

Boxwood SCPI Report

SMALL COMMERCIAL PRICE INDEX AND TRENDS | FEBRUARY 2019

DENVER, CO

Property Price Index

Month



+0.3%

YOY

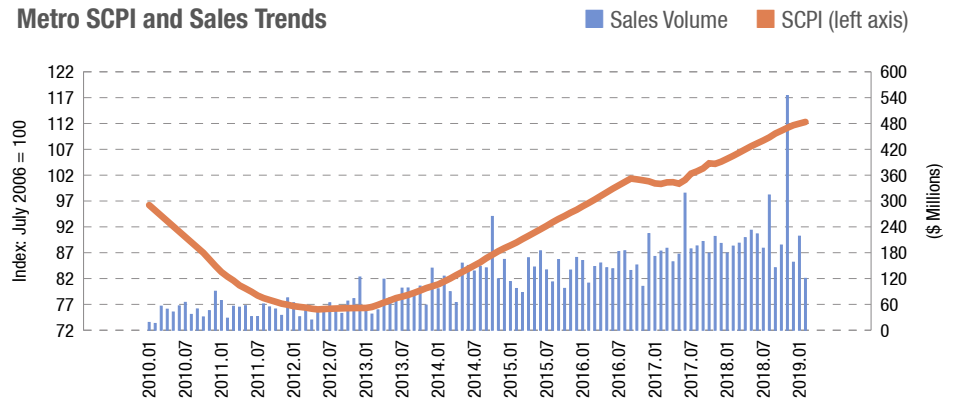


+6.2%

HIGHLIGHTS

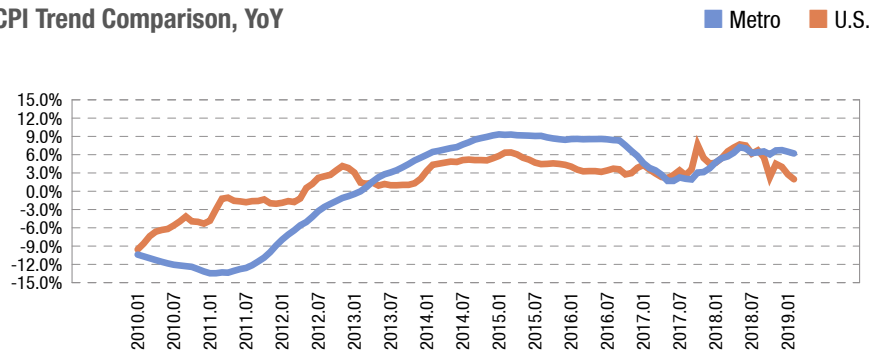
- ▶ The metro SCPI value increased slightly by 0.3% in the latest month and increased strongly by 6.2% from the same period last year. The Index has advanced by a sizable annual average of 5.1% over the past three years.
- ▶ Metro area sales volume totaled \$120 million during the month and \$340 million year to date. The YTD figure compares unfavorably with the same period one year earlier when transaction volume was \$370 million.
- ▶ Growth in the Metro Index exceeded the U.S. by 3.5% over six months and by 4.2% over 12 months. Over three years, the annual return for the metro SCPI beat the U.S. benchmark by 4.8%.
- ▶ 5.8% of total sales activity over the last 24 months was concentrated within one mile of downtown; and 31.8% of sales took place within three miles.

Metro SCPI and Sales Trends



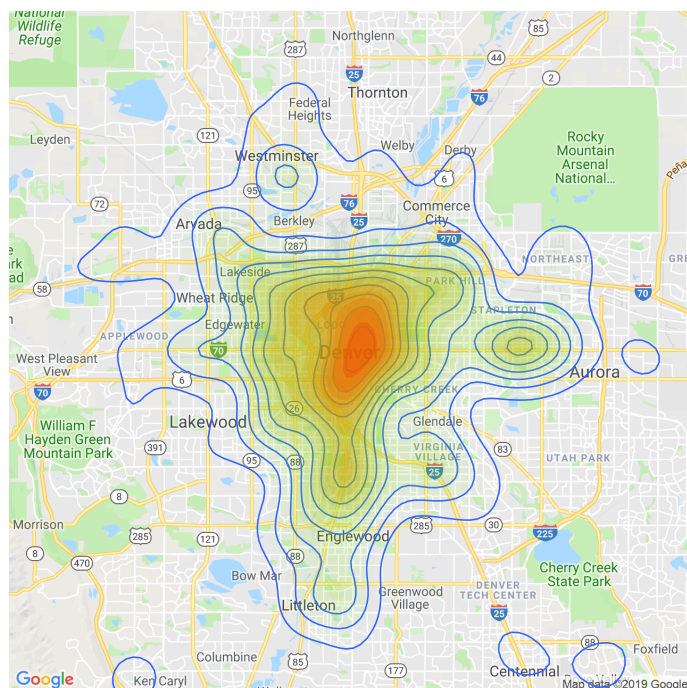
Source: Boxwood Means, LLC

SCPI Trend Comparison, YoY



Source: Boxwood Means, LLC

Metro Property Sales Activity (last 24 months)



Darker color and tighter contours denote more sales transactions.

Source: Boxwood Means, LLC



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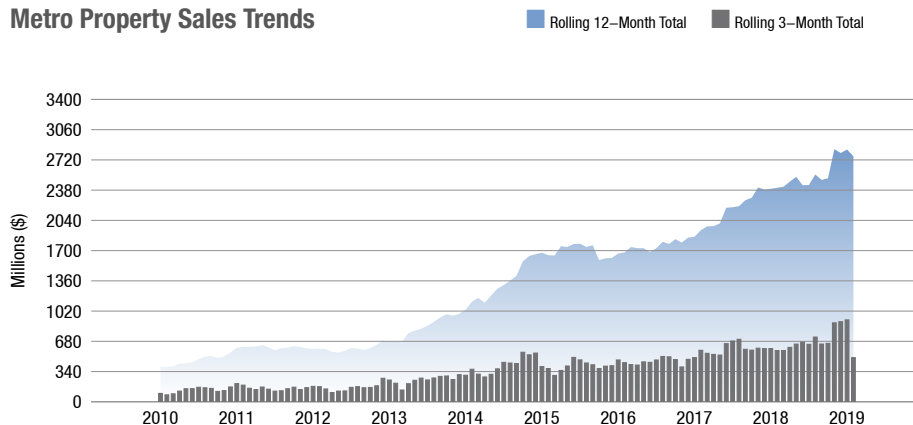
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DENVER, CO

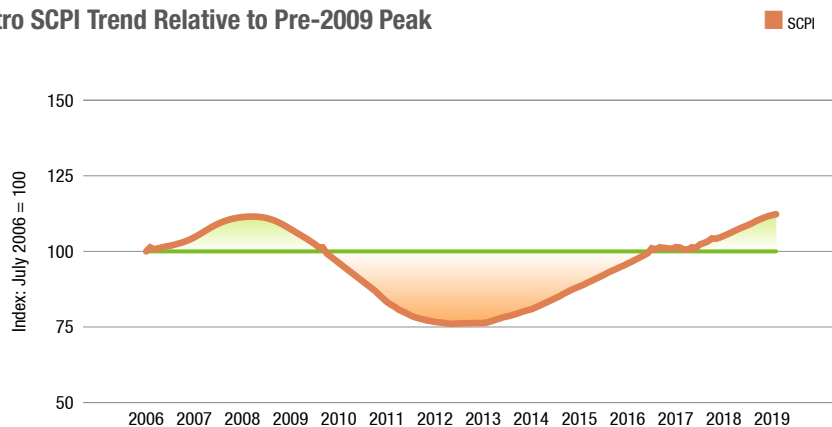
HIGHLIGHTS - Cont'd.

- Total metro sales volume fell to \$500 million during the last three months, down 46.1% versus the prior three-month period. The rolling 12-month trend is relatively more favorable showing a 2.6% decline in metro sales compared with last month and totaling \$2.8 billion.
- At 112.3, the metro SCPI value is above its previous cyclical peak. Current Index values that exceed the pre-2009 apex at this or higher levels tend generally to denote higher investment risk.
- 97/123 of the U.S. metros posted price increases YoY as of February. That total is unchanged from the previous month and an addition of 19 markets over 12 months. The total number of markets posting price growth YoY illustrates the extent of the U.S. market's overall investment well-being. The YoY variance in the number of metros corresponds with sustained overall strength or growing weakness in the investment market.
- The top five performers for price growth over 12 months included Lansing-East Lansing (16.3%), Fayetteville-Springdale-Rogers (15.1%), Vallejo-Fairfield-Napa (14.9%), Lakeland-Winter Haven (14.4%) and San Jose (13.4%).
- SCPI values show consistent gains for the metro over time. Over the previous 12 months, the metro's price increase of 6.2% surpassed the U.S. average change of 2.0% and ranked 38 of 123 total metro areas. Over three years, the metro has posted better figures ranking 18 of 123 with a 16.2% gain versus a 11.4% gain for the U.S. (See the table on the next page.)

Metro Property Sales Trends

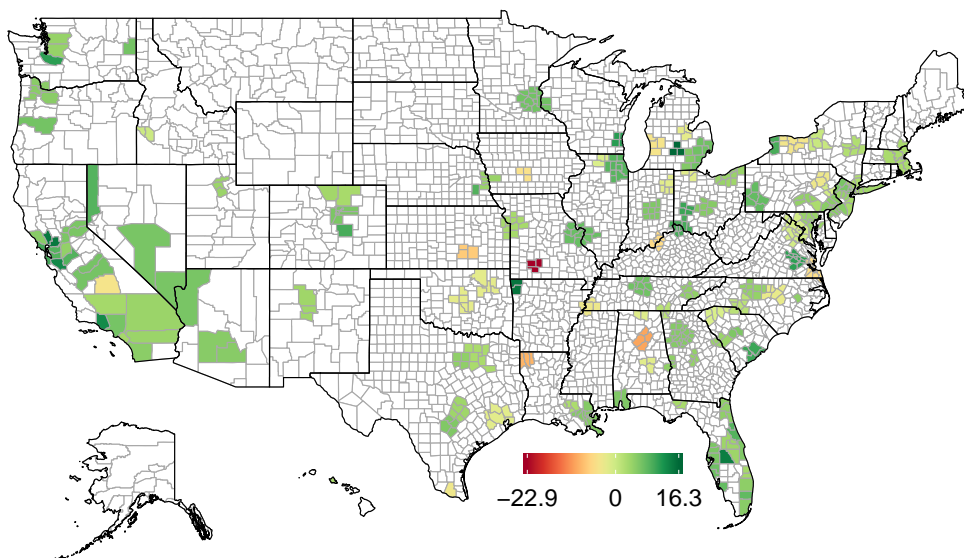


Metro SCPI Trend Relative to Pre-2009 Peak



Current Index Value -- 0.7% above previous peak level

U.S. Metro SCPI Changes, YoY



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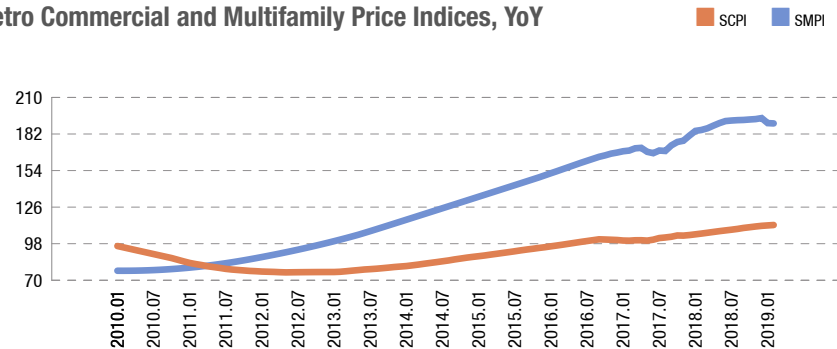
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HIGHLIGHTS - Cont'd.

- With a five-year gain of 37.9% as of February, SCPI was 0.7% above its pre-2009 peak level. This degree of price recovery is weaker than the U.S. average peak-to-current (P-T-C) change of 1.5%, ranking the metro 24 of 123 markets.
- The metro's historical annualized price volatility is low at 2.2% and has fluctuated less than the average annualized price volatility of the U.S. Index, ranking 44 of 123 markets. Lower historical volatility generally corresponds with lower investment risk over time.
- Multifamily asset prices have greatly outperformed price changes in the metro's commercial-only sector.
- Over 12 months, the metro's SMPI increase of 2.7% surpassed the U.S. average change of 0.9%, ranking the metro 10 of 47 total multifamily markets. Over three years, the metro's SMPI performed comparatively better with a 23.8% gain versus 19.5% for the U.S., and a rank of 1 of 47 markets.
- With a five-year gain of 61.3% as of February, SMPI was 78.4% above its pre-2009 peak level. This degree of price recovery is stronger than the U.S. average P-T-C change of 42.1% for the multifamily sector, ranking the metro 3 of 47 markets.
- The metro's multifamily historical annualized price volatility is 2.9% and roughly equal to the average annualized price volatility of the U.S. Index. Overall, this price volatility slots the metro at 29 of 47 multifamily markets.

Metro Commercial and Multifamily Price Indices, YoY



Source: Boxwood Means, LLC

Metro Small Commercial Price Index Changes (Thru February 2019)

	Value	1 Mo.	3 Mo.	12 Mo.	3 Yrs.	5 Yrs.	P-T-C	Volatility
Metro SCPI	112.3	0.3%	1.0%	6.2%	16.2%	37.9%	0.7%	2.2%
U.S. SCPI	115.5	-0.6%	-1.5%	2.0%	11.4%	22.6%	1.5%	2.5%
Metro SCPI Ranking	--	68/123	63/123	38/123	18/123	8/123	24/123	44/123

Metro Small Multifamily Price Index Changes (Thru February 2019)

	Value	1 Mo.	3 Mo.	12 Mo.	3 Yrs.	5 Yrs.	P-T-C	Volatility
Metro SMPI	190.1	-0.1%	-1.7%	2.7%	23.8%	61.3%	78.4%	2.9%
U.S. SMPI	143.4	0.1%	-1.8%	0.9%	19.5%	43.5%	42.1%	2.7%
Metro SMPI Ranking	--	11/47	41/47	10/47	1/47	1/47	3/47	29/47

Note to Readers: This Boxwood SCPI Report is a research publication from Boxwood Means, LLC that tracks small commercial property sales under \$5 million. These reports are updated on a monthly basis for approximately 123 U.S. metro areas involving commercial-only transactions and, additionally, for multifamily sales transactions in 47 markets. The price Index and property sales data are reported on a preliminary monthly estimate basis with a two-month lag. The data may be subject to modest adjustments over the following three reporting periods as additional data from prior months are captured. This specific metro report incorporates data consistent with the PMSA census boundary definition.

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