

Change from last quarter.

Source: CoStar


 Vacancy  
**4.2%**

 Absorption  
**738,275 SF**

 Rates  
**\$18.93**

 4Q Deliveries  
**365,460 SF**

 Construction  
**1,634,861 SF**

## Metro Denver Retail Market

- The metro Denver retail market ended the fourth quarter with 4.2 percent vacancy; down from 4.4 percent in the previous quarter.
- Average rental rates ended the fourth quarter at \$18.93 per square foot in the fourth quarter, up from \$18.58 in the third quarter. This represents a 1.9 percent increase from last quarter and an 4.8 percent increase from this time last year.
- According to CoStar, some of the notable 2018 deliveries include: Denver Premium Outlets, a 330,000-square-foot facility that delivered in third quarter 2018 and is now 100% occupied, and King Soopers at 14967 Candelas Parkway, a 140,000-square-foot building that delivered in 2018 and is now 62% occupied.
- The unemployment rate in Colorado ended the year rising to 3.5 percent in December. Colorado continues to remain lower than the national unemployment rate of 3.9 percent.
- In the fourth quarter of 2018, 28 buildings were completed for a total of 365,460 square feet. Over the past four quarters, a total of 1,581,933 square feet of retail space was delivered in Denver.

Source: CoStar

## Overall Metro Denver Statistics

Size	202,394,047 SF	Number of Buildings	15,320
Vacant SF	8,561,632 SF	Year to Date Deliveries	1,581,933 SF
Vacancy Rate	4.2%	Under Construction	1,634,861 SF
Net Absorption	738,275 SF	YTD Absorption	1,862,680 SF
Asking Rent, General Retail	\$21.30	Vacancy Rate, General Retail	2.6%
Asking Rent, Shopping Center	\$17.18	Vacancy Rate, Shopping Center	5.9%
Asking Rent, Power Center	\$17.75	Vacancy Rate, Power Center	5.2%

Source: CoStar

## Retail Investment Activity

Total retail center sales activity in 2018 was up compared to 2017. In the first nine months of 2018, the market saw 92 retail sales transactions with a total volume of \$735,900,773. The price per square foot averaged \$143.83. In the same first nine months of 2017, the market posted 64 transactions with a total volume of \$511,208,899. The price per square foot averaged \$127.60.

## Sales Analysis by Building Size

Based on Retail Bldg Sales from Oct 2017 - Sept 2018

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	345	2,761,707	\$832,774,058	\$301.54	6.30%
25K - 99K SF	53	2,790,926	\$380,547,773	\$136.35	6.92%
100K - 249K SF	12	1,710,212	\$198,900,000	\$116.30	7.54%
> 250K SF	1	772,161	\$141,995,000	\$183.89	-

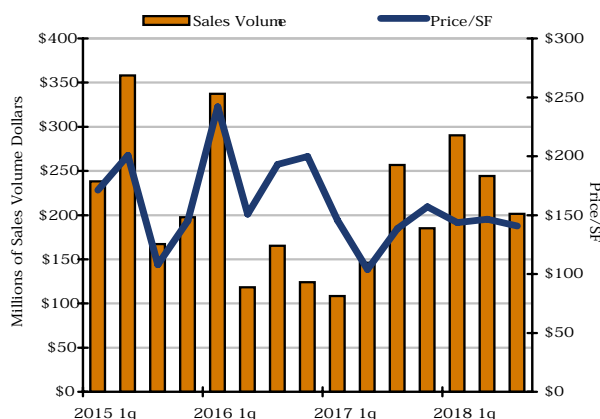
Source: CoStar COMPS®

Cap rates have been higher in 2018, averaging 7.21% compared to the same period in 2017 when they averaged 7.00%.

One of the largest transactions that has occurred within the last four quarters in the Denver market is the sale of Southlands in Aurora. This 772,161 square foot retail center sold for \$141,995,000, or \$183.89 per square foot.

## Sales Volume and Price

Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar

## Terms and Definitions

**Net Absorption:** The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

**Vacancy Rate:** A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

**Full Service Rental Rate:** Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

**Deliveries:** Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

**Cap Rate:** Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

**General Retail:** Typically are single tenant freestanding general purpose commercial buildings with parking. Many single retail buildings fall into this use code, especially when they don't meet any of the more detailed use code descriptions.

**Shopping Center:** The combined retail center types of Community Center, Neighborhood Center and Strip Center.

**Specialty Center:** The combined retail center types of Airport Retail, Outlet Center and Theme/Festival Center.

All information contained in this report was obtained from CoStar.

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