

COMMERCIAL REAL ESTATE REPORT Q3 2022

Boulder, CO Metro Area

Demographics and Economy

Demographics

-0.4%	34.0%	14.7%	45.8%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-1.5%	8,900	4.5%	-0.6%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$61,408	2.5%	36.3%	34.1%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-69,835	188,884	5.5%	\$35	10.1%
Q3 2021	36,573	-90,791	0.5%	\$33	10.4%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	19,515,089	0	155,100	\$74,475,400	6.7%
Q3 2021	19,359,989	0	122,151	\$211,893,152	6.7%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	440	976	5.6%	\$1,932	\$1,917	6.4%
Q3 2021	53	922	11.6%	\$1,830	\$1,812	5.9%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	19,617	490	1,147	3.9%		
Q3 2021	18,470	368	368	3.9%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. Despite weaker conditions, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	80,540	29,052	5.3%	\$24	5.9%
Q3 2021	-90,886	-211,346	3.1%	\$23	6.1%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	17,731,369	5.9%	\$24,085,032	\$322	
Q3 2021	17,731,269	6.1%	\$14,343,000	\$181	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	234,479	272,951	7.0%	\$14	7.7%
Q3 2021	329,369	-133,485	6.0%	\$13	7.5%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	28,634,006	195,127	348,833	6.5%	\$93,369,784
Q3 2021	28,285,173	-48,479	46,729	6.4%	\$59,559,700

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Colorado Springs, CO Metro Area

Demographics and Economy

Demographics

0.8%	32.4%	11.0%	51.5%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

2.2%	8,700	2.8%	3.3%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$53,115	3.5%	18.0%	40.5%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-106,069	82,818	3.7%	\$23	9.6%
Q3 2021	398,126	2,705	3.2%	\$22	9.7%

	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	30,511,407	0	53,511	\$25,864,210	8.2%
Q3 2021	30,457,896	400,985	332,923	\$197,915,792	8.2%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	29	235	4.9%	\$1,456	\$1,447	8.3%
Q3 2021	-159	1,167	13.5%	\$1,388	\$1,383	5.8%

	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate
Q3 2022	47,019	556	1,474	4.4%
Q3 2021	45,545	193	722	4.6%

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	8,195	545,064	5.3%	\$19	4.3%
Q3 2021	248,269	412,944	3.3%	\$18	5.2%

	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF
Q3 2022	43,958,878	6.9%	\$90,417,912	\$271
Q3 2021	43,786,605	7.3%	\$95,494,496	\$151

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-196,720	-503,283	7.0%	\$10	5.4%
Q3 2021	4,436,516	4,761,236	7.1%	\$10	3.9%

	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	41,865,886	65,346	152,835	7.4%	\$69,628,184
Q3 2021	41,713,051	4,305,600	4,467,783	7.4%	\$68,691,776

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Denver-Aurora-Lakewood, CO Metro Area

Demographics and Economy

Demographics

0.1%	34.9%	-0.7%	50.2%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-1.8%	54,400	3.6%	4.6%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$65,890	3.2%	27.5%	47.0%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. Despite weak conditions, rent prices rose faster than nationwide. However, vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	-742,053	-525,709	1.3%	\$29	14.8%
Q3 2021	256,725	-3,164,146	0.2%	\$29	14.2%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	182,415,790	181,687	578,884	\$548,786,240	7.0%
Q3 2021	181,836,906	273,003	1,896,768	\$1,109,581,440	7.0%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
Q3 2022	983	6,092	5.1%	\$1,808	\$1,794	6.6%
Q3 2021	2,622	12,228	12.5%	\$1,719	\$1,710	5.8%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	274,591	2,005	8,699	4.2%		
Q3 2021	265,892	3,380	8,003	4.2%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	234,672	962,617	3.7%	\$25	4.5%
Q3 2021	524,702	365,279	2.7%	\$24	5.0%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	158,713,467	6.1%	\$413,766,304	\$424	
Q3 2021	158,497,294	6.2%	\$434,464,352	\$236	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. Despite strong conditions, rent prices rose slower than nationwide and vacancy rate is higher in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	1,969,003	11,628,482	7.8%	\$11	5.3%
Q3 2021	1,947,789	3,208,905	5.3%	\$11	6.3%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	269,213,890	3,069,588	9,396,929	6.0%	\$375,900,256
Q3 2021	259,666,961	934,503	5,604,151	5.9%	\$485,223,648

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, USPS, CoStar

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