

Colliers

Denver

Retail

21Q4

Conditions have improved for retail in the Denver region, driving asking rates higher across the metro. While the area faces hardships associated with the growth of e-commerce and the pandemic, rents rose by 2.5% during 2021. Rental rates have fluctuated by product sub-type as a result of these challenges, with some sub-types performing better than others. Retail plaza rents have experienced the strongest growth, increasing year-over-year by 4.2%. As retail continues its gradual recovery, 2022 brings hope for a return to pre-pandemic levels of normalcy.

Accelerating success.



Denver

Retail

21Q4

Employment

The Metro Denver labor force reached a new record with more than 1,895,000 people employed or looking for work in November.

Source: Metro Denver EDC

87.4M

Inventory SF

27.6KUnder
Construction SF**954K**12 Mo. Net
Absorption SF**4.7%**

Vacancy Rate

\$24.77

Market Rent/SF

\$204Market Sale Price/
SF**6.4%**

Market Cap Rate

Source: CoStar Analytics

Q4 Denver Retail

Outside dining became a key asset for food and drink establishments in Denver during the social-distancing measures issued during the pandemic. At the point when the transitory open air eating program was presented in May 2020, eateries rushed to adjust to utilizing open-air space to oblige diners. Eating areas extended onto walkways, parking areas became decks, and certain streets adjusted to being used for pedestrians only, such as Larimer Square, and Glenarm Street. The food service industry has been disproportionately impacted by the pandemic, and city authorities are trusting that making this program permanent will uphold a monetary

recuperation for neighborhood eateries. As of October, 373 Denver bars and cafés have taken part in the transitory open air development program. Occupation gains increased in the recreation and hospitality area recently as social distancing limitations were lifted across the city. However, this gain was marginalized due to work deficiencies. The retail industry continues to battle to fill empty employment positions. With seemingly no end in sight for labor shortages, retailers will most likely continue to struggle to fill positions for the foreseeable future.

2021 Q4 Metro Indicators

LOCATION	2021Q4	2021Q4	2021Q4	2021Q4
	EMPLOYMENT GROWTH	REAL GDP GROWTH	POPULATION GROWTH	UNEMPLOYMENT RATE
	% CHANGE Y/Y	% CHANGE Y/Y	% CHANGE Y/Y	
Denver-Aurora-Lakewood, CO	5.13	5.25	0.81	5.21
Boulder, CO	5.88	5.08	0.04	4
Fort Collins, CO	5.38	4.81	0.96	4.39
Greeley, CO	6.43	6.43	1.47	5.12

Source: Oxford Economics

December 2021 Overview

4.5%

Unemployment Rate

116.1Mountain Region Consumer
Confidence Index

Source: Metro Denver EDC

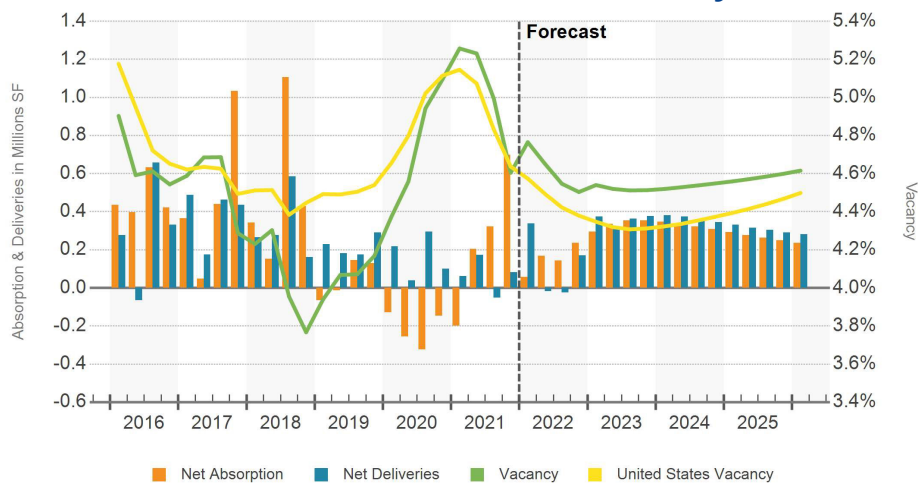
Rental Rates

Downtown Denver and Cherry Creek have been a roller coaster in terms of rental rates. As these areas rely heavily on daytime foot traffic, the impacts of the lockdown were significant. The vaccine rollout helped improve the metrics substantially, but with the Omicron and other variants continuing to plague headlines, the instability of rental rates will most likely continue.

Colorado's economic recovery to retain momentum through April – Model from CSU predicts slower but still strong growth into 2022

Colorado's economy may have regained pre-pandemic levels of employment, but the labor shortage continues. However, GDP has returned to pre-pandemic levels as of September 2021, according to ColoradoCast, a new transient economic forecast. "We are certainly in a growth mode in the Colorado economy. We don't expect that to change," said Phyllis Resnick, executive director of the Colorado Futures Center at Colorado State University. The model, created by Resnick and economist Steven Fisher, projects Colorado's economy to grow at a 6.45% annual rate in April, down from an estimated 10% rate at present.

Net Absorption, Net Deliveries & Vacancy


456K

12 Mo. Deliveries in SF

954K

12 Mo. Net Absorption in SF

4.7%

Vacancy Rate

2.5%

12 Mo. Rent Growth

Source: CoStar Analytics

Source: CoStar Analytics

Key Vacancy Indicators

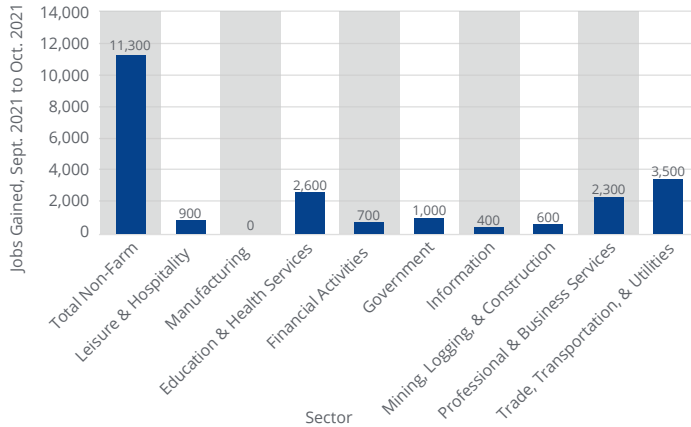
CURRENT QUARTER	RBA	VACANCY RATE	MARKET RENT	AVAILABILITY RATE	NET ABSORPTION SF	DELIVERIES SF	UNDER CONSTRUCTION
Malls	15,978,552	4.8%	\$34.75	6.1%	(4,609)	0	12,600
Power Center	15,470,800	6.1%	\$25.13	7.2%	0	0	0
Neighborhood Center	50,279,675	6.8%	\$22.09	8.3%	(55,976)	0	7,200
Strip Center	8,053,917	4.9%	\$21.38	6.1%	1,596	0	18,900
General Retail	67,223,681	2.7%	\$22.75	3.8%	(24,127)	0	606,260
Other	1,313,259	0.1%	\$23.08	0.1%	0	0	0
Market	158,319,884	4.7%	\$23.91	5.8%	(83,116)	0	644,960
ANNUAL TRENDS	12 MONTH	HISTORICAL AVERAGE	FORECAST AVERAGE	PEAK	WHEN	TROUGH	WHEN
Vacancy Change (YOY)	-0.4%	6.1%	4.6%	8.7%	2009 Q3	3.8%	2018 Q4
Net Absorption SF	954K	1,529,508	1,126,257	4,727,657	2007 Q1	(927,576)	2021 Q1
Deliveries SF	456K	1,699,035	1,419,335	5,136,631	2006 Q4	460,618	2021 Q4
Rent Growth	2.5%	2.1%	2.5%	5.7%	2014 Q4	-2.8%	2009 Q3
Sales Volume	\$1.6B	\$1B	N/A	\$1.7B	2018 Q2	\$334.8M	2010 Q3

Source: CoStar Analytics

Denver Records Another Month of Strong Job Gains

Denver's job market is showing signs of recuperation from the covid-induced slump. The Denver metropolitan region added 11,300 jobs in October, as cited from the Bureau of Labor Statistics. Unemployment tumbled to 4.8% in September, denoting a 760-basis-point decline since its peak in March of 2020 at 12.4%. Like most cities, Denver was hit hard at the beginning of the Coronavirus pandemic, and closures and lockdowns had massive impacts on employment. Denver has consistently added these positions back and finally returned to pre-pandemic levels in 2021, but more labor is needed. The Mile High City has been portrayed as an early-recuperation market tracing all the way back to the Great Recession, including its work development that has outflanked most significant urban communities during this recuperation.

Denver's Monthly Employment Change By Sector

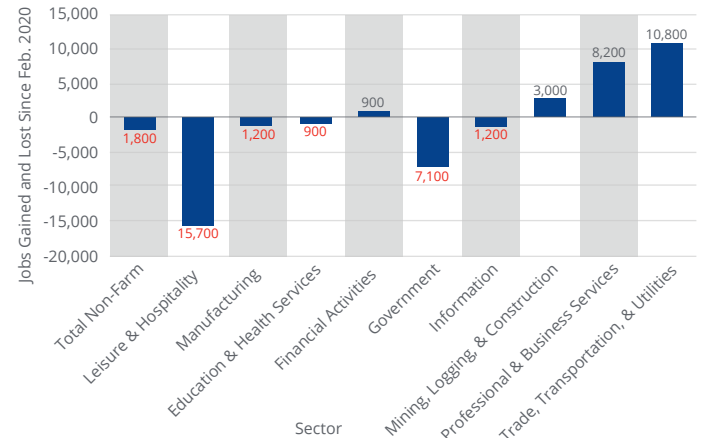


Source: Bureau of Labor Statistics as of Nov. 2021

To satisfy the needs of e-commerce consumers across the Denver metropolitan area, distributors are recruiting at a significant rate. The trade, transportation and utilities sector was quick to return to pre-pandemic work levels in Denver. Work in this area is now up by 10,800 positions compared to February 2020.

Denver's flourishing tech industry is driving office-business job gains. The professional and business administrations area is up by 8,200 jobs since February 2020, and the financial activities sector has added 900 positions during this time. Corporate developments and relocations by tech organizations

Employment Change By Sector Since February 2020



Source: Bureau of Labor Statistics as of Nov. 2021

such as Slack, Angi and Conga continue to amplify work gains and demonstrate the pattern of West Coast firms choosing to grow in Denver for its vigorous labor force, quality of life and affordability when compared to many West Coast markets.

In the interim, retailers are battling to fill empty positions and it appears the struggle to hire & retain employees will continue. The leisure and hospitality markets were hardest-hit during the pandemic as it still falls 15,700 positions short of pre-pandemic levels. Other slacking areas include government, education and health services, information and manufacturing.

Denver Employment by Industry in Thousands

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR. HISTORICAL		5 YR. FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	70	0.5	0.59%	3.46%	1.23%	0.68%	0.54%	-0.09%
Trade, Transportation and Utilities	287	1.0	2.47%	2.50%	2.15%	0.94%	0.44%	0.36%
Retail Trade	138	0.9	2.16%	1.82%	1.22%	0.44%	0.34%	0.35%
Financial Activities	118	1.3	1.42%	1.51%	2.55%	1.42%	0.78%	0.60%
Government	198	0.9	1.44%	2.47%	1.24%	0.03%	1.18%	0.62%
Natural Resources, Mining and Construction	112	1.3	0.92%	3.13%	4.58%	2.48%	1.27%	0.66%
Education and Health Services	196	0.8	4.75%	4.09%	2.70%	1.68%	1.22%	1.12%
Professional and Business Services	286	1.3	4.41%	4.45%	2.89%	1.94%	1.57%	1.08%
Information	50	1.7	-0.33%	6.48%	1.39%	0.55%	1.05%	1.32%
Leisure and Hospitality	164	1.0	28.26%	16.17%	2.16%	1.47%	2.56%	2.03%
Other Services	63	1.1	9.38%	5.34%	2.40%	0.69%	0.46%	0.58%
Total Employment	1,544	1.0	5.12%	4.56%	2.36%	1.17%	1.19%	0.82%

Source: Oxford Economics
LQ = Location Quotient

Construction

In contrast to the development surge happening in industrial and multi-family product, retail development continues to be slow as the future remains murky.

New Development Under Construction The Flyway

The Flyway is a proposed 32-acre, 223,000-SF retail town center within the Far Northeast Area of Denver currently under review. The Flyway will be anchored by Costco and will offer high quality groceries alongside general merchandise and clothing. To best serve both the local community and the greater Far Northeast Area region, The Flyway's developers seek to bring an appropriate mix of regional and national retailers and dining establishments that satisfy the demands of the neighborhood residents. Located just west of Peña Boulevard at the intersection of Memphis Street and Green Valley Ranch Boulevard, the vision of curating this project is to create a full-service retail center that will generate and solidify jobs, as well as deliver much needed goods and services to the community.

This joint venture development project is being spearheaded by C.P. Bedrock (owners of Denver Connection) and the Denver-based Goldberg Properties. This development is expected to be open to the public in Fall of 2022.

The Flyway Site Plan



Under Construction

PROPERTY NAME/ ADDRESS	BLDG. SF	STORIES	START	COMPLETE	DEVELOPER/OWNER
Victory Crossing Victory Way	139,400	1	Jun. 2021	Feb. 2022	- City of Commerce City
Building 3 E. Virginia Ave.	12,600	2	Nov. 2021	Jan. 2023	Lincoln Property Company, City of Glendale
Freedom Street Social 15177 Candelas Pkwy.	12,000	1	Oct. 2021	Mar. 2022	- -
Heartland Dental Parker Rd. & Stroh Rd.	3,900	1	Oct. 2021	Apr. 2022	ServiceStar Development Co. ServiceStar Development Co.

Source: CoStar Analytics

Submarket Construction

NO.	SUBMARKET	UNDER CONSTRUCTION INVENTORY					AVERAGE BUILDING SIZE		
		BLDGS.	SF (000)	PRE-LEASED SF (000)	PRE-LEASED %	RANK	ALL EXISTING	UNDER CONST.	RANK
1	Northeast	8	418	264	63.2%	5	13,046	52,242	1
2	Central	6	75	68	91.1%	4	8,711	12,447	5
3	Northwest	7	57	31	55.2%	6	16,355	8,078	7
4	Southeast	5	28	28	100%	1	17,571	5,644	8
5	Downtown	1	23	23	100%	1	16,456	23,000	2
6	West	1	14	0	0.3%	8	10,196	14,125	3
7	Colorado Blvd./ Cherry Creek	1	13	0	0%	9	15,714	12,600	4
8	South	1	10	10	100%	1	19,631	9,500	6
9	Southeast Outlying	2	8	4	47.5%	7	11,473	4,177	9
10	Aurora	0	-	-	-	-	16,551	-	-
	All Other	0	-	-	-	-	16,539	-	-
	Totals	32	645	428	66.4%		13,376	20,155	

Source: CoStar Analytics

Top Retail Leases Q4 2021

BUILDING NAME/ADDRESS	SUBMARKET	LEASED SF	QTR	TENANT NAME
Aurora Plaza	Aurora	47,563	Q4 21	Chuze Fitness
Mission Commons Shopping Center	Northwest	25,500	Q4 21	Pickleball Food Pub
5670 N. Tower Rd.	Northeast	23,300	Q4 21	Sprouts Farmers Market
NWC 50th & Bridge St.	Northeast	20,000	Q4 21	Super Star Car Wash
University Towne Center	South	19,378	Q4 21	B-Ball Games

Source: CoStar Analytics

Recent Significant Sales

PROPERTY NAME/ ADDRESS	YR. BUILT	BLDG. SF	VACANCY	SALE DATE	PRICE	PRICE/SF	CAP RATE
Arapahoe Marketplace 8523-8575 E. Arapahoe Rd.	1989	170,355	4.8%	10/22/2021	\$51,091,990	\$300	-
1711-1735 19th St.	1922	36,441	0%	12/17/2021	\$25,500,000	\$700	-
Stevinson Imports 5500-5540 S. Broadway	1968	27,875	0%	12/7/2021	\$25,000,000	\$897	-
Pioneer Hills 5492-5590 S. Parker Rd.	2002	93,550	1.3%	12/1/2021	\$23,436,772	\$251	-
Bowles Avenue Marketplace 8996 W. Bowles Ave.	1984	105,000	6.8%	9/15/2021	\$20,379,406	\$194	-
6th Avenue Commerce City 11111 W. 6th Ave.	1965	161,180	0%	10/4/2021	\$17,819,250	\$111	-
6770-6876 S. University Blvd.	1970	125,957	16.5%	8/3/2021	\$14,433,638	\$115	-
Westminster Square 3001-3055 W. 74th Ave.	1980	124,692	11.5%	9/29/2021	\$14,250,000	\$114	-
JCPenney 14658 Delaware St.	2006	94,452	0%	12/23/2021	\$14,244,160	\$151	-
Theo 985 Albion St.	2018	25,893	0%	12/27/2021	\$13,000,000	\$502	-
28th and Blake 2813 Blake St.	1932	45,000	0%	11/16/2021	\$11,171,843	\$248	-
1222 Glenarm Pl.	1949	36,000	0%	10/22/2021	\$10,968,028	\$305	-
Quebec Village Shopping 8181 S. Quebec St.	1994	91,004	0%	3/24/2021	\$10,910,222	\$120	-
Bubbles Liquor World 675 Genoa Way	2004	28,258	0%	7/2/2021	\$10,800,000	\$382	-
Sprouts 5001 S. Broadway	2014	26,985	0%	5/26/2021	\$10,528,630	\$390	5.0%
Bldg. B 14697 Delaware St.	2008	61,088	0%	12/23/2021	\$10,431,792	\$171	-
Stevenson Toyota 444 S. Havana St.	1979	51,307	0%	12/7/2021	\$10,400,000	\$203	-
Crown Point Plaza 18300-18400 Cottonwood Dr.	2019	16,390	0%	3/10/2021	\$10,200,000	\$622	5.8%
2817 E. 3rd Ave.	1972	13,238	0%	12/10/2021	\$9,875,000	\$746	4.1%
Huron Plaza 630-780 W. 84th Ave.	1966	109,273	0%	12/2/2021	\$9,850,000	\$90	8.3%

Source: CoStar Analytics

Denver Retail Market 2021

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	7,542,785	420,431	5.6%	-	0.0%	334,383	4.4%	6.3%	110,364	62,214	62,214	-	-	-	\$14.62
Boulder	129	5,399,625	480,283	8.9%	47,257	0.9%	527,540	9.8%	10.4%	24,960	(1,726)	20,693	-	-	-	\$22.51
Central	163	6,242,369	289,277	4.6%	1,400	0.0%	290,677	4.8%	4.5%	23,589	(9,664)	(9,664)	-	-	-	\$19.33
Colorado Blvd./ Cherry Creek	58	2,910,347	115,923	4.0%	12,375	0.4%	128,298	4.4%	4.4%	11,223	(121)	(121)	-	-	-	\$21.71
Downtown	9	650,509	57,265	8.8%	-	0.0%	57,265	8.8%	8.8%	-	-	-	-	-	-	-
Longmont	76	3,305,134	186,042	5.6%	-	0.0%	186,042	5.6%	5.9%	9,848	7,633	7,633	-	-	-	\$17.49
Northeast	171	8,315,159	403,955	4.9%	-	0.0%	403,955	4.9%	6.6%	21,022	148,422	148,422	-	-	-	\$13.87
Northwest	295	14,249,153	1,174,682	8.2%	51,900	0.4%	1,226,582	8.6%	9.2%	74,363	90,358	90,358	-	-	-	\$14.19
South	201	10,992,084	636,221	5.8%	23,389	0.2%	659,610	6.0%	6.4%	25,421	42,653	42,653	-	-	-	\$16.88
Southeast	206	8,885,985	504,486	5.7%	65,134	0.7%	569,620	6.4%	6.6%	50,759	15,721	15,721	-	-	-	\$22.45
Southwest	128	6,871,641	527,505	7.7%	1,386	0.0%	528,891	7.7%	8.3%	15,027	43,230	43,230	-	-	-	\$15.19
West	257	12,071,129	772,682	6.4%	-	0.0%	772,682	6.4%	6.3%	55,695	(9,745)	(9,745)	-	-	-	\$16.88
MARKET TOTAL																
Q4 Total	1,863	87,435,920	5,568,752	6.7%	202,841	0.2%	6,279,688	7.2%	7.1%	200,013	388,975	411,394	-	-	-	\$17.16

Source: CoStar Analytics

Demographic Trends

DEMOGRAPHIC CATEGORY	CURRENT LEVEL		12 MONTH CHANGE		10 YEAR CHANGE		5 YEAR FORECAST	
	METRO	US	METRO	US	METRO	US	METRO	US
Population	2,997,594	332,581,844	0.8%	0.2%	1.4%	0.6%	1.1%	0.5%
Households	1,163,603	124,203,078	0.8%	0.2%	1.4%	0.7%	1.0%	0.5%
Median Household Income	\$90,466	\$69,201	7.1%	7.1%	4.3%	3.2%	3.7%	3.6%
Labor Force	1,727,393	162,557,219	1.9%	1.2%	1.9%	0.5%	1.0%	0.6%
Unemployment	5.8%	5.2%	-1.3%	-1.6%	-0.3%	-0.4%	-	-

Source: Oxford Economics

Unemployment

Monthly/Quarterly Direction

4.5%

Unemployment down 0.2 percentage points from September to October

Year-Over-Year Direction

-2.4 Percentage Points

Unemployment down from October 2020 to 2021

YTD Direction

5.9%

Down 1.6 percentage points from 2020 YTD average

Total National Retail Sales

Monthly/Quarterly Direction

-3.6%

National sales decreased from August to September

Year-Over-Year Direction

14.6%

National sales increased from September 2020 to 2021

YTD Direction

20.2%

YTD sales increased through September 2021

Source: Metro Denver Economic Development Center

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351 offices in 67 countries on 6 continents

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



\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

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