



JANUARY 2023

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting
our regional economy



Development Research Partners

PINNACOL
ASSURANCE

January 2023 MEI Snapshot

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕↗ Positive Changes	5 of 18		7 of 18		9 of 18	
Nonfarm Employment Growth	-2,500	↓	60,300	↑	74,900	↑
	Employment was down 0.1% from October to November		Employment up 3.5% from November 2021 to 2022		YTD employment up 4.4% through November	
Manpower Net Employment (West Region)	38%	↓	38%	↓	42%	↑
	Net employment fell from 3Q 2022 to 4Q 2022		Net employment decreased 11 percentage points from 4Q21 to 4Q22		YTD average up 15 percentage points compared with 2021	
Unemployment Rate	3.2%	↓	-0.7 percentage points	↓	3.4%	↓
	Unemployment fell 0.2 percentage points from October to November		Unemployment down from November 2021 to 2022		Down 2.1 percentage points from 2021 YTD average	
Initial Unemployment Insurance Claims	30.8%	↑	35.2%	↑	-82.5%	↓
	Claims increased from October to November		Claims increased from November 2021 to 2022		YTD average claims decreased through November 2022	
Total National Retail Sales	3.6%	↑	7.9%	↑	9.9%	↑
	National sales increased from September to October		National sales increased from October 2021 to 2022		YTD sales increased through October 2022	
Mountain Region Consumer Confidence Index	111.5	↑	-6.2%	↓	105.9	↓
	Index up 9.2 percent from November to December		Index down from December 2021 to 2022		YTD average down 8% through December 2022	
Hotel Occupancy	59.4%	↓	6.2 percentage points	↑	69.4%	↑
	Decreased 14.4 percentage points from October to November		Occupancy increased from November 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	644.6	↓	-27.1%	↓	-27.1%	↓
	Index down 9.4 percent from November to December		Index down from December 2021 to 2022		YTD return down through December 2022	
Dow Jones Industrial Average	33,147.3	↓	-8.8%	↓	-8.8%	↓
	Index down 4.1 percent from November to December		Index down from December 2021 to 2022		YTD return down through December 2022	
Home Sales (closed)	2,954	↓	-49.7%	↓	48,502	↓
	Sales down 10.8% from October to November		Sales down from November 2021 to 2022		YTD sales down 22% from last year	
Median Home Price (Denver-Aurora MSA)	\$666,000	↓	8.3%	↑	\$674,700	↑
	Down 4.3% from 2Q 2022 to 3Q 2022		Prices are up from 3Q 2021 to 3Q 2022		YTD price 13.2% higher through 3Q 2022	
Foreclosures	180	↓	260.0%	↑	2,523	↑
	Down 4.8% from November to December		Up from December 2021 to 2022		Up 392.8% YTD through December 2022	
Residential Building Permits (Total)	1,460	↓	-40.3%	↓	23,202	↓
	Permits decreased 1.9% from October to November		Permits down from November 2021 to November 2022		YTD permits down 13.1% through November 2022	

Apartment Vacancy Rate	4.8%	↑	+1.1 percentage points	↑	4.6%	↔
	Vacancy increased from 1Q 2022 to 2Q 2022		Vacancy increased from 2Q 2021 to 2Q 2022		YTD average unchanged from last year	
Office Vacancy Rate (with Sublet)	14.2%	↔	+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	

January 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

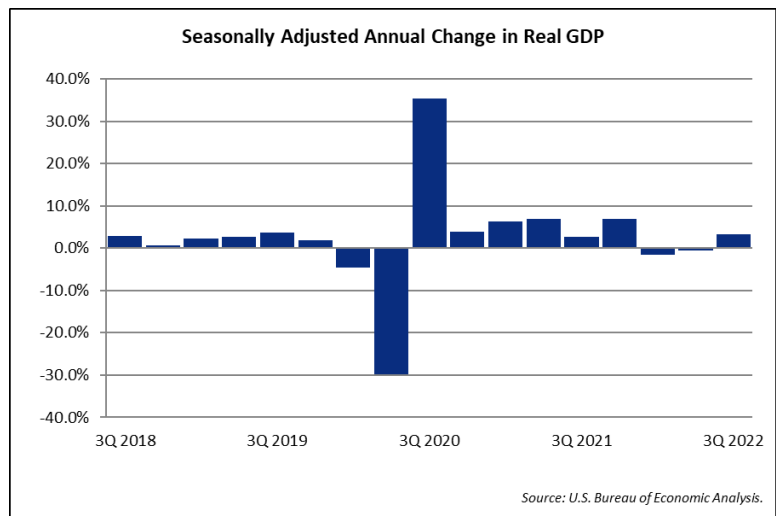
- Boulder is one of the nation's top-10 most vibrant medium-sized areas for art, according to the Arts Vibrancy Index Report from Southern Methodist University DataArts and the National Center for Arts Research. The report also named Metro Denver as one of the United States' artsiest large cities. The study incorporated factors such as supply, demand, and public support for the arts into its rankings.
- Promoleaf released an analysis in which Boulder ranked as the top city in the country for sustainable startups. The promotional product company found that Boulder has 115 green startups per 100,000 residents, 40 higher than the second-place city of Cambridge, Mass. that has 74.8 startups per 100,000 residents. Boulder also ranked first in the renewable energy, decarbonization, and green consumer goods subgroups and ranked second in environmental engineering and fourth in recycling and pollution reduction. Colorado as a state ranked second with 11.91 startups per 100,000 residents.
- According to a Dice report, Colorado was ranked 10th on a list of states with the most openings for tech jobs. From January through October of 2022 there were 25 percent more tech job postings than during the same period in 2021, though postings in October were below their June peak.
- Denver is one of only two U.S. cities to receive a gold ranking from the CityHealth ranking of the United States' 75 largest cities. The rankings assess cities based on the impact of their policies and environments on physical and mental health. This is the first time Denver has received a gold designation since the rankings began in 2017. Denver received gold awards for their affordable housing trust fund, a comprehensive earned sick leave law, planning for and funding of dedicated green spaces, alcohol public safety laws, and a smoking and vaping ban in non-hospitality workplaces.

- According to a new ranking by USA Today, Colorado is home to two of the top 10 ski towns in North America. Telluride came in at number eight and Aspen was ranked number nine. Colorado was the only U.S. state to notch more than one space on the list. Mammoth Lake, California topped the ranking as the best ski town in North America.
- In another ranking, Colorado landed 15 spots on the Holidu rankings of the 50 most popular resorts in the United States based on the number of vacation rental searches. Copper Mountain ranked number one in the country, followed by several Colorado resorts in the top-20, which were Breckenridge Ski Resort (No. 4), Vail (No. 7), Winter Park Ski Resort (No. 11), and Loveland Ski Area (No.13).
- SCL Health Saint Joseph Hospital in Denver, UCHealth University of Colorado Hospital in Aurora, and SCL Health Lutheran Medical Center in Wheat Ridge received “high performing” scores for maternity care from the *U.S. News and World Report*. Nearly 650 hospitals participated in the analysis, which is in its second year, and fewer than 300 received a high-performing designation.

National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released their third estimate of real gross domestic product (GDP) for the third quarter of 2022 and found that GDP increased at an annual rate of 3.2 percent, an increase from the second estimate of 2.9 percent. In the second quarter real GDP decreased 0.6 percent.



- The increase in 3Q 2022 real GDP reflected increases in exports, consumer spending, nonresidential fixed investment, and government spending. The increases in exports reflected increases in both goods and services. Consumer spending increases in services purchases were partly offset by decreases in goods purchases.
- These increases were partly offset by decreases in residential fixed investment and private inventory investment. Imports, which are a subtraction in the calculation of GDP, decreased in 3Q.
- The third estimate is based on more complete source data that is subject to further revision by the source agency. The advanced GDP estimate for 4Q 2022 will be released January 26th.

Interest Rates

- In their meeting on December 13-14, the Federal Open Market Committee (FOMC) of the Federal Reserve affirmed its stance on monetary policy. Recent indicators of spending and production have remained strong as job gains have remained robust and the unemployment rate has remained low. Inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher 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 0.5 percentage points to 4.25 to 4.5 percent, the seventh increase in the rate in 2022. The Fed anticipates that ongoing increases in the target range will be appropriate but will continue monitoring factors including inflation and labor market conditions. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities.
- The next FOMC meeting is Jan 31-Feb 1, 2023.

Policy Watch

National & International

- Congress passed a \$1.65 trillion omnibus spending bill, averting a government shutdown for the rest of the 2023 fiscal year.
- The European Central Bank, the Bank of England, and the Swiss National Bank have all raised key interest rate figures by 0.5 percent, matching the Federal Reserve's increase from December.

Local

- The Family & Medical Leave Insurance (FAMLI) program, which voters passed as Proposition 118 in November 2020, comes into effect on January 1, 2023. The program will deduct 0.45 percent of employees' income and a matched contribution from firms with more than ten employees. The program provides income for employees if they are forced to take time off from work caring for family members, including themselves, and holds a position for those workers for when they return from leave. The benefits of this program become available on January 1, 2024.
- The Secure Savings Program, passed by the Colorado Legislature in 2020, takes effect in January and requires employers to provide a retirement savings program for their employees or sign up for the state-run Secure Savings program. The state-run plans require employers to deduct five percent of gross income from employee paychecks, with that figure increasing up to 8 percent over time, and depositing the funds in Roth IRA accounts.
- Colorado is one of 27 states that will experience a rise in the minimum wage in 2023. The state's minimum wage will increase to \$13.65 per hour, up from \$12.56 per hour. Workers in the city and county of Denver will receive an 8.94 percent pay increase as the city's minimum wage increases to \$17.29 per hour.
- Retail stores in Colorado, as of January 1st, are required to collect a disposable bag fee. The state law charges a 10-cent fee at the time of sale, making Colorado the 10th state to crack down on single-use plastic shopping bags, and the eighth to ban foam food containers.

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was \$78.2 billion in October, up 5.4 percent from \$74.1 billion in September. October imports increased 0.6 percent to \$334.8 billion, while exports decreased 0.7 percent to \$256.6 billion. Year-to-date, the goods and services deficit increased \$136.9 billion, or 19.9 percent, from the same period in 2021. Exports increased 19.8 percent and imports increased 19.8 percent year-over-year.
- The Conference Board Leading Economic Index (LEI) decreased by 1 percent in November to 113.5, after falling 0.9 percent in October. The LEI was down 3.7 percent over the six-month period from May to November 2022. The U.S. LEI results suggest serious headwinds to economic growth. Interest rate spread and manufacturing new order components were unchanged in November.
- According to the Institute for Supply Management's Manufacturing Index, the Purchasing Managers Index (PMI) was 48.4 percent in December, down 0.6 points from the November reading. This figure indicates contraction in the manufacturing sector for a second consecutive month. New order rates remained in contraction territory at 45.2, down from 47.2 in November. The Production Index fell into contraction territory, and the Prices Index and the Backlog of Orders index remained down into contraction territory in November. The Employment Index came in at 51.4 percent, rising into expansion territory after a one-month contraction. Two manufacturing industries reported growth in December compared to November when increases were reported in six industries.
- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 56.5 percent in November, 2.1 percentage points higher than October's reading of 54.4 percent. The November reading indicates growth for the 30th consecutive month after a two-month contraction in April and May of 2020. The Prices Index decreased in November to 70, down 0.7 percentage points from October's reading of 70.7. Thirteen of the 18 industries reported growth for the month, down from 16 industries the prior month.
- According to data from benefits and payroll provider Gusto, year-end bonuses will likely be smaller this year than last year. Bonuses fell by about eight percent from November 2021 to November 2022, but that drop was not uniform across industries. Goods-producing and logistics businesses increased bonuses by 7.1 percent on average. Many businesses with tight labor market conditions are using bonuses to attract and retain talent.

Local

- According to data released by the U.S. Bureau of Economic Analysis, Colorado's state GDP grew by 5.8 percent in 2021 after shrinking by 1.4 percent in 2020. The data also showed that all 7 counties in Metro Denver grew in 2021 with Denver and Douglas Counties growing the fastest (+8.8 percent), and the City and County of Broomfield reporting the most modest growth rate (+3.5 percent).
- 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, recording the fourth-lowest reading in the 20-year history of the index. The index was unchanged ahead of 1Q 2023 at 39.8, staying within negative territory (below 50) and remaining well below the long-term average of 53.8. Four of six components fell ahead of 1Q 2023, but all six values improved looking further out to 2Q 2023. The outlook was dimmest for the national economy and brightest for industry hiring. More than half, 57.8

percent, of respondents think the country will enter a recession in the first half of 2023. 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, declined slightly due to cooling labor markets. Businesses reported that they are still using higher compensation and additional training to build their workforce over the next several months. Consumer demand fell slightly in recent weeks and the volume of consumer purchases fell broadly. Manufacturing production growth declined modestly as selling prices continued to rise at a robust pace, but several contacts noted growth in construction material prices.
- Stronger international immigration helped boost population gains in Colorado's population, but growth overall remained subdued according to the U.S. Census Bureau. Colorado's growth of 0.49 percent is slow compared to historical averages, but Colorado reported the 7th-largest natural increase of the 50 states and ranked 19th for its overall population growth rate.
- An analysis of U.S. Census data by *The Business Journals* showed that among the metro areas studied, Denver ranked sixth in terms of having the largest gap between the population aged 10-24 (roughly, Gen Z) and 25-39 (roughly, the Millennials). Moving forward, this could lead to a continuation of the tight labor market in Colorado. Indeed, the small Gen Z population at the same time as the baby boom generation exits the workforce is one of the biggest factors influencing the future labor market size.
- According to the U.S. Department of Housing and Urban Development's 2022 Annual Homeless Assessment Report, Metro Denver's homeless population jumped by 25 percent between 2021 and 2022 to 6,884 homeless people. The report did note that the number of homeless children in Denver fell during the period.

Labor Force and Employment

- Employment in Metro Denver increased 3.5 percent between November 2021 and 2022, rising by 60,300 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 3.4 percent, or by 53,200 jobs, while the Boulder-Longmont MSA increased 3.6 percent, or by 7,100 jobs, during the period.
- Ten of 11 supersectors reported over-the-year increases in employment. Professional and business services had the largest increase (+8.6 percent), followed by education and health services (+4.8 percent), and other services (+3.8 percent). Financial activities was the only supersector to experience a decrease in employment, falling by 1.9 percent.
- Employment in Colorado increased 3.7 percent, or by 102,400 jobs, between November 2021 and 2022. National employment rose 3.2 percent, or by nearly 4.8 million jobs.

Metro Denver Industry Clusters and Lifestyle Verticals Headlines

Aerospace

- Maxar Technologies will be acquired and taken private in a \$6.4 billion deal in December. Advent International, the private equity company that purchased Maxar, indicated that the acquisition will give Maxar increased resources, operational expertise, and the capacity for future investment. Maxar will continue to operate under the same name and will retain its Westminster headquarters. The deal is expected to close in mid-2023.

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

	Month of	Month of	Month of	Year-to-Date Average	Year-to-Date Average	Year-to-Date Average YTD % Change	Annual Growth Rate	Annual Growth Rate
	Nov-22	Oct-22	Nov-21	YTD 2022	YTD 2021		2017	2012
Total 11-County Metro Denver*	1,806.0	1,808.5	1,745.7	1,777.4	1,702.5	4.4%	2.1%	2.9%
Denver-Aurora-Lakewood MSA	1,599.1	1,601.0	1,545.9	1,574.5	1,508.7	4.4%	2.1%	2.9%
Boulder MSA	206.9	207.5	199.8	202.9	193.8	4.7%	2.1%	2.7%
Natural Resources & Construction	118.7	123.9	114.7	118.5	113.8	4.1%	4.8%	5.1%
Manufacturing	93.6	94.0	92.2	93.8	90.8	3.3%	1.1%	2.2%
Wholesale & Retail Trade	245.1	240.6	239.5	239.4	234.2	2.2%	1.1%	2.1%
Transp., Warehousing & Utilities	78.8	76.8	77.0	76.3	73.0	4.5%	4.8%	2.9%
Information	63.1	62.9	62.4	62.9	61.3	2.7%	1.4%	-0.8%
Financial Activities	121.4	120.5	123.8	122.5	122.4	0.1%	2.5%	2.1%
Professional & Business Services	366.9	367.8	338.0	355.3	327.7	8.4%	2.1%	5.1%
Education & Health Services	229.1	227.6	218.6	221.9	217.3	2.1%	1.7%	3.7%
Leisure & Hospitality	177.5	181.7	175.5	182.4	164.5	10.9%	2.8%	3.4%
Other Services	68.2	70.6	65.7	68.5	64.2	6.6%	1.1%	2.8%
Government	243.6	242.1	238.3	235.9	233.3	1.1%	1.9%	0.9%
Federal Gov't	29.5	29.4	30.3	29.6	30.5	-3.0%	-0.5%	-0.8%
State Gov't	66.1	66.5	65.6	63.3	62.9	0.6%	4.4%	1.8%
Local Gov't	148.0	146.2	142.4	143.0	139.9	2.2%	1.3%	0.9%
Colorado	2,902.5	2,902.8	2,800.1	2,858.9	2,737.2	4.4%	2.3%	2.4%
United States	154,990	154,416	150,210	151,762	145,740	4.1%	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

Aviation

- United Airlines announced plans to add more than 1,800 jobs in Denver and at Denver International Airport in 2023 as part of a hiring push at its U.S. hubs. United plans to hire pilot, flight attendant, aircraft mechanic, customer service, and ramp and gate agent positions. The airline, DEN's largest by market share, employs nearly 9,000 people in Metro Denver.
- Boom Supersonic is leading engine development itself for the supersonic airliners it is creating for international travel. The Centennial-based startup will be developing and building its own engines, which is a departure from industry norms. The company employs 200 people currently but is looking to expand rapidly.
- Drone U, an online drone training facility, will move its headquarters to Loveland from Albuquerque, N.M. Their new headquarters, located at 205 East 71st Street, will train students online and in person.

Bioscience

- Bioscience companies in Colorado raised \$1.6 billion in capital in 2022, making it the sixth consecutive year that funding has topped \$1 billion. While coming in less than in 2021, Colorado is in line with national

industry trends and is around prepandemic levels. The largest funder of Colorado startups in 2022 was the federal government.

- Enveda Therapeutics Inc. raised \$68 million in a fundraising round and is on track to open several clinical treatment candidates in 2023. The Series B round was precipitated by breakthrough milestones and will support the advancement of lead compounds to clinical candidacy.
- Inscripta Inc., a digital genome engineering company, is closing its lab at Flatiron Park in Boulder, which will result in 43 people losing their jobs. The layoffs are expected to take place on January 31, 2023.

Energy & Natural Resources

- Experts in oil and gas forecast crude oil prices will remain above prepandemic levels in 2023, but drilling activity in Colorado, while growing, remains below 2020 levels. The number of drilling rigs operating in the state rose 75 percent in 2022, but the 21 active drilling sites at the end of the year is still well below prepandemic levels. A shortage of fracking crews is preventing the finishing of wells in the state as permit approval has increased in the latter half of 2022.
- Executives at Ascent Solar Technologies raised up to \$50 million as the company hopes to revive its solar manufacturing operations. The company employs 65 employees and makes flexible, thin photovoltaic solar power products. The funds will be used to pivot towards being an industrial-scale wholesaler of the panels. The company expects to add 20 to 25 new positions in 2023.
- Fortius Metals closed a \$2 million financing round in December to scale the company's manufacturing capacity, grow the company, and accelerate its go-to-market strategy. The Lafayette 3D metals manufacturer employs six people but is looking to quickly grow its workforce.
- Microvast Holdings, a technology company that designs and manufactures lithium-ion batteries, opened up a new 30,000-square-foot testing center in Timnath. The company currently employs 15 people in Timnath and plans to expand to 50 within 18 months. The company has about 2,000 employees worldwide.
- Occidental Petroleum, with the Colorado School of Mines and the National Renewable Energy Laboratory, will collaborate on a project to tap geothermal energy. The \$9 million project, funded by the Department of Energy, will build two high-temperature wells in the Denver-Julesburg Basin.
- Suncor's Commerce City oil refinery complex will likely be out of service for months after two fires there in less than a week. Inspections found damage from the incidents that began during the cold winter snap just before Christmas. The company expects repairs to be finished in late 1Q 2023. Thirty-five to 40 percent of Colorado's gas and diesel market is refined at the Suncor plant, and 95 percent of the fuel refined at the facility stays in Colorado.

Food and Beverage Production

- Danico Brewing Company has opened a 6,400-square-foot location off of Pena Boulevard near Denver International Airport. The location includes amenities for families and travelers of all ages and markets itself as a place for travelers to go before heading to DEN.
- According to the Brewers Association, the craft beer industry in Colorado will experience a slowdown in both new brewery openings and a ramp-up in closings. Craft beer sales from distribution chains are down 5 percent from 2019 levels, and sales to restaurants and bars are down more than 50 percent compared to

2019. On the positive side, revenues at taprooms started exceeding prepandemic levels in September, and brewery check-ins on popular apps are up 117 percent versus 2019 as people return to pubs and breweries.

Healthcare and Wellness

- The University of Colorado's Anschutz Medical Campus announced the creation of a new center to treat esophageal cancer. The center will be housed inside the existing cancer center, and the medical campus' next step is building out the department in order to serve as many patients as possible.
- SonderMind, a Denver-based mental health startup, laid off 15 percent of its employees, totaling 50 people. This comes after SonderMind acquired Total Brain and its 30 employees in November. The company had stated in May that it expected to employ 375 people by the end of the year.
- Clovis Oncology filed for bankruptcy protection in December and has received a delisting notice from Nasdaq due to the filing. Clovis recently cut 115 employees in November 2022.

Outdoor Recreation

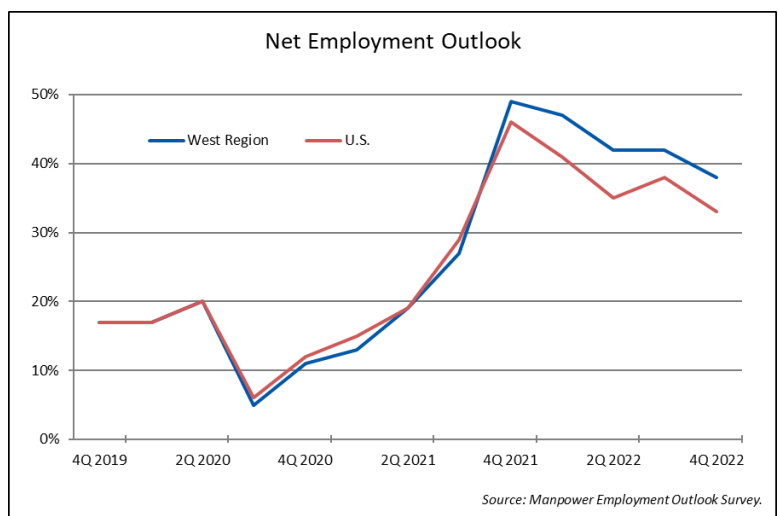
- Denver will be replacing the Outdoor Retailer show with two other shows in mid-June 2023. The (e)volution e-bike show and the Big Gear Show will share the Colorado Convention Center June 8-11, bringing in 450 exhibitors to highlight their products. The (e)volution show is the first e-bike show in the U.S., and the first national trade show focusing on bikes since 2017. The Big Gear Show is moving to Denver from Park City in order to grow a larger audience.

Other Industry Headlines

- HNA Live, a manufacturing technology startup from Michigan, chose Denver as the location of its new headquarters after considering most major cities in the U.S. The company cited the technology workforce and Denver's central location as key factors in their decision. HNA Live plans to hire 36 people for sales, engineering, executive, and administrative roles paying an average wage of \$99,000, or 132 percent the average annual wage in Denver County.

Employment Outlook

- The Manpower Employment Outlook Survey revealed that U.S. hiring optimism fell ahead of 4Q 2022. Across the nation, 48 percent of companies plan to hire in 4Q 2022, down 11 percentage points over-the-year. Companies planning to lay off increased 2 percentage points over-the-year to 15 percent, while the number of companies planning no change increased 10 percentage points to 34 percent. The net U.S. employment outlook, which reflects the difference in the percent of companies hiring versus laying off, was 33 percent ahead of 4Q 2022, down 13 percentage points over-the-year and down 5 percentage points over-the-quarter.



Employment Outlook Survey

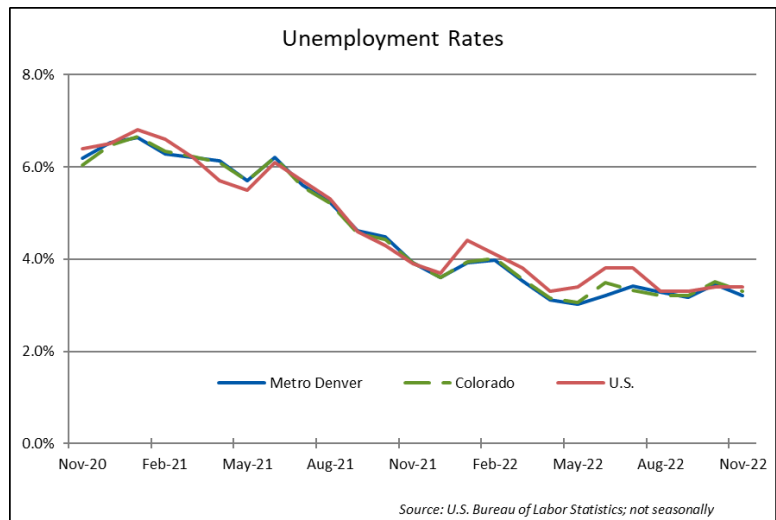
	Quarter 4 2022	Quarter 3 2022	Quarter 4 2021	YTD 2022	YTD 2021	Ann Avg 2017	Ann Avg 2012
West Region							
Net Employment	38%	42%	49%	42%	27%	-	-
United States							
Percent of Companies Hiring	48%	50%	59%	51%	34%	22%	18%
Percent of Companies Laying Off	15%	12%	13%	14%	7%	5%	8%
Percent of Companies No Change	34%	34%	24%	32%	56%	72%	71%
Percent of Companies Unsure	3%	4%	4%	3%	4%	2%	4%
Net Employment	33%	38%	46%	37%	27%	17%	10%

Source: Manpower Inc.

- All four regions in the United States reported moderate hiring outlooks for 4Q 2022, led by the West, which includes Colorado, with a net employment outlook of 38 percent. The Northeast reported a net employment outlook of 34 percent, followed by the South (32 percent) and the Midwest (27 percent). Over-the-quarter, regional outlooks weakened in all four regions. All four regions also reported a weakening outlook over-the-year.
- Growth is expected across all 11 national industry sectors, with the strongest employment outlook reported in IT & Technology (+56 percent), followed by Banking and Finance (+42 percent), and Construction (+36 percent).

Labor Force & Unemployment

- Unemployment in Metro Denver decreased 0.7 percentage points over-the-year to 3.2 percent in October. The unemployment rate fell 0.2 percentage points from the prior month.
- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate in October. Denver, Adams, and Arapahoe reported the largest decreases, falling 0.9 percentage points. Boulder County reported the lowest unemployment rate of 2.6 percent, while Adams County reported the highest rate of 3.8 percent.



- There were 59,058 more people either employed or looking for work between November 2021 and 2022 in Metro Denver, an increase of 3.2 percent. The labor force rose in all seven counties, led by Douglas County (+3.7 percent) and the City and County of Broomfield (+3.6 percent).
- Colorado reported an unemployment rate of 3.3 percent in November, down 0.6 percentage points from the same time last year. Over-the-month, the state's unemployment rate fell by 0.2 percentage points. The labor force rose 2.3 percent over-the-year to almost 3.3 million people either employed or looking for work.

The national unemployment rate fell 0.5 percentage points over-the-year to 3.4 percent and was unchanged over-the-month. The national labor force increased 1.3 percent between November 2021 and 2022.

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

	November 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	1,923.6	3.2%	1,896.7	3.4%	1,841.5	5.5%	2.5%	7.7%
Adams County	287.1	3.8%	283.8	4.0%	276.2	6.4%	2.8%	9.5%
Arapahoe County	382.4	3.4%	377.2	3.6%	367.1	5.9%	2.6%	7.8%
Boulder County	205.8	2.6%	202.2	2.7%	195.3	4.5%	2.2%	6.3%
Broomfield County	43.2	2.8%	42.6	2.8%	41.1	4.6%	2.4%	6.7%
Denver County	444.6	3.4%	438.8	3.7%	427.3	6.1%	2.5%	7.9%
Douglas County	211.4	2.7%	208.0	2.7%	200.6	4.2%	2.2%	6.1%
Jefferson County	349.1	3.0%	344.1	3.1%	333.9	5.2%	2.4%	7.5%
Colorado	3,256.9	3.3%	3,238.4	3.4%	3,153.5	5.5%	2.3%	6.8%
United States	164,272	3.4%	164,293	3.7%	161,159	5.5%	2.5%	7.9%

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

- Initial unemployment insurance claims in Metro Denver increased 35.2 percent between November 2021 and 2022, rising to a weekly average of 1,472 claims. Over-the-month, initial claims increased 30.8 percent.
- Colorado reported an average of 2,605 initial unemployment claims per week in November, up 21.9 percent from the same time last year, and representing 468 more claims each week. Between October and November, average weekly initial claims in Colorado increased 16.5 percent.

Weekly First-Time Unemployment Insurance Claims

	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Metro Denver	1,472	1,125	1,089	1,095	6,261	-82.5%	1,103	1,627
Colorado	2,605	2,237	2,137	1,991	10,778	-81.5%	2,092	3,123

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

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

Consumer Sector

Consumer Sentiment

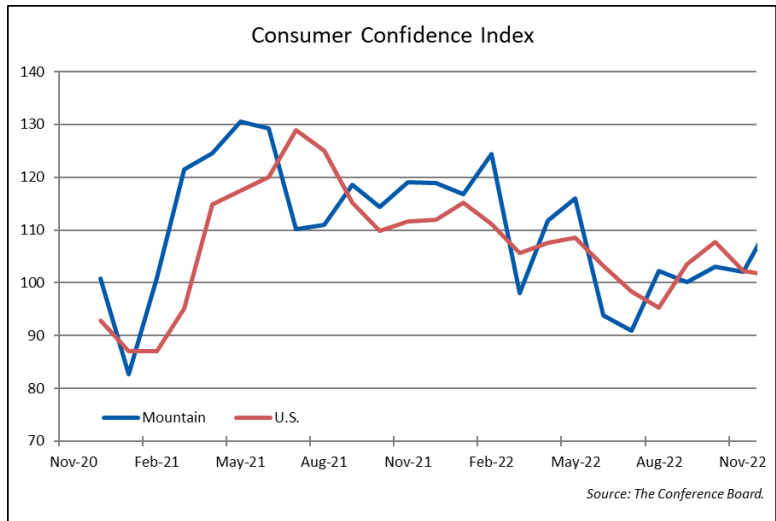
- The U.S. Consumer Confidence Index rose in December, after falling for two consecutive months. The index now stands at 108.3, a 6.8 percent over-the-month increase, and a 6 percent decrease over-the-year.
- Analysts at The Conference Board stated that the increase was driven by improvements in both the present situation index and the expectations index, as inflation expectations fell to their lowest level since September 2021. Expectations rose to 82.4, up from 76.7 in November. Purchasing intentions for vacations rose, but intentions for major appliances and homes both fell. Looking ahead, inflationary pressures will continue to pose strong headwinds to consumer confidence and spending.

Consumer Confidence Index

	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
Mountain	111.5	102.1	118.9	105.9	115.1	-8.0%	130.1	68.7
United States	108.3	101.4	115.2	104.4	112.7	-7.3%	120.5	67.1

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

- Colorado is included in the Mountain region and the index for the area decreased 6.2 percent between December 2021 and 2022 to 111.5. The index rose 9.2 percent over-the-month from 102.1 in November. The Present Situations Index rose by 6.2 percent over-the-year to 163.7, while the Expectations Index decreased 19.5 percent to 76.8 during the period.



Consumer Spending

- Holiday sales rose 7.6 percent in 2022 as spending remained resilient despite rising prices. According to a Mastercard SpendingPulse analysis, the growth was fueled by spending at restaurants and on clothing. Both online and in person sales were up from 2021 levels, rising 10.6 and 6.8 percent, respectively.

National Retail Sales (\$millions)

	Month of Oct-22	Month of Sep-22	Month of Oct-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Retail Sales	688,604	664,684	638,069	6,679,314	6,075,244	9.9%	4.1%	5.0%
Motor Vehicles	126,536	125,179	120,186	1,287,789	1,241,983	3.7%	3.0%	9.0%
Furniture and Home	11,990	11,926	12,040	118,196	116,487	1.5%	2.7%	4.5%
Electronics & Appliance	6,863	6,906	7,896	69,931	74,795	-6.5%	-1.6%	2.1%
Building Materials	43,156	42,628	39,435	430,676	400,005	7.7%	3.5%	4.5%
Food and Beverage	80,804	78,216	75,780	776,630	721,798	7.6%	3.8%	3.1%
Health and Personal Care	34,030	33,491	32,541	328,601	315,600	4.1%	1.5%	0.9%
Gasoline Stations	64,897	61,784	54,734	644,807	479,383	34.5%	9.2%	4.1%
Clothing & Accessories	25,172	23,966	24,366	242,738	225,962	7.4%	0.0%	4.8%
Sporting Goods	8,861	8,998	8,605	87,266	84,987	2.7%	-2.7%	2.8%
General Merchandise	70,683	66,464	69,188	664,983	644,946	3.1%	1.3%	2.8%
Miscellaneous Store	16,542	15,904	14,988	155,571	132,252	17.6%	2.0%	1.5%
Non-Store Retailers	108,292	101,908	97,978	1,022,626	914,315	11.8%	11.7%	8.5%
Food Service & Drinking	90,778	87,314	80,332	849,500	722,731	17.5%	5.3%	5.8%

Source: U.S. Census Bureau.

- National retail sales activity rose 7.9 percent over-the-year in October, with 11 of the 13 supersectors reporting increases during the period. Gasoline stations reported the largest over-the-year increase of 18.6 percent, followed by food services and drinking places (+13 percent) and non-store retailers (+10.5 percent).

Electronics and appliance stores reported the largest over-the-year decrease of 13.1 percent followed by furniture and home furnishing stores (-0.4 percent).

- Retail sales in Metro Denver rose 10.8 percent between October 2021 and 2022. All seven counties in Metro Denver reported over-the-year increases in retail sales. Adams County reported the largest increase of 24.1 percent, followed by Broomfield County (+17.1 percent) and Arapahoe County (+10.2 percent). Douglas County reported the most modest increase of 0.6 percent. Retail sales throughout Colorado rose 9.6 percent over-the-year.

Total Retail Sales (\$000s)

	Month of Oct-22	Month of Sep-22	Month of Oct-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Metro Denver	14,604,832	16,523,278	13,176,883	143,477,762	126,903,240	13.1%	4.9%	7.9%
Adams County	3,194,213	3,424,694	2,573,215	28,985,461	24,324,624	19.2%	8.9%	12.4%
Arapahoe County	2,410,063	2,693,911	2,187,885	24,461,772	21,908,932	11.7%	1.5%	9.7%
Boulder County	1,360,066	1,764,661	1,308,980	14,407,382	13,038,595	10.5%	9.5%	5.8%
Broomfield County	283,995	309,908	242,493	2,826,263	2,465,259	14.6%	8.1%	15.9%
Denver County	3,639,709	4,001,399	3,304,767	35,145,739	30,359,939	15.8%	4.0%	1.9%
Douglas County	1,520,958	1,658,625	1,511,370	15,095,570	14,288,586	5.6%	2.0%	7.7%
Jefferson County	2,195,828	2,670,080	2,048,174	22,555,574	20,517,304	9.9%	3.9%	10.9%
Colorado	23,949,755	27,571,559	21,859,202	241,894,207	213,914,178	13.1%	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 November increased 7.1 percent over-the-year, down from 7.7 percent in October and 8.2 percent in September. The CPI was down 0.1 percent over the month, after an increase of 0.4 percent in October. Core inflation, which excludes volatile food and energy prices, rose 6 percent over-the-year in November, down 0.3 percentage points from October.
- All eight components of the CPI increased over-the-year, with the largest increases in food and beverage (+10.3 percent), housing (+7.8 percent), and transportation (+7.8 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 December was \$3.18 per gallon, down 3.2 percent from the same time last year. The Metro Denver average fuel price decreased 14.5 percent over-the-year to an average of \$2.77 per gallon, a fall of \$0.47. The average fuel price in Metro Denver was \$0.41 lower than the average fuel price throughout the U.S.

Stock Market

- All four stock market indices tracked decreased between December 2021 and 2022. The NASDAQ reported the largest decrease, falling 33.1 percent, followed by the Bloomberg Colorado (-27.1 percent) and the S&P 500 (-19.4 percent). The DJIA Index reported the most moderate decrease of -8.8 percent. All four indices decreased between November and December 2022. The Bloomberg Colorado Index reported the largest decrease of 9.4 percent, followed by the NASDAQ (-8.7 percent), the S&P 500 (-5.9 percent), and the DJIA (-4.1 percent). All four indices posted their worst annual returns since 2008.

Stock Market Indexes

	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Return 2022	YTD Return 2021	Annual Avg Return 2017	Annual Avg Return 2012
Bloomberg Colorado	644.6	711.9	884.7	-27.1%	16.5%	-3.7%	3.5%
S&P 500	3,839.5	4,078.8	4,766.2	-19.4%	26.9%	20.0%	13.4%
NASDAQ	10,466.5	11,468.0	15,645.0	-33.1%	21.4%	28.2%	15.9%
DJIA (Dow Jones)	33,147.3	34,570.0	36,338.3	-8.8%	18.7%	25.7%	7.3%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- The average hotel occupancy rate in Metro Denver rose 6.2 percentage points over-the-year to 59.4 percent in the month of November 2022. The average hotel room rate rose 13.3 percent to \$137.76 per night, an increase of \$16.21 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 92 percent of pre-pandemic levels recorded in November 2019.

Metro Denver Hotel Statistics

	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Ann Avg 2017	Ann Avg 2012
Percent of Hotel Rooms Occupied	59.4%	73.8%	53.2%	69.4%	58.5%	10.9%	74.9%	68.0%
Average Hotel Room Rate	\$137.76	\$163.18	\$121.55	\$153.34	\$127.05	20.7%	\$143.68	\$111.78

Source: Rocky Mountain Lodging Report.

- Services on United Airlines from Denver International Airport to Tokyo will resume on March 4, 2023, according to a company spokesperson. United will operate three flights per week throughout the month and will expand to daily flights starting March 25. This announcement comes as eight international routes, which had been paused due to the pandemic, resumed service from DEN in 2022.
- 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 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 Colorado Association of Realtors, this year's seasonal home-sale slowdown in Colorado has been more pronounced. In addition, there were 25.4 percent fewer newly listed homes in November 2022 than at the same time last year. However, there were 61.6 percent more overall listings at the end of November in Colorado than November 2021.
- According to the Freddie Mac "Primary Mortgage Market Survey," 30-year mortgage rates were 6.42 percent for the week ended December 29, 0.07 percentage points lower than November's ending rate of 6.49 percent. Fifteen-year fixed rate mortgages fell as well in November. A year ago, 30-year mortgage rates were 3.11 percent.

Recently Announced Projects

- Schnitzer West broke ground on a 337-unit project in the Denver Tech Center. The Avant is a luxury apartment development that is designed for workers commuting into the Tech Center. Construction is expected to be completed in the spring of 2025.
- The Max Collaborative, an Ohio-based real estate firm, broke ground on a 196-unit apartment building at 1521 Hooker Street. The Wilder is estimated to take two years to build, with the firm estimating a completion date at the end of 2024. Rents in the area average \$1,800 per month according to CoStar data.
- Sopris Homes LLC is planning a new townhome community in Longmont near the Village at the Peaks shopping district. The Boulder County developer did not disclose how many units will be designated as affordable housing at Enclave at the Peaks. The 100-unit development is currently under review by the Longmont Planning Commission.
- Fulton Hill Properties is planning a project in unincorporated Boulder County that would bring 84 for-sale units at 2801 Jay Road. Forty percent, or 34 units, would be designated as affordable housing for middle-income residents. The Boulder County Planning Board is reviewing the plan and considering annexing the area into the Boulder city limits.
- Bayaud Enterprises, a 53-year-old Denver employment agency, submitted concept plans to demolish its existing building at 333 W. Bayaud Avenue and construct a new, four-story building that will include 60 units of permanent supportive housing for individuals without homes. The units would be available for those making up to 30 percent of the area median income and would include office space for the nonprofit as well as 3,500 square feet for the nonprofit's services.
- Arbor Lodging Partners will be converting the Radisson Hotel at 3155 South Vaughn Way in Aurora to an apartment complex. As of yet, the number of units in the complex has not been announced.

Home Resales

Metro Denver

- Home sales in Metro Denver totaled 2,954 in November, down 49.7 percent from the same time last year.
- Unsold homes on the market were 66.6 percent higher in November 2022 compared with the same time last year, representing 2,500 additional homes on the market. Over-the-month, the inventory of available homes

fell by 14.2 percent. The inventory of homes in November is still lower than the historic average of 15,747 listings.

- In November, the average listing spent 34 days on the market according to the Denver Metro Association of Realtors. New listings in November were down 30.2 percent from October, and down 28.6 percent from a year earlier.
- The average sales price for single-family homes increased 3.8 percent over-the-year to \$704,353, representing an additional \$25,966 per home during the period. The average sales price for condominiums rose 5.7 percent over-the-year to \$401,402, representing an additional \$21,621 per home.

Previously Owned Home Sales Activity

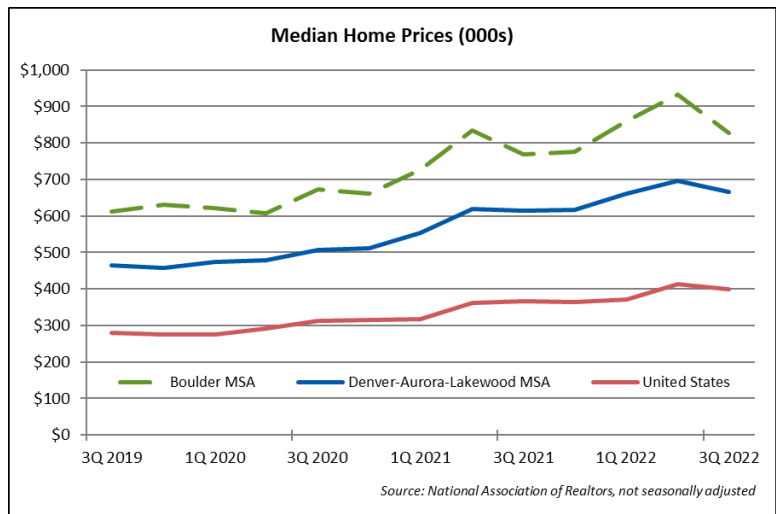
	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Ann Total 2017	Ann Total 2012
Home Sales (Closed)	2,954	3,312	5,875	48,502	62,196	-22.0%	58,999	45,637
Unsold Homes on Market	6,253	7,290	3,753	6,253	3,753	66.6%	3,854	7,706
Average Sales Price-Single Family	\$704,353	\$724,801	\$678,387	\$748,708	\$668,670	12.0%	\$466,660	\$312,905
Average Sales Price-Condo	\$401,402	\$412,700	\$379,782	\$410,286	\$366,403	12.0%	\$278,011	\$195,120
Median Sales Price-Single Family	\$600,000	\$600,000	\$575,000				\$395,000	\$256,000
Median Sales Price-Condo	\$370,000	\$370,000	\$351,900				\$247,000	\$149,900

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

National

- The National Association of REALTORS' (NAR) home affordability index fell to 91.2 in October from 97 in September. 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 fell to 63.4 in October from 67.6 in September.
- Real estate companies Redfin, Zillow, and Realtor.com released divergent forecasts for home prices in 2023. Redfin predicted home prices to fall by 4 percent nationally, Zillow estimates that home prices will remain flat, while Realtor.com expects home prices to rise by 5.4 percent in 2023. The forecasts all predict a decline in home sales. Key factors in residential real estate remain inflation and mortgage rates.
- Total existing-home sales decreased 7.7 percent from October to a seasonally adjusted annual rate of 4.09 million in November, marking 10 consecutive months of declines, according to the National Association of REALTORS (NAR). Sales decreased 35.4 percent year-over-year from the November 2021 reading of 6.33 million.
- All four regions reported over-the-year decreases in total home sales in November. The West region reported the largest decrease of 45.7 percent, followed by the South (-35 percent), the Midwest (-30.6 percent) and the Northeast (-28.4 percent).
- Properties remained on the market for 24 days in November, up from 21 in October and up from 18 days in November 2021. Of the homes sold in November, 61 percent were on the market for less than a month.
- NAR data showed the median existing-home price for all housing types nationally was \$370,700 in November, up 3.5 percent from the same time last year. This marked 129 consecutive months of over-the-year increases, the longest streak on record. However, the median price was down for the fifth 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 14th 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 4.4 percent over-the-year in November, followed by the Midwest (+3.9 percent), the Northeast (+3.5 percent), and the West (+2 percent).
- The West region reported the highest median home price of \$569,800, while the Midwest reported the lowest median price of \$268,600 in November.
- 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.

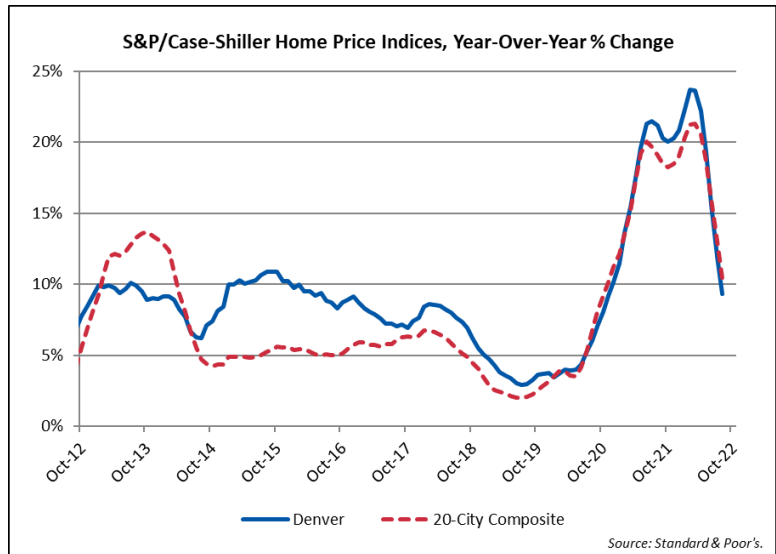


Median Sales Price of Existing Single-Family Homes (\$000s)

	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 7.9 percent between October 2021 and October 2022, down from a 9.3 percent increase in September and a 12 percent increase in August. October 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 9.2 percent over-the-year in October, down from 10.7 percent in September and 13 percent in August. Month-over-month home prices fell for a fourth consecutive month in October after a 41-month streak of month-over-month home price increases. Prices dropped in all 20 cities for the third consecutive month after 12 reported decreases from June to July.
- Miami reported the highest year-over-year price increase of 21 percent, followed by Tampa (+20.5 percent) and Charlotte (+15 percent). San Francisco reported the smallest over-the-year increase of 0.6 percent, followed by Seattle (+4.5 percent) and Portland (+5.4 percent). Denver ranked 11th.

Foreclosures

Real Estate Foreclosures

	Month of Dec-22	Month of Nov-22	Month of Dec-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Total 2017	Annual Total 2012
Total Metro Denver*	180	189	50	2,523	512	392.8%	2,982	15,013
Adams County	61	35	10	686	106	547.2%	672	3,183
Arapahoe County	29	46	12	627	105	497.1%	706	3,589
Boulder County	7	14	2	127	39	225.6%	170	783
Broomfield County	1	5	1	34	7	385.7%	39	210
Denver County	42	38	12	491	115	327.0%	648	3,064
Douglas County	14	18	3	192	44	336.4%	265	1,534
Jefferson County	26	33	10	366	96	281.3%	482	2,650

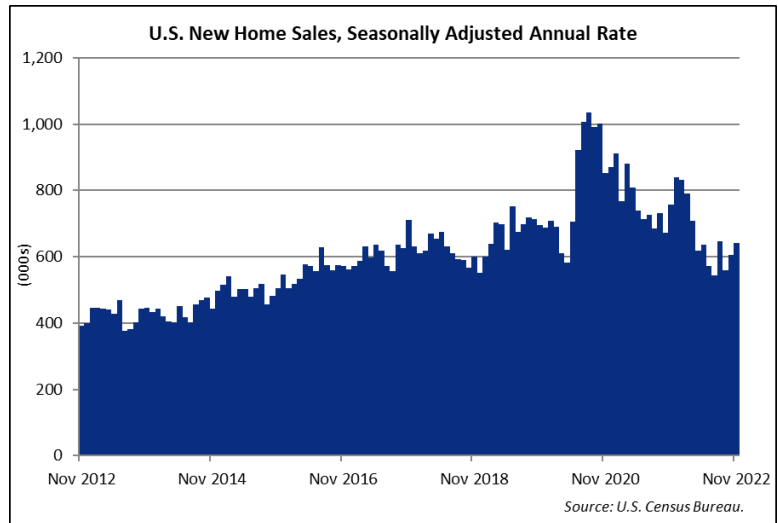
*The total number of election and demand setups (initial filings) received by county public trustees. Filings may be subsequently cured or withdrawn.

Sources: County public trustees.

- Foreclosures in Metro Denver increased 260 percent between December 2021 and December 2022, rising by 130 filings during the period. Over-the-month, foreclosures fell 4.8 percent from 189 filings in November.
- Six of seven counties reported increases in filings compared with last year. Adams County reported the largest increase of 510 percent, followed by Douglas County (+366.7 percent).

New Home Sales

- New home sales in the U.S. decreased 15.3 percent over-the-year to a seasonally adjusted annual rate of 640,000 in November, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- Two of the four regions reported an over-the-year increase in home sales. The Northeast reported the largest increase of 26.5 percent, followed by the Midwest (+3.6 percent). The West reported the largest decrease of 26.6 percent, followed by the South (-15 percent).



New Home Construction

National

- Builder confidence for newly built single-family homes decreased 2 points to 31 in December, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This was the 12th consecutive month that builder sentiment has declined and the lowest reading since May 2020. The decline in builder confidence is a sign of continued slowing in the housing market. The housing market faces both demand-side and supply-side challenges. On the supply side, builders are halting construction due to the increasing costs of materials and financing. On the demand side, elevated mortgage rates have priced out a significant number of prospective home buyers.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled over 1.3 million units in November, a 10.6 percent over-the-month decrease, and a 21.9 percent decrease compared with the same time last year.
- Building permits for single-family detached units decreased 29.7 percent over-the-year, or by 330,000 units permitted, to a total of 781,000 units permitted in November. Single-family attached units increased 8.3 percent to 52,000 units permitted, while multi-family units decreased 9.1 percent over-the-year to 518,000 units permitted in November.
- All four regions reported over-the-year decreases in total units permitted. The West region reported the largest over-the-year decrease of 37 percent, followed by the Northeast (-21.9 percent), the South (-18 percent), and the Midwest (-7 percent).

Metro Denver

- Residential building permits in Metro Denver totaled 1,460 units permitted in November, a decrease of 40.3 percent, or 986 units, from the same time last year.
- Single-family detached units permitted decreased 48.4 percent over-the-year, falling by 498 units during the period. Single-family attached units decreased 15.6 percent, or by 7 units, to a total of 38 during the period. Multi-family units decreased 35 percent, or by 481 units, to a total of 892 units permitted in November.

Residential Building Permits

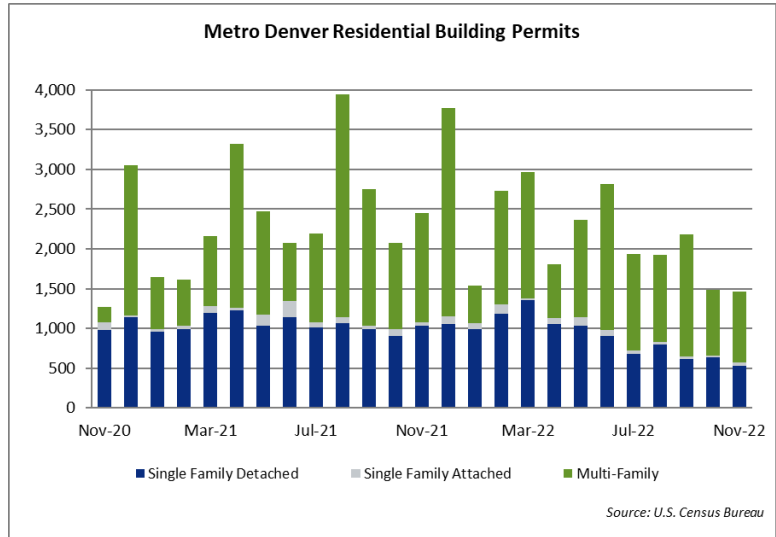
	Month of Nov-22	Month of Oct-22	Month of Nov-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Total 2017	Total 2012
Single-Family Detached Units	530	634	1,028	9,765	11,563	-15.5%	11,419	5,947
Single-Family Attached Units	38	28	45	654	821	-20.3%	384	299
Multi-Family Units	892	826	1,373	12,783	14,316	-10.7%	12,218	8,679
Total Units	1,460	1,488	2,446	23,202	26,700	-13.1%	24,021	14,925

Source: U.S. Census Bureau.

Apartment Rental Market

Note: The Apartment Vacancy and Rent Survey for 3Q 2022 will not be released due to extenuating circumstances on the part of the report researchers. The survey for 4Q 2022 is expected to be released in late January 2023.

- The apartment vacancy rate throughout Metro Denver rose 1.1 percentage points over-the-year to 4.8 percent vacancy in the second quarter of 2022. Vacancy rates ranged from 3.2 percent in the Boulder/Broomfield submarket to 5.6 percent in Denver County.
- All six submarkets reported over-the-year increases in the average monthly rental rate, led by Douglas County (+17.9 percent), Jefferson County (+16 percent), and Arapahoe County (+14.8 percent). The Boulder/Broomfield submarket reported the most modest over-the-year increase of 5.3 percent. Douglas County reported the highest rental rate in 2Q 2022 of \$2,119 per month, while Adams County reported the lowest rental rate of \$1,685 per month. Across Metro Denver, rents increased 12.7 percent over-the-year to \$1,862 per month. Rents rose 5.4 percent between the first and second quarters of 2022.



Apartment Statistics

	Quarter 2 2022	Quarter 1 2022	Quarter 2 2021	YTD Average 2022	YTD Average 2021	YTD Average % Change	Ann Avg 2017	Ann Avg 2012
Apartment Vacancy Rate	4.8%	4.3%	3.7%	4.6%	4.6%	-0.1%	5.6%	4.7%
Average Monthly Rental Rate (all units)	\$1,862	\$1,766	\$1,651	\$1,814	\$1,598	13.5%	\$1,403	\$974

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

Recently Announced Projects

- Corum Real Estate Group submitted a concept plan to build a new four-story office building at the southwest corner of 3rd Avenue and Josephine Street. The new structure would have 7,500 square feet of

retail space, and 46,000 square feet of office space in the Cherry Creek area in Denver. Currently the space is occupied by one-story retail buildings.

- Brennan Investment Group announced that they will develop four Class-A distribution facilities totaling approximately 415,000 square feet as Phase II of their Thornton development project at the southeast corner of 128th and I-25. The designs allow for multi-tenant occupancy along Interstate 25.
- Lovett Industrial broke ground on the Broadway Logistics Center warehouse near the intersection of 70th Avenue and Broadway Street. Designs call for over 201,000 square feet, with construction estimated to be completed in October 2023. The project in Northwest Denver is part of about 640,000 square feet of industrial space under construction in the region, according to CoStar.
- St. Anthony North Hospital in Westminster broke ground on a 133,000-square-foot expansion that will include a cancer center, medical surgical unit, intensive care unit, and add space for 60 medical surgical beds.
- The Denver Broncos announced that they are planning a \$100 million upgrade in 2023 for the facilities at Empower Field at Mile High. Improvements include a new video board, renovated suites, new concession stands, and a larger team store. The project will commence after the 2022 season is over and will be completed by the beginning of the 2023 season.
- The University of Colorado Denver is halting its design and construction plans for a five-story, 72,000-square-foot engineering building on its Auraria campus downtown. The university cited high construction costs and debt financing as headwinds for the project. Plans are on pause for the next six months as the university explores other financing options.

Office Market

- A forecast released by the CBRE Group predicts a slowdown in construction as well as a decline in asset values, investment volume, and leasing activity in 2023 for all property types. The report noted high interest rates and the threat of a recession as main causes for the slowdown. These issues are expected to be most pronounced in the office market.
- According to the National Association of Industrial and Office Properties, the key measure of office demand is unlikely to increase in 2023. The trade group reported that they expect net absorption to continue to slow through 2024 as the completion of new office space has outpaced absorption.

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	2.14 MSF, 22 Bldgs	1.64 MSF, 31 Bldgs	1.76 MSF, 33 Bldgs	4.23 MSF, 46 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

- 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.
- 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 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

- Industrial space net absorption will be the second highest ever in 2022, according to data from CoStar. Nationally, 400 million more square feet of space will be leased than put on the market this year, second only to the 518 million square feet of net absorption in 2021. In addition, the vacancy rate for industrial space across the US is at an all-time low of 4 percent.
- 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.

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	5.49 MSF, 36 Bldgs	5.25 MSF, 44 Bldgs	5.97 MSF, 52 Bldgs	5.33 MSF, 34 Bldgs
Currently Under Construction	7.80 MSF, 41 Bldgs	8.58 MSF, 49 Bldgs	11.38 MSF, 54 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

- 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.

- 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	0.17 MSF, 7 Bldgs	0.40 MSF, 3 Bldgs	0.84 MSF, 14 Bldgs	0.39 MSF, 11 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

- 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.

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, 78 Bldgs	0.57 MSF, 63 Bldgs	0.46 MSF, 39 Bldgs	0.82 MSF, 81 Bldgs	1.35 MSF, 133 Bldgs	1.92 MSF, 141 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

- Through the end of 4Q 2022, 78 retail buildings totaling 655,817 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. Nearly 65 percent of the space under construction is located in the City and County of Denver or Adams County.



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