



Centennial

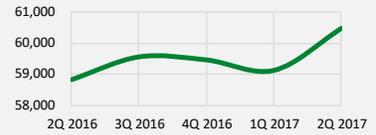
QUARTERLY ECONOMIC REPORT

Q4 2017

Centennial Quarterly Report Economic Dashboard

Employment

60,492
Up 2.8% from 2Q 2016



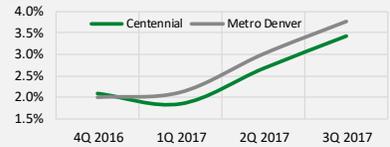
Average Weekly Wage

\$1,251
Up 3.0% from 2Q 2016



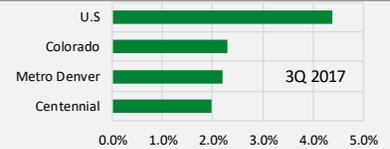
Labor Force Growth Rate

3.4%
Growth 1.3 percentage points higher than 4Q 2016



Unemployment Rate

2.0%
Down 0.9 percentage points from 3Q 2016



Net Taxable Sales

\$384,075,057
Up 0.8% from 3Q 2016



Median Household Income

\$102,237
Up 5.8% from 2015

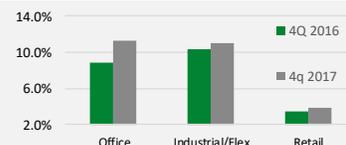


Existing Home Sales

645
Down 0.5% from 3Q 2016



Office Vacancy 11.3%
Industrial/Flex Vacancy 11.0%
Retail Vacancy 3.9%



Centennial Economic Activity

Company Announcements

- Glassdoor's "Best Place to Work" list included three Colorado companies this year. Centennial-based government software and consulting-services provider Fast Enterprises was ranked No. 25 on the overall top 100 Best Places to Work.
- Ting, an internet service provider, is building a gigabit-speed internet network in Centennial's Willow Creek Neighborhood. The Toronto-based company chose Willow Creek based on residents' rep-order requests. The first of three city fiber loops has been completed, and the remaining two are expected to be complete within a year.
- Arrow Electronics acquired a San Jose/India-based engineering firm of 1,500 employees. The purchase is part of Arrow's push to offer more internet-of-things (IoT) services for companies of all sizes that need help with hardware and software design of connected technology.
- WaterWalk Hotel Apartments opened recently in Centennial. The 123,378-square-foot, 146-unit development combines apartments with extended-stay hotel units in one building, which is geared toward corporate living for training, relocating, and special projects.
- Centura Health has purchased a 136,954-square-foot office building in Centennial. Previously, the building underwent extensive renovations to both the interior and exterior, including parking surface improvements, a new building entry, interior modernization, increased signage, and enhanced landscaping. The building is located close to Arapahoe Rd and I-25, providing easy access.

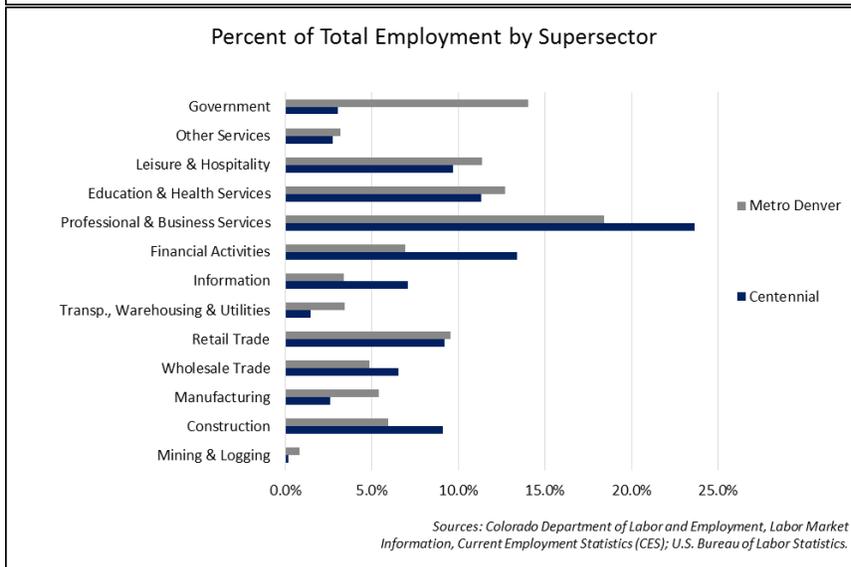
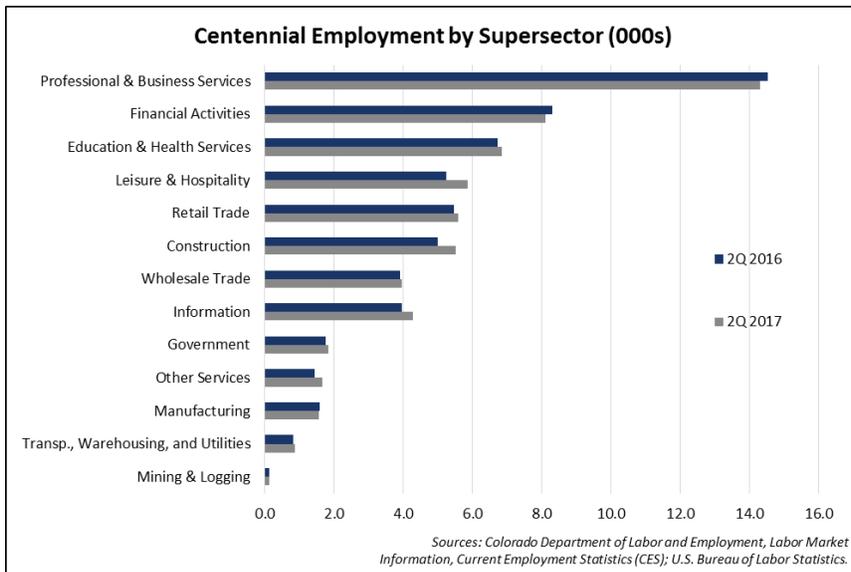
Rankings and Economic Headlines

- SmartAsset released their 2017 list for "The Most Livable Mid-Sized Cities in the U.S." and Centennial ranked third on the list. SmartAsset analyzed income inequality, median home value, unemployment rate, as well as other figures related to quality of life. Two other cities from Colorado made the top ten, including Highlands Ranch (No. 1) and Arvada (No. 8).
- The 2017 Kauffman Index growth entrepreneurship report found Denver has startup activity and a concentration of high-growth companies by revenue at levels comparable to or higher than many metro areas. The Denver area placed 13th among U.S. metro areas in a ranking of growth entrepreneurship and also reached 13th in a study focused on tech startup job openings. While Denver is one of the top U.S. cities for entrepreneurs and tech startups, companies starting here are not adding as many jobs as quickly or growing as large as they are in the most entrepreneurial American metro areas.
- According to a new report by the University of Minnesota, Denver ranked No. 10 out of the 49 largest cities in the U.S. when it comes to the "top 10 metro areas for job accessibility by transit." The report found that Denver grew its transit-oriented job base by 5.14 percent from 2015 to 2016, the 14th-highest growth rate in the country.
- Colorado ranked the seventh healthiest state in the nation, according to the United Health Foundation's report, "America's Health Rankings". In addition to the lowest obesity rate, Colorado has a low prevalence of diabetes, a high rate of physical activity, and improving measurements for infant mortality and cardiovascular death. Colorado's ranking improved three spots from last year's rank of ten.
- *Forbes'* list of the "Best States for Business" was recently published, ranking Colorado No. 8. For the annual ranking, *Forbes* analyzed states across six categories: business costs, labor supply, regulatory environment, economic climate, growth prospects, and quality of life. Colorado was credited as having a young, educated labor supply and a migrating population that is attracted to its robust economy and outdoor recreational opportunities.

- Colorado ranked eighth among the 50 states for population added from 2016 to 2017. With a growth rate of 1.4 percent, Colorado grew twice as fast as the national average, with the state adding more than 77,000 residents this past year, bringing its total population to just over 5.6 million. Regionally, the nation’s West and South are growing much faster (1 percent each from last year) than the Northeast (0.2 percent) and Midwest (0.3 percent). Nearly 47,000 of the increase in state residents was due to net migration, or those moving into the state less those moving out.

Employment Activity

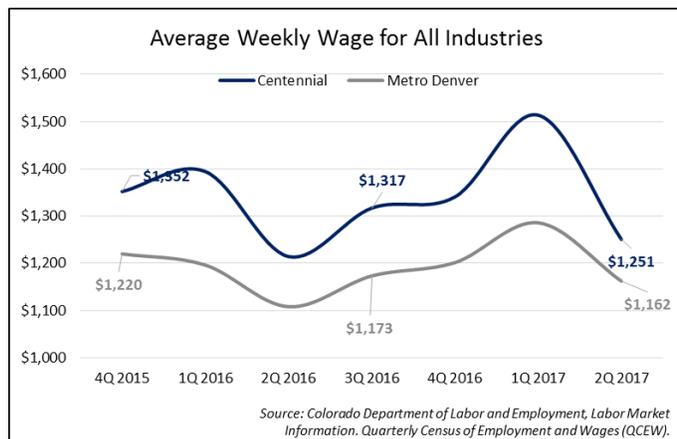
Total Employment



- During the second quarter of 2017, businesses in Centennial employed 60,492 people, a 2.8 percent increase since the second quarter of 2016. Employment in Metro Denver¹ reached over 1.6 million people during the same time period, a 2.1 percent increase over-the-year.
- The professional and business services supersector (14,311) employed the most people in Centennial, followed by financial activities (8,104), education and health services (6,839), and leisure and hospitality (5,855)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 (+625 and +523 jobs, respectively), and the professional and business services and financial activities supersectors shed the greatest employment (-220 and -204 jobs, respectively). In Metro Denver, all supersectors reported growth, ranging from a 0.3 percent increase in the information supersector to a 5.7 percent increase in transportation, warehousing, and utilities.
- The other services supersector for Centennial recorded the fastest growth over-the-year of 14.5 percent, while the mining and logging sector recorded the largest contraction over-the-year of 2.8 percent.

Average Wage

- Centennial’s average weekly wage for all industries was 7.6 percent higher than the average weekly wage of Metro Denver, representing an additional \$88 per week.
- The highest average weekly wage was in the mining and logging sector (\$2,726) while the lowest was in the leisure and hospitality sector (\$415).
- Three of the 13 supersectors in Centennial recorded declines in the average weekly wage over-the-year. The education and health services supersector recorded the largest decline over-the-year, falling 1.3 percent. Other services (-1 percent) and government (-0.7 percent) also recorded declines. The mining and logging (+30.9 percent) and leisure and hospitality (+8.3 percent) supersectors recorded the largest increases over-the-year.



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		2Q 2016 - 2Q 2017	
	2Q 2016	2Q 2017	2Q 2016	2Q 2017	2Q 2016	2Q 2017	Centennial	Metro Denver
Total All Industries	4,719	4,906	\$1,214	\$1,251	58,842	60,492	2.8%	2.1%
Private Sector								
Mining & Logging	31	33	\$2,083	\$2,726	118	115	-2.8%	5.3%
Construction	393	402	\$1,256	\$1,306	4,991	5,515	10.5%	4.3%
Manufacturing	88	92	\$1,267	\$1,310	1,584	1,567	-1.1%	1.3%
Wholesale Trade	428	433	\$1,759	\$1,812	3,901	3,956	1.4%	1.9%
Retail Trade	274	281	\$714	\$768	5,460	5,578	2.2%	0.4%
Transp., Warehousing & Utilities	52	62	\$809	\$859	823	873	6.1%	5.7%
Information	118	126	\$1,713	\$1,747	3,959	4,283	8.2%	0.3%
Financial Activities	755	763	\$1,453	\$1,547	8,307	8,104	-2.5%	2.9%
Professional & Business Services	1,431	1,516	\$1,446	\$1,505	14,531	14,311	-1.5%	2.3%
Education & Health Services	512	542	\$938	\$925	6,720	6,839	1.8%	0.4%
Leisure & Hospitality	279	280	\$383	\$415	5,230	5,855	12.0%	3.1%
Other Services	335	359	\$824	\$815	1,445	1,654	14.5%	5.0%
Government	17	16	\$1,209	\$1,201	1,764	1,836	4.1%	1.7%

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 187 businesses over-the-year to 4,906, a 4 percent increase.
- The professional and businesses services supersector has the highest business count in Centennial of 1,516, followed by financial activities (763), education and health services (542), wholesale trade (433), and construction (402).
- Twelve of the 13 supersectors recorded growth in businesses over-the-year, with the transportation, warehousing and utilities sector recording the largest percentage increase of 19.2 percent (10 businesses).
- The government supersector was the only one to record a contraction over-the-year, falling 5.9 percent or by 1 entity.

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.

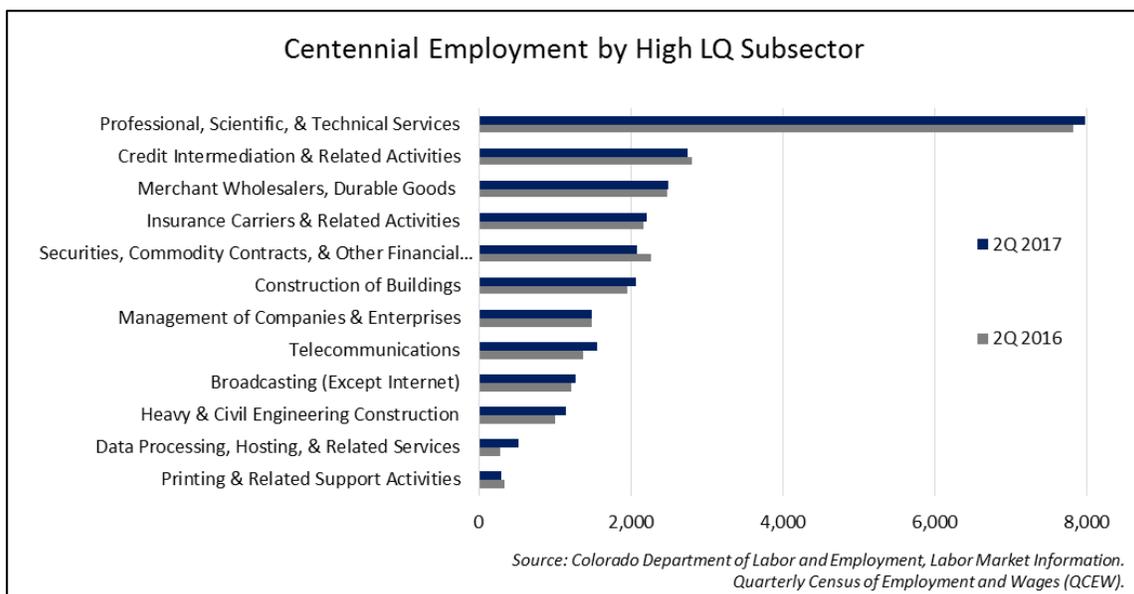
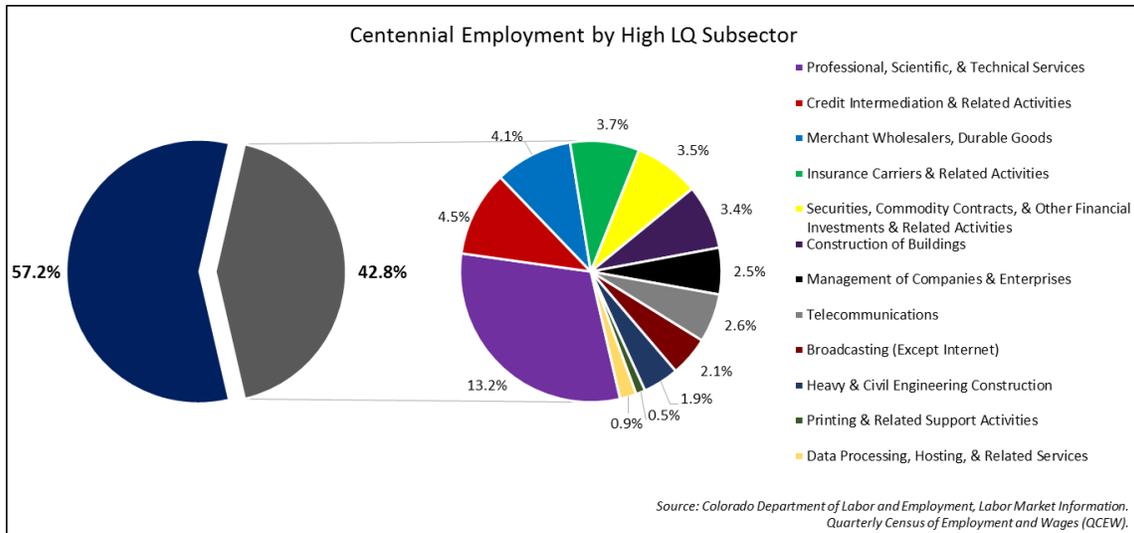
Total Employment – High LQ's

Business and Employment Indicators for High Location Quotient Subsectors

	LQ	Business Count		Average Weekly Wage		Employment	
	3Q 2016	2Q 2016	2Q 2017	2Q 2016	2Q 2017	2Q 2016	2Q 2017
Broadcasting (except Internet)	10.7	7	7	\$1,555	\$1,425	1,218	1,274
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	5.5	104	111	\$1,648	\$1,744	2,273	2,089
Telecommunications	4.2	23	24	\$1,911	\$1,472	1,378	1,559
Construction of Buildings	3.1	117	124	\$1,495	\$1,569	1,955	2,064
Credit Intermediation and Related Activities	2.5	129	124	\$1,260	\$1,289	2,798	2,743
Heavy and Civil Engineering Construction	2.5	31	32	\$1,206	\$1,220	1,000	1,149
Data Processing, Hosting, and Related Services	2.5	26	37	\$2,624	\$3,343	288	526
Insurance Carriers and Related Activities	2.4	226	217	\$1,606	\$1,751	2,168	2,216
Professional, Scientific, and Technical	2.2	1,028	1,103	\$1,775	\$1,784	7,828	7,980
Merchant Wholesalers, Durable Goods	2.0	207	221	\$1,818	\$1,835	2,484	2,493
Printing and Related Support Activities	1.7	15	16	\$930	\$1,049	335	300
Management of Companies and Enterprises	1.5	79	96	\$2,182	\$2,392	1,491	1,490

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 second quarters of 2016 and 2017 of 82.3 percent. The heavy and civil engineering construction subsector followed with 14.9 percent growth.
- Employment in four of the 12 subsectors contracted over-the-year, including the printing and related support subsector (-10.6 percent), securities, commodity contracts, and other financial investments and related activities (-8.1 percent), and credit intermediation and related activities (-1.9 percent).
- The data processing, hosting, and related services subsector added the most jobs (+237) over-the-year. Employment in the 12 high LQ subsectors increased by 665 jobs over-the-year.
- The securities, commodity contracts, and other financial investments and related activities subsector lost 184 jobs, the most of any high LQ subsector. The credit intermediation and related activities subsector also lost a significant number of jobs, declining by 54 workers.



Average Wage – High LQ’s

- Ten of the 12 subsectors in Centennial recorded growth in the average weekly wage between the second quarters of 2016 and 2017. The data processing, hosting, and related services subsector recorded the largest increase over-the-year, increasing 27.4 percent to \$3,343 a week.
- Of the two subsectors that recorded declines in the average weekly wage, the telecommunications subsector recorded the largest decline of 23 percent, followed by broadcasting, which decreased by 8.4 percent.
- The average weekly wage ranged from \$3,343 in data processing, hosting, and related services to \$1,049 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 1,103, followed by merchant wholesalers and durable goods (221), and insurance carriers (217).

- The data processing, hosting, and related services subsector recorded the largest increase in businesses count over-the-year, increasing 42.3 percent or 11 businesses. The insurance carriers and related activities subsector recorded the largest contraction in business count, decreasing 4 percent, representing the loss of nine businesses.

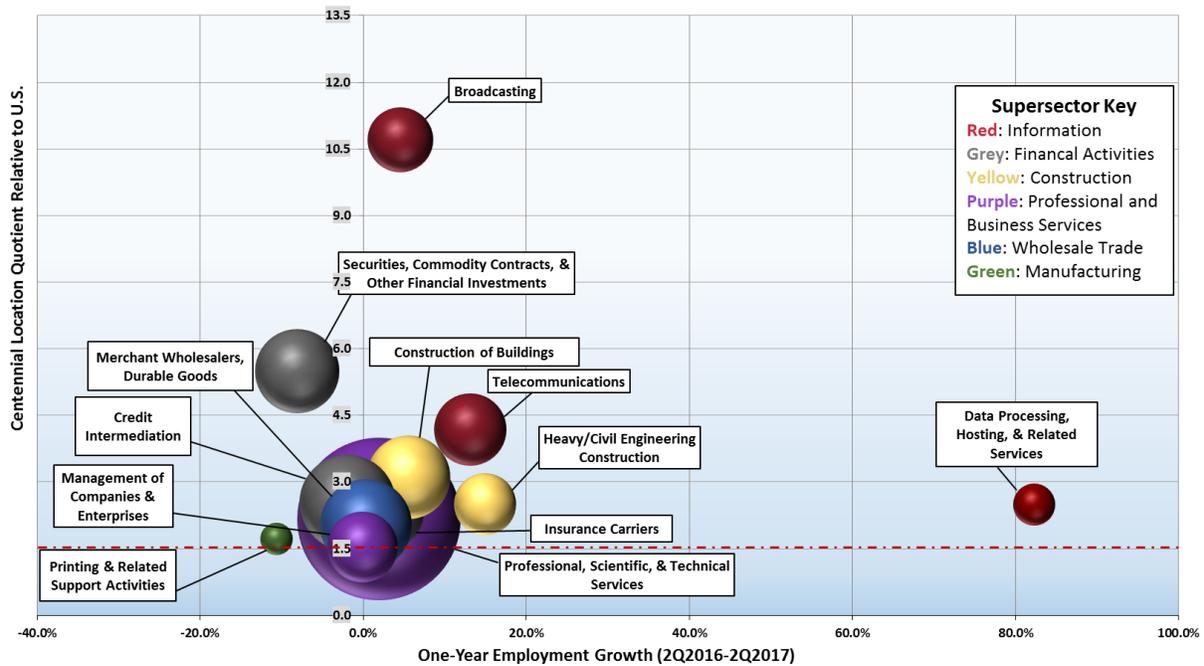
Analysis – High LQ’s

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, 2Q 2016 to 2Q 2017; on the *x-axis (horizontal)*;
- The industry’s location quotient, 3Q 2016; on the *y-axis (vertical)*; and
- Employment size of the industry, 2Q 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.

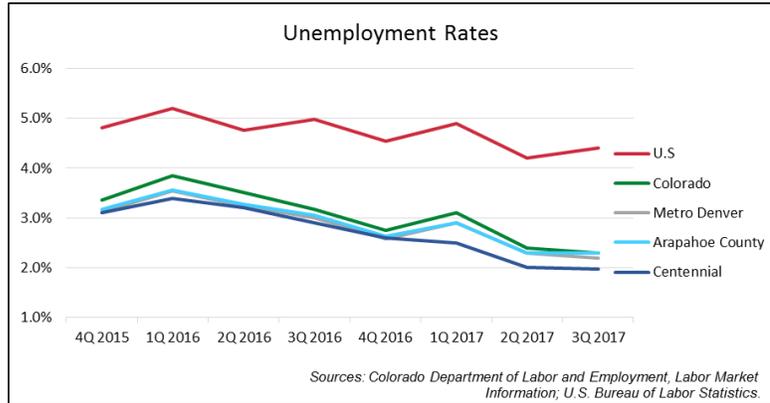


Source: Development Research Partners analysis of Colorado Department of Labor, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

Labor Force

Unemployment Rate

- Centennial’s labor force increased 3.4 percent over-the-year, a smaller percentage point increase than the state of Colorado (+3.6 percent), but larger than the nation (+0.8 percent). Arapahoe County recorded a 3.7 percent increase in the labor force, while Metro Denver recorded a 3.8 percent increase between the third quarters of 2016 and 2017.
- Centennial recorded a 2 percent unemployment rate in the third quarter of 2017, which remained unchanged from the second quarter of 2017 and a 0.9 percentage point decrease over-the-year. Centennial recorded the lowest unemployment rate of the five market areas. Arapahoe Country recorded an unemployment rate of 2.3 percent while Metro Denver recorded 2.2 percent. Colorado also reported an unemployment rate of 2.3 percent, while the nation reported a rate of 4.4 percent.
- Centennial residents represented 18 percent of the total labor force in Arapahoe County during the third quarter of 2017.



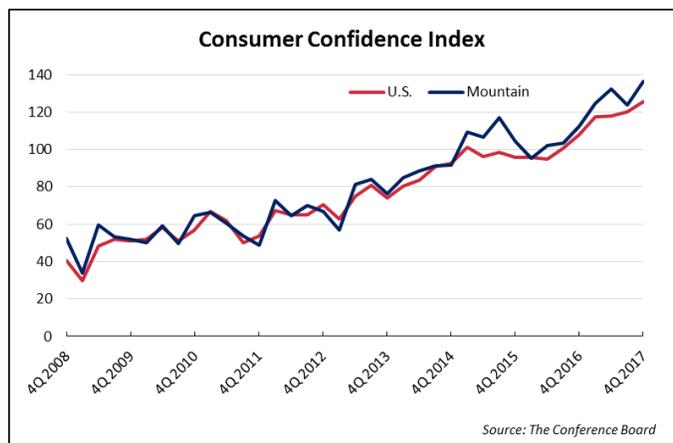
	Labor Force			Unemployment Rate	
	3Q 2016	3Q 2017	Yr/Yr % Change	3Q 2016	3Q 2017
Centennial	62,104	64,225	3.4%	2.9%	2.0%
Arapahoe County	344,650	357,392	3.7%	3.1%	2.3%
Metro Denver	1,701,429	1,765,331	3.8%	3.0%	2.2%
Colorado	2,912,576	3,018,196	3.6%	3.2%	2.3%
U.S. (000s)	160,047	161,274	0.8%	5.0%	4.4%

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

Consumer Activity

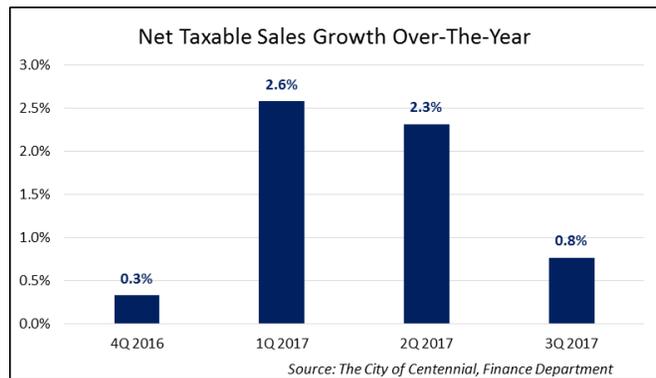
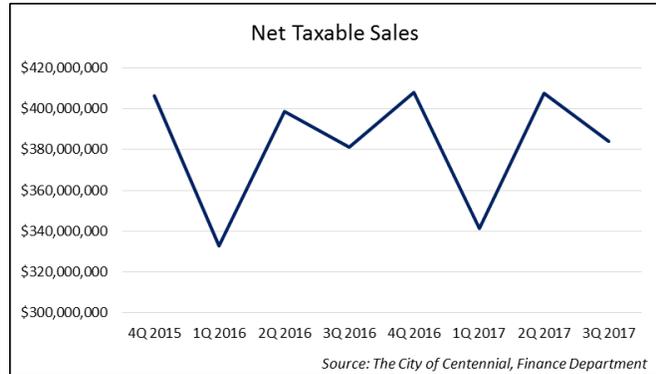
Consumer Confidence Index

- The Consumer Confidence Index for the U.S. increased to 125.6 in the fourth quarter of 2017, a 4.4 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 16.5 percent increase over-the-year.
- Colorado is included in the Mountain Region Index and the area reported a 10.2 percent increase over-the-quarter to 136.3. The Mountain Index recorded a 21.1 percent increase over-the-year.



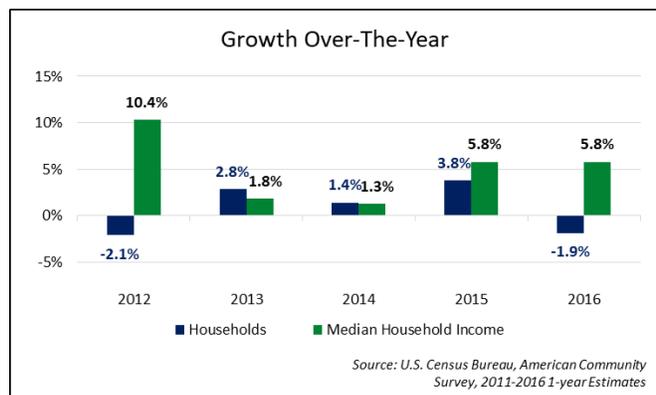
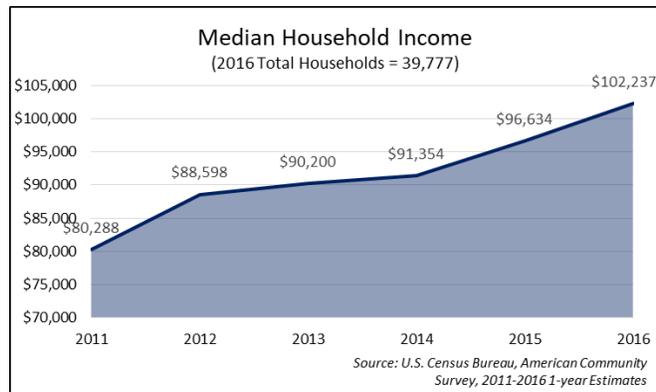
Local Net Taxable Sales

- Net taxable sales increased 0.8 percent between the third quarter of 2016 and the third quarter of 2017, recording the highest third quarter net taxable sales of the past three years.
- Net taxable sales decreased 5.8 percent over-the-quarter, a common trend before going into the holiday season.

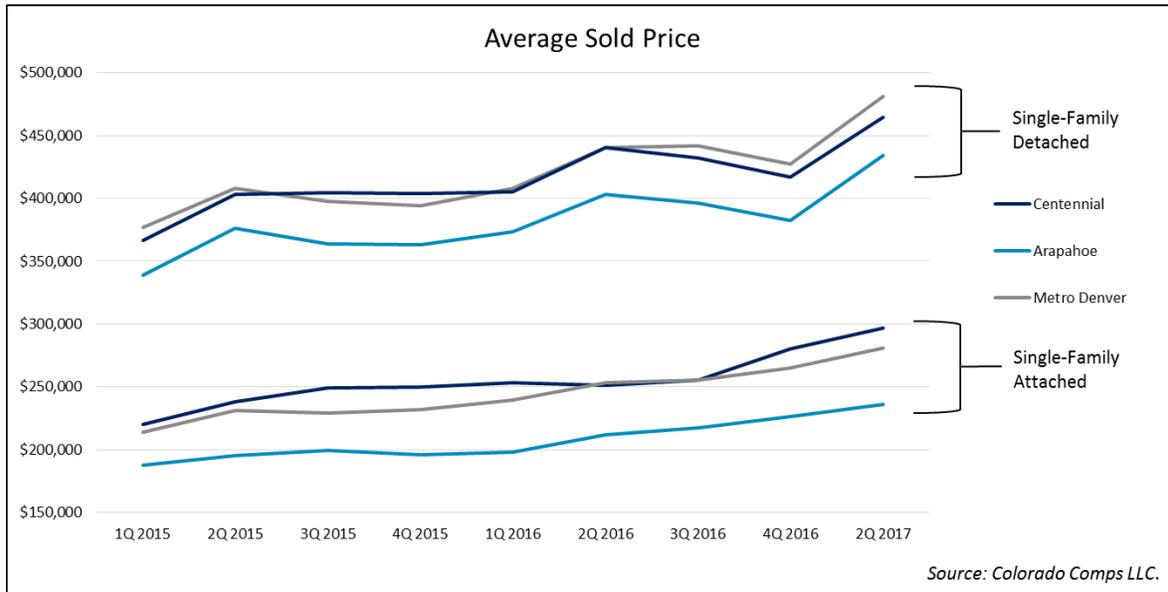


Median Household Income

- 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



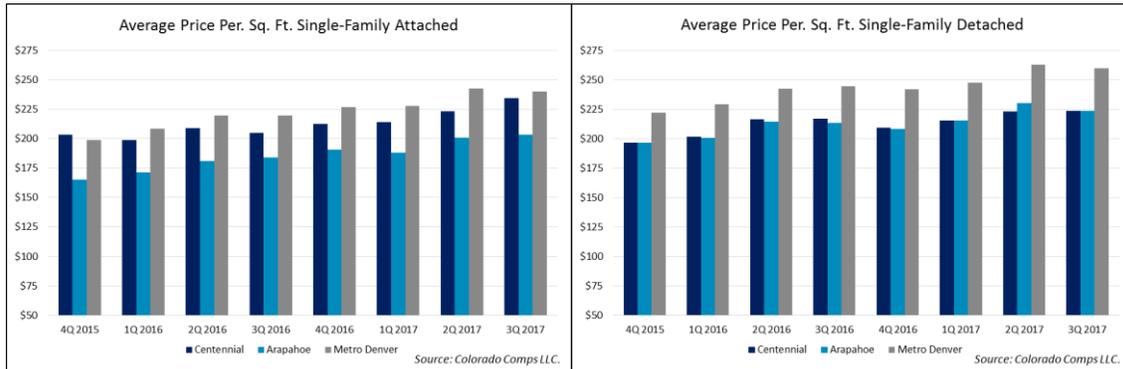
Existing Home Sales

- All three housing market areas recorded decreases in single-family attached home sales between the third quarters of 2016 and 2017, with Centennial recording the smallest decline (-5.8 percent).
- All three market areas recorded an increase in the single-family attached average sold price over-the-year. Centennial recorded a 15.8 percent increase in price and added \$40,338 over-the-year.
- The attached home price in Centennial of \$234 per square foot is higher than Arapahoe County (\$203), but generally lower than Metro Denver (\$240).
- The Centennial and Arapahoe County markets recorded increases in single-family detached home sales, while Metro Denver reported a decrease between the third quarters of 2016 and 2017. Centennial recorded the largest increase of 1.2 percent, with 6 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 7.6 percent.

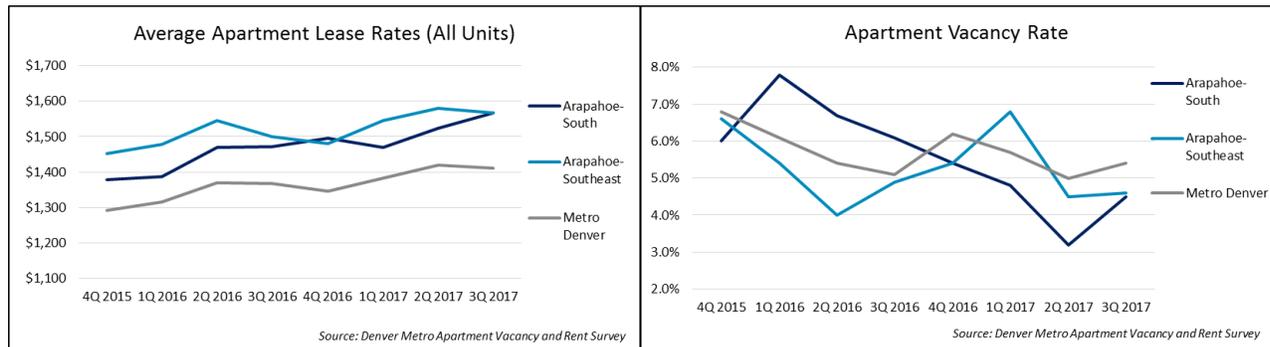
	Centennial	Arapahoe County	Metro Denver
Home Sales			
<i>Single-Family Attached</i>			
3Q 2017	146	1,239	4,252
3Q 2016	155	1,341	4,567
% Change	-5.8%	-7.6%	-6.9%
<i>Single-Family Detached</i>			
3Q 2017	499	2,436	12,208
3Q 2016	493	2,428	12,882
% Change	1.2%	0.3%	-5.2%
Average Sold Price			
<i>Single-Family Attached</i>			
3Q 2017	\$295,816	\$238,774	\$279,037
3Q 2016	\$255,477	\$217,372	\$255,100
% Change	15.8%	9.8%	9.4%
<i>Single-Family Detached</i>			
3Q 2017	\$465,420	\$419,343	\$468,852
3Q 2016	\$432,455	\$396,309	\$441,614
% Change	7.6%	5.8%	6.2%
Average Price per. Sq. Ft.			
<i>Single-Family Attached</i>			
3Q 2017	\$234	\$203	\$240
3Q 2016	\$205	\$184	\$220
% Change	14.4%	10.3%	9.3%
<i>Single-Family Detached</i>			
3Q 2017	\$223	\$223	\$260
3Q 2016	\$217	\$213	\$245
% Change	3.0%	4.9%	6.3%

Source: Colorado Comps LLC.

- The price per square foot of a detached home in Centennial is 3 percent higher than the previous year, rising at a slower rate than Arapahoe County (4.9 percent) and Metro Denver (6.3 percent).



Apartment Market



Average Apartment Rents and Vacancy

3Q 2017	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Arapahoe County-South	4.5%	\$1,316	\$1,456	\$1,419	\$1,689	\$1,942	-	\$1,568
Arapahoe County-Southeast	4.6%	\$1,213	\$1,368	\$1,641	\$1,723	\$2,071	\$2,532	\$1,567
Metro Denver	5.4%	\$1,193	\$1,264	\$1,329	\$1,648	\$1,877	\$1,424	\$1,412

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 1.6 percentage points over-the-year in the vacancy rate. The Arapahoe County-Southeast market vacancy rate declined 0.3 percentage points between the third quarters of 2016 and 2017. Metro Denver reported an increase of 0.3 percentage points over-the-year.
- The average rental rate for all property types in all three markets increased between the third quarters of 2016 and 2017. The Arapahoe County-South market average rental rate increased 6.6 percent over-the-year

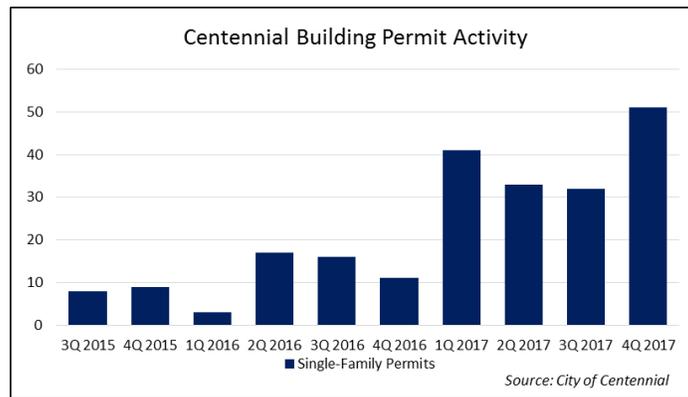
³ Arapahoe County-South Boundary: North: City of Englewood and City and County of Denver; East: I-25; South: Douglas County; West: City of Englewood and City of Littleton.

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

to \$1,568, followed by Arapahoe County-Southeast (+4.5 percent to \$1,567), then Metro Denver (+3.2 percent to \$1,412).

New Residential Building Permits

- New single-family permits increased from 11 permits issued during the fourth quarter of 2016, to 51 permits issued during the fourth quarter of 2017.
- The average valuation for new single-family homes permitted decreased 4.2 percent between the fourth quarters of 2016 and 2017, dropping from \$239,858 to \$229,696.
- There were no multi-family units permitted in Centennial in any quarter of 2017. The fourth quarter of 2016 was the last time a permit was issued for multi-family construction. The permit was for 306 units.



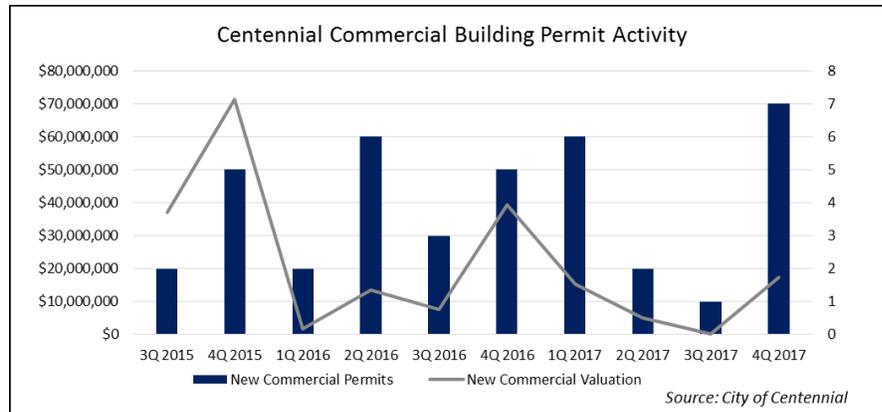
Commercial Real Estate

Commercial Building Permits

- Centennial issued 107 commercial permits during the fourth quarter of 2017, of which 100 were commercial alteration permits and seven were new commercial permits. This was an increase of 101.9 percent compared with 4Q 2016.
- Project valuation decreased to \$31.6 million in the fourth quarter of 2017, a 53.9 percent decrease over-the-year.
- Centennial permitted an additional 99,376 square feet of commercial space in the fourth quarter of 2017, a 76.8 percent decrease over-the-year.

	4Q 2015	4Q 2016	4Q 2017	% Change 2016-2017
New Commercial				
No. of Permits	5	5	7	40.0%
Total Valuation	\$71,400,000	\$39,355,582	\$17,275,630	-56.1%
Square Footage	N/A	427,645	99,376	-76.8%
Commercial Alteration				
No. of Permits	109	48	100	108.3%
Total Valuation	\$22,228,725	\$29,266,518	\$17,275,630	-41.0%
Total Commercial				
No. of Permits	114	53	107	101.9%
Valuation	\$93,628,725	\$68,622,100	\$31,631,121	-53.9%

Source: City of Centennial



Under Construction/Recently Completed

- Centennial currently has two commercial buildings under construction, consisting of a 222,070-square-foot office building and a 50,000-square-foot industrial building, located in Encompass Business Park.
- There were eight commercial buildings completed throughout 2017, bringing 70,632 square feet of flex space to the market, 10,822 square feet of retail, 156,000 square feet of industrial, and 448,025 square feet of office space.
- The largest new building in 2017 was the Arrow office building (227,000 square feet) on Panorama Circle.

Office Market

- Centennial had 137 office buildings offering 5.3 million square feet of space in the fourth quarter of 2017. This represents 11 percent of the office space in the Southeast market and 2.8 percent of space in Metro Denver.
- The office vacancy rate increased 2.4 percentage points in Centennial from the fourth quarter of 2016 to the fourth quarter of 2017. The vacancy rate also increased 0.4 percentage points in the Southeast market and 0.6 percentage points in Metro Denver.
- Office space was more expensive in Centennial in the fourth quarter of 2017 as compared with the third quarter, and the lease rate increased 7.6 percent over-the-year. This was a faster increase than either the Southeast market (+1.1 percent) or Metro Denver (+2.7 percent).
- There was 281,643 square feet of office space absorbed in Centennial from the fourth quarter of 2016 to the fourth quarter of 2017. In comparison, net absorption in Metro Denver totaled 1.6 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.)	
	4Q 2016	4q 2017	4Q 2016	4q 2017	4Q 2016	4q 2017
Centennial	4,807,578	5,255,603	8.9%	11.3%	\$20.84	\$22.43
Southeast	46,327,076	47,454,193	10.5%	10.9%	\$24.11	\$24.38
Metro Denver	182,364,506	185,366,750	9.2%	9.8%	\$25.54	\$26.24

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 128 industrial and flex buildings offering 3.9 million square feet of space. This represents 24.9 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 0.6 percentage points in Centennial from the fourth quarter of 2016 to the fourth quarter of 2017. The vacancy rate decreased 0.6 percentage points in the Southeast market and increased 0.4 percentage points in Metro Denver.
- The Industrial/flex space average lease rate decreased in Centennial by 0.4 percent over-the-year. The Southeast market recorded an increase of 0.8 percent, and Metro Denver recorded an increase of 0.7 percent over-the-year.
- There was 179,927 square feet of industrial/flex space absorbed in Centennial from the fourth quarter of 2016 to the fourth quarter of 2017. Net occupied space in Metro Denver increased by 4.7 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.)	
	4Q 2016	4q 2017	4Q 2016	4q 2017	4Q 2016	4q 2017
Centennial	3,691,527	3,918,159	10.4%	11.0%	\$9.45	\$9.41
Southeast	15,405,074	15,737,976	6.9%	6.3%	\$10.80	\$10.89
Metro Denver	256,111,179	261,999,735	3.8%	4.2%	\$8.72	\$8.78

Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Industrial/flex rates are NNN.

Source: CoStar Realty Information, Inc.

Retail Market

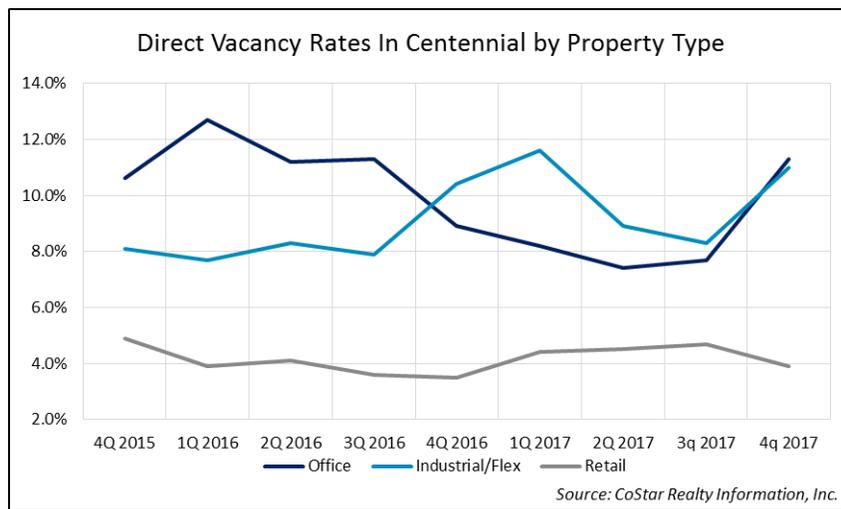
- Centennial has 167 retail buildings offering 3.87 million square feet of space. This represents 19.1 percent of the retail space in the Southeast market and 2.3 percent of space in Metro Denver.
- The retail vacancy rate increased 0.4 percentage points in Centennial from the fourth quarter of 2016 to the fourth quarter of 2017. The vacancy rate remained unchanged in the Southeast market and decreased by 0.1 percentage point in Metro Denver.
- The average lease rate for retail space in Centennial during the fourth quarter of 2017 increased 13.2 percent over-the-year. The Southeast market recorded an 8.9 percent increase, while Metro Denver (+7.6 percent) recorded an increase as well.
- There was negative net absorption of retail space in Centennial by 7,469 square feet from the fourth quarter of 2016 to the fourth quarter of 2017. In contrast, almost 1.7 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.)	
	4Q 2016	4q 2017	4Q 2016	4q 2017	4Q 2016	4q 2017
Centennial	3,854,805	3,865,627	3.5%	3.9%	\$17.23	\$19.50
Southeast	20,208,670	20,274,937	3.4%	3.4%	\$18.69	\$20.36
Metro Denver	165,940,602	167,575,395	4.4%	4.3%	\$16.68	\$17.95

Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Retail rates are NNN.

Source: CoStar Realty Information, Inc.



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