

CLASS A

Inventory: 2.9 msf

Vacancy: 1.8%

Leasing Activity YTD: 44.2 ksf

Overall Asking Rent (NNN): \$15.79/psf

CLASS B

Inventory: 14.8 msf

Vacancy: 3.9%

Leasing Activity YTD: 308.5 ksf

Overall Asking Rent (NNN): \$17.58/psf

CLASS C

Inventory: 5.5 msf

Vacancy: 4.3%

Leasing Activity YTD: 87.5 ksf

Overall Asking Rent (NNN): \$14.18/psf

OVERALL

Inventory: 23.8 msf

Vacancy: 3.7%

Leasing Activity YTD: 459.3 ksf

Overall Asking Rent (NNN): \$15.88/psf

MARKET FACT**44.7%**

44.7% of Q4 2020 leasing activity was concentrated in two transactions.

NORTHERN COLORADO

- **Vacancy:** The Northern Colorado retail market recorded a slight uptick in overall vacancy from the third to the fourth quarter, increasing 10 basis-points (bps) to 3.7%. On a year-over-year basis overall vacancy has increased 90 bps, from 2.8%, one year ago. This increase year-over-year is largely attributed to both Class B and C product increasing 100 bps from the fourth quarter 2019, and ended 2020 at 3.9% & 4.0%, respectively. Direct vacancy mirrored overall, recording a 10 bps increase quarter-over-quarter to 3.3%. On a year-over-year basis, direct vacancy in Northern Colorado's retail market have recorded a less severe of an increase, up 70 bps from when direct vacancy was 2.6%, one year ago.
- **Rental Rates:** Overall triple-net (NNN) rental rates in the Northern Colorado retail market exhibited an approximate 2.0% decrease from the third to the fourth quarter 2020, ending the fourth quarter at \$15.88 per square foot (psf) on a NNN basis. Direct gross rental rates recorded a decrease of 1.9% quarter-over-quarter to \$15.84 psf NNN at the end of 2020. Both Class B and C product were the catalysts to this decrease in direct NNN rental rates, which decreased roughly 1.7% and 2.9%, respectively, as tenant demand has continued to be concentrated in high-quality, well located key projects. Since the end of 2019, retail rental rates have severely decreased by approximately 6.4% from when overall NNN rental rates were \$16.94 psf, as retail has continued to weather the effects of the pandemic.
- **Leasing:** Leasing activity continued to strengthen during the fourth quarter 2020, increasing 23.8% from the third quarter 2020 with just south of 157,400 square feet (sf) leased. Class B product was the main contributor to strengthening leasing activity and accounted for approximately 88.3% of fourth quarter 2020 leasing activity. Despite the tough year due to the pandemic, leasing activity totaled roughly 459,300 sf for the year and represented a slight decrease from the prior three-year average of 471,200 sf. The largest lease that occurred during the fourth quarter 2020 was Target's new 45,500-sf lease at 420-460 S. College Drive. This location is Target's first location in Downtown Fort Collins and will be their smaller footprint urban type location. The next largest lease was Burlington Coat Factory's new 24,900-sf lease in Front Range Village at 4333-4417 Corbett Drive. Rounding out the top three was Nike's 10,100-sf new lease at Loveland Marketplace. As the fight to combat COVID-19 continues to strengthen, expect demand to continue to trend upwards, with convenience stores, auto dealerships, home improvement and fast food being the leading industries of retail demand.
- **Absorption:** Net absorption ended 2020 in the red, with -24,700 sf absorbed throughout the fourth quarter 2020 and represents a decrease from the 45,700 sf absorbed during the third quarter 2020. Negative absorption during the fourth quarter was heavily concentrated in Class B product which exhibited -74,500 sf come back to the market. Even with this negative quarter, net absorption recorded approximately 124,100 sf of absorption throughout 2020.
- **Construction:** One building delivered to the Northern Colorado retail market during the fourth quarter 2020. 4923 Thompson Parkway in Johnstown Plaza delivered 55,000 sf during the fourth quarter 2020 and delivered 100% preleased to Hobby Lobby. At the end of the fourth quarter, two projects remained under construction for roughly 69,000 sf and are both 100% preleased. The most notable project currently under construction in the 57,00 sf Loveland Ford auto-dealership at 3905 Mountain Lion Drive, which is expected to deliver during the first quarter 2021.

TOP SPACE ADDITIONS

ADDRESS	Floors	SIZE (SF)	TYPE	CITY
225 Worthington Circle	1st	17,391	Direct	Fort Collins
1623 S. College Avenue	1st	13,000	Direct	Fort Collins
4606 S. Madison Street	1st	11,554	Direct	Fort Collins

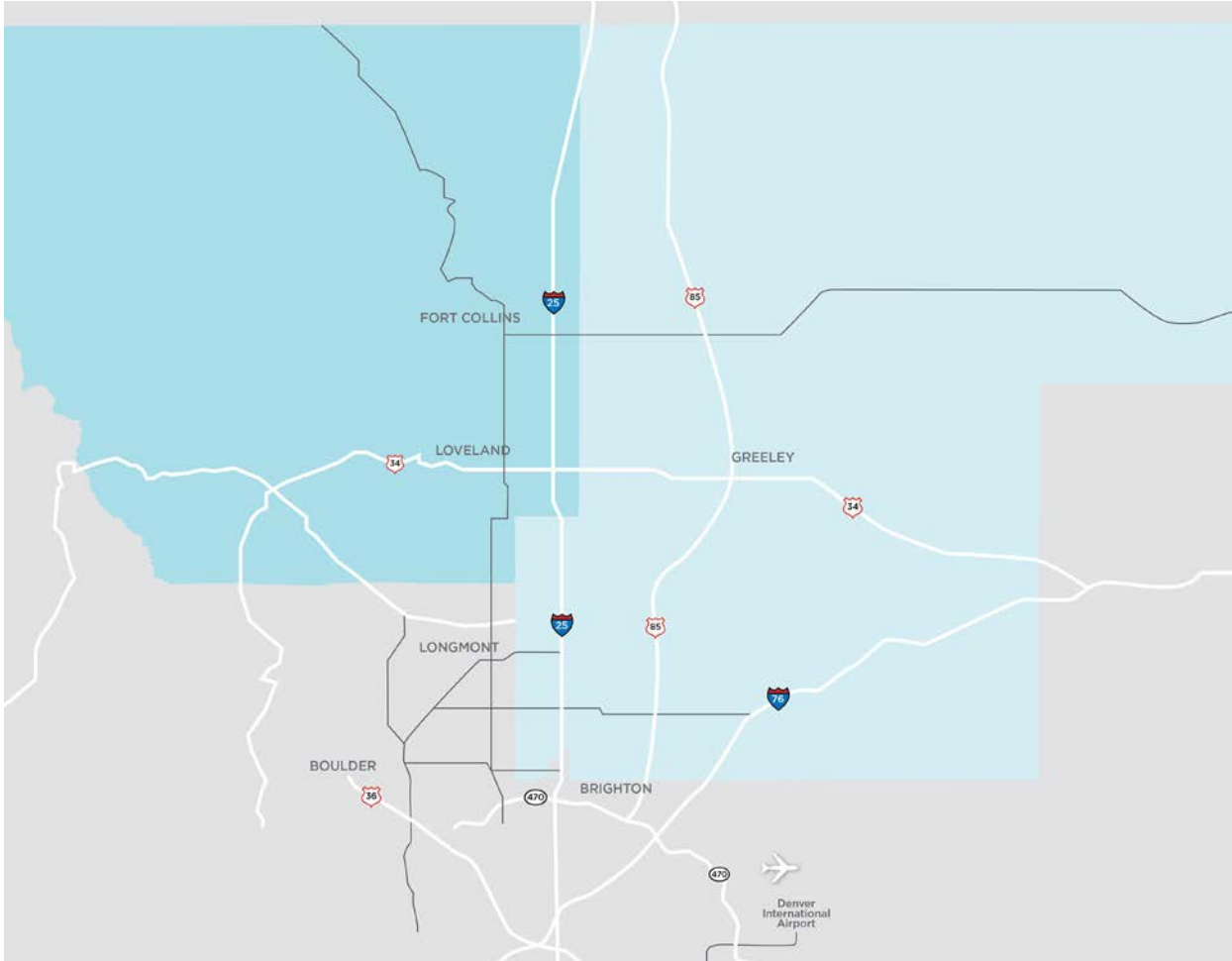
TOP LEASES

ADDRESS	TENANT	SIZE (SF)	TYPE	CITY
420-460 S. College Drive	Target	45,514	New Lease	Fort Collins
4333-4417 Corbett Drive	Burlington Coat Factory	24,890	New Lease	Fort Collins
2721 Council Tree Avenue	Nike	10,141	New Lease	Fort Collins

TOP SALES

ADDRESS	BUYER	SIZE (SF)	SALE PRICE	\$ PSF
3870 Byrd Drive	3870 Byrd LLC	26,300	\$6.5M	\$247
900 Moraine Avenue	Sloan Investments	35,639	\$5.2M	\$146
3500 Highway 52	Eleven-7 Properties	3,499	\$4.4M	\$1,243

SUBMARKET SNAPSHOT

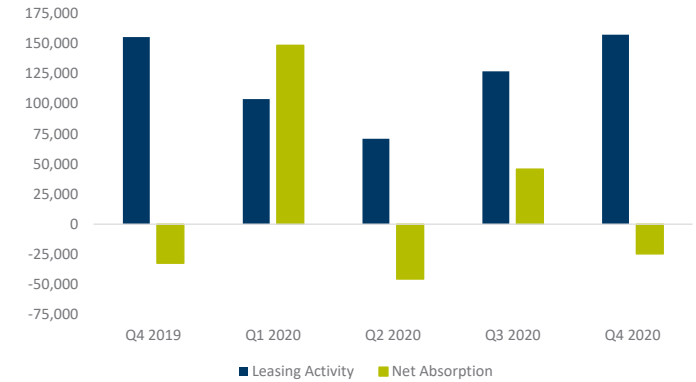


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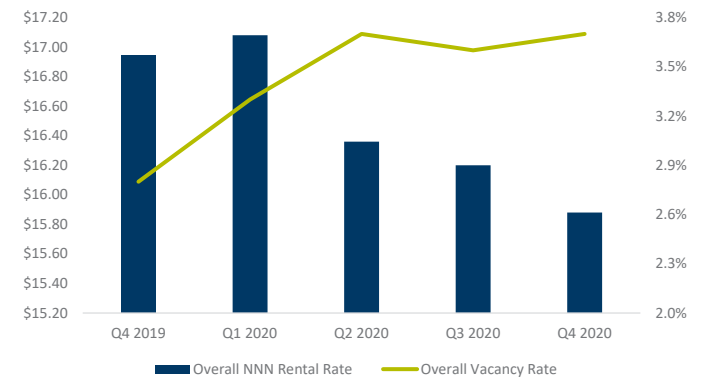
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LEASING ACTIVITY VS. OVERALL ABSORPTION



OVERALL RENTAL RATES VS. OVERALL VACANCY



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