



Centennial

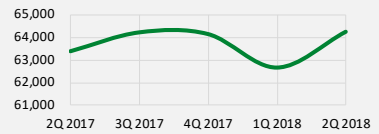
QUARTERLY ECONOMIC REPORT

Q4 2018

Centennial Quarterly Report Economic Dashboard

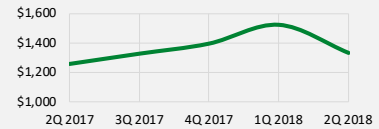
Employment

64,230
Up 1.3% from 2Q 2017



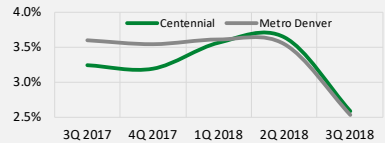
Average Weekly Wage

\$1,332
Up 6.0% from 2Q 2017



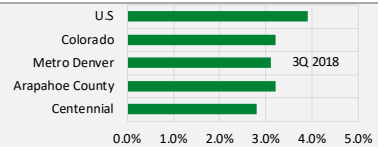
Labor Force Growth Rate

2.6%
Down 0.7 percentage points from 3Q 2017



Unemployment Rate

2.8%
Up 0.5 percentage points from 3Q 2017



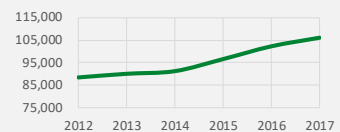
Net Taxable Sales

\$397,204,744
Up 3.4% from 3Q 2017



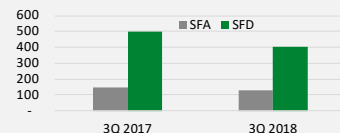
Median Household Income

\$106,012
Up 3.7% from 2016



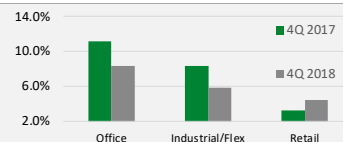
Existing Home Sales

532
Down 17.5% from 3Q 2017



Office Vacancy Industrial/Flex Vacancy Retail Vacancy

8.4%
5.9%
4.4%



Centennial Economic Activity

Company Announcements

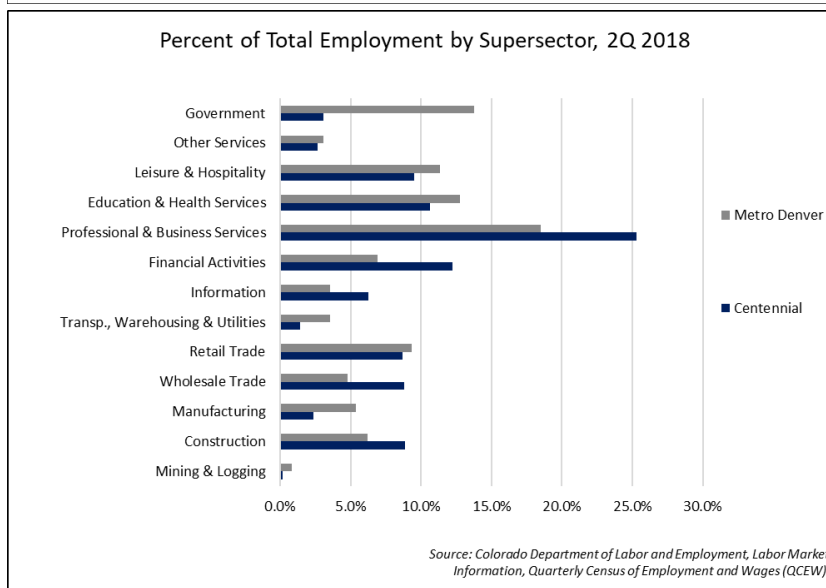
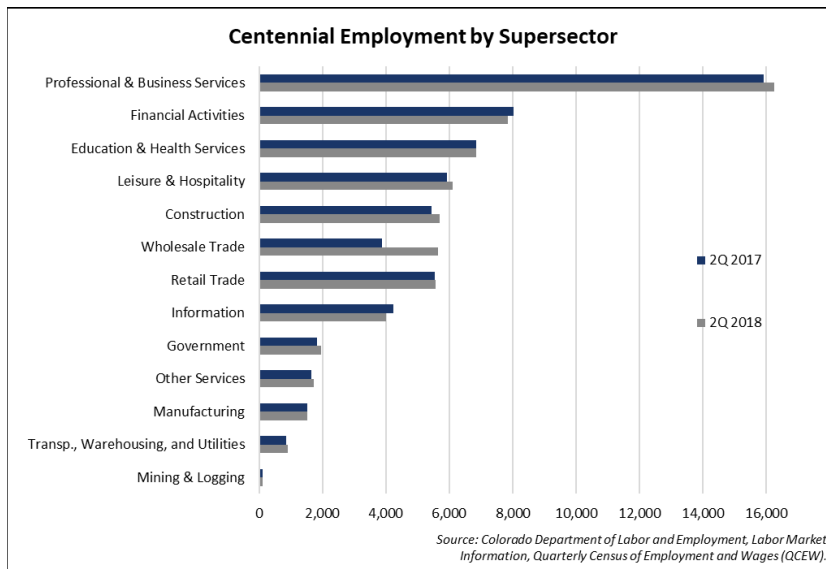
- Freedom Forever, a California-based residential solar energy installer, expects to start installing solar systems in Colorado very soon. The long-term political climate in Colorado, along with about 4 million people centralized in one area, were main elements that attracted the company. It has hired dozens for its Colorado operations and expects to add another 100 workers in 2019. The company's initial office is in Centennial.
- Amazon added a delivery center in Centennial, which spans 80,000 square feet and employs more than 300 people, not counting drivers. Through these centers, Amazon is able to add services that would have otherwise been unavailable with traditional third-party carriers, like photos sent to prove a package was left on the porch, the ability to leave packages inside a house, or Sunday delivery. Amazon has contracted with independent delivery partners, who are now looking to hire additional drivers to meet the increased demand due to the new delivery center.

Rankings and Economic Headlines

- According to *Forbes* magazine, Denver ranked No. 4 on a list of the top 10 rising cities for startups. The magazine compared the 30 largest metro areas on factors related to living and business costs, educational levels, college presence, entrepreneurship rates, working age population growth, and venture capital investments. Ten metro areas were eliminated for garnering the most venture capital in the past three years, including San Francisco, New York, and Boston.
- CompTIA's new report, Top 20 Tech Towns, ranks the Denver-Aurora-Lakewood area as eighth-best in the country for tech workers based on salaries, job availability, growth, and cost of living. Boulder also made the list, ranked No. 19. The report found that employers in the Denver MSA posted 50,897 IT jobs between August 2017 and July 2018 with a median salary of \$90,958. In addition, the number of jobs is expected to grow another 11 percent over the next five years. In Boulder, employers posted 5,821 IT jobs between August 2017 and July 2018 with a median salary of \$88,899 and an expected five-year growth rate of 5 percent.
- When it comes to its competitiveness and ability to contribute to the growth of the overall tech industry, Colorado ranked second in the country. The 2018 Milken Institute *State Technology and Science Index* ranked Colorado behind Massachusetts, which has held the top spot since 2002. Colorado ranked No. 3 for its research and development capacity, No. 2 for its success rate of converting research into commercially viable products and services, and No. 4 for its presence of high-end technical talent.
- Colorado is one of 29 states to set its minimum wage above the federal level. The state is also one of 20 that have minimum wage increases taking effect around the start of 2019. The state's minimum wage increased from \$10.20 to \$11.10 per hour as of January 1, 2019.

Employment Activity

Total Employment



- During the second quarter of 2018, businesses in Centennial employed 64,230 people, a 1.3 percent increase since the second quarter of 2017. Employment in Metro Denver¹ reached almost 1.7 million people during the same period, a 2.7 percent increase over-the-year.
- The professional and business services supersector (16,251 jobs) employed the most people in Centennial, followed by financial activities (7,859 jobs), education and health services (6,845 jobs), and leisure and hospitality (6,104 jobs)². The professional and business services supersector is also the largest supersector in Metro Denver.

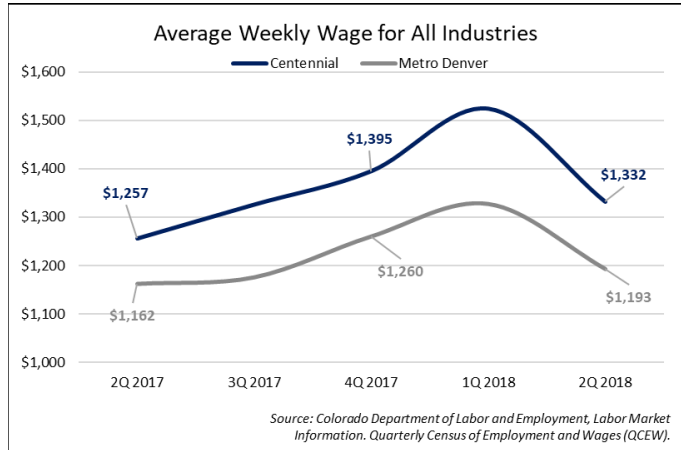
¹ Metro Denver is comprised of seven-counties, consisting of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties.

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>.

- Nine of the 13 supersectors reported growth over-the-year, with the largest increases in transportation, warehousing, and utilities and government, rising 8.5 percent and 6.7 percent, respectively. The professional and business services and construction supersectors added the most jobs over-the-year (+347 jobs and +268 jobs, respectively). Of the 13 supersectors, four reported decreases in employment. Information (-5.3 percent), financial activities (-2.1 percent), mining and logging (-1.1 percent), and manufacturing (-0.5 percent) decreased over-the-year. In Metro Denver, 12 of the 13 supersectors reported growth, ranging from a 0.7 percent increase in the retail trade supersector to a 7.1 percent increase in construction. Other services reported the only decrease, falling 0.3 percent or 179 fewer jobs.

Average Wage

- Centennial’s average weekly wage for all industries was 11.7 percent higher than the average weekly wage of Metro Denver, representing an additional \$139 per week.
- The highest average weekly wage was in the mining and logging supersector (\$3,205), while the lowest was in the leisure and hospitality supersector (\$418).
- All 13 supersectors in Centennial recorded increases in the average weekly wage between the second quarter of 2017 and the second quarter of 2018. The mining and logging supersector reported the largest increase over-the-year, rising 19 percent. Education and health services (+11.6 percent), transportation, warehousing, and utilities (+7.2 percent), and other services (+7 percent) also reported significant increases.



Business and Employment Indicators by Supersector

	Centennial						% Change Employment	
	Business Count		Average Weekly Wage		Employment		2Q 2017 - 2Q 2018	
	2Q 2017	2Q 2018	2Q 2017	2Q 2018	2Q 2017	2Q 2018	Centennial	Metro Denver
Total All Industries	4,872	5,004	\$1,257	\$1,332	63,378	64,230	1.3%	2.7%
Private Sector								
Mining & Logging	34	32	\$2,694	\$3,205	117	115	-1.1%	6.8%
Construction	398	424	\$1,310	\$1,400	5,442	5,710	4.9%	7.1%
Manufacturing	91	90	\$1,321	\$1,370	1,519	1,512	-0.5%	1.6%
Wholesale Trade	432	443	\$1,833	\$1,835	5,489	5,639	2.7%	1.6%
Retail Trade	278	279	\$771	\$793	5,538	5,566	0.5%	0.7%
Transp., Warehousing & Utilities	60	63	\$830	\$890	849	921	8.5%	7.0%
Information	123	128	\$1,746	\$1,836	4,228	4,005	-5.3%	6.9%
Financial Activities	757	768	\$1,550	\$1,629	8,028	7,859	-2.1%	2.1%
Professional & Business Services	1,504	1,580	\$1,516	\$1,589	15,904	16,251	2.2%	3.0%
Education & Health Services	552	560	\$923	\$1,030	6,841	6,845	0.1%	3.1%
Leisure & Hospitality	282	279	\$416	\$418	5,918	6,104	3.1%	2.2%
Other Services	345	336	\$824	\$882	1,664	1,722	3.5%	-0.3%
Government	15	15	\$1,201	\$1,231	1,836	1,959	6.7%	0.9%

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 132 businesses over-the-year to 5,004, a 2.7 percent increase.
- The professional and businesses services supersector has the highest business count in Centennial of 1,580 businesses, followed by financial activities (768 businesses), education and health services (560 businesses), wholesale trade (443 businesses), and construction (424 businesses).

- Eight of the 13 supersectors recorded growth in businesses over-the-year, with the construction subsector recording the largest percentage increase of 6.5 percent (26 businesses).
- Four supersectors recorded contractions over-the-year, with the largest decrease in mining and logging, which fell 5.9 percent. Other services (-2.6 percent), manufacturing (-1.1 percent), and leisure and hospitality (-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

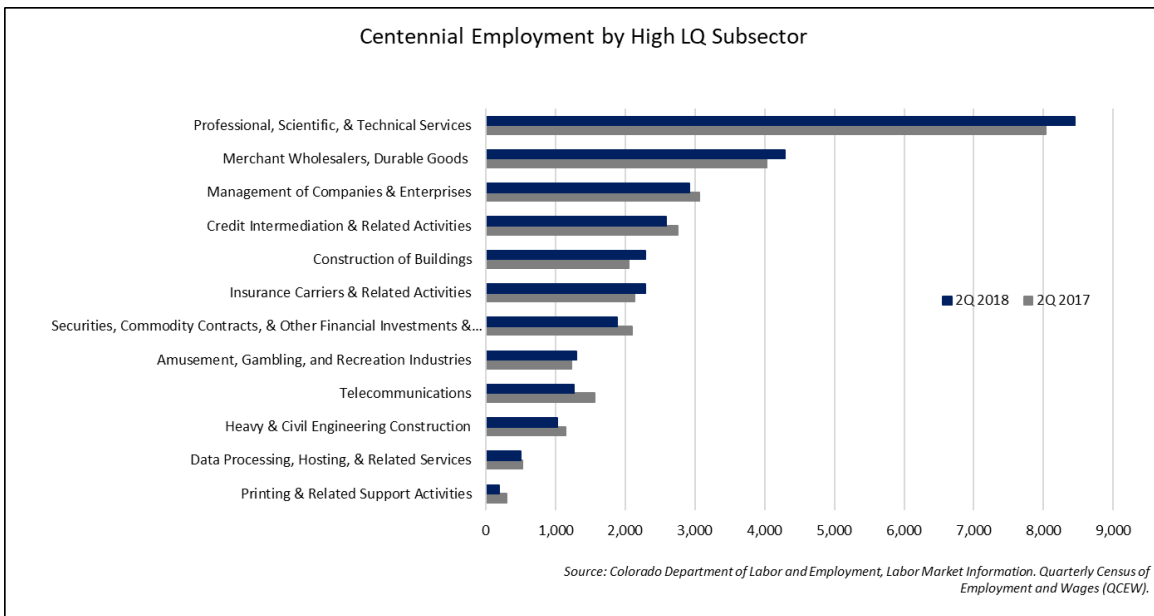
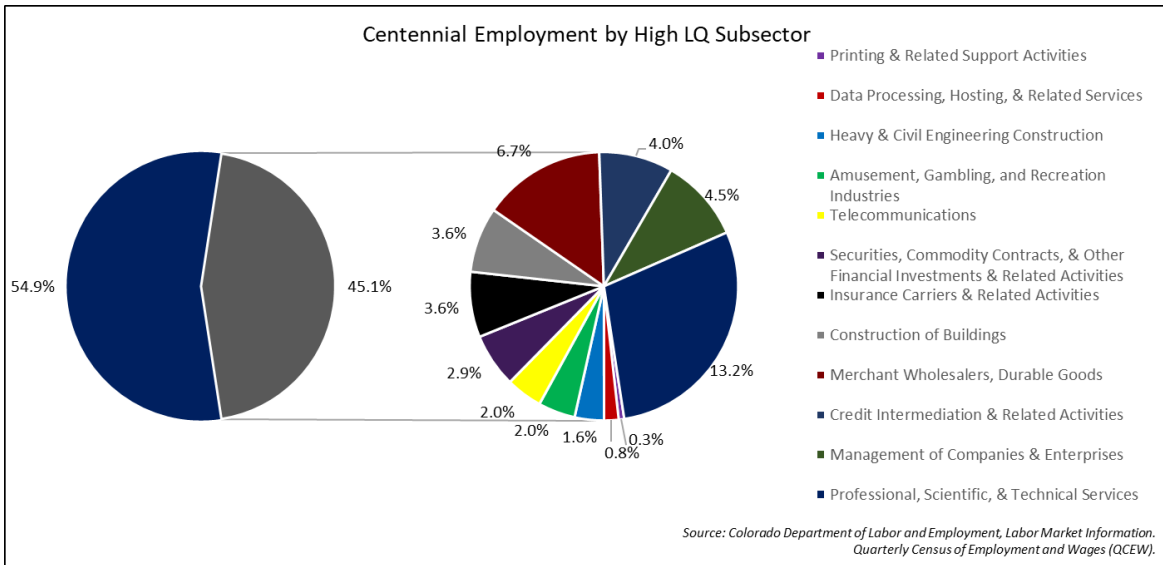
- Of Centennial's total employment, 45.1 percent resides in the identified 12 high location quotient subsectors.
- The construction of buildings subsector recorded the largest increase in employment between the second quarters of 2017 and 2018 of 11.9 percent. Insurance carriers and related activities reported the next largest percentage increase in employment, rising 7.3 percent or adding 155 new jobs.
- Employment in seven of the 12 subsectors contracted over-the-year, with the largest decreases in the printing and related support subsector (-35.5 percent), telecommunications (-18.6 percent), and heavy and civil engineering construction (-10.8 percent).

Business and Employment Indicators for High Location Quotient Subsectors

	LQ	Business Count		Average Weekly Wage		Employment	
	3Q 2017	2Q 2017	2Q 2018	2Q 2017	2Q 2018	2Q 2017	2Q 2018
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	5.3	112	110	\$1,743	\$1,814	2,095	1,886
Telecommunications	5.0	23	21	\$1,472	\$1,485	1,559	1,269
Data Processing, Hosting, and Related Services	4.0	37	40	\$3,343	\$3,641	526	505
Construction of Buildings	3.2	122	131	\$1,572	\$1,698	2,046	2,289
Heavy and Civil Engineering Construction	2.7	32	33	\$1,220	\$1,277	1,149	1,025
Credit Intermediation and Related Activities	2.5	123	120	\$1,297	\$1,321	2,756	2,587
Insurance Carriers and Related Activities	2.2	213	213	\$1,764	\$1,923	2,129	2,285
Professional, Scientific, and Technical Services	2.1	1,098	1,153	\$1,794	\$1,879	8,034	8,446
Merchant Wholesalers, Durable Goods	1.9	221	252	\$1,855	\$1,923	4,026	4,296
Amusement, Gambling, and Recreation Industries	1.7	36	36	\$439	\$406	1,223	1,294
Management of Companies and Enterprises	1.5	93	106	\$1,968	\$2,064	3,066	2,918
Printing and Related Support Activities	1.5	16	15	\$1,049	\$1,085	300	193

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

- Professional, scientific, and technical services reported the largest absolute increase in employment over-the-year, rising 5.1 percent or adding 412 jobs. Employment in the 12 high LQ subsectors increased by 84 jobs over-the-year.
- The telecommunications subsector lost 290 jobs, the most of any high LQ subsector. The securities, commodity contracts, and other financial investments and related vehicles also lost a significant number of jobs, declining by 209 workers.



Average Wage – High LQ’s

- Eleven of the 12 subsectors in Centennial recorded growth in the average weekly wage between the second quarters of 2017 and 2018. The insurance carriers and related activities recorded the largest percentage increase over-the-year, rising 9 percent to \$1,923 a week.
- Amusement, gambling, and recreation reported the only decrease in the average weekly wage over-the-year, falling 7.4 percent or by \$32 per week.
- The average weekly wage ranged from \$406 in the amusement, gambling, and recreation industries subsector to \$3,641 in the 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 1,153 businesses, followed by merchant wholesalers, durable goods (252 businesses), and insurance carriers and related activities (213 businesses).
- The merchant wholesalers, durable goods (+31 businesses) and the management of companies and enterprises (+13 businesses) reported the largest increase in the business count over-the-year, rising by 14 percent each. Of the four subsectors that reported declines in the number of businesses, telecommunications reported the largest decrease, falling by 8.7 percent or two businesses.

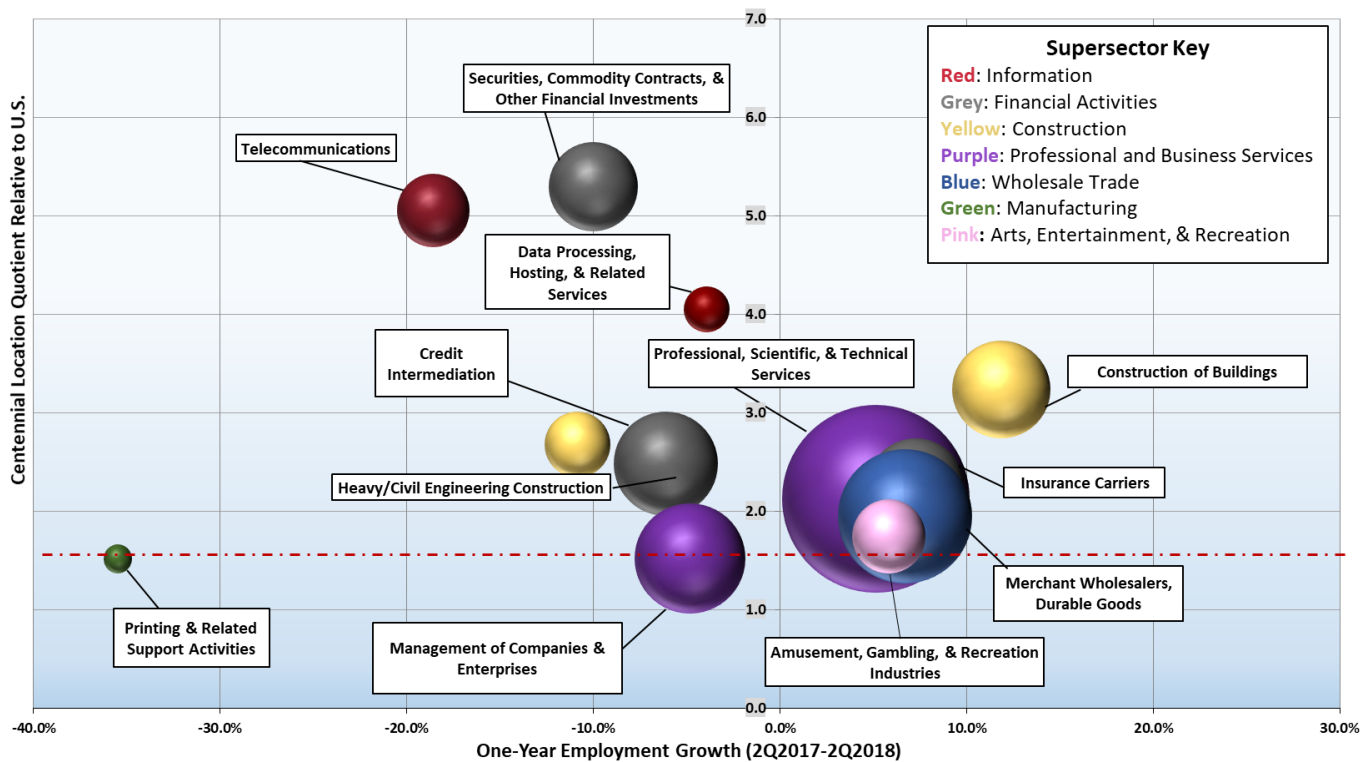
Analysis – High LQ’s

Bubble charts are popular tools used to illustrate industry clusters. These charts allow multiple variables to be plotted within the same graph, making it easy to assess relative economic performance. Bubble charts are often used for pinpointing priority industries since they allow visual comparisons of economic measures.

This chart illustrates industry cluster relationships for the 12 high location quotient subsectors. The following four variables are plotted:

- One-year direct employment growth, 2Q 2017 to 2Q 2018, on the x-axis (horizontal);
- The industry’s location quotient, 3Q 2017, on the y-axis (vertical);
- Employment size of the industry, 2Q 2018; 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.

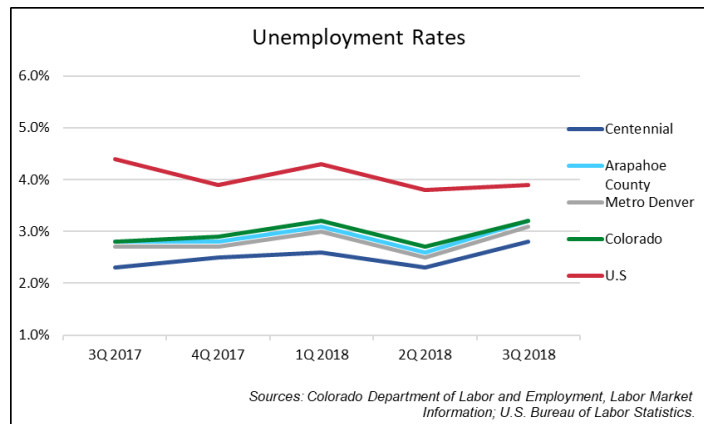


Source: Development Research Partners analysis of Colorado Department of Labor, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

Labor Force

Unemployment Rate

- The labor force in Centennial rose 2.6 percent between the third quarter of 2017 and the third quarter of 2018. This represented an additional 1,640 people working or looking for work. Arapahoe County reported an increase of 2.5 percent over-the-year, while Metro Denver grew at the same rate during the period. Colorado’s labor force rose by 2.9 percent, increasing to over 3.1 million people.



- Centennial’s unemployment rate rose over-the-year but has continued to remain near historic lows. The city recorded a 2.8 percent unemployment rate in the third quarter of 2018, an increase of 0.5 percentage points from the previous year. The unemployment rate for Centennial has remained below 3 percent for nine consecutive quarters, which has not happened for almost 18 years. Arapahoe County recorded an unemployment rate of 3.2 percent, while Metro Denver recorded 3.1 percent. Colorado reported an increase of 0.4 percentage points between the third quarters of 2017 and 2018, rising to 3.2 percent, while the U.S. recorded a decrease of 0.5 percentage points to 3.9 percent unemployment over-the-year.
- Centennial residents represented 17.8 percent of the total labor force in Arapahoe County during the third quarter of 2018.

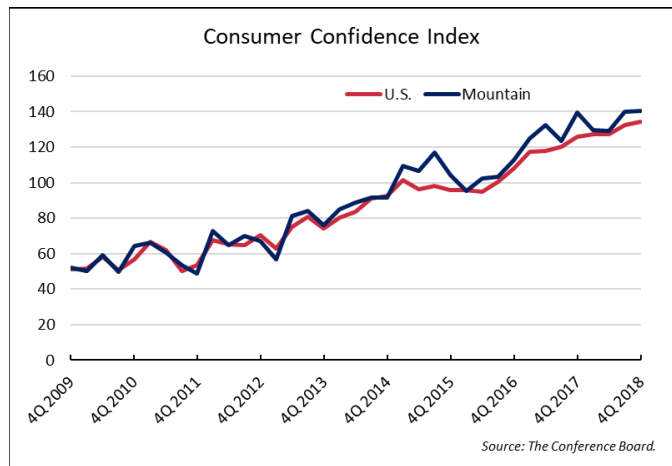
	Labor Force			Unemployment Rate	
	3Q 2017	3Q 2018	Yr/Yr % Change	3Q 2017	3Q 2018
Centennial	63,381	65,021	2.6%	2.3%	2.8%
Arapahoe County	355,643	364,561	2.5%	2.8%	3.2%
Metro Denver	1,762,672	1,807,141	2.5%	2.7%	3.1%
Colorado	3,024,571	3,113,123	2.9%	2.8%	3.2%
U.S. (000s)	161,274	162,534	0.8%	4.4%	3.9%

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

Consumer Activity

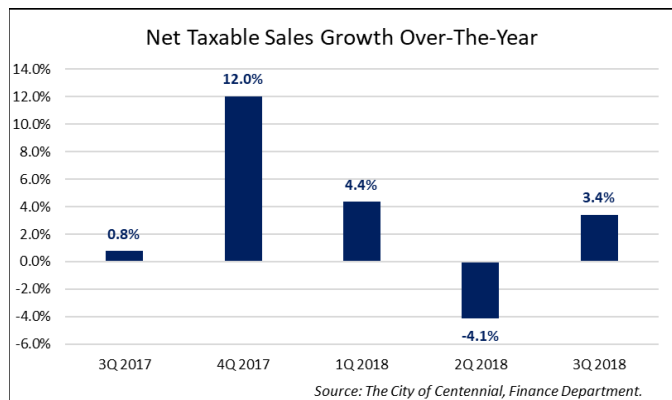
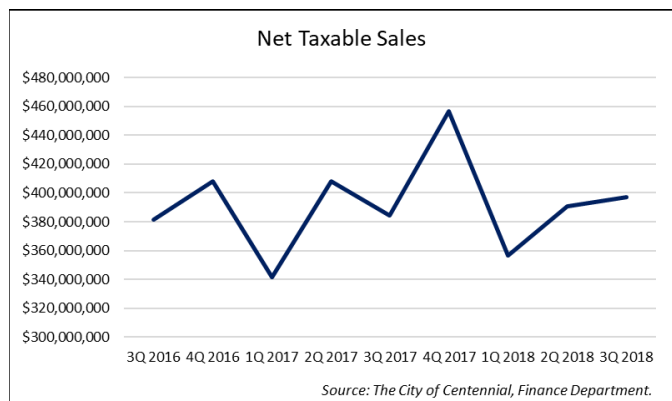
Consumer Confidence Index

- The Conference Board’s National Consumer Confidence Index increased during the fourth quarter of 2018, rising 6.5 percent over-the-year to 134.1 for the U.S. index. In addition, the index rose 1.1 percent between the third and fourth quarters of 2018. Even though quarterly data suggests very healthy consumer confidence, two of the three months in the fourth quarter experienced declines, reflective of an increasing concern that the pace of economic growth will begin moderating in the first half of 2019.
- Colorado is included in the Mountain Region Index and the area reported a 0.6 percent increase between the fourth quarter of 2017 and the fourth quarter of 2018. The Mountain Index also recorded a 0.4 percent increase over-the-quarter.



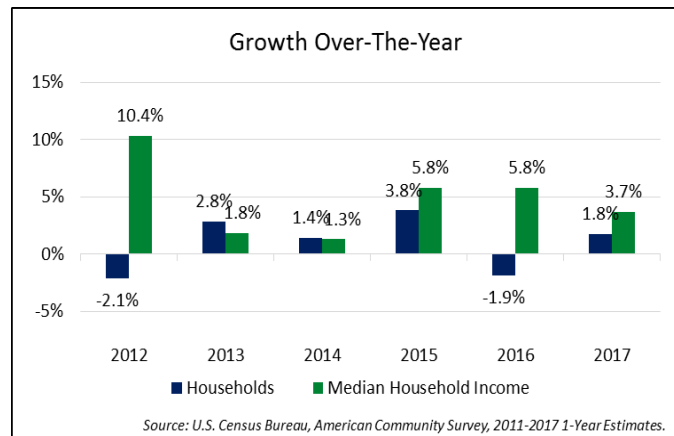
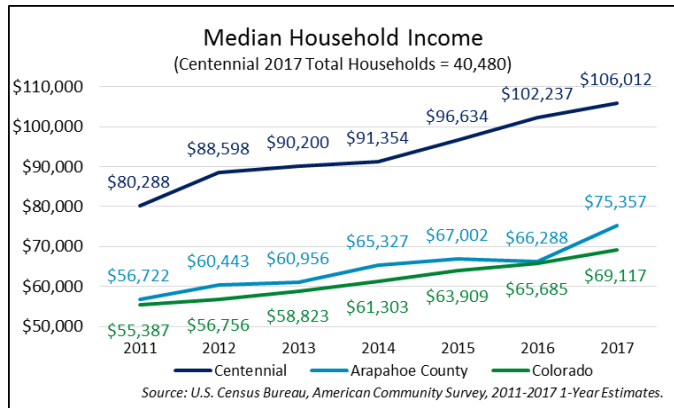
Local Net Taxable Sales

- Net taxable sales increased 3.4 percent between the third quarter of 2017 and the third quarter of 2018, recording third quarter net taxable sales of \$397.2 million.
- Net taxable sales increased 1.6 percent over-the-quarter, rising from \$390.9 million in the second quarter of 2018.

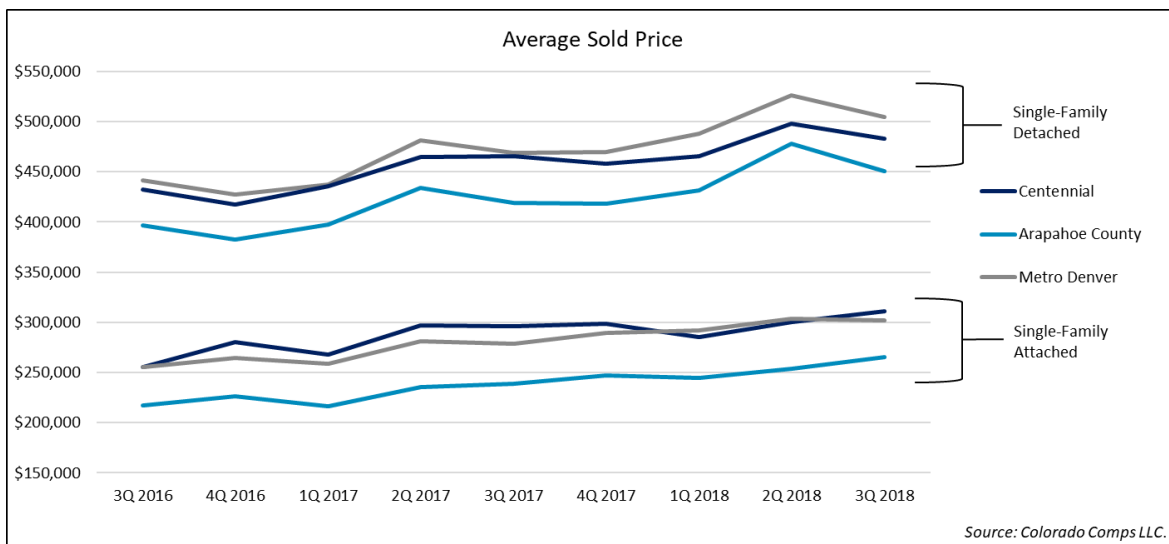


Median Household Income

- Median household income for Centennial increased 3.7 percent between 2016 and 2017, representing an additional \$3,775 a year. Households in Centennial also increased, rising 1.8 percent over-the-year, representing an additional 703 households.
- Median household income rose 32 percent from 2011 to 2017, while the number of households increased by 5.8 percent during the same period.
- The consumer price index increased 15.8 percent from 2011 to 2017, so the inflation-adjusted increase in median household income was 16.3 percent.



Residential Real Estate

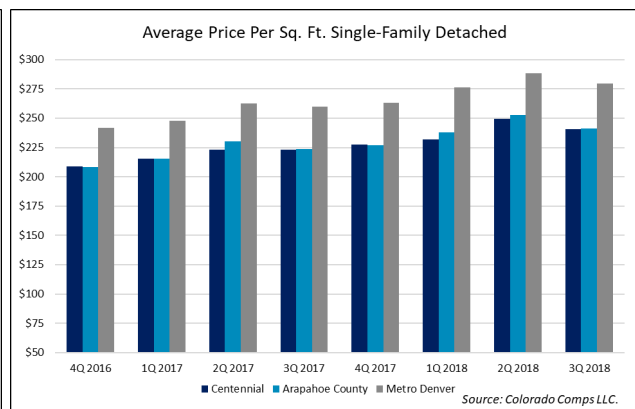
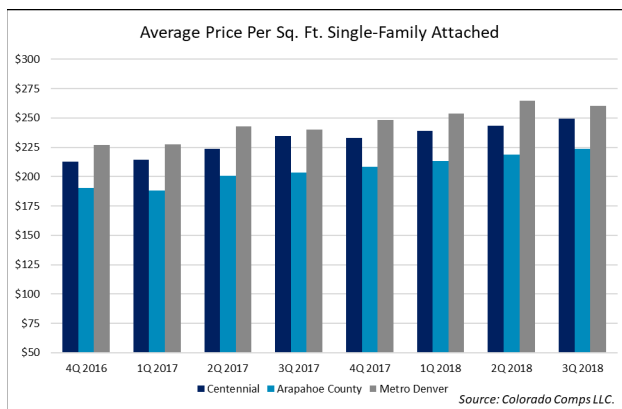


Existing Home Sales

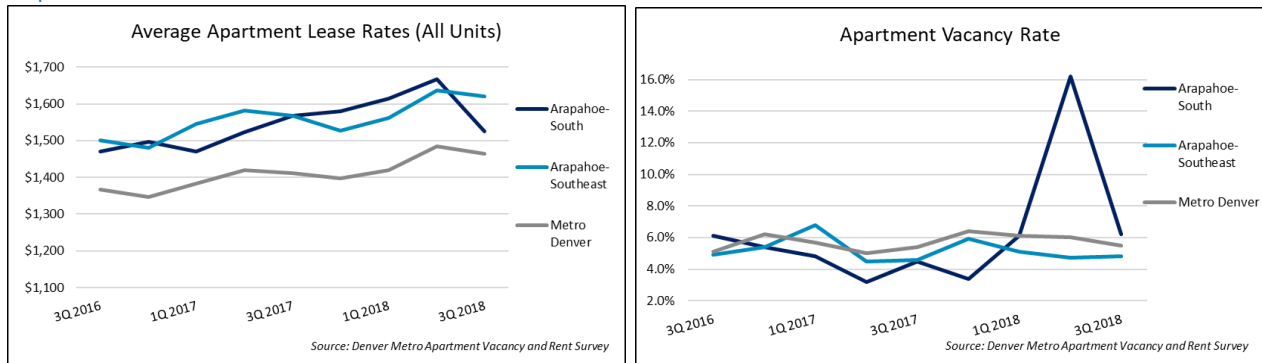
- The housing market has started cooling as sales decreased and prices continue to rise across all three market areas. Centennial reported a decrease in the sale of single-family attached homes, falling 12.3 percent between the third quarter of 2017 and the third quarter of 2018. Arapahoe County reported a decrease of 19 percent, or 235 fewer homes sold, while the larger Metro Denver market fell 14.1 percent during the same period.
- Centennial reported a 5.2 percent appreciation in attached home prices over-the-year to an average sales price of \$311,258. During the same period, Arapahoe County rose 11 percent, or by an additional \$26,342. Metro Denver reported an increase of 8.3 percent between the third quarters of 2017 and 2018, rising to \$302,120.
- The attached home price in Centennial of \$249 per square foot is higher than Arapahoe County (\$224), but lower than Metro Denver (\$261).
- All three market areas reported significant decreases in the sales of single-family detached homes during the third quarter of 2018. Arapahoe County (-19.6 percent) and Centennial (-19 percent) fell by 477 home sales and 95 home sales, respectively. Metro Denver reported a decrease of -12.7 percent or 1,553 fewer homes sold during the period.
- Sales prices of single-family detached homes rose across all three market areas between the third quarter of 2017 and the third quarter of 2018. Home prices in Centennial rose 3.8 percent and added \$17,583 over-the-year, the smallest percentage increase of the three market areas. Arapahoe County rose 7.5 percent over-the-year, while Metro Denver (+7.7 percent) added \$35,869 to its average home price.
- The price per square foot of a single-family detached home in Centennial is 7.8 percent higher than the previous year, rising at a slower rate than Arapahoe County (8 percent), but slightly faster than Metro Denver (7.6 percent).

	Centennial	Arapahoe County	Metro Denver
Home Sales			
<i>Single-Family Attached</i>			
3Q 2018	128	1,004	3,654
3Q 2017	146	1,239	4,252
% Change	-12.3%	-19.0%	-14.1%
<i>Single-Family Detached</i>			
3Q 2018	404	1,959	10,655
3Q 2017	499	2,436	12,208
% Change	-19.0%	-19.6%	-12.7%
Average Sold Price			
<i>Single-Family Attached</i>			
3Q 2018	\$311,258	\$265,116	\$302,120
3Q 2017	\$295,816	\$238,774	\$279,037
% Change	5.2%	11.0%	8.3%
<i>Single-Family Detached</i>			
3Q 2018	\$483,003	\$450,721	\$504,721
3Q 2017	\$465,420	\$419,343	\$468,852
% Change	3.8%	7.5%	7.7%
Average Price per. Sq. Ft.			
<i>Single-Family Attached</i>			
3Q 2018	\$249	\$224	\$261
3Q 2017	\$234	\$203	\$240
% Change	6.4%	10.1%	8.5%
<i>Single-Family Detached</i>			
3Q 2018	\$241	\$241	\$280
3Q 2017	\$223	\$223	\$260
% Change	7.8%	8.0%	7.6%

Source: Colorado Comps LLC.



Apartment Market



Average Apartment Rents and Vacancy

3Q 2018	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Arapahoe County-South	6.2%	\$1,396	\$1,376	\$1,462	\$1,639	\$1,908	-	\$1,525
Arapahoe County-Southeast	4.8%	\$1,265	\$1,435	\$1,619	\$1,760	\$2,217	\$2,300	\$1,621
Metro Denver	5.5%	\$1,254	\$1,314	\$1,367	\$1,716	\$1,939	\$1,443	\$1,465

Source: Denver Metro Apartment Vacancy and Rent Survey.

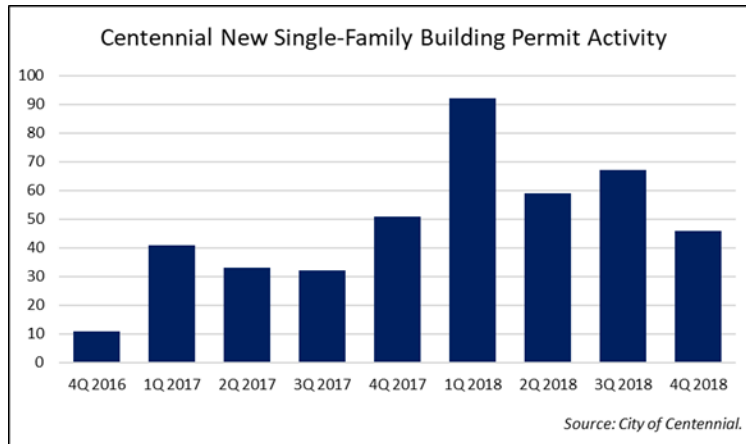
- Apartment vacancy rates increased in all three market areas³ between the third quarters of 2017 and 2018. The Arapahoe County-South market vacancy rate increased 1.7 percentage points between the third quarters of 2017 and 2018, while the Arapahoe County-Southeast⁴ market recorded an increase of 0.2 percentage points over-the-year. Metro Denver reported an increase of 0.1 percentage point during the period.
- The average rental rate for all property types in the Arapahoe County-South market fell 2.8 percent over-the-year to \$1,525 per month. The Arapahoe County-Southeast market reported an increase of 3.4 percent during the same period, rising by \$54 per month. Metro Denver (+3.8 percent to \$1,465) also reported an increase between the third quarters of 2017 and 2018.

New Residential Building Permits

- New single-family permits decreased from 51 permits issued during the fourth quarter of 2017 to 46 permits issued during the fourth quarter of 2018.
- The average valuation for new single-family homes permitted increased 26.6 percent between the fourth quarters of 2017 and 2018, rising from \$229,696 to \$290,773.
- Centennial reported 74 permitted units for multifamily housing in the fourth quarter of 2018, up from zero permits the previous year. The average valuation was \$227,374.

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.

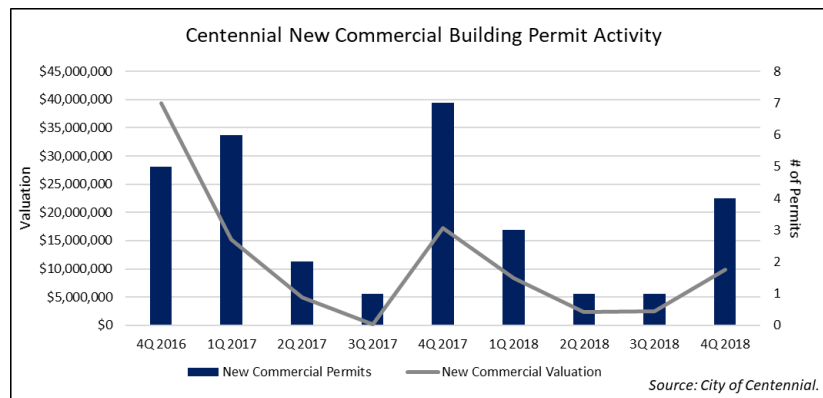
⁴ Arapahoe County-Southeast Boundary: North: Arapahoe County Line; East: Havana/Parker Road; South: Douglas County; West: I-25.



Commercial Real Estate

Commercial Building Permits

- Centennial issued 102 commercial permits during the fourth quarter of 2018, of which 98 were commercial alteration permits and four were new commercial permits. This was a 4.7 percent decrease compared with the fourth quarter of 2017.
- Project valuation fell to \$21.3 million in the fourth quarter of 2018, a 32.6 percent decrease over-the-year.
- Centennial permitted an additional 125,880 square feet of commercial space in the fourth quarter of 2018, up from 99,380 square feet the previous year.



	4Q 2016	4Q 2017	4Q 2018	% Change 2017-2018
New Commercial				
No. of Permits	5	7	4	-42.9%
Total Valuation	\$39,355,582	\$17,275,630	\$9,829,905	-43.1%
Square Footage	N/A	99,376	125,880	26.7%
Commercial Alteration				
No. of Permits	48	100	98	-2.0%
Total Valuation	\$29,266,518	\$14,355,491	\$11,479,655	-20.0%
Total Commercial				
No. of Permits	53	107	102	-4.7%
Valuation	\$68,622,100	\$31,631,121	\$21,309,560	-32.6%

Source: City of Centennial.

Under Construction/Recently Completed

- Centennial currently has four commercial buildings under construction, with the largest being a 106,000-square-foot industrial building located in the Encompass Business Park. In addition to the industrial space, 58,360 square feet of office space is under construction and 13,200 square feet of flex space.
- There were three commercial buildings completed as of the end of the fourth quarter of 2018, bringing 222,070 square feet of office space, 52,000 square feet of industrial space, and 4,500 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 145 office buildings offering almost 5.5 million square feet of space in the fourth quarter of 2018. This represents 11.3 percent of the office space in the Southeast market and 2.8 percent of space in Metro Denver.
- The office vacancy rate decreased 2.8 percentage point in Centennial from the fourth quarter of 2017 to the fourth quarter of 2018. The vacancy rate decreased 0.1 percentage point in the Southeast market and decreased 0.5 percentage points in Metro Denver.
- The office lease rate in Centennial increased by 4.2 percent over-the-year, rising \$0.91 per square foot by the end of the fourth quarter of 2018. In the Southeast market, the rate increased 1.5 percent or by \$0.37 per square foot during the period, while Metro Denver reported an increase of \$0.01 between the fourth quarter of 2017 and the fourth quarter of 2018.
- There was 351,020 square feet of office space absorbed in Centennial from the fourth quarter of 2017 to the fourth quarter of 2018. In comparison, net absorption in Metro Denver totaled over 4.3 million square feet over the past year.

Commercial Vacancy and Lease Rates Office Market

Office Market	Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
	4Q 2017	4Q 2018	4Q 2017	4Q 2018	4Q 2017	4Q 2018
Centennial	5,226,997	5,449,067	11.2%	8.4%	\$ 21.91	\$ 22.82
Southeast	47,526,544	48,329,712	10.7%	10.6%	\$ 24.66	\$ 25.03
Metro Denver	187,683,698	191,526,901	9.5%	9.0%	\$ 26.61	\$ 26.62

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 133 industrial and flex buildings offering over 4 million square feet of space. This represents 25.4 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 2.4 percentage points in Centennial from the fourth quarter of 2017 to the fourth quarter of 2018. The vacancy rate decreased 0.2 percentage points in the Southeast market but rose 0.1 percentage point in Metro Denver.
- The Industrial/flex space average lease rate increased in Centennial by 10.9 percent over-the-year, rising by \$1.03 to \$10.45 per square foot. The Southeast market recorded an increase of 1.6 percent and rose by \$0.17 per square foot, while Metro Denver recorded an increase of 2.6 percent over-the-year.

- There was 143,720 square feet of industrial/flex space absorbed in Centennial from the fourth quarter of 2017 to the fourth quarter of 2018. Net occupied space in Metro Denver increased by 4.2 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 2017	4Q 2018	4Q 2017	4Q 2018	4Q 2017	4Q 2018
Centennial	3,955,084	4,007,084	8.3%	5.9%	\$ 9.42	\$ 10.45
Southeast	15,556,138	15,789,516	5.4%	5.2%	\$ 10.33	\$ 10.50
Metro Denver	261,719,121	266,431,499	4.2%	4.3%	\$ 8.79	\$ 9.02

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

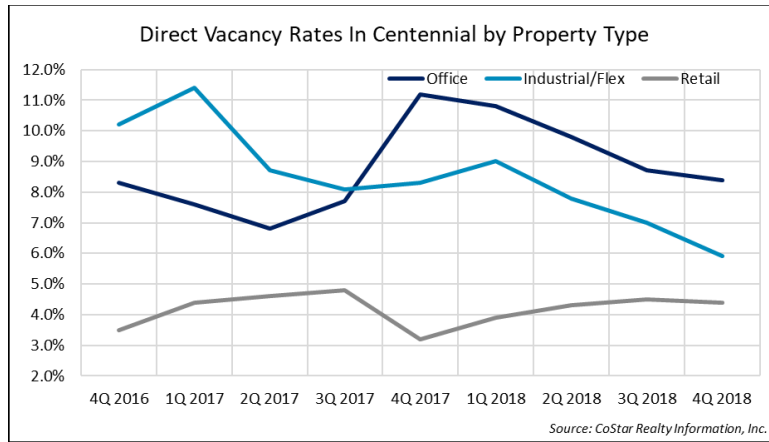
- Centennial has 172 retail buildings offering over 3.8 million square feet of space. This represents 18.7 percent of the retail space in the Southeast market and 2.3 percent of space in Metro Denver.
- The retail vacancy rate increased 1.2 percentage points in Centennial from the fourth quarter of 2017 to the fourth quarter of 2018. The vacancy rate rose by 0.4 percentage points in the Southeast market and fell 0.2 percentage points in Metro Denver.
- The average lease rate for retail space in Centennial during the fourth quarter of 2018 increased 4.5 percent over-the-year, adding \$0.87 per square foot. The Southeast market recorded a 1.8 percent decrease, while Metro Denver (+5.2 percent) rose by \$0.95 to \$19.12 per square foot.
- There was negative net absorption of retail space in Centennial of 41,380 square feet from the fourth quarter of 2017 to the fourth quarter of 2018. In contrast, over 1.9 million square feet of retail space in Metro Denver was absorbed.

Commercial Vacancy and Lease Rates Retail Market

Retail Market	Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
	4Q 2017	4Q 2018	4Q 2017	4Q 2018	4Q 2017	4Q 2018
Centennial	3,811,361	3,815,861	3.2%	4.4%	\$ 19.50	\$ 20.37
Southeast	20,319,624	20,449,534	3.1%	3.5%	\$ 20.55	\$ 20.17
Metro Denver	167,731,430	169,325,517	4.3%	4.1%	\$ 18.17	\$ 19.12

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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January 2019