

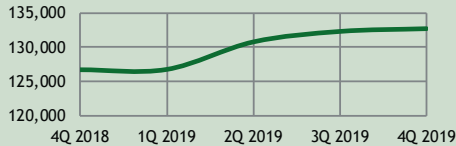
Douglas County Economic Development Quarterly Report - 1st Qtr 2020

Summary

Employment

132,700

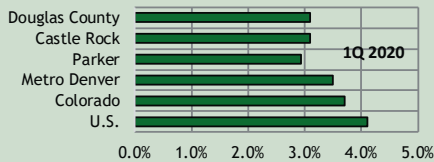
Up 4.7% from 4Q 2018



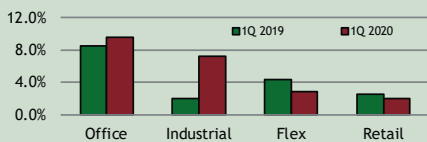
Unemployment Rate

3.1%

Increased 0.3% percentage points from 1Q 2019



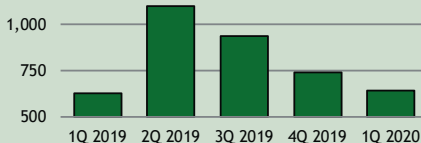
Commercial Vacancy Rates



Residential Building Permits

639

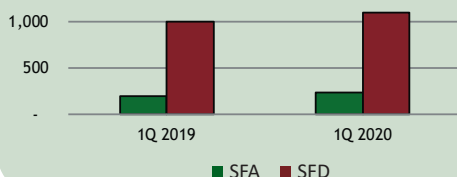
Up 2.2% from 1Q 2019



Existing Home Sales

1,331

Up 11.6% from 1Q 2019



The Timing of Economic Data and a Note on COVID-19

A novel coronavirus, now called COVID-19, spread rapidly across the globe, causing the World Health Organization to declare it a pandemic on March 11, 2020. The first death in Colorado due to COVID-19 occurred on March 13, causing Colorado Governor Polis to take swift action by shutting down large events and ski areas. The virus' rapid spread led to progressively more restrictive guidance issued by individual communities, culminating in Governor Polis issuing an executive order on March 25th ordering Coloradans to stay in place, ultimately through May 8th. As of the writing of this report on June 15, non-essential businesses are opening in phases, with most allowed to re-open at roughly 50 percent capacity.

While the restrictive measures were necessary to contain the pandemic and save lives, there has been a significant shift in economic activity. All businesses except those specifically deemed critical in the executive order were closed or shifted to remote work/remote learning as of March 26. This resulted in a rapid loss in employment, effectively ending the longest economic expansion on record.

The economic data presented in this report is generally for the first quarter of 2020. The economic conditions deteriorated rapidly in the latter half of March, and some March data collection periods occurred prior to the worsening economic conditions. With the exception of the Manpower Employment Outlook survey, which predicts employment projections for the third quarter of 2020, most indicators in this report do not reveal the extent of the downturn resulting from the pandemic. Nonetheless, this report is important as it provides a baseline from which to gauge the extent of the economic damage and plot the path to recovery.

Economic Headlines

- Kiewit Building Group, a construction and engineering firm, plans to have its first of two buildings for its new regional headquarters in Lone Tree completed by next year, with the second one expected to break ground in June. The campus will total about 400,000 sq. ft. and employ a total of 1,770 people. Kiewit plans to expand its current team by about 1,100 jobs with the completion of the new headquarters, mostly hiring engineers.
- The Household Pulse Survey from the Census Bureau ranked Colorado ninth for most income lost due to the pandemic. The report found that 49.8 percent of Colorado households reported a loss of income. Households surveyed also estimated they have lost over a third of pre-outbreak income, close to the national average. While this ranking was high, Colorado ranked 46th for the share of workers who have filed an initial unemployment claim from March 1 to May 16, with 13.3 percent of the workforce filing a claim.
- Personal income in Colorado increased 6.1 percent in 2019, ranking first among all 50 states, according to the U.S. Bureau of Labor Statistics. Colorado ranked No. 17 for per capita income among the states and No. 7 for average pay. Utah ranked second, followed by Idaho, Arizona, and New Mexico.

Employment Activity

Employment in Douglas County increased 4.7 percent between the fourth quarters of 2018 and 2019, adding 5,936 jobs over the year. Ten of the 13 supersectors reported increases in employment during the period, led by financial activities (+26.4 percent), mining and logging (+13.1 percent), and wholesale trade (+8 percent). The information supersector reported the largest contraction, falling 20.3 percent over the year, followed by manufacturing (-5.2 percent) and retail trade (-0.7 percent).

Employment in Metro Denver grew at a rate of 2.7 percent between the fourth quarters of 2018 and 2019. Twelve of the 13 supersectors reported over-the-year increases led by transportation, warehousing, and utilities (+9.3 percent), mining and logging (+4.2 percent), and professional and business services (+4.1 percent). Retail trade reported the only decrease, falling 0.5 percent over the year.

Unemployment

The unemployment rate in Douglas County rose 0.3 percentage points to 3.1 percent between the first quarters of 2019 and 2020. The labor force increased 1.9 percent over the year, adding 3,759 people working or looking for a job during the period. Unemployment in Castle Rock rose 0.2 percentage points to 3.1 percent during the period, while the labor force increased 2.3 percent, or by 805 people. Parker reported an unemployment rate of 2.9 percent in the first quarter of 2020, the same rate as the first quarter of 2019, and the labor force in Parker rose 2 percent, adding 655 people during the period.

Unemployment in Metro Denver rose 0.4 percentage points over the year to 3.5 percent. The labor force in Metro Denver rose 1.9 percent, adding 35,238 individuals working or looking for a job during the period.

Unemployment in Colorado rose 0.4 percentage points over the year to 3.7 percent during the first quarter of 2020, while the labor force rose 1.6 percent. The unemployment rate in the U.S. remained constant over the year at 4.1 percent, while the national labor force grew 0.5 percent during the period.

¹ Jobs covered by unemployment insurance as reported in the QCEW. These positions represent the vast majority of total employment, although the self-employed, some agricultural workers, some domestic workers, and several other categories of workers are excluded. This data series lags the CES series by about six months and is available for the nation, states, MSAs, and counties.

| Covered Employment by Industry Supersector, 4th Qtr 2019 ¹ | | | | |
|-----------------------------------------------------------------------|----------------|----------------|------------------|----------------|
| | Douglas County | | Metro Denver | |
| | 4th Qtr 2019 | Yr/Yr % Change | 4th Qtr 2019 | Yr/Yr % Change |
| Total All Industries | 132,700 | 4.7% | 1,715,336 | 2.7% |
| Private Sector | | | | |
| Mining & Logging | 491 | 13.1% | 14,864 | 4.2% |
| Construction | 9,452 | 4.8% | 106,912 | 3.6% |
| Manufacturing | 2,016 | -5.2% | 90,428 | 2.0% |
| Wholesale Trade | 4,848 | 8.0% | 82,026 | 2.6% |
| Retail Trade | 19,001 | -0.7% | 158,457 | -0.5% |
| Transportation, Warehousing, & Utilities | 1,941 | 4.2% | 70,357 | 9.3% |
| Information | 5,126 | -20.3% | 60,036 | 2.2% |
| Financial Activities | 14,835 | 26.4% | 116,336 | 1.4% |
| Professional & Business Services | 23,689 | 5.6% | 323,645 | 4.1% |
| Education & Health Services | 16,467 | 6.2% | 216,510 | 1.7% |
| Leisure & Hospitality | 16,496 | 4.1% | 188,254 | 2.2% |
| Other Services | 4,176 | 3.8% | 52,543 | 2.6% |
| Government | 14,153 | 3.2% | 234,801 | 3.3% |

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: Colo. Dept. of Labor and Employment, Labor Market Information, QCEW.

Manpower Employment Outlook Survey

The Manpower Employment Outlook Survey revealed that 21 percent of employers surveyed in the Denver-Aurora Metropolitan Statistical Area (MSA) will hire more employees in the third quarter of 2020, a decrease of 6 percentage points from the previous quarter and a decrease of 8 percentage points compared with the same time last year. Employers surveyed reported that hiring intentions have slowed due to COVID-19 and uncertainty on businesses reopening; however, employers are optimistic to hire in multiple industries despite concerns. Hiring intentions in Denver exceeded national expectations, which reported that 17 percent of companies plan to hire in the third quarter of 2020.

| Manpower Employment Outlook Survey | | | | | | | | |
|------------------------------------|------------------|-----|----------------------|-----|---------------------|-----|--------|-----|
| Metro Denver | Companies Hiring | | Companies Laying Off | | Companies No Change | | Unsure | |
| National | | | | | | | | |
| 3rd Qtr 2020 | 21% | 17% | 11% | 11% | 58% | 62% | 10% | 10% |
| 2nd Qtr 2020 | 27% | 23% | 2% | 3% | 70% | 73% | 1% | 1% |
| 3rd Qtr 2019 | 29% | 27% | 1% | 3% | 68% | 69% | 2% | 1% |

| Unemployment Rates | | |
|--------------------|--------------|--------------|
| | 1st Qtr 2019 | 1st Qtr 2020 |
| Douglas County | 2.8% | 3.1% |
| Castle Rock | 2.9% | 3.1% |
| Parker | 2.9% | 2.9% |
| Metro Denver | 3.1% | 3.5% |
| Colorado | 3.3% | 3.7% |
| U.S. | 4.1% | 4.1% |

Sources: Colo. Dept. of Labor and Employment, Labor Market Information; U.S. Bureau of Labor Statistics.



Douglas County Existing Home Sales, 1st Qtr 2020

| | Douglas County Submarkets | | | | | | Total |
|---------------------------|---------------------------|-------------|-----------------|-----------|-----------|-----------|----------------|
| | Castle Pines | Castle Rock | Highlands Ranch | Larkspur | Lone Tree | Parker | Douglas County |
| Home Sales | | | | | | | |
| Single-Family Detached | | | | | | | |
| 1st Qtr 2020 | 36 | 274 | 327 | 1 | 28 | 147 | 1,096 |
| 1st Qtr 2019 | 35 | 203 | 302 | 1 | 25 | 148 | 995 |
| Single-Family Attached | | | | | | | |
| 1st Qtr 2020 | 3 | 45 | 72 | - | 23 | 33 | 235 |
| 1st Qtr 2019 | 2 | 40 | 64 | - | 15 | 37 | 198 |
| Average Sold Price | | | | | | | |
| Single-Family Detached | | | | | | | |
| 1st Qtr 2020 | \$689,128 | \$508,450 | \$558,421 | \$330,000 | \$775,879 | \$468,293 | \$571,246 |
| 1st Qtr 2019 | \$697,877 | \$472,069 | \$535,917 | \$160,000 | \$866,224 | \$445,499 | \$552,742 |
| Single-Family Attached | | | | | | | |
| 1st Qtr 2020 | \$392,067 | \$324,920 | \$378,075 | - | \$425,361 | \$283,667 | \$345,934 |
| 1st Qtr 2019 | \$377,600 | \$297,323 | \$395,955 | - | \$411,393 | \$277,768 | \$341,531 |

Source: Colorado Comps, LLC

Consumer Activity

Consumer Confidence Index

The Consumer Confidence Index for the U.S. increased 0.2 percent between the fourth quarter of 2019 and the first quarter of 2020, rising to 127.3. Over the year, national consumer confidence rose 1.2 percent, up from 125.8 during the same time last year. The reading reflects an average confidence index from monthly data, and does not include the declines in confidence reported in April and May when the effects of the COVID-19 pandemic were fully reflected in the data.

Colorado is included in the Mountain Region Index and the area reported an over-the-year increase in confidence of 6.1 percent, rising to 137 in the first quarter of 2020. Over the quarter, confidence increased 1.3 percent.



Residential Real Estate

- About 1,500 new homes and 16 acres of multifamily and retail development will come to Ascent Village, the second of nine neighborhoods in the larger Sterling Ranch community. Sterling Ranch will eventually grow to about 12,000 homes and 30,000 residents. The first 11 homes in the neighborhood have already begun construction and 175 more lots will be ready for permitting in mid-May.
- Two new projects slated for the RidgeGate community in Lone Tree will add 607 apartment units to the area. Regency Residential is planning to construct 540 apartments between Havana St. and I-25 in RidgeGate, while Koelbel & Co. will build 67 affordable apartment units. Construction is expected to begin in 2021 and initial leasing could start in late 2022.

Existing Home Sales

Existing home sales in Douglas County increased 11.6 percent between the first quarters of 2019 and 2020, an increase of 138 homes sold during the period. Single-family detached home sales in Douglas County rose 10.2 percent over the year, or by 101 homes sold during the period. Of the six submarkets, Parker was the only to report a decline in detached home sales over the year, falling by one sale during the period. Castle Rock reported the largest over-the-year increase of 35 percent, or 71 homes, followed by Lone Tree (+12 percent), Highlands Ranch (+8.3 percent), and Castle Pines (+2.9 percent). Larkspur reported one home sale in both the first quarters of 2019 and 2020.

Single-family attached home sales in Douglas County increased 18.7 percent between the first quarters of 2019 and 2020, selling an additional 37 units during the period. Parker was the only submarket to report a decrease, falling by four homes sold, or 10.8 percent, during the period. Lone Tree reported the largest percentage increase, rising by 53.3 percent, followed by Castle Pines (+50 percent) and Castle Rock and Highlands Ranch (+12.5 percent). Larkspur reported no attached home sales during the period. Both Highlands Ranch and Lone Tree added the most attached home sales over the year, rising by eight each.

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Residential Real Estate *continued from pg. 3*

Existing Homes - Average Sales

The average sales price in Douglas County for single-family detached homes rose 3.3 percent between the first quarters of 2019 and 2020, an increase of \$18,504. Larkspur reported the largest price increase, rising from \$160,000 to \$330,000, but the submarket only reported one home sold in the first quarters of 2019 and 2020. Detached prices in Castle Rock rose 7.7 percent, followed by Parker (+5.1 percent) and Highlands Ranch (+4.2 percent). Lone Tree reported the largest over-the-year decline in detached prices, falling 10.4 percent to \$775,879, the highest price of the six submarkets in the first quarter of 2020, while prices in Castle Pines fell 1.3 percent over the year.

The average price of a single-family attached home in Douglas County increased 1.3 percent, rising by \$4,402 over the year. Highlands Ranch reported the only over-the-year decrease, falling 4.5 percent to \$378,075. Castle Rock reported the largest over-the-year increase of 9.3 percent, followed by Castle Pines (+3.8 percent) and Lone Tree (+3.4 percent). Lone Tree reported the highest average sold price of \$425,361 in the first quarter of 2020, while Parker reported the lowest attached price at \$283,667.

Foreclosures

Douglas County reported an over-the-year increase in foreclosure activity in the first



quarter of 2020, rising 4.2 percent, or by 3 additional filings, to 74 total foreclosures during the period. Filings rose by 18 between the fourth quarter of 2019 and the first quarter of 2020, an increase of 32.1 percent.

Foreclosure filings in Metro Denver decreased 4.5 percent over the year to 698 total filings, falling by 33 during the period. Over the quarter, filings fell 1.3 percent, or by nine, in the first quarter of 2020.

Building Permits

Residential building permits in Douglas County increased 2.2 percent between the first quarters of 2019 and 2020, rising by 14 permits. Single-family detached permits across Douglas County rose by one over the year, while condominium/townhome permits increased 27.1 percent, or by 13 permits, during the period. There were no multi-family units permitted in the first quarters of 2019 and 2020. Three of the eight submarkets reported over-the-year increases, led by Castle Pines (+140 percent), Lone Tree (+83.3 percent), and unincorporated Douglas County (+25.4 per-

cent). Castle Pines also reported the largest absolute increase, reporting an additional 49 units between the first quarters of 2019 and 2020. Highlands Ranch reported the largest over-the-year decrease of 40.8 percent, followed by Parker (-39.7 percent) and Aurora (-31.7 percent).

The average valuation of single-family detached units permitted increased 2.2 percent over the year to \$334,800, representing \$7,246 more per home during the period. Lone Tree reported the highest average valuation for single-family detached homes at \$463,341, while Highlands Ranch reported the lowest valuation at \$261,070 in the first quarter of 2020. The average valuation for single-family attached units rose 14.5 percent to \$237,770 in Douglas County. Unincorporated Douglas County reported the lowest single-family attached average valuation (\$197,466), while Castle Rock reported the highest (\$253,558).



Douglas County Residential Building Permits, 1st Qtr 2020

| | | | Single-Family Detached | | Condominiums/ Townhomes | | Multi-Family | | |
|-----------------------------|--------------------------|--------------------------|------------------------|-------------------------|-------------------------|-------------------------|--------------|-------|-------------------------|
| | Total Units 1st Qtr 2020 | Total Units 1st Qtr 2019 | Units | Avg. Valuation per Unit | Units | Avg. Valuation per Unit | Permits | Units | Avg. Valuation per Unit |
| Aurora | 28 | 41 | 28 | \$270,788 | - | \$- | - | - | \$- |
| Castle Pines | 84 | 35 | 72 | \$394,385 | 12 | \$248,093 | - | - | \$- |
| Castle Rock | 184 | 187 | 151 | \$312,533 | 33 | \$253,558 | - | - | \$- |
| Highlands Ranch | 29 | 49 | 29 | \$261,070 | - | \$- | - | - | \$- |
| Littleton | - | - | - | \$- | - | \$- | - | - | \$- |
| Lone Tree | 11 | 6 | 11 | \$463,341 | - | \$- | - | - | \$- |
| Parker | 76 | 126 | 76 | \$369,463 | - | \$- | - | - | \$- |
| Unincorporated Douglas | 227 | 181 | 211 | \$329,846 | 16 | \$197,466 | - | - | \$- |
| Total Douglas County | 639 | 625 | 578 | \$334,800 | 61 | \$237,770 | - | - | \$- |

Note: Excludes permits for residential construction activity that does not affect overall housing inventory. Source: Douglas County and individual municipalities.

Office rates are full service.

| Douglas County Commercial Vacancy and Lease Rates by Property Type, 1st Qtr 2020 | | | | | | |
|----------------------------------------------------------------------------------|----------------------------|--------------------|--------------|--------------|-------------------------------|----------------|
| | Total Existing Sq. Footage | | Vacancy Rate | | Avg. Lease Rate (per sq. ft.) | |
| | 1st Qtr 2020 | 1st Qtr 2019 | 1st Qtr 2020 | 1st Qtr 2019 | 1st Qtr 2020 | 1st Qtr 2019 |
| Office | | | | | | |
| Castle Rock* | 1,286,647 | 1,216,996 | 5.3% | 4.9% | \$27.70 | \$27.56 |
| Highlands Ranch | 1,985,214 | 1,985,214 | 7.0% | 6.3% | \$30.62 | \$27.00 |
| Larkspur | 24,915 | 24,915 | 0.0% | 0.0% | - | - |
| Lone Tree | 2,955,816 | 2,931,816 | 7.8% | 7.1% | \$28.16 | \$28.02 |
| Parker | 1,345,597 | 1,327,514 | 6.1% | 7.1% | \$24.09 | \$24.64 |
| Total Douglas County | 13,496,584 | 13,354,850 | 9.6% | 8.5% | \$25.74 | \$25.70 |
| Metro Denver | 195,662,962 | 194,720,083 | 9.1% | 9.0% | \$27.77 | \$26.95 |
| Industrial | | | | | | |
| Castle Rock* | 1,286,647 | 1,216,996 | 5.3% | 4.9% | \$27.70 | \$27.56 |
| Highlands Ranch | 1,985,214 | 1,985,214 | 7.0% | 6.3% | \$30.62 | \$27.00 |
| Larkspur | 24,915 | 24,915 | 0.0% | 0.0% | - | - |
| Lone Tree | 2,955,816 | 2,931,816 | 7.8% | 7.1% | \$28.16 | \$28.02 |
| Parker | 1,345,597 | 1,327,514 | 6.1% | 7.1% | \$24.09 | \$24.64 |
| Total Douglas County | 13,496,584 | 13,354,850 | 9.6% | 8.5% | \$25.74 | \$25.70 |
| Metro Denver | 195,662,962 | 194,720,083 | 9.1% | 9.0% | \$27.77 | \$26.95 |
| Flex | | | | | | |
| Castle Rock* | 257,905 | 245,700 | 8.2% | 12.5% | \$13.50 | \$14.51 |
| Highlands Ranch | 337,987 | 337,987 | 0.0% | 0.0% | \$13.00 | \$13.00 |
| Larkspur | - | - | - | - | - | - |
| Lone Tree | 71,516 | 71,516 | 15.5% | 32.1% | \$11.29 | \$10.93 |
| Parker | 205,269 | 205,269 | 0.0% | 2.5% | \$16.00 | \$18.00 |
| Total Douglas County | 2,586,253 | 2,574,048 | 2.8% | 4.3% | \$12.32 | \$12.62 |
| Metro Denver | 47,423,044 | 46,875,961 | 5.8% | 5.9% | \$12.69 | \$11.99 |
| Retail | | | | | | |
| Castle Rock* | 4,452,598 | 4,410,715 | 2.8% | 2.8% | \$22.57 | \$20.83 |
| Highlands Ranch | 3,529,075 | 3,529,075 | 1.5% | 1.9% | \$23.08 | \$19.56 |
| Larkspur | 25,203 | 25,203 | 0.0% | 0.0% | - | - |
| Lone Tree | 3,929,704 | 3,901,676 | 1.2% | 1.6% | \$23.20 | \$27.49 |
| Parker | 4,531,501 | 4,436,059 | 1.7% | 3.3% | \$21.16 | \$21.90 |
| Total Douglas County | 18,233,004 | 18,067,651 | 2.0% | 2.5% | \$21.34 | \$21.71 |
| Metro Denver | 171,159,831 | 170,217,328 | 4.5% | 4.1% | \$18.26 | \$18.94 |

Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Industrial and retail lease rates are triple-net. N/A indicates non-applicable; - indicates no data. *Includes Castle Pines. Source: CoStar Realty Information, Inc.

Commercial Real Estate

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

Office Market

The vacancy rate for the office market in Douglas County increased 1.1 percentage points to 9.6 percent between the first quarters of 2019 and 2020. Parker reported the only over-the-year decrease in the vacancy rate, falling 1 percentage point to 6.1 percent. Lone Tree and Highlands Ranch

reported an increase of 0.7 percentage points to 7.8 percent and 7 percent, respectively, during the period. The office vacancy rate in Castle Rock rose 0.4 percentage points to 5.3 percent, while the rate in Larkspur remained at zero during the period. The vacancy rate in Metro Denver rose 0.1 percentage points to 9.1 percent during the period.

The average lease rate in Douglas County rose 0.2 percent to \$25.74 per square foot between the first quarters of 2019 and

2020. Parker reported the only over-the-year decrease in the lease rate, falling 2.2 percent to \$24.09 per square foot during the period. Highlands Ranch reported the largest increase in the lease rate of 13.4 percent, followed by both Castle Rock and Lone Tree that reported an increase of 0.5 percent. The average lease rate in Metro Denver increased 3 percent to \$27.77 per square foot, \$2.03 higher than the lease rate in Douglas County.

continued on the next pg.

Commercial Real Estate *continued from pg. 5*

Industrial Market

The industrial market vacancy rate in Douglas County increased 5.2 percentage points to 7.2 percent between the first quarters of 2019 and 2020. Parker reported the only over-the-year decrease in the industrial vacancy rate, falling 0.9 percentage points to 0.4 percent. Highlands Ranch reported a vacancy rate of 70.8 percent in 1Q 2020, up from zero vacancy during the same time last year. Industrial vacancy in Castle Rock rose 5.1 percentage points to 11.1 percent, while Larkspur and Lone Tree reported zero vacancy in the first quarters of 2019 and 2020. Metro Denver reported a vacancy rate of 4.9 percent in the first quarter of 2020, up 0.1 percentage points from the same time last year.

The average lease rate for the industrial market in Douglas County rose 11.9 percent over the year to \$12.66 per square foot in the first quarter of 2020. Parker reported the only decrease in the lease rate, falling 9.9 percent to \$12.04 per square foot during the period. The lease rate in Castle Rock rose 6.6 percent to \$12.51 per square foot, while the remaining three submarkets reported no lease rate during the period. Metro Denver reported an industrial lease rate of \$8.51 per square foot, an increase of 5.3 percent and \$4.15 lower than the rate in Douglas County in the first quarter of 2020.

Flex Market

Douglas County reported a flex vacancy rate of 2.8 percent in the first quarter of 2020, down 1.5 percentage points from the same time last year. Flex rates decreased in all submarkets, with the largest declines reported in Lone Tree (-16.6 percentage points), Castle Rock (-4.3 percentage points), and Parker (-2.5 percentage points). Highlands Ranch reported zero vacancy during the first quarters of 2019 and 2020. Metro Denver reported a vacancy rate of 5.8 percent in the first quarter of 2020, down 0.1 percentage points from the same time last year.

The average flex lease rate in Douglas County fell 2.4 percent to \$12.32 per square foot between the first quarters of 2019 and 2020. Lone Tree reported the only over-the-year increase, rising 3.3 percent to \$11.29 per square foot. Parker reported the largest over-the-year decrease in the lease rate, falling 11.1 percent to \$16.00 per square foot, followed by Castle Rock (-7 percent). The lease rate in Highlands Ranch remained constant at \$13.00 per square foot. Metro

Denver reported a 5.8 percent increase in the flex rate between the first quarters of 2019 and 2020, rising to \$12.69 per square foot during the period.

Retail Market

The retail vacancy rate in Douglas County was 2 percent in the first quarter of 2020, 0.5 percentage points below the level in first quarter of 2019. Parker reported the largest over-the-year decrease in the vacancy rate of 1.6 percentage points to 1.7 percent, followed by Highlands Ranch and Lone Tree that both fell 0.4 percentage points to 1.5 percent and 1.2 percent, respectively. Castle Rock and Larkspur reported no change in vacancy during the period. Retail vacancy in Metro Denver rose 0.4 percentage points to 4.5 percent in the first quarter of 2020.

The average lease rate in Douglas County fell 1.7 percent over the year to \$21.34 per

square foot during the first quarter of 2020. Highlands Ranch reported the largest increase, rising 18 percent over the year to \$23.08 per square foot, followed by Castle Rock that rose 8.4 percent to \$22.57 per square foot during the period. Retail rates in Lone Tree declined the most, falling 15.6 percent, followed by Parker (-3.4 percent). The retail lease rate in Metro Denver fell 3.6 percent to \$18.26 per square foot, \$3.08 below the level in Douglas County in the first quarter of 2020.



| Douglas County Commercial Building Permits Issued, 1st Qtr 2020 | | | |
|-----------------------------------------------------------------|------------------------------------------------------------------------|--------------|---------------|
| Jurisdiction | Project Description | Valuation | Total Sq. Ft. |
| Castle Rock | Talus Flats | \$12,250,000 | 11,500 |
| Castle Rock | 5335 Water Avenus Dr. Monaine Clubhouse | \$3,889,762 | 10,695 |
| Castle Rock | 5335 Water Avenus Dr. Active Adult Bath-house | \$442,018 | N/A |
| Castle Rock | 5335 Water Avenus Dr. Active Adult Pavilion | \$265,211 | N/A |
| Castle Rock | 5335 Water Avenus Dr. Active Adult Tennis Pavilion | \$176,807 | N/A |
| Castle Rock | Plum Creek Church Addition | \$1,762,650 | 11,751 |
| Castle Rock | Meadows Family Eye Care | \$1,734,251 | 4,950 |
| Castle Rock | Hangman's Gulch Garage Condos Bldg. B | \$1,131,173 | 12,925 |
| Highlands Ranch | Generator Slab - South Bldg. | \$3,973,955 | 2,004 |
| Larkspur | 650 Skyview Lane Wastewater Treatment Plant | \$2,032,316 | N/A |
| Larkspur | 650 Skyview Lane Pool Bldg. | \$1,250,000 | N/A |
| Parker | Crown Point Medical Office Bldg. | \$12,080,289 | 85,944 |
| Parker | Leman Academy School Phase II | \$5,900,000 | 27,180 |
| Parker | Salt Barn, Equipment Storage, Vehicle Wash Bay @ 16600 Parkerhouse Rd. | \$1,339,868 | N/A |
| Parker | Colorado Steel Systems Bldg. 1 | \$1,226,531 | 15,055 |
| Parker | Colorado Steel Systems Bldg. 2 | \$1,034,506 | 12,698 |
| Parker | Headworks No. 2 Biotower Odor Control and Flow Diversion | \$466,688 | 4,628 |
| Unincorporated | Stage at Highlands Heritage Regional Park | \$2,200,000 | 7,769 |
| Unincorporated | Davey Coach Office - Warehouse | \$1,470,256 | 15,940 |
| Unincorporated | Parks Bldg. Addition at Highlands Heritage Regional Park | \$1,000,000 | 2,750 |
| Unincorporated | South Metro Fire District Bldg. | \$992,147 | 10,990 |

Source: Douglas County and individual municipalities.

Nonresidential Development Activity

Douglas County building officials issued permits for 236,779 sq. ft. of nonresidential space valued at approximately \$56.6 million during the first quarter of 2020. The largest project was a four-story medical office building in Parker that will add 85,944 sq. ft. valued at over \$12 million. Other notable projects were Talus Flats valued at \$12.25 million, the Leman Academy School valued at \$5.9 million, and four recreational buildings at 5335 Water Avens Drive that are valued at nearly \$4.8 million.

Certificates of completion or occupancy were issued for 446,594 sq. ft. of nonresidential space during the first quarter of 2020, an increase of over 850 percent in square footage between the first quarters of 2019 and 2020.

| Douglas County Commercial Certificates of Occupancy Issued, 1st Qtr 2020 | | |
|--------------------------------------------------------------------------|--------------------------------------------------|---------------|
| Jurisdiction | Project Description | Total Sq. Ft. |
| Castle Rock | Riverwalk South Mixed Use and Multi-Family Bldg. | 223,900 |
| Castle Rock | Whole Foods Promenade | 40,110 |
| Castle Rock | Del Taco | 2,545 |
| Castle Rock | Riverwalk South Dental Arts | 2,004 |
| Castle Rock | Outlets Storage Suite 620 | 1,068 |
| Highlands Ranch | Shea Leasing Office | 1,995 |
| Highlands Ranch | Tropical Smoothie Café | 1,425 |
| Highlands Ranch | Aqua Pura Day Spa | 980 |
| Larkspur | Water Treatment Facility | N/A |
| Parker | Solomon Foundation Food Bank | 23,561 |
| Parker | Pine Bluffs Bldg. A | 9,650 |
| Parker | Pine Bluffs Bldg. B | 11,936 |
| Parker | Pine Bluffs Bldg. C | 6,088 |
| Parker | Pine Bluffs Bldg. D | 13,628 |
| Unincorp. Douglas County | Self Storage Bldg. A | 28,741 |
| Unincorp. Douglas County | Self Storage Bldg. B | 63,555 |
| Unincorp. Douglas County | Novametallix Unit 475 | 4,987 |
| Unincorp. Douglas County | Unit 270 | 10,421 |

Source: Douglas County and individual municipalities. *Includes all certificates, except remodels, pools and additions.

Provided by:

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