Metro Denver EDC

OCTOBER 2021

MONTHLY ECONOMIC INDICATORS

Activity & trends impacting our regional economy

Development Research Partners

PINNACOL ASSURANCE

A CEO's Insights:

OCTOBER 2021

FLEXIBILITY

At Pinnacol Assurance, the verdict is in: we will retain our current flexible working model for the foreseeable future. We came to this conclusion after extensive research and discussion with our teams. The process and findings were so rich, I think it's valuable to share them.

Beginning in June, our Future of Work Advisory Council asked our employees to complete an online survey and got an extraordinary 75% response rate. Clearly, the topic of how/whether/when to return to in-person work is hugely important to all our people. Then we did 28 focus groups. As you can imagine, we had a lot of information to comb through.

When our employees said they preferred a flexible working model, they meant the approach we've had in place since March '20 (and used, to a lesser extent, before the pandemic): work can be done either in the office or remotely, with schedule determined by the employee and their manager. They were adamantly opposed to a hybrid model, with a set schedule of days in/outside of the office.

It was encouraging to see that our employees indicated no lessening of their ability to collaborate and innovate, despite the awkwardness of collaborating virtually rather than in-person. In a company like ours that is focused on transformation, that's very encouraging.

At the same time, though, the research illustrated the paradoxes inherent in remote work. Our team members note that technology is a huge help, but it's also a barrier (Zoom fatigue, communications overload, difficulty of picking up on physical cues, etc.) when it is the only option for interaction. They demonstrate higher productivity and report better work/life balance, but they nonetheless mourn the loss of connections with employees outside their own teams and new employees.

From a list of 10 uses of in-office time, only one was deemed meaningful by a majority (66 percent) of focus group participants: social/team-building events. The runner-up was team/project collaboration, with just over a quarter of respondents. Interestingly (and a bit depressingly to an extrovert like me), one-fifth said they saw no meaningful use of in-office time. That's a stark message to all CEOs and commercial real estate brokers.

There are two major flashing yellow lights in our findings. One is training. It's much harder to train new employees, particularly in disciplines such as customer service, in a remote environment. The other is culture. The caring protection we provide the workers and businesses we serve shows up in the way our employees interact with each other. We laugh, have fun and love to socialize. Our survey respondents and focus group participants told us that, while our culture hasn't deteriorated--yet--it's different now. They're worried about whether we'll be able to hold on to the sense of family and fun we always had. I worry about that too, especially for the dozens of new employees, many outside Colorado, we hired during the pandemic. I love that geography is no longer a limitation, and we implemented lots of fun ways to connect all our employees virtually during the pandemic. But Google Chat rooms devoted to pets and kids, gifts and food sent to homes, and virtual game shows only go so far. There's no substitute for running into and laughing with an actual three-dimensional human.

These are challenging issues to address. Our Advisory Council will be exploring best practices from other companies, and continuing to seek employee input. All of our leaders will have to model the continued creativity and resilience we're asking of our employees. Our future is flexible; we must be, too.

PHIL KALIN

To read previous blogs, visit: metrodenver.org/blog

Phil Kalin joined Pinnacol Assurance as CEO in 2013. He has served as the chief executive of both public and privately-backed companies, including large hospital systems, as well as organizations focused on health care data, technology and education. He has been active nationally on health care topics related to insurance, data analytics, technology innovation, cost improvement and risk mitigation. Phil is providing an informed opinion on what we see in the Monthly Economic Indicators.

October 2021 MEI Snapshot

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
⇓⇑ Positive Changes	11 of 18		14 of 18		15 of 18	
Nonfarm Employment Growth	5,100	⇑	88,700	⇑	34,500	⇑
	Employment up 0.3% from July to August		Employment up 5.4% from August 2020 to 2021		YTD employment up 2.1% through August	
Manpower Net Employment (West Region)	49%	⇑	49%	⇑	27%	⇑
	Net employment up 22 percentage points from 3Q 2021 to 4Q 2021		Net employment increased 38 percentage points from 4Q20 to 4Q21		YTD average up 14 percentage points compared with 2020	
Unemployment Rate	5.4%	⇓	-2.0 percentage points	⇓	6.2%	⇓
	Unemployment down 0.6 percentage points from July to August		Unemployment down from August 2020 to 2021		Down 1.4 percentage points from 2020 YTD average	
Initial Unemployment Insurance Claims	-14.0%	⇓	-50.2%	⇓	-2.6%	⇓
	Claims decreased from July to August		Claims decreased from August 2020 to 2021		YTD average claims decreased through August 2021	
Total National Retail Sales	-0.3%	⇓	15.3%	⇑	21.8%	⇑
	National sales decreased from June to July		National sales increased from July 2020 to 2021		YTD sales increased through June 2021	
Mountain Region Consumer Confidence Index	117.7	⇑	19.0%	⇑	114.3	⇑
	Index up 6 percent from August to September		Index up from August 2020 to 2021		YTD average up 8.7% through September 2021	
Hotel Occupancy	70.3%	⇓	24.7 percentage points	⇑	56.8%	⇑
	Decreased 6.5 percentage points from July to August		Occupancy increased from August 2020 to 2021		YTD occupancy up from last year	
Denver International Airport Passengers	11.4%	⇑	145.7%	⇑	67.9%	⇑
	Passengers up from June to July		Passengers up from July 2020 to 2021		YTD passengers increased through July 2021	
Bloomberg Colorado Index	926.2	⇓	43.7%	⇑	21.9%	⇑
	Index down 2.4% from August to September		Index up from September 2020 to 2021		YTD return up through September 2021	
Dow Jones Industrial Average	33,843.9	⇓	21.8%	⇑	10.6%	⇑
	Index down 4.3% from August to September		Index up from September 2020 to 2021		YTD return up through September 2021	
Home Sales (closed)	6,828	⇑	20.8%	⇑	44,566	⇑
	Sales up 3.6% from July to August		Sales up from August 2020 to 2021		YTD sales up 25.6% through August 2021	
Median Home Price (Denver-Aurora MSA)	$618,600	⇑	29.3%	⇑	$586,500	⇑
	Up 11.6% from 1Q 2021 to 2Q 2021		Price up from 2Q 2020 to 2Q 2021		YTD price 23.2% higher through 2Q 2021	
Foreclosures	92	⇑	196.8%	⇑	344	⇓
	Up 58.6 percent from August to September		Up from September 2020 to 2021		Down 61.1% YTD through September 2021	
Residential Building Permits (Total)	3,232	⇑	50.3%	⇑	18,976	⇑
	Permits increased 40.5% from July to August		Permits up from August 2020 to August 2021		YTD permits up 59.9% through August 2021	

Apartment Vacancy Rate	3.7%	⇓	-1.4 percentage points	⇓	4.6%	⇓
	Vacancy decreased 1.8 percentage points from 1Q 2021 to 2Q 2021		Vacancy decreased from 2Q 2020 to 2Q 2021		YTD average down 0.9 percentage points from last year	
Office Vacancy Rate (with Sublet)	13.9%	⇔	+2.5 percentage points	⇑	+2.5 percentage points	⇑
	Vacancy rate unchanged from 2Q 2021 to 3Q 2021		3Q 2021 vacancy up from 11.4% one year ago		3Q 2021 vacancy up from 11.4% one year ago	
Industrial Vacancy Rate (with Sublet)	6.4%	⇓	+0.9 percentage point	⇑	+0.9 percentage point	⇑
	Vacancy rate decreased 0.5 percentage point from 2Q 2021 to 3Q 2021		3Q 2021 vacancy up from 5.5% one year ago		3Q 2021 vacancy up from 5.5% one year ago	
Retail Space Vacancy Rate (with Sublet)	5.2%	⇔	+0.2 percentage point	⇑	+0.2 percentage point	⇑
	Vacancy rate unachanged from 2Q 2021 to 3Q 2021		3Q 2021 vacancy up from 5% one year ago		3Q 2021 vacancy up from 5% one year ago	

October 2021 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.

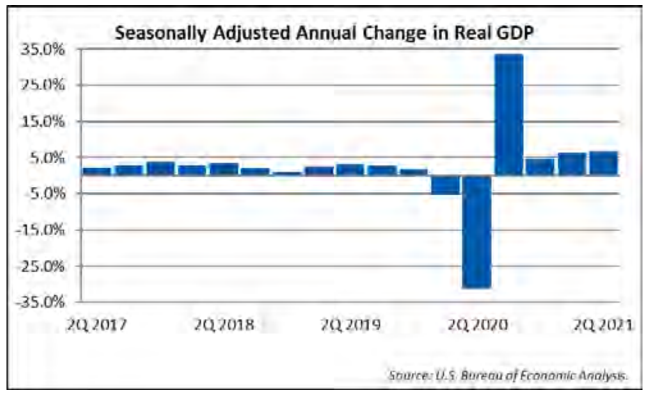
Notable Rankings

- Two Denver companies were included in LinkedIn's annual list, which selects 50 companies that Americans want to work at most. Guild Education ranked No. 23, its second consecutive appearance on the list and its highest rank to date. Aerospace unicorn Boom Supersonic ranked No. 35. LinkedIn compiles its list by analyzing employee growth, jobseeker interest, and how well startups have attracted talent away from larger firms.
- A recent study by CareerBuilder ranked Denver seventh among U.S. cities for its average salary of $80,500. The employment website, which uses internal salary data to calculate the averages, cited Denver's booming hospitality industry, and well as healthcare and finance sectors. San Francisco had the highest average salary of $96,500.
- Colorado ranked No. 10 among the best states for working women, according to an Oxfam America study ranking all 50 states, Washington, D.C., and Puerto Rico based on policies related to equal pay, rights to organize, and worker protections like those for pregnant and breastfeeding women or against sexual harassment. The top five states for working women were Oregon, California, New York, Connecticut, and Massachusetts, while the bottom five were North Carolina, Georgia, Alabama, Mississippi, and Texas.
- Two Colorado cities made the top 20 in a CommercialCafe list of the best cities in the U.S. for working remotely. Fort Collins ranked No. 11 and Boulder ranked No. 15. Rankings were determined by factors including best internet speeds, best assortments of restaurants, affordability, and crime rate.
- Best Cities, an exclusive ranking of the world's top urban destinations by Resonance Consultancy, ranked Denver No. 8 among America's best cities based on 6 metrics which measure how attractive a city is to live, work, and play. Denver ranked No. 1 in the People category, which analyzes a combination of residents with at least a postsecondary degree, as well as the one-year change in the civilian labor force.
- Boulder ranked third among the top college towns for young adults to buy a home, according to Realtor.com. The analysis evaluated nearly 200 cities with at least 10,000 residents where undergraduates comprise at least 20 percent of the population. Champaign, Ill. and Burlington, Vt. came in ahead of Boulder on the list.

- Denver ranked among the top 10 cities for retiree-friendliness in a WalletHub study of more than 180 U.S. cities. The study compared cities across 48 key metrics including cost of living, retired taxpayer-friendliness, and state healthcare infrastructure. Denver ranked No. 6, behind Orlando, Charleston, Scottsdale, Tampa, and Minneapolis. Colorado Springs Ranked No. 54, and Aurora ranked No. 116.
- Boulder is the 27th least affordable metro area in the nation, according to an analysis by The Business Journals that identified the 30 least affordable metro areas in the nation based on the most recent regional price parity data from the Bureau of Economic Analysis. The latest data cover 2019, meaning this analysis does not factor in cost increases that have occurred during the COVID-19 pandemic.

National Economic Overview

Gross Domestic Product



- The U.S. Bureau of Economic Analysis (BEA) released their third estimate of real gross domestic product (GDP) for the second quarter of 2021 and found that GDP increased at an annual rate of 6.7 percent, up from the second estimate of 6.6 and up from the 6.3 percent growth rate during the first quarter of 2021.
- The third estimate is based on more complete source data than were available for the second estimate. The first GDP estimate for 3Q 2021 is scheduled for release on October 28.
- The increase in second quarter real GDP reflected increases in personal consumption expenditures (led by food service, accommodations, and "other" nondurable goods, notably pharmaceutical products, clothing, and footwear), nonresidential fixed investment (led by research & development, software, and transportation equipment), exports (led by nonautomotive capital goods and travel), and state and local government spending.
- These increases were partly offset by decreases in private inventory investment (led by retail trade inventories), federal government spending on intermediate goods and services, and non-defense spending on intermediate goods and services. In the second quarter, nondefense services decreased as the processing and administration of Paycheck Protection Program (PPP) loan applications by banks on behalf of the federal government declined.
- According to the Conference Board's September 2021 Economic Outlook, U.S. Real GDP growth is expected to slow to 5.5 percent in 3Q 2021. Annual growth projections for 2021 were 5.9 percent. In the short term, U.S. consumption is expected to continue growing, though at a more muted rate due to the Delta variant of the COVID-19 virus. Looking further ahead, the Conference Board forecasted that the U.S. economy will grow by 3.8 percent year-over-year in 2022 and 3 percent in 2023.

Interest Rates

- In their meeting on September 21-22, The Federal Open Market Committee (FOMC) of the Federal Reserve maintained its current accommodative stance of monetary policy. The Fed will keep short-term interest rates near zero until labor market conditions have reached levels consistent with the Committee's assessment of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. The Fed will also continue its monthly purchases of $120 billion of government bonds. If current progress in the economy continues broadly as expected, the Committee judges that a moderation in the pace of asset purchases may soon be warranted.

- The committee noted that with progress on vaccinations and strong policy support, indicators of economic activity and employment have continued to strengthen. The sectors most adversely affected by the pandemic have improved in recent month, but the rise in COVID-19 cases has slowed their recovery.
- According to Federal Reserve Chair Jerome Powell, recent spikes in prices are largely due to supply-chain bottlenecks brought about by the unprecedented speed of economic rebound. These bottleneck effects have been larger and longer lasting than anticipated, leading to upward revisions in inflation projections for this year.
- The Fed projected 2.3 percent for core inflation next year – the highest next-year core inflation forecast since projections were first published in 2007, according to analysts at Monetary Policy Analytics. Last September, the 2022 core inflation rate was projected at 1.8 percent.
- The next FOMC meeting is November 2-3, 2021.

Policy Watch

National

- Congress passed a short-term funding bill on September 30, one day before government funding was set to run out. In addition to avoiding a potential government shutdown, the bill's passage gives lawmakers additional time to reach consensus over the dozen annual bills that dictate federal spending. The legislation extended federal funding through December 3 and provided emergency aid and support to both the resettlement of Afghan refugees and disaster recovery efforts across the country.

Local

- The quarterly Economic & Revenue Forecast released by the nonpartisan Legislative Council Staff (LCS) forecasted $14.24 billion in General Fund revenues for FY20-21 – the fiscal year ending on June 30, 2021 – and $15.11 billion for FY21-22. The governor's Office of State Planning and Budgeting (OSPB) also released its quarterly forecast with identical results for General Fund revenues for FY20-21 and a slightly higher amount for FY21-22 of $15.76 billion. With state revenues forecasted to exceed the Taxpayer's Bill of Rights cap, Colorado is expected to refund roughly $4 billion to state residents over the next four years, largely in the form of income-tax rebates and sales-tax refunds.
- The Centers for Medicare and Medicaid Services (CMS) announced that it was providing additional funds to 13 states, including Colorado, in support of Affordable Care Act Section 1332 Reinsurance waivers. The additional funding of nearly $50 million for Colorado's reinsurance program is a result of expanded subsidies for people buying health insurance from the individual market provided under the American Rescue Plan. The additional funds will be used to help decrease premiums, get more people covered, and strengthen the reinsurance program.

Economic Indexes & Notable Data Releases

National & International

- The U.S. goods and services trade deficit was $70.1 billion in July, down from $73.2 billion in June. Exports were $212.8 billion in July, an increase of $2.8 billion from June exports, while July imports were $282.9 billion, $0.4 billion less than June imports.
- The Conference Board Leading Economic Index (LEI) increased by 0.9 percent in August to 117.1, following a 0.8 percent increase in July and a 0.6 percent increase in June. The gain in August was driven by positive contributions from all components of the LEI except for consumer expectations for business conditions and average weekly manufacturing hours. The upward trend in the LEI in recent months is consistent with robust economic growth for the remainder of the year, according to the Conference Board.
- According to the Institute for Supply Management's Manufacturing Index, the Purchasing Managers Index (PMI) was 61.1 percent in September, an increase of 1.2 percentage points from the August reading of 59.9. This figure indicates expansion in the overall economy for the 16th month in a row after contraction in April 2020. Panelists reported that their companies and suppliers continue to struggle to meet increasing levels of demand as all segments of the manufacturing economy were impacted by record-long raw material lead times and continued shortages of critical basic materials. Worker absenteeism, short-term shutdowns due to parts shortages, and difficulties in filling open positions continue to limit manufacturing-growth potential. Seventeen of the 18 manufacturing industries reported growth in September, with the only industry reporting a decrease in September compared to August was Wood Products.
- The Services Purchasing Managers Index (PMI) by the Institute for Supply Management registered 61.7 percent in August, 2.4 percentage points lower than July's all-time high reading of 64.1 percent. The August reading indicates the 15th straight month of growth for the services sector, which has expanded all but two of the last 139 months. Seventeen service industries reported growth. There was a pullback in the rate of expansion in the month of August; however, growth remains strong for the services sector. Respondents indicated that the tight labor market, materials shortages, inflation, and logistics issues continued to cause capacity constraints.
- According to a survey of 1,000 recent college graduates by insurance provider Breeze, more than two-thirds of recent graduates who got a job took a pay cut in order to get some degree of remote work. The survey also found that the majority agree that remote work will be among their biggest factors in picking new jobs.

Local

- According to the University of Colorado Boulder Leeds School of Business fourth quarter 2021 Leeds Business Confidence Index, confidence remained elevated ahead of Q4 despite falling from record high levels in Q3. The Index fell from 67.3 in Q3 to 56.1 ahead of Q4 2021 but remained above the long-term average of 54.3. All six components fell from Q3. Five of the six components of the LBCI were above 50, with the greatest optimism recorded in hiring and industry sales. The only component to fall below 50 was the national economy. Panelists anticipated a sustained recovery in the first quarter of 2022, with the index increasing modestly to 57.2. More than 57 percent of companies reported as of September that either sales never decreased, or sales have already returned to pre-pandemic levels. Nearly 46 percent reported that employment has rebounded.

- According to the regional Beige Book by the Kansas City Federal Reserve, economic activity in the Tenth District, which includes Colorado, grew at a modest pace through August as the pace of growth in the services sector slowed slightly. District employment gains were mixed across sectors. Within services, contacts at motor vehicle dealers, health care providers, and accommodation businesses reported declines in employment. These losses were more than offset by hiring within other services sectors and gains in employment at manufacturing businesses. Most contacts expected to further expand the size of their workforces in coming months.
- Since Colorado launched legalized sports betting in May 2020, the state has collected nearly five times more money for water projects than anticipated. The $3 billion in bets made between May 2020 and July 31, 2021 translates to $9.4 million in state revenue. The start of the National Football League's season brought in about $44 million in bets during its first weekend (Sept. 9-13). Money collected from gambling proceeds goes toward work meant to conserve water, protect natural habitats, improve infrastructure, and more.

Labor Force and Employment

- Employment in Metro Denver increased 5.4 percent between August 2020 and 2021, rising by 88,700 jobs across all supersectors. Employment in the Denver-Lakewood-Aurora MSA rose 5.4 percent, or by 78,900 jobs, while the Boulder-Longmont MSA increased 5.3 percent, or by 9,800 jobs, during the period.

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

	Month of Aug-21	Month of Jul-21	Month of Aug-20	Year-to-Date Average YTD 2021	Year-to-Date Average YTD 2020	Year-to-Date Average Change	Annual Growth Rate 2016	Annual Growth Rate 2011
Total 11-County Metro Denver*	1,720.0	1,714.9	1,631.3	1,680.5	1,646.0	2.1%	2.6%	1.8%
Denver-Aurora-Lakewood MSA	1,526.7	1,524.2	1,447.8	1,491.7	1,458.3	2.3%	2.6%	1.7%
Boulder MSA	193.3	190.7	183.5	188.8	187.7	0.6%	2.6%	2.8%
Natural Resources & Construction	117.3	117.3	113.8	114.2	114.2	0.0%	2.7%	-0.5%
Manufacturing	90.6	91.2	89.1	90.2	88.9	1.4%	1.2%	2.2%
Wholesale & Retail Trade	233.9	235.7	227.4	234.3	225.0	4.1%	1.8%	1.5%
Transp., Warehousing & Utilities	78.6	76.8	70.7	77.4	70.1	10.4%	2.5%	-0.5%
Information	59.2	58.8	58.4	58.9	59.7	-1.4%	1.3%	0.1%
Financial Activities	121.1	122.1	118.5	120.1	118.6	1.3%	3.3%	-0.2%
Professional & Business Services	331.3	330.4	309.0	318.9	311.1	2.5%	2.3%	3.9%
Education & Health Services	216.7	217.7	208.1	216.2	209.1	3.4%	3.1%	3.6%
Leisure & Hospitality	174.3	173.5	149.4	154.7	150.6	2.7%	3.9%	3.3%
Other Services	68.0	66.3	60.1	63.8	59.5	7.1%	3.5%	1.7%
Government	229.0	225.1	226.8	231.9	239.2	-3.1%	2.6%	0.1%
Federal Gov't	30.6	31.0	32.8	30.8	30.7	0.4%	1.5%	-3.0%
State Gov't	57.7	55.5	58.3	60.5	65.7	-7.8%	3.9%	3.1%
Local Gov't	140.7	138.6	135.7	140.6	142.9	-1.6%	2.3%	-0.3%
Colorado	2,752.2	2,749.3	2,632.0	2,697.5	2,643.2	2.1%	3.1%	-1.0%
United States	146,856	146,544	140,728	144,520	141,623	2.0%	2.1%	-0.7%

**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

- All 11 supersectors reported over-the-year increases in employment. Leisure and hospitality reported the largest increase, rising 16.7 percent, followed by other services (+13.1 percent), and transportation, warehousing, and utilities (+11.2 percent). The government supersector reported the most modest over-the-year increase of 1 percent.
- Employment in Colorado increased 4.6 percent, or by 120,200 jobs, between August 2020 and 2021. National employment rose 4.4 percent, or by about 6.1 million jobs. Colorado has now regained 293,400 of the 376,300 jobs lost from January to April 2020, a recovery rate of 78 percent.

Metro Denver Industry Cluster Headlines

Aerospace

- Loveland-based aerospace company Opterus Research and Development Inc. received a $30,000 grant in exchange for adding 33 technology jobs over the next five years. The grant also enables Opterus to move to a larger facility at The Forge Campus in south Loveland. The company currently has 17 engineers and technicians working to produce their light, high-strength composite material made from flexible carbon fiber. The average pay for Opterus staff members is $100,000 per year.
- Massachusetts-based Raytheon reached a deal to buy Centennial-based SEAKR Engineering, a fast-growing maker of advanced satellite electronics and computer systems. SEAKR Engineering will become part of the Raytheon Intelligence & Space division. SEAKER currently has 540 employees at its Centennial offices, where the company has doubled its staff size since 2019. After acquiring SEAKR, Raytheon will employ about 3,240 people in Colorado. Raytheon is also planning to hire an additional 250 people in Colorado, mostly working out of the company's Aurora campus.
- Louisville-based Sierra Space has added dozens of people to its payroll in recent months and currently has 100 new job openings as it attempts to complete its Dream Chaser spaceplane and have it ready for missions delivering cargo to the International Space Station for NASA starting in November 2022. The company has added overnight shifts on Sundays, has started training new hires in welding and other "high-touch" jobs, and is now running shifts 24 hours a day, seven days a week assembling the autonomous spaceplane.

Energy & Natural Resources

- A report by the Energy Department's Office of Energy Efficiency and Renewable Energy found that the U.S. would need to quadruple its annual solar capacity – and continue to increase it year-by-year – as it shifts to a renewable-dominant grid in order to address the existential threat posed by climate change. The study illuminates the fact that solar, our cheapest and fastest-growing source of clean energy, could produce enough electricity to power all of the homes in the U.S. by 2035 and employ as many as 1.5 million people in the process. According to the report, in order to achieve 40 percent solar power by 2035, the U.S. must install an average of 30 gigawatts of solar capacity per year between now and 2025 and 60 gigawatts per year from 2025 to 2030. In 2020, the U.S. installed a record 15 gigawatts of solar generating capacity and solar now represents just over 3 percent of the current electricity supply.
- Denver-based Crestone Peak LLC will lay off 159 workers in Weld, Denver, Arapahoe, and Douglas counties as part of its pending acquisition by a new oil drilling entity, Civitas Resources Inc. Layoffs are effective October 15, but workers will be considered for hire at the new company.

- The University of Colorado, with support from the National Science Foundation and in partnership with the City College of New York, is launching Building Energy Smart Technologies (BEST) Center, a five-year research initiative focused on sustainable building and construction technology. The new center will operate under the NSF Industry-University Cooperative Research Centers model, which is designed to help startups, large corporate partners, and government agencies connect directly with university researchers to solve common research obstacles in a low-risk environment.

Financial Services

- Greenwood Village-based retirement services provider Empower Retirement plans to add more than 325 employees by the end of this year. The hiring will be done in the company's fastest growing business unit, Retirement Solutions Group, and will include both entry-level and seasonal employees.

Food and Beverage Production

- Denver hosted the 2021 Great American Beer Festival in September, where judges evaluated 9,680 beers from more than 2,000 breweries nationwide. Colorado beer-makers won 21 medals, down from 26 medals during 2020's virtual award ceremony. Our Mutual Friend Brewing was the biggest Colorado winner in 2021 with two medals, including one gold. California and Washington breweries took home the most medals, winning a total of 60 and 22 medals, respectively.
- U.S. craft beer production fell for the first time ever in 2020, by 9.2 percent, according to the Brewers Association. Overall, craft beer accounted for 23.6 percent of all beer sales in 2020 and is expected to finish 2021 with a production increase between 7 percent and 8 percent.

Healthcare & Wellness

- Colorado-based SCL Health – a hospital system with locations in Colorado, Montana, and Kansas – has signed a letter of intent to merge with Intermountain Healthcare of Utah. The merged organization will go by the name Intermountain Health and will employ more than 58,000 caregivers. The organization will be based in Salt Lake City with a regional office in Broomfield.

IT-Software

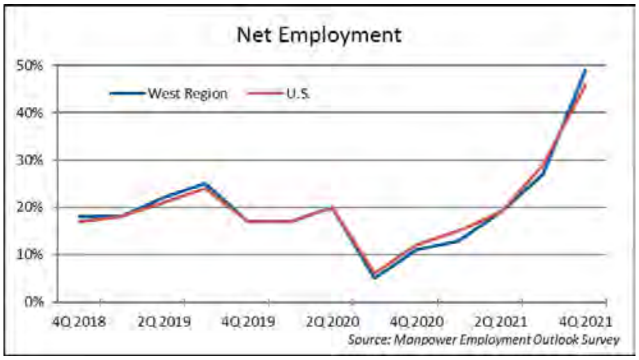
- According to a study released by the Brookings Metropolitan Policy Program, Metro Denver is an early contender when it comes to participating in the emerging field of Artificial Intelligence. The study found 13 "early adopter" regions including Boulder, Boston, and Austin, Texas. It also lists Denver, Colorado Springs, and Fort Collins in a list of "potential adoption centers".
- The sports betting online company Tipico has selected Colorado as the site for its new technology hub, which will bring as many as 441 jobs to the state over the next eight years. The new jobs are expected to pay an average of $96,315 and will include software development, cloud infrastructure, native and mobile app development, product management, and data engineering, as well as operations, marketing, finance, and customer service positions.
- Louisville-based tech unicorn JumpCloud, a directory-as-a-service technology platform, has raised $159 million in a Series F round, and is now valued at $2.56 billion. With the new capital, the company will primarily be focused on further building out its product, with a majority of hiring being done on the development side. The company currently has more than 400 employees and expects to have as many as 500 staff members by the end of 2021.

- Matillion, a cloud data integration platform with dual headquarters in Denver and Manchester in the United Kingdom, has achieved unicorn status after a $150 million Series E fundraising round. The company currently has 55 employees in Denver and plans to significantly expand its presence in Denver and across the U.S. remotely for the rest of 2021 and into 2022.
- Broomfield-based DiningTek, a business development software maker for restaurants, will move its headquarters to Kentucky after winning a $100,000 investment in a start-up competition there. The company plans to maintain its Broomfield offices where it currently has 16 employees.
- Insurance-tech startup AgentSync has grown its staff from about a dozen employees to nearly 100 since moving from the Bay Area to Denver in early 2020. The company is now expanding its physical footprint by opening a new 12,500-square-foot office in Denver's River North District. AgentSync is expected to grow to nearly 115 employees by the end of this year, and about 175 by the end of 2022, with approximately 80 percent of employees in Denver and the remainder working remotely.

Other Industry Headlines

- Amazon plans to hire for more than 4,900 jobs in Colorado, including 2,700 in Metro Denver and 2,200 in Colorado Springs. The newly announced roles are primarily focused on fulfilment and transportation and offer an average starting wage of more than $18 per hour. The company already has more than 16,000 full- and part-time employees located across Colorado.
- UPS plans to hire 2,455 seasonal workers in Denver ahead of the holiday shipping season. With facilities in Commerce City, Aurora, Englewood, and Denver International Airport, UPS will be hiring semi-truck drivers, driver-helpers, package handlers, and personal vehicle drivers. According to the company, over the last three years, one-third of people hired for seasonal jobs were later hired in a permanent position when the holidays were over.
- FedEx plans to hire 1,850 new workers in Colorado to gear up for the upcoming holiday season. Positions include package handlers, managers, and other support staff. FedEx Ground currently employs more than 3,500 team members in the Denver area.

Employment Outlook



- The Manpower Employment Outlook Survey revealed that all four regions in the United States reported positive net employment outlooks for 4Q 2021. The West, which includes Colorado, reported a 49 percent net employment outlook, reflecting the difference in the percent of companies hiring versus laying off. The Northeast reported the largest net employment outlook of 50 percent, while the Midwest and South reported net employment outlooks of 41 percent and 46 percent, respectively.
- Net employment increased both in the West Region and nationally between 4Q 2020 and 2021. Nationally, 59 percent of companies plan to hire in the fourth quarter of 2021, 39 percentage points higher than the same quarter last year, while 13 percent of companies plan to lay workers off, up 5 percentage points from last year.

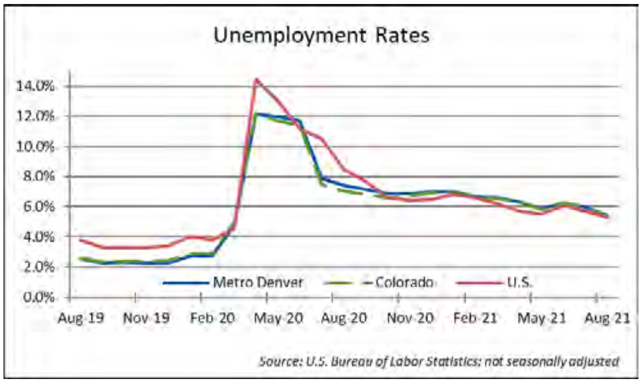
Employment Outlook Survey

	Quarter 4 2021	Quarter 3 2021	Quarter 4 2020	YTD 2021	YTD 2020	Ann Avg 2016	Ann Avg 2011
West Region							
Percent of Companies Hiring	62%	31%	20%	34%	21%	-	-
Percent of Companies Laying Off	13%	4%	9%	7%	8%	-	-
Percent of Companies No Change	21%	62%	66%	55%	68%	-	-
Percent of Companies Unsure	4%	3%	5%	4%	4%	-	-
Net Employment	49%	27%	11%	27%	13%	-	-
United States							
Percent of Companies Hiring	59%	32%	20%	34%	21%	22%	17%
Percent of Companies Laying Off	13%	3%	8%	7%	7%	5%	9%
Percent of Companies No Change	24%	63%	67%	56%	69%	71%	72%
Percent of Companies Unsure	4%	2%	5%	4%	4%	2%	3%
Net Employment	46%	29%	12%	27%	14%	17%	8%

Source: Manpower Inc.

- In each of the 12 national industry sectors, hiring sentiment is the strongest since the NAICS sector classification was adopted in 2009. Hiring intentions improved sharply in seven of the twelve nationwide industry sectors when compared with the previous quarter: Construction, Financial Activities, Government, information, Other Services, Professional & Business Services, and Transportation & Utilities.

Labor Force & Unemployment



- Unemployment in Metro Denver decreased 2 percentage points over-the-year to 5.4 percent in August. The unemployment rate was 0.6 percentage points lower than the prior month.
- All seven counties in Metro Denver reported over-the-year decreases in the unemployment rate. Denver County reported the largest decrease of 2.5 percentage points, followed by Arapahoe County (-2.3 percentage points) and Adams and Jefferson Counties (-1.9 percentage points). Douglas County reported the lowest unemployment rate of 4.2 percent in August, while Adams County reported the highest rate of 6.2 percent.
- There were 42,607 more people either employed or looking for work between August 2020 and 2021 in Metro Denver, an increase of 2.3 percent. The labor force rose in all seven counties, led by Douglas County (+3.2 percent), Broomfield County (+2.7 percent), and Adams County (+2.6 percent).
- Colorado reported an unemployment rate of 5.4 percent in August, down 1.7 percentage points from the same time last year, and down 0.6 percentage points from the previous month. August was the first month since March 2020 that Colorado's unemployment rate fell below 6 percent. The labor force increased 2.2 percent over-the-year, representing an additional 69,594 people either employed or looking for work during the period. The national unemployment rate fell 3.2 percentage points over-the-year to 5.3 percent and fell

0.4 percentage points over-the-month. The national labor force increased 0.5 percent between August 2020 and 2021.

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

	August 2021 (p)		2021 YTD AVG		2020 YTD AVG		2016 Ann Avg	2011 Ann Avg
	Total Labor Force	Unemploy-ment Rate	Total Labor Force	Unemploy-ment Rate	Total Labor Force	Unemploy-ment Rate	Unemploy-ment Rate	Unemploy-ment Rate
Metro Denver	1,872.5	5.4%	1,861.7	6.2%	1,816.3	7.6%	2.9%	8.4%
Adams County	282.1	6.2%	280.4	7.1%	272.7	8.2%	3.4%	10.3%
Arapahoe County	376.1	5.8%	373.8	6.6%	364.5	8.0%	3.0%	8.6%
Boulder County	196.7	4.4%	195.7	5.3%	192.1	6.4%	2.6%	6.7%
Broomfield County	41.3	4.6%	41.0	5.4%	40.0	7.0%	2.8%	7.3%
Denver County	433.4	5.9%	431.3	6.8%	421.2	8.4%	3.0%	8.9%
Douglas County	200.8	4.2%	199.3	4.9%	193.7	6.1%	2.6%	6.7%
Jefferson County	342.1	5.0%	340.4	5.9%	332.0	7.4%	2.8%	8.3%
Colorado	3,195.5	5.4%	3,181.2	6.2%	3,100.8	7.5%	3.1%	8.7%
United States	161,788	5.3%	160,925	6.0%	160,912	8.7%	4.9%	8.9%

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

- Initial unemployment insurance claims in Metro Denver decreased 50.2 percent between August 2020 and 2021, falling to a weekly average of 1,947 claims.
- Colorado reported an average of 3,542 initial unemployment claims per week in August, down 47.8 percent from the same time last year, and representing 3,241 fewer claims each week. Year-to-date average weekly initial claims rose 1.2 percent in Colorado during the period.

Weekly First-Time Unemployment Insurance Claims

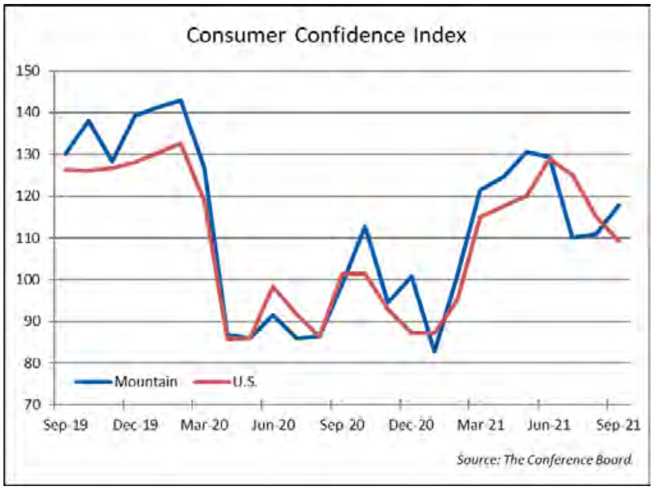
	Month of Aug-21	Month of Jul-21	Month of Aug-20	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Ann Avg 2016	Ann Avg 2011
Metro Denver	1,947	2,264	3,913	8,219	8,436	-2.6%	1,239	1,789
Colorado	3,542	3,966	6,783	14,061	13,898	1.2%	2,412	3,357

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 Consumer Confidence Index for the U.S. declined in September, following a decrease in both July and August. The index now stands at 109.3, a 7.9 percent over-the-year increase and a 5.1 percent over-the-month decrease. The Index is still below its pre-pandemic reading of 132.6 in February 2020.



- Analysts at The Conference Board stated that consumer confidence dropped in September as the spread of the Delta variant continued to dampen optimism. According to analysts, concerns about the state of the economy and short-term growth prospects deepened, while spending intentions for homes, autos, and major appliances all retreated again. Consumer confidence is still high by historic levels, but the Index has now fallen 19.6 points from the recent peak of 128.9 reached in June. These back-to-back declines suggest consumers have grown more cautious and are likely to curtail spending going forward.
- Colorado is included in the Mountain region and the index for the area increased 19 percent between September 2020 and 2021 to 117.7. The index increased 6 percent over-the-month from 111 in August. The Present Situations Index rose 53.9 percent over-the-year to 156.5, while the Expectations Index fell 5.5 percent to 91.8 during the period.

Consumer Confidence Index

	Month of Sep-21	Month of Aug-21	Month of Sep-20	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Ann Avg 2016	Ann Avg 2011
Mountain	117.7	111.0	98.9	114.3	105.2	8.7%	103.4	57.4
United States	109.3	115.2	101.3	112.6	103.4	8.8%	99.8	58.1

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

Consumer Spending

- In its annual holiday forecast tracking retail sales from November into January, consulting firm Deloitte projected that retail sales will increase between 7 percent and 9 percent in 2021 compared with the same period last year. The e-commerce portion is expected to grow by as much as 15 percent.

National Retail Sales ($millions)

	Month of Jul-21	Month of Jun-21	Month of Jul-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual Growth 2016	Annual Growth 2011
Total Retail Sales	633,682	635,437	549,416	4,178,588	3,430,963	21.8%	3.0%	7.3%
Motor Vehicles	133,786	137,268	116,233	911,853	680,939	33.9%	4.3%	9.4%
Furniture and Home	12,386	12,008	10,625	81,930	59,045	38.8%	3.6%	2.8%
Electronics & Appliance	7,992	7,983	6,555	52,124	38,737	34.6%	-4.5%	2.6%
Building Materials	41,653	45,421	39,430	285,456	245,215	16.4%	5.2%	3.4%
Food and Beverage	77,316	74,890	75,085	510,409	501,905	1.7%	2.0%	4.9%
Health and Personal Care	31,795	32,396	29,573	217,327	197,458	10.1%	3.8%	4.3%
Gasoline Stations	53,457	51,303	38,876	322,083	244,965	31.5%	-4.8%	19.0%
Clothing & Accessories	25,801	25,301	17,779	157,683	92,826	69.9%	1.7%	7.2%
Sporting Goods	9,213	9,345	8,011	59,877	43,024	39.2%	0.9%	0.3%
General Merchandise	69,096	67,458	61,674	455,108	411,555	10.6%	0.1%	3.5%
Miscellaneous Store	14,374	14,504	11,992	92,182	70,943	29.9%	1.9%	4.0%
Non-Store Retailers	80,533	85,052	79,072	575,435	493,766	16.5%	10.2%	10.4%
Food Service & Drinking	76,280	72,508	54,511	457,121	350,585	30.4%	5.4%	6.1%

Source: U.S. Census Bureau.

- National retail sales activity rose 15.3 percent over-the-year in July, with all 13 supersectors reporting increases during the period. Clothing and clothing accessories stores reported the largest over-the-year increase of 45.1 percent, followed by food services and drinking places (+39.9 percent), gasoline stations

(+37.5 percent), and electronics and appliance stores (+21.9 percent). Non-store retailers reported the most modest over-the-year increase of 1.8 percent.

- Retail sales in Metro Denver rose 19.1 percent between July 2020 and 2021. All seven counties in Metro Denver reported over-the-year increases in retail sales. Denver County reported the largest increase of 25.2 percent, followed by Broomfield County (+23.8 percent) and Boulder County (+23.6 percent). Jefferson County reported the most modest increase of 12.8 percent. Retail sales throughout Colorado rose 19.4 percent over-the-year.

Total Retail Sales ($000s)

	Month of Jul-21	Month of Jun-21	Month of Jul-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual Growth 2016	Annual Growth 2011
Total Metro Denver	13,117,860	15,165,749	11,012,789	85,825,113	74,075,260	15.9%	2.3%	6.4%
Adams County	2,571,929	2,884,523	2,093,407	16,478,744	14,294,197	15.3%	5.6%	10.4%
Arapahoe County	2,248,798	2,602,610	1,980,581	15,002,549	13,071,887	14.8%	-0.9%	3.1%
Boulder County	1,291,097	1,676,782	1,044,266	8,708,646	7,525,144	15.7%	5.9%	8.2%
Broomfield County	262,692	290,680	212,162	1,685,952	1,447,550	16.5%	-1.6%	0.2%
Denver County	3,163,388	3,566,693	2,526,132	20,241,792	17,394,560	16.4%	-1.9%	1.9%
Douglas County	1,524,856	1,668,914	1,334,405	9,709,469	7,167,778	35.5%	13.1%	17.0%
Jefferson County	2,055,101	2,475,547	1,821,836	13,997,962	13,174,144	6.3%	1.1%	8.2%
Colorado	22,535,837	25,533,676	18,878,629	144,915,306	123,854,710	17.0%	1.0%	7.0%

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 August rose 0.2 percent from July and 5.3 percent over the past year. Core inflation rose 4 percent over-the-year, down from the 4.3 percent increase in July.
- All eight components of the CPI increased over-the-year, with the largest increases in transportation (+17.8 percent), apparel (+4.2 percent), and food and beverage (+3.7 percent). Medical care reported the most modest over-the-year increase of 0.4 percent.
- The CPI for the Denver-Aurora-Lakewood MSA rose 3.5 percent over-the-year in July. Seven of the eight components reported increases between July 2020 and 2021, with the largest increases in transportation (+15.6 percent), apparel (+15 percent), and recreation (+4 percent). Education and communication reported the only over-the-year decrease of 1.5 percent.
- Inflation at the wholesale level increased 8.3 percent between August 2020 and August 2021, the largest annual gain since the Labor Department started calculating the 12-month number in 2010. The Labor Department's producer price index – which measures inflationary pressures before they reach consumers – rose 0.7 percent over the month in August after increasing 1 percent in each of the two months prior.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price for September was $3.19 per gallon, up 45.7 percent from the same time last year. The Metro Denver average fuel price increased 38.6 percent over-the-year to an average of $3.05 per gallon, a rise of $0.85. The average fuel price in Metro Denver was $0.14 lower than the average fuel price throughout the U.S.

Stock Market

Stock Market Indexes

	Month of Sep-21	Month of Aug-21	Month of Sep-20	YTD Return 2021	YTD Return 2020	Annual Avg Return 2016	Annual Avg Return 2011
Bloomberg Colorado	926.2	948.8	644.6	21.9%	6.2%	4.0%	-3.6%
S&P 500	4,307.5	4,522.7	3,363.0	14.7%	4.1%	9.5%	0.0%
NASDAQ	14,448.6	15,259.2	11,167.5	12.1%	24.5%	7.5%	-1.8%
DJIA (Dow Jones)	33,843.9	35,360.7	27,781.7	10.6%	-2.7%	13.4%	5.5%

Sources: Bloomberg.com; Yahoo! Finance.

- All four stock market indices increased between September 2020 and 2021. The Bloomberg Colorado Index reported the largest increase, rising 43.7 percent, followed by NASDAQ (+29.4 percent), the S&P 500 (+28.1 percent), and the DJIA Index (+21.8 percent).

Travel & Tourism

- According to an American Hotel & Lodging Association study, Denver hotels are on pace to bring in $850 million less from business travel in 2021 than in 2019, a 78.2 percent decline over-the-period. The study ranked Denver 11th among the 50 largest hotel markets in the U.S. with the largest declines in hotel business travel revenue over the period. New York, N.Y. and Washington, D.C. reported the largest declines of 88.4 percent and 86.5 percent, respectively.

- The average hotel occupancy rate in Metro Denver rose 24.7 percentage points over-the-year to 70.3 percent in the month of August 2021. The average hotel room rate rose 52.8 percent to $154.25 per night, an increase of $53.28 during the period.

Metro Denver Hotel Statistics

	Month of Aug-21	Month of Jul-21	Month of Aug-20	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Ann Avg 2016	Ann Avg 2011
Percent of Hotel Rooms Occupied	70.3%	76.8%	45.6%	56.8%	42.6%	12.6%	75.0%	66.8%
Average Hotel Room Rate	$154.25	$154.67	$100.97	$120.91	$111.30	1.3%	$140.46	$109.94

Source: Rocky Mountain Lodging Report.

- Spokespeople for Denver International Airport (DEN) reported that 6,368,149 passengers passed through the airport in July, an increase of 145.7 percent from the previous year, or a rise of over 3.75 million passengers. Since navigating the worst of the COVID-19 pandemic, carriers today are seeing domestic capacity measured in passenger seats at 95 percent of pre-pandemic levels.

Denver International Airport Passengers

	Month of Jul-21	Month of Jun-21	Month of Jul-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual 2016	Annual 2011
Number of Airline Passengers	6,368,149	5,715,347	2,592,277	31,069,176	18,506,680	67.9%	58,266,515	52,849,132

Source: Denver International Airport, Traffic Statistics.

- Denver International Airport (DEN) is tied for the 13th-best airport in its peer group for customer satisfaction, according to the 2021 North America Satisfaction Study from J.D. Power. DEN tied in the Mega Airport category with Ft. Lauderdale-Hollywood International Airport in Florida with 793 points out of a possible 1,000 points for overall customer satisfaction. According to a representative at J.D. Power, customer satisfaction decreases when airports go into a construction phase and DEN's score was impacted by the multi-phase construction project underway at the airport, which began in 2017 and is expected to continue until mid-2024.

- Denver international Airport is planning to add a seventh runway to be completed in late 2028. The plans have been approved by Denver City Council and are now awaiting approval from the Federal Aviation Administration. If approved, the runway addition would rank DEN No. 2 among U.S. airports with the most runways, tied with Dallas-Fort Worth International Airport, and just behind Chicago's O'Hare International Airport, with eight runways.

Residential Real Estate

Recently Announced Projects

- Denver-based Broe Real Estate Group has submitted a rezoning application for 50 S. Steel Street in Cherry Creek, a property which currently consists of a 10-story office building built in 1973 and a large parking lot. If approved, the rezoning would allow for a mixed-use building up to 12 stories. The Developer is planning to replace the existing structure with a 480-unit project that would include about 60 income-restricted units.
- Glendale-based Westside Investment Partners purchased the former Sports Authority warehouse at 50 S. Kalamath Street in the Baker neighborhood. The company plans to build a 435-unit residential complex with 4,500 square feet of retail space.
- Houston-based developer Hanover Co. is planning to build a 390-unit apartment complex at 2900 Brighton Blvd in RiNo, where demolition is underway on a large warehouse building. The plans call for a seven-story building and include about 8,600 square feet of retail space.
- Dallas-based Trammel Crow Residential has begun construction on a 5-story apartment complex at the corner of Evans and Broadway. The complex is expected to have 366 residential units and 7,500 square feet of retail space.
- San Antonio-based Embrey Partners has acquired a site in the mixed-use development, The District in Centennial, where it plans to build an apartment complex named Keene at The District. The proposed development has 306 units and will be a four-story wrap style design with apartments constructed around a central parking garage. The first units are expected to open in the first quarter of 2024, with the project to be completed later that year.
- Urban Villages submitted concept plans to the city of Denver proposing two residential structures in the Golden Triangle neighborhood of Denver – one at 1149-1199 Bannock Street and one at 1115 Acoma Street – that would both be 30 stories tall. The building along Bannock Street would have 275 apartments and 4,680 square feet of retail space, while the building along Acoma Street would have 164 hotel rooms and 99 condominiums, along with about 4,500 square feet of retail and restaurant space.
- CP Capital and Greystar are partnering to develop a 228-unit apartment community in Brighton. The 3-story garden-style project, dubbed Brighton Park, will be located at the southwest corner of Longs Peak Street and North 42nd Avenue. The project is expected to break ground in the fourth quarter of 2021, with the first units slated for delivery in early 2023.

- Multifamily development firm Sable Partners is planning two apartment projects in Denver that are expected to break ground in late 2022. The first is a 9-story, 183-unit apartment building at East 5th and Lincoln in the Speer neighborhood, called Linden. The other planned project, called Marlowe, is a 6-story, 204-unit building at Colfax and Elm Street in the South Park Hill neighborhood.
- Dallas-based Stillwater Capital is in the early stages of planning an 85-unit apartment project to replace several buildings in Cherry Creek North. The building plans include 10,500 square feet of ground-floor retail space. The tallest part of the planned building is eight stories, with step-downs to seven and five stories to match current zoning of the site.
- Pace Development LLC plans to build a project known as Papillo along Spruce Street in Boulder. The company submitted plans to the Boulder City Council to redevelop a commercial block and build 63 new housing units. The first phase would include two apartment buildings and 16 townhomes, while phase 2 would include 45 apartments of a variety of sizes.
- Austin-based developer StoryBuilt has proposed the development of a major subdivision consisting of 26 townhomes in a mixed-use neighborhood along 38th Avenue in Wheat Ridge. The proposed project, named Judy, will be located at 5785 W. 38th Avenue.
- Denver-based First Stone Development purchased a vacant church at 50 S. Colorado Blvd. at the edge of Hilltop and Cherry Creek. The company plans to demolish the existing structure and build Hilltop West, a gated community of 20 homes. The units will be spread across 10 structures with some units likely to list for more than $2 million. After demolition of the existing structure, the company expects 12 to 14 months before groundbreaking.
- The Opus Group is under contract to purchase a 1.8-acre property at the southwest corner of Colfax and Kalamath Street that currently consists of three buildings– one Burger King restaurant and two adjacent retail buildings. Opus plans to build an apartment complex on the property and has agreed to reserve 10 percent of the units for affordable housing. Opus plans to begin construction in the first quarter of 2022.

Home Resales

Metro Denver

- Home sales in Metro Denver totaled 6,828 in August, up 20.8 percent from the same time last year.
- Unsold homes on the market were 34.8 percent lower in August 2021 compared with the same time last year. This represents 1,914 fewer homes on the market. Over-the-month, the inventory of available homes decreased by 11.7 percent.

Previously Owned Home Sales Activity

	Month of Aug-21	Month of Jul-21	Month of Aug-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Ann Total 2016	Ann Total 2011
Home Sales (Closed)	6,828	6,588	5,651	44,566	35,481	25.6%	60,289	38,105
Unsold Homes on Market	3,582	4,056	5,496	3,582	5,496	-34.8%	4,265	16,187
Average Sales Price-Single Family	$674,863	$688,734	$584,208	$667,355	$547,706	21.8%	$432,051	$279,858
Average Sales Price-Condo	$377,504	$376,251	$323,667	$361,814	$319,682	13.2%	$253,700	$159,141
Median Sales Price-Single Family	$575,000	$585,000	$490,000				$366,000	$230,000
Median Sales Price-Condo	$341,500	$345,000	$297,000				$224,700	$124,900

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

- The average sales price for single-family homes increased 15.5 percent over-the-year to $674,863, representing an additional $90,655 per home during the period. The average sales price for condominiums rose 16.6 percent over-the-year to $377,504, representing an additional $53,837 per home.

National

- Total existing-home sales decreased 2 percent from July to a seasonally adjusted annual rate of 5.88 million in August, according to the National Association of Realtors (NAR). Sales decreased 1.5 percent year-over-year from the August 2020 reading of 5.97 million.
- All four regions reported over-the-year decreases in total home sales. The Northeast region reported the largest decrease of 2.7 percent, followed by the Midwest (-2.1 percent), the West (-1.6 percent), and the South (-0.8 percent).
- Properties remained on the market for 17 days in August, unchanged from July, and down from 22 days in August 2020. Of the homes sold in August, 87 percent were on the market for less than a month.

Home Prices

- NAR data showed the median existing-home price for all housing types nationally was $356,700 in August, up 14.9 percent from the same time last year. This marked 114 straight months of year-over-year gains.
- Median home prices increased in all four major U.S. regions over-the-year. The Northeast region reported the largest increase of 16.8 percent, followed by the South (+12.8 percent), the West (+11.4 percent), and the Midwest (+10.5 percent).
- The West region reported the highest median home price of $507,900, while the Midwest reported the lowest median price of $272,200 in August.

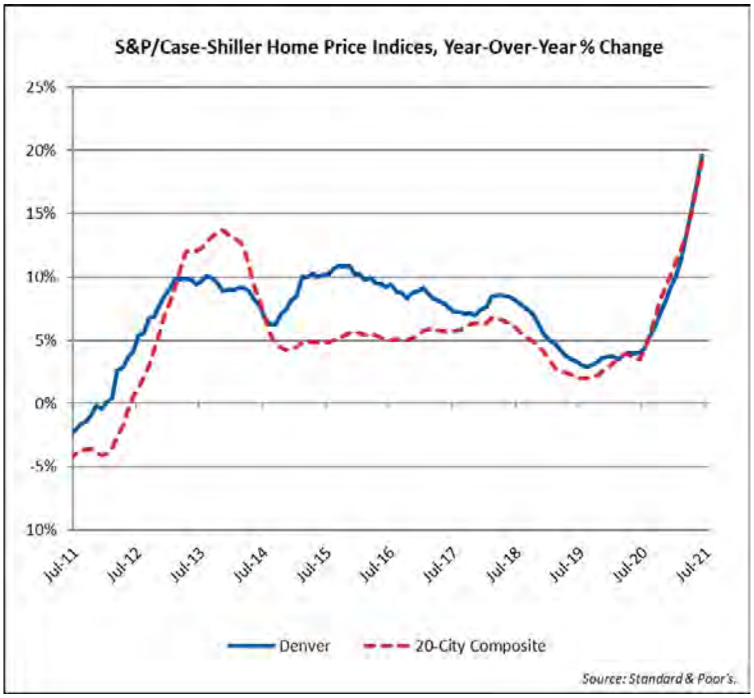
Median Sales Price of Existing Single-Family Homes ($000s)

	Quarter 2 2021 (p)	Quarter 1 2021 (r)	Quarter 2 2020	YTD Avg 2021	YTD Avg 2020	YTD Avg % Change	Median 2016	Median 2011
Boulder MSA	$835.2	$726.6	$606.7	$780.9	$614.7	27.0%	$511.7	$353.1
Denver-Aurora MSA	$618.6	$554.4	$478.4	$586.5	$476.1	23.2%	$384.3	$231.4
United States	$357.9	$318.2	$291.1	$338.1	$282.9	19.5%	$235.5	$166.2

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

- A separate NAR report revealed that the median price in the Boulder MSA increased 37.7 percent over-the-year to $835,200 in the second quarter of 2021. The Denver-Aurora MSA rose 29.3 percent over-the-year to a median home price of $618,600 during 2Q 2021, while the national median home price increased 22.9 percent to $357,900 during the period.
- The Boulder MSA had the sixth highest median home price of the 183 MSAs tracked in the report. The Denver MSA had the 14th highest home price. Every metro area tracked in the report except one – Springfield, Ill. – posted home price growth between the second quarters of 2020 and 2021.

- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver posted record-breaking gains for the fourth month in a row in July, rising 21.3 percent from July 2020. Denver reported a 17.5 percent over-the-year increase in May and a 19.6 percent increase in June. National housing prices increased 19.7 percent over-the-year to 265.35. July had the highest annual rate of national home price growth since the index debuted in 1987, beating out the 18.7 percent annual growth rate logged the month prior, in June 2021.
- Phoenix reported the highest year-over-year price increase of 32.4 percent, followed by San Diego (+27.8 percent) and Seattle (+25.5 percent). Chicago reported the smallest over-the-year increase of 13.3 percent, followed by Minneapolis (+14.5 percent) and Washington (+15.8 percent).



Foreclosures

Real Estate Foreclosures

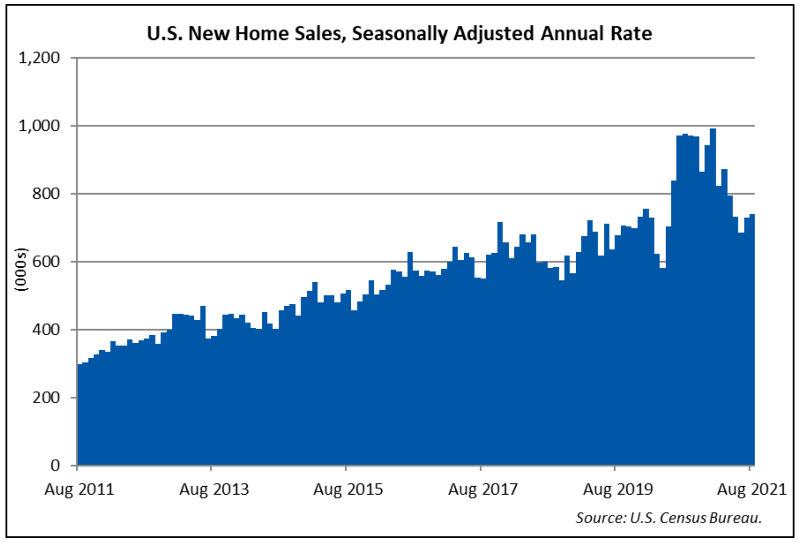
	Month of Sep-21	Month of Aug-21	Month of Sep-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Annual Total 2016	Annual Total 2011
Total Metro Denver*	92	58	31	344	885	-61.1%	3,214	16,708
Adams County	20	10	8	73	191	-61.8%	719	3,553
Arapahoe County	16	17	7	73	196	-62.8%	731	3,959
Boulder County	10	6	2	29	42	-31.0%	174	918
Broomfield County	2	0	0	4	12	-66.7%	34	207
Denver County	22	16	10	74	204	-63.7%	720	3,434
Douglas County	6	1	2	29	92	-68.5%	310	1,781
Jefferson County	16	8	2	62	148	-58.1%	526	2,856

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

- Foreclosures in Metro Denver increased 196.8 percent between September 2020 and September 2021, rising by 61 filings during the period. All seven counties reported increases in filings compared with last year. Jefferson County reported the largest increase of 700 percent, followed by Boulder County (+400 percent) and Douglas County (+200 percent). Denver County reported the most modest over-the-year increase of 120 percent. While the number of foreclosures is still low by historic standards, the number of initial filings likely will rise due to the expiration of the national foreclosure moratorium.

New Home Sales

- New home sales in the U.S. decreased 24.3 percent over-the-year to a seasonally adjusted annual rate of 740,000 in August, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- All four regions reported over-the-year decreases in home sales. The Midwest reported the largest decrease of 46.9 percent, followed by the Northeast (-37 percent), the South (-23 percent), and the West (-16.3 percent).



U.S. New Home Sales, Seasonally Adjusted Annual Rate

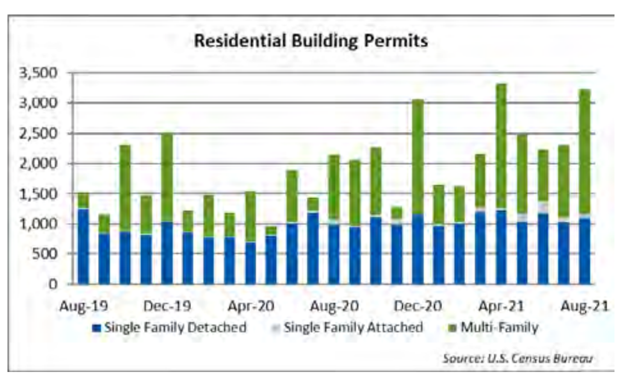
New Home Construction

National

- Builder confidence for newly built single-family homes increased 1 point to 76 in September, ending a three-month decline, according to the latest National Association for Home Builders/Wells Fargo Housing Market Index (HMI). Builder sentiment has been gradually cooling since the HMI hit an all-time high reading of 90 last November. The September data show stability as some building material cost challenges ease, particularly for softwood lumber. However, delivery times remain extended and the chronic construction labor shortage is expected to persist as the overall labor market recovers.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled about 1.72 million units in August, an increase of 13.1 percent compared with the same time last year.
- Single-family detached building permits across the U.S. decreased 0.5 percent over-the-year, falling by 5,000 units in August. Single-family attached units decreased 22.6 percent to 41,000 units permitted, while multi-family units increased 52.2 percent to 630,000 units permitted during the period.
- All four regions reported over-the-year increases in total units permitted. The Northeast region reported the largest over-the-year increase of 22 percent, followed by the West (+17.2 percent), the Midwest (+11.3 percent), and the South (+10.2 percent).

Metro Denver

- Residential building permits in Metro Denver totaled 3,232 units permitted in August, an increase of 50.3 percent, or 1,081 units, from the same time last year.
- Single-family detached units permitted increased 10 percent over-the-year, rising by 99 units permitted during the period. Single-family attached units



Residential Building Permits

decreased by 6.3 percent, or by 5 units, to a total of 75 during the period. Multi-family units increased by 91.4 percent, or by 987 units, to a total of 2,067 units permitted in August.

Residential Building Permits

	Month of Aug-21	Month of Jul-21	Month of Aug-20	YTD Total 2021	YTD Total 2020	YTD Total % Change	Total 2016	Total 2011
Single-Family Detached Units	1,090	1,030	991	8,713	7,059	23.4%	10,663	3,885
Single-Family Attached Units	75	70	80	665	256	159.8%	532	309
Multi-Family Units	2,067	1,201	1,080	9,598	4,556	110.7%	12,301	3,005
Total Units	3,232	2,301	2,151	18,976	11,871	59.9%	23,496	7,199

Source: U.S. Census Bureau.

Apartment Rental Market

- Colorado ranked No. 1 among the U.S. states for housing instability, according to data from the U.S. Census Bureau's weekly household survey. The data show that housing instability is especially pronounced among older adults, as more than a third of survey respondents 65 and older expressed "slight confidence" or "no confidence" that they could make rent. Further, Census surveys have, for more than a year, shown that about one fifth of all Colorado renters were unsure if they can make their next rent payment.

- In a Rent Café analysis of majority-renter communities in the 50 largest U.S. metros, Wheat Ridge and Englewood were identified as being the first Colorado suburbs that are expected to become majority-renter communities within the next five years. According to the analysis, there are currently 103 majority-renter suburbs in the U.S. and 57 that are expected to make the switch within the next five years. Wheat Ridge had 47 percent renters in 2019, up from 42 percent in 2010, while Englewood's renter share increased from 43 percent in 2010 to 48 percent in 2019. Other notable Colorado communities include Federal Heights (47 percent renters) and Broomfield (45 percent renters).

- The apartment vacancy rate throughout Metro Denver fell 1.4 percentage points over-the-year to 3.7 percent vacancy in the second quarter of 2021, the lowest rate since 3Q 2000. Vacancy rates ranged from 2.2 percent in Douglas County to a maximum of 4.4 percent in Jefferson County. Downtown Denver's vacancy rate fell from 10.9 percent in the first quarter, its pandemic high, to 5.3 percent in the second quarter. Boulder's rate, not counting the university neighborhoods, fell from 10.2 percent to 5.5 percent.

Apartment Statistics

	Quarter 2 2021	Quarter 1 2021	Quarter 2 2020	YTD Average 2021	YTD Average 2020	YTD Average % Change	Ann Avg 2016	Ann Avg 2011
Apartment Vacancy Rate	3.7%	5.5%	5.1%	4.6%	5.5%	-0.9%	5.7%	5.2%
Average Monthly Rental Rate (all units)	$1,651	$1,544	$1,506	$1,598	$1,521	5.1%	$1,350	$924

Source: Denver Metro Apartment Vacancy and Rent Survey.

- All six submarkets reported over-the-year increases in the average monthly rental rate, led by the Boulder/Broomfield submarket (+22.5 percent), Douglas County (+12.5 percent), and Adams County (+11.7 percent). Jefferson County reported the most modest over-the-year increase in the average rent of 5.2 percent. The Boulder/Broomfield submarket reported the highest rental rate in 2Q 2021 of $1,952 per month, while Arapahoe County reported the lowest rental rate of $1,570 per month. Across Metro Denver, rents increased 9.7 percent over-the-year to $1,651 per month, the largest annual gain since 4Q 2015. Rents rose 7 percent between the first and second quarters, a record quarterly gain.

Commercial Real Estate

Recently Announced Projects

- Boston-based Beacon Capital Partners and Denver-based Elevation Development Group have proposed a 12-story office building at 3100 Brighton Blvd in Denver. The proposed RiNo project, named Steel House, will be about 300,000 square feet with floor plates up to 41,000 square feet.
- Broomfield Town Square Alliance LLC presented concept plans for a new town square in Broomfield. The master planned concept includes about 300 housing units, 20,000 to 40,000 square feet of office space, and 25,000 to 50,000 square feet of first-floor retail.
- Minneapolis-based construction firm Mortenson submitted a concept plan to the city of Denver proposing a 5-story project at the corner of Walnut and 31st streets in RiNo. On the 0.43-acre site, the company plans to develop and build a new headquarters for its Denver operations that will include professional offices and ground floor retail.
- Construction is underway on 104th Commerce Park, a 1.17 million-square-foot industrial park in Commerce City. The development consists of five buildings on a roughly 90-acre site just northeast of the intersection of Interstate 76 and East 104th Avenue. Developer Trammel Crow Company plans to complete the project in two phases, with the first phase scheduled to deliver two buildings in the second quarter of 2022, one with 272,600 square feet and the other with 298,300 square feet.
- Ambrose Property Group has purchased two new parcels totaling 40 acres to expand the DIA Logistics Park at Porteos. The new sites are in Aurora on 64th Street between Jackson Gap Street and Powhaton Boulevard. Ambrose plans to build a 277,000-square-foot building and a 197,000-square-foot building in the park with construction expected to begin next year.
- Boulder Housing Partners, Trammel Crow Co, and Coburn Partners are planning a redevelopment project for Diagonal Plaza, a 60-year-old strip mall at the southeast corner of 28th Street and Iris Avenue in Boulder. If Boulder City Council approves a special ordinance for the redevelopment, the western portion of Diagonal Plaza and the surrounding parking lots will be redeveloped into a mixed-use community featuring 291 residential units and about 27,000 square feet of commercial space. Seventy-three of the residential units would be permanently affordable.
- Expansion of the Colorado Convention Center in downtown Denver is underway. The work will produce a new 80,000-square-foot ballroom, a 50,000-square-foot rooftop terrace, and will add about 250,000 square feet to the 2.2 million-square-foot convention center. Completion of the expansion is expected by the end of 2023.

Office Market

- According to the CBRE Pulse of U.S. Office Demand report, national demand for office space slowed modestly in August, reflecting slower job growth and a resurgence in COVID-19 infections that delayed occupiers' return-to-office plans. To gauge the pace of recovery, CBRE has developed three indices for the 12 largest U.S. office markets to measure tenants in the market (TIM), leasing activities, and available sublease space. In Denver, both the TIM index and the Leasing Activity Index declined and were tracking below the U.S. average. On the plus side, the Sublease Availability Index posted the second largest improvement of any market.

- For the first time since the onset of the COVID-19 pandemic, the amount of available office sublet space nationally has fallen over-the-quarter, according to Costar data. The amount of sublet space on the market remains near record levels and is far above the pre-COVID average and the Great Recession-era peak. Sublet availability shrunk only slightly, despite record sublet leasing activity.
- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.2 percent in the third quarter of 2021, the same rate as the previous quarter, which was the highest vacancy rate posted in the region since the third quarter of 2011. The vacancy rate increased 2.1 percentage points over-the year. The average lease rate increased 2.8 percent between the third quarters of 2020 and 2021, or by $0.81, to $29.36 per square foot.

Office Market Statistics

	Quarter 3 2021	Quarter 2 2021	Quarter 3 2020	Quarter 3 2019	Quarter 3 2018	Quarter 3 2017
Number of Buildings	6,602	6,600	6,577	6,550	6,514	6,463
Existing Square Feet (millions)	200.6	200.3	198.5	196.9	194.5	190.6
Vacant Square Feet (direct, millions)	24.5	24.5	20.1	17.7	18.0	18.2
Vacancy Rate (direct)	12.2%	12.2%	10.1%	9.0%	9.2%	9.5%
Vacancy Rate (with sublet)	13.9%	13.9%	11.4%	9.6%	10.0%	10.4%
Avg. Lease Rate (direct, per sq. ft., full service)	$29.36	$29.29	$28.55	$27.66	$27.10	$26.39
New Construction Completed (year-to-date)	1.88 MSF, 18 Bldgs	1.47 MSF, 13 Bldgs	1.79 MSF, 28 Bldgs	1.34 MSF, 23 Bldgs	2.95 MSF, 25 Bldgs	2.42 MSF, 26 Bldgs
Currently Under Construction	1.39 MSF, 16 Bldgs	1.75 MSF, 19 Bldgs	2.80 MSF, 28 Bldgs	3.21 MSF, 36 Bldgs	4.36 MSF, 45 Bldgs	5.49 MSF, 51 Bldgs

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

- The vacancy rate including sublease space increased 2.5 percentage points over-the-year, rising from 11.4 percent in 3Q 2020 to 13.9 percent in 3Q 2021. This represents 3.3 million square feet of vacant sublease space, down from 3.4 million square feet in 2Q.
- There were 18 office buildings completed through the third quarter of 2021, delivering nearly 1.9 million square feet to Metro Denver. The largest building completed to date was the 606,142-square-foot Block 162 located at 675 15th Street in Denver.
- There was 1.39 million square feet of office space in 16 buildings under construction in Metro Denver during the third quarter of 2021, down 50.4 percent compared with the same time last year. The largest buildings under construction were The Current in River North (280,000 SF in downtown Denver), One Platte (250,402 SF in downtown Denver), and RÊVE Boulder (148,500 SF in Boulder). As has been the trend in recent years, the largest share of office construction is found in the City and County of Denver. Currently, 66.4 percent of the office square footage under construction is located in the City and County of Denver.

Industrial & Flex Market

- CoStar data revealed that the direct vacancy rate for the industrial market increased 1 percentage point to 6 percent between the third quarters of 2020 and 2021. The total vacancy rate including sublease space rose 0.9 percentage point over-the-year to 6.4 percent. From 3Q 2020 to 3Q 2021, 6.1 million square feet of new space was added to the industrial base. The average lease rate increased $0.33 per square foot to $8.95, a 3.8 percent increase over the same time last year.

Industrial Market Statistics

	Quarter 3 2021	Quarter 2 2021	Quarter 3 2020	Quarter 3 2019	Quarter 3 2018	Quarter 3 2017
Number of Buildings	7,314	7,307	7,268	7,230	7,184	7,142
Existing Square Feet (millions)	238.8	237.8	232.7	228.4	222.7	218.2
Vacant Square Feet (direct, millions)	14.3	14.9	11.7	11.3	8.9	8.5
Vacancy Rate (direct)	6.0%	6.3%	5.0%	4.9%	4.0%	3.9%
Vacancy Rate (with sublet)	6.4%	6.9%	5.5%	5.2%	4.1%	4.2%
Avg. Lease Rate (direct, per square foot, NNN)	$8.95	$8.94	$8.62	$8.38	$7.83	$7.59
New Construction Completed (year-to-date)	4.46 MSF, 29 Bldgs	3.27 MSF, 20 Bldgs	3.98 MSF, 29 Bldgs	5.44 MSF, 38 Bldgs	2.39 MSF, 26 Bldgs	2.41 MSF, 30 Bldgs
Currently Under Construction	7.73 MSF, 38 Bldgs	6.26 MSF, 30 Bldgs	6.99 MSF, 49 Bldgs	3.89 MSF, 30 Bldgs	6.71 MSF, 33 Bldgs	6.94 MSF, 33 Bldgs

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

- Twenty-nine industrial buildings providing 4.46 million square feet of space were completed through the third quarter of 2021. The largest building completed was the 594,138-square-foot Stafford Logistics Center building in Aurora. The next largest buildings were the 526,400-square-foot 76 Commerce Center Building 3 in Brighton and the 450,000-square-foot Ferguson Enterprises building in Aurora.

- The industrial construction pipeline remains filled with 7.73 million square feet of space under construction in 38 buildings. Nearly 63 percent of the industrial space under construction is located in Adams County; however, the largest building under construction, the Stafford Logistics Center build-to-suit with 1.2 million square feet of space, is located in Arapahoe County. Of the buildings under construction, 11 of them are slated for delivery in 2021. In other words, at least an additional 1.3 million square feet of industrial space is expected to be completed this year.

Flex Market Statistics

	Quarter 3 2021	Quarter 2 2021	Quarter 3 2020	Quarter 3 2019	Quarter 3 2018	Quarter 3 2017
Number of Buildings	1,575	1,575	1,573	1,564	1,552	1,542
Existing Square Feet (millions)	47.6	47.6	47.5	46.5	46.2	45.7
Vacant Square Feet (direct, millions)	3.4	3.5	3.3	2.5	2.7	3.2
Vacancy Rate (direct)	7.2%	7.4%	6.9%	5.5%	5.9%	6.9%
Vacancy Rate (with sublet)	8.0%	8.1%	7.4%	5.9%	6.2%	7.1%
Avg. Lease Rate (direct, per square foot, NNN)	$14.44	$13.64	$13.10	$12.18	$12.12	$11.85
New Construction Completed (year-to-date)	0.06 MSF, 2 Bldgs	0.03 MSF, 1 Bldgs	0.29 MSF, 2 Bldgs	0.24 MSF, 8 Bldgs	0.35 MSF, 7 Bldgs	0.49 MSF, 11 Bldgs
Currently Under Construction	0.32 MSF, 7 Bldgs	0.26 MSF, 8 Bldgs	0.13 MSF, 6 Bldgs	0.61 MSF, 6 Bldgs	1.22 MSF, 13 Bldgs	0.34 MSF, 7 Bldgs

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

- The direct flex vacancy rate in Metro Denver increased 0.3 percentage point over-the-year to 7.2 percent vacancy. The average lease rate rose 10.2 percent, or by $1.34, to $14.44 per square foot during the period.

- New flex construction has been more limited than other property types. Two new flex buildings were completed through the third quarter of 2021, and 7 buildings totaling 317,487 square feet were under construction as of the end of 3Q 2021. Forty-nine percent of the square footage under construction is located in Boulder County. The largest building under construction, the 93,834-square-foot Bioscience 5 building at Peoria Street and East 23rd Avenue, is located in Aurora, in Adams County.

Retail Market

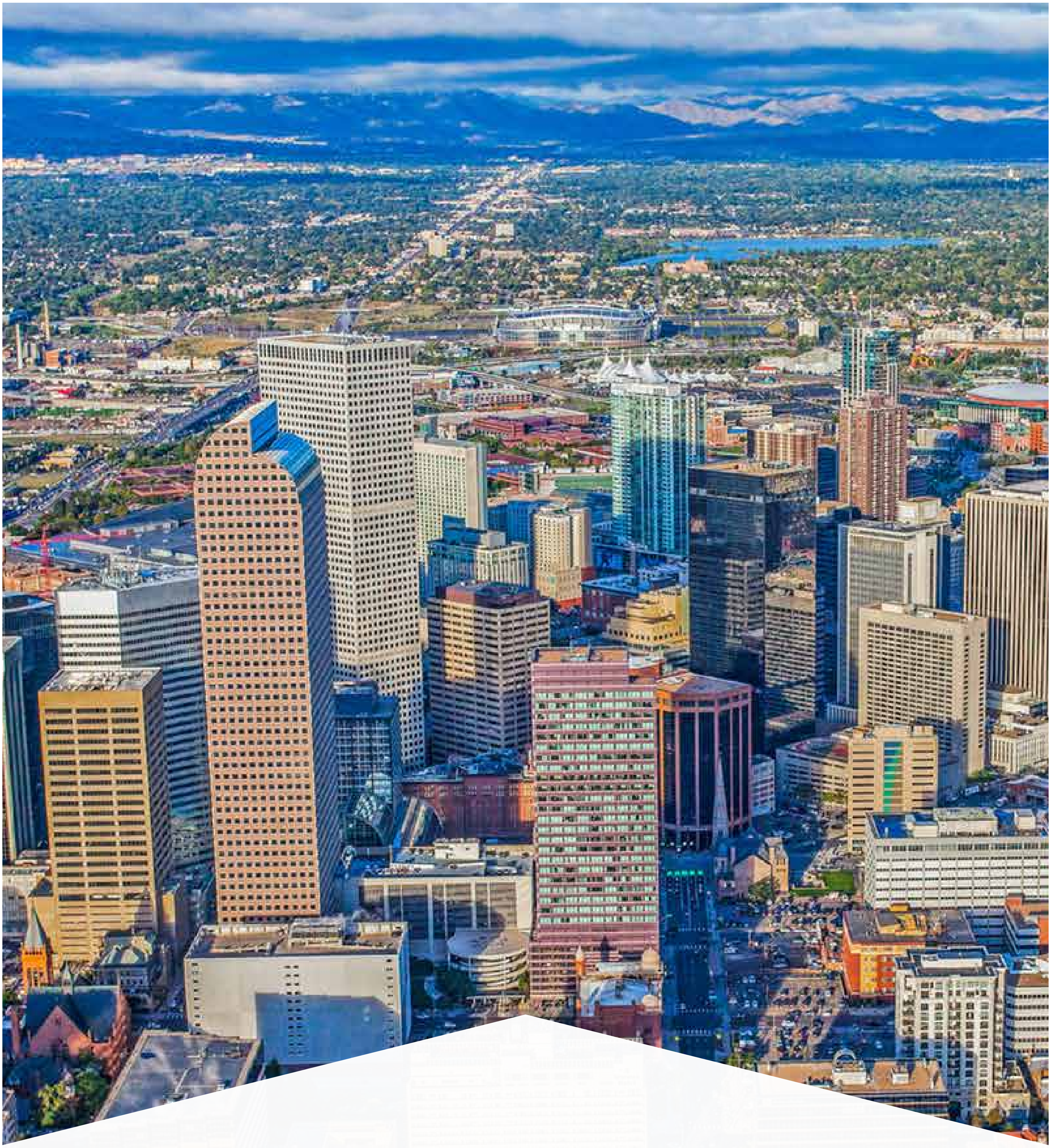
- The direct vacancy rate for retail space increased 0.1 percentage point to 5 percent in 3Q 2021 according to CoStar. Further, the increase in direct vacancy rate including sublease space was just 0.2 percentage points higher than the direct rate. The average lease rate increased 2.3 percent to $18.82 per square foot.

Retail Market Statistics

	Quarter 3 2021	Quarter 2 2021	Quarter 3 2020	Quarter 3 2019	Quarter 3 2018	Quarter 3 2017
Number of Buildings	12,939	12,934	12,900	12,789	12,673	12,534
Existing Square Feet (millions)	176.1	176.0	175.7	174.5	173.4	171.4
Vacant Square Feet (direct, millions)	8.8	8.8	8.5	6.8	6.5	7.3
Vacancy Rate (direct)	5.0%	5.0%	4.9%	3.9%	3.8%	4.3%
Vacancy Rate (with sublet)	5.2%	5.2%	5.0%	4.0%	3.9%	4.6%
Avg. Lease Rate (direct, per square foot, NNN)	$18.82	$18.90	$18.39	$18.36	$18.75	$18.07
New Construction Completed (year-to-date)	0.34 MSF, 27 Bldgs	0.26 MSF, 18 Bldgs	0.89 MSF, 56 Bldgs	0.51 MSF, 60 Bldgs	0.84 MSF, 78 Bldgs	1.20 MSF, 74 Bldgs
Currently Under Construction	1.13 MSF, 34 Bldgs	1.12 MSF, 31 Bldgs	0.74 MSF, 48 Bldgs	1.62 MSF, 78 Bldgs	1.57 MSF, 69 Bldgs	1.57 MSF, 59 Bldgs

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

- Through the third quarter of 2021, 27 retail buildings totaling 344,638 square feet were completed. An additional 34 buildings with 1.1 million square feet of space are under construction and all but nine are expected to be completed in 2021. The largest space under construction is the 300,000-square-foot Tower Road Crossing in Adams County.



Metro Denver EDC

DENVER METRO CHAMBER OF COMMERCE