

2018 Annual Report

Commercial Market



Introduction



Mike Pearson, President
NAI Mountain Commercial

Our History... Your Future

NAI Mountain Commercial was founded originally as Vail Commercial Advisors in April 2006, to fulfill the unmet need of providing dedicated commercial property solutions for investors, property owners, business owners and developers in the Colorado Resort Markets. With more than fifty combined years of commercial management experience in the Resort Market, NAI Mountain Commercial possesses the requisite expertise and work ethic to ensure our clients assets are supported with the level of care and individual attention they deserve. NAI Mountain Commercial is the only company 100% dedicated to commercial and investment real estate from Summit to Pitkin Counties and 100% dedicated to maximizing your return on investment.

NAI Mountain Commercial offers something unique to the Rocky Mountain Resort Market as the only dedicated and full-service commercial real estate provider for property owners, business owners, and investors. With access to 6,700 professionals and 375 offices worldwide through our affiliation with NAI Global, NAI Mountain Commercial has the tools and resources to represent you in all aspects related to office, retail, light industrial, multi-family, and mixed-use properties.

Whether you are looking for brokerage, leasing, property or asset management, consulting, tenant representation, or market research, we offer a full purview of real estate services. We look out for your best interest by taking time to understand your specific needs, and then guide you through the entire process to ensure successful and optimal delivery. As part of a global network, we have full access to industry experts and the latest technologies, which we utilize to provide the most effective solutions for you.

Knowledge & Creative Solutions

There is absolutely no substitute for knowledge in this industry. Real estate transactions often hinge on accurate analysis, creativity, decisiveness, the ability to identify every value-enhancing opportunity, and a network of trusted affiliates and associates. These advantages, gained through years of hard work, demonstrated business acumen, and a resourceful global network, are found among every member of the NAI Mountain Commercial team.

Action

The proven success of the NAI Mountain Commercial team is a testament to the vision of its founder. As a cornerstone of any good company, performance is measured by growth, revenue, and the continued value it provides to those it serves. The consistent results achieved by NAI Mountain Commercial firmly support the company's successful business model, and these achievements are transferred to the many satisfied clients and business partners of the firm. In life and in business there is no substitute for action. Without action, goals are not achieved and ideas remain stagnant. We are empowered by sharing, communicating, and collaborating, and we pride ourselves on being global in our thinking, but local in our approach.

Table of Contents

| | |
|---|-----------|
| Introduction | 2 |
| Our History... Your Future | 2 |
| Knowledge & Creative Solutions..... | 2 |
| Action | 2 |
| Table of Contents | 3 |
| Upper Valley..... | 4 |
| Trends..... | 4 |
| Upper Valley Commercial Occupancy | 4 |
| Vail Village Rental Rates | 4 |
| Lionshead Rental Rates | 4 |
| Mid-Valley | 5 |
| Trends..... | 5 |
| Mid-Valley Commercial Occupancy | 5 |
| Avon/Eagle Vail Rental Rates..... | 5 |
| Edwards Rental Rates..... | 5 |
| Beaver Creek Rental Rates..... | 5 |
| Lower Valley | 6 |
| Trends..... | 6 |
| Lower Valley Commercial Occupancy | 6 |
| Eagle/Gypsum Rental Rates | 6 |
| Eagle County Statistics..... | 7 |
| Commercial Transactions | 7 |
| Residential Transactions | 7 |
| Eagle County Building Permits..... | 7 |
| Eagle County Retail Sales..... | 8 |
| Eagle County Sales Tax by Town..... | 8 |
| Eagle County Unemployment | 8 |
| Enplanements | 8 |
| Travel & Tourism in Vail..... | 9 |
| About Vail, Colorado | 9 |
| 5 Year Change in Spending..... | 9 |
| Top Spending Categories..... | 9 |
| Top Activities in the Mountain Region..... | 10 |
| Top Visiting US States..... | 10 |
| Vehicles in Parking Structures | 10 |
| Direct Travel Impacts in Eagle County..... | 10 |
| The Market..... | 11 |
| Showcase Sale Listing | 11 |
| Showcase Sale Listing | 11 |
| Showcase Sale Listing | 11 |
| Sales Transactions Facilitated by NAI Mountain Commercial:..... | 12 |
| Lease Transactions Facilitated by NAI Mountain Commercial:..... | 12 |

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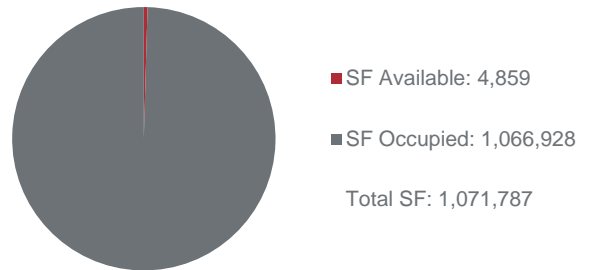
Upper Valley

Trends

The Vail Village and Lionshead markets continue to be strong. Although we saw a slight increase in vacancies over the year, the majority were filled quickly. The current net absorption rate is positive with approximately 4,859 square feet remaining vacant, slightly higher than last year. Following one of the worst snow pack years in recent history, the 18/19 ski season seems to be going very well. We are hopeful the current season's snowfall will continue to positively impact the net absorption for the remainder of 2019.

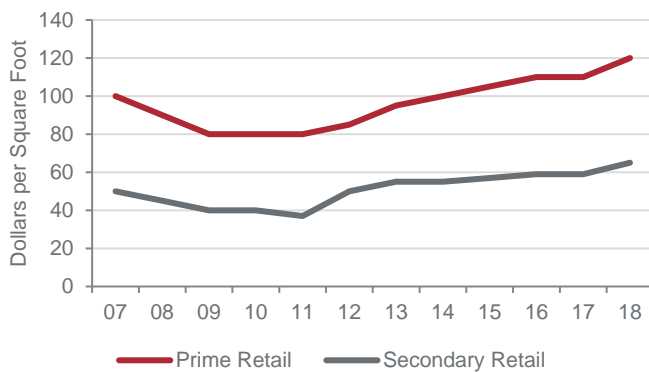
Upper Valley Commercial Occupancy

Data Source: NAI Mountain Commercial



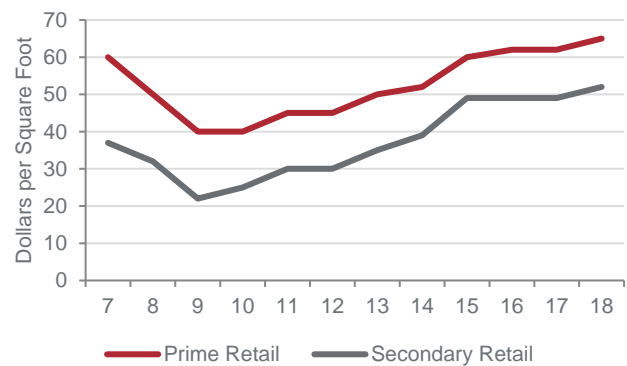
Vail Village Rental Rates

Data Source: NAI Mountain Commercial



Lionshead Rental Rates

Data Source: NAI Mountain Commercial



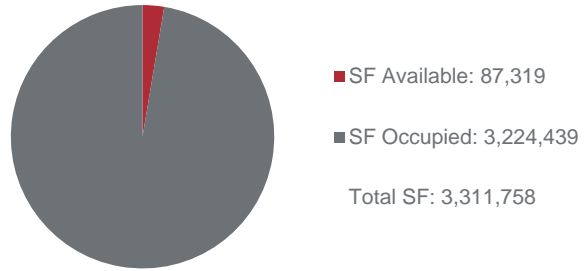
Mid-Valley

Trends

Although the Mid-Valley saw a slight increase in the vacancy rate during 2018, rental rates and sales continue to remain steady. There were several significant transactions that took place in the retail and office sectors, including the trade of the Edwards Riverwalk Theater space early in the year.

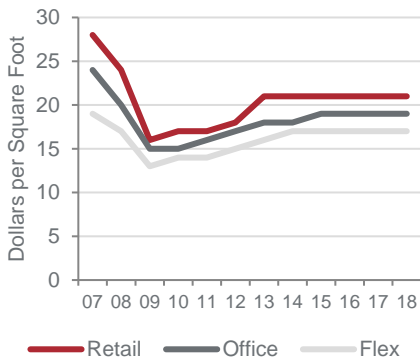
Mid-Valley Commercial Occupancy

Data Source: NAI Mountain Commercial



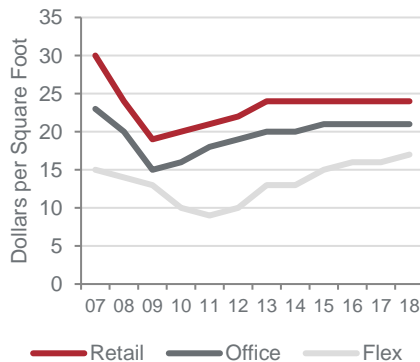
Avon/Eagle Vail Rental Rates

Data Source: NAI Mountain Commercial



Edwards Rental Rates

Data Source: NAI Mountain Commercial



Beaver Creek Rental Rates

Data Source: NAI Mountain Commercial



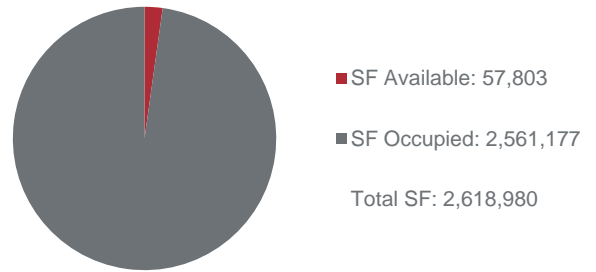
Lower Valley

Trends

The Lower Valley has seen great numbers of growth over the last few years, which continued through 2018. Rental rates for retail and office sectors are increasing year over year, and getting close to the pre-recession highs. With the increase number of flights and renovation projects taking place at the Eagle County Regional Airport, we expect the Lower Valley to lead the area in new developments and absorption rates through 2019.

Lower Valley Commercial Occupancy

Data Source: NAI Mountain Commercial



Eagle/Gypsum Rental Rates

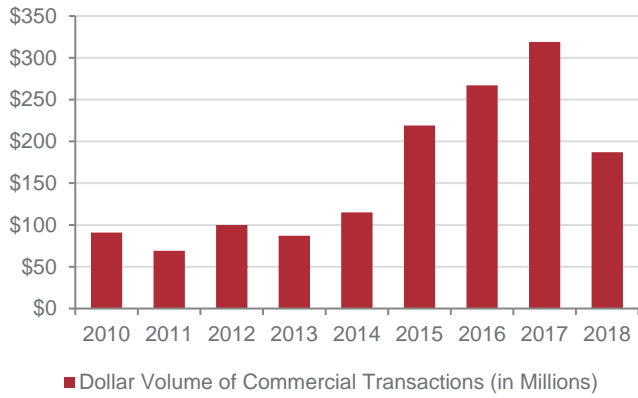
Data Source: NAI Mountain Commercial



Eagle County Statistics

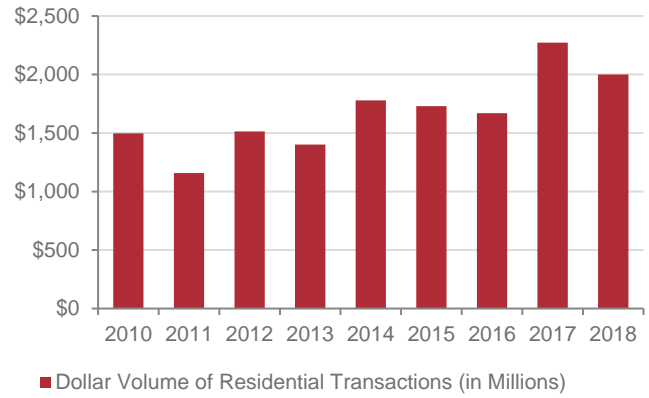
Commercial Transactions

Data Source: Land Title Guarantee Company



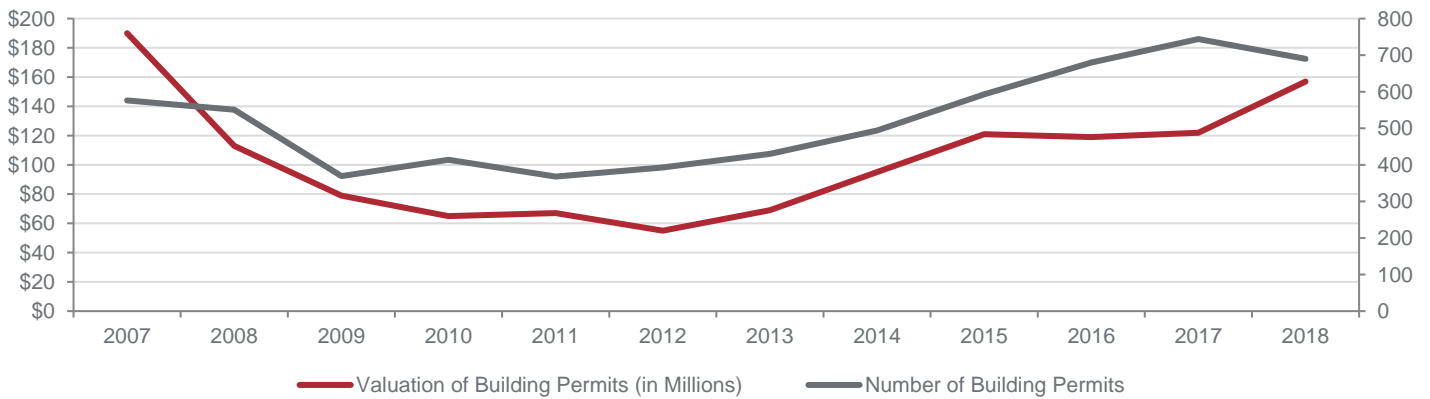
Residential Transactions

Data Source: Land Title Guarantee Company



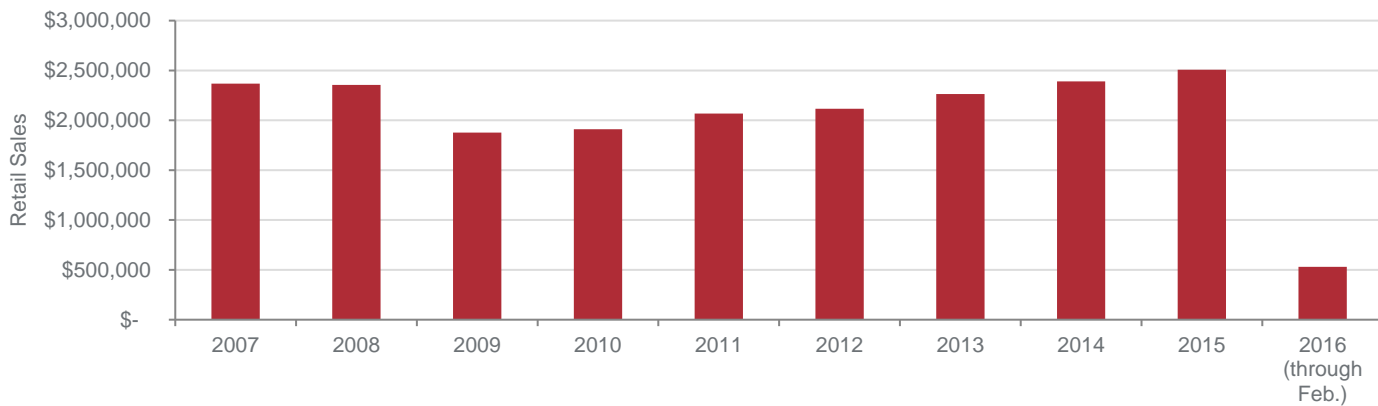
Eagle County Building Permits

Data Source: Eagle County US



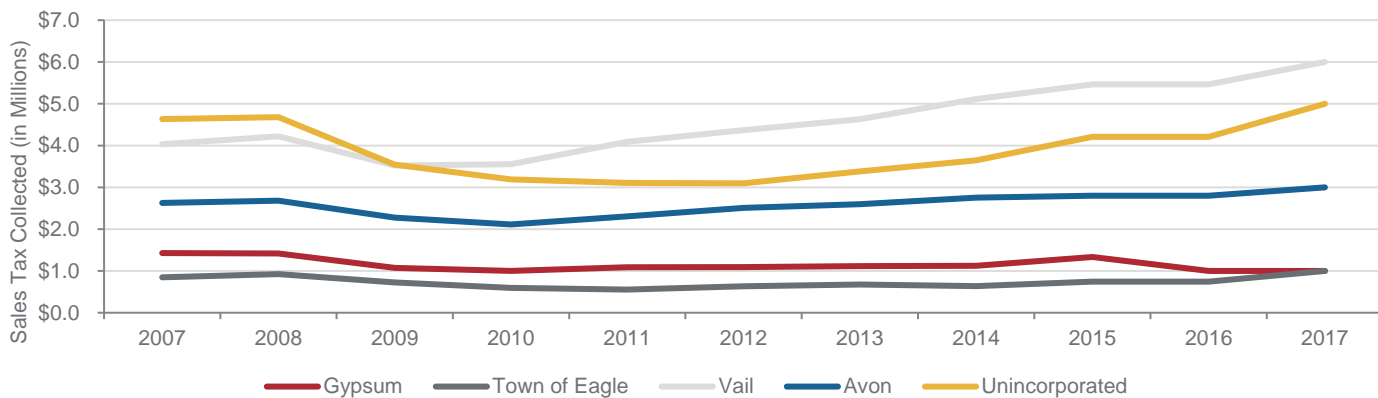
Eagle County Retail Sales

Data Source: Colorado Department of Revenue



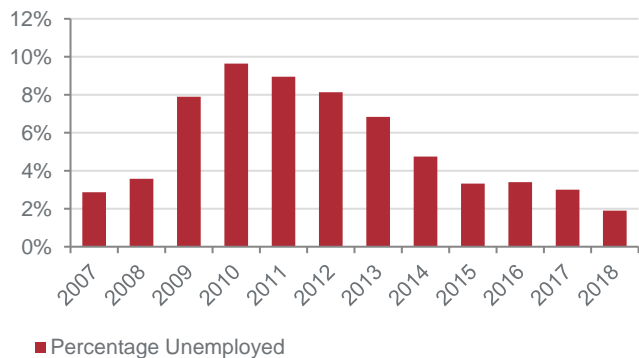
Eagle County Sales Tax by Town

Data Source: Eagle County Finance Department



Eagle County Unemployment

Data Source: United States Bureau of Labor Statistics



Enplanements

Data Source: Eagle County Airport



Travel & Tourism in Vail

About Vail, Colorado

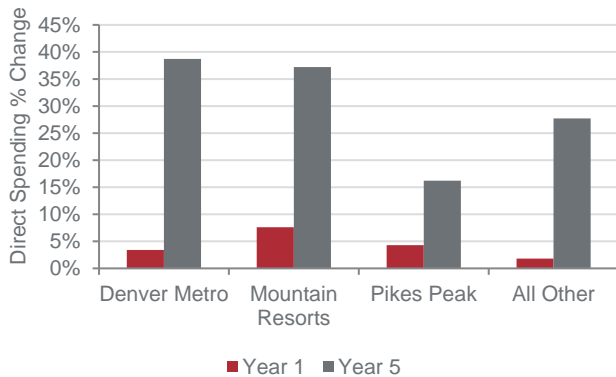
Located in Eagle County at the base of Vail Mountain, the Town of Vail combines the best alpine resorts in the world with a friendly, small-town feel. Vail is served by the Eagle County Airport, located 30 miles to the West near Gypsum. Within the town, many areas are pedestrianized, modeled after car-free European ski towns. Vail also operates the largest free shuttle bus system in the United States. The town is home to over 5,000 people, but attracts more than 2.2 million visitors each year.

Vail's natural beauty is unsurpassed, with over a thousand acres of open space and a surrounding 350,000 acres of national forests, including Vail Mountain. With a vertical height of 3,450 feet, over 5,000 skiable acres, 31 ski lifts, and 195 marked ski trails on three faces; Vail Mountain is the largest ski mountain in North America.

In addition to skiing, the Town of Vail is home to a host of year-round recreational activities, including hiking and mountain biking. The town's cultural center is also growing, with an expanding culinary center and notable art and music venues throughout the summer, including: the Vail Film Festival, Vail International Dance Festival, and Bravo! Vail.

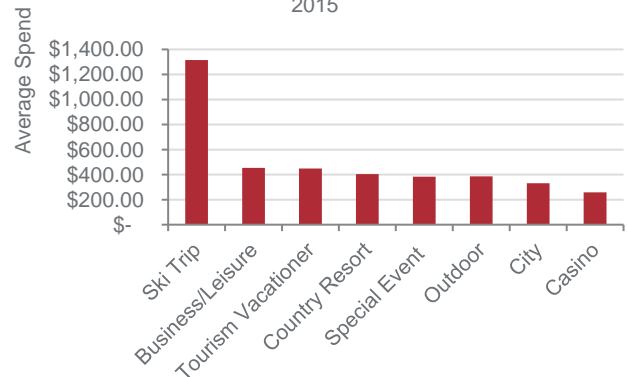
5 Year Change in Spending

Data Source: 2017 Colorado Tourism Roadmap, Colorado Tourism Office, Dean Runyan Associates



Top Spending Categories

Data Source: 2017 Colorado Tourism Roadmap, Colorado Tourism Office, Longwoods International 2015

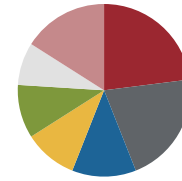


Vail Isn't Just Skiing

While it's true that over 1.6 million skiers and snowboarders travel to Vail every winter to take advantage of the more than 5,000 skiable acres on the largest ski mountain in the United States, Vail isn't just skiing. The town attracts over 650,000 visitors every summer to enjoy the natural beauty of the rocky mountains (52%), for rest and relaxation (50%), to take advantage of the town's shopping, dining, and leisure activities (28%), as well as a host of outdoor activities available (24%). With such a high satisfaction rate among summer Vail visitors (90% say they are "Extremely Satisfied" with their Vail experience), it's no wonder that over 80% of the 650,000 summer visitors are return visitors to Vail.

Top Activities in the Mountain Region

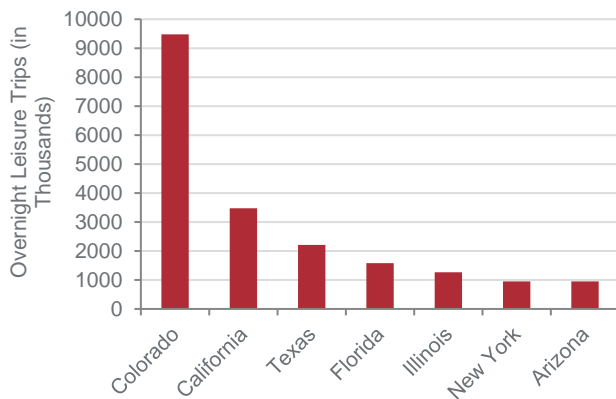
Data Source: 2017 Colorado Tourism Roadmap, Colorado Tourism Office, Longwoods International 2015



- National/State Parks
- Hiking
- Swimming
- Skiing/Snowboarding
- Camping
- Mountain Climbing
- Other

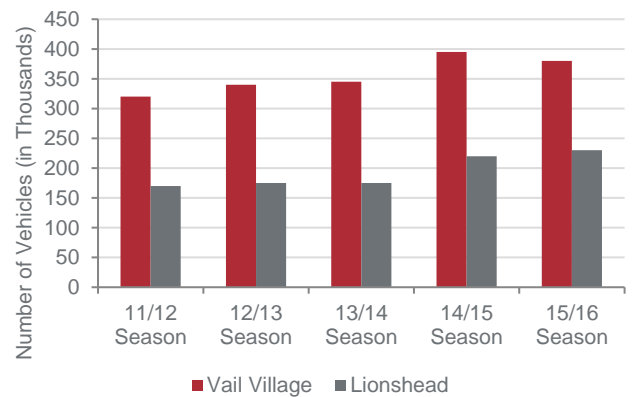
Top Visiting US States

Data Source: Town of Vail



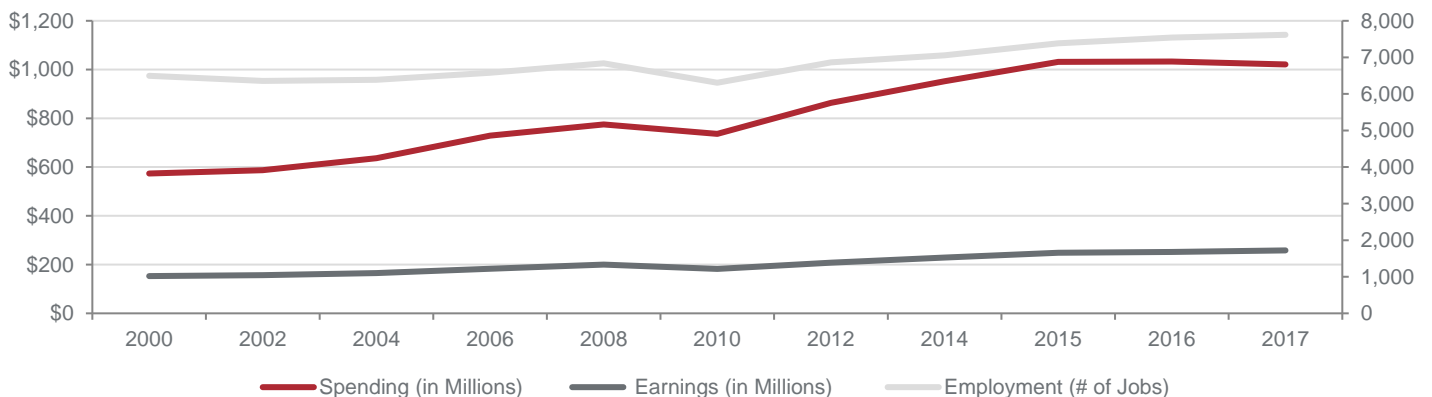
Vehicles in Parking Structures

Data Source: Town of Vail



Direct Travel Impacts in Eagle County

Data Source: Colorado Travel Impacts 2000-2017p, Dean Runyan Associates



Showcase Listings

Showcase Sale Listing

Showroom/Warehouse Opportunity: \$3,500,000

250 Lindbergh Dr, Gypsum, CO 81637

- Located on the east side of the Eagle County Regional Airport and less than 35 minutes from both Beaver Creek and Vail Ski Resorts.
- Fully sprinklered building with approximately 11,763 SF of showroom and 4,647 SF of warehouse.
- Current build-out: loading dock, two separate 12ft. garage doors, four bathrooms, 2,500 lb capacity freight elevator, and kitchenette.
- Potential to convert a portion to residential use.



Showcase Sale Listing

Gas Station & C-Store Development: \$950,000

2 Colorado River Rd, Gypsum, CO 81637

- 1.28 acre flat commercial pad site currently entitled for a fuel station and convenience store at Interstate 70 Exit 133.
- Programmed to be the only commercial amenity in the Two Rivers Village Community.
- Dotsero is located at the confluence of the Colorado and Eagle Rivers making it an attractive location for both full time residents and summer tourism.
- Located approximately 1,200 feet from CDOT truck parking lot 133.



Showcase Sale Listing

Restaurant & Real Estate Opportunity: \$1,700,000

1060 W Beaver Creek, Avon, CO 81632

- Turn-key restaurant opportunity.
- Prime location at base of Beaver Creek Resort.
- Dinner seating capacity of 175.
- Includes real estate and all FF&E.
- Rustic build-out with two bars, stage and patio.



Significant Transactions

Sales Transactions Facilitated by NAI Mountain Commercial:

| Property | Address | Price | Submarket |
|-----------------------------|--------------------------------|--------------|--------------|
| Riverwalk Theater | 34253 US HWY 6, Edwards | \$3,693,750 | Mid-Valley |
| Lodge at Vail Condo | 166 Gore Creek, Vail | \$1,025,000 | Upper Valley |
| Northstar Center Building A | 429 Edwards Access Rd, Edwards | \$8,850,000 | Mid-Valley |
| Northstar Center Building B | 439 Edwards Access Rd, Edwards | \$5,500,000 | Mid-Valley |
| West Vail Mall | 2161 N Frontage Rd, Vail | \$14,000,000 | Upper Valley |

Lease Transactions Facilitated by NAI Mountain Commercial:

| Property | Address | Size | Submarket |
|----------------------|---------------------------|----------|--------------|
| Shops at Solaris | 141 E Meadow, Vail | 1,700 SF | Upper Valley |
| Gateway Plaza | 12 Vail Rd, Vail | 1,040 SF | Upper Valley |
| Concert Hall Plaza | 616 W Lionshead Cir, Vail | 1,305 SF | Upper Valley |
| Castle Peak Building | 1143 Capitol St, Eagle | 2,375 SF | Lower Valley |



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