

Commercial Property for Sale or Lease

Greater Cheyenne Area

March 31, 2018

Introduction

The summary table on page 5 outlines, on a quarterly basis, the number of commercial properties currently vacant or for sale in the greater Cheyenne area. Statistics for 2015 are now final and will no longer be revised going forward. Vacancy rates for 2016, 2017 and 2018 are based upon 2016 preliminary baseline numbers.

Please click on the website links labeled Retail Opportunities, Warehousing Opportunities, Office Space Opportunities and Medical Opportunities to see lists of individual properties by these uses.

The Wyoming Center for Business & Economic Development (WCBEA) launched the development of a commercial property database for Laramie County in mid-2008. We would caution users with the following:

- The number of vacant or available properties and the amount of square footage is conservative for all classes of properties;
- Statistics by and large reflect availability in the commercial market and fairly represent the market in regards to pricing but again, do not represent an exact count of properties available;
- The addition or deletion of a large property can skew the reported data; and
- Residential data are not included.

Overview

By the end of first quarter of 2018, there were 130 active properties on the local commercial real estate market, representing a 6.6 percent increase from the fourth quarter of 2017 and an 11.1 percent increase from one year ago. While the number of available office properties fell 4.3 percent (-2), the number of available warehouse properties increased 7.7 percent (+2) and the number of available retail properties increased 16.3 percent (+8). In each property class, the vacancy rate increased over the fourth quarter of 2017; for both retail and office properties, the vacancy rate climbed above 13 percent.

From the fourth quarter of 2017 to the first quarter of 2018, the number of available warehousing units increased 7.7 percent (+2 units), the total square footage increased 1.8 percent and the overall vacancy rate increased from 8.0 percent to 8.2 percent. The average lease rate fell slightly to \$7.78/sf as compared to \$7.85/sf at the end of the fourth quarter. Total vacant square footage ended the quarter at 459,448 sf as compared to 448,868 sf at the end of the fourth quarter of 2017, an increase of 2.4 percent.

The number of available retail properties increased by 16.3 percent (+8 units) and the overall retail vacancy rate increased to 13.3 percent from 9.9 percent in the fourth quarter 2017. Vacancy in the Frontier Mall increased substantially during the first quarter, as Sears vacated one of the anchor spaces, adding 83,000 sf to the vacant retail space in the area. Other area mall vacancies remained relatively constant over the quarter. Two other large retail properties that entered the market in early 2018 include 17,000 sf on Dell Range previously occupied by IBMC College and 25,000 sf vacated by Pioneer Printing downtown. The total amount of vacant retail space ended the quarter at 538,866 as compared to 400,526 sf at the end of the fourth quarter 2017. Several additional large properties remained vacant, including the former Sutherlands (76,749 sf), Cole Safeway store (44,358 sf) and the Grier and Nuss buildings (19,715 sf).

The number of available office properties decreased 4.3 percent by the end of the first quarter of 2018 (-2 units) while the total square footage increased by more than 35,000 sf. The majority of the office space to enter the market is located in the building formerly known as the Qwest Building on Yellowstone. College America previously occupied space in the building and they had announced last year that they would close their doors in Cheyenne. The vacancy rate for office properties increased from 11.7 to 13.6 percent over the quarter and is up from one year ago when it was 12.8 percent at the end of the first quarter of 2017. Total vacant office space by the quarter's end stood at 294,852 sf compared to fourth quarter 2017's total of 253,006 sf. Two large downtown buildings, the Hynds building and the former Z's Furniture, remained vacant although the Z's building is under consideration by the city. Together with the newly vacant space in the Qwest building, these three buildings represent nearly two-fifths (40.6%) of the total vacant square footage of office space.

By the end of the current quarter, the volume of vacant medical space and the vacancy rate remained unchanged at 19,990 sf and 4.1 percent, respectively. One year ago the medical space vacancy rate stood at 3.0 percent.

The summary table on page 5 presents statistics for the past 11 quarters for commercial office, retail and warehousing space. Medical properties are also presented as a separate link as mentioned above.

Office Space

The Downtown Development District accounted for more than half of vacant office space (168,013 sf) or 57.0 percent of the total. The average lease rate for office space increased over the quarter to \$14.90/sf as of March 31, 2018. At the end of the fourth quarter of 2017, the average lease rate was \$14.50/sf and one year ago the average lease rate was \$14.05.

Table 1 below presents the number of available office space properties by size. More than one-half of available office spaces have less than 2,500 sf. More than one-fourth of available office spaces have more than 5,000 sf.

Table 1. Available Office Properties by Square Footage

Size (sf)	Units	% of Total
≥ 20,001	5	11.1%
10,001 - 20,000	3	6.7%
5,001 -10,000	4	8.9%
2,501 - 5,000	9	20.0%
≤ 2,500	24	53.3%

Warehousing

At the end of the fourth quarter 2017 there were 26 warehouses available with a combined 456,368 sf. During the first quarter of 2018, two warehouse properties left the market and four entered the market, accounting for a net gain of about 8,000 sf. The APW Wyatt building (APW) continued to be the largest warehouse property available. Approximately 30,000 sf of the building was leased to WYCO recycling during the third quarter of 2017 and the available lease space has decreased to 181,812 square feet. The next largest unit available is 54,341 sf by comparison; there are an additional 10 warehouse properties with more than 10,000 sf. The APW space continues to represent about 40 percent of the total warehousing square footage available for lease and/or sale.

Table 2 shows the distribution of warehouses by size. About 43 percent of the available warehouse properties have more than 10,000 sf. About one-fourth have 5,000 sf or less.

Table 2. Available Warehouse Properties by Square Footage

Size (sf)	Units	% of Total
≥ 20,001	3	10.7%
10,001 - 20,000	9	32.1%
5,001-10,000	9	32.1%
2,501 - 5000	5	17.9%
≤ 2,500	2	7.1%

Retail

Five retail properties left the market over the first quarter of 2018 and thirteen properties became available, resulting in a substantial net increase in total retail space available for lease and/or sale. The overall vacancy rate for retail properties increased from 9.9 percent to 13.3 percent and the average retail lease rate decreased from \$11.63/sf to \$10.90/sf over the quarter. The lease rates for the space being vacated by Hobby Lobby and the Sears anchor space at the Frontier mall contributed to the decline in the average lease rate. The lease rates for these spaces are \$5.50/sf and \$6.00/sf, respectively, and remain substantially lower than other area retail lease rates.

Of the 57 retail properties on the market during the first quarter of 2018, 50 were vacant. The largest five vacant properties contain more than 300,000 sf, representing more than half (57.3%) of the total vacant square footage. These properties include the former Sutherland’s building, the former Safeway building at the Cole Shopping Center, the remaining space in the former Kmart building, the soon-to-be vacated Hobby Lobby space and the former Sears space at the Frontier Mall.

Within Cheyenne’s shopping malls, Frontier Mall had 11 vacant units, including temporary stores, with a total of 103,525 sf available (19.3% vacancy rate). The addition of the vacated Sears space contributed significantly to the increase in the vacancy rate from 3.2 percent the fourth quarter of 2017. The Cheyenne Plaza Shopping Center had five units available with a total of 18,747 sf (12.1% vacancy rate). Other malls had minimal or no vacancies.

Table 3 below presents the number of retail properties available by square footage. As the data suggest, potential retailers have a wide selection of retail sites available to them under current market conditions. About one-third of the available retail spaces have more than 5,000 sf (29.8%). Another one-third (31.6%) have 2,500 sf or less.

Table 3. Available Retail Properties by Square Footage

Size (sf)	Units	% of Total
≥ 20,001	7	12.3%
10,001 - 20,000	4	7.0%
5,001-10,000	6	10.5%
2,501 - 5,000	22	38.6%
≤ 2,500	18	31.6%

The Summary Table immediately below presents historical data and additional details by property type including the range of lease rates by property type.

Table 4. Summary Table, Greater Cheyenne Area Commercial Property For Sale and Lease

Summary Table Commercial Property For Sale and Lease					
Updated: 3/31/2018			(FR - Final Revision)		
Property Type	# Properties	Square Footage	Avg Lease Rate	Min/Max Rate	Vacancy Rate
Second Quarter 2015					
Warehouse	26	467,720	\$8.83	2.82 - 16.00	9.1% ^(FR)
Retail	57	248,238	\$15.19	8.00 - 23.50	5.6% ^(FR)
Office Space	45	301,708	\$14.93	10.00 - 20.45	13.5% ^(FR)
Third Quarter 2015					
Warehouse	18	329,488	\$8.69	6.00 - 15.00	6.4% ^(FR)
Retail	56	270,383	\$15.04	8.00 - 23.50	5.2% ^(FR)
Office Space	42	296,517	\$14.80	6.67 - 27.00	13.5% ^(FR)
Fourth Quarter 2015					
Warehouse	23	446,356	\$9.06	5.88 - 15.00	8.7% ^(FR)
Retail	59	358,084	\$14.64	8.00 - 23.50	7.5% ^(FR)
Office Space	45	303,949	\$15.07	6.67 - 27.00	14.0% ^(FR)
First Quarter 2016					
Warehouse	27	422,238	\$7.62	1.00 - 13.00	7.5%
Retail	54	334,764	\$14.06	8.00 - 20.00	6.8%
Office Space	36	261,183	\$13.43	5.67 - 22.00	12.0%
Second Quarter 2016					
Warehouse	24	433,384	\$7.69	1.00 - 13.00	7.7%
Retail	53	365,346	\$14.64	8.00 - 24.00	7.5%
Office Space	40	240,958	\$13.68	5.67 - 22.00	10.5%
Third Quarter 2016					
Warehouse	21	414,326	\$7.66	1.00 - 13.00	7.4%
Retail	50	369,653	\$14.36	8.00 - 24.00	7.5%
Office Space	45	290,894	\$14.28	6.19 - 22.00	13.3%
Fourth Quarter 2016					
Warehouse	22	443,050	\$8.06	4.50 - 13.00	7.7%
Retail	54	401,434	\$13.25	8.00 - 24.00	8.0%
Office Space	43	269,819	\$13.62	8.00 - 22.00	12.4%
First Quarter 2017					
Warehouse	24	461,908	\$7.98	4.50 - 13.00	8.1%
Retail	44	372,206	\$13.34	8.00 - 24.00	8.2%
Office Space	49	278,295	\$14.05	8.00 - 22.00	12.8%
Second Quarter 2017					
Warehouse	28	492,320	\$8.24	4.50 - 14.50	8.6%
Retail	42	455,448	\$13.00	8.00 - 20.00	10.4%
Office Space	50	274,990	\$14.03	8.00 - 22.00	12.4%
Third Quarter 2017					
Warehouse	27	442,067	\$7.84	4.50 - 14.50	7.7%
Retail	50	474,625	\$13.47	8.00 - 20.00	10.8%
Office Space	48	266,931	\$14.00	10.00 - 22.00	12.1%
Fourth Quarter 2017					
Warehouse	26	456,368	\$7.85	4.50 - 14.50	8.0%
Retail	49	434,979	\$11.63	5.50 - 17.00	9.9%
Office Space	47	315,920	\$14.50	7.50 - 22.00	11.7%
First Quarter 2018					
Warehouse	28	464,432	\$7.78	4.50 - 14.50	8.2%
Retail	57	571,496	\$10.90	5.50 - 17.00	13.3%
Office Space	45	352,421	\$14.90	7.80 - 23.60	13.6%

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