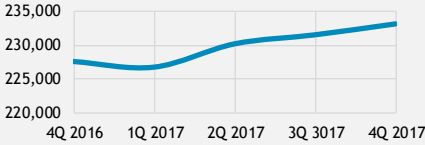
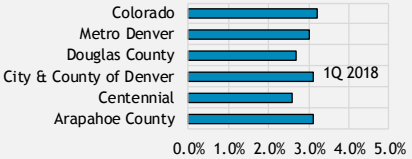
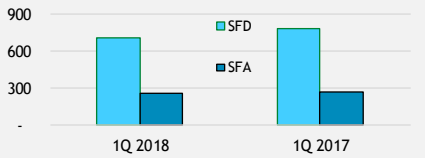
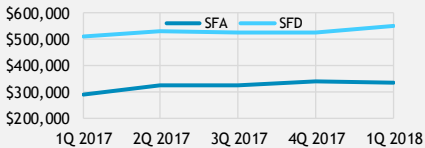
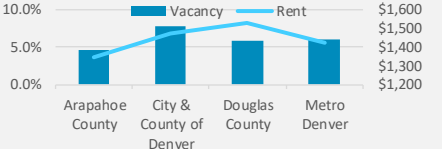
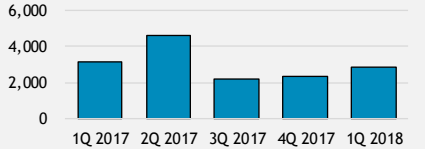
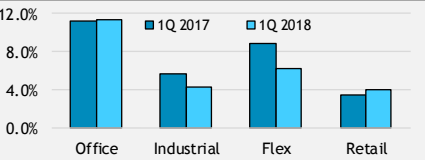
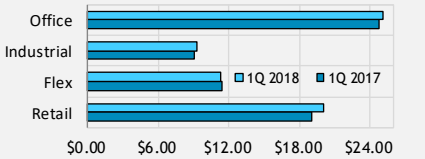


Quarterly Economic Summary

Employment	233,091 Up 2.4% from 4Q 2016	
Metro Denver Unemployment Rate	3.0% Up 0.1 percentage point from 1Q 2017	
Existing Home Sales	968 Down 8.2% from 1Q 2017	
Single-Family Detached Average Price	\$551,200 Up 8.1% from 1Q 2017	
Single-Family Attached Average Price	\$336,687 Up 15.1% from 1Q 2017	
Metro Denver Apartment Vacancy Rate	6.1% Up 0.4 percentage points from 1Q 2017	
Metro Denver Apartment Average Lease Rate	\$1,420 Up 2.7% from 1Q 2017	
Residential Building Permits	2,841 Down 10.5% from 1Q 2017	
Office Vacancy Rate	11.4%	
Industrial Vacancy Rate	4.3%	
Flex Vacancy Rate	6.2%	
Retail Vacancy Rate	4.0%	
Office Average Lease Rate	\$25.09	
Industrial Average Lease Rate	\$9.33	
Flex Average Lease Rate	\$11.36	
Retail Average Lease Rate	\$20.12	

Denver South EDP Economic Headlines

Rankings

- The *Fortune* 500 list included 10 Colorado companies this year, six of which are located in the Denver South region. Qurate Retail, formerly known as Liberty Interactive, started as a division of Liberty Media, but recently split to form a separate company. Other Denver South companies include Arrow Electronics, Dish Network, Liberty Media, Newmont Mining, and Western Union, which have all previously made the list. To compile the list, *Forbes* weighed four key financial data points including revenue, profits, assets, and market value.
 - Arrow Electronics - No. 113
 - DaVita - No. 179
 - Dish Network - No. 203
 - Molson Coors Brewing - No. 275
 - Ball - No. 277
 - Qurate Retail - No. 288
 - DCP Midstream - No. 344
 - Liberty Media - No. 377
 - Newmont Mining - No. 385
 - Western Union - No. 494
- Two Colorado cities, Boulder and Centennial, made the list of 22 communities nationwide for the 2018 Smart Cities Collaborative run by Washington DC-based Transportation for America. The collaborative will focus on how emerging technologies and new mobility options are reshaping the right-of-way and curb space as well as changing the way people move through their communities. Last year, the group addressed challenges related to automated vehicles, shared mobility, and how to use data to manage complex transportation networks.
- *WalletHub*'s "2018 Best Large Cities to Start a Business" list ranked Denver No. 12 out of 182 large cities. *WalletHub* used 19 different criteria derive with its list, including business costs (cost of labor, office space), business environment (average growth in number of small businesses, startups per capita, five-year survival rate), and access to resources (financing accessibility, prevalence of investors).
- Douglas County ranked No. 1 for overall health outcomes for the third-consecutive year, according to the 2018 Robert Wood Johnson Foundation's "County Health Rankings." The County has been ranked by the Foundation as one of the top two healthiest Colorado counties since 2011. The report ranks each county in the state of Colorado based on several health outcomes including length and quality of life, health behaviors, clinical care, and physical environment.
- Metro Denver ranked No. 12 on *Forbes*' 2018 list of the best cities for jobs. The methodology for the ranking measured the robustness of metro areas' growth both recently and over time, with some minor corrections to mitigate the volatility that the Great Recession introduced into the earlier parts of the time series. Dallas, Austin, and Nashville were ranked as the top three metro areas.
- *U.S. News & World Report*'s "Best Places to Live" for 2018 ranked Denver No. 3, down one spot from last year. Colorado Springs moved from No. 11 last year up to No. 2, as growth in the average salary rose faster than the median rent and home price, causing the affordability index to improve. The list is based on affordability, job prospects, and quality of life.
- According to a recent report on the nation's tech sector from CompTIA, Colorado's tech employment grew by the 10th-highest rate in the country and ranked 15th for net tech employment with 285,300 workers. The tech industry contributed more than \$43 billion to the state's economy in 2017 and comprised 9.7 percent of the state's total workforce. Employment in Colorado's technology industry increased by an estimated 6,530 jobs or 2.3 percent in

2017. Colorado also reported a 44.3 percent increase from 2016 to 2017 in the number of job postings related to emerging technologies.

- The *Chief Executive*, an economic development magazine, named Colorado No. 8 in its 2018 “Best States for Business” ranking. The magazine’s competitive selection placed Colorado 27th for taxation and regulation, 10th for workforce quality, and No. 1 for living environment. The ranking highlighted the state’s growing cybersecurity industry as well as its status as a “lab experiment for legalized recreational marijuana.”
- Construction is underway to create a new 7.5-mile trail that will connect existing public trails on Douglas County’s Bayou Gulch Open Space to the Cherry Creek Regional Trail. The project will be completed in the fall of 2018 and was made possible through a mutually-beneficial, public private partnership between Douglas County and Two Bridges, LLC. The donation by the developer in October 2017 of 412-acres to Douglas County also includes the acreage preserved as valuable wildlife habitat and the creation of a buffer between Bayou Gulch and new residential development.

Company Announcements

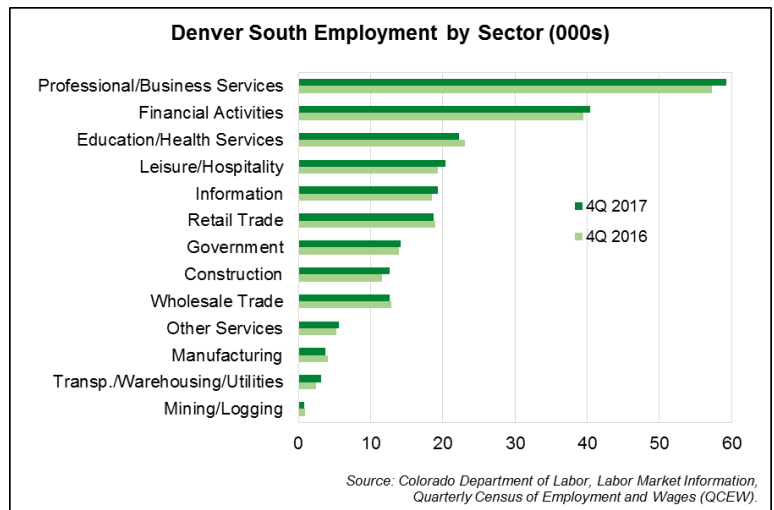
- New York-based Serendipity Labs leased 15,000 square feet for a coworking space at 6400 S. Fiddlers Green Circle. Coworking space in the Denver Tech Center (DTC) has not grown as quickly as the rest of Denver, leaving opportunity for new firms to enter the DTC market. Serendipity will offer different levels of membership, including drop-in office space, one-person offices, or 10-person offices.
- Inocucor Corporation, with its U.S. headquarters operations located in Centennial, is changing its name to Concentric Ag Corporation and moving to a new building at 7304 South Joliet St. in Centennial. The company’s new office is a 30,000-square-foot headquarters and commercialization space that currently employs about 20 people with plans to eventually grow to 58. Last month, Concentric raised \$15.9 million in Series B funding.
- Charter Communications recently moved employees into offices leased on eight floors of a new, 10-story office tower at 6175 S. Willow Drive after filling their 12-floor building and adding hundreds of jobs in the area. The company expects to eventually expand by more than 800 jobs in Colorado, making Denver a regional hub for Charter. Two years ago, the company completed a three-way merger with Time Warner Cable and Bright House Networks, making it a 17-million-subscriber cable and broadband company with about 90,000 employees nationwide.
- Ultra Petroleum Corporation, a Houston-based oil and gas company, is moving its home base to Metro Denver from Houston and focusing on its natural gas operations in Wyoming. The company already employs 65 in Centennial, and will add some of the remaining 14 employees from Houston.
- Burns and McDonnell, a Kansas City-based engineering, architecture, and consulting firm, plans to expand its presence in Centennial, doubling its local workforce within the next five years. The local office currently employs 220, and was recently named to *Fortune’s* 2018 list of “100 Best Companies to Work For” for the seventh time.
- Rocky Mountain Crude Oil LLC (RMCO), a private oil and gas transportation and storage company, is doubling in size with the purchase of Concord Energy Transportation LLC and its assets. This deal allows RMCO to transport between 55,000 and 65,000 barrels of oil per day, up from 34,000 previously. Commercial operations, dispatch, and business development functions have been consolidated into RMCO’s Greenwood Village offices. Forty-six employees are transferring in from Concord, bringing total RMCO employment to 145 people.
- Fidelity Investments is currently hiring more than 100 open positions across departments such as personal investing, customer service, IT, public affairs, audit, communications, and legal/compliance. The company has openings in all levels from entry level to upper management. In the past five years, Fidelity’s Denver region has added more than four million customer accounts and more than doubled its total assets under administration.
- Toastmasters International celebrated the opening of their new world headquarters in Douglas County. The 106,575-square-foot space in the Meridian International Business Center is nearly double the size of the

company’s previous world headquarters. Toastmasters expects to fill more than 60 positions at the building over the coming months.

- CU South Denver has announced a new Administrative Leadership and Policy Studies program, designed for aspiring principals or teachers interested in becoming outstanding leaders in their schools and districts. This master’s degree and principal licensure pathway places high emphasis on the school turnaround concept, and includes topics such as nurturing relationships, setting high expectations, and utilizing pedagogical practices that help diverse, lower-income youth succeed.

Employment Activity

The Denver South region reported fourth quarter 2017 employment of nearly 233,100 workers, rising 2.4 percent above the previous year’s level. This represented an additional 5,492 jobs over-the-year. Eight of the 13 supersectors reported increases during the period. Professional and business services is the largest supersector by total employment, representing one in four jobs in the region (59,218 employees). This supersector recorded a 3.5 percent increase over-the-year and created the most jobs during the period (+1,986 jobs). Transportation, warehousing, and utilities and reported the largest over-the-year percentage increase, rising 29.2 percent, primarily due to a reclassification of a large employer from retail to warehousing. The construction (+9.1 percent) and other services (+7.1 percent) supersectors also recorded strong employment growth during the period. Five of the 13 supersectors contracted during the quarter, led by the largest percentage decline in mining and logging (-10.3 percent) and manufacturing, which decreased 8.9 percent or by 365 jobs.



- Metro Denver employment rose 2.2 percent in the fourth quarter of 2017 compared with the same period in 2016. All 13 supersectors in Metro Denver reported increases over-the-year. The largest percentage increases in employment were in transportation, warehousing, and utilities and mining and logging supersectors, rising 9.3 percent and 8.8 percent, respectively. Professional and business services is Metro Denver’s largest supersector by employment, which increased 2.6 percent or 7,637 jobs over-the-year. Construction also recorded a significant increase in employment over-the-year, rising 6 percent or 5,661 jobs.

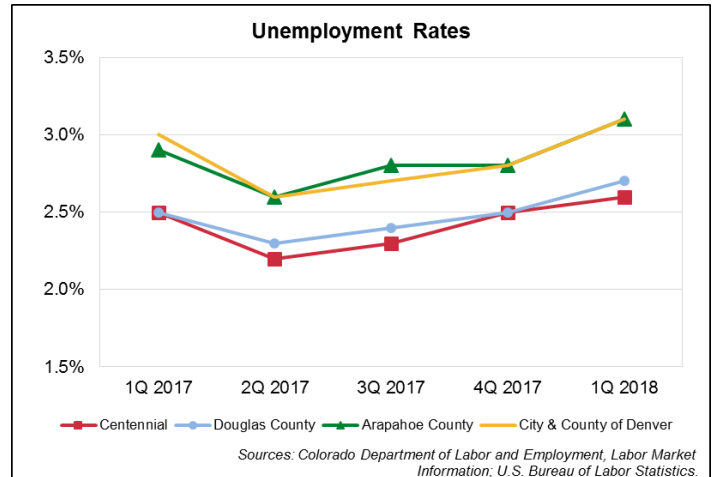
Manpower Employment Outlook Survey

Employers in the Denver Aurora MSA expect to hire at a solid pace through the third quarter of 2018, according to the Manpower Employment Outlook Survey. Among employers surveyed, 29 percent plan to hire more employees from July to September, a slight decrease over-the-year, falling 1 percent. At the same time, the majority of Denver Aurora MSA companies intend to maintain staff levels through the third quarter of the year, with that level increasing 2 percentage points above the prior quarter’s level and 1 percentage point above the prior year’s level. Companies planning to lay off workers decreased 1 percentage point over-the-year, but increased by 1 percent between the second quarter of 2018 and the third quarter of 2018.

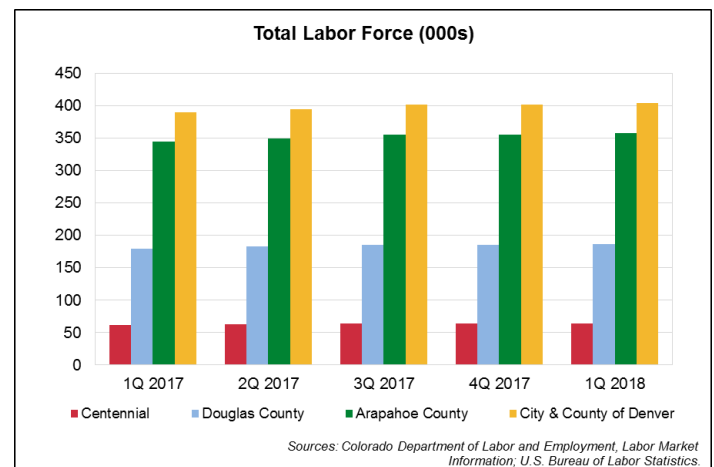
Manpower Employment Outlook Survey								
Metro Denver National	Companies Hiring		Companies Laying Off		Companies No Change		Unsure	
3Q 2018	29%	24%	4%	3%	65%	71%	2%	2%
2Q 2018	31%	23%	3%	3%	63%	73%	3%	1%
3Q 2017	30%	24%	5%	4%	64%	70%	1%	2%

Labor Force and Unemployment

Unemployment rates increased throughout the Denver South region in the first quarter of 2018. The unemployment rate for Centennial increased 0.1 percentage point between the first quarters of 2017 and 2018. Arapahoe and Douglas Counties were up by 0.2 percentage points over-the-year, while the City and County of Denver posted a 0.1 percentage point increase. Both the City and County of Denver and Arapahoe County recorded the largest unemployment rate increases from the fourth quarter of 2017 to the first quarter of 2018, rising 0.3 percentage points. Douglas County recorded an over-the-quarter increase of 0.2 percentage points, while Centennial reported an increase of 0.1 percentage point. Quarterly unemployment rates in the Denver South region remained near historically low levels in the first quarter.



- Six of the seven Metro Denver counties recorded increasing unemployment rates from the first quarter of 2017 to 2018. Boulder County had the largest over-the-year increase in the unemployment rate, rising 0.3 percentage points to 2.8 percent. Adams County, Arapahoe County and Douglas County all reported increases in the unemployment rate of 0.2 percentage points. The City and County of Broomfield reported no change over-the-year. All seven counties recorded slight unemployment rate increases of between 0.2 and 0.4 percentage points over-the-quarter. As of the first quarter of 2018, Douglas County averaged the lowest unemployment rate in Metro Denver at 2.7 percent.



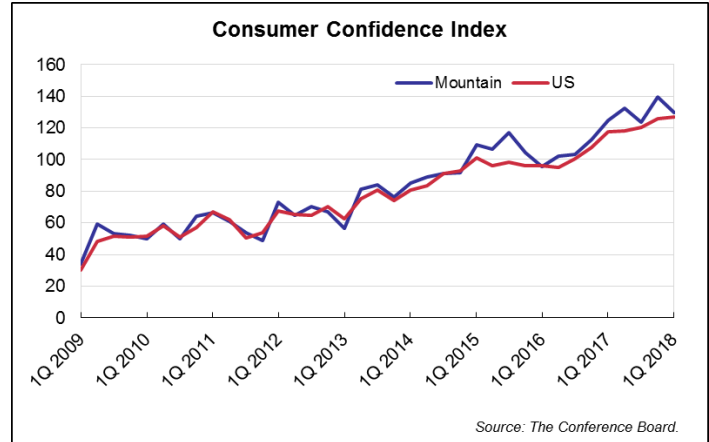
- The unemployment rate in Metro Denver rose 0.1 percentage points to 3 percent between the first quarters of 2017 and 2018. Colorado reported a 0.2 percentage point increase over-the-year to 3.2 percent. However, the national unemployment rate fell 0.6 percentage points over-the-year to 4.3 percent.

Consumer Activity

Consumer Confidence

The Consumer Confidence Index for the U.S. increased between the fourth quarter of 2017 and the first quarter of 2018, reporting a level of 127.1 from the revised fourth quarter 2017 level of 126, a 0.9 percent increase over-the-quarter. The U.S. Index also grew over-the-year, increasing 8.1 percent between the first quarters of 2017 and 2018. Consumer confidence in the U.S. has increased over-the-year for seven consecutive quarters.

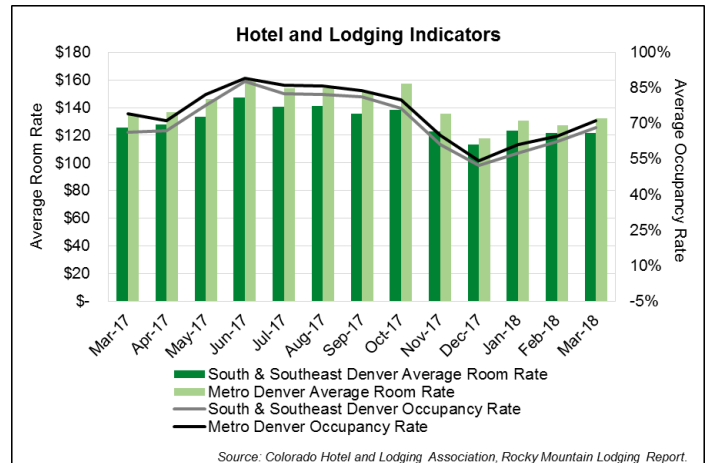
Colorado is included in the Mountain Region Index and the area reported a decrease in consumer confidence between the fourth quarter of 2017 and the first quarter of 2018, reporting a level of 129.6 from the revised fourth quarter 2017 level of 139.4, a 7.1 percent decrease over-the-quarter. For the Mountain Region, this decrease followed a 12.7 percent increase between the third and fourth quarters of 2017. The Mountain Region Index reported an over-the-year increase of 3.9 percent.



Lodging

The South and Southeast Denver markets ended the first quarter with a hotel occupancy rate of 68.3 percent in March 2018, a 2.1 percent increase from the same time last year. The market's average room rate was \$121.57 per night, 3.2 percent lower than the March 2017 rate.

- Metro Denver reported a hotel occupancy rate of 71.2 percent at the end of the first quarter, 3 percentage points lower than last year. The average room rate for Metro Denver was \$132.04 per night at the end of March, \$2.25 per night lower than the same period one-year prior.



Residential Real Estate

Builder confidence for newly-built single-family homes rose two points to a level of 70 in May after a downwardly revised April reading on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). The solid May report shows that builders are buoyed by growing consumer demand for single-family homes. However, the record-high cost of lumber is hurting builders' bottom lines and making it more difficult to produce competitively priced houses for newcomers to the market.

- RidgeGate, a 15-year-old mixed-use community in Lone Tree is continuing development with a city center and an additional 10,000 residential units on the east side of I-25. Development will include a grid of streets and two light-rail stations on the RTD Southeast line, already under construction. Plans were approved for a 400-acre Lone Tree City Center and a 1,800-acre East Village. The city center will include offices, retail, and hotels, with the potential to bring 50,000 new jobs to the area.

Home Sales

Home sales in the Denver South region fell between the first quarters of 2017 and 2018, decreasing 8.2 percent to 968 homes. Single-family detached homes sales had the largest decrease in sales, falling 10.2 percent to 708 homes sold

during the quarter. Condominiums and townhomes fell 2.6 percent over-the-year to 260 homes sold. The average sales price for single-family detached (\$551,200) rose 8.1 percent over-the-year, while the average sales price for condominiums and townhomes (\$336,687) rose 15.1 percent.

- Metro Denver reported 10,804 total home sales during the first quarter of 2018, a 5.2 percent decline over-the-year. Single-family detached home sales (7,998 sales) fell 4.4 percent over-the-year, while condominium and townhome sales (2,806 sales) fell 7.6 percent. The average sales price of a single-family detached home rose 11.7 percent over-the-year and the condominium and townhome price rose 13 percent.

Existing Home Sales in the Denver South Region, First Quarter 2018

	Homes Sold			Average Sales Price			Avg Sales Price per Sq. Ft.*		
	1Q 2018	1Q 2017	Yr/Yr % Ch	1Q 2018	1Q 2017	Yr/Yr % Ch	1Q 2018	1Q 2017	Yr/Yr % Ch
Denver South Region									
Condominium/Townhouse	260	267	-2.6%	\$336,687	\$292,503	15.1%	\$244	\$218	11.6%
Single-Family Detached	708	788	-10.2%	\$551,200	\$510,053	8.1%	\$238	\$223	6.7%
Metro Denver									
Condominium/Townhouse	2,806	3,036	-7.6%	\$292,310	\$258,686	13.0%	\$254	\$228	11.5%
Single-Family Detached	7,998	8,362	-4.4%	\$488,139	\$436,918	11.7%	\$276	\$248	11.5%

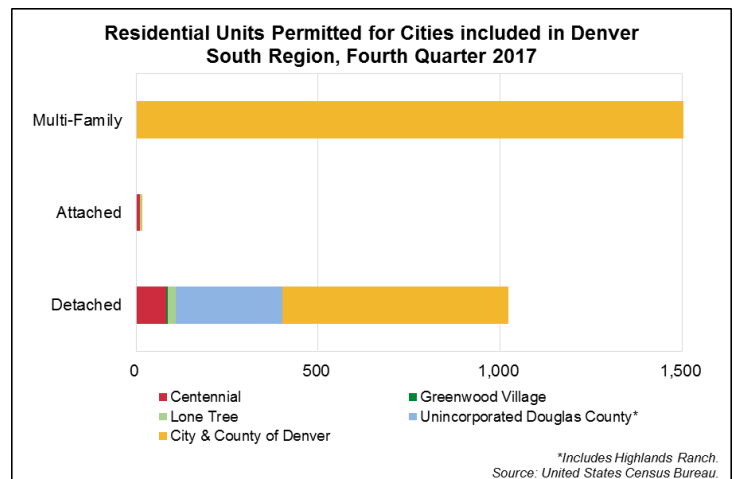
*Note: Data could include a small number of new home sales. *Excludes homes where total square footage was not reported. Source: Colorado Comps, LLC.*

Foreclosures

The Denver South region continued to report varied foreclosure activity during the first quarter of 2018. The City and County of Denver and Douglas County reported the only decreases in foreclosures over-the-year of the seven Metro Denver counties, falling 14.9 percent and 14.8 percent, respectively. Of the remaining five counties within Metro Denver, the City and County of Broomfield reported the largest increase in foreclosures, rising 50 percent between the first quarters of 2017 and 2018, followed by Boulder, which rose 5.7 percent. Jefferson County (+2.5 percent), Adams County (+1.8 percent), and Arapahoe County (+1.2 percent) rose slightly during the period. Total foreclosure filings reported in Metro Denver during the first quarter of 2018 were 3 percent lower than the first quarter of 2017 and were 1 percent lower than the fourth quarter of 2017. (Source: county public trustees.)

Residential Building Permits

Building permits issued in the Denver South region reported mixed trends in the first quarter of 2018. The five principal areas for the Denver South region issued building permits for 2,841 units during the quarter, which was 10.5 percent lower over-the-year. The decline over-the-year was primarily due to a decrease in multifamily permits in the City and County of Denver. Centennial, Lone Tree, and unincorporated Douglas County reported increases in permits over-the-year, rising 124.4 percent, 47.4 percent, and 39 percent, respectively. Greenwood Village (-28.6 percent) and the City and County of Denver (-16.4 percent) recorded declines in the number of permits issued. Metro Denver reported an 18 percent increase in building permits, representing 1,108 additional permits over-the-year. (Note: Permit counts are for entire cities, not just the portion included in the Denver South region.)



Apartment Market

Between the first quarters of 2017 and 2018, the apartment vacancy rate for three of the six Denver South submarkets increased. The largest over-the-year increase was in Arapahoe County - South market and the City and County of Denver, where the vacancy rate rose 1.3 percentage points. The Denver – Far Southeast market also rose slightly, increasing 0.6 percentage points. The vacancy rate in Douglas County remained flat over the year, holding steady at 5.9

percent. Arapahoe County and Douglas County – North and posted decreases of 0.7 percentage points and 0.1 percentage points over-the-year, respectively. The average rental rate rose over-the-year across four of the six market areas in the Denver South region, with the largest over-the-year increase in Arapahoe County - South (+9.8 percent). The City and County of Denver (+4.1 percent) and Denver – Far Southeast (+3.7 percent) also recorded significant increases during the same period. The average rental rate ranged from \$1,287 per month in the Denver – Far Southeast market to \$1,614 per month in the Arapahoe County – South market.

- The vacancy rate in Metro Denver rose 0.4 percentage points over-the-year to 6.1 percent. The average rental rate increased 2.7 percent over-the-year to \$1,420 per month, representing an additional \$38 in average monthly rent.

Commercial Real Estate

- Denver-based Prime West is building a 15-story structure at the southwest corner of Layton Avenue and Newport Street. The plans call for 384,000 square feet of office space and 16,000 square feet of ground-floor retail space. The office building is within the Denver Tech Center master-planned community and will include 1,235 parking spaces.

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

The Denver South commercial real estate market reported varied trends across the four property types during the first quarter of 2018 compared with the previous year. The retail and office markets posted slight increases in the vacancy rates, rising 0.5 percentage points and 0.1 percentage points, respectively. The flex and industrial markets posted decreases in the vacancy rate, falling 2.7 percentage points and 1.4 percentage points, respectively. Three of the four property types reported rising average lease rates, led by the retail market rising 5.3 percent to \$20.12 per square foot. The industrial market (+2.8 percent) and the office market (+1.1 percent) also reported increases over-the-year. The average lease rate in the flex market decreased 0.5 percent over-the-year to \$11.36 per square foot.

- Metro Denver also recorded mixed trends across the four property types between the first quarters of 2017 and 2018. The average lease rate increased in three of the four markets, with the retail market recording the largest increase of 4.9 percent, followed by the industrial market, which rose 4.8 percent during the same period. The vacancy rate declined in the flex market (-1.8 percentage points) but increased slightly in the other three markets, ranging from 0.4 percentage points in the office market to 0.1 percentage point in the retail market.

Apartment Vacancy Rates and Average Rents

	Vacancy		Average Rent	
	1Q 2018	1Q 2017	1Q 2018	1Q 2017
Arapahoe County	4.6%	5.3%	\$1,347	\$1,315
Arapahoe County - South	6.1%	4.8%	\$1,614	\$1,470
City & County of Denver	7.8%	6.5%	\$1,471	\$1,413
Denver - Far Southeast	5.5%	4.9%	\$1,287	\$1,240
Douglas County	5.9%	5.9%	\$1,529	\$1,539
Douglas County - North	5.9%	6.0%	\$1,542	\$1,558
Metro Denver	6.1%	5.7%	\$1,420	\$1,383

Source: Apartment Association of Metro Denver, Denver Metro Apartment Vacancy and Rent Survey.

Denver South Region Commercial Vacancy and Lease Rates by Property Type

		Office		Industrial		Flex		Retail	
		DSEDP Region	Metro Denver	DSEDP Region	Metro Denver	DSEDP Region	Metro Denver	DSEDP Region	Metro Denver
Total Existing Square Footage	1Q 2018	43.9	187.9	8.5	217.3	7.7	45.4	19.2	168.1
	1Q 2017	42.8	184.1	8.2	212.1	7.7	45.2	19.2	166.7
Direct Vacancy Rate	1Q 2018	11.4%	10.0%	4.3%	4.2%	6.2%	6.1%	4.0%	4.4%
	1Q 2017	11.3%	9.6%	5.7%	3.9%	8.9%	7.9%	3.5%	4.3%
Avg Lease Rate (per sq. ft.)	1Q 2018	\$25.09	\$26.40	\$9.33	\$7.70	\$11.36	\$11.87	\$20.12	\$18.05
	1Q 2017	\$24.82	\$25.63	\$9.08	\$7.35	\$11.42	\$11.60	\$19.11	\$17.20

Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Industrial and retail lease rates are triple-net.

Source: CoStar Realty Information, Inc.

Nonresidential Development Activity

Construction started or continued during the first quarter of 2018 on over 955,000 square feet of office, retail, and industrial space in the Denver South region.

- The largest project currently under construction is the Village Center Station II office building in Greenwood Village, spanning 306,000 square feet. During the first quarter of 2018, over 541,000 square feet of office space was under construction in the Denver South region.
- There was over 81,600 square feet of retail space under construction, including two buildings encompassing 24,100 square feet for the Country Meadows Square Center.
- There were four industrial projects under construction in the Denver South region during the first quarter of 2018. The Dove Valley Business Center was the largest project, totaling over 149,650 square feet of industrial space.

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