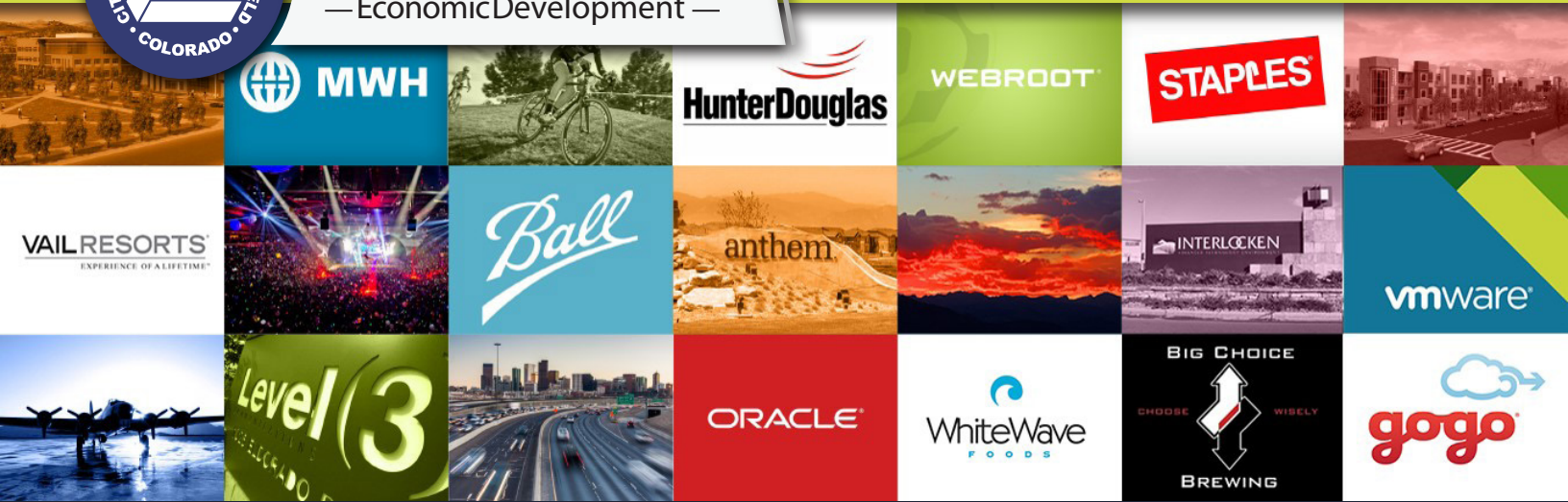




BROOMFIELD

—Economic Development—



2016 Mid-Year Economic Update

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Economic Dashboard



BUSINESSES

2,611

Up 7.2% from 4Q 2014



EMPLOYMENT

36,564

Up 4.7% from 4Q 2014



LABOR FORCE

35,695

Up 2.8% from 2Q 2015



UNEMPLOYMENT

3.3%

Down 0.2 percentage points from 2Q 2015



CONSUMER CONFIDENCE

102.2

Down 4.3% from 2Q 2015



RETAIL SALES

\$720.0MM

Down 3.5% from 4Q 2015



RESIDENTIAL BUILDING PERMITS

165 Units

Up 8.6% from 2Q 2015



OFFICE VACANCY

7.5%

Down 1.2 percentage points from 2Q 2015



INDUSTRIAL VACANCY

3.3%

Down 0.5 percentage points from 2Q 2015



RETAIL VACANCY

10.4%

Down 1.7 percentage points from 2Q 2015



2016 Mid-Year Overview

Economic indicators for the City and County of Broomfield show the economy recorded mixed trends during the first half of 2016. Broomfield recorded strong employment growth, significant wage growth, and an influx of new businesses. Employment rose 3.8 percent from 2014 to 2015, while wages and businesses increased 8.6 percent and 8.2 percent, respectively. The unemployment rate in Broomfield averaged 3.1 percent in the first half of 2016, which was 0.2 percentage points lower than the 7-county Metro Denver average.

Consumer activity was mixed in Broomfield, with total retail sales falling 3.5 percent between the fourth quarters of 2014 and 2015. However, annual retail sales were up 1.9 percent between 2014 and 2015. Sales tax collections, a slightly different measure, revealed that retail activity increased 6.6 percent in the first half of 2016 despite the fact that consumer confidence in the Mountain Region fell 4.3 percent between the second quarters of 2015 and 2016.

Home sales activity in Broomfield slowed between the first half of 2015 and 2016. Sales of single-family detached homes fell 10.1 percent and single-family attached home sales fell 21.8 percent over-the-year. The average sales price for both markets improved, adding \$33,670 to the average sales price of single-family detached homes and \$19,920 to the average sales price for single-family attached homes. The apartment vacancy rate rose 1.5 percentage points between the second quarters of 2015 and 2016 to 6.9 percent and the average rental rate rose 7.6 percent over-the-year to \$1,504 per month.

The commercial real estate market reported mixed trends between the second quarters of 2015 and 2016, with two of the three classes of office space recording declining vacancy rates and two recording rising average lease rates. The industrial market reported a declining vacancy rate and increased average lease rate, but the retail market recorded declining vacancy and average lease rates.

ECONOMIC HEADLINES

- The latest *Fortune 500* list included Broomfield-based Level 3 Communications and Ball Corp., which ranked 333 and 341 on the list, respectively. Level 3 Communications was ranked fifth and Ball was ranked sixth among Colorado companies. Level 3 Communications recorded over \$8.2 billion in revenue and Ball Corp. recorded nearly \$8 billion in revenue in 2015.
- *U.S. News and World Report* ranked Denver the best place to live in the country. The report stated that Denver is the best place to live in part because of its healthy job market, cost of living, and perception as a desirable place to live. The company ranked cities based on criteria including unemployment rates, median salary, median annual household income, annual cost of living, quality of education, and availability of healthcare. The company stated that Denver's location at the base of the Rocky Mountains provides a gateway to a slew of outdoor pursuits.
- According to NerdWallet, the Denver-Aurora-Lakewood metropolitan statistical area (MSA) is the 15th best area in the nation for science, technology, engineering, and mathematics (STEM) graduates. The group ranked 330 MSA's on criteria including the number of STEM employees per 1,000 jobs, annual average wage for STEM jobs, and the unemployment rate. The company stated that Denver's low unemployment rate and higher than average salary for STEM workers coupled with the area's prominent aerospace, energy, and healthcare industries support the area's high ranking.
- Clean Edge, Inc. released the *2016 Clean Tech Leadership Index* report analyzing the top states for producing ecofriendly and environmentally safe technology, ranking Colorado as sixth in the nation, down two spots from the previous year. The index also tracks the 50 largest metropolitan areas in the United States and Denver ranked 12th, one position below the 2015 ranking. The index analyzed state data in three major categories: technology, policy, and capital. These three categories include data on clean-energy generation, energy storage, green buildings, energy efficiency expenditures, and many other indicators. Colorado received an overall score of 58.6, while California scored 89.7 and ranked first. Denver received an overall score of 40.7, while San Francisco scored 90 and ranked first among the largest metropolitan areas.
- The U.S. Chamber of Commerce Foundation released the *Innovation That Matters 2016* report and ranked Denver third among U.S. cities for fostering entrepreneurial growth. The report is designed to provide cities with insight on how to become more competitive. The report ranked 25 metropolitan cities based on criteria including the number of startups and exits, quality of life, talent, financial resources, and industry specialization. The report stated that Denver has a strong supply of educated young people, a vibrant cultural foundation, a healthy quality of life, and a well-connected ecosystem.

2016 Mid-Year Overview

- CNBC released their top states for business list and Colorado ranked third, up one position from the 2015 list. The company ranked all 50 states on 60 business and economic measures including workforce, cost of doing business, infrastructure, education, and quality of life. The company stated that Colorado boasts the most educated workforce in the nation, but the cost of living is high. The company ranked Utah as the top state for business followed by Texas.

ECONOMIC ACTIVITY

- Ball Corp. completed its purchase of British competitor Rexam for \$6.1 billion, making Ball Corp. the largest can maker in the world. The combined company accounts for 60 percent of beverage can supply in North America, 69 percent in Europe, and 74 percent in Brazil. The combined company will have 75 manufacturing facilities, 18,700 workers, and an estimated \$11 billion in net sales for 2015. The Rexam headquarters in London will be shut down by the end of 2016 and an unknown number of jobs will be transferred to Broomfield.
- Ball Aerospace was selected by NASA to study a new space telescope that will be launched in mid-2020. The company will develop a concept study for the Wide Field Infrared Survey Telescope (WFIRST), which will have a view 100 times bigger than that of NASA's Hubble Space Telescope.
- Mountain Aviation, a Broomfield-based charter air service, announced it received approval to fly drones from the Federal Aviation Administration (FAA). The company claims they are the first FAA certified airline authorized to conduct commercial unmanned aircraft systems operations. The company plans to offer drone services for aerial mapping, agricultural support, industrial inspections, aerial video, search and rescue, energy system inspections, and forestry and wildlife monitoring.
- MWH Global, a Broomfield-based designer of dams and other large water features, was acquired by Stantec Inc., a Canadian engineering firm, for about \$795 million. The company reported that the acquisition offers the necessary resources to help the combined company dominate in infrastructure engineering consulting.
- Viega LLC, a German plumbing equipment manufacturer, is relocating its United States headquarters from Wichita, Kansas to Broomfield. The company will purchase 12 acres of land at 575 Interlocken Boulevard to build a 20,000-square-foot training center and a 60,000-square-foot headquarters building. The relocation will include 190 new jobs. The completed project is expected by the end of 2017.
- Deckers Brands, parent company of Ugg and Teva, plans to relocate a call center from Phoenix, Ariz. to Broomfield. The company is working to finalize a lease at 11525 Main Street and plans to move in August. The center could employ up to 250 people on a seasonal basis.
- Accera, a clinical-stage biotech firm, relocated from Broomfield to an 8,000-square-foot space in Boulder. The company stated the space will allow the company to grow and be part of Boulder's life-sciences community. The company currently employs 20 people but expects to increase to 30 employees by the end of the year.
- Avoka Technologies, a company that provides a digital business platform, received \$12 million from private investors and plans to expand their business. The company plans to increase their workforce by 50 percent across Broomfield and London over the next year and increase the number of customers they have by extending their reach.
- Broomfield-based ViroCyt was acquired by Germany-based Sartorius, an international provider of pharmaceutical and laboratory tools. ViroCyt will maintain its branding and continue to operate as a stand-alone company for the near future.
- Sierra Pacific Windows plans to open a warehouse in a new 53,000-square-foot industrial building at the Crossroads Commerce Park in Adams County and relocate their Broomfield showroom to the space. The company plans to use 17,000 square feet of the building and lease the remaining space. The space will have offices, a showroom, and a warehouse for packaging and shipping.
- Bedford Lodging broke ground on a 212-room hotel in Broomfield at 455 Zang Street. The dual-branded Residence Inn and Fairfield Inn & Suites will have 122 extended-stay units and 90 standard rooms. The hotel will include a centralized lobby bar, library lounge, theatre room, fitness center, and swimming pool.

Business, Employment, and Wages

BUSINESS

Business counts in Broomfield increased between the fourth quarters of 2014 and 2015, as shown in Table 1.1, rising 7.2 percent to 2,611 total businesses. Twelve of the 13 sectors recorded increases in businesses during the period. The mining and logging sector recorded the only loss of businesses between the fourth quarters of 2014 and 2015, falling 11.1 percent to eight businesses. The government sector recorded the largest percentage increase over-the-year, rising 18.8 percent to 19 total businesses, while the retail trade sector (+3.5 percent) recorded the smallest increase. The largest absolute increase occurred in the professional and business services supersector (+7.8 percent), creating 61 new businesses during the period.

Broomfield averaged over 2,570 businesses in 2015, an increase of 8.2 percent from 2014. The area welcomed an additional 195 businesses between 2014 and 2015. All 13 sectors recorded growth in businesses between 2014 and 2015. The professional and business services supersector represented about one-third of businesses in Broomfield in 2014 and 2015. This supersector recorded a 10.1 percent increase in businesses between 2014 and 2015, creating an additional 77 businesses. The fastest growing supersector was the mining and logging sector between 2014 and 2015 (+33.3 percent). The retail trade and leisure and hospitality supersectors recorded the smallest increases in businesses during the period, rising 1.4 percent and 3.7 percent, respectively.

Table 1.1 - Businesses by Supersector for the City and County of Broomfield

	4Q 2014	4Q 2015	YR/YR % CHANGE	ANNUAL 2014	ANNUAL 2015	YR/YR % CHANGE
Total All Industries	2,435	2,611	7.2%	2,377	2,572	8.2%
Private Sector						
<i>Mining & Logging</i>	9	8	-11.1%	8	10	33.3%
<i>Construction</i>	153	159	3.9%	149	157	5.2%
<i>Manufacturing</i>	103	115	11.7%	102	112	9.5%
<i>Wholesale Trade</i>	209	231	10.5%	207	227	9.6%
<i>Retail Trade</i>	259	268	3.5%	262	266	1.4%
<i>Transportation and Warehousing</i>	28	31	10.7%	27	32	16.5%
<i>Information</i>	50	58	16.0%	48	55	15.7%
<i>Financial Activities</i>	256	272	6.3%	246	266	8.0%
<i>Professional & Business Services</i>	786	847	7.8%	762	838	10.1%
<i>Education & Health Services</i>	212	231	9.0%	206	227	10.0%
<i>Leisure & Hospitality</i>	182	189	3.8%	181	187	3.7%
<i>Other Services</i>	165	182	10.3%	159	177	11.3%
Government	16	19	18.8%	17	18	10.6%

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 Marketing Information. Quarterly Census of Employment and Wages (QCEW)

AVERAGE WEEKLY WAGES

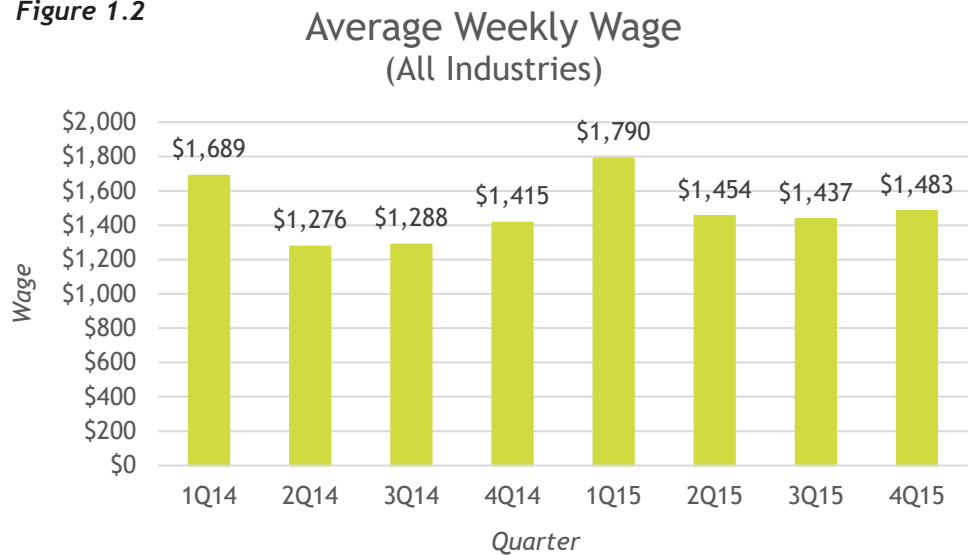
Workers across all industries in Broomfield earned an average weekly wage of \$1,483 in the fourth quarter of 2015, as shown in Figure 1.2, an increase of 4.7 percent compared with the fourth quarter of 2014 level of \$1,415 per week. This increase represented an additional \$67 per week or \$3,490 per year. Mining and logging employees (\$2,693 per week) earned the highest wage during the fourth quarter of 2015, an increase of 13.9 percent compared with the previous year's average. Four sectors recorded declines in the average weekly wage over-the-year consisting of the manufacturing (-6.3 percent), financial activities (-4.2 percent), education and health services (-1.2 percent), and the government (-10.7 percent) sectors. The other services and professional and business services sectors recorded the largest increases in

Business, Employment, and Wages

AVERAGE WEEKLY WAGES (CONTINUED)

wages during the period, rising 24.7 percent and 14.7 percent, respectively. The leisure and hospitality supersector recorded the smallest increase in wages between the fourth quarters of 2014 and 2015, rising 3.5 percent to \$401 per week. Workers across all industries in Broomfield earned an average weekly wage of \$1,537 in 2015, an increase of 8.6 percent over the 2014 level, as shown in Table 1.3. This increase represented an additional \$122 per week or about \$6,340 per year. Mining and logging employees (\$2,829) recorded the highest wage in 2015, but this was 3.5 percent below the 2014 average. Three other sectors recorded declines in the average weekly wage between 2014 and 2015 consisting of the transportation, warehousing, and utilities (-7.1 percent), education and health services (-1.3 percent), and the government (-1.3 percent) sectors. The professional and business services supersector recorded the largest increase in average weekly wages during the period, rising 15.3 percent, while the wholesale trade (+0.7 percent) sector recorded the smallest increase. The leisure and hospitality supersector (\$385 per week) recorded the lowest average weekly wage of the 13 supersectors in 2015.

Figure 1.2



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

Table 1.3 - Average Weekly Wage by Supersector for the City and County of Broomfield

	4Q 2014	4Q 2015	YR/YR % CHANGE	ANNUAL 2014	ANNUAL 2015	YR/YR % CHANGE
Total All Industries	\$1,415	\$1,483	4.7%	\$1,415	\$1,537	8.6%
Private Sector						
<i>Mining & Logging</i>	\$2,365	\$2,693	13.9%	2,930	2,829	-3.5%
<i>Construction</i>	\$1,265	\$1,420	12.3%	\$1,209	\$1,374	13.6%
<i>Manufacturing</i>	\$1,976	\$1,852	-6.3%	\$1,893	\$1,936	2.3%
<i>Wholesale Trade</i>	\$1,853	\$1,936	4.5%	\$1,847	\$1,860	0.7%
<i>Retail Trade</i>	\$489	\$530	8.4%	\$477	\$508	6.4%
<i>Transportation and Warehousing</i>	\$1,055	\$1,140	8.0%	\$1,153	\$1,071	-7.1%
<i>Information</i>	\$2,347	\$2,466	5.1%	\$2,471	\$2,793	13.0%
<i>Financial Activities</i>	\$1,430	\$1,370	-4.2%	\$1,401	\$1,418	1.2%
<i>Professional & Business Services</i>	\$1,821	\$2,088	14.7%	\$1,859	\$2,144	15.3%
<i>Education & Health Services</i>	\$769	\$760	-1.2%	\$710	\$700	-1.3%
<i>Leisure & Hospitality</i>	\$387	\$401	3.5%	\$365	\$385	5.5%
<i>Other Services</i>	\$662	\$826	24.7%	\$635	\$729	14.7%
Government	\$988	\$882	-10.7%	\$898	\$887	-1.3%

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

Business, Employment, and Wages

EMPLOYMENT

Employment in Broomfield increased 4.7 percent between the fourth quarters of 2014 and 2015, as shown in Table 1.4, representing 1,630 additional jobs. The financial activities supersector recorded the largest over-the-year percentage increase in employment, rising 54.3 percent or about 790 jobs, while the retail trade sector (+0.7 percent) recorded the smallest increase. The professional and business services supersector, the largest supersector by employment, reported a 4.5 percent decline in employment, representing 440 fewer jobs over-the-year. The mining and logging and construction sectors also recorded employment declines between the fourth quarters of 2014 and 2015, falling 4.3 percent and 2.9 percent, respectively. The information sector recorded the second-most number of jobs during the period, adding 340 positions. Figure 1.5 shows quarterly employment in Broomfield from first quarter 2014 to fourth quarter 2015.

Employment in Broomfield increased 3.8 percent between 2014 and 2015, representing 1,300 additional jobs. The financial activities supersector recorded the largest percentage increase in employment, rising 38.2 percent or about 550 jobs. The information sector generated the second-most number of jobs between 2014 and 2015, adding 260 positions. The manufacturing sector recorded the smallest over-the-year percentage increase, rising 2.5 percent, but recorded the fifth-largest increase in total jobs (120 positions). The professional and business services supersector recorded a 3.4 percent decline in employment during the period, representing 320 fewer jobs. The retail trade and construction sectors also recorded over-the-year declines in employment between 2014 and 2015, falling 0.1 percent and 2.4 percent, respectively.

The Metro Denver area recorded strong employment growth between 2014 and 2015, rising 3.7 percent to over 1.5 million jobs. Metro Denver generated an additional 54,730 jobs over-the-year. The largest absolute increases in employment were in the professional and business services (+3.6 percent) and the education and health services supersectors (+5.1 percent), creating 9,780 jobs and 9,620 jobs, respectively. The construction sector recorded the largest percentage increase in employment between 2014 and 2015, rising 6.2 percent. The information sector recorded the smallest employment increase over-the-year, rising 1 percent, while the mining and logging sector (-2.7 percent) recorded the only decline in employment during the period.

Table 1.4 - Employment by Supersector

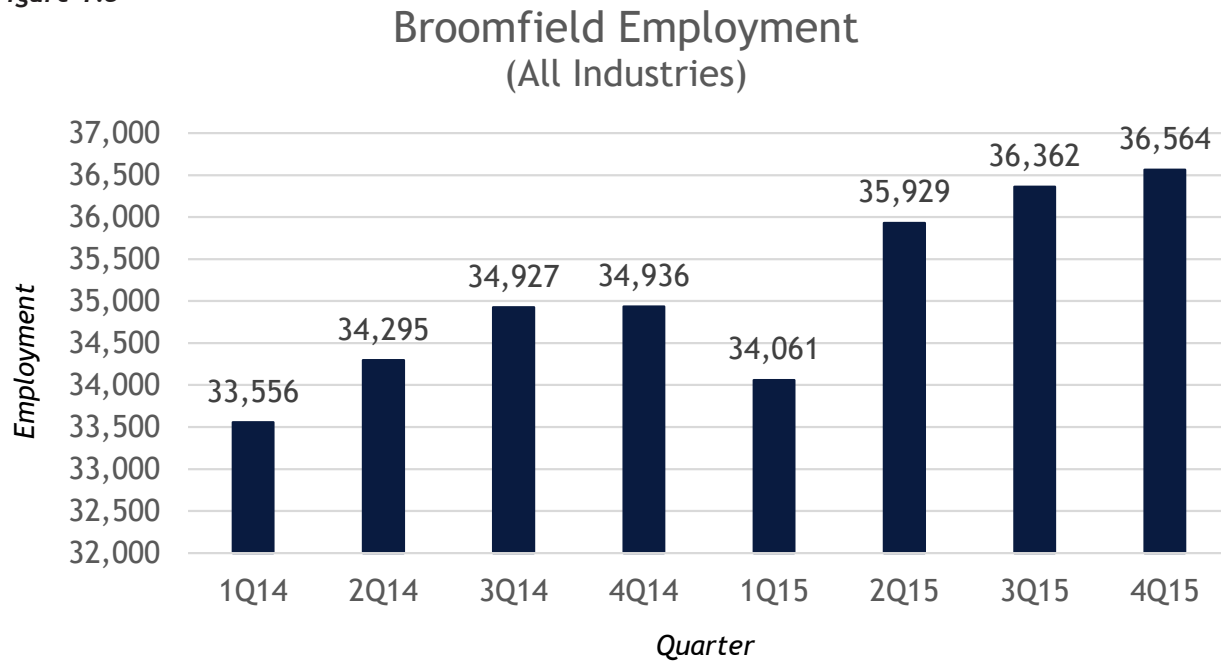
	CITY AND COUNTY OF BROOMFIELD						METRO DENVER		
	4Q 2014	4Q 2015	YR/YR % CHANGE	ANNUAL 2014	ANNUAL 2015	YR/YR % CHANGE	ANNUAL 2014	ANNUAL 2015	YR/YR % CHANGE
Total All Industries	33,936	36,564	4.7%	34,429	35,729	3.7%	1,482,050	1,536,780	3.7%
Private Sector									
Mining & Logging	70	67	-4.3%	59	69	15.6%	14,790	14,385	-2.7%
Construction	1,431	1,389	-2.9%	1,385	1,352	-2.4%	81,396	86,468	6.2%
Manufacturing	4,876	4,984	2.2%	4,827	4,947	2.5%	82,513	85,356	3.4%
Wholesale Trade	1,243	1,329	6.9%	1,230	1,309	6.5%	73,065	75,408	3.2%
Retail Trade	4,790	4,823	0.7%	4,623	4,618	-0.1%	147,553	151,934	3.0%
Transportation and Warehousing	202	228	12.9%	195	235	20.4%	50,123	51,650	3.0%
Information	3,558	3,897	9.5%	3,567	3,829	7.4%	52,853	53,394	1.0%
Financial Activities	1,445	2,230	54.3%	1,448	2,000	38.2%	101,515	105,640	4.1%
Professional & Business Services	9,818	9,380	-4.5%	9,598	9,275	-3.4%	274,706	284,480	3.6%
Education & Health Services	2,178	2,407	10.5%	2,150	2,380	10.7%	187,321	196,944	5.1%
Leisure & Hospitality	3,394	3,637	7.2%	3,426	3,539	3.3%	161,599	169,170	4.7%
Other Services	648	716	10.5%	624	697	11.8%	45,316	46,797	3.3%
Government	1,277	1,477	15.7%	1,295	1,481	14.4%	209,039	214,935	2.8%

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 Marketing Information. Quarterly Census of Employment and Wages (QCEW)

Business, Employment, and Wages

EMPLOYMENT (CONTINUED)

Figure 1.5



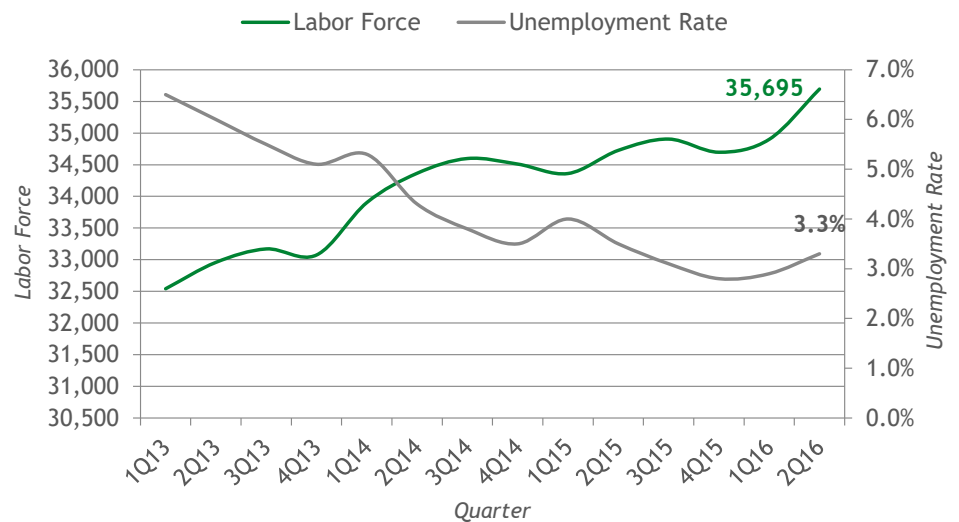
Source: Colorado Department of Labor and Employment, Labor Market Information. Quarterly Census of Employment and Wages (QCEW).

LABOR FORCE AND UNEMPLOYMENT

Broomfield had a labor force of 35,695 people in the second quarter of 2016, as shown in Figure 1.6, a 2.8 percent increase compared with the previous year's level (34,730). Broomfield's labor force represented about 2 percent of the total Metro Denver labor force during the period. There were an additional 970 people employed or looking for a job between the second quarters of 2015 and 2016. The unemployment rate of 3.3 percent in the second quarter of 2016 was 0.2 percentage points lower than the previous year's level. This was the lowest second quarter unemployment rate since the second quarter of 2001 when the rate was 3 percent. Of the seven Metro Denver counties, the City and County of Broomfield recorded the third lowest unemployment rate during the second quarter of 2016.

Figure 1.6

Broomfield Labor Force & Unemployment Rate



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

The labor force and unemployment situation during the first half of 2016 followed a similar trend as the second quarter of 2016, as shown in Table 1.7 on the following page. The labor force maintained a level of 35,300 people, rising 2.2 percentage points compared with the first half of 2015. There were an additional 750 people employed or looking for a

Business, Employment, and Wages

LABOR FORCE AND UNEMPLOYMENT (CONTINUED)

job in the first half of 2016 compared with the previous year. The unemployment rate during the first half of 2016 was 3.1 percent, falling 0.7 percentage points below the first half of 2015 level of 3.8 percent. The Broomfield unemployment rate was 0.2 percentage points below the Metro Denver level in the first half of the year.

The labor force in Metro Denver increased 2.6 percent between the second quarters of 2015 and 2016 to nearly 1.7 million workers, representing about 59 percent of the Colorado labor force. Metro Denver's unemployment rate of 3.4 percent in second quarter of 2016 was 0.4 percentage points below the prior year's level, as shown in Figure 1.8. During the first half of 2016, the Metro Denver labor force increased 1.9 percent compared with the previous year and the unemployment rate fell 0.8 percentage points to 3.3 percent.

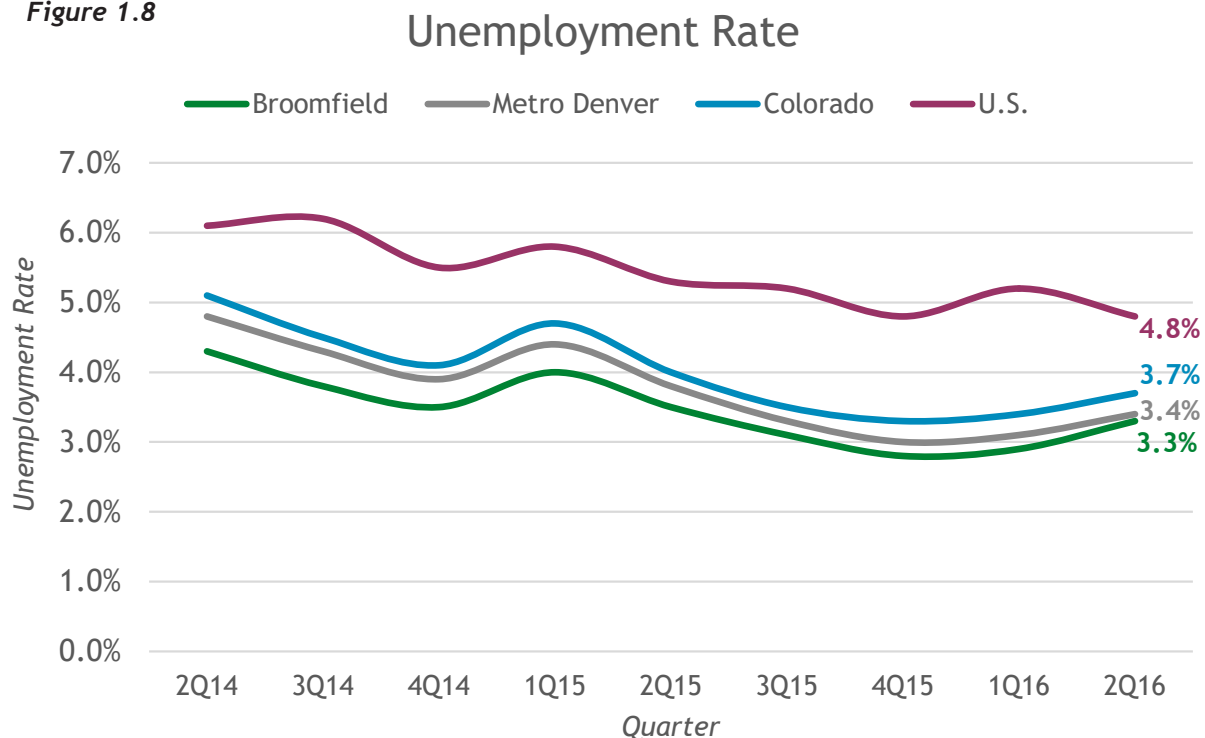
The Colorado labor force increased 2.3 percent between the second quarter of 2015 and 2016 to nearly 2.9 million workers. The unemployment rate in Colorado declined 0.3 percentage points over-the-year to 3.7 percent. The national labor force increased 1 percent in the second quarter of 2016 to over 159 million workers. The unemployment rate in the U.S. declined 0.5 percentage points between the second quarters of 2015 and 2016 to 4.8 percent, the lowest second quarter rate since the second quarter of 2007 when the rate was 4.4 percent.

Table 1.7 - Labor Force and Unemployment by Area

	LABOR FORCE						UNEMPLOYMENT RATE			
	2Q 2015	2Q 2016	YR/YR % CHANGE	FIRST HALF 2015	FIRST HALF 2016	YR/YR % CHANGE	2Q 2015	2Q 2016	FIRST HALF 2015	FIRST HALF 2016
Broomfield	34,727	35,695	2.8%	34,544	35,298	2.2%	3.5%	3.3%	3.8%	3.1%
Metro Denver	1,651,760	1,694,326	2.6%	1,645,456	1,676,887	1.9%	3.8%	3.4%	4.1%	3.3%
Colorado	2,830,444	2,894,328	2.3%	2,823,176	2,876,745	1.9%	4.0%	3.7%	4.4%	3.5%
U.S. (000's)	157,519	159,141	1.0%	156,856	158,651	1.1%	5.3%	4.8%	5.6%	5.0%

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

Figure 1.8



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

Consumer Activity

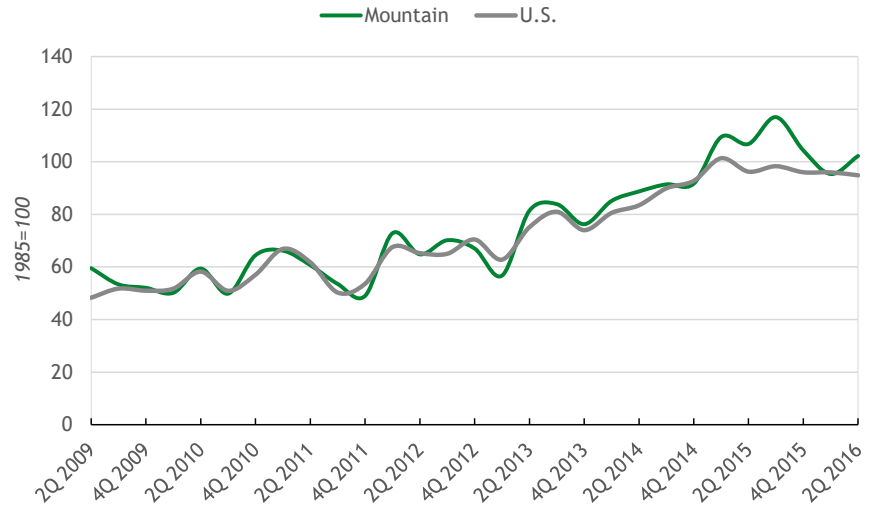
CONSUMER CONFIDENCE

The Conference Board's National Consumer Confidence Index showed declining confidence between the second quarters of 2015 and 2016, as shown in Figure 2.1. The U.S. index fell 1.5 percent over-the-year to 94.8 and was down 1.2 percent from the previous quarter. The index fell 3.4 percent to 95.4 during the first half of 2016 from 98.8 during the first half of 2015.

The Mountain Region index, which includes Colorado, also reported declines in consumer confidence between the second quarters of 2015 and 2016. The mountain region index was 102.2 in the second quarter of 2016, down 4.3 percent from the prior year's level of 106.8. However, the second quarter level was 7.2 percent above the previous quarter's level. The index fell 8.6 percent to 98.8 during the first half of 2016 compared with 108.1 in the first half of 2015.

Figure 2.1

Consumer Confidence Index



Source: The Conference Board.

RETAIL SALES

Total retail sales for Broomfield reached \$720 million in the fourth quarter of 2015, as shown in Table 2.2, a decrease of 3.5 percent from the previous year's level of \$745.8 million. This decrease represented \$25.8 million less in retail sales. The fourth quarter 2015 decline in retail sales marked the first over-the-year decline in fourth quarter retail sales since the fourth quarter of 2011 when sales fell 7.1 percent. Of the seven Metro Denver counties, Broomfield recorded the third smallest decline in retail sales between the second quarters of 2014 and 2015.

Table 2.2 - Total Retail Sales in Metro Denver by County

	METRO DENVER TOTAL RETAIL SALES (\$000S)					
	4Q 2015	4Q 2014	YR/YR % CHANGE	ANNUAL 2014	ANNUAL 2015	YR/YR % CHANGE
Adams	\$6,010,676	\$5,682,668	-5.5%	\$23,168,485	\$21,438,261	-7.5%
Arapahoe	6,063,664	\$5,777,055	-4.7%	\$21,192,360	\$21,515,064	1.5%
Boulder	3,137,873	\$3,036,560	-3.2%	\$10,370,313	\$10,405,312	0.3%
Broomfield	\$745,793	\$720,001	-3.5%	\$2,410,900	2,456,242	1.9%
Denver	\$8,003,170	\$7,750,745	-3.2%	\$27,479,112	\$28,190,833	2.6%
Douglas	2,343,368	2,661,773	13.6%	\$8,409,964	\$9,825,587	16.8%
Jefferson	\$4,580,990	\$4,592,678	0.3%	\$16,630,191	\$17,097,575	2.8%
Metro Denver	\$30,885,534	\$30,221,480	-2.2%	\$109,661,325	\$110,928,874	1.2%

Source: Colorado Department of Revenue

Total retail sales for Broomfield reached nearly \$2.5 billion in 2015, an increase of 1.9 percent from the previous year's level of \$2.4 billion. This increase represented an additional \$45 million in retail sales. In 2015, Broomfield recorded the fourth largest increase in retail sales of the seven Metro Denver counties. Retail sales in the City and County of Broomfield represented about 2.2 percent of total retail sales in Metro Denver in 2015.

Retail sales in Metro Denver were \$30.2 billion in the fourth quarter of 2015, a 2.2 percent decline in sales compared with the previous year's level of \$30.9 billion. This decrease represented \$664 million less in retail sales. The fourth quarter

Consumer Activity

RETAIL SALES (CONTINUED)

of 2015 decline in retail sales marked the first over-the-year decline in fourth quarter retail sales for Metro Denver since the fourth quarter of 2009 when sales fell 5.2 percent. Douglas and Jefferson counties recorded the only over-the-year increases in retail sales, rising 13.6 percent and 0.3 percent, respectively.

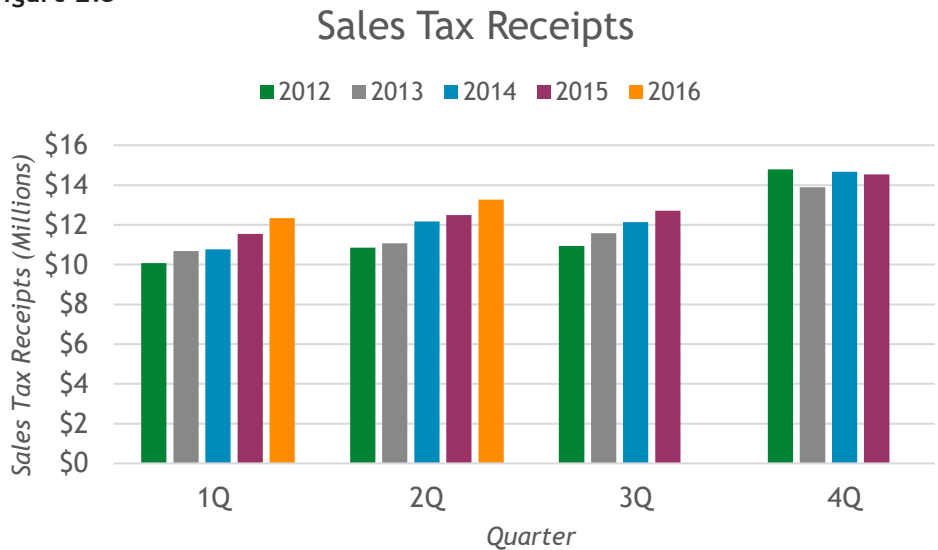
Metro Denver retail sales reached nearly \$111 billion in 2015, an increase of 1.2 percent from the previous year's level of \$109.6 billion. This increase represented an additional \$1.3 billion in retail sales. Six of the seven Metro Denver counties recorded increases in sales between 2014 and 2015, ranging from 0.3 percent in Boulder County to 16.8 percent in Douglas County. Adams County recorded the only over-the-year decline, falling 7.5 percent to \$21.4 million.

SALES TAX COLLECTIONS

Sales tax collections in Broomfield were 6.3 percent higher during the second quarter of 2016 than the second quarter of 2015. The second quarter of 2016 collection level was also 7.5 percent higher than the previous quarter's level. Sales tax collections in Broomfield reached nearly \$13.3 million in the second quarter of 2016, as shown in Figure 2.3, representing an additional \$783,900 in sales tax compared with the previous year.

Sales tax collections were over \$25.6 million during the first half of 2016, up 6.6 percent from the previous year's level of \$24 million. Broomfield collected an additional \$1.6 million in sales tax between the first halves of 2015 and 2016. (Note: The two data points, Total Retail Sales and Sales Tax Collections, do not necessarily reflect the same tax base, so trends may differ.)

Figure 2.3



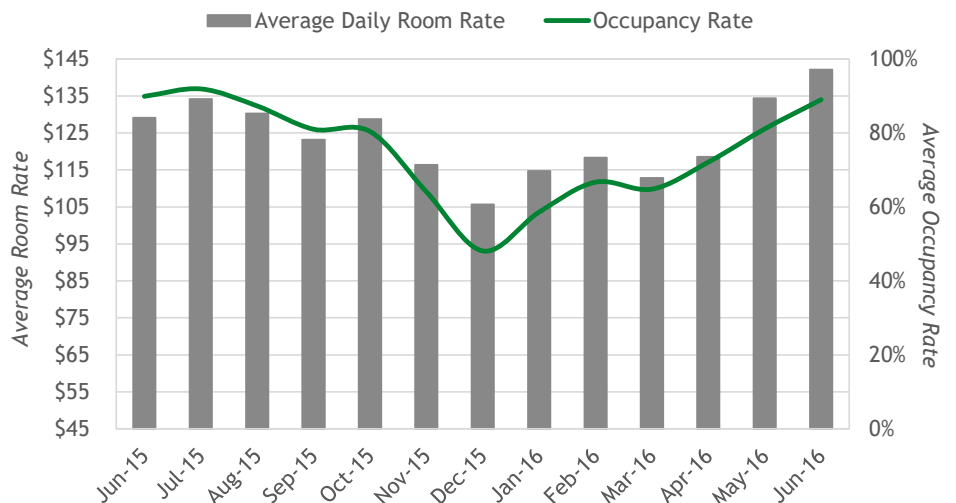
Source: The City and County of Broomfield, Finance Department

HOTEL AND LODGING

According to the Rocky Mountain Lodging Report, the Highway 36 corridor recorded an occupancy rate of 89 percent in June 2016, as shown in Figure 2.4. This rate was 0.9 percentage points lower than the prior year's occupancy rate. The average room rate for the Highway 36 corridor market was \$142.13 per night in June, a 10.1 percent increase from the previous June (\$129.10 per night). The average occupancy rate in Metro Denver increased to 88.8 percent in June, up from 88.7 percent in the same month last year, and the average room rate rose 8.7 percent to \$154.25 per night.

Figure 2.4

Hotel & Lodging Indicators for the Highway 36 Corridor



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

Real Estate

EXISTING HOME SALES

Existing home sales in the Broomfield single-family detached market fell between the second quarters of 2015 and 2016, as shown in Table 3.2, reflecting the limited inventory of homes available for purchase. Broomfield reported an 8.5 percent decline in single-family detached home sales over-the-year, falling from 351 sales in the second quarter of 2015 to 321 sales in the second quarter of 2016. The average sales price for a single-family detached home was \$440,640 in the second quarter of 2016, an increase of 12.4 percent compared with the prior year. The average sales price for Broomfield was \$212 below the Metro Denver average during the second quarter of 2016. Broomfield recorded 474 single-family detached home sales during the first half of 2016, a decrease of 10.1 percent compared with the first half of 2015. This represented 53 fewer homes sold over-the-year. The average sales price for a single-family detached home was \$426,500 in the first half of 2016, an increase of 8.6 percent compared with the previous year. The Broomfield average sales price was \$1,900 below the Metro Denver average.

The Metro Denver single-family detached market recorded similar trends in home sales as Broomfield between the second quarters of 2015 and 2016. Metro Denver recorded 12,647 single-family detached home sales in the second quarter of 2016, a 4.3 percent decrease in sales compared with the second quarter of 2015 level of 13,211 sales. The average sales price for a single-family detached home was \$440,850 in the second quarter of 2016, an increase of 8.1 percent compared with the second quarter of 2015 price. Metro Denver reported nearly 20,880 sales in the single-family detached market in the first half of 2016, a decrease of 0.6 percent compared with the prior year. This represented 121 fewer homes sold between the first halves of 2015 and 2016. The average sales price for a single-family detached home in Metro Denver was \$428,410 in the first half of 2016, an increase of 8.1 percent compared with the previous year.

Table 3.1 - Existing Single-Family Detached Home Sales

	2Q 2015	2Q 2016	% CHANGE	FIRST HALF 2015	FIRST HALF 2016	% CHANGE
<i>Home Sales</i>						
<i>Broomfield</i>	351	321	-8.5%	527	474	-10.1%
<i>Metro Denver</i>	13,211	12,647	-4.3%	21,000	20,879	-0.6%
<i>Average Sold Price</i>						
<i>Broomfield</i>	\$392,095	\$440,635	12.4%	\$392,832	\$426,503	8.6%
<i>Metro Denver</i>	\$407,859	\$440,846	8.1%	\$396,423	\$428,407	8.1%

Source: Colorado Comps, LLC

Sales of single-family attached homes fell by even greater percentages, reflecting even tighter inventory for this type of product compared with single-family detached homes. Existing home sales in the Broomfield single-family attached market fell between the second quarters of 2015 and 2016. Broomfield reported a 20.4 percent decline in single-family attached home sales over-the-year, falling from 49 sales in the second quarter of 2015 to 39 sales in the second quarter of 2016. The average sales price for a single-family attached home was \$267,390 in the second quarter of 2016, an increase of 6.2 percent compared with the prior year. The average sales price for Broomfield was \$14,380 above the Metro Denver average during the second quarter of 2016. Broomfield recorded 61 single-family detached home sales during the first half of 2016, a decrease of 21.8 percent compared with the first half of 2015. This represented 17 fewer homes sold over-the-year. The average sales price for a single-family detached home was \$260,570 in the first half of 2016, an increase of 8.3 percent compared with the previous year. The Broomfield average sales price was \$13,360 above the Metro Denver average.

The Metro Denver single-family attached market recorded similar trends in home sales as Broomfield between the second quarters of 2015 and 2016. Metro Denver recorded 4,208 single-family attached home sales in the second quarter of 2016, a 12.6 percent decrease in sales compared with the second quarter of 2015 level of 4,817 sales. The average sales price for a single-family attached home was \$253,010 in the second quarter of 2016, an increase of 9.4 percent compared with the second quarter of 2015 price. Metro Denver reported nearly 7,190 sales in the single-family attached market in the first half of 2016, a decrease of 5.8 percent compared with the prior year. This represented 446 fewer homes sold between the first halves of 2015 and 2016. The average sales price for a single-family attached home in Metro Denver was \$247,210 in the first half of 2016, an increase of 9.9 percent compared with the previous year.

Real Estate

EXISTING HOME SALES (CONTINUED)

Table 3.2 - Existing Single-Family Attached Home Sales

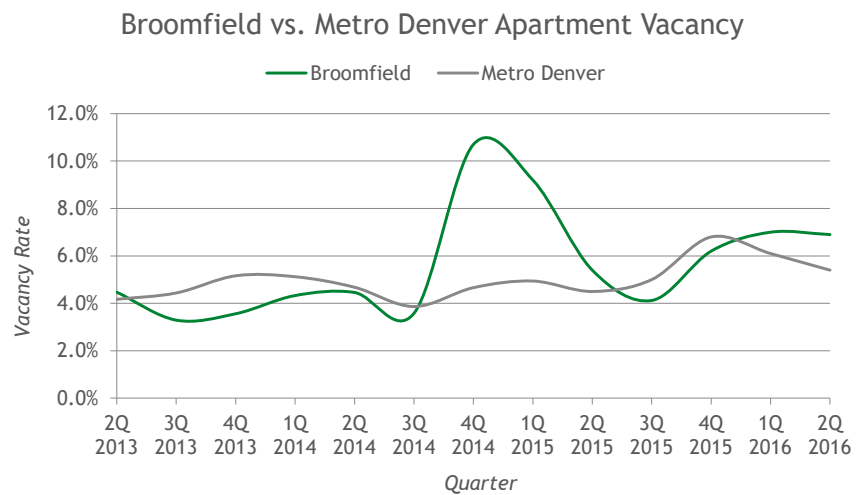
	2Q 2015	2Q 2016	% CHANGE	FIRST HALF 2015	FIRST HALF 2016	% CHANGE
Home Sales						
<i>Broomfield</i>	49	39	-20.4%	78	61	-21.8%
<i>Metro Denver</i>	4,817	4,208	-12.6%	7,633	7,187	-5.8%
Average Sold Price						
<i>Broomfield</i>	\$251,676	\$267,390	6.2%	\$240,653	\$260,569	8.3%
<i>Metro Denver</i>	\$231,243	\$253,012	9.4%	\$224,856	\$247,211	9.9%

Source: Colorado Comps, LLC

APARTMENTS

Broomfield reported an apartment vacancy rate of 6.9 percent during the second quarter of 2016, as shown in Figure 3.3, which was 1.5 percentage points above the second quarter of 2015 level (5.4 percent). However, the vacancy rate was 0.1 percentage points below the previous quarter's level. The second quarter of 2016 vacancy rate reflected loosening in the apartment market, which was needed after multiple quarters of a very tight rental market. The Broomfield vacancy rate was 1.5 percentage points above the Metro Denver level in the second quarter of 2016. The Metro Denver vacancy rate was 5.4 percent in the second quarter of 2016, up 0.9 percentage points from the previous year's level. Of the six market areas in Metro Denver, the Boulder/Broomfield submarket recorded the third highest vacancy rate during the second quarter of 2016.

Figure 3.3



Broomfield reported an average lease rate of \$1,504 per month during the second quarter of 2016, as shown in Table 3.4, which was 7.6 percent above the second quarter of 2015 level (\$1,398 per month). Despite the fast increase in the average lease rate in Broomfield, the pace was still slower than that of Metro Denver. The average lease rate in Metro Denver was \$1,371 per month in the second quarter of 2016, rising 8.4 percent from the second quarter of 2015 rate of \$1,265 per month. The Broomfield average lease rate was 9.7 percent above the Metro Denver level in the second quarter of 2016. Of the six market areas in Metro Denver, the Boulder/Broomfield submarket recorded the second highest average lease rate during the second quarter of 2016.

Table 3.4 - Average Apartment Rents and Vacancy

	VACANCY RATE		AVERAGE APARTMENT RENT		
	2Q 2015	2Q 2016	2Q 2015	2Q 2016	% CHANGE
<i>Broomfield</i>	5.4%	6.9%	\$1,398	\$1,504	7.6%
<i>Metro Denver</i>	4.5%	5.4%	\$1,265	\$1,371	8.4%

Source: Denver Metro Apartment Vacancy and Rent Survey

Real Estate

BUILDING PERMITS

Broomfield issued permits for 147 new single-family detached units during the second quarter of 2016, as shown in Table 3.5 on the following page, representing a 28.9 percent increase in permits from the second quarter of 2015 level (114 units). The average valuation for single-family detached homes was \$345,860 in the second quarter of 2016, which was 1 percent below the previous year's level (\$349,500). The average valuation for units in the market was \$3,640 lower over-the-year. Broomfield issued building permits for 18 new single-family attached units during the second quarter of 2016, representing a 52.6 percent decline in permits from the second quarter of 2015 level (38 units). The average valuation for single-family attached homes was \$210,310 in the second quarter of 2016, which was 40.9 percent above the previous year's level (\$149,280). The average valuation for units in the market was \$61,040 higher over-the-year.

Permits for 275 single-family detached units were issued in Broomfield during the first six months of 2016, an increase of 28.5 percent compared with the previous year's level (214 units). The average valuation of single-family detached units was \$345,510 in the first half of 2016, a decrease of 0.3 percent over the first half of 2015. There were 45 single-family attached units permitted in the first half of 2016, recording three fewer permits than the prior year (-6.3 percent). The average valuation of single-family attached units was \$189,310 in the first half of 2016, an increase of 23 percent over the first half of 2015. Broomfield issued eight permits for 216 apartment/condominium units in the first half of the year compared with no units the previous year. The average valuation for apartments/condominiums was \$105,050 during the first half of 2016.

Metro Denver issued 6,229 permits in the second quarter of 2016, representing a 30 percent increase over the same quarter the prior year. Metro Denver issued permits for 2,767 single-family detached units, 55 single-family attached units, and 3,407 multi-family units. The single-family attached market recorded a 41.5 percent decline in permits and the single-family detached market fell 2.8 percent over-the-year, while the multi-family market recorded an 84.3 percent increase in permits during the period.

There were 11,007 units permitted in Metro Denver during the first half of 2016, an increase of 24.5 percent compared with the previous year's level (8,838 units). Single-family attached units declined 54.3 percent over-the-year, falling to 111 units in the first half of 2016 from 243 units in the first half of 2015. Single-family detached units in Metro Denver rose from 4,942 units in the first half of 2015 to 5,448 units in the first half of 2016, an increase of 10.2 percent. The multi-family market recorded the largest increase in units, rising 49.1 percent over-the-year to 5,448 units in the first half of 2016.

Table 3.5 - Broomfield Residential Building Permits

	SINGLE-FAMILY DETACHED		SINGE-FAMILY ATTACHED		APARTMENTS AND CONDOMINIUMS			TOTAL UNITS
	UNITS	AVERAGE VALUATION PER UNIT	UNITS	AVERAGE VALUATION PER UNIT	PERMITS	UNITS	AVERAGE VALUATION PER UNIT	
2Q 2015	144	\$349,502	38	\$149,278	-	-	-	152
2Q 2016	147	\$345,862	18	\$210,314	-	-	-	165
Yr/Yr % Change	28.9%	-1.0%	-52.6%	40.9%	-	-	-	8.6%
1st Half 2015	214	\$346,475	48	\$153,953	-	-	-	262
2nd Half 2016	275	\$345,513	45	\$189,312	8	216	\$105,052	536
Yr/Yr % Change	28.5%	-0.3%	-6.3%	23.0%	-	-	-	104.6%

Source: The City and County of Broomfield, Building Division

Real Estate

OFFICE MARKET

The Broomfield office market had over 6.2 million square feet of space during the second quarter of 2016. The three office types reported mixed trends during the second quarter of 2016 compared with the prior year. The vacancy rate for Class A office space fell 2.6 percentage points between the second quarters of 2015 and 2016 to 7.4 percent vacancy, as shown in Table 3.6 on the following page. The average lease rate of Class A space was \$28.21 per square foot, a decrease of 5.9 percent over-the-year. Class B office space recorded a 0.5 percentage point increase in vacancy, but a 1.9 percent increase in the average lease rate to \$23.33 per square foot during the period. The vacancy rate for Class C space fell 2.4 percentage points over-the-year to 1.5 percent and the average lease rate rose 1.3 percent to \$17.90 per square foot during the same period.

The Metro Denver office market recorded declining vacancy rates and rising average lease rates between the second quarters of 2015 and 2016. The vacancy rate for Class A office space fell 0.5 percentage points over-the-year to 9.3 percent vacancy and the average lease rate rose 1.7 percent to \$30.18 per square foot. This average lease rate was \$1.97 per square foot more than the Broomfield rate. Class B office space recorded a vacancy rate of 10.1 percent, 0.6 percentage points lower than the previous year, and the average lease rate rose 7.5 percent to \$22.23 per square foot during the period. Class C space in Metro Denver reported a 1.8 percentage point decline in the vacancy rate over-the-year to 3.7 percent and a 5.6 percent increase in the average lease rate.

INDUSTRIAL MARKET

The Broomfield industrial market consisted of nearly 3.7 million square feet of space during the second quarter of 2016, as shown in Table 3.6 on the following page. The industrial market recorded a vacancy rate of 3.3 percent during the second quarter of 2016, a 0.5 percentage point decline compared with the second quarter of 2015. The average lease rate for the industrial market was \$6.01 per square foot, an increase of 5.8 percent over-the-year. The Broomfield average lease rate was \$1.44 per square foot lower than the Metro Denver average lease rate during the period.

The Metro Denver industrial market had over 208 million square feet of space during the second quarter of 2016. The industrial market vacancy rate rose 0.8 percentage points between the second quarters of 2015 and 2016 to 3.7 percent. This was 0.4 percentage points higher than the Broomfield vacancy rate during the period. The average lease rate for industrial space in Metro Denver was \$7.45 per square foot during the second quarter of 2016, an increase of 13.4 percent compared with the previous year's level.

RETAIL MARKET

The retail market in Broomfield had over 4.7 million square feet of space during the second quarter of 2016, as shown in Table 3.6 on the following page, representing about 3 percent of space in Metro Denver. The retail market vacancy rate was 10.4 percent during the second quarter of 2016, a 1.7 percentage point decrease in vacancy compared with the previous year's level. The Broomfield vacancy rate was 5.6 percentage points higher than the Metro Denver vacancy rate during the period. The average lease rate for the retail market in Broomfield fell 6.1 percent over-the-year to \$14.35 per square foot.

The retail market in Metro Denver consisted of over 163 million square feet of space during the second quarter of 2016, an increase of 0.9 percent over the previous year's level. The retail vacancy rate fell 0.3 percentage points between the second quarters of 2015 and 2016 to 4.8 percent. The average lease rate for retail space in Metro Denver was \$16.42 per square foot during the period, an increase of 3.3 percent over-the-year. The average lease rate for retail space in Metro Denver was \$2.07 per square foot higher than the Broomfield level during the second quarter of 2016.

Real Estate

Table 3.6 - Broomfield Real Estate Markets 2Q-2016

	TOTAL EXISTING SQUARE FOOTAGE		VACANCY RATES		AVERAGE LEASE RATE (PER SQ. FOOT)	
	2Q 2015	2Q 2016	2Q 2015	2Q 2016	2Q 2015	2Q 2016
Office						
<i>Broomfield</i>						
Class A	3,068,913	3,068,913	10.0%	7.4%	\$29.98	\$28.21
Class B	2,994,443	3,005,452	7.6%	8.1%	\$22.90	\$23.33
Class C	175,642	175,642	3.9%	1.5%	\$17.67	\$17.90
<i>Metro Denver</i>						
Class A	61,542,962	63,158,356	9.8%	9.3%	\$29.67	\$30.18
Class B	94,349,427	94,890,075	10.7%	10.1%	\$20.68	\$22.23
Class C	22,375,814	22,375,814	5.5%	3.7%	\$16.73	\$17.66
Industrial						
<i>Broomfield</i>	3,456,380	3,666,505	3.8%	3.3%	\$5.68	\$6.01
<i>Metro Denver</i>	205,656,635	208,211,219	2.9%	3.7%	\$6.57	\$7.45
Retail						
<i>Broomfield</i>	4,689,269	4,717,873	12.1%	10.4%	\$15.29	\$14.35
<i>Metro Denver</i>	162,037,610	163,547,863	5.1%	4.8%	\$15.90	\$16.42

Source: CoStar, Inc.

COMMERCIAL BUILDING PERMITS

There were four commercial real estate permits issued during the first half of 2016, as shown in Table 3.7, representing 208,504 square feet of space. The Audi Flatirons car dealership project is valued at \$11.2 million, the most expensive of the projects, and will be located at the intersection of Northwest Parkway and Via Varra. The Holiday Inn Express was the second highest-valued project of the first half of the year with a valuation of \$8.5 million. The largest project permitted by square footage was the Interlocken Self Storage facility, spanning 73,770 square feet and valued at \$1.8 million. The smallest project by square footage was the Broomfield Veterinary Hospital spanning 3,920 square feet and valued at \$1.1 million.

Table 3.7 - Commercial Real Estate Permits, First Half 2016

PROJECT DESCRIPTION	VALUATION	TOTAL SQUARE FOOTAGE
<i>Broomfield Veterinary Hospital</i>	\$1,131,846	3,921
<i>Interlocken Self Storage</i>	\$1,755,000	73,770
<i>Holiday Inn Express</i>	\$8,456,948	72,745
<i>Audi Flatirons</i>	\$11,200,000	58,068
Totals	\$22,543,794	249,841

Source: The City and County of Broomfield, Building Division.



BROOMFIELD

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