Divergent Global Outlook, Strong Downside Risk

• COVID-19 infected 215.3 million people across globe, resulting in 4.5 million deaths (8/30/2021)
• Delta variant slowing the recovery?
• Vaccine widely available, but still much distribution progress needed across the global

<table>
<thead>
<tr>
<th>Year over Year Growth in Output</th>
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<tbody>
<tr>
<td>World</td>
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<tr>
<td>World</td>
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<tr>
<td>United States</td>
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<tr>
<td>Euro Area</td>
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<tr>
<td>Canada</td>
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<tr>
<td>Mexico</td>
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<tr>
<td>China</td>
</tr>
</tbody>
</table>

Source: International Monetary Fund, World Economic Outlook Update, July 2021.
Large Amount of COVID Relief Funds Infused into the Economy

- Estimated $13.3 Trillion in relief funds approved; $8.8 Trillion committed (direct payments, grants, loans, tax relief).
- Committed Funds = 41% of 2019 GDP ($21.4 Trillion).

![Tracking the COVID Response (in Trillions)]

*Source: Committee for a Responsible Federal Budget. Last Update August 25, 2021.*
Personal Income Skyrockets in 1Q 2021 as Households Receive COVID Relief Funds

- Personal income increases 59.7% in U.S.; +53% in CO (#39)
- 92.6% of U.S. increase due to transfer payments; CO 87.6% (#48)
- CO 12.4% of increase due to net earnings, 3rd highest of 50 states
But the COVID Relief Funds Come with a Cost

- Federal budget deficit increased from $1T in 2019 to $3.1T in 2020. Expect $3T in 2021.
- 2021 Total Debt held by public = $23T (103% of GDP)
- The Federal Reserve has maintained the federal funds rate to a range of 0 to 0.25 percent.

[Inflation Increasing (CPI, Over-The-Year Change) graph]

Real GDP Growth Rate and NBER Cycles

U.S. economy expanded for record 128 months (June 2009-February 2020)
U.S. economy contracted for record 2 months (February 2020-April 2020)

2021e=DRP Estimate.
Recovery Position: Labor Force and Employment

- Total Jobs Added
- Which Sectors are Recovering
- Job Openings
- # Unemployed
Colorado Ranks #16 in Employment Recovery

Great Recession:
- 154,000 jobs lost over 20 months (May 2008 – Jan 2010)
- 38 months to recover all lost jobs (Jan 2010 – Mar 2013)

COVID Recession:
- 376,000 jobs lost over 3 months (Jan 2020 – April 2020)
- CO has recovered 77.2% of jobs lost as of July 2021 (#16); U.S. recovered 74.5%
- Expect CO to recover all jobs lost by Sep 2022 (29 months)

Employment Recovery Varies Across the State’s 7 MSAs (covering 17 counties)

Nonfarm Job Growth Rates by Metro Area, Jan-July 2020 vs. Jan-July 2021

- U.S.: 1.7%
- Colorado: 1.7%
- Co Springs: 2.8%
- Fort Collins: 1.9%
- Denver: 1.9%
- Grand Junction: 0.9%
- Boulder: -0.1%
- Pueblo: -0.2%
- Greeley: -1.3%

Elsewhere in Colorado: +2.6%

Colorado Employment by Supersector

Largest: 439,500 workers

Smallest: 19,600 workers

Professional and Business Services
Government
Wholesale & Retail Trade
Educational & Health Services
Leisure and Hospitality
Financial Activities
Construction
Manufacturing
Other Services
Transp., Warehousing & Utilities
Information
Natural Resources & Mining

Source: Colorado Department of Labor & Employment, Current Employment Statistics.
Need Solid Employment Growth in Second Half of Year to Achieve Estimated Annual Growth Rate

<table>
<thead>
<tr>
<th></th>
<th>2019 Emps.</th>
<th>2020 Change</th>
<th>2021 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>150.9 M</td>
<td>-8.7 M</td>
<td>+4.0 M</td>
</tr>
<tr>
<td>Colorado</td>
<td>2.79 M</td>
<td>-145,500</td>
<td>+71,000</td>
</tr>
<tr>
<td>Metro Denver</td>
<td>1.74 M</td>
<td>-91,700</td>
<td>+42,000</td>
</tr>
</tbody>
</table>

U.S. Job Openings Reach New Record; CO Openings Back to Pre-Pandemic Level

Colorado’s Unemployment Rate is 36th Lowest in U.S.

Unemployment Rate Range

+2.3% NE to +7.7% in NV

CO Labor Force Participation Nearly Back to Pre-Pandemic Level, Unemployment Still Higher but Falling

With All of the Job Openings, Why are Workers Still Unemployed?

• School closures are probably playing a role
• A mismatch between the industries hiring and the workers seeking jobs
• People moved during the pandemic — but many jobs did not

Source: Morgan Stanley.

• Large amount of unemployment assistance available, but that ended Sep 4.
Recovery Position: Commercial Real Estate

• Vacancy Rates
• Sublet Space
• Lease Rates
• Construction Activity
Metro Denver Office Market Shifts Due to Remote Work

2Q 2021
Total Space = 199.5 MSF
Vacancy Rate = 12.3%
Lease Rate = $29.29/sq. ft.
YOY Change
Lease = +3%
Under Construction = 1.75 MSF
Completions = 1.47 MSF

Source: CoStar Group, Inc.
2021e=DRP Estimate.
Industrial Space Completed in Metro Denver Reaches New Heights

2Q 2021
Total Space = 237.5 MSF

Vacancy Rate = 6.4%

Lease Rate = $8.84 NNN

Y.O.Y Change
Lease = +1.3%

Under Construction = 6.26 MSF

Completions = 3.27 MSF

Source: CoStar Group, Inc.
2021e=DRP Estimate.
Metro Denver Retail Market Surprisingly Stable Despite Severe COVID Challenges

2Q 2021
Total Space= 176.2 MSF
Vacancy Rate = 5.1%
Lease Rate = $18.91 NNN
YOY Change
Lease = +3.3%
Under Construction = 1.12 MSF
Completions = 0.26 MSF

Source: CoStar Group, Inc.
2021e=DRP Estimate.
2018 Record Year for Square Footage Completed in Metro Denver

Source: CoStar Group, Inc.
2021e=DRP Estimate.
Recovery Position: Consumer Activity

• Population Growth
• Population Diversity
• Household Financial Health
• Spending Patterns by Category
Metro Denver One of the Faster Growing Areas in the Country from 2010 to 2020

- Nation grew at slowest rate since 1930s (0.7% per year)
- 47% of nation’s counties increased population
- 81% of U.S. metro areas increased population, but only 48% of micros grew
- CO increased 1.4% per year, 6th fastest growth
- Greeley MSA 4th fastest increase of all metros
Colorado Annual Change in Population

2021 Population = 5.87 Million

Source: Colorado Division of Local Government, State Demography Office.
Colorado Ranked as 25th Most Diverse State in 2020, Down from 23rd in 2010

Diversity Index Range

76% Hawaii to 18.5% in Maine

Diversity Index: 2020
U.S. = 61.1%
CO = 52.3%

Source: U.S. Census Bureau, 2020 Census Redistricting Data.
Arapahoe, Denver, and Adams are Most Diverse Counties in Colorado

Diversity Index

<table>
<thead>
<tr>
<th>County</th>
<th>2020</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>58.4%</td>
<td>59.0%</td>
</tr>
<tr>
<td>Colorado</td>
<td>51.5%</td>
<td>52.0%</td>
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<tr>
<td>Arapahoe</td>
<td>62.4%</td>
<td>63.0%</td>
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<tr>
<td>Denver</td>
<td>63.4%</td>
<td>64.0%</td>
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<tr>
<td>Adams</td>
<td>64.2%</td>
<td>65.0%</td>
</tr>
<tr>
<td>Pueblo</td>
<td>61.5%</td>
<td>62.0%</td>
</tr>
<tr>
<td>El Paso</td>
<td>59.2%</td>
<td>59.8%</td>
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<tr>
<td>Weld</td>
<td>57.9%</td>
<td>58.4%</td>
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<tr>
<td>Boulder</td>
<td>51.9%</td>
<td>52.5%</td>
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<tr>
<td>Mesa</td>
<td>47.7%</td>
<td>48.2%</td>
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<tr>
<td>Larimer</td>
<td>40.6%</td>
<td>41.2%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2020 Census Redistricting Data.
U.S. Household Debt is at Low, Reasonable Levels, Savings Rate Spikes

Source: Federal Reserve Bank of St. Louis.
Source: U.S. Bureau of Economic Analysis.
Colorado Consumer Spending Patterns Shifting Dramatically With Recovery

- Electronics and appliance stores
- Sporting goods, hobby, book and music stores
- Furniture and home furnishing stores
- Clothing and clothing accessories stores
- Gasoline stations
- Health and personal care stores
- Miscellaneous store retailers
- Building materials, garden equip. & supplies
- General merchandise stores
- Food and beverage stores
- Food services and drinking places
- Non-store retailers

Retail Sales (in $millions)

Jan-Jun 2021
Jan-Jun 2020
Jan-Jun 2019

Source: Colorado Department of Revenue.
Consumer Confidence and Retail Spending Increase in 2021

Change in Retail Sales Spending

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>Jan-Jun 2021</th>
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<tbody>
<tr>
<td>U.S.</td>
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<td>0.5%</td>
<td>23.0%</td>
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<tr>
<td>Colorado</td>
<td>9.0%</td>
<td>1.9%</td>
<td>16.6%</td>
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<tr>
<td>Larimer</td>
<td>9.6%</td>
<td>7.6%</td>
<td>18.6%</td>
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<tr>
<td>Weld</td>
<td>8.9%</td>
<td>-2.3%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Boulder</td>
<td>21.4%</td>
<td>-5.6%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Denver</td>
<td>12.2%</td>
<td>-5.2%</td>
<td>14.9%</td>
</tr>
<tr>
<td>Metro Denver</td>
<td>8.9%</td>
<td>0.1%</td>
<td>15.3%</td>
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<tr>
<td>El Paso</td>
<td>6.5%</td>
<td>8.6%</td>
<td>20.7%</td>
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<tr>
<td>Pueblo</td>
<td>7.3%</td>
<td>2.9%</td>
<td>12.2%</td>
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<tr>
<td>Mesa</td>
<td>26.7%</td>
<td>3.5%</td>
<td>19.4%</td>
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<tr>
<td>Eagle</td>
<td>9.2%</td>
<td>6.5%</td>
<td>25.0%</td>
</tr>
</tbody>
</table>

Sources: Colorado Department of Revenue; The Conference Board. 2021e=DRP Estimate.
Recovery Position: Residential Real Estate

- Home Prices
- Sales Activity
- Apartment Market
- New Construction
Low Interest Rates (<3%), Low Inventory Dominate the Home Sales Environment

Number of Existing Homes Sold in Colorado

Source: Colorado Association of REALTORS.
2021e=DRP Estimate.
Denver MSA #14 and Boulder MSA #6 for Highest Median Home Price, 2Q 2021

Median Home Prices (annual, in thousands)

- United States
- Denver MSA
- Boulder MSA

Source: National Association of REALTORS.
2021e=DRP Estimate.
Single-Family Detached Median Prices and Home Appreciation Rates Vary Widely

Source: Colorado Association of REALTORS, Local Market Updates for July 2021.
Apartment Vacancy and Rental Rates Reflect Continued Market Strength

Source: Denver Metro Apartment Vacancy & Rent Survey.
2021e=DRP Estimate.
Permits declined 9.4% in 2019 and increased 4.8% in 2020; expect 30% increase in 2021

Colorado Building Permits*

- The Census Bureau tracks building permits by the number of housing units in the structure.
- Source: U.S. Census Bureau, Building Permits.
- 2021e=DRP Estimate.
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