



**Metro Denver**  
Economic Development Corporation

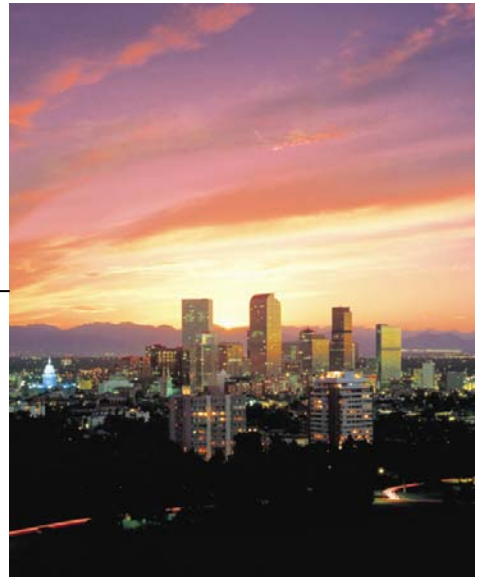
# Monthly Economic Summary

## *A Monthly Summary of Economic Conditions in Metro Denver*

*(Adams, Arapahoe, Boulder, Broomfield, Denver,  
Douglas, and Jefferson Counties)*

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**Development  
Research Partners**

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10184 West Belleview Avenue  
Suite 100  
Littleton, Colorado 80127  
[www.DevelopmentResearch.net](http://www.DevelopmentResearch.net)  
303.991.0070

# MONTHLY ECONOMIC SUMMARY

The Monthly Economic Summary is a comprehensive analysis of economic conditions in the seven-county Metro Denver area, or the region comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties. There are two metropolitan statistical areas (MSAs) located within the Metro Denver region: the Boulder-Longmont MSA (Boulder County) and the Denver-Aurora MSA (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties). This report presents recent data and long-term trends for the seven-county region, MSAs, or counties, depending on availability. The analysis includes four sections: labor force and employment, the consumer sector, residential real estate, and commercial real estate.

## Notable Rankings

- ◆ Colorado ranked 10th among the 50 states in the “2008 New State Economy Index,” an analysis released by the Information Technology and Innovation Foundation and the Ewing Marion Kauffman Foundation. The index uses several criteria to measure how well states are supporting knowledge-driven, global economies with an emphasis on innovation and entrepreneurship. Colorado received particularly high scores for the criteria measuring workforce education, IPOs, venture capital investment, and high-tech jobs.
- ◆ A MarketWatch ranking of the best locations for businesses placed Metro Denver third among the nation’s 50 largest metro areas. Criteria for the ranking included population growth, job growth and unemployment, and the number of companies listed among the Fortune 1000, S&P 500, and Russell 2000. Minneapolis-St. Paul and Boston claimed the first- and second-place ranks, respectively.
- ◆ The December edition of *Health* magazine ranked Denver International Airport (DIA) fifth among 10 of “America’s Healthiest Airports.” A panel of judges noted that a solar energy system, recycling system, and healthy restaurant choices make DIA one of the nation’s most environmentally aware and passenger-friendly airports.
- ◆ Colorado ranked 19th among the 50 states in the 2008 edition of *America’s Health Rankings*, an annual report by the United Health Foundation, the American Public Health Association, and the Partnership for Prevention. Analysts gave the state favorable reviews for air pollution, child poverty rates, and adult obesity rates. Colorado received poor marks for binge drinking and for health disparity by ethnicity and degree of urbanization.
- ◆ The American Planning Association (APA) named Metro Denver’s Park Hill neighborhood among the nation’s 10 best in its 2008 *Great Places in America: Neighborhoods* report. The APA said Park Hill’s diversity, sense of community, and “memorable character” place it among the nation’s best neighborhoods.

## Special Section: Updates on the Financial Crisis

Economic stimulus efforts are broadening, mostly through federal and local projects based on infrastructure improvements. Three U.S. automakers were also granted loans from the \$700 billion TARP fund.

- ◆ President-elect Barack Obama recently unveiled plans for the largest infrastructure development program since the construction of the nation’s interstate highways. The program will target roads and bridges, public utilities, schools, and other facilities with the goal of upgrading technology and improving energy efficiency. Current estimates of the program’s costs range between \$400 billion and \$700 billion, and spokespeople for local governments nationwide say more than \$130 billion in projects could proceed immediately if funds are distributed.
- ◆ Economic stimulus strategies are also emerging in Colorado. Denver Mayor John Hickenlooper recently announced plans to advance the timeline on several voter-approved infrastructure projects. The projects would be finished over the next three to four years with an estimated economic impact of \$200 million each year. An improvement project for Boettcher Concert Hall is one of the largest currently under consideration.

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Colorado Governor Bill Ritter also introduced an economic stimulus package in December. The four pieces of legislation would give payroll tax credits to companies that add at least 20 jobs and would improve loan access for expanding businesses. In addition, the legislation would increase worker training and development incentives in the renewable energy sector. Overall, the package would cost \$4.9 million not including funds for the job creation incentive.

- ◆ The Federal Reserve recently extended the expiration date for several financial stabilization programs from January 30 to April 30. Programs affected by the extension include a swap facility that lets investors temporarily trade risky assets for Treasury securities and a loan program for money-market mutual funds.
- ◆ Efforts to pass a \$14 billion rescue package for U.S. automakers failed in early December when the United Autoworkers Union rejected Senate demands for a wage cut. Later in the month, President Bush announced emergency measures that make \$17.4 billion in loans available to General Motors, Chrysler LLC, and Ford Motor Company. The loan funds will come from the first distribution of the \$700 billion TARP program, and automakers will have immediate access to \$13.4 billion. The remaining \$4 billion could arrive from the second distribution of TARP funds – when officials request it – and the automakers must have plans for restructuring in place by March 2009. If they fail to put viable plans in place, the loans will be recalled.

## General Economic Overview

Final estimates of third quarter growth in real GDP confirmed the preliminary estimate, which showed a 0.5 percent decline in GDP from the second quarter. Data from the U.S. Bureau of Economic Analysis show weaker trends for nearly all components of GDP, and a 3.8 percent decline in household spending – the largest drop in nearly 30 years – was particularly notable. Government spending and net exports made positive contributions to GDP growth in the third quarter, although a weakening global economy made the exports contribution smaller than it had been previously.

Data on U.S. international trade also show weakening global demand. According to the U.S. Department of Commerce, U.S. imports declined 1.3 percent between September and October. A 2.2 percent drop in exports was large enough, however, to grow the nation's trade deficit after two consecutive months of decline. Overall, the trade deficit increased from \$56.6 billion in September to \$57.2 billion in October. Analysts say a strengthening dollar and the spread of economic weakness from the U.S. to other countries are responsible for the shift in global demand.

Officials with the Federal Open Market Committee of the Federal Reserve (FOMC) recently said these weak economic conditions have increased the need to keep interest rates “exceptionally low.” While the FOMC typically decides on a specific target rate, the committee broke precedent at its December 16 meeting and voted to keep the federal funds rate in the range of zero to 0.25 percent. Given that further interest rate cuts are no longer possible, the Federal Reserve committed to using its balance sheet to stabilize markets. That approach will essentially mean more of the same, as the Federal Reserve has already unveiled plans to purchase assets as a means of adding liquidity to credit markets. The FOMC next convenes at a two-day meeting in late January.

## Economic Indexes

National and local economic indexes continue to weaken as businesses respond to falling demand and an uncertain outlook.

### *National Economy*

- ◆ The Conference Board's Index of Leading Economic Indicators fell 0.4 percent between October and November. In essence, negative changes in the indicators for building permits, unemployment insurance claims, and stock prices offset positive changes in the money supply and yield curve indicators. Analysts note

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that recent index trends would have been weaker were it not for the money supply indicator, which reflects aggressive monetary easing over the past several months.

- ◆ The Institute for Supply Management's Purchasing Managers Index fell from 36.2 in November to 32.4 in December. Analysts noted that none of the nation's manufacturing subsectors reported growth, and many are responding to the weak economic conditions with inventory and capacity reductions.
- ◆ The Institute for Supply Management's Index of Non-Manufacturing Business Activity declined from 44.2 in October to an all-time low of 33 in November. Survey respondents said weak consumer confidence is a significant obstacle for the service sector, and closures and other cost-cutting actions are increasingly common.

## Local Economy

- ◆ The Mountain States Business Conditions Index declined to 41.3 in December from 46.2 in November as labor markets weakened and prices fell. The index has now registered below the growth-neutral point of 50 for two consecutive months, and analysts who assemble the index expect the Mountain Region states to experience recession in 2009. While they expect a more severe downturn than the 2001 recession, analysts say the Mountain States economy will still outperform the national economy this year. The Business Conditions Index is released by the Goss Institute for Economic Research.
- ◆ The Vectra Bank Colorado Small Business Index rose to 88.9 in November from 87.3 in October, but analysts note that the gain was primarily due to an increase in unemployment. While higher unemployment tends to improve small business access to workers – and therefore contributes positively to the overall index – it also reflects generally weaker economic conditions.

## Labor Force and Employment

*While the national employment picture has darkened considerably, local labor markets have so far experienced a milder contraction. Metro Denver employers cut 2,200 jobs between October and November, which left the region's year-to-date job growth rate at 1.2 percent.* November over-the-year growth rates were negative in each of Metro Denver's 11 industry supersectors except education and health services, leisure and hospitality, other services, and government. These rates suggest that job growth has slowed across most sectors of Metro Denver's economy, with the strongest contraction currently in natural resources and mining, manufacturing, and transportation, warehousing, and utilities. Even with the weaker trends, though, total November job counts in Metro Denver and Colorado were slightly above last year's levels.

Better-than-average conditions still mean struggles for local businesses, though. A weakening economy is particularly difficult for publishing and broadcasting companies, as consumers' ongoing transition to electronic media has already diminished profitability. Several major book publishers recently announced layoffs, and The Tribune – which owns the *Los Angeles Times*, the *Chicago Tribune*, and numerous other newspapers and television stations – recently filed for bankruptcy. Locally, E.W. Scripps put the *Rocky Mountain News* on sale and plans to entertain offers through mid-January. Spokespeople for E.W. Scripps say financial data could show a \$15 million loss for the newspaper in 2008.

Many of Colorado's leisure and hospitality companies are also facing lower profits. Citing a decline in bookings, Broomfield-based Vail Resorts Inc. announced plans to cut 50 positions, leave another 100 vacant jobs unfilled, and suspend some employees' benefits. Other Colorado resorts struggling with lower bookings have recently announced discount packages.

Recent business announcements from other Metro Denver companies were generally downbeat, but long-term growth prospects for industries including renewable energy and aerospace are still supporting some positive developments.

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**Aerospace:** A new NASA contract could bring as many as 125 new positions to Lockheed Martin's Waterton Canyon campus by 2011. Under the contract, Lockheed will build two satellites for the Geostationary Operational Environmental Satellites program (GOES-R) on behalf of NASA and the National Oceanic and Atmospheric Administration. The satellites will gather precision measurements of atmospheric conditions that can improve weather forecasts and warnings, and NASA could potentially order more satellites after the first two.

## Nonfarm Wage & Salary Employment (000s, not seasonally adjusted)

	Month of Nov-08 (p)	Month of Oct-08	Month of Nov-07	Year-to- Date Average 2008	Year-to- Date Average 2007	Year-to- Date Average % Change	Annual Growth Rate 2003	Annual Growth Rate 1998
<b>Total 11-County Metro Denver*</b>	1,427.1	1,429.3	1,426.0	1,421.7	1,405.0	1.2%	-1.4%	4.0%
Denver-Aurora MSA	1,256.1	1,257.9	1,257.1	1,253.5	1,239.3	1.1%	-1.2%	4.0%
Boulder-Longmont MSA	171.0	171.4	168.9	168.3	165.7	1.6%	-2.8%	4.0%
Natural Resources & Construction	97.4	99.7	99.7	99.1	99.4	-0.3%	-7.1%	11.9%
Manufacturing	87.1	87.5	88.9	88.0	89.1	-1.3%	-4.9%	1.4%
Wholesale & Retail Trade	219.7	215.8	223.0	216.1	215.3	0.4%	-1.9%	3.0%
Transp., Warehousing & Utilities	51.8	51.5	53.3	52.2	52.1	0.3%	-8.0%	15.8%
Information	57.5	57.3	57.9	57.0	57.1	0.0%	3.4%	6.1%
Financial Activities	104.4	105.1	106.0	105.3	107.3	-1.9%	-1.3%	3.3%
Professional & Business Services	242.5	244.9	245.5	245.6	241.7	1.6%	2.6%	2.3%
Education & Health Services	155.8	155.1	149.8	152.5	146.6	4.0%	-0.6%	2.1%
Leisure & Hospitality	147.0	148.8	144.6	149.1	145.4	2.5%	-0.4%	2.1%
Other Services	52.7	53.0	52.1	52.9	52.1	1.4%	0.2%	2.0%
Government	211.2	210.6	205.2	204.0	198.9	2.5%	0.5%	0.2%
Federal Gov't	30.4	30.5	30.6	30.3	30.6	-1.1%	-2.9%	1.8%
State & Local Gov't	180.8	180.1	174.6	173.7	168.3	3.2%	1.4%	2.7%
Colorado	2,357.6	2,363.1	2,353.0	2,358.1	2,326.9	1.3%	-1.4%	3.9%
United States	137,100	137,734	139,150	137,355	137,504	-0.1%	-0.3%	2.6%

\*Includes the Denver-Aurora MSA (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties) and the Boulder-Longmont MSA (Boulder County).

Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary

**Aviation:** The third-largest commercial carrier in Denver – Dallas-based Southwest Airlines – recently announced that its November passenger traffic declined more than eight percent from 2007. Traffic reductions are increasingly common among airlines, but the Southwest announcement is particularly telling as the airline has kept its capacity essentially unchanged.

The second-largest carrier in Denver, Frontier Airlines, plans to offer a tiered pricing structure designed to increase revenues and appease fee-weary travelers. The system will allow customers to select tickets classified as Economy, Classic, or Classic Plus. Ticket prices are lowest for the Economy class, but travelers must pay to check bags and do not receive seat assignments until check-in. At progressively higher levels of ticketing, customers receive free baggage check, advanced seat reservations, complimentary in-flight services, and other benefits.

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**Beverage:** The recently combined Anheuser-Busch InBev announced plans to cut a combined 1,400 jobs at the brewer's St. Louis headquarters and at other field locations and breweries. Company spokespeople also said more than 400 contractor positions would be eliminated and 250 open jobs would remain unfilled. They did not describe how job cuts might affect the brewer's 700 workers in Fort Collins.

**Energy:** EnCana Oil and Gas, a Canadian company with U.S. headquarters in Denver, plans to reduce its rig count on Colorado's Western Slope by 50 percent next year. Spokespeople say falling commodity prices, tight credit markets, and limited transmission capacity are forcing reductions for 2009. Companies including Chevron Corporation, Delta Petroleum, and Bill Barrett Corporation have also announced reductions, and analysts say the rig count in the Western Slope's Piceance Basin could decline as much as 40 percent this year.

Low commodity prices are also making some renewable energy projects appear less viable, but the industry's long-term prospects are supporting continued development activity. For example, the thin-film solar technology developed by Littleton-based Ascent Solar Technologies Inc. recently received a 9.64 percent efficiency rating from the National Renewable Energy Laboratory. Other similar technologies have achieved eight percent efficiency ratings.

**Financial Services:** While Metro Denver does not have the banking headquarters of other major cities, consolidation across the financial services industry will still affect local employment. Planned job cuts recently announced by Bank of America and Citigroup, for example, will eliminate at least 80,000 positions from the companies' global workforces in the coming months. JP Morgan Chase, the new owner of Washington Mutual, also announced a job cut that will eliminate more than 9,000 Washington Mutual positions by the end of 2009.

**IT/Hardware:** Fort Collins-based Advanced Energy Industries will cut 114 workers in addition to roughly 70 positions eliminated earlier. The company – which manufactures power and flow technologies for a variety of high-tech and renewable energy applications – will also cut executive pay as part of its cost-savings measures.

**Telecommunications:** Spokespeople for Broomfield-based Level 3 Communications say the company will reduce its North American workforce by 450 positions. They did not cite specific locations for layoffs, though some analysts say the local headquarters will bear the largest share of the losses. Weak economic conditions, debt management, and continued consolidation are all possible reasons for downsizing, according to local analysts.

## Employment Outlook

*The results of the most recent Manpower Employment Outlook Survey suggest that many Metro Denver employers will take a wait-and-see approach to hiring in the first quarter of 2009. In the Denver-Aurora MSA, 15 percent of business respondents claimed they would add jobs in the first quarter, while 12 percent announced plans for layoffs and the remaining majority (70 percent) said they would leave current staff levels unchanged. In the Boulder MSA, 18 percent of respondents indicated plans to hire while 13 percent expected layoffs and 65 percent anticipated no change from current headcount.*

Compared to respondents in the survey for the first quarter of 2008, respondents to the most recent survey were generally more inclined to leave staff levels unchanged as the new year begins. Respondents in Boulder, however, had more robust hiring plans than their peers from the prior survey. Hiring expectations weakened considerably over-the-year for Denver-area employers, whose outlooks were largely similar to nationwide averages. In the nationwide survey, 16 percent of respondents planned to hire in the first quarter and 67 percent planned no staffing changes, compared to 22 percent planning to hire and 60 percent planning no changes in the first quarter survey for 2008. (Note: The geography and industry coding structures in the Manpower Survey changed effective with the first quarter 2009 results, and comparisons to the prior year for the Denver-Aurora and Boulder MSAs may be influenced by these changes.)

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## Employment Outlook Survey

	Quarter 1 2009	Quarter 4 2008	Quarter 1 2008	YTD Avg 2009	YTD Avg 2008	YTD Avg 2007
<b>Denver Area*</b>						
Percent of Companies Hiring	15%	32%	27%	15%	27%	42%
Percent of Companies Laying Off	12%	14%	14%	12%	14%	8%
Percent of Companies No Change	70%	54%	47%	70%	47%	42%
Percent of Companies Unsure	3%	0%	12%	3%	12%	8%
<b>Boulder County</b>						
Percent of Companies Hiring	18%	33%	13%	18%	13%	27%
Percent of Companies Laying Off	13%	13%	3%	13%	3%	7%
Percent of Companies No Change	65%	51%	84%	65%	84%	66%
Percent of Companies Unsure	4%	3%	0%	4%	0%	0%

\*Includes Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson Counties.  
Source: Manpower Inc.

Metro Denver and Colorado unemployment rates increased for the third consecutive month in November. Rates among the region's seven counties ranged from 4.8 percent in Boulder County to 6.5 percent in Adams County and the City and County of Denver. Region-wide, the November unemployment rate reached 5.8 percent, which was slightly above the statewide rate but measurably below the national figure. As labor market conditions have worsened over the past several months, year-to-date unemployment rates in Colorado and Metro Denver have both risen to five percent.

## Labor Force Statistics (000s, not seasonally adjusted civilian labor force)

	Nov 2008 (p)		2008 YTD Avg		2007 YTD Avg		2003	1998
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Ann Avg Unemployment Rate	Ann Avg Unemployment Rate
Metro Denver	1,553.7	5.8%	1,549.2	5.0%	1,520.7	3.8%	6.4%	2.9%
Adams County	228.4	6.5%	227.7	5.6%	223.4	4.3%	7.2%	3.6%
Arapahoe County	318.2	5.9%	317.5	5.0%	311.7	3.8%	6.3%	2.7%
Boulder County	180.7	4.8%	179.2	4.3%	175.9	3.3%	5.8%	3.3%
Broomfield County*	26.7	5.6%	26.7	5.0%	26.2	3.8%	6.4%	
Denver County	322.2	6.5%	321.1	5.6%	314.7	4.2%	7.3%	4.1%
Douglas County	158.5	5.0%	158.6	4.4%	155.7	3.2%	5.3%	1.7%
Jefferson County	318.9	5.5%	318.5	4.8%	313.1	3.7%	5.9%	2.8%
Colorado	2,749.9	5.7%	2,757.8	5.0%	2,702.4	3.8%	6.1%	3.8%
United States	154,624	6.5%	154,281	5.7%	153,071	4.6%	6.0%	4.5%

\*Broomfield County was formed in November 2001 from parts of Adams, Boulder, Jefferson, and Weld Counties.  
Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary

Metro Denver claims for unemployment insurance have increased as the labor market weakens. An average of 3,236 claims were filed each week in November, and the year-to-date average number of weekly claims rose to 1,616. Compared to the same period last year, the weekly claims count has risen 41.4 percent. In Colorado, the year-to-date average number of weekly claims increased 39 percent from the average for the same months in 2007.

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## Weekly First-Time Unemployment Insurance Claims

	Month of Nov-08	Month of Oct-08	Month of Nov-07	YTD Avg 2008	YTD Avg 2007	YTD Avg % Change
Metro Denver	3,236	2,084	1,314	1,616	1,143	41.4%
Colorado	5,620	3,616	2,340	2,842	2,045	39.0%

*Note: Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.  
Source: Colorado Department of Labor and Employment, Labor Market Information.*

## Consumer Sector

Strained credit markets and a weak economy are exacting a growing toll on household finances, according to a data series called the Federal Reserve Flow of Funds Accounts. The data show household debt in the third quarter of 2008 declined for the first time in more than 50 years, and mortgage debt also fell by the largest amount ever. Analysts say the figures reflect tight credit markets and consumers' inability to obtain loans, and they note that household net worth also contracted in the third quarter.

Not surprisingly, weak household income trends translate into weak retail sales figures. Data from the U.S. Department of Commerce show the drop in retail sales between October and November measured 6.7 percent, which is the largest downshift in at least 15 years. Analysts are still tabulating holiday season sales totals, but preliminary results are mixed. ShopperTrak RTC recently revised its sales forecast for the period between Thanksgiving Day and Christmas Day to reflect a 2.3 percent drop in sales and a 16 percent drop in foot traffic from the prior year. The International Council of Shopping Centers expects same-store sales in November and December to decline as much as two percent from the prior year, which would amount to the largest drop since 1970. Research firm comScore also reported poor results for online retail and noted that sales between November 1 and December 23 declined by three percent from 2007. At the same time, several local retailers observed strong sales and traffic trends throughout the holiday season, particularly in the final days before Christmas. Analysts note, though, that many shoppers were buying only deeply discounted merchandise and are likely to cut their shopping budgets further in 2009.

While U.S. consumers cut back on discretionary shopping, they may also be changing their core buying habits. Data from the Federal Highway Administration suggest, for example, that motorists are driving fewer miles despite lower gas prices. Analysts say the decline in miles traveled between November 2007 and October 2008 is the largest recorded ever, and trips made on buses, light rail trains, and other forms of mass transit have increased. Meanwhile, U.S. gas prices remain significantly below 2008 highs. According to the AAA *Daily Fuel Gauge Report*, the U.S. average price per gallon of regular gasoline was \$1.62 as December ended. Colorado average prices were even lower at \$1.53 per gallon, and Metro Denver motorists paid an average of \$1.44 per gallon as the month ended.

The ongoing decline in energy prices is also driving overall consumer prices lower. According to data from the U.S. Bureau of Labor Statistics, the drop in the U.S. Consumer Price Index between October and November replaced the prior month's decline as the largest ever recorded. Specifically, U.S. prices fell 1.7 percent on a seasonally adjusted basis in November, and the drop left November prices one percent above prices from November 2007. Because the steep drop in energy costs has driven most of the decline in overall consumer prices for the past several months, core inflation – the measure of prices for all goods except food and energy – continues to be essentially stable.

*Because local data on retail sales and prices are lagged several months, the impact of late-year economic turbulence on Metro Denver consumers is not yet clear. Retail sales data for September show still-healthy trends, though. Through the first nine months of the year, retail sales increased in five of the seven Metro Denver*

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counties, with the largest gains in Adams County (+15.7 percent) and the City and County of Denver (+9.4 percent). Year-to-date sales for the entire seven-county region rose 5.1 percent in September.

## Total Retail Sales (\$000s)

	Month of Sep-08	Month of Aug-08	Month of Sep-07	YTD Total 2008	YTD Total 2007	YTD Total % Change	Annual Growth 2003	Annual Growth 1998
Total Metro Denver	8,152,621	7,281,157	7,543,079	66,158,911	62,951,268	5.1%	1.6%	8.2%
Adams County	1,467,191	1,278,824	1,238,845	11,896,885	10,285,290	15.7%	6.0%	9.2%
Arapahoe County	1,543,825	1,405,026	1,479,519	12,839,367	13,404,782	-4.2%	1.6%	6.8%
Boulder County	794,125	624,427	794,468	6,130,190	5,917,227	3.6%	4.4%	11.0%
Broomfield County	128,456	138,259	131,244	1,171,787	1,213,085	-3.4%	-6.5%	
Denver County	2,521,191	2,218,695	2,182,726	19,578,246	17,903,161	9.4%	-1.6%	7.9%
Douglas County	549,743	523,137	568,419	4,706,329	4,652,396	1.2%	-2.7%	15.7%
Jefferson County	1,148,090	1,092,789	1,147,858	9,836,107	9,575,327	2.7%	4.6%	5.9%
Colorado	13,620,805	12,322,552	12,733,191	111,504,021	106,227,613	5.0%	1.6%	6.9%

Source: Colorado Department of Revenue.

The U.S. Consumer Confidence Index fell to an all-time low in December. Analysts note that the Present Situation sub-index is now approaching levels reported during the recession of the early 1990s, but index readings are not yet as poor as they were during the recession a decade earlier. The Mountain Region consumer confidence index fell slightly below the U.S. index in December and declined 42 percent on a year-to-date basis.

## Consumer Confidence Index

	Month of Dec-08 (p)	Month of Nov-08	Month of Dec-07	YTD Avg 2008	YTD Avg 2007	YTD Avg % Change	Ann Avg 2003
Mountain	36.4	64.3	114.0	76.5	131.8	-42.0%	89.4
United States	38.0	44.7	90.6	57.9	103.4	-44.0%	79.8

Source: The Conference Board. (p) =preliminary

A decline in Metro Denver hotel occupancy rates between October and November is consistent with seasonal trends, although weaker travel demand is also playing a role. The region's occupancy rate fell from 64.8 percent in October to 51.3 percent in November, and November's rate was significantly below the 56.3 percent occupancy rate from November 2007. Overall, average monthly occupancy rates have fallen 2.6 percent through the first 11 months of 2008, while average room rates have increased 6.6 percent.

## Metro Denver Hotel Statistics

	Month of Nov-08	Month of Oct-08	Month of Nov-07	YTD Avg 2008	YTD Avg 2007	YTD Avg % Change	Annual 2003	Annual 1998
Percent of Hotel Rooms Occupied	51.3%	64.8%	56.3%	67.1%	68.9%	-2.6%	59.5%	70.0%
Average Hotel Room Rate	\$111.26	\$120.28	\$107.01	\$119.42	\$112.06	6.6%	\$84.79	\$87.52

Source: Rocky Mountain Lodging Report.

Passenger traffic at Denver International Airport (DIA) followed a typical seasonal pattern and increased between September and October, but the October count of passengers fell 0.1 percent below the passenger total from the previous year. Over-the-year growth in airport traffic has actually been slowing for several months as fare increases, capacity reductions, and recent economic weakness affect business and consumer travel decisions.

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## Denver International Airport Passengers

	Month of Oct-08	Month of Sep-08	Month of Oct-07	YTD Total 2008	YTD Total 2007	YTD Total % Change	Annual 2003	Annual 1998
Number of Airline Passengers	4,154,517	4,017,761	4,157,284	43,492,802	42,115,350	3.3%	37,505,138	36,831,400

Source: Denver International Airport, Traffic Statistics.

While the final week of 2008 was relatively calm for stock markets, analysts say the year was the worst since the Great Depression. One report shows average share prices of stocks listed on the New York Stock Exchange fell 45 percent between the end of 2007 and the end of 2008, and investors lost \$6.9 trillion in market wealth. The major stock indexes reflect a similar trend. *On a year-to-date basis, the NASDAQ fell 40.5 percent through December, and the S&P 500 and Dow Jones Industrial Average fell 38.5 percent and 33.8 percent, respectively. Colorado stocks fell by a larger margin, as the Bloomberg Colorado index declined 51 percent through the twelve months of 2008.*

## Stock Market Indexes

	Month of Dec-08	Month of Nov-08	Month of Dec-07	YTD Return 2008	YTD Return 2007	YTD Return 2006
Bloomberg Colorado	220.5	208.0	450.2	-51.0%	17.7%	17.3%
S&P 500	903.3	896.2	1,468.4	-38.5%	3.5%	13.6%
NASDAQ	1,577.0	1,535.6	2,652.3	-40.5%	9.8%	9.5%
DJIA (Dow Jones)	8,776.4	8,829.0	13,264.8	-33.8%	6.4%	16.3%

Sources: Bloomberg.com, Yahoo! Finance.

## Residential Real Estate

The third quarter 2008 *National Delinquency Survey* by the Mortgage Bankers' Association shows the U.S. mortgage delinquency rate rising to almost 7 percent from 6.4 percent in the second quarter of 2008 and 5.6 percent in the third quarter of 2007. The third quarter foreclosure rate rose to 2.97 percent of all loans from 2.75 percent in the second quarter, even as new legislation in various states helped the rate of foreclosure starts decline. While the nationwide results reflect continued trouble in the housing sector, trends still vary widely by state. The delinquency rate for all loans in Colorado reached 4.79 percent in the third quarter, up from the second quarter and the prior year but several points below the U.S. average rate. Compared to delinquency rates among the 50 states and Washington, DC, Colorado's rate ranked tenth lowest in the third quarter of 2008.

A report issued by TransUnion LLC also shows better-than-average delinquency trends in Colorado. According to the report, 3.4 percent of Colorado homeowners were two months behind on mortgage payments in the third quarter of 2008, compared to nearly four percent of homeowners nationwide. Colorado ranked 20th overall for delinquencies, and local housing officials say the figures show the rest of the nation catching up with the state's bellwether foreclosure trend. They also note that Colorado foreclosures could still be higher in 2009 despite apparent improvement in 2008, because factors including changed foreclosure laws and moratoriums from major banks may have delayed some 2008 filings.

At the same time, historically low interest rates could help some homeowners with adjustable rate loans avoid foreclosure this year. Mortgage rates are also at historic lows following the government's purchase of a large pool of housing-related debt, and officials hope the low rates will boost home sales and help eligible borrowers refinance. According to the Mortgage Bankers' Association, applications for mortgage refinancing rose in mid-December to the highest level reported since the refinancing boom of 2003.

# MONTHLY ECONOMIC SUMMARY

## Home Resales

The pace of U.S. existing home sales slowed considerably between October and November, according to the National Association of Realtors (NAR). An 8.6 percent decline in the rate of home sales in November left the sales pace 10.6 percent below the sales pace from November 2007, and over-the-year sales declines across the U.S. ranged from a 16 percent decline in the Midwest to an 18 percent decline in the West, South, and Northeast.

Local data also show home sales falling significantly in the late fall. The number of closed home sales in Metro Denver fell 31.8 percent between October and November, and local analysts say the November sales figure was the lowest ever reported for the month. The November results also reversed gradual improvements in Metro Denver's resale market over the past several months, although the nature of the decline – either short- or long-term – remains in question. On a year-to-date basis, total closed home sales in Metro Denver declined 4.2 percent through the first 11 months of the year, and the average single-family home price for that period declined 12.7 percent from the average for the same months in 2007. The region's unsold inventory continues to shrink, largely because weak economic conditions and competition from distressed properties is discouraging many homeowners who might otherwise choose to sell.

### Previously-Owned Home Sales Activity

	Month of Nov-08	Month of Oct-08	Month of Nov-07	YTD Total 2008	YTD Total 2007	YTD Total % Change	Ann Avg 2003	Ann Avg 1998
Home Sales (Under Contract)	3,637	4,504	4,007	59,361	58,262	1.9%	29,703	40,916
Home Sales (Closed)	2,920	4,282	3,482	44,603	46,570	-4.2%	47,966	45,951
Unsold Homes on Market	21,761	23,120	27,127	21,761	27,127	-19.8%	24,660	12,583
Average Sales Price-Single Family	\$242,557	\$250,172	\$297,812	\$272,401	\$311,939	-12.7%	\$277,856	\$185,785
Average Sales Price-Condo	\$161,615	\$164,686	\$165,533	\$171,955	\$180,510	-4.7%	\$175,215	\$115,235
Median Sales Price-Single Family	\$195,000	\$206,000	\$229,500	\$220,000	\$246,000	-10.6%	\$230,000	
Median Sales Price-Condo	\$130,000	\$130,300	\$139,000	\$139,000	\$150,999	-7.9%	\$154,000	

Source: MetroList, Inc.

Note: Data includes the seven-county Metro Denver region plus Elbert, Park, Gilpin, and Clear Creek Counties as well as portions of the Loveland area.

## Home Prices

Pressures from dramatically slower sales and a glut of distressed properties are keeping home prices low, according to the NAR. The national median home price in November was \$181,300 and fell 13.2 percent below the median from November 2007. Over-the-year price trends varied greatly by region, however. November prices were down by the smallest amount (-0.1 percent) in the Northeast, while price declines in the South (-10.6 percent) and Midwest (-11.2 percent) were slightly larger. Home prices in the western U.S. have fallen the most and were down 25.5 percent over-the-year in November.

A separate source of home price data, the S&P/Case-Shiller Home Price Indices, shows home prices falling at record annual rates in 14 of 20 U.S. metro areas. The indices show October 2008 home prices declining from the prior year by anywhere from three percent in Dallas to more than 30 percent in San Francisco, Las Vegas, and Phoenix. Local home price conditions are somewhat better, though. The Denver index fell 5.2 percent over-the-year in October and ranked third behind Dallas and Charlotte for smallest annual price decline.

A third measure of home values, median quarterly prices, also shows continued nationwide declines. According to the NAR, the U.S. median home price in the third quarter was \$200,500 and fell nine percent below the median from the third quarter of 2007. The Denver-Aurora median home price was essentially stable between the second and third quarters of 2008, but the third quarter price declined 11.4 percent from the median for the same period in 2007. Boulder-Longmont median prices declined by a larger margin between the second and third quarter of 2008 but remained a smaller, four percent margin behind last year's level. Overall, U.S. median home prices fell 8.1

# MONTHLY ECONOMIC SUMMARY

percent through the first three quarters of 2008, while median prices in the Denver-Aurora and Boulder-Longmont MSAs declined 10 percent and 3.4 percent year-to-date.

## Median Sales Price of Existing Single-Family Homes (\$000s)

	Quarter 3 2008 (p)	Quarter 2 2008 (r)	Quarter 3 2007	YTD Avg 2008	YTD Avg 2007	YTD Avg % Change	Median 2003	Median 1998
Boulder-Longmont MSA	\$360.9	\$375.1	\$375.8	\$363.9	\$376.7	-3.4%	\$313.0	n/a
Denver-Aurora MSA	\$225.1	\$225.2	\$254.1	\$224.6	\$249.6	-10.0%	\$238.2	\$152.2
United States	\$200.5	\$206.4	\$220.3	\$201.0	\$218.8	-8.1%	\$180.2	\$136.0

Source: National Association of REALTORS. (p) =preliminary (r) =revised

## Foreclosures

Data from RealtyTrac show one in every 488 U.S. households received a filing for some stage of foreclosure in November. This represents a 7 percent decrease in filings from October, but U.S. foreclosure filings remained 28 percent higher than filings from November 2007. RealtyTrac analysts noted that the November foreclosure volume fell to the lowest level reported since June, but they claim the decline reflects voluntary foreclosure moratoriums from several major banks and new state laws designed to extend the filing process.

*Metro Denver foreclosure filings in November fell below the count for the same month in 2007, as was the case for the prior six months. Public trustees reported 1,728 new filings in November, which left total filings through the first 11 months of 2008 down 3.4 percent from filings for the same period in 2007. Filings declined on a year-to-date basis in Adams, Arapahoe, and Denver Counties, while filings in Boulder, Broomfield, Douglas, and Jefferson Counties increased through the first 11 months of the year.*

## Real Estate Foreclosures

	Month of Nov-08	Month of Oct-08	Month of Nov-07	YTD Total 2008	YTD Total 2007	YTD Total % Change
Total Metro Denver*	1,728	2,096	2,091	22,850	23,652	-3.4%
Adams County	336	459	474	5,253	5,504	-4.6%
Arapahoe County	490	460	460	5,426	5,529	-1.9%
Boulder County	84	82	86	946	861	9.9%
Broomfield County	21	16	21	247	231	6.9%
Denver County	399	559	519	5,717	6,580	-13.1%
Douglas County	122	224	278	1,921	1,703	12.8%
Jefferson County	276	296	253	3,340	3,244	3.0%

\*Foreclosure data for Metro Denver represents the total number of election and demand setups received by the county public trustee in the month received. Some defaults are cured or withdrawn, so not all of the foreclosures listed are real-estate owned properties.  
Sources: Various county public trustees in Metro Denver.

## New Homes

New single-family homes sold at a seasonally adjusted annual rate of 407,000 units in November, according to the U.S. Department of Commerce. That represents a 2.9 percent decline in new home sales from October and a 35.3 percent decline in sales from November 2007. On an over-the-year basis, new home sales were down the most in the South (-38.1 percent) and the Midwest (-34.9 percent), while declines were slightly smaller in the West (-32.2 percent) and the Northeast (-27.3 percent).

The ongoing decline in homebuilding activity steepened between October and November as deteriorating economic conditions dealt a new setback to the residential sector. According to the U.S. Department of Commerce, the rate of starts on all types of privately owned housing fell 18.9 percent between October and

# MONTHLY ECONOMIC SUMMARY

November, and the November rate was 47 percent below the rate of starts from November 2007. On an over-the-year basis, housing starts have fallen by 41 percent in the South with more severe declines in the West (-48 percent), the Midwest (-56 percent), and the Northeast (-61 percent).

Like measures of home construction, measures of homebuilder confidence remain extremely weak. Specifically, the National Association of Homebuilders (NAHB)/Wells Fargo Housing Market Index (HMI) remained at an all-time low of nine in both November and December. The index has remained considerably below the break-even point of 50 since May of 2006, but the financial crisis and ensuing economic weakness had a particularly large impact on builder confidence. Respondents to the confidence survey noted that a weak consumer outlook and price competition from foreclosures are preventing even aggressive incentives from boosting new home purchases.

*Residential construction activity in Metro Denver continues to reflect the weak market for new homes. Local jurisdictions issued permits for 1,281 residential units in October, the vast majority of which were units in apartment buildings. Through the first ten months of the year, building activity slowed the most (-71.7 percent) in the attached homes category, or the group that includes condominiums and townhomes. The count of single-family detached home permits declined 48 percent through the ten months ended in October, and total permits for all types of housing fell 34 percent.*

## Residential Building Permits

	Month of Oct-08	Month of Sep-08	Month of Oct-07	YTD Total 2008	YTD Total 2007	YTD Total % Change	Total 2003	Total 1998
Single-Family Detached Units	210	257	427	3,360	6,459	-48.0%	12,656	16,058
Single-Family Attached Units	78	59	468	1,237	4,378	-71.7%	3,755	3,527
Multi-Family Units	993	7	604	3,878	2,011	92.8%	1,858	7,794
Total Units	1,281	323	1,499	8,475	12,848	-34.0%	18,269	27,379

Source: Home Builders Association of Metro Denver.

## Apartment Rental Market

Metro Denver's apartment vacancy rate rose from 6.2 percent in the second quarter of 2008 to 6.5 percent in the third quarter as the economic outlook weakened. On a year-to-date basis, however, the vacancy rate was unchanged from 2007 at 6.2 percent. Average rents rose to \$892 from \$886 in the second quarter, and the increase contributed to a 2.9 percent year-to-date gain in rents.

## Apartment Statistics

	Quarter 3 2008	Quarter 2 2008	Quarter 3 2007	YTD Average 2008	YTD Average 2007	YTD Average % Change	Annual Average 2003	Annual Average 1998
Apartment Vacancy Rate	6.5%	6.2%	5.3%	6.2%	6.2%		12.0%	4.4%
Average Monthly Rental Rate (all units)	\$892	\$886	\$858	\$880	\$855	2.9%	\$815	\$695

Source: Denver Metro Apartment Vacancy and Rent Survey.

## Commercial Real Estate

Building projects in several of Colorado's resort communities have been delayed or cancelled as developers struggle to obtain and pay on construction loans. Spokespeople for the Orvis Shorefox resort project in Grand County say they have missed payments on the project's loans and are seeking a buyer, and construction on a

# MONTHLY ECONOMIC SUMMARY

Whole Foods grocery store in Basalt has also stopped while owners try to refinance. Other suspended projects include the WestPac development at the base of the Snowmass ski area and the Shadowrock townhome community in El Jebel. Some community leaders say the setbacks have advantages, though, because they give resort towns the time to address concerns surrounding infrastructure, affordable housing for resort workers, and land use planning.

Weakening commercial real estate trends are also affecting the Metro Denver market. According to a report by Cushman & Wakefield, Denver area commercial sales could decline by 44 percent between 2008 and 2009 as limited credit and the weak economy discourage buyers. Brokers emphasize that the poor outlook has more to do with the economy than it does local market fundamentals, because job growth trends and the balance between property supply and demand are better in Metro Denver than they are elsewhere.

These factors – combined with Metro Denver’s well-educated workforce, good quality of life, and comparatively low costs of doing business – can still attract projects in a weak economy. Boston-based Franklin Street Partners, for example, is currently working on just one speculative project in the country and has decided to locate the new development at the Interlocken Business Park in Broomfield. The office building has been pre-certified to the gold LEED standard, and real estate analysts say the 285,000-square-foot space could attract renewable energy tenants as well as architects, engineers, and other professionals.

## Market Overview

*Data from CoStar Realty Information, Inc. suggest that Metro Denver’s office market weakened throughout 2008. The region’s direct vacancy rate increased slightly each quarter and ended the year at 12.8 percent, or one percentage point higher than the 11.8 percent rate from the fourth quarter of 2007. Slower market activity essentially reversed gains in lease rates that occurred in the second and third quarters, and average rates ended the year at \$21.15 per square foot. Despite its changing fundamentals, 2008 still proved to be a year of solid office market construction activity. More than two million square feet of space in 63 buildings was completed throughout the year, with major projects including the Palazzo Verdi building in Arapahoe County and 1400 Wewatta in Denver. As developers and property owners face financial challenges and poor sales conditions, though, the pace of building activity is poised to slow as 2009 begins. By the end of the fourth quarter, office property under construction totaled two million square feet in 37 buildings, compared to 3.4 million square feet under construction in the prior year.*

### Office Market Statistics

	Quarter 4 2008	Quarter 3 2008	Quarter 4 2007	Quarter 4 2006	Quarter 4 2005	Quarter 4 2004
Number of Buildings	5,067	5,055	5,004	4,941	4,895	4,831
Existing Square Feet (millions)	159.4	158.3	157.2	155.8	154.2	153.1
Vacant Square Feet (direct, millions)	20.4	19.5	18.6	20.0	20.4	22.3
Vacancy Rate (direct)	12.8%	12.3%	11.8%	12.8%	13.2%	14.5%
Vacancy Rate (with sublet)	13.9%	13.2%	12.6%	13.8%	14.5%	16.2%
Avg. Lease Rate (direct, per sq. ft, full service)	\$21.15	\$21.41	\$20.77	\$18.69	\$17.41	\$16.93
New Construction Completed (year-to-date)	2.19 MSF, 63 Bldgs	1.05 MSF, 44 Bldgs	1.38 MSF, 58 Bldgs	1.55 MSF, 41 Bldgs	0.73 MSF, 42 Bldgs	1.20 MSF, 38 Bldgs
Currently Under Construction	1.99 MSF, 37 Bldgs	3.41 MSF, 54 Bldgs	3.36 MSF, 66 Bldgs	1.33 MSF, 53 Bldgs	1.34 MSF, 38 Bldgs	0.72 MSF, 28 Bldgs

*Source: CoStar Realty Information, Inc. MSF=Million Square Feet*

*While Metro Denver’s industrial market maintained momentum through much of 2008, the market finally weakened in the fourth quarter. According to CoStar Realty Information, Inc., the direct vacancy rate rose to 6.9 percent from 6.5 percent in the third quarter while average lease rates remained essentially steady at \$5.13 per*

# MONTHLY ECONOMIC SUMMARY

*square foot.* The market's earlier strength supported a considerable amount of new construction, as nearly 2.5 million square feet was completed in 41 buildings including the Whirlpool facility in Adams County and the Digicomm building in Arapahoe County. Building activity nearly halted in the fourth quarter, though, as only 170,000 square feet in three buildings remained under construction.

## Industrial Market Statistics

	Quarter 4 2008	Quarter 3 2008	Quarter 4 2007	Quarter 4 2006	Quarter 4 2005	Quarter 4 2004
Number of Buildings	6,514	6,507	6,472	6,420	6,376	6,330
Existing Square Feet (millions)	211.5	210.9	209.1	206.7	204.5	202.9
Vacant Square Feet (direct, millions)	14.5	13.6	12.3	13.7	15.9	16.3
Vacancy Rate (direct)	6.9%	6.5%	5.9%	6.7%	7.8%	8.0%
Vacancy Rate (with sublet)	7.2%	6.9%	6.1%	7.0%	8.1%	8.6%
Avg. Lease Rate (direct, per square foot, NNN)	\$5.13	\$5.14	\$5.04	\$4.94	\$4.69	\$4.59
New Construction Completed (year-to-date)	2.47 MSF, 41 Bldgs	1.77 MSF, 33 Bldgs	1.67 MSF, 29 Bldgs	1.65 MSF, 28 Bldgs	1.30 MSF, 40 Bldgs	1.82 MSF, 34 Bldgs
Currently Under Construction	0.17 MSF, 3 Bldgs	0.90 MSF, 11 Bldgs	1.80 MSF, 21 Bldgs	2.11 MSF, 28 Bldgs	0.86 MSF, 19 Bldgs	0.33 MSF, 14 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

*Like Metro Denver's office market, the region's flex market weakened throughout 2008. According to data from CoStar Realty Information, Inc., direct vacancy rates rose from 12.1 percent in the fourth quarter of 2007 to 12.9 percent in the fourth quarter of 2008. Despite the weaker fundamentals, lease rates remained fairly steady and averaged \$9.87 per square foot in the fourth quarter. Building activity also remained steady between the third and fourth quarters, with nearly 300,000 square feet in eight projects under construction as 2008 ended. Projects in Boulder County represented 25 percent of the new flex space added in 2008, and major projects were also completed in Douglas and Jefferson Counties.*

## Flex Space Statistics

	Quarter 4 2008	Quarter 3 2008	Quarter 4 2007	Quarter 4 2006	Quarter 4 2005	Quarter 4 2004
Number of Buildings	1,337	1,332	1,312	1,297	1,279	1,250
Existing Square Feet (millions)	38.5	38.3	37.7	37.4	36.8	36.4
Vacant Square Feet (direct, millions)	5.0	4.8	4.6	5.0	5.1	5.7
Vacancy Rate (direct)	12.9%	12.6%	12.1%	13.4%	13.7%	15.6%
Vacancy Rate (with sublet)	13.8%	13.7%	13.0%	14.1%	14.3%	17.0%
Avg. Lease Rate (direct, per square foot, NNN)	\$9.87	\$9.89	\$9.30	\$8.53	\$8.38	\$8.28
New Construction Completed (year-to-date)	0.77 MSF, 25 Bldgs	0.59 MSF, 20 Bldgs	0.25 MSF, 12 Bldgs	0.46 MSF, 15 Bldgs	0.37 MSF, 21 Bldgs	0.12 MSF, 6 Bldgs
Currently Under Construction	0.30 MSF, 8 Bldgs	0.38 MSF, 11 Bldgs	0.16 MSF, 6 Bldgs	0.09 MSF, 2 Bldgs	0.46 MSF, 15 Bldgs	0.37 MSF, 17 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

*Data from CoStar Realty Information, Inc. show direct vacancy rates in Metro Denver's retail market rising throughout 2008. The rate registered 8.2 percent as 2008 ended, nearly one percentage point higher than the 7.3 percent rate from the fourth quarter of 2007. Average lease rates also declined through the second half of the year, although the fourth quarter average of \$17.60 per square foot remained above the \$17.01 average from the fourth quarter of 2007. Despite the slower market activity, 2008 remained a relatively strong year for retail market construction. More than 3.5 million square feet of space was added in 99 buildings, including the Shops at Vallagio in Arapahoe County, the Lifetime Fitness Center in Adams County, and the Victorian Peaks*

# MONTHLY ECONOMIC SUMMARY

development in Douglas County. Slightly more than two million square feet of retail space remained under construction as 2008 ended, including Riverpoint at Sheridan in Arapahoe County and Shoenberg Farms in Jefferson County.

## Retail Market Statistics

	Quarter 4 2008	Quarter 3 2008	Quarter 4 2007	Quarter 4 2006	Quarter 4 2005	Quarter 4 2004
Number of Buildings	6,828	6,809	6,729	6,656	6,520	6,352
Existing Square Feet (millions)	145.7	145.4	142.8	140.5	135.9	130.4
Vacant Square Feet (direct, millions)	11.9	11.3	10.4	10.3	9.4	7.9
Vacancy Rate (direct)	8.2%	7.8%	7.3%	7.4%	6.9%	6.0%
Vacancy Rate (with sublet)	8.5%	8.0%	7.6%	7.5%	7.1%	6.3%
Avg. Lease Rate (direct, per square foot, NNN)	\$17.60	\$17.83	\$17.01	\$16.87	\$15.50	\$15.85
New Construction Completed (year-to-date)	3.55 MSF, 99 Bldgs	2.55 MSF, 73 Bldgs	1.60 MSF, 41 Bldgs	4.77 MSF, 54 Bldgs	N/A	N/A
Currently Under Construction	2.05 MSF, 58 Bldgs	2.94 MSF, 72 Bldgs	6.30 MSF, 81 Bldgs	4.71 MSF, 60 Bldgs	N/A	N/A

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

# MONTHLY ECONOMIC SUMMARY

## Metro Denver Indicator Summary

Indicator	Monthly/Quarterly Direction	Annual Direction	Summary of Recent Changes
Nonfarm Employment Growth	↓	↑	Employment declined by 2,200 jobs Oct to Nov; YTD employment up 1.2% through Nov 2008.
% Companies Hiring (Denver Area)	↓	↓	15% of companies expect to add workers in Q1 2009.
Unemployment Rate	↑	↑	Metro rate 5.8% in Nov; YTD avg. rate of 5% up from 3.8% in 2007.
Initial Unemployment Insurance Claims	↑	↑	Claims increased Oct to Nov; YTD claims up 41.4% through Nov 2008.
Total Retail Sales	↑	↑	Metro retail sales up 12% from Aug to Sep; YTD sales up 5.1% through Sep 2008.
Consumer Confidence Index	↓	↓	Mountain Region down to 36.4 in Dec from 64.3 in Nov; index down 42% year-to-date
Hotel Occupancy	↓	↓	Hotel occupancy decreased from 64.8% in Oct to 51.3% in Nov; occupancy down 2.6% YTD
DIA Passengers	↑	↑	Traffic increased 3.4% Sep to Oct; YTD traffic up 3.3% through Oct 2008.
Bloomberg Colorado Index	↑	↓	Bloomberg Colorado Index up 6% from Nov to Dec; year-to-date return at -51%.
Dow Jones Industrial Average	↓	↓	DOW decreased 0.6% Nov to Dec; year-to-date return at -33.8%
Home Sales (closed)	↓	↓	Home sales decreased 31.8% Oct to Nov; YTD sales down 4.2% through Nov.
Median Home Price (Denver-Aurora MSA)	↔	↓	Median home price in Denver MSA essentially unchanged Q2 to Q3 2008; YTD price down 10%
Foreclosures	↓	↓	Foreclosures decreased 17.6% Oct to Nov; YTD down 3.4% through Nov 2008.
Residential Building Permits (Total)	↑	↓	Total permits increased between Sep and Oct; YTD down 34% through Oct 2008.
Apartment Vacancy Rate	↑	↔	Vacancy rate increased from 6.2% in Q2 to 6.5% in Q3; avg rental rate at \$892 per month.
Office Vacancy Rate (with Sublet)	↑	↑	Vacancy rate increased from 13.2% in Q3 to 13.9% in Q4; avg lease rate down to \$21.15/sq.ft.
Industrial Vacancy Rate (with Sublet)	↑	↑	Vacancy rate increased from 6.9% in Q3 to 7.2% in Q4; avg lease rate down to \$5.13/sq. ft. (NNN)
Retail Space Vacancy Rate (with Sublet)	↑	↑	Vacancy rate increased from 8% in Q3 to 8.5% in Q4; avg. lease down to \$17.60/sq. ft. (NNN)
<i>Positive Changes</i>	<b>5 of 18</b>	<b>4 of 18</b>	



*Economic and Demographic Research*

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10184 West Belleview Avenue  
Suite 100  
Littleton, Colorado 80127  
[www.DevelopmentResearch.net](http://www.DevelopmentResearch.net)  
303.991.0070