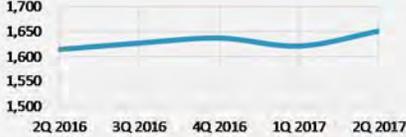
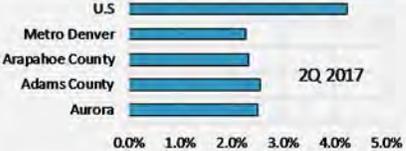
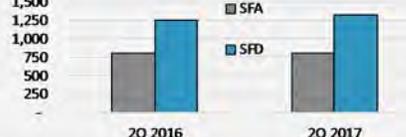
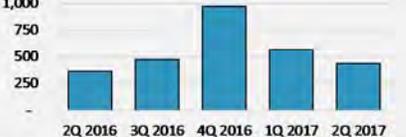


Quarterly Economic Summary

Employment	<p>1,653 Up 2.3% from 2Q 2016</p>	
Unemployment Rate	<p>2.5% Down 1.1 percentage points from 2Q 2016</p>	
Sales Tax Collection	<p>\$45,664,031 Up 8.0% from 2Q 2016</p>	
DEN Passengers	<p>13,833,461 Up 6.0% from 1Q 2016</p>	
Existing Home Sales	<p>2,121 Up 2.6% from 2Q 2016</p>	
Single-Family Detached Average Price	<p>\$332,280 Up 7.1% from 2Q 2016</p>	
Single-Family Attached Average Price	<p>\$207,000 Up 11.2% from 2Q 2016</p>	
Residential Building Permits	<p>431 Up 19.7% from 2Q 2016</p>	
Office Vacancy Rate	7.4%	
Industrial Vacancy Rate	6.7%	
Flex Vacancy Rate	11.2%	
Retail Vacancy Rate	5.1%	

Aurora Economic Headlines

- The owner of Simulated People purchased a 19,000-square-foot building near the Stanley Marketplace in Aurora with plans of building a coworking office called CentralSpace. The coworking space owner expects rates to remain below the downtown Denver average due to its location away from the city center, and expects the area to continue growing as companies search for alternatives to the expensive space in high-density areas.
- About 7 acres on the northeast corner of Iliff Avenue and Parker Road in Aurora are being redeveloped with four new buildings. A Murphy USA gas station, Bubba's 33 restaurant, Arby's, and Caribou Coffee & Einstein Bros Bagels have signed leases for the \$3.5 to \$4 million project. Construction is set to start soon with stores opening in early 2018.
- Westside Investment Partners purchased 1,150 acres near Denver International Airport for \$25 million. The development will most likely be a mixture of tourist amenities and neighborhoods. The west side of the development will have denser, multi-family developments while the eastern side will favor single-family sites. Westside expects to develop roughly 400 acres into residential, which would translate to between 1,500 and 2,000 units.
- *U.S. News and World Report* ranked National Jewish Health together with its academic affiliate University of Colorado Hospital as the No. 1 respiratory hospital in the nation. The Aurora-based University of Colorado Hospital rose into the top 15 overall institutions nationally. The hospital ranked high nationally due to ranking as one of the top 50 hospitals in 11 specialty areas that include diabetes and endocrinology (No. 6), Nephrology (No. 11), and gastroenterology and gastrointestinal surgery (No. 16).
- *Forbes* magazine's latest list of "America's Best Employers" ranked six Colorado companies for large employers with over 5,000 workers. UCHealth (No. 40), parent of Aurora's University of Colorado Hospital, ranked the highest of the six Colorado companies, followed by Gates (No. 202), State of Colorado (No. 204), CH2M (No. 231), Red Robin (No. 391), and Vail Resorts (No. 429).
- According to Oxford Economics, Adams County is expected to have the eighth-fastest economic growth in the nation through 2022, with a projected annual growth rate of 2.9 percent over the next five years. Spokespeople from Oxford Economics explain that the growth of Metro Denver's economy and the estimated growth of suburban areas will continue to bring workers and businesses into surrounding areas like Adams County.
- According to the U.S. Bureau of Labor Statistics, wages declined in all nine of Colorado's largest counties, those with employment of 75,000 or more, between the fourth quarter of 2015 and the fourth quarter of 2016. In the Metro Denver area, Douglas County recorded the largest decrease of 6.8 percent over-the-year, followed by Boulder County (-2.4 percent), Arapahoe County (-1.8 percent), Adams County (-1.3 percent), Jefferson County (-0.9 percent), and the City and County of Denver (-0.4 percent). The Colorado statewide average wage decreased 1.5 percent. Also, among the 344 largest counties in the U.S., 290 had over-the-year declines in average weekly wages in the same time period. The nationwide year-over-year decline in wages was only the eighth annual decrease since 1978.
- According to Seattle-based broadband testing company Ookla, Denver International Airport (DEN) has the fastest Wi-Fi speed among 30 airports from Canada to Central America. Analysts also noted that DEN has the fastest Wi-Fi they have seen in the world. The average tested download speed at DEN was 78 megabits per second (Mbps) and the average tested upload speed was 78 Mbps. That compares with No. 2 ranked Philadelphia International Airport, with tested download speeds of 48 Mbps and upload speeds of 53 Mbps.

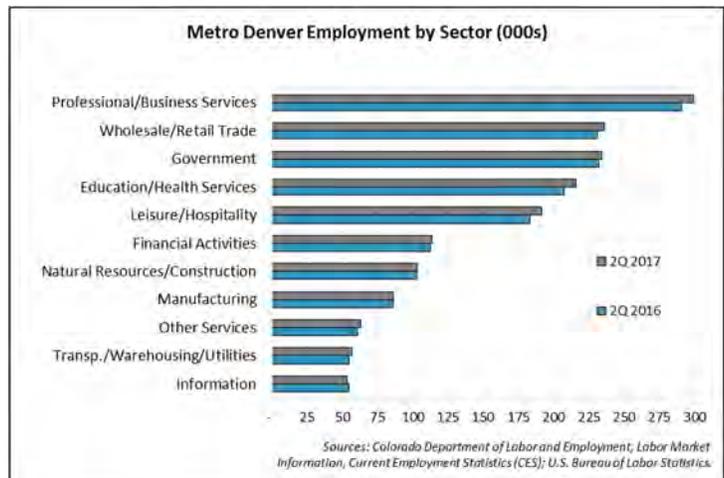
- According to the 2017 Kauffman Index of Startup Activity, Colorado was No. 5 among the largest 25 states. The Kauffman Index examines four separate indicators, consisting of beginnings of entrepreneurship, rate of new entrepreneurs, opportunity share of new entrepreneurs, and startup density. The rate of new entrepreneurs was 0.35 percent, meaning that 350 people out of every 100,000 adults became entrepreneurs each month. The opportunity share of new entrepreneurs was 87.2 percent, meaning that slightly more than eight out of every 10 entrepreneurs in the state had other jobs or were in school before they opened their business, and less than two out of every 10 started their business while they were unemployed. Metro Denver ranked No. 10 out of 40 metropolitan areas, had a rate of entrepreneurs at 0.39 percent, and an opportunity share of new entrepreneurs at 82.9 percent. Startup activity across the nation has increased three years in a row and is reaching the peak that was recorded before the Great Recession.
- Colorado ranked No. 6 on CNBC’s list of “America’s Top States for Business”, down from No. 3 in 2016 and No. 4 in 2015. OF the 10 ranking categories, Colorado’s highest rankings were in the quality of workforce (#4), technology and innovation (#7), and business friendliness (#8). Washington ranked No. 1 followed by Georgia, Minnesota, Texas, and North Carolina.

Aurora Company Announcements

- Amazon has agreed to purchase Whole Foods Market Inc. for \$13.7 billion, or \$42 per share. Whole Foods has 19 stores in Colorado and a distribution center in Aurora, while Amazon has a sortation warehouse in Aurora, is building a fulfillment center in Aurora, and is planning another fulfillment complex in Thornton.

Employment and Unemployment

Employment—Metro Denver reported second quarter 2017 employment of over 1.65 million, rising 2.3 percent above the previous year’s level. This represented an increase of 36,600 jobs over-the-year. The leisure and hospitality supersector reported the largest over-the-year increase in employment (+4.6 percent) and generated an additional 8,400 jobs. The transportation, warehousing and utilities supersector also recorded strong employment growth, rising 4.3 percent during the period. The natural resources and construction, and government sectors recorded the smallest increases in employment between the second quarters of 2016 and 2017, rising 0.2 percent and 0.8 percent, respectively. Two supersectors reported a decrease in employment over-the-year, as information lost 1,200 jobs (-2.3 percent) and manufacturing contracted by 200 positions (-0.2 percent). Colorado employment rose 2 percent over-the-year, creating 52,900 jobs, while U.S. employment rose 1.5 percent.



Manpower Employment Outlook Survey— Expectations are that the percentage of companies in the Denver-Aurora MSA hiring in the third quarter of 2017 will increase compared with the previous quarter. The percentage of companies hiring rose three percentage points between the second and third quarters of 2017, with 30 percent of companies expanding their employment levels. The percentage of companies planning to decrease employment levels rose three percentage points from the second quarter, with 5 percent of companies planning to lay off workers. The majority of companies intend to maintain staff levels through the third quarter of the year, with the level falling five percentage points over-the-quarter to 64 percent. In the third quarter of 2017, job prospects appear best in transportation and utilities, wholesale and retail trade, information, financial activities, professional and business services, education and health services, leisure and hospitality, other services, and government. Hiring activity in construction, durable goods manufacturing, and nondurable goods manufacturing is expected to remain unchanged.

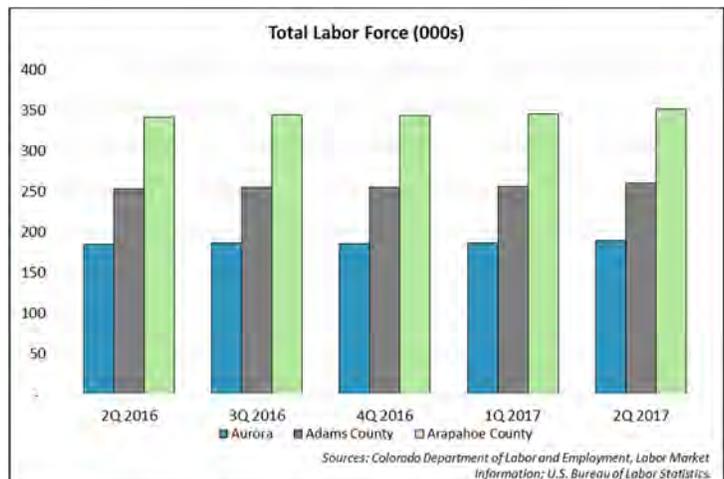
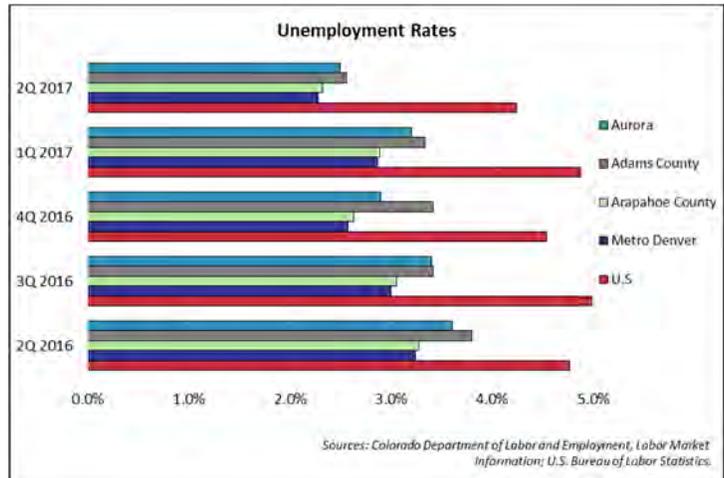
Manpower Employment Outlook Survey								
Metro Denver National	Companies Hiring		Companies Laying Off		Companies No Change		Unsure	
3Q 2017	30%	24%	5%	4%	64%	70%	1%	2%
2Q 2017	27%	22%	2%	3%	69%	73%	2%	2%
3Q 2016	25%	23%	3%	5%	69%	71%	3%	1%

Unemployment—The average unemployment rate for the second quarter of 2017 in Aurora declined compared with the previous year, falling 1.1 percentage points to 2.5 percent. Also, the unemployment rate in Aurora was down 0.7 percentage points compared with the first quarter of 2017.

Both Adams County and Arapahoe County posted declines in their unemployment rates between the second quarters of 2016 and 2017. Adams County (2.6 percent) and Arapahoe County (2.3 percent) recorded over-the-year decreases of 1.2 percentage points and 1 percentage point, respectively. Metro Denver recorded an unemployment rate of 2.3 percent. The second quarter unemployment rate was 0.9 percentage points lower than the previous year. The U.S. unemployment rate declined 0.6 percentage points over-the-year to 4.2 percent.

Labor Force—The average labor force for the second quarter of 2017 in Aurora increased by 2.9 percent over-the-year, adding 5,433 people employed or looking for work. The labor force also increased by 1.9 percent between the first and second quarters of 2017, adding 3,460 people.

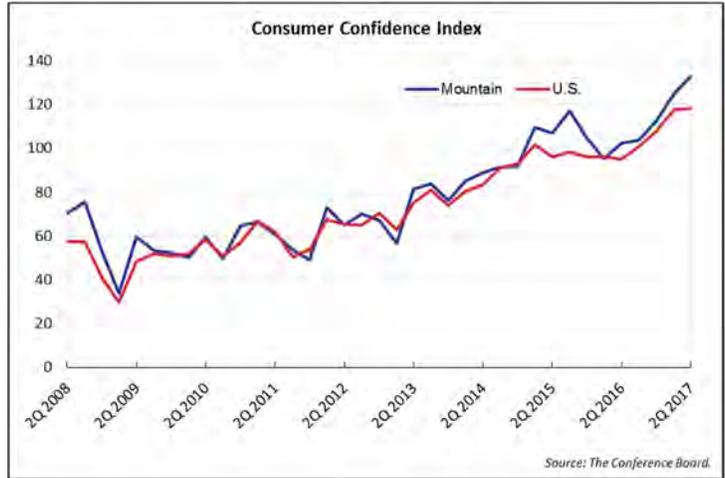
Both Adams County and Arapahoe County posted increases to their labor force between the second quarters of 2016 and 2017, increasing by 2.7 percent and 3 percent, respectively. Adams County recorded an additional 4,368 people employed or looking for work, while Arapahoe County added 6,459 people. Metro Denver had a 3.1 percent increase in the labor force over the period, adding 30,555 people.



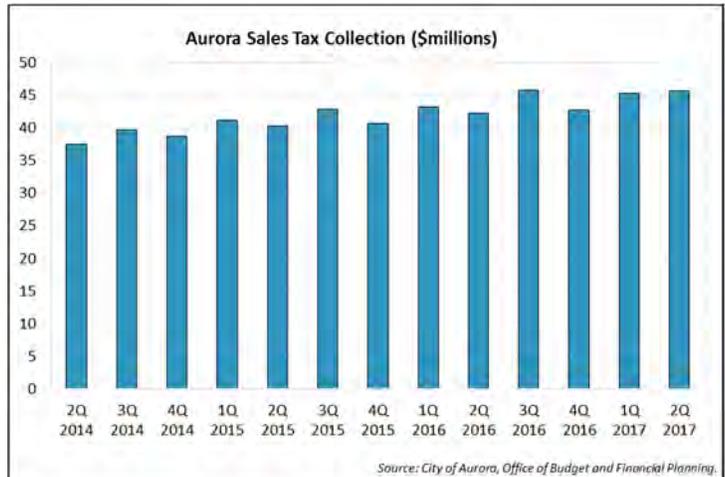
Consumer Activity

Consumer Confidence – The Conference Board’s National Consumer Confidence Index showed increasing confidence between the second quarters of 2016 and 2017. The U.S. index rose 24.5 percent over-the-year to 118.1 and was up 0.5 percent from the previous quarter.

The Mountain Region index, which includes Colorado, also reported increases in consumer confidence between the second quarters of 2016 and 2017. The mountain region index was 132.5 in the second quarter of 2017, up 29.7 percent from the prior year’s level of 102.2. The second quarter level was 6.2 percent above the previous quarter’s level.

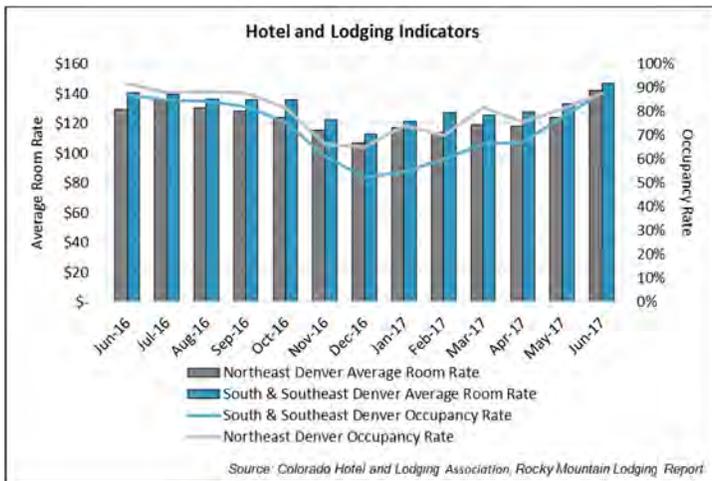


Aurora Sales Tax Collection—Sales tax collections throughout Aurora were 8 percent higher during the second quarter of 2017 (\$45.7 million) than the second quarter of 2016 (\$42.3 million). Also, the second quarter level was 0.8 percent higher than the first quarter of 2017 (\$45.3 million).





Denver International Airport— Spokespeople for Denver International Airport (DEN) reported that over 13.8 million passengers passed through the airport during the first quarter of 2017, which was 6 percent higher than the first quarter of 2016. This represented 785,262 more passengers through the airport, pushing the total to the highest first quarter passenger count on record. The 6.2 percent decline from the fourth quarter of 2016 to the first quarter of 2017 reflected a typical seasonal pattern. DEN recorded nearly 58.3 million passengers during 2016, an increase of 7.9 percent compared with the same period in 2015, and was the highest recorded passenger count in the airport’s history.



Rocky Mountain Lodging—The South and Southeast Denver markets ended the second quarter with a hotel occupancy rate of 87.8 percent, 0.7 percentage points higher than the end of the same quarter last year. The market’s average room rate was \$147.13 per night, 4.5 percent higher than the second quarter of 2016. The Northeast market reported an occupancy rate of 87.7 percent and an average room rate of \$141.98 per night, which reflected a 9.6 percent increase in the room rate but a 3.8 percentage point decrease in occupancy compared with last year. Metro Denver reported a hotel occupancy rate of 89 percent and an average room rate of \$160.09 per night.

Residential Real Estate

Existing Home Sales—Total sales in Aurora during the second quarter of 2017 (2,121) were 2.6 percent higher than sales reported in the second quarter of 2016, reflecting the sale of 53 more homes. Single-family attached home sales (condominiums and townhomes) decreased 0.5 percent over-the-year to 802 sales. Single-family detached home sales increased over-the-year by 4.5 percent to 1,319 sales.

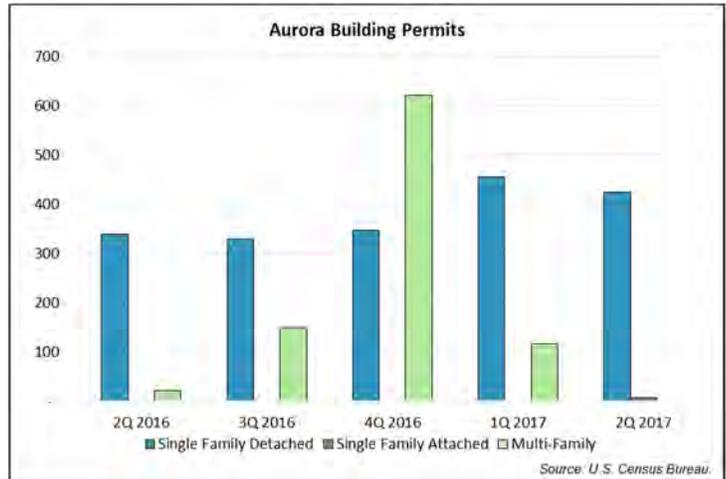
- Metro Denver reported 17,165 total home sales during the second quarter of the year. The second quarter sales level was 2.1 percent higher than the previous year, and 50.6 percent higher than the previous quarter, reflecting the seasonal surge in sales activity.
- The average sales price for homes in Aurora continued to rise during the second quarter of 2017, with single-family detached homes increasing 7.1 percent over-the-year, and single-family attached increasing 11.2 percent over-the-year. Compared to Metro Denver averages, Aurora housing remains less expensive for both single-family detached homes (\$148,970 lower) and single-family attached homes (\$74,043 lower).



	2Q 2017	2Q 2016	Yr/Yr % Ch
Aurora			
Single-Family Detached	\$332,280	\$310,219	7.1%
Single-Family Attached	\$207,000	\$186,187	11.2%
Metro Denver			
Single-Family Detached	\$481,250	\$440,396	9.3%
Single-Family Attached	\$281,043	\$253,253	11.0%

Source: Colorado Comps LLC.

Residential Building Permits—Building permits issued in Aurora recorded mixed trends during the second quarter of 2017. Aurora issued 431 total building permits during the quarter, an increase of 19.7 percent compared with the previous year’s level of 360 permits. However, the second quarter level was 24.7 percent lower than the previous quarter’s level of 572 permits. Second quarter 2017 permits consisted of 425 single-family detached units and six single-family attached units.



Metro Denver issued 7,115 total building permits during the second quarter of 2017 compared with 5,817 permits during the second quarter of 2016, a 22.3 percent increase. Multi-family permits represented 56 percent of total permits issued in Metro Denver during the second quarter of 2017, up from 51.8 percent during the second quarter of 2016.



Apartment Vacancy—During the second quarter of 2017, the apartment vacancy rate for four of the six Aurora submarkets decreased, while one remained unchanged.

- The largest over-the-year decrease was in the Aurora-Central Northwest submarket, where the vacancy rate fell 2 percentage points to 4.5 percent. Aurora-Central Northeast (-1.7 percentage points), Aurora-Central Southeast (-1.7 percentage points), and Aurora-South (-0.4 percentage points) also recorded over-the-year decreases in vacancy rates. The Aurora-Central

Southwest submarket recorded the only increase in the vacancy rate over-the-year, rising 1 percentage point to 5.2 percent. The vacancy rate was 1.2 percentage points lower in Adams County (5.2 percent) between the second quarters of 2016 and 2017, and 0.5 percentage points lower in Arapahoe County (4.3 percent). The vacancy rate in Metro Denver fell 0.4 percentage points over-the-year to 5 percent.

Apartment Vacancy and Rental Rates

	Vacancy (%)		Rent	
	2Q 2017	2Q 2016	2Q 2017	2Q 2016
Adams County	5.2%	6.4%	\$1,338	\$1,317
Aurora-North	2.0%	2.0%	\$1,430	\$1,559
Arapahoe County	4.3%	4.8%	\$1,362	\$1,299
Aurora-Central Northeast	2.0%	3.7%	\$1,163	\$1,150
Aurora-Central Northwest	4.5%	6.5%	\$1,166	\$1,146
Aurora-Central Southeast	3.6%	5.3%	\$1,284	\$1,194
Aurora-Central Southwest	5.2%	4.2%	\$1,291	\$1,208
Aurora-South	3.4%	3.8%	\$1,429	\$1,295
Metro Denver	5.0%	5.4%	\$1,420	\$1,371

Source: Apartment Association of Metro Denver, Denver Metro Apartment Vacancy and Rent Survey.

Apartment Rental Rates—Five of the six Aurora submarkets reported growth in the average rental rate between the second quarters of 2016 and 2017. Aurora-South (\$1,429 per month) and Aurora-Central Southeast (\$1,284 per month) reported the largest over-the-year increases in the average rental rate, rising 10.4 percent and 7.5 percent, respectively. The Aurora-North submarket reported the only decrease over-the-year, falling 8.3 percent to \$1,430 per month. The average rental rate increased 1.6 percent in Adams County and 4.9 percent in Arapahoe County between the second quarters of 2016 and 2017. In Metro Denver, the average rental rate increased 3.6 percent over-the-year to \$1,420 per month.

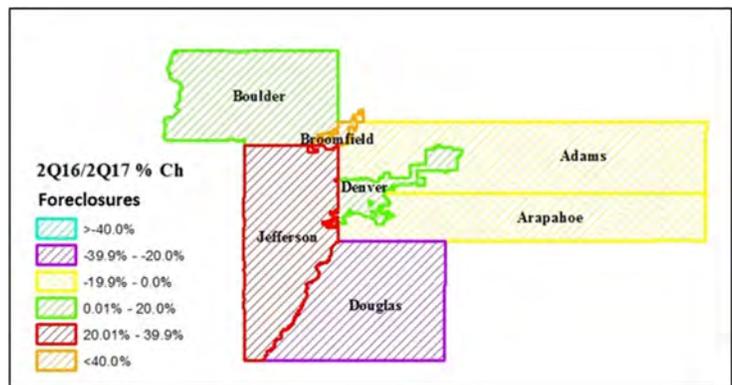
Foreclosure Activity— Adams and Arapahoe Counties reported decreases in foreclosure activity in the second quarter of 2017 compared with the prior year. Adams County reported a 2.9 percent decrease over-the-year and remained unchanged over-the-quarter. Arapahoe County reported an 8.1 percent decrease in foreclosures between the second quarters of 2016 and 2017 but increased 1.2 percent over-the-quarter.

- Total foreclosure filings reported in Metro Denver during the second quarter of 2017 were 0.7 percent higher than the second quarter of 2016 but were 1.4 percent lower than the first quarter of 2017.

Foreclosures

	Adams County	Arapahoe County	Metro Denver
2Q 2017	168	171	750
1Q 2017	168	169	761
2Q 2016	173	186	745
Yr/Yr % Change	-2.9%	-8.1%	0.7%

Sources: Colorado Division of Housing and County Public Trustees.



Commercial Real Estate

Commercial Activity— The Aurora commercial real estate market reported mixed trends across the four property types through the second quarter of 2017. The office market vacancy rate posted the only decline of the four property types, falling 2.3 percentage points over-the-year. The average lease rate fell 1.5 percent to \$17.32 per square foot. The industrial market reported a 3.7 percentage point increase in the vacancy rate, reaching the highest vacancy rate since the third quarter of 2013, and recorded a decrease of 7 percent in the average lease rate over-the-year. The flex market and the retail market recorded increases in the vacancy rate over-the-year, rising 0.8 and 0.6 percentage points, respectively. The flex average lease rate decreased 8.5 percent, while the retail market recorded the only increase of 3.5 percent. The industrial market added the most square footage over-the-year (2.1 million), followed by the retail market (106,000 square feet), and the office market (45,000 square feet).

- Metro Denver also recorded mixed trends across the four property types between the second quarters of 2016 and 2017. The average lease rate increased in all markets, with the flex market recording the largest increase of 8.9 percent. The vacancy rate declined in the flex and retail markets, 0.5 and 0.1 percentage points, respectively. The vacancy rate increased in the office and industrial markets by 0.7 and 0.5 percentage points, respectively.

Commercial Vacancy and Lease Rates by Property Type

		Office		Industrial		Flex		Retail	
		Aurora	Metro Denver	Aurora	Metro Denver	Aurora	Metro Denver	Aurora	Metro Denver
Total Existing	2Q 2017	10,203,657	182,846,548	27,476,063	212,994,310	2,485,834	42,384,057	21,203,003	165,986,470
Square Footage	2Q 2016	10,158,696	179,996,586	25,385,855	208,769,762	2,485,834	41,659,573	21,096,994	164,405,967
Direct Vacancy	2Q 2017	7.4%	9.9%	6.7%	3.9%	11.2%	7.1%	5.1%	4.5%
Rate	2Q 2016	9.7%	9.2%	3.0%	3.4%	10.4%	7.6%	4.5%	4.6%
Avg Lease Rate	2Q 2017	\$17.32	\$25.88	\$5.35	\$7.56	\$7.64	\$11.79	\$14.53	\$17.42
(per sq. ft.)	2Q 2016	\$17.59	\$25.36	\$5.75	\$7.48	\$8.35	\$10.83	\$14.04	\$16.48

Source: CoStar Realty Information, Inc.

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

Written in August 2017 by:

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