

STATE OF DOWNTOWN

Colorado Springs 2016



Economic snapshot and performance indicators



Welcome to our first State of Downtown Colorado Springs report, a helpful guide that we plan to become an annual resource. Here you'll find the data, trends and analysis to inform key stakeholders in making sound decisions. This report is created especially with investors, brokers, developers, retailers, civic leaders and property owners in mind. We also use this report to hold ourselves accountable; reports in subsequent years will be able to track patterns in growth and gauge opportunities for improvement and investment.

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 or the 80903 ZIP code. Data is for 2015 except where noted.

Our city center is at a pivotal moment in time, experiencing an unprecedented half a billion dollars in completed, in-process or announced public and private development since 2013. This aligns meaningfully with national trends that favor urban environments for business and living. Increasingly, innovative companies are choosing walkable, bikeable, mixed-use environments rich in cultural opportunities, social spaces and, yes, even craft brews. Our Downtown is responding, with numerous initiatives toward a more vibrant city center.

As the heart of Olympic City USA, Downtown Colorado Springs is uniquely positioned to provide a thriving environment connected directly to exceptional outdoors experiences and urban adventure. Our journey ahead is promising.



Mayor John Suthers
City of Colorado Springs



David Lord
Chair, Downtown
Development Authority



Susan Edmondson
President & CEO,
Downtown Partnership

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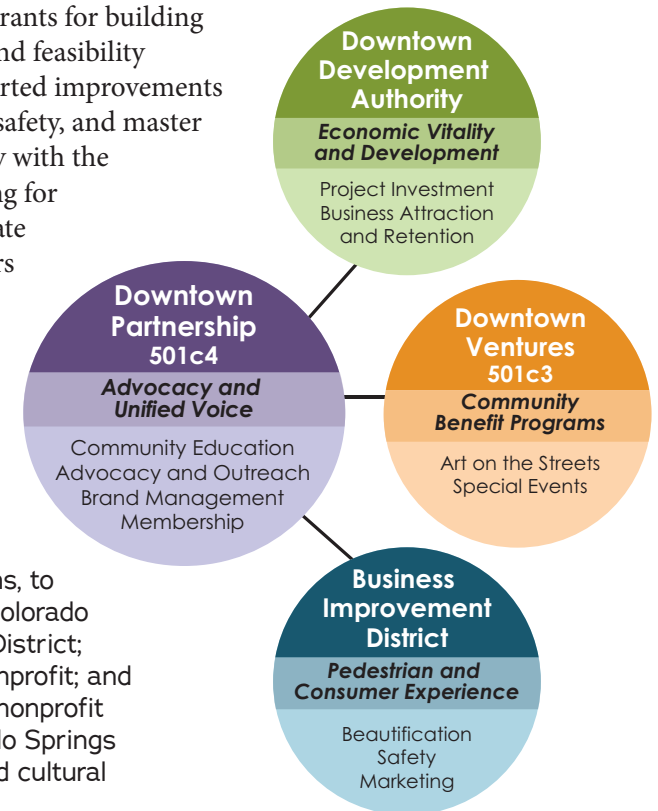


DDA FUNDING SPURS PRIVATE INVESTMENT

Just a few years ago, no one would have pegged the intersection of South Nevada Avenue and Costilla Street as the next node for investment in Downtown. But today, the New South End neighborhood has emerged, anchored by Blue Dot Place apartments from visionary developers Kathy Loo and Darsey Nicklasson of BDP Development. And strategic funding from the DDA has leveraged a **fiftyfold return** in private investment in the immediate area. From 2013 to 2015, DDA provided three building-facade grants and one tax-increment-finance agreement in the 400 block of South Nevada, totaling DDA support of nearly \$280,000. To date, approximately **\$14 million in announced, in-process or completed investment by the private sector** has occurred in a four-block radius of the intersection. This includes Blue Dot's 33 new residences, another 29 in the near-term pipeline and eight new businesses.

The State of Downtown Colorado Springs report is produced by the Downtown Development Authority (DDA), building public and private partnerships, investing in the physical and economic growth of Downtown. Since inception in 2007, the DDA has provided more than \$2 million in grants for building facades, special events, and special projects and feasibility studies. Additionally, DDA funds have supported improvements to the public realm, enhancements to public safety, and master planning initiatives. DDA collaborates closely with the City of Colorado Springs on land use planning for Downtown; assists businesses seeking to locate or expand Downtown; assists property owners in identifying prospective tenants; and provides the data and context necessary for businesses to make wise decisions for investing in Downtown.

DDA operates as part of the Downtown family of organizations, to include the Greater Downtown Colorado Springs Business Improvement District; Downtown Ventures, a 501c3 nonprofit; and Downtown Partnership, a 501c4 nonprofit ensuring that Downtown Colorado Springs serves as the economic, civic and cultural heart of the Pikes Peak region.





Downtown at a glance

Downtown contributes
14 times its geographic
weight in sales tax.¹

2015 Community Rankings

- A+ Ranking for small business friendliness, *Thumbtack.com*
- 3rd Best large city to live in, *WalletHub*
- 1st (tie) Most innovative liberal arts college, Colorado College, *U.S. News & World Report*
- 1st Lowest obesity rates, *Gallup Healthways*
- 8th Residents feel safest, *Gallup Healthways*
- 9th Best city for families, *WalletHub*
- 2nd Best large city for veterans to live, *Military Times*
- 3rd Most entrepreneurial college, Colorado College, *Forbes*
- 3rd Best city for livability, *WalletHub*
- 5th Most educated city, *WalletHub*
- 9th Best city to retire in, *BankRate.com*

DOWNTOWN BY THE NUMBERS



- 2% of city land mass
- 682 acres
- 1.1 square miles
- 120 city blocks



2,300 businesses



17,000 workers



1,129 arts, cultural and special events



587 hotel rooms²



180 acres of urban parkland³



4,650 public parking spaces



- \$960 million in property market values
- 3% of city assessed property values



9% of city building permits

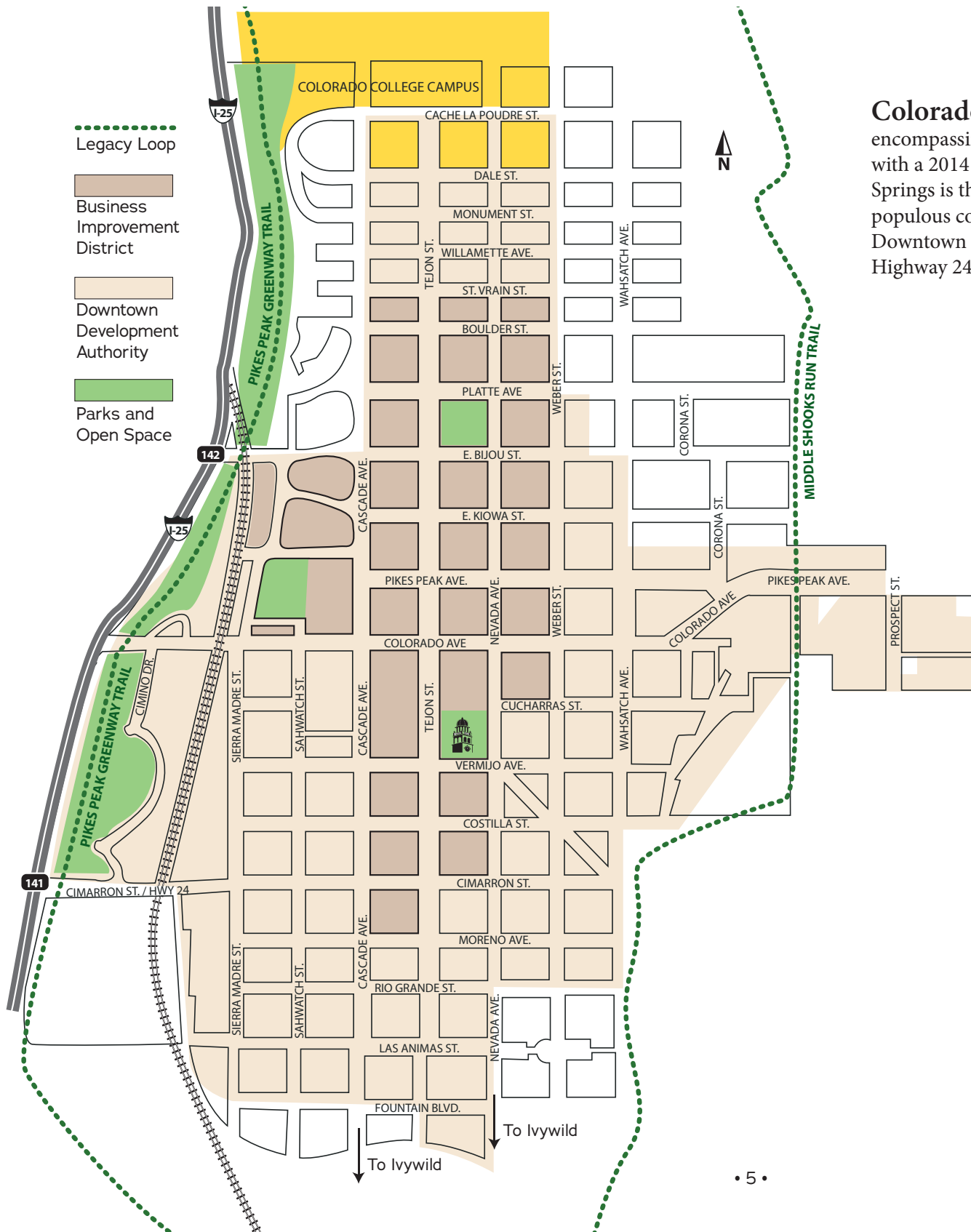


- 4,045 higher education students
- 2,013 high school students







8,000 weekly parishioners

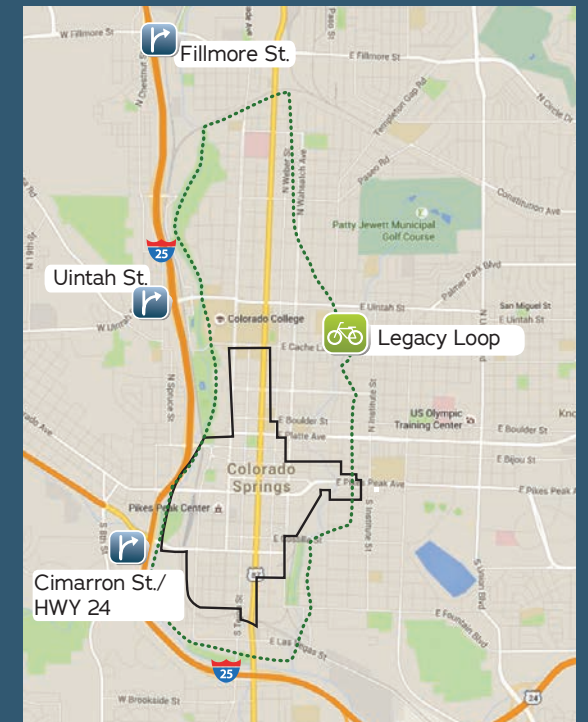
¹ Greater Colorado Springs Business Improvement District (BID), 2014. ² Downtown core and adjacent properties. ³ America the Beautiful Park, Pioneers Park, Acacia Park, Antlers Park, Monument Valley Park.



Colorado Springs is the state's largest city in area, encompassing 196 square miles, and the second most populous city with a 2014 population of 445,830 (over 650,000 MSA). Colorado Springs is the seat of El Paso County, which is the state's most populous county. The city is located at the foot of Pikes Peak, with Downtown centrally located at the juncture of Interstate 25 and Highway 24, in the heart of the city.

DOWNTOWN IN THE REGION

-  • 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



TOTAL INVESTMENT: \$512,996,202



*2013-2015



Development and Investment

Lured by a walkable environment, unique shops, trail connectivity, state designation as a creative district, and the largest concentration of locally owned restaurants in the region, developers and investors are rediscovering the value of Colorado Springs' city center. 2015 marked a significant turning point in Downtown's – and the city's – economic future.





“Downtown dreams for 2018 coming true.”

– Colorado Springs Business Journal, 2015

HIGHLIGHTS OF 2015

- Demolition and site prep began for the **future U.S. Olympic Museum**, setting the stage for a 2018 grand opening.
- The 33-unit **Blue Dot Place apartments** neared completion, the first new-built apartments in the Downtown core since 1960.
- Development plans were approved for **169 new units of residential** at The Wahsatch, a joint venture of Nor’wood Development Group and Griffis Blessing. The project is set to break ground in 2016, with delivery in late 2017.
- Acquisition and improvements made at the **Catalyst Campus for Technology**, housed in the historic Santa Fe Depot building, approached \$6 million. The Colorado Advance Manufacturing Alliance Fuse Impact Center, co-working spaces, and a cyber/satellite operations space anticipate opening on the campus in 2016.
- Site work was well under way on the \$113 million **Cimarron and I-25 interchange**, slated to be complete by the end of 2017.
- **Creekside at America the Beautiful Park**, completed in late 2015, provides access to Monument Creek and a natural setting for people to enjoy and learn about the Fountain Creek Watershed, as well as an Environmental Playground, expansion of the floodplain, and enhanced riparian habitat.
- City Council approved **urban renewal designation** for about 100 acres surrounding South Nevada Avenue. While not directly part of the Downtown district, this area is an important gateway into Downtown, and its improvement will be beneficial to the city center.

PERMITS AND PROJECT APPROVALS



22 land use permits and approvals issued for 15 individual Downtown projects.



736 total building permits issued in the 80903 ZIP code with a total plan check valuation of nearly \$13 million.



Office and Workforce



The area's strongest office market segment, Downtown represents 21% of the city's base of Class A office space and 12% of the overall office landscape. **Vacancy in Downtown is just over 9%**, compared to citywide vacancy of nearly 12%, and average all-inclusive Downtown lease rates of \$20.36 are \$4 higher than citywide figures.



Office market at a glance

- 3,525,988 Total office sqf
 - 1,914,079 Class A sqf
 - 1,611,909 Class B and C sqf
- Downtown office space represents 12% of the Colorado Springs market and 21% of the Class A market



2015 at a glance

- \$12.91 average asking rent psf all classes
- \$8.56 average NNN all classes
- \$15.04 average Class A asking rent psf
- 40,166 sqf net absorption
- 9.4 % vacancy all classes
 - 13.52 % Class A vacancy



In high demand

- Flexible, collaborative working spaces
- Open floorplate, light industrial concepts for artisan manufacturing
- Secured bike parking, in-building access to healthy food, and gym facilities
- Sustainable, upcycled and exposed building materials

Downtown Colorado Springs is an important employment center for the region, with **20 times the number of businesses** and more than **10 times the number of jobs** per square mile than citywide. Downtown also is the location of choice for entrepreneurs, start-ups, free agents and visionaries at places such as Epicentral Coworking, Catalyst Campus and The Machine Shop.

Total new business filings in the 80903 ZIP code totaled 581 in 2015, marking a **6% increase in new business filings year over year**, and 1% of the state's total filings for the year.

	Businesses	Jobs/Employees
DDA	2,300	17,000
City of Colorado Springs	20,000	260,000



Downtown office space represents 12% of the Colorado Springs market and 21% of the Class A market

Suburban office markets are facing an accelerating degree of obsolescence as prospective tenants seek an amenity-rich, walkable environment with access to transit as well as parking.

–“Suburban Office Obsolescence,”
Newmark Grubb Knight Frank, 2015



Among the new, expanded or relocated Downtown office users in 2015:

Advanced Network Management Inc.	tech
American Vein and Vascular	health
BombBomb	tech
Clikfocus	tech
Elevated Insights	market research
McDivitt Law Firm	legal
Navakai	tech
Rod Ermel and Associates	finance
Root9B	cyber
Target Resource Group	creative industries/consulting
Vitality Marketing	health/tech
Workplace Elements	creative industries/design



Top Downtown private employers, by number of employees

- Colorado College
- Kinder Morgan Energy Partners
- Colorado Springs Gazette
- GE Johnson Construction
- YMCA of the Pikes Peak Region

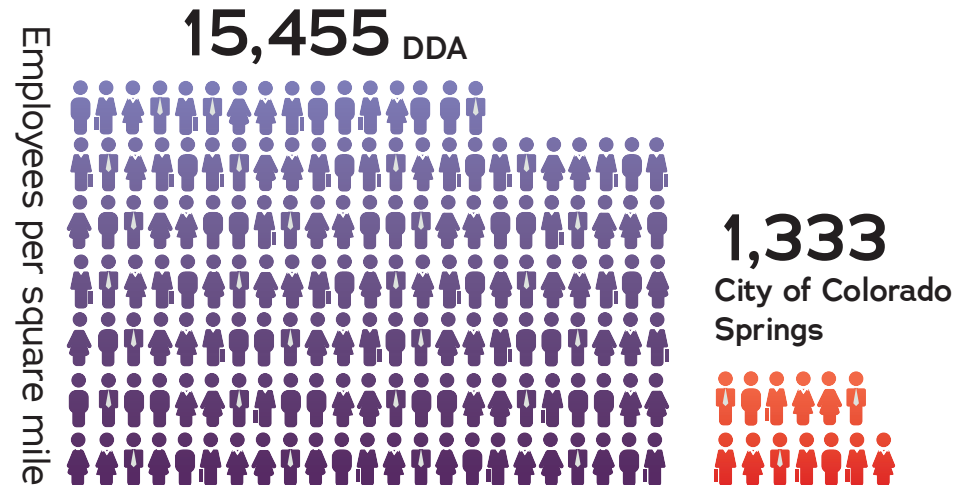
WORKFORCE AT A GLANCE



67% of the Downtown workforce lives less than 10 miles from work, 16% lives within 10 to 24 miles from work, and approximately 17% lives 25 or more miles from work.



22% of Downtown businesses and 13% of Downtown jobs are in the professional, scientific and technical industries, more than double citywide figures.



Urban Living

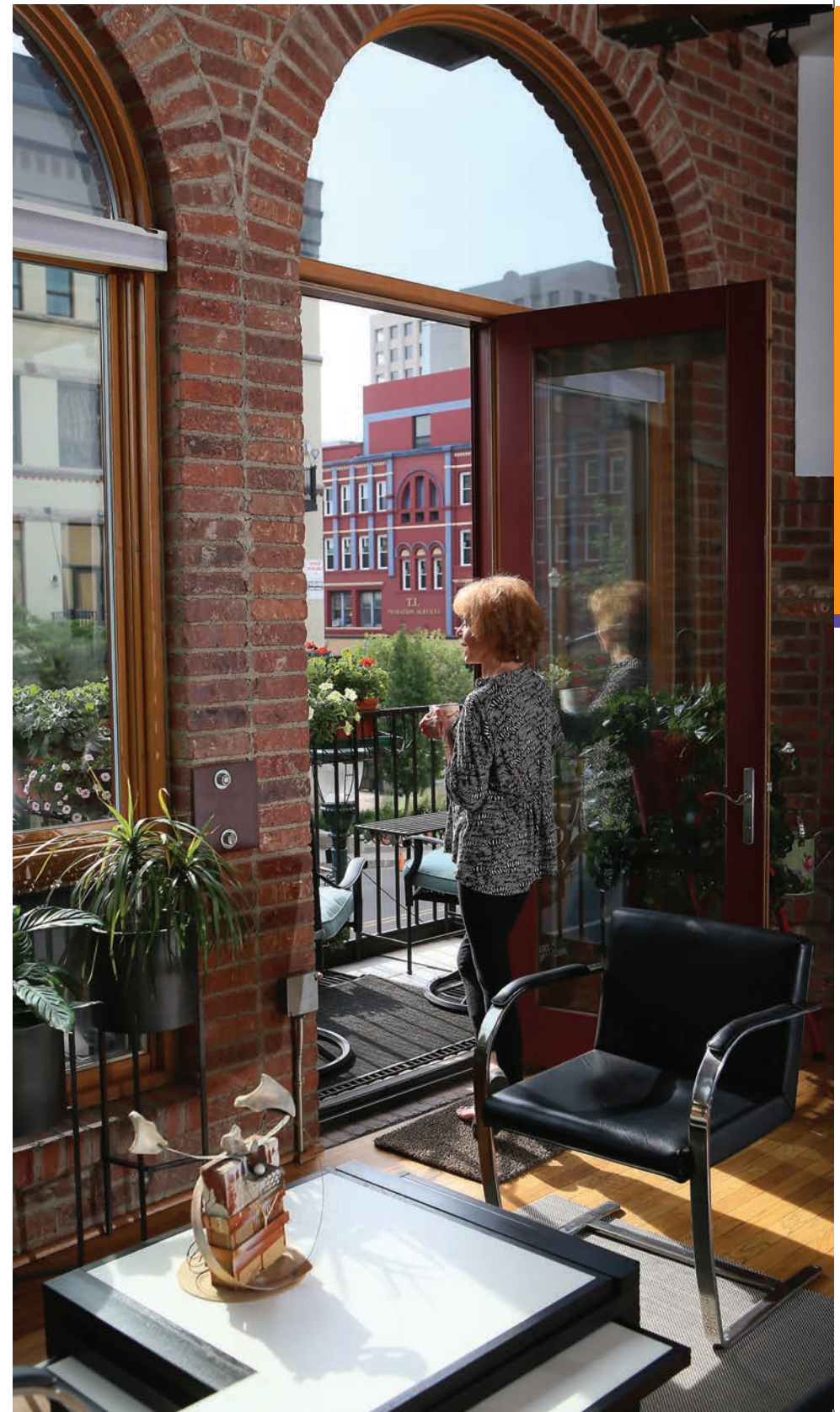
A number of trends in Colorado Springs indicate pent-up market demand for additional Downtown housing units.

– Progressive Urban Management Associates

Urban living is a lifestyle choice, one favored especially among Millennials and Boomers. For Downtown Colorado Springs, urban living is a rare complete package of desired proximity to shopping, dining and entertainment (as in other cities) with the bonus of **easy access to outdoor recreation and urban outdoor experiences** along the Legacy Loop and close-in trails. This lifestyle is positioned to set Downtown Colorado Springs apart as a truly “Colorado” urban living experience unlike anywhere along the Front Range.

2015 will be looked back upon as a definitive turning point in the Downtown residential market. With **nearly 400 announced new apartment units**, plus the 33 that were under construction at Blue Dot Place, market demand began to align with the costs and complexities of residential construction in the city center.

At the Downtown Partnership 2015 annual breakfast, several new projects were announced, including two residential projects developed through a joint venture of Nor’wood Development Group and Griffis Blessing. Downtown is well on its way toward **exceeding its bold goal of 500 new residential units completed or under construction by 2018**. An additional 164 units were either announced or under construction within a short 3-mile radius of the DDA, with more residential projects anticipated to announce in 2016.



MAKING HISTORY

Blue Dot Place, a 33-unit complex on South Nevada Avenue, is the first new apartment project in the DDA since Boulder Crescent was constructed in 1960. Although about 250 townhomes, condos and apartments were constructed in the early 2000s just south of Downtown in the Lowell Neighborhood, and several high-quality condos have been constructed along Tejon Street in recent years, Blue Dot Place returned new-built rental options to the market.



Residential Projects, New and Conversion

Project	Units	Ownership	Opening
Blue Dot Place	33	For Rent	2016
Hearthstone Apartments	23	For Rent	2016
9 S. Weber	3	For Rent	2016
210 Pueblo	5	For Rent	2017
Bijou Condos	9	For Sale	2017
The Wahsatch	169	For Rent	2017
The Cascade	187	For Rent	2018

Rental Rates*

Type	Monthly Rent	Change
Efficiency	\$603	+ 7%
1B/1B	\$777	+ 12%
2B/1B	\$789	+ 8%
2B/2B	\$1,090	+ 5%

*Q1-Q3, 2015

THE TRENDS



In demand: Downtown vacancy rates for units listed at over \$1,100 a month demonstrate a 1.6% vacancy rate, compared with a 3.6% vacancy rate for the same product citywide.



Affordability: Downtown adjacent neighborhoods are home to 40 residential units at \$500 a month or less, representing 45% of the city's base of units with rents at that bottom price point.



Potential for workers: A Downtown employee-to-resident ratio of 12 to 1 indicates a jobs-housing imbalance (compared with a 1.5 to 1 employee-to-resident ratio for a broader market area inclusive of adjoining neighborhoods). This imbalance highlights the opportunity to provide attractive residential options in the city center for workers who desire a walkable commute.



Sold. Downtown cracked the \$1 million mark in 2015 when a penthouse condo on North Tejon Street sold for just over that amount.

Over 90 percent of shops Downtown are locally owned and operated, and Downtown boasts the largest concentration of locally owned restaurants in the Pikes Peak region.



Retail & Restaurant



The Downtown retail market

demonstrated a move toward post-recession stability in 2015. Asking rates, while slightly less than 2014 figures, have increased by over \$4 psf since 2010, to an average \$13.76 psf in 2015.

Retail vacancy was 2% lower in Downtown than citywide, and trends continue to show that Downtown is well positioned to retain retail vibrancy, as customers increasingly seek out locally owned shops and fresh environments.



DOWNTOWN RETAIL SPACE

2,463,423	Total retail sqf
65,915	Newly leased sqf
6 %	of city retail space
4.15 %	Retail vacancy average (up 0.27 % from 2014)
\$13.76	Average asking rent, psf (down \$0.25 from 2014)



2015 OCCUPANCY

- 131 Food & beverage businesses (1 net new)
- 75 Retailers (11 net new)
- 140 Services* (5 net new)

*Service businesses with a street-level store front.




The presence of locally owned retailers is one factor that leads to college graduates and residents choosing to put down roots in a city.

- "College Graduates, Local Retailers and Community Belonging in the United States," Sociological Spectrum, 2014

OPENED IN 2015

 Retail

- Art Etc. Gallery & Boutique
- Baby Cotton Bottoms
- Elev8 Glass
- Entwine Fiber Arts
- Hemplements
- Izzy's Gifts
- Shift Thrift
- Switchbacks Soccer/Air Force Academy Athletics
- Tailored West
- Unbranded+
- Urban Cyclery
- We Live Studios+
- Workshop Vapor Company

 Food/Beverage

- Bambino's Urban Pizzeria
- Blank Canvas Café
- Brooklyn's on Boulder
- Ohana Kava Bar
- Story Coffee+
- Triple S Brewing

 Services*

- 8Z Real Estate
- Cheyenne Mountain Tattoo Co
- Hot Asana Yoga Studio
- MXSpa at Mining Exchange
- Mod Events
- New Life Church Downtown
- Precious Encounters Photography
- REST Float Solutions

ANNOUNCED IN 2015

- 
- Bar-K
 - Bento Heaven
 - Cacao Chemistry
 - Bonny & Read Fresh Seafood and Steak
 - Iron Bird Pizza
 - Red Gravy

*Service businesses with a street-level store front. +Part of the 2015 Holiday Pop Up program.

Mobility and trails



The nexus of economic and social activity in the Pikes Peak region, Downtown is situated at the interchange of Interstate 25 and Highway 24 and easily accessed by major trail systems. 2015 saw major steps forward toward upgrades in nearly every form of mobility.

2015 ACHIEVEMENTS

- Summer 2015 saw the start of pre-construction activity on a **\$113 million makeover to the Interstate 25/Highway 24 interchange**, the second largest highway project in the city's history. When completed in late 2017, the project will provide new bridge structures, improved safety, improved acceleration/ deceleration lanes and improved trail connectivity and aesthetics.
- A \$1 million grant secured from Great Outdoors Colorado helped the city move closer **toward completion of the Legacy Loop**, a park and trail ring around the city center. The funds will support trailheads and underpasses in the northwest quadrant of the Loop.
- **Tesla superchargers** entered the Colorado Springs market, with eight stations installed in the Bijou/Cascade city parking garage.
- **Bustang, the interregional commuter bus system** connecting riders to and from Denver, Colorado Springs, Glenwood Springs and Fort Collins, started service in July 2015 with a station located just south of the Downtown core.
- **Envision Shooks Run**, a significant planning process for improvements to trails, parks and drainage in the Shooks Run corridor on the eastern edge of Downtown, launched in 2015 and is expected to be completed in late 2016.

A growing body of research shows that walkable neighborhoods not only raise housing prices but reduce crime, improve health, spur creativity, and encourage more civic engagement.

– Richard Florida, The Atlantic CityLab, 2014



Drive. Downtown has 2,200 on-street parking meters, three city parking garages with 2,450 spaces, and more than 4,500 spaces in private surface parking lots.



Pedal. Colorado ranks as the seventh best state for cycling¹, with Colorado Springs ranked as a Silver status community. Downtown's BikeScore ranks above those of similar cities such as Omaha, Raleigh and Oklahoma City. Two percent of the State of Colorado's Bicycle Friendly Businesses are located in Downtown Colorado Springs.



Walk. Downtown ranks as the most walkable area of Colorado Springs, and continual streetscape improvements funded by the city's Parking Enterprise ensure attention to safe and attractive sidewalks, street furniture, lighting and other pedestrian-supportive amenities.



Ride. Just under 2.2 million people passed through the downtown transit terminal in 2015, with 829,609 boardings originating Downtown. Downtown ridership increased 2 percent from 2014 to 2015.

2015 DOWNTOWN MOBILITY RATINGS²

	Bike Score	Walk Score	Transit Score
Downtown Fort Collins	100	87	NA
Downtown Boise	98	80	NA
Downtown Salt Lake City	88	86	64
Downtown Colorado Springs	85	71	39
Downtown Denver	84	91	93
Downtown Albuquerque	80	80	53
Downtown Oklahoma City	72	68	51
Downtown Raleigh	67	70	50
Downtown Omaha	58	83	NA
City of Colorado Springs	46	33	15

¹League of American Bicyclists. ²walkscore.com.

Hospitality



With more than 5 million overnight visitors to the Pikes Peak region each year, Downtown provides a convenient location just minutes from the Colorado Springs Airport and attractions ranging from Garden of the Gods to the U.S. Air Force Academy to Cheyenne Mountain Zoo. Downtown is home to two leading hotel properties, two budget hotels and several bed and breakfasts. At just over 400 rooms, plus nearly another 200 immediately adjacent, Downtown represents 6% of the citywide market.



2015 AT A GLANCE

In 2015, the **Antlers Hotel** was purchased by Perry Sanders, local hotelier and owner of the Mining Exchange Wyndham Grand Hotel. This \$23.3 million purchase marks a new era for the historic property, which will be renovated in 2016 and rebranded as an independent boutique property.

New hotel amenities evolved in 2015, including the addition of MXSpa at the Mining Exchange, offering a full array of spa services.

Arts, Culture & Events

As a **Colorado Certified Creative District**, Downtown offers nearly 70 venues for cultural experiences – from over a dozen galleries to live-music venues to the world-class Fine Arts Center and Pikes Peak Center for the Performing Arts. One-third of the more than 3,000 arts, cultural, sporting and special events taking place in the Pikes Peak region in 2015 occurred in Downtown¹.



Cultural Institution Attendance	2013	2014	2015	Increase
Colorado Springs Pioneers Museum	57,686	61,935	64,826	12%
Colorado Springs Fine Arts Center	87,682	77,532	103,622	18%
Pikes Peak Center for the Performing Arts	129,974	143,615	156,961	21%
Cottonwood Center for the Arts	18,186	21,468	24,440	32%
Skate in the Park at Acacia Park	9,479	9,911	15,178	60%

1,129 ARTS, CULTURAL AND SPECIAL EVENTS IN 2015



21 festivals and parades



8 major runs and races



68 venues hosting cultural activities

¹PeakRadar.com. Above photos: St. Patrick's Day Parade; Colorado Springs Half Marathon; "Elephant and Piggy, We are in a Play," photo by Kristen Williams, courtesy of Colorado Springs Fine Arts Center.

Stay up to date on
new developments at
DowntownCS.com/storymap.



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DATA SOURCES

City of Colorado Springs (multiple departments), El Paso County Assessor's Office, Pikes Peak Regional Building Department, Colorado Information Marketplace, Department of Local Affairs (DOLA), Esri, Costar, Xceligent, Quantum Commercial Market Reports, Cushman and Wakefield Market Reports, Cultural Office of the Pikes Peak Region (COPPER), InfoUSA, WESTAF Community Vitality Reports, Walkscore, and individual businesses, developers, attractions and venues.

