



Jefferson County, Colorado

Quarterly Economic Report – First Quarter 2017



Jefferson County's economic situation continued to improve, with continued employment gains, low unemployment, and robust consumer trends. Employment in the county increased 1.9 percent between the third quarters of 2015 and 2016, generating an additional 4,410 jobs. The Jefferson County unemployment rate fell to 2.5 percent in the fourth quarter of 2016, a decline of 0.5 percentage points from the prior year. Consumer confidence rose 8.7 percent in the Mountain Region between the third and fourth quarters of 2016.

The residential real estate market reported mixed trends during the fourth quarter of 2016. Sales of single-family detached homes increased between the fourth quarters of 2015 and 2016, rising 14.7 percent, while single-family attached home sales decreased 0.9 percent during the same period. The average sales price in both the single-family detached and the single-family attached markets increased over-the-year, rising 7.9 percent and 14 percent, respectively. The county reported an apartment vacancy rate of 4.4 percent, which was the lowest of the Metro Denver counties. The average rental rate for an apartment in Jefferson County rose 3.3 percent over-the-year to \$1,308 per month in the fourth quarter.

The commercial real estate markets in Jefferson County recorded generally tightening vacancy and rising average lease rates during the fourth quarter of 2016. All three classes of office space recorded falling vacancy rates, although the Class A market recorded a decrease in the average lease rate. The industrial warehouse market was the most constricted of the market types, reporting 3.5 percent vacancy, but this was up 2 percentage points from the previous year. Class A office space continued to command the highest average lease rate, charging \$25.60 per square foot during the fourth quarter of 2016. Jefferson County posted a net increase of 351,888 square feet of office, industrial, and retail space between the fourth quarters of 2015 and 2016.

Jefferson County Economic Headlines

- ◆ Jefferson County-based **Lockheed Martin Space Systems** will move 650 jobs from California to either Colorado and Florida. The move comes after Lockheed won a major contract expansion for work on the submarine-launched Trident II D5 nuclear missile for the U.S. and British Navies. The potential positions moving to Colorado will be focused on engineering and design and will occur over the next eight years.
- ◆ **Ball Corporation** is expanding its aerospace operations in the City of Westminster. The planned expansion, with options for multiple phases, will begin this year with an approved \$50 million capital investment by the corporation. If all options for expansion are exercised over a multi-year period, the company expects to create nearly 450 high-paying jobs and expand its current facility by 261,400 square feet.
- ◆ The National Aeronautics and Space Administration (NASA) selected a space probe named Lucy, proposed by the Boulder office of the Southwest Research Institute, for its next Discovery-class mission. The 12-year mission will launch in October 2021 to study six asteroids near Jupiter to further scientific understanding of the early solar system. Jefferson County-based **Lockheed Martin Space Systems** will build, assemble, and test the spacecraft.
- ◆ **Altaviz**, a medical device manufacturer, is expanding its operations from California into Jefferson County. The company recently leased 10,000 square feet at 150 Capital Drive in Golden. The expansion project will bring an estimated \$15 million in personal property, and 85 new jobs over an 8-year period.
- ◆ French-based **Esker**, a cloud-based document automation company, is expanding into Colorado and will be opening an office in Lakewood at 777 S. Wadsworth Blvd. Esker chose to expand to Denver due to recruitment possibilities, solid infrastructure, an airport hub, and economic growth that is higher than the national average. The company will create 10 new jobs in Jefferson County.
- ◆ **Ascent360**, a Golden-based digital marketing company, raised \$1.9 million in a seed-round funding. The 15-employee company expanded its existing operations by doubling their space at Corporate Center, and has plans to increase employment from 16 to 100 in the next three to five years.

- ◆ StoneGate Senior living has expanded into Colorado with the opening of its new 60,000 square-foot facility in Golden. **Accel at Golden Ridge** serves as both an in-patient transitional care center and outpatient center for up to 80 patients, providing transitional post-acute care services, including physical, occupational and speech rehabilitation series. The new facility will employ 110 people at full capacity.
- ◆ **E-ZLift Conveyors**, a conveyor systems manufacturer, is relocating its operations from Denver to Lakewood. The company purchased a 13,500 facility at 12401 W. Cedar Dr., and will create 12 new jobs in Jefferson County with additional growth in the future.
- ◆ **The Coleman Co.** closed its headquarters in unincorporated Jefferson County and eliminated 54 jobs in February 2017. Coleman’s parent company, Newell Brands, will fold management of the Coleman product line into its beverage-ware businesses based in Chicago.
- ◆ According to the U.S. Department of Education’s new “College Scorecard”, **Colorado School of Mines** produces the **highest-paid graduates** out of 30 Metro Denver colleges. Alumni at Mines earned a median salary of \$75,700 after 10 years of attending, relative to the average annual cost of \$25,777.
- ◆ Denver-based Healthgrades released their latest list of the 100 “**Best Hospitals of 2017**” with seven Colorado hospitals making the list, including **Lutheran Medical Center** in Wheat Ridge.
- ◆ Smart Asset released the rankings from its third annual “**Healthiest Housing Market Study**,” which ranked the top cities across the nation and the top cities in individual states. For Colorado, Louisville ranked number one, followed by Centennial, **Arvada, and Westminster**. The study measured market health by the average number of years residents spend in homes, home values, ease of sale, and the costs associated with ownership.
- ◆ Metro Denver has seven of the nation’s **most competitive neighborhoods for home sales**, according to Redfin.com. **The Lakeside neighborhood in Wheat Ridge** is the area’s most competitive neighborhood (eighth nationally), followed by **West Pleasant View in Golden** (12th), College View in Denver (13th), Hoffman Town in Aurora (14th), Highline Villages in Aurora (17th), **Union Square in Lakewood** (23rd), and Horseshoe Park in Aurora (27th).
- ◆ The city of **Wheat Ridge** plans to combine outdoor recreation with the coworking space concept at **Ward Station**, the last stop on the future Regional Transportation District’s Gold Line. The Ward Station Vision includes plans for a 15-acre coworking space for outdoor recreation companies near Ward Road and 52nd Avenue, a mountain bike park, and opportunities for paddleboarding and kayaking. Spokespeople for the city say the space will be a centerpiece as a unique recreational node that takes advantage of access to the mountains via Interstate 70 and downtown Denver via rail.
- ◆ Livability named Boulder as the fifth best place to live in their “**Top 100 Best Places to Live**.” Following Boulder, Littleton ranked 24th and **Lakewood ranked 26th**. The criteria consisted of eight categories including amenities, economy, education, healthcare, and housing.
- ◆ According to Headlight Data, Douglas County has the fifth highest **median household income** of \$109,926 in the nation. The Austin-based firm looked at U.S. Bureau of Economic analysis data for 2015, looking at median household income, percent growth, and net change between the periods of 2010 and 2015. Broomfield County reported a median household income of \$86,548, followed by Boulder County (\$72,392), **Jefferson County (\$71,209)**, Arapahoe County (\$67,062), Denver County (\$57,886), and Adams County (\$52,785). The national median household income was \$55,775

Metropolitan Region and State Economic Headlines

- ◆ **The Milken Institute’s “2016 Best-Performing Cities Index”** named two Colorado metropolitan areas among the top-25. The Fort Collins MSA ranked eighth, up six spots from last year, and the **Denver-Aurora-Lakewood MSA ranked 13th**, up three spots from last year. The index ranked 381 U.S. metro areas based on nine separate components including job growth and earnings. The Denver-Aurora-Lakewood MSA ranked 10th for wage growth from 2013 to 2014, and 16th in both job growth and the number of high-tech industries.
- ◆ **Colorado ranked fifth among the top-10 states for the well-being of adults ages 55 and older**, according to Gallup Healthway’s “2015 State Well-Being Rankings for Older Americans.” The company analyzed factors including purpose, social, financial, community, and physical factors. Hawaii ranked first, followed by Arizona, New Hampshire, and North Dakota. West Virginia and Kentucky had the lowest levels of well-being for older adults.
- ◆ **The United Health Foundation ranked Colorado the 10th-healthiest state in the nation.** The state ranked high for its low obesity rate (20.2 percent), high rate of physical activity, and low prevalence of diabetes, but ranked near the bottom for whooping cough (46th) and health disparities (48th) among people based on their education levels. Hawaii ranked first overall and Massachusetts ranked second.
- ◆ According to new rankings from American City Business Journals, **Denver ranked as the eighth-best market for entrepreneurs.** The rankings were based on a 15-part formula that highlighted the best places for the creation and development of small businesses with one to 99 employees. Of the 106 markets surveyed, the top six markets were in Florida, California, and Texas.
- ◆ **U.S. News & World Report ranked Denver No. 2 on its latest annual list of the best places to live in the U.S.** To compile the list, *U.S. News & World Report* selected the nation’s 100 largest metro areas by population and ranked them based on value of living, quality of life, job market health, desire to live there, and net migration. Denver dropped down from the No. 1 spot due to cost of living increases in recent years

Employment Activity

Business Count, Average Weekly Wage, and Employment by Supersector

The number of businesses throughout Jefferson County increased 7.6 percent between the third quarters of 2015 and 2016, a net gain of 1,457 businesses. Ten of the 13 supersectors reported growth in the number of businesses between the third quarters of 2015 and 2016. The largest percentage increase of businesses was in the education and health services supersector, rising 60.7 percent over-the-year to 3,116 businesses. This increase was due to a large increase in health care and social assistance businesses, rising from 1,609 in the third quarter of 2015 to 2,762 in the same period of 2016. The transportation, warehousing, and utilities supersector also reported a large increase in businesses, rising 6.2 percent over-the-year, and creating 17 new businesses. The mining and logging, wholesale trade, and government sectors all recorded a decrease in establishments during the period, decreasing 13.3 percent, 2.2 percent, and 1.1 percent, respectively.

The average weekly wage for Jefferson County was \$1,046 during the third quarter of 2016, rising 5.5 percent compared with the previous year. The wholesale trade sector (\$1,822) recorded the highest average weekly wage during the period, reflecting a 9.8 percent increase in wages between the third quarters of 2015 and 2016. The mining and logging, and information sectors also recorded strong increases in wages during the period, rising 23 percent to \$1,328 per week and 12.2 percent to \$1,497 per week, respectively. The financial activities services supersector posted the smallest increase in wages over-the-year, rising 2.7 percent to \$1,235 per week. The lowest average wage was in the leisure and hospitality supersector, with an average weekly wage of \$389. The transportation, warehousing, and utilities (-1.1 percent) reported the only over-the-year decline in the average weekly wage, falling to \$1,274 per week.

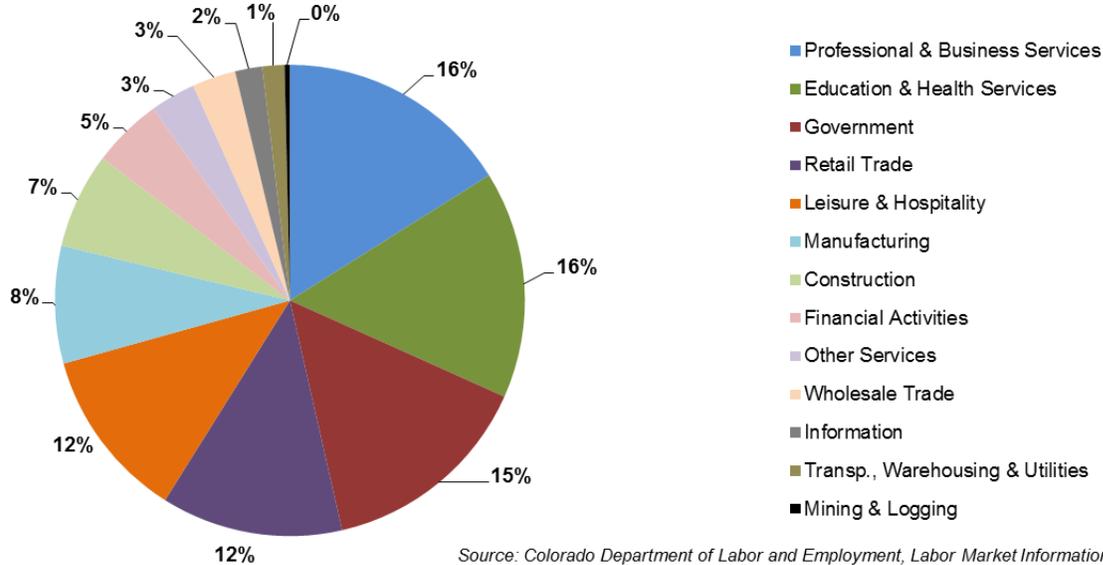
Business and Employment Indicators by Supersector

	Jefferson County						Metro Denver	
	Quarterly Business Count		Average Weekly Wage		Quarterly Employment Level		Quarterly Employment Level	
	3Q 2015	3Q 2016	3Q 2015	3Q 2016	3Q 2015	3Q 2016	3Q 2015	3Q 2016
Total All Industries	19,195	20,652	\$992	\$1,046	230,252	234,662	1,551,489	1,592,032
Private Sector								
Mining & Logging	150	130	\$1,080	\$1,328	946	854	14,379	12,450
Construction	2,009	2,076	\$1,069	\$1,123	15,185	15,402	88,730	94,383
Manufacturing	499	506	\$1,662	\$1,736	18,059	18,908	86,184	86,683
Wholesale Trade	1,567	1,533	\$1,660	\$1,822	7,325	7,019	75,741	77,402
Retail Trade	1,759	1,760	\$565	\$597	28,886	29,298	152,437	154,424
Transp., Warehousing & Utilities	273	290	\$1,288	\$1,274	3,575	3,567	51,506	53,008
Information	296	307	\$1,334	\$1,497	4,260	4,383	53,956	54,873
Financial Activities	2,115	2,128	\$1,202	\$1,235	11,173	11,279	106,855	109,819
Professional & Business Services	5,430	5,558	\$1,279	\$1,341	36,974	37,760	288,101	294,806
Education & Health Services	1,939	3,116	\$806	\$874	35,459	36,613	197,037	204,447
Leisure & Hospitality	1,434	1,446	\$364	\$389	27,077	27,610	175,781	182,495
Other Services	1,518	1,604	\$685	\$718	7,090	7,369	47,461	49,959
Government	177	175	\$1,119	\$1,166	34,192	34,553	213,047	216,928

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).



**Jefferson County Employment by Supersector
Third Quarter 2016**



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

Jefferson County employment increased 1.9 percent in the third quarter of 2016 compared with the prior year, representing an additional 4,410 jobs. The sector that reported the largest percentage increase was manufacturing, which rose 4.7 percent or about 850 jobs between the third quarters of 2015 and 2016. Professional and business services, the largest supersector by employment, reported a 2.1 percent increase over-the-year, representing about 790 new jobs. The education and health services supersector reported the largest absolute increase in employment during the period, generating over 1,150 jobs. The mining and logging, wholesale trade, and transportation, warehousing, and utilities sectors reported decreases in employment during the period, falling 9.7 percent, 4.2 percent, and 0.2 percent respectively.

The Metro Denver area recorded stronger employment growth than Jefferson County, with total employment rising 2.6 percent between the third quarters of 2015 and 2016. The construction sector reported the largest percentage increase in employment during the period, rising 6.4 percent or 5,650 jobs. The education and health services supersector (+3.8 percent) created the most jobs during the period, creating 7,410 positions. The other services supersector also recorded strong employment growth, rising 5.3 percent during the period. The mining and logging sector recorded the only decline in employment over-the-year, decreasing 13.4 percent over-the-year or 1,930 jobs.

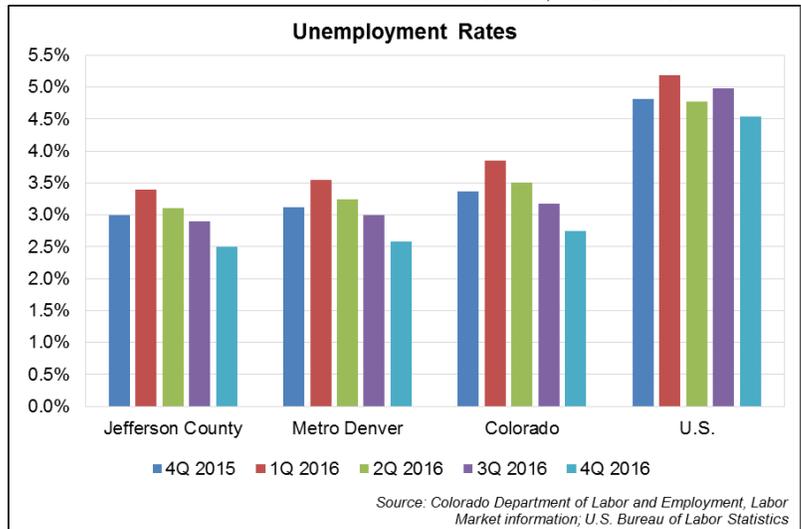
Labor Force and Unemployment

Unemployment in Jefferson County decreased by 0.5 percentage points between the fourth quarters of 2015 and 2016, falling from 3 percent to 2.5 percent. The area’s labor force increased at a rate of 2 percent during the same period, with 6,183 additional individuals working or looking for a job. Of the seven Metro Denver counties, Jefferson County tied for the third lowest unemployment rate. The Jefferson County fourth quarter 2016 unemployment rate was the lowest fourth quarter unemployment rate since 2000 when the rate was 2.2 percent. Metro Denver unemployment declined over-the-year, falling 0.5 percentage points to 2.6 percent in the fourth quarter, and the labor force increased at a rate of 2 percent over-the-year. The Metro Denver unemployment rate also was the lowest fourth quarter rate since 2000 when the rate was 2.4 percent.

Colorado reported a 2.1 percent increase in the labor force between the four quarters of 2015 and 2016 and the unemployment rate declined 0.7 percentage points to 2.7 percent. The United States recorded a 0.3 percentage point decline in the unemployment rate over-the-year, with 1.3 percent growth in the labor force.

	Labor Force			Unemployment Rate	
	4Q 2015	4Q 2016	Yr/Yr % Change	4Q 2015	4Q 2016
Jefferson County	311,344	317,527	2.0%	3.0%	2.5%
Metro Denver	1,664,985	1,698,307	2.0%	3.1%	2.6%
Colorado	2,842,708	2,902,161	2.1%	3.4%	2.7%
U.S. (000s)	157,299	159,401	1.3%	4.8%	4.5%

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



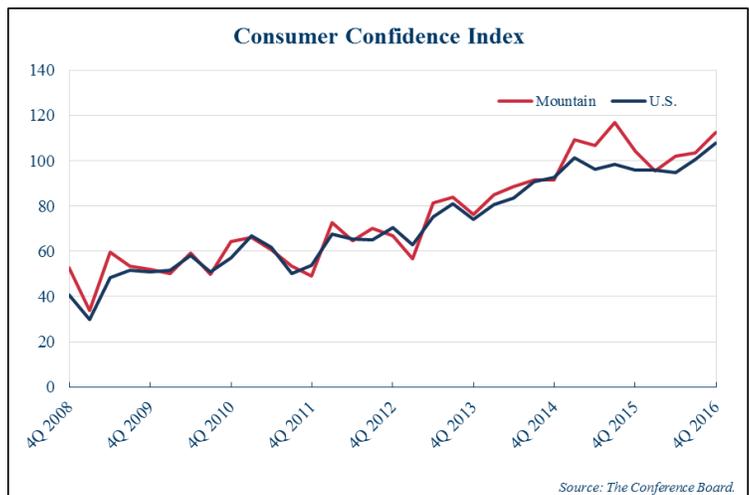
Source: Colorado Department of Labor and Employment, Labor Market information; U.S. Bureau of Labor Statistics

Consumer Activity

Consumer Confidence

The Consumer Confidence Index for the U.S. increased between the third and fourth quarters of 2016, reporting a level of 107.8 from the revised third quarter level of 100.7, a 7.1 percent increase over-the-quarter. The U.S. Index also increased over-the-year, increasing 12.3 percent between the fourth quarters of 2015 and 2016. The fourth quarter of 2016 reported the highest confidence value since the first quarter of 2007 of 109.9.

Colorado is included in the Mountain Region Index and the area reported an increase in consumer confidence between the fourth quarters of 2015 and 2016. The index rose to 112.5 in the fourth quarter from the fourth quarter of 2015 level

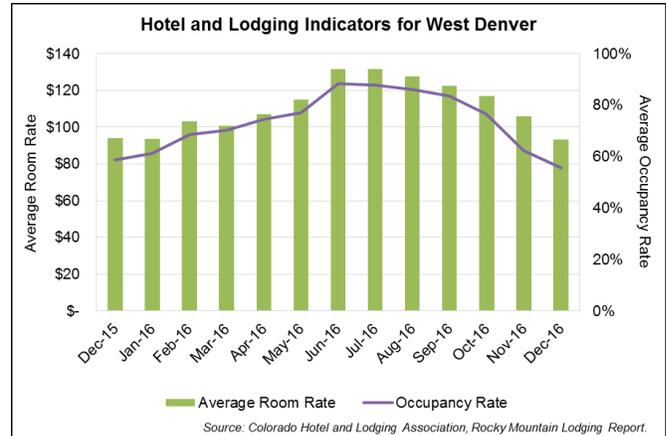


Source: The Conference Board.

of 104.3, an increase of 7.8 percent over-the-year. The Mountain Region Index also reported an over-the-quarter increase of 8.7 percent.

Lodging

According to the *Rocky Mountain Lodging Report*, the West Denver market recorded an annual occupancy rate of 74.3 percent in 2016. This rate was 2.1 percentage points lower than the prior year’s occupancy rate. The average room rate for the West Denver market was \$114.43 per night for 2016, a 3.8 percent increase from the previous year (\$110.22 per night). The annual average occupancy rate in Metro Denver decreased to 75 percent in 2016, down from 75.9 percent in 2015, and the average room rate rose 5.1 percent to \$140.46 per night.



Residential Real Estate

- ◆ Plans are underway for the **350-acre Red Rocks Ranch residential development** at the northeast corner of C-470 and Morrison Road. The residential development applied for annexation with the city of Lakewood and the town of Morrison, and the new Rooney Valley master plan is nearing completion. The rezoning application will be voted on in early 2017.
- ◆ **Hartman Ely Investments will redevelop Wheat Ridge’s historic Fruitdale School building** into 16 multi-family units. The Fruitdale Lofts will serve as the cornerstone project for the Fruitdale Development District and will be completed by the end of 2017.
- ◆ San Francisco Bay Area-based national real estate firm Legacy Partners, in a joint venture with Diamond Realty Investments and the real estate investment arm of Mitsubishi Corp., will **begin construction on a new 300-unit multifamily development located along Westminster Blvd. in Westminster**. The Legacy on the Promenade development will consist of 276 apartments and 24 townhomes. Of the townhomes, 12 will be live/work spaces ideal for small business owners.
- ◆ **Metro West Housing Solutions projects:**
 - **Lamar Station Crossing-Phase II:** This phase will complete the campus of the extremely successful TOD community that opened in 2014. It will add 65 units of low and moderate income housing for families for a total of 175 units on the campus. MWHS applied for funding in June, but was not awarded the funding. MWHS will apply again in 2017 and if awarded construction would begin in 2018 and the development would open in 2019.
 - **5800 W. Alameda:** Will be 152 units of affordable family housing, both in the existing 7-story office tower and a newly constructed building. The \$35 million project will improve that part of the Alameda corridor through additional residential product and improving a blighted, vacant building. The New America School will remain in the attached retail space. The new property will add a more urban feel and will offer a significantly improved view than the current acres of asphalt parking. MWHS is in the planning and permitting process with the City of Lakewood with plans to start construction in early 2017, with plans to open mid-year 2018.

Home Sales

Jefferson County reported mixed trends in both the single-family detached and single-family attached existing home markets. The number of single-family detached homes sold increased between the fourth quarters of 2015 and 2016, rising 14.7 percent to 2,218 homes sold. Prices of single-family detached homes continued to appreciate, leading to a 7.9 percent increase in the average sales price to \$419,445 during the period. Of the seven counties in Metro Denver, Jefferson County recorded the fourth highest average sales price and was first for the number of homes sold. The City and County of Denver recorded the largest increase in average sales price over-the-period, recording an 11.6 percent increase. Boulder County recorded the highest average sales price (\$572,840), increasing 8.4 percent over-the-year.

Sales of single-family attached homes in Jefferson County decreased 0.9 percent between the fourth quarters of 2015 and 2016, to 696 homes sold, or 6 fewer homes sold. The average sales price of a single-family attached home rose, recording a 14 percent increase to \$241,646 during the same period. Compared with the other six counties in Metro Denver, Jefferson County recorded the third-highest number of homes sold and reported the fifth-highest average sales price in the single-family attached market. Arapahoe County posted the most single-family attached home sales (1,120 sales) and Boulder County reported the highest average sales price (\$396,778) during the fourth quarter. Changes in the average sales price for single-family attached homes ranged from a decline of 0.1 percent in Douglas County to an increase of 32.6 percent in Boulder County.

Existing Home Sales

	Metro Denver County Markets							Metro Denver Total
	Adams	Arapahoe	Boulder	Broomfield	Denver	Douglas	Jefferson	
Home Sales								
<i>Single-Family Detached</i>								
4Q 2016	1,759	2,091	928	232	2,200	1,506	2,218	10,934
4Q 2015	1,753	2,100	968	237	2,043	1,500	1,934	10,535
<i>Single-Family Attached</i>								
4Q 2016	459	1,120	254	28	968	296	696	3,821
4Q 2015	457	1,169	199	24	950	337	702	3,838
Average Sold Price								
<i>Single-Family Detached</i>								
4Q 2016	\$316,509	\$382,127	\$572,840	\$412,162	\$469,324	\$485,629	\$419,445	\$427,765
4Q 2015	\$289,961	\$365,778	\$528,538	\$391,399	\$420,614	\$448,424	\$388,657	\$395,295
<i>Single-Family Attached</i>								
4Q 2016	\$215,804	\$226,415	\$396,778	\$295,100	\$305,637	\$289,885	\$241,646	\$264,729
4Q 2015	\$184,515	\$195,727	\$299,284	\$262,121	\$284,641	\$290,307	\$211,992	\$233,465

Source: ColoradoComps.

Apartment Market

Jefferson County had the lowest apartment vacancy rate of the six Metro Denver county market groups for the fourth quarter of 2016. The Jefferson County vacancy rate fell 0.9 percentage point between the fourth quarters of 2015 and 2016 to 4.4 percent vacancy. The vacancy rate fell 0.3 percentage points over-the-quarter. The Jefferson County fourth quarter vacancy rate was 1.8 percentage points below the Metro Denver average (6.2 percent). The average rental rate in the county for all apartment types (\$1,308 per month) rose 2.7 percent between the third and fourth quarters of 2016, recording the largest over-the-quarter increase in the average lease rate of the six county market groups. The county reported a 3.3 percent increase over-the-year in the average rental rate, rising from \$1,266 per month in the fourth quarter of 2015.

Metro Denver Average Apartment Rents and Vacancy

Fourth Quarter 2016

County	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams	6.1%	\$940	\$1,094	\$1,207	\$1,443	\$1,749	\$1,413	\$1,251
Arapahoe	6.6%	\$1,027	\$1,137	\$1,236	\$1,466	\$1,872	\$1,624	\$1,290
Boulder/Broomfield	5.5%	\$1,332	\$1,334	\$1,399	\$1,726	\$2,067	\$1,464	\$1,499
Denver	7.2%	\$1,140	\$1,250	\$1,287	\$1,733	\$1,803	\$1,354	\$1,376
Douglas	5.8%	\$1,126	\$1,316	\$1,481	\$1,624	\$1,986	\$2,184	\$1,495
Jefferson	4.4%	\$1,003	\$1,166	\$1,237	\$1,483	\$1,747	\$1,306	\$1,308
Metro Average	6.2%	\$1,117	\$1,202	\$1,272	\$1,569	\$1,845	\$1,404	\$1,347

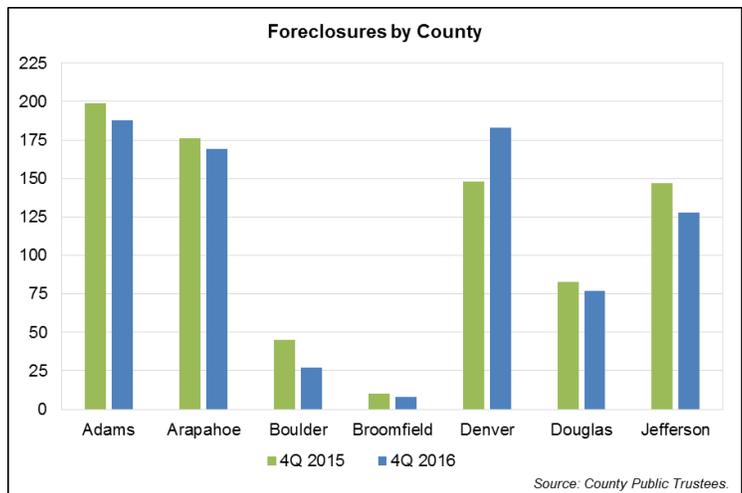
Source: Denver Metro Apartment Vacancy and Rent Survey.

The Metro Denver apartment rental market tightened between the fourth quarters of 2015 and 2016, with the vacancy rate falling 0.6 percentage points to 6.2 percent. Four of the six county market groups in Metro Denver reported over-the-year decreases in the vacancy rate and all six reported increases in the average rental rate. Douglas County and the Boulder/Broomfield market recorded the largest over-the-year decreases in the vacancy rate, falling 3.5 percentage points and 2.1 percentage points, respectively. The Metro Denver average rental rate of \$1,347 per month for all apartment types increased 4.3 percent over-the-year. The largest over-the-year increase in the average rental rate was in Arapahoe County (+5 percent). The Boulder/Broomfield market reported the smallest over-the-year increase in the average rental rate, rising 0.4 percent.

Foreclosures

Foreclosure filings in Jefferson County decreased between the fourth quarters of 2015 and 2016. Foreclosure filings in the county fell 12.9 percent compared with the previous year to 128 total filings. Jefferson County recorded the third largest over-the-year decrease in foreclosures of the seven Metro Denver counties. However, foreclosure filings increased between the third and fourth quarters of 2016, rising 4.1 percent.

Metro Denver recorded a 3.5 percent decrease over-the-year but a 9.2 percent increase over-the-quarter, reporting 780 total foreclosure filings during the fourth quarter of 2016.



Residential Construction

Residential building permits in Jefferson County increased 19.7 percent between the fourth quarters of 2015 and 2016. Single-family detached permits accounted for 71.5 percent of the total permits issued during the fourth quarter of 2016 with 291 units. There was a 13.1 percent decrease over-the-year in single-family detached permits issued throughout Jefferson County, representing 44 fewer permits issued during the period. There were three single-family attached permits issued during the fourth quarter of 2016, two fewer permits than the same quarter the previous year. Multi-family building permits increased during the period, rising from zero permits during the fourth quarter of 2015 to 113 permits during the fourth quarter of 2016.

Jefferson County Residential Building Permits

	Single-Family Detached		Single-Family Attached		Multi-Family		Total Units	
	4Q 2015	4Q 2016	4Q 2015	4Q 2016	4Q 2015	4Q 2016	4Q 2015	4Q 2016
Unincorp. Jefferson County	73	81	2	3	-	113	75	197
Arvada	150	153	-	-	-	-	150	153
Edgewater	2	1	-	-	-	-	2	1
Golden	1	-	-	-	-	-	1	-
Lakewood	56	32	-	-	-	-	56	32
Westminster*	42	23	-	-	-	-	42	23
Wheat Ridge	11	1	3	-	-	-	14	1
Total Units	335	291	5	3	0	113	340	407

*Westminster included in Adams and Jefferson Counties. Total may reflect construction not in Jefferson County. Source: U.S. Census Bureau.

The Jefferson County cities reported similar trends across the three building permit categories between the fourth quarters of 2015 and 2016. Multi-family permits were only issued in Unincorporated Jefferson County, recording 113 during the fourth quarter of 2016. Likewise, the only single-family attached permits also were issued in Unincorporated Jefferson County. Arvada reported the largest number of single-family detached permits within the county, reporting 153 permits for the quarter, a 2 percent increase compared with the previous year’s level.

Commercial Real Estate

- ◆ The Thrash Group plans to build a 123-room **boutique hotel** in Golden, which will anchor the 22-acre Gateway Village development. The **Origin Red Rocks** will target Red Rocks concert-goers and will include a 3,000-square-foot event space, shuttle service to Red Rocks, a restaurant, and a bar. The hotel is slated for completion in the spring of 2018.
- ◆ Construction began for **Hyatt Place Hotel**, located in Westminster’s **Church Ranch Corporate Center**. The new 137-room six-story hotel will open spring of 2018.

Note: lease rates for industrial, flex, and retail property are triple-net; office rates are full-service.

Office Market

Vacancy rates for the Jefferson County office market improved for all three classes of office space between the fourth quarters of 2015 and 2016. About 230,550 square feet of Class A and B office space was added to the market over-the-year, representing 14.8 percent of all Class A and B space added in Metro Denver. Class C space reported the largest decline in the vacancy rate, falling 3.1 percentage points to 5.7 percent. Class A vacancy declined 0.8 percentage points over-the-year, falling to 7.3 percent. The vacancy rate for Class B space fell 2.1 percentage points to 13.8 percent.

The average lease rates for office space in Jefferson County rose across two of the three classes of office buildings through the fourth quarter of the year. Class A space reported the only decrease in the average lease rate, falling 0.2 percent to \$25.60 per square foot. The average lease rate for Class B space increased 3.6 percent to \$19.09 per square foot. The average lease rate for Class C space rose 2.8 percent to \$15.68 per square foot.

The Metro Denver office market continued to tighten across two of the three classes of office space between the fourth quarters of 2015 and 2016. Nearly 1.4 million square feet of Class A and Class B office space was added to the market over-the-year. Class C and Class B space reported similar declines in the vacancy rate,

falling 0.6 percentage points over-the-year to 4.2 percent and 10 percent, respectively. Class A recorded the only increase in the vacancy rate, rising 0.4 percentage points. The average lease rate in the office market improved over-the-year. Class C space reported the largest increase in the average lease rate, rising 7.6 percent to \$18.59 per square foot. Class A and Class B office lease rates also reported increases, rising 1 percent and 5 percent, respectively.

Industrial Market

Industrial vacancy in Jefferson County rose during the fourth quarter of 2016. The industrial warehouse market reported a 2 percentage point increase in the vacancy rate between the fourth quarters of 2015 and 2016, rising from 1.5 percent to 3.5 percent. The vacancy rate is among the highest warehouse vacancy rates since the third quarter of 2013. The average lease rate in the industrial warehouse market increased 4.9 percent over-the-year to \$8.31 per square foot. The vacancy rate in the flex/R&D market rose 2.8 percentage points over-the-year to 4.3 percent vacancy. The average lease rate rose 1 percent during the same period, increasing to \$10.24 per square foot. Between the fourth quarters of 2015 and 2016, the industrial warehouse market added 30,415 square feet of space, representing 1.5 percent of space added in Metro Denver.

The industrial market in Metro Denver loosened between the fourth quarters of 2015 and 2016. The industrial warehouse market reported a 0.7 percentage point increase in the vacancy rate, rising from 3.2 percent to 3.9 percent. The average lease rate rose 4.5 percent to \$7.37 per square foot. The flex/R&D market in Metro Denver reported a 3.7 percentage point increase in the vacancy rate over-the-year, rising to 11.2 percent from 7.5 percent. The average lease rate rose 7.6 percent during the period to \$11.96 per square foot.

Retail Market

The Jefferson County retail market reported a 0.8 percentage point decrease in vacancy to 5.2 percent in the fourth quarter of 2016. The average lease rate decreased 0.1 percent between the fourth quarters of 2015 and 2016, falling to \$13.88 per square foot. The county added 90,923 square feet to the retail market over-the-year, representing 6.9 percent of the 1.3 million square feet added in Metro Denver during the period.

The Metro Denver retail market reported a similar vacancy rate trend as Jefferson County through the fourth quarter of the year. The vacancy rate in the area fell 0.5 percentage points to 4.5 percent during the period, reporting the lowest rate in Metro Denver since the availability of the data in 2006. The average lease rate increased 3.4 percent during the same period, rising from \$16.00 per square foot to \$16.55 per square foot.

Jefferson County Commercial Vacancy and Lease Rates by Property Type

	Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
	4Q 2015	4Q 2016	4Q 2015	4Q 2016	4Q 2015	4Q 2016
Office						
Jefferson County						
Class A	5,387,917	5,416,175	8.1%	7.3%	\$25.65	\$25.60
Class B	13,725,568	13,927,860	15.9%	13.8%	\$18.42	\$19.09
Class C	3,453,958	3,453,958	8.8%	5.7%	\$15.26	\$15.68
Metro Denver						
Class A	63,156,108	63,960,404	9.7%	10.1%	\$30.11	\$30.41
Class B	94,275,993	94,836,072	10.6%	10.0%	\$21.48	\$22.56
Class C	21,570,561	21,570,561	4.8%	4.2%	\$17.28	\$18.59
Industrial						
Jefferson County						
Industrial Warehouse	7,915,058	7,945,473	1.5%	3.5%	\$7.92	\$8.31
Flex/R&D	1,402,784	1,402,784	1.5%	4.3%	\$10.14	\$10.24
Metro Denver						
Industrial Warehouse	130,293,117	132,357,419	3.2%	3.9%	\$7.05	\$7.37
Flex/R&D	10,081,135	10,091,325	7.5%	11.2%	\$11.12	\$11.96
Retail						
Jefferson County	34,467,198	34,558,121	6.0%	5.2%	\$13.90	\$13.88
Metro Denver	163,591,434	164,909,230	5.0%	4.5%	\$16.00	\$16.55

Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Industrial, flex, and retail lease rates are triple-net; office rates are full-service.

Source: CoStar Realty Information, Inc.

Commercial Construction

There was nearly 730,831 square feet of commercial space completed in Jefferson County through the fourth quarter of 2016, consisting of 90,923 square feet of retail space, 230,550 square feet of office space, 152,913 square feet of flex space, and 256,445 square feet of industrial space. There were 20 buildings completed through the fourth quarter of 2016. The largest buildings were the 211,030-square-foot FedEx industrial building and an 110,520-square-foot flex building in Golden.

There was about 337,910 square feet of commercial space under construction during the fourth quarter of 2016. The retail market represented the majority of projects in the pipeline, with 289,910 square feet of retail space under construction during the fourth quarter. There was 39,000 square feet of office space and 9,000 square feet of flex space under construction during the same period.

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