



# Centennial

QUARTERLY ECONOMIC REPORT

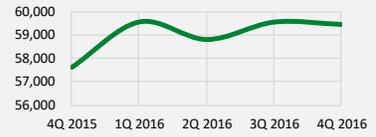
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Q2 2017

## Centennial Quarterly Report Economic Dashboard

### Employment

**59,472**  
Up 3.2% from 4Q 2015



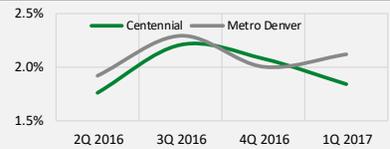
### Average Weekly Wage

**\$1,341**  
Down 0.8% from 4Q 2015



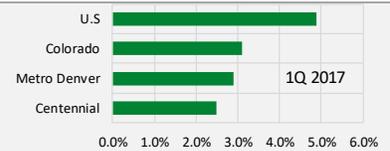
### Labor Force Growth Rate

**1.8%**  
Growth 0.1 percentage points higher than 2Q 2016



### Unemployment Rate

**2.5%**  
Down 0.5 percentage points from 1Q 2016



### Net Taxable Sales

**\$341,439,196**  
Up 2.6% from 1Q 2016



### Median Household Income

**\$96,634**  
Up 5.8% from 2014



### Existing Home Sales

**459**  
Up 17.7% from 1Q 2016



### Office Vacancy Industrial/Flex Vacancy Retail Vacancy

**7.6%**  
**8.9%**  
**4.5%**



## Centennial Economic Activity

### Company Announcements

- Sixteen payloads from K-12 schools and educational organizations throughout Colorado will fly on Centennial-based United Launch Alliance's Future Heavy intern rocket this summer, the world's largest high-powered sport rocket. The 53-foot-tall, high-power sport rocket launch will take place at Spaceport America, N.M. during its annual Spaceport America Cup International Intercollegiate Rocket Engineering Competition.
- Utah-based Vivint Solar Inc. is expanding into Colorado with a new sales office in Centennial and plans to work with customers in the Denver and Boulder area. The company announced it has acquired new tax equity commitments for \$100 million that will enable the company to install an estimated 70 megawatts of residential solar energy systems.
- The latest *Fortune 500* list included 10 Metro Denver companies among the nation's largest public and private corporations. Arrow Electronics was the highest ranked Colorado company at #118 with \$23.8 billion in revenue. The remaining nine companies in Metro Denver were DaVita HealthCare Partners Inc. (181), Dish Network (186), Liberty Interactive (269), Ball Corp. (306), Newmont Mining Corp. (328), Level 3 Communications Inc. (336), Western Union (478), Liberty Media (491), and CH2M (494).
- *Forbes* magazine released their first rankings of "America's Top Public Companies," with 11 Colorado companies making the list of 500. To compile the list, *Forbes* weighed four key financial data points including revenue, profits, assets, and market value. Centennial-based Arrow electronics ranked No. 290.

### Economic Headlines

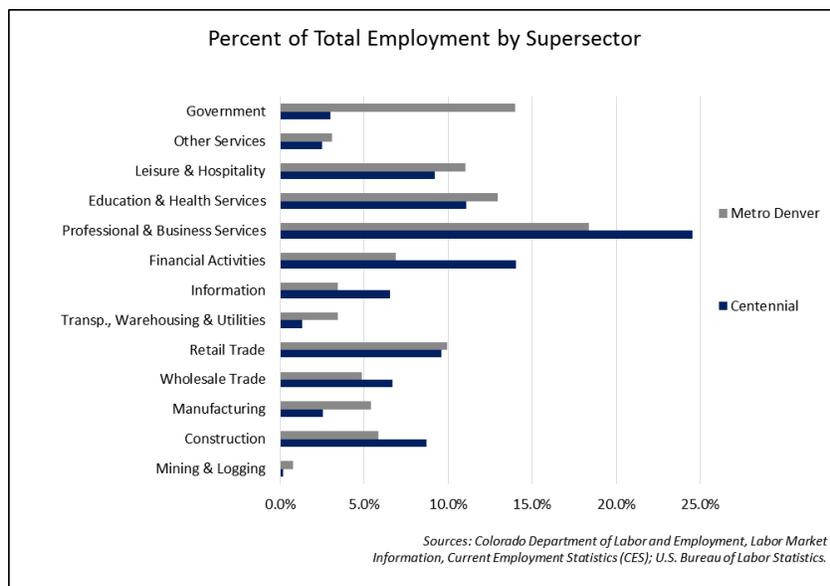
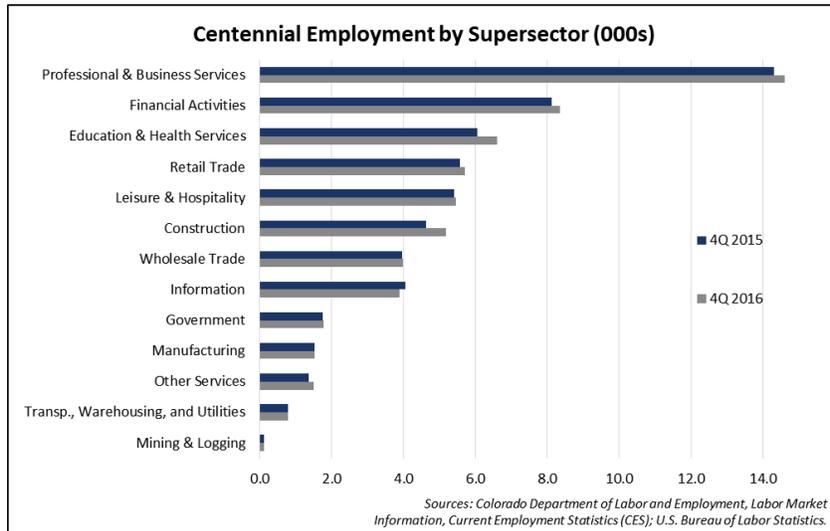
- According to the U.S. Bureau of Labor Statistics, wages declined in all nine of Colorado's largest counties, those with employment of 75,000 or more, between the fourth quarter of 2015 and the fourth quarter of 2016. In the Metro Denver area, Douglas County recorded the largest decrease of 6.8 percent over-the-year<sup>1</sup>, followed by Boulder County (-2.4 percent), Arapahoe County (-1.8 percent), Adams County (-1.3 percent), Jefferson County (-0.9 percent), and the City and County of Denver (-0.4 percent). The Colorado statewide average wage decreased 1.5 percent. Also, among the 344 largest counties in the U.S., 290 had over-the-year declines in average weekly wages in the same time period. The nationwide year-over-year decline in wages was only the eighth annual decrease since 1978.
- According to county assessors in Metro Denver, notices of valuations sent to all property owners on May 1 showed property values rising by double-digits. Property taxes will likely increase along with the increase in median home valuations, but increases will vary depending on any changes to mill levies. County assessors reported that the median residential valuation increased 40 percent in Adams County, followed by Arapahoe County (26 percent), Denver County (25.9 percent), Boulder County (24 percent), Jefferson County (22.8 percent), and Douglas County (17.2 percent).

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<sup>1</sup> Douglas County's average weekly wage historically has fluctuated due to the handful of Fortune 500 CEOs in the area. The end-of-the-year bonuses received by the CEOs, or lack thereof, can skew the average weekly wage that the Bureau of Labor Statistics reports.

## Employment Activity

### Total Employment



- During the fourth quarter of 2016, businesses in Centennial employed 59,472 people, a 3.2 percent increase since the fourth quarter of 2015. Employment in Metro Denver<sup>2</sup> reached nearly 1.6 million people during the same time period, a 2.5 percent increase over-the-year.
- The professional and business services supersector (14,601) employed the most people in Centennial, followed by financial activities (8,348), education and health services (6,600), and retail trade (5,710)<sup>3</sup>. The professional and business services supersector is also the largest supersector in Metro Denver.

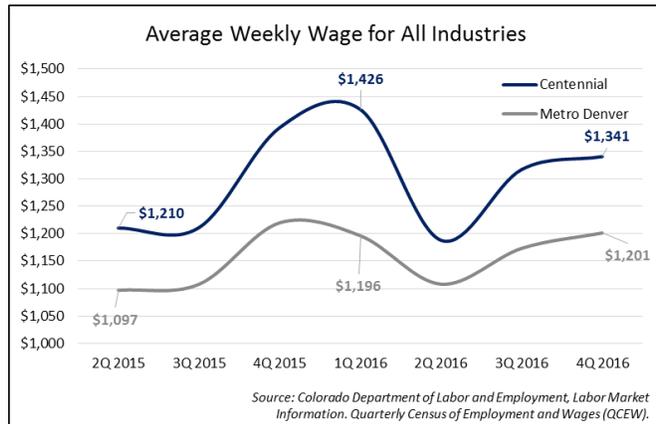
<sup>2</sup> Metro Denver is comprised of seven-counties, consisting of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties.

<sup>3</sup> A detailed list of the types of companies found within each North American Industry Classification System (NAICS) sector may be found at <https://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2017>.

- The construction and education and health services supersectors added the most new jobs over-the-year (+549 and +548 jobs, respectively), and three supersectors (information, mining and logging, and transportation, warehousing, and utilities) shed employment. In Metro Denver, the mining and logging sector recorded the only contraction.
- The construction supersector recorded the fastest growth over-the-year of 11.9 percent, while the information sector recorded the largest contraction over-the-year of 4.1 percent (-167 jobs).

### Average Wage

- Centennial’s average weekly wage for all industries was 11.6 percent higher than the average weekly wage of Metro Denver, representing an additional \$139 per week.
- The highest average weekly wage was in the mining and logging sector (\$2,511) while the lowest was in the leisure and hospitality sector (\$417).
- Seven of the 13 supersectors in Centennial recorded declines in the average weekly wage over-the-year. The information (-6.8 percent), transportation, warehousing, and utilities (-4.6 percent), and the education and health services (-3.2 percent) supersectors recorded the largest declines over-the-year. The mining and logging (+11.3 percent), construction (+5.5 percent), and the leisure and hospitality (+3.7 percent) supersectors recorded the largest increases over-the-year.



### Business and Employment Indicators by Supersector

	Centennial						% Change Employment	
	Business Count		Average Weekly Wage		Employment		4Q 2015 - 4Q 2016	
	4Q 2015	4Q 2016	4Q 2015	4Q 2016	4Q 2015	4Q 2016	Centennial	Metro Denver
<b>Total All Industries</b>	4,608	4,706	\$1,352	\$1,341	57,647	59,472	3.2%	2.5%
<b>Private Sector</b>								
Mining & Logging	33	32	\$2,256	\$2,511	119	116	-2.8%	-7.3%
Construction	374	399	\$1,442	\$1,522	4,625	5,174	11.9%	6.1%
Manufacturing	90	89	\$1,433	\$1,404	1,519	1,521	0.2%	0.8%
Wholesale Trade	427	414	\$2,104	\$2,049	3,953	3,979	0.7%	1.6%
Retail Trade	278	283	\$776	\$762	5,561	5,710	2.7%	0.7%
Transp., Warehousing & Utilities	53	55	\$905	\$863	788	786	-0.3%	3.9%
Information	110	118	\$1,830	\$1,705	4,059	3,892	-4.1%	2.6%
Financial Activities	745	757	\$1,563	\$1,584	8,118	8,348	2.8%	2.4%
Professional & Business Services	1,394	1,420	\$1,616	\$1,616	14,320	14,601	2.0%	1.9%
Education & Health Services	508	518	\$1,053	\$1,019	6,052	6,600	9.1%	3.2%
Leisure & Hospitality	269	281	\$402	\$417	5,412	5,462	0.9%	3.3%
Other Services	305	322	\$912	\$914	1,367	1,498	9.6%	4.5%
<b>Government</b>	17	17	\$1,379	\$1,354	1,748	1,781	1.9%	2.6%

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).

### Business Counts

- Centennial added an additional 98 businesses over-the-year to 4,706, a 2.1 percent increase.
- The professional and businesses services supersector has the highest business count in Centennial of 1,420, followed by financial activities (757), education and health services (518), wholesale trade (414), and construction (399).
- Nine of the 13 supersectors recorded growth in businesses over-the-year, with the information sector recording the largest percentage increase of 7.3 percent (8 businesses).

- Three of the 13 supersectors recorded contractions over-the-year, with the wholesale trade sector recording the largest percentage decrease of 3 percent (13 businesses).

## Centennial High Location Quotient Employment Activity

The location quotient (LQ) is a ratio that compares the region's employment share of a particular industry with the employment share nationwide. LQ's were computed for three-digit North American Industry Classification System (NAICS) subsector level codes. Subsectors with a LQ of 1.5 or greater are highlighted below.

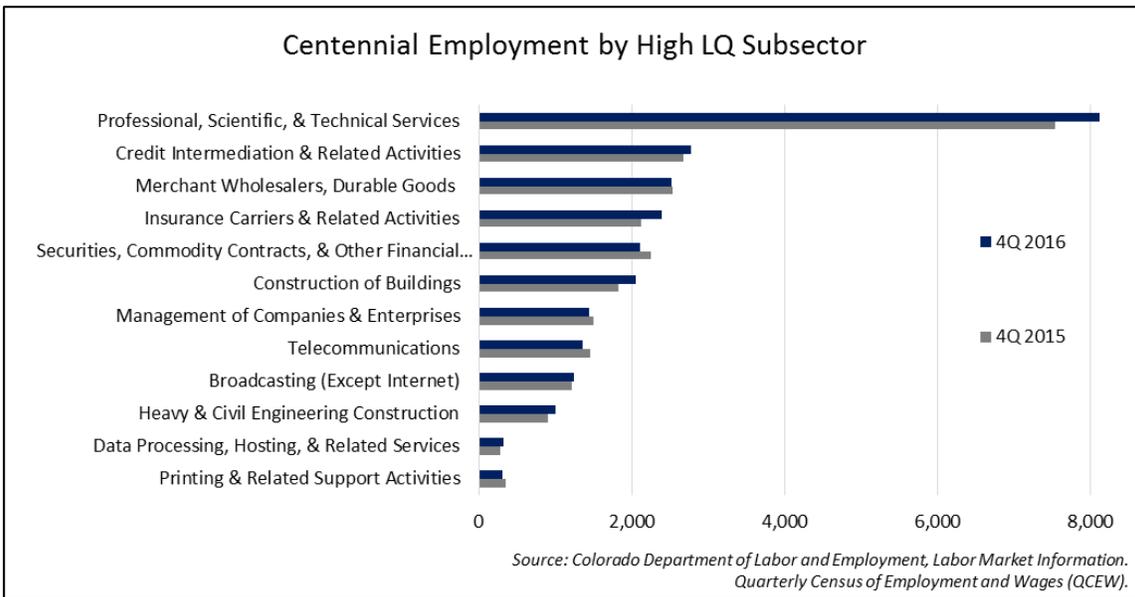
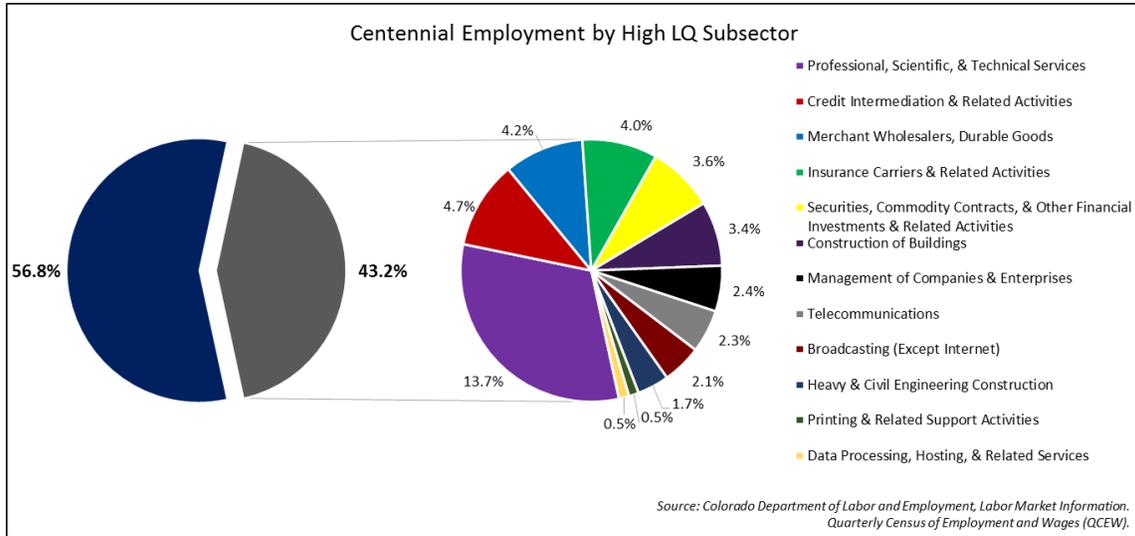
### Total Employment – High LQ's

**Business and Employment Indicators for High Location Quotient Subsectors**

	LQ	Business Count		Average Weekly Wage		Employment	
	3Q 2016	4Q 2015	4Q 2016	4Q 2015	4Q 2016	4Q 2015	4Q 2016
Broadcasting (except Internet)	10.7	8	7	\$1,710	\$1,397	1,222	1,245
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	5.5	103	105	\$1,824	\$1,778	2,250	2,115
Telecommunications	4.2	24	22	\$1,925	\$1,811	1,462	1,364
Construction of Buildings	3.1	114	124	\$1,717	\$1,946	1,821	2,048
Credit Intermediation and Related Activities	2.5	129	125	\$1,331	\$1,390	2,674	2,781
Heavy and Civil Engineering Construction	2.5	27	30	\$1,388	\$1,370	907	1,011
Data Processing, Hosting, and Related Services	2.5	22	29	\$2,305	\$2,344	280	323
Insurance Carriers and Related Activities	2.4	222	223	\$1,605	\$1,674	2,121	2,392
Professional, Scientific, and Technical	2.2	1,005	1,035	\$1,960	\$1,925	7,542	8,129
Merchant Wholesalers, Durable Goods	2.0	203	205	\$2,213	\$2,132	2,542	2,526
Printing and Related Support Activities	1.7	15	15	\$1,038	\$1,103	350	312
Management of Companies and Enterprises	1.5	75	79	\$2,511	\$2,456	1,499	1,448

*Source: Colorado Department of Labor and Employment, Labor Market Information. Quarterly Census of Employment and Wages (QCEW).*

- Forty-three percent of Centennial's total employment resides in the identified 12 high location quotient subsectors.
- Of the 12 high LQ subsectors in Centennial, the data processing, hosting, and related services subsector recorded the largest increase in employment between the fourth quarters of 2015 and 2016 of 15.5 percent. The insurance carriers and related activities subsector followed with 12.8 percent growth and the construction of buildings subsector with 12.5 percent growth.
- Employment in five of the 12 subsectors contracted over-the-year, including the printing and related support activities subsector (-10.8 percent), telecommunications (-6.7 percent), and securities, commodity contracts, and other financial investments and related activities (-6 percent).
- The professional, scientific, and technical services subsector added the most jobs (+587) over-the-year, representing 43 percent of the total job growth of the 12 high LQ subsectors.
- The securities, commodity contracts, and other financial investments and related activities lost 135 jobs between the fourth quarters of 2015 and 2016, while the telecommunications subsector lost 98 jobs.



## Average Wage – High LQ’s

- Five of the 12 subsectors in Centennial recorded growth in the average weekly wage between the fourth quarters of 2015 and 2016. The construction of buildings subsector recorded the largest increase over-the-year, increasing 13.4 percent to \$1,946 a week.
- Of the seven subsectors that recorded declines in the average weekly wage, the broadcasting subsector recorded the largest decline of 18.3 percent, followed by telecommunications (-5.9 percent), and merchant wholesalers, durable goods (-3.6 percent).
- The average weekly wage ranged from \$2,456 in the management of companies and enterprises subsector to \$1,103 in the printing and related support activities subsector.

## Business Counts – High LQ’s

- The professional, scientific, and technical services subsector has the highest business count in Centennial of 1,035, followed by insurance carriers and related activities (223), and merchant wholesalers, durable goods (205).
- The data processing, hosting, and related services subsector recorded the largest increase in businesses count over-the-year, increasing 31.8 percent or seven businesses. The broadcasting subsector recorded the largest contraction in business count, decreasing 12.5 percent, representing the loss of one business.

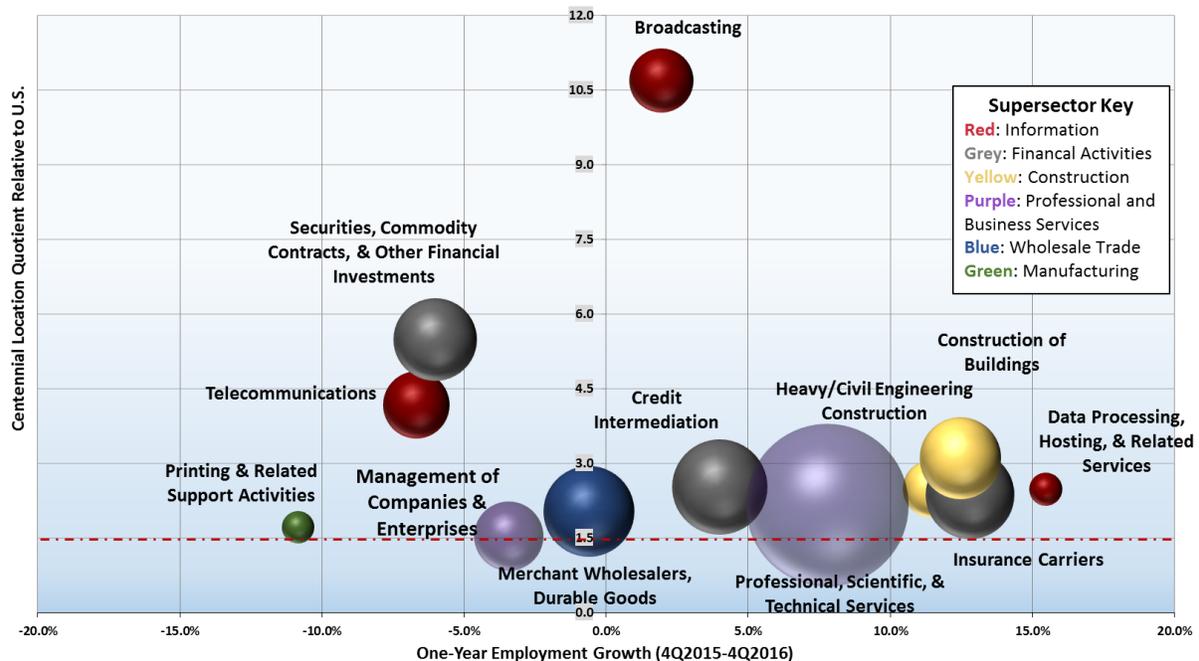
## Analysis – High LQ’s

Bubble charts are popular tools used to illustrate industry clusters. These charts allow multiple variables to be plotted within the same graph, making it easy to assess relative economic performance. Bubble charts are often used for pinpointing priority industries since they allow visual comparisons of economic measures.

This chart illustrates industry cluster relationships for the 12 high location quotient subsectors. The following four variables are plotted:

- One-year direct employment growth, 4Q 2015 to 4Q 2016; on the *x-axis (horizontal)*;
- The industry’s location quotient, 3Q 2016; on the *y-axis (vertical)*; and
- Employment size of the industry, 4Q 2016; indicated by the size of the bubble
- Subsectors that are included in the same supersector are the same color

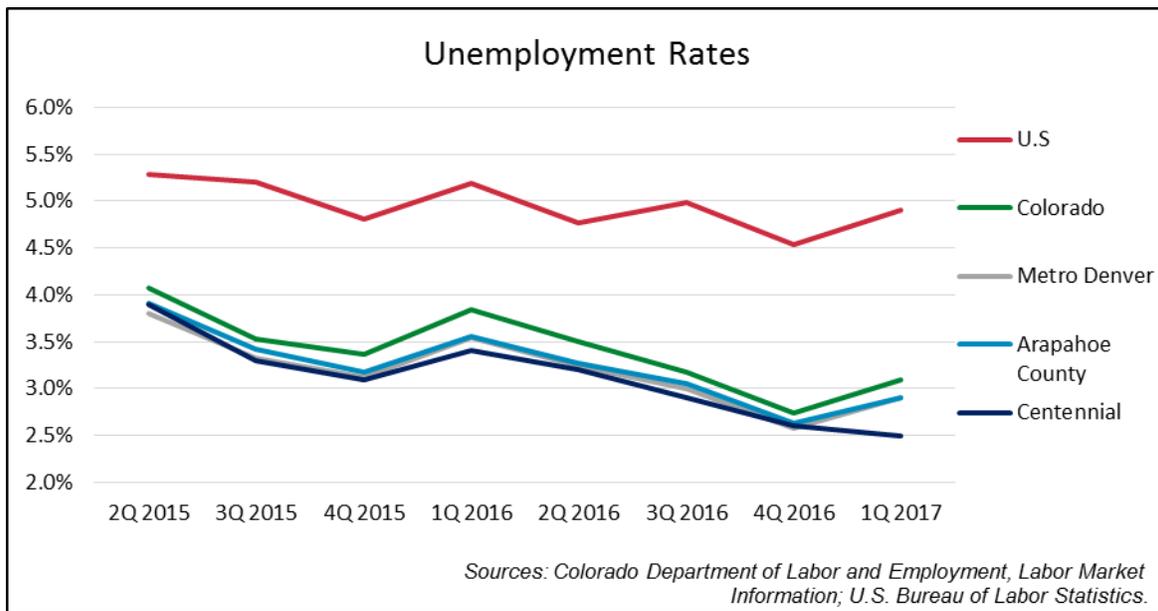
The dotted red line on the graph represents the location quotient equal to 1.5 to easily identify the bubbles that are above this demarcation.



Source: Development Research Partners analysis of Colorado Department of Labor, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

## Labor Force

### Unemployment Rate



- Centennial’s labor force increased 1.8 percent over-the-year, a smaller increase than the Colorado locations but larger than the U.S. Arapahoe County and Metro Denver both recorded a 2.1 percent increase in the labor force between the first quarters of 2016 and 2017.
- Centennial recorded a 2.5 percent unemployment rate in the first quarter of 2017, a 0.1 percentage point decrease from the fourth quarter of 2016 and a 0.5 percentage decrease over-the-year. Centennial recorded the only decrease in the unemployment rate over-the-quarter compared to the comparison areas and recorded the lowest unemployment rate overall.
- Centennial residents represented 18 percent of the total labor force in Arapahoe County during the first quarter of 2017, recording no change from a year ago.

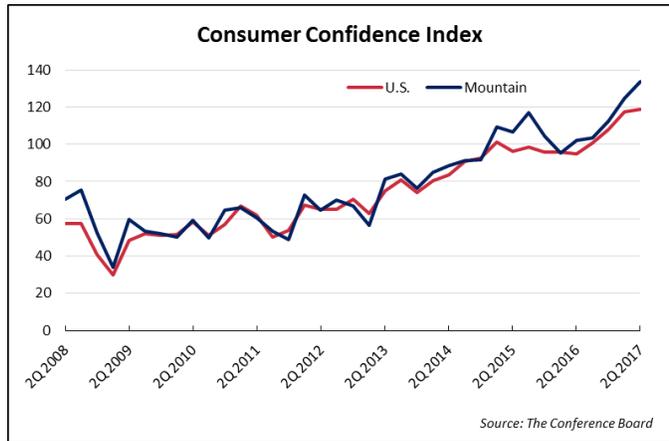
	Labor Force			Unemployment Rate	
	1Q 2016	1Q 2017	Yr/Yr % Change	1Q 2016	1Q 2017
Centennial	60,902	62,024	1.8%	3.0%	2.5%
Arapahoe County	338,096	345,156	2.1%	3.6%	2.9%
Metro Denver	1,672,261	1,707,657	2.1%	3.5%	2.9%
Colorado	2,864,551	2,919,747	1.9%	3.8%	3.1%
U.S (000s)	158,160	159,357	0.8%	5.2%	4.9%

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

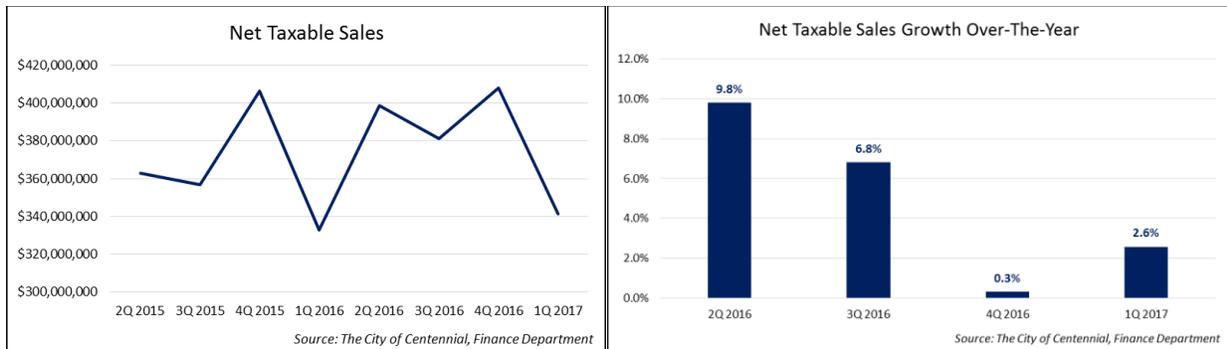
## Consumer Activity

### Consumer Confidence Index

- The Consumer Confidence Index for the U.S. increased to 118.6 in the second quarter of 2017, a 0.9 percent increase over-the-quarter. This was the highest quarterly level recorded since the fourth quarter of 2000. The U.S. Index also recorded a 25.1 percent increase over-the-year.
- Colorado is included in the Mountain Region Index and the area reported a 7.1 percent increase over-the-quarter to 133.6, the highest level since the third quarter of 2007. The Mountain Index also recorded a 30.7 percent increase over-the-year.

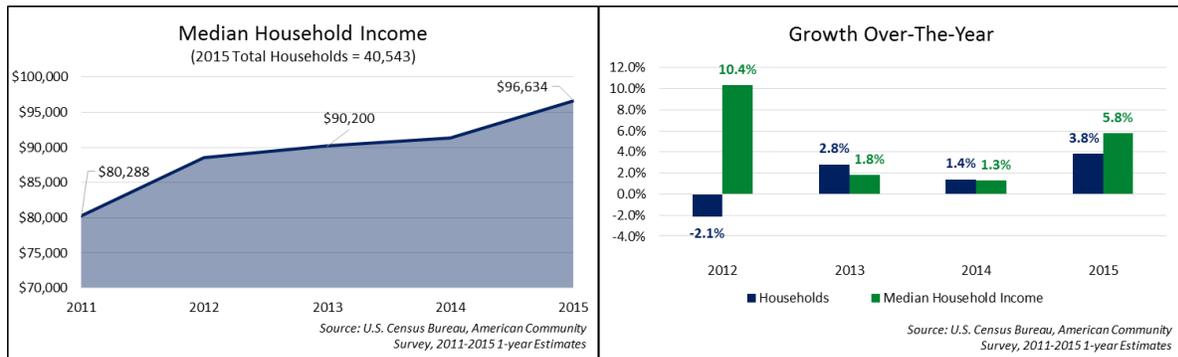


### Local Net Taxable Sales



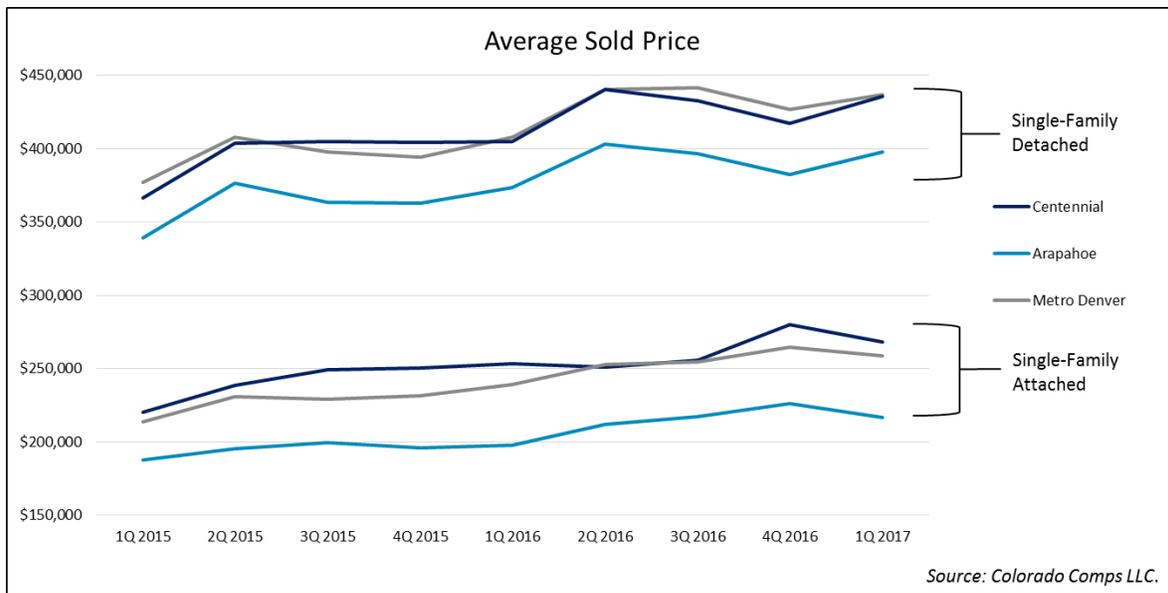
- Net taxable sales increased 2.6 percent between the first quarter of 2016 and the first quarter of 2017, recording the highest first quarter net taxable sales of the past two years.
- Net taxable sales decreased 16.3 percent over-the-quarter, a common trend due to holiday spending in the fourth quarter of the year. However, the over-the-quarter decrease was less extreme than from 2015-2016 when net taxable sales decreased 18.1 Percent.

## Median Household Income



- Median household income for Centennial increased 5.8 percent between 2014 and 2015, representing an additional \$5,280 a year. Households in Centennial increased at a slower rate, rising 3.8 percent over-the-year, representing an additional 1,488 households.
- Median household income rose 20.4 percent from 2011 to 2015 while the number of households only increased by 5.9 percent during the same period.
- The consumer price index increased 8.9 percent from 2011 to 2015, so the inflation-adjusted increase in median household income was 11.4 percent.

## Residential Real Estate

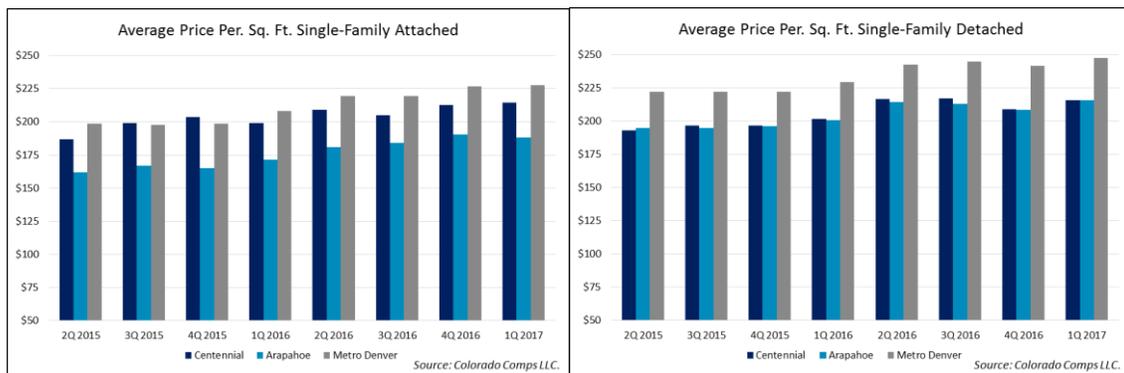


## Existing Home Sales

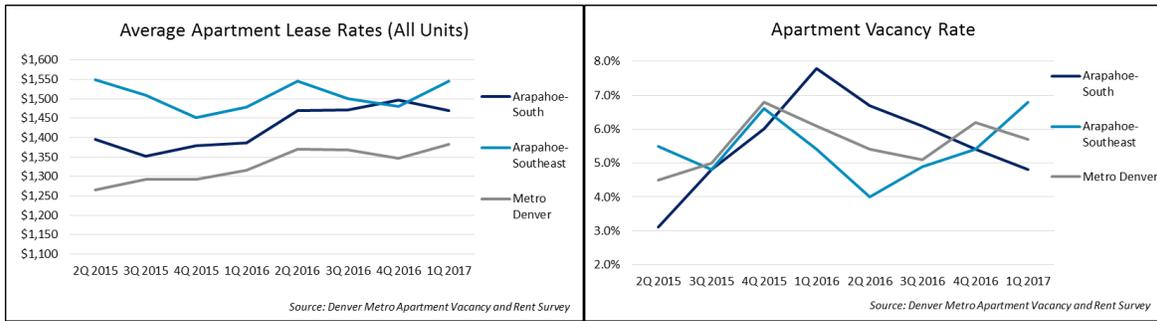
- All three housing market areas recorded increases in single-family attached home sales between the first quarters of 2016 and 2017, with Centennial recording the largest (+42 percent).
- All three market areas recorded an increase in the single-family attached average sold price over-the-year. Centennial recorded a 5.9 percent increase in price and added \$14,935.
- The attached home price in Centennial of \$214 per square foot is higher than Arapahoe County (\$188), but generally lower than Metro Denver (\$228).
- All three housing market areas recorded increases in single-family detached home sales between the first quarters of 2016 and 2017. Centennial recorded the largest increase of 11.3 percent, with 35 more homes being sold during the period.
- All three market areas recorded an increase in the single-family detached average sold price over-the-year. Centennial recorded the largest increase over-the-year as prices rose 7.5 percent.
- The price per square foot of a detached home in Centennial is similar to that of Arapahoe County at just around \$215, which is about 15 percent lower than Metro Denver.

	Centennial	Arapahoe County	Metro Denver
<b>Home Sales</b>			
<i>Single-Family Attached</i>			
1Q 2017	115	928	3,035
1Q 2016	81	906	2,959
% Change	42.0%	2.4%	2.6%
<i>Single-Family Detached</i>			
1Q 2017	344	1,730	8,361
1Q 2016	309	1,560	8,200
% Change	11.3%	10.9%	2.0%
<b>Average Sold Price</b>			
<i>Single-Family Attached</i>			
1Q 2017	\$268,050	\$216,711	\$258,700
1Q 2016	\$253,115	\$197,857	\$239,341
% Change	5.9%	9.5%	8.1%
<i>Single-Family Detached</i>			
1Q 2017	\$435,515	\$397,852	\$436,912
1Q 2016	\$404,952	\$373,355	\$407,833
% Change	7.5%	6.6%	7.1%
<b>Average Price per. Sq. Ft.</b>			
<i>Single-Family Attached</i>			
1Q 2017	\$214	\$188	\$228
1Q 2016	\$199	\$171	\$208
% Change	7.7%	9.8%	9.3%
<i>Single-Family Detached</i>			
1Q 2017	\$216	\$215	\$248
1Q 2016	\$202	\$201	\$229
% Change	6.9%	7.4%	8.0%

Source: Colorado Comps LLC.



## Apartment Market



**Average Apartment Rents and Vacancy**

1Q 2017	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Arapahoe County-South	4.8%	\$1,209	\$1,339	\$1,402	\$1,594	\$1,939	\$1,481	\$1,470
Arapahoe County-Southeast	6.8%	\$1,163	\$1,357	\$1,576	\$1,708	\$2,017	\$2,410	\$1,544
Metro Denver	5.7%	\$1,166	\$1,234	\$1,300	\$1,614	\$1,894	\$1,549	\$1,383

Source: Denver Metro Apartment Vacancy and Rent Survey.

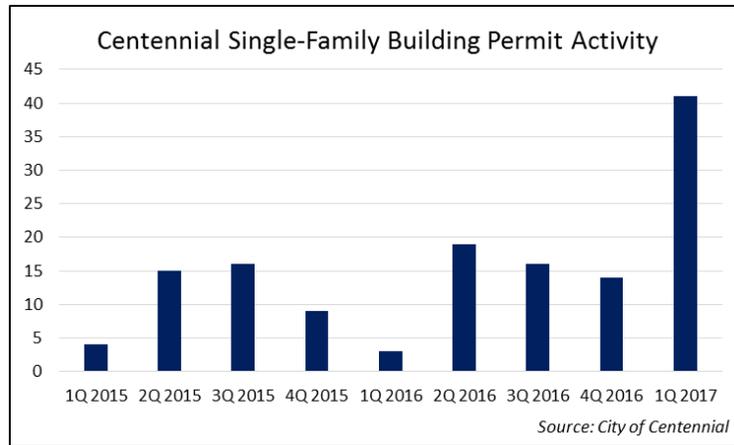
- Apartment vacancy rates were mixed in the three market areas.<sup>4</sup> The Arapahoe County-South market recorded a decrease of 3 percentage points over-the-year in the vacancy rate. The Arapahoe County-Southeast market vacancy rate rose 1.4 percentage points between the first quarters of 2016 and 2017 and Metro Denver reported a decrease of 0.4 percentage points over-the-year.
- The average rental rate for all property types in all three markets increased between the first quarters of 2016 and 2017. The Arapahoe County-South market average rental rate increased 6 percent over-the-year to \$1,470, followed by Metro Denver (+5.1 percent to \$1,383), and Arapahoe County-Southeast (+4.5 percent to \$1,544).

## New Residential Building Permits

- New single-family permits increased from three permits issued during the first quarter of 2016, to 41 permits issued during the first quarter of 2017.
- The average valuation for new single-family homes permitted decreased 35.1 percent between the first quarters of 2016 and 2017, dropping from \$321,294 to \$208,428.
- There were no multi-family units permitted in Centennial in the first quarter of 2017, down from 11 permits issued for 335 units in the first quarter of 2016.

<sup>4</sup> Arapahoe County-South Boundary: North: City of Englewood and City and County of Denver; East: I-25; South: Douglas County; West: City of Englewood and City of Littleton.

Arapahoe County-Southeast Boundary: North: Arapahoe County Line; East: Havana/Parker Road; South: Douglas County; West: I-25.



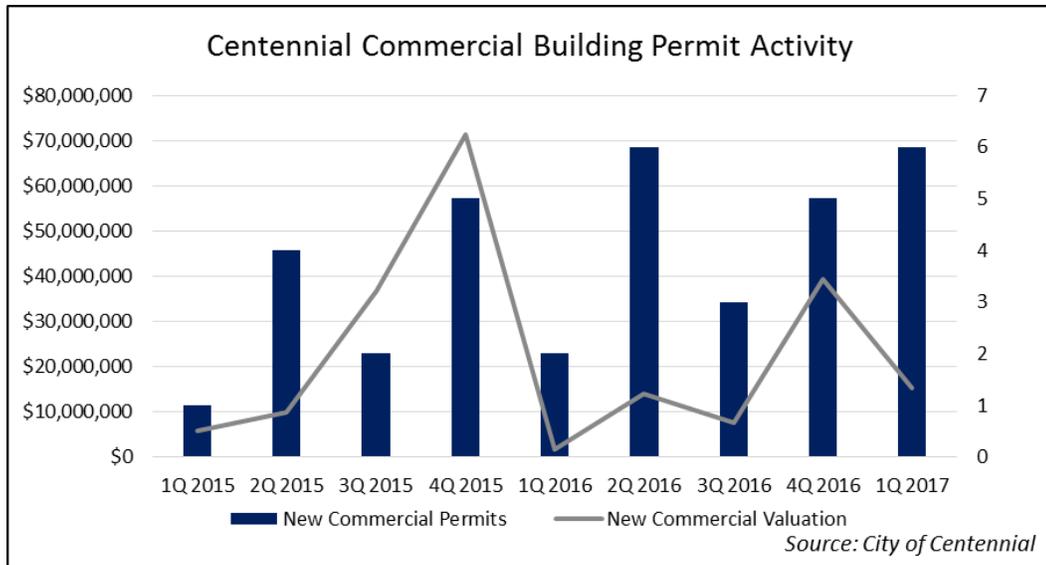
## Commercial Real Estate

### Commercial Building Permits

- Centennial issued 76 commercial permits during the first quarter of 2017, of which 70 were commercial alteration permits and six were new commercial permits. This was the lowest number of total permits during a first quarter based on data for the past four years.
- Despite the lower number of permits, project valuation increased to \$23.4 million in the first quarter of 2017, a 20.2 percent increase over-the-year.
- Centennial permitted an additional 303,935 square feet of commercial space in the first quarter of 2017. A comparison to the first quarter of 2016 should be used with caution as tracking was inconsistent prior to June 2016.

	1Q 2015	1Q 2016	1Q 2017	% Change 2016-2017
<b>New Commercial</b>				
No. of Permits	1	2	6	200%
Total Valuation	\$5,854,000	\$1,824,035	\$15,233,693	735%
Square Footage	N/A	3,394	303,935	8855%
<b>Commercial Alteration</b>				
No. of Permits	84	95	70	-26%
Total Valuation	\$6,395,557	\$17,658,359	\$15,233,693	-14%
<b>Total Commercial</b>				
No. of Permits	85	97	76	-22%
Valuation	\$12,249,557	\$19,482,394	\$23,423,846	20%

Source: City of Centennial



### Under Construction/Recently Completed

- Centennial currently has four commercial buildings under construction, consisting of a 6,000-square-foot industrial building and three office buildings totaling 660,745 square feet.
- All three of the office buildings under construction in Centennial are Class A office buildings. The largest is the Arrow expansion located at 9151 E. Panorama Circle (227,000 square feet). The second, the INOVA Dry Creek 1 building that has been leased by Comcast, totals 211,675 square feet. The third building is INOVA Dry Creek 2 offering 222,070 square feet.
- There were two commercial buildings completed so far in 2017, a 70,632-square-foot INOVA Dry Creek flex building, and a 6,000-square-foot City Electric Supply Company industrial building.

### Office Market

- Centennial has 130 office buildings offering 4.5 million square feet of space. This represents 9.6 percent of the office space in the Southeast market and 2.5 percent of space in Metro Denver.
- The office vacancy rate declined 4.1 percentage points in Centennial from the second quarter of 2016 to the second quarter of 2017. In contrast, the vacancy rate increased 0.5 percentage points in the Southeast market and 0.7 percentage points in Metro Denver.
- Office space was less expensive in Centennial in the second quarter of 2017, but the lease rate increased 4.5 percent over-the-year. This was a faster increase than either the Southeast market (+1.3 percent) or Metro Denver (+2.1 percent).
- There was 197,345 square feet of office space absorbed in Centennial from the second quarter of 2016 to the second quarter of 2017. In comparison, net absorption in Metro Denver totaled 1.4 million square feet over the past year.

**Commercial Vacancy and Lease Rates Office Market**

Office Market	Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
	2Q 2016	2Q 2017	2Q 2016	2Q 2017	2Q 2016	2Q 2017
Centennial	4,510,793	4,526,443	11.7%	7.6%	\$21.47	\$22.43
Southeast	46,236,853	46,934,530	10.8%	11.3%	\$23.93	\$24.23
Metro Denver	179,996,586	182,846,548	9.2%	9.9%	\$25.36	\$25.88

*Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Office rates are full-service.*

*Source: CoStar Realty Information, Inc.*

**Industrial/Flex Market**

- Centennial has 125 industrial and flex buildings offering 3.6 million square feet of space. This represents 23.3 percent of the industrial/flex space in the Southeast market and 1.4 percent of space in Metro Denver.
- The industrial/flex vacancy rate increased 0.4 percentage points in Centennial from the second quarter of 2016 to the second quarter of 2017. The vacancy rate also increased 1 percentage points in the Southeast market and 0.3 percentage points in Metro Denver.
- The Industrial/flex space average lease rate increased 6.8 percent over-the-year. The Southeast market (+9 percent) recorded the largest increase over-the-year, while Metro Denver (+0.6 percent) recorded the smallest increase.
- There was 50,476 square feet of industrial/flex space absorbed in Centennial from the second quarter of 2016 to the second quarter of 2017. Net occupied space in Metro Denver increased by 3.9 million square feet.

**Commercial Vacancy and Lease Rates Industrial/Flex Market**

Industrial/Flex Market	Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
	2Q 2016	2Q 2017	2Q 2016	2Q 2017	2Q 2016	2Q 2017
Centennial	3,571,371	3,642,003	8.5%	8.9%	\$9.07	\$9.69
Southeast	15,369,746	15,647,648	5.4%	6.4%	\$10.34	\$11.27
Metro Denver	250,477,737	255,407,876	4.1%	4.4%	\$8.55	\$8.60

*Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Office rates are full-service.*

*Source: CoStar Realty Information, Inc.*

**Retail Market**

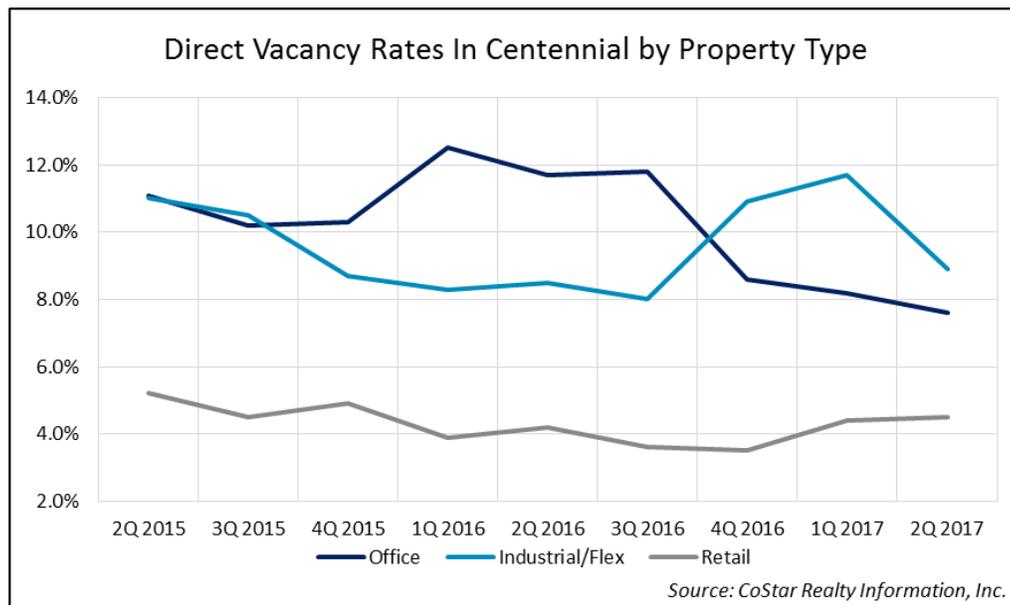
- Centennial has 164 retail buildings offering 3.8 million square feet of space. This represents 19.3 percent of the retail space in the Southeast market and 2.3 percent of space in Metro Denver.
- The retail vacancy rate increased 0.3 percentage points in Centennial from the second quarter of 2016 to the second quarter of 2017. The vacancy rate remained unchanged in the Southeast market but fell 0.1 percentage points in Metro Denver.

- The average lease rate for retail space in Centennial during the second quarter of 2017 decreased 0.6 percent over-the-year. The Southeast market recorded a 0.2 percentage point decrease, while Metro Denver (+5.7 percent) recorded the only increase.
- There was 16,705 square feet of retail space absorbed in Centennial from the second quarter of 2016 to the second quarter of 2017. In contrast, there was negative net absorption of retail space in Metro Denver during the same period as net occupied space decreased by 114,432 square feet.

### Commercial Vacancy and Lease Rates Retail Market

Retail Market	Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
	2Q 2016	2Q 2017	2Q 2016	2Q 2017	2Q 2016	2Q 2017
Centennial	3,807,851	3,840,932	4.2%	4.5%	\$19.38	\$19.27
Southeast	19,804,297	19,936,086	3.3%	3.3%	\$19.71	\$19.68
Metro Denver	164,405,967	165,986,470	4.6%	4.5%	\$16.48	\$17.42

*Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Office rates are full-service.  
Source: CoStar Realty Information, Inc.*



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July 2017