



Economic Activity Report

October 2017



The Commerce City economy recorded mixed trends across many indicators based on data available as of October. The employment situation improved, with overall employment rising 1.8 percent between the first quarters of 2016 and 2017, representing the addition of 533 new jobs. The unemployment rate in the second quarter of 2017 decreased to 2.6 percent. The unemployment rate in the second quarter of 2017 was 1.3 percentage points below the prior year's rate, and decreased 1 percent over-the-quarter.

Consumers' assessment of current business and employment conditions increased during the third quarter of 2017, which contributed to a 19.3 percent increase over-the-year in national consumer confidence. The Conference Board's Mountain Region Index is positive with an increase of 19.1 percent over-the-year. On the other hand, the Mountain Region Index decreased 7 percent over-the-quarter.

Commerce City existing home sales increased in both the single-family detached and the single-family attached markets between the second quarters of 2016 and 2017. Single-family detached home sales increased 5.6 percent over-the-year and single-family attached sales increased 17.1 percent. The average sales price improved in both the single-family attached (+15.7 percent) and single-family detached markets (+10.6 percent) over-the-year. The apartment rental market tightened during the second quarter of 2017 in Commerce City, with the vacancy rate decreasing 4.8 percentage points over-the-quarter to 2.6 percent. The average rental rate increased 14.6 percent from the previous quarter to \$1,439 per month. Two of the five commercial property types tracked in this report recorded a decrease in the vacancy rate and three of the five property types recorded an increase in the average lease rate compared with the prior year.

Commerce City Economic Headlines

- ◆ Adams County ranked No. 8 out of the top nine U.S. counties for projected economic growth through 2022 according to a study from Oxford Economics. According to researchers, Adams County will benefit, along with Metro Denver, from a strong economy that will draw workers and businesses into Metro Denver's surrounding communities.
- ◆ Oakwood Homes Park House collection, a planned 2,500-acre community of single-family homes, is now open and for sale. This Commerce City community will have 152 acres of parks, 10 miles of trails, scenic lakes, an 18-hole golf course, and a 21,000-square-foot rec center. Additionally, these homes are priced from \$320,000, which is far below the Denver Metro average of \$481,250.
- ◆ Colorado ranked No. 6 on CNBC's list of "America's Top States for Business", down from No. 3 in 2016 and No. 4 in 2015. Of the 10 ranking categories, Colorado's highest rankings were in the quality of workforce (#4), technology and innovation (#7), and business friendliness (#8). Washington ranked No. 1 followed by Georgia, Minnesota, Texas, and North Carolina.

Employment

The number of businesses throughout Commerce City rose 5.8 percent between the first quarters of 2016 and 2017, a net gain of 76 businesses. Eight of the 12 supersectors reported over-the-year increases in business counts, with the other services sector recording the largest increase (+23.9 percent) during the period. The construction and the information supersectors also recorded significant establishment growth over-the-year, rising 10.7 percent and 20 percent, respectively. The number of manufacturing and leisure and hospitality businesses declined between the first quarters of 2016 and 2017, losing a total of three establishments in the two supersectors. The transportation, warehousing, and utilities and government supersectors remained unchanged over-the-year.

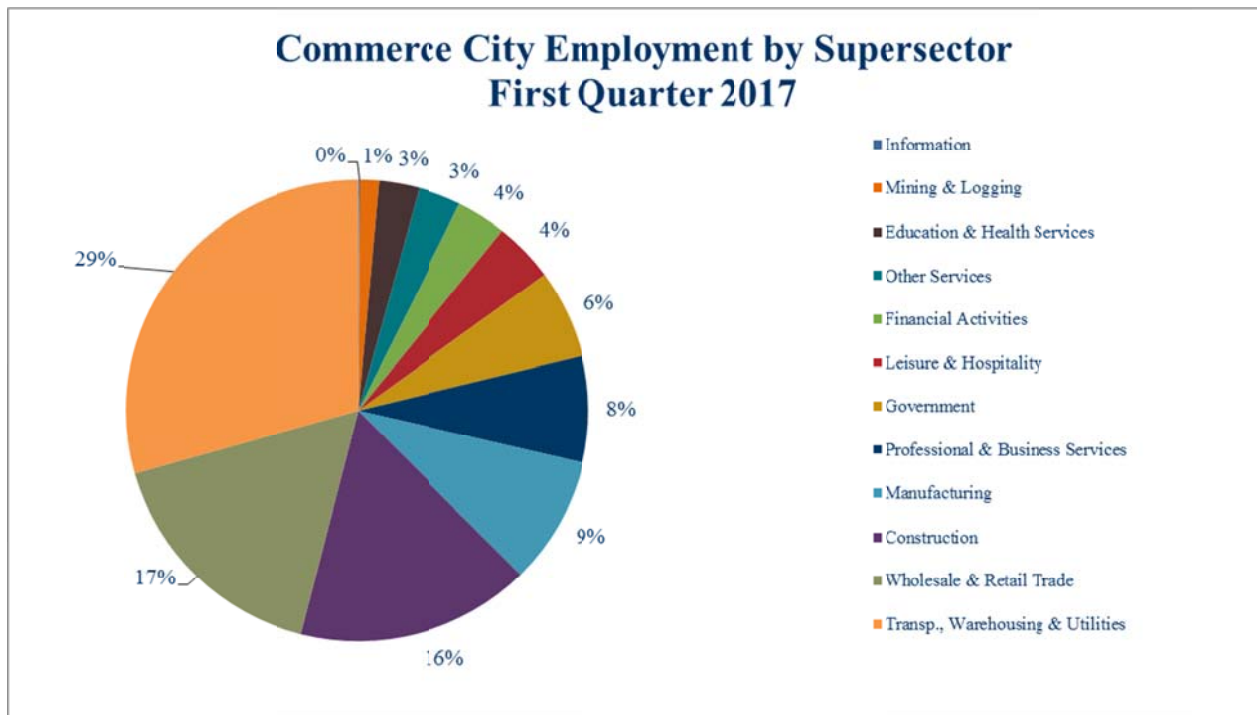
Business and Employment Indicators by Supersector

	Commerce City						Metro Denver	
	Quarterly Business Count		Average Weekly Wage		Quarterly Employment Level		Quarterly Employment Level	
	1Q 2017	1Q 2016	1Q 2017	1Q 2016	1Q 2017	1Q 2016	1Q 2017	1Q 2016
Total All Industries	1,394	1,318	\$1,025	\$952	29,556	29,023	1,575,561	1,543,542
Private Sector								
Mining & Logging	23	22	\$1,823	\$1,549	389	352	12,409	12,693
Construction	196	177	\$1,033	\$937	4,848	4,550	91,831	87,354
Manufacturing	100	101	\$1,427	\$1,466	2,637	2,625	86,332	85,642
Wholesale & Retail Trade	290	282	\$1,089	\$1,002	4,918	4,707	229,784	227,561
Transp., Warehousing & Utilities	159	159	\$1,001	\$921	8,688	8,651	55,238	52,024
Information	12	10	\$1,440	\$1,444	34	26	54,406	53,975
Financial Activities	110	103	\$931	\$864	1,020	948	110,081	107,109
Professional & Business Services	206	195	\$992	\$886	2,208	2,368	288,599	283,673
Education & Health Services	66	60	\$808	\$762	828	866	201,568	200,883
Leisure & Hospitality	82	84	\$448	\$365	1,241	1,248	173,003	168,095
Other Services	140	113	\$793	\$759	907	842	50,109	47,235
Government	10	10	\$881	\$862	1,838	1,837	222,117	216,994

**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 first quarter of 2017 was \$1,025, an increase of 7.6 percent compared with the prior year’s level. The highest weekly wage during the period was in the mining and logging supersector at \$1,823 per week, representing a 17.7 percent increase over-the-year. The leisure and hospitality supersector reported the largest increase in the average weekly wage over-the-year, rising 22.7 percent to \$448 per week. The manufacturing (-2.6 percent) and information supersectors (-0.3 percent) recorded the only declines in the average weekly wages between the first quarters of 2016 and 2017.

Commerce City employment rose 1.8 percent in the first quarter of 2017 compared with the prior year, creating an additional 533 jobs. The supersector that recorded the largest absolute increase in employment was construction,

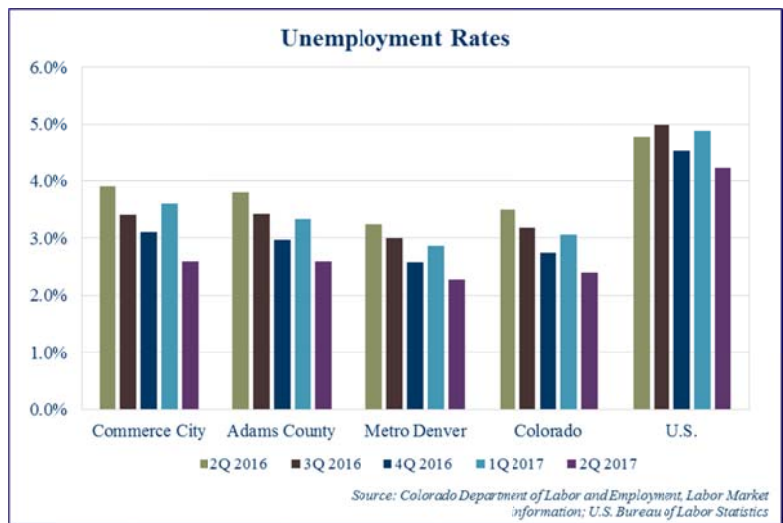


adding 299 positions, a 6.6 percent increase over-the-year. The information sector reported the largest percentage increase over-the-year, rising 29.5 percent or 8 positions. The mining and logging and other services supersectors also recorded significant employment growth during the period, rising 10.3 percent and 7.7 percent, respectively. The largest supersector by employment is transportation, warehousing, and utilities, representing 29.4 percent of the area’s total employment. The supersector recorded a 0.4 percent increase in employment between the first quarters of 2016 and 2017. The professional and business services (-6.8 percent) and education and health services supersectors (-4.4 percent) reported the largest over-the-year declines in employment.

Metro Denver reported a faster pace of employment growth in the first quarter of 2017 than Commerce City. Overall employment in Metro Denver rose 2.1 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 transportation, warehousing, and utilities and other services supersectors, rising 6.2 percent and 6.1 percent, respectively. The construction supersector also reported large increases in employment, rising 5.1 percent over-the-year. Professional and business services is Metro Denver’s largest supersector by employment, which increased 1.7 percent or 4,926 jobs over-the-year. The education and health services supersector (+0.3 percent) recorded the smallest growth in employment over-the-year, while the mining and logging sector (-2.2 percent) recorded the only decline in employment.

Labor Force and Unemployment

Commerce City’s unemployment rate in the second quarter of 2017 decreased to 2.6 percent, 1.3 percentage points lower than a year ago. The area’s labor force reached 27,345 individuals, an increase of 2.7 percent over-the-year. Adams County reported a 1.2 percentage point decline in the unemployment rate between the second quarters of 2016 and 2017, falling to 2.6 percent. The Adams County labor force increased 2.7 percent, with 6,730 additional people entering the labor force. Of the seven Metro Denver counties, Adams County recorded the highest unemployment rate during the second quarter, but continues to record the largest over-the-year decline in the unemployment rate. Metro Denver reported a 3 percent increase in the labor force and a 0.9 percentage point decline in the unemployment rate over-the-year.



	Labor Force			Unemployment Rate	
	2Q 2017	2Q 2016	Yr/Yr % Change	2Q 2017	2Q 2016
Commerce City	27,345	26,637	2.7%	2.6%	3.9%
Adams County	259,931	253,203	2.7%	2.6%	3.8%
Metro Denver	1,737,248	1,686,591	3.0%	2.3%	3.2%
Colorado	2,966,778	2,884,896	2.8%	2.4%	3.5%
U.S. (000s)	160,378	159,141	0.8%	4.2%	4.8%

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

Colorado reported a 2.8 percent increase in the labor force between the second quarters of 2016 and 2017 and the unemployment rate declined 1.1 percentage points to 2.4 percent. The United States recorded a 0.6 percentage point decrease in the unemployment rate over-the-year, with a 0.8 percent increase in the labor force.

Consumer Activity

Consumer Confidence

The Consumer Confidence Index for the U.S. increased to 120.1 in the third quarter of 2017, a 1.7 percent increase over-the-quarter. This was the highest quarterly level recorded since the fourth quarter of 2000. The U.S. Index also recorded a 19.3 percent increase over-the-year.

Colorado is included in the Mountain Region Index and the area reported a 7 percent decrease over-the-quarter to 123.3, which is still higher than any time in the last eight years. The Mountain Index also recorded a 19.1 percent increase over-the-year.



Residential Real Estate

Home Sales

Commerce City existing home sales increased in both the single-family detached and the single-family attached markets. The single-family detached market increased 5.6 percent, an increase of 15 homes over-the-year. The average price for single-family detached homes increased 10.6 percent above the prior year's level. The single-family attached market reported a 17.1 percent increase in home sales over-the-year. Prices for the single-family attached market increased 15.7 percent to an average price of \$250,965.

The single-family detached market in Metro Denver tightened over the second quarter of 2017, with overall sales and prices increasing. Sales increased 2.3 percent over-the-year. Three of the seven counties reported over-the-year decreases in home sales and four reported an increase. The average sales price throughout Metro Denver of \$481,250 reflected a 9.3 percent increase compared with the prior year. Average prices increased in all seven counties, with the City and County of Denver recording the largest increase of 12.9 percent over-the-year. Broomfield reported the smallest increase in prices of all seven counties, at 5.7 percent.

Sales of single-family attached homes in Metro Denver increased 1.5 percent between the second quarters of 2016 and 2017, representing the sale of 61 more homes. Four of the seven counties recorded over-the-year increases in sales, while Boulder, Arapahoe, and Adams posted decreases. Broomfield had the greatest increase in sales of 48.1 percent over-the-year. Six of the seven counties recorded increases in the average sales price during the period, with the average sales price in Metro Denver increasing 11 percent to \$281,043. Boulder was the only county to report a decrease in price over-the-year, with a decrease of 1.4 percent, while the City and County of Denver (+14.3 percent) recorded the largest increase in the average sales price of the seven counties.

Existing Home Sales

	Commerce City	Metro Denver County Markets							Metro Denver Total
		Adams	Arapahoe	Boulder	Broomfield	Denver	Douglas	Jefferson	
Home Sales									
<i>Single-Family Detached</i>									
2Q 2017	282	1,853	2,469	1,247	305	2,667	1,962	2,409	12,912
2Q 2016	267	1,913	2,367	1,279	321	2,619	1,837	2,286	12,622
<i>Single-Family Attached</i>									
2Q 2017	48	484	1,171	290	40	1,140	360	768	4,253
2Q 2016	41	492	1,202	297	27	1,127	308	739	4,192
Average Sold Price									
<i>Single-Family Detached</i>									
2Q 2017	\$331,946	\$339,378	\$434,173	\$649,551	\$465,929	\$527,377	\$529,165	\$463,359	\$481,250
2Q 2016	\$300,123	\$312,358	\$403,250	\$608,512	\$440,635	\$466,983	\$485,310	\$425,359	\$440,396
<i>Single-Family Attached</i>									
2Q 2017	\$250,965	\$230,310	\$235,874	\$364,907	\$292,145	\$331,560	\$322,161	\$255,379	\$281,043
2Q 2016	\$216,846	\$210,180	\$212,098	\$370,226	\$259,730	\$290,101	\$288,837	\$230,599	\$253,253

Source: Colorado Comps LLC.

Apartment Market

The Commerce City/Brighton apartment rental market reported a decrease in the vacancy rate to 2.6 percent. This was a decrease of 4.8 percentage points from the previous quarter’s level of 7.4 percent. The average rental rate for the Commerce City/Brighton area during the second quarter was \$1,439 per month, an increase of 14.6 percent from the previous quarter. The upward trend in the average rental rate for Commerce City continued with an increase of 16.2 percent over-the-year. Adams County’s vacancy rate decreased by 1.4 percentage points to 5.2 percent from the previous quarter and decreased by 1.2 percent over-the-year. The rental rate for Adams County increased to \$1,338, an increase of 4.7 percent from the previous quarter. The over-the-year rental rate has increased by 1.6 percent, from \$1,317.

Average Apartment Rents and Vacancy

Second Quarter 2017

	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams County	5.2%	\$1,094	\$1,164	\$1,286	\$1,533	\$1,846	\$1,997	\$1,338
Commerce City/Brighton	2.6%	-	\$1,267	\$1,275	\$1,536	\$1,825	-	\$1,439
Metro Denver	5.0%	\$1,201	\$1,264	\$1,336	\$1,662	\$1,942	\$1,569	\$1,420

Source: Denver Metro Apartment Vacancy and Rent Survey.

The Metro Denver apartment rental market also reported a decrease in the vacancy rate to 5.0 percent. This is a decrease of 0.7 percentage points from the previous quarter’s level of 5.7 percent. The vacancy rate also decreased over-the-year by 0.4 percentage points. The average rental rate for the Metro Denver area increased from the previous quarter by 2.7 percent to \$1,420. The market also posted an increase in price of 3.6 percent over-the-year.

Foreclosures

Foreclosure activity in the Metro Denver area continued to decline between the second quarters of 2016 and 2017. Metro Denver reported a 3.7 percent decline in total foreclosure filings over-the-year to 754 as four of the seven counties reported declines. Douglas County reported the largest decrease in filings (-34.8 percent) and Adams County reported the smallest decrease (-2.9 percent). Arapahoe County (171 filings) reported the largest number of total filings, followed by Adams County (168 filings) and Denver County (157 filings). Boulder, Broomfield, and Jefferson Counties all recorded increases in foreclosure filings over-the-year. Broomfield had twice as many foreclosure filings as the previous year with 14, while Boulder increased 7.3 percent for a total of 44 filings. Jefferson County increased 35.2 percent with 142 filings.

Residential Construction

Residential building permits in Commerce City increased during the third quarter of 2017 compared with the prior year’s level. Commerce City reported 363 total permits issued during the third quarter, a 111 percent increase from the third quarter 2016 level of 172 permits. The increase in permits was due entirely to multi-family development, as there were eight multi-family permits issued for 216 units in the third quarter of 2017 compared with no units permitted during the same time last year. Single-family detached and single-family attached recorded decreases over-the-year. Single-family detached permits decreased 12.2 percent and single-family attached permits decreased 29.2 percent. The average valuation per single-family detached unit increased 5.6 percent over-the-year, reaching \$281,105 per unit, while the single-family attached unit average valuation increased 62.3 percent over-the-year, reaching \$214,373 per unit.

According to the U.S. Census Bureau, Metro Denver residential building permits rose 29.4 percent during the second quarter of 2017 compared with the prior year. Single-family detached units increased 10.1 percent, representing 270 additional units over-the-year. Single-family attached permits rose 5.8 percent, with 8 additional permits issued, and multi-family permits increased 47.6 percent, with 1,432 more permits issued. Total permits for Adams County decreased to 480 units in the second quarter of 2017, a decrease of 3.6 percent over-the-year.

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	
3Q 2017	130	\$281,105	17	\$214,373	8	216	\$137,690	363
3Q 2016	148	\$266,160	24	\$132,049	0	0	0	172
Yr/Yr % Change	-12.2%	5.6%	-29.2%	62.3%	-	-	-	111.0%

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 rentable space was unchanged between the second quarters of 2016 and 2017, totaling 445,709 square feet. The office vacancy rate rose to 17.2 percent, an increase of 11.4 percentage points from the prior year’s level of 5.8 percent. The average lease rate for the office market fell 3.4 percent over-the-year to \$21.54 per square foot, falling \$0.76 per square foot.

The Metro Denver office market reported an increase in the vacancy rate between the third quarters of 2016 and 2017. The vacancy rate rose to 9.9 percent, an increase of 0.6 percentage points. Existing square footage in the office market increased by 2.82 million square feet during the period. The average lease rate rose 1.9 percent between the third quarters of 2016 and 2017, gaining \$0.48 per square foot.

Retail Market

The Commerce City retail market rentable space increased between the third quarters of 2016 and 2017 by 10,600 square feet, an increase of 0.7 percentage points. Retail vacancy in Commerce City fell 2.1 percentage points during the period to 4.2 percent vacancy. The average lease rate for retail space increased 26.4 percent over-the-year to \$17.39 per square foot, rising \$3.63 per square foot.

Metro Denver's retail market continued to gain momentum between the third quarters of 2016 and 2017. The Metro Denver retail market added 1.58 million square feet of rentable space over-the-year. The vacancy rate was unchanged during the period at 4.6 percent. The average lease rate for retail space rose 9.1 percent over-the-year, adding \$1.50 per square foot.

Flex Market

The Commerce City flex market had 243,132 square feet of rentable space during the third quarter of 2017, which was unchanged from the third quarter of 2016. The flex market vacancy rate recorded an increase of 4.7 percentage points to 7.9 percent in the third quarter.

The Metro Denver flex market continued to tighten between the third quarters of 2016 and 2017, as the vacancy rate fell 0.9 percentage points to 6.1 percent. The average lease rate rose 9.7 percent during the period, rising from \$10.98 per square foot to \$12.04 per square foot.

Industrial Market

Commerce City's industrial market is primarily concentrated in warehouse distribution, representing 75 percent of the rentable industrial space in the market. With nearly 7.14 million square feet of rentable warehouse distribution space, Commerce City represents 4.7 percent of Metro Denver's total rentable space for warehouse distribution. The warehouse distribution vacancy rate rose 0.9 percentage points between the third quarters of 2016 and 2017 to 2.2 percent. The average lease rate rose 3.8 percent to \$10.66 per square foot during the same period, an increase of \$0.39 per square foot. All other industrial space in Commerce City reported a 1.3 percentage point decline in the vacancy rate over-the-year to 1.4 percent. The average lease rate for all other industrial space increased 11.2 percent to \$10.24 per square foot during the same period.

The Metro Denver industrial market is also heavily concentrated in warehouse distribution, representing 74.1 percent of the rentable industrial space in the market. Metro Denver added 2.7 million square feet of rentable warehouse distribution space over-the-year, totaling about 151.9 million square feet. The vacancy rate for the warehouse distribution market was 4.5 percent, an increase of 0.6 percentage points between the third quarters of 2016 and 2017. The average lease rate rose 3.1 percent to \$7.22 per square foot during the third quarter of 2017 compared with the prior year. The vacancy rate for all other industrial space rose 0.8 percentage points to 3.1 percent over-the-year. The average lease rate declined 3.2 percent compared with the previous year's level to \$8.28 per square foot.

Commercial Vacancy and Lease Rates by Property Type

		Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		3Q 2017	3Q 2016	3Q 2017	3Q 2016	3Q 2017	3Q 2016
<i>Office</i>	Commerce City	445,709	445,709	17.2%	5.8%	\$21.54	\$22.30
	Metro Denver	184,125,665	181,307,007	9.9%	9.3%	\$25.79	\$25.31
<i>Retail</i>	Commerce City	1,444,711	1,434,111	4.2%	6.3%	\$17.39	\$13.76
	Metro Denver	166,549,177	164,968,711	4.6%	4.6%	\$17.98	\$16.48
<i>Flex</i>	Commerce City	243,132	243,132	7.9%	3.2%	-	-
	Metro Denver	45,499,853	44,767,282	6.1%	7.0%	\$12.04	\$10.98
<i>Industrial</i>	Commerce City						
	Warehouse Distribution	7,135,785	6,792,568	2.2%	1.3%	\$10.66	\$10.27
	All Other Industrial	2,379,009	2,379,009	1.4%	2.7%	\$10.24	\$9.21
	Metro Denver						
	Warehouse Distribution	151,936,856	149,201,966	4.5%	3.9%	\$7.22	\$7.00
	All Other Industrial	53,220,035	53,089,235	3.1%	2.3%	\$8.28	\$8.55

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 45,608 square feet of space were issued in Commerce City during the third quarter of 2017. The nonresidential building permits issued during the period were valued at nearly \$7.2 million. The highest valued building permitted was a \$2.35 million, 25,137-square-foot addition for General Building Materials, while the 7-Eleven convenience store was the smallest building permitted during the period.

Commerce City Commercial Building Permits Issued, 3Q 2017		
Project Description	Valuation	Total Square Feet
7-Eleven	\$750,000	3,061
Convenience Store/Fuel Station	\$925,000	1,200
Industrial Park Building	\$1,025,000	16,000
RTD Rail Station	\$2,115,250	210
General Building Materials Addition	\$2,350,000	25,137

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

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