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RETAIL PROPERTIES Quarterly

This century's Roaring '20s includes changes for retail and restaurants

Tim Gillies

Restaurant demand is anticipated to be significant in the months ahead due to easing restrictions and the warmer weather that always fuels socialization. Pictured above is Postino Broadway in early May.

There's a light at the end of this pandemic tunnel, and it's going to be the bee's knees. About 100 years ago, the country emerged from the depths of the deadly Spanish flu and World War I to find growth and prosperity in a period known as the Roaring '20s, an era of social, cultural and artistic dynamism – and even some vernacular specific to the decade. Jazz flourished, Babe Ruth dominated baseball and pineapple upside-down cake found its way onto family dessert plates. New technology, manufacturing and

Jimmy Balafas
Co-founder and managing partner, Kentro Group

industry fueled innovation and infrastructure improvements, boosting the economy. Much historic data from the period indicates how, for the most part, everything became "Jake" (A-OK).

Welcome to 2021. In the pending post-pandemic U.S., we are embracing optimistic statistics that point to an emerging economy through pent-up demand for retail, restaurants, travel and more. Naysayers may call horsefeathers, but we think these views might change within a rapid level of recovery. We also believe that COVID-period technology investments and operational advances in restaurant and retail will persist and grow further.

■ **Sunny economics and job growth.** In April, the Federal Reserve acknowledged stronger economic expansion than anticipated, upgrading its median growth forecast for 2021 to 6.5% in March from 4.2% in December. The revision notes a substantial boost from the recently approved $1.9 trillion American Rescue Plan Act.

Colorado's business leaders are on board for the sunshine. In April, the University of Colorado Leeds School of Business issued its quarterly Leeds Business Confidence Index, which reflects leader participants' expectations from the first to second quarter for six economic categories: the state and national economies, industry sales, industry

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Examining foot traffic

This issue sets an optimistic tone for retail in 2021, albeit with caveats. Contributing to this outlook are the rollback of pandemic-related regulations and increasing consumer confidence to shop and dine in person. One factor for this confidence has to be the prevalence of vaccines. As of press time, almost 47% of Coloradans have received at least one dose of a COVID-19 vaccine, and almost a third of the population is fully vaccinated. Denver Mayor Michael Hancock announced a plan for 70% of Denver's population to receive at least one shot by July 1, three days ahead of the same goal announced by President Joe Biden for the nation.

It is easy to look at foot traffic/mobile tracking data to see that people really are getting out more. A chart on Page 22 from SafeGraph breaks down Denver's foot traffic since Jan. 1. While there's a major dip in March, reflective of a blizzard that blanketed the state, the general activity patterns tracked are pretty fascinating. All the categories tracked – grocery stores, malls, gyms, restaurants and movie theaters – have seen increased foot traffic since January. One somewhat surprising note: Denverites have really missed going to the movies – with visits skyrocketing, which is nice to see as early in the pandemic there were a lot of questions regarding this product type.

Placer.ai, another firm that uses mobile analytics to track retail visits and duration, offers a national perspective. Earlier this year, the firm released a report for the predicted winners of 2021, largely based on patterns it was tracking all of last year. Its winners for the coming year: Kohl's, traditional grocers (including Kroger), home goods (including At Home and HomeGoods), Planet Fitness, malls and Dollar General.

While traditional grocers enjoyed an exceptional year in 2020, as the year was coming to a close, both the number of visits and the duration of visits were increasing, with Kroger seeing a 7.7% increase in time spent in the store from June through November year over year. "These are huge leaps, and when taken alongside visit growth, present a powerful picture," the 2021 Winners – Early Predictions Placer.ai report stated. "Not only are these brands seeing more visitors, but they are seeing those visitors spend more time at the locations, even while visits-per-visitor numbers declined for the same period year over year."

For malls, the report paints a rosy picture, largely because people just miss visiting them, the retail mix inside is changing and mall owners are proving more aggressive and creative.

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Market Update

Retail outlook offers a complex path forward

Ken McCarthy
Principal economist, retail research lead, Cushman & Wakefield

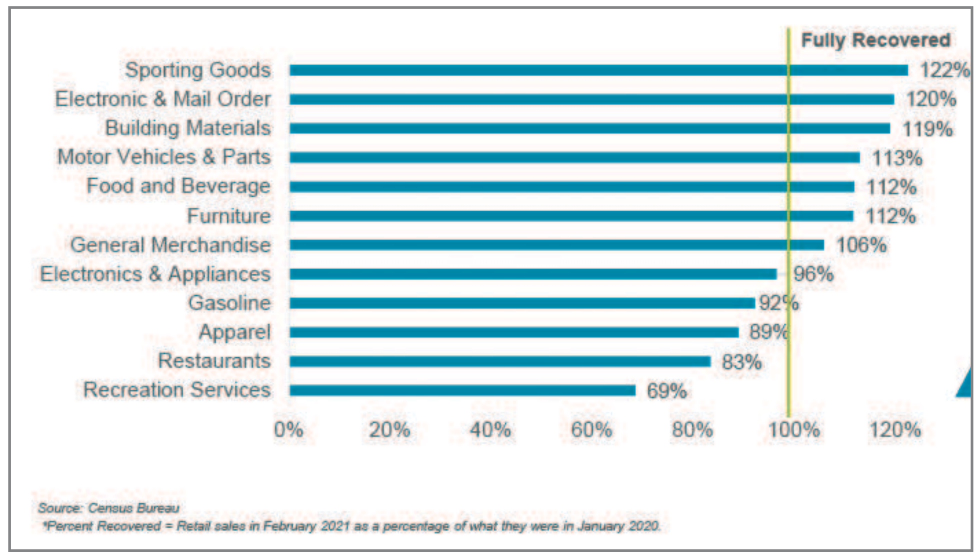
There's no disputing Colorado's retail sector faced many challenges in 2020 that included several store closures across the state because of the COVID-19 pandemic. This year, with the successful rollout of vaccines across our state, we're starting to see optimistic signs of recovery. Specific retail concepts and unlikely locations are thriving despite the disruption caused by the pandemic – and after a solid year of doing very little of anything, consumer confidence is on the rise as Colorado residents anxiously count down to living normal lives again.

■ **Colorado trends and growth.** The trend of millennials moving out of urban cores toward the suburbs accelerated with the onset of the pandemic. Significant net out migration trends started to emerge in large northern cities throughout the U.S., which has contributed to more suburban opportunities, especially in well-located areas that boast access to transportation hubs, retail restaurants and fitness amenities. Because of this migration, we're seeing retailers make significant investments in these locations, such as Clark's Market, which signed a lease for 25,000 square feet in Lowry, its first Front Range location and seventh in Colorado. It will join Target, which signed a 30,000-sf lease in late 2020, as co-anchor of the Exchange at Boulevard One retail complex, which is under construction.

Quick-service and value retailers have fared well throughout the pandemic with 7-Eleven, Dollar General and Sonic Drive-In being the top three retailers announcing significant expansion plans, according to Cushman & Wakefield's U.S. Retail Market Outlook report. 7-Eleven is planning 6,300 new locations across the country while Dollar General and Sonic Drive-In announced expansion plans of 1,000 new locations each. Locally, several quick-service restaurant concepts have locked eyes on Colorado to expand their brands, including:

- Smashburger, whose company leaders plan to open more than 40 new stores in 2021 including a location in Denver.
- Fajita Pete's, which has more than 30 new locations in the pipeline and plans to open five new locations throughout Colorado.
- Gyro Shack, which is planning to open upward of 18 new locations over the next two years across Colorado, Arizona, Utah, Idaho, Nevada, Montana, New Mexico and Wyoming.

■ **The net impacts of the pandemic.** The retail sector already was facing a unique set of challenges prior to the onset of the COVID-19 pandemic. Once the virus took hold of the U.S. in early 2020, those retailers already struggling had an even smaller chance of recovery. As one of the hardest hit from the initial impacts of the pandemic, the retail sector reported 8.3 million retail and restaurant jobs lost in March-April 2020 and nearly 15,000 retail store closures totalling a staggering 24 million sf of space vacated nationwide over the course of the year. Demand for retail space plunged double that of the Great Recession only rivaled by soft leasing volumes, though we did start to see leasing pick up toward the end of 2020.



Cushman & Wakefield

The retail recovery is highly uneven. The percent of retail sales recovered is shown above, which is defined as retail sales in February as a percentage of what they were in January 2020, per the Census Bureau.

■ **The recovery; albeit uneven.** Despite last year's daunting figures, it's not all doom and gloom. While consumer spending all but halted when lockdowns initially took effect, the distribution of stimulus checks in the months following coupled with the economy slowly reopening prompted a sharp uptick in retail sales across concentrated segments of the sector.

Cushman & Wakefield reports an uneven recovery across the retail spectrum with sporting goods, electronic and mail order, and building materials being the top three categories making full recoveries from the initial impacts of the recession. In fact, they exceeded their sales volumes compared to the year prior. In these three retail segments, sales compared as a percentage from January 2020 through February 2021 recorded increased sales volumes of 122%, 120% and 119%, respectively; while apparel and restaurants saw a slower recovery rate at 89% and 83%, respectively, over the same period.

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Market Update

Colorado Springs readies for retail activity take off

My husband and I moved to Colorado Springs 12 years ago. At the time, Colorado Springs was a tertiary market. A place where retailers didn't intend to plant a flag until they had built out Denver and Northern Colorado, and even then, they would still need to "consider it." Time and again over the past 12 years I've heard community members remark, "Colorado Springs is on the verge of greatness … I feel it." The past year has been a make-or-break year for many communities, and fortunately Colorado Springs has risen to the top. Through the City for Champions projects, strong residential growth and continued commercial development, Colorado Springs has flourished and solidified an identity all its own.

Branded as The Olympic City, Colorado Springs is home to the U.S. Olympic Committee, over 52 governing sports bodies and the newly opened Olympic and Paralympic Museum. The latter was voted the nation's best new attraction of 2020 by USA Today's 10Best Readers' Choice Awards and was nominated in April for the publication's 2021 best new museum award. This unique offering is just one new attraction that is driving focus to Colorado Springs. Another attraction that has continued construction throughout the pandemic is the $60 million Pikes Peak Summit House, which will feature interactive exhibits for the roughly 750,000 people who visit each year.

Whitney Johnson
Senior associate, CBRE

In downtown, Weidner Field, home to the Switchbacks soccer team, will have its grand opening May 21, and Robson Arena, home to Colorado College hockey, will have 3,407 seats when it opens this fall. The Cog Railway, which has been closed since 2017, is scheduled to reopen in the second quarter after a $100 million investment from The Broadmoor. In 2019, 22.5 million people visited the Pikes Peak Region and, with the investment in exciting projects continuing to draw national attention, the tourism number is going to increase. It's not hard to see why TripAdvisor recently named Colorado Springs the No. 7 emerging world destination.

The city's growth is supported by these new and revived attractions, which also fuel new commercial development across the city. Colorado Springs has continued to be a hot spot of construction activity over the last year. In the second half of 2019, there was 317,784 square feet of retail under construction. At the end of 2020, retail under construction had more than doubled to 743,980 sf, with exciting new retailers entering the market such as Scheels Sporting Goods, In-N-Out Burger, Birdcall, Slim Chickens and Topgolf. These new entrants are all located in the northeast quadrant of Colorado Springs, where housing growth is 40% year over year, proof that retail follows rooftops.

These new entrants are all located in the northeast quadrant of Colorado Springs, where housing growth is 40% year over year, proof that retail follows rooftops.

In addition to new construction, it's exciting to see several local developers investing in the redevelopment of historical places. On the south side, Creekwalk North redevelopment, a five-building project in the Broadmoor neighborhood, already is 57% preleased, all the more impressive given the pandemic. Developer Danny Mientka has put his heart and soul into this project, which will start in May and includes new streetscapes and the renovation of Cheyenne Creek. Seven tenants will open this summer as the multitenant buildings deliver, and a hotel is under construction at the site. The Trolley building, aptly named for its history as a repair shop and garage for the city's trolley system, has been re-envisioned into CO.A.T.I food hall with nine food vendors, in addition to the Denver Biscuit Co., Cask and Cork, Pikes Peak Lager House and others, also located nearby. Local Neibur Development has created an exciting entertainment block on the south side of downtown Colorado Springs. On the north end of downtown, the old Denver & Rio Grande Western Railroad depot has reopened as The Depot with three new food vendors – Brakeman's Burgers, The Sandwich Depot and Track 10 Urban Kitchen – thanks to the Ochs family, which has owned the depot for 50 years.

Buoying this downtown growth, the city has committed to increasing the number of residents downtown. Through April 2020, 3,000 residential units have been announced, completed or are under construction, according to the Downtown Partnership State of Downtown report of 2021. Despite the pandemic, there were 21 new storefronts opened in 2020, outpacing closures,

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Investment Market

Investment market continues to gain momentum

The market for retail investment properties remains highly competitive amid a low inventory of available assets. While sales activity in metro Denver decreased 16% on an annual basis in 2020, the number of closings recorded during the last three months of 2020 ranked as the strongest fourth quarter for deal flow in the past six years. The first quarter of 2021 saw a continuation in sales velocity at an above-trend pace.

■ **Private real estate investors increase dominance over buyer pool.** The trend of private buyers comprising a larger share of commercial real estate transaction volume intensified in 2020 as institutional investors moved to the sidelines. In 2020, 67% of dollar volume for retail investment sales was from private buyers. The trend is not limited to smaller transactions either, with sales in the $15 million to $50 million price range seeing a dramatic increase in private buyer interest. Private buyers will continue to expand their acquisition parameters and target properties across a broad spectrum of asset types and markets.

■ **Single-tenant net-lease assets attract investor interest.** During the pandemic, single-tenant net-lease assets received the most attention, followed by grocery-anchored and core infill multitenant assets. In metro Denver, restaurant sales accounted for nearly one-fourth of all transactions since last March. While demand is strong, the lack of new development and tenant expansion has limited the amount of net-lease listings on the market, resulting in cap rate compression.

Drew Isaac
Senior vice president, investments and senior director, net lease & retail, Marcus & Millichap

In the near- and long-term outlooks, single-tenant properties are viewed as uniquely positioned to benefit from the acceleration of existing retail trends. Retailers are implementing aggressive growth plans and seeking properties that accommodate evolving consumer behavior and shifting demographic trends.

New development and leasing activity will result in more net-lease listings on the market. The amount of capital targeting passive long-term fixed-income investments is unlikely to decrease, so an increase in supply should be insufficient to significantly alter market dynamics.

■ **Catalysts emerge for stabilization of multitenant retail assets.** March retail sales signaled a dramatic economic turnaround as consumer spending surged due to the rollback of business restrictions, wide distribution of the vaccine and government stimulus. Core retail sales increased 8.2% from February to March, with every major retail category advancing.

Vaccines now are available to nearly every American adult, which will encourage companies to reopen offices and schools to resume in-person education, providing consumers to areas that were among the hardest hit during the downturn. Retailers that weathered the pandemic are well positioned to benefit from increasing consumer spending and less competition.

Pecos Square and Burger King at 1777 W. 38th Ave. in Denver sold for $5.15 million in late April.

Market fundamentals are aligning for an increase in investment sales transaction velocity in the second half of the year. As the dust settles in the retail sector, property operating forecasts will be clearer and price equilibrium between buyers and sellers will be easier to achieve. The prevailing trend will be buyers and sellers having more flexibility in expectations and being more willing to transact as more competition enters the market and more trades occur.

■ **Bifurcated outlook due to fragmented retail recovery.** Retail will experience accelerated transformation and consolidation for the foreseeable future. Property performance will fluctuate based on market, tenant mix and building type.

Grocery stores are expected to continue to outperform and are the most targeted category by institutional and shopping center investors. Quick-service restaurants top net-lease investors' wish lists as properties with a drive-thru are highly sought after. Pharmacy, fuel-convenience, auto maintenance, auto repair, auto parts, discount, bank and medical tenants are viewed favorably. The wild-card category remains casual dining restaurants, which were severely damaged by the pandemic but now will

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Retail Properties Quarterly - Financing Sources Matrix

TYPE OF CAPITAL	SOURCE OF CAPITAL	EXPLANATION	RATES / SPREADS	LTV/COVERAGE	TERM	AMORTIZATION	FOCUS	TRENDS
LIFE INSURANCE COMPANY	• Insurance premiums • Annuity and GIC sales	• Non-Recourse • Longer-term fixed rate loan	175 - 250 bps over the comparable US Treasuries	• Up to 65% LTV • 1.50x Minimum DCR	3-30 Years	20-30 Years	• Grocery-anchored centers (majority of income derived from grocer) • Internet proof infill neighborhood centers • Top tier credit tenants • Major metro areas • Low leverage requests	• Life companies have tightened underwriting parameters to be more conservative. This includes: lower loan to values, higher vacancy factors, and increased reserves. • Lenders want to understand collections, any relief requests or lease amendments, and tenant viability prior to funding • More due diligence at both the property and Sponsor portfolio levels required in order to obtain committee approval. • Best execution at or below 50%-55% leverage, and few are allowing cash out. • Full-term I/O available on some grocery-anchored centers up to 50% LTV
CONDUIT (CMBS)	• Sales of mortgage-backed securities through public markets	• Non-Recourse • Longer-term fixed rate loan	175 - 250 bps over the greater of swaps or treasuries	• Up to 65% LTV • 1.40x Minimum DCR on NCF • 8.5% Minimum Debt Yield on NCF	5 & 10 Years	25-30 Years	• Grocery-anchored centers (majority of income derived from grocer), those specifically positioned to withstand the COVID-19 pandemic • Internet proof infill neighborhood centers • Top tier credit tenants • Major metro areas	• Only looking at retail assets on a case by case basis given the COVID pandemic • Interest reserve on a case by case basis; loans greater than 60% LTV will have a debt service reserve • Focused on acquisitions or cash-neutral refinances in the current environment • Full-term I/O available on some grocery-anchored centers up to 60% LTV
BANK	• Corporate Debt • Deposits	• Recourse (some non-recourse available) • Shorter-term fixed and floating rate loans	200 - 300 bps over corresponding treasuries L + 250-325 floating (0.50% Libor Floor)	• Up to 65% LTV	5-7 Years Fixed	Interest Only to 25-30 Years	• Grocery-anchored centers (majority of income derived from grocer), those specifically positioned to withstand the COVID-19 pandemic • Internet proof infill neighborhood centers • Top tier credit tenants • Major metro areas	• More focused on quality assets than ever before (grocery-anchored centers, irreplaceable retail) • Most competitive for Sponsors with established banking relationships and strong borrower history that are willing to accept recourse; standards are tightening for Sponsors with no deposit relationship • Primarily recourse loans, with non-recourse available to strong Sponsors at low leverage • More flexible (open) prepayment terms
DEBT FUND / BRIDGE LOAN	• Private Capital • Institutional Capital	• Non-Recourse • Shorter term bridge loans for acquisition and/or repositioning	LIBOR + 350-600 bps (0.50% Libor Floor)	• Up to 75% LTC • Going-in 1.0x DCR	1 - 5 (3+1+1)	Interest Only Years 1-3	• Grocery-anchored centers • Properties with strong operating history • Credit tenants • Value-Add Transactions • Recapitalizations	• More focused on quality assets than ever before (grocery-anchored centers, irreplaceable retail) and strong historicals • Pricing depends on leverage level, property quality, and Sponsor strength • Likely need a business plan with strong anchor for retail
MEZZANINE/ PREFERRED EQUITY	• Private Capital • Institutional Capital	• Junior financing secured by a pledge of, or participation in ownership interest	Mezzanine 7%-11%	• Up to 85% LTC • 1.10x DCR	2 - 10	Interest Only (in most cases)	• Neighborhood Centers • Strip Centers • Second tier credit tenants • Secondary/Tertiary Markets	• Preferred equity offers higher funding than mezzanine, but at a higher cost • Minimum investment is typically 5MM but can start as low as 1MM when paired with senior position

DCR - Debt Coverage Ratio
DUS - Delegated Underwriter Servicer
LTV - Loan to Value Ratio
LTC - Loan to Cost Ratio
LIBOR - London Interbank Offered Rate
REIT - Real Estate Investment Trust

This information is intended to illustrate some of the lending options currently available. Other options may exist. While Essex Financial Group strives to present this information as accurately as possible, no guarantee is made as to the accuracy of the data presented, or the availability of the terms at time of application. Rates and terms are subject to change. Please contact one of our mortgage bankers for up to date rate and term information.

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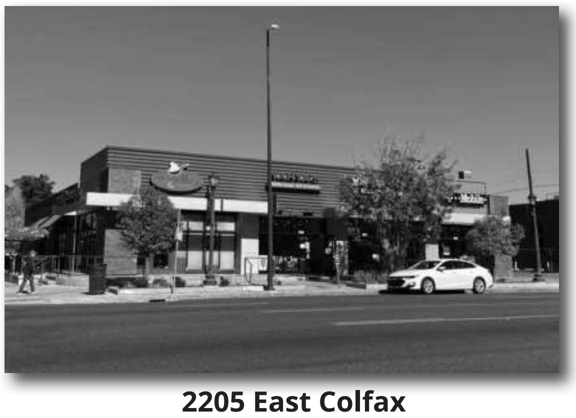
Essex Financial Group - Recent Retail Transactions

Reunion Village
Commerce City, CO
$3,225,000 Permanent Loan
Life Company

Pine Buffs Plaza
Parker, CO
$15,575,000 Permanent Loan
Life Insurance Company



2205 East Colfax
Denver, CO
$1,448,911 Permanent Loan
Bank

Jeff Riggs	Cooper Williams	Peter Keepper	Mike Jeffries	Alex Riggs	Paul Donahue	Jared Wiedmeyer	Blaire Butler
Founder and Chairman	President	Managing Principal	Principal	VP of Loan Production	Assistant VP	Assistant VP	Assistant VP
(303) 843-0440	(303) 843-4581	(303) 843-6002	(303) 843-9220	(303) 843-4027	(303) 843-4021	(303) 843-4022	(303) 843-4024
jriggs@essexfg.com	cwilliams@essexfg.com	peterk@essexfg.com	mjeffries@essexfg.com	ariggs@essexfg.com	pdonahue@essexfg.com	jwiedmeyer@essexfg.com	bbutler@essexfg.com

Investment Market

Are impact fees another name for hidden inflation?

Peter Sengelmann
Senior adviser, Pinnacle Real Estate Advisors

Investors across the country and here in Denver are worried about inflation. When will it come, and how it will manifest?

From my perspective, inflation already has begun, as many costs in our day-to-day lives continue to rise at a noticeable rate. Do you remember when a sandwich cost under $10? Now a sandwich almost always costs $12, or even more. Other prices are going up too. Occupancy and housing costs have been going up right before our eyes as median home prices have increased 12.36% over the last year, according to a local publication. So how does this happen?

While increased demand certainly is a factor, impact fees and pass-through costs are increasing at an exponential rate. Since these costs are passed on to tenants from building owners, the tenant's overall occupancy costs increase in kind. Generally, we do not consider impact fees as part of the rents, but when developers and landlords are considering a development or a retrofit, the costs are amortized directly into the rent. Other examples include impact fees charged by municipalities for renovations or developments. The most common surprise in this category here in Colorado is water tap fees.

Water fees vary significantly between counties but often are required when a building is upgraded to a new use or when a developer has a new project. Depending on the tap size, fees can range from $50,000-$400,000, and sometimes even more. Recently, I was told by one apartment developer that these can be the first or second-largest single line item for a new development. I would say they can be the single biggest fee for a renovation. While there are consultants who can be utilized to help negotiate these fees, we must recognize that we live in the desert and water is a limited resource. As a limited resource the more we use, the more the water districts charge.

This cost is somewhat unavoidable here in Colorado as we continue to grow, and we all continue paying for it one way or another.

Triple-net fees have been going up steadily as well in recent years. Some examples of this are rising insurance costs due to recent hailstorms and subsequent damage, increased property taxes and rising miscellaneous costs for common area maintenance (landscaping, snow removal, etc.). Labor constraints have forced service providers to pay higher wages and, additionally, these companies are so busy they continually increase their prices. As NNN costs go up, tenants must analyze how they can recoup these costs – or their profits will suffer.

Other rising expenses complicating occupancy for tenants are construction costs. Construction costs are a combination of the expenses for labor and materials, both of which have been increasing dramatically over recent years. On April 20, 2020, as COVID-19 spread across the country and markets were crashing, oil prices dropped so low they were negative for some time. We began to hear some rumblings that labor costs could decrease as oil workers may come out of the fields and get back into construction. However, what we saw was an unexpected surge in residential construction as many set out to improve their homes or build new ones as they were spending a significant amount of more time at home. Reports of lumber being up four to five times in just a couple of years is a combination of increased demand, a lack of supply because the mills were shut down during COVID-19 and the resin producers closed during the snowstorm in Texas. This shows us how much of an impact small changes to an extremely efficient supply chain can have on the demand-constrained market.

> While increased demand certainly is a factor, impact fees and pass-through costs are increasing at an exponential rate.

Recently a new proposal from Denver City Council would require any residential landlord to hold a rental license. This license is a direct cost that most likely will be passed on to the tenants. While this tax does not appear to have a huge impact, these sorts of costs add up for the tenants, making rent more expensive. While these expenses are seemingly apparent, it often is impossible to identify all of them during the due diligence period of a typical transaction. The fees fluctuate during the term of occupancy and some remain constant or are a one-time fee. Trying to determine their impact on said tenants is even more challenging than putting a 3% growth factor into the equation. This creates a real problem for tenants attempting to project their occupancy costs during their tenancy.

What do all these costs mean for tenants, landlords and investors? Inflation is here and while it may not be readily apparent, it creeps into our lives in different ways. Savvy businesses will figure out a strategic way to increases prices, passing the cost on to their customers or landlords. Others will eat these costs, increasing the tenant's occupancy costs. ▲

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Market Outlook

Evaluating COVID-19's effect on retail, 1 year later

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Anyone who has followed the commercial real estate sector over the past year is aware of the hit that the brick-and-mortar retail sector has taken since spring 2020. As our nation and the world went into a series of pandemic-driven lockdowns, online retail giants such as Amazon saw dramatic increases in sales and revenues, while smaller, brick-and-mortar retailers struggled with reduced foot traffic – and some closed down altogether. Now, a year after the pandemic began, real estate industry professionals, business owners and local governments are getting a better picture of where the retail sector might be headed after the pandemic is behind us.

In April 2020, as part of a series of client alerts about the impacts of COVID-19 on the real estate market, we published an alert discussing the COVID-19 pandemic's effect on the already-struggling retail sector. We noted at the time that the pandemic was likely to exacerbate many of the trends we had been observing for years, including a shift to online sales and reduced demand for brick-and-mortar retail space in our communities. Our predictions turned out to be largely accurate, although the result is not without nuances.

Real estate trends data provides some insight into the pandemic's effect on the retails sector. Nationally, retail sales in 2020 did not dive to the extent initially expected – in fact, a recent Forbes article noted that brick-and-mortar retail stayed flat. While e-commerce grew substantially, it did not skyrocket as much as many experts predicted; according to data from the U.S. Census Bureau, 14% of retail sales in 2020 were online. Of course, not all types of retail were impacted evenly. Declines in retail sales of clothing, gasoline, furniture and personal services were largely offset by increases in grocery and food sales, home improvement and sporting goods. Traditional department stores like JCPenney – already struggling in recent years – were hit hard by the pandemic. Further, some retailers were more easily able to adopt a hybrid model, where consumers order online and pick up at the store, than others. Smaller, local retailers that lacked an online presence, or whose business is reliant on foot traffic in commercial areas, also were heavily impacted.

It thus appears that COVID-19 has not yet brought the full-scale brick-and-mortar retail apocalypse that was initially feared. Emergency federal assistance, including the Paycheck Protection Program, likely eased some of the pain. However, the degree of impact has varied by region, and with local governments in some states – including Colorado – gaining more control over COVID-19 regulations, it remains unknown how different areas will recover.

Recent CBRE data shows that greater Denver's retail sector remains affected by the pandemic, but appears to be headed toward recovery. In the first quarter, sales volume of retail space was down 20% from first-quarter 2020. Only 57% of jobs lost have been recovered, and retail construction reached a 10-year low. Still, 2020 was not as bleak as once feared. Tax revenue far exceeded expectations, and trends in recent months have been positive. Vacancies – averaging around 8% and still higher than in recent years – are leveling off, and foot traffic is increasing.

These data points, which undoubtedly are welcome for landlords and business owners, also are likely to be good news for local governments. In the early days of the pandemic, local governments were called upon to assist in emergency responses while simultaneously experiencing declines in sales tax revenues. Now, however, with all Colorado adults eligible for a vaccine, control of restrictions in the hands of local governments, consumers eager for a return to normal, and sporting and other events returning, encouraging trends are expected to continue. The recently passed federal stimulus package has the potential to further boost recovery. With significant funds for state and local governments, the package will replenish lost revenue and help fill gaps in budgets. Further, Gov. Jared Polis' proposed Colorado Recovery Plan would channel funds to small businesses, some specifically in sales tax relief.

Still, the future of the retail sector remains uncertain. Although the U.S. – and Colorado in particular – has enjoyed a strong vaccine rollout, it remains to be seen whether we will reach the 70% vaccination level necessary to attain herd immunity. Despite consumers' eagerness to return to normal, and despite positive projections for growth, it is unlikely that the end of 2021 will look like the end of 2019. Some forecasters suggest the hybrid e-commerce/brick-and-mortar model discussed above is here to stay, some expect that brick-and-mortar will have a strong comeback, and others project that e-commerce will continue to grow.

For now, it appears that the pandemic's impact on retail has been largely to accelerate existing trends. Since the 1990s, e-commerce has grown steadily, and brick-and-mortar retail increasingly has faced challenges. Brick-and-mortar retail has shifted to smaller stores, more focus on personal services and restaurants than sales of goods, and also has responded to cultural changes toward walkable, downtown-like shopping experiences. Now, malls that had anticipated the eventual loss of anchor stores may be more actively exploring redevelopment, and downtown storefronts may be seeking creative ways to draw customers. The coming months and years will tell how exactly Colorado's retail recovery will pan out. ▲

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Market Outlook

Bright and weak spots for Colorado's retail future

Recently I was reflecting on the past 12 months and the impact the pandemic has had on retailers and landlords. Now that we seem to be moving forward in a positive and hopefully permanent "back to normal" direction, what can we expect for the rest of this year?

Before I look into my crystal ball, I think it's important to take a quick overview of last year. This time last year was pretty much a complete shutdown. Tenants were asking for temporary and ongoing rent relief, landlords were trying to figure out who to help and talking to their lenders for help, and everyone was wondering how long this would last. Summer came and there seemed to be some positive momentum … and then the second wave and another shutdown hit, which greatly impacted many retailers during the holiday season. During this time period, many local retailers closed their doors. Store closures and bankruptcies also were rampant at a national level. Some of the notable retailers that filed for bankruptcy include: Tuesday Morning, Pier 1 Imports, Stage Stores, 24 Hour Fitness, GNC, Stein Mart, Century 21, Guitar Center, Village Inn, Bar Louie, IHOP, Chuck E. Cheese, Golden Corral, Ruby Tuesday, Rubio's, Punch Bowl Social and CiCi's Pizza, just to name a few. Some of these retailers completely shut their doors while others used this time period as an opportunity to reject leases, close underperforming stores and position themselves for future growth. We also know that "essential business" retailers as well as drive-thru concepts flourished during this time period and, in some cases, posted historical sales numbers.

Rich Otterstetter
Partner, Crosbie Real Estate Group LLC

Overall retail activity has picked up since the beginning of this year, and I believe this trend will continue through the rest of the year as well as the years to come. Following are some of the categories that will be the most active in our market.

■ **Essential businesses.** Grocery stores from large-format stores to smaller, more specialty type stores will continue to look for sites and open new stores. Included in this arena also will be discount-oriented stores such as Dollar Tree, Family Dollar, Dollar General and Five Below.

■ **Drive-thru operators.** Existing concepts in our market such as McDonald's, Wendy's, Chick-fil-A and Taco Bell will pursue sites to fill in open trade areas. New operators such as In-N-Out Burger and Whataburger will be seeking pad sites to fit their expansive growth plans for Colorado. Aside from fast-food operators, local and national banks as well as credit unions will be seeking sites for their expansion plans.

■ **Convenience stores.** Probably one of the most competitive categories that will continue to pursue sites throughout the Colorado market is convenience stores. Murphy Oil, Kum & Go, Maverick, QuickTrip, Choice Market and Circle K will continue to be aggressive and it is not uncommon to see multiple offers for the right pad site and/or redevelopment site.

■ **Small-format/quick-service restaurants.** These retailers will be aggressive in finding the right sites to fit their size and location requirements. Concepts with a strong carryout and/or delivery component offer a safeguard for current and future indoor seating restrictions.

The above-mentioned categories are certainly the bright spots in retail and will be popular for retail developments underway as well as planned ones. Developers will continue to have strong pad interest in addition to retailers for small shop development. On the flip side, I believe some retail will lag and not receive much interest.

■ **Large-format restaurants.** This sector was one of the worst hit during the pandemic. I do see a rebound, but it will happen once limited seating restrictions are lifted. Positive momentum will begin come summertime and continue through the end of the year.

■ **Older/outdated shopping centers.** As I drive the different trade areas, I have noticed more vacancies in Class B and C shopping centers. Most of the vacancies are in-line spaces that have deeper bay depths, with no real draw to the center and noticeable deferred maintenance. There is not a large pool of tenants to backfill these spaces and landlords will need to be creative in order to lease up these vacancies. With such a demand and shortage of housing in Denver metro, some landlords may want to consider a complete redevelopment of their site.

■ **Retail centers with very high triple-net expenses.** As we have seen over the past five-plus years, NNN expenses for many retail properties/developments have gone through the roof. NNN expenses in the mid-teens to mid-20s per square foot seems to be the norm these days and I don't anticipate a real change in the future. Real estate taxes certainly have been a big part of this increase. Unless the space is spectacular real estate, the combination of a high base rent and NNN expense will limit the active tenant pool for this type of product. Landlords may need to make an initial concession – perhaps ongoing concession for over-market NNN expenses while they work to reduce their actual NNN expense.

In closing, I do feel there is pent-up demand from the consumer for many retailers. We have seen essential businesses and even some nonessential businesses flourish and will continue to do so. Now it's time for some of the categories that were greatly impacted by the pandemic to come out of hibernation. Every day more people are getting vaccinated, COVID-19 cases seem to be going in the right direction, stimulus checks have been mailed, restrictions are easing, the labor market is recovering and consumer confidence is building. We still have some tricky waters to navigate through, but momentum is moving in the right direction, especially compared to this time last year.▲

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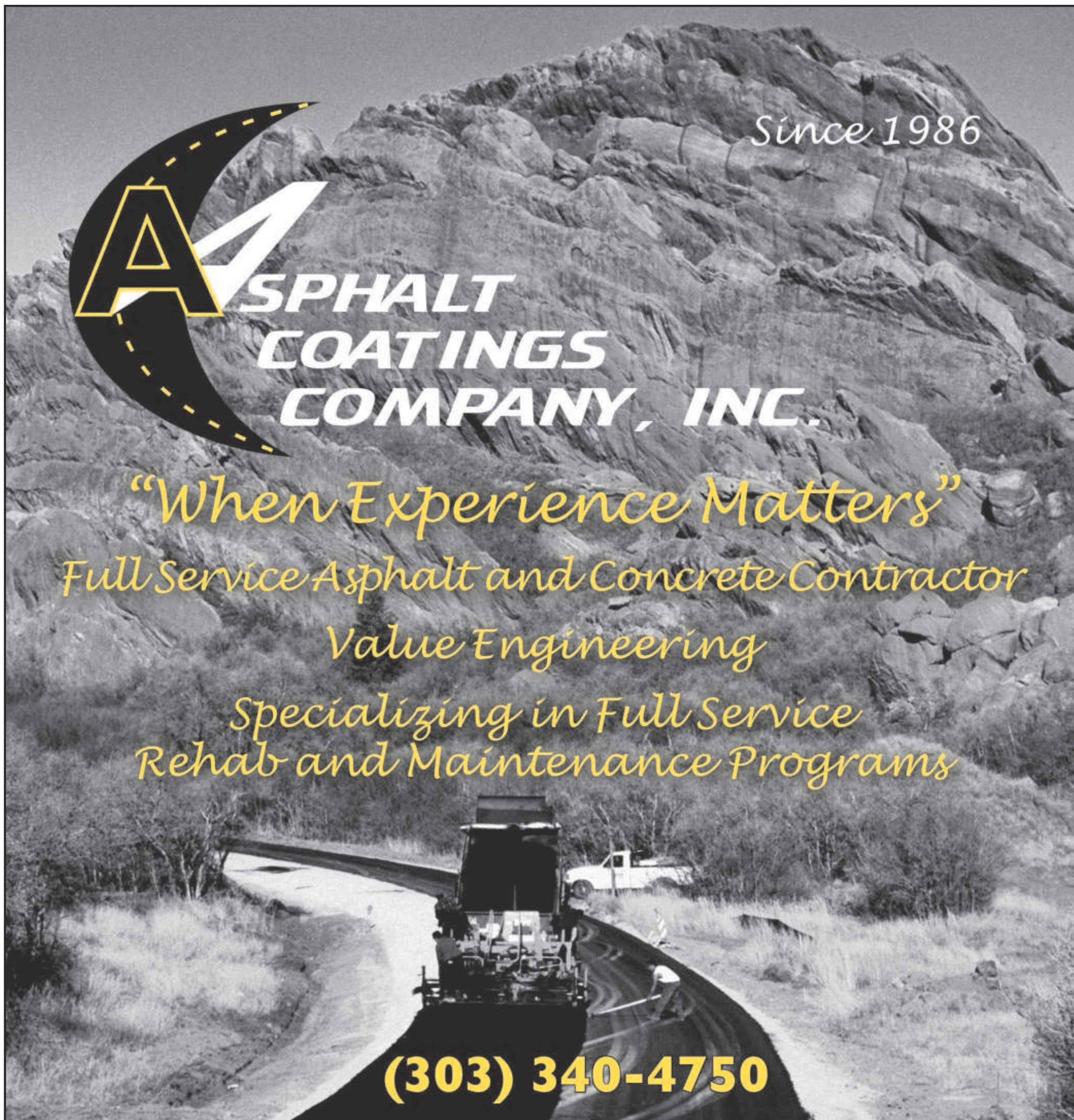
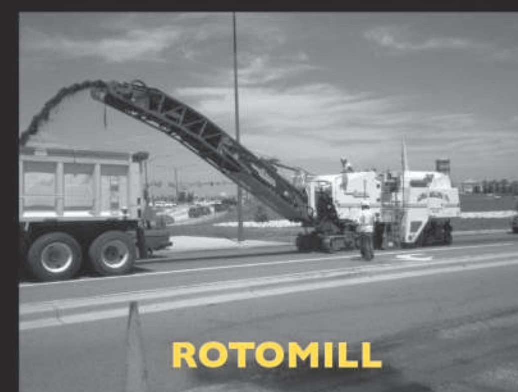


COMPANY OVERVIEW

Asphalt Coatings Company, Inc. has been servicing the front range since 1986. Since our humble beginnings with a pickup truck and a striping machine we have built a strong base of repeat customers through service, quality and dependability. Our experience in asphalt paving and maintenance is just one of many ways we stand apart from the crowd. From Colorado Springs to Denver & Longmont, we specialize in asphalt paving & repair. This includes seal coat & maintenance programs. Since we own three pavers, our paving capabilities are unsurpassed by some of Denver & Colorado Springs largest outfits.

Our commercial cliental include; apartment complexes, office parks, shopping centers, subdivisions and townhome parking lots. We offer property owners & managers the best service, quality & dependability in their paving & pavement maintenance needs. Ask our customers!



Taxes

2020 aftermath: Savings for capital improvements

Colorado lessees and lessors could benefit from tax savings opportunities introduced to mitigate the economic impacts of COVID-19.

Before the pandemic, Colorado's 2020 nonresidential-sector buildings starts were expected to reach $6 billion. However, delays and cancellations reduced actual new project starts to $4.8 billion, according to the Colorado Business Economic Outlook 2021.

Capital expenditures still increased for some renovations, including office, medical, restaurant and retail facilities. Some owners and lessors were required to invest to meet COVID-19 requirements, while others utilized the shutdown to perform long-awaited renovations.

Whatever the case may be, significant tax benefits could be available. As Colorado construction costs rise, getting the most out of dollars spent on capital improvements is vital.

This article identifies opportunities introduced by the Coronavirus Aid, Relief, and Economic Security Act and related property renovation strategies.

Chris L'Heureux
Partner, Moss Adams

Tax benefits are available for many COVID-19-related property reconfigurations based on the renovation's size and scope.

■ **Minor reconfigurations.** Some open-air offices have been reverted to single-use offices and cubicles, while retail and restaurant spaces have added partitions and free-standing modules.

Capital expenditures incurred to make these reconfigurations come at an inopportune time; most businesses' margins are slimmer than in recent years. For these businesses, the CARES Act is a much-needed lifeline.

■ **QIP technical correction.** The Qualified Improvement Property technical correction allows demising walls and other qualifying improvements to have a 15-year tax life. These assets now are eligible for 100% bonus depreciation.

Most minimal configurations likely will fall under this definition, and lessees and lessors may receive significant tax deductions as a result.

Jackie Noland, CPA
Director, Moss Adams

■ **Significant renovations.** Many lessors and lessees are performing substantial remodels, renovations and additions to their properties.

Due to the complexities of capitalization rules, taxpayers often capitalize expenditures as one asset on their depreciation schedule, either as nonresidential real property or QIP.

Classifying the amount as 39-year nonresidential real property understates the depreciation amount, resulting in taxpayers missing potentially significant tax benefits. However, classifying the amount as QIP may understate income by including assets that don't fit the QIP definition, which could increase risk exposure.

For example, if a taxpayer installs a new HVAC system in the facility, the interior ductwork would fit the QIP category, but the exterior HVAC components wouldn't.

Alternatively, if an improvement is a partial remodel and partial expansion, the remodel could fit the QIP definition, but building components for the expansion wouldn't.

■ **Cost segregation analysis.** A cost segregation analysis can help determine which assets qualify for accelerated depreciation recovery.

Cost segregation involves breaking down real property into short-life assets. The analysis identifies tangible personal property by reviewing cost and construction details and conducting a site inspection.

Derek Woodworth, CPA
Manager, Moss Adams

This technique can identify building-cost components eligible for QIP, including:

- Interior versus exterior renovations,
- Structural versus nonstructural changes and
- Expanded versus existing property.

A cost segregation analysis also can identify short-life property, which is beneficial for businesses in states that don't recognize bonus depreciation. Colorado conforms to the federal treatment of bonus depreciation.

While an analysis has upfront costs, the results typically help taxpayers save by increasing depreciation deductions in the initial years of an asset's life.

■ **Claim depreciation deductions.** Claiming accelerated depreciation deductions for larger reconfigurations can be complex. Entities with minimal reconfigurations may only need to confirm new assets meet eligibility criteria for QIP and apply increased deductions to reduce taxes.

Entities with significant renovations or prior tax-year additions

Please see L'Heureux, Page 24

RECONFIGURATIONS	APPROACH	POTENTIAL BENEFITS
Minor	• Determine which changes classify as QIP or other short-life property • Discuss tax strategies for implementing depreciation deductions	• Assets could fall under QIP 15-year tax life and be eligible for 100% bonus depreciation
Extensive	• Perform cost segregation study to identify tangible personal property, determine asset classification, and reveal if QIP requirements are met • Discuss tax strategies for implementing depreciation deductions	• Assets could fall under QIP 15-year tax life and be eligible for 100% bonus depreciation • Substantial tax benefits through cost segregation analysis

Virtual kitchens: Restaurant landscape reinvention

In addition to accelerating e-commerce, the COVID-19 pandemic has brought about a fundamental change in how Americans are ordering food from restaurants. A new concept known as virtual kitchens is on track to become a $1 trillion industry by 2030. Euromonitor, a market research firm, projects astronomical growth for virtual kitchens in the coming years and the pandemic has only accelerated that timeline.

Also known as a ghost kitchen, a virtual kitchen is essentially a restaurant without the dining space. In other words, it is a commercial kitchen solely occupied by chefs or restaurant owners who prepare food intended for pickup and delivery only, without a dine-in storefront. These virtual kitchens partner with third-party delivery apps like GrubHub, DoorDash and Uber Eats and often house more than one food vendor.

The virtual, or ghost, kitchen model has two common forms.

The first is rented commissary spaces in which restauranteurs/chefs rent from a shared kitchen space – often alongside 10 to 20 other delivery-only restaurants. Although commissary and shared kitchens have been around for quite some time, new entries by giants like Uber Eats and ex-Uber CEO Travis Kalanick have been transforming this concept.

Uber Eats and partners have opened approximately 1,500 virtual restaurants in the U.S. and Canada, with an additional 1,000 across the globe, while Kalanick's new startup,

Hannah Pearson
Assistant operations manager, research, National Valuation Consultants Inc.

CloudKitchens, received more than $300 million from Saudi Arabia's Public Investment Fund. CloudKitchens now buys inexpensive real estate and builds shared kitchens for restaurants to rent while also running its own delivery-only restaurants.

The second common format is established restaurants running secret back-of-house delivery-only concepts from their existing locations.

Fatburger in Los Angeles has started several ghost kitchens for its Florida-based sister brand Hurricane Grill & Wings on the West Coast. While Chipotle now has nearly 2,500 ghost kitchens in many of its existing restaurants. Other notable brands launching virtual concepts include Dog Haus, Applebee's and Nathan's Famous.

Data from Upserve shows digital ordering and delivery have grown 300% faster than dine-in traffic since 2014 and at least 60% of U.S. consumers order delivery or takeout once a week.

That's where virtual kitchens come in. According to Restaurant Business, sales via ghost kitchens from 300 facilities in the U.S. are projected to increase by 25% each year for the next five years, resulting in estimated annual U.S. sales of $300 million.

Uber Eats

Uber Eats and partners have opened approximately 1,500 virtual restaurants in the U.S. and Canada, with an additional 1,000 across the globe.

Virtual kitchens first began emerging in the U.S. prior to the pandemic in areas like San Francisco, Chicago and New York, where high real estate prices and labor costs have forced restaurateurs and chefs to seek lower-cost alternatives.

Now, more chefs and restaurants are beginning to see the lure of a virtual concept. A virtual kitchen will bring in sales at a fraction of the normal startup cost, as most of them only require between 150 and 250 square feet. It also offers expanded customer reach with a higher profit margin.

As restaurants across the nation have lost billions in revenue due to pandemic restrictions, several eateries across the Front Range have shut their doors permanently after experiencing crushing revenue losses. Last year in Denver alone, closures included neighborhood favorites like The Denver Diner, Hearth & Dram, Acorn, Lena Vesta, Brasseries Ten Ten and 12@ Madison. Research from the National Restaurant Association reveals 17% of restaurants and bars in the U.S. closed permanently or long term in 2020.

Even prior to the pandemic, traditional restaurants already were facing severe challenges and razor-thin profit margins.

Please see Pearson, Page 27

Trends

Colorado grocers need to revisit their assets

Joe McKeska
Senior managing director, A&G Real Estate Partners

Real estate considerations in the grocery sector are changing fast – and that stands to affect landlords, supermarket chains and grocery wholesalers across Colorado.

Start with Amazon's plans to disrupt the $800 billion U.S. grocery industry. After opening the first Amazon Fresh grocery store in September in Woodland Hills, California, the company currently has several locations in Southern California and one in Chicago. Amazon is reportedly pursuing numerous new locations around the country and recently confirmed plans to open grocery stores in Washington, D.C., Northern Virginia, Pennsylvania and Maryland. Can certain markets in Colorado – places like Denver, Colorado Springs and Aurora – be far behind?

Meanwhile, on the edited-assortment, hard-discount end of the business, Lidl and Aldi continue with their aggressive expansion plans. Lidl aims to open 50 new stores this year at a cost of more than $500 million, and Aldi has spent $5 billion to open 500 stores in just the past five years. The exact timetable is unclear, but it's a safe bet that grocers can count on Lidl and Aldi eventually arriving in Colorado. Research shows that when these operators debut in a new market, their competitors end up dropping their prices.

Finally, Kroger, which is the parent company of King Soopers, continues to push ahead with its massive investment in e-commerce fulfillment. In mid-April, the Cincinnati-based operator unveiled a 375,000-square-foot Ocado automated warehouse in Monroe, Ohio. It's part of a planned rollout of 20 such facilities, estimated to cost $1 billion in total. While a Colorado Ocado may not yet be in the works, it is a distinct possibility moving forward – an additional source of pressure for competitors in the state.

■ **Maximizing portfolio efficiency.** The bottom line here? Supermarkets in Colorado are likely to face even more intense pressures with respect to both price and convenience moving forward. Amid consumers' ever-increasing reliance on pickup and delivery of online orders, the arrival of large-scale and micro-fulfillment centers could necessitate a thorough reconsideration of store footprints and locations. To rationalize and properly position your portfolio, the first step is to determine your broader strategy given these developments. Where do you want your stores to be and what physical requirements will you need in the future? Which underperforming assets do you need to either reposition or exit? What are your plans for omnichannel fulfillment and your physical stores?

Amazon

Amazon continues to disrupt the $800 billion U.S. grocery industry, with more openings planned for Amazon Fresh grocery stores. Nothing has been announced for Colorado yet, but expectations are several local markets should be on the company's radar.

Grocers should plan early for lease expirations and store closures to give themselves enough time to align their real estate with such goals.

For your best locations, you may want to negotiate a longer lease in exchange for lower rent or other considerations that will bolster your competitiveness. The landlord, for example, could partially fund your remodeling project or agree to spruce up the shopping center.

When the average lease length at a shopping center goes up, so does the resale value of the property. That makes landlords eager to negotiate longer terms with their best operators. Suppose for a moment that a grocer with a 50,000-square-foot store pays $15 per sf, or $750,000, in annual rent. It's a high-performing store, so the grocer intends to allocate $3 million in reinvestment capital for a renovation. Extending the lease for 10 years poses little risk to the grocer, and for the landlord it could increase the resale value of the center by up to $2 million.

Please see McKeska, Page 27

Trends

Innovation is coming for food and grocery vendors

Stefan Read
Senior vice president engagement advisory, strategy practice lead, Jackman

2021 saw massive uncertainty for food and grocery vendors: Restaurants were forced to close, supply chains were disrupted and the food routines people had come to know changed overnight. In Colorado, food businesses still have to adhere to restrictions around indoor dining and stringent guidelines regarding regular cleanings, staff temperature checks and more. But in the face of these ongoing challenges, the drive to support local businesses is as strong as ever, with the Colorado Office of Economic Development and International Trade extending its #ShopLocalColorado holiday campaign into an ongoing campaign to spotlight and support the state's small businesses.

Despite undeniable challenges, the global pandemic has ushered in a new era of innovation in the food world. Grocery stores and food vendors are stepping up with new solutions to meet changing customer needs and desires. Below are some key innovations and business model evolutions in the food and grocery world that will persist well beyond the pandemic.

■ **Local for the win.** After witnessing the devastating impact of the pandemic on small businesses, people had a desire to support local restaurants. Supporting local has long been a priority for Colorado, and grocers like the employee-owned Leevers Local in Denver have always focused on sourcing products locally. Rather than running its own deli, butcher and bakery, the store partners with local vendors.

Across the U.S., other grocery stores have amplified local food efforts. Hy-Vee is hosting quarterly "Best of Local Brands" summits in 2021. At the beginning of the pandemic, Texas grocer H-E-B partnered with local restaurants to carry ready-made meals, with proceeds going directly back to the restaurants. Quality Food Centers (Kroger) in the Washington area teamed up with Tutta Bella in Seattle to expand its grab-and-go and take-home dinner selections. In response to restaurant shutdowns, the local Kroger stores in the Seattle area also hired Tutta Bella employees.

■ **Pop-ups and nontraditional formats.** The modern suburban supermarket tends to be a huge space designed to display an overwhelming variety of products. But as people continue to work remotely and consumers' lives shift closer to home post-pandemic, there will continue to be a desire to stick close by for necessities. Increasingly, we're seeing traditional retailers and vendors explore pop-ups and smaller, more flexible footprints designed to better cater to consumers. In 2021 and 2022, Sprouts Farmers Market is rolling out several "next-generation small-format model" stores that emphasize efficiency and product discovery. Schnuck Markets is launching a new small-format store in Indiana, with a focus on fresh produce. Pop Up Grocer is a traveling grocery store that sets up in U.S. cities for a month at a time and features a wide variety of products from innovative food, beverage, home, pet and body care brands.

Having flexibility with location, including how the store shows up and how long it stays, unlocks huge opportunity for both landlords and tenants. Pop-ups also can be a valuable research and insights tool for testing new concepts quickly and inexpensively.

■ **"Groceraunts."** Even before the pandemic, the lines between restaurant, grocery and consumer packaged goods were blurring, but COVID-19 accelerated this trend. Restaurants increasingly offer private-label products, while large consumer packaged goods providers like PepsiCo, Kroger and Heinz have launched direct-to-consumer platforms. Grocery stores are evolving to include dining spaces – meeting the pent-up demand for experiences and benefits traditionally provided by restaurants, including food that's different from home cooking, the convenience of not having to cook or do dishes, and the unique atmosphere.

Food and grocery vendors are capitalizing on the opportunity to attract and retain consumers by bringing the dining experience in-store. Whole Foods opened its second Ideal Market store in Denver last October, featuring a beauty and lifestyle boutique, a "bottle bar" selling local craft brews and in-store seating. Walmart is bringing the French bakery and café chain la Madeleine's new Express fast-casual format to 10 stores in the Dallas-Fort Worth area.

■ **Cloud kitchens.** In a year when dining was restricted and food delivery surged, many restaurants explored virtual brands and ghost (or cloud) kitchens to expand revenue streams and scale their offerings. There are clear benefits to using a single kitchen for multiple brands: lower costs, higher profit margins and increased operational efficiency. While third-party platforms like UberEats and DoorDash have been leading ghost kitchen development, food and grocery vendors are exploring the space too. Last year, Kroger opened two in-store ghost kitchens, operated by ClusterTruck, serving more than 80 menu items. Walmart Canada recently partnered with Ghost Kitchen Brands to trial in-store ghost kitchens offering restaurant meals and consumer packaged goods items from popular brands such as Saladworks and Ben & Jerry's.

As we approach the end of the pandemic, food and grocery spaces must reinvent themselves to keep up with consumers' changing behaviors and expectations toward

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Market Forecast

Continued from Page 1

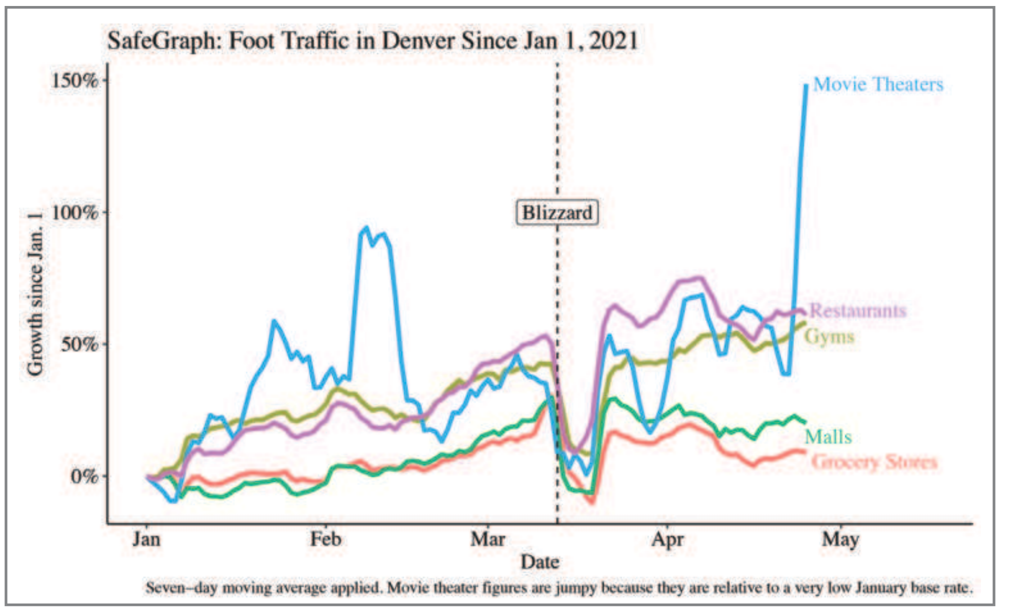
profits, hiring and capital expenditures.

With a score of 50 indicating a neutral outlook, panelists on the current report gave an overall LBCI of 64.4, up from 47.9 the previous quarter. Looking ahead to the third quarter, those numbers jumped to 68.8 – the highest overall score in the 19-year history of the index. Confidence in the state economy showed the strongest gains, increasing from 46.9 to 68.3. CU cites positive developments encompassing the pandemic such as increasing vaccinations and easing restrictions as the biggest factors behind the optimistic sentiments.

Consumer sentiment also is strong. An April Groupon survey indicates that 75% of Americans are ready to experience the "Joy of Doing the Ordinary," a longing to return to normal activities and social contact, including going out to eat or to the movies. The study also showed an overwhelming interest in continued support for local merchants.

From a jobs perspective, The Conference Board reports that by the end of the year around 4.5 million more jobs could be added to the economy, and the unemployment rate is expected to drop well below 5%. Leisure and hospitality, with a concentration on restaurants and bars, were the top industries with open positions at the close of April.

Colorado's comeback also looks very promising. The Connecting Colorado job board reported 19,353 job listings in retail and 3,575 in the food preparation and serving-related category during the third week of April.



SafeGraph

Coloradans are returning to in-person experiences, as measured by cellphone foot traffic data aggregated by SafeGraph. More than any other activity, Centennial State residents want to head to the movies. Gyms, restaurants and grocery stores are the next most popular destinations.

■ **Restaurant demand.** Our company anticipates restaurant demand to be significant at press time and in the months ahead due to easing restrictions and the warmer weather that always fuels socialization. During a recent trip to Arizona, a state that began to open up earlier than Colorado, I encountered long restaurant waits and full dining rooms and patios.

Spending in restaurants and bars led to a 9.8% retail sales gain in March when economists had expected an increase of only 6.1% based on people receiving their stimulus checks. And casual-dining CEOs have referred to indicators of pent-up demand throughout their most recent earnings calls.

The National Restaurant Association's 2020 Annual Report details a multitude of unfortunate pandemic impacts but also includes a fine look forward. More than ever, it says, people are making plans to eat on premises. Equally positive, diners indicated their interest in being able to visit in person the restaurant locations from which they ordered to-go food. And restaurant patrons with disposable income, as well as middle-income diners, are ready to spend on meaningful culinary experiences.

Thankfully, Denver area restaurant owners are reporting an encouraging sight: Their regular patrons, some of whom they haven't seen in a year, are returning.

■ **Pandemic fuels restaurant changes.** Restaurants spent much of 2020 in survival mode and, sadly, too many closed. With ever-changing regulations, operators tweaked or completely overhauled their business model to stay open, whenever possible. Meanwhile, outdoor dining expanded into parking lots, sidewalks and city streets. The city of Denver is enabling restaurants to retain their expanded outdoor service areas through October 2022. We appreciate the addition of al fresco dining as it represents real neighborhood-level activation.

Curbside pickup, enhanced delivery and payment options, and meal kits and subscriptions are among the innovations we saw during the pandemic period. Rapid operator investments in technology have been significant for reservations, point of sale and food-ordering systems. In Denver, several non-quick-service restaurants have added pickup windows or expanded with new locations that include drive-thru options.

Nationally, the phenomena of QSRs inside of other retailers may diminish due to changing pandemic shopping patterns. McDonald's is closing hundreds of outposts inside Walmart stores based on consumer preferences for drive-thrus, while new-builds of Burger King are being designed creatively to satisfy increased customer preferences for in-car dining with a modernization of Sonic Drive-In's business model.

■ **Technology is the brand.** We believe many of these pandemic business developments will remain, but also we are seeing emerging technologies that will change the core of the business.

We are in the midst of a due diligence period with a new coffee concept that embraces a technology-first ethos. Its build-out, brand and menu options (standard, custom and hyper-personalized) cater to the post-iPhone customer. Ordering and counter-service/drive-up logistics are central to delivering its innovative products fast, fresh and hot with a "never-wait" service goal.

Innovative twists on automats are reimagining food vending operations from earlier times. Portland's Pix-O-Matic fills its vending machine with fresh pastries daily, beginning at 10 a.m. In Jersey City, New Jersey, Automat Kitchen enables customers to pick up fresh-made orders with a single food bag touch via phone-activated lockers inside the restaurant. And a Brooklyn, New York-based dumpling shop refers to its operations as "zero human interaction," revolutionizing fast-casual dining with its version of contactless order and pickup.

■ **Retail demand.** A first-quarter Shopping Center Business story notes that that pent-up experiential retail demand is real: Entrenched cabin fever set in during the pandemic lockdown and shoppers are ready for engaging retail opportunities.

Consumers have expressed a desire for items as diverse as:

• Champagne to celebrate reunions with friends and family;

• Shaving kits to neaten up pandemic scruff; and

• Wardrobe additions like footwear and dresses to look fresh for newly planned occasions. Clothing sales are up 18.3% as shoppers retire pandemic wardrobes.

In their most recent "How America Shops" report, WSL Retail Strategies notes that consumer optimism is as prevalent now as it was prepandemic. Another study of 15,000 mall shoppers in nine countries issued by IBM's Institute of Business Value indicates that 73% of these brick-and-mortar fans plan to return to their favorite properties once vaccinated.

Like many other states, Colorado's residents are returning to in-person experiences, as measured by cellphone foot traffic data aggregated by SafeGraph in March. More than any other activity, Centennial State residents want to head to the movies. Gyms, restaurants and grocery stores are the next most popular destinations with traffic gains of 40% to 83% since late 2020.

■ **Retail changes will remain – others will expand.** E-commerce growth has been significant over the last 15-plus years, but COVID-19 pushed the phenomenon more than anyone might have fathomed. The ease of searching, clicking and buying with quick, doorstep delivery via Amazon and others is real, and it will take significant effort to compete with this convenient habit.

Also real is the "buy online, pick up in store" phenomenon. As a successful strategy to bring shoppers to retail locations, the channel became a survival must-have during the pandemic. Shopping centers that once featured only mandated handicapped parking spots and complementary ones for expectant mothers quickly expanded their BOPIS asphalt real estate, including new store-to-car delivery service via special pickup lanes.

Like restaurants, some retail changes will persist beyond the pandemic, such as contactless shopping and checkout. We are seeing reconfigured store footprints, layouts and merchandising inclusive of customer safety, hygiene and efficiencies. For example, Best Buy is testing smaller-format stores, which will devote more square footage to fulfilling online orders than displaying large-screen TVs, and Target's chief operating officer has committed to contactless restrooms. Walmart and Kroger both announced plans to invest in automation to keep up with roaring increases in online grocery orders.

Tim Gillies

One major change due to the pandemic was the increase in outdoor dining. The city of Denver is enabling restaurants to retain their expanded outdoor service areas through October 2022.

■ **We're ready to roar, too.** Our company also is returning to prepandemic traditions. We've attended the Colorado Rockies' home opener for a decade or more, and this year was both the same and very different. The first home game celebrates the change from winter to spring, and daylight savings time kicks in to reveal gorgeous, late evening sunsets from Coors Field. Camaraderie grows through the joy of being outdoors, shared bags of roasted peanuts and rooting for the home team together (no matter its performance). Today's current level of renewed optimism and socialization makes it clear there's no need to wear Gatsby suits or to unify around a single baseball standout to experience this century's potential Roaring '20s period. As Colorado continues to ease restrictions on dining, retail, events and more, we are incredibly grateful for how every day now feels like a home opener.▲

McCarthy

Continued from Page 4

■ **Pent-up demand.** With an improving economy, consumer confidence is building as Colorado residents are anxious to engage as a community once again. Nationally, the second stimulus package pushed incomes up 11.4% – the strongest income growth ever recorded – and personal savings stood at an annual rate of $3.9 trillion as of January, compared with $1.3 trillion a year earlier, suggesting consumers have more than $2 trillion of excess savings to spend. Middle- and high-income households have built up significant wealth and savings during the pandemic, reporting a record high of $116.5 trillion in third-quarter 2020, a result of soaring stocks, home values and income. This incredible mix of factors coupled with President Joe Biden's recent stimulus package of $1.9 trillion has set the stage for a massive, nationwide consumer spending spree that we're already starting to see unfold here in Colorado.

In Denver and across our state, retail is transformative. While the sector's outlook remains fluid, there are several indicators pointing to it being well positioned for a positive and thriving rebound. Most importantly, brick-and-mortar stores are primed for a strong return with post-pandemic consumers here in Colorado projected to do more in-person shopping and spend more than ever at retail locations. ▲

Johnson

Continued from Page 6

according to Downtown Partnership. The rebound post-pandemic is happening quickly as downtown commercial asking rents are up $2 per sf in the first quarter.

While the pandemic fundamentally changed our world, Colorado Springs continues to be an attractive place to live, work, play and invest. The population of Colorado Springs is increasing 1.7% annually, which is more than double the national average. The housing market continues to be on fire. In February, the average home sales price was $408,000. Colorado Springs' job market is rebounding; the market's unemployment rate was 12.6% in April 2020 and has dropped just a year later to 7.1%, according to the Bureau of Labor and Statistics. The quick recovery of the job market and the increasing population of Colorado Springs will support the continued construction of retail properties.

Overall, Colorado Springs continues to see strong fundamentals. New projects are drawing national attention and captivating regional residents. The job market has proved resilient, which combined with the strong housing market is helping to boost economic recovery. All of this, coupled with the announcement that Southwest Airlines is now serving Colorado Springs as of March, means The Olympic City is truly taking off.▲

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Isaac

Continued from Page 8

benefit from less competition due to the permanent closure of local restaurants.

Mall consolidation will continue along with repositioning to distribution centers/data warehouses and raze/redevelopment to mixed-use projects with a focus on multifamily. Lifestyle, open-air and power centers will draw interest from yield-focused shopping center investors.

■ **High-quality, well-located properties command premium pricing.** Offerings of single-tenant properties with strong fundamentals and high visibility strip centers along major corridors with either credit tenants or below-market rents will continue to see the most competition and thus strongest pricing. ▲

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L'Heureux

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can file a Form 3115 method change with the IRS to retroactively change depreciation methods and catch up depreciation amounts to the current tax year. A method change could apply to multiple assets and be paired with a cost segregation study for larger assets.

Taxpayers might qualify for additional relief under the CARES Act – including restored net operating losses carryback provisions and the business interest deduction limitation. There are factors that could impact eligibility for certain assets, so working with a tax professional is important.

■ **Next steps.** If your entity qualifies for accelerated depreciation deductions or other tax savings, it could benefit from working with a consulting professional to locate and claim available opportunities.▲

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www.bouldereconomiccouncil.org
Targeted Industries: Aerospace, Bioscience, Cleantech, IT/Software, Natural Products, Outdoor Recreation

BROOMFIELD, CITY & COUNTY OF

Jeff Romine
Economic Vitality Director & Economist
303-464-5579
jromine@broomfield.org
www.investbroomfield.com
Targeted Industries: InfoTech, Finance/Asset Management, Global, Aerospace, Healthy Living/Foods and HealthTech. Community-focused targets include experience retailers and creative restaurants.

CHERRY CREEK NORTH BID

Nick LeMasters
President & CEO
303-394-2904
nick@cherrycreeknorth.com
www.cherrycreeknorth.com
Targeted Industries: Retail, restaurants, hotels, boutique office including legal, accounting, wealth management and residential uses.

COLORADO SPRINGS CHAMBER AND EDC

Cecilia Harry, CEcD
Chief Economic Development Officer
719-575-4310
charry@cscedc.com
www.cscedc.com
Targeted Industries: Aerospace & Defense, Aviation Related & Specialty Manufacturing, Cybersecurity, Information Technology, Healthcare & Medical Technologies, Sports & Outdoor Recreation

COLORADO SPRINGS, DOWNTOWN PARTNERSHIP OF

Susan Edmondson
President & CEO
719-886-0088
susan@downtowncs.com
www.DowntownCS.com
Targeted Industries: Retail, food-and-beverage, creative industries, tech/software, aerospace, cybersecurity, health and wellness, multifamily

COMMERCE CITY ECONOMIC DEVELOPMENT

Michelle Claymore
Economic Development Director
303-289-3747
mclaymore@c3gov.com
www.c3gov.com
Targeted Industries: DIA Technology, Advanced Manufacturing, Logistics and Distribution, Business and Professional Services, Retail/Hospitality/Leisure

DENVER SOUTH

Thomas Brook
President/CEO
303-531-8379
Tom@Denver-South.com
www.denver-south.com
Targeted Industries: Aerospace/Aviation, Software and Electronics/IT, Health Sciences, Broadband and Internet, Engineering Services, Financial Services.

DOWNTOWN DENVER PARTNERSHIP

Tami Door
President & CEO
303-534-6161
tdoor@downtowndenver.com
www.downtowndenver.com
Targeted Industries: Downtown has a strong and diverse concentration of industries, including: legal services, accounting, energy/natural resources, finance/insurance, engineering/architecture and broadcasting/telecommunications

FIRESTONE, CITY OF

Paula Mehle, AICP
Director of Economic Development and FURA
303-531-6265
pmehle@firestoneco.gov
https://www.firestoneco.gov/
Targeted Industries: Retail Trade, Accommodation and Food Services, Residential, Business & Professional Services, Sports & Outdoor Recreation, Health & Wellness, Technology

FOUNTAIN, CITY OF

Kimberly Bailey
Economic Development / Urban Renewal Director
719-322-2056
kbailey@fountaincolorado.org
www.fountaincolorado.org
www.furaco.org
Targeted Industries: Manufacturing (*specialized "niche" advanced, food/AG*) - Transportation & Logistics - Homeland Security (*military, law enforcement*) - Entrepreneurialism - Renewable Energy - Motorsports Economy (*tourism & entertainment*)

GRAND JUNCTION ECONOMIC PARTNERSHIP

Robin Brown
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970-245-4332
robin@gjep.org
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Targeted Industries: Aerospace and Advanced Manufacturing; Agriculture; Energy and Renewables; Health and Medical Care; Outdoor Recreation; Technology and Entrepreneurship; Opportunity Zone projects.

JEFFERSON COUNTY ECONOMIC DEVELOPMENT CORP.

Jansen Tidmore
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jtidmore@jeffcoedc.org
www.jeffcoedc.org
Targeted Industries: Aerospace, Aviation, Adv Manu, Beverage Prod., Bioscience, Energy, Engineering, IT/Telecom

LAKEWOOD, CITY OF

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303-987-7732
rsmith@lakewood.org
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Targeted Industries: Healthcare/Bioscience, Professional, Scientific & Technical Services, Arts, Entertainment & Recreation, Transit-Mixed Use Development (TMU), Retail Trade, Federal/State Government and Public Administration

LONGMONT EDP

Jessica Erickson
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303-651-0128
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www.longmont.org
Targeted Industries: Smart Manufacturing, Food & Beverage, Business Catalysts, Knowledge Creation & Deployment

LONE TREE, CITY OF

Jeff Holwell
Director of Economic Development and Public Affairs
303-708-1818
jeff.holwell@cityoflonetree.com
http://www.cityoflonetree.com
Targeted Industries: Aerospace, Financial Services, Health Care, Professional Services, Retail, and Technology

METRO DENVER ECONOMIC DEVELOPMENT CORP.

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Targeted Industries: Aerospace, aviation, bioscience, broadcasting/telecommunications, energy, financial services and information technology/software, health and wellness, food and beverage production.

COMMUNITIES OPEN FOR BUSINESS

EDC DIRECTORY

NORTHWEST DOUGLAS COUNTY EDC

Amy Sherman
President
303-791-3500 ext. 5
asherman@nwdouglascounty.org
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Targeted Industries: Aerospace, Health Care, Outdoor Recreation, Professional Services, Technology

SUPERIOR, TOWN OF

Jill Mendoza, CEcD
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303-499-3675 ext. 141
jillm@superiorcolorado.gov
https://www.superiorcolorado.gov/
Targeted Industries: Entertainment, Hotel, Life sciences, Outdoor industry, Recreation, Retail, Restaurant, Taproom/tasting room, Technology

THORNTON, CITY OF

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Economic Development Director
303-538-7448
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www.businessinthornton.com
Targeted Industries:

WESTMINSTER ECONOMIC DEVELOPMENT

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stroller@cityofwestminster.us
www.westminstereconomicdevelopment.us
Targeted Industries: Aerospace, Information & Technology, Life Sciences & Healthcare, Professional & Technical Services, Experiential Retail & Entertainment, Unique Dining

WINDSOR, TOWN OF

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Targeted Industries: Manufacturing; Retail Trade; Professional, Scientific and Technical Services; Accommodation and Food Services

If your community would like to appear in the EDC Directory, please contact Lori Golightly at lgolightly@crej.com or 303-623-1148 ext. 102.

Pearson

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Apart from the convenience and efficiency for chefs, virtual kitchens can offer the following advantages:

• A sense of community and camaraderie to burgeoning chefs and restaurateurs;

• The ability to break into the restaurant scene without paying the full cost of startup for a normal kitchen; and

• More flexibility in terms of the type of space that can be used – they do not need a large parking lot nor storefront visibility.

However, the ghost kitchen model also offers unique challenges, such as raising brand awareness and missing out on the walk-in foot traffic a regular restaurant concept can benefit from.

Still, many retail properties already are seeing tenants leave or downsize. In the Denver metro area, over 830,000 sf of retail space was returned to the market in 2020 and vacancy increased by 1.1 percentage points, according to published statistics from CoStar Analytics. Virtual concepts have the potential to snap up this vacated space and bolster retail demand. Small spaces, especially, are ideal for the virtual concept.

A virtual concept can more easily and cheaply renovate space to fit their needs than a traditional concept that needs a larger kitchen and space for guests. For that reason, virtual concepts can focus more on a location with a strong consumer base than real estate with the existing space and equipment needed.

While the barriers of the pandemic are slowly beginning to fade out, the financial restrictions remain. More chefs and restauranteurs are attracted to the flexibility, low-cost and community-driven aspects of the virtual concept, which is sure to impact retail fundamentals. ▲

McKeska

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If the landlord has a partnership mentality and recognizes that smart reinvestment is in the best interests of all parties, you will benefit by engaging early and showing a willingness to compromise and be flexible.

Meanwhile, with respect to your underperforming real estate, be decisive. If the store needs to be closed, there's no point in delaying the inevitable. Nobody likes to close a store. All too often, grocers avoid this difficult situation. "The cash flow is enough to cover a large portion of the rent," the thinking goes. "Maybe the situation here will improve." Hesitation is a mistake. To pursue early lease terminations and find suitable replacement tenants takes a significant amount of time. Once you've identified the drags on your real estate performance, cut them loose.

■ **A good time to do deals.** The pandemic has shown in the clearest possible terms that grocery-anchored real estate is among the safest harbors out there. Billions of dollars of investment capital are pouring into the sector. Landlords are eager to add value to their grocery-anchored properties and sell them for a tidy profit. But to do that, they increasingly want to add traffic-driving tenants to the property by introducing more outparcels, drive-thru lanes and other amenities that proved enormously popular during the pandemic.

Typically, they can't do that without the expressed permission of the grocer, per the stipulations of protective clauses in the lease. That means that grocers in Colorado now are enjoying an even stronger degree of leverage than in the recent past. They can selectively cede some of those rights in exchange for better lease terms or more reinvestment by the landlord. Just be sure not to sacrifice too much of your own visibility, parking capacity and customer access in the process.

Margins always have been thin in the grocery sector. Over the past year or so, many grocers were able to operate with a bigger cushion due to the shift in spending away from restaurants, travel and live events and toward groceries and essential services. Moving forward, the sector will get even more competitive as consumer spending diversifies and new competitors continue to expand. For forward-thinking grocers that makes portfolio optimization and planning a strategic imperative. ▲

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Read

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shopping and eating. These changes have clear implications for the use of space – what it does, where it is and how it's laid out. Landlords and tenants should take time to reground themselves in their business model and understand where it's headed. How can existing space be made more flexible? Is there an opportunity to work with other brands, consumer packaged goods or restaurants? How can spaces be created that consumers want to visit?

Food and grocery vendors that keep these considerations in mind will be positioned for success in the new normal. And while new innovations are continually emerging, we can be sure to see the ones mentioned above persisting in 2021 and beyond. ▲

stefan.read@jackmanreinvents.com

HIRING THE RIGHT
PROPERTY MANAGEMENT COMPANY
is ESSENTIAL to the PERFORMANCE of your INVESTMENT
and to the value of your property

Use CREJ's Property Management Directory to find the right management company to care for your property.

	Industrial Distribution	Industrial Flex	MOB	Office < 100,000 sf	Office > 100,000 sf	Retail	Senior	Metro Denver	Colorado Springs	Boulder	Fort Collins / Northern Front Range	Other	Contact
COMMERCIAL DIRECTORY													
1st Commercial Realty Group 1st-Comm.com	●	●	●	●	●	●		●	●	●	●		**Tom Newman** t.newman@1st-comm.com
Bespoke Holdings Inc. bespokeholdingsco.com	●	●	●	●	●			●	●	●	●		**Mark Berry** mberry@bespokeholdingsco.com
CBRE cbre.com	●	●	●	●	●	●		●	●	●	●		**Simon Gordon** simon.gordon@cbre.com
Central Management www.centralmgt.com	●	●		●	●	●		●	●	●	●		**Jennifer Records** Jennifer@centralmgt.com
Colliers International colliers.com	●	●		●	●	●		●					**Robert Miller** robert.miller@colliers.com
Drake Asset Management drakeam.com		●				●		●	●		●		**Perry Radic** perry@drakeam.com
Dunton Commercial dunton-commercial.com	●	●	●	●	●	●		●	●		●		**Nate Melchior** nmelchior@dunton-commercial.com
Elevate Real Estate Services elevateres.com		●	●	●	●	●		●		●	●		**Dan Meitus** dmeitus@elevateres.com
ELKCO Properties, Inc. elkcoproperties.net					●	●	●	●	●		●		**Ken Cilia** ken@elkco.net
Griffis/Blessing griffisblessing.com	●	●	●	●	●	●		●	●				**Kerry Egleston** kerry@gb85.com
JLL us.jll.com	●	●	●	●	●			●		●			**Paul F. Schloff** Paul.Schloff@am.jll.com
Newmark nmrk.com	●	●	●	●	●	●		●	●	●	●	Land, Association Mgmt.	**Meagan Schaeffer** meagan.schaeffer@nmrk.com
NewMark Merrill Mountain States https://www.newmarkmerrill.com/						●		●	●	●	●	Retail / Community Engagement	**Alex Staneski** astaneski@nmc-mountainstates.com
Olive Real Estate Management Services olivereg.com	●	●	●	●	●	●			●			Association Mgmt.	**David Hewett** dhewett@Olivereg.com
Panorama Commercial Group panoramacommercialgroup.com	●	●	●	●	●	●		●	●	●	●		**Rich Wilcox** Rich@panoramacommercialgroup.com
Prime West Real Estate Services, LLC www.primew.com	●	●	●	●	●	●		●	●	●		Associations	**Brie Martin** brie.martin@primew.com
Revesco Property Services, LLC revescoproperties.com				●	●	●		●	●	●	●		**Brian Fishman** bfishman@revescoproperties.com
RISE Commercial Property Services RISEcps.com	●	●	●	●	●	●		●	●	●	●	Association Mgmt.	**T.J. Tarbell** ttarbell@RISEcps.com
Sessions Group LLC sessionsllc.com	●	●		●		●		●		●	●	Association Mgmt.	**Kade Sessions** kade@sessionsllc.com
Stream streamrealty.com		●	●		●	●			●				**Tom Bahn, CPM** tom.bahn@streamrealty.com
Transwestern transwestern.com		●		●	●	●		●	●				**Rene Wineland** rene.wineland@transwestern.com
Western Asset Services westernassetservices.com	●	●	●	●		●		●					**Lisa A. McInroy** lmcinroy@westdevgrp.com
Wheelhouse Commercial wheelhousecommercial.com	●	●	●	●	●	●		●	●		●	Mixed-Use: MF/Retail	**Mark Kennedy** mkennedy@wheelhousecommercial.com
Vector Property Services, LLC vectorproperty.com				●	●			●					**Linda Mott** linda.mott@vectorproperty.com
Zocalo Community Development zocalodevelopment.com						●		●		●			**Lisa Jefferies** lisa.jefferies@zocalodevelopment.com

If your firm would like to participate in this directory, please contact Lori Golightly at lgolightly@crej.com or 303-623-1148 x 102

The BOSS Directory

BUILDING OPERATING SERVICES & SUPPLIERS

ACCESS CONTROL SYSTEMS

Advantage Security, Inc.
Manny Arias
marias@advantagesecurityinc.com
303-755-4407
www.advantagesecurityinc.com

Fire Alarm Services, Inc.
Shannon Smith
shannon@fasonline.cc
303-466-8800
www.fasonline.cc

Mathias Lock & Key
Dispatch
303-292-9746
dispatch@mathias1901.com

ACOUSTICAL CEILINGS & TREATMENTS

Heartland Acoustics & Interiors
Jason Gordon, LEED AP
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www.heartland-acoustics.com

ASPHALT & PAVING

Apex Pavement Solutions
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www.apexpvmt.com

Asphalt Coatings Company, Inc.
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www.asphaltcoatingscompany.com

Avery Asphalt, Inc.
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www.averyasphalt.com

Brown Brothers Asphalt & Concrete
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www.coatingsinc.net

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303-809-5950
www.economypavinginc.com

Foothills Paving & Maintenance, Inc.
Michael Horn
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CCTV/DIGITAL VIDEO SURVEILLANCE SYSTEMS

Advantage Security, Inc.
Jeff Rauske
jrauske@advantagesecurityinc.com
303-755-4407
www.advantagesecurityinc.com

Fire Alarm Services, Inc.
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Dispatch
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CONCRETE

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Brown Brothers Asphalt & Concrete
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Foothills Paving & Maintenance, Inc.
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303-462-5600
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DISASTER RESTORATION

ASR Companies
Jason Luce
jluce@asrcompanies.com
720-519-5433
www.asrcompanies.com

BluSKY Restoration Contractors
Dan Flanagan
dflanagan@goblusky.com
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goblusky.com/

Doors and Frames

Mathias Lock & Key
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303-292-9746
dispatch@mathias1901.com

ELECTRICAL

Amteck
Dean Stone
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www.amteck.com

Encore Electric
Encore Electric Service Team
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RK Mechanical
Marc Paolicelli
303-785-6851
www.rkmi.com

Weifield Group Contracting
Weifield Group Preconstruction Team
awilemon@weifieldgroup.com
303-407-6642
www.weifieldgroup.com

EMPLOYMENT STAFFING

Real Estate Personnel
Dan Grantham
dangrant@realtyjobs.com
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EVENT & HOLIDAY DÉCOR

SavATree
Matt Schovel
mschovel@savatree.com
Denver – 303-337-6200
Fort Collins – 970-221-1287
savatree.com

EXERCISE EQUIPMENT

Advanced Exercise
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www.advancedexercise.com

EXTERIOR LANDSCAPING

Arrowhead Landscape Services, Inc.
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Bartlett Tree Experts
Konstanze Fabian
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GroundMasters Landcape Services, Inc.
Kimberly Jewell
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Martinson Services
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Snow Pros Inc. Sitesource CAM
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FACILITY MAINTENANCE

CAM – Common Area Maintenance Services
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MC Buiilding Services
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FIRE PROTECTION

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Western States Fire Protection Company
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FIRE STOPPING/FIRE PROOFING

Alternate Resistance Specialists, LLC
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FURNITURE FOR PUBLIC SPACES

Streetscapes
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GLASS

Horizon Glass
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Tolin Mechanical Systems Company
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The BOSS Directory

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METAL SERVICES

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MOVING & STORGAGE

Buehler Companies
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Cowboy Moving & Storage
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303-789-2200
www.cowboymoving.com

PAINTING

Denver Commercial Coatings
Jim Diaz
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303-861-2030
www.denvercommercialcoatings.com

Ponderosa Painting & Remodeling, Inc.
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Preferred Painting, Inc.
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PARKING LOT STRIPING

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RK Mechanical
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PRESSURE WASHING

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303-295-2424
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Rocky Mountain Squeegee Squad
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www.sitesourcecam.com

Top Gun Pressure Washing Inc.
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720-540-4880
www.topgunpressurewashing.com

PROPERTY IMPROVEMENT/ TENANT FINISH

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Facilities Contracting, Inc.
Michael McKesson
mmckesson@facilitiescontracting.com
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ROOFING

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cigconstruction.com

CRW, Inc. – Commercial Roofing & Weatherproofing
Pete Holt
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weathersuresystems.com

Western Roofing, Inc.
Curtis Nicholson
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303-279-4141
www.westernroofingco.com

Roof Anchorage/ Fall Protection

Applied Technical Services, Inc. (ATS)
Stefanie Horner
SHorner@atslab.com
571-302-6692
atslab.com

SECURITY SERVICES

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Allied Universal
Lorie Libby
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SIGNAGE

DaVinci Sign Systems, Inc.
Kevin J. Callihan
kevin@davincisign.com
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www.davincisign.com

DTC Signs & Graphics
Jana Lundvall
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720-259-0087
www.dtcsignsandgraphics.com

SNOW REMOVAL

CAM – Common Area Maintenance Services
Shanae Dix, CSP
shanae@camcolorado.com
303-295-2424
www.camcolorado.com

Facilities Contracting, Inc.
Michael McKesson
mmckesson@facilitiescontracting.com
303-798-7111
www.facilitiescontracting.com

Martinson Services
Andrea Nataf
anataf@martinsonservices.com
303-424-3708
www.martinsonservices.com

SMS, Snow Management Services, LLC
Kimberly Jewell
Kim@smssnow.com
303-750-8867
www.smssnow.com

Snow Pros Inc. Sitesource CAM
Connie Rabb
connie@sitesourcecam.com
303-948-5117
www.sitesourcecam.com

SOLAR

Douglass Colony Group
Kate Faulker
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303-288-2635
www.douglasscolony.com

SOUND MASKING

Margenau Associates
Adam Faleck
afaleck@margenauassoc.com
303-979-2728
www.margenauassoc.com

SWEEPING

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Top Gun Pressure Washing Inc.
James Ballen
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720-540-4880
www.topgunpressurewashing.com

Tennis Courts

Coatings Inc.
George Tavarez
gtavarez@coatingsinc.net
303-423-4303
www.coatingsinc.net

TREE AND LAWN CARE

Bartlett Tree Experts
Konstanze Fabian
kfabian@bartlett.com
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www.bartlett.com

SavATree
Matt Schovel
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Fort Collins: 970-221-1287
North Metro Denver:
303-422-1715
savatree.com

WEATHERPROOFING

ASR Companies
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WeatherSure Systems, Inc.
Dave Homerding
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303-781-5454
weathersuresystems.com

WINDOW CLEANING

Bob Popp Building Services Inc.
Bob Popp
bobpoppservices1@aol.com
303-751-3113
www.bobpoppbuildingservices.com

Rocky Mountain Squeegee Squad
Bruce Sompolski
brucesompolski@squeegeesquad.com
720-408-0014

RETAIL PROPERTIES QUARTERLY

To reserve ad space, please contact Lori Golightly at 303-623-1148 ext. 102 or lgolightly@crej.com.

For editorial content, please contact Michelle Askeland at 303-623-1148 ext. 104 or maskeland@crej.com.

RETAIL PROPERTIES QUARTERLY

Colorado's Only Shopping Centers Publication

While the Colorado Real Estate Journal continues to run a retail news section in each issue of the newspaper, Retail Properties Quarterly features the most interesting projects and people, trends and analyses, and covers development, investment, leasing, finance, design, construction and management. The publication is mailed with the Colorado Real Estate Journal newspaper, a 3,500-plus distribution that includes developers, investors, brokers, site selectors, lenders, contractors, architects and property managers.

2021 AD RATES

Full-page	$995
Half-page	$595
Quarter-page	$395

PREPAY DISCOUNT:
Receive a 10% discount for four-time insertion orders prepaid prior to the first issue.

COLOR: Color is available for $200 additional per ad. Color is FREE if you participate in four consecutive issues ($800 value).

AD SPECIFICATIONS

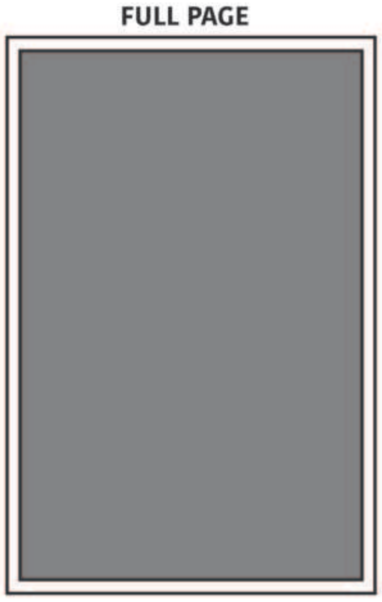
- E-mail a high-resolution, press ready PDF file to Heather Lewis at hlewis@crej.com

- All images within the ad should be 300dpi or greater at full size; All fonts should either be embedded inthe PDF document, or converted to outlines

- Full-color ads should be setup using CMYK process color; **NO SPOT COLORS.** Spot colors should be setup using CMYK build.

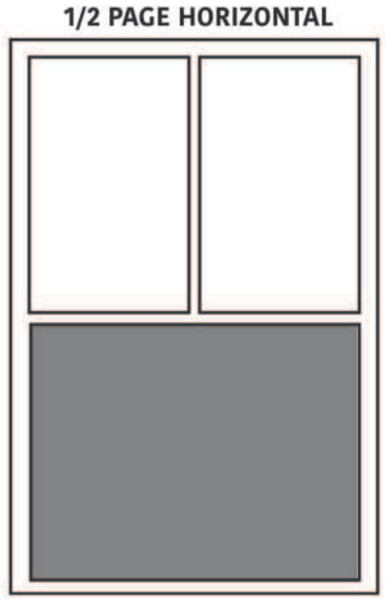
ISSUE DATE	SPACE RESERVATION DEADLINE	MATERIAL DEADLINE
February 17	January 27	February 3
May 19	April 28	May 5
August 18	July 28	August 4
November 17	October 27	November 3

FULL PAGE



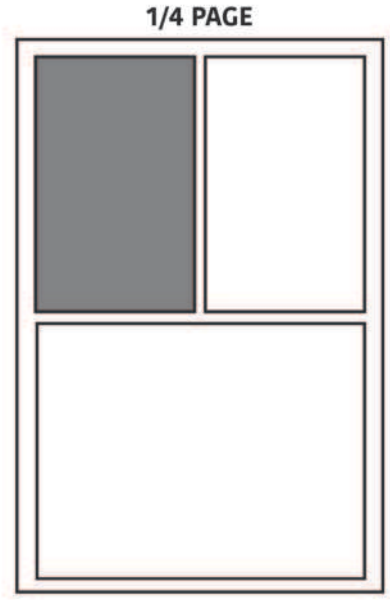
10.25"w x 15.5"h

1/2 PAGE HORIZONTAL



1/2: 10.25"w x 7.25" h

1/4 PAGE



1/4: 5"w x 7.25"h