



MARKET REPORT

DOWNTOWN COLORADO SPRINGS Q1 2025

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Sources: Downtown Partnership, CoStar, Placer.ai



DEVELOPMENT

The last half of 2024 and first quarter of 2025 saw several new multifamily properties deliver to the Downtown residential market, spanning the affordability spectrum and offering a multitude of new choices to Downtown's growing pool of urban dwellers. **Sumner House at Draper Commons** opened in the Lowell neighborhood, which brought new affordable and workforce housing options. **Experience at Epicenter** (pictured right), located immediately adjacent to Weidner Field, offers 408 units ranging from studios to two bedrooms with quality finishes and large amenity areas. Many units also feature balconies that directly overlook Weidner Field, offering residents a front row seat to Switchbacks games and concerts. Greystar launched **Fiona** in mid-2024 and **Ensley** in the first quarter of 2025. Both properties feature luxury finishes and high-end amenities, including elevated pool decks and state-of-the-art fitness centers. Fiona brought 321 units and Ensley added 277 to Downtown's portfolio.



As expected with so many recent multifamily unit deliveries, Downtown vacancy rates have been on a roller coaster ride. One year ago, vacancy rates for all multifamily properties Downtown stood at 9.7%. As of Q1 2025, vacancy had climbed to 28.8%; however, **inventory grew by 79%** over the last twelve months. Absorption has been very strong – **430 units have been absorbed** over the last three quarters, the three highest quarters of absorption in the history of Downtown Colorado Springs.

Average effective rents per unit stood at \$1,765 in Q1, down by 10% from the peak of \$1,965 in Q3 2023. Given the recent cost of living increases driven by inflation and market demand in the Pikes Peak region, this is sure to be a welcome relief to renters.

Sales volume was high in Q1 2025 compared with Q1 of previous years, with **over \$4.2 million in property sales**, however significant sales were slim. An office property at 320 S. Cascade Ave. sold for \$854,000, a small residential-to-office conversion property at 318 E. Pikes Peak Ave. sold for \$675,000, a law office at 316-320 S. Nevada Ave. sold for \$746,000, and 401 S. Nevada Ave. (now home to **Shivers Taphouse**) sold for \$490,000.



TOURISM & ATTRACTIONS

- The week of **March 10-16** brought the most visitation to Downtown in Q1, with over **345,000 visits from residents and employees**, and over **263,000 from visitors**.
- The **St. Patrick's Day Parade** and surrounding celebrations drove much of this visitation, with **Saturday, March 15**, drawing over 63,000 visitors (excluding residents and employees).
- Total visits Downtown from residents, employees, and visitors totaled over 3.8 million in Q1. This **total is up 0.7%** from 2024, up 65% from pandemic-era lows in 2021, and only down by about 7% from pre-pandemic highs in 2019. The slight decline in visitation in 2025 versus 2019 is mostly due to office work-

ers on hybrid schedules coming into the office three or four days a week instead of five, as employee visitation is holding steady at about 83% of pre-pandemic averages. However, visitation from true 'visitors' is nearly identical between Q1 2019 and Q1 2025.

Highest visited week in Q1
All visitation 3/10/2025:

345,561

Visitors only 3/10/2025:

263,805

Highest visited day, visitors only
(3/15/2025 St. Patrick's Day Parade)

63,617

Hotel occupancy rate	January	February	March
YoY	49.5%	59.1%	54.9%
	up from 47.1% in Jan. 2024	down from 61.6% in Feb. 2024	down from 61.1% in March 2024

Spotlight

Rocky Mountain Beignets

Rocky Mountain Beignets opened a second location in the Pikes Peak region in Downtown Colorado Springs at 26 E. Kiowa St. in March of 2025.



The café features New Orleans style beignets and smaller ‘beignet bites’, hot chocolate, and both hot espresso and cold brew coffee. Beginning as a food truck in 2019 by husband-and-wife team Billy and Brandi Chism, originally from Baton Rouge, LA, Rocky Mountain Beignets opened first as a brick-and-mortar location in Manitou Springs in 2021.

Quickly finding success and popularity among tourists and locals alike, the café expanded to a second location in Downtown Colorado Springs. In an interview by the *Gazette*, the owners cited Downtown’s huge growth in apartment units and residents within walking distance of the Kiowa Street café as the driving factor behind their decision to locate Downtown.

Rocky Mountain Beignets is generally open seven days a week from 8 a.m. to 7 p.m., though hours are subject to change.

Total Downtown experience

130+ dining, drink & nightlife options

70+ shopping options

15+ galleries and art centers



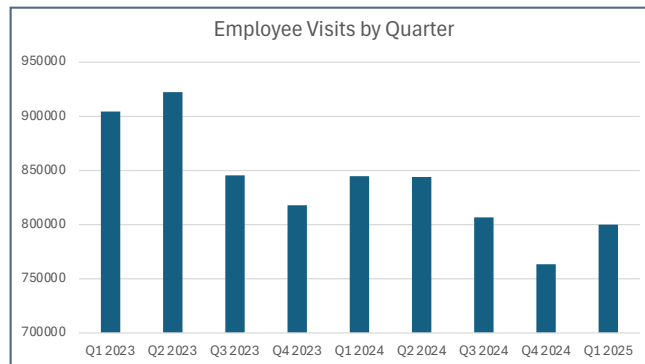
OFFICE

Downtown’s office market remains resilient, posting two strong quarters of positive net absorption in Q4 2024 and Q1 2025 after nine straight quarters of negative net absorption. Downtown’s total **office vacancy rate stands at 7.1%** in Q1 2025, **down from 8.0%** in Q4 2024 and a high of 9.0% in Q2 2024. Class A space also made strides in Q4 2024 and Q1 2025, posting positive net absorption in both quarters and bringing Q1’s vacancy rates down to 9.6% from a high around 12% in mid-2024.

Downtown’s all-office lease rates have been relatively stable for the last two years, varying by about \$1.00/SF from quarter to quarter from the low \$17s to the low \$18s. Q1 2025 has all-office lease rates at an average of \$17.51 (NNN). Class A space tells a nearly identical story, now at \$17.55 (NNN) and varying by only about \$1.00/SF over the last year.

For a wider perspective, Colorado Springs saw citywide office vacancy rates continue to hold at 9.8% for Q1 of this year with less than a half of a percentage point variation over the past year. Downtown Denver’s Q1 vacancy fell slightly to 25.2% in Q1 from record highs of 25.7% mid-year 2024 for all office products. Downtown Denver’s Class A vacancy rate stands at 28.7% in Q1, tying Q2 2024 for an all-time high according to CoStar.

Office vacancy	Total office inventory	Total office available	Net absorption	Average rent (NNN)
7.1%	5,081,717 SF	362,920 SF	46,675 SF	\$17.51
Class A vacancy	Total Class A inventory	Total Class A available	Net absorption	Class A average rent (NNN)
9.6%	1,458,825 SF	140,488 SF	19,898 SF	\$17.55



Employee visits Downtown were down 6.6% in 2024 compared to the initial post-pandemic highs seen in 2023. Throughout 2024 and into the first quarter of 2025, quarterly employee visits to Downtown seem to be stabilizing, with typical seasonal variance, in the high 700k to low 800k range, suggestive of many employers adopting hybridized working policies.



SHOPPING & DINING

New businesses Q4 2024 & Q1 2025

- **Toodles Tea Room**, featuring high tea, scones, and other English classics, 110 E. Boulder St.
- **Superior Barbershop**, locally owned barber offering haircuts, beard trims, and designs, 334 N. Nevada Ave.
- **Owambe African Restaurant & Lounge**, featuring authentic Nigerian cuisine, 10 N. Sierra Madre St.
- **Silver Linings Recovery**, specializing in addiction and substance abuse treatment and counseling, 806 S. Tejon St.
- **Brakeman’s Burgers**, offering wagyu burgers, craft beers, and cocktails, 10 S. Sierra Madre St.
- **Shivers Taphouse**, featuring craft brews and a large dog-friendly patio, 401 S. Nevada Ave.
- **Luna’s Boutique**, a sustainable fashion and consignment clothing shop, 328 1/2 N. Nevada Ave.
- **MoJoe’s Café**, a veteran-owned coffee shop on the ground floor of the Hyatt Place hotel, 201 E. Kiowa St. #100.
- **Rocky Mountain Beignets**, offering New Orleans style beignets and espresso coffee, 26 E Kiowa St.

Retail vacancy rate	Total square feet	Total available square feet	Average rent (NNN)	Net absorption
7.0%	1,706,055 SF	119,781 SF	\$28.04	-18,969 SF