



FEBRUARY 2023

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting
our regional economy



February 2023 MEI Snapshot

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕ Positive Changes	7 of 18		7 of 18		11 of 18	
Nonfarm Employment Growth	10,600	↑	66,600	↑	74,400	↑
	Employment was up 0.6% from November to December		Employment up 3.8% from December 2021 to 2022		YTD employment up 4.4% through December	
Manpower Net Employment (West Region)	33%	↓	33%	↓	33%	↓
	Net employment fell from 4Q 2022 to 1Q 2023		Net employment decreased 14 percentage points from 1Q22 to 1Q23		YTD average down 14 percentage points compared with 2022	
Unemployment Rate	2.7%	↓	-0.9 percentage points	↓	3.3%	↓
	Unemployment fell 0.5 percentage points from November to December		Unemployment down from December 2021 to 2022		Down 2 percentage points from 2021 YTD average	
Initial Unemployment Insurance Claims	-24.9%	↓	38.0%	↑	-81.1%	↓
	Claims decreased from November to December		Claims increased from December 2021 to 2022		YTD average claims decreased through December 2022	
Total National Retail Sales	1.0%	↑	6.2%	↑	9.6%	↑
	National sales increased from October to November		National sales increased from November 2021 to 2022		YTD sales increased through November 2022	
Mountain Region Consumer Confidence Index	110.7	↓	-5.2%	↓	110.7	↓
	Index down 0.7 percent from December to January		Index down from January 2022 to 2023		YTD average down 5.2% through January 2023	
Hotel Occupancy	53.0%	↓	0.5 percentage points	↑	68.0%	↑
	Decreased 6.4 percentage points from November to December		Occupancy increased from December 2021 to 2022		YTD occupancy up from last year	
Denver International Airport Passengers	-10.8%	↓	10.3%	↑	19.0%	↑
	Passengers down from October to November		Passengers up from November 2021 to 2022		YTD passengers increased through November 2022	
Bloomberg Colorado Index	743.0	↑	-5.0%	↓	15.3%	↑
	Index up 15.3 percent from December to January		Index down from January 2022 to 2023		YTD return up through January 2023	
Dow Jones Industrial Average	34,086.0	↑	-3.0%	↓	2.8%	↑
	Index up 2.8 percent from December to January		Index down from January 2022 to 2023		YTD return up through January 2023	
Home Sales (closed)	2,730	↓	-45.5%	↓	51,232	↓
	Sales down 7.6% from November to December		Sales down from December 2021 to 2022		YTD sales down 23.8% from last year	
Median Home Price (Denver-Aurora MSA)	\$666,000	↓	8.3%	↑	\$674,700	↑
	Down 4.3% from 3Q 2022 to 4Q 2022		Prices are up from 4Q 2021 to 4Q 2022		YTD price 13.2% higher through 4Q 2022	
Foreclosures	219	↑	148.9%	↑	219	↑
	Up 21.7% from December to January		Up from January 2022 to 2023		Up 148.9% YTD through January 2023	
Residential Building Permits (Total)	1,399	↓	-62.9%	↓	24,568	↓
	Permits decreased 3.3% from November to December		Permits down from December 2021 to December 2022		YTD permits down 19.4% through December 2022	

Apartment Vacancy Rate	5.6%	↑	+0.9 percentage points	↑	4.9%	↓
	Vacancy increased from 3Q 2022 to 4Q 2022		Vacancy increased from 4Q 2021 to 4Q 2022		YTD average down 0.1 percentage points from last year	
Office Vacancy Rate (with Sublet)	14.2%	↔	+0.3 percentage points	↑	+0.3 percentage points	↑
	Vacancy rate was unchanged from 3Q 2022 to 4Q 2022		4Q 2022 vacancy up from 13.9% one year ago		4Q 2022 vacancy up from 13.9% one year ago	
Industrial Vacancy Rate (with Sublet)	5.7%	↑	+0.5 percentage points	↑	+0.5 percentage points	↑
	Vacancy rate increased 0.2 percentage points from 3Q 2022 to 4Q 2022		4Q 2022 vacancy up from 5.2% one year ago		4Q 2022 vacancy up from 5.2% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.2%	↓	-0.4 percentage points	↓	-0.4 percentage points	↓
	Vacancy rate decreased 0.3 percentage points from 3Q 2022 to 4Q 2022		4Q 2022 vacancy down from 4.6% one year ago		4Q 2022 vacancy down from 4.6% one year ago	

February 2023 MEI

About This Report

The Monthly Economic Indicators is a comprehensive analysis of economic conditions in the seven-county Metro Denver area, or the region comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties. There are two metropolitan statistical areas (MSAs) located within the Metro Denver region: the Boulder MSA (Boulder County) and the Denver-Aurora-Lakewood MSA (the Denver MSA) (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties). This report presents recent data and long-term trends for the seven-county region, MSAs, or counties, depending on availability. The analysis includes four main data sections: labor force and employment, the consumer sector, residential real estate, and commercial real estate.

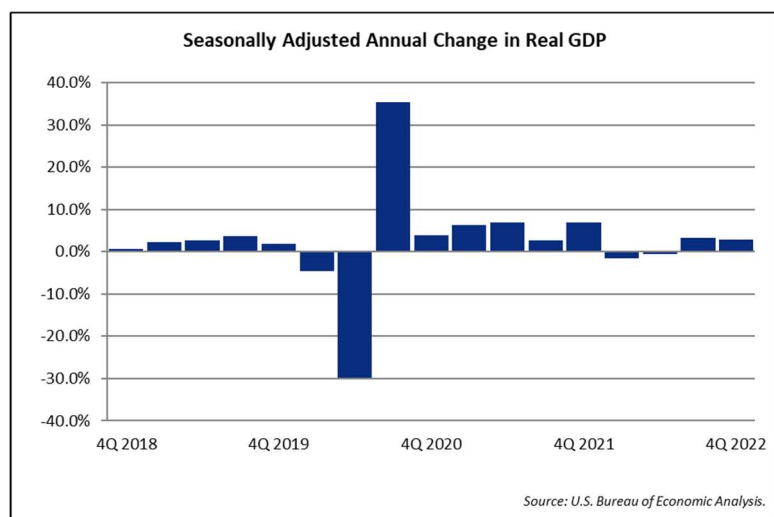
Notable Rankings

- WalletHub released its rankings of the best metro areas for STEM professionals, ranking Metro Denver 21st out of 100 metro areas. The report used 21 key metrics for comparison including per capita job openings and median wage growth.

National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released their advanced estimate of real gross domestic product (GDP) for the fourth quarter of 2022 and found that GDP increased at an annual rate of 2.9 percent. In the third quarter real GDP increased 3.2 percent.
- The increase in 4Q 2022 real GDP reflected increases in private inventory investment, consumer spending, nonresidential fixed investment, and government spending. The increases in private inventory investment were led by manufacturing, mining, utilities, and construction industries. Consumer spending increases spanned both goods and services.



- These increases were partly offset by decreases in exports and residential fixed investment.
- The advanced estimate is based on source data that may be incomplete or is subject to further revision by the source agency. The second estimate will be released on February 23, 2023.

Interest Rates

- In their meeting on January 31 – February 1, the Federal Open Market Committee (FOMC) of the Federal Reserve firmed its stance on monetary policy. Recent indicators of spending and production have remained strong as job gains have remained robust and the unemployment rate has remained low. Inflation has eased somewhat, but remains elevated, reflecting supply and demand imbalances related to the pandemic, higher food and energy prices, and broader price pressures. Further, the invasion of Ukraine by Russia is creating additional upward pressure on inflation.
- The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the long run. In support of these goals, the committee raised the target range for the federal funds rate 0.25 percentage points to 4.5 to 4.75 percent, the first increase in the rate in 2023, and the eighth increase since the start of 2022. The Fed anticipates that ongoing increases in the target range will be appropriate but will continue monitoring factors including inflation and labor market conditions. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities.
- The next FOMC meeting is March 21-22, 2023.

Policy Watch

National & International

- The Bank of England raised its key rate to 4 percent in an effort to fight stubbornly high inflation in Britain. This marks the 10th consecutive increase, but the bank softened its tone on future rate increases.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was \$67.4 billion in December, up \$6.4 billion from \$61 billion in November. December imports increased 1.3 percent to \$317.6 billion, while exports decreased 0.9 percent to \$250.2 billion. The goods and services deficit increased \$103 billion, or 12.2 percent, from 2021 to 2022. Exports increased 17.7 percent and imports increased 16.3 percent year-over-year.
- The Conference Board Leading Economic Index (LEI) decreased by 0.8 percent in December to 110.7, after falling 0.8 percent in November. The LEI was down 3.8 percent over the six-month period from June to December 2022. The U.S. LEI results suggest serious headwinds to economic growth, including a recession in the next 12 months.
- According to the Institute for Supply Management's Manufacturing Index, the Purchasing Managers Index (PMI) was 47.4 percent in January, down 1 point from the December reading. This figure indicates contraction in the manufacturing sector for the third consecutive month after 28 months of expansion. New

order rates remained in contraction territory at 42.5, down from 45.1 in December. The Production Index remained in contraction territory, and the Prices Index and the Backlog of Orders index were down into contraction territory in January. The Employment Index came in at 50.6 percent, down from 50.8 in December. Two manufacturing industries reported growth in January compared to December when increases were reported in three industries.

- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 55.2 percent in January, 6 percentage points higher than December's reading of 49.2 percent. The January reading indicates growth after reporting a contraction in December. The Prices Index decreased to 67.8, down 0.3 percentage points from December's reading of 68.1. Ten of the 18 industries reported growth for the month, down from 11 industries the prior month.
- New data from the U.S. Census Bureau show that U.S. population growth between July 2021 and July 2022 was just 0.38 percent, just above the growth rate of 0.16 percent from the first full year of the pandemic. Increased net migration played a large role in the population growth, rebounding slightly from the previous year's extremely low immigration level.
- Local migration for Americans fell to a historic low in 2022, but longer distance movement across counties and states rose. This is an extension of a trend of decreasing migration rates that began in the mid-1980s. For those that did move locally, housing-related reasons remained the most common reason for moving.

Local

- According to the University of Colorado Boulder Leeds School of Business first quarter 2023 Leeds Business Confidence Index, Colorado business leaders expressed pessimism ahead of 1Q 2023, remaining at the fourth-lowest reading in the 20-year history of the index. The index recorded no change ahead of 1Q 2023 at 39.8, staying within negative territory (below 50) and remaining well below the long-term average of 54. Four of six components fell ahead of 1Q 2023, but all six values demonstrated negative perceptions. The outlook was dimmest for the national economy and brightest for industry hiring. Almost 58 percent of respondents believe the U.S. will enter a recession in the first half of 2023, while just 21.6 percent believe it is somewhat or very unlikely. Interest rates were the greatest concern among panelists, followed by inflation, labor markets, and consumer spending. Looking two quarters ahead to 2Q 2023, overall expectations rose by 3.4 points to 43.2.
- According to the Regional Beige Book by the Kansas City Federal Reserve, economic activity in the Tenth District, which includes Colorado, continued to decline slightly due to cooling labor markets. Businesses reported slowing wage growth. Consumer demand fell slightly in recent weeks, particularly at retailers and restaurants, and the volume of consumer purchases fell broadly. Manufacturing production growth continued to decline modestly as selling prices continued to rise at a robust pace, but expectations did firm up somewhat.
- According to a report prepared by the University of Colorado Boulder for the Colorado Secretary of State, Colorado experienced a surge of new business filings in 2022 as 175,650 people filed paperwork to launch a new business, an 11.5 percent increase from 2021. Filings in 4Q 2022 alone grew by 37 percent over-the-year to over 48,800, the largest quarterly number in the report's history.
- New vehicle sales in Colorado in 2022 declined 13.3 percent from 2021 but the decline was not as steep as national sales that fell 14.8 percent during the period. Hybrid, plug-in hybrid, and battery-electric vehicles

sales all grew in terms of market share, led by battery-electric vehicles that saw a 50 percent increase in its 2022 market share.

- Colorado bankruptcies increased 6 percent in December 2022 compared to the same period last year but overall filings in 2022 were down 18.9 percent compared to 2021. The state recorded 5,092 filings in 2022 compared to 6,281 the year prior.
- A study published by Inrix Research reported that drivers in Metro Denver lose 54 hours a year due to traffic and congestion. That figure, while 14 hours more than in 2021, remains below the 63 hours lost on average in 2019. Denver's ranking for most time lost to traffic improved by two places, falling from 15th to 17th worst. Chicago ranked worst with 155 hours lost to traffic each year.
- Colorado's public school enrollment fell by less than one percent in the fall of 2022, continuing a trend that began in 2020. While it is a national trend, local school districts are already responding to the new reality. Jefferson County Public Schools announced it would close 16 elementary schools and Denver Public Schools has pursued similar options.
- Colorado, and many school districts in the state, saw higher graduation rates for the class of 2022 than before the pandemic. However, the dropout rate also increased to its highest level in four years. Statewide, 82.3 percent of the class of 2022 graduated on time, up from 81.7 percent in 2021.

Labor Force and Employment

- Employment in Metro Denver increased 3.8 percent between December 2021 and 2022, rising by 66,600 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 4 percent, or by 61,600 jobs, while the Boulder-Longmont MSA increased 2.5 percent, or by 5,000 jobs, during the period.
- Ten of 11 supersectors reported over-the-year increases in employment. Professional and business services had the largest increase (+8.4 percent), followed by other services (+7.9 percent), and transportation, warehousing and utilities (+6 percent). Financial activities was the only supersector to experience a decrease in employment, falling by 4.1 percent.
- Employment in Colorado increased 3.7 percent, or by 105,000 jobs, between December 2021 and 2022. National employment rose 2.9 percent, or by more than 4.4 million jobs.
- Monthly tracking by outplacement firm Challenger, Gray & Christmas showed that January layoffs were the highest number of layoffs since September 2020. The technology sector accounted for over 40 percent of the 102,943 announced layoffs, citing higher interest rates and decreased demand as key factors.

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

	Month of Dec-22	Month of Nov-22	Month of Dec-21	Year-to- Date Average YTD 2022	Year-to- Date Average YTD 2021	YTD % Change	Annual Growth Rate 2017	Annual Growth Rate 2012
Total 11-County Metro Denver*	1,819.2	1,808.6	1,752.6	1,781.1	1,706.7	4.4%	2.1%	2.9%
Denver-Aurora-Lakewood MSA	1,613.0	1,601.0	1,551.4	1,577.9	1,512.3	4.3%	2.1%	2.9%
Boulder MSA	206.2	207.6	201.2	203.2	194.4	4.5%	2.1%	2.7%
Natural Resources & Construction	118.7	118.9	113.6	118.5	113.8	4.2%	4.8%	5.1%
Manufacturing	94.1	93.7	92.0	93.8	90.9	3.2%	1.1%	2.2%
Wholesale & Retail Trade	246.3	245.2	242.6	240.0	234.9	2.2%	1.1%	2.1%
Transp., Warehousing & Utilities	84.8	80.4	80.0	77.1	73.6	4.8%	4.8%	2.9%
Information	62.7	63.5	62.7	63.0	61.4	2.5%	1.4%	-0.8%
Financial Activities	120.1	120.7	125.2	122.2	122.6	-0.3%	2.5%	2.1%
Professional & Business Services	367.5	365.3	339.0	356.2	328.6	8.4%	2.1%	5.1%
Education & Health Services	227.5	228.9	218.6	222.4	217.4	2.3%	1.7%	3.7%
Leisure & Hospitality	185.1	180.4	175.4	182.9	165.4	10.6%	2.8%	3.4%
Other Services	70.9	68.9	65.7	68.7	64.4	6.8%	1.1%	2.8%
Government	241.5	242.7	237.8	236.3	233.7	1.1%	1.9%	0.9%
Federal Gov't	29.3	29.4	30.2	29.6	30.5	-3.0%	-0.5%	-0.8%
State Gov't	66.0	66.1	66.5	63.5	63.2	0.5%	4.4%	1.8%
Local Gov't	146.2	147.2	141.1	143.2	140.0	2.3%	1.3%	0.9%
Colorado	2,923.9	2,903.5	2,818.9	2,864.4	2,744.0	4.4%	2.3%	2.4%
United States	154,771	155,015	150,352	152,014	146,124	4.0%	1.6%	1.7%

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

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

Metro Denver Industry Clusters and Lifestyle Verticals Headlines

Aerospace

- Skyloom Global Corporation, a satellite communications firm, moved its headquarters from Oakland, California to Broomfield. The company is building out manufacturing and office space in Broomfield's Interlocken business park. In addition to the move, the company expects to double its current workforce of 100 over the next year.

Bioscience

- Agilent Technologies, a California-based life sciences company, expects to invest \$725 million to double its Frederick manufacturing facility capacity. The project is an expansion of its 130,000-square-foot manufacturing facility in the Eagle Business Park. In addition, the expansion will add 160 workers to the company's current workforce base of 700, including chemists, engineers, and supply chain and project managers.
- The Beckman Coulter Life Sciences research and development facility in east Loveland opened in January, and the facility is already under expansion. The company announced that it will break ground on a 37,000-

square-foot expansion in 2Q 2023. The company has grown from 36 employees five years ago to 140 employees today and is looking to hire another 85 workers to fill out the space.

- SomaLogic, a Boulder-based biotechnology company, cut its workforce in December as it restructured its operations moving into 2023. The company did not announce the number of positions cut.
- Nordson Medical Design and Development in Loveland has laid off 36 workers in response to slowing demand for its products. Nordson employs 175 workers at its Loveland plant, and 7,331 workers worldwide.

Energy & Natural Resources

- RES, the world's largest independent renewable energy company, opened its new headquarters for the Americas in McGregor Square in Denver in January. The new space has the capacity to accommodate 180 workers, but the company plans to expand to another floor later this year.
- Solid Power, a Louisville battery manufacturer, won a grant from the Department of Energy to develop batteries that do not rely on cobalt in an effort to secure U.S. supply chains. Solid Power will be opening a production facility in Thornton in 2023. The National Renewable Energy Lab also received a grant to study the risks associated with emerging battery technologies.
- DCP Midstream is laying off 136 people from its Denver headquarters starting in March, according to a letter submitted to the state labor department. Layoffs are expected to begin on March 31, 2023 and continue on a rolling basis until April 1, 2024. The cuts are a result of the company's acquisition by Phillips 66.
- The third and final building of Colorado State University's Spur complex on the National Western Center grounds in Denver opened in January. The Hydro building is roughly 122,000 square feet and the biggest of the three buildings. It celebrates Colorado's status as a headwaters state and will be the site of the annual Water in the West Symposium. The first building that opened at CSU Spur was Vida, Spanish for "life," which showcases CSU's nationally renowned veterinary program, equine sports medicine, and connections to human health. The building named Terra, Latin for "earth," focuses on agriculture.

Financial Services

- LCG Advisors, a Florida-based investment banking and financial advisory firm, is opening a new office in Denver to serve as the company's western headquarters. As part of the expansion, the company is looking to hire 20 people by the end of 2023.

Food and Beverage Production

- Boulder-based Meati Foods has opened a 100,000-square-foot production facility in Thornton. The facility has the capacity to produce tens of millions of pounds of mushroom-based proteins by the end of 2023.
- The Alpine Dog Brewing Company has opened its new location in Denver's Uptown neighborhood. The location, under construction since April 2022, currently has three employees but the brewery announced that it is hiring for front-of-house positions as well as for a head brewer.
- 4 Noses Brewing Co. announced plans to lease a 14,500-square-foot manufacturing facility to produce canned cocktail beverages in Broomfield.
- PetDine LLC, which produces pet treats and supplements, opened its 105,000-square-foot cold-extrusion manufacturing plant in Windsor in December.

- The Colorado Mushroom Farm northeast of Alamosa, the state's largest producer of fresh mushrooms, has closed. The company is exploring a reorganization under a Chapter 11 bankruptcy filing submitted in December. The farm typically employed up to 260 workers.

Healthcare and Wellness

- UHealth and Intermountain Healthcare are forming a joint venture to expand the number of patients in Colorado who can be seen by either network to 300,000. The clinically integrated network will bring 700 primary care physicians and hundreds of clinics and hospitals together to share both resources and information in order to improve the quality of care.
- Amaze Health, an all-digital service started in 2017, grew from 2,500 subscribers to 40,000 in 2022, marking a growth rate of 1,500 percent for the year. The company, which helps connect patients to healthcare providers, employs 70 people and is looking to add to its workforce by hiring for remote roles.
- Colorado-based researchers received more than \$525 million in grants from the National Institutes of Health in 2022 according to federal data. The high level of funding broke the 2021 state record of \$504 million. Colorado ranked 19th in terms of NIH funding in 2022, grabbing the same spot as in 2021.
- Centura is closing its Porter Place retirement community at 1001 East Yale Avenue in the Rosedale neighborhood on February 15th. As a result, the company is laying off all of the 55 employees who work at that location.
- GymShark is planning to lay off 65 to 67 workers at its U.S. headquarters in Denver office. The United Kingdom-based apparel company announced that the layoffs will take place by the end of March 2023.

IT/Software

- Scythe Robotics announced a \$42 million Series B financing round that the company will use to increase production. The company reported having 7,500 outstanding reservations for its commercial-grade autonomous lawn mowers. In December, Scythe Robotics announced the construction of a new, 50,000-square-foot manufacturing facility in Longmont.
- Atom Computing was selected by the Department of Defense to help discover how close the country is to developing and using quantum computers. The Boulder-based quantum computing firm was selected to join the Unexplored Systems for Utility-Scale Quantum Computing program run by the Defense Advanced Research Projects Agency. Atom Computing plans to invest \$100 million in Colorado over the next three years to scale its technology and grow its staff.
- Radicl Defense Inc., a cybersecurity company, is planning to create 491 new jobs in Boulder County over the next eight years. The company currently employs eight employees but is looking at the strong pipeline in Boulder for many positions including engineers, product designers, and cyber and security analysts as an opportunity for rapid employment growth.
- Outrider, a Golden-based startup that uses autonomous vehicles to simplify tasks in distribution yards, raised \$73 million in a Series C financing round to help it further develop its technology. The funding will be used to complete and distribute product to its customers in addition to adding staff in Colorado and internationally. Outrider is currently hiring for engineers, designers, and product managers in Golden.
- Louisville-based software company JumpCloud laid off 100 employees in January, cutting its staff by about 12 percent. According to the CEO, the high inflation and high interest rate environment prompted "right-

sizing” as the company adjusts to the current economic climate. The company did not release any information detailing how many of the employees affected are in Metro Denver.

Outdoor Recreation

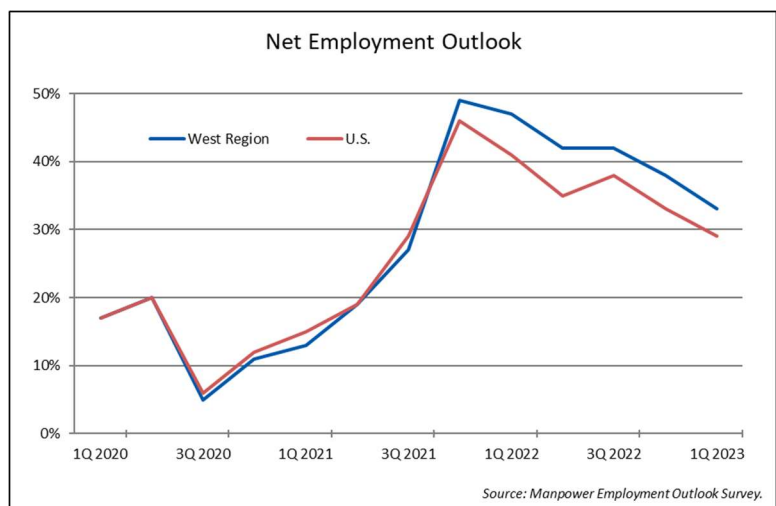
- Macs Adventure, a travel company from the United Kingdom, chose Denver for its U.S. headquarters in January. The company’s new office, located in Five Points, will consist of 22 employees.
- Specialized Bicycle Components Inc. has laid off 15 workers at the company’s Boulder operation. The layoffs are across many teams and are part of a company-wide downsizing as they plan to cut 8 percent of their workforce.

Other Industry Headlines

- The United States Postal Service announced it is looking to fill 600 open positions across Colorado. Most available positions are in Metro Denver or along the Front Range but the agency is also trying to fill posts in the mountain regions in order to improve the quality of service in those areas.
- Casa Bonita is seeking to hire more than 550 people before the Lakewood restaurant reopens in May. Openings include front and back of house positions, including 150 openings in the kitchen alone, as well as entertainment staff including cliff divers.
- Pinnacle Architectural Lighting announced it is closing its lighting products manufacturing plant in Denver as it merges facilities and operations. The layoffs of 151 employees will occur over approximately nine months, from June 2023 through March 2024.
- Inspirato, a Denver-based luxury travel club, cut 110 jobs in January according to a release from the company. The cuts amounted to approximately 12 percent of its workforce. It was not announced how many of the jobs cut were in Metro Denver.

Employment Outlook

- The Manpower Employment Outlook Survey revealed that U.S. hiring optimism fell ahead of 1Q 2023. Across the nation, 45 percent of companies plan to hire in 1Q 2023, down 12 percentage points over-the-year. Companies planning to lay off was unchanged over-the-year at 16 percent, while the number of companies planning no change increased 11 percentage points to 36 percent. The net U.S. employment outlook, which reflects the difference in the percent of companies hiring versus laying off, was 29 percent ahead of 1Q 2023, down 12 percentage points over-the-year and down 4 percentage points over-the-quarter.
- All four regions in the United States reported moderate hiring outlooks for 1Q 2023, led by the Northeast with a net employment outlook of 36 percent. The West, which includes Colorado, reported a net employment outlook of 33 percent, followed by the South (24 percent) and



the Midwest (23 percent). Over-the-quarter, regional outlooks weakened in three of the four regions, with the Northeast reporting the only improvement. All four regions reported a weakening outlook over-the-year.

Employment Outlook Survey

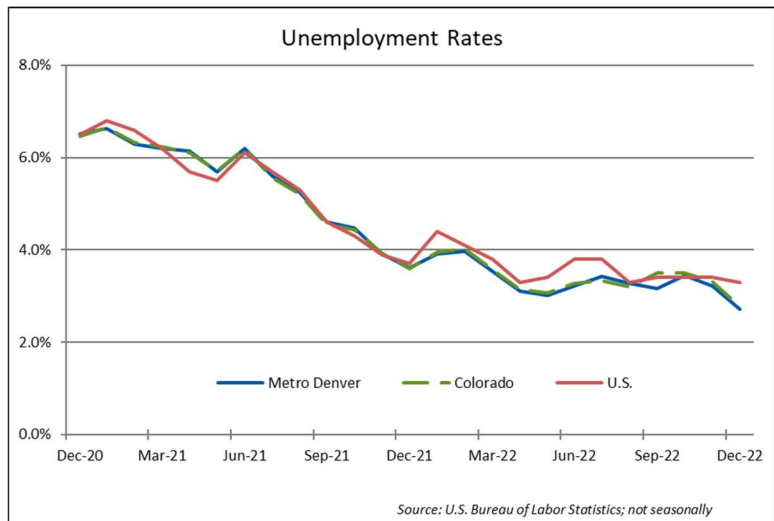
	Quarter 1 2023	Quarter 4 2022	Quarter 1 2022	YTD 2023	YTD 2022	Ann Avg 2018	Ann Avg 2013
West Region							
Net Employment	33%	38%	47%	33%	47%	20%	-
United States							
Percent of Companies Hiring	45%	48%	57%	45%	57%	23%	19%
Percent of Companies Laying Off	16%	15%	16%	16%	16%	4%	7%
Percent of Companies No Change	36%	34%	25%	36%	25%	72%	72%
Percent of Companies Unsure	3%	3%	2%	3%	2%	2%	3%
Net Employment	29%	33%	41%	29%	41%	19%	12%

Source: Manpower Inc.

- Growth is expected across all nine major national industry sectors, with the strongest employment outlook reported in IT & Technology (+52 percent), followed by Financial and Real Estate (+34 percent), and Industrials and Materials (+30 percent).

Labor Force & Unemployment

- Unemployment in Metro Denver decreased 0.9 percentage points over-the-year to 2.7 percent in December. The unemployment rate fell 0.5 percentage points from the prior month.
- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate in December. Denver, Adams, and Arapahoe reported the largest decreases, falling 1.1 percentage points. Boulder County reported the lowest unemployment rate of 2.2 percent, while Adams County reported the highest rate of 3.2 percent.



- There were 46,475 more people either employed or looking for work between December 2021 and 2022 in Metro Denver, an increase of 2.5 percent. The labor force rose in all seven counties, led by Douglas County (+3.2 percent) and the City and County of Broomfield (+3.1 percent).
- Colorado reported an unemployment rate of 2.8 percent in December, down 0.8 percentage points from the same time last year. Over-the-month, the state's unemployment rate fell by 0.5 percentage points. The labor force rose 1.4 percent over-the-year to 3.2 million people either employed or looking for work. The national unemployment rate fell 0.4 percentage points over-the-year to 3.3 and was 0.1 percentage points

lower over-the-month, marking the lowest unemployment rate since May 1969. The national labor force increased 1.6 percent between December 2021 and 2022.

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

	December 2022		2022 YTD AVG		2021 YTD AVG		2017 Ann Avg	2012 Ann Avg
	Total Labor Force	Unemploy- ment Rate	Total Labor Force	Unemploy- ment Rate	Total Labor Force	Unemploy- ment Rate	Unemploy- ment Rate	Unemploy- ment Rate
Metro Denver	1,899.3	2.7%	1,896.9	3.3%	1,842.5	5.4%	2.5%	7.7%
Adams County	283.9	3.2%	283.8	4.0%	276.3	6.2%	2.8%	9.5%
Arapahoe County	377.4	2.8%	377.3	3.6%	367.2	5.8%	2.6%	7.8%
Boulder County	201.9	2.2%	202.2	2.7%	195.6	4.4%	2.2%	6.3%
Broomfield County	42.7	2.4%	42.6	2.8%	41.2	4.5%	2.4%	6.7%
Denver County	439.4	2.9%	438.8	3.6%	427.4	5.9%	2.5%	7.9%
Douglas County	208.9	2.3%	208.1	2.6%	200.7	4.1%	2.2%	6.1%
Jefferson County	345.1	2.5%	344.2	3.1%	334.1	5.0%	2.4%	7.5%
Colorado	3,230.0	2.8%	3,237.7	3.4%	3,156.1	5.4%	2.3%	6.8%
United States	164,224	3.3%	164,287	3.7%	161,204	5.4%	2.5%	7.9%

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

- Initial unemployment insurance claims in Metro Denver increased 38 percent between December 2021 and 2022, rising to a weekly average of 1,105 claims. Over-the-month, initial claims decreased 24.9 percent.
- Colorado reported an average of 2,067 initial unemployment claims per week in December, up 28.1 percent from the same time last year, and representing 454 more claims each week. Between November and December, average weekly initial claims in Colorado fell 20.7 percent.

Weekly First-Time Unemployment Insurance Claims

	Month of Dec-22	Month of Nov-22	Month of Dec-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Metro Denver	1,105	1,472	801	1,096	5,806	-81.1%	1,103	1,627
Colorado	2,067	2,605	1,613	1,997	10,014	-80.1%	2,092	3,123

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

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

Consumer Sector

Consumer Sentiment

- The U.S. Consumer Confidence Index fell in January, after rising in December. The index now stands at 107.1, a 1.1 percent over-the-month decrease and a 3.6 percent decrease over-the-year.
- Analysts at The Conference Board stated that the drop was driven by a decline in the Expectations Index, as the Present Situation Index rose by 3.5 percentage points to 150.9. Expectations fell to 77.8, down from 83.4 in December. Purchasing intentions for automobiles and appliances held steady, but fell for homes. Looking ahead, inflationary pressures will continue to pose strong headwinds to consumer confidence and spending.

Consumer Confidence Index

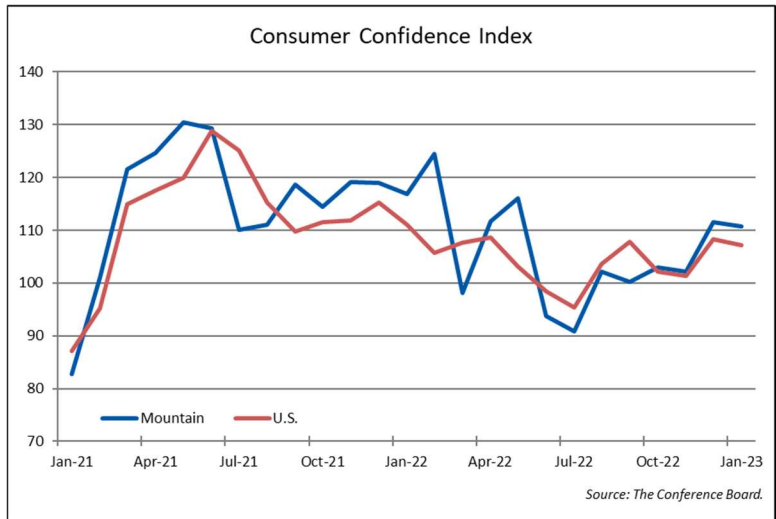
	Month of Jan-23	Month of Dec-22	Month of Jan-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Ann Avg 2018	Ann Avg 2013
Mountain	110.7	111.5	116.8	110.7	116.8	-5.2%	134.3	74.6
United States	107.1	108.3	111.1	107.1	111.1	-3.6%	130.1	73.2

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

- Colorado is included in the Mountain region and the index for the area decreased 5.2 percent between January 2022 and 2023 to 110.7. The index fell 0.7 percent over-the-month from 111.5 in December. The Present Situations Index rose by 4.5 percent over-the-year to 161, while the Expectations Index decreased 16.1 percent to 77.2 during the period.

Consumer Spending

- According to the National Retail Federation and analytics firm Placer.ai, 2022 holiday retail sales fell below expectations, rising 5.3 percent over 2021 levels to \$936.3 billion. The group had expected holiday sales to be 6 to 8 percent higher than 2021. Online and other non-store retailers fared the best, with electronics and appliance stores performing poorly compared to 2021.



National Retail Sales (\$millions)

	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Retail Sales	694,956	688,127	654,469	7,373,793	6,729,713	9.6%	4.1%	5.0%
Motor Vehicles	117,453	126,610	115,837	1,405,316	1,357,820	3.5%	3.0%	9.0%
Furniture and Home	12,610	12,028	12,795	130,844	129,282	1.2%	2.7%	4.5%
Electronics & Appliance	8,521	6,864	8,940	78,453	83,735	-6.3%	-1.6%	2.1%
Building Materials	40,463	43,024	39,491	471,007	439,496	7.2%	3.5%	4.5%
Food and Beverage	82,050	80,891	75,733	858,767	797,531	7.7%	3.8%	3.1%
Health and Personal Care	33,834	34,038	32,432	362,443	348,032	4.1%	1.5%	0.9%
Gasoline Stations	59,127	64,674	52,283	703,711	531,666	32.4%	9.2%	4.1%
Clothing & Accessories	28,886	25,120	28,725	271,572	254,687	6.6%	0.0%	4.8%
Sporting Goods	10,273	8,849	10,040	97,527	95,027	2.6%	-2.7%	2.8%
General Merchandise	76,493	70,683	74,215	741,476	719,161	3.1%	1.3%	2.8%
Miscellaneous Store	14,854	16,279	14,565	170,162	146,817	15.9%	2.0%	1.5%
Non-Store Retailers	126,220	108,289	114,631	1,148,843	1,028,946	11.7%	11.7%	8.5%
Food Service & Drinking	84,172	90,778	74,782	933,672	797,513	17.1%	5.3%	5.8%

Source: U.S. Census Bureau.

- National retail sales activity rose 6.2 percent over-the-year in November, with 11 of the 13 supersectors reporting increases during the period. Gasoline stations reported the largest over-the-year increase of 13.1

percent, followed by food services and drinking places (+12.6 percent) and non-store retailers (+10.1 percent). Electronics and appliance stores reported the largest over-the-year decrease of 4.7 percent, followed by furniture and home furnishing stores (-1.4 percent).

- Retail sales in Metro Denver rose 9.9 percent between November 2021 and 2022. All seven counties in Metro Denver reported over-the-year increases in retail sales. Adams County reported the largest increase of 27.4 percent, followed by Denver County (+12.5 percent) and Broomfield County (+11.3 percent). Douglas County reported the most modest increase of 0.2 percent. Retail sales throughout Colorado rose 8.9 percent over-the-year.

Total Retail Sales (\$000s)

	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Metro Denver	14,042,146	14,604,832	12,775,714	157,519,908	139,678,954	12.8%	4.9%	7.9%
Adams County	3,047,465	3,194,213	2,392,818	32,032,926	26,717,442	19.9%	8.9%	12.4%
Arapahoe County	2,285,570	2,410,063	2,220,632	26,747,342	24,129,565	10.8%	1.5%	9.7%
Boulder County	1,309,360	1,360,066	1,270,829	15,716,742	14,309,423	9.8%	9.5%	5.8%
Broomfield County	264,772	283,995	237,785	3,091,035	2,703,044	14.4%	8.1%	15.9%
Denver County	3,456,795	3,639,709	3,073,797	38,602,534	33,433,737	15.5%	4.0%	1.9%
Douglas County	1,529,923	1,520,958	1,526,441	16,625,493	15,815,027	5.1%	2.0%	7.7%
Jefferson County	2,148,260	2,195,828	2,053,412	24,703,834	22,570,716	9.5%	3.9%	10.9%
Colorado	22,954,784	23,949,755	21,069,325	264,848,991	234,983,502	12.7%	5.4%	6.1%

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

Source: Colorado Department of Revenue.

Price Changes

- The U.S. Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics showed that consumer prices in December increased 6.5 percent over-the-year, down from 7.1 percent in November and 7.7 percent in October. This was the sixth consecutive decrease in the over-the-year inflation rate. Core inflation, which excludes volatile food and energy prices, rose 5.7 percent over-the-year in December, down from 6 percent in November.
- All eight components of the CPI increased over-the-year, with the largest increases in food and beverage (+10.1 percent), housing (+8.1 percent), and other goods and services (+6.4 percent). Education and communication reported the most modest over-the-year increase of 0.7 percent.
- The CPI for the Denver-Aurora-Lakewood MSA rose 6.9 percent over-the-year in November, down from a 7.7 percent increase in September, and the fourth consecutive decline in the inflation rate. Core inflation was 6.7 percent in November. Over-the-month prices rose 0.5 percent from September to November.
- All eight components in the Denver MSA reported increases between November 2021 and 2022, with the largest increases in housing (+9.6 percent), food and beverage (+9.5 percent), and other goods and services (+6.3 percent). Education and communication reported the most modest increase of 0.3 percent.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price at the end of January was \$3.50 per gallon, up 3 percent from the same time last year. The Metro Denver average fuel price increased 19.3 percent over-the-year to an average of \$3.85 per gallon, rising \$0.62 over the period. The average fuel

price in Metro Denver was \$0.35 higher than the average fuel price throughout the U.S. The price increase in Metro Denver was likely due to the temporary closure of the Suncor refinery in Commerce City.

Stock Market

- All four stock market indices tracked decreased between January 2021 and 2022. The NASDAQ reported the largest decrease, falling 18.6 percent, followed by the S&P 500 (-9.7 percent) and the Bloomberg Colorado Index (-5 percent). The DJIA Index reported the most moderate decrease of -3 percent. All four indices increased between December 2022 and January 2023. The Bloomberg Colorado Index reported the largest increase of 15.3 percent, followed by the NASDAQ (+10.7 percent), the S&P 500 (+6.2 percent), and the DJIA (+2.8 percent).

Stock Market Indexes

	Month of Jan-23	Month of Dec-22	Month of Jan-22	YTD Return 2023	YTD Return 2022	Annual Avg Return 2018	Annual Avg Return 2013
Bloomberg Colorado	743.0	644.6	782.5	15.3%	-11.6%	-7.4%	30.6%
S&P 500	4,076.6	3,839.5	4,515.6	6.2%	-5.3%	-6.7%	29.6%
NASDAQ	11,584.6	10,466.5	14,239.9	10.7%	-9.0%	-3.9%	38.3%
DJIA (Dow Jones)	34,086.0	33,147.3	35,131.9	2.8%	-3.3%	-6.1%	26.5%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- The National Western Stock Show welcomed over 700,000 guests over its 16-day run in January. The attendance total made the 2023 show the fourth-highest attended show in the stock show's 117-year history.
- The average hotel occupancy rate in Metro Denver rose 0.5 percentage points over-the-year to 53 percent in the month of December 2022. The average hotel room rate rose 12.2 percent to \$125.85 per night, an increase of \$13.68 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 95.2 percent of pre-pandemic levels recorded in December 2019.

Metro Denver Hotel Statistics

	Month of Dec-22	Month of Nov-22	Month of Dec-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Percent of Hotel Rooms Occupied	53.0%	59.4%	52.5%	68.0%	58.0%	10.0%	74.9%	68.0%
Average Hotel Room Rate	\$125.85	\$137.76	\$112.17	\$151.49	\$125.87	20.4%	\$143.68	\$111.78

Source: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that over 5.8 million passengers passed through the airport in November, a 10.3 percent increase from the previous year, or a rise of over 545,000 passengers.

Denver International Airport Passengers

	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual 2017	Annual 2012
Number of Airline Passengers	5,829,890	6,539,291	5,284,857	63,612,777	53,460,945	19.0%	61,379,396	53,156,278

Source: Denver International Airport, Traffic Statistics.

Residential Real Estate

- According to the Freddie Mac “Primary Mortgage Market Survey,” 30-year mortgage rates were 6.13 percent at the end of January, 0.25 percentage points lower than December’s ending rate of 6.38 percent. A year ago, 30-year mortgage rates were 3.55 percent.

Recently Announced Projects

- The Dinerstein Companies, a Houston-based developer, announced plans to build a 371-unit apartment community Longmont. The Atlas Longmont project is expected to break ground in late 2023 and will be completed in early 2026.
- Fifield Cos. broke ground on a 302-unit, transit-oriented multifamily development called Arden Englewood Apartments. The project will also be contributing to a planned rail trail as well as pedestrian and cycling trails nearby. The four-story project will be completed in 2024.
- Abacus Capital Group purchased a 1.4-acre plot in Denver’s Uptown neighborhood with plans to build a seven-story, 259-unit apartment building on the site. The plans are still in the early stages of development and are subject to change before the development group moves forward.
- The Department of Housing and Stability and Delwest Development Corporation are moving forward to finance a 253-unit affordable housing complex in Northeast Park Hill at 38th Ave and Holly Street. The project will be income-restricted for those making between 30 and 80 percent of the area median income. Of the total, 38 units will be reserved for those making less than 30 percent of the area median income.
- Douglas County Commissioners voted to move forward with the Scott Avenue Planned Development Rezoning. The move paves the way for the Ulysses Development Group to build 220 multi-family units at the northwest corner of State Highway 83 and Scott Avenue.
- The Colorado Coalition for the Homeless purchased the Clarion Hotel Denver Central at 200 West Warner Place with plans to use the 215-room hotel for short and long-term shelter. The nonprofit plans to add kitchenettes to about half the units to convert them to longer-term units, while about half of the rooms will be used for short-term shelter.
- Evergreen Real Estate Group, Rocky Mountain Communities, and the Globeville, Elyria-Swansea Coalition submitted a concept plan to the City and County of Denver for a 200-unit affordable housing building with a library, grocery store, and coffee shop. The project is expected to break ground in the fall of 2024 with completion scheduled for the fall of 2026.
- The Max Collaborative and Nava Real Estate Development broke ground in December on a 196-unit apartment building called the Wilder at 1521 Hooker Street in Denver. Construction is expected to be completed in late 2024.
- Denver-based Headwaters Group announced that the company is under contract to build 169 units for adults aged 55 and older. The property, at the intersection of East Arapahoe Road and South Blackhawk Street in Centennial, has not yet been purchased but a Headwaters spokesperson announced that they will be purchasing the plot in 3Q 2023. The company is also under contract to build another 169 units at 10691 Melody Drive in Northglenn.

- A bonsai nursery in Sheridan will be replaced with a 149-unit affordable housing complex, called Bonsai Flats, which will be reserved for those making between 30 and 60 percent of the area median income. Construction is set to begin in March 2023 and will be completed in May or June 2024. The project is being developed by Medici Consulting Group.
- The Golden City Council voted to apply to the Colorado Department of Local Affairs to finance a 125-unit affordable housing project. The units will be targeted towards those making, on average, 80 percent of the area median income. While the city has affordable units for rent, this is their first project that is geared towards owner-occupied affordable housing. The city of Golden plans to team with Habitat for Humanity of Metro Denver to build the project.
- The Castle Rock Town Council approved a development in January that will bring 85 apartments and townhomes as well as 6,200 square feet of commercial space to the Meadows Town Center area in Castle Rock. As of yet, the construction timeline has not been announced by the Garrett Companies.
- Reliant Capital has proposed building 13 new townhomes on the 2200 block of South Josephine Street in Denver. The units will be marketed towards University of Denver college students. The developer hopes to break ground in early 2024.

Home Resales

Metro Denver

- According to a report by the Colorado Association of Realtors, Colorado experienced a 30.1 percent drop in new single-family listings on the market in December 2022. New listings reached record lows since 2010 when the CAR began tracking the data. Further, single-family home sales declined by 20 percent and condo and townhome sales were down 23 percent in Colorado in 2022.
- Home sales in Metro Denver totaled 2,730 in December, down 45.5 percent from the same time last year.
- Unsold homes on the market were 222.1 percent higher in December 2022 compared with the same time last year, representing 3,280 additional homes on the market. Over-the-month, the inventory of available homes fell by 23.9 percent. The inventory of homes in December is still lower than the historic average of 15,747 listings.
- In December, the average listing spent 43 days on the market according to the Denver Metro Association of Realtors. New listings in December were down 35.2 percent from November, and down 34.8 percent from a year earlier.

Previously Owned Home Sales Activity

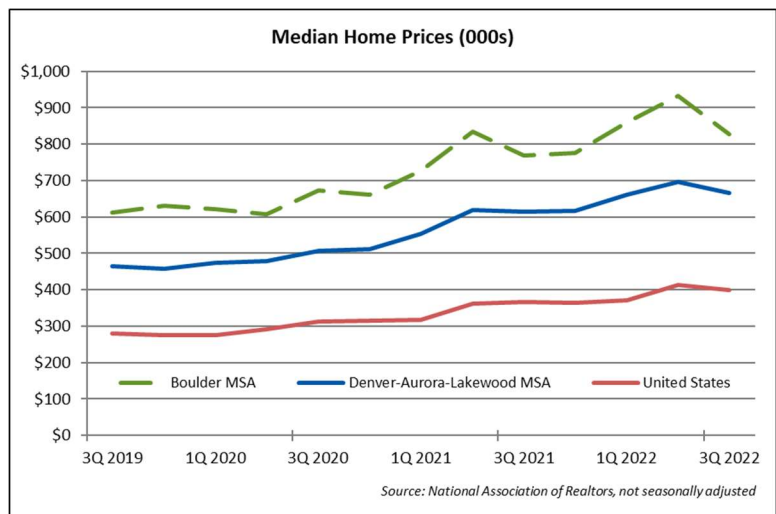
	Month of Dec-22	Month of Nov-22	Month of Dec-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Ann Total 2017	Ann Total 2012
Home Sales (Closed)	2,730	2,954	5,009	51,232	67,205	-23.8%	58,999	45,637
Unsold Homes on Market	4,757	6,253	1,477	4,757	1,477	222.1%	3,854	7,706
Average Sales Price-Single Family	\$678,431	\$704,353	\$674,972	\$744,946	\$669,137	11.3%	\$466,660	\$312,905
Average Sales Price-Condo	\$386,737	\$401,402	\$378,742	\$409,048	\$367,338	11.4%	\$278,011	\$195,120
Median Sales Price-Single Family	\$575,000	\$600,000	\$577,200				\$395,000	\$256,000
Median Sales Price-Condo	\$355,000	\$370,000	\$350,000				\$247,000	\$149,900

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

- The average sales price for single-family homes increased 0.5 percent over-the-year to \$678,431, representing an additional \$3,459 per home during the period. The average sales price for condominiums rose 2.1 percent over-the-year to \$386,737, representing an additional \$7,994 per home.

National

- The National Association of REALTORS' (NAR) home affordability index rose to 95.5 in November up from 91.3 in October. The metric is based on the ratio between the median household income and the necessary income required to qualify for the median-priced house. The index for the West region rose to 67.4 in November up from 63.4 in October.
- Total existing-home sales decreased 1.5 percent from November to a seasonally adjusted annual rate of 4.02 million in December, marking 11 consecutive months of declines, according to the National Association of REALTORS (NAR). Sales decreased 34 percent year-over-year from the December 2021 reading of 6.09 million.
- All four regions reported over-the-year decreases in total home sales in December. The West region reported the largest decrease of 43.4 percent, followed by the South (-33.1 percent), the Midwest (-30.3 percent) and the Northeast (-28.8 percent).
- Properties remained on the market for 26 days in December, up from 24 in November and up from 19 days in December 2021. Of the homes sold in December, 57 percent were on the market for less than a month.
- NAR data showed the median existing-home price for all housing types nationally was \$366,900 in December, up 2.3 percent from the same time last year. This marked 130 consecutive months of over-the-year increases, the longest streak on record. However, the median price was down over-the-month for the sixth month in a row after a record high of \$413,800 in June.
- Median home prices increased in all four major U.S. regions over-the-year. For the 15th consecutive month, the South region reported the highest pace of price appreciation compared to the other regions. The median home price in the South increased 3.5 percent over-the-year in December, followed by the Midwest (+2.9 percent), the Northeast (+1.6 percent), and the West (+0.1 percent).
- The West region reported the highest median home price of \$557,900, while the Midwest reported the lowest median price of \$262,000 in December.
- A separate NAR report revealed that the median price in the Boulder MSA increased 7.5 percent over-the-year to \$826,900 in the third quarter of 2022. The Denver-Aurora MSA rose 8.3 percent over-the-year to \$666,000 during 3Q 2022, while the national median home price increased 8.6 percent to \$398,500 during the period.
- The Boulder MSA had the 7th highest median home price of the 186 metropolitan areas tracked in the report. The Denver MSA had the 14th highest



median home price. Four metro areas saw median home prices drop over-the-year in 3Q 2022, up from just one in 2Q 2022.

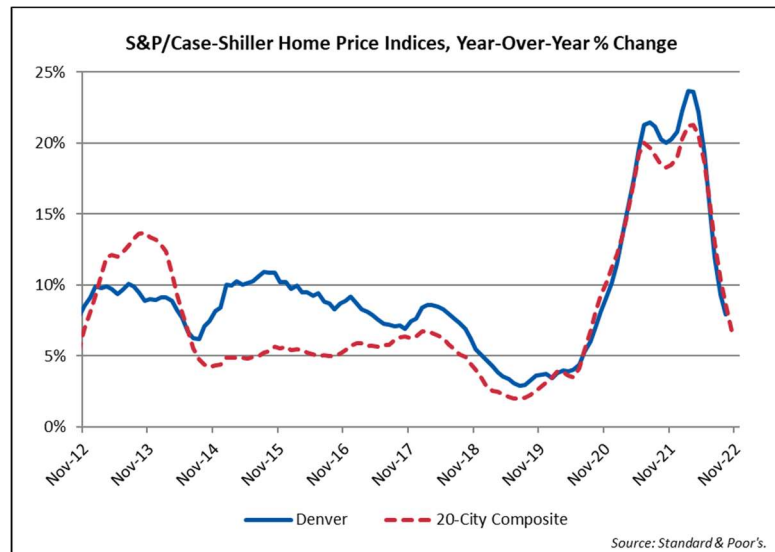
- Between the second quarter of 2022 and the third quarter of 2022, prices increased by double digits in 46 percent of all metros studied, down from 80 percent in the second quarter. The national home price decreased 3.4 percent over-the-quarter. Home prices decreased 11.4 percent in the Boulder MSA and 4.3 percent in the Denver MSA over-the-quarter.

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

	Quarter 3 2022 (p)	Quarter 2 2022 (r)	Quarter 3 2021	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Median 2017	Median 2012
Boulder MSA	\$826.9	\$933.4	\$769.4	\$873.1	\$777.1	12.4%	\$566.1	\$383.7
Denver-Aurora MSA	\$666.0	\$695.8	\$614.8	\$674.7	\$595.9	13.2%	\$414.7	\$252.4
United States	\$398.5	\$412.7	\$367.1	\$394.4	\$349.1	13.0%	\$248.8	\$177.2

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

- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver increased 6.1 percent between November 2021 and November 2022, down from a 7.9 percent increase in October and a 9.3 percent increase in September. November marked the fifth consecutive month where the annual rate of price growth was under 20 percent after 11 consecutive months of annual price gains at or above 20 percent.
- National housing prices increased 7.7 percent over-the-year in November, down from 9.2 percent in October and 10.7 percent in September. Month-over-month home prices fell for a fifth consecutive month in November after a 41-month streak of month-over-month home price increases. Prices dropped over-the-month in all 20 cities for the fourth consecutive month after 12 reported decreases from June to July.
- Miami reported the highest year-over-year price increase of 18.4 percent, followed by Tampa (+16.9 percent) and Atlanta (+12.7 percent). San Francisco reported the only over-the-year decrease of 1.6 percent. Denver ranked 13th.



Foreclosures

- According to real estate data firm ATTOM, foreclosure filings in the United States were up 115 percent in 2022 from 2021 but remained 34 percent below 2019 levels. The 2022 data revealed the impact of the end of the COVID-19 measures that artificially lowered the 2021 foreclosure numbers. Foreclosures are expected to reach prepandemic levels in 2023.
- Foreclosures in Metro Denver increased 148.9 percent between January 2022 and January 2023, rising by 131 filings during the period. Over-the-month, foreclosures rose 21.7 percent from 180 filings in December.

Six of seven counties reported increases in filings compared with last year. Douglas County reported the largest increase of 420 percent, followed by Boulder County (+300 percent) and Adams County (+172.7 percent).

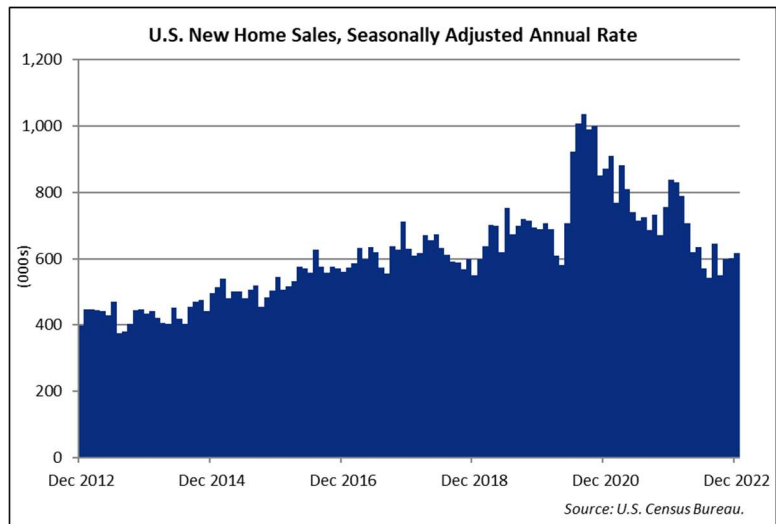
Residential Foreclosures

	Month of Jan-23	Month of Dec-22	Month of Jan-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018	Annual Total 2013
Total Metro Denver*	219	180	88	219	88	148.9%	2,725	7,520
Adams County	60	61	22	60	22	172.7%	637	1,636
Arapahoe County	42	29	19	42	19	121.1%	638	1,700
Boulder County	12	7	3	12	3	300.0%	124	387
Broomfield County	0	1	2	0	2	-100.0%	42	109
Denver County	45	42	24	45	24	87.5%	538	1,616
Douglas County	26	14	5	26	5	420.0%	278	769
Jefferson County	34	26	13	34	13	161.5%	468	1,303

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

New Home Sales

- New home sales in the U.S. decreased 26.6 percent over-the-year to a seasonally adjusted annual rate of 616,000 in December, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- All four regions reported an over-the-year decrease in home sales. The West reported the largest decrease of 49.6 percent, followed by the Northeast (-21.6 percent), South (-17.5 percent), and Midwest (-14.1 percent).



New Home Construction

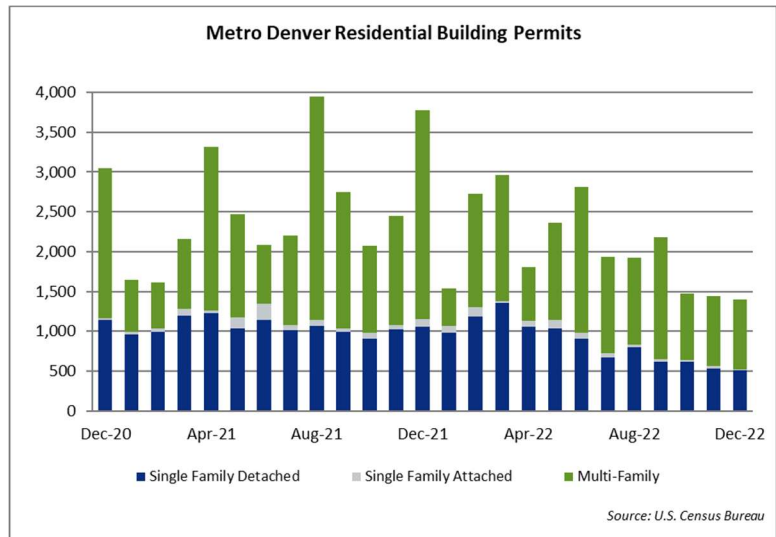
National

- Builder confidence for newly built single-family homes increased 4 points to 35 in January, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This was the first increase after 12 consecutive months that builder sentiment declined, rising from 31 in December, which marked the lowest reading since May 2020. The rise in builder confidence is a sign of moderate improvement in the housing market. Analysts also suggest that the rise means that the cycle lows for permits and starts are near, and a homebuilding rebound could occur later in 2023.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled over 1.3 million units in December, a 1 percent over-the-month decrease, and a 29.5 percent decrease compared with the same time last year.

- Building permits for single-family detached units decreased 34.6 percent over-the-year, or by 387,000 units permitted to a total of 731,000 units permitted in December. Single-family attached units decreased 32.4 percent to 46,000 units permitted, while multi-family units decreased 21.1 percent over-the-year to 560,000 units permitted in December.
- All four regions reported over-the-year decreases in total units permitted. The Northeast region reported the largest over-the-year decrease of 57.7 percent, followed by the Midwest (-32.7 percent), the West (-27.4 percent), and the South (-21.4 percent).

Metro Denver

- Residential building permits in Metro Denver totaled 1,399 units permitted in December, a decrease of 62.9 percent, or 2,375 units, from the same time last year.
- Single-family detached units permitted decreased 51.4 percent over-the-year, falling by 544 units permitted during the period. Single-family attached units decreased 96.7 percent, or by 88 units, to a total of 3 during the period. Multi-family units decreased 66.4 percent, or by 1,743 units, to a total of 882 units permitted in December.



Residential Building Permits

	Month of Dec-22	Month of Nov-22	Month of Dec-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Total 2017	Total 2012
Single-Family Detached Units	514	530	1,058	10,263	12,621	-18.7%	11,419	5,947
Single-Family Attached Units	3	38	91	654	912	-28.3%	384	299
Multi-Family Units	882	878	2,625	13,651	16,941	-19.4%	12,218	8,679
Total Units	1,399	1,446	3,774	24,568	30,474	-19.4%	24,021	14,925

Source: U.S. Census Bureau.

Apartment Rental Market

- The apartment vacancy rate throughout Metro Denver rose 0.9 percentage points over-the-year to 5.6 percent vacancy in the fourth quarter of 2022. Vacancy rates ranged from 5 percent in the Boulder/Broomfield submarket to 6.1 percent in Douglas County.
- All six submarkets reported over-the-year increases in the average monthly rental rate, led by Jefferson County (+8.2 percent), Arapahoe County (+6.5 percent), and Boulder/Broomfield (+6.1 percent). The Adams and Douglas County submarkets reported the most modest over-the-year increase of 5.9 percent. Douglas County reported the highest rental rate in 4Q 2022 of \$1,966 per month, while Adams County reported the lowest rental rate of \$1,679 per month. Across Metro Denver, rents increased 6.5 percent over-the-year to \$1,838 per month. Rents fell 1.7 percent between the third and fourth quarters of 2022, or a decline of \$32, the largest over-the-quarter drop in four decades.

Apartment Statistics

	Quarter 4	Quarter 3	Quarter 4	YTD	YTD	YTD	Ann Avg	Ann Avg
	2022	2022	2021	Average	Average	Average	2017	2012
				2022	2021	% Change		
Apartment Vacancy Rate	5.6%	4.8%	4.7%	4.9%	5.0%	-0.1%	5.6%	4.7%
Average Monthly Rental Rate (all units)	\$1,838	\$1,870	\$1,726	\$1,827	\$1,635	11.8%	\$1,403	\$974

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

Recently Announced Projects

- The OliverBuchanan group proposed almost 1.2 million square feet of development for the location at 1717 East 39th Avenue. The proposal includes 850,000 square feet of residential space, 60,000 square feet of offices, 150,000 square feet of retail space, and 130,000 square feet of hotel space. The Denver Rock Drill site will have to be rezoned for the plans to move forward.
- Houston-based Hines Interests LP and L.C. Fulenwider Inc. broke ground on the first phase of their Denali Logistics Park in Aurora. The facility is a class A industrial and logistics park and will include more than 760,000 square feet of space across three buildings.
- The National Western Center in Denver began the next phase of construction. Construction on the 350,000-square-foot Sue Anschutz-Rodgers Livestock Center will begin in February 2023 and will be completed by January 2025. The space will have a 160,000-square-foot multiuse arena and a 200,000-square-foot expo hall.
- A new, all-electric, 70,000-square-foot Food and Drug Administration lab in Lakewood was announced in January. The project, which is set to open in 2026, will be energy neutral in an attempt to revolutionize the way research laboratories consume energy moving forward.
- The Southeast Recreation Center and Fieldhouse opened in Aurora in January after almost two years of construction. The 77,000-square-foot facility, which includes a gym, an indoor field, and a swimming pool, was fully funded by marijuana tax revenue.
- Denver's Department of Transportation and Infrastructure filed a concept plan to build the Westwood Recreation Center, a 44,895-square-foot building at 4320 Morrison Road. The facility will include a pool, fitness center, and space for art and fitness classes. Construction is slated to begin in 1Q 2024 with the expectation of opening the facility in early 2026.
- Stonebridge, a Denver-based hotel firm, is constructing a 20-story tower in the 4800 block of South Quebec Street in the Denver Tech Center that will feature both hotel rooms and apartment units. The north tower will include 175 hotel rooms and 189 apartment units according to plans, and the south tower will likely have a hotel and office space. The north tower broke ground in September with completion expected in 2025; Stonebridge has not begun construction on the south tower.
- Aspen Hospitality, a division of Aspen Skiing Company, announced that the Limelight Hotel in Boulder is expected to open in early 2025. The location will consist of 250 rooms, 25,000 square feet of meeting space, and a 15,000-square-foot ballroom.

- A nine-story Residence Inn hotel was proposed at 101 East 4th Avenue and would replace three two-story houses that currently occupy the lot. The project, which would be developed by the Guddanti Partnership, will have 123 rooms according to current plans.

Office Market

- Preliminary data analysis by Savills PLC indicated that about 46 million square feet of office leasing activity occurred throughout the U.S. in Q4 2022, down 20 percent from prepandemic levels. The study projected office vacancy rates to continue to rise in 2023 across the U.S.
- According to Moody's Analytics, \$17 billion in mortgage bonds backed by office properties is coming due in 2023, which constitutes an increase of \$10 billion from 2022 levels. This comes at a time when the national office market is expected to experience higher vacancy rates and may lead to stress in the office sector.
- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.2 percent in the fourth quarter of 2022, a decrease of 0.2 percentage points from the previous quarter. The vacancy rate was down 0.1 percentage points over-the-year. The average lease rate increased 5.2 percent between the fourth quarters of 2021 and 2022, or by \$1.52, to \$30.99 per square foot.
- The vacancy rate including sublease space increased 0.3 percentage points over-the-year, rising from 13.9 percent in 4Q 2021 to 14.2 percent in 4Q 2022. This included almost 4.2 million square feet of vacant sublease space, the largest amount of vacant sublease space since 2002.

Office Market Statistics

	Quarter 4 2022	Quarter 3 2022	Quarter 4 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018
Number of Buildings	6,644	6,641	6,630	6,609	6,577	6,544
Existing Square Feet (millions)	203.0	202.9	202.3	200.3	198.5	196.9
Vacant Square Feet (direct, millions)	24.7	25.1	24.9	21.6	17.7	17.7
Vacancy Rate (direct)	12.2%	12.4%	12.3%	10.8%	8.9%	9.0%
Vacancy Rate (with sublet)	14.2%	14.2%	13.9%	12.2%	9.5%	9.8%
Avg. Lease Rate (direct, per sq. ft., full service)	\$30.99	\$30.98	\$29.47	\$28.91	\$28.05	\$27.20
New Construction Completed (year-to-date)	0.75 MSF, 14 Bldgs	0.60 MSF, 11 Bldgs	1.98 MSF, 22 Bldgs	2.04 MSF, 33 Bldgs	1.70 MSF, 34 Bldgs	4.28 MSF, 47 Bldgs
Currently Under Construction	3.30 MSF, 24 Bldgs	3.44 MSF, 24 Bldgs	1.78 MSF, 16 Bldgs	2.82 MSF, 28 Bldgs	3.62 MSF, 43 Bldgs	4.12 MSF, 46 Bldgs

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

- There were 14 office buildings completed in 2022, delivering 750,000 square feet to Metro Denver. The largest building completed was the 250,402-square-foot One Platte office building located in downtown Denver.
- There was 3.3 million square feet of office space in 24 buildings under construction in Metro Denver during the fourth quarter of 2022. The largest buildings under construction were the 1900 Lawrence (704,036 SF in downtown Denver) and the 351,222-square-foot Westray Tower 1 in Centennial. As has been the trend in recent years, the largest share of office construction is found in the City and County of Denver. Currently, almost 59 percent of the office square footage under construction is located in the City and County of Denver.

Industrial & Flex Market

- With low vacancy rates and a robust construction pipeline, the industrial market will reckon with lower demand and continued completions in 2023, according to data from Cushman and Wakefield released in January. Tenant demand, while strong, will be outpaced by elevated levels of completions in 2023.
- U.S. industrial development starts fell 40 percent in 4Q 2022 from the quarterly average from 4Q 2021 through 3Q 2022. About 134 million square feet of industrial space was started in the last 3 months of 2022, the lowest level since early 2020. Despite the decline, construction activity is in line with prepandemic construction levels from 2018 and 2019.
- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver increased 0.4 percentage points to 5.3 percent between the fourth quarters of 2021 and 2022. The total vacancy rate including sublease space rose 0.5 percentage points over-the-year to 5.7 percent. The average lease rate increased \$0.48 per square foot to \$9.70, a 5.2 percent increase over the same time last year.
- Forty-two industrial buildings providing 7.63 million square feet of space were completed in 2022. The largest building completed was the 1.3 million-square-foot Shamrock Food Regional HQ at 22000 East 38th Ave in Aurora. The next largest buildings were the 588,085-square-foot FACC Building E and the 541,840-square-foot HighPoint Building in Aurora.

Industrial Market Statistics

	Quarter 4 2022	Quarter 3 2022	Quarter 4 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018
Number of Buildings	7,372	7,362	7,330	7,287	7,244	7,192
Existing Square Feet (millions)	251.6	250.1	243.9	235.1	230.2	224.0
Vacant Square Feet (direct, millions)	13.4	12.9	12.0	12.0	10.8	8.2
Vacancy Rate (direct)	5.3%	5.2%	4.9%	5.1%	4.7%	3.7%
Vacancy Rate (with sublet)	5.7%	5.5%	5.2%	5.6%	4.9%	3.8%
Avg. Lease Rate (direct, per square foot, NNN)	\$9.70	\$9.70	\$9.22	\$8.71	\$8.36	\$7.93
New Construction Completed (year-to-date)	7.63 MSF, 42 Bldgs	6.20 MSF, 33 Bldgs	8.83 MSF, 43 Bldgs	4.94 MSF, 43 Bldgs	6.83 MSF, 54 Bldgs	5.00 MSF, 34 Bldgs
Currently Under Construction	7.80 MSF, 41 Bldgs	8.58 MSF, 49 Bldgs	10.17 MSF, 53 Bldgs	6.14 MSF, 38 Bldgs	5.79 MSF, 37 Bldgs	4.6 MSF, 35 Bldgs

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

- Metro Denver's industrial construction pipeline remains robust with 7.8 million square feet of space under construction in 41 buildings. Over 72 percent of the industrial space under construction is located in Adams County, including the largest buildings under construction, the 919,000-square-foot Dollar General warehouse and the 625,000-square-foot DIA Logistics Park. Of the buildings under construction, 40 are slated to be completed in 2023 and 1 in 2024.
- The direct flex vacancy rate in Metro Denver decreased 0.2 percentage points over-the-year to 5.6 percent vacancy. The average lease rate rose 5.6 percent, or by \$0.81, to \$15.20 per square foot during the period.
- New flex construction has been more limited than other property types but remains strong heading into 2023. Eleven new flex buildings totaling 468,730 square feet were completed in 2022. There were 20 buildings totaling 669,078 square feet under construction as of the end of 4Q 2022. Almost 49 percent of the square footage under construction is located in Boulder or Broomfield Counties. The largest building under construction is a 150,720-square-foot building in the S.T.E.M Research Park of Broomfield.

Flex Market Statistics

	Quarter 4 2022	Quarter 3 2022	Quarter 4 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018
Number of Buildings	1,595	1,589	1,584	1,582	1,578	1,563
Existing Square Feet (millions)	47.8	47.5	47.3	47.2	46.8	46.3
Vacant Square Feet (direct, millions)	2.7	2.6	2.7	3.1	2.0	1.8
Vacancy Rate (direct)	5.6%	5.4%	5.8%	6.5%	4.2%	3.9%
Vacancy Rate (with sublet)	6.2%	5.8%	6.2%	7.1%	4.6%	4.1%
Avg. Lease Rate (direct, per square foot, NNN)	\$15.20	\$15.15	\$14.39	\$13.62	\$12.54	\$12.10
New Construction Completed (year-to-date)	0.47 MSF, 11 Bldgs	0.28 MSF, 8 Bldgs	0.03 MSF, 1 Bldg	0.45 MSF, 5 Bldgs	0.54 MSF, 15 Bldgs	0.36 MSF, 10 Bldgs
Currently Under Construction	0.67 MSF, 20 Bldgs	0.74 MSF, 19 Bldgs	0.56 MSF, 14 Bldgs	0.18 MSF, 7 Bldgs	0.36 MSF, 4 Bldgs	0.43 MSF, 9 Bldgs

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

Retail Market

- Consistent demand for retail space in 2022 made it one of the retail sector's best years, according to CBRE. High demand paired with few completions throughout the year dropped the U.S. retail vacancy rate below 5 percent and raised the average asking rent by 2.5 percent in 4Q 2022.

Retail Market Statistics

	Quarter 4 2022	Quarter 3 2022	Quarter 4 2021	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018
Number of Buildings	13,129	13,114	13,051	12,988	12,894	12,759
Existing Square Feet (millions)	175.3	175.2	174.6	173.8	172.9	171.5
Vacant Square Feet (direct, millions)	7.1	7.8	7.8	8.6	7.1	6.2
Vacancy Rate (direct)	4.1%	4.4%	4.5%	5.0%	4.1%	3.6%
Vacancy Rate (with sublet)	4.2%	4.5%	4.6%	5.1%	4.2%	3.7%
Avg. Lease Rate (direct, per square foot, NNN)	\$20.22	\$19.94	\$19.30	\$18.82	\$18.39	\$18.86
New Construction Completed (year-to-date)	0.66 MSF, 80 Bldgs	0.57 MSF, 63 Bldgs	0.66 MSF, 62 Bldgs	0.93 MSF, 93 Bldgs	1.40 MSF, 139 Bldgs	1.98 MSF, 144 Bldgs
Currently Under Construction	0.86 MSF, 58 Bldgs	0.69 MSF, 55 Bldgs	0.78 MSF, 43 Bldgs	0.58 MSF, 41 Bldgs	1.31 MSF, 72 Bldgs	0.97 MSF, 53 Bldgs

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

- The direct vacancy rate for retail space in Metro Denver decreased 0.4 percentage points over-the-year to 4.1 percent in 4Q 2022, according to CoStar. The direct vacancy rate including sublease space also decreased 0.4 percentage points over-the-year to 4.2 percent. The average lease rate increased 4.8 percent to \$20.22 per square foot.
- Through the end of 4Q 2022, 80 retail buildings totaling 663,591 square feet were completed. An additional 58 buildings with more than 860,000 square feet of space are under construction and all are expected to be completed in 2023. More than 64 percent of the space under construction is located in the City and County of Denver or Adams County.



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