



Colliers

Denver

Retail

22Q1

While the retail economy has improved, the sector still faces challenges in 2022. Foot traffic is actively back in Denver's metropolitan areas, including Downtown and Cherry Creek. The return to office plans were deferred due to the Omicron variant. Companies continue to battle with supply and labor shortages. This issue is felt across every economic sector. There is hope that it will eventually resolve itself in the coming months.

Accelerating success.



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Jobs Recovery

Employment in Metro Denver increased by 231,500 jobs over the last 22 months and recovered 103.5 percent of the jobs lost from February to April 2020.

Source: Metro Denver EDC

153M

Inventory SF

612KUnder
Construction SF**1.2M**12 Mo. Net
Absorption SF**4.7%**

Vacancy Rate

\$24.28Market Rent/SF
NNN**\$257**Market Sale Price/
SF**6.2%**

Market Cap Rate

Source: CoStar Analytics

Q1 Denver Retail

The recovery of Denver's retail industry has been aided by a surge in consumer spending. Consumers are spending more and returning to physical stores, causing local shops to expand their operations.

Significant occupancy gains resulted from an increase in leasing activity in the second half of 2021. In the fourth quarter of 2021, net absorption reached 730,000 SF, the highest level since 2018. Vacancies fell dramatically in the second half of the year, thanks to a cautious pipeline.

The market's recovery has been uneven, with more rural areas proceeding to beat their urban partners. In terms

of absorption during the previous 12-months, developing industrial regions on the city's eastern side have driven the way for suburban areas close by. In contrast, metropolitan areas, such as Downtown and Cherry Creek, continue to encounter the repercussions of remote work policies, causing retention figures to lag.

With its new retail engagement initiative, Popup Denver, The Downtown Denver Partnership hopes to jump-start Downtown's comeback. For the first three months of the project, five innovators will occupy a vacant space on the 16th Street Mall.

Source: Costar Analytics

2022 Q1 Metro Indicators

DATA SERIES	OCT. 2021	NOV. 2021	DEC. 2021	JAN. 2022	FEB. 2022	MAR. 2022
LABOR FORCE DATA (IN THOUSANDS)						
Civilian Labor Force	(R)3,169.8	(R)3,170.9	(R)3,170.7	3,187.40	3,199.30	(P)3,211.7
Employment	(R)3,026.3	(R)3,033.3	(R)3,037.7	3,055.10	3,072.20	(P)3,093.5
Unemployment	(R)143.5	(R)137.6	(R)133.0	132.3	127.2	(P)118.2
Unemployment Rate	(R)4.5	(R)4.3	(R)4.2	4.2	4	(P)3.7

Source: Oxford Economics

March 2022 Overview

Denver has recuperated 55% of employment positions lost during the pandemic. This relates to a net decay of 4.7% from the past pinnacle of Q1 2020, which positions Denver at 19th out of the 51 biggest metros in the nation and better than the US overall net downfall of 5.6%. Denver is projected to see job development of 4.3% in 2022, and is positioned to restore every one of its lost positions by the end of Q2. Looking past 2022, Denver is expected to have a normal job growth of 1.0% from 2023 to 2025 which positions the city 9th out of the 51 largest metros.

Source: Oxford Economics

3.7%

Unemployment Rate

ROBUST GROWTH FROM Q1 2020 TO Q1 2021

24%

Warehousing and Storage

46%

Couriers and Delivery Services

Source: Oxford Economics

Denver Metro Expansions and Relocations

Denver’s lower expenses and high outside conveniences have drawn in various inhabitants and organizations, including Salesforce, Facebook, Slack, Robinhood, Zoom, and Amazon, which have all either opened an office or expanded in Denver. GDP in Denver outperformed the prior pinnacle recorded in 2019 during Q1. This positions the Denver Metro area third of the 51 largest metros in the US. GDP is anticipated to be at 4.9% in 2022.

Denver Retail Market 2022

EXISTING PROPERTIES				VACANCY						ACTIVITY	ABSORPTION		CONSTRUCTION			RENTS
Submarkets	Bldgs.	Total Inventory Sq. Ft.	Direct Vacant Sq. Ft.	Direct Vacancy Rate	Sublease Vacant Sq. Ft.	Sublease Vacancy Rate	Total Vacant Sq. Ft.	Vacancy Rate Current	Vacancy Rate Prior Qtr.	Leasing Activity SF	Net Absorption Current Qtr. SF	Net Absorption YTD SF	Deliveries Current Qtr. SF	Deliveries YTD SF	Under Construction Sq. Ft.	Avg. Rental Rate
Aurora	170	7,512,781	339,265	4.5%	-	0.0%	339,265	4.5%	5.6%	9,415	81,666	81,666	-	-	-	\$15.76
Boulder	129	5,403,354	325,072	6.0%	48,864	0.9%	373,936	6.9%	9.8%	60,823	153,604	153,604	-	-	-	\$22.79
Central	160	6,141,228	298,258	4.9%	-	0.0%	298,258	4.9%	6.1%	43,259	(678)	(678)	-	-	-	\$19.35
Colorado Blvd./ Cherry Creek	58	2,910,347	114,735	3.9%	12,375	0.4%	127,110	4.4%	4.4%	6,263	1,188	1,188	-	-	-	\$21.71
Downtown	7	583,352	57,265	9.8%	-	0.0%	57,265	9.8%	9.8%	-	-	-	-	-	-	-
Longmont	75	3,135,622	192,822	6.1%	-	0.0%	192,822	6.1%	5.9%	5,198	(6,780)	(6,780)	-	-	-	\$17.49
Northeast	171	8,354,909	377,730	4.5%	-	0.0%	377,730	4.5%	4.8%	24,162	26,225	26,225	-	-	-	\$13.56
Northwest	297	14,305,751	1,100,190	7.7%	46,800	0.3%	1,146,990	8.0%	8.6%	97,307	79,592	79,592	-	-	-	\$14.25
South	202	11,026,572	737,322	6.7%	21,519	0.2%	758,841	6.9%	6.0%	29,179	(99,231)	(99,231)	-	-	-	\$19.54
Southeast	205	8,835,684	462,248	5.2%	62,209	0.7%	524,457	5.9%	6.4%	135,333	40,962	40,962	-	-	-	\$21.93
Southwest	256	6,874,113	5,401,454	78.6%	1,386	0.0%	541,531	7.9%	7.7%	32,278	(12,640)	(12,640)	-	-	-	\$15.24
West	257	11,989,091	781,077	6.5%	700	0.0%	781,777	6.5%	6.4%	23,190	(9,095)	(9,095)	-	-	-	\$16.00
MARKET TOTAL																
Q1 Total	1,987	87,072,804	10,381,291	6.7%	193,853	0.2%	5,519,982	6.3%	6.7%	466,407	254,313	254,313	-	-	-	\$17.15

Source: CoStar Analytics

Key Vacancy Indicators

CURRENT QUARTER	RBA	VACANCY RATE	MARKET RENT	AVAILABILITY RATE	NET ABSORPTION SF	DELIVERIES SF	UNDER CONSTRUCTION
Malls	15,877,446	5.1%	\$34.47	5.0%	(35,927)	-	27,046
Power Center	15,471,812	6.2%	\$25.29	7.0%	(9,610)	-	-
Neighborhood Center	50,203,563	6.5%	\$22.36	7.7%	98,962	-	7,200
Strip Center	8,042,357	5.1%	\$21.85	6.3%	(18,878)	-	30,840
General Retail	66,736,795	2.8%	\$22.95	3.4%	(11,809)	58,423	436,799
Other	1,316,259	0.1%	\$23.51	0%	3,000	3,000	-
Market	157,648,232	4.6%	\$24.10	5.4%	25,738	61,423	501,885
ANNUAL TRENDS	12 MONTH	HISTORICAL AVERAGE	FORECAST AVERAGE	PEAK	WHEN	TROUGH	WHEN
Vacancy Change (YOY)	-0.6%	6.1%	4.5%	8.7%	2009 Q3	3.8%	2018 Q4
Net Absorption SF	1.2M	1,517,392	801,367	4,719,751	2007 Q1	(979,258)	2021 Q1
Deliveries SF	530K	1,698,373	1,088,998	5,144,105	2006 Q4	515,959	2021 Q3
Rent Growth	2.9%	2.1%	2.7%	5.7%	2014 Q4	-2.7%	2009 Q3
Sales Volume	\$2.2B	\$1B	N/A	\$1.8B	2021 Q4	\$333.9M	2010 Q3

Source: CoStar Analytics

Traveling Toward Recovery: Denver Hotels Show 57% Jump in Occupancy

Hotels in metro Denver continue to pursue a full recovery after the COVID-19 pandemic shuttered the hospitality industry, yet industry insiders express that they are in a good place with an increase of 57% in hotel stays. That is per the most recent Rocky Mountain Lodging Report from the Colorado Hotel and Lodging Association, which follows hotels metrics statewide. Day-to-day rates of stays averaged \$116.00 and income per available rooms are currently up to \$60.00, representing yearly increases of 40% and 120%, sequentially.

Before the COVID-19 pandemic, a flood of guests sent the leisure industry in Colorado to record numbers, according to General Manager Greg Leonard of the Hyatt Regency Denver at Colorado Convention Center. After two years, travel is trending upward, Leonard said, but booking in groups, like those made by companies or industries attending conferences, are much more infrequent.

Hotels in the metro area are encountering fluctuating degrees of recuperation, Leonard said. More modest, chic destination hotels, for example, are managing better than their more business-oriented competitors.

Staffing is a challenge in all industries. While some employees have returned following the widespread layoffs in hospitality and retail in early 2020, Leonard said that others have relocated to a different city, decided to return to school, or try a different industry. "As business comes back, as groups and folks come back to hotels, we will continue to see growth in employment, but we are a bit challenged with it right now," he said.

Despite the persisting difficulties and slower-than-expected recovery, Leonard is hopeful about his hotel and the industry as a whole. "We're not back to 2017, 2018, 2019 levels yet, but we're headed back to that soon."

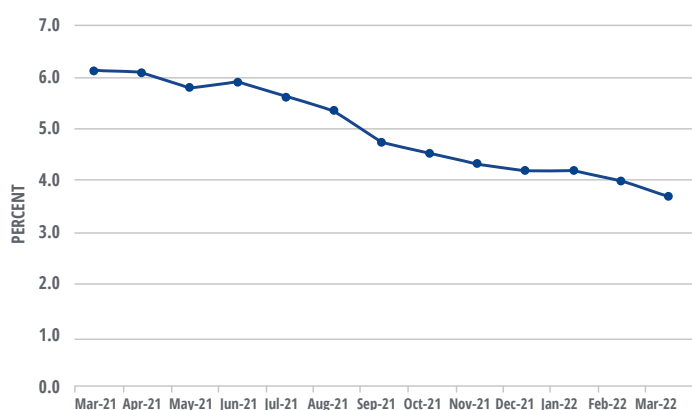
Source: CoStar Analytics

Denver Employment by Industry in Thousands

INDUSTRY	OCT. 2021	NOV. 2021	DEC. 2021	JAN. 2022	FEB. 2022	MAR. 2022
TOTAL NONFARM	2,784.60	2,798.50	2,806.80	2,812.80	2,828.70	2,834.5
MINING & LOGGING	19.5	19.6	19.8	19.3	19.5	19.9
CONSTRUCTION	177.5	178	178.9	181.4	184.2	181.9
MANUFACTURING	149.6	150.6	151.2	152.3	152.9	153.9
TRADE, TRANSPORTATION, & UTILITIES	490	491.2	491.8	495.6	499.3	498.9
INFORMATION	77.4	77.3	77.7	77.6	77.3	77.4
FINANCIAL ACTIVITIES	177.6	179.2	180	180	179.9	180.4
PROFESSIONAL & BUSINESS SERVICES	460.4	464.9	467.1	468.9	473.8	475.1
EDUCATION & HEALTH SERVICES	347.7	348.7	348.4	348.6	349.9	349.6
LEISURE & HOSPITALITY	330	331.4	331.3	328.2	331.8	336.0
OTHER SERVICES	114.2	115.9	116.7	116.9	117.8	118.4
GOVERNMENT	440.7	441.7	443.9	444	442.3	443.0

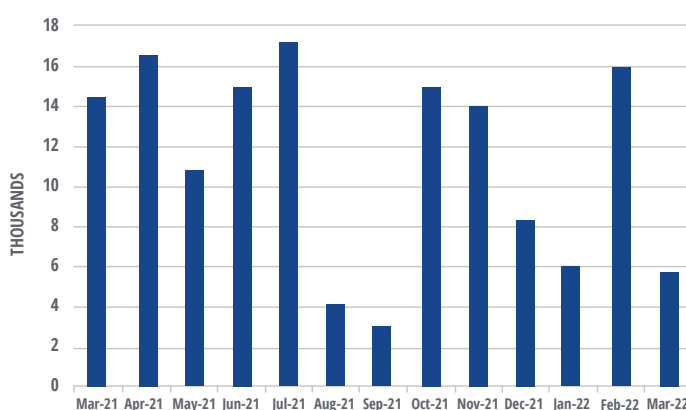
Source: BLS

Colorado Unemployment Rate, Seasonally Adjusted March 2021 - March 2022



Source: LMI Gateway Colorado

Colorado Nonfarm Payroll Employment Over-The-Month Change, Seasonally Adjusted, March 2021 - March 2022



Source: Colorado Department of Labor and Employment

Denver's development market has demonstrated a shockingly vigorous uplift and has outflanked predictions all through the past year. Presently, as pandemic patterns retreat, the market is showing a more robust future.

Under Construction, The 16th Street Mall

The City of Denver's Department of Economic Development and Opportunity and Downtown Denver Partnership have collaborated to initiate latent customer-facing facades in one of Denver's most prominent commercial districts: the 16th Street Mall. In the first period of the program, five innovators were chosen to receive a \$20,000 bundle to be used for interior design, design and merchandising support. This program was established to address three ongoing challenges

faced by retail: the changing nature of retail, the unprofitable effect caused by COVID-19 and the potential impact of the upcoming 16th Street Mall reconstruction project. With an expanded number of vacancies credited to these three variables, there is a chance to work with property owners to stimulate the idle spaces and acquire new and special retail and artistry that "reimagine downtown one storefront at a time."

Source: Popupdenver.org

10 NOTABLE

Projects Denver Developers Tell Us To Watch This Year

[The National Western Campus](#)

The first of three Colorado State University buildings opened in January, with the others coming online in late 2022. The CSU Spur Campus is part of the development of a 250-acre, site in North Denver.

[River Mile](#)

This 4.7 million square foot, mixed-use development aims to revitalize outdoor spaces adjacent to the South Platte River. Commercial space is now available.

[Colorado Convention Center](#)

An expansion estimated to generate \$85 million annually in economic activity will feature an 80,000 square foot ballroom — the largest in the state — and a rooftop terrace.

[Loretto Heights Campus](#)

The redevelopment of Pancratia Hall into 70-plus affordable townhomes is nearly complete, and an additional housing development on the historic campus is expected later this year.

[16th Street Mall](#)

Renovations worth nearly \$150 million are slated to begin by summer to improve aging infrastructure, as well as the look and feel of the downtown space.

[Populus](#)

A 13-story, mixed-use building designed by world-renowned architecture firm Studio Gang will open in 2023 and feature hotel rooms, micro apartments and a public rooftop bar in Civic Center Park, near 14th and Court Place.

[Emily Griffith Hotel](#)

This \$36.5 million redevelopment project will transform the 140,000 square foot former school into a 250-key hotel slated to open in the second quarter of 2022.

[Greyhound Station](#)

Demolition of the aging bus stop will be completed this year to make room for two 400-foot towers that will contain multiple restaurants and retail units on the ground level.

[The Flyway](#)

This 32-acre project in far northeast Denver will bring a mix of regional and national retailers and restaurants anticipated to open by spring.

[Denver Zoo](#)

The park's crane species will be housed in a new netted enclosure, which will include updated landscaping and fencing.

Source: axios.com

Leasing

Retail in Denver encountered an articulate bounce back in 2021. Led by consumer spending and a moderate development pipeline, the retail market is poised for recuperation in 2022. This comes following five consecutive quarters of negative net absorption at the beginning of the pandemic.

Top Retail Leases Q1 2022

LEASE COMPS SUMMARY		LEASE				
Property Name - Address	Submarket	SF Leased	Floor	Sign Date	Start Date	Type
22675 E. Aurora Pky.	Southeast Submarket	58,450	1st	Jan. 2022	Jun. 2022	New
Walmart Neighborhood 3125 S. Sheridan Blvd.	West Submarket	42,500	1st	Mar. 2022	Aug. 2022	New
Arlington Square 5017-5197 W. 64th Ave.	Northwest Submarket	25,231	1st	Feb. 2022	Feb. 2022	Renewal
4535 Wadsworth Blvd.	West Denver Submarket	18,352	1st	Jan. 2022	Feb. 2022	New
1100 W. Mississippi Ave.	Upper South Central Submarket	15,665	1, MEZZ	Mar. 2022	Apr. 2022	New
Cornerstar 15600 E. Briarwood Cir.	Southeast Submarket	13,005	1st	Jan. 2022	Apr. 2022	New
Road Masters Auto Center 11450 Huron St.	Northwest Submarket	5,233	1st	Feb. 2022	Apr. 2022	New

Sales Comps

6.0%
Cap Rate

\$216
Sale Price/SF

\$3.8M
Average Sale Price

\$488M
Sales Volume

-3.9%
Sale vs. Asking Price

15.5K
Average SF

9.4
Months To Sale

Source: CoStar Analytics

Developing trust in the retail market has triggered an increase in investment volume with \$2.2 billion in Denver retail resources in the most recent year. While outside investors and clients are generally behind the lion's share of deal volume, 2021 brought a multitude of out-of-state financial backers.

Top Sales Q1

Address	Submarket	SF	Buyer	Seller	Sale Date	Price	Price/SF	Sale Type
16395 Washington St. Thornton	Northeast	179,292 SF	Living Spaces	ESL Investments, Inc.	2/3/2022	\$13,000,000	\$72.51	Owner User
Tipsy's Liquor World 5869 W. Alkire St. Littleton	Southwest	77,022 SF	Notable Investments, LLC	Monarch 777, LLC	2/23/2022	\$23,500,000	\$305.11	Owner User
1450 S. Abilene St. Aurora	Aurora	43,000 SF	Mid-America Apartment Communities, Inc.	Spirit Realty Capital, Inc.	3/14/2022	\$5,250,000	\$122.09	Investment
Mission Viejo Center 15380 E. Hampden Ave. Aurora	Aurora	35,748 SF	LZ Accounting	Sung I Na	1/5/2022	\$3,000,000	\$83.92	Investment
Standley Lake Marketplace 8780 W. 101st Ave. Westminster	Northwest	15,123 SF	Roderick Tafoya	Ethan Allen Interiors	3/21/2022	\$2,600,000	\$171.92	Owner User
Future The Green Herb 4565 Kipling St. Wheat Ridge	West	8,300 SF	Bungalow Ventures LLC	The Green Herb, LLC	3/31/2022	\$2,432,870	\$293.12	Owner User

Total National Retail Sales

Monthly/Quarterly Direction
-17.5%
National sales decreased from December to January

Year-Over-Year Direction
13.4%
National sales increased from January 2021 to 2022

YTD Direction
13.4%
YTD sales increased through January 2022

Source: Metro Denver Economic Development Center

351 offices in 67 countries on 6 continents

United States: 115
Canada: 41
Latin America: 12
Asia Pacific: 33
EMEA: 78



\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

About Colliers

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