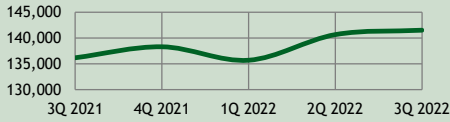


Summary

Employment

141,522

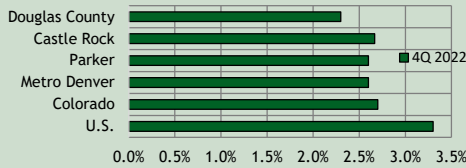
Up 3.9% from 3Q 2021



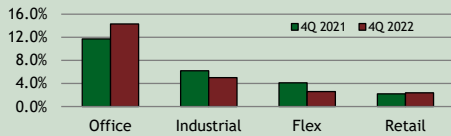
Unemployment Rate

2.3%

Down 0.9% percentage points from 4Q 2021



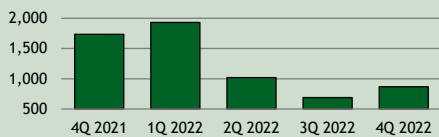
Commercial Vacancy Rates



Residential Units Permitted

867

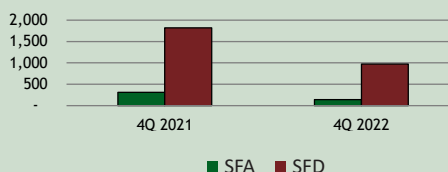
Down -50.1% from 4Q 2021



Existing Home Sales

1,115

Down -47.7% from 4Q 2021



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Economic Headlines

- Chicago-based CommonSpirit Health and Altamonte Springs, Fla.-based AdventHealth announced that they are splitting up after 27 years of partnership as Centennial-based Centura Health. It is unclear what impact this will have on employment, as Centura Health will continue to manage the operations until the transition is complete. There are two AdventHealth hospitals in Douglas County, which are Castle Rock Adventist Hospital and Parker Adventist Hospital.
- The Boulder and Denver metropolitan areas ranked in the top five for the most flexible metros. *Scoop Technologies* ranked metropolitan areas based on work flexibility using a flex index that ranked the Boulder Metropolitan Statistical Area (MSA) second and the Denver MSA fifth with 67 and 59 percent of companies offering flexible work situations, respectively. Portland ranked first with 68 percent of companies qualifying as fully flexible. On a state-by-state basis, Colorado ranked second behind Oregon.
- WalletHub* released its rankings of the best metro areas for science, technology, engineering and math (STEM) professionals, ranking Metro Denver 21st out of 100 metro areas. The report used 21 key metrics for comparison, including per capita job openings and median wage growth.
- According to a *Dice* report, Colorado ranked 10th on a list of states with the most openings for tech jobs. From January through October of 2022 there were 25 percent more tech job postings than during the same period in 2021, though postings in October were below their June peak.

Employment Activity

Employment in Douglas County increased 3.9 percent between the third quarters of 2021 and 2022, rising by 5,354 jobs over the year. Ten of the 13 supersectors reported increases in employment with the largest increases in wholesale trade (+17.1 percent), leisure and hospitality (+8.8 percent), and manufacturing (+8.4 percent). Financial activities reported the largest over-the-year decrease of 3.3 percent, followed by mining and logging (-2.9 percent).

Employment in Metro Denver increased 4.2 percent between the third quarters of 2021 and 2022. Eleven of the 13 supersectors reported over-the-year increases, led by leisure and hospitality (+8.9 percent), professional and business services (+7.4 percent), and transportation, warehousing, and utilities (+6.7 percent). Mining and logging reported the largest decrease of 3.8 percent.

Covered Employment by Industry Supersector, 3rd Qtr 2022 ¹				
	Douglas County		Metro Denver	
	3rd Qtr 2022	Yr/Yr % Change	3rd Qtr 2022	Yr/Yr % Change
Total All Industries	141,522	3.9%	1,758,765	4.2%
Private Sector				
Mining & Logging	437	-2.9%	12,889	-3.8%
Construction	11,004	1.4%	109,809	3.8%
Manufacturing	2,351	8.4%	93,511	3.0%
Wholesale Trade	5,989	17.1%	85,096	5.4%
Retail Trade	17,690	-0.3%	151,353	0.0%
Transportation, Warehousing, & Utilities	2,304	4.3%	75,220	6.7%
Information	4,886	1.2%	63,378	2.2%
Financial Activities	14,878	-3.3%	120,628	1.9%
Professional & Business Services	27,666	6.2%	358,732	7.4%
Education & Health Services	17,515	5.4%	215,797	1.9%
Leisure & Hospitality	18,798	8.8%	189,691	8.9%
Other Services	4,430	2.5%	52,591	4.4%
Government	13,527	3.2%	229,755	2.1%

Note: Industry data may not add to all-industry total due to rounding, suppressed data, and employment that cannot be assigned to an industry. Source: Colo. Dept. of Labor and Employment, Labor Market Information, QCEW.

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

Manpower Employment Outlook Survey (MEOS)

The MEOS revealed that hiring optimism fell ahead of the first quarter of 2023. The West region, which includes Colorado, reported the second-highest net employment outlook of the four U.S. regions at 33 percent, reflecting the difference in the percent of companies hiring versus laying off. First quarter net employment in the West was down 14 percentage points over the year and fell 5 percentage points over the quarter.

Across the nation, 45 percent of companies plan to hire in the first quarter of 2023, down 12 percentage points over the year. Companies planning to lay off remained the same over the year at 16 percent, while the number of companies planning no change increased 11 percentage points to 36 percent in the first quarter of 2023. The U.S. net employment outlook was 29 percent ahead of the first quarter 2023, down 12 percentage points over the year and down 4 percentage points over the quarter.

Manpower Net Employment Outlook							
	1st Qtr 2023	4th Qtr 2022	1st Qtr 2022	YTD 2023	YTD 2022	Ann Avg 2018	Ann Avg 2013
West Region	33%	38%	47%	33%	47%	-	-
National	29%	33%	41%	29%	41%	19%	12%

Unemployment

The Douglas County unemployment rate fell 0.9 percentage points between the fourth quarters of 2021 and 2022, decreasing to 2.3 percent. The unemployment rate posted no change over the quarter. Castle Rock's unemployment rate (2.7 percent) and Parker's rate (2.6 percent) also decreased over the year, falling 0.4 percentage points and 0.5 percentage points, respectively.

The labor force increased in all three areas over the year. The labor force in Douglas County rose 1.4 percent over the year, an increase of 2,912 people working or looking for a job. Castle Rock added 1,336 people to its labor force, an increase of 3.5 percent between the fourth quarters of 2021 and 2022. During the same period, Parker added 1,135 people to the labor force, increasing 3.3 percent.

It should be noted that national, state, and county labor force data was revised in March to reflect new population controls. Municipal revisions will be released in April, so city and county data may not be comparable at this time.

Metro Denver's unemployment rate was the same as that recorded in the previous quarter and 1.5 percentage points lower than one year ago, falling to 2.6 percent. The labor force in Metro Denver rose 0.8 percent over the year, representing 14,912 more individuals working or looking for a job during the period.

Colorado's unemployment rate fell 1.5 percentage points to 2.7 percent between the fourth quarters of 2021 and 2022 and the state's labor force increased 0.6 percent. The U.S. unemployment rate fell 0.6 percentage points over the year to 3.3 percent, and the labor force rose 1.6 percent during the same period.

Unemployment Rates		
	4th Qtr 2021	4th Qtr 2022
Douglas County	3.2%	2.3%
Castle Rock	3.0%	2.7%
Parker	3.1%	2.6%
Metro Denver	4.1%	2.6%
Colorado	4.2%	2.7%
U.S.	3.9%	3.3%

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

Residential Real Estate

- Douglas County Commissioners voted to move forward with the Scott Avenue Planned Development Rezoning. The move paves the way for the Ulysses Development Group to build 220 multi-family units at the northwest corner of State Highway 83 and Scott Avenue.
- Ulysses Development Group is developing The Meadowmark project, a four-story, 183,000-square-foot building on 5.4 acres with 200 one- and two-bedroom apartments near the Meadows Town Center in Castle Rock. The units will be income restricted for residents making up to 70 percent of the area median income. Amenities include two outdoor gathering spaces, a wildflower garden, a fitness room, and a community room and craft room.
- BVLD Builders is developing an active adult neighborhood of 120 attached and detached homes ranging from 1,900 sq. ft. to 2,400 sq. ft. with prices starting in the \$600,000s. Construction on the hillside at Castle Rock near Wolfensberger and Coachline Roads begins in Spring 2023.
- Castle Rock Town Council approved a development in January that will bring 85 apartments and townhomes, as well as 6,200 sq. ft. of commercial space to the Meadows Town Center. As of yet, the construction timeline has not been announced by the Garrett Companies.

Existing Home Sales

Home sales fell in Douglas County and throughout Metro Denver from the fourth quarters of 2021 to 2022. Over the period, existing home sales in Douglas County fell 47.7 percent, or by 1,016 homes, driven by high home prices and rising mortgage rates that have cooled the market. Single-family detached home sales in Douglas County fell 46.5 percent over the year, dropping by 847 homes during the period. All six submarkets reported decreases in detached home sales, with the largest decreases in Lone Tree (-63.5 percent), Parker (-53.1 percent), and Castle Rock (-50.7 percent).

The number of single-family attached home sales in Douglas County decreased 54.7 percent between the fourth quarters of 2021 and 2022, to 140 homes. Four of the six submarkets recorded decreases in attached sales, with the largest decreases in Castle Pines (-66.7 percent) and Castle Rock (-63.1 percent). Lone Tree experienced no change in sales over the year, while Larkspur reported no sales in either of the quarters.

Existing Homes - Average Sales Price

Despite the decline in sales activity, home prices continued to increase in Douglas County between the fourth quarters of 2021 and 2022. The average sale price of a single-family detached home rose 6.3 percent or an increase of \$46,728 to \$793,318 in Douglas



County. Four of the six submarkets recorded over-the-year increases in detached home prices, with the largest increases recorded in Lone Tree (+14.2 percent), Castle Pines (+10.1 percent), and Castle Rock (+4.4 percent). Lone Tree and Castle Pines recorded the highest sale prices of the six submarkets, reaching \$1.16 million and \$960,754 in the fourth quarter of 2022, respectively. The average home price declined 3.2 percent in Parker. The lowest price was recorded in Larkspur, falling 73.7 percent over the year to \$222,500.

The average price of a single-family attached home in Douglas County rose 9 percent over the year, rising by nearly \$40,000. Two of the five submarkets with attached home sales in the fourth quarter of 2022 recorded over-the-year increases in home prices, with the greatest appreciation recorded in Highlands Ranch (+19.2 percent), followed by Parker (+7.4 percent). Castle Rock and Castle Pines recorded the largest over the year price decreases, declining by 8.4 percent and 7.1 percent, respectively. Highlands Ranch recorded the highest average sale price of \$559,675 in the fourth quarter of 2022, while Castle Rock recorded the lowest average sale price of \$374,217.

continued on the next pg.

Douglas County Existing Home Sales, 4th Qtr 2022

	Douglas County Submarkets						Total
	Castle Pines	Castle Rock	Highlands Ranch	Larkspur	Lone Tree	Parker	Douglas County
Home Sales							
Single-Family Detached							
4th Qtr 2022	35	218	257	1	19	150	975
4th Qtr 2021	60	442	411	2	52	320	1,822
Single-Family Attached							
4th Qtr 2022	3	24	48	0	14	21	140
4th Qtr 2021	9	65	97	0	14	46	309
Average Sold Price							
Single-Family Detached							
4th Qtr 2022	\$960,754	\$686,960	\$749,621	\$222,500	\$1,158,158	\$625,057	\$793,318
4th Qtr 2021	\$872,628	\$658,131	\$726,991	\$845,200	\$1,014,000	\$645,403	\$746,590
Single-Family Attached							
4th Qtr 2022	\$471,667	\$374,217	\$559,675	\$0	\$555,350	\$383,167	\$483,402
4th Qtr 2021	\$507,589	\$408,623	\$469,605	\$0	\$566,414	\$356,620	\$443,514

Source: Colorado Comps, LLC

Foreclosures

Foreclosure filings in Douglas County increased 160 percent over the year to 39 filings during the fourth quarter of 2022, up from 15 filings during the previous period. Filings decreased 26.4 percent between the third and fourth quarters of 2022.

Foreclosure filings in Metro Denver increased 210.7 percent over the year to 522 total filings, representing an increase of 354 foreclosures during the period.

The large increase in foreclosure filings was due to low filings in 2021 due to the government’s foreclosure moratorium and mortgage forbearance programs, which kept foreclosures low for most of 2020 and 2021.



Building Permits

Residential building permits in Douglas County decreased 50.1 percent between the fourth quarters of 2021 and 2022, falling by 869 units permitted. Single-family detached permits reported a 60.6 percent decrease during the period, falling by 460

units, while condominiums/townhomes reported a decrease of 72.1 percent, or by 165 units permitted. Multi-family units permitted decreased by 32.6 percent between the fourth quarters of 2021 and 2022, or a decrease of 244 units permitted.

All nine submarkets reported either no units permitted or an over-the-year decrease in residential building permits, with the largest decrease reported in Aurora (-97.5 percent), followed by Castle Pines (-88.9 percent), Castle Rock (-81.4 percent), and Parker (-81.5 percent). Highlands Ranch, Larkspur, Littleton, and Lone Tree all reported zero residential building permits in the fourth quarter of 2022, unchanged from the fourth quarter of 2021.

The average valuation of single-family detached units permitted rose 22.9 percent over the year to \$439,287, representing \$81,872 more per home during the period. Castle Pines recorded the highest average valuation for single-family detached homes at \$704,686, while Aurora reported the lowest valuation at \$290,220. The average valuation for single-family attached units increased by 18 percent to \$295,821 in Douglas County, with valuations ranging from a low of \$196,687 in unincorporated Douglas County to a high of \$429,873 in Castle Pines. The average valuation for multi-family units was \$101,490 in the fourth quarter of 2022, a decrease of 38.6 percent from the fourth quarter of 2021.

Consumer Activity
Consumer Confidence Index

The Consumer Confidence Index for the U.S. decreased 7.7 percent over the year to 104.2 in the fourth quarter of 2022. Over the quarter, the national index increased 1.9 percent, breaking the string of five consecutive quarterly declines.

Analysts at the Conference Board stated that the increase was driven by improvements in both the present situation index and the expectations index, as inflation expectations fell to their lowest level since September 2021. Purchasing intentions for vacations rose, but intentions for major appliances and homes both fell. Looking ahead, inflationary pressures will continue to pose strong headwinds to consumer confidence and spending.

Colorado is included in the Mountain Region Index and the area reported a 10.9 percent decrease in confidence in the fourth quarter of 2022 compared with the same time last year. Over the quarter, confidence in the Mountain Region increased 7.1 percent, the strongest increase since the second quarter of 2021.

Douglas County Residential Building Permits, 4th Qtr 2022									
	Total Units 4th Qtr 2022	Total Units 4th Qtr 2021	Single-Family Detached		Single-Family Attached		Multi-Family		
			Units	Avg. Valuation per Unit	Units	Avg. Valuation per Unit	Permits	Units	Avg. Valuation per Unit
Aurora	2	80	2	\$290,220	-	-	-	-	-
Castle Pines	27	244	25	\$704,686	2	\$429,873	-	-	-
Castle Rock	100	537	64	\$471,220	12	\$346,945	6	24	\$216,934
Highlands Ranch	-	-	-	-	-	-	-	-	-
Larkspur	-	-	-	-	-	-	-	-	-
Littleton	-	-	-	-	-	-	-	-	-
Lone Tree	-	-	-	-	-	-	-	-	-
Parker	88	476	50	\$514,772	38	\$303,926	-	-	-
Unincorporated Douglas	650	399	158	\$362,359	12	\$196,687	19	480	95,718
Total Douglas County	867	1,736	299	\$439,287	64	\$295,821	25	504	\$101,490

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

Commercial Real Estate

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

Office Market

The vacancy rate for the office market in Douglas County rose 2.6 percentage points to 14.3 percent between the fourth quarters of 2021 and 2022. Four of the five sub-markets that reported a value recorded decreases in the vacancy rate, with Parker recording the only increase of 0.6 percentage points. The vacancy rate in Metro Denver decreased 0.1 percentage points to 12.2 percent during the period.

The average lease rate in Douglas County remained at \$27.12 per square foot between the fourth quarters of 2021 and 2022. Highlands Ranch reported the largest increase in the lease rate of 7.7 percent, followed by Castle Pines (+1.3 percent). The other sub-markets reported decreases in the average lease rate, ranging from an 11.9 percent decline in Parker to a 1.2 percent decrease in Castle Rock. The average lease rate in Metro Denver increased 5.2 percent to \$30.99 per square foot, \$3.87 higher than the lease rate in Douglas County.

Industrial Market

The industrial market vacancy rate in Douglas County was 5 percent in the fourth quarter of 2022, down 1.2 percentage points from the fourth quarter of 2021. Highlands Ranch reported the largest over-the-year decrease in the industrial vacancy rate, falling 10.2

percentage points. Metro Denver reported a vacancy rate of 5.3 percent in the fourth quarter of 2022, a 0.4 percentage point increase from the same time last year.

The average lease rate for the industrial market in Douglas County increased 14.1 percent over the year to \$12.94 per square foot in the fourth quarter of 2022. Castle Rock reported the largest increase in lease rate (+36.7 percent), followed by Parker (+11.4 percent). Metro Denver reported an industrial lease rate of \$9.70 per square foot, an increase of 5.2 percent and \$3.24 lower than the rate in Douglas County in the fourth quarter of 2022.

Flex Market

Douglas County reported a flex vacancy rate of 2.6 percent in the fourth quarter of 2022, down 1.5 percentage points from the same time last year. Parker was the only submarket to report an increase in the vacancy rate, rising by 3.5 percentage points over the year. Metro Denver reported a vacancy rate of 5.6 percent in the fourth quarter of 2022, down 0.2 percentage points from the same time last year.

The average flex lease rate in Douglas County increased 3.8 percent to \$13.32 per square foot between the fourth quarters of 2021 and 2022. Highlands Ranch reported the only

over-the-year increase, rising 33.3 percent to \$16.00 per square foot. Metro Denver reported a 5.6 percent increase in the flex rate between the fourth quarters of 2021 and 2022, rising to \$15.20 per square foot during the period.

Retail Market

The retail vacancy rate in Douglas County increased to 2.4 percent in the fourth quarter of 2022, with three of the six sub-markets recording increases in the vacancy rate. Larkspur reported the largest over-the-year increase in the vacancy rate, rising 3.1 percentage points to 5.8 percent, followed by Highlands Ranch (+1.1 percentage points) and Lone Tree (+0.2 percentage points). Castle Pines, Parker, and Castle Rock recorded over-the-year decreases in the vacancy rate. Retail vacancy in Metro Denver fell 0.4 percentage points to 4.1 percent.

The average lease rate in the County rose 14.4 percent over the year to \$26.12 per square foot in the fourth quarter of 2022. Highly variable rates during this quarter ranged from a 46.5 percent increase in Highlands Ranch to a 23.2 percent decrease in Larkspur. Rental rates ranged from \$21.96 per square foot in Parker to \$32.82 in Lone Tree. Retail lease rates in Metro Denver rose 4.8 percent over the year to \$20.22 per square foot, \$5.90 below the level in the County.

see table on the next pg.

Nonresidential Development Activity

Douglas County building officials issued permits for 211,410 square feet of non-residential space valued at approximately \$46 million during the fourth quarter of 2022. The largest project was a commercial foundation at 221 N. Wilcox St. in Castle Rock, valued at \$15 million for 81,736 sq. ft. Other notable projects included the Valley Hope of Parker rehab center valued at \$10.8 million and the Solomon Phase 3 office building in Parker adding 28,686 sq. ft.

Certificates of completion or occupancy were issued for 24,049 sq. ft. of nonresidential space during the fourth quarter of 2022, a decrease of 87.2 percent from the same period last year. The largest project now ready for occupancy is a commercial hangar at the Meridian Intl. Business Center.

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

DC Commercial Building Permits Issued, 4th Qtr 2022			
Jurisdiction	Project Description	Valuation	Sq. Ft.
Castle Rock	Moore Lumber	\$1,639,442	17,935
Castle Rock	221 N. Wilcox St. Commercial Foundation	\$14,963,708	81,736
Castle Rock	Prairie Hawk Dental	\$2,430,000	5,140
Parker	7-Eleven Car Wash	\$750,000	2,372
Parker	Parker Racquet Club Courts	\$480,000	41,825
Parker	Valley Hope of Parker	\$10,800,000	N/A
Parker	Solomon Phase 3 Office Bldg.	\$8,000,000	28,686
Parker	New Horizon Academy	\$2,378,997	12,985
Unincorporated	Castlevie Baptist Church	\$4,582,757	20,731
DC Commercial Certificates of Occupancy Issued, 4th Qtr 2022			
Jurisdiction	Project Description	Sq. Ft.	
Larkspur	9575 Spruce Mtn. Rd. Commercial Bldg.	2,400	
Parker	Slim Chickens Restaurant	N/A	
Parker	Little Sunshine Playhouse Childcare	N/A	
Unincorporated	Country Club at Castle Pines Golf Club	4,782	
Unincorporated	Meridian Intl. Business Center Commercial Hangar	14,074	
Unincorporated	Meridian International Business Center Clubhouse	2,793	

Douglas County Commercial Vacancy and Lease Rates by Property Type, 4th Qtr 2022						
	Total Existing Sq. Footage		Vacancy Rate		Avg. Lease Rate (per sq. ft.)	
	4th Qtr 2022	4th Qtr 2021	4th Qtr 2022	4th Qtr 2021	4th Qtr 2022	4th Qtr 2021
Office						
Castle Pines	55,102	55,102	1.5%	7.0%	\$31.48	\$31.07
Castle Rock	1,299,529	1,299,529	3.8%	4.3%	\$27.13	\$27.46
Highlands Ranch	1,995,627	1,995,627	19.1%	20.5%	\$32.48	\$30.17
Larkspur	27,953	27,953	-	-	-	-
Lone Tree	3,425,747	3,232,444	6.2%	7.8%	\$28.90	\$31.04
Parker	1,307,493	1,307,493	10.1%	9.5%	\$28.78	\$32.65
Total Douglas County	14,025,213	13,831,910	14.3%	11.7%	\$27.12	\$27.11
Metro Denver	203,018,355	202,268,251	12.2%	12.3%	\$30.99	\$29.47
Industrial						
Castle Pines	-	-	-	-	-	-
Castle Rock	1,247,255	1,247,255	0.5%	4.9%	\$13.56	\$9.92
Highlands Ranch	450,277	450,277	12.7%	22.9%	-	-
Larkspur	30,509	30,509	-	-	-	-
Lone Tree	36,686	36,686	-	-	-	-
Parker	1,064,488	888,863	11.4%	9.6%	\$14.21	\$12.76
Total Douglas County	8,276,395	8,100,770	5.0%	6.2%	\$12.94	\$11.34
Metro Denver	251,578,817	243,945,812	5.3%	4.9%	\$9.70	\$9.22
Flex						
Castle Pines	-	-	-	-	-	-
Castle Rock	287,438	287,438	-	4.5%	-	\$12.94
Highlands Ranch	337,987	337,987	-	-	\$16.00	\$12.00
Larkspur	-	-	-	-	-	-
Lone Tree	137,236	137,236	0.0%	8.8%	\$13.00	\$15.01
Parker	241,601	215,269	3.5%	0.0%	\$12.87	\$13.55
Total Douglas County	2,700,987	2,674,655	2.6%	4.1%	\$13.32	\$12.83
Metro Denver	47,760,971	47,292,241	5.6%	5.8%	\$15.20	\$14.39
Retail						
Castle Pines	311,477	311,477	2.1%	2.4%	\$22.52	\$22.20
Castle Rock	4,244,307	4,221,751	1.9%	2.0%	\$24.75	\$24.99
Highlands Ranch	3,504,450	3,496,035	3.4%	2.3%	\$29.75	\$20.31
Larkspur	26,753	26,753	5.8%	2.7%	\$32.00	\$41.67
Lone Tree	4,425,934	4,425,934	3.4%	3.2%	\$32.82	\$29.90
Parker	4,592,494	4,560,567	1.1%	1.3%	\$21.96	\$21.40
Total Douglas County	18,860,506	18,797,608	2.4%	2.2%	\$26.12	\$22.83
Metro Denver	175,301,259	174,645,442	4.1%	4.5%	\$20.22	\$19.30

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

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