

**State of Downtown Denver 2020
Addendum
COVID-19 Response and Recovery**

Published: May 27th, 2020

The 2020 State of Downtown Denver was published in May 2020 in the midst of the COVID-19 pandemic and subsequent economic recession. At the time of publishing, much of the economic data typically used to measure the economic health of Downtown Denver (eg total employment, wages, retail sales) do not yet reflect the impact of the pandemic-induced recession. Throughout the State of Downtown Denver report, we have taken measures to provide consistent, reliable, and timely information. Wherever possible, we have provided the latest data points available. However, this does not tell the full story of the impact on downtown since the pandemic hit – or a full understanding of what's to come.

Before the COVID-19 crisis, the data shows that Downtown Denver was performing exceptionally well, enjoying record employment, record population, record retail sales, and record tourism. These strong results position us well to withstand the recession, similar to how the Denver region was among the first to recover from the Great Recession. In fact, Moody's recently ranked Denver among the Top 10 US cities best positioned to recover. As we begin to recover, the Downtown Denver Partnership is committed to rebuilding our economy, to keeping people safe and healthy, and doing so while building a stronger and more inclusive community.

In the coming months, the Downtown Denver Partnership will release economic updates that reflect the impacts of the current recession as we receive new data. In the meantime, this Addendum is offered to provide an early look at the impacts of the pandemic on Downtown Denver and how we are responding. Many data points included in this Addendum refer to the City and County of Denver, the Denver Metro area, or the State of Colorado, not downtown specifically, as reliable and timely data for downtown is not as readily available at this time. Stay closely engaged with the Downtown Denver Partnership for the latest data and analysis as we move through various phases of recovery.

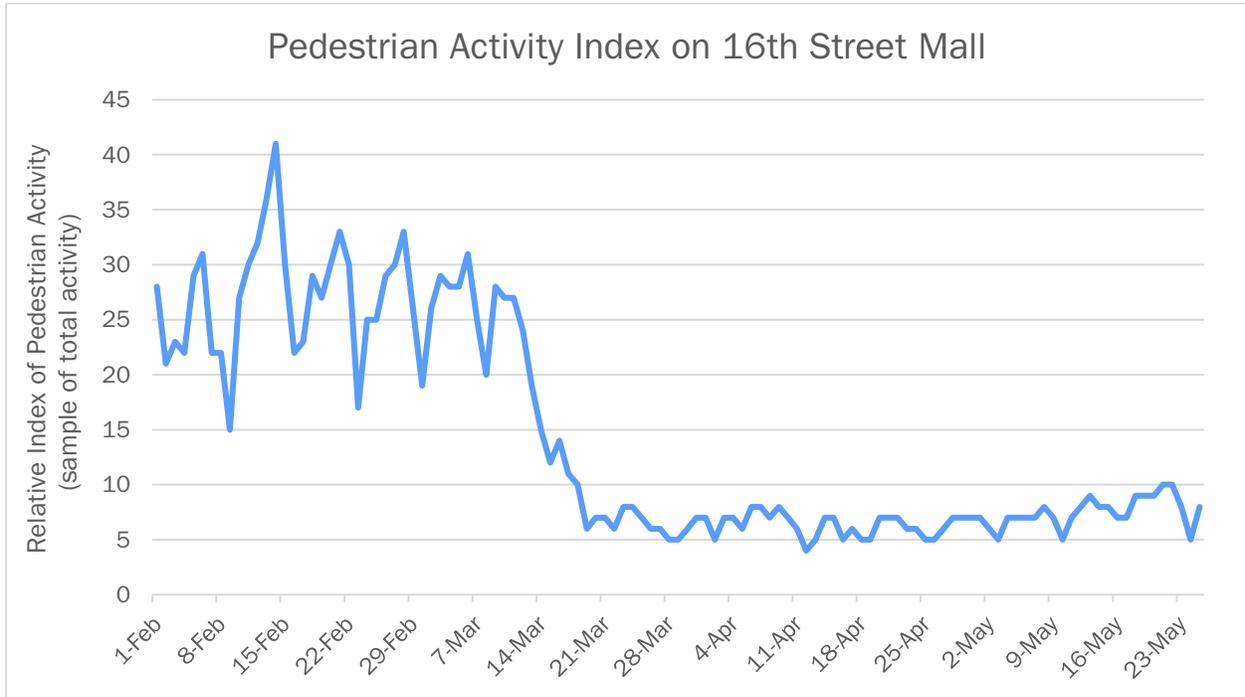
Metric: Pedestrian Activity on the 16th Street Mall

Geography: Downtown Denver

Timeframe: February 1 2020 – May 25 2020

Source: IKE automatic sensors

Pre-pandemic, the 16th Street Mall was the busiest pedestrian corridor in the region, with an average of 20,000 pedestrians per block per day. Pedestrian traffic plummeted mid-March and by April traffic was down almost 80% from February levels. In May, pedestrian traffic has begun to pick up some but remains well below normal levels.



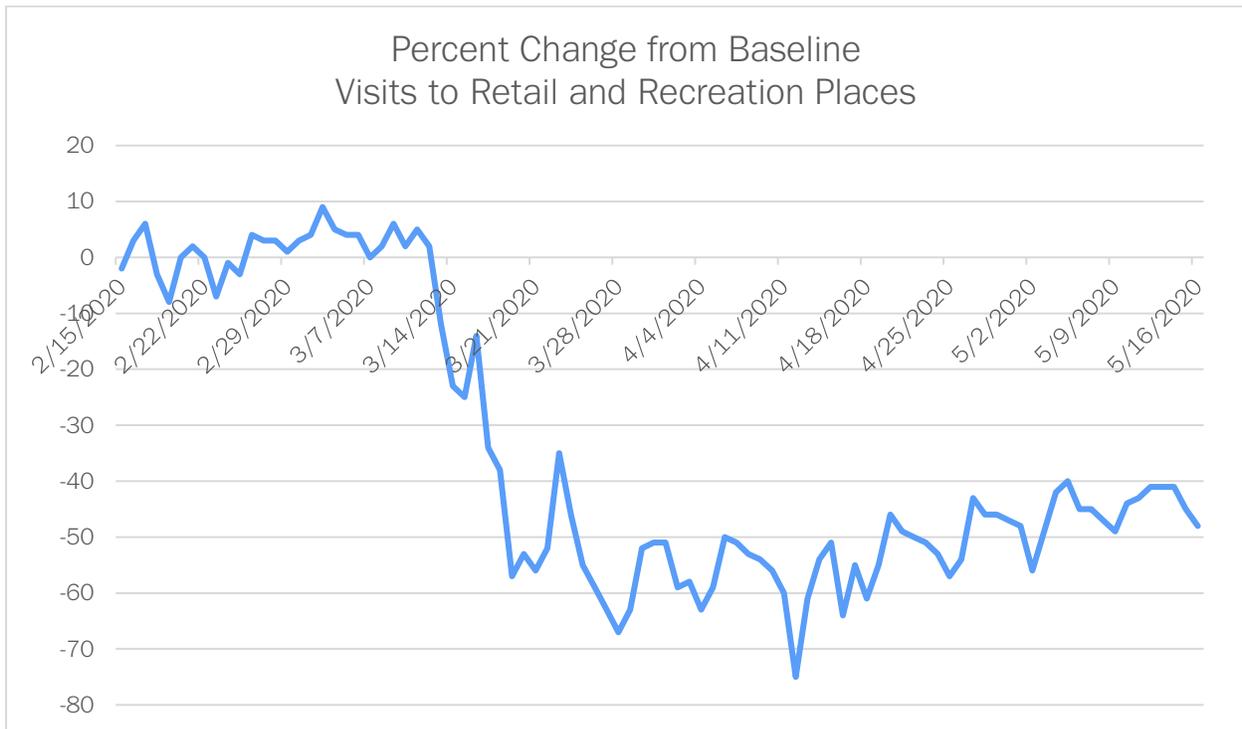
Metric: Retail and Restaurant visits

Geography: City and County of Denver

Timeframe: February 15 2020 – May 16 2020

Source: Google Movement Data

Pre-pandemic, retail sales tax collections were up 8.1% year-over-year, with restaurants up over 10%. Restaurants and bars were closed to dine-in service in Denver on March 17 and will be allowed to open with reduced capacity on May 27. Retailers were able to reopen with restrictions beginning on May 9. As of mid-May, Google data shows the retail and recreation category of activity is still down about 50% from baseline but beginning to rebound.



Metric: Restaurant Diners

Geography: City and County of Denver

Timeframe: February 18 2020 – May 25 2020

Source: OpenTable State of the Industry data

Pre-pandemic, the restaurant scene in Denver was thriving. Dining in at restaurants was prohibited beginning on March 17, so obviously the OpenTable's seated diners index went to zero. Restaurants will be permitted to begin reduced capacity dine-in service on May 27, so we will watch this index in the coming months.



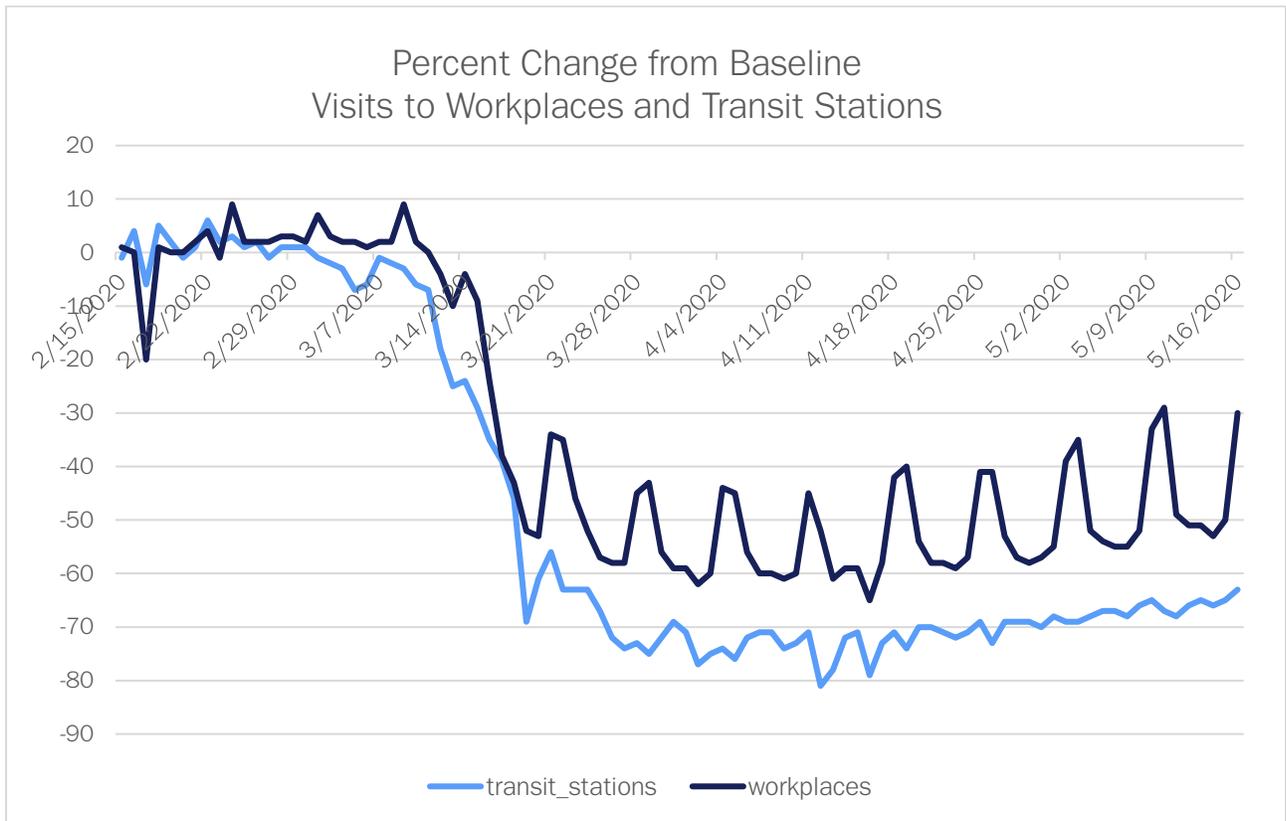
Metric: Work and Transportation Visits

Geography: City and County of Denver

Timeframe: February 15 2020 – May 16 2020

Source: Google Movement Data

Pre-pandemic, employment was at record levels in Downtown Denver with close to 150,000 workers. And over 43% of these workers chose to commute into Downtown Denver by transit. As offices begin to reopen, Google data shows a slight increase in workers returning to their offices. However, visits to transit stations are still down 63% from baseline.



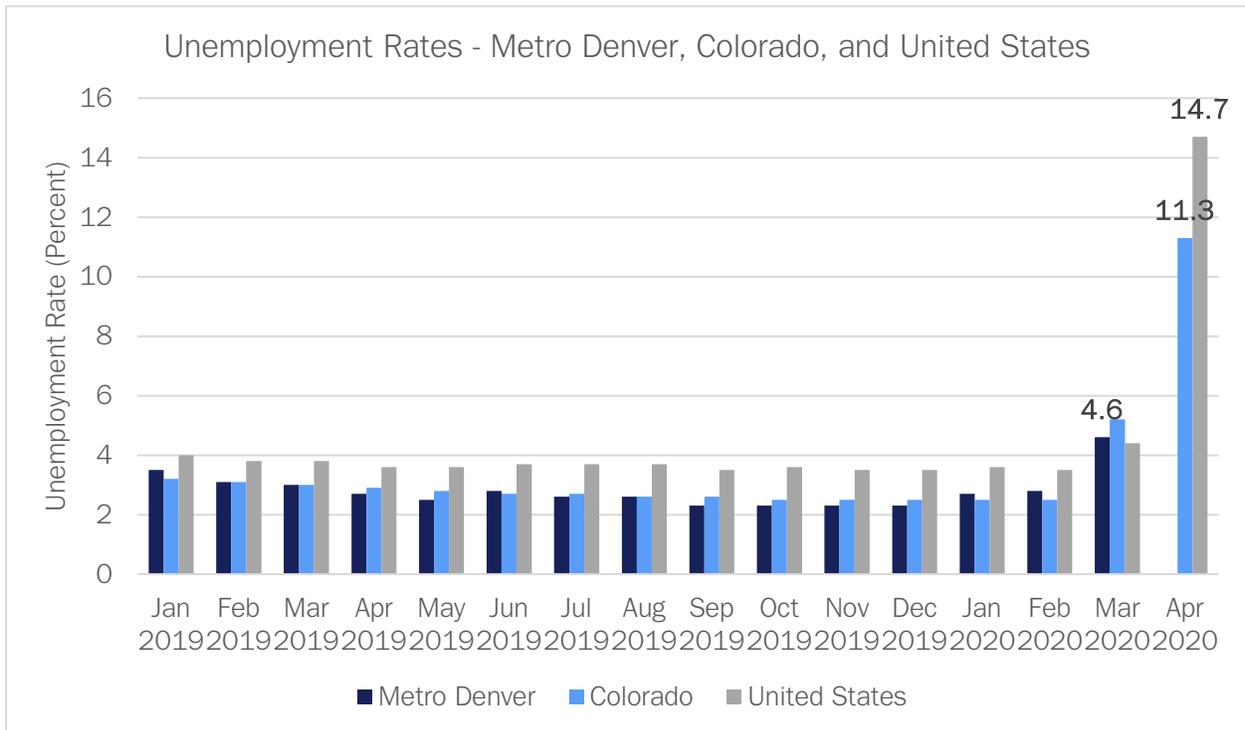
Metric: Unemployment Rate

Geography: Metro Denver, Colorado, and United States

Timeframe: January 2019 – March 2020 (Metro Denver)/April 2020 (CO and US)

Source: Bureau of Labor Statistics

Metro Denver's unemployment rate was one of the lowest of all metro areas, hitting 2.3% in 2019, more than an entire percentage point lower than the national rate. The April 2020 unemployment rate for Colorado was 11.3% and 14.7% for the nation, both of which are the highest numbers since records have been kept. The April Metro Denver unemployment rate will be released in early June; the March 2020 rate was 4.6%.



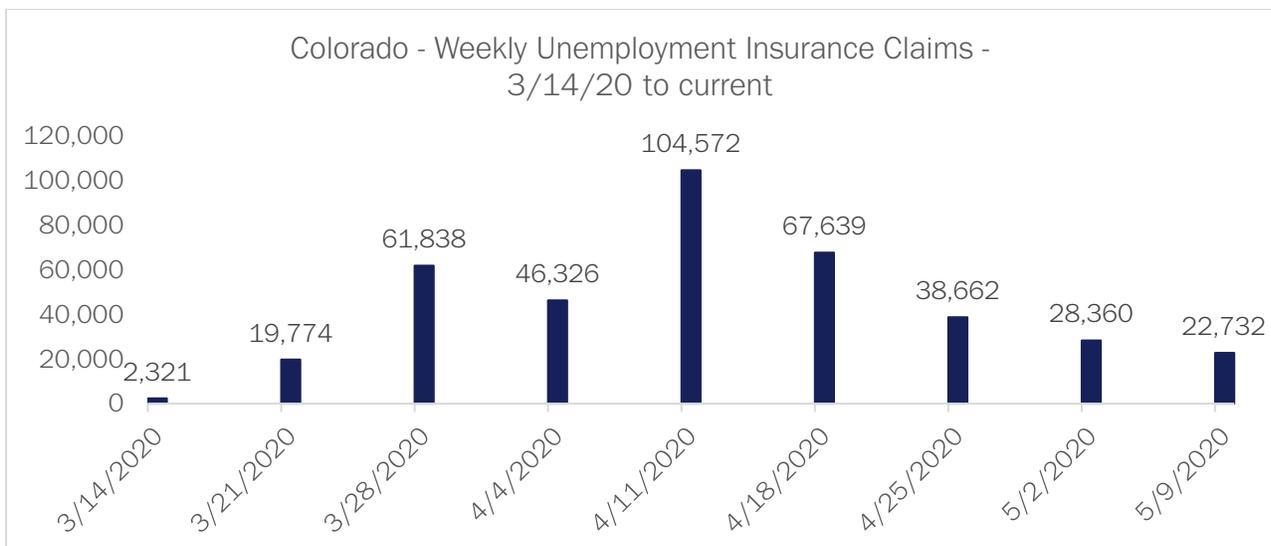
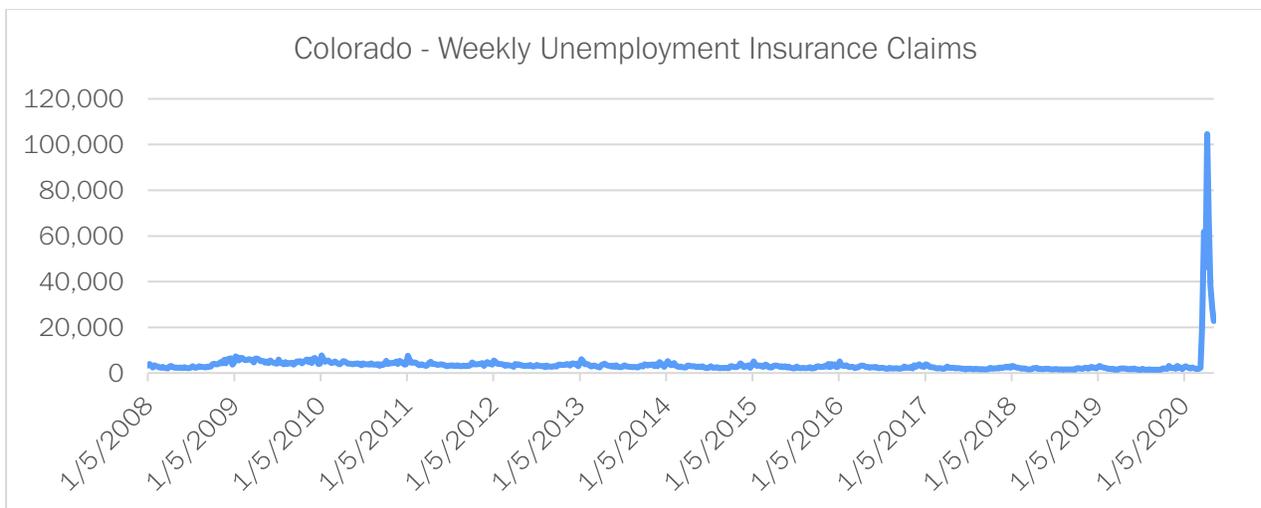
Metric: Unemployment Insurance Claims Trend

Geography: Colorado

Timeframe: January 2008 – May 2020

Source: United States Department of Labor

Pre-pandemic, Colorado had consistent unemployment insurance claims of a 1,000 to 2,000 a week. Weekly new claims peaked the week of April 11, 2020 at 104,572, a stunning 45 times the weekly claims a month prior of 2,321. Before the COVID-19 crisis, the previous weekly high had been the week of 1/9/2010 when 7,749 people filed for unemployment in Colorado. These remarkable numbers reflect the unprecedented nature of this crisis. While weekly claims have continued at an extremely high rate, it does appear that unemployment claims have peaked.



**Note: for data continuity purposes, this data does not include gig workers who have been newly eligible for unemployment in this crisis and add another over ~60,000 to the jobless claims over the past three weeks*

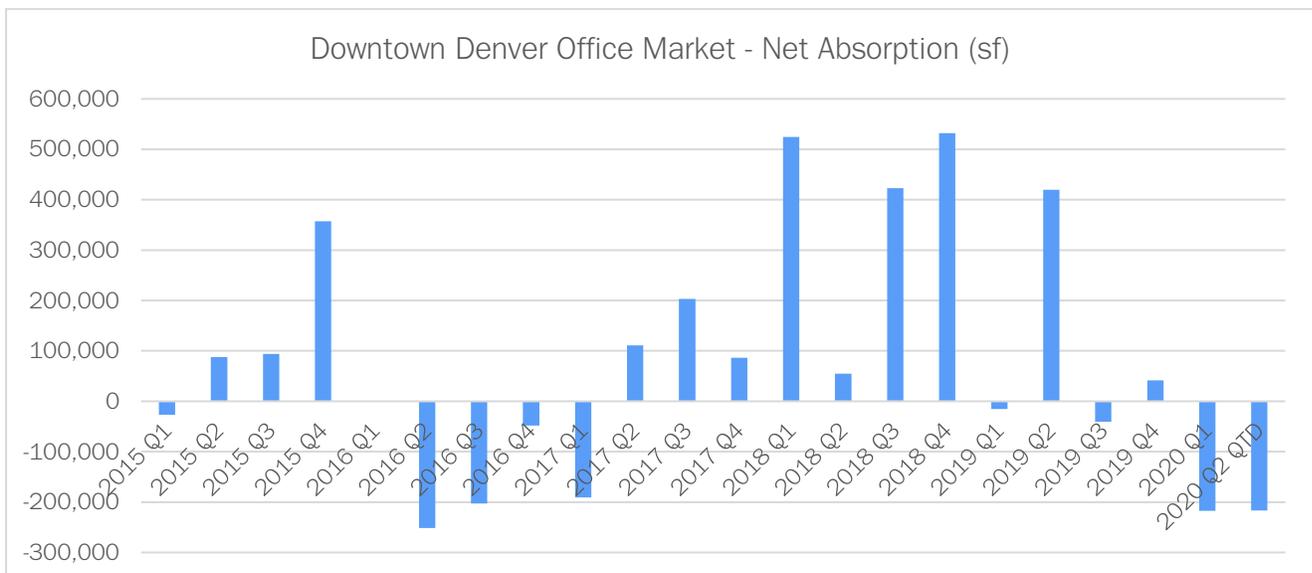
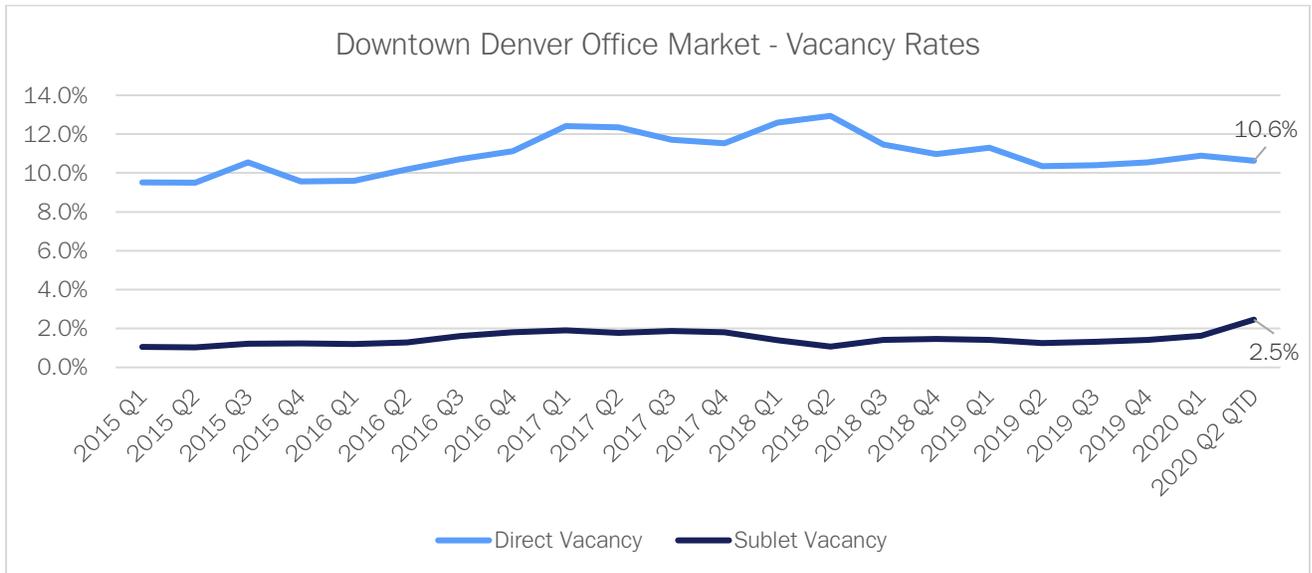
Metric: Office Market Fundamentals

Geography: Downtown Denver

Timeframe: January 2015 – May 2020

Source: CoStar

Pre-pandemic Downtown Denver's office market was solid with positive 2 million square feet of absorption in the past two years. As of May 2020, we are starting to see an increase in sublease vacancy as firms place unneeded office space on the market and negative absorption for the year.



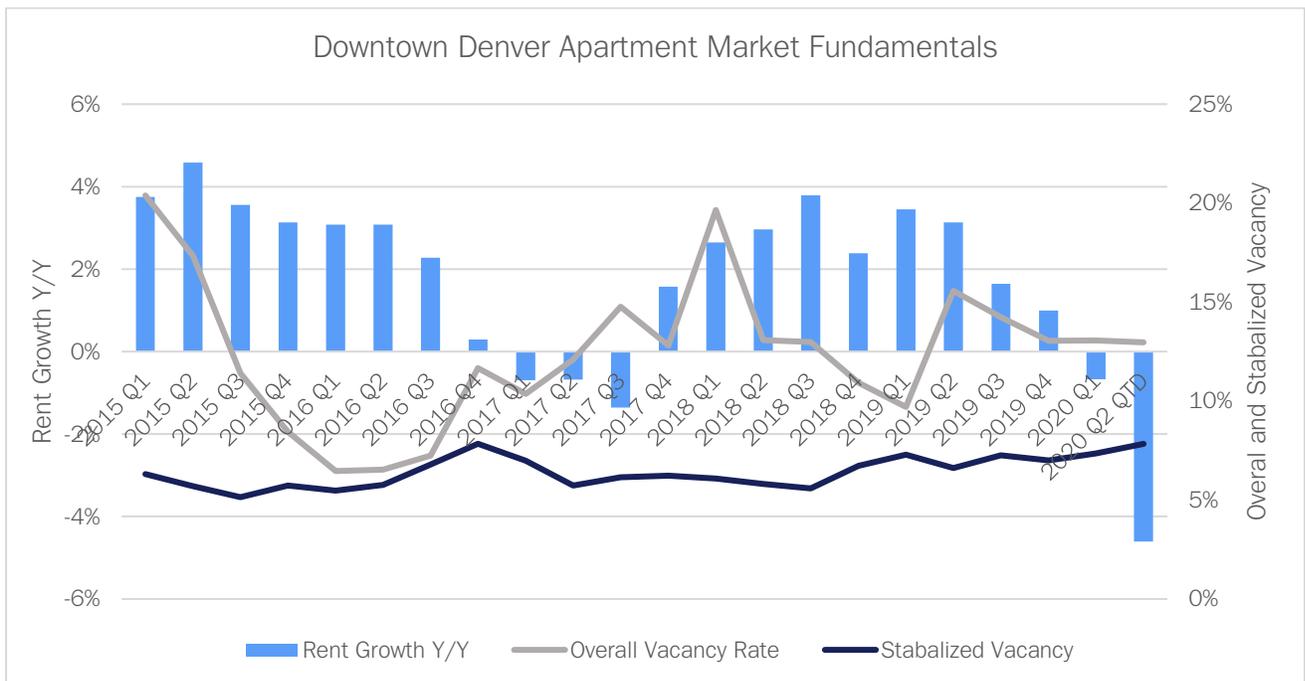
Metric: Apartment Market Fundamentals

Geography: Downtown Denver

Timeframe: January 2015 – May 2020

Source: CoStar

Pre-pandemic Downtown Denver's apartment market was absorbing new product at a record pace and had shown three straight years of year over year rent growth. While vacancy rates remain stable, the second quarter 2020 is on track to be the first quarter with significant negative rent growth year over year in downtown since 2010. However, year to date absorption remains positive.



Metric: Downtown Denver Hotel Market Statistics

Geography: Downtown Denver

Timeframe: April 2019 and April 2020

Source: Rocky Mountain Lodging Report

Pre-pandemic, Downtown Denver's hotels were enjoying record success as a core of Denver and Colorado's growing tourism market. As convention, business, and leisure traffic ground to a halt in March, downtown's hotels were met with unthinkably low occupancy. Many downtown hotels chose to close temporarily, with available room nights dropping by 100,000 from April 2019 to April 2020. The Average Daily Rate of hotel rooms that remained available in April dropped by over \$100.

Downtown Denver Hotel Market Fundamentals					
	Available Room Nights	Occupied Room Nights	Occupancy %	Average Daily Rate	REVPAR
April 2020	147,374	14,014	9.5%	\$86.81	\$8.25
April 2019	252,780	206,741	81.8%	\$189.06	\$154.62

Metric: Development Pipeline

Geography: City and County of Denver

Timeframe: YTD April 2019 vs YTD April 2020

Source: City and County of Denver

While we are still waiting to see the full impact of COVID-19 on development activity in Denver, early data from the City's Community Planning and Development department suggest we are starting to see a decrease in permitting of new projects. According to CPD "to date in 2020, issued permits have decreased by 11% from 2019 levels and the value of these permits (construction labor plus materials costs) is down 32%. 2019 was a record year for permit valuation, so some decrease in valuations was expected, but these numbers likely also reflect COVID-19."

Development Permit Data 2020 YTD versus 2019 YTD

-11% permits issued

-32% valuation permitted