

MONTHLY ECONOMIC INDICATORS

JULY 2023



Monthly Economic Indicators

Data represents the seven-county Metro Denver region unless otherwise noted.

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕ Positive Changes	11 of 18		9 of 18		10 of 18	
Nonfarm Employment Growth (Denver & Boulder MSAs)	1,900	↑	-1,000	↓	18,600	↑
	Employment was up 0.1% from April to May		Employment down 0.1% from May 2022 to 2023		YTD employment up 1.0% through May	
Manpower Net Employment (West Region)	43%	↑	43%	↑	35%	↓
	Net employment up 14 percentage points from 2Q 2023 to 3Q 2023		Net employment increased 1 percentage point from 3Q22 to 3Q23		YTD average down 9 percentage points compared with 2022	
Unemployment Rate	2.8%	↑	0.1 percentage points	↑	2.8%	↓
	Unemployment rose 0.3 percentage points from April to May		Unemployment up from May 2022 to 2023		Down 0.6 percentage points from 2022 YTD average	
Initial Unemployment Insurance Claims	-9.6%	↓	37.5%	↑	28.7%	↑
	Claims decreased from April to May		Claims increased from May 2022 to 2023		YTD average claims increased through May 2023	
Total National Retail Sales	-2.6%	↓	-0.3%	↓	3.7%	↑
	National sales decreased from March to April		National sales decreased from April 2022 to 2023		YTD sales increased through April 2023	
Mountain Region Consumer Confidence Index	127.6	↑	36.0%	↑	111.7	↑
	Index up 14.9 percent from May to June		Index up from June 2022 to 2023		YTD average up 1.4% through June 2023	
Hotel Occupancy	74.0%	↑	2.0 percentage points	↑	65.2%	↑
	Increased 7.3 percentage points from April to May		Occupancy increased from May 2022 to 2023		YTD occupancy up 2.7 percentage points from last year	
Denver International Airport Passengers	10.0%	↑	10.3%	↑	15.0%	↑
	Passengers up from April to May		Passengers up from May 2022 to 2023		YTD passengers increased through May 2023	
Bloomberg Colorado Index	804.0	↓	25.8%	↑	24.7%	↑
	Index down 0.1 percent from May to June		Index up from June 2022 to 2023		YTD return up through June 2023	
Dow Jones Industrial Average	34,407.6	↑	11.8%	↑	3.8%	↑
	Index up 4.6 percent from May to June		Index up from June 2022 to 2023		YTD return up through June 2023	
Home Sales Closed (11-County Region)	4,167	↑	-28.7%	↓	17,164	↓
	Sales up 6.7% from April to May		Sales down from May 2022 to 2023		YTD sales down 23.9% from last year	
Median Home Price (Denver-Aurora MSA)	\$636,100	↓	-3.9%	↓	\$636,100	↓
	Down 0.6% from Q4 2022 to Q1 2023		Prices are down from Q1 2022 to Q1 2023		YTD price 3.9% lower through Q1 2023	
Foreclosures	201	↓	-2.9%	↓	1,293	↓
	Down 8.6% from May to June		Down from June 2022 to 2023		Down 4.4% YTD through June 2023	
Residential Building Permits (Total)	2,394	↑	1.3%	↑	9,742	↓
	Permits increased 18.0% from April to May		Permits up from May 2022 to 2023		YTD permits down 14.5% through May 2023	
Apartment Vacancy Rate	5.6%	↔	+0.9 percentage points	↑	5.6%	↑
	Vacancy was unchanged from Q4 2022 to Q1 2023		Vacancy increased from Q1 2022 to Q1 2023		YTD average up 0.9 percentage points from last year	
Office Vacancy Rate (with Sublet)	14.8%	↔	+1.0 percentage points	↑	+1.0 percentage points	↑
	Vacancy rate was unchanged from Q1 2023 to Q2 2023		Q1 2023 vacancy up from 13.8% one year ago		Q1 2023 vacancy up from 13.8% one year ago	
Industrial Vacancy Rate (with Sublet)	6.2%	↓	+1.3 percentage points	↑	+1.3 percentage points	↑
	Vacancy rate decreased 0.1 percentage points from Q1 2023 to Q2 2023		Q2 2023 vacancy up from 4.9% one year ago		Q2 2023 vacancy up from 4.9% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.2%	↑	-0.4 percentage points	↓	-0.4 percentage points	↓
	Vacancy rate increased 0.1 percentage points from Q1 2023 to Q2 2023		Q2 2023 vacancy down from 4.6% one year ago		Q2 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 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:

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Table of Contents

Indicators	Page 1
About the report	Page 2
National Economic Overview	Page 4
Regional Economic Overview	Page 6
Labor Force and Employment	Page 10
Consumer Activity	Page 14
Monetary Policy & Markets	Page 17
Residential Real Estate	Page 19
Commercial Real Estate	Page 26

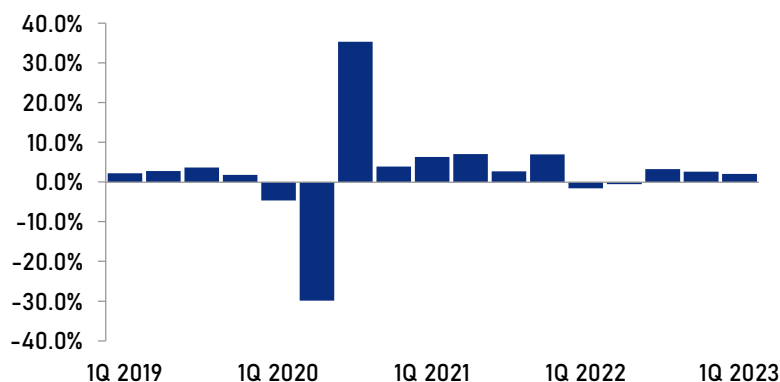
National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released the third estimate of real gross domestic product (GDP) for the first quarter of 2023, which showed that GDP increased at an annual rate of 2.0 percent. This is an increase of 0.7 percent from the second estimate of GDP released in May. Real GDP increased 2.6 percent in the fourth quarter of 2022.

Real GDP Annual Change

Seasonally adjusted



Source: U.S. Bureau of Economic Analysis.

- The increase in Q1 2023 real GDP reflected upward revisions in consumer spending and exports. Government spending, and nonresidential fixed investment increased from Q1 2022. 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 pulled GDP lower.
- This third estimate is based on source data that is more complete. The first estimate for Q2 2023 will be released on July 27, 2023.

Economic Indexes & Notable Data Releases

- The **Conference Board Leading Economic Index (LEI)** decreased by 0.7 percent in May to 106.7, after falling 0.6 percent in April. The index averaged 105.3 over the last 10 years. The LEI drop was driven by consumer expectations for business conditions and the new orders index published by the Institute of Supply Management.
- According to a report by CoreLogic released in June, U.S. homeowners with a mortgage experienced an average equity decline of 0.7 percent in the first quarter of 2023 compared to the first quarter of 2022. In Colorado, the average loss was approximately four times as large as the national average.
- According to the Institute for Supply Management, the **Manufacturer's Purchasing Managers Index (PMI)** was 46 percent in June, down 0.9 percentage points from the May reading. As the value remains below 50, this figure indicates contraction in the manufacturing sector for the eighth consecutive month after 28 months of expansion.
 - New order rates remained in contraction territory at 45.6, up 3.0 percentage points from 42.6 in May.
 - The Production Index fell back into contraction territory, but the Backlog of Orders Index remained in contraction territory at 38.7 percent.

- The Prices Index fell 2.4 percentage points to 41.8 in June, remaining in contraction territory.
 - The Employment Index dropped into contraction territory, coming in at 48.1 percent, down from 51.4 in May.
 - Only one of the six largest manufacturing industries, transportation equipment, reported growth in June, unchanged from May.
- The **Services Purchasing Managers Index (PMI)** by the Institute for Supply Management registered 53.9 percent in June, a jump of 3.6 percentage points from May's 50.3 percent remaining in expansionary territory. The June reading indicates a sixth month of growth after reporting a contraction in December.
 - The Prices Index decreased to 54.1, down 2.1 percentage points from May's reading of 56.2.
 - Fifteen of the 18 industries reported growth for the month, up from 11 the two months prior.

Policy Watch

- The Bank of England raised their key interest rate by 50 basis points in June. The central bank has now raised rates to 5.0 percent, its highest level since April 2008. Year-over-year inflation in the United Kingdom in May was 8.7 percent, unchanged from the April 2023 figure.
- China's central bank cut interest rates by 10 basis points in June to kickstart economic activity. The economy has seen spending and private sector investment slow to the point that businesses are actively cutting prices to entice consumer activity. This is the first rate cut since August 2022 and rates in China, currently at 3.55 to 3.65 percent, remain below the benchmark rates of the European Central Bank, the Bank of England, and the Federal Reserve.

Regional Economic Overview

Notable Rankings

- Rocky Mountain National Park ranked second on a list of America's five most popular national parks for hiking. According to Conde Nast Traveler, only Zion National Park in Utah drew more interest. The analysis derived from the most-searched parks in the country.

Economic Indexes & Notable Data Releases

- According to a new study by online moving platform moveBuddah, residents of Brooklyn, Phoenix, and Austin are the most interested in moving to Denver. The site tracks searches to and from metro areas and compares metro inflow and outflows. To date in 2023, 6.5 Brooklyn residents searched for moving services to Denver for every one search for moving services to Brooklyn from Denver. The study noted that those looking to move into Metro Denver are increasingly looking for spaces in the surrounding counties.
- A new report from the payroll-software company ADP found that between 2005 and 2021 the share of Denver workers whose positions classified as executives or managers rose from 10 percent below the national average to 24 percent above average. Only Austin, Texas reported a larger jump over the period.

Policy Watch

- As Colorado works to implement their new universal preschool program in 2023-24, over 40 percent of eligible children are already enrolled in the program for next year with more than 78 percent being placed in their family's first choice program. The state is estimating that up to 60 percent of eligible children will participate in the program in its first year, saving families an average of \$6,000 per household.
- As part of the Bipartisan Infrastructure Law, Colorado will receive more than \$854 million to build out the state's broadband access. Currently, 10 percent of locations in Colorado are unserved or underserved and 190,850 households do not have consistent internet access. The infusion of federal dollars will help Colorado meet its goal of connecting 99 percent of Colorado households to high-speed broadband by 2027.

Metro Denver Industry Clusters and Lifestyle Verticals Headlines

Aerospace

- United Launch Alliance (ULA) won a contract to launch six military spacecraft for the U.S. Space Force. The contract for the twelve launches was split between SpaceX and the Centennial-based ULA which produces the Vulcan rocket.
- Ursa Major, a Berthoud-based aerospace company, announced they are cutting staff in June across multiple teams. The company did not release the number of jobs cut. Ursa Major employed 250 people prior to the workforce reduction.

Energy & Natural Resources

- VSK Energy Inc, in conjunction with India-based Vikram Solar, is investing \$250 million in a new solar module manufacturing plant in Brighton. Mortenson Properties will oversee the engineering and construction work on the facility that is slated to open in 2024. The project will create 951 jobs over eight years with an expected average annual wage of over \$70,000.
- Vartega, a Denver-based carbon-fiber recycling company, raised \$3.1 million in a funding round after opening an 82,000-square-foot facility in May. The company currently employs 38 people and is looking to grow to 40-42 by the end of 2023, eventually the company hopes to exceed 100 employees by 2026.
- According to a report released by the Environmental Protection Agency (EPA), the Suncor oil refinery in Commerce City reports more malfunctions that release toxic chemicals than other similarly sized plants. With the findings from the EPA, the Colorado Department of Public Health and Environment will be working to identify specific equipment that is leading to the increased sulfur dioxide and hydrogen sulfide gas releases over the past five years.
- The Office of the State Auditor released a report in June cataloging pervasive issues in Colorado's oversight of natural gas pipelines in the state by the Public Utilities Commission (PUC). The report detailed repeated regulatory failures both in terms of inadequate inspections and a lack of response to repeated offenses by operators of the pipelines, including after explosions that resulted in injuries and deaths.

Healthcare and Wellness

- Acadia Healthcare and Intermountain Health broke ground on the West Pines Behavioral Health Hospital in June. The hospital will have 144 beds, a 50 percent increase in capacity from West Pines' current facility in Wheat Ridge, and is scheduled to open in the fall of 2024. The joint venture is a key pillar in Intermountain Health's efforts to expand mental health care in Colorado.
- EvolvedMD raised \$14 million in a Series A funding round that ended in June. The Arizona-based, behavioral health services company currently employs 72 people, but is looking to increase that to 100 by the end of 2023.
- Pie Insurance laid off 66 employees, or 14 percent of its staff, in response to a slowdown in VC funding. As recently as September 2022 the company had announced aggressive plans to expand its workforce.

IT & Software

- Palantir Technologies won a 5-year contract from U.S. Special Operations Command in June to support its office that focuses on new technologies for warfighters. The Denver-based software and data technology company stated that the contract could be worth as much as \$436 million.

Outdoor Recreation

- GoodBuy Gear, a Denver-based outdoor recreation resale online marketplace, raised \$14 million in a funding round designed to push the software into new markets. The company is planning to hire additional employees for each of its locations.

Other Industry Headlines

- Forge Nano raised \$40 million in a Series D funding round to build out their production line. The Denver-based battery manufacturer will use the funding to meet existing orders as it builds out its 1.3-million-square-foot-facility in Brighton.
- Robinhood announced that they are laying off another 7 percent of their staff as part of their third round of cuts in a little over a year. The announcement did not specify how many employees in their Denver office were affected. According to the company's LinkedIn page, 219 employees work in Metro Denver.

Labor Force & Employment

- Employment in the 11-county Metro Denver region decreased 0.1 percent between May 2022 and 2023, falling by 1,900 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA dropped 0.1 percent by 2,300 jobs, while the Boulder-Longmont MSA increased 0.6 percent by 1,300 jobs during the period.
- Five of 11 supersectors in the eleven-county Metro Denver region reported year-over-year increases in employment. Government had the largest increase (+5.4 percent), followed by other services (+5.2 percent) and leisure and hospitality (+1.8 percent). The financial activities supersector reported the largest year-over-year decrease, falling 8.2 percent, followed by information (-6.7 percent), and transportation, warehousing, and utilities (-2.9 percent).
- Employment in Colorado increased 0.9 percent, or by 25,500 jobs, between May 2022 and 2023.

Metro Denver Nonfarm Wage & Salary Employment

In thousands

	May-23	Apr-23	May-22	YTD Avg 2023	YTD Avg 2022	YTD % Change	Annual Growth Rate 2018
Total 11-County Metro Denver*	1,803.1	1,801.2	1,804.1	1,792.4	1,773.8	1.0%	2.7%
Denver-Aurora MSA	1,596.0	1,594.7	1,598.3	1,586.7	1,571.3	1.0%	2.6%
Boulder-Longmont MSA	207.1	206.5	205.8	205.7	202.5	1.6%	3.2%
Natural Resources & Construction	118.0	118.1	117.8	115.6	114.8	0.7%	6.1%
Manufacturing	94.4	93.8	93.4	94.0	93.2	0.8%	1.5%
Wholesale & Retail Trade	235.2	234.0	238.3	235.1	237.3	-0.9%	1.2%
Transp., Warehousing & Utilities	74.7	74.4	76.9	77.1	77.6	-0.6%	6.9%
Information	59.7	59.7	64.0	60.0	63.4	-5.4%	5.6%
Financial Activities	116.4	117.1	126.8	118.2	125.9	-6.1%	2.1%
Professional & Business Services	355.5	359.8	355.8	354.5	347.2	2.1%	3.1%
Education & Health Services	220.0	221.2	222.5	220.4	220.5	0.0%	2.0%
Leisure & Hospitality	192.7	191.1	189.2	188.4	180.5	4.4%	1.9%
Other Services	79.6	77.2	75.7	76.7	73.5	4.3%	2.6%
Government	256.9	254.8	243.7	252.5	239.9	5.2%	2.3%
Federal Gov't	30.3	29.9	29.9	29.9	29.9	0.1%	-1.6%
State Gov't	72.3	72.5	68.4	71.0	66.9	6.2%	3.5%
Local Gov't	154.3	152.4	145.4	151.5	143.1	5.9%	2.6%
Colorado	2,896.3	2,887.4	2,870.8	2,877.0	2,833.9	1.5%	2.5%

**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

U.S. Nonfarm Wage & Salary Employment

In thousands

	Jun-23	May-23	Jun-22	YTD Avg 2023	YTD Avg 2022	YTD % Change	Annual Growth Rate 2018
United States	156,963	156,266	153,217	154,976.7	150,817.7	2.8%	1.6%

Source: Bureau of Labor Statistics, U.S. Department of Labor, Current Employment Statistics

- The national labor market added 209,000 jobs in June, as monthly job gains fell to their lowest level since 2020. Employment grew 2.4 percent between June 2022 and June 2023, rising by more than 3.7 million jobs. The Bureau of Labor Statistics also revised down April and May's job increases by about 110,000 jobs between the two months.

Employment Outlook

- The Manpower Employment Outlook Survey, which surveys business leaders on their expectations of the coming quarter, revealed that U.S. hiring optimism rose ahead of Q3 2023. Across the nation, 48 percent of companies plan to hire in Q3 2023 down 2 percentage points year-over-year. Companies planning to lay off was up 1.0 percentage points year-over-year at 13 percent, while the number of companies planning no change was up one percentage point at 35 percent. The net U.S. employment outlook, which reflects the difference in the percent of companies hiring versus laying off, was 35 percent ahead of Q3 2023, down 3 percentage points year-over-year Q3 2022 but up 5 percentage points over last quarter.
- One of the four regions in the United States reported improved hiring outlooks for Q3 2023, led by the West with a net employment outlook of 43 percent, up 1 percent from the same quarter last year. The Northeast reported net hiring expectations of 40 percent, followed by the Midwest at 32 percent, and the South at 29 percent. Over the quarter, regional outlooks strengthened in three of the four regions, with the West reporting the largest increase of 14 percentage points.
- Growth is expected across all nine major national industry sectors, with the strongest employment outlook reported in IT & Technology (+55 percent), followed by Financial and Real Estate (+48 percent), and Energy and Utilities (+36 percent).

Employment Outlook Survey

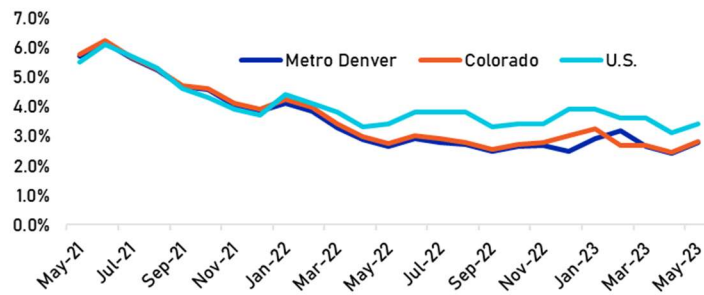
	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022	Annual Avg 2018
West Region						
Net Employment	43%	29%	42%	35%	44%	20%
United States						
% Companies Hiring	48%	46%	50%	46%	52%	23%
% Companies Laying Off	13%	16%	12%	15%	14%	4%
% Companies No Change	35%	34%	34%	35%	31%	72%
% Companies Unsure	4%	4%	4%	4%	3%	2%
Net Employment	35%	30%	38%	31%	38%	19%

Source: Manpower

Labor Force & Unemployment

- Unemployment in the 7-county Metro Denver region increased 0.1 percentage points year-over-year to 2.8 percent in May. In 12 of the last 13 months, Metro Denver has reported an unemployment rate below 3.0 percent.

Unemployment Rate



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

- Six of the seven counties in Metro Denver reported year-over-year increases in the unemployment rate in May. The City and County of Broomfield and Boulder County reported the largest increases, jumping 0.4 and 0.3 percentage points, respectively. Boulder County reported the lowest unemployment rate of 2.5 percent, while Adams County reported the highest rate of 3.0 percent.

Metro Denver Labor Force

In thousands

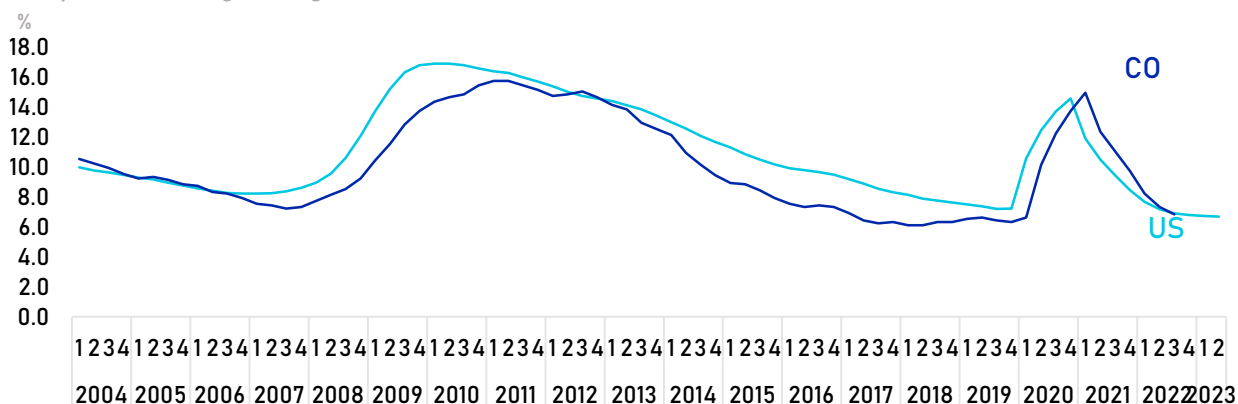
	May 2023		2023 YTD Avg		2022 YTD Avg	
	Total	Unemp. Rate	Total	Unemp. Rate	Total	Unemp. Rate
Metro Denver	1,906.4	2.8%	1,903.2	2.8%	1,885.1	3.3%
Adams County	284.1	3.0%	283.7	3.1%	281.8	3.9%
Arapahoe County	378.0	2.7%	377.5	2.8%	374.9	3.5%
Boulder County	204.8	2.5%	204.4	2.4%	200.9	2.8%
Broomfield County	43.0	2.7%	42.9	2.6%	42.4	2.9%
Denver County	440.4	2.9%	439.7	3.0%	435.8	3.5%
Douglas County	210.1	2.6%	209.6	2.5%	207.0	2.7%
Jefferson County	346.0	2.6%	345.4	2.6%	342.3	3.2%
Colorado	3,236.7	2.8%	3,229.2	2.8%	3,190.1	3.4%
United States	166,702	3.4%	166,191	3.6%	163,686	3.8%

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

- There were 18,310 more people either employed or looking for work between May 2022 and 2023 in Metro Denver, an increase of 1.0 percent. The labor force rose in all seven counties, led by Boulder County (+1.7 percent) and the City and County of Broomfield (+1.2 percent).
- Colorado reported an unemployment rate of 2.8 percent in May, up 0.1 percentage points from the same time last year. Over the month, the state's unemployment rate rose by 0.4 percentage points.
- The Colorado labor force grew by 1.6 percent year-over-year to over 3.2 million people either employed or looking for work. The national unemployment rate was unchanged year-over-year at 3.4 percent and rose 0.3 percentage points month-over-month. The national labor force also increased 1.6 percent between May 2022 and 2023.

U6 Unemployment Rate

4-quarter moving average



Source: Bureau of Labor Statistics. U6 is a measure of total unemployment that also includes those marginally attached to the workforce plus total employed part time for economic reasons. Colorado data through Q4 2022.

- The national four-quarter moving average U-6 unemployment rate, which includes both unemployed people and discouraged workers who are no longer looking for jobs, was 6.7 percent in Q2 2023, down 0.2 percentage points from the same quarter last year. The average from 2013-2023 was 9.9 percent.
- The Colorado U-6 four-quarter moving average was 6.8 percent in Q2 2023, down 0.5 percentage points from Q2 2022 and unchanged from the previous quarter.
- Initial unemployment insurance claims in Metro Denver increased 37.5 percent between May 2022 and 2023, rising to a weekly average of 1,342 claims. Over the month, initial claims fell 9.6 percent.
- Colorado reported an average of 2,263 initial unemployment claims per week in May, up 24.8 percent from the same time last year, and representing 450 more claims each week. Between April and May, average weekly initial claims in Colorado fell 19.0 percent.
- Nationally, there were 204,279 new unemployment claims per week in May, an 8.0 percent drop from May 2022, and an 8.5 percent drop from April 2023.

First Time Unemployment Insurance Claims

	May-23*	Apr-23	May-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	2018 Annual Avg
Metro Denver	1,342	1,485	976	1,376	1,070	28.7%	990
Colorado	2,263	2,795	1,813	2,404	1,971	22.0%	1,938

*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.

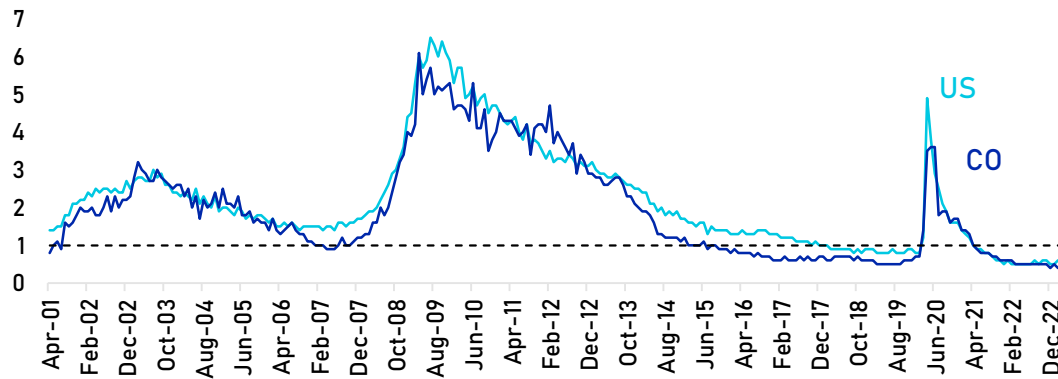
Source: Colorado Department of Labor and Employment, Labor Market Information

- In April, Colorado reported 0.4 unemployed people per open job. This measure of labor tightness has shown continued tension, dropping 0.1 percentage point from 0.5 in April 2022, but unchanged from March 2023. The ten-year average in Colorado from April 2013 to April 2023 was just over one unemployed person per job opening.

- Nationally there were 0.6 unemployed people per job opening, up 0.1 percentage point from April 2022, but unchanged from last month. Nation-wide over the last ten years the country has averaged 1.3 unemployed people per job opening.

Unemployed People per Job Opening

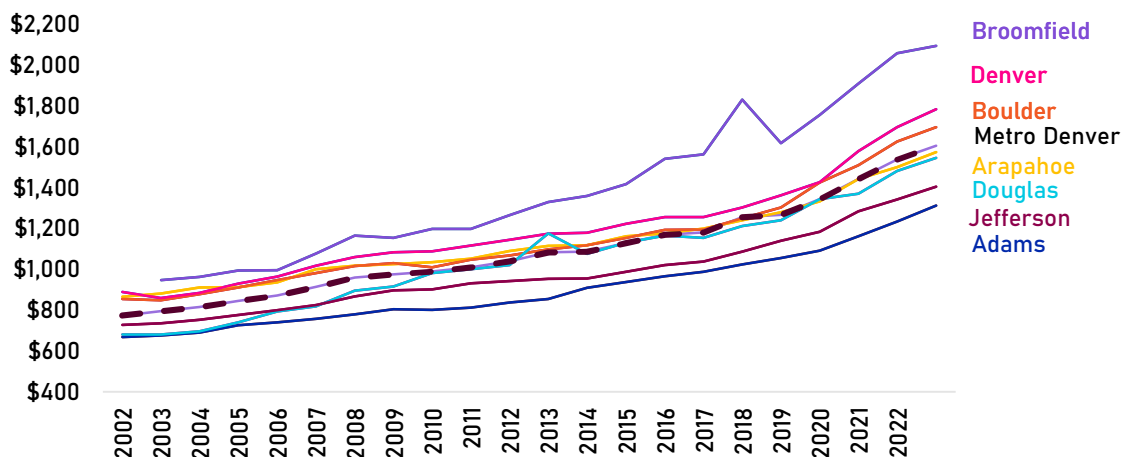
Seasonally adjusted



Source: Bureau of Labor Statistics, Job Openings and Labor Turnover.

- Average wages in Metro Denver fell 2.5 percent between Q4 2022 and Q4 2021, coming in at \$1,638 per week. However, wages rose 2.9 percent from Q3 2022. Throughout the Metro Denver region, the City and County of Broomfield reported the highest average weekly wage of \$2,092.
- Statewide, weekly wages averaged \$1,472 for the fourth quarter of 2022, a 0.9 percent decrease from the same quarter in 2021, but a 2.5 percent increase from the third quarter of 2022.

Annual Weekly Average Wages



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

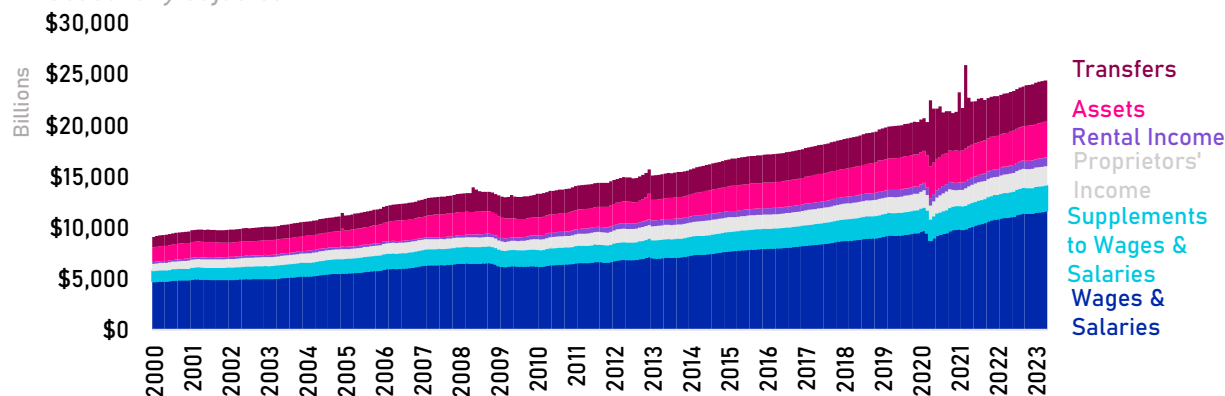
Consumer Activity

Personal Income

- Total personal income in Colorado in Q4 2022 grew 5.9 percent from the same quarter in 2021. Personal income from all sources did fall 0.6 percent from Q3 to Q4 of 2022. Nationally personal income rose 5.7 percent from the Q4 2021 to Q4 2022, and grew 1.8 percent from Q3 to Q4.

U.S. Personal Income

Seasonally adjusted

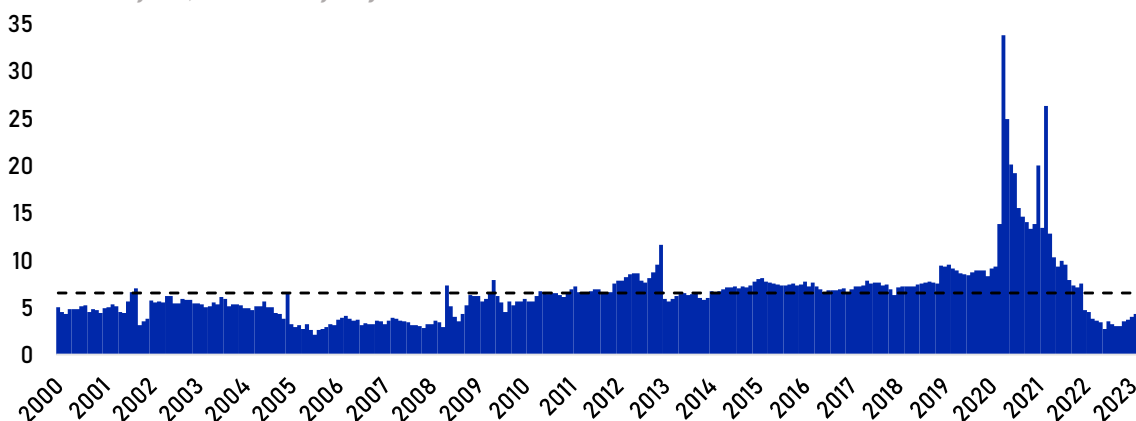


Source: Bureau of Economic Affairs

- Across the country, workers were saving 4.1 percent of their disposable income in April, up 0.5 percentage points from April 2022, but falling 0.4 percentage points from the March figure of 4.5 percent. The national savings rate has come in at or above four percent each month in 2023 after falling to a low of 2.7 percent in June 2022.

U.S. Personal Savings Rate

Year-over-year; Seasonally adjusted



Source: Bureau of Economic Analysis

Consumer Sentiment

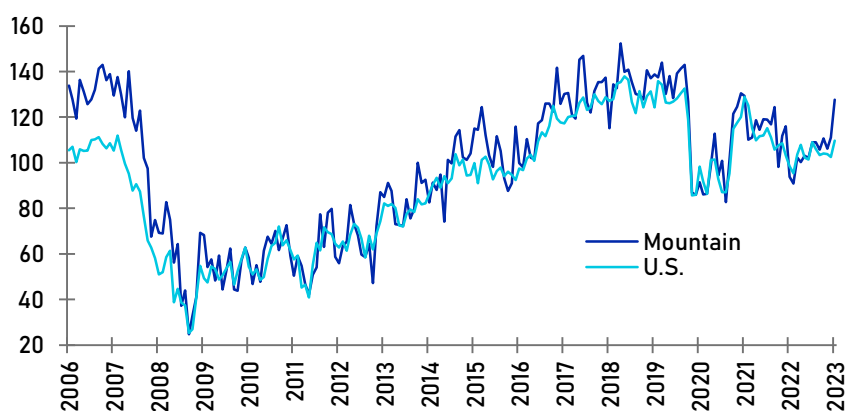
- The U.S. Consumer Confidence Index rose in June. The index now stands at 109.7, a 7 percent month-over-month increase, and an 11.5 percent increase year-over-year.
- Analysts at The Conference Board stated that the drop was driven by a jump in the Present Situation Index, which rose to 155.3, up from 148.9 in May, and the Expectations Index which rose by 7.8 points to 79.3. The sharp increase in expectations was most pronounced in consumers under the age of 35.

Consumer Confidence Index							
	Jun-23	May-23	Jun-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Annual Avg 2018
Mountain	127.6	111.1	93.8	111.7	110.1	1.4%	134.3
United States	109.7	102.5	98.4	104.9	105.8	-0.8%	130.1

Source: The Conference Board. (p)=preliminary

- The Mountain region index, which includes Colorado, increased 36.0 percent between April 2022 and 2023 to 127.6. The index rose 14.9 percent month-over-month from 111.1 in May. The Present Situation Index climbed 33.1 percent year-over-year to 182.1, while the Expectations Index increased 40.0 percent to 91.3 during the period.

Consumer Confidence Index



Source: The Conference Board.

Consumer Spending

- National retail sales activity fell 0.3 percent year-over-year in April, with 6 of the 13 supersectors reporting increases during the period. Food service and drinking places reported the largest year-over-year increase of 7.8 percent, followed by health and personal care stores (+5.7 percent) and non-store retailers (+5.3 percent). Gas stations reported the largest drop of 15.2 percent, followed by furniture and home furnishing stores (-11.9 percent) and electronics and appliance stores (-9.9 percent). May retail sales data will be released on July 18.

National Retail Sales

\$ in millions

	Apr-23	Mar-23	Apr-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Growth 2018
Total Retail Sales	677,509	695,933	679,473	2,612,055	2,520,018	3.7%	4.4%
Motor vehicles and parts dealers	133,538	141,845	137,461	512,501	509,451	0.6%	1.6%
Furniture and home furnishing stores	10,607	12,035	12,040	44,174	45,281	-2.4%	3.2%
Electronics and appliance stores	6,687	7,494	7,425	28,162	28,824	-2.3%	1.8%
Building materials and garden equipment and supplies stores	43,548	42,170	46,530	155,474	159,154	-2.3%	5.2%
Food and beverage stores	80,205	81,360	77,842	315,431	301,651	4.6%	2.9%
Health and personal care stores	34,317	36,344	32,470	137,387	128,191	7.2%	4.3%
Gasoline stations	53,610	54,553	63,187	206,100	221,436	-6.9%	9.8%
Clothing and clothing accessories stores	24,714	24,963	25,539	90,019	88,855	1.3%	2.3%
Sporting goods, hobby, book and music stores	7,960	8,258	8,144	30,271	29,646	2.1%	-4.4%
General merchandise stores	71,106	68,530	69,677	268,279	256,637	4.5%	2.2%
Miscellaneous store retailers	15,190	14,861	14,990	56,654	54,306	4.3%	4.3%
Non-store retailers	106,759	111,671	101,385	424,403	396,623	7.0%	11.1%
Food services and drinking places	89,268	91,849	82,783	343,200	299,963	14.4%	5.7%

Source: U.S. Census Bureau

- Retail sales in Metro Denver fell 2.0 percent between April 2022 and 2023. Four of the seven counties in Metro Denver reported year-over-year increases in retail sales. Jefferson County reported the largest increase of 3.3 percent, followed by Adams County (+1.9 percent) and Douglas County (+1.3 percent). The City and County of Broomfield reported the largest year-over-year decrease of 10.4 percent. Retail sales throughout Colorado fell 2.3 percent year-over-year.

Metro Denver Retail Sales

\$ in thousands

	Apr-23	Mar-23	Apr-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Growth 2018
Metro Denver	13,466,611	16,199,931	13,735,545	54,408,846	53,281,916	2.1%	4.9%
Adams County	2,550,330	2,910,272	2,503,400	9,952,958	10,112,822	-1.6%	9.1%
Arapahoe County	2,320,389	2,771,634	2,310,492	9,499,171	9,177,835	3.5%	4.0%
Boulder County	1,267,477	1,706,400	1,330,015	5,371,950	5,366,076	0.1%	3.2%
Broomfield County	247,909	328,019	276,813	1,047,948	1,062,752	-1.4%	0.6%
Denver County	3,359,826	4,001,465	3,683,610	13,739,023	13,251,100	3.7%	5.1%
Douglas County	1,551,004	1,813,462	1,531,001	5,913,051	5,951,812	-0.7%	2.2%
Jefferson County	2,169,677	2,668,679	2,100,214	8,884,745	8,359,517	6.3%	3.4%
Colorado	22,337,402	27,671,626	22,856,797	92,723,440	90,531,872	2.4%	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

- Denver welcomed a record 36.3 million visitors in 2022, a 15.0 percent increase over 2021. The study by Longwoods International also reported that Denver reaped \$9.4 billion in tourism revenue, far surpassing the previous record of \$7.0 billion in 2019.
- The number of visitors hiking Colorado's fourteeners declined 8.0 percent in 2022 from 2021 levels, furthering a trend that has seen the number of hikers fall 33.0 percent from its 2020 peak. Approximately 279,000 people hiked fourteeners in 2022, down from 415,000 in 2020 during the height of the COVID-19 pandemic.
- The average hotel occupancy rate in Metro Denver rose 2.0 percentage points year-over-year to 74.0 percent in the month of May 2023. The average hotel room rate rose 4.3 percent to \$162.89 per night, an increase of \$6.69 during the period.

Metro Denver Hotel Statistics

	May-23	Apr-23	May-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Annual Avg 2018
Hotel Occupancy Rate	74.0%	66.7%	72.0%	65.2%	62.5%	74.0%	66.7%
Average Hotel Room Rate	\$162.89	\$151.41	\$156.20	\$145.69	\$134.89	\$162.89	\$151.41

Sources: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that almost 6.6 million passengers passed through the airport in May, a 10.3 percent increase from the previous year, or over 0.6 million passengers.

Denver International Airport Passengers

	May-23	Apr-23	May-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018
Number of Airline Passengers	6,598,101	5,998,391	5,982,477	29,792,250	25,916,595	15.0%	64,494,613

Source: Denver International Airport, Traffic Statistics.

Monetary Policy & Markets

Interest Rates

- In their meeting on June 13-14, the Federal Open Market Committee (FOMC) paused their schedule of interest rate increases while continuing to look for signs of moderating prices and a cooling economy. The tight labor market and persistently high inflation weighed heavily on the committee's decision. Ultimately, they opted to pause and observe how previous rate increases are impacting inflation.
- The FOMC seeks to achieve maximum employment and inflation at the rate of 2.0 percent over the long run. In support of these goals, the committee held the target range for the federal funds rate at 5.0 to 5.25 percent breaking a streak of ten straight increases 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 July 25-26, 2023.

Inflation

- The U.S. Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics showed that consumer prices in May increased 4.0 percent year-over-year, down from a 4.9 percent increase in April and 5.0 percent in March. This was the 11th consecutive decrease in the year-over-year inflation rate. Core inflation, which excludes volatile food and energy prices, rose 5.3 percent year-over-year in May, down from 5.5 percent in April.
- Seven of the eight components of the CPI increased year-over-year, with the largest increases in housing (+6.8 percent), other goods and services (+6.7 percent), and food and beverages (+6.6 percent). Transportation reported the only year-over-year decrease of 2.0 percent.
- The CPI for the Denver-Aurora-Lakewood MSA rose 5.1 percent year-over-year in May, down from a 5.7 percent increase in March, and the seventh consecutive decline in the inflation rate. The bimonthly CPI update indicated that prices rose 0.8 percent from March to May.
- Seven of the eight components in the Denver MSA reported increases between May 2022 and 2023, with the largest increases in recreation (+8.1 percent), housing (+7.8 percent), and food and beverage (+7.4 percent). Medical care reported the only decrease of 0.2 percent.

Cost of Living

- According to the AAA Daily Fuel Gauge Report, the national average fuel price at the end of June was \$3.56 per gallon, down 25.9 percent from the same time last year. The Metro Denver average fuel price decreased 25.2 percent year-over-year to an average of \$3.62 per gallon, falling \$1.22 over the period. The average fuel price in Metro Denver was \$0.07 higher than the average fuel price in the U.S.

- The annual cost of living in the Denver MSA was 10.5 percent higher than the national average in 2022 according to the Cost of Living Index (COLI) put out by the Council for Community and Economic Research.
- Denver reported higher than national average prices in 3 of the 6 major categories, coming in 35.6 percent above the national average in housing costs, 7.8 percent above in miscellaneous goods and services, and 0.3 percent above in transportation costs. The Denver MSA also reported 13.5 percent below average utility costs, 5.6 percent lower grocery/food costs, and 0.4 percent lower healthcare costs on average.

Stock Market

- All four stock market indexes tracked increased between June 2022 and 2023. The Bloomberg Colorado Index reported the largest increase, jumping up 25.8 percent, followed by the NASDAQ (+25.0 percent), the S&P 500 (+17.6 percent), and the DJIA (+11.8 percent). Three of the four indices grew between May and June 2023. The NASDAQ reported the largest increase (+6.6 percent), followed by the S&P 500 (+6.5 percent), and the DJIA (+4.6 percent). The Bloomberg Colorado Index reported the only decrease of 0.1 percent.

Stock Market Indexes						
	Jun-23	May-23	June-22	YTD Return 2023	YTD Return 2022	Annual Avg Return 2018
Bloomberg Colorado	804.0	804.7	638.9	24.7%	-27.8%	-7.4%
S&P 500	4,450.4	4,179.8	3,785.4	15.9%	-20.6%	-6.7%
NASDAQ	13,787.9	12,935.3	11,028.7	31.7%	-29.5%	-3.9%
DJIA	34,407.6	32,908.3	30,775.4	3.8%	-15.3%	-6.1%

Sources: Bloomberg.com, Yahoo! Finance.

Residential Real Estate

- According to the Freddie Mac “Primary Mortgage Market Survey,” 30-year mortgage rates averaged 6.71 percent for the week ending June 29, 2023, 0.08 percentage points lower than the average rate from four weeks prior of 6.79 percent. A year ago, 30-year mortgage rates averaged 5.7 percent.
- With mortgage rates remaining well over six percent, homeowners with sub-3 percent mortgages are not putting their houses on the market. A Redfin report estimated that 92 percent of homeowners nationally currently hold a mortgage with rates below the current market rate. Almost 30,000 single-family homes have been listed for sale in Colorado in 2023 compared to 34,200 over the same period last year and 47,474 new listings in the first five months of 2019.
- Denver ranked 15th in a new RentCafe report on the most popular cities for apartment hunters. Denver remains in the top 10 percent of most searched cities, but fell from 6th in May, dropping nine spots. Aurora ranked 38th for its search prevalence among renters.

Recently Announced Projects

- Taylor Kohrs broke ground in June on the Archway Communities’ affordable housing community on the Mosaic Community Campus. The 154-unit site will be exclusively for those making between 30 and 60 percent of the area median income (AMI). The first units will be delivered in early 2024.
- The Northfield Flats affordable housing project broke ground in June on 129 affordable housing units. All of the units in the project are reserved for those making up to 80 percent of the AMI, with one third being reserved for those at or below 30 percent of the local AMI. Current plans indicate that the first units will begin leasing in the summer of 2024.
- Mile High Development is building a 102-unit affordable housing building at 9250 Ralston Road in Arvada. The firm broke ground on the project on June 29th. Units will be leased to members of the community who earn 30-80 percent of the AMI. This is Mile High Development’s eleventh proposed affordable housing project in the Metro Denver area.
- Galloway & Company submitted plans to build 98 row homes behind the Brentwood Shopping Center in Denver’s Harvey Park neighborhood. The developers did not release a proposed timeline for moving forward.
- Weins Development Group plans on building an apartment complex at 1288-1298 South Santa Fe Drive. The 66-unit apartment building is the first step in the group’s plans to build over 100 apartment units in the area. In accordance with the Denver ordinance, 10-12 percent of the new units will be offered to those earning approximately 60 percent of the median area income. Current plans indicate that they will break ground on the development in early 2024, and complete the project in 2025.
- Brookfield Residential acquired 1.5 acres in the Central Park neighborhood with plans to build 37 townhomes on the site. Construction is expected to begin in the first quarter of 2024.

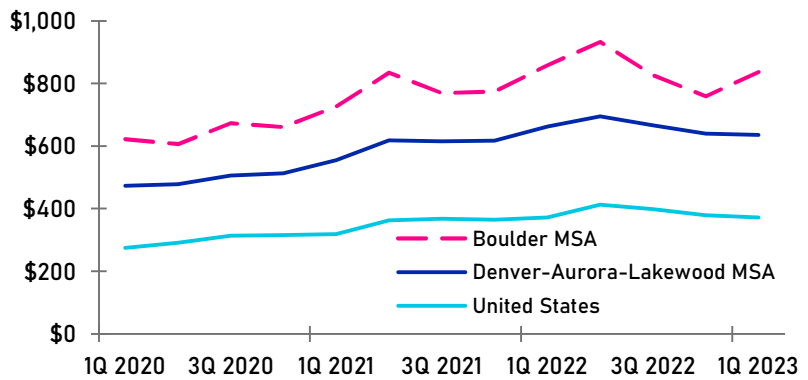
Existing Home Sales

Metro Denver

- Home sales in the 11-county Metro Denver region totaled 4,167 in May, down 28.7 percent from the same month last year.
- The number of homes on the market at the end of the month increased by 43.2 percent to 5,228 in May 2023 compared with the same month last year, representing 1,576 additional homes. The inventory of available homes rose by 13.2 percent in May over the previous month; however, it is still lower than the historic average of 14,296 listings available at the end of each month.
- The average listing spent 22 days on the market in May, according to the Denver Metro Association of Realtors. New listings in May were up 8.9 percent from April, and down 23.9 percent from a year earlier.

Median Home Prices

\$ in thousands



Source: National Association of Realtors, not seasonally adjusted

Metro Denver Existing Home Sales Activity

	May-23	Apr-22	May-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Avg 2018
Home Sales (Closed)	4,167	3,905	5,848	17,164	22,552	-23.9%	56,509
Homes on Market	5,228	4,620	3,652	5,228	3,652	43.2%	5,577
Average Sales Price-Single Family	\$789,911	\$768,865	\$804,136	\$753,158	\$781,519	-3.6%	\$522,675
Average Sales Price-Condo	\$486,096	\$471,024	\$497,107	\$474,569	\$482,531	-1.7%	\$351,750
Median Sales Price-Single Family	\$659,945	\$640,000	\$670,000	\$629,970	\$655,000	-3.8%	\$441,000
Median Sales Price-Condo	\$425,000	\$409,925	\$430,250	\$410,000	\$422,000	-2.8%	\$300,000

Source: Denver Metro Association of Realtors

- The median sale price for single-family homes in Metro Denver decreased 1.5 percent year-over-year to \$659,945, representing \$10,060 less per home during the period. The median sales price for condominiums fell 1.2 percent year-over-year to \$425,000, representing a decrease of \$5,250 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 2.6 and 3.4 percent, respectively, in May 2023 compared to the same time last year. The median sale price fell to \$575,000 from \$595,150. Average time on market nearly doubled, jumping from 22 days in May 2022 to 40 days in May 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 Q1 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 Q1 2022, up from almost 11 percent in Q4 2022.

National

- The National Association of REALTORS' (NAR) home affordability index fell to 96.2 in April down from 97.9 in March. 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 69.8 in April, down from 70.5 in March.
- Total existing-home sales rose 0.2 percent from April to a seasonally adjusted annual rate of 4.3 million in May, according to the National Association of REALTORS (NAR). Sales decreased 20.4 percent year-over-year from the May 2022 reading of 5.4 million.
- All four regions reported year-over-year decreases in total home sales in April. The West region reported the largest decrease of 25.6 percent, followed by the Northeast (-25.4 percent), the Midwest (-20.8 percent), and the South (-16.5 percent).
- Properties remained on the market for 18 days in May, down from 22 in April and up from 16 days in May 2022. Of the homes sold in April, 74 percent were on the market for less than a month.
- NAR data showed the median existing-home price for all housing types nationally was \$396,100 in May, down 3.1 percent from the same time last year. This marks the fourth 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 2.5 percent year-over-year. The median home price in the Midwest also grew, rising by 1.1 percent. The West region reported the largest year-over-year decrease, falling by 5.7 percent, followed by the South where prices fell 2.7 percent from May 2022.
- The West region reported the highest median home price of \$596,500, while the Midwest reported the lowest median price of \$298,000 in May.

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

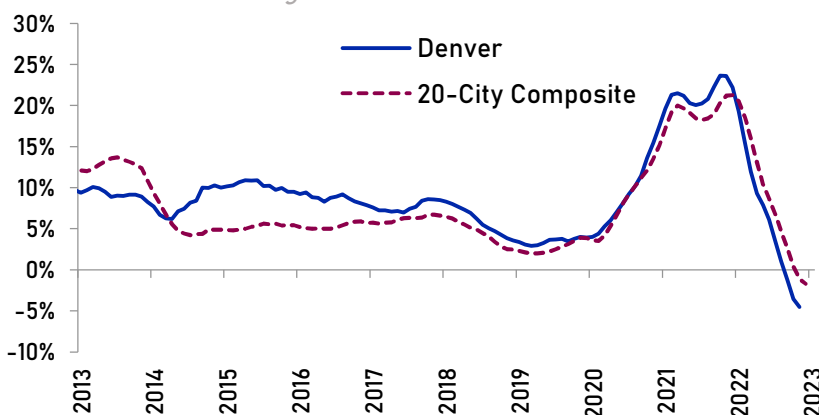
	Q1 2023 (p)	Q4 2022 (r)	Q1 2022	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Median 2018
Boulder MSA	\$836.9	\$759.5	\$859.1	\$836.9	\$859.1	-2.6%	\$607.4
Denver-Aurora MSA	\$636.1	\$640.0	\$662.2	\$636.1	\$662.2	-3.9%	\$449.9
United States	\$371.2	\$378.7	\$372.0	\$371.2	\$372.0	-0.2%	\$261.6

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

- Home price increases are moderating across the country. Only 7.0 percent of the metro markets posted double-digit annual price appreciation in the first quarter compared with 18 percent in the fourth quarter.

S&P/Case-Shiller Home Price Indices

Year-over-Year % Change



Source: Standard & Poor's.

- The national home price decreased 2.0 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.
- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver decreased 4.5 percent between April 2022 and April 2023, down from a 3.6 percent decrease in March and a 1.2 percent decrease in February. April marked the 11th 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 third year-over-year decrease in home prices since December 2011.
- National housing prices decreased 0.2 percent year-over-year in April, down from a 0.7 percent increase in March and a 2.1 percent increase in February. Month-over-month home prices rose again in April. Prices rose month-over-month in all 20 major cities.
- Miami reported the highest year-over-year price increase of 5.2 percent, followed by Chicago (+4.1 percent) and Atlanta (+3.5 percent). Seattle reported the largest year-over-year decrease, falling by 12.4 percent, followed by San Francisco (-11.1 percent) and Las Vegas (-6.6 percent). Denver ranked 14th out of 20.

Foreclosures

- Foreclosures in Metro Denver decreased 2.9 percent between June 2022 and June 2023, falling by six filings during the period. Month-over-month, foreclosures fell 8.6 percent from 220 filings in May. Three of seven counties reported increases in filings compared to last year; however, these increases only totaled 10 foreclosures in the Metro Denver region. Denver, Adams, Douglas, , and Jefferson Counties recorded a total of 16 fewer foreclosures.

Metro Denver Residential Foreclosures

	Jun-23	May-23	Jun-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018
Total Metro Denver*	201	220	207	1,293	1,352	-4.4%	2,725
Adams County	48	49	53	327	384	-14.8%	637
Arapahoe County	51	60	45	303	341	-11.1%	638
Boulder County	10	11	7	69	55	25.5%	124
Broomfield County	3	3	2	10	13	-23.1%	42
Denver County	34	32	40	245	258	-5.0%	538
Douglas County	23	21	25	119	100	19.0%	278
Jefferson County	32	44	35	220	201	9.5%	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 20.0 percent year-over-year to a seasonally adjusted annual rate of 763,000 in May, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- Three of the four regions reported a year-over-year increase in home sales. The Northeast reported the largest increase of 110.5 percent, followed by the Midwest (+40.0 percent) and the South (+22.0 percent). The West region reported the only decrease, falling by 0.6 percent.

New Home Construction

National

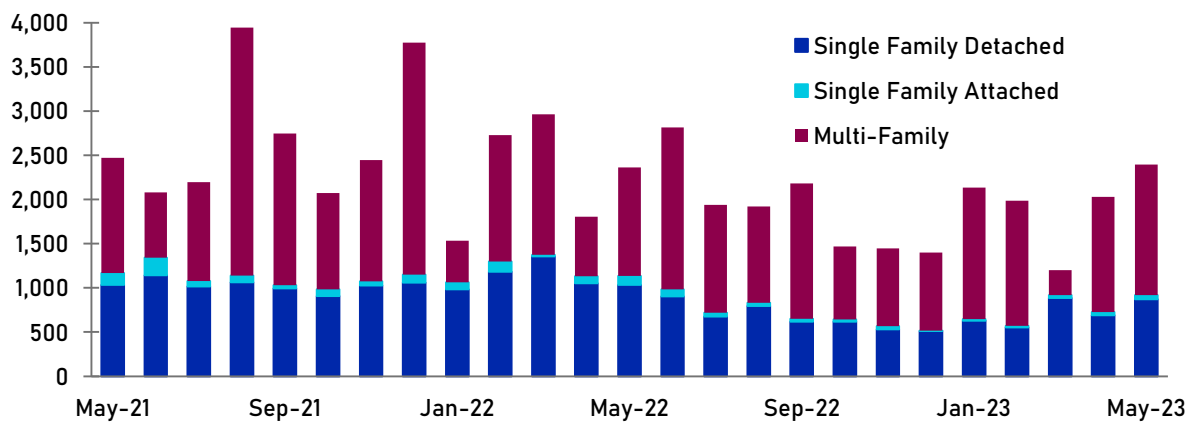
- Builder confidence for new single-family homes increased 5 points to 55 in June, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This was the sixth increase after twelve consecutive months of builder sentiment declines, rising from 31 in December, 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 improved supply chains.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled almost 1.5 million units in May, a 5.6 percent month-over-month increase, and a 12.4 percent decrease compared with the same month last year.
- Building permits for single-family detached units decreased 12.7 percent year-over-year, or by 131,000 units permitted to a total of 902,000 units permitted in May. Single-family attached units reported a decrease of 10.0 percent over the year, while multi-family units decreased 12.2 percent year-over-year to 540,000 units permitted in May.

- Three of the four regions reported year-over-year decreases in total units permitted. The Midwest region reported the largest year-over-year decrease of 19.7 percent, followed by the South (-13.2 percent) and the West (-11.4 percent). The Northeast reported the only year-over-year increase of 3.0 percent.

Metro Denver

- Residential building permits in Metro Denver totaled 2,394 units permitted in May, an increase of 1.3 percent, or 30 units, from the same time last year.
- Single-family detached units permitted decreased 15.7 percent year-over-year, falling by 162 units permitted during the period. Single-family attached units decreased 54.8 percent, or by 57 units, to a total of 47 during the period. Multi-family units increased 20.3 percent, or by 249 units, to a total of 1,476 units permitted in April.

Metro Denver Residential Building Permits



Source: U.S. Census Bureau

Metro Denver Residential Building Permits

	May-23	Apr-23	May-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018
Single-Family Detached Units	871	689	1,033	3,628	5,609	-35.3%	12,248
Single-Family Attached Units	47	37	104	149	396	-62.4%	400
Multi-Family Units	1,476	1,303	1,227	5,965	5,394	10.6%	11,561
Total Units	2,394	2,029	2,364	9,742	11,399	-14.5%	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 average rental rate for all units in Q1 2023 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 \$1,846 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

Recently Announced Projects

- Schnitzer West completed its purchase of a 10-acre lot near the Flatiron business area with plans to build a two-building Research & Development Campus, breaking ground in Q4 2024. The new facility will provide 216,000 square feet of office space and will add to Boulder County's bioscience community.
- Koelbel & Company is developing a 200,000-square-foot office building on the corner of 6th Avenue and Valdai Street near the Buckley Space Force Base. The facility will be a designated secure site and is marketed specifically for the defense industry.
- Entegris Inc. broke ground on a \$600 million semiconductor manufacturing center in Colorado Springs. Production should begin in early 2025. The 100,000 square foot project was facilitated by the implementation of the CHIPS Act passed in August 2022.
- Mortenson, a Minneapolis-based developer, broke ground on a 65,000-square-foot office building in RiNo at 3803 Walnut Street. The developers will occupy 37,000 square feet in the facility which is slated to be completed in Q4 2024.

Office Market

- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.8 percent in the second quarter of 2023, an increase of 0.2 percentage points from the previous quarter. The vacancy rate was up 0.8 percentage points year-over-year. The average lease rate increased 0.7 percent between the second quarters of 2022 and 2023, or by \$0.23, to \$31.08 per square foot.
- The vacancy rate including sublease space increased 1.0 percent year-over-year, rising from 13.8 percent in Q2 2022 to 14.8 percent in Q2 2023. This included almost 7 million square feet of vacant sublease space, the largest amount of vacant sublease space since 2002.

Metro Denver Office Market Statistics

	Q2 2023	Q1 2023	Q2 2022	Q2 2021	Q2 2020	Q2 2019
Number of Buildings	6,654	6,652	6,642	6,625	6,593	6,567
Existing Square Feet (millions)	203.5	203.4	202.7	201.7	199.1	197.8
Vacant Square Feet (direct, millions)	26.0	25.7	24.4	24.3	18.3	17.3
Vacancy Rate (direct)	12.8%	12.6%	12.0%	12.0%	9.2%	8.8%
Vacancy Rate (with sublet)	14.8%	14.8%	13.8%	13.8%	10.1%	9.4%
Avg. Lease Rate (direct, per sq. ft., full service)	\$31.08	\$31.06	\$30.85	\$29.32	\$28.49	\$27.48
New Construction Completed (year-to-date)	0.5 MSF, 8 Bldgs	0.39 MSF, 6 Bldgs	0.40 MSF, 7 Bldgs	1.47 MSF, 13 Bldgs	0.50 MSF, 12 Bldgs	0.85 MSF, 16 Bldgs
Currently Under Construction	4.3 MSF, 28 Bldgs	3 MSF, 19 Bldgs	1.98 MSF, 19 Bldgs	1.75 MSF, 19 Bldgs	3.68 MSF, 38 Bldgs	3.11 MSF, 36 Bldgs

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

- There were eight office buildings completed through the first half of 2023, delivering 500,000 square feet to Metro Denver. The largest buildings completed were the 176,500-square-foot office buildings 1 and 2 located in Lafayette.
- There was 4.3 million square feet of office space in 28 buildings under construction in Metro Denver during the second quarter of 2023. The largest buildings under construction were 1900 Lawrence (704,036 square feet in downtown Denver) and the 600,000-square-foot World Trade Center in Denver.
- In line with recent trends, the largest share of office construction is found in the City and County of Denver at over 68 percent of the office square footage under construction in the Metro Denver region.

Industrial & Flex Market

- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver increased 1.3 percentage points to 5.9 percent between the second quarters of 2022 and 2023. The total vacancy rate including sublease space also rose 1.3 percentage points year-over-year to 6.2 percent. The average lease rate increased \$1.07 per square foot to \$10.50, an 11.3 percent increase over the same time last year.
- Seventeen industrial buildings providing 2.75 million square feet of space were completed through Q2 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 in Aurora, and the 304,620-square-foot BlueScope Logistics Center II in Englewood.

Metro Denver Industrial Market Statistics						
	Q2 2023	Q1 2023	Q2 2022	Q2 2021	Q2 2020	Q2 2019
Number of Buildings	7,406	7,399	7,359	7,323	7,278	7,231
Existing Square Feet (millions)	255.2	254.4	246.9	239.1	233.3	227.4
Vacant Square Feet (direct, millions)	15.0	15.3	11.3	14.3	11.1	9.3
Vacancy Rate (direct)	5.9%	6.0%	4.6%	6.0%	4.7%	4.1%
Vacancy Rate (with sublet)	6.2%	6.3%	4.9%	6.6%	5.2%	4.2%
Avg. Lease Rate (direct, per square foot, NNN)	\$10.50	\$10.12	\$9.43	\$8.89	\$8.77	\$8.00
New Construction Completed (year-to-date)	2.75 MSF, 17 Bldgs	1.86 MSF, 10 Bldgs	2.16 MSF, 11 Bldgs	3.27 MSF, 20 Bldgs	2.38 MSF, 16 Bldgs	2.55 MSF, 21 Bldgs
Currently Under Construction	10.47 MSF, 54 Bldgs	8.69 MSF, 46 Bldgs	9.41 MSF, 53 Bldgs	6.26 MSF, 30 Bldgs	6.63 MSF, 45 Bldgs	4.31 MSF, 33 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet. NNN=triple net lease.

- Metro Denver's industrial construction pipeline remains robust with 10.47 million square feet of space under construction in 54 buildings. Almost 64 percent of the industrial space under construction is located in Adams County, including the second- and third-largest buildings under construction, the 919,000-square-foot Dollar General warehouse, and the 625,000-square-foot DIA Logistics Park. The largest facility under construction is the 1.3 million-square-foot Pepsi manufacturing facility on East 72nd Avenue by Denver International Airport. Of the buildings under construction, 39 are slated to be completed in 2023 and 15 in 2024.
- The direct flex vacancy rate in Metro Denver decreased 0.2 percentage points year-over-year to 6.6 percent vacancy. The average lease rate rose 5.4 percent, or by \$0.80, to \$15.58 per square foot during the period.

- New flex construction has been more limited than other property types but remains strong through the start of Q3 2023. Four new flex buildings totaling 170,000 square feet were completed through Q2 2023. There were 22 buildings totaling over 410,000 square feet under construction as of the end of Q2 2023. Over 62 percent of the square footage under construction is located in the City and County of Broomfield and Boulder and Jefferson Counties. The largest building under construction is a 40,000-square-foot building at 15503 Denver West Parkway in Lakewood.

Metro Denver Flex Market Statistics

	Q2 2023	Q1 2023	Q2 2022	Q2 2021	Q2 2020	Q2 2019
Number of Buildings	1,610	1,608	1,598	1,594	1,592	1,578
Existing Square Feet (millions)	48.3	48.3	47.6	47.5	47.5	46.7
Vacant Square Feet (direct, millions)	3.2	3.1	3.3	3.6	2.9	2.3
Vacancy Rate (direct)	6.6%	6.5%	6.8%	7.6%	6.1%	4.8%
Vacancy Rate (with sublet)	7.2%	7.2%	7.1%	8.2%	6.4%	5.1%
Avg. Lease Rate (direct, per square foot, NNN)	\$15.58	\$15.25	\$14.78	\$13.49	\$13.30	\$12.08
New Construction Completed (year-to-date)	0.17 MSF, 4 Bldgs	0.15 MSF, 2 Bldgs	0.08 MSF, 4 Bldgs	0.03 MSF, 1 Bldg	0.29 MSF, 2 Bldgs	0.09 MSF, 4 Bldgs
Currently Under Construction	0.41 MSF, 22 Bldgs	0.29 MSF, 17 Bldgs	0.82 MSF, 20 Bldgs	0.26 MSF, 8 Bldgs	0.32 MSF, 8 Bldgs	0.44 MSF, 8 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet. NNN=triple net lease.

Retail Market

- The direct vacancy rate for retail space in Metro Denver decreased 0.4 percentage points year-over-year to 4.1 percent in Q2 2023, according to CoStar. The direct vacancy rate including sublease space decreased 0.4 percentage points year-over-year to 4.2 percent. The average lease rate increased 4.2 percent to \$20.51 per square foot.
- Through the end of Q2 2023, 43 retail buildings totaling 460,000 square feet were completed. An additional 56 buildings with more than 818,000 square feet of space are under construction 39 are expected to be completed in 2023, and the remaining 17 should wrap up construction in 2024. Almost 44 percent of the space under construction is located in the City and County of Denver or Adams County.

Metro Denver Retail Market Statistics

	Q2 2023	Q1 2023	Q2 2022	Q2 2021	Q2 2020	Q2 2019
Number of Buildings	13,218	13,202	13,136	13,056	12,983	12,856
Existing Square Feet (millions)	176.3	176.1	175.5	174.8	174.0	172.6
Vacant Square Feet (direct, millions)	7.2	7.0	7.9	8.6	7.6	6.6
Vacancy Rate (direct)	4.1%	4.0%	4.5%	4.9%	4.4%	3.8%
Vacancy Rate (with sublet)	4.2%	4.1%	4.6%	5.1%	4.5%	3.9%
Avg. Lease Rate (direct, per square foot, NNN)	\$20.51	\$20.37	\$19.68	\$18.99	\$18.16	\$18.77
New Construction Completed (year-to-date)	0.46 MSF, 43 Bldgs	0.26 MSF, 24 Bldgs	0.19 MSF, 27 Bldgs	0.26 MSF, 18 Bldgs	0.56 MSF, 30 Bldgs	0.47 MSF, 49 Bldgs
Currently Under Construction	0.82 MSF, 56 Bldgs	0.75 MSF, 44 Bldgs	0.77 MSF, 62 Bldgs	1.12 MSF, 31 Bldgs	0.94 MSF, 60 Bldgs	1.15 MSF, 68 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet. NNN=triple net lease.



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