

YoY Chg 12-Mo. Forecast

\$85,500
Median HH Income



0.8%
Population Growth



6.4%
Unemployment Rate



Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

13.2%
GDP Growth



16.6%
Consumer Spending Growth



31.0%
Retail Sales Growth



Source: BLS, BOC, Moody's Analytics

ECONOMY: Vaccination Rates Help Clear the Path to Recovery

Retail unemployment in Denver ended June 2021 at 6.7%, a 30-basis-point (bps) drop from the first quarter 2021 to the second. With 61.2% of the eligible population fully vaccinated as of June 2021, Denver has been able to accelerate its re-opening, providing a much-needed boost to local and regional businesses and fast-tracking Denver's economic recovery. Increases in consumption and investment spending have provided a positive outlook for Colorado's statewide economy, with year-end forecasts predicting 6.2% in GDP growth in 2021. If accurate, this growth will represent a full recovery of the state's GDP.

SUPPLY: Vacancy Curbed by Increased Activity

Overall vacancy in Denver Metro's retail market remained flat quarter-over-quarter (QOQ) to end the second quarter 2021 at 7.6%. On a year-over-year (YOY) basis, overall retail vacancy in Denver remains elevated, with the second quarter 2021 trending 90 basis points (bps) above the second quarter of 2020. The direct vacancy rate also remained flat QoQ, ending the second quarter 2021 at 7.3%. Despite the lack of change in the Denver Metro's vacancy rate, the Southeast/Southeast Suburban (SES) submarket—which accounts for 23.7% of Denver's total retail inventory, recorded a 50-basis-point decrease in overall vacancy to end the second quarter 2021 at 7.7%.

PRICING: Asking Rents Continue to Exhibit Strong Growth in Q2 2021

Direct triple-net (NNN) asking rates recorded another quarter of strong growth, increasing by \$0.27 per square foot (psf) from the first quarter to end the second quarter 2021 at \$17.78 psf NNN. Compared to the second quarter 2020, direct asking rates in the Denver metro have increased by 8.1% YOY. Similar to direct asking rates, overall NNN asking rates also increased QOQ, closing out the second quarter 2021 at \$17.69 psf. This represented a \$0.17 psf increase QOQ. The Colorado Boulevard/Glendale/Cherry Creek submarket recorded the largest change in asking rates QOQ, ending the second quarter at \$23.21 psf NNN on both a direct and overall basis.

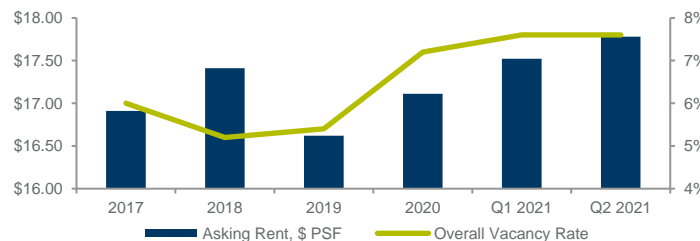
Activity: Net Absorption Trends Positive as Leasing Activity Increases

Leasing activity picked up QOQ with approximately 650,000 sf in signed leases in the second quarter 2021. The most notable lease executed during the second quarter 2021 was Arc Thrift Store's 35,000-square-foot lease at 7438-7470 S. University Boulevard in the Central submarket. After four consecutive quarters of negative absorption, the second quarter 2021 recorded just over 252,000 sf in positive net absorption, bringing the 2021 year-to-date net absorption total to 63,258 sf. The positive absorption was driven in large part by the Northwest submarket, which accounted for 136,100 sf in net absorption during the second quarter 2021.

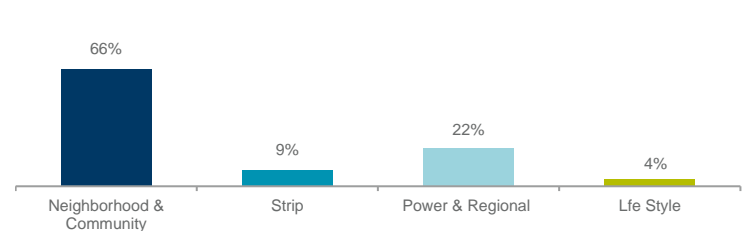
Construction: Two Major Projects Deliver

Two big projects delivered in the second quarter 2021: the 75,000-sf portion of the McGregor Square mixed-use development and the 59,000-square-foot WeatherTech build-to-suit in Broomfield. With no new construction starts in the second quarter 2021, only two freestanding retail projects totaling approximately 15,000 sf remain under construction.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Aurora	6,217,002	0	483,577	7.8%	47,842	40,585	0	\$14.69
Boulder/Longmont	7,944,180	51,173	601,260	7.6%	2,241	-47,474	0	\$20.74
Central	6,506,037	5,124	299,658	0.0%	19,479	47,566	0	\$17.79
Co Blvd./Glendale/Cherry Creek	1,750,274	0	137,971	7.9%	-2,673	-8,699	0	\$23.21
Northeast	5,469,788	3,351	395,830	7.2%	-4,518	-73,444	0	\$15.00
Northwest	11,644,528	0	969,291	8.3%	136,160	131,717	7,200	\$15.04
Southeast/Southeast Suburban	16,514,102	113,631	1,266,420	7.0%	83,079	11,976	0	\$21.42
West/Southwest	13,523,186	22,786	919,554	6.6%	-29,103	-38,969	6,820	\$15.31
DENVER TOTALS	69,569,097	196,065	5,073,561	7.6%	252,507	63,258	14,020	\$17.69

*Rental rates reflect NNN asking

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7438-7470 S. University Boulevard	Central	Arc Thrift Stores	35,000	New Lease
3100 S. Sheridan Boulevard	West/Southwest	Dollar Tree	24,400	New Lease
8801-9031 Harlan Street	Northwest	Ished	23,300	New Lease
1710-1780- S. Buckley Road	Aurora	Flatiron Church	21,200	New Lease
1350 Colorado Mills Parkway	West/Southwest	N/A	19,700	New Lease

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE	\$ PSF
Belmar Center	West/Southwest	Starwood Capital / Bridge33 Capital	747,000	\$113M	\$151
Markets on Broadway	West/Southwest	Zurich Capital / Gerrity Group	35,500	\$14.9M	\$417
Centennial Gun Club	Southeast/Southeast Suburban	Centennial GC Holidngs / Truefire	34,500	\$13.8M	\$400
Square One Portfolio (3 buildings)	Colorado Boulevard	Square One LP / Kentro Group	25,900	\$13.1M	\$505
Broadway Square	West/Southwest	Sidford Capital / AutoNation	72,000	\$8.8M	\$122

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
McGregor Square	Central	Tattered Cover	75,000	Colorado Rockies / Hensel Phelps
WeatherTech Build-to-Suit	Boulder/Longmont	WeatherTech	59,000	WeatherTech / Wyatt Construction

Jonathan Sullivan

Research Manager

+1 303 312 4212

jonathan.sullivan@cushwake.com

Cara Stamp

Senior Research Analyst

+1 303 218 3258

cara.stamp@cushwake.com

Mickey Moran

Research Analyst

+1 303 218 3280

mickey.moran@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com