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## Local retailers anticipate a lukewarm 2010

by Scott Prater

Local players expect more of the same for Colorado Springs retailers in 2010.



Retailers, like those in the Markets at Mesa Ridge, are expecting a slow recovery during 2010.

During 2009, retailers locally and nationally cut inventories, hinged their year on the all-important holiday season and took advantage of better leasing terms to either move to more desirable spaces or expand their operations as means to reposition themselves for an imminent recovery.

The consensus among analysts, however, seems to be that those same retailers will need to exercise patience as the impending recovery will mostly likely resemble a tortoise's journey.

"My guess is that we will see sales close to last year's level, maybe up a percentage point or two, with lots of emphasis on finding bargains, which isn't great for retail profits," said economist Tucker Hart Adams. "However, inventories are clearly down. There are empty spots on shelves. I've read that inventories orders are down 30 percent. The good news is that it apparently isn't getting worse. The bad news is that it isn't getting better very robustly."

In the Pikes Peak Region, we're in better economic shape than most of the rest of the nation, with unemployment hovering around 7 percent, compared to a national average of 10 percent.

**Rich Walker at First Properties, Inc. points to sales tax collections and housing sales in a few areas of town that shows the sub-markets have bottomed out and are headed out of the recession**

"In Fountain, the southwest and the areas around Peterson Air Force Base we've started to get leasing calls and interest from national tenants who want to build fast-food units, dollar stores and other retail," he said. "That would lead us to believe that at least in those sub-markets, things are looking brighter for 2010."

Specifically for Markets at Mesa Ridge, located less than a mile from Fort Carson's east gate, Walker has drawn interest from half a dozen potential tenants for a 4,800 square-foot space in the center's Shops D building.

"People who need bank or SBA loans are experiencing a long process, but the interest is there," he said. "As far as banks, pizza and hamburgers, you've got every choice in the industry at the Markets at Mesa Ridge. Of course, we'd like to see more diversified retail, but the Little Caesar's and Papa Murphy's there are the top-selling locations for their respective chains in the local area. It's not an Alaskan gold rush, but there has been steady growth in that market and you can tell by how the retailers are doing and by the number of new retailers going in."

Comparatively, landlords along the Powers Boulevard corridor don't have much to smile about.

"You can drive up Powers and start to see some places going dark," Walker said. "I did the original deal with the King Soopers anchored center at Powers and Stetson Hills and seven or eight of those units in the first three phases are sitting vacant. The Chili's at Austin Bluffs and Powers is closed, but around Pete and Fort Carson, you're seeing new units and not a lot of closures. So, some sub markets will have a decent 2010. The rest will struggle until 2011."

The expansion of troops at Fort Carson seems to have clearly helped retailers near the post, and some signs indicate their dollars could be making their way to outlying areas as well.

Fred Veitch of Norwood Development, figures 2010 will seem eerily similar to 2009.

"It's looks like more of the same," Veitch said. "Few national retailers will expand until the capital markets improve and then they will be looking to backfill existing 'A' locations. We are seeing same-store comparable increases, which bodes well for our local merchants. There will continue to be a movement to 'quality' sites. And for those with capital, there should be some great opportunities ahead."

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