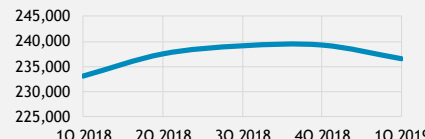
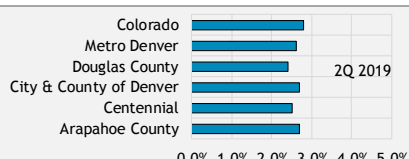
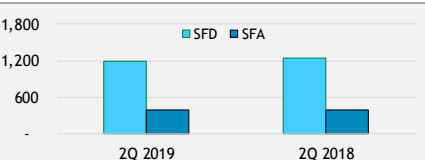
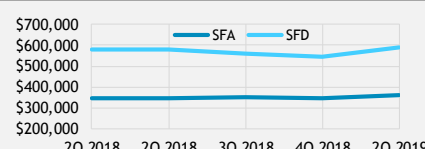
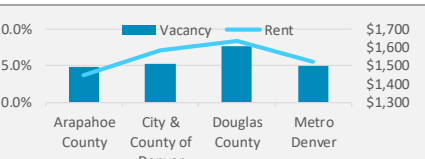
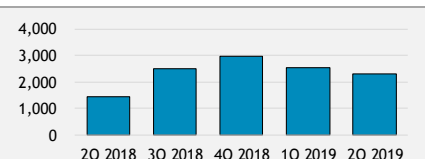
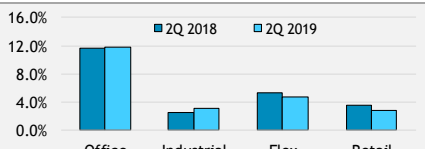
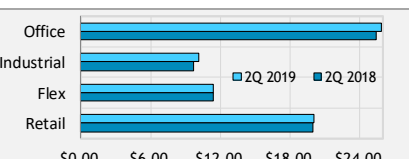


Quarterly Economic Summary

<p>Employment</p>	<p>236,520 Up 1.5% from 1Q 2018</p>	
<p>Metro Denver Unemployment Rate</p>	<p>2.6% Down 0.3 percentage points from 2Q 2018</p>	
<p>Existing Home Sales</p>	<p>1,598 Down 3.3% from 2Q 2018</p>	
<p>Single-Family Detached Average Price</p> <p>Single-Family Attached Average Price</p>	<p>\$591,045 Up 1.6% from 2Q 2018</p> <p>\$361,113 Up 4.9% from 2Q 2018</p>	
<p>Metro Denver Apartment Vacancy Rate</p> <p>Metro Denver Apartment Average Lease Rate</p>	<p>5.0% Down 1 percentage point from 2Q 2018</p> <p>\$1,520 Up 2.4% from 2Q 2018</p>	
<p>Residential Building Permits</p>	<p>2,315 Up 58.1% from 2Q 2018</p>	
<p>Office Vacancy Rate</p> <p>Industrial Vacancy Rate</p> <p>Flex Vacancy Rate</p> <p>Retail Vacancy Rate</p>	<p>11.8%</p> <p>3.1%</p> <p>4.7%</p> <p>2.9%</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>\$25.90</p> <p>\$10.13</p> <p>\$11.43</p> <p>\$20.04</p>	

Denver South EDP Economic Headlines

Rankings

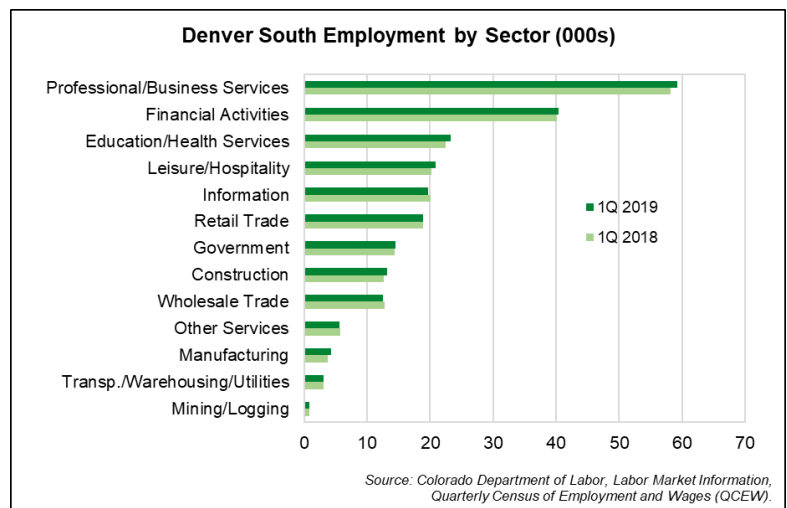
- According to the new 2019-20 rankings from *U.S. News & World Report*, Children’s Hospital Colorado is one of the best children’s hospitals in the nation. Children’s ranked No. 6 for Gastroenterology and GI Surgery, No. 7 for Diabetes and Endocrinology, and No. 7 for Pulmonology, with top 20 rankings in seven other specialties. The rankings are based on annual surveys and clinical data around the country. Methodology factors include patient volume, outcomes, and compliance.
- According to CBRE’s annual “Scoring Tech Talent” report, Denver ranked No. 8 for best market for tech talent, moving up two spots from last year. The report analyzed 13 metrics including tech talent supply, growth, concentration, cost, completed tech degrees, industry outlook for job growth, and market outlook for both office and apartment rental growth. Greater Denver had the 13th-largest tech talent market and the fifth-highest market for educational attainment.
- Denver ranked No. 3 on SmartAsset’s list for “The Best Cities for Young Professionals – 2019”. The report considered nine metrics, including cost of living, entertainment, job diversity and income, and unemployment rate for those between 25 and 34 years of age. Denver ranked No. 25 in 2018, moving up significantly in the rankings due to improved economic metrics. Denver had 89.36 percent employment for those between ages 25 and 34 and had the highest job diversity of any city in the top 10. Denver ranked no. 20 for job diversity according to the study. Sioux Falls ranked No. 1, followed by Austin at No. 2. Nashville tied Denver for the No. 3 spot.
- According to the “2019 America’s Best Cities” report from Resonance Consultancy, Denver ranked among the best large cities in the United States. The rankings were based on six categories: place, product, programming, people, prosperity, and promotion. Denver ranked No. 12 in Product, accounting for things like airline connectivity, attractions, cultural institutions, and higher education; No. 13 in People, accounting for diversity of population and educational attainment; and No. 15 in Prosperity, including economy, number of Global 500 corporate headquarters, and standard of living.
- According to CNBC’s “America’s Top States for Business” study, Colorado ranked No. 9. The study ranked all states for business competitiveness using more than 60 metrics across 10 categories, including Workforce, Economy, Quality of Life, and Cost of Doing Business. Colorado achieved 1,486 out of 2,500 points. Top qualifications for the ranking included Colorado’s economic growth in 2018 (+3.5 percent), low unemployment (3.2 percent), and the state ranking No. 7 in both Quality of Life and Technology & Innovation. Worst categories for the state included Cost of Doing Business (No. 37), Infrastructure (No. 35), and Cost of Living (No. 34). Virginia, Texas, and North Carolina placed first, second, and third, respectively.
- Wallethub ranked Colorado No. 5 for “2019’s Best States to Live in”. The report used five criteria: affordability, economy, education and health, quality of life, and safety – broken into 51 different metrics. Colorado ranked 25th in affordability, fourth in economy, eighth in education and health, 12th for quality of life, and 29th for safety. New Jersey, New Hampshire, Minnesota, and Massachusetts were the only states ahead of Colorado in the rankings.

Company Announcements

- Fidelity Investments exceeded hiring goals in 2018, adding more than 100 employees in Denver with expectations to add more than 200 new employees this year. Fidelity also got approved to expand its regional office space located at 6501 South Fiddlers Green Circle in Greenwood Village to accommodate the larger workforce. Earlier this year, the company relocated its Downtown Denver office to a 6,000-square-foot office in Union Tower West at 1801 Wewatta St. Fidelity has more than 900 employees across Colorado.
- SelectQuote Insurance Services Inc., a Kansas-based insurance brokerage, plans on more than doubling its headcount this year in their Centennial office. The company plans on hiring 150 employees to prepare for the Medicare Annual Enrollment Period beginning in October. Open positions will include inside sales and sales support, enrollment reps, customer care agents, and quality assurance support.

Employment Activity

Employment in the Denver South region rose 1.5 percent between the first quarters of 2018 and 2019, adding 3,475 workers over the period. Compared with the previous quarter, which was a record high level for the region, employment fell 1.1 percent from the peak. Ten of the 13 supersectors reported increases over-the-year, with manufacturing recording the largest growth (+10.7 percent), followed by mining/logging (+8.9 percent) and construction (+4 percent). Of the three supersectors that reported over-the-year decreases, the information supersector fell the most (-1.7 percent), followed by wholesale trade (-1.5 percent) and other services (-0.9 percent). The information supersector also reported the largest absolute decrease in employees, shrinking the employment base by 336 workers. The supersector that added the most employees during the period was professional and business services, which added 985 workers over-the-year (+1.7 percent growth).



- Metro Denver employment rose 2.1 percent between the first quarters of 2018 and 2019. All 13 supersectors reported increases over-the-year in Metro Denver, with the largest percentage increase reported in mining/logging (+8.8 percent), followed by transportation, warehousing, and utilities (+8.2 percent) and professional/business services (+3.2 percent). Retail trade reported the most modest increase, growing 0.3 percent over-the-year.

Manpower Employment Outlook Survey

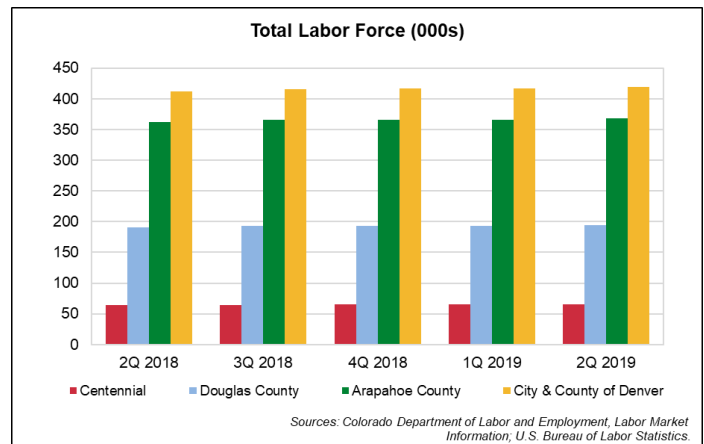
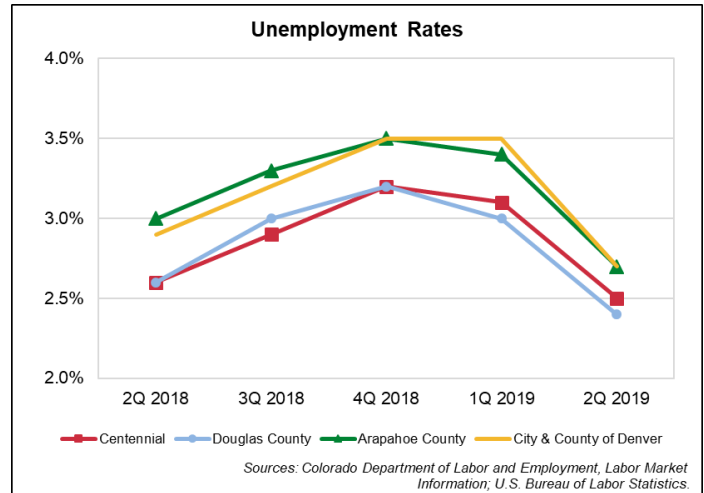
The *Manpower Employment Outlook Survey* revealed that 29 percent of employers surveyed in the Denver-Aurora MSA will hire more employees in the third quarter of 2019, unchanged from the year-ago level. Most Denver-Aurora MSA companies intend to maintain staff levels through the third quarter of the year, with that level increasing 5 percentage points above the prior quarter's level and 3 percentage points above the prior year's level. Companies planning to lay off workers decreased 3 percentage points over-the-year and remained unchanged over-the-quarter.

Manpower Employment Outlook Survey								
Metro Denver National	Companies Hiring		Companies Laying Off		Companies No Change		Unsure	
3Q 2019	29%	27%	1%	3%	68%	69%	2%	1%
2Q 2019	35%	24%	1%	3%	63%	72%	1%	1%
3Q 2018	29%	24%	4%	3%	65%	71%	2%	2%

Labor Force and Unemployment

Unemployment rates decreased throughout the Denver South region, Colorado, and the U.S. during the second quarter of 2019. The unemployment rate for Centennial fell 0.1 percentage points over-the-year to 2.5 percent. Arapahoe County fell 0.3 percentage points to 2.7 percent during the period, while the City and County of Denver fell 0.2 percentage points to 2.7 percent. Douglas County reported an over-the-year decrease of 0.2 percentage points, and an over-the-quarter decrease of 0.6 percentage points to 2.4 percent unemployment. Between the first and second quarters of 2019, unemployment in Centennial fell 0.6 percentage points, down from 3.4 percent in the first quarter of 2019. The City and County of Denver fell 0.8 percentage points over-the-quarter, while Arapahoe County fell 0.7 percentage points, down from 3.4 percent in the prior quarter.

- The remaining four Metro Denver counties reported decreases in unemployment between the second quarters of 2018 and 2019, ranging from a 0.6 percentage point decrease in Broomfield County to a 1 percentage point decline in Adams County.
- The unemployment rate in Metro Denver fell 0.3 percentage points to 2.6 percent between the second quarters of 2018 and 2019. Colorado reported an unemployment rate of 2.8 percent at the end of the second quarter, a decrease of 0.2 percentage points from the previous year. The national unemployment rate fell 0.3 percentage points over-the-year to 3.5 percent.

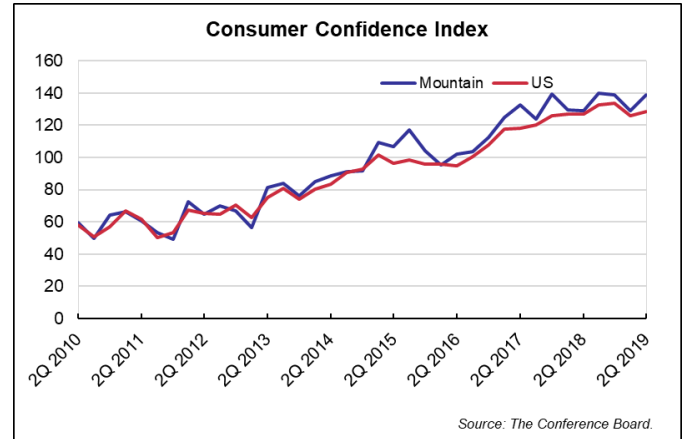


Consumer Activity

Consumer Confidence

The Consumer Confidence Index for the U.S. increased between the first and second quarters of 2019, rising by 2 percent to 128.3. Over-the-year, the U.S. index rose 0.9 percent, up from 127.2 the same time last year. The rise comes after a decrease was reported in the first quarter of 2019, which was the first decrease in the national index since the second quarter of 2016.

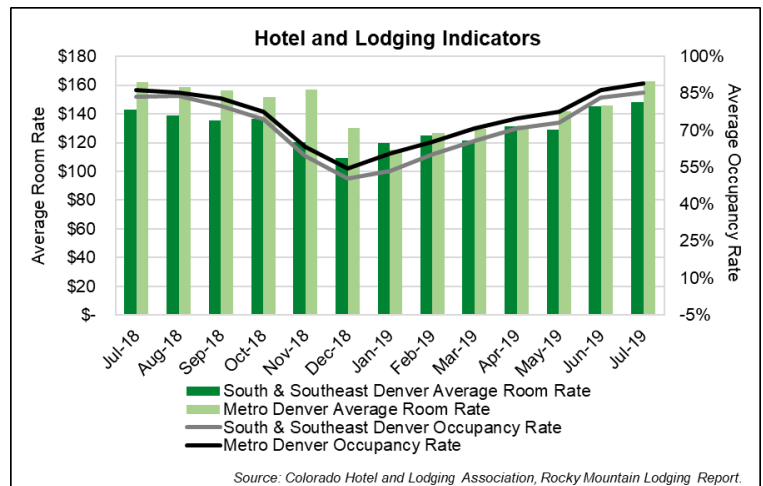
Colorado is included in the Mountain Region Index and the area reported an increase in consumer confidence of 7.4 percent from the previous quarter, rising to 138.7. The index rose by 7.3 percent over-the-year from 129.3, an increase of 9.4 points during the period.



Lodging

The South and Southeast Denver market reported a hotel occupancy rate of 85.2 percent in July 2019, a 1.7 percentage point increase from the same time last year. The market’s average room rate was \$148.06 per night, 3.4 percent higher than the July 2018 rate.

- Metro Denver reported a hotel occupancy rate of 89.1 percent at the end of July, an increase of 2.7 percentage points from the previous year. The average room rate for Metro Denver was \$165.05 at the end of July, 4.2 percent above the previous year’s rate, or an increase of \$6.67 per night.



Residential Real Estate

Builder confidence for newly built single-family homes rose one point to 66 in August, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). Sentiment levels have remained solid at 64 to 66 for the past four months. Builders continue to struggle with rising construction costs due to excessive regulations and a shortage of workers; however, demand for single-family homes continues to remain strong. Thirty-year mortgage rates dropped from 4.1 percent to 3.6 percent during the past four months to keep house prices low and offset affordability concerns.

Home Sales

Home sales in the Denver South region slowed in the second quarter of 2019. The single-family detached home market drove the slowdown, with home sales falling 4.3 percent, or by 54 fewer homes, over-the-year to 1,199 total homes sold. Sales of condominiums and townhomes fell 0.2 percent to 399 homes sold during the period. The average sales price for single-family detached homes increased 1.6 percent to \$591,045 in the second quarter of 2019, while the average sales price for condominiums/townhomes rose 4.9 percent to \$361,113.

- Metro Denver reported 16,312 total home sales during the second quarter of 2019, an increase of 1.6 percent over-the-year. Single-family detached home sales rose 2.4 percent to 12,320 homes sold, while

condominium/townhome sales fell 0.7 percent to 3,992 homes sold. The average sales price of a single-family detached home rose 1.4 percent over-the-year and the condominium/townhome price rose 3.6 percent.

Existing Home Sales in the Denver South Region, Second Quarter 2019

	Homes Sold			Average Sales Price			Avg Sales Price per Sq. Ft.*		
	2Q 2019	2Q 2018	Yr/Yr % Ch	2Q 2019	2Q 2018	Yr/Yr % Ch	2Q 2019	2Q 2018	Yr/Yr % Ch
Denver South Region									
Condominium/Townhouse	399	400	-0.2%	\$361,113	\$344,325	4.9%	\$260	\$252	3.3%
Single-Family Detached	1,199	1,253	-4.3%	\$591,045	\$581,584	1.6%	\$255	\$247	3.2%
Metro Denver									
Condominium/Townhouse	3,992	4,019	-0.7%	\$314,539	\$303,560	3.6%	\$268	\$265	1.3%
Single-Family Detached	12,320	12,032	2.4%	\$533,063	\$525,771	1.4%	\$291	\$288	1.1%

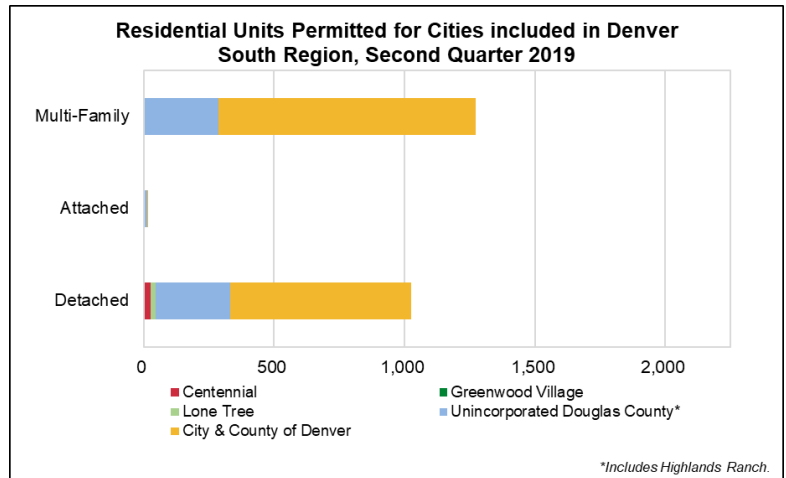
Note: Data could include a small number of new home sales. *Excludes homes where total square footage was not reported.
Source: Colorado Comps, LLC.

Foreclosures

Five of the seven counties in Metro Denver reported over-the-year increases in foreclosure filings during the second quarter of 2019. Douglas County reported the largest increase in filings, rising 23.2 percent over-the-year, followed by Arapahoe County (+21 percent) and Boulder County (+19.4 percent). Foreclosure filings fell the most in Jefferson County, decreasing by 15.6 percent, or by 19 filings, between the second quarters of 2018 and 2019. The City and County of Denver reported 4 less filings than the same time last year, a fall of 3 percent. Total foreclosure filings in Metro Denver rose 4.9 percent over-the-year to 665 filings, an additional 31 filings compared with the same time last year. Filings fell 9 percent across Metro Denver from the previous quarter. (Source: county public trustees.)

Residential Building Permits

Building permits issued in the Denver South region increased over-the-year, rising 58.1 percent to 2,315 total permits issued in the second quarter of 2019. Three of the five market areas reported increases, with the largest growth in unincorporated Douglas County (+100.3 percent, 294 additional permits). The City and County of Denver added the most permits issued compared with the same time last year, adding 589 permits, an increase of 53.9 percent. Centennial reported the largest decrease, falling by 54.2 percent during the period or by 32 permits, followed by Lone Tree (-5.3 percent). Metro Denver reported an over-the-year increase of 1.8 percent, representing an additional 88 permits issued totaling 4,947 during 2Q 2019. (Note: Permit counts are for entire cities, not just the portion included in the Denver South region).



Apartment Market

Between the second quarters of 2018 and 2019, apartment vacancy rates increased in three of the six Denver South submarkets. The largest over-the-year increase was in the Douglas County-North submarket where the vacancy rate rose 1.8 percentage points to 7.5 percent, followed by Douglas County (+0.7 percentage points) and Denver-Far Southeast (+0.2 percentage points). The Arapahoe County-South submarket reported the largest decline in vacancy, falling 7.2 percentage points to 9 percent vacancy, followed by the City and County of Denver (-2.2 percentage points) and Arapahoe County (-1.2 percentage points). The average rental rate rose in five of the six submarkets, with the largest over-the-year increases in the City and County of Denver (+3.2 percent), followed by Arapahoe County (+2.5 percent) and Denver-Far Southeast (+2.1 percent). The Arapahoe County-South submarket reported the only decrease in rental rates, falling 0.5 percent to \$1,658 per month, the highest rental rate across all submarkets in 2Q 2019.

Apartment Vacancy Rates and Average Rents

	Vacancy		Average Rent	
	2Q 2019	2Q 2018	2Q 2019	2Q 2018
Arapahoe County	4.8%	6.0%	\$1,447	\$1,412
Arapahoe County - South*	9.0%	16.2%	\$1,658	\$1,666
City & County of Denver	5.3%	7.5%	\$1,582	\$1,534
Denver - Far Southeast	5.3%	5.1%	\$1,369	\$1,341
Douglas County	7.6%	6.9%	\$1,633	\$1,606
Douglas County - North*	7.5%	5.7%	\$1,646	\$1,621
Metro Denver	5.0%	6.0%	\$1,520	\$1,484

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 fell 1 percentage point over-the-year to 5 percent. The average rental rate increased 2.4 percent over-the-year to \$1,520 per month, representing an additional \$36 in average monthly rent.

Commercial Real Estate

- Jordon Perlmutter & Co. purchased 21.95 acres of land at Lincoln Executive Center in Centennial for development of approximately 300,000 square feet of industrial space that will feature 24-foot clear height and front-park, rear-load design. The speculative development is planned to include four high-image buildings that will likely be built in two phases. The company likely will break ground on the first two buildings in the first quarter of 2020.

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 mixed trends across the four property types during the second quarter of 2019 compared with the previous year. The vacancy rate fell in two of the four markets, with the largest decline in the retail market which fell 0.7 percentage points to 2.9 percent vacancy. The Denver South flex market fell 0.6 percentage points to 4.7 percent vacancy. The industrial market reported an increase of 0.6 percentage points over-the-year to 3.1 percent, while the office market reported an 11.8 percent vacancy, a rise of 0.2 percentage points from the same time last year. The average lease rate increased in all four property types. The Denver South industrial market reported the largest growth, increasing 4.9 percent over-the-year to \$10.13 per square foot, followed by the office market (+1.9 percent), which reported the highest average lease rate at \$25.90 per square foot.

- Vacancy rates in Metro Denver were mixed, with two of the four market types reporting increases in vacancy during the second quarter of 2019. The industrial market reported an increase of 0.5 percentage points over-the-year to 4.5 percent vacancy, followed by the retail market (+0.1 percentage points). The office market in Metro Denver fell 1.1 percentage points to 8.9 percent vacancy, while the flex market decreased by 0.7 percentage points to 5.2 percent vacancy during the period. Average lease rates generally increased, with three of the four property types reporting increases during 2Q 2019. The retail market rose 2.4 percent to \$18.97 per square foot, followed by the industrial market (+1.9 percent) and the office market (+1.2 percent). The flex market in Metro Denver reported the only decrease in lease rate, falling 0.7 percent to \$12.08 per square foot.

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)	45.0	193.9	8.8	223.0	7.7	46.2	19.2	169.6
2Q 2019	44.7	191.5	8.4	218.1	7.7	45.9	19.0	168.1
2Q 2018								
Direct Vacancy Rate	11.8%	8.9%	3.1%	4.5%	4.7%	5.2%	2.9%	4.4%
2Q 2019	11.6%	10.0%	2.5%	4.0%	5.3%	5.9%	3.6%	4.3%
2Q 2018								
Avg Lease Rate (per sq. ft.)	\$25.90	\$26.95	\$10.13	\$8.15	\$11.43	\$12.08	\$20.04	\$18.97
2Q 2019	\$25.42	\$26.64	\$9.66	\$8.00	\$11.36	\$12.17	\$19.94	\$18.53
2Q 2018								

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 second quarter of 2019 on 833,965 feet of nonresidential space in the Denver South region.

- The largest project that is under construction is an office building at 6900 Layton Ave. in the Belleview Station TOD, which is adding 385,094 square feet of office space to the region. There were four additional office projects under construction in the Denver South region during the period, including Pinnacle at Ridgeway (80,000 square feet) and Meridian Medical Office (30,000 square feet). In total, 520,524 square feet of office space is under construction.
- There were 10 retail projects totaling 128,063 square feet under construction in the second quarter of 2019. The largest project is a 45,000-square-foot retail building at the Charles Schwab campus.
- There were one flex and three industrial projects under construction in the region during the period, adding an additional 185,378 square feet of space. The largest project is the 106,000-square-foot Building 106 located at 7151 S. Blackhawk in Centennial.

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