

MONTHLY ECONOMIC INDICATORS

SEPTEMBER 2023



Monthly Economic Indicators

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

	Monthly/Quarterly Direction		Year-Over-Year Direction		Year-to-Date Direction	
↕↗ Positive Changes	5 of 17		9 of 17		10 of 17	
Nonfarm Employment Growth (Denver & Boulder MSAs)	-7,000	↘	8,600	↗	16,400	↗
	Employment was down 0.4% from June to July		Employment up 0.5% from July 2022 to 2023		YTD employment up 0.9% through July	
Unemployment Rate	3.4%	↗	0.6 percentage points	↗	2.9%	↘
	Unemployment rose 0.1 percentage points from June to July		Unemployment up from July 2022 to 2023		Down 0.2 percentage points from 2022 YTD average	
Initial Unemployment Insurance Claims	15.1%	↗	17.2%	↗	25.9%	↗
	Claims increased from June to July		Claims increased from July 2022 to 2023		YTD average claims increased through July 2023	
Total National Retail Sales	-2.7%	↘	1.8%	↗	3.2%	↗
	National sales decreased from May to June		National sales increased from June 2022 to 2023		YTD sales increased through June 2023	
Mountain Region Consumer Confidence Index	109.8	↗	7.4%	↗	110.6	↗
	Index up 2.7 percent from July to August		Index up from August 2022 to 2023		YTD average up 3.6% through August 2023	
Hotel Occupancy	81.3%	↘	2.9 percentage points	↗	70.0%	↗
	Decreased 1.8 percentage points from June to July		Occupancy increased from July 2022 to 2023		YTD occupancy up 2.4 percentage points from last year	
Denver International Airport Passengers	2.6%	↗	8.2%	↗	13.6%	↗
	Passengers up from May to June		Passengers up from June 2022 to 2023		YTD passengers increased through June 2023	
Bloomberg Colorado Index	756.4	↘	8.1%	↗	17.3%	↗
	Index down 2.4 percent from July to August		Index up from August 2022 to 2023		YTD return up through August 2023	
Dow Jones Industrial Average	34,721.9	↘	10.2%	↗	4.8%	↗
	Index down 2.4 percent from July to August		Index up from August 2022 to 2023		YTD return up through August 2023	
Home Sales Closed (11-County Region)	3,677	↘	-18.5%	↘	25,511	↘
	Sales down 16.3% from June to July		Sales down from July 2022 to 2023		YTD sales down 21.6% from last year	
Median Home Price (Denver-Aurora MSA)	\$674,500	↗	-3.1%	↘	\$655,300	↘
	Up 6.0% from Q1 2023 to Q2 2023		Prices are down from Q2 2022 to Q2 2023		YTD price 3.5% lower through Q2 2023	
Foreclosures	190	↗	-7.3%	↘	1,647	↘
	Up 15.9% from July to August		Down from August 2022 to 2023		Down 8.3% YTD through August 2023	
Residential Building Permits (Total)	1,526	↘	-21.3%	↘	12,806	↘
	Permits decreased 1.1% from June to July		Permits down from July 2022 to 2023		YTD permits down 20.7% through July 2023	
Apartment Vacancy Rate	5.5%	↘	+0.9 percentage points	↗	5.6%	↗
	Vacancy decreased 0.1 percentage points from Q1 2023 to Q2 2023		Vacancy increased from Q2 2022 to Q2 2023		YTD average up 0.9 percentage points from last year	
Office Vacancy Rate (with Sublet)	14.8%	↔	+1.0 percentage points	↗	+1.0 percentage points	↗
	Vacancy rate was unchanged from Q1 2023 to Q2 2023		Q2 2023 vacancy up from 13.8% one year ago		Q2 2023 vacancy up from 13.8% one year ago	
Industrial Vacancy Rate (with Sublet)	6.2%	↘	+1.3 percentage points	↗	+1.3 percentage points	↗
	Vacancy rate decreased 0.1 percentage points from Q1 2023 to Q2 2023		Q2 2023 vacancy up from 4.9% one year ago		Q2 2023 vacancy up from 4.9% one year ago	
Retail Space Vacancy Rate (with Sublet)	4.2%	↗	-0.4 percentage points	↘	-0.4 percentage points	↘
	Vacancy rate increased 0.1 percentage points from Q1 2023 to Q2 2023		Q2 2023 vacancy down from 4.6% one year ago		Q2 2023 vacancy down from 4.6% one year ago	

About This Report

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

About the Team

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

The members of the team include:

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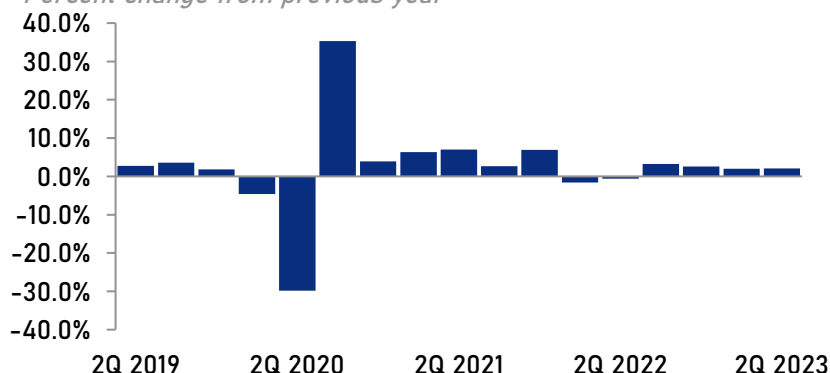
National Economic Overview

Gross Domestic Product

- The U.S. Bureau of Economic Analysis (BEA) released the second estimate of real gross domestic product (GDP) for the second quarter of 2023, which showed that GDP increased at an annual rate of 2.1 percent. The rate of growth fell 0.3 percentage points between the first and second estimates.

Real GDP

Percent change from previous year



Source: U.S. Bureau of Economic Analysis.

- The increase in Q2 2023 real GDP reflected continued strength in consumer spending and a jump in nonresidential investment. The downward revision was driven by revisions to private inventory investment and nonresidential fixed investments which were partially offset by increases in government spending, exports, and consumer spending.
- This second estimate is based on source data that is more complete. The third estimate for Q2 2023 will be released on September 28, 2023.

Economic Indexes & Notable Data Releases

- The **Conference Board Leading Economic Index (LEI)** decreased by 0.4 percent in July to 105.8, after falling 0.7 percent in June. Although the index has fallen for 16 consecutive months, it remains above its 10-year average of 105.3. The LEI drop was driven by persistently high interest rates, a continued weakening of consumer perceptions, and weak new order data.
- The total American credit card debt burden passed \$1 trillion in the second quarter of 2023, according to a new report from the New York Fed. The percentage of Americans with credit card debt rose 7 percentage points to 66 percent, up from 59 percent in the same quarter last year, and card balances were 16 percent higher than Q2 2022.
 - As the total amount of credit card debt is rising, delinquencies are as well, but remain below pre-pandemic levels. As of June 2023, 2.7 percent of credit card debt is in delinquency, down 2.0 percent from 2019 but up 0.7 percentage points from Q1 2023.

Regional Economic Overview

Notable Rankings

- Inc. Magazine named 134 Colorado companies on its list of the 5,000 fastest-growing private companies in America. Crusoe Energy was the highest ranked Colorado company coming in at 49, with Blazy Susan also making the top 100. The state fielded fewer companies on the list, down from 146 in 2022 and 164 in 2021.
- Colorado residents need to earn \$59,218 in order to “earn a living wage” according to an analysis by GOBankingRates, ranking as the 16th most expensive state in the country. Mississippi ranked as the cheapest state to earn a living wage, with an income of \$45,906, and Hawaii was the most expensive state with a required income of \$112,411.

Economic Indexes & Notable Data Releases

- The Colorado Health Foundation released the results of their annual *Pulse* poll, in which 31 percent of respondents indicated that housing affordability or the general cost of living was their biggest concern, down from 37 percent in 2022. When asked how large those concerns were, 85 percent responded that the cost of living was either extremely or very serious.
- Colorado students fared better in 2021 on standardized tests than the nation more generally, but problem areas still exist. According to data released by the U.S. Department of Education, the percentage of seventh graders who met or exceeded expectations fell 5.3 points, versus the national average of 9 points. For language arts the recovery has been more pronounced, with the proportion of fifth and sixth graders scoring as proficient or better only fell 1.0 percentage point from pre-pandemic levels.
- According to the Wildfire Risk Report from CoreLogic, Colorado has the second-most homes at risk of wildfires. Within the state, the report estimates that the communities within Metro Denver and Colorado Springs are the most vulnerable to large property losses. Overall, Colorado has 332,000 homes susceptible to damage, equating to approximately 13 percent of the state’s housing stock.
- According to data released by Stanford University professor Thomas Dee, 35.5 percent of Colorado’s students were chronically absent in the 2021-2022 school year, meaning that they missed at least 10 percent of school days. Nationally, 25 percent of students on average qualified as chronically absent. Before the pandemic, approximately 22 percent of students in Colorado met that definition. Of the 40 states, plus Washington D.C., for which data was available, the state’s figure ranked as the seventh highest.

Policy Watch

- The Innovative Housing Incentive Program (IHIP), administered by the Colorado Office of Economic Development and International Trade (OEDIT), began in August. The program provides incentives for qualified businesses to build affordable housing through funds appropriated through Proposition 123 last fall. After the most recent application round, OEDIT has distributed \$4.2 million worth of grants for the construction of 1,000 homes. The three projects are located in Pueblo, Buena Vista, and Denver.

- New renter protections kicked in state-wide in August. The new set of regulations, passed in this year's legislative session, seeks to make it easier for those searching for rental options in Colorado. The new provisions include allowing renters to re-use rental applications to cut down on application costs, limits on certain provisions that landlords can put in leases that force renters to waive writes to class-action lawsuits and renewal fees, security deposit caps, and limits on third-party fees like valet, trash, and pest control.
- The City and County of Denver will raise its minimum wage to \$18.29 on January 1st, 2024. A city ordinance requires an annual minimum wage adjustment based on the Consumer Price Index for Urban Wage Earners and Clerical Workers. After the increase, Denver's minimum wage will be around the same level as those in Seattle, West Hollywood, and San Francisco.

Metro Denver Industry Clusters and Lifestyle Verticals Headlines

Aerospace

- York Space Systems opened its fourth facility in Metro Denver, increasing their production capacity to approximately 1,000 spacecraft each year. The 60,000-square-foot plant is located in the Denver Tech Center and while the company is hiring to build out staff at its production location, York declined to share how many positions it needs to fill.
- Lockheed Martin Space opened a new factory at its headquarters in Jefferson County to meet the U.S. military's rising demand for satellites. The 20,000-square-foot facility has the capacity to build 180 satellites annually. The facility is expected to begin production on 42 satellites for the Space Development Agency that will be launched in 2024.
- Lockheed Martin Space won a \$816 million U.S. Space Command contract in August to build 36 satellites that will begin launching in 2026. This marks the third order for satellites through the Transport Layer Beta system that is currently under development. Lockheed Martin is also constructing 10 satellites for "Tranche 0," and 42 for "Tranche 1."
- Boecore, an aerospace and defense engineering company, is expanding operations in Colorado Springs, which is expected to create 620 new jobs. The company will be constructing a highly secure building to increase their capacity to work on projects that deal with highly classified information. No project timeline is available at this time.
- Honeybee Robotics, a subsidiary of Blue Origin, cut positions in August. Of the 323 people employed by the Longmont-based company, 138 were located in Colorado. Honeybee did not specify how many of the layoffs would affect Colorado employees.

Aviation

- United Airlines agreed to buy 113 acres of undeveloped land near Denver International Airport, with plans to build a pilot training facility. The project is expected to create 240 jobs with an average wage of \$186,500. United currently employs over 10,000 workers in the Metro Denver area.

Energy & Natural Resources

- Suncor Energy will pay over \$300,000 in penalties due to toxic chemical reporting violations in 2020. Approximately 80 percent of the funds will go towards improving the facility's ability to safely handle the toxins. This settlement is not related to the pair of fires at the facility in December 2022.
- Chevron issued layoff notices for approximately 100 positions in Metro Denver and Northern Colorado as a byproduct of the merger with PDC Energy. The cuts equate to 16 percent of PDC Energy's workforce from before the merger. According to Chevron, the layoffs will begin on October 31st of this year, and many of the workers affected will have opportunities to reapply for jobs.

Financial Services

- Re/Max Holdings Inc. laid off 7 percent of their workforce in August. This is the company's second round of layoffs in 13 months, they cut 17 percent of their employees in July 2022. The company declined to indicate which positions were subject to the terminations.

IT & Software

- Divirod, a Boulder-based flood and water-risk management platform, raised \$3.6 million in a bridge funding round. The company uses satellites and sensors to gather data on water, snow, vegetation, and soil moisture to offer advanced flood warnings. The funding will be used to increase staff in an effort to expand its sales and marketing efforts.

Other Industry Headlines

- AMP Robotics brought in \$104.2 million in a recently completed Series C funding round. The company employs almost 200 people out of their Louisville headquarters and is looking to expand staff as they roll out their production line this fall.
- MagicSchool, a Denver-based AI startup, raised \$2.4 million in a pre-seed round. The company develops AI tools to assist teachers in lesson planning, diagnostic assessments, and quiz generation among others. The funding will be used to expand the six-person team and assist the company in its goal of serving 1 million users by the end of 2023.
- Bryan Construction opened a new office in Centennial, moving out of a location near the Denver Tech Center, as demand in the metro area remains robust. The company currently employs 22 people in their new office and is looking to expand its workforce.
- Ouray Sportswear is closing its Englewood plant and will begin layoffs on October 17th. The company will be eliminating all 154 employment positions associated with the operations after being acquired by L2 Brands.

Labor Force & Employment

Note: The employment table that breaks out employment changes by industry has been moved to Appendix 1 on page 29

- Employment in the 11-county Metro Denver region increased 0.5 percent between July 2022 and 2023, falling 3.6 percentage points from 4.1 percent. This indicates an increase of 8,600 jobs across all supersectors. Year-to-date employment is up just 0.9 percent. Employment in the Denver-Lakewood-Aurora MSA jumped 0.4 percent by 7,200 jobs, while the Boulder-Longmont MSA increased 0.7 percent by 1,400 jobs during the period.
- Six of 11 supersectors in the eleven-county Metro Denver region reported year-over-year increases in employment. Government had the largest increase (+6.1 percent), followed by other services (+5.5 percent) and manufacturing (+2.1 percent). The information and financial activities supersectors reported the largest year-over-year decreases, both falling 5.1 percent. No other supersector registered job losses of more than 2.0 percent.
- Employment in Colorado increased 1.4 percent, or by 41,100 jobs, between July 2022 and 2023.

Metro Denver Nonfarm Wage & Salary Employment

In thousands

	Jul-23	Jun-23	Jul-22	YTD Avg 2023	YTD Avg 2022	YTD % Change	Annual Growth Rate 2018
Total 11-County Metro Denver*	1,812.8	1,819.8	1,804.2	1,799.8	1,783.3	0.9%	2.7%
Denver-Aurora MSA	1,607.7	1,613.7	1,600.5	1,594.0	1,580.4	0.9%	2.6%
Boulder-Longmont MSA	205.1	206.1	203.7	205.8	203.0	1.4%	3.2%
Colorado	2,924.3	2,933.8	2,883.2	2,892.7	2,848.7	1.5%	2.5%

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

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

- The national labor market added 268,000 jobs in August, as monthly job gains rebound slightly from low hiring in June and July. Employment grew 2.0 percent between August 2022 and August 2023, rising by more than 3.0 million jobs.

U.S. Nonfarm Wage & Salary Employment

In thousands

	Aug-23	Jul-23	Aug-22	YTD Avg 2023	YTD Avg 2022	YTD % Change	Annual Growth Rate 2018
United States	156,302	156,034	153,285	155,268.9	151,383.3	2.6%	1.6%

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

Labor Force & Unemployment

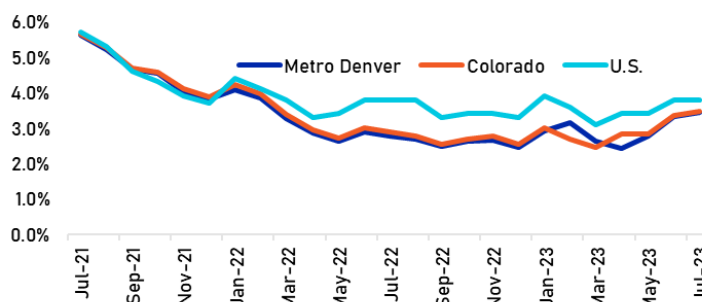
- Unemployment in the 7-county Metro Denver region increased 0.6 percentage points year-over-year to 3.4 percent in July. The increase is driven both by an increase in initial unemployment claims and an increase in the population seeking jobs.
- All seven counties in Metro Denver reported year-over-year increases in the unemployment rate in June. The City and County of Broomfield reported the largest increases, jumping 1.0 percentage point. Douglas, and Jefferson Counties reported the lowest unemployment rate of 3.2 percent, while Adams County reported the highest rate of 3.7 percent.

Metro Denver Labor Force						
<i>In thousands</i>						
	Jul 2023		2023 YTD Avg		2022 YTD Avg	
	Total	Unemp. Rate	Total	Unemp. Rate	Total	Unemp. Rate
Metro Denver	1,920.1	3.4%	1,907.5	2.9%	1,886.8	3.2%
Adams County	286.7	3.7%	284.5	3.3%	282.0	3.7%
Arapahoe County	381.3	3.4%	378.5	3.0%	375.2	3.4%
Boulder County	203.7	3.3%	204.3	2.7%	201.0	2.8%
Broomfield County	43.4	3.4%	43.0	2.8%	42.4	2.8%
Denver County	444.3	3.6%	440.9	3.1%	436.1	3.3%
Douglas County	212.0	3.2%	210.2	2.7%	207.4	2.7%
Jefferson County	348.8	3.2%	346.3	2.8%	342.7	3.0%
Colorado	3,264.0	3.5%	3,237.8	3.0%	3,194.8	3.3%
United States	168,354	3.8%	166,745	3.6%	164,109	3.8%

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

- There were 31,559 more people either employed or looking for work between July 2022 and 2023 in Metro Denver, an increase of 1.7 percent. The labor force rose in all seven counties, led by the City and County of Broomfield (+2.2 percent).
- Colorado reported an unemployment rate of 3.5 percent in July, up 0.6 percentage points from the same time last year. Over the month, the state's unemployment rate rose by 0.1 percentage points.
- The Colorado labor force grew by 1.8 percent year-over-year to almost 3.3 million people either employed or looking for work. The national unemployment rate was unchanged year-over-year at 3.8 percent, the same level registered last month. The national labor force also increased 1.8 percent between July 2022 and 2023.

Unemployment Rate

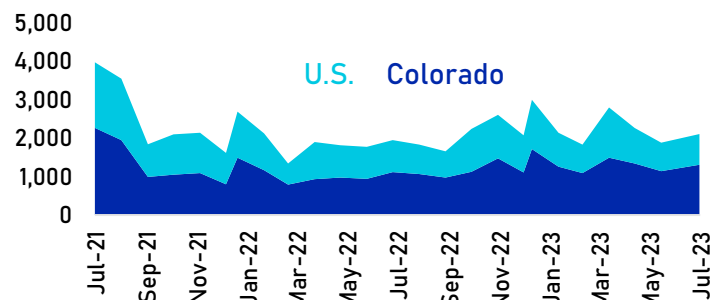


Source: U.S. Bureau of Labor Statistics; not seasonally adjusted

- Initial unemployment insurance claims in Metro Denver increased 17.2 percent between July 2022 and 2023, rising to a weekly average of 1,308 claims. Over the month, initial claims rose 15.1 percent.
- Colorado reported an average of 2,107 initial unemployment claims per week in July, up 8.3 percent from the same time last year and representing 162 more claims each week. Between June and July, average weekly initial claims in Colorado rose 12.1 percent.
- Nationally, there were 237,431 new unemployment claims per week in July, an 8.3 percent increase from July 2022, and a 0.3 percent decrease from June 2023.

Initial Unemployment Claims

Monthly as of the 19th



Source: Colorado Department of Labor and Employment

First Time Unemployment Insurance Claims

	Jul-23*	Jun-23	Jul-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	2018 Annual Avg
Metro Denver	1,308	1,136	1,116	1,332	1,058	25.9%	990
Colorado	2,107	1,879	1,945	2,286	1,939	17.9%	1,938

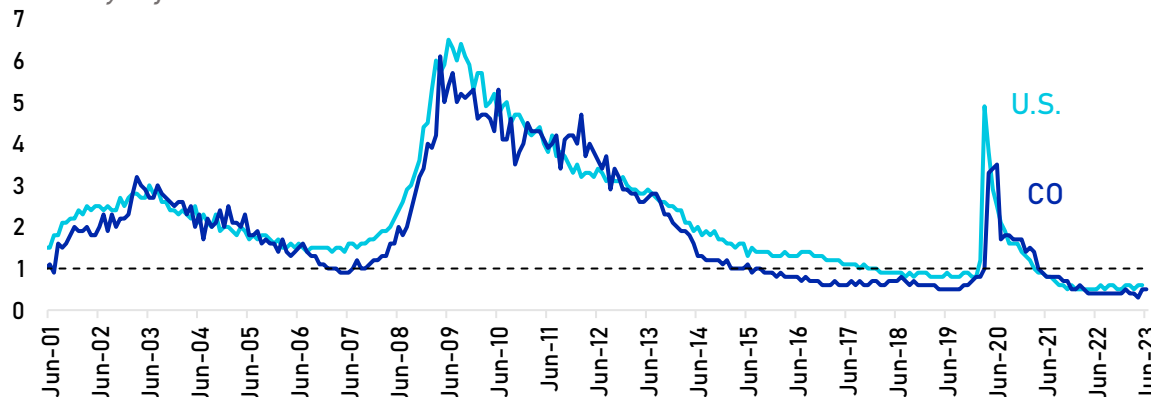
*Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.

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

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

Unemployed People per Job Opening

Seasonally adjusted



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

- Nationally there were 0.6 unemployed people per job opening, up 0.1 point from June 2022, and the same reported figure as last month. Nation-wide over the last 10 years the country has averaged over 1.3 unemployed people per job opening.
- Colorado workers earned \$1,436 per week on average in July, according to the BLS's Current Employment Statistics (CES). The average worker earned \$35.91 per hour, a 3.8 percent increase from the same time last year.
- The average worker across the country earned \$1,350 per week in July. Hourly wages reached \$33.74, up 4.4 percent from the same month last year. According to national CES data, year-over-year pay increases have surpassed 4.0 percent for 11 consecutive months.

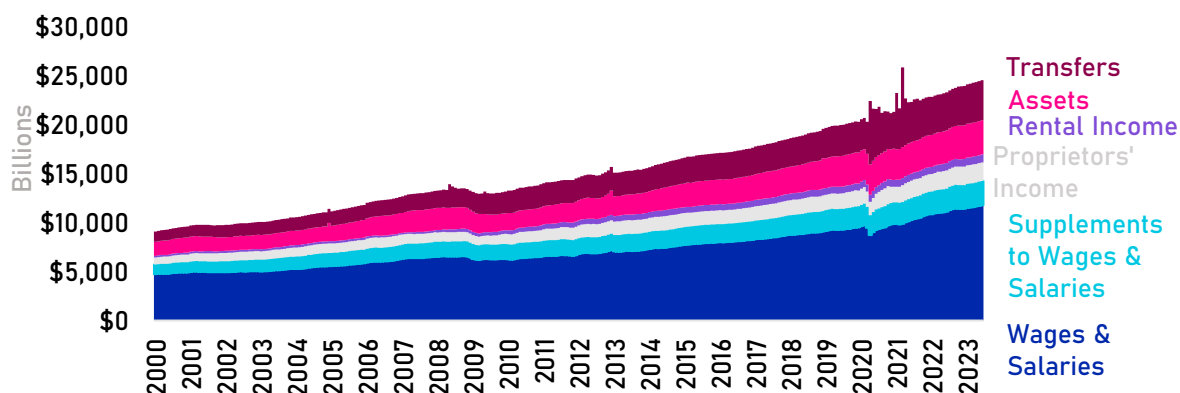
Consumer Activity

Personal Income

- Total personal income in Colorado in Q1 2023 grew 5.7 percent from the same quarter in 2022. Total personal income also rose 1.3 percent from Q4 2022 to Q1 of 2023. Nationally, personal income rose 5.5 percent from Q2 2022 to Q2 2023 and grew 1.1 percent from Q1 to Q2.

U.S. Personal Income

Seasonally adjusted

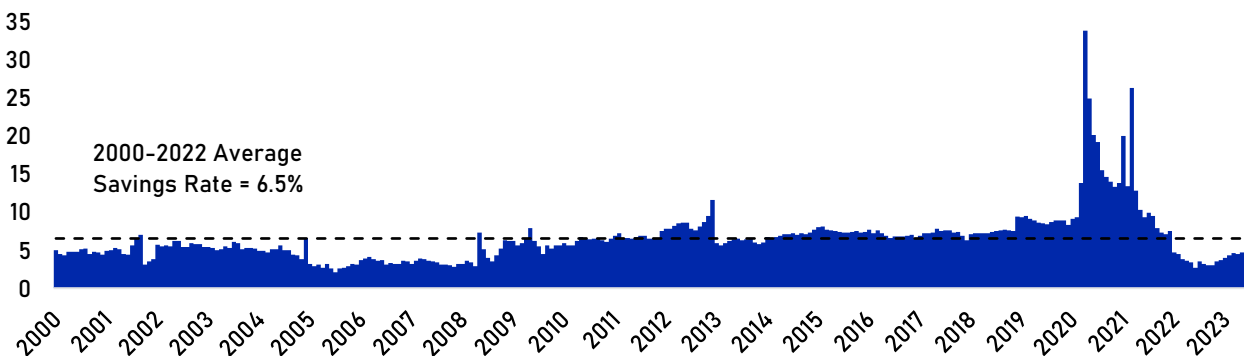


Source: Bureau of Economic Affairs

- Across the country, workers saved 3.5 percent of their disposable income in July, the same as in July 2022. The personal savings rate fell 0.8 percentage points from the June figure of 4.3 percent, which are both well below the annual average of 6.5 percent from 2000 to 2022. Decreased savings rates are an indicator that price increases are impacting individual expenditures, as consumers are spending more money as a percentage of their income each month.

U.S. Personal Savings Rate

Year-over-year; Seasonally adjusted

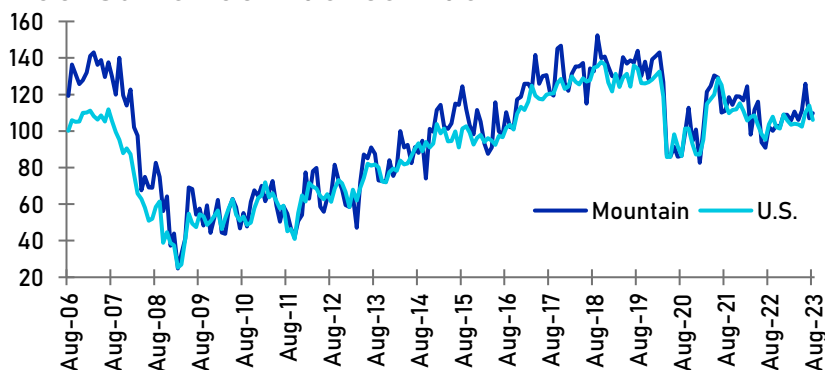


Source: Bureau of Economic Analysis

Consumer Sentiment

- The U.S. Consumer Confidence Index fell in August. The index now stands at 106.1, a 6.9 percent month-over-month decrease. However, the index remains 2.4 percent above the level reported in August 2022.

Consumer Confidence Index



Source: The Conference Board.

- Analysts at The Conference Board stated that the decrease was driven by drop-offs in both the Present Situation and Expectations Indexes, which fell to 144.8 and 80.2 from 153.0 and 88.0, respectively. The drop reflects renewed concerns surrounding rising food and gas prices. The decline in confidence was shared across all income groups but was particularly pronounced for those making more than \$100,00 per year and those making less than \$50,000.

Consumer Confidence Index

	Aug-23	Jul-23	Aug-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Annual Avg 2018
Mountain	109.8	106.9	102.2	110.6	106.7	3.6%	134.3
United States	106.1	114.0	103.6	106.2	104.2	2.0%	130.1

Source: The Conference Board. (p)=preliminary

- The Mountain region index, which includes Colorado, increased 7.4 percent between August 2022 and 2023 to 109.8. The index rose 2.7 percent month-over-month from 106.9 in July. The Present Situation Index fell 2.1 percent year-over-year to 156.8, while the Expectations Index increased 23.4 percent to 78.5 during the period.

Consumer Spending

- National retail sales expenditures rose 1.8 percent year-over-year in June, with 9 of the 13 supersectors reporting increases during the period. Food services and drinking places reported the largest year-over-year increase of 11.0 percent, followed by non-store retailers (+9.2 percent) and health and personal care stores (+8.0 percent). Gas stations reported the largest drop of 23.4 percent, followed by building materials and gardening equipment (-4.3 percent) and furniture and home furnishing stores (-3.4 percent). July retail sales data will be released on September 14.

National Retail Sales

\$ in millions

	Jun-23	May-23	Jun-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Growth 2018
Total Retail Sales	705,873	725,602	693,577	4,043,561	3,916,355	3.2%	4.4%
Motor vehicles and parts dealers	140,447	143,058	132,450	796,033	774,038	2.8%	1.6%
Furniture and home furnishing stores	11,294	11,283	11,695	66,791	68,974	-3.2%	3.2%
Electronics and appliance stores	7,379	7,250	7,319	42,753	43,564	-1.9%	1.8%
Building materials and garden equipment and supplies stores	46,507	50,940	48,588	252,958	258,300	-2.1%	5.2%
Food and beverage stores	81,829	83,999	80,700	481,252	463,589	3.8%	2.9%
Health and personal care stores	36,077	36,718	33,394	210,163	194,549	8.0%	4.3%
Gasoline stations	56,313	56,733	73,513	319,146	366,060	-12.8%	9.8%
Clothing and clothing accessories stores	24,746	26,557	24,701	141,308	140,026	0.9%	2.3%
Sporting goods, hobby, book and music stores	8,629	8,350	8,637	47,266	46,484	1.7%	-4.4%
General merchandise stores	72,555	74,209	71,400	415,043	401,083	3.5%	2.2%
Miscellaneous store retailers	16,653	16,998	16,247	90,254	86,869	3.9%	4.3%
Non-store retailers	110,419	115,401	101,099	650,211	602,888	7.8%	11.1%
Food services and drinking places	93,025	94,106	83,834	530,383	469,931	12.9%	5.7%

Source: U.S. Census Bureau

- Retail sales in Metro Denver fell 2.2 percent between June 2022 and 2023. Five of the seven counties in Metro Denver reported year-over-year decreases in retail sales. The City and County of Denver reported the largest increase of 3.2 percent. Jefferson County reported the only other increase of 0.4 percent. Adams County reported the largest year-over-year decrease of 7.2 percent. Retail sales throughout Colorado fell 0.5 percent year-over-year.

Metro Denver Retail Sales

\$ in thousands, not adjusted for inflation or seasonality

	Jun-23	May-23	Jun-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Growth 2018
Metro Denver	16,459,508	14,163,930	16,828,620	85,032,284	83,734,686	1.5%	4.9%
Adams County	3,141,485	2,722,692	3,385,292	15,817,134	16,299,866	-3.0%	9.1%
Arapahoe County	2,767,561	2,423,974	2,855,076	14,690,707	14,401,117	2.0%	4.0%
Boulder County	1,753,945	1,389,871	1,849,040	8,515,766	8,532,487	-0.2%	3.2%
Broomfield County	300,264	262,000	318,091	1,610,212	1,658,897	-2.9%	0.6%
Denver County	4,082,256	3,507,773	3,955,168	21,329,052	20,518,421	4.0%	5.1%
Douglas County	1,677,525	1,592,485	1,740,716	9,183,061	9,090,850	1.0%	2.2%
Jefferson County	2,736,472	2,265,135	2,725,237	13,886,352	13,233,049	4.9%	3.4%
Colorado	27,891,671	23,999,651	28,044,663	144,614,761	141,389,015	2.3%	5.9%

Source: Colorado Department of Revenue

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

Travel & Tourism

- The average hotel occupancy rate in Metro Denver rose 2.9 percentage points year-over-year to 81.3 percent in the month of July 2023. The average hotel room rate rose 10.0 percent to \$190.65 per night, an increase of \$17.38 during the period.

Metro Denver Hotel Statistics

	Jul-23	Jun-23	Jul-22	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Annual Avg 2018
Hotel Occupancy Rate	81.3%	83.1%	78.4%	70.0%	67.6%	2.4%	73.7%
Average Hotel Room Rate	\$190.65	\$187.60	\$173.27	\$160.26	\$148.63	7.8%	\$144.03

Sources: Rocky Mountain Lodging Report.

- Data from Airports Council International indicates that, through May 2023, DEN is the third-busiest in North America, trailing only Hartsfield-Jackson Atlanta International Airport and the Dallas-Ft. Worth International Airport. Globally, DEN ranked as the seventh-busiest airport through the first five months of the year.
- Spokespeople for Denver International Airport (DEN) reported that almost 6.8 million passengers passed through the airport in June, an 8.2 percent increase from the previous year, or over 0.5 million passengers.
 - DEN reported an uptick in international traffic through the first six months of 2023, with nearly 2 million passengers making their way through the airport, up 29.1 percent from the same period in 2022. Overall, this is the busiest DEN has been in the first half of the year, serving more than 36.5 million passengers and the airport has increased its 2023 projections from 74 million passengers served to 78 million.

Denver International Airport Passengers

	Jun-23	May-23	Jun-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018
Number of Airline Passengers	6,769,608	6,598,101	6,254,557	36,561,858	32,171,152	13.6%	64,494,613

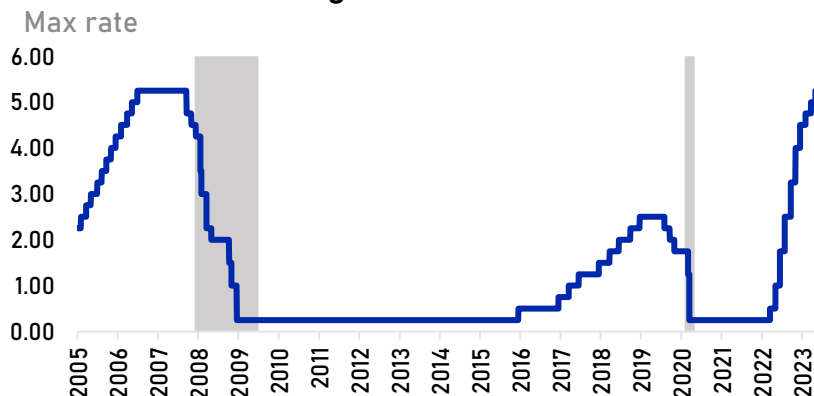
Source: Denver International Airport, Traffic Statistics.

Monetary Policy & Markets

Interest Rates

- At an annual meeting of central bankers in Jackson Hole, Federal Reserve Chair Jerome Powell reiterated the Federal Open Market Committee's (FOMC) commitment to taming inflation, noting that future rate increases are still on the table. The statement comes as indicators on economic output and the labor market report strong growth.

Federal Funds Target Rate



Source: Federal Open Market Committee

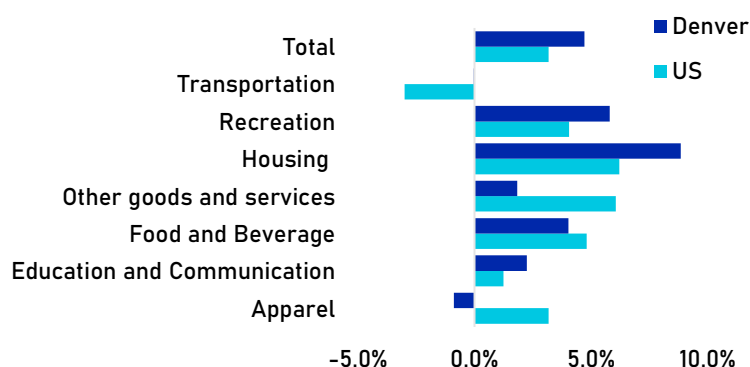
- In their meeting on July 25-26, the FOMC resumed their schedule of interest rate increases while continuing to look for signs of moderating prices and a cooling economy. While the tight labor market and persistently high inflation remain causes for concern, the committee will look for evidence that past rate increases are being felt throughout the economy.
- The next FOMC meeting is September 19-20, 2023.

Inflation

- The U.S. Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics showed that consumer prices in July increased 3.2 percent year-over-year, up from a 3.0 percent increase in June and a 4.0 percent in May. This marks the first increase after twelve consecutive decreases in the year-over-year inflation rate. Core inflation, which excludes volatile food and energy prices, rose 4.7 percent year-over-year in July, down from 4.8 percent in June.

Consumer Price Index

Percent Increase from previous year



Source: Bureau of Labor Statistics

- Six of the eight components of the national CPI increased year-over-year, with the largest increases in housing (+6.2 percent), other goods and services (+6.1 percent), and food and

beverages (+4.8 percent). Transportation reported the largest year-over-year decrease of 3.0 percent.

- The CPI for the Denver-Aurora-Lakewood MSA rose 4.7 percent year-over-year in July, down from a 5.1 percent increase in May, and the eighth consecutive decline in the inflation rate. The bimonthly CPI update indicated that prices rose 1.3 percent from May to July.
- Six of the eight components in the Denver MSA reported increases between July 2022 and 2023, with the largest increases in housing (+8.8 percent), recreation (+5.8 percent), and food and beverage (+4.0 percent). Data for the medical care sector did not report inflation data in July.

Cost of Living

- According to the Cost of Living Index (COLI) released in August, the cost of living in Denver was 10.2 percent higher than the national average in Q2 2023. Of the six component groups, Denver reported above average pricing in housing, miscellaneous goods and services, grocery items, and transportation.
 - Relative to the rest of the country, Denver's cost of living improved modestly over the second quarter of 2022, when Denver was 11.0 percent more expensive than the country.
- According to the AAA Daily Fuel Gauge Report, the national average fuel price at the end of June was \$3.83 per gallon, down 0.4 percent from the same time last year. The Metro Denver average fuel price increased 4.9 percent year-over-year to an average of \$3.91 per gallon, jumping up \$0.18 over the period. The average fuel price in Metro Denver was \$0.09 higher than the average fuel price in the U.S.

Stock Market

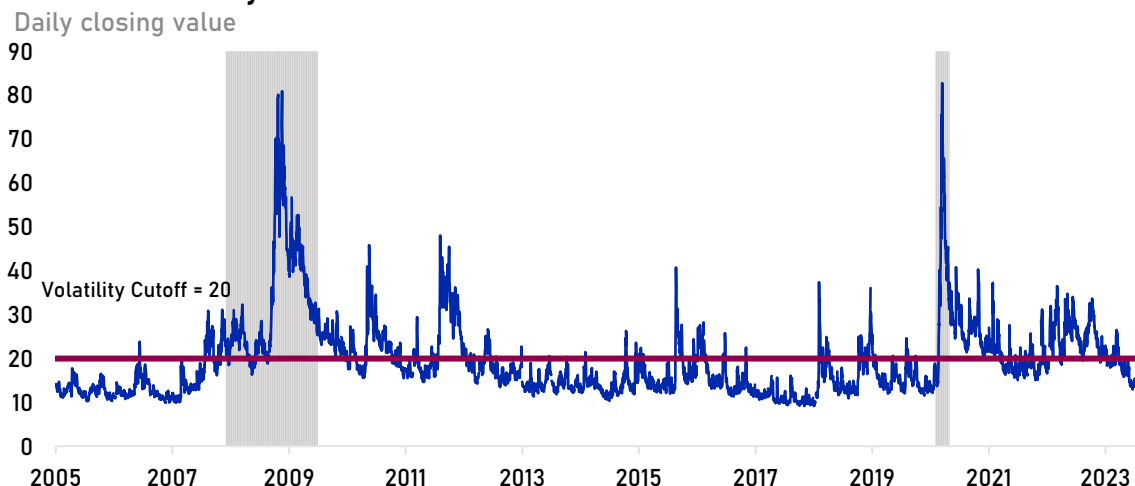
- All four stock market indexes tracked increased between August 2022 and 2023. The NASDAQ reported the largest increase, jumping up 18.8 percent, followed by the S&P 500 (+14.0 percent), the DJIA (+10.2 percent), and the Bloomberg Colorado Index (+8.1 percent). All four indices fell between July and August 2023. The Bloomberg Colorado Index and DJIA reported the largest decrease (-2.4 percent), followed by the NASDAQ (-2.2 percent), and the S&P 500 (-1.8 percent).

Stock Market Indexes						
	Aug-23	Jul-23	Aug-22	YTD Return 2023	YTD Return 2022	Annual Avg Return 2018
Bloomberg Colorado	756.4	775.2	699.7	17.3%	-20.9%	-7.4%
S&P 500	4,507.7	4,589.0	3,955.0	17.4%	-17.0%	-6.7%
NASDAQ	14,035.0	14,346.0	11,816.2	34.1%	-24.5%	-3.9%
DJIA	34,721.9	35,559.5	31,510.4	4.8%	-13.3%	-6.1%

Sources: Bloomberg.com, Yahoo! Finance.

- The Chicago Board Options Exchange Volatility Index (VIX) registered 14.45 at the end of August, up slightly from the end of July. The index has fallen 44.1 percent from the same period last year, indicating lower expected volatility over the next 30 days. Typically, a score of 20 or more is associated with periods of high volatility.

CBOE Volatility Index



Source: Federal Reserve Economic Data

- The yield curve, calculated by subtracting the yield of 2-year treasury bonds from the yield of 10-year treasury bonds, registered -0.75 at the end of August. Over the month the metric rose 16 basis points from -.91 at the end of July. The metric has remained negative, typically a sign of an impending recession since July 2022.

Yield Curve

10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity



Source: Federal Reserve Economic Data

Business Activity

- According to a new report by Bankrate, a financial services company, 68 percent of full-time workers favored hybrid work to in-person, and 64 percent prefer fully remote options to working in the office. Furthermore, the survey indicated that just 28 percent of employees believe that their employer is doing enough to incentivize commuting into the office.
 - Overall, 89 percent of respondents working full time would opt for a 4-day work week, hybrid, or fully remote opportunity and just over half of those employees reported being willing to change jobs or even industry that offers those kinds of working conditions. 72 percent of those in favor of remote/hybrid work indicated a willingness to sacrifice other flexibility benefits in order to work at home at least part time.
- Data from the Federal Reserve Bank of New York reported that about 20 percent of all work in the services industry is done remotely. The survey of business leaders indicated that, while executives expect the amount of at-home work to remain stable in 2024, they would prefer that percentage to fall to around 15 percent.
- A report published by the University of Chicago indicated that working from home had mixed impacts on productivity, with 30 percent of respondents indicating an increase in worker productivity and 40 percent reporting a decrease. Employee response data, from the second quarter of 2023, did note that workers collaborated more when working in the office, but that benefit did not offset increased flexibility and the benefits associated with eliminating a worker's daily commute.

Business Production Indices

- According to the Producer Price Index, which measures prices for input goods, prices fell 7.0 percent in July compared to the same month in 2023. This is the fifth consecutive month where input prices have fallen year-over-year. Overall prices fell 9.4 percent in June, and 7.1 percent in May.
 - Farm input costs fell 3.6 percent compared to July 2022, the same rate of price moderation as in June.
 - Industrial input prices fell 7.6 percent from July 2022 to 2023, up from a 10.5 percent drop in June.
- Due to supply chain issues the PPI reported double digit price increases for 20 consecutive months from March of 2021 to October 2022. Year-over-year price increases peaked at 22.4 percent for the combined price index in October 2021 and then again in June 2022.
- According to the Institute for Supply Management, the **Manufacturer's Purchasing Managers Index (PMI)** was 47.6 percent in August, up 1.2 percentage points from the July reading. As the value remains below 50, this figure indicates contraction in the manufacturing sector for the tenth consecutive month after 28 months of expansion.
 - The Prices, Employment, and Backlog of Orders Indexes all remained in contraction territory, scoring under 50 percent in June. The Production Index rose 1.7 percentage points to fall at exactly 50.0. The Employment Index recorded the largest month-over-month increase, rising 4.1 percentage points.

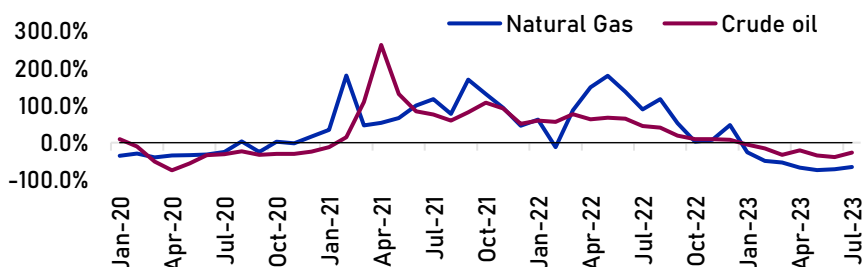
- Three of the six largest manufacturing industries, petroleum and coal products, transportation equipment, and food, beverage and tobacco products, reported growth in August, up from one in July.
- The **Services Purchasing Managers Index (PMI)** by the Institute for Supply Management registered 52.7 percent in July, down 1.2 percentage points from June's 53.9 percent, remaining in expansionary territory. The July reading indicates a seventh month of growth after reporting a contraction in December.
 - The Prices Index increased to 56.8, up 2.7 percentage points from June's reading of 54.1. This indicates that the prices services organizations paid for materials and services has increased for the 74th month in a row. This is the fifth consecutive month the Prices Index has registered a value below 60. Throughout 2021 and 2022 the index scored above 80 ten times.
 - Fourteen of the 18 industries reported growth for the month, down from fifteen last month.
- According to the Q2 Construction Cost Index by Mortenson, non-residential construction costs in Metro Denver increased 3.8 percent from the same quarter in 2022, rising faster than the national average increase of 2.9 percent.
 - Costs in Denver increased 1.87 percent from Q1 to Q2 2023, above the national average of 1.28 percent. Denver's over-the-quarter increase registered as the second highest in the seven reported metros, trailing only Chicago.
 - Note: Mortenson releases quarterly construction cost data nationally, and for seven metro areas: Chicago, Denver, Milwaukee, Minneapolis, Phoenix, Portland, and Seattle.

Oil & Gas Industry

- Crude oil and natural gas prices both fell in July compared to the same period last year. The U.S. price for one million BTUs of natural gas was \$2.55 in July, according to the Henry Hub Natural Gas Spot Price, down 65 percent from the \$7.28 price in July 2022. Natural gas prices rose 17 percent over the month from June's level of \$2.18. The crude oil average, sourced from Western Texas Intermediate, averaged \$76.07 per barrel in July, down 25.19 percent from the same month last year. From June to July, the average price per barrel rose 8.3 percent.

Crude Oil and Natural Gas Prices

% Change from Previous Year



Source: Energy Information Administration.

Local & Regional Business Surveys

- According to the Quarterly Business & Economic Indicators for the second quarter of 2023, released by the Colorado Secretary of State, new business entity filings in the state remain well above 2022 levels. After setting a record for new filings in the first quarter, Q2 filings were 39.1 percent higher than the same quarter in 2022. Filings did fall from Q1, decreasing by 1.6 percent from the previous quarter.
 - According to the same report, Colorado's job growth, as of June 2023, ranked 44th nationally, growing by 1.5 percent. A key factor remains a constrained supply of workers, rather than a decrease in the demand by businesses.
- The Kansas City branch of the Federal Reserve released their beige book report for the 10th district, which includes Colorado, that indicated mixed economic performance across the region.
 - Consumer spending continued to rise, but the rate of growth has moderated in the last few months. Continued concerns over inflation and high interest rates play a role in lower consumption expectations for the rest of the year.
 - Energy activity, measured using the number of active rigs in the area, and new oil and gas capital expenditures fell across the region and further decreases are expected as low prices have pushed down well profitability.
 - Businesses that provide services were increasing their demand for workers, even as manufacturing contacts reported small declines in employment. Many firms indicated they would post fewer new job openings and were likely to pause hiring activities moving forward. Overall, wage gains remained strong due to tight labor market conditions.

Residential Real Estate

- According to the Freddie Mac “Primary Mortgage Market Survey,” 30-year mortgage rates averaged 7.18 percent for the week ending August 31, 2023, 0.06 percentage points higher than the average rate from four weeks prior of 7.12 percent. A year ago, 30-year mortgage rates averaged 5.66 percent.
- The City and County of Denver has released the findings of a study commissioned to inform the city of office buildings to target for conversion to apartment buildings. The report, produced by San-Francisco architecture firm Gensler, identified 20 properties that were good candidates and chose 16 specific properties for more analysis. If all 16 properties were to be converted, it would create 5,000 units in downtown Denver.
- The City and County of Denver finalized the purchase of the Stay Inn at 12033 38th Avenue in August. The purchase of the 96-room building, and adjacent undeveloped land is the next effort by Mayor Mike Johnston to house 1,000 homeless people by the end of the year. The plot still needs to be rezoned before it can be used as supportive housing.
- Apartment buildings, long considered one of the safest real estate investments, are a source of anxiety in the current high interest rate environment. According to the Mortgage Bankers Association, \$980.7 billion in multifamily mortgages are scheduled to come due between now and 2027. Defaults are already happening in Los Angeles, Houston, and San Francisco with more defaults expected.
- New homes made up 31.4 percent of homes on the market in the second quarter of 2023, according to a new analysis by Redfin. This is due to deliveries of new units to market and a contraction in the number of existing homes being put up for sale.

Recently Announced Projects

- Construction began tearing down a former bus terminal at California and 22nd streets in Denver ahead of the construction of two 25-story residential towers. Plans include building 659 residential units, but the developer did not disclose how many of the units will be designated as affordable.
- Dream Finders Homes submitted concept plans to build 180 homes in their Upland’s community in Westminster. Overall, the project is expected to include 2,300 homes when fully built out. The project will include both single and multifamily units.
- Boulder Creek Neighborhoods LLC will be constructing a 151-cottage home community to rent in Erie. The homes, which will be maintained by Urban Cottages, will range from 1,148 to 1,546 square feet and will be centered around 12 small parks.
- FolsomJane Architecture + Design submitted a concept proposal to demolish a one-story building in order to construct a seven-story, 110-unit apartment building at 1166 N. Santa Fe Drive. Plans also include 5,000 square feet of retail space.
- BC Builders began construction on the Sapling Grove Apartments, an affordable housing complex. The project will be reserved for those making between 30 and 80 percent of the area median income. No construction timeline is available at this time.

- Property Markets Group submitted concept plans to build a five-story condo building in Denver's Cherry Creek neighborhood. The company did not announce price points, but plans indicate that the complex will be made up of luxury condos. If approved, construction will begin in 2024 and be completed in 2026.
- Construction began this August on a modular home factory in Boulder, with an expected completion date in 2024. Once completed, the facility is expected to build up to 50 affordable homes per year and will be part of the Boulder Valley School District's Technical Education Center construction class. The first units produced at the location will be used to replace dilapidated mobile homes in the Ponderosa Mobile Home Park.
- The City and County of Denver is buying 200 prefabricated homes from Washington-based Pallet. The deal, which has yet to be confirmed by the city council, includes furnishings for all of the 70-square-foot structures. The units could be delivered by November 1st.

Existing Home Sales

Metro Denver

- Home sales in the 11-county Metro Denver region totaled 3,677 in July, down 32.8 percent from the same month last year.
- The number of homes on the market at the end of the month increased by 4.0 percent to 6,299 in July 2023 compared with the same month last year, representing just 242 additional homes. The inventory of available homes rose by 3.8 percent in July over the previous month; however, it is still lower than the historic average of 14,296 listings available at the end of each month.
- The average listing spent 23 days on the market in July, according to the Denver Metro Association of Realtors. New listings in July were down 15.3 percent from June, and down 24.8 percent from a year earlier.

Metro Denver Existing Home Sales Activity

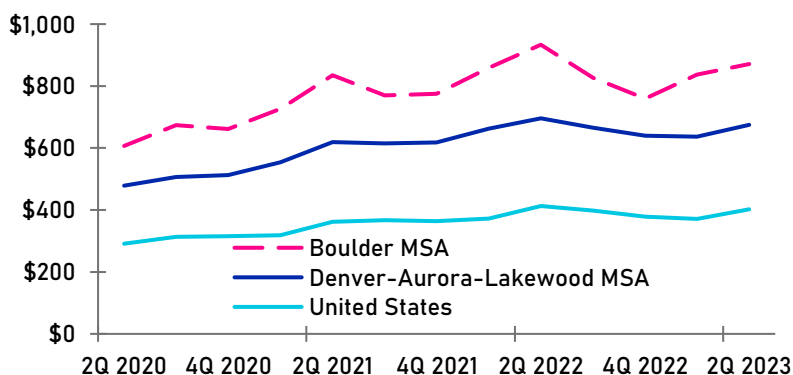
	Jul-23	Jun-22	Jul-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Avg 2018
Home Sales (Closed)	3,677	4,395	4,510	25,511	32,537	-21.6%	56,509
Homes on Market	6,299	6,071	7,361	6,299	7,361	-14.4%	5,577
Average Sales Price-Single Family	\$782,624	\$801,189	\$779,433	\$766,212	\$785,895	-2.5%	\$522,675
Average Sales Price-Condo	\$483,995	\$484,109	\$475,784	\$477,531	\$484,630	-1.5%	\$351,750
Median Sales Price-Single Family	\$650,000	\$655,000	\$650,000	\$635,000	\$656,550	-3.3%	\$441,000
Median Sales Price-Condo	\$420,000	\$420,000	\$420,000	\$414,000	\$421,600	-1.8%	\$300,000

Source: Denver Metro Association of Realtors

- The median sale price for single-family homes in Metro Denver decreased 3.0 percent year-over-year to \$650,000, representing \$20,000 less per home during the period. The median sales price for condominiums fell 2.3 percent year-over-year to \$420,000, representing a decrease of \$10,000 per home.
- According to research by the Colorado Association of Realtors (CAR), the median price for single family homes across Colorado decreased by 0.3 percent in July 2023 compared to the same time last year. The median sale price fell to \$578,250 from \$580,000. Average time on market jumped from 26 days in July 2022 to 38 days in July 2023.

- Data from the National Association of Realtors (NAR) revealed that the median price in the Boulder MSA decreased 6.7 percent year-over-year to \$871,200 in the second quarter of 2023. The Denver-Aurora MSA fell 3.1 percent year-over-year to \$674,500 during Q2 2023, while the national median home price decreased 2.4 percent to \$402,600 during the period.

Median Home Prices (000s)



Source: National Association of Realtors, not seasonally adjusted

- The Boulder MSA had the 9th highest median home price of the 186 metropolitan areas tracked in the report. The Denver MSA had the 16th highest median home price. Forty percent of metro areas saw median home prices drop year-over-year in Q2 2023, up from almost 30 percent in Q1 2023.

National

- The NAR home affordability index fell to 87.8 in June down from 93.7 in May. The metric is based on the ratio between the median household income and the necessary income required to qualify for the median-priced house. The index for the West region fell to 64.1 in June, down from 67.1 in May.
- New home sales in the U.S. increased 31.5 percent year-over-year to a seasonally adjusted annual rate of 714,000 in July, according to estimates released by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.
- Total existing-home sales fell 2.2 percent from June to a seasonally adjusted annual rate of 4.07 million in July, according to the National Association of REALTORS (NAR). Sales decreased 16.6 percent year-over-year from the July 2022 reading of 4.88 million.
- Properties remained on the market for 20 days in July, up from 18 in June, and up from 14 days in July 2022. Of the homes sold in July, 74 percent were on the market for less than a month.
- NAR data showed the median existing-home price for all housing types nationally was \$406,700 in July, up 1.9 percent from the same time last year.

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

	Q2 2023 (p)	Q1 2023 (r)	Q2 2022	YTD Avg 2023	YTD Avg 2022	YTD Avg % Change	Median 2018
Boulder MSA	\$871.2	\$836.9	\$933.4	\$854.1	\$896.3	-4.7%	\$607.4
Denver-Aurora MSA	\$674.5	\$636.1	\$695.8	\$655.3	\$679.0	-3.5%	\$449.9
United States	\$402.6	\$371.0	\$412.7	\$386.8	\$392.4	-1.4%	\$261.6

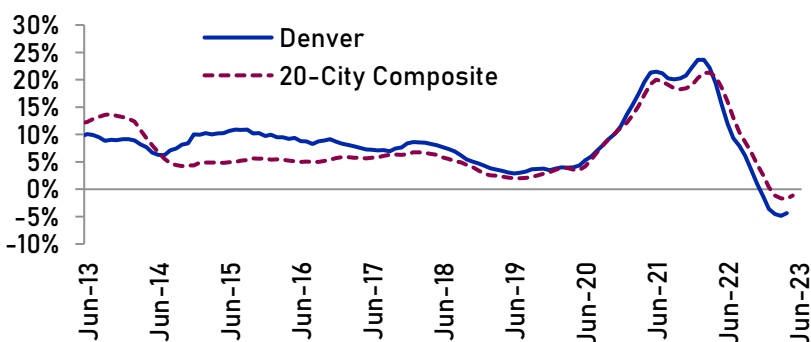
Source: National Association of REALTORS. (p) =preliminary (r) =revised

Home Prices

- According to the S&P/Case-Shiller Home Price Index, housing prices in Denver decreased 4.4 percent between June 2022 and June 2023, down from a 4.9 percent decrease in May and a 4.5 percent decrease in April. At this point, the home price increases that took off during the COVID-19 pandemic have abated. June's price drop was just the fifth year-over-year decrease in home prices since December 2011.

S&P/Case-Shiller Home Price Indices

Year-over-Year % Change



Source: Standard & Poor's.

- National housing prices were unchanged year-over-year in June, up from a 0.4 percent decrease in May and a 0.1 percent decrease in April. Month-over-month home prices rose again in June. Prices rose month-over-month in all 20 major cities.
- Chicago reported the highest year-over-year price increase of 4.2 percent, followed by Cleveland (+4.1 percent) and New York City (+3.4 percent). San Francisco reported the largest year-over-year decrease, falling by 9.7 percent, followed by Seattle (-8.8 percent) and Las Vegas (-8.2 percent). Denver ranked 16th out of 20.

Foreclosures

- Foreclosures in Metro Denver decreased 7.3 percent between August 2022 and July 2023, falling by 15 filings during the period. Month-over-month, foreclosures rose 15.9 percent from 164 filings in July. Five of the seven counties reported decreases in filings compared to last year; Boulder County reporting the largest reduction of 55.6 percent, followed by Arapahoe County (-28.3 percent), and the City and County of Broomfield (-25.0 percent).

Metro Denver Residential Foreclosures

	Aug-23	Jul-23	Aug-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018
Total Metro Denver*	190	164	205	1,647	1,797	-8.3%	2,725
Adams County	44	47	47	418	496	-15.7%	637
Arapahoe County	43	43	60	389	467	-16.7%	638
Boulder County	8	4	18	81	82	-1.2%	124
Broomfield County	3	1	4	14	21	-33.3%	42
Denver County	40	42	34	327	346	-5.5%	538
Douglas County	16	10	20	145	136	6.6%	278
Jefferson County	36	17	22	273	249	9.6%	468

Source: County public trustees.

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

New Home Construction

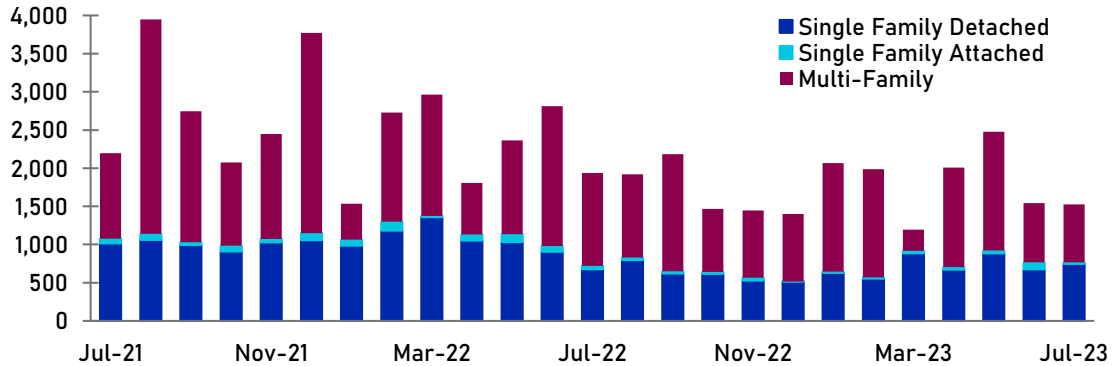
National

- Builder confidence for new single-family homes fell 6 points to 50 in August, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This was the first drop after seven consecutive months of builder sentiment improvements, rising from 31 in December, which marked the lowest reading since May 2020. The dip in builder confidence is due to mortgage rates up over seven percent and stubborn inflation rates.
- According to the U.S. Census Bureau, the seasonally adjusted annual number of nationwide residential building permits totaled over 1.4 million units in July, a 0.1 percent month-over-month increase, and a 13.0 percent decrease compared with the same month last year.
- Building permits for single-family detached units increased 1.3 percent year-over-year, or by 12,000 units permitted to a total of 930,000 units permitted in July. Single-family attached units reported a decrease of 16.1 percent over the year, while multi-family units decreased 31.9 percent year-over-year to 466,000 units permitted in July.

Metro Denver

- Residential building permits in Metro Denver totaled 1,526 units permitted in July, a decrease of 21.3 percent, or 412 units, from the same time last year.

Metro Denver Residential Building Permits



Source: U.S. Census Bureau

- Single-family detached units permitted increased 10.8 percent year-over-year, jumping by 73 units permitted during the period. Single-family attached units decreased 56.5 percent, or by 26 units, to a total of 20 during the period. Multi-family units decreased 37.7 percent, or by 459 units, to a total of 759 units permitted in July.

Metro Denver Residential Building Permits

	Jul-23	Jun-23	Jul-22	YTD Total 2023	YTD Total 2022	YTD Total % Change	Annual Total 2018
Single-Family Detached Units	747	676	674	5,045	7,187	-29.8%	12,248
Single-Family Attached Units	20	93	46	254	520	-51.2%	400
Multi-Family Units	759	774	1,218	7,507	8,444	-11.1%	11,561
Total Units	1,526	1,543	1,938	12,806	16,151	-20.7%	24,209

Source: U.S. Census Bureau

Commercial Real Estate

Note: Previously reported commercial real estate data, including previously published data tables, is available in Appendix 2 on page 30.

Recently Announced Projects & Reports

- Commercial real estate sale activity fell over fifty percent for the first six months of 2023 compared to the same period in 2022. \$181.8 billion of commercial sales were finalized, down from \$424.5 billion last year according to data from MSCI Real Assets. Industry leaders point to the rapid increase in interest rates as a leading contributor to the slowdown.
- Colorado State University announced a partnership with Marvel Fusion, a Germany-based technology company, to build a \$150 million laser and fusion research facility in Fort Collins. Scientists at Marvel Fusion have been working in partnership with the university over the past few years, and this new agreement will facilitate research in clean fusion energy, microelectronics, optics and photonics, medical imaging, and high energy density.
- The University of Denver is moving forward on the construction of a \$100 million science campus titled: “STEM Horizons.” Anderson Mason Dale Architects, a Denver-based firm, will design and oversee construction on the facility. The project will build new structures and will renovate the 41-year-old Steeley G. Mudd Science Building.
- The Fitzsimons Innovation Community, a medical and life science campus in Aurora, is expanding. Two projects announced in August will move forward bringing 230,650-square-feet of office and lab space as well as 300 apartment units. “Bioscience 4” will begin construction this year, with an expected completion date in 2026. No timeline has been announced for the apartment building.
- Conscience Bay Co. LLC presented plans to build a 112,600-square-foot net-zero electric bioscience facility at 3825 Walnut Street in Boulder. If approved by the Boulder Planning Commission, the building would provide a mix of office and lab space that the company says does not currently exist in the area. Conscience Bay plans to break ground in Q2 2024 and complete construction by mid-2026.

Appendix 1

Metro Denver Nonfarm Wage & Salary Employment

In thousands, not seasonally adjusted

	Jun-23	May-23	Jun-22	YTD Avg 2023	YTD Avg 2022	YTD % Change	Annual Growth Rate 2018
Total 11-County Metro Denver*	1,812.8	1,819.8	1,804.2	1,799.8	1,783.3	0.9%	2.7%
Denver-Aurora MSA	1,607.7	1,613.7	1,600.5	1,594.0	1,580.4	0.9%	2.6%
Boulder-Longmont MSA	205.1	206.1	203.7	205.8	203.0	1.4%	3.2%
Natural Resources & Construction	120.5	121.3	120.0	117.2	116.2	0.8%	6.1%
Manufacturing	96.7	95.7	94.7	94.7	93.6	1.1%	1.5%
Wholesale & Retail Trade	235.4	236.0	239.2	235.4	237.8	-1.0%	1.2%
Transp., Warehousing & Utilities	76.4	75.8	76.5	76.8	77.3	-0.7%	6.9%
Information	59.5	60.3	62.7	60.0	63.4	-5.5%	5.6%
Financial Activities	117.9	118.3	124.3	118.2	125.7	-6.0%	2.1%
Professional & Business Services	361.6	357.2	360.8	356.1	350.5	1.6%	3.1%
Education & Health Services	217.9	219.7	219.6	219.8	220.4	-0.3%	2.0%
Leisure & Hospitality	200.5	201.1	198.3	192.2	185.4	3.7%	1.9%
Other Services	80.3	80.1	76.1	77.6	74.3	4.4%	2.6%
Government	246.1	254.3	232.0	251.9	238.7	5.5%	2.3%
Federal Gov't	30.5	30.4	30.0	30.1	29.9	0.6%	-1.6%
State Gov't	66.0	66.5	62.6	69.7	65.7	6.0%	3.5%
Local Gov't	149.6	157.4	139.4	152.1	143.0	6.4%	2.6%
Colorado	2,924.3	2,933.8	2,883.2	2,892.7	2,848.7	1.5%	2.5%

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

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

Appendix 2: Previously Reported Data

Apartment Rental Market

- The Denver area ranks as the third most competitive rental large rental market in the country behind Salt Lake City, Utah, and Tucson, Arizona, according to a new report released by Rent Café. On average there are nine prospective tenants for every unit, in line with the U.S. average, and rentals usually spend 42 days on the market. The market for apartments in the area remains tight with a 94 percent occupancy rate even as Metro Denver sees a jump in new apartment construction.
- From 2009 to 2021, rent growth in Metro Denver climbed 82 percent, rising faster than all but one large metros in the United States. According to a new report commissioned by Clever Real Estate, incomes during the period rose by only 48 percent over the 12-year range. Nationally, rent rose faster than income in 46 out of the 50 largest metro areas as rents grew 42 percent over the period.
- The apartment vacancy rate throughout Metro Denver rose 0.9 percentage points year-over-year to 5.5 percent vacancy in the second quarter of 2023. Vacancy rates ranged from 4.8 percent in the Boulder/Broomfield submarket to 6.1 percent in Douglas County.
- All six submarkets reported year-over-year increases in the average monthly rental rate, led by Arapahoe County (+2.5 percent), Jefferson County (+2.5 percent), and the Boulder/Broomfield market (+2.2 percent). The City and County of Denver reported the most modest year-over-year increase of 1.3 percent. Douglas County reported the highest average rental rate for all units in Q2 2023 of \$2,023 per month, while Adams County reported the lowest rental rate of \$1,717 per month. Across Metro Denver, rents increased 2.0 percent year-over-year to \$1,878 per month. Rents rose 1.7 percent between the first quarter of 2023 and the second quarter of 2023, or an increase of \$22.

Metro Denver Apartment Statistics

	Q2 2023	Q1 2023	Q2 2022	YTD Avg Q2 2023	YTD Avg Q2 2022	YTD Avg % Change	Annual Avg 2018
Apartment Vacancy Rate	5.5%	5.6%	4.6%	5.6%	4.7%	0.9%	5.9%
Average Rental Rate (all units)	\$1,878	\$1,846	\$1,841	\$1,862	\$1,800	3.5%	\$1,456

Source: Denver Metro Apartment Vacancy and Rent Survey

Office Market

- Office leasing in Denver picked up in Q2, but vacancy rates remain high in downtown areas. According to a new report by JLL, 1.47 million square feet were leased in the second quarter, up from 1.25 million the quarter before. Most leasing activity is in newer class A space while older building types continue to struggle.
- Based on CoStar data, the direct office vacancy rate in Metro Denver was 12.8 percent in the second quarter of 2023, an increase of 0.2 percentage points from the previous quarter. The vacancy rate was up 0.8 percentage points year-over-year. The average lease rate increased 0.7 percent between the second quarters of 2022 and 2023, or by \$0.23, to \$31.08 per square foot.
- The vacancy rate including sublease space increased 1.0 percent year-over-year in Q2, rising from 13.8 percent to 14.8 percent this year. This included almost 7 million square feet of vacant sublease space, the largest amount of vacant sublease space since 2002.

Metro Denver Office Market Statistics

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

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

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

Industrial & Flex Market

- The industrial market in Metro Denver remains a bright spot in commercial real estate, especially along the I-25 and US-36 corridors where many storage and bioscience facilities are under construction. However, leasing activity is down so far in 2023 according to data from CBRE. Leasing volume is down significantly in Boulder, Larimer, and Weld counties as companies are opting to sign shorter leases in their current locations. Nationally, lease

signings for properties that measured 1 million square feet or more fell by 36 percent in the first half of 2023 compared to the same time last year.

- CoStar data revealed that the direct vacancy rate for the industrial market in Metro Denver increased 1.3 percentage points to 5.9 percent between the second quarters of 2022 and 2023. The total vacancy rate including sublease space also rose 1.3 percentage points year-over-year to 6.2 percent. The increase is mainly attributed to the elevated level of deliveries, that have not yet been filled. The average lease rate increased \$1.07 per square foot to \$10.50, an 11.3 percent increase over the same time last year.
- Seventeen industrial buildings providing 2.75 million square feet of space were completed through Q2 2023. The largest building completed was the 546,000-square-foot Warehouse Building 1 in Brighton. The next largest buildings were the 331,380-square-foot Building 26 in Aurora, and the 304,620-square-foot BlueScope Logistics Center II in Englewood.

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

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

- Metro Denver's industrial construction pipeline remains robust with 10.47 million square feet of space under construction in 54 buildings. Almost 64 percent of the industrial space under construction is located in Adams County, including the second- and third-largest buildings under construction, the 919,000-square-foot Dollar General warehouse, and the 625,000-square-foot DIA Logistics Park. The largest facility under construction is the 1.3 million-square-foot Pepsi manufacturing facility on East 72nd Avenue by Denver International Airport. Of the buildings under construction, 39 are slated to be completed in 2023 and 15 in 2024.
- The direct flex vacancy rate in Metro Denver decreased 0.2 percentage points year-over-year to 6.6 percent vacancy. The average lease rate rose 5.4 percent, or by \$0.80, to \$15.58 per square foot during the period.
- New flex construction has been more limited than other property types but remains strong through the start of Q3 2023. Four new flex buildings totaling 170,000 square feet were completed through Q2 2023. There were 22 buildings totaling over 410,000 square feet under construction as of the end of Q2 2023. Over 62 percent of the square footage under construction is located in the City and County of Broomfield and Boulder and Jefferson Counties. The largest building under construction is a 40,000-square-foot building at 15503 Denver West Parkway in Lakewood.

Metro Denver Flex Market Statistics

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

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

Retail Market

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

Metro Denver Retail Market Statistics

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

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