

The Millennial Influence in Metro Denver


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Just as Metro Denver historically was known as a magnet for the baby boomers (born between 1946 and 1964), the region is now a choice location for the millennials (born between 1981 and 1997). The millennials are the largest population group in Metro Denver, totaling nearly 891,500 people in 2015 and representing 24 percent of the region's total population. While the generation X (821,500 population) and baby boomers (813,200 population) dominate those working today, the millennials are making their mark and represent the largest component of the potential labor force. Demographic shifts related to both the millennial and baby boomer generations are changing the face of Metro Denver, which has implications for future labor force growth patterns, consumer spending patterns, and residential real estate needs. As a result, the need to understand the millennial population is critically important to Metro Denver's economic future.

Since many of Metro Denver's key competitors are also experiencing rapid millennial growth, it is important to place Metro Denver into context. Therefore, this report compares various millennial data such as population, migration, labor force, unemployment rates, and workplace dynamics for Metro Denver with its top eight national economic development competitors, consisting of the following metropolitan areas:

- Atlanta-Sandy Springs-Roswell, Georgia
- Austin-Round Rock, Texas
- Dallas-Fort Worth-Arlington, Texas
- Houston-The Woodlands-Sugar Land, Texas
- Phoenix-Mesa-Scottsdale, Arizona
- Portland-Vancouver-Hillsboro, Oregon-Washington
- Salt Lake City, Utah
- Seattle-Tacoma-Bellevue, Washington

Data for the next closest geography is used when metropolitan area data is not available. In these cases, Colorado is compared with the following competitor states: Arizona, Georgia, Oregon, Texas, Utah, and Washington.

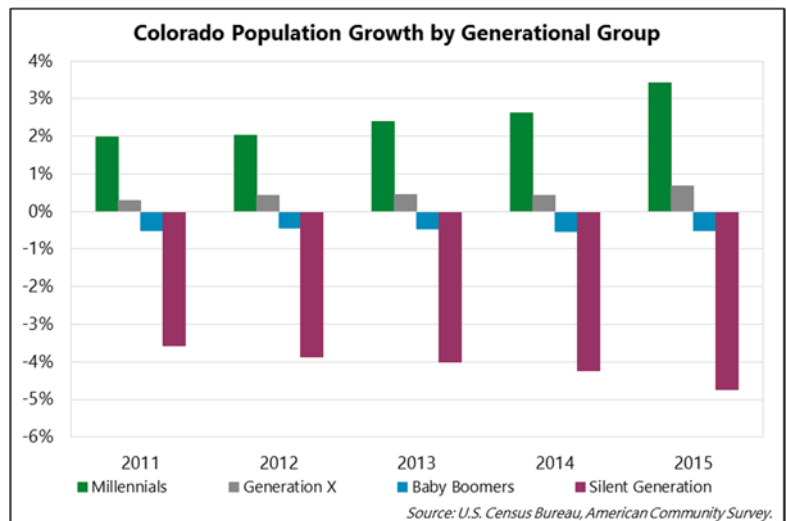
Metro Denver is about 350 miles west of the geographic center of the continental U.S. and is just east of the Front Range of the Rocky Mountains. There are four metropolitan statistical areas (MSA) located within the Metro Denver and Northern Colorado region ("Metro Denver MSAs"): the one-county Boulder MSA (Boulder County), the one-county Fort Collins MSA (Larimer County), the one-county Greeley MSA (Weld County), and the 10-county Denver-Aurora-Lakewood MSA (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties). This report generally focuses on a nine-county subset of the four MSAs that consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson, Larimer, and Weld Counties, referred to as "Metro Denver." In some cases, the Denver-Aurora-Lakewood MSA and the Boulder MSA ("Denver-Boulder MSAs") are combined due to data availability.

MILLENNIAL POPULATION OVERVIEW

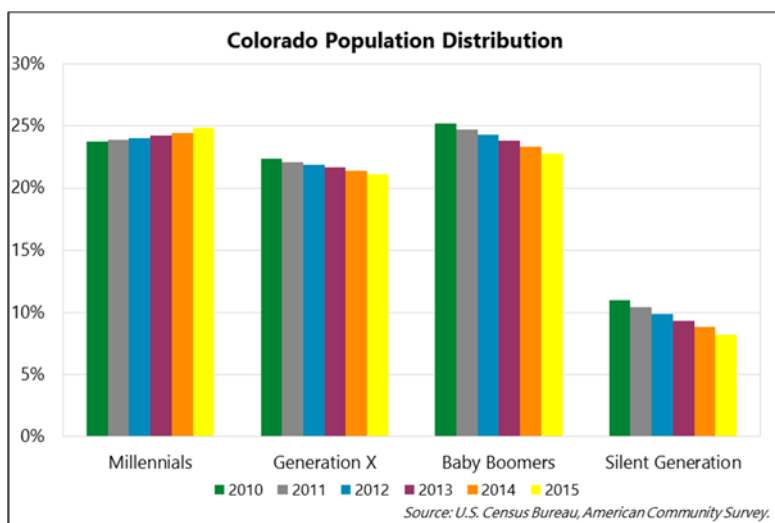
The millennial population, which includes individuals born between 1981 and 1997, represents over one quarter of the nation's population, reaching over 75.4 million people in 2015. According to Pew Research, the millennial population overtook the baby boomer population (born between 1946 and 1964) of 74.9 million as the largest living population in 2015 and generation X (born between 1965 and 1980) is projected to surpass the baby boomers in population by 2028. The group stated that the millennial generation continues to grow with young immigrants, while the baby boomer generation declines as the number of deaths exceeds the number of older immigrants arriving to the U.S. The U.S. Census Bureau reported that the millennials are more diverse than the previous generations, with 44.2 percent being part of a minority race or ethnic group.

Colorado Population

Colorado has experienced strong population growth over the past few years, reaching nearly 5.5 million people in 2015. The state recorded the second-fastest population growth of the 50 states in 2015, adding nearly 101,000 people. In 2015, Colorado's population was the third-smallest population of its six main competitor states, only larger than Utah (3 million) and Oregon (4 million). Between 2010 and 2015, Colorado's population increased 8.1 percent or over 408,300 people. Of Colorado's competitor states, Texas (+8.8 percent) was the only state to record stronger population growth between 2010 and 2015.



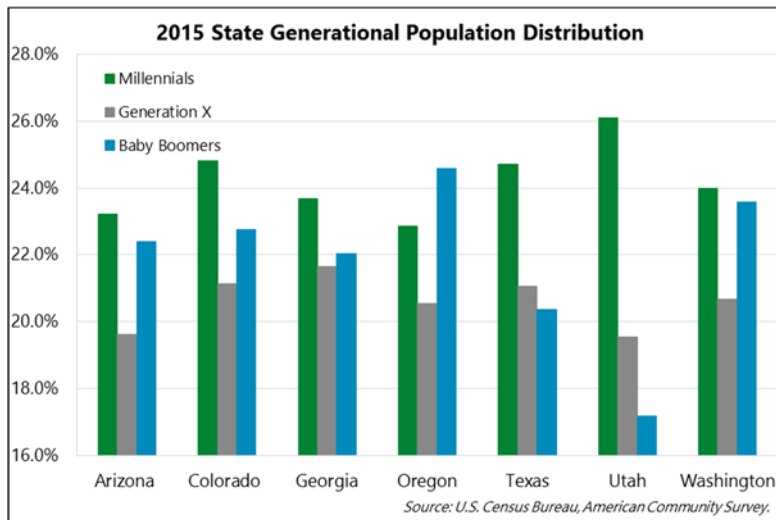
The next generation (born after 1997), millennials, and generation X in Colorado recorded population gains for all years from 2011 to 2015, while the baby boomer and silent generation populations recorded losses. Of the generational groups that had a population increase in Colorado between 2014 and 2015, millennials accounted for nearly 35 percent of the total increase, rising 10 percentage points from the 2011 portion of 24.5 percent. Compared with the competitor states, Colorado's millennial growth share was the largest of the group, with portions ranging from 10.9 percent in Georgia to 26.4 percent in Washington.



Colorado's millennial population neared 1.4 million people in 2015, the fifth-largest absolute share of millennials of the competitor states. Millennial populations in the competitor states ranged from 781,800 in Utah to 6.8 million in Texas. Between 2010 and 2015, Colorado added about 156,500 millennials to the state, the second-largest absolute increase of the competitor states with Texas leading the pack adding over 468,300 people. Colorado's millennial population reported increasing growth rates during the five-year period and had the

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fastest millennial growth rates of the competitor states. Colorado recorded over-the-year increases in the millennial population of 2 percent in 2011 and 2012 before increasing 2.4 percent in 2013 and 2.6 percent in 2014. The millennial population increased 3.4 percent in 2015, nearly double the pace of any of the competitors.



Colorado's millennial population represented 24 percent of the state's total population between 2010 and 2014 and increased slightly to 25 percent in 2015. The next generation increased from 18 percent of the population in 2010 to 23 percent in 2015, while generation X fell slightly from 22 percent in 2010 to 21 percent in 2015. The baby boomers represented 23 percent of the state's total population in 2015, down 2 percentage points from 2010. Utah had the largest portion of millennials in 2015, reaching 26 percent, while Arizona had the smallest portion at 23 percent. Utah also reported the largest portion of next-generation individuals at 30 percent and the smallest portion of baby boomers at 17 percent. Oregon recorded the largest concentration of baby boomers of the competitor states, with 25 percent of the state's population.

Metro Denver Population

Metro Denver is an attractive location for millennials, bolstered by a vibrant job market, high quality of life, and convenient transportation options. Numerous studies have ranked Metro Denver as one of the top locations for millennials:

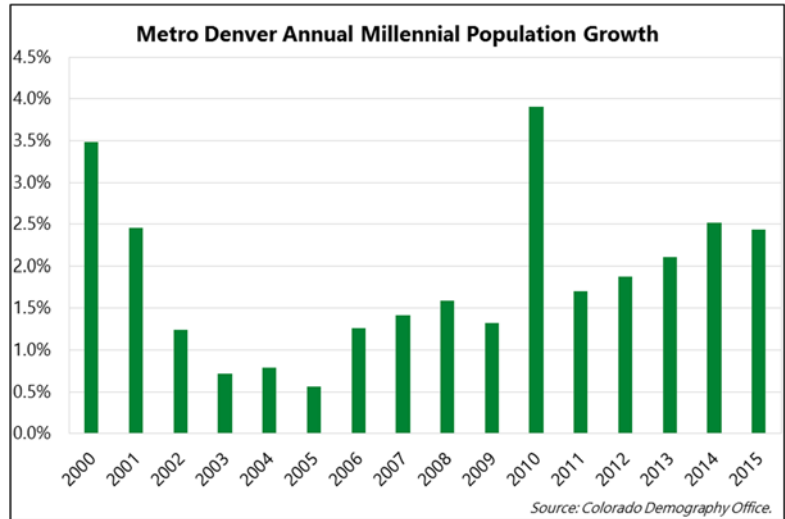
- *Money* magazine stated Denver was a "mecca for millennials";
- Denver ranked third for attracting the most millennials moving from another city by the 2016 Mayflower Mover Study;
- *Forbes* ranked Denver as the seventh-best city for millennials (ages 25-34) out of 25 major cities in 2015;
- Denver ranked the seventh-best city for educated millennials by the American Institute for Economic Research;
- *Forbes* ranked Metro Denver seventh among metro areas that are magnets for millennials in 2014;
- Boulder ranked among the top-seven-best metro areas for millennials in 2014, according to The Cheat Sheet;
- Denver was ranked the eighth-most perfect city by millennials in a survey by ABODO; and
- Realtor.com ranked Denver ninth among the top cities where millennials are most likely to purchase a home in 2016.

The millennial population in Metro Denver totaled nearly 891,500 people in 2015 and represented 24 percent of the region's total population. Further, Metro Denver millennials represented about 66 percent of the millennial population across Colorado in 2015, but only accounted for 47 percent of the 2015 millennial population growth in the state.

Metro Denver has recorded variable growth in its millennial population over the past 16 years. In 2000, millennials were between three and 19 years of age. Between 1999 and 2000, the millennial population increased 3.5 percent or about 23,200 people. This increase was prior to the 2001 recession when the region's economy was strong and

MILLENNIAL POPULATION OVERVIEW

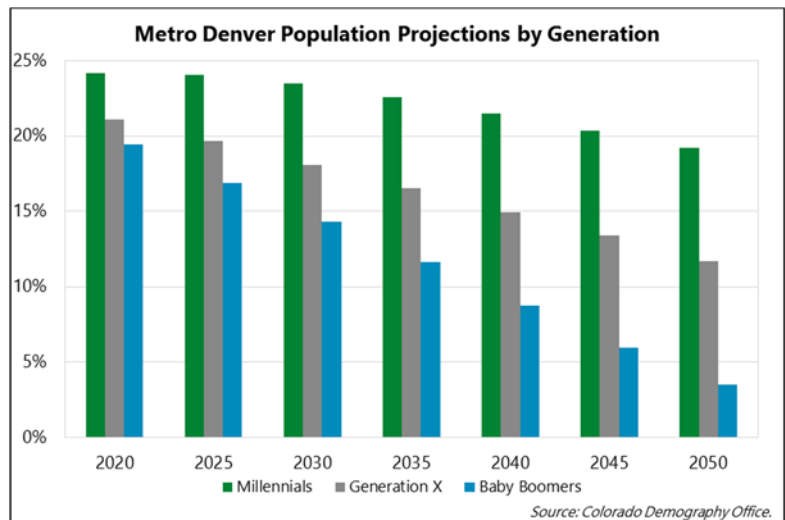
the growth was likely attributed to children relocating to the state with their families due to their young age. After 2000, the millennial growth rate slowed to 2.5 percent in 2001, 1.2 percent in 2002, and remained below 1 percent until 2006 when growth started to accelerate. Between 2006 and 2009, millennial population growth averaged 1.4 percent per year. The millennial population in Metro Denver increased significantly between 2009 and 2010. Millennials would have been between the ages of 13 and 29, with the middle of the group being 21 years of age and reaching college graduation age. The millennial population in Metro Denver rose



nearly 4 percent in 2010, the strongest growth recorded for the generation during the period. In 2010, the Great Recession hit its peak in Metro Denver with employment at its lowest and unemployment at its peak.

During recessionary periods, it is typical for workers who have lost their jobs to go back to school and retrain and for currently enrolled students to extend their education. It is likely that the millennials who graduated from college at the peak of the recession went on to higher education and millennial professionals went back to school for additional certifications or an advanced degree. Metro Denver's many community college and university options, as well as its quality of life, could have attracted millennials at the time. In the year's following the Great Recession, the millennial generation increased an average of 2.2 percent per year, reaching 2.5 percent in 2014 and 2.4 percent in 2015.

The millennial population in Metro Denver is expected to maintain its strong presence in the coming years. The population is projected to remain at about 24 percent of the region's total population through 2025 before slowly declining to 23 percent by 2035 and 21 percent by 2040. Millennials are expected to reach their largest absolute total in 2040 at 1.15 million people in Metro Denver, but are projected to begin contracting toward 1.12 million in 2050, as the oldest millennials will be 69 years of age. The baby boomers are projected to represent 19 percent of the Metro Denver population in 2020 before declining to 4 percent in 2050. Generation X is expected to represent 21 percent of the population in 2020, but slowly decline to 12 percent in 2050.



Population by Competitor Metropolitan Areas

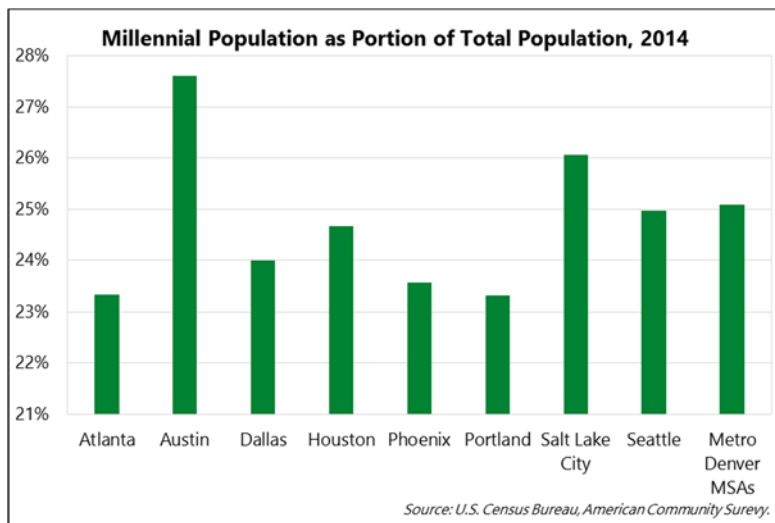
Population totals across the competitor metropolitan areas vary greatly. As of July 1, 2015, the Metro Denver MSAs population totaled over 3.7 million people, an increase of 2.2 percent from the previous year. Dallas had the largest population of the competitor areas, totaling over 7.1 million people in 2015, an increase of 2.1 percent compared with the previous year. The smallest population was in Salt Lake City, totaling nearly 1.2 million in 2015,

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and the area recorded the slowest population growth of the competitor areas between 2014 and 2015 with 1.4 percent. Austin recorded the fastest population growth over-the-year, rising 3 percent to just over 2 million people in 2015.

The millennial population in the Metro Denver MSAs totaled 920,700 people, representing about 25 percent of the area's total population. Seattle and Houston had a similar millennial distribution as the Metro Denver MSAs in 2014. The millennial population totaled about 916,600 in Seattle and 1.6 million in Houston,

representing about 25 percent of the population in both MSAs. Austin (536,400 millennials) and Salt Lake City (300,700 millennials) had the largest portions of millennials of the competitor areas, representing 27.6 percent and 26.1 percent, respectively.



The smallest portions of millennials were in Atlanta (1.3 million millennials) and Portland (547,600 millennials), representing 23.3 percent of the total population in both MSAs. The millennial populations in Dallas and Phoenix represented 24 percent and 23.6 percent of the total population, respectively. Each of the competitor areas had more female millennials than male millennials in 2014, other than Dallas and Atlanta where the reverse was true.

Migration Activity

Net migration, or the number of people moving in minus the people moving out, is an

indicator of the attractiveness of an area and strong net migration will increase the demand for jobs, housing, and resources. From 2014 to 2015, 67 percent of Colorado's population growth was attributed to net migration. In comparison, Oregon had the highest portion of net migration of the competitor states at 74 percent, while Utah had the lowest portion at 31 percent. Arizona (+64 percent), Texas (+55 percent), and Georgia (+54 percent) all had positive net migration, but at lower rates than Colorado.

The Metro Denver MSAs have recorded strong population growth over the last several years and has been included among the fastest growing areas in the country. Between 2014 and 2015, net migration accounted for 70 percent of the region's total population, the second-fastest rate of the competitor areas. Austin recorded the largest net migration portion in 2015, representing about 71 percent of total population growth. Salt Lake City recorded the smallest portion of net migration, representing only 21 percent of total population growth between 2014 and 2015. Houston recorded the largest absolute net

Total Population

	July 1, 2014	July 1, 2015	% Change
Atlanta	5,615,364	5,710,795	1.7%
Austin	1,943,465	2,000,860	3.0%
Dallas	6,958,092	7,102,796	2.1%
Houston	6,497,864	6,656,947	2.4%
Phoenix	4,486,543	4,574,531	2.0%
Portland	2,348,607	2,389,228	1.7%
Salt Lake City	1,154,513	1,170,266	1.4%
Seattle	3,672,866	3,733,580	1.7%
Metro Denver MSAs	3,670,756	3,752,453	2.2%

Source: U.S. Census Bureau, Annual Estimates of the Resident Population, March 2016.

Components of Population Change, 2015

	Total Change	Natural Increase	Net Migration	% Net Migration
Atlanta	95,431	37,237	58,197	61.0%
Austin	57,395	16,954	40,710	70.9%
Dallas	144,704	57,392	86,701	59.9%
Houston	159,083	59,844	99,260	62.4%
Phoenix	87,988	28,576	58,222	66.2%
Portland	40,621	11,405	27,902	68.7%
Salt Lake City	15,753	12,706	3,306	21.0%
Seattle	60,714	22,200	37,494	61.8%
Metro Denver MSAs	81,697	23,607	57,260	70.1%

Source: U.S. Census Bureau, Annual Estimates of the Resident Population, March 2016.

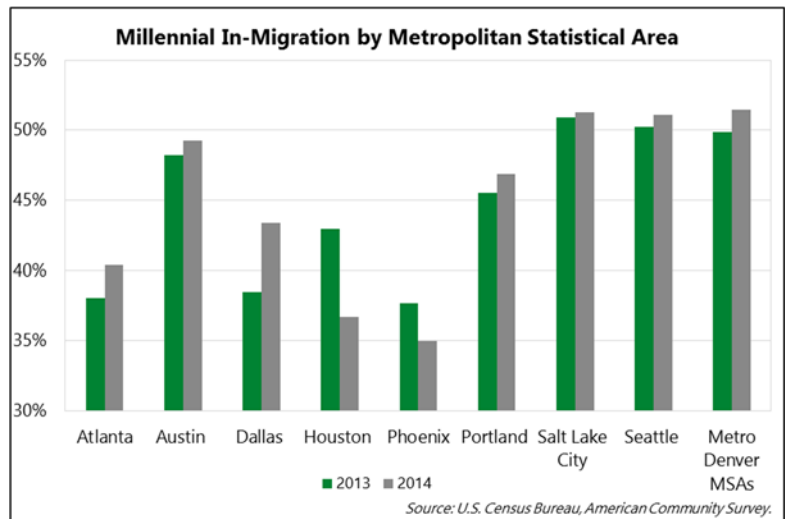
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migration level in 2015, with 99,260 people, followed by Dallas (86,700 people), Phoenix (58,220 people), and Austin (40,710 people).

Millennial Migration

The American Community Survey estimated the geographic mobility of individuals that are one year and older based on whether they lived in the same house last year, same county, same state, different state, or moved abroad. This information is used to estimate the movement of individuals by age from outside of the state to the metropolitan area, and is referred to as in-migration.

In 2014, nearly 52 percent of total in-migration to the Metro Denver MSAs was millennials, the largest portion of all generational groups. The 2014 millennial in-migration level was roughly 2 percentage points higher than the 2013 level of about 50 percent. Among the competitor areas, Salt Lake City and Seattle recorded similar levels of millennial in-migration, while Phoenix recorded the lowest level of millennial in-migration in 2014. Phoenix recorded the smallest decline in millennial migration between 2013 and 2014, falling from 38 percent of in-migrants in 2013 to 35 percent in 2014. Dallas recorded the largest increase in millennial migration between 2013 and 2014, rising nearly 5 percentage points to 43 percent in 2014.



Generation X represented 17 percent of in-migrants to Metro Denver MSAs in 2014, a decrease of 0.6 percentage points from the 2013 level. The baby boomers represented 12 percent of in-migrants, also recording a 0.6 percentage point decline from the prior year's level. Houston had the largest portion of generation X in-migrants in 2014, representing 25 percent of migrants, and recorded a 6.5 percentage point increase over-the-year. Phoenix reported that baby boomers represented 21 percent of its total in-migration, the largest portion of the competitor areas.

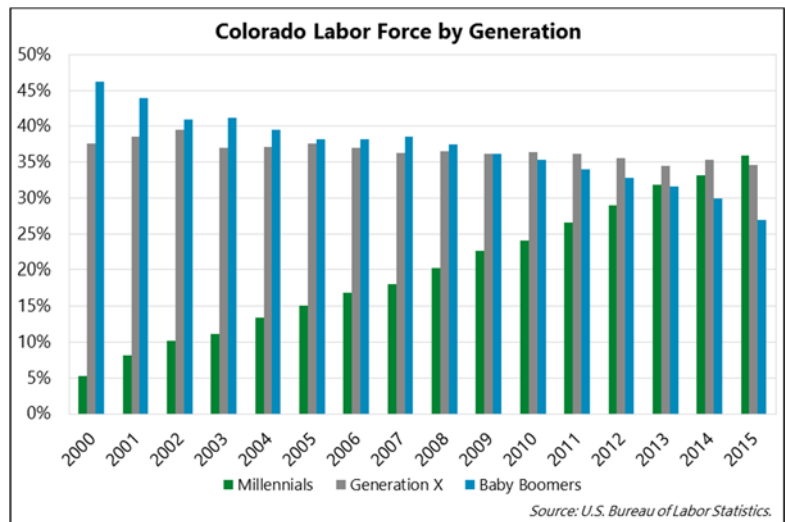
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According to the Bureau of Labor Statistics, the millennial generation will make up 40 percent of the national workforce by 2020 and 75 percent of the global workforce by 2030. The labor force is rapidly changing with 10,000 millennials turning 21 years of age each day in the United States and half of them already labor force participants. Like the nation, Colorado will face a changing generational composition in its workforce over the next two decades.

Colorado Employment

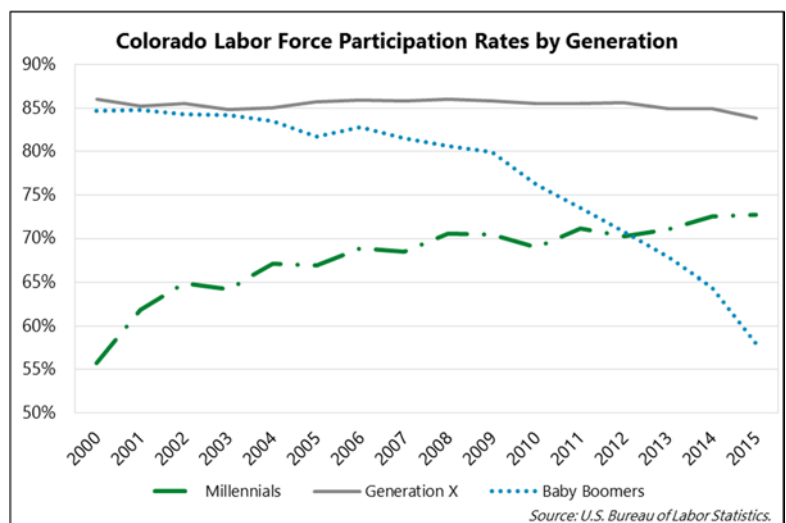
Colorado's high quality of life, strong job market, and thriving economic environment continue to attract young, skilled workers to the state. Of Colorado's employment base of 2.8 million workers in 2015, millennials represented the largest share with 35.9 percent, followed by generation X (34.7 percent) and baby boomers (27 percent). The share of the state's millennial labor force has grown over the past 16 years as millennials began entering the workforce during this period.

The share of the millennial labor force in Colorado grew from 5.3 percent in 2000 to 35.9 percent in 2015, while the share of the state's generation X labor force has remained relatively consistent over the 16-year period. As baby boomers began to retire out of the labor force during this period, their overall share of the labor force decreased from 46.2 percent in 2000 to 27 percent in 2015. Between 2000 and 2015, Colorado's millennial labor force grew at an annual average rate of 15.2 percent, compared with 13.6 percent nationally. The state's generation X grew at a smaller 0.8 percent, while the state's baby boomer labor force posted a negative growth rate over this time (-2.2 percent). The trends across all generational groups are expected to continue as millennials continue aging into the labor force, generation X will remain steady since these individuals are at their prime working age, and baby boomers will continue aging out of the labor force and into retirement.



Among the state's competitors, Colorado had the fourth-highest share of millennial workers in 2015. Georgia had the smallest share of its labor force comprised of millennials (35 percent), while Utah had the highest share (42.4 percent). Similar to Colorado, the share of each of the competitor states millennial labor force grew over the past 16 years. Between 2000 and 2015, Colorado reported the fastest growth in its millennial labor force (15.2 percent), while Oregon reported the slowest growth (13.2 percent).

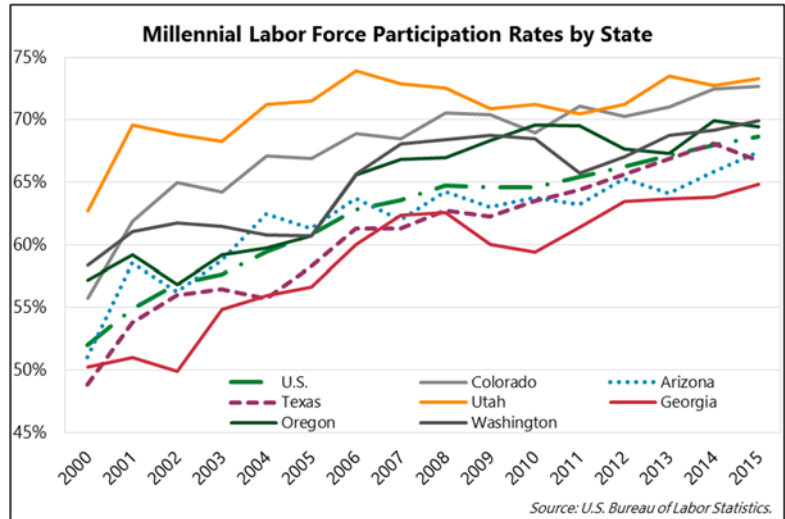
The labor force participation rate, or the percentage of the population that is either employed or actively seeking work, varies among generational groups. Among the three generational groups, generation X has had the highest labor force participation rates in



MILLENNIAL EMPLOYMENT OVERVIEW

Colorado since 2000. Generation X's labor force participation rate peaked in 2008 at 86 percent and fell 2.2 percentage points to 83.8 percent in 2015. The millennials have had the lowest labor force participation rate over the past 16 years; however, the rate has increased from 55.8 percent in 2000 to a record 72.7 percent in 2015 as this generational group has entered the workforce over this period. The number of workers approaching retirement age has increased and as a result, the labor force participation rate for baby boomers has decreased from 84.6 percent in 2000 to 57.5 percent in 2015.

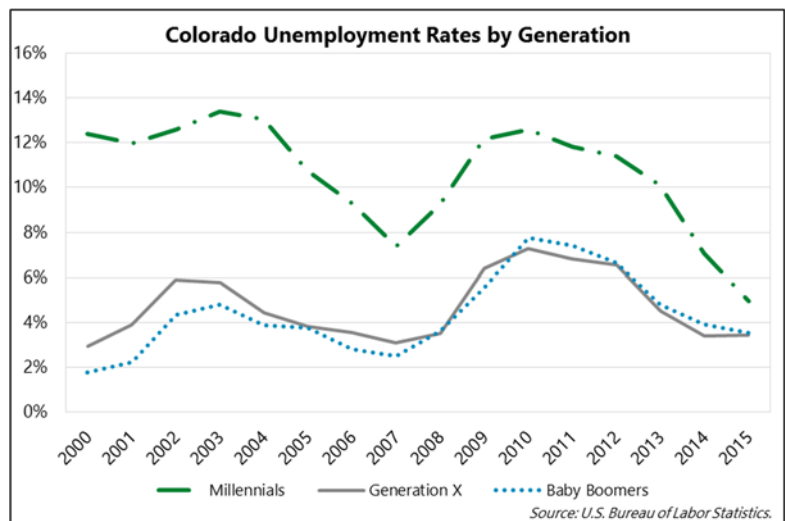
Utah has generally had the highest millennial labor force participation rates among the competitor states, reaching a peak of 73.9 percent in 2006 compared with 73.3 percent in 2015. While labor force participation rates waivered during the Great Recession, the rate increased in all states except Oregon from 2010 to 2015. Four of the seven states were above the national millennial labor force participation rate for 2015, while Arizona, Texas, and Georgia were below the national rate. Over the past 16 years, Georgia has generally had the lowest millennial labor force participation rates among the competitor states.



Over the past 16 years, Colorado has generally had the highest generation X labor force participation rates of the competitor states, while Arizona has had the lowest. In 2015, Colorado, Utah, and Washington were the only states to report higher generation X labor force participation rates than the U.S.

The labor force participation rate among baby boomers has generally decreased for all competitor states over the past 16 years. Arizona has generally had the lowest baby boomer labor force participation rates of the competitor states. However, Georgia recorded the lowest baby boomer labor force participation rate of the competitor states in 2015, reaching 51.7 percent. Colorado and Utah have generally had the highest labor force participation rates among baby boomers. In 2015, Colorado, Texas, Utah, and Washington all had baby boomer labor force participation rates that were higher than the U.S. rate of 54.3 percent.

As companies increased their staffing levels, Colorado's unemployment rates among all generation groups have steadily declined. In 2015, the state's unemployment rate among all generation groups remained below the national level. Baby boomers (3.2 percent) and generation X (3.5 percent) registered the lowest unemployment rates in 2015, while millennials reported the highest unemployment rate. Colorado's millennial unemployment rate fell faster than the national average, reaching 5 percent in 2015—the lowest level over the last 16 years. During the peak of the recession in 2010, Colorado's millennial unemployment rate reached 12.6 percent. The state's millennial

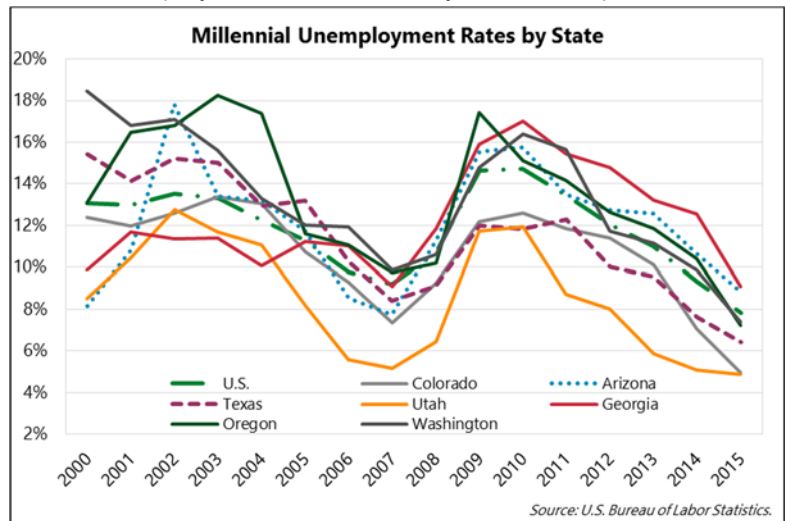


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unemployment rate has remained below the national level since 2005. Further, Colorado's millennial unemployment rate of 5 percent in 2015 was 2.8 percentage points below the national average. Both generation X and baby boomers followed a similar trend, reaching their unemployment peaks in 2010. Colorado's generation X unemployment rate has remained below the national level since 2000, while the state's baby boomer unemployment rate has fluctuated above and below the national level over the last 16 years. In 2015, the state's generation X (3.5 percent) and baby boomer (3.2 percent) unemployment rates were below the national averages of 4 percent and 3.8 percent, respectively.

The generational composition of Colorado's unemployed workers has changed over the last 16 years. Between 2000 and 2003, generation X generally represented the largest share of the unemployed. As millennials entered the workforce, the generational composition of Colorado's unemployed shifted. In 2004, millennials represented the largest share of Colorado's unemployed with 32.1 percent and grew to nearly 46 percent in 2015. In 2015, generation X represented nearly 31 percent of the total unemployed workers and baby boomers represented the smallest share with 22.4 percent.

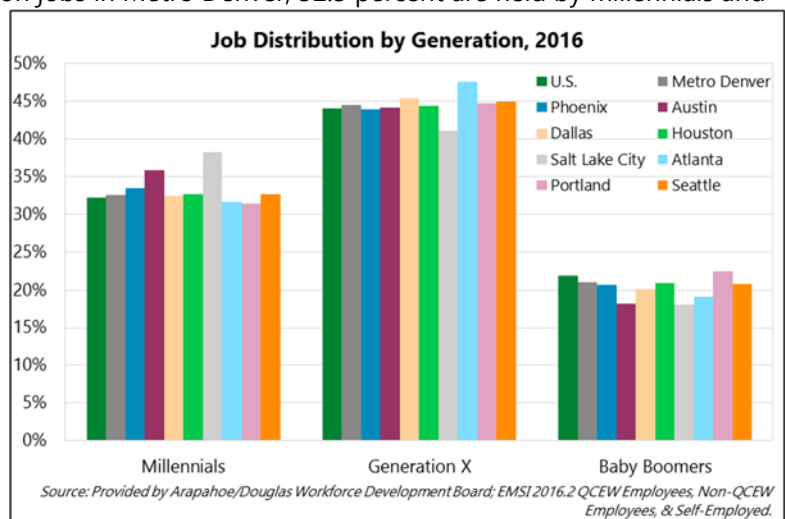
Of Colorado's competitors, Arizona and Georgia reported millennial unemployment rates that were above the national rate in 2015. At the peak of the recession in 2010, Georgia and Washington reported the highest millennial unemployment rates. The recovery from such high unemployment rates has taken longer than areas that peaked at lower unemployment rates like Utah, which peaked at 11.9 percent in 2010. Texas reported a millennial unemployment rate of 6.4 percent in 2015, about 1.4 percentage points higher than Colorado. Texas and Colorado followed similar paths of millennial unemployment between 2008 and 2015, putting them on similar recovery paths.



Metro Denver Employment

Just as Metro Denver historically was known as a magnet for the baby boomers, the region is now a choice location for millennial job seekers. Of the 2 million jobs in Metro Denver, 32.5 percent are held by millennials and nearly two-thirds are held by generation X (44.4 percent) and baby boomers (21.1 percent).

Among the competitor areas, Metro Denver had the sixth-highest proportion of jobs held by millennials, the fifth-highest proportion of jobs held by generation X, and the second-highest proportion of jobs held by baby boomers in 2016. Salt Lake City had the highest share of jobs held by millennials (38.2 percent) and the smallest shares of both generation X jobs (41 percent) and baby boomer jobs (18 percent). Portland had the smallest proportion of millennial jobs (31.4



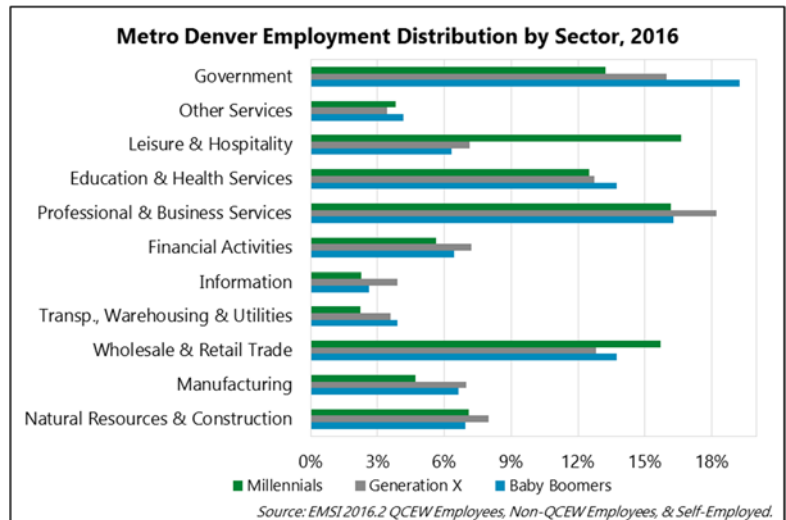
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percent) and the highest share of baby boomer jobs (22.4 percent). Generation X represented the largest employed generational group among all areas, followed by millennials and baby boomers.

Metro Denver’s thriving job market continues to attract millennials and young college graduates, as noted by several recent rankings:

- Metro Denver ranked among the top-10 major metros for college graduates and Fort Collins ranked second among small metro areas in 2015, according to the American Institute for Economic Research;
- *The New York Times* reported Denver as a millennial magnet as a result of its healthy economic environment and growing job market;
- Denver was named among the five-best cities to start a career after college graduation in 2016, according to Yahoo! Finance;
- Kiplinger’s Personal Finance ranked Denver among the top-five-best cities for new college graduates in 2014;
- Denver ranked as the third-best city for college graduates in 2015, according to Rent.com;
- NerdWallet named Boulder the third-best place in the nation for college graduates in STEM fields in 2015;
- Zumper ranked Boulder seventh among the “Best Cities for New College Grads” in 2016; and
- Bankrate.com ranked Denver 13th and Boulder ranked 16th among the best cities for recent college graduates looking to launch a career in 2016.

Nearly 62 percent of millennials in Metro Denver predominantly work in four sectors consisting of leisure and hospitality, professional and business services, wholesale and retail trade, and government. The largest employment sector for millennials is leisure and hospitality representing roughly 17 percent of total employment, compared with 7.1 percent for generation X and 6.3 percent for baby boomers. Many of these millennial workers are also in school and in recent years, millennials have enrolled in colleges and universities at historically high levels. About 40 percent of 18 to 24 year olds are currently enrolled in institutions across the nation.



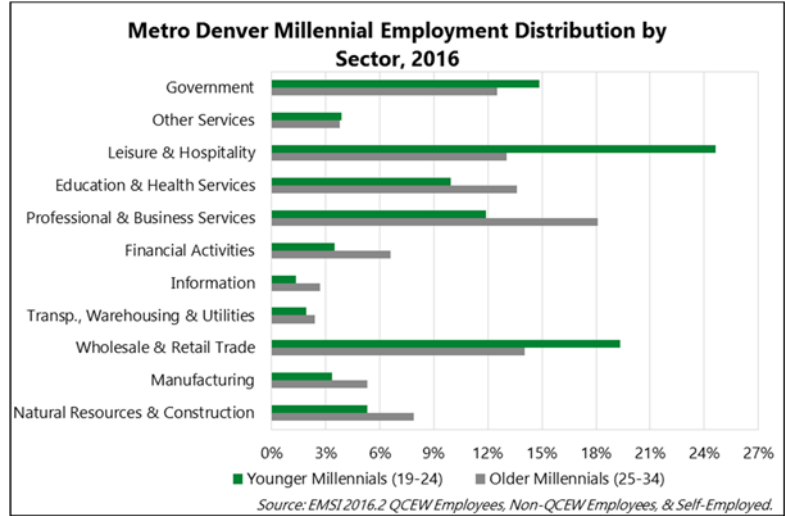
Additionally, students and young adults who move directly to the workforce rather than attending college are more likely to work in positions that require less training.

Professional and business services is the second-largest millennial employment sector in the region, representing more than 16 percent of total employment. Professional and business services represented the largest employment sector for generation X (18.2 percent) and the second-largest employment sector for baby boomers (16.3 percent) in the region. The government sector is the millennial’s fourth-largest sector by employment, representing more than 13 percent. However, the government sector represents the second-largest employment sector for generation X (16 percent) and the largest employment sector for baby boomers (19.2 percent).

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The industry composition varies by the age of the millennials. Nearly 71 percent of total employment for younger millennials ages 19 to 24 in the region is concentrated in leisure and hospitality, wholesale and retail trade, government, and professional and business services. This same industry composition for older millennials ages 25 to 34 represented roughly 58 percent of total employment. The largest employment sector for younger millennials is leisure and hospitality (24.6 percent), while the professional and business services represents the largest employment sector for older millennials (18.1 percent).

Wholesale and retail trade represents the second-largest employment sector for both younger and older millennials, representing 19.3 percent and 14.1 percent, respectively. Education and health services represents the fifth-largest employment sector for younger millennials (9.9 percent), and represents the third-largest employment sector for older millennials (13.6 percent).



The millennial population has workplace ideals and demands that stray from previous norms, which are leading to alterations in the workplace environment. Most significantly, there has been a rise in entrepreneurship, increased desire for telecommuting and a collaborative work environment, and other employment amenities.

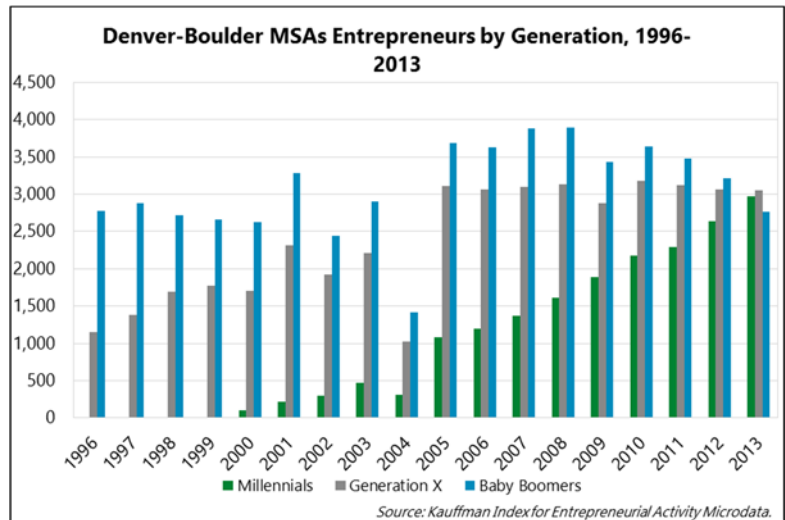
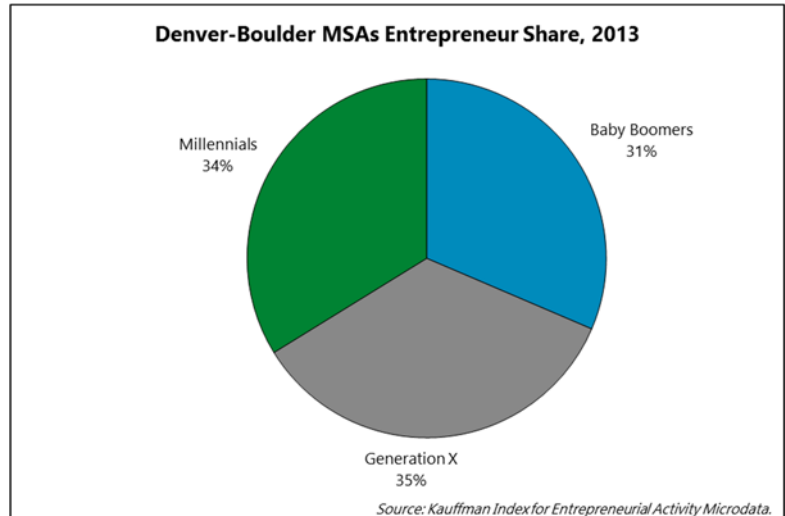
Entrepreneurship

The increase in the unemployment rate for millennials during the peak of the Great Recession contributed to increases in entrepreneurship. The number of millennial entrepreneurs in the Denver-Boulder MSAs increased 5 percent in 2009, the largest over-the-year increase since millennials began entering the workforce. In 2013, the baby boomers, generation X, and millennials each represented nearly one-third of the Denver-Boulder MSAs' entrepreneurs total. The generational composition of entrepreneurs has changed over the last two decades. The share of baby boomer entrepreneurs declined from 57 percent in 1996 to 31 percent in 2013. Unlike the baby boomer entrepreneurs, the share of generation X entrepreneurs increased in the Denver-Boulder MSAs from 24 percent in 1996 to 35 percent in 2013. The share of millennial entrepreneurs in the Denver-Boulder MSAs increased from 2 percent in 2000 to 34 percent in 2013.

Metro Denver's innovative ecosystem and growing startup hub supports the increasing share of millennial entrepreneurs. The region's collaborative culture, high quality of life, numerous coworking and shared workspaces, and strong job growth are magnets for millennial startups and entrepreneurs alike.

Moneyrates.com ranked Denver among the "10 Best Cities for Young Entrepreneurs" in 2016. Thumbtack ranked Boulder as the third-best city in the nation for millennial entrepreneurs in 2015. Further, Metro Denver ranked among the top-five cities for young entrepreneurs by NerdWallet in 2016.

The *Kauffman Index: Startup Activity*, which is a broader measure of entrepreneurial activity, ranked the Denver-Aurora MSA fifth-highest for startup activity among the 40 largest metro areas in 2015 with 370 people out of 100,000 adults becoming entrepreneurs each month. Among the competitor areas, Austin had the highest startup activity, followed by Houston (eighth), Atlanta (13th), Phoenix (14th), Dallas (15th), Seattle (16th), and Portland (26th). Salt Lake City was not included in the list. Austin also had the highest startup density among the competitor areas with 180.8 startups less than a year old, followed by Denver (177.8), Seattle (167.9), Portland (165.8), Atlanta (154.5), Dallas (142.5), Houston (136.9), and Phoenix (127.5).



Travel to Work Patterns

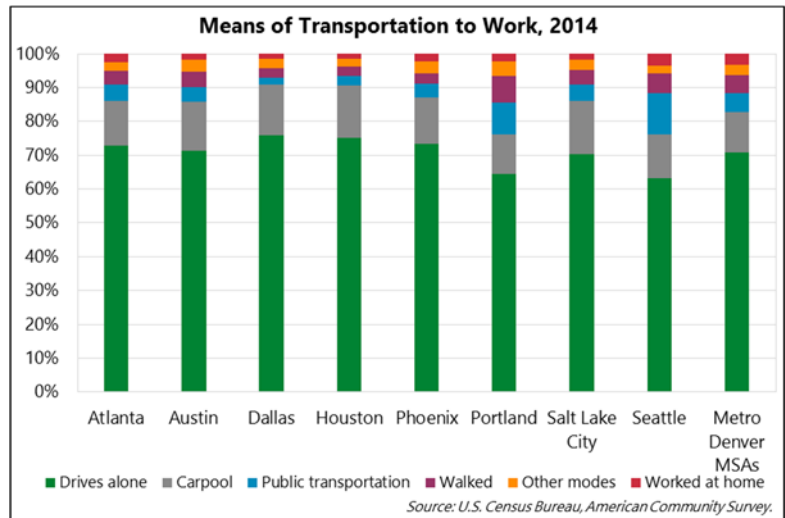
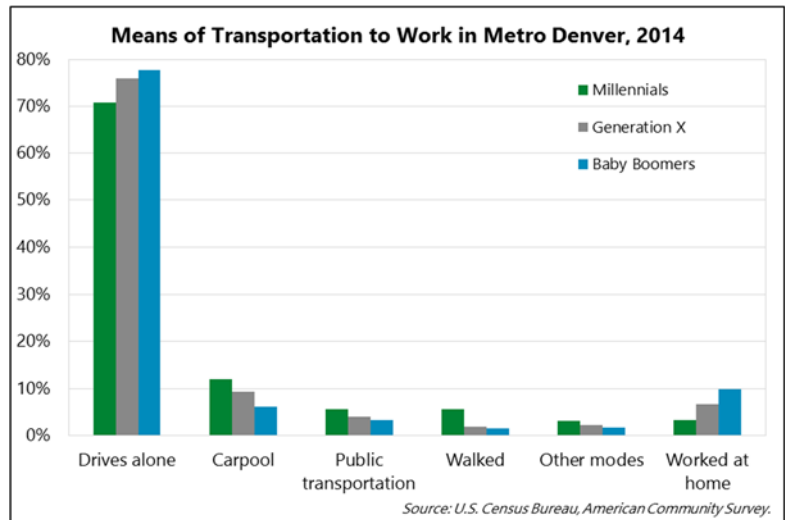
Millennials are changing the way that they travel to work, primarily motivated by environmental and health concerns. Additionally, workplace flexibility and work/life balance have become an important focus for working people over the last decade, particularly millennials. New mobile technologies and expanded broadband access have provided increased productivity, and the ability to telework, or work at home.

According to the latest U.S. Census Bureau data, millennials in Metro Denver MSAs are embracing a range of alternate modes of transportation, including public transportation and walking. In 2014, 70.8 percent of the youngest working millennials ages 16 to 24 drove alone compared with 77.7 percent of baby boomers in Metro Denver MSAs. The other competitor areas followed this same trend of a smaller percentage of millennials driving alone than baby boomers.

Millennials represent a higher percentage of commuters in Metro Denver MSAs who take public transportation (5.5 percent) or walk to work (5.5 percent), compared with generation X and baby boomers. All of the competitor areas followed this same trend, with Portland (17.3 percent) and Seattle (17.9 percent) representing the highest proportion of millennials that take public transportation or walk to work. Dallas had the smallest share of millennials that took public transportation (1.9 percent) or walked to work (2.8 percent).

The share of millennial commuters working at home in Metro Denver MSAs increased from 1.6 percent in 2007 to 3.2 percent in 2014. Among the competitor areas, Metro Denver MSAs had the second-highest share of millennial commuters working at home in

2014. Seattle had the highest concentration at 3.4 percent and Dallas had the lowest share at 1.4 percent. Baby boomers working from home in Metro Denver MSAs represented the largest share (9.8 percent) of the working from home population in 2014. Similar to Metro Denver MSAs, baby boomers represented the largest share of the working from home population among all competitor areas in 2014. The share of baby boomers working from home in Metro Denver MSAs increased from 9.5 percent in 2007 to 9.8 percent in 2014.



Coworking

Millennials are also driving the shift towards coworking spaces and working collaboratively, as they prefer work environments with greater flexibility, added amenities, and scalability. Coworking, a type of shared workplace, is an emerging model that provides many of the amenities of traditional offices but with a greater emphasis on designing space that creates a community and an experience for users. Further, coworking spaces offer the

opportunity to work with a variety of like-minded people with complementary skill sets in an environment that promotes innovation and creativity. According to The Instant Group, coworking has grown more than 10 percent across the nation and combination centers offering both executive suites and coworking spaces expanded nearly 13 percent between 2014 and 2015. The increase in centers offering some form of coworking is four times that of conventional executive suites, which have increased by a smaller 3.4 percent over the same period. The concept is gaining significant traction around the nation and in Metro Denver, which is home to more than 522,000 square feet of coworking space.

According to The Instant Group, 47 coworking centers were established in Denver in 2015. Denver joined eight of the nine competitor areas on a list of cities with the most coworking spaces. Salt Lake City was not included in the list. Among the competitor areas, Atlanta has the largest number of coworking spaces—totaling 90—while Portland is home to the smallest number of coworking spaces with 10. Colorado had fourth-highest number of coworking spaces (118), increasing 1.3 percent between 2014 and 2015. Utah had the fastest coworking center growth between 2014 and 2015, rising 13.6 percent. In 2015, Texas and Arizona were home to the greatest number of coworking spaces, totaling 299 and 127, respectively.

Metro Denver's millennial population, which includes individuals born between 1981 and 1997, totaled nearly 891,500 people in 2015 and represented 24 percent of the region's total population. The millennial population in Metro Denver is expected to maintain its strong presence in the coming years. The population is projected to remain at about 24 percent of the region's total population through 2025 before slowly declining to 23 percent by 2035 and 21 percent by 2040. Millennials are expected to reach their largest absolute total in 2040 at 1.15 million people in Metro Denver. In 2014, nearly 52 percent of total in-migration to the Metro Denver MSAs was millennials, the largest portion of all generational groups.

Metro Denver is an attractive location for millennial job seekers. Of the 2 million jobs in Metro Denver, 32.5 percent are held by millennials and nearly two-thirds are held by generation X (44.4 percent) and baby boomers (21.1 percent). Nearly 62 percent of millennials in Metro Denver predominantly work in four sectors consisting of leisure and hospitality, professional and business services, wholesale and retail trade, and government. The industry composition varies by the age of the millennials. Nearly 71 percent of total employment for younger millennials ages 19 to 24 in the region is concentrated in leisure and hospitality, wholesale and retail trade, government, and professional and business services. The largest employment sector for younger millennials is leisure and hospitality (24.6 percent), while the professional and business services represents the largest employment sector for older millennials (18.1 percent) ages 25 to 34.

The millennial population has workplace ideals and demands that stray from previous norms, which are leading to alterations in the workplace environment. In 2013, the baby boomers, generation X, and millennials each represented nearly one-third of the Denver-Boulder MSAs' entrepreneurs total. The share of millennial entrepreneurs in the Denver-Boulder MSAs increased from 2 percent in 2000 to 34 percent in 2013. Millennials are also changing the way that they travel to work, primarily motivated by environmental and health concerns. This generational group is also driving the shift towards coworking spaces and working collaboratively, as they prefer work environments with greater flexibility, added amenities, and scalability.

Just as Metro Denver historically was known as a magnet for the baby boomers, the region is now a choice location for the millennials and will continue to attract millennials in the coming years. Metro Denver's high quality of life, strong job market, and thriving economic environment continue to draw young, skilled workers to the region. Millennials are making their mark on the workplace today and currently represent the largest component of the potential labor force. Despite variances, Metro Denver's competitor areas are generally experiencing a similar boom in their millennial population and workforce. Demographic shifts related to both the millennial and baby boomer generations are changing the face of Metro Denver and the other competitor areas alike, which has implications for future labor force growth patterns, consumer spending patterns, and residential real estate needs. As a result, the millennial population is critically important to Metro Denver and the competitor areas' economic futures.

ABOUT THE AUTHORS

Patricia Silverstein is the president and chief economist of Development Research Partners. Ms. Silverstein's expertise is in economic research and economic development, including industry cluster studies and strategic economic development planning. She has extensive experience in preparing economic impact and fiscal impact analysis for community development purposes. In addition, she serves as the consulting chief economist for the Metro Denver Economic Development Corp. and the Denver Metro Chamber of Commerce. In these roles, she compiles, interprets, and forecasts economic and demographic data for the local, state, and national economies and performs in-depth research on issues and proposed developments impacting the region. Ms. Silverstein received a bachelor's degree in economics from Nebraska Wesleyan University in Lincoln, Nebraska and a master's degree in economics from the University of Colorado Boulder.

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