



Centennial

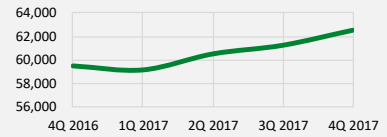
QUARTERLY ECONOMIC REPORT

Q2 2018

Centennial Quarterly Report Economic Dashboard

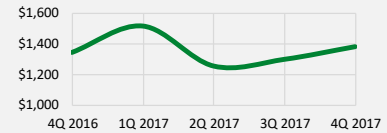
Employment

62,487
Up 5.1% from 4Q 2016



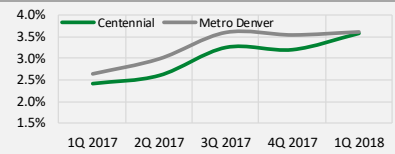
Average Weekly Wage

\$1,378
Up 2.8% from 4Q 2016



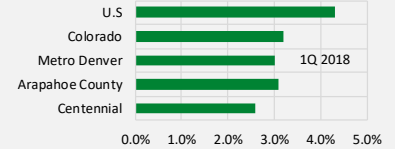
Labor Force Growth Rate

3.6%
Up 1.2 percentage points from 1Q 2017



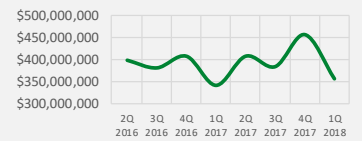
Unemployment Rate

2.6%
Up 0.1 percentage points from 1Q 2017



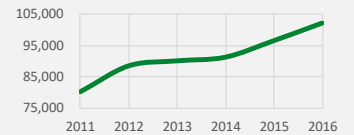
Net Taxable Sales

\$356,331,760
Up 4.4% from 1Q 2017



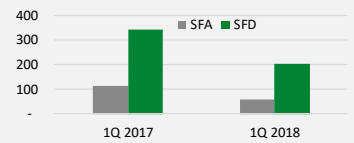
Median Household Income

\$102,237
Up 5.8% from 2015

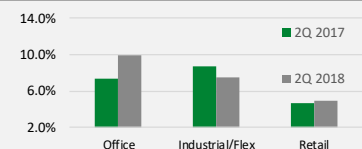


Existing Home Sales

262
Down 42.9% from 1Q 2017



Office Vacancy 10.0%
Industrial/Flex Vacancy 7.5%
Retail Vacancy 5.0%



Centennial Economic Activity

Company Announcements

- Inocucor Corporation, with its U.S. headquarters operations located in Centennial, is changing its name to Concentric Ag Corporation and moving to a new building at 7304 South Joliet St. The company's new office is a 30,000-square-foot headquarters and commercialization office that currently employs about 20 people with plans to eventually grow to 58. Last month, Concentric raised \$15.9 million in Series B funding. The company anticipates hiring another 25 to 30 high-level scientific and managerial professionals over the next year.
- Arrow Electronics, Inc. received the 2018 Global Distributor of the Year Award from Hewlett Packard Enterprise (HPE). The annual HPE Partner of the Year Awards is a recognition for select alliances that deliver superior performance, innovation, and excellence allowing HPE customers to transform and accelerate their business.
- Fast Enterprises LLC of Centennial ranked No. 29 on the 2018 list of "Best Workplaces for Millennials". The fourth annual report, compiled by *Fortune* and San Francisco-based Great Place to Work, surveyed nearly 400,000 employees and asked respondents to rate the practices of their employers.

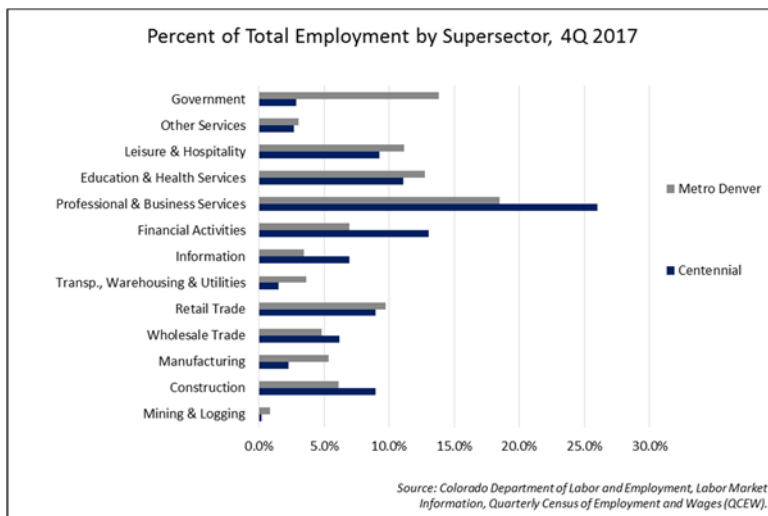
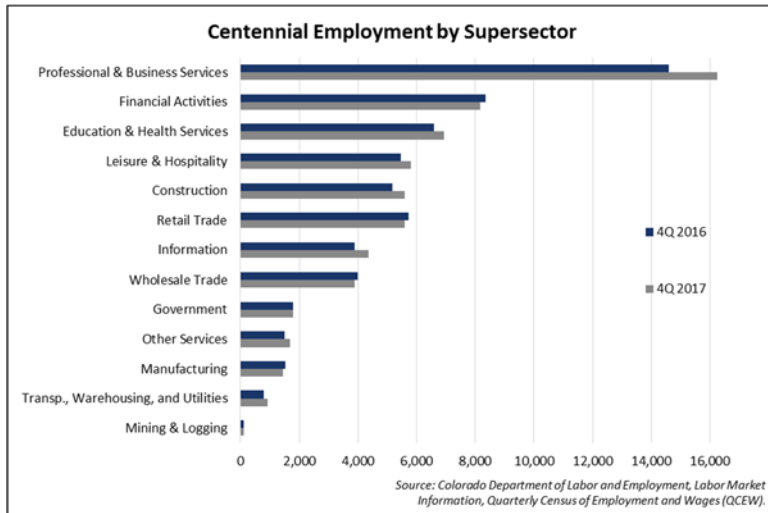
Rankings and Economic Headlines

- Centennial ranked as the third-best city in the nation for first-time homebuyers, according to WalletHub. The study compared a sample of 300 U.S. cities analyzing three key indicators: affordability, the real-estate market, and quality of life. Centennial also ranked No. 2 among small cities (defined as fewer than 150,000 residents) for first-time homebuyers and No. 7 in the quality-of-life category.
- The city of Centennial and Cherry Creek School District (CCSD) executed an intergovernmental agreement (IGA) for CCSD's five-year lease along the central ring of Centennial's fiber optic backbone. CCSD will lease four fibers from the city's 432-strand fiber backbone and will provide advanced internal connectivity to support educational and organizational needs for the CCSD. This is the city's first fiber lease for a community anchor institution since construction of the city's fiber backbone began in 2016 when Centennial City Council approved the \$5.7 million Fiber Master Plan.
- Centennial made the list of 22 communities nationwide for the 2018 Smart Cities Collaborative run by Washington DC-based Transportation for America. The collaborative will focus on how emerging technologies and new mobility options are reshaping the right-of-way and curb space, as well as changing the way people move through their communities.
- Metro Denver ranked No. 12 on *Forbes'* 2018 list of the best cities for jobs. The methodology for the 2018 ranking measured the robustness of metro areas' growth both recently and over time, with some minor corrections to mitigate the volatility that the Great Recession introduced into the earlier parts of the time series. Dallas, Austin, and Nashville were ranked as the top three metro areas.
- *SmartAsset* released a report that tracked millennial mobility, and discovered that Colorado ranked third in the U.S. for the top 10 states where millennials are moving. The report found that Colorado received over 26,500 more millennials than it lost, with Denver recording a net migration of 5,100 millennials in 2016. In order to calculate which cities and states millennials are moving to, *SmartAsset* compared 2016 Census Bureau migration data for 217 cities and all 50 states, plus Washington, D.C. According to Pew Research Center estimates, there are around 71 million millennials in America.
- According to BuilderOnline.com, Colorado ranked No. 4 for the best states for homeowners in 2018. Colorado homes have a high upfront cost, but in 2018 the average Colorado home had a value per square foot of \$230. That figure rose nearly 9 percent from 2016 to 2017. The average home in Colorado is worth nearly 4.8 times the median household income.

- Wallethub* reported that Colorado is the second best state for jobs and has the country’s fifth-best economy. The company ranked the best states for jobs using a 100-point scale, with 60 points falling under the “Job Market” category and 40 points falling under the “Economic Environment” category. State economies were ranked similarly, using a 100 point scale with three, equally-weighted categories: economic health, economic activity, and innovation potential. Colorado was also recognized for having the fifth-highest average monthly starting salary.

Employment Activity

Total Employment



- During the fourth quarter of 2017, businesses in Centennial employed 62,487 people, a 5.1 percent increase since the fourth quarter of 2016. Employment in Metro Denver¹ reached over 1.63 million people during the same period, a 2.2 percent increase over-the-year.
- The professional and business services supersector (16,249 jobs) employed the most people in Centennial, followed by financial activities (8,151 jobs), education and health services (6,940 jobs), and leisure and

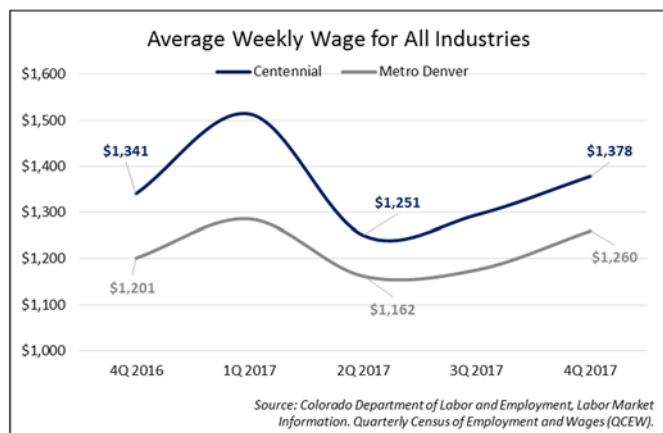
¹ Metro Denver is comprised of seven-counties, consisting of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties.

hospitality (5,795 jobs)². The professional and business services supersector is also the largest supersector in Metro Denver.

- The professional and business services and information supersectors added the most new jobs over-the-year (+1,649 jobs and +460 jobs, respectively). The large increase in the professional and business services supersector is primarily the result of Centura Health moving its corporate headquarters from Englewood to Centennial. The financial activities and retail trade supersectors shed the greatest employment (-198 jobs and -128 jobs, respectively). In Metro Denver, all of the 13 supersectors reported growth, ranging from a 0.3 percent increase in the retail trade supersector to a 9.3 percent increase in transportation, warehousing, and utilities.
- Centennial’s transportation, warehousing, and utilities supersector recorded the fastest growth over-the-year of 17.6 percent, while the manufacturing supersector recorded the largest contraction over-the-year of -5.7 percent.

Average Wage

- Centennial’s average weekly wage for all industries was 9.4 percent higher than the average weekly wage of Metro Denver, representing an additional \$118 per week.
- The highest average weekly wage was in the mining and logging supersector (\$2,726), while the lowest was in the leisure and hospitality supersector (\$441).
- Ten of the 13 supersectors in Centennial recorded increases in the average weekly wage between the fourth quarter of 2016 and the fourth quarter of 2017. The transportation, warehousing, and utilities supersector recorded the largest increase over-the-year, rising 8.7 percent. The mining and logging (+8.6 percent) and information (+6.9 percent) supersectors recorded significant increases. The other services, wholesale trade, and government supersectors reported the only declines over-the-year, falling 2.7 percent, 1.8 percent, and 1.6 percent, respectively.



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		4Q 2016 - 4Q 2017	
	4Q 2016	4Q 2017	4Q 2016	4Q 2017	4Q 2016	4Q 2017	Centennial	Metro Denver
Total All Industries	4,706	4,892	\$1,341	\$1,378	59,472	62,487	5.1%	2.2%
Private Sector								
Mining & Logging	32	34	\$2,511	\$2,726	116	118	1.7%	8.8%
Construction	399	417	\$1,522	\$1,576	5,174	5,589	8.0%	6.0%
Manufacturing	89	88	\$1,404	\$1,492	1,521	1,435	-5.7%	0.5%
Wholesale Trade	414	432	\$2,049	\$2,013	3,979	3,875	-2.6%	1.9%
Retail Trade	283	275	\$762	\$809	5,710	5,582	-2.2%	0.3%
Transp., Warehousing & Utilities	55	61	\$863	\$937	786	924	17.6%	9.3%
Information	118	127	\$1,705	\$1,823	3,892	4,351	11.8%	2.6%
Financial Activities	757	760	\$1,584	\$1,619	8,348	8,151	-2.4%	2.5%
Professional & Business Services	1,420	1,520	\$1,616	\$1,663	14,601	16,249	11.3%	2.6%
Education & Health Services	518	559	\$1,019	\$1,023	6,600	6,940	5.1%	0.6%
Leisure & Hospitality	281	281	\$417	\$441	5,462	5,795	6.1%	3.3%
Other Services	322	323	\$914	\$890	1,498	1,688	12.7%	1.4%
Government	17	14	\$1,354	\$1,332	1,781	1,780	-0.1%	0.8%

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 186 businesses over-the-year to 4,892, a 4 percent increase.
- The professional and businesses services supersector has the highest business count in Centennial of 1,520, followed by financial activities (760), education and health services (559), wholesale trade (432), and construction (417).
- Nine of the 13 supersectors recorded growth in businesses over-the-year, with the transportation, warehousing, and utilities sector recording the largest percentage increase of 10.9 percent (6 businesses).
- The government supersector recorded the largest contraction over-the-year, falling 17.6 percent or by three entities. Retail trade (-2.8 percent) and manufacturing (-1.1 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

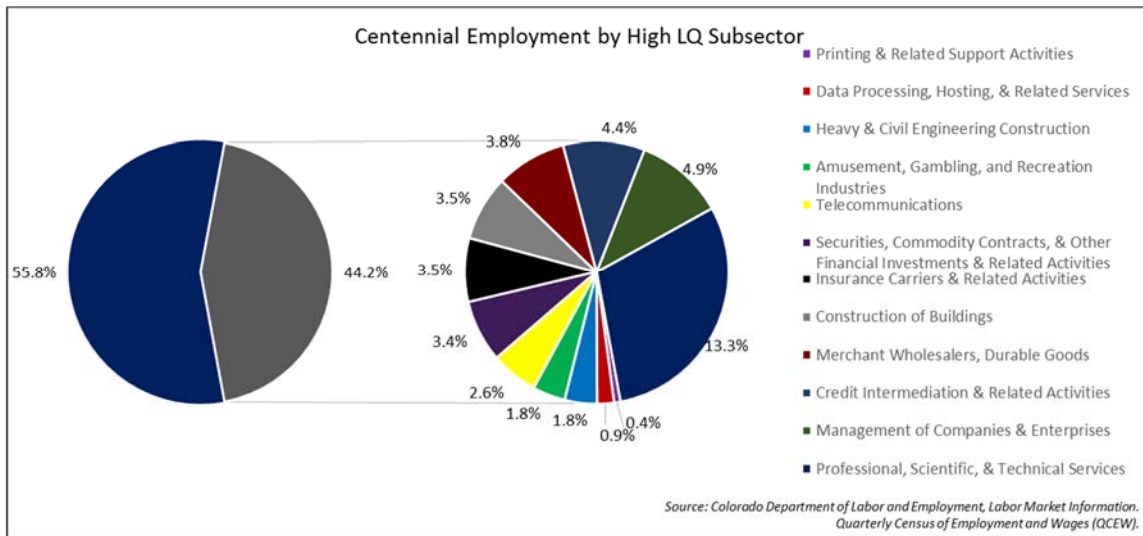
- Of Centennial's total employment, 44.2 percent resides in the identified 12 high location quotient subsectors.
- The management of companies and enterprises subsector recorded the largest increase in employment between the fourth quarters of 2016 and 2017 of 109.9 percent. This was also a result of the corporate HQ move by Centura Health from Englewood to Centennial. Data processing, hosting, and related services reported the next largest percentage increase in employment, rising 76.3 percent or adding 247 new jobs.

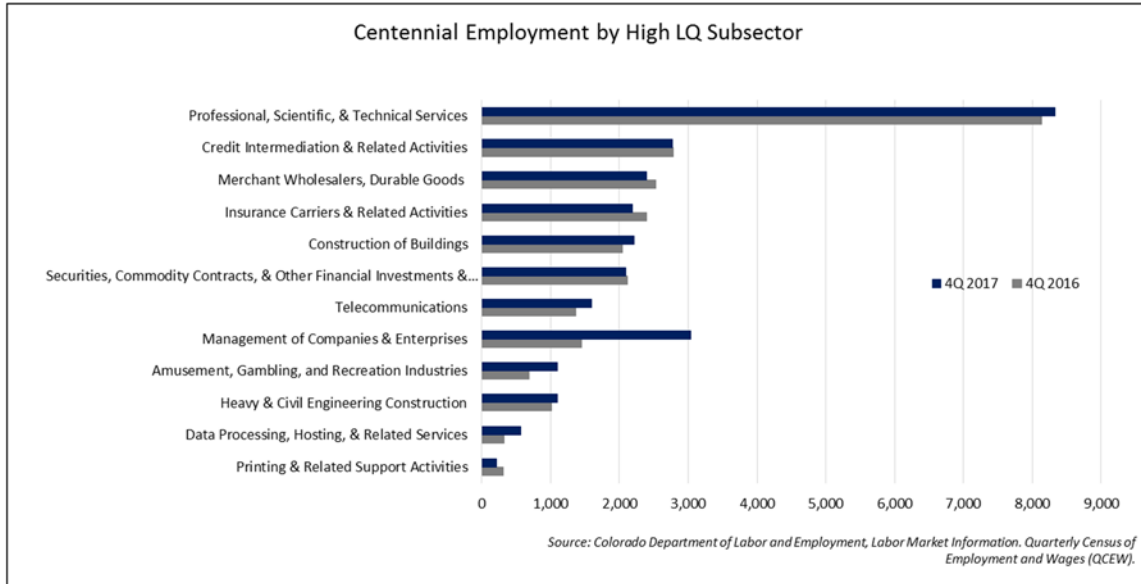
Business and Employment Indicators for High Location Quotient Subsectors

	LQ	Business Count		Average Weekly Wage		Employment	
	3Q 2017	4Q 2016	4Q 2017	4Q 2016	4Q 2017	4Q 2016	4Q 2017
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	5.3	105	108	\$ 1,778	\$ 1,890	2,115	2,094
Telecommunications	5.0	22	22	\$ 1,811	\$ 1,672	1,364	1,599
Data Processing, Hosting, and Related Services	4.0	29	41	\$ 2,344	\$ 3,147	323	570
Construction of Buildings	3.2	124	127	\$ 1,946	\$ 1,934	2,048	2,212
Heavy and Civil Engineering Construction	2.7	30	32	\$ 1,370	\$ 1,504	1,011	1,095
Credit Intermediation and Related Activities	2.5	125	122	\$ 1,390	\$ 1,335	2,781	2,764
Insurance Carriers and Related Activities	2.2	223	216	\$ 1,674	\$ 1,751	2,392	2,186
Professional, Scientific, and Technical Services	2.1	1,035	1,107	\$ 1,925	\$ 1,934	8,129	8,327
Merchant Wholesalers, Durable Goods	1.9	205	220	\$ 2,132	\$ 1,821	2,526	2,395
Amusement, Gambling, and Recreation Industries	1.7	33	36	\$ 483	\$ 467	686	1,104
Management of Companies and Enterprises	1.5	79	100	\$ 2,456	\$ 2,146	1,448	3,039
Printing and Related Support Activities	1.5	15	16	\$ 1,103	\$ 1,324	312	220

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

- Employment in five of the 12 subsectors contracted over-the-year, including the printing and related support subsector (-29.6 percent), insurance carriers and related activities (-8.6 percent), merchant wholesalers, durable goods (-5.2 percent), securities, commodity contracts, and other financial investments and related activities (-1 percent), and lastly, credit intermediation and related activities (0.6 percent).
- After management of companies and enterprises, the amusement, gambling, and recreation industries subsector added the most jobs (+418) over-the-year. Employment in the 12 high LQ subsectors increased by 2,468 jobs over-the-year.
- The insurance carriers and related activities subsector lost 206 jobs, the most of any high LQ subsector. The merchant wholesalers, durable goods subsector also lost a significant number of jobs, declining by 131 workers.





Average Wage – High LQ’s

- Six of the 12 subsectors in Centennial recorded growth in the average weekly wage between the fourth quarters of 2016 and 2017. The data processing, hosting, and related services subsector recorded the largest percentage increase over-the-year, rising 34.3 percent to \$3,147 a week.
- The largest decline in the average weekly wage was reported in the merchant wholesalers, durable goods subsector, falling by 14.6 percent to \$1,821. Management of companies and enterprises reported the next largest decrease, falling 12.6 percent over-the-year.
- The average weekly wage ranged from \$467 in the amusement, gambling, and recreation industries to \$3,147 in data processing, hosting, and related services subsector.

Business Counts – High LQ’s

- The professional, scientific, and technical services subsector has the highest business count in Centennial of 1,107, followed by merchant wholesalers, durable goods (220), and insurance carriers and related activities (216).
- The data processing, hosting, and related services subsector recorded the largest increase in businesses count over-the-year, rising 41.4 percent or 12 businesses. The insurance carriers and related activities subsector recorded the largest contraction in business count, decreasing 3.1 percent, or by seven businesses.

Analysis – High LQ’s

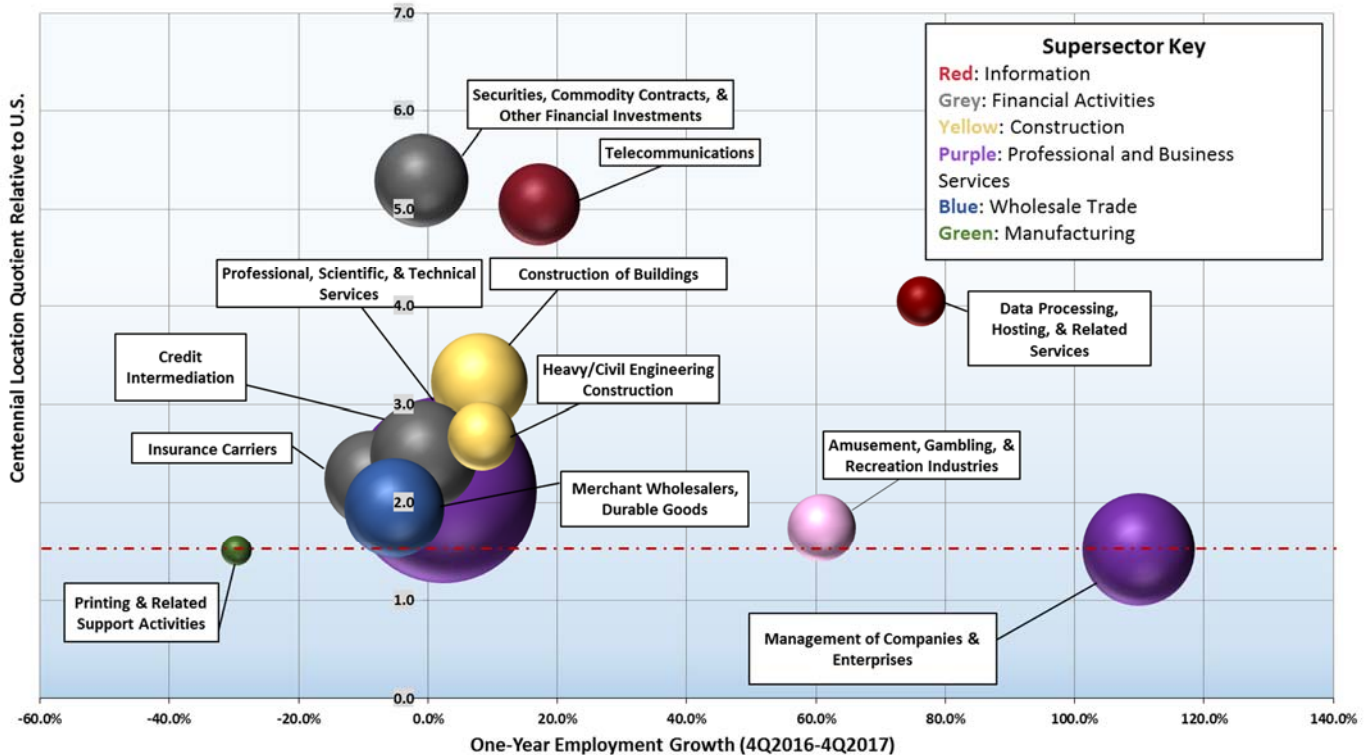
Bubble charts are popular tools used to illustrate industry clusters. These charts allow multiple variables to be plotted within the same graph, making it easy to assess relative economic performance. Bubble charts are often used for pinpointing priority industries since they allow visual comparisons 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, 4Q 2016 to 4Q 2017; on the x-axis (horizontal);
- The industry’s location quotient, 3Q 2017; on the y-axis (vertical); and
- Employment size of the industry, 4Q 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.

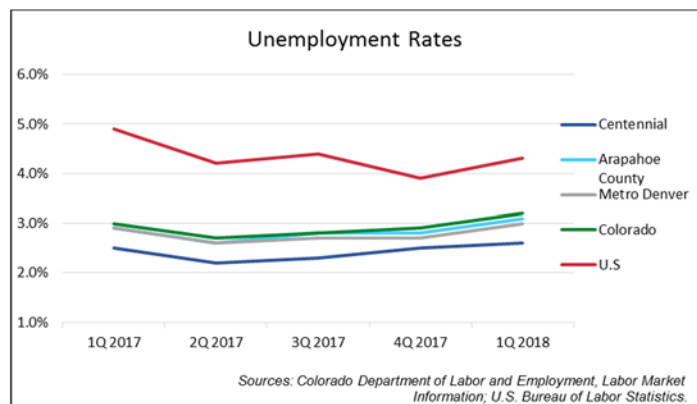


Source: Development Research Partners analysis of Colorado Department of Labor, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

Labor Force

Unemployment Rate

- The labor force in Centennial increased to 63,668 people working or looking for work in the first quarter of 2018, a 3.6 percent increase over-the-year. Arapahoe County reported a slightly faster increase of 3.7 percent, and Metro Denver reported the same increase as Centennial during the period. Colorado's labor force increased 3.7 percent between the first quarter of 2017 and the first quarter of 2018, rising to almost 3.1 million people.



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

- Centennial's unemployment rate has continued to remain near historic lows, and recorded a 2.6 percent unemployment rate in the first quarter of 2018, a slight increase of 0.1 percentage points from the previous year. The unemployment rate for Centennial has remained below 3 percent for the seventh quarter in a row, which has not happened for almost 18 years. Arapahoe County recorded an unemployment rate of 3.1 percent, while Metro Denver recorded 3 percent. Colorado reported an increase of 0.2 percentage points to 3.2 percent unemployment, while the U.S. recorded a decrease of 0.6 percentage points to 4.3 percent unemployment over-the-year.

- Centennial residents represented 17.8 percent of the total labor force in Arapahoe County during the first quarter of 2018.

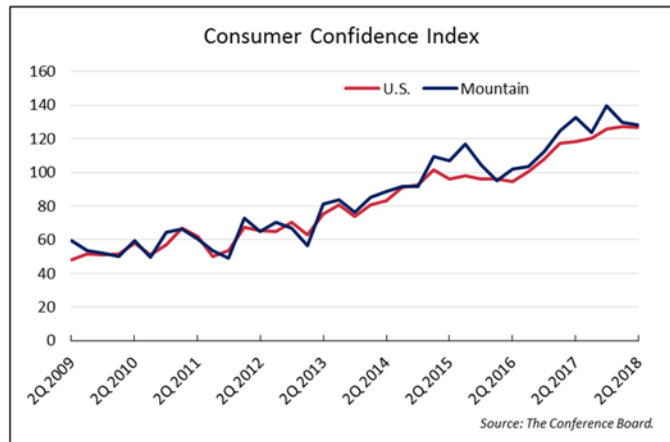
	Labor Force			Unemployment Rate	
	1Q 2017	1Q 2018	Yr/Yr % Change	1Q 2017	1Q 2018
Centennial	61,473	63,668	3.6%	2.5%	2.6%
Arapahoe County	344,730	357,441	3.7%	2.9%	3.1%
Metro Denver	1,711,334	1,773,166	3.6%	2.9%	3.0%
Colorado	2,937,647	3,045,155	3.7%	3.0%	3.2%
U.S. (000s)	159,357	161,026	1.0%	4.9%	4.3%

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

Consumer Activity

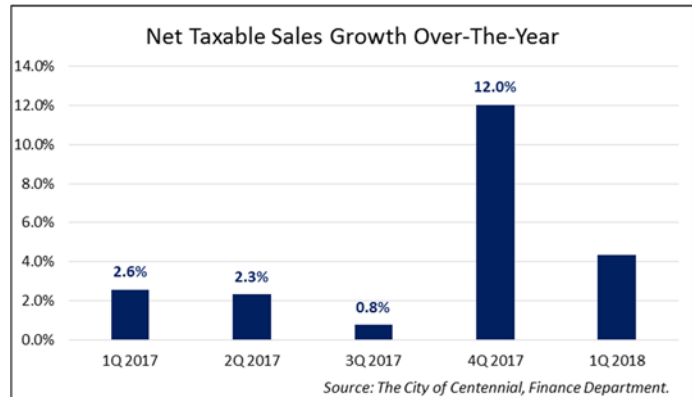
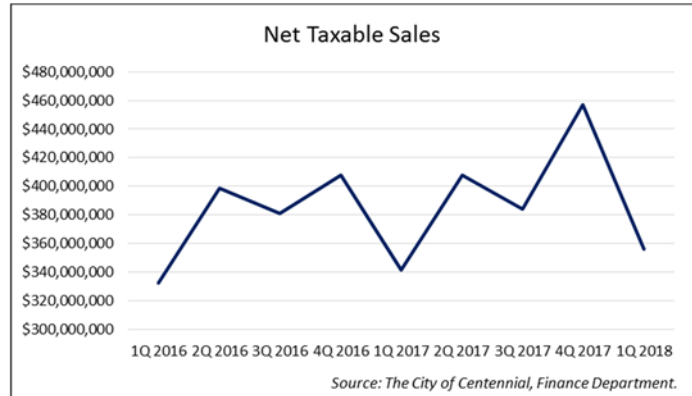
Consumer Confidence Index

- The Consumer Confidence Index for the U.S. decreased to 126.9 in the second quarter of 2018, a 0.1 percent decrease over-the-quarter, but a 7.5 percent increase over-the-year. Consumers' assessment of present-day conditions was relatively unchanged, suggesting that the level of economic growth remains strong. Modest curtailment in optimism suggests that consumers do not foresee the economy gaining much momentum in the months ahead.
- Colorado is included in the Mountain Region Index and the area reported a 1.1 percent decrease over-the-quarter to 128.2 and a 3.3 percent decrease between the second quarter of 2017 and the second quarter of 2018.



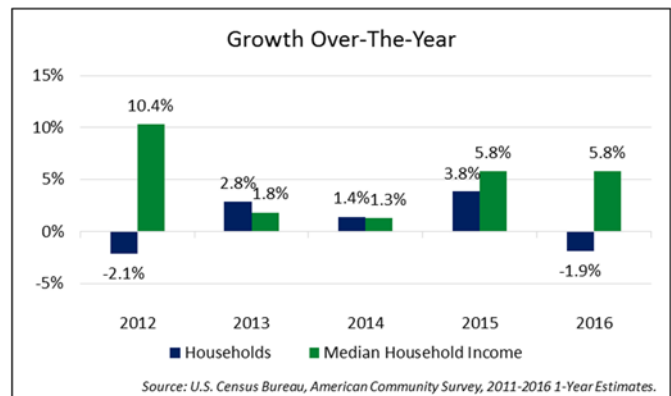
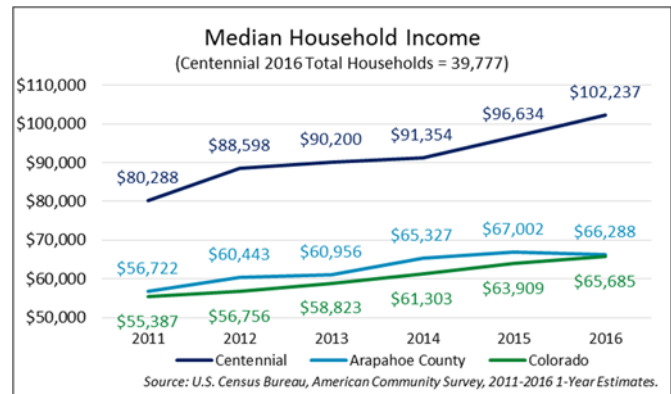
Local Net Taxable Sales

- Net taxable sales increased 4.4 percent between the first quarter of 2017 and the first quarter of 2018, recording the highest first quarter net taxable sales of \$356.3 million for the past three years.
- Net taxable sales decreased 22 percent over-the-quarter, reflecting the seasonal decrease that occurs every year after a robust holiday season.

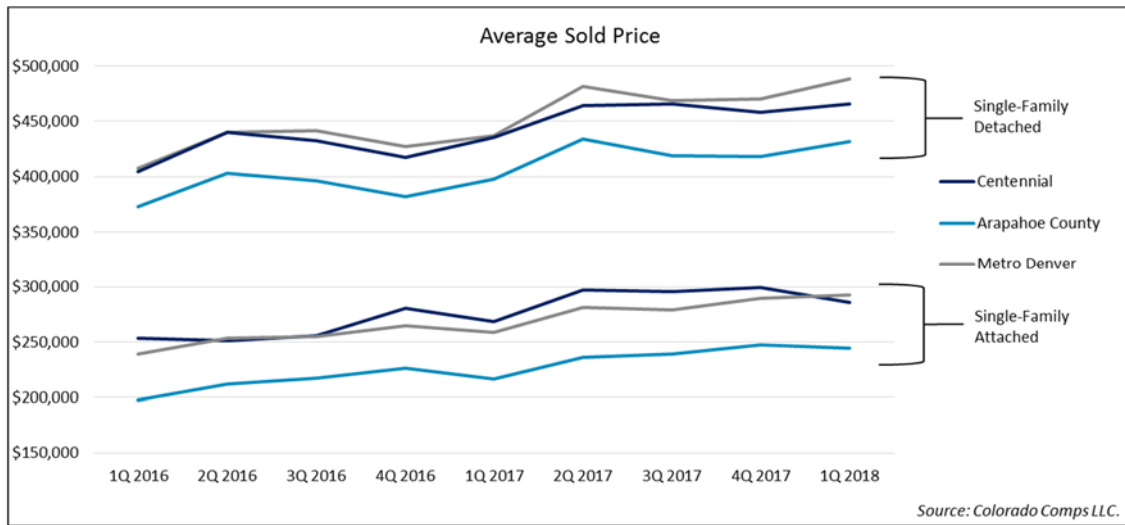


Median Household Income

- 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



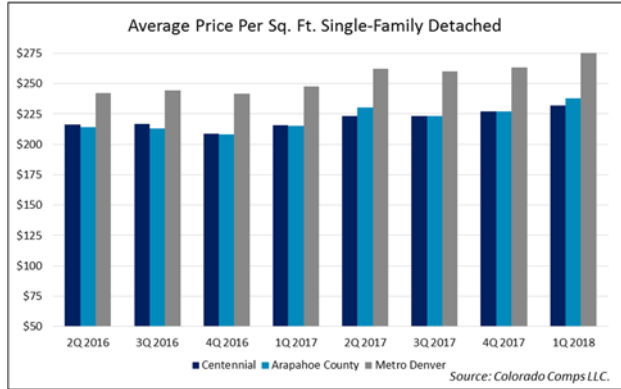
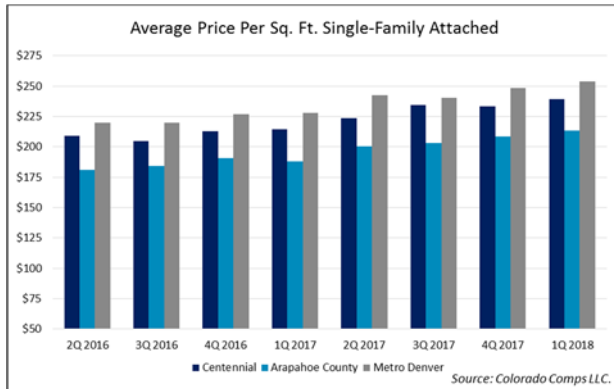
Existing Home Sales

- As demand for housing remains strong and supply continues to tighten, housing markets recorded declines across all three market areas. Single-family attached home sales decreased 48.7 percent in Centennial between the first quarters of 2017 and 2018, followed by a decrease of 11.4 percent in Arapahoe County and 7.6 percent in Metro Denver.
- Housing prices continued to appreciate across the three market areas. Centennial reported an increase of 6.6 percent, or an increase of \$17,603 over-the-year, while single-family attached home prices in Arapahoe County (+12.9 percent) and Metro Denver (+13 percent) also increased.
- The attached home price in Centennial of \$239 per square foot is higher than Arapahoe County (\$213), but lower than Metro Denver (\$254).
- Of the three housing market areas for single-family detached homes, Centennial reported the largest decrease in home sales over-the-year, falling 41 percent to 203 homes sold. Arapahoe County decreased 16.8 percent between the first quarters of 2017 and 2018, and Metro Denver decreased 4.4 percent.

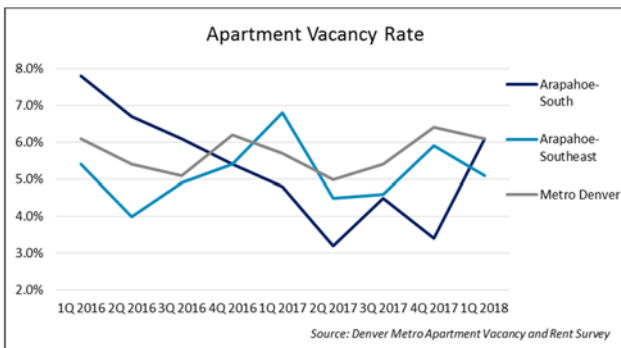
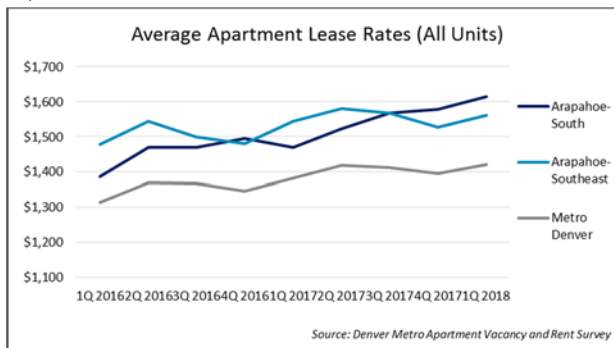
	Centennial	Arapahoe County	Metro Denver
Home Sales			
<i>Single-Family Attached</i>			
1Q 2018	59	822	2806
1Q 2017	115	928	3036
% Change	-48.7%	-11.4%	-7.6%
<i>Single-Family Detached</i>			
1Q 2018	203	1439	7998
1Q 2017	344	1730	8362
% Change	-41.0%	-16.8%	-4.4%
Average Sold Price			
<i>Single-Family Attached</i>			
1Q 2018	\$285,653	\$244,571	\$292,310
1Q 2017	\$268,050	\$216,711	\$258,686
% Change	6.6%	12.9%	13.0%
<i>Single-Family Detached</i>			
1Q 2018	\$465,853	\$431,775	\$488,139
1Q 2017	\$435,515	\$397,852	\$436,918
% Change	7.0%	8.5%	11.7%
Average Price per. Sq. Ft.			
<i>Single-Family Attached</i>			
1Q 2018	\$239	\$213	\$254
1Q 2017	\$214	\$188	\$228
% Change	11.7%	13.2%	11.5%
<i>Single-Family Detached</i>			
1Q 2018	\$232	\$238	\$276
1Q 2017	\$216	\$215	\$248
% Change	7.6%	10.5%	11.5%

Source: Colorado Comps LLC.

- All three market areas recorded an increase in the single-family detached average sold price over-the-year. Centennial rose 7 percent and added \$30,338 over-the-year, the smallest percentage increase of the three market areas. Metro Denver reported the fastest rate of growth in home prices, rising 11.7 percent between the first quarter of 2017 and the first quarter of 2018. Arapahoe County (+8.5 percent) added \$33,923 over-the-year.
- The price per square foot of a single-family detached home in Centennial is 7.6 percent higher than the previous year, rising at a slower rate than Arapahoe County (10.5 percent) and Metro Denver (11.5 percent).



Apartment Market



Average Apartment Rents and Vacancy

1Q 2018	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Arapahoe County-South	6.1%	\$1,284	\$1,467	\$1,536	\$1,752	\$2,024	-	\$1,614
Arapahoe County-Southeast	5.1%	\$1,188	\$1,378	\$1,634	\$1,720	\$1,979	\$2,572	\$1,562
Metro Denver	6.1%	\$1,199	\$1,271	\$1,335	\$1,664	\$1,895	\$1,442	\$1,420

Source: Denver Metro Apartment Vacancy and Rent Survey.

- Apartment vacancy rates increased in two of the three market areas³ between the first quarters of 2017 and 2018. The Arapahoe County-Southeast⁴ market recorded the only decrease of 1.7 percentage points over-the-year. The Arapahoe County-South market vacancy rate increased 1.3 percentage points between the first quarters of 2017 and 2018. Metro Denver reported an increase of 0.4 percentage points during the period.

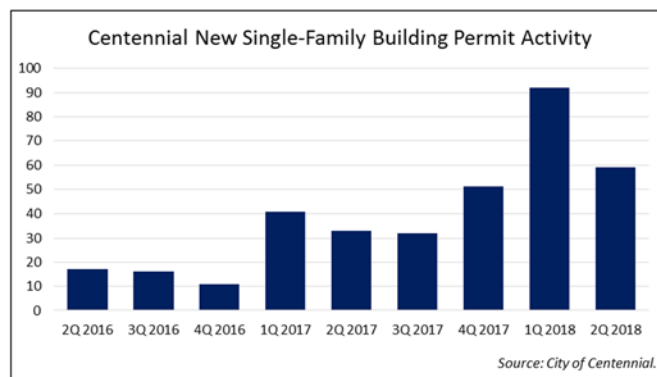
³ Arapahoe County-South Boundary: North: City of Englewood and City and County of Denver; East: I-25; South: Douglas County; West: City of Englewood and City of Littleton.

⁴ Arapahoe County-Southeast Boundary: North: Arapahoe County Line; East: Havana/Parker Road; South: Douglas County; West: I-25.

- The average rental rate for all property types in all three markets increased between the first quarters of 2017 and 2018. The Arapahoe County-South market average rental rate increased 9.8 percent over-the-year to \$1,614, followed by Metro Denver (+2.7 percent to \$1,420), then Arapahoe County-Southeast (+1.1 percent to \$1,562).

New Residential Building Permits

- New single-family permits increased from 33 permits issued during the second quarter of 2017 to 59 permits issued during the second quarter of 2018.
- The average valuation for new single-family homes permitted decreased 18.6 percent between the second quarters of 2017 and 2018, falling from \$258,314 to \$210,184.
- There was one multi-family permit issued for 26 units in Centennial in the second quarter of 2018. The average valuation of the multi-family units was \$130,769.



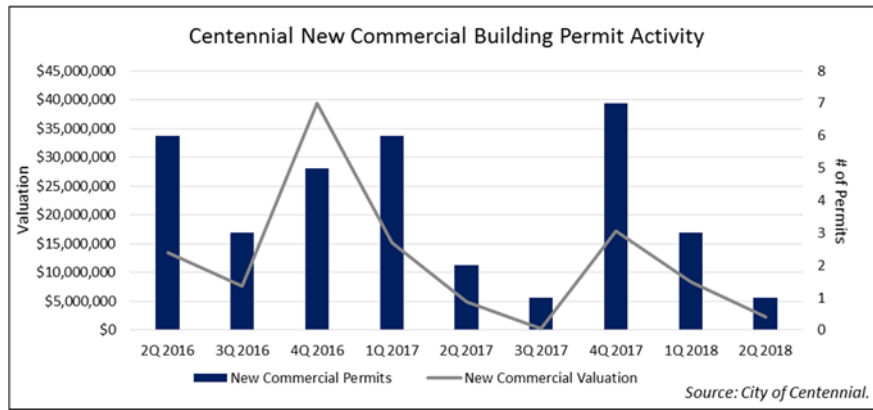
Commercial Real Estate

Commercial Building Permits

- Centennial issued 74 commercial permits during the second quarter of 2018, of which 73 were commercial alteration permits and one was a new commercial permit. This was an 11.9 percent decline compared with the second quarter of 2017.
- Project valuation increased to \$25.3 million in the second quarter of 2018, a 51.6 percent increase over-the-year.
- Centennial permitted an additional 39,409 square feet of commercial space in the second quarter of 2018, a 26.3 percent increase over-the-year.

	2Q 2016	2Q 2017	2Q 2018	% Change 2017-2018
New Commercial				
No. of Permits	6	2	1	-50.0%
Total Valuation	\$13,496,044	\$4,935,000	\$2,324,233	-52.9%
Square Footage	N/A	31,215	39,409	26.3%
Commercial Alteration				
No. of Permits	104	82	73	-11.0%
Total Valuation	\$19,441,522	\$11,721,056	\$22,928,370	95.6%
Total Commercial				
No. of Permits	110	84	74	-11.9%
Valuation	\$32,937,566	\$16,656,056	\$25,252,603	51.6%

Source: City of Centennial.



Under Construction/Recently Completed

- Centennial currently has one commercial building under construction, the 50,000-square-foot office building located in Encompass Business Park.
- There were two commercial buildings completed at the end of the second quarter of 2018, bringing 222,070 square feet of office space and 6,975 square feet of retail space to the market. The INOVA Dry Creek mixed-use campus contributed the office space, located immediately east of the intersection of I-25 and East Dry Creek Road.

Office Market

- Centennial had 141 office buildings offering over 5.5 million square feet of space in the second 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 second quarter of 2017 to the second quarter of 2018. The vacancy rate decreased 0.1 percentage points in the Southeast market and increased 0.3 percentage points in Metro Denver.
- The office lease rate in Centennial increased by 0.7 percent over-the-year, rising \$0.16 per square foot by the end of the second quarter of 2018. In the Southeast market, the rate increased 2.3 percent or by \$0.57 per square foot during the period, while Metro Denver reported an increase of 2 percent between the second quarter of 2017 and the second quarter of 2018.
- There was 257,058 square feet of office space absorbed in Centennial from the second quarter of 2017 to the second quarter of 2018. In comparison, net absorption in Metro Denver totaled almost 2.7 million square feet over the past year.

Commercial Vacancy and Lease Rates Office Market

Office Market	Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
	2Q 2017	2Q 2018	2Q 2017	2Q 2018	2Q 2017	2Q 2018
Centennial	5,093,103	5,526,848	7.4%	10.0%	\$ 22.32	\$ 22.48
Southeast	47,246,069	48,191,771	11.4%	11.3%	\$ 24.51	\$ 25.08
Metro Denver	185,454,930	189,093,949	9.8%	10.1%	\$ 26.08	\$ 26.61

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 131 industrial and flex buildings offering almost 4 million square feet of space. This represents 25.2 percent of the industrial/flex space in the Southeast market and 1.5 percent of space in Metro Denver.
- The industrial/flex vacancy rate decreased 1.2 percentage points in Centennial from the second quarter of 2017 to the second quarter of 2018. The vacancy rate decreased 1.5 percentage points in the Southeast market but rose 0.2 percentage points in Metro Denver.
- The Industrial/flex space average lease rate increased in Centennial by 4.2 percent over-the-year, rising by \$0.41 to \$10.12 per square foot. The Southeast market recorded a decrease of 0.8 percent and falling by \$0.08 per square foot, while Metro Denver recorded an increase of 3.7 percent over-the-year.
- There was 192,901 square feet of industrial/flex space absorbed in Centennial from the second quarter of 2017 to the second quarter of 2018. Net occupied space in Metro Denver increased by 4.3 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.)	
	2Q 2017	2Q 2018	2Q 2017	2Q 2018	2Q 2017	2Q 2018
Centennial	3,794,761	3,950,761	8.7%	7.5%	\$ 9.71	\$ 10.12
Southeast	15,441,620	15,659,620	5.6%	4.1%	\$ 10.63	\$ 10.55
Metro Denver	258,999,572	264,212,790	4.7%	4.9%	\$ 8.63	\$ 8.95

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

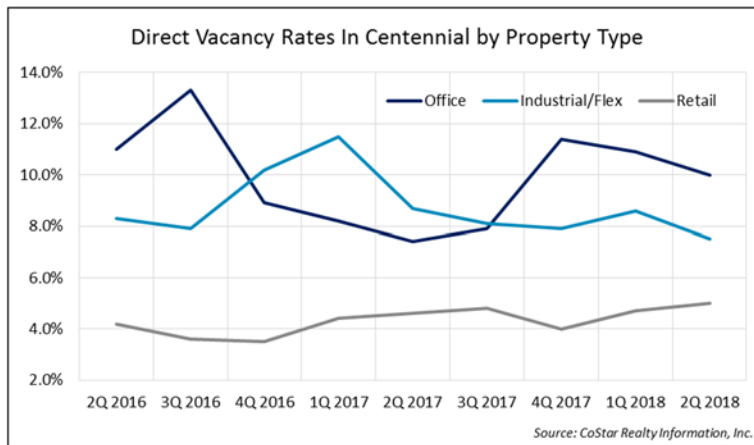
- Centennial has 170 retail buildings offering 3.8 million square feet of space. This represents 18.7 percent of the retail space in the Southeast market and 2.3 percent of space in Metro Denver.
- The retail vacancy rate increased 0.4 percentage points in Centennial from the second quarter of 2017 to the second quarter of 2018. The vacancy rate rose by 0.7 percentage points in the Southeast market and rose by 0.2 percentage points in Metro Denver.
- The average lease rate for retail space in Centennial during the second quarter of 2018 increased 5.5 percent over-the-year, adding \$1.06 per square foot. The Southeast market recorded a 1.2 percent increase, while Metro Denver (+4.5 percent) rose by \$0.79 to \$18.19 per square foot.
- There was positive net absorption of retail space in Centennial of 517 square feet from the second quarter of 2017 to the second quarter of 2018. In contrast, over 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.)	
	2Q 2017	2Q 2018	2Q 2017	2Q 2018	2Q 2017	2Q 2018
Centennial	3,794,125	3,811,922	4.6%	5.0%	\$ 19.27	\$ 20.33
Southeast	20,228,081	20,348,012	3.4%	4.1%	\$ 19.87	\$ 20.10
Metro Denver	167,232,712	168,517,006	4.3%	4.5%	\$ 17.40	\$ 18.19

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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