

City of Westminster Economics and Market Study

Prepared for:

City of Westminster, Colorado

Submitted by:

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General and Limiting Conditions

Every reasonable effort has been made to ensure that the data and information contained in this report are accurate as of the date of this study. However, factors exist that are outside the control of Bill Lee Land Econ Consultants (BLLE) that may affect the estimates and forecasts contained herein. This study is based upon research information, estimates, assumptions and forecasts developed by Bill Lee Land Econ Consultants and its subconsultants from independent research efforts and knowledge of the industry. BLLE does not assume responsibility for inaccurate information provided by the clients, the client's agents and representatives, or other data sources used in the preparation of this study. The report is based upon information current as of November 2012. BLLE has not undertaken any updates of its research since such date.

Because future events and circumstances, many of which are not known or predictable as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by Bill Lee Land Econ Consultants that any of the projected values or results contained in the study will actually be achieved.

This study may only be used for the City of Westminster Comprehensive Plan and related land use planning efforts. This report is not to be used in conjunction with any public or private offering of securities, debt, equity or other similar purposes where it may be relied upon by persons other than the client, nor is any third party entitled to rely upon this report. This study may not be used for purposes other than for which it was prepared or for which prior written consent has first been obtained from Bill Lee Land Econ Consultants. This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

I. Introduction

The City of Westminster is embarking on an update of its Comprehensive Plan, which will guide its land use decisions through 2025 and beyond. Over this planning horizon, the City's growth and expansion will transition from the absorption of vacant land at the suburban fringe to intensification of selected urban districts. This land use intensification will be accompanied by employment intensification as the City pursues its economic strategy of expanding bio-medical and high technology industries. The city is constrained in development potential by the availability of vacant, developable land. From 2004 to 2012, vacant developable land in Westminster decreased from approximately 5,000 acres to 1,600 acres (undeveloped or vacant land without active entitlements).

Maintaining its role as a regional retail center is also of importance to the City, particularly along the US-36 and I-25 corridors. Completed early in the Comprehensive Plan update process, the Citywide Economic Market Assessment provides a realistic framework for land planning, infrastructure investment and economic policy decisions. Specifically, this citywide and focus areas market assessment has been structured to accomplish the following:

- Determine the amount of land Westminster needs to provide to optimize its capture of high quality (high wage and growth oriented) employment uses, particularly along the US 36 corridor where high technology firms have begun to cluster.
- Identify other key focus areas at the outset of the study and determine their future market potential and development strategy.
- Determine future demand for retail and suggest how Westminster's retail/restaurant strategy may be employed to induce the intensification of quality employment and housing.
- Determine the demand for residential products by type and by focus area.
- Provide the appropriate amount of commercial land so Westminster will be able to serve not only the city's residents and employees but also the surrounding market areas.
- Provide ample acreage for the growth of commercial uses so the City generates sufficient tax revenue over time to provide high quality services to its residents and employees.

Demand projections identified in the market assessment are a macro analysis of demand by land use type. Actual absorption of the projected demand will be dictated by the amount of available developable land, including the city's limited supply of vacant/unassigned land (currently 1,100 acres) and underutilized land that could be redeveloped. Because the city has less available land for development than the projected demand identified by the Market Assessment, policy objectives and City priorities will ultimately dictate the amount and type of development absorbed by the city. Likewise, the projected demand for each focus area is intended to provide a guide for what types and extent of land uses the city could pursue in each area.

This study was prepared by Bill Lee Land Econ Consultants (BLLE) with William "Bill" Lee serving as project manager/chief analyst and Tanya Chiranakhon providing assistance in research, analysis and report preparation.

II. Executive Summary

Recommended Citywide Comp Plan Acreage

The regional economic forces driving future real estate demand in Westminster, particularly demand for commercial and industrial land uses, align along two freeway corridors, US 36 and I-25. The US 36 corridor connects Denver and Boulder. Firms located in this corridor are able to select talent from the large Denver regional labor market and use their salary expenditures in the most cost effective manner. From this location these firms are also able to readily access the intellectual brain power based in Boulder because of the presence of the University of Colorado and federal laboratories like the National Center for Atmospheric Research, National Institute of Standards and Technology, and National Oceanic and Atmospheric Administration. These labs have been making some of the world's most important discoveries about earth and beyond. The technology sector momentum in this corridor is driving demand for office space, hotels, restaurants, retail shops and residential development.

The I-25 corridor connects Denver with Fort Collins. Growth along this corridor is the more typical suburban expansion of the Denver Metropolitan Area due to the availability of vacant land and the convenient access provided by I-25 and the new Northwest Parkway. Housing development resulting in population growth drives the development of retail, medical and educational services. When the local population reaches sufficient numbers, services that use local office space will follow. These would include financial, real estate, insurance and medical services. Demand for land use in the US 36 corridor is likely not transferable to the I-25 corridor due to this underlying economic distinction. When the 20 year future real estate demand of the two corridors are combined into a whole for the city, BLLE recommends that the Westminster Comprehensive Plan provide the acreage capacities shown in Table 1 below. This table also shows the acreages occupied by the existing developed parts of the city and the projects in the development pipeline.

The recommended Comprehensive Plan commercial and industrial acreages exceed projected 20-year demand for strategic economic development reasons. This is because a market forecast is a forecast based upon reasonable and foreseeable expectations about the future. Actual events in the global, national, regional or local economies could cause demand to vary from any forecast. In addition, some well located, serviced and entitled commercial properties may show as vacant and available on a zoning map but are in fact held off the market for various reasons. Most important of all, in a market economy the supply of available land affects price; and scarcity increases price and high prices discourage absorption. Having a supply that is well in excess of demand is essential for land market competition, and that competition makes it more likely that Westminster will reach its projected absorption. This report may only be used for the preparation of the City of Westminster Comprehensive Plan and related land use planning efforts.

Table 1: Existing, Pipeline and Recommended Comp Plan Acreages Based Upon 20-Year Market Demand and City Objectives

Land Use in Acres	Existing	20 Year Market Demand	
	Development	Low	High
Office	458	450	500
Industrial and Flex	305	150	200
Retail	1,089	200	250
Hotel	56	65	80
Residential	<u>6,480</u>	<u>1,540</u>	<u>1,830</u>
Total 20 Year Comp Plan Requirement	8,387	2,405	2,860
Residential Detail in Acres			
Single Family	5,262	1,200	1,400
Townhouses	576	120	150
Multi Family	642	220	280
Vacant/Unassigned Land	1,100		

Note: Current development projects are not reflected in the Existing Development totals. Current projects under review, approved or under construction will contribute to the 20 Year Market Demand.

Source: Bill Lee Land Econ, City of Westminster

Citywide and Focus Area Demand

The forecasts of citywide and focus areas demand by land use and by ten year periods are detailed in **Table 2**. Over the next 20 years, Westminster is projected to be able to support the construction of 4.0 million square feet of office space, 1.7 million square feet of industrial or flex space, and 1.9 million square feet of additional retail space. In addition, demand is projected for an additional 2,100 to 2,200 hotel rooms and 9,000 to 10,000 residential units. It should be noted that these demand projections are not recommendations for how much land or what types of land uses should be developed. The policy objectives of the City will determine the extent and type of land uses to be located on remaining vacant land in the city. These projections serve as a guide to help determine the location and potential opportunities both citywide and in specific focus areas.

Table 2: Citywide and Focus Area Development Potential

Land Use	1A: Wadsworth North				1B: Wadsworth South ¹				2: US-36 & 104th/Church Ranch				3: Westminster Center and Vicinity			
	Existing Development ²	2012-2022	2022-2032	2012-32	Existing Development ²	2012-2022	2022-2032	2012-32	Existing Development ²	2012-2022	2022-2032	2012-32	Existing Development ²	2012-2022	2022-2032	2012-32
Office (1,000 SF)	273	152	596	749	106	48	64	112	295	419	383	803	147	229	320	548
Ind/Flex (1,000 SF)	0	167	83	250	245				0				468	21	7	28
Retail (1,000 SF)	300	39	54	92	1,709	(17)	(17)	(34)	633	215	148	363	1,849	446	238	685
Hotel (Rooms)	0		108	108	0				551	280	320	600	203	120	240	360
Residential (Units)	-	261	193	454	-	87	111	198	-	652	674	1,326	-	435	371	805
Single Family	-	217	135	353	-				-	326	254	580	-			
Townhouses	-	43	58	101	-				-	65	87	152	-			
Multi Family	-				-	87	111	198	-	261	334	594	-	435	371	805

Land Use	4: North I-25 Area				5: Park Centre Area				6: 72nd Ave & Federal Blvd				City of Westminster ³			
	Existing Development ²	2012-2022	2022-2032	2012-32	Existing Development ²	2012-2022	2022-2032	2012-32	Existing Development ²	2012-2022	2022-2032	2012-32	Existing Development ²	2012-2022	2022-2032	2012-32
Office (1,000 SF)	0	128	383	511	1,238	38	213	251	56	57	85	142	4,668	1,905	2,130	4,035
Ind/Flex (1,000 SF)	0				1,031	469	380	849	38				3,221	1,042	691	1,733
Retail (1,000 SF)	428	69	269	337	379	26	46	71	524	127	139	267	9,288	964	898	1,862
Hotel (Rooms)	0		240	240	0				18		80	80	2,222	792	1,090	1,882
Residential (Units)	-	315	382	697	-	130	148	280	-	98	123	221	-	5,434	4,028	9,462
Single Family	-				-				-				-	2,717	1,692	4,409
Townhouses	-	54	48	103	-				-	54	68	122	-	543	483	1,027
Multi Family	-	261	334	594	-	130	148	280	-	43	56	99	-	2,174	1,853	4,026

¹ 20% of the citywide demolition of retail space has been allocated to this area and the remaining 80% are allocated to areas outside the Focus Areas

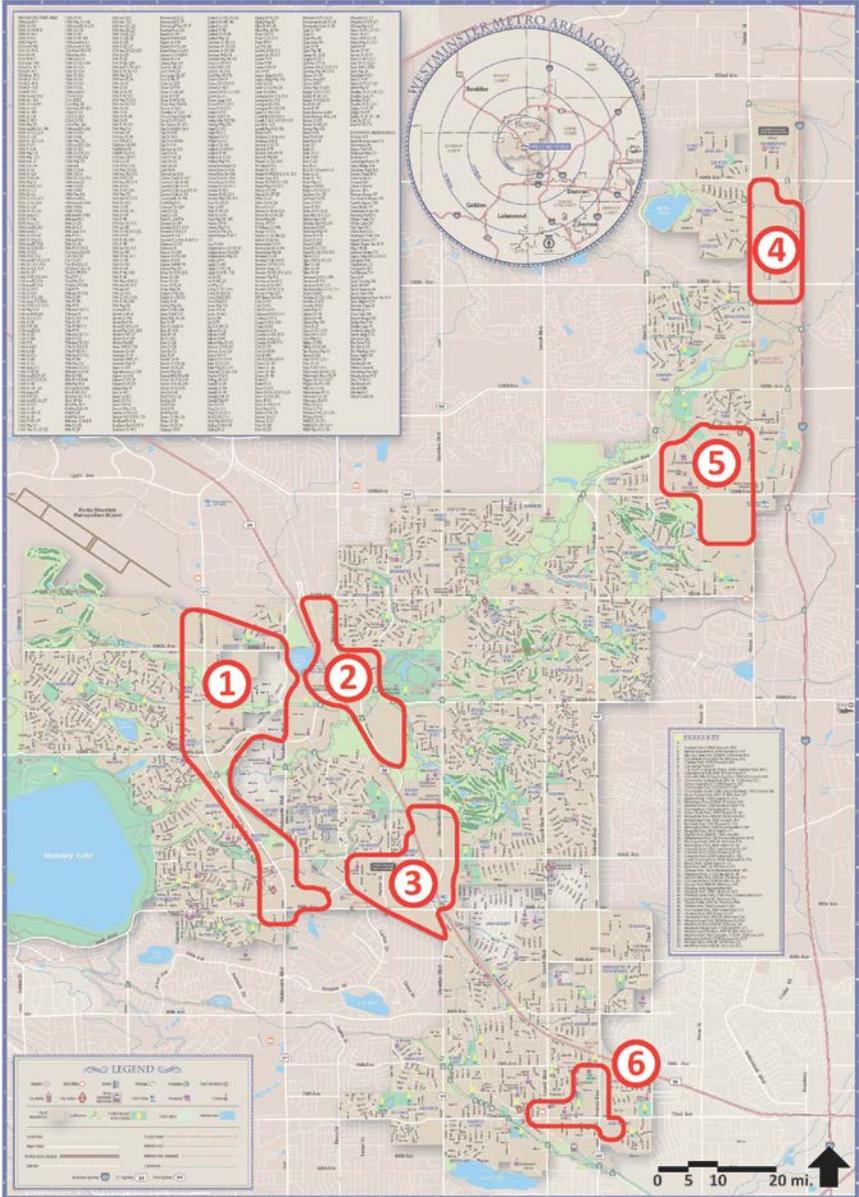
² For non-residential land uses only

³ Includes areas outside of the six focus areas

Development Potential for Each Focus Area

Because real estate demand is location-sensitive and demand for one part of Westminster does not necessarily transfer to another particularly in light of the different economic drivers for the two corridors, a solid understanding of the development potential of different areas is essential for effective land planning. For these reasons, this study analyzed the development potential for six focus areas (see Figure 1).

Figure 1: Map of Six Focus Areas



Wadsworth Corridor North (1A)

The Wadsworth Corridor Focus Area, as defined by the City, is rather large. For this reason, the analysis separated this focus area into two subareas, Wadsworth Corridor North and South. The Wadsworth Corridor North Area is generally the area with frontage on or surrounded by Wadsworth Parkway on the west, 111th Avenue on the north, the commuter rail tracks on the east, and Church Ranch Boulevard on the south. It enjoys a strategic location in the US 36 Technology Corridor between the Westminster's strongest office, retail and hotel location at the Church Ranch Boulevard and US 36 interchange on the east and Westminster's highest quality and most successful business park (Westmoor) on the west. It is also very close to the Rocky Mountain Metropolitan Airport often used by executives visiting this corridor and is also close to the restaurants and services offered at the Shops at Walnut Creek.

Westmoor has sufficient vacant and available office property to accommodate demand growth for the next seven to ten years. If Westminster wishes to remain a major competitor for the technology companies that are coming to the US 36 corridor beyond the next ten years, it should plan for a technology office and industrial district that will succeed Westmoor either within the Wadsworth Corridor Focus Area or in the vicinity along US 36.

Wadsworth Corridor South (1B)

Only minor and incremental change is expected for the Wadsworth Corridor South Focus Area, defined as the Wadsworth Parkway frontage from 88th Avenue to 92nd Avenue. Assuming successful redevelopment of the Westminster Urban Reinvestment Project (WURP) site, some loss of retail space can be expected from this area. Land market economics could cause some or all portions of a local shopping center, which is below the roadway level and does not enjoy great visibility from the parkway, to convert to multi-family residential use. There is likely market support for a modest amount of local serving offices, consisting of medical or dental offices, real estate firms, insurance offices and banks.

US 36 & 104th/Church Ranch Interchange (2)

This focus area extends from the Circle Point office development on the north to the vacant property south of the Butterfly Pavilion. It includes the Shops at Walnut Creek on the west and the Promenade and Westin Hotel on the east. This area enjoys the strongest regional location within Westminster for several types of development. It has market potential for office (corporate and multi tenant), hotel, restaurant and retail development. The portions of this area that are buffered from the freeway (US 36) and major traffic arterials by either distance or another land use would also enjoy strong market support for residential development ranging from single family to townhouses and multi-family apartments and/or condominiums.

Westminster Center and Vicinity (3)

The core of this focus area is the Westminster Urban Reinvestment Project (WURP) site, but the area extends west to commuter rail tracks and Pierce Street and east to across US 36 and up the Sheridan Boulevard to 96th Avenue. For the WURP site the market analysis suggests strong potential for comparison shopping (department stores, and apparel and accessory shops), sit down restaurants and multifamily residential development in the near term and for office and hotel development in the intermediate term future. Given the size of the property some disaggregation into smaller blocks would facilitate project phasing and development by multiple developers creating a more market responsive urban texture. If the City were to pursue an aggressive approach to redevelopment of the WURP site (through a joint public/private partnership) as planned, additional development potential beyond the natural market demand for the site would be possible.

North I-25 Area (4)

While the US 36 corridor is the rapid technology development and high employment growth corridor, the I-25 corridor is characterized by housing development and population growth. The Orchard Town Center, Wal-Mart and Lowe's have developed in anticipation of the growth in rooftops and to pre-empt their competition. Given the large amount of acreage available, the market analysis anticipates demand for a mix of uses on these properties, including office, hotel, retail, townhouses and multi-family apartments and/or condominiums.

Park Centre Area (5)

This area provides the largest concentration of industrial property within Westminster and includes the Park Centre Business Park on the north side of 120th Avenue and the 140-acre Avaya site on the south side. For the Park Centre properties, the market analysis suggests continued sales and leasing to industrial and flex space users with increased interest from office users in seven to ten years. For the large former Avaya manufacturing facility property, the market indicates industrial reuse with some office intermixed. Minor retail development is likely supportable along either the 120th Avenue or the Huron frontage. The housing market would support the transition of the western portion of this property to multi-family residential use.

72nd Avenue and Federal Boulevard Area (6)

With Federal Boulevard having interchanges with US 36, I-76 and I-70 further south and being near the hub of the regional freeway system, this area has the best regional access of all the retail sites evaluated. It consists of the frontage on 72nd Avenue from the rail tracks to Federal Boulevard and the properties immediately north of the frontage parcels on the north side of 72nd plus the frontage on Federal Boulevard from 76th Avenue to 72nd Avenue. It also includes the Westminster Plaza Shopping Center. Given the built out nature of much of this area, the market outlook is for incremental intensification of individual properties or from the private assembly of two or three properties. Supportable uses include community retail, small-scale office, in-fill residential consisting of townhouses or small apartment complexes, and possibly even a limited service hotel. Retailers and food service providers catering to the market area's Hispanic population may have more success than mainstream national chains that take a one formula works everywhere approach. The exception is the approximately 30-acre vacant parcel southeast of the intersection, which has good potential for community retail and possibly a hotel along the commercial frontage and residential in the interior.

III. Economics and Demographic Overview

Westminster is northwest of Denver, located almost halfway between Denver and Boulder and straddles US 36. Originally founded during the gold rush period in the South Platte River Valley, it grew through the planting of fruit orchards, which were in turn developed into housing and businesses along the Denver-Boulder Turnpike. Key developments in Westminster included Westminster University in the early 1900s, and the Westminster Mall, which was a successful retail magnet from its opening in 1977 until its decline in 2005. One of the main attractions of Westminster is its proximity to Denver and Boulder.

Regional Context

Westminster is part of the Denver Metropolitan Area, and local employers depend on the Metro Area labor pool and local residents take advantage of Denver's urban amenities. Westminster has historically lacked a downtown, but the City is moving to develop a walkable urban center on the site of the former Westminster Mall, known as the Westminster Urban Reinvestment Project (WURP). This site is one of three planned stops in Westminster for the 41-mile Northwestern Rail commuter line from Longmont to Union Station in Denver. Development has also been increasing in the northeastern part of the city along I-25. The Orchard Town Center, opened in 2008, attracts visitors from neighboring communities and provides amenities and services for residents in the northeastern part of Westminster.

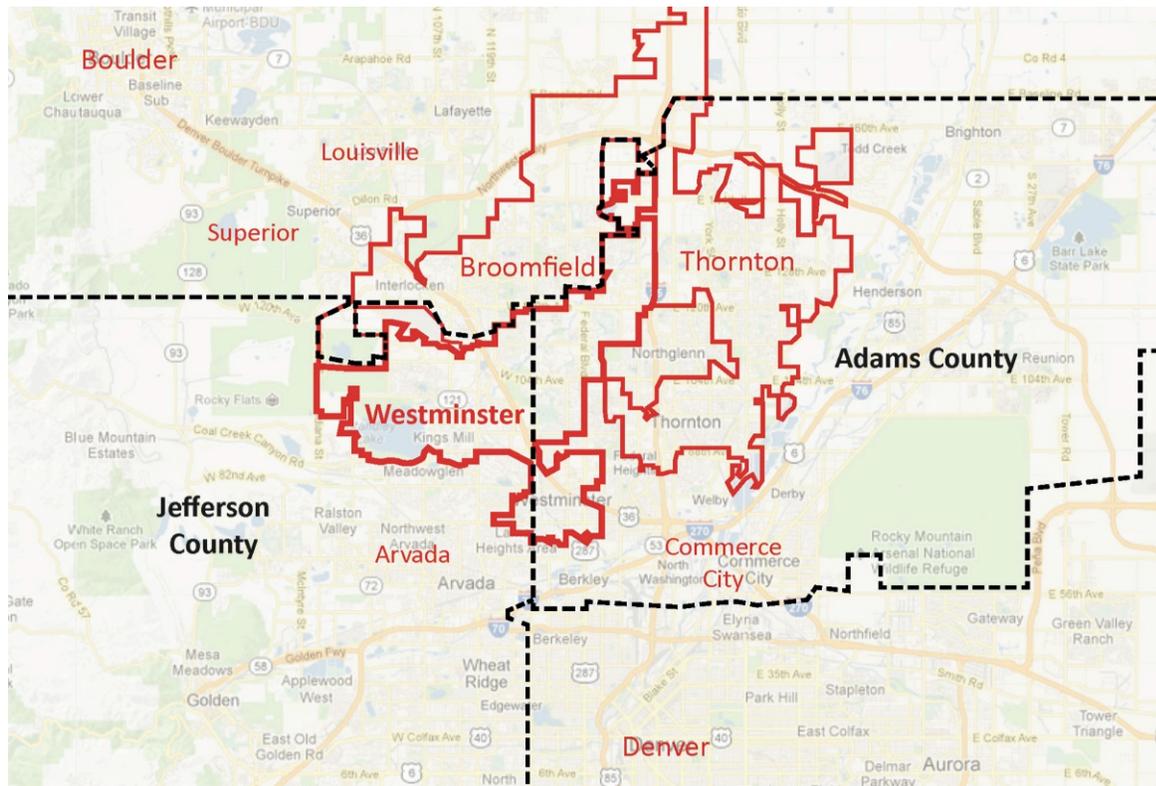
Westminster benefits from intellectual capital produced by the University of Colorado in Boulder, which is the largest employer in Boulder and is located 15 miles from Westminster. Boulder anchors one end of the already-prominent and still growing US- 36 Technology Corridor stretching from Westminster to Boulder. Companies located along the corridor are in various fields including bioscience, information technology, aerospace and robotics. Many of these companies started from research at CU, or from a number of technology incubators in the area. Important federal laboratories are also located in Boulder adding to that city's intellectual power.

Availability of a skilled and educated workforce is shown by a sampling of the top private employers in Westminster: Avaya (high-tech telecommunications), McKesson Information Solutions (health care information systems), St. Anthony's North Hospital (health care service provider), Ball Corporation (packaging products and aerospace), and Trimble (GPS and positioning technologies). Additionally, a significant number of small startups are continually launched in Westminster and the neighboring cities of the US 36 corridor.

According to a 2011 Brookings Institution report, Denver was the number one U.S. city for attracting young workers ages 25 to 34. In 2006 Money magazine ranked Westminster itself the 24th best place in the U.S. to live. Commonly cited reasons for the attraction of the area to residents are the ease of access to nature and the outdoors, a rich variety of work opportunities, proximity to urban centers but with improved affordability and greater access to open space.

Two main airports serve Westminster. Rocky Mountain Metropolitan Airport serves executive and charter needs and is less than ten miles from most of the city. The Northwest Parkway toll road connects I-25 to US 36 in Broomfield, just north of Westminster, and provides a direct link to E-470 and Denver International Airport (DIA), which can also be reached via I-70 from US 36.

Figure 2: Westminster Regional Context Map



Population Growth and Forecast

From 2001 to 2011, Adams County gained over 91,600 people, an increase of over 25 percent. During the same period, Jefferson County grew by over 11,000, an increase of just two percent. Approximately five percent of the population growth in these two counties was in the City of Westminister. The US Census estimates that Westminister's population grew from 102,600 in 2001 to 108,000 in 2011. The population of Weld County, to the north of Westminister, increased by 35 percent, adding over 66,300 new residents. Generally, the population of Westminister has grown at a slower rate in comparison to neighboring cities and counties, as well as the region overall due to limited vacant land for development. Growth in neighboring cities of Broomfield and Thornton were examined as they were seen as competitive areas for future commercial and industrial development. While the City of Westminister grew at an average annual rate of 0.5 percent, Broomfield and Thornton grew over six times faster, with average annual rates of 3.3 percent. Only the City of Boulder, with its strict controls on growth and limited vacant land, grew at a slower rate. Overall, Denver MSA grew at an average annual rate of 1.5 percent (see Table 3).

The Colorado State Department of Local Affairs projects population growth from between 2010 and 2030 for Adams County and Jefferson County at 1.7 and 0.7 percent annual growth rate, respectively. The Denver MSA is projected to increase at 1.4 percent annually. Based on these growth rates and historic population trends, projected populations by 2030 will reach 618,300 in Adams County and 615,200 in Jefferson County. The growth in these two counties represents over 32 percent of projected population growth in the Denver MSA (see Table 4).

Household Income

In 2011, the median household income in Westminster was \$61,500, approximately 3.8 percent higher than that of the Denver MSA. Of the jurisdictions examined (including Broomfield, Thornton, Boulder and Denver), Broomfield had the highest median household income, at \$73,800, and Denver had the lowest, at \$47,400. Among the neighboring cities, with the exception of Thornton, Westminster had the slowest rate of median household income growth of 0.3 percent between 2005 and 2011. Median household income grew the fastest in Boulder during this period, with an annual growth rate of 3.7 percent. Across the Denver MSA, median household income grew at an annual rate of 1.3 percent to \$59,200 in 2011 (see Table 5).

Employment Growth and Forecast

Employment growth in the Denver MSA region has been stagnant between 2001 and 2011, with an overall increase of 2,600 jobs in a market with over 1.2 million total employment. Employment changes are reflected by the economic cycles. Following three years of job losses, employment grew for five consecutive years from 2004 to 2008. In 2009 and 2010, 59,600 jobs were lost in the recession years. In 2011, the 18,100 increase in jobs was a strong sign of regional economic recovery, as shown in Figure 3 and Table 6.

Figure 3: Denver-Aurora MSA Total Nonfarm Employment

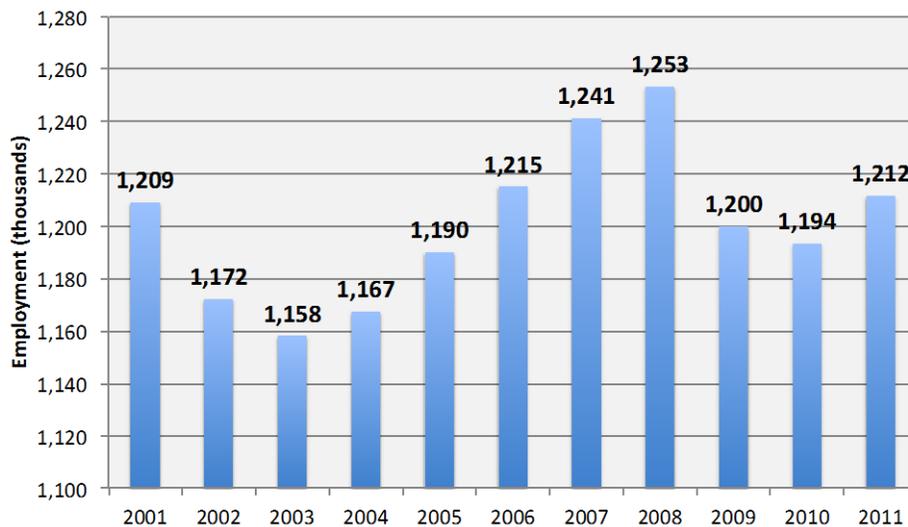


Table 3: Westminster Area Population Trends

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001 - 2011	
												Abs Growth	CAGR
Westminster City	102,620	103,667	103,679	103,804	104,218	104,921	105,945	107,371	109,180	106,114	107,967	5,347	0.5%
Adams County	359,816	370,753	377,464	384,809	395,146	406,575	415,746	424,913	435,700	441,603	451,443	91,627	2.3%
Jefferson County	528,845	527,851	524,940	520,900	519,675	521,662	524,911	529,003	531,961	534,543	539,884	11,039	0.2%
Weld County	192,278	202,234	208,858	215,322	222,879	230,703	237,692	243,442	248,193	252,825	258,638	66,360	3.0%
Broomfield City / County	41,436	42,522	45,098	46,591	48,490	51,454	53,664	54,813	55,990	55,889	57,352	15,916	3.3%
Thornton City	88,112	93,436	96,952	100,653	103,815	107,444	110,653	114,197	117,628	118,772	121,435	33,323	3.3%
Boulder City	94,984	95,759	95,895	96,412	97,233	98,305	98,521	99,466	100,160	97,385	98,889	3,905	0.4%
Denver City / County	564,411	561,072	558,351	558,506	561,323	568,692	578,789	593,086	610,345	600,158	619,968	55,557	0.9%
Denver-Aurora-Broomfield MSA	2,246,785	2,276,250	2,297,441	2,321,712	2,353,518	2,399,620	2,449,476	2,500,384	2,552,195	2,543,482	2,599,504	352,719	1.5%
Colorado State	4,433,068	4,504,265	4,548,775	4,599,681	4,660,780	4,753,044	4,842,259	4,935,213	5,024,748	5,029,196	5,116,796	683,728	1.4%

¹ Data for 2010 as of April of that year and reflects Census 2010 estimates. All other data are as of July of that year.

Source: US Census Bureau

Table 4: Westminster Area Population Projections

Region / Counties	2010	2015	2020	2025	2030	2010 - 2030	
						Abs Growth	CAGR
Adams County	441,603	481,886	525,350	573,761	618,319	176,716	1.70%
Jefferson County	534,543	550,442	573,899	595,995	615,178	80,635	0.70%
Weld County	252,825	281,143	326,772	383,264	442,700	189,875	2.84%
Denver - Aurora MSA	2,543,482	2,732,662	2,942,481	3,153,423	3,342,357	798,875	1.38%
Colorado State	5,029,196	5,415,977	5,891,881	6,387,491	6,860,189	1,830,993	1.56%

Source: UC Census Bureau, Colorado State Department of Local Affairs and BLLE

Table 5: Westminster Area Median Household Income Trends

	2005	2006	2007	2008	2009	2010	2011	2005 - 2011	
								Abs Growth	CAGR
Westminster City	60,265	57,959	58,498	64,199	60,662	60,242	61,503	1,238	0.3%
Adams County	50,650	50,575	52,110	56,529	53,790	52,711	52,325	1,675	0.5%
Jefferson County	60,944	60,483	64,416	66,344	66,012	63,826	64,292	3,348	0.9%
Weld County	48,763	52,543	52,133	56,065	54,710	51,956	51,059	2,296	0.8%
Broomfield City / County	N/A	N/A	69,419	72,170	73,875	73,616	73,777	N/A	N/A
Thornton City	63,636	58,042	66,485	70,621	58,670	62,512	62,144	-1,492	-0.4%
Boulder City	46,002	47,577	52,759	57,231	47,967	52,618	57,112	11,110	3.7%
Denver City / County	42,370	40,900	44,444	45,831	46,410	45,074	47,371	5,001	1.9%
Denver-Aurora-Broomfield MSA	54,896	54,994	58,875	60,344	59,007	58,732	59,230	4,334	1.3%
Colorado State	50,652	52,015	55,212	56,993	55,430	54,046	55,387	4,735	1.5%

Source: US Census Bureau, American Community Survey

Table 6: Denver-Aurora MSA Non-farm Employment Growth

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Percent of Total 2011	2001 - 2011	
													Abs Change	CAGR
Total Nonfarm	1,209,000	1,172,300	1,158,100	1,167,300	1,190,100	1,215,100	1,241,200	1,253,100	1,199,800	1,193,500	1,211,600	100.0%	2,600	0.0%
Annual Change	-2,200	-36,700	-14,200	9,200	22,800	25,000	26,100	11,900	-53,300	-6,300	18,100			
Annual Percentage Change	-0.2%	-3.0%	-1.2%	0.8%	2.0%	2.1%	2.1%	1.0%	-4.3%	-0.5%	1.5%			
Mining, Logging and Construction	97,500	92,800	86,200	85,700	90,200	94,400	92,900	91,500	76,700	69,700	69,700	5.8%	(27,800)	-3.3%
Manufacturing	81,000	74,000	71,400	71,800	72,200	72,200	71,500	69,900	63,100	61,100	61,800	5.1%	(19,200)	-2.7%
Wholesale Trade	68,400	64,700	62,700	62,000	62,800	64,900	66,300	66,800	62,500	61,300	62,200	5.1%	(6,200)	-0.9%
Retail Trade	124,000	122,300	120,900	121,200	124,600	125,000	127,500	127,300	120,600	120,900	123,000	10.2%	(1,000)	-0.1%
Transp, Warehsg and Utils	54,500	49,000	49,000	49,400	49,300	49,300	50,700	50,700	47,600	45,800	45,400	3.7%	(9,100)	-1.8%
Information	69,000	59,100	54,300	51,400	48,200	47,600	48,000	48,400	46,300	45,000	44,500	3.7%	(24,500)	-4.3%
Financial Activities	95,600	94,800	98,100	98,000	99,700	100,600	99,600	97,100	92,800	90,800	90,400	7.5%	(5,200)	-0.6%
Professional and Business Services	194,000	182,200	179,300	185,100	192,400	200,000	211,500	215,300	202,700	203,000	210,500	17.4%	16,500	0.8%
Educational and Health Services	106,600	110,000	113,100	116,400	119,400	123,100	128,000	133,700	138,000	142,800	147,700	12.2%	41,100	3.3%
Leisure and Hospitality	116,200	115,600	115,200	118,100	121,500	125,300	128,500	130,300	125,900	127,500	130,200	10.7%	14,000	1.1%
Other Services	43,600	44,100	44,100	45,000	45,300	46,300	47,100	48,400	47,500	47,400	48,800	4.0%	5,200	1.1%
Government	158,600	163,700	163,900	163,300	164,500	166,500	169,600	173,800	176,200	178,200	177,400	14.6%	18,800	1.1%

Source: Colorado State Dept of Labor and Employment

Adams County fared quite well overall, between 2001 and 2011. Employment in Adams County increased from 144,700 in 2001 to 153,800 in 2011, an average growth rate of 0.6 percent. Adams County employment peaked at 153,900 in 2008 and then contracted for two consecutive years during the recession, losing almost 7,000 jobs. Impressive job growth in 2011 of 4.6 percent (6,750 jobs) brought employment back up to the pre-recession peak. The largest employment categories in Adams County are Health Care and Social Assistance and Retail Trade. Health Care and Social Assistance was the fastest growing sector, adding 12,000 jobs, from 8,400 in 2001 to 20,400 in 2011, an increase of over 140 percent. Other growing industries include Educational Services, Management of Companies and Enterprises, and Professional and Technical Services (see Error! Not a valid bookmark self-reference.).

Jefferson County lost over 5,000 jobs between 2001 and 2011. Employment in Jefferson County fell to 204,700 in 2011 from 210,000 in 2001. While employment growth and contraction mirrored that of the Denver MSA and Adams County, job growth was never as strong in Jefferson County. Although the county gained 2,400 jobs in 2011, total employment was still about three percent, or 6,500 jobs, less than the 2008 peak of 211,200. The largest employment categories in the county are Retail Trade, Health Care and Social Assistance, and Professional and Technical Services. The fastest growing sector was Management of Companies and Enterprises, more than doubling the number of jobs from 1,200 in 2001 to 2,700 in 2011 (see Table 8).

Based on historic employment trends and population forecasts by the Colorado State Department of Local Affairs, BLLE estimates that employment in the Denver MSA will grow at an average annual rate of 1.6 percent, from 1.2 million in 2010 to over 1.6 million by 2030. The Denver MSA employment forecast is presented in Table 9.

Housing Construction

After five consecutive years of declining housing construction, the number of building permits issued for new, privately-owned residential units in Westminster increased in 2010 and 2011, as shown in Table 10. Over the ten-year period, total residential units permitted in Westminster peaked at 970 in 2001 and declined sharply from 2005 through 2009, reaching a low of 44 in 2009. In 2011, the number of permits issued in the city doubled from the year before, to 96; however, this is just ten percent of the housing construction activity seen at the peak in 2001, which may also reflect the city's limited availability of vacant land. The uptick in residential construction permits is another sign pointing to recovery of the local economy.

Westminster has seen less housing construction in recent years compared to the surrounding cities of Broomfield and Thornton. While the number of units permitted in Westminster averaged 370 between 2001 and 2011, Broomfield and Thornton averaged 700 and 1,120, respectively. This is mostly due to the fact that the cities of Broomfield and Thornton have more developable vacant land than Westminster.

In nearly all jurisdictions except Boulder and Denver, a greater percentage of multifamily units were permitted in the early 2000s. In 2001, 64 percent of total units permitted in Westminster were multifamily. By 2010, multifamily units comprised only 17 percent of total units permitted. Across the ten-year period overall, 37 percent of building permits issued in Westminster were for multifamily units. The proportion of multifamily units permitted in Adams County and Jefferson County between 2001 and 2011 was 18 percent and 33 percent, respectively. Both Broomfield and Thornton have significantly more remaining vacant land than Westminster.

Table 7: Adams County Non-farm Employment Growth

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Percent of 2001 - 2011		
												Total 2011	Abs Change	CAGR
Total, All Industries	146,043	144,060	139,981	141,313	147,673	152,726	154,236	155,116	150,160	147,987	154,810			
Agriculture, Forestry, Fishing & Hunting	1,346	1,254	1,143	987	1,143	1,225	993	1,182	1,069	893	966			
Total Nonfarm	144,697	142,806	138,838	140,326	146,530	151,501	153,243	153,934	149,091	147,094	153,844	100.0%	9,147	0.6%
Annual Change	1,278	-1,891	-3,968	1,488	6,204	4,971	1,742	691	-4,843	-1,997	6,750			
Annual Percentage Change	0.9%	-1.3%	-2.8%	1.1%	4.4%	3.4%	1.1%	0.5%	-3.1%	-1.3%	4.6%			
Mining	314	291	256	231	236	238	238	232	241	272	352	0.2%	38	1.1%
Utilities	853	855	864	883	1,036	736	779	817	792	776	735	0.5%	-118	-1.5%
Construction	20,440	19,734	17,602	17,509	18,001	18,923	17,458	16,907	15,056	13,781	13,980	9.1%	-6,460	-3.7%
Manufacturing	15,701	14,743	13,284	13,345	14,026	14,103	13,514	12,518	10,803	10,739	11,472	7.5%	-4,229	-3.1%
Wholesale Trade	13,604	13,302	12,986	13,185	13,622	14,275	14,878	14,753	13,425	13,210	13,388	8.7%	-216	-0.2%
Retail Trade	16,528	15,897	15,316	15,037	15,980	16,323	16,797	17,191	16,667	16,752	17,009	11.1%	481	0.3%
Transportation and Warehousing	15,739	15,488	15,061	14,965	15,566	15,318	15,418	14,385	13,972	13,476	13,615	8.8%	-2,124	-1.4%
Information	2,530	1,974	1,903	1,749	2,063	2,137	2,202	2,293	2,296	2,101	2,595	1.7%	65	0.3%
Finance and Insurance	2,963	3,065	3,307	3,332	2,924	3,032	2,980	2,933	2,838	2,674	2,743	1.8%	-220	-0.8%
Real Estate and Rental and Leasing	2,689	2,613	2,741	2,718	2,843	2,885	2,953	2,899	2,691	2,612	2,573	1.7%	-116	-0.4%
Professional and Technical Services	3,735	3,491	3,704	3,715	3,952	4,000	4,190	4,804	4,814	4,880	5,057	3.3%	1,322	3.1%
Management of Companies and Enterprises	922	974	1,034	1,178	1,406	1,569	1,353	1,267	1,577	1,653	1,272	0.8%	350	3.3%
Administrative and Waste Services	8,482	8,730	8,784	8,992	9,484	10,751	11,086	10,199	9,390	9,574	10,104	6.6%	1,622	1.8%
Educational Services	9,372	10,310	10,758	11,182	11,833	12,360	12,641	12,871	13,362	13,492	13,148	8.5%	3,776	3.4%
Health Care and Social Assistance	8,367	8,540	8,821	9,092	9,533	10,090	11,403	13,590	15,446	15,889	20,359	13.2%	11,992	9.3%
Arts, Entertainment, and Recreation	1,433	1,529	1,512	1,493	1,594	1,604	1,463	1,532	1,427	1,349	1,294	0.8%	-139	-1.0%
Accommodation and Food Services	10,463	10,535	10,172	10,520	10,947	11,323	11,949	12,578	12,313	12,011	12,272	8.0%	1,809	1.6%
Other Services, Ex. Public Admin	4,217	4,218	4,148	4,340	4,652	4,877	4,885	4,870	4,653	4,459	4,657	3.0%	440	1.0%
Public Administration	6,343	6,519	6,583	6,859	6,833	6,943	7,046	7,278	7,320	7,385	7,217	4.7%	874	1.3%
Unclassified	2	***	5	1	4	14	12	16	9	10	2	0.0%	0	0.0%

Source: Colorado State Dept of Labor and Employment

Table 8: Jefferson County Non-farm Employment Growth

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Percent of 2001 - 2011		
												Total 2011	Abs Change	CAGR
Total, All Industries	210,375	205,990	203,139	203,512	205,967	206,872	211,091	211,493	203,857	202,559	204,998			
Agriculture, Forestry, Fishing & Hunting	483	449	391	373	379	360	289	294	289	306	335			
Total Nonfarm	209,892	205,541	202,748	203,139	205,588	206,512	210,802	211,199	203,568	202,253	204,663	100.0%	-5,229	-0.3%
Annual Change	-149	-4,351	-2,793	391	2,449	924	4,290	397	-7,631	-1,315	2,410			
Annual Percentage Change	-0.1%	-2.1%	-1.4%	0.2%	1.2%	0.4%	2.1%	0.2%	-3.6%	-0.6%	1.2%			
Mining	458	420	275	271	280	380	592	570	433	402	404	0.2%	-54	-1.2%
Utilities	859	903	903	928	978	1,023	1,013	1,048	1,068	1,040	1,029	0.5%	170	1.8%
Construction	16,677	15,889	14,968	15,097	15,240	15,480	15,232	14,384	11,766	10,867	10,670	5.2%	-6,007	-4.4%
Manufacturing	21,491	18,700	18,187	18,490	18,541	18,381	18,790	19,029	17,824	17,345	17,322	8.5%	-4,169	-2.1%
Wholesale Trade	6,589	6,175	5,762	5,981	5,944	6,067	6,651	6,672	6,543	6,610	6,604	3.2%	15	0.0%
Retail Trade	29,626	29,170	28,835	28,607	29,520	29,641	30,261	30,057	27,929	28,047	28,261	13.8%	-1,365	-0.5%
Transportation and Warehousing	2,985	2,701	2,738	2,762	2,852	2,856	2,852	3,131	3,002	3,020	3,014	1.5%	29	0.1%
Information	4,583	4,389	4,218	4,071	4,223	4,448	4,614	4,261	4,093	3,697	3,650	1.8%	-933	-2.3%
Finance and Insurance	8,202	8,326	8,756	8,558	8,421	8,379	8,086	7,698	8,073	7,791	7,455	3.6%	-747	-1.0%
Real Estate and Rental and Leasing	4,115	4,022	4,030	4,204	4,207	4,022	4,262	4,128	3,613	3,499	3,478	1.7%	637	-1.7%
Professional and Technical Services	16,425	15,642	14,985	15,004	15,629	16,152	17,384	18,486	18,810	19,481	20,012	9.8%	3,587	2.0%
Management of Companies and Enterprises	1,255	1,399	1,587	1,752	2,376	2,519	2,699	2,722	2,701	2,581	2,678	1.3%	1,423	7.9%
Administrative and Waste Services	16,641	16,363	15,964	15,490	14,855	13,777	13,549	12,722	11,657	10,970	11,164	5.5%	-5,477	-3.9%
Educational Services	15,530	16,272	16,242	16,012	16,300	16,195	16,466	17,192	16,956	16,889	16,879	8.2%	1,349	0.8%
Health Care and Social Assistance	18,156	18,344	18,717	19,250	19,400	19,877	20,473	21,212	21,766	22,563	24,386	11.9%	6,230	3.0%
Arts, Entertainment, and Recreation	4,155	4,206	4,311	4,572	4,547	4,435	4,328	4,238	4,190	4,201	4,150	2.0%	-5	0.0%
Accommodation and Food Services	19,903	19,634	19,387	19,421	19,761	20,300	20,706	20,547	19,594	19,335	19,863	9.7%	-40	0.0%
Other Services, Ex. Public Admin	6,458	6,474	6,408	6,257	6,162	6,196	6,398	6,445	6,270	6,185	6,331	3.1%	-127	-0.2%
Public Administration	15,777	16,505	16,471	16,399	16,346	16,369	16,438	16,636	17,269	17,727	17,307	8.5%	1,530	0.9%
Unclassified	7	8	3	13	8	14	7	21	12	8	9	0.0%	2	2.5%

Source: Colorado State Dept of Labor and Employment

Table 9: Denver MSA Employment Forecast

	2010	2015	2020	2025	2030	2010 - 2030	
						Abs Growth	CAGR
MSA Population	2,543,482	2,732,662	2,942,481	3,153,423	3,342,357	798,875	1.38%
Percent Employed	46.9%	48.0%	48.6%	48.6%	48.6%		
MSA Employment	1,193,500	1,311,678	1,430,046	1,532,563	1,624,385	430,885	1.55%

Source: US Census Bureau, Colorado State Department of Local Affairs and BLLE

Table 10: New, Privately-Owned Residential Building Permits (number of units)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total	Avg 01-11
Westminster City													
Single Family	353	352	484	477	302	243	146	62	32	40	96	2,587	235
Multi Family	617	484	102	141	41	77	22	26	12	8	0	1,530	139
Westminster Total	970	836	586	618	343	320	168	88	44	48	96	4,117	374
Broomfield City / County													
Single Family	541	514	405	567	626	916	584	190	160	232	229	4,964	451
Multi Family	559	368	232	167	145	166	476	637	0	0	0	2,750	250
Broomfield Total	1,100	882	637	734	771	1,082	1,060	827	160	232	229	7,714	701
Thornton City													
Single Family	1,672	1,513	1,435	1,109	1,256	1,000	484	295	240	185	245	9,434	858
Multi Family	709	616	415	452	120	45	342	49	0	75	15	2,838	258
Thornton Total	2,381	2,129	1,850	1,561	1,376	1,045	826	344	240	260	260	12,272	1,116
Adams County													
Single Family	4,392	3,916	4,023	4,384	4,177	2,754	1,431	650	477	558	546	27,308	2,483
Multi Family	1,738	1,915	655	674	395	154	378	132	16	104	19	6,180	562
Adams Total	6,130	5,831	4,678	5,058	4,572	2,908	1,809	782	493	662	565	33,488	3,044
Jefferson County													
Single Family	1,524	1,312	1,203	1,599	1,589	991	682	374	288	471	440	10,473	952
Multi Family	785	612	223	745	505	1,053	380	215	91	106	518	5,233	476
Jefferson Total	2,309	1,924	1,426	2,344	2,094	2,044	1,062	589	379	577	958	15,706	1,428
Boulder City													
Single Family	51	74	87	83	77	55	41	101	43	115	59	786	71
Multi Family	163	219	76	133	107	124	99	431	76	338	56	1,822	166
Boulder Total	214	293	163	216	184	179	140	532	119	453	115	2,608	237
Denver City / County													
Single Family	1,011	1,641	2,122	4,098	2,029	1,800	1,215	837	485	632	703	16,573	1,507
Multi Family	3,447	2,985	914	0	1,135	2,052	2,467	2,343	403	600	1,982	18,328	1,666
Denver Total	4,458	4,626	3,036	4,098	3,164	3,852	3,682	3,180	888	1,232	2,685	34,901	3,173

Source: US Census Bureau

Conclusion

Population, employment and housing construction trends in the City of Westminster indicate the need to intensify development in select urban districts. This land use intensification will be accompanied by employment intensification as the City pursues its economic strategy of expanding bio-medical and high technology industries. Maintaining its role as a regional retail center is also of importance to the City, particularly along US- 36 and I-25 corridors.

IV. Demand for Office Space

Historic Office Market Performance

The Denver Metro Area

The best measure of long-term regional office space demand is the growth in occupied space. In the Denver Metro Area, the amount of occupied office space has increased from 127 million square feet at the end of 1999 to 149 million square feet during the fourth quarter of 2012. Over this 13-year period, this Metro Area added 22 million square feet of occupied office space for an annual average of 1.7 million square feet per year. The growth was particularly strong from 2002 through 2007 and essentially flat from 2007 through 2009. From the end of 2009 to the fourth quarter of 2012, occupied space grew by over six million square feet (see Table 11).

Simply looking at occupied space actually understates true demand. This is because an office market needs a certain amount of vacant space for fluidity. Without vacant space, tenants that wish to contract or expand are not able to move even if there is no overall demand growth. The market equilibrium vacancy rate varies and depends upon the velocity of market expansion. A rapidly expanding market is able to sustain a higher vacancy rate than a stagnant market. For the Denver Metro office market, a 12 percent vacancy rate is deemed to be a reasonable market equilibrium vacancy rate. When this 12 percent vacancy rate is added to the occupied space, the regional demand increase was 25 million square feet over the last 13 years for an annual average of just under two million square feet per year. This average annual demand spans two recessions.

The US 36 Corridor

The US 36 corridor through the cities of Westminster, Broomfield, Superior and Louisville is one of the strongest growth corridors in the nation for technology firms (see map of US 36 corridor). Firms like Ball Corporation, Sun Microsystems, Oracle and Staples have major facilities in this corridor. Office space demand in this corridor, including the equilibrium vacancy rate, totaled 3.5 million square feet over the past 13 years for an average annual demand of 274,000 square feet. The corridor's share of the Metro Area office space climbed from 3.6 percent at the end of 1999 to 5.1 percent by 2006. Its share has remained around this 5.1 percent for the last five years. By being between the cities of Denver and Boulder, this corridor is able to tap into the sizable labor market available in the Denver Metro Area and the exceptional intellectual capital that is available in Boulder. The Rocky Mountain Metropolitan Airport, located in the heart of this corridor, allows convenient executive access in corporate or private aircraft.

Office Demand in Westminster

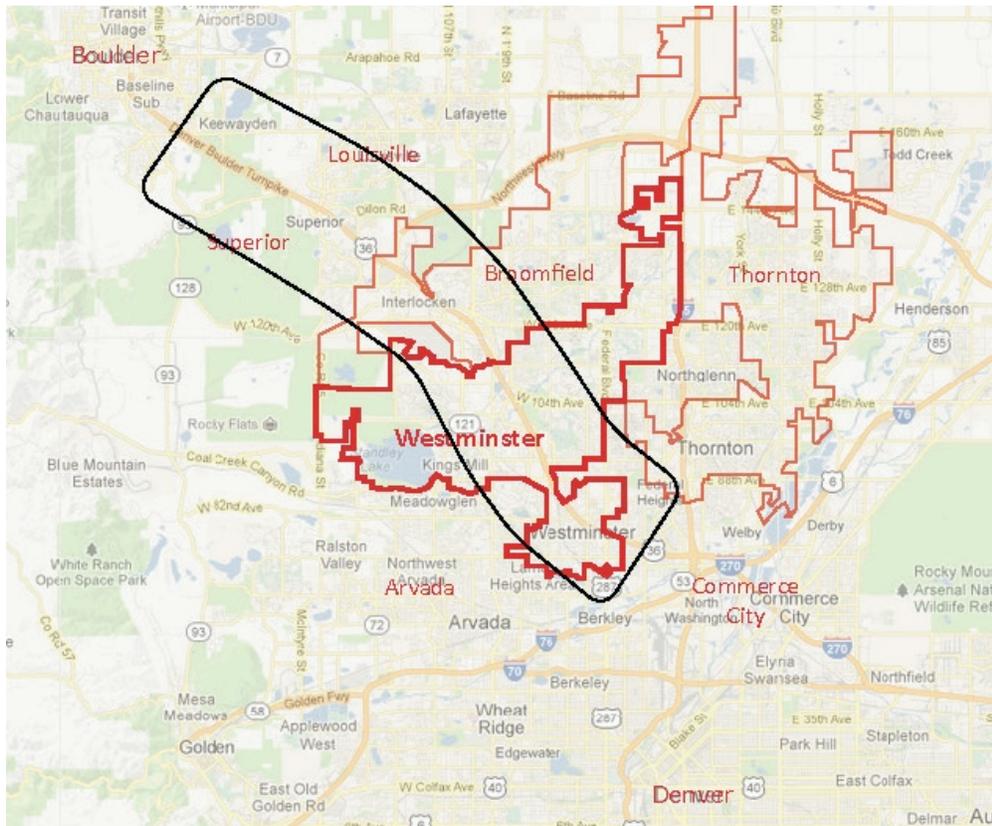
While absorption has been modest since 2007 due to the recession, the longer-term historical perspective for Westminster has been reasonably positive. This city's share of the Metro Area office market has climbed from 1.5 percent in 1999 to 2.2 percent by 2012. Including the years in this recent severe recession, average annual office space demand was 126,600 square feet in Westminster through this period. Assuming a Floor Area Ratio (FAR) of 0.22 for this corridor, this amount of space absorption translates into office land absorption of 13 acres per year. FAR is the relationship between the above-ground floor area of a building (excluding structured parking), and the land area it stands on, expressed as a decimal. An FAR of 0.22 indicates that the building floor area 22 percent of the total land area.

Table 11: Metro Denver Office Space Trends and Market Share

Period	Denver Metro Occupied SF	US-36 Corridor Occupied Space	Westminster Occupied Space	US-36 Corridor as Share of Metro	Westminster as Share of Metro	Westminster to Corridor Comparison
2012 4QTD	148,627,378	7,602,597	3,302,973	5.12%	2.22%	43.45%
2011 4Q	146,913,309	7,460,226	3,253,642	5.08%	2.21%	43.61%
2010 4Q	145,042,288	7,439,430	3,255,810	5.13%	2.24%	43.76%
2009 4Q	142,442,892	7,504,162	3,116,097	5.27%	2.19%	41.52%
2008 4Q	142,411,024	7,403,604	3,177,528	5.20%	2.23%	42.92%
2007 4Q	142,297,229	7,282,760	3,169,617	5.12%	2.23%	43.52%
2006 4Q	138,864,559	7,079,755	3,102,293	5.10%	2.23%	43.82%
2005 4Q	136,151,628	6,902,061	2,983,300	5.07%	2.19%	43.22%
2004 4Q	132,371,519	6,160,820	2,690,499	4.65%	2.03%	43.67%
2003 4Q	130,716,526	6,218,253	2,854,251	4.76%	2.18%	45.90%
2002 4Q	129,535,188	5,897,326	2,580,878	4.55%	1.99%	43.76%
2001 4Q	131,905,383	6,085,166	2,582,962	4.61%	1.96%	42.45%
2000 4Q	132,730,477	5,879,876	2,359,060	4.43%	1.78%	40.12%
1999 4Q	126,590,232	4,515,437	1,876,744	3.57%	1.48%	41.56%
Net Change in Occupied Space 1999-2012						
Total	22,037,146	3,087,160	1,426,229	14.01%	6.47%	46.20%
Annual Average	1,721,652	241,184	111,424			
Net Change in Demand @ 12% Equilibrium Vacancy 1999-2012						
Total	25,042,211	3,508,136	1,620,715	14.01%	6.47%	46.20%
Annual Average	1,956,423	274,073	126,618			

Source: CoStar and BLLE

Figure 4: US 36 Corridor Map



Forecast of Office Demand

Denver Metropolitan Statistical Area

Strong statistical correlations exist between population, employment, office employment and occupied office space. By understanding these correlations, future demand for office space in the Metropolitan Statistical Area (MSA) can be estimated from population and employment forecasts using historic data provided by the Colorado State Department of Employment. Office employment was estimated by taking all of the employment in the information, financial activities, professional and business services sectors plus ten percent of the employment in education services, health services and government. Using these estimates office employment has been consistently 31 to 32 percent of total MSA employment over the last decade. Total occupied office space generated by CoStar was then divided by this estimated office employment to calculate an occupied space per employee factor (see Table 12). This factor has increased steadily from 343 square feet per office employee in 2001 to 391 square feet in 2010. This increase at least in part reflects the recent recession because with a reduction in business volume firms are able to shed employees more readily than office space under lease. By 2011 as the Denver regional economy shifts to recovery mode, this factor dropped a notch to 389 square feet per employee.

Future Denver MSA demand can be estimated from employment growth as indicated in Table 13. Using the State of Colorado's population forecasts and the historic pattern of labor force participation, BLLE was able to forecast Denver MSA total employment growth. This total employment was then factored down to office employment using the historically very consistent factor of approximately 31 percent. A declining space per employee factor was then used to reflect recovery of the MSA economy and employers striving to use space more efficiently as the business volume increases. The equilibrium vacancy rate of 12 percent was then applied to the estimated occupied space to create overall MSA office space demand forecast. According to this forecast, MSA office space demand totaled 161 million square feet in 2012 and increases to 189 million square feet by 2022 and 210 million square feet by 2032.

The MSA demand growth is then nearly 28 million square feet in the 2012 to 2022 period and 21 million square feet in the 2022 to 2032 decade. However, because the current supply is 170 million square feet¹, the current market has an excess supply of office space by about nine million square feet. At the historic rate of absorption, this supply overhang in the MSA will required four years to eliminate. At the projected MSA absorption rate of 2.8 million square feet for the next decade, it is a three-year supply overhang. Because of this three- to four-year supply overhang which will keeps rents low, developers have little enthusiasm for new office development at this time. Their attitudes will likely be different in four years.

Westminster and the US 36 Corridor

Over the past 13 years, the US 36 corridor captured 14 percent of the regional Denver MSA office market growth. With the momentum this corridor has established within the technology sector and an abundance of both entitled and un-entitled business park lands, BLLE estimates that this corridor will capture 15 to 18 percent of the regional office market for new construction over the next two decades, depending on the rate of employment growth in the region. The 20-year absorption estimate then ranges from a low of 6.1 million square feet to a high of 7.3 million square feet for the US 36 corridor.

The City of Westminster has the potential to capture approximately one half of the corridor demand or eight to ten percent of the MSA demand assuming ample entitled office land is provided within the city's portion of the US 36 corridor. The citywide demand forecast is then 1.5 to 1.9 million square feet for the 2012 to 2022 decade and 1.7 to 2.1 million square feet for the 2022 to 2032 decade. For the two decades combined, the citywide demand ranges from 3.2 to 4.0 million square feet. As previously discussed, office demand is very location sensitive, and therefore 75 to 80 percent of this citywide demand is projected to be in the US 36 corridor. Using an FAR of 0.25 to reflect a combination of urban scale office development with some structured parking and suburban business park type development, these square footage demand forecasts translates into the need for 296 to 371 additional office acres by 2032.

¹ CoStar

Table 12: Denver-Aurora MSA Total and Office Employment Growth

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	<u>2001 - 2011</u>	
												Abs Change	CAGR
MSA Population	2,246,785	2,276,250	2,297,441	2,321,712	2,353,518	2,399,620	2,449,476	2,500,384	2,552,195	2,543,482	2,599,504	352,719	1.5%
Percent Employed	53.8%	51.5%	50.4%	50.3%	50.6%	50.6%	50.7%	50.1%	47.0%	46.9%	46.6%		
Total Nonfarm Employment	1,209,000	1,172,300	1,158,100	1,167,300	1,190,100	1,215,100	1,241,200	1,253,100	1,199,800	1,193,500	1,211,600	2,600	0.0%
Percentage Office Employment	31.9%	31.0%	31.0%	31.1%	31.0%	31.0%	31.3%	31.2%	31.1%	31.1%	31.2%		
Estimated Office Employment	385,120	363,470	359,400	362,470	368,690	377,160	388,860	391,550	373,220	370,900	377,910	(7,210)	-0.2%
Information	69,000	59,100	54,300	51,400	48,200	47,600	48,000	48,400	46,300	45,000	44,500	(24,500)	-4.3%
Financial Activities	95,600	94,800	98,100	98,000	99,700	100,600	99,600	97,100	92,800	90,800	90,400	(5,200)	-0.6%
Professional and Business Svcs	194,000	182,200	179,300	185,100	192,400	200,000	211,500	215,300	202,700	203,000	210,500	16,500	0.8%
Educational and Health Svcs @ 10%	10,660	11,000	11,310	11,640	11,940	12,310	12,800	13,370	13,800	14,280	14,770	4,110	3.3%
Government @ 10%	15,860	16,370	16,390	16,330	16,450	16,650	16,960	17,380	17,620	17,820	17,740	1,880	1.1%
Occupied Office Space (1,000 SF)	131,905	129,535	130,717	132,372	136,152	138,865	142,297	142,411	142,443	145,042	146,913	15,008	1.1%
Occupied Space Per Employee	343	356	364	365	369	368	366	364	382	391	389	46	1.3%
Average Space per Employee 2001-11												369	

Source: Colorado State Dept of Labor and Employment, CoStar and BLLE

Table 13: Forecast of MSA and Westminster Office Demand 2012 to 2032

New Office Construction Demand in MSA	2012	2022	2032	
MSA Employment	1,230,986	1,471,000	1,659,400	
Percentage Office Employment	31.2%	31.0%	31.0%	
Estimated MSA Office Employment	384,068	456,010	514,414	
Space Needed Per Employee (SF)	370	365	360	
Occupied Office Space Needed in MSA (SF)	142,104,978	166,443,650	185,189,040	
Equilibrium Vacancy Allowance @ 12%	19,377,951	22,696,861	25,253,051	
Total Office Space Demand in MSA (SF)	161,482,929	189,140,511	210,442,091	
Current Stock of Space (SF)	170,087,637			
		2012-22	2022-32	Total
Office Construction Needed in Denver MSA (SF)	(8,604,708)	19,052,874	21,301,580	40,354,454
Estimated US-36 Corridor and City of Westminster Demand Increase		2012-22	2022-32	Total
US-36 Corridor Market Share (SF)				2012-32
High @ 18%		3,429,517	3,834,284	7,263,802
Low @ 15%		2,857,931	3,195,237	6,053,168
City of Westminster Market Share of MSA (SF)¹				
High @ 10%		1,905,287	2,130,158	4,035,445
Low @ 8%		1,524,230	1,704,126	3,228,356
City of Westminster Office Land Absorption Forecast @ 0.25 FAR (Acres)				
High @ 10%		175	196	371
Low @ 8%		140	156	296
Recommended Comp Plan Office Land Requirement to Facilitate Land Market Competition in Acres				
High				500
Low				450

¹ Includes Westminster outside of the US-36 Corridor

Source: Bill Lee Land Econ Consultants

Supply of Available Office Land in the US 36 Corridor

This corridor has considerable land available for future office development. According to information compiled by CBRE², 438 acres are available for development in currently developed business parks, with the greatest availability in Interlocken Technology Park in Broomfield with 156 acres. An additional 154 acres, mostly in Broomfield, are entitled but undeveloped. The Rocky Mountain Metropolitan Airport has an additional 400 to 500 acres that could be developed for office or industrial use and an additional 100 to 200 acres for aviation related uses.

Of the total 594 available acres that are either in developed parks or are already entitled, only 133 acres or 22 percent are in Westminster. This acreage is in Westmoor (77 acres), Circle Point (41 acres) and Church Ranch Corporate Park (15 acres). With only a slight acceleration of office space absorption over

² CBRE Northwest Denver Market Overview, 3rd Quarter 2012

historic rates that included two recessions, Westminster has no more than a ten-year supply of entitled office land. The challenge for Westminster in the decades ahead is having sufficient supply of well located office land in the US 36 corridor to offer both suburban campus types sites and urban sites which are becoming increasingly attractive to the new Colorado labor force. Well-located office lands are properties that provide peak commute hour access to the largest possible labor pool. With such access, companies are able to recruit employees from the largest possible pool of talent, allowing them to maximize output for each unit of salary input. However, because of the strong technology based component of office demand in this corridor and the disproportionate availability of such talent in Boulder, companies locate along the US 36 Corridor to maximize the combination of two functions, with the first being peak hour access to the large regional Denver labor market and the second being access to the more highly trained and technology savvy labor market concentrated in Boulder.

Westminster and the I-25 Corridor

The I-25 corridor from approximately 136th Avenue to E-470 has the potential to capture demand for a wide range of office development. The area is far enough removed from the US 36 technology corridor that buildout of the corridor will continue to occur in cities like Broomfield, Superior and Louisville—which combined will have sufficient property to accommodate at least 20 years of technology demand growth. As such, properties along the I-25 corridor will serve an entirely different office market over the next two decades.

The recently completed full freeway interchange of the Northwest Parkway (E-470) and I-25 will create a future subregional commercial node in the vicinity of this interchange. This commercial node will mature with residential growth in its surrounding market area including Thornton to the east and Broomfield to the north. The fact that the Northwest Parkway provides a faster alternative to Denver International Airport only adds to the strength in location of this node.

Office or other commercial development wishing to take advantage of the regional access provided by this full freeway interchange will have a choice of four locations as points of focus: 1) the Sheridan Parkway interchange to the west, which is closest to Boulder, 2) the 168th Avenue interchange to the north, 3) the York Street interchange on the east, and 4) the 144th Avenue interchange to the south, which is closest to Denver. Since the largest labor pool is to the south and the development of the Orchard Town Center has created a strong amenity for future office development, this southern interchange at 144th Avenue will be the preferred location for some years into the future. Westminster will share the benefits of this strong regional location with Thornton to the east and Broomfield to the northwest. Future office demand along the I-25 corridor will likely be enterprises that serve the local and regional population such as those in financial services, insurance, real estate and health services. The planned expansion of St. Anthony's medical complex by 350,000 square feet, as well as the planned expansion of Children's North Campus and the 66-acre University of Colorado Health Center at Highway 7 and I-25, is indicative of the type of major land user likely to be important in this corridor. The planned 150-acre research and science park as part of Broomfield's North Park development may also influence and create office demand and users along the corridor.

Recommendation for Office Land Allocation

Since it is the City's objective to encourage employment development to strengthen local income and tax base and to achieve a citywide jobs versus housing balance more like the region as a whole, simply planning for projected market demand is likely insufficient for several reasons:

- A market forecast is still a forecast based upon reasonable and foreseeable expectations about the future. Actual events in the global, national, regional or local economies could cause demand to vary significantly from any forecast.
- Some well located, serviced and entitled business park properties may show as vacant and available on a zoning map but is in fact held off the market for various reasons. The Ball Corporation 47-acre parcel located at the northwest corner of the 108th and Wadsworth Parkway intersection is an excellent example of such a property.
- In a market economy, supply of available land affects price; and high price discourages local absorption. For example, as a majority of the Comprehensive Plan designated office park properties in the city are sold and developed, the remaining acreage will climb in price because of scarcity. Those higher prices will cause users searching for sites in the US 36 corridor to more frequently select equally desirable sites in neighboring communities if the land prices are lower. Having a supply that is well in excess of demand is essential for land market competition. That competition makes it more likely that Westminster will actually reach the projected nine percent regional market share.

For these reasons, BLLE recommends that the City of Westminster Comprehensive Plan allocate 450 to 500 acres of additional office or business park land. The currently developed and entitled supply of business park acreage plus the office sites created in the new WURP will only accommodate approximately ten to twelve years of office development. In seven to eight years, the shortage will begin to constrain absorption within the city. It is not too early for the City of Westminster to begin planning for the development of its next Westmoor Technology Park if the City wishes to remain competitive in the US 36 corridor technology market as well as any emerging market along I-25.

V. Demand for Industrial and Flex Space

Historic Industrial Market Performance

The Denver Metro Area

In the Denver Metro Area, the amount of occupied industrial and flex space has increased from 212 million square feet at the end of 1999 to 246 million square feet during the fourth quarter of 2012. The growth was particularly strong from 2005 through 2007, when over 11 million square feet were absorbed in two years. With a six percent equilibrium vacancy rate, the regional demand increase was 36 million square feet over the last 13 years for an annual average of 2.8 million square feet per year (see Table 14).

Table 14: Metro Denver Industrial Space Trends and Market Share – Occupied Space

Period	Metro Denver Industrial & Flex	US-36 Industrial & Flex	Westminster Industrial & Flex	US-36 Corridor as Share of Metro	Westminster as Share of Metro	Westminster to Corridor Comparison
2012 4QTD	245,507,658	7,795,172	10,246,181	3.18%	4.17%	131.44%
2011 4Q	242,729,182	7,711,337	10,180,805	3.18%	4.19%	132.02%
2010 4Q	242,636,050	7,685,199	10,067,050	3.17%	4.15%	130.99%
2009 4Q	239,716,419	7,819,578	10,199,952	3.26%	4.26%	130.44%
2008 4Q	240,001,519	7,681,377	10,123,851	3.20%	4.22%	131.80%
2007 4Q	238,400,365	7,534,929	9,866,938	3.16%	4.14%	130.95%
2006 4Q	232,429,624	7,107,769	9,395,160	3.06%	4.04%	132.18%
2005 4Q	227,368,961	6,962,740	8,738,382	3.06%	3.84%	125.50%
2004 4Q	223,185,783	6,887,071	8,637,948	3.09%	3.87%	125.42%
2003 4Q	220,493,407	6,590,448	8,351,286	2.99%	3.79%	126.72%
2002 4Q	220,581,495	6,783,799	8,499,306	3.08%	3.85%	125.29%
2001 4Q	218,784,086	6,866,354	8,630,865	3.14%	3.94%	125.70%
2000 4Q	215,283,548	7,067,633	9,295,304	3.28%	4.32%	131.52%
1999 4Q	211,604,399	7,133,251	9,311,316	3.37%	4.40%	130.53%
Net Change in Occupied Space 1999-2012						
Total	33,903,259	661,921	934,865	1.95%	2.76%	141.24%
Annual Average	2,648,692	51,713	73,036			
Net Change in Demand @ 6% Equilibrium Vacancy 1999-2012						
Total	36,067,297	704,171	994,537	1.95%	2.76%	141.24%
Annual Average	2,817,758	55,013	77,698			

Source: CoStar and BLUE

The US 36 Corridor

Occupied Industrial space in the US 36 corridor, including the equilibrium vacancy rate, increased by a total of 704,000 square feet over the past 13 years for an average annual demand of 55,000 square feet. The corridor's share of the Metro Area industrial space fell from 3.4 percent at the end of 1999 to 3.0 percent by 2003. Its share has since grown to 3.2 percent in the last three years. The US 36 corridor is not a primary area for industrial land use due to high land cost.

Industrial Demand in Westminster

This city's share of the Metro Area industrial market has dropped slightly from 4.4 percent in 1999 to 4.2 percent by 2012. Including the years in this recent severe recession, average annual industrial space demand was 77,700 square feet in Westminster through this period. While maintaining some industrial property within the city is healthy, for offering a diverse array of job opportunities and for providing local services, land in Westminster has become too costly for industrial space. The demand for land for residential and technology office development and the resulting increase in land prices are pushing out industrial uses.

The MSA demand growth is then 36 million square feet between 2012 and 2022 and 23 million square feet from 2022 through 2032. According to CoStar, the current supply is 263 million square feet; therefore, the current market has an excess supply of approximately 860,000 square feet of industrial space. This supply overhand will be absorbed within one year, based on the historic rate of absorption in the MSA.

Westminster and the US 36 Corridor

BLLE estimates that the US 36 corridor will capture 1.5 to 3.0 percent of the regional industrial market for new construction over the next two decades. The 20-year absorption estimate then ranges from a low of 866,000 square feet to a high of 1.7 million square feet for the corridor.

Forecast of Industrial and Flex Demand

(The following forecast is not a recommendation for land allocation. The total forecasted demand does not account for land availability, which is limited within the city. The City of Westminster will allocate land by use based on City objectives and policy direction established by the Comprehensive Plan.)

The City of Westminster has the potential to capture at least as much as the US 36 corridor demand. BLLE estimates Westminster will capture 2.0 to 3.0 percent of the MSA demand. The citywide demand forecast is then 690,000 to 1.0 million square feet for the 2012 to 2022 decade and 461,000 to 691,000 square feet for the 2022 to 2032 decade. Citywide demand for the two decades combined ranges from 866,000 to 1.7 million square feet. Using an FAR of 0.25 to reflect a combination of urban scale industrial/flex development with some industrial park type development, these square footage demand forecasts translates into the need for 150 to 200 additional industrial acres by 2032 (see Table 16). Because of the high cost of land in the US 36 corridor, much of this demand is likely in the I-25 corridor.

Table 15: Denver-Aurora MSA Industrial Employment Growth

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001 - 2011	
												Abs Change	CAGR
Total Nonfarm Employment	1,209,000	1,172,300	1,158,100	1,167,300	1,190,100	1,215,100	1,241,200	1,253,100	1,199,800	1,193,500	1,211,600	2,600	0.0%
Percentage Industrial Employment	18.7%	17.9%	17.6%	17.4%	17.3%	17.2%	17.0%	16.7%	16.0%	15.5%	15.4%		
Estimated Industrial Employment	226,610	210,150	203,570	203,530	206,030	209,490	210,940	209,550	191,440	184,690	186,110	(40,500)	-1.9%
Mining, Logging and Construction @ 30%	29,250	27,840	25,860	25,710	27,060	28,320	27,870	27,450	23,010	20,910	20,910	(8,340)	-3.3%
Manufacturing	81,000	74,000	71,400	71,800	72,200	72,200	71,500	69,900	63,100	61,100	61,800	(19,200)	-2.7%
Wholesale Trade	68,400	64,700	62,700	62,000	62,800	64,900	66,300	66,800	62,500	61,300	62,200	(6,200)	-0.9%
Transp, Warehsg and Utils @ 80%	43,600	39,200	39,200	39,520	39,440	39,440	40,560	40,560	38,080	36,640	36,320	(7,280)	-1.8%
Other Services @ 10%	4,360	4,410	4,410	4,500	4,530	4,630	4,710	4,840	4,750	4,740	4,880	520	1.1%
Occupied Industrial & FlexSpace (1,000 SF)	218,784	220,581	220,493	223,186	227,369	232,430	238,400	240,002	239,716	242,636	242,729	23,945	1.0%
Occupied Space Per Employee	965	1,050	1,083	1,097	1,104	1,110	1,130	1,145	1,252	1,314	1,304	339	3.1%
Average Space per Employee 2001-11												1,141	

Source: Colorado State Dept of Labor and Employment, CoStar and BLUE

Table 16: Forecast of MSA and Westminster Industrial and Flex Space Demand 2012 to 2032

MSA Demand for Industrial and Flex Space	2012	2022	2032	
MSA Employment	1,230,986	1,471,000	1,659,400	
Percentage Industrial Employment	15.4%	13.4%	11.8%	
Estimated MSA Industrial Employment	189,572	197,114	195,809	
Space Needed Per Employee (SF)	1,300	1,420	1,540	
Occupied Industrial Space Needed in MSA (SF)	246,443,317	279,901,880	301,546,168	
Equilibrium Vacancy Allowance @ 6%	15,730,424	17,866,077	19,247,628	
Total Industrial Space Demand in MSA (SF)	262,173,742	297,767,957	320,793,796	
Current Stock of Space (SF)	263,037,554			
		2012-22	2022-32	Total 2012-32
Industrial Construction Needed in Denver MSA (SF)	(863,812)	34,730,403	23,025,838	57,756,242
Estimated US-36 Corridor and City of Westminster Demand Increase		2012-22	2022-32	Total 2012-32
US-36 Corridor Market Share (SF)				
High @ 3.0%		1,041,912	690,775	1,732,687
Low @ 1.5%		520,956	345,388	866,344
City of Westminster Market Share of MSA (SF) ¹				
High @ 3%		1,041,912	690,775	1,732,687
Low @ 2%		694,608	460,517	1,155,125
City of Westminster Industrial Land Absorption Forecast @ 0.25 FAR (Acres)				
High @ 3%		96	63	159
Low @ 2%		80	53	133
Recommended Comp Plan Industrial Land Reserve in Acres				
High				200
Low				150

¹ Includes Westminster outside of the US-36 Corridor

Source: Bill Lee Land Econ Consultants

VI. Long-term Hotel Market

Since the City of Westminster does not have either natural or manmade attractions that draw visitors to stay overnight, its hotel demand is and will be a function of economic activity. The strongest economic driver of future development in Westminster will be the growth of the technology enterprises focused on the US 36 Corridor. The City of Westminster's hotel inventory has 2,204 rooms, including the 212-room full service Marriott Hotel currently under construction. As shown in Table 17, Westminster hotel sizes range from the 59 unit La Quinta Inn & Suites to the Westin with 371 with an average property size of 138 rooms. In addition, the balance of the corridor has another 1,809 hotel rooms primarily in the cities of Broomfield and Louisville. The US 36 Corridor currently is able to support a total of 4,013.

Table 17: City of Westminster and US 36 Corridor Hotel Inventory

Hotels in Westminster (Citywide)		Room Count	Other US 36 Corridor Hotels		Room Count
Address			Jurisdiction		
Comfort Inn Northwest	8500 Turnpike Dr	66	Hyatt House - Broomfield/Boulder	Broomfield	123
Double Tree Hotel Denver North	8773 Yates Dr	180	Omni Hotel Interlocken	Broomfield	390
Drury Inn & Suites	10393 Reed St	180	Hilltop Inn	Broomfield	16
La Quinta Inn	345 W 120th Ave	130	Loft Broomfield	Broomfield	139
La Quinta Inn	8701 Turnpike Dr	130	Renaissance Boulder Flatiron	Broomfield	232
La Quinta Inn & Suites	10179 Church Ranch Way	59	Towne Place Suites - Broomfield	Broomfield	150
Springhill Suites Westminster	6845 W 103rd Ave	164	Residence Inn Boulder/Louisville	Louisville	88
Westin Westminster Hotel	10600 Westminster Blvd	371	La Quinta Inn & Suites Denver/Louisville/Boulde	Louisville	120
Westminster Hampton Inn	5030 W 88th Pl	107	Hampton Inn Louisville	Louisville	82
Westminster Residence Inn	5010 W 88th Pl	96	Courtyard Boulder Louisville	Louisville	154
Marriott ¹	7000 Church Ranch Blvd	<u>212</u>	Best Western Plus Louisville	Louisville	61
Subtotal Westminster US 36 Corridor		1,695	Quality Inn Denver-Boulder Turnpike	Louisville	68
City Inn ²	7151 Federal Blvd	18	Days Hotel Boulder	Boulder	74
Comfort Suites Westminster	12085 Delaware St	78	Homewood Suites by Hilton	Boulder	112
Denver North Super 8 Motel	12055 Melody Dr	116	Venture Inn	Adams County	<u>50+</u>
Extended Stay	1291 W 120th Ave	103	Subtotal Other uS 36 Corridor Cities		1,809
Fairfield Inn & Suites	12080 Melody Drive	82	Subtotal Westminster US 36 Corridor		1,695
Savannah Suites Westminster	12095 Mariposa St	130			
Total Westminster Citywide		2,222			
Average Property Size Excluding City Inn		154	Total Inventory in US-36 Corridor		3,504

¹ Currently under construction and entitled for 85 additional rooms.

² Entitled for 20-room addition

Source: City of Westminster

Actual demand for hotels in Westminster can be determined by City's seven percent gross accommodations tax collections. Room revenues have fluctuated with economic cycles. It climbed from \$24.8 million in 2003 as the region recovered from the recession of 2001-02 to a peak of \$38 million in 2007. Room revenue peaked in 2007 and 2008, and fell by over 21 percent in 2009 due to the recession. In the two years following, room revenues have begun to rebound (see Table 18). The dramatic fall off in demand during 2009 would have discouraged interest in new hotel construction due to the total lack of available financing. With steady economic recovery from 2010 to 2012, interest in hotel development has thawed from the recent deep freeze. The construction of the 212 room Marriott on Church Ranch Boulevard is a strong indicator of a recovering hotel market in the US 36 Corridor.

Table 18: City of Westminster Accommodations Tax and Room Revenue (cash basis)

Year	Gross Accommodations Tax (7.0%) Collections	Room Revenue	Annual Change
2002	\$1,834,024	\$26,200,343	
2003	1,732,570	24,751,000	-5.5%
2004	1,804,209	25,774,414	4.1%
2005	2,096,764	29,953,771	16.2%
2006	2,359,631	33,709,014	12.5%
2007	2,663,351	38,047,871	12.9%
2008	2,652,553	37,893,614	-0.4%
2009	2,081,828	29,740,400	-21.5%
2010	2,227,686	31,824,086	7.0%
2011	2,332,147	33,316,386	4.7%

Source: City of Westminster

Forecast of Long-term Hotel Demand

(The following forecast is not a recommendation for land allocation. The total forecasted demand does not account for land availability, which is limited within the city. The City of Westminster will allocate land by use based on City objectives and policy direction established by the Comprehensive Plan.)

Over the next 20 years, hotel demand in Westminster will be powered primarily by economic activity and job growth in the US 36 Corridor. The I-25 hotel market is expected to mature later by a decade or more as that corridor becomes more fully developed. The US 36 Corridor has 7.6 million square feet of occupied office space in 2012, according to CoStar data analyzed in the preceding office market section. At a calculated occupancy factor of 370 square feet per employee based upon MSA employment data and BLLE's estimate of office employment, the US 36 Corridor currently has approximately 20,500 office employees. The economic activity represented by this level of office employment, primarily in the technology sector, currently supports 3,504 hotel rooms. The calculated ratio of office employees per supportable hotel room is 5.9.

Over the next 20 years, using the high demand forecast which reflects a gradual acceleration of economic activity from the 2009 recession, office space and office employment in the US 36 Corridor is expected to more than double. Based upon observing metropolitan area growth for more than four decades, BLLE expects corridor hotel demand to at least keep pace. As shown in the top half of Table 19, this corridor will be able to support approximately 5,900 hotel rooms by 2022 and 8,100 by 2032 from the 3,504 rooms today.

The City of Westminster currently has 48 percent of the hotel rooms in this corridor. Its largest property is the 371-room Westin, which is one of the top properties in the corridor along with the 390-room Omni and 232-room Renaissance. With construction of the planned 115-room Hyatt Place and 85-room second phase of the Marriott, Westminster is likely to be able to maintain its historic market share of slightly over 50 percent in the next decade (2012 to 2022). In the second decade, as the larger scale technology developments roll on to the vacant lands in Broomfield, Louisville, Superior and perhaps the Rocky Mountain Metropolitan Airport properties, Westminster's market share will likely decrease. Since

Westminster has restaurants and shops appealing to hotel guests, the extent of market share decline can be offset to some extent by aggressive City policy of preserving and promoting hotel sites.

The calculations in the lower half of Table 19 show that at the current 48 percent market share, Westminster will be able to support an additional 792 rooms over the 2012 to 2022 decade. The planned 115-unit Hyatt Place and the 85-room Marriott expansion are included in this total. For the 2022-32 decade, at a reduced market share of 45 percent, Westminster will likely have demand for 850 additional rooms in the US 36 Corridor. The total new demand in Westminster's portion of the US 36 Corridor is 1,642 rooms from 2012 through 2032.

In addition to the demand in the US 36 Corridor, Westminster has the potential for future demand along the I-25 corridor. The Orchard Town Center with its numerous restaurants in a pedestrian environment will attract future hotels to the 144th Avenue and the 136th Avenue interchanges. When completed, the major new St. Anthony's medical complex will also generate some hotel demand. Given that the I-25 corridor is still in the early stages of transition from raw land to suburban development and much land is still vacant inside and outside the city, BLLE expects this hotel market to mature in eight to ten years or in the next up economic cycle following the current one. However, we do recommend that the City reserve two or three sites for future hotel development in this corridor. The sites should be convenient from the interchanges, close to Orchard Town Center and offer visibility from I-25. Our demand estimate is 240 rooms by 2032, likely an initial limited service property in the 80- to 100-room range and later a full service hotel in the 100- to 150-room range. With this 240-room estimate for the I-25 corridor, the projected demand for the city as a whole climbs to 1,882 by 2032. Assuming an average density of 43 units per acre, this room demand translates into 44 acres.

Because of the solid market potential, fiscal desirability of hotels, and the fact that they don't generate much peak hour traffic, it would be in the City's interest to promote hotel development. Since hotel development is very site sensitive, the reservation of the best hotel sites for such development is an obvious strategy. If the City should choose to allocate land to accommodate the forecasted demand for hotel uses, BLLE recommends reserving 80 acres using the high US 36 corridor growth forecast and 65 acres using the low forecast.

Table 19: City of Westminster Long Term Hotel Demand Forecast

Total Corridor Demand	2012	2022	2032
Occupied Office Space in US 36 Corridor (High Forecast)	7,602,597	11,032,114	14,866,399
Estimated Employment Density	370	365	360
Office Employees in uS 36 Tech Corridor	20,548	30,225	41,296
Number of Office Employees per Room	5.9	5.9	5.9
uS 36 Corridor Supportable Rooms	3,504	5,154	7,042

Estimated Westminster Hotel Demand Increase by Decade	2012-22	2022-32	Total 2012-32
Additional Hotel Rooms Supportable in uS 36 Corridor	1,650	1,888	3,538
Estimated Westminster Share of uS 36 Corridor	48%	45%	46%
Additional Hotel Rooms Supportable in Westminster Portion of US 36 Corridor	792	850	1,642
Allowance for Future Demand in I-25 Corridor		240	240
Additional Hotel Rooms Supportable in Entire City of Westminster	792	1,090	1,882
Estimated Rooms per Acre	40	45	43
Hotel Acreage Demand	20	24	44

Recommended Citywide Land Reservation in Acres	
High	80
Low	65

Source: City of Westminster, CoStar and BLLE

VII. Housing Market Analysis

According to MPF Research's Denver Apartment Market Report from the third quarter of 2012, the Metro Area's apartment market was in the best shape since the tech boom in 2000 and 2001. With impressive job growth in the region, apartment occupancy rates were at their highest since 2001, at 96.3 percent. Rents were also surging, with suburban areas leading the rent growth. MPF Research reported annual rent growth of 7.4 percent in Thornton, 7.3 percent in Broomfield and 6.8 percent in Westminster. New supply levels have been modest and apartment developers have been taking notice. In the past year, the number of multifamily units permitted has increased beyond the 2003 peak level of the past development cycle. Current housing development interest is also indicated by the 1,800 multifamily and single-family units in the city's development pipeline (see Table 20).

Forecast of Housing Demand

(The following forecast is not a recommendation for land allocation. The total forecasted demand does not account for land availability, which is limited within the city. The City of Westminster will allocate land by use based on City objectives and policy direction established by the Comprehensive Plan.)

BLLE's forecast of housing demand is based on projected population growth in the City of Westminster. Factors for population per occupied housing unit and estimated vacancy rates that range from 2.5 to 4.4 percent were applied to forecast total units of housing demand and additional housing construction required from 2012 to 2032. Additional housing construction required was calculated at 5,400 units for the period from 2012 to 2022 and 4,000 units for the period from 2022 to 2032, for a total of 9,400 to 9,500 units over the two decades.

The total housing units demand was then broken down into single-family units, townhouses and multifamily units. Total demand for residential acres were then estimated based on residential densities of 3.5 units per acre for single-family units, 8.0 units per acre for townhouses, and 16 units per acre for multifamily units. These residential densities were based upon a slight increase over actual densities of recently completed projects and currently in the development pipeline. The resulting recommended residential acreage required to accommodate demand through 2032 range from 1,540 to 1,830 acres total. Of this, approximately 1,200 to 1,400 acres will be for single-family homes, 120 to 150 acres for townhomes and 220 to 280 acres for multifamily units. (Higher density developments in the WURP site and Westminster Station areas, as well as other activity nodes in the city, could result in less total acreage demand for multifamily units.) The City of Westminster housing demand forecast is presented in Table 21.

Table 20: City of Westminster Development Pipeline

Description	Location	Gross Acres	Proposed New	Remaining to be	Density
			Units	Built	
Group Residential					
Anthem Senior Housing	Church Ranch & Wadsworth Blvd	4.8	72	72	n/a
Single Family Residential					
Cedar Bridge (Fatch Enterprises)	111th Ave & Bryant Ct	2.8	12	3	4.3
Country Club Highlands (Century Homes)	120th Ave & Zuni St	36.6	118	102	3.2
Huntington Trails (various)	144th Ave & Huron St	78.2	210	64	2.7
Shoenberg Farms (Century)	72nd Ave & Depew St	8.5	79	28	9.3
Tuscany Trails (Standard Pacific)	95th Ave & Westminster Blvd	20.3	100	2	4.9
Amberwood Estates (NCF Construction & Design)	101st Ave & Sheridan Blvd	4.8	13	13	2.7
Bradburn East (Century Homes)	120th Ave & Lowell Blvd	10.1	62		6.1
Single Family Total/Average		151.2	532	212	3.5
Multifamily Residential					
Cottonwood Village (Fairfield Homes)	88th Ave & Federal Blvd	8.7	82	62	9.4
East Bay Senior Housing (East Bay LLC)	68th Ave & Lowell Blvd	4.2	60	54	14.2
Legacy Villas at Green Acres (Nuszer - Kopatz)	113th Ave & Sheridan Blvd	11.6	94	62	8.1
The Orchard (McWhinney)	148th Ave & Huron St	27.0	394	394	14.6
Orchard Lakes, Blocks 1 & 2 (Orchard Lakes LLC)	142nd Ave & Huron St	23.9	320	320	13.4
The Registry / LongsView (Corum)	Federal Pkwy & Zuni St	25.1	312	312	12.4
Multifamily Total/Average		100.5	1,262	1,204	12.6
SubTotal/Averages		251.7	1,794	1,416	7.1
Hotel					
City Inn Expansion (JJLL, LLC)	7150-7151 Federal Blvd.	0.0	20	20	n/a
Hyatt Place Hotel (Etkin Johnson)	6865 W. 103rd Ave	2.8	115	115	41
Marriott Hotel (Etkin Johnson)	Church Ranch Blvd and US 36	5.0	297	297	59
Hotel Total/Average		7.8	432	432	50
Retail					
Bradburn Commercial	Tennyson St & Main St	1.0	3,500	3,500	0.08
Country Club Village (Byrne)	120th Ave & Federal Blvd	5.0	20,600	20,600	0.09
Jiffy Lube	72nd Ave & Sheridan Blvd	1.2	3,500	3,500	0.07
Orchard Town Center (Forest City)	144th Ave & Huron St	110.0	1,200,000	117,859	0.25
Westminster Gateway (Church Ranch Development LLC)	Church Ranch Blvd & Reed St	0.7	5,000	5,000	0.16
Retail Total/Average		117.9	1,232,600	150,459	0.24
Office					
Benton Park (Covenant Development)	112th Ave & Sheridan Blvd	11.9	84,300	84,300	0.16
Saint Anthony's North Health Campus	144th Ave & Huron St	33.0	397,700	349,972	0.28
Trimble at Westmoor Technology Park	110th St & Westmoor Dr	14.8	125,425	125,425	0.19
Village at Standley Lake (various)	100th Ave & Wadsworth Pkwy	1.4	24,026	24,026	0.40
Office Total/Average		61.2	631,451	583,723	0.24
Industrial/Flex					
Avaya Industrial (Reuse of Existing Building)	120th Ave & Huron St		0	0	0.29
My Business Park at Mandalay (My Reality LLC)	108th Ave & Wadsworth Blvd	4.4	62,969	46,905	0.33
Industrial/Flex Total/Average		4.4	62,969	46,905	0.29
Total/Average*			2,206,020	1,060,087	0.26

*Hotels comprise an additional 279,000 square feet of building space. The Marriott will be built in two phases: the first comprises 212 rooms and 156,000 sqft.

Table 21: City of Westminster Long Term Housing Demand Forecast

Total Units Demand	2000	2010	2012	2022	2032
Population	100,940	106,114	108,723	117,158	125,000
Population per Occupied Unit	2.63	2.52	2.53	2.45	2.41
Occupied Housing Units	38,343	42,041	42,973	47,819	51,867
Vacant Units	975	1,927	1,147	1,734	1,715
Vacancy Rate	2.48%	4.38%	2.60%	3.50%	3.20%
Total Units	39,318	43,968	44,120	49,554	53,582

Demand for Housing Type	2012-22	2022-32	Total 2012-32
Additional Housing Construction Required (Total Units)	5,434	4,028	9,462
Single Family Percentage	50%	42%	47%
Townhouse Percentage	10%	12%	11%
Multi Family Percentage	40%	46%	43%
Single Family Unit Demand	2,717	1,692	4,409
Townhouse Unit Demand	543	483	1,027
Multi Family Unit Demand	2,174	1,853	4,026
Single Family Acreage Demand @ 3.5 Units per Acre	776	483	1,260
Townhouse Unit Demand @ 8 Units per acre	68	60	128
Multi Family Unit Demand @ 16 Units per Acre	<u>136</u>	<u>116</u>	<u>252</u>
Total Demand for Residential Acres	980	660	1,640

Recommended Comp Plan Residential Acreage	Low	High
Single Family	1,200	1,400
Townhouse	120	150
Multi Family	<u>220</u>	<u>280</u>
Total Residential	1,540	1,830

Source: US Census Bureau and BLLE

VIII. Retail Demand

History of Regional Retail in Westminster

The City of Westminster has been proactive about regional retail development because of its contribution to the City's General Fund revenue is critical for providing quality municipal services. Starting a decade ago, the City purchased property, secured anchor tenants with the assistance of real estate professionals, and committed to the construction of the I-25 interchanges at 144th and 136th avenues. With these three trump cards in hand, the City was able to solicit shopping center developers and secured the development of the Orchard Town Center by Forest City Development. By being aggressive, the City pre-empted six or seven competing shopping center sites in the I-25 corridor and secured the shopping center within its city limits. Unfortunately for the developer of Orchard Town Center, it opened in 2008 as the national and regional economies were in free fall. As the economy recovers and rooftops are added to the I-25 corridor, performance of this regional center will improve to its expected level.

With that project accomplished, the City then moved to address the Westminster Mall, an aging 1970s style enclosed mall in need of major reinvestment. When Macy's finally closed in March of 2009, the City moved to acquire most of the mall property. The City currently owns approximately 85 acres, or 80 percent of the site. The City's intent is to work with a developer to create a new city center offering regional retail, office, hotel and residential development on this 100-plus-acre site.

City Strategy Responds to Growth Trends

The City of Westminster is located in both Adams County and Jefferson County. The dividing line is essentially Sheridan Boulevard with the area to the west being Jefferson County and the area to the east being Adams County. While it is the larger county in terms of population, Jefferson County is growing very slowly, adding only 11,000 people over the 2001 to 2011 decade. In contrast, Adams County is growing much faster and added nearly 92,000 people over the same decade. According to forecasts by the State of Colorado, in the 20 years from 2010 to 2030 Adams County will add 177,000 people while Jefferson County will add only 81,000. By 2030, Adams County is projected to have 618,000 residents and exceed Jefferson County's 615,000 residents. Weld County is expected to grow to 445,000—adding an additional 191,000 residents. The portion of Westminster along the I-25 corridor is well suited to retail development because of the higher rate of population growth in Adams County, which is primarily occurring to the east of I-25, and in Weld County to the north.

The retail store sales trends in the two counties (Table 22 and Table 23) verify this geographic difference in retail market opportunity. In Adams County from 2002 to 2011 total sales increased by 44 percent or \$1.9 billion. General Merchandise (department and variety stores) sales increased by \$515 million or more than doubled and food service (restaurants) sales increased by \$209 million or 60 percent. The impact of the recession was partially offset by the opening of the Orchard Town Center in 2008, and Adams County suffered only one year of sales decline. In contrast Jefferson County's sales gain over this same period was only 16 percent, and a number of its retail sectors suffered a decline in sales. Jefferson County experienced two years of sales decline during the 2007 to 2009 recession, and its recovery has been slower reflecting in part the closure of Westminster Mall. As the WURP site is redeveloped, Jefferson County retail store sales can be expected to climb noticeably. The success of the WURP could have a competitive impact on the marginal retail in the Wadsworth/92nd Avenue vicinity.

Table 22: Adams County Retail Store Sales (thousands of dollars)

	NAICS	2002	2007	2008	2009	2010	2011	Abs Change 2002-2011		
								\$ thousands	Percentage	CAGR
MV/Parts & Dealers	441	1,160,544	1,479,569	1,320,771	1,164,006	1,270,038	1,557,808	397,264	34.2%	3.3%
Furniture	442	185,602	177,950	167,459	142,206	156,814	172,316	(13,286)	-7.2%	-0.8%
Elect/Appli	443	101,043	138,126	163,272	115,965	125,945	130,781	29,738	29.4%	2.9%
Bldg/Nursery	444	485,016	546,154	467,353	394,664	412,789	412,606	(72,410)	-14.9%	-1.8%
Food/Beverage	445	674,917	835,490	943,803	920,942	970,272	1,107,465	432,548	64.1%	5.7%
Health Care*	446	78,728	121,583	127,151	125,395	125,395	128,500	49,772	63.2%	5.6%
Gas Stations	447	359,342	620,453	656,375	432,140	504,923	601,678	242,336	67.4%	5.9%
Clothing	448	83,652	97,856	126,660	137,326	128,131	139,552	55,900	66.8%	5.9%
Sports/Hob	451	90,649	103,409	126,849	99,984	101,685	117,974	27,325	30.1%	3.0%
Gen Merch	452	477,390	871,747	935,980	928,084	943,897	992,771	515,381	108.0%	8.5%
Misc Stores	453	238,840	175,740	207,755	248,569	254,567	241,221	2,381	1.0%	0.1%
Food Srvc	722	349,304	492,838	521,998	507,677	525,894	558,617	209,313	59.9%	5.4%
Total (\$ thousands)		4,285,027	5,660,915	5,765,426	5,216,958	5,520,350	6,161,289	1,876,262	43.8%	4.1%
Annual Percentage Change			6.0%	1.8%	-9.5%	5.8%	11.6%			

* 2009 to 2011 estimated because actual sales cannot be disclosed due to statutory taxpayer confidentiality requirements.

Source: Colorado Department of Revenue

Table 23: Jefferson County Retail Store Sales (thousands of dollars)

	NAICS	2002	2007	2008	2009	2010	2011	Abs Change 2002-2011		
								\$ thousands	Percentage	Percentage
MV/Parts & Dealers	441	1,430,033	1,493,230	1,269,566	1,022,190	1,107,814	1,221,775	(208,258)	-14.6%	-1.7%
Furniture	442	255,579	324,423	301,010	241,404	171,809	174,476	(81,103)	-31.7%	-4.2%
Elect/Appli	443	282,666	301,552	286,480	244,784	236,260	243,481	(39,185)	-13.9%	-1.6%
Bldg/Nursery	444	404,650	460,420	448,938	412,487	446,502	436,845	32,195	8.0%	0.9%
Food/Beverage	445	1,272,759	1,508,736	1,569,692	1,529,225	1,607,582	1,717,830	445,071	35.0%	3.4%
Health Care	446	189,064	277,844	294,429	321,421	313,831	293,507	104,443	55.2%	5.0%
Gas Stations	447	354,170	704,622	750,271	481,309	528,870	539,001	184,831	52.2%	4.8%
Clothing	448	238,303	340,326	320,557	301,112	312,507	336,544	98,241	41.2%	3.9%
Sports/Hob	451	292,310	312,484	289,151	262,626	290,518	270,231	(22,079)	-7.6%	-0.9%
Gen Merch	452	1,105,016	1,389,009	1,402,377	1,383,343	1,427,530	1,409,087	304,071	27.5%	2.7%
Misc Stores	453	318,224	256,816	247,987	227,589	252,144	311,081	(7,143)	-2.2%	-0.3%
Food Srvc	722	633,221	824,930	836,756	802,862	830,335	876,687	243,466	38.4%	3.7%
Total (\$ thousands)		6,775,995	8,194,392	8,017,214	7,230,352	7,525,702	7,830,545	1,054,550	15.6%	1.6%
Annual Percentage Change			4.5%	-2.2%	-9.8%	4.1%	4.1%			

Source: Colorado Department of Revenue

When the City of Westminster is considered as a whole, its retail store sales trend over this period, spanning the most severe national recession since the Great Depression, has been impressive (see Table 24). Overall store sales increased by \$528 million with the high growth sectors being General Merchandise (\$227 million), Motor Vehicle Dealerships and Parts (\$171 million), Building Materials and Nurseries (\$71 million) and Food Service (\$67 million). Of the Food Service sector volume increase, 60 percent was accounted for by sit-down restaurants. As the robust technology sector continues to drive education levels, household incomes and workforce sophistication upward, sit-down restaurants (both national chains and independents) are an area of market opportunity in the US 36 and I-25 corridors.

Westminster Share of Regional Market

According to data compiled by CoStar and displayed in Table 25, the Denver Metro Area now has 149 million square feet of occupied retail space. The Metro Area absorbed 12.5 million square feet of retail space from 2006 to 2012 for an average annual absorption of 2.2 million square feet, impressive considering this period was dominated by the 2007 to 2009 recession. The City of Westminster absorbed one million square feet during this period for an annual average of 178,500 square feet. Its share of the regional market has climbed from 4.1 percent in 2006 to 4.5 percent in 2012. However, the US 36 corridor gained essentially no retail space on a net basis during this period, reflecting the closure of Westminster Mall.

Supportable Retail Space Per Capita

With solid population and occupied retail space data, actual retail space supportable per person can be calculated. As shown in Table 26, the Denver MSA supports about 61 square feet of retail space per resident. The City of Westminster is now able to support about 65 square feet of retail space per resident for three reasons:

- The median household income in Westminster is slightly higher than the MSA median.
- The City pursues aggressive retail development policies.
- The geographic shape of the city includes appendages that reach into surrounding communities, and retail development near the tip of these appendages allows capture of spending from neighboring cities. Orchard Town Center is one example and the South Westminster Area is another.

Table 24: City of Westminster Retail Store Sales (thousands of dollars)

	NAICS	2002	2007	2008	2009	2010	2011	Abs Change 2002-2011		
								\$ thousands	Percentage	Percentage
MV/Parts & Dealers	441	49,011	266,379	224,927	170,023	188,622	220,238	171,227	349.4%	18.2%
Furniture	442	43,952	51,337	50,293	39,155	37,812	43,778	(174)	-0.4%	0.0%
Elect/Appli	443	76,969	85,835	62,560	46,812	44,706	58,622	(18,347)	-23.8%	-3.0%
Bldg/Nursery	444	9,765	84,203	82,943	81,720	83,404	80,678	70,913	726.2%	26.4%
Food/Beverage	445	227,209	221,379	232,219	221,149	223,593	227,554	345	0.2%	0.0%
Health Care	446	29,808	33,684	33,785	10,368	10,541	15,050	(14,758)	-49.5%	-7.3%
Gas Stations	447	48,637	80,691	79,288	59,313	71,969	88,925	40,288	82.8%	6.9%
Clothing	448	102,429	109,586	116,267	116,349	116,407	123,081	20,652	20.2%	2.1%
Sports/Hob	451	86,401	68,723	62,346	59,100	62,479	60,254	(26,147)	-30.3%	-3.9%
Gen Merch	452	315,112	486,858	540,677	550,668	525,572	542,605	227,493	72.2%	6.2%
Misc Stores	453	59,123	43,886	44,829	42,599	46,978	49,129	(9,994)	-16.9%	-2.0%
Food Srvc	722	142,596	191,625	204,842	197,996	204,522	209,190	66,594	46.7%	4.4%
Total (\$ thousands)		1,191,012	1,724,186	1,734,976	1,595,252	1,616,605	1,719,104	528,092	44.3%	4.2%
Annual Percentage Change			7.4%	0.6%	-8.1%	1.3%	6.3%			

Source: Colorado Department of Revenue

Table 25: Metro Denver Retail Space Trends and Market Share

Period	Denver Metro Occupied SF	US-36 Corridor Occupied Space	Westminster Occupied Space	US-36 Corridor as Share of Metro	Westminster as Share of Metro	Westminster to Corridor Comparison
2012 4Q YTD	148,565,771	9,084,771	6,608,620	6.11%	4.45%	72.7%
2011 4Q	147,352,034	9,282,222	6,395,586	6.30%	4.34%	68.9%
2010 4Q	145,585,861	9,374,287	6,385,701	6.44%	4.39%	68.1%
2009 4Q	144,042,667	9,389,084	6,344,506	6.52%	4.40%	67.6%
2008 4Q	142,628,354	9,365,867	6,377,339	6.57%	4.47%	68.1%
2007 4Q	140,717,300	9,377,343	5,731,025	6.66%	4.07%	61.1%
2006 4Q	136,953,493	9,039,587	5,646,050	6.60%	4.12%	62.5%
Net Change in Occupied Space 2006-2012						
Total	11,612,278	45,184	962,570	0.39%	8.29%	2130.3%
Annual Average	2,002,117	7,790	165,960			
Net Change in Demand @ 7% Equilibrium Vacancy 2006-2012						
Total	12,486,320	48,585	1,035,022	0.39%	8.29%	2130.3%
Annual Average	2,152,814	8,377	178,452			

Source: CoStar and BLLE

Table 26: Denver-Aurora MSA Westminster Retail Store Space Per Capita

	2006	2007	2008	2009	2010	2011	2012	2006 - 2012	
								Abs Change	CAGR
MSA Occupied Retail Space	136,953,493	140,717,300	142,628,354	144,042,667	145,585,861	147,352,034	148,565,771	11,612,278	1.4%
MSA Population	2,399,620	2,449,476	2,500,384	2,552,195	2,543,482	2,599,504	2,641,096	241,476	1.6%
MSA Occupied Retail Space per Capita (SF)	57.1	57.4	57.0	56.4	57.2	56.7	56.3		
MSA per Capita Retail Demand @ 7% Vacancy	61.4	61.8	61.3	60.7	61.5	61.0	60.5		
Westminster Occupied Retail Space (SF)	5,646,050	5,731,025	6,377,339	6,344,506	6,385,701	6,395,586	6,608,620	962,570	2.7%
Westminster Population	104,921	105,945	107,371	109,180	106,114	107,967	108,723	3,802	0.6%
Westminster Retail Space per Capita (SF)	53.8	54.1	59.4	58.1	60.2	59.2	60.8		
Westminster per Capita Demand @ 7% Vacancy	57.9	58.2	63.9	62.5	64.7	63.7	65.4		

Source: Colorado State Dept of Labor and Employment, CoStar and BLLE

Evaluation of Retail Locations in Westminster

Using the City's ESRI Community Analyst database and software, BLLE analyzed the relative strengths of different retail locations within Westminster and compared those location to that of the Flatiron Mall in Broomfield and Larkridge Center in Thornton (see details in Table 26). This analysis examined population and households within both a 10-minute and a 20-minute drive time of specific intersection locations. It also examined the median household incomes within these drive time sheds, growth from 2011 to 2016, and the racial composition of population. The highlights of the analysis are summarized below:

- The Westminster Boulevard and 104th intersection (essentially the US 36 and 104th/Church Ranch interchange area) is the strongest retail location in Westminster when access to population and trade area household incomes are both considered.
- The former Westminster Mall location ranks a close second; it has nearly comparable access to population but suffers from somewhat lower trade area median household income.
- The 72nd Avenue and Federal Boulevard intersection has the best regional population access of all the locations examined, but its primary trade area (10 minute drive time) has household incomes well below the MSA median and its high Hispanic population concentration warrants a more focused examination of retail development opportunities.
- The trade area of the Wadsworth Parkway and 92nd Avenue intersection location overlaps substantially with that of the WURP site, and aggressive redevelopment at one site will likely limit the opportunity at the other.
- The Huron and 144th Avenue (Orchard Town Center) does not currently enjoy access to as large a population base as the sites in the US 36 corridor; however, its primary trade area has higher household incomes and the I-25 corridor is a high population growth corridor.
- Both the Flatiron Mall and the Larkridge Center sites have access to far fewer households within 10 and 20 minutes drive time, but their primary trade areas have considerably higher household incomes.

Table 26: Westminster Retail Location Comparison

Retail Location	Demographic Data	2011		2016		2011-16		Race and Ethnicity	2011	
		Drive Time Areas		Drive Time Areas		Pop & Income Growth			Drive Time Areas	
		10 min	20 min	10 min	20 min	10 min	20 min		10 min	20 min
72nd Ave and Federal Blvd	Population	264,223	1,260,270	277,153	1,329,751	12,930	69,481	White	75.50%	75.90%
	Households	103,647	505,410	108,918	535,657	5,271	30,247	Black	1.70%	4.90%
	Median HH Income	\$46,299	\$50,250	\$54,900	\$59,470	\$8,601	\$9,220	Asian	3.10%	3.40%
								Hispanic Origin	39.10%	29.40%
Westminster Center (Harlan and W 88th Ave)	Population	233,998	1,059,831	245,601	1,117,848	11,603	58,017	White	79.80%	78.20%
	Households	90,173	429,279	95,063	455,358	4,890	26,079	Black	1.30%	3.60%
	Median HH Income	\$56,504	\$50,421	\$67,353	\$59,812	\$10,849	\$9,391	Asian	4.00%	3.40%
								Hispanic Origin	29.50%	27.70%
Wadsworth Pkwy and 92nd Ave	Population	207,416	924,725	215,949	974,035	8,533	49,310	White	82.10%	78.20%
	Households	81,076	365,261	84,851	387,222	3,775	21,961	Black	1.20%	3.30%
	Median HH Income	\$56,613	\$51,927	\$67,479	\$61,743	\$10,866	\$9,816	Asian	3.70%	3.40%
								Hispanic Origin	25.90%	28.10%
Westminster Blvd and 104th Ave	Population	251,505	1,023,925	266,777	1,079,873	15,272	55,948	White	80.20%	77.90%
	Households	96,320	412,383	102,615	437,216	6,295	24,833	Black	1.30%	3.70%
	Median HH Income	\$62,020	\$50,808	\$75,555	\$60,419	\$13,535	\$9,611	Asian	5.10%	3.40%
								Hispanic Origin	26.10%	28.10%
Huron and 144th Ave	Population	202,185	876,841	222,067	934,296	19,882	57,455	White	80.30%	77.10%
	Households	74,496	337,771	81,787	361,617	7,291	23,846	Black	1.60%	3.40%
	Median HH Income	\$67,415	\$53,379	\$78,976	\$63,914	\$11,561	\$10,535	Asian	4.90%	3.50%
								Hispanic Origin	24.20%	30.10%
Flatiron Mall, Broomfield	Population	33,546	631,335	35,343	669,563	1,797	38,228	White	83.60%	82.00%
	Households	13,723	244,018	14,641	259,744	918	15,726	Black	1.20%	1.30%
	Median HH Income	\$80,501	\$58,911	\$91,458	\$72,381	\$10,957	\$13,470	Asian	8.70%	4.20%
								Hispanic Origin	9.90%	23.40%
Larkridge Center, Thornton	Population	67,183	707,976	75,620	760,286	8,437	52,310	White	84.10%	79.10%
	Households	24,689	262,002	27,724	281,941	3,035	19,939	Black	1.50%	1.50%
	Median HH Income	\$75,414	\$59,128	\$84,021	\$72,371	\$8,607	\$13,243	Asian	5.00%	3.90%
								Hispanic Origin	16.20%	29.50%

Source: ESRI Community Analyst 2012

Forecast of Retail Demand

(The following forecast is not a recommendation for land allocation. The total forecasted demand does not account for land availability, which is limited within the city. The City of Westminster will allocate land by use based on City objectives and policy direction established by the Comprehensive Plan.)

Because retail development opportunity is site specific and Westminster has retail sites with market areas that serve adjacent communities beyond the city's boundaries, a citywide retail demand analysis needs to be an aggregate of the opportunities at these key retail locations. This analysis is presented in Table 27 and considers the following factors:

- The projected population growth for Adams County, Jefferson County, Weld County, Denver MSA and the City of Westminster as provided by the State of Colorado.
- The population within ten minutes drive time or primary trade area of each these five Westminster retail locations as estimated by ESRI Community Analyst.
- Our projected population growth for each of these primary trade areas for the 2012 to 2022 and 2032 periods.
- The primary trade area incomes as estimated by ESRI.
- The estimated square footage of retail demand per additional person adjusted for household income.
- The aggregate retail demand increase in each primary trade area as determined by multiplying the change in population by the supportable retail square footage per person.
- The estimated percentage capture of the primary market aggregate demand growth recognizing that these market areas overlap and much shopping is done outside the primary market area.
- Since not all of the new retail development in Westminster over the next 20 years will be within these five key areas, we made an estimate that 30 percent of the total citywide retail growth will be in other parts of the city.
- Westminster also has a number of older and fairly marginal retail centers and buildings, some of these buildings and clusters will be demolished for new development. Based upon experience, BLLE estimates that five percent of the current stock will be demolished every decade.
- In addition, the recently built retail developments in the I-25 corridor, particularly Orchard Town Center, have the capacity and the need to absorb future demand growth. For the 2012 to 2022 decade, we have assumed that 80 percent of the demand growth in the primary market area of the Huron and 144th location will be absorbed by existing stores and centers and 20 percent of the new demand will result in the construction of new space.

When all of the above steps are taken into consideration, the City of Westminster has the potential to support about 1.9 million square feet of additional retail and restaurant space over the next 20 years. The estimate by decade is 964,000 square feet during the 2012 to 2022 decade, as the WURP site is redeveloped, and 837,000 square feet during the 2022 to 2032 decade. Allowing some additional acreage for land market competition, BLLE recommends that the Comp Plan provide 200 to 250 acres for retail expansion. The retail portion of the WURP is included in both the 1.9 million square feet and acreage demand numbers. This amount of retail potential, reflecting the City's proactive retail development strategy, is well in excess of that which would be supported simply by the growth of Westminster's population.

Table 27: City of Westminster Retail Trade Area Population Forecast

	2010	2012	2022	2032	Absolute Change		Annual Growth Rate	
					2012-22	2022-32	2012-22	2022-32
Population Forecast by Jurisdiction								
Westminster	106,114	108,723	117,158	125,000	8,435	7,842	0.75%	0.65%
Jefferson County	534,543	542,053	581,214	623,205	39,162	41,991	0.70%	0.70%
Adams County	441,603	456,745	540,609	639,872	83,864	99,263	1.70%	1.70%
Denver MSA	2,543,482	2,614,166	2,998,169	3,438,579	384,003	440,410	1.38%	1.38%
Pop Growth by Trade Area (10 min)								
	2011	2012	2022	2032	Population Growth		CAGR	
					2012-22	2022-32	2012-22	2022-32
72nd Ave and Federal Blvd	264,223	266,865	294,785	319,235	27,920	24,450	1.00%	0.80%
Westminster Center	233,998	237,040	269,722	297,941	32,682	28,219	1.30%	1.00%
Wadsworth Pkwy and 92nd Ave	207,416	208,868	223,958	240,138	15,090	16,180	0.70%	0.70%
Westminster Blvd and 104th Ave	251,505	254,775	289,902	323,416	35,127	33,515	1.30%	1.10%
Huron and 144th Ave	202,185	206,431	254,116	300,775	47,685	46,659	2.10%	1.70%
Household Income and Supportable Retail SF per Capita by Trade Area								
	2011 HH Income	Retail SF/Person	SF Demand Growth					
			2012-22	2022-32	2012-32			
72nd Ave and Federal Blvd	\$46,299	57	1,591,440	1,393,660	2,985,100			
Westminster Center	\$56,504	65	2,124,318	1,834,226	3,958,545			
Wadsworth Pkwy and 92nd Ave	\$56,613	65	980,851	1,051,714	2,032,565			
Westminster Blvd and 104th Ave	\$62,020	68	2,388,634	2,279,012	4,667,647			
Huron and 144th Ave	\$67,415	72	3,433,332	3,359,439	6,792,771			
Westminster Sites Capture Potential								
	Capture Percentage		Westminster SF Capture					
	2012-22	2022-32	2012-22	2022-32	2012-32			
72nd Ave and Federal Blvd	8.0%	10.0%	127,315	139,366	266,681			
Westminster Center	21.0%	13.0%	446,107	238,449	684,556			
Wadsworth Pkwy and 92nd Ave	5.0%	4.0%	49,043	42,069	91,111			
Westminster Blvd and 104th Ave	9.0%	6.5%	214,977	148,136	363,113			
Huron and 144th Ave (80% of 2012-22 Demand Absorbed by Built Retail)	10.0%	8.0%	68,667	268,755	337,422			
All Target Areas			906,108	836,775	1,742,883			
Demolition of Existing Retail Space due to Obsolence and Redevelopment			(330,431)	(297,388)	(627,819)			
New Development Outside Target Areas			388,332	358,618	746,950			
Net Increase in Retail Demand Citywide (SF)			964,010	898,005	1,862,014			
Net Increase in Retail Demand Citywide (Acre @ FAR=0.23)			96	90	186			
Recommended Comp Plan Retail Acreage								
High					250			
Low					200			

Source: US Census Bureau and BLLE

IX. Strategies for Focus Areas

Because real estate market demand is highly sensitive to location, this study examined the market potential for new development for six focus areas within the city. The focus areas were chosen for their potential for significant change over the next 20 years. They include key corridors, employment centers and areas with significant amounts of vacant and/or underutilized land. The demand projections for each focus area are meant to provide a guide for decision making for what types and extent of land uses the city will pursue in each area. A discussion of the opportunities of each is presented below with quantitative estimates of market demand for each land use.

The following demand projections are not recommendations for land allocation. The total forecasted demand does not account for land availability, which is limited within the city. The City of Westminster will allocate land by use based on City objectives and policy direction established by the Comprehensive Plan. As such, the demand projections for each focus area are intended to provide one of several bases for decision making for what types and extent of land uses the city will pursue in each area.

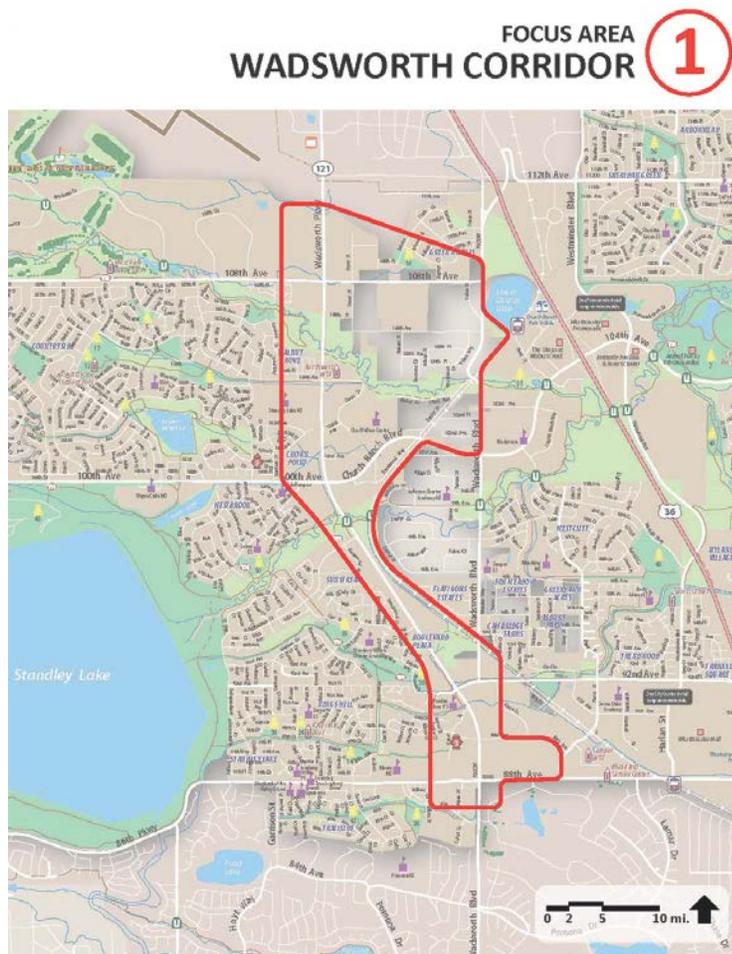
Wadsworth Corridor North (1A)

The Wadsworth Corridor has been defined to be a fairly large area, and to facilitate focused discussion we have divided the area into Wadsworth Corridor North and South. The North Area is generally the area with frontage on or surrounded by Wadsworth Parkway on the west, 108th Avenue on the north, the BNSF rail tracks on the east and Church Ranch Boulevard on the south.

Strengths

- Strategic location in the US 36 Technology Corridor between Westminster's strongest office, retail and hotel location at the Church Ranch Boulevard and US 36 interchange on the east and Westminster's highest quality and most successful business park (Westmoor) on the west.
- In position to capitalize on high quality image established by Westmoor and open space/recreation areas.
- Excellent access from the north through the US 36 and 120th Avenue interchange.
- Very close to Rocky Mountain Metropolitan Airport often used by executives visiting this corridor.
- Close proximity to the restaurants, shops and service at the Shops at Walnut Creek.
- Large enough area to accommodate office, some light industrial and residential development.

Figure 5: Focus Area 1 Map



Challenges

- A Significant portion of the area currently is not part of Westminster but in unincorporated Jefferson County.
- The existing semi-rural residential community may make redevelopment politically difficult.
- Westmoor has sufficient vacant and available office property to accommodate demand growth only for the next seven to ten years.
- Entirely within the Rocky Mountain Airport Influence Area. The eastern portion of the area about a half-mile east of Wadsworth Parkway is within the Runway Protection Zone (which runs at a diagonal from northwest to southeast), which further restricts future land uses.
- The US 36 corridor has no shortage of readily developable office and industrial property to offer competition for the next 20 years, although much of that property is further north in Broomfield, Superior and Louisville.

Development Opportunity

If Westminster wishes to remain a major competitor for the technology companies that are coming to or expanding in the US 36 corridor beyond the next seven to ten years, it should consider planning for a technology district that will succeed Westmoor. The northern portion of this focus area with frontage on 108th Avenue has the market potential to become Westminster's next high prestige technology district. Since it is fairly flat, this area can take on a more urban character as an evolutionary step from Westmoor's suburban character more appropriate for its rolling hillside terrain.

This focus area also has considerable residential development market potential; however, the existing residential community and portions of the property being in the Runway Protection Zone will make large scale residential development challenging. Given the interior nature of this property and the large number of existing homes, carefully planned single family and some townhomes have the best chance of being successful (see Table 28 below).

Table 28: Focus Area 1A: Wadsworth North Development Potential

1A: Wadsworth North				
Land Use	Existing Development ¹	New Demand		
		2012-2022	2022-2032	2012-32
Office (1,000 SF)	273	152	596	749
Ind/Flex (1,000 SF)	0	167	83	250
Retail (1,000 SF)	300	39	54	92
Hotel (Rooms)	0		108	108
Residential (Units)	-	261	193	454
Single Family	-	217	135	353
Townhouses	-	43	58	101
Multi Family	-			

¹ For non-residential land uses only

Source: Bill Lee Land Econ

If the City decides to pursue this development strategy, BLLE would suggest that the City re-examine the location of the commuter rail station, currently planned for the back of the Shops at Walnut Creek to the vicinity of Wadsworth Boulevard. There may be potential for creating a more intensified station area with office uses on two sides of the station in the eastern portion of the focus area. The station may be able to serve as one focal point for the technology district to the northwest and the residential community to the south and southwest.

Wadsworth Corridor South (1B)

Only minor and incremental change is expected for the Wadsworth Corridor South Focus Area, defined as the Wadsworth Parkway frontage from 88th Avenue to 92nd Avenue.

Strengths

- The trade area to the west has fairly high incomes.
- Will benefit from the successful redevelopment of the new WURP. Tenants either priced out of or with floor plates incompatible with the urban character of WURP will find this area to be a reasonable alternative.

Challenges

- The trade area for this Focus Area overlaps to a substantial degree with the trade area for the new WURP.
- The trade area to the west has much open space and low population density.
- Located below the Church Ranch Parkway, the Brookhill V shopping center does not enjoy good visibility from drive by traffic and suffers from substantial vacancies.

Development Opportunity

Assuming successful redevelopment of the WURP site, some loss of retail space can be expected in this focus area. Some or all portions of a local shopping center could convert to multi-family residential use. There is likely some potential for local serving office uses, consisting of medical or dental office, real estate firms, insurance offices and banks (see demand forecast in

Table 29).

Table 29: Focus Area 1B: Wadsworth South Development Potential

Land Use	1B: Wadsworth South			
	Existing Development ¹	New Demand		2012-32
		2012-2022	2022-2032	
Office (1,000 SF)	106	48	64	112
Ind/Flex (1,000 SF)	245			
Retail (1,000 SF)	1,709	(17)	(17)	(34)
Hotel (Rooms)	0			
Residential (Units)	-	87	111	198
Single Family	-			
Townhouses	-			
Multi Family	-	87	111	198

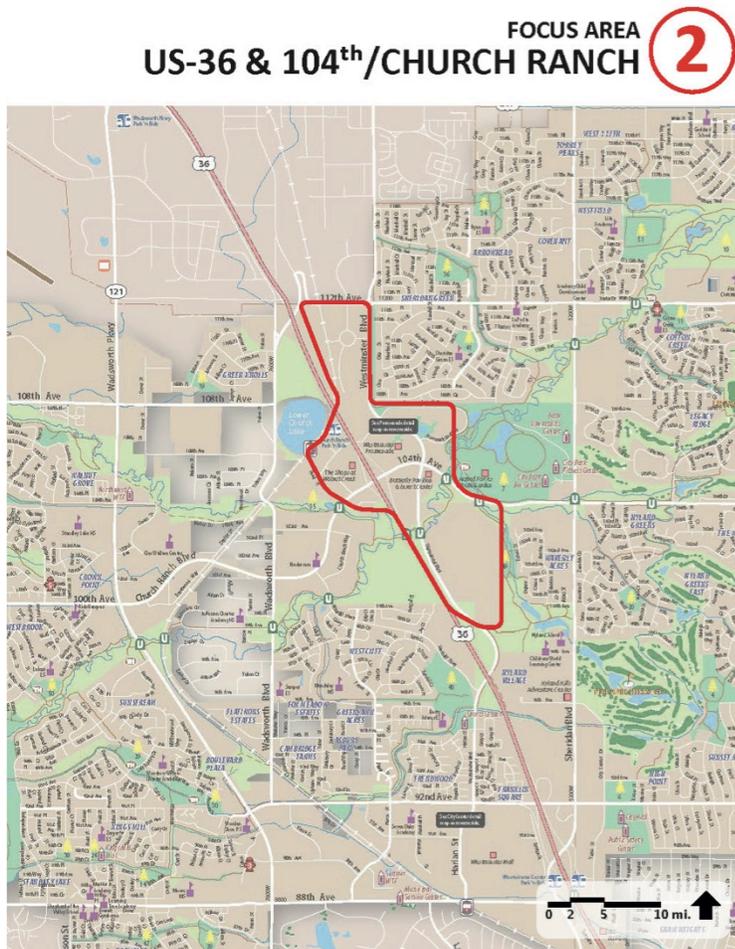
¹ For non-residential land uses only

Source: Bill Lee Land Econ

US 36 & 104th/Church Ranch Interchange (2)

This focus area extends from the Circle Point office development on the north to approximately 100th Avenue to the south. It includes the Shops at Walnut Creek on the west and the Promenade and Westin Hotel on the east. In the retail location assessment, we used the intersection of Westminster Boulevard and 104th Avenue as the centroid for the drive time comparison. This area enjoys the strongest regional location within Westminster for several types of development.

Figure 6: Focus Area 2 Map



Strengths

- Central location within the US 36 Technology Corridor with great access to the Denver MSA labor pool and to the University of Colorado and the Federal government laboratories in Boulder.
- High quality projects, like the Westin Hotel, Circle Point offices and Shops at Walnut Creek have established the image of this area.
- The park and open space to the east enhance the image of this area.

Challenges

- The east-west circulation to and through the northern portion of this area and some of the internal circulation routes are awkward and of limited capacity.
- Some of the urban entertainment uses at the Promenade are now dated in concept and will struggle in years ahead.
- Weak regional office demand due to the recession has slowed the success of this area.
- A key opportunity parcel just west of Circle Point has been isolated and made difficult to develop by the combination of commuter rail tracks, the US 36 freeway and the 112th Avenue overpass. With the planned improvement to the 112th Avenue Bridge, and subsequent improved access to the site, it is an excellent opportunity for office and/or hotel development.

Development Opportunity

This focus area has market potential for office (corporate and multi tenant), hotel, restaurant and retail development. The portions of this area that are buffered from the freeway (US 36) and major traffic arterials by either distance or another land use would also enjoy strong market support for residential development ranging from single family to townhouses and multi-family apartments and condominiums. The market potential of this area is shown in Table 30 below.

Table 30: Focus Area 2: US 36 & 104th/Church Ranch Interchange Development Potential

2: US-36 & 104th/Church Ranch Interchange				
Land Use	Existing Development¹	New Demand		
		2012-2022	2022-2032	2012-32
Office (1,000 SF)	295	419	383	803
Ind/Flex (1,000 SF)	0			
Retail (1,000 SF)	633	215	148	363
Hotel (Rooms)	551	280	320	600
Residential (Units)	-	652	674	1,326
Single Family	-	326	254	580
Townhouses	-	65	87	152
Multi Family	-	261	334	594

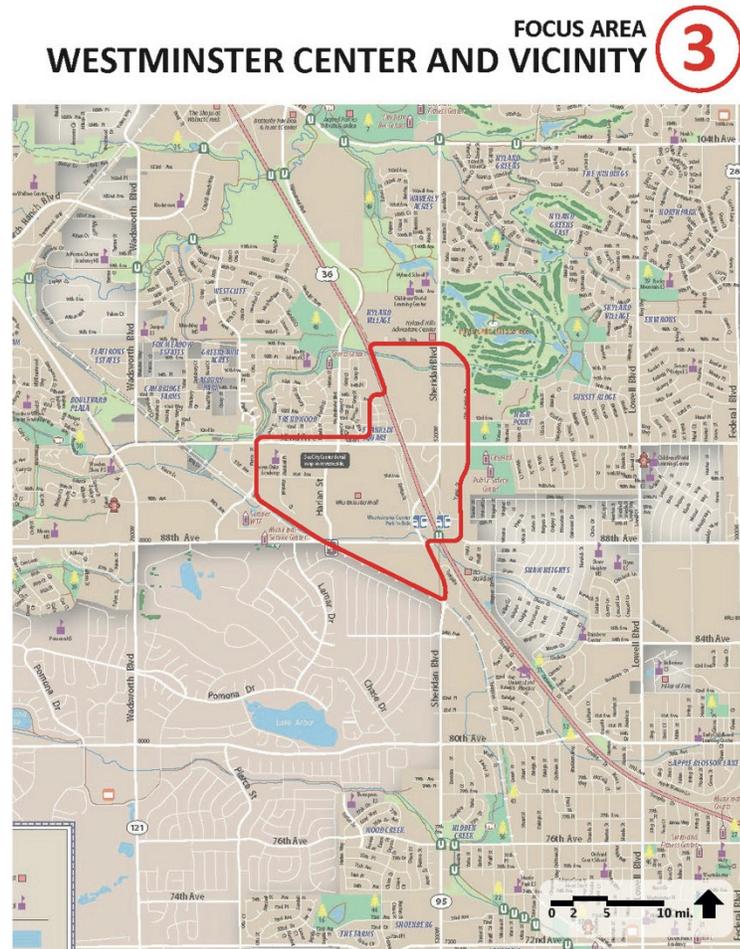
¹ For non-residential land uses only

Source: Bill Lee Land Econ

Westminster Center and Vicinity (3)

The core of this focus area is the WURP site, but the area extends west to the commuter rail tracks and Pierce Street and east to across US 36 and up Sheridan Boulevard to 96th Avenue.

Figure 7: Focus Area 3 Map



Strengths

- The area enjoys very strong regional location being at the Sheridan Boulevard interchange with US 36 with 92nd Avenue and 88th Avenue being important east-west arterial streets.
- It also enjoys excellent transit service with the highly used Westminster Center park-and-ride facility.
- Commuter rail is proposed for 88th Avenue and Harlan Street across from the WURP site.
- The City controls approximately 80 acres of the 100-plus-acre WURP site and plans to redevelop the property.
- Selected major national retailers, with the closure of the former Mall, do not have this subregion of the Denver MSA covered in terms of store location.

- The planned new, wider and more attractive Sheridan Boulevard/US 36 bridge will relieve congestion and improve the image of the area.

Challenges

- Because of aging buildings, the image around the WURP site is less than attractive.
- The trade area to the south tends to be of lower income.
- The regional office market is expected to be weak for another three or four years.
- The pedestrian connections between the planned commuter rail station, Westminster Center Park and Ride, and the WURP site could stand some improvement.
- Lack of connectivity of 88th Avenue over US 36 creates a bottleneck, which may be improved with the Sheridan Boulevard bridge replacement.

Development Opportunity

The market analysis suggests strong potential for comparison shopping (department stores, and apparel and accessory stores), sit down restaurants, and apartment development in the short term and for office and hotel development in the intermediate term for the WURP site (see Table 31 below). Given the size of the property some disaggregation into smaller blocks would better allow project phasing and facilitate development by multiple developers creating a more market responsive urban texture. Additionally, if the City pursues an aggressive approach to redevelopment of the WURP site (through a joint public/private partnership) as planned, additional development potential beyond the natural market demand (described in Table 32) would be possible. Amenities like open space, cultural attractions and other enhancements to the urban fabric and quality of life will attract and support more housing and higher intensity development to the WURP site.

BLLE does not expect the industrial area to the west of Westminster Center to change very much during the next ten years, but during the following ten years market pressure will exist for the transition of this area to multi-family housing provided redevelopment of the WURP site has been highly successful. Little change is expected in the Sheridan Boulevard corridor over the next ten years. There may be tenant turnover as new retailers replace today's retailers that will be passé 15 to 20 years from now.

Table 31: Focus Area 3: Westminster Center Development Potential

3: Westminster Center and Vicinity				
Land Use	Existing Development¹	New Demand		
		2012-2022	2022-2032	2012-32
Office (1,000 SF)	147	229	320	548
Ind/Flex (1,000 SF)	468	21	7	28
Retail (1,000 SF)	1,849	446	238	685
Hotel (Rooms)	203	120	240	360
Residential (Units)	-	435	371	805
Single Family	-			
Townhouses	-			
Multi Family	-	435	371	805

¹ For non-residential land uses only

Source: Bill Lee Land Econ

North I-25 Area (4)

While the US 36 corridor is the rapid technology development and high employment growth corridor, the I-25 corridor is characterized by housing development and population growth. The Orchard Town Center, Wal-Mart and Lowe’s have developed in anticipation of the growth in rooftops and to pre-empt their competition.

Figure 8: Focus Area 4 Map



Strengths

- Fairly rapid housing development and population growth is projected for this corridor.
- The household incomes associated with this new housing development are fairly high.
- Traffic volumes traveling along the I-25 linking Denver to Fort Collins is much higher than on US 36.
- The Orchard Town Center is a strong amenity for future residential or employment development in this vicinity.

- St. Anthony’s medical building and proposed expansion of approximately 350,000 square feet is a potential impetus for similar or supporting development in the surrounding area.
- The area has great access to and visibility from I-25 and E-470 to DIA. The I-25 managed lanes improvement will also improve access to the area.

Challenges

- The retail developments that have been built were built in advance of market maturity, and they are able to absorb considerable additional purchasing power growth before additional retail is required.
- Because of the abundance of entitled and readily developable land in the US 36 corridor and the additional travel time and/or cost for residents of Boulder to come across to the I-25 corridor, we do not expect this focus area or this corridor to be a significant participant in the technology driven office market for at least ten and possibly 20 years.
- Many competing sites are available in neighboring jurisdictions along this I-25 corridor because much of it is still vacant land.
- The lack of planned rail service may place this corridor at a competitive disadvantage in the long term.

Development Potential

Given the large amount of acreage available, the market analysis anticipates demand for a mix of uses on these properties, including office, hotel, retail, townhouses and multi-family apartments or condominiums. The approximate mix and amount of demand for the next 20 years is shown in Table 32 below.

Table 32: Focus Area 4: North I-25 Area Development Potential

4: North I-25 Area				
Land Use	Existing Development ¹	New Demand		
		2012-2022	2022-2032	2012-32
Office (1,000 SF)	0	128	383	511
Ind/Flex (1,000 SF)	0			
Retail (1,000 SF)	428	69	269	337
Hotel (Rooms)	0		240	240
Residential (Units)	-	315	382	697
Single Family	-			
Townhouses	-	54	48	103
Multi Family	-	261	334	594

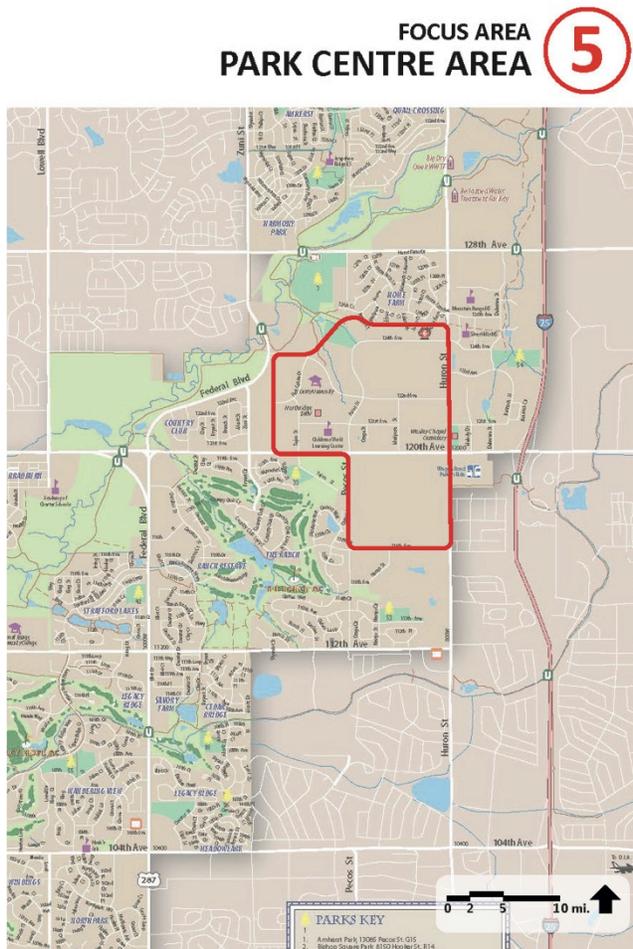
¹ For non-residential land uses only

Source: Bill Lee Land Econ

Park Centre Area (5)

This focus area includes the Park Centre Business Park on the north side of 120th Avenue and the former Avaya property on the south side. This area provides the largest concentration of industrial property within Westminster.

Figure 9: Focus Area 5 Map



Strengths

- Large parcel for large user.
- One of the few areas available for industrial development in Westminster.
- Great regional access via I-25 from the 120th Avenue interchange. The Wagon Road Park and Ride is also adjacent to this area.
- Established quality residential areas with open space to the west with the Ranch Country Club and community.
- Key employers, such as Avaya, are located here. The Avaya R&D facility will be consolidating its workforce and adding another 400 employees to the site.

Constraints

- Low market interest for office use in the I-25 corridor in the short and intermediate term future.

Development Opportunity

For the Park Centre properties, the market analysis suggests continued sales and leasing to industrial and flex space users with increase interest from office users in seven to ten years. For the former Avaya manufacturing facility property, the market indicates industrial reuse with some office intermixed. Minor support retail commercial is likely possible along either the 120th Avenue or the Huron Street frontage. The market would support transition of the western portion of the Avaya manufacturing facility property to multi-family residential use (see Table 33). The estimated development potential is in addition to the existing building space in the area.

Table 33: Focus Area 5: Park Centre Area Development Potential

5: Park Center Area				
Land Use	Existing Development ¹	New Demand		
		2012-2022	2022-2032	2012-32
Office (1,000 SF)	1,238	38	213	251
Ind/Flex (1,000 SF)	1,031	469	380	849
Retail (1,000 SF)	379	26	46	71
Hotel (Rooms)	0			
Residential (Units)	-	130	148	280
Single Family	-			
Townhouses	-			
Multi Family	-	130	148	280

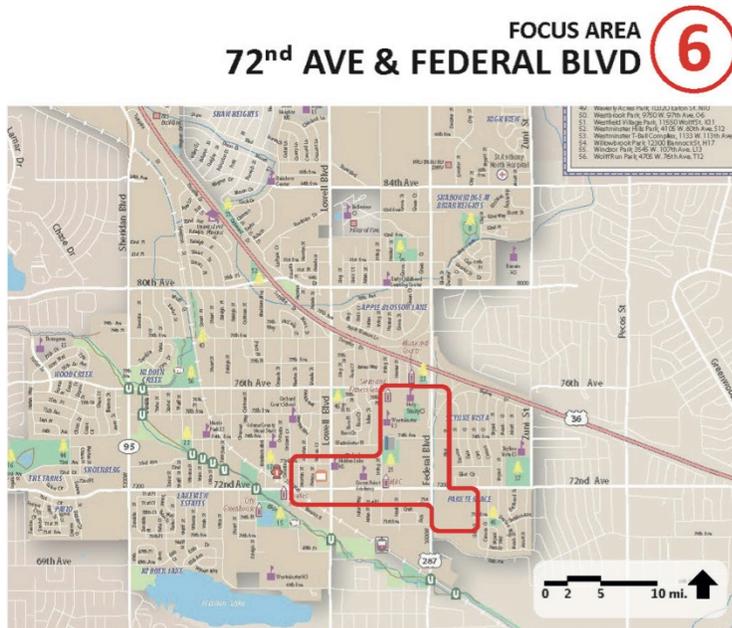
¹ For non-residential land uses only

Source: Bill Lee Land Econ

72nd Avenue and Federal Boulevard Area (6)

This focus area consists of the frontage on 72nd Avenue from the commuter rail tracks to Federal Boulevard and the properties immediately north of the frontage parcels on the north side of 122nd plus the frontage on Federal Boulevard from 72nd Avenue to 76th Avenue. It also includes the Westminster Plaza Shopping Center.

Figure 10: Focus Area 6 Map



Strengths

- With Federal Boulevard having interchanges with US 36, I-76 and I-70 further south and this area being near the hub of the regional freeway system, it has the best regional access of all the retail sites evaluated.
- Commuter rail service soon to arrive at Irving Street south of 70th Avenue will facilitate access to this area. The Westminster Station Transit Oriented Development Area Plan for the area around the future station will provide a framework for higher intensity mixed-use development to the southeast of the focus area, with
- Brookfield Residential is building 1,300 residential units scheduled for completion in 2016 immediately east of this area in unincorporated Adams County.
- High Hispanic population concentration (40 percent within a 10-minute drive) in the primary market area provides market opportunity for retailers and service providers targeting to serve this population.
- Almost 30 acres of vacant land provides development opportunity that could capitalize on the station and future Midtown mixed-use development a half mile to the southeast.

Challenges

- The residents of the primary market area have low median family income and therefore limited purchasing power.
- Much of the area is built out and the existing buildings, while not always attractive, have too much value to facilitate easy redevelopment.
- The hidden location of the commuter rail station away from the major arterials limits the positive impact of the station on this area.

Development Potential

Given the built out nature of much of this area, the market outlook is for incremental intensification of individual properties or from the private assembly of two or three properties. Supportable uses include community retail, small-scale office, in-fill residential consisting of townhouses or small apartment complexes, and possibly even a limited service hotel (see Table 34). In the near term, retailers and food service providers catering to the Hispanic population may have more success than mainstream national chains that take a one formula works everywhere approach. The almost 30-acre vacant parcel (50 acres including unincorporated portions) provides the opportunity for the development of a new community shopping center, possibly anchored by a Hispanic supermarket, at the commercial frontage with townhouses or multi-family apartments in the interior.

Table 34: Focus Area 6: 72nd Avenue and Federal Boulevard Area Development Potential

6: 72nd Avenue and Federal Boulevard				
Land Use	Existing Development ¹	New Demand		
		2012-2022	2022-2032	2012-32
Office (1,000 SF)	56	57	85	142
Ind/Flex (1,000 SF)	38			
Retail (1,000 SF)	524	127	139	267
Hotel (Rooms)	18		80	80
Residential (Units)	-	98	123	221
Single Family	-			
Townhouses	-	54	68	122
Multi Family	-	43	56	99

¹ For non-residential land uses only

Source: Bill Lee Land Econ