



Economic Activity Report

October 2020





Commerce City Quarterly Report
Quarterly Economic Summary

October 2020

<p>Employment</p>	<p>32,884 Up 2.3% from 1Q 2019</p>	
<p>Average Weekly Wage</p>	<p>\$1,150 Up 4.9% from 1Q 2019</p>	
<p>Labor Force Growth Rate</p>	<p>-0.4% Down 0.4 percentage points from 2Q 2019</p>	
<p>Unemployment Rate</p>	<p>11.4% Up 8.5 percentage points from 2Q 2019</p>	
<p>Existing Home Sales</p>	<p>282 Down 21.9 percent from 2Q 2019</p>	
<p>Single-Family Detached Average Price Single-Family Attached Average Price</p>	<p>\$388,364 Up 4.4% from 2Q 2019 \$279,589 Up 3.8% from 2Q 2019</p>	
<p>Apartment Vacancy Rate Apartment Average Lease Rate</p>	<p>3.4% Down 0.6 percentage points from 2Q 2019 \$1,439 Down 0.5% from 2Q 2019</p>	
<p>Office Vacancy Retail Vacancy Warehouse Vacancy All Other Industrial Vacancy</p>	<p>4.9% 3.4% 2.7% 1.7%</p>	

Commerce City Economic Headlines

- ◆ Suncor, an oil producer and refinery company, announced it would cut 5 percent of its workforce over the next six months and cut 10 to 15 percent over the next 18 months. Suncor operates three refineries in Commerce City and employs about 450 people there and an additional 50 in downtown Denver. It is not clear how many employees in Commerce City will be affected.
- ◆ UPS plans to hire 2,400 seasonal workers in Metro Denver, including adding jobs in Commerce City, while FedEx plans to hire over 900 workers for the holiday season. The delivery companies expect a busy holiday delivery season even with the pandemic.
- ◆ The U.S. Census Bureau released its Vintage 2019 Population Estimates for cities and towns and found that Commerce City ranked 28th for fastest-growing municipalities over 50,000 people. The State Demography Office estimated that the population of Commerce City increased 3.3 percent to 60,392, representing the addition of 1,948 people compared with the previous year.
- ◆ RTD opened its N-Line, a 13-mile commuter rail line connecting Union Station to Commerce City, Northglenn, and Thornton. The commuter rail was originally projected to carry 8,100 daily riders and run every 20 minutes, but due to the pandemic, which caused significantly lower ridership and RTD budget shortfalls, the N-line is expected to carry 5,600 daily riders and will instead run every 30 minutes. RTD projects a budget shortfall of \$215 million next year as a result of COVID.
- ◆ Brookings introduced the Metro Recovery Index to track the impact of the COVID-19 recession on the 53 largest metro areas based on indicators including job losses and unemployment, air passengers, and active real estate listings. The inaugural index studied indicators from February 2020 to the present to calculate the effects of the pandemic, and found that Denver ranked 18th for least amount of job losses, 19th for percentage-point change in unemployment rate, 13th for over-the-year losses in airport passengers, and 11th for over-the-year active real estate listing declines. Brookings plans to update the index monthly or as providers release new and relevant data.
- ◆ Metro Denver ranked No. 6 for top tech cities, according to a report by the Site Selection Group. The report scored 190 metro areas to define the top performing locations for tech based on factors including demographics, talent supply, labor cost, education, cost of living, real estate, and work-from-home potential. Denver's highest rankings were No. 6 for tech industry presence, No. 3 for general labor condition, No. 6 for work from home conditions, No. 8 for young workforce population, and No. 8 for real estate conditions.
- ◆ Colorado ranked No. 6 in overall health system performance, according to the "Scorecard on State Health System Performance" from the Commonwealth Fund. The ranking assesses all 50 states and Washington, D.C. on 49 health care measures including access, quality, service use, costs of care, health outcomes, and income-based health care disparities. Colorado ranked No. 4 for avoidable use and cost, No. 6 in both prevention and treatment, and healthy lives, and No. 13 for income disparity.

Employment

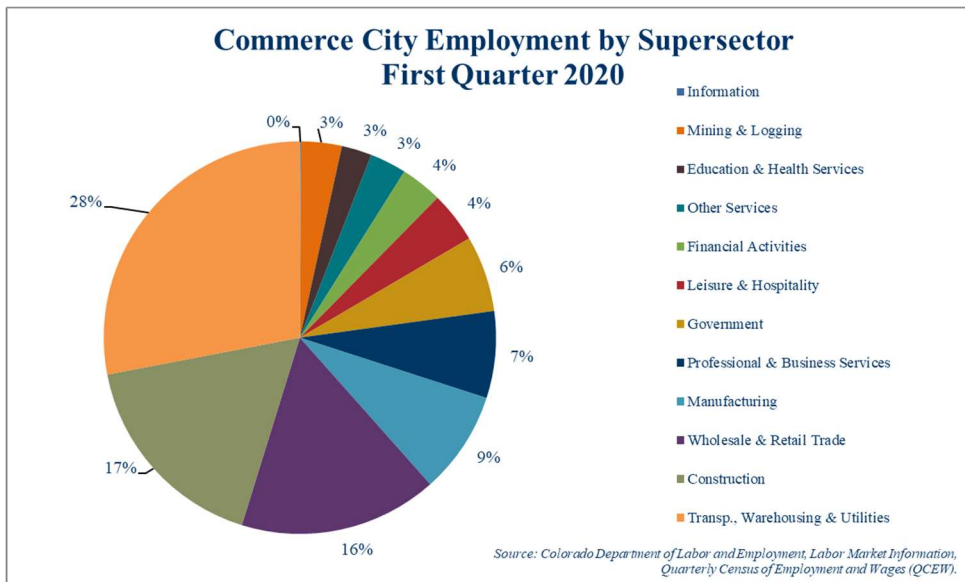
The number of businesses throughout Commerce City rose by 100 between the first quarters of 2019 and 2020, an increase of 6.8 percent. Seven of the 12 supersectors reported over-the-year increases in the number of businesses, with the largest increases in leisure and hospitality (+18.7 percent), professional and business services (+17.2 percent), and other services (+9.6 percent). Professional and business services also added the most businesses during the year, rising by 39. The information supersector reported the largest over-the-year decrease of 31.3 percent (-5 businesses), followed by transportation, warehousing, and utilities (-4.1 percent, -7 businesses). Three supersectors reported no change in businesses in 1Q 2020: mining and logging, manufacturing, and government.

Business and Employment Indicators by Supersector

	Commerce City						Metro Denver	
	Quarterly Business Count		Average Weekly Wage		Quarterly Employment Level		Quarterly Employment Level	
	1Q 2020	1Q 2019	1Q 2020	1Q 2019	1Q 2020	1Q 2019	1Q 2020	1Q 2019
Total All Industries	1,574	1,474	\$1,150	\$1,096	32,884	32,141	1,690,027	1,653,022
Private Sector								
Mining & Logging	25	25	\$2,057	\$1,919	1,103	1,171	14,375	14,791
Construction	253	232	\$1,239	\$1,114	5,654	5,282	103,762	100,897
Manufacturing	101	101	\$1,495	\$1,481	2,779	2,802	90,628	89,337
Wholesale & Retail Trade	311	290	\$1,178	\$1,160	5,378	5,131	234,831	234,142
Transp., Warehousing & Utilities	164	171	\$1,041	\$985	9,212	9,438	69,321	63,476
Information	11	16	\$1,727	\$1,853	29	39	61,116	58,649
Financial Activities	123	121	\$1,095	\$1,019	1,128	1,036	115,634	114,214
Professional & Business Services	266	227	\$1,180	\$1,101	2,352	2,232	317,465	306,687
Education & Health Services	80	79	\$890	\$862	818	802	215,073	212,228
Leisure & Hospitality	89	75	\$510	\$542	1,378	1,209	182,370	179,739
Other Services	137	125	\$982	\$930	991	959	51,713	50,312
Government	12	12	\$962	\$913	2,057	2,040	233,587	228,417

*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 across all supersectors in Commerce City rose 4.9 percent to \$1,150 per week. Ten of the 12 supersectors reported over-the-year increases in the average weekly wage, led by construction (+11.2 percent), financial activities (+7.5 percent), and professional and business services (+7.2 percent). The information supersector reported the largest over-the-year decline in the average weekly wage of 6.8 percent, followed by leisure and hospitality that fell 5.9 percent. The leisure and hospitality supersector reported the lowest



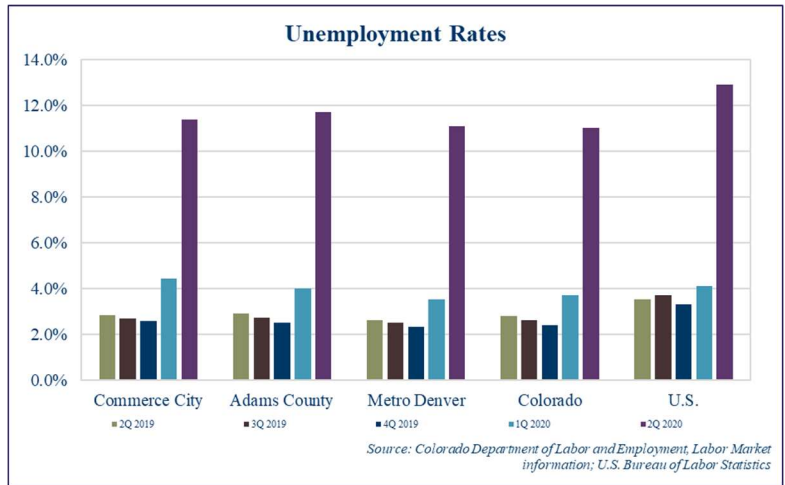
weekly wage in 1Q 2020 of \$510, while mining and logging reported the highest weekly wage of \$2,057 during the period.

Employment in Commerce City rose 2.3 percent between the first quarters of 2019 and 2020, adding 743 workers during the period. Eight of the 12 supersectors reported over-the-year increases in employment. Leisure and hospitality reported the largest increase of 14 percent, followed by financial activities (+8.9 percent) and construction (+7 percent). Construction also added the most employees during the period, increasing by 371. The information supersector reported the largest over-the-year decrease of 25.9 percent, followed by mining and logging (-5.8 percent) and transportation, warehousing, and utilities (-2.4 percent).

Employment in Metro Denver rose 2.2 percent between the first quarters of 2019 and 2020, a slightly slower pace than that of Commerce City. Eleven of the 12 supersectors in Metro Denver reported over-the-year increases in employment, led by transportation, warehousing, and utilities (+9.2 percent), information (+4.2 percent), and professional and business services (+3.5 percent). Professional and business services also added the most employees during the period, adding nearly 10,800 people. Mining and logging reported the only over-the-year decrease of 2.8 percent.

Labor Force and Unemployment

The 2Q 2020 data reflects the initial impacts of COVID-19, as unemployment rates increased significantly as the labor force shrank. The unemployment rate in Commerce City rose 8.5 percentage points to 11.4 percent between the second quarters of 2019 and 2020. Adams County reported an unemployment rate of 11.7 percent, up 8.8 percentage points from the same time last year. The labor force in Commerce City fell 0.4 percent, falling by 134 people to 29,951 people working or looking for a job. The labor force in Adams County fell 0.1 percent over-the-year to 273,814 people. Unemployment in Metro Denver rose 8.5 percentage points over-the-year to 11.1 percent, while the labor force fell 0.3 percent to about 1.82 million workers.



The unemployment rate throughout Colorado was 11 percent in the second quarter of 2020, up 8.2 percentage points from the same time last year, while the labor force fell 1.1 percent in the state. Nationally, unemployment rose 9.4 percentage points to 12.9 percent between the second quarters of 2019 and 2020, while the labor force fell 2.9 percent during the period.

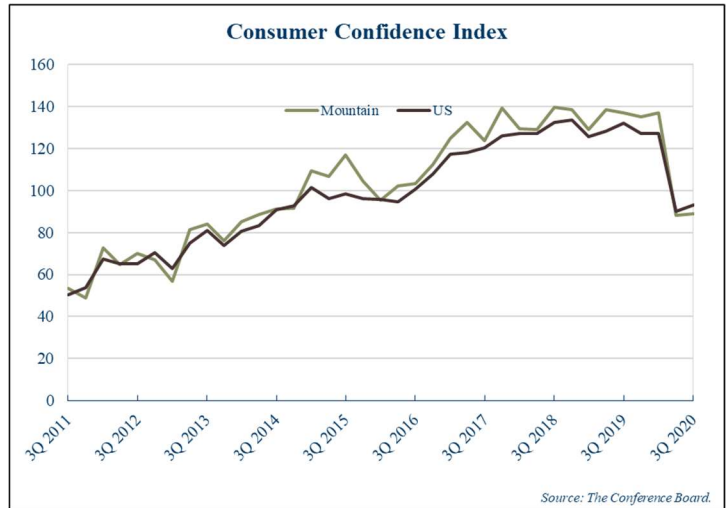
	Labor Force			Unemployment Rate	
	2Q 2020	2Q 2019	Yr/Yr % Change	2Q 2020	2Q 2019
Commerce City	29,951	30,085	-0.4%	11.4%	2.8%
Adams County	273,814	274,089	-0.1%	11.7%	2.9%
Metro Denver	1,824,705	1,830,242	-0.3%	11.1%	2.6%
Colorado	3,097,441	3,130,450	-1.1%	11.0%	2.8%
U.S. (000s)	158,229	162,957	-2.9%	12.9%	3.5%

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 29.4 percent over-the-year to 93.3 in the third quarter of 2020. Over-the-quarter, the national index rose 3.7 percent. The quarterly increase reflects a rebound from the sharp decline reported in April and May due to the COVID-19 pandemic. Consumers’ assessment of current conditions improved at the end of 3Q 2020 as businesses continued to open and economic activity picked up, but it remains well below pre-pandemic levels. The Conference Board expects that consumers’ short-term optimism will keep spending from slowing further in the months ahead.



Colorado is included in the Mountain Region Index and the area reported a 35.1 percent decrease in consumer confidence between the third quarters of 2019 and 2020. Over-the-quarter, confidence rose 1.2 percent. The Present Situations Index fell 47.7 percent over-the-year to 95.3 at the end of the third quarter of 2020, while the Expectations Index fell 1 percent to 94.4 during the period.

Residential Real Estate

Home Sales

Single-family detached home sales in Commerce City fell by 77 homes between the second quarters of 2019 and 2020 to 245 homes sold, a decrease of 23.9 percent. All seven counties in Metro Denver reported over-the-year decreases in detached home sales as home showings declined due to the pandemic. Broomfield County reported the largest over-the-year decrease of 32.7 percent, followed by Arapahoe and Boulder Counties (-28.9 percent). Jefferson County reported the most modest decline of 14.9 percent during the period. Detached sales in Metro Denver decreased 23.6 percent over-the-year, falling to 9,415 homes sold.

Single-family detached home prices in Commerce City rose 4.4 percent to \$388,364, an increase of \$16,336 between the second quarters of 2019 and 2020. Four of the seven counties reported increases in detached prices, with the largest increases reported in Adams County (+7.5 percent), Broomfield County (+4.4 percent), and Jefferson County (+2.8 percent). Boulder County reported the largest over-the-year decrease of 5.4 percent, followed by Arapahoe and Douglas Counties, which both fell 0.3 percent during the period. Detached prices in Metro Denver rose 0.5 percent over-the-year to \$535,932. Adams County reported the lowest detached price of \$414,081 in 2Q 2020, while Boulder County reported the highest price of \$670,656.

Single-family attached home sales in Commerce City fell 5.1 percent between the second quarters of 2019 and 2020 to 37 homes sold, representing 2 fewer sales over the period. All seven counties reported over-the-year decreases in attached home sales, with the largest decreases reported in Boulder County (-42.1 percent), Denver County (-36.5 percent), and Arapahoe County (-30.3 percent). Broomfield County reported the most modest decrease of 13 percent during the period. Attached home sales in Metro Denver fell 30.3 percent to 2,783 homes sold in the second quarter of 2020.

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 2020	245	1,596	1,774	843	198	1,807	1,332	1,865	9,415
2Q 2019	322	2,010	2,496	1,185	294	2,442	1,702	2,191	12,320
<i>Single-Family Attached</i>									
2Q 2020	37	360	837	161	20	649	206	550	2,783
2Q 2019	39	470	1,201	278	23	1,022	281	717	3,992
Average Sold Price									
<i>Single-Family Detached</i>									
2Q 2020	\$388,364	\$414,081	\$487,345	\$670,656	\$532,370	\$606,904	\$571,244	\$531,919	\$535,932
2Q 2019	\$372,028	\$385,276	\$488,723	\$708,714	\$510,147	\$603,972	\$572,810	\$517,323	\$533,063
<i>Single-Family Attached</i>									
2Q 2020	\$279,589	\$281,361	\$281,739	\$429,515	\$367,040	\$340,040	\$344,560	\$301,122	\$312,929
2Q 2019	\$269,251	\$272,681	\$287,875	\$430,355	\$349,922	\$341,192	\$345,663	\$290,409	\$314,539

Source: Colorado Comps LLC.

The average price for a single-family attached home in Commerce City rose 3.8 percent over-the-year to \$279,589, an increase of \$10,338 between the second quarters of 2019 and 2020. Three of the seven counties reported increases in the attached home price. Broomfield County reported an increase of 4.9 percent, followed by Jefferson County (+3.7 percent) and Adams County (+3.2 percent). Arapahoe County reported the largest over-the-year decrease of 2.1 percent, followed by both Denver and Douglas Counties (-0.3 percent). Adams County reported the lowest average price in 2Q 2020 of \$281,361, while Boulder County reported the highest average price of \$429,515. Attached home prices in Metro Denver fell 0.5 percent, or by \$1,610, to \$312,929 in the second quarter of 2020.

Apartment Market

The Commerce City/Brighton apartment rental market reported a vacancy rate of 3.4 percent in the second quarter of 2020, a decrease of 2.3 percentage points from the previous quarter and a decrease of 0.6 percentage points from the same time last year. The average rental rate for Commerce City fell 0.5 percent over-the-year to \$1,439 per month. The rental rate rose 2 percent compared with the previous quarter, increasing by \$28.89 per month. The two-bedroom, one bath apartment market reported the only over-the-year decrease in the rental rate of 1.7 percent, while the two-bedroom, two bath apartment reported the largest increase of 2.9 percent over-the-year.

**Average Apartment Rents and Vacancy
Second Quarter 2020**

	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams County	3.4%	\$1,113	\$1,257	\$1,351	\$1,636	\$1,965	-	\$1,423
Commerce City/Brighton	3.4%	-	\$1,288	\$1,418	\$1,595	\$1,828	-	\$1,439
Metro Denver	5.1%	\$1,221	\$1,354	\$1,413	\$1,757	\$2,021	\$1,507	\$1,506

Source: Denver Metro Apartment Vacancy and Rent Survey.

Adams County reported a vacancy rate of 3.4 percent in 2Q 2020, down 1.4 percentage points from the previous quarter and down 0.5 percentage points from the same time last year. The average lease rate in Adams County rose 1.4 percent over-the-year to \$1,423 per month.

The apartment vacancy rate in Metro Denver was 5.1 percent in the second quarter of 2020, 0.1 percentage points above the vacancy rate from the same time last year and 0.8 percentage points below the rate from the first quarter of 2020. The average rental rate decreased 0.9 percent over-the-year, or by \$14.09, to \$1,506 per month in 2Q 2020. The rental rate was 2 percent below the level from the previous quarter.

Foreclosures

Foreclosure filings fell across Metro Denver between the second quarters of 2019 and 2020, falling by 547 filings to 118, a decrease of 82.3 percent. The low filings were due to the foreclosure moratorium in effect in Colorado from April 30 to July 13 due to the COVID-19 pandemic. All seven counties reported decreases in filings, led by Arapahoe County (-88.2 percent), Boulder County (-86.5 percent), Adams County (-84 percent), and Douglas County (-82.6 percent). Arapahoe County also reported the largest absolute decrease during the period, falling by 150 filings. Denver County reported the most foreclosures in the second quarter of 2020 at 32, while Broomfield County reported zero filings during the period.

Residential Construction

The number of residential units permitted in Commerce City rose 65.1 percent between the third quarters of 2019 and 2020, rising from 189 units to 312 units. Single-family detached units permitted rose 22.8 percent, representing an additional 42 units over-the-year. The average valuation of a detached home fell 3.8 percent to \$294,650. Attached units permitted rose from 5 in 3Q 2019 to 86 in 3Q 2020, while the average valuation rose 1.7 percent to \$199,315 during the period. There were no multi-family units permitted in either of the third quarters of 2019 and 2020.

Commerce City Residential Units Permitted

	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 2020	226	\$294,650	86	\$199,315	0	0	\$0	312
3Q 2019	184	\$306,272	5	\$196,052	0	0	\$0	189
Yr/Yr % Change	22.8%	-3.8%	1620%	1.7%	-	-	-	65.1%

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

According to the U.S. Census Bureau, new residential units permitted in Metro Denver fell 12.7 percent between the second quarters of 2019 and 2020, totaling 4,398 units compared with 5,036 units the prior year. Multi-family units permitted accounted for 41.3 percent of the total in 2Q 2020 and reported an over-the-year decrease of 4.4 percent, representing 83 fewer units permitted during the period. The number of single-family attached units permitted rose 106.4 percent over-the-year to 97, while single-family detached units permitted fell 19.6 percent to 2,486 during the period.

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 third quarter of 2020, the same amount as the same time last year. The office vacancy rate decreased 1.1 percentage points over-the-year to 4.9 percent vacancy. The average lease rate fell 14.6 percent to \$23.28 per square foot, \$3.99 lower than the same time last year.

The office market in Metro Denver added over 1.24 million square feet of space between the third quarters of 2019 and 2020, an increase of 0.6 percent during the period. The office vacancy rate rose 1.2 percentage points to 10.1 percent in 3Q 2020, while the average lease rate rose 2.8 percent to \$27.99 per square foot.

Retail Market

The retail market in Commerce City added 34,578 square feet of space between the third quarters of 2019 and 2020, representing a 2.2 percent increase. Retail vacancy rose 1.2 percentage points over-the-year to 3.4 percent. The average lease rate rose 5.7 percent, or by \$0.94, to \$17.50 per square foot.

The Metro Denver retail market added nearly 1.2 million square feet of rentable space between the third quarters of 2019 and 2020. The vacancy rate in the retail market rose 1.2 percentage points to 5.2 percent during the period, while the average lease rate rose 0.5 percent to \$18.48 per square foot.

Flex Market

Commerce City reported a total of 267,906 square feet of flex space in the third 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 reported over 47.6 million square feet of rentable space in the third quarter of 2020, up 1.8 percent from the same time last year. The vacancy rate rose 1.7 percentage points to 7.3 percent vacancy, while the lease rate rose 5.4 percent to \$13.18 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 2020	3Q 2019	3Q 2020	3Q 2019	3Q 2020	3Q 2019
<i>Office</i>	Commerce City	542,788	542,788	4.9%	6.0%	\$23.28	\$27.27
	Metro Denver	197,471,841	196,231,158	10.1%	8.9%	\$27.99	\$27.23
<i>Retail</i>	Commerce City	1,595,551	1,560,973	3.4%	2.2%	\$17.50	\$16.56
	Metro Denver	173,603,021	172,407,758	5.2%	4.0%	\$18.48	\$18.39
<i>Flex</i>	Commerce City	267,906	267,906	0.0%	0.0%	-	-
	Metro Denver	47,654,159	46,802,702	7.3%	5.6%	\$13.18	\$12.51
<i>Industrial</i>	Commerce City						
	Warehouse Distribution	8,601,530	8,601,530	2.7%	3.8%	\$9.37	\$9.98
	All Other Industrial	2,382,340	2,382,340	1.7%	2.2%	\$11.30	\$10.69
	Metro Denver						
	Warehouse Distribution	173,773,793	171,079,723	5.8%	5.2%	\$8.50	\$8.38
	All Other Industrial	53,782,865	53,136,865	3.5%	4.3%	\$8.57	\$8.32

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.

Industrial Market

Warehouse distribution represented 78.3 percent of Commerce City’s industrial rentable space, totaling over 8.6 million square feet. Warehouse distribution in Commerce City represented 4.9 percent of all warehouse space in Metro Denver. Warehouse vacancy fell 1.1 percentage points over-the-year to 2.7 percent, while the average lease rate fell 6.1 percent to \$9.37 per square foot during the period.

There was about 2.38 million square feet of all other industrial space in Commerce City in 3Q 2020, the same amount as the same time last year. Vacancy fell 0.5 percentage points over-the-year to 1.7 percent, while the average lease rate increased 5.7 percent, or by \$0.61, to \$11.30 per square foot during the period.

Warehouse distribution space in Metro Denver accounted for 76.4 percent of total industrial space during the third quarter of 2020. Nearly 2.7 million square feet of warehouse distribution space was added between the third quarters of 2019 and 2020, an increase of 1.6 percent during the period. The vacancy rate for warehouse space rose 0.6 percentage points over-the-year to 5.8 percent. The average lease rate rose 1.4 percent to \$8.50 per square foot, representing an additional \$0.12 per square foot during the period.

There was 646,000 square feet of all other industrial space added to Metro Denver between the third quarters of 2019 and 2020, a 1.2 percent increase. Vacancy decreased 0.8 percentage points to 3.5 percent, while the average lease rate rose 3 percent to \$8.57 per square foot.

Nonresidential Construction

There were five nonresidential projects permitted during the third quarter of 2020 that will add 617,800 square feet of industrial space to Commerce City. The largest projects are two warehouse buildings at the DIA Tech Center totaling 439,840 square feet and a third tilt-up warehouse in the Center totaling 154,560 square feet. Combined, the three buildings are valued at nearly \$18.1 million.

Commerce City Commercial Building Permits Issued, 3Q 2020		
Project Description	Valuation	Total Square Feet
DIA Tech Center Tilt-Up Warehouse	\$5,059,671	154,560
DIA Tech Center New Warehouse 1	\$8,446,902	312,480
DIA Tech Center New Warehouse 2	\$4,580,881	127,360
8531 Rosemary St. Light Industrial Building	\$868,282	11,700
8511 Rosemary St. Light Industrial Building	\$858,282	11,700

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
 October 2020