

CITY OF LITTLETON MINERAL STATION MARKET ASSESSMENT



PROGRESSIVE URBAN MANAGEMENT ASSOCIATES

1201 E. Colfax Avenue, Suite 201
Denver, Colorado 80218
720.668.9991
www.pumaworldhq.com

May 10, 2016

Table of Contents

1. PURPOSE.....	3
Mineral Station Study Area	3
2. SUMMARY OF DEVELOPMENT OPPORTUNITIES	4
Sector-by-Sector Findings.....	4
Market-Driven Scenario	5
Value Capture Scenario	5
3. SECTOR-BY-SECTOR ANALYSIS.....	8
Market Context.....	8
Study Area	8
Market Areas.....	9
Transportation	10
Demographics & Housing.....	11
Demographics.....	11
Housing.....	13
Employment.....	15
Existing Jobs and Workforce	15
Commuting	16
Commercial Real Estate Space.....	16
Office Real Estate Space	16
Retail	17
Existing Retail.....	17
Retail Spending	18
Retail Gaps	18
Retail Sales Tax	19
Retail Real Estate Space	19

2. SUMMARY OF DEVELOPMENT OPPORTUNITIES

Based on market data summarized in the next chapter, this section identifies order-of-magnitude, market-driven development opportunities in the Mineral Station Study Area.

- The Sector-by-Sector Findings summarize the detailed analysis conducted in the next chapter.
- The Market-Driven Scenario forecasts what the private sector is most likely to deliver under existing market conditions, and given the existing entitlements for the Study Area properties.
- The Value Capture Scenario looks at opportunities identified for which the Study Area has distinctive transit and recreational attributes that could enhance its value in the marketplace, but which would most likely require significant public vision and involvement to achieve.

Sector-by-Sector Findings

Below are brief conclusions of the more detailed sector-by-sector assessments that are found in the next chapter. Existing land use and zoning allow a high intensity and broad mix of uses throughout most of the Study Area. Drawing on the state of today's real estate and other market data, market demand alone is most likely to drive rental housing and retail.

Residential Market

Hundreds of family housing units are being built in the City of Littleton and surrounding areas. In the Study Area, the strongest opportunity appears to be filling a niche that is not being delivered in quantity elsewhere, namely 1 and 2 bedroom units targeted to young professionals and empty nesters. Demand from both of these groups is for smaller housing types, with a premium on housing near transit, retail, and recreation amenities such as this area offers. Young professionals typically want smaller units at more moderate price-points while empty nesters want somewhat larger units with upscale and luxury finishes. These targeted households have fewer cars and will typically accept one dedicated space per unit, but may need covered secure storage for bikes and other items. Unless or until statewide construction defects legislation is changed, this product will almost certainly be offered for rent rather than for sale.

Encouraging a development pattern including strong pedestrian and bicycle linkages through the Study Area to nearby amenities can be accomplished with the existing zoning entitlement and would add appeal. Additional elements that strengthen the housing market include gathering spaces such as inviting outdoor seating areas flanked by restaurants or cafes. Retailers offering lifestyle products such as outdoor recreation gear will enhance the attractiveness of residential uses.

Retail Market

The primary retail market opportunity is large-format general merchandise. Prior retail analysis identified potential for big box retail in the Mineral Station area, which would fill a substantial retail gap in Littleton. Aspen Grove is tenanted with national retailers of a quality unmatched in the rest of Littleton or the Study Area's Primary Market Area¹. It's important for continued market position that new large-format retail development in the Mineral Station area be non-competing and compatible with the quality of the existing tenant mix at Aspen Grove.

This assessment also identifies modest market opportunity in other retail such as grocery, restaurant, and entertainment uses. Better connections within the Study Area and between the transit and retail components

¹ See Chapter 3 (Sector-by-Sector Analysis) for map of the Primary Market Area.

could enhance the ability to capture this retail market potential. Aspen Grove has expressed interest in exploring how it could better connect to the Mineral Station area as an integrated, mixed use, transit-served activity center.

Commercial Market

Given the small supply of office space near the Study Area, it is difficult to draw conclusions about demand for new office development. Over the longer term, development of housing that attracts millennials could create some demand for modern small-scale office spaces as part of the overall mix of uses. With an educated workforce already in place in Littleton, the Study Area could appeal to employers in an industry for which Littleton workers have skills. Health care and professional, scientific, and technical services are top industries that employ Littleton workers, and are industries that rely on a talented workforce to make location decisions.

Industrial Market

Some light industrial “maker space” uses could potentially be integrated within a mix of uses in the Study Area; however other sites, including the development at County Line Road may be better suited. (A “maker space” is a specific type of co-working space that provides technology, manufacturing equipment, and educational opportunities to entrepreneurs and others that are interested in using the space. It allows people to pay membership fees in order to share expensive resources and space that would otherwise be difficult to afford.) Strong connections between the Study Area and the County Line Road site could improve the market potential of both areas.

Market-Driven Scenario

Based on current market conditions, there is a near-term opportunity for a mix of market-rate rental multifamily housing, which could include mid and upscale 1 and 2 bedroom units near the open space and transit. There also is retail development potential primarily in large format general merchandise (“big box”), as well as modest demand for grocery, restaurant, and entertainment. Office demand is difficult to judge, and other nearby locations appear better suited to industrial than the Study Area.

In the market-driven scenario, a developer would most likely find value in retaining the existing, 40-year old zoning entitlement on the property on the southwest corner of Mineral Avenue and Santa Fe Drive. Although somewhat proscriptive with regard to the location of uses, the existing zoning is broadly entitled with high densities of development allowed. Most developers strongly prefer to work within an existing by-right entitlement rather than initiate a potentially time consuming, expensive, and uncertain outcome of rezoning.

Value Capture Scenario

A strategy that the City of Littleton could choose to proactively pursue and invest in that makes use of the Study Area’s distinctive assets is an alternative to the above, market-driven scenario. “Value capture” is a concept of strategically utilizing and leveraging public/private investments to increase the resulting value of the development to the community. This alternative strategy is provided due to the following:

- Based on community outreach for the Mineral Station Study Area conducted to date, it appears the community as a whole lacks enthusiasm for elements of the market-driven scenario (especially big box retail).
- The market-driven scenario does not take full advantage of proximity to transit provided by the Mineral Avenue Station.

- The Study Area includes much of the remaining undeveloped land in Littleton and offers an opportunity for new goods and services, while increasing sales tax revenue. With rising costs related to municipal services, cities must find sustainable ways to increase revenues.
- Given the location of the RTD station, there is strong potential to create a first-class Transit Oriented Development (TOD) within the Study Area.
- The Study Area is located at a pivotal southern gateway into the City of Littleton. Thoughtful development in the Study Area will set a high standard and highlight the southern entry to the city.
- The Study Area offers unique and desirable attributes, such as the Mary Carter Greenway Trail, South Platte Park, and the South Platte River. These amenities can be leveraged through value capture efforts. The value capture scenario is grounded capitalizing on the distinctive locational, transit, and open space adjacencies of the Study Area.
- The unique attributes of the Study Area create an opportunity to provide housing that is attractive to millennials and empty nesters.

P.U.M.A. conducts ongoing research to identify top global trends impacting American cities. This global trends research supports the idea of taking full advantage of the Study Area's assets. Global Trends that will continue to enhance the Study Area's potential include: a growing market for smaller housing (fueled by millennials entering adulthood and empty nesters downsizing); a growing desire for walkable environments where people can live, work, and play without getting in a car; and increasing interest in healthy lifestyles and places. These trends will be in place and reinforced over the next five to ten years.

The specific approaches suggested below incorporate and advance the City of Littleton's desire to promote quality development, encourage a distinctive gateway use, and increase sales tax revenue, but in a different manner than simple big box development. It can be considered as both an economic development and value capturing strategy.

Site Attributes

Based on site attributes, the Study Area could be competitive for the highly-desirable outdoor and recreational lifestyle industry. While many sites and communities want to pursue this now-popular niche, there are factors that differentiate the Study Area as having the potential to realize it:

- The Mary Carter Greenway Trail, South Platte River, South Platte Park, and Carson Nature Center within the Study Area
- Direct access to regional transit
- Quality and stable housing stock nearby
- Access to foothills and mountains via the adjacent major roads and highways

A lifestyle and recreation theme could be realized through several different specific approaches, outlined below. Examples from other cities are included, however, the new Breckenridge Brewery is a nearby example of commercial development that has a strong interplay with the adjacent park, river, and multiuse trail.

Recreation Manufacturer/Retailer

Attract one or more capitalized manufacturing and retail companies within the outdoor recreation industry. Many such companies seek locations that reflect of their product and company culture. For active, outdoor companies this means locating near natural amenities such as rivers, mountains, and open space. An example of this type of development is SmartWool's headquarters in Steamboat Springs, Colorado, where they located at the former airport terminal in the city. Another example is Yeti Cycles, located in Golden, Colorado. Yeti's culture is an

important part of their location decision; the company regularly closes at lunchtime for a ride on surrounding trails. The Mineral Station location could appeal to companies driven by millennials' pursuits of healthy lifestyle and urban living, with access to transit an important asset.

Health and Wellness Campus

Develop a health and wellness retail and services campus. Specific service uses within this theme include a yoga studio, chiropractic, massage, and naturopathic medicine. Retail companies that could fit well in this niche include Lululemon, Athleta, Gaiam, along with natural grocers and other natural product specialists. This retail and services campus could create synergy with the existing Aspen Grove shopping center. This would bring professional, health-related jobs for which the Littleton workforce is skilled, and potential retail sales tax to the City of Littleton, in a manner that connects to the Study Area's existing natural attributes.

Outdoor Retailer(s) and Testing Amenity

Be purposeful about creating an outdoor recreation retail cluster. A critical component envisioned with this approach is developing a gear-testing amenity or facility adjacent to the open space that numerous outdoor retailers would want to access. This concept is not unlike the testing amenities at the REI Denver flagship store located at the confluence of the South Platte River and Cherry Creek. The amenity could be developed with the purposeful intent to attract a cluster of smaller retailers that desire such a facility, but would not or could not develop it solely. Retailers that could be attracted include outdoor "generalists" such as Patagonia and Orvis, or specialist companies targeting fishing, kayaking, or cycling. This approach also could incorporate incubators targeting the outdoor recreation industry that could leverage the testing amenity. An organic example of such a cluster is found at the Outlets in Silverthorne, Colorado, located adjacent to the Blue River, which is designated as a gold metal fly fishing area.

Summary

A value capture alternative approach can create a culture of new development that matches the setting of the Study Area and fully utilizes its distinctive attributes, including TOD. This alternative will make the area competitive for highly desirable commercial and residential uses. Further, until now the Mineral Avenue Station has only been considered as a commuter station. This alternative helps realize the full potential of the station as a portal to educated and skilled people living near downtown Denver and elsewhere along the light rail line. It is potentially powerful as a "reverse commute" feeder to new development in the Study Area, where people living elsewhere in the Denver Metro area would commute to Mineral Station for appealing work opportunities.

While it is possible that the Study Area attributes might inspire a private developer to pursue these strategies, the additional cost and effort involved make these outcomes significantly riskier and less likely without public partnership. The value capture scenario can be expected to take long-term commitment and vision, and could require significant public investment in terms of rezoning, attraction efforts, public infrastructure investment, and amenity enhancement. The use of special districts, such as a metropolitan and/or general improvement district, could be extremely beneficial to help amortize the cost of necessary site improvements that would allow for a more visionary approach to development in the Study Area.

This alternative approach also would enhance each of the market opportunities addressed in the market-driven scenario. It would create more opportunities for unique residential development that orients to the natural amenities and attracts millennials and outdoor enthusiasts. This would then appeal to boutique retailers because of the unique clientele they target. This is not likely to come about without vision, effort, and public partnership. If this is a desired approach, then the Mineral Station Area Master Plan, informed by this market assessment, must outline steps and tactics for moving forward.

3. SECTOR-BY-SECTOR ANALYSIS

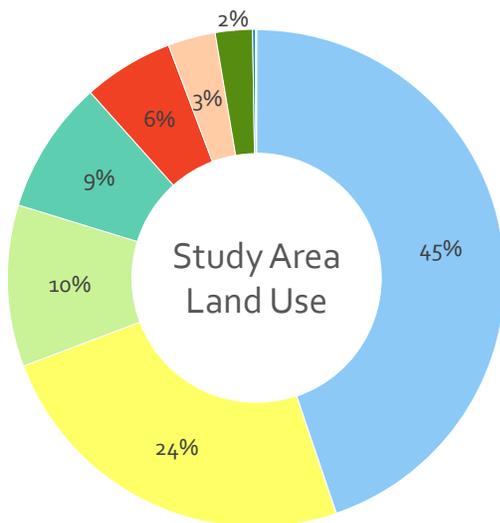
The remainder of the report provides a detailed breakdown of the existing market, sector by sector. It includes in-depth data analysis of demographics, housing, employment, and retail in the Mineral Station market area.

Market Context

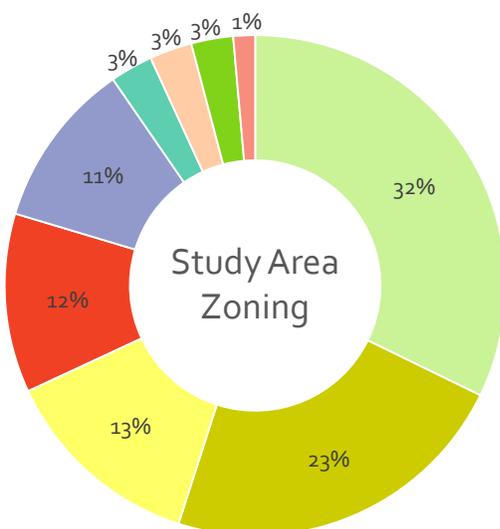
Understanding existing conditions is the necessary first step to assessing the market of the Mineral Station Study Area. This section provides an overview of the Study Area, an introduction to the two market areas used throughout the rest of this report, and a summary of transportation conditions and assets.

Study Area

The Mineral Station Study Area is illustrated at the beginning of this document and as a yellow circle in the map on the following page. The Study Area is defined as the area within a ½ mile radius of the Mineral Avenue RTD station. A summary of land use and zoning in the Study Area is shown below and explained on the next page.



- Political Sub Non-Residential (open space)
- Single Family
- Agricultural
- Home Owners Assoc.
- Merchandising
- Multi-Units (9+)
- Farm/Ranch Residence
- Special Purpose (<1%)
- Residential Condos (<1%)
- Vacant Land (<1%)



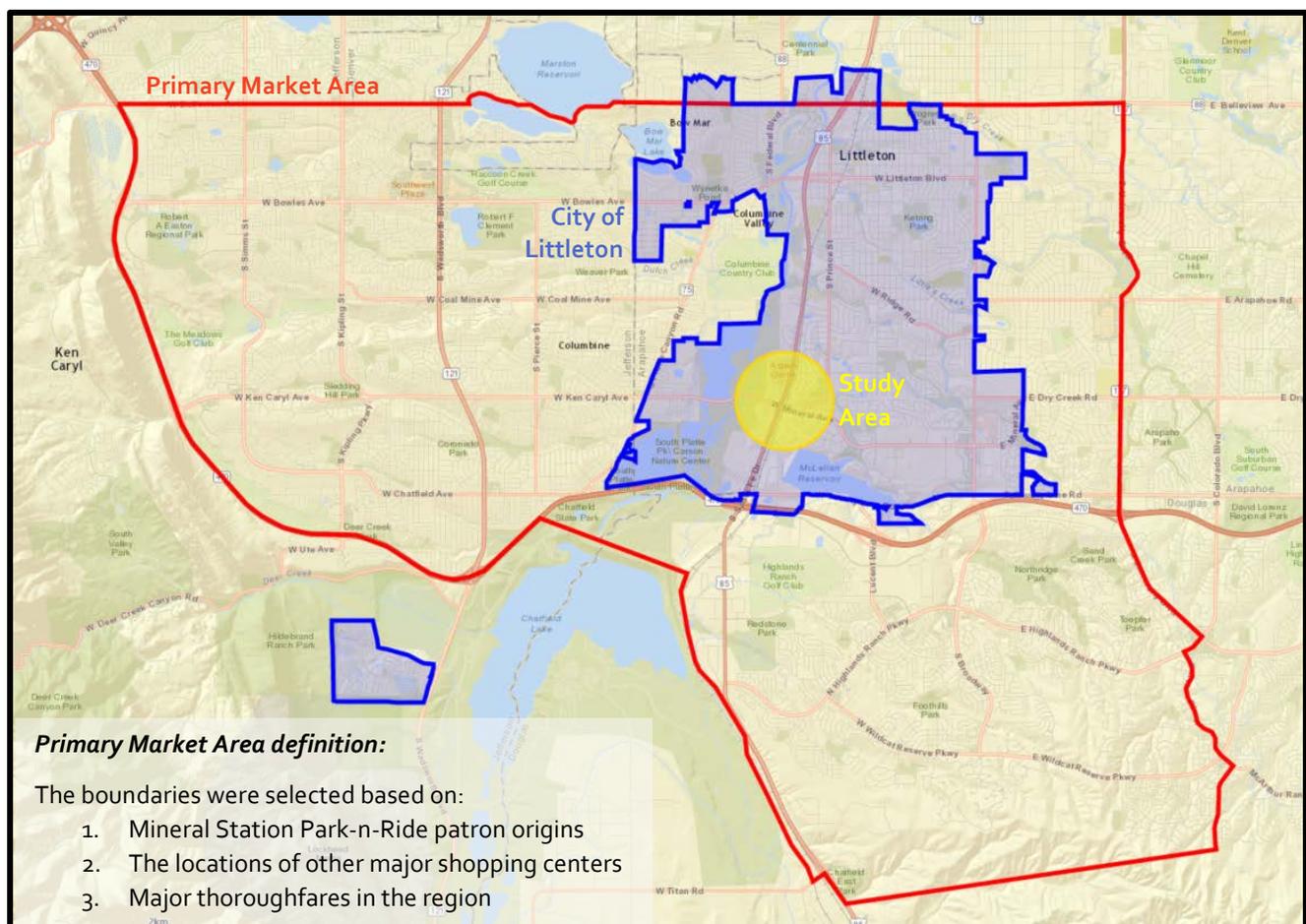
- Agricultural (A-1)
- Planned Development - Residential (PD-R)
- Residential Single Family (R-1, R-2)
- Planned Development - Commercial (PD-C)
- Planned Development - Industrial (PD-I)
- Residential-Limited Agricultural (R-L)
- Multiple Family Zone (R-3 PDO, R-4 PDO)
- Park/Open Space (OS)
- Planned Development (PD)

Almost half of the land in the Study Area is identified as “political sub non-residential” by the City of Littleton. Land in this land use classification includes open space, rivers, lakes, and reservoirs. This is the most prominent land use in the area. Single family housing represents one fourth of the land, while 10% is agricultural (all of which is south of Mineral Avenue). The Aspen Grove Shopping Center covers about 6% of the Study Area, illustrated by the merchandising land use in the above chart. Regarding zoning, almost a third of land in the Study Area is zoned agricultural (i.e., the public land in the Study Area). Planned Development zoning (PD) is also common in this area. PD zoning is broken down by use – residential (23%), commercial (12%), industrial (11%), and general (1%).

Market Areas

Two different geographies have been used to conduct the Mineral Station Market Assessment – (1) the City of Littleton, shown in blue on the map below, and (2) the Primary Market Area (referred to as “PMA” moving forward), illustrated in red. The PMA is a 60 square mile area encompassing most of Littleton, along with several neighboring municipalities. This area was selected based primarily on Mineral Station’s Park-n-Ride patron origins and the locations of major regional shopping centers, using major thoroughfares and highways as boundaries where possible. Major borders include Bellevue Avenue to the north, University Boulevard to the east, C-470 to the west, and Chatfield State Park to the south.

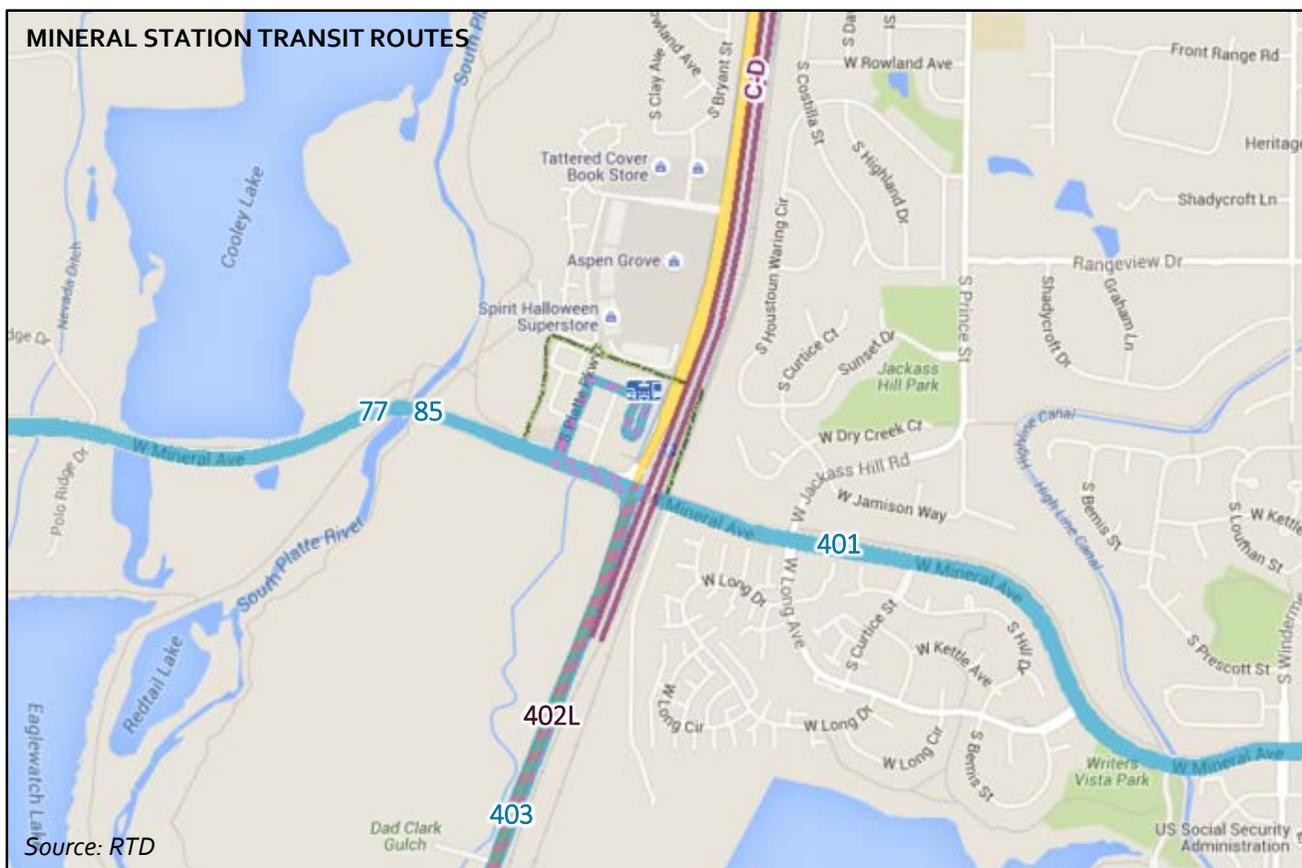
In some cases, data is not available broken down to one or both of these specific geographies. In such cases, other geographies are used and are noted.



Transportation

South Santa Fe Drive (US 85) is a major north-south thoroughfare in Metro Denver. Traffic volume on this highway averages 51,000 vehicles per day, and is eight lanes wide at its intersection with Mineral Avenue.² Mineral Avenue, also eight lanes wide at its western intersection with Santa Fe Avenue, cuts the Study Area in half. It carries an average of 25,000 vehicles per day.³

There are two important alternative transportation amenities within the Study Area. The first is the RTD Mineral Avenue light rail station. This is the end of the C and D light rail lines that run between Littleton and downtown Denver. Importantly, since this is end-of-line it is also a major Park-n-Ride station. With over 1,200 parking spaces, it attracts transit riders from a large 10-mile drive distance radius, with concentrations in Littleton, Highlands Ranch to the southeast, and Ken Caryl/Columbine to the west. Mineral Station is Littleton's most-used light rail station, and parking overflows into the station's secondary under-improved lot regularly. There also are four RTD bus routes (77, 85, 401, 402L, and 403) that serve Mineral Station. Routes 77 and 85 run west from Mineral Station along two different corridors⁴, both terminating at the Ken Caryl Ranch bus service Park-n-Ride. The others run east, primarily serving Highlands Ranch. Route 401 terminates near Broadway and Highlands Ranch Parkway where there is a bus service Park-n-Ride. Route 402L terminates at Park Meadows Mall (with limited service running all of the way to Mineral Station). Route 403 terminates at RTD Lincoln Station, where the E and F light rail routes run.



² ULI TAP, Mineral Station Area Report, 2014

³ ESRI BAO, Traffic Count Map

⁴ Route 77 travels along Mineral Ave/Ken Caryl Ave. Route 85 travels along Platte Canyon Rd and Chatfield Ave.

The other alternative transportation amenity is the Mary Carter Greenway Trail, which runs north-south along the South Platte River in the Study Area. There are an estimated 580,000 trips on this Trail near the Study Area, about two-thirds of which are on bike. This trail is part of a greater metro-wide network of multipurpose trails. It connects to the South Platte River Trail to its north, and downtown Denver and points between can be accessed entirely off-road by bicycle or foot from the Study Area. Additionally, there are trails running east and west, such as the Mineral Avenue Trail, that connect to the Mary Carter Greenway Trail in the Study Area.

*Walk Score*TM is a patented system used to measure a location’s walkability, bikeability, and transit accessibility based on a 0-to-100 point scale. The Study Area and its surroundings are an auto-oriented, suburban environment, so the Walk Score is low for Mineral Station. The area is car-dependent. Mineral Station’s transit score of 52 qualifies as “good transit” according to *Walk Score*’s scale – a score that reflects the various types of transit service, the ability to travel in various directions, and takes into account the frequency of service.

	Walk Score	Transit Score
RTD Mineral Station	35	52
RTD Downtown Littleton Station	80	54
Littleton (citywide)	37	36
Ken Caryl	34	n/a
Columbine	30	n/a
Highlands Ranch	26	n/a

Source: Walk Score

Demographics & Housing

A majority of land in Mineral Station’s market areas is residential. This section provides analysis of residents, housing, and residential real estate for both Littleton and the Primary Market Area.

Demographics

The PMA is almost five times larger by population, yet has many similar demographic characteristics to the City of Littleton. Littleton has been growing at a slightly faster rate than the PMA, which is expected to continue through 2020. The growth rate of the PMA and Littleton is expected to accelerate during the second half of this decade. Both areas have an older population than Denver Metro where the median age is 37 years.

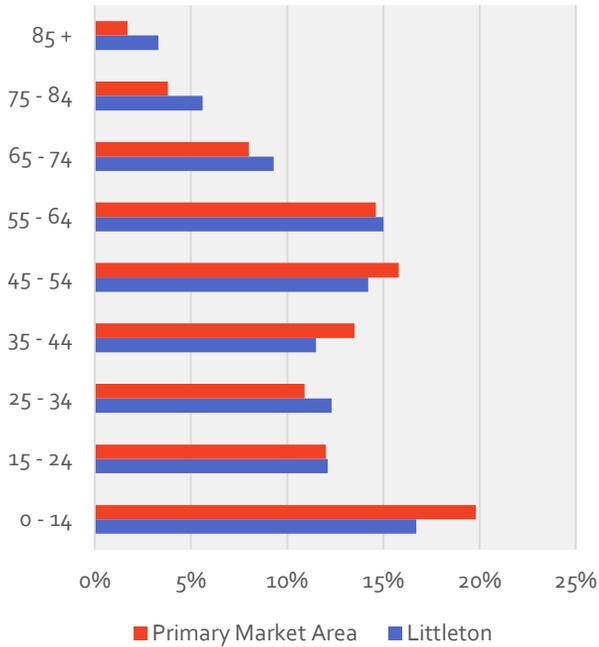
However, there are some differences of note. PMA residents have higher incomes. A small difference in per capita income and a much larger one in household income points to more households in the PMA with two or more working members. The PMA has a larger number of family households (71% vs. 59%), and 36% of households report children living at home. Littleton, on the other hand, has a higher number of millennials and seniors relative to the PMA. This may explain some of the lower average income, as these groups participate in the workforce at lower levels as they pursue education or are retired, respectively.

RESIDENTS SNAPSHOT (2015)		
	Littleton	PMA
Population	43,541	207,749
Growth since 2010	4.3%	3.9%
Growth by 2020	6.5%	4.5%
Median Age	43	41
Gender (women : men)	52% : 48%	51% : 49%
Race (% white)	89%	90%
Per Capita Income	\$37,300	\$43,300
Med. Household Income	\$56,900	\$89,000
Civilian Unemployed	3.2%	3.1%
Bachelor's or Advanced Degree	45%	50%
Households	19,246	81,435
Avg. Household Size	2.2	2.5
% with Children (2010)	27%	36%

Source: ESRI BAO, Community Profile

Population Distribution (2015)

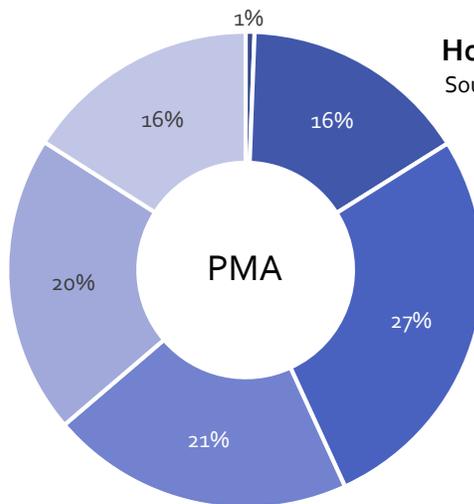
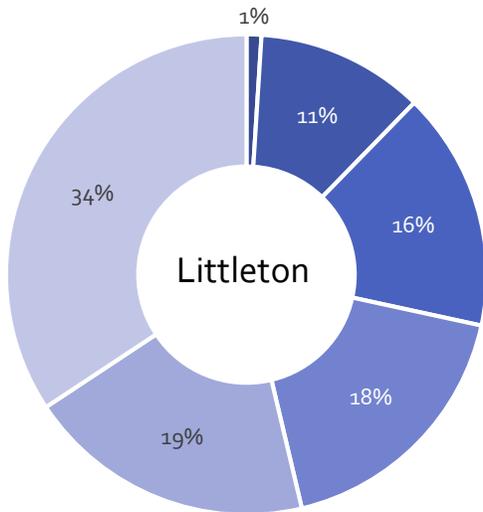
Source: ESRI BAO, Community Profile



HOUSING SNAPSHOT (2015)

	Littleton	PMA
Housing Units	20,150	84,604
Growth since 2000	11%	21%
Single-Family	60%	78%
Multi-Family	40%	22%
Owner Occupied	55%	72%
Rental	40%	24%
Vacancy Rate	5%	4%
Median Home Value (2015)	\$326,000	\$345,000
Med. Home Value (2020*)	\$396,000	\$391,000
% Increase by 2020	21%	13%
Median Rent (2013)	\$817	\$976
Median Rent (2014)**	\$937	n/a
Average Rent (2015)***	\$1,324	n/a

Source: ESRI BAO, Community Profile and Housing Summary
 * ESRI Estimate; ** Census 2014 American Community Survey;
 *** Metro Denver Housing Vacancy and Rent Survey
 Note: Single-family and multi-family data is for 2013.



Housing Units by Year Built

Source: ESRI BAO, Housing Summary

- Built 2010 or later
- Built 2000 to 2009
- Built 1990 to 1999
- Built 1980 to 1989
- Built 1970 to 1979
- Built 1969 or earlier

Housing

The PMA housing stock, compared to that of Littleton, can be characterized as newer, more single-family in scale, and more of an owner-occupied market (see tables and graphs on the prior page). Littleton has more of a balanced mix of owner versus rental housing, and single-family versus multi-family housing. The main difference in housing between the two market areas is the age of homes. The PMA went through a housing boom in the 1990s that lasted through the 2000's. The more historic nature of Littleton is evident by the fact that a third of its homes were built prior to 1970.

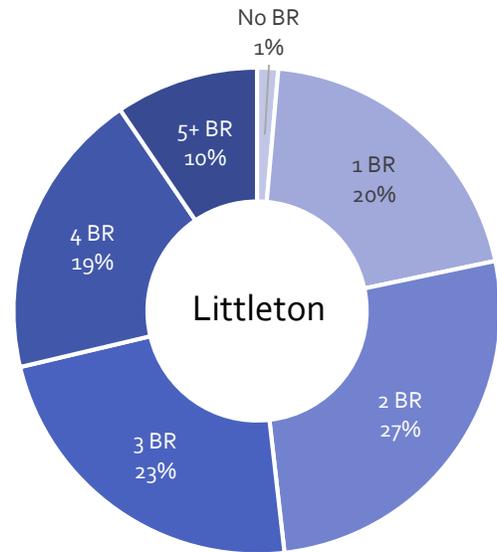
There is some evidence that housing units in Littleton are larger than they need to be based on who is currently living there, but sized properly if the goal is to attract more families as nearby areas have successfully done. Over half of housing units have three or more bedrooms (units that are designed and sized for families). Also, less than a quarter of units are one bedroom or studio (more appropriate for people living alone). Meanwhile, the average household size is about two, and only a quarter of households have children, indicating a demand for units with two or fewer bedrooms.

Significantly, housing type and costs in Littleton (and less so, the PMA) are expected to change drastically by 2020. Average home values in Littleton are expected to increase 21% between 2015 and 2020, a rapid increase. Further, by 2020 housing prices in Littleton are anticipated to be more expensive than in the surrounding PMA.

Current data on rental rates shows that rental costs are rapidly rising. According to the Census Bureau's 2014 American Community Survey, median Littleton rent was \$937, which is 15% higher than the prior year. Another source, the "Metro Denver Housing Vacancy and Rent Survey," estimated 2015 average Littleton rent to be \$1,324. Using the more conservative 2014 numbers, over 50% of occupied rental units in Littleton are spending 30% or more on rent, meaning that more than half of households are cost burdened and may have difficulty affording other necessities (such as food, transportation, and medical care).

Bedrooms in Unit

Source: 2014 ACS



Recent and proposed developments

The following table details major housing developments near the Study Area that were recently built, are currently under construction, or are about to begin construction.

Name	Status	Location	Housing Type	# of Units	# of Bedrooms	Pricing
<i>Berkshire Aspen Grove</i> ⁵	Completed 2011	Within Study Area	Rental apartments	280	1-3	\$1,500 - \$2,581 (monthly)
<i>Outlook Littleton</i> ⁶	Completed 2015	S Platte Canyon Rd & W Mineral Ave (1.5 mi west of Mineral Station)	Rental apartments	250	1-2	n/a
<i>HiLine at Littleton Commons</i> ⁷	Under construction	W County Line Rd (1.5 mi south of Mineral Station)	Rental apartments	385	1-3	\$1,195 - \$2,052 (monthly)
<i>Littleton Village</i> ⁸ (former <i>Marathon Oil</i>)	Under construction	S Broadway & E Dry Creek Rd (2 mi east of Mineral Station)	For-sale SF homes & townhouses; rental apartments	143 (SF) 168 (TH) 352 (Apt.)	3-7 (SF) 2-3 (TH) TBD (Apt.)	\$455,000+ (SF) \$320,000+ (TH) TBD (Apt.)
<i>Sterling Ranch</i> ⁹	Construction begins 2016	Santa Fe Dr & W Titan Rd (6 mi south of Mineral Station)	3,400-acre mixed-use	Phase 1: 800 SF Full buildout: 12,000	TBD	TBD

SF = Single-Family House

TH = Townhouse

Apt. = Apartment Unit

The variety of housing information discussed above indicates that housing dynamics in Littleton are changing quickly. There is clearly demand for housing and a significant number of new housing units are being built in the vicinity of the Study Area. With rapidly rising housing costs and many larger units being built, there is reason to be concerned about housing affordability in the near future. It also is important to consider how a more expensive and newer housing stock may change demographics and consumer behaviors.

⁵ <http://www.berkshirecommunities.com/apartments/co/littleton/berkshire-aspen-grove/>

⁶ <http://www.outlooklittleton.com/>

⁷ <http://hilineliving.com/apartments>

⁸ <http://www.littletonvillagehomes.com/>

⁹ Denver Business Journal, "Sterling Ranch breaks ground Saturday,"

http://www.bizjournals.com/denver/blog/real_deals/2015/06/sterling-ranch-breaking-ground-saturday.html

Employment

The Aspen Grove Shopping Center functions as a regional shopping center and the Mineral Avenue Station is primarily used as a Park-n-Ride station for work commuting into downtown Denver. This section examines existing employment and commute characteristics in both market areas, and also commercial real estate data for the area within a one-mile radius of Mineral Station.

Existing Jobs and Workforce

The table to the right provides a quick snapshot of the number of businesses and employees within the market areas. In addition to assessing the Littleton and PMA markets, the Study Area also was analyzed where data was pertinent. Virtually all economic activity in the Study Area is occurring at Aspen Grove, so this shopping center must be understood as an economic generator.

Retail trade employs 7,680 people in Littleton, the highest amongst all industries citywide. Of these, 548 are employed within the Study Area. In other words, approximately 7% of retail jobs in Littleton are in the Mineral Station ½ mile Study Area, most of which are at the Aspen Grove Shopping Center. Retail represents 51% of all jobs in the Study Area, compared to 17% citywide.

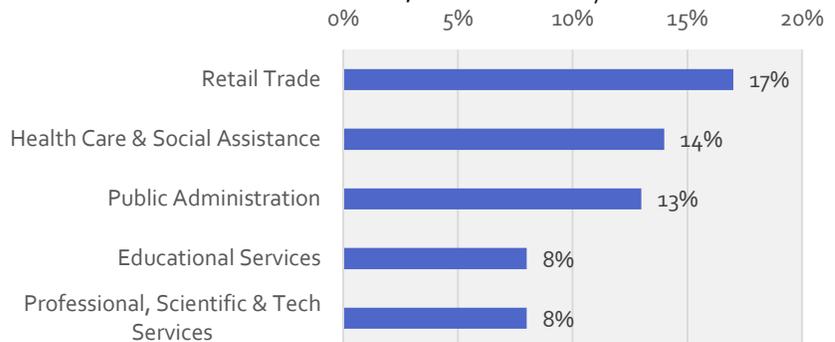
Very close to the Study Area is a cluster of businesses, located at the northeast intersection of Santa Fe Drive and West County Line Road. There is a wide mix of uses (mostly commercial) including businesses, light industrial uses, multiple auto dealerships, a hotel (with more under development), a church, and a restaurant. This small 1/4 square mile area has approximately 26 businesses and 342 employees working within these establishments.

EMPLOYMENT SNAPSHOT (2015)			
	Study Area	Littleton	Primary Market Area
Businesses	87	3,046	8,864
Employees	830	32,491	82,820

Source: ESRI BAO, Business Summary

Top Industries by # of Jobs in Littleton (2015)

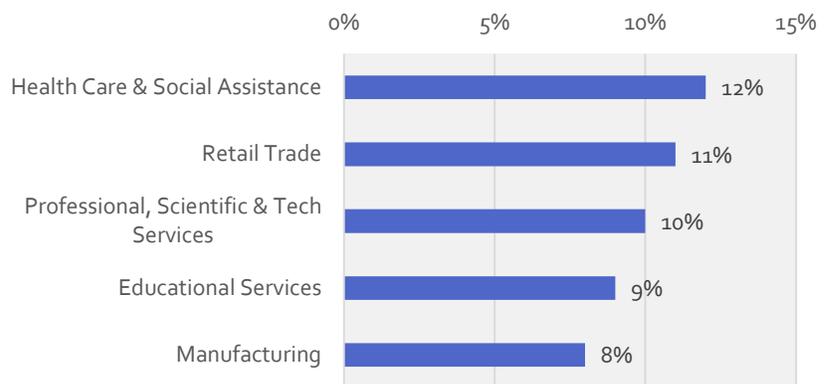
Source: ESRI BAO, Business Summary



Note: The top 5 industries for the PMA are very similar to Littleton, so no chart was included for the PMA.

Top Industries for Littleton Residents (2013)

Source: ESRI BAO, Population Summary



Top industries in which the Littleton workforce is employed include health care, retail, professional services, education, and manufacturing, as illustrated in the “Top Industries for Littleton Residents” graph on the prior page. New job creation in the Study Area in these industries has the potential to employ Littleton residents.

Commuting

More than three quarters of Littleton residents drive alone to work, with an average travel time of 25 minutes. These are high numbers, and point to the large number of people working throughout Denver Metro, rather than near their homes.

As shown in the “Commuting: Inflow & Outflow” map to the right, of all working Littleton residents, only 13% work within the City limits (2,386 people out of 18,415 total). Further, only 8% of people working within Littleton live there (2,386 people out of 29,553 total).

Almost all employees and residents in Littleton are commuting in or out of the City for work, and there are few people who both live and work in Littleton. This commuting pattern equates to transit as an important asset in Littleton. It also suggests that job creation in industries that Littleton residents are already trained for could employ Littleton residents closer to home.

Commercial Real Estate Space

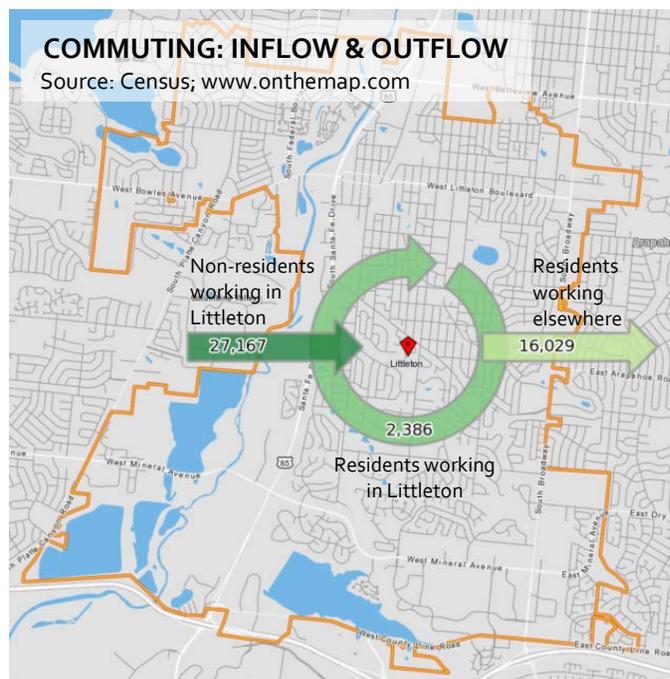
Within a one mile radius of Mineral Station, there is over one million square feet of commercial space. As of the fourth quarter of 2015, 8.4% of this was vacant. Commercial real estate is available broken down into office, retail, and “other” (which includes industrial and other unique uses that aren’t traditional office or retail). Of the total commercial square footage, there is 63,000 s.f. of office, 381,000 s.f. of retail, and 622,000 s.f. of “other” commercial. The “other” category has the lowest vacancy rate amongst types of commercial use at only 3.8%.

Office Real Estate Space

The 63,000 s.f. of office space is spread across four properties. Of this, 42% is vacant. This vacancy rate has remained stagnant since the fourth quarter of 2014. Given the small supply of office space in the area, it is difficult to draw conclusions about demand for new office development.

COMMUTE CHARACTERISTICS (2013)		
	Littleton	Primary Market Area
% Drive alone	77%	79%
% Transit	5%	3%
Avg. travel time to work	25 min.	not available

Source: ESRI BAO, ACS Population Summary



OFFICE SNAPSHOT (within 1 mi of Mineral Station; Q4 2015)	
Supply	62,811 s.f.
Vacant	26,499 s.f.
Vacancy Rate	42.2%
Lease Rate	Not available

Source: Xceligent

Recent and proposed Developments

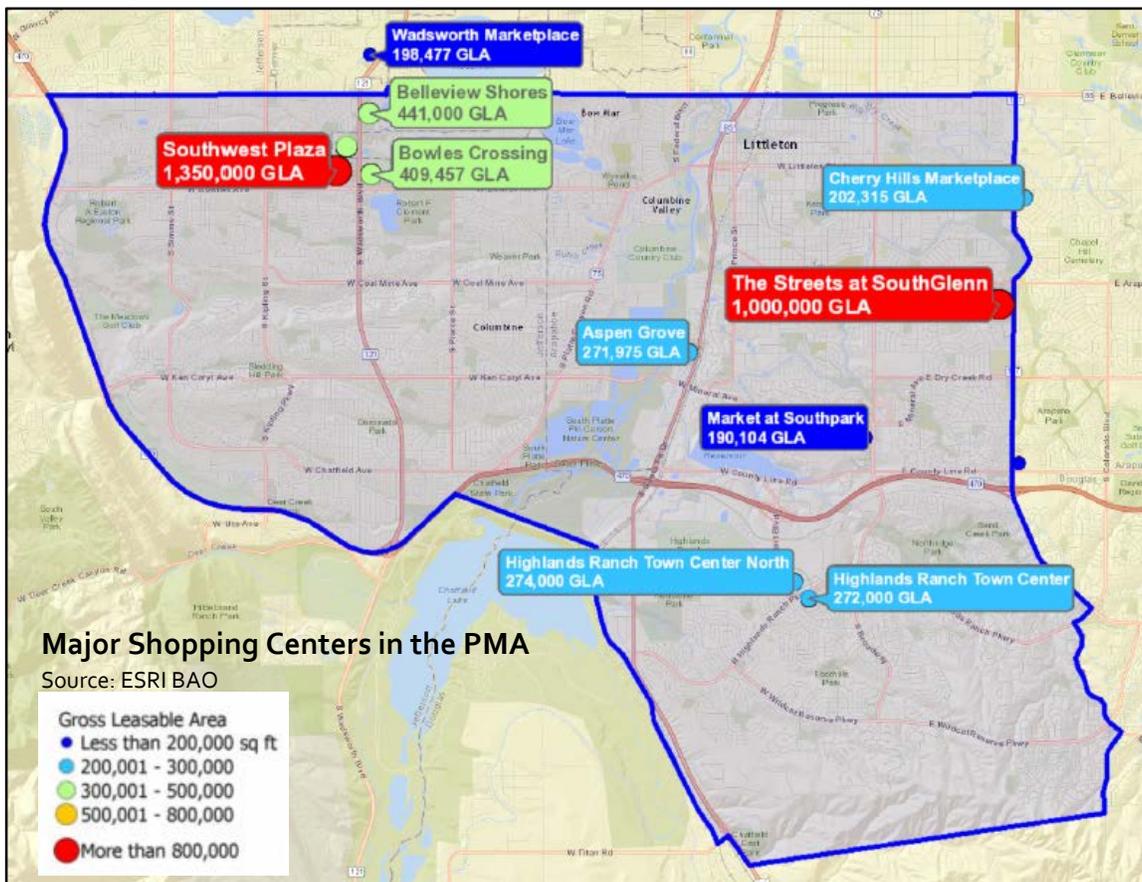
Two of the major housing developments mentioned in the prior section, Littleton Village and Sterling Ranch, also will include commercial development when fully built out. Littleton Village will include up to 250,000 s.f. of office and retail. It is unknown at this time what proportion of this will be office. Sterling Ranch will likely have office included as well, but is not anticipated in the near-term and full buildout won't be complete until 2035.

Retail

Retail is a critical component of the Study Area. The Study Area also contains one of the largest available vacant sites for potential future retail development. This section reviews major regional retail centers, retail spending and gaps, Littleton revenue from retail sales tax, and retail real estate.

Existing Retail

There are two major shopping centers within the City of Littleton – Aspen Grove and Market at Southpark. Both of these are relatively small compared to other nearby shopping centers. Littleton hired *Retail Strategies* in 2015 to conduct retail market research and provide a strategic retail plan. This plan identified existing niches of retail in Littleton, and also retail categories that are lacking. It honed in on specific areas of the City with retail development potential. The stretch of Santa Fe Drive from Aspen Grove south to C-470 was one of these target areas. The plan identified the Study Area and its surroundings as having potential for big box development.¹⁰



¹⁰ Retail Strategies, Retail Market Research & Strategic Plan Overview

As previously mentioned, Aspen Grove is located within the Study Area. Its gross leasable area is approximately 272,000 s.f. It has a strong mix of upscale tenants and some of the strongest national brands of all of the shopping centers in the City of Littleton or PMA. Any proposed retail at the Study Area should be positioned in order to protect the upscale brand image of Aspen Grove.

In the PMA, there are nine major shopping centers. There are concentrations of retail along Wadsworth Boulevard and University Boulevard. The largest of these are Southwest Plaza and The Streets at SouthGlenn. The map on the prior page shows locations and size of all major shopping centers in the PMA.

Retail Spending

ESRI estimates the total retail spending potential (or demand) for specific geographies. In this definition, retail includes all retail goods, groceries, restaurants, and bars. Using ESRI estimates, both Littleton and PMA households spend more than half of their income on retail (56%, which is also nearly identical to that of the Denver Metro Area as a whole). In Littleton, despite lower incomes than the PMA, there are some factors that increase spending: (1) a large proportion of retired people, who generally have a low current income, but spend accumulated wealth; and (2) young adults, who may still have non-income support for spending and/or who spend in accordance with expected future income.

RETAIL SPENDING (2015)		
	Littleton	Primary Market Area
Mean Household Income	\$78,800	\$102,500
Households	19,246	81,435
Retail and Food/Drink Total Potential	\$850 Million	\$4.7 Billion
Retail/Food & Drink Spending per Household	\$43,924	\$57,796
% of Household Income Spent on Retail	56%	56%

Source: ESRI BAO, Retail MarketPlace Profile

Retail Gaps

Retail leakage is a measure of unmet demand for goods in a specified area by the residents of that same area. Littleton has a strong retail surplus, meaning customers are drawn in from outside the City to shop and eat. Automobile dealers have the largest surplus of all retail categories in Littleton by far (\$550 million in surplus). Other categories with a significant surplus include: clothing stores, furniture stores, miscellaneous stores (stores that do not fall into any of the main categories), and grocery stores. There are not many retail categories with significant leakage in Littleton, where Littleton residents must leave the City of Littleton to shop for certain goods. The one exception is general merchandise stores, where there is estimated leakage of \$130 million.

The opposite of Littleton, the PMA has strong retail leakage, meaning that people living in the PMA are mobile and travel for retail, food, and beverage as needed. The industries with the largest leakages in the PMA include general merchandise stores (\$270 million in leakage), restaurants and bars (\$145 million), and grocery stores (\$130 million).

The spending of PMA residents is ripe for capture, considering PMA residents’ willingness to travel for retail and the high percentage of income that PMA households spend on retail.

Retail Sales Tax

Similar to its peer cities throughout Colorado and the Denver metro region, the City of Littleton relies heavily on sales tax to provide municipal services, and in Littleton’s case almost all of this revenue is made up of retail sales tax. When sales tax is broken down by industry, retail trade represents 50% of all sales tax – by far the largest amongst all industries (next is accommodation/food service at 13%). Littleton’s retail sales tax grew approximately 20% between 2011 and 2015. This shows a significant improvement from the prior five year period (2006-2010) which included the recession, where retail sales tax revenue only grew 6% total.

Aspen Grove is an important revenue generator for Littleton. In 2015, Aspen Grove accounted for 10% of the City of Littleton’s total retail sales tax. This is the highest revenue-producing part of the City by land area. However, total sales tax revenue from Aspen Grove has been stagnant since 2010, and has actually decreased 16% since 2007, when it peaked prior to the recession.

Retail Real Estate Space

Within a one mile radius of Mineral Station, there is approximately 381,000 square feet of retail space. A majority of this space is at Aspen Grove, within the Study Area. Of all retail space, 10% is vacant (5% is considered ideal).

This vacancy rate has decreased since a high-point was reported in the first quarter of 2015. Regarding commercial uses, retail has been much healthier than office within the greater Mineral Station area.

RETAIL SNAPSHOT (within 1 mi of Mineral Station; Q4 2015)	
Supply	381,131 s.f.
Vacant	38,180 s.f.
Vacancy Rate	10%
Lease Rate	\$14 (NNN)

Source: Xceligent

Recent and proposed development

Breckenridge Brewery opened a major facility in mid-2015 just north of the Study Area. The 12-acre complex houses both the brewery and a restaurant. The brewery is 76,000 s.f., while the restaurant adds another 8,000 s.f. Over 200 people work at both businesses. Reported by the Denver Post, and confirmed by the brewery owners, people are using all modes of transportation to travel to the brewery, particularly by bicycle using the adjacent Mary Carter Greenway Trail.¹¹ This illustrates the potential value of the trail network to any future uses in the Study Area. Breckenridge Brewery also could be another attraction for RTD users, if a convenient walkable connection is made between Mineral Station and the brewery.

Other retail developments may come to fruition with the completion of the mixed-use developments discussed earlier in this assessment. The Plaza at the Meadows (the retail component of the Meadows at Platte Valley development) is a 10,000 s.f. retail facility near the intersection of Mineral Avenue and South Platte Canyon Road, west of the Study Area. Littleton Village, east of the Study Area, will contain up to 250,000 s.f. of office and retail (but it is unknown what proportion of this will be each). Retail will be incorporated into the Sterling Ranch master-planned community, but it is likely years before this is built, and square footage and retail type is still uncertain. However, as more homes come online in Littleton and throughout the PMA, their occupants can generate more demand for retail in the Study Area.

¹¹ Denver Post, “Littleton Breckenridge Brewery a hit so far,” http://www.denverpost.com/southjeffco/ci_29129967/littleton-breckenridge-brewery-hit-so-far