

\$87,900

Median HH Income

YoY Chg



12-Mo. Forecast



0.9%

Population Growth



6.1%

Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q3 2021

5.6%

GDP Growth

YoY Chg



12-Mo. Forecast



11.0%

Consumer Spending Growth



14.0%

Retail Sales Growth



Source: BLS, BOC, Moody's Analytics

ECONOMY: Vaccination Rates Help Clear the Path to Recovery

Though Denver continues to trend slightly higher than the national average, retail unemployment in Denver decreased by 60 basis points (bps) quarter-over-quarter (QOQ) to end the third quarter 2021 at 6.1%. With extended unemployment benefits expiring in the early part of September 2021, it is likely the unemployment rate will continue to fall throughout the balance of 2021. In terms of economic recovery, a 10.7% year-over-year (YOY) increase in revenue for Colorado's General Fund and 11.8% YOY increase in retail sales statewide indicate that both the Denver metro and the state of Colorado continue to drive towards pre-pandemic prosperity.

SUPPLY: Vacancy Curbed by Increased Activity

Overall vacancy in Denver Metro's retail market decreased by 70 bps QOQ, ending the third quarter 2021 at 6.9%. Retail vacancy also decreased on a YOY basis, with the overall vacancy rate in the third quarter 2021 recording a 30-bps decline compared to the third quarter 2020. The direct vacancy rate also decreased QOQ, dropping 30 bps to end the third quarter 2021 at 6.7%. As the product type which was hit the hardest by the pandemic, the decline in retail vacancy serves as a promising indication that the sector is nearing recovery, particularly in relation to increased leasing activity and YOY rental rate growth.

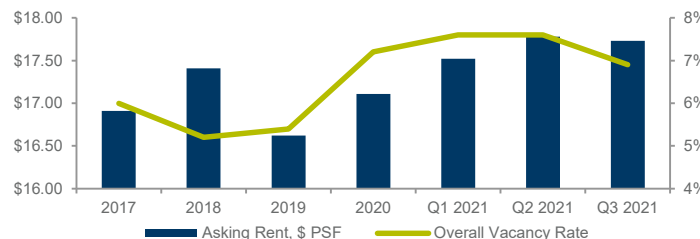
PRICING: Asking Rents Contract Slightly in Q3 2021

Despite the QOQ decline in vacancy, direct triple-net (NNN) asking rates contracted slightly during the third quarter 2021, decreasing by \$0.05 per square foot (psf) QOQ to end September 2021 at an average rate of \$17.73 psf NNN. Similar to direct asking rates, overall asking rates recorded a slight decrease QOQ, closing out the third quarter 2021 at an average \$17.63 psf NNN. Despite the quarterly decreases, both direct and overall asking rates in the Denver metro experienced YOY growth, respectively increasing by \$1.04 psf and \$0.99 psf compared to the third quarter 2020. Boulder/Longmont submarket recorded the largest change in asking rates QOQ, growing by \$0.93 psf to end the third quarter 2021 at an average overall rate of \$21.67 psf NNN.

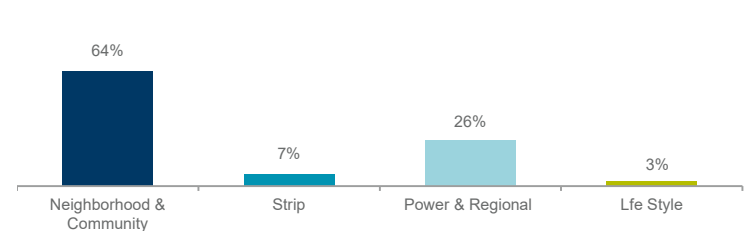
ACTIVITY: Net Absorption Trends Positive as Leasing Activity Increases

Following a second quarter which recorded nearly 650,000 square feet (sf) in leasing volume, the third quarter 2021 continued to exhibit robust leasing activity, with approximately 528,000 sf in leases signed. The South/Southeast Suburban market, which is also the largest retail submarket in Denver, recorded just over 135,000 sf in leasing activity during the third quarter 2021, accounting for 25.5% of the market's total third quarter leasing activity. Net absorption trended positive for the second consecutive quarter during the third quarter 2021, recording just over 301,000 sf in positive net absorption for a year-to-date total of approximately 438,000 sf. The positive absorption was driven in large part by the West/Southwest submarket, which accounted for nearly 185,000 sf of positive net absorption during the third quarter 2021.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR NET ABSORPTION	YTD NET ABSORPTION (SF)	YTD LEASING ACTIVITY	OVERALL AVG ASKING RENT*
Aurora	6,172,977	0	433,366	7.0%	7.0%	50,211	89,507	\$14.56
Boulder/Longmont	7,943,972	52,980	619,613	7.8%	7.8%	-14,353	46,033	\$21.67
Central	6,499,665	4,152	287,331	4.4%	0.0%	12,327	44,822	\$18.86
Co Blvd./Glendale/Cherry Creek	6,499,665	4,152	287,331	4.4%	4.4%	12,327	44,822	\$18.86
Northeast	5,472,321	3,351	374,480	6.8%	6.8%	21,350	44,125	\$15.70
Northwest	11,640,798	25,370	1,023,851	8.8%	8.6%	-54,560	44,512	\$14.75
Southeast/Southeast Suburban	16,454,796	85,953	1,166,636	7.1%	6.6%	90,863	135,257	\$20.51
West/Southwest	13,623,766	19,386	757,016	5.6%	5.4%	183,166	79,072	\$15.24
DENVER TOTALS	74,307,960	195,344	4,949,624	6.7%	301,331	437,854	1,738,305	\$17.63

*Rental rates reflect NNN asking rate

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5134-5142 S Wadsworth Blvd.	West/Southwest	Unnamed Tenant	40,000	New Lease
655-697 Peoria St.	Aurora	GenX	25,500	New Lease
694-696 Peoria St.	Aurora	Chocolatta Furniture	16,800	New Lease
1200 S. Abilene St.	Aurora	LiveWellColorado	16,300	New Lease
1755 Dover St.	West/Southwest	Mountain Phoenix Community School	8,400	New Lease

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE	\$ PSF
1124-1156 S. Colorado Blvd.	Co. Blvd	Square One II / Kentro Group	25,900	\$13,145,000	\$506
Fillmore Square - 300 Fillmore St.	Cherry Creek	300 Fillmore Associates, LLC / Jaime Javors	9,900	\$9,000,000	\$903
8601 Sheridan Blvd.	Southwest	Revesco Properties / Tower Investments	71,300	\$8,000,000	\$112
4556 Tennyson St.	Central	Daniel Jimenez / Revesco Properties	16,900	\$7,104,200	\$419
Holiday Theater Complex	West	Vidapoint / Holiday Holdings	18,500	\$5,100,000	\$277

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Corners at Wheat Ridge	West Submarket	T-Mobile	6,800	Quadrant Properties / Kroenke Group

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