



Colorado Springs/El Paso County Q4 2023 Market Update



Item	2022 YTD	2023 YTD	% Difference
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VELOCITY (Source: Moody's, through December)

Commercial Sales Volume	\$180,508,416	\$127,065,934	-29.61%
Commercial Transactions	93	65	-30.11%

SALES TAX INDICATORS

(Source: ColoradoSprings.gov - City of Colorado Springs, December)

All Sales Taxes	\$18,600,404	\$19,938,339	7.19%
Retail Taxes	\$17,087,547	\$17,995,593	5.31%
Restaurant Taxes	\$2,360,154	\$2,492,309	5.60%
Lodging Taxes	\$504,248	\$505,065	0.16%
Medicinal Marijuana Sales	\$120,988	\$104,919	-13.28%

VACANCY RATE 11.30% 13.05% 9.94%

(Source: Variable; Office Sector, Class A/B, through Q4)

EL PASO COUNTY RESIDENTIAL REAL ESTATE

(Source: Colorado Association of Realtors - El Paso County, through December)

Residential Total Sales	\$212,616,365	\$133,425,360	-37.25%
Residential Average Price	\$541,877	\$540,726	-0.21%
Residential Days on Market	18	36	100.00%
Residential Listed for Sale	1732	1663	-3.98%

Cap Rates in Colorado Springs, Colorado

Cap Rates as of 01/12/2024			
Commercial Property Cap Rates			
By Property Type, Sector & Class			
Property Type	Class A	Class B	Class C
Multifamily Metro Mid & High Rise	4.75 - 5.00	4.85 - 5.10	5.20 - 5.40
Multifamily Suburban	4.85 - 5.12	5.00 - 5.15	5.45 - 5.75
Retail Metro (CBD)	6.00 - 6.25	6.10 - 6.55	6.80 - 7.25
Retail Suburban	5.90 - 6.20	6.15 - 6.70	6.40 - 6.86
Office Metro	6.60 - 7.20	6.75 - 7.10	7.20 - 7.50
Office Suburban	6.50 - 7.20	7.20 - 7.50	7.25 - 7.65
All Self-Storage	5.20 - 5.40	5.64 - 5.70	6.00 - 6.20
All Industrial	5.50 - 6.00	6.00 - 6.25	6.00 - 6.20
Hotel Metro (Luxury)(CBD)	7.75 - 8.30	8.25 - 8.70	8.90 - 9.20
Hotel Suburban	8.25 - 8.80	8.40 - 8.80	8.75 - 9.25
Hotel Economy		9.00 - 9.50	9.25 - 9.65

Source: <https://apartmentloanstore.com/colorado-springs/colorado/cap-rate>



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DEVELOPMENTS

- The surge in apartment construction was particularly evident in the southern and eastern regions of Downtown Colorado Springs, along the Powers Blvd. corridor, and in the rapidly expanding northern part of the city. In 2023, interest rates rose as the Federal Reserve aimed to control inflation, adversely impacting the housing market in Colorado Springs. This led to an increase in the duration houses remained on the market, resulting in a longer time to sell.
- As Colorado Springs and its airport undergo expansion, Peak Innovation Park (Peak), a 1,600-acre master-planned business park, is also experiencing growth. The groundbreaking of the Frito-Lay distribution center marked the first new construction in 2023, and there are currently five other projects in various stages of lease negotiations or discussions. Additionally, Peak has expanded its footprint by adding over 500 acres of land, bringing the total size to 2,162 acres. This expansion opens up significant growth opportunities, with the potential to construct 10-15 million more square feet of space over the next 20-30 years, accommodating an estimated 25,000 employees. By 2025, Peak is projected to generate a total economic impact of \$1.8 billion on the community, equivalent to nearly 5% of the region's total economic output. The park's growth is anchored by the existing Aerospace campus, Amazon facilities, and Northrop Grumman.
- New nonstop flight options were added to the Colorado Springs Municipal Airport (COS) schedule, including Atlanta (Delta), Minneapolis/St Paul (Sun Country and Delta), Burbank (Avelo), and Long Beach (Southwest). Next up, COS is excited to introduce nonstop daily service to Baltimore/Washington International Airport.
- Although the cost of living in El Paso County, Colorado is slightly higher than the national average, it is balanced by the high quality of life. As of the latest United States census data, the estimated population of El Paso County in 2024 is 773,647, with a growth rate of 1.42% in the past year.
- By the end of 2024, the iconic smokestacks of the century-old Martin Drake Power Plant will no longer grace the downtown skyline, as Colorado Springs Utilities progresses with the plant's demolition.