



Economic Activity Report

July 2019





Commerce City Quarterly Report
Quarterly Economic Summary

July 2019

<p>Employment</p> <p>31,950 Up 1.9% from 4Q 2017</p>	
<p>Average Weekly Wage</p> <p>\$1,132 Up 4.1% from 4Q 2017</p>	
<p>Labor Force Growth Rate</p> <p>2.6% Down 1.2 percentage points from 1Q 2018</p>	
<p>Unemployment Rate</p> <p>4.2% Up 0.5 percentage points from 1Q 2018</p>	
<p>Existing Home Sales</p> <p>239 Up 17.7 percent from 1Q 2018</p>	
<p>Single-Family Detached Average Price \$350,059 Up 6.8% from 1Q 2018</p> <p>Single-Family Attached Average Price \$277,897 Up 5.5% from 1Q 2018</p>	
<p>Apartment Vacancy Rate 2.9% Down 0.3 percentage points from 1Q 2018</p> <p>Apartment Average Lease Rate \$1,420 Up 5.2% from 1Q 2018</p>	
<p>Office Vacancy 1.7%</p> <p>Retail Vacancy 2.9%</p> <p>Warehouse Vacancy 3.2%</p> <p>All Other Industrial Vacancy 3.6%</p>	

Commerce City Economic Headlines

- ◆ *U.S. News and World Report* published its 2019 “Best Places to Live” list, ranking Denver No. 2. *U.S. News* analyzed the 125 most populous metro areas and ranked them on multiple factors, including value, market desirability, job market, net migration, and quality of life. While Denver has higher-than-average housing costs, that factor was balanced by increases in quality-of-life and desirability scores.
- ◆ The latest Wallethub study of best large cities to start a business ranked Denver at No. 10. The study compared the 100 largest U.S. cities and measured business environment, access to resources, and business costs. Aurora also made the list at No. 21.
- ◆ Lendio, the nation’s largest marketplace for business loans, ranked Colorado eighth on a list of the top ten states for small business lending. The ranking is based on a calculation of several key indicators, including approval rates and loan sizes, from among thousands of Lendio’s customers from April through March each year.
- ◆ According to Bloomberg’s 2019 U.S. State Innovation Index, Colorado ranked as the 10th most innovative economy in the country. The index uses six equally-weighted metrics, including research and development intensity, productivity, clusters of companies in technology, “STEM” jobs, populous with degrees in science and engineering disciplines, and patent activity. Colorado dropped two spots from last year, but ranked in the top 10 for STEM concentration, tech company density, and science and engineering degree holders

Employment

The number of businesses throughout Commerce City rose 2.7 percent between the fourth quarters of 2017 and 2018 with a net gain of 38 businesses. Nine of the 12 supersectors reported over-the-year increases in the number of businesses, with the largest increases in the mining and logging sector (+14.3 percent), education & health services (+10 percent), and government (+9.1 percent). Construction reported the largest absolute increase, adding 12 businesses (+5.9 percent growth). Leisure and Hospitality reported the largest decrease of 7.4 percent, or six businesses, followed by manufacturing (-3.9 percent) over the period. The information supersector reported no change over the period.

All 12 supersectors reported over-the-year increases in the average weekly wage. The information supersector had the largest percentage and absolute increase, rising 31.1 percent, or \$421, between the fourth quarters of 2017 and 2018. However, this large increase was due in part to data posting issues in addition to end of the year bonuses. Leisure and hospitality had the second largest increase, rising by 12.8 percent. Even with the \$59 increase, this supersector has the lowest average weekly wage among all supersectors, totaling \$523. Mining and logging had the highest average weekly wage of \$1,873.

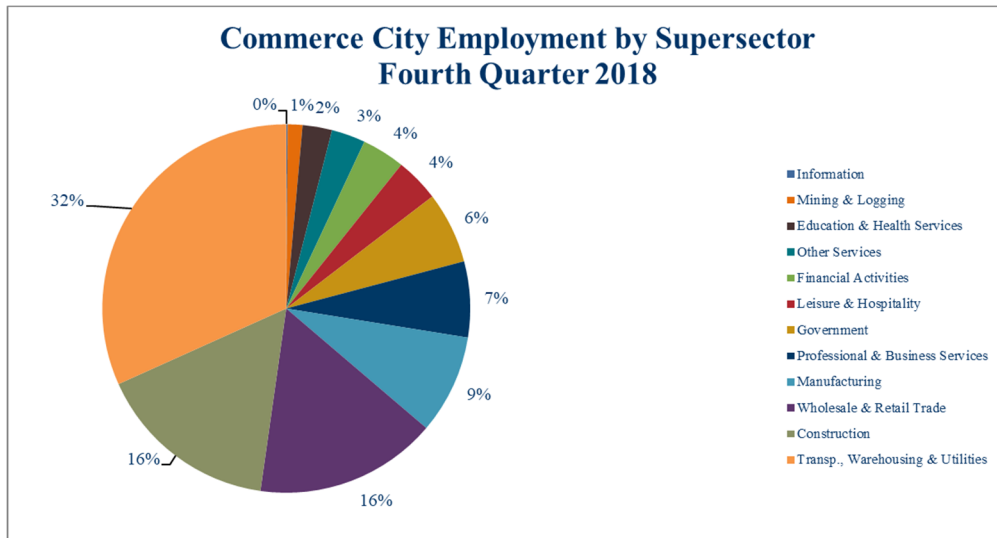
Employment in Commerce City rose 1.9 percent between the fourth quarters of 2017 and 2018, adding 609 employees. Seven of the 12 supersectors reported over-the-year increases in employment. The government supersector added 122 jobs, an increase of 6.5 percent, while transportation, warehousing, and utilities added 546 jobs, increasing by 5.7 percent over-the-year. Professional and business services decreased 9 percent, falling by 209 jobs. Information had the largest percentage decrease, falling 20 percent or nine jobs.

Business and Employment Indicators by Supersector

	Commerce City						Metro Denver	
	Quarterly Business Count		Average Weekly Wage		Quarterly Employment Level		Quarterly Employment Level	
	4Q 2018	4Q 2017	4Q 2018	4Q 2017	4Q 2018	4Q 2017	4Q 2018	4Q 2017
Total All Industries	1,459	1,421	\$1,132	\$1,087	31,950	31,340	1,669,811	1,633,490
Private Sector								
Mining & Logging	24	21	\$1,873	\$1,804	415	453	14,269	13,477
Construction	217	205	\$1,321	\$1,235	5,122	5,054	103,241	99,432
Manufacturing	98	102	\$1,445	\$1,398	2,782	2,681	88,688	87,127
Wholesale & Retail Trade	292	287	\$1,230	\$1,208	5,116	5,042	239,255	238,035
Transp., Warehousing & Utilities	171	161	\$1,002	\$988	10,136	9,589	64,357	59,633
Information	15	15	\$1,774	\$1,353	37	47	58,747	56,057
Financial Activities	121	112	\$1,122	\$1,022	1,204	1,172	114,691	113,017
Professional & Business Services	229	228	\$1,144	\$1,056	2,124	2,333	310,931	301,513
Education & Health Services	77	70	\$866	\$801	827	874	212,839	208,464
Leisure & Hospitality	75	81	\$523	\$463	1,230	1,281	184,168	181,580
Other Services	128	127	\$958	\$885	951	930	51,196	50,027
Government	12	11	\$1,011	\$987	2,005	1,883	227,317	225,094

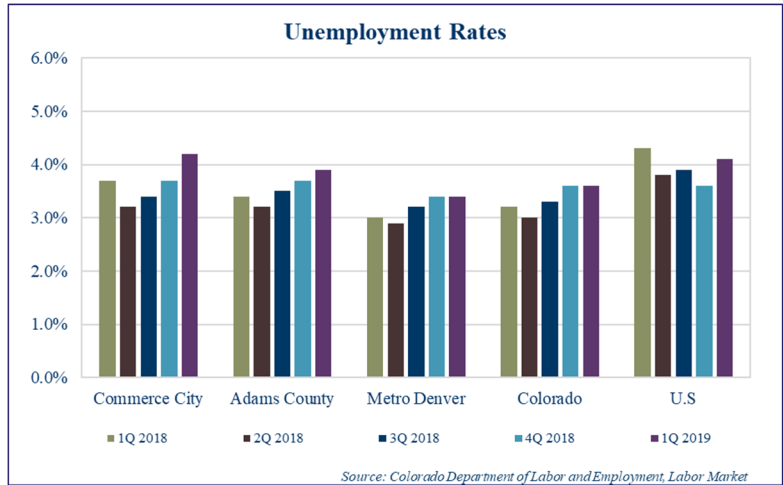
Note: Industry data may not add to all-industry total due to rounding, suppressed data, and employment that cannot be assigned to an industry. Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

Metro Denver recorded higher growth in employment, rising 2.2 percent and adding 36,321 jobs across all supersectors. All 12 supersectors in Metro Denver reported increases in employment over-the-year. Transportation, warehousing, and utilities reported the largest over-the-year increase, rising 7.9 percent and adding 4,724 jobs, followed by mining and logging (+5.9 percent) and the information supersector (+4.8 percent). Retail trade reported the smallest increase, rising 0.2 percent and adding 332 jobs. Professional and business services reported the largest share of employment throughout Metro Denver, accounting for 19 percent of the total employment across all supersectors.



Labor Force and Unemployment

The unemployment rate in Commerce City increased by 0.5 percentage points to 4.2 percent between the first quarter of 2018 and the first quarter of 2019. Adams County had the same over-the-year increase of 0.5 percentage points, rising to 3.9 percent. Commerce City’s labor force grew 2.6 percent over-the-year, adding 744 individuals employed or looking for a job. Adams County’s labor force grew 2.5 percent to 272,444 individuals over the period. Of the seven Metro Denver counties, Adams County recorded the highest unemployment rate during the first quarter, 0.4 percentage points above the next highest unemployment level in Denver County.



	Labor Force			Unemployment Rate	
	1Q 2019	1Q 2018	Yr/Yr % Change	1Q 2019	1Q 2018
Commerce City	29,225	28,481	2.6%	4.2%	3.7%
Adams County	272,444	265,672	2.5%	3.9%	3.4%
Metro Denver	1,823,559	1,776,060	2.7%	3.4%	3.0%
Colorado	3,124,947	3,045,688	2.6%	3.6%	3.2%
U.S. (000s)	162,573	161,026	1.0%	4.1%	4.3%

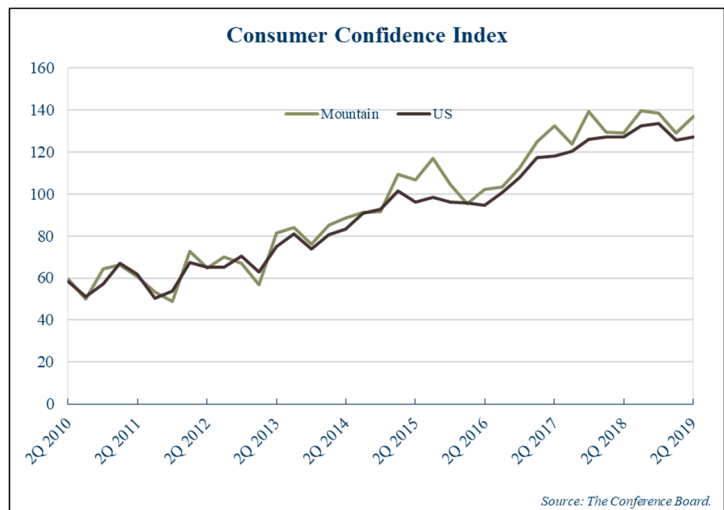
Sources: Colorado Department of Labor and Employment, Labor Market Information; U.S. Bureau of Labor Statistics.

Colorado reported an increase of 2.6 percent in the labor force between the first quarters of 2018 and 2019. The unemployment rate in the state rose 0.4 percentage points during the period to 3.6 percent. The United States unemployment rate fell 0.2 percentage points to 4.1 percent, with a 1 percent increase in the national labor force.

Consumer Activity

Consumer Confidence

The Conference Board’s National Consumer Confidence Index increased during the second quarter of 2019, rising 0.1 percent over-the-year to 127.3. Between the first quarter and second quarter of 2019, the national index rose 1.2 percent. According to analysts, consumers have been generally less optimistic about the short-term outlook of the labor market and business conditions, while the escalation in trade and tariff tensions in early June continue to foster uncertainty and potential volatility in the Index.



Colorado is included in the Mountain Region Index and the area reported a 6.1 percent increase to 137 between the first and second quarter of 2019. The Mountain Index also recorded a 6 percent increase over-the-year.

Residential Real Estate

Home Sales

Single-family detached home sales in Commerce City increased to 206 homes between the first quarters of 2018 and 2019, an increase of 31 homes (+17.7 percent) over-the-year. Of the seven counties in Metro Denver, three counties reported increases in the number of single-family detached homes sold, with the largest increase reported from Broomfield County (+26.1 percent, +37 homes), followed by Arapahoe County (+19.3 percent, +278 homes) and Adams County (+6.8 percent, +85 homes) over-the-year. Boulder County reported the largest decrease, falling 10.5 percent, followed by a 7.4 percent decline in Denver County. Metro Denver reported an increase in single-family detached homes sold of 0.9 percent over-the-year, representing an additional 68 homes sold.

Single-family detached home prices in Commerce City increased by 6.8 percent over-the-year, rising by \$22,255 to just over \$350,000. All seven counties reported increases in average sold price over-the-year, with the largest increase in Arapahoe County (+4.1 percent) followed by Douglas County (+3.2 percent) and Boulder County (+2.4 percent).

Sales of single-family attached homes increased by five homes between the first quarters of 2018 and 2019 to 33 homes in Commerce City. Three of the seven counties reported increases in homes sold: Adams County (+13.3 percent), Boulder County (+10.6 percent), and Arapahoe County (+5.6 percent). Broomfield County reported the largest decrease in single-family attached homes sold, falling by 23.8 percent but only decreasing by 5 homes over-the-year. Jefferson County fell by 55 homes, a decrease of 10.6 percent, followed by Denver County (-6.8 percent, -53 homes). Single-family attached home sales in Metro Denver fell 0.4 percent over-the-year to 2,795 homes sold.

The average price for single-family attached homes rose in Commerce City by 5.5 percent, or \$14,518, to an average sold price of \$277,897. Single-family attached home prices rose in six of seven counties, with the only county decreasing in sold price being Boulder County, which reported a decrease of 11.7 percent, or \$50,023. Arapahoe County reported the largest increase, rising 10.3 percent to \$269,868. Prices in Metro Denver increased 4.8 percent over-the-year to \$306,437.

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>									
1Q 2019	206	1,326	1,717	682	179	1,663	995	1,504	8,066
1Q 2018	175	1,241	1,439	762	142	1,796	1,067	1,551	7,998
<i>Single-Family Attached</i>									
1Q 2019	33	350	868	178	16	723	198	462	2,795
1Q 2018	28	309	822	161	21	776	200	517	2,806
Average Sold Price									
<i>Single-Family Detached</i>									
1Q 2019	\$350,059	\$366,402	\$449,463	\$686,136	\$467,668	\$532,568	\$552,742	\$480,907	\$491,961
1Q 2018	\$327,805	\$364,595	\$431,775	\$669,941	\$465,206	\$530,864	\$535,610	\$469,932	\$488,139
<i>Single-Family Attached</i>									
1Q 2019	\$277,897	\$255,821	\$269,868	\$377,367	\$328,150	\$359,175	\$341,531	\$287,836	\$306,437
1Q 2018	\$263,379	\$250,033	\$244,571	\$427,390	\$297,738	\$335,682	\$333,065	\$270,327	\$292,310

Source: Colorado Comps LLC.

Apartment Market

The Commerce City/Brighton apartment rental market reported a decrease in the vacancy rate of 0.8 percentage points between the fourth quarter of 2018 and the first quarter of 2019. The vacancy rate also decreased over-the-year, falling 0.3 percentage points. The average rental rate for Commerce City increased 5.2 percent between the first quarters of 2018 and 2019, rising by \$70 to \$1,420 per month. The rental rate rose 1.1 percent over-the-quarter, due in large part to the 2 bed, 1 bath apartment market which had the largest increase over the period (+10.8 percent).

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

	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams County	4.8%	\$1,169	\$1,212	\$1,328	\$1,551	\$1,923	\$1,613	\$1,373
Commerce City/Brighton	2.9%	-	\$1,236	\$1,482	\$1,552	\$1,792	-	\$1,420
Metro Denver	5.4%	\$1,270	\$1,333	\$1,385	\$1,721	\$1,975	\$1,358	\$1,481

Source: Denver Metro Apartment Vacancy and Rent Survey.

The Metro Denver apartment rental market reported a decrease in the vacancy rate, falling 0.7 percentage points over-the-year to 5.4 percent. The vacancy rate fell 0.4 percentage points over-the-quarter from 5.8 percent during the fourth quarter of 2018. The average rental rate increased 4.3 percent, or \$60, over-the-year. Adams County had a vacancy rate of 4.8 percent during the first quarter of 2019, a fall of 1 percentage point between the first quarters of 2018 and 2019. The average lease rate increased 4.9 percent over-the-year, or by \$64 per month, to a total of \$1,373.

Foreclosures

Foreclosure filings increased across Metro Denver between the first quarter of 2018 and the first quarter of 2019, rising by nine filings to 731, an increase of 1.2 percent. Foreclosure filings increased 7.8 percent over-the-quarter, rising by 53 filings. Four of the seven counties in Metro Denver reported increases in filings, with the largest increases in Broomfield County (+33.3 percent) followed by Boulder County (+16.2 percent) and Denver County (+14.5 percent). Jefferson County reported the largest decrease in filings over-the-year, falling by 12.8 percent or 16 filings, followed by Douglas County (-5.3 percent). Adams County reported a decrease in foreclosure filings of 1.8 percent over-the-year to a total of 168 during the first quarter of 2019.

Residential Construction

The number of residential units permitted in Commerce City decreased 21.8 percent between the second quarters of 2018 and 2019, falling from 188 permits to 147 total permits. Single-family detached permits fell 13.9 percent over-the-year, decreasing by 23 units. The average valuation per unit increased 0.6 percent over the period, rising to \$295,384. Single-family attached units decreased from 22 permits in 2Q 2018 to four permits in 2Q 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	
2Q 2019	143	\$295,384	4	\$238,336	0	0	\$0	147
2Q 2018	166	\$293,613	22	\$185,582	0	0	\$0	188
Yr/Yr % Change	-13.9%	0.6%	-81.8%	28.4%	-	-	-	-21.8%

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

while the average valuation increased 28.4 percent during the period to \$238,336. No multi-family units were reported in the second quarters of 2018 and 2019.

According to the U.S. Census Bureau, Metro Denver residential building permits fell 36.2 percent between the first quarters of 2018 and 2019, totaling 4,651 permits compared to 7,285 the prior year. Multi-family units had the largest decrease over-the-year, falling 45.7 percent, a drop of 1,883 permits. Single-family detached units reported a decrease of 24.1 percent over-the-year, while single-family attached units decreased 6.5 percent. Adams County reported a decrease in building permits of 26.5 percent over-the-year, falling from 742 permits in Q1 2018 to 545 permits in Q1 2019. Like the Metro Denver data, multi-family units accounted for the largest decrease in permits (-35.5 percent); however, multi-family permits increased by 16.7 percent over-the-quarter. Single-family units decreased 24.9 percent over-the-year, falling to 443 from 590 the previous year.

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 534,093 existing square feet, with sharp declines in both the vacancy rate and the average lease rate. The vacancy rate for the office market decreased 12.9 percentage points over-the-year to 1.7 percent, while the average lease rate decreased by \$3.49 (-15.4 percent) to \$19.20 per square foot.

The Metro Denver office market added over 2.3 million square feet of rentable space between the second quarters of 2018 and 2019, an increase of 1.2 percent over-the-year. The office market vacancy rate fell 1.1 percentage points to 8.9 percent, while the average lease rate increased \$0.31 (+1.2 percent) to \$26.95 per square foot during the period.

Retail Market

The Commerce City retail market added 10,876 square feet of rentable space between the second quarters of 2018 and 2019. Retail vacancy in Commerce City fell 0.3 percentage points to 2.9 percent in the second quarter. The average lease rate for retail space rose by \$2.78 (+17.6 percent) over-the-year to \$18.55 per square foot.

The Metro Denver retail market added over 1.5 million square feet of rentable space over-the-year. The vacancy rate in the retail market increased by 0.1 percentage points to 4.4 percent during the period and the average lease rate rose 2.4 percent to \$18.97 per square foot.

Flex Market

The flex market in Commerce City remained constant at 267,906 square feet of rentable space during the second quarter of 2019, consistent with the previous quarters. The flex market vacancy rate fell 2.6 percentage points between the second quarters of 2018 and 2019 to zero vacancy.

The flex market for Metro Denver recorded over 46 million square feet of rentable space, an increase of 0.6 percent and an additional 287,652 square feet over-the-year. The vacancy rate for flex space (5.2 percent) and the average lease rate (\$12.08) both fell 0.7 percent during the period.

Industrial Market

Warehouse distribution represented 78 percent of Commerce City's industrial rentable space, totaling 8.3 million square feet. The warehouse vacancy rate increased 1.3 percentage points over-the-year to 3.2 percent. The average

lease rate for warehouse distribution decreased 0.9 percent to \$9.18 per square foot. An additional 553,431 square feet of rentable space was added between the second quarters of 2018 and 2019. All other industrial space reported no change in existing square footage, while the vacancy rate fell 0.3 percentage points to 3.6 percent over-the-year. The average lease rate for other industrial space fell \$2.34 (-20.5 percent) to \$9.08 per square foot between the second quarter of 2018 and the second quarter of 2019.

Warehouse distribution space in Metro Denver had a similar market share to Commerce City, accounting for 76 percent of total industrial space. Warehouse distribution added nearly 4.6 million square feet of rental space between the second quarters of 2018 and 2019, an increase of 2.8 percent over-the-year. The vacancy rate rose 0.7 percentage points during the period, and the average lease rate increased 2.3 percent to \$7.97 per square foot. An additional 157,900 square feet of all other industrial space was added in Metro Denver, an increase of 0.3 percent over-the-year. The vacancy rate decreased 0.4 percentage points to 3.1 percent. The average lease rate fell 1.3 percent to \$8.40 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.)	
		2Q 2019	2Q 2018	2Q 2019	2Q 2018	2Q 2019	2Q 2018
<i>Office</i>	Commerce City	534,093	534,093	1.7%	14.6%	\$19.20	\$22.69
	Metro Denver	193,853,009	191,504,159	8.9%	10.0%	\$26.95	\$26.64
<i>Retail</i>	Commerce City	1,531,736	1,520,860	2.9%	3.2%	\$18.55	\$15.77
	Metro Denver	169,646,282	168,114,120	4.4%	4.3%	\$18.97	\$18.53
<i>Flex</i>	Commerce City	267,906	267,906	0.0%	2.6%	-	-
	Metro Denver	46,198,943	45,911,291	5.2%	5.9%	\$12.08	\$12.17
<i>Industrial</i>	Commerce City						
	Warehouse Distribution	8,301,339	7,747,908	3.2%	1.9%	\$9.18	\$9.26
	All Other Industrial	2,396,938	2,396,938	3.6%	3.9%	\$9.08	\$11.42
	Metro Denver						
	Warehouse Distribution	168,275,359	163,685,058	4.8%	4.1%	\$7.97	\$7.79
	All Other Industrial	52,899,851	52,741,951	3.1%	3.5%	\$8.40	\$8.51

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 604,478 square feet of space were issued in Commerce City during the second quarter of 2019. The nonresidential building permits issued during the period were valued at over \$64.5 million.

Commerce City Commercial Building Permits Issued, 2Q 2019		
Project Description	Valuation	Total Square Feet
New Administration Building - Aziz Dhanani	\$798,000	4,401
I-270 Industrial Park #4 Transfer Station	\$13,895,500	57,340
Elite Transport Services new shop building	\$625,000	8,300
Metro Wastewater Reclamation District expansion	\$21,381,944	35,764
Sherwin Williams Paint Store	\$736,253	4,800
Wing Stop Commerce City	\$125,000	612
Dairy Queen	\$668,021	3,148
Panda Express	\$750,000	2,216
Eye Care Clinic - Plan De Salude De Valle Inc.	\$150,000	1,223
Klein Water Treatment Facility - chemical project	\$19,025,123	32,648
Marty Farms single-story mezzanine	\$6,389,309	454,026

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

The highest valued project permitted was a building expansion and chemical project expansion for the Metro Wastewater Reclamation District, valued at over \$21 million and adding an additional 35,764 square feet at 5950 York St.

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