



Economic Activity Report

January 2020





Commerce City Quarterly Report
Quarterly Economic Summary

January 2020

<p>Employment</p>	<p>32,126 Up 3.3% from 2Q 2018</p>	
<p>Average Weekly Wage</p>	<p>\$1,109 Up 6.2% from 2Q 2018</p>	
<p>Labor Force Growth Rate</p>	<p>1.7% Down 1.2 percentage points from 3Q 2018</p>	
<p>Unemployment Rate</p>	<p>2.7% Down 0.7 percentage points from 3Q 2018</p>	
<p>Existing Home Sales</p>	<p>428 Up 37.2 percent from 3Q 2018</p>	
<p>Single-Family Detached Average Price Single-Family Attached Average Price</p>	<p>\$376,138 Up 10.2% from 3Q 2018 \$276,445 Up 3.2% from 3Q 2018</p>	
<p>Apartment Vacancy Rate Apartment Average Lease Rate</p>	<p>3.4% Up 0.6 percentage points from 3Q 2018 \$1,386 Down 0.5% from 3Q 2018</p>	
<p>Office Vacancy Retail Vacancy Warehouse Vacancy All Other Industrial Vacancy</p>	<p>2.8% 1.5% 3.9% 2.2%</p>	

Commerce City Economic Headlines

- ◆ TRI Pointe Homes plans to build 451 homes across five communities throughout Metro Denver, including 50 homes at Reunion in Commerce City. Pre-sales are slated to begin for the 1,800 to 2,600-square-foot homes in Summer 2020. Tri-Pointe is the seventh-largest homebuilder in Metro Denver.
- ◆ According to Embroker, a digital insurance company, Denver ranked first for metro areas with the lowest startup costs. The study analyzed the 50 largest metropolitan areas for job growth, yearly median rent, energy cost, median base salary, state filing fees, and marginal corporate income tax. Denver's yearly median salary of \$61,325 outpaces the national average, and the metro area ranked the highest for being a second office location due to the lowest median office rent for startups across all 50 MSAs.
- ◆ Denver ranked No. 10 for the top cities with tech growth, according to CBRE's 2019 Tech-30 report. Denver had a growth rate of 13.8 percent from 2017 to 2018 in high-tech software/services jobs, adding roughly 8,544 employees during the period. Of the new office jobs created over-the-year, 42.2 percent were new high-tech jobs. Tech leasing activity in Metro Denver exceeded 2 million square feet in 2018, up 54 percent year-over-year, and flex office space supply totaled 2.8 million square feet with 65 percent of it in the Downtown and adjacent River North submarkets.
- ◆ Colorado ranked No. 2 in "The Best and Worst States to Live In" by 24/7 Wall Street. Colorado ranked No. 7 for 10-year population increase, No. 7 for lowest poverty rate, No. 7 for longest life expectancy (80.5 years), and No. 15 for lowest unemployment in 2018. The report factored in three measures: life expectancy at birth, bachelor's degree attainment, and poverty, to create an index using the Human Development Index (HDI) model.
- ◆ *Forbes* ranked Colorado ninth for the best states for business in their 2019 ranking. The study looked at business costs, labor supply, regulatory environment, economic climate, and growth prospects to determine the ranking. Colorado's top rankings were first for labor supply, second for economic climate, and fourth for growth prospects. The state's lowest ranking was 39th for business costs.

Employment

The number of businesses throughout Commerce City rose by 1 between the second quarters of 2018 and 2019, an increase of 0.1 percent. Six of the 12 supersectors reported over-the-year increases in the number of businesses, with the largest increases in mining and logging (+20 percent), information (+7.1 percent), and education and health services (+5.3 percent). The construction supersector added the most businesses over-the-year with 5 additional companies. Leisure and hospitality reported the largest decrease, falling by 7 companies, or 8.8 percent, during the period. Professional and business services fell by 6 companies, or 2.5 percent, followed by other services which fell by 2 companies, or 1.6 percent, over-the-year. The government supersector reported no change over the period.

Ten of the 12 supersectors reported over-the-year increases in the average weekly wage, led by the information supersector which reported an increase of 10 percent, or \$117 per week. Mining and logging had the second largest increase of 8 percent and the highest absolute growth, rising by \$160 per week between the second quarters of 2018 and 2019. The financial activities supersector reported the largest decrease, falling 2.9 percent to \$999 per week, followed by manufacturing that fell 1.5 percent, or \$19 per week. Leisure and hospitality reported the lowest weekly wage of \$569 per week, while mining and logging reported the largest weekly wage of \$2,147 during the second quarter of 2019.

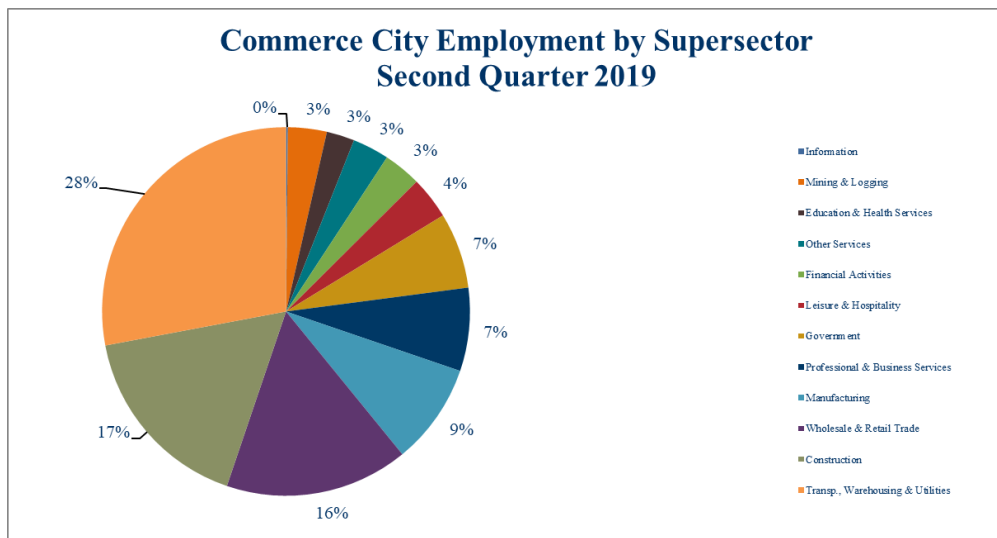
Employment in Commerce City rose 3.3 percent between the second quarters of 2018 and 2019, adding 1,039 employees during the period. Eight of the 12 supersectors reported over-the-year increases in employment. Mining and logging reported an increase of 169.8 percent, adding 690 jobs, due to the addition of Liberty Oilfield Services as a new Commerce City employer. Other services reported an increase of 8.3 percent over-the-year, followed by manufacturing (+4.8 percent) and government (+4.6 percent). Financial activities reported the largest percentage and absolute decreases, falling 10.9 percent, or by 130 employees, followed by leisure and hospitality (-7.5 percent) and information (-6.2 percent).

Business and Employment Indicators by Supersector

	Commerce City						Metro Denver	
	Quarterly Business Count		Average Weekly Wage		Quarterly Employment Level		Quarterly Employment Level	
	2Q 2019	2Q 2018	2Q 2019	2Q 2018	2Q 2019	2Q 2018	2Q 2019	2Q 2018
Total All Industries	1,460	1,459	\$1,109	\$1,045	32,126	31,086	1,691,333	1,653,503
Private Sector								
Mining & Logging	24	20	\$2,147	\$1,987	1,097	407	15,423	14,139
Construction	222	217	\$1,172	\$1,122	5,407	5,321	105,388	102,677
Manufacturing	100	98	\$1,258	\$1,277	2,852	2,722	90,041	88,578
Wholesale & Retail Trade	290	291	\$1,132	\$1,114	5,175	5,072	234,314	234,178
Transp., Warehousing & Utilities	166	168	\$1,044	\$985	8,981	8,968	63,628	58,831
Information	15	14	\$1,288	\$1,171	51	54	59,133	58,494
Financial Activities	121	118	\$999	\$1,029	1,065	1,195	115,153	113,979
Professional & Business Services	233	239	\$1,113	\$1,032	2,345	2,266	317,054	305,768
Education & Health Services	79	75	\$875	\$841	788	794	214,024	210,694
Leisure & Hospitality	73	80	\$569	\$536	1,193	1,290	190,510	187,317
Other Services	125	127	\$904	\$861	1,035	955	52,229	51,001
Government	12	12	\$972	\$943	2,138	2,043	234,260	227,665

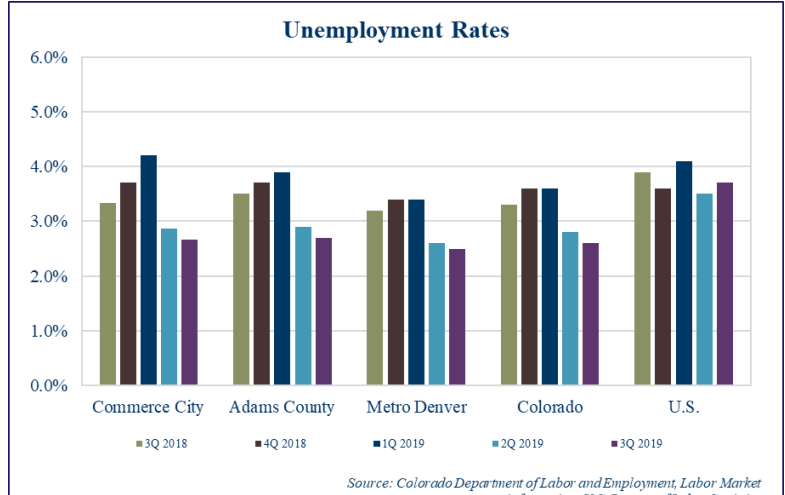
Note: Industry data may not add to all-industry total due to rounding, suppressed data, and employment that cannot be assigned to an industry. Source: Colorado Department of Labor and Employment, Labor Market Information. Quarterly Census of Employment and Wages (QCEW).

Metro Denver recorded lower growth in employment than Commerce City, rising 2.3 percent between the second quarters of 2018 and 2019. Eleven of the 12 supersectors in Metro Denver reported increases in employment over-the-year. Mining and logging reported the largest over-the-year increase, rising 9.1 percent, followed by transportation, warehousing, and utilities (+8.2 percent) and professional and business services (+3.7 percent). Retail trade reported the only over-the-year decrease, falling 0.5 percent. Professional and business services reported the largest share of employment throughout Metro Denver, accounting for 18.7 percent of the total employment.



Labor Force and Unemployment

The unemployment rate in Commerce City fell 0.7 percentage points to 2.7 percent between the third quarters of 2018 and 2019. Adams County reported an unemployment rate of 2.7 percent, down 0.8 percentage points from the same time last year. The labor force in Commerce City increased 1.7 percent over-the-year to 29,551 people working or looking for a job. Adams County added 4,443 people to the labor force over-the-year, a growth rate of 1.6 percent. Adams County recorded the highest unemployment rate in Metro Denver during the third quarter, 0.1 percentage points above Arapahoe County. Unemployment in Metro Denver was 2.5 percent in 3Q 2019, 0.7 percentage points lower than the rate from the same time last year. The Metro Denver labor force rose 1.8 percent to nearly 1.9 million individuals during the period.



Colorado reported a 1.9 percent increase in the labor force between the third quarters of 2018 and 2019. The unemployment rate fell 0.7 percentage points over-the-year to 2.6 percent in the third quarter of 2019. Unemployment in the U.S. fell 0.2 percentage points over-the-year to 3.7 percent, while the national labor force grew 1.1 percent.

	Labor Force			Unemployment Rate	
	3Q 2019	3Q 2018	Yr/Yr % Change	3Q 2019	3Q 2018
Commerce City	29,551	29,045	1.7%	2.7%	3.3%
Adams County	276,487	272,044	1.6%	2.7%	3.5%
Metro Denver	1,850,841	1,818,073	1.8%	2.5%	3.2%
Colorado	3,180,370	3,121,841	1.9%	2.6%	3.3%
U.S. (000s)	164,301	162,534	1.1%	3.7%	3.9%

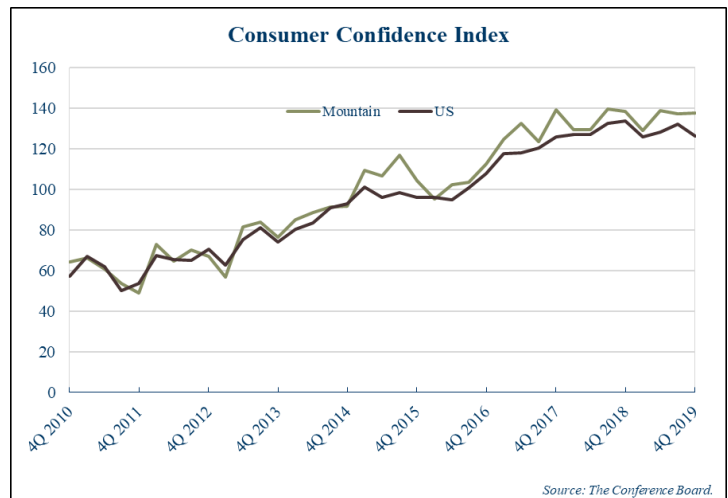
Sources: Colorado Department of Labor and Employment, Labor Market Information; U.S. Bureau of Labor Statistics.

Consumer Activity

Consumer Confidence

The Conference Board’s National Consumer Confidence Index decreased during the fourth quarter of 2019, falling 5.4 percent over-the-year to 126.5. Between the third and fourth quarter of 2019, the national index fell 4.3 percent. Analysts cited that consumers’ assessment of current conditions improved, but expectations have declined as there is no suggestion that economic growth will gain momentum in early 2020.

Colorado is included in the Mountain Region Index and the area reported an increase of 0.3 percent between the third and fourth quarters of 2019. The Mountain Index reported a decrease of 0.8 percent over-the-year.



Residential Real Estate

Home Sales

Single-family detached home sales in Commerce City rose by 108 homes between the third quarters of 2018 and 2019 to 368 homes sold, an increase of 41.5 percent. All seven counties in Metro Denver reported over-the-year increases in detached home sales. Adams County reported the largest increase of 28.3 percent, followed by Arapahoe County (+21.4 percent) and Broomfield County (+19.7 percent). Douglas County reported the most modest increase in sales over-the-year, rising 8.6 percent to 1,742 detached homes sold. Sales in Metro Denver increased 16.5 percent to 12,410 homes in 3Q 2019, 1,755 more than the previous year.

Single-family detached home prices in Commerce City rose 10.2 percent to \$376,138, an increase of \$34,842. All seven counties reported increases in detached prices, with the largest increases reported in Broomfield County (+13.7 percent), Adams County (+7.4 percent), and Arapahoe County (+4.8 percent). Detached prices in Douglas County grew the least, rising 3.3 percent over-the-year, while prices in Denver County rose 4 percent. Boulder County reported the highest average sold price of \$696,516.

Single-family attached home sales in Commerce City increased 15.4 percent to 60 homes sold between the third quarters of 2018 and 2019, rising by 8 sales over the period. All seven counties reported over-the-year increases in attached home sales. Broomfield County rose by 36.4 percent, or by 8 homes sold, followed by Arapahoe County (+20.5 percent), Boulder County (+15.5 percent), and Jefferson County (+13.7 percent). Attached sales in Adams County rose 9.4 percent to 512 homes sold, 44 sales more than the same time last year. Throughout Metro Denver, attached sales rose 12.2 percent, or by 446 sales, to 4,100 in the third 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>									
3Q 2019	368	2,195	2,379	1,149	285	2,309	1,742	2,351	12,410
3Q 2018	260	1,711	1,959	1,031	238	2,074	1,604	2,038	10,655
<i>Single-Family Attached</i>									
3Q 2019	60	512	1,210	276	30	983	309	780	4,100
3Q 2018	52	468	1,004	239	22	943	292	686	3,654
Average Sold Price									
<i>Single-Family Detached</i>									
3Q 2019	\$376,138	\$399,748	\$472,468	\$696,516	\$516,031	\$585,626	\$575,365	\$510,564	\$524,065
3Q 2018	\$341,296	\$372,291	\$450,721	\$668,642	\$453,696	\$562,982	\$557,203	\$490,245	\$504,721
<i>Single-Family Attached</i>									
3Q 2019	\$276,445	\$272,804	\$276,665	\$403,188	\$335,460	\$353,501	\$345,206	\$286,727	\$310,632
3Q 2018	\$267,792	\$259,747	\$265,116	\$403,685	\$297,123	\$336,241	\$345,427	\$284,624	\$302,120

Source: Colorado Comps LLC.

The average price for single-family attached homes in Commerce City rose 3.2 percent over-the-year to \$276,445, \$8,653 more than the price reported in the third quarter of 2018. Five of the seven counties reported increases in the attached home price, with Boulder and Douglas Counties reporting a decrease of 0.1 percent over-the-year. Prices in Broomfield County grew the most, rising 12.9 percent over-the-year, followed by Denver County (+5.1 percent) and Adams County (+5 percent). Adams County reported the lowest average price for an attached home of \$272,804, while Boulder County reported the highest attached price of \$403,188 in the third quarter of 2019. Attached home prices in Metro Denver rose 2.8 percent, or by \$8,512, to \$310,632.

Apartment Market

The Commerce City/Brighton apartment rental market reported a vacancy rate of 3.4 percent in the third quarter of 2019, a decrease of 0.6 percentage points from the previous quarter and an increase of 0.6 percentage points from the same time last year. The average rental rate for Commerce City decreased 0.5 percent over-the-year to \$1,386 per month. The rental rate fell 4.1 percent compared with the previous quarter, decreasing by \$59.84 per month. The three-bedroom apartment market reported the only rise in the rental rate of 0.6 percent, while the 2 bed, 1 bath market drove the decrease, falling 6 percent, or by \$87.26 per month.

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

	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams County	4.0%	\$1,248	\$1,260	\$1,372	\$1,621	\$1,989	-	\$1,423
Commerce City/Brighton	3.4%	-	\$1,251	\$1,356	\$1,515	\$1,833	-	\$1,386
Metro Denver	4.7%	\$1,303	\$1,355	\$1,409	\$1,755	\$2,013	\$1,467	\$1,506

Source: Denver Metro Apartment Vacancy and Rent Survey.

The apartment vacancy rate in Metro Denver fell 0.8 percentage points to 4.7 percent between the third quarters of 2018 and 2019. Vacancy fell 0.3 percentage points over-the-quarter from 5 percent. The average rental rate was \$1,506 per month in the third quarter of 2019, down 0.9 percent from the previous quarter and up 2.8 percent compared with the third quarter of 2018. Adams County reported a vacancy rate of 4 percent, 0.5 percentage points below the level in 3Q 2018. The average lease rate rose 2.6 percent over-the-year to \$1,423 per month.

Foreclosures

Foreclosure filings fell across Metro Denver between the third quarters of 2018 and 2019, falling by 47 filings to 644, a decrease of 6.8 percent. Four of the seven counties in Metro Denver reported decreases, with the largest decreases reported in Douglas County (-44.2 percent), Jefferson County (-12.5 percent), and Adams County (-4 percent). Broomfield and Boulder Counties increased by 1 filing over-the-year, while Denver County reported 9 additional filings during the period, an increase of 6.5 percent. Adams County reported the most foreclosure filings in the third quarter of 2019 of 168, while Broomfield County reported the least filings during the period of 11.

Residential Construction

The number of residential units permitted in Commerce City fell 40.5 percent between the fourth quarters of 2018 and 2019, falling from 274 permits to 163 total permits. Single-family detached permits fell 3.4 percent, or by 5 permits, over-the-year, while the average valuation of a detached home rose 9.6 percent to \$310,663. Attached permits rose by 17 units over-the-year, while the average price fell 3.8 percent to \$173,295. Multi-family units drove the decrease, with 0 multi-family units permitted in 3Q 2019 compared with 123 units permitted the same time last 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 2019	142	\$310,663	21	\$173,295	0	0	\$0	163
4Q 2018	147	\$283,390	4	\$180,204	123	123	\$119,981	274
Yr/Yr % Change	-3.4%	9.6%	425.0%	-3.8%	-	-	-	-40.5%

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

According to the U.S. Census Bureau, residential building permits in Metro Denver fell 15.1 percent between the third quarters of 2018 and 2019, totaling 4,423 permits compared with 5,210 the prior year. Multi-family building permits accounted for 28 percent of permits across Metro Denver and fell 45 percent over-the-year to 1,251 permits. This represents 1,022 fewer multi-family units permitted during the period. Single-family detached permits increased 12.7 percent over-the-year, rising by 353 permits to a total of 3,127 in 3Q 2019. Single-family attached units fell 72.4 percent over-the-year, or by 118 permits, to 45 during the period. In total, there were 787 fewer permits in the third quarter of 2019 compared with the same time last year.

Commercial Real Estate

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

Office Market

There was 557,085 square feet of office space in Commerce City in the fourth quarter of 2019, the same amount as last year. The office vacancy rate increased 1.8 percentage points over-the-year to 2.8 percent vacancy. The average lease rate fell 6.3 percent to \$23.24 per square foot, \$1.56 lower than the same time last year.

The office market in Metro Denver added nearly 1.6 million square feet of space between the fourth quarters of 2018 and 2019, an increase of 0.8 percent. Office vacancy fell 0.3 percentage points over-the-year to 9 percent, while the average lease rate increased 1.4 percent to \$26.92 per square foot.

Retail Market

The retail market in Commerce City added 15,150 square feet of space between the fourth quarters of 2018 and 2019, representing a 1 percent increase. Vacancy in the retail market fell 1.2 percentage points over-the-year to 1.5 percent vacancy. The average lease rate increased 6 percent, or by \$0.93, to \$16.32 per square foot.

The Metro Denver retail market added 945,559 square feet of rentable space between 4Q 2018 and 2019. The vacancy rate in the retail market rose 0.7 percentage points to 4.6 vacancy during the period, while the average lease rate fell 3.5 percent to \$18.45 per square foot.

Flex Market

Commerce City reported a total of 267,906 square feet of flex space in the fourth quarter of 2019, 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 47.2 million square feet of rentable space in 4Q 2019, 1 percent higher than the same time last year. The vacancy rate fell 0.1 percentage points to 5.5 percent vacancy. The flex lease rate in Metro Denver rose 5.3 percent over-the-year to \$12.62 per square foot.

Industrial Market

Warehouse distribution represented 77.9 percent of Commerce City's industrial rentable space, totaling nearly 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 fourth quarter of 2019, up 2.8 percentage points from the same time last year. The average lease rate rose 1.1 percent over-the-year to \$9.30 per square foot in Commerce City. There was 560,977 square feet added to the market between the fourth quarters of 2018 and 2019.

There was nearly 2.4 million square feet of all other industrial space in Commerce City in 4Q 2019, the same amount as the same time last year. Vacancy rose 0.2 percentage points over-the-year to 2.2 percent, while the average lease rate increased 15.2 percent to \$10.69 per square foot, representing an additional \$1.41 per square foot compared with the fourth quarter of 2018.

Warehouse distribution space in Metro Denver accounted for 76.1 percent of total industrial space during the fourth quarter of 2019. Warehouse distribution added over 5 million square feet between the fourth quarters of 2018 and 2019, an increase of 3 percent during the period. The vacancy rate for warehouse space rose 1.1 percentage points over-the-year to 5.3 percent. The average lease rate rose 4.2 percent, or \$0.33, to \$8.19 per square foot during the period. There was 913,087 square feet of all other industrial space added to Metro Denver between the fourth quarters of 2018 and 2019, a 1.7 percent increase. Vacancy increased 0.5 percentage points to 3.4 percent, while the average lease rate rose 0.2 percent to \$8.07 per square foot.

Commercial Vacancy and Lease Rates by Property Type

		Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		4Q 2019	4Q 2018	4Q 2019	4Q 2018	4Q 2019	4Q 2018
<i>Office</i>	Commerce City	557,085	557,085	2.8%	1.0%	\$23.24	\$24.80
	Metro Denver	195,241,668	193,678,563	9.0%	9.3%	\$26.92	\$26.54
<i>Retail</i>	Commerce City	1,574,390	1,559,240	1.5%	2.7%	\$16.32	\$15.39
	Metro Denver	170,564,061	169,618,502	4.6%	3.9%	\$18.45	\$19.12
<i>Flex</i>	Commerce City	267,906	267,906	0.0%	0.0%	-	-
	Metro Denver	47,221,194	46,762,644	5.5%	5.6%	\$12.62	\$11.99
<i>Industrial</i>	Commerce City						
	Warehouse Distribution	8,476,989	7,916,012	3.9%	1.1%	\$9.30	\$9.20
	All Other Industrial	2,399,835	2,399,835	2.2%	2.0%	\$10.69	\$9.28
	Metro Denver						
	Warehouse Distribution	171,051,780	166,039,653	5.3%	4.2%	\$8.19	\$7.86
	All Other Industrial	53,605,053	52,691,966	3.4%	2.9%	\$8.07	\$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 19,980 square feet of space were issued in Commerce City during the fourth quarter of 2019. The nonresidential building permits issued during the period were valued at over \$2.5 million. The Neway subdivision commercial building was valued at \$1.5 million and will add 19,980 square feet of commercial space at 8546 Quebec St., while a Brakes Plus was valued at \$1.01 million.

Commerce City Commercial Building Permits Issued, 4Q 2019		
Project Description	Valuation	Total Square Feet
Neway subdivision commercial building	\$1,500,000	19,980
Brakes Plus	\$1,011,000	-

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
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