



MARKET REPORT

DOWNTOWN COLORADO SPRINGS Q3 2024

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Sources: Downtown Partnership, CoStar, Placer.ai



Jason Aldean at Weidner Field.

Highest visited week in Q3
All visitation 7/15/2024:

369,523

Visitors only 7/15/2024:

293,417

Highest visited day, visitors only
(7/19/2024 Jason Aldean Concert)

65,435



TOURISM & ATTRACTIONS

Summer 2024 was a busy season, with thousands of visitors attending numerous events. July started off with high visitation surrounding the 4th, followed by the **Pikes Peak or Bust Rodeo Parade** on the 6th. Of course, this year saw the Summer Games in Paris, and Downtown's **US Olympic and Paralympic Museum** hosted thousands of visitors from home and abroad for **Summer Fest**, a series of fun Olympic-related events and sport activities. July 19 and 20 saw **Jason Aldean** and the **Jonas Brothers** performing at **Weidner Field**, two of the most well-attended events of the quarter. In September, the **IAFF Firefighters Memorial** drew large crowds to Downtown along with **Fiestas Patrias**.

Total Downtown visitation in Q3 stood at over 4.3 million, down a slight 1.5% from 2023 but up 4.2% from 2022 and 11.5% from 2021.

The week of July 15-21 brought the most visitation to Downtown in Q2, with 369,523 visits, including visitors, residents, and employees. Notably, that week saw both Jason Aldean and the Jonas Brothers perform at Weidner Field, and also **Taste of Pikes Peak** in the USOPM Plaza.

Hotel occupancy rate	July	August	September
YoY	81%	87%	70.6%
	up from 80.9% in July 2023	up from 74.3% in Aug. 2023	down from 74.1% in Sept. 2023



DEVELOPMENT

Significant sales were slim in Q3, with the following properties trading:

- 515 S. Cascade Ave. & 7 E. Cimarron St., a combined property currently home to VisitCOS, has been purchased by VisitCOS for \$3.7M, or \$197/SF for 515 S. Cascade and \$161/SF for 7 E. Cimarron.
- 806 S. Tejon St., formerly home to VEDA Salon, Spa, and Cultural Center, sold to an undisclosed buyer for \$850,000, or \$219/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. With 321 units delivered to market in Q2 and another 408 in Q3, vacancy has now hit an all-time high of 34.1% as of Q3 2024, however if you exclude the two brand newly opened properties, Downtown's vacancy rate is 9.8%.

Absorption appears to be going well – almost 200 units have been absorbed so far in 2024, 131 in Q3 alone. Expect the roller coaster to continue as these new properties lease up even as additional multifamily properties are expected to deliver large numbers of units in late 2024 and into 2025.

As supply increases, average effective rents also have stabilized in Downtown, decreasing by \$135 from a peak of \$1,969 in Q1 2023 (revised) to \$1,834 in Q3 2024.

Spotlight

Downtown business owners double down

Jason Wallenta and Bryan Bradigan, two successful restaurateurs, have increased their offerings Downtown with the openings of **Night Ramen** (324 E. Pikes Peak Ave.) and **Urban Animal Beer Company** (531 S. Tejon St.).



Wallenta's Night Ramen joins Dos Santos, Dos Dos, Sushi Row, and White Pie Pizza as his fifth venture in Downtown Colorado Springs. Open for dinner and late night dining (10 p.m. on weekdays and 11:30 p.m. on Fridays and Saturdays), Night Ramen offers chef-crafted ramen favorites like Tokyo Shoyu and Short Rib Shoyu alongside Asian-inspired small plates, dumplings, and rice.



Bradigan's Urban Animal Beer Company already developed a following among beer lovers with a popular brewery located in the southwest side of Colorado Springs near the Broadmoor Bluffs. After Red Swing Brewery closed their location at 531 S. Tejon St., Bradigan swooped in to open Urban Animal's second location in the heart of Downtown. Offering craft beers and fun event programming, patrons are also invited to bring in outside food from the nearby restaurants in the Trolley Block.

Total Downtown experience

130+ dining, drink & nightlife options

70+ shopping options

15+ galleries and art centers

SHOPPING & DINING

New businesses (Q3)



- **Haole**, a former COATI-based Hawaiian barbeque restaurant, opened at 26 E. Kiowa Street, formerly home to T-Byrd's Tacos.
- **Gaia Masala and Burger**, an afternoon and late-night Indian/American fusion restaurant, opened in the former Marco's Pizza location at 12 S. Tejon St.
- **Azteca Urbano**, a Mexican taco and tequila restaurant, opened at 24 E. Kiowa St., former home of Dirty Byrd.
- **Comfort and Joy Cat Café** (pictured), a new DDA grant-sponsored cat café and adoption center, opened in a commercially converted property at 615 S. Nevada Ave.
- **Soiree Bridal**, a bridal gown and women's formal wear shop, opened at 211 E. Vermijo Ave., relocating to Downtown from the Broadmoor Bluffs area with the support of a DDA grant.

- **Urban Animal Beer Company** opened at 531 S. Tejon St., former home of Red Swing Brewing. The new Downtown location is Urban Animal's second location in Colorado Springs. Co-owner Bryan Bradigan also owns Colorado Craft and the Archives Downtown.
- **Night Ramen**, a ramen restaurant and bar from Downtown restaurateur Jason Wallenta (of White Pie, Sushi Row, Dos Santos, Dos Dos) opened at 324 E. Pikes Peak Ave., a building renovated with the support of a DDA building enhancement grant and streetscape-improving tree canopy grant.

Retail vacancy rate	Total square feet	Total available square feet	Average rent (NNN)	Net absorption
5.4% <i>(down from 5.6%)</i>	1,696,366	91,159	\$30.20 <i>(down from \$30.76)</i>	567 SF



OFFICE

Although the office market in Downtown Colorado Springs has remained relatively resilient compared to larger urban centers, vacancy rates continue to climb. Downtown's total office vacancy rate hit 9.0% at the end of Q3, up from 8.4% in Q2 and up from 6.9% one year ago. Class A vacancy also continues to climb; however, CoStar has revised the previously reported Q2 vacancy rate down from 14.3% to 10.6%. CoStar reports Downtown's Class A vacancy at 12.0% for Q3, so up from the revised Q2 numbers but lower than previously reported.

Employee visits Downtown were up 16% in 2023 over 2022. However, we have now seen four straight quarters of lower employee visits to Downtown from the same quarter in the previous year, including all three quarters of 2024 so far.

Q3 2024	809,926	(down 4.5% YoY)
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)

At the end of Q3, Downtown all-office rents now stand at \$17.54 and Class A rents are at \$17.58.

Zooming out for a wider perspective, Colorado Springs saw citywide office vacancy increase slightly to 9.9% in Q3 from 9.7% in Q2, although citywide Class A vacancy climbed to 15.3% in Q3 from a (revised) 14.0% in Q2. Citywide office rents have fallen from Q2, now standing at \$17.37 for all office space and \$19.47 for Class A in Q3. Downtown Denver's Q3 vacancy fell by about half of a percentage point to 25.6% for all office product and 28.8% for Class A space.

Office vacancy	Total office inventory	Total office available	Net absorption	Average rent (NNN)
9.0%	5,069,659 SF	456,815 SF	-37,910 SF	\$17.54
Class A vacancy	Total Class A inventory	Total Class A available	Net absorption	Class A average rent (NNN)
12.0%	1,447,177 SF	173,276 SF	-18,986 SF	\$17.58