



Economic snapshot and performance indicators

STATE OF DOWNTOWN

Colorado Springs 2020





WELCOME TO THE HEART OF OLYMPIC CITY USA, where athletes, techies, artists, entrepreneurs and investors are drawn to an urban environment unlike anywhere else in the country: a superior business climate seamlessly connected to our great outdoors. It's no wonder the world is taking notice.

Our fifth annual State of Downtown Report marks nearly \$1.5 billion in development – a 68 percent growth year over year. This comprehensive benchmarking report is packed with the data, trends and analysis to inform key stakeholders in making sound business decisions, created especially with investors, brokers, developers, retailers, civic leaders and property owners in mind.

State of Downtown Colorado Springs is produced by the Downtown Development Authority, and most data throughout the report tracks specifically within the DDA boundaries; where noted, some data is reported for the Greater Downtown Colorado Springs Business Improvement District, the 80903 ZIP code, or the two Census tracts that align with the city's core. Data and rankings are for 2019 except where indicated.

An important note: Just as we were ready to print this report in mid-March, our city, nation and world were rocked by an insidious virus that has disrupted society in historic ways. As of this writing, much remains unknown, as every community confronts this challenge. But what we do know is the fundamentals supporting Downtown Colorado Springs' resilience are strong. As you'll see on the pages that follow, new anchor attractions, residential growth and an unparalleled quality of life are propelling our city center forward. We invite you to explore the opportunities.



Mayor John Suthers
City of Colorado Springs



Ingrid Richter
Chair, Downtown
Development Authority



Susan Edmondson
President & CEO,
Downtown Partnership

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DOWNTOWN BY THE NUMBERS



682 acres

1.1 square miles

120 city blocks



4,984,593 sqf of office space

82,000 sqf of coworking space



26,600 employees

1,118 hotel rooms complete or under construction

100-plus shops and restaurants



2,520 businesses

953 arts, cultural and special events annually



10,472 residents within 1 square mile

95,762 residents within 3 square miles



1,837 residential units recently completed, under construction or announced

180 acres urban parkland

America the Beautiful Park, Alamo Park, Acacia Park, Antlers Park, Monument Valley Park.



9,150 parking spaces



5,134 higher education students

1,567 high school students

8,000 church parishioners

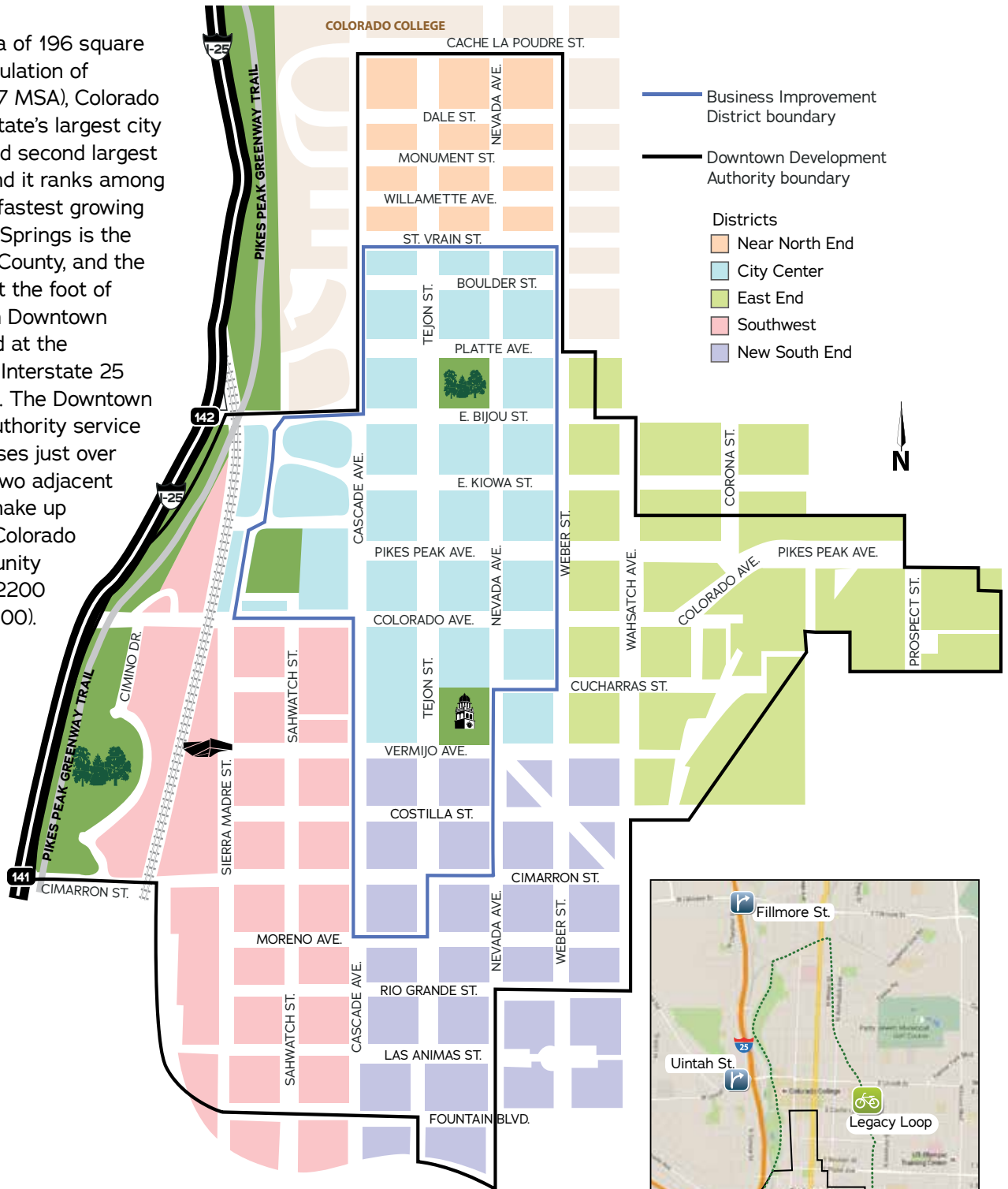
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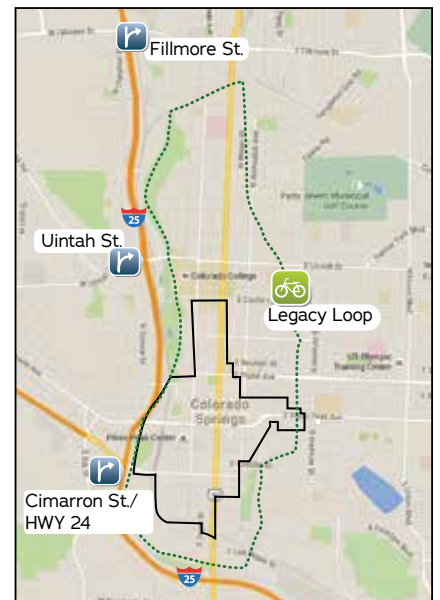
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LOCATION

With a land area of 196 square miles and a population of 464,474 (712,327 MSA), Colorado Springs is the state's largest city in land mass and second largest in population, and it ranks among the nation's 30 fastest growing cities. Colorado Springs is the seat of El Paso County, and the city is located at the foot of Pikes Peak, with Downtown centrally located at the convergence of Interstate 25 and Highway 24. The Downtown Development Authority service area encompasses just over 1 square mile. Two adjacent census tracts make up the Downtown Colorado Springs Opportunity Zone (08041002200 and 08041002300).



- 70 miles south of Downtown Denver
- 44 miles north of Downtown Pueblo
- 18-minute drive to the Colorado Springs Airport
- 2-hour drive to skiing in Summit County



RANKINGS & ACCOLADES

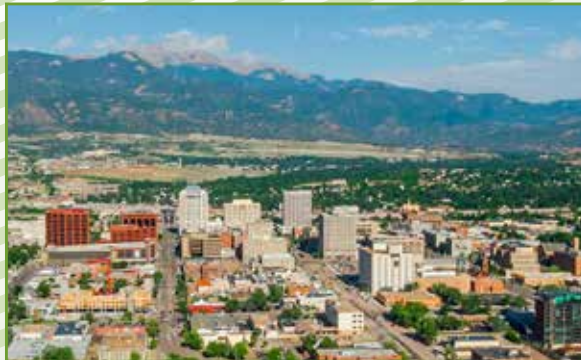


No. 1 Most Desirable Place to Live
US News & World Report

No. 1 Best Place to Live in the U.S. for Young Professionals
US News & World Report

**No. 2 City IT Workers Want to Move To, and
No. 16 Best City for IT Jobs**
CompTIA

No. 2 Best Large City for First-time Homebuyers
WalletHub



No. 2 Best Small Metro for Teleworking
Sperling's

No. 3 Best Place to Live
US News & World Report

No. 3 Hottest Housing Market for Next 3-5 Years
National Association of Realtors

Top 4 Cities That Will be the Next Dream Outdoor Hub
Outside Magazine



No. 5 Best City for Jobs
Wallethub

No. 6 Best Place to Live for Veterans
VeteransUnited.com

No. 7 Hottest Housing Market for 2020
Realtor.com

No. 8 America's Best Small City
Resonance Consultancy



No. 12 Most Educated City in America
Wallethub

No. 19 Best City to Open a Brewery
Bid-on-Equipment

No. 19 Best Place for Business and Careers
Forbes

DEVELOPMENT & INVESTMENT

Downtown Colorado Springs reached flywheel effect entering 2020, with strong development fundamentals, positive demographic trends, and a coalescing of local, state, and federal financial tools. In 2019, Downtown Colorado Springs gained significant attention from out-of-market investors, a new trend for the city center.

New investment in Downtown since 2013 reached nearly \$1.5 billion at the end of 2019, nearly triple the total investment of just three years ago. Perhaps the most compelling measure of Downtown as an attractive market for investment is the volume of projects being completed, which has grown from nearly \$75 million in completed projects in 2017 to \$368.3 million in completed projects entering 2020.



2019 highlights

- 2019 saw groundbreakings for both the Ed Robson Arena at Colorado College and the Downtown Stadium, the final elements of the suite of City for Champions projects citywide. Both are slated to open in 2021.
- The U.S. Olympic & Paralympic Museum took shape in spectacular fashion, putting it on track for a 2020 opening.
- Since 2013, every \$1 in public funds invested in key projects Downtown has leveraged \$7.11 in private and nonprofit investment.
- Downtown is experiencing a healthy balance of investment across all districts, with the City Center and Southwest Downtown as the powerhouses at 30 percent each of total development dollars.
- Hospitality products are surging, with the opening of a 168-room Hilton Garden Inn and over 450 rooms under construction across three other projects.
- Colorado Springs' City Council approved the city's first designated Entertainment District at the Trolley Block.
- The pipeline of new residential units under development Downtown swelled to 1,248 units, with multiple prominent announcements of new projects.

Opportunity Zone status catalyzes investment

Downtown Colorado Springs is a designated federal Opportunity Zone, a powerful tool to ignite investment by providing certain tax incentives. This designation, coupled with positive real estate fundamentals, has attracted interest from investors across the United States. An estimated \$250 million in projects Downtown are leveraging Qualified Opportunity Funds as part of their capital stack.



Construction and permitting

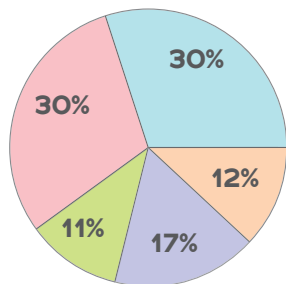
- 48 land use permits and approvals were issued for 33 individual projects, driven by several large-scale projects. This represents a five-year high in land use permitting activity Downtown.
- 699 building permits were issued in the 80903 ZIP code with a total plan-check valuation of \$125 million. This represents a 21 percent increase in building permits issued over 2018, and nearly 20 percent of plan-check value citywide.
- A mere eight certificates of occupancy were issued in 2019; this is likely due to timing, as many active projects are on multiyear construction timelines.



TOTAL INVESTMENT: \$1,455,828,015*

68 percent growth in investment year over year

*2013-2019



Investment by district

see district map, page 4

■	30%	City Center	\$ 429,126,859
■	12%	Near North End	\$ 171,121,202
■	17%	New South End	\$ 236,928,215
■	11%	East End	\$ 154,124,815
■	30%	Southwest Downtown	\$ 422,000,000

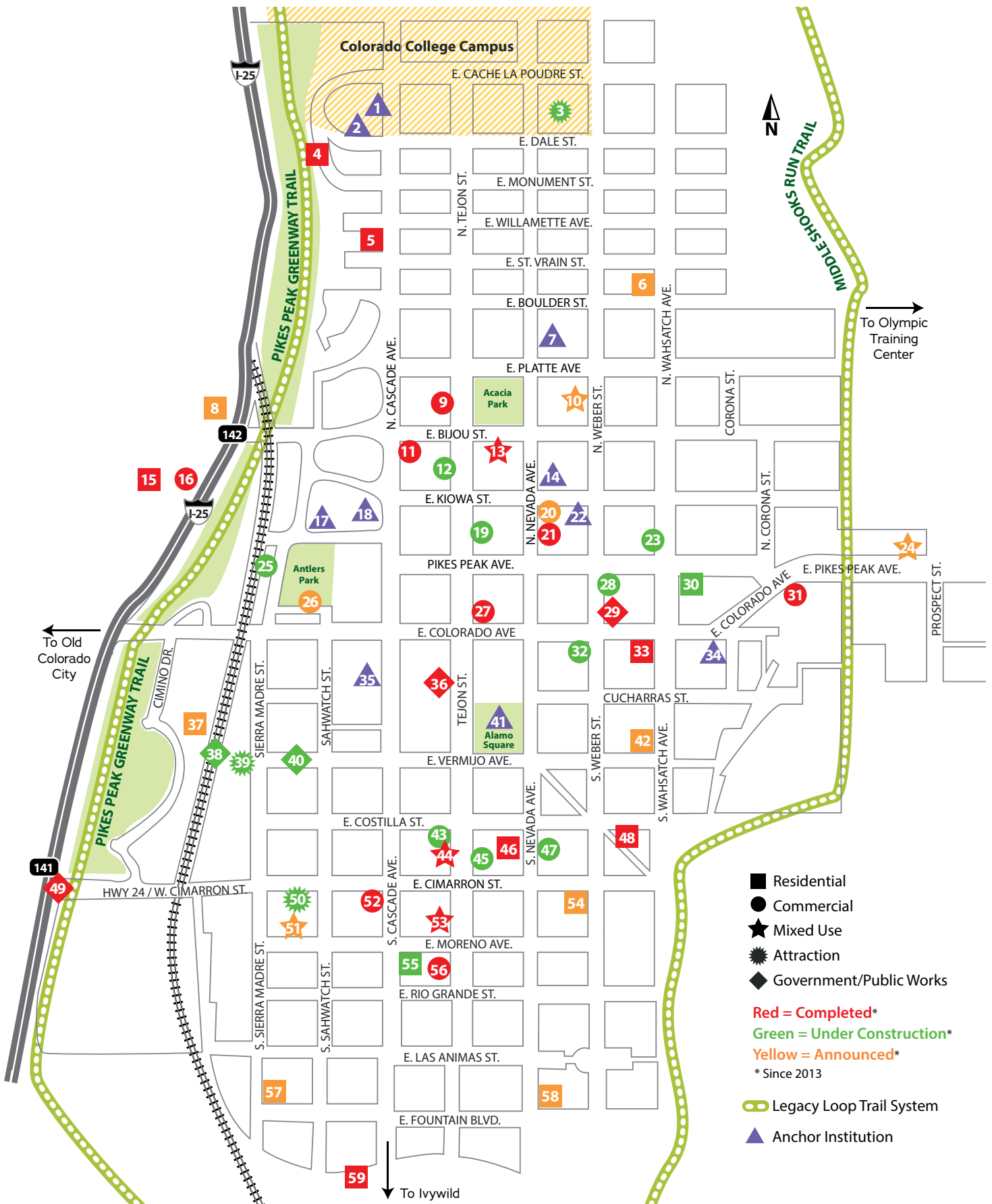


Development Toolkit

Learn more about available properties, early-stage projects, zoning, key contacts and other considerations for investing Downtown. www.DowntownCSDevelopment.com

Opposite top: Groundbreaking for the Downtown Stadium. Opposite inset: Collarelli Construction, photo by Stellar Propeller Studio. Above: Construction under way for the dual-branded Marriott Element Hotel and SpringHill Suites, next to the newly completed Casa Mundi apartments.

DEVELOPMENT MAP



This development map represents new construction or significant renovation projects of \$500,000 or greater since 2013; also indicated are Anchor Institutions such as museums and educational facilities.

Residential ■

- 4 Park Manor East Apartments: 20 rental units for persons 55+
- 5 Hearthstone Apartments: 23 rental units in restored historic property
- 6 Lisa's Way: 17 market-rate apartments with up to 4 affordable units
- 8 The Bijou Condos: Up to 100 affordable/workforce condos
- 15 22 Spruce: 48 rental units
- 30 Pueblo Bank & Trust Condos: Nine converted loft-style condos
- 33 333 ECO: 171 rental units with amenities
- 37 Parkside Residences: 300-unit rental and condo complex
- 42 322 Vermijo Apartments: 148 rental units
- 46 Blue Dot Place: 33 rental units
- 48 210 Pueblo: Five rental units
- 55 The Mae on Cascade: 178 rental units plus amenities
- 54 Cimarron/Weber Apartments: 81 rental units
- 57 Working Fusion Tiny Home Village: 18 affordable tiny homes
- 58 The Draper at Lowell: 280 units of senior and affordable housing
- 59 Greenway Flats: 65-unit permanent supportive housing

Government/Public Works ◆

- 29 Colorado Springs Fire Department Station 1: Extensive renovation of Colorado Springs' first fire station
- 36 UCCS Downtown: 7,500 sqf classroom and meeting space
- 38 Pedestrian Bridge: Connecting America the Beautiful Park to Southwest Downtown
- 40 Vermijo Streetscape: Redevelopment to create new pedestrian amenities and public spaces
- 49 Cimarron/I-25 Interchange: Reconstruction included extensive improvements to surrounding trails and parkland

Mixed Use ★

- 10 Downtown YMCA: Renovation and expansion of fitness center plus new amenities and residential
- 13 Bijou Lofts: 9 loft condos built above ground-floor retail
- 24 Pikes Peak Plaza Apartments: 217 rental units plus ground-level commercial
- 44 Casa Mundi Apartments: 27 rental units with 3,700 sqf of ground-floor commercial
- 51 Weidner Apartments Phase 1: Up to 200 rental units with ground-floor commercial
- 53 Trolley Block: Over 30,000 sqf of renovated restaurant and retail space with second-floor office

Attraction ☀

- 3 Ed Robson Arena: 3,400-seat hockey arena at Colorado College, home to CC Tiger Hockey
- 39 U.S. Olympic & Paralympic Museum: 60,000 sqf state-of-the-art museum celebrating the U.S. Olympic and Paralympic movements, restaurant and gift shop
- 50 Downtown Stadium: 8,000-seat multi-use soccer stadium, home to Switchbacks FC, with restaurant and amenities

Anchor Institution ▲

- 1 American Numismatic Association Money Museum
- 2 Colorado Springs Fine Arts Center at Colorado College
- 7 Palmer High School
- 14 City Hall
- 17 Pikes Peak Community College
- 18 Pikes Peak Library District Penrose Library
- 22 City Auditorium
- 34 Cottonwood Center for the Arts
- 35 Pikes Peak Center for the Performing Arts
- 41 Colorado Springs Pioneers Museum

Commercial ●

- 9 218 N. Tejon: 6,000 sqf of restaurant space converted into three new, unique concepts
- 11 Hilton Garden Inn: 168-room hotel with over 8,000 sqf of ground-floor commercial
- 12 112 N Tejon: 14,000 sqf renovated retail space to include bar, boutique and restaurant
- 16 Bank of the San Juans Office Complex: 30,000 sqf remodeled Class A office
- 19 19 N Tejon: 47,000 sqf renovated Class A office space with co-working component and food hall concept
- 20 Hyatt Place: 80-room hotel
- 21 Mountain Chalet: 13,000 sqf renovated retail space for outdoors retailer
- 23 324 E. Pikes Peak: 18,000 sqf of renovated space for retail, office, and restaurant use
- 25 Old Depot Square: Renovation of historic train depot to include three new restaurant concepts
- 26 Early Connections Learning Centers: New-construction child care facility and professional development training
- 27 USA Basketball: Renovation of state-of-the-art street-level office for USA Basketball headquarters
- 28 315 E. Pikes Peak: 13,000 sqf of renovated space for retail and office use
- 31 Catalyst Campus: Renovated 40,000 sqf historic train depot into a modern office hub for aerospace and defense focused companies
- 32 CenterPoint Campus: 9,000 sqf renovated space for office and retail
- 43 Marriott SpringHill Suites and Element hotels: 261-room dual-branded hotel with ground-floor commercial and rooftop bar and restaurant
- 45 Children's Hospital Urgent Care Facility: New 8,500 sqf outpatient and urgent care facility
- 47 Kinship Landing: 80-bed boutique hotel with private rooms, suites, and shared dorms
- 52 ANB Bank: 5,600 sqf building with ground-floor retail (bank) and second-floor office
- 56 Coquette's Bistro: 6,000 sqf office renovation into restaurant and additional commercial

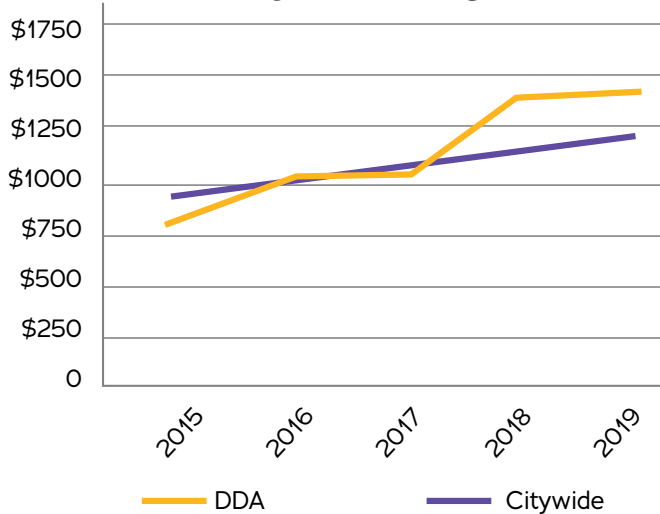
LIVING

Downtown residential development hit its stride in 2019, a record-setting year for new projects queued in the near-term pipeline. With nine multifamily projects announced, promising nearly 1,250 new units in the next three years, Downtown continues to take shape as its own distinct neighborhood. Residents are lured by a walkable environment with access to nightlife, transit, dining, culture and trails, making it easy to go from Downtown to downtime in no time.

Multifamily rents continue to grow, as demand remains hot and vacancy hovers at 5 percent. The Downtown multifamily market continues to see cap rate compression, which is consistent with national trends, as the value of high-performing multifamily properties continues to rise at rapid rates. Cap rates for Downtown multifamily averaged 5.8 percent in 2019, down from 6.3 percent in 2018.



Downtown vs citywide average rents



Residential projects, new and conversion

DDA and adjacent

Project	Units	Type	Open*
Blue Dot Place	33	Rent	2016
Hearthstone Apartments	23	Rent	2016
210 Pueblo	5	Rent	2017
Bijou Lofts	9	Own	2017
9 South Weber	3	Rent	2018
22 Spruce	48	Rent	2018
Park Manor East	20	Rent	2018
333 ECO	171	Rent	2018
Greenway Flats	65	Rent	2019
The Mae on Cascade	178	Rent	2020
Casa Mundi	27	Rent	2020
Pueblo Bank & Trust Condos	9	Own	2021
322 Vermijo Apartments	148	Rent	2021
Cimarron/Weber Apartments	81	Rent	2021
Working Fusion Tiny Home Village	18	Rent	2021
Pikes Peak Plaza Apartments	217	Rent	2022
Weidner Apartments Phase 1	200	Rent	2022
Parkside Residences Phase 1	187	Rent/Own	2023
Residences at PPYMCA, Phase 1	100	Rent	2023
Lisa's Way	17	Rent	2023
The Draper at Lowell	280	Rent	2023

*Actual and projected

Top: Lobby, 333 ECO Apartments. Left, looking out to a balcony at Blue Dot Place. Opposite, Casa Mundi facade.



2019 highlights

- **Nine new multi-family projects** were announced, totaling 1,248 new units.
- About 7,300 housing units comprise the 80903 ZIP code with just over 900 housing units in Downtown.
- Multifamily rents Downtown **grew by 3.3 percent** from 2018 to 2019, reaching an all-time high of \$1,451, or \$2 psf. Downtown has now sustained the highest multifamily rents citywide every year since 2015.
- Downtown multifamily **rents have grown by 78 percent** from 2015 to 2019. This trend is understandable, given so many prior years with no new residential construction in the core.
- The absorption rate for Downtown multifamily units **averaged 5.8 percent**, more than five times the citywide average of 1.1 percent.
- Completed, under construction, and announced **residential projects Downtown total 1,837 units**, putting the DDA on pace to far exceed its earlier goal of 2,000 new residential units Downtown by 2025.
- The residential population within DDA boundaries has **grown by 14 percent** since 2010, rising close to 2,000 people.
- **Multifamily vacancy rates Downtown** were among the lowest citywide at the close of 2019, with only the West Colorado Springs submarket having a slightly lower multifamily vacancy rate.
- From 2016 to 2019, **375 new units have been delivered** Downtown, and at end of year, 214 new units were under construction across three separate projects. This represents 13 percent of the multifamily market under construction citywide.

Apartment comparison



	DDA		Citywide	
	2018	2019	2018	2019
Average vacancy rate	9.8%	5%	6%	7%
Average asking rent PSF	\$1.93	\$2.00	\$1.27	\$1.33
New units delivered	175	0	499	923

SPOTLIGHT: Addressing housing affordability



As Colorado Springs continues to grow in national prominence as a desirable place to live, rents are surging citywide. Years of pent-up demand for new multifamily options Downtown means a continued strong market for higher-end product, but developers also are committing to projects with a range of price points to serve people across all socioeconomic strata. 2019 in particular saw strides in addressing housing affordability Downtown. Of note:



- Of the 1,248 new units announced among nine projects in 2019, up to one-third are planned to be offered as affordable, with another 12 percent targeted to meet the market for workforce housing.
- Greenway Flats, a collaboration of Springs Rescue Mission and Nor'wood Development Group, opened 65 new units of permanent supportive housing on Downtown's southern edge to serve chronically homeless individuals.
- Two projects announced in 2019 would be groundbreaking: Working Fusion is poised to become the city's first tiny home village, with 18 homes serving young adults; and Lisa's Way, with four affordable units among a total 17, would be one of the first developments in the city to integrate affordable and market-rate housing in the same complex.
- Two projects announced in late 2019, The Draper at Lowell and Residences at Pikes Peak YMCA Phase 1, look to bring over 300 affordable housing units to Downtown.
- The DDA announced in October 2019 that it had purchased a property on East Costilla Street with intentions to develop an undetermined number of affordable live-work spaces for artists.



SHOPPING & DINING

Known for local brands, chef-driven cuisine, a renown coffee scene, artisan markets and one-of-a-kind boutiques, Downtown is the destination of choice for discerning shoppers and the culinary curious.

Street-level commercial establishments Downtown generate about \$400 million in gross sales annually, contributing about \$7 million in sales tax revenue to city coffers each year. With a growing residential base and rising number of hotel beds, Downtown will continue to attract established regional brands seeking to capitalize on the growing market. In addition to an expanding consumer base of urban residents and visitors, Downtown's central geography offers retailers access to a trade area of more than 225,000 consumers within a 10-minute drive.

Downtown also continues to boast some of the most affordable retail rents in the city, all while sustaining vacancy rates below 4 percent amidst high demand for limited space. This hot demand is best illustrated by new business announcements, which were four times greater in 2019 than in 2018.

“



I feel like this is just the beginning. With the introduction of the stadium, the museum, and the numerous apartments coming up, I think we are about to see a boom like this town has never seen before. Our foot traffic has increased dramatically, and that gave us confidence to open three new places.

– Michael Thompson,
co-owner with wife
Crystal, T-Byrd's Tacos,
Mood Tapas Bar, District
E11even, Bird Tree Cafe

”

Top: The Local Honey Co. Inset: Michael and Crystal Thompson. Photos by Stellar Propeller Studio.



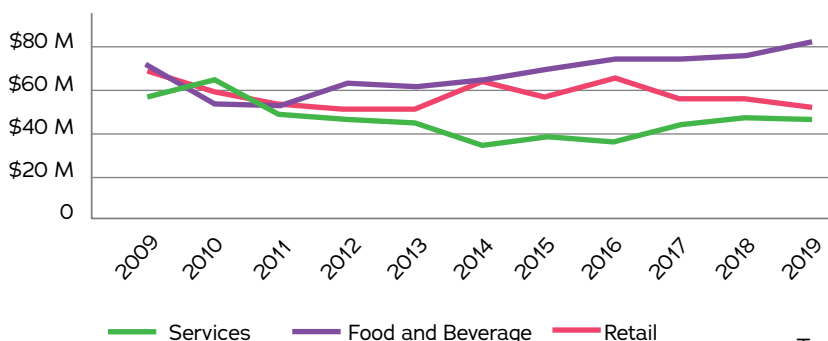
Retail real estate at a glance

- Downtown **vacancy rates ended 2019 at 3.8 percent**, down from 4.1 percent at the end of 2018. The availability rate stands at 9 percent, representing 148,000 sqf of available space.
- Average **retail rents at the end of 2019 were \$15 psf**, down from \$17.65 at the end of 2018.
- Even with the recent dip, retail rents are \$1.24 psf higher than five years ago.
- The percent leased rate at the end of 2019 was 96.4 percent.
- Downtown had a negative net absorption of 11,600 sqf in 2019. This is likely skewed by a multitude of spaces that are vacant while **undergoing significant renovations** to accommodate new tenants slated for 2020.

Downtown sales

- Downtown generates **seven times more sales tax revenue per acre** than citywide.
- Overall gross sales Downtown (DDA) fell 10 percent from 2018 to 2019. However, gross sales in the BID – where the majority of restaurants and soft-goods retail are located – reached a **10-year high of \$187 million**, driven by strong food and beverage sales. It has taken a decade for Downtown sales to return to near pre-recession levels.
- **Food and beverage sales** across Downtown grew by 3.5 percent from 2018.
- Retail sales fell by 2 percent in the BID in 2019, and gross sales for service businesses in the BID were down 2.7 percent in 2019.
- **March, June, and December** were the top months for sales in the BID in 2019, while March, April, and December were the top sales months in the DDA (see boundary map, page 4).
- Downtown is not keeping pace with citywide trends. While citywide sales tax revenue grew 3 percent in 2019, the Downtown BID saw growth at half that pace, 1.5 percent, while DDA sales tax generation dipped 4.6 percent.

BID Sales 2009-2019



Opened in 2019

Retail

Anita Marie Fine Art
 Kreuser Gallery*
 The Living Room Plants
 The Local Honey Collective
 Mountain Chalet*

Food/Beverage

13/50 Distilling
 District E11even
 Lucky Dumpling
 Mood Tapas Bar
 Poke Bop
 Shame & Regret
 Solar Roast Coffee

Services**

Absolute Body Balance
 Doctor Phone Fix
 Epicentral at The Carlton*
 REN Creative/Good & Simple Co.
 The Next Us

Announced in 2019

3E's Comedy Club
 Bird Tree Café
 Bread & Butter
 Neighborhood Market
 CenterPoint Campus
 CLAY Venues
 CO.A.TI.
 Jax Fish House
 Louie Louie's
 Mash Mechanix
 Old Depot Square (three new restaurants)
 Pikes Peak Brewing
 The Shrunken Head
 Sprig

*Expansion/relocation

**Service business in a retail storefront

Top left: Patio dining at Dos Santos, photo by Tom Kimmell.
 Top right: Mountain Chalet, photo by Stellar Propeller Studio.

SPOTLIGHT: Retail/restaurant launchpad



With the largest concentration of locally owned restaurants in Southern Colorado, Downtown is the destination of choice for new food and beverage concepts to stake their claim. Not surprisingly, after finding success in the city center, many restaurants (and some retail and service businesses) then expand elsewhere in the Pikes Peak region.



In the past five years, at least 10 street-level businesses have leveraged their success Downtown to build their brands and open new locations. Much like the Downtown's Holiday Pop-Up Shop program gives emerging retailers the opportunity to test the Downtown market, Downtown itself gives enterprising food and drink purveyors and other businesses the opportunity to launch in an affordable submarket with stable foot traffic and high visibility.

Downtown businesses that have opened or announced additional locations since 2016:

- Beauty Bar
- Crafted Colorado Handmade Market
- Josh & John's
- King's Chef
- Lee Spirits (Brooklyn's on Boulder)
- Loyal Coffee
- Ohana Kava Bar
- Pikes Peak Lemonade
- Skirted Heifer
- Supernova
- Urban Egg



OFFICE

With the greatest employment density in the Pikes Peak region, Downtown Colorado Springs is Southern Colorado's premier destination for fast-growing companies looking to attract talent in a dynamic urban environment.

Building on the momentum of past years, office trends in 2019 indicate that demand for Downtown product remains strong with available square footage at record lows in the midst of steadily rising rents.

Especially noticeable in 2019, Downtown is experiencing considerable investment in existing product across all classes, as tenants and landlords invest in improvements to meet the needs of a changing workforce.

2019 office space at a glance

- 4,984,593 total square feet of office Downtown
 - Total Class A office: 1.2 million sqf (18 percent of market citywide)
 - Total Class B office: 3 million sqf (16.6 percent of market citywide)
- There was **340,000 sqf of available office space** at the end of 2019 (20 percent of it occupied), which was up 21 percent from the end of 2018 but still considerably lower than the five-year average of 420,340 sqf and the 10-year peak of more than 600,000 available sqf the Downtown market experienced in 2010.
- **Occupancy rates across all classes sat at 94.5 percent** at the end of 2019 – slightly higher than the previous 10-year peak of 94.1 percent realized at the end of 2018.
- The availability rate of Downtown office space averaged 6.8 percent in 2019, also a 10-year low.
- **Cap rates for Downtown office were 8.4 percent** at the end of 2019, up from 8.2 percent at the end of 2018.
- 153,000 sqf of office space was leased in 2019; however, net absorption was a mere 731 sqf.
- 2019 office sales volume totaled \$15.3 million, with an **average asking price of \$130 psf**, down from \$138 in 2018 but well above the 10-year average of \$116 psf.

Downtown office space time on market*

	Months on market	Months to lease	Months vacant
2015	16.9	16.4	17.0
2016	23.0	17.8	17.4
2017	12.6	14.2	14.3
2018	13.5	18.0	23.2
2019	13.7	16.6	14.0

*Annual averages



Epicentral opened in 2012 as Downtown's first coworking space. We added a second location Downtown in 2019 because demand was high, and the environment was right. Traditional workforce values are changing; people want more flexibility, not only in where they work, but when they work and how they work. We meet these needs by providing 24/7 access, a variety of spaces, a strong sense of community, and connection to all of Downtown's great amenities.

– Frank Frey,
Space Captain, Epicentral



Inset: Frank Frey. Above: Employees at Altia. Opposite: The Machine Shop. Photos by Tom Kimmell.



Leasing trends

Downtown lease rates continue to forecast steady growth. Gross market rents across all classes averaged \$22.70 psf at the end of 2019, up from \$22.04 psf in 2018 and exceeding the 10-year average of \$19.24 psf. The vacancy rate across all classes was 5.5 percent at the end of 2019, unchanged year over year. Office vacancy rates have remained at historic lows after entering the decade above 10 percent and averaging 7.9 percent in that time span.

While average market rents for all classes Downtown remain approachable, Class A product is showing traction. Class A vacancy rates reached historic lows in 2019, ending the year at 8 percent, down from 14 percent just five years ago. In Q4 2019, average gross rents for Class A office Downtown stood at \$29.27 psf. Rates are expected to exceed \$30 psf in 2020, with demand growing and vacancy and availability both expected to fall below 6 percent. As companies continue to locate and expand in close proximity to talent, Downtown's red-hot residential market likely will play a critical role in attracting key tenants to anchor new office product in the urban core.



Submarket	Average rent psf*	Average vacancy*
Downtown	\$22.70	5.50%
Central Business District	\$25.06	7.40%
Greater Central Business District	\$19.37	2.80%
North	\$17.73	9.10%
Northeast	\$23.49	6.70%
Northwest	\$19.77	14.40%
Southeast	\$18.37	10.50%
Southwest	\$17.65	3.80%

*Q4 2019

SPOTLIGHT: Office conversions and renovations



While modest rents have continued to forestall new office construction Downtown, the city center is experiencing considerable investment in office conversions and renovations to meet the evolving needs of Downtown employers. Older properties are being transformed into modern, flexible offices, and existing product across all classes is being upgraded with significant tenant improvements and landlord investments in shared amenities and common areas.

Properties at 102 S. Weber St. and 19 N. Tejon St. are undergoing complete overhaul to provide new curated office spaces that cater to coworking clients and traditional users while also offering new food and beverage experiences on site. Of note, 102 S. Weber St., at over 9,000 sqf, had been vacant for a few years until being sold in 2019.

Colorado Square, a Class A property in the Downtown market, completed a major renovation of its lobby in 2019, and local real estate services firm Hoff & Leigh completed a major overhaul of the property at 25 N. Spruce, home to Bank of the San Juans, creating an attractive new office destination adjacent to Downtown.

Epicentral, the original co-working location in Downtown, expanded with a second location on the top floor of the Carlton Building to meet a steadily rising demand for flexible co-working space. On the east side of Downtown, the O'Neil Group continues to expand its footprint with several acquisitions and corresponding investments in existing properties, as it continues to attract talent and employers to the growing Catalyst Campus aerospace and defense hub.

Large employers such as Northwestern Mutual and BombBomb reaffirmed their commitment to Downtown by signing lease renewals for large footprints at the Palmer Center in 2019. And Bluestaq, a fast-growing company spun out of Catalyst Campus, also signed on to lease more than 18,000 sqf of extensively renovated space on the ground floor of the First Bank building.



ARTS, CULTURE & ENTERTAINMENT

Working alongside other creative companies has been essential for our business success and growth over the last decade. Because Downtown is a creative district, we can more easily find, collaborate with, connect to and be inspired by other local creatives—we can't imagine working anywhere else.

– Sara DeRose, co-owner with husband Troy, FIXER

Downtown Colorado Springs is the cultural hub for the region, packing 140 public artworks and over 40 galleries and live arts venues into a densely walkable area. During the workday, a concentration of creative businesses contributes an atmosphere of energy, innovation and collegiality – in fact, Downtown Colorado Springs boasts over six times the national average for jobs and earnings in the creative industries.

Art appreciation is part of Colorado Springs' culture: In a 2019 citywide survey, 96 percent of respondents said that experiencing the arts was important to their family, and that Downtown is the No. 1 place to experience public art. After outdoor recreation, "fine arts opportunities" tied with "military and the Air Force Academy" as the top attributes making Colorado Springs unique.

2019 at a glance

- 953 arts, cultural and special events Downtown
- 61 outdoor events, festivals and parades
- 21 major runs and races
- 120 venues hosting cultural activities
- 43 buildings on the National Register of Historic Places or State Register of Historic Properties
- 156 events at the Pikes Peak Center for the Performing Arts
- 37 Downtown performances by the Colorado Springs Philharmonic
- \$46,826 annual earnings generated per Downtown creative industry employee

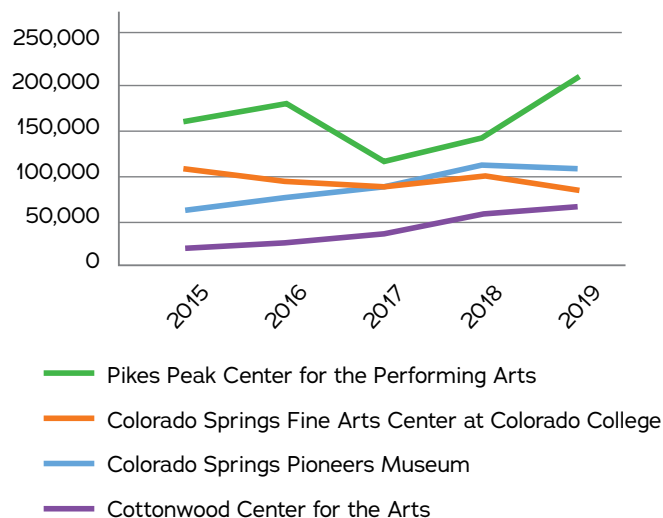
2019 highlights

- 2019 attendance at Downtown’s four leading cultural institutions **reached nearly 500,000**, an increase of 62 percent over the past five years.
- The **Downtown Colorado Springs Creative District**, established in 2014, earned recertification for another five years by unanimous vote of the certifying board of the State Office of Economic Development and International Trade. The Creative District status continues to lure new creative industries, visitors and artists to the city center.
- The **Colorado Springs Pioneers Museum** earned reaccreditation from the American Alliance of Museums. Only 3 percent of museums nationwide have achieved this distinction.
- **A bronze sculpture of Fannie Mae Duncan**, renowned in local history as a civil rights champion and successful nightclub owner, was installed on the grounds of the Pikes Peak Center for the Performing Arts. Additionally, artist Nikki Pike’s interactive **Musical Churn** sculpture was purchased through the Art on the Streets program and installed at the Pikes Peak Center.

Creative Vitality Index comparison

	CVI Score		Occupations		Industry Earnings		Earnings per Job	
	2017	2018	2017	2018	2017	2018	2017	2018
Downtown Colorado Springs	6.25	6.37	1,454	1,497	\$63.3 M	\$70.1M	\$44,911	\$46,826
RiNo, Denver	3.55	3.89	1,135	1,192	\$127.5 M	\$136.2 M	\$112,335	\$114,262
Manitou Springs	0.98	1.17	94	112	\$4.2 M	\$4.7 M	\$44,681	\$41,964
Fort Collins	1.48	1.50	840	859	\$55.1 M	\$57.8 M	\$65,595	\$67,288
Downtown Denver	14.63	14.30	3,472	3,636	\$355.9 M	\$391.2 M	\$102,506	\$107,591

Cultural Institution Attendance



Note: Variations in Pikes Peak Center and Fine Arts Center for 2019 are due to new participation tracking methods implemented by the institutions.



Above: Colorado Springs Pioneers Museum, courtesy of the museum.

SPOTLIGHT: Cottonwood Center for the Arts



2019 marked the 10-year anniversary of Cottonwood Center for the Arts' relocation to its permanent home on Downtown's east side. In the past decade, the multidisciplinary arts facility has made incredible strides in community-oriented arts programming for all ages. The 40,000-square-foot property anchors Downtown's east end, serving 1,600 art students and presenting 100 events yearly. By concentrating a broad portfolio of key creative-industry amenities and learning opportunities on the same campus, Cottonwood has seen an enormous return on investment: attendance has grown by 223 percent in just the past five years. Nearly 100 artists work out of the building and a further 280 are on a waitlist for the facility, which offers retail, gallery space, event space, a film screening theater and a clay studio with the region's only outdoor 2,400-degree kiln. Following the 2018 opening of 333 ECO Apartments two blocks away, Cottonwood's attendance again took a significant jump. As additional residential and commercial development occurs on the east end, Cottonwood continues to see a commensurate rise in patronage, to nearly 70,000 visitors in 2019, pointing to its importance as a unique regional draw and activator for the surrounding neighborhood.

Photos: Various artists, studios and galleries at Cottonwood Center for the Arts. Photos by Stellar Propeller Studio.

TALENT & BUSINESS

Downtown is Colorado Springs' center of business and talent, with just over 26,600 employees – a 9.5 increase in jobs in the past five years, outpacing the national job growth rate of 7.3 percent. Downtown is rapidly becoming the location of choice for startups, high-tech firms, aerospace and defense companies and creative industries.

Talent is lured to the urban work style with plentiful shopping and dining options, easy access to personal care services, walkable and bikeable commutes, and diverse social and professional networking opportunities. A location Downtown eases the challenges of recruiting top talent. Another plus: Colorado Springs ranks as the 12th Most Educated City in the United States, according to WalletHub.

Talent highlights

- While Downtown Colorado Springs represents just 0.05 percent of the total land area in El Paso County, it's home to **7.5 percent of all jobs countywide**.
- Nearly half of Downtown employees work in professional trades.
- The weighted **average salary for professional wage earners Downtown is \$62,196**.
- Just over a third of Downtown employees (36 percent) have an especially easy commute – residing within the 80903 ZIP code.
- Median **wages for Downtown workers are about 6 percent higher** than national wages in the same occupations.
- The 3,800 millennials in the 80903 ZIP code represent a **16 percent higher density of millennials** for an area of this size nationally.
- Retirement risk is low in the greater Downtown area – about 15 percent lower than average for an area this size nationally.

Business highlights

- There are just over 2,500 businesses in the greater Downtown area.
- New business filings totaled 658 in 2019, a 1.6 percent drop from 2018. New business filings have largely stabilized after a significant drop from a peak of 851 in 2017.
- Approximately half of Downtown businesses have five employees or fewer.
- About 18 percent of professional, scientific, and technical service industries in El Paso County are located Downtown.

Notable Downtown headquarters

- Acorn Petroleum (energy)
- Altia (software)
- BombBomb (software)
- Colorado College (education)
- Insurance Technologies (software)
- The Gazette (media)
- GE Johnson (construction)
- U.S. Olympic & Paralympic Committee (sports)



“Being headquartered Downtown allows our team to strike a great work-life balance. Bluestaq is growing and hiring top talent – our Downtown location helps us to attract the very best.”

– Seth Harvey, CEO and co-founder, Bluestaq

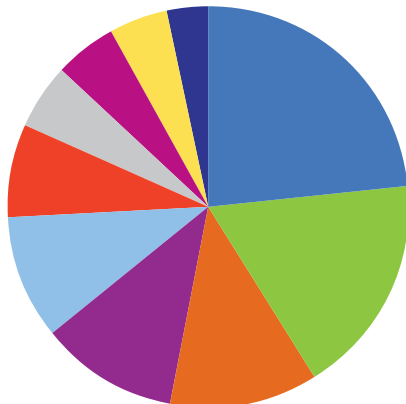




Top Downtown industries by number of establishments

Industry	Establishments	% of total establishments	% of El Paso County establishments
Professional, scientific, and technical services	485	31%	18.3%
Health care and social assistance	175	11.2%	8.2%
Finance and insurance	136	8.7%	11.1%
Other services (except public administration)	136	8.7%	10.8%
Real estate, rental and leasing	118	7.5%	8.9%

Top Downtown industries by number of jobs



Industry	Number of jobs	Percent of jobs
Government	5,716	21.5
Professional, scientific and technical services	4,270	16.1
Other services (except public administration)	2,884	10.8
Accommodation and food services	2,746	10.3
Health care and social assistance	2,424	9.1
Construction	1,818	6.8
Finance and insurance	1,252	4.7
Administrative/support/waste mgt/remediation	1,226	4.6
Education	1,148	4.3
Retail trade	755	2.8

TOURISM & HOSPITALITY

The Pikes Peak region welcomes over 5 million overnight visitors each year, and Downtown Colorado Springs is quickly becoming a go-to destination for visitors alongside renowned natural attractions such as Garden of the Gods and Pikes Peak.

2019 Downtown marked the opening of a 168-room Hilton Garden Inn at the corner of Bijou and Cascade, the first new hotel in the Downtown core since the opening of the Mining Exchange in 2012. With this, the number of hotel rooms in Downtown rose from 409 to 577, representing a 41 percent increase in total inventory.

Entering 2020, another 461 rooms are under development in the Downtown core across three projects. Upon completion of these projects, the number of hotel rooms Downtown will top 1,000 – a 153 percent increase from 2018 to 2021.



Downtown highlights

- Lodgers and Auto Rental Tax (LART) revenue generated in 80903 essentially held steady in 2019. Downtown currently represents about 6 percent of overall LART revenue, although that percent should increase with new hotels opening in the near future.
- Attendance at Downtown outdoor and cultural events, visitors centers, and parades/festivals was more than 843,000, up slightly from 2018.
- Programs produced specifically by Downtown Ventures, the nonprofit arm of Downtown Partnership, engaged more than 71,000 patrons – double-digit growth over the prior year. This includes activities such as Skate in the Park, First Friday art walks and Downtown Walking Tours.

Citywide visitorship highlights

- Colorado Springs Lodging and Automobile Rental Tax (LART) revenue increased by 6 percent from 2018 to 2019.
- Revenue Per Available Room (RevPAR): \$91.17 (up 8 percent)
- Average Daily Rate (ADR): \$130.37 (up 10 percent)
- Occupancy (OCC): 69.9 percent (down 1.2 percent)

Hotel	Rooms	Opening
The Antlers	292	1973
The Mining Exchange	117	2012
Holiday Inn Express*	80	2014
Hilton Garden Inn	168	2019
Kinship Landing**	80	2020
Marriott (Element Hotel & SpringHill Suites)	261	2021
Hyatt Place	120	2022
Total Rooms	1,118	

*Located just west of Downtown

**Bed count for private and shared rooms



Top: Entering The Mining Exchange, photo by Stellar Propeller Studio. Above: The Hilton Garden Inn, photo courtesy of The Gazette.

SPOTLIGHT: U.S. Olympic & Paralympic Museum



Opening in 2020, the U.S. Olympic & Paralympic Museum celebrates the achievements of U.S. Olympic and Paralympic athletes through state-of-the-art immersive experiences and exhibits. The 60,000-sq-ft museum – which includes a theater, restaurant and gift shop – has catalyzed development throughout Downtown and will transform the southwest part of the city center with more than \$2 billion in mixed use development envisioned over the coming years. Designed by Diller Scofidio + Renfro (The High Line, the Broad Museum, MOMA expansion, among many others), the museum is turning heads and drawing national attention to Downtown Colorado Springs.



**Most Anticipated Museum
Opening of 2020**
One of 10 noted internationally
Smithsonian Magazine



Most Anticipated Building of 2020
One of 11 noted internationally
Architectural Digest



**Museum Exhibit Worth Planning
a Trip Around in 2020**
One of 10 noted internationally
CNBC



**Museum Worth Planning a Trip
Around in 2020**
One of nine noted internationally
Conde Nast Traveller




MOBILITY & OUTDOORS

Downtown is the most accessible spot in Southern Colorado, positioned at the juncture of Interstate 25 and Highway 24, encircled by the Legacy Loop trail system and boasting the highest bike and transit scores in the region.

Downtown Colorado Springs stands out among urban areas nationwide for its healthy park system and trail connectivity, enabling residents and workers to step outside their Downtown office or apartment and connect instantly to world-class trails. Stitching this all together is the Legacy Loop, 10 miles of natural greenways and trails encircling the greater Downtown area. Each year, work continues to enhance the Loop and provide safe on-street connections to and through the Loop.

Efforts to fully connect the Legacy Loop took a step forward in 2019 with the purchase of 5.6 acres on the Loop's southeastern edge by local nonprofit Concrete Couch. Envisioned as "a place for all to meet and make," the property eventually will include permaculture gardens, improved trails and landscaping, a caretaker's residence and office, education facilities and a community-built playground. Most importantly for the Loop, Concrete Couch has provided an easement on the property, further helping to stitch together that quarter-mile portion of the Loop needing better trail connectivity.



We relocated our company headquarters to Downtown because it exudes energy and helps us attract the best and brightest talent. A key part of that attraction is Downtown's amenity-rich, walkable, bike-friendly environment with easy commutes and connectivity. With PikeRide bike share plus great urban trails, moving around the city center is a breeze.

– Mike Juran, CEO
Altia



Coming in 2020

- Installation of pedestrian bridge connecting America the Beautiful Park (and Legacy Loop/ Pikes Peak Greenway Trail) to Southwest Downtown.
- Six blocks of new streetscaping and urban tree canopy in Southwest Downtown.
- 40 blocks of road paving, new curb and gutter.
- Installation of gateways signage at nine vehicular entrances to Downtown.



Drive

- Over 2,200 on-street parking meters
- 3 municipal garages with 2,450 parking spaces
- 4,500 private parking spaces
- Served by three exits off I-25 (Uintah, Bijou, Cimarron)



Pedal

- Bikescore: 83 (7 percentage point increase from 2018)
- No. 14 Best City for Biking by People for Bikes
- Silver Award, League of American Bicyclists
- 200 PikeRide e-assist bike share bikes serving the greater Legacy Loop area
- 26 percent of Downtown streets have dedicated bike lanes
- More than 500 bike racks are available for easy and secure parking



Walk

- Walkscore: 67 (down 4 percentage points from 2018)
- 1,705 Downtown Walking Tour participants in 2019, an increase of 34 percent
- 1,200 average runners weekly year-round in the Jack Quinn's Running Club 5K



Transit

- Transitscore: 43
- 11 Mountain Metro Transit service bus lines connect to Downtown
- 4.4 percent increase in ridership from the Downtown Transit Center (Q1-Q2 2018-2019)
- Bustang service to Denver departs seven times a day on weekdays, and twice daily weekends from the Tejon/Nevada Park & Ride, and twice daily from the Downtown Transit Center.



Parks

- Five Downtown parks encompass nearly 200 acres, with playgrounds, tennis and pickleball courts, ball fields, interactive fountains and more.
- City Parks, Recreation and Cultural Services department engaged with hundreds of community members as it began development of a comprehensive master plan for Acacia, Alamo, and Antlers, three historic Downtown parks.
- Food Truck Tuesday in Alamo Park attracted hundreds of patrons weekly, cementing its popularity among Downtown workers in its third year of operations.

EDUCATION



- 5,134 Higher education students
- 2,236 Colorado College students
- 2,898 Pikes Peak Community College Downtown Campus students
- 605,041 Penrose Library annual patrons
- 1,567 Palmer High School students



Colorado College

With its innovative block plan, Colorado College attracts students eager for new approaches to learning. The 92-acre campus of this four-year liberal arts college boasts 13 buildings on the National Register of Historic Places, and its Tutt Library is the largest net-zero-energy academic library in the nation. Colorado College is ranked No. 3 Most Innovative School, No. 6 Best Undergraduate Teaching, and No. 27 Best Liberal Arts College by U.S. News & World Report.

New in 2019: The Colorado Pledge

Colorado College vowed to address affordability concerns of higher education through the Colorado Pledge, a pilot program for students entering the school in fall 2020. The program supports Colorado students from families with incomes below \$200,000, with tiered levels of aid. Most notably for those with family income of less than \$60,000, parents will not have to contribute to tuition, room or board.

Pikes Peak Community College

The Pikes Peak Community College Downtown Campus specializes in creative industry studies as well as core courses. The campus, located adjacent to Penrose Library, is especially convenient to Downtown workers who can walk to classes from their place of employment.

New in 2019: Dakota Promise Scholarship

In partnership with the Dakota Foundation, the Legacy Institute, and Harrison School District 2, PPCC created an unprecedented opportunity of free tuition and academic support coaches to every qualifying high school graduate in the district starting in fall 2020.

UCCS Downtown

2019 was the first full year of operations at the new UCCS Downtown facility, serving more than 6,500 students, alumni, university staff and stakeholders, and community partners. The 3,000-square-foot space averaged 42 hours weekly of use, with popular programs including Mini MBA coursework, Coffee with a Cop gatherings, and the #UrbanCOS learning series.

Palmer High School

Palmer, part of Colorado Springs School District 11, serves as the city's central urban high school, offering an International Baccalaureate approach, a challenging program with a global focus. Downtown benefits from the lunchtime traffic, volunteer partnerships and after-school workforce of Palmer students.

SPOTLIGHT: Quad Innovation Partnership



Opened in 2017, the Quad Innovation Partnership is unique nationally in its approach, bringing together students from a state university (UCCS), a private liberal arts college (CC), a community college (PPCC) and a military service academy (Air Force Academy) to advance strategic projects in the region. In 2019, the nearly 90 students working at the Quad tackled a variety of issues for community clients such as:

- Research for Children's Hospital Colorado into youth suicide and building emotional resilience.
- Research for Innovations in Aging collaborative on developing affordable senior housing.
- Research into effective advocacy efforts addressing the opioid crisis, for client Community Health Partnership.
- Market research to support growth of Downtown tech company Altia.
- Energy planning and community engagement for Colorado Springs Utilities.

ABOUT THE DDA

The Colorado Springs Downtown Development Authority is guided by a mission to build public and private investment partnerships that promote the economic and physical growth of Downtown Colorado Springs. Downtown property owners voted to establish the DDA in November 2006 to provide programs and financial incentives to foster downtown development. DDA is governed by a board of 11 people appointed by Colorado Springs City Council. Downtown Partnership serves as the contracted management company for the DDA. In 2016, City Council adopted the updated Experience Downtown Plan Volume I as the official Plan of Development for DDA. The DDA is funded in two ways: first, by a 5-mill tax levy within the district to support its operations; and second, through Tax Increment Financing (TIF). The latter is the capture of increased property tax revenues within the district following a baseline assessment. TIF revenues go into a special fund and, as it grows, the funds are leveraged for support of downtown projects in the form of grants and reimbursement agreements. All projects receiving grants and reimbursement agreements from the DDA must demonstrate alignment with the goals and priorities of Experience Downtown. Grant funding decisions are made by the 11-member board of the DDA, which meets on the second Tuesday of each month.

Since its first full year of operations in 2008, DDA accomplishments include:

- More than \$3 million in grants were provided to improve properties, fund special events and support new initiatives. Notable grants include the first-in funding for a feasibility study to explore establishing what became the U.S. Olympic & Paralympic Museum in Downtown.
- Enduring programs and initiatives were piloted and launched such as tree lighting, supplemental private security and PikeRide bike sharing.
- Through six years to date, the DDA's Holiday Pop Up Shop program has featured 14 businesses (and a few score artisan brands represented within some shops). To date, 43 percent of shops supported through this program continue with year-round store operations Downtown.
- Since 2014, DDA has entered into eight Tax Increment Finance Reimbursement Agreements, leveraging more than \$163 million in private investment and supporting construction of nearly 650 residential units.
- Strategic financing and leadership support of Cottonwood Center for the Arts has helped ensure success since its 2009 move to its current location.
- New products such as State of Downtown Report (now in its fifth year) and the Development Toolkit website, DowntownCSDevelopment.com, support prospects and investors year-round.



New signage gets installed at the east gateway entry to Downtown. Photo courtesy of The Gazette.

DDA Scope of Work

- Building Enhancement Grants
- Placemaking and public realm investment
- Business retention and expansion support
- TIF Reimbursement Agreements
- Holiday Pop Up Shops
- Consumer marketing
- Resident Welcome Kit
- Research and market reports
- Tenant prospect leads
- Job growth incentives
- Permitting and entitlement support
- Mobility, connectivity, parking support
- Informational tours

ACKNOWLEDGMENTS

Downtown Development Authority Board of Directors

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Data sources

Bureau of Labor Statistics; City of Colorado Springs (multiple departments); Colorado Information Marketplace; Costar; Department of Local Affairs (DOLA); El Paso County Assessor's Office; Emsi; Esri; IRR Research; InfoUSA; OnTheMap; Pikes Peak Regional Building Department; Reference USA; Rocky Mountain Lodging Report; UCCS Economic Forum; U.S. Census; Walkscore; WESTAF; individual businesses, developers, attractions and venues; staff analysis.

Contact

To inquire about opportunities for your business, contact Susan Edmondson, Susan@DowntownCS.com, 719-886-0088.

Business and investor support

Downtown development: DowntownCSDevelopment.com

Small business development: COSOpenforBiz.com

Regional Opportunity Zones: ColoradoSpringsOpportunityZones.com

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HENSEL PHELPS
Plan. Build. Manage.

Find development resources and contacts
at DowntownCSDevelopment.com




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