



# Jefferson County, Colorado

*Quarterly Economic Report – Second Quarter 2017*



Jefferson County's economic situation continued to improve, with continued employment gains, low unemployment, and robust residential real estate trends. Employment in the county increased 0.9 percent between the fourth quarters of 2015 and 2016, representing an additional 2,112 jobs. The Jefferson County unemployment rate fell to 2.8 percent in the first quarter of 2017, a decline of 0.6 percentage points from the prior year. Consumer confidence rose 10.9 percent in the Mountain Region between the fourth quarter of 2016 and the first quarter of 2017.

The residential real estate market reported increasing trends during the first quarter of 2017. Sales of single-family detached homes increased between the first quarters of 2016 and 2017, rising 3.6 percent, while single-family attached home sales increased 5.7 percent during the same period. The average sales price in the single-family detached market increased over-the-year, rising 5 percent, while the single-family attached market increased over-the-year, rising 7.5 percent, respectively. The county reported an apartment vacancy rate of 4.2 percent, which was the lowest of the Metro Denver counties. The average rental rate for an apartment in Jefferson County rose 3.5 percent over-the-year to \$1,349 per month in the first quarter.

The commercial real estate markets in Jefferson County recorded generally tightening vacancy and rising average lease rates during the first quarter of 2017. All three classes of office space recorded falling vacancy rates, although the Class A market recorded a 0.4 percent decrease in the average lease rate. The industrial warehouse market was the most constricted of the market types, reporting 2.1 percent vacancy, but was up 1.1 percentage points from the previous year. Class A office space continued to command the highest average lease rate, charging \$25.68 per square foot during the first quarter of 2017. Jefferson County posted a net increase of 358,144 square feet of office and retail space between the first quarters of 2016 and 2017.

### Jefferson County Economic Headlines

- ◆ **Ball Corporation** broke ground on its new Aerospace Manufacturing Center in Westminster, and will expand its current facility by 261,400 square feet. The project is estimated to create 450 high-paying jobs and bring more than \$50 million in capital investment over the next couple of years.
- ◆ **PostNet**, a printing and shipping franchise with 650 locations worldwide, relocated its global headquarters from Denver to Lakewood. The company leased 11,500 square feet along Union Blvd., bringing 23 high-paying jobs to Jefferson County.
- ◆ **TouRig**, an outdoor recreation company, relocated its operations from Nederland to Golden. The company leased 7,500 square feet in Corporate Center and brings eight jobs to Jefferson County, with additional expansion plans in the future.
- ◆ **Adaptive Innovations Corporation**, located in Lakewood, is a robotics integrator and automation solutions provider. The company announced it is relocating and expanding its operations in Lakewood, and moving into 17,000 square feet at 11100 W. 8<sup>th</sup> Ave. The new location helps retain the company's 19 existing employees, with plans to expand to 30 employees and add \$250,000 in new capital investment.
- ◆ The owner of **Colorado Plus Brew Pub** will open a new cidery in Golden in April 2018. The company will convert an old laundromat in Golden into a 2,900-square-foot restaurant and cidery. Colorado Plus plans to hire 16 employees for the new location and expects the restaurant to seat 55 guests.
- ◆ Boulder-based **Lucky's Market** is opening their fourth Colorado location in **Wheat Ridge** in 2018. The 35,000-square-foot natural and organic food market will be the first business to sign a contract with the redevelopment project The Corners at Wheat Ridge. The store will employ roughly 150 people.
- ◆ A new report from the pay compensation company PayScale ranked colleges by **20-year return on investment (ROI)**, factoring in the school's on-campus costs. **The Colorado School of Mines ranked first** in Colorado and fifth in the country, recording an \$833,000 20-year net ROI for in-state students. In another

ranking by Buffalo Business First, the Colorado School of Mines also ranked the highest out of all Colorado public colleges and 18th in the nation out of 499 public colleges for offering the **best educational experience to their students**.

- ◆ According to county assessors in Metro Denver, notices of valuations sent to all property owners on May 1 will show property values rising by double-digits. Property taxes will likely increase along with the increase in median home valuations, but increases will vary depending on any changes to mill levies. County assessors reported that **the median residential valuation increased** 40 percent in Adams County, followed by Arapahoe County (26 percent), Denver County (25.9 percent), Boulder County (24 percent), **Jefferson County (22.8 percent)**, and Douglas County (17.2 percent).
- ◆ The **Colorado Mills shopping mall** is unlikely to re-open for six months due to the hail damage. Due to the closing, Lakewood will lose roughly \$2.1 million in sales tax revenue in the next six months, about 6 percent of their total tax revenue during the period.
- ◆ The University of Colorado Boulder’s Leeds School of Business reported that Colorado’s federally funded research facilities collectively contributed an estimated \$2.6 billion to the state economy in 2015 and supported 17,600 jobs. The report detailed the economic impact of 33 federally funded research laboratories in the state including the **National Renewable Energy Laboratory in Golden**, the National Oceanic and Atmospheric Administration facility in Boulder, and the Crops Research Laboratory in Fort Collins.
- ◆ *Forbes* magazine’s latest list of “**America’s Best Midsize Employers**” contained six Colorado companies, including Golden-based HomeAdvisor at number 274.
- ◆ According to the travel service company RewardExpert, Boulder is the **most-visitible city** in the Mountain West region. The ranking was compiled using 13 metrics, broken down into four categories consisting of affordability, safety, recreational activities, and city profile. Of the top 25 mid-sized cities ranked in the Mountain West, nine were in Colorado, including **Lakewood (No. 15)**, Thornton (No. 17), **Arvada (No. 19)**, and **Westminster (No. 20)**.

### Metropolitan Region and State Economic Headlines

- ◆ According to the **2017 Kauffman Index of Startup Activity**, Colorado was **No. 5** among the largest 25 states. The Kauffman Index examines four separate indicators, consisting of beginnings of entrepreneurship, rate of new entrepreneurs, opportunity share of new entrepreneurs, and startup density. The rate of new entrepreneurs was 0.35 percent, meaning that 350 people out of every 100,000 adults became entrepreneurs each month. The opportunity share of new entrepreneurs was 87.2 percent, meaning that slightly more than eight out of every 10 entrepreneurs in the state had other jobs or were in school before they opened their business, and less than two out of every 10 started their business while they were unemployed. Metro Denver ranked No. 10 out of 40 metropolitan areas, had a rate of entrepreneurs at 0.39 percent, and an opportunity share of new entrepreneurs at 82.9 percent. Startup activity across the nation has increased three years in a row and is reaching the peak that was recorded before the Great Recession.
- ◆ **Colorado ranked No. 5 on a list of the “Most Innovative States”** compiled by the personal finance website WalletHub. The report measured each state’s contribution to the United States’ innovative success, and was measured across 18 key metrics such as STEM professionals, research and development spending, and average internet speed. Colorado was the most innovative in eighth-grade math and science performance, followed by No. 4 in the share of technology companies, and No. 6 in both share of STEM professionals and projected STEM-job demand by 2020.
- ◆ Clean Edge, Inc. released their annual **U.S. Clean Tech Leadership Index**, which tracks and ranks the clean-energy activities in all 50 states and the 50 largest metro areas in the U.S. **Colorado dropped one spot to**

**seventh in the rankings**, but reported virtually the same score as 2016. Colorado performed well in the capital category that consists of financial capital and human and intellectual capital. Colorado is one of only eight states to have a U.S. Department of Energy laboratory, a clean-tech incubator, and a top-ranked green master's program. Denver ranked 12th out of the 50 largest metro areas, unchanged from the 2016 rank. Denver performed well in the metro green buildings category due to LEED certified projects and energy star buildings per one million people. California ranked first due to substantial use of solar power, high quantities of electric and hybrid cars, and more than \$9.5 billion in clean-tech venture capital in the last three years.

- ◆ Washington, D.C.-based financial analysis site WalletHub determined **Colorado was No. 2 nationally when it came to the most attractive states for employment**. To compile the report, the site looked at 24 key indicators of job-market strength, opportunity, and economic vitality. These indicators included unemployment rate, job satisfaction, employee benefits, median annual income, monthly average starting income, and average commute time. Colorado ranked No. 1 nationally when it came to job opportunities but struggles in employment growth.
- ◆ **The Denver-Aurora-Lakewood MSA ranked 19th among major U.S. metro areas for residents added** between 2010 and 2016, according to population estimates from the U.S. Census Bureau. The Denver MSA added 309,477 people, or roughly 949 new residents a week. The MSA also ranked 12th in the nation for population growth rate over the same period, increasing 12.2 percent. Eleven major metropolitan areas, led by Houston and Dallas-Fort Worth, are growing at a pace of more than 1,000 persons a week.
- ◆ **Colorado's health care system ranks sixth best in the country**, according to a new report by The Commonwealth Fund. The report found that Colorado's healthcare system jumped five spots in the organization's "Scorecard on State Health System Performance" from before the Affordable Care Act to the present. All of the top five most-improved states, including Colorado, California, Kentucky, New York, and Washington, each expanded Medicaid under the Affordable Care Act and set up state-based insurance exchanges. According to a spokesperson from The Commonwealth Fund, expansion states tended to move up in ranking, while non-expansion states tended to move down. The scorecard measures states based on 44 data points covering access to healthcare, cost, quality, and patient outcomes.
- ◆ Washington, D.C.-based financial analysis site WalletHub ranked **Colorado as the sixth-highest state for taxpayer return** on investment (ROI). To compile the report, the site looked at 23 metrics across two main categories: (1) Total taxes paid per capita and (2) Overall government services, which included education, health, safety, economy, infrastructure, and pollution. Colorado ranked 14th for total taxes paid per capita and 11th for overall government services. The state performed well in economy (No. 4), infrastructure (No. 9), and health (No. 9).

## Employment Activity

### *Business Count, Average Weekly Wage, and Employment by Supersector*

The number of businesses throughout Jefferson County increased 12.3 percent between the fourth quarters of 2015 and 2016, a net gain of 2,364 businesses. Nine of the 13 supersectors reported growth in the number of businesses between the fourth quarters of 2015 and 2016. The largest percentage increase of businesses was in the education and health services supersector, rising 113 percent over-the-year to 4,187 businesses<sup>1</sup>. This increase was due to a large increase in health care and social assistance businesses, rising from 1,635 in the fourth quarter of 2015 to 3,837 in the same period of 2016. The transportation, warehousing, and utilities and other services

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<sup>1</sup> Due to QCEW NAICS code allocation, home health service businesses headquartered in Jefferson County consider individual employees as a single business. However, not all employees of these businesses work in Jefferson County and therefore inflate the business counts in the education and health services supersector. First quarter 2017 QCEW data will be adjusted by the Colorado Department of Labor and Employment to correct this issue.

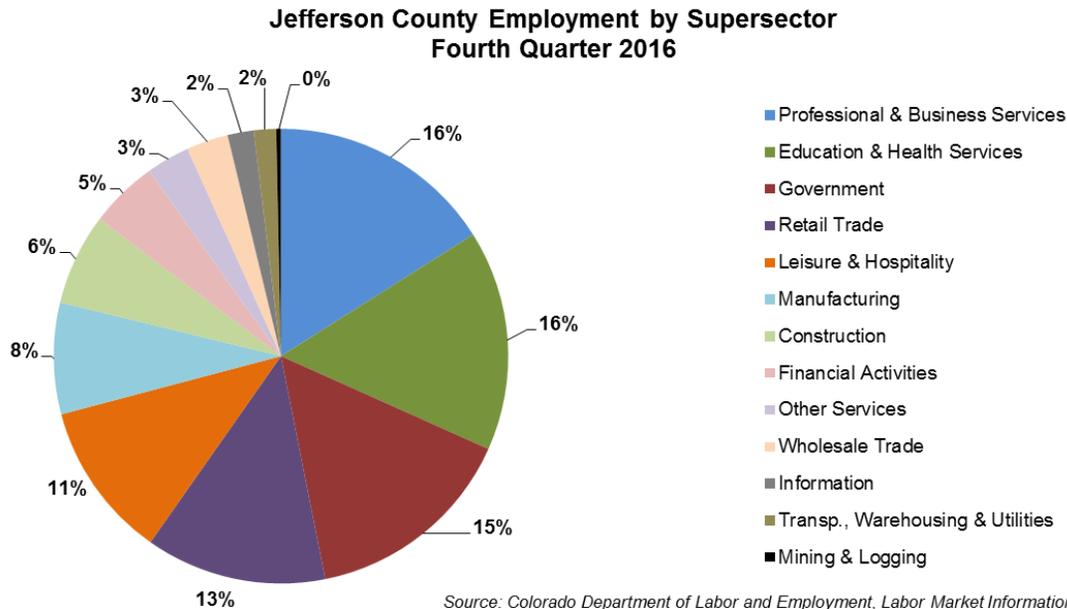
supersectors reported greater than 2 percent growth in businesses, rising 2.9 percent and 2.8 percent over-the-year, respectively. The mining and logging, retail trade, wholesale trade, and government sectors all recorded a decrease in establishments during the period, decreasing 11.1 percent, 1.4 percent, 1 percent, and 0.6 percent, respectively.

**Business and Employment Indicators by Supersector**

	Jefferson County						Metro Denver	
	Quarterly Business Count		Average Weekly Wage		Quarterly Employment Level		Quarterly Employment Level	
	4Q 2015	4Q 2016	4Q 2015	4Q 2016	4Q 2015	4Q 2016	4Q 2015	4Q 2016
<b>Total All Industries</b>	<b>19,179</b>	<b>21,543</b>	<b>\$1,081</b>	<b>\$1,071</b>	<b>232,373</b>	<b>234,485</b>	<b>1,559,559</b>	<b>1,598,126</b>
<b>Private Sector</b>								
Mining & Logging	144	128	\$1,420	\$1,313	924	780	13,367	12,386
Construction	2,035	2,063	\$1,194	\$1,217	15,307	15,219	88,375	93,771
Manufacturing	503	508	\$1,904	\$1,767	18,177	18,574	86,074	86,729
Wholesale Trade	1,523	1,508	\$1,940	\$2,006	7,368	6,964	76,367	77,613
Retail Trade	1,774	1,750	\$595	\$591	30,141	30,168	157,444	158,542
Transp., Warehousing & Utilities	279	287	\$1,422	\$1,222	3,515	3,702	52,510	54,552
Information	302	303	\$1,456	\$1,423	4,303	4,380	53,270	54,640
Financial Activities	2,119	2,139	\$1,252	\$1,289	11,414	11,394	107,659	110,224
Professional & Business Services	5,400	5,501	\$1,480	\$1,470	36,896	37,585	288,353	293,876
Education & Health Services	1,966	4,187	\$908	\$895	36,143	36,736	200,908	207,278
Leisure & Hospitality	1,434	1,449	\$379	\$387	25,954	26,122	170,200	175,829
Other Services	1,501	1,543	\$733	\$729	6,985	7,272	47,198	49,326
<b>Government</b>	<b>177</b>	<b>176</b>	<b>\$1,046</b>	<b>\$1,070</b>	<b>35,211</b>	<b>35,588</b>	<b>217,592</b>	<b>223,325</b>

*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).*

The average weekly wage for Jefferson County was \$1,071 during the fourth quarter of 2016, falling 0.9 percent compared with the previous year. The wholesale trade sector (\$2,006) recorded the highest average weekly wage during the period, reflecting a 3.4 percent increase in wages between the fourth quarters of 2015 and 2016. The financial activities (+3 percent), government (+2.3 percent), leisure and hospitality (+2.2 percent), and construction (+1.9 percent) supersectors recorded increases in the average weekly wage over-the-year. The lowest average wage was in the leisure and hospitality supersector, with an average weekly wage of \$387. Eight of the 13 supersectors recorded decreases in the average wage over-the-year, ranging from a 14.1 decrease in the transportation, warehousing, and utilities supersector to a 0.5 percent decrease in the other services supersector.



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

Jefferson County employment increased 0.9 percent in the fourth quarter of 2016 compared with the prior year, representing an additional 2,112 jobs. The sector that reported the largest percentage increase was transportation, warehousing, and utilities, which rose 5.3 percent or about 187 jobs between the fourth quarters of 2015 and 2016. Professional and business services, the largest supersector by employment, reported a 1.9 percent increase over-the-year, representing about 689 new jobs and reported the largest absolute increase in employment during the period. The mining and logging, wholesale trade, construction, and financial activities sectors reported decreases in employment during the period, falling 15.6 percent, 5.5 percent, 0.6 percent, and 0.2 percent, respectively.

The Metro Denver area recorded stronger employment growth than Jefferson County, with total employment rising 2.5 percent between the fourth quarters of 2015 and 2016. The construction sector reported the largest percentage increase in employment during the period, rising 6.1 percent or 5,396 jobs. The education and health services supersector (+3.2 percent) created the most jobs during the period, creating 6,370 positions. The other services supersector also recorded strong employment growth, rising 4.5 percent during the period. The mining and logging sector recorded the only decline in employment over-the-year, decreasing 7.3 percent (-981 jobs) over-the-year.

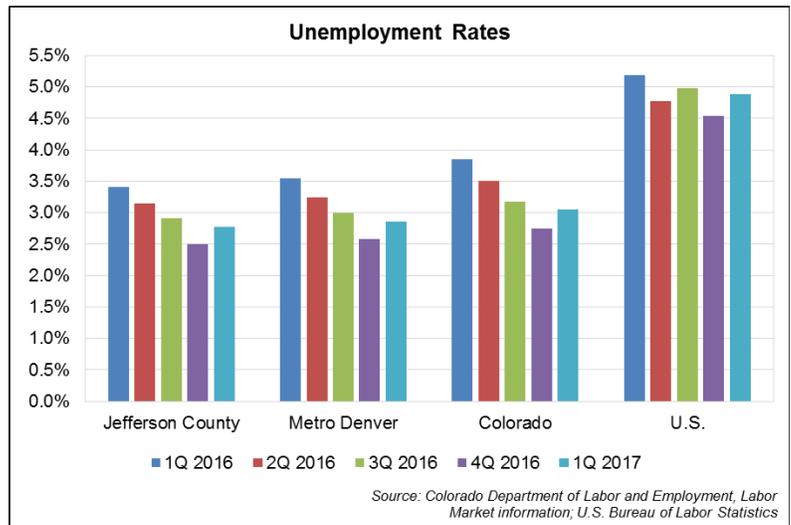
**Labor Force and Unemployment**

Unemployment in Jefferson County decreased by 0.6 percentage points between the first quarters of 2016 and 2017, falling from 3.4 percent to 2.8 percent. The area’s labor force increased at a rate of 2.1 percent during the same period, with 6,664 additional individuals working or looking for a job. Of the seven Metro Denver counties, Jefferson County had the third-lowest unemployment rate. However, the Jefferson County first quarter 2017 unemployment rate was 0.3 percentage points higher than the previous quarter’s unemployment rate of 2.5 percent. Metro Denver unemployment declined over-the-year, falling 0.6 percentage points to 2.9 percent in the first quarter, and the labor force increased at a rate of 2.1 percent over-the-year. The Metro Denver unemployment rate also increased 0.3 percentage points over-the-quarter.

	Labor Force			Unemployment Rate	
	1Q 2016	1Q 2017	Yr/Yr % Change	1Q 2016	1Q 2017
Jefferson County	312,482	319,146	2.1%	3.4%	2.8%
Metro Denver	1,672,261	1,707,657	2.1%	3.5%	2.9%
Colorado	2,864,551	2,919,747	1.9%	3.8%	3.1%
U.S. (000s)	158,160	159,357	0.8%	5.2%	4.9%

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

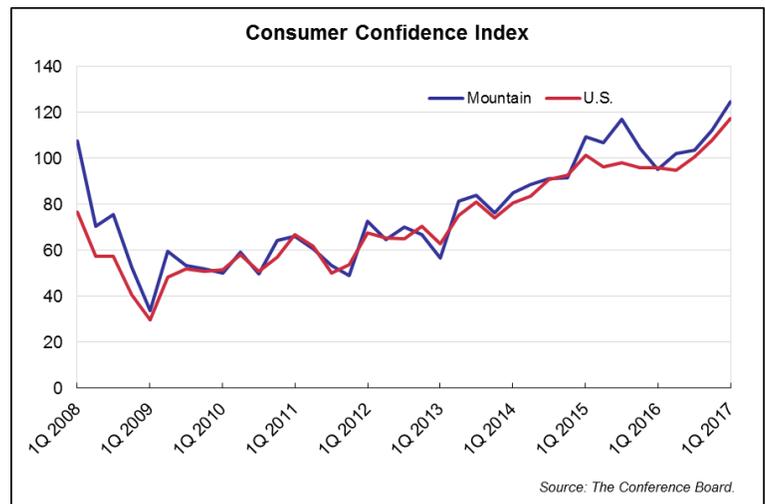
Colorado reported a 1.9 percent increase in the labor force between the first quarters of 2016 and 2017 and the unemployment rate declined 0.7 percentage points to 3.1 percent. The United States recorded a 0.3 percentage point decline in the unemployment rate over-the-year, with 0.8 percent growth in the labor force.



**Consumer Activity**

**Consumer Confidence**

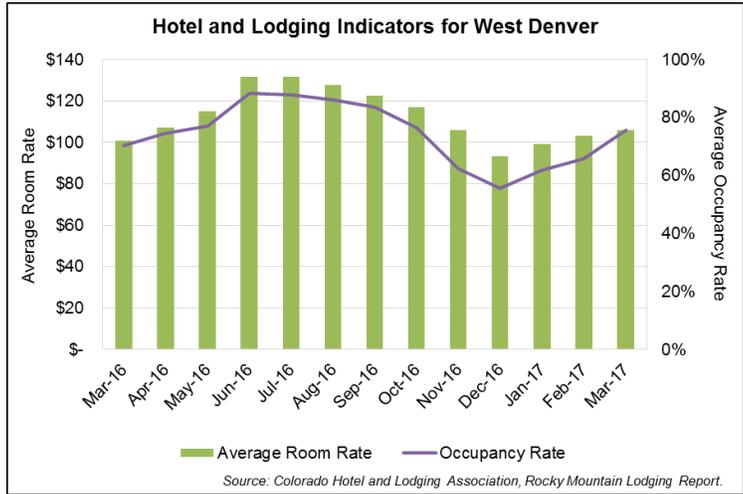
The Consumer Confidence Index for the U.S. increased between the fourth quarter of 2016 and the first quarter of 2017, reporting a level of 117.5 from the revised fourth quarter level of 107.8, a 9 percent increase over-the-quarter. The U.S. Index also increased over-the-year, increasing 22.5 percent between the first quarters of 2016 and 2017. The first quarter of 2017 was the highest confidence value since the first quarter of 2000. Colorado is included in the Mountain Region Index and the area reported an increase in consumer confidence between the first quarters of 2016 and 2017.



The index rose to 124.8 in the first quarter of 2017 from the fourth quarter of 2016 level of 112.5, an increase of 10.9 percent over-the-quarter. The Mountain Region Index also reported an over-the-year increase of 30.9 percent.

### Lodging

According to the *Rocky Mountain Lodging Report*, the hotel occupancy rate in the West Denver market averaged 67.7 percent in the first quarter of 2017, up from 66.7 percent at the same time last year. The average room rate for the West Denver market was \$103.05 per night for the first quarter of 2017, \$3.70 higher than the first quarter 2016 average. Metro Denver had a first quarter occupancy rate of 67.1 percent, the same level as the same time last year. The average room rate for Metro Denver was 129.38 per night, 2.4 percent higher than 2016.



### Residential Real Estate

- ◆ The Colorado Housing and Finance Authority awarded more than \$20 million in state and federal tax credits in April to 12 proposed affordable housing complexes offering 1,290 units around Colorado. Eight projects providing 720 units were approved in Metro Denver, including Flats at Two Creeks (78 units) and Indy Street Flats (115 units) in Lakewood.
- ◆ Denver-based Confluence Cos. will break ground on a \$65 million apartment complex in Arvada. Timberline Farms, located at 11700 W. 58th Ave., includes 302 apartments, 12 for-rent, three-bedroom duplexes, and 709 parking spaces. The first units will be completed in spring 2018, with the entire project being completed in early 2019.
- ◆ Denver-based K2Ventures LLC broke ground on a 289-unit, \$76 million project in Lakewood. The Oak Street Station development will include 2,500 square feet of ground-floor retail space, with units above ranging from 511 square feet to 1,177 square feet. The development is expected to be complete in 2018.
- ◆ **Metro West Housing Solutions projects:**
  - **Indy Street Flats (1440 Independence Street, Lakewood):** Will be 115 units of affordable family housing in the Eiber neighborhood of Lakewood. The \$30 million project will include adaptive reuse of a currently vacant Masonic Temple into apartments, rehab of 12 existing units and construction of a new 84-unit building. The entire development will add a cohesive development in one of Lakewood’s oldest neighborhoods. MWHS is in the pre-planning process with the City of Lakewood with plans to start construction in mid-2018, with plans to open in late 2019.
  - **Fifty-Eight Hundred (5800 W. Alameda, Lakewood):** 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. Demolition work in the tower is nearly complete and construction work on both the tower and new building will begin soon. Anticipated opening is mid-2018.

### Home Sales

Jefferson County reported increasing 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 first quarters of 2016 and

2017, rising 3.6 percent to 1,591 homes sold. Prices of single-family detached homes continued to appreciate, leading to a 5 percent increase in the average sales price to \$423,611 during the period. Of the seven counties in Metro Denver, Jefferson County recorded the third lowest average sales price and was third for the number of homes sold. Broomfield recorded the largest increase in average sales price over-the-period, recording a 22 percent increase. Boulder County recorded the highest average sales price (\$584,432), which rose 7.7 percent over-the-year.

Sales of single-family attached homes in Jefferson County increased 5.7 percent between the first quarters of 2016 and 2017, to 539 homes sold, or 29 more homes sold. The average sales price of a single-family attached home rose, recording a 7.5 percent increase to \$233,047 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 third-lowest average sales price in the single-family attached market. Arapahoe County posted the most single-family attached home sales (928 sales) and Boulder County reported the highest average sales price (\$355,494) during the first quarter. Changes in the average sales price for single-family attached homes ranged from an increase of 1.2 percent in Boulder County to an increase of 21.1 percent in Broomfield.

**Existing Home Sales**

	Metro Denver County Markets							Metro Denver Total
	Adams	Arapahoe	Boulder	Broomfield	Denver	Douglas	Jefferson	
<b>Home Sales</b>								
<i>Single-Family Detached</i>								
1Q 2017	1,313	1,730	739	196	1,620	1,172	1,591	8,361
1Q 2016	1,351	1,560	705	150	1,793	1,105	1,536	8,200
<i>Single-Family Attached</i>								
1Q 2017	367	928	198	16	780	207	539	3,035
1Q 2016	343	906	185	19	766	230	510	2,959
<b>Average Sold Price</b>								
<i>Single-Family Detached</i>								
1Q 2017	\$322,877	\$397,852	\$584,432	\$481,118	\$469,847	\$494,445	\$423,611	\$436,912
1Q 2016	\$297,086	\$373,355	\$542,600	\$394,236	\$432,910	\$473,057	\$403,525	\$407,833
<i>Single-Family Attached</i>								
1Q 2017	\$221,188	\$216,711	\$355,494	\$297,531	\$307,015	\$302,602	\$233,047	\$258,700
1Q 2016	\$191,565	\$197,857	\$351,234	\$245,711	\$286,165	\$277,569	\$216,772	\$239,341

Source: ColoradoComps.

**Apartment Market**

Jefferson County had the lowest apartment vacancy rate of the six Metro Denver county market groups for the first quarter of 2017. The Jefferson County vacancy rate fell 0.5 percentage points between the first quarters of 2016 and 2017 to 4.2 percent vacancy. The vacancy rate fell 0.2 percentage points over-the-quarter. The Jefferson County first quarter vacancy rate was 1.5 percentage points below the Metro Denver average (5.7 percent). The average rental rate in the county for all apartment types (\$1,349 per month) rose 3.2 percent between the fourth quarter of 2016 and the first quarter of 2017, recording the second highest over-the-quarter increase in the average lease rate of the six county market groups. The county reported a 3.5 percent increase over-the-year in the average rental rate, rising from \$1,304 per month in the first quarter of 2016.

**Metro Denver Average Apartment Rents and Vacancy  
First Quarter 2017**

County	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams	6.6%	\$1,037	\$1,114	\$1,246	\$1,482	\$1,787		\$1,278
Arapahoe	5.3%	\$1,032	\$1,157	\$1,258	\$1,511	\$1,904	\$1,580	\$1,315
Boulder/Broomfield	5.2%	\$1,350	\$1,396	\$1,435	\$1,798	\$2,122	\$1,404	\$1,565
Denver	6.5%	\$1,198	\$1,279	\$1,319	\$1,748	\$1,942	\$1,965	\$1,413
Douglas	5.9%	\$1,277	\$1,354	\$1,498	\$1,683	\$2,004	\$2,143	\$1,539
Jefferson	4.2%	\$1,016	\$1,227	\$1,259	\$1,536	\$1,753	\$1,334	\$1,349
<b>Metro Average</b>	5.7%	\$1,166	\$1,234	\$1,300	\$1,614	\$1,894	\$1,549	\$1,383

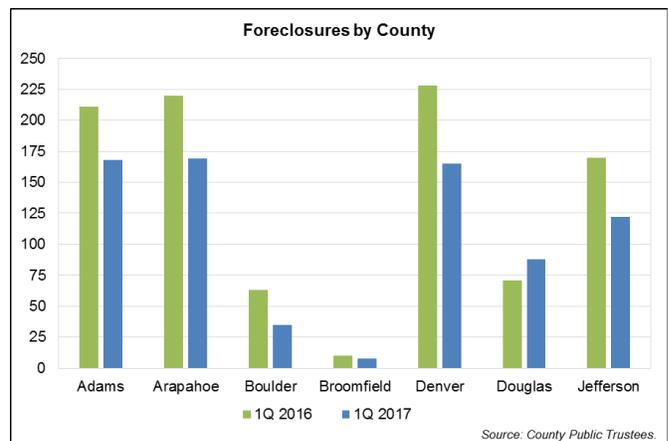
Source: Denver Metro Apartment Vacancy and Rent Survey.

The Metro Denver apartment rental market tightened between the first quarters of 2016 and 2017, with the vacancy rate falling 0.4 percentage points to 5.7 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 5.3 percentage points and 1.4 percentage points, respectively. The Metro Denver average rental rate of \$1,383 per month for all apartment types increased 5.1 percent over-the-year. The largest over-the-year increase in the average rental rate was in Arapahoe County (+6.4 percent). Adams County reported the smallest over-the-year increase in the average rental rate, rising 1.6 percent.

**Foreclosures**

Foreclosure filings in Jefferson County decreased between the first quarters of 2016 and 2017. Foreclosure filings in the county fell 28.2 percent compared with the previous year to 122 total filings. Jefferson County recorded the second largest over-the-year decrease in foreclosures of the seven Metro Denver counties. Foreclosure filings also decreased between the fourth quarter of 2016 and the first quarter of 2017, falling 4.7 percent.

Metro Denver recorded a 21.8 percent decrease over-the-year and a 2.4 percent decrease over-the-quarter, reporting 761 total foreclosure filings during the first quarter of 2017.



**Residential Construction**

Residential building permits in Jefferson County increased 8.2 percent between the first quarters of 2016 and 2017. Single-family detached permits accounted for 51.3 percent of the total permits issued during the first quarter of 2017 with 358 units. There was a 24.5 percent decrease over-the-year in single-family detached permits issued throughout Jefferson County, representing 116 fewer permits issued during the period. There were four single-family attached permits issued during the first quarter of 2017, four more permits than the same quarter the previous year. Multi-family building permits increased during the period, rising from 171 permits during the first quarter of 2016 to 336 permits during the first quarter of 2017.

**Jefferson County Residential Building Permits**

	Single-Family Detached		Single-Family Attached		Multi-Family		Total Units	
	1Q 2016	1Q 2017	1Q 2016	1Q 2017	1Q 2016	1Q 2017	1Q 2016	1Q 2017
Unincorp. Jefferson County	110	76	-	-	16	45	126	121
Arvada	239	214	-	-	-	-	239	214
Edgewater	-	1	-	-	-	-	-	1
Golden	1	4	-	-	-	-	1	4
Lakewood	56	25	-	4	155	291	211	320
Westminster*	51	36	-	-	-	-	51	36
Wheat Ridge	17	2	-	-	-	-	17	2
<b>Total Units</b>	<b>474</b>	<b>358</b>	<b>-</b>	<b>4</b>	<b>171</b>	<b>336</b>	<b>645</b>	<b>698</b>

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

Most of the Jefferson County cities reported a decline in building permit activity between the first quarters of 2016 and 2017. The majority of multi-family permits were issued in Lakewood, recording 291 of 336 units permitted during the first quarter of 2017. Likewise, the only single-family attached permits also were issued in Lakewood. Arvada reported the largest number of single-family detached permits within the county, reporting 214 permits for the quarter, a 10.5 percent decrease compared with the previous year’s level.

**Commercial Real Estate**

*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 first quarters of 2016 and 2017. About 222,550 square feet of Class A and B office space was added to the market over-the-year, representing 11.2 percent of all Class A and B space added in Metro Denver. Class C space reported the largest decline in the vacancy rate, falling 2.9 percentage points to 4.7 percent. Class A vacancy declined 0.2 percentage points over-the-year, falling to 8.6 percent. The vacancy rate for Class B space fell 1.7 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 first quarter of the year. Class A space reported the only decrease in the average lease rate, falling 0.4 percent to \$25.68 per square foot. The average lease rate for Class B space increased 3.8 percent to \$19.47 per square foot. The average lease rate for Class C space rose 4.3 percent to \$15.07 per square foot.

The Metro Denver office market continued to tighten across two of the three classes of office space between the first quarters of 2016 and 2017. Nearly 2 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 0.4 percentage points to 4.2 percent and falling 0.6 percentage points to 9.7 percent, respectively. Class A recorded the only increase in the vacancy rate, rising 2.1 percentage points. The average lease rate in the office market increased in two of the three classes over-the-year. Class C space reported the largest increase in the average lease rate, rising 12.4 percent to \$19.16 per square foot. Class B office lease rates also reported an increase, rising 4.5 percent to \$22.82. Class A space recorded the only decline in lease rates, falling 1.4 percent to \$29.80 per square foot.

**Industrial Market**

Industrial vacancy in Jefferson County recorded mixed trends during the first quarter of 2017. The industrial warehouse market reported a 1.1 percentage point increase in the vacancy rate between the first quarters of 2016 and 2017, rising from 1 percent to 2.1 percent. The average lease rate in the industrial warehouse market increased 17.2 percent over-the-year to \$9.00 per square foot. The vacancy rate in the flex/R&D market fell 0.8 percentage points over-the-year to 4.3 percent vacancy. The average lease rate fell 2.7 percent during the same period, decreasing to \$10.31 per square foot. Between the first quarters of 2016 and 2017, the industrial warehouse market added no new space.

The industrial market in Metro Denver also recorded mixed trends between the first quarters of 2016 and 2017. The industrial warehouse market reported a 0.6 percentage point increase in the vacancy rate, rising from 3.4 percent to 4 percent. The average lease rate rose 0.9 percent to \$7.45 per square foot. The flex/R&D market in Metro Denver reported a 5.4 percentage point decrease in the vacancy rate over-the-year, falling to 7.2 percent from 12.6 percent. The average lease rate rose 10.8 percent during the period to \$12.41 per square foot.

**Retail Market**

The Jefferson County retail market reported a 0.9 percentage point decrease in vacancy to 4.5 percent in the first quarter of 2017. The average lease rate increased 1.7 percent between the first quarters of 2016 and 2017, rising to \$14.07 per square foot. The county added 135,594 square feet to the retail market over-the-year, representing 8.7 percent of the nearly 1.6 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 first quarter of the year. The vacancy rate in the area fell 0.4 percentage points to 4.4 percent during the period, reporting the lowest rate in Metro Denver since the availability of the data in 2006. The average lease rate increased 5.2 percent during the same period, rising from \$16.26 per square foot to \$17.11 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.)	
		1Q 2016	1Q 2017	1Q 2016	1Q 2017	1Q 2016	1Q 2017
<b>Office</b>	<b>Jefferson County</b>						
	Class A	5,387,917	5,416,175	8.8%	8.6%	\$25.78	\$25.68
	Class B	13,841,995	14,036,287	15.5%	13.8%	\$18.76	\$19.47
	Class C	3,433,029	3,433,029	7.6%	4.7%	\$14.45	\$15.07
	<b>Metro Denver</b>						
	Class A	63,328,382	64,778,316	9.5%	11.6%	\$30.21	\$29.80
	Class B	94,066,147	94,606,070	10.3%	9.7%	\$21.84	\$22.82
	Class C	21,842,923	21,842,923	4.6%	4.2%	\$17.04	\$19.16
<b>Industrial</b>	<b>Jefferson County</b>						
	Industrial Warehouse	7,998,883	7,998,883	1.0%	2.1%	\$7.68	\$9.00
	Flex/R&D	1,402,696	1,402,696	5.1%	4.3%	\$10.60	\$10.31
	<b>Metro Denver</b>						
	Industrial Warehouse	130,829,047	132,661,863	3.4%	4.0%	\$7.38	\$7.45
	Flex/R&D	10,085,747	10,169,038	12.6%	7.2%	\$11.20	\$12.41
<b>Retail</b>	<b>Jefferson County</b>	34,352,970	34,488,564	5.4%	4.5%	\$13.83	\$14.07
	<b>Metro Denver</b>	164,648,663	166,198,753	4.8%	4.4%	\$16.26	\$17.11

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 421,857 square feet of commercial space under construction in 16 buildings in Jefferson County through the first quarter of 2017, consisting of 312,232 square feet of retail space, 104,000 square feet of office space, and 5,625 square feet of flex space. The largest buildings were the 135,000-square-foot Walmart under construction in Arvada and a 104,000-square-foot St. Anthony medical office building in Lakewood.

There was about 97,992 square feet of commercial space completed during the first quarter of 2017. The majority of completed square footage was retail, with 47,766 square feet of retail space completed during the first quarter. There was 28,026 square feet of office space and 22,200 square feet of flex space completed during the same period.

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