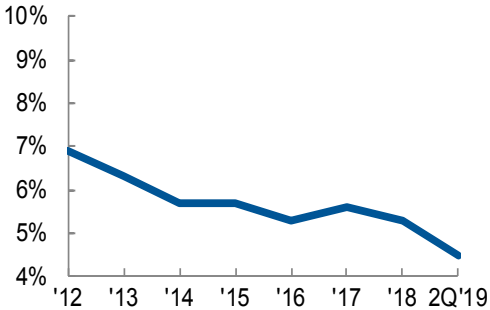


# Retail Market Report • 2nd Quarter 2019

## Colorado Springs, CO



### Vacancy Rates

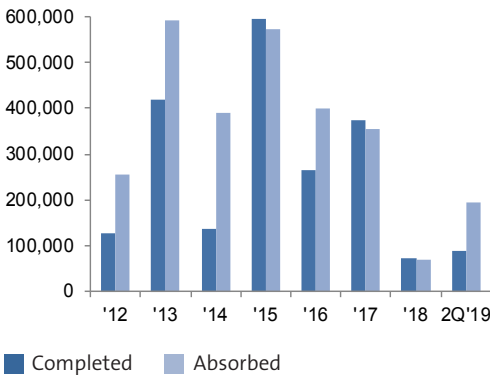


In the second quarter of 2019, US economic growth slowed to 2.1%. The growth seen was fueled by strong consumer spending, offsetting a drop in business investment.

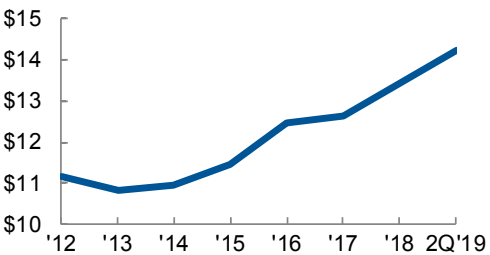
Sales taxes collected over the same period in Colorado Springs were variable month over month on an annual basis. April was up 5.63% from the prior year, May was up 8.27%, and June was down -1.44%. The growth leaders in April were Business Services, up 13.79% year over year, and Auto Repair and Leases, up 10.99% for the same period. The biggest down turn was Medical Marijuana, down -8.69%. In May, the same categories still grew or declined the most year over year: Business Services up 31.21%, Auto Repair and Leases up 13.16%, and Medical Marijuana down -6.10%. In June, Business Services was up 26.61%, Auto Repair and Leases up 12.85% and Commercial Machines, the largest loser at -11.2%. Grocery stores were the biggest true retail gainer in all three months: 12.94% in April, 11.57% in May, and 10.64% in June. Population growth continues to fuel some portions of the local economy allowing demand drivers to continue to keep the market stable.

Overall market vacancy rates were fairly stable at the end of Q2, with vacancy rising to 4.5% from 4.4% at the end of Q1 2019. Rental rates, averaged for the entire city, rose slightly from \$14.19 NNN to \$14.22. These trend lines show a stable market overall. Absorption of 123,569 SF dropped from the 168,454 SF absorbed in Q1, while deliveries remained low at 88,551 SF. The current construction pipeline has a moderate amount of speculative space, which is mostly in smaller store format. Approximately 45% of the space under construction is not released versus about 30% nationally. 15 properties expecting to reach completion were still under construction at the close of Q2, containing approximately 171,633 square feet.

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



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



Source: CoStar

### KEY TRANSACTIONS

\*Transaction Represented by Quantum Commercial Group

<p><b>Rancho Coachella Properties LP</b> purchased 50,964 SF at 455 E. Cheyenne Mt. Blvd. from JFRCO LLC \$8,999,092</p>	<p><b>Warren K. Kellogg</b> purchased 2,940 SF at 229 Gleneagle Gate VW from 38107 North Gate LLC \$5,080,450</p>	<p><b>Mario J. &amp; Victoria M. Portocarrero</b> purchased 15,350 SF at 790 Copper Center Parkway from Everstar Income &amp; Value Fund V LP \$3,620,300</p>
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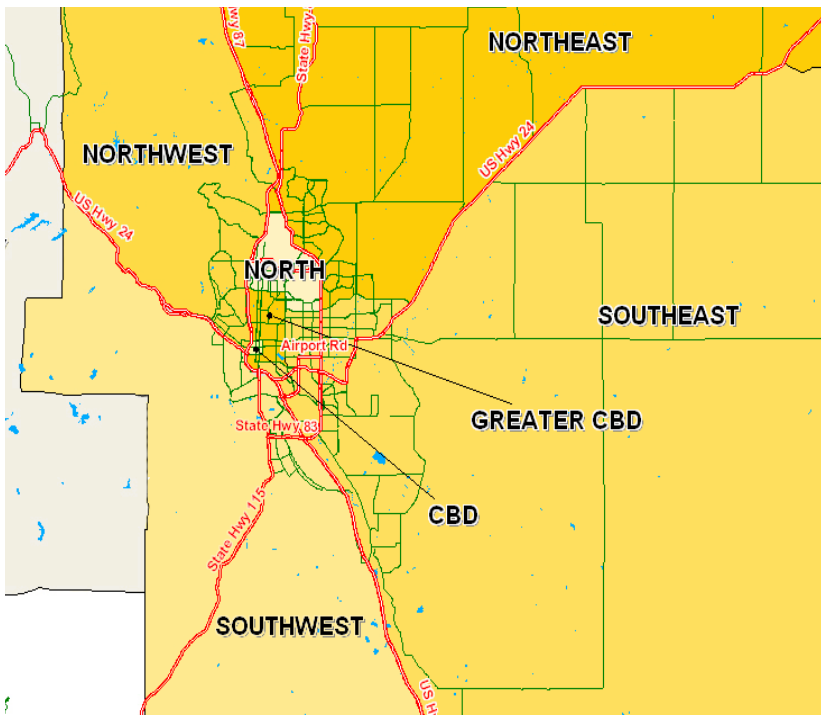
# Retail Market Report • 2nd Quarter 2019

## Colorado Springs, CO



Source: CoStar

By Submarket	Buildings	Total SF	Vacant SF	Vacant %	NET ABSORPTION Year To Date	Under Construction SF	Asking Rent
Downtown	376	2,462,792	91,769	3.7%	(13,693)	22,400	\$15.42
East	844	10,990,842	639,421	5.8%	118,822	0	\$9.13
North	312	4,195,998	204,888	4.9%	45,645	0	\$16.87
Northeast	744	12,912,539	566,554	4.4%	25,796	141,283	\$17.19
Northwest	500	3,447,005	168,981	4.9%	4,631	14,073	\$17.26
Southeast	173	1,718,184	45,657	2.7%	11,645	4,000	\$13.40
Southwest	478	4,943,890	131,487	2.7%	(205)	8,888	\$15.75
Teller	220	1,273,894	39,262	3.1%	778	0	\$17.84
<b>TOTALS</b>	<b>3,647</b>	<b>41,945,144</b>	<b>1,888,019</b>	<b>4.5%</b>	<b>193,419</b>	<b>190,644</b>	<b>\$14.22</b>



## Quantum Commercial Group Real Estate Advisors

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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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