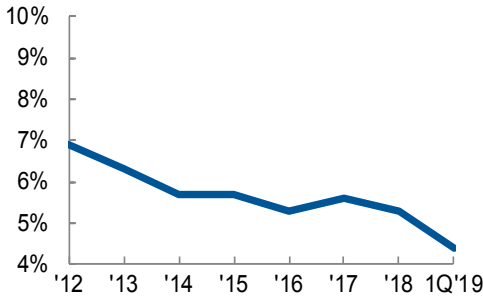


Retail Market Report • 1st Quarter 2019

Colorado Springs, CO



Vacancy Rates



With a booming population, now 713,000, El Paso County could soon overtake Denver County, making an exceedingly positive environment for brick and mortar retail.

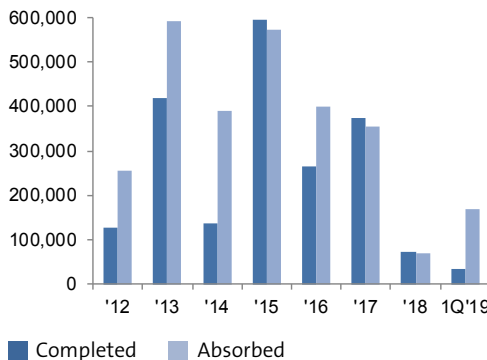
Although Colorado Springs is feeling the same contraction in existing retailers as the rest of the country, new retailers are being incentivized to locate here to service the expanding millennial population. A great example is Scheels All Sports. In February, the City Council approved a \$16.2 million tax incentive for Scheels to locate on the north side. The 220,000 square foot store will bring \$84 million in construction dollars and eventually employ 400 people in its massive apparel, sporting goods, fitness equipment, camping and hiking gear store. Its entertainment side, including an indoor Ferris wheel, will help solidify the City as a regional entertainment and shopping destination.

Although a 3.9% unemployment rate as of February makes hiring a challenge at times, continued high population growth, 1.9% Y-O-Y July 2017/2018, drives job creation, allowing for retail growth. 5% job growth year-over year, the highest since the 1990's, allowed the retail market to approach capacity with vacancy down to 4.4% at the end of Q1. Rental rates continued their upward trend, rising to an overall market average rate of \$14.19 NNN. There were 34,710 SF of completions brought to market and 168,454 SF of absorption. 110,088 SF of retail space remained under construction at the end of Q1.

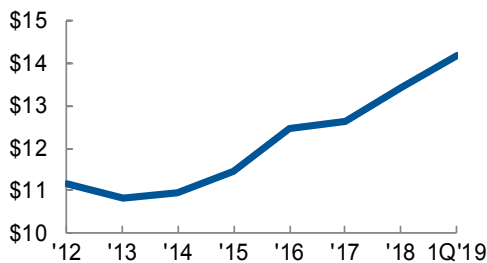
Strong demographic trends continue to support retail in Colorado Springs, and retail sales as well. The overall market CAP rate remained at 7.6%, illuminating the age and type of retail sold in the last year, the largest property being Chapel Hills Mall, at \$59/SF with a vacancy rate at the time of 71.6%.

The forecast for the next quarter remains strong and optimistic. Brick and mortar retail should remain strong through 2019 and 2020, as long as there isn't speculative construction.

Completions vs. Absorption (SF Year-to-Date)



Asking Rental Rates (\$/SF/Yr. NNN)



Source: CoStar

KEY TRANSACTIONS

*Transaction Represented by Quantum Commercial Group

<p>Moreland Properties LLC purchased 49,046 SF at 655 Automotive Drive & 5120 New Car Drive from Pikes Peak Acura \$14,700,000</p>	<p>Crow Holdings purchased 7,599 SF at 7252 N. Academy Blvd from Craig Strachan \$4,250,000</p>	<p>Csdcp Coperni 3 LLC purchased 193,270 SF at 755 Citadel Dr. W (Former Macy's) from Cm 410 Ltd \$3,100,000</p>
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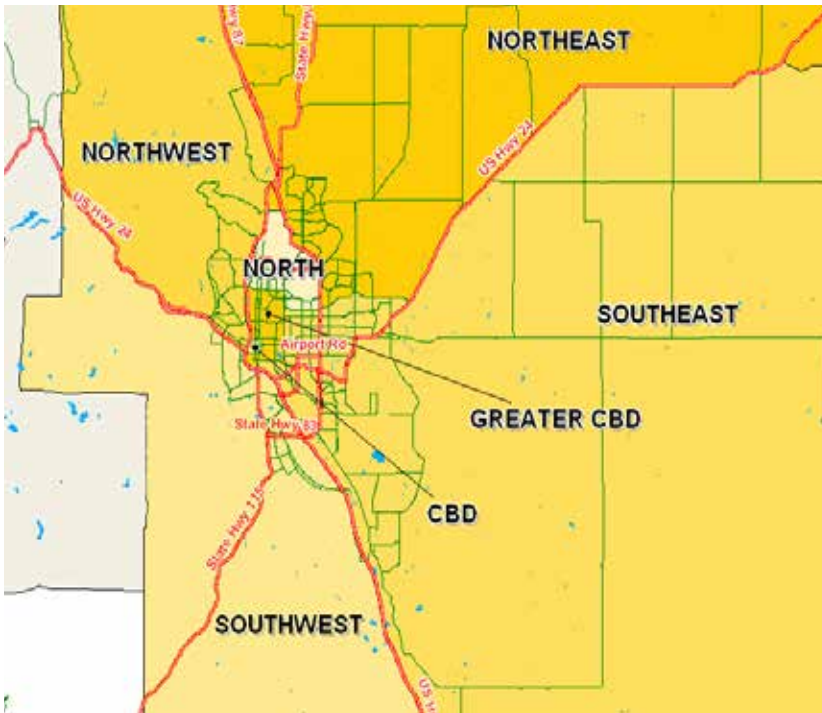
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Source: CoStar

By Submarket	Buildings	Total SF	Vacant SF	Vacant %	Available %	NET ABSORPTION		Under Construction SF	Asking Rent
						Current	Year To Date		
Downtown	377	2,464,049	86,500	3.6%	3.6%	3,771	3,771	22,400	\$15.05
East	841	11,751,667	674,373	6.3%	6.1%	74,738	74,738	2,300	\$9.16
N & Northeast	1044	16,923,389	659,717	4.1%	3.9%	86,089	86,089	209,505	\$17.37
Northwest	498	3,436,068	173,837	5.1%	5.0%	-225	-225	0	\$16.46
Southeast	172	1,713,967	43,857	2.6%	2.6%	7,444	7,444	22,001	\$12.31
Southwest	479	5,006,140	114,743	2.6%	2.5%	1,539	1,539	8,888	\$15.95
Teller	220	1,273,894	44,942	3.5%	2.4%	-4,902	-4,902	0	\$17.69
TOTALS	3631	42,569,174	1,797,969	5.2%	4.4%	168,454	168,454	265,094	\$14.19



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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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