

A Note Regarding COVID-19

As we publish this report, the global pandemic continues to impact day-to-day life, the economy, and commercial real estate. The extent, length and severity of this pandemic is unknown and continues to evolve at a rapid pace. The scale of the impact and its timing varies between locations. To better understand trends and emerging adjustments, please subscribe to Colliers' [COVID-19 Knowledge Leader page](#) for resources and recent updates.

Retail Beginning to Emerge

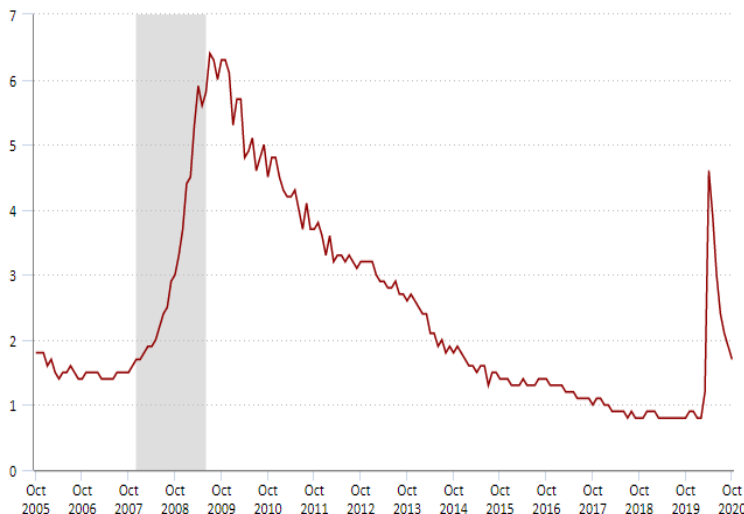
Overview

With average daily confirmed COVID cases increasing throughout the holiday season, retail remains in an unprecedented state but hope is on the horizon. The number of unemployed persons fell by over 325,000 in November and vaccine distribution for COVID-19 is well underway. A recent report from Mastercard stated that retail sales rose 3% while e-commerce sales skyrocketed 49% compared to last year. Unfortunately, with COVID still affecting the restaurant scene, it is estimated that more than 110,000 restaurants across the country have closed long-term or permanently according to the National Restaurant Association.

The unemployment rate in Colorado continues its downward trajectory concluding at 6.4% in November, a large decrease from June's 10.7% as COVID restrictions began to ease across the state. As for the rest of the country, the unemployment rate also continues to decrease, falling from 14.7% in April to 6.7% in November. Jobless claims hit a pandemic-era lower at the end of November as first-time claims for unemployment benefits totaled 712,000 for the final week of the month, down from 787,000 the week prior. As for December, -140,000 (BLS)

On a local level, Denver has managed to keep restaurants open for takeout or delivery during the restriction period. Restrictions are expected to ease in the near future, providing much needed revenue into restaurants, bars, gyms, and much more. Despite more negative absorption, leasing activity continues to plunge forward while rents also recorded an increase.

Number of unemployed persons per job opening, seasonally adjusted



HIGHLIGHTED ECONOMIC TRENDS

U.S. Unemployment Rate Drops

6.7%

The number of unemployed fell by 326,000 to 10.7% in November, while the unemployment rate fell to 6.7%

Colorado Unemployment Rate

6.4%

As of November 2020, Colorado's unemployment rate decreased to 6.4, from June's 10.6%.

Market Indicators <small>Relative to prior period</small>	Q4 2020	Projected Q1 2021
Vacancy	↑	↑
Net Absorption	—	—
Deliveries	↓	↑
Rental Rate	↑	↑

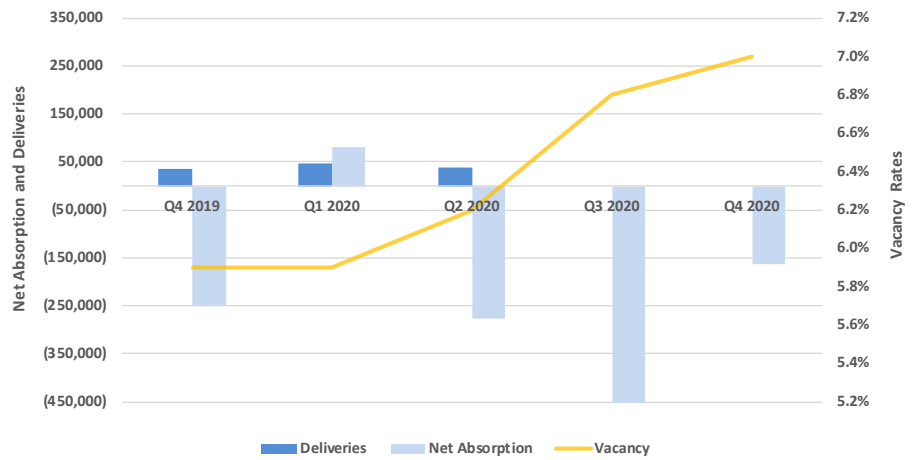
*Arrows compare current quarter to the previous quarter's historically adjusted figures

Denver Metro Summary Statistics

	Q4 2020	Q4 2019
Vacancy Rate	7.0%	5.9%
Net Absorption YTD	(859,164)	(447,841)
SF Under Construction	86,862	238,266
Asking Rents/SF	\$16.58	\$15.85

Denver Retail Market Q4 2019-Q4 2020

Source: Colliers Analytics, CoStar



Vacancy & Absorption

Total vacancy rates across Metro Denver continues to trend upward, increasing by 20-basis points to 7.0%. Q4 realized net absorption of negative 164,000 square feet, but a large improvement compared to Q3's negative 498,000 square feet. Sublet space realized a moderate increase from Q3 to Q4, increasing from 127,000 square feet to 160,000 square feet. The Southeast submarket recorded a decrease in vacancy down 20-basis points to 5.5% from Q3 as well as the West submarket down 60-basis points to 6.0%.

Lease Rates

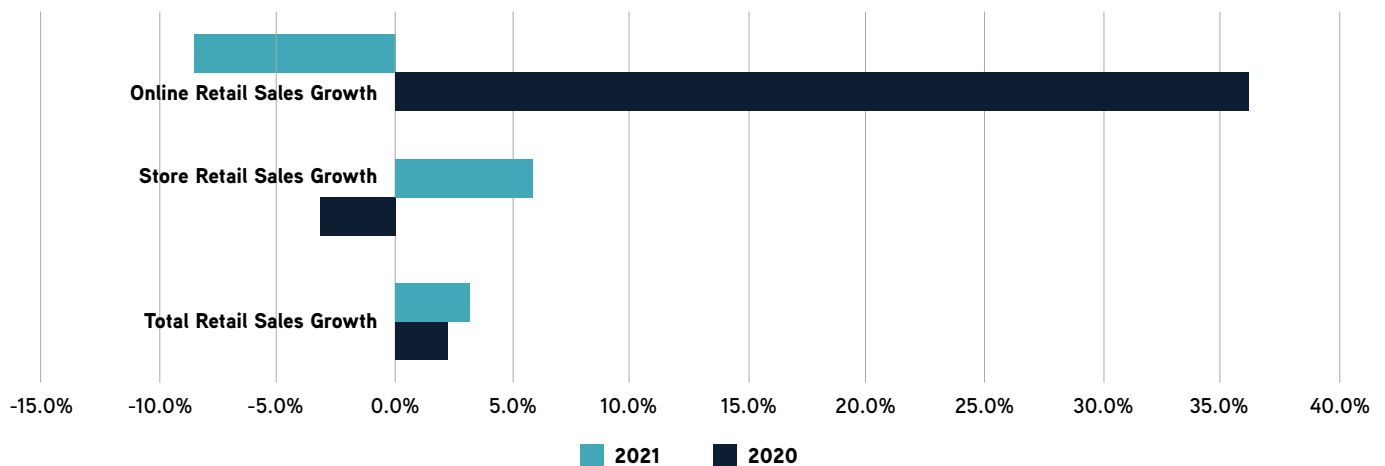
Denver Metro's triple net lease rates continue to increase, this time by a margin of 3.4% from the previous quarter to conclude at \$16.58/SF. Despite the pandemic still in full force, there have been three consecutive quarters of rates increasing by over \$0.60 in total proving there is still demand for retail space.

Fueled Online Shopping During Holidays

- Retail sales up 3% during the holiday season that lasted from October 11th to December 24th
- E-Commerce sales up 49% during holiday season making up 17% of total retail sales in 2020
- Home furniture and furnishing sales up 16.2%
- Electronic sales up 6%

Source: GlobalData

Retail Sales Growth 2020 and 2021



Source: GlobalData

Denver Metro Shopping Center Statistics

CENTER TYPE	VACANCY Q4 2020	VACANCY Q3 2020	VACANCY Q2 2020	VACANCY Q1 2020	LEASING ACTIVITY Q4 2020	LEASING ACTIVITY Q3 2020	LEASING ACTIVITY Q2 2020	LEASING ACTIVITY Q1 2020
Strip	5.3%	5.2%	4.5%	4.2%	30,921	57,667	18,965	63,908
Life/Theme	5.5%	5.6%	5.2%	4.8%	18,288	12,311	39,718	17,110
Regional/Super Mall	4.0%	4.2%	4.4%	3.7%	-	57,332	15,592	-
Community/Neighborhood	8.1%	7.6%	6.8%	6.2%	180,208	332,301	340,181	384,549
Power	6.9%	7.2%	7.0%	7.4%	6,765	192,490	302,509	100,855
All Shopping Centers	7.0%	6.8%	6.2%	5.9%	236,182	652,101	716,965	566,422

*Vacancy is based off of a 10,000 SF minimum center size

Q4 2020 Notable Transactions

Retail – Sales Activity

PROPERTY	SUBMARKET	SALES PRICE	SIZE SF	PRICE/PSF	BUYER	SELLER	SALE DATE
A Line Square 3585 Central Park Blvd.	Central	\$11,700,000	12,000	\$975	Sakioka Farms	D.H. Friedman Properties LLC	Nov. 20
Brentwood Center* 1951-1997 S. Federal Blvd.	West	\$8,494,163	76,449	\$111	Fadi Sawaged	Weststar Management Corp.	Dec. 20
Kum & Go 3253 S. Parker Rd.	Central	\$8,200,000	9,850	\$832	Sooner Capital	Kum & Go	Nov. 20
Safeway 8355 N. Rampart Range Rd.	Southeast	\$7,356,491	44,203	\$166	Phillips Edison & Company	Slate Asset Management	Oct. 20

Retail – Leasing Activity

PROPERTY	SUBMARKET	LEASED SF	LEASE TYPE	TENANT NAME	LEASE DATE
945 S. Kipling Parkway	West	36,386	Renewal	Bowlero	Oct. 20
7800 W. Colfax Ave.	West	32,000	New	Rottweiler Transmission	Oct. 20
Quebec St. & Lowry Blvd.	Central	25,000	New	Target	Oct. 20

Retail - Triple Net Investment

PROPERTY	SUBMARKET	SALES PRICE	SIZE SF	PRICE/PSF	CAP RATE	BUYER	SELLER	SALE DATE
3253 S. Parker Rd.	Central	\$8,200,000	9,850	\$832	5.75%	Sooner Capital	Kum & Go	Nov. 20
208 N. 50th Ave.	Northeast	\$3,964,000	6,116	\$648	N/A	N/A	Kroger	Dec. 20
5697 S. Himalaya St.	Southeast	\$3,545,150	4,249	\$834	N/A	Siegrist Companies	Byron Wheeler	Nov. 20

*Part of Portfolio

Retail Overview

EXISTING PROPERTIES			VACANCY							ACTIVITY	ABSORPTION		CONSTRUCTION			RENTS
SUBMARKET/ CLASS	BLDGS	TOTAL INVENTORY SQ FT	DIRECT VACANT SQ FT	DIRECT VACANCY RATE	SUBLEASE VACANT SQ FT	SUBLEASE VACANCY RATE	TOTAL VACANT SQ FT	VACANCY RATE CURRENT	VACANCY RATE PRIOR QTR	LEASING ACTIVITY SF	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	DELIVERIES CURRENT QTR SF	DELIVERIES YTD SF	UNDER CONST. SF	AVG RENTAL RATE (NNN)
AURORA	173	7,671,524	570,848	7.4%	-	0.0%	570,848	7.4%	7.3%	28,557	(14,145)	(72,403)	-	-	-	\$13.04
BOULDER	129	5,395,528	480,703	8.9%	35,460	0.7%	516,163	9.6%	8.6%	6,100	(54,500)	(35,002)	-	-	-	\$21.71
CENTRAL	166	6,403,391	331,888	5.2%	5,524	0.1%	337,412	5.3%	5.0%	22,260	(17,257)	(129,815)	-	45,800	-	\$16.84
COLORADO BLVD/ CHERRY CREEK	59	2,961,497	120,900	4.1%	-	0.0%	120,900	4.1%	3.3%	4,759	(21,873)	(43,269)	-	-	-	\$23.04
DOWNTOWN	9	616,636	42,991	7.0%	-	0.0%	42,991	7.0%	3.0%	-	(24,316)	(34,095)	-	-	-	\$47.00
LONGMONT	71	3,185,570	154,261	4.8%	-	0.0%	154,261	4.8%	4.9%	9,038	424	49,158	-	27,443	-	\$15.88
NORTHEAST	171	8,340,735	492,717	5.9%	0	0.0%	492,717	5.9%	6.0%	15,349	6,260	6,106	-	-	12,862	\$13.80
NORTHWEST	293	14,202,355	1,187,547	8.4%	36,246	0.3%	1,223,793	8.6%	7.8%	41,304	(116,722)	(242,688)	-	-	59,000	\$13.73
SOUTH	204	11,215,483	842,614	7.5%	11,827	0.1%	854,441	7.6%	7.6%	24,197	1,050	(336,913)	-	-	-	\$16.00
SOUTHEAST	207	9,827,197	480,183	4.9%	65,015	0.7%	545,198	5.5%	5.7%	41,262	14,550	52,531	-	11,700	15,000	\$23.73
SOUTHWEST	128	6,874,145	596,189	8.7%	0	0.0%	596,189	8.7%	8.6%	12,423	(7,888)	(133,957)	-	-	-	\$14.98
WEST	253	12,116,054	720,075	5.9%	6,053	0.0%	726,128	6.0%	6.6%	24,977	70,411	61,183	-	-	-	\$15.43
MARKET TOTAL																
Total	1,863	88,810,115	6,020,916	6.8%	160,125	0.2%	6,181,041	7.0%	6.8%	230,226	(164,006)	(859,164)	-	84,943	86,862	\$16.58
DENVER MARKET QUARTERLY COMPARISON AND TOTALS																
Q4 20	1,863	88,810,115	6,020,916	6.8%	160,125	0.2%	6,181,041	7.0%	6.8%	230,226	(164,006)	(859,164)	-	84,943	86,862	\$16.58
Q3 20	1,863	88,810,115	5,889,687	6.6%	127,348	0.1%	6,017,035	6.8%	6.2%	652,101	(498,671)	(695,158)	-	84,943	86,862	\$16.04
Q2 20	1,863	88,810,115	5,416,145	6.1%	102,219	0.1%	5,518,364	6.2%	5.9%	713,991	(277,171)	(196,487)	39,143	84,943	86,862	\$15.96
Q1 20	1,862	88,782,922	5,114,051	5.8%	87,999	0.1%	5,202,050	5.9%	5.9%	549,614	80,684	80,684	45,800	45,800	181,562	\$15.99
Q4 19	1,861	88,737,122	5,133,563	5.8%	103,371	0.1%	5,236,934	5.9%	5.6%	684,059	(247,453)	(447,841)	34,200	206,173	238,266	\$15.85

Source: CoStar, Colliers Analytics

The information contained in this report was provided by sources deemed to be reliable, however, no guarantee is made as to the accuracy or reliability. As new, corrected or updated information is obtained, it is incorporated into both current and historical data, which may invalidate comparison to previously issued reports.

#2

Best Place to Live

-U.S. News 2020-2021



#8

States With Fastest Rates of Job Growth

-Kiplinger, 2020



#3

Most Educated States

-Wallethub, 2020



DENVER RANKINGS

#5

Best Real Estate Markets for Large Cities

-Wallethub, 2020



#9

Best Cities for an Active Lifestyle

-Wallethub, 2020



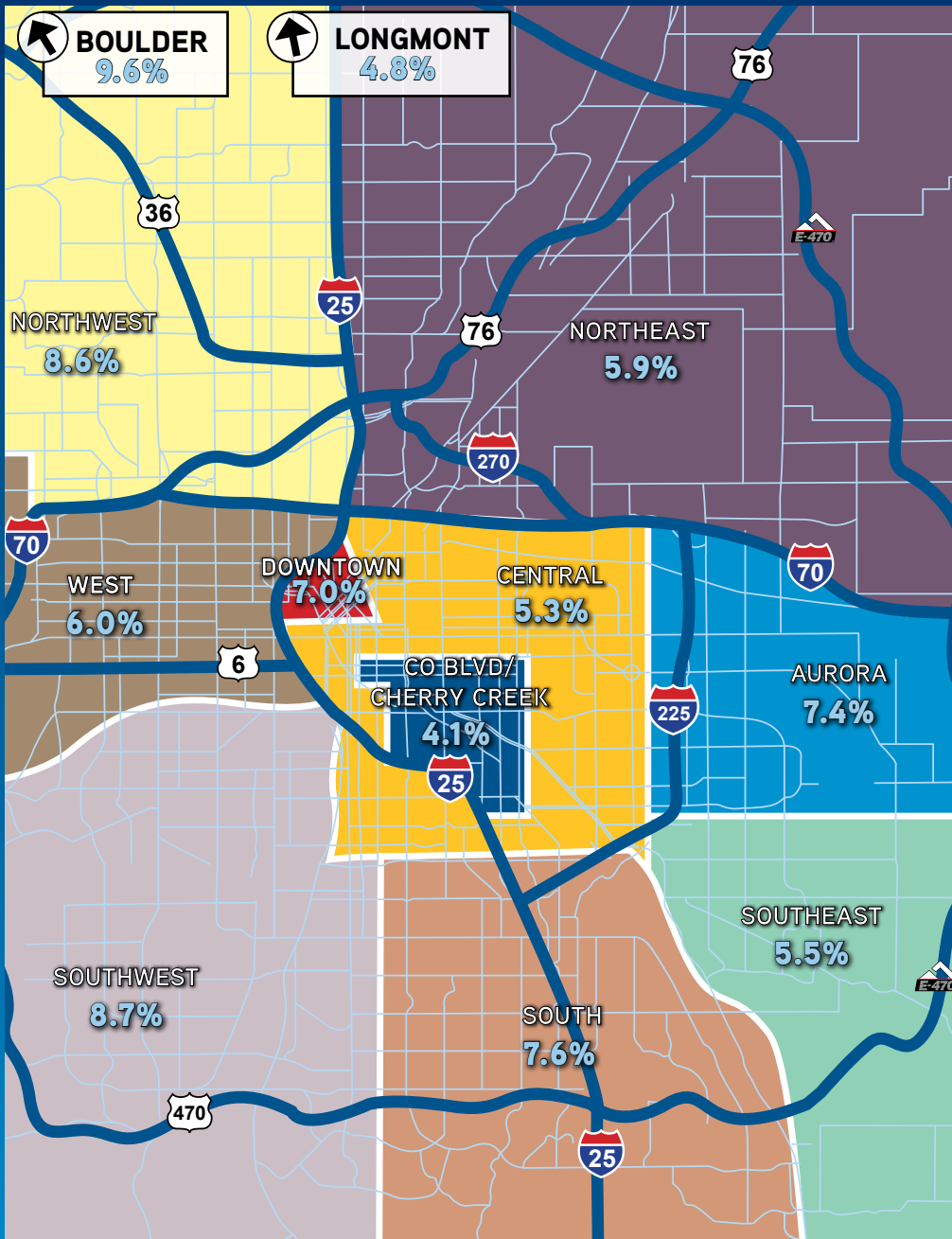
#6

Most Desirable Cities for Millennials

-U.S. News, 2020



Vacancy by Submarket, Q4 2020



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