



Centennial

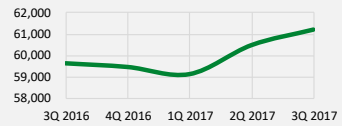
QUARTERLY ECONOMIC REPORT

Q1 2018

Centennial Quarterly Report Economic Dashboard

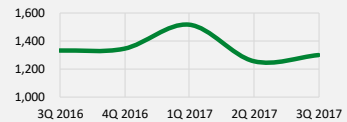
Employment

61,216
Up 2.6% from 3Q 2016



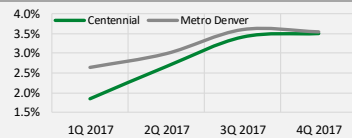
Average Weekly Wage

\$1,295
Down 2.5% from 3Q 2016



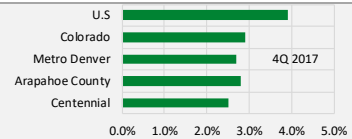
Labor Force Growth Rate

3.5%
Growth 1.7 percentage points higher than 1Q 2017



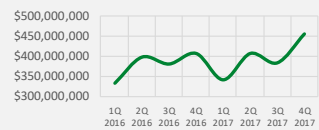
Unemployment Rate

2.5%
Down 0.1 percentage points from 4Q 2016



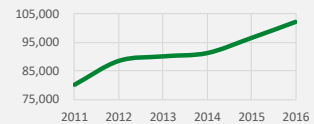
Net Taxable Sales

\$456,931,254
Up 12.0% from 4Q 2016



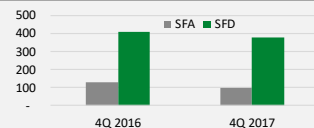
Median Household Income

\$102,237
Up 5.8% from 2015



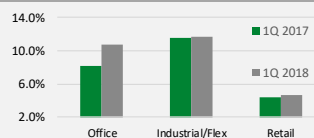
Existing Home Sales

476
Down 11.4% from 4Q 2016



Office Vacancy Industrial/Flex Vacancy Retail Vacancy

10.8%
11.7%
4.6%



Centennial Economic Activity

Company Announcements

- A United Launch Alliance Atlas V rocket carried a Colorado-built satellite into orbit on March 1 that is designed to provide U.S. weather forecasters unprecedented detail about severe weather formation. Centennial-based ULA provided the rocket, and Lockheed Martin built the GOES-S satellite. The GOES-series satellites are designed to help forecasters save lives from hurricanes, floods, tornadoes, and severe thunderstorms by providing nearly real-time updates of storm development.
- *Fortune Magazine* released its 2018 list of the “40 Best Workplaces in Technology,” and two Colorado tech companies joined the ranking. SendGrid, located in Denver, ranked No. 2 in the “Best Small and Medium Workplaces in Technology” category. The tech company creates a platform for transactional and marketing email. Fast Enterprises in Centennial, a government software and consulting services provider, ranked No. 11 in the large company category.
- Inocucor, a developer and producer of biological crop inputs for high-value produce, raised \$9.5 million in a Series B funding round in January. The funds will enable the company to accelerate its commercialization activities through increased production and marketing. Inocucor is waiting to occupy its new 30,000-square-foot U.S. headquarters, which is currently under construction in Centennial. Presently employing about 40 people, the company anticipates adding another 25 to 30 high-level scientific and managerial professionals over the next year.
- *Fortune’s* “World’s Most Admired Companies” list for 2018 includes four Colorado companies, which are Centennial-based Arrow Electronics, DaVita Inc., Newmont Mining Corporation, and Liberty Media. This was the first time Newmont was added to the list.

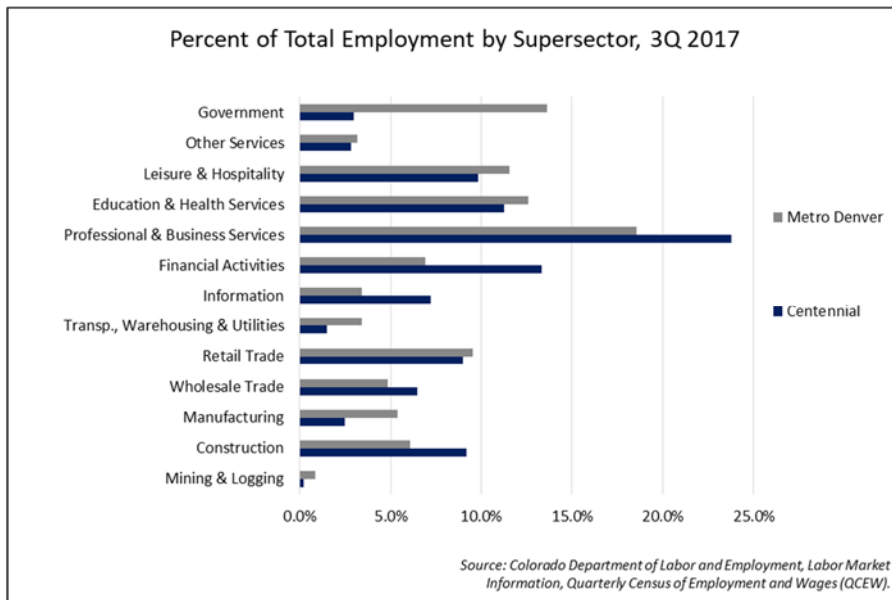
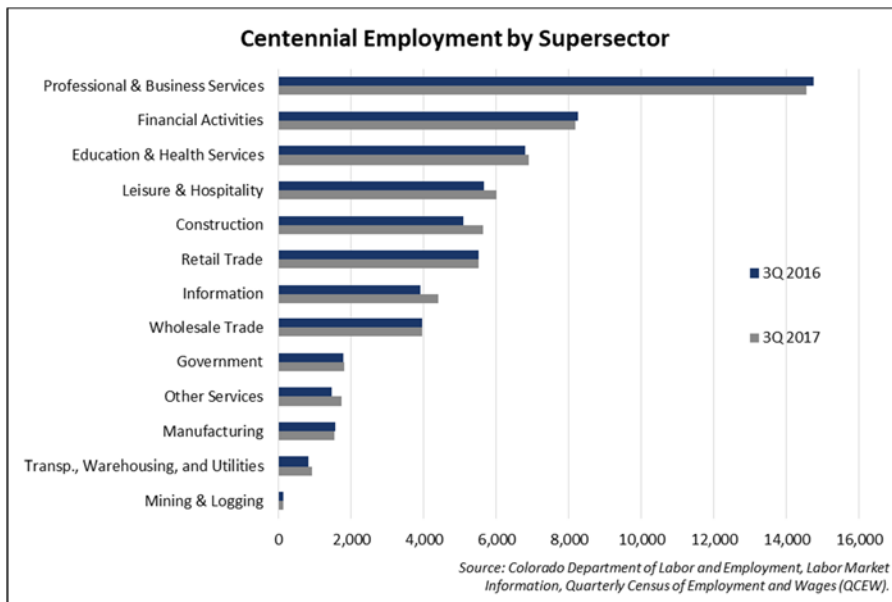
Rankings and Economic Headlines

- According to the *Cyberstates 2018* report on the nation’s tech sector from CompTIA, Colorado’s tech employment grew by the 10th highest rate in the country and ranked 15th for net tech employment with 285,300 workers. The tech industry contributed more than \$43 billion to the state’s economy in 2017 and comprised 9.7 percent of the state’s total workforce. Employment in Colorado’s technology industry increased by an estimated 6,530 jobs or 2.3 percent in 2017. Colorado also reported a 44.3 percent increase from 2016 to 2017 in the number of job postings related to emerging technologies.
- Wallethub recently ranked the best states for retirement based on factors such as affordability, available health care, and quality of life. Colorado came in second on the list, just after Florida. Colorado ranked No. 2 for health care, No. 8 for quality of life, and No. 23 for affordability. Nearly 30 percent of non-retired adults have yet to save any money for retirement, and 34 percent of millennials believe they will need \$200,000 or less to retire comfortably. In reality, studies show that a retiree needs to save about \$1.18 million to live off \$40,000 a year for 30 years.
- *U.S. News & World Report* ranked Colorado No. 1 for economy, due to high grades for growth, employment, and business environment. Colorado has been nationally recognized for its top-tier economy for years, including last year in the *U.S. News & World Report* and for several years running in *Forbes*. Though the state scored first in economy, Colorado ranked 10th overall in the “Best States 2018” list, with middling grades on crime and corrections, education, opportunity, and fiscal stability.
- Colorado is No. 6 on a list of the happiest states in America, published by the Gallup-Sharecare “2017 State Well-Being Rankings.” The rankings were based on interviews with more than 160,000 Americans over the past year. Colorado and Hawaii are the only two states to have consistently made the top 10 since the index began in 2008.
- Strong consumer spending, booming stock market, resurgent oil and gas industry, and federal tax code changes have combined to boost the outlook for Colorado’s economy and expected revenue forecasts from

both the Colorado Legislative Council and governor’s Office of State Planning and Budgeting. Legislative economists predict that the state will have as much as an additional \$1.3 billion, or 11.5 percent more in 2018-19 than was budgeted in 2017-18. The forecast is similar to predictions from the governor’s Office of State Planning and Budgeting. The forecast predicts that after meeting the reserve requirement, Colorado will have an additional \$492 million in reserve this fiscal year, and an additional \$548.1 million in 2018-19. Depending on how fast state revenues increase, the state could exceed the spending cap imposed by the Taxpayer Bill of Rights. Lawmakers have proposed a range of potential policies for the surplus including higher transportation and education funding, a refund for local governments reimbursing them for the cost of senior property tax exemptions, a larger state reserve, and affordable housing initiatives, among others.

Employment Activity

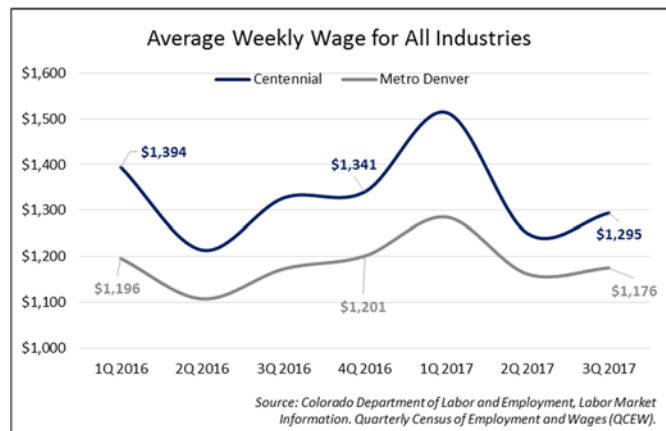
Total Employment



- During the third quarter of 2017, businesses in Centennial employed 61,216 people, a 2.6 percent increase since the third quarter of 2016. Employment in Metro Denver¹ reached over 1.62 million people during the same period, a 1.9 percent increase over-the-year.
- The professional and business services supersector (14,555) employed the most people in Centennial, followed by financial activities (8,171), education and health services (6,883), and leisure and hospitality (6,011)². The professional and business services supersector is also the largest supersector in Metro Denver.
- The construction and information supersectors added the most new jobs over-the-year (+523 and +506 jobs, respectively), and the professional and business services and financial activities supersectors shed the greatest employment (-201 jobs and -75 jobs, respectively). In Metro Denver, 11 out of the 13 supersectors reported growth, ranging from a 0.6 percent increase in the information supersector to a 10.9 percent increase in mining and logging.
- The other services supersector for Centennial recorded the fastest growth over-the-year of 17.8 percent, while the professional and business services sector recorded the largest contraction over-the-year of 1.4 percent.

Average Wage

- Centennial’s average weekly wage for all industries was 10.1 percent higher than the average weekly wage of Metro Denver, representing an additional \$119 per week.
- The highest average weekly wage was in the mining and logging supersector (\$2,222) while the lowest was in the leisure and hospitality supersector (\$431).
- Eight of the 13 supersectors in Centennial recorded declines in the average weekly wage between the third quarter of 2016 and the third quarter of 2017. The information supersector recorded the largest decline over-the-year, falling 14.2 percent. Wholesale trade (-10.3 percent) and mining and logging (-5.9 percent) also recorded significant declines. The leisure and hospitality (+10.4 percent) and transportation, warehousing, and utilities (+4.7 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		3Q 2016 - 3Q 2017	
	3Q 2016	3Q 2017	3Q 2016	3Q 2017	3Q 2016	3Q 2017	Centennial	Metro Denver
Total All Industries	4,747	4,907	\$1,327	\$1,295	59,644	61,216	2.6%	1.9%
Private Sector								
Mining & Logging	31	35	\$2,361	\$2,222	117	118	0.3%	10.9%
Construction	402	416	\$1,371	\$1,378	5,101	5,624	10.3%	4.9%
Manufacturing	88	89	\$1,365	\$1,355	1,547	1,531	-1.0%	1.1%
Wholesale Trade	423	440	\$2,187	\$1,962	3,946	3,949	0.1%	1.9%
Retail Trade	281	275	\$758	\$784	5,514	5,501	-0.2%	-0.1%
Transp., Warehousing & Utilities	53	61	\$885	\$926	809	916	13.3%	5.1%
Information	119	128	\$2,087	\$1,791	3,901	4,407	13.0%	0.6%
Financial Activities	750	759	\$1,588	\$1,575	8,246	8,171	-0.9%	2.3%
Professional & Business Services	1,450	1,507	\$1,511	\$1,522	14,755	14,555	-1.4%	2.2%
Education & Health Services	512	545	\$983	\$976	6,796	6,883	1.3%	0.0%
Leisure & Hospitality	285	284	\$391	\$431	5,659	6,011	6.2%	2.7%
Other Services	332	352	\$861	\$843	1,469	1,730	17.8%	3.0%
Government	17	15	\$1,440	\$1,419	1,777	1,814	2.1%	1.8%

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 160 businesses over-the-year to 4,907, a 3.4 percent increase.
- The professional and businesses services supersector has the highest business count in Centennial of 1,507, followed by financial activities (759), education and health services (545), wholesale trade (440), and construction (416).
- Ten of the 13 supersectors recorded growth in businesses over-the-year, with the transportation, warehousing, and utilities sector recording the largest percentage increase of 15.1 percent (8 businesses).
- The government supersector recorded the largest contraction over-the-year, falling 11.8 percent or by two entities. Retail trade (-2.1 percent) and leisure and hospitality (-0.4 percent) also recorded declines during the period.

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.

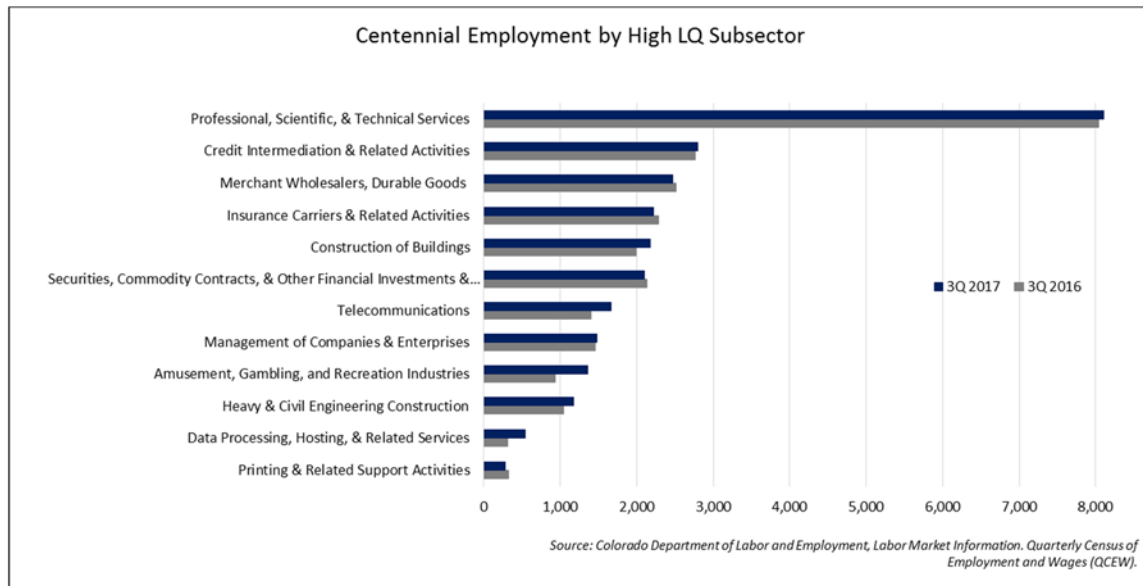
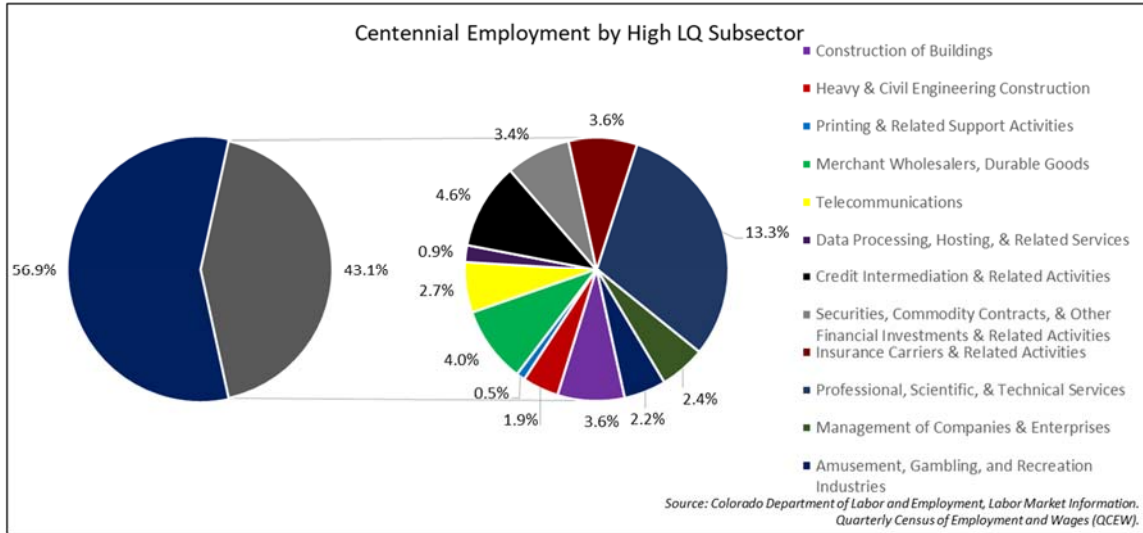
Total Employment – High LQ's

Business and Employment Indicators for High Location Quotient Subsectors

	LQ	Business Count		Average Weekly Wage		Employment	
	3Q 2017	3Q 2016	3Q 2017	3Q 2016	3Q 2017	3Q 2016	3Q 2017
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	5.3	105	111	\$ 1,832	\$ 1,786	2,133	2,101
Telecommunications	5.0	23	23	\$ 2,745	\$ 1,628	1,407	1,662
Data Processing, Hosting, and Related Services	4.0	28	41	\$ 2,277	\$ 3,032	316	544
Construction of Buildings	3.2	122	128	\$ 1,607	\$ 1,592	1,992	2,174
Heavy and Civil Engineering Construction	2.7	30	31	\$ 1,369	\$ 1,404	1,039	1,177
Credit Intermediation and Related Activities	2.5	126	122	\$ 1,355	\$ 1,270	2,770	2,799
Insurance Carriers and Related Activities	2.2	224	216	\$ 1,668	\$ 1,712	2,281	2,218
Professional, Scientific, and Technical Services	2.1	1,049	1,097	\$ 1,795	\$ 1,771	8,045	8,147
Merchant Wholesalers, Durable Goods	1.9	208	225	\$ 2,265	\$ 1,981	2,510	2,466
Amusement, Gambling, and Recreation Industries	1.7	33	38	\$ 389	\$ 417	936	1,358
Management of Companies and Enterprises	1.5	80	97	\$ 2,555	\$ 2,627	1,452	1,483
Printing and Related Support Activities	1.5	16	16	\$ 1,105	\$ 1,067	321	282

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 third quarters of 2016 and 2017 of 72 percent. The amusement, gambling, and recreation industries subsector followed with 45.2 percent growth.
- Employment in four of the 12 subsectors contracted over-the-year, including the printing and related support subsector (-12.1 percent), insurance carriers and related activities (-2.7 percent), merchant wholesalers, durable goods (-1.7 percent), and securities, commodity contracts, and other financial investments and related activities (-1.5 percent).
- The amusement, gambling, and recreation industries subsector added the most jobs (+423) over-the-year. Employment in the 12 high LQ subsectors increased by 1,210 jobs over-the-year.
- The insurance carriers and related activities subsector lost 63 jobs, the most of any high LQ subsector. The merchant wholesalers, durable goods subsector also lost a significant number of jobs, declining by 43 workers.



Average Wage – High LQ’s

- Five of the 12 subsectors in Centennial recorded growth in the average weekly wage between the third quarters of 2016 and 2017. The data processing, hosting, and related services subsector recorded the largest increase over-the-year, rising 33.1 percent to \$3,032 a week.
- The largest decline in the average weekly wage was reported in the telecommunications subsector, falling by 40.7 percent to \$1,628. Merchant wholesalers, durable goods reported the next largest decrease, falling 12.5 percent over-the-year.
- The average weekly wage ranged from \$3,032 in data processing, hosting, and related services to \$417 in the amusement, gambling, and recreation industries subsector.

Business Counts – High LQ’s

- The professional, scientific, and technical services subsector has the highest business count in Centennial of 1,097, followed by merchant wholesalers, durable goods (225), and insurance carriers (216).

- The data processing, hosting, and related services subsector recorded the largest increase in businesses count over-the-year, rising 46.4 percent or 13 businesses. The insurance carriers and related activities subsector recorded the largest contraction in business count, decreasing 3.6 percent, representing the loss of eight businesses.

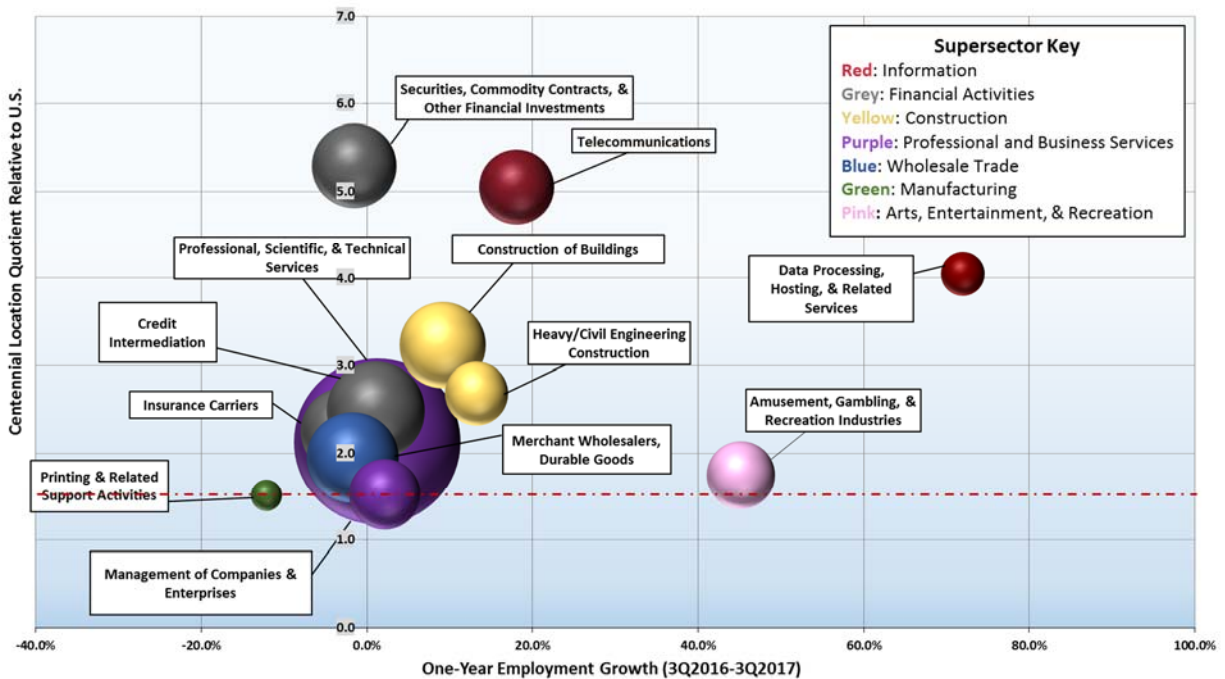
Analysis – High LQ’s

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

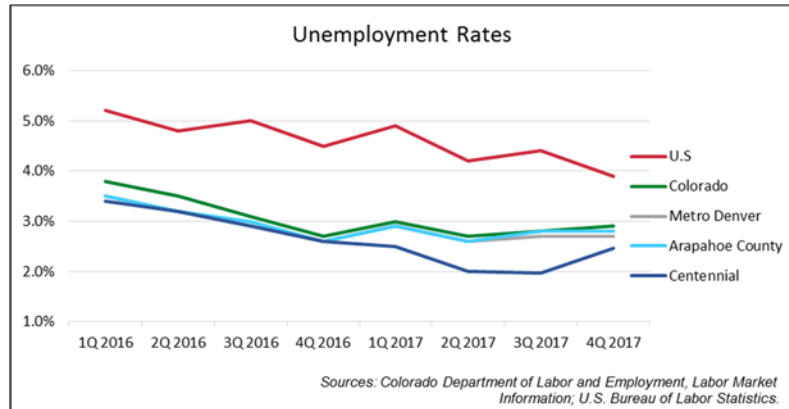


Source: Development Research Partners analysis of Colorado Department of Labor, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

Labor Force

Unemployment Rate

- Centennial’s labor force increased 3.5 percent over-the-year, a smaller percentage point increase than the state of Colorado (+3.9 percent), but larger than the nation (+0.5 percent). Arapahoe County recorded a 3.6 percent increase in the labor force, while Metro Denver recorded a 3.5 percent increase between the fourth quarters of 2016 and 2017.
- Centennial recorded a 2.5 percent unemployment rate in the fourth quarter of 2017, which rose 0.5 percentage points from the third quarter of 2017 but decreased 0.1 percentage points over-the-year. Centennial recorded the lowest unemployment rate of the five market areas. Arapahoe County recorded an unemployment rate of 2.8 percent while Metro Denver recorded 2.7 percent. Colorado reported an unemployment rate of 2.9 percent, while the nation reported a rate of 3.9 percent.
- Centennial residents represented 18 percent of the total labor force in Arapahoe County during the fourth quarter of 2017.



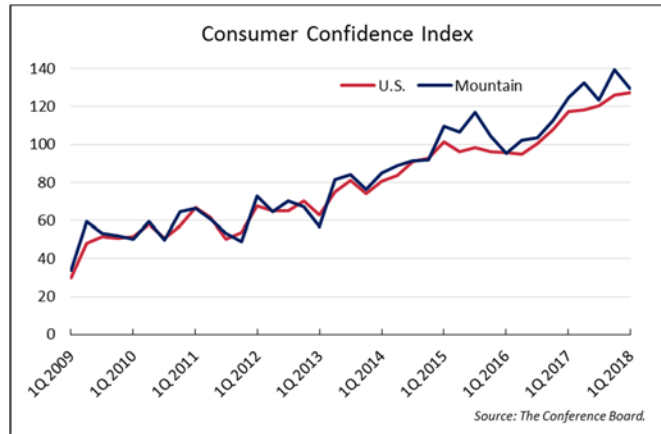
	Labor Force			Unemployment Rate	
	4Q 2016	4Q 2017	Yr/Yr % Change	4Q 2016	4Q 2017
Centennial	61,964	64,136	3.5%	2.6%	2.5%
Arapahoe County	343,324	355,718	3.6%	2.6%	2.8%
Metro Denver	1,704,318	1,764,739	3.5%	2.6%	2.7%
Colorado	2,918,623	3,032,880	3.9%	2.7%	2.9%
U.S. (000s)	159,401	160,270	0.5%	4.5%	3.9%

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

Consumer Activity

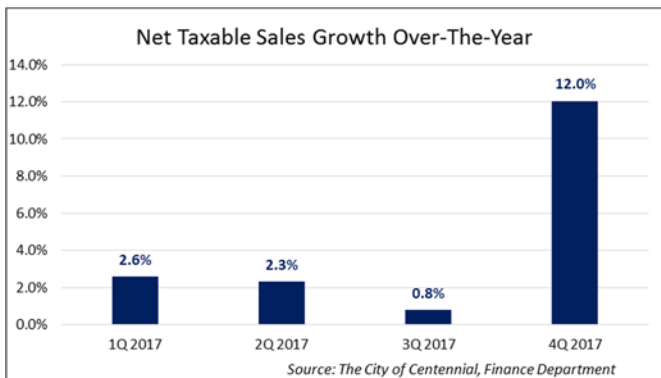
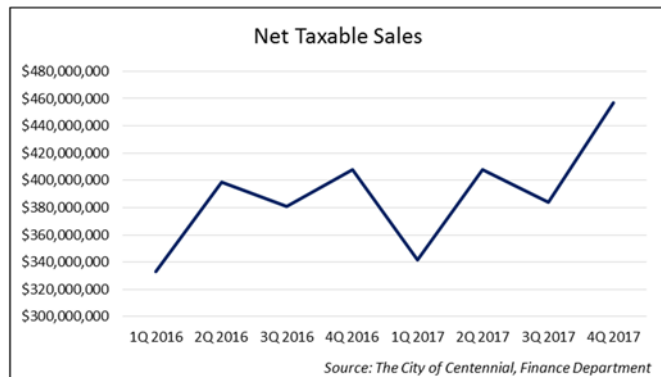
Consumer Confidence Index

- The Consumer Confidence Index for the U.S. increased to 127.3 in the first quarter of 2018, a 1.1 percent increase over-the-quarter and an 8.3 percent increase over-the-year. This represented an 18-year high in the national confidence level.
- Colorado is included in the Mountain Region Index and the area reported a 7.2 percent decrease over-the-quarter to 129.4. However, the Mountain Index recorded a 3.7 percent increase over-the-year.



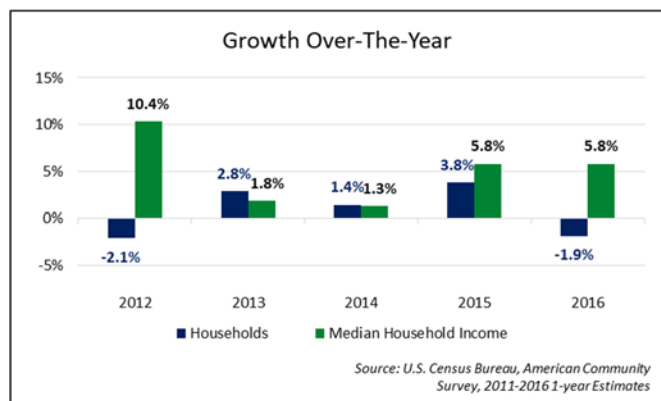
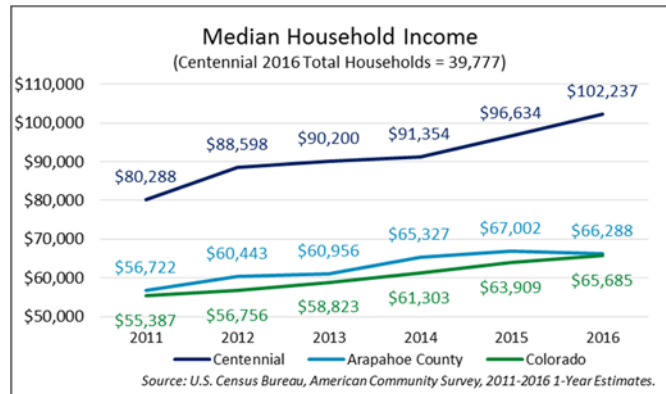
Local Net Taxable Sales

- Net taxable sales increased 12 percent between the fourth quarter of 2016 and the fourth quarter of 2017, recording the highest net taxable sales of \$456.9 million for the past three years.
- Net taxable sales increased 19 percent over-the-quarter, reflecting a robust holiday season for the area.

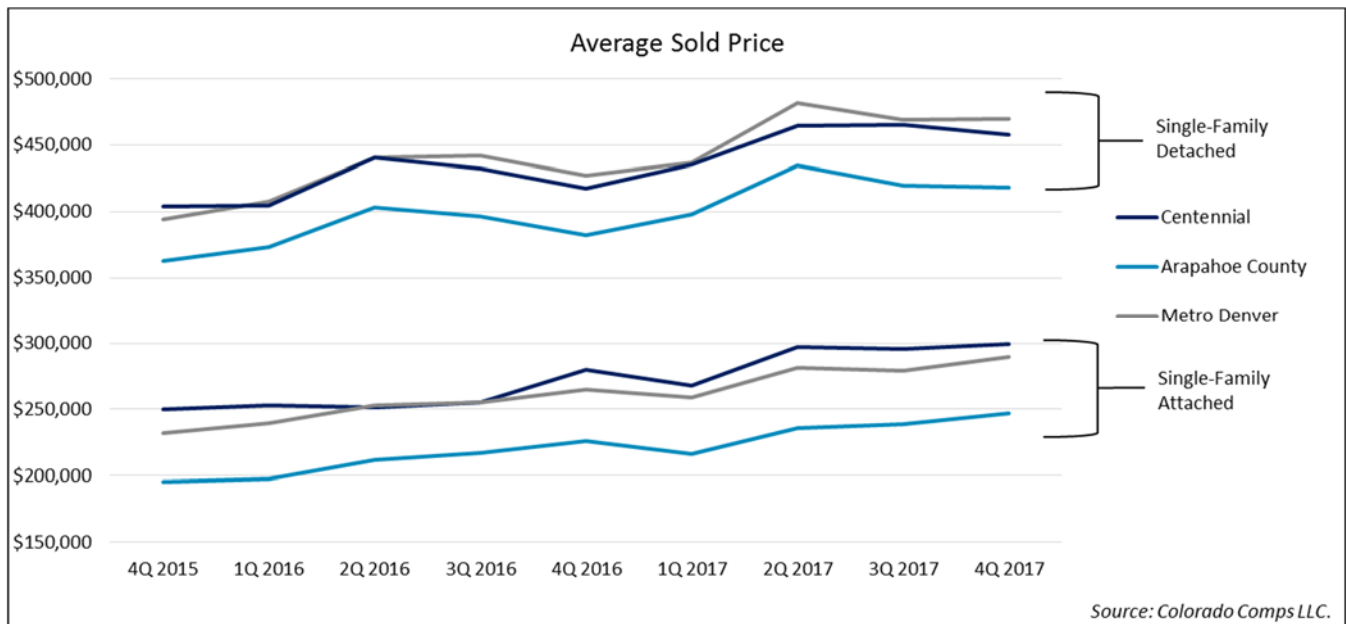


Median Household Income

- 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

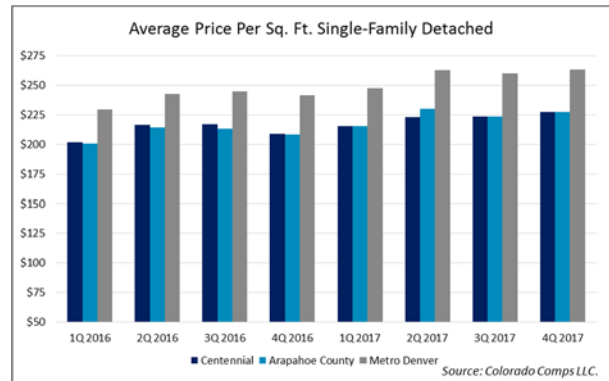
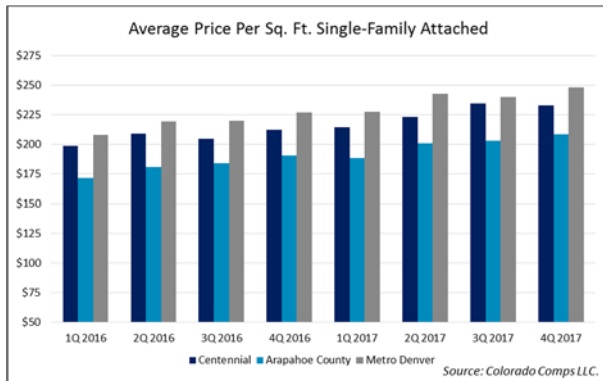


Existing Home Sales

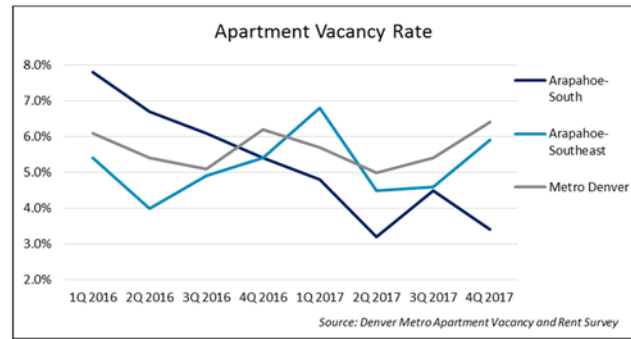
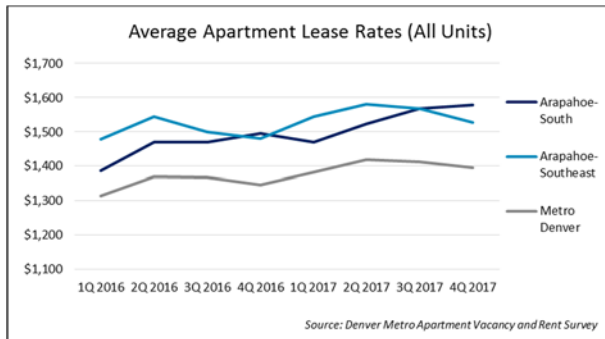
- All three housing market areas recorded decreases in single-family attached home sales between the fourth quarters of 2016 and 2017, with Centennial recording the largest decline (-23.3 percent).
- All three market areas recorded an increase in the single-family attached average sold price over-the-year. Centennial recorded a 6.7 percent increase in price and added \$18,831 over-the-year.
- The attached home price in Centennial of \$233 per square foot is higher than Arapahoe County (\$208), but generally lower than Metro Denver (\$248).
- Of the three housing market areas for single-family detached homes, Arapahoe County reported the largest decrease in home sales over-the-year, falling 8.1 percent. Centennial reported a decrease of 7.6 percent, while Metro Denver sales fell 5.7 percent during the same period.
- All three market areas recorded an increase in the single-family detached average sold price over-the-year. Metro Denver reported the fastest rate of growth in home prices, rising 10 percent between the fourth quarter of 2016 and the fourth quarter of 2017. Centennial (+9.8 percent) added \$40,686 over-the-year, while Arapahoe County (+9.4 percent) increased \$35,880 during the same time.
- The price per square foot of a detached home in Centennial is 8.7 percent higher than the previous year, rising at a slower rate than Arapahoe County (9 percent) and Metro Denver (9 percent).

	Centennial	Arapahoe County	Metro Denver
Home Sales			
<i>Single-Family Attached</i>			
4Q 2017	99	1,015	3,682
4Q 2016	129	1,120	3,815
% Change	-23.3%	-9.4%	-3.5%
<i>Single-Family Detached</i>			
4Q 2017	377	1,921	10,294
4Q 2016	408	2,091	10,913
% Change	-7.6%	-8.1%	-5.7%
Average Sold Price			
<i>Single-Family Attached</i>			
4Q 2017	\$299,011	\$246,988	\$289,261
4Q 2016	\$280,180	\$226,415	\$264,751
% Change	6.7%	9.1%	9.3%
<i>Single-Family Detached</i>			
4Q 2017	\$457,848	\$418,008	\$469,920
4Q 2016	\$417,161	\$382,127	\$427,008
% Change	9.8%	9.4%	10.0%
Average Price per. Sq. Ft.			
<i>Single-Family Attached</i>			
4Q 2017	\$233	\$208	\$248
4Q 2016	\$213	\$190	\$227
% Change	9.7%	9.5%	9.5%
<i>Single-Family Detached</i>			
4Q 2017	\$227	\$227	\$263
4Q 2016	\$209	\$208	\$242
% Change	8.7%	9.0%	9.0%

Source: Colorado Comps LLC.



Apartment Market



Average Apartment Rents and Vacancy

4Q 2017	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Arapahoe County-South	3.4%	\$1,232	\$1,445	\$1,535	\$1,695	\$1,916	\$1,838	\$1,579
Arapahoe County-Southeast	5.9%	\$1,188	\$1,365	\$1,543	\$1,661	\$1,945	\$2,553	\$1,527
Metro Denver	6.4%	\$1,186	\$1,251	\$1,316	\$1,626	\$1,855	\$1,460	\$1,396

Source: Denver Metro Apartment Vacancy and Rent Survey.

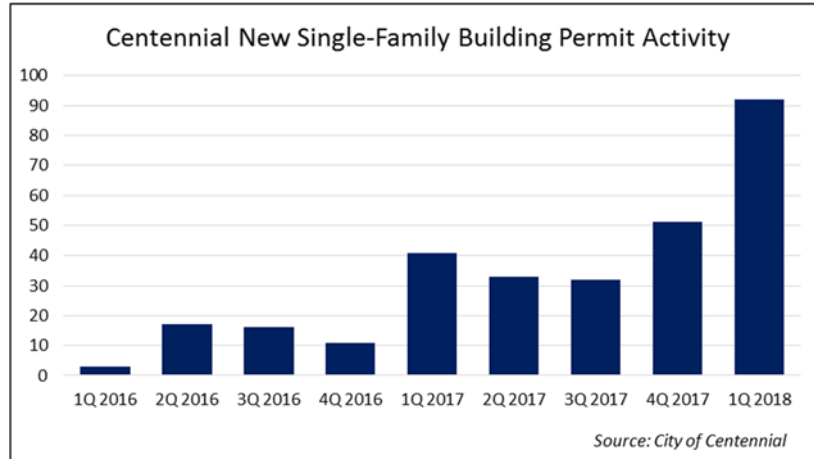
- Apartment vacancy rates increased in two of the three market areas.³ The Arapahoe County-South market recorded the only decrease of 2 percentage points over-the-year in the vacancy rate. The Arapahoe County-Southeast market vacancy rate increased 0.5 percentage points between the fourth quarters of 2016 and 2017. Metro Denver reported an increase of 0.2 percentage points over-the-year.
- The average rental rate for all property types in all three markets increased between the fourth quarters of 2016 and 2017. The Arapahoe County-South market average rental rate increased 5.6 percent over-the-year to \$1,579, followed by Metro Denver (+3.7 percent to \$1,396), then Arapahoe County-Southeast (+3.1 percent to \$1,527).

New Residential Building Permits

- New single-family permits increased from 41 permits issued during the first quarter of 2017, to 92 permits issued during the first quarter of 2018.
- The average valuation for new single-family homes permitted increased 52 percent between the first quarters of 2017 and 2018, rising from \$156,964 to \$238,581.
- There were no multi-family units permitted in Centennial in the first quarter of 2018. The fourth quarter of 2016 was the last time a permit was issued for multi-family construction. The permit was for 306 units.

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.



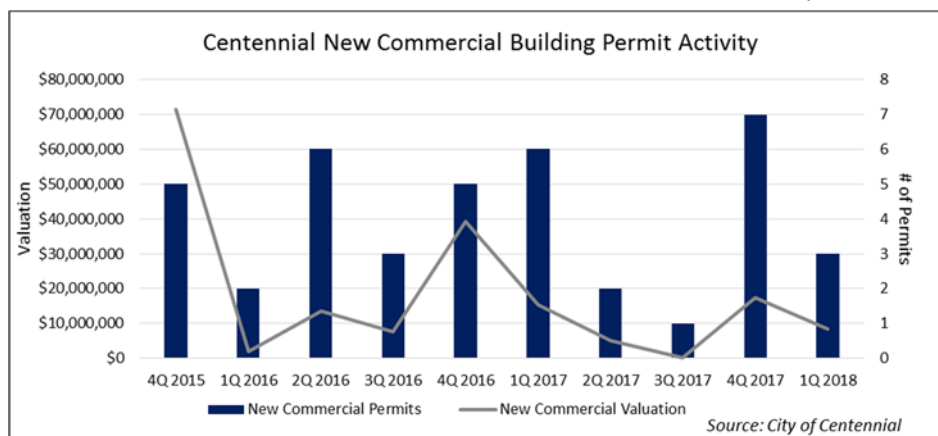
Commercial Real Estate

Commercial Building Permits

- Centennial issued 110 commercial permits during the fourth quarter of 2017, of which 107 were commercial alteration permits and three were new commercial permits. This was an increase of 44.7 percent compared with 1Q 2017.
- Project valuation increased to \$26.4 million in the first quarter of 2018, a 12.9 percent increase over-the-year.
- Centennial permitted an additional 59,818 square feet of commercial space in the first quarter of 2018, an 80.3 percent decrease over-the-year.

	1Q 2016	1Q 2017	1Q 2018	% Change 2017-2018
New Commercial				
No. of Permits	2	6	3	-50.0%
Total Valuation	\$1,824,035	\$15,233,693	\$8,440,000	-44.6%
Square Footage	N/A	303,935	59,818	-80.3%
Commercial Alteration				
No. of Permits	95	70	107	52.9%
Total Valuation	\$17,658,359	\$8,190,153	\$18,002,577	119.8%
Total Commercial				
No. of Permits	97	76	110	44.7%
Valuation	\$19,482,394	\$23,423,846	\$26,442,577	12.9%

Source: City of Centennial



Under Construction/Recently Completed

- Centennial currently has two commercial buildings under construction, consisting of a 50,000-square-foot industrial building, located in Encompass Business Park, and 11,475 square feet of general retail space on south Potomac Street.
- There was one commercial building completed during the first quarter of 2018, bringing 222,070 square feet of office space to the market. This office space will be primarily occupied by Travelers Insurance and is part of the new INOVA Dry Creek mixed-use campus, located immediately east of the intersection of I-25 and East Dry Creek Road.

Office Market

- Centennial had 140 office buildings offering 5.5 million square feet of space in the first quarter of 2018. This represents 11.5 percent of the office space in the Southeast market and 2.9 percent of space in Metro Denver.
- The office vacancy rate increased 2.6 percentage points in Centennial from the first quarter of 2017 to the first quarter of 2018. The vacancy rate also increased 0.1 percentage point in the Southeast market and 0.2 percentage points in Metro Denver.
- The office lease rate in Centennial decreased between the first quarter of 2018 as compared with the fourth quarter of 2017, falling 0.5 percent over-the-year. This was in contrast to the Southeast market (+1.4 percent) and Metro Denver (+2.9 percent) where lease rates increased.
- There was 471,747 square feet of office space absorbed in Centennial from the first quarter of 2017 to the first quarter of 2018. In comparison, net absorption in Metro Denver totaled 2.5 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.)	
	1Q 2017	1Q 2018	1Q 2017	1Q 2018	1Q 2017	1Q 2018
Centennial	4,831,956	5,502,051	8.2%	10.8%	\$ 22.06	\$ 21.95
Southeast	46,656,040	47,816,384	11.2%	11.3%	\$ 24.38	\$ 24.71
Metro Denver	184,540,443	187,737,907	9.8%	10.0%	\$ 25.66	\$ 26.40

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 130 industrial and flex buildings offering 3.9 million square feet of space. This represents 25.3 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 0.2 percentage points in Centennial from the first quarter of 2017 to the first quarter of 2018. The vacancy rate decreased 2.2 percentage points in the Southeast market and remained unchanged in Metro Denver.
- The Industrial/flex space average lease rate decreased in Centennial by 0.5 percent over-the-year. The Southeast market recorded a decrease of 3.8 percent, and Metro Denver recorded an increase of 2.4 percent over-the-year.
- There was 129,416 square feet of industrial/flex space absorbed in Centennial from the first quarter of 2017 to the first quarter of 2018. Net occupied space in Metro Denver increased by 5.3 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.)	
	1Q 2017	1Q 2018	1Q 2017	1Q 2018	1Q 2017	1Q 2018
Centennial	3,783,061	3,939,061	11.5%	11.7%	\$ 9.66	\$ 9.61
Southeast	15,349,794	15,567,794	7.4%	5.2%	\$ 10.55	\$ 10.15
Metro Denver	257,278,784	262,674,475	4.6%	4.6%	\$ 8.48	\$ 8.68

*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.*

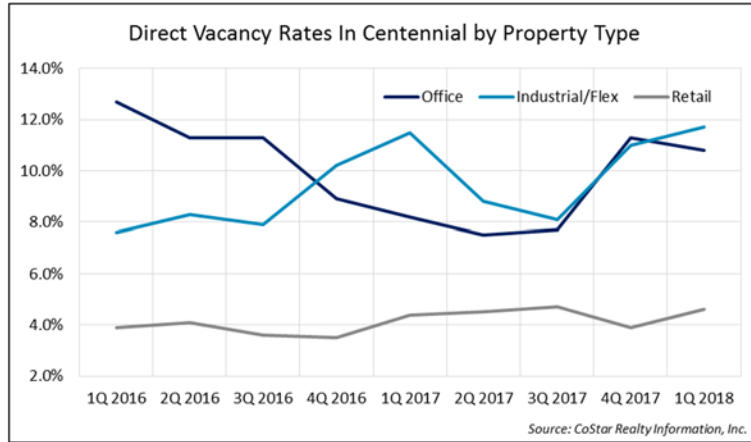
Retail Market

- Centennial has 169 retail buildings offering 3.9 million square feet of space. This represents 19 percent of the retail space in the Southeast market and 2.3 percent of space in Metro Denver.
- The retail vacancy rate increased 0.2 percentage points in Centennial from the first quarter of 2017 to the first quarter of 2018. The vacancy rate rose by 1 percentage point in the Southeast market and rose by 0.1 percentage point in Metro Denver.
- The average lease rate for retail space in Centennial during the first quarter of 2018 increased 9.5 percent over-the-year. The Southeast market recorded a 5.4 percent increase, while Metro Denver (+4.9 percent) recorded an increase as well.
- There was positive net absorption of retail space in Centennial of 408 square feet from the first quarter of 2017 to the first quarter of 2018. In contrast, over 1.1 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.)	
	1Q 2017	1Q 2018	1Q 2017	1Q 2018	1Q 2017	1Q 2018
Centennial	3,864,376	3,875,198	4.4%	4.6%	\$ 18.70	\$ 20.47
Southeast	20,236,637	20,343,865	3.2%	4.2%	\$ 19.13	\$ 20.16
Metro Denver	166,650,731	168,003,298	4.3%	4.4%	\$ 17.20	\$ 18.05

*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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