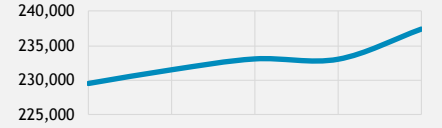
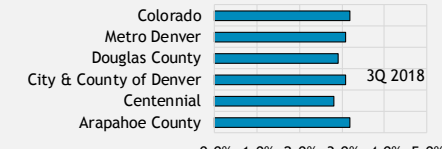
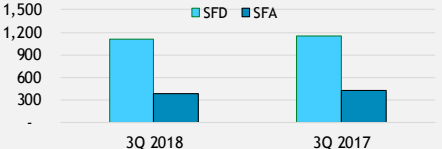
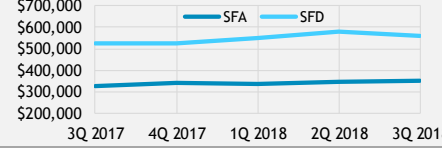
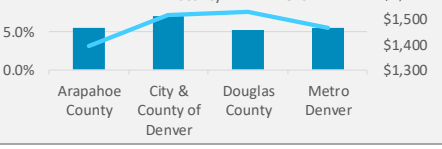
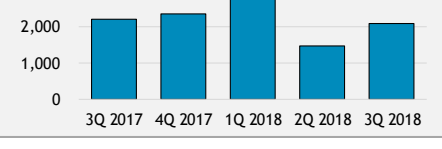
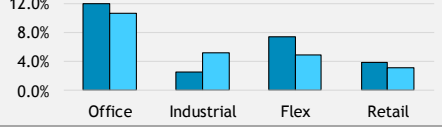
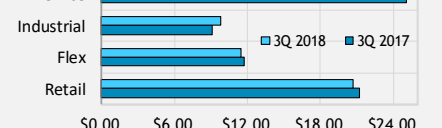


Quarterly Economic Summary

<p>Employment</p>	<p>237,480 Up 3.5% from 2Q 2017</p>	
<p>Metro Denver Unemployment Rate</p>	<p>3.1% Up 0.4 percentage points from 3Q 2017</p>	
<p>Existing Home Sales</p>	<p>1,482 Down 6% from 3Q 2017</p>	
<p>Single-Family Detached Average Price</p> <p>Single-Family Attached Average Price</p>	<p>\$559,898 Up 6.5% from 3Q 2017</p> <p>\$350,470 Up 7.9% from 3Q 2017</p>	
<p>Metro Denver Apartment Vacancy Rate</p> <p>Metro Denver Apartment Average Lease Rate</p>	<p>5.5% Up 0.1 percentage point from 3Q 2017</p> <p>\$1,465 Up 3.8% from 3Q 2017</p>	
<p>Residential Building Permits</p>	<p>2,089 Down 5.4% from 3Q 2017</p>	
<p>Office Vacancy Rate</p> <p>Industrial Vacancy Rate</p> <p>Flex Vacancy Rate</p> <p>Retail Vacancy Rate</p>	<p>10.6%</p> <p>5.2%</p> <p>4.9%</p> <p>3.2%</p>	
<p>Office Average Lease Rate</p> <p>Industrial Average Lease Rate</p> <p>Flex Average Lease Rate</p> <p>Retail Average Lease Rate</p>	<p>\$25.46</p> <p>\$9.78</p> <p>\$11.45</p> <p>\$20.66</p>	

Denver South EDP Economic Headlines

Rankings

- Deloitte released its annual list of the fastest-growing tech companies in North America, and nine Colorado companies made the list. The list measures the fastest-growing companies based on revenue in the technology, media, telecommunications, life sciences, and energy tech sectors. The highest ranked company on the list was Viveve Medical, based in Arapahoe County, which ranked No. 4 on the list with 16,887 percent increase in revenue over three years.
- Job-hunting website Hired compiled the “2018 Global Brand Health Report,” a list of the top-rated companies to work for in a dozen cities around the globe. For the regional ranking, Centennial-based Arrow Electronics scored No. 1, up from No. 3 last year. Hired compiled its global list by providing 2,200 software engineers, product managers, data scientists, and designers in 12 top tech markets with a list of established companies and asked them to rank how interested they would be in working for each of them on a five-point scale.
- Highlands Ranch ranked No. 8 on a new ranking of the “Best Places to Live in America” by *Money* magazine and Realtor.com. The ranking focused on a place’s economic health, cost of living, diversity, public education, income, crime, ease of living, and amenities. Highlands Ranch was noted for a median family income of \$126,404 and projected job growth from 2017-22 of 7.4 percent.
- The City and County of Denver ranked No. 4 among large cities on a list of the top digital cities in the U.S. for 2018. According to the Center for Digital Government, cybersecurity, citizen engagement, hiring and retaining IT personnel, and transparency are expected to be the top technologies and initiatives focused on over the next year by city governments.
- Denver was named to the list of the top 25 tech cities in the U.S. and Canada for 2018 by Cushman & Wakefield. The *Tech Cities 2.0* report used factors such as employment, occupations, and venture capital investments. Cities were grouped in three tiers: the first tier included cities where tech is a critical component; the second, where tech is a key driver; and the third, where tech is important to the local economy. In Denver, tech jobs make up 6.9 percent of total employment, ranking the city in the second tier. First tier cities reported tech jobs of over 8 percent of total employment and third tier cities reported tech employment of under 6 percent.
- The number of new businesses filing initial paperwork with the Colorado Secretary of State’s office continued an upward trend in the third quarter of 2018, according to a report from the Business Research Division of the University of Colorado Boulder Leeds School of Business. The report found that quarterly new business filings were up 9.3 percent year-over-year. Business renewals were up 6.7 percent, which suggests that continued growth is likely. In total, 30,000 new entities filed with the state in the third quarter of 2018.
- According to the nonprofit Trust for America’s Health and the Robert Wood Johnson Foundation, Colorado ranked as the least obese state in the country with about 23 percent of its adult residents classified as obese in 2017. The state also has the second lowest rate of diabetes and hypertension in the country and the second-highest percentage of residents that are physically active. Since 1995, Colorado has regularly recorded the lowest or second-lowest obesity rate in the country.

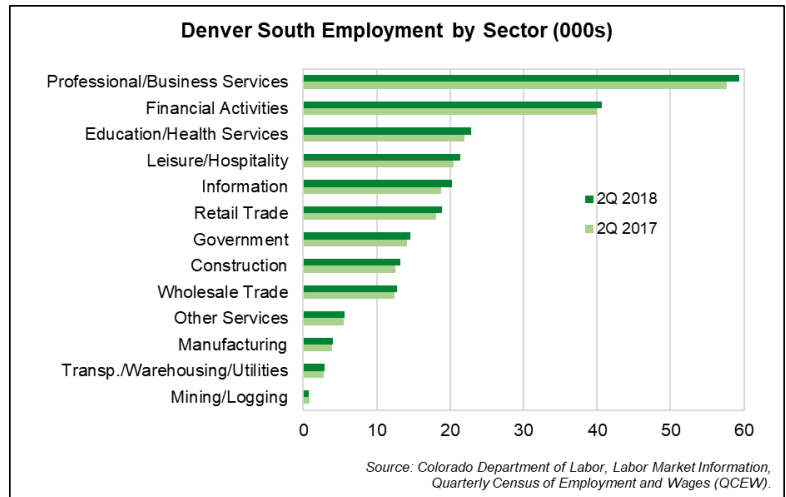
Company Announcements

- Amazon added a delivery center to Centennial, which spans 80,000 square feet and employs more than 300 people, not counting drivers. Through these centers, Amazon is able to add services that would have otherwise been unavailable with traditional third-party carriers, like photos sent to prove a package was left on the porch, the ability to leave packages inside a house, or Sunday delivery. Amazon has contracted with independent delivery partners, who are now looking to hire additional drivers to meet the increased demand due to the new delivery center.

- Los Angeles-based Ordermark is opening a 1,500-square-foot office at 5500 Greenwood Plaza Blvd. in Greenwood Village. The startup makes software and hardware products for restaurants handling online orders. The startup employs 45 people and plans to increase the Denver headcount in the future.
- Ernst & Young LLP (EY) is opening a second office in the Denver Tech Center by the end of the year. EY ranked fourth in the Denver area in 2017 for the largest accounting firms by employee size. The current Denver office has doubled over the past five years to 600 employees. The growth reflected a combination of new hires and transfers by current employees based in other cities. The new office will be equipped with standing desks, ergonomic chairs, communal areas, and aromatherapy rooms.

Employment Activity

The Denver South region reported second quarter 2018 employment of 237,480 workers, rising 3.5 percent above the previous year’s level. This represented an additional 8,003 jobs over-the-year. Eleven of the 13 supersectors reported increases during the period. The professional and business services supersector added the most jobs, increasing 3 percent between the second quarters of 2017 and 2018, and adding 1,728 jobs. Information reported the largest percentage increase, rising 8.3 percent and adding 1,556 jobs over-the-year. Other supersectors that reported strong growth included construction (+5.4 percent), leisure and hospitality (+4.3 percent), and education and health services (+4.2 percent). Mining and logging (-13.3 percent) and manufacturing (-1.3 percent) reported the only contractions between the second quarter of 2017 and the second quarter of 2018, decreasing by 121 jobs and 52 jobs, respectively.



- Metro Denver employment rose 2.7 percent in the second quarter of 2018 compared with the same period in 2017. Twelve of the 13 supersectors in Metro Denver reported increases over-the-year. The largest percentage increases in employment were in the construction and transportation, warehousing, and utilities supersectors, rising 7.1 percent and 7 percent, respectively. The other services supersector reported the only decrease in employment over-the-year, falling 0.3 percent.

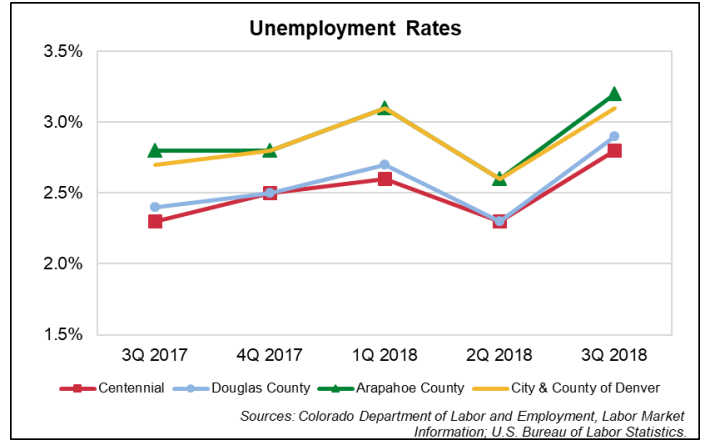
Manpower Employment Outlook Survey

According to the Manpower Employment Outlook Survey, 22 percent of Denver MSA employers plan to hire more employees from January through March, a decrease of 1 percentage point between the first quarter of 2018 and the first quarter of 2019. This number is offset by the 6 percent that plan to reduce payrolls, which is an increase of 4 percentage points from the first quarter of 2018, but a decrease of 1 percentage point from the previous quarter. Of employers, 72 percent expect to maintain current staff levels, an increase of 4 percentage points from the fourth quarter and an increase of 1 percentage point from the previous year.

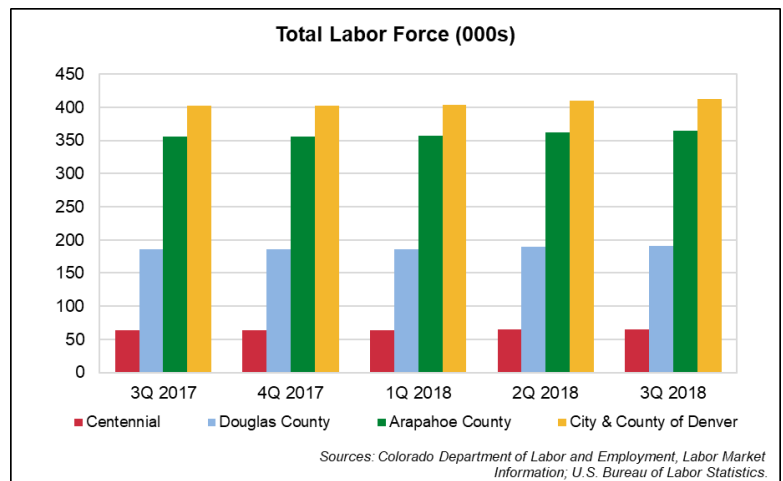
Manpower Employment Outlook Survey								
Metro Denver National	Companies Hiring		Companies Laying Off		Companies No Change		Unsure	
1Q 2019	22%	23%	6%	5%	72%	71%	0%	1%
4Q 2018	25%	22%	7%	5%	68%	71%	0%	2%
1Q 2018	23%	21%	2%	5%	71%	71%	4%	3%

Labor Force and Unemployment

Unemployment rates rose throughout the Denver South region in the third quarter of 2018. The unemployment rate for Centennial increased 0.5 percentage points to 2.8 percent over-the-year. Arapahoe County rose 0.4 percentage points to 3.2 percent. The City and County of Denver rose 0.4 percentage points to 3.1 percent, while Douglas County reported a level of 2.9 percent, increasing 0.5 percentage points from the previous year. Between the second and third quarters of 2018, Centennial's unemployment rate increased 0.5 percentage points. Arapahoe County (+0.6 percentage points), the City and County of Denver (+0.5 percentage points), and Douglas County (+0.6 percentage points) also reported increases in the unemployment rate over-the-quarter.



- The remaining four Metro Denver counties recorded increases in the unemployment rate between the third quarter of 2017 and the third quarter of 2018, ranging from an increase of 0.3 percentage points in Adams and Broomfield Counties to an increase of 0.5 percentage points in Boulder County. All counties also increased over-the-quarter, rising 0.5 percentage points between the second and third quarters of 2018.



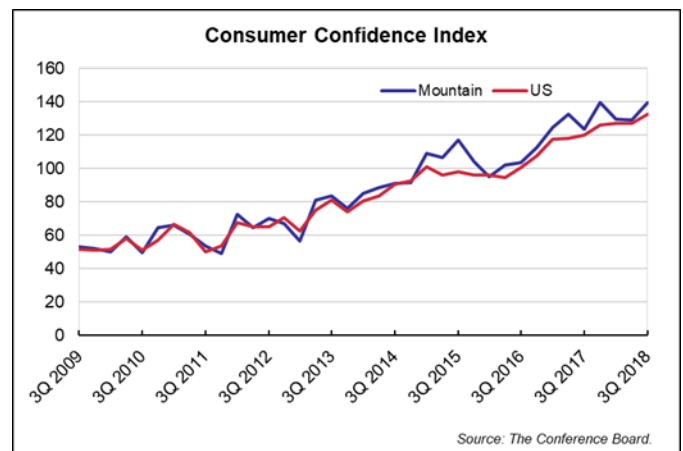
- The unemployment rate in Metro Denver rose 0.4 percentage points to 3.1 percent between the third quarters of 2017 and 2018. Colorado reported an unemployment rate of 3.2 percent at the end of the third quarter, an increase of 0.4 percentage points from the previous year. The national unemployment rate fell 0.5 percentage points over-the-year to 3.9 percent.

Consumer Activity

Consumer Confidence

The Consumer Confidence Index for the U.S. increased between the second and third quarters of 2018, rising 4.3 percent to 132.6. The U.S. Index also grew over-the-year, reporting an increase of 10.2 percent from 120.3 the previous year. Consumer confidence in the U.S. increased over-the-year for nine consecutive quarters.

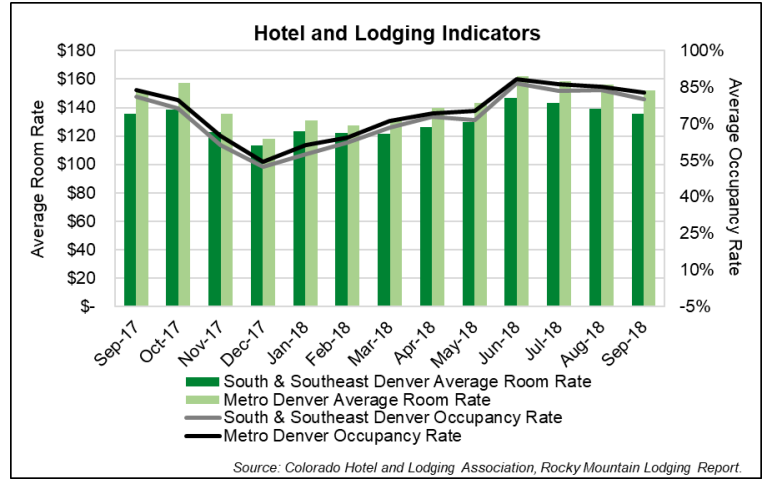
Colorado is included in the Mountain Region Index and the area reported an increase in consumer confidence between the second and third quarters of 2018. The index rose by 8.1 percent over-the-quarter, posting a level of 139.8. Between the third quarter of 2017 and 2018, the index also rose, increasing by 13 percent. Despite a small decline in the previous quarter, consumer confidence remains at historically strong levels for the mountain region.



Lodging

The South and Southeast Denver market ended the third quarter with a hotel occupancy rate of 80 percent in September 2018, a 1.1 percentage point decrease from the same time last year. The market's average room rate was \$135.52 per night, 0.2 percent lower than the September 2017 rate.

- Metro Denver reported a hotel occupancy rate of 82.9 percent at the end of the third quarter, 1 percentage point lower than last year. The average room rate for Metro Denver was \$151.94 at the end of September, 0.3 percent above the previous year's rate, or an increase of \$0.43 per night.



Residential Real Estate

Builder confidence for newly built single-family homes fell eight points to 60 in November on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI), its lowest level in more than two years. Growing affordability concerns resulted in the decreasing builder confidence, but despite the sharp drop, builder sentiment remains in positive territory. While home price growth accommodated increasing construction costs during this period, rising mortgage interest rates in recent months coupled with the cumulative run-up in pricing has caused housing demand to stall.

Home Sales

Home sales in the Denver South region reflected a slowing real estate market as demand continued to outpace supply. The market fell by 6 percent over-the-year to 1,482 homes sold between the third quarter of 2017 and the third quarter of 2018. Sales of condominiums and townhomes fell 10.2 percent to 378 homes sold and single-family detached sales fell 4.5 percent to 1,104 homes sold. The average sales price for single-family detached (\$559,898) rose 6.5 percent over-the-year, while the average sales price for condominiums and townhomes (\$350,470) rose 7.9 percent.

- Metro Denver reported 14,309 total home sales during the third quarter of 2018, a 13.1 percent decline over-the-year. Single-family detached home sales (10,655 sales) fell 12.7 percent over-the-year, while condominium and townhome sales (3,654 sales) fell 14.1 percent. The average sales price of a single-family detached home rose 7.7 percent over-the-year and the condominium and townhome price rose 8.3 percent.

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

	Homes Sold			Average Sales Price			Avg Sales Price per Sq. Ft.*		
	3Q 2018	3Q 2017	Yr/Yr % Ch	3Q 2018	3Q 2017	Yr/Yr % Ch	3Q 2018	3Q 2017	Yr/Yr % Ch
Denver South Region									
Condominium/Townhouse	378	421	-10.2%	\$350,470	\$324,693	7.9%	\$255	\$237	7.2%
Single-Family Detached	1,104	1,156	-4.5%	\$559,898	\$525,803	6.5%	\$245	\$231	6.0%
Metro Denver									
Condominium/Townhouse	3,654	4,252	-14.1%	\$302,120	\$279,037	8.3%	\$261	\$240	8.5%
Single-Family Detached	10,655	12,208	-12.7%	\$504,721	\$468,852	7.7%	\$280	\$260	7.6%

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

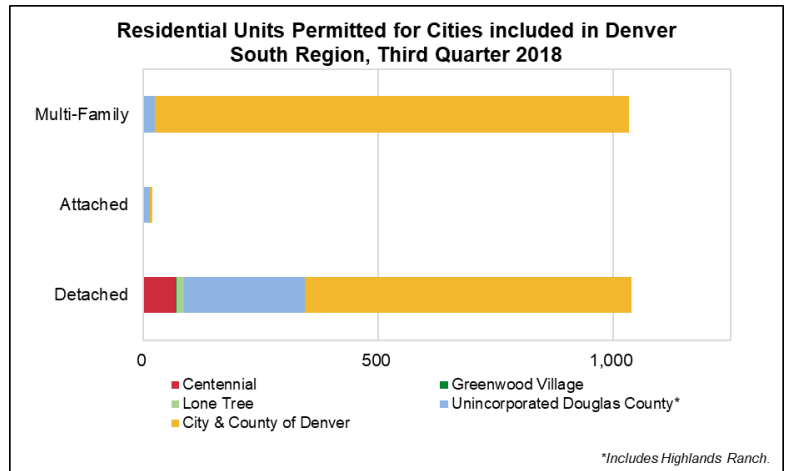
Foreclosures

Foreclosure filings were mixed in the Denver South region and also throughout the Metro Denver area during the third quarter of 2018 compared with last year at this time. The City and County of Denver reported a decrease of 11 percent, Arapahoe County fell 16.8 percent, while Douglas County rose 16.7 percent. Of the remaining four Metro

Denver counties, Boulder County (-43.1 percent) and Adams County (-1.7 percent) reported decreases, while the City and County of Broomfield reported no change. Jefferson County reported an increase over-the-year, rising 4 percent between the third quarter of 2017 and the third quarter of 2018. Total foreclosure filings reported in Metro Denver during the third quarter of 2018 were 7.9 percent lower than the third quarter of 2017, but were 8.8 percent higher than the second quarter of 2018. (Source: county public trustees.)

Residential Building Permits

Building permits issued in the Denver South region decreased in the third quarter of 2018. The five principal areas for the Denver South region issued building permits for 2,089 units during the quarter, which was 5.4 percent lower over-the-year. Three of the market areas reported declines, Greenwood Village (-66.7 percent), Unincorporated Douglas County (-16.9 percent), and the City and County of Denver (-5.5 percent). Centennial and Lone Tree reported increases over-the-year, rising 112.5 percent and 70 percent, respectively. The increases in Centennial and Lone Tree were entirely due to new single-family detached home permits. Metro Denver reported a 3.1 percent decrease in building permits, representing 162 fewer 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 third quarters of 2017 and 2018, apartment vacancy rates decreased in three of the six Denver South submarkets. The largest over-the-year decrease was in the Douglas County – North market, where the vacancy rate fell 1.4 percentage points to 4.6 percent. Denver – Far Southeast also decreased, falling 1.3 percentage points, followed by Douglas County, which fell 0.6 percentage points. All other market areas rose between 0.3 percentage points in the City and County of Denver to 1.7 percentage points in Arapahoe County – South. The average rental rate rose over-the-year across three of the six market areas in the Denver South region, with the largest over-the-year increase in the City and County of Denver (+4.1 percent). Arapahoe County (+3.9 percent) and Denver – Far Southeast (+1.9 percent) also reported increases between the third quarter of 2017 and the third quarter of 2018. Arapahoe County – South reported the largest decrease during the period, falling 2.8 percent. The average rental rate ranged from \$1,302 per month in the Denver – Far Southeast market to \$1,541 per month in the Douglas County – North market.

Apartment Vacancy Rates and Average Rents

	Vacancy		Average Rent	
	3Q 2018	3Q 2017	3Q 2018	3Q 2017
Arapahoe County	5.5%	4.5%	\$1,395	\$1,343
Arapahoe County - South	6.2%	4.5%	\$1,525	\$1,568
City & County of Denver	7.1%	6.8%	\$1,517	\$1,457
Denver - Far Southeast	5.2%	6.5%	\$1,302	\$1,277
Douglas County	5.2%	5.8%	\$1,532	\$1,533
Douglas County - North	4.6%	6.0%	\$1,541	\$1,555
Metro Denver	5.5%	5.4%	\$1,465	\$1,412

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

*Vacancy rate affected by new units leasing up

- The vacancy rate in Metro Denver rose 0.1 percentage point over-the-year to 5.5 percent. The average rental rate increased 3.8 percent over-the-year to \$1,465 per month, representing an additional \$53 in average monthly rent.

Commercial Real Estate

- Denver-based developer Koelbel and Company has broken ground on an 11-acre parcel in the town of Parker called Pine Bluffs Plaza, located at the northeast corner of Parker Road and Hess Road. The site will be transformed into a mix of food, fitness, and service providers in two phases and will be anchored by a free-standing emergency room and medical office. Phase one includes five buildings and has a total of 51,825 rentable

square feet including a 10,800-square-foot free standing emergency room and a 13,500-square-foot building dedicated to medical office tenants.

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 third quarter of 2018 compared with the previous year. The vacancy rate fell in three of the four markets, with the flex market reporting the largest decrease of 2.5 percentage points. The office market (-1.3 percentage points) and the retail market (-0.7 percentage points) also reported decreases. The industrial market reported an increase in the vacancy rate over-the-year, rising from 2.6 percent to 5.2 percent vacancy in the third quarter of 2018. The industrial market also reported the largest increase in the average lease rate, rising 7.7 percent to \$9.78 per square foot. The office market reported the only other increase in the average lease rate, rising 1.5 percent. The flex market (-2.7 percent) and the retail market (-2.5 percent) reported decreasing lease rates, falling by \$0.32 per square foot and \$0.54 per square foot, respectively.

- Metro Denver recorded positive trends across the four property types between the third quarters of 2017 and 2018. The vacancy rate fell across three of the four market areas, and remained flat in the retail market, holding steady at 4.4 percent. The flex market reported a decrease of 0.6 percentage points, followed by the office market (-0.2 percentage points), and the industrial market (-0.1 percentage point). The average lease rate increased in all four markets, with the industrial market recording the largest increase of 4.3 percent, followed by the flex market, which rose 3.6 percent during the same period.

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 (M)	3Q 2018	44.7	190.5	8.5	219.7	7.7	46.0	19.0	168.5
	3Q 2017	43.7	186.6	8.2	215.5	7.7	45.5	18.9	167.0
Direct Vacancy Rate	3Q 2018	10.6%	9.4%	5.2%	4.3%	4.9%	6.2%	3.2%	4.4%
	3Q 2017	11.9%	9.6%	2.6%	4.4%	7.4%	6.8%	3.9%	4.4%
Avg Lease Rate (per sq. ft.)	3Q 2018	\$25.46	\$26.58	\$9.78	\$7.98	\$11.45	\$12.22	\$20.66	\$18.75
	3Q 2017	\$25.09	\$26.12	\$9.08	\$7.65	\$11.77	\$11.80	\$21.20	\$18.17

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 third quarter of 2018 on over 1.1 million square feet of office, retail, and industrial space in the Denver South region.

- The largest project currently under construction is 6900 Layton Ave., a LEED Gold 381,740-square-foot class AA office building in the Denver Tech Center. The building is currently 40 percent pre-leased and is expected to deliver summer of 2020.
- There was 151,200 square feet of retail space under construction, including four buildings encompassing 38,290 square feet for the Pine Bluffs Plaza in Parker.
- There were five industrial and flex projects under construction in the Denver South region during the third quarter of 2018. An industrial building in the Dove Valley Business Center was the largest project, totaling over 149,650 square feet of industrial space.

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