



EDC 2016 Midyear Report

In the first half of 2016, the Castle Rock economy can be characterized as strong and steady progress. Many of the strategic economic initiatives that have been initiated over the past few years, Higher Ed Campus, Downtown Development and URA activity, have now culminated in solid project based activity. The EDC expects to see significant development project activity in Q3 and Q4 of 2016 and into Q1 of 2017. As expressed in previous reports the quality and depth of the prospects has improved as have the complexity of the challenges that need to be resolved. The Promenade at Castle Rock and the North Meadows interchange are both progressing well with many of the new retailers reporting strong sales figures in Q1 and Q2 of 2016. The opening of the North Meadows interchange will be welcomed by the entire community. The EDC continues to see existing businesses expanding, adding employees and maximizing their existing buildings. The 2016 launch of the 104 Initiative (a local Angel investing platform) and the opening of the ConneXion Spot has added a critical component to the start-up of the business ecosystem in Castle Rock.

Challenges

Castle Rock's challenges remain similar in regards to high development costs, contiguous available commercial, industrial and office space as well as retaining and attracting top young talent. While these challenges put stress on existing companies to leave the community and make it increasingly trying to attract new companies, the overall business climate remains cautiously optimistic. The perfect storm of increased construction costs, escalating home prices and the lack of resolution to Colorado's construction defects laws is making attainable living options in Castle Rock increasingly difficult.

Education/Workforce Infrastructure: Castle Rock Collaboration Campus:

As Castle Rock's Economy continues to thrive, there is an increased need for educational infrastructure and workforce development to support the community. Educational infrastructure is a critical component in the Town's objectives to be a strong stand alone community. Educational infrastructure works to retain and develop talented youth in our community, supports Castle Rock's existing employers and is an essential component to attracting new talent and business. Over the past two years Castle Rock EDC, at the direction of Council, has been working with several educational institutions to try and bring an innovative and technically relevant educational and workforce campus to the community. Currently, Castle Rock EDC is in the final stages of negotiation with significant educational and workforce training providers to create a Collaboration Campus unlike any other.

The 104 Initiative

Supporting Start-up and Second Stage companies that represent only 10% of the companies but make up around 40% of the job growth is essential to the long term success of the Castle Rock Economy. If our community wants to ensure we create more job opportunities for Castle Rock residents to work in

Castle Rock, then supporting local businesses with access to angel investment start up capital is essential. The Castle Rock 104 Initiative has been 2 years in the making and was launched in early 2016. The unique aspect of the 104 initiative recognizes that capital alone is not the answer, it must include mentorship, connectivity and support. The partnership of the ConneXion Spot, Castle Rock Chamber of Commerce, Rockies Venture Club and Castle Rock EDC has given rise to the first Economic Development organization in the State of Colorado to launch an Angel investment platform. The launch of the 104 Initiative has already generated 5 prospects and 12 certified 104 investors with the first business pitches to the group will happen in early August. The EDC believes there is potential for another Co-working partnership with The Move.

Business Development (BAT)

Castle Rock vacancy rates continue to stay near historic lows, especially within the industrial flex and office products. As a result, the Castle Rock EDC Business Attraction Team (BAT) continues to dedicate a significant amount of resources towards the marketing and outreach to developers. While this process is often slow, 2016 has begun to highlight the culminating results of several years of programming.

Vista Petroleum (2013 Developer Luncheon) moved to Castle Rock May 1, 2016 following the purchase of 18 S. Wilcox in Downtown Castle Rock. Vista Petroleum is a wholesale marketer and rail transportation supplier specializing in petroleum products across the country. As part of the move, Vista relocated 10 employees to Castle Rock and intends to hire an additional 10 to 15 over the next two years.

Infinity Laboratories (2015 Broker Outreach) moved their corporate headquarters to 1585 S. Perry in Castle Rock this past March. Infinity Laboratories is a medical device and pharmaceutical drug testing facility that specializes in same-day sterility and compounding testing. The company has 16 full time employees and has the intent/capacity to add an additional 15 to 20 employees by the end of 2016. Ultimately Infinity would like to scale to 100 employees in Castle Rock.

Niebur Development (2012 Developer Luncheon) Following the adoption of the Castle Rock Urban Renewal Authority, Niebur Development was one of the first development teams to assist the Town, EDC and Urban Renewal Authority in identifying opportunities and challenges associated with the former municipal waste site at Citadel Station. Ultimately, Niebur Development chose to move on from Citadel, but their interest in Castle Rock continued. In 2015, Niebur Development purchased 212 Wilcox and began the redevelopment plans to build a first of its kind four story mixed use building in Historic Downtown Castle Rock. This building will help expand the tax base by providing new retail opportunities, additional much needed, office space and provide a multifamily component.

Confluence (2015 Developer Event) In the spring of 2015, Tony DeSimone of Confluence Companies attended one of the EDC's promotional events that was designed to highlight the commercial development opportunities in Castle Rock. A little over a year later Confluence is working on one of the most economically significant projects in Downtown Castle Rock. The project consists of an assemblage of two sites, where Confluence is proposing a project consisting of 200+ residential units, office and retail space.

Existing Business Retention Expansion (BRE)

One of the signature missions of the EDC is to “grow the tax base” and partner to “create a quality business climate”. By establishing a Business Retention and Expansion (BRE) taskforce the EDC private sector partners and the Town are able to leverage a wide range of professional expertise, resources and value to Castle Rock based businesses. Each month members of the BRE Task Force meet with local businesses to discuss strategies for expansion, address challenges in the market place, and establish the necessary methods to follow -up. Ultimately, our goal is that every business in Castle Rock understands the value they provide to the community and the commitment of the Town and the EDC to provide the support that allows their business to thrive.

2016 Existing Primary Employment Highlights Include:

- Digital Globe Services (DGS) expanding in their fourth year in Castle Rock as the signature tenant of the Move, a newly constructed 50,000 SF office building in Downtown Castle Rock.
- Master Magnetics continues their effort to expand despite several years’ research needed to navigate the FEMA flood plan. Their latest plans identify a 5,000 SF addition and plans to add close to 20 additional employees.
- iMotion presents an exciting expansion into a newly designed industrial flex building under construction just south of MedVed. iMotion is made up of two small but growing companies that design and build automotive components for medical, oil & gas, military and life sciences.
- The ConneXion Spot opened its doors in 2015 as Castle Rock’s first ever co-working space. One year later they are planning to open their second location in the constructed Move building in Downtown Castle Rock.

2016 New Construction

The Move

Located at 202 6th Street in Downtown Castle Rock, The Move is a mixed-use development built by White Construction. Occupying the space will be IMI Global, Digital Globe Services, White Construction and the second location of the local co-working space the ConneXion Spot. With an additional 13,000sq/ft. of leasable office space under LOI. A grand opening celebration is anticipated for September 2016.

Hilltop Commons

Expected to open in the fall of 2016 this retail development located at 3990 Limelight Avenue will provide residents with services such as Orange Theory Fitness and Uncle Maddio’s Pizza. With 11,000 total SF this development will be an excellent addition to the Meadows and is 100% pre-leased.

Riverwalk at Castle Rock

The Riverwalk development that will flank Sellars Gulch in Downtown Castle Rock has an expected ground breaking of Fall 2016. The Riverwalk South building is estimated to be completed within 20 months of the ground breaking and Riverwalk North would be completed in the 6 months following completion of Riverwalk South. The project will bring 228 residential units to the market, 30,000 sq/ft. of office and retail space to downtown. Riverwalk will also offer 328 parking spaces to building users.

Castle Rock residents can expect at least one or two marquee/destination restaurant groups in the Riverwalk North development that will overlook Sellers Gulch.

Castle Rock Medical Office Building II

Castle Rock Medical Office Building II broke ground in February of 2016. This highly anticipated addition to the Castle Rock Centura Health Campus will feature 60,000 SF of medical office suites. Its anticipated opening will be January 2017. Signature tenants will include Asarch Center for Dermatology, Castle Rock Dental Group, Health-fit Medical Professionals, Ridgeway OB-GYN, Ridgeline Eye Associates.

Mirage Dental

Located at 85 Rio Grande in Downtown Castle Rock Mirage Dental Associates have created a spectacular 18,000 SF medical and office building. Mirage Dental Associates will occupy the first and second floor of the building (12,000 SF), the grand opening date is slated for September 24th. The third floor (6,000 SF) is available for lease and features expansive windows providing incredible 360 views of Castle Rock and the surrounding mountains.

The Promenade at Castle Rock

The Promenade at Castle Rock is located on the north I-25 corridor continues Castle Rock's vision to be a standalone community providing its citizens with a variety of retail opportunities. Many of the recently opened tenants have experienced record breaking numbers in their first months in business proving to be a success in the Castle Rock market. There are currently 430,204 SF under construction and 50,000 SF completed. The signature tenants include King Soopers Market Place, Sam's Club and 24 Hour Fitness. They are expected to open Q4 of 2016 or Q1 of 2017.

New Signed Tenants

- Vitality Bowls
- Envision Radiology
- Maurice's
- Berry Blendz
- Super Cuts
- Pottbelly Sandwiches
- European Wax Center
- Bank of America

Recently Opened

- Elements Massage
- The Joint
- Bar Nails
- Bellco Community Credit Union
- AT&T

The Corner at 221 Wilcox

Located in Downtown Castle Rock on Wilcox Square this 5 story, 53,952 SF mixed use building will consist of retail/restaurant space occupying the first floor, office space located on the second and third floor, and residential taking up the fourth and fifth floors. The residential component of this project will be a mix of 1 and 2 bedroom units with several units having an interior second floor which constitute the fifth floor of the building.

Mercantile Commons

This 4 story, 28,800 SF mixed use project will include retail/restaurant space, office space and residential space and will be located at 230 Third St. in the Downtown Core. This project will be the first of its kind

in Downtown Castle Rock and is expect it to strengthen the Downtown economy for existing and new businesses.

Personal Warehouse/Flex Space

Located on the south I-25 corridor, this 47,321 SF mixed use office/retail/warehouse space will come to the market mid fall 2016. With 40% currently pre-sold/leased the Castle Rock market is showing its demand for this type of product.

Mid-Year Report: Summary

The first two quarters of 2016 have been solid and a busy second half is anticipated. Over all Castle Rock continues to thrive due to strong forward thinking planning and key strategic infrastructure investments on the part of Town Council and the private sector. The ongoing investment in our public/private partnerships continues to pay huge dividends in creating a positive business environment. The collaboration and dialogue between Town staff and the development/business community to meet rising challenges in the market around development costs, transportation demands and available expansion opportunities has yielded positive outcomes on both sides. Castle Rock's strategic forward thinking investments by both the public and private sector partners in physical, digital, financial and educational infrastructure will ensure long term sustainable economic success. Those strategic infrastructure investments will allow Castle Rock to continue to create an ecosystem that can support and attract new and current primary employers while increasing job opportunities for Castle Rock residents. Additionally, growing the tax base will provide our community with high quality amenities, services and choices. We look forward to a strong finish to 2016.

Respectfully,



Frank Gray



2016 MID-YEAR REPORT



Highlights

VISTA PETROLEUM

Moved to Castle Rock May 2016

INFINITE PEAKS

Moved to Castle Rock May 2016

INFINITY LABS

Moved to Castle Rock - April 2016

MASTER MAGNETICS EXPANSION

In Progress 2016

CONNEXION SPOT

Opened 2nd Location - 2016

iMOTION EXPANSION

In Progress 2016

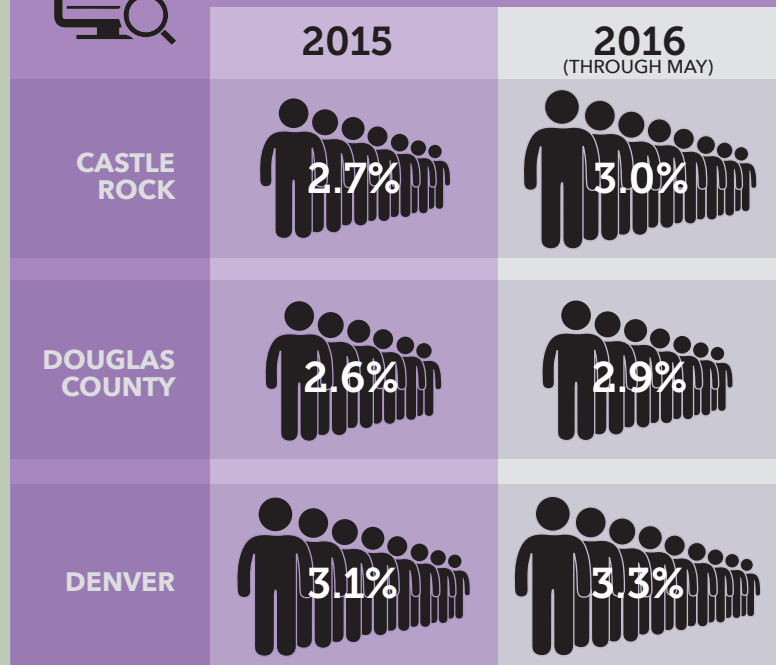


104 INITIATIVE LAUNCHES IN 2016

Castle Rock's first Angle Investment Group



UNEMPLOYMENT COMPARISON



CASTLE ROCK SALES TAX COMPARISON

TAXES



2015

+8.2%

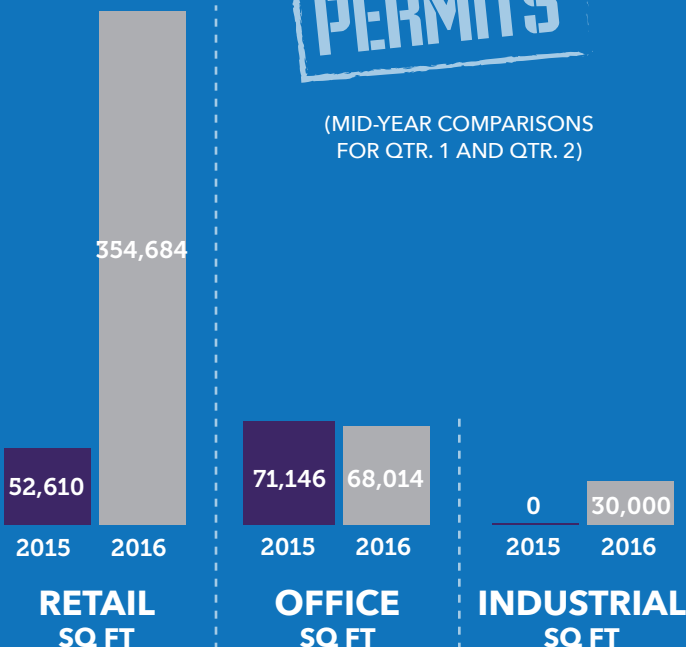
2016-YTD

+6.2%

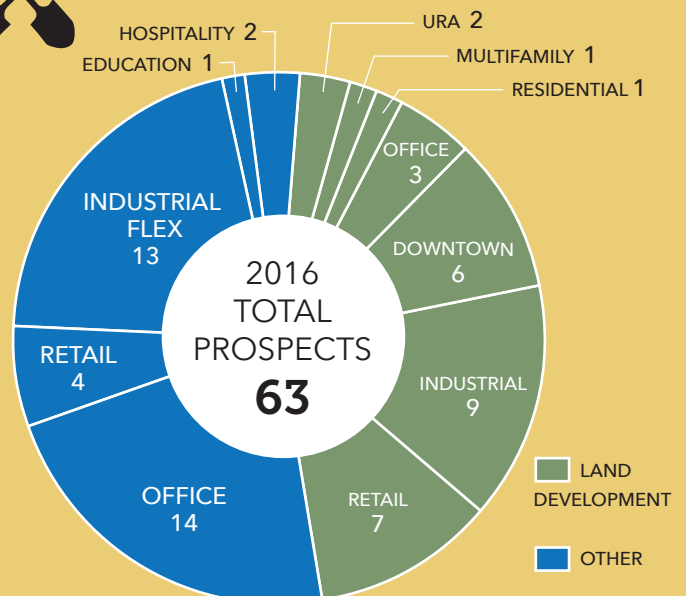
NEW CONSTRUCTION

PERMITS

(MID-YEAR COMPARISONS FOR QTR. 1 AND QTR. 2)



DEVELOPMENT PROSPECTS



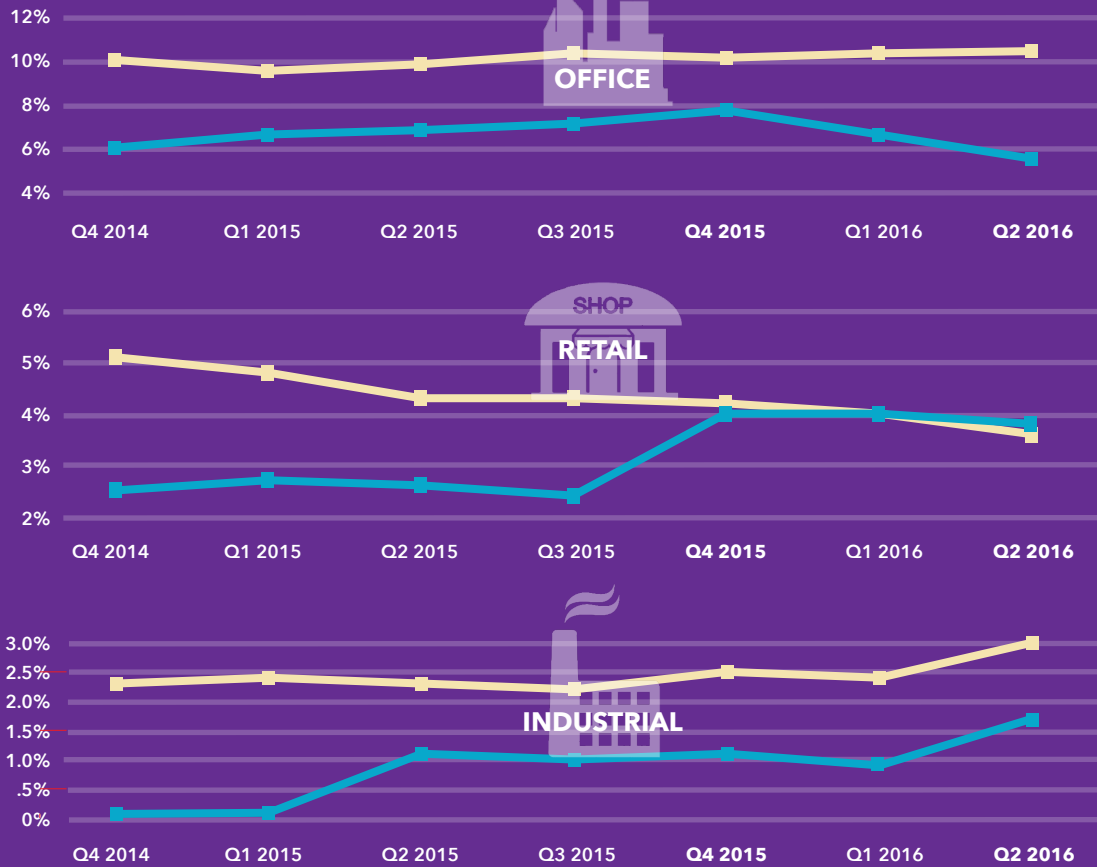
IN 2016

16 COMPLETED PROJECTS

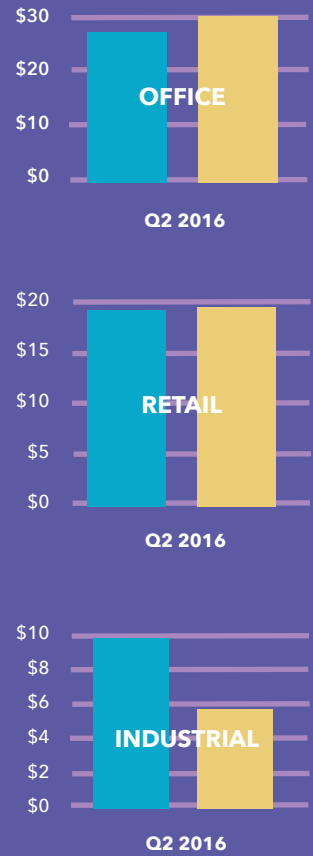
25 ACTIVE PROSPECTS

2016 MID-YEAR REPORT

VACANCY RATES COMPARISON*



LEASE RATES COMPARISON*



*Rates information provided by NavPoint Real Estate Group

NEW COMMERCIAL CONSTRUCTION

2016 Deliverables and/or Under Construction

THE MOVE 50,000 (office)	MERCANTILE COMMONS 28,800 SF (mixed use)
MIRAGE DENTAL 18,000 SF (medical office)	CASTLE ROCK MEDICAL OFFICE BUILDING II 60,000 SF (medical office)
TRIPP CONSTRUCTION BUILDING 5,942 SF (office/warehouse)	THE PROMENADE • Over 50,000 SF Completed Construction • 430,204 SF Under Construction
HILLTOP RETAIL 11,000 SF (retail)	

Development Projects Coming Soon

221 WILCOX 53,952 SF (Mixed Use)	PERSONAL WAREHOUSE SPACE 47,231 SF (office/retail/warehouse)
RIVERWALK 239,000 SF	iMOTION 9,000 (office/warehouse)

Promenade Update

SIGNATURE TENANTS UNDER CONSTRUCTION

Sam's Club
King Soopers Market Place
24 Hour Fitness

NEW SIGNED TENANTS

Vitality Bowls	Super Cuts
Envision Radiology	Pottbelly Sandwiches
Maurices	European Wax Center
Berry Blendz	Bank of America

RECENTLY OPENED

Elements Massage	Bellco Community Credit Union
The Joint	AT&T
Bar Nails	

UNDER CONSTRUCTION
430,204
SQ FT