



# North Ridge Economic Analysis Johnstown, Colorado

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*Prepared for:*

Ridge II Holdco, LLC  
8901 E. Mountain View Road, Suite 150  
Scottsdale, Arizona 85258

*Prepared by:*



**ArLand Land Use Economics**  
Denver, Colorado  
(t) 720.244.7678  
[www.arlandllc.com](http://www.arlandllc.com)

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## Executive Summary and Background

### Background

Caliber Companies and Caliber Development (“Caliber”) is in the process of developing The Ridge, North Ridge, Encore, and South Ridge, in the Town of Johnstown, Colorado. The Ridge, North Ridge, and South Ridge are contiguous developments envisioned as a master planned, mixed use community with immediate access to I-25 and Highway 402 in the dynamic Northern Colorado region. For purposes of this analysis, we will be referring to the master planned community as “The Ridge” unless otherwise noted.

The Town of Johnstown updated its Comprehensive Plan in November, 2021 with a “high density” “commercial” land use designation in many portions of Johnstown’s boundaries along the I-25 corridor in this general area. The Town’s Comprehensive Plan calls for the North Ridge PUD-MU to be an area of High Density / Intensity with a land use balance of 80+% non-residential uses to a maximum of 20% residential. This area is also designated as an “Activity Center”. Activity Centers are defined as “areas that support local and regional transportation networks, living, employment, recreation, and services.”

The Town’s Comprehensive Plan is an aspirational vision document which needs to take into account changing market conditions, the need for flexibility in permitted uses under the Town’s zoning codes, and its overall role as an advisory document. It also needs to balance aspiration with reality. Given current and immediate future market conditions, the Town’s land use balance and Activity Center goals for The Ridge are unrealistic and not achievable either now or in the near-term future.

While municipalities such as Johnstown have the luxury of time to adopt the “long view” of local and regional development which is represented in the Comprehensive Plan, developers such as Caliber do not.

Caliber’s proposal for a mix of multifamily and commercial uses in North Ridge with a balance of 70% residential to 30% non-residential uses is reasonable given current and future conditions and the overall goals of the Comprehensive Plan. Moreover, North Ridge’s 70% residential to 30% non-residential ratio in the Outline Development Plan Amendment No.1 is fully comparable to The Ridge and South Ridge which, when combined, result in a 70% residential 30% non-residential mix.

**National Trends: Office and Retail are transitioning. Formerly all-commercial centers are transitioning to mixed-use adding residential and other uses to their land use mixes.**

The description in the Comprehensive Plan about the intent of a High Density / Intensity area indicates a desire for a predominantly commercial center / node with limited industrial and residential uses. Compare the Comprehensive Plan with national trends:

- *National Office:* The forecast is for decreased office space demand in the immediate future driven by a potential excess of office space caused by hybrid work models created by the pandemic.
- *National Retail:* Nationally, retail is transitioning with online sales becoming an ever increasing portion of total sales. Physical store sizes have been shrinking and a number of retail stores have disappeared.
- *National Mixed Use:* Mixed use development and co-location of uses is a popular and growing trend. A number of notable commercial centers along the Front Range have converted from primarily commercial to primarily residential and mixed used centers.
- *National Multifamily:* National and regional demand for multifamily units is expected to remain strong. Thirty year mortgage interest rates (currently 7%) are at a 20 year high with an expected increase in the demand for rentals and multifamily units.

## Executive Summary and Background

**Regional Trends: Low office demand and significant amount of existing and planned regional retail can be found in the regional market area.**

- *Multifamily:* New multifamily units in Johnstown should be a welcome addition to provide housing breadth to the area's residential market which has been primarily detached single family residential. The Town's Comprehensive Plan notes that the lack of apartments and attached units represent a barrier to those who may be lower income or on a fixed income or in a different time of their lives and seeking housing other than a single family ownership residence (i.e., low maintenance living, newlywed/empty-nester).
- *Office:* Prior to the pandemic, office development had slowed regionally. Most of the region's employment growth is in the Health Care and Social Assistance industries which typically are found in their own specialized buildings, rather than office buildings. Although growth in office space-using jobs has grown, these jobs are particularly conducive to work at home or hybrid models of work.
- *Retail:* About 18 million square feet of retail can be found throughout the market area. An additional 1.3 million square feet of retail is also planned in the region including over 700,000 square feet of retail at the Ledge Rock Center at Highway 60 in Johnstown where construction and leasing are underway.
- *Regional Commercial Centers:* A number of regional commercial centers can be found in the market area generally centered around central Fort Collins and the Foothills Mall as well as around I-25 and Highway 34.

**Commercial Market Analysis: Not enough population and households (current and projected future) to support regional retail at Johnstown Plaza, the developing Ledge Rock Center and potentially at North Ridge. Requiring regional commercial at North Ridge rather than permitting multi-family can serve to undercut all three nodes.**

- *Demographic Analysis:* A demographic analysis indicates that there are three times the number of persons and households around central Fort Collins than there are around I-25 and Highway 34.
- *Overlapping Markets:* Both The Ridge and Ledge Rock Center are within a 5-mile radius of existing regional retail at I-25 and Highway 34. In addition to the significant overlap in market areas, there are not enough persons or households currently or in the immediate future to support a significant amount of regional retail and other commercial uses at North Ridge with anticipated build-out in 1-2 years.
- *Development Scenarios:* Several scenarios were analyzed. The only development scenario which fully supports a strong retail presence in Johnstown is one which assumes that regional retail is (unrealistically) NOT developed at The Ridge and that ignores the presence of existing regional retail at I-25 and Highway 34 and Johnstown Plaza.
- *Johnstown's Future Commercial Success:* Ledge Rock Center, which is currently under development, will be hard-pressed to succeed if too much additional retail is required at The Ridge or North Ridge. On the contrary, additional households, with the approval of multi-family in North Ridge will help other retail projects, including The Ridge and Ledge Rock succeed.

## Executive Summary and Background

- Any regional retail center's success in this area is dependent on:
  - ◆ Its ability to attract super regional (unique) retailers
  - ◆ Its ability to differentiate itself from regional retail at I-25 and Highway 34
  - ◆ Spending support of potential future households at The Ridge.

**Comprehensive Plan: The requirements for High Density areas are not realistic if analyzed and examined critically. The residential / non-residential requirements for High Density areas serve to undercut the goal of economic vibrancy by both threatening the future success of retail development, not only in The Ridge, but also in Ledge Rock Center and other retail projects in the Town.**

- *Future Land Use Map:* The Comprehensive Plan's future land use map suggests long corridors of high density commercial activity along I-25 and Highway 34.
- *Regional Commercial Requirements:* A land use calculation of the I-25 corridor indicates that the Comprehensive Plan requirement would result in the potential need for 8.9 million square feet of primarily commercial uses. This estimate is nearly half of the current total estimated regional retail market of 18 million square feet, and is equivalent to 12 Johnstown Plazas. This is highly unlikely to be realized.
- *Residential / Non-Residential Requirements:* The Comprehensive Plan's residential / non-residential requirements of 20%/80% in these high density areas serve to undercut the success and future economic vibrancy of future commercial development in The Ridge, as well as in Ledge Rock Center, and if required, will virtually ensure high vacancy rates in these centers.

# Background

## The Ridge, North Ridge, and South Ridge

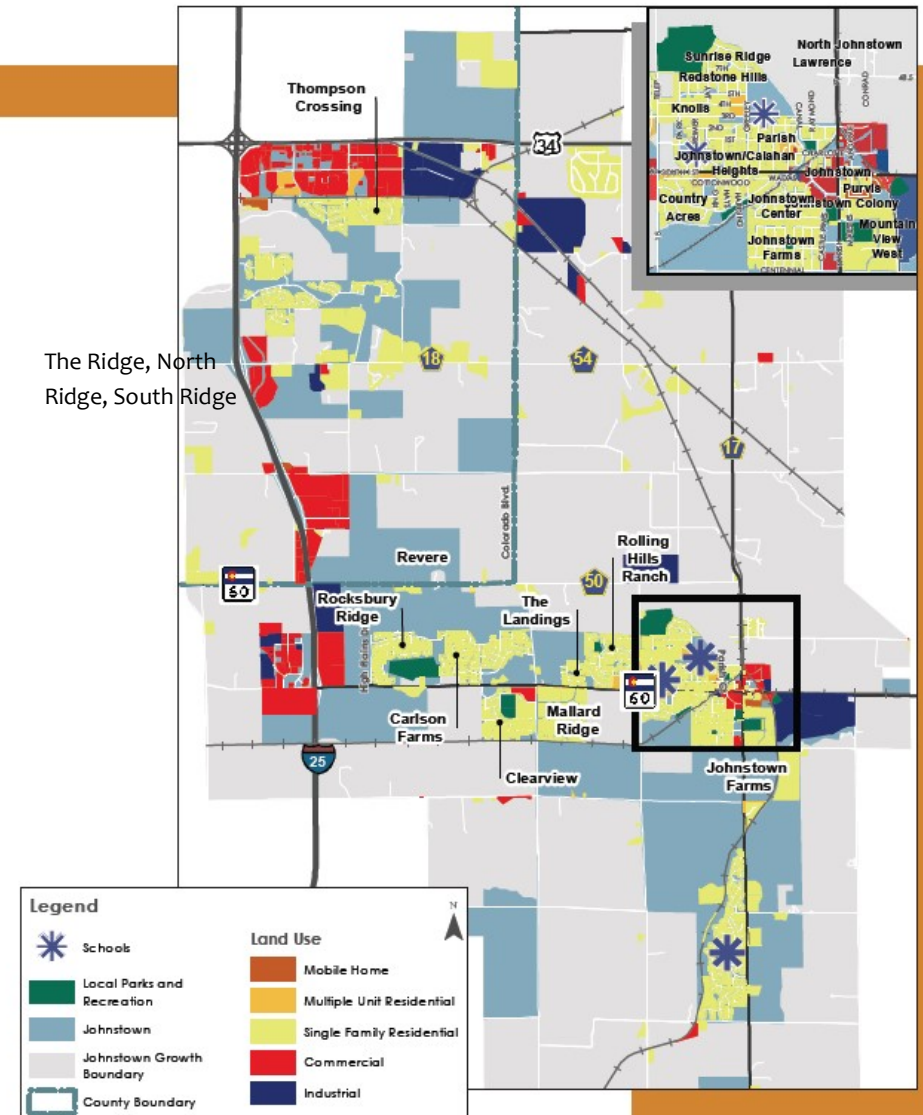
Caliber is in the process of developing The Ridge, North Ridge and South Ridge, in the Town of Johnstown, Colorado. The community is envisioned as a master planned, mixed use community with immediate access to I-25 and Highway 402 in the dynamic Northern Colorado region.

Caliber is proposing multifamily and commercial uses at North Ridge. The North Ridge ODP was approved in July 2021 with a ratio of 60% non-residential to 40% residential land uses. However, the Town of Johnstown updated its Comprehensive Plan in November, 2021 with a “high density” “commercial” land use designation in this general area. The Town’s Comprehensive Plan calls for the North Ridge PUD to be an area of High Density / Intensity with a land use balance of 80+% non-residential uses to a maximum of 20% residential. This area is also designated as an “Activity Center”.

Caliber is proposing multifamily and commercial uses in North Ridge and has prepared an amendment to the North Ridge ODP which would amend the land use ratio to 30% non-residential to 70% residential. This change, however, results in the North Ridge ODP being incompatible and out of alignment with the stated goals of the Comprehensive Plan.

The Comprehensive Plan acknowledges that it is “intended to be flexible, adapting to changing conditions and unanticipated events.” While the Comprehensive Plan analyzed future land uses with respect to the potentially “ideal” mix of commercial to residential land uses, the implementation of the Comprehensive Plan to the requested amendment to the North Ridge ODP does not take into account **changing market conditions, the need for flexibility, and its advisory role** in planning for future land uses.

## Neighborhood Areas from the Comprehensive Plan



MAP 2. NEIGHBORHOOD AREAS

(Source: Logan Simpson, 2020)

## Background

### The Future Land Use Map in the Comprehensive Plan

(From the Town of Johnstown Comprehensive Plan) The Future Land Use Map in the Comprehensive Plan designates a significant portion of the I-25 corridor as a High Density/Intensity area (HDI) and “will be generally characterized by a high percentage of non-residential uses, with some residential possibly integrated into larger development areas. These HDI corridors and nodes will accommodate and experience a larger volume of traffic and be located along busy arterial and highway corridors, and especially at interchanges and intersections.

These areas are intended to provide high-quality, high-visibility locations for retail, office, and employment activities, with some light industrial uses that can appropriately mitigate impacts and contribute to the employment base. These areas will have taller, larger-scale structures, a wider span of business hours, large parking areas, and a mix of uses that create economic synergies. Gathering spaces, entertainment venues, and walkable and enjoyable retail areas may be located adjacent to larger “big box” retailers. Town Gateways will also benefit from these HDI locations where most travelers may first be made aware that they are in Johnstown.....”

#### Uses:

Mix of commercial, employment, and higher density residential uses to enliven the area.

#### Density Range:

No maximum.

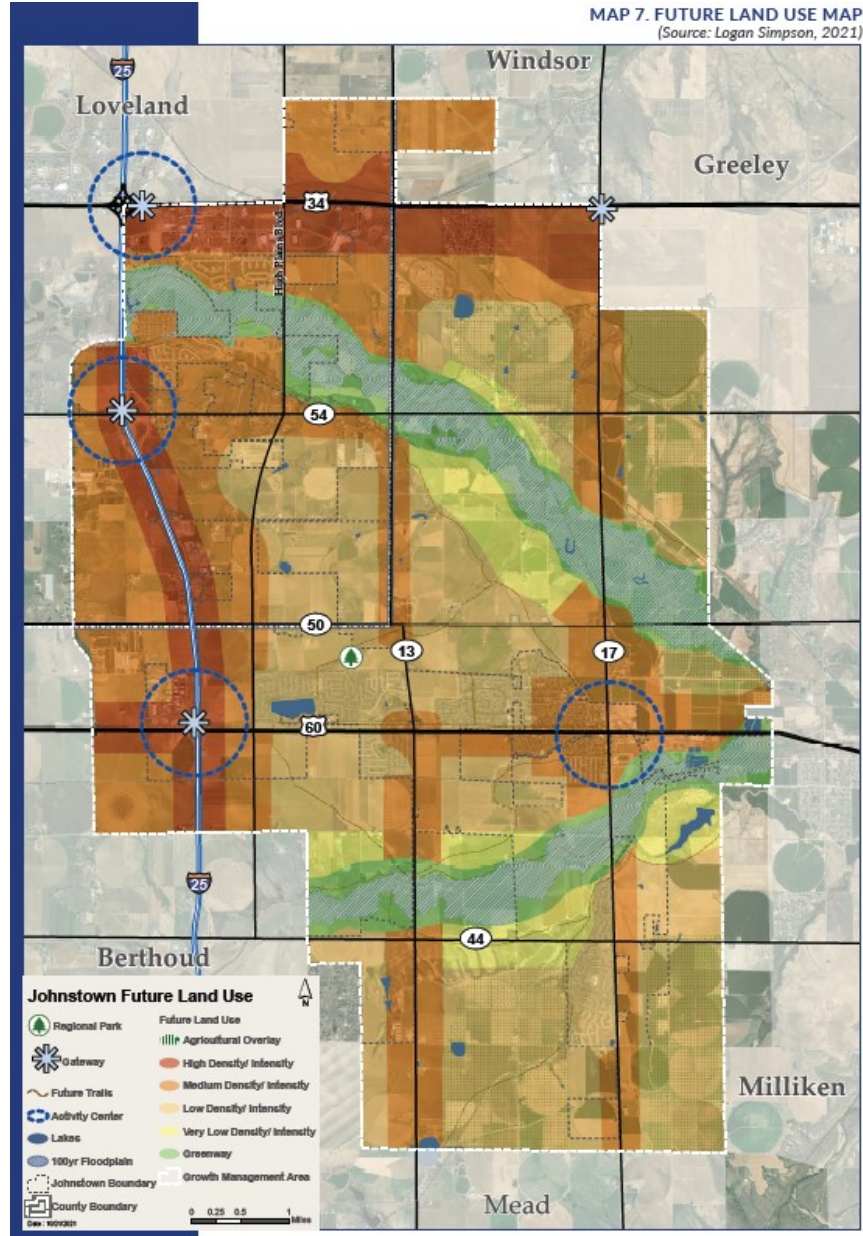
#### Intensity:

Given range of uses, no specified floor-to-area ratio.

#### Approximate Land Use Balance:

80+% non-residential to a maximum of 20% residential.

## Johnstown Future Land Use Map



## National Trends

The description in the Comprehensive Plan about the intent of this area indicates a desire for a predominantly commercial center node with primarily retail and other commercial uses.

- Fundamental changes in the way people work, how they shop, and how they want to live point to mixed use lifestyles rather than large projects focused solely on office, retail or even residential.
- The Johnstown market does not operate in a vacuum and larger national trends should be taken into consideration.
- The Covid 19 pandemic has exacerbated trends that had been seen prior to the pandemic.
- Office and retail, in particular, are two of the land uses that are in unprecedented flux currently with significant impact on potential commercial space and land demand.
- The next section will discuss these national trends in more detail, all of which have a substantial impact on Johnstown's future growth.



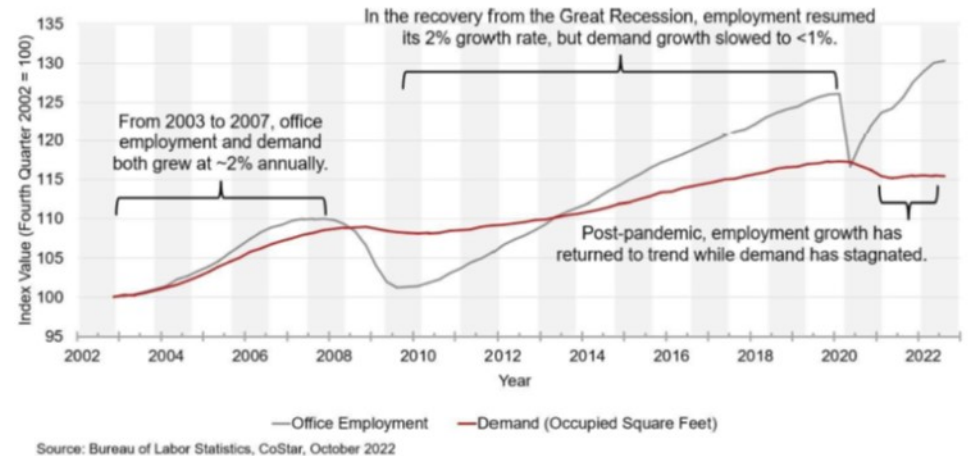
## National Office Trends

### Employment Growth and Office Space Demand Disconnected

Office demand is less determined by employment changes in office-using sectors than in the past. Although Northern Colorado has seen significant employment growth, this doesn't necessarily translate to a demand for large office buildings.

- Stay at home orders brought on by the Covid-19 pandemic accelerated an existing market trend, that of increasing numbers of totally remote workers and those with hybrid or flexible work schedules who do not require a physical presence in the office five days and 40+ hours per week.
- Demand for office space has historically been driven by employment changes in office-using sectors (e.g. information, finance, professional services) but this is no longer the case (Mobley 2022).
- Demand for office space has become more disconnected from employment numbers because of more remote workers (no space required) and to hybrid/flex workers who require less space than in the past.
- Some projections indicate that 25% of professional jobs in North America will be remote by the end of 2022 and this share is expected to increase in 2023 (Robinson 2022).
- Decreased office space demand nationwide is forecast for the immediate or foreseeable future.

### Demand for Office Space Has Disconnected From Employment



**Post-pandemic, employment growth has returned to trend while (office) demand has stagnated — CoStar**

## National Office Trends

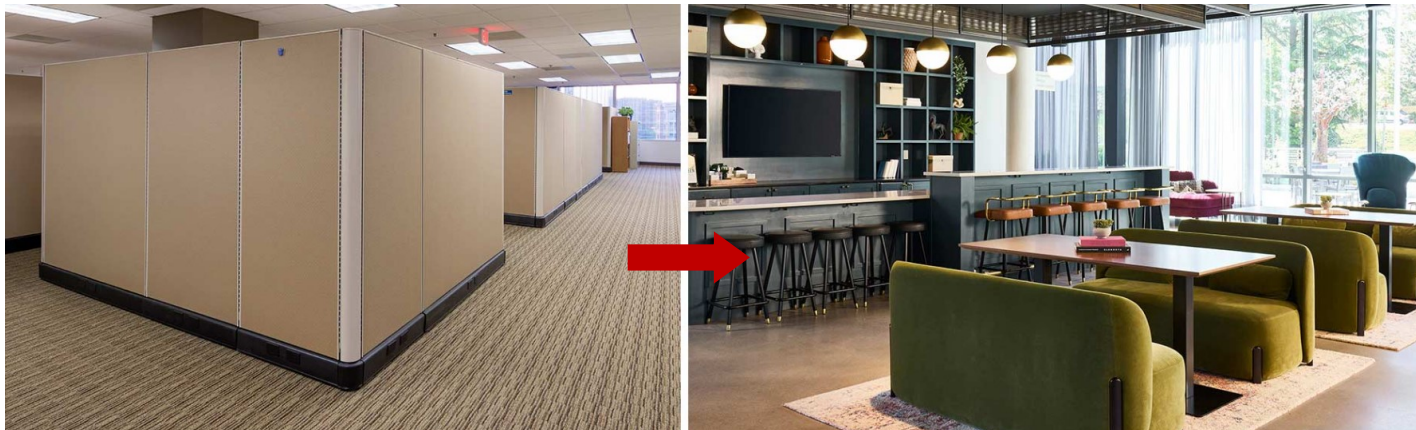
### The Office Sector is oversupplied

- There is nearly twice as much office space available for sublease nationally than the same period in 2019, pointing to reduced and changing demand brought on by the pandemic and rise of remote work (Mobley 2022).
- Some office space is being converted to residential uses (Anderson 2022).
- According to some property analysts, it will take years for supply to shrink to fit the post-Covid-19 level of office demand. A likely future recession may delay this further.

### Demand for Purposeful / Curated Office Space still exists, although with smaller footprints

- In-person work remains valuable but space needs have changed. Companies, particularly many in the technology sector (responsible for about 20% of all office space in 2020), are looking for “purposeful and curated” space where their employees/ teams can effectively work in person to add value and enhance productivity when needed.
- Demand appears to be in the form of more locations (geographic dispersion) with smaller footprints rather than the historical model of requiring employees to all be located near company headquarters or other large office buildings (Burke 2022).

### Office to Residential Conversion



Images from “The Washingtonian” show office cubicles that had been converted to ground floor amenity space in an urban multifamily residential building.

## National Retail Trends

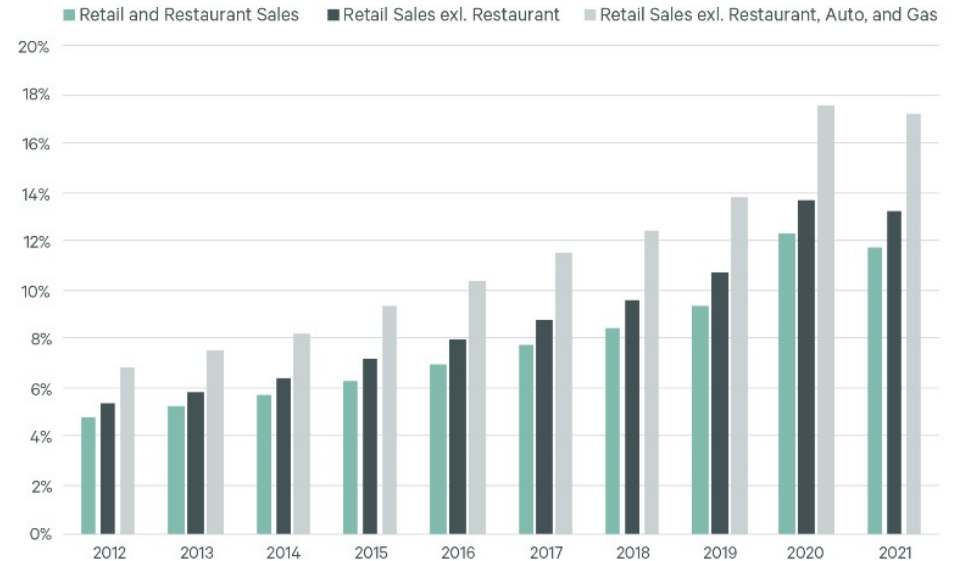
### Online purchases now represent 18% of retail sales and will likely continue to increase

- Covid-19 exacerbated the trend of increasing online spending.
- Consumers are continuing to buy online for convenience, more selection, and often lower prices, with the share of retail sales spent online (18%) still five percentage points higher than before Covid-19 (ULI 2022). Giants like Amazon and others have spent heavily on distribution infrastructure in closer proximity to customers, including “last mile” delivery (Scannell 2020).
- Continued online buying will reduce demand for in-person purchases, but may increase demand for online order pickup locations instead.

### Physical retail store sizes are shrinking

- Retail is changing to better align with consumer tastes and preferences and more online purchases.
- Physical stores are evolving. This includes shrinking their footprint and using their physical space for more than just sale transactions. Physical space is becoming a branding tool, showroom space, a place to service products, and to fulfill online orders (Dennis 2022). This is true for companies that have always had a physical presence, but also for those moving from online to in-person.

## E-Commerce Sales as a Percentage of Total Sales



Source: U.S. Census Bureau, 2018.

## Loveland Amazon Warehouse



## National Retail Trends

- Nordstrom and Macy's are experimenting with shrinking their footprints to optimize productivity, with the latter now being as small as 10,000 square feet. Target, Nordstrom and Wal-Mart are also experimenting with smaller concepts (NAI Global).

### Consolidating and Disappearing Brick and Mortar Stores

- Retailers are constantly experimenting with different store formats because of changing tastes, technological and demographic changes. Some are in categories that consolidated (Chief Auto Parts into Auto Zone, for example), leading to decreased demand for commercial space. Others disappeared because of technological changes (Blockbuster). A recent regional example includes the proposed Safeway (Albertson's) and King Soopers (Kroger) merger which will likely have an impact on neighborhood and community centers throughout Colorado.
- Other examples of disappearing retailers include:
  - Oshman's and Sports Authority are now part of Dick's Sporting Goods
  - Disappearing mall stores include The Limited, Casual Corner, Fashion Bug, Florsheim, Thom McAnn, Borders Books
  - Disappearing "big box" stores include Mervyn's, Comp USA, Fry's Electronics, Levitz Furniture
  - Dozens of additional national and regional retailers
- There are fewer retailers to occupy commercial space. While there are always concepts that are new to a market, retailers are also more careful to not saturate the market. Scheel's in Johnstown Plaza is a good example of a super-regional retailer with locations in Johnstown and Colorado Springs.

## National Mixed Use Trends

### Mixed use development with co-location of uses is a popular and growing trend

- Malls and big box locations are closing, which is creating great opportunities to capitalize on broader shifts in the commercial, retail, and multi-family sectors to create a variety of experiences to allow shoppers to do everything in one central location.
- Notable Front Range commercial centers which have added residential or have converted to mixed use centers include:
  - Belmar, Lakewood
  - Streets at Southglenn, Centennial
  - Flatiron Crossing, Broomfield
  - Foothills Mall (adding residential), Fort Collins

### A mix of uses creates synergistic effects

- Developments with a mix of uses not only rely less exclusively on only one sector like retail, which makes their revenue more resilient, but these places also create synergies. Multiple synergies exist when “the existence of one supports demand for the others, such as retail serving as an amenity for office users and multi-family residents, or office and multi-family tenants providing foot traffic for retailers” (Ferramosca 2022).

### A mix of uses creates demand for nearby residential

- In addition, mixed-use developments create demand for multi-family developments adjacent to or nearby. Such demand is notable within a quarter mile of the mixed-use development. More importantly, people want to be near this type of place because they can have a variety of experiences even if they don't live within the mixed-use development's boundary. Renters are willing to pay a premium to live in or near a neighborhood with convenient access to goods and services when compared to older neighborhoods without such uses (Ferramosca 2022).

Streets at Southglenn



Belmar



## National Multifamily Trends

### Demand for multifamily units expected to remain strong

- There is projected high demand for rental housing over the next decade due to demographic changes and reduced homeownership affordability.
- Projections are for 1.3 million new U.S. households **annually** through 2035.
- The National Multifamily Housing Council and the National Apartment Association calculate that the United States needs 4.3 million newly built apartments between now and then, or about 331,000 annually, which would increase the existing stock by 20% (ULI 2022).
- Increased unaffordability is a result of chronic undersupply of housing partially attributed to government policies that limit new supply, increased construction costs, continued labor shortages as well as NIMBYism (ULI 2022).
- Demand for apartments is a function of larger demographic changes (surge in household formation and decrease in homeownership rates), and “rent-by-choice” growth – households who choose to rent despite incomes that may allow them to buy.

### Area Multifamily Apartments

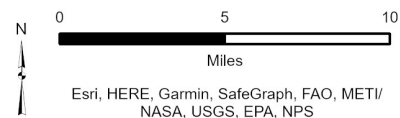
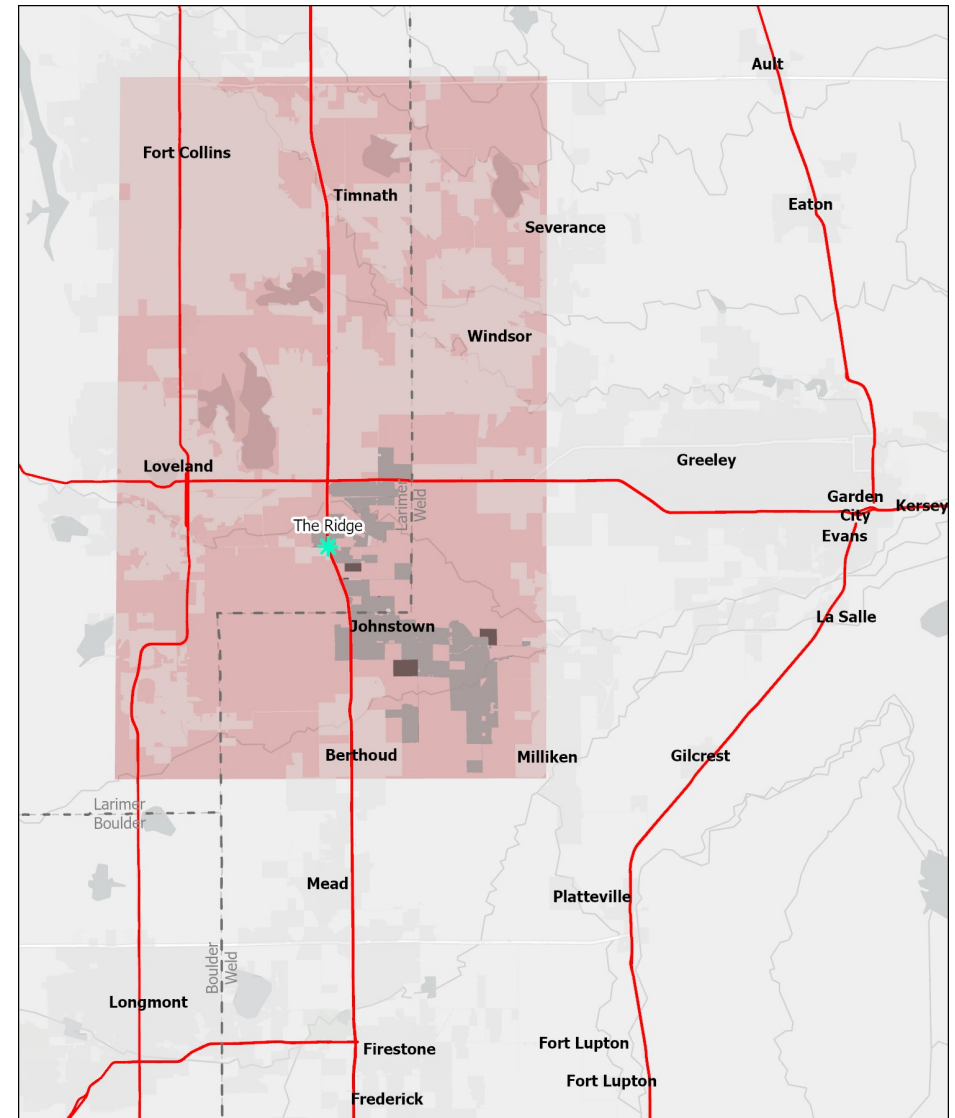


## Regional Market Area

### Regional Market

- This section focuses on the Town of Johnstown's regional market and the most relevant commercial and residential sectors.
- The regional market area is shaded in the figure and is based on:
  - ◆ The Town of Johnstown commuting shed: According to the US Census Local Employment and Household Dynamics (LEHD), the majority of Johnstown households commute to (in order):
    - Northern I-25 corridor communities including Fort Collins, Loveland and Johnstown
    - Denver Metro Area including Longmont and the City of Denver
    - Greeley
  - ◆ Costar regional market areas: Johnstown is part of the Loveland / Fort Collins market area while Greeley is considered its own regional market.
- The regional market area includes the entire Town of Johnstown, encompasses the I-25 corridor as well as College Avenue and extends to the northern boundary of Fort Collins. It also extends approximately halfway to Greeley along Highway 34.

### Regional Market Area

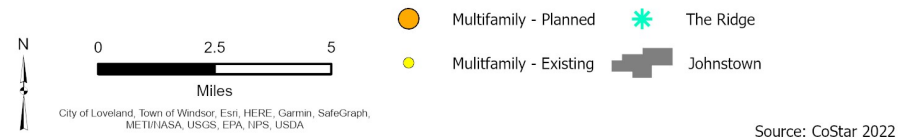
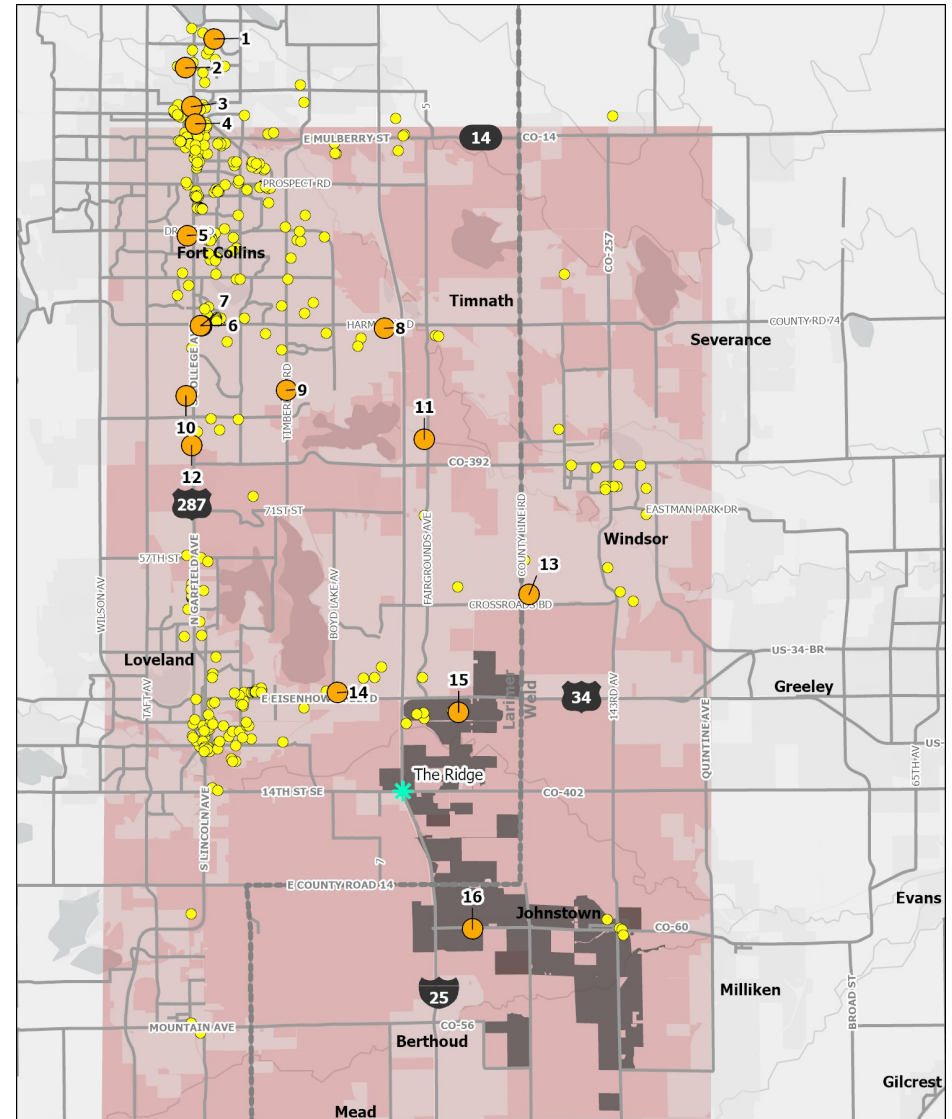


# Regional Multifamily

## Multifamily Characteristics

- Over 20,500 multifamily units have been developed in the regional market area. Approximately 3,800 units in 17 projects (numbered in the figure) are either proposed, in their jurisdiction’s planning process, under construction or just completed. This includes 1,200 planned multifamily units at the Ledge Rock Center in Johnstown (#16).
- Most of the units are clustered along College Avenue in central Fort Collins and near central Loveland.
- The multifamily category also includes mobile home parks.
- Existing Johnstown multifamily units are older, smaller buildings and a mobile home park. As noted previously, there are a number of new multifamily projects being planned.
- **Newer, modern multifamily residential units at North Ridge should be a welcome addition** to provide housing breadth to the area residential market which has been primarily detached single family residential. In addition, North Ridge multifamily residential units will provide easy access to I-25 for the Johnstown commuting shed referenced in the previous page.

## Existing and Future Multifamily



Source: CoStar 2022



# Regional Hotel

## Hotel Characteristics

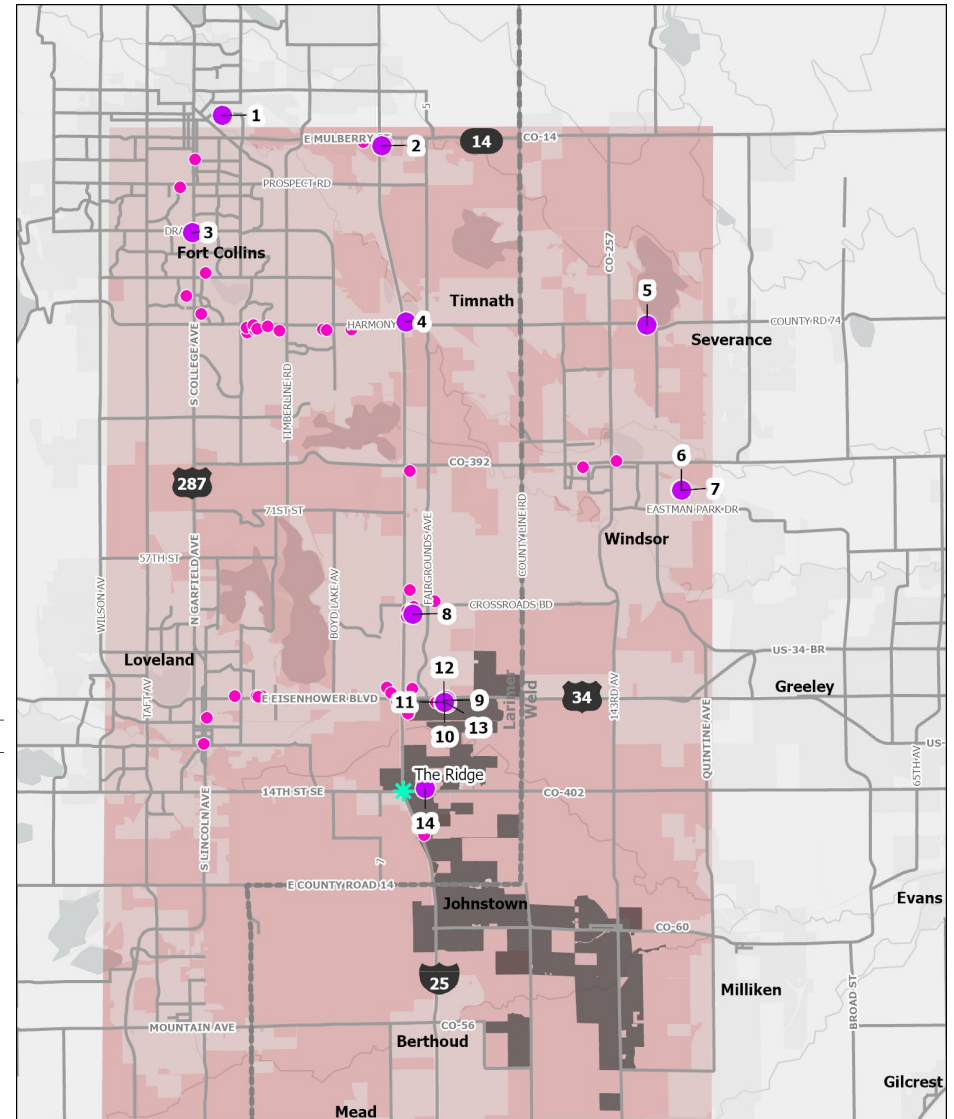
- Over 3,790 hotel rooms currently exist in the regional market area.
- The regional market area is forecast to add at least another 1,000 rooms identified below and shown in the figure.
- The majority of potential additional hotel rooms are centered around I-25 and Highway 34.
- Planned hotel rooms include those that have been proposed, are currently in the planning process or are under construction / may have been recently completed.
- **The Ridge project in Johnstown is also planning a hotel project on the I-25 Frontage Road.**

## Proposed, Planned and Under Construction Hotels

Map ID	Name	Status	Rooms
1	Staybridge Suites Fort Collins - Downtown East	Final Planning	100
2	WoodSpring Suites Fort Collins	Under Construction	122
3	SpringHill Suites By Marriott Fort Collins South	Final Planning	110
4	MainStay Suites	Proposed	45
5	Motel 6 Windsor	Under Construction	40
6	Hilton Garden Inn Windsor Future Legends Stadium	Under Construction	129
7	Hampton by Hilton Windsor Future Legends Stadium	Under Construction	120
8	Mainstay Suites Loveland	Proposed	40
9	MainStay Suites Johnstown	Final Planning	40
10	Avid Loveland - Johnstown	Final Planning	95
11	Sleep Inn Johnstown	Final Planning	60
13	Staybridge Suites Loveland - Johnstown	Proposed	100
14	Proposed Hotel at The Ridge	Proposed	--
<b>Total</b>			<b>1,001</b>

Source: CoStar, ArLand

## Existing and Future Hotels

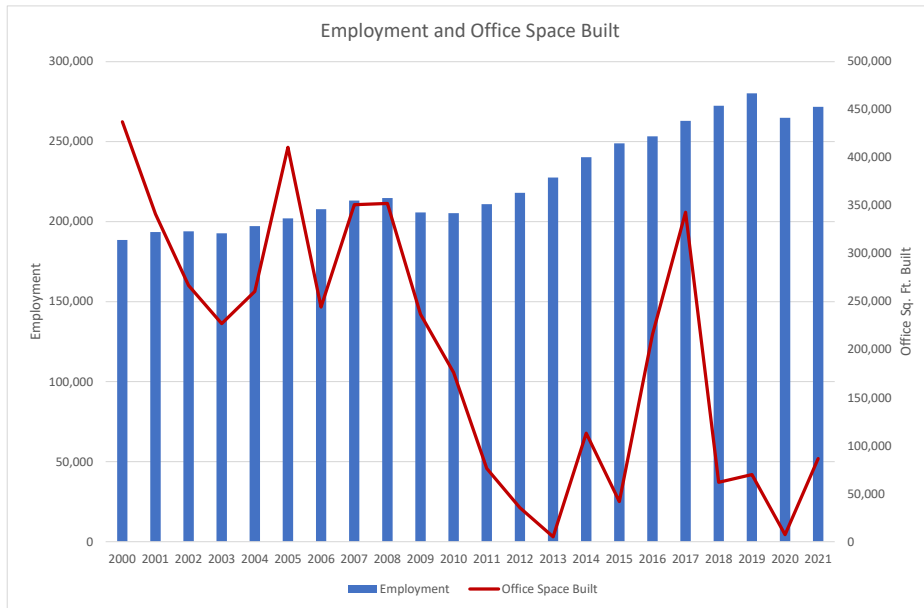


City of Loveland, Town of Windsor, Esri, HERE, Garmin, SafeGraph, MET/NASA, USGS, EPA, NPS, USDA

- Hotels - Planned
- Hotels
- ★ The Ridge
- Johnstown

Source: CoStar 2022

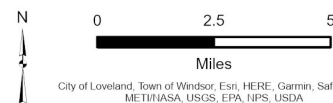
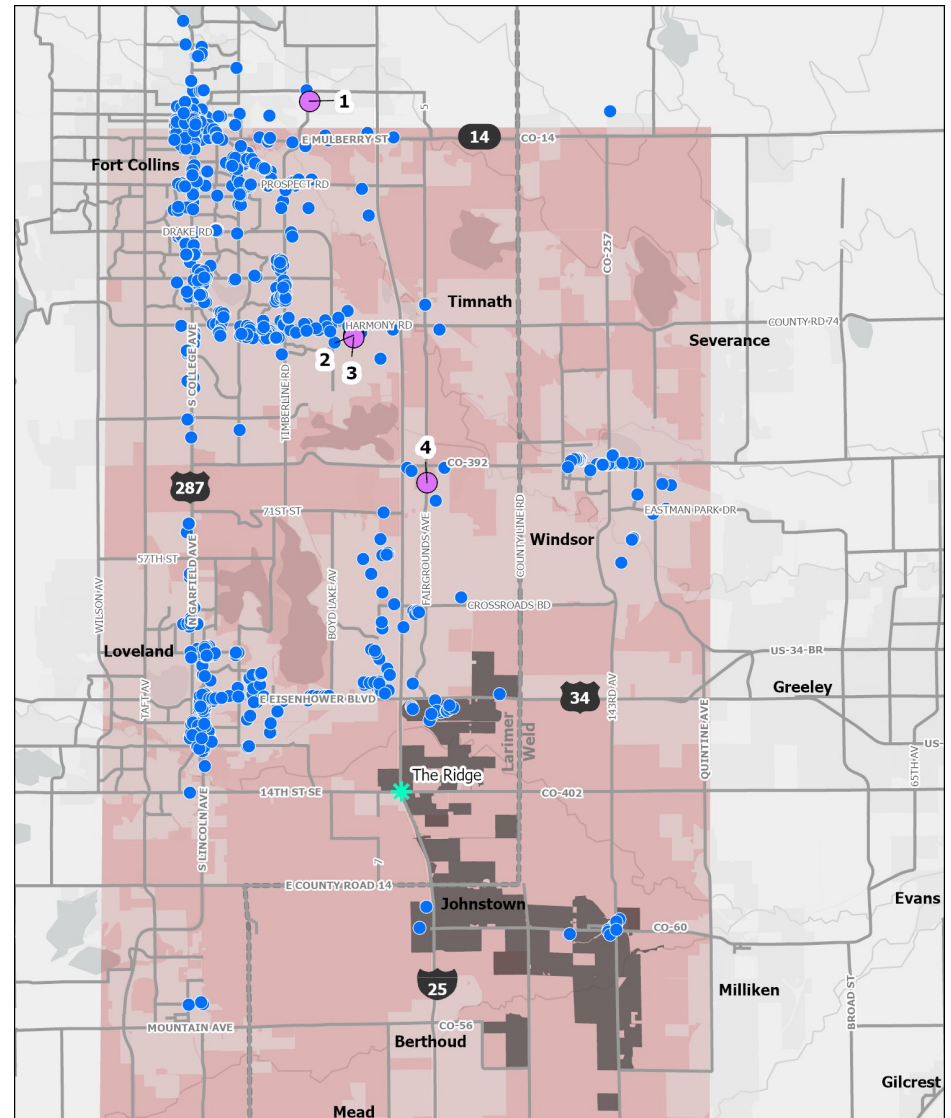
# Regional Office



## Office Characteristics

- About 11 million square feet of office space has been developed in the regional market area, primarily located along major corridors.
- Between 2000 and 2009, an average of 19 office buildings was built annually. The average building size was 17,250 square feet.
- Between 2010 and 2021, an average of 4 office buildings was built annually. The average building size grew slightly to 20,000 square feet.
- While Larimer and Weld Counties employment has grown in the last two decades, the development of office space in the region has slowed during the same time period.

## Existing and Future Office Locations

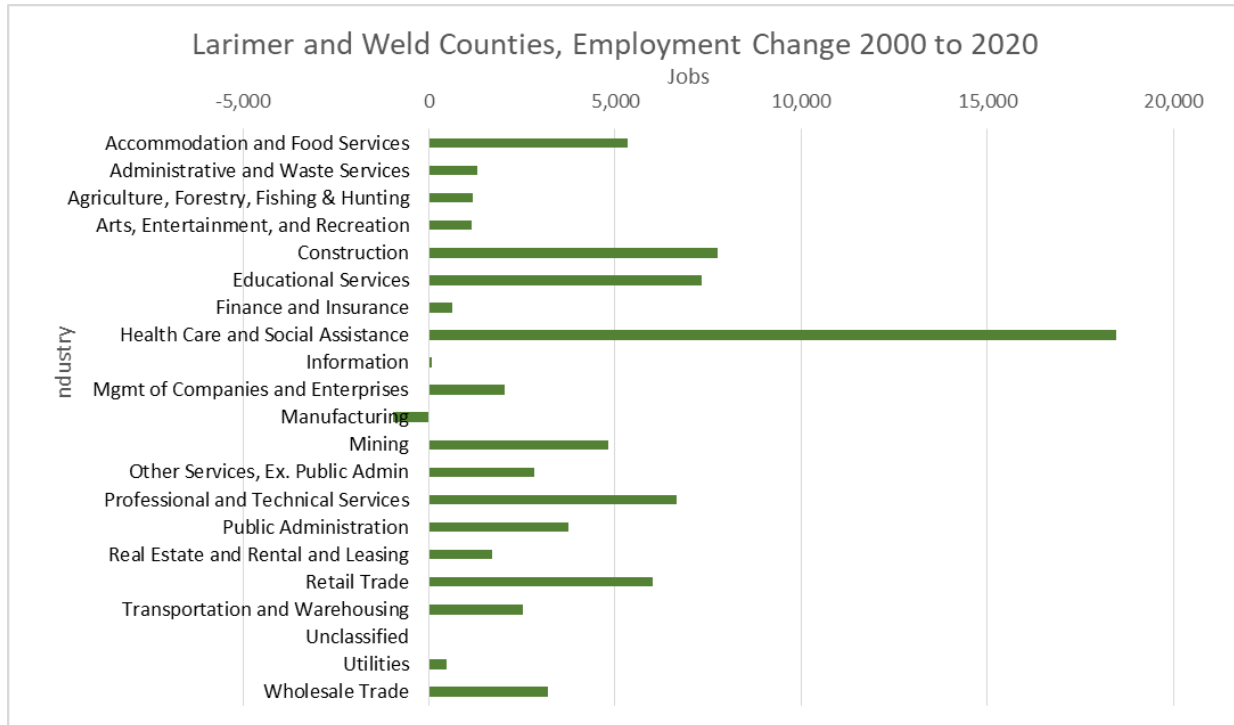


- Office Locations
- Office Locations - Planned
- The Ridge
- Johnstown

Source: CoStar 2022

# Regional Office

## Office Characteristics



Only four office buildings are planned (see Existing and Future Office Locations figure on previous page). #1 and #4 are smaller than 10,000 square feet each. #2 and #3 are medical offices at 16,000 square feet each.

Office space demand has slowed despite employment growth because of the nature of that growth. The figure above shows employment growth in Larimer and Weld Counties between 2000 and 2020. All categories of employment have grown with the exception of Manufacturing. The largest growth categories are in non-office space using jobs in Health Care and Social Assistance which includes hospitals, other medical facilities, assisted living facilities, etc. While some medical services can be provided in medical offices (which are included in the office category), most Health Care and Social Assistance services are provided in specialized buildings.

Most construction jobs are field jobs. Educational Services are typically provided in specialized buildings. Office space-using jobs include Professional and Technical Services, Finance and Insurance, Information, and Management. While these categories have also seen job growth, their growth hasn't been as robust. Additionally, these types of jobs are most conducive to remote or hybrid office / home options.

# Regional Retail

## Retail Characteristics

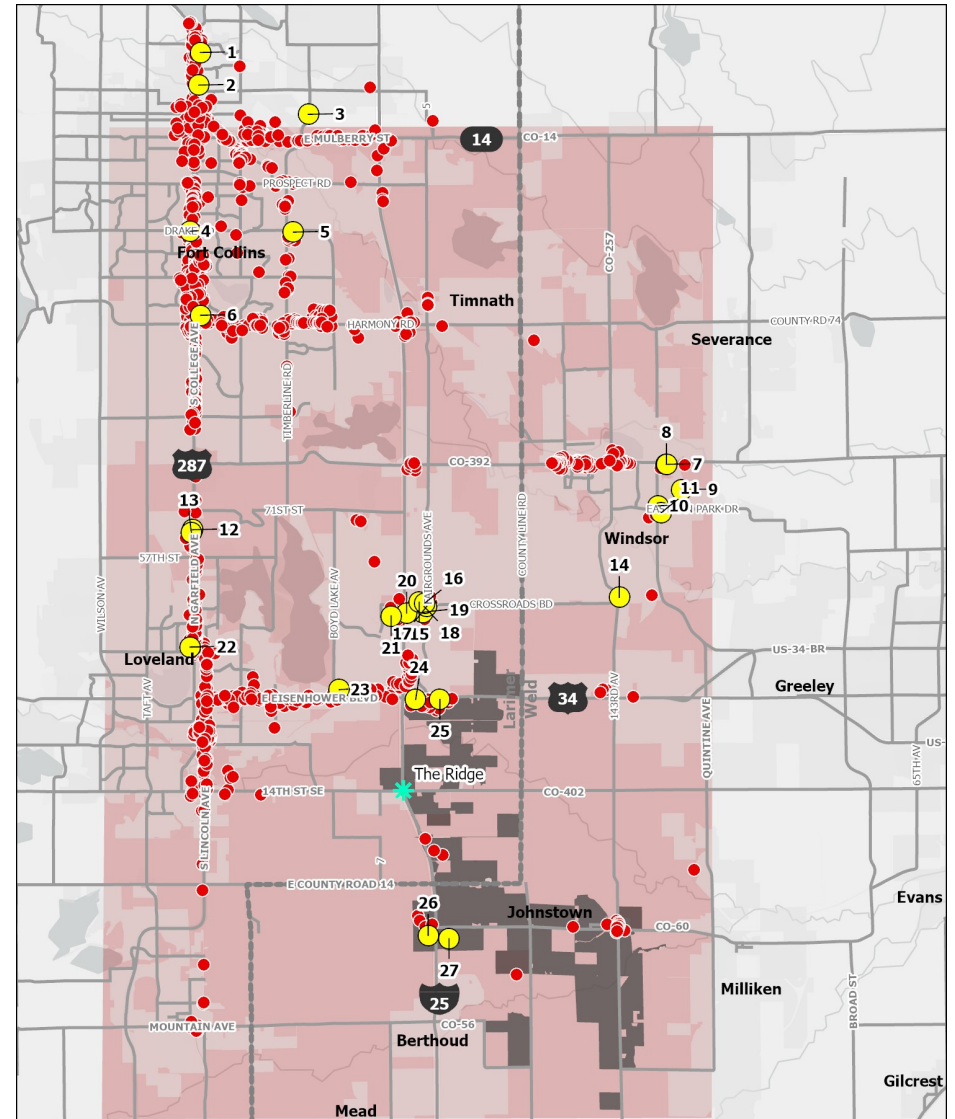
- Over 18 million square feet of retail has been developed in the regional market area in a variety of retail center types (depicted on the next pages). Existing retail has been primarily developed along main highway and street corridors.
- An additional 1.3 million square feet of retail is planned in the region and is in various stages of the planning and construction process. They are numbered in the figure and described below.

## Planned, Proposed, or Under Construction

MapNum	PropertyAddress	RBA
1	3 Bristlecone Dr	20,000
2	944 Jerome St	1,934
3	International Boulevard & Timberline Rd	2,500
4	Drake Road & College Ave	17,500
5	2670 Illinois Dr	6,500
6	320 Pavilion Ln	6,000
7 & 8	455 & 475 Main	10,000
9	801 Diamond Valley Dr	50,000
10	1230 Automation Dr	7,500
11	Eastman Park Dr	8,000
12	155 W 65th St	5,080
13	W 65th St	10,000
14	2145 7th	2,112
15	Crossroads Blvd	2,225
16	4340 St Cloud Dr	12,000
17	4198 St Cloud Dr	10,000
18	4184 St Cloud Dr	25,833
19	Bullseye Center - Anchor Retail	44,300
20	3935-3950 Peralta Dr	20,000
21	4015 Byrd Dr (Auto Oriented Retail)	236,531
22	2979 N Garfield Ave	5,175
23	Boyd Lake Ave	14,500
24	2534 Johnstown	4,500
25	2534 Johnstown Plaza Lots	10,000
26	SWC I-25 & Co Rd 48 - BUC-EES	74,000
27	Ledge Rock Center at I-25 and HW 60	713,000
<b>Total Sq. Ft.</b>		<b>1,319,190</b>

Source: CoStar, ArLand

## Existing and Future Retail Locations



- Retail - Existing
- Retail - Planned
- ★ The Ridge
- Johnstown

City of Loveland, Town of Windsor, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, EPA, NPS, USDA

Source: CoStar 2022

## Planned Regional Retail

### Planned Retail Characteristics

- The majority of the planned 1.3 million square feet of retail is slated to be in strip center configurations.
- The various centers around I-25 and Highway 34 in Loveland are continuing to build out including Johnstown 2534, the 600-acre master-planned, mixed-use community at the intersection of Interstate 25 and US Highway 34 which includes Johnstown Plaza.
- The over 700,000 square foot Ledge Rock Center is slated for development in Johnstown at Highway 60 which is about half of all retail planned in the region. The Ledge Rock Center is currently under development and supported by a new diverging diamond interchange. A more thorough description of this center can be found further in this report.

Future Retail in Johnstown: Johnstown Plaza at Johnstown 2534



Future Retail in Johnstown: Buc-ee's at the Ledge Rock Center



## Regional Retail Center Types

	Concept	Sq. Ft. including anchors	No. of Anchors	Description	Demographics
Convenience Center	Convenience	10,000 to 30,000	1 or more	Goods and services geared towards the daily needs of surrounding neighborhoods. Bakery, bank, coffee, dry cleaner, financial services, small grocery, liquor, personal services are typical tenants.	Need 2,000 households in a trade area that extends to a 1.5 mile radius
Neighborhood Center	Neighborhood Services	70,000 to 90,000	1 or more	Anchored with a supermarket or pharmacy, offer a fuller depth of goods and services for neighborhoods including some of the services offered at Convenience Centers.	Needs at least 6,000 to 8,000 households in a 1 to 2 mile radius.
Community Centers	General merchandise	250,000 to 500,000	2 or more	Discount department stores home improvement, sporting goods, restaurants, supermarkets	50,000+ population in 4 to 6 mile trade area
Power Center	Category dominant anchors	250,000 to 600,000	3 or more	Home improvement, discount department stores, warehouse club stores	5 to 10 mile trade area; requirements driven by retailers. Home Depot, for example, likes 50,000 population in 10 mile trade area with majority homeowners
Regional Mall / Center	General merchandise, fashion, restaurants	900,000 to 2 Million	3 or more	Department stores, junior department stores, mass merchant, fashion apparel	150,000 population in 10 to 12 mile trade area
Lifestyle Center	National chain specialty stores with dining and entertainment in an outdoor setting	150,000 to 500,000	3 or more	Upscale specialty	8 to 12 mile trade area; requirements driven by retailers and presence of similar stores.

Source: ICSC and CoStar

A number of retail center “types” can be found in urban and suburban communities. In general, they can be categorized as described above. The center types typically appropriate for regional commercial activity include Community Centers, Power Centers, Regional Malls and Lifestyle Centers. In addition to retail stores, they often include entertainment as part of their offerings. While these categories are in flux and ever-changing, the notable characteristic they have in common is the need for significant population and households in the regional market area and around the center site as shown in the Demographics column.

# Regional Retail Centers

## Regional retail centers

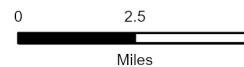
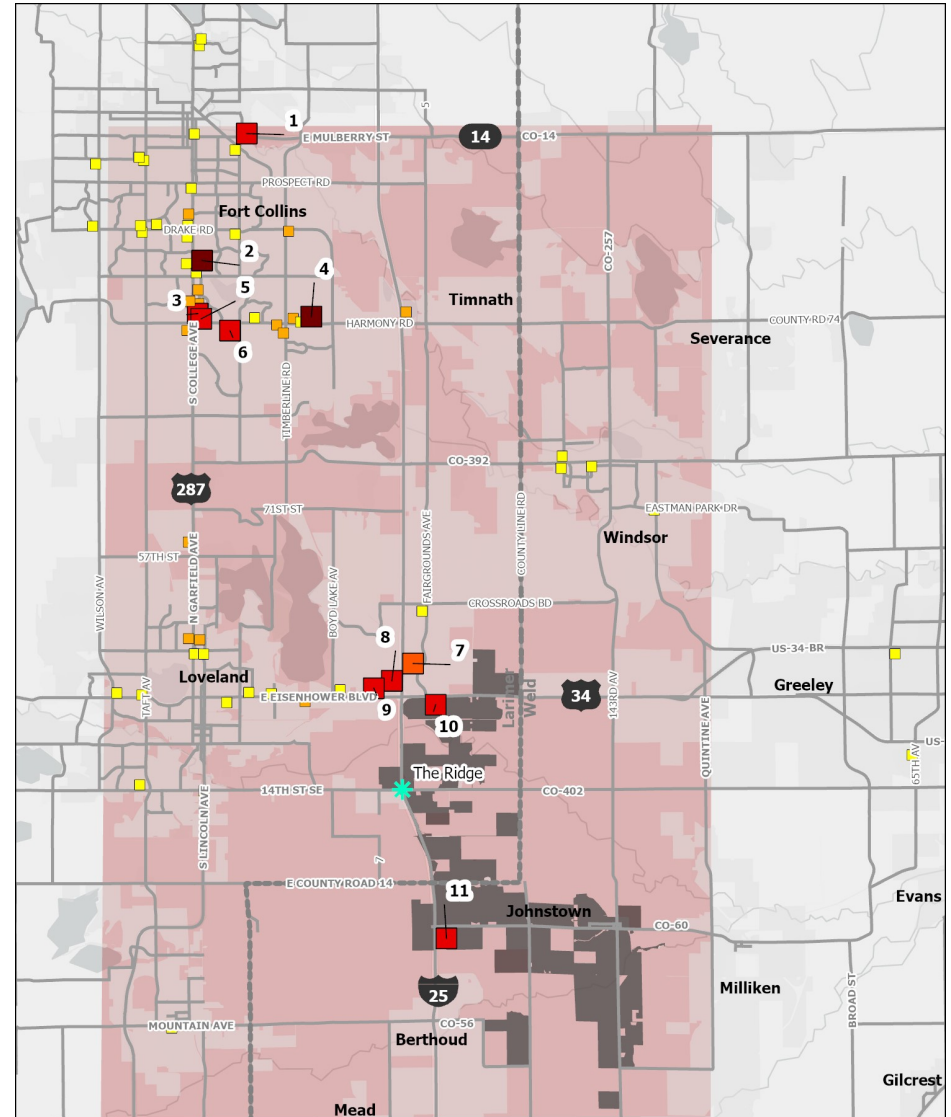
- This figure depicts most of the retail (aside from the strip-convenience centers) organized by categories as described on the previous page.
- Neighborhood and community centers are scattered throughout the region on major corridors to serve the local population.
- Regional retail centers (shown in red, orange and brown) which serve a much broader population are depicted and numbered.
- These regional centers, totaling 5.7 million square feet, are clustered near the center of Fort Collins and along I-25 and Highway 34 in Loveland / Johnstown.
- They are described as follows:

MapNum	CenterName	CenterType	Center RBA
1	Mulberry and Lemay Crossing	Power Center	325,821
2	Foothills Mall	Regional Mall	677,349
3	The Pavillion Shopping Center	Power Center	206,515
4	Front Range Village	Regional Mall	865,602
5	Harmony Marketplace	Power Center	350,802
6	Fort Collins S.C.	Power Center	364,255
7	The Promenade Shops at Centerra	Lifestyle Center	645,765
8	The Outlets At Loveland	Power Center	362,377
9	Marketplace at Centerra	Power Center	508,838
10	Johnstown Plaza (at 2534)	Power Center	715,234
14	Ledge Rock Center	Power Center	713,000
<b>Total Sq. Ft.</b>			<b>5,735,558</b>

Source: CoStar, ArLand

- Ledge Rock Center is a power center under development (#11) at Highway 60 and I-25 in Johnstown.
- The Outlets at Loveland (#8) is an older power center which appears to be at least 50% vacant.

## Major Retail Centers



City of Loveland, Town of Windsor, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, EPA, NPS, USDA

- Regional Mall
- Power Center
- Lifestyle Center
- Community Center
- Neighborhood Center
- ★ The Ridge
- Johnstown

Source: CoStar 2022

# Planned Johnstown Regional Retail

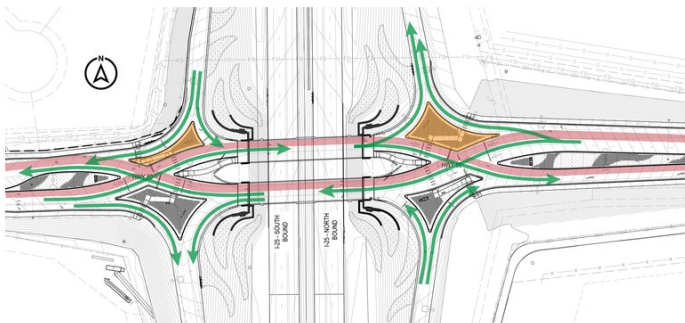
## Ledge Rock Center

Ledge Rock is a 200 acre, mixed-use, master planned community in Johnstown, Colorado currently under development by Carson Development, Inc. The community is located on the southeast corner of I-25 and State Highway 60. The Ledge Rock Center website indicates that the development will include **1,200 new apartments, 160 new single family residences, and over 1-million square feet of retail space.** There are 3 new schools and 3,200 residents within 2 miles.

Supporting activities include the **construction of a new diverging diamond interchange** which will help facilitate traffic flow, scheduled to be completed in 2023.

Additionally, the developers are actively preleasing this proposed Power Center. Tenants announced so far include:

- Wood’s Supermarket
- Autozone
- Carwash
- Starbucks
- Tire Center
- Murdock’s
- Boot Barn
- Heartland Dental



## Ledge Rock Center



**Now Pre-Leasing**  
 Don't Miss Out!  
 Mike Schlup  
 816-550-5539

**Site Plan**  
 Marketing Plan - August 31, 2022

**Ledge Rock Center**  
 SEC of I-25 & State Hwy 60, Johnstown, Colorado

**Carson Development, Inc**  
 DeGasperi & Associates Architecture / Point Consulting



## Regional Retail Demographics

	-- 2022 --			-- 2027 --		
	3 Mile Radius	5 Mile Radius	10 Mile Radius	3 Mile Radius	5 Mile Radius	10 Mile Radius
<b>Central Fort Collins (Foothills Mall)</b>						
Population	116,159	179,674	294,477	119,754	185,779	306,745
Households	46,701	72,222	117,322	48,388	74,987	122,413
Average Household Income	\$100,829	\$103,945	\$113,116	\$119,737	\$123,367	\$134,768
-- Overlapping 5 Mile Radii --						
<b>I-25 and Highway 34 (Johnstown Plaza)</b>						
Population	16,064	54,182	250,227	18,040	57,625	266,850
Households	6,946	21,879	96,519	7,779	23,292	102,760
Average Household Income	\$148,920	\$131,620	\$126,013	\$179,204	\$158,167	\$149,549
<b>I-25 and Highway 402 (The Ridge)</b>						
Population	14,918	49,170	223,387	16,638	53,321	238,722
Households	6,380	20,402	85,813	7,095	22,017	91,551
Average Household Income	\$143,675	\$121,827	\$126,349	\$172,096	\$147,478	\$150,220
<b>I-25 and Highway 60 (Ledge Rock Center)</b>						
Population	7,431	22,514	163,366	8,783	25,055	124,398
Households	2,519	8,170	63,802	2,952	9,057	68,098
Average Household Income	\$133,388	\$135,751	\$121,760	\$150,272	\$159,708	\$145,706

Source: ESRI, ArLand

Demographics are important to retailers and as the previous definitions of retail centers indicate, regional retailers look at 5 to 10 mile radii or rings when determining where to locate.

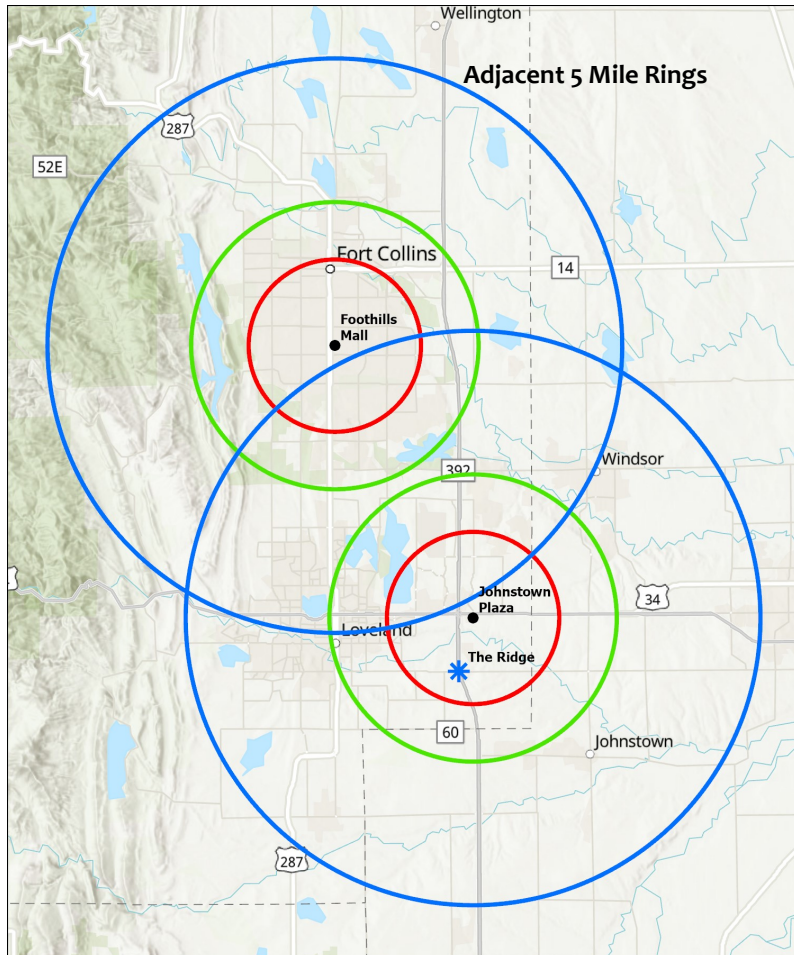
Regional centers tend to be clustered around central Fort Collins and also at I-25 and Highway 34 in Loveland and Johnstown.

As the demographics indicate, the population around the 5 mile radius around central Fort Collins is at least 3 times larger than the 5 mile radius around The Ridge property.

The radii or rings around Johnstown Plaza, The Ridge, and Ledge Rock Center overlap significantly as can be seen on the following page.

# Regional Retail Demographics

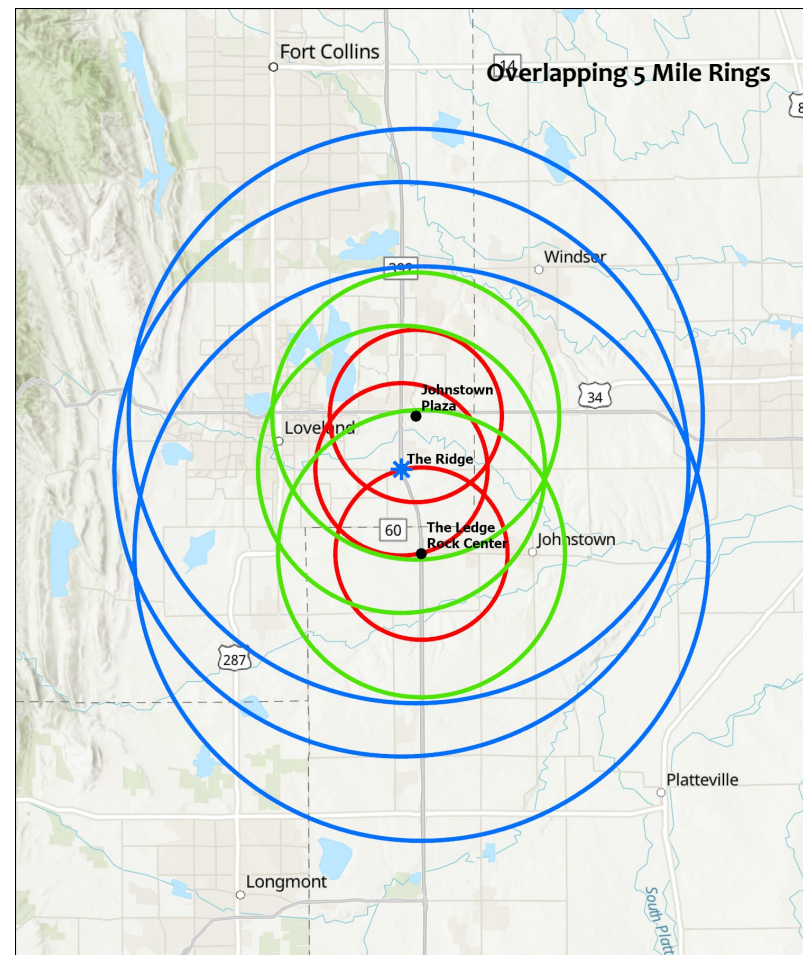
## Fort Collins / Loveland



0 5 10 Miles  
 Esri, CGIAR, USGS, City of Fort Collins, Esri, HERE, Garmin, SafeGraph, FAO, METI/NASA, USGS, EPA, NPS

- Retail Centers
- ★ The Ridge
- 3-mile
- 5-mile
- 10-mile

## Loveland / Johnstown



0 5 10 Miles  
 City of Loveland, Esri, HERE, Garmin, SafeGraph, FAO, METI/NASA, USGS, EPA, NPS, Esri, CGIAR, USGS

- Retail Centers
- ★ The Ridge
- 3-mile
- 5-mile
- 10-mile

The 5 mile rings around central Fort Collins and I-25 and Highway 34 do not overlap indicating that, for example, it is possible to see the same regional retailers in multiple locations.

Retail at I-25 and Highway 34: The Ridge project at Highway 402 and Ledge Rock Center at Highway 60 are very closely spaced. The demographics within the respective regional 5 mile radii overlap.

## Regional Development Scenarios

Scenarios were developed in order to help determine whether regional retail and commercial would be supportable at The Ridge in the near future given the current development underway at the Ledge Rock Center as well as the vast amount of regional retail located in Johnstown Plaza and at I-25 and Highway 34 in Loveland. It assumes that the Ledge Rock Center is 713,000 square feet (based on CoStar data) and that The Ridge is approximately 700,000 square feet. Marketing materials, however, have indicated that Ledge Rock Center may be planning for more than 1 million square feet of commercial uses.

The methodology to estimate demand is as follows and is shown on the following page:

- **Total Household Incomes:** Total household incomes are calculated by multiplying estimated households by average household incomes.
- **Retail Expenditures:** The percentage of average household incomes spent at retail establishments is estimated at 33% of total estimated household incomes.
- **Supportable Square Feet estimate:** The calculated expenditures of retail sales is then divided by the weighted average of sales per square foot to estimate the number of square feet supportable based on incomes and number of households. Note that the analysis is ultra-conservative. It assumes that the per capita retail spending in this region at 35 square feet per person is higher than the national average of 20 to 23 square feet per person, and ignores the impact of internet-based shopping.

### Developments Scenarios: next page

- **Scenario 1:** Assumes that The Ridge is fully developed as a regional retail center without taking into consideration existing regional retail as well as planned development at Ledge Rock Center.

This scenario is supportable (but unrealistic)

- **Scenario 2:** Assumes that Ledge Rock Center is fully developed as a regional retail center without taking into consideration existing regional retail as well as planned development at The Ridge.

This scenario is also supportable (but unrealistic)

- **Scenario 3:** Assumes that The Ridge and Ledge Rock Center are BOTH fully developed as regional commercial centers.

This scenario is not supportable

- **Scenario 4:** Assumes that The Ridge and Ledge Rock Center are both fully developed as regional commercial centers AND the analysis incorporates the existing 1.4 million square feet of competitive regional retail located within a 5 mile radius.

This scenario is not supportable.

## Regional Retail Scenario Analysis

Category	Scenario 1	Scenario 2	Scenario 3	Scenario 4
	The Ridge Alone	Ledge Rock Center Alone	The Ridge and Ledge Rock Center	The Ridge, Ledge Rock Center and other area retail
Estimated Households	9,057	9,057	9,057	9,057
Estimated Average Household Incomes	\$159,708	\$159,708	\$159,708	\$159,708
Total Household Incomes	\$1,446,475,356	\$1,446,475,356	\$1,446,475,356	\$1,446,475,356
% of Income for Expenditures	33.0%	33.0%	33.0%	33.0%
Current Demand	\$477,336,867	\$477,336,867	\$477,336,867	\$477,336,867
\$ per Sq. Ft. Sales	\$550	\$550	\$550	\$550
<b>Total Demand</b>	<b>867,885</b>	<b>867,885</b>	<b>867,885</b>	<b>867,885</b>
(Minus) Planned Retail (Sq. Ft. at The Ridge)	700,000	0	700,000	700,000
(Minus) Existing Regional Retail (Sq. Ft. in 5 Mile Radius) in Loveland / Johnstown	0	0	0	1,424,324
(Minus) Ledge Rock Center (Sq. Ft.)	0	713,000	713,000	713,000
<b>Remaining Demand [4]</b>	<b>167,885</b>	<b>154,885</b>	<b>(545,115)</b>	<b>(1,969,439)</b>

Source: ESRI, Census of Retail Trade for CO, American Community Survey, ULI, ICSC, CoStar, ArLand

[1] Demand percentages based on national and state averages

[2] National averages per ICSC, CoStar, and research on specific retailers

[3] based on ESRI estimates for 2022 and 2027

[4] DOES NOT take into consideration that 20% of sales may be internet-based

While regional highway traffic is significant benefitting some types of retail and entertainment, the baseline households (rooftops) need to be in place for businesses to be successful. This analysis depicts estimated 2027 households in the 5 mile radius with estimated 2027 household incomes.

## Regional Retail Success

The commercial success of all retail projects in Johnstown, including Ledge Rock Center is dependent on:

- Its ability to attract super regional retailers who are looking for one location to serve the entire Northern Colorado / Wyoming region.
- Its ability to differentiate itself from regional retail at I-25 and Highway 34 which is difficult given the shrinking number of retailers.
- Continued household growth
- **The Comprehensive Plan's residential / non residential requirements of a high density "Activity Center" serve to undercut the success and future economic vibrancy of all retail projects in Johnstown, including those proposed at The Ridge, as well as those currently under development at Ledge Rock Center and Johnstown Plaza at 2534.**

## Comprehensive Plan Integral Themes



*\*Plan's guiding principle and integral themes are described on page III.*

## Regional Retail Groceries

Category	-- Town of Johnstown -- Grocery Store
Estimated Households	6,570
Estimated Average Household Incomes	\$135,198
Total Household Incomes	\$888,250,860
% of Income for Expenditures	6.4%
Current Demand	\$56,848,055
\$ per Sq. Ft Sales	\$600
Total Demand	94,747
(Minus) Existing Retail Square Feet (Hays Market)	26,000
<b>Remaining Demand</b>	<b>68,747</b>
<b>Wood's Supermarket</b>	<b>60,000</b>

Source: ESRI, Census of Retail Trade for CO, American Community Survey, ULI, ICSC, CoStar, ArLand

[1] Demand percentages based on national and state averages

[2] National averages per ICSC, CoStar, and research on specific retailers

[3] based on ESRI estimates for 2022 and 2027

[4] DOES NOT take into consideration that 20% of sales may be internet-based

The Comprehensive Plan also pointed out that the Town strongly desired a supermarket. This analysis supports the addition of Wood's Supermarket.

Wood's Supermarket based in Missouri is planning a 60,000 square foot supermarket at Ledge Rock Center offering a full array of grocery items to Johnstown and other area residents.

After estimating demand at 94,747 square feet of grocery retail, and subtracting the existing Hays Market, the analysis shows support for the planned Wood's Supermarket.



# Johnstown Future Land Use Map

## Johnstown Comprehensive Plan

- The Future Land Use Map from the Comprehensive Plan (original on page 7) was digitized and measured in order to calculate the land area impact of the High Density area designation.
- The Town’s High Density Areas (HD1 and HD2) total approximately 3,489 acres. These areas require that any new development devote approximately 80% of their areas to non-residential uses.
- In order to calculate what that would mean in terms of commercial square footage, we measured the rentable building areas of the most relevant regional commercial centers against their respective total land areas for an average rentable building area to land area ratio which is about 14.6%. This roughly equates to FAR (Floor to Area ratio). This calculation is shown below.

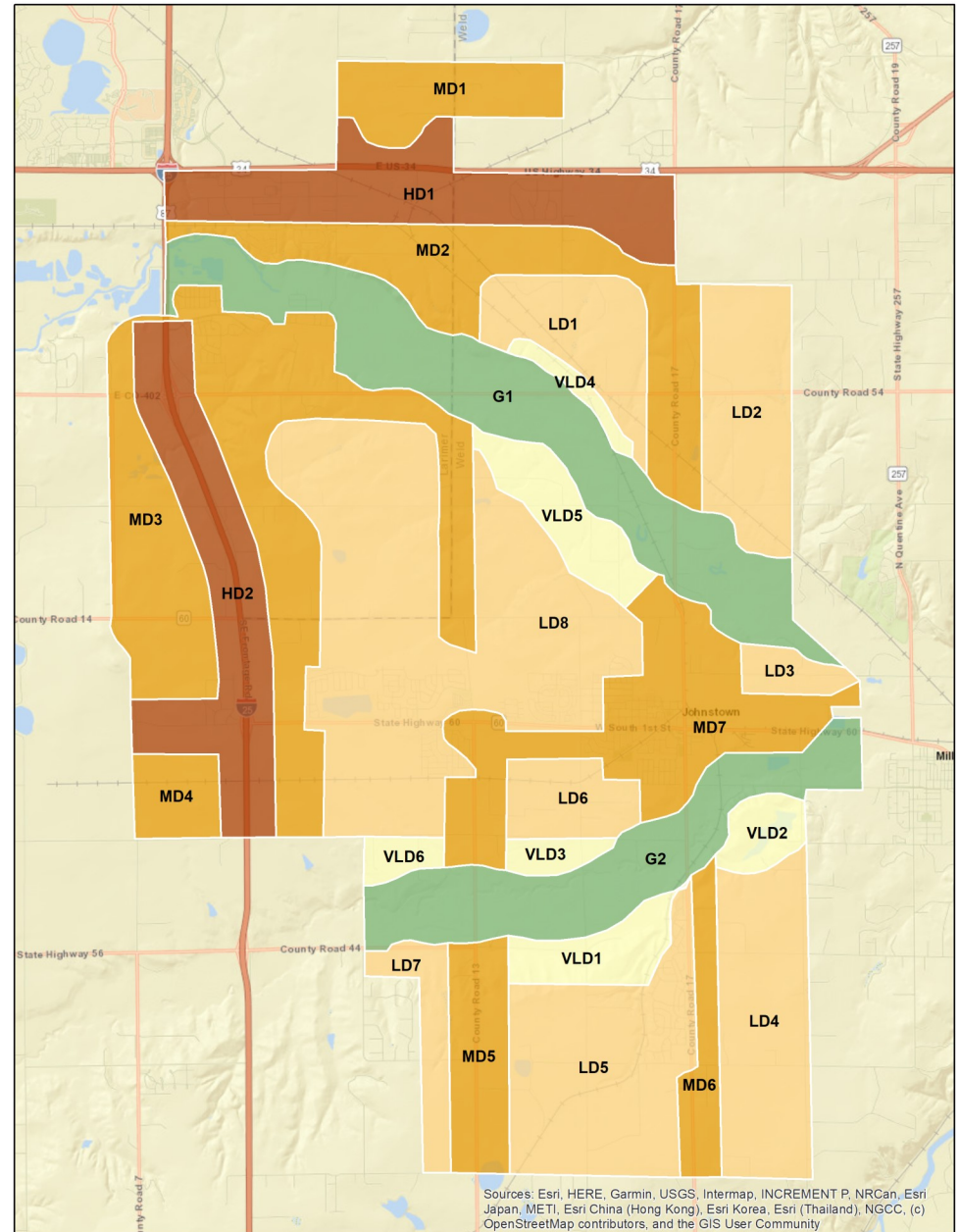
	Center	Estimated	
	RBA/GLA	Land Area	RBA / Land
	(sq. ft.) [1]	(sq. ft.)	Area
Front Range Village	865,602	4,682,032	18.5%
Johnstown Plaza	715,234	5,949,777	12.0%
Marketplace at Centerra	364,188	3,606,937	10.1%
Foothills Mall	677,349	4,590,590	14.8%
Promenade at Centerra	645,765	3,687,187	17.5%
	<b>Average</b>		<b>14.6%</b>

Source: CoStar, ArLand

[1] Rentable Building Area / Gross Leasable Area

[2] Estimated land area from CoStar and parcel map measurements. Vacant parcels were eliminated in order to reflect areas that had been fully developed.

## Comprehensive Plan Map



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

# Johnstown Future Land Use Map

Label	Acres	Sq. Ft.	Sq. ft. of Land Area after 30% ROW
HD1	1,701	74,095,560	37,047,780
HD2	1,788	77,885,280	38,942,640
Total	3,489	151,980,840	75,990,420
		80% Commercial	60,792,336
<b>Implied Sq. Ft. of Commercial at 14.6%</b>			<b>8,875,681</b>

Source: ArLand, Map sources noted on map, CoStar

[1] Typical ROW setback is 25%. 30% used to be conservative.

- The High Density areas in the Town of Johnstown total about 3,489 acres which is about 150 million square feet. Accounting for the inclusion of streets and other public rights of way leaves 70% of the land area available to be divided into parcels.
- Per the Comprehensive Plan, 80% of this area would need to accommodate non-residential, primarily commercial uses.
- Per the comparable area commercial projects shown on the previous page, about 14.6% of the land area is equivalent to the building area. It implies approximately **8.9 million square feet of primarily commercial uses.**
- This is **nearly half of the current total estimated regional retail market of 18 million square feet, equivalent to 12 Johnstown Plazas and a highly unrealistic expectation.**

## Images from the Johnstown Comprehensive Plan





## Conclusions and Recommendations

**Johnstown's Comprehensive Plan can set its community's visions and aspirations, however, the Comprehensive Plan doesn't exist in a vacuum. Successful implementation of the Town's Plan is also affected by outside national and regional market influences and needs to be carefully thought through.**

**The Town's Comprehensive plan fails to consider national trends and local market conditions by its designation of North Ridge as High Density / Intensity area.**

- National trends point to a potential shrinking of the retail and office footprint. Activity centers which were primarily commercial in orientation are seeing an increased mix of land uses and the integration of multifamily into former regional malls.
  - Nationally and regionally, the multifamily market has been, and is forecast to continue to remain strong, due to demographic changes and economic trends.
  - Office demand in the region has been relatively low due to the nature of employment growth in the regional market and has significantly declined in the past few years due to the pandemic creating increases in remote and hybrid employment positions.
  - Johnstown has two major regional centers at 2534 (Johnstown Plaza) and Ledge Rock Center. There is insufficient demand to support additional regional commercial and retail at North Ridge.
  - The success of Ledge Rock Center in attaining its overall 1 million square feet commercial space goals is absolutely dependent on the support of future household growth at North Ridge and The Ridge.
- The net result of the Comprehensive Plan recommendations would be to cannibalize Johnstown's existing retail (Johnstown Plaza at 2534) and planned regional retail (Ledge Rock Center). Forcing North Ridge to compete for the same regional retailers would not benefit any of the developers nor would it benefit the Town.
  - Understanding market challenges is imperative for the Town in effectively implementing the Comprehensive Plan in partnership with area developers.

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## Biography

Founded in 2005, ArLand Land Use Economics ([www.arlandllc.com](http://www.arlandllc.com)) is a land use economics and planning consulting firm that provides economic, market and financial feasibility studies, economic benefit, fiscal impact analysis, and implementation plans for land use plans (including sub-area, comprehensive plans, regional planning efforts), TOD mixed-use, and transportation plans.

Arleen Taniwaki is the firm's principal. With a masters degree in Urban and Regional Planning from the University of California at Berkeley, she also brings nearly 30 years of experience to her projects. Her projects often incorporate public policy considerations, opportunities for public-private partnerships, and an understanding of financial tools available for implementation. ArLand has worked with a number of public agencies, private clients, and non-profit organizations throughout Colorado's Front Range.

ArLand's role on public sector plans is to help the team's designers and planners identify market potentials and provide economic and financial feasibility parameters for land use and implementation recommendations. ArLand has also worked with private sector developers and understands the challenges in the alignment of goals and policies between the public and private sectors.

Our Front Range public sector planning (comprehensive, sub-area and neighborhoods plans) experience includes plans in:

- Loveland
- Longmont
- Evans
- Boulder
- Northglenn
- Thornton
- Wheat Ridge
- Edgewater
- Arvada
- Denver
- Lakewood
- Aurora
- Englewood
- Centennial
- Colorado Springs



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