**Denver Metro Rents Hit an All-Time High as Vacancy Rates Decline**

Metro Denver's average apartment rent reached a record high of $1,371 in the second quarter, according to a quarterly survey from the University of Denver's Daniels College of Business, Colorado Economic and Management Associates, and the Apartment Association of Metro Denver. DU associate professor of real estate Ron Throupe found the average vacancy rate for metro area apartments dropped to 5.4 percent from 6.1 percent in the first quarter. It was 6.8 percent in the fourth quarter. Vacancies rose last year as developers put a large number of apartments on the market. They continue to build, adding 2,442 new units in the second quarter, but renters absorbed 4,189 units, causing the vacancy rate to fall. As the market has tightened, prices have gone up: Throupe found rents increased by $56 in the second quarter. The first-quarter figure of $1,315 had been a high at the time. "The upward cycle in rent growth resulting from the demand for units continues to impress as Denver becomes a destination for business and a top-rated place to live," Throupe said in a statement. Rents are also rising because developers have focused on adding "luxury" apartments in places like downtown Denver and central Boulder. As those become a larger part of the mix, they push up the average rent. But landlords, in an effort to lure new tenants, are also offering more concessions. The "economic vacancy" rate, which accounts for discounts like a month or two of free rent, is at 14.3 percent, up from 13 percent in the first quarter. Rising rents continue to drive competition for more affordable units, especially in the northern and eastern suburbs. Wheat Ridge, north Aurora, central Aurora and Arvada were the hottest submarkets in the metro area. Wheat Ridge had a very low 1 percent vacancy rate in the second quarter, while north Arvada had a 2 percent vacancy rate, the report said. **(Denver Post)**

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**Cherry Creek Mall Launching Paid Parking Program**

Cherry Creek Shopping Center will launch a high-tech parking system in January, but its implementation means that shoppers will have to pay for parking in lots and garages that until now have been free. The Denver mall Thursday announced that it is investing in a "smart parking" system that will notify shoppers and diners upon entry into the parking lot or structure what the parking space availability is, and will then direct them to the most convenient spots. Exact rates have not been specified, but they will be "among the lowest in the surrounding area," according to an announcement. Parking will be free during the first hour, with fees waived during community events such as Cherry Creek Fresh Markets and the Cherry Creek Arts Festival. Parking rates will go into effect in January after the holiday shopping season. And it may be one of the highest-tech parking systems in the city, Nick LeMasters, Cherry Creek Shopping Center general manager. "When a customer drives in, there will be signs that tell them how many spaces are available on each deck," he said in an interview. "And as they drive on, they will see a series of lights — green, red and blue." The green lights will indicate opens spots, red for taken and blue for handicapped accessible. The decision to overhaul the center's parking system began in earnest about two years ago, LeMasters said. It coincided with the explosion of development in the Cherry Creek neighborhood. "We've seen more offices and much, much more residential development," he said. "And there is no end in sight. There is more coming in the next 24 months." The 5,000-slot parking structure at the shopping center accounts for about 70 percent of all the available parking in the neighborhood. Newcomers are parking in the free parking at the shopping center, he said. "And what happens is those cars stay longer," he said. Typically, store owners want to see three to four turnovers per parking slot a day, he said. "The result has been it's more difficult for the paying customer, and then ultimately for the merchant," LeMasters said. Now, customers will take a ticket when they drive in and pay at one of the 22 kiosks on the way out. There could be some pushback, LeMasters said. Parking at the center, which features 5,000 parking slots at the 26-year-old mall site and 800 at Cherry Creek West, has always been free. "Customers might find it inconvenient at first," he said. "One of the beauties of the system is that you enter your license plate and the machine will remind you where you parked your car." "One of the best services we can offer is saving customers time," he said. The shopping center is buying the new system from Park Assist — a company that has headquarters offices in New York and Dubai. Cherry Creek may be among the first local malls to charge for parking, but it will become a growing trend, LeMasters said, as urban areas get redeveloped. LeMasters declined to discuss the cost of the projects, but said it is the largest and most expensive capital improvement project the shopping center has undertaken. And, he said, there's more to it. The center is exploring adding electrical charging units for electric cars and the the center is working with a nonprofit organization called Transportation Solutions, which aims to help the 3,500 employees of the shopping center find alternative ways to work. "Our top priority is to make sure our customers have the best possible experience when they visit," he added. "This includes having easy access to parking and entrance to the mall, so the implementation of this parking program became essential." **(Denver Business Journal)**

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**Colorado Business Filings Up, Continued Employment Growth Expected This Year**

All signs -- including one that says "open for business" -- point to continued employment growth in Colorado through the rest of this year. That's according to an analysis of business filings with the Colorado Secretary of State's office for the second quarter of 2016, released today. The report is prepared by the University of Colorado Boulder's Business Research Division at the Leeds School of Business. There were 28,074 new businesses formed in the second quarter of 2016. That's slightly down from the first quarter when there were 29,681 new businesses formed but more than at this time last year, when there were 26,085 new businesses formed. Overall, there was a 1 percent increase in new business filings year-over-year. That put new business filings up to 106,225 for the 12-month period ending in June. "Business formation continues to accelerate in Colorado," said Wayne Williams, Colorado Secretary of State. "My office is proud to be able to help Coloradans put their ideas into the marketplace." Also up were the existing business entity renewals. Renewals were at 119,132 in the second quarter of 2016, which is a slight dip from last quarter, but still puts renewals up 9.5 percent since the second quarter of 2015. And the number of businesses in good standing was up 5.1percent compared to a year ago. "The most recent data from the Bureau of Labor Statistics through May 2016 show continued employment growth for Colorado," the report said. "The year-over-year growth rate for the state is at its lowest since September 2012, but remains healthy, at 2.4 percent." Every sector experienced growth except for natural resources and mining – which includes oil and gas jobs -- which saw a year-over-year loss of 5,300 jobs. Low oil and gas prices, as well as a decrease in demand for Colorado coal, are the leading causes for the decline in this industry. "Even though the state economy is showing a more modest growth rate, we are encouraged by both the year-over-year job growth and the performance of 10 of the 11 industry sectors," said economist Richard Wobbekind, executive director of the Business Research Division. **(Denver Business Journal)**

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**Fall of the Mall? How Mergers and Millennials Are Changing an American Icon**

The Fairlane Town Center in suburban Detroit is retrofitting the former department store space and several other vacancies to accommodate offices for Ford Motor F -0.90% Co. The automaker will move 2,100 workers to the mall as it converts 240,000 square feet of former retail space into a product-planning center. If it sounds unconventional, that's the point. "Most major malls are overbuilt, meaning they can't support the square footage they have allocated to retail," retail analyst Jeff Green told Michigan Live for a story about the project. "Which is why they're starting to look at nonretail uses being brought on the mall site." True enough, Fairlane is one of many malls across the country signing on non-traditional, high-traffic tenants as mall vacancies rise. Retail mergers and consolidations have resulted in fewer traditional department store anchor options. And younger consumers, accustomed to round-the-clock digital stimulation, are more likely to find the standard mall, with its cavernous walkways and recurring terrain of familiar shop windows, boring. Roughly 200 U.S. malls are at risk of shuttering in the coming several years, according to Green Street Advisors. The analytics firm also estimates retailers will need to close about 800 locations, or a fifth of total mall anchor spaces, in order to achieve sales productivity of the mid-2000s. That's a lot of wide-open retail space. The risk for mall operators is falling for seemingly sexy new tenants that may not have the staying power of experienced retailers that better understand their market bases. Experienced retailers such as Apple AAPL -0.68%, which has installed glass staircases and Edwardian decor to complement the locales of its many locations. Or custom menswear chain Alton Lane, which serves cocktails and conversation to better understand its customers. Which leads to the question: If today's major mall can serve as a planning center for a major automobile manufacturer, what will the mall of tomorrow hold? One hint: To survive, it must serve the shopper's desire to connect and preserve the shared, relationship-based shopping experiences people long for. In order to predict what tomorrow's mall will hold, it is helpful to explore what today's mall is changing into. For some centers, such as the redeveloping Stony Point Fashion Park in Richmond, Virginia, change means fire pits and gourmet grocers. At the Great Lakes Crossing Outlets in Michigan, it meant adding an aquarium. Here is what some others are doing:

•In some shopping centers, displays of household items are being replaced with actual households. The Monmouth Mall in New Jersey is being converted to include apartment units and hotels. At the Laguna Hills Mall in Orange County, California, renovation plans include 350 apartments, and at the historic Arcade Providence in Rhode Island, former eateries and shops have been transformed into nearly 50 mini-lofts.

•At University Mall in Tampa, Florida, major redevelopment plans include a 37,000-square-foot health club to replace a former J.C. Penney. Among a health club's advantages, mall operators said, is it brings people in several days a week and at different times of day.

•In New York, the Westfield World Trade Center, scheduled to open in 2016, will include a Ford Hub as well as a couple bakeries and a range of specialized merchants from Dior to Kingkow kids clothing. Overshadowing its lengthy tenant list, however, will be the features that enable shoppers to connect. Among the services: the ability to order online and pick up in the store, and in-mall screens featuring products mall-goers can purchase via digital devices. The center's developers describe it as a place "Where playtime, 'me' time and a new outlook comfortably coincides."

•In some cases, the methods used to attract tenants are as creative as the tenants themselves. At Prescott Gateway Mall in Prescott, Arizona, the Miller Valley Indoor Art Market is filling a space vacated by Kirklands. Among the incentives the mall operator is offering new tenants is free rent during certain periods.

So how will all of these changes manifest in the mall of tomorrow? I visited this topic a year ago and had the same takeaway then as I do now: As long as humans are hard-wired to connect and congregate, the core purpose of retail will not change. From the days of early civilization, people came to market not merely to buy bread and spices, but to socialize. What has changed since then is what consumers expect in return for their transactions. We are spending our money in different ways, and increasingly on experiences. It is up to the retailer what that experience will be. In some places, the mall of tomorrow will hold amusement parks and white-collar employers. But it also will continue to include clothing stores and cosmetics shops. The difference will be the reasons consumers congregate: to work, to spend the night, perhaps to buy a shirt. Mall operators, and their retail tenants, simply need to serve those needs as more space opens up around them. This is the core purpose of retail, to supply needed goods but also the makings of a better lifestyle. There is still room for traditional retailers, but the old mall model – a million square feet of competing merchants – is no longer tempting; it's lost its luster. The mix of tomorrow, and today, requires a balance of practical and exhilarating, more lifestyle integration and diversity. In Michigan, the country's first automaker is spelling this out. In the rest of the country, the writing is on the malls' crumbling walls. **(Forbes)**

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| | CURRENT | 1 MONTH PRIOR | 1 YEAR PRIOR |
|---|---|---|---|
| **FED TARGET RATE** | .50 | .50 | .25 |
| **3 MONTH LIBOR** | .70 | .64 | .29 |
| **PRIME RATE** | 3.50 | 3.50 | 3.25 |
| **10 YEAR TREASURY** | 1.57 | 1.70 | 2.27 |
| **30 YEAR TREASURY** | 2.29 | 2.51 | 2.97 |