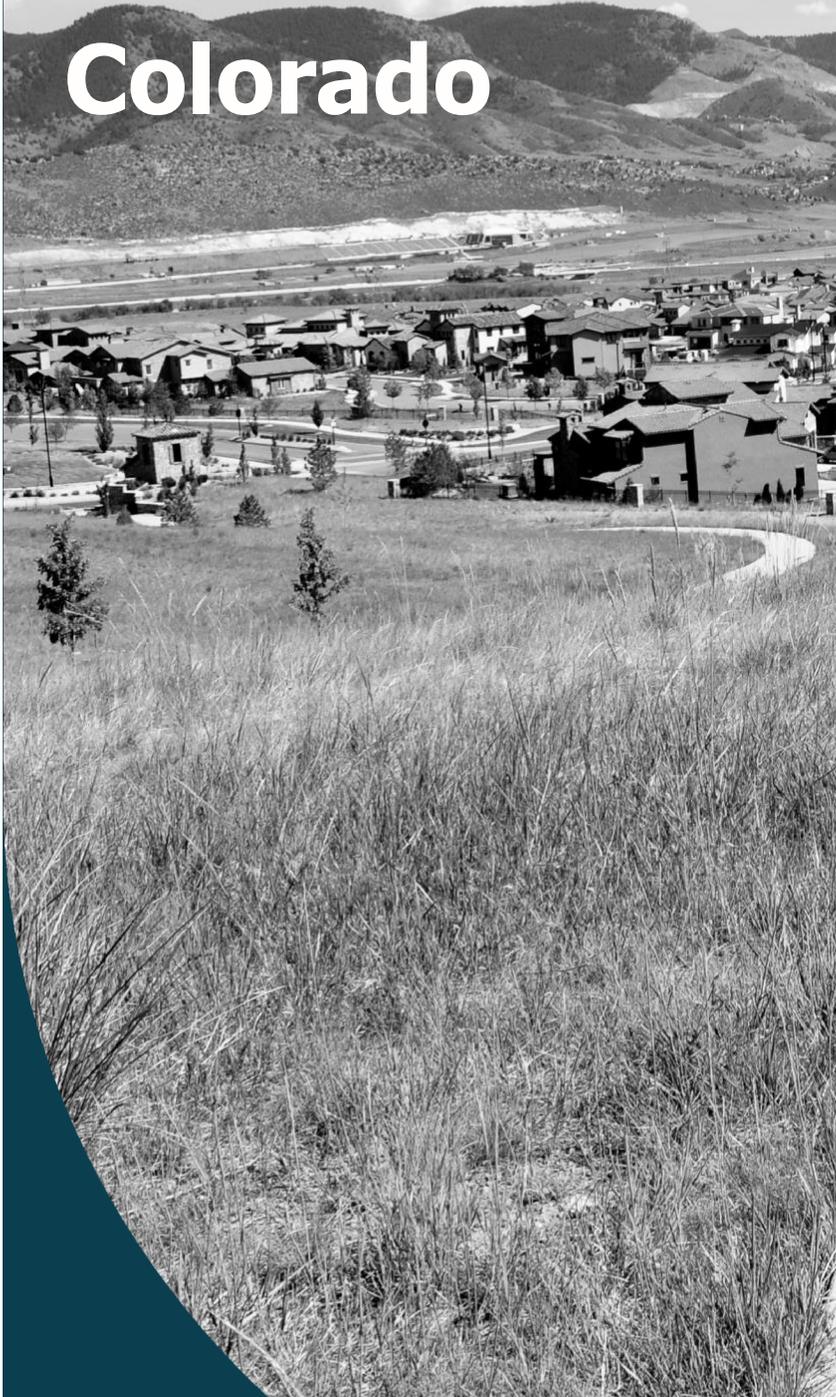


Jefferson County

Colorado



Q2 2023

QUARTERLY ECONOMIC
REPORT

Q1 2023 Data

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2023

Second Quarter

Quarterly Economic Summary

<p>Employment Q4 2022</p>	<p>245,467 Up 2.3% from Q4 2021</p>	
<p>Unemployment Rate Q1 2023</p>	<p>2.7% Down 0.8 percentage points from Q1 2022</p>	
<p>Existing Home Sales Q1 2023</p>	<p>1,577 Down 17.4% from Q1 2022</p>	
<p>Single-Family Detached Average Price</p>	<p>\$724,919 Down 6.7% from Q1 2022</p>	
<p>Single-Family Attached Average Price</p>	<p>\$435,760 Down 2.6% from Q1 2022</p>	
<p>Apartment Vacancy Rate</p>	<p>5.3% Up 0.8 percentage points from 1Q 2022</p>	
<p>Apartment Average Lease Rate</p>	<p>\$1,844 Up 6.2% from 1Q 2022</p>	
<p>Residential Building Permits</p>	<p>330 Down 35.4% from Q1 2022</p>	
<p>Office Class A Vacancy Rate Industrial Warehouse Vacancy Rate Flex R&D Vacancy Rate Retail Vacancy Rate</p>	<p>7.2% 2.2% 5.3% 3.7%</p>	
<p>Office Class A Average Lease Rate Industrial Warehouse Average Lease Rate Flex R&D Average Lease Rate Retail Average Lease Rate</p>	<p>\$27.81 \$13.16 \$13.59 \$15.84</p>	

Jeffco Business Activity

- ◆ **The National Renewable Energy Laboratory (NREL)** recently held a ribbon cutting for its newest building on its campus in Golden since 2023. The **Research and Innovation Laboratory (RAIL)** is a 15,000 square-foot facility that will house multiple purpose wet lab space for research focused on plastics upcycling, next-generation batteries, and advanced energy materials.
- ◆ **The National Renewable Energy Laboratory (NREL)** is receiving **\$150 million in funding from the federal Inflation Reduction Act (IRA)** to support 19 projects that will renovate existing facilities and construct new facilities. The money has been earmarked for:
 - \$93 million for modernizing research infrastructure
 - \$51 million for laboratory renovations and deferred maintenance
 - \$6 million for project management, planning, execution, and oversight
- ◆ The **Colorado School of Mines** won a grant from the federal Department of Energy to study and develop a carbon sequestration hub in Pueblo. The project will play a key part in Colorado's greenhouse gas reduction goals. The project, in conjunction with the Los Alamos National Laboratory, will work with carbon emitters in the area to design and build underground carbon storage facilities.
- ◆ **ERI Group**, a manufacturing company in the medical device industry, is more than doubling its presence in Jefferson County. The company is leasing 34,000 square feet of space at the Mountain Gateway Center, a new Class-A industrial park in Arvada. In addition to its existing locations in Genesee and Denver, the new site will expand the company's design and production capabilities for its medical device clients. Since early 2022, ERI has doubled its employment to over 100 employees. With the expansion, the company projects to create 60 more high-paying primary jobs over the next couple of years.
- ◆ Plans were announced for a new \$5 million destination distillery on a 5-acre site located in the southern area of unincorporated Jeffco. **Turnbuckle Distilling** will have 16,000 square feet of attached buildings for distilling production operations, tasting room, restaurant, barrel room, and outdoor patio space.
- ◆ The owners of Dirty Dog Roadhouse are proposing a \$60 million RV resort on a 36-acre site located on Rooney Road along I-70 and C-470. **Westside Resort** will feature a 25,000 square-foot clubhouse, restaurant, retail center, and multiple casitas for visitors.
- ◆ IWG is opening a 10,000 square-foot state-of-the-art workspace in the Ken Caryl Business Center, located in unincorporated Jefferson County. The new **Regus Littleton** facility will include co-working space, private offices, meeting rooms, and creative spaces and is scheduled to open Q4 2023.
- ◆ **Prescient**, a construction-tech manufacturing company, is laying off 50 employees at its facility in Arvada. The company submitted a WARN notice as the cuts started in April and will continue until December.

Jeffco Development Activity

- ◆ GSA accepted a bid from a Texas-based developer to purchase 59 acres of land at the **Denver Federal Center** campus in Lakewood for \$30 million. The site, located between West 6th Avenue and Federal Center light-rail station, is zoned for mixed core transit.
- ◆ The owners of Dirty Dogs Roadhouse are planning to build the **Westside Resort**, an RV community on 36 acres of land along I-70 and C-470 in Jefferson County. Developers are proposing building 256 RV suites with

hookups for water, sewer, electric, and cable services, and some of the sites will house 500 square-foot cabins. Plans also include a 25,000 square-foot clubhouse with restaurant, retail, and conference space.

- ◆ **Trimble** broke ground on a 1.7-megawatt solar array at its headquarters campus in Westminster. The project will provide more than 100 percent of the facility’s energy needs, with extra energy going to the local grid.

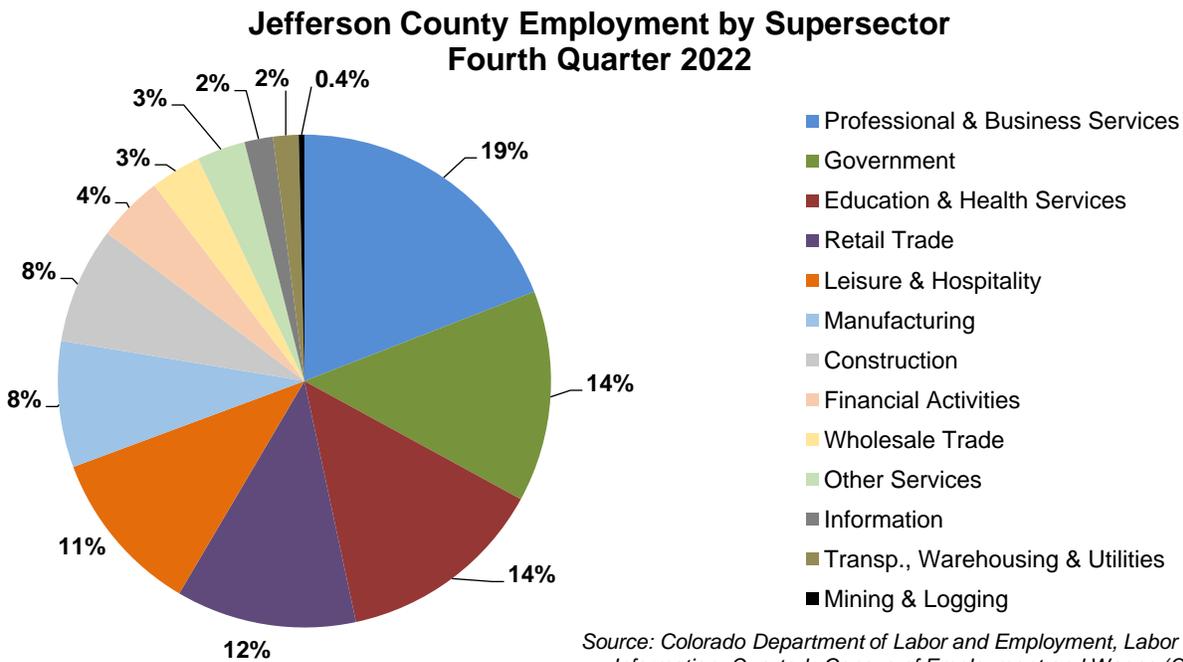
Regional Economic Headlines & Rankings

- ◆ The Airports Council International (ACI) World recently published its “Top 10 Busiest Airports Worldwide” for 2022, and the **Denver International Airport (DEN)** continued to rank as the 3rd busiest airport in the world. DEN served nearly 64 million passengers in 2022, a 17.8% increase in passenger traffic from 2021.
- ◆ A Denver Post analysis of U.S. Census data revealed the **poverty rate** for the Latino community in Colorado has fallen near historic lows, and the Latino-white poverty gap was cut in half between 2011 and 2021. The gap between black and white Coloradans fell at the 8th fastest rate nationally over the same period.

Employment Activity

Business Count, Average Weekly Wage, and Employment by Supersector

The number of businesses throughout Jefferson County increased 9.6 percent between the fourth quarters of 2021 and 2022, adding 2,231 businesses over the period. Eleven of the 13 supersectors reported business growth year-over-year. The information supersector reported the largest percentage growth of 15.2 percent, or an increase of 82 business units, while professional and business services reported the largest increase in total number of business units (+1,086 businesses or +14.8 percent). Government reported the only year-over-year decrease of 2.8 percent, or a decrease of 5 business units.



The average weekly wage for Jefferson County was \$1,464 per week in the fourth quarter of 2022, a decrease of 1.0 percent from the same quarter in 2021. Seven of the 13 supersectors reported decreases in the weekly wage, with the largest declines reported in information (-13.8 percent), financial activities (-5.5 percent), and wholesale trade (-4.9 percent). The largest increases were reported in transportation, warehousing, and utilities (+10.9 percent), other services (+4.7 percent), and education and health services (+4.2 percent). Wholesale trade reported the highest weekly wage during Q4 2022 of \$2,577 per week, while leisure and hospitality reported the lowest weekly wage of \$586.

Jefferson County employment increased 2.3 percent in the fourth quarter of 2022 compared with the prior year, representing an increase of 5,478 jobs. Ten of the 13 supersectors reported increases during the period, with the largest increases recorded in wholesale trade (+7.7 percent), leisure and hospitality (+4.7 percent), and other services (+4.6 percent). Government recorded the largest decrease of 1.9 percent over-the-year, followed by transportation, warehousing, and utilities (-0.8 percent) and financial activities (-0.1 percent).

Employment in Metro Denver increased 3.3 percent between the fourth quarters of 2021 and 2022, rising by 56,583 employees during the period. Eleven of the 13 supersectors reported over-the-year increases in employment. Leisure and hospitality reported the largest over-the-year increase of 7.1 percent, followed by wholesale trade (+5.8 percent) and transportation, warehousing, and utilities (+5.5 percent). Mining and logging recorded the largest year-over-year decrease of 3.8 percent, followed by retail trade (-0.4 percent).

Business and Employment Indicators by Supersector

	Jefferson County						Metro Denver	
	Quarterly Business Count		Average Weekly Wage		Quarterly Employment Level		Quarterly Employment Level	
	4Q 2021	4Q 2022	4Q 2021	4Q 2022	4Q 2021	4Q 2022	4Q 2021	4Q 2022
Total All Industries	23,358	25,589	\$1,479	\$1,464	239,989	245,467	1,714,634	1,771,217
Private Sector								
Mining & Logging	125	133	\$2,057	\$2,116	902	908	12,869	12,376
Construction	2,251	2,312	\$1,612	\$1,587	18,010	18,747	105,804	109,409
Manufacturing	523	532	\$2,070	\$2,031	19,963	20,330	91,586	92,386
Wholesale Trade	1,659	1,798	\$2,711	\$2,577	7,555	8,140	82,019	86,773
Retail Trade	1,751	1,775	\$832	\$822	28,815	29,033	155,218	154,662
Transp., Warehousing & Util.	315	332	\$1,653	\$1,834	4,133	4,099	76,207	80,436
Information	539	621	\$2,355	\$2,030	4,388	4,585	62,598	63,330
Financial Activities	2,711	2,929	\$1,754	\$1,658	10,658	10,644	120,077	120,561
Prof. & Business Services	7,329	8,415	\$2,019	\$1,935	44,906	46,858	340,533	357,495
Education & Health Services	2,522	2,797	\$1,263	\$1,317	33,012	33,584	214,546	220,649
Leisure & Hospitality	1,610	1,695	\$572	\$586	25,474	26,663	172,417	184,713
Other Services	1,832	2,063	\$981	\$1,027	7,472	7,815	51,025	53,212
Government	181	176	\$1,388	\$1,422	34,686	34,036	229,579	234,983

*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).*

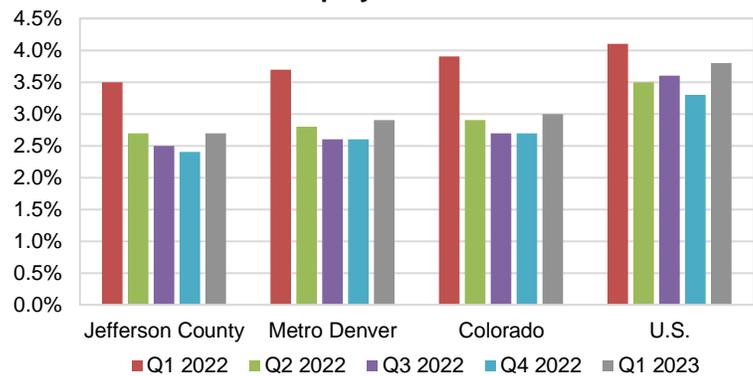
Labor Force and Unemployment

Jefferson County reported an unemployment rate of 2.7 percent in the first quarter of 2023, up 0.3 percentage points from the previous quarter but 0.8 percentage points below the level in the first quarter of 2022. Jefferson County had the third-lowest unemployment rate of the seven Metro Denver counties, behind Boulder County (2.5 percent) and Douglas County (2.6 percent), and tying with the City and County of Broomfield (2.7 percent). The Jefferson County unemployment rate was 0.2 percentage points below the 2.9 percent rate recorded in Metro Denver in Q1 2023. Metro Denver’s unemployment rate was 0.3 percentage points higher than the rate recorded in the previous quarter but was 0.8 percentage points lower than one year ago. The labor force in Jefferson County rose 1.0 percent between the first quarters of 2022 and 2023 to a total of 345,443 people employed or looking for a job. The labor force in Metro Denver also increased over-the-year, rising 1.0 percent to more than 1.9 million workers.

	Labor Force			Unemployment Rate	
	Q1 2022	Q1 2023	Yr/Yr % Change	Q1 2022	Q1 2023
Jefferson County	342,121	345,443	1.0%	3.5%	2.7%
Metro Denver	1,884,774	1,904,307	1.0%	3.7%	2.9%
Colorado	3,194,860	3,230,702	1.1%	3.9%	3.0%
U.S. (000s)	163,608	166,010	1.5%	4.1%	3.8%

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

Unemployment Rates



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

Colorado’s unemployment rate fell 0.9 percentage points to 3.0 percent between the first quarters of 2022 and 2023 and the state’s labor force increased 1.1 percent over-the-year. The U.S. unemployment rate fell 0.3 percentage points over-the-year to 3.8 percent and the labor force increased 1.5 percent during the same period.

Consumer Activity

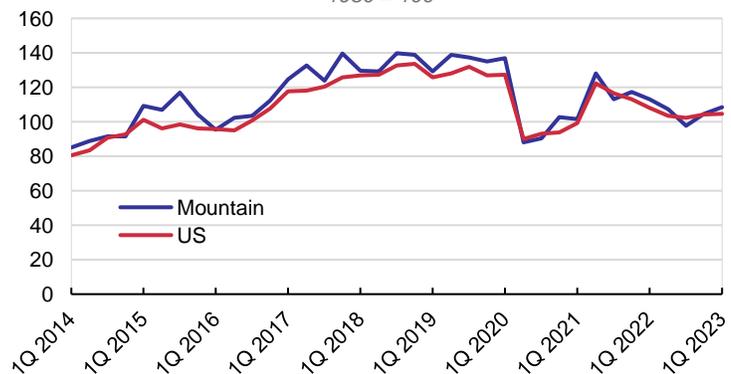
Consumer Confidence

The Consumer Confidence Index for the U.S. decreased 3.4 percent year-over-year to 104.5 in the first quarter of 2023. Over the quarter, the national index increased 0.3 percent, reporting the second quarterly increase after a string of five consecutive quarterly declines.

At the end of the first quarter, analysts at The Conference Board stated that consumers were a bit more confident about the future, but slightly less optimistic about the current landscape.

Consumer Confidence Index

1980 = 100



Source: The Conference Board.

Colorado is included in the Mountain Region Index and the area reported a 4.2 percent decrease in confidence in Q1 2023 compared with the same time last year. Over the quarter, confidence in the Mountain Region increased 3.6 percent, following a 7.1 percent increase in Q4 2022.

Retail Sales

Retail Sales in Jefferson County grew 7.3 percent between the first quarters of 2022 and 2023. Transportation and Warehousing reported the largest increase, jumping 19.5 percent from Q1 2022 to Q1 2023, followed by Construction (+15.6 percent), Wholesale Trade (+15.4 percent), and Clothing Retailers (+14.1 percent). Finance and Insurance registered the largest year-over-year drop of 12.9 percent, followed by Manufacturing (-8.8 percent), and Furniture, Home Furnishings, Electronics, and Appliance Retailers (-7.5 percent).

Total Retail Sales (\$000s)

County	Q1 2022	Q1 2023	Yr/Yr % change
Metro Denver	\$39,546,371	\$40,942,236	3.5%
Adams	\$7,609,423	\$7,402,628	-2.7%
Arapahoe	\$6,867,343	\$7,178,782	4.5%
Boulder	\$4,036,061	\$4,104,474	1.7%
Broomfield	\$785,939	\$800,039	1.8%
Denver	\$9,567,490	\$10,379,197	8.5%
Douglas	\$4,420,811	\$4,362,047	-1.3%
Jefferson	\$6,259,303	\$6,715,069	7.3%
Colorado	\$67,675,075	\$70,386,038	4.0%

Source: Colorado Department of Revenue.

Retail sales in Metro Denver increased 3.5 percent between the first quarters of 2022 and 2023. Five of the seven counties in Metro Denver reported over-the-year increases in retail sales. The City and County of Denver reported the largest increase of 8.5 percent, followed by Jefferson County (+7.3 percent) and Arapahoe County (+4.5 percent). Adams County (-3.5 percent) reported the largest year-over-year decline in consumer activity of 2.7 percent, Douglas County retail sales fell 1.3 percent over the period. Throughout the state of Colorado, retail activity increased 4.0 percent.

Lodging

The West Denver market ended March with a hotel occupancy rate of 66.2 percent, 2.5 percentage points above the March 2021 level. The market’s average room rate in March was \$111.45, 9.2 percent higher than the same time last year. The room rate in the West Denver market was \$32.03 lower than the average rate in Metro Denver.

Metro Denver reported a hotel occupancy rate of 67.3 percent in March, 4.2 percentage points above the year-ago level. The average room rate for Metro Denver was \$143.48 in March, 4.2 percent above the previous year’s rate.

Hotel and Lodging Indicators for West Denver



Source: Colorado Hotel and Lodging Association, Rocky Mountain Lodging Report.

Residential Real Estate

Home Sales

Total home sales fell in Jefferson County, from the first quarter of 2022 to the first quarter of 2023, in line with nearly all other counties in Metro Denver. Six of the seven counties recorded over-the-year decreases in detached home sales, led by Denver County (-19.9 percent), falling to 1,223 sold in the first quarter of 2023. Detached home sales in Jefferson County fell 16.4 percent over-the-year, dropping to 1,133 homes sold. Detached sales in Metro Denver fell 13.7 percent over-the-year to 6,512 homes sold.

The number of single-family attached home sales in Jefferson County decreased 19.9 percent between the first quarters of 2022 and 2023 to 444 homes sold. Attached home sales fell in all seven counties, with attached home sales falling the least in Douglas County (-0.4 percent) and the most in Denver County (-39.5 percent). Jefferson County reported the third-smallest decline. Attached sales in Metro Denver fell 27.9 percent over-the-year to 2,820 homes sold.

Home Prices

Between the first quarters of 2022 and 2023, average single-family detached home prices fell 6.7 percent in Jefferson County to \$724,919, the largest decrease and the third-lowest price of the seven counties. The average sales price fell in six of the seven counties during the period, with Boulder County reported the only over-the-year increase, rising by 0.4 percent. The average price throughout Metro Denver decreased 1.9 percent year-over-year to \$742,401.

Existing Home Sales

	Metro Denver County Markets							Metro Denver Total
	Adams	Arapahoe	Boulder	Broomfield	Denver	Douglas	Jefferson	
Home Sales								
<i>Single-Family Detached</i>								
Q1 2023	1,179	1,278	442	162	1,223	1,095	1,133	6,512
Q1 2022	1,333	1,541	300	163	1,527	1,325	1,355	7,544
<i>Single-Family Attached</i>								
Q1 2023	315	623	246	54	893	245	444	2,820
Q1 2022	380	856	326	73	1,476	246	554	3,911
Average Sold Price								
<i>Single-Family Detached</i>								
Q1 2023	\$538,920	\$686,208	\$1,128,933	\$770,956	\$802,854	\$817,396	\$724,919	\$742,401
Q1 2022	\$573,042	\$692,505	\$1,124,119	\$772,888	\$813,086	\$845,514	\$777,342	\$756,816
<i>Single-Family Attached</i>								
Q1 2023	\$382,426	\$382,098	\$561,542	\$515,611	\$538,244	\$495,436	\$435,760	\$468,087
Q1 2022	\$387,825	\$377,592	\$597,841	\$501,718	\$533,371	\$500,188	\$447,201	\$475,624

Source: Denver Metro Association of Realtors.

Jefferson County had the second-largest decrease in attached prices among the seven counties in Metro Denver, with a decrease of 2.6 percent between the first quarters of 2022 and 2023. Four of seven counties recorded over-the-year decreases in the average attached price, ranging from the largest decrease in Boulder County (-6.1 percent) to the most modest decrease in Douglas County (-1.0 percent). The City and County of Broomfield reported the largest increase of 2.8 percent. The average sales price in Metro Denver fell 1.6 percent year-over-year to \$468,087.

Apartment Market

Jefferson County reported the second lowest apartment vacancy rate of the six Metro Denver county market groups for the first quarter of 2023. Boulder County and the City and County of Broomfield are combined in the report. The Jefferson County vacancy rate rose 0.8 percentage points between the first quarters of 2022 and 2023 to 5.3 percent and was unchanged over-the-quarter. Metro Denver’s vacancy rate was 0.3 percentage points higher than Jefferson County’s vacancy rate during the first quarter. Douglas County reported the highest vacancy rate in the quarter of 6.3 percent.

**Metro Denver Average Apartment Rents and Vacancy
First Quarter 2023**

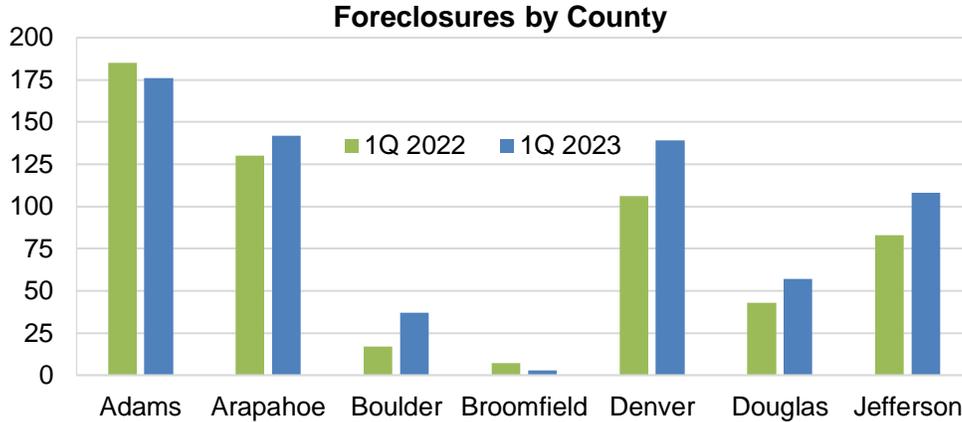
County	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams	5.8%	\$1,260	\$1,466	\$1,636	\$1,931	\$2,341	\$1,962	\$1,686
Arapahoe	5.5%	\$1,449	\$1,519	\$1,698	\$1,968	\$2,485	\$3,041	\$1,754
Boulder/Broomfield	5.1%	\$1,629	\$1,728	\$1,785	\$2,209	\$2,625	\$2,941	\$1,940
Denver	5.5%	\$1,527	\$1,725	\$1,711	\$2,348	\$2,907	\$3,051	\$1,903
Douglas	6.3%	\$1,581	\$1,737	\$1,855	\$2,171	\$2,612	\$2,712	\$1,973
Jefferson	5.3%	\$1,488	\$1,647	\$1,724	\$2,086	\$2,431	\$2,048	\$1,844
Metro Average	5.6%	\$1,517	\$1,644	\$1,712	\$2,140	\$2,569	\$2,584	\$1,846

Source: Denver Metro Apartment Vacancy and Rent Survey.

The average rental rate in Jefferson County for all apartment types (\$1,844) increased 6.2 percent over-the-year and increased 0.4 percent between the fourth quarter of 2022 and the first quarter of 2023. The Jefferson County average rental rate was \$2 below the Metro Denver average in the first quarter of 2023 and was the third-lowest average rental rate among the six Metro Denver county market groups. All six submarkets reported over-the-year increases in the average monthly rental rate, led by Jefferson County (+6.2 percent) and Arapahoe County (+5.7 percent). The Boulder/Broomfield submarket reported the most modest increase in the average rent of 3.4 percent. Douglas County reported the highest rental rate in Q1 2023 of \$1,973 per month, while Adams County reported the lowest rental rate of \$1,686 per month. Across Metro Denver, rents increased 0.4 percent over-the-quarter to \$1,846 per month and increased 4.9 percent over-the-year.

Foreclosures

Foreclosure filings in Jefferson County increased 30.1 percent over-the-year to 108 filings during the first quarter of 2023, up 25 filings compared with the same time last year. Five of seven counties in Metro Denver reported increases in filings over-the-year, with Boulder County reporting the largest percentage increase of 117.6 percent. Across Metro Denver, foreclosure filings rose 15.9 percent over-the-year to 662 total filings, representing an increase of 91 foreclosures during the period.



Source: County Public Trustees.

Residential Construction

The total number of residential units permitted in Jefferson County decreased 35.4 percent or by 181 units between the first quarters of 2022 and 2023. In total, Jefferson County permitted 330 units in the first quarter of 2023, there were 261 single-family detached home permits in Q1 2023 which accounted for 79.1 percent of total permits in the period. Multi-family units accounted for 19.7 percent of the units, totaling 65, and single-family attached homes accounted for 1.2 percent, or 4 units. Single-family detached homes reported the most modest over-the-year decrease, falling 17.4 percent, or 55 units. Single-family attached units decreased 42.9 percent, or by 3 units, while multi-family recorded the largest over-the-year decrease, down 65.4 percent from 188 building permits reported in Q1 2022.

Jefferson County Residential Building Permits

	Single-Family Detached		Single-Family Attached		Multi-Family		Total Units	
	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023
Unincorp. Jefferson County	153	137	0	4	20	0	173	141
Arvada	85	91	0	0	0	0	85	91
Edgewater	2	0	3	0	0	0	5	0
Golden	1	2	0	0	0	0	1	2
Lakewood	21	6	4	0	82	0	107	6
Mountain View	0	0	0	0	0	0	0	0
Westminster*	12	1	0	0	0	0	12	1
Wheat Ridge	42	24	0	0	86	65	128	89
Total Units	316	261	7	4	188	65	511	330

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

Two of the eight market areas in Jefferson County reported an increase in total units over the year. Arvada reported 91 permits in Q1 2023, a 7.1 percent increase in total units permitted from the same quarter last year. Golden reported the only other increase, jumping up to 1 from 0. Lakewood reported the largest drop in terms of the total number of permits issued, falling to 6 from 107 the same time last year. Wheat Ridge, Westminster, Edgewater, and Unincorporated Jefferson County also reported decreases.

Commercial Real Estate

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

Office Market

The Jefferson County vacancy rate increased in one of three classes of office space. Vacancy in Class A office space decreased 1.3 percentage points to 7.2 percent vacancy between the first quarters of 2022 and 2023. Class B space recorded an increase of 0.5 percentage point during the period to 11.3 percent vacancy, while Class C space reported no change at 4.3 percent vacancy. No additional Class A, B, or C office space was added to the market over the year.

The average lease rates for office space in Jefferson County increased across all three classes of office buildings during the first quarter of the year. Class B space reported the largest increase, rising 2.2 percent to \$23.43 per square foot. Class C space reported an increase of 1.6 percent or an additional \$0.28 per square foot, while Class A space reported an increase of 1.1 percent, rising by \$0.29 per square foot.

The Metro Denver office market reported an increase in the vacancy rate in two of the three classes of office space between the first quarters of 2022 and 2023. Class A vacancy increased 1.0 percentage points to 16.2 percent during the period. Class B vacancy increased 0.1 percentage points to 11.6 percent, while Class C space decreased 0.1 percent to 4.1 percent. The average lease rate in the office market increased in all three office classes during the period, with the largest increase in the Class B space, which rose 6.6 percent to \$27.45 per square foot. Class C space rose 6.0 percent to \$22.32, while Class A space reported that the lease rate increased 2.7 percent to \$34.94 per square foot.

Industrial Market

Industrial warehouse vacancy rate in Jefferson County fell 0.2 percentage points between the first quarters of 2022 and 2023. The average lease rate increased 17.8 percent to \$13.16 per square foot. **There was no space added to the industrial warehouse market over the year.**

The vacancy rate in the flex/R&D market was 5.3 percent in the first quarter of 2023, down 0.9 percentage points from a year prior. The average lease rate fell 1.0 percent during the same period, decreasing to \$13.59 per square foot. There was 55,200 square feet of flex/R&D space added to the market between the first quarters of 2022 and 2023.

The industrial warehouse market vacancy in Metro Denver increased 0.2 percentage points to 4.3 percent between the first quarters of 2022 and 2023. The average lease rate increased 9.5 percent to \$10.45 per square foot. The vacancy rate in the flex/R&D market in Metro Denver fell over the year, decreasing 2.3 percentage points to 12.3 percent. The average lease rate increased 6.7 percent during the period to \$14.22 per square foot.

Retail Market

The Jefferson County retail market reported a 1.5 percentage point decrease in the vacancy rate between the first quarters of 2022 and 2023. An additional 118,168 square feet of retail space was added in Jefferson County. The average lease rate in Jefferson County decreased 0.8 percent over the year, falling to \$15.84 per square foot.

The retail vacancy rate in Metro Denver fell 0.4 percentage points over-the-year to 4.0 percent vacancy, while the average lease rate increased 4.1 percent to \$20.37 per square foot in the first quarter of 2023.

Jefferson County Commercial Vacancy and Lease Rates by Property Type

		Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023
Office	Jefferson County						
	Class A	6,169,872	6,169,872	8.5%	7.2%	\$27.52	\$27.81
	Class B	15,528,228	15,534,844	10.8%	11.3%	\$22.92	\$23.43
	Class C	3,545,830	3,545,830	5.0%	5.0%	\$17.64	\$17.92
	Metro Denver						
	Class A	80,476,814	80,788,546	15.2%	16.2%	\$34.02	\$34.94
	Class B	100,962,901	101,393,825	11.5%	11.6%	\$25.76	\$27.45
Class C	21,604,279	21,604,279	4.2%	4.1%	\$21.06	\$22.32	
Industrial	Jefferson County						
	Industrial Warehouse	9,759,635	9,759,635	2.4%	2.2%	\$11.17	\$13.16
	Flex/R&D	1,599,249	1,654,449	6.2%	5.3%	\$13.73	\$13.59
	Metro Denver						
	Industrial Warehouse	152,567,626	155,463,401	4.1%	4.3%	\$9.54	\$10.45
	Flex/R&D	10,274,158	10,473,816	14.6%	12.3%	\$13.33	\$14.22
Retail	Jefferson County	36,553,872	36,672,040	5.2%	3.7%	\$15.97	\$15.84
	Metro Denver	175,255,435	176,108,018	4.4%	4.0%	\$19.57	\$20.37

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 were 13 buildings with 473,325 square feet of commercial space under construction in Jefferson County at the end of the first quarter of 2023. Industrial/Flex space accounted for 76.7 percent of the square footage under construction with 362,888 square feet of space. In addition, there was 110,437 square feet of retail space under construction. The largest project under construction was the Verve Commerce Center, totaling 133,638 square feet of industrial space.

There were three retail buildings and one flex completed in Jefferson County in the first quarter of 2023, totaling 62,880 square feet. Flex space accounted for 79.5 percent of the space completed, with retail space accounting for the remaining 20.5 percent. The largest building completed was a flex building at 5361-5363 S Alkire Circle in Littleton totaling 50,000 square feet.

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