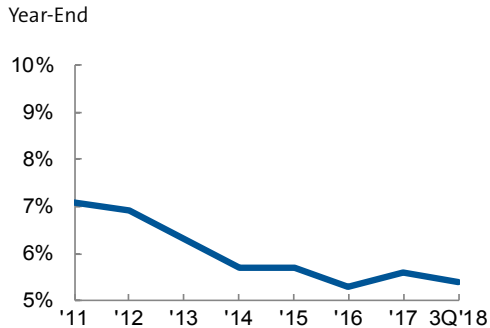


Retail Market Report • 3rd Quarter 2018

Colorado Springs, CO



Vacancy Rates



In July, US News and World Report ranked Colorado Springs the most desirable place to live in the USA, displacing Honolulu.

Forbes reported the job market here ranked 13th for mid size cities overall from 2006-2017. The good news continues on the retail front as well. Overall retail vacancy improved from 5.4% at the beginning of Q2, 2018 to 4.9% by the end of Q3. This is an improvement from 5.1% at the end of 2017. Vacancies have continued their decline since 2013.

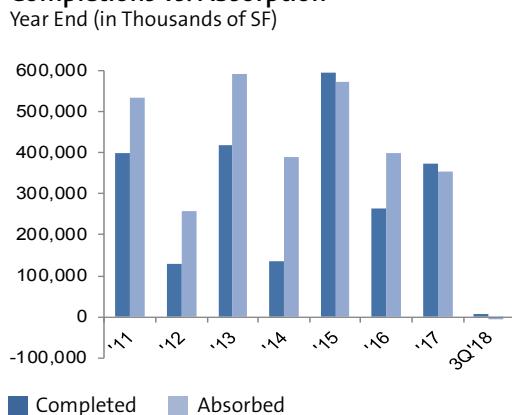
Overall retail market asking rental rates continued their climb. From \$13.64 at the end of Q2 2018, they have risen to \$14.75 per square foot at the end of Q3. This is an 8.14% increase from the prior quarter, indicating growth in the sector, as well as leasing of newer product. The drivers appear to be immigration and job growth. The metro area's population has increased 1.8% from 2017. Job growth is growing faster, 4.1% year-over-year. Costar quotes 11,900 new jobs in that time period. Job growth topped 4% for the first time since 2001.

Colorado Springs suffers from the same store closings as the rest of the country, but is also experiencing store expansion due to strong demographic movements; job growth, increased population, stable labor market and growing income. The future looks rosy for Colorado Springs. Job and household growth continue to do better than the nation as a whole.

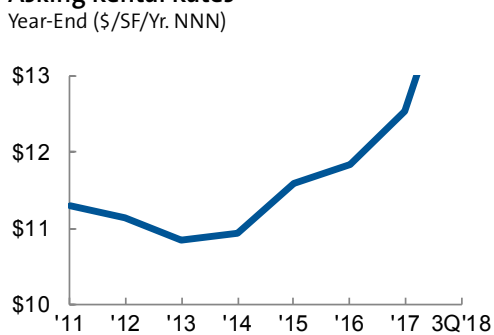
All of this has also brought investors to the market. Investment sales, topping \$250,000,000 in 2017, are in line to come in around \$200,000,000 in 2018. Average cap rates are consistently in the low 7% range in 2018.

Only one building was finished in the third quarter, for a total of 6,840 SF of completion. 319,254 SF of retail remained under construction at the end of the Third Quarter of 2018.

Completions vs. Absorption



Asking Rental Rates



Source: CoStar

KEY TRANSACTIONS

*Transaction Represented by Quantum Commercial Group

<p>Tabani Group, Inc. purchased 80,389 SF at Security Shopping Center from Retail Properties of America, Inc. \$7,175,000</p>	<p>Samit S. Patel purchased 15,000 SF at 7935 Constitution Avenue from Evergreen Development Co. \$7,000,000</p>	<p>Ricklefs Family Investments purchased 14,490 SF at 4305 E. Platte Avenue (Walgreens) from Princeton Investments \$6,593,846</p>
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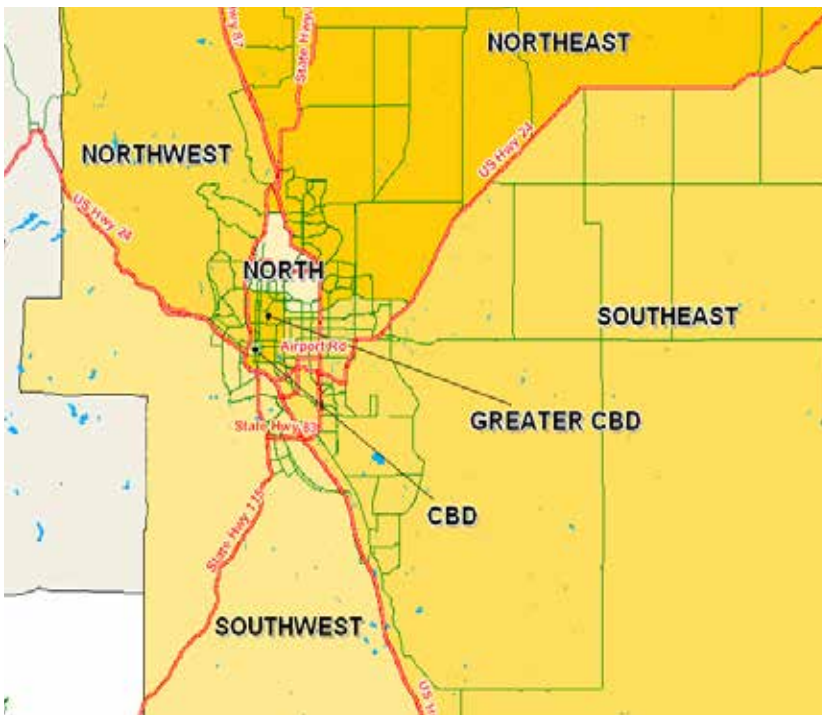
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Source: CoStar

By Submarket	Buildings	Total SF	Vacant SF	Vacant %	Available %	NET ABSORPTION		Under Construction SF	Asking Rent
						Current	Year To Date		
Downtown	375	2,446,822	96,892	4.0%	4.0%	8,758	-30,168	25,920	\$14.93
East	841	10,884,568	940,134	8.6%	7.8%	-10,054	-11,585	8,400	\$9.32
N & Northeast	1038	16,553,290	724,626	4.4%	4.2%	-11,923	56,984	245,116	\$19.45
Northwest	498	3,432,231	162,113	4.7%	4.5%	4,127	-22,637	22,518	\$16.76
Southeast	171	1,662,201	51,681	3.1%	4.2%	20,100	36,577	12,000	\$16.22
Southwest	475	4,965,164	122,652	2.5%	2.5%	-23,531	-13,226	5,300	\$14.95
Teller	220	1,273,892	45,635	3.6%	3.6%	5,794	36,281	0	\$16.52
TOTALS	3618	41,218,168	2,143,733	5.2%	4.9%	-6,729	-48,528	319,254	\$14.75



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RETAIL TERMS AND DEFINITIONS

Total SF: Retail inventory includes all multi-tenant and single tenant buildings at least 30,000 square feet. Shopping malls are not included in calculations.

Retail Building Classifications: Super Regional Centers are properties with greater than two million square feet of space, drawing from a trade area encompassing multiple smaller submarkets. Sub Regional centers include centers of 500,000 square feet or greater that service one main submarket exclusively. Single Tenant retail includes power center tenants in free-standing centers as well as stand-alone retailers. Large Strip Centers are car oriented strip retail centers of 150,000

square feet or greater. Small Strip Centers are centers of 50,000 to 150,000 square feet, and include many local and grocery anchored centers.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year. Retail rents are reported

on a triple net basis where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

** Quantum Commercial Group Inc. (QCG) & CoStar may revise reported quarterly and final year-end figures.*

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