



# Jefferson County, Colorado

*Quarterly Economic Report – Third Quarter 2015*



Jefferson County's employment situation improved through the third quarter of the year, with continued employment gains, low unemployment, and strong consumer activity. Employment in the county rose 3.2 percent between the first quarters of 2014 and 2015, generating an additional 6,940 jobs. The Jefferson County unemployment rate fell to 4 percent in the second quarter of 2015, a decline of 0.7 percentage points from the prior year. Consumer confidence continued to rise in the mountain region during the second quarter of 2015, rising 20.4 percent over-the-year. Retail sales increased 1.6 percent between the fourth quarters of 2013 and 2014.

The residential real estate market reported declining during the second quarter of 2015. Residential building permits decreased over-the-year, falling 27.8 percent to about 470 total permits. Single-family detached home permits represented 99 percent of the building permits issued, while both the single-family attached and multifamily permits declined over-the-year. The county reported an apartment vacancy rate of 3.4 percent, which was the lowest of the Metro Denver counties. The average rental rate for an apartment in Jefferson County rose 10.5 percent over-the-year to \$1,217 per month in the second quarter.

The commercial real estate markets in Jefferson County continued to record tightening vacancy and rising average lease rates. The market for Class C office space was the only market to report an increase in vacancy, but continued to report increasing average lease rates. The industrial warehouse market remained the most constricted of the submarkets, reporting 1.4 percent vacancy. Class A office space is commanding the highest average lease rate, charging \$25.60 per square foot during the second quarter of 2015.

### Jefferson County Economic Headlines

- ◆ **Coalfire Systems, Inc.** announced plans to lease 20,000 sq. ft. of space in Westminster's Westmoor Technology Park. The project brings 120 jobs to Jefferson County. Coalfire is a global technology leader in cyber risk management and compliance services for private enterprises and government organizations.
- ◆ **Easter Seals Colorado**, a Jefferson County nonprofit that provides services to people with mental disabilities, seniors, and children, plans to double the size of its Lakewood facility. The company plans to add 10,000 square feet of space to the 7,500 square feet that it currently occupies. The additional space will allow the company to add new programs and expand some of the existing programs. The company plans to hire between 50 and 100 additional employees to staff the new facility.
- ◆ **Electronic Cigarette International Group (ECIG)** relocated its operations from Michigan to the Denver West Office Park, located in Lakewood. The move brings 10 high-paying jobs to Jefferson County. ECIG is quickly becoming a major distributor of vaping products as a healthier alternative to tobacco products.
- ◆ Colorado-based futurist think tank, **DaVinci Institute**, announced plans to relocate their worldwide headquarters to Westminster. The new 14,000 sq. ft. facility will house a collaborative work area and be home to Coders, one of the nation's top-rated programmer training centers.
- ◆ **Gunslinger Custom Paints** is building an 18,000 sq. ft. warehouse and production facility at its campus in Golden. The \$5 million project will house its robotic painting and finishing operations and create 30 jobs for the County. Gunslinger is a leader in paint manufacturing and custom design for the motorcycle industry.

◆ **Lockheed Martin Space Systems Co.**

- LMSS opened a national radio frequency communications research and development lab focused on satellites, which will bring dozens of experts to the Jefferson County headquarters. The **Payload Center of Excellence** opened in May, but is still in the process of expanding. The facility is intended to concentrate the expertise and new equipment used to create and test communications technologies for satellites and satellite components in one place to speed up production and innovation.
- LMSS unveiled its new test lab for NASA’s Orion spaceship, which will test computer systems for the deep-space vessel and where astronauts will learn the systems in a full-scale mock-up. The **Orion Test Lab** is the first testing facility of its kind for a NASA human spacecraft built on the contractor’s campus instead of its space-agency site and will house 5 to 25 employees at any given time.

- ◆ The Colorado aerospace industry and the U.S. Air Force Space Command celebrated 20 years since the Global Positioning System (GPS) was declared at Full Operational Capability (FOC) on July 17, 1995. **Lockheed Martin** is designing and building the GPS III, the most powerful GPS satellite ever developed, at the company’s advanced satellite manufacturing facility, while Raytheon is developing the command and control capabilities for the new GPS III satellites.
- ◆ **McCarthy Building Companies Inc.** opened an office in Lakewood located at 445 Union Street. McCarthy is the country’s 12th largest domestic builder and employs about 25 salaried people in Colorado.
- ◆ **Natural Grocers**, headquartered in Lakewood, leased 42,600 sq. ft. of additional industrial space at its distribution center in the Coors Technology Center in Golden, giving the company about 150,000 sq. ft. total at the site.
- ◆ **Skywriter MD**, a medical scribe startup, is opening a second Colorado location in Westminster’s Westmoor Technology Park. The company leased 16,000 sq. ft. and has plans to create 120 jobs over the next couple of years. Skywriter has developed voice-to-text software that doctors use to send patient’s information to Skywriter scribes offsite.
- ◆ **The Colorado Economic Development Commission** approved Jefferson County Economic Development Corporation’s **Enterprise Zone (EZ)** re-designation application for Jefferson County. The EZ program was created to provide a business-friendly environment in economically distressed areas by providing incentives for business development, job creation, and non-profit projects supporting economic and community development in the targeted areas. The new strategic zones in the county will be in effect January 1, 2016.

## Metropolitan Region and State Economic Headlines

- ◆ *Forbes* ranked Denver the **nation’s best place for business and careers**, while Fort Collins ranked 10th. The Denver-Aurora-Lakewood metropolitan area ranked number one for the first time, rising from fourth place on the 2014 list. The company stated that the area is attractive for its diverse economy, highly educated labor force, and outdoor recreational opportunities. Raleigh, N.C. was ranked second followed by Portland, Ore., Provo, Utah, and Atlanta, Ga.
- ◆ *Area Development* magazine ranked the country’s cities for economic and job growth in their annual “Leading Locations for 2015” list and ranked the Denver-Aurora MSA first. The report analyzed 373 MSAs across 21 economic and workforce indicators including unemployment rates, wage growth, and job growth. A spokesperson for the magazine stated that the leading locations are MSAs that have invested in themselves to create skilled workers and pro-business environments and that many of the areas have strong educational assets.
- ◆ According to *Money* magazine, Denver is the **best city to live in the West**. The magazine stated that Denver was a “mecca for millennials” and that the city has relatively affordable real estate, when compared with Boston or San Francisco, and great access to recreation. Louisville was ranked fourth on the magazine’s Top 50 small cities to live list and Erie ranked 13th.
- ◆ The **2015 Kauffman Index** was released by the Ewing Marion Kauffman Foundation, a private, nonpartisan foundation that studies and promotes entrepreneurship. Colorado ranked as the fourth state with the most startup activity, with 350 people out of every 100,000 adults becoming entrepreneurs each month. Of the nation’s 40 largest metro areas, Metro Denver was ranked fifth for startup activity, with 370 people out of every 100,000 adults becoming entrepreneurs. The index considered the percentage of adults becoming entrepreneurs, the number of opportunity versus necessity entrepreneurs, and startup density.

## Employment Activity

The number of businesses throughout Jefferson County increased 4.3 percent between the first quarters of 2014 and 2015, a net gain of 768 businesses. Twelve of the 13 supersectors reported growth in the number of businesses between the first quarters of 2014 and 2015. The largest percentage increase of businesses was in the mining and logging sector, reporting a 9.6 percent increase or a gain of 13 businesses. The other services sector also reported a significant increase in businesses, rising 8.8 percent over-the-year, and creating 120 new businesses. The professional and business services supersector added the most new businesses, creating 311 new establishments. The government sector was the only sector to shed businesses during the period.

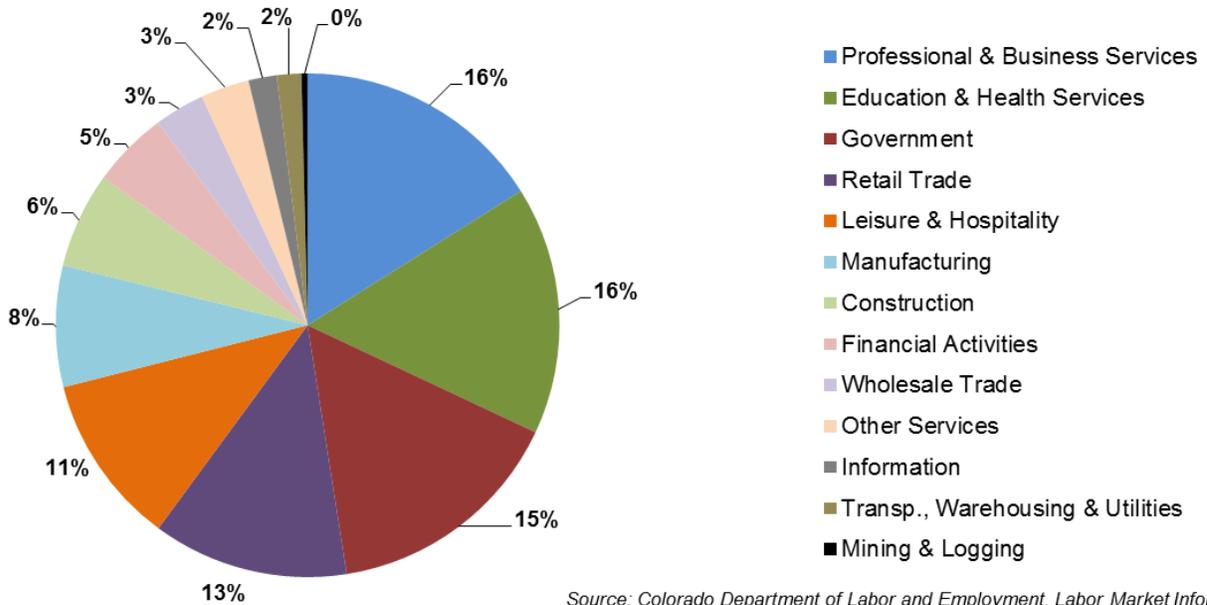
The average weekly wage for Jefferson County was highest in the manufacturing sector, where the average individual earned \$1,886 per week. The information sector posted the largest increase in wages over-the-year, rising 31.4 percent to \$1,789 per week, followed by the financial activities supersector (+14.6 percent). The lowest average wage was in the leisure and hospitality supersector, with an average weekly wage of \$352. Wholesale trade (-4.5 percent) and professional and business services (-3.5 percent) were the only supersectors to record declines in wages over-the-year.

Business and Employment Indicators by Supersector

	Jefferson County						Metro Denver	
	Quarterly Business Count		Average Weekly Wage		Quarterly Employment Level		Quarterly Employment Level	
	1Q 2015	1Q 2014	1Q 2015	1Q 2014	1Q 2015	1Q 2014	1Q 2015	1Q 2014
<b>Total All Industries</b>	<b>18,662</b>	<b>17,894</b>	<b>\$1,020</b>	<b>\$993</b>	<b>222,507</b>	<b>215,571</b>	<b>1,499,727</b>	<b>1,439,376</b>
<b>Private Sector</b>								
Mining & Logging	148	135	\$1,429	\$1,413	860	748	14,796	13,858
Construction	1,943	1,880	\$992	\$992	13,693	12,499	82,284	75,328
Manufacturing	491	485	\$1,886	\$1,814	17,309	16,569	83,982	80,832
Wholesale Trade	1,509	1,462	\$1,801	\$1,886	7,198	7,040	74,467	71,277
Retail Trade	1,743	1,738	\$540	\$525	27,976	27,764	147,577	143,925
Transp., Warehousing & Utilities	266	257	\$1,562	\$1,481	3,492	3,346	51,601	49,422
Information	289	269	\$1,789	\$1,362	4,042	3,889	52,882	52,777
Financial Activities	2,075	2,009	\$1,297	\$1,132	10,891	10,971	103,131	99,696
Professional & Business Services	5,220	4,909	\$1,353	\$1,402	35,741	34,576	277,586	264,832
Education & Health Services	1,888	1,807	\$760	\$741	35,430	33,463	193,606	183,728
Leisure & Hospitality	1,407	1,383	\$352	\$343	24,369	23,875	159,745	152,714
Other Services	1,477	1,357	\$648	\$640	6,941	6,469	45,941	43,648
<b>Government</b>	<b>179</b>	<b>184</b>	<b>\$1,051</b>	<b>\$1,002</b>	<b>34,531</b>	<b>34,322</b>	<b>211,963</b>	<b>207,030</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).

Jefferson County Employment by Supersector  
 First Quarter 2015



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

Jefferson County employment increased 3.2 percent in the first quarter of 2015 compared with the prior year, representing an additional 6,940 jobs. The supersector that reported the largest percentage increase in employment was mining and logging, which rose 15 percent or 112 jobs between the first quarters of 2014 and 2015. Professional and business services, the largest supersector by employment, reported a 3.4 percent increase over-the-year and added 1,165 new jobs. The construction, and education and health services supersectors also reported significant employment growth, reporting increases of 9.6 percent and 5.9 percent, respectively. The financial activities sector reported the only decrease in employment during the period, falling 0.7 percent and representing 80 fewer jobs.

The Metro Denver area recorded strong employment growth across all sectors, with overall employment rising 4.2 percent between the first quarters of 2014 and 2015. The construction sector reported the largest percentage increase in employment during the period, rising 9.2 percent or 6,960 jobs. The professional and business services supersector (+4.8 percent) created the most jobs during the period, creating over 12,750 positions. The information supersector recorded the smallest growth in employment over-the-year, increasing 0.2 percent over-the-year or 105 jobs.

**Labor Force and Unemployment**

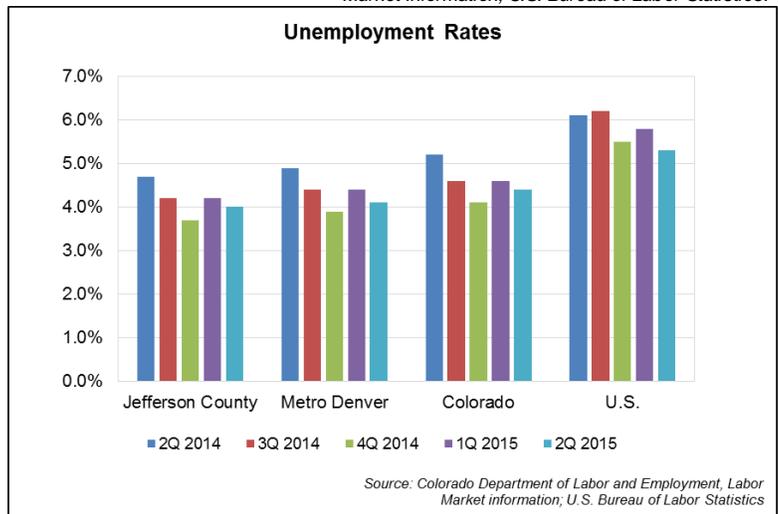
Unemployment in Jefferson County decreased by 0.7 percentage points between the second quarters of 2014 and 2015, falling from 4.7 percent to 4 percent. The area’s labor force grew at a rate of 0.4 percent during the same period, with over 1,400 additional individuals working or looking for a job. Of the seven Metro Denver counties, Jefferson County recorded the fourth lowest unemployment rate and the fourth largest over-the-year decrease in the unemployment rate.

The Jefferson County second quarter 2015 unemployment rate was the lowest second quarter unemployment rate since the second quarter of 2007 when the rate was 3.4 percent. Metro Denver unemployment declined over-the-year, falling 0.8 percentage points to 4.1 percent in the second quarter, and the labor force grew at a rate of 0.3 percent over-the-year.

Colorado reported a 0.3 percent increase in the labor force between the second quarters of 2014 and 2015 and the unemployment rate declined 0.8 percentage points to 4.4 percent. The United States recorded a 0.8 percentage point decline in the unemployment rate over-the-year, with 1 percent growth in the labor force.

	Labor Force			Unemployment Rate	
	2Q 2015	2Q 2014	Yr/Yr % Change	2Q 2015	2Q 2014
Jefferson County	313,058	311,658	0.4%	4.0%	4.7%
Metro Denver	1,644,756	1,640,248	0.3%	4.1%	4.9%
Colorado	2,822,297	2,814,592	0.3%	4.4%	5.2%
U.S. (000s)	157,519	155,894	1.0%	5.3%	6.1%

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

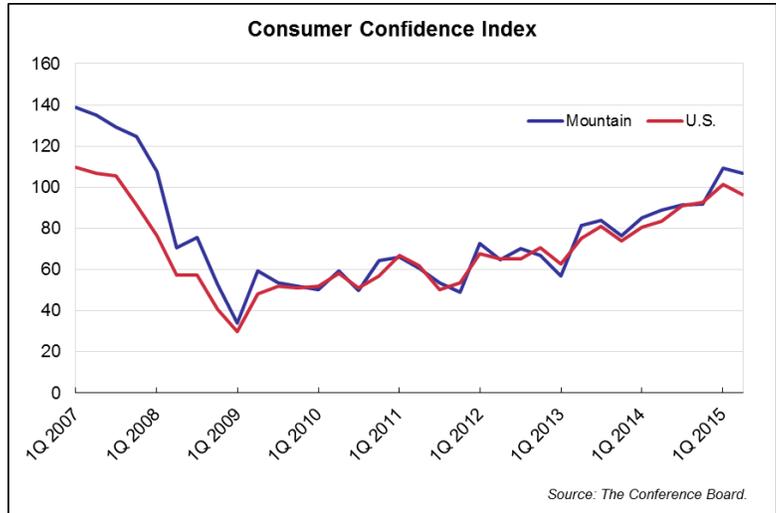


## Consumer Activity

### Consumer Confidence

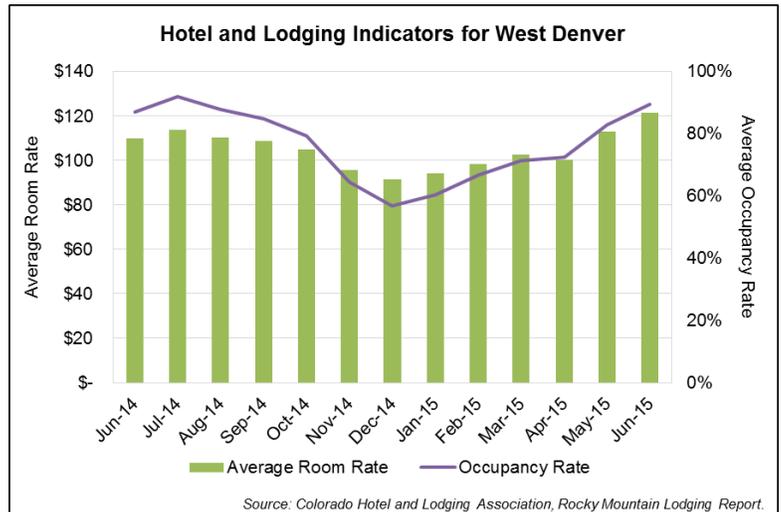
Consumer confidence fell during the second quarter of 2015, decreasing 5 percent over-the-quarter to 96.2 for the U.S. index. However, the U.S. index recorded a 15.3 percent increase in consumer confidence between the second quarters of 2014 and 2015. The second quarter 2015 level was the second highest national consumer confidence level since the fourth quarter of 2007.

The Mountain Region index, which includes Colorado, also decreased during the second quarter of 2015. The Mountain Region index fell to 106.8, an over-the-quarter decrease of 2.4 percent. However, the Mountain Region index reported an over-the-year increase of 20.4 percent. The second quarter 2015 level was the second highest levels of consumer confidence since the first quarter of 2008.



### Lodging

According to the *Rocky Mountain Lodging Report*, the West Denver market recorded an occupancy rate of 89.5 percent in June 2015. This rate was 2.4 percentage points higher than the prior year's occupancy rate. The average room rate for the West Denver market was \$121.57 per night in June, a 10.7 percent increase from the previous year (\$109.83 per night). The average occupancy rate in Metro Denver increased to 88.7 percent in June, up from 86.4 percent in the same month last year, and the average room rate rose 7 percent to \$141.95 per night.



### Retail Sales

Jefferson County retail sales increased 1.6 percent between the fourth quarters of 2013 and 2014, representing an additional \$70.9 million in sales over-the-year. Of the 13 cities/subareas within Jefferson County, six cities reported over-the-year declines in retail sales. Littleton recorded the largest decline in retail sales during the period, falling 8.4 percent or \$16.7 million. Conifer (-8.3 percent) and Unincorporated Jefferson County (-6.8 percent) also reported significant declines in retail sales between the fourth quarters of 2013 and 2014. Morrison reported the largest increase over-the-year, rising 98.6 percent and generating an additional \$13.1 million in retail sales. Lakewood reported an additional \$88.1 million in total retail sales between the fourth quarters of 2013 and 2014, the largest increase in sales volume in the county. Arvada reported the smallest increase in sales over-the-year, rising 0.6 percent to \$650.2 million.

Total retail sales in the seven-county Metro Denver area increased 1.9 percent between the fourth quarters of 2013 and 2014. Five of the seven counties in Metro Denver reported growth in retail sales during the period. The City and County of Broomfield recorded the largest percentage increase, rising 14 percent in the fourth quarter of 2014 compared with the previous year. Arapahoe County recorded the largest increase in retail sales volume, generating an additional \$323.9 million in sales. Douglas and Adams counties reported declines in retail sales during the same period, falling 3.3 percent and 1.9 percent, respectively.

**Metro Denver Total Retail Sales (\$000s)**

County	City	4Q 2014	4Q 2013	Yr/Yr % change
Adams		\$5,987,434	\$6,103,640	-1.9%
Arapahoe		\$6,035,652	\$5,711,771	5.7%
Boulder		\$3,151,331	\$3,048,437	3.4%
Broomfield		\$746,673	\$654,806	14.0%
Denver		\$7,971,565	\$7,786,337	2.4%
Douglas		\$2,339,144	\$2,417,874	-3.3%
<b>Jefferson</b>		<b>\$4,570,194</b>	<b>\$4,499,338</b>	<b>1.6%</b>
	Arvada	\$650,157	\$646,472	0.6%
	Conifer	\$36,230	\$39,519	-8.3%
	Edgewater	\$38,192	\$35,112	8.8%
	Evergreen	\$42,048	\$44,585	-5.7%
	Golden	\$408,823	\$425,730	-4.0%
	Kittredge	\$2,435	\$2,492	-2.3%
	Lakeside	\$25,587	\$21,817	17.3%
	Lakewood	\$1,625,807	\$1,537,700	5.7%
	Littleton	\$182,209	\$198,899	-8.4%
	Morrison	\$26,388	\$13,284	98.6%
	Westminster	\$407,250	\$401,233	1.5%
	Wheat Ridge	\$521,768	\$485,481	7.5%
	Unincorporated	\$603,300	\$647,014	-6.8%

Note: Jefferson County city totals may not sum to Jefferson County total due to rounding.

Source: Colorado Department of Revenue.

## Residential Real Estate

- Reylen Properties LLC** purchased 15.3 acres in Old Town Arvada to build a 352-unit apartment complex. The Solana Olde Town Station complex will be located at 6855 W. 56th Ave and is expected to be completed in the fall of 2017. The complex will include one-, two-, and three-bedroom units ranging from 650 to 1,345 square feet.

## Home Sales

Jefferson County continued to report positive 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 second quarters of 2014 and 2015, rising 1.3 percent to 2,187 homes sold. Prices of single-family detached homes continued to appreciate, leading to a 15.2 percent increase in the average sales price to \$419,110 during the period. Of the seven counties in Metro Denver, Jefferson County recorded the fifth highest average sales price and was third for the number of homes sold. Arapahoe County posted the most homes sold during the quarter, selling 2,409 homes, and reported an over-the-year increase of 0.3 percent. Boulder County recorded the highest average sales price, a 15.8 percent increase over-the-year.

Sales of single-family attached homes in Jefferson County increased 4.4 percent between the second quarters of 2014 and 2015, to 783 homes sold. This was an additional 33 homes sold. The average sales price of a single-family attached home also rose, recording a 17.3 percent increase to \$213,360 during the same period. Compared with the other six counties in Metro Denver, Jefferson County recorded the third highest number of homes sold and reported the fifth highest average sales price in the single-family attached market. The City and County of Denver posted the most single-family attached home sales (1,569 sales) and the highest average sales price (\$336,680) during the second quarter.

**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>								
2Q 2015	1,833	2,409	284	272	2,201	1,999	2,187	11,185
2Q 2014	1,735	2,402	314	270	2,327	2,019	2,159	11,226
<i>Single-Family Attached</i>								
2Q 2015	476	1,159	89	74	1,569	382	783	4,532
2Q 2014	428	1,002	117	41	1,531	373	750	4,242
<b>Average Sold Price</b>								
<i>Single-Family Detached</i>								
2Q 2015	\$305,988	\$404,736	\$528,387	\$432,639	\$463,211	\$468,243	\$419,112	\$418,039
2Q 2014	\$262,592	\$376,445	\$456,417	\$402,099	\$400,965	\$425,804	\$363,741	\$373,219
<i>Single-Family Attached</i>								
2Q 2015	\$193,319	\$204,238	\$306,196	\$273,792	\$336,676	\$269,292	\$213,364	\$259,140
2Q 2014	\$159,190	\$174,912	\$267,560	\$248,823	\$297,220	\$238,260	\$181,890	\$227,542

Source: REcolorado.

**Apartment Market**

Jefferson County tied with Douglas County for the lowest apartment vacancy rate of the six Metro Denver county market groups for the second quarter of 2015. The Jefferson County vacancy rate fell 0.3 percentage points between the second quarter of 2014 and 2015 to 3.4 percent vacancy. However, the vacancy rate rose 0.2 percentage points over-the-quarter. The Jefferson County second quarter vacancy rate was 1.1 percentage points below the Metro Denver average (4.5 percent). The average rental rate in the county for all apartment types (\$1,217) rose 4.7 percent between the first and second quarters of 2015, reporting the second smallest over-the-quarter increase in the average lease rate of the six county market groups. The county also reported a 10.5 percent over-the-year increase in the average rental rate, rising from \$1,101 per month in the second quarter of 2014.

**Metro Denver Average Apartment Rents and Vacancy  
Second Quarter 2015**

County	Vacancy Rate	Efficiency	1 Bed	2 Bed 1 Bath	2 Bed 2 Bath	3 Bed	Other	All
Adams	3.9%	\$784	\$1,026	\$1,153	\$1,366	\$1,715	\$1,265	\$1,179
Arapahoe	5.0%	\$846	\$1,065	\$1,155	\$1,427	\$1,816	\$1,756	\$1,224
Boulder/Broomfield	4.8%	\$1,409	\$1,292	\$1,321	\$1,714	\$1,861	\$1,453	\$1,442
Denver	4.9%	\$1,057	\$1,163	\$1,208	\$1,621	\$1,827	\$1,458	\$1,279
Douglas	3.4%	\$1,208	\$1,299	\$1,475	\$1,622	\$1,999	\$2,043	\$1,488
Jefferson	3.4%	\$862	\$1,088	\$1,122	\$1,406	\$1,649	\$1,150	\$1,217
<b>Metro Average</b>	4.5%	\$1,004	\$1,121	\$1,192	\$1,493	\$1,788	\$1,406	\$1,265

Source: Denver Metro Apartment Vacancy and Rent Survey.

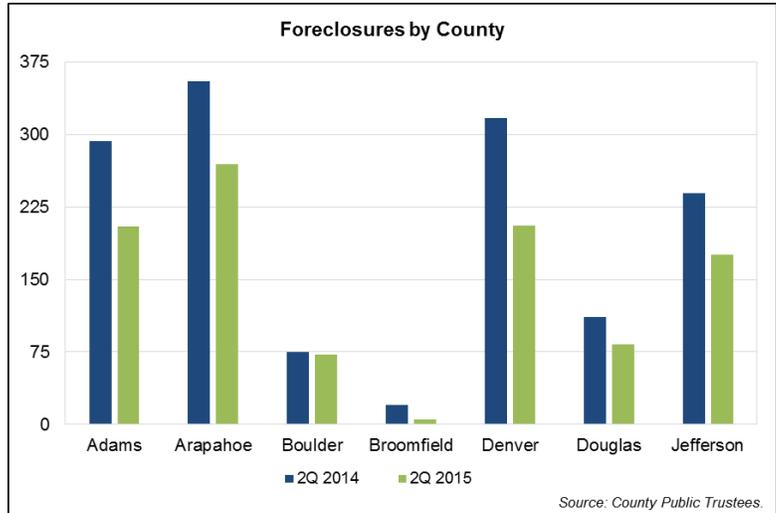
The Metro Denver apartment rental market continued to be restricted by limited supply between the second quarters of 2014 and 2015. Four of the six county market groups in Metro Denver reported over-the-year declines in the vacancy rate, while all six posted increases in the average rental rate. Arapahoe County and the Boulder/Broomfield subarea reported over-the-year increases in the vacancy rate, both rising 0.4 percentage points. The largest over-the-year increase in the average rental rate was in Adams County (+15.2 percent).

Douglas County reported the smallest over-the-year increase in the average rental rate, rising 10.2 percent to \$1,488 for all apartment types.

**Foreclosures**

Foreclosure filings in Jefferson County decreased between the second quarter of 2014 and 2015. Foreclosure filings in the county fell 26.4 percent compared with the previous year to 176 total filings. Jefferson County recorded the fourth largest over-the-year decrease in foreclosures of the seven Metro Denver Counties. Foreclosure filings increased between the first and second quarters of 2015, rising 29.4 percent.

Metro Denver recorded a 27.9 percent decrease over-the-year, but a 22.1 percent increase over-the-quarter, reporting 1,016 total foreclosure filings during the second quarter of 2015.



**Residential Construction**

Residential building permits in Jefferson County decreased 27.8 percent between the second quarters of 2014 and 2015. Single-family detached permits accounted for 99 percent of the total permits issued during the second quarter of 2015. There was a 50.5 percent increase in single-family detached permits issued throughout Jefferson County over-the-year. Multi-family building permits fell from 334 permits issued during the second quarter 2014 to zero permits issued during the second quarter of 2015. There were only five single-family attached permits issued during the second quarter 2015, one less permit than the same quarter the previous year.

The Jefferson County cities reported mixed trends across the three building permit categories between the second quarter of 2014 and 2015. None of the six cities in Jefferson County issued multi-family permits during the second quarter 2015 and single-family attached permits were only issued in Westminster and Unincorporated Jefferson County. Arvada reported the largest number of total permits within the county, reporting 253 single-family detached permits for the second quarter of the year, a 56.2 percent increase over the previous year’s level. Golden reported a 150 percent rise in single-family detached permits, while unincorporated Jefferson County reported 91 single-family detached home permits in 2015, an increase of 28.2 percent compared with the prior year.

**Jefferson County Residential Building Permits**

	Single-Family Detached		Single-Family Attached		Multi-Family		Total Units	
	2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014
Unincorp. Jefferson County	91	71	2	6	-	-	93	77
Arvada	253	162	-	-	-	-	253	162
Edgewater	1	-	-	-	-	-	1	-
Golden	5	2	-	-	-	114	5	116
Lakewood	52	55	-	-	-	220	52	275
Westminster*	54	8	3	-	-	-	57	8
Wheat Ridge	6	9	-	-	-	-	6	9
<b>Total Units</b>	<b>462</b>	<b>307</b>	<b>5</b>	<b>6</b>	<b>0</b>	<b>334</b>	<b>467</b>	<b>647</b>

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

- Metro West Housing Solution projects:
  - MWHs completed its 110-unit apartment complex called **Lamar Station Crossing**. The \$20 million LEED Gold certified building is the first transit oriented development along the W Line, located at the Lamar Station.
  - **CityScape at Belmar**, located in Lakewood, will be 130 units of low and moderate housing for seniors. The \$29 million project will have the most solar PV on a residential development in the state and is anticipated to be LEED Gold certified. The project is scheduled to open November 2015.
  - **5800 W. Alameda** will be 160 units of family housing, both in the existing office tower and new building. The \$30 million project will improve

## 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 two of the three classes of office space between the second quarters of 2014 and 2015. Class A space reported the smallest decline in the vacancy rate, falling 0.1 percentage points to 9.9 percent. Class B vacancy declined 0.4 percentage points over-the-year, falling to 17.1 percent. The vacancy rate for Class C space rose 1.9 percentage points to 10 percent.

The average lease rates for office space in Jefferson County rose across two of the three classes of office buildings through the second quarter of the year. Class B space reported the largest increase in the average lease rate, rising 3 percent to \$18.30 per square foot. The average lease rate for Class C space increased 2.5 percent to \$14.63 per square foot. The average lease rate for Class A space fell 1.7 percent to \$25.60 per square foot.

The Metro Denver office market reported growth across all three classes of office space between the second quarters of 2014 and 2015. Class B space reported the largest decline in the vacancy rate, falling 1.4 percentage points over-the-year to 10.4 percent. Class A and Class C space also recorded declines in the vacancy rate, falling 1 percentage point and 0.2 percentage points, respectively. The average lease rate in the office market improved significantly over-the-year. Class A space reported the largest increase in the average lease rate, rising 4.9 percent to \$29.14 per square foot. Class B and Class C office lease rates also reported growth, increasing 4.8 percent and 4.6 percent, respectively.

### Industrial Market

Industrial vacancy in Jefferson County continued to fall during the second quarter of 2015. The industrial warehouse market reported a 1 percentage point decline in the vacancy rate between the second quarters of 2014 and 2015, falling from 2.4 percent to 1.4 percent. The vacancy rate is among the lowest warehouse vacancy rates since the availability of the data in Jefferson County. The average lease rate in the industrial warehouse market increased 2.7 percent over-the-year to \$7.51 per square foot. The vacancy rate in the flex/R&D market reported an over-the-year decrease of 4.9 percentage points, falling from 8.3 percent to 3.4 percent. The average lease rate fell 3.7 percent during the same period, decreasing to \$9.60 per square foot.

The industrial market in Metro Denver reported improvements between the second quarters of 2014 and 2015. The industrial warehouse market reported a 0.9 percentage point decline in the vacancy rate, falling from 3.5 percent to 2.6 percent. The average lease rate rose 15.1 percent to \$6.64 per square foot. The flex/R&D market in Metro Denver reported a 2.6 percentage point decline in the vacancy rate over-the-year, declining from 9.3 percent to 6.7 percent. The average lease rate rose 8.8 percent during the period to \$11.11 per square foot.

**Retail Market**

The Jefferson County retail market reported a 0.6 percentage point decrease in vacancy to 6.3 percent in the second quarter of 2015. The average lease rate increased 0.8 percent between the second quarters of 2014 and 2015, rising \$0.11 to \$13.70 per square foot. The average lease rate was the highest second quarter lease rate since 2010.

The Metro Denver retail market reported a similar trend as Jefferson County through the second quarter of the year. The vacancy rate in the area fell 0.7 percentage points to 5 percent during the period, reporting the lowest rate in Metro Denver since the availability of the data in 2006. The average lease rate increased 2 percent during the same period, rising from \$15.47 per square foot to \$15.78 per square foot. The average lease rate is the highest first quarter rate since 2009.

**Jefferson County Commercial Vacancy and Lease Rates by Property Type**

		Total Existing Square Footage		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014
<b>Office</b>	<b>Jefferson County</b>						
	Class A	4,883,474	4,883,474	9.9%	10.0%	\$25.60	\$26.03
	Class B	13,759,757	13,757,607	17.1%	17.5%	\$18.30	\$17.76
	Class C	3,432,308	3,427,871	10.0%	8.1%	\$14.63	\$14.28
	<b>Metro Denver</b>						
	Class A	61,049,960	60,290,541	10.3%	11.3%	\$29.14	\$27.77
	Class B	92,920,216	92,424,115	10.4%	11.8%	\$20.75	\$19.80
Class C	21,499,057	21,490,964	5.7%	5.9%	\$16.51	\$15.79	
<b>Industrial</b>	<b>Jefferson County</b>						
	Industrial Warehouse	7,841,873	7,841,873	1.4%	2.4%	\$7.51	\$7.31
	Flex/R&D	1,385,793	1,385,793	3.4%	8.3%	\$9.60	\$9.97
	<b>Metro Denver</b>						
	Industrial Warehouse	130,354,138	129,912,195	2.6%	3.5%	\$6.64	\$5.77
Flex/R&D	10,151,273	10,151,273	6.7%	9.3%	\$11.11	\$10.21	
<b>Retail</b>	<b>Jefferson County</b>	33,700,846	33,370,869	6.3%	6.9%	\$13.70	\$13.59
	<b>Metro Denver</b>	160,917,085	159,798,352	5.0%	5.7%	\$15.78	\$15.47

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 53,050 square feet of commercial space completed in Jefferson County during the second quarter of 2015, consisting entirely of retail space. Wheat Ridge added a new 2,420-square-foot Starbucks, Arvada added a 7,250-square-foot general retail space at 6408 Yank Ct, and 41,460 square feet of general retail space was added near Lakeside.

There was 90,230 square feet of commercial space under construction during the second quarter of 2015. The retail market represented the majority of projects in the pipeline, with 58,230 square feet of retail space under construction during the quarter. The largest building under construction was the 32,000-square-foot office building in Golden located at 700 13th St.

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