



How Economic & Workforce Trends May Affect Commercial Real Estate

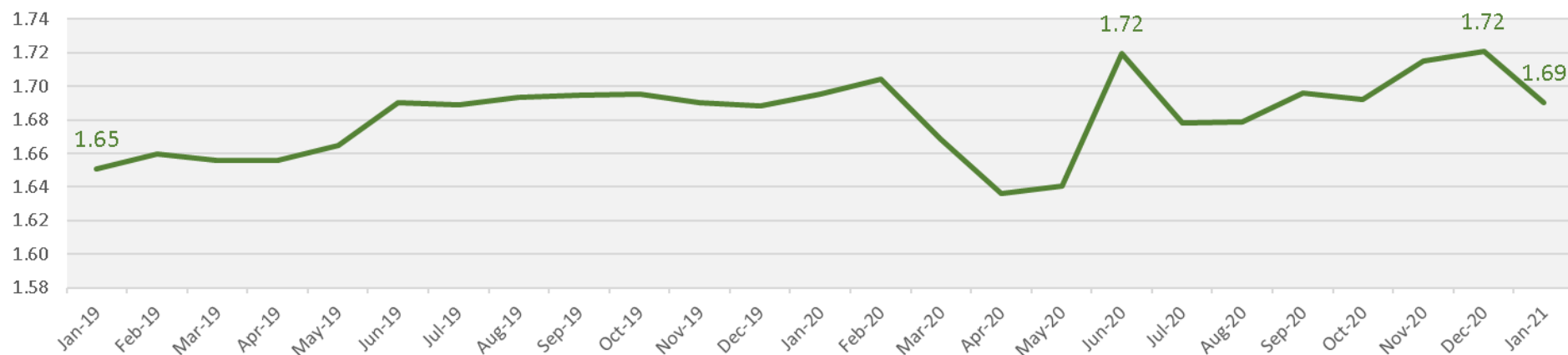
Arapahoe/Douglas Workforce Development Board Meeting
April 1, 2021

How did the pandemic affect the workforce?

The January 2021 unemployment rate is down to 7%, and 118,189 metro Denver residents are unemployed.

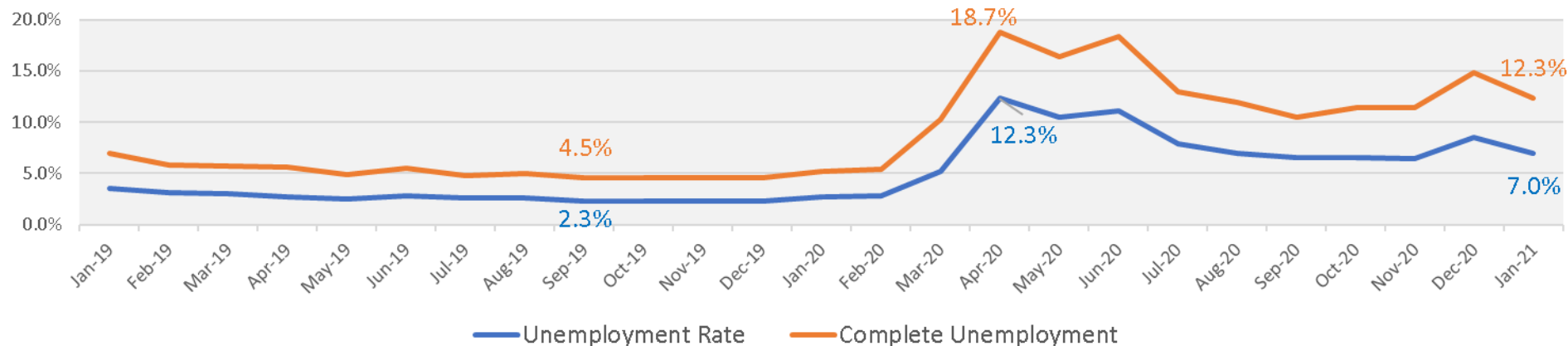
Labor Force (Millions), Greater Metro Denver

Source: US Bureau of Labor Statistics



Employment Situation, Greater Metro Denver

Source: US Bureau of Labor Statistics



What percent are jobless by sector?

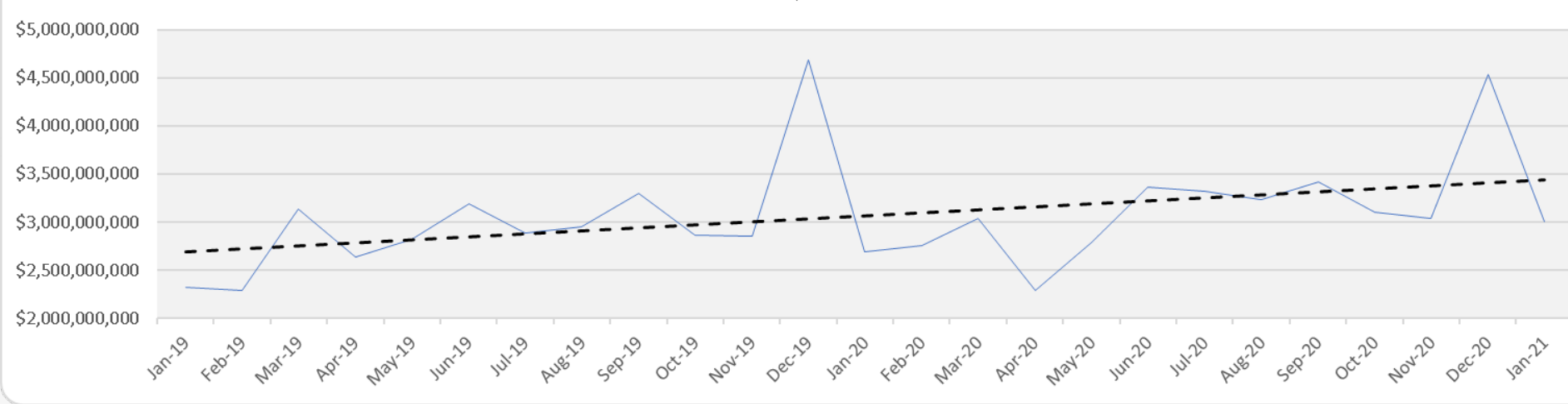
Estimated Number and Percent Jobless by Industry Sector, Metro Denver				
NAICS	Description	2021 Jobs	December 2020 Jobless	Estimated Percent Jobless
72	Accommodation and Food Services	134,305	32,354	24.1%
56	Administrative Support, Waste Management-Remediation	106,601	15,076	14.1%
23	Construction	122,306	13,341	10.9%
62	Health Care and Social Assistance	177,322	12,442	7.0%
44	Retail Trade	141,637	11,304	8.0%
54	Professional, Scientific, and Technical Services	173,235	9,144	5.3%
31	Manufacturing	72,965	7,143	9.8%
61	Educational Services	40,063	7,088	17.7%
48	Transportation and Warehousing	74,491	6,582	8.8%
42	Wholesale Trade	76,336	6,472	8.5%
81	Other Services (except Public Administration)	80,965	4,283	5.3%
51	Information	53,739	3,781	7.0%
71	Arts, Entertainment, and Recreation	31,542	3,757	11.9%
52	Finance and Insurance	86,836	3,710	4.3%
53	Real Estate and Rental and Leasing	38,692	2,741	7.1%
90	Government	226,965	2,621	1.2%
55	Management of Companies and Enterprises	35,462	1,867	5.3%
21	Mining, Quarrying, and Oil and Gas Extraction	10,789	1,105	10.2%
11	Agriculture, Forestry, Fishing and Hunting	6,468	406	6.3%
22	Utilities	3,940	180	4.6%
	Totals	1,694,658	145,398	8.6%

Sources: EMSI Developer

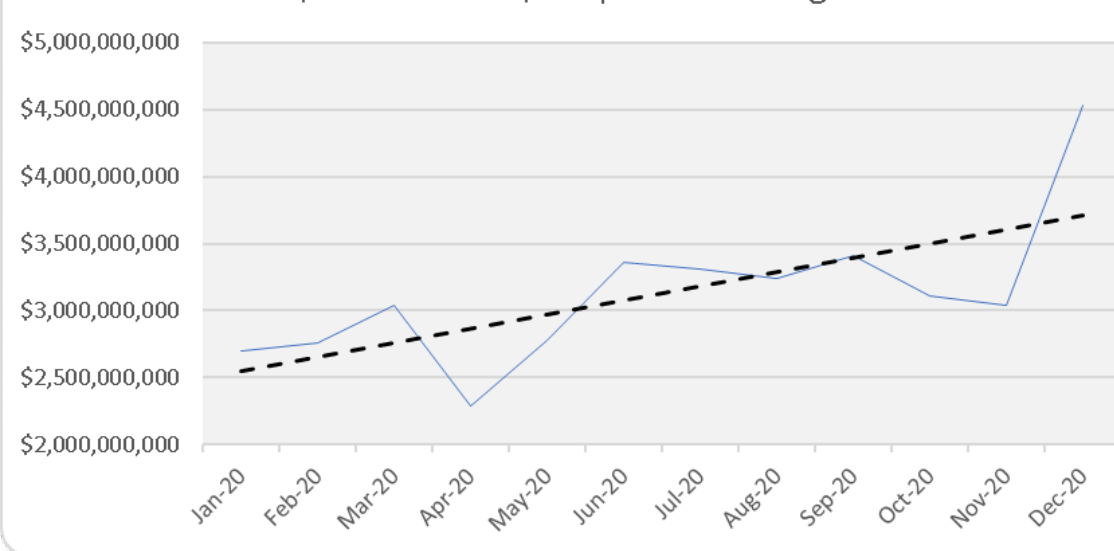
How did the pandemic affect business revenues?

Total Sales, All Industries, Arapahoe & Douglas Counties

Source: Colorado Department of Revenue



Total Sales, All Industries, Arapahoe & Douglas Counties

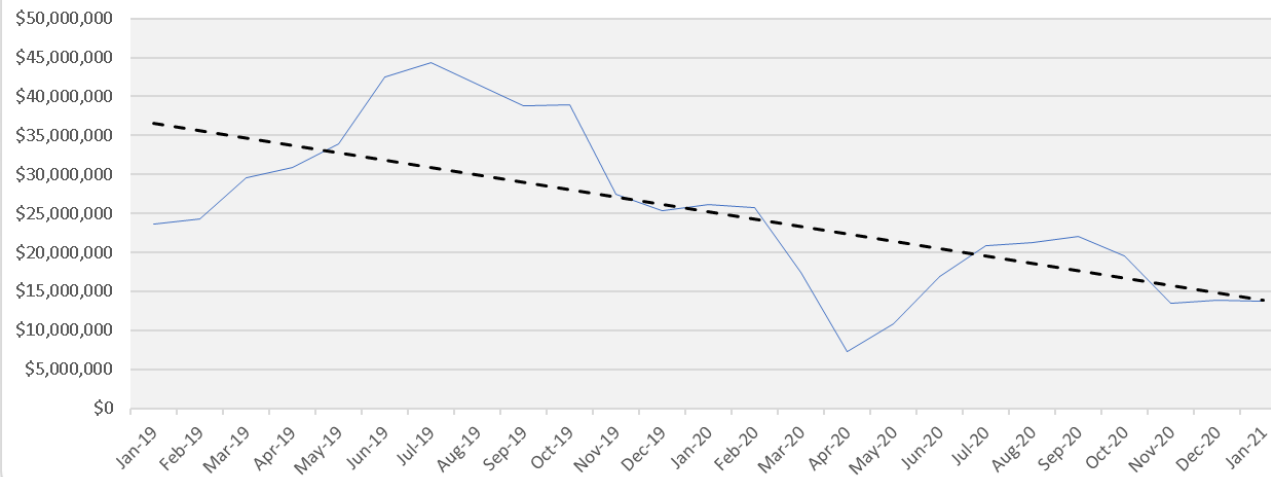


In spite of the pandemic, sales across all industries in the two counties trended up, even in 2020, and sales revenues for all industries gained \$1.6 billion in 2020 over the prior year.

Sales in accommodation coming back?

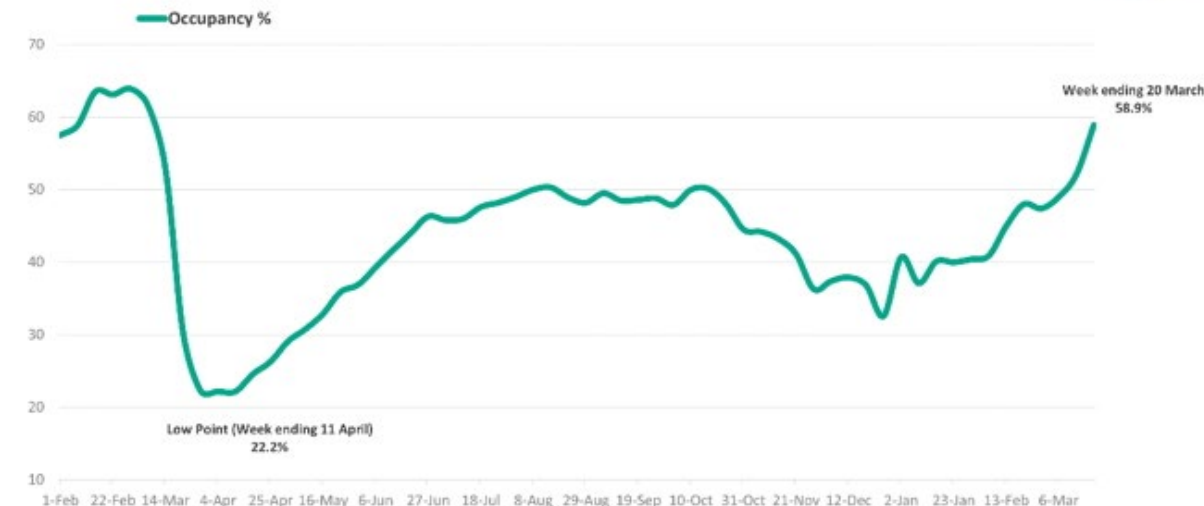
Sales, Accommodation, Arapahoe & Douglas Counties

Source: Colorado Department of Revenue



U.S. Hotel Occupancy

Weeks ending with specified dates



Source: STR, 2021 © CoStar Realty Information, Inc.

Consider the implications here:

First, according to the Hotel News Resource, (lower chart), we see that occupancy the week ending March 20 is up nationally to nearly 60%.

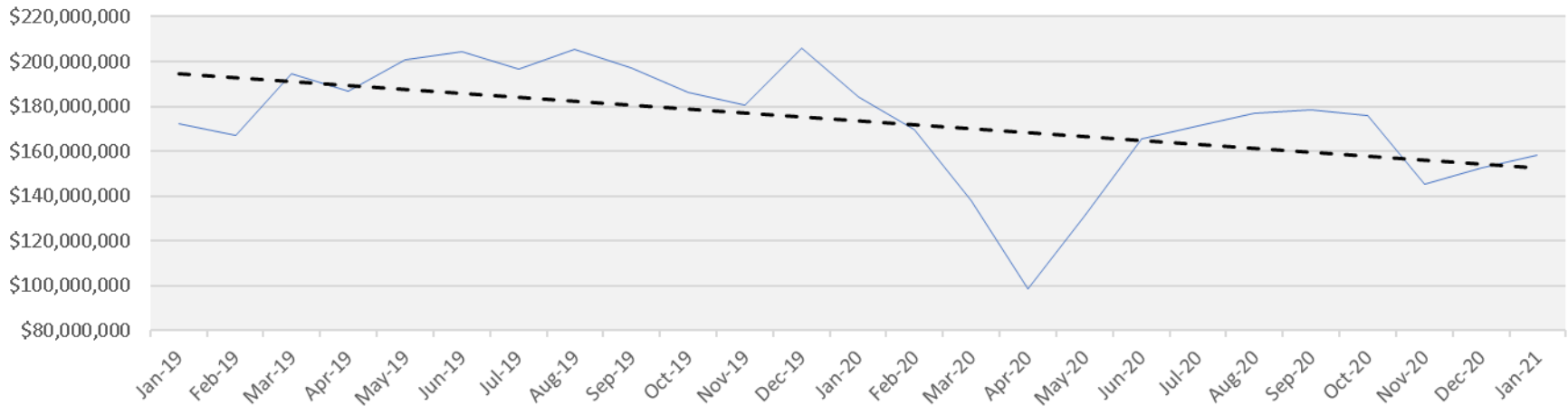
However, 36.2% of small businesses in greater metro Denver responding to the US Census Small Business Pulse Survey during the 7-day period ending March 21, 2021 said they have no plans for business travel during the next six months.

Conversely, 36.3% did plan for some business travel during the next six months.

A look at restaurants, bars, and entertainment...

Sales, Eating and Drinking Places, Arapahoe & Douglas Counties

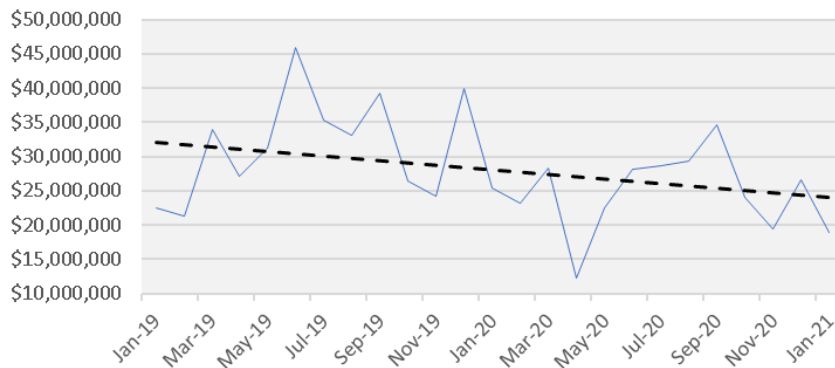
Source: Colorado Department of Revenue



Sales in restaurants and bars went up \$5.6 million (3.7%) in January 2021. This, and the rise in hotel occupancy suggests that now the pandemic is ending, there is pent-up demand for going out, and even travel.

Sales, Arts, Entertainment and Recreation
Arapahoe & Douglas Counties

Source: Colorado Department of Revenue

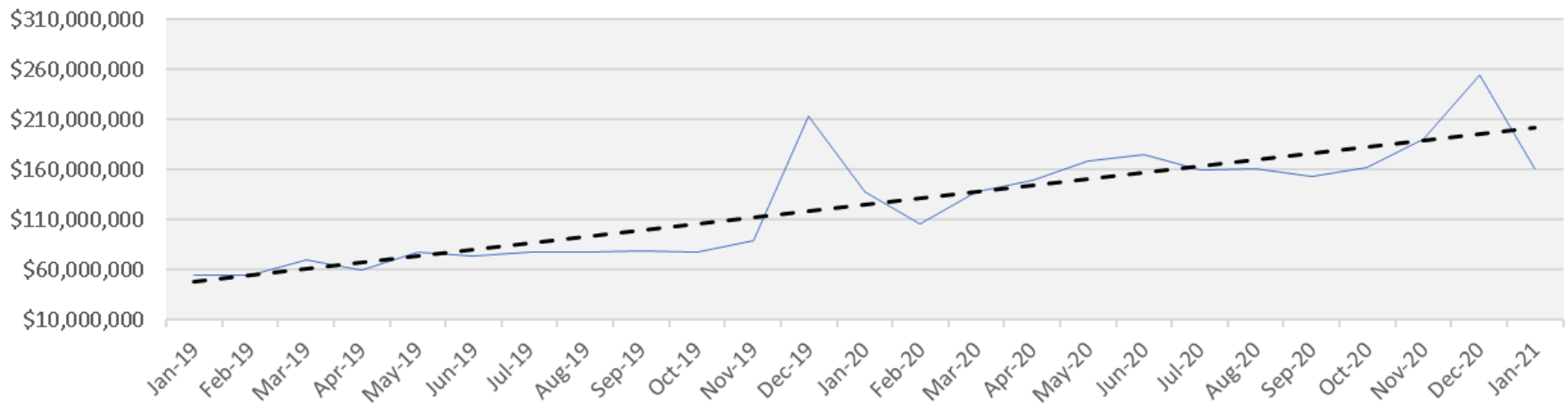


What about arts, entertainment and recreation?

Sales in the entertainment and recreation industry, however, went down 29% in January 2021, to \$18.8 million.

What about non-store retailers?

Sales, Nonstore Retailers
Arapahoe & Douglas Counties
Source: Colorado Department of Revenue

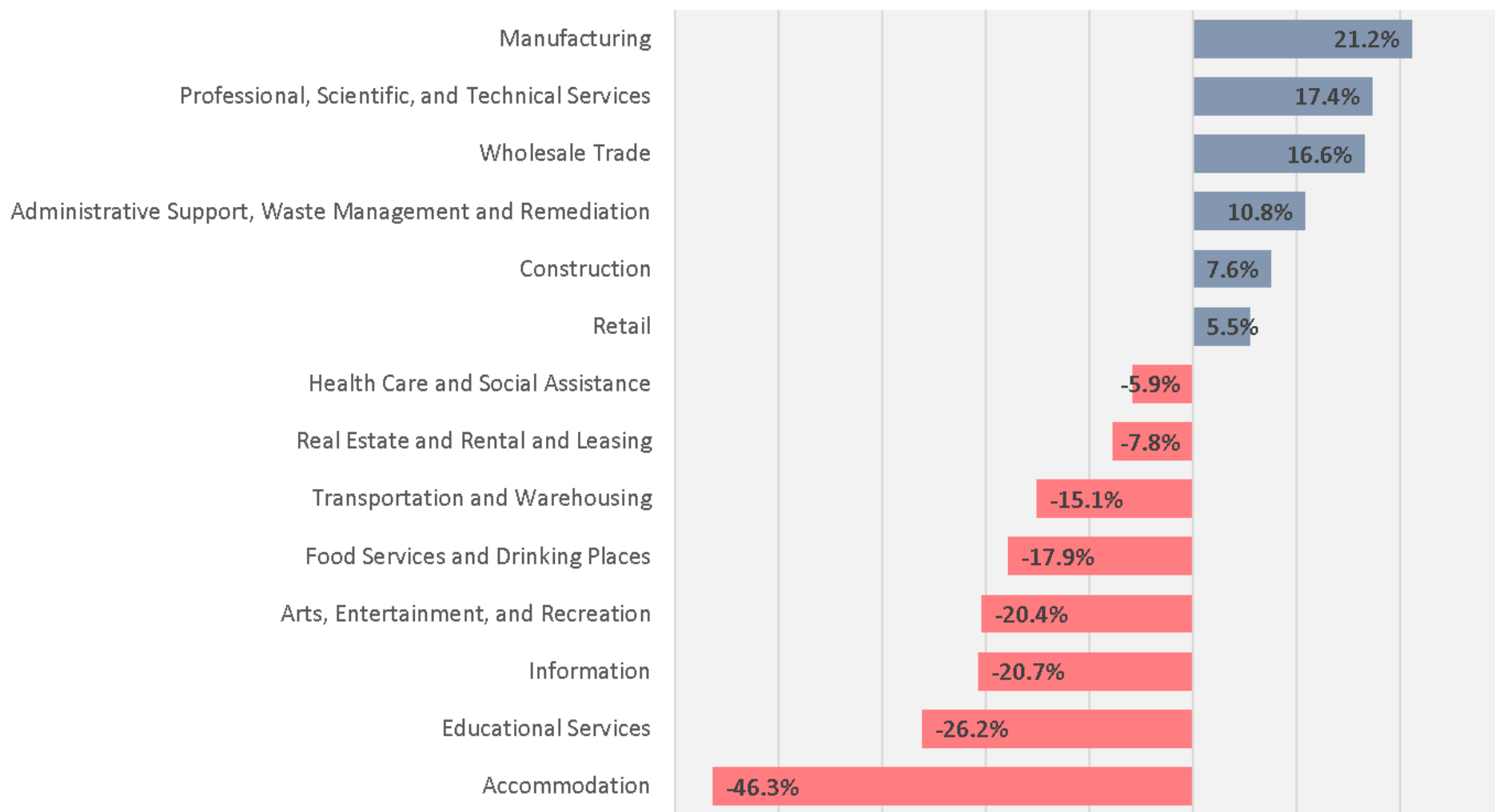


Sales in non-store retailers grew by nearly one billion dollars in 2020 over the prior year, a 94.9% jump. Sales in the IT industry have grown, as well, as businesses in all industries have worked to increase their online presence, and warehouse space grew 7% in value during the first half of 2020, according to the University of Colorado Leeds School of Business.

The big picture in year-over change:

Percent Change in Sales Revenue, 2020 over Prior Year Arapahoe & Douglas Counties, Colorado

Source: Colorado Department of Revenue



What can we conclude?

- Significant pent-up demand to get OUT.
- Can arts, entertainment and recreation be far behind?
- Greater online presence, and more creative options to serve the customer.
- Teleworking as an option for more people.
- What will happen with commercial real estate?

