U.S. Highway 24 Alternative Analysis

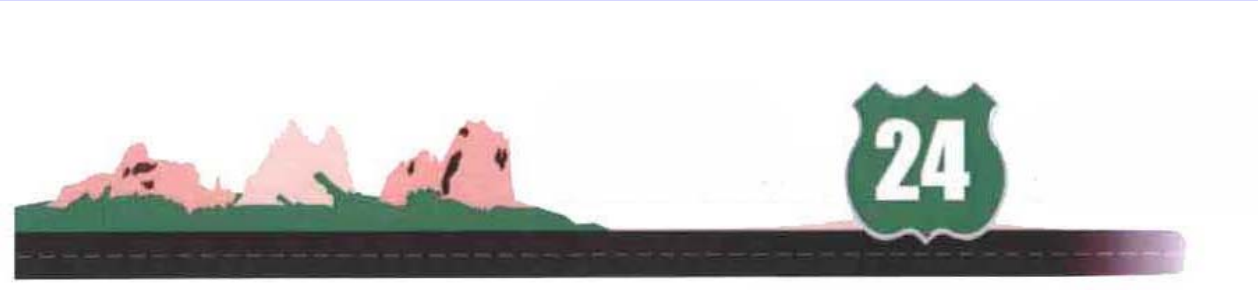
(Manitou Springs to Interstate 25)

Market and Socio-Economic Impacts

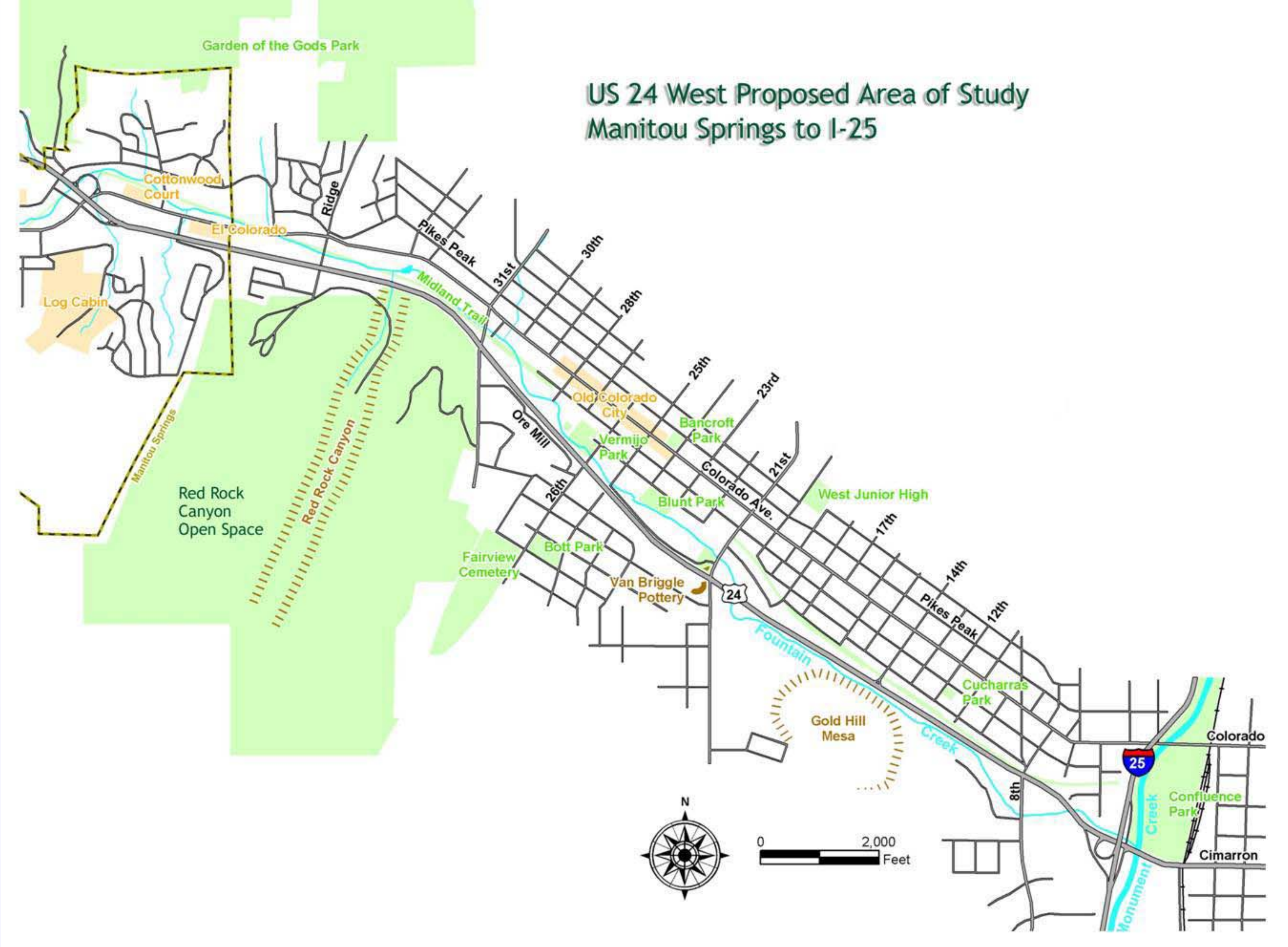
Colorado Springs, Colorado

Prepared for:

Colorado Department of Transportation (CDOT)

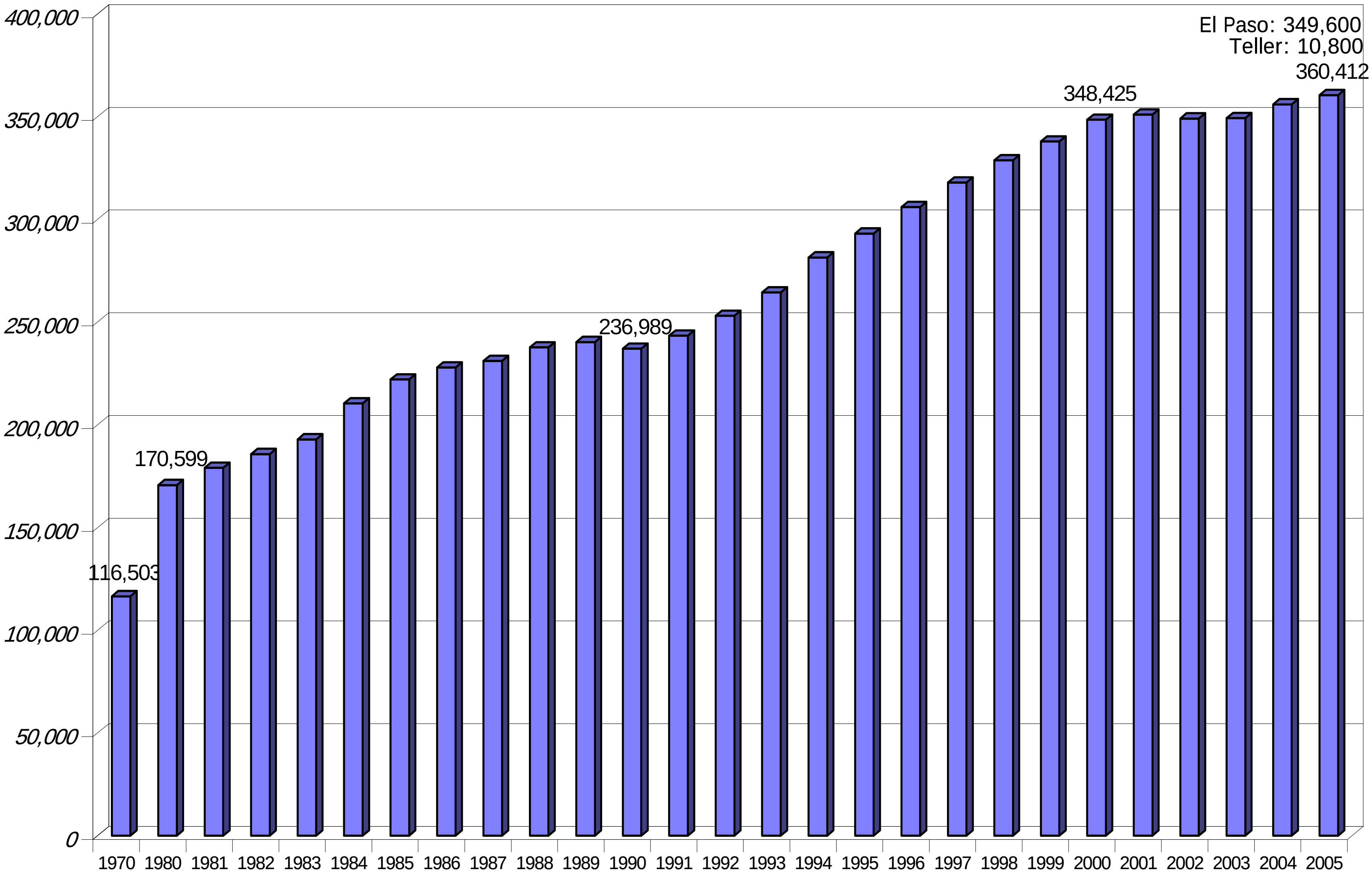


Site Vicinity



EMPLOYMENT TRENDS IN THE TWO-COUNTY MARKET AREA

THE TWO-COUNTY MARKET AREA INCLUDES EL PASO AND TELLER COUNTIES

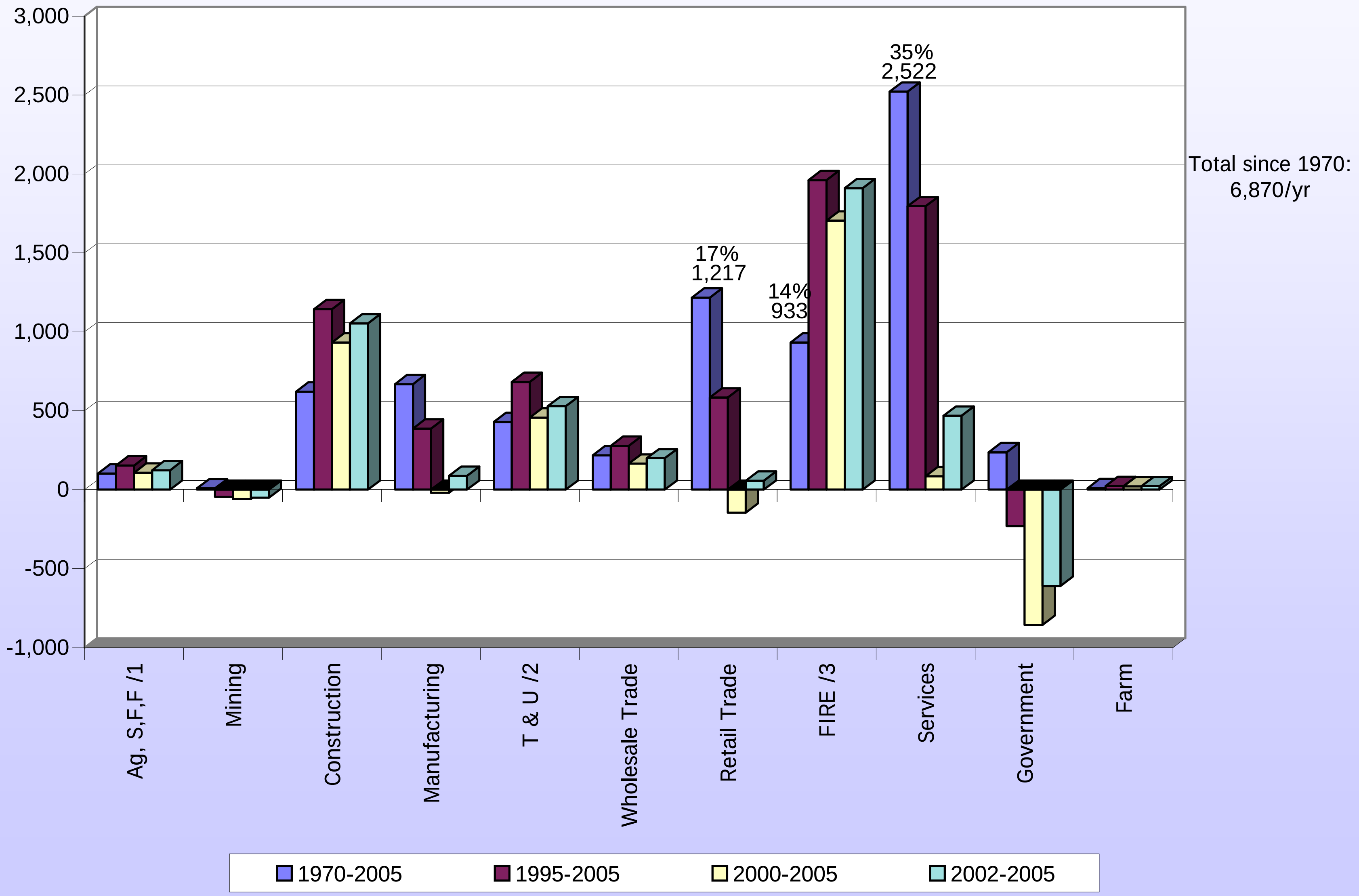


6,740/yr
last 10 years

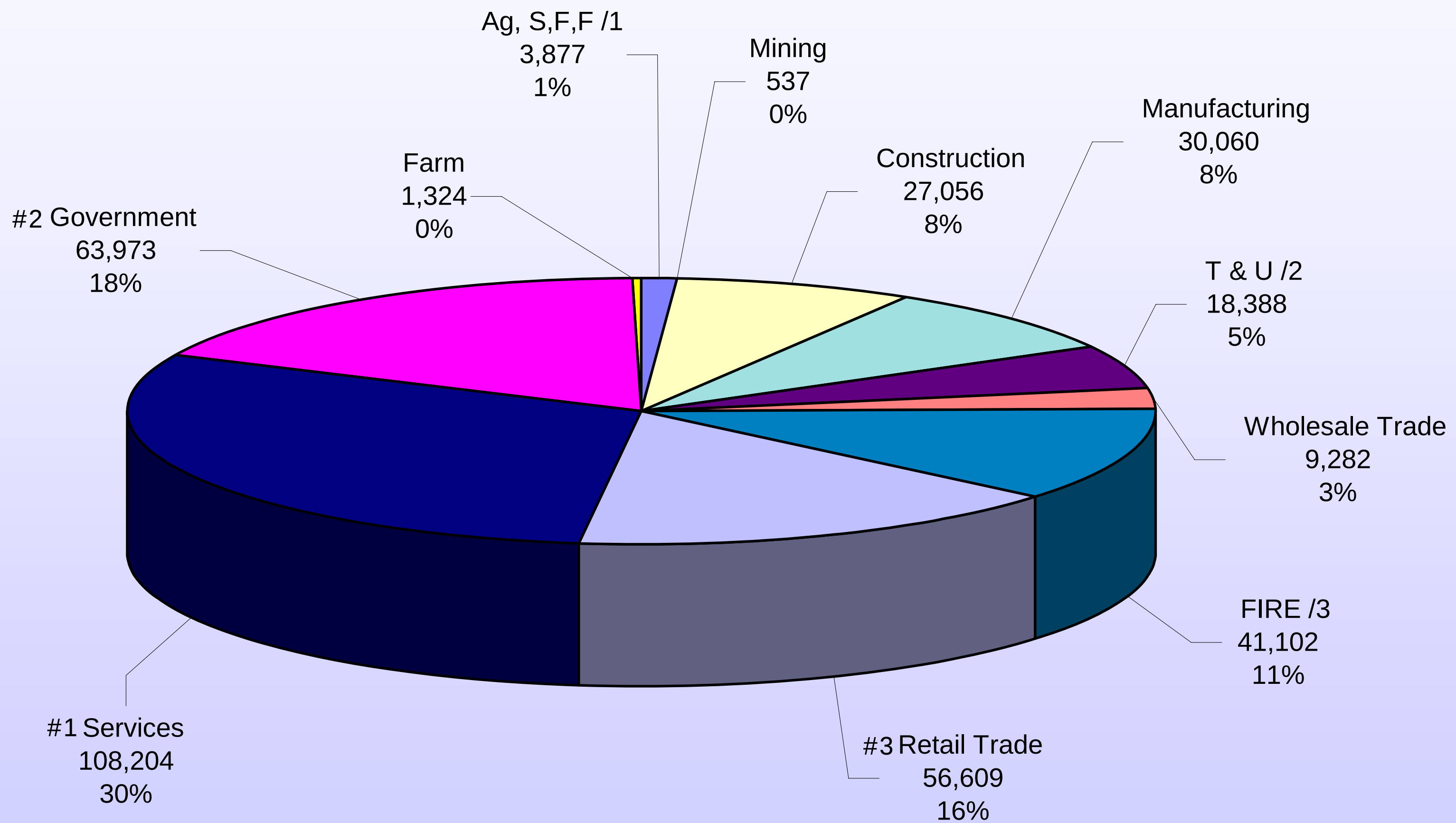
7,600/yr
Since 1980

6,870/yr
Since 1980

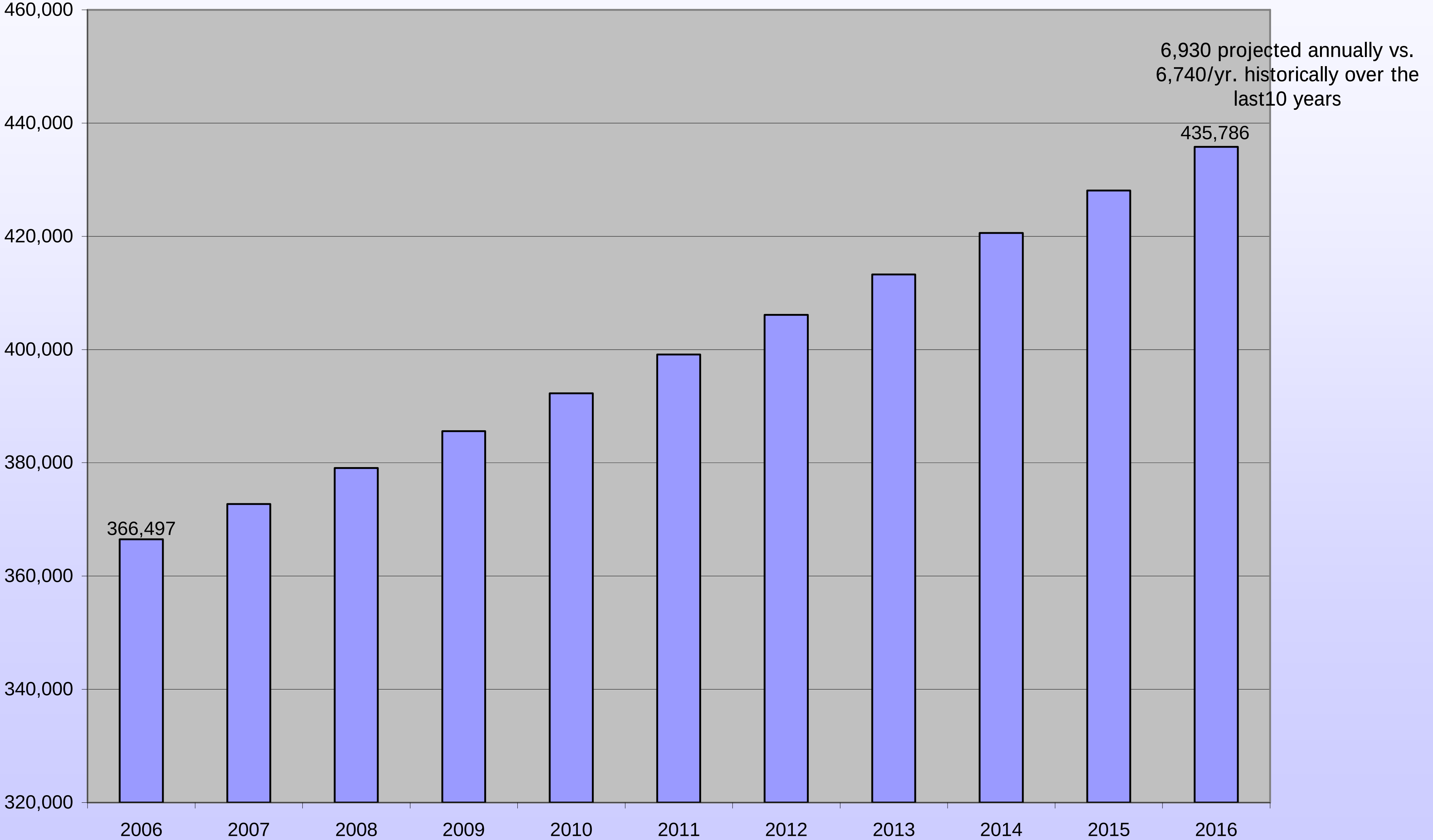
Employment Trends by Industry in the Two-County Market Area, 1970-2005



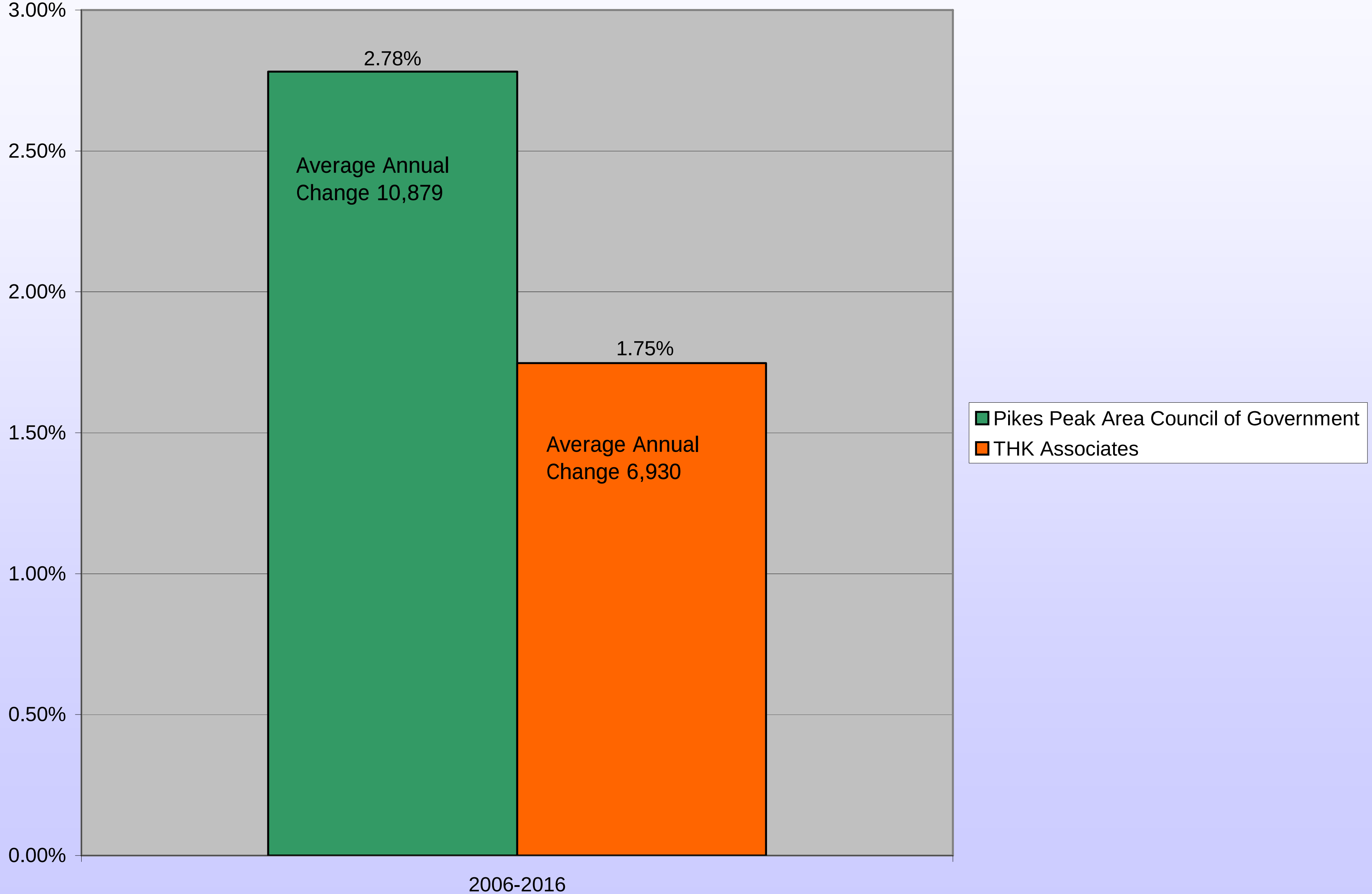
PERCENT OF TOTAL EMPLOYMENT BY INDUSTRY, 2005



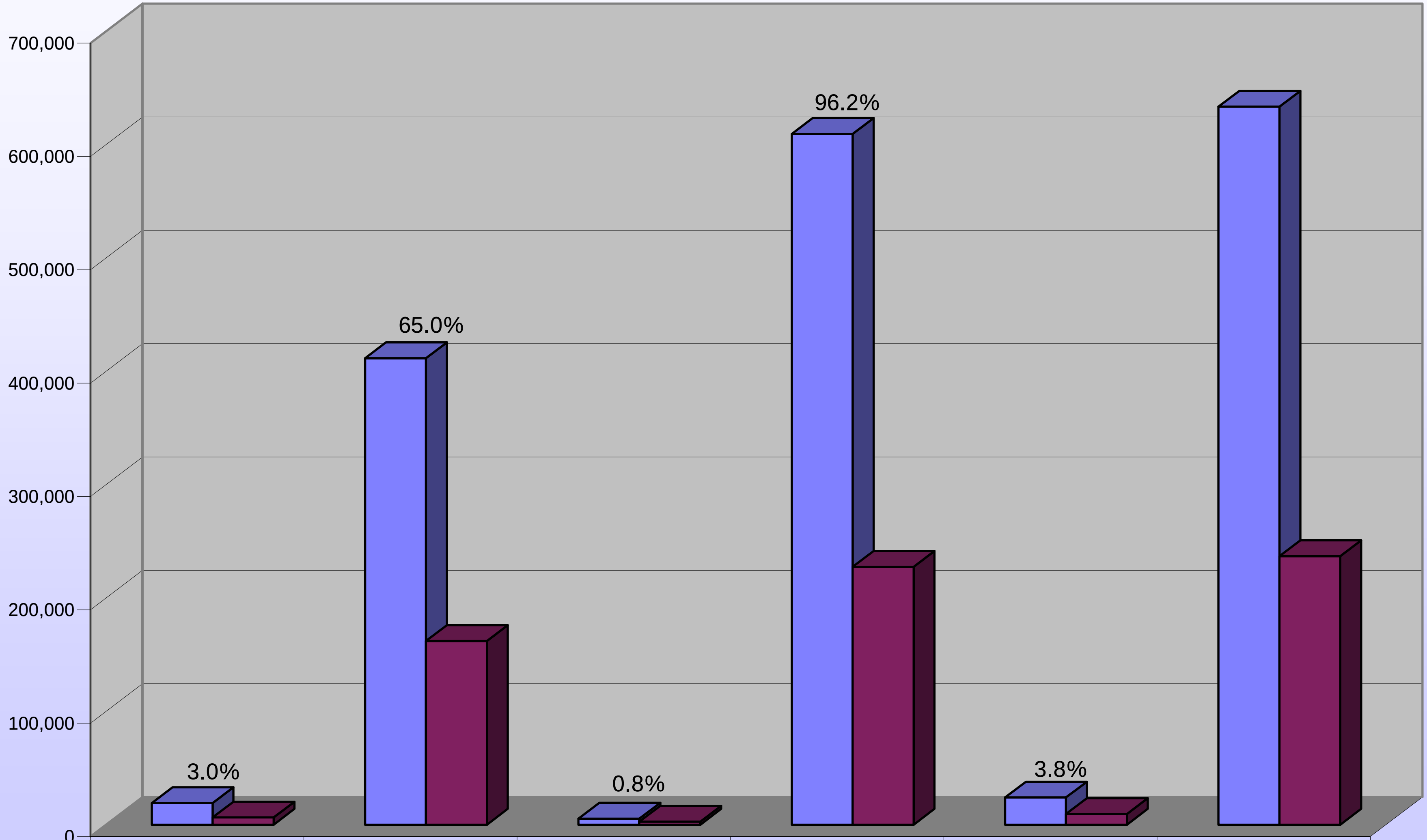
Projected Employment in the Two-County Market Area, 2006-2016



Projected Employment Comparisons in the Two-County Market Area

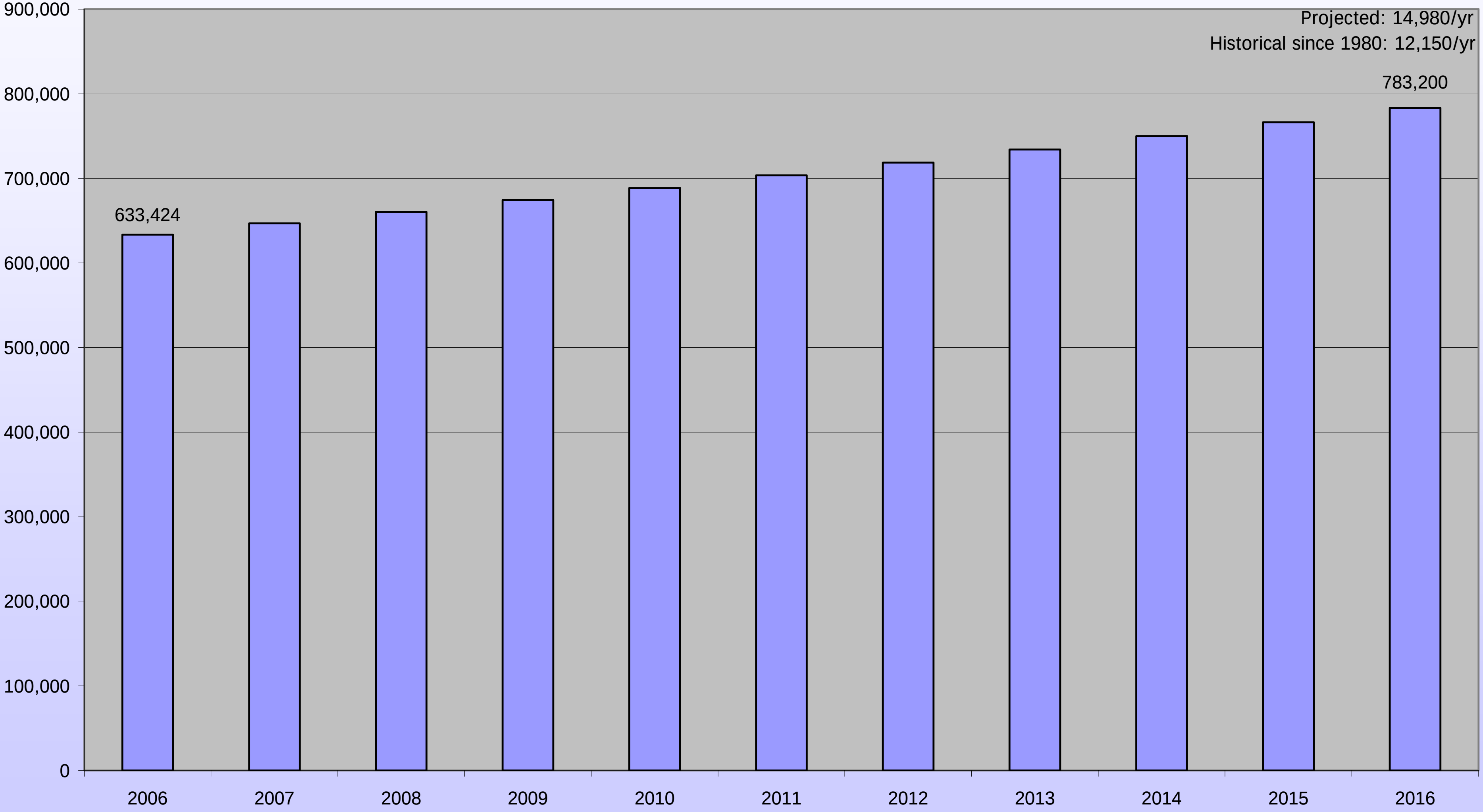


POPULATION AND HOUSEHOLD IN THE TWO-COUNTY MARKET AREA, 2006

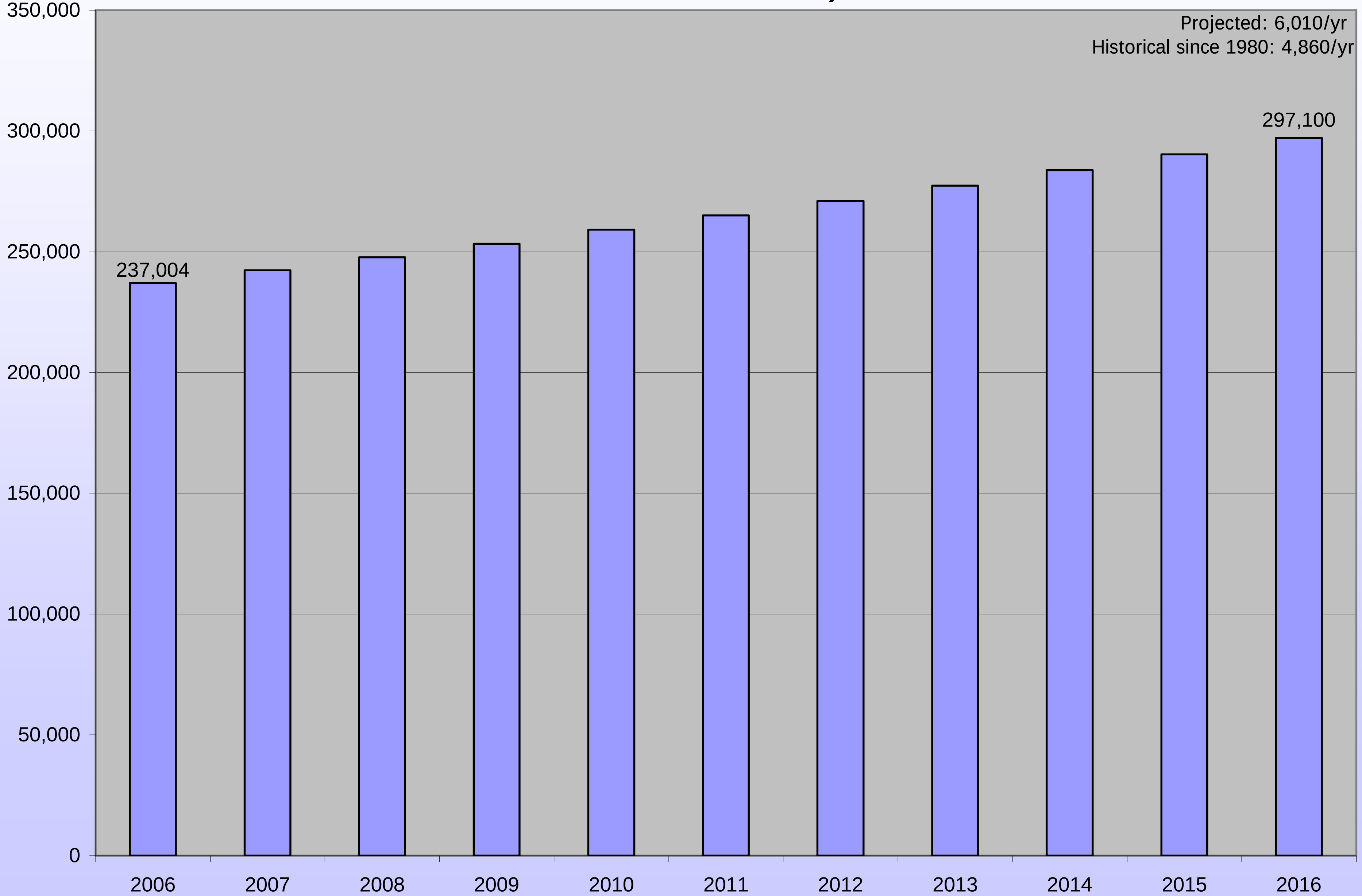


	Fountain	Colorado Springs	Manitou Springs	El Paso County	Teller County	Two-County
Population	19,051	411,668	5,305	609,360	24,064	633,424
Households	6,393	162,074	2,626	227,567	9,437	237,004

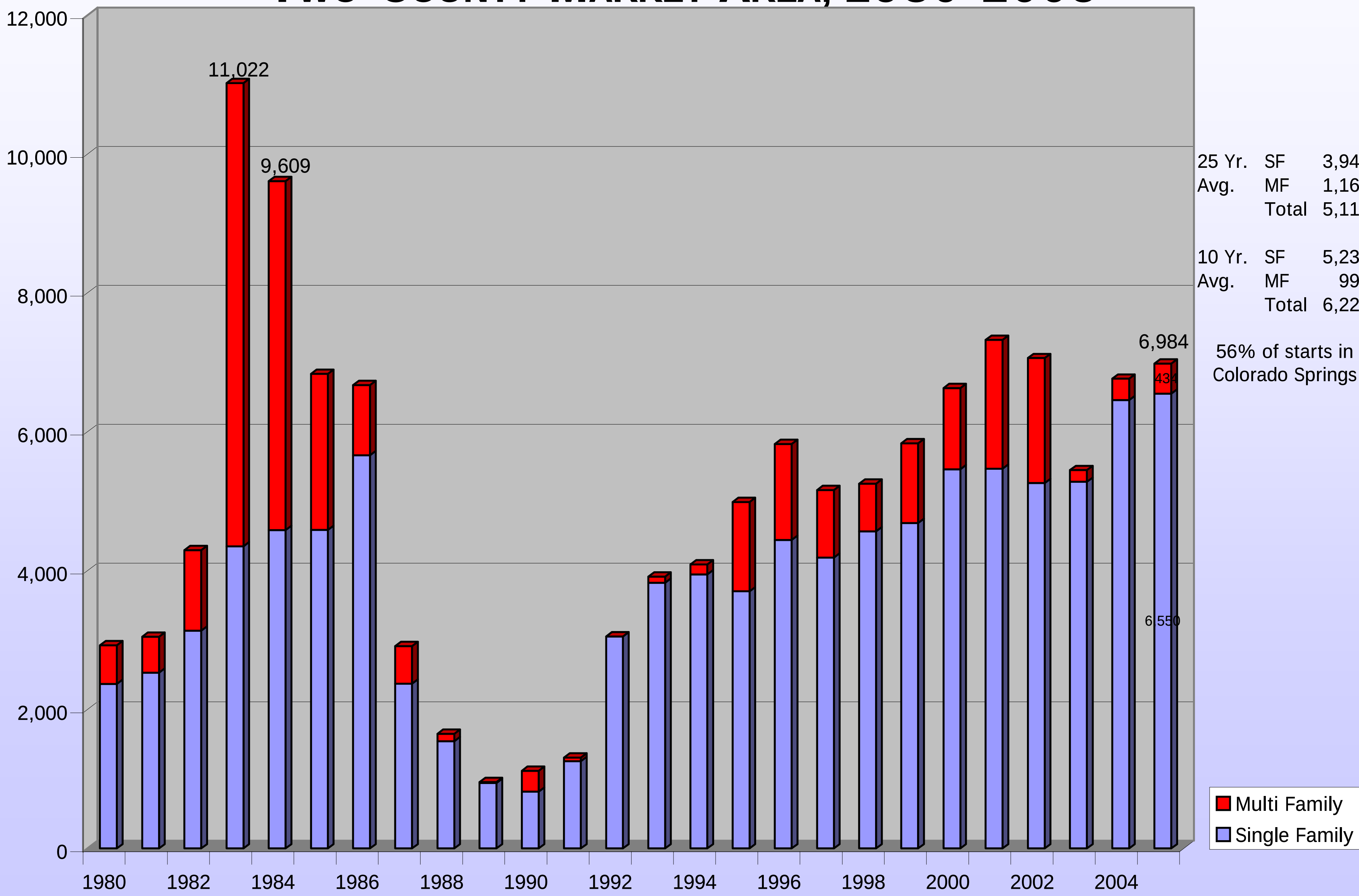
PROJECTED POPULATION IN THE TWO-COUNTY MARKET AREA, 2006-2016



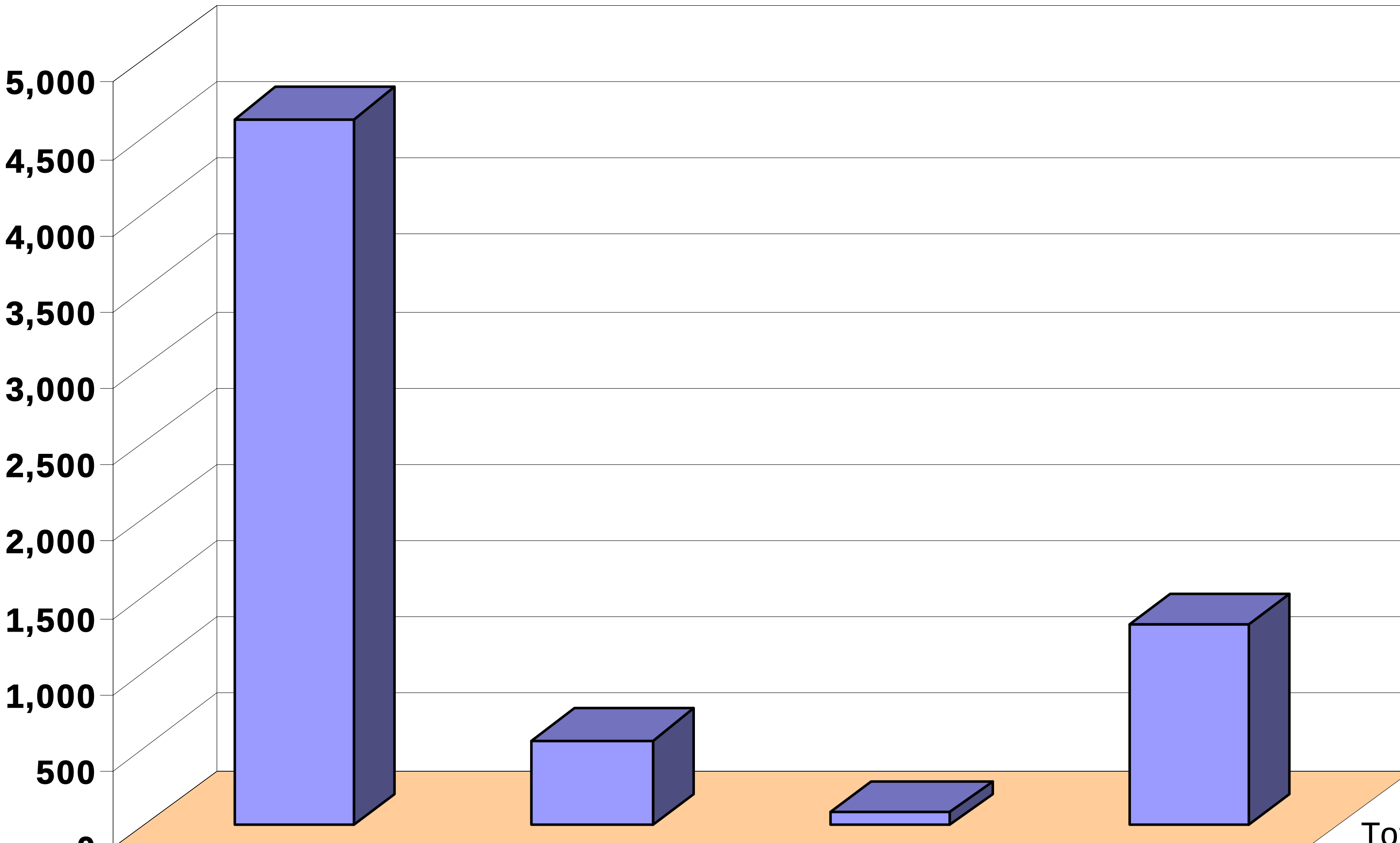
Projected Households in the Two-County Market Area, 2006-2016



Residential Building Permits Issued by Type in the Two-County Market Area, 1980-2005

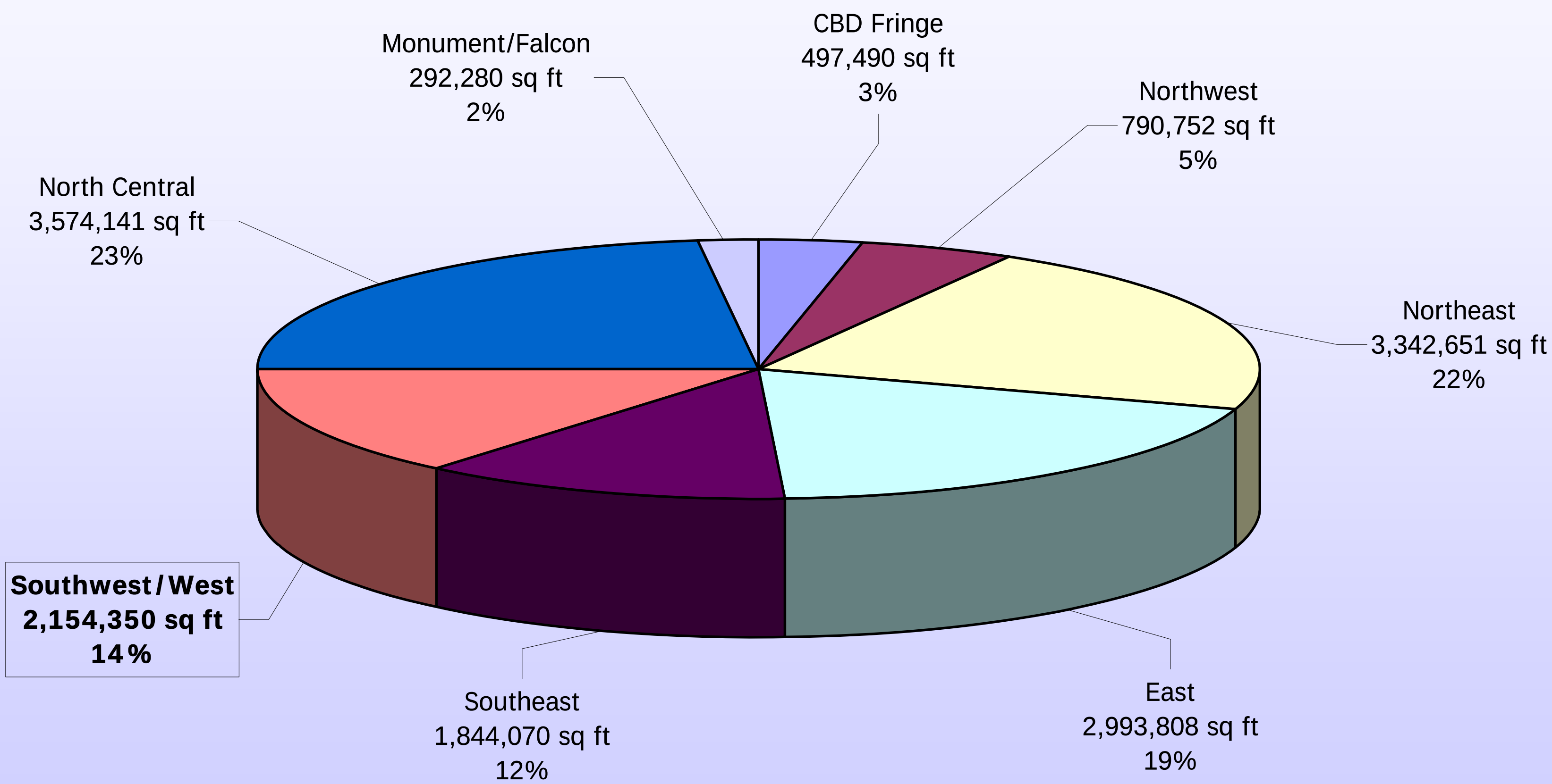


Average Annual Demand by Unit Type, 2006-2016



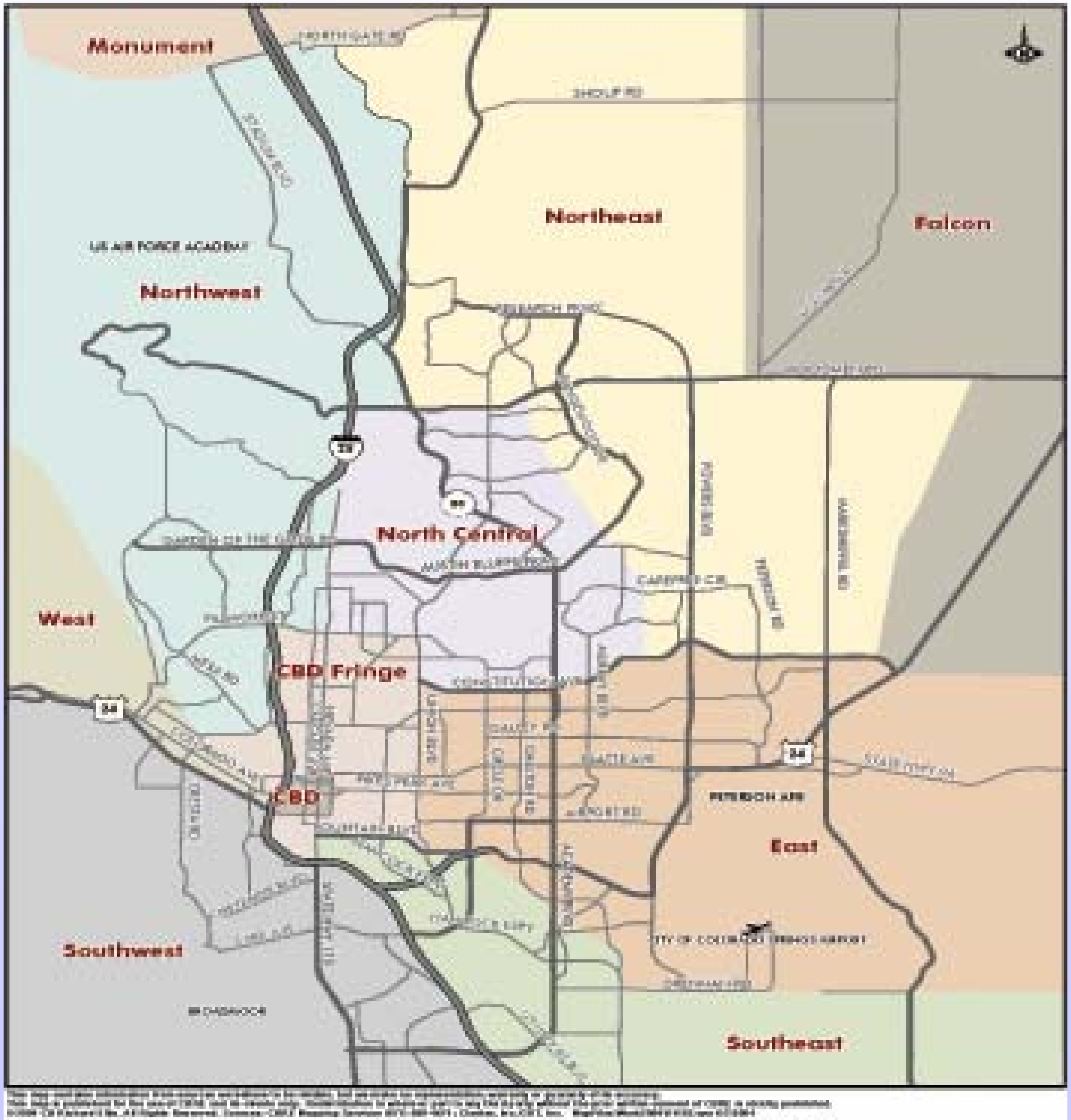
	Detached Single Family	Attached Single Family	Manufactured Housing	Rental Multi-Family	Total
Unit Type	4,616	551	79	1,311	6,557

Greater Colorado Springs Retail Market Characteristics, First Quarter 2006

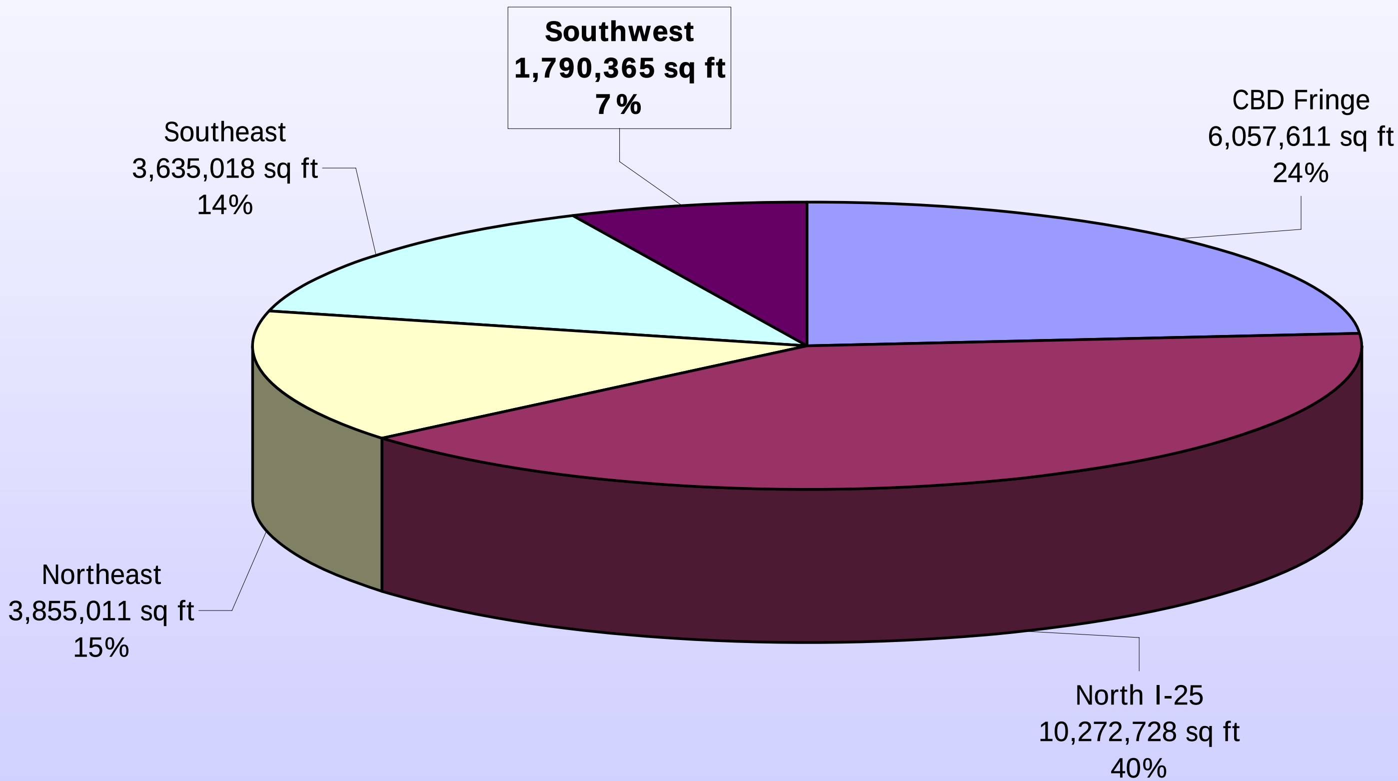


Total 15.5 million square feet
adds 225,000 square feet per year

GREATER COLORADO SPRINGS RETAIL SUBMARKET LOCATIONS



GREATER COLORADO SPRINGS OFFICE MARKET CHARACTERISTICS, FIRST QUARTER 2006



Total 25.6 million square feet

Greater Colorado Springs Office Submarket Locations

Representative Office Buildings by Year of Construction in the Two-County Market Area, 2006

	Number of Buildings	Percent of Total	Square Footage	Percent of Total	Vacancy Rate
Before 1970	158	18%	2,223,313	9%	13%
1970s	158	18%	4,068,536	17%	10%
1980s	255	29%	7,059,692	30%	16%
1990s	82	9%	3,051,829	13%	9%
2000s	105	12%	3,330,783	14%	15%
N/A	108	12%	3,895,585	16%	28%
Total	**866**	**100%**	**23,629,738**	**100%**	**16%**

Projected Office Space Demand in the Two-County Market Area, 2006-2016

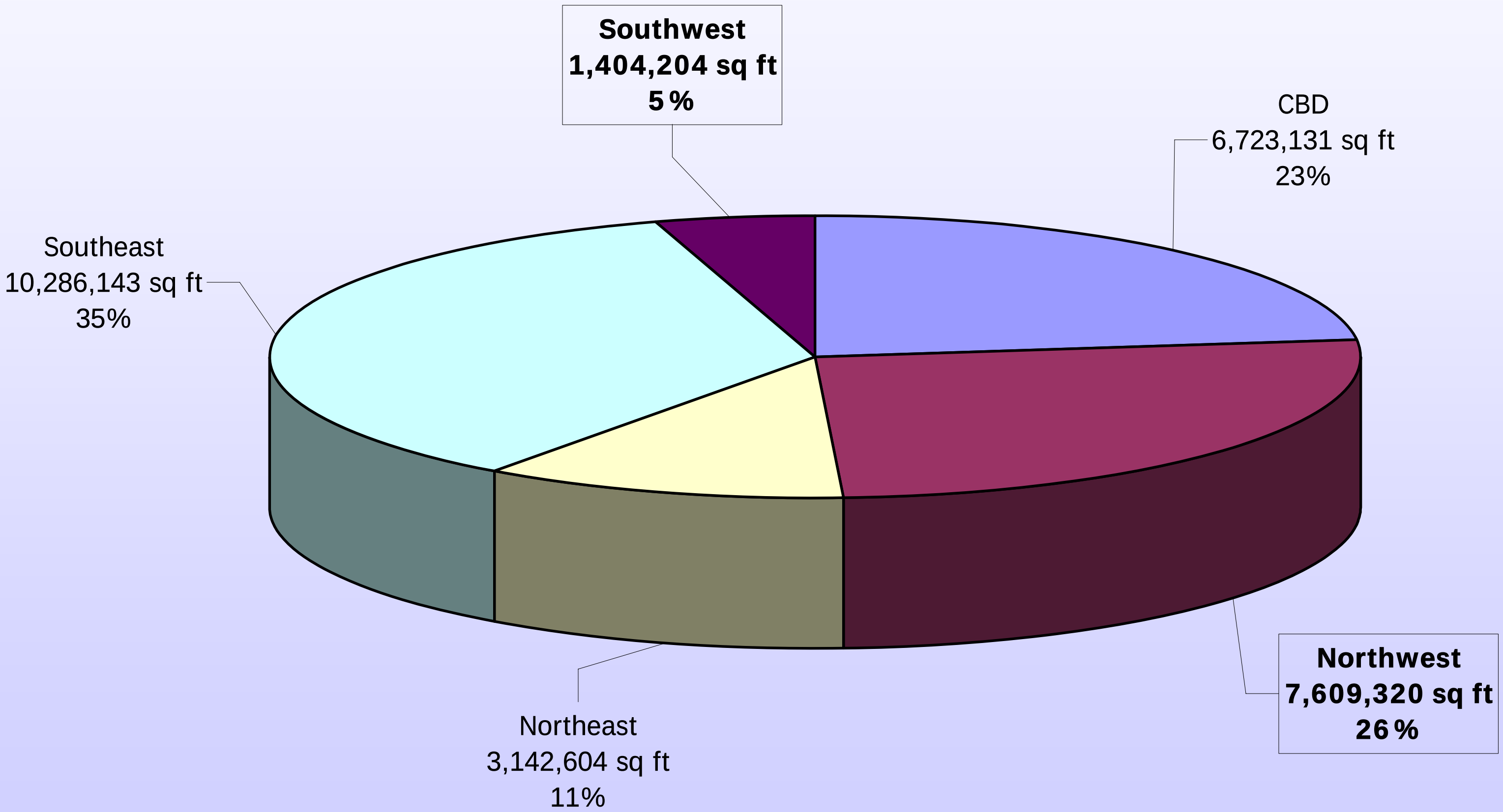
Year	Total Office Employment	Annual Change Office Employment	Projected Annual Occupied Office Space Demand	Projected Multi-tenant Office Space Demand
2006	137,772	2,762	635,297	508,237
2011	152,665	3,129	719,779	575,823
2016	169,553	3,551	816,695	653,356
Annual Average 2006-2016	154,593	3,178	722,260	577,810

Note: Square footage/office worker: 230

Multi-tenant demand distribution: 80%

Source: THK Associates, Inc.

GREATER COLORADO SPRINGS INDUSTRIAL MARKET CHARACTERISTICS, FIRST QUARTER 2006



Total 29.2 million square feet

Greater Colorado Springs Industrial Submarket Locations

Representative Industrial Buildings by Year of Construction in the Two-County Market Area, 2006

	Number of Buildings	Percent of Total	Square Footage	Percent of Total	Vacancy Rate
Before 1970	203	18%	3,510,799	13%	14%
1970s	244	22%	5,699,982	21%	13%
1980s	327	29%	8,739,206	33%	12%
1990s	149	13%	4,338,285	16%	4%
2000s	121	11%	1,962,636	7%	19%
N/A	86	8%	2,380,520	9%	44%
Total	**1,130**	**100%**	**26,631,428**	**100%**	**14%**

Projected Industrial Space Demand in the Two-County Market Area, 2006-2016

Year	Total Industrial Employment	Annual Change Industrial Employment	Annual Occupied Industrial Space Demand			
			Total	Warehouse & Distribution	Manufacturing	R & D
2006	68,261	998	549,140	334,975	109,828	104,337
2011	73,545	1,097	603,291	368,008	120,658	114,625
2016	79,353	1,206	663,489	404,728	132,698	126,063
Annual Average 2006-2016	1,109	1,109	$\boxed{604,530}$	368,760	120,910	114,860

NOTE:

Square Footage/Employee	550
Space Distribution	
Warehouse & Distribution	61%
Manufacturing	20%
R & D/Service	19%

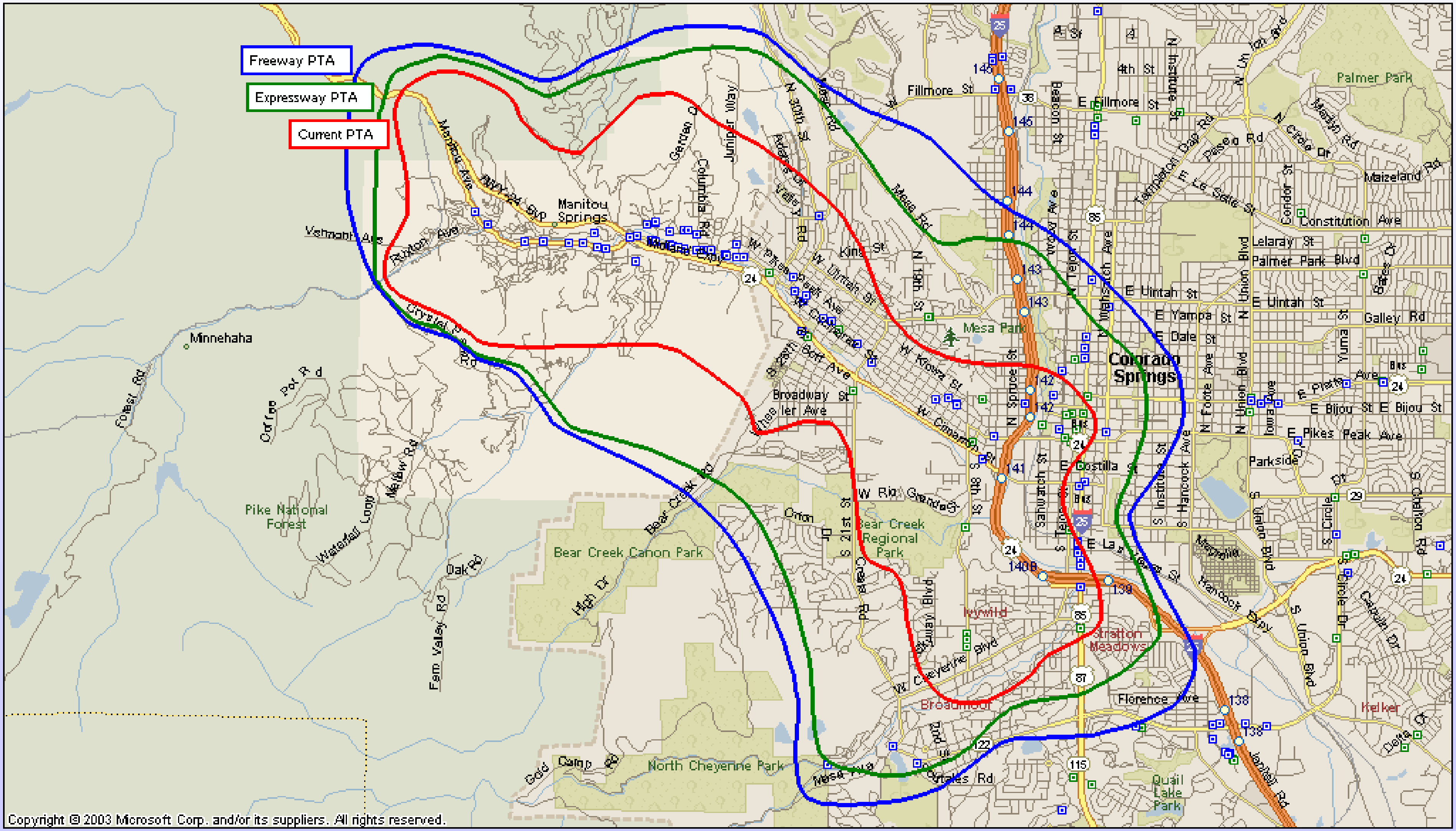
Source: THK Associates, Inc.

Projected Lodging Demand in the Two-County Market Area, 2006-2016

Year	Total Visitors	Average Daily Visitors	Daily Overnight Visitors	Daily Room Demand	Total Room Demand
2006	6,183,100	16,940	5,082	8,024	13,600
2011	6,893,833	18,887	5,666	8,947	15,164
2016	7,686,263	21,058	6,317	9,975	16,907
Annual Growth					
Numerical	150,316	412	124		419
Percentage	2.2%	2.2%	2.2%		2.2%

Source: THK Associates, Inc.

Potential Market Areas Along the U.S. Highway 24 Corridor
Neighborhood/Convenience Oriented Retail – Five Minutes



Population and Household Trends in the Two-County and U.S. Highway 24 Market Areas, 1980-2006

						Annual Average 1980-2006	
Two-County Colorado Springs MSA	1980	1990	2000	2006		Numerical	Percent
Population	317,458	409,482	537,484	633,424		12,153	2.7%
Households	110,673	151,685	200,402	237,004		4,859	3.0%
Current Trade Area (0.7 miles)							
Population	24,709	25,413	28,151	29,773		195	0.7%
Households	10,830	11,423	13,095	13,978	5%	121	1.0%
Expressway Trade Area (1.5 miles) - At Grade							
Population	44,334	43,252	48,714	52,214		303	0.6%
Households	19,080	19,220	22,336	24,173	8%	196	0.9%
Freeway Trade Area (2.0 miles) - Grade Separated							
Population	52,464	54,025	60,760	65,239		491	0.8%
Households	22,152	23,699	27,402	29,654	10%	289	1.1%

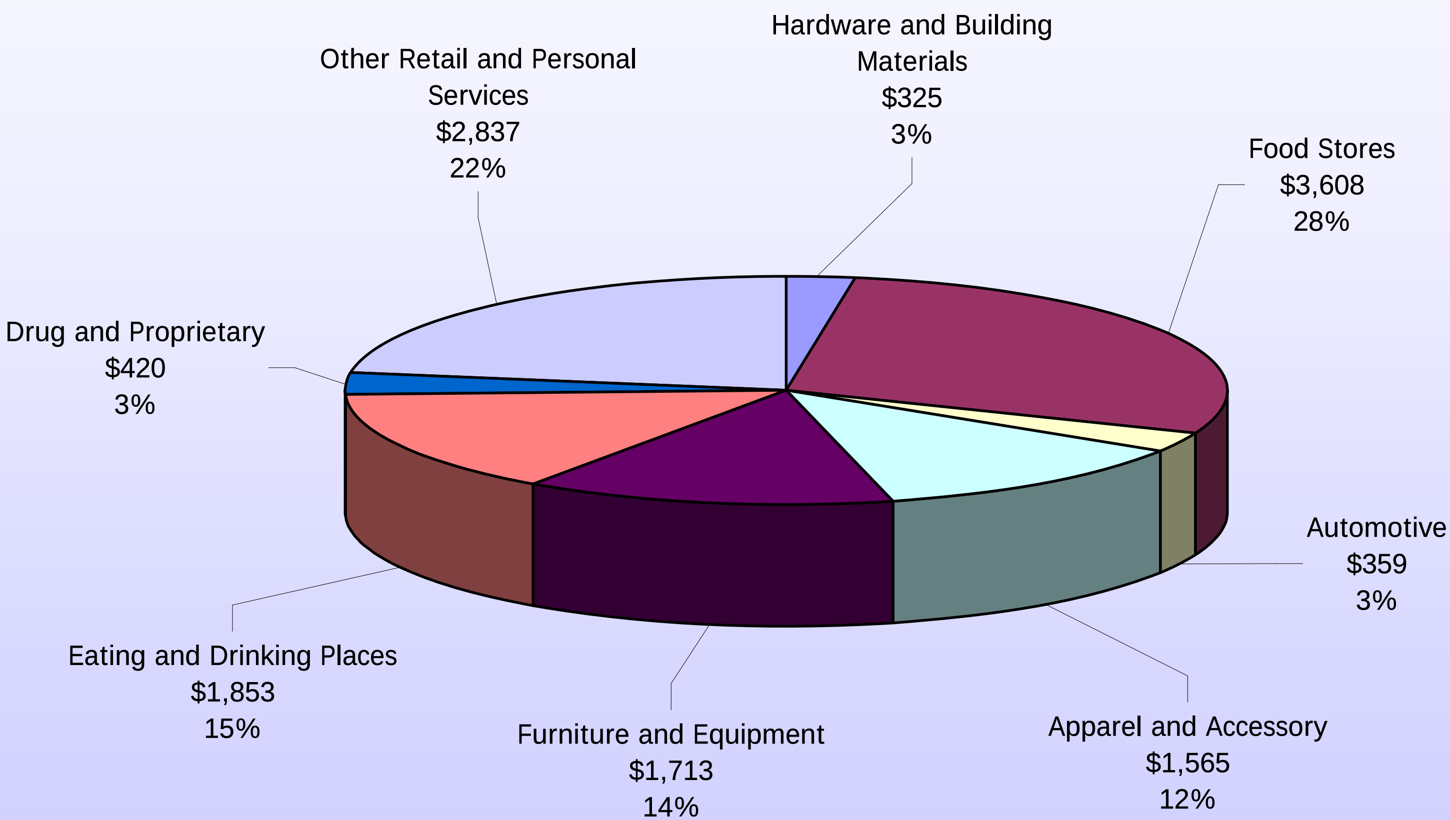
Source: U.S. Bureau of the Census and THK Associates, Inc.

Projected Population and Household Trends in the Two-County and U.S. Highway 24 Market Areas, 2006-2016

				Annual Average 2006-2016	
Two-County Colorado Springs MSA	2006	2011	2016	Numerical	Percent
Population	633,424	703,420	783,200	14,978	2.1%
Households	237,004	265,030	297,100	6,010	2.3%
Current Trade Area (0.7 miles)					
Population	29,773	31,137	32,564	279	0.9%
Households	13,978	14,691	15,440	146	1.0%
Expressway Trade Area (1.5 miles)					
Population	52,214	55,149	58,250	604	1.1%
Households	24,173	25,659	27,236	306	1.2%
Freeway Trade Area (2.0 miles)					
Population	65,239	68,907	72,781	754	1.1%
Households	29,654	31,476	33,411	376	1.2%

Source: U.S. Bureau of the Census, Claritas, & THK Associates, Inc.

Estimated Household Expenditure Patterns in the U.S. Highway 24 Current Market Area



Median Income $39,691
Total Retail Expenditures $12,680

Total Retail Establishments in the U.S. Highway 24 Current Market Area

Store Type		Estimated Number of Stores	Estimated Retail Space
Hardware and Building Materials		3	41,034
Food Stores		15	114,277
Automotive		11	52,518
Apparel and Accessory		21	59,795
Furniture and Equipment		13	55,130
Eating and Drinking Places		97	251,509
Drug and Proprietary		2	23,595
Other Retail and Personal Services		199	398,091
Total Retail		361	995,949
Manitou Springs	25%	91	205,599
Old Colorado City	20%	72	104,800
I-25 and U.S. Highway 24	19%	68	331,198
Office	18%	144	4,585,975
Industrial	5%	144	1,549,570
Hotel	12%	51	1,674 rooms

Source: THK Associates, Inc.

Estimated Retail Sales and Square Footage in the U.S. Highway 24 Current Market Area, 2006

Store Type	Estimated Annual Household Expenditures	Annual Sales per Square Foot GLA	2006 Support Dollars (000,000's)	2006 Support Square Feet	Number of Establishments
Households			13,978		
Hardware and Building Materials	$325	$529.25	$4.55	20,712	1.21
Food Stores	$3,608	$390.25	$50.44	129,245	3.82
Automotive	$359	$219.72	$5.02	22,837	4.49
Apparel and Accessory	$1,565	$1,035.32	$21.87	112,033	14.77
Furniture and Equipment	$1,713	$1,224.69	$23.95	103,638	19.80
Eating and Drinking Places	$1,853	$282.45	$25.90	91,689	30.10
Drug and Proprietary	$420	$374.26	$5.87	15,690	1.32
Other Retail and Personal Services	$2,837	$2,272.00	$39.65	216,935	117.82
Total Retail	$12,680	$234.37	$177.24	712,779	193.33

Source: U.S. Department of Labor, Bureau of Labor Statistics; and THK Associates, Inc.

Business Square Footage Supply and Demand by Major Category in the U.S. Highway 24 Current Market Area, 2006

Category	Existing Primary Trade Area Demand (Sq. Ft.)	Total Existing Primary Trade Area Supply (Sq. Ft.)	% of Support from Primary Trade Area
Hardware	**20,712**	**41,034**	**(50% beyond PTA)**
Grocery	129,245	114,277	
Automotive	**22,837**	**52,518**	**(57% beyond PTA)**
Apparel	112,034	59,795	
Furniture & Equipment	103,640	55,128	
Eating & Drinking	**91,689**	**251,509**	**(64% beyond PTA)**
Drug	**15,690**	**23,595**	
Misc.	**216,932**	**398,093**	
TOTAL	**712,779**	**995,949**	**71.6%** **(28.4% beyond PTA)**

Source: THK Associates, Inc.

* Bold means importers of patrons

** Convenient access, shorter drive times, good visibility, adequate parking are critical

Additional Business Expenditures Demanded by Category Through Expanded U.S. Highway 24 Current Market Area, 2006

Category	Existing Primary Trade Area Business Expenditures	Expressway Primary Trade Area Business Expenditures	Freeway Primary Trade Area Business Expenditures
Hardware	$4.54	$7.90	$9.76
Grocery	$50.54	$87.64	$108.27
Automotive	$5.02	$8.72	$10.77
Apparel	$21.87	$37.99	$46.96
Furniture & Equipment	$23.95	$41.59	$51.40
Eating & Drinking	$25.90	$45.00	$55.59
Drug	$5.87	$10.20	$12.60
Misc.	$39.55	$68.92	$85.12
TOTAL	**$177.24** Increase of $130.72 million Growth of 74%	**$307.96** Increase of $203.23 million Growth of 115%	**$380.47** Growth of $72.51 million

* Dollar figures are in millions.

Source: THK Associates, Inc.

Summary for Real Estate Demands for the U.S. Highway 24 Existing Market Area

	Annual Sq.Ft./Units	10 yr. Cumulative Sq.Ft./Units	10 yr. Acreage Requirements
Retail	20,673	206,734	23.7
Office	72,226	722,260	82.9
Hotel	52	518	13.0
Industrial	18,136	181,359	11.9
Rental Apartments	35	350	23.3
Condominiums and Townhomes	14	140	14.0
Single-Family Detached	104	1,039	346.4
		Total	515.1

Note: Retail coverage is estimated at 20%, office coverage is estimated at 25%, hotel at 40 rooms per acre, industrial/flex at 35%, rental apartments at 15 per acre, townhome/condo at 10 units per acre, and single family at 3 units per acre

Source: THK Associates, Inc.

Summary for Real Estate Demands for the U.S. Highway 24 Expressway Market Area

	Annual Sq.Ft./Units	10 yr. Cumulative Sq.Ft./Units	10 yr. Acreage Requirements
Retail	32,094	320,940	36.8
Office	112,673	1,126,726	103.5
Hotel	81	809	20.2
Industrial	28,292	282,920	18.6
Rental Apartments	73	731	48.7
Condominiums and Townhomes	29	290	29.0
Single-Family Detached	218	2,183	727.8
		Total	984.6

Note: Retail coverage is estimated at 20%, office coverage is estimated at 25%, hotel at 40 rooms per acre, industrial/flex at 35%, rental apartments at 15 per acre, townhome/condo at 10 units per acre, and single family at 3 units per acre

Source: THK Associates, Inc.

Summary for Real Estate Demands for the U.S. Highway 24 Freeway Market Area

	Annual Sq.Ft./Units	10 yr. Cumulative Sq.Ft./Units	10 yr. Acreage Requirements
Retail	39,652	396,520	45.5
Office	118,451	1,184,506	108.8
Hotel	85	850	21.3
Industrial	29,743	297,429	19.5
Rental Apartments	90	900	60.0
Condominiums and Townhomes	35	350	35.0
Single-Family Detached	268	2,681	893.6
		Total	1,183.7

Note: Retail coverage is estimated at 20%, office coverage is estimated at 25%, hotel at 40 rooms per acre, industrial/flex at 35%, rental apartments at 15 per acre, townhome/condo at 10 units per acre, and single family at 3 units per acre

Source: THK Associates, Inc.

Real Estate Market Capture Rates

	Current Scenario	Expressway Scenario	Freeway Scenario
Retail	1.81%	3.80%	4.70%
Office	10.00%	15.60%	16.40%
Hotel	15.34%	23.93%	25.16%
Industrial	3.00%	4.68%	4.92%
Rental Apartments	2.67%	5.57%	6.87%
Condominiums and Townhomes	2.54%	5.27%	6.36%
Single-Family Detached	2.25%	4.73%	5.81%

Conclusion for U.S. Highway 24 from Manitou Springs to Interstate 25

- Economic Viability is One of the Nine Critical Issues
- Regional Study
- Study Supports the Expressway
- Improved Access Increases the Trade Area

How will this Economic Information be Used

- Educational Tool for the Community
- Plan the Connections to the Local Street System
- Plan the Community Gateways
- Understand what Influence U.S. 24 Improvements may have on Land Use
- Make Sure the Project has a Positive Economic Effect on the West Side

Next Steps

- Go to the Next Level of Detail
- Understand the Economic Effect of the Different Design Options