

Draft Report

Northwest Superior Market Assessment

The Economics of Land Use



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Town of Superior, Colorado

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1. Project Overview and Summary of Findings

Project Overview

The Town of Superior is currently conducting focused planning and community engagement for Northwest Superior, which includes Original Town and the Superior Marketplace shopping center. The purpose of the planning process is to take a proactive look at the future of Northwest Superior in order to guide future growth in a way that is consistent with community values. This market assessment was desired to:

- Inform discussions regarding the types of uses and development the market will support for Northwest Superior as a whole;
- Place a specific focus on the Superior Marketplace, with the intention to:
 - Identify what steps could be taken to reduce vacancies and business turnover in the near-term;
 - Explore what types of uses would be most viable if steps were taken to encourage a more transit-oriented pattern of development over time; and
 - Ensure that future uses in the Superior Marketplace complement (vs. compete with) Downtown Superior.

This report contains a summary of market conditions and a summary of findings regarding future opportunities for the Superior Marketplace. The findings will be used to guide the development of the subarea plan. The report contains an overview of demographic and economic trends impacting the Superior market, an analysis of retail market conditions and future demand for retail at the Superior Marketplace, and an overview of market conditions for office and residential uses.

Figure 1. Northwest Superior Planning Area



Summary of Findings

1. *The Superior Marketplace is an essential element of the Town of Superior's fiscal health and maintaining the current anchor retailers should be a primary objective for the planning process.*

The Superior Marketplace and its major retail anchors contribute a significant amount of tax revenue to the Town of Superior. Approximately 80 percent of the Town's sales tax revenue is generated at the shopping center. The major anchors at the center (Costco, Super Target, and Whole Foods) are the major destinations and account for a large portion of sales and visitation to the center. Any potential changes to the area should be mindful of the needs of these retailers and should help improve their conditions.

2. *Changes to the retail environment nationally are impacting opportunities for the Superior Marketplace.*

The growth of e-commerce, retail chain store consolidation and closures, and shifting spending preferences and patterns has changed the retail landscape for many communities nationally and locally. The number of large, brick and mortar retailers has decreased in the past decade significantly and existing retailers are consolidating store locations to the most central and attractive outlets and changing store formats to match with new conditions. The retail sector has bi-furcated into retailers focused on low-cost and convenience and retailers providing more of locally/sustainable made, higher-quality goods with an experience-oriented retail environment. The impact of experience in the retail sector has been coupled with a growing presence of restaurants, bars, and entertainment venues as components of retail centers.

3. *The US-36 Corridor is evolving from a retail space standpoint and there is a limited amount of future growth potential in the trade area.*

The amount of retail space along the US-36 corridor is largely sufficient to serve the needs of the existing residents around it. Older centers and areas that have lost major retail anchors have looked to alternative uses to help bolster demand and reinvent areas as finding tenants to replace large, vacant spaces has been difficult. Despite a significant amount of infill housing development in communities along US-36 (Superior, Louisville, Lafayette) the majority of new housing growth has occurred in eastern portions of Broomfield along the I-25 corridor and in the City of Boulder, which has shifted retail growth to these areas over the past 10 years. Growth in the regional trade area for the Superior Marketplace (5-mile radius) is only estimated to generate demand for 232,000 new square feet of retail space by 2027.

4. *The Superior Marketplace would benefit from investments and improvements in access, circulation, and way-finding in the near term.*

The layout of the Superior Marketplace is challenging for shoppers and retailers. The center functions like two separate centers as it is bisected by Marshall Road and the distance between its major anchors and inline retail spaces. To address the layout challenges, the Town could work with the property owners and businesses to identify potential changes to access and circulation that increase visibility to retail spaces and improve access to the separate concentrations of retail. The Town could also help improve the signage and way-finding in the area for automobiles and also pedestrians and bicyclists. The center lacks adequate way-finding for retailers aside from signage on the buildings.

5. *The Superior Marketplace could benefit from the introduction of new uses and activity in the center over the long term.*

Additional growth in the employment and housing base is needed to increase retail demand in the area and increase the attractiveness of the Superior Marketplace for potential tenants. New uses will help to support the existing Superior Marketplace retailers increasing activity and visitation at the center overall and for a longer period of the day. The access and proximity to the RTD Flatiron Flyer BRT stop offers an amenity that doesn't exist in many other areas along the corridor. The Superior Marketplace could benefit from reconfiguration of portions of the retail center to create more attractive retail spaces as part of mixed-use development. Multifamily residential is the most feasible use to add to Superior Marketplace in the short-term. Office and hotel uses may also be attracted to the visibility/access to US-36 offered by Superior Marketplace but will likely need more activity within Superior Marketplace to attract interest. Significant changes to the Superior Marketplace should be focused on increasing access and visibility to the existing retail anchors, increasing the attractiveness of the center to increase visitation, and to introducing new uses that can support the retailers. Reconfiguration of the center may result in new retail space being added to the center, but the amount of net new retail space created should be limited.

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2. Demographic and Economic Framework

This section provides an overview of the demographic and economic conditions within the Town of Superior and the surrounding area. Population, household and employment trends are documented to set the context for the real estate market.

Population and Households

The Town of Superior has a population of 13,189. The Town experienced significant growth in the 1990's and early 2000's growing by more people (3,451 or 345 annually) than its neighboring communities in Boulder County from 2000 to 2010. Since 2010, the Town's population growth has slowed, growing by 101 people annually and annual rate of 0.8 percent, as shown in **Table 1**. Superior's neighboring communities (Louisville, Lafayette, Boulder, Broomfield and Erie) have all grown at faster rates and by more residents. The City of Boulder and City/County of Broomfield have grown by the most people since 2010 with 11,124 and 13,028 new residents respectively.

Table 1. US-36 Corridor Cities and Towns Population, 2000 to 2017

Population	2000	2010	2017	2000-2010			2010-2017		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
US-36 Corridor Cities/Towns									
Superior	9,032	12,483	13,189	3,451	345	3.3%	706	101	0.8%
Boulder	95,197	97,525	108,649	2,328	233	0.2%	11,124	1,589	1.6%
Louisville	19,213	18,385	20,570	-828	-83	-0.4%	2,185	312	1.6%
Lafayette	23,283	24,452	28,650	1,169	117	0.5%	4,198	600	2.3%
Erie	6,604	18,025	22,533	11,421	1,142	10.6%	4,508	644	3.2%
US-36 Corridor Counties									
Boulder County	269,713	294,567	328,355	24,854	2,485	0.9%	33,788	4,827	1.6%
Broomfield County	39,332	55,889	68,917	16,557	1,656	3.6%	13,028	1,861	3.0%

Source: ESRI; Economic & Planning Systems
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The Town of Superior has 4,645 households, as shown in **Table 2**. Superior added 149 households since 2010, which is significantly less than the 1,103 households added from 2000 to 2010. The communities to Superior are growing at greater rates since 2010 than Superior, especially Boulder and Broomfield, which was noted above. The Downtown Superior development has entitlements of up to 1,400 units and represents one of the larger development projects in the Town of Superior and the surrounding area. Currently, approximately 100 homes have been built or are under-construction in Downtown Superior.

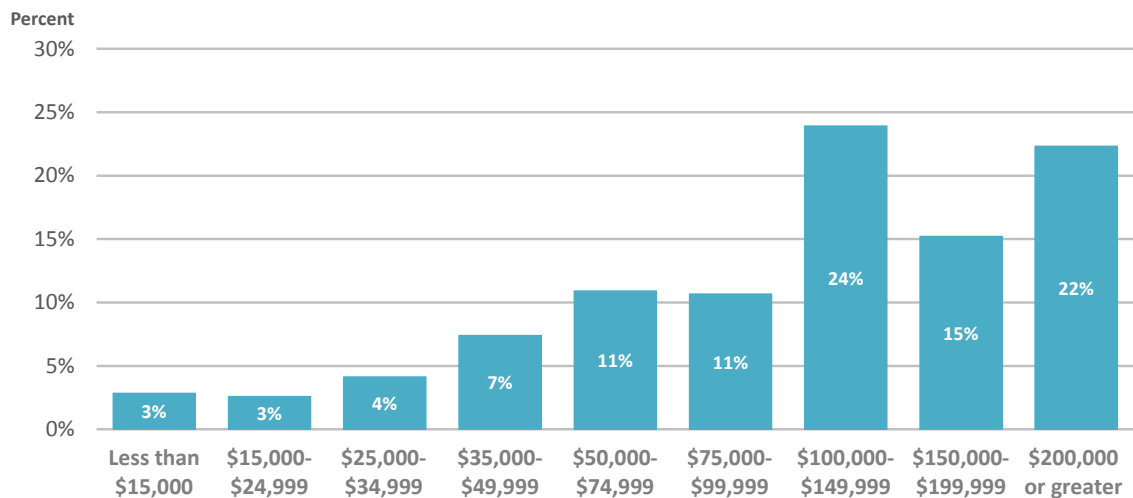
Table 2. US-36 Corridor Cities and Towns Households, 2000 to 2017

Households	2000	2010	2017	2000-2010			2010-2017		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
US-36 Corridor Cities/Towns									
Superior	3,393	4,496	4,645	1,103	110.3	2.9%	149	21	0.5%
Boulder	39,770	41,359	45,345	1,589	158.9	0.4%	3,986	569	1.3%
Louisville	7,379	7,540	8,441	161	16.1	0.2%	901	129	1.6%
Lafayette	8,815	9,631	11,148	816	81.6	0.9%	1,517	217	2.1%
Erie	2,292	6,259	7,735	3,967	396.7	10.6%	1,476	211	3.1%
US-36 Corridor Counties									
Boulder County	106,495	119,300	131,415	12,805	1280.5	1.1%	12,115	1,731	1.4%
Broomfield County	14,233	21,414	26,558	7,181	718.1	4.2%	5,144	735	3.1%

Source: ESRI; Economic & Planning Systems
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Town of Superior households have above average incomes for the region. The average household income in the Town of Superior is \$149,000 and the median household income is \$118,000. Sixty-one percent of households have an average household income of over \$100,000, as shown in **Figure 2**.

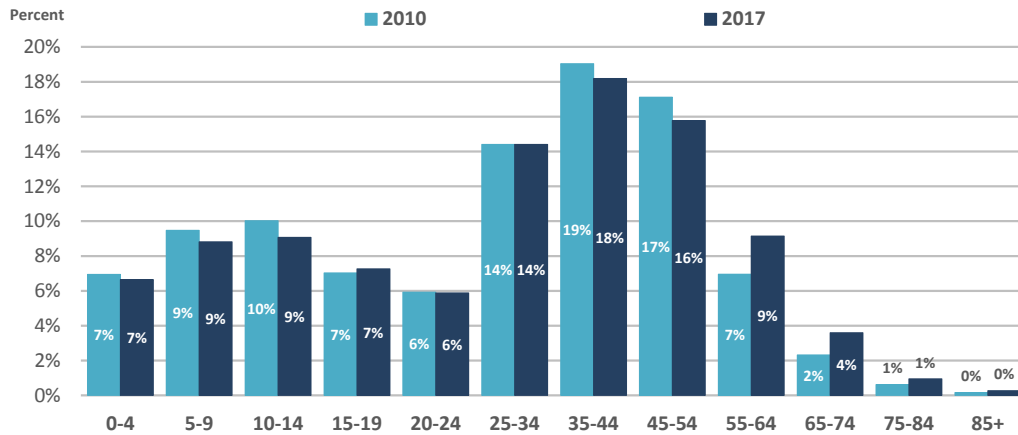
Figure 2. Superior Households by Income Cohort, 2017



Source: ESRI; Economic & Planning Systems
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Nearly half of Superior residents are between the age of 25 and 54, as shown in **Figure 3**. The median age in the community is 33 years old. Superior has experienced growth the percent of residents only in age cohorts 55 years and older while the younger cohorts have decreased in their share of the population since 2010. The shift to a greater percentage of older residents is attributed to the slower rate of new housing growth in the Town since 2010 and the aging of existing residents.

Figure 3. Superior Residents by Age Cohort, 2010 and 2017



Source: ESRI; Economic & Planning Systems
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The demographic composition of Superior versus the surrounding region is shown in **Table 3**. Radii of three and five miles around Superior were used to assess the demographic composition of the typical retail trade areas for the Town for community level (3 miles) and regional level (5 miles) retailers and retail centers. The larger radii approximate the potential shed of consumers that can be attracted to Superior for their primary shopping needs. Within three miles of Superior there is a population of 56,000. The population within five miles is 186,000. Superior generally has residents and households that are more affluent, more likely to be in the workforce and more likely to be a family household. However, the areas around Superior are still generally more affluent than the average for the Denver Metro Area.

Table 3. Superior and Surrounding Area Demographic Composition

Description	Superior	3-Mile Radius	5-Mile Radius
Population	13,189	56,015	185,967
Households	4,645	22,388	73,246
Avg. Household Size	2.8	2.5	2.5
Households with Children under 18 ¹	2,169	7,456	21,351
Percent of Family Households	70.6%	64.9%	63.3%
Avg. Household Income	\$149,284	\$118,714	\$113,102
Median Household Income	\$118,487	\$90,674	\$84,887
Median Age	33.7	37.7	37.7
Median Housing Value	\$461,432	\$392,173	\$380,360
Population in Labor Force	79.1%	73.8%	70.3%
Occupations			
Management/Business	26.6%	21.3%	20.1%
Sales/Office	17.2%	20.2%	20.9%
Education			
Bachelor's	40.1%	36.2%	34.4%
Master's Plus	39.1%	28.8%	26.1%

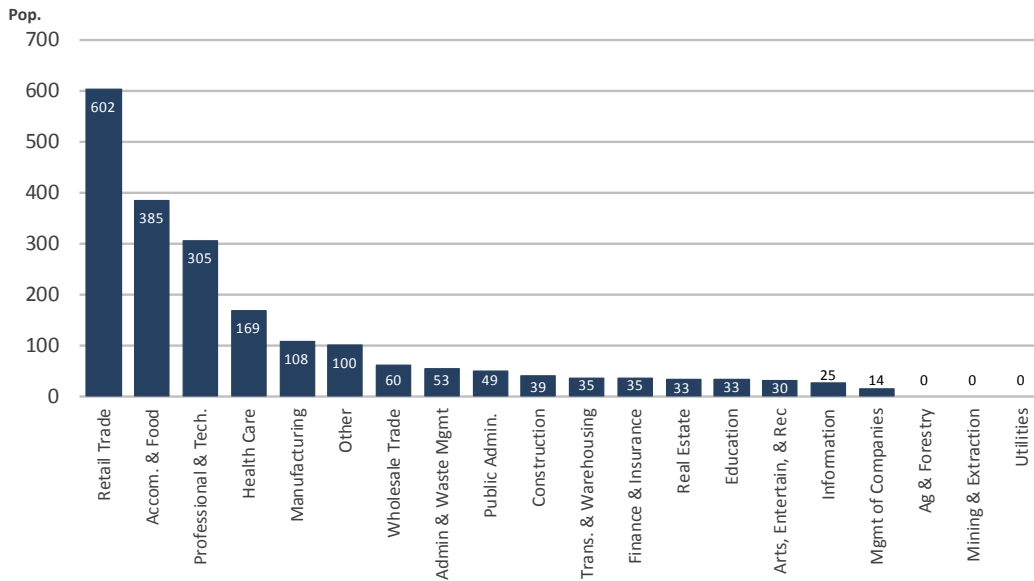
¹ACS 2015

Source: ESRI; Economic & Planning Systems

Employment

Superior is largely a bedroom community with a small employment base. Total employment in the Town of Superior was 2,075 in 2015. The largest industries in the Town are Retail Trade, Accommodations and Food Service, and Professional Services. Retail trade and accommodations and food service jobs account for nearly half of employment with many of these jobs located at the Superior Marketplace. Superior does have a small concentration of professional services jobs (305), which occupy primarily the office space in the Town and some retail spaces with service providing businesses. The larger 3-mile trade area has much larger employment base with approximately 20,000 jobs located within 3 miles of Superior Marketplace.

Figure 4. Superior Employment by Industry, 2015



Source: LEHD; Economic & Planning Systems

The Town of Superior has a small portion of residents that live and work in the Town. Three percent of residents live and work in Superior. There are 229 residents (2015 US Census LEHD estimate) that live and work in the community account for 11 percent of the employment base, as shown in **Table 4**.

Table 4. Inflow and Outflow of Residents and Workers in Superior, 2015

Description	Total	Percent
Labor Force		
Resident and Employed in Superior	229	3.4%
Resident in Superior, but work elsewhere	6,504	96.6%
Total Residents in Superior	6,733	100.0%
Employment		
Resident and Employed in Superior	229	11.0%
Empolyed in Superior, but live elsewhere	1,846	89.0%
Total Employees in Superior	2,075	100.0%

Source: LEHD; Economic & Planning Systems

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3. Retail Market

This section summarizes the retail market conditions and demand for Superior Marketplace. Included in this section is a summary of national retail trends, local retail conditions, a comparison of retail demand to existing and planned retail space, and a case study analysis of comparable retail centers in the region.

National Trends

The retail industry has shifted greatly over the last 10 to 15 years, impacted by the growth of internet sales, declining brick and mortar store sales, retail chain consolidations, and demographic shifts and preferences. Collectively, these trends are impacting store sizes and reducing the overall demand for new retail space locally and nationally.

- **The Rise of E-Commerce** - Between 2001 and 2015, total online retail purchases (excluding auto related) grew from approximately \$29 billion to \$310 billion, an 18.4 percent annual growth rate. Online sales accounted for 22 percent of total retail sales growth. During the same period, brick and mortar stores grew at a 3.7 percent annual growth rate, decreasing their share of the total retail market from 98 percent to 89 percent. Despite still accounting for only 11 percent of overall spending, the growth in online shopping is impacting the demand for traditional brick and mortar stores. This also affects the way retailers are doing business, pushing them to alter store formats and incorporate online sales and marketing into their business concepts. The list of top online retailers reinforces this point as many have a significant brick and mortar presence as well. This group includes such major retailers as Walmart, Target, Home Depot, Best Buy, and Bed Bath & Beyond.
- **Spending Patterns** - Changes in spending patterns are also affecting the amount and mix of retail space. Millennials, who are highly mobile, are less likely to accumulate furniture and home furnishings and other large, high cost items. They are also more interested in experiences, emphasizing travel and entertainment. However, they still like the experience of shopping but in more experience-oriented retail areas and/or with retailers that match with their lifestyle. Their spending patterns are similar to the boomer generation who has already purchased much of the goods they need and are downsizing their homes and accumulated items. Boomers are also spending more of their income on travel, leisure, entertainment, and dining out.
- **Changing Retail Mix** - These changes in spending patterns are impacting the mix of retail space in aggregate as well as within individual districts, corridors, and centers. The restaurant, bar, and microbrewery segment has grown rapidly and new food and beverage formats have been introduced (e.g., food

halls and market halls, farm to table restaurants, and food trucks). These market/food hall establishments (metro area examples include Denver Central Market, The Source, and Avanti in Denver and Stanley Marketplace in Aurora) focus on creating a community atmosphere with shared eating and common spaces and a variety of food options and small format retail options. In contrast, the growth of shoppers' goods store space (general merchandise, apparel, furniture, and other shoppers' goods) is flat or declining, as exhibited by numerous store closures by Macy's, JCPenney, Sears, and Kmart.

- **Store and Chain Consolidation** - Over the past five years, there have been nearly 200 retail chain bankruptcies. In 2017, CNN Money reported that there were 5,300 store closing announcements through June 20 compared to 6,200 in 2008 during the Great Recession—the worst year so far for store closings. There are fewer stores in the market now, making it more difficult to find tenants for new retail developments. Vacancies are increasing nationally as large blocks of space are vacated by store brands that no longer exist.

These trends are manifesting themselves within Superior and the region. The impact of E-commerce and store consolidations are evident in the loss of anchor stores in along the US-36 Corridor in Superior (Sports Authority), Louisville (Sam's Club), and Broomfield (Best Buy and Great Indoors). Going forward the trends in retail are placing a greater priority on more experience-oriented retail and adapting to changing technologies.

Existing Retail Conditions

Regional Conditions

The shifts in household growth patterns in the Boulder/Broomfield area are impacting spending patterns. As illustrated in the population and household growth data presented above, there has been significant growth in the City of Boulder and City/County of Broomfield. At the same time, the communities along the US-36 Corridor (Superior, Louisville, and Lafayette) continue to grow but at a lower rate and by less amounts than their neighbors.

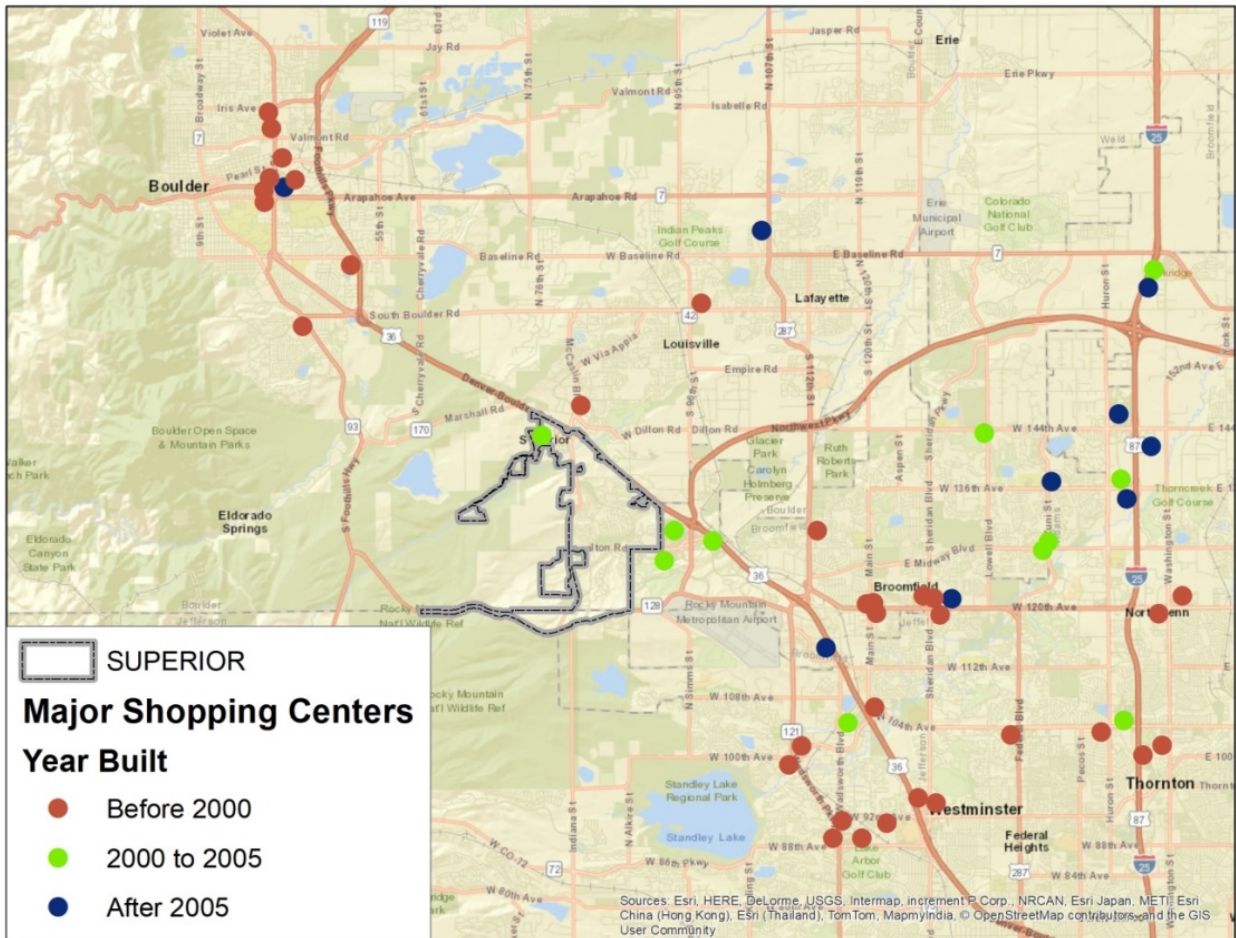
Retail centers along US-36 Corridor are evolving as anchor retailers have closed/relocated. The development of new major retail centers and anchor retailers has shifted to Boulder and the north I-25 corridor. **Figure 5** shows the major retail centers built in the region split by centers built before 2000, from 2000 to 2010 and from 2010 on. While the US-36 corridor attracted major developments in the 1990's and early 2000's, recent growth has shifted to where household growth is more robust. Given the large amount of conserved open space in Boulder County and the lack of growth opportunities within the US-36 corridor, the regional retail trade area is not likely to match growth of other northern Denver Metro Area communities over the next 10 years.

The loss of anchor retailers in centers along the US-36 Corridor, as well as elsewhere in Colorado and nationally, has retail center owners identifying other uses and strategies to attract shoppers. The centers along the US-36 corridor that have lost major anchors are identifying strategies for reuse and redevelopment.

- The former Westminster Mall was acquired by the City of Westminster and is being redeveloped as a new downtown area for Westminster including one remaining mall anchor, JCPenney’s.
- Flatiron Marketplace has been acquired by Kroenke Development which intends to replace the former retail power center with 500 apartments and ancillary food and beverage space.

In addition to these larger redevelopments, other vacant large box anchors are being re-tenanted in a variety of forms—from increasing entertainment attractions (movie theatre, gaming establishments, restaurants and bars) to health-oriented uses (fitness centers, yoga studios) to multifamily housing to even civic amenities (plazas/parks, recreation centers).

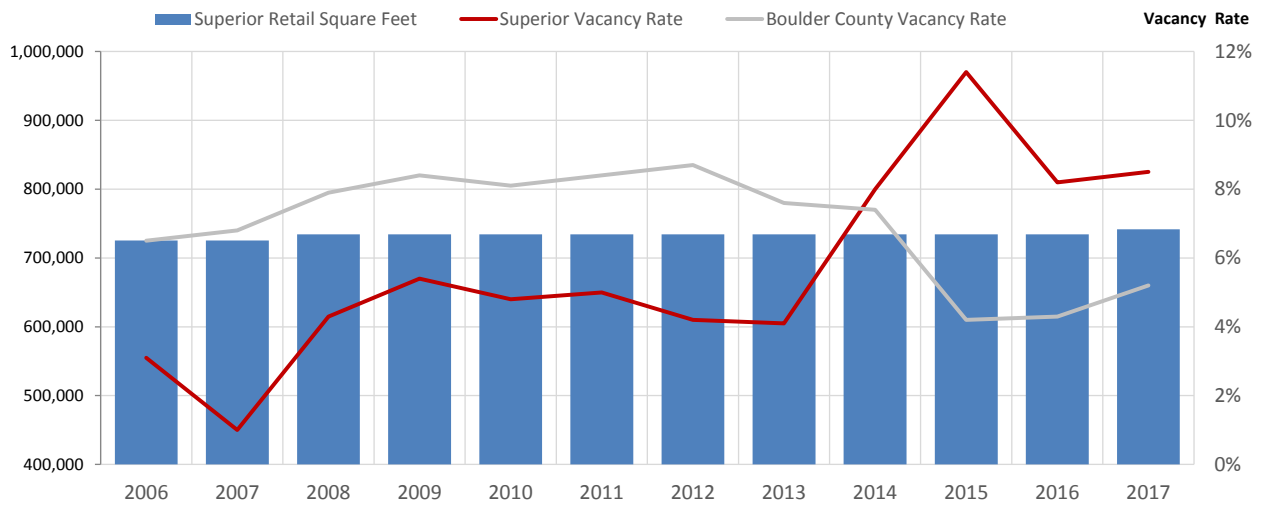
Figure 5. North Denver Metro Area Major Retail Centers by Year Built



Local Conditions

The Town of Superior has a retail inventory of 742,000 square feet of retail space. Within the Town of Superior, there has been little retail space added (less than 20,000) to the Town over the past decade. Vacancy rates of retail space in Superior had been lower than elsewhere in Boulder County until recent years (2014 to current), as shown in **Figure 6**. The 2017 vacancy rate for the Town of Superior was over 8 percent while the rate for the County is around 5 percent. The loss of the Sports Authority was a major contributor to this vacancy over the last two years. The recent lease of this 40,000 square foot space to two users, Stickley Furniture and Goldfish Swim School, will reduce the Town’s vacancy rate to an estimated 2.7 percent in 2018 (annual 2018 data not available at this date). Average rental rates for retail space in Superior are \$18 per square foot (NNN) and match closely with the Boulder County average and surrounding areas.

Figure 6. Superior and Boulder County Retail Inventory and Vacancy, 2006 to 2017



Source: CoStar, Economic & Planning Systems

The Superior Marketplace shopping center was built in 2000 is the largest retail center in Superior. The Superior Marketplace is essential to the fiscal health of the Town of Superior as it contributes 80 percent of the Town’s sales tax revenue. The sales tax collected in the Town has grown at an annual rate of 1.6 percent annually since 2013. Sales tax collected at the Superior Marketplace has grown at 1.8 percent annually since 2013, outpacing sales growth for the Town as a whole.

The 622,000 square foot Superior Marketplace shopping center is anchored by Super Target, Costco, Whole Foods, and TJ Maxx, as shown in **Figure 7**. The center currently has approximately 60,000 square feet of vacant retail space, which accounts for 9.5 percent of the center. The vacant Sports Authority store is 40,000 square feet and accounts for the majority of the vacant space in the center. Fortunately, the pending re-lease of this space will reduce the vacancy to approximately 3 percent overall. However, having to split the single space into two spaces and filling a portion with a lower sales tax generating use (i.e. Goldfish Swim School) illustrate the challenges with losing larger anchors.

The Superior Marketplace is over 64 acres in size (excluding public right-of-way). Marshall Road (State Highway 170) bi-sects the retail center into two separate areas. There are three areas with strips of small, in-line retail spaces. Two of the inline strips are on the south portion of the center with one near Super Target and one near Whole Foods. The third area is along Center Drive at the intersection with Marshall Road in the middle of the center, which is not near any anchor stores. These in-line strips have on-going turnover of stores, especially the areas along Center Drive. There are three remaining, un-built pad sites. One of the sites is been owned by Ethan Allen and the retailer has begun construction on a new store there. The other two pad sites are along Marshall Road near US-36. One parcel, Parcel A, sits on the west side of Marshall Road next to the under-construction Ethan Allen, and the other parcel, Parcel B, is on the east side of Marshall next to the RTD Flatiron Flyer BRT stop, pedestrian bridge and park lot and a Panda Express.

Superior Marketplace is hampered by some layout, design and access. The portion of the center along Center Drive is a significant distance from any anchor retailers and suffers from the lack of co-locating next to an anchor and the fact that not all traffic accessing Super Target and Costco uses Center Drive to access these stores. The center functions like two separate centers (one center around Whole Foods and the second around Super Target and Costco). Between these two centers are a large parking field and Marshall Road, which divides activity at the center and limits ability to quickly access multiple stores in one trip. Access to the center from Marshall Road is confusing, splitting the center; and the typography shift from the east and west slides also contributes to perception of separate operating components. The center has attractive vegetation around it but some of it is overgrown and often blocks visibility for store signage and access. Compounding on that, the signage and way-finding in and around the center is limited. Addressing these site design challenges can help increase the attractiveness of the center, specifically the inline retail stores.

Figure 7. Superior Marketplace



Retail Center Case Studies

Case studies of three comparable retail centers to the Superior Marketplace in the region were completed to illustrate the attributes that these centers and surrounding areas have compared to the Superior Marketplace. The three retail centers analyzed were the Village at the Peaks in Longmont, the Shops at Walnut Creek in Westminster, and the Orchards Town Center in Westminster.

- **Village at the Peaks, Longmont** – The Village at the Peaks is a recent redevelopment (2015) of the vacant Twin Peaks Mall to a lifestyle retail center in southwestern Longmont. The retail center is anchored by the Regal Village at the Peaks 12, Whole Foods Market, and Gold’s Gym. The center also is surrounded by adjacent anchors including Target, Kohl’s, Sam’s Club. The redeveloped center has a main street component with a small centralized gathering place/plaza surrounded by retail and restaurant uses. A BRT station is planned next to the Village at the Peaks as part of the proposed BRT line from Boulder to Longmont, but it lacks existing high-capacity/frequency transit service.
- **Shops at Walnut Creek, Westminster** – The Shops at Walnut Creek is a power retail center built in 2005 at the intersection of US-36 and Church Ranch Blvd. The center is anchored by Super Target and TJ Maxx. The center primarily consists of retail and restaurant uses but in the surrounding area there are several other anchors/attractions that drive a diverse visitor shed. The other anchors include AMC Westminster Promenade, Dave and Busters, Butterfly Pavilion, Ice Center at the Promenade, and the Westin Hotel and Conference Center. There is a Flatiron Flyer BRT station located next to the retail center like the Superior Marketplace but does not have dedicated parking within the center for the BRT line.
- **Orchard Town Center, Westminster** – The Orchard Town Center is an outdoor regional mall built at the intersection of I-25 and 144th Avenue. The center is anchored by Macy’s, JCPenney, AMC Orchard 12, Super Target, and Life Time Fitness. The center also has an outdoor component with a pedestrian street and central plaza and is adjacent to the St Anthony’s North Hospital. The center is not served by high-capacity/frequency transit service.

To illustrate the differences in market context for these centers demographic data for a 5-mile trade area (typical trade area for a regional shopping center similar to Superior Marketplace) was collected and the mixture and amount of uses within a ½ mile of the retail centers was inventoried.

The 5-mile trade area around the Superior Marketplace has a population of 95,114, as shown in **Table 5**. The population within the Superior Marketplace trade area is smaller than the three other centers. The trade area population for the Village at the Peaks is about the same as the Superior Marketplace. The centers all have similar household incomes with Superior having the highest average household income within the trade area.

Table 5. Demographics within 5-Mile Radius of Retail Centers, 2018

Description	Superior Marketplace	Village at the Peaks	Shops at Walnut Creek	Orchard Town Center
Population	95,114	105,215	279,542	185,625
Households	38,724	39,997	107,943	65,864
Average Household Income	\$120,284	\$96,831	\$90,246	\$109,333
Median Household Income	\$87,298	\$71,634	\$69,226	\$87,669

Source: ESRI; Economic & Planning Systems

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The amount and mixture of development around the comparable centers was inventoried and shown in **Table 6**. The Superior Marketplace has a less diverse mixture of uses within a ½ mile of the center than the comparable centers. Retail space accounts for nearly 80 percent of the development in the ½ mile radius, which is the highest among the three. This retail dominance is especially prevalent south of US-36. All of the comparable centers have some level of multifamily housing within a ½ mile and a greater concentration of hospitality and entertainment uses. As well, the total amount of development within the nodes is higher in the three comparable center areas.

Table 6. Inventory of Major Retail Centers

Description	Superior Marketplace	Village at the Peaks	Shops at Walnut Creek	Orchard Town Center
Retail Space SF	622,366	639,166	413,726	977,588
Half-Mile Radius				
Retail SF	1,051,371	1,896,668	782,347	1,082,327
Office SF	289,173	202,052	562,204	152,592
Hotel SF	29,960	409,125	507,451	54,000
Apartment Units	0	88	176	694

Source: CoStar; Economic & Planning Systems

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The analysis of the comparable centers has highlighted two major takeaways for the Superior Marketplace. First, the diversity of uses around the comparable centers is greater than that of the Superior Marketplace. Second, the densities of the trade areas are greater and produce greater expenditure potentials for the three comparable centers. This analysis, coupled with the market conditions analysis above, reinforces the need to diversify the uses in and near the Superior Marketplace to generate more retail demand and diversify the time, number of, and type of people visiting the Superior Marketplace.

The Town of Superior has already taken a major step to increasing the diversity of uses in the area and aiding in generating demand with the addition of the Downtown Superior project. The addition of a significant amount of new residential units, adjacent Sports Barn ice and recreation center, and the greater diversity of uses attracted to the development will increase demand for Superior Marketplace. This development will greatly increase the mixture of uses near the Superior Marketplace and, as seen by the comparable centers, serve as a compliment to the Superior Marketplace even with retail spaces going into Downtown Superior. For the Superior Marketplace specifically, increasing the number of reasons and frequency people visit the center will increase demand and vibrancy. The potential for additional major/anchor retailers is limited especially given the vacant stores on McCaslin Boulevard in Louisville. The introduction of new uses to the center can help create a more diverse mixture of visitors and increase visitation throughout the day.

Retail Demand and Supply

This section compares retail demand from the Town of Superior, as well as from a 3- and 5-mile trade area around Northwest Superior to the competitive supply of retail in these trade areas. The purpose is to identify gaps in retail supply, if they exist. Also provided is an estimate of the future demand for retail space from growth within these three trade areas.

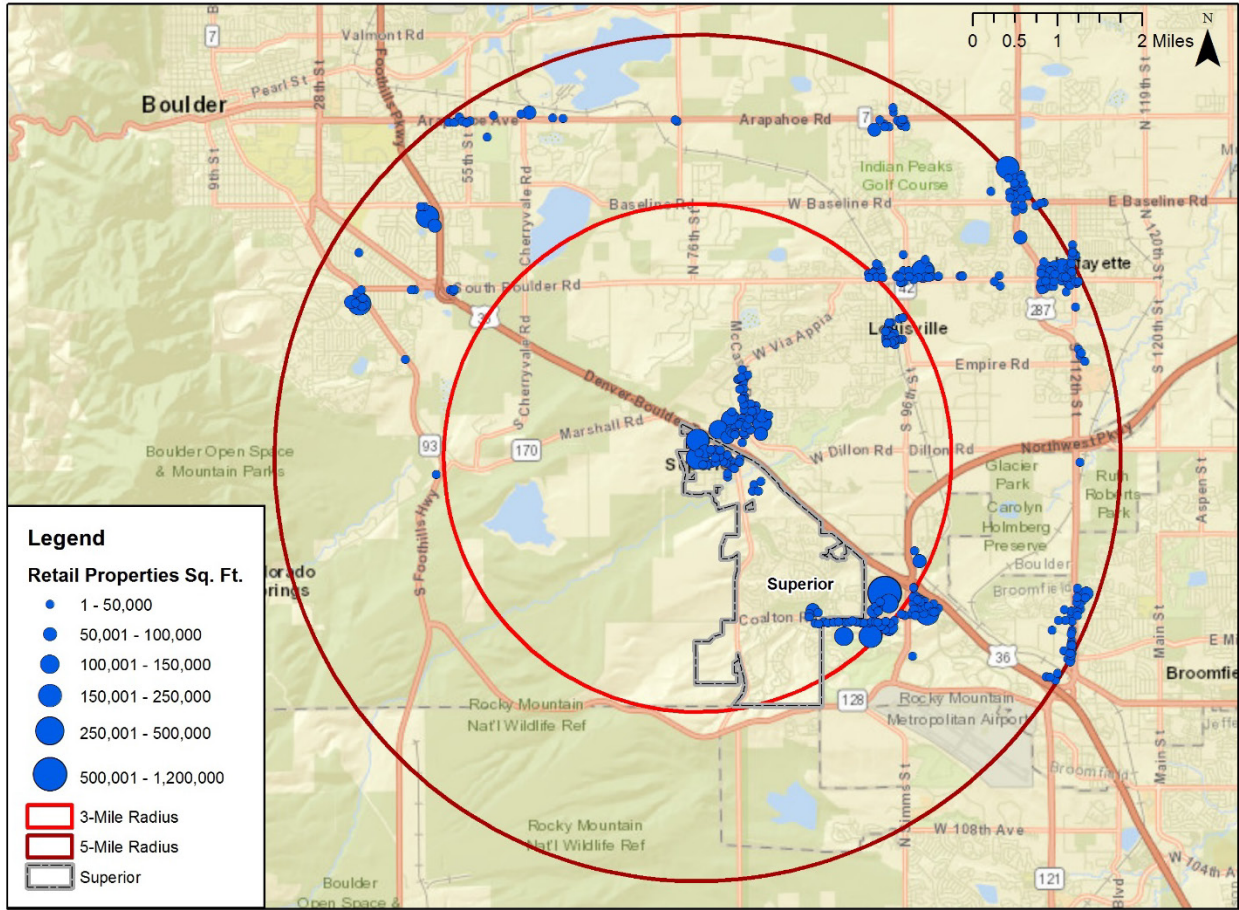
The 3- and 5-mile trade areas were chosen to approximate the retail trade areas for Northwest Superior for community-oriented goods/retailers and regionally oriented goods/retailers. The 3-mile radius for community level goods reflects an approximate trade area served by retailers that provide more locally-oriented, everyday shopping, such as a grocery store. This trade area is typically smaller (approximately 2 miles) in more densely populated area but given the size of Superior, adjacent communities, and locations of open space a larger trade was used. This 5-mile radius represents an approximation of the typical trade area for a regionally-oriented retailer, such as a Super Target. Five miles approximates a 10- to 15-minute drive shed.

Retail Supply

The Northwest Superior subarea and Superior Marketplace are part of a larger concentration of retail space around the intersection of US-36 and McCaslin Boulevard. As shown earlier, there is approximately 1 million square feet of retail in this area (1/2 mile around Superior Marketplace).

At the community retail trade area (3-mile radius) competitive areas include the retailers at and around FlatIron Crossing Mall, Downtown Louisville, and retail at the intersection of South Boulder Road and Highway 42. Within the 3-mile trade area, there is nearly 4 million square feet of retail. The larger regional trade area (5-mile radius) extends into the City of Boulder, captures retail along US 287 within Lafayette and touches the Arista area. This larger 5-mile trade area has over 7 million square feet of retail. Portions of the larger 5-mile trade area from which Superior Marketplace would be competitive in capturing shoppers overlap with the likely trade areas for regional retailer within Boulder and Broomfield (including the I-25 Corridor area).

Figure 8. Retail Properties within a 3- and 5-Mile Radius



Retail Demand

The existing and future demand for retail from the Town of Superior and the 3- and 5-mile trade areas were estimated. The demand is estimated based on the expenditures of households in each trade area. The existing demand from households is compared to the existing retail inventory. Future demand is estimated based on estimated household growth for the trade area. Retail expenditure potentials can be estimated based on the percent of income spent on average by store category as outlined in the steps below.

- Based on the US Census of Retail Trade, the percent of Total Personal Income (TPI) spent by store category is determined using retail expenditure potential by retail NAICS categories that correspond with retail store categories. This calculation estimates expected resident spending patterns.
- The growth in trade area expenditure potential is estimated by the same calculation applied to the estimated growth in TPI by time period. TPI calculations are made in constant dollars.
- The amount of retail space supported by the growth in trade area expenditures is estimated by dividing expenditure potential by average annual sales per square foot estimates for each store category.

The TPI for each trade area from households is estimated by multiplying the number of households by the average household income, as shown in **Table 7**. The future growth for the Town of Superior is estimated to be the 1,400 units that are entitled within the Downtown Superior project, which is expected to have a five to 10-year buildout. The number of new households expected from 2017 to 2027 in the 3- and 5-mile trade areas was estimated using the annual growth rate the areas experienced from 2010 to 2017. The 3-mile trade area grew by 1.3 percent annually during this period, while the 5-mile trade area grew by 1.4 percent annually.

Table 7. Total Personal Income by Trade Area, 2017 to 2027

Retail Trade Areas	2017	2022	2027	Change 2017-2027
Town of Superior				
Households	4,645	5,345	6,045	1,400
Avg. Household Income	<u>\$149,284</u>	<u>\$149,284</u>	<u>\$149,284</u>	==
Total Personal Income	\$693,424,180	\$797,922,980	\$902,421,780	\$208,997,600
3-Mile Radius				
Households	14,046	14,948	15,909	1,863
Avg. Household Income	<u>\$149,284</u>	<u>\$149,284</u>	<u>\$149,284</u>	==
Total Personal Income	\$2,096,843,064	\$2,231,560,051	\$2,374,932,271	\$278,089,207
5-Mile Radius				
Households	38,724	41,476	44,424	5,700
Avg. Household Income	<u>\$87,298</u>	<u>\$87,298</u>	<u>\$87,298</u>	==
Total Personal Income	\$3,380,527,752	\$3,620,779,468	\$3,878,105,702	\$497,577,950

Source: US Census; ESRI; Economic & Planning Systems

The average Colorado household is estimated to spend approximately 35.1 percent of its TPI on retail goods, as shown in **Table 8**. The annual expenditure potential for total retail goods in the Town of Superior is estimated to grow by \$37 million from 2017 to 2027. The expenditure potential for retail goods for the larger 3-mile trade area is expected to grow by \$47 million. The growth in the Town of Superior is estimated to account for much of the growth in this trade area. The 5-mile trade area is estimated to grow in expenditure potential by \$84 million by 2027.

The expenditure potential for each trade area was converted into demand for retail square feet by using average sales per square foot factors. The Town of Superior has a current total demand for retail of approximately 667,000 square feet, as shown in **Table 9**. Demand from the Town residents is expected to grow by approximately 100,000 square feet by 2027. Both the 3- and 5-mile trade areas have estimated demand that is significantly less than the amount of retail in these trade areas, indicating the retailers in these areas capture a fair amount of sales from outside the competitive trade area for Superior. The 3-mile trade area is estimated to have increased demand of 130,000 square feet by 2027 and the 5-mile trade area is estimate to increase in demand by 232,000, which are both modest amounts of future demand.

Table 8. Retail Expenditure Potential by Store Category, 2017 to 2027

Store Type	Retail Sales % TPI (2012)	Town of Superior			3-Mile Radius			5-Mile Radius		
		2017 (\$000s)	2027 (\$000s)	Change 2017-2027 (\$000s)	2017 (\$000s)	2027 (\$000s)	Change 2017-2027 (\$000s)	2017 (\$000s)	2027 (\$000s)	Change 2017-2027 (\$000s)
Total Personal Income (TPI)	100%	\$693,424	\$797,923	\$104,499	\$2,096,843	\$2,231,560	\$134,717	\$3,380,528	\$3,620,779	\$240,252
Convenience Goods										
Supermarkets and Other Grocery Stores	6.9%	\$47,979	\$55,210	\$7,230	\$145,085	\$154,406	\$9,321	\$233,906	\$250,529	\$16,624
Convenience Stores (incl. Gas Stations) ¹	2.0%	\$13,725	\$15,793	\$2,068	\$41,502	\$44,169	\$2,666	\$66,910	\$71,665	\$4,755
Beer, Wine, & Liquor Stores	1.1%	\$7,466	\$8,591	\$1,125	\$22,577	\$24,028	\$1,451	\$36,399	\$38,986	\$2,587
Health and Personal Care	1.7%	\$11,550	\$13,290	\$1,741	\$34,925	\$37,169	\$2,244	\$56,306	\$60,307	\$4,002
Total Convenience Goods	11.6%	\$80,720	\$92,885	\$12,164	\$244,089	\$259,771	\$15,682	\$393,520	\$421,487	\$27,967
Shopper's Goods										
General Merchandise										
Traditional Department Stores	0.5%	\$3,517	\$4,047	\$530	\$10,634	\$11,317	\$683	\$17,144	\$18,363	\$1,218
Discount Department Stores and Other	0.9%	\$6,085	\$7,002	\$917	\$18,402	\$19,584	\$1,182	\$29,667	\$31,776	\$2,108
Warehouse Clubs & Supercenters	5.8%	\$40,219	\$46,280	\$6,061	\$121,617	\$129,430	\$7,814	\$196,071	\$210,005	\$13,935
Subtotal	7.2%	\$49,695	\$57,184	\$7,489	\$150,272	\$159,927	\$9,655	\$242,268	\$259,486	\$17,218
Other Shopper's Goods										
Clothing & Accessories	2.2%	\$14,928	\$17,178	\$2,250	\$45,141	\$48,041	\$2,900	\$72,776	\$77,948	\$5,172
Furniture & Home Furnishings	1.2%	\$8,169	\$9,400	\$1,231	\$24,702	\$26,289	\$1,587	\$39,824	\$42,654	\$2,830
Electronics & Appliances	1.1%	\$7,395	\$8,510	\$1,114	\$22,362	\$23,799	\$1,437	\$36,052	\$38,614	\$2,562
Sporting Goods, Hobby, Book, & Music Stores	1.3%	\$8,744	\$10,061	\$1,318	\$26,440	\$28,138	\$1,699	\$42,626	\$45,655	\$3,029
Miscellaneous Retail	1.3%	\$8,948	\$10,297	\$1,349	\$27,059	\$28,798	\$1,738	\$43,625	\$46,725	\$3,100
Subtotal	6.9%	\$48,184	\$55,445	\$7,261	\$145,703	\$155,064	\$9,361	\$234,902	\$251,596	\$16,694
Total Shopper's Goods	14.1%	\$97,879	\$112,629	\$14,750	\$295,975	\$314,991	\$19,016	\$477,170	\$511,083	\$33,912
Eating and Drinking	6.1%	\$42,227	\$48,591	\$6,364	\$127,690	\$135,894	\$8,204	\$205,862	\$220,493	\$14,630
Building Material & Garden										
Total Building Material & Garden	3.3%	\$22,643	\$26,055	\$3,412	\$68,469	\$72,868	\$4,399	\$110,385	\$118,230	\$7,845
Total Retail Goods	35.1%	\$243,468	\$280,159	\$36,691	\$736,223	\$783,524	\$47,301	\$1,186,938	\$1,271,293	\$84,355

¹Convenience Stores w/Gas (44711) are multiplied by 50% to exclude gas sales

Source: 2012 Census of Retail Trade; Economic & Planning Systems

Table 9. Supportable Retail Square Feet, 2017 to 2027

Store Type	Avg. Sales Per Sq. Ft.	Town of Superior		3-Mile Radius		5-Mile Radius	
		Total Supportable Space 2017	New Demand 2017-2027	Total Supportable Space 2017	New Demand 2017-2027	Total Supportable Space 2017	New Demand 2017-2027
Convenience Goods							
Supermarkets and Other Grocery Stores	\$400	120,000	18,000	363,000	23,000	585,000	42,000
Convenience Stores (incl. Gas Stations)	\$400	34,000	5,000	104,000	7,000	167,000	12,000
Beer, Wine, & Liquor Stores	\$300	25,000	4,000	75,000	5,000	121,000	9,000
Health and Personal Care	\$400	29,000	4,000	87,000	6,000	141,000	10,000
Total Convenience Goods		208,000	31,000	629,000	41,000	1,014,000	73,000
Shopper's Goods							
General Merchandise							
Traditional Department Stores	\$250	14,000	2,000	43,000	3,000	69,000	5,000
Discount Department Stores	\$350	17,000	3,000	53,000	3,000	85,000	6,000
Warehouse Clubs & Supercenters	\$500	80,000	12,000	243,000	16,000	392,000	28,000
Subtotal		111,000	17,000	339,000	22,000	546,000	39,000
Other Shopper's Goods							
Clothing & Accessories	\$350	43,000	6,000	129,000	8,000	208,000	15,000
Furniture & Home Furnishings	\$250	33,000	5,000	99,000	6,000	159,000	11,000
Electronics & Appliances	\$500	15,000	2,000	45,000	3,000	72,000	5,000
Sporting Goods, Hobby, Book, & Music Stores	\$350	25,000	4,000	76,000	5,000	122,000	9,000
Miscellaneous Retail	\$250	36,000	5,000	108,000	7,000	174,000	12,000
Subtotal		152,000	22,000	457,000	29,000	735,000	52,000
Total Shopper's Goods		263,000	39,000	796,000	51,000	1,281,000	91,000
Eating and Drinking	\$350	121,000	18,000	365,000	23,000	588,000	42,000
Building Material & Garden	\$300	75,000	11,000	228,000	15,000	368,000	26,000
Total Retail Goods		667,000	99,000	2,018,000	130,000	3,251,000	232,000

Source: 2012 Census of Retail Trade; Economic & Planning Systems

4. Office Market

This section contains a summary of the office market conditions in Superior and the US-36 corridor. A summary of national and local conditions and trends is provided.

National Trends

Nationally, office development is moving away from the single use, suburban office park or corporate campus to more mixed use, centrally located, and often transit-accessible locations in major urban areas. Much of this trend has been driven by shifting preferences from the workforce, especially younger, college educated Millennial-aged workers, who wish to have more access to amenities near work such as shopping, services, and dining. Their choice of place to live is being driven by considerations of quality of life and opportunity for employment. As result, employers are making location decisions to be located centrally to their target workforce and locations that have an attractive quality of life. Other office space trends impacting the development and locations of new space include:

- **More Efficient Office Space** - Businesses are leasing less office space per person than in past years. Technology has reduced the need for space, and new workplace designs are more efficient. Open floor plans and shared spaces are becoming more common. In these settings, workers are freer to move around an office with a laptop and mobile phone. The National Association for Industrial and Office Parks (NAIOP) reported in 2015 that the average office lease size had dropped by approximately 10 percent from 2004 through 2014. Some of the trend in efficiency (more workers per square foot of building area) is driven by cost. Fast growing industries like technology are not necessarily cutting space requirements as they desire spacious and luxurious offices to attract the highest skilled talent. Slower growth industries such as law and accounting are reducing their space requirements to cut costs.
- **Co-Working Space** - Co-working space is a new type of office space in which tenants rent desk(s) space in a space shared with other workers and firms. They are popular with small new firms, which can be in any field including professional services, creative industries, and technology. Tenants have access to conference rooms and shared office equipment (e.g. printers, broadband, reception, etc.). The benefits of co-working space are that they typically have lower tenant finish levels and lower cost than traditional office space and are flexible in that they give a firm a low-cost way to grow from one to a few employees. They also offer, and are marketed for, opportunities for collaboration and knowledge sharing with likeminded people and potential business partners. Some also offer events including networking, speakers, and skill development workshops. Co-working space is popular with entrepreneurs and remote workers. It is becoming more common in major and mid-sized cities but is still a small portion of the total office market.

Local Office Conditions

The Town of Superior is located between to larger office concentrations within the City of Boulder and the Interlocken/Arista area within Bromfield. The City of Boulder has a total office inventory of 12 million square feet of office space, as shown in **Table 10**. While Broomfield's Interlocken and Arista areas total 4.4 million square feet. The City of Louisville also has a sizeable amount of office space with over 1.5 million square feet of space; however much of this space is older, Class B and C office space. The Town of Superior has a total 307,810 square feet of office space in the Town within 8 properties.

The City of Boulder and the Interlocken/Arista area have added new office space in the past seven years. The City's inventory has grown by 750,000 square feet, while the Interlocken/Arista area grew by 300,000 square feet. There has been limited new office added to Louisville and Superior. However, the Superior Medical Center, a 57,600 square foot medical office building, was just built in Downtown Superior and is a significant new addition to the Town.

The Town of Superior has an average lease rate of \$21.31 (full-service), which is higher than its peer areas. This higher than average lease rate is due to the new Superior Medical Center, which is seeking rent of \$25.00 per square foot. The others spaces for lease in Superior are listed for \$18.00 per square foot, which is in line with average rental rates in the region.

Table 10. US-36 Office Market Inventory and Lease and Vacancy Rates

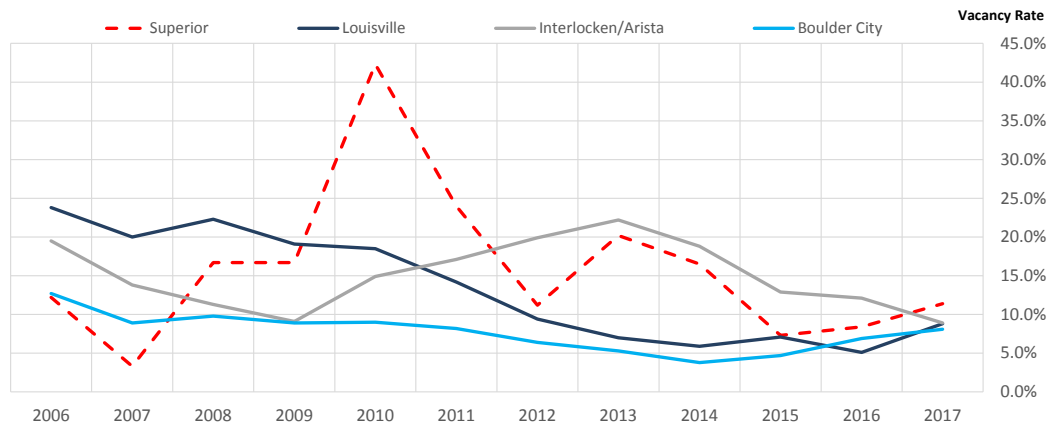
Description	Total Office Sq Ft 2018	New Sq Ft Since 2010	Average Lease Rates (FS per sq ft)	New Construction Average Lease Rate (Since 2010)	Vacancy Rate
Superior	307,810	57,600	\$21.31	\$25.00	11.4%
Louisville	1,570,721	16,755	\$17.17	\$22.25	8.8%
Interlocken/Arista Area	4,423,854	296,039	\$18.21	\$24.00	8.9%
Boulder City	12,050,210	749,188	\$20.57	\$28.39	8.1%
Broomfield City/County	6,859,918	363,413	\$17.36	\$22.25	8.0%
Boulder County	18,039,895	834,756	\$19.02	---	8.6%

Source: CoStar; Economic & Planning Systems

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The office vacancy rate for the Town of Superior is 11.4 percent, which is higher than the vacancy rates in neighboring areas. The vacancy rate is higher due to the new Superior Medical Center, which is still leasing up. The average vacancy rate for the neighboring communities is approximately 8 to 9 percent, which indicates demand as market equilibrium for office uses is typically 10 to 12 percent vacancy. The vacancy rates in the region have been decreasing since 2010 in the area as well, as shown in **Figure 9**. The average vacancy rate in Superior has been more volatile however this due to the relatively small amount of total space in the Town.

Figure 9. US-36 Corridor Office Vacancy Rates, 2006 to 2017



Source: CoStar; Economic & Planning Systems
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The market data in the US-36 corridor indicates potential demand for office in Superior. The vacancy rates in the area are relatively low and have been falling. The lease rates for new office spaces, built after 2010, in the region are near levels needed to support new development. A new office building typically needs to be able to rent space at \$25 per square foot to be feasible. New spaces in Boulder have been able to achieve those rates. As well, the Boulder market has historically been constrained by lack of available sites for larger buildings and higher costs. There is an opportunity to attract tenants from Boulder wanting lower rents and more space, but a building in Superior would have to compete within Interlocken and likely Denver for attracting tenants. New spaces in Superior, Louisville, and Interlocken/Arista have asking rents at or slightly below the estimated \$25 per square foot market but do represent a lower cost option to tenants in Boulder.

The Superior Medical Center will be a good barometer of future demand. If the remaining available space in the building is able to be leased at its asking rent rate (\$25 per square foot) or higher, this would be an indication that additional office space could be feasibly built in the near future. Prospective tenants looking at Superior will be attracted by access and visibility to US-36 and the Flatiron Flyer, which is an attribute the Superior Marketplace provides. However, tenants will want existing space and/or in area with activity and access to amenities. The existing conditions within the Superior Marketplace do not provide the desired environment and amenities. It is not likely that office space will be a feasible use if it is the first alternative use introduced into the Superior Marketplace. Long-term, increased vitality and activity in the center may increase its attractiveness.

5. For-Rent Residential Market

This chapter provides an overview of the apartment market conditions around the Superior Marketplace.

Existing Conditions

The demand in the apartment market along the US-36 corridor has been strong over the past 5 years. Average rental rates for communities along the US-36 corridor are higher than averages for the Denver Metro Area and vacancy rates are low. The average monthly rental rate for apartments in Superior is \$1,779 or \$1.71 per square foot, as shown in **Table 11**. The vacancy rate is 6.5 percent in the Town. The average rate is higher in Superior than its neighbors but Superior has a relatively newer apartment stock and Superior's apartments are primarily in on large complex, Bell Flatirons which has 1,206 units. The average rental rate for new apartments (built since 2010) in the region range from \$1,630 to \$1,830 or \$1.83 to \$1.96 per square foot.

Table 11. Apartment Rental Rates

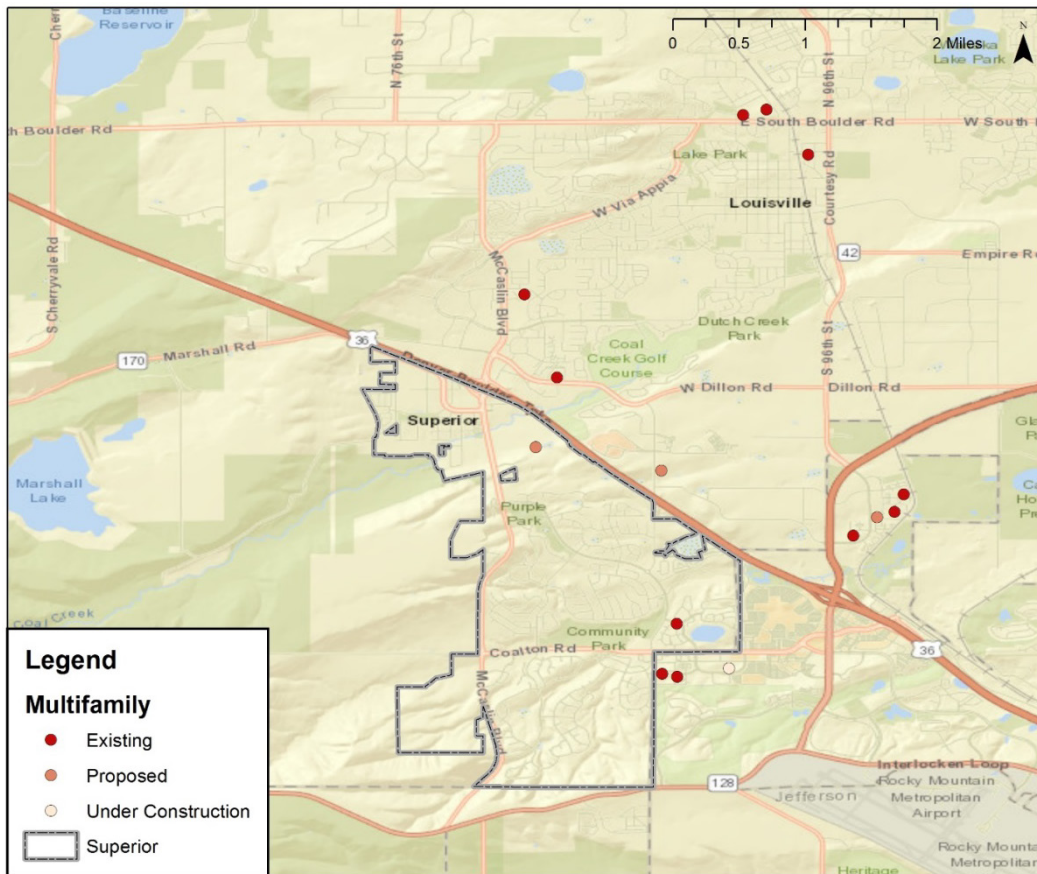
Apartments	Avg. Rental Rate	Avg. Rate per SF	Vacancy
Superior			
All Units	\$1,779	\$1.71	6.5%
Built Since 2010	N/A	N/A	N/A
Louisville			
All Units	\$1,447	\$1.87	10.3%
Built Since 2010	\$1,659	\$1.95	22.4%
Lafayette			
All Units	\$1,251	\$1.45	5.0%
Built Since 2010	\$1,631	\$1.96	4.2%
Boulder			
All Units	\$1,430	\$1.86	5.4%
Built Since 2010	\$1,831	\$1.87	4.9%
Broomfield			
All Units	\$1,423	\$1.69	6.9%
Built Since 2010	\$1,795	\$1.83	8.5%

Source: CoStar; Economic & Planning Systems

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The apartment projects within three miles of the Superior Marketplace were inventoried to document the current competitive market in the area. The competitive apartment market for Superior consists of units in three main clusters. One near downtown Louisville and South Boulder Road, another along Coalton Road west of FlatIron Crossing Mall, and the last north of US-36 in Broomfield, as shown in **Figure 10**.

Figure 10. Apartment Inventory within 3-mile Radius



The larger apartment complexes (greater than 50 units) near the Superior Marketplace are shown in **Table 12**. There are currently four new projects under construction or proposed. There is a divergence in the achievable rents within this competitive set of projects that helps illustrate the feasibility of new development in the area. The majority of units built in the area have average rent per square foot of approximately \$1.75. There are two new projects in Louisville have been able to achieve higher rental rates of over \$2.10 per square foot. The new projects are more urban products with structured parking. These higher average lease rates are necessary for a project with structured parking to be feasible. The other complexes in the region are primarily surface/detached garage parked with some tuck-under spaces. The level of rent needed to support new development for these more suburban/walk-up complexes is lower, likely around the \$1.80 per square foot range.

The spread impacts the potential feasibility of a new apartment complex in Northwest Superior. For a more urban apartment complex, with structured parking, the new units will need to achieve rents similar to the DELO Apartments and Centre Court Apartments in Louisville of at or above \$2.10 per square foot. These projects are located next to Downtown Louisville and offer an attractive location. A new project within the Superior Marketplace may struggle to offer the amenities that support these rates. However, the proximity to the Flatiron Flyer BRT stop may be amenity attractive to prospective residents that doesn't exist at the other properties in the area.

Table 12. Apartment Inventory within 3-mile Radius

Apartments	Status	Address	City	Units	Year Built	Avg. Rent per Unit	Avg. Rent per Sq Ft
Portals Apartments	Existing	1722-1766 Garfield Ave	Louisville	50	1975	\$1,044	\$2.61
Grand View @ Flatirons	Existing	855 W Dillon Rd	Louisville	180	1990	\$1,589	\$1.88
Copper Ridge Apartment Homes	Existing	240 McCaslin Blvd	Louisville	129	1994	\$1,658	\$1.72
Bell Flatirons	Existing	2200 S Tyler Dr	Superior	1206	1998	\$1,779	\$1.71
Bell Summit at Flatirons	Existing	210 Summit Blvd	Broomfield	500	2004	\$1,537	\$1.51
Terracina Apartment Homes	Existing	13620 Via Varra Rd	Broomfield	386	2008	\$1,694	\$1.83
Catania Apartments	Existing	13585 Via Varra Rd	Broomfield	297	2009	\$1,681	\$1.67
Retreat at the Flatirons	Existing	13780 Del Corso	Broomfield	374	2014	\$1,890	\$1.79
Green Leaf RockVue	Existing	230-250 Summit Blvd	Broomfield	220	2014	\$1,616	\$1.67
Centre Court Apartments	Existing	745 E South Boulder Rd	Louisville	111	2016	\$1,875	\$2.10
DELO Apartments	Existing	1140 Cannon St	Louisville	130	2017	\$1,739	\$2.38
Summit Green Apartments	Under Construction	501 Summit Blvd	Broomfield	184	2019	N/A	N/A
Rock Creek Zaharias Apartments	Proposed	2036 S 88th St	Louisville	258	2019	N/A	N/A
Downtown Superior Phase 1-Block 11	Proposed	US Hwy 36 & McCaslin Blvd	Superior	106	2019	N/A	N/A
Terracina Apartment Homes - Phase II	Proposed	13600 Via Varra Rd	Broomfield	100	2020	N/A	N/A
Average						\$1,646	\$1.90

Source: CoStar; Economic & Planning Systems

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