



MARKET REPORT

DOWNTOWN COLORADO SPRINGS Q2 2024

Produced by **Austin Wilson-Bradley**, Economic Development Manager, Downtown Partnership, Austin@DowntownCS.com

Sources: Downtown Partnership, CoStar, Placer.ai



DEVELOPMENT

Significant sales picked up in Q2, with the following properties finalizing sales:

- 118-122 E. Kiowa St., home to **Mediterranean Café** and the former Lawrence Dryhurst Gallery, sold for \$2.4M, or about \$266/SF. The larger space will become **Eden Oaks Designer Woodware**.
- 117-125 E. Boulder St., a storefront retail strip center on the north side of Downtown, sold for \$1.48M or roughly \$300/SF.
- 16 E. Kiowa St., a former office building, was purchased by **Icons Bar** through the assistance of a DDA Tenant Ownership Loan. The property sold for \$990,000, or about \$324/SF.
- 710-712 N. Tejon St., a former residence turned into an office building built in 1899, sold for \$950,000, or about \$130/SF.
- 717 N. Tejon St., a small office building built in 1980, sold for \$899,000, or roughly \$177/SF.
- 702 S. Nevada Ave., a former residence that has since been converted to office space, sold for \$800,000, or \$800/SF.

With so many recent multifamily unit deliveries to market, Downtown vacancy rates have been on a bit of a roller coaster ride, starting from a low of 6.2% in Q2 2022 to a high of 30.4% in Q1 2023. As predicted, demand for Downtown living



Home with a view: Experience at Epicenter started move-ins this quarter, and many units face Weidner Field.

is strong and accordingly, vacancy rates had fallen to as low as 8.6% mid-Q2 2024 before additional new unit deliveries at **Experience at Epicenter** and **Fiona** added to the supply. Q2 multifamily vacancy ended at 25.2%.

As supply increases, average effective rents also have stabilized in Downtown, decreasing by \$48 from a peak of \$1,925 in Q1 2023 to \$1,877 in Q2 2024.



OFFICE

Although the office market in Downtown Colorado Springs has remained relatively resilient compared to larger urban centers, vacancy rates have steadily crept upward for five consecutive quarters. Downtown's total office vacancy rate hit 8.4% at the end of Q2, up from 8.3% in Q1 and up from 6.0% one year ago. Class A vacancy also trended upward for five consecutive quarters, now standing at 14.3% in Q2, up from 12.9% in Q1 and 9.3% one year ago. Despite higher vacancy rates, Downtown's office lease rates continue to climb. After initially falling slightly in Q1 of this year, both all-office and Class A rents hit record highs in Q2 at \$18.16 and \$19.57, respectively.

Employee visits Downtown were up 16% in 2023 over 2022. However, we have now seen three straight quarters of lower employee visits to Downtown from the same quarter in the previous year.

Zooming out for a wider perspective, Colorado Springs saw citywide office vacancy fall slightly to 9.7% in Q2 from just over 10% in Q1, although citywide Class A vacancy climbed to 12.4% in Q2 from 12.2% in Q1. Citywide office rents stand at \$17.77 for all office space and \$20.33 for Class A. Downtown Denver's Q2 vacancy climbed to 26.3% for all office products and 28.4% for Class A space.

Q2 2024	844,283	(down 8.4% YoY)
Q1 2024	844,606	(down 6.6% YoY)
Q4 2023	818,176	(down 0.6% YoY)
Q3 2023	845,190	(up 13.3% YoY)
Q2 2023	922,653	(up 27.3% YoY)
Q1 2023	904,404	(up 35.3% YoY)

Office vacancy	Total office inventory	Total office available	Net absorption	Average rent (NNN)
8.4%	5,035,285 sq ft	425,148 sq ft	-17,261 sq ft	\$18.16
Class A vacancy	Total Class A inventory	Total Class A available	Net absorption	Class A average rent (NNN)
14.3%	1,476,190 sq ft	210,561 sq ft	-24,768 sq ft	\$19.57



TOURISM & ATTRACTIONS

May and June brought thousands of visitors to Downtown, including locals, out-of-state visitors, and even international tourists. May kicked off the summer tourist season with Colorado College's commencement and School District 11's graduation ceremonies. June hosted even more major events, including Pikes Peak Pride, Juneteenth, and Fan Fest, which always draws an international crowd, as drivers from around the globe compete in the Pikes Peak International Hill Climb.

The week of May 20-26 brought the most visitation to Downtown in Q2, with 344,590 visits, including visitors, residents, and employees. That week included commencement at Colorado College and District 11 graduation ceremonies.

When looking at just visitors (excluding residents and employees), the week of June 17-23 brought the most visitation to the district, with 270,033 visits. During this period, Downtown hosted the Western Street Breakfast

Highest visited week in Q2
All visitation 5/20/2024:

344,590

Visitors only 6/17/2024:

270,033

Highest visited day, visitors only
(6/21/2024 PPIH Fan Fest)

59,952

and the Broadmoor Pikes Peak Hill Climb's Fan Fest event – plus the Ring the Springs 50- and 100-mile run centered in America the Beautiful Park.

Total visits Downtown from residents, employees, and visitors was over 4.2 million in Q2 2024, down by 2.6% from 2023 but up by 11.9% from 2022 and 28.9% from 2021.



Fan Fest was one of several events that filled Downtown with visitors the busiest week of the quarter, June 17-23.

Hotel occupancy rate	April	May	June
YoY	68.6%	72.1%	76.5%
	up from 63.8% in 2023	up from 69.9% in 2023	up from 76.0% in 2023

SHOPPING & DINING

New businesses (Q2)

- **Blk Mkg** and **Golden Hour**, coffee and cocktails in the Mining Exchange Hotel, 8 S. Nevada Ave.
- **Illegal Pete's**, a long-awaited opening from the Boulder-based chain serving fast casual Mexican food and custom cocktails, 32 S. Tejon St.
- **Louie Louie's Piano Bar**, a dueling-piano bar and nightclub featuring live musical performances, 522 S. Tejon St.
- **Kochi Boba & Mochi**, a café offering pho, mochi donuts, and bubble tea, 27 E. Platte Ave.
- **Dad's Donuts**, selling 100-layer "cronut"-style donuts, 29 E. Moreno St. (pictured left)
- **The Shoppe**, a collective of **Local Honey** (clothing and jewelry), **Kampp Goods Pottery**, and **Idyll Manor** (European-themed home goods), 425 S. Sierra Madre St.

Retail vacancy rate	Total square feet	Total available square feet	Average rent (NNN)	Net absorption
5.6%	1,696,366 sq ft	95,568	\$30.76	3,305 sq ft

Spotlight

Louie Louie's Piano Bar was founded in Dallas by owner Ronnie Wilson with the intention of being a venue owned and operated by musicians. They hire talent trained on multiple instruments who love to ham it up for the crowd – from dueling pianos to electric guitars, from trumpets to accordions, audience members can expect a lively night of musical entertainment alongside cocktails, wine, and beer from the bar.

After years of success in Dallas, Louie Louie's

chose the Centennial State for a second home – specifically, Downtown Colorado Springs. Wilson found an available space in Downtown's popular Trolley Block and provided Downtown with a new live-music venue complete with two levels of seating with bars on both levels, and all with a prime view of the stage where the musicians keep the crowd entertained.

Louie Louie's is open 6 p.m.-1:30 a.m. Wednesday through Saturday and 7 p.m. to midnight Tuesday.



Louie Louie's opened on the Trolley Block as Colorado Springs' first dueling piano bar.