



Horwath HTL™

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Is Denver on the way to becoming a 'World-Class' City?

Many of us who live and work in the Denver area believe that Denver is well 'on its way' to becoming a 'World-Class' City.

The reality is that the City has made tremendous strides in recent years towards the City's goal of achieving its 'World Class City' status however, we still have some ideas (some image and some reality) that we believe would help Denver to achieve this special goal of becoming a special 'World Class' City!

What is Denver today?

Metropolitan Denver Overview

The Denver metropolitan area includes the Denver-Aurora-Lakewood Metropolitan Statistical Area (MSA), which refers to the ten central counties of Denver, Adams, Arapahoe, Douglas, Jefferson, Broomfield, Elbert, Park, Clear Creek and Gilpin and the Boulder MSA, which encompasses Boulder County. The Denver MSA and Boulder MSA cover more than 4,500 square miles on the eastern edge of the Front Range of the Rocky Mountains.

The Denver metro area is a natural market and distribution center for a substantial portion of the western United States, given its location and existing transportation infrastructure. Denver is located on the eastern slope of the Rocky Mountains at the junction of Cherry Creek and the South Platte River. Denver is Colorado's state capital, as well as being its largest city. Consequently, it is the center of government, economic, transportation, retail, professional sports, and convention services in the state.

Denver's central location within the United States allows it to serve as a major transportation hub for most of the western U.S. Also benefiting from this geographical location is the telecommunications industry. Denver is the largest city in the U.S. to be one satellite bounce to anywhere in the world.

The biotechnology and pharmaceutical industries have been growing recently due to new opportunities at the \$4.7 billion, 578 acre Fitzsimons Campus (located in Aurora, Colorado), with over 15 million square feet of phased new construction and employment of over 32,000 people at full build-out.

The energy industry employs over 24,000 in the Denver metro area. The National Renewable Energy Laboratory (NREL) in Golden is the primary facility for renewable energy and energy efficiency R&D in the nation.

The Denver metropolitan area's economy is not dependent on a particular sector. The employment base is varied, as are the major employers. Therefore, the region is typically less susceptible to cyclical fluctuations that have occurred in other areas dominated by a single industry.



In addition, Denver is home to 10 Fortune 500 companies including Arrow Electronics (electronics wholesaler), DISH Network (telecommunications), DaVita HealthCare Partners (health care), Liberty Interactive (internet services and retailing), Ball Corporation (packaging and containers), Newmont Mining (mining and crude oil production), Level 3 Communications (telecommunications), CH2M Hill (engineering, construction), Western Union (financial services) and Envision Healthcare (healthcare).

An increasing number of companies are locating or re-locating to Downtown Denver, indicative of its reputation as one of the best places in the country to start and grow a business. Twenty-three companies relocated or opened a new office in the center city over the past 24 months, including seven corporate headquarter relocations. As a growing hub of technology and innovation, most of these relocations and expansions were in the technology sector, which also saw 160 tech startups founded over the past year.

Tourism is the state of Colorado's largest private industry according to a recent (2015) survey conducted for Visit Denver. The top five visitor markets for Denver are: Colorado, California, Texas, Arizona and Illinois.

Current trends in Denver tourism, via Visit Denver, include:

- Denver had a record 17.3 million total overnight visitors in 2016, up six percent over the 16.4 million in 2015.
- Denver visitors generated a total of \$5.3 billion in spending in 2016, up five percent from \$5 billion in 2015.
- Tourism supports nearly 57,000 jobs in metro Denver.
- Lodging expenditures in 2016 accounted for \$1.58 billion in visitor spending, while overnight visitors spent an additional \$1.05 billion in Denver's food and beverage establishments.
- Expenditures by overnight visitors on transportation in Denver, including gas and car rentals, totaled \$1.52 billion in 2016, and purchases at retail stores totaled approximately \$660 million.
- Overnight visitors spent \$476 million last year at Denver's paid attractions and on other recreational and sightseeing activities.



Recent strides that the Denver area has recently made include the following:

- The development of Denver International Airport (DIA) during the mid-1990s created the first major step to becoming more than just a major U. S. city. The airport (33,531 acres or 52.4 sqm) opened in 1995 with slightly over 31 million enplanements/deplanements. That figure reached 58.6 million in 2016.
- In recent years, the City has had a goal of developing additional non-stop national and international air service from Denver International Airport. Realizing the “importance” of international air service, Denver has now increased their non-stop air service to over 25 international destinations in over eight countries.
- Representatives of several cities including Denver and Aurora are working to develop Aerotropolis: a 9,000-acre development adjacent to DIA which is planned to include office, industrial, residential, hotel and related development uses around the perimeter of Denver International Airport. The most important part of the anticipated development of the proposed Aerotropolis would be DIA’s ability to expand (reportedly, six more runways could be developed in coming years). The goal for the airport area is to increase its amount of importing and exporting on a global level. The feeling among many real estate professionals is that with the expansion opportunities at the Airport (one of the few airports that truly has expansion capabilities), Denver is no longer solely competing with cities in its immediate region – it is believed that Denver could be competing with cities/regions that are in Europe or Asia, even Africa.
- To initially support existing/planned lodging needs, the DIA area has experienced significant growth in the growth of lodging projects. To date, the most significant one is the opening of the long-planned airport terminal hotel - the 519-room Westin Hotel/ Denver International Airport in 2015. In addition, the 1,501-room Gaylord Hotel featuring 485,000 sq ft of meeting space is scheduled to open in late 2018.
- The perception of Denver as a major convention city cannot be over-looked. From the past successes in hosting major national events such as a Final Four basketball finals to hosting the Democratic National Convention, Metro Denver has excelled.

Athletic events have become one of the most popular attractions in Denver as well given the existence of the Denver Broncos (football), Colorado Rockies (baseball), the Colorado Avalanche (hockey), the Denver Nuggets (basketball) and the Colorado Rapids (soccer).

Another attraction in the area is the National Western Stock Show, which occurs each year in January. This event annually attracts over 600,000 livestock and rodeo fans from across the nation. A tax initiative has recently been passed to upgrade the facilities and amenities at the National Western Complex.

Colorado also generally enjoys a worldwide reputation for its scenic mountains, climate and diversity of recreational opportunities. Some of the world’s best snow skiing can be found within 60-90 minutes of Denver, along with outstanding recreational activities such as hunting, fishing, hiking, camping and white-water rafting. In addition, I-70 offers a direct route to many of the primary recreational areas in the Rocky Mountains including Keystone, Breckenridge, Vail/Beaver Creek and Copper Mountain.



- The on-going development of new lodging projects in and around Metro Denver has been significant with the largest number of those new lodging projects being located in downtown Denver. This influx of new rooms has created more demand for facilities such as the Colorado Convention Center (currently planned for an expansion) and the possibility of an additional downtown Denver headquarters hotel.

Downtown's 35 hotels with 9,500 rooms and more than 500,000 square feet of meeting space have seen strong growth, with Revenue Per Available Room (RevPAR) up 26 percent, Average Daily Room Rate up 20 percent, and occupancy up five percent over the past five years.

- According to the Colorado Restaurant Association, more than 200+ new restaurants opened in Denver in 2015. The year before, over 300+ restaurants opened. With this overwhelming pace of restaurant openings, Denver's restaurant industry is experiencing an unprecedented growth.
- Attracted to walkable district, high-quality residential amenities, and more mass transit options, more people, nearly 80,000, are choosing to live in Downtown Denver and its center city neighborhoods. Population in the Downtown core has tripled since 2000. More than 66 percent of Downtown residents have a bachelor's degree or higher and nearly one quarter of Downtown households do not own a car.

- The Denver Art Museum is located in two buildings (the most recent building opened in 2006) adjacent to downtown Denver. The museum is one of the largest art museums between the West Coast and Chicago.

It is most known for its collection of American Indian art, and its other collections of more than 70,000 diverse works from across the centuries and the world. The newest building was designed by internationally famed architect Daniel Libeskind. Daniel Libeskind's design references the peaks and geometric patterns found in the Rocky Mountains.

- The Denver Performing Arts Complex is located in downtown Denver and is one of the largest performing arts centers in the United States.

It is located on a four-block, 12-acre site containing ten performance spaces with over 10,000 seats. It is home to a theatre company, Broadway touring productions, contemporary dance and ballet, chorales, a symphony orchestra, and opera.



- Easy/uncomplicated transportation in-and-around an area is critical to its perception as a world-class city. FasTracks is the Regional Transportation District’s (RTD) comprehensive public transportation plan for the Denver and Boulder metro areas.

This \$6.1+ billion project features 122 miles of new light rail and commuter rail, 18 miles of new bus rapid transit services, 57 new transit stations, over 21,000 additional parking spaces at Park-n-Rides and expanded bus service throughout the region.

The main hub for the rail network is at Union Station in downtown Denver. As part of the FasTracks project, Union Station has undergone a major redevelopment transforming the site into a dense mixed-use, transit-oriented area (including the Crawford Hotel, numerous restaurants, retail and office). In addition, there are significant new developments (office, residential and hotels) in the neighborhoods surrounding the renovated Union Station.

The recent completion of the commuter rail line from DIA to downtown Denver is perhaps the most significant portion of this Metro-wide transportation plan.

Ideas, challenges and aspirational factors to continue to push Denver to be a world-class city

- The development of a transportation link from Metro Denver to the world-class ski resorts in Summit, Eagle and Grand Counties. The image of ‘gridlock’ getting to-and-from the winter communities within 75-150 miles of Denver is a negative one.
- The opportunity to create a ‘water image’ in land-locked Denver is one that could really set the city in a different direction. Most world-class cities have a connection to water (ocean, lake or river) in some form or fashion. Denver does not have a connection to an ocean or even a major lake but it does have rivers that could be connected and/or re-developed with recreational uses and even with some commercial activities.
- The development of affordable housing in Metro Denver is one that cannot be over-looked. Prospective employers consider this factor to be a significant one when considering Denver as a location for their company.
- The opportunities to further upgrade East and West Colfax Avenue from Aurora to the east to Lakewood/ Golden to the west. This street, which was formerly Metro Denver’s major commercial highway, needs to be continually “re-thought”. The avenue needs to be a major image maker for Denver – not an afterthought!
- The re-development - including a retractable cover - on the existing outdoor Sports Stadium, Mile High/ Sports Authority, should be considered. The inability to utilize this stadium on a year-round basis severely impacts the marketability of the stadium as well as the Denver area.

The potential to host another NCAA Final Four or a Super Bowl would be a significant plus for the Denver area, but that most likely would not happen without a domed/covered stadium.

In Summary...

These are just a few of the ideas that could happen to make Denver even a better or more special city.

Denver has come a long way in the last 20-30 years and is very close to being recognized as a World-Class City.

Ideas that folks had during that period of time (many of those thoughts and ideas were thought to be crazy) really advanced the image of Denver as an up-and-coming city. Creative and progressive professionals are currently addressing the 10-20 year direction for the Denver area.

Watch what happens! *Denver is not just called 'the Mile High City' - it is 'THE Mile High City'!*

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John Montgomery, Managing Director of Horwath HTL Denver, has more than 30 years of hospitality industry consulting experience and has performed industry-related engagements in all regions of the United States.

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