

# Commercial Property for Sale or Lease

## Greater Cheyenne Area

### September 30, 2018

#### Introduction

The summary table on page 6 outlines, on a quarterly basis, the number of commercial properties currently vacant and/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 the third quarter of 2018, there were 142 active properties on the local commercial real estate market, representing an 11.8 percent increase from the second quarter of 2018 and a 13.6 percent increase from one year ago. While the number of available office properties remained constant, the number of available warehouse properties increased 25.9 percent (+7 units) and the number of available retail properties increased 13.3 percent (+8 units) over the quarter. Vacancy rates for warehouse and office properties improved over the quarter; the vacancy rate for retail properties climbed over 13 percent.

From the second quarter of 2018 to the third quarter of 2018, the number of available warehousing units for sale and/or lease increased 25.9 percent (+7 units), the total available square footage increased 15.4 percent and the overall vacancy rate improved slightly, decreasing from 8.2 percent to 8.0 percent. The average lease rate remained virtually unchanged at \$7.67/sf as compared to \$7.68/sf at the end of the second quarter. Total vacant square footage ended the quarter at 451,408 sf as compared to 461,361 sf at the end of the second quarter of 2018.

The number of available retail properties for sale and/or lease increased 13.3 percent (+8 units) over the quarter while the overall retail vacancy rate increased to 13.7 percent from 12.9 percent in the second quarter 2018. Vacancy in the Frontier Mall decreased slightly to 18.4 percent due in part to the return of retailer American Eagle Outfitters during the third quarter of 2018. The anchor space at the Frontier Mall previously occupied by Sears remained vacant on a permanent basis, though temporarily occupied by a costume retailer; this space represents 15.5 percent of the total mall square footage. Vacancy at the Cheyenne Shopping Plaza remained constant over the quarter at 26.9 percent. Other area mall vacancies remained relatively constant over the quarter. The total amount of vacant retail space ended the quarter at 556,388 sf as compared to 523,523 sf at the end of the second quarter 2018. Several additional large properties remained vacant, including the former Sutherlands (76,749 sf), Cole Safeway store (44,358 sf), Pioneer Printing (24,956 sf) and the Grier and Nuss buildings (19,715 sf).

The number of available office properties remained unchanged by the end of the third quarter of 2018 and the total square footage decreased by 4.7 percent (approximately 15,000 sf). The building formerly known as Z's Furniture (~40,000 sf) is no longer on the market and was purchased by the City of Cheyenne as the location of the new courthouse. The vacancy rate for office properties decreased from 12.9 to 11.7 percent over the quarter and is down from one year ago when it stood at 12.1 percent at the end of the third quarter of 2017. Total vacant office space by the quarter's end had decreased to 252,879 sf from 278,749 sf in the second quarter of 2018. With the former Z's furniture building off the market, one large downtown building, the Hynds building, remained vacant. Together with the vacant space in the former Qwest building, these two buildings represent about one-third (31.8%) 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 constant at 22,657 sf and 4.6 percent, respectively. One year ago the medical space vacancy rate stood at 3.0 percent.

The summary table on page 6 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 half of vacant office space (125,469 sf) or 50.0 percent of the total. The average lease rate for office space decreased over the quarter to \$14.65/sf as of September 30, 2018. At the end of the second quarter of 2018, the average lease rate was \$15.13/sf and one year ago the average lease rate was \$14.00/sf.

Table 1 below presents the number of available office space properties by size. Almost one-half of available office spaces have less than 2,500 sf. Thirty percent 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	4	10.0%
10,001 - 20,000	4	10.0%
5,001 -10,000	4	10.0%
2,501 - 5,000	10	25.0%
≤ 2,500	18	45.0%

**Warehousing**

At the end of the third quarter 2018 there were 34 warehouse properties available with a combined 532,596 sf. During the third quarter of 2018, five warehouse properties left the market and twelve entered the market, accounting for a net gain of about 71,000 sf. The APW Wyott 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 157,500 square feet. The next largest unit available is 38,868 sf by comparison; there are an additional 16 warehouse properties with more than 10,000 sf. The APW space continues to represent almost one-third (29.6%) of the total warehousing square footage available for lease and/or sale.

Table 2 shows the distribution of warehouses by size. One-half of the available warehouse properties have more than 10,000 sf. More than one-third of available warehouse properties have between 5,000 sf and 10,000 sf.

Table 2. Available Warehouse Properties by Square Footage

Size (sf)	Units	% of Total
≥ 20,001	4	11.8%
10,001 - 20,000	13	38.2%
5,001-10,000	12	35.3%
2,501 - 5000	3	8.8%
≤ 2,500	2	5.9%

**Retail**

Eight retail properties left the market over the third quarter of 2018 and fifteen properties became available, resulting in a net increase of about 17,000 sf in total retail space available for lease and/or sale and a net increase of almost 33,000 sf in vacant retail space for lease and/or sale. One large property, the former location of Hobby Lobby, entered the market accounting for 25,000 sf of available, vacant retail space. The overall vacancy rate for retail properties increased from 12.9 percent to 13.7 percent and the average retail lease rate decreased from \$13.77/sf to \$12.75/sf over the quarter. It should be noted that the average retail lease rate continued to skew upward by the vacant retail space in the newly constructed Mr. Jim’s Pizza east location. The lease rate for this retail space is \$23.50/sf; without this rate in the average calculation for both the second and third quarters, the average retail lease rate for the third quarter would have fallen to \$11.92 from \$12.88 over the quarter.

Of the 68 retail properties on the market during the third quarter of 2018, 59 were vacant. The largest four vacant properties contain approximately 250,000 sf, representing nearly half (44.7%) 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 (new Hobby Lobby location) and the former Sears space at the Frontier Mall.

Within Cheyenne’s shopping malls, Frontier Mall had 10 vacant units, including temporary stores, with a total of 98,498 sf available (18.4% vacancy rate). The addition of the vacated Sears space during the first quarter of 2018 contributed significantly to the increase in the vacancy rate over the past 9 months from 3.2 percent during the fourth quarter of 2017; that space alone accounted for 15 percent of the total vacant retail space during the third quarter of 2018. The Cheyenne Plaza Shopping Center had seven units available with a total of 41,747 sf (26.9% 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 (29.5%). Another two-fifths (41.2%) have 2,500 sf or less.

Table 3. Available Retail Properties by Square Footage

Size (sf)	Units	% of Total
≥ 20,001	7	10.3%
10,001 - 20,000	5	7.4%
5,001-10,000	8	11.8%
2,501 - 5,000	20	29.4%
≤ 2,500	28	41.2%

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: 9/30/2018			(FR - Final Revision)		
Property Type	# Properties	Square Footage	Avg Lease Rate	Min/Max Rate	Vacancy Rate
<b>Fourth Quarter 2015</b>					
Warehouse	23	446,356	\$9.06	5.88 - 15.00	8.7% <sup>(FR)</sup>
Retail	59	358,084	\$14.64	8.00 - 23.50	7.5% <sup>(FR)</sup>
Office Space	45	303,949	\$15.07	6.67 - 27.00	14.0% <sup>(FR)</sup>
<b>First Quarter 2016</b>					
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%
<b>Second Quarter 2016</b>					
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%
<b>Third Quarter 2016</b>					
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%
<b>Fourth Quarter 2016</b>					
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%
<b>First Quarter 2017</b>					
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%
<b>Second Quarter 2017</b>					
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%
<b>Third Quarter 2017</b>					
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%
<b>Fourth Quarter 2017</b>					
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%
<b>First Quarter 2018</b>					
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%
<b>Second Quarter 2018</b>					
Warehouse	27	461,361	\$7.68	4.50 - 14.50	8.2%
Retail	60	573,636	\$13.77	6.00 - 23.50	12.9%
Office Space	40	315,683	\$15.13	7.80 - 23.60	12.9%
<b>Third Quarter 2018</b>					
Warehouse	34	532,596	\$7.67	4.50 - 12.75	8.0%
Retail	68	590,744	\$12.75	6.00 - 23.50	13.7%
Office Space	40	300,933	\$14.65	7.80 - 21.50	11.7%

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