



Economic Activity Report

April 2020





Commerce City Quarterly Report

Quarterly Economic Summary

April 2020

<p>Employment</p>	<p>32,893 Up 4.7% from 3Q 2018</p>	
<p>Average Weekly Wage</p>	<p>\$1,128 Up 6.5% from 3Q 2018</p>	
<p>Labor Force Growth Rate</p>	<p>1.7% Up 1.7 percentage point sfrom 4Q 2018</p>	
<p>Unemployment Rate</p>	<p>2.7% Down 1.0 percentage points from 4Q 2018</p>	
<p>Existing Home Sales</p>	<p>327 Up 23.3 percent from 4Q 2018</p>	
<p>Single-Family Detached Average Price Single-Family Attached Average Price</p>	<p>\$373,784 Up 7.1% from 4Q 2018 \$284,170 Up 3% from 4Q 2018</p>	
<p>Apartment Vacancy Rate Apartment Average Lease Rate</p>	<p>4.8% Up 1.1 percentage points from 4Q 2018 \$1,347 Down 4.1% from 4Q 2018</p>	
<p>Office Vacancy Retail Vacancy Warehouse Vacancy All Other Industrial Vacancy</p>	<p>6.8% 1.8% 3.9% 2.9%</p>	

Commerce City Economic Headlines

- ◆ Chicago-based Industrial Outdoor Ventures closed on two land sale transactions totaling about 30 acres at 10600 Havana Street and 8780 E 93rd Place in Commerce City. Both properties will be developed into industrial buildings with outdoor storage. The company will start construction in summer 2020 on the building at 93rd Place, which will include 32,000 square feet of space and up to 9 acres of outdoor space.
- ◆ Metro Denver ranked No. 3 for the top market for jobs in the U.S., moving up from No. 9 last year. The ranking from *The Wall Street Journal* used Moody’s Analytics to rank the largest metros across the nation based on unemployment rates, new jobs, wage growth, and other factors. Metro Denver ranked No. 1 for labor force participation, No. 4 for wage growth, No. 8 for unemployment, and No. 14 for labor force growth. Among smaller metros analyzed, Boulder ranked first, and Fort Collins and Greeley ranked in the top 10.
- ◆ According to a report by LendingTree, Metro Denver ranked as the fourth most popular metropolitan area among millennial homebuyers. The report analyzed new purchase mortgage requests in the 50 largest metros. Denver had an average millennial homebuyer age of 30.8 and 55.3 percent of mortgage requests were coming from millennials in 2019.
- ◆ Consumer Electronic Show (CES) scoreboard ranked Colorado first of states doing the most to promote innovation. Colorado received its highest ranking for Entrepreneurial Activity, receiving an A+, and received an A- in Grants Advanced Degrees, Tech Workforce, and Drones. Colorado was also one of 15 states named as an “Innovation Champion” by Consumer Technology Association, the owner and producer of the CES scoreboard.
- ◆ Colorado ranked first for green buildings, according to the U.S. Green Building Council’s 2019 list of Top 10 States for LEED green building. The list ranks states based on the number of LEED certified square feet per person and found that Colorado had 102 certified green building projects representing 4.76 square feet of LEED-certified space per resident. Colorado placed sixth in 2018.
- ◆ Colorado ranked third on 24/7 Wall St.’s “Best and Worst States for Business” list. The report created a weighted index of 42 measures in eight categories: economic conditions, business costs, state infrastructure, the availability and skill level of workforce, quality of life, regulations, technology and innovation, and cost of living. Colorado ranked second for adults with a bachelor’s degree, fourth for 2018 venture capital deals per capita, tenth for real GDP growth, and 15th for average earnings per job. The report also noted that over the next decade, the number of working-age state residents is projected to increase by 10.5 percent, more than double the projected national growth rate of 4.6 percent.

Employment

The number of businesses throughout Commerce City rose by 86 between the third quarters of 2018 and 2019, an increase of 5.9 percent. Eleven of the 12 supersectors reported over-the-year increases in the number of businesses, with the largest increases in mining and logging (+13.6 percent), education and health services (+13.5 percent), and professional and business services (+9.8 percent). Professional and business services also added the most businesses during the year, rising by 23. The government supersector reported no change in the business count during the period.

Eleven of the 12 supersectors reported over-the-year increases in the average weekly wage, led by information (+12.6 percent), transportation, warehousing, and utilities (+7.2 percent), and education and health services (+6.9 percent). The mining and logging supersector reported the only decrease, falling 6.8 percent or by \$150 per week, between the third quarters of 2018 and 2019. Mining and logging reported the highest average weekly wage during 3Q 2019 of \$2,058 per week, while leisure and hospitality reported the lowest average weekly wage of \$529 during the period. The average weekly wage throughout all industries increased to \$1,128, a 6.5 percent increase compared to the same time last year.

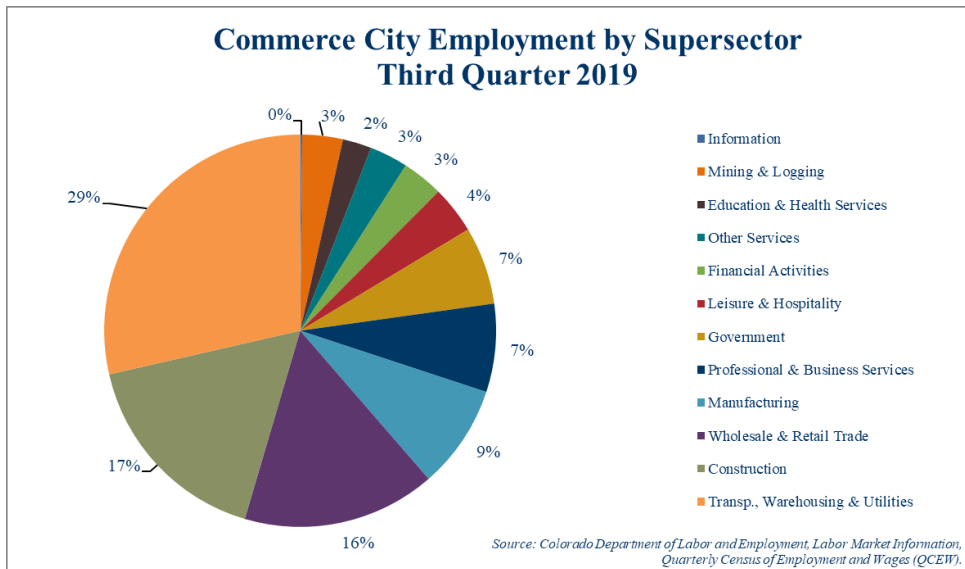
Employment in Commerce City rose 4.7 percent between the third quarters of 2018 and 2019, adding 1,477 workers during the period. Ten of the 12 supersectors reported over-the-year increases in employment. Mining and logging reported the largest increase of 192.5 percent, adding 723 jobs, due to the addition of Liberty Oilfield Services as a new Commerce City employer. Other services reported an increase of 8.1 percent and construction rose by 5.8 percent. Financial activities reported the largest over-the-year decrease of 8.3 percent, or 101 fewer employees, followed by education and health services that fell 3.7 percent 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 2019	3Q 2018	3Q 2019	3Q 2018	3Q 2019	3Q 2018	3Q 2019	3Q 2018
Total All Industries	1,547	1,461	\$1,128	\$1,059	32,893	31,416	1,708,233	1,664,530
Private Sector								
Mining & Logging	25	22	\$2,058	\$2,208	1,099	376	15,729	14,630
Construction	237	217	\$1,243	\$1,176	5,548	5,245	108,000	104,327
Manufacturing	105	99	\$1,321	\$1,317	2,816	2,761	90,745	88,850
Wholesale & Retail Trade	295	290	\$1,122	\$1,093	5,244	5,163	235,731	235,643
Transp., Warehousing & Utilities	178	171	\$1,087	\$1,014	9,398	9,168	66,045	60,320
Information	15	14	\$1,004	\$892	55	52	59,222	58,738
Financial Activities	124	119	\$986	\$944	1,119	1,220	116,123	114,501
Professional & Business Services	257	234	\$1,109	\$1,054	2,393	2,317	324,033	311,175
Education & Health Services	84	74	\$890	\$832	785	815	214,636	210,717
Leisure & Hospitality	82	80	\$529	\$509	1,288	1,267	195,191	190,577
Other Services	133	129	\$913	\$896	1,041	963	52,824	51,553
Government	12	12	\$939	\$905	2,108	2,069	229,836	223,425

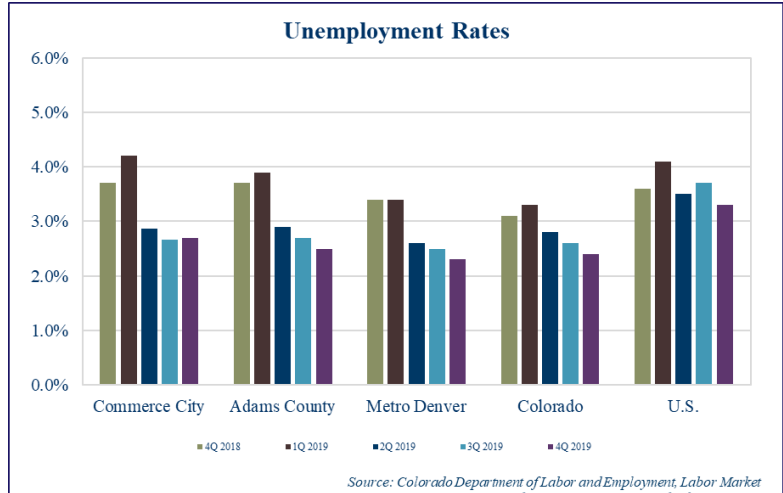
Note: Industry data may not add to all-industry total due to rounding, suppressed data, and employment that cannot be assigned to an industry. Source: Colorado Department of Labor and Employment, Labor Market Information. Quarterly Census of Employment and Wages (QCEW).

Employment in Metro Denver grew at a slower pace than Commerce City, rising 2.6 percent between the third quarters of 2018 and 2019. Eleven of the 12 supersectors in Metro Denver reported increases in employment over-the-year, led by transportation, warehousing, and utilities (+9.5 percent), mining and logging (+7.5 percent), and professional and business services (+4.1 percent). Retail trade reported the only over-the-year decrease, falling 0.9 percent. Professional and business services added the most jobs (+ 12,858 jobs) and reported the largest share of employment throughout Metro Denver, accounting for 19 percent of the total employment.



Labor Force and Unemployment

The unemployment rate in Commerce City fell 1 percentage point to 2.7 percent between the fourth quarters of 2018 and 2019. Adams County reported an unemployment rate of 2.5 percent, down 1.2 percentage points from the same time last year. The labor force in Commerce City rose 1.7 percent, adding 492 people to 29,639 people working or looking for a job. Adams County added 4,110 people to the labor force over-the-year, an increase of 1.5 percent. Metro Denver reported the lowest unemployment rate during 4Q 2019 of 2.3 percent, 1.1 percentage points below the level from the same time last year. The labor force in Metro Denver increased 1.5 percent between the fourth quarters of 2018 and 2019 to 1.85 million workers.



The unemployment rate throughout Colorado fell 0.7 percentage points to 2.4 percent between the fourth quarters of 2018 and 2019, while the labor force rose 2.3 percent in the state. Nationally, the unemployment rate fell 0.3 percentage points to 3.3 percent, while the labor force rose 1 percent during the period.

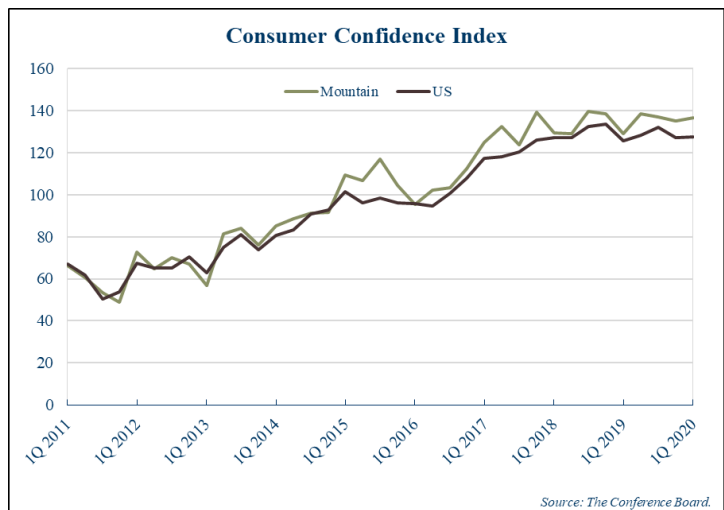
	Labor Force			Unemployment Rate	
	4Q 2019	4Q 2018	Yr/Yr % Change	4Q 2019	4Q 2018
Commerce City	29,639	29,147	1.7%	2.7%	3.7%
Adams County	276,840	272,729	1.5%	2.5%	3.7%
Metro Denver	1,850,164	1,823,254	1.5%	2.3%	3.4%
Colorado	3,179,554	3,106,848	2.3%	2.4%	3.1%
U.S. (000s)	164,323	162,633	1.0%	3.3%	3.6%

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

Consumer Activity

Consumer Confidence

The Conference Board’s National Consumer Confidence Index increased during the first quarter of 2020, rising 1.5 percent over-the-year to 127.7. Over-the-quarter, the national index rose 0.5 percent. The quarterly increase in consumer confidence reflects the monthly average during the first quarter of 2020. In March, consumers were significantly less optimistic about the short-term outlook for business conditions and the labor market due to the increased uncertainty brought on by COVID-19, and the Index is expected to decline in the coming months due to the pandemic.



Colorado is included in the Mountain Region Index and the area reported a 5.7 percent increase in consumer confidence from 1Q 2019 to 1Q 2020, but a 1.8 percent decrease in the index between March 2019 and March 2020. The Present Situations Index fell 1.8 percent over-the-year to 169.9, while the Expectations Index fell 1.6 percent to 96 during the period.

Residential Real Estate

Home Sales

Single-family detached home sales in Commerce City rose by 99 homes between the fourth quarters of 2018 and 2019 to 290 homes sold, an increase of 51.8 percent. All seven counties in Metro Denver reported over-the-year increases in detached home sales. Adams County reported the largest over-the-year increase of 24 percent, or 348 homes, followed by Broomfield County (+15.2 percent) and Douglas County (+12.6 percent). Adams County added the most homes sold during the period, while Broomfield County added the least amount of home sales (31 additional home sales). Sales in Metro Denver increased 13.4 percent to 10,253 homes in 4Q 2019, 1,215 more than the same time last year.

Single-family detached home prices in Commerce City rose 7.1 percent to \$373,784, an increase of \$24,675. All seven counties reported increases in detached prices, with the largest increases reported in Broomfield County (+8.3 percent), Adams County (+6.8 percent), and Denver County (+6 percent). Detached prices in Douglas County increased at the slowest pace, rising 0.4 percent over-the-year or by \$2,220. Boulder County reported the highest average sold price of \$703,749.

Single-family attached home sales in Commerce City rose 23.3 percent between the fourth quarters of 2018 and 2019 to 37 homes sold, representing 7 additional sales over the period. Six of the seven counties reported over-the-year increases in attached home sales, with Broomfield County reporting the only decrease. Boulder County reported the largest increase of 28.5 percent, followed by Arapahoe County (+17.6 percent) and Douglas County (+13.9 percent). Throughout Metro Denver, attached sales rose 12.2 percent or by 361 sales, to 3,312 in the fourth quarter of 2019.

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 2019	290	1,798	2,041	922	235	2,006	1,335	1,916	10,253
4Q 2018	191	1,450	1,859	827	204	1,788	1,186	1,724	9,038
<i>Single-Family Attached</i>									
4Q 2019	37	400	1,064	212	18	793	246	579	3,312
4Q 2018	30	354	905	165	26	754	216	531	2,951
Average Sold Price									
<i>Single-Family Detached</i>									
4Q 2019	\$373,784	\$386,714	\$463,866	\$703,749	\$506,470	\$575,433	\$543,621	\$503,278	\$512,462
4Q 2018	\$349,109	\$362,206	\$454,244	\$675,948	\$467,515	\$542,920	\$541,401	\$481,779	\$494,296
<i>Single-Family Attached</i>									
4Q 2019	\$284,170	\$273,210	\$278,423	\$395,386	\$331,950	\$331,562	\$367,465	\$289,866	\$306,908
4Q 2018	\$275,970	\$272,067	\$265,593	\$396,343	\$327,404	\$346,994	\$335,457	\$274,893	\$301,811

Source: Colorado Comps LLC.

The average price for single-family attached homes in Commerce City rose 3 percent over-the-year to \$284,170, an increase of \$8,200 during the period. Five of the seven counties reported increases in the attached home price. Denver County reported a 4.4 percent decrease in the average price to \$331,562, while Boulder County attached prices fell 0.2 percent to \$395,386. Douglas County reported the largest increase, rising 9.5 percent over-the-year, followed by Jefferson County (+5.4 percent) and Arapahoe County (+4.8 percent). Adams County reported the lowest average price for an attached home of \$273,210. Attached home prices in Metro Denver rose 1.7 percent, or by \$5,098, to \$306,908 in the fourth quarter of 2019.

Apartment Market

The Commerce City/Brighton apartment rental market reported a vacancy rate of 4.8 percent in the fourth quarter of 2019, an increase of 1.4 percentage points from the previous quarter and an increase of 1.1 percentage points from the same time last year. The average rental rate for Commerce City fell 4.1 percent over-the-year to \$1,347 per month. The rental rate fell 2.8 percent compared with the previous quarter, decreasing by \$39 per month. The two-bedroom, one bath apartment market reported the only rise in the rental rate of 6.4 percent over-the-year, while the two-bedroom, two bath market drove the decline, falling by \$159 per month over-the-year.

**Average Apartment Rents and Vacancy
Fourth Quarter 2019**

	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams County	4.8%	\$1,115	\$1,233	\$1,335	\$1,592	\$2,011	-	\$1,400
Commerce City/Brighton	4.8%	-	\$1,188	\$1,423	\$1,438	\$1,669	-	\$1,347
Metro Denver	5.3%	\$1,258	\$1,356	\$1,409	\$1,731	\$2,028	\$1,509	\$1,503

Source: Denver Metro Apartment Vacancy and Rent Survey.

The apartment vacancy rate in Metro Denver fell 0.5 percentage points to 5.3 percent between the fourth quarters of 2018 and 2019. Vacancy rose 0.6 percentage points over-the-quarter from 4.7 percent. The average rental rate was \$1,503 per month in the fourth quarter of 2019, up 3.2 percent from the same time last year and down 0.2 percent compared with the prior quarter. Adams County reported a vacancy rate of 4.8 percent, 0.2 percentage points below the level in 4Q 2018, while the average lease rate rose 1.2 percent over-the-year to \$1,400 per month.

Foreclosures

Foreclosure filings rose across Metro Denver between the fourth quarters of 2018 and 2019, rising by 29 filings to 707, a 4.3 percent increase. Four of the seven counties in Metro Denver reported increases in filings, with the largest rises reported in Boulder County (+37 percent), Denver County (+14.2 percent), and Jefferson County (+12 percent). Douglas County reported the largest over-the-year decrease, falling 20 percent, while Arapahoe County foreclosure filings fell 4.7 percent. Adams County reported the most foreclosure filings in the fourth quarter of 2019 at 179, rising by 7 filings compared with the same time last year.

Residential Construction

The number of residential units permitted in Commerce City rose 33.8 percent between the first quarters of 2019 and 2020, rising from 130 permits to 174 total permits. Single-family detached permits rose by 49 permits, the largest increase and a rise of 47.6 percent, while the average valuation of a detached home fell 0.7 percent to \$302,659. Attached permits fell by 5 over-the-year, while the average price rose 20.6, or by \$34,808 during the period. There were no multi-family units recorded in either of the first quarters of 2019 and 2020.

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	
1Q 2020	152	\$302,659	22	\$203,596	0	0	\$0	174
1Q 2019	103	\$304,785	27	\$168,788	0	0	\$0	130
Yr/Yr % Change	47.6%	-0.7%	-18.5%	20.6%	-	-	-	33.8%

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

According to the U.S. Census Bureau, residential building permits in Metro Denver fell 6.5 percent between the fourth quarters of 2018 and 2019, totaling 6,263 permits compared with 6,698 permits the prior year. Multi-family building permits accounted for 56 percent of permits across Metro Denver and fell 10 percent over-the-year to 3,507 permits. This represents 388 fewer multi-family units permitted during the period. Single-family detached permits decreased 1.3 percent over-the-year, falling by 36 permits to a total of 2,716 during the period. Single-family attached units fell 21.6 percent, or by 11 permits, to 40 total permits in the fourth quarter of 2019.

Commercial Real Estate

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

Office Market

There was 542,788 square feet of office space in Commerce City in the first quarter of 2020, the same amount as last year. The office vacancy rate increased 2.7 percentage points over-the-year to 6.8 percent vacancy. The average lease rate fell 18.9 percent to \$20.92 per square foot, \$4.87 lower than the same time last year.

The office market in Metro Denver added over 940,000 square feet of space between the first quarters of 2019 and 2020, a 0.5 percent increase during the period. The office vacancy rate rose 0.1 percentage points to 9.1 percent in 1Q 2020, while the average lease rate increased 3 percent to \$27.77 per square foot.

Retail Market

The retail market in Commerce City added 23,800 square feet of space between the first quarters of 2019 and 2020, representing a 1.5 percent increase. Vacancy in the retail market fell 1.1 percentage points over-the-year to 1.8 percent vacancy. The average lease rate decreased 3.5 percent, or by \$0.60, to \$16.69 per square foot.

The Metro Denver retail market added 942,503 square feet of rentable space between 1Q 2019 and 1Q 2020. The vacancy rate in the retail market rose 0.4 percentage points to 4.5 percent during the period, while the average lease rate fell 3.6 percent to \$18.26 per square foot.

Flex Market

Commerce City reported a total of 267,906 square feet of flex space in the first quarter of 2020, unchanged from the same time last year. Vacancy has remained at 0 percent since the second quarter of 2018. No average lease rate was reported.

The flex market in Metro Denver recorded over 47.4 million square feet of rentable space in 1Q 2020, 1.2 percent higher than the same time last year. The vacancy rate fell 0.1 percentage points to 5.8 percent vacancy. The flex lease rate in Metro Denver rose 5.8 percent over-the-year to \$12.69 per square foot.

Industrial Market

Warehouse distribution represented 78.2 percent of Commerce City's industrial rentable space, totaling over 8.5 million square feet. Warehouse distribution in Commerce City represented 5 percent of all warehouse space in Metro Denver. Warehouse vacancy was 3.9 percent in the first quarter of 2020, up 0.5 percentage points from the same time last year. The average lease rate rose 7.8 percent over-the-year to \$9.68 per square foot in Commerce City. There was 20,046 square feet added to the market between the first quarters of 2019 and 2020.

There was nearly 2.4 million square feet of all other industrial space in Commerce City in 1Q 2020, the same amount as the same time last year. Vacancy rose 0.1 percentage points over-the-year to 2.9 percent, while the average lease rate increased 32 percent over-the-year, or \$3.15, to \$13.00 per square foot as some previously subleased space became directly occupied.

Warehouse distribution space in Metro Denver accounted for 76.2 percent of total industrial space during the first quarter of 2020. Over 1.7 million square feet of warehouse distribution space was added between the first quarters of 2019 and 2020, a 1 percent increase during the period. The vacancy rate for warehouse space fell 0.3 percentage points over-the-year to 5.1 percent. The average lease rate rose 4.9 percent, or \$0.39, to \$8.41 per square foot during the period. There was 814,699 square feet of all other industrial space added to Metro Denver between the first quarters of 2019 and 2020, a 1.6 percent increase. Vacancy increased 0.8 percentage points to 3.5 percent, while the average lease rate rose 1.5 percent to \$8.12 per square foot.

Commercial Vacancy and Lease Rates by Property Type

		Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		1Q 2020	1Q 2019	1Q 2020	1Q 2019	1Q 2020	1Q 2019
<i>Office</i>	Commerce City	542,788	542,788	6.8%	4.1%	\$20.92	\$25.79
	Metro Denver	195,662,962	194,720,083	9.1%	9.0%	\$27.77	\$26.95
<i>Retail</i>	Commerce City	1,588,025	1,564,225	1.8%	2.9%	\$16.69	\$17.29
	Metro Denver	171,159,831	170,217,328	4.5%	4.1%	\$18.26	\$18.94
<i>Flex</i>	Commerce City	267,906	267,906	0.0%	0.0%	-	-
	Metro Denver	47,423,044	46,875,961	5.8%	5.9%	\$12.69	\$11.99
<i>Industrial</i>	Commerce City						
	Warehouse Distribution	8,556,252	8,536,206	3.9%	3.4%	\$9.68	\$8.98
	All Other Industrial	2,382,340	2,382,340	2.9%	2.8%	\$13.00	\$9.85
	Metro Denver						
Warehouse Distribution	170,954,842	169,231,941	5.1%	5.4%	\$8.41	\$8.02	
All Other Industrial	53,293,552	52,478,853	3.5%	2.7%	\$8.12	\$8.00	

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

There were three nonresidential expansion projects permitted during the first quarter of 2020 that will add 9,020 square feet of industrial space. McKinney Trailer Rentals is adding 6,400 square feet of space valued at \$942,170, the largest project permitted during the first three months of 2020.

Commerce City Commercial Building Permits Issued, 1Q 2020		
Project Description	Valuation	Total Square Feet
Elite Roll-Off Services addition	\$126,000	1,000
McKinney Trailer Rentals addition	\$942,170	6,400
Airgas Inc. truck dock expansion	\$312,000	1,620

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

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