



Economic Activity Report

October 2019





Commerce City Quarterly Report

Quarterly Economic Summary

October 2019

<p>Employment</p>	<p>32,123 Up 4.4% from 1Q 2018</p>	
<p>Average Weekly Wage</p>	<p>\$1,096 Up 4.4% from 1Q 2018</p>	
<p>Labor Force Growth Rate</p>	<p>1.5% Up 1.5 percentage points from 2Q 2018</p>	
<p>Unemployment Rate</p>	<p>2.9% Down 0.3 percentage points from 2Q 2018</p>	
<p>Existing Home Sales</p>	<p>361 Up 23.6 percent from 2Q 2018</p>	
<p>Single-Family Detached Average Price Single-Family Attached Average Price</p>	<p>\$372,028 Up 5.3% from 2Q 2018 \$269,251 Down 2.3% from 2Q 2018</p>	
<p>Apartment Vacancy Rate Apartment Average Lease Rate</p>	<p>4.0% Up 0.5 percentage points from 2Q 2018 \$1,446 Up 2.6% from 2Q 2018</p>	
<p>Office Vacancy Retail Vacancy Warehouse Vacancy All Other Industrial Vacancy</p>	<p>2.3% 2.9% 3.2% 2.2%</p>	

Commerce City Economic Headlines

- ◆ Brennan Investment Group started construction on a nearly 1-million-square-foot industrial project, called Colorado Logistics Park, that is expected to include five buildings on 61 acres in Commerce City. The first phase of construction will include three buildings totaling 558,000 square feet, with the second phase consisting of 396,311 square feet.
- ◆ RTD announced the new N-Line commuter train that will serve Thornton, Commerce City, and Northglenn will be delayed further until May or August 2020. The line was originally supposed to open in 2018. The 18.5-mile rail line will be part of RTD's FasTracks, the multibillion-dollar transit expansion plan for Metro Denver and will be operated by RTD itself rather than contracted out to Denver Transit Partners which currently runs the A, B, and G lines.
- ◆ Adams County approved stricter regulations for oil and gas companies in the county, following a new state law signed in April by Governor Jared Polis that allowed local governments to regulate oil and gas activity within their borders. The new rules include doubling the state-mandated distance between new wells and homes, as well as requiring companies to submit an "alternative site analysis" to the county so they can evaluate drilling locations for impact to public health and safety before a final site is approved. The decision, which passed 5-0, also included concessions for oil and gas production including dropping regulations requiring certain worker training standards.
- ◆ According to Thumbtack, a San Francisco-based company, Denver ranked No. 6 in the company's "2019 Small Business Friendliness Survey". The report surveyed over 5,000 small business owners, asking questions such as licensing requirements, tax regulations, and labor and hiring regulations. Denver received an "A" mark, with high ratings for employment, labor and hiring, government websites, ease of hiring, and training and networking programs. In 2018, Denver earned a C- ranking, with an F for government websites. Overall, the state of Colorado received an A- score, up from a C- overall in 2018.
- ◆ According to CBRE's annual "Scoring Tech Talent" report, Denver ranked No. 8 for best market for tech talent, moving up two spots from last year. The report analyzed 13 metrics including tech talent supply, growth, concentration, cost, completed tech degrees, industry outlook for job growth, and market outlook for both office and apartment rental growth. Greater Denver had the 13th-largest tech talent market and the fifth-highest market for educational attainment.
- ◆ According to the Urban Land Institute's "Emerging Trends in Real Estate" report, Denver ranked No. 17 for overall real estate prospects. The report surveyed respondents and asked them questions about national and local real estate prospects, how investors are allocating their transactions, and how the flow of people shape the area. Denver ranked No. 8 last year, falling 11 spots this year. The report noted Denver had a strong growth trajectory combined with a good size but had hurdles to overcome such as rising costs in residential real estate and construction.
- ◆ According to HSH.com's "Home Price Recovery Index", Metro Denver ranked first for areas that have recovered the most from the previous peak of housing prices. The report uses the Federal Housing Finance Agency's (FHFA) Home Price Index to determine which housing markets have recovered using peak values reached before and after the recession. Metro Denver home prices were 91 percent higher compared with the previous peak before the recession, the largest movement in housing prices.

- ◆ According to CNBC’s “America’s Top States for Business” study, Colorado ranked No. 9. The study ranked all states for business competitiveness using more than 60 metrics across 10 categories, including Workforce, Economy, Quality of Life, and Cost of Doing Business. Colorado achieved 1,486 out of 2,500 points. Top qualifications for the ranking included Colorado’s economic growth in 2018 (+3.5 percent), low unemployment (3.2 percent), and the state ranking No. 7 in both Quality of Life and Technology & Innovation. Worst categories for the state included Cost of Doing Business (No. 37), Infrastructure (No. 35), and Cost of Living (No. 34). Virginia, Texas, and North Carolina placed first, second, and third, respectively.

Employment

The number of businesses throughout Commerce City rose 0.9 percent between the first quarters of 2018 and 2019 with a net gain of 13 businesses. Seven of the 12 supersectors reported over-the-year increases in the number of businesses, with the largest increases in mining and logging (+25 percent), education and health services (+8.3 percent), and construction (+6.9 percent). Construction reported the largest absolute increase, adding 15 business during the period. Leisure and hospitality reported the largest decrease of 6.3 percent, or 5 businesses, followed by professional and business services (-3.4 percent) and other services (-3.1 percent). The government supersector reported no change over the period.

Ten of the 12 supersectors reported over-the-year increases in the average weekly wage, lead by the information supersector which reported an increase of 21.7 percent, or \$330 per week, which was also the largest absolute increase. Leisure and hospitality increased 12.2 percent and wholesale and retail trade increased 5.5 percent. The manufacturing supersector reported the largest decrease, falling 0.8 percent, followed by government which fell 0.2 percent. Mining and logging reported the highest average weekly wage at \$1,919, but only increased 0.3 percent over-the-year. Leisure and hospitality reported the lowest average weekly wage at \$542.

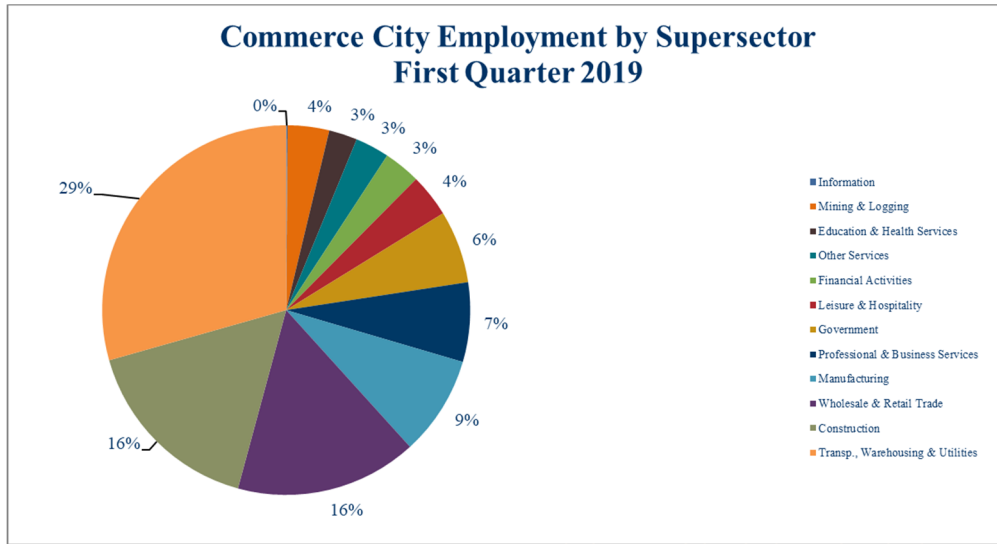
Employment in Commerce City rose 4.4 percent between the first quarters of 2018 and 2019, adding 1,350 employees during the period. Seven of the 12 supersectors reported over-the-year increases in employment. The mining and logging supersector reported an increase of 155.2 percent, adding 712 jobs. The government supersector reported an increase of 7.5 percent, adding 142 employees, followed by construction with an additional 234 employees, an increase of 4.7 percent. The information supersector fell 6.5 percent, followed by financial activities (-5.4 percent) and education and health services (-3.7 percent).

Business and Employment Indicators by Supersector

	Commerce City						Metro Denver	
	Quarterly Business Count		Average Weekly Wage		Quarterly Employment Level		Quarterly Employment Level	
	1Q 2019	1Q 2018	1Q 2019	1Q 2018	1Q 2019	1Q 2018	1Q 2019	1Q 2018
Total All Industries	1,472	1,459	\$1,096	\$1,050	32,123	30,773	1,653,022	1,618,236
Private Sector								
Mining & Logging	25	20	\$1,919	\$1,913	1,171	459	14,791	13,592
Construction	231	216	\$1,115	\$1,068	5,265	5,031	100,897	98,750
Manufacturing	101	100	\$1,481	\$1,493	2,802	2,741	89,337	87,572
Wholesale & Retail Trade	290	294	\$1,160	\$1,099	5,131	5,051	234,142	232,844
Transp., Warehousing & Utilities	171	168	\$985	\$977	9,438	9,221	63,476	58,670
Information	16	15	\$1,853	\$1,523	39	41	58,649	57,230
Financial Activities	121	118	\$1,019	\$1,004	1,036	1,096	114,214	112,344
Professional & Business Services	227	235	\$1,101	\$1,048	2,232	2,255	306,687	297,137
Education & Health Services	78	72	\$863	\$835	801	831	212,228	208,209
Leisure & Hospitality	75	80	\$542	\$483	1,209	1,223	179,739	177,643
Other Services	125	129	\$930	\$915	959	927	50,312	49,719
Government	12	12	\$913	\$915	2,040	1,898	228,417	224,441

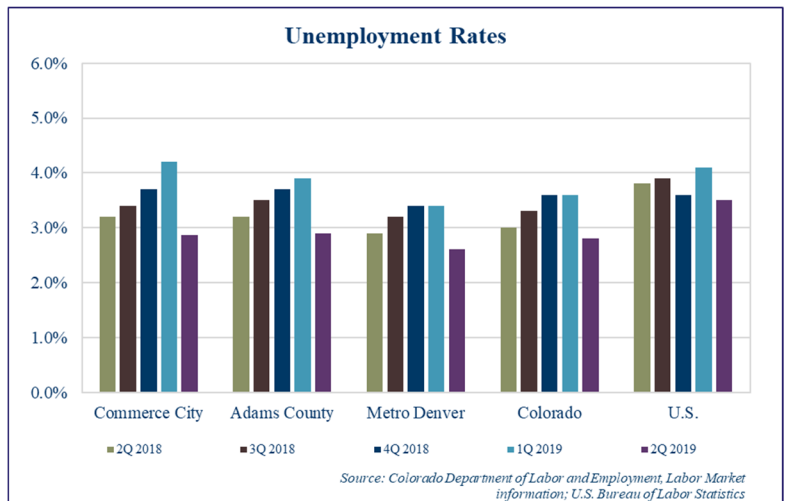
*Note: Industry data may not add to all-industry total due to rounding, suppressed data, and employment that cannot be assigned to an industry.
Source: Colorado Department of Labor and Employment, Labor Market Information. Quarterly Census of Employment and Wages (QCEW).*

Metro Denver recorded lower growth in employment than Commerce City, rising 2.1 percent and adding 34,786 jobs across all supersectors. All 12 supersectors in Metro Denver reported increases in employment over-the-year. Mining and logging reported the largest over-the-year increase, rising 8.8 percent and adding 1,199 jobs, followed by transportation, warehousing, and utilities (+8.2 percent, 4,806 jobs) and professional and business services (+3.2 percent, 9,550 jobs). Professional and business services reported the largest share of employment throughout Metro Denver, accounting for 18.6 percent of the total employment across all supersectors.



Labor Force and Unemployment

The unemployment rate in Commerce City fell 0.3 percentage points to 2.9 percent between the second quarters of 2018 and 2019. Adams County reported the same unemployment rate of 2.9 percent, with the same over-the-year decrease. Commerce City’s labor force grew 1.5 percent over-the-year to 29,229 individuals employed or looking for a job. Adams County reported a growth of 1.6 percent, adding 4,194 people to the labor force. Of the seven Metro Denver counties, Adams County recorded the highest unemployment rate during the second quarter, 0.2 percentage points above Arapahoe County and Denver County.



Colorado reported a 2 percent increase in the labor force between the second quarters of 2018 and 2019. The unemployment rate fell 0.2 percentage points in the state to 2.8 percent. Nationally, unemployment fell 0.3 percentage points to 3.5 percent, while the national labor force grew 0.5 percent over-the-year.

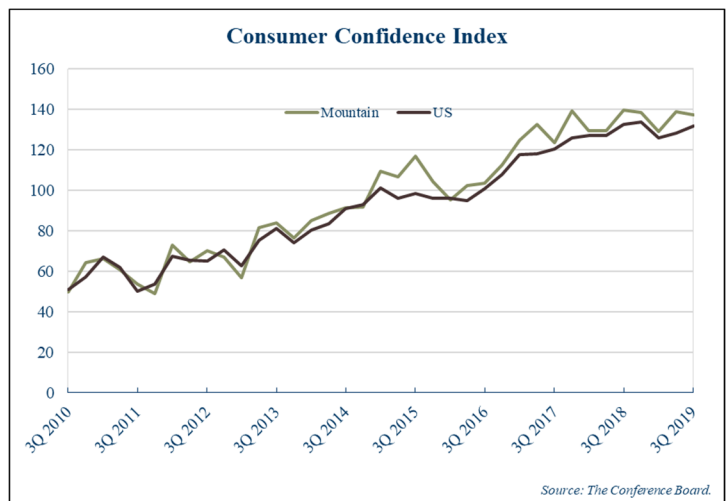
	Labor Force			Unemployment Rate	
	2Q 2019	2Q 2018	Yr/Yr % Change	2Q 2019	2Q 2018
Commerce City	29,229	28,786	1.5%	2.9%	3.2%
Adams County	273,388	269,195	1.6%	2.9%	3.2%
Metro Denver	1,831,829	1,800,767	1.7%	2.6%	2.9%
Colorado	3,144,419	3,082,764	2.0%	2.8%	3.0%
U.S. (000s)	162,957	162,107	0.5%	3.5%	3.8%

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 decreased during the third quarter of 2019, falling by 0.7 percent over-the-year to 131.7. Between the second and third quarter of 2019, the national index rose 2.7 percent. According to analysts, the escalation in trade and tariff tensions appeared to have rattled consumers in late August, although strong labor market conditions have continued to drive consumer spending amidst uncertainty.



Source: The Conference Board.

Colorado is included in the Mountain Region Index and the area reported a decrease of 1 percent between the second and third quarter of 2019. The Mountain Index also reported a 1.8 percent decrease over-the-year.

Residential Real Estate

Home Sales

Single-family detached home sales in Commerce City increased by 82 homes between the second quarters of 2018 and 2019 to 322 total homes sold, an increase of 34.2 percent. Three of the seven counties in Metro Denver reported an over-the-year increase in home sales: Adams County (+17.2 percent), Broomfield County (+15.7 percent), and Arapahoe County (+10.8 percent). Denver County reported the largest over-the-year decrease, falling by 4.7 percent, followed by Douglas County (-4.2 percent) and Jefferson County (-3.6 percent). Metro Denver reported a 2.4 percent increase over-the-year to 12,320 homes sold, representing an additional 288 homes during the period.

Single-family detached home prices in Commerce City rose 5.3 percent over-the-year to \$372,028, an increase of \$18,763. Douglas County reported the only decrease in home price, falling 0.7 percent to \$572,810. Denver County reported the largest increase, rising by 4.7 percent, followed by Adams County (+4.2 percent) and Broomfield County (+2.9 percent). Boulder recorded the highest average sold price at \$708,714.

Sales of single-family attached homes in Commerce City decreased by 13 homes between the second quarters of 2018 and 2019, a decrease of 25 percent. Two of the seven counties in Metro Denver reported an over-the-year increase in attached home sales: Arapahoe County (+9.7 percent) and Jefferson County (+2.6 percent). Broomfield reported the largest decrease, falling by 28.1 percent, followed by Douglas County (-10.2 percent) and Denver County (-8.4 percent). Across Metro Denver, home sales decreased 0.7 percent, or 27 fewer homes sold, to 3,992 between the second quarters of 2018 and 2019.

The average price for single-family attached homes in Commerce City fell 2.3 percent, or by \$6,222, to an average sales price of \$269,251. Attached home prices rose in six of the seven counties in Metro Denver, with the largest increases reported in Arapahoe County (+13.5 percent), Boulder County (+11.2 percent), and Broomfield County (+6.4 percent). Denver County reported the only decrease in sales price during the period, falling by 4.8 percent to a sales price of \$341,192. Across Metro Denver, single-family attached sales prices increased 3.6 percent to \$314,539. Boulder County reported the highest sales price during the period at \$430,355.

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 2019	322	2,010	2,496	1,185	294	2,442	1,702	2,191	12,320
2Q 2018	240	1,715	2,253	1,198	254	2,562	1,776	2,274	12,032
<i>Single-Family Attached</i>									
2Q 2019	39	470	1,201	278	23	1,022	281	717	3,992
2Q 2018	52	481	1,095	283	32	1,116	313	699	4,019
Average Sold Price									
<i>Single-Family Detached</i>									
2Q 2019	\$372,028	\$385,276	\$488,723	\$708,714	\$510,147	\$603,972	\$572,810	\$517,323	\$533,063
2Q 2018	\$353,264	\$369,713	\$477,920	\$698,549	\$495,569	\$577,102	\$576,882	\$505,475	\$525,771
<i>Single-Family Attached</i>									
2Q 2019	\$269,251	\$272,681	\$287,875	\$430,355	\$349,922	\$341,192	\$345,663	\$290,409	\$314,539
2Q 2018	\$275,473	\$256,491	\$253,549	\$387,096	\$328,828	\$358,485	\$342,898	\$274,006	\$303,560

Source: Colorado Comps LLC.

Apartment Market

The Commerce City/Brighton apartment rental market reported a vacancy rate of 4 percent in the second quarter of 2019, a 1.1 percentage point increase from the previous quarter and 0.5 percentage points above the rate in the second quarter of 2018. The average rental rate for Commerce City increased 2.6 percent over-the-year to \$1,446 per month. The rental rate rose 1.8 percent compared with the previous quarter, increasing by \$25.94 per month. The over-the-quarter increase was largely driven by the 1 Bed apartment market which increased 3.8 percent over-the-quarter.

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

	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams County	3.9%	\$1,182	\$1,243	\$1,362	\$1,615	\$1,975	\$1,613	\$1,404
Commerce City/Brighton	4.0%	-	\$1,284	\$1,443	\$1,551	\$1,822	-	\$1,446
Metro Denver	5.0%	\$1,301	\$1,366	\$1,417	\$1,780	\$2,010	\$1,417	\$1,520

Source: Denver Metro Apartment Vacancy and Rent Survey.

The apartment market in Metro Denver reported a fall in the vacancy rate of 1 percentage point to 5 percent vacancy between the second quarters of 2018 and 2019. Over-the-quarter, vacancy fell 0.4 percentage points from 5.4 percent. The average rental rate increased 2.4 percent, or by \$35.78 over-the-year, to \$1,520 per month. Adams County reported a vacancy rate of 3.9 percent in 2Q 2019, 0.5 percentage points below the rate in 2Q 2018 and 0.9 percentage points below the rate in the previous quarter. The average lease rate increased 1.2 percent over-the-year to \$1,404 per month.

Foreclosures

Foreclosure filings rose across Metro Denver between the second quarters of 2018 and 2019, rising by 31 filings to 665, an increase of 4.9 percent. Foreclosure filings fell from the previous quarter by 66, or 9 percent. Five of the seven counties in Metro Denver reported an over-the-year increase in filings, with the largest increases in Douglas County (+23.2 percent), Adams County (+21 percent), and Boulder County (+19.4 percent). Jefferson County reported the largest decrease in filings over-the-year, falling by 19 filings, or 15.6 percent, while Denver County fell by 4 filings, or 3 percent, during the period. Arapahoe County reported the most modest increase in filings, rising by 5.6 percent over-the-year to 170 total filings, the largest number of filings across Metro Denver.

Residential Construction

The number of residential units permitted in Commerce City increased 19.6 percent between the third quarters of 2018 and 2019, rising from 158 permits to 189 total permits. Single-family detached permits rose 41.5 percent over-the-year, rising by 54 units. The average valuation per unit increased 7.8 percent over the period, rising to \$306,272. Single-family attached units decreased from 28 permits in 3Q 2018 to 5 in 3Q 2019. The average valuation increased 7.5 percent, rising to \$196,052. No multi-family units were reported in the third quarters of 2018 and 2019.

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 2019	184	\$306,272	5	\$196,052	0	0	\$0	189
3Q 2018	130	\$284,108	28	\$182,309	0	0	\$0	158
Yr/Yr % Change	41.5%	7.8%	-82.1%	7.5%	-	-	-	19.6%

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

According to the U.S. Census Bureau, Metro Denver residential building permits rose 3.6 percent between the second quarters of 2018 and 2019, totaling 5,036 permits compared with 4,859 the prior year. Multi-family building permits accounted for 38 percent of permits across Metro Denver and had the largest increase over-the-year, rising by 58.7 percent, or by 702 additional permits. Single-family detached units fell 12.9 percent over-the-year, a fall of 456 permits, the largest absolute decrease. Single-family attached units fell 59.5 percent, falling by 69 permits from the same time last year. While multi-family units accounted for all of the over-the-year increase in Metro Denver, multi-family permits fell 15.3 percent compared with the previous quarter, while single-family detached permits rose 31.4 percent over-the-quarter.

Commercial Real Estate

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

Office Market

Commerce City's office market reported no change in existing square footage over-the-year, totaling 531,458 existing square feet. The vacancy rate for the office market declined sharply over-the-year, falling 11.8 percentage points to 2.3 percent vacancy in the third quarter of 2019. The average lease rate reported a decline of 7.1 percent over-the-year, falling by \$1.59 to \$20.85 per square foot.

The office market in Metro Denver added nearly 2.7 million square feet of rentable space between the third quarters of 2018 and 2019, a 1.4 percent increase over-the-year. The vacancy rate in Metro Denver fell 0.4 percentage points to 9.1 percent, while the average lease rate rose 1.8 percent to \$27.09 per square foot during the period.

Retail Market

The Commerce City retail market added 2,970 square feet of rentable space between the third quarters of 2018 and 2019. Vacancy in the retail market remained constant at 2.9 percent in the third quarter. The average lease rate increased 11 percent, or by \$1.72, over-the-year to \$17.35 per square foot.

The Metro Denver retail market added over 813,000 square feet of rentable space between the third quarters of 2018 and 2019. The vacancy rate in the retail market increased 0.3 percentage points to 4.4 percent and the average lease rate fell 2.4 percent to \$18.52 per square foot during the period.

Flex Market

The flex market in Commerce City remained constant at 267,906 square feet of rentable space during the third quarter of 2019, consistent with the previous quarters. The flex market vacancy rate also remained constant at 0 percent vacancy, the fifth-consecutive quarter of 0 vacancy in the market.

The flex market for Metro Denver recorded around 47 million square feet of rentable space. The vacancy rate in the third quarter of 2019 decreased 0.3 percentage points from the same time last year, falling to 5.4 percent vacancy. The average lease rate rose 5.3 percent to \$12.69 per square foot during the period.

Industrial Market

Warehouse distribution represented 77.6 percent of Commerce City's industrial rentable space, totaling over 8.3 million square feet. Warehouse distribution in Commerce City represented 4.9 percent of all warehouse space in Metro Denver. The warehouse vacancy rate increased 1.8 percentage points over-the-year to 3.2 percent, while the average lease rate for warehouse distribution increased 7.2 percent to \$9.89 per square foot. An additional 560,977 square feet of rentable space was added between the third quarters of 2018 and 2019.

All other industrial space reported no additional square footage added over-the-year. The vacancy rate for all other industrial space increased 0.5 percentage points to 2.2 percent vacancy, while the average lease rate increased 5.7 percent, or by \$0.58, to \$10.69 per square foot during the period.

Warehouse distribution space in Metro Denver accounted for 76.1 percent of total industrial space during the third quarter of 2019. Warehouse distribution added over 5.8 million square feet of rentable space between the third quarters of 2018 and 2019, an increase of 3.5 percent over-the-year. Vacancy in Metro Denver increased 1 percentage point to 5.2 percent vacancy, while the average lease rate increased 8.3 percent to \$8.38 per square foot over-the-year. There was 779,239 square feet of all other industrial space added to Metro Denver between the third quarters of 2018 and 2019, an increase of 1.5 percent. The vacancy rate for all other industrial space in

Metro Denver increased 0.6 percentage points to 4.1 percent vacancy over-the-year, while the average lease rate increased 1.4 percent to \$8.16 per square foot during the period.

Commercial Vacancy and Lease Rates by Property Type

		Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		3Q 2019	3Q 2018	3Q 2019	3Q 2018	3Q 2019	3Q 2018
<i>Office</i>	Commerce City	531,458	531,458	2.3%	14.1%	\$20.85	\$22.44
	Metro Denver	194,375,431	191,705,602	9.1%	9.5%	\$27.09	\$26.60
<i>Retail</i>	Commerce City	1,548,742	1,545,772	2.9%	2.9%	\$17.35	\$15.63
	Metro Denver	169,729,819	168,916,225	4.4%	4.1%	\$18.52	\$18.97
<i>Flex</i>	Commerce City	267,906	267,906	0.0%	0.0%	-	-
	Metro Denver	46,998,807	46,570,005	5.4%	5.7%	\$12.69	\$12.05
<i>Industrial</i>	Commerce City						
	Warehouse Distribution	8,323,458	7,762,481	3.2%	1.4%	\$9.89	\$9.23
	All Other Industrial	2,399,835	2,399,835	2.2%	1.7%	\$10.69	\$10.11
	Metro Denver						
	Warehouse Distribution	170,189,159	164,362,284	5.2%	4.2%	\$8.38	\$7.74
	All Other Industrial	53,494,060	52,714,821	4.1%	3.5%	\$8.16	\$8.05

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 38,736 square feet of space were issued in Commerce City during the third quarter of 2019. The nonresidential building permits issued during the period were valued at over \$10.6 million.

Commerce City Commercial Building Permits Issued, 3Q 2019		
Project Description	Valuation	Total Square Feet
Turnberry Marketplace Auto Body repair shop	\$1,200,000	15,644
Metro Wastewater Reclamation District new operation	\$8,400,000	19,820
Dutch Brother's Coffee	\$285,000	824
Wendy's	\$750,000	2,448

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

The highest valued project permitted was a Metro Wastewater Reclamation District operation, valued at \$8.4 million and adding an additional 19,820 square feet of space at 5950 York St.

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