



MONTHLY ECONOMIC INDICATORS

JUNE 2023



Monthly Economic Indicators

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕↗ Positive Changes	6 of 18		7 of 18		8 of 18	
Nonfarm Employment Growth	10,800	↗	-2,700	↕	15,400	↗
	Employment was up 0.6 percent from March to April		Employment down 0.2% from April 2022 to 2023		YTD employment up 0.9% through April	
Manpower Net Employment (West Region)	29%	↕	29%	↕	31%	↕
	Net employment fell from 1Q 2023 to 2Q 2023		Net employment decreased 13 percentage points from 2Q22 to 2Q23		YTD average down 14 percentage points compared with 2022	
Unemployment Rate	2.4%	↕	-0.4 percentage points	↕	2.8%	↕
	Unemployment fell 0.2 percentage points from March to April		Unemployment down from April 2022 to 2023		Down 0.7 percentage points from 2022 YTD average	
Initial Unemployment Insurance Claims	36.5%	↗	59.7%	↗	26.7%	↗
	Claims increased from March to April		Claims increased from April 2022 to 2023		YTD average claims increased through April 2023	
Total National Retail Sales	14.4%	↗	2.3%	↗	4.7%	↗
	National sales increased from February to March		National sales increased from March 2022 to 2023		YTD sales increased through March 2023	
Mountain Region Consumer Confidence Index	110.7	↗	-4.6%	↕	108.4	↕
	Index up 4.3 percent from April to May		Index down from May 2022 to 2023		YTD average down 4.4% through May 2023	
Hotel Occupancy	66.7%	↕	0.1 percentage points	↗	62.9%	↗
	Decreased 0.6 percentage points from March to April		Occupancy increased from April 2022 to 2023		YTD occupancy up from last year	
Denver International Airport Passengers	-6.2%	↕	9.9%	↗	16.4%	↗
	Passengers down from March to April		Passengers up from April 2022 to 2023		YTD passengers increased through April 2023	
Bloomberg Colorado Index	804.7	↕	14.5%	↗	24.8%	↗
	Index down 0.6 percent from April to May		Index up from May 2022 to 2023		YTD return up through May 2023	
Dow Jones Industrial Average	32,908.3	↕	-0.2%	↕	-0.7%	↕
	Index down 3.5 percent from April to May		Index down from May 2022 to 2023		YTD return down through May 2023	
Home Sales (closed)	3,701	↕	-29.9%	↕	12,769	↕
	Sales down 7.9% from March to April		Sales down from April 2022 to 2023		YTD sales down 23.6% from last year	
Median Home Price (Denver-Aurora MSA)	\$636,100	↕	-3.9%	↕	\$636,100	↕
	Down 0.6% from 4Q 2022 to 1Q 2023		Prices are down from 1Q 2022 to 1Q 2023		YTD price 3.9% lower through 1Q 2023	
Foreclosures	220	↗	0.9%	↗	1,092	↕
	Up 4.8% from April to May		Up from May 2022 to 2023		Down 4.6% YTD through May 2023	
Residential Building Permits (Total)	2,029	↗	12.3%	↗	7,308	↕
	Permits increased 69.6% from March to April		Permits up from April 2022 to 2023		YTD permits down 19.1% through April 2023	
Apartment Vacancy Rate	5.6%	↔	+0.9 percentage points	↗	5.6%	↗
	Vacancy was unchanged from 4Q 2022 to 1Q 2023		Vacancy increased from 1Q 2022 to 1Q 2023		YTD average up 0.9 percentage points from last year	
Office Vacancy Rate (with Sublet)	14.8%	↗	+0.9 percentage points	↗	+0.9 percentage points	↗
	Vacancy rate rose from 4Q 2022 to 1Q 2023		Q1 2023 vacancy up from 13.9% one year ago		Q1 2023 vacancy up from 13.9% one year ago	
Industrial Vacancy Rate (with Sublet)	6.4%	↗	+1.1 percentage points	↗	+1.1 percentage points	↗
	Vacancy rate increased 0.6 percentage points from 4Q 2022 to 1Q 2023		1Q 2023 vacancy up from 5.3% one year ago		1Q 2023 vacancy up from 5.3% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.1%	↕	-0.5 percentage points	↕	-0.5 percentage points	↕
	Vacancy rate decreased 0.1 percentage points from 4Q 2022 to 1Q 2023		1Q 2023 vacancy down from 4.6% one year ago		1Q 2023 vacancy down from 4.6% one year ago	

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.

About the Team

This report is produced by the new in-house Economic Competitiveness team at the Metro Denver Economic Development Corporation. The team performs economic and demographic research, economic impact analysis, industry reports, real estate analysis, and forecasts.

The members of the team include:

- Meredith Moon, Chief Economist
- Hanna Scovill, Research Economist
- Connor Hayes, Economic Research Associate

Please reach out to Ms. Moon if you have questions or comments about this report or if you would like to inquire about economic consulting services: meredith.moon@metrodenver.org.

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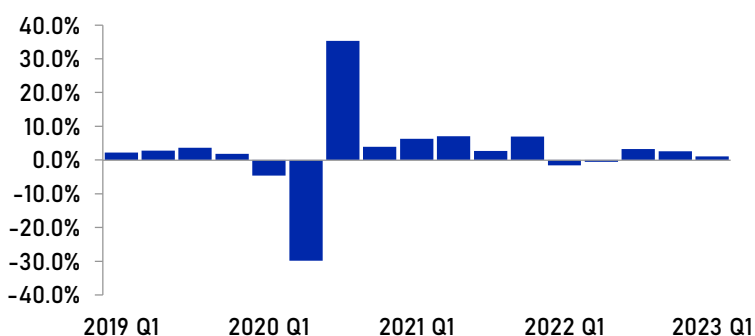
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National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released the second estimate of real gross domestic product (GDP) for the first quarter of 2023, which showed that GDP increased at an annual rate of 1.3 percent. Real GDP increased 2.6 percent in the fourth quarter of 2022.
- The increase in 1Q 2023 real GDP reflected increases in consumer spending, exports, government spending, and nonresidential fixed investment. The increase in consumer spending was driven by an increase in both goods and services. These increases were partly offset by decreases in private inventory and residential fixed investments, as well as an increase in imports, which pull GDP lower.

Real GDP Annual Change *Seasonally Adjusted*



Source: U.S. Bureau of Economic Analysis.

This second estimate is based on source data that is more complete. The third estimate for 1Q 2023 will be released on June 29, 2023.

Trade

- The U.S. trade deficit was \$64.2 billion in March, down \$6.4 billion from \$70.6 billion in February. March imports decreased 0.3 percent to \$320.4 billion, while exports increased 2.1 percent to \$256.2 billion. The year-to-date goods and services deficit decreased \$77.6 billion, or 27.6 percent, from March 2022 to 2023. Exports increased 8.7 percent and imports decreased 1.6 percent year-over-year.

Economic Indexes & Notable Data Releases

- The **Conference Board Leading Economic Index (LEI)** decreased by 0.6 percent in April to 107.5, after falling 1.2 percent in March. The index averaged 105.3 over the last 10 years. The LEI was down 4.4 percent over the six-month period from October 2022 to April 2023. The drops for the U.S. LEI continued as the risk of a recession remains high according to the index.
- According to a new report by Freelancers Union, a group that connects businesses with freelance workers, the number of people working independently grew by 2.2 percent between 2021 and 2022, rising to 6.7 million workers. More women than men are making the switch, citing increased flexibility and avoiding toxic work environments as key factors in the switch.

- The City and County Denver ranked 15th for the number of freelance workers and ranked as the 11th fastest growing freelance market.
- The share of people who relocated to take a new job fell to 1.6 percent in Q1 2023 according to a report by Challenger, Gray, and Christmas, Inc. Historically that figure was much higher, reaching up to 33 percent in the 80s and 90s, but remote work options have made it easier for workers to switch jobs without necessarily leaving their own geography.
- According to the Institute for Supply Management, the **Manufacturer's Purchasing Managers Index (PMI)** was 46.9 percent in May, down 0.2 percentage points from the April reading. As the value remains below 50, this figure indicates contraction in the manufacturing sector for the seventh consecutive month after 28 months of expansion.
 - New order rates remained in contraction territory at 42.6, down 3.1 percentage points from 45.7 in April.
 - The Production Index jumped into expansion territory, but the Backlog of Orders Index remained in contraction territory at 37.5 percent.
 - The Prices Index fell 9 percentage points to 44.2 in May, returning to contraction territory.
 - The Employment Index came in at 51.4 percent, up from 50.2 in April.
 - Only one of the six biggest manufacturing industries reported growth in April, down from two in April.
- The **Services Purchasing Managers Index (PMI)** by the Institute for Supply Management registered 50.3 percent in May, a drop of 1.6 percentage points from April's 51.9 percent but still in expansionary territory. The May reading indicates a fifth month of growth after reporting a contraction in December.
 - The Prices Index decreased to 56.2, down 3.4 percentage points from April's reading of 59.6.
 - Eleven of the 18 industries reported growth for the month, the same as the prior month.

Policy Watch

- The European Central Bank raised rates 0.25 percentage points to 3.25 percent in May, representing its smallest increase since the group started raising rates in July 2022. In a statement released in conjunction with the increase, representatives indicated they will continue raising rates in the near future.
- California, Arizona, and Nevada agreed to a deal with the Federal Government to use 13 percent less of the Colorado River's water through 2026. The federal government agreed to pay \$1.2 billion to the Native American Tribes, cities, and irrigation districts affected by the use cuts.

Regional Economic Overview

Notable Rankings

- Boulder ranked 4th in U.S. News' "Best Places to Live in 2023-2024" list. The city scored highly due to its many health and wellness opportunities, and its access to a wide variety of outdoor activities. Denver ranked 99th on the list but garnered the 13th and 15th spots in the wellbeing and job market categories respectively.
- Colorado won 24 medals, including 7 gold medals, at the World Beer Cup in Nashville. Loveland's Verboten Brewing and Barrel fared best, winning two golds and a silver medal. Avery Brewing, Comrade Brewing, River North Brewery, Resolute Brewing, and Jessup Farms Barrel House also brought home gold medals.

Economic Indexes & Notable Data Releases

- Denver hosted the Designing Cities Conference in May. The four-day conference attracted city planners and leaders from 96 cities and transit agencies from across the country, with breakout sessions focused on topics such as bike infrastructure and Denver Department of Transportation and Infrastructure initiatives to increase rider volumes on public transit services.
- According to data from the U.S. Census Bureau, Castle Rock reported the fastest-growing population among cities with 50,000 or more residents from 2020 to 2022. The city's population grew by 9.6 percent during that time, ranking 22nd nationwide.
- More than 55,000 businesses filed as "new entities" in the first quarter of 2023 according to the Colorado Secretary of State. The figure jumped 27.6 percent from the same quarter of 2022 and was up 14% from the fourth quarter of 2022.

Policy Watch

- The Colorado Supreme Court ruled in May that landlords must give tenants 30 days' notice before eviction. The unanimous decision extends federal provisions that were laid out in the early days of the COVID pandemic. The "Notice Provision" of the law did not include an expiration date, unlike the evictions moratorium that has already ended.
- The Denver City Council agreed to extend the grace period for residential projects ahead of the affordable housing requirement cutoff date. Developers, who would have had to secure site development approvals by August 30th, 2023, now have until May 17, 2024. 746 proposals were submitted to the city before the mandate went into effect, and 426 have been approved or moved forward so far.

Metro Denver Industry Clusters and Lifestyle Verticals Headlines

Aerospace

- NASA awarded Blue Origin and Lockheed Martin Space team a contract to build a reusable lunar landing system for astronauts to use on lunar missions. The Blue Origin Lander will

compete with a SpaceX developed landing system for use on the Artemis missions that will return humans to the surface of the moon.

- The Air Force announced that they will be permanently housing four more Space Force missions in Colorado Springs. This comes as the Pentagon and White House are still deciding where to house the long-term Space Force headquarters, the decision appears to be between Colorado Springs and Huntsville, Alabama.

Bioscience

- OnKure Inc. closed a \$54 million funding round in May. The oncology startup is currently working through clinical trials on their targeted cancer treatments. The company currently employs about 40 people.
- Pluto Biosciences raised \$3.7 million in seed funding in May. The company developed a software so that scientists can better manage biological data. The funding will be used to buildout the sales staff as the company expands from five employees to 12 or 15 by the end of 2023.

Energy & Natural Resources

- Occidental Petroleum announced plans to increase drilling in Colorado for the second half of 2023 after pulling back in 2022. The Houston-based company reported having drilled six new wells in the first quarter of this year, but are expecting to drill 20 to 30 wells each quarter throughout the rest of 2023.
- The U.S. Department of Energy announced a \$150 million investment in the National Renewable Energy Laboratory to further emission reduction research. The majority of the grant, \$93 million, will go to research on sustainable aviation fuels and the Integrated Energy Systems research on ways to decarbonize the power grid, buildings, transportation, and industry.
- The Colorado School of Mines won a grant from the federal Department of Energy to study and develop a carbon sequestration hub in Pueblo. The project will play a key part in Colorado's greenhouse gas reduction goals. The project, in conjunction with the Los Alamos National Laboratory, will work with carbon emitters in the area to design and build underground carbon storage facilities.
- Newmont Corp. finalized a \$19.5 billion offer to buy Australia's largest gold miner. The deal, finalized in May, will merge the Denver-based mining company with Melbourne-based Newcrest Mining Ltd. This would be the largest merger by value in industry history.
- Chevron Corp. acquired Denver-based PDC Energy Inc. in May. The \$7.6 billion deal will merge the state's second and fourth-largest oil producers by volume. The deal may result in administrative and office job losses in Colorado as Chevron integrates PDC into the existing corporate structure.
- PureWest Energy LLC, formerly known as Ultra Petroleum, was purchased in May by PW Consortium, a group of private investment firms. The company will not have to move its headquarters out of Denver as a result of the purchase. The goal for PW Consortium is to increase natural gas production in Colorado and Wyoming.
- Odyssey Energy Solutions announced a \$15 million Series A financing round in May as the company looks to expand internationally. The Boulder-based company designs software to streamline the process of renewable energy projects and is already in 50 countries.
- Utility Global opened a hydrogen fuel lab in Metro Denver in May and are looking to fully staff the facility. The lab will be used to refine steel mill air emission and other industrial waste into fuel. Company officials hope to hire 25 people by the end of 2023.

- Pietro Battery Inc. announced they will be building a pilot plant to make their hyper-fast charging batteries. The Fort Collins-based company, which makes batteries for small appliances that can charge in 3 minutes. Pietro will be hiring staff to facilitate its launch into commercial production.
- Global Thermostat, who opened their first direct-air-capture system in Brighton in April, secured partnerships with two Japanese companies to implement their technology in Japan. In response, Global Thermostat will be looking to add 25 jobs to bring the company total up to 75 by the end of 2023.

Food & Beverage

- Boulder startup Meati Foods announced they are laying off 17 of their 300 employees early in June of 2023. According to company officials, the decision will allow Meati to better allocate resources across all teams.

Healthcare and Wellness

- ERI Group, formerly known as Evergreen Research, leased a new manufacturing facility in Arvada and is looking to hire 50 more employees by the end of 2025. The new, 34,000-square-foot space will better accommodate the 100 workers ERI currently employs. The company chose to remain in Colorado in large part due to the availability of high-skilled workers.
- Strive Health raised \$166 million in a recently closed Series C funding round. The kidney care company serves 80,000 patients and employs 550 workers in 23 states. The funding will be used to continue expansion into more states, with the hope of serving 100,000 people in the next six months.

IT & Software

- Apple and Broadcom agreed to a deal in May that ensures more of the chips that are used in Apple products are manufactured in Colorado. The 185,000-square-foot chip fabrication facility that Broadcom operates in Fort Collins will be used to fill that order. Currently, Broadcom employs 1,100 people in Fort Collins, but they did not announce how many people will be hired as a result of this new agreement.
- Guild, a Denver-based technology company, announced in May that they are cutting 172 jobs as they adjust to current business conditions. The cuts, which constitute approximately 12% of the company's workforce, will be spread across the whole company. Guild did not announce how many affected employees live in Metro Denver.
- Poppulo laid off 20 employees in Denver at the end of April, part of a company-wide restructuring that resulted in 80 jobs cut worldwide. The layoffs are in response to a difficult period of "right-sizing" across the industry.

Outdoor Recreation

- The Big Gear show is coming to the Colorado Convention Center Thursday June 8th through Sunday June 11th. Events and exhibitions will cover a range of outdoor sports including cycling, climbing, paddlesports, camping, trail-running, and more. This is the first year the Big Gear show has been in Denver.

Other Industry Headlines

- Lightship, a recreation-vehicle builder, announced that they have leased a facility in Broomfield to construct the company's first manufacturing operations. The Lightship 1, the company's new battery-powered travel trailer which launched in March, will be produced

here in Colorado as part of the company's California-Colorado partnership. Lightship did not disclose how many people will be hired to staff the plant.

- In a letter submitted to the Colorado Department of Labor and Employment, Via Mobility announced that they are terminating all 120 workers in their Access-a-Ride program as of July 1, 2023. Via recently lost their contract with the RTD to operate the program that provides transportation services for people with disabilities. Via did win the FlexRide service contract with the RTD and informed the state that some of the employees who will be let go may be rehired into the service.
- Denver-based Evolve Vacation Rental Network laid off 164 workers in May due to a difficult business environment. The cuts, which amount to 14 percent of the company's staff, will be spread amongst all locations. As of 2022, most of the company's workforce was based in Denver.

Labor Force & Employment

- Employment in the 11-county Metro Denver region decreased 0.2 percent between April 2022 and 2023, falling by 2,700 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA dropped 0.2 percent by 3,900 jobs, while the Boulder-Longmont MSA increased 0.6 percent by 1,200 jobs during the period.
- Six of 11 supersectors in the seven-county Metro Denver region reported year-over-year increases in employment. Leisure and hospitality had the largest increase (+2.5 percent), followed by professional and business services (+2.2 percent), and other services (+2.0 percent). The financial activities supersector reported the largest year-over-year decrease, falling by 7.8 percent, followed by information (-6.6 percent), and transportation warehousing and utilities (-3.1 percent).
- Employment in Colorado increased 0.5 percent, or by 15,200 jobs, between April 2022 and 2023. National employment rose 2.6 percent during the same period, or by almost 3.9 million jobs.

Nonfarm Wage & Salary Employment *In thousands*

	Apr-23	Mar-23	Apr-22	YTD Avg 2023	YTD Avg 2022	YTD % Change	Annual Growth Rate 2018
Total 11-County Metro Denver*	1,792.4	1,781.6	1,795.1	1,781.6	1,766.3	0.9%	2.7%
Denver-Aurora MSA	1,586.0	1,575.5	1,589.9	1,576.3	1,564.6	0.7%	2.6%
Boulder-Longmont MSA	206.4	206.1	205.2	205.4	201.7	1.8%	3.2%
 Natural Resources & Construction	117.7	114.7	116.9	114.9	114.1	0.7%	6.1%
Manufacturing	93.7	94.1	93.5	93.8	93.1	0.8%	1.5%
Wholesale & Retail Trade	234.0	234.3	239.1	235.1	237.0	-0.8%	1.2%
Transp., Warehousing & Utilities	74.3	77.2	76.7	77.6	77.7	-0.1%	6.9%
Information	59.6	59.9	63.8	60.1	63.3	-5.1%	5.6%
Financial Activities	117.0	117.4	126.9	118.6	125.7	-5.6%	2.1%
Professional & Business Services	361.7	353.8	354.0	354.7	345.0	2.8%	3.1%
Education & Health Services	222.3	220.8	222.9	220.8	220.0	0.4%	2.0%
Leisure & Hospitality	189.3	185.5	184.6	186.9	178.4	4.8%	1.9%
Other Services	76.2	77.5	74.7	75.8	73.0	3.8%	2.6%
Government	246.6	246.4	242.0	243.4	239.0	1.9%	2.3%
Federal Gov't	29.9	30.0	29.8	29.9	29.9	-0.3%	-1.6%
State Gov't	72.5	72.6	68.3	70.7	66.5	6.3%	3.5%
Local Gov't	144.2	143.8	143.9	142.9	142.5	0.2%	2.6%
 Colorado	2,880.6	2,868.1	2,865.4	2,864.8	2,824.7	1.4%	2.5%
United States	155,337	154,445	151,449	154,151	149,850	2.9%	1.6%

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

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

Employment Outlook

- The Manpower Employment Outlook Survey, which surveys business leaders on their expectations of the coming quarter, revealed that U.S. hiring optimism fell ahead of 2Q 2023. Across the nation, 46 percent of companies plan to hire in 2Q 2023, down 3 percentage points year-over-year. Companies planning to lay off was up 2 percentage points year-over-year at 16 percent, while the number of companies planning no change was unchanged at 34 percent. The net U.S. employment outlook, which reflects the difference in the percent of companies hiring versus laying off, was 30 percent ahead of 2Q 2023, down 5 percentage points year-over-year Q2 2022 but up 1 percentage point over last quarter.
- Two of the four regions in the United States reported improved hiring outlooks for 2Q 2023, led by the Northeast with a net employment outlook of 35 percent, followed by the Midwest at 32 percent. The West, which includes Colorado, reported a net employment outlook of 29 percent, followed by the South at 28 percent. Over the quarter, regional outlooks strengthened in two of the four regions, with the Midwest reporting the largest increase of 9 percentage points. All four regions reported a weakening outlook over last year.
- Growth is expected across all nine major national industry sectors, with the strongest employment outlook reported in IT & Technology (+45 percent), followed by Financial and Real Estate (+38 percent), and Healthcare and Life Sciences (+33 percent).

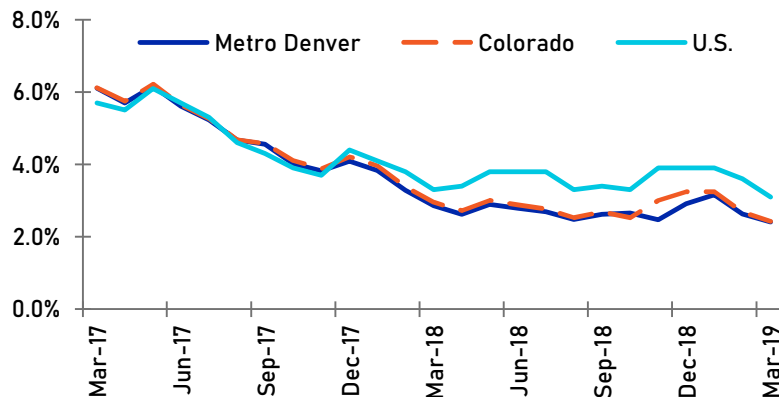
Employment Outlook Survey							
	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022	Annual Avg 2018	Annual Avg 2013
West Region							
Net Employment	29%	33%	42%	31%	45%	20%	-
United States							
% Companies Hiring	46%	45%	49%	46%	53%	23%	19%
% Companies Laying Off	16%	16%	14%	16%	15%	4%	7%
% Companies No Change	34%	36%	34%	35%	30%	72%	72%
% Companies Unsure	4%	3%	3%	4%	3%	2%	3%
Net Employment	30%	29%	35%	30%	38%	19%	12%

Source: Manpower

Labor Force & Unemployment

- Unemployment in the 7-county Metro Denver region decreased 0.4 percentage points year-over-year to 2.4 percent in April. The regional unemployment rate remained under three percent after jumping to 3.3 percent in February. In 11 of the last 12 months, Metro Denver has reported an unemployment rate below 3.0 percent.

Unemployment Rates



Source: U.S. Bureau of Labor Statistics; not seasonally adjusted

- All seven counties in Metro Denver reported year-over-year decreases in the unemployment rate in April. Adams and Arapahoe Counties reported the largest decreases, falling 0.6 percentage points. Boulder County reported the lowest unemployment rate of 2.2 percent, while Adams County reported the highest rate of 2.7 percent.

Metro Denver Labor Force

(in thousands)

	April 2023		2023 YTD Avg		2022 YTD Avg	
	Total	Unemp. Rate	Total	Unemp. Rate	Total	Unemp. Rate
Metro Denver	1,893.3	2.4%	1,901.5	2.8%	1,884.3	3.5%
Adams County	281.8	2.7%	283.5	3.2%	281.8	4.1%
Arapahoe County	375.4	2.4%	377.2	2.8%	374.8	3.7%
Boulder County	203.8	2.1%	204.4	2.4%	200.8	3.0%
Broomfield County	42.7	2.3%	42.8	2.6%	42.3	3.0%
Denver County	437.4	2.6%	439.3	3.0%	435.7	3.7%
Douglas County	208.5	2.2%	209.3	2.5%	206.8	2.9%
Jefferson County	343.7	2.3%	345.0	2.6%	342.1	3.3%
Colorado	3,216.3	2.4%	3,227.1	2.8%	3,191.0	3.6%
United States	166,221	3.1%	166,063	3.6%	163,568	3.9%

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

(p) = preliminary

- There were 10,320 more people either employed or looking for work between April 2022 and 2023 in Metro Denver, an increase of 0.5 percent. The labor force rose in all seven counties, led by Boulder County (+1.3 percent) and Douglas and Broomfield counties (+0.7 percent).
- Colorado reported an unemployment rate of 2.4 percent in April, down 0.5 percentage points from the same time last year. Over the month, the state's unemployment rate fell by 0.2 percentage points.
- The Colorado labor force rose 1.2 percent year-over-year to over 3.2 million people either employed or looking for work. The national unemployment rate fell 0.2 percentage points year-over-year to 3.1 and fell 0.5 percentage points month-over-month. The national labor force increased 1.7 percent between April 2022 and 2023.

- Initial unemployment insurance claims in Metro Denver increased 59.7 percent between April 2022 and 2023, rising to a weekly average of 1,485 claims. Over the month, initial claims increased 36.5 percent.
- Colorado reported an average of 2,795 initial unemployment claims per week in April, up 47.3 percent from the same time last year, and representing 897 more claims each week. Between March and April, average weekly initial claims in Colorado rose 52.6 percent.

First Time Unemployment Insurance Claims

	Apr-23	Mar-23	Apr-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	2018 Annual Avg
Metro Denver	1,485	1,088	930	1,385	1,093	26.7%	990
Colorado	2,795	1,831	1,898	2,439	2,011	21.3%	1,938

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

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.

Consumer Activity

Consumer Sentiment

- The U.S. Consumer Confidence Index fell again in May. The index now stands at 102.3, a 1.4 percent month-over-month decrease, and a 0.9 percent decrease year-over-year.
- Analysts at The Conference Board stated that the drop was driven by a decline in the Present Situation Index, which fell to 148.6, down from 151.8 in April. The Expectations Index fell by 0.2 points to 71.5. Purchasing intentions for automobiles, appliances, homes, and vacations remain at low levels but did tick up slightly. Looking ahead, inflationary pressures and recession worries will continue to pose strong headwinds to consumer confidence and spending.

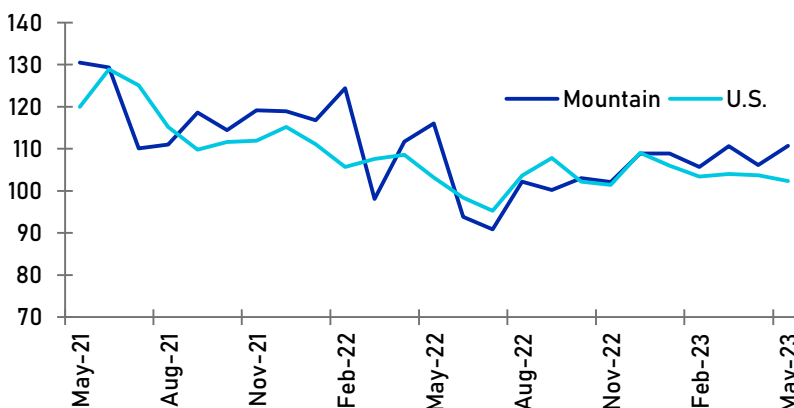
Consumer Confidence Index

	May-23	Apr-22	May-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Annual Avg 2018
Mountain	110.7	106.1	116.0	108.4	113.4	-4.4%	134.3
United States	102.3	103.7	103.2	103.9	107.2	-3.1%	130.1

Source: The Conference Board. (p)=preliminary

- The Mountain region index, which includes Colorado, decreased 4.6 percent between April 2022 and 2023 to 111.5. The index rose 4.3 percent month-over-month from 106.1 in April. The Present Situation Index dropped by 2.5 percent year-over-year to 159.0, while the Expectations Index decreased 7.3 percent to 78.5 during the period.

Consumer Confidence Index



Source: The Conference Board.

Consumer Spending

- National retail sales activity rose 2.3 percent year-over-year in March, with 6 of the 13 supersectors reporting increases during the period. Non-store retailers reported the largest year-over-year increase of 11.2 percent, followed by food service and drinking places (+8.4 percent) and health and personal care stores (+7.9 percent). Gas stations reported the largest drop of 15.3 percent, followed by sporting goods (-5.2 percent), and building materials (-5.1 percent). April retail sales data will be released on June 15.

National Retail Sales

\$ in millions

	Mar-23	Feb-23	Mar-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Growth 2018
Total Retail Sales (\$millions)	697,209	609,578	681,854	8,121,382	1,645,842	4.7%	4.4%
Motor Vehicles and parts dealers	141,616	119,135	140,108	1,527,936	341,612	2.2%	1.6%
Furniture and home furnishing stores	12,062	10,567	12,533	143,328	32,749	-0.1%	3.2%
Electronics and appliance stores	7,503	6,756	7,627	86,987	20,839	3.4%	1.8%
Building materials and garden equipment and supplies stores	42,202	34,324	44,478	509,751	103,184	0.2%	5.2%
Food and beverage stores	81,391	74,421	76,325	947,296	205,233	6.6%	2.9%
Health and personal care stores	36,320	32,496	33,648	399,716	90,428	7.5%	4.3%
Gasoline stations	54,537	47,605	64,397	757,920	119,075	-6.5%	9.8%
Clothing and clothing accessories stores	24,849	20,937	25,622	312,373	55,103	1.5%	2.3%
Sporting goods, hobby, book and music stores	8,292	6,796	8,748	110,992	22,791	-3.5%	-4.4%
General merchandise stores	69,697	63,367	67,648	830,969	180,327	7.1%	2.2%
Miscellaneous store retailers	14,809	13,103	15,191	186,473	33,069	2.2%	4.3%
Non-store retailers	112,075	99,867	100,752	1,283,272	262,845	8.8%	11.1%
Food services and drinking places	91,856	80,204	84,777	1,024,369	178,587	11.7%	5.7%

Source: U.S. Census Bureau

- Retail sales in Metro Denver rose 6.3 percent between March 2022 and 2023. All seven counties in Metro Denver reported year-over-year increases in retail sales. Douglas County reported the largest increase of 14.9 percent, followed by Jefferson County (+8.0 percent) and Denver County (+7.4 percent). Boulder County reported the smallest year-over-year increase of 1.4 percent. Retail sales throughout Colorado rose 4.5 percent year-over-year.

Metro Denver Retail Sales

\$ in thousands

	Mar-23	Feb-23	Mar-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Growth 2018
Metro Denver	16,199,931	11,918,227	15,239,434	40,942,236	39,546,371	3.5%	4.9%
Adams County	2,910,272	2,223,644	2,801,764	7,402,628	7,609,423	-2.7%	9.1%
Arapahoe County	2,771,634	2,079,642	2,669,047	7,178,782	6,867,343	4.5%	4.0%
Boulder County	1,706,400	1,160,383	1,682,625	4,104,474	4,036,061	1.7%	3.2%
Broomfield County	328,019	226,423	312,729	800,039	785,939	1.8%	0.6%
Denver County	4,001,465	3,105,492	3,724,499	10,379,197	9,567,490	8.5%	5.1%
Douglas County	1,813,462	1,120,702	1,578,218	4,362,047	4,420,811	-1.3%	2.2%
Jefferson County	2,668,679	2,001,940	2,470,552	6,715,069	6,259,303	7.3%	3.4%
Colorado	27,671,626	20,781,028	26,478,769	70,386,038	67,675,075	4.0%	5.9%

Source: Colorado Department of Revenue

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.

Travel & Tourism

- Copper Mountain Resort announced that they would be undertaking significant improvements on and off the mountain as their ski season wound to a close. The main development is the construction of a new mountain lodge, the Aerie, which will consist of a 2-story, 25,000-square-foot building with gondola access directly to the second story. Other improvements include new mountain bike and hiking trails, ski trail upgrades, and snowmaking installations.
- The average hotel occupancy rate in Metro Denver rose 0.1 percentage points year-over-year to 66.7 percent in the month of April 2023. The average hotel room rate rose 8.1 percent to \$151.41 per night, an increase of \$11.35 during the period.

Metro Denver Hotel Statistics

	Apr-23	Mar-23	Apr-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Annual Avg 2018
Hotel Occupancy Rate	66.7%	67.3%	66.6%	62.9%	60.0%	2.9%	73.7%
Average Hotel Room Rate	\$151.41	\$143.48	\$140.06	\$140.47	\$128.31	9.5%	\$144.03

Sources: Rocky Mountain Lodging Report.

- United Airlines announced another major expansion at DIA in May. The new project will add 35 flights, 12 gates, six routes, and three clubs beginning in the summer of 2023, and continuing throughout the end of the year. United also plans to add 2,300 new jobs in Denver, on top of the 10,000 people they currently employ in Metro Denver.
- Spokespeople for Denver International Airport (DEN) reported that almost 6 million passengers passed through the airport in April, a 9.9 percent increase from the previous year, or a rise of over 0.5 million passengers.

Denver International Airport Passengers

	Apr-23	Mar-23	Apr-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018
Number of Airline Passengers	5,998,391	6,396,940	5,458,016	23,194,149	19,934,118	16.4%	64,494,613

Source: Denver International Airport, Traffic Statistics.

Monetary Policy & Markets

Interest Rates

- In their meeting on May 2-3, the Federal Open Market Committee continued to fight inflation while looking for signs of moderating prices and a cooling economy. The tight labor market, the end of deposit outflows for medium and small banks, and persistently high inflation all weighed heavily on the committee's decision to raise interest rates.
- The FOMC 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 5.0 to 5.25 percent, the third increase in the rate in 2023, and the tenth increase since the start of 2022. The Fed will continue monitoring factors including inflation, financial and international developments, and labor market conditions to determine if further rate increases are necessary. In addition, the Committee will continue reducing its holdings of Treasury securities, agency debt, and agency mortgage-backed securities.
- The next FOMC meeting is June 13-14, 2023.

Inflation

- The U.S. Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics showed that consumer prices in April increased 4.9 percent year-over-year, down from 5.0 percent in March and 6.0 percent in February. This was the tenth consecutive decrease in the year-over-year inflation rate. Core inflation, which excludes volatile food and energy prices, rose 5.5 percent year-over-year in April, down from 5.6 percent in March.
- All eight components of the CPI increased year-over-year, with the largest increases in food and beverage (+7.5 percent), housing (+7.5 percent), and other goods and services (+6.6 percent). Transportation reported the smallest year-over-year increase of 0.2 percent.
- The CPI for the Denver-Aurora-Lakewood MSA rose 5.7 percent year-over-year in March, down from a 6.4 percent increase in January, and the sixth consecutive decline in the inflation rate. The bimonthly CPI update indicated that prices rose 1.2 percent from January to March.
- Seven of the eight components in the Denver MSA reported increases between March 2022 and 2023, with the largest increases in food and beverage (+9.4 percent), housing (+7.7 percent), and recreation (+5.3 percent). Medical care reported the only decrease of 0.7 percent.

According to the AAA Daily Fuel Gauge Report, the national average fuel price at the end of May was \$3.58 per gallon, down 22.6 percent from the same time last year. The Metro Denver average fuel price decreased 18.8 percent year-over-year to an average of \$3.47 per gallon, falling \$0.80 over the period. The average fuel price in Metro Denver was \$0.10 lower than the average fuel price in the U.S.

Stock Market

- Three of the four stock market indexes tracked increased between May 2022 and 2023. The Bloomberg Colorado Index reported the largest increase, jumping up 14.5 percent, followed by the NASDAQ (+7.1 percent), and the S&P 500 (+1.2 percent). The DJIA Index reported the only decrease of 0.2 percent. Two of the four indices increased or held steady between March and April 2023. The NASDAQ reported the largest increase (+5.8 percent), followed by the S&P 500 (+0.2 percent). The DJIA Index reported the largest decrease of 3.5 percent. The Bloomberg Colorado index also fell, dropping 0.6 percent month-over-month.

Stock Market Indexes						
	May-23	Apr-23	May-22	YTD Return 2023	YTD Return 2022	Annual Avg Return 2018
Bloomberg Colorado	804.7	809.7	702.6	24.8%	-20.6%	-7.4%
S&P 500	4,179.8	4,169.5	4,132.2	8.9%	-13.3%	-6.7%
NASDAQ	12,935.3	12,226.6	12,081.4	23.6%	-22.8%	-3.9%
DJIA	32,908.3	34,098.2	32,990.1	-0.7%	-9.2%	-6.1%

Sources: Bloomberg.com, Yahoo! Finance.

Residential Real Estate

- According to the Freddie Mac “Primary Mortgage Market Survey,” 30-year mortgage rates averaged 6.79 percent for the week ending June 1st, 2023, 0.26 percentage points higher than the average rate from four weeks prior of 6.53 percent. A year ago, 30-year mortgage rates averaged 5.09 percent.
- According to home-search website RealtyHop, Metro Denver’s housing market is comparatively less expensive than other metro areas once house size is taken into account. According to their analysis Denver is the 8th most expensive metro area in terms of home prices, but is the 21st most expensive metro in terms of price per square foot.
- The City and County of Denver began cracking down on unregistered landlords in May. Thirty-six property owners received fines for not complying with the city’s new requirement that all landlords of multi-unit properties secure rental licenses. The regulation was passed in 2021, and the deadline to acquire said license was January 1, 2023.

Recently Announced Projects

- Elevate Companies submitted plans to build a 13-story, 189-unit apartment building in Denver’s RiNo district. Concept plans were originally submitted in August 2022, but have been revised slightly since then. No production timeline has been released.
- Broe Real Estate Group filed an updated concept plan to build a 12-story residential building at 50 South Steel Street. The structure would include 378 residential units and 9,000 square feet of commercial space. The original plans reported an expected break-ground date in January 2024, no timeline updates were provided at this time.
- Greystar purchased plots in Denver’s Golden Triangle neighborhood with plans to build its Parq II apartment complex at the site. The project will include 311 units and 4,224-square-feet of retail space. No groundbreaking date has been announced at this time.
- Juno, a San Francisco-based development company, submitted a proposal to build an 18-story apartment building at 1005 and 1025 N. Acoma Street in Denver’s Golden Triangle neighborhood. The project will consist of 274 units and space for one or two retail tenants on the ground floor.
- Elevate Companies submitted plans to build a 13-story, 189-unit apartment building in Denver’s RiNo district. Concept plans were originally submitted in August 2022, but have been revised slightly since then. No production timeline has been released.
- Motive Investment Partners announced they are preparing to build a five-story complex in Lincoln Park. The 123-unit development would require the city to approve a rezoning request that has already been submitted.
- Gorman & Company intends to build 100 units of affordable housing on a recently purchased parcel of land in southwest Denver. No development timeline has been announced.

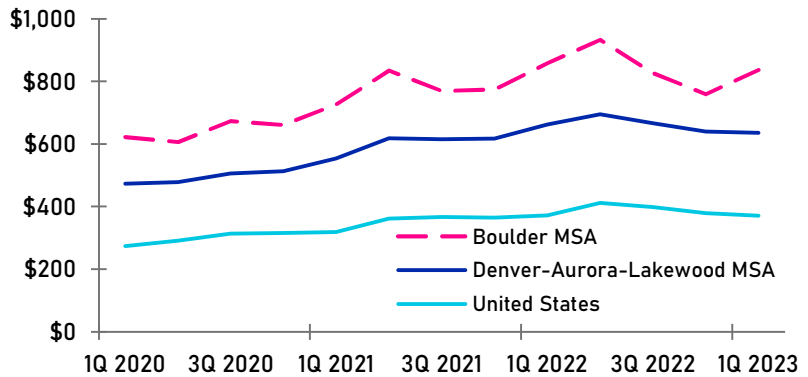
Existing Home Sales

Metro Denver

- Home sales in the 11-county Metro Denver region totaled 3,701 in April, down 29.9 percent from the same month last year.
- The number of homes on the market at the end of the month increased by 44.2 percent to 4,620 in April 2023 compared with the same month last year, representing 1,416 additional homes. The inventory of available homes rose by 2.3 percent in April over the previous month; however, it is still lower than the historic average of 14,296 listings available at the end of each month.

Median Home Prices

\$ in thousands



Source: National Association of Realtors, not seasonally adjusted

- The average listing spent 20 days on the market in April, according to the Denver Metro Association of Realtors. New listings in April were down 6.7 percent from March, and down 30.9 percent from a year earlier.

Metro Denver Existing Home Sales Activity

	Apr-23	Mar-22	Apr-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Avg 2018
Home Sales (Closed)	3,701	4,019	5,277	12,769	16,704	-23.6%	56,509
Homes on Market	4,620	4,516	3,204	4,620	3,204	44.2%	5,577
Average Sales Price-Single Family	\$772,170	\$743,587	\$822,498	\$741,584	\$773,350	-39.0%	\$522,675
Average Sales Price-Condo	\$471,997	\$475,985	\$490,772	\$470,603	\$477,780	-1.5%	\$351,750
Median Sales Price-Single Family	\$640,000	\$620,000	\$680,000	\$620,000	\$650,000	-4.6%	\$441,000
Median Sales Price-Condo	\$410,000	\$407,250	\$440,000	\$405,000	\$418,443	-3.2%	\$300,000

Source: Denver Metro Association of Realtors

- The median sale price for single-family homes in Metro Denver decreased 5.9 percent year-over-year to \$640,000, representing \$40,000 less per home during the period. The median

sales price for condominiums fell 6.8 percent year-over-year to \$410,000, representing a decrease of \$30,000 per home.

- According to research by the Colorado Association of Realtors (CAR), the average and median price for single family homes across Colorado decreased by 5.1 and 5.8 percent, respectively, in April 2023 compared to the same time last year. The median sale price fell to \$565,000 from \$600,000. Average time on market nearly doubled, jumping from 24 days in April 2022 to 47 days in April 2023.
- Data from the National Association of Realtors revealed that the median price in the Boulder MSA decreased 2.6 percent year-over-year to \$836,900 in the first quarter of 2023. The Denver-Aurora MSA fell 3.9 percent year-over-year to \$636,100 during 1Q 2023, while the national median home price decreased 0.2 percent to \$371,200 during the period (see table on page 21 titled *Median Sales Price of Existing Single-Family Homes*).
- The Boulder MSA had the 9th highest median home price of the 186 metropolitan areas tracked in the report. The Denver MSA had the 16th highest median home price. Thirty percent of metro areas saw median home prices drop year-over-year in 1Q 2022, up from almost 11 percent in 4Q 2022.

National

- The National Association of REALTORS' (NAR) home affordability index fell to 98.6 in March down from 103.8 in February. 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 71.1 in March, down from 75.5 in February.
- Total existing-home sales fell 3.4 percent from March to a seasonally adjusted annual rate of 4.28 million in April, according to the National Association of REALTORS (NAR). Sales decreased 23.2 percent year-over-year from the April 2022 reading of 5.57 million.
- All four regions reported year-over-year decreases in total home sales in April. The West region reported the largest decrease of 31.3 percent, followed by the Northeast (-23.9 percent), the Midwest (-21.5 percent), and the South (-20.2 percent).
- Properties remained on the market for 22 days in April, down from 29 in March and up from 17 days in April 2022. Of the homes sold in April, 73 percent were on the market for less than a month.
- NAR data showed the median existing-home price for all housing types nationally was \$388,800 in April, down 1.7 percent from the same time last year. This marks the third straight month of year-over-year declines after a streak of 131 consecutive months of year-over-year increases, the longest streak on record.
- Median home prices increased in half of the four major U.S. regions year-over-year. The Northeast region reported the highest pace of price appreciation compared to the other regions, growing by 2.8 percent year-over-year. The median home price in the Midwest also grew, rising by 1.8 percent. The West region reported the largest year-over-year decrease, falling by 8.0 percent, followed by the South where prices fell 0.6 percent from April 2022.
- The West region reported the highest median home price of \$578,200, while the Midwest reported the lowest median price of \$287,300 in April.

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

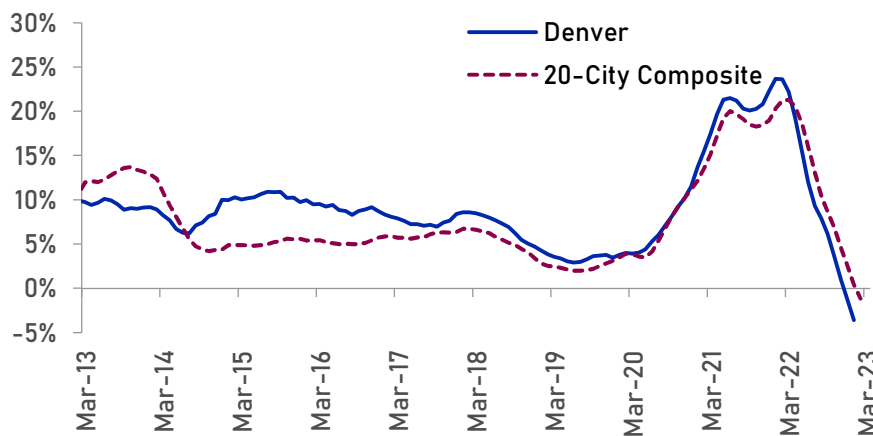
	Q1 2023 (p)	Q4 2022 (r)	Q1 2022	YTD 2023	Avg YTD 2022	Avg YTD Change	Avg % Median 2018
Boulder MSA	\$836.9	\$759.5	\$859.1	\$836.9	\$859.1	-2.6%	\$607.4
Denver-Aurora MSA	\$636.1	\$640.0	\$662.2	\$636.1	\$662.2	-3.9%	\$449.9
United States	\$371.2	\$378.7	\$372.0	\$371.2	\$372.0	-0.2%	\$261.6

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

- Price increases are moderating across the country. Only 7 percent of the metro markets posted double-digit annual price appreciation in the first quarter compared with 18 percent in the fourth quarter.

- The national home price decreased 2 percent over-the-quarter. Home prices rose by 10.2 percent in the Boulder MSA and fell 0.6 percent in the Denver MSA over-the-quarter.

S&P/Case-Shiller Home Price Indices Year-over-Year % Change

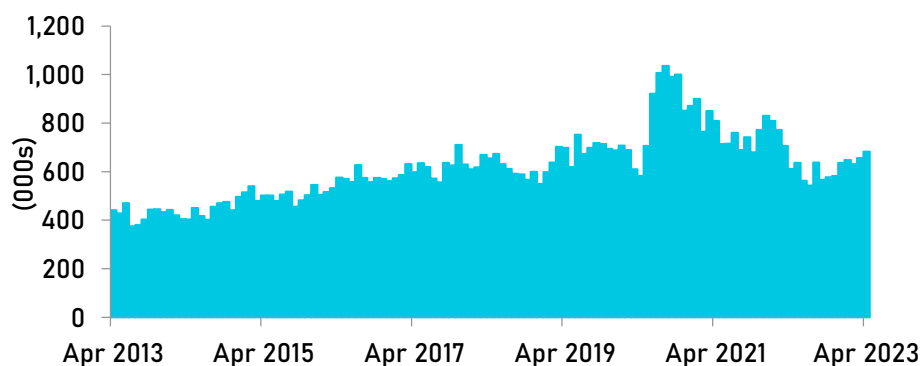


Source: Standard & Poor's.

- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver decreased 3.6 percent between March 2022 and March 2023, down from a 1.2 percent decrease in February and a 1 percent increase in January. March marked the 10th 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, and the first year-over-year decrease in home prices since December 2011.
- National housing prices increased 0.7 percent year-over-year in March, down from 2.1 percent in February and 3.7 percent in January. Month-over-month home prices rose again in March. Prices rose month-over-month in all 20 major cities.
- Miami reported the highest year-over-year price increase of 7.7 percent, followed by Tampa (+4.8 percent) and Charlotte (+4.7 percent). Seattle reported the largest year-over-year decrease, falling by 12.4 percent, followed by San Francisco (-11.2 percent) and San Diego (-5.3 percent). Denver ranked 14th out of 20.

U.S. New Home Sales

Seasonally Adjusted Annual Rate



Source: U.S. Census Bureau.

Foreclosures

- Foreclosures in Metro Denver increased 0.9 percent between May 2022 and May 2023, rising by 2 filings during the period. Month-over-month, foreclosures rose 4.8 percent from 210 filings in April. Four of seven counties reported increases in filings compared with last year. Broomfield County reported the largest increase of 50 percent, followed by Jefferson County (+33.3 percent) and Douglas County (+16.7 percent). Boulder County reported the largest decrease of 26.7 percent followed by Denver County (-22.0 percent) and Adams County (-10.9 percent).

Metro Denver Residential Foreclosures

	May-23	Apr-23	May-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018
Total Metro Denver*	220	210	218	1,092	1,145	-4.6%	2,725
Adams County	49	54	55	279	331	-15.7%	637
Arapahoe County	60	50	54	252	296	-14.9%	638
Boulder County	11	11	15	59	48	22.9%	124
Broomfield County	3	1	2	7	11	-36.4%	42
Denver County	32	40	41	211	218	-3.2%	538
Douglas County	21	18	18	96	75	28.0%	278
Jefferson County	44	36	33	188	166	13.3%	468

Source: County public trustees.

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

New Home Sales

- New home sales in the U.S. increased 11.8 percent year-over-year to a seasonally adjusted annual rate of 683,000 in April, 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 a year-over-year decrease in home sales. The Northeast reported the largest decrease of 46.7 percent, followed by the West (-2.8 percent). The South reported the largest increase of 23.4 percent, followed by the Midwest (+20.6 percent).

New Home Construction

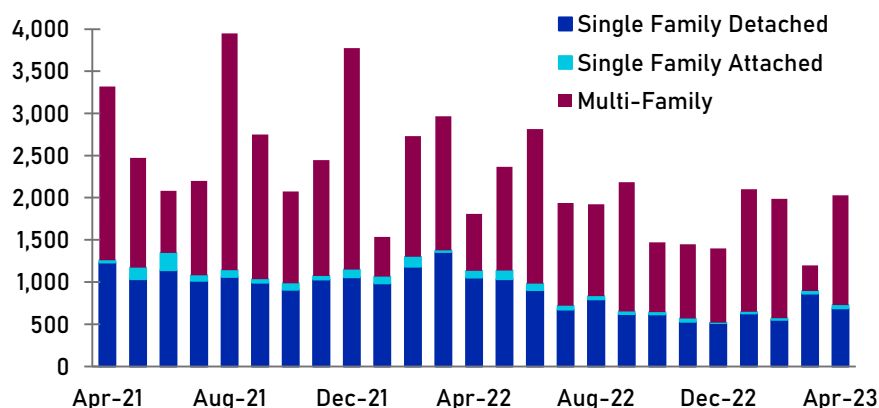
National

- Builder confidence for new single-family homes increased 5 points to 50 in May, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This was the fifth increase after twelve 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 due to consumers turning towards new homes in a period of low affordability and limited existing inventory.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled over 1.4 million units in April, a 1.4 percent month-over-month decrease, and a 21.1 percent decrease compared with the same month last year.
- Building permits for single-family detached units decreased 21.1 percent year-over-year, or by 229,000 units permitted to a total of 856,000 units permitted in April. Single-family attached units reported no change over the year, while multi-family units decreased 22.9 percent year-over-year to 503,000 units permitted in April.
- All four regions reported year-over-year decreases in total units permitted. The Northeast region reported the largest year-over-year decrease of 33.1 percent, followed by the Midwest (-28.1 percent), the West (-20.3 percent), and the South (-17.6 percent).

Metro Denver

- Residential building permits in Metro Denver totaled 2,029 units permitted in April, an increase of 12.3 percent, or 222 units, from the same time last year.
- Single-family detached units permitted decreased 34.5 percent year-over-year, falling by 363 units permitted during the period. Single-family attached units decreased 53.2 percent, or by 42 units, to a total of 37 during the period. Multi-family units increased 92.8 percent, or by 999 units, to a total of 1,303 units permitted in April.

Metro Denver Residential Building Permits



Source: U.S. Census Bureau

Metro Denver Residential Building Permits

	Apr-23	Mar-23	Apr-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018
Single-Family Detached Units	689	861	1,052	2,732	4,576	-40.3%	12,248
Single-Family Attached Units	37	31	79	102	292	-65.1%	400
Multi-Family Units	1,303	304	676	4,474	4,167	7.4%	11,561
Total Units	2,029	1,196	1,807	7,308	9,035	-19.1%	24,209

Source: U.S. Census Bureau

Apartment Rental Market

- The apartment vacancy rate throughout Metro Denver rose 0.9 percentage points year-over-year to 5.6 percent vacancy in the first quarter of 2023. Vacancy rates ranged from 5.1 percent in the Boulder/Broomfield submarket to 6.3 percent in Douglas County.
- All six submarkets reported year-over-year increases in the average monthly rental rate, led by Jefferson County (+6.2 percent), Arapahoe County (+5.7 percent), and Adams County (+5.6 percent). The Boulder/Broomfield submarket reported the most modest year-over-year increase of 3.4 percent. Douglas County reported the highest rental rate in 4Q 2022 of \$1,973 per month, while Adams County reported the lowest rental rate of \$1,686 per month. Across Metro Denver, rents increased 4.9 percent year-over-year to \$1,844 per month. Rents rose 0.4 percent between the fourth quarters of 2022 and the first quarter of 2023, or an increase of \$8.

Metro Denver Apartment Statistics

	Q1 2023	Q4 2022	Q1 2022	YTD Avg Q1 2023	YTD Avg Q1 2022	YTD Avg % Change	Annual Avg 2018
Apartment Vacancy Rate	5.6%	5.6%	4.7%	5.6%	4.7%	0.9%	5.9%
Average Rental Rate (all units)	\$1,846	\$1,838	\$1,759	\$1,846	\$1,759	3.9%	\$1,456

Source: Denver Metro Apartment Vacancy and Rent Survey

Commercial Real Estate

- According to JLL, U.S. office leasing volume fell to 38.5 million in Q1 2023, falling 10.7 percent from Q4 2022, as the office market continues to adapt to increased remote work across many sectors. Net absorption was negative 19.5 million square feet, the fifth consecutive quarter with negative absorption.
- JLL released a new report in May that detailed the difficult state of the commercial office market in Denver. The report cited over 28 percent vacancy rate in office properties in downtown Denver for the first quarter of 2023. Across the city and county of Denver, the commercial office rate was 21.6 percent.

Recently Announced Projects

- LaPour Partners received initial approval from Broomfield city officials to build a 359,800-square-foot project east of Wadsworth Parkway. The \$80 million project will consist of three buildings and is expected to break ground in September 2023, with delivery slated for 2025.
- The owners of the Dirty Dogs Roadhouse are planning to build the Westside Resort, an RV community on 36 acres of land in Golden. Developers are proposing building 256 RV suites with hookups for water, sewer, electric, and cable services. Some of the sites will house 400-to 500-square-foot rental cabins. Plans also include a 25,000-square-foot clubhouse space with restaurant, retail, and conference space.
- The personal injury law firm Bachus & Schanker purchased a plot of land in Denver's RiNo district and plans to build a 3-story, 20,500-square-foot office building at the site. The current structure, a former auto body shop, will be demolished to make space for the new development.
- Trimble broke ground on a 1.7-megawatt solar array at its new Westminster headquarters in May. The project, which will be designed and built by Boulder-based Namaste Solar, will provide more than 100 percent of the facility's energy needs, with extra energy going to the local grid.
- The owners of Lake Steam Bath on West Colfax Avenue submitted a proposal to build a new five-story, 58-room hotel at the site. The development will be built on top of the bathhouse, which will remain functional.

Office Market

- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.7 percent in the first quarter of 2023, an increase of 0.6 percentage points from the previous quarter. The vacancy rate was up 0.4 percentage points year-over-year. The average lease rate increased 5.4 percent between the first quarters of 2022 and 2023, or by \$1.60, to \$31.07 per square foot.
- The vacancy rate including sublease space increased 0.9 percentage points year-over-year, rising from 14.2 percent in 1Q 2022 to 14.8 percent in 1Q 2023. This included over 4.3 million square feet of vacant sublease space, the largest amount of vacant sublease space since 2002.

Metro Denver Office Market Statistics

	Q1 2023	Q4 2022	Q1 2022	Q1 2021	Q1 2020	Q1 2019
Number of Buildings	6,649	6,643	6,630	6,610	6,582	6,551
Existing Square Feet (millions)	203.2	202.8	202.3	200.1	198.3	197.1
Vacant Square Feet (direct, millions)	25.8	24.6	24.9	22.8	17.9	17.5
Vacancy Rate (direct)	12.7%	12.1%	12.3%	11.4%	9.0%	8.9%
Vacancy Rate (with sublet)	14.8%	14.2%	13.9%	13.0%	9.6%	9.6%
Avg. Lease Rate (direct, per sq. ft., full service)	\$31.07	\$31.00	\$29.47	\$29.38	\$28.41	\$27.37
New Construction Completed (year-to-date)	0.39 MSF, 6 Bldgs	0.75 MSF, 14 Bldgs	1.98 MSF, 22 Bldgs	0.07 MSF, 3 Bldgs	0.35 MSF, 9 Bldgs	0.48 MSF, 5 Bldgs
Currently Under Construction	3 MSF, 19 Bldgs	3.30 MSF, 24 Bldgs	1.78 MSF, 16 Bldgs	2.72 MSF, 26 Bldgs	3.91 MSF, 40 Bldgs	3.35 MSF, 40 Bldgs

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

- There were 6 office buildings completed in 1Q 2023, delivering 390,000 square feet to Metro Denver. The largest buildings completed were the 176,500-square-foot office buildings 1 and 2 located in Lafayette.

There were 3 million square feet of office space in 19 buildings under construction in Metro Denver during the first quarter of 2023. The largest buildings under construction were the 1900 Lawrence (704,036 SF in downtown Denver) and the 322,860-square-foot Steel House Office Building in Denver. As has been the trend in recent years, the largest share of office construction is found in the City and County of Denver.

- Currently, over 71 percent of the office square footage under construction is located in the City and County of Denver.

Industrial & Flex Market

- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver increased 1.1 percentage points to 6 percent between the first quarters of 2022 and 2023. The total vacancy rate including sublease space rose 1.1 percentage points year-over-year to 6.4 percent. The average lease rate increased \$0.51 per square foot to \$10.11, a 5.3 percent increase over the same time last year.
- Ten industrial buildings providing 1.86 million square feet of space were completed in 1Q 2023. The largest building completed was the 546,000-square-foot Warehouse Building 1 in Brighton. The next largest buildings were the 331,380-square-foot Building 26 and the 199,500-square-foot First 76 Distribution Center near DIA.

Metro Denver Industrial Market Statistics

	Q1 2023	Q4 2022	Q1 2022	Q1 2021	Q1 2020	Q1 2019
Number of Buildings	7,381	7,371	7,335	7,295	7,246	7,208
Existing Square Feet (millions)	254.1	252.3	244.7	236.7	230.7	226.5
Vacant Square Feet (direct, millions)	15.3	13.5	12.1	13.2	9.9	9.1
Vacancy Rate (direct)	6.0%	5.4%	4.9%	5.6%	4.3%	4.0%
Vacancy Rate (with sublet)	6.4%	5.8%	5.3%	6.1%	4.7%	4.2%
Avg. Lease Rate (direct, per square foot, NNN)	\$10.11	\$9.73	\$9.60	\$8.87	\$8.50	\$8.07
New Construction Completed (year-to-date)	1.86 MSF, 10 Bldgs	7.63 MSF, 42 Bldgs	0.56 MSF, 6 Bldgs	1.13 MSF, 9 Bldgs	0.11 MSF, 4 Bldgs	1.08 MSF, 12 Bldgs
Currently Under Construction	8.69 MSF, 46 Bldgs	7.80 MSF, 41 Bldgs	9.70 MSF, 50 Bldgs	5.27 MSF, 24 Bldgs	7.45 MSF, 49 Bldgs	4.43 MSF, 29 Bldgs

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

- Metro Denver's industrial construction pipeline remains robust with 8.7 million square feet of space under construction in 46 buildings. Almost 71 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, 38 are slated to be completed in 2023 and 8 in 2024.
- The direct flex vacancy rate in Metro Denver decreased 0.4 percentage points year-over-year to 6.7 percent vacancy. The average lease rate rose 3.9 percent, or by \$0.57, to \$15.26 per square foot during the period.
- New flex construction has been more limited than other property types but remains strong through the start of 2Q 2023. Two new flex buildings totaling 148,640 square feet were completed in 1Q 2023. There were 20 buildings totaling 290,718 square feet under construction as of the end of 1Q 2023. Almost 91 percent of the square footage under construction is located in Boulder, Broomfield, or Jefferson Counties. The largest building under construction is a 76,088-square-foot building at 560 Ames Street in Lakewood.

Metro Denver Flex Market Statistics

	Q1 2023	Q4 2022	Q1 2022	Q1 2021	Q1 2020	Q1 2019
Number of Buildings	1,605	1,603	1,592	1,591	1,588	1,573
Existing Square Feet (millions)	48.7	48.6	48.0	47.9	47.8	47.1
Vacant Square Feet (direct, millions)	3.3	3.2	3.4	3.7	2.6	2.5
Vacancy Rate (direct)	6.7%	6.7%	7.1%	7.6%	5.4%	5.3%
Vacancy Rate (with sublet)	7.4%	7.3%	7.4%	8.3%	5.7%	5.6%
Avg. Lease Rate (direct, per square foot, NNN)	\$15.26	\$15.19	\$14.69	\$13.25	\$12.95	\$12.16
New Construction Completed (year-to-date)	0.15 MSF, 2 Bldgs	0.47 MSF, 11 Bldgs	0.03 MSF, 1 Bldg	0.03 MSF, 1 Bldg	0.25 MSF, 1 Bldg	0.21 MSF, 3 Bldgs
Currently Under Construction	0.29 MSF, 17 Bldgs	0.67 MSF, 20 Bldgs	0.70 MSF, 18 Bldgs	0.19 MSF, 8 Bldgs	0.22 MSF, 8 Bldgs	0.31 MSF, 8 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 year-over-year to 4 percent in 4Q 2022, according to CoStar. The direct vacancy rate including sublease space decreased 0.5 percentage points year-over-year to 4.1 percent. The average lease rate increased 4 percent to \$20.38 per square foot.
- Through the end of 1Q 2023, 24 retail buildings totaling 263,085 square feet were completed. An additional 44 buildings with more than 747,000 square feet of space are under construction and all are expected to be completed in 2023. More than 43 percent of the space under construction is located in the City and County of Denver or Adams County.

Metro Denver Retail Market Statistics

	Q1 2023	Q4 2022	Q1 2022	Q1 2021	Q1 2020	Q1 2019
Number of Buildings	13,158	13,134	13,073	12,995	12,916	12,782
Existing Square Feet (millions)	175.5	175.2	174.6	173.9	173.1	171.7
Vacant Square Feet (direct, millions)	7.0	7.1	7.7	8.8	7.1	6.4
Vacancy Rate (direct)	4.0%	4.1%	4.4%	5.1%	4.1%	3.7%
Vacancy Rate (with sublet)	4.1%	4.2%	4.6%	5.3%	4.2%	3.8%
Avg. Lease Rate (direct, per square foot, NNN)	\$20.38	\$20.22	\$19.59	\$19.00	\$18.24	\$18.78
New Construction Completed (year-to-date)	0.26 MSF, 24 Bldgs	0.66 MSF, 80 Bldgs	0.10 MSF, 13 Bldgs	0.07 MSF, 7 Bldgs	0.19 MSF, 13 Bldgs	0.08 MSF, 14 Bldgs
Currently Under Construction	0.75 MSF, 44 Bldgs	0.86 MSF, 58 Bldgs	0.07 MSF, 10 Bldgs	0.61 MSF, 29 Bldgs	1.14 MSF, 70 Bldgs	1.04 MSF, 60 Bldgs

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