



# Economic Activity Report

*January 2017*



The Commerce City economy recorded mixed trends across many indicators through the fourth quarter of 2016. The employment situation improved, with overall employment rising 1 percent between the second quarters of 2015 and 2016, representing the addition of 288 new jobs. The unemployment rate in the third quarter of 2016 decreased to 3.6 percent, the lowest quarterly rate recorded since the data started being collected in the second quarter of 2000. The unemployment rate in the third quarter of 2016 was 0.5 percentage points below both the prior year and prior quarter rates.

Consumers' assessment of current business and employment conditions improved during the fourth quarter of 2016, which contributed to a 12.5 percent increase over-the-year in national consumer confidence in the fourth quarter of 2016. The fourth quarter 2016 level was among the highest national consumer confidence levels since 2007. The Conference Board's Mountain Region Index rose 7.9 percent over-the-quarter and increased 7 percent over-the-year.

Commerce City existing home sales decreased in both the single-family detached and the single-family attached markets between the third quarters of 2015 and 2016. Single-family detached home sales decreased 0.9 percent over-the-year and single-family attached sales fell 31.8 percent. However, the average sales price improved in both the single-family attached (+11 percent) and single-family detached markets (+9.2 percent) over-the-year. The apartment rental market tightened during the third quarter of 2016 in Commerce City, with the vacancy rate decreasing 2.6 percentage points over-the-quarter to 4.3 percent. The average rental rate increased 1.3 percent from the previous quarter to \$1,254 per month. One of the five commercial property types tracked in this report recorded an increase in the vacancy rate (warehouse distribution), but only one property type recorded an increase in the average lease rate (all other industrial).

### Commerce City Economic Headlines

- ◆ Intsel Steel began construction of a 234,000-square-foot steel distribution facility on 55 acres in Commerce City and plans to install a Burlington Northern Santa Fe rail spur to support its growing global footprint. The facility is expected to employ 92 workers as the company consolidates its operations in the Denver area. Intsel sells nearly 700,000 tons of steel annually for bridges, stadiums, barges, and large buildings throughout North, South, and Central Americas.
- ◆ Construction began on a new \$60.9 million recreation center near 112th Avenue and Potomac Street in Commerce City. The project will house a full-size basketball court, spectator seating, childcare center, lounges, community rooms, and fitness areas. The recreation center is projected to be completed by the spring of 2018.
- ◆ The Milken Institute's *2016 Best-Performing Cities Index* was released and the Denver-Aurora metropolitan statistical area (Denver MSA) ranked 13th, up three spots from last year. The index considered nine separate components including job growth and earnings. The Denver MSA ranked 10th for wage growth and 16th in both job growth and the number of high-tech industries.
- ◆ Denver will be the second-best city for job seekers in 2017, according to NerdWallet. Analysts examined October unemployment rates, the growth of the working-age population from 2010 to 2015, median earnings, and median 2015 monthly rent in the nation's 100 largest cities. The burgeoning technology industry, robust aerospace industry, and more affordable cost of living contributed to Denver's high rank.
- ◆ *Forbes* ranked the Denver MSA the best place for business and careers for the second year in a row. The company ranked the 200 largest MSAs based on 14 criteria including job growth, costs, income growth, quality of life, and education of the labor force. The company stated that the Denver region's relatively central location makes it a natural location as a distribution hub for the American West, while also supporting a number of growing industries in technology and communications. The company also stated that the region's nationally recognized museums, the second largest performing arts complex in the nation, and bustling neighborhoods are strong attributes.

- ◆ The Urban Land Institute (ULI) released their annual markets to watch for real estate trends and Denver ranked 11th. The report conducted by the ULI and PricewaterhouseCoopers surveyed more than 1,500 professionals in the industry. The report stated that Denver has seen particularly strong growth in the leisure and hospitality, construction, and professional and business services sectors, but that the city has not been completely able to escape the downturn in the energy-related business services sector.
- ◆ According to the *American City Business Journals*, the Denver MSA ranked ninth for expected population growth in the next 25 years. The group generated population projections for 933 metropolitan and micropolitan areas based on data from the U.S. Census Bureau and the University of Virginia’s Weldon Cooper Center for Public Service. The group projects that the Denver MSA population will grow 52.4 percent between 2015 and 2040, rising from 2.8 million to 4.3 million residents.

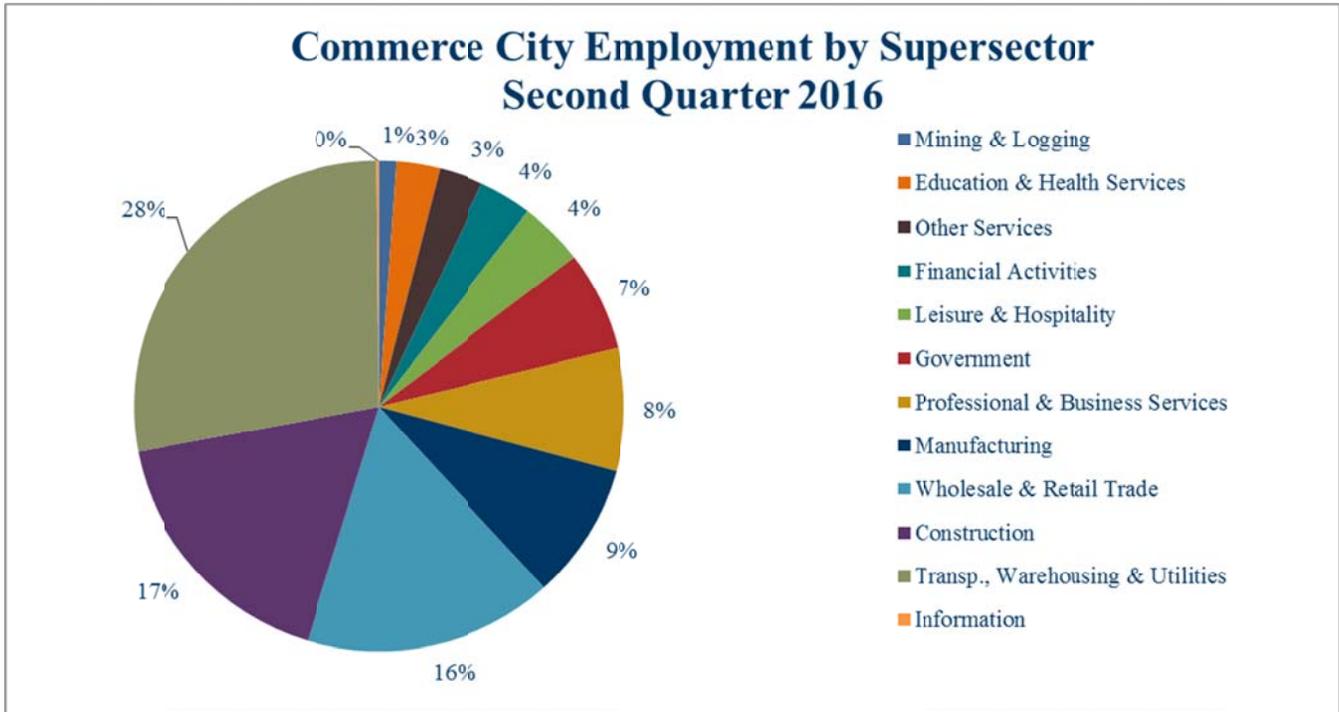
## Employment

The number of businesses throughout Commerce City rose 5.6 percent between the second quarters of 2015 and 2016, a net gain of 71 businesses. Ten of the 12 supersectors reported over-the-year increases in business counts, with the information sector recording the largest increase (+33.3 percent) during the period. The mining and logging and the financial activities supersectors also recorded significant establishment growth over-the-year, rising 20 percent and 12.9 percent, respectively. The leisure and hospitality supersector (+2.6 percent) and the manufacturing (+2 percent) sector recorded the smallest over-the-year increases in businesses. The number of businesses in the government sector was unchanged from the prior quarter, while the transportation, warehousing, and utilities sector (-3.7 percent) reported the only decline in businesses between the second quarters of 2015 and 2016, losing six establishments.

### Business and Employment Indicators by Supersector

	Commerce City						Metro Denver	
	Quarterly Business Count		Average Weekly Wage		Quarterly Employment Level		Quarterly Employment Level	
	2Q 2016	2Q 2015	2Q 2016	2Q 2015	2Q 2016	2Q 2015	2Q 2016	2Q 2015
<b>Total All Industries</b>	<b>1,339</b>	<b>1,268</b>	<b>\$981</b>	<b>\$952</b>	<b>29,475</b>	<b>29,187</b>	<b>1,577,306</b>	<b>1,536,290</b>
<b>Private Sector</b>								
Mining & Logging	24	20	\$1,449	\$1,581	335	459	12,577	14,998
Construction	188	176	\$1,012	\$956	5,113	4,733	91,870	86,483
Manufacturing	100	98	\$1,262	\$1,186	2,655	2,795	86,014	85,183
Wholesale & Retail Trade	287	270	\$1,004	\$989	4,845	4,810	229,796	225,335
Transp., Warehousing & Utilities	158	164	\$995	\$981	8,192	8,271	52,037	50,983
Information	12	9	\$1,009	\$1,136	47	38	54,571	53,469
Financial Activities	105	93	\$889	\$877	1,017	945	108,482	104,915
Professional & Business Services	194	185	\$1,035	\$939	2,385	2,241	290,061	283,880
Education & Health Services	59	55	\$766	\$735	833	879	203,529	196,225
Leisure & Hospitality	79	77	\$395	\$361	1,241	1,195	177,418	170,953
Other Services	122	109	\$787	\$799	876	915	48,774	46,586
<b>Government</b>	<b>10</b>	<b>10</b>	<b>\$850</b>	<b>\$818</b>	<b>1,935</b>	<b>1,901</b>	<b>221,834</b>	<b>217,140</b>

\*Data Suppressed. Note: Industry data may not add to all-industry total due to rounding, suppressed data, and employment that cannot be assigned to an industry.  
Source: Colorado Department of Labor and Employment, Labor Market Information. Quarterly Census of Employment and Wages (QCEW).



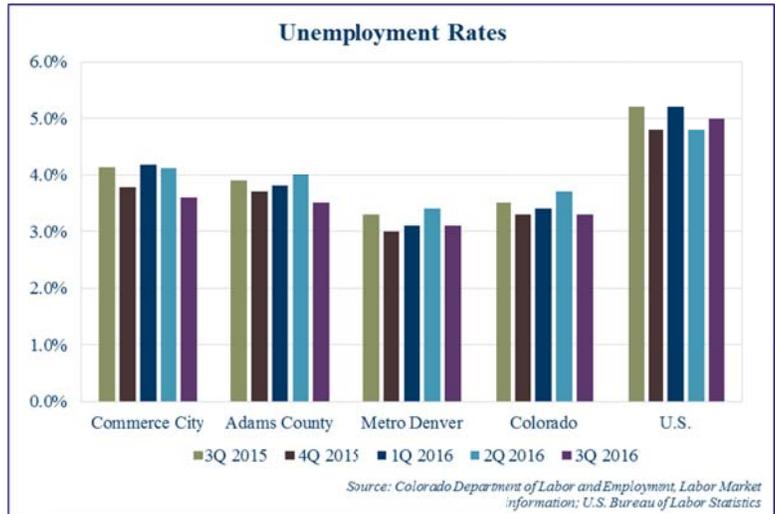
The average weekly wage for all industries in Commerce City during the second quarter of 2016 was \$981, an increase of 3 percent compared with the prior year’s level. The highest weekly wage during the period was in the mining and logging supersector at \$1,449 per week, representing an 8.3 percent decrease over-the-year. The professional and business services sector reported the largest increase in the average weekly wage over-the-year, rising 10.2 percent to \$1,035 per week. Workers in the leisure and hospitality supersector earned the lowest wage at \$395 per week, but this was 9.6 percent higher than the previous year. The information sector (-11.2 percent) and the other services supersector (-1.6 percent) recorded declining average weekly wages between the second quarters of 2015 and 2016.

Commerce City employment rose 1 percent in the second quarter of 2016 compared with the prior year, creating an additional 288 jobs. The supersector that recorded the largest absolute increase in employment was construction, adding 380 positions, which increased 8 percent over-the-year. The information sector reported the largest percentage increase over-the-year, rising 21.7 percent or 8 positions. The financial activities supersector and the professional and business services sector also recorded significant employment growth during the period, rising 7.7 percent and 6.4 percent, respectively. The largest supersector by employment is transportation, warehousing, and utilities, representing 28 percent of the area’s total employment. The supersector recorded a 1 percent decrease in employment between the second quarters of 2015 and 2016. The mining and logging sector (-27 percent) reported the largest over-the-year decline in employment. Many of the layoffs in the oil and gas industry due to the downturn in oil prices continued through the second quarter of 2016.

Metro Denver reported a faster pace of employment growth in the second quarter of 2016 than Commerce City. Overall employment in Metro Denver rose 2.7 percent compared with the prior year’s level. Eleven of the 12 sectors recorded employment growth during the period. The largest increases in employment were in the construction and other services supersectors, rising 6.2 percent and 4.7 percent, respectively. The leisure and hospitality and education and health services supersectors also reported large increases in employment, rising 3.8 percent and 3.7 percent, respectively. Professional and business services is Metro Denver’s largest supersector by employment, which increased 2.2 percent or 6,180 jobs over-the-year. The manufacturing supersector (+1 percent) recorded the smallest growth in employment over-the-year, while the mining and logging sector (-16.1 percent) recorded the only decline in employment.

### Labor Force and Unemployment

Commerce City’s unemployment rate in the third quarter of 2016 decreased to 3.6 percent, the lowest quarterly rate recorded since the data started being collected in the second quarter of 2000. The unemployment rate in the third quarter of 2016 was 0.5 percentage points below both the prior year and prior quarter rates. The area’s labor force reached nearly 26,490 individuals, an increase of 2.5 percent over-the-year. Adams County reported a 0.4 percentage point decline in the unemployment rate between the third quarters of 2015 and 2016, falling to 3.5 percent. The Adams County labor force increased 2.7 percent, with almost 6,620 additional people entering the labor force. Of the seven Metro Denver counties, Adams County recorded the highest unemployment rate during the third quarter, but recorded the largest over-the-year decline in the unemployment rate. Metro Denver reported a 2.7 percent increase in the labor force and a 0.2 percentage point decline in the unemployment rate over-the-year.



	Labor Force			Unemployment Rate	
	3Q 2016	3Q 2015	Yr/Yr % Change	3Q 2016	3Q 2015
Commerce City	26,488	25,838	2.5%	3.6%	4.1%
Adams County	255,605	248,987	2.7%	3.5%	3.9%
Metro Denver	1,703,787	1,658,791	2.7%	3.1%	3.3%
Colorado	2,908,100	2,838,436	2.5%	3.3%	3.5%
U.S. (000s)	160,047	157,508	1.6%	5.0%	5.2%

Sources: Colorado Department of Labor and Employment, Labor Market Information; U.S. Bureau of Labor Statistics.

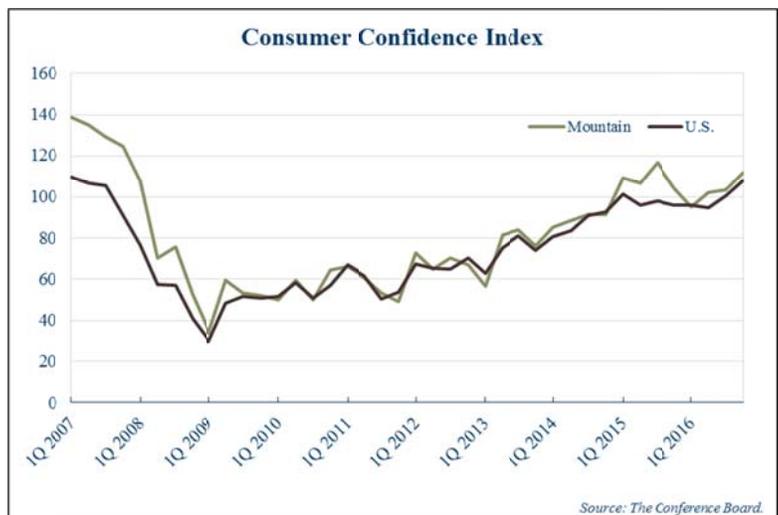
Colorado reported a 2.5 percent increase in the labor force between the third quarters of 2015 and 2016 and the unemployment rate declined 0.2 percentage points to 3.3 percent. The United States recorded a 0.2 percentage point decrease in the unemployment rate over-the-year, with a 1.6 percent increase in the labor force.

### Consumer Activity

#### Consumer Confidence

The Conference Board’s National Consumer Confidence Index increased during the fourth quarter of 2016, rising 12.5 percent over-the-year to 108.0. The U.S. index also posted a 7.3 percent increase in consumer confidence between the third and fourth quarters of 2016. The fourth quarter 2016 level was among the highest national consumer confidence levels since 2007. Consumer confidence averaged 99.9 during 2016, which was 1.9 percentage points higher than the 2015 average of 98.0.

The Mountain Region index, which includes Colorado, also increased during the fourth quarter of 2016. The Mountain Region index



rose to 111.6, an over-the-year increase of 7 percent. Similar to the nation, the Mountain Region Index also reported an over-the-quarter increase of 7.9 percent. Consumer confidence averaged 103.2 for the Mountain Region index in 2016, which was 5.7 percentage points below than the 2015 average of 109.4.

**Retail Sales<sup>1</sup>**

Commerce City retail sales decreased 27.1 percent between the fourth quarters of 2014 and 2015, representing \$445.6 million fewer in sales over-the-year. Further, the city reported a 24.4 percent decrease over-the-quarter. During the fourth quarter of 2015, Commerce City retail sales represented 21 percent of Adams County total retail sales. Adams County reported nearly \$5.7 billion in total retail sales during the fourth quarter of 2015, a decrease of 5.5 percent compared with the same period the prior year. Retail sales for Adams County rose 0.6 percent over-the-quarter.

Total retail sales in the seven-county Metro Denver area decreased 2.2 percent between the fourth quarters of 2014 and 2015. However, Metro Denver reported a 7.4 percent increase in retail sales over-the-quarter. Two of the seven counties in Metro Denver reported growth in retail sales between the fourth quarters of 2014 and 2015, consisting of Douglas (+13.6 percent) and Jefferson (+0.3 percent) counties. The City and County of Denver recorded the largest value of total retail sales, generating \$7.7 billion in total sales. Douglas County reported the largest increase in total value of retail sales, generating an additional \$318 million during the period. Adams County recorded the largest over-the-year decline in retail sales, while the City and County of Denver recorded the smallest decline (-3.2 percent).

**Total Retail Sales (\$000's)**

	4Q 2015	3Q 2015	4Q 2014	Yr/Yr % Change	Qrt/Qrt % Change
Commerce City	\$1,201,586	\$1,590,027	\$1,647,224	-27.1%	-24.4%
Adams County	\$5,682,668	\$5,646,509	\$6,010,676	-5.5%	0.6%
Metro Denver	\$30,221,480	\$28,129,335	\$30,885,534	-2.2%	7.4%

*Source: Colorado Department of Revenue.*

**Residential Real Estate**

**Home Sales**

Commerce City existing home sales decreased in both the single-family detached and the single-family attached markets. The single-family attached market recorded 45 total sales during the third quarter of 2016, a decrease of 31.8 percent compared with the previous year’s level. The single-family detached market reported a 0.9 percent decrease in home sales, or three fewer homes sold during the period. The average sales price of homes in both markets increased over-the-year. The single-family detached average home price of \$308,544 was 9.2 percent higher than the previous year’s level. The single-family attached average home price of \$226,071 was 11 percent above the prior year’s level.

The single-family detached market in Metro Denver declined between the third quarters of 2015 and 2016, with sales falling 3.8 percent over-the-year. Five of the seven counties reported over-the-year decreases in home sales and two reported increases. The average sales price throughout Metro Denver of \$441,583 reflected an 11.1 percent increase compared with the prior year. Boulder County reported the highest average sales price (\$586,406) and Adams County reported the lowest average sales price (\$322,180). Average prices increased in all seven counties, with Adams County recording a 12 percent increase over-the-year.

<sup>1</sup> Data in this section is the most current available at the time of report completion. Data is the same as included in the prior quarter’s report.

Sales of single-family attached homes in Metro Denver decreased 8.3 percent between the third quarters of 2015 and 2016, representing the sale of 412 fewer homes. All seven counties recorded over-the-year decreases in sales, ranging from a decline of 5.6 percent in Arapahoe County to -12.8 percent in Jefferson County. However, all seven counties recorded increases in the average sales price during the period, with the average sales price in Metro Denver increasing 10.7 percent to \$254,684. The City and County of Denver reported the smallest over-the-year increase in the average sales price, rising 2.6 percent, while Adams County (\$214,795) recorded the lowest average sales price of the seven counties. Boulder County (+24.5 percent) recorded the largest increase in the average sales price.

**Existing Home Sales**

	Commerce City	Metro Denver County Markets							Metro Denver Total
		Adams	Arapahoe	Boulder	Broomfield	Denver	Douglas	Jefferson	
<b>Home Sales</b>									
<i>Single-Family Detached</i>									
3Q 2016	313	2,003	2,430	1,247	318	2,545	1,882	2,473	12,898
3Q 2015	316	2,079	2,617	1,407	308	2,521	1,908	2,562	13,402
<i>Single-Family Attached</i>									
3Q 2016	45	582	1,341	326	43	1,087	398	793	4,570
3Q 2015	66	617	1,420	363	47	1,187	439	909	4,982
<b>Average Sold Price</b>									
<i>Single-Family Detached</i>									
3Q 2016	\$308,544	\$322,180	\$396,437	\$586,406	\$428,039	\$481,745	\$487,708	\$434,938	\$441,583
3Q 2015	\$282,464	\$287,582	\$363,686	\$507,114	\$396,544	\$429,196	\$459,105	\$384,583	\$397,595
<i>Single-Family Attached</i>									
3Q 2016	\$226,071	\$214,795	\$217,372	\$369,637	\$288,363	\$284,427	\$297,156	\$235,889	\$254,684
3Q 2015	\$203,700	\$189,630	\$199,439	\$296,877	\$252,764	\$277,194	\$261,507	\$200,425	\$230,002

Source: Colorado Comps LLC.

**Apartment Market**

The Commerce City/Brighton apartment rental market reported a decrease in the vacancy rate and an increase in the rental rate between the second and third quarters of 2016. The vacancy rate decreased to 4.3 percent in the third quarter, falling 2.6 percentage points from the prior quarter's level of 6.9 percent. However, the vacancy rate was 0.9 percentage points higher than the same time last year. The average rental rate for the Commerce City/Brighton area during the third quarter was \$1,254 per month, an increase of 1.3 percent from the previous quarter. The average rental rate was also 2 percent higher than the prior year's level of \$1,230 per month. The third quarter average rental rate for the Commerce City/Brighton area was 0.9 percent below the Adams County level and 8.3 percent below the Metro Denver level.

**Average Apartment Rents and Vacancy**

**Third Quarter 2016**

	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams County	5.0%	\$925	\$1,108	\$1,211	\$1,449	\$1,799	\$1,464	\$1,265
Commerce City/Brighton	4.3%	-	\$1,076	\$1,196	\$1,458	\$1,754	-	\$1,254
<b>Metro Denver</b>	<b>5.1%</b>	<b>\$1,104</b>	<b>\$1,221</b>	<b>\$1,293</b>	<b>\$1,585</b>	<b>\$1,902</b>	<b>\$1,538</b>	<b>\$1,368</b>

Source: Denver Metro Apartment Vacancy and Rent Survey.

The Adams County and Metro Denver apartment rental markets also reported decreases in vacancy rates between the second and third quarters of 2016, but were higher than the year-ago level. The Adams County vacancy rate of 5 percent was 1.4 percentage points below the previous quarter's level and was 0.6 percentage points higher over-

the-year. The average rental rate for Adams County was \$1,265 in the third quarter, 3.9 percent lower over-the-quarter but 4.8 percent higher over-the-year. Metro Denver’s vacancy rate of 5.1 percent was 0.3 percentage points below the prior quarter’s level, but was 0.1 percentage points higher than the year-ago level. The average rental rate in Metro Denver decreased 0.2 percent over-the-quarter, but was 5.9 percent higher over-the-year.

**Foreclosures**

Foreclosure activity in the Metro Denver area continued to decline between the third quarters of 2015 and 2016. Metro Denver reported a 19.2 percent decline in total foreclosure filings over-the-year to 709 as six of the seven counties reported declines. Arapahoe County reported the largest decrease in filings (-28.1 percent) and the City and County of Denver reported the smallest decrease (-5.2 percent). Foreclosures in the City and County of Broomfield remained unchanged between the third quarters of 2015 and 2016. The City and County of Denver (165 filings) reported the largest number of total filings, followed by Arapahoe County (156 filings) and Adams County (145 filings). Foreclosure filings for Metro Denver were down 4.6 percent in the third quarter 2016 compared with the previous quarter.

**Residential Construction**

Residential building permits in Commerce City increased during the fourth quarter of 2016 compared with the prior year’s level. Commerce City reported 106 total permits issued during the fourth quarter, a 71 percent increase from the fourth quarter 2015 level of 62 permits. All residential building permits issued in Commerce City in the fourth quarter of 2016 were for single-family detached units. These permits represented significant new home activity in the Buckley Ranch, Buffalo Run, Reunion, and Turnberry communities in Commerce City. There were no condominium and townhomes permits issued and no multi-family permits issued during the most recent quarter. However, there were 16 condominium and townhome permits issued and one multi-family permit issued with 36 units in the fourth quarter of 2015. The average valuation per single-family detached unit increased 60.8 percent over-the-year, reaching \$278,160 per unit.

According to the U.S. Census Bureau, Metro Denver residential building permits fell 0.8 percent during the third quarter of 2016 compared with the prior year. Single-family detached units increased 3.8 percent, representing 98 additional units over-the-year. Single-family attached permits rose 49.6 percent, with 57 additional permits issued, and multi-family permits decreased 9.3 percent, with 195 fewer permits issued. Total permits for Adams County were up 64.4 percent over-the-year and increased 17.9 percent over-the-quarter. Adams County recorded 587 permits during the third quarter consisting of 546 single-family detached permits, 11 single-family attached permits, and permits for 30 multi-family units.

**Commerce City Residential Building Permits**

	Single-Family Detached		Condominiums and Townhomes		Multi-Family			Total Units
	Units	Avg. Valuation Per Unit	Units	Avg. Valuation Per Unit	Permits	Units	Avg. Valuation Per Unit	
4Q 2016	106	\$278,160			-	-	-	106
4Q 2015	62	\$172,992	16	\$111,429	1	36	\$77,778	114
<b>Yr/Yr % Change</b>	<b>71.0%</b>	<b>60.8%</b>	-	-	-	-	-	<b>-7.0%</b>

*Source: Commerce City Development Center, Building Permits and Fees.*

## Commercial Real Estate

Note: lease rates for industrial, flex, and retail property are triple-net; office rates are full-service.

### *Office Market*

The Commerce City office market continued to record mixed trends through the fourth quarter of 2016. The rentable space was unchanged between the fourth quarters of 2015 and 2016, totaling over 440,380 square feet. The office vacancy rate fell to 4.6 percent, a decrease of 6.9 percentage points from the prior year's level of 11.5 percent. The fourth quarter 2016 office vacancy rate was the lowest fourth quarter vacancy rate reported for the market since data became available in 1999. The average lease rate for the office market fell 5.1 percent over-the-year to \$22.30 per square foot, losing \$1.20 per square foot.

The Metro Denver office market reported a decline in the vacancy rate and an increase in the average lease rate between the fourth quarters of 2015 and 2016. Existing square footage in the office market increased 1.4 million square feet in 28 buildings during the same period. The office market vacancy rate fell 0.3 percentage points over-the-year to 9.3 percent vacancy. The fourth quarter 2016 direct vacancy rate was the lowest fourth quarter vacancy rate since 2000 when the vacancy rate was 6.8 percent. The average lease rate rose 2.9 percent between the fourth quarters of 2015 and 2016, gaining \$0.71 per square foot.

### *Retail Market*

The Commerce City retail market added nearly 9,390 square feet of rentable retail space between the fourth quarters of 2015 and 2016. Retail vacancy in Commerce City fell 1.1 percentage points between the fourth quarters of 2015 and 2016 to 4.9 percent vacancy. The average lease rate for retail space fell 22.6 percent over-the-year to \$12.76 per square foot, losing \$3.72 per square foot.

Metro Denver's retail market continued to gain momentum between the fourth quarters of 2015 and 2016. The Metro Denver retail market added nearly 1.32 million square feet of rentable space over-the-year. The vacancy rate fell 0.5 percentage points between the fourth quarters of 2015 and 2016 and was 0.2 percentage points below the third quarter 2016 level. The fourth quarter vacancy rate was the lowest fourth quarter level since the fourth quarter of 2002. The average lease rate for retail space rose 3.4 percent over-the-year, adding \$0.55 per square foot during this same period of time.

### *Flex Market*

The Commerce City flex market was relatively stable through the fourth quarter of 2016. The flex market has over 243,130 square feet of rentable space. The flex market vacancy rate recorded no change between the fourth quarters of 2015 and 2016 at 3.2 percent and was unchanged from the prior quarter. The flex market vacancy rate for Commerce City has been below 6 percent since 2008 when the vacancy rate was 6.9 percent.

The Metro Denver flex market continued to loosen between the fourth quarters of 2015 and 2016. The vacancy rate in the area rose 0.6 percentage points to 7.6 percent. The average lease rate rose 8.2 percent between the fourth quarters of 2015 and 2016, rising from \$10.55 per square foot to \$11.42 per square foot. The average lease rate was the highest fourth quarter rate since availability of the data in 1999.

### *Industrial Market*

Commerce City's industrial market is primarily concentrated in warehouse distribution, representing over 74 percent of the rentable industrial space in the market. With more than 6.8 million square feet of rentable warehouse distribution space, Commerce City represents 4.6 percent of Metro Denver's total rentable space for warehouse distribution. The warehouse distribution vacancy rate rose 1.9 percentage points between the fourth quarters of 2015 and 2016 to 2.6 percent. The average lease rate fell 1.9 percent to \$10.04 per square foot during the same period, a decline of \$0.19 per square foot. All other industrial space in Commerce City reported a 0.9

percentage point decline in the vacancy rate over-the-year to 0.8 percent. The average lease rate for all other industrial space rose 8.5 percent to \$9.93 per square foot during the same period.

The Metro Denver industrial market is also heavily concentrated in warehouse distribution, representing 73.4 percent of the rentable industrial space in the market. Metro Denver added nearly 4.1 million square feet of rentable warehouse distribution space over-the-year, totaling about 149.3 million square feet. The vacancy rate for the warehouse distribution market was 4.4 percent, an increase of 1.2 percentage points between the fourth quarters of 2015 and 2016. The average lease rate rose 3.8 percent to \$7.16 per square foot during the fourth quarter of 2016 compared with the prior year. The vacancy rate for all other industrial space fell 0.6 percentage points to 2 percent over-the-year. The average lease rate rose 10.8 percent compared with the previous year's level to \$8.02 per square foot.

**Commercial Vacancy and Lease Rates by Property Type**

		Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		4Q 2016	4Q 2015	4Q 2016	4Q 2015	4Q 2016	4Q 2015
<i>Office</i>	<b>Commerce City</b>	440,385	440,385	4.6%	11.5%	\$22.30	\$23.50
	<b>Metro Denver</b>	180,369,501	179,005,126	9.3%	9.6%	\$25.36	\$24.65
<i>Retail</i>	<b>Commerce City</b>	1,428,058	1,418,669	4.9%	6.0%	\$12.76	\$16.48
	<b>Metro Denver</b>	164,909,230	163,591,434	4.5%	5.0%	\$16.55	\$16.00
<i>Flex</i>	<b>Commerce City</b>	243,132	243,132	3.2%	3.2%	-	-
	<b>Metro Denver</b>	41,711,409	41,469,942	7.6%	7.0%	\$11.42	\$10.55
<i>Industrial</i>	<b>Commerce City</b>						
	Warehouse Distribution	6,833,419	6,783,419	2.6%	0.7%	\$10.04	\$10.23
	All Other Industrial	2,383,146	2,383,146	0.8%	1.7%	\$9.93	\$9.15
	<b>Metro Denver</b>						
	Warehouse Distribution	149,276,863	145,202,576	4.4%	3.2%	\$7.16	\$6.90
	All Other Industrial	54,165,952	54,029,077	2.0%	2.6%	\$8.02	\$7.24

*Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Industrial, flex, and retail lease rates are triple-net; office rates are full-service.*

*Source: CoStar Realty Information, Inc.*

**Nonresidential Construction**

Nonresidential building permits for 273,480 square feet of space were issued in Commerce City during the fourth quarter of 2016. The nonresidential building permits issued during the period were valued at over \$26.4 million. The largest and highest valued building permitted was a \$21 million, 216,169-square-foot McLane FoodService Warehouse Distribution Center. Three other highly valued permits each exceeded \$1 million, including the Suncor Energy Power Distribution Center for \$1.5 million, the Sutrak Warehouse for \$1.3 million, and the Airport Van Rental Solutions office building and garage bays for nearly \$1.2 million.

Commerce City Commercial Building Permits Issued, 3Q 2016		
Project Description	Valuation	Total Square Feet
Hooper Investments Addition	\$498,760	16,323
Popeye's Louisiana Kitchen Fast Food Restaurant	\$950,000	2,297
Airport Van Rental Solutions Office Building & Garage Bays	\$1,161,000	3,434
Suttrak Warehouse	\$1,324,050	20,500
Suncor Energy Power Distribution Center	\$1,500,000	14,762
McLane FoodService Warehouse Distribution Center	\$21,000,000	216,169

*Source: Commerce City Development Center, Building Permits and Fees.*

*Provided by:*

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