



Economic Activity Report

April 2018





Commerce City Quarterly Report

Quarterly Economic Summary

April 2018

<p>Employment</p>	<p>29,977 Up 0.7% from 3Q 2016</p>	
<p>Average Weekly Wage</p>	<p>\$1,039 Up 0.1% from 3Q 2016</p>	
<p>Labor Force Growth Rate</p>	<p>3.8% Up 1.9 percentage points from 4Q 2016</p>	
<p>Unemployment Rate</p>	<p>3.1% No change from 4Q 2016</p>	
<p>Existing Home Sales</p>	<p>293 Down 1.7 percentage points from 4Q 2016</p>	
<p>Single-Family Detached Average Price Single-Family Attached Average Price</p>	<p>\$332,839 Up 8.4% from 4Q 2016</p> <p>\$255,279 Up 8.6% from 4Q 2016</p>	
<p>Apartment Vacancy Rate Apartment Average Lease Rate</p>	<p>3.3% Down 1.1 percentage points from 4Q 2016</p> <p>\$1,412 Up 1.8% from 4Q 2016</p>	
<p>Office Vacancy Retail Vacancy Warehouse Vacancy All Other Industrial Vacancy</p>	<p>14.4% 3.5% 1.9% 2.0%</p>	

Commerce City Economic Headlines

- ◆ H&H Equipment Services Inc., based in Louisiana, completed its purchase of **Contractors Equipment Center** of Commerce City. The transaction expanded the firm's Colorado presence, which doubled the branch count for H&H to six in the state.
- ◆ The **Glove Wagon**, a glove and safety supplies wholesaler, is building a 16,000-square-foot plant at East 96th Avenue and Havana Street in Commerce City. The Glove Wagon will share the building with Innovative Mechanical Solutions Inc., a heating and air conditioning company. An estimated 20 new employees will work at the two companies.
- ◆ The **Learning Experience**, a Florida-based child care franchise, is expanding in Colorado, including a new location in Commerce City. The locations are all newly-built, 10,000-square-foot, free-standing commercial real estate buildings with a 2,000-square-foot outdoor playground. The faculty will employ over a dozen staff members and teachers to serve upwards of 170 kids from 6 weeks to 6 years of age. The company currently operates more than 300 centers across the country.
- ◆ **Pour Tap House** is under construction in Turnberry Marketplace at E. 104th Avenue and Revere Street. The first of its kind in the city, the 2,000-square-foot tap house will serve craft beers from around Colorado and will be located in a new 9,000-square-foot building. The Tap House expects to open in spring or summer of this year.
- ◆ Commerce City-based **Stillwater Brands**, a low-dose marijuana tea company, is significantly expanding their operations and launching several new products. The company started distribution with one store in 2017, growing to over 200 locations this year, with plans to expand to California in the second quarter of 2018. Stillwater reached \$200 million in sales in the first ten months of 2017.
- ◆ Colorado is No. 6 on a list of the happiest states in America, published by the Gallup-Sharecare "2017 State Well-Being Rankings". The rankings were based on interviews with more than 160,000 Americans over the past year. Colorado and Hawaii are the only two states to have consistently made the top 10 since the index began in 2008.
- ◆ *U.S. News & World Report* ranked Colorado No. 1 for economy, due to high grades for growth, employment, and business environment. Colorado has been nationally recognized for its top-tier economy for years, including last year in the *U.S. News & World Report* and for several years running in *Forbes*. Though the state scored first in economy, Colorado ranked 10th overall, with middling grades on crime and corrections, education, opportunity, and fiscal stability.

Employment

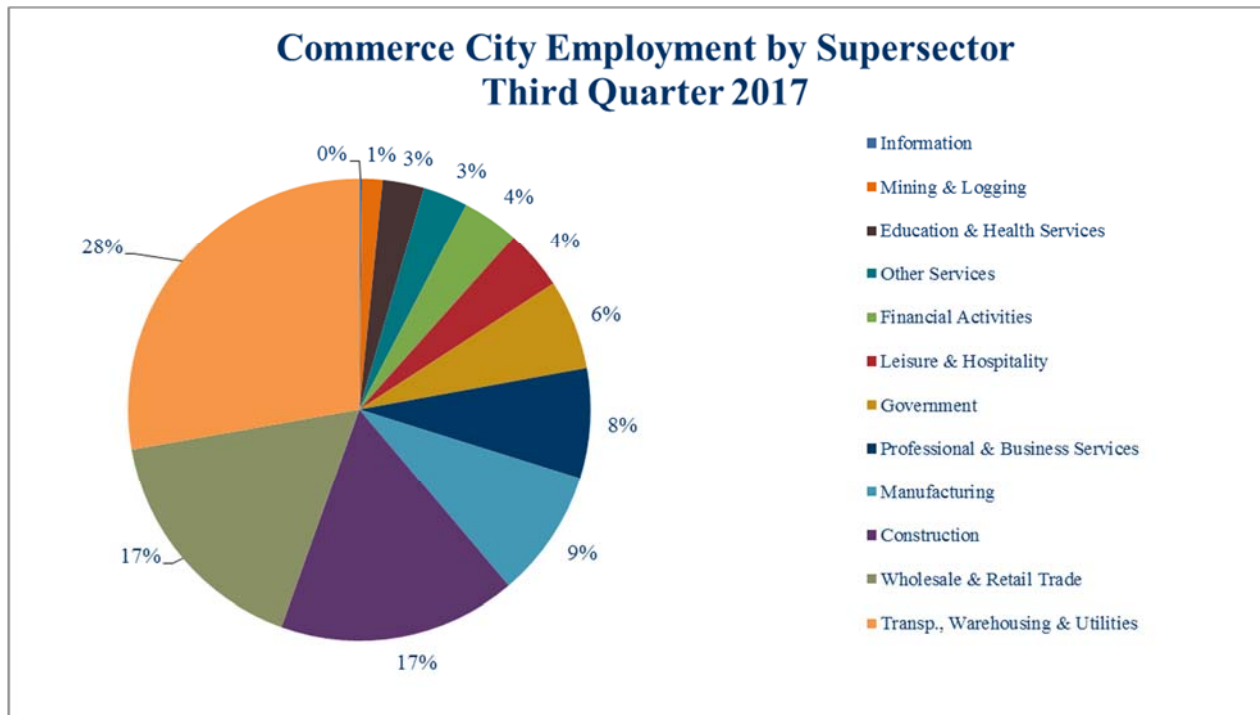
The number of businesses throughout Commerce City rose 5.7 percent between the third quarters of 2016 and 2017, a net gain of 77 businesses. Eight of the 12 supersectors reported over-the-year increases in business counts, with the information sector recording the largest increase (+16.7 percent) during the period. The other services and professional and business services supersectors also reported strong growth, each increasing by 11.9 percent over the period. The number of mining and logging and manufacturing businesses declined between the third quarters of 2016 and 2017, losing a total of three establishments in the two supersectors. The government supersector and the education and health services 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	
	3Q 2017	3Q 2016	3Q 2017	3Q 2016	3Q 2017	3Q 2016	3Q 2017	3Q 2016
Total All Industries	1,424	1,347	\$1,039	\$1,038	29,977	29,759	1,622,330	1,592,032
Private Sector								
Mining & Logging	22	24	\$1,913	\$1,721	428	357	13,805	12,450
Construction	206	188	\$1,141	\$1,168	4,991	5,024	98,982	94,383
Manufacturing	102	98	\$1,214	\$1,269	2,697	2,662	87,603	86,683
Wholesale & Retail Trade	283	284	\$1,077	\$1,074	5,019	4,945	233,195	231,826
Transp., Warehousing & Utilities	162	155	\$1,039	\$1,029	8,328	8,269	55,729	53,008
Information	14	12	\$1,115	\$886	56	54	55,223	54,873
Financial Activities	112	105	\$907	\$916	1,191	1,000	112,350	109,819
Professional & Business Services	225	201	\$1,036	\$1,022	2,308	2,524	301,329	294,806
Education & Health Services	64	64	\$820	\$827	872	829	204,445	204,447
Leisure & Hospitality	82	79	\$467	\$438	1,264	1,237	187,336	182,495
Other Services	141	126	\$800	\$754	938	936	51,462	49,959
Government	10	10	\$909	\$905	1,884	1,920	220,821	216,928

*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 third quarter of 2017 was \$1,039, remaining flat compared with the prior year’s level. The highest weekly wage during the period was in the mining and logging supersector at \$1,913 per week, representing an 11.2 percent increase over-the-year. Four sectors reported declines in the average weekly wage, with manufacturing (-4.3 percent) and construction (-2.4 percent) reporting the largest declines.



Commerce City employment rose 0.7 percent in the third quarter of 2017 compared with the prior year, creating an additional 218 jobs. Nine of the twelve supersectors located in Commerce City reported growth during the period. The supersector that recorded the largest absolute increase in employment was financial activities, adding 191 positions, a 19.1 percent increase over-the-year. The mining and logging sector reported the largest percentage increase over-the-year, rising 20 percent or 71 positions. Education and health services also recorded significant employment growth, rising by 5.2 percent, adding 43 jobs. The largest supersector by employment is transportation, warehousing, and utilities, representing 27.8 percent of the area’s total employment. The supersector recorded a 0.7 percent increase in employment between the third quarters of 2016 and 2017. The professional and business services, government, and construction supersectors all reported declines in employment, falling 8.6 percent, 1.9 percent, and 0.7 percent, respectively.

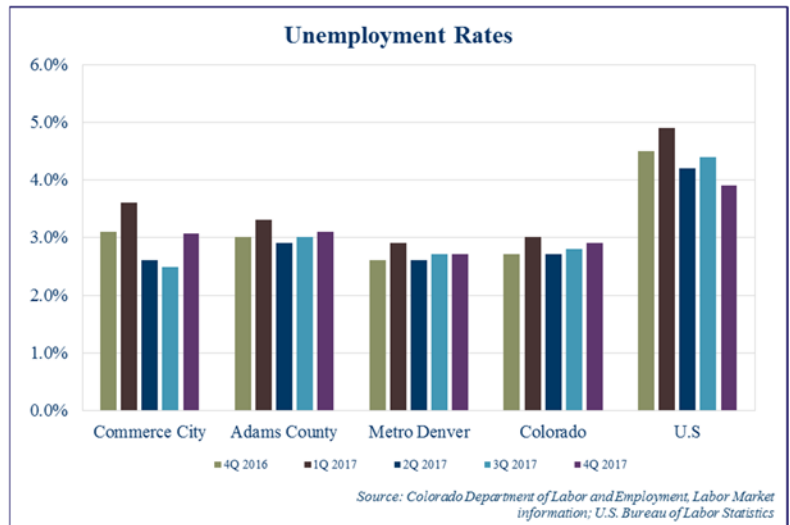
Metro Denver reported a faster pace of employment growth in the third quarter of 2017 than Commerce City. Overall employment in Metro Denver rose 1.9 percent compared with the prior year’s level. Ten of the 12 sectors recorded employment growth during the period. The largest increases in employment were in the mining and logging (+10.9 percent), transportation, warehousing, and utilities (+5.1 percent), and the construction (+4.9 percent) supersectors, adding 1,355 jobs, 2,721 jobs, and 4,599 jobs, respectively. Professional and business services is Metro Denver’s largest supersector by employment, which increased 2.2 percent or 6,523 jobs over-the-year. The retail trade supersector (-0.1 percent) recorded the largest decline in employment over-the-year, falling by 78 jobs.

Labor Force and Unemployment

Commerce City’s unemployment rate in the fourth quarter of 2017 remained flat over-the-year, holding steady at 3.1 percent. The area’s labor force reached 27,799 individuals, an increase of 3.8 percent between the fourth quarters of 2016 and 2017. Adams County reported a 0.1 percentage point increase in the unemployment rate over the same period, rising to 3.1 percent. The Adams County labor force increased 3.6 percent, with 9,207 additional people entering the labor force. Of the seven Metro Denver counties, Adams County recorded the highest unemployment rate during the fourth quarter, but even as people entered the labor force looking for work, reported one of the slowest increases in the unemployment rate across the seven-county region. Metro Denver reported a 3.5 percent increase in the labor force and a 0.1 percentage point increase in the unemployment rate over-the-year.

Colorado reported a 3.9 percent increase in the labor force between the fourth quarters of 2016 and 2017 and the unemployment rate

rose 0.2 percentage points to 2.9 percent. The United States recorded a 0.6 percentage point decrease in the unemployment rate over-the-year, with a 0.5 percent increase in the labor force.



	Labor Force			Unemployment Rate	
	4Q 2017	4Q 2016	Yr/Yr % Change	4Q 2017	4Q 2016
Commerce City	27,799	26,777	3.8%	3.1%	3.1%
Adams County	264,675	255,468	3.6%	3.1%	3.0%
Metro Denver	1,764,739	1,704,318	3.5%	2.7%	2.6%
Colorado	3,032,880	2,918,623	3.9%	2.9%	2.7%
U.S. (000s)	160,270	159,401	0.5%	3.9%	4.5%

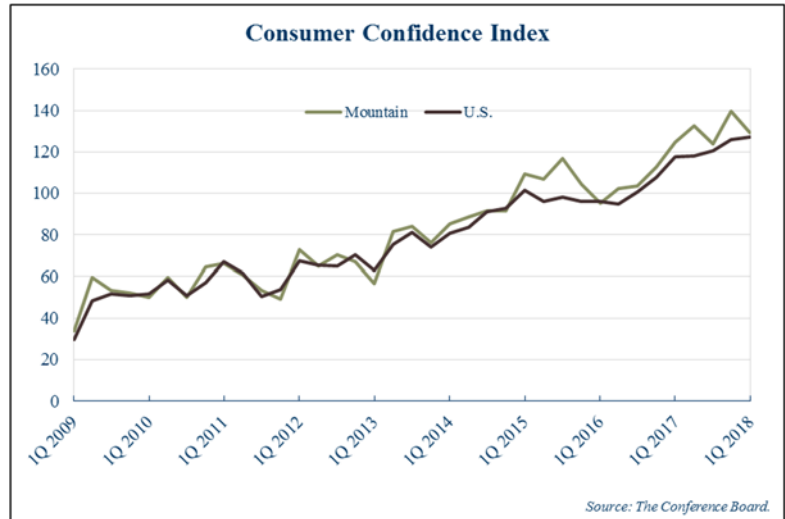
Sources: Colorado Department of Labor and Employment, Labor Market Information; U.S. Bureau of Labor Statistics.

Consumer Activity

Consumer Confidence

The Consumer Confidence Index for the U.S. increased to 127.3 in the first quarter of 2018, a 1.1 percent increase over-the-quarter and an 8.3 percent increase over-the-year. This represented an 18-year high in the national confidence level.

Colorado is included in the Mountain Region Index and the area reported a 7.2 percent decrease over-the-quarter to 129.4. However, the Mountain Index recorded a 3.7 percent increase over-the-year.



Residential Real Estate

Home Sales

The single-family detached market in Commerce City continued to tighten as demand outpaced supply for homes in the area. Home sales decreased over-the-year, falling 1.6 percent, or four less homes sold. Adams County also recorded a decrease in the number of homes sold over-the-year, falling 7.6 percent. In Metro Denver, Boulder County (+7.8 percent) recorded the only growth in sales between the fourth quarters of 2016 and 2017. Jefferson County recorded the largest decrease, falling 8.4 percent over-the-year, followed by Arapahoe County, with a decrease of 8.1 percent or 170 fewer homes sold. Metro Denver reported a decrease of 5.7 percent, as home sales fell to 10,294 in the fourth quarter of 2017.

Single-family detached prices increased in Commerce City, rising \$25,703 to \$332,839 over-the-year, or 8.4 percent. All seven counties throughout the Metro Denver area reported increases in the average price of homes. Broomfield County and Denver County both recorded the largest increase in home prices, rising 12.2 percent each over-the-year. Adams County also reported a significant increase, rising 10 percent or an increase of \$31,731. Douglas County recorded the smallest increase, rising 5.9 percent to an average price of \$514,130.

Commerce City existing home sales decreased in the single-family attached market at a rate of 2.3 percent, representing the sale of one less home over-the-year. Adams County (-2.8 percent) and Metro Denver (-3.5 percent) also reported decreases in single-family attached home sales between the fourth quarter of 2016 and the fourth quarter of 2017. In the seven-county area, Denver County reported the only increase in single-family attached sales over-the-year, rising 5.1 percent to 1,019 homes sold. The city and county of Broomfield reported the largest decrease in home sales, falling by 19 percent. Arapahoe and Boulder Counties also recorded significant decreases in home sales, falling 9.4 percent and 7.9 percent, respectively.

Single-family attached prices increased in Commerce City and throughout most of the Metro Denver area. Commerce City reported an increase of 8.6 percent over-the-year, with the average price rising by \$20,125 to \$255,279. Adams County attached home prices increased by 11.2 percent over-the-year, while Metro Denver prices increased 9.3 percent during the same period. Single-family attached prices increased in six of the seven counties within Metro Denver. Douglas County recorded the largest increase, rising 12.7 percent over-the-year to \$325,225. Boulder County reported the only decrease, falling 5.3 percent to \$375,674 between the fourth quarter of 2016 and the fourth quarter of 2017.

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>									
4Q 2017	250	1,626	1,921	997	231	2,096	1,394	2,029	10,294
4Q 2016	254	1,759	2,091	925	232	2,199	1,492	2,215	10,913
<i>Single-Family Attached</i>									
4Q 2017	43	446	1,015	234	17	1,019	277	674	3,682
4Q 2016	44	459	1,120	254	21	970	295	696	3,815
Average Sold Price									
<i>Single-Family Detached</i>									
4Q 2017	\$332,839	\$348,239	\$418,008	\$615,641	\$462,624	\$523,532	\$514,130	\$460,051	\$469,920
4Q 2016	\$307,136	\$316,509	\$382,127	\$574,676	\$412,162	\$466,554	\$485,259	\$418,516	\$427,008
<i>Single-Family Attached</i>									
4Q 2017	\$255,279	\$240,017	\$246,988	\$375,674	\$325,041	\$339,046	\$325,225	\$264,554	\$289,261
4Q 2016	\$235,155	\$215,804	\$226,415	\$396,778	\$294,300	\$306,309	\$288,545	\$241,646	\$264,751

Source: Colorado Comps LLC.

Apartment Market

The Commerce City/Brighton apartment rental market reported an increase in the vacancy rate of 0.9 percentage points over-the-quarter to 3.3 percent, but decreased between the fourth quarters of 2016 and 2017 by 1.1 percentage point. The average rental rate for the Commerce City/Brighton area during the fourth quarter was \$1,412 per month, a decrease of 9.8 percent from the previous quarter. Even with a quarterly decrease, the upward trend in the average rental rate for Commerce City continued with an increase of 1.8 percent or \$26 over-the-year. Adams County’s vacancy rate increased by 0.6 percentage points to 5.9 percent from the previous quarter but decreased by 0.2 percentage points over-the-year. The rental rate for Adams County apartments decreased 0.5 percent to \$1,307 over-the-quarter, but increased 4.4 percent over-the-year.

**Average Apartment Rents and Vacancy
Fourth Quarter 2017**

	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams County	5.9%	\$1,045	\$1,144	\$1,284	\$1,500	\$1,785	-	\$1,306
Commerce City/Brighton	3.3%	-	\$1,257	\$1,307	\$1,472	\$1,785	-	\$1,412
Metro Denver	6.4%	\$1,186	\$1,251	\$1,316	\$1,626	\$1,855	\$1,460	\$1,396

Source: Denver Metro Apartment Vacancy and Rent Survey.

The Metro Denver apartment rental market reported an increase in the vacancy rate, rising by 1 percentage point to 6.4 percent over-the-quarter. The vacancy rate also increased over-the-year by 0.2 percentage points. The average rental rate for the Metro Denver area decreased from the previous quarter by 1.1 percent to \$1,396. However, the market posted an increase in price of 3.7 percent over-the-year, rising by \$49 per month.

Foreclosures

Foreclosure activity in the Metro Denver area decreased between the fourth quarters of 2016 and 2017. Metro Denver reported a 6.5 percent decrease in total foreclosure filings over-the-year to 729 as five of the seven counties reported decreases. Douglas County (-31.2 percent), Adams County (-16 percent), and Broomfield County (-12.5 percent) recorded the largest decreases over-the-year. Adams County also reported the largest absolute decrease between the fourth quarters of 2016 and 2017, falling by 30 foreclosures. Boulder County

reported the largest increase in foreclosure filings, increasing 48.1 percent over-the-year to 40 foreclosure filings. Arapahoe County was the only other county to report an increase in filings, rising 4.1 percent over-the-year, or an increase of 7 filings.

Residential Construction

Residential building permits in Commerce City decreased during the first quarter of 2018 compared with the prior year’s level. Commerce City reported 141 total permits issued during the fourth quarter, a 29.1 percent decrease from the first quarter 2017 level of 199 permits. During the first quarter of 2018, single-family detached units accounted for all permit activity, which increased by 48.4 percent compared with single-family detached units in the first quarter of 2017. The previous year, single-family attached units and multi-family units accounted for 52.3 percent of all permit activity. The average valuation per single-family detached unit increased 1.1 percent over-the-year, rising to \$293,820 per unit.

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	
IQ 2018	141	\$293,820	0	\$0	0	0	\$0	141
IQ 2017	95	\$290,503	32	\$162,826	3	72	\$75,250	199
Yr/Yr % Change	48.4%	1.1%	-	-	-	-	-	-29.1%

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

According to the U.S. Census Bureau, Metro Denver residential building permits fell 35.6 percent during the fourth quarter of 2017 compared with the prior year, totaling 4,888 units permitted. Single-family detached units increased 6.7 percent, representing 179 additional units over-the-year. Single-family attached permits fell 45.5 percent, with 25 fewer permits issued, and multi-family permits decreased 58.5 percent, with 2,858 less permits issued. Total permits for Adams County increased to 684 units in the fourth quarter of 2017, an increase of 58.7 percent over-the-year.

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 first quarters of 2017 and 2018, totaling 531,387 square feet. The office vacancy rate rose to 14.4 percent, an increase of 11.9 percentage points from the prior year’s level of 2.5 percent. The average lease rate for the office market rose 4.1 percent over-the-year to \$22.41 per square foot, increasing \$0.88 per square foot.

The Metro Denver office market reported an increase in the vacancy rate between the first quarters of 2017 and 2018. The vacancy rate rose to 10 percent, an increase of 0.2 percentage points. Existing square footage in the office market increased by 3.2 million square feet during the period. The average lease rate rose 2.9 percent between the first quarters of 2017 and 2018, gaining \$0.74 per square foot.

Retail Market

The Commerce City retail market added 5,000 square feet of rentable space between the first quarters of 2017 and 2018, to over 1.5 million square feet. Retail vacancy in Commerce City fell 1.5 percentage points during the period to 3.5 percent vacancy. The average lease rate for retail space increased 17.4 percent over-the-year to \$16.26 per square foot, rising \$2.41 per square foot.

Metro Denver's retail market continued to gain momentum between the first quarters of 2017 and 2018. The Metro Denver retail market added 1.4 million square feet of rentable space over-the-year. The vacancy rate rose slightly during the period to 4.4 percent. The average lease rate for retail space rose 4.9 percent over-the-year, adding \$0.85 per square foot.

Flex Market

The Commerce City flex market had 300,010 square feet of rentable space during the first quarter of 2018, which was unchanged from the first quarter of 2017. The flex market vacancy rate recorded an increase of 3.6 percentage points to 6.2 percent over-the-year.

The Metro Denver flex market continued to tighten between the first quarters of 2017 and 2018, as the vacancy rate fell 1.8 percentage points to 6.1 percent. The average lease rate rose 2.6 percent during the period, rising from \$11.60 per square foot to \$11.90 per square foot.

Industrial Market

Commerce City's industrial market is primarily concentrated in warehouse distribution, representing 76.4 percent of the rentable industrial space in the market. With over 7.7 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 decreased 0.4 percentage points between the first quarters of 2017 and 2018 to 1.9 percent. The average lease rate rose 12.2 percent to \$10.76 per square foot during the same period, an increase of \$1.17 per square foot. All other industrial space in Commerce City reported a 1.7 percentage point increase in the vacancy rate over-the-year to 2 percent. The average lease rate for all other industrial space increased 33.1 percent to \$11.02 per square foot during the same period.

The Metro Denver industrial market is also heavily concentrated in warehouse distribution, representing 75.4 percent of the rentable industrial space in the market. Metro Denver added 4.9 million square feet of rentable warehouse distribution space over-the-year, totaling about 163.4 million square feet. The vacancy rate for the warehouse distribution market was 4.5 percent, an increase of 0.1 percentage points between the first quarters of 2017 and 2018. The average lease rate rose 3.7 percent to \$7.49 per square foot during the first quarter of 2018 compared with the prior year. The vacancy rate for all other industrial space rose 1 percentage point to 3.4 percent over-the-year. The average lease rate increased 4.9 percent compared with the previous year's level to \$8.36 per square foot.

Commercial Vacancy and Lease Rates by Property Type

		Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		1Q 2018	1Q 2017	1Q 2018	1Q 2017	1Q 2018	1Q 2017
<i>Office</i>	Commerce City	531,387	531,387	14.4%	2.5%	\$22.41	\$21.53
	Metro Denver	187,737,907	184,540,443	10.0%	9.8%	\$26.40	\$25.66
<i>Retail</i>	Commerce City	1,532,033	1,527,033	3.5%	5.0%	\$16.26	\$13.85
	Metro Denver	168,003,298	166,650,731	4.4%	4.3%	\$18.05	\$17.20
<i>Flex</i>	Commerce City	300,010	300,010	6.2%	2.6%	-	-
	Metro Denver	45,396,711	45,160,184	6.1%	7.9%	\$11.90	\$11.60
<i>Industrial</i>	Commerce City						
	Warehouse Distribution	7,700,260	7,158,260	1.9%	2.3%	\$10.76	\$9.59
	All Other Industrial	2,381,002	2,381,002	2.0%	0.3%	\$11.02	\$8.28
	Metro Denver						
	Warehouse Distribution	163,393,099	158,519,596	4.5%	4.4%	\$7.49	\$7.22
	All Other Industrial	53,228,474	53,142,073	3.4%	2.4%	\$8.36	\$7.97

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 63,480 square feet of space were issued in Commerce City during the first quarter of 2018. The nonresidential building permits issued during the period were valued at almost \$7.1 million. The highest valued building permitted was a \$1.7 million, 19,496-square-foot industrial warehouse on East 56th Avenue.

Commerce City Commercial Building Permits Issued, 1Q 2018		
Project Description	Valuation	Total Square Feet
Denver Water Pre-cast Building	\$154,000	220
Christian Brothers Automotive	\$722,406	4,896
7-Eleven	\$750,000	3,061
Grease Monkey Facility	\$868,657	4,400
New Industrial Warehouse - 5725 E. 56th Ave.	\$1,283,065	27,046
New Industrial Warehouse - 5851 E. 56th Ave.	\$1,680,000	19,496
Xcel Energy Accessory Buildings	\$1,652,375	4,361

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

Provided by:
 Commerce City Economic Development Division
 7887 E. 60th Ave.
 Commerce City, CO 80022
 303-289-3620
 www.c3gov.com

Prepared by:
 Development Research Partners, Inc.
 10184 West Belleview Ave, Ste 100
 Littleton, Colorado 80127
 303-991-0070
 www.developmentresearch.net
 April 2018