



Economic Activity Report

January 2018





Commerce City Quarterly Report

Quarterly Economic Summary

January 2018

<p>Employment</p>	<p>29,633 Up 0.5% from 2Q 2016</p>	
<p>Average Weekly Wage</p>	<p>\$1,017 Up 3.7% from 2Q 2016</p>	
<p>Labor Force Growth Rate</p>	<p>3.5% Up 1.4 percentage points from 3Q 2016</p>	
<p>Unemployment Rate</p>	<p>2.5% Down 0.9 percentage points from 3Q 2016</p>	
<p>Existing Home Sales</p>	<p>333 Down 7.0 percentage points from 3Q 2016</p>	
<p>Single-Family Detached Average Price</p> <p>\$336,028 Up 8.9% from 3Q 2016</p> <p>Single-Family Attached Average Price</p> <p>\$256,396 Up 13.4% from 3Q 2016</p>		
<p>Apartment Vacancy Rate</p> <p>2.4% Down 1.9 percentage points from 3Q 2016</p> <p>Apartment Average Lease Rate</p> <p>\$1,566 Up 24.9% from 3Q 2016</p>		
<p>Office Vacancy</p> <p>16.4%</p> <p>Retail Vacancy</p> <p>3.4%</p> <p>Warehouse Vacancy</p> <p>2.1%</p> <p>All Other Industrial Vacancy</p> <p>1.1%</p>		

Commerce City Economic Headlines

- ◆ Commerce City leaders approved a business incentive package for Arrivo, a Los Angeles-based high-speed transit startup that plans to open a research and development center in the city. The company plans to invest \$10 million on a half-mile track along with equipment, testing rigs, and system vehicles. The operation is expected to generate 75 high-paying jobs with an annual wage of \$100,000.
- ◆ The Colorado Department of Transportation has required the Central 70 highway project to hire 20 percent of highway construction workers from the local community. Including Commerce City, the \$1.2 billion highway project is looking to hire roughly 350 workers from low-income areas near the Interstate 70 project.
- ◆ The North Range Crossings housing development is now under construction, bringing 216 affordable housing units to the market. City Council approved incentives in the form of waived fees and tax breaks and Commerce City Housing Authority provided the project with certain tax exemptions. The property will feature 1-, 2-, and 3-bedroom units, a clubhouse, fitness center, yoga area, community commercial kitchen, and business center.
- ◆ The Tower Road widening project is complete, and opened the road to four lanes between E. 80th and E. 103rd Avenues. The project has added an extra travel lane in each direction, which greatly improves traffic flow and safety of the roadway. The total project budget was \$51.1 million and the project was completed on time and within budget.
- ◆ *Forbes'* list of the “Best States for Business” was recently published, ranking Colorado No. 8. For the annual ranking, *Forbes* analyzed states across six categories: business costs, labor supply, regulatory environment, economic climate, growth prospects, and quality of life. Colorado was credited as having a young, educated labor supply and a migrating population that is attracted to its robust economy and outdoor recreational opportunities.
- ◆ Colorado ranked eighth among the 50 states for population added from 2016 to 2017. With a growth rate of 1.4 percent, Colorado grew twice as fast as the national average, with the state adding more than 77,000 residents this past year, bringing its total population to just over 5.6 million. Regionally, the nation’s West and South are growing much faster (1 percent each from last year) than the Northeast (0.2 percent) and Midwest (0.3 percent). Nearly 47,000 of the increase in state residents was due to net migration, or those moving into the state less those moving out.

Employment

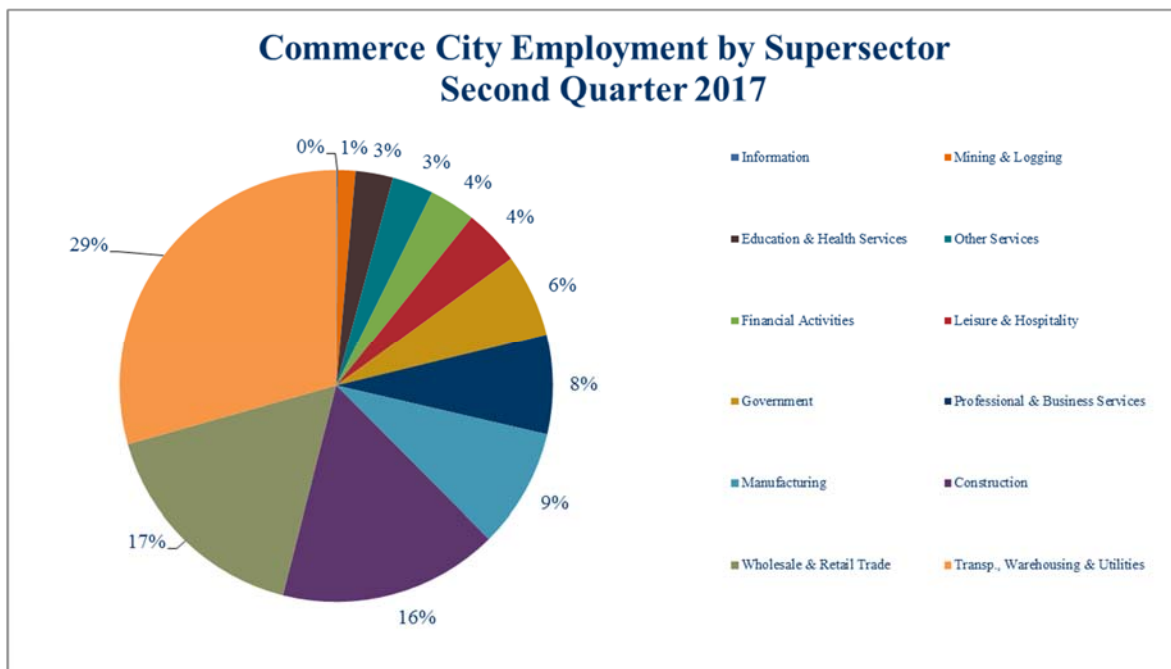
The number of businesses throughout Commerce City rose 5.1 percent between the second quarters of 2016 and 2017, a net gain of 68 businesses. Nine of the 12 supersectors reported over-the-year increases in business counts, with the information sector recording the largest increase (+16.7 percent) during the period. The other services and professional and business services supersector also reported growth, increasing 13.1 percent and 11.3 percent, respectively. The number of mining and logging and manufacturing businesses declined between the second quarters of 2016 and 2017, losing a total of three establishments in the two supersectors. The government supersector 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	
	2Q 2017	2Q 2016	2Q 2017	2Q 2016	2Q 2017	2Q 2016	2Q 2017	2Q 2016
Total All Industries	1,407	1,339	\$1,017	\$981	29,633	29,475	1,610,146	1,577,312
Private Sector								
Mining & Logging	23	24	\$1,633	\$1,449	395	335	13,249	12,577
Construction	201	188	\$1,094	\$1,012	5,091	5,113	95,812	91,870
Manufacturing	98	100	\$1,191	\$1,262	2,624	2,655	87,165	86,014
Wholesale & Retail Trade	288	287	\$1,086	\$1,004	4,926	4,845	231,882	229,796
Transp., Warehousing & Utilities	164	158	\$1,025	\$995	8,199	8,192	54,984	52,037
Information	14	12	\$1,063	\$1,009	51	47	54,727	54,571
Financial Activities	111	105	\$911	\$889	1,100	1,017	111,593	108,482
Professional & Business Services	216	194	\$1,010	\$1,035	2,249	2,385	296,655	290,061
Education & Health Services	62	59	\$775	\$766	846	833	204,248	203,529
Leisure & Hospitality	82	79	\$438	\$395	1,317	1,241	182,980	177,418
Other Services	138	122	\$783	\$787	913	876	51,232	48,774
Government	10	10	\$920	\$850	1,920	1,935	225,556	221,834

**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 2017 was \$1,017, an increase of 3.7 percent compared with the prior year’s level. The highest weekly wage during the period was in the mining and logging supersector at \$1,633 per week, representing a 12.7 percent increase over-the-year. After mining and logging, leisure and hospitality supersector reported the next largest increase in the average weekly wage over-the-year, rising 10.7 percent to \$438 per week. The manufacturing (-5.6 percent), professional and business services (-2.4 percent), and other services supersectors (-0.5 percent) recorded declines in the average weekly wages between the second quarters of 2016 and 2017.



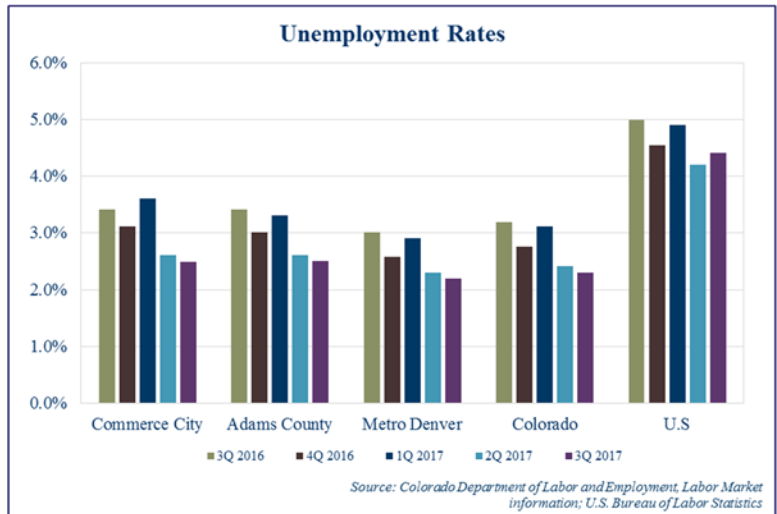
Commerce City employment rose 0.5 percent in the second quarter of 2017 compared with the prior year, creating an additional 157 jobs. The supersector that recorded the largest absolute increase in employment was financial activities, adding 83 positions, an 8.1 percent increase over-the-year. The mining and logging sector reported the largest percentage increase over-the-year, rising 17.9 percent or 60 positions. The information supersector also recorded significant employment growth during the period, rising 10 percent or 5 positions. The largest supersector by employment is transportation, warehousing, and utilities, representing 27.7 percent of the area’s total employment. The supersector recorded a 0.1 percent increase in employment between the second quarters of 2016 and 2017. The professional and business services (-5.7 percent) and manufacturing supersectors (-1.1 percent) reported the largest over-the-year declines in employment.

Metro Denver reported a faster pace of employment growth in the second quarter of 2017 than Commerce City. Overall employment in Metro Denver rose 2.1 percent compared with the prior year’s level. All 12 sectors recorded employment growth during the period. The largest increases in employment were in the transportation, warehousing, and utilities and the mining and logging supersectors, rising 5.7 percent and 5.3 percent, respectively. The other services supersector also reported large increases in employment, rising 5 percent over-the-year. Professional and business services is Metro Denver’s largest supersector by employment, which increased 2.3 percent or 6,594 jobs over-the-year. The information supersector (+0.3 percent) recorded the smallest growth in employment over-the-year, while retail trade and education and health services also grew slowly, at a rate of 0.4 percent.

Labor Force and Unemployment

Commerce City’s unemployment rate in the third quarter of 2017 decreased to 2.5 percent, 0.9 percentage points lower than a year ago. The area’s labor force reached 27,771 individuals, an increase of 3.5 percent over-the-year. Adams County also reported a 0.9 percentage point decline in the unemployment rate between the third quarters of 2016 and 2017, falling to 2.5 percent. The Adams County labor force increased 3.5 percent, with 8,979 additional people entering the labor force. Of the seven Metro Denver counties, Adams County recorded the highest unemployment rate during the third quarter, but continues to record the largest over-the-year decline in the unemployment rate. Metro Denver reported a 3.8 percent increase in the labor force and a 0.8 percentage point decline in the unemployment rate over-the-year.

Colorado reported a 3.6 percent increase in the labor force between the third quarters of 2016 and 2017 and the



	Labor Force			Unemployment Rate	
	3Q 2017	3Q 2016	Yr/Yr % Change	3Q 2017	3Q 2016
Commerce City	27,771	26,840	3.5%	2.5%	3.4%
Adams County	264,247	255,268	3.5%	2.5%	3.4%
Metro Denver	1,765,331	1,701,429	3.8%	2.2%	3.0%
Colorado	3,018,196	2,912,576	3.6%	2.3%	3.2%
U.S. (000s)	161,274	160,047	0.8%	4.4%	5.0%

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

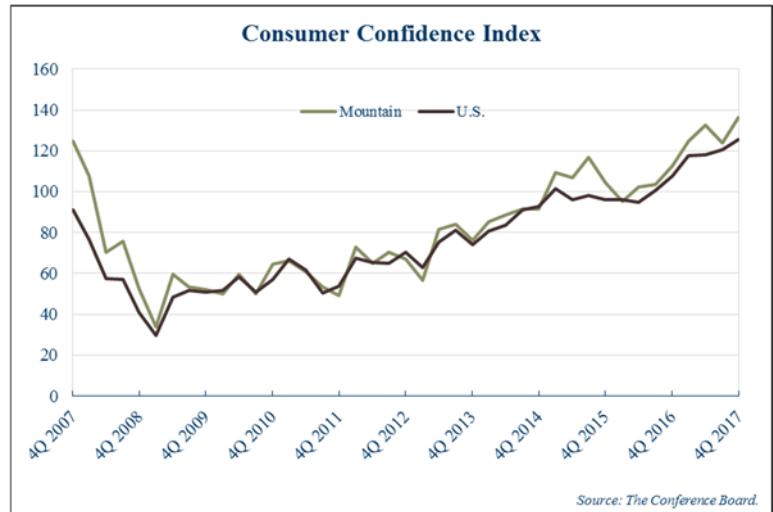
unemployment rate declined 0.9 percentage points to 2.3 percent. The United States recorded a 0.6 percentage point decrease in the unemployment rate over-the-year, with a 0.8 percent increase in the labor force.

Consumer Activity

Consumer Confidence

The Consumer Confidence Index for the U.S. increased to 125.6 in the fourth quarter of 2017, a 4.4 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 16.5 percent increase over-the-year.

Colorado is included in the Mountain Region Index and the area reported a 10.2 percent increase over-the-quarter to 136.3. The Mountain Index recorded a 21.1 percent increase over-the-year.



Residential Real Estate

Home Sales

Commerce City existing home sales increased in the single-family attached market at a rate of 8.9 percent, representing the sale of 4 more homes over-the-year. Adams County (-7.7 percent) and Metro Denver (-6.9 percent) both reported decreases in single-family attached home sales between the third quarter of 2016 and the third quarter of 2017. Indeed, all seven counties in the Metro Denver area recorded decreases in attached home sales over-the-year. The City and County of Broomfield reported the largest decrease, with single-family attached home sales falling 25.6 percent between the third quarters of 2016 and 2017. Boulder County (-18.4 percent) and Douglas County (-11.1 percent) also reported significant decreases over-the-year.

Single-family attached prices increased in Commerce City and throughout most of the Metro Denver area. Commerce City reported an increase of 13.4 percent over-the-year, with the average price rising by \$30,325 to \$256,396. Adams County attached home prices increased by 11 percent over-the-year, while Metro Denver increased 9.4 percent during the same period. Single-family attached prices increased in six of the seven counties within Metro Denver. The City and County of Denver recorded the largest increase, rising 14.1 percent over-the-year to \$326,833. Boulder County had the only decrease, falling 2.7 percent to \$359,540 between the third quarter of 2016 and the third quarter of 2017.

The single-family detached market in Commerce City tightened as demand outpaced supply for homes in the area. Home sales decreased over-the-year, falling 9.3 percent, or 29 less homes sold. Adams County also recorded a decrease in the number of homes sold over-the-year, falling 7.8 percent. In Metro Denver, Arapahoe County (+0.3 percent) recorded the only growth in sales between the third quarters of 2016 and 2017. Denver County recorded the largest decrease, falling 8 percent over-the-year, followed by Broomfield, with a decrease of 7.5 percent or 24 fewer homes sold. Metro Denver reported a decrease of 5.2 percent, as home sales fell to 12,208 in the third quarter of 2017.

Single-family detached prices increased in Commerce City, rising \$27,483 to \$336,028 over-the-year, or 8.9 percent. All seven counties throughout the Metro Denver area reported increases in the average price of homes.

Douglas County (+8.6 percent) recorded the largest increase in home prices, followed by Adams County and Broomfield County, both rising 7.1 percent. Boulder County recorded the smallest increase, rising 3.5 percent to an average price of \$608,249.

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>									
3Q 2017	284	1,847	2,436	1,164	294	2,348	1,771	2,348	12,208
3Q 2016	313	2,003	2,428	1,243	318	2,552	1,865	2,473	12,882
<i>Single-Family Attached</i>									
3Q 2017	49	537	1,239	266	29	1,051	353	777	4,252
3Q 2016	45	582	1,341	326	39	1,089	397	793	4,567
Average Sold Price									
<i>Single-Family Detached</i>									
3Q 2017	\$336,028	\$345,170	\$419,343	\$608,249	\$458,251	\$513,731	\$529,249	\$459,296	\$468,852
3Q 2016	\$308,544	\$322,180	\$396,309	\$587,876	\$428,039	\$481,893	\$487,438	\$434,938	\$441,614
<i>Single-Family Attached</i>									
3Q 2017	\$256,396	\$238,394	\$238,774	\$359,540	\$318,941	\$326,833	\$315,325	\$261,144	\$279,037
3Q 2016	\$226,071	\$214,795	\$217,372	\$369,637	\$287,321	\$286,411	\$296,897	\$235,889	\$255,100

Source: Colorado Comps LLC.

Apartment Market

The Commerce City/Brighton apartment rental market reported a decrease in the vacancy rate of 0.2 percentage points over-the-quarter to 2.4 percent. The average rental rate for the Commerce City/Brighton area during the third quarter was \$1,566 per month, an increase of 8.8 percent from the previous quarter. The upward trend in the average rental rate for Commerce City continued with an increase of 24.9 percent or \$312 over the year. Adams County’s vacancy rate increased by 0.1 percentage points to 5.3 percent from the previous quarter and increased by 0.3 percent over-the-year. The rental rate for Adams County decreased 1.9 percent to \$1,313 over-the-quarter, but increased 3.8 percent over-the-year.

Average Apartment Rents and Vacancy

Third Quarter 2017

	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams County	5.3%	\$1,009	\$1,168	\$1,268	\$1,507	\$1,834	\$1,475	\$1,313
Commerce City/Brighton	2.4%	-	\$1,399	\$1,456	\$1,702	\$1,838	-	\$1,566
Metro Denver	5.4%	\$1,193	\$1,264	\$1,329	\$1,648	\$1,877	\$1,424	\$1,412

Source: Denver Metro Apartment Vacancy and Rent Survey.

The Metro Denver apartment rental market reported an increase in the vacancy rate to 5.4 percent. This was an increase of 0.4 percentage points from the previous quarter’s level of 5 percent. The vacancy rate also increased over-the-year by 0.3 percentage points. The average rental rate for the Metro Denver area decreased from the previous quarter by 0.6 percent to \$1,412. However, the market posted an increase in price of 3.2 percent over-the-year.

Foreclosures

Foreclosure activity in the Metro Denver area increased slightly between the third quarters of 2016 and 2017. Metro Denver reported a 1.4 percent increase in total foreclosure filings over-the-year to 728 as four of the seven counties reported increases. Adams County reported the largest increase in foreclosure filings, increasing 22.8 percent over-the-year. Arapahoe County (+21.8 percent), Boulder County (+18.6 percent), and Broomfield County (+11.1 percent) also reported increases over-the-year. The City and County of Denver, Jefferson County, and Douglas County all recorded decreases in the number of foreclosures over-the-year, falling 20.7 percent, 19.5 percent, and 9.6 percent, respectively. Arapahoe County had the greatest absolute increase in foreclosure filings, increasing by 34 filings, while Denver had the greatest absolute decrease in filings, falling by 35 filings over-the-year.

Residential Construction

Residential building permits in Commerce City increased during the fourth quarter of 2017 compared with the prior year’s level. Commerce City reported 164 total permits issued during the fourth quarter, a 54.7 percent increase from the fourth quarter 2016 level of 106 permits. The increase in permits was due entirely to single-family detached and single-family attached permits, with single-family detached permits rising by 34 percent and single-family attached units increasing from no permits in the fourth quarter of 2016 to 22 permits in the fourth quarter of 2017. No multi-family permits were pulled in the fourth quarter of 2016 or 2017. The average valuation per single-family detached unit decreased 1.4 percent over-the-year, falling to \$274,287 per unit, while the single-family attached unit average valuation was \$165,355 per unit in the fourth quarter of 2017.

According to the U.S. Census Bureau, Metro Denver residential building permits rose 10.4 percent during the third quarter of 2017 compared with the prior year. Single-family detached units increased 7.4 percent, representing 196 additional units over-the-year. Single-family attached permits fell 77.9 percent, with 134 fewer permits issued, and multi-family permits increased 22.4 percent, with 425 more permits issued. Total permits for Adams County increased to 702 units in the third quarter of 2017, an increase of 19.6 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	
4Q 2017	142	\$274,287	22	\$165,355	0	0	\$0	164
4Q 2016	106	\$278,160	0	\$0	0	0	\$0	106
Yr/Yr % Change	34.0%	-1.4%	-	-	-	-	-	54.7%

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 fourth quarters of 2016 and 2017, totaling 445,311 square feet. The office vacancy rate rose to 16.4 percent, an increase of 11.8 percentage points from the prior year’s level of 4.6 percent. The average lease rate for the office market rose 3.1 percent over-the-year to \$22.93 per square foot, increasing \$0.70 per square foot.

The Metro Denver office market reported an increase in the vacancy rate between the fourth quarters of 2016 and 2017. The vacancy rate rose to 9.8 percent, an increase of 0.6 percentage points. Existing square footage in the office market increased by 3 million square feet during the period. The average lease rate rose 2.7 percent between the fourth quarters of 2016 and 2017, gaining \$0.70 per square foot.

Retail Market

The Commerce City retail market rentable space remained the same between the fourth quarters of 2016 and 2017, holding steady at almost 1.5 million square feet. Retail vacancy in Commerce City fell 1.5 percentage points during the period to 3.4 percent vacancy. The average lease rate for retail space increased 36.7 percent over-the-year to \$17.44 per square foot, rising \$4.68 per square foot.

Metro Denver's retail market continued to gain momentum between the fourth quarters of 2016 and 2017. The Metro Denver retail market added 1.63 million square feet of rentable space over-the-year. The vacancy rate decreased slightly during the period to 4.3 percent. The average lease rate for retail space rose 7.6 percent over-the-year, adding \$1.27 per square foot.

Flex Market

The Commerce City flex market had 243,132 square feet of rentable space during the fourth quarter of 2017, which was unchanged from the fourth quarter of 2016. The flex market vacancy rate recorded an increase of 1.5 percentage points to 4.7 percent in the fourth quarter.

The Metro Denver flex market continued to tighten between the fourth quarters of 2016 and 2017, as the vacancy rate fell 1.8 percentage points to 5.7 percent. The average lease rate rose 6.8 percent during the period, rising from \$11.49 per square foot to \$12.27 per square foot.

Industrial Market

Commerce City's industrial market is primarily concentrated in warehouse distribution, representing 75.6 percent of the rentable industrial space in the market. With nearly 7.38 million square feet of rentable warehouse distribution space, Commerce City represents 5.5 percent of Metro Denver's total rentable space for warehouse distribution. The warehouse distribution vacancy rate rose 0.3 percentage points between the fourth quarters of 2016 and 2017 to 2.1 percent. The average lease rate rose 2.7 percent to \$10.31 per square foot during the same period, an increase of \$0.27 per square foot. All other industrial space in Commerce City reported a 0.3 percentage point increase in the vacancy rate over-the-year to 1.1 percent. The average lease rate for all other industrial space increased 1.7 percent to \$10.10 per square foot during the same period.

The Metro Denver industrial market is also heavily concentrated in warehouse distribution, representing 71.8 percent of the rentable industrial space in the market. Metro Denver added 2.85 million square feet of rentable warehouse distribution space over-the-year, totaling about 135.3 million square feet. The vacancy rate for the warehouse distribution market was 3.6 percent, an increase of 0.5 percentage points between the fourth quarters of 2016 and 2017. The average lease rate rose 2.7 percent to \$7.66 per square foot during the fourth quarter of 2017 compared with the prior year. The vacancy rate for all other industrial space rose 0.7 percentage points to 3.1 percent over-the-year. The average lease rate declined 7.1 percent compared with the previous year's level to \$8.14 per square foot.

Commercial Vacancy and Lease Rates by Property Type

		Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		4Q 2017	4Q 2016	4Q 2017	4Q 2016	4Q 2017	4Q 2016
<i>Office</i>	Commerce City	445,311	445,311	16.4%	4.6%	\$22.93	\$22.23
	Metro Denver	185,366,750	182,364,506	9.8%	9.2%	\$26.24	\$25.54
<i>Retail</i>	Commerce City	1,470,328	1,470,328	3.4%	4.9%	\$17.44	\$12.76
	Metro Denver	167,575,395	165,940,602	4.3%	4.4%	\$17.95	\$16.68
<i>Flex</i>	Commerce City	243,132	243,132	4.7%	3.2%	-	-
	Metro Denver	45,406,410	44,850,833	5.7%	7.5%	\$12.27	\$11.49
<i>Industrial</i>	Commerce City						
	Warehouse Distribution	7,378,785	6,801,568	2.1%	1.8%	\$10.31	\$10.04
	All Other Industrial	2,381,002	2,381,002	1.1%	0.8%	\$10.10	\$9.93
	Metro Denver						
	Warehouse Distribution	135,297,041	132,443,879	3.6%	3.1%	\$7.66	\$7.46
	All Other Industrial	53,219,678	53,146,277	3.1%	2.4%	\$8.14	\$8.76

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 31,624 square feet of space were issued in Commerce City during the fourth quarter of 2017. The nonresidential building permits issued during the period were valued at over \$1.4 million. The highest valued building permitted was a \$1.2 million, 8,500-square-foot building for a new daycare center.

Commerce City Commercial Building Permits Issued, 4Q 2017		
Project Description	Valuation	Total Square Feet
Conoco Fuel Station	-	14,762
Office Building	\$212,276	8,362
Daycare Center	\$1,200,000	8,500

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

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