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## RETAIL MARKET REPORT

# Colorado Springs

**2nd Quarter 2016**

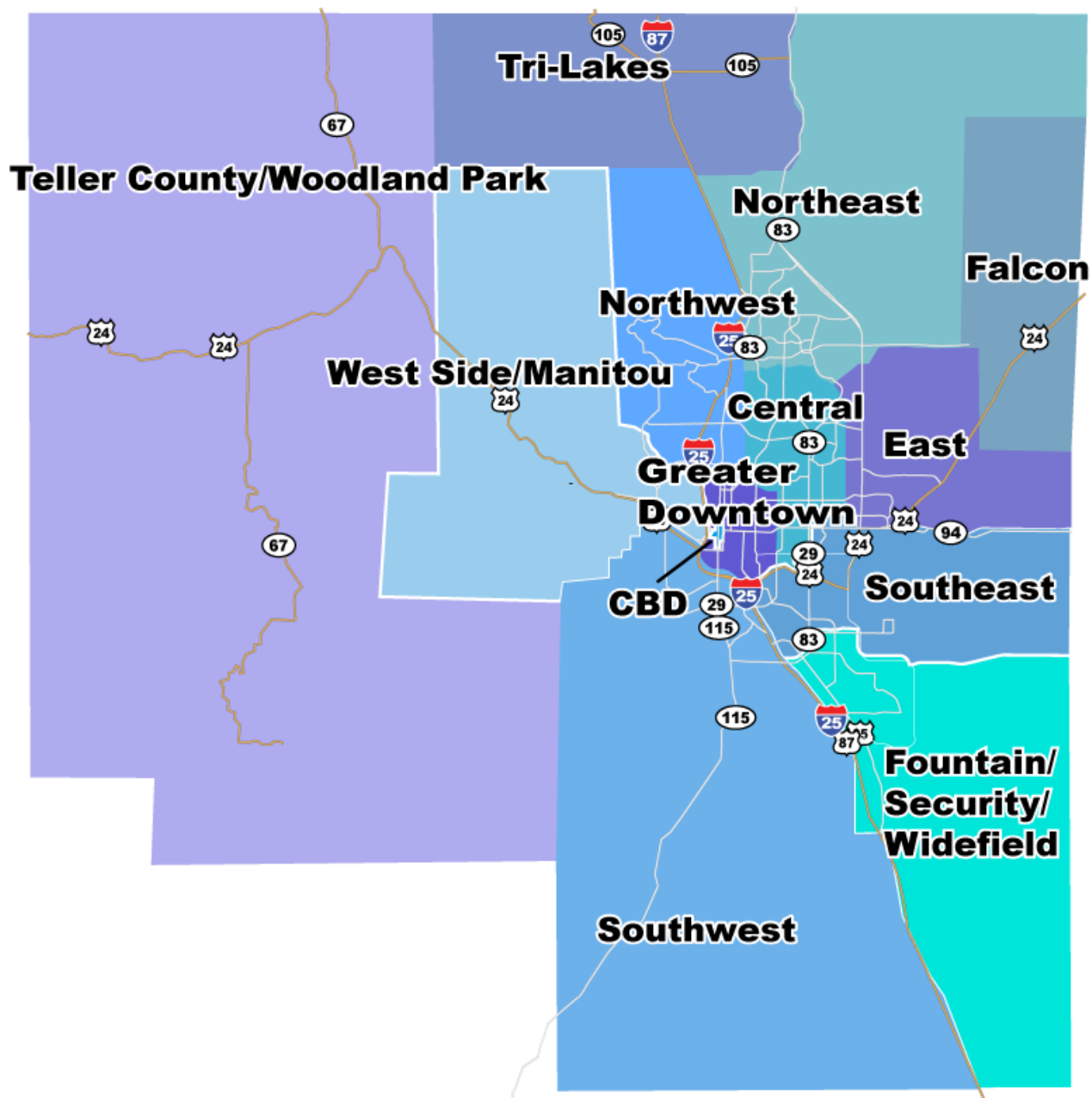


Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

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**The Colorado Springs tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for the market area.**

<b>Inventory</b>	The total square feet of all existing single tenant, multi tenant and owner occupied retail properties greater than 1,500 SF.
<b>Regional Ctr</b>	400,000 - 800,000 SF with two or more anchors such as full-line, junior or discount department store, mass merchant or fashion apparel.
<b>Community Ctr</b>	200,000 - 400,000 SF; usually two or more anchors such as discount department store, home improvement, books, electronics, or apparel. May also include grocery or drug store anchor.
<b>Neighborhood Ctr</b>	50,000 - 200,000 SF; at least one anchor store, typically including grocery or drug store.
<b>Conv/Strip Ctr</b>	Usually has no dominant anchors; convenience oriented tenants.
<b>Freestanding</b>	Consists of one building occupied by one major tenant.
<b>General</b>	Consists of Fast Food, Mixed Use, Restaurants, Banks and Automotive type uses.
<b>Total Available SF</b>	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
<b>Total Vacant SF</b>	The total of all of the vacant square footage within a building, including both direct and sublease space.
<b>Direct Vacant SF</b>	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
<b>Sublease SF</b>	Space that is offered for lease by a current tenant, or his agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
<b>Net Absorption</b>	The net change in physically occupied space from quarter to quarter, expressed in square feet.
<b>Weighted Average Direct Lease Rate</b>	The weighted average of all direct asking lease rates expressed as a triple net (NNN) rental rate and weighted on total direct available square feet. Non-net rates (such as Modified Gross) have been adjusted to reflect a triple net rate.



## Overview

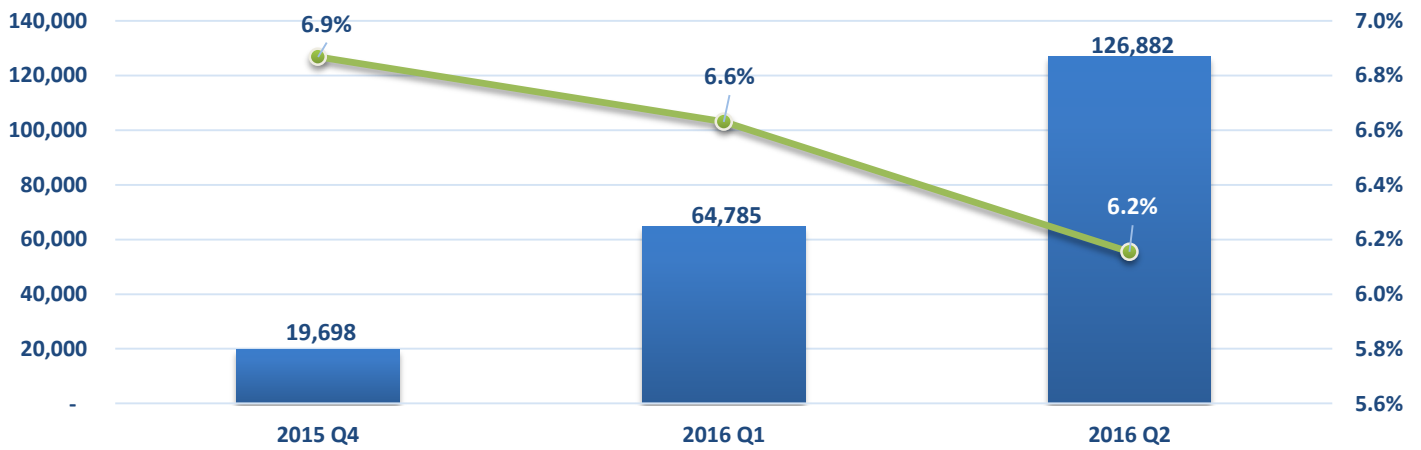
- The Colorado Springs Retail market posted positive 126,882 square feet of absorption for the second quarter of 2016.
- All of the newer "hot" areas are leasing quickly and as a result, is putting upward pressure on rental rates.
- There is currently 164,000 square feet of new construction in the East, Northeast and Falcon areas of the greater Colorado Springs region.
- The second quarter of 2016 closed with a 6.2% vacancy rate for the greater Colorado Springs area, continuing the downward trend from the end of 2015 where the vacancy rate was 7.0%.

	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Quarterly Net Absorption (SF)	YTD Total Net Absorption (SF)
Neighborhood Ctr	192	10,307,901	899,607	734,436	7.1%	55,199	95,523
Conv/Strip Ctr	188	2,669,328	382,963	284,633	10.7%	25,689	39,170
General	797	8,866,155	445,589	343,462	3.9%	33,568	34,962
Freestanding	195	6,058,808	338,453	251,640	4.2%	12,736	14,367
Community Ctr	25	2,917,007	290,883	278,318	9.5%	-310	14,953
Lifestyle Ctr	2	418,203	-	-	0.0%	-	-
Power Ctr	14	1,667,939	185,369	154,483	9.3%	-	2,208
Regional Ctr	3	1,456,950	21,113	21,113	1.4%	-	-
Outlet Ctr	1	50,000	50,000	50,000	100.0%	-	-
<b>Grand Total</b>	<b>1,417</b>	<b>34,412,291</b>	<b>2,613,977</b>	<b>2,118,085</b>	<b>6.2%</b>	<b>126,882</b>	<b>201,183</b>

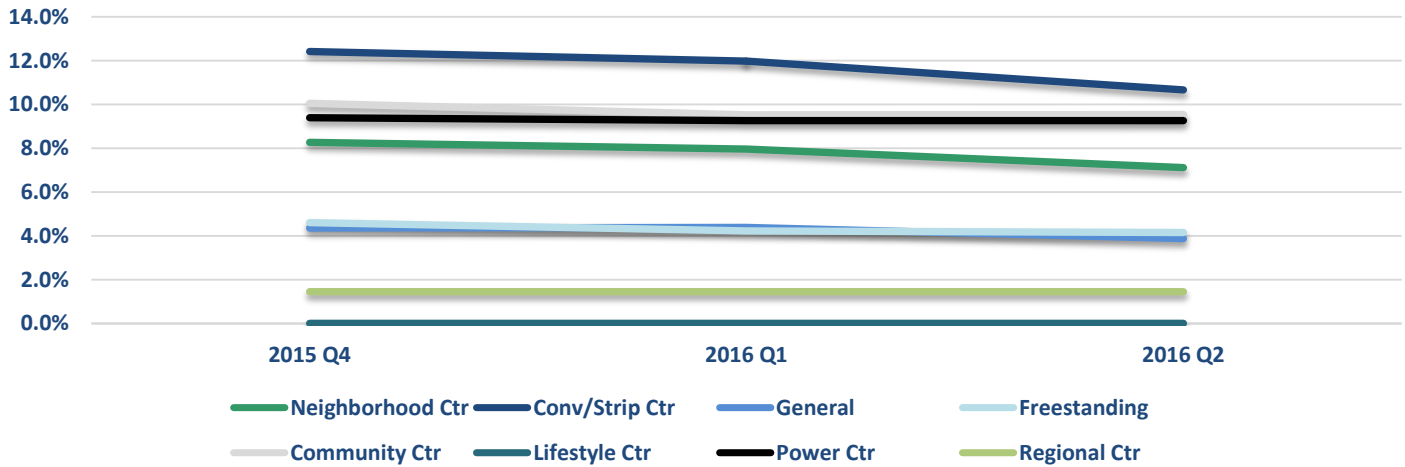
	# of Bldgs	Inventory (SF)	Sum of Direct Available SF	Direct Vacant (SF)	Direct Vacancy Rate (%)	Direct Quarterly Net Absorption (SF)	YTD Direct Net Absorption (SF)
Neighborhood Ctr	192	10,307,901	899,607	734,436	7.1%	55,199	104,976
Conv/Strip Ctr	188	2,669,328	380,463	284,633	10.7%	25,689	43,820
General	797	8,866,155	419,109	316,982	3.6%	33,568	37,462
Freestanding	195	6,058,808	338,453	251,640	4.2%	12,736	14,367
Community Ctr	25	2,917,007	290,883	278,318	9.5%	-310	14,953
Lifestyle Ctr	2	418,203	0	0	0.0%	-	-
Power Ctr	14	1,667,939	185,369	154,483	9.3%	-	2,208
Regional Ctr	3	1,456,950	21,113	21,113	1.4%	-	-
Outlet Ctr	1	50,000	50,000	50,000	100.0%	-	-
<b>Grand Total</b>	<b>1,417</b>	<b>34,412,291</b>	<b>2,584,997</b>	<b>2,091,605</b>	<b>6.1%</b>	<b>126,882</b>	<b>217,786</b>

	# of Bldgs	Inventory (SF)	Available Sublease (SF)	Sublease Vacant (SF)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (SF)	YTD Sublease Net Absorption (SF)
Neighborhood Ctr	192	10,307,901	-	-	0.0%	-	-9,453
Conv/Strip Ctr	188	2,669,328	2,500	-	0.0%	-	-4,650
General	797	8,866,155	26,480	26,480	0.3%	-	-2,500
Freestanding	195	6,058,808	-	-	0.0%	-	-
Community Ctr	25	2,917,007	-	-	0.0%	-	-
Lifestyle Ctr	2	418,203	-	-	0.0%	-	-
Power Ctr	14	1,667,939	-	-	0.0%	-	-
Regional Ctr	3	1,456,950	-	-	0.0%	-	-
Outlet Ctr	1	50,000	-	-	0.0%	-	-
<b>Grand Total</b>	<b>1,417</b>	<b>34,412,291</b>	<b>28,980</b>	<b>26,480</b>	<b>0.1%</b>	<b>-</b>	<b>-16,603</b>

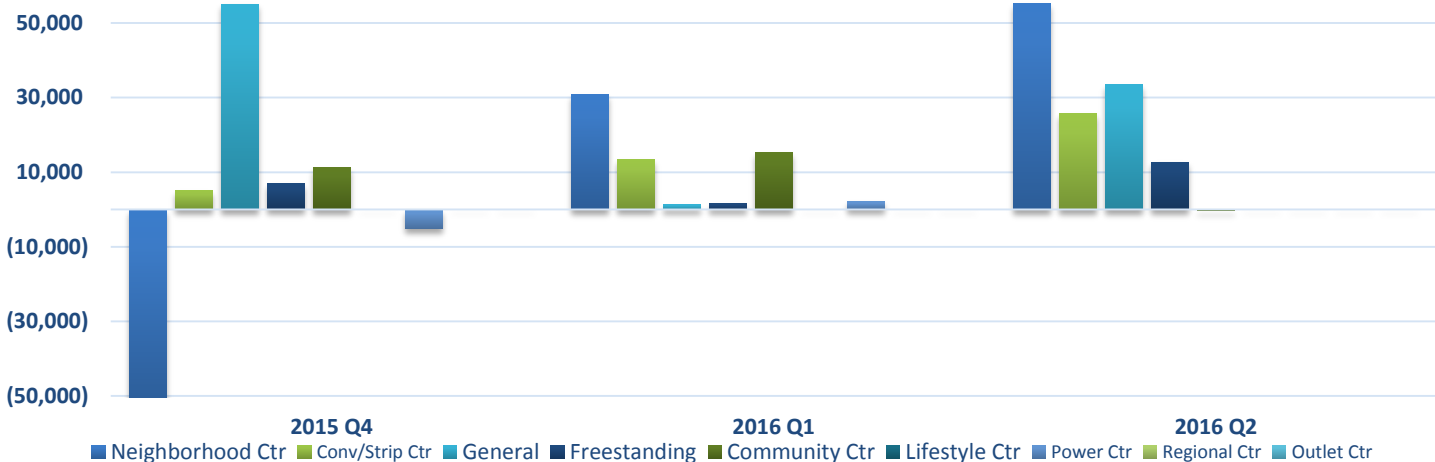
## Historical Vacancy Rate & Net Absorption



## Historical Vacancy Rates by Use



## Historical Net Absorption by Use



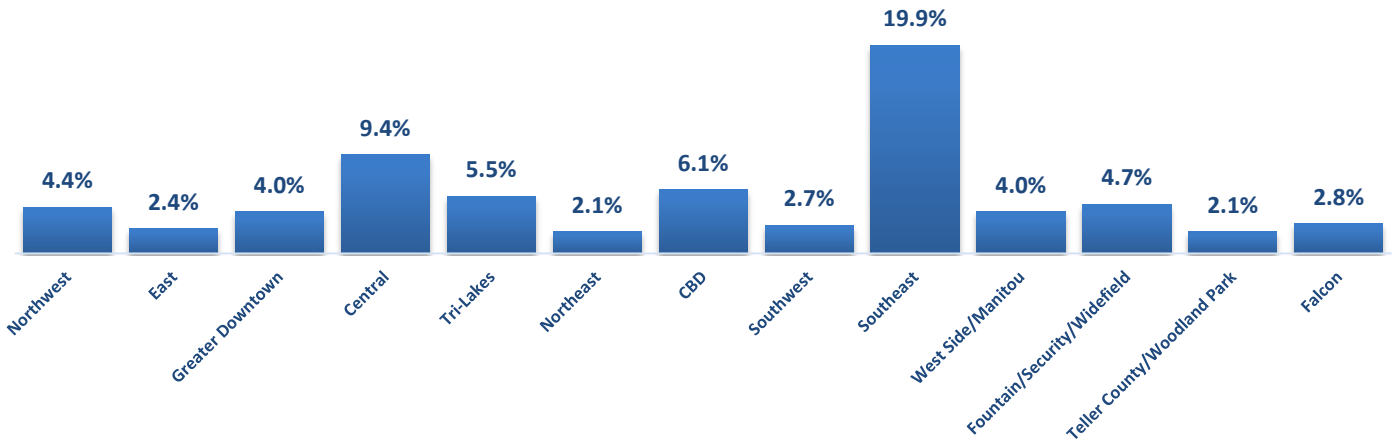
	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Vacancy Rate (%)	Total Quarterly Absorption	YTD Total Net Absorption (SF)
<b>Northwest</b>	<b>149</b>	<b>2,169,353</b>	<b>96,281</b>	-	<b>4.4%</b>	<b>14,411</b>	<b>25,835</b>
Neighborhood Ctr	15	497,641	14,296	-	2.9%	3,605	4,881
Conv/Strip Ctr	23	297,374	33,169	-	11.2%	5,099	15,247
General	91	866,721	29,851	-	3.4%	5,707	5,707
Freestanding	18	408,280	17,665	-	4.3%	-	-
Community Ctr	1	18,760	1,300	-	6.9%	-	-
Power Ctr	1	80,577	-	-	0.0%	-	-
<b>East</b>	<b>88</b>	<b>3,969,364</b>	<b>95,158</b>	-	<b>2.4%</b>	<b>8,520</b>	<b>11,969</b>
Neighborhood Ctr	15	970,340	31,623	-	3.3%	-235	-235
Conv/Strip Ctr	15	225,177	17,248	-	7.7%	9,955	12,366
General	45	835,689	18,571	-	2.2%	-1,200	-
Freestanding	8	269,637	-	-	0.0%	-	-
Community Ctr	2	472,401	6,603	-	1.4%	-	-162
Lifestyle Ctr	1	210,753	-	-	0.0%	-	-
Power Ctr	1	33,696	-	-	0.0%	-	-
Regional Ctr	1	951,671	21,113	-	2.2%	-	-
<b>Greater Downtown</b>	<b>118</b>	<b>1,389,057</b>	<b>55,543</b>	-	<b>4.0%</b>	<b>47,627</b>	<b>45,127</b>
Neighborhood Ctr	9	315,714	11,000	-	3.5%	30,800	30,800
Conv/Strip Ctr	11	122,097	1,600	-	1.3%	-	-
General	79	808,979	15,714	-	1.9%	14,485	11,985
Freestanding	19	142,267	27,229	-	19.1%	2,342	2,342
<b>Central</b>	<b>357</b>	<b>9,693,126</b>	<b>912,751</b>	<b>13,242</b>	<b>9.4%</b>	<b>13,957</b>	<b>48,592</b>
Neighborhood Ctr	57	3,350,316	315,043	-	9.4%	7,850	44,109
Conv/Strip Ctr	50	694,648	79,785	-	11.5%	2,427	2,968
General	180	2,395,127	112,290	13,242	4.7%	-	-8,036
Freestanding	55	1,322,893	32,619	-	2.5%	2,400	4,985
Community Ctr	10	971,410	240,990	-	24.8%	1,280	1,280
Power Ctr	5	958,732	132,024	-	13.8%	-	3,286
<b>Tri-Lakes</b>	<b>47</b>	<b>693,506</b>	<b>37,984</b>	<b>13,238</b>	<b>5.5%</b>	<b>1,900</b>	<b>1,900</b>
Neighborhood Ctr	9	143,005	5,757	-	4.0%	1,900	1,900
Conv/Strip Ctr	5	35,840	6,549	-	18.3%	-	-
General	28	375,057	25,678	13,238	6.8%	-	-
Freestanding	4	49,000	-	-	0.0%	-	-
Community Ctr	1	90,604	-	-	0.0%	-	-
<b>Northeast</b>	<b>133</b>	<b>5,901,631</b>	<b>124,121</b>	-	<b>2.1%</b>	<b>20,466</b>	<b>19,483</b>
Neighborhood Ctr	28	1,674,854	36,298	-	2.2%	2,000	-3,788
Conv/Strip Ctr	15	198,028	5,438	-	2.7%	8,400	15,237
General	57	644,888	4,555	-	0.7%	9,112	9,112
Freestanding	19	1,381,670	-	-	0.0%	954	-
Community Ctr	7	973,155	20,395	-	2.1%	-	-
Power Ctr	4	473,757	7,435	-	1.6%	-	-1,078
Regional Ctr	2	505,279	-	-	0.0%	-	-
Outlet Ctr	1	50,000	50,000	-	100.0%	-	-

	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Vacancy Rate (%)	Total Quarterly Absorption	YTD Total Net Absorption (SF)
<b>CBD</b>	<b>67</b>	<b>677,122</b>	<b>41,377</b>	-	<b>6.1%</b>	<b>10,790</b>	<b>19,983</b>
Neighborhood Ctr	2	36,446	-	-	0.0%	-	-
Conv/Strip Ctr	1	4,278	-	-	0.0%	-	-
General	62	615,858	41,377	-	6.7%	3,750	12,943
Freestanding	2	20,540	-	-	0.0%	7,040	7,040
<b>Southwest</b>	<b>131</b>	<b>3,016,619</b>	<b>81,642</b>	-	<b>2.7%</b>	<b>7,324</b>	<b>1,105</b>
Neighborhood Ctr	17	719,274	21,674	-	3.0%	2,675	462
Conv/Strip Ctr	20	436,612	24,283	-	5.6%	3,485	-1,473
General	69	560,108	20,661	-	3.7%	1,164	2,116
Freestanding	23	1,183,791	-	-	0.0%	-	-
Power Ctr	2	116,834	15,024	-	12.9%	-	-
<b>Southeast</b>	<b>91</b>	<b>2,451,203</b>	<b>488,060</b>	-	<b>19.9%</b>	<b>4,637</b>	<b>18,430</b>
Neighborhood Ctr	19	1,283,637	275,942	-	21.5%	7,504	18,294
Conv/Strip Ctr	17	296,195	30,454	-	10.3%	-1,277	-2,775
General	44	534,776	6,100	-	1.1%	-	2,385
Freestanding	10	314,531	171,727	-	54.6%	-	-
Community Ctr	1	22,064	3,837	-	17.4%	-1,590	526
<b>West Side/Manitou</b>	<b>126</b>	<b>1,569,566</b>	<b>63,104</b>	-	<b>4.0%</b>	<b>-3,650</b>	<b>-5,450</b>
Neighborhood Ctr	7	570,252	1,032	-	0.2%	-	-
Conv/Strip Ctr	7	56,417	3,600	-	6.4%	-2,400	-2,400
General	99	873,327	56,072	-	6.4%	-1,250	-3,050
Freestanding	13	69,570	2,400	-	3.4%	-	-
<b>Fountain/Security/Widefield</b>	<b>74</b>	<b>2,220,174</b>	<b>104,839</b>	-	<b>4.7%</b>	<b>900</b>	<b>14,209</b>
Neighborhood Ctr	12	567,422	17,371	-	3.1%	-900	-900
Conv/Strip Ctr	12	154,554	73,075	-	47.3%	-	-
General	31	304,558	12,593	-	4.1%	1,800	1,800
Freestanding	15	820,030	-	-	0.0%	-	-
Community Ctr	2	161,817	1,800	-	1.1%	-	13,309
Lifestyle Ctr	1	207,450	-	-	0.0%	-	-
Power Ctr	1	4,343	-	-	0.0%	-	-
<b>Teller County/Woodland Park</b>	<b>22</b>	<b>220,053</b>	<b>4,652</b>	-	<b>2.1%</b>	-	-
Neighborhood Ctr	1	79,000	-	-	0.0%	-	-
Conv/Strip Ctr	7	70,473	4,652	-	6.6%	-	-
General	9	25,715	-	-	0.0%	-	-
Freestanding	5	44,865	-	-	0.0%	-	-
<b>Falcon</b>	<b>14</b>	<b>441,517</b>	<b>12,573</b>	-	<b>2.8%</b>	-	-
Neighborhood Ctr	1	100,000	4,400	-	4.4%	-	-
Conv/Strip Ctr	5	77,635	4,780	-	6.2%	-	-
General	3	25,352	-	-	0.0%	-	-
Freestanding	4	31,734	-	-	0.0%	-	-
Community Ctr	1	206,796	3,393	-	1.6%	-	-
<b>Grand Total</b>	<b>1,417</b>	<b>34,412,291</b>	<b>2,118,085</b>	<b>26,480</b>	<b>6.2%</b>	<b>126,882</b>	<b>201,183</b>

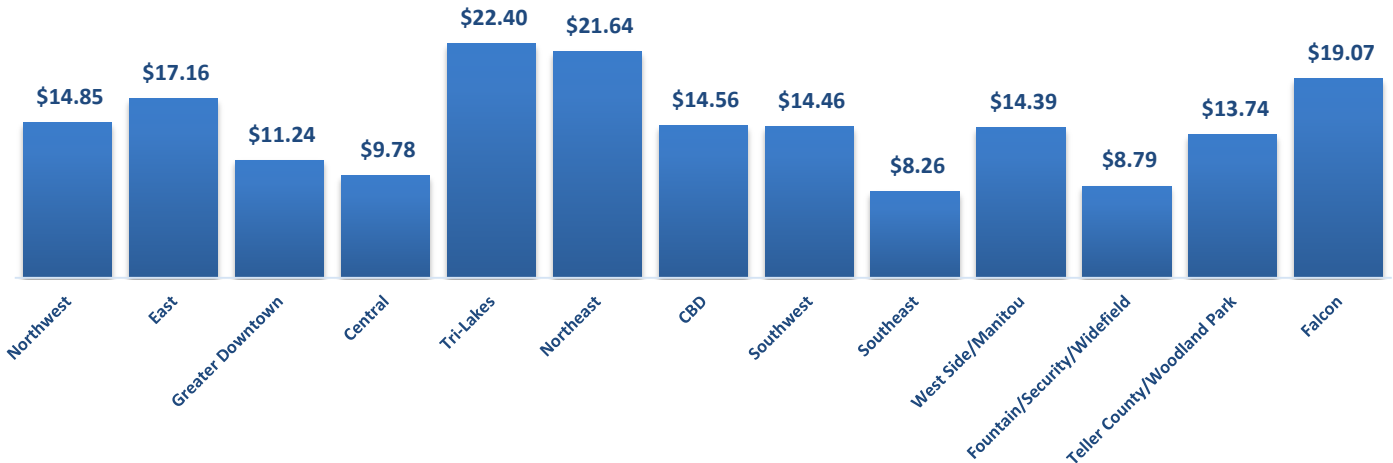
	Vacancy Rate %			Average Weighted Direct Asking Rate (NNN)		
	2015 Q4	2016 Q1	2016 Q2	2015 Q4	2016 Q1	2016 Q2
<b>Northwest</b>	5.0%	4.7%	4.4%	\$14.78	\$14.96	\$14.85
<b>East</b>	2.7%	2.6%	2.4%	\$17.04	\$17.04	\$17.16
<b>Greater Downtown</b>	7.2%	7.4%	4.0%	\$9.79	\$11.50	\$11.24
<b>Central</b>	10.2%	9.8%	9.4%	\$10.51	\$9.93	\$9.78
<b>Tri-Lakes</b>	7.6%	7.0%	5.5%	\$21.91	\$22.71	\$22.40
<b>Northeast</b>	2.4%	2.4%	2.1%	\$20.16	\$20.78	\$21.64
<b>CBD</b>	9.1%	7.7%	6.1%	\$15.31	\$14.32	\$14.56
<b>Southwest</b>	3.0%	3.2%	2.7%	\$13.50	\$14.01	\$14.46
<b>Southeast</b>	20.7%	20.1%	19.9%	\$9.48	\$9.29	\$8.26
<b>West Side/Manitou</b>	3.9%	4.0%	4.0%	\$11.78	\$10.66	\$14.39
<b>Fountain/Security/Widefield</b>	5.4%	4.8%	4.7%	\$10.74	\$10.37	\$8.79
<b>Teller County/Woodland Park</b>	2.1%	2.1%	2.1%	\$13.74	\$13.74	\$13.74
<b>Falcon</b>	2.8%	2.8%	2.8%	\$19.18	\$18.74	\$19.07
<b>Grand Total</b>	<b>6.9%</b>	<b>6.6%</b>	<b>6.2%</b>	<b>\$12.24</b>	<b>\$11.95</b>	<b>\$11.42</b>



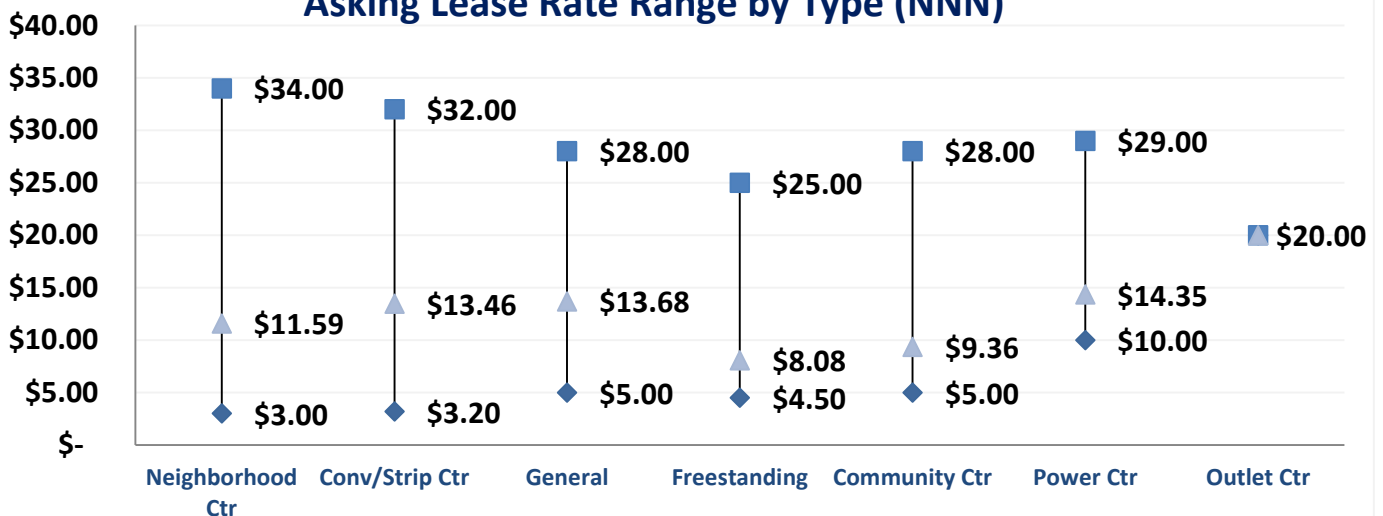
### Vacancy Rate by Submarket

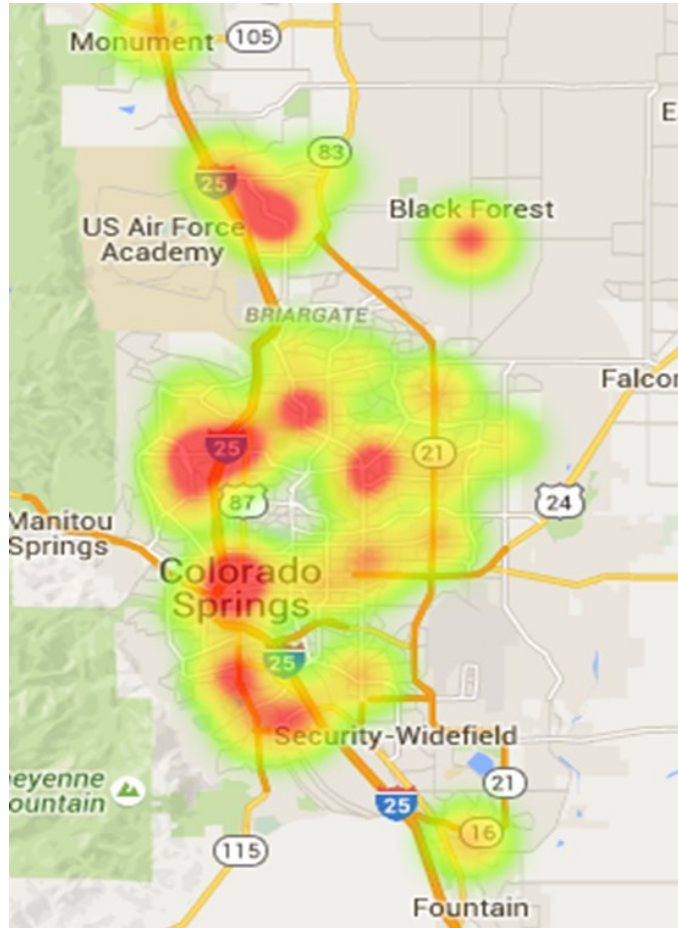


### Average Weighted Asking Rates by Submarket (NNN)



### Asking Lease Rate Range by Type (NNN)

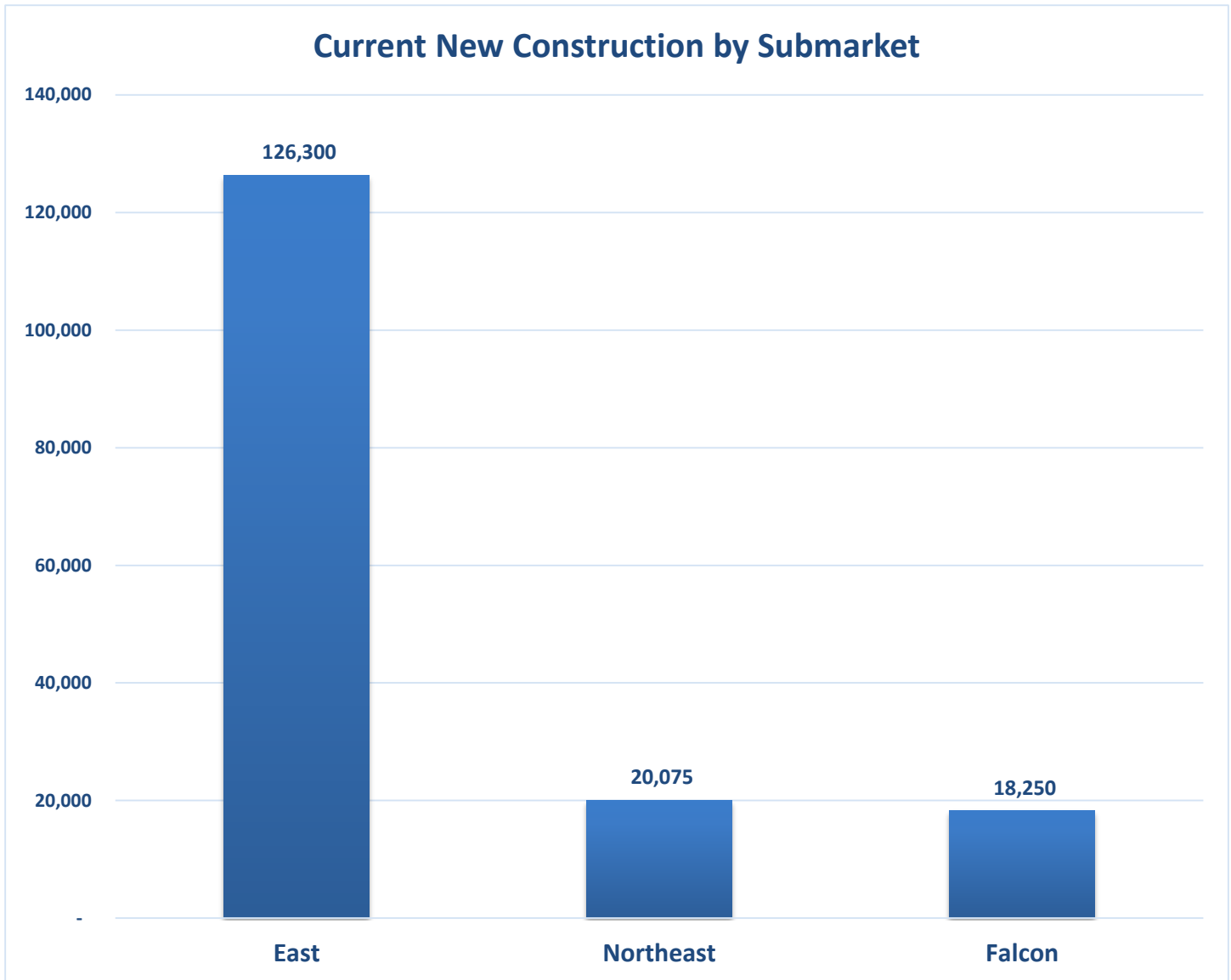




### Largest Absorption Changes

Property Name	SF Occupied or Vacated	Tenant Name	Submarket	Specific Use
Printers Park Market Center	30,800	Ambassador Academy	Greater Downtown	Freestanding
Rustic Hills Marketplace	5,461	Junior's Party Rentals	Central	Neighborhood Center
Hancock Plaza	5,025	GOAL Academy	Southeast	Neighborhood Center
Forest Plaza	4,643	State Farm Insurance and Canine Coach	Northeast	General
The Shops at Voyager	4,200	Sri Ganesh	Northeast	Convenience/Strip Center
12229 Voyager Pkwy	4,200	Colorado Cryospa, Indus Modern Kitchen and Quality Massage	Northeast	Convenience/Strip Center
Centennial Commons	3,899	Canagonia	Northwest	Convenience/Strip Center
Southern Crossing Shopping Center	(1,550)	Check Into Cash	Southwest	Neighborhood Center
Mission Trace Shopping Center	(1,590)	Uniquely Yours Beauty Salon	Southeast	Community Center
2708 W Colorado Ave	(2,400)	Entwinded Planning	West Side/Manitou	Convenience/Strip Center

Top Transactions						
Property Name	Sale Price	SF Sold	Buyer	Seller	Submarket	Specific Use
Sprouts Farmers Market	\$9,734,231	27,999	Realty Trust Group Inc et al	Northgate Market LLC	Northeast	Anchored Strip Center
Tri-Peak Plaza	\$6,000,000	54,181	BFM Azusa Property LLC	TriPeaks Property LLC	Central	Community Center
Domino's	\$4,625,000	2,280	Mesa Ridge Parkway LLC	Starboard Mesa Ridge LLC	Fountain/ Security/ Widefield	Fast Food
7298 N Academy Blvd	\$3,900,000	17,922	EVC North Academy LLC	Ethan Allen Retail Inc	Northeast	General



## Colorado Springs

Bearing Commercial Appraisal	Greg Baker
Cameron Butcher	Caleb David
CBRE	Brad Bird Nicola Myers - Murty
Cushman & Wakefield	Aaron Horn
NAI Highland	Bob Garner
Newmark Grubb Knight Frank	Simon Penner
Land Title Guarantee	Ben Lowe
Quantum Commercial	Susan Beitle
Re/Max	Rob Rolley
Weichert Commercial	Chuck Armstrong Weldon Shaver

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy. **For more information, please contact :**

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