

MARKET REPORT

DOWNTOWN COLORADO SPRINGS Q3 2022

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Sources: Downtown Partnership, CoStar, Placer.ai, Denver Business Journal

DEVELOPMENT

While single-family homebuilding has slowed considerably citywide, multifamily construction continues at a solid pace. In September, Downtown represented **nearly 22 percent of all multifamily units under construction** in the Pikes Peak region.



Groundbreaking of VIM 2

VIM 2 broke ground in September at the northeast corner of Weber and Vermijo, a companion property to Norwood Development Group's adjacent VIM. The 154-unit original VIM is slated to open in early 2023, and the additional 122 units of VIM 2 eventually will provide a seamless resident experience over both properties. Amenities include a pool deck overlooking Cheyenne Mountain to the south, a rooftop deck, fitness center, clubroom and coworking spaces. VIM is striving to serve workforce needs with rental price points designed to suit area median incomes.

Significant sales were slim in Q3, with a few exceptions such as the sale of 201 N. Weber St., the former home of Ecumenical Social Ministries, to a financial services firm for $2.6 million.

TOURISM & ATTRACTIONS

September 17 brought the most people to the city center in Q3, when Downtown hosted an **"Alice in Wonderland"-themed scavenger hunt**, the inaugural **Fiestas Patrias** celebration, and the **36th Annual Fallen Fire Fighter Memorial Ceremonies**, returning after a two-year pandemic hiatus. In fact, "Firefighters Weekend" marked the only weekend all year in which Downtown visits on both Friday and Saturday topped 60,000 people.

Total visits Downtown have nearly reached pre-pandemic levels, driven by increases in tourism and suburban residents flocking to new places to eat, drink, and play. **Q3 saw 4.19 million total visits** to Downtown, which is 97% of the 4.32 million total visits seen in the same period of 2019.

Highest visited week (week of 8/29/22)

339,349

Highest visited day (9/17/22)

61,066

Hotel occupancy rate	July	August	September
	75.0%	68.3%	72.2%

Spotlight



Experience-driven destinations are in demand, and **Altitude Hospitality Group** is doubling down with their September opening of **Trainwreck**, the latest addition to their expansive repertoire of food and beverage destinations. Boasting over two acres of indoor and outdoor fun, Trainwreck is an adult playground, with **volleyball, bocce ball, putting greens, corn hole, and other outdoor yard games**. Indoors, Trainwreck offers **golf simulators, pool tables, live music, and plenty of screens** (including Colorado Springs' largest TV). AHG is staking its claim on Downtown, with Trainwreck adding to the current portfolio of **Garden of the Gods Market & Café/Till, Vine & Wheel and The Pinery**. Still to come Downtown from AHG in 2023: a fresh-fare spot, an Italian restaurant and a speakeasy concept.



Total Downtown experience

101 dining options
61 shopping options
37 nightlife/drink options

OFFICE

The office market remains strong Downtown, although office vacancy increased slightly in the third quarter to 5% overall and 7.5% for Class A space. Many employers are working to finalize ongoing flexible work policies that will influence how frequently employees will be allowed to work remotely, and some national companies have announced hiring freezes and workforce reductions. Despite these pressures, **Downtown's office market outperformed Colorado Springs citywide and neighboring Denver.** Colorado Springs saw citywide office vacancy rise to 9.8% overall and 14.7% for Class A space. Downtown Denver's third quarter vacancy climbed to a reported 27%, which is nearly double the rate seen over the same period in 2019 before the pandemic and higher than the 20% rate seen in the broader Denver metro area.

Employee visits Downtown leap again:

Q1 2022	Q2 2022	Q3 2022
668,220	724,700	794,380

Tuesday and Wednesday continue to be the highest employee visit days followed by Thursday, Friday, and lastly Monday.

Office vacancy	Total office inventory	Total office available	Net absorption	Average rent (NNN)
5%	5,085,336 sq ft	325,324 sq ft	-71,351 sq ft	$16.75

Class A vacancy	Total Class A inventory	Total Class A available	Class A average rent (NNN)
7.5%	1,313,213 sq ft	123,028 sq ft	$17.52



SHOPPING & DINING

New businesses:

Mary's Mountain Cookies, the only Springs location of the popular Colorado franchise, 7 S. Tejon St.
Trainwreck, a dining, drinking and adult play place with indoor and outdoor fun and a massive TV screen for game days, 812 S. Sierra Madre St.
Alpine Bank, entering the Colorado Springs market, located in the newly named Alpine Bank Tower at 90 S. Cascade Ave.
Humble Coffee, located in the interior retail space on the ground floor of the Alpine Bank Tower at 80 S Cascade Ave.

Retail vacancy rate	Total square feet	Total available square feet	Average rent (NNN)	Net absorption
4.9%	1,541,018 sq ft	74,229 sq ft	$18.19	+3,720 sq ft

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