

A high-angle photograph of the Denver skyline. In the foreground, a large clock tower is visible. The background is filled with various skyscrapers, including one with a prominent blue facade. The Colliers logo is positioned in the top right corner of the image.

Colliers

Denver

Retail

23Q3

The Denver retail market is experiencing a robust recovery from the pandemic with consistent quarterly growth. This quarter saw a significant rebound in net absorption, although it's forecasted to slightly decline next quarter. Despite a surge in construction, deliveries hit their lowest since 2022 Q1. With rising asking rates and promising prospects for the remainder of 2023 and into 2024, Denver's retail scene is poised for further growth.

Accelerating success.

Key Takeaways

- The Denver retail market is on a consistent recovery trajectory since the pandemic, with growth every quarter in net absorption and a decrease in vacancy.
- Net absorption experienced a significant surge this quarter (129,176 sq. ft.), an increase of 170,000 compared to Q2, and leasing activity also increased.
- There's a boom in the construction pipeline with 1,044,812 square feet under construction - the highest since the pandemic began, but deliveries hit their lowest since 2022 Q1.
- Average asking rates rise to \$18.91/SF and vacancy rates remain stable at 4.6%.



Denver
Retail
23Q3



Vacancy Rate
4.6%

YOY
▼
FORECAST



Net Absorption
129K SF

YOY
▼
FORECAST



Under Construction
1.04M SF

YOY
▲
FORECAST



Overall Retail Asking Lease Rates (NNN)
\$18.91/SF

YOY
▲
FORECAST

Post-Pandemic Growth and an Optimistic Forecast

The Denver retail market continues to bounce back from the pandemic, showing steady growth each quarter since. Net absorption had a major rebound this quarter, recording 129,176 square feet. Expect to see net absorption decrease slightly next quarter, but remain positive heading into 2024. Leasing activity increased, but deliveries were the lowest recorded since 2022 Q1. The construction pipeline experienced major growth, with 1,044,812 square feet under construction, the highest number since the pandemic. The metro area's average asking rates continues to rise, with a slight increase from the previous quarter. Asking rates are expected to increase moving forward, as high demand keeps vacancy levels low. Expect vacancy to remain constant. Retail product is expected to finish the year strong. As the effects of the pandemic continue to diminish, the Denver retail market is positioned for growth.

Market Indicators



2.77%
Unemployment Rate



2.36%
GDP - % Change Yr./Yr.

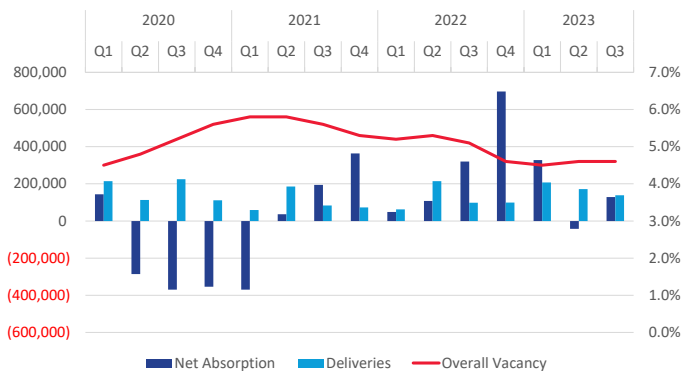


4.621%
U.S. 10 Year Treasury Note

Historic Comparison

	Q3 2022	Q2 2023	Q3 2023
Total Inventory (SF)	134,450,831	134,844,276	134,895,466
New Supply (SF)	77,507	158,247	51,190
Net Absorption (SF)	319,781	(42,461)	129,176
Overall Vacancy	5.1%	4.6%	4.6%
Under Construction (SF)	775,047	630,893	1,044,812
Overall Asking Rates (NNN)	\$18.45	\$18.69	\$18.91

Market Graph



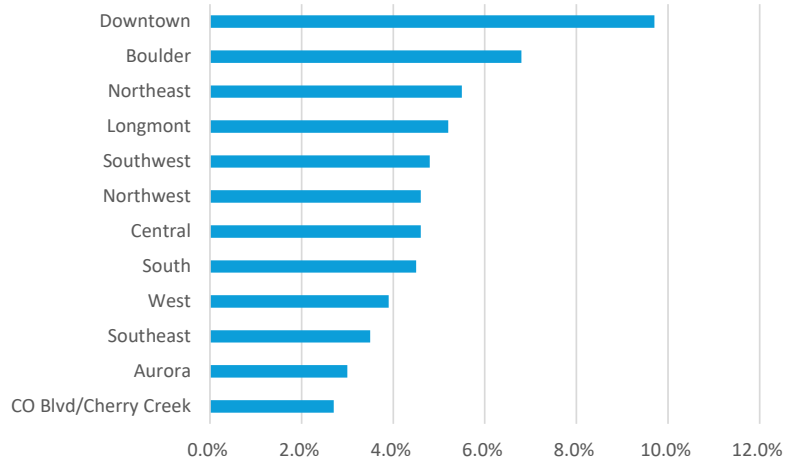
The Denver retail market has shown robust signs of recovery since the pandemic. The market has turned a corner, with eight straight quarters of positive absorption from Q2 2021 to Q1 2023. While the most recent two quarters closed with a negative absorption of -42,461 SF, the tide has turned and the market is showing strong signs of revival. The vacancy rate in the market did not change quarter over quarter, but has shown a year over year decrease of 50 basis points. This, along with new developments and over 1,000,000 square feet under construction, indicates that the market has shown recovery and will continue to grow.

Labor Force

	TOTAL NONFARM	LEISURE & HOSPITALITY	SERVICE INDUSTRY
12-Mo. Employment Growth	0.1%	1.8%	6.1%
12-Mo. Actual Employment Change	2,100	3,200	4,100

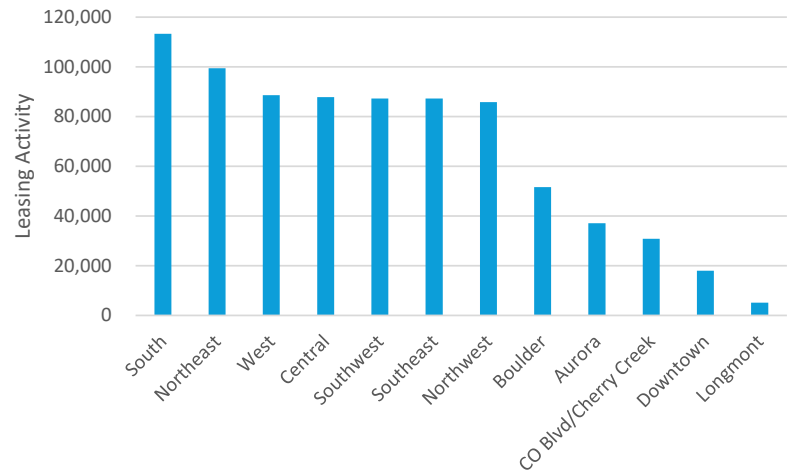
Vacancy

The Denver retail market closed the third quarter of 2023 with a vacancy rate of 4.6%, showing no change from the previous quarter but a 50-basis-point decrease year-over-year. Sublet vacancy remained flat at 0.1% across the metro. The Co Blvd/Cherry Creek submarket recorded the lowest vacancy rate of 2.7%, contracting 30 basis points from the previous quarter. The highest vacancy rate was the Downtown submarket, finishing the quarter at 9.7%. The Denver metro retail market is returning to pre-pandemic levels.



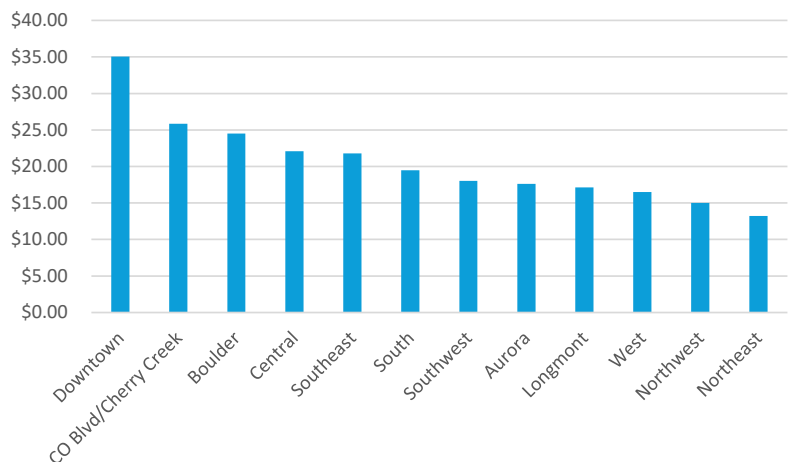
Absorption & Leasing Activity

The Denver retail market saw 792,160 square feet of leasing activity this quarter, with a new Floor & Decor location at Bowles Crossing being the largest lease at 83,675 square feet. Leasing activity remains above the historic average, but there are signs of a slowdown emerging. The decline in leasing is more due to a lack of available space than a decrease in demand. Developers have responded to this consistently low vacancy amidst continued demand and the pipeline has swelled as a result. Expect leasing activity to accelerate again moving forward, aided by new space coming online.



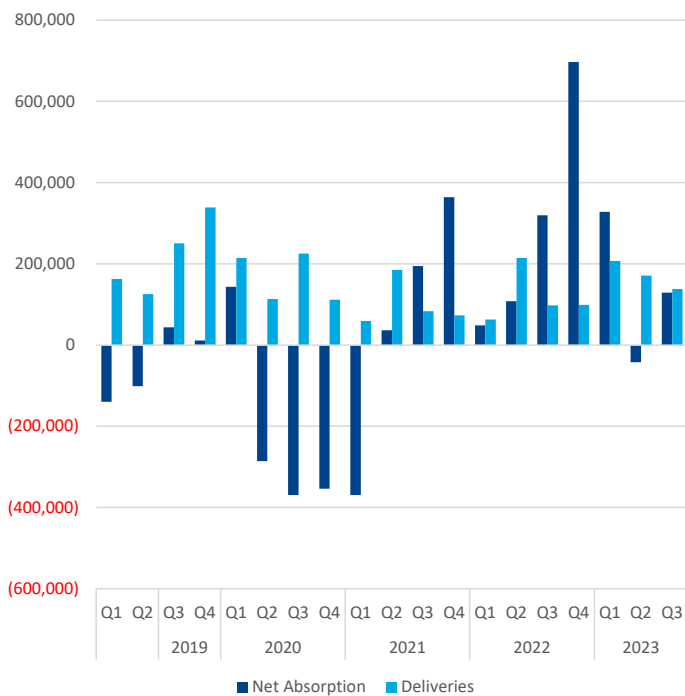
Rental Rates

The Denver retail market continues to show strong tenant demand. The average rental rate recorded a 22 cent increase, to \$18.91 NNN per square foot. The Downtown submarket experienced the highest average rental rate at \$35.06 per square foot, with the Northeast submarket showing the lowest, at \$13.23 per square foot. With the retail market continuing to bounce back from the pandemic, rental rates are predicted to increase in Q4.



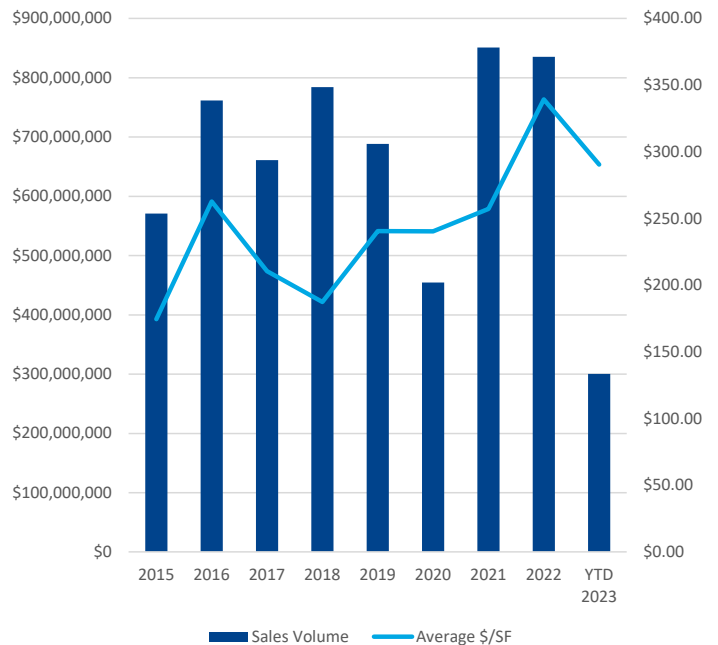
Construction

The Denver retail market saw a decrease in deliveries this quarter, finishing with 138,020 square feet. The construction pipeline showed growth this quarter, increasing to over 1,000,000 square feet, up almost 30% from the previous quarter. With low vacancy rates and high rental rates, retail is becoming an attractive asset to developers, resulting in increased construction in the pipeline.



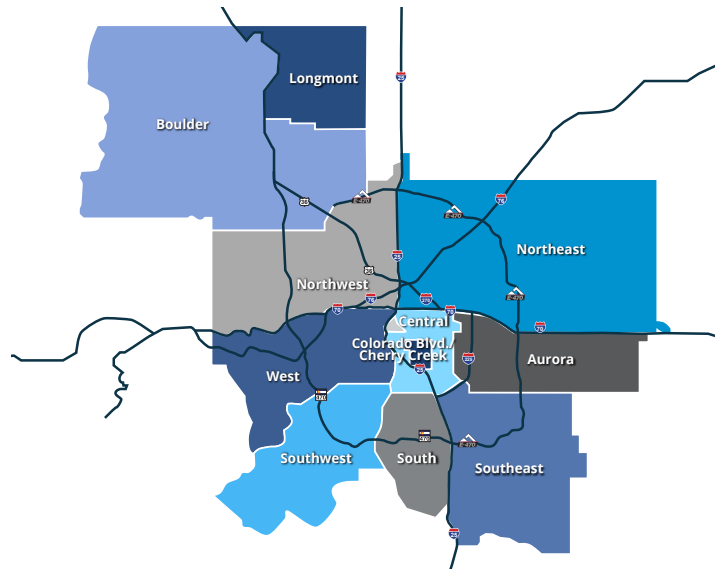
Investment Activity

The Denver retail market has seen a decrease in investment activity this year, recording \$300.5M to date in 2023, compared to \$835.4M in 2022. The average price per square foot YTD is \$290.45, a decrease from the \$339.28 number from 2022. This decrease in sales is a result of rising interest rates and large out-of-state buyers pulling out of the Denver market.



Market Description

The Denver retail market consists of over 135 million square feet of inventory and over one million square feet under construction. Denver has experienced a significant rise in its population over the past ten years, leading the nation in growth rates. Now home to over 2.8 million residents, Denver ranks as the 19th largest city in the U.S. Its unique position, with no other major city within a 400-mile radius, makes it a desirable hub for retailers in the Rocky Mountains. As conditions stabilize, the outlook for the retail sector in Denver becomes increasingly optimistic. The burgeoning population ensures that the retail market remains appealing to tenants, which in turn spurs demand and sectoral expansion. The retail landscape in Denver is on an ascendant path, offering promising returns for investors in the foreseeable future.



Notable Retail Sales

Property	Submarket	Sale Price	SF	Price/SF	Buyer	Seller
Summer Valley Shopping Center	Aurora	\$5,463,183	20,125	\$271.46	Hawkeye Invsco	Tom Ortolf
931 W. Evans Ave.	West	\$4,000,000	12,500	\$320.00	QuikTrip Corporation	Quebec Properties, LLC
West Gate Centre	West	\$3,278,506	16,081	\$203.87	Rouler Advisors, LLC	Avatar Equities LLC
51-63 Broadway St.	Central	\$2,273,570	22,826	\$207.67	Crossroads Trading Co	Justin Van Houten
Centennial Plaza	Southwest	\$1,800,000	22,000	\$163.64	Robert J Nardoza	Tri Cities Enterprises Inc

Notable Leasing Activity

Property	Submarket	Leased SF	Lease Type	Tenant Name
14401 E. Exposition Ave.	Aurora	55,350	New	Heritage Christian Center
311 E. County Line Rd.	South	50,457	New	O'Reilly Auto Parts
23901 E. Orchard Rd.	Southeast	38,000	New	Lucky Strike
7438-7470 S. University Blvd.	South	22,779	New	Kula Sports Performance
407-417 S. Broadway	Central	12,579	New	Spirit Halloween Superstores

Under Construction

Property	Submarket	SF	Developer	Estimated Completion
50th Ave. & Bridge St.	Northeast	488,788	Crosbie Real Estate Group	Sep-24
SWC 136th Ave. & Quebec St.	Northeast	130,000	WMG Development	Oct-23
US Hwy 36 & McCaslin Blvd., 4 bldgs.	Boulder	109,184	Carmel Partners	Aug-24
2900 Brighton Blvd.	Central	85,000	Mass Equities, Inc.	Nov-23
5779 S. Alkire St.	Southwest	74,365	Intergroup Architects	Sep-24

Q3 Retail Overview

Submarket	# of Bldgs.	Total SF	Direct Vacancy %	Sublease Vacancy %	Total Vacancy %	Prior Qtr. Vacancy %	Leasing Activity	Overall Net Absorption	Deliveries	Under Construction	Average Rental Rate SF (NNN)
Aurora	261	10,551,177	2.8%	0.1%	3.0%	3.7%	37,100	76,913	0	10,000	\$17.61
Boulder	270	9,276,311	6.2%	0.6%	6.8%	6.5%	51,567	63,891	100,228	109,184	\$24.50
Central	478	13,739,342	4.5%	0.1%	4.6%	4.8%	87,842	61,592	37,792	115,495	\$22.07
CO Blvd./ Cherry Creek	99	4,117,463	2.7%	0.1%	2.7%	3.0%	30,847	9,781	0	0	\$25.84
Downtown	91	3,196,361	9.7%	0.0%	9.7%	10.0%	14,240	10,276	0	0	\$35.06
Longmont	138	4,782,883	5.2%	0.0%	5.2%	5.4%	5,159	13,649	0	25,000	\$17.13
Northeast	314	12,567,581	5.5%	0.0%	5.5%	5.2%	99,432	(36,838)	0	618,788	\$13.23
Northwest	471	20,368,919	4.4%	0.2%	4.6%	4.6%	85,852	10,016	0	21,865	\$15.02
South	349	16,317,069	4.5%	0.0%	4.5%	4.1%	113,345	(57,837)	0	10,000	\$19.46
Southeast	340	13,077,026	3.3%	0.1%	3.5%	3.5%	87,218	8,573	0	20,115	\$21.80
Southwest	201	9,229,558	4.7%	0.0%	4.8%	4.5%	87,232	(19,173)	0	89,365	\$18.03
West	504	17,741,294	3.8%	0.0%	3.9%	4.3%	88,628	(11,667)	0	0	\$16.51
MARKET TOTAL	3,516	134,964,984	4.8%	0.10%	4.9%	5.0%	788,462	129,176	138,020	1,019,812	\$20.52

Q3 Shopping Center Overview

Submarket	# of Bldgs.	Total SF	Direct Vacancy %	Sublease Vacancy %	Total Vacancy %	Prior Qtr. Vacancy %	Leasing Activity	Overall Net Absorption	Deliveries	Under Construction	Average Rental Rate SF (NNN)
Malls	96	11,442,282	6.3%	0.4%	6.7%	6.6%	33,048	(12,087)	0	0	-
Power Centers	198	15,096,263	5.3%	0.2%	5.5%	5.7%	154,357	30,339	0	0	\$15.72
Neighborhood/ Community Center	1,104	50,078,320	5.2%	0.1%	5.3%	5.2%	361,531	(26,244)	0	0	\$17.76
Strip Center	373	6,096,742	4.6%	0.1%	4.8%	5.3%	53,801	30,139	0	14,000	\$18.64
Other	3	309,891	-	-	-	-	-	-	0	0	-
SHOPPING CENTERS TOTAL	1,774	83,023,498	5.4%	0.2%	5.6%	5.7%	602,737	22,147	0	14,000	\$17.37

351 offices in 67 countries on 6 continents

United States: 115
Canada: 41
Latin America: 12
Asia Pacific: 33
EMEA: 78



\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

About Colliers

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Market Contacts:

Jay Landt

SVP/Principal | Denver
+1 303 283 4569
jay.landt@colliers.com

Lisa Vela

Vice President | Denver
+1 303-565-3788
lisa.vela@colliers.com

Lance Eberhard

Brokerage Services | Denver
+1 720 833 4636
lance.eberhard@colliers.com

Debbie Marker

Director of Marketing
+1 303 283 4595
debbie.marker@colliers.com

Colliers | Denver Tech Center
4643 S. Ulster Street, Suite 1000
Denver, CO 80237 | USA
colliers.com/denver

REGIONAL AUTHORS:

Ben Nelligan

Research Analyst
+1 720 833 4624
ben.nelligan@colliers.com

Jack Friedman

Research Analyst
+1 303 309 3528
jack.friedman@colliers.com

Tim Morris

Director of Research
+1 720 833 4630
tim.morris@colliers.com

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