



MARCH 2023

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting
our regional economy



March 2023 MEI Snapshot

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕↗ Positive Changes	9 of 18		8 of 18		11 of 18	
Nonfarm Employment Growth	10,600	↑	66,600	↑	74,400	↑
	Employment was up 0.6% from November to December		Employment up 3.8% from December 2021 to 2022		YTD employment up 4.4% through December	
Manpower Net Employment (West Region)	33%	↓	33%	↓	33%	↓
	Net employment fell from 4Q 2022 to 1Q 2023		Net employment decreased 14 percentage points from 1Q22 to 1Q23		YTD average down 14 percentage points compared with 2022	
Unemployment Rate	2.7%	↓	-0.9 percentage points	↓	3.3%	↓
	Unemployment fell 0.5 percentage points from November to December		Unemployment down from December 2021 to 2022		Down 2 percentage points from 2021 YTD average	
Initial Unemployment Insurance Claims	-24.9%	↓	38.0%	↑	-81.1%	↓
	Claims decreased from November to December		Claims increased from December 2021 to 2022		YTD average claims decreased through December 2022	
Total National Retail Sales	7.9%	↑	5.1%	↑	9.1%	↑
	National sales increased from November to December		National sales increased from December 2021 to 2022		YTD sales increased through December 2022	
Mountain Region Consumer Confidence Index	109.6	↑	-11.9%	↓	109.3	↓
	Index up 0.6 percent from January to February		Index down from February 2022 to 2023		YTD average down 9.4% through February 2023	
Hotel Occupancy	55.5%	↑	3.9 percentage points	↑	55.5%	↑
	Increased 2.5 percentage points from December to January		Occupancy increased from January 2022 to 2023		YTD occupancy up from last year	
Denver International Airport Passengers	-2.7%	↓	5.7%	↑	17.8%	↑
	Passengers down from November to December		Passengers up from December 2021 to 2022		YTD passengers increased through December 2022	
Bloomberg Colorado Index	689.7	↓	-12.5%	↓	7.0%	↑
	Index down 7.2 percent from January to February		Index down from February 2022 to 2023		YTD return up through February 2023	
Dow Jones Industrial Average	32,636.4	↓	-3.7%	↓	-1.5%	↓
	Index down 4.3 percent from January to February		Index down from February 2022 to 2023		YTD return down through February 2023	
Home Sales (closed)	2,041	↓	-33.6%	↓	2,041	↓
	Sales down 29.2% from December to January		Sales down from January 2022 to 2023		YTD sales down 33.6% from last year	
Median Home Price (Denver-Aurora MSA)	\$640,000	↓	3.6%	↑	\$670,100	↑
	Down 3.9% from 3Q 2022 to 4Q 2022		Prices are up from 4Q 2021 to 4Q 2022		YTD price 10.4% higher through 4Q 2022	
Foreclosures	201	↓	34.0%	↑	420	↑
	Down 8.2% from January to February		Up from February 2022 to 2023		Up 76.5% YTD through February 2023	
Residential Building Permits (Total)	2,112	↑	37.6%	↑	2,112	↑
	Permits increased 51% from December to January		Permits up from January 2022 to 2023		YTD permits up 37.6% through January 2023	

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

March 2023 MEI

About This Report

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

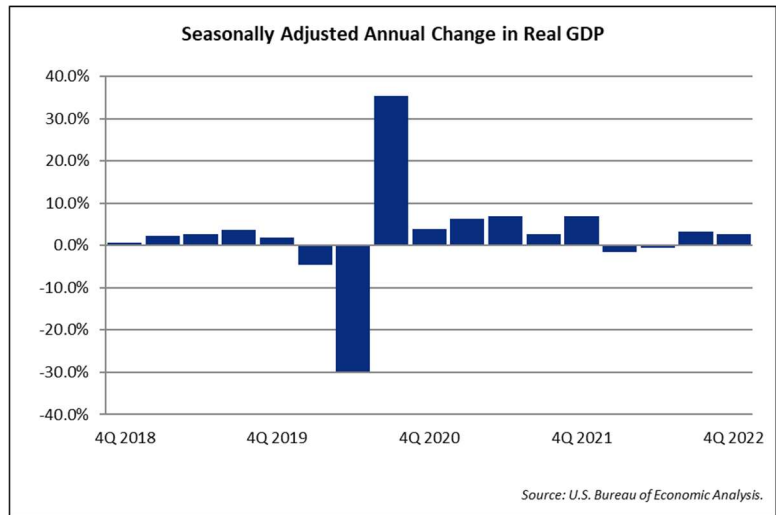
Notable Rankings

- The Boulder and Denver metropolitan areas ranked in the top five for the most flexible metros. Scoop Technologies ranked metropolitan areas based on work flexibility using a flex index that ranked the Boulder MSA 2nd and the Denver MSA 5th with 67 and 59 percent of companies offering flexible work situations, respectively. Portland ranked first with 68 percent of companies qualifying as fully flexible. On a state-by-state basis, Colorado ranked second behind Oregon.
- According to *U.S. News & World Report* rankings released in February, five Colorado hotels ranked among the top 100 luxury hotels and resorts in the nation. The Broadmoor in Colorado Springs was ranked the best hotel in Colorado coming in at No. 19 in the U.S. The Little Nell in Aspen came in at No. 49, followed by the Four Seasons Resort and Residences in Vail at No. 58, the Hotel Jerome in Aspen at No. 64, and the Four Seasons Hotel Denver at No. 99.
- According to LLC.org's study of "America's Best Cities to Start a Side Hustle 2023," Denver placed No. 16 out of 170 cities. The analysis was based on eight equally weighted factors such as the unemployment rate, the percentage of the population working from home, and the percentage of the population with broadband internet access. Denver's score was boosted by a low average commute time, low state income tax rate, and the recently lowered LLC filing fee of \$1, the second cheapest in the country. Top ranked locations included Salt Lake City, Utah and Gilbert, Ariz., with Colorado Springs ranking No. 6.

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 fourth quarter of 2022 and found that GDP increased at an annual rate of 2.7 percent. Real GDP increased 3.2 percent in the third quarter of 2022.
- The increase in 4Q 2022 real GDP reflected increases in private inventory investment, consumer spending, nonresidential fixed investment, and government spending. The increases in private inventory investment were led by manufacturing, mining, utilities, and construction industries. Consumer spending increases spanned both goods and services.
- These increases were partly offset by decreases in exports and residential fixed investment.
- The second estimate is based on source data that is more complete but is subject to further revision by the source agency. The third estimate will be released on March 30, 2023.



Interest Rates

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

Economic Indexes & Notable Data Releases

National & International

- The U.S. trade deficit was \$67.4 billion in December, up \$6.4 billion from \$61 billion in November. December imports increased 1.3 percent to \$317.6 billion, while exports decreased 0.9 percent to \$250.2 billion. The goods and services deficit increased \$103 billion, or 12.2 percent, from 2021 to 2022. Exports increased 17.7 percent and imports increased 16.3 percent year-over-year.
- The Conference Board Leading Economic Index (LEI) decreased by 0.3 percent in January to 110.3, after falling 0.8 percent in December. The LEI was down 3.6 percent over the six-month period from July 2022 to January 2023. The U.S. LEI results suggest serious headwinds to economic growth, including a recession in the next 12 months.
- According to the Institute for Supply Management's Manufacturing Index, the Purchasing Managers Index (PMI) was 47.7 percent in February, up 0.3 percentage points from the January reading. As the value remains below 50, this figure indicates contraction in the manufacturing sector for the fourth consecutive month after 28 months of expansion. New order rates remained in contraction territory at 47, up from 42.5 in January. The Production Index remained in contraction territory, as well as the Backlog of Orders Index. The Prices Index rose 6.8 percentage points to 51.3 in February, returning to expansion territory. The Employment Index came in at 49.1 percent, down from 50.6 in January. Four manufacturing industries reported growth in February, the same as in January.
- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 55.1 percent in January, 0.1 percentage points lower than January's reading of 55.2 percent. The February reading indicates a second month of growth after reporting a contraction in December. The Prices Index decreased to 65.6, down 2.2 percentage points from January's reading of 67.8. 13 of the 18 industries reported growth for the month, up from 10 industries the prior month.
- The Congressional Budget Office announced that it expects the U.S. economy to experience rising unemployment in 2023. The agency announcement, alongside a debt projection, detailed an unemployment expectation of 5.1 percent. The CBO does expect growth to pick up after inflation cools down and the Federal Reserve lowers its benchmark interest rates.
- According to a report by CoStar Economy, consumers are taking on household debt at a rapid rate. Total household debt grew by 8.5 percent year-over-year in the fourth quarter of 2022. Credit card debt rose by 15.2 percent, mortgage debt grew 9.1 percent, and auto loan debt grew 6.4 percent over the period.

Local

- According to the University of Colorado Boulder Leeds School of Business first quarter 2023 Leeds Business Confidence Index, Colorado business leaders expressed pessimism ahead of 1Q 2023, remaining at the fourth-lowest reading in the 20-year history of the index. The index recorded no change ahead of 1Q 2023 at 39.8, staying within negative territory (below 50) and remaining well below the long-term average of 54. Four of six components fell ahead of 1Q 2023, but all six values demonstrated negative perceptions. The outlook was dimmest for the national economy and brightest for industry hiring. Almost 58 percent of respondents believe the U.S. will enter a recession in the first half of 2023, while just 21.6 percent believe it is somewhat or very unlikely. Interest rates were the greatest concern among panelists, followed by

inflation, labor markets, and consumer spending. Looking two quarters ahead to 2Q 2023, overall expectations rose by 3.4 points to 43.2.

- According to the January edition of the Regional Beige Book by the Kansas City Federal Reserve, economic activity in the Tenth District, which includes Colorado, continued to decline slightly due to cooling labor markets. Businesses reported slowing wage growth. Consumer demand fell slightly in recent weeks, particularly at retailers and restaurants, and the volume of consumer purchases fell broadly. Manufacturing production growth continued to decline modestly as selling prices continued to rise at a robust pace, but expectations did firm up.
- As of March 1, 2023, grocery and convenience stores that have a license to sell beer are allowed to sell wine in Colorado. The law change, passed by voters as Prop 125 in November 2022, affects about 1,900 grocery and convenience stores across the state.
- A Denver Post analysis of U.S. Census data revealed that the poverty rate for the Latino community in Colorado has fallen near historic lows, and the Latino-white poverty gap was cut in half between 2011 and 2021. The gap between black and white Coloradans fell at the 8th fastest rate nationally over the same period.

Labor Force and Employment

The Colorado Department of Labor and Employment is currently conducting its annual benchmark revision to the employment data series. Data for January 2023 and revisions to 2022 data will be available mid-March.

- Employment in Metro Denver increased 3.8 percent between December 2021 and 2022, rising by 66,600 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 4 percent, or by 61,600 jobs, while the Boulder-Longmont MSA increased 2.5 percent, or by 5,000 jobs, during the period.
- Ten of 11 supersectors reported over-the-year increases in employment. Professional and business services had the largest increase (+8.4 percent), followed by other services (+7.9 percent), and transportation, warehousing and utilities (+6 percent). Financial activities was the only supersector to experience a decrease in employment, falling by 4.1 percent.
- Employment in Colorado increased 3.7 percent, or by 105,000 jobs, between December 2021 and 2022. National employment rose 2.9 percent, or by more than 4.4 million jobs.

Metro Denver Industry Clusters and Lifestyle Verticals Headlines

Aerospace

- Lockheed Martin Ventures, the investment arm of Lockheed Martin Corp., is helping to fund the Louisville-based manufacturer H3X, whose goal is to produce the lightest electric motors in the world for the aviation, defense, and maritime industries. H3X was founded in 2020 and now employs 17 people. H3X plans to use the funds to accelerate its commercialization plan and grow its facility in Louisville, where the startup designs, manufactures, and tests its electric motors.

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

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

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

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

Energy & Natural Resources

- Houston-based Occidental Petroleum plans to nearly double its spending on operations in the Denver-Julesburg Basin in 2023 to up to \$800 million. The company predicts completing at least 90 new wells in 2023, 20 more new wells than completed last year, partly due to the improved stability of the permitting process in the state.
- Amprius Technologies, a battery company based in Fremont, California, plans to build its battery production line in a 775,000-square-foot facility in the Mile High Logistics Center in Brighton. Amprius plans to establish a gigawatt-scale factory to support lithium-ion battery production for the U.S. electric mobility market. The company hopes to begin production in 2025 and plans to employ at least 332 people.
- Lightning eMotors, a Loveland-based manufacturer of electric vehicles for commercial fleets, has been certified under the “buy America” program in the Inflation Reduction Act passed last year. The company’s passenger van certification paves the way for customers to gain access to tax credits of up to \$40,000 per vehicle. Lightning eMotors employs 330 workers in Loveland.

Financial Services

- Boston-based Fidelity Investments plans to add another 100 employees in Denver by this summer, continuing several years of accelerated hiring in the state and across the nation. The company added 750 jobs in Denver in 2022, a 20 percent increase in headcount over 2021. Nearly all of the new roles created this year will work directly with customers at the company's Greenwood Village location.

Food and Beverage Production

- Hammond's Candies leased an additional 21,800 square feet of factory space at 5755 N. Washington Street in Denver in the fourth quarter of 2022. The company currently employs 140 people, with plans to hire more seasonal workers ahead of its busy season beginning in August.
- Idaho Springs brewpub Westbound & Down leased a new warehouse in Louisville in February, adding the space for storage and meeting areas. The 4,907-square-foot facility is about twice as large as the company's current location and will allow them to increase production.

Healthcare and Wellness

- Chicago-based CommonSpirit Health and Altamonte Springs, Fla.-based AdventHealth announced that they are splitting up after 27 years of partnership as Centennial-based Centura Health. It is unclear what impact this will have on employment, as Centura Health will continue to manage the operations until the transition is complete. After the transition, AdventHealth will operate five hospitals in Metro Denver and CommonSpirit Health will operate 12 hospitals in Colorado, of which four are located in Metro Denver.
- Community Medical Services, an Arizona-based opioid treatment company, opened their first center in Colorado in October and is already looking to expand. The company is signing leases for five more locations and plans to hire about 100 people to staff the new clinics.
- Friday Health Plans, which provides insurance to small businesses and people without employer-provided plans, is laying off 98 employees at its headquarters at 1777 S. Harrison St. in Denver and at an office at 700 Main St. in Alamosa. The layoffs will begin April 30 and are said to be due to a loss of business.

IT/Software

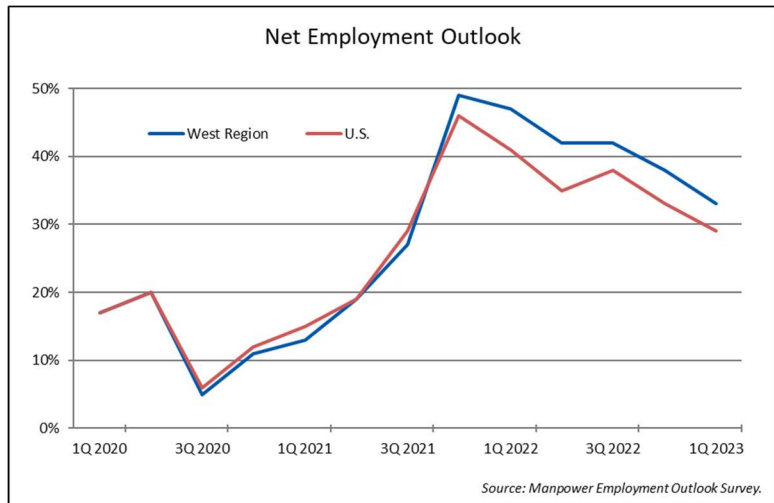
- Palantir Technologies cut 75 jobs in February, amounting to about 2 percent of the workforce. The Denver-based company announced that only one of those employees is in Metro Denver.
- Wix.com Ltd, known for its website creation, laid off 62 workers based in Denver in February as part of larger national cuts. The company laid off 331 workers in total, amounting to about 6 percent of the company's workforce.
- Cloud communications software company Twilio announced plans to lay off 17 percent of its workforce and close multiple offices. The company, based out of San Francisco, has not announced which offices will be affected by the closures. Twilio employed about 650 people in Metro Denver in 2022.
- Payroll and benefits company Gusto cut 5 percent of its staff in February, which equates to 126 employees, as it adjusts to current economic conditions. The San Francisco-based company had employed about 800 people in Denver as of 2022, making it the company's largest office.

Other Industry Headlines

- Boston-based Foley Hoag LLP opened its first office in Denver in February. The company employs 328 lawyers in its offices and has begun to staff its Denver office.
- Qurate Retail Group, the owner of both QVC and HSN, announced that they are laying off roughly 400 employees. The Englewood-based company did not release information on how many of those employees are in the Metro Denver area.
- Covercraft Industries announced that they are planning to close their plant in Aurora and eliminate 49 jobs starting in April 2023. The Oklahoma-based auto parts manufacturer currently operates a plant at 13450 E. Smith Road in Aurora.
- Off-price retailer Tuesday Morning Corporation announced that it is filing for bankruptcy protection. The company plans to close 16 of its Colorado locations, of which nine are in Metro Denver.

Employment Outlook

- The Manpower Employment Outlook Survey revealed that U.S. hiring optimism fell ahead of 1Q 2023. Across the nation, 45 percent of companies plan to hire in 1Q 2023, down 12 percentage points over-the-year. Companies planning to lay off was unchanged over-the-year at 16 percent, while the number of companies planning no change increased 11 percentage points to 36 percent. The net U.S. employment outlook, which reflects the difference in the percent of companies hiring versus laying off, was 29 percent ahead of 1Q 2023, down 12 percentage points over-the-year and down 4 percentage points over-the-quarter.



Employment Outlook Survey

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

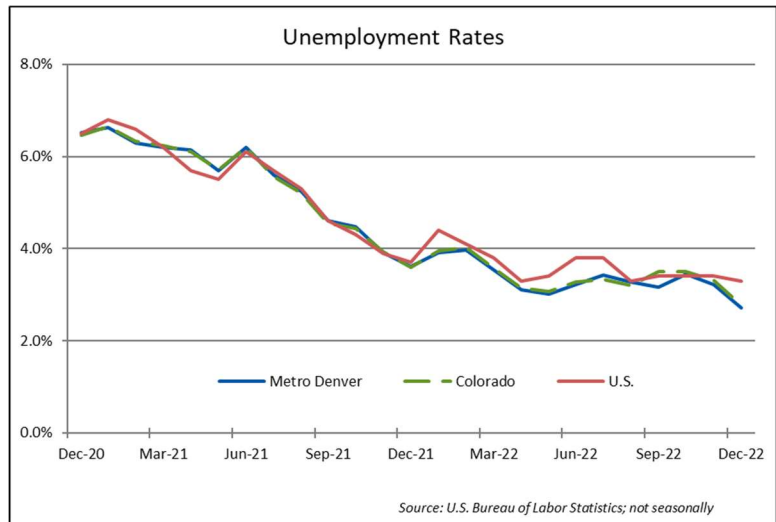
Source: Manpower Inc.

- All four regions in the United States reported moderate hiring outlooks for 1Q 2023, led by the Northeast with a net employment outlook of 36 percent. The West, which includes Colorado, reported a net employment outlook of 33 percent, followed by the South (24 percent) and the Midwest (23 percent). Over the quarter, regional outlooks weakened in three of the four regions, with the Northeast reporting the only improvement. All four regions reported a weakening outlook over-the-year.
- Growth is expected across all nine major national industry sectors, with the strongest employment outlook reported in IT & Technology (+52 percent), followed by Financial and Real Estate (+34 percent), and Industrials and Materials (+30 percent).

Labor Force & Unemployment

The Colorado Department of Labor and Employment is currently conducting its annual benchmark revision to the employment data series. Data for January 2023 and revisions to 2022 data will be available mid-March.

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



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

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

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

- There were 46,475 more people either employed or looking for work between December 2021 and 2022 in Metro Denver, an increase of 2.5 percent. The labor force rose in all seven counties, led by Douglas County (+3.2 percent) and the City and County of Broomfield (+3.1 percent).
- Colorado reported an unemployment rate of 2.8 percent in December, down 0.8 percentage points from the same time last year. Over-the-month, the state's unemployment rate fell by 0.5 percentage points. The labor force rose 1.4 percent over-the-year to 3.2 million people either employed or looking for work. The national unemployment rate fell 0.4 percentage points over-the-year to 3.3 and was 0.1 percentage points lower over-the-month, marking the lowest unemployment rate since May 1969. The national labor force increased 1.6 percent between December 2021 and 2022.
- Initial unemployment insurance claims in Metro Denver increased 38 percent between December 2021 and 2022, rising to a weekly average of 1,105 claims. Over-the-month, initial claims decreased 24.9 percent.
- Colorado reported an average of 2,067 initial unemployment claims per week in December, up 28.1 percent from the same time last year, and representing 454 more claims each week. Between November and December, average weekly initial claims in Colorado fell 20.7 percent.

Weekly First-Time Unemployment Insurance Claims

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

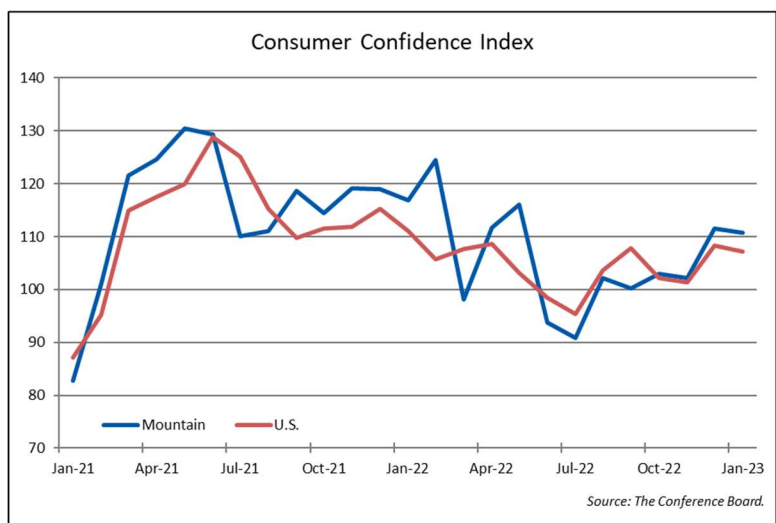
Note: Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.

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

Consumer Sector

Consumer Sentiment

- The U.S. Consumer Confidence Index fell again in February, after falling in January. The index now stands at 102.9, a 2.9 percent over-the-month decrease, and a 2.6 percent decrease over-the-year.
- Analysts at The Conference Board stated that the drop was driven by a decline in the Expectations Index, as the Present Situation Index rose by 1.7 points to 152.8. Expectations fell to 69.7, down from 76 in January. Purchasing intentions for automobiles, appliances, homes, and vacations all fell. Looking ahead, inflationary pressures will continue to pose strong headwinds to consumer confidence and spending.



Consumer Confidence Index

	Month of Feb-23	Month of Jan-23	Month of Feb-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Ann Avg 2018	Ann Avg 2013
Mountain	109.6	108.9	124.4	109.3	120.6	-9.4%	134.3	74.6
United States	102.9	106.0	105.7	104.5	108.4	-3.6%	130.1	73.2

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

- Colorado is included in the Mountain region and the index for the area decreased 11.9 percent between February 2022 and 2023 to 109.6. The index rose 0.6 percent over-the-month from 108.9 in January. The Present Situations Index rose by 2.4 percent over-the-year to 167.1, while the Expectations Index decreased 27.6 percent to 71.3 during the period.

Consumer Spending

National Retail Sales (\$millions)

	Month of Dec-22	Month of Nov-22	Month of Dec-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Retail Sales	748,243	693,689	711,673	8,120,769	7,441,386	9.1%	4.1%	5.0%
Motor Vehicles	122,663	117,402	122,304	1,527,928	1,480,124	3.2%	3.0%	9.0%
Furniture and Home	12,592	12,631	12,678	143,457	141,960	1.1%	2.7%	4.5%
Electronics & Appliance	9,118	7,946	10,446	86,996	94,181	-7.6%	-1.6%	2.1%
Building Materials	38,763	40,441	38,294	509,748	477,790	6.7%	3.5%	4.5%
Food and Beverage	88,686	82,147	82,729	947,550	880,260	7.6%	3.8%	3.1%
Health and Personal Care	37,423	33,665	37,356	399,697	385,388	3.7%	1.5%	0.9%
Gasoline Stations	54,203	59,114	51,829	757,901	583,495	29.9%	9.2%	4.1%
Clothing & Accessories	40,629	29,072	39,375	312,387	294,062	6.2%	0.0%	4.8%
Sporting Goods	13,437	10,277	12,824	110,968	107,851	2.9%	-2.7%	2.8%
General Merchandise	88,869	76,493	85,128	830,345	804,289	3.2%	1.3%	2.8%
Miscellaneous Store	16,287	14,909	15,595	186,504	162,412	14.8%	2.0%	1.5%
Non-Store Retailers	135,012	125,765	124,291	1,283,400	1,153,237	11.3%	11.7%	8.5%
Food Service & Drinking	90,561	83,827	78,824	1,023,888	876,337	16.8%	5.3%	5.8%

Source: U.S. Census Bureau.

- National retail sales activity rose 5.1 percent over-the-year in December, with 11 of the 13 supersectors reporting increases during the period. Food service and drinking places reported the largest over-the-year increase of 14.9 percent, followed by non-store retailers (+8.6 percent) and food and beverage stores (+7.2 percent). Electronics and appliance stores reported the largest over-the-year decrease of 12.7 percent, followed by furniture and home furnishing stores (-0.7 percent).
- Retail sales in Metro Denver rose 2.2 percent between December 2021 and 2022. Six of the seven counties in Metro Denver reported over-the-year increases in retail sales. Adams County reported the largest increase of 16.4 percent, followed by Douglas County (+13.2 percent) and Boulder County (+10.5 percent). Denver County reported the only decrease of 18.9 percent. Retail sales throughout Colorado rose 5.2 percent over-the-year.

Total Retail Sales (\$000s)

	Month of Dec-22	Month of Nov-22	Month of Dec-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual Growth 2017	Annual Growth 2012
Total Metro Denver	20,662,767	14,042,146	20,224,010	178,182,674	159,902,964	11.4%	4.9%	7.9%
Adams County	4,029,865	3,047,465	3,461,951	36,062,791	30,179,393	19.5%	8.9%	12.4%
Arapahoe County	3,436,500	2,285,570	3,132,888	30,183,843	27,262,452	10.7%	1.5%	9.7%
Boulder County	2,368,028	1,309,360	2,142,962	18,084,770	16,452,385	9.9%	9.5%	5.8%
Broomfield County	464,205	264,772	448,266	3,555,240	3,151,310	12.8%	8.1%	15.9%
Denver County	4,975,588	3,456,795	6,135,174	43,578,123	39,568,911	10.1%	4.0%	1.9%
Douglas County	2,053,269	1,529,923	1,814,373	18,678,762	17,629,400	6.0%	2.0%	7.7%
Jefferson County	3,335,311	2,148,260	3,088,397	28,039,146	25,659,113	9.3%	3.9%	10.9%
Colorado	35,074,787	22,954,784	33,345,257	299,923,778	268,328,759	11.8%	5.4%	6.1%

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

Source: Colorado Department of Revenue.

Price Changes

- The U.S. Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics showed that consumer prices in January increased 6.4 percent over-the-year, down from 6.5 percent in December and 7.1 percent in November. This was the seventh consecutive decrease in the over-the-year inflation rate. Core inflation, which excludes volatile food and energy prices, rose 5.6 percent over-the-year in January, down from 5.7 percent in December.
- All eight components of the CPI increased over-the-year, with the largest increases in food and beverage (+9.9 percent), housing (+8.2 percent), and other goods and services (+6.2 percent). Education and communication reported the most modest over-the-year increase of 1 percent.
- The CPI for the Denver-Aurora-Lakewood MSA rose 6.4 percent over-the-year in January, down from a 6.9 percent increase in November, and the fifth consecutive decline in the inflation rate. Core inflation was 5.9 percent in November. Over-the-month prices rose 0.9 percent from November to January.
- Seven of the eight components in the Denver MSA reported increases between January 2022 and 2023, with the largest increases in housing (+9.4 percent), food and beverage (+9.1 percent), and apparel (+8.5 percent). Education and communication reported the most modest increase of 3.2 percent. The medical care component was not updated in January.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price at the end of February was \$3.36 per gallon, down 8.1 percent from the same time last year. The Metro Denver average fuel price increased 20.1 percent over-the-year to an average of \$4.02 per gallon, rising \$0.67 over the period. The average fuel price in Metro Denver was \$0.66 higher than the average fuel price throughout the U.S. The price increase in Metro Denver was due to the temporary closure of the Suncor refinery in Commerce City, which is slated to return to full operations by the end of March.

Stock Market

- All four stock market indices tracked decreased between February 2022 and 2023. The NASDAQ reported the largest decrease, falling 16.7 percent, followed by the Bloomberg Colorado Index (-12.5 percent), and the S&P 500 (-9.2 percent). The DJIA Index reported the most moderate decrease of -3.7 percent. All four

indices decreased between January and February 2023. The Bloomberg Colorado Index reported the largest decrease of 7.2 percent, followed by the DJIA (-4.3 percent), the S&P 500 (-2.6 percent), and the NASDAQ (-1.1 percent).

Stock Market Indexes

	Month of Feb-23	Month of Jan-23	Month of Feb-22	YTD Return 2023	YTD Return 2022	Annual Avg Return 2018	Annual Avg Return 2013
Bloomberg Colorado	689.7	743.0	788.4	7.0%	-10.9%	-7.4%	30.6%
S&P 500	3,970.2	4,076.6	4,373.9	3.4%	-8.2%	-6.7%	29.6%
NASDAQ	11,455.5	11,584.6	13,751.4	9.4%	-12.1%	-3.9%	38.3%
DJIA (Dow Jones)	32,636.4	34,086.0	33,892.6	-1.5%	-6.7%	-6.1%	26.5%

Sources: Bloomberg.com; Yahoo! Finance.

Travel & Tourism

- Guests paid a record \$106.5 million in 2022 to stay at short-term rental properties in the City and County of Denver, according to a BusinessDen analysis using tax revenue data provided by the city. This exceeded short-term rental volume in 2021 by \$30 million and surpassed the previous peak in 2019 by \$7.9 million. Properties booked through sites like Airbnb are required to be licensed by the city and must adhere to regulations, most notably that the property must be someone's primary residence.
- The average hotel occupancy rate in Metro Denver rose 3.9 percentage points over-the-year to 55.5 percent in the month of January 2023. The average hotel room rate rose 9.5 percent to \$128.14 per night, an increase of \$11.16 during the period. Since navigating the worst of the COVID-19 pandemic, the Metro Denver occupancy rate has returned to 91.1 percent of pre-pandemic levels recorded in January 2020.

Metro Denver Hotel Statistics

	Month of Jan-23	Month of Dec-22	Month of Jan-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Ann Avg 2018	Ann Avg 2013
Percent of Hotel Rooms Occupied	55.5%	53.0%	51.6%	55.5%	51.6%	3.9%	73.7%	70.8%
Average Hotel Room Rate	\$128.14	\$125.85	\$116.98	\$128.14	\$116.98	9.5%	\$144.03	\$115.09

Source: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that almost 5.7 million passengers passed through the airport in December, a 5.7 percent increase from the previous year, or a rise of almost 306,000 passengers.
- DEN set a record for passenger volume in 2022, passing the pre-pandemic record set in 2019. The new record of 69.3 million is about 271,000 higher than the 2019 figure and represents a 0.4 percent increase in passenger traffic.

Denver International Airport Passengers

	Month of Dec-22	Month of Nov-22	Month of Dec-21	YTD Total 2022	YTD Total 2021	YTD Total % Change	Annual 2017	Annual 2012
Number of Airline Passengers	5,673,684	5,829,890	5,367,607	69,286,461	58,828,552	17.8%	61,379,396	53,156,278

Source: Denver International Airport, Traffic Statistics.

Residential Real Estate

- According to the Freddie Mac “Primary Mortgage Market Survey,” 30-year mortgage rates averaged 6.65 percent for the week ending March 2, 2023, 0.56 percentage points higher than the average rate from four weeks prior of 6.09 percent. A year ago, 30-year mortgage rates averaged 3.76 percent.

Recently Announced Projects

- Denver-based Kentro Group submitted redevelopment plans for the site at 825 S. Colorado Boulevard with plans to build a 3-story building with between 260 and 300 residential units with an adjoining retail space.
- Blackburn Communities LLC, a Mississippi-based real estate developer and investment group, has proposed a 227-unit apartment complex across three buildings in Broomfield at 11495 Wadsworth Blvd., just off of U.S. Highway 36. The Wadsworth Junction development is proposed to include one-, two-, and three-bedroom units, and a clubhouse with various amenities such as pool, fitness areas, and business center.
- Ulysses Development Group is developing The Meadowmark project, a four-story, 183,000 square foot building on 5.4 acres with 200 one and two bedroom apartments near the Meadows Town Center in Castle Rock. The units will be income restricted for residents making up to 70 percent of the area median income. Amenities include two outdoor gathering spaces, a wildflower garden, a fitness room, and a community room and craft room.
- Trailbreak Partners secured funding to construct a 124-unit luxury project at 3245 N. Eliot Street. The apartment complex will include 12 units that are designated for those earning 80 percent of the area median income.
- BVLD Builders are developing an active adult neighborhood of 120 attached and detached homes ranging from 1,900 square feet to 2,400 square feet with prices starting in the \$600,000s. Construction on the Hillside at Castle Rock near Wolfensberger and Coachline Roads will begin in spring 2023.
- The TownePlace Suites Denver Southeast, a Marriott hotel located in southeast Denver, submitted concept plans to convert the hotel to 112 apartment units. No additional timeline information was announced.
- Paradise Land Co. submitted plans to Denver to develop an 80-unit apartment building and 7,000 square feet of retail at 3300-3380 E. Colfax Avenue. Seventy of the 80 units will be “micro-units” of 550 square feet, and 18 of the total units will be income restricted.
- Taylor Kohrs began construction on a 60-unit permanently affordable senior housing complex in Boulder. The Colorado-based contractor expects the Mt. Calvary Senior Housing project to be completed in late spring 2024.
- Alliance Construction Solutions completed construction on the Liberty View at Fitzsimons apartment complex. The 61,000-square-foot building has 59 units of affordable housing.
- Denver-based Ulysses Development Group plans to build 52 new apartments at the northwest corner of Wadsworth Boulevard and 118th Avenue in Broomfield. The Harvest Station workforce-housing project would be deed restricted for those earning 80% of the area median income. In addition, Harvest Station would include a half-acre pocket park, a community room with workstations, flexible lawn space, playground, business center, and other amenities.

- Stok Investment Group will be building 45 units on just a half-acre of space in Boulder. The efficiency units, at 2206 Pearl Street, will replace a pair of commercial buildings currently on-site.
- Generation Development broke ground on a new five-story building called Marieta at 1717 N. Washington St. in Denver's North Capitol Hill neighborhood. Marieta will offer 35 condominiums at a starting asking price in the low \$400,000s. The building will also include 2,800 square feet of retail space and underground parking. A mid-2024 completion is planned.

Home Resales

Metro Denver

- Home sales in Metro Denver totaled 2,041 in January, down 33.6 percent from the same time last year.
- Unsold homes on the market were 248 percent higher in January 2023 compared with the same time last year, representing 2,936 additional homes on the market. Over-the-month, the inventory of available homes fell by 13.4 percent. The inventory of homes in January is still lower than the historic average of 15,747 listings.
- The average listing spent 46 days on the market in January, according to the Denver Metro Association of Realtors. New listings in January were up 65.2 percent from December, but down 18 percent from a year earlier.

Previously Owned Home Sales Activity

	Month of Jan-23	Month of Dec-22	Month of Jan-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Ann Total 2018	Ann Total 2013
Home Sales (Closed)	2,041	2,884	3,072	2,041	3,072	-33.6%	56,509	53,711
Unsold Homes on Market	4,120	4,757	1,184	4,120	1,184	248.0%	5,577	7,941
Average Sales Price-Single Family	\$702,289	\$705,451	\$688,895	\$702,289	\$688,895	1.9%	\$522,675	\$335,712
Average Sales Price-Condo	\$449,319	\$470,955	\$451,695	\$499,319	\$451,695	-0.5%	\$351,750	\$198,497
Median Sales Price-Single Family	\$595,000	\$600,000	\$599,050				\$441,000	\$278,350
Median Sales Price-Condo	\$397,000	\$409,000	\$400,000				\$300,000	\$160,000

Source: Denver Metro Association of Realtors.

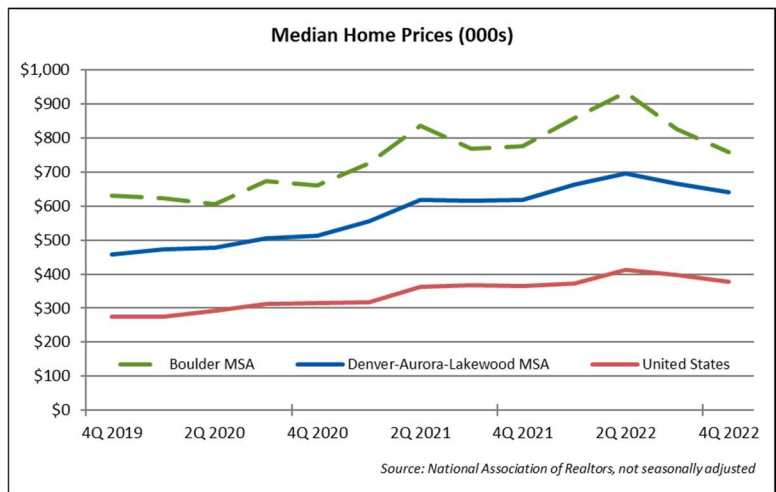
- The average sales price for single-family homes increased 1.9 percent over-the-year to \$702,289, representing an additional \$13,394 per home during the period. The average sales price for condominiums fell 0.5 percent over-the-year to \$449,319, representing a decrease of \$2,376 per home.

National

- According to a new CoStar report, new home sales rebounded slightly in January, but existing home sales continued to decline, falling for a 12th consecutive month. Existing home sales have now fallen to their lowest annualized rate since October 2010 as affordability and supply continue to cause market friction.
- The National Association of REALTORS' (NAR) home affordability index rose to 101.2 in December up from 94.3 in November. The metric is based on the ratio between the median household income and the necessary income required to qualify for the median-priced house. The index for the West region rose to 72.3 in December, up from 66.5 in November.
- Total existing-home sales decreased 0.7 percent from December to a seasonally adjusted annual rate of 4 million in January, marking 12 consecutive months of declines, according to the National Association of

REALTORS (NAR). Sales decreased 36.9 percent year-over-year from the January 2022 reading of 6.34 million.

- All four regions reported over-the-year decreases in total home sales in January. The West region reported the largest decrease of 42.4 percent, followed by the South (-36.6 percent), the Northeast (-35.9 percent) and the Midwest (-33.3 percent).
- Properties remained on the market for 33 days in January, up from 26 in December and up from 19 days in January 2022. Of the homes sold in January, 54 percent were on the market for less than a month.
- NAR data showed the median existing-home price for all housing types nationally was \$359,000 in January, up 1.3 percent from the same time last year. This marked 131 consecutive months of over-the-year increases, the longest streak on record. However, the median price was down over-the-month for the seventh month in a row after a record high of \$413,800 in June.
- Median home prices increased in three of the four major U.S. regions over-the-year. For the 16th consecutive month, the South region reported the highest pace of price appreciation compared to the other regions. The median home price in the South increased 3.4 percent over-the-year, followed by the Midwest (+2.7 percent) and the Northeast (+0.3 percent). The West region reported the only over-the-year decrease, falling by 4.6 percent.
- The West region reported the highest median home price of \$525,200, while the Midwest reported the lowest median price of \$252,300 in January.
- A separate NAR report revealed that the median price in the Boulder MSA decreased 2 percent over-the-year to \$759,500 in the fourth quarter of 2022. The Denver-Aurora MSA rose 3.6 percent over-the-year to \$640,000 during 4Q 2022, while the national median home price increased 4 percent to \$378,700 during the period.
- The Boulder MSA had the 8th highest median home price of the 186 metropolitan areas tracked in the report. The Denver MSA had the 13th highest median home price. Twenty metro areas saw median home prices drop over-the-year in 4Q 2022, up from just four in 3Q 2022.

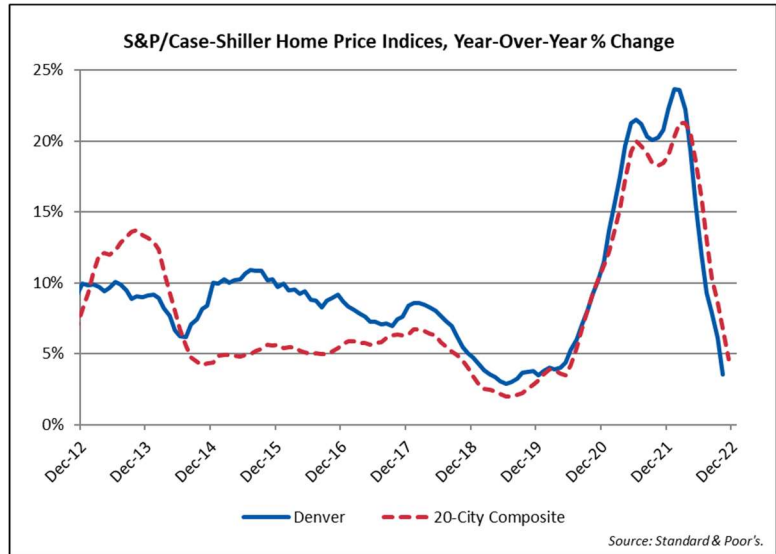


Median Sales Price of Existing Single-Family Homes (\$000s)

	Quarter 4 2022 (p)	Quarter 3 2022 (r)	Quarter 4 2021	YTD Avg 2022	YTD Avg 2021	YTD Avg % Change	Median 2017	Median 2012
Boulder MSA	\$759.5	\$826.9	\$775.1	\$857.8	\$782.7	9.6%	\$566.1	\$383.7
Denver-Aurora MSA	\$640.0	\$666.0	\$617.6	\$670.1	\$607.1	10.4%	\$414.7	\$252.4
United States	\$378.7	\$398.1	\$364.3	\$392.6	\$357.1	9.9%	\$248.8	\$177.2

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

- Price increases are moderating across the country. Only 18 percent of the metro markets posted double-digit annual price appreciation in the fourth quarter compared with 46 percent in the third quarter.
- The national home price decreased 4.9 percent over-the-quarter. Home prices decreased 8.2 percent in the Boulder MSA and 3.9 percent in the Denver MSA over-the-quarter.
- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver increased 3.5 percent between December 2021 and December 2022, down from a 6.1 percent increase in November and a 7.9 percent increase in October. December marked the seventh consecutive month where the annual rate of price growth was under 20 percent after 11 consecutive months of annual price gains at or above 20 percent.



- National housing prices increased 5.8 percent over-the-year in December, down from 7.6 percent in November and 9.2 percent in October. Month-over-month home prices fell for a sixth consecutive month in December after a 41-month streak of month-over-month home price increases. Prices dropped over-the-month in all 20 cities for the fifth consecutive month after 12 reported decreases from June to July.
- Miami reported the highest year-over-year price increase of 15.9 percent, followed by Tampa (+13.9 percent) and Atlanta (+10.4 percent). San Francisco and Seattle reported the only over-the-year decreases, falling 4.2 and 1.8 percent, respectively. Denver ranked 13th.

Foreclosures

- Foreclosures in Metro Denver increased 34 percent between February 2022 and February 2023, rising by 51 filings during the period. Over-the-month, foreclosures fell 8.2 percent from 219 filings in January. Five of seven counties reported increases in filings compared with last year. Boulder County reported the largest increase of 120 percent, followed by Jefferson County (+64.7 percent) and Denver County (+59.4 percent).

Residential Foreclosures

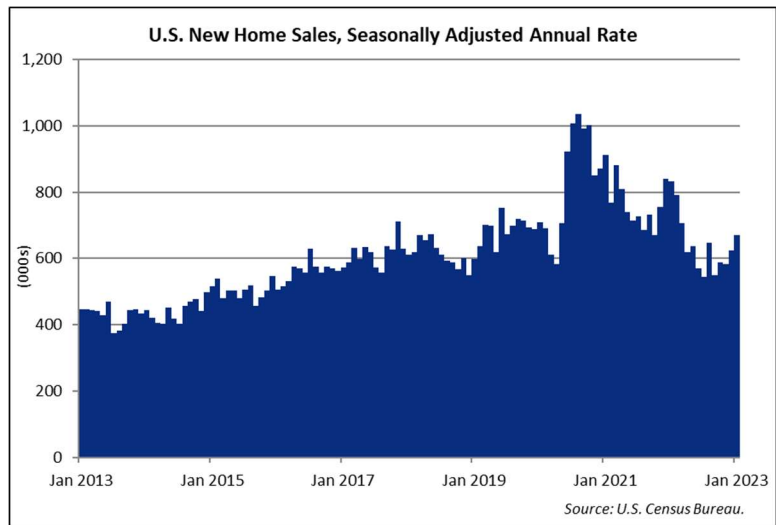
	Month of Feb-23	Month of Jan-23	Month of Feb-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018	Annual Total 2013
Total Metro Denver*	201	219	150	420	238	76.5%	2,725	7,520
Adams County	49	60	32	109	54	101.9%	637	1,636
Arapahoe County	43	42	42	85	61	39.3%	638	1,700
Boulder County	11	12	5	23	8	187.5%	124	387
Broomfield County	1	0	3	1	5	-80.0%	42	109
Denver County	51	45	32	96	56	71.4%	538	1,616
Douglas County	18	26	19	44	24	83.3%	278	769
Jefferson County	28	34	17	62	30	106.7%	468	1,303

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

Sources: County public trustees.

New Home Sales

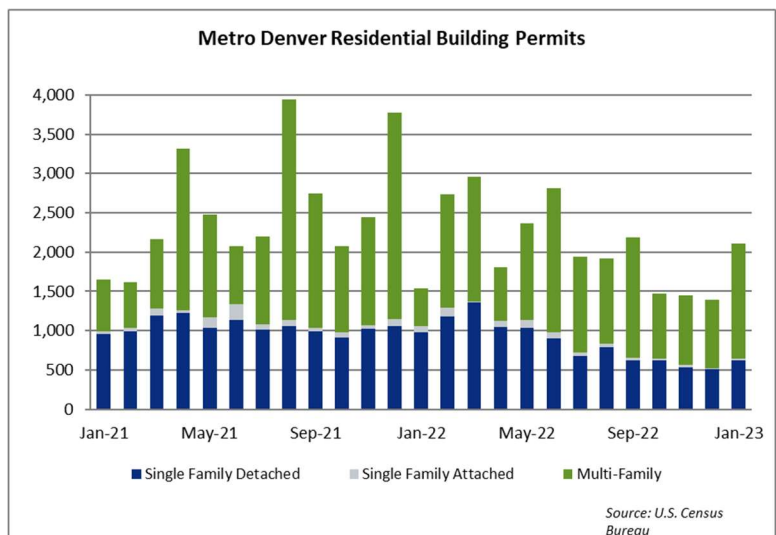
- New home sales in the U.S. decreased 19.4 percent over-the-year to a seasonally adjusted annual rate of 670,000 in January, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- All four regions reported an over-the-year decrease in home sales. The West reported the largest decrease of 46.9 percent, followed by the Midwest (-34.3 percent), Northeast (-13.8 percent), and South (-2.2 percent).



New Home Construction

National

- Builder confidence for newly built single-family homes increased 7 points to 42 in February, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This was the second increase after 12 consecutive months that builder sentiment declined, rising from 31 in December, which marked the lowest reading since May 2020. The rise in builder confidence is a sign of moderate improvement in the housing market. Analysts also suggest that the rise means that a homebuilding rebound could occur later in 2023.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled over 1.3 million units in January, a 0.1 percent over-the-month increase, but a 27.3 percent decrease compared with the same time last year.
- Building permits for single-family detached units decreased 39.7 percent over-the-year, or by 475,000 units permitted to a total of 722,000 units permitted in January. Single-family attached units decreased 5.3 percent to 54,000 units permitted, while multi-family units decreased 4.1 percent over-the-year to 563,000 units permitted in January.
- All four regions reported over-the-year decreases in total units permitted. The West region reported the largest over-the-year decrease of 36.6 percent, followed by the Midwest (-34.1 percent), the Northeast (-29.8 percent), and the South (-20.5 percent).



Metro Denver

- Residential building permits in Metro Denver totaled 2,112 units permitted in January, an increase of 37.6 percent, or 577 units, from the same time last year.
- Single-family detached units permitted decreased 36.6 percent over-the-year, falling by 361 units permitted during the period. Single-family attached units decreased 79.7 percent, or by 63 units, to a total of 16 during the period. Multi-family units increased 212.5 percent, or by 1,001 units, to a total of 1,472 units permitted in January.

Residential Building Permits

	Month of Jan-23	Month of Dec-22	Month of Jan-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Total 2018	Total 2013
Single-Family Detached Units	624	514	985	624	985	-36.6%	12,248	7,396
Single-Family Attached Units	16	3	79	16	79	-79.7%	400	399
Multi-Family Units	1,472	882	471	1,472	471	212.5%	11,561	9,145
Total Units	2,112	1,399	1,535	2,112	1,535	37.6%	24,209	16,940

Source: U.S. Census Bureau.

Apartment Rental Market

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

Apartment Statistics

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

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

Recently Announced Projects

- Boston-based Beacon Capital Partners and Elevation Development Group broke ground on the Steel House project in the River North area in Denver. The 12-story, 300,000-square-foot project will include office and retail space. The project is expected to be completed sometime in late 2024.
- Developer Corporex plans to build a 226,000-square-foot building at the intersection of East Colfax Avenue and Xanadu Street that will offer Class A office space across several floors, as well as ground-floor retail and

restaurant space. Corporex expects to break ground on the 8-story Fitz 500 office building in late spring, with completion slated 16 months later. The company currently has an adjacent parking garage structure under construction.

- The Opus Group and Principal Real Estate Investors have begun construction on Sun Empire, a 3.9 million-square-foot industrial development located at East 56th Ave. and Harvest Rd. in Aurora. Phase One will include two Class A buildings — one sized 624,535 square feet and one sized 204,496 square feet — with both buildings available for occupancy in the first quarter of 2024.
- Groundbreaking for the Montbello Freshlo Hub occurred at the beginning of March and phase one is planned for a late 2024 completion. Development of the first phase of the future community hub, located at 12444 E. Allbrook Drive, will cost \$85 million and will include a six-story affordable housing building with 97 units. The building will also include a mental health center, and retail and office space on the first floor. The second phase will include a two-story arts and education center up to 17,900 square feet.
- Construction has begun on the North Boulder Branch Library at 4500 13th St. in Boulder. The \$12.5 million project will be about 12,000 square feet and is expected to be finished early next year.

Office Market

- Banks across the United States are preparing extra cash reserves to prepare for the possibility of higher losses on commercial property loans in 2023, specifically the office market. This is, in part, due to multiple economic forecasts projecting a mild recession in the upcoming year.
- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.2 percent in the fourth quarter of 2022, a decrease of 0.2 percentage points from the previous quarter. The vacancy rate was down 0.1 percentage points over-the-year. The average lease rate increased 5.2 percent between the fourth quarters of 2021 and 2022, or by \$1.52, to \$30.99 per square foot.
- The vacancy rate including sublease space increased 0.3 percentage points over-the-year, rising from 13.9 percent in 4Q 2021 to 14.2 percent in 4Q 2022. This included almost 4.2 million square feet of vacant sublease space, the largest amount of vacant sublease space since 2002.

Office Market Statistics

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

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

- There were 14 office buildings completed in 2022, delivering 750,000 square feet to Metro Denver. The largest building completed was the 250,402-square-foot One Platte office building located in downtown Denver.

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

Industrial & Flex Market

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

Industrial Market Statistics

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

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

- Metro Denver's industrial construction pipeline remains robust with 7.8 million square feet of space under construction in 41 buildings. Over 72 percent of the industrial space under construction is located in Adams County, including the largest buildings under construction, the 919,000-square-foot Dollar General warehouse and the 625,000-square-foot DIA Logistics Park. Of the buildings under construction, 40 are slated to be completed in 2023 and 1 in 2024.
- The direct flex vacancy rate in Metro Denver decreased 0.2 percentage points over-the-year to 5.6 percent vacancy. The average lease rate rose 5.6 percent, or by \$0.81, to \$15.20 per square foot during the period.

- New flex construction has been more limited than other property types but remains strong heading into 2023. Eleven new flex buildings totaling 468,730 square feet were completed in 2022. There were 20 buildings totaling 669,078 square feet under construction as of the end of 4Q 2022. Almost 49 percent of the square footage under construction is located in Boulder or Broomfield Counties. The largest building under construction is a 150,720-square-foot building in the S.T.E.M Research Park of Broomfield.

Flex Market Statistics

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

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

Retail Market

Retail Market Statistics

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

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

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



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