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Centennial
CELEBRATING 20 YEARS

2020

ANNUAL ECONOMIC
INDICATOR REPORT



Centennial 2020 Annual Report

Employment declined throughout the region from 2019 to 2020 as business closures and stay-at-home orders affected payrolls across most industries. The unemployment rate in Centennial spiked at 10.2 percent in April 2020 before settling back to an annual average rate of 6.1 percent for the year. Consumer confidence declined significantly between 2019 and 2020, causing a decline in net taxable sales in Centennial from 2019 to 2020. Despite strong builder confidence and a robust housing market, existing home sales declined from 2019 to 2020 in Centennial and Arapahoe County while prices increased in the market areas. The apartment market remained strong in Centennial during the period, with low vacancy rates and relatively stable rental rates. Commercial building activity fell significantly, while vacancy rates generally rose across all commercial property types during the period. The industrial market remained much more resilient in 2020 than the office and retail markets.

A Note on COVID-19

The COVID-19 pandemic, which was declared on March 11, 2020 by the World Health Organization, continues to affect every aspect of economic life throughout the world. Economic conditions deteriorated rapidly starting at the end of March 2020 and recessionary trends have continued to the present. While restrictive measures on business operations have begun to ease in certain industries and locations, the pandemic continues to challenge economic activity. Data presented in this report is through the fourth quarter of 2020, aside from employment data which is through the third quarter of 2020. As such, this report reveals the full effects of the pandemic in 2020 compared with economic conditions in 2019.

Economic Forecast

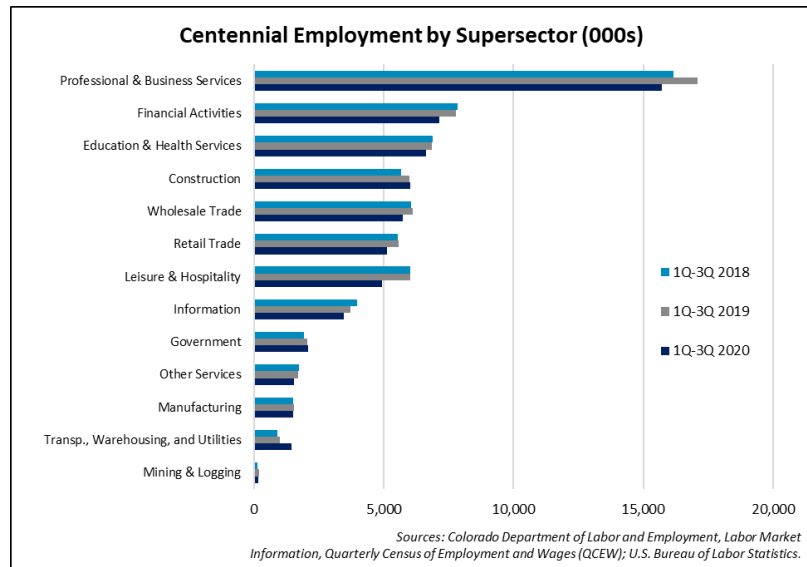
- Employment in Metro Denver declined 5.3 percent in 2020 as 91,600 jobs disappeared due to the pandemic. Employment decreased in 10 of the 11 industry supersectors, with transportation, warehousing, and utilities posting the only increase (+6.2 percent) as ecommerce companies ramped up employment to respond to more online spending activity. The leisure and hospitality (-24.4 percent) and other services (-9 percent) supersectors lost the most jobs due to the pandemic as individuals curtailed in-person dining and other personal and entertainment activities. The unemployment rate in Metro Denver rose from a historically low level of 2.5 percent on average in 2019 to 7.4 percent in 2020, the highest annual average rate posted in the region since 2012.
- Consumer confidence declined 22.6 percent in the Mountain region, but total retail sales remained relatively stable compared to 2019, increasing a slight 0.1 percent in 2020. The 0.9 percent increase in the population in Metro Denver from 2019 to 2020 was the slowest rate of growth for the region since 2005. Population growth slowed due to an increase in the number of deaths, a decrease in the number of births, and slower net migration activity. Home sales rebounded rapidly in Metro Denver after the initial decline from pandemic. Home sales increased 6.9 percent in 2020, the fastest increase since 2013. Commercial vacancy rates increased for all property types, with the industrial/flex market performing better than retail or office.
- Metro Denver is expected to add jobs once again in 2021 as widespread vaccine distribution will allow business re-openings and capacity increases as consumers, workers, and tourists return to more “normal” levels of activity. While the pace of economic activity is expected to increase in the latter half of 2021, it will likely take until the end of 2022 before all jobs that were lost are added back. The unemployment rate will retreat as payrolls increase, with the rate expected to decline to about 6.1 percent in 2021. Consumer activity is expected to increase as pent-up demand, especially for entertainment activities, fuels rapid spending. Home sales will continue at a brisk pace due to the concentration of the millennial population in the typical first-time home buyer ages in Metro Denver, although activity is likely to be hampered by a lack of inventory and rising prices. Conditions in the commercial real estate markets will be mixed, with industrial construction and leasing continuing solid performance, potential office market stabilization, and retail challenges remaining.

Employment Activity

Total Employment

As annual 2020 data is not yet available, this report examines the employment data for the first three quarters of 2018, 2019, and 2020 so that like periods of time may be analyzed. For simplicity, these data periods may be referred to as 2018, 2019, and 2020, respectively.

- Businesses in Centennial employed an average of 61,553 people in 2020, a 6.2 percent decrease from 2019. Between 2018 and 2019, employment rose 2 percent. Employment in Metro Denver averaged over 1.6 million in 2020, a decrease of 4.6 percent from 2019. Employment increased 2.4 percent between 2018 and 2019.
- In Centennial, ten of the 13 supersectors posted decreases from 2019 to 2020, compared with nine supersectors that reported increases from 2018 to 2019.



- The three largest supersectors in Centennial throughout the three-year period were professional and business services, financial activities, and education and health services.¹ These supersectors represented 48 percent of total employment in Centennial. The professional and business services supersector was also the largest supersector in Metro Denver.
- Professional and business services increased 5.6 percent in 2019 but decreased 7.9 percent in 2020, rising by 901 employees before falling by 1,348 employees. Financial activities, the second largest supersector, contracted by 1.1 percent in 2019 and 8.2 percent in 2020, resulting in 723 fewer employees over the two years. Education and health services employment declined 0.6 percent in 2019 and 3.1 percent in 2020, resulting in a decrease of 248 employees during the period.
- Professional and business services added the most jobs between 2018 and 2019, while transportation, warehousing, and utilities added the most jobs between 2019 and 2020, increasing by 448 positions. Mining and logging in Centennial recorded the largest over-the-year percentage decline of 20.9 percent, followed by leisure and hospitality (-17.7 percent) and other services (-9.3 percent).
- Twelve of the 13 supersectors in Metro Denver reported increases in employment between 2018 and 2019, whereas employment increased in only two of the supersectors from 2019 to 2020. Like Centennial,

¹ 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/naics/>.

transportation, warehousing, and utilities reported the largest percentage increase of 5.9 percent from 2019 to 2020, followed by information (+0.9 percent).

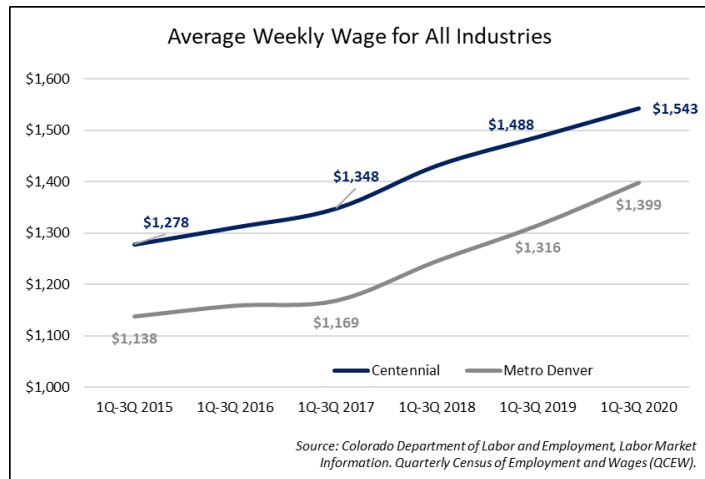
Employment Indicators by Supersector

	Centennial					Metro Denver	
	Employment			Change 2018-19	Change 2019-20	Change 2018-19	Change 2019-20
	1Q-3Q 2018	1Q-3Q 2019	1Q-3Q 2020				
Total All Industries	64,360	65,629	61,553	2.0%	-6.2%	2.4%	-4.6%
Private Sector							
Mining & Logging	132	191	151	44.5%	-20.9%	8.5%	-11.0%
Construction	5,656	5,994	6,027	6.0%	0.5%	2.8%	-1.1%
Manufacturing	1,507	1,541	1,522	2.3%	-1.3%	1.9%	-1.7%
Wholesale Trade	6,055	6,105	5,731	0.8%	-6.1%	1.4%	-1.5%
Retail Trade	5,527	5,572	5,124	0.8%	-8.0%	-0.4%	-6.0%
Transp., Warehousing & Utilities	911	1,014	1,462	11.4%	44.2%	8.6%	5.9%
Information	3,981	3,734	3,449	-6.2%	-7.6%	1.5%	0.9%
Financial Activities	7,858	7,775	7,135	-1.1%	-8.2%	1.4%	-1.3%
Professional & Business Services	16,181	17,081	15,734	5.6%	-7.9%	3.7%	-2.1%
Education & Health Services	6,881	6,843	6,633	-0.6%	-3.1%	1.8%	-4.4%
Leisure & Hospitality	6,012	6,016	4,948	0.1%	-17.7%	1.8%	-22.1%
Other Services	1,721	1,692	1,535	-1.7%	-9.3%	2.0%	-9.7%
Government	1,924	2,055	2,093	6.8%	1.8%	2.5%	-1.4%

*Note: Industry data may not add to all-industry total due to rounding, suppressed data, and employment that cannot be assigned to an industry.
Source: Colorado Department of Labor and Employment, Labor Market Information. Quarterly Census of Employment and Wages.*

Average Wage

- Centennial’s average weekly wage for all industries was \$1,543 in 2020, an increase of 3.7 percent compared with the 2019 average wage of \$1,488. The 2020 average weekly wage was 10.3 percent higher than the average weekly wage of Metro Denver, representing an additional \$144 per week.
- In 2019 and 2020, the highest average weekly wage in Centennial was in the information supersector (\$2,277 per week in 2020) while the lowest was in the leisure and hospitality supersector (\$463 per week in 2020).
- Nine of the 13 supersectors in Centennial recorded increases in the average weekly wage between 2019 and 2020. The professional and business services supersector reported the largest increase, rising 9.2 percent during the period, followed by retail trade (+8.9 percent) and government (+8.1 percent). The transportation, warehousing, and utilities supersector reported the largest over-the-year decrease of 15 percent, followed by mining and logging (-11.2 percent) and wholesale trade (-4 percent).



Centennial Business Counts and Average Wage by Supersector

	Business Count					Average Annual Wage				
	1Q-3Q 2018	1Q-3Q 2019	1Q-3Q 2020	% Change 2018-19	% Change 2019-20	1Q-3Q 2018	1Q-3Q 2019	1Q-3Q 2020	Change 2018-19	Change 2019-20
Total All Industries	5,008	5,115	5,224	2.1%	2.1%	\$1,432	\$1,488	\$1,543	3.9%	3.7%
Private Sector										
Mining & Logging	32	26	24	-18.8%	-7.7%	\$3,162	\$2,231	\$1,982	-29.4%	-11.2%
Construction	426	437	440	2.5%	0.6%	\$1,509	\$1,502	\$1,493	-0.4%	-0.6%
Manufacturing	90	93	92	3.3%	-1.1%	\$1,486	\$1,548	\$1,606	4.1%	3.8%
Wholesale Trade	447	454	448	1.6%	-1.3%	\$2,075	\$2,159	\$2,072	4.0%	-4.0%
Retail Trade	278	268	262	-3.5%	-2.5%	\$795	\$847	\$923	6.5%	8.9%
Transp., Warehousing & Utilities	63	65	71	3.7%	9.2%	\$924	\$893	\$759	-3.3%	-15.0%
Information	129	138	145	6.4%	5.1%	\$1,999	\$2,248	\$2,277	12.4%	1.3%
Financial Activities	770	788	815	2.3%	3.4%	\$1,806	\$1,917	\$1,927	6.1%	0.5%
Professional & Business Services	1,574	1,624	1,677	3.2%	3.3%	\$1,685	\$1,706	\$1,863	1.3%	9.2%
Education & Health Services	561	568	592	1.2%	4.2%	\$1,024	\$1,057	\$1,123	3.2%	6.2%
Leisure & Hospitality	280	289	282	3.2%	-2.3%	\$420	\$446	\$463	6.2%	3.9%
Other Services	338	348	362	3.1%	3.9%	\$885	\$921	\$975	4.1%	5.9%
Government	15	15	15	2.2%	-2.2%	\$1,376	\$1,490	\$1,610	8.3%	8.1%

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 109 businesses between 2019 and 2020, increasing to 5,224 businesses, a 2.1 percent increase. The number of businesses increased at the same 2.1 percent rate from 2018 to 2019 as the city added 107 businesses.
- Seven of the 13 supersectors recorded an increase in the number of businesses between 2019 and 2020, with the transportation, warehousing, and utilities supersector recording the largest percentage increase of 9.2 percent (6 businesses). The number of businesses in 11 of the 13 supersectors increased between 2018 and 2019, led by a 50-business increase in professional and business services.
- Retail trade and leisure and hospitality each lost 7 businesses between 2019 and 2020, the largest contractions during the period. Professional and business services added the most new businesses during the period (53 businesses), followed by financial activities (27 businesses) and education and health services (24 businesses).

Largest Employers in Centennial

The largest employers in Centennial represent a diverse mix of industries. Isolating the largest employers to just the city’s primary employers (that is, excluding retail operations), these industries range from financial services to construction and engineering to high technology industries such as telecommunications, bioscience, and computer systems.

Centennial Largest Employers List - Private Non-Retail

Rank	Company	Product/Service	Employment
1	Comcast	Telecommunications	3,570
2	UnitedHealthcare	Insurance	2,770
3	Arrow Electronics	Electronic component wholesaler	1,880
4	Centura Health	Healthcare	1,740
5	United Launch Alliance (ULA)	Space launch systems	1,290
6	The Travelers Indemnity Company	Insurance	890
7	Sierra Nevada Corporation	Aerospace systems	730
8	RingCentral	Telecommunications	650
9	Standard & Poor's (McGraw-Hill Companies)	Business support services	620
10	Nordstrom	Credit card and corporate services	600
11	SEAKR Engineering	Engineering services	530
12	Amazon	Warehousing & distribution services	520
13	Zillow Group	Real estate database services	510
14	AlloSource	Tissue allograft provider	420
15	MasTec Advanced Technologies	Technology infrastructure	400
16	Travelport	Travel commerce	390
16	Cochlear Americas	Implantable hearing solutions	390
18	US Foods	Foodservice distribution	370
19	Haselden Construction	Construction services	340
20	Stolle Machinery	Fabricated metal machinery	320

Source: Development Research Partners, April 2021.

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. An LQ equal to 1.0 indicates that the region’s employment concentration is equal to that of the nation. Where an industry’s local employment concentration is greater than the national economy (an LQ greater than 1.0), it is presumed that the production of goods and services is more than sufficient to meet local demand. Therefore, the industry’s production is exported, either physically or financially, a key component of a “primary job.” These industries drive wealth creation within a region.

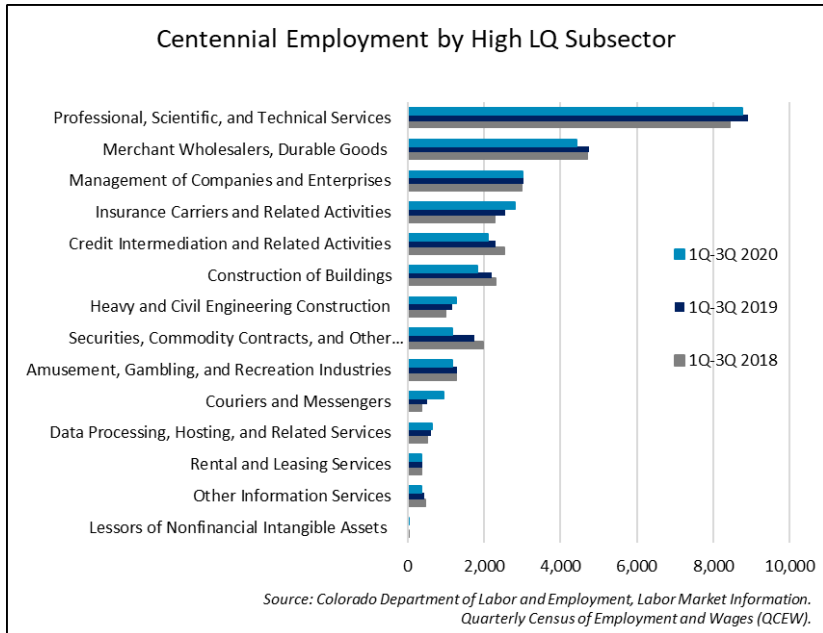
LQ’s were computed for each three-digit North American Industry Classification System (NAICS) subsector level code. Centennial is most concerned with tracking economic activity in those subsectors that have an LQ of 1.5 or more, which are highlighted below.

Total Employment – High LQ’s

- There are 16 subsectors in Centennial that have an LQ of 1.5 or more. However, data for two of these subsectors was not disclosed in 2018 and 2019 due to confidentiality issues. That is, the U.S. Bureau of Labor Statistics requires withholding all employment and wage data for any industry level when necessary to protect the identity of individual employers. The two subsectors for which data cannot be disclosed are broadcasting (except internet) and funds, trusts, and other financial vehicles.
- All subsector data was reported in 2020 and revealed that almost 50 percent of Centennial’s total employment was found in the high LQ subsectors.

- Based on the 14 subsectors for which data was available for all three years, total employment in the high LQ subsectors decreased 3.5 percent from 29,840 in 2019 to 28,800 in 2020. Employment increased 2.5 percent from 2018 to 2019.

- Due to the pandemic, only four of the high LQ subsectors in Centennial posted employment increases in 2020. The couriers and messengers subsector reported the fastest growth over-the-year, rising 86.5 percent, followed by the insurance carriers and related activities subsector (+9.5 percent) and heavy and civil engineering construction (+8.8 percent).



- The largest employment decreases from 2019 to 2020 were reported in funds, trusts, and other financial vehicles (-43 percent); securities, commodity contracts, and other financial investments and related activities (-32.6 percent); and lessors of nonfinancial intangible assets (-24.3 percent).

- The couriers and messengers subsector added the most jobs (+438) between 2019 and 2020.

Employment for High Location Quotient Subsectors

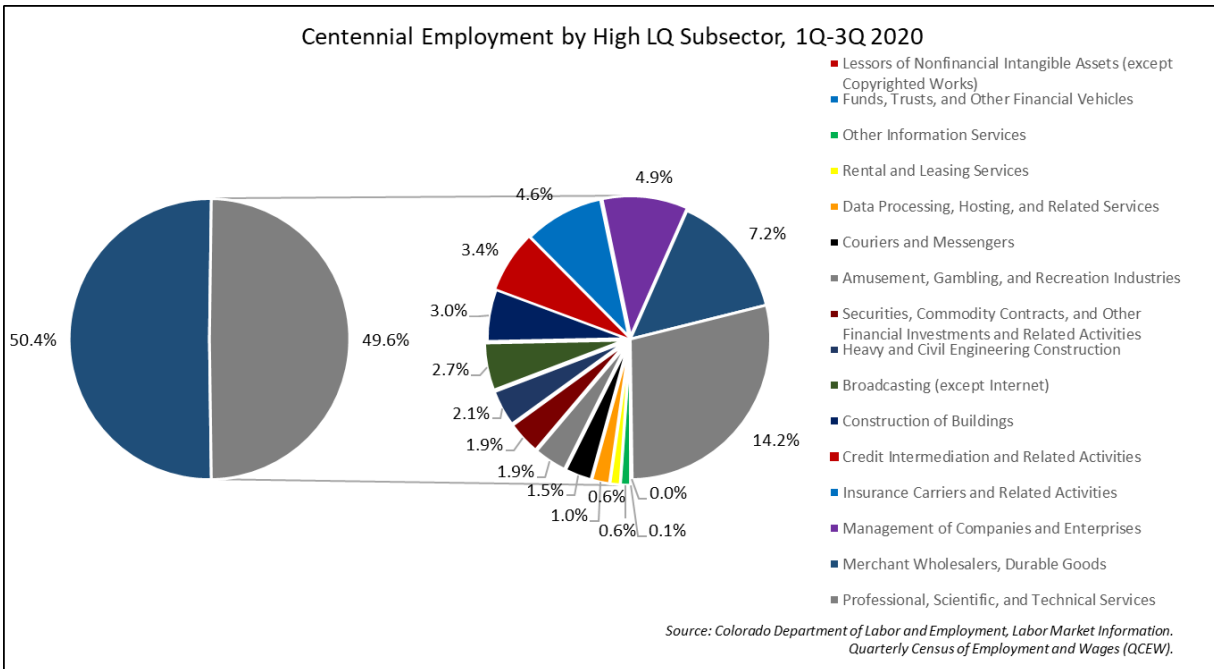
	LQ	Employment				
		1Q-3Q 2018	1Q-3Q 2019	1Q-3Q 2020	% Change 2018-19	% Change 2019-20
Construction of Buildings	2.7	2,296	2,203	1,826	-4.0%	-17.1%
Heavy & Civil Engineering Construction	2.8	993	1,173	1,276	18.2%	8.8%
Merchant Wholesalers, Durable Goods	3.2	4,692	4,735	4,418	0.9%	-6.7%
Couriers & Messengers	2.4	363	506	944	39.3%	86.5%
Broadcasting (except Internet)	15.5	**	**	1,668	**	**
Data Processing, Hosting, & Related Services	3.8	510	601	624	17.9%	3.8%
Other Information Services	2.1	453	425	350	-6.3%	-17.6%
Credit Intermediation & Related Activities	1.7	2,517	2,292	2,100	-8.9%	-8.4%
Securities, Commodity Contracts, & Other Financial Investments & Related Activities	2.6	1,976	1,736	1,170	-12.1%	-32.6%
Insurance Carriers & Related Activities	2.7	2,268	2,559	2,802	12.8%	9.5%
Funds, Trusts, & Other Financial Vehicles	4.8	**	63	36	**	-43.0%
Rental & Leasing Services	1.7	347	382	353	10.0%	-7.7%
Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	1.5	25	20	15	-21.7%	-24.3%
Professional, Scientific, & Technical Services	2.1	8,422	8,907	8,749	5.8%	-1.8%
Management of Companies & Enterprises	2.9	2,989	3,022	3,018	1.1%	-0.1%
Amusement, Gambling, & Recreation Industries	1.8	1,271	1,280	1,160	0.7%	-9.3%

Source: Colorado Department of Labor and Employment, Labor Market Information. Quarterly Census of Employment and Wages (QCEW). Note: Some employment data cannot be reported due to confidentiality issues.

Average Wage – High LQ’s

- Nine of the 15 reportable subsectors in Centennial recorded growth in the average weekly wage between 2019 and 2020. The data processing, hosting, and related services subsector recorded the largest increase over-the-year of 10.2 percent, followed by rental and leasing services (+10.1 percent), and securities, commodity contracts, and other financial investments and related activities (+7.5 percent).

- The funds, trusts, and other financial vehicles subsector reported the largest over-the-year decrease in the average weekly wage, falling 43.1 percent to \$4,214 per week, followed by couriers and messengers (-17.2 percent).



Business Counts – High LQ's

- The professional, scientific, and technical services subsector has the highest business count in Centennial of 1,208, followed by merchant wholesalers and durable goods (267), and insurance carriers and related activities (200).

- The couriers and messengers subsector recorded the largest percentage increase in business count over-the-year, rising 23.8 percent or by 3 businesses. The other information subsector recorded the largest contraction in business count, decreasing 8.7 percent, representing the loss of one business.

Business Count and Average Wage for High Location Quotient Subsectors

	LQ	Business Count					Average Weekly Wage				
		1Q-3Q	1Q-3Q	1Q-3Q	% Change	% Change	1Q-3Q	1Q-3Q	1Q-3Q	% Change	% Change
	3Q 2020	2018	2019	2020	2018-19	2019-20	2018	2019	2020	2018-19	2019-20
Construction of Buildings	2.7	131	142	146	8.1%	2.8%	\$1,906	\$1,812	\$1,786	-4.9%	-1.4%
Heavy & Civil Engineering Construction	2.8	33	32	33	-1.0%	2.1%	\$1,398	\$1,478	\$1,570	5.7%	6.2%
Merchant Wholesalers, Durable Goods	3.2	255	266	267	4.4%	0.1%	\$2,191	\$2,280	\$2,187	4.1%	-4.1%
Couriers & Messengers	2.4	10	14	17	40.0%	23.8%	\$886	\$740	\$613	-16.4%	-17.2%
Broadcasting (except Internet)	15.5	**	**	9	**	**	**	**	\$1,448	**	**
Data Processing, Hosting, & Related Services	3.8	39	47	49	20.5%	3.5%	\$3,607	\$4,556	\$5,021	26.3%	10.2%
Other Information Services	2.1	14	15	14	7.0%	-8.7%	\$2,272	\$2,512	\$2,437	10.6%	-3.0%
Credit Intermediation & Related Activities	1.7	120	122	126	2.2%	2.7%	\$1,411	\$1,471	\$1,537	4.3%	4.5%
Securities, Commodity Contracts, & Other											
Financial Investments & Related Activities	2.6	110	113	124	3.0%	9.7%	\$2,178	\$2,470	\$2,656	13.4%	7.5%
Insurance Carriers & Related Activities	2.7	216	212	200	-2.0%	-5.5%	\$2,049	\$2,006	\$2,079	-2.1%	3.6%
Funds, Trusts, & Other Financial Vehicles	4.8	**	4	4	**	-7.7%	**	\$7,412	\$4,214	**	-43.1%
Rental & Leasing Services	1.7	27	28	27	6.3%	-3.5%	\$1,243	\$1,289	\$1,419	3.7%	10.1%
Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	1.5	4	4	4	0.0%	0.0%	\$1,340	\$1,478	\$1,456	10.3%	-1.5%
Professional, Scientific, & Technical Services	2.1	1,146	1,182	1,208	3.1%	2.2%	\$1,943	\$1,974	\$2,007	1.6%	1.7%
Management of Companies & Enterprises	2.9	106	115	130	8.8%	12.7%	\$2,314	\$2,388	\$2,437	3.2%	2.1%
Amusement, Gambling, & Recreation											
Industries	1.8	36	36	35	0.0%	-2.8%	\$426	\$447	\$451	5.1%	0.9%

Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).
 Note: Some employment data cannot be reported due to confidentiality issues.

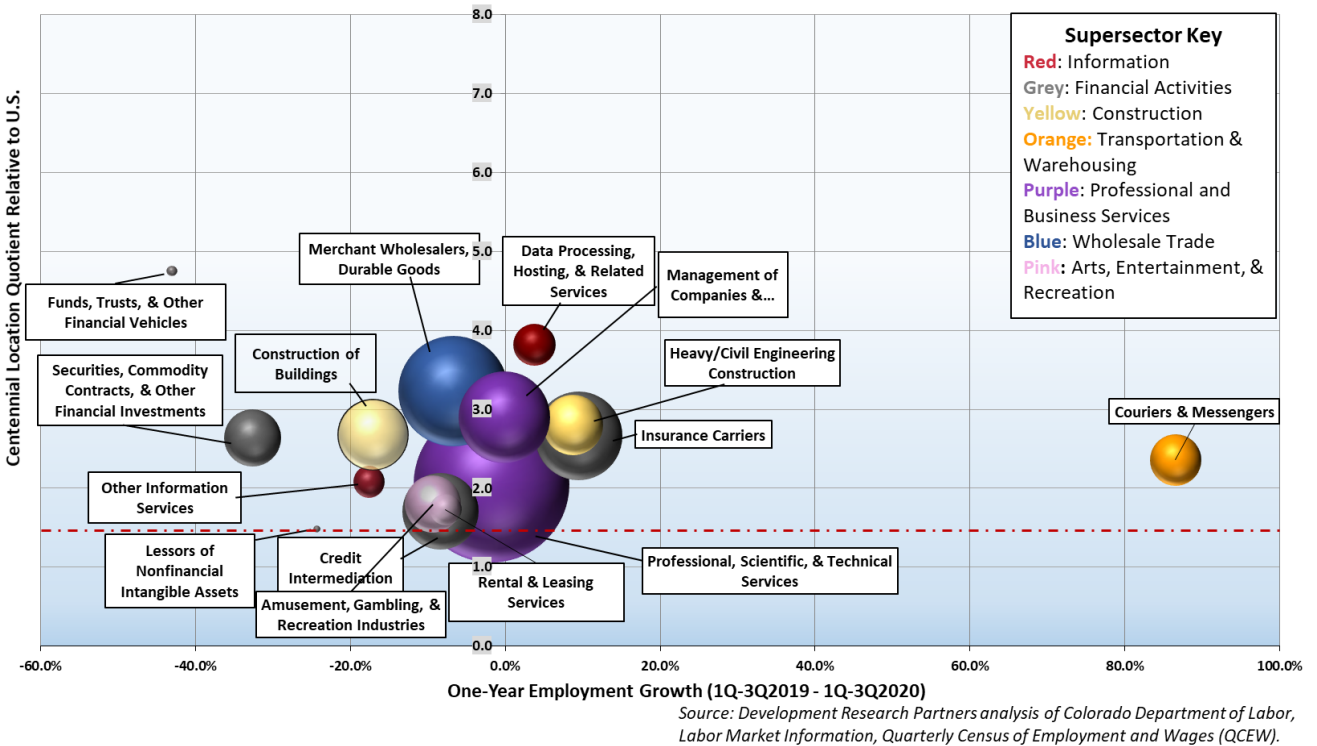
Analysis – High LQ’s

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 15 high LQ subsectors for which employment could be compared from 2019 to 2020. The following four variables are plotted:

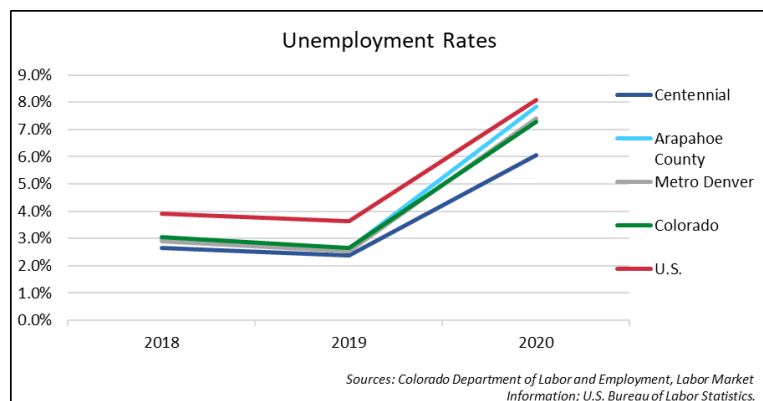
- One-year direct employment growth, 1Q-3Q 2019 to 1Q-3Q 2020; on the *x-axis (horizontal)*;
- The industry’s location quotient, 3Q 2020; on the *y-axis (vertical)*;
- Employment size of the industry, average for the first three quarters of 2020; indicated by the size of the bubble; and
- Subsectors 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.



Labor Force and Unemployment Rate

- The labor force in Centennial fell 1.2 percent from 2019 to 2020, representing 765 fewer people either working or looking for a job during the period compared with a 1 percent growth rate reported from 2018 to 2019. The labor force increased 0.5 percent in Arapahoe County and rose 0.1 percent in Metro Denver during the period. Colorado reported a decline in the labor force of 0.1 percent in 2020, while it fell 1.7 percent across the U.S. over-the-year.



- All five market areas reported significant over-the-year increases in the unemployment rate from 2019 to 2020 due to the pandemic. Centennial's unemployment rate rose 3.7 percentage points to 6.1 percent from 2019 to 2020, the lowest unemployment rate of the five market areas.

- Centennial residents represented 17.2 percent of the total labor force in Arapahoe County in 2020.

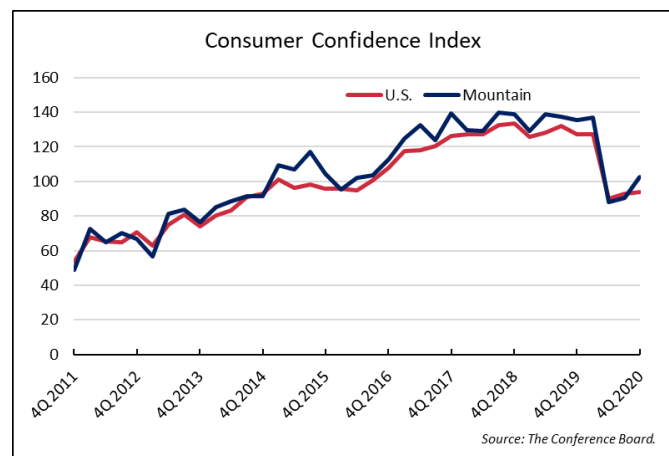
	Labor Force					Unemployment Rate		
	2018	2019	2020	% Change 2018-19	% Change 2019-20	2018	2019	2020
Centennial	63,170	63,788	63,023	1.0%	-1.2%	2.6%	2.4%	6.1%
Arapahoe County	359,083	364,820	366,768	1.6%	0.5%	3.0%	2.6%	7.9%
Metro Denver	1,790,792	1,825,402	1,826,525	1.9%	0.1%	2.9%	2.5%	7.4%
Colorado	3,071,396	3,126,120	3,122,237	1.8%	-0.1%	3.1%	2.7%	7.3%
U.S. (000s)	162,075	163,539	160,742	0.9%	-1.7%	3.9%	3.7%	8.1%

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

Consumer Activity

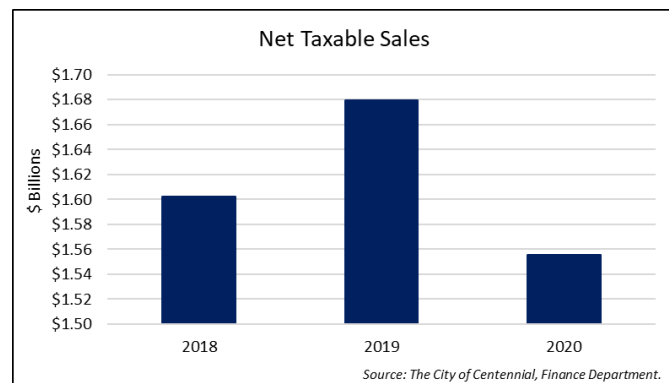
Consumer Confidence Index

- The Consumer Confidence Index for the U.S. decreased 21.2 percent from 2019 to 2020, down from a 1.4 percent decrease from 2018 to 2019. Analysts noted that confidence fell dramatically through the first three quarters of 2020 before rebounding slightly in 4Q 2020, with improvements in consumers' assessment of current conditions and expectations increasing by the end of the year.
- Colorado is included in the Mountain Region Index and the area reported an average index of 104.5 in 2020, a decrease of 22.6 percent from the same time last year. This was down from the previous two years as the index increased 3.3 percent in 2018 and 0.5 percent in 2019.



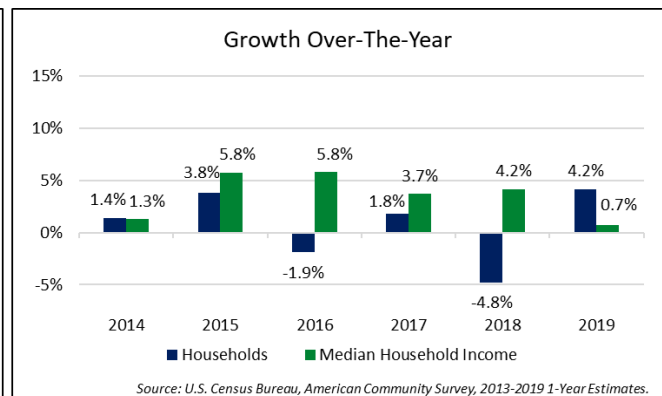
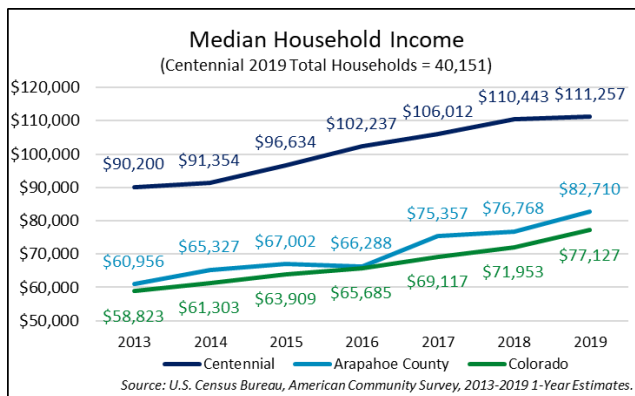
Local Net Taxable Sales

- Net taxable sales totaled about \$1.56 billion in Centennial in 2020. Net taxable sales decreased 7.4 percent from 2019 to 2020, decreasing by about \$124 million during the period. The growth rate from 2018 to 2019 was 4.8 percent, while the growth rate from 2017 to 2018 was 0.7 percent.



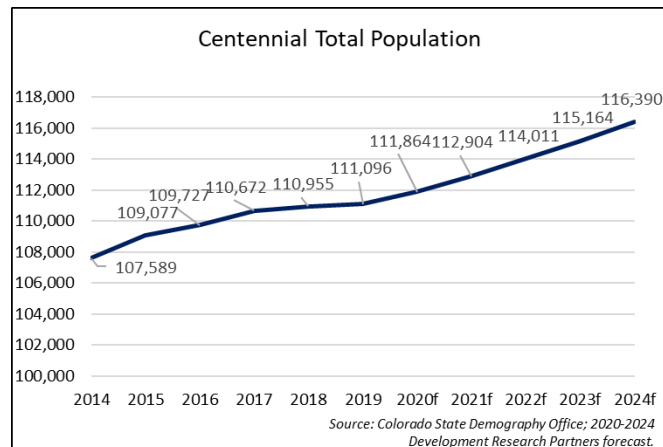
Median Household Income

- Median household income for Centennial reached \$111,257 in 2019, an increase of 0.7 percent over-the-year, representing an additional \$814 a year. The number of households in Centennial increased by 1,602 in 2019, a rise of 4.2 percent to 40,151 total households.
- The median household income in Centennial is 34.5 percent higher than Arapahoe County and 44.3 percent higher than Colorado.
- Median household income in Centennial rose 23.3 percent from 2013 to 2019, while the number of households increased by 4.3 percent during the same period.
- The consumer price index increased 15.7 percent from 2013 to 2019, so the inflation-adjusted increase in median household income in Centennial was 7.7 percent during the period.



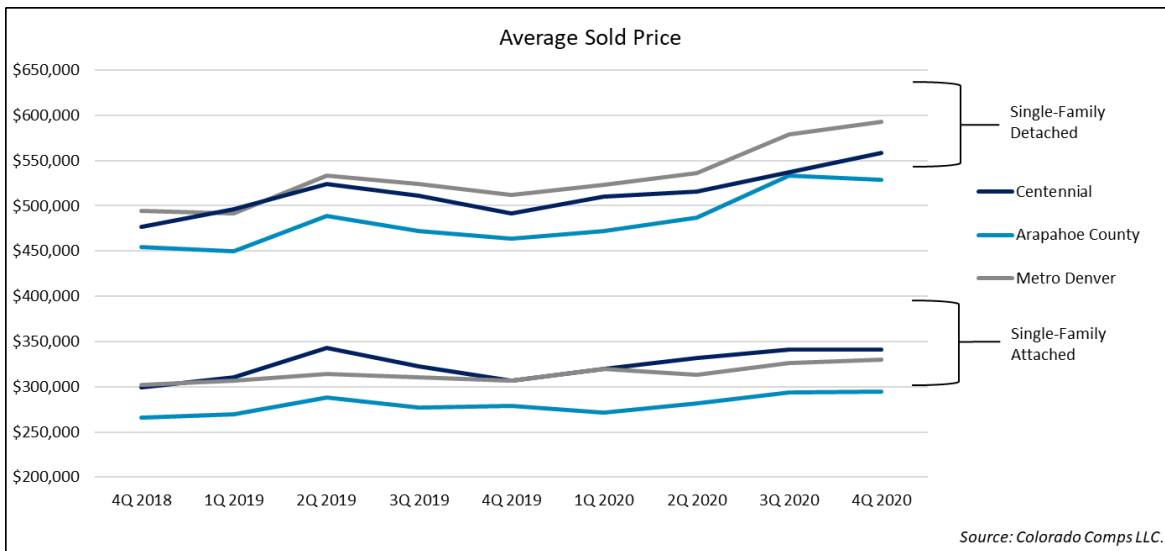
Population

- The population of Centennial reached 111,096 as of July 1, 2019, a 0.1 percent increase from 2018, according to the Colorado State Demography Office. This over-the-year growth was lower than the historical average annual growth rate of 1.2 percent between 2010 and 2018.
- Assuming that Centennial's share of the total population in Arapahoe County holds steady at about 16.9 percent, Centennial's population is likely to reach 116,390 in 2024, based on the Colorado State Demography Office forecasted population increase in Arapahoe County of between 0.7 percent and 1.1 percent per year.



Residential Real Estate

Existing Home Sales



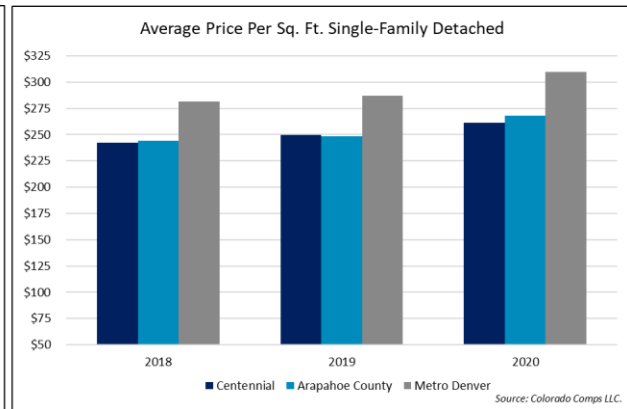
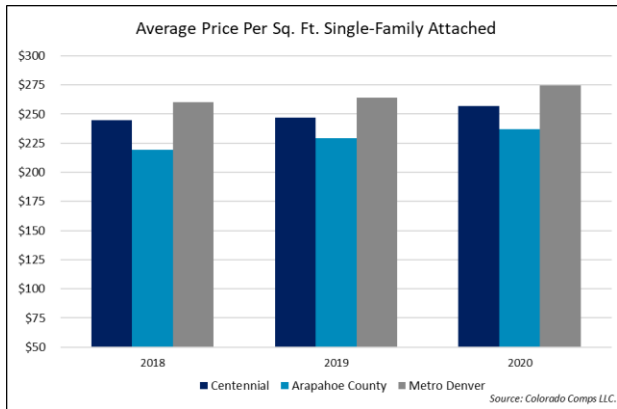
- Between 2019 and 2020, two of the three market areas reported decreases in home sales and increases in home prices. Detached home sales fell 1.9 percent in Centennial and 0.9 percent in Arapahoe County, while detached sales rose 3.1 percent in Metro Denver. This was significantly less than gains reported from 2018 to 2019, with detached sales rising 9.3 percent in Centennial, 15 percent in Arapahoe County, and 8.4 percent in Metro Denver.
- All three market areas recorded increases in the single-family detached average sold price during the same periods. Prices rose at a slower rate from 2018 to 2019, increasing 4.9 percent in Centennial, 3.2 percent in Arapahoe County, and 2.5 percent in Metro Denver. From 2019 to 2020, prices rose 5.1 percent in Centennial, 8.7 percent in Arapahoe County, and 8.8 percent in Metro Denver.
- The price per square foot of a detached home in Centennial in 2020 was 4.7 percent higher than the previous year, rising at a slower rate than Arapahoe County (+7.8 percent) and Metro Denver (+8.1 percent).

Home Sales	Single-Family Attached			% Change 2018-19	% Change 2019-20	Single-Family Detached			% Change 2018-19	% Change 2019-20
	2018	2019	2020			2018	2019	2020		
Centennial	442	464	434	5.0%	-6.5%	1,509	1,649	1,617	9.3%	-1.9%
Arapahoe County	3,826	4,343	4,183	13.5%	-3.7%	7,510	8,633	8,551	15.0%	-0.9%
Metro Denver	13,430	14,199	14,168	5.7%	-0.2%	39,723	43,049	44,391	8.4%	3.1%
Average Sold Price										
Centennial	\$302,284	\$321,682	\$335,035	6.4%	4.2%	\$484,057	\$507,848	\$533,505	4.9%	5.1%
Arapahoe County	\$257,504	\$278,837	\$287,193	8.3%	3.0%	\$456,123	\$470,558	\$511,282	3.2%	8.7%
Metro Denver	\$300,433	\$310,036	\$323,414	3.2%	4.3%	\$505,386	\$517,861	\$563,589	2.5%	8.8%
Average Price per. Sq. Ft.										
Centennial	\$245	\$247	\$257	0.8%	4.2%	\$242	\$250	\$262	3.2%	4.7%
Arapahoe County	\$220	\$229	\$237	4.5%	3.4%	\$244	\$249	\$268	1.8%	7.8%
Metro Denver	\$260	\$264	\$274	1.7%	3.9%	\$281	\$287	\$310	1.9%	8.1%

Source: Colorado Comps LLC.

- All three housing market areas recorded increases in attached home sales from 2018 to 2019 before falling from 2019 to 2020. From 2018 to 2019, sales rose 5 percent in Centennial, 13.5 percent in Arapahoe County, and 5.7 percent in Metro Denver. From 2019 to 2020, sales fell 6.5 percent in Centennial, 3.7 percent in Arapahoe County, and 0.2 percent in Metro Denver.

- All three market areas recorded an increase in the single-family attached average sold price over the last two years. Centennial reported a 6.4 percent increase from 2018 to 2019 and a 4.2 percent increase from 2019 to 2020. Arapahoe County reported an 8.3 percent increase from 2018 to 2019 and a 3 percent increase from 2019 to 2020. Metro Denver reported a 3.2 percent increase from 2018 to 2019 before increasing 4.3 percent from 2019 to 2020.
- The attached home price in Centennial in 2020 of \$257 per square foot is higher than Arapahoe County (\$237) but lower than Metro Denver (\$274).



Apartment Market

- Apartment vacancy rates reported mixed results in the market areas² from the fourth quarter of 2019 to the fourth quarter of 2020. The Arapahoe County-South market reported the largest over-the-year decrease in vacancy, falling 1.4 percentage points to 5.1 percent as new units added in late 2018 and early 2019 were leased. The vacancy rate in the Arapahoe County-Southeast submarket declined 0.1 percentage points and the rate in Metro Denver rose 0.5 percentage points, primarily due to increasing vacancy in Denver. Between 2018 and 2019, vacancy fell 6.2 percentage points in Arapahoe County-South, 1.5 percentage points in Arapahoe County-Southeast, and 0.5 percentage points in Metro Denver.

Average Apartment Rents and Vacancy

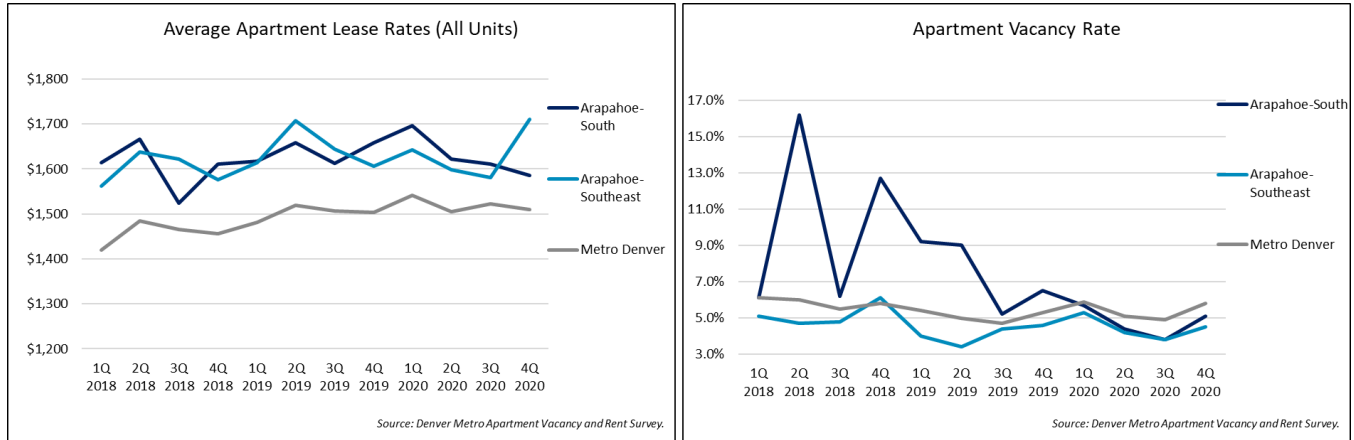
	Vacancy Rate			Avg Rental Rate - All Types		
	4Q 2018	4Q 2019	4Q 2020	4Q 2018	4Q 2019	4Q 2020
Arapahoe County-South	12.7%	6.5%	5.1%	\$1,610	\$1,658	\$1,585
Arapahoe County-Southeast	6.1%	4.6%	4.5%	\$1,577	\$1,606	\$1,710
Metro Denver	5.8%	5.3%	5.8%	\$1,456	\$1,503	\$1,510

Source: Denver Metro Apartment Vacancy and Rent Survey.

² 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.

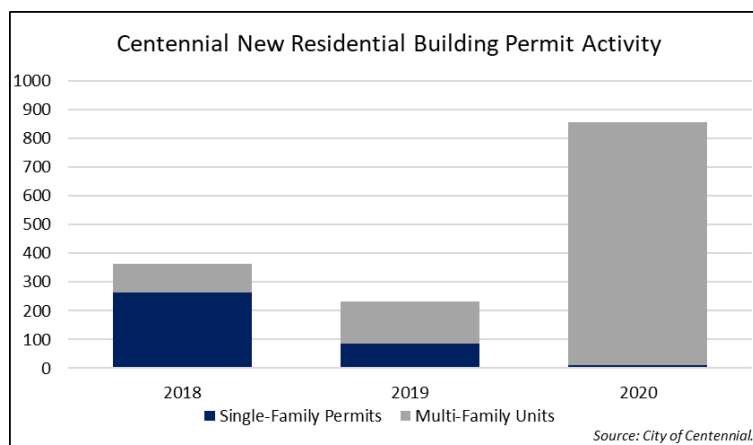
Arapahoe County-Southeast Boundary: North: Arapahoe County Line; East: Havana/Parker Road; South: Douglas County; West: I-25.

- The average rental rate for all property types in all three markets also reported mixed results in 2020. The Arapahoe County-Southeast market reported the largest over-the-year increase in 2020 of 6.5 percent, rising to \$1,710 per month, the highest rental rate of the market areas. The Arapahoe County-South market apartment rate fell 4.4 percent to \$1,585 per month, while the Metro Denver market rate rose 0.5 percent to \$1,510 per month.



New Residential Building Permits

- The number of single-family building permits increased year-over-year from 2015 to 2018 but fell from 2018 to 2020. Building permits totaled 10 in 2020, falling by 74 permits from the previous year, an 88 percent decrease. Single-family permits rose 80 percent from 2017 to 2018 before falling 68 percent from 2018 to 2019.
- The average valuation for new single-family homes permitted rose significantly in 2019 and 2020, increasing 51.2 percent from 2018 to 2019 and rising 106.3 percent from 2019 to 2020. This resulted in an additional \$368,595 per home during the period to an average valuation of \$715,404.



- Centennial issued 12 multi-family building permits for 848 units in 2020, up from 100 units permitted in 2018 and 149 units permitted in 2019. The valuation per multi-family unit averaged \$136,467 in 2020, up from \$112,008 in 2019 and \$202,256 in 2018.

Commercial Real Estate

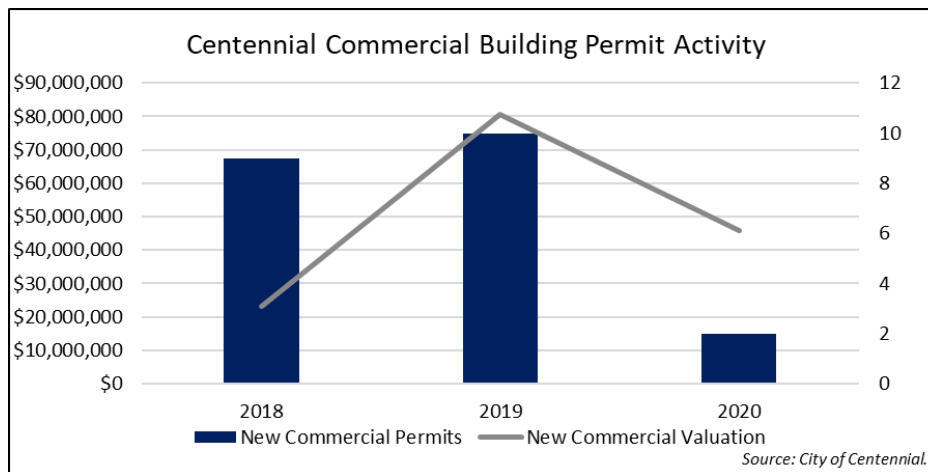
Commercial Building Permits

- Centennial issued 290 commercial permits during 2020, of which 288 were commercial alteration permits and 2 were new commercial permits. This represented a 20.5 percent decrease compared with 2019, which had 10 new commercial permits and 355 commercial alteration permits. From 2018 to 2019, total commercial permits fell 9.2 percent from 402 to 365 permits.
- Project valuation fell to about \$121 million in 2020, a decrease of 33.5 percent from 2019. Total valuation rose 91.2 percent from 2018 to 2019.
- The additional commercial square footage permitted in 2020 was not reported. In 2019, Centennial permitted 199,447 square feet of new commercial space, down 24.8 percent from 2018 during which time 265,107 square feet of space was permitted.

Centennial Commercial Building Permits

	2018	2019	2020	% Change 2018-19	% Change 2019-20
New Commercial					
No. of Permits	9	10	2	11.1%	-80.0%
Total Valuation	\$23,094,138	\$80,516,380	\$45,840,773	248.6%	-43.1%
Square Footage	265,107	199,447	NA	-24.8%	NA
Commercial Alteration					
No. of Permits	393	355	288	-9.7%	-18.9%
Total Valuation	\$71,959,309	\$101,269,479	\$75,075,656	40.7%	-25.9%
Total Commercial					
No. of Permits	402	365	290	-9.2%	-20.5%
Valuation	\$95,053,447	\$181,785,859	\$120,916,429	91.2%	-33.5%

Source: City of Centennial.



Source: City of Centennial.

Office Market

- Centennial had 154 office buildings offering over 5.7 million square feet of space in the fourth quarter of 2020. This represented 11.5 percent of office space in the Southeast market and 2.9 percent of space in Metro Denver.

- The office vacancy rate increased 4.9 percentage points to 15.1 percent between the fourth quarters of 2019 and 2020 in Centennial. The vacancy rate increased 3.7 percentage points in the Southeast market and 2 percentage points in Metro Denver to 11 percent.
- The office lease rate in Centennial increased 4.7 percent over-the-year, rising by \$1.11 between the fourth quarters of 2019 and 2020 to \$24.84 per square foot. In the Southeast market, the lease rate rose 3.2 percent to \$27.01 per square foot, while the lease rate in Metro Denver rose 2.9 percent to \$28.39 per square foot between 4Q 2019 and 4Q 2020.
- There was negative net absorption in Centennial totaling 281,238 square feet of office space from the fourth quarter of 2019 to the fourth quarter of 2020. In comparison, net absorption in the Southeast market was a negative 1.44 million square feet and negative 2.48 million square feet in Metro Denver during the period.

Commercial Vacancy and Lease Rates Office Market

Office Market	Total Existing Square Footage			Vacancy Rate			Avg Lease Rate (per sq. ft.)		
	4Q 2018	4Q 2019	4Q 2020	4Q 2018	4Q 2019	4Q 2020	4Q 2018	4Q 2019	4Q 2020
Centennial	5,720,264	5,728,620	5,728,620	8.4%	10.2%	15.1%	\$22.91	\$23.73	\$24.84
Southeast	49,066,298	49,238,654	49,699,366	10.5%	11.0%	14.7%	\$25.26	\$26.18	\$27.01
Metro Denver	194,860,898	196,472,246	198,080,185	9.1%	9.0%	11.0%	\$26.79	\$27.59	\$28.39

*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 had 144 industrial and flex buildings offering nearly 4.6 million square feet of space. This represented 25.6 percent of the industrial/flex space in the Southeast market and 1.6 percent of space in Metro Denver.
- Centennial posted the lowest industrial/flex vacancy rate of the three market areas. The vacancy rate decreased 0.3 percentage points to 5.1 percent in Centennial from the fourth quarter of 2019 to the fourth quarter of 2020. The vacancy rate increased 2.6 percentage points to 9 percent in the Southeast market and increased 0.8 percentage points to 5.7 percent throughout Metro Denver.
- The industrial/flex space average lease rate rose 2.4 percent over-the-year to \$10.99 per square foot in Centennial. The Southeast market reported an increase in the lease rate of 3.4 percent to \$11.04 per square foot. The lease rate rose 5 percent over-the-year to \$9.82 per square foot in Metro Denver.
- There was 16,235 square feet of industrial/flex space absorbed in Centennial between the fourth quarter of 2019 and the fourth quarter of 2020. Net occupied space in Metro Denver increased by nearly 3.27 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 2018	4Q 2019	4Q 2020	4Q 2018	4Q 2019	4Q 2020	4Q 2018	4Q 2019	4Q 2020
Centennial	4,390,650	4,556,767	4,556,767	5.8%	5.4%	5.1%	\$10.47	\$10.73	\$10.99
Southeast	16,346,161	16,935,332	17,825,287	4.6%	6.4%	9.0%	\$10.39	\$10.68	\$11.04
Metro Denver	269,684,401	275,472,707	281,234,392	4.5%	4.9%	5.7%	\$8.95	\$9.35	\$9.82

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

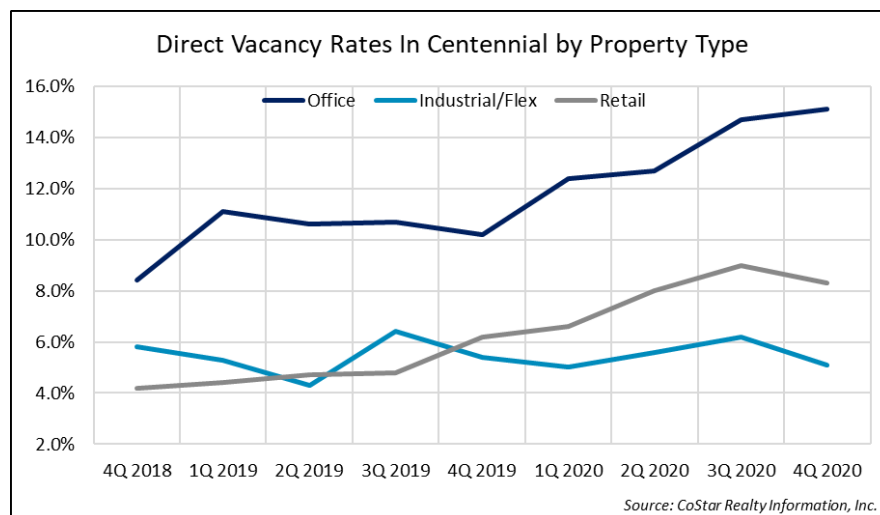
- Centennial had 192 retail buildings offering nearly 4.2 million square feet of space. This represented 18.6 percent of the retail space in the Southeast market and 2.4 percent of space in Metro Denver.
- Centennial had the highest retail vacancy rate of the three market areas. The retail vacancy rate increased 2.1 percentage points to 8.3 percent in Centennial from the fourth quarter of 2019 to the fourth quarter of 2020. The vacancy rate rose 1.5 percentage points to 4.7 percent vacancy in the Southeast market and rose 0.9 percentage points to 5.1 percent vacancy throughout Metro Denver during the period.
- Centennial also had the highest average lease for retail space of the three market areas. The average lease rate for retail space in Centennial was \$21.18 per square foot, up 4.5 percent from the same time last year. The lease rate in the Southeast market fell 12 percent over-the-year to \$17.81 per square foot. Throughout Metro Denver, the retail lease rate rose 1.7 percent, or by \$0.31, to \$18.86 per square foot.
- There was negative net absorption of retail space in Centennial totaling 75,822 square feet from the fourth quarter of 2019 to the fourth quarter of 2020. In contrast, negative net absorption totaled 668,886 in Metro Denver.

Commercial Vacancy and Lease Rates Retail Market

Retail Market	Total Existing Square Footage			Vacancy Rate			Avg Lease Rate (per sq. ft.)		
	4Q 2018	4Q 2019	4Q 2020	4Q 2018	4Q 2019	4Q 2020	4Q 2018	4Q 2019	4Q 2020
Centennial	4,168,143	4,183,443	4,197,770	4.2%	6.2%	8.3%	\$17.74	\$20.27	\$21.18
Southeast	22,333,201	22,380,935	22,514,780	2.9%	3.2%	4.7%	\$19.46	\$20.25	\$17.81
Metro Denver	172,953,265	174,178,321	175,158,145	3.7%	4.2%	5.1%	\$18.95	\$18.55	\$18.86

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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