

*ECONOMIC FORECAST BREAKFAST*



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# CHANGING FACES



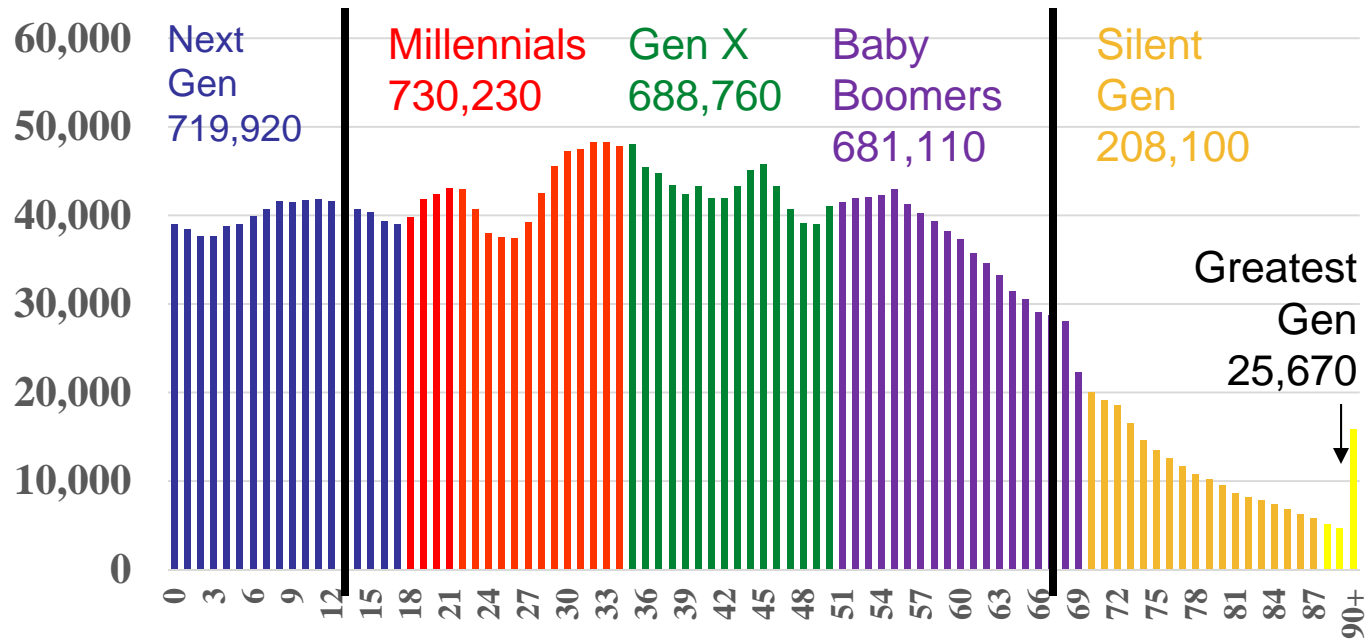
Photo Credit TRIAS Telematica

**Metro Denver  
2015 Economic Forecast  
February 2015**



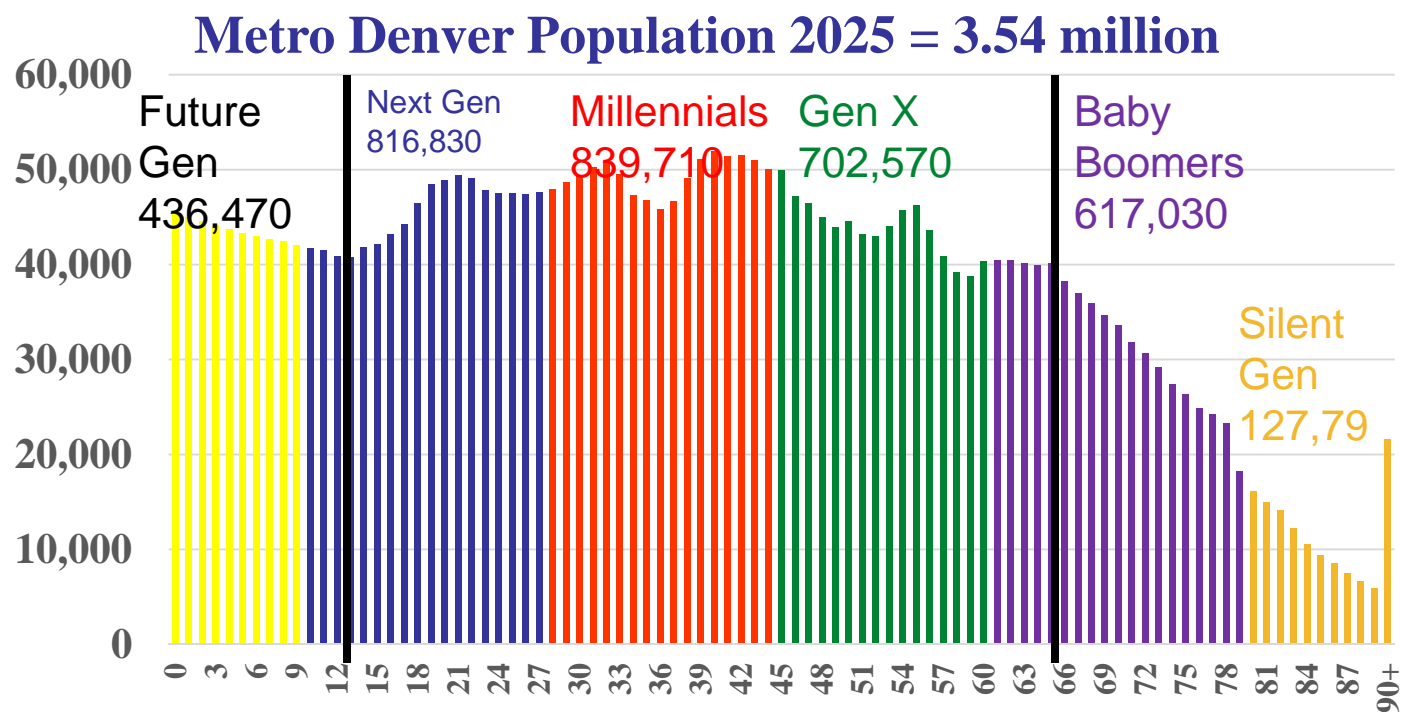
# Millennials are largest population group

Metro Denver Population 2015 = 3.05 million



Source: Colorado Division of Local Government, State Demography Office.

# Millennials dominate potential labor force



Source: Colorado Division of Local Government, State Demography Office.

# Changing Workspaces

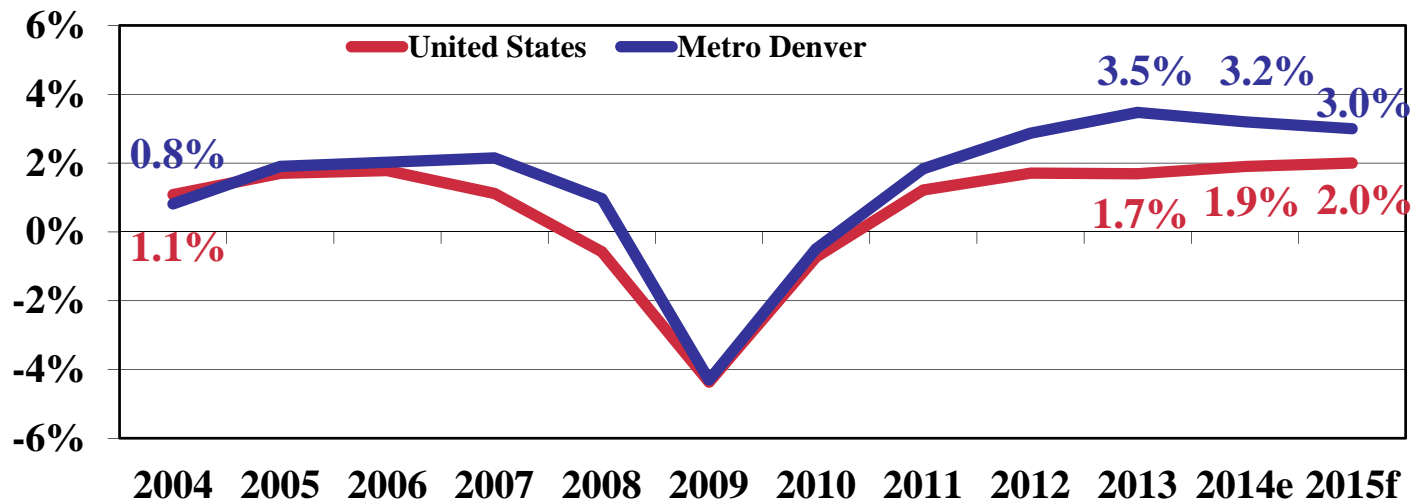


# Changing Workspaces

- ◆ Millennials are on track to be most educated generation in history. (*Pew Research Center*)
- ◆ 10% increase in contingent employment from 2011 to 2013, now 17.7 million in U.S. (*MBO Partners*)
- ◆ Telecommuting rose 79% between 2005 and 2012, now 2.6% of workforce (*American Community Survey*)
- ◆ 1/2 to 2/3 of Millennials interested in entrepreneurship, and 27% already self-employed. (*U.S. Chamber of Commerce Foundation*)

# Nonfarm Job Growth Rates

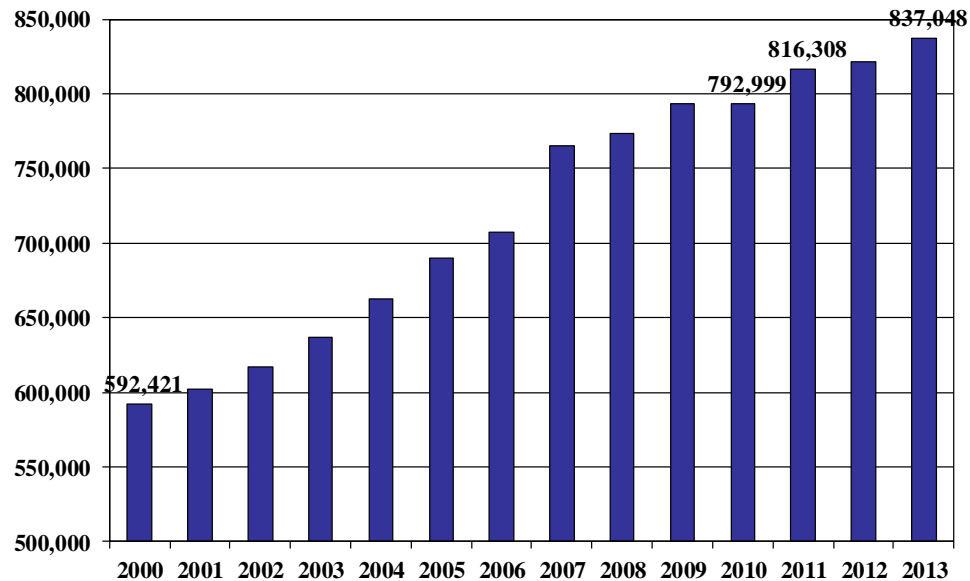
**Metro Denver 2014 Employment = 1.5 million**  
**68K jobs lost 2009-10; 64K jobs added 2011-12; 96K jobs added 2013-14**



Source: U.S. Bureau of Labor Statistics.

# Proprietors are another significant component of employment

**Proprietors Employment**  
**25% of Colorado's Total Employment (US avg = 22%)**



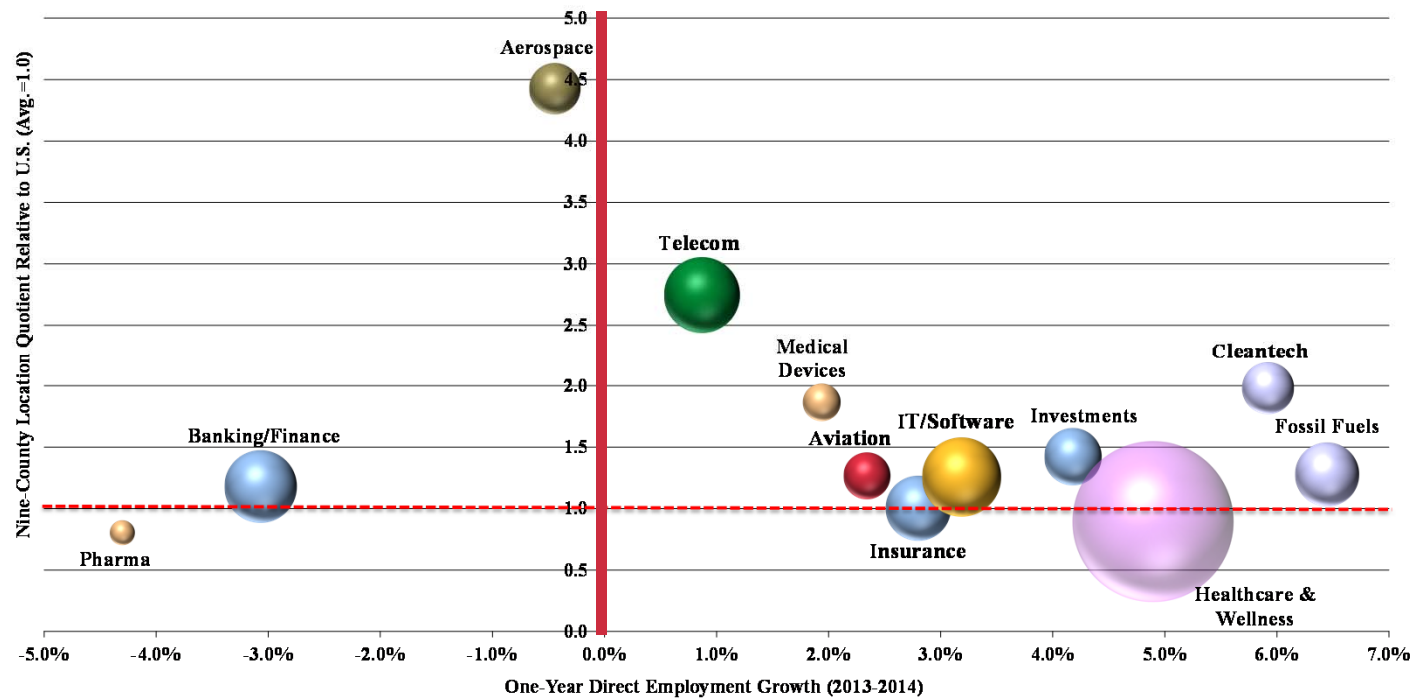
Source: U.S. Bureau of Economic Analysis.



# Key Metro Denver Industry Clusters

- ◆ Aerospace
- ◆ Aviation
- ◆ Bioscience
  - Medical Devices & Diagnostics
  - Pharmaceuticals & Biotechnology
- ◆ Broadcasting & Telecommunications
- ◆ Energy
  - Fossil Energy
  - Cleantech
- ◆ Financial Services
  - Banking & Finance
  - Investments
  - Insurance
- ◆ Healthcare & Wellness
- ◆ IT/Software

# Metro Denver Industry Clusters 2013-2014



# Metro Denver Commercial Real Estate

	Vacancy Rate (direct)		Lease Rate	
	4Q 2013	4Q 2014	4Q 2013	4Q 2014
Office	11.2%	10.0%	\$22.06	\$22.87
Industrial	3.9%	3.0%	\$5.07	\$6.10
Retail	6.0%	5.6%	\$15.40	\$15.47

*Source: CoStar Realty Information, Inc.*

# Metro Denver Construction Activity

(as of 4Q 2014)

- ◆ Office: 1.2 MSF completed; 2.8 MSF under construction
- ◆ Industrial: 2.6 MSF completed; 1.4 MSF under construction
- ◆ Retail: 0.6 MSF completed; 0.9 MSF under construction
- ◆ Infrastructure
  - FasTracks: West, East, Gold, I-225, North Metro, U.S. 36 BRT
  - DIA: Westin Hotel, Public Transit Center, C Concourse expansion
  - I-70 from DIA to Eagle County Airport??

# Changing Places

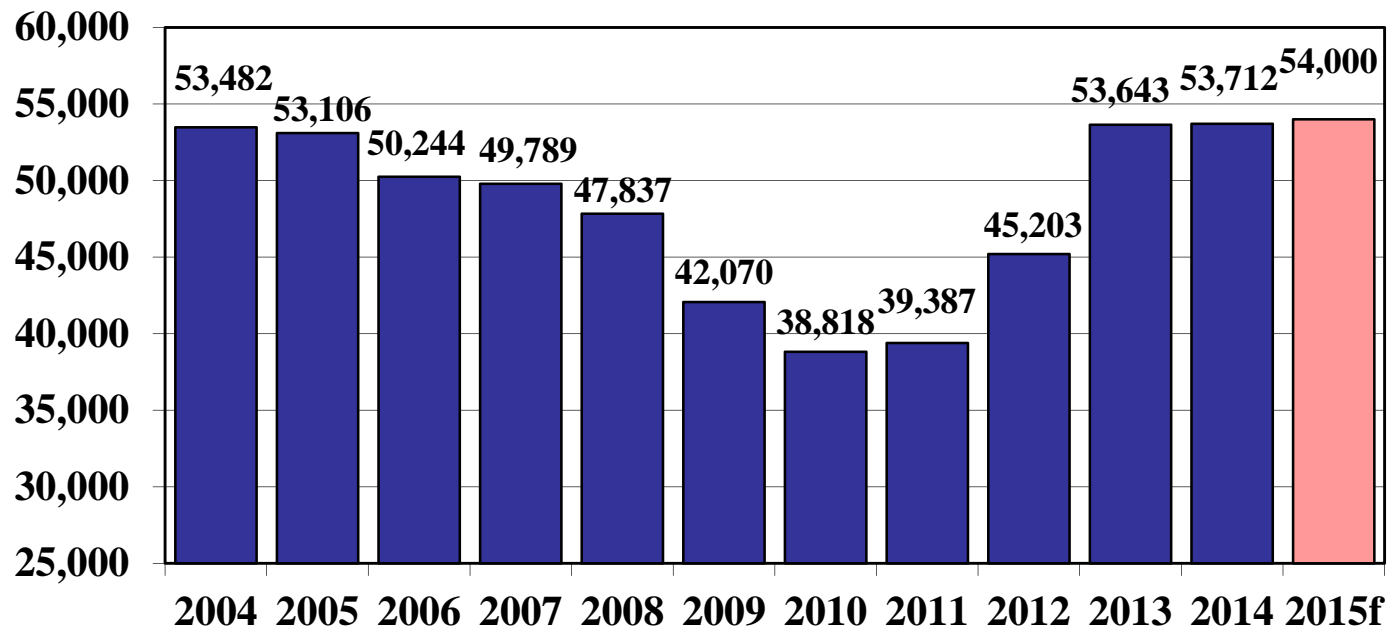


# Changing Places

- ◆ Student loan debt more than tripled in past decade, to more than \$1.1 trillion. While Fannie- and Freddie-backed borrowers have an average score of 740, most Millennials have credit scores below 700. (*Source: FICO*)
- ◆ In 2012, 36% of the nation's Millennials were living in their parents' home. This is the highest share in at least four decades. (*Source: Pew Research Center*)
- ◆ Younger buyers tend to buy older homes, and are more likely to buy previously owned homes. Most often they do so because the home is a better price and better overall value. (*Source: National Association of Realtors*)

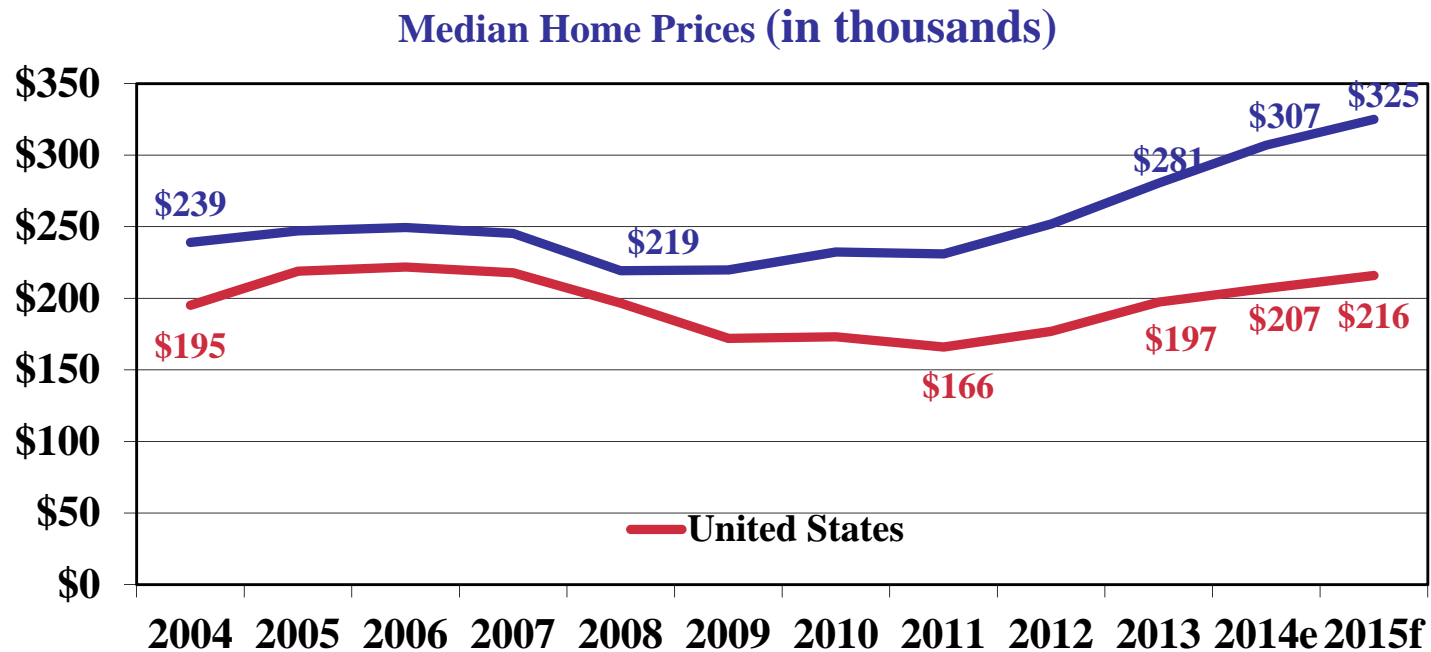
# Consistent sales activity expected

## Metro Denver Existing Home Sales Closed



Sources: Metrolist, Inc.; Denver Metro Association of Realtors.

# Metro Denver ranks in top 20 for median home price

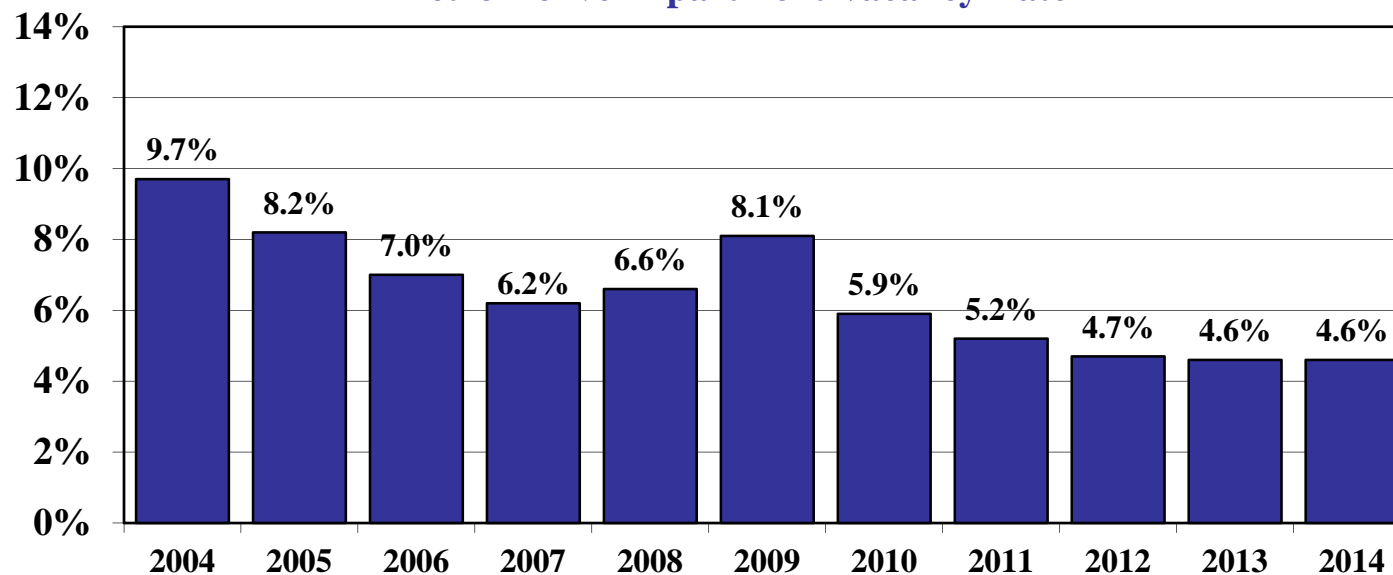


Source: National Association of REALTORS.



# Strong demand for higher density options

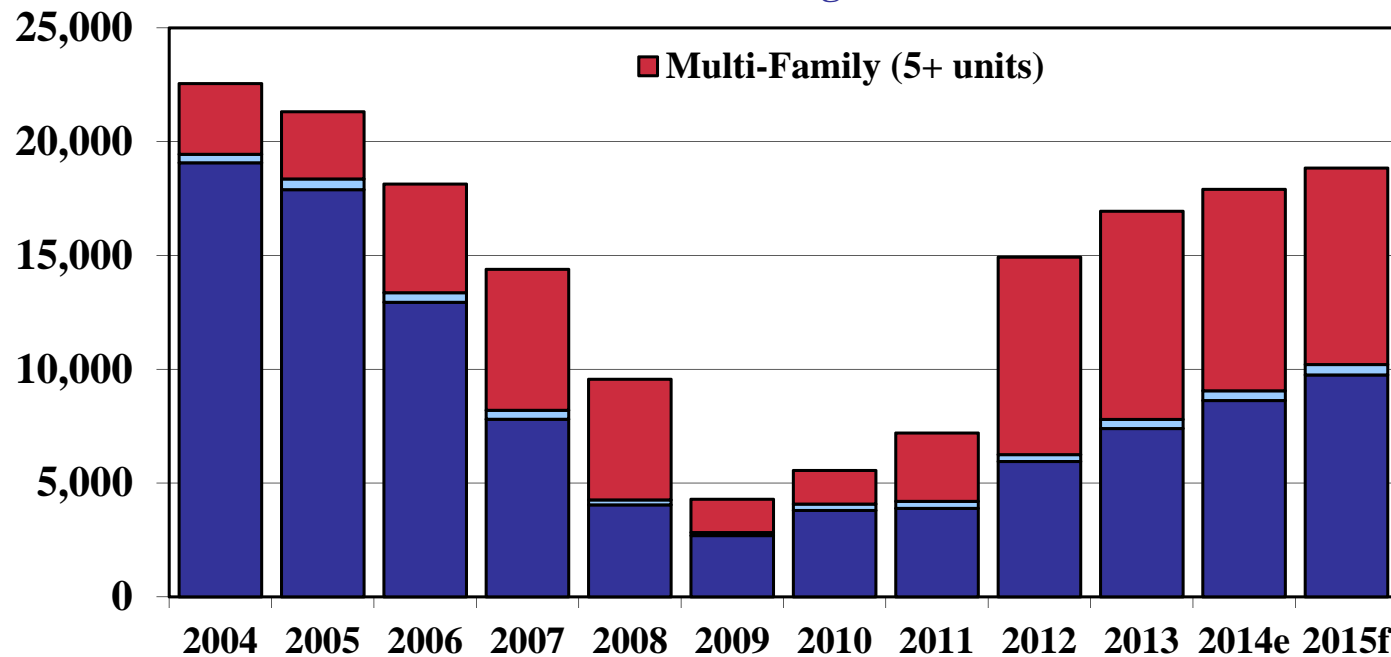
**Metro Denver Apartment Vacancy Rate**



*Source: Denver Metro Apartment Vacancy & Rent Survey.*

# Multi-family currently represents about half of new construction

Metro Denver Building Permits\*



\* The Census Bureau tracks building permits by the number of housing units in the structure.

Source: U.S. Census Bureau, Building Permits.

**Thank You!**

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