



QUICK STATS

	Current	Change from last	
		Yr.	Qtr.
Vacancy	7.6%	↓	↑
Lease Rates	\$12.48	↑	↑
Net Absorption*	102,387	↑	↑
Construction	\$48.9M	↓	↑

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

HOT TOPICS

- I-25 Interchange at Rockrimmon Blvd to be rebuilt
- Sales receipts skyrocket with troops returning from Iraq
- City Council gives support to downtown convention center
- MCI continues to downsize locally

RETAIL REVIEW

The Colorado Springs Retail market has shown great promise within the past several years. Retail construction continues to take place in the Northeast and East submarkets, with neighborhood centers and power centers comprising much of the growth. Construction taking place in the Northeast submarket is 917,937 square feet, and the East submarket has approximately 275,000 square feet. For the overall market, nonresidential construction was on the decline throughout 2003, and continued that trend for the first quarter of 2004. However, commercial construction picked up again by the end of June 2004. For the first half of 2004, a total of \$85.7 million has occurred. Of this figure, \$48.9 M took place in the second quarter of 2004.

MARKET OUTLOOK

The retail market in the Pikes Peak region continues to remain healthy. Data for the second quarter of 2004 shows a slight rise in vacancies from the first quarter '04 to 7.6%. If you take sublease space into account, the vacancy rate slightly increases to approximately 8% demonstrating the lack of sublease space available. Shopping center rents increased to an average of \$12.48 per square foot NNN, continuing the trend exhibited in the first quarter. Absorption in the second quarter was

102,387 SF establishing a year-to-date total absorption of approximately 155,000 SF. Leasing activity year-to-date is nearly 500,000 SF. Preliminary data for the second quarter indicates that 87 properties have sold for an average price of approximately \$82.00 per square foot. The fastest-growing retail area in Colorado Springs is in the Northeast submarket. It is referred to as the Powers Boulevard corridor. Two of the major retail centers along Powers Blvd include the First & Main Town center (1.4 million SF) and Ridgeview Marketplace (300,000 SF). The First & Main Town Center is continuing to expand and include tenants, such as Men's Warehouse, Ai Sushi, and Rock Bottom Brewery. Planned developments in the Powers corridor include: Dublin Commons Shopping Center (300,000 SF), Regency Center (37,000 SF), and Spring Ranch Shopping Center (75,000 SF). Other areas of retail strength include the expanding Monument area to the north and the intersection of Union and Briargate Parkway.

The retail forecast for the rest of the year remains bright. The trend of robust new home construction primarily in the North and Northeast should continue and new retail development will likely keep pace.

NONRESIDENTIAL CONSTRUCTION

Construction 48.9M

