery nationwide. The report notes, however, that recession has had disparate effects even within the mountain region: housing markets in Denver and Colorado Springs, for example, have fared significantly better than markets in Las Vegas, Phoenix, and Boise.

Economic Indexes

National Economy

- The Conference Board's Leading Economic Index rose for the eighth consecutive month in November. While its growth rate has recently slowed, the index suggests the nation's economy will gradually improve in 2010. Notably, November was the first month since December 2007 in which the employment indicator did not contribute negatively to the overall index.
- The Institute for Supply Management's Purchasing Managers Index (PMI) remained above growth-neutral in November but declined from the prior month. The results suggest the pace of improvement in the nation's manufacturing sector has moderated slightly as businesses remain uncertain about the recovery. Respondents to the PMI survey noted that demand has increased, but many are worried as the low value of the U.S. dollar keeps pressure on commodity prices and – by extension – producers' costs.
- The Institute for Supply Management's Index of Non-Manufacturing Business Activity fell below growth-neutral in November after several months of above-neutral readings. Respondents' comments suggest many service sector businesses are concerned about the outlook for a long and slow recovery.

Local Economy

- The University of Colorado's Leeds Business Confidence Index registered below growth neutral for the first quarter of 2010. The index has now fallen below a level consistent with growth for ten consecutive quarters, and Colorado business leaders gave a poor outlook for hiring and capital expenditures over the next three months. Still, the confidence survey suggests business leaders are somewhat more optimistic about Colorado's economy than they are about the national economic outlook.
- The Vectra Bank Colorado Small Business Index rose from a revised 72.2 in October to 72.6 in November. A weak labor market continues to weigh on the index, although the gradual emergence of global economic growth is expected to benefit small businesses.
- The Goss Institute's Mountain States Business Conditions Index registered above growth neutral in December. The index has now been above growth neutral for three consecutive months, and the trend suggests the regional economy is slowing improving.

Labor Force and Employment

Metro Denver employers cut roughly 1,700 jobs in November, a month in which they typically add between 3,000 and 5,000 positions. Employers in the holiday-driven wholesale and retail trade supersector hired roughly half the workers in November that they have in prior years, and leisure and hospitality, professional and business services, and three other supersectors shed jobs. *Additional layoffs are unwelcome, but November data suggest the pace of job loss in Metro Denver has slowed considerably. The region's total employment was down 3.6 percent over-the-year in November, while the over-the-year drop in jobs reported just three months earlier was a substantially higher 4.8 percent.*

On a year-to-date basis, Metro Denver employment fell 3.9 percent through November, while employment in Colorado and the nation as a whole fell 3.8 percent.

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

	Month of Nov-09 (p)	Month of Oct-09	Month of Nov-08	Year-to-Date Average 2009	Year-to-Date Average 2008	Year-to-Date Average % Change	Annual Growth Rate 2004	Annual Growth Rate 1999
Total 11-County Metro Denver*	1,362.3	1,364.0	1,413.6	1,365.7	1,421.0	-3.9%	0.8%	4.0%
Denver-Aurora MSA	1,200.7	1,202.5	1,244.1	1,203.8	1,252.3	-3.9%	0.8%	3.9%
Boulder-Longmont MSA	161.6	161.5	169.5	161.9	168.7	-4.0%	0.9%	4.4%
Natural Resources & Construction	80.5	81.9	93.5	84.1	98.0	-14.2%	-0.7%	10.4%
Manufacturing	79.7	80.1	85.9	81.9	87.7	-6.7%	-0.4%	-1.5%
Wholesale & Retail Trade	205.0	202.6	218.2	204.1	215.9	-5.5%	-0.1%	3.2%
Transp., Warehousing & Utilities	49.0	48.8	51.8	50.2	52.5	-4.4%	0.5%	6.1%
Information	53.7	53.9	56.4	54.7	57.6	-5.1%	-5.4%	11.7%
Financial Activities	99.4	99.2	103.3	100.3	105.0	-4.5%	-0.1%	3.8%
Professional & Business Services	229.7	230.5	241.2	230.3	245.5	-6.2%	3.5%	5.9%
Education & Health Services	159.7	159.0	156.0	157.3	152.8	3.0%	3.2%	1.3%
Leisure & Hospitality	139.1	142.0	143.3	143.1	148.2	-3.4%	2.6%	4.6%
Other Services	52.2	52.1	53.9	52.7	53.9	-2.2%	1.7%	1.9%
Government	214.3	213.9	210.1	207.2	203.9	1.6%	-0.2%	1.4%
Federal Gov't	30.4	30.6	30.3	30.4	30.4	0.2%	-1.6%	-1.5%
State & Local Gov't	183.9	183.3	179.8	176.7	173.5	1.9%	0.1%	2.1%
Colorado	2,247.0	2,246.4	2,336.9	2,261.0	2,350.5	-3.8%	1.2%	3.6%
United States	132,223	132,143	136,882	132,016	137,170	-3.8%	1.1%	2.4%

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

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

Metro Denver Industry Cluster Headlines

Aviation: Not long after they announced the relocation of several hundred Denver jobs to Milwaukee, officials with Frontier Airlines and its parent company Republic Airways Holdings said an additional 140 Frontier positions would also relocate. This round of relocations includes jobs in engineering and dispatching, and the jobs will move to Republic's base of operations in Indianapolis. Despite the recent relocations, Republic spokespeople say Denver will retain roughly 3,500 Frontier jobs and will remain as the carrier's central hub.

Another major carrier in Denver, Dallas-based Southwest Airlines, will be adding Denver flights through the first half of 2010. The airline will operate 129 daily flights from Denver International Airport by May, and routes to be added in the months following will bring the carrier's total count of Denver flights to 144 by August. Destinations scheduled to receive additional flights include Spokane, Tampa Bay, and Baltimore.

Aerospace: Spokespeople for space technology developer Sierra Nevada Corporation say the company will add 200 Colorado jobs as it expands its Centennial office and its capital investment statewide. Like several other businesses that have recently committed to add Colorado jobs, Sierra Nevada – which owns SpaceDev in Louisville, Straight Flight Inc. of Englewood, and MicroSat Systems of Littleton – will qualify for tax credits under the state's Job Growth Incentive Fund. Established in May 2009, the fund gives employers a credit on payroll taxes for new Colorado jobs.

Energy: Denmark-based PMC Technology – a manufacturer of hydraulics for wind turbines – will open its North American headquarters at the Coors Technology Center in Golden. The company is a major supplier to Vestas, although local realtors say Golden's proximity to the National Renewable Energy Laboratory (NREL) and the Colorado School of Mines were also key enticements for PMC. Spokespeople for PMC say headquarters operations will begin in February and will support 40 new jobs over the next five years.

Vestas also made headlines in December when spokespeople confirmed the company's Windsor plant will temporarily cease operations in early 2010. Spokespeople say normal seasonal trends in the wind power industry are partly to blame, but they also fault tight credit and the accompanying drop in demand for turbines. Employees at the Windsor plant will still report for work but will be redirected for training and other needs while production is down. Spokespeople say furloughs may also be necessary, but they expect demand for turbines to rebound solidly through the end of 2010.

Demand for solar energy systems is also expected to be solid, and some companies are positioning themselves to meet the need. Not long after San Francisco-based SunRun announced plans to launch its residential solar panel leasing program in Colorado, a second California-based leasing company – SolarCity – committed to new operations in Metro Denver. SolarCity spokespeople say the company will open a 30-employee office in Westminster and will offer a solar panel leasing program that requires no down payment.

Some fossil energy companies are also positioning for a better market. Exxon Mobile Corp., the 21st largest natural gas producer in Colorado, recently announced its acquisition of sixth-largest producer XTO Energy. Spokespeople for Exxon say the company is expanding its investments in Colorado and will use the XTO deal to further accelerate natural gas production.

IT/Hardware: Spokespeople for New York-based IBM Corporation recently announced the company's plans to expand its Boulder call center. The center handles technical questions for the company's outsourcing clients, and spokespeople say the center could employ as many as 500 workers at full capacity in 2014. Hiring for the new positions has already begun.

Employment Outlook

Results from the Manpower Employment Outlook Survey suggest 12 percent of U.S. businesses will add jobs in the first quarter. The percentage planning to add staff was unchanged from the fourth quarter of 2009 but was down from the year-ago survey, which showed 16 percent of employers planning to add jobs. Nearly three-quarters of U.S. employers are planning no staffing changes over the next three months, which suggests many businesses are taking a wait-and-see approach towards growth in the recovery.

Employers in the Denver-Aurora-Broomfield MSA had a slightly more pessimistic response to the first quarter survey. While the percentage of local employers planning layoffs was essentially equal to the percentage reported nationwide, fewer employers in the Denver area reported plans to hire. *Just eight percent of employers in the Denver MSA said they would add jobs in the first quarter, compared to 15 percent of employers in the year-ago survey. In Boulder, a larger 15 percent of employers planned to add positions, although a majority – 70 percent – said their staff levels would not change.*

Metro Denver's unemployment rate was essentially unchanged at 6.7 percent in both October and November. The region's labor force expanded in November for the first time in five months, and the count of the employed also increased slightly. Because these shifts were similar in size, the region's unemployment rate remained stable. Whether or not the pace of job growth can support the flow of new and former jobseekers entering the labor force remains a key question for the months ahead.

The nationwide unemployment rate dropped one-tenth of one percentage point to 9.4 percent in November, and Colorado's rate rose one-tenth of one point to 6.7 percent.

Employment Outlook Survey

	Quarter 1 2010	Quarter 4 2009	Quarter 1 2009	YTD Avg 2010	YTD Avg 2009	Ann Avg 2005
Denver-Aurora MSA						
Percent of Companies Hiring	8%	9%	15%	8%	15%	29%
Percent of Companies Laying Off	11%	11%	12%	11%	12%	7%
Percent of Companies No Change	75%	77%	70%	75%	70%	61%
Percent of Companies Unsure	6%	3%	3%	6%	3%	3%
Boulder MSA						
Percent of Companies Hiring	15%	12%	18%	15%	18%	29%
Percent of Companies Laying Off	11%	17%	13%	11%	13%	8%
Percent of Companies No Change	70%	68%	65%	70%	65%	58%
Percent of Companies Unsure	4%	3%	4%	4%	4%	6%

Note: 2009 results are for the Denver-Aurora-Broomfield and Boulder MSAs. Prior years' data are for slightly different geographies but are roughly comparable to 2009 figures.
Source: Manpower Inc.

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

	Nov 2009 (p)		2009 YTD Avg		2008 YTD Avg		2004 Ann Avg	1999 Ann Avg
	Labor Force	Unemploy-ment Rate	Labor Force	Unemploy-ment Rate	Labor Force	Unemploy-ment Rate	Unemploy-ment Rate	Unemploy-ment Rate
Metro Denver	1,508.0	6.7%	1,526.3	7.3%	1,547.1	4.8%	5.8%	2.4%
Adams County	222.1	7.8%	225.0	8.6%	226.3	5.4%	6.5%	2.7%
Arapahoe County	306.0	6.6%	309.7	7.3%	314.2	4.9%	5.7%	2.1%
Boulder County	173.6	5.4%	175.5	6.0%	179.2	4.1%	4.9%	2.6%
Broomfield County*	30.0	6.2%	30.4	6.9%	30.9	4.5%	5.8%	
Denver County	317.4	7.5%	321.5	8.2%	324.7	5.4%	6.6%	3.1%
Douglas County	154.8	5.6%	156.6	6.2%	159.6	4.2%	4.7%	1.4%
Jefferson County	304.1	6.5%	307.7	7.1%	312.2	4.6%	5.4%	2.2%
Colorado	2,664.9	6.7%	2,702.6	7.3%	2,730.3	4.8%	5.6%	2.9%
United States	153,539	9.4%	154,274	9.2%	154,281	5.7%	5.5%	4.2%

**Broomfield County was formed in November 2001 from parts of Adams, Boulder, Jefferson, and Weld Counties.*
Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary

A November increase in Metro Denver claims for unemployment insurance was roughly in-line with seasonal norms from the past several years. Despite the increase, November was the first month since November 2007 in which the weekly average number of claims filed fell below the year-ago average. Because this improvement partly reflects the dramatic spike in claims that occurred in late 2008, it is difficult to definitively conclude that Metro Denver's labor market is stabilizing. In the coming months, though, the average weekly count of claims should decline more consistently as fewer businesses plan layoffs.

On a year-to-date basis, the Metro Denver average weekly count of unemployment insurance claims rose 57.6 percent in November. In Colorado, the weekly average rose 66.1 percent through the first 11 months of the year.

Weekly First-Time Unemployment Insurance Claims

	Month of Nov-09	Month of Oct-09	Month of Nov-08	YTD Avg 2009	YTD Avg 2008	YTD Avg % Change
Metro Denver	2,882	2,354	3,236	2,547	1,616	57.6%
Colorado	5,541	4,535	5,620	4,720	2,842	66.1%

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

Data from the Federal Reserve show household net worth increased in both the second and third quarters of 2009. Net worth – which represents the value of households' real estate holdings, deposit accounts, and investments minus debt and other liabilities – fell dramatically through the recession. Recent gains in net worth suggest the economy is improving, although net worth needs to rise an additional 21 percent before households fully recapture their pre-recession wealth.

The need to rebuild wealth is a key factor behind consumers' recent frugality, which appears to have continued through the holiday shopping season. Figures recently released by MasterCard Advisors' Spending Pulse suggests U.S. retail sales between November 1 and December 24 rose roughly one percent from the same period last year. The data – which are adjusted for an extra shopping day on the 2009 calendar – show online sales rose a healthier 15.5 percent over-the-year, although online purchases account for just 10 percent of total retail sales. Many retailers are anxiously watching post-holiday shopper traffic, which is another significant source of store sales.

Official government figures on December retail sales have yet to be released, but data from the U.S. Department of Commerce show nationwide sales rose a greater-than-expected 1.3 percent between October and November. November was also the first month of 2009 in which retail sales rose above the year-ago level, although sales for some retail categories – including building materials, electronics and appliances, and department stores – remain weakened from prior years.

Low consumer confidence remains a driving force behind tepid retail sales. *The Conference Board's U.S. Consumer Confidence Index increased modestly between November and December, but the Present Situation sub index suggests consumers remain pessimistic about the current economy and its ability to generate income and jobs.* The Mountain Region Index rose more noticeably in December, but respondents in the region also expressed concern about the current economic climate.

Consumer Confidence Index

	Month of Dec-09 (p)	Month of Nov-09	Month of Dec-08	YTD Avg 2009	YTD Avg 2008	YTD Avg % Change	Ann Avg 2004
Mountain	48.3	44.3	37.2	49.4	76.5	-35.5%	108.8
United States	52.9	50.6	38.6	45.2	58.0	-22.1%	96.1

Source: The Conference Board. (p) =preliminary

Total Metro Denver retail sales increased 10.8 percent between August and September. The gain was roughly consistent with seasonal norms, although the region's retail sales fell more than 14 percent below sales from September 2008. Sales were also down roughly 14 percent on a year-to-date basis, with even larger declines in Adams County (-20.1 percent) and the City and County of Denver (-15.7 percent). Like sales in Metro Denver, statewide retail sales fell 14 percent year-to-date in September.

Total Retail Sales ($000s)

	Month of Sep-09	Month of Aug-09	Month of Sep-08	YTD Total 2009	YTD Total 2008	YTD Total % Change	Annual Growth 2004	Annual Growth 1999
Total Metro Denver	6,999,334	6,314,371	8,145,610	56,881,825	66,149,152	-14.0%	7.4%	7.0%
Adams County	1,130,634	1,074,313	1,461,191	9,503,390	11,890,602	-20.1%	11.7%	10.5%
Arapahoe County	1,433,046	1,241,891	1,541,025	11,434,922	12,833,038	-10.9%	2.6%	10.2%
Boulder County	712,104	590,818	794,125	5,520,929	6,131,220	-10.0%	2.1%	4.1%
Broomfield County	121,233	112,790	128,456	1,061,218	1,169,285	-9.2%	49.4%	
Denver County	2,010,246	1,888,807	2,521,191	16,513,997	19,583,531	-15.7%	8.1%	2.2%
Douglas County	544,823	469,063	550,728	4,327,737	4,707,314	-8.1%	16.9%	18.3%
Jefferson County	1,047,248	936,690	1,148,894	8,519,632	9,834,162	-13.4%	3.8%	7.3%
Colorado	11,632,831	10,622,467	13,620,805	95,880,408	111,504,021	-14.0%	7.8%	7.4%

Source: Colorado Department of Revenue.

Data from the U.S. Bureau of Labor Statistics suggests higher energy prices drove a slight increase in November's Consumer Price Index (CPI). Despite this and other small increases over the past several months, the CPI data still show inflation pressures below levels consistent with a healthy economy.

While energy prices are still affecting CPI, the pump price for gasoline has recently flattened. According to the AAA *Daily Fuel Gauge Report*, the national average price per gallon of regular gasoline was $2.64 as December ended, and that price was essentially unchanged from the prior month's average. In Metro Denver, the comparable average price in December was $2.40, and the average was down slightly from the prior month.

November was the second month of 2009 in which Metro Denver's average hotel occupancy rate improved from the prior year. Part of the improvement could reflect the fallout of the late-2008 financial crisis, but continued gains in the next several months would suggest the region's tourist trends are slowly improving. *On a year-to-date basis, Metro Denver average hotel occupancy fell 9.7 percent through November, and average room rates fell 9.8 percent.*

Metro Denver Hotel Statistics

	Month of Nov-09	Month of Oct-09	Month of Nov-08	YTD Avg 2009	YTD Avg 2008	YTD Avg % Change	Annual 2004	Annual 1999
Percent of Hotel Rooms Occupied	53.1%	65.4%	51.3%	60.6%	67.1%	-9.7%	61.9%	67.2%
Average Hotel Room Rate	$106.26	$119.23	$111.26	$107.71	$119.42	-9.8%	$84.42	$87.36

Source: Rocky Mountain Lodging Report.

Passenger traffic at Denver International Airport increased roughly two percent between September and October, but October's total passenger count fell 1.3 percent over-the-year. The October drop in passengers from the prior year was the second in a pair of declines that reversed what had appeared to be stronger passenger trends in late summer. The airport's traffic count fell 2.4 percent year-to-date through October.

Denver International Airport Passengers

	Month of Oct-09	Month of Sep-09	Month of Oct-08	YTD Total 2009	YTD Total 2008	YTD Total % Change	Annual 2004	Annual 1999
Number of Airline Passengers	4,101,004	4,011,123	4,154,517	42,436,235	43,492,802	-2.4%	42,275,913	38,034,017

Source: Denver International Airport, Traffic Statistics.

The stock performance of Colorado companies outpaced stock performance at a national level in 2009. *The Bloomberg Colorado Index rose more than 46 percent between 2008 and 2009, while the three major national indexes rose between 19 and 44 percent.* Analysts say energy companies helped boost Colorado stock performance in 2009, and investor optimism over long-awaited signs of recovery also helped markets rally through the end of the year. Looking ahead, many investors are questioning the market's ability to maintain momentum in the face of high unemployment, heavy government debt, and debt's potential impact on interest rates.

Stock Market Indexes

	Month of Dec-09	Month of Nov-09	Month of Dec-08	YTD Return 2009	YTD Return 2008	Ann Avg Return 2004
Bloomberg Colorado	322.4	303.2	220.5	46.2%	-51.0%	17.7%
S&P 500	1,115.1	1,095.6	903.3	23.5%	-38.5%	9.0%
NASDAQ	2,269.2	2,144.6	1,577.0	43.9%	-40.5%	8.6%
DJIA (Dow Jones)	10,428.1	10,344.8	8,776.4	18.8%	-33.8%	3.1%

Sources: Bloomberg.com, Yahoo! Finance.

Residential Real Estate

The latest progress report for the government's mortgage modification program gave another poor assessment of the program's success rate. The Treasury Department's report suggests that roughly 728,400 loan modifications made under the Home Affordable Modification Program (HAMP) were active as of late November, and just four percent of the modifications were permanent. Treasury officials have asked lenders to improve their participation, but officials admit that even permanent modifications may not be helping all borrowers. According to a separate report from the Office of the Comptroller of the Currency and the Office of Thrift Supervision, more than half of mortgage loans modified between the second and fourth quarters of 2008 were again delinquent within nine months.

Loan delinquency continues to affect the market for existing homes and – by extension – the market for new construction. The new homes market is likely to improve only after the existing homes market is on a more solid footing, but the Genesis Group's *Genesis Perspective* newsletter suggests Metro Denver's new homes market has at least reached bottom. Metro Denver new home sales in the third quarter of 2009 rose 16 percent from sales in the third quarter of 2008, and low interest rates and homebuyers' tax credits seem likely to give the market additional support in the months ahead. Significant obstacles remain, however. Third quarter new home sales in Metro Denver – while up from the prior year – were still 73 percent below the 2000 sales peak, and job losses and foreclosures have kept pressure on the new homes market. Generally, the newsletter suggests that trends in Metro Denver's new housing market will remain tepid in 2010.

Home Resales

Data from the National Association of Realtors (NAR) show November existing home sales rose solidly as first time homebuyers flocked to take advantage of a tax credit previously scheduled to expire. *Total U.S. existing home sales rose 7.4 percent between October and November, and November's sales rose a substantial 44 percent over-the-year.* On an over-the-year basis, November sales rose the most in the Midwest (+53.5 percent) and the Northeast (+52.7 percent), followed by sales in the South (+44.8 percent) and the West (+28.1 percent). Now that the tax credit has been extended and expanded, NAR economists expect home sales will slow and then surge as the new deadline approaches.

Metro Denver home sales fell nine percent between October and November, but November's sales total was 23 percent higher than the total from November 2008. Local realtors say this over-the-year gain reflects the same tax credit-inspired sales push seen nationwide, but many expect the local market will continue to show improvement. As home sales accelerate and inventory declines, Metro Denver home prices should also rebound. The median sales price for single-family homes increased over-the-year for the sixth consecutive month in November, and the median sales price for condominiums rose for the fourth consecutive month.

Previously-Owned Home Sales Activity

	Month of Nov-09	Month of Oct-09	Month of Nov-08	YTD Total 2009	YTD Total 2008	YTD Total % Change	Ann Avg 2004	Ann Avg 1999
Home Sales (Under Contract)	3,444	4,910	3,637	53,146	59,361	-10.5%	66,196	38,248
Home Sales (Closed)	3,599	3,958	2,920	39,111	44,603	-12.3%	54,012	46,742
Unsold Homes on Market	18,061	18,945	21,761	18,061	21,761	-17.0%	23,267	9,350
Average Sales Price-Single Family	$265,498	$261,771	$242,557	$263,522	$272,401	-3.3%	$289,803	$208,274
Average Sales Price-Condo	$152,409	$161,451	$161,615	$159,570	$171,955	-7.2%	$180,986	$122,562
Median Sales Price-Single Family	$218,000	$222,000	$195,000	$219,000	$220,000	-0.5%	$236,240	
Median Sales Price-Condo	$135,900	$135,000	$130,000	$136,000	$139,000	-2.2%	$157,000	

Note: Data includes the seven-county Metro Denver region plus Elbert, Park, Gilpin, and Clear Creek Counties as well as portions of the Loveland area.
Source: MetroList, Inc.

Home Prices

Distressed properties are keeping downward pressure on home prices, but price declines have grown progressively smaller thanks to faster home sales and falling inventory. According to the NAR, distressed properties accounted for roughly one-in-three U.S. home sales in November, and the November median home price ($172,600) fell 4.3 percent from the year-ago median.

A separate NAR data set shows the Denver-Aurora-Broomfield MSA was one of 30 metropolitan areas to report an increase in median home price between the third quarters of 2008 and 2009. The increase was also the first reported for Metro Denver in two years and contrasted with an 11.2 percent over-the-year decline in the nationwide median. Third quarter median home prices also declined over-the-year in the remaining 123 metro areas with the largest declines in median price reported in Cape Coral-Fort Myers, Florida (-40 percent) and in Las Vegas-Paradise, Nevada (-35 percent). Third quarter median home prices for the other two Colorado metro areas included in the data – Boulder and Colorado Springs – fell over-the-year by 0.9 percent and 6.2 percent, respectively. The NAR will release median home price data for the fourth quarter on February 11.

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

	Quarter 3 2009 (p)	Quarter 2 2009 (r)	Quarter 3 2008	YTD Avg 2009	YTD Avg 2008	YTD Avg % Change	Median 2004	Median 1999
Boulder-Longmont MSA	$358.3	$373.3	$361.5	$353.3	$364.3	-3.0%	$325.3	n/a
Denver-Aurora-Broomfield MSA	$229.1	$223.7	$225.1	$215.2	$224.6	-4.2%	$239.1	$171.3
United States	$177.9	$174.2	$200.4	$173.1	$201.0	-13.8%	$195.2	$141.2

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

The S&P/Case-Shiller Home Price Indices suggest nationwide home prices flattened between September and October. The plateau came after solid gains in the past several months, and some analysts are concerned that the home price recovery is stalling. Index readings for the next several months should confirm the direction of home prices, which will partly reflect the shape of sales trends under the extended homebuyers' tax credit. *In October, the indices for Dallas and Denver were the two closest to a positive annual return.*

Foreclosures

Data from RealtyTrac show roughly one in every 417 U.S. housing units received some sort of foreclosure filing in November. While November foreclosures were up 18 percent from filings in November 2008, November still marked the fourth consecutive monthly decline in foreclosure activity. RealtyTrac analysts say foreclosure mitigation efforts are gradually becoming more successful, but high unemployment and limited credit availability will keep pressure on homeowners in the months ahead.

November foreclosure filings declined from the previous month in each of the seven Metro Denver counties except Boulder County and the City and County of Broomfield. Arapahoe County was the only one of the seven to report a November foreclosure total that was lower than the year-ago count of filings; November filings in the remaining counties were anywhere from four percent to 40 percent higher than the count of filings from November 2008. Metro Denver foreclosure filings through the first 11 months of the year were up 6.4 percent from filings in the same months of 2008.

Real Estate Foreclosures

	Month of Nov-09	Month of Oct-09	Month of Nov-08	YTD Total 2009	YTD Total 2008	YTD Total % Change	Annual Total 2004
Total Metro Denver*	1,872	2,123	1,728	24,280	22,825	6.4%	12,252
Adams County	379	417	336	5,215	5,226	-0.2%	2,498
Arapahoe County	421	533	490	5,617	5,426	3.5%	3,125
Boulder County	114	112	84	1,316	946	39.1%	524
Broomfield County	29	19	21	306	248	23.4%	134
Denver County	470	480	399	5,740	5,717	0.4%	3,345
Douglas County	171	219	122	2,416	1,922	25.7%	800
Jefferson County	288	343	276	3,670	3,340	9.9%	1,826

**Figures represent the total number of election and demand setups received by county public trustees in the given period. Some foreclosures may be subsequently cured or withdrawn.*
Sources: Colorado Division of Housing.

New Homes

The original expiration date for the first-time homebuyers' tax credit boosted existing home sales in November, but sales of new homes declined unexpectedly. According to the U.S. Department of Commerce, nationwide new home sales fell 11 percent between October and November, and the November sales total was nine percent below the year-ago sales figure. New home sales declined between October and November in all U.S. regions except the Midwest, which was also the only market area to report a year-over-year increase in November sales. Many builders are still struggling to compete with lower-priced existing homes, which likely attracted many of the first-time homebuyers drawn into the market in recent months.

Other data from the U.S. Department of Commerce show nationwide new housing starts rose a lower-than-expected nine percent between October and November. Total November housing starts were down roughly 12 percent from starts in November 2008, and starts were also down over-the-year in the Midwest (-2.8 percent), the South (-15.2 percent), and the West (-23.4 percent). The Northeast was the only U.S. region to report an over-the-year increase in housings starts (+14.3 percent) in November.

Mixed trends in the new homes market are contributing to – or in some cases resulting from – weak builder confidence. The National Association of Homebuilders' NAHB/Wells Fargo Housing Market Index fell a slight one point between November and December, but the index's December level was nonetheless the lowest recorded since June 2009. Analysts say low interest rates, good affordability, and the homebuyers' tax credits have made for some of the best home buying conditions in recent history, but concerns over job security and other economic woes are still keeping many buyers sidelined. These conditions, combined with still-difficult credit for construction, are contributing to shaky builder confidence.

Locally, residential construction activity remains sluggish. *The count of Metro Denver building permits issued in October fell nearly 49 percent from the prior month. The ongoing decline in apartment permits – which were down almost 89 percent year-to-date through October – is a key influence on the overall decline in Metro Denver construction activity, although permits for single-family homes and condominiums are also down significantly.* October permit issuance for all types of housing was roughly one-sixth the volume reported in October 2008.

Data for the remainder of 2009 will likely show Metro Denver new homebuilding activity remained at record low levels. While building activity in 2010 will be subdued by historical standards, home construction should accelerate from its 2009 level as the economy improves and builders regroup. Spokespeople for Englewood-based Village Homes, for example, say the company will complete a group of partially finished properties and will begin additional Metro Denver home construction in the first half of 2010. Village Homes – which declared bankruptcy in late 2008 – was recently purchased by two real estate investment companies.

Residential Building Permits

	Month of Oct-09	Month of Sep-09	Month of Oct-08	YTD Total 2009	YTD Total 2008	YTD Total % Change	Total 2004	Total 1999
Single-Family Detached Units	178	234	210	1,943	3,348	-42.0%	14,260	17,523
Single-Family Attached Units	36	87	78	516	1,249	-58.7%	4,843	2,883
Multi-Family Units	0	96	993	438	3,878	-88.7%	2,681	4,784
Total Units	214	417	1,281	2,897	8,475	-65.8%	21,784	25,190

Source: Home Builders Association of Metro Denver.

Apartment Rental Market

Metro Denver's average apartment vacancy rate fell from nine percent in the second quarter to 7.4 percent in the third quarter, although the third quarter rate was roughly one percentage-point higher than the year-ago vacancy level. A healthy job market tends to correlate with declining apartment vacancy, but Metro Denver job losses over the past year make the labor market an unlikely explanation for the third quarter drop in vacancy rates. The true reason for the shift is unclear, although high unemployment and the difficult housing market may be keeping downward pressure on vacancy if the poor conditions force more homeowners to rent. Consistent with the decline in vacancy, the Metro Denver average apartment rental rate rose from $870 in the second quarter to $881 in the third quarter.

Apartment Statistics

	Quarter 3 2009	Quarter 2 2009	Quarter 3 2008	YTD Average 2009	YTD Average 2008	YTD Average % Change	Annual Average 2004	Annual Average 1999
Apartment Vacancy Rate	7.4%	9.0%	6.5%	8.3%	6.2%		9.7%	4.5%
Average Monthly Rental Rate (all units)	$881	$870	$892	$878	$880	-0.2%	$817	$717

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

Contractors for the 42-story Spire condominium project announced the building's completion in early December and noted that the project finished early and under budget. Construction took more than two years and builders encountered several obstacles, most notably the early loss of a construction loan. With work now complete, however, sales of some units in the building are ready to close. The building, which could receive LEED certification, offers several green features plus other buyers' incentives.

The completion of the Spire project highlights a key trend in commercial real estate – many of the projects under construction or recently completed were projects planned before the recession. Thanks to limited commercial credit and weak demand for space, very little new commercial construction broke ground in 2009. Data from CoStar Realty Information, Inc. shows the total square footage of Metro Denver office property completed in 2009 fell nearly 30 percent from the total finished in 2008. In the fourth quarter, total office square footage under construction – which included 1800 Larimer and the new FBI headquarters in Stapleton – represented a little more than half the square footage under construction at the same time in 2008.

While weak commercial construction activity does not bode well for builders, the lack of development should help stabilize the market. *CoStar data shows the direct vacancy rate in Metro Denver's office market declined slightly between the third and fourth quarters, but the fourth quarter rate (13.8 percent) was nearly one percentage point above the year-ago rate. Direct office market lease rates fell from $20.73 in the third quarter of 2009 to $20.10 in the fourth quarter.*

Office Market Statistics

	Quarter 4 2009	Quarter 3 2009	Quarter 4 2008	Quarter 4 2007	Quarter 4 2006	Quarter 4 2005
Number of Buildings	5,356	5,326	5,307	5,240	5,174	5,123
Existing Square Feet (millions)	163.5	162.2	161.2	158.8	157.3	155.6
Vacant Square Feet (direct, millions)	22.6	22.6	20.9	18.8	20.2	20.7
Vacancy Rate (direct)	13.8%	14.0%	13.0%	11.9%	12.9%	13.3%
Vacancy Rate (with sublet)	14.8%	15.0%	14.0%	12.6%	13.8%	14.5%
Avg. Lease Rate (direct, per sq. ft, full service)	$20.10	$20.73	$21.52	$21.21	$18.68	$17.39
New Construction Completed (year-to-date)	1.56 MSF, 22 Bldgs	0.93 MSF, 19 Bldgs	2.19 MSF, 63 Bldgs	1.38 MSF, 58 Bldgs	1.55 MSF, 41 Bldgs	0.73 MSF, 42 Bldgs
Currently Under Construction	1.17 MSF, 8 Bldgs	1.76 MSF, 13 Bldgs	1.99 MSF, 37 Bldgs	3.36 MSF, 66 Bldgs	1.33 MSF, 53 Bldgs	1.34 MSF, 38 Bldgs

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

Like construction in the office market, building activity in Metro Denver's industrial market slowed dramatically in 2009. Data from CoStar Realty Information, Inc. shows the total square footage of industrial property completed in 2009 was less than one-tenth of the square footage completed in 2008, and industrial construction in the fourth quarter was stalled save for two buildings. Partly thanks to this lack of construction, however, industrial market fundamentals have been comparatively stable. *The market's direct vacancy rate in the fourth quarter (6.7 percent) was essentially unchanged from the year-ago rate, and the direct average lease rate fell roughly six percent over-the-year to $4.83 per square foot in the fourth quarter.*

While fundamentals in Metro Denver's office and industrial markets appeared to stabilize in the fourth quarter, fundamentals in the region's flex market continued to weaken. *According to CoStar Realty Information, Inc., Metro Denver's direct flex market vacancy rate rose from 14.7 percent in the third quarter of 2009 to 15 percent in the fourth quarter, and the fourth quarter rate was more than one percentage point higher than the year-ago level. The market's fourth quarter direct average lease rate ($9.56 per square foot) was up slightly from the third quarter but remained more than three percent below the year-ago rate.* Flex market construction completed in 2009 totaled just 300,000 square feet in nine buildings, and no flex space was under construction as 2009 ended.

Industrial Market Statistics

	Quarter 4 2009	Quarter 3 2009	Quarter 4 2008	Quarter 4 2007	Quarter 4 2006	Quarter 4 2005
Number of Buildings	6,659	6,654	6,648	6,602	6,553	6,499
Existing Square Feet (millions)	214.7	214.6	214.4	211.6	209.2	206.8
Vacant Square Feet (direct, millions)	14.5	14.9	14.3	12.3	13.9	16.0
Vacancy Rate (direct)	6.7%	7.0%	6.7%	5.8%	6.6%	7.7%
Vacancy Rate (with sublet)	7.0%	7.2%	7.0%	6.1%	7.0%	8.0%
Avg. Lease Rate (direct, per square foot, NNN)	$4.83	$4.84	$5.13	$5.06	$4.94	$4.68
New Construction Completed (year-to-date)	0.23 MSF, 6 Bldgs	0.23 MSF, 6 Bldgs	2.47 MSF, 41 Bldgs	1.67 MSF, 29 Bldgs	1.65 MSF, 28 Bldgs	1.30 MSF, 40 Bldgs
Currently Under Construction	0.03 MSF, 2 Bldgs	0 MSF, 0 Bldgs	0.17 MSF, 3 Bldgs	1.80 MSF, 21 Bldgs	2.11 MSF, 28 Bldgs	0.86 MSF, 19 Bldgs

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

Flex Space Statistics

	Quarter 4 2009	Quarter 3 2009	Quarter 4 2008	Quarter 4 2007	Quarter 4 2006	Quarter 4 2005
Number of Buildings	1,353	1,351	1,343	1,313	1,289	1,275
Existing Square Feet (millions)	38.2	38.2	37.9	36.8	36.3	35.9
Vacant Square Feet (direct, millions)	5.7	5.6	5.2	4.3	4.7	4.9
Vacancy Rate (direct)	15.0%	14.7%	13.7%	11.7%	12.9%	13.5%
Vacancy Rate (with sublet)	15.7%	15.4%	14.4%	12.3%	13.5%	14.2%
Avg. Lease Rate (direct, per square foot, NNN)	$9.56	$9.44	$9.90	$9.32	$8.53	$8.27
New Construction Completed (year-to-date)	0.30 MSF, 9 Bldgs	0.27 MSF, 8 Bldgs	0.77 MSF, 25 Bldgs	0.25 MSF, 12 Bldgs	0.46 MSF, 15 Bldgs	0.37 MSF, 21 Bldgs
Currently Under Construction	0 MSF, 0 Bldgs	0 MSF, 0 Bldgs	0.30 MSF, 8 Bldgs	0.16 MSF, 6 Bldgs	0.09 MSF, 2 Bldgs	0.46 MSF, 15 Bldgs

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

Metro Denver's retail market accounted for a majority of what little commercial construction occurred in 2009, but the market's construction volume was still down considerably from prior years. According to data from CoStar Realty Information, Inc., total retail square footage completed in 2009 fell roughly 42 percent from the volume completed in 2008. Retail space at the Streets of Southglenn development accounted for 27 percent of all Metro Denver retail property completed in 2009, and the largest single project was a Douglas County Super Target. *Metro Denver's direct retail market vacancy rate fell from 9.1 percent in the third quarter of 2009 to 8.8 percent in the fourth quarter, but the fourth quarter rate was still up considerably from the year-ago level. The direct average lease rate for the retail market fell 5.6 percent over-the-year to $16.38 per square foot in the fourth quarter.*

Retail Market Statistics

	Quarter 4 2009	Quarter 3 2009	Quarter 4 2008	Quarter 4 2007	Quarter 4 2006	Quarter 4 2005
Number of Buildings	8,452	8,109	8,040	7,895	7,797	7,636
Existing Square Feet (millions)	154.0	151.0	149.2	145.8	143.4	139.0
Vacant Square Feet (direct, millions)	13.6	13.7	12.2	10.2	10.1	8.8
Vacancy Rate (direct)	8.8%	9.1%	8.2%	7.0%	7.1%	6.4%
Vacancy Rate (with sublet)	9.2%	9.4%	8.5%	7.3%	7.3%	6.7%
Avg. Lease Rate (direct, per square foot, NNN)	$16.38	$16.53	$17.36	$16.28	$16.13	$15.42
New Construction Completed (year-to-date)	2.06 MSF, 80 Bldgs	1.58 MSF, 62 Bldgs	3.55 MSF, 99 Bldgs	1.60 MSF, 41 Bldgs	4.77 MSF, 54 Bldgs	N/A
Currently Under Construction	0.53 MSF, 12 Bldgs	0.55 MSF, 17 Bldgs	2.05 MSF, 58 Bldgs	6.30 MSF, 81 Bldgs	4.71 MSF, 60 Bldgs	N/A

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

Metro Denver Indicator Summary

Indicator	Monthly/Quarterly Direction	Annual Direction	Summary of Recent Changes
Nonfarm Employment Growth	⇓	⇓	Employment decreased by 1,700 jobs Oct to Nov; YTD emp. down 3.9% through Nov 2009.
% Companies Hiring (Denver Area)	⇓	⇓	8% of companies expect to add workers in Q1 2010 and 75% expect no change.
Unemployment Rate	⇐⇒	⇑	Metro rate 6.7% in Nov; YTD avg. rate of 7.3% up from 4.8% in 2008.
Initial Unemployment Insurance Claims	⇑	⇑	Claims increased Oct to Nov; YTD claims up 57.6% through Nov 2009.
Total Retail Sales	⇑	⇓	Metro retail sales increased Aug to Sep; total sales down 14% YTD through Sep 2009.
Consumer Confidence Index	⇑	⇓	Mountain Region up to 48.3 in Dec from 44.3 in Nov; index down 35.5% YTD through Dec 2009.
Hotel Occupancy	⇓	⇓	Hotel occupancy decreased from 65.4% in Oct to 53.1% in Nov; occupancy down 9.7% YTD.
DIA Passengers	⇑	⇓	Traffic increased Sep to Oct; traffic down 2.4% YTD through Oct 2009.
Bloomberg Colorado Index	⇑	⇑	Bloomberg Colorado Index up 6.3% from Nov to Dec; year-to-date return at 46.2%.
Dow Jones Industrial Average	⇑	⇑	DOW increased 0.8% Nov to Dec; year-to-date return at 18.8%.
Home Sales (closed)	⇓	⇓	Home sales decreased 9.1% Oct to Nov; YTD sales down 12.3% through Nov.
Median Home Price (Denver-Aurora MSA)	⇑	⇓	Median home price in Denver MSA up 2.4% Q2 to Q3 2009; YTD price down 4.2%
Foreclosures	⇓	⇑	Foreclosures decreased 11.8% Oct to Nov; YTD up 6.4% through Nov 2009.
Residential Building Permits (Total)	⇓	⇓	Total permits decreased between Sep and Oct; YTD down 65.8% through Oct 2009.
Apartment Vacancy Rate	⇓	⇑	Vacancy rate decreased from 9% in Q2 to 7.4% in Q3; avg rental rate at $881 per month.
Office Vacancy Rate (with Sublet)	⇓	⇑	Vacancy down from 15% to 14.8% in Q4 2009; avg lease rate down to $20.10/sq.ft.
Industrial Vacancy Rate (with Sublet)	⇓	⇐⇒	Vacancy rate decreased from 7.2% to 7% in Q4 2009; avg lease rate down to $4.83/sq. ft. (NNN)
Retail Space Vacancy Rate (with Sublet)	⇓	⇑	Vacancy rate down from 9.4% to 9.2% in Q4; avg. lease rate down to $16.38/sq. ft. (NNN)
Positive Changes	**11 of 18**	**2 of 18**	

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