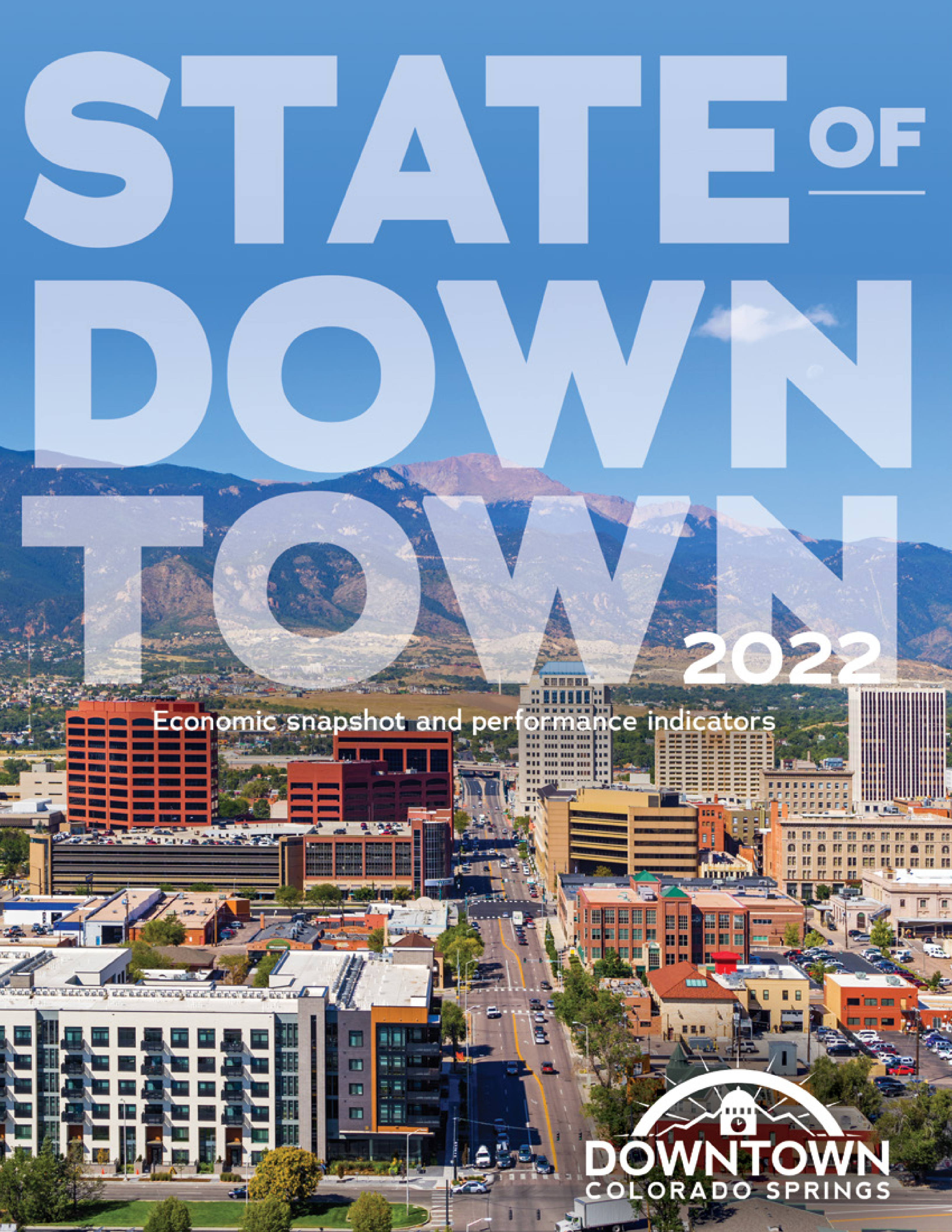
STATE OF DOWNTOWN 2022

Economic snapshot and performance indicators



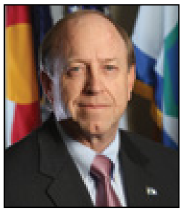
DOWNTOWN
COLORADO SPRINGS

WELCOME to the heart of Olympic City USA, where athletes, techies, artists, entrepreneurs and investors are drawn to an urban environment unlike anywhere else in the country: a superior business climate seamlessly connected to our great outdoors. It's no wonder Downtown Colorado Springs is gaining notoriety nationwide.

Our seventh annual State of Downtown Report marks over $2 billion in recent or near-term investment — a 25 percent growth over the prior year. This comprehensive benchmarking report is packed with the data, trends and analysis to inform key stakeholders in making sound business decisions; it's created especially with investors, brokers, developers, retailers, civic leaders and property owners in mind.

State of Downtown Colorado Springs is produced by the Downtown Development Authority, and most data throughout the report tracks specifically within the DDA boundaries; where noted, some data is reported for the Greater Downtown Colorado Springs Business Improvement District, the 80903 ZIP code, or the two Census tracts that align with the city's core. Data and rankings are for 2021 except where indicated. In particular, in this report we strive not just to compare performance to the previous year, when the pandemic took hold, but to show how we are returning to — and in many cases, exceeding — benchmarks of pre-pandemic times.

As you'll see on the pages that follow, Downtown Colorado Springs has emerged from the pandemic depths with a can-do spirit that's evidenced by construction cranes, new shops, new restaurants and more people visiting and living in our city center. We invite you to explore the possibilities.



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Photo/cover photo: Dreamstime stock.

DOWNTOWN BY THE NUMBERS

- 682 acres
- 1.1 square miles
- 120 city blocks

- 12.14 million visits annually*
- 2 million unique visitors annually
- 1,060 hotel rooms completed or under construction
- $86,300 average household income of patron

- 5.1 million sqf office space
- 26,600 employees*

- 100-plus restaurants, brewers, distillers, coffee shops and bars
- 60-plus retail shops

- 685 arts, cultural and special events annually (nearly 1,000 pre-pandemic)

- 100,000 residents within 3 square miles
- 3,000 residential units recently completed, under construction or groundbreaking in 2022

- 180 acres urban parkland: America the Beautiful Park, Alamo Park, Acacia Park, Antlers Park, Monument Valley Park

- 9,625 parking spaces

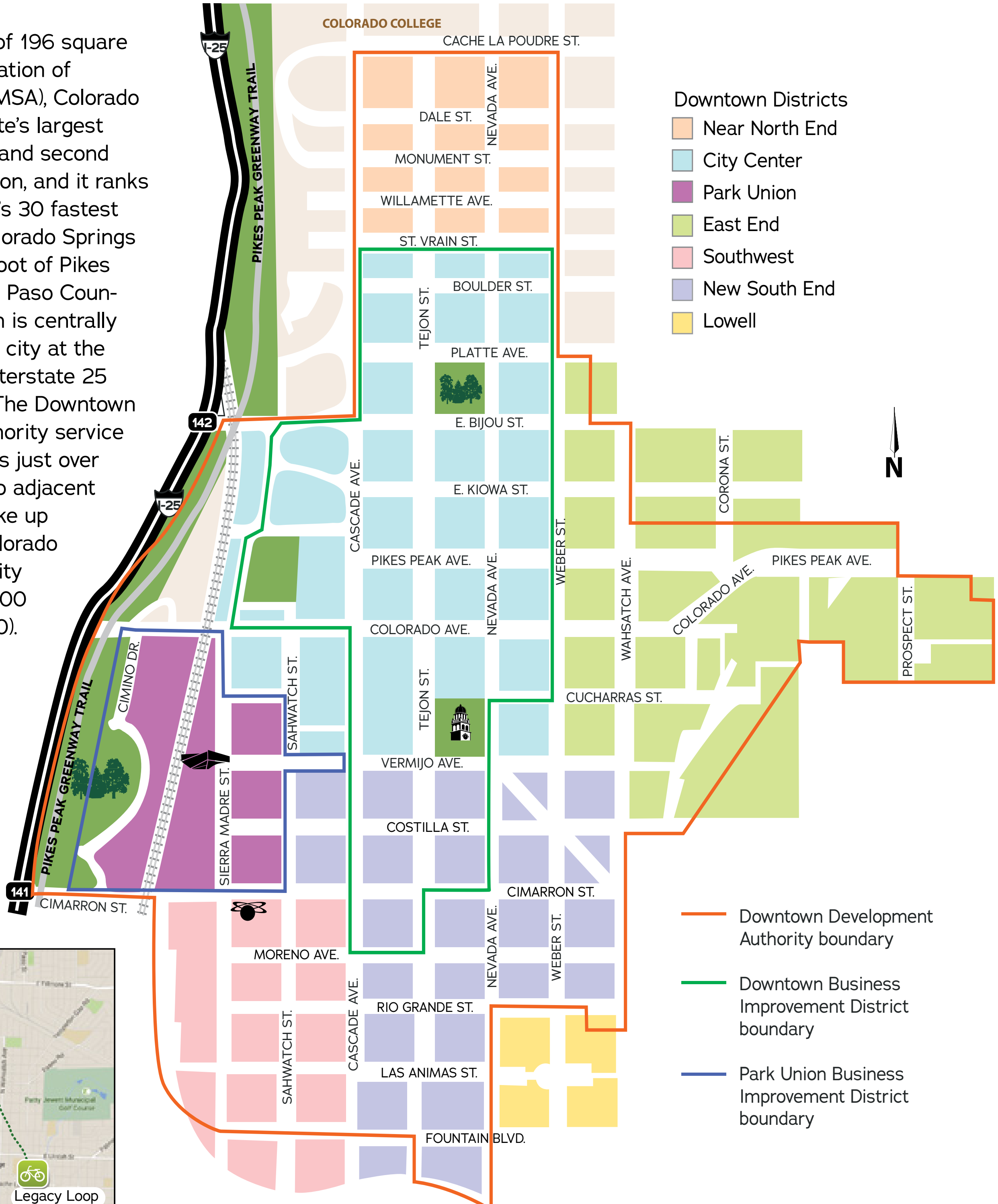
- 3,553 higher education students
- 1,697 high school students

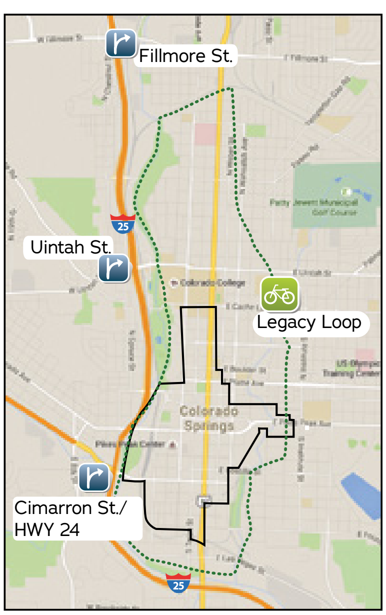
- 8,000 church parishioners

*Pre-pandemic

LOCATION

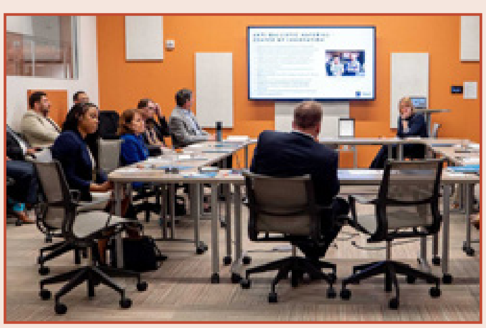
With a land area of 196 square miles and a population of 478,221 (745,791 MSA), Colorado Springs is the state's largest city in land mass and second largest in population, and it ranks among the nation's 30 fastest growing cities. Colorado Springs is located at the foot of Pikes Peak and is the El Paso County seat. Downtown is centrally located within the city at the convergence of Interstate 25 and Highway 24. The Downtown Development Authority service area encompasses just over 1 square mile. Two adjacent census tracts make up the Downtown Colorado Springs Opportunity Zone (08041002200 and 08041002300).





- 70 miles south of Downtown Denver
- 44 miles north of Downtown Pueblo
- 18-minute drive to the Colorado Springs Airport
- 2-hour drive to skiing in Summit County

RANKINGS & ACCOLADES



No. 6 Best Place to Live
U.S. News & World Report

No. 2 Top Cities Where Tech Strength Defies the Pandemic
LinkedIn

No. 2 Best Small Metro for Teleworking
BestPlaces.net

No. 2 Best City for Dating
BestPlaces.net

No. 2 Most Desirable Place to Move
Cinch Home Services

No. 3 City for Workforce Confidence
LinkedIn

No. 3 Most Innovative School: Colorado College
U.S. News & World Report

IMPACT Inspire Award: Park Union development
Urban Land Institute Colorado

Pinnacle Award: Downtown Gateways Initiative
International Downtown Association

Award of Excellence: Virtual First Friday
International Downtown Association

No. 9 Best Place to Live
Livability.com

No. 9 City Where College Grads Want to Move
Axios and The Generation Lab

Top 10 Military Friendly Employer and Military Spouse Friendly Employer City
MilitaryFriendly.com

No. 15 Best City for Tech Jobs
CompTIA

No. 17 Milken Institute Best Performing Cities
Up 19 points from year prior

All rankings are for 2021. Photos from top: Patio dining by Explore with Media. Park Union, courtesy of Park Union. Downtown gateway by Mike Pach. Catalyst Campus courtesy Catalyst Campus.

DEVELOPMENT & INVESTMENT

Downtown Colorado Springs continues to attract the interest of long-standing and new-to-market investors, as current and announced investment grew by 25 percent and more than $400 million from the year prior. Strong development fundamentals, desirable demographics, new anchors and attractions, the unique character of locally owned shops and restaurants, and easy proximity to world-class outdoor amenities are attributes that have coalesced to put Downtown Colorado Springs on the radar at a national scale.

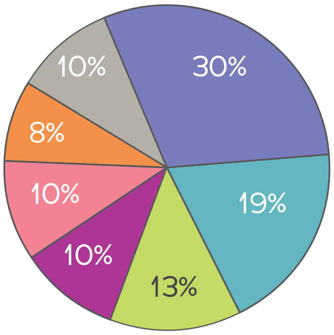
Downtown's long-stated goal to become a true mixed-use neighborhood by supporting and incentivizing multifamily development has reaped rewards: Roughly half of all current and announced investment in the city center is going toward new multifamily projects that promise to add thousands of new residents in the near term. And, of course, those new residents will drive demand for new work spaces, dining and shopping opportunities, and more resident-serving amenities.

The over $2 billion in investment, which includes announced projects, still represents only a fraction of anticipated development in Downtown over the next decade — with multiacre projects in Park Union and the East End in conceptual phases, as well as other individual projects that will easily double the tracked investment anticipated into the heart of the city in the years ahead.

Investment by district

see district map, page 4

30%	New South End
19%	City Center
13%	East End
10%	Southwest
10%	Park Union
8%	Near North End
10%	Adjacent



TOTAL INVESTMENT: $2,155,750,748*

25 percent growth in investment year over year

*2013-2021

$765,918,325	$542,532,423	$847,300,000
Completed	Under construction	Announced

2021 highlights

- The eclectic New South End surged to the forefront as an investment magnet, with nearly one-third of dollars targeted into this southeast quadrant. This zone is also where the greatest activity of multifamily construction is occurring.
- The regional City for Champions initiative completed its Downtown goals with the spring opening of Weidner Field and the fall completion of Colorado College's Ed Robson Arena, adding a combined 11,400 seats of sporting and events space to the city center.
- Downtown's designation as a federal Opportunity Zone continues to reap powerful rewards, with an estimated more than $600 million in projects leveraging Qualified Opportunity Funds.
- The Drake Power Plant at the southwest gateway into Downtown burned coal for the very last time in August, as the plant is now deep into a rapid decommissioning process, and visioning efforts are under way for the future of this catalytic site.
- The Fountain Creek Watershed Vision and Implementation Plan, announced in early 2021 and made possible by a grant from Lyda Hill Philanthropies, charts a bold path for the future. The project has multiple goals of restoring the riparian habitat; enhancing parks, trails and waterways; connecting people to water for recreation; and leveraging economic development potential.

Construction and permitting

- As a sign of good things to come, a total of 694 building permits were issued in the 80903 ZIP code with a total permit valuation of nearly $264 million, eclipsing 2020 by nearly $30 million and believed to be a record high. This represents 8 percent of permits issued and 15 percent of permit values citywide for 2021.
- Twenty-one land use permits were approved, with several more still under review — essentially on par with the year prior.
- 14 certificates of occupancy were issued, which compares with 18 in 2020 and eight in 2019.
- The 18 liquor licenses approved in 2021 demonstrate a firm belief by many in the ongoing viability of food-and-beverage enterprises despite the pandemic challenges to that industry.

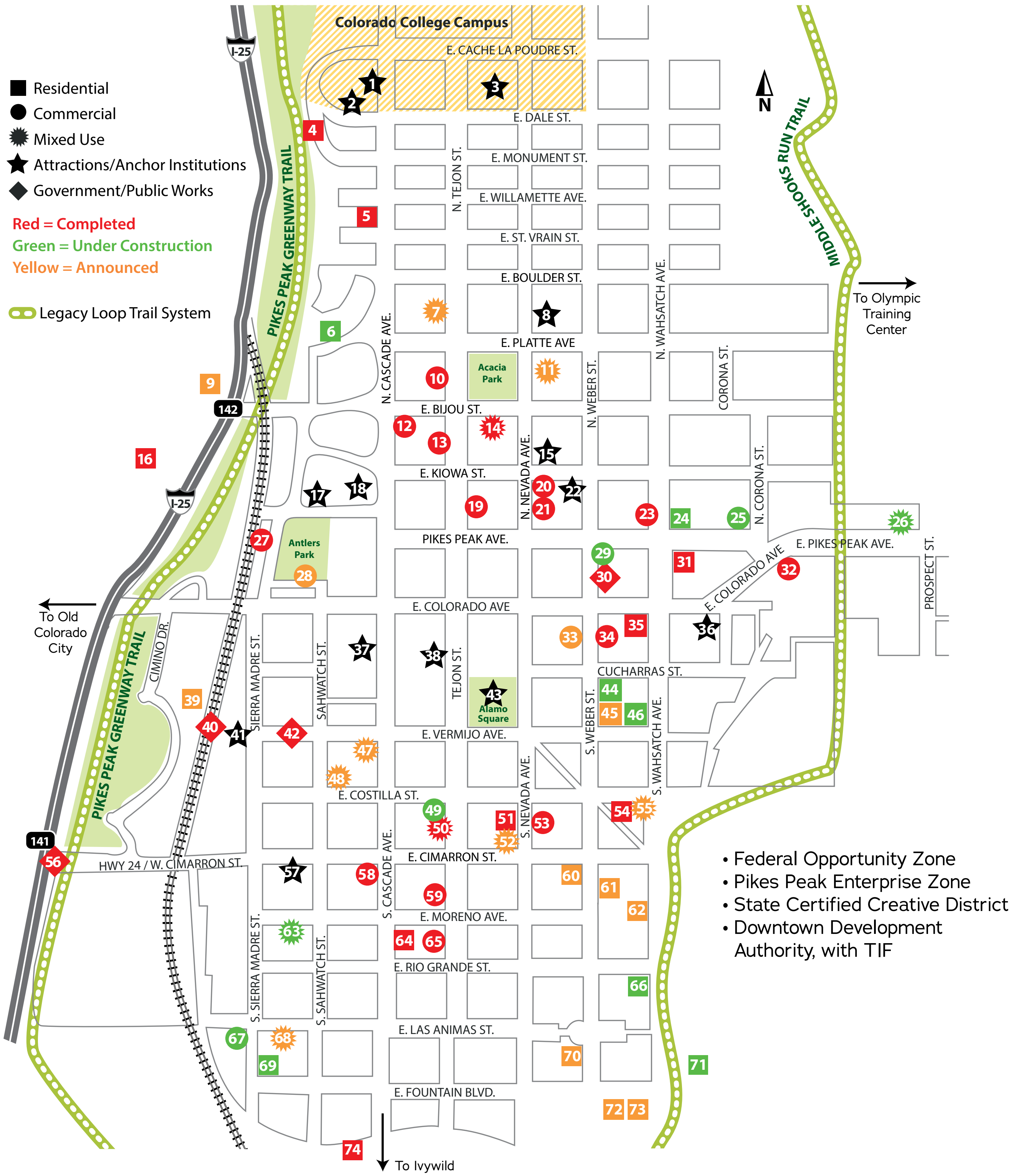
Development Toolkit

Learn more about available properties, early-stage projects, zoning, key contacts and other considerations for investing Downtown. **www.DowntownCSDevelopment.com**

Photo, opposite by Forrest Boutin. This page, courtesy of Pikes Peak Regional Building.

DEVELOPMENT MAP

With more than $2 billion in recent investment, Downtown Colorado Springs boasts a workforce of 26,000, thousands of new residential units in the works, and the largest concentration of independent restaurants in Southern Colorado.



- Federal Opportunity Zone
- Pikes Peak Enterprise Zone
- State Certified Creative District
- Downtown Development Authority, with TIF

This development map represents new construction or significant renovation projects of $500,000 or greater since 2015; also indicated are Anchor Institutions such as museums and educational facilities.

Residential ■

4 Park Manor East Apartments: 20 rental units for 55+
5 Hearthstone Apartments: 25 rental units in restored historic property
6 Boulder Crescent Lofts: 7 luxury condos
9 Bijou West: Up to 180 workforce rental units
16 22 Spruce: 48 rental units
24 Fiona: 321 rental units plus amenities
31 Pikes Peak Lofts: 9 converted loft-style condos
35 333 ECO: 171 rental units with amenities
39 Parkside Residences Phase 1: About 180 units, rental and condo
44 The Avian: 169 rental units plus amenities
45 Vim 2: 122 rental units plus amenities
46 Vim: 154 rental units plus amenities
51 Blue Dot Place: 33 rental units
54 210 Pueblo: 5 rental units
60 225 E Cimarron: 214 rental units plus amenities
61 Ensley: 277 units plus amenities
62 Elan Rio Grande: 213 rental units plus amenities
64 The Mae on Cascade: 177 rental units plus amenities
66 Village at New South End: 62 rental units
69 Working FusionTiny Home Village: 18 affordable tiny homes for rent
70 810-820 S Weber: 103 rental units
71 Shooks Run Apartments: 40 affordable units plus indoor/outdoor amenities
72 The Draper at Lowell: 280 units of senior and affordable housing for rent
73 Lowell Commons: 180 units of affordable housing for rent
74 Greenway Flats: 65-unit permanent supportive housing

Government/Public Works ◆

30 CSFD Station 1: Extensive renovation of historic fire station
40 Pedestrian Bridge: Connecting park to Southwest Downtown
42 Vermijo Streetscape: New pedestrian amenities and public spaces
56 Cimarron/I-25 Interchange: Reconstruction included extensive improvements to surrounding trails and parkland

Mixed Use ✸

7 316 N Tejon: 12 condo units plus ground-level commercial
11 Downtown YMCA: Renovation and expansion of fitness center plus day care and residential
14 Bijou Lofts: 9 loft condos built above ground-floor retail
26 Pikes Peak Plaza Apartments: 217 rental units plus ground-level commercial
33 120 S Weber: Conversion of bus station to mixed use
47 ONE Place Commercial: 164,000 sqf new construction commercial and office
48 ONE Place Residential: 308 rental units plus amenities, ground-level commercial
50 Casa Mundi: 27 rental units with 3,700 sqf of ground-floor commercial
52 428 S Nevada Ave: 131 rental units plus amenities and about 5,000 sqf ground-level commercial
55 Artspace: 51 units of affordable artist housing with ground-floor commercial studios
63 Experience at Epicenter: Up to 400 rental units with ground-floor commercial
68 Hygge House: 22 rental units plus office and community space

Attractions/Anchor Institution ★

1 American Numismatic Association Money Museum
2 Colorado Springs Fine Arts Center at Colorado College
3 Ed Robson Arena: 3,400-seat hockey arena at Colorado College, home to CC Tiger Hockey
8 Palmer High School
15 City Hall
17 Pikes Peak Community College
18 Pikes Peak Library District Penrose Library
22 City Auditorium
36 Cottonwood Center for the Arts
37 Pikes Peak Center for the Performing Arts
38 UCCS Downtown: 7,500 sqf classroom and meeting space
41 U.S. Olympic & Paralympic Museum: 60,000 sqf museum, restaurant and gift shop

Attractions/Anchor Institution continued

43 Colorado Springs Pioneers Museum
57 Weidner Field: 8,000-seat multi-use soccer stadium, home to Switchbacks FC, with restaurant

Commercial ●

10 218 N. Tejon: 6,000 sqf of restaurant space converted into three concepts
12 Hilton Garden Inn: 165-room hotel with over 8,000 sqf of ground-floor commercial
13 112 N Tejon: 14,000 sqf renovated commercial space
19 19 N Tejon: 47,000 sqf renovated office space with food hall and museum
20 Hyatt Place: 120-room hotel
21 Mountain Chalet: 13,000 sqf renovated space for outdoor retailer
23 324 E. Pikes Peak Ave: 18,000 sqf renovation for retail, restaurant, venue
25 Eastern Colorado Bank: Renovation of bank and office complex
27 Depot Square: Renovation of historic train depot to include three new restaurants
28 Early Connections Learning Center: New child care facility and training center
29 315 Collective: Collaborative foundation offices and food hall
32 Catalyst Campus: Renovated 40,000 sqf historic train depot into a modern office hub for aerospace and defense companies
34 Ent Credit Union: Renovation of bank facility
49 Marriott SpringHill Suites and Element hotels: 261-room dual-branded hotel with ground-floor commercial and rooftop bar and restaurant
53 Kinship Landing: 80-bed boutique hotel with private rooms, suites, shared dorms, dining
58 ANB Bank: 5,600 sqf building with ground-floor bank, second-floor office
59 Trolley Block: Over 30,000 sqf of renovated restaurant and retail space with second-floor office
65 Garden of the Gods Cafe: 6,000 sqf office renovation into four bar/restaurant concepts
67 Trainwreck: 13,000 sqf commercial converted to restaurant/entertainment complex

LIVING

As work-life balances shift, the lure of walkable access to a wide variety of food, culture and fun, paired with easy proximity to the great outdoors, is where Downtown Colorado Springs shines. While 2021 saw few units delivered, the pipeline of new residential product swelled significantly. The city center is on track to have 3,000 units recently completed, under construction or breaking ground in 2022, with another 2,000-plus units in the near-term pipeline, and yet more on the horizon.

Downtown vanguard DHN Development made headlines again in 2021 with the $12.8 million sale of the 27-unit Casa Mundi and its 5,400 sqf of commercial space; that follows the record-breaking 2020 sale of DHN's 33-unit Blue Dot Place at $13 million. With many of the multifamily projects currently under construction utilizing Opportunity Funds, expect to see longer holds of 10-plus years with future projects.

Multifamily comparison 2021

	Unit absorption (12 mos)	Vacancy (12 mos average)	Asking rents (per unit)	Market cap rate (Q4 2021)	Sales price per unit	Units under construction
Downtown	93	6%	$1,654	4.4%	$274,062	779
Citywide	930	6%	$1,339	4.59%	$199,871	4,216

Residential projects, new and conversion

DDA and adjacent

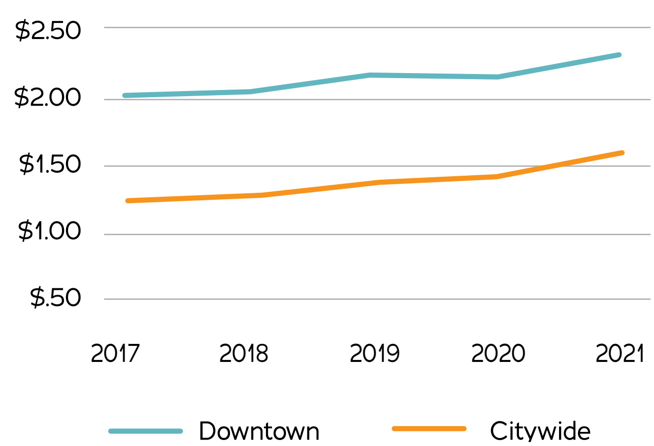
Project	Units	Type	Open*
Blue Dot Place	33	Rent	2016
Hearthstone Apartments	23	Rent	2016
210 Pueblo	5	Rent	2017
Bijou Lofts	9	Own	2017
9 South Weber	3	Rent	2018
333 ECO	171	Rent	2018
22 Spruce	48	Rent	2018
Park Manor East	20	Rent	2018
Greenway Flats	65	Rent	2019
The Mae on Cascade	177	Rent	2020
Casa Mundi	27	Rent	2020
Pikes Peak Lofts	9	Own	2020
Shooks Run Apartments	40	Rent	2021
Working Fusion Tiny Home Village	18	Rent	2022
Boulder Crescent Lofts	7	Own	2022
Pikes Peak Plaza Apartments	217	Rent	2022
Vim	154	Rent	2022
Village at New South End	62	Rent	2023
Fiona	321	Rent	2023
Hygge House	22	Rent	2023
316 N Tejon St	12	Own	2023
Experience at Epicenter Phase 1	408	Rent	2024
Vim 2	122	Rent	2024
Artspace	51	Rent	2024
Parkside Residences Phase 1	185	Rent/Own	2024
Ensley	277	Rent	2024
The Avian	169	Rent	2024
225 E Cimarron	214	Rent	2024
428 S Nevada Ave	131	Rent	2024
ONE Place	308	Rent	2024
Elan Rio Grande	213	Rent	2024
Bijou West	180	Rent	2024
Draper Commons	280	Rent	2025
Lowell Commons	180	Rent	2025
Residences at Pikes Peak YMCA Phase 1	100	Rent	2025
810 S Weber	59	Rent	2025
820 S Weber	44	Rent	2025
OGC Residential	295	Rent	Future
Weidner Phases 2-3	550	Rent	Future
Total units	**5,209**		

*Actual and projected

2021 highlights

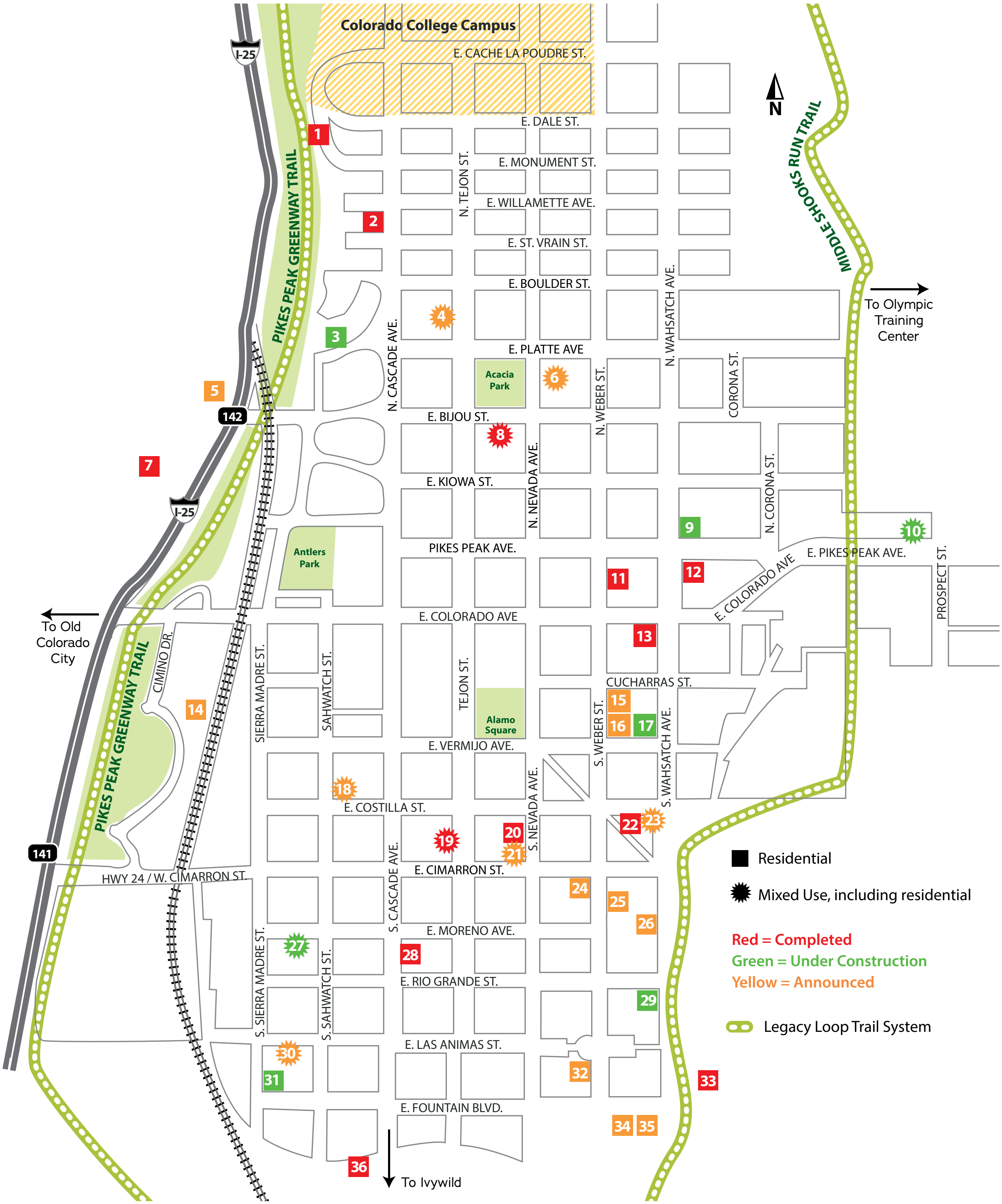
- 2021 Q4 asking rents jumped 13 percent YOY to $1,654 with effective rents of $1,642.
- Cap rate compression continues, with Downtown multifamily averaging 4.4 percent in 2021, down from 4.7 percent in 2020.
- Downtown consistently has commanded higher effective rents PSF over the past five years. At $2.29, Downtown rents PSF were 43 percent higher than citywide in 2021. However, the gap between Downtown and citywide has gradually decreased — from 60 percent in 2017 to today's 43 percent, which speaks to the wide variety of new product and intense demand throughout the region.
- About 18 percent of units under construction citywide are located Downtown.
- The resident population Downtown is inching upward, but still stands at just a few thousand people.

Effective rents



Photo, opposite: Experience Apartments next to Weidner Field. Above: Interior of The Mae, courtesy of The Mae.

RESIDENTIAL MAP



Downtown Colorado Springs is experiencing a multifamily residential surge, with more than 5,000 units completed, under construction or in the near-term pipeline.

Completed

- **1** Park Manor East Apartments: 20 rental units for 55+
- **2** Hearthstone Apartments: 25 rental units in restored historic property
- **7** 22 Spruce: 48 rental units
- **8** Bijou Lofts: 9 loft condos built above ground-floor retail
- **11** 9 South Weber: 3 rental loft-style apartments
- **12** Pikes Peak Lofts: 9 converted loft-style condos
- **13** 333 ECO: 171 rental units with amenities
- **19** Casa Mundi: 27 rental units with 3,700 sqf of ground-floor commercial
- **20** Blue Dot Place: 33 rental units
- **22** 210 Pueblo: 5 rental units
- **28** The Mae on Cascade: 177 rental units plus amenities
- **33** Shooks Run Apartments: 40 affordable units plus indoor/outdoor amenities
- **36** Greenway Flats: 65-unit permanent supportive housing

Under construction

- **3** Boulder Crescent Lofts: 7 luxury condos
- **9** Fiona: 321 rental units plus amenities
- **10** Pikes Peak Plaza Apartments: 217 rental units plus ground-level commercial
- **17** Vim: 154 rental units plus amenities
- **27** Experience at Epicenter: Up to 400 rental units with ground-floor commercial
- **29** Village at New South End: 62 rental units
- **31** Working Fusion Tiny Home Village: 18 affordable tiny homes for rent

Breaking ground 2022

- **4** 316 N Tejon: 12 condo units plus ground-level commercial
- **14** Parkside Residences Phase 1: About 180 units, rental and condo
- **15** The Avian: 169 rental units plus amenities
- **16** Vim 2: 122 rental units
- **18** One Place: 308 rental units plus amenities, ground-level commercial
- **21** 428 S Nevada: 131 rental units plus amenities and about 5,000 sqf ground-level commercial
- **23** Artspace: 51 units of affordable artist housing with ground-floor commercial studios
- **24** 225 E Cimarron: 214 rental units plus amenities
- **25** Ensley: 277 units plus amenities

Announced

- **5** Bijou West: Up to 180 workforce rental units
- **6** Residences at Pikes Peak YMCA Phase 1: Renovation of fitness center plus day care and residential
- **26** Elan Rio Grande: 213 rental units plus amenities
- **30** Hygge House: 22 rental units plus office and community space
- **32** 810-820 S Weber: 103 rental units
- **34** The Draper at Lowell: 280 units of senior and affordable housing for rent
- **35** Lowell Commons: 180 units of affordable housing for rent

Future (not shown on map)

- OGC residential
- Stadium Apartments Phases 2-3

Photos, left to right: Pikes Peak Plaza Apartments. Interior of Casa Mundi, courtesy of Casa Mundi.

SHOPPING & DINING

Two words describe the retail scene in 2021: growth and momentum. A record 38 street-level businesses opened their doors — some attributed to delays from the 2020 onset of the pandemic, yet all due to the appeal of luring patrons from Downtown's new and upcoming attractions, apartments and hotels. Downtown continues to boast the largest concentration of independent restaurants in Southern Colorado, as well as a strong boutique retail scene.

New businesses continued to spread beyond the Tejon spine, creating new nodes of activity such as the lively patios near Nevada Avenue and Costilla Street thanks to openings of White Pie Pizzeria, The Garden and Kinship Landing. The Trolley Block, home to eight food and beverage purveyors plus COATI food hall, saw nearly 724,000 annual visitors — 314 percent more than just three years ago when the block was not fully developed. Also holding strong was Restaurant Row, the one-block stretch of Tejon between Pikes Peak and Colorado avenues, with about 791,500 visitors in 2021.

While more investors are showing an interest Downtown, the majority of property sales volume in the past five years has been local — at 54 percent, compared with just 17 percent local citywide. Downtown offers retailers access to a trade area of more than 225,000 customers within a 10-minute drive. The average household income of Downtown patrons is $86,300, which is about $20,000 higher than city average.

Real estate at a glance

- While the pandemic saw average vacancy rates increase from 2019 to 2020, by Q4 of 2021 vacancy stood at just 3 percent — slightly lower than the citywide 4.9 percent.
- Downtown had negative absorption rates in 2019 and 2020 yet leaped to a positive 39,997 sqf in 2021.
- Of 1.6 million total retail square feet Downtown, Q4 2021 ended with only 48,023 vacant sqf available.
- Downtown average rents were 49 percent more than citywide rents.
- Notably, average rents have jumped by 35 percent in two years — an indicator of demand yet also a challenge in maintaining the unique character of independent shops and eateries.
- Sales volume total hit $22 million — roughly double that of the year prior.
- In terms of leasing activity, 10 deals were recorded in 2021, similar to 13 deals in 2020 and 10 in 2019.

	Vacancy rate	Net absorption sf (12 mo total)	Average Rents PSF (NNN)
2019	4.4%	-20,339	$16.71
2020	5.2%	-24,932	$18.51
2021	3%	39,977	$22.57

Storefront openings, 2021

Retail
Creations at the Edge
Cronk Art & Curiosities
G44 gallery
Good Eye Shop
INHERENT Clothier
Mountain Standard Goods

Food/beverage
The 555 (includes Munchie's)
B&R Sushi
Bell Brothers Brewing
Dainty's Kitchen
The Dirty Byrd
Epiphany
Fritzy's
The Garden
Garden of the Gods Market & Cafe
Homa Café & Bar
La Burla Bee
Mash Mechanix
Oscar's Oyster Bar
Red Swing Brewhouse
Salad or Bust
Steel Pan PNP
The Studio
Tejon Eatery
TILL Kitchen
White Pie Pizzeria

Services/other
Philanthropy Collective
CLAY Venues
Elke Beauty
Hin Salon
Hyatt Place
The Ink Mason Parlor
KINDLE Photo Studio & Event Space
Kinship Landing
MODO Salon
Rocky Mountain Motorcycle Museum
Southern Colorado Public Media Center
Stone Gable Realty

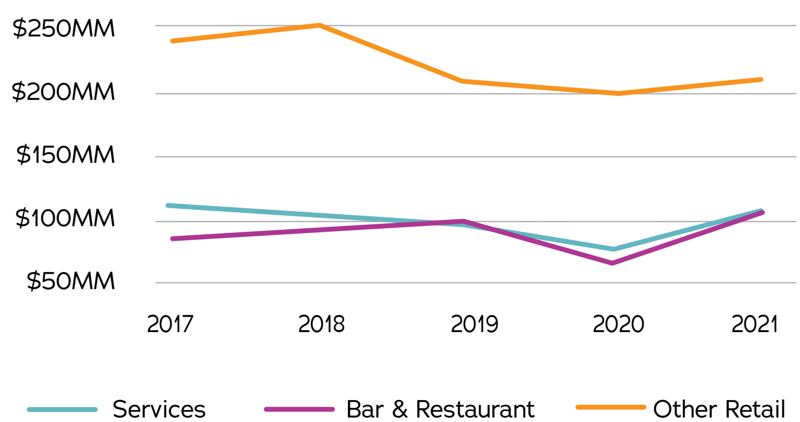
Announced for 2022
Blind Lark
Chile Colorado
Illegal Pete's
Lucca
Shrunken Head Tiki
Sprig
Tattered Cover
Trainwreck
Vine & Wheel
The Well / Gift Horse

Gross sales and sales tax at a glance

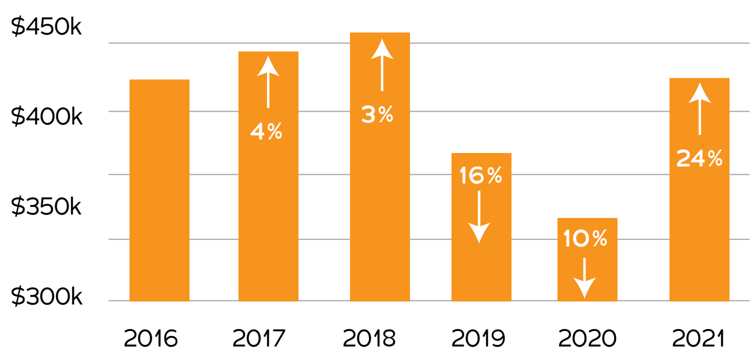
The past five years show similar trajectories when comparing Downtown to citywide trends. However, Downtown recorded a sharper decline in sales tax generation during 2020 and thus a higher rebound in 2021 compared to citywide. At just over 1 square mile, Downtown generates more than seven times more sales tax revenue per acre than citywide.

- Downtown reported over $410 million in gross sales in 2021 — 24 percent higher than 2020.
- That generated $7.4 million in sales tax revenue for the city — again an unsurprising increase over 2020 by 36 percent, yet also 9 percent higher than the pre-pandemic year of 2019. Citywide, sales tax in 2021 showed a YOY increase of 25 percent from 2020.
- With 2021 opening in pandemic Level Red restrictions, uncertainty reigned, with sales below 2020 and 2019 in each of the three categories early in the year; finally in April and May 2021, more consistent positive revenue trends bested 2020 and even 2019 figures.
- 2018 remains the strongest of the past five years in Downtown gross sales. With pandemic restrictions now fully lifted, Downtown is on pace to set a new peak year in 2022.

Downtown Annual Gross Sales by Category



Downtown Annual Gross Sales Change



Photos, opposite, left to right: Shoppers on Tejon, patio dining on the Trolley Block. Photos by Explore with Media.

OFFICE

Two trends speak to the current office market in Downtown Colorado Springs: opportunity and wait-and-see. With vacancy rates still low at just 4 percent, buyers are seeing strong potential for new product, even as the pandemic caused lease rates to mostly hold steady. 2021 saw high sales volume yet somewhat flatlined rents.

What's clear is that national headlines of office vacancy rates topping 20 percent in major metro markets are far removed from what's happening in Downtown Colorado Springs. Simply stated: Downtown entered 2020 pre-pandemic with a tight office market, and that has only become tighter into 2022.

Of course, as leases come up for renewal in the coming months and years, expect some companies to downsize footprints or perhaps switch permanently to remote working. And, expect to see subleases trend upward as the market adjusts. Expect increasing demands on employers to provide office spaces that enhance productivity, collaboration, problem-solving and team culture. Offices that merely provide a cubicle that replicates a home office desk won't cut it — greater priority will be placed on spaces for meeting and collaboration. More than ever, offices are about more than their square footage, which also will add continued pressure on landlords to upgrade amenities and common areas.

Perhaps the greatest news in the Downtown Colorado Springs office market is what's to come. In fall 2021, The O'Neil Group Company announced plans for an 11-story office complex at the corner of Cascade Avenue and Vermijo Street. With a projected 164,000 sqf of office and street-level commercial space, the project will be Downtown's first new vertical office construction in more than two decades.

Leasing trends

	Vacancy rate	12-month net absorption	Market rents	Market cap rate	Market sales price PSF
Downtown	3.7%	19,013 sqf	$25.62	8.27%	$165
Citywide	9.8%	30,244 sqf	$23.19	8.15%	$169

above values from Q4 2021

2021 office space at a glance

- 5.1 million total square feet of office space Downtown.
- Low vacancy trends continued, ending the year at 4 percent (down from 4.1 percent the year prior) and available square footage of just 181,777. Downtown vacancy rates remain significantly lower than citywide.
- For the first time in five years, base rents stalled: $16.97 in 2020 to $16.88 in 2021, and gross rents remained the same from 2020 to 2021 at $22.57 PSF.
- At just over $30 million, sales volume was the second highest seen Downtown in at least a decade — and 2021 would have been the highest year if not for a spike in 2017 due to the $34.6 million purchase by Unico of the Colorado Square Building. Average asking price was $22.57 PSF.
- Cap rate compression continues, hitting 8.27 percent in Q4 2021, but anticipated to level off somewhat in the next few years.
- With 77,086 total sqf leased in 2021, net absorption moved from negative to positive by about 19,000 sqf.
- The largest contiguous spaces available for lease still tend to hover in the 12,000-14,000 sqf range but may trend upward soon as some existing tenants downsize.
- Months on market in 2021 peaked at a median of 17.5 months compared to a median of 11.5–14 months during years 2017–2020. This is reflective of a few long-stagnant properties being snatched up as more buyers see opportunities in previously neglected spaces.

Submarket	Average rent PSF*	Average vacancy*
Downtown (DDA)	$ 25.51	4%
Central Business District	$ 26.74	5.3%
Greater Central Bus District	$ 22.49	1.6%
North	$ 19.72	6.6%
Northeast	$ 24.84	9.3%
Northwest	$ 23.06	19.9%
Southeast	$ 20.32	11.2%
Southwest	$ 19.96	3.3%

*Q4 2021

Photo, opposite: U.S.A. Basketball headquarters, photo by Tom Kimmell. Above: Philanthropy Collective, photo by Explore with Media.

TALENT & BUSINESS

With the greatest employment density in the Pikes Peak Region, Downtown boasts a diverse workforce with nearly half of employees working in professional trades. Pre-pandemic, Downtown had a workforce of about 26,600 people, and while few notable employers have closed or moved, it's not surprising that workers are showing up in fewer numbers — a pandemic trend that's likely to stay. Nevertheless, Downtown Colorado Springs has seen a higher return-to-work percentage than many urban areas.

While more workers returned to the office in 2021, numbers wavered as new covid variants emerged, and some offices have permanently adopted a hybrid approach for an average of three days per week on site for employees. 2021 employee visits to Downtown were 29 percent less than the 2019 pre-pandemic year and have held at that lower rate rather consistently in recent months.

Another way to look at who is showing up to work Downtown is to examine the most recent pre-pandemic month of February 2020, which saw 326,740 worker visits. That same month dropped 36 percent in 2021 to 209,260 employee visits, and even into 2022 February had barely budged, up to only 211,310.

Not surprisingly, the Wednesday Hump Day sees the most employees showing up for work, slightly edging out Tuesdays and Thursdays.

Recent trends still bode well for Downtown as a talent magnet, rapidly becoming the location of choice for startups, high-tech firms, aerospace and defense companies and creative industries. Another positive sign: In a survey by Axios, Colorado Springs ranked in the Top 10 of cities desired for relocation by graduating college students.

Another trend common as midsize cities grow: acquisition. In just the past year, several firms headquartered in Downtown have been acquired by national firms, including GE Johnson, Navakai, Insurance Technologies and Boecore. Notably, all maintain a Downtown presence and some project growth in Springs-based jobs.

Top Downtown industries by number of establishments

Industry	Establishments	% of total establishments	% of El Paso County establishments
Professional, scientific, and technical services	485	31%	18.3%
Health care and social assistance	175	11.2%	8.2%
Finance and insurance	136	8.7%	11.1%
Other services (except public administration)	136	8.7%	10.8%
Real estate, rental and leasing	118	7.5%	8.9%

Talent highlights

- Downtown is home to about 7.5 percent of jobs countywide.
- Over half the businesses Downtown have five or fewer employees.
- Median wages of the top professional jobs Downtown jumped significantly in 2021, with a weighted median of $95,159.

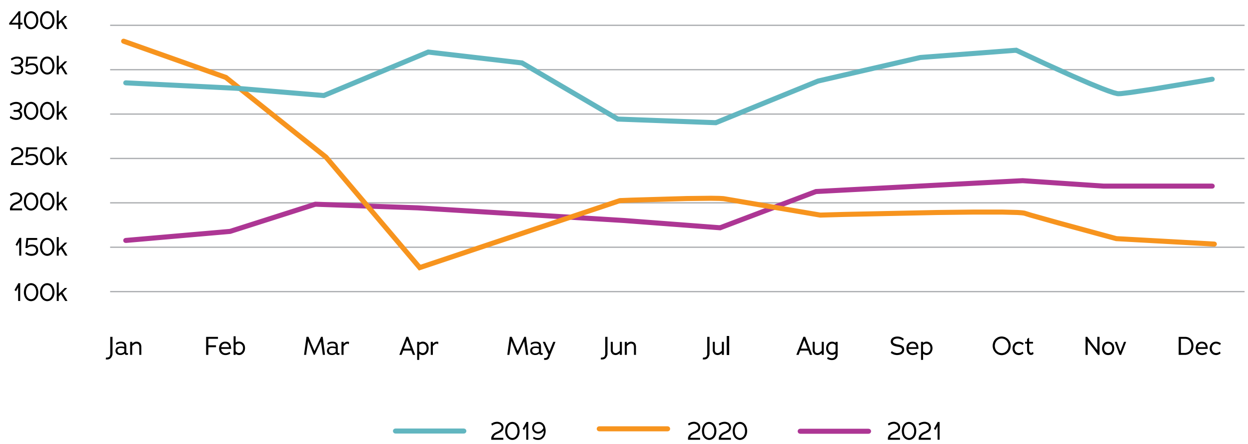
Notable Downtown headquarters

- Acorn Petroleum (energy)
- Altia (software)
- BlueStaq (aerospace)
- Boecore (aerospace and defense)
- BombBomb (software)
- Colorado College (education)
- Insurance Technologies (software)
- The Gazette (media)
- GE Johnson (construction)
- U.S. Olympic & Paralympic Committee (sports)

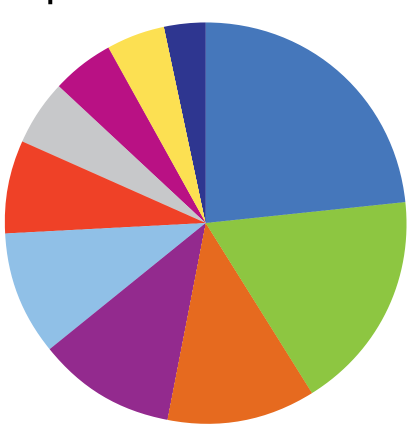
Top professional occupation groups Downtown

- Architecture & engineering
- Business & financial operations
- Computer & mathematical
- Management
- Health care practitioners & medical
- Life, physical & social science

Employee visits to Downtown



Top Downtown industries by number of jobs



Industry	Number of jobs	Percent of jobs
Government	5,716	21.5
Professional, scientific and technical services	4,270	16.1
Other services (except public administration)	2,884	10.8
Accommodation and food services	2,746	10.3
Health care and social assistance	2,424	9.1
Construction	1,818	6.8
Finance and insurance	1,252	4.7
Administrative/support/waste mgt/remediation	1,226	4.6
Education	1,148	4.3
Retail trade	755	2.8

Photo, opposite: Coworkers meet along the Trolley Block, photo by Explore with Media.

TOURISM & ATTRACTIONS

Colorado Springs and Downtown in particular bucked national tourism trends in Year 2 of the pandemic, with strong performances buoyed by the openings of two major sports venues and two new hotels.

Citywide highlights

- Citywide Lodging and Auto Rental Tax (LART) revenues for 2021 reached nearly $8 million, up 88 percent from 2020, and notably up by 12 percent over 2019 pre-pandemic figures.
- Occupancy rate: 64.1 percent
- Average Daily Rate (ADR): $130.72
- Revenue Per Available Room (RevPAR): $90.92

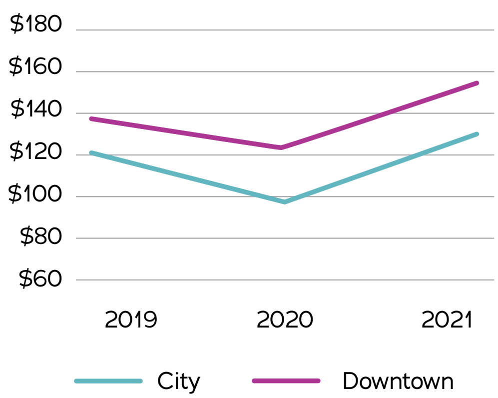
Downtown highlights

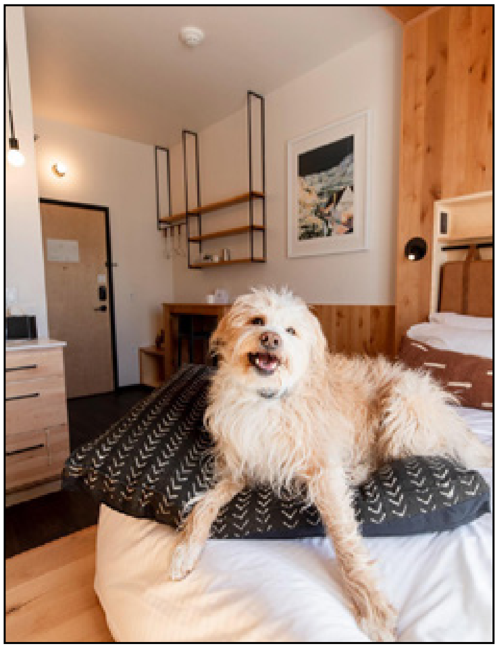
- Downtown delivered 161 new rooms with the openings of Kinship Landing and Hyatt Place.
- Occupancy rate: 62 percent (compares with 48 percent 2020, 70 percent 2019).
- Downtown occupancy in December 2021 was 52.8 percent, the first month in two years to post occupancy rates higher than the same month in pre-pandemic times.
- Average Daily Rate (ADR): $156.41, up 24.7 percent from 2020; Downtown ADR has been consistently higher than citywide ADR.
- Downtown Revenue Per Available Room (RevPAR): $103.41, up 71 percent from 2020, and consistently higher than citywide RevPAR.

Hotel	Rooms	Opening
The Antlers	273	1973
The Mining Exchange	117	2012
Holiday Inn Express*	80	2014
Hilton Garden Inn	168	2019
Kinship Landing**	41	2021
Hyatt Place	120	2021
Marriott (Element Hotel & SpringHill Suites)	261	2022
Total Rooms	1,060	

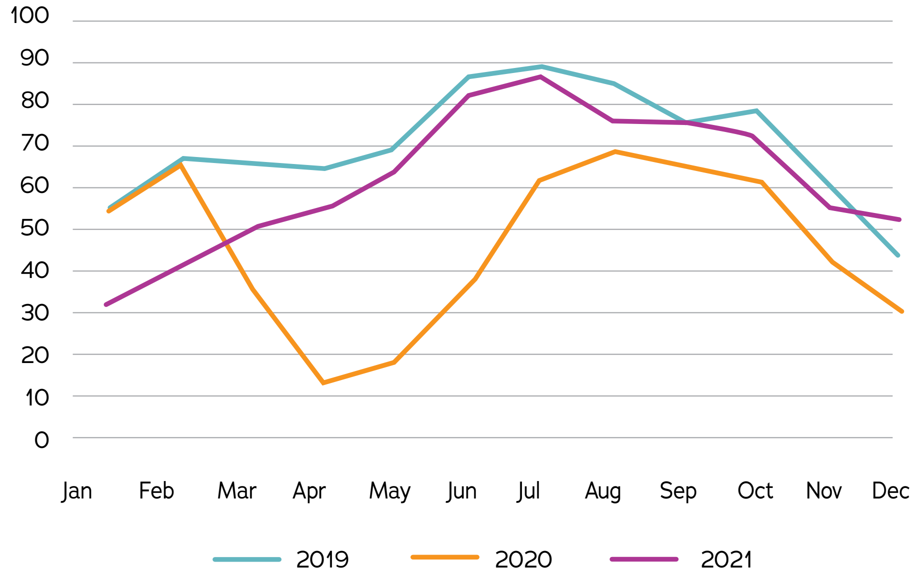
*Located just west of Downtown
**Total bed count 80 with private and shared rooms

Average Daily Rate





Downtown occupancy rates



CITY FOR CHAMPIONS DELIVERS BIG-TIME

The three Downtown attractions made possible by the City for Champions initiative brought just over 350,000 patrons to Downtown in 2021.

Weidner Field

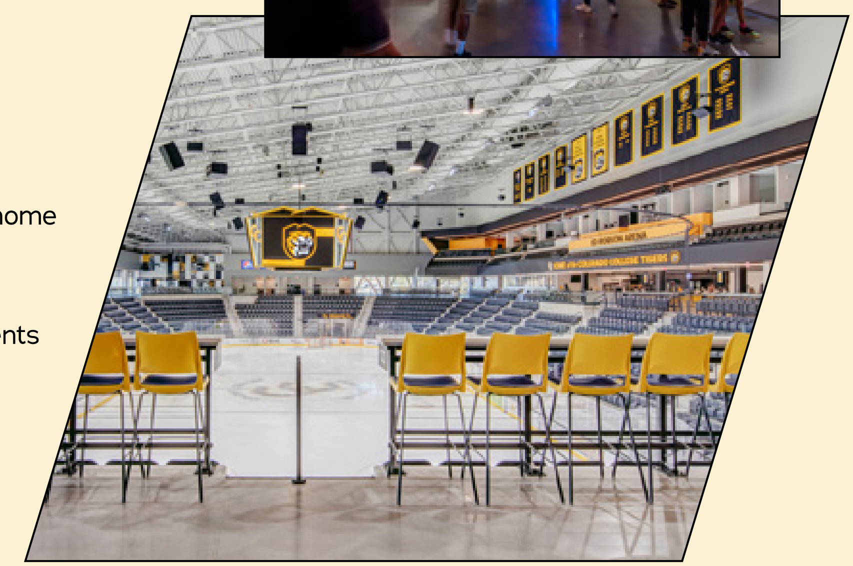
- Grand opening April 24, 2021
- 200,000 visitors (just over half for 16 USL Switchbacks home games)
- Highest elevation of any stadium used by a professional team in the USL

Colorado College Ed Robson Arena

- Grand opening Sept. 18, 2021
- 3,407 seats; sold out every CC Tiger Hockey home game
- 35,592 ticketed visitors
- 10 annual hockey games; 52 other special events

U.S. Olympic & Paralympic Museum

- 115,000 visitors in first full year of operations
- 25,000 guests in July as the Summer Games took place
- Visitors from more than 9,000 ZIP codes



Photo, opposite: Switchbacks FC play at Weidner Field. This page, top to bottom: Kinship Landing, photo by Explore with Media; U.S. Olympic & Paralympic Museum, photo by Richard Bittles; Ed Robson Arena.

MOBILITY & OUTDOORS

Downtown made major moves to bolster its connectivity in 2021 through a variety of projects and new services. Already known for its ease of access to trails and over 180 acres of urban parks, Downtown's quick connection to the Front Range was further aided by the completion of the Interstate 25 18-mile South Gap project nearly one year ahead of schedule. Locally, ConnectCOS, a citywide visionary transportation study, launched to create a transportation plan that reflects the evolving needs of the community. Through a robust community engagement effort, the project identified six major goals of efficiency, sustainability, reliability, accessibility, connectivity, and safety. Also, the six-mile Platte Avenue Corridor that begins with the Downtown Character Area was selected as the priority corridor for further analysis. Also of note:

- Envisioned for years, the 250-foot-long Park Union pedestrian bridge, designed by Dillier Scofidio + Renfro, opened in July, connecting Downtown to America the Beautiful Park and the Pikes Peak Greenway Trail.
- The Downtown bike network continued to grow with the Weber Street bike lanes extended from Uintah Street north to Jackson Street, completing the urban and neighborhood greenway from Rio Grande Street to the south. A two-way cycle track also was installed on Fountain Boulevard to connect Shooks Run Trail to the Wahsatch Avenue and Rio Grande Street bike lanes, while work on completing the southern connection of the Legacy Loop continues.
- As part of the EV Readiness Plan, the Parking Enterprise installed two Direct Current Fast Charging stations at the city's Nevada Avenue parking garage.
- Plans for a fare-free Downtown Shuttle to launch in 2022 were finalized.
- In the 2021 session, the state Legislature established a Front Range Passenger Rail District with the power to create, finance, and operate location-specific station districts. Work under this new district structure should commence in 2022.

Micromobility goes big

With thousands more Downtown residents and visitors on the horizon, micromobility has become an integral part of planning efforts, meeting the growing desire to incorporate easy, environmentally friendly options for commuting and short trips.

- PikeRide had its most successful year since launching in 2018, experiencing an over 60 percent increase in ridership over 2020. In 2021, the fleet numbered 300 e-bikes and 52 hubs with a majority of trips ending at Downtown and Colorado College hubs. With 16 new hubs installed, including one at Weidner Field, the service area also expanded. The most frequented hubs remain those at Colorado College as well as Acacia Park, the Trolley Block, and the Downtown Tejon Strip.
- In October, the city launched a one-year pilot program for electric scooters, further enhancing the micromobility options Downtown. Learning from the operational and service issues experienced in other communities, the city chose a competitive RFP process to select two providers, Lime and VEO. These providers created no-ride zone and designated parking areas to make sure the pedestrian environment remained accessible and safe.

	Riders	Trips	Miles
PikeRide bike share	6,400	36,111	64,000
Scooters	17,511	34,199	52,611
Total	23,911	70,310	116,611

Micromobility services resulted in 4.8 million pounds of carbon emission reduction.

Getting around

Drive
- 2,670 on-street parking meters (2,500 with ParkMobile)
- 3 public garages with 2,613 spaces
- 9,625 total publicly accessible parking spaces

Walk
- WalkScore of 69, compared to 36 citywide

Wheel
- BikeScore of 82, compared to 45 citywide
- Maintained a Silver ranking from the League of American Bicyclists and made significant improvements on network connectivity, encouragement, evaluation and planning scores
- 300 e-assist PikeRide bike share bikes
- 31 percent of Downtown roads have bike lanes, up 5 percent from 2019

Transit
- TransitScore of 43, compared to 19 citywide
- 11 Mountain Metro Transit bus lines to Downtown with ridership up 7 percent from 2020
- Bustang service to Denver departs six times a day on weekdays, and twice daily on weekends from the Tejon/Nevada Park & Ride and the Downtown Transit Center

Parks
- 180 acres of Downtown parkland with amenities including interactive fountains, tennis and pickleball courts, playgrounds, and more
- Three historic Downtown parks are poised for further activation after the recent completion of the Acacia, Alamo, and Antlers master plans
- Food Truck Tuesday in Alamo Park emerged for its fourth season after sitting out the 2020 pandemic year

Photo, opposite: Riders on scooters, photo by Explore with Media. This page, top, pedestrian bridge from America the Beautiful Park to the U.S. Olympic & Paralympic Museum, photo by Jason O'Rear; bottom: PikeRide bike at Weidner Field, courtesy of PikeRide.

ARTS & ENTERTAINMENT

As a state-certified Creative District, Downtown Colorado Springs is energized by a robust arts and cultural scene. Yet, with performing and visual arts among the most deeply impacted industries during the pandemic, 2021 was a year of only nominal rebuilding from the pandemic depths of 2020, as larger venues remained shuttered for much of the year. Look for 2022 to be a year of full rebound.

2021 highlights

- With 953 arts, culture and leisure events Downtown in 2019, that figure plummeted to 364 in 2020 and rebounded somewhat to 685 in 2021 — although that figure includes many activities held virtually. Total events should rebound fully in 2022.
- Downtown Ventures, the charitable nonprofit arm of Downtown Partnership, purchased two works of public art for permanent display. “Iscariot” by Trace O’Connor looms over the Colorado Avenue bridge, and the colorful 90-foot mural “New Horizons” by Anthony Garcia Sr. brightens the eastern gateway to Downtown.
- Weidner Field contributed greatly to Downtown’s art scene through the installation of the $4.5 million “The Epicenter” sculpture, designed and fabricated by Springs Fabrication. Weidner Field also introduced the Leroy Nieman Art Walk, 10 large-scale reproductions of works by the artist renowned for his paintings of athletes and musicians.
- Cottonwood Center for the Arts — already bursting at the seams with 80 artist studios, two large galleries and a performance space — expanded outdoors by paving a 6,000 sqf “alley” space and adding seating, lighting, a bar, pergola, mural and more to allow for a wide variety of performances and events outdoors.
- The Community Cultural Collective announced intentions for a massive and much-needed renovation to the City Auditorium, a nearly 100-year-old multiuse facility hobbled by years of deferred maintenance. The bold effort points to the potential for this significant yet underutilized historic property.

This page: Reproduction of works by Leroy Nieman are installed at Weidner Field. Opposite page, top to bottom: Epiphany; G44, photo by Stellar Propeller Studio; Rocky Mountain Motorcycle Museum, Southern Colorado Public Media Center.

With a Creative Vitality Index score of 4.77, Downtown boasts nearly five times the national average of creative activity and employment.
This includes:
- 1,838 people in creative occupations
- $19.7 million in arts nonprofit annual revenues
- $13.4 million in performing arts participation
- Just over $10 million in sales of books, musical instruments, electronic media and gallery artworks.

A surge in creative businesses

About one-third of storefront businesses that opened Downtown last year bolster the arts and cultural offerings of the city center. A few highlights:

- The number of live music venues increased with the openings of Epiphany (jazz, global and an eclectic music mix) and Fritzy's (rock, industrial, punk). It should also be noted that ICONS, a gay piano lounge that opened in late 2020 just before Level Red shutdowns, fully realized its vision in 2021 with weekly ticketed concerts, drag cabaret, sing-alongs and more.
- La Burla Bee, a cabaret/restaurant, brings the art of burlesque into an underground nightclub setting.
- After nine years on the city's westside, acclaimed gallery G44 moved to Downtown, perfectly situated next to Kreuser Gallery and making the north side the can't-miss spot for First Fridays.
- The Rocky Mountain Motorcycle Museum opened inside the new Tejon Eatery. With more than 75 restored and vintage motorcycles from 1913 onward, the museum also includes memorabilia, sidecars, banners, trophies, accessories and vintage leather apparel.
- The Southern Colorado Public Media Center is the Colorado Springs home of KRCC, Colorado Public Radio, Rocky Mountain PBS Regional Innovation Center and Colorado College Journalism Institute. The newly renovated nearly 10,000-sqf property includes state-of-the-art broadcast studios and a community gathering space.
- The Movement Gallery, operated by Dance Alliance of the Pikes Peak Region, offers public performances, classes and space rental.

EDUCATION

- 2,377 Colorado College students
- 1,176 Pikes Peak Community College students
- 1,697 Palmer High School students
- 173,630 Penrose Library annual patrons

2021 figures

2021 was a year of incremental recovery, as education remained deeply impacted by the pandemic. The return of students to in-person learning in the fall was a welcome presence.

Colorado College

With its innovative block plan, Colorado College (CC) attracts students eager for new approaches to learning. The 92-acre campus of this four-year liberal arts college boasts 13 buildings on the National Register of Historic Places, and its Tutt Library is the largest net-zero energy academic library in the nation. CC ranks No. 3 Most Innovative School and No. 26 Best Liberal Arts College by U.S. News & World Report.

Pikes Peak Community College

The Pikes Peak Community College Downtown campus — part of a 17,000-student system — specializes in core courses as well as creative industries, including an art gallery, black box theater and dance rehearsal and performance space.

UCCS Downtown

With meeting space for classes, alumni events, and professional development opportunities, this Downtown site served just over 4,600 people in 2021, through 284 individual bookings, including hybrid sessions.

Palmer High School

Palmer, part of Colorado Springs School District 11, serves as the city's central urban high school, offering an International Baccalaureate approach, a challenging program with a global focus. Downtown benefits from the lunchtime traffic, volunteer partnership and after-school workforce of Palmer students.

Photos top to bottom: Colorado College, UCCS Downtown, courtesy of the schools.

ABOUT THE DDA

The Colorado Springs Downtown Development Authority is guided by a mission to build public and private investment partnerships that promote the economic and physical growth of Downtown Colorado Springs. DDA is governed by a board of 11 people appointed by City Council; Downtown Partnership serves as the contracted management company for the DDA. In 2016, City Council adopted the updated Experience Downtown Plan as the official Plan of Development for the DDA. The DDA is funded by a 5 mill tax levy to support operations, and through tax increment financing (TIF).

Our scope of work includes:
- Building Enhancement and Special Project grants
- Placemaking and public realm investment
- Business attraction, retention and expansion
- Tax Increment Finance reimbursement agreements
- Consumer marketing support
- Research and market reports
- Holiday Pop Up Shops
- Tenant prospect leads
- Permitting and entitlement support
- Mobility, connectivity, parking initiatives
- Resident welcome kits

ACKNOWLEDGMENTS

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Data sources

Bureau of Labor Statistics; City of Colorado Springs (multiple departments); Colorado Information Marketplace; Costar; Department of Local Affairs (DOLA); El Paso County Assessors Office; Emsi; Esri; IRR Research; InfoUSA; OnTheMap; Pikes Peak Regional Building Department; Placer.ai; Reference USA; UCCS Economic Forum; U.S. Census; Walkscore; WESTAF; individual businesses, developers, attractions and venues; staff analysis.

Contact

To inquire about opportunities for your business, contact Susan Edmondson, Susan@DowntownCS.com, 719-886-0088.

Business and investor support

- Downtown development: DowntownCSDevelopment.com
- Downtown information, general: DowntownCS.com
- Small business development: COSOpenforBiz.com
- Regional Opportunity Zones: ColoradoSpringsOpportunityZones.com

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DOWNTOWN
COLORADO SPRINGS

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