



Centennial

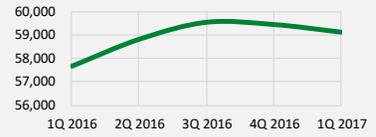
QUARTERLY ECONOMIC REPORT

Q3 2017

Centennial Quarterly Report Economic Dashboard

Employment

59,138
Up 2.6% from 1Q 2016



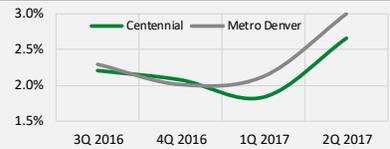
Average Weekly Wage

\$1,514
Up 8.6% from 1Q 2016



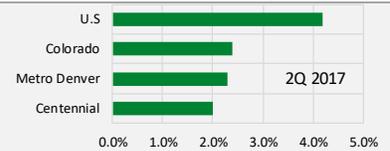
Labor Force Growth Rate

2.7%
Growth 0.5 percentage points higher than 3Q 2016



Unemployment Rate

2.0%
Down 1.2 percentage points from 2Q 2016



Net Taxable Sales

\$407,770,682
Up 2.3% from 2Q 2016



Median Household Income

\$102,237
Up 5.8% from 2015



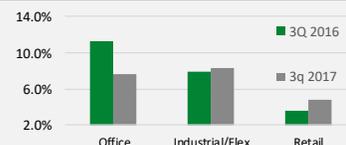
Existing Home Sales

679
Up 6.1% from 2Q 2016



Office Vacancy Industrial/Flex Vacancy Retail Vacancy

7.7%
8.3%
4.8%



Centennial Economic Activity

Company Announcements

- Inocucor Corporation, a developer and producer of powerful biological crop inputs for agriculture, announced it will open its 30,000-square-foot U.S. headquarters in Centennial, Colorado. The company currently employs approximately 30 people in Montreal, Canada, and plans to add another 50 high-level staff in both its Montreal and Centennial operations over the next 18 months.
- Centennial-based United Launch Alliance won a contract to launch a private company's test spacecraft to the moon in 2019. The Atlas V rocket will carry Pittsburgh-based Astrobotic Technology Inc.'s Peregrine Lunar lander on its first moon mission. The company will carry client payloads to the moon surface and has 11 payloads customers in six countries signed up for the first flight in 2019.
- Arrow Electronics will join the Colorado Smart Cities Alliance, formed earlier this year by the Denver South Economic Development Partnership. With extensive experience in product design and technology distribution, Arrow will function primarily as an advisor. Other participating members include the Colorado Technology Association, the University Corporation for Atmospheric Research (UCAR), the National Renewable Energy Lab, and the University of Colorado. The Colorado Smart Cities Alliance strives to implement 'smart cities' technology throughout cities in Colorado. Communities that implement this type of technology expect to attract industry and technology employees.
- The Cherry Creek School District bought 42 acres of land for a new \$5.8 million vocational high school between East Broncos Parkway and South Chambers Road. The technical school will be open to 11th and 12th graders with class offerings and apprenticeships in auto, construction, health, hospitality, manufacturing, energy, aviation, aerospace, and computer science. The district is working with Colorado Workforce Development Council on the school.
- Colorado has been selected as one of ten winners for the Hyperloop One Global Challenge. Colorado's geography, along with flat and open landscaping, creates an opportunity for Hyperloop technology. The proposed route will include stops from Cheyenne to Pueblo, including Centennial. Hyperloop One will now work closely with Colorado to analyze rider forecasts, business case, and technical analysis of the route and corridor.
- US Bank has outgrown its current office location in Centennial, purchasing a pair of buildings in an unincorporated area of Arapahoe County. Plans include a move by the end of the year, and the hiring of an additional 300 employees at the new location.
- Centennial-based Multi Packaging Solutions is laying off 98 employees as it prepares to close its Colorado facility after Atlanta-based WestRock Co. acquired the company in June.

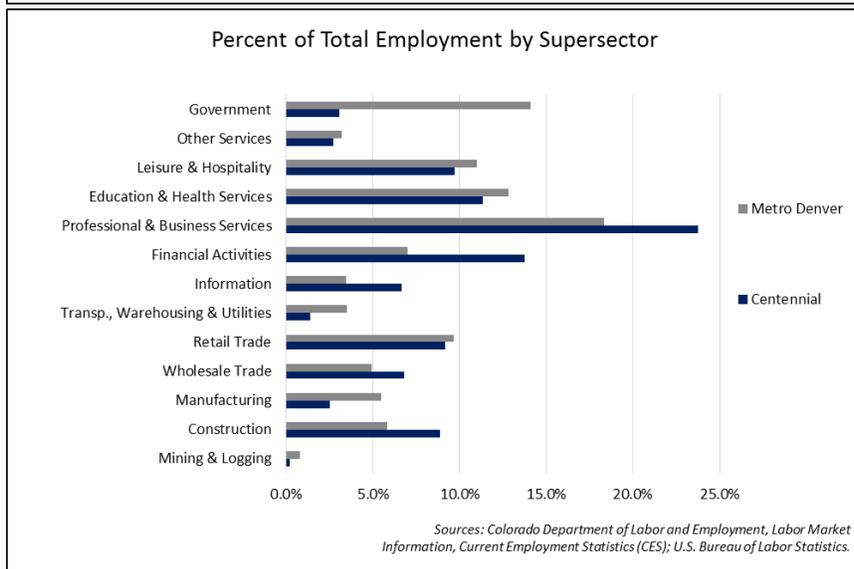
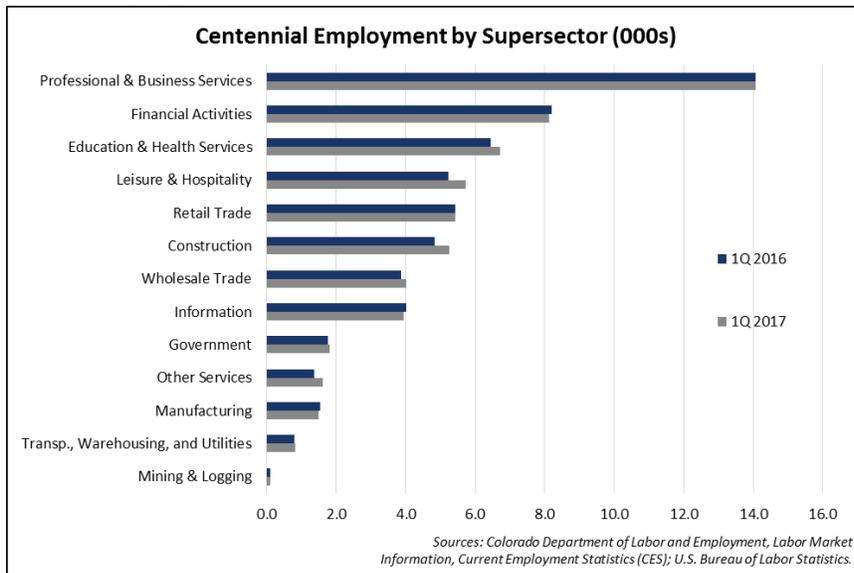
Rankings and Economic Headlines

- Centennial was ranked as the second "Most Livable Mid-Sized Communities in the US" by SmartAsset. Analysis was done of 174 mid-sized cities with populations above 100,000. Housing costs, median household income, unemployment rate, and average commute time were some of the factors considered.
- Centennial ranked as the third "Best Place to Live 2017" by the Military Times. Data from multiple sources was used to compare locations within three categories: veteran and military culture and services, economic indicators, and livability. Centennial was also noted for their public honoring of veterans through a section of the city's website called "Military Voices."
- Centennial was ranked as the third "Best Place to Raise a Family in Colorado" by SmartAsset. It was noted that Centennial is great for families "looking to ensure a promising economic future for their children." With over 26 percent of residents being under 20 years old, Centennial has a young population in families averaging \$92,000 annual income.

- The University of Colorado Boulder Leeds School of Business released their third quarter Leeds Business Confidence Index (LBCI) for 2017. The overall expectations for both the national economy and state economy slowed for the third quarter of 2017, but the outlook remained positive. The index value of 59.7 for the third quarter of 2017 was down 3.7 points from last quarter but up 5.1 points from the third quarter of 2016. Of the index components, national expectations decreased from 63.9 to 54.6, and state expectations fell from 67 in the second quarter to 60.9 in the third. LBCI panelists responded that the top problem facing the Colorado economy is labor issues. With historically low unemployment rates, employers are finding it difficult to hire new employees to fill vacant or new positions.
- Colorado ranked No. 6 on CNBC’s list of “America’s Top States for Business”, down from No. 3 in 2016 and No. 4 in 2015. Of the 10 ranking categories, Colorado’s highest rankings were in quality of workforce (#4), technology and innovation (#7), and business friendliness (#8). Washington ranked No. 1 followed by Georgia, Minnesota, Texas, and North Carolina.

Employment Activity

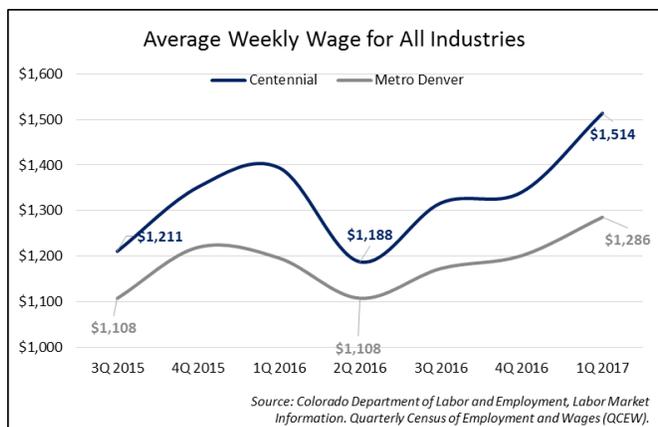
Total Employment



- During the first quarter of 2017, businesses in Centennial employed 59,138 people, a 2.6 percent increase since the first quarter of 2016. Employment in Metro Denver¹ reached almost 1.6 million people during the same time period, a 2.1 percent increase over-the-year.
- The professional and business services supersector (14,059) employed the most people in Centennial, followed by financial activities (8,134), education and health services (6,716), and leisure and hospitality (5,733)². The professional and business services supersector is also the largest supersector in Metro Denver.
- The leisure and hospitality and construction supersectors added the most new jobs over-the-year (+501 and +421 jobs, respectively), and the information, financial activities, and manufacturing supersectors shed the greatest employment (-74, -55, and -52 jobs, respectively). In Metro Denver, the mining and logging sector recorded the only contraction.
- The mining and logging supersector for Centennial recorded the fastest growth over-the-year of 21.2 percent, while the manufacturing sector recorded the largest contraction over-the-year of 3.4 percent.

Average Wage

- Centennial’s average weekly wage for all industries was 17.7 percent higher than the average weekly wage of Metro Denver, representing an additional \$228 per week.
- The highest average weekly wage was in the mining and logging sector (\$3,346) while the lowest was in the leisure and hospitality sector (\$409).
- Two of the 13 supersectors in Centennial recorded declines in the average weekly wage over-the-year. The manufacturing (-2.6 percent), and the professional and business services (-0.6 percent) supersectors recorded the only declines over-the-year. The retail trade (+91.2 percent), and the mining and logging (+56.4 percent) supersectors recorded the largest increases over-the-year. The retail trade increase was due to some one-time acquisitions, so the trend is not likely to continue.



¹ Metro Denver is comprised of seven-counties, consisting of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties.

² 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>.

Business and Employment Indicators by Supersector

	Centennial						% Change Employment	
	Business Count		Average Weekly Wage		Employment		1Q 2016 - 1Q 2017	
	1Q 2016	1Q 2017	1Q 2016	1Q 2017	1Q 2016	1Q 2017	Centennial	Metro Denver
Total All Industries	4,712	4,851	\$1,394	\$1,514	57,655	59,138	2.6%	2.1%
Private Sector								
Mining & Logging	33	32	\$2,140	\$3,346	91	111	21.2%	-2.2%
Construction	393	405	\$1,310	\$1,501	4,828	5,249	8.7%	5.1%
Manufacturing	90	90	\$1,493	\$1,454	1,544	1,492	-3.4%	0.8%
Wholesale Trade	433	433	\$1,904	\$1,992	3,862	4,012	3.9%	1.6%
Retail Trade	282	283	\$749	\$1,432	5,437	5,431	-0.1%	0.7%
Transp., Warehousing & Utilities	54	60	\$784	\$844	805	826	2.6%	6.2%
Information	116	119	\$1,835	\$2,142	4,019	3,945	-1.8%	0.8%
Financial Activities	764	753	\$2,006	\$2,135	8,190	8,134	-0.7%	2.8%
Professional & Business Services	1,418	1,488	\$1,757	\$1,747	14,063	14,059	0.0%	1.7%
Education & Health Services	511	531	\$895	\$943	6,432	6,716	4.4%	0.3%
Leisure & Hospitality	273	286	\$376	\$409	5,232	5,733	9.6%	2.9%
Other Services	322	353	\$797	\$825	1,373	1,614	17.5%	6.1%
Government	17	17	\$1,230	\$1,242	1,772	1,811	2.2%	2.4%

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 139 businesses over-the-year to 4,851, a 2.9 percent increase.
- The professional and businesses services supersector has the highest business count in Centennial of 1,488, followed by financial activities (753), education and health services (531), wholesale trade (433), and construction (405).
- Eleven of the 13 supersectors recorded growth in businesses over-the-year, with the transportation, warehousing and utilities sector recording the largest percentage increase of 11.1 percent (6 businesses).
- Two of the 13 supersectors recorded contractions over-the-year, with the mining and logging sector recording the largest percentage decrease of 3 percent (1 business). The financial activities sector lost 11 businesses, a 1.4 percent decrease.

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.

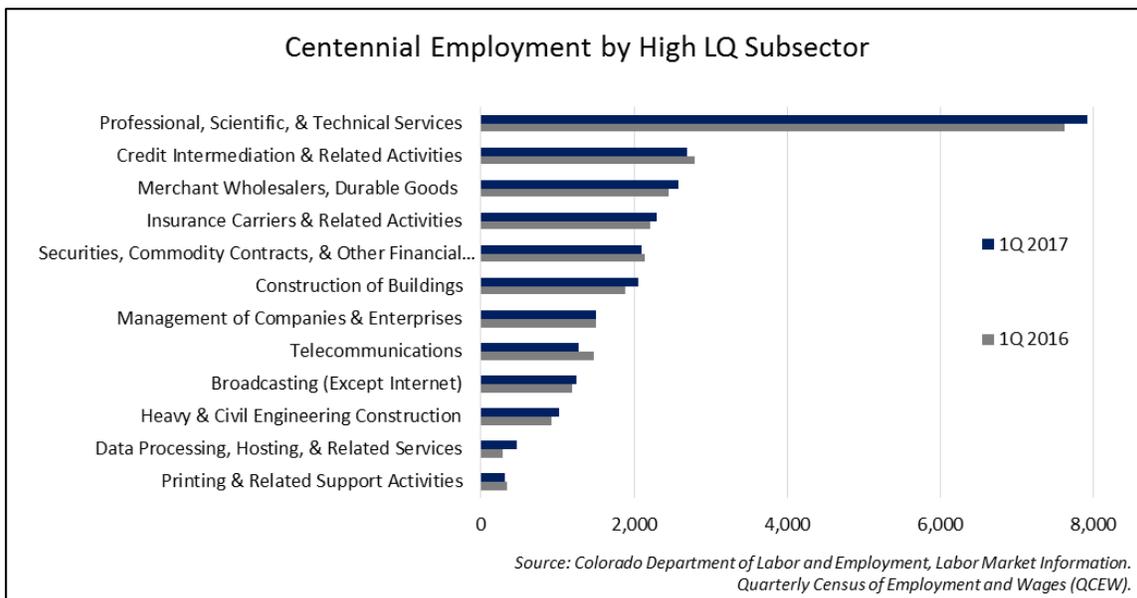
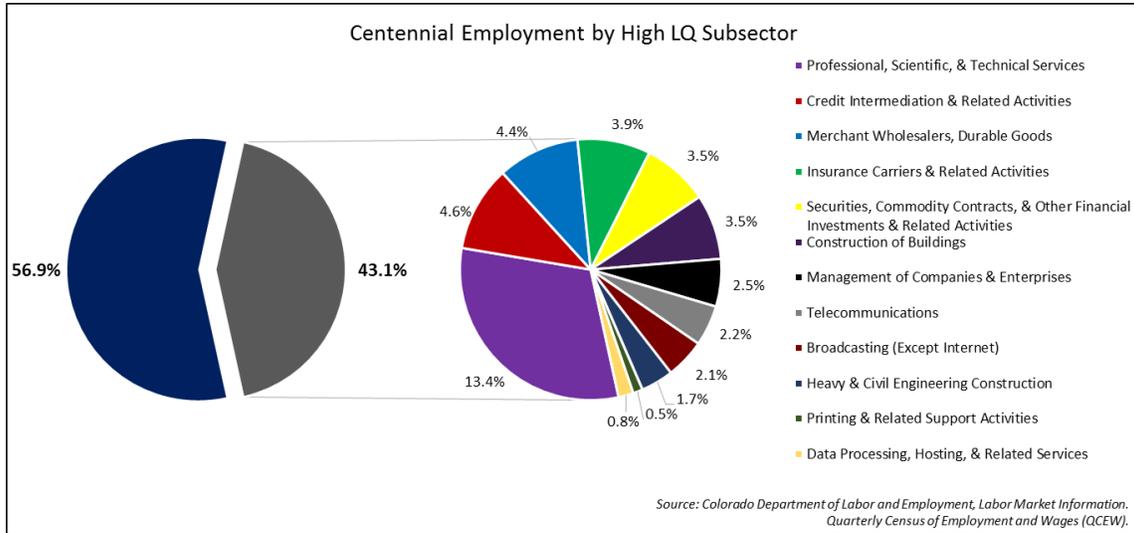
Total Employment – High LQ's

Business and Employment Indicators for High Location Quotient Subsectors

	LQ	Business Count		Average Weekly Wage		Employment	
	3Q 2016	1Q 2016	1Q 2017	1Q 2016	1Q 2017	1Q 2016	1Q 2017
Broadcasting (except Internet)	10.7	7	7	\$1,557	\$1,900	1,192	1,247
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	5.5	106	105	\$2,821	\$2,889	2,143	2,095
Telecommunications	4.2	24	21	\$2,133	\$1,811	1,482	1,280
Construction of Buildings	3.1	118	125	\$1,628	\$1,946	1,885	2,056
Credit Intermediation and Related Activities	2.5	134	125	\$1,445	\$1,577	2,798	2,701
Heavy and Civil Engineering Construction	2.5	31	33	\$1,185	\$1,371	919	1,028
Data Processing, Hosting, and Related Services	2.5	23	32	\$2,899	\$4,388	278	470
Insurance Carriers and Related Activities	2.4	225	217	\$2,042	\$2,217	2,209	2,302
Professional, Scientific, and Technical	2.2	1,030	1,081	\$2,034	\$1,953	7,630	7,929
Merchant Wholesalers, Durable Goods	2.0	210	222	\$1,959	\$2,054	2,452	2,587
Printing and Related Support Activities	1.7	15	16	\$877	\$1,127	340	307
Management of Companies and Enterprises	1.5	79	90	\$3,564	\$3,387	1,506	1,504

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 first quarters of 2016 and 2017 of 68.9 percent. The heavy and civil engineering construction subsector followed with 11.9 percent growth.
- Employment in five of the 12 subsectors contracted over-the-year, including the telecommunications subsector (-13.6 percent), printing and related support (-9.7 percent), and credit intermediation and related activities (-3.5 percent).
- The professional, scientific, and technical services subsector added the most jobs (+299) over-the-year. Employment in the 12 high LQ subsectors increased by 585 jobs over-the-year.
- The telecommunications subsector lost 202 jobs, the most of any high LQ subsector. The credit intermediation and related activities subsector also lost a significant number of jobs, declining by 97 workers.



Average Wage – High LQ’s

- Nine of the 12 subsectors in Centennial recorded growth in the average weekly wage between the first quarters of 2016 and 2017. The data processing, hosting, and related services subsector recorded the largest increase over-the-year, increasing 51.4 percent to \$4,388 a week.
- Of the three subsectors that recorded declines in the average weekly wage, the telecommunications subsector recorded the largest decline of 15.1 percent, followed by management of companies and enterprises (-5 percent), and professional, scientific, and technical services (-4 percent).
- The average weekly wage ranged from \$4,388 in data processing, hosting, and related services to \$1,127 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 1,081, followed by merchant wholesalers and durable goods (222), and insurance carriers (217).

- The data processing, hosting, and related services subsector recorded the largest increase in businesses count over-the-year, increasing 39.1 percent or nine businesses. The telecommunications subsector recorded the largest contraction in business count, decreasing 12.5 percent, representing the loss of three businesses.

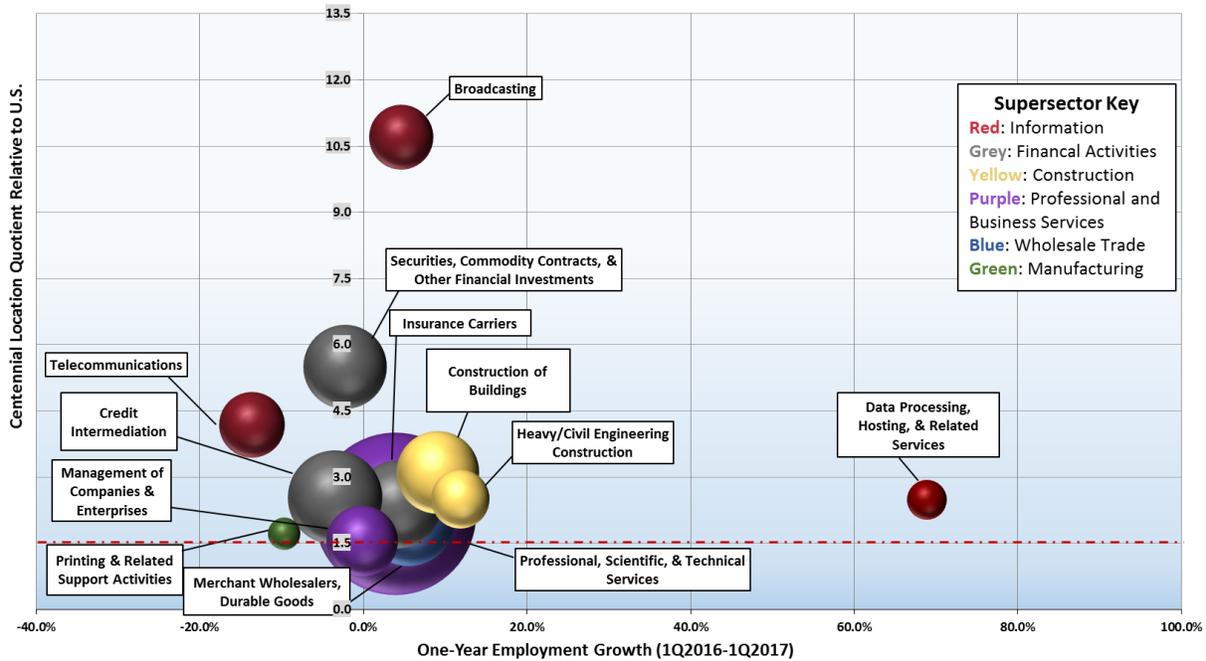
Analysis – High LQ’s

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, 1Q 2016 to 1Q 2017; on the *x-axis (horizontal)*;
- The industry’s location quotient, 3Q 2016; on the *y-axis (vertical)*; and
- Employment size of the industry, 1Q 2017; 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.

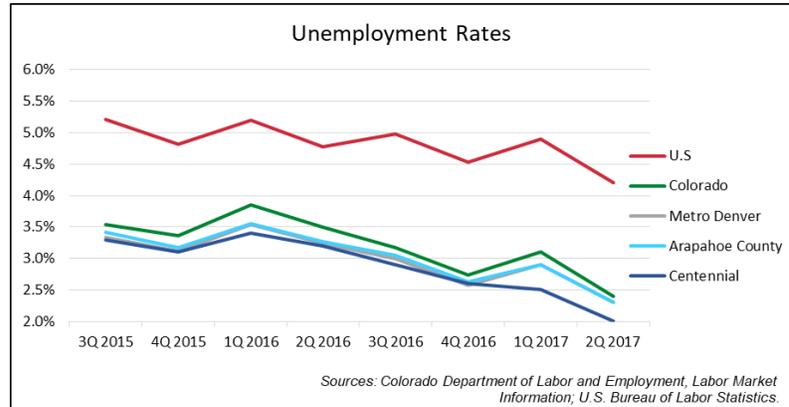


Source: Development Research Partners analysis of Colorado Department of Labor,

Labor Force

Unemployment Rate

- Centennial’s labor force increased 2.7 percent over-the-year, a smaller percentage point increase than the state of Colorado (+2.8 percent), but larger than the nation (+0.8 percent). Arapahoe County recorded a 2.9 percent increase in the labor force, while Metro Denver recoded a 3 percent increase between the second quarters of 2016 and 2017.



- Centennial recorded a 2 percent unemployment rate in the second quarter of 2017, a 0.5 percentage point decrease from the first quarter of 2017 and a 1.2 percentage point decrease over-the-year. Centennial recorded the lowest unemployment rate of the five market areas. Arapahoe Country and Metro Denver both recorded unemployment rates of 2.3 percent, while Colorado’s rate was 2.4 percent and the U.S. rate was 4.2 percent.
- Centennial residents represented 18 percent of the total labor force in Arapahoe County during the second quarter of 2017.

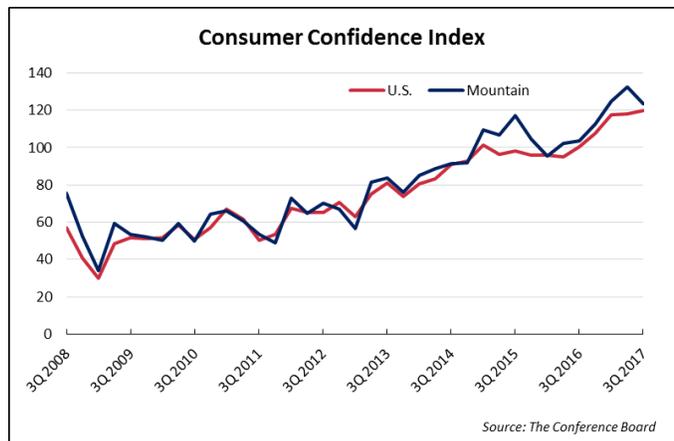
	Labor Force			Unemployment Rate	
	2Q 2016	2Q 2017	Yr/Yr % Change	2Q 2016	2Q 2017
Centennial	61,531	63,169	2.7%	3.2%	2.0%
Arapahoe County	341,345	351,399	2.9%	3.3%	2.3%
Metro Denver	1,686,591	1,737,248	3.0%	3.2%	2.3%
Colorado	2,884,896	2,966,778	2.8%	3.5%	2.4%
U.S. (000s)	159,141	160,378	0.8%	4.8%	4.2%

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

Consumer Activity

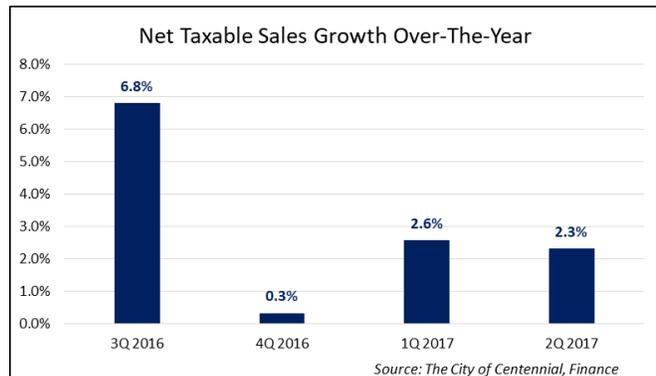
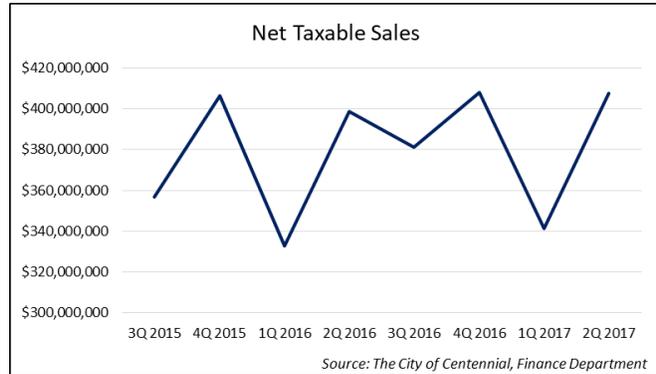
Consumer Confidence Index

- The Consumer Confidence Index for the U.S. increased to 120.1 in the third quarter of 2017, a 1.7 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 19.3 percent increase over-the-year.
- Colorado is included in the Mountain Region Index and the area reported a 7 percent decrease over-the-quarter to 123.3. The Mountain Index recorded a 19.1 percent increase over-the-year.



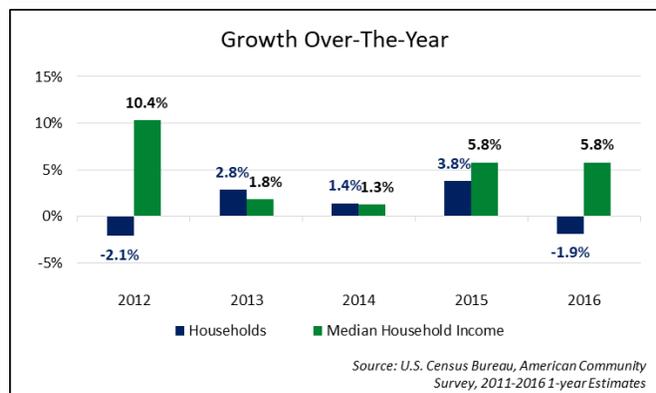
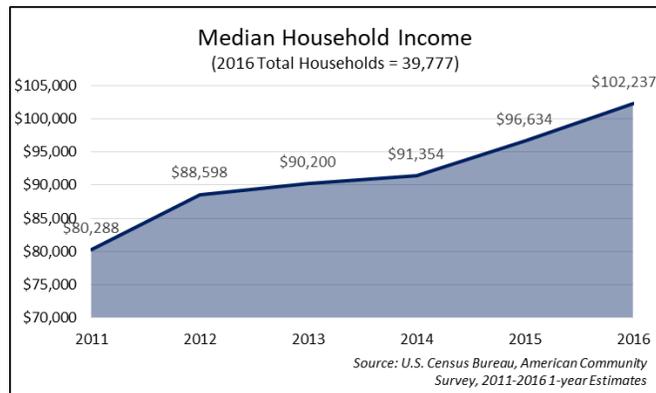
Local Net Taxable Sales

- Net taxable sales increased 2.3 percent between the second quarter of 2016 and the second quarter of 2017, recording the highest second quarter net taxable sales of the past two years.
- Net taxable sales increased 19.4 percent over-the-quarter, a common trend after a typical first quarter decline following the holiday sales season.

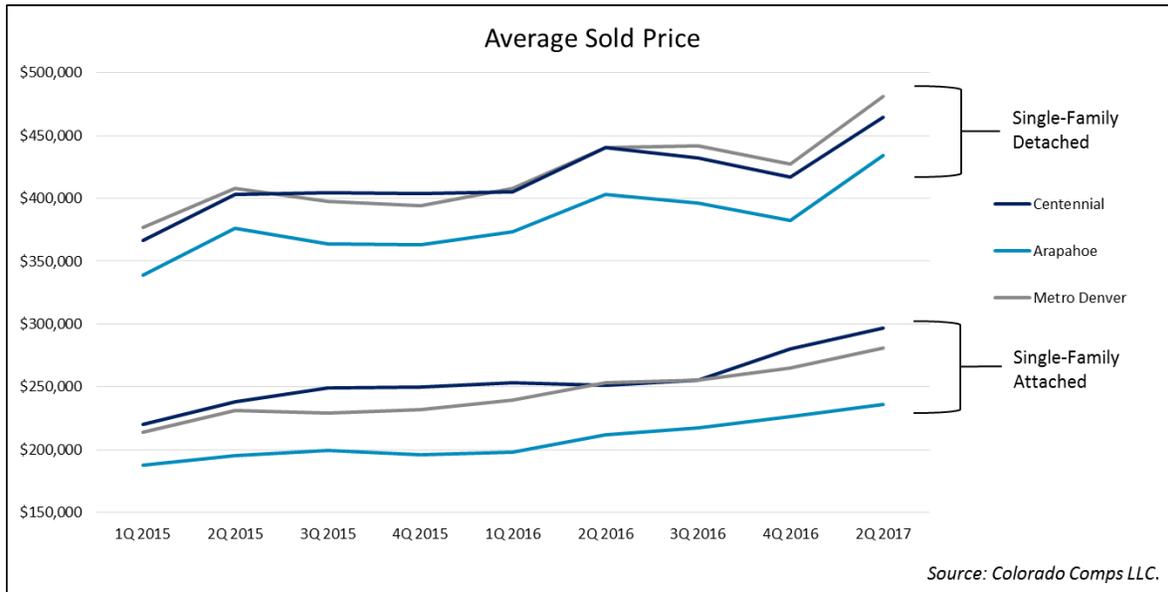


Median Household Income

- Median household income for Centennial increased 5.8 percent between 2015 and 2016, representing an additional \$5,603 a year. Households in Centennial decreased slightly, dropping by 1.9 percent over-the-year, representing a decrease of 766 households.
- Median household income rose 27.3 percent from 2011 to 2016 while the number of households only increased by 3.9 percent during the same period.
- The consumer price index increased 12 percent from 2011 to 2016, so the inflation-adjusted increase in median household income was 15.4 percent.



Residential Real Estate



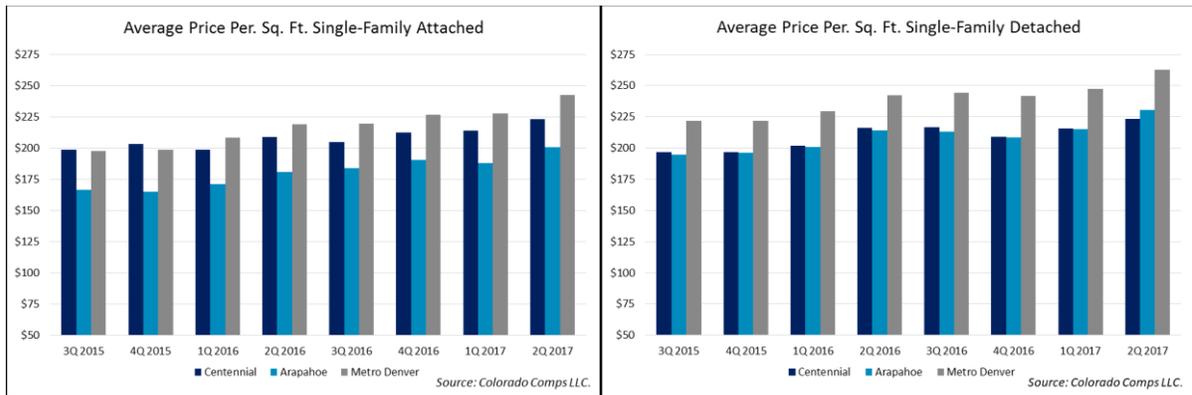
Existing Home Sales

- Two of the three housing market areas recorded decreases in single-family attached home sales between the second quarters of 2016 and 2017, with Centennial recording the largest decline (-3.7 percent).
- All three market areas recorded an increase in the single-family attached average sold price over-the-year. Centennial recorded an 18.3 percent increase in price and added \$45,888 over-the-year.
- The attached home price in Centennial of \$223 per square foot is higher than Arapahoe County (\$201), but generally lower than Metro Denver (\$243).
- All three housing market areas recorded increases in single-family detached home sales between the second quarters of 2016 and 2017. Centennial recorded the largest increase of 8.7 percent, with 44 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 smallest increase over-the-year as prices rose 5.5 percent.

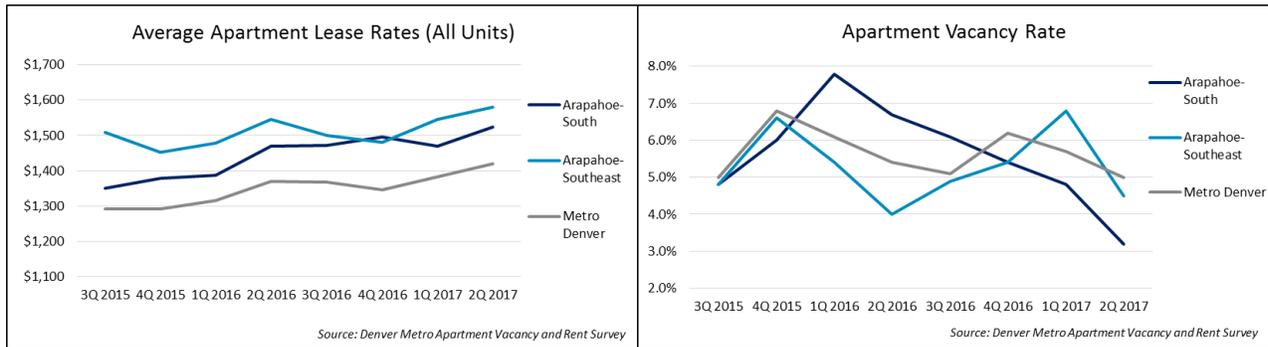
	Centennial	Arapahoe County	Metro Denver
Home Sales			
<i>Single-Family Attached</i>			
2Q 2017	130	1,171	4,253
2Q 2016	135	1,202	4,192
% Change	-3.7%	-2.6%	1.5%
<i>Single-Family Detached</i>			
2Q 2017	549	2,469	12,912
2Q 2016	505	2,367	12,622
% Change	8.7%	4.3%	2.3%
Average Sold Price			
<i>Single-Family Attached</i>			
2Q 2017	\$297,088	\$235,874	\$281,043
2Q 2016	\$251,200	\$212,098	\$253,253
% Change	18.3%	11.2%	11.0%
<i>Single-Family Detached</i>			
2Q 2017	\$464,354	\$434,173	\$481,250
2Q 2016	\$440,320	\$403,250	\$440,396
% Change	5.5%	7.7%	9.3%
Average Price per. Sq. Ft.			
<i>Single-Family Attached</i>			
2Q 2017	\$223	\$201	\$243
2Q 2016	\$209	\$181	\$220
% Change	6.9%	11.0%	10.5%
<i>Single-Family Detached</i>			
2Q 2017	\$223	\$230	\$263
2Q 2016	\$216	\$214	\$242
% Change	3.1%	7.5%	8.3%

Source: Colorado Comps LLC.

- The price per square foot of a detached home in Centennial is 3.1 percent higher than the previous year, rising at a slower rate than Arapahoe County (7.5 percent) and Metro Denver (8.3 percent).



Apartment Market



Average Apartment Rents and Vacancy

2Q 2017	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Arapahoe County-South	3.2%	\$1,241	\$1,371	\$1,475	\$1,674	\$2,025	\$1,481	\$1,524
Arapahoe County-Southeast	4.5%	\$1,151	\$1,403	\$1,618	\$1,750	\$2,031	\$2,468	\$1,581
Metro Denver	5.0%	\$1,201	\$1,264	\$1,336	\$1,662	\$1,942	\$1,569	\$1,420

Source: Denver Metro Apartment Vacancy and Rent Survey.

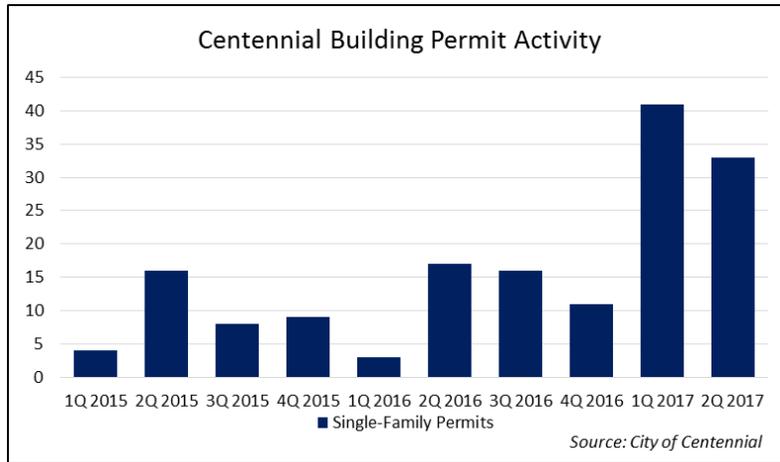
- Apartment vacancy rates decreased in two of the three market areas.³ The Arapahoe County-South market recorded a decrease of 3.5 percentage points over-the-year in the vacancy rate. The Arapahoe County-Southeast market vacancy rate rose 0.5 percentage points between the second quarters of 2016 and 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 second quarters of 2016 and 2017. The Arapahoe County-South market average rental rate increased 3.7 percent over-the-year to \$1,524, followed by Metro Denver (+3.6 percent to \$1,420), and Arapahoe County-Southeast (+2.4 percent to \$1,581).

³ 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.

New Residential Building Permits

- New single-family permits increased from 17 permits issued during the second quarter of 2016, to 33 permits issued during the second quarter of 2017.
- The average valuation for new single-family homes permitted decreased 17.8 percent between the second quarters of 2016 and 2017, dropping from \$314,312 to \$258,314.
- There were no multi-family units permitted in Centennial in the first or second quarter of 2017. The fourth quarter of 2016 was the last time a permit was issued for multi-family construction.



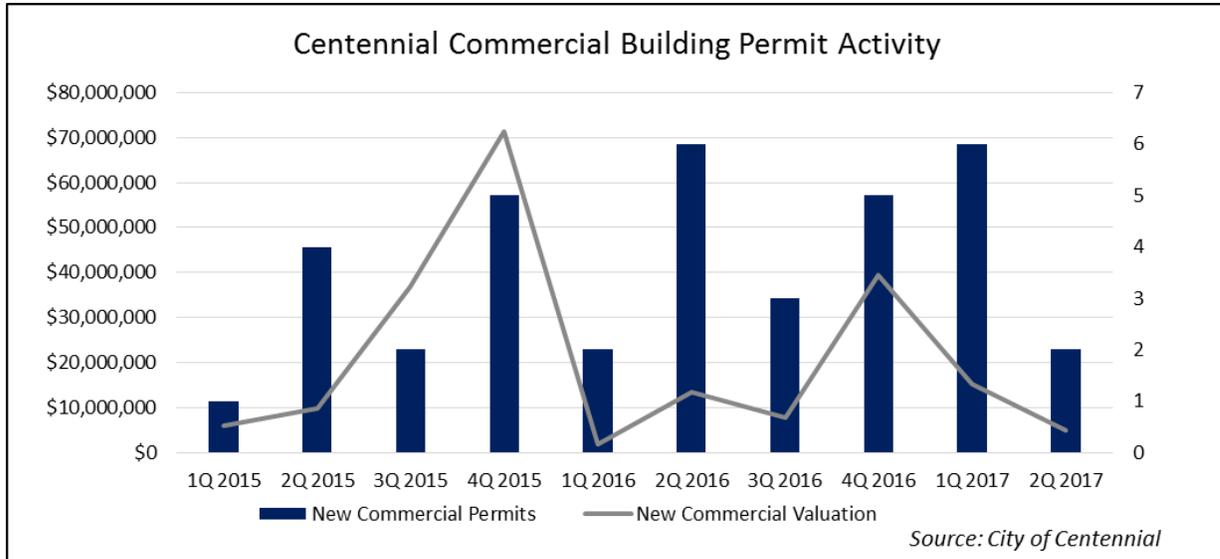
Commercial Real Estate

Commercial Building Permits

- Centennial issued 84 commercial permits during the second quarter of 2017, of which 82 were commercial alteration permits and two were new commercial permits. This was the lowest number of total permits during a second quarter based on data for the past three years.
- Project valuation decreased to \$16.7 million in the second quarter of 2017, a 49.4 percent decrease over-the-year.
- Centennial permitted an additional 31,215 square feet of commercial space in the second quarter of 2017. A comparison to the second quarter of 2016 should be used with caution as tracking was inconsistent prior to June 2016.

	2Q 2015	2Q 2016	2Q 2017	% Change 2016-2017
New Commercial				
No. of Permits	4	6	2	-67%
Total Valuation	\$9,933,300	\$13,496,044	\$4,935,000	-63%
Square Footage	N/A	142,828	31,215	-78%
Commercial Alteration				
No. of Permits	107	104	82	-21%
Total Valuation	\$4,633,879	\$19,441,522	\$4,935,000	-75%
Total Commercial				
No. of Permits	111	110	84	-24%
Valuation	\$14,567,179	\$32,937,566	\$16,656,056	-49%

Source: City of Centennial



Under Construction/Recently Completed

- Centennial currently has three commercial buildings under construction, consisting of a 222,070-square-foot office building, a 50,000-square-foot industrial building, and a 150,000-square-foot flex space.
- The industrial and the flex building are in Encompass Business Park. The flex space is intended for office and distribution with parking for 245 vehicles.
- There were five commercial buildings completed so far in 2017, including a 211,675-square-foot INOVA Dry Creek office building and a 227,000-square-foot office building for Arrow Electronics.

Office Market

- Centennial had 136 office buildings offering 5.2 million square feet of space in the third quarter of 2017. This represents 11 percent of the office space in the Southeast market and 2.9 percent of space in Metro Denver.
- The office vacancy rate declined 3.6 percentage points in Centennial from the third quarter of 2016 to the third quarter of 2017. In contrast, the vacancy rate increased 0.8 percentage points in the Southeast market and 0.6 percentage points in Metro Denver.
- Office space was less expensive in Centennial in the third quarter of 2017 as compared with the second quarter, but the lease rate increased 1.6 percent over-the-year. This was a slower increase than either the Southeast market (+2.3 percent) or Metro Denver (+1.9 percent).
- There was 592,566 square feet of office space absorbed in Centennial from the third quarter of 2016 to the third quarter of 2017. In comparison, net absorption in Metro Denver totaled 1.5 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.)	
	3Q 2016	3q 2017	3Q 2016	3q 2017	3Q 2016	3q 2017
Centennial	4,795,378	5,249,703	11.3%	7.7%	\$21.43	\$21.77
Southeast	46,495,980	47,623,097	11.0%	11.8%	\$23.78	\$24.32
Metro Denver	181,307,007	184,125,665	9.3%	9.9%	\$25.31	\$25.79

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 127 industrial and flex buildings offering almost 3.8 million square feet of space. This represents 24.1 percent of the industrial/flex space in the Southeast market and 1.5 percent of space in Metro Denver.
- The industrial/flex vacancy rate increased 0.4 percentage points in Centennial from the third quarter of 2016 to the third quarter of 2017. The vacancy rate decreased 0.2 percentage points in the Southeast market and increased 0.5 percentage points in Metro Denver.
- The Industrial/flex space average lease rate increased 7.1 percent over-the-year. This was the largest increase while the Southeast market (+7 percent) recorded the second largest over-the-year, and Metro Denver (+1.2 percent) recorded the smallest increase.
- There was 57,197 square feet of industrial/flex space absorbed in Centennial from the third quarter of 2016 to the third quarter of 2017. Net occupied space in Metro Denver increased by 2.8 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.)	
	3Q 2016	3q 2017	3Q 2016	3q 2017	3Q 2016	3q 2017
Centennial	3,691,487	3,768,119	7.9%	8.3%	\$8.99	\$9.63
Southeast	15,451,602	15,634,504	5.7%	5.5%	\$10.53	\$11.27
Metro Denver	254,514,432	258,978,255	4.1%	4.6%	\$8.44	\$8.54

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

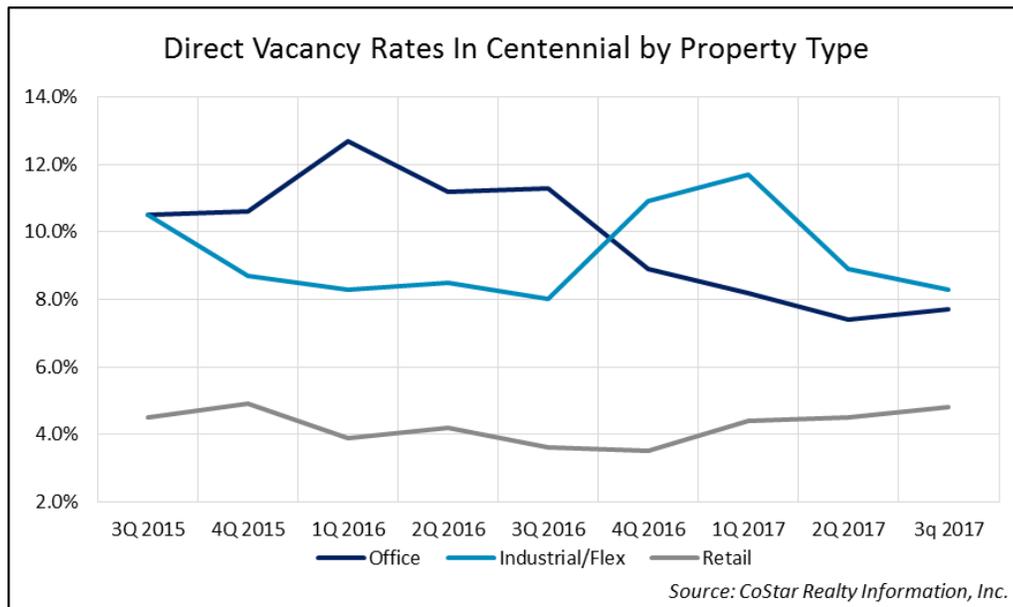
- Centennial has 164 retail buildings offering 3.8 million square feet of space. This represents 19.1 percent of the retail space in the Southeast market and 2.3 percent of space in Metro Denver.
- The retail vacancy rate increased 1.2 percentage points in Centennial from the third quarter of 2016 to the third quarter of 2017. The vacancy rate also increased in the Southeast market by 0.2 percentage points but remained unchanged in Metro Denver.
- The average lease rate for retail space in Centennial during the third quarter of 2017 increased 15.4 percent over-the-year. The Southeast market recorded an 11 percent increase, while Metro Denver (+9.1 percent) recorded an increase as well.

- There was negative net absorption of retail space in Centennial by 13,308 square feet from the third quarter of 2016 to the third quarter of 2017. In contrast, almost 1.6 million square feet of retail space in Metro Denver was absorbed.

Commercial Vacancy and Lease Rates Retail Market

Retail Market	Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
	3Q 2016	3q 2017	3Q 2016	3q 2017	3Q 2016	3q 2017
Centennial	3,815,202	3,848,283	3.6%	4.8%	\$17.16	\$19.80
Southeast	20,065,022	20,136,811	3.4%	3.6%	\$18.59	\$20.64
Metro Denver	164,968,711	166,549,177	4.6%	4.6%	\$16.48	\$17.98

*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.*



Prepared by:
 Development Research Partners, Inc.
 10184 West Belleview Ave, Ste 100
 Littleton, Colorado 80127
 303-991-0070
 www.developmentresearch.net
 October 2017