



# South Broadway Corridor Market Analysis

City of Cortez, Colorado  
March 2025



An aerial photograph of a residential neighborhood, showing houses, streets, and some commercial buildings. A white rectangular box is overlaid on the right side of the image, containing the table of contents.

# Contents

<b>01</b>	<b>Introduction</b>	<b>3</b>
<b>02</b>	<b>Study Area Context</b>	<b>5</b>
<b>03</b>	<b>Socio-Economic Analysis</b>	<b>14</b>
<b>04</b>	<b>Retail Market Conditions</b>	<b>28</b>
<b>05</b>	<b>Office Market Conditions</b>	<b>35</b>
<b>06</b>	<b>Housing Market Conditions</b>	<b>41</b>
<b>07</b>	<b>Expert Interviews</b>	<b>47</b>
<b>08</b>	<b>Conclusions &amp; Recommendations</b>	<b>51</b>

# Introduction



# Introduction

## Project Purpose

The City of Cortez, Colorado is undertaking a community planning process to create a vision for a one mile stretch of the Highway 491 corridor in southwest Cortez. The corridor serves as an important gateway into the City of Cortez. However, the existing mixture of uses is inhibiting the corridor's full potential, and a community-driven vision will help guide elected officials and other stakeholders to realize this potential.

Implementing a community vision requires both public and private investment. Public investment often serves as a catalyst for private investment by enhancing mobility, increasing access, establishing confidence, or generating a renewed sense of commitment. Private investment reacts to these changes and can either contribute to the fulfillment of a community vision or, when regulatory and market forces are not anticipated and understood, work against it. Understanding these forces is essential because private investment in a community plan often far exceeds public investment over the long term.

This market analysis is designed to help community stakeholders understand the potential for development along Highway 491 in southwest Cortez and the impact that new development may have on the viability of other commercial corridors and districts within Cortez. The analysis takes into consideration the differences between near-term (less than 10 years) and long-term (over 10 years) development potential.

## Approach

The approach of the market analysis includes an examination of the supply and demand forces that affect the types of development often found within gateway corridors, which include a mixture of commercial, institutional, residential, and recreational uses. The market forces examined include demographic trends, economic trends, development trends, availability of developable land, and the condition of real estate markets.

## Acknowledgements

*Funding for this work was provided by the Colorado Department of Public Health and Environment*

*(CDPHE) through its Statewide Brownfield Assessment Grant 4B95821202 awarded by the US Environmental Protection Agency (EPA). Disclaimer: Although this project has been funded wholly or in part by the EPA, the contents of this document do not necessarily reflect the views and policies of the EPA.*



MOTEL

Tomhawk

# Study Area Context

728



NEW! FREE  
WIFI

WAGANON

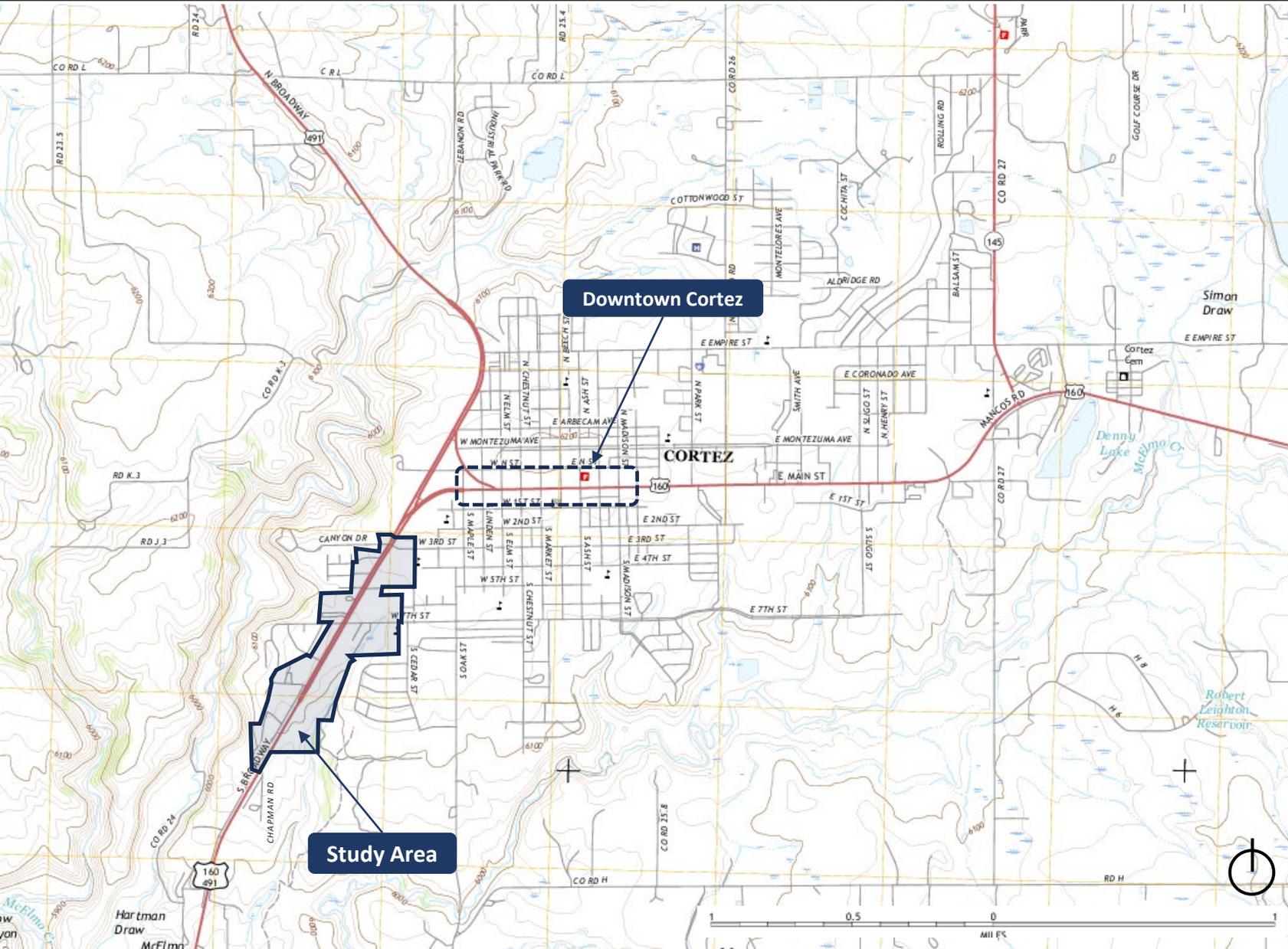


# Study Area Context | Overview

Strong site factors are an essential foundation to real estate development success. An understanding of these factors can help to optimize the long-term development vision for the study area. This chapter identifies the study area's key regional, local, and site-specific characteristics as they relate to the potential for development of profitable and enduring uses.



# Study Area Context | City Location

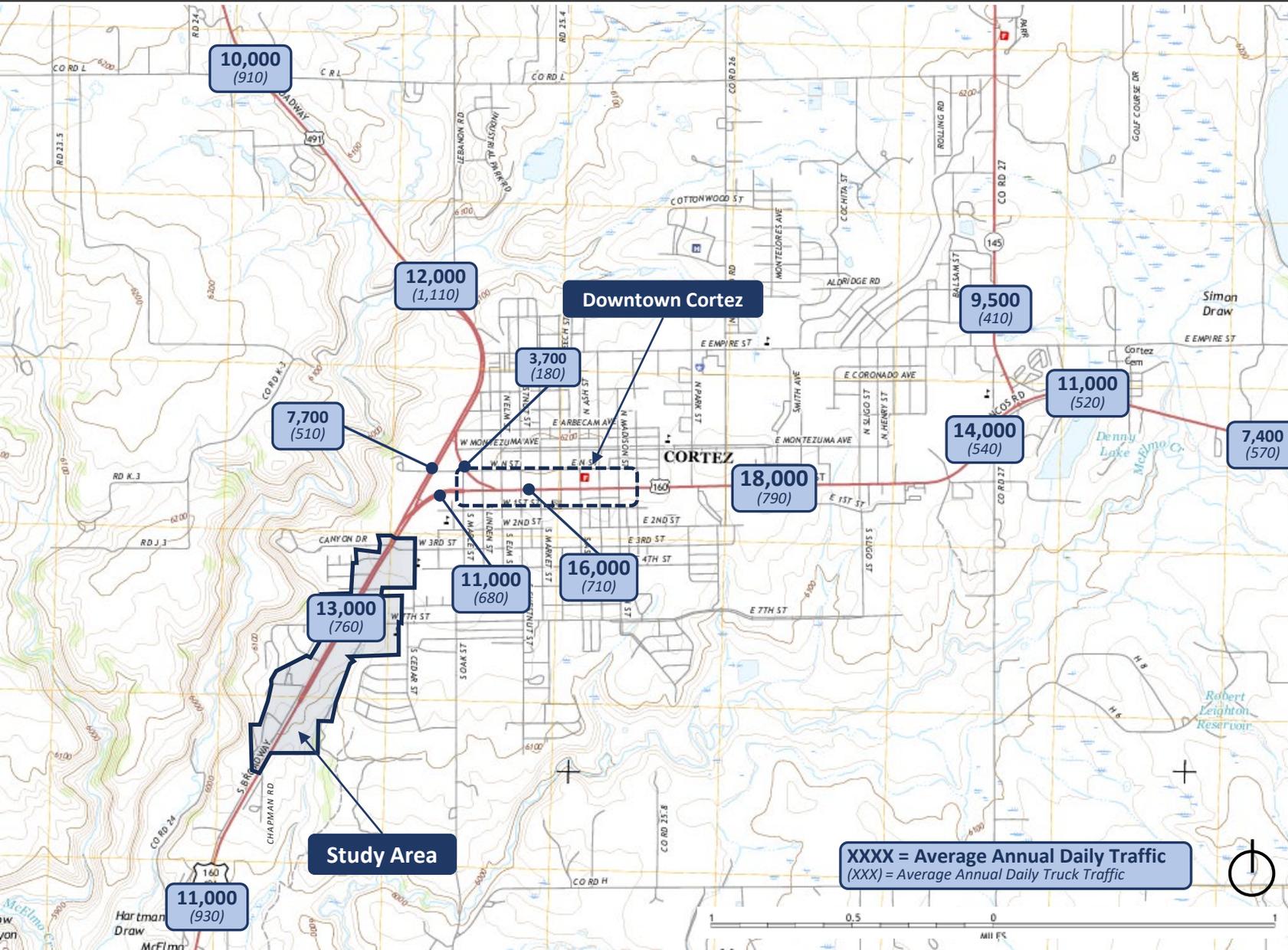


**The study area is one of the primary gateways into and out of Cortez.**

The study area is a one-mile corridor along South Broadway (US-160/491) extending from West 3<sup>rd</sup> Street/ Canyon Drive on the north to Chapman Road on the south. It is situated in southwest Cortez less than one-mile from Cortez's central business district along Main Street.

The study area is also impacted by topography unlike the other gateways into Cortez from the north and east. Ravines created by McElmo Creek and its tributaries are located immediately west, south, and east of the study area, which inhibits development expanding outward from the corridor.

# Study Area Context | Accessibility and Visibility



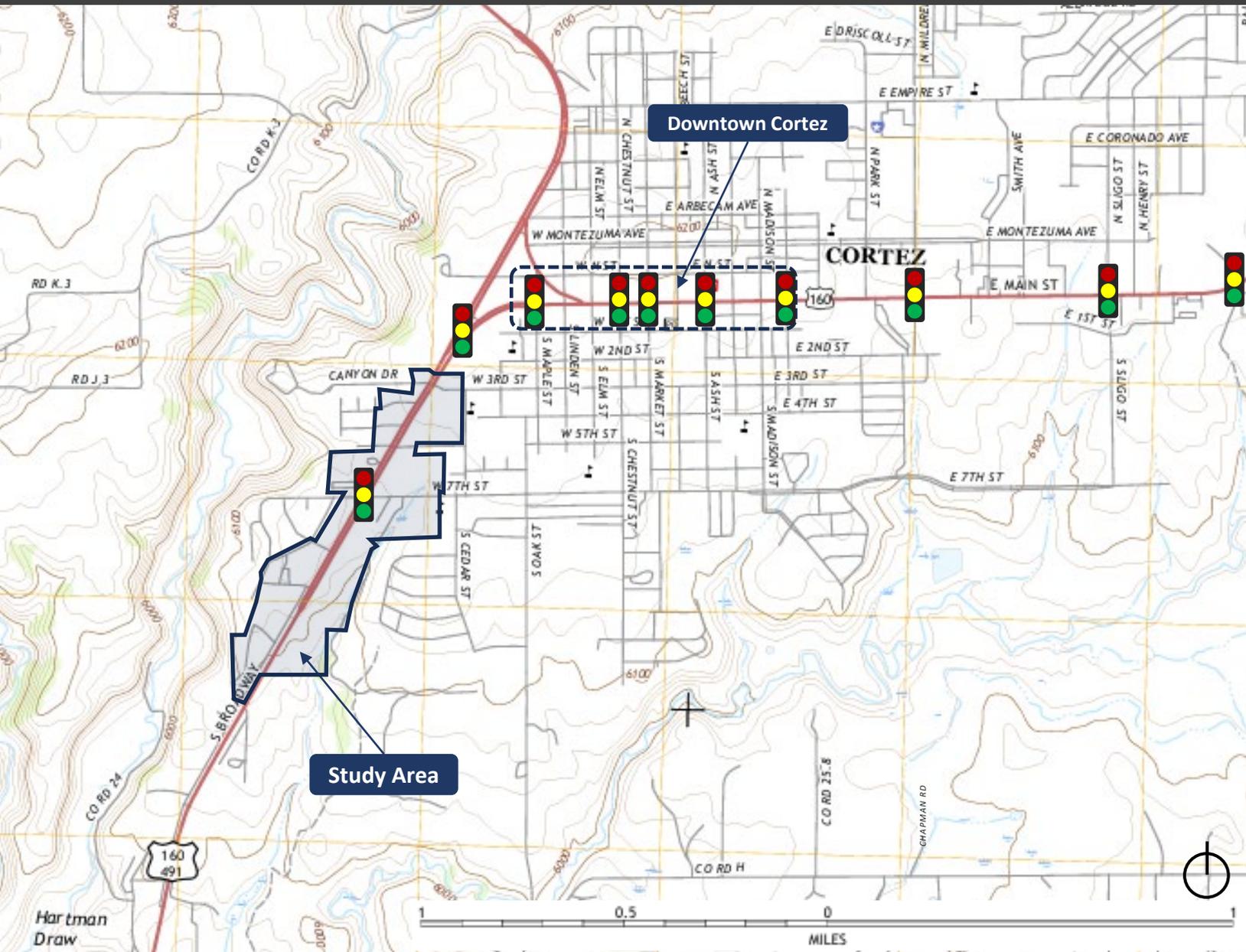
**Traffic volumes for both cars and trucks are high in the study area.**

There are approximately 13,000 vehicles per day that travel along South Broadway, making it one of the heaviest traveled roadways in Cortez for both cars and trucks. In particular, truck traffic is 40% higher in the study area than along the gateway roads in eastern Cortez.

This volume of traffic along South Broadway means a variety of commercial uses dependent on high visibility and accessibility can be supported. However, without strong placemaking components, such as attractive lighting, street trees, and safe multi-modal options, commercial opportunities may be missed.

**Source:** Colorado Department of Transportation  
 (XXX) = Truck counts; includes both single-unit and combination trucks.  
 All traffic data from 2023.

# Study Area Context | Accessibility and Visibility



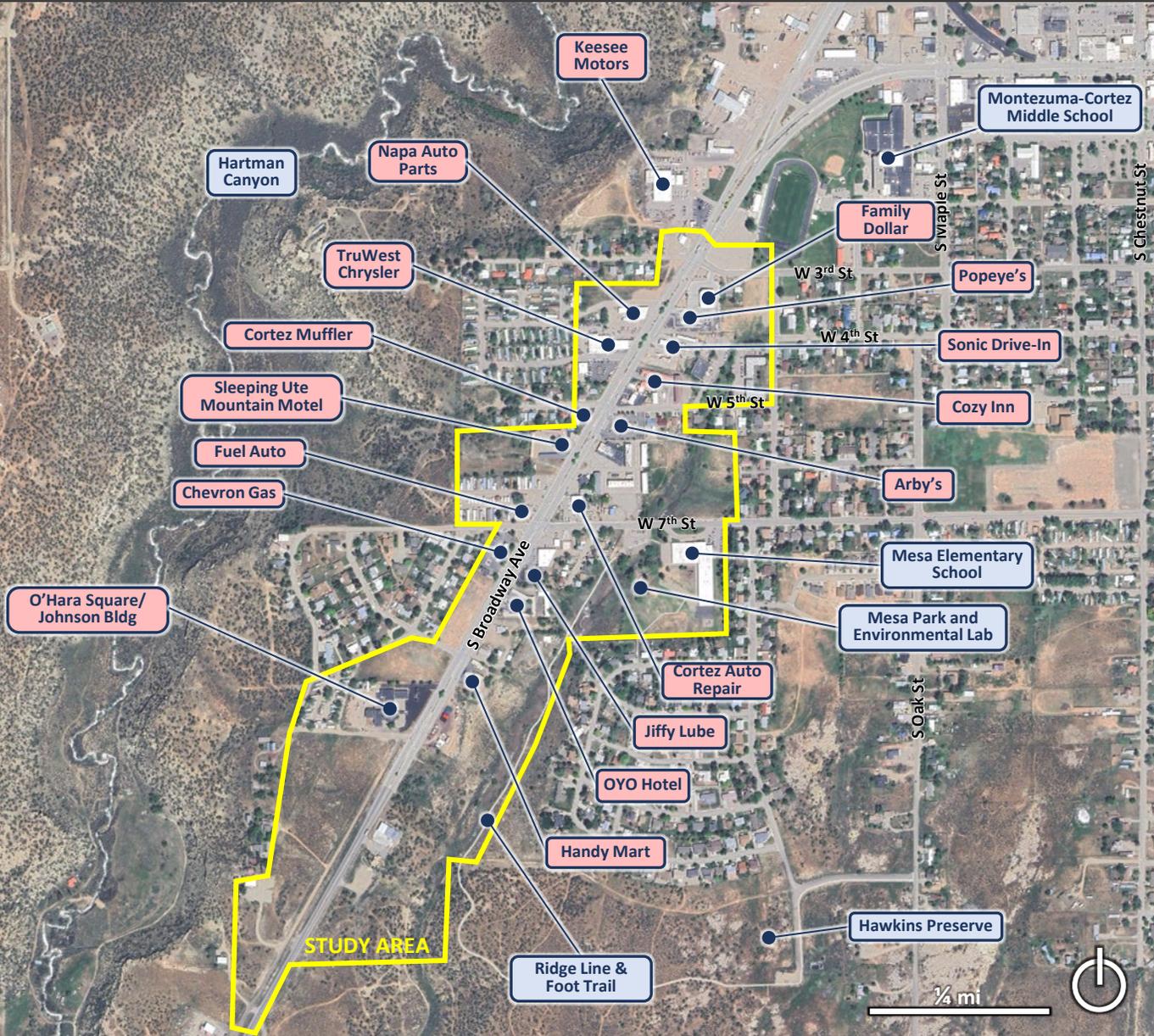
**Traffic control in the study area is minimal with only one signalized intersection at West 7th Street.**

Although South Broadway has medians with dedicated left turn lanes, crossing or tuning onto South Broadway can be very difficult for motorists and especially pedestrians and bicyclists because of the limited number of signalized intersections.

In comparison, Main Street from Maple Street to Harrison Street has five signalized intersections, which is a shorter distance than the study area corridor.

Commercial development is often drawn to areas with maximum accessibility and visibility. Therefore, improving accessibility to and along South Broadway combined with slower speeds, which increase visibility of businesses, could help support a wider variety business types.

# Study Area Context | Existing Land Uses



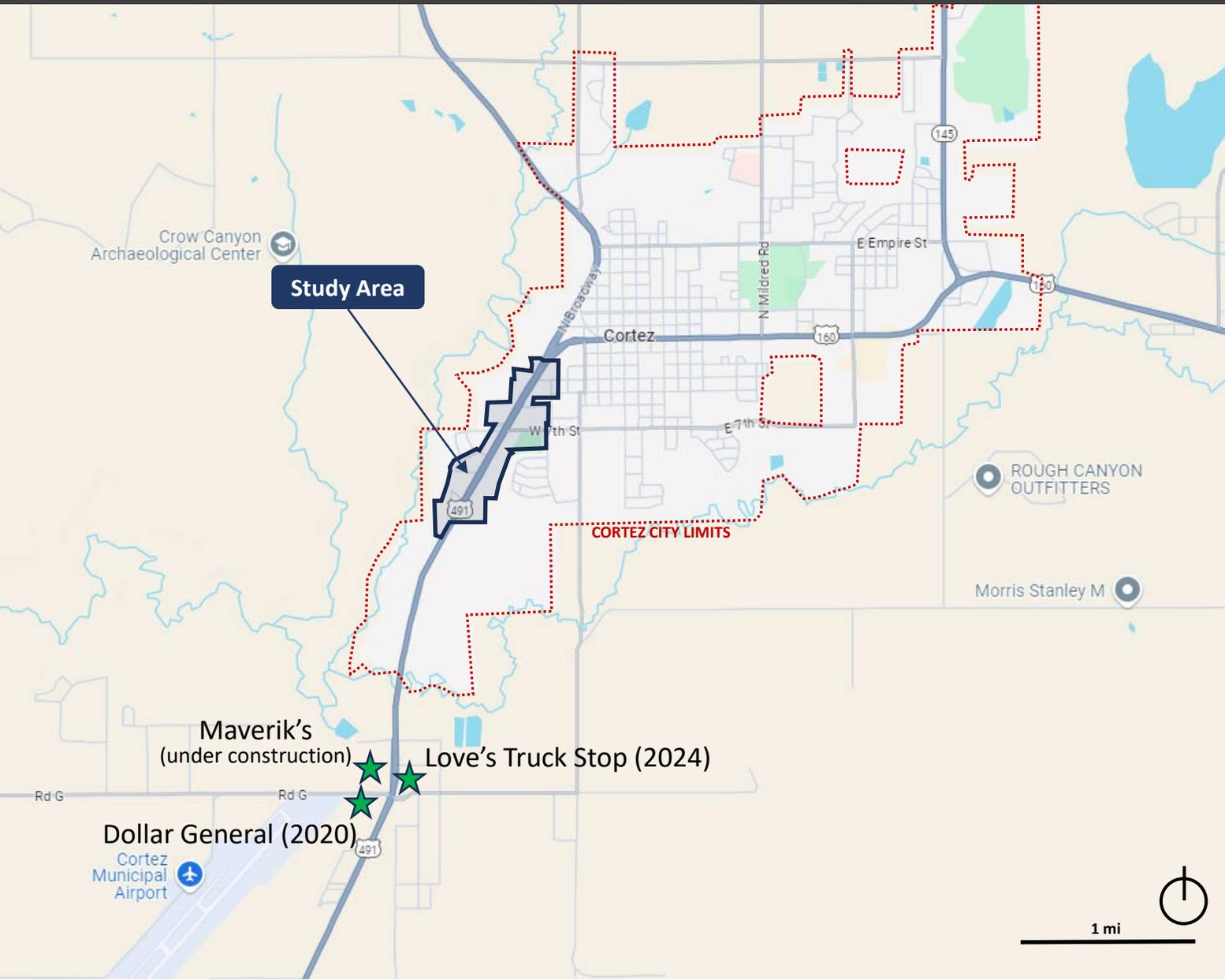
**The study area is dominated by commercial highway uses, such as fast-food restaurants, roadside motels, automobile dealerships, and other auto-oriented businesses.**

The highway uses along the corridor reinforce a “pass through” culture where patrons stop for brief periods of time and rarely visit other businesses during the same visit to the corridor. This is further emphasized by the lack of an anchor use or business.

The neighborhoods immediately adjacent to the corridor consist primarily of residential uses, including detached single-family housing, mobile home parks, and multifamily housing. Most of the housing is modest in size and generally between 30 and 50 years of age.

There are several public spaces close to the corridor that provide important services and amenities to area residents. These are the Montezuma-Cortez Middle School, Mesa Elementary School, Mesa Park and Environmental Lab, and the Hawkins Preserve.

# Study Area Context | Regional Context

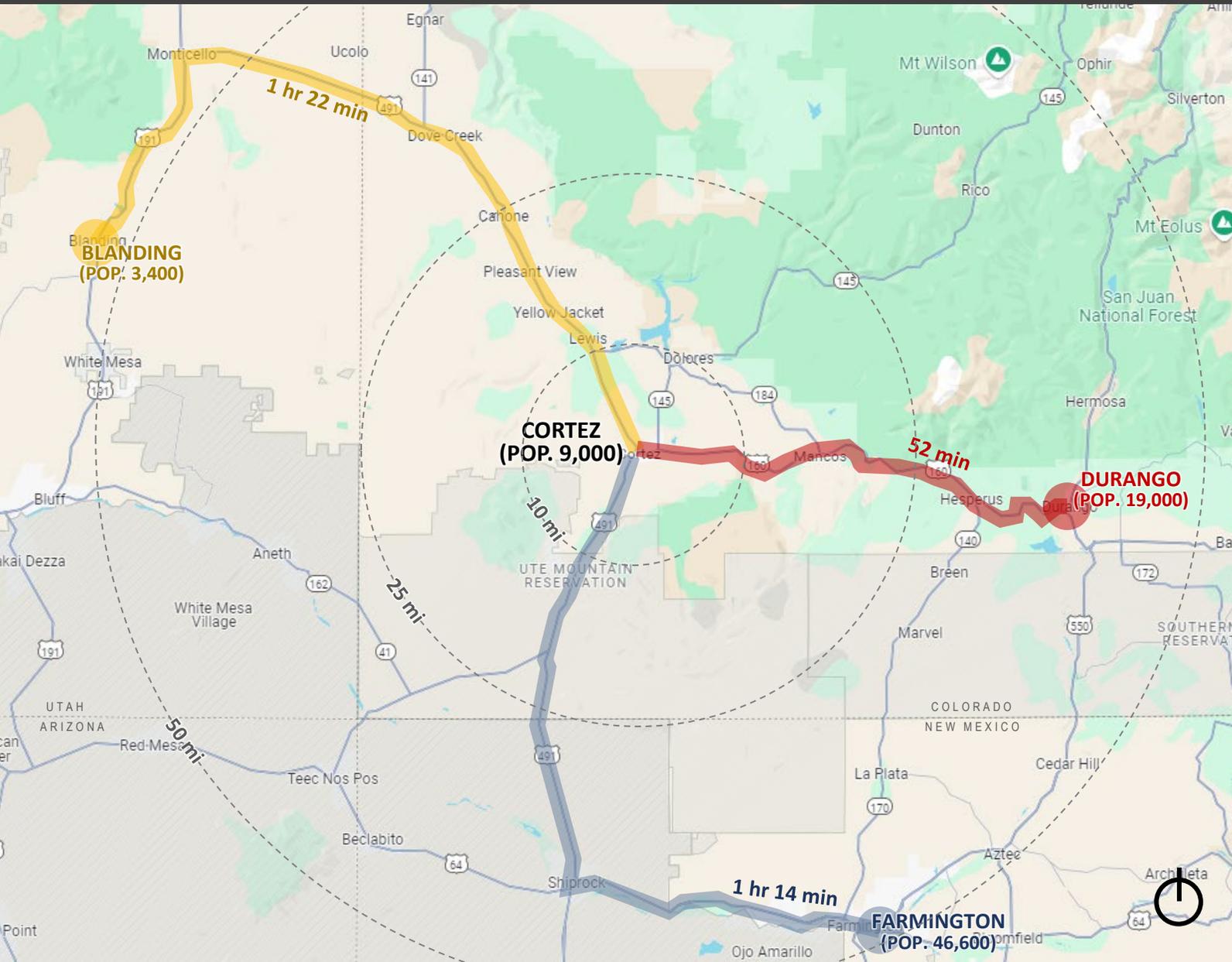


**A little over a mile south of the study area is the intersection of Highway 491 and Road G, which is experiencing new development.**

This new development consists of a General Dollar store built in 2020, a Love's Truck Stop built in 2024, which replaced the former M&M Truck Stop, and a Maverik's Truck Stop, which is under construction. Although the truck stops primarily serve long haul truckers and tourists visiting the Four Corners area, they do generate traffic along Highway 491. Because the study area is only about a mile north of this intersection, the potential to attract customers of these businesses to the study area is high.

It should also be noted that about 10 miles further south of the study area along Highway 491 is the Ute Mountain Casino Hotel. It is the largest hotel in the Cortez area with significant amenities and conference space. This is another destination that would potentially complement businesses in the study area.

# Study Area Context | Regional Context



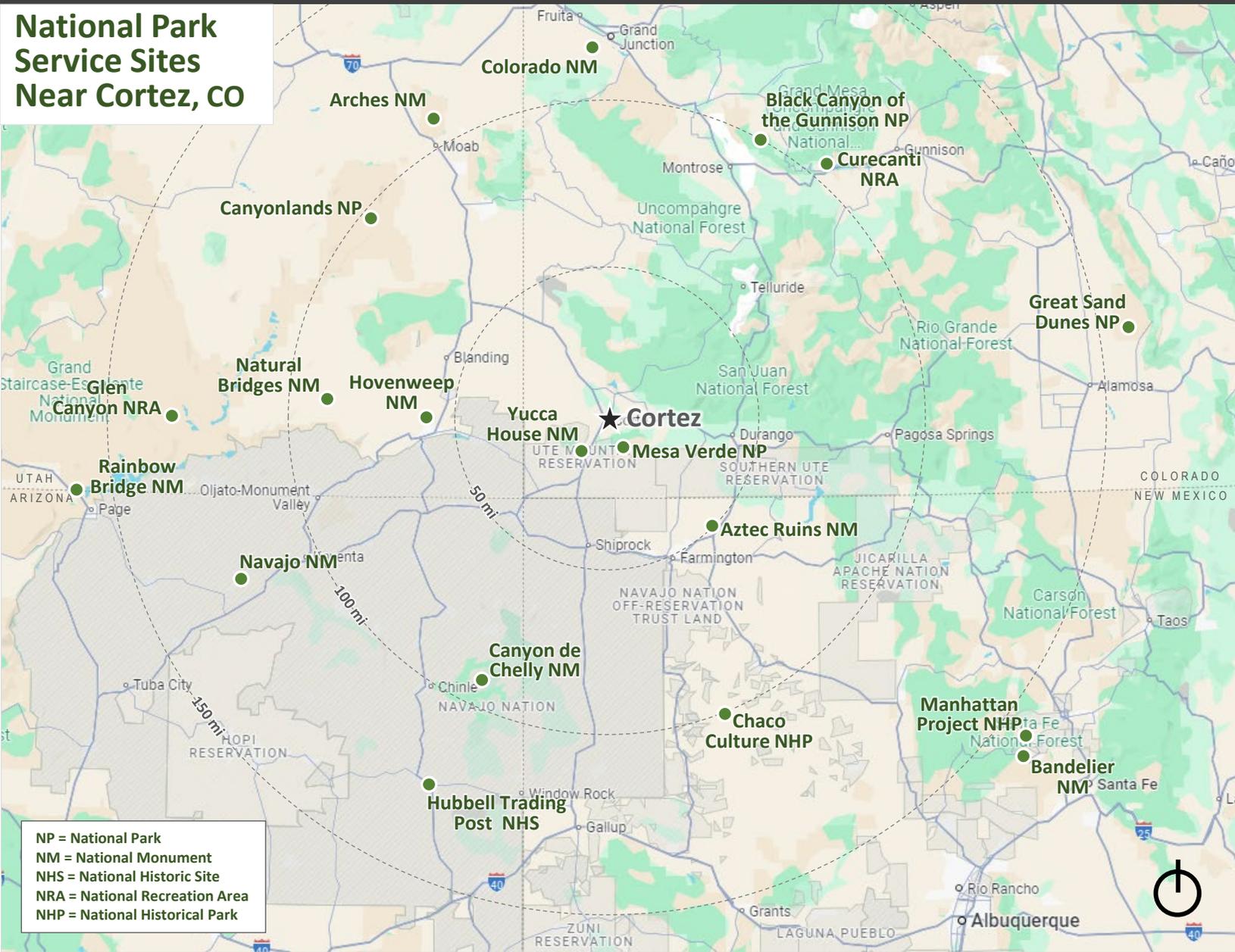
**Cortez is the county seat of Montezuma County and the economic and cultural center of the Four Corners area.**

With a population of around 9,000, Cortez is the primary center for retail goods and services for an area that includes Montezuma and Dolores counties in Colorado as well as areas in southeastern Utah, northeastern Arizona, and northwestern New Mexico.

The nearest cities that compete with Cortez as a destination for goods and services are Durango, which is about a 50-minute drive east of Cortez, and Farmington, which is about a 75-minute drive southeast of Cortez.

# Study Area Context | Regional Context

## National Park Service Sites Near Cortez, CO

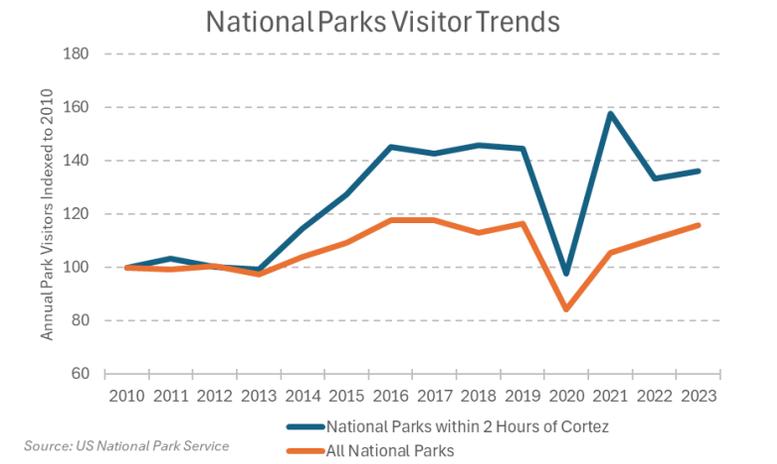


NP = National Park  
 NM = National Monument  
 NHS = National Historic Site  
 NRA = National Recreation Area  
 NHP = National Historical Park

**Cortez is at the center of a significant concentration of national parks and related attractions.**

There are 19 national park service sites within 150 miles of Cortez. As one of the largest communities in this vicinity, Cortez is a convenient location for lodging, dining, and other travel related needs. Moreover, park sites in the area have experienced strong visitor growth before and after the pandemic.

In addition to national park facilities, there is also a plethora of other outdoor attractions including numerous trail systems and points of interest, such as the Four Corners monument that bring people to Cortez.



# Socio-Economic Analysis

MOTEL

Tomhawk

7  
2  
8

NEW HET WANS  
FREE HET WANS  
NEW HET WANS

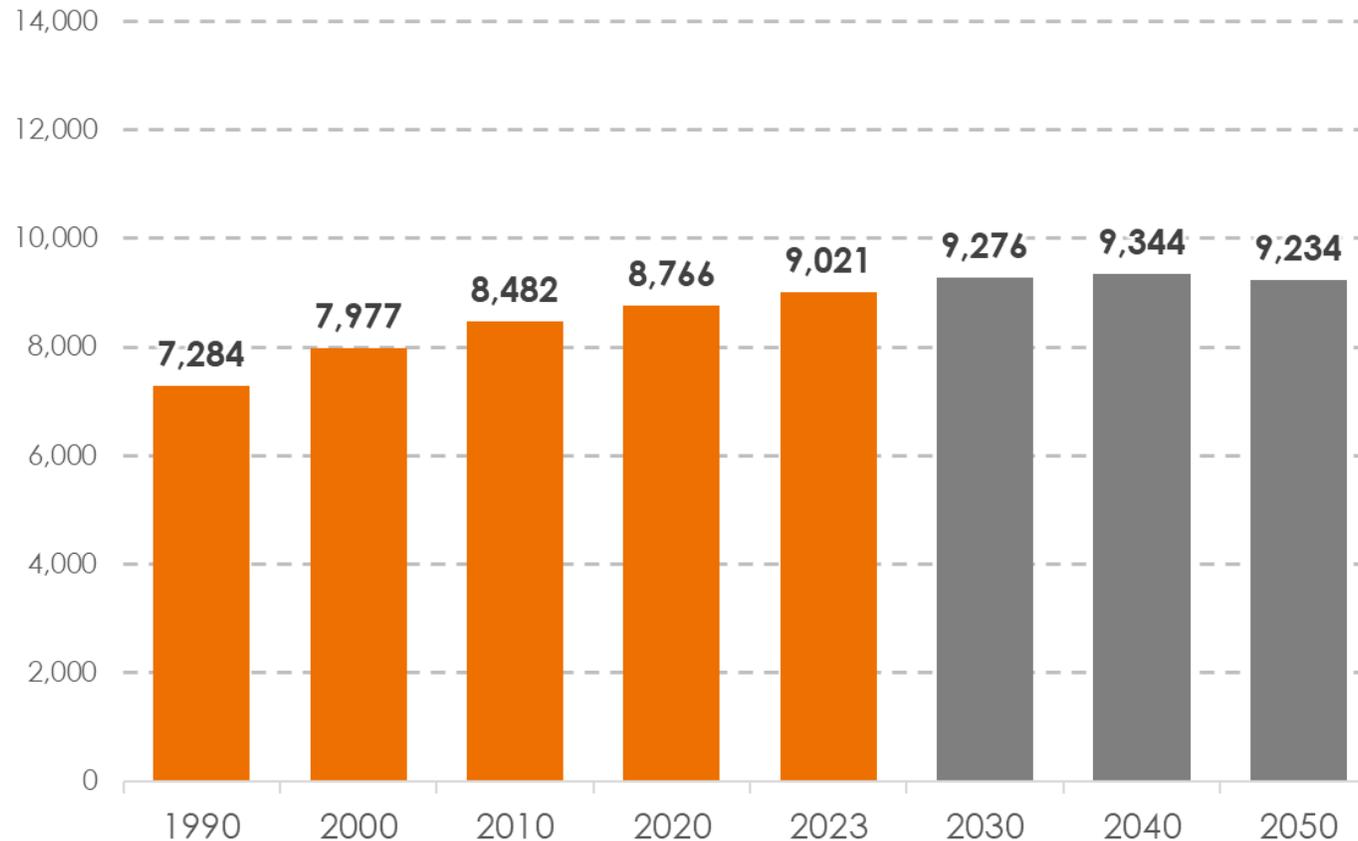
WAGANON

WAGANON



Long-term changes in demographic and economic trends can signal ways in which markets will likely respond to future demand for retail and entertainment uses. This section examines data between the City of Cortez and long-term demographic and economic trends at both the regional and national levels.

## Cortez Population Trends 1990-2050

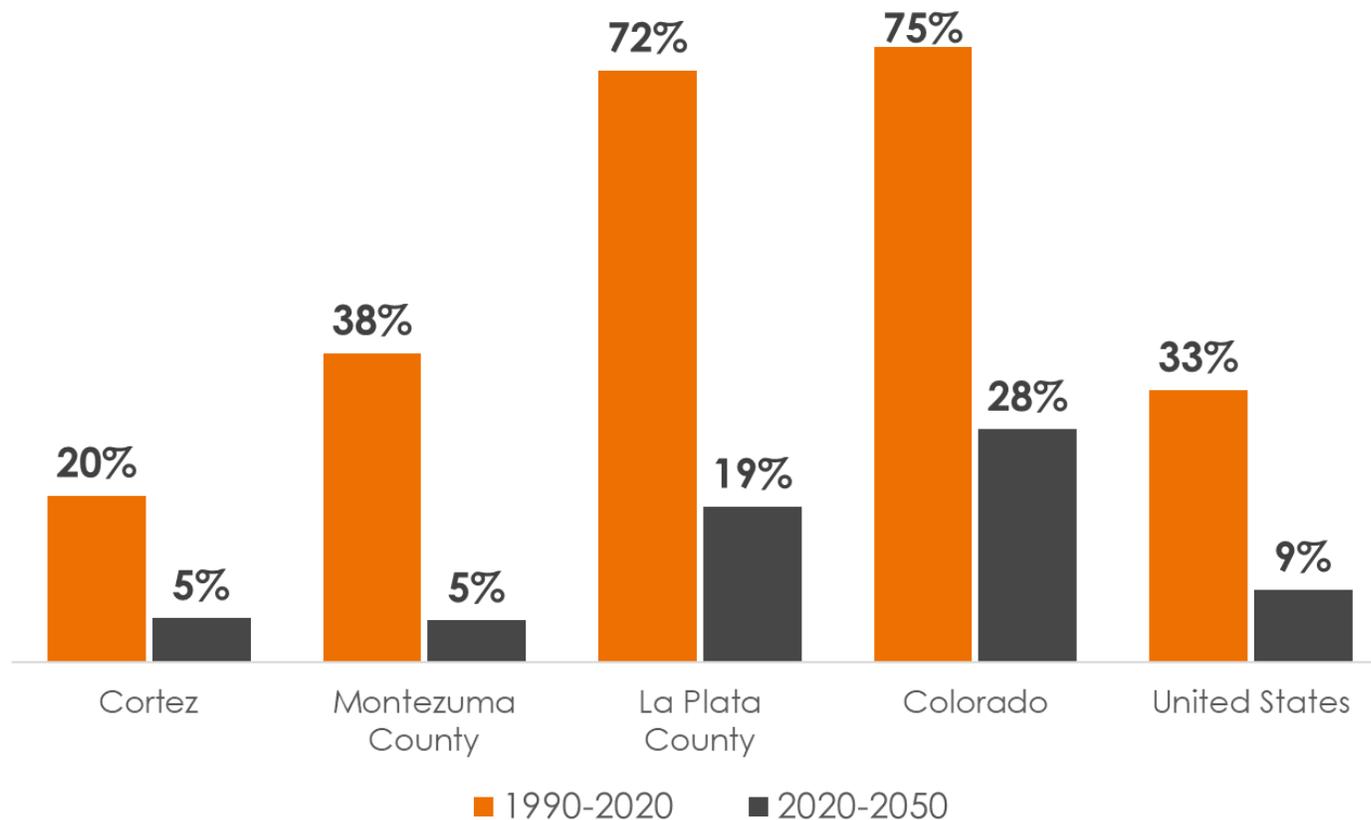


**Cortez's population growth is forecasted to slow down and eventually stabilize by 2050.**

The City of Cortez grew by nearly 1,500 people (20%) between 1990 and 2020. According to the Colorado State Demography Office, Cortez is forecast to grow by another 470 people (5%) from 2020 to 2050.

Continued population growth within the City will increase the size of the local market and increase demand for additional goods and services. However, if the growth rate slows down as forecasted, the rate of future development will likely slow down as well.

## Population Growth Rates 1990-2050



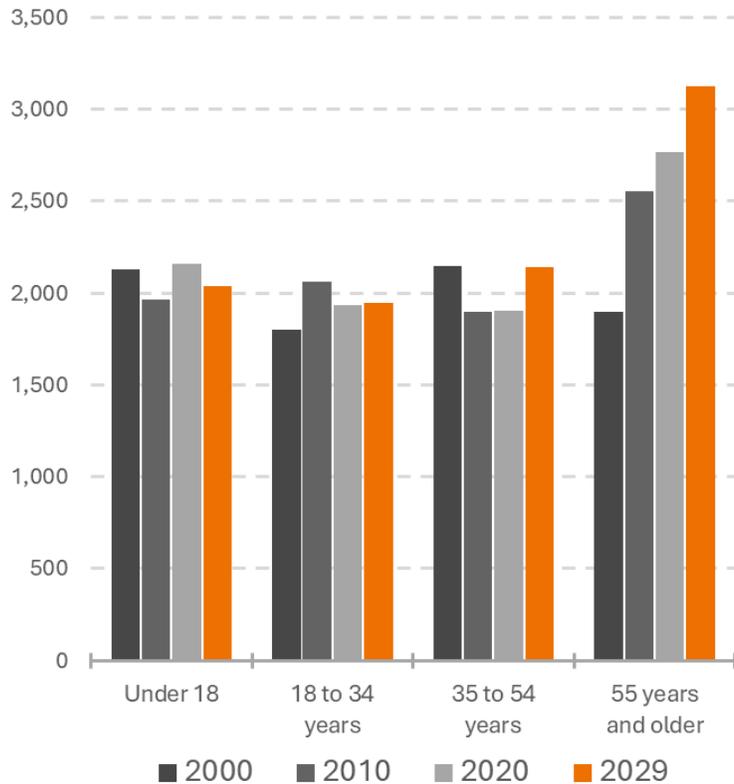
**Both Cortez's and Montezuma County's forecasted population growth rate through 2050 (5%) are well below La Plata County's (19%) and Colorado's (28%) forecasted growth rates; yet they are more in line with the national forecasted growth rate (9%).**

Population growth from 1990 to 2020 was strong in most jurisdictions. Due to an aging population, declining birthrates, and a slowdown in immigration, population growth from 2020 to 2050 is expected to be much lower across all jurisdictions compared to the past 30 years.

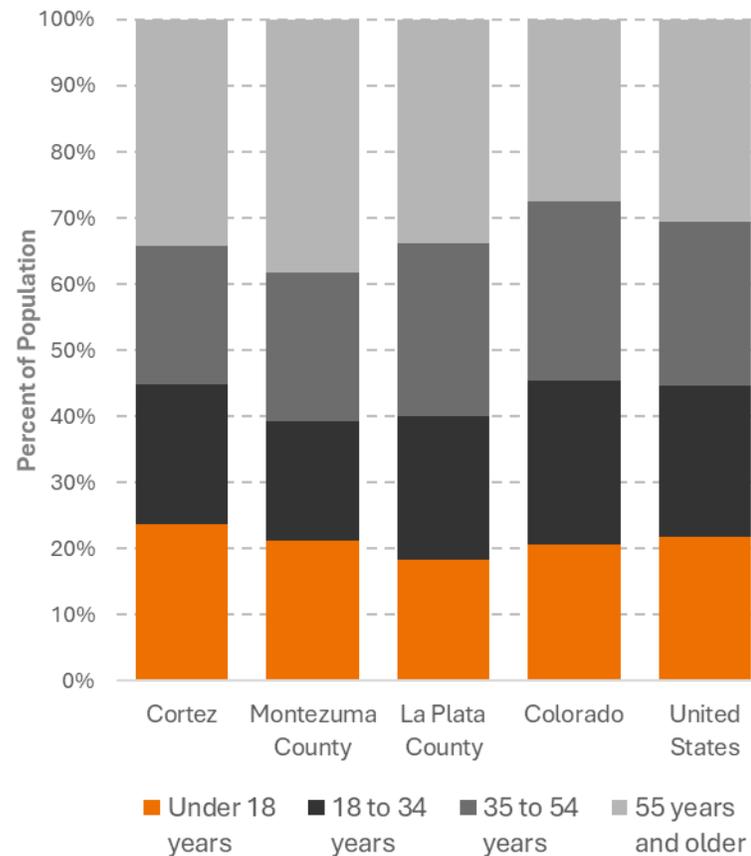
A significant slowdown in population growth will translate to less demand for new housing and commercial space compared to the recent past. However, it does not mean that demand will cease altogether or decline. There will still be demand for new development that will not only come from modest growth but also the need to replace aging/obsolete properties in order to meet ever changing consumer needs.

# Socio-Economic Analysis | Age Distribution

## Cortez Age Distribution 2000-2029



## Age Distribution 2023



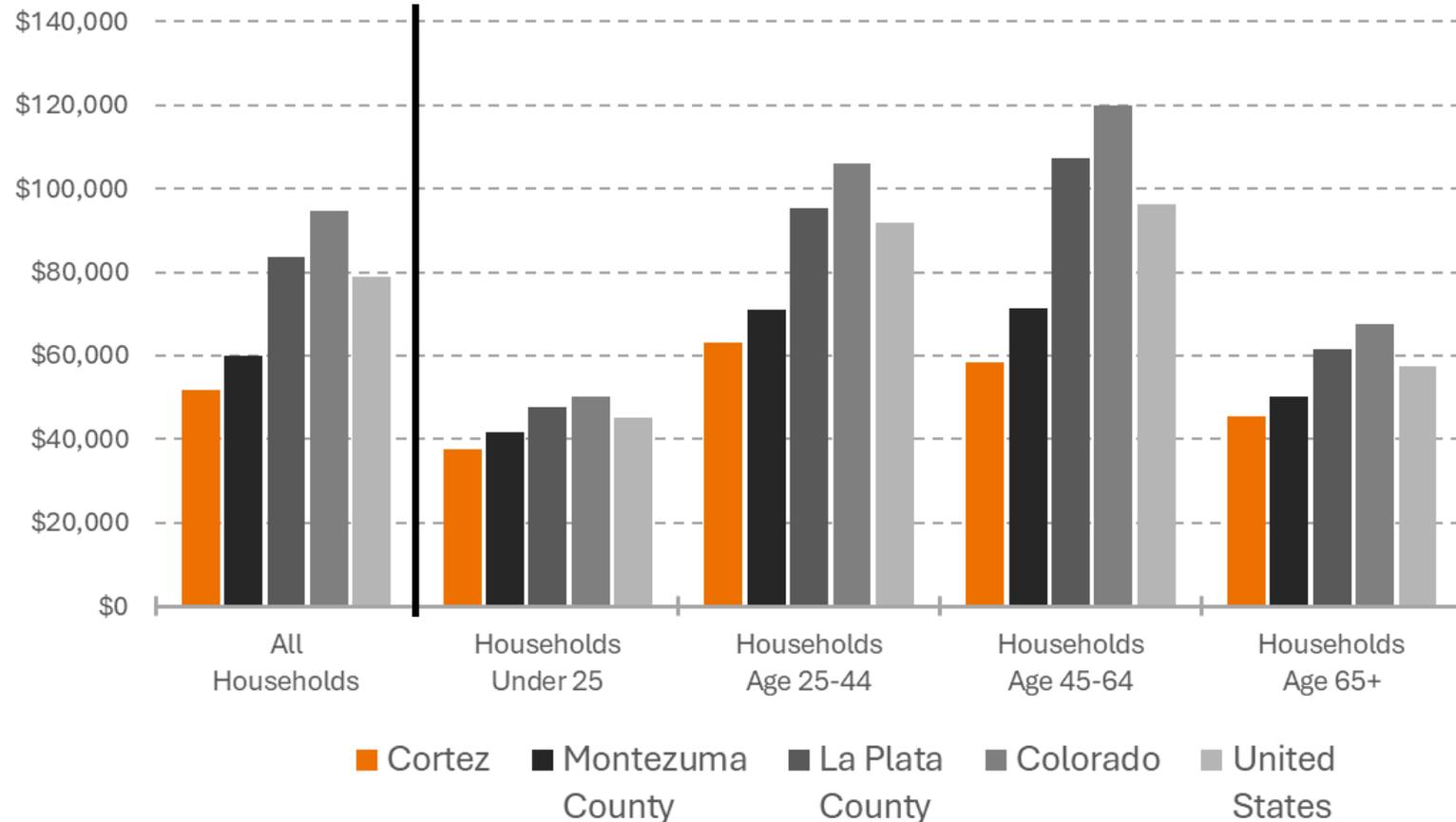
**The number of older adults in Cortez has been growing rapidly since 2000.**

Between 2000 and 2023, persons aged 55 and older accounted for all of Cortez’s population growth. This age group accounted for 24% of Cortez’s population in 2000, but by 2023 it accounted for 34% of the population. This growth was due to a combination of older adults moving to Cortez as well as existing residents aging into this category.

Although this shift to an older population is an important dynamic, it is not unique to Cortez. Across Colorado and the nation, the 55 and older age group has also become the largest numerical age group by 2023.

Source(s): US Census; Esri Business Analyst

## Median Household Income 2024



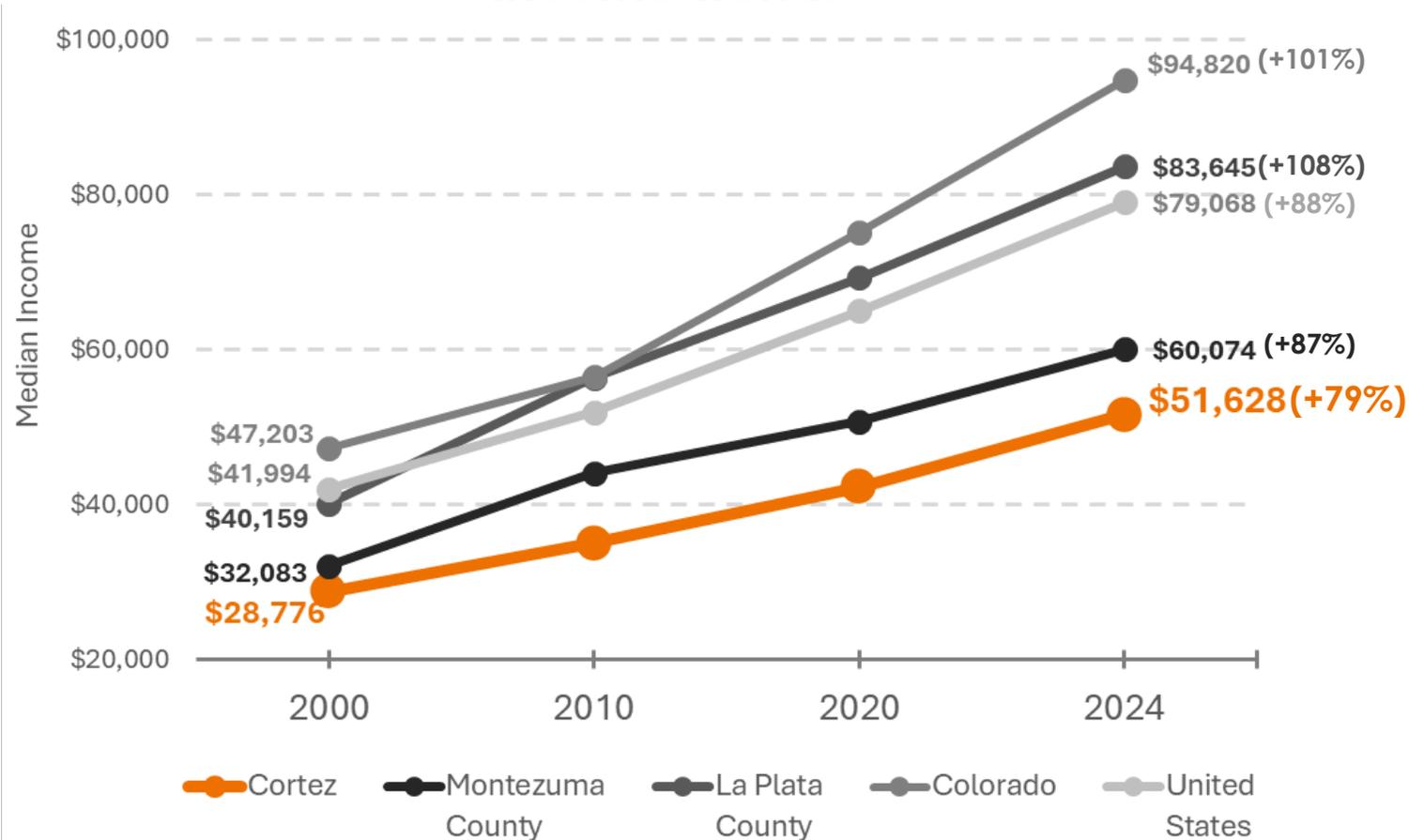
**The median household incomes in Cortez (\$51,600) and Montezuma County (\$60,000) are substantially below La Plata County (\$83,600), Colorado (\$94,800), and the nation (\$79,100).**

The gap incomes between Cortez and the comparison geographies exists across all age groups. For the youngest and oldest households (those under 25 or over 65), the gap is not as pronounced. However, these are the age groups that tend to have the lowest incomes as well.

The income gaps between Cortez and elsewhere are most acute among households that are in their prime working years. This is also indicative of the lack of higher paying jobs in Cortez and Montezuma County compared to La Plata County or Colorado.

# Socio-Economic Analysis | Household Income

## Median Household Income Trends

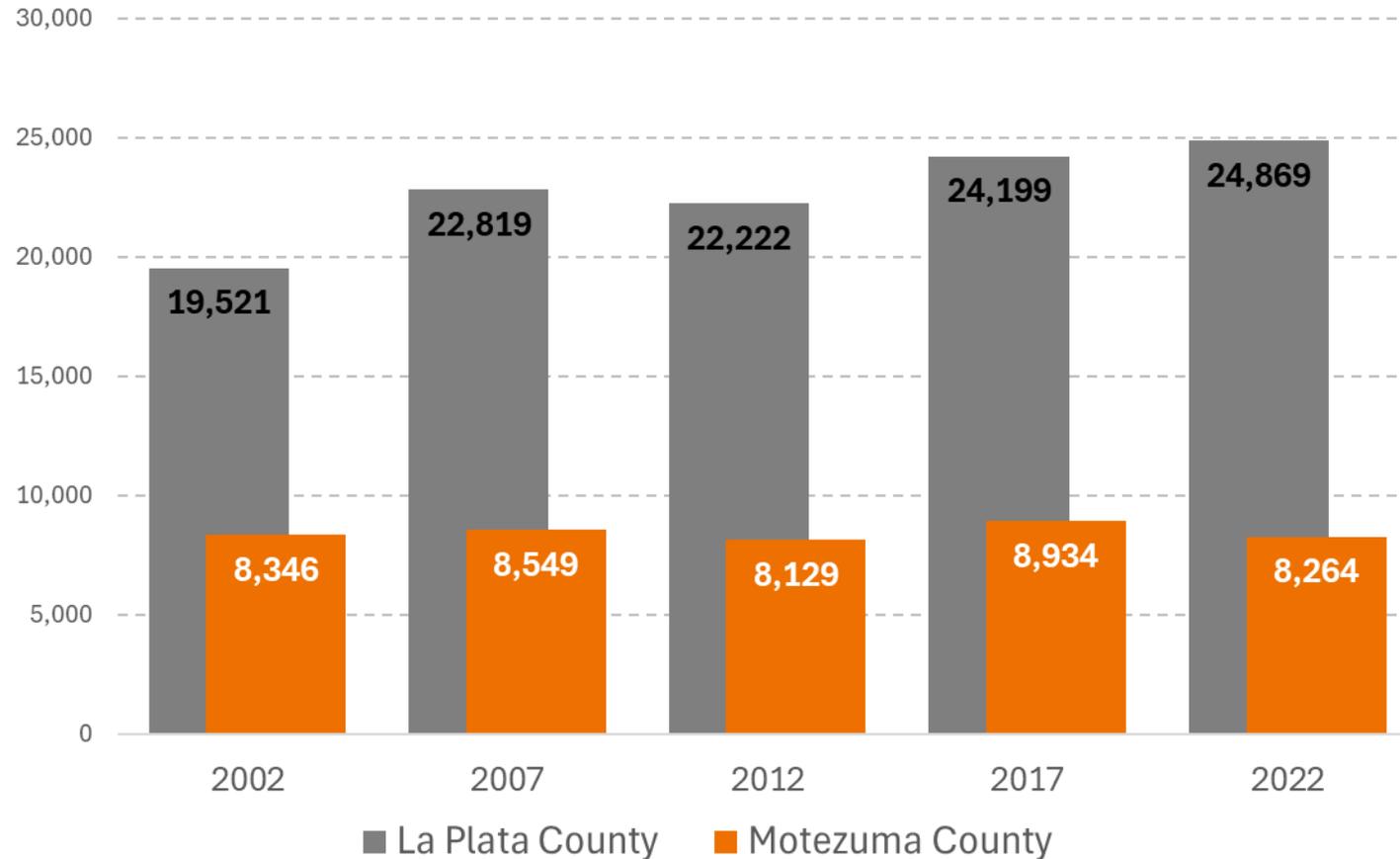


**The median household incomes for Cortez and Montezuma County have been rising at a slower rate than for La Plata County, Colorado, and the nation.**

Between 2000 and 2024 the median household income in Cortez increased 79%. This was 29 percentage points lower than La Plata County's increase (108%), 22 percentage points lower than Colorado's increase (101%), and 8 percentage points lower than the national increase (88%).

With incomes rising at a rate slower than surrounding areas, the state, and nation, this suggests decreased disposable income and resultant economic activity in Cortez and Montezuma County.

## Total Jobs 2002-2022

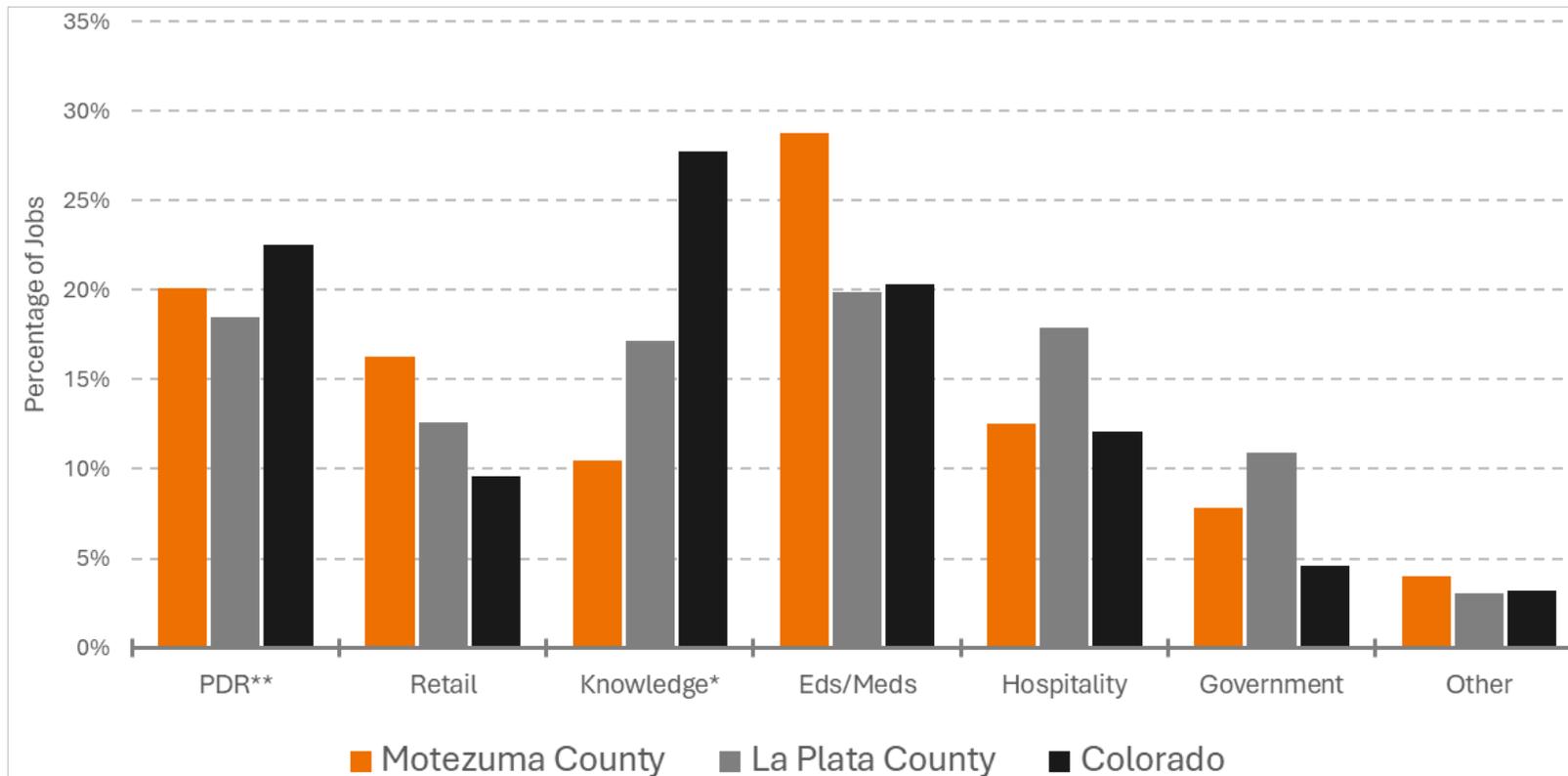


**The total number of jobs in Montezuma County has remained relatively flat (-82 jobs or -1%) since 2002 despite periods of growth.**

In contrast, neighboring La Plata County added 5,348 jobs (+27%) between 2002 and 2022. This growth occurred despite a decline of nearly 600 jobs (-2.6%) during the Great Recession from 2007 to 2012.

Montezuma County's largest period of decline was between 2017 and 2022, when it lost 670 jobs (-7.4%). La Plata County during this 5-year period gained 670 jobs (+2.8%).

## Distribution of Jobs by Industry 2022



**Healthcare and education jobs (Eds/Meds) account for nearly 30% of all jobs in Montezuma County.**

This is common in local economies that don't have a strong base of jobs that "export" their outputs, such as manufacturing (i.e., PDR) or knowledge-based (e.g., Information, Finance, etc.) jobs.

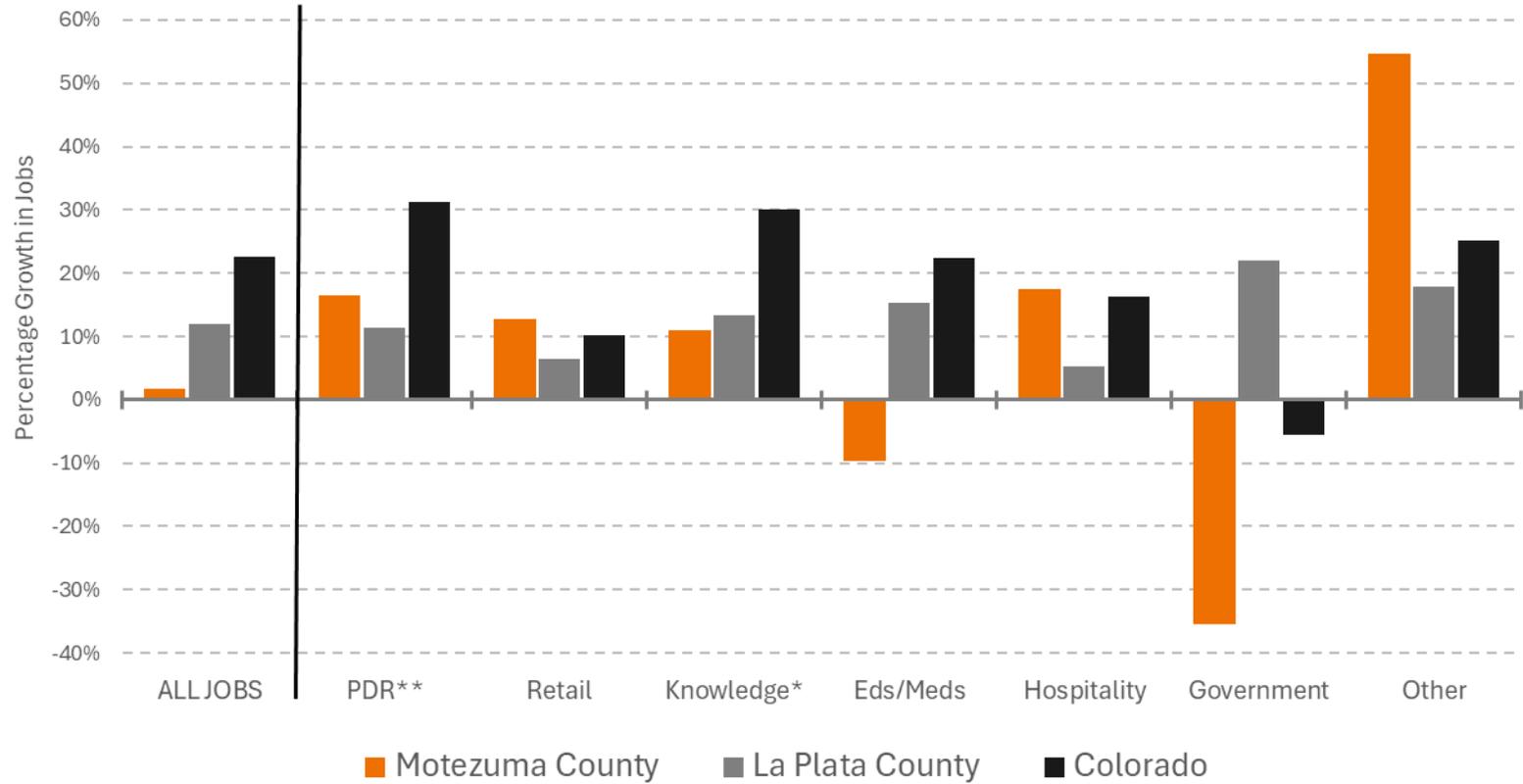
Montezuma County also has a high proportion of retail jobs (16%) relative to La Plata County and Colorado. This is because Montezuma County (and Cortez) serve as a retail hub for neighboring counties to the north, west, and south. Although Montezuma County does not have a higher percentage of hospitality than La Plata County, it is still a significant percentage because Colorado, as a state, attracts a high number of tourists relative to most other states.

Source(s): US Census, Longitudinal Employer-Household Dataset (LEHD)

\*\* PDR = Production, Distribution, and Repair industry sectors (e.g., Ag., Mfg., Const., Trans., Util., etc.)

\* Knowledge = Consists of "knowledge-based" industry sectors (e.g., Info., Fin., Prof. Svcs., etc.)

## Job Growth by Industry 2012-2022



**Since 2012, Hospitality and PDR jobs have been the strongest performing sectors in Montezuma County, increasing by 18% and 17%, respectively.**

Although jobs that fall into the Other category have substantially outpaced Hospitality and PDR job growth since 2012, its overall small size only translates to a small number of jobs.

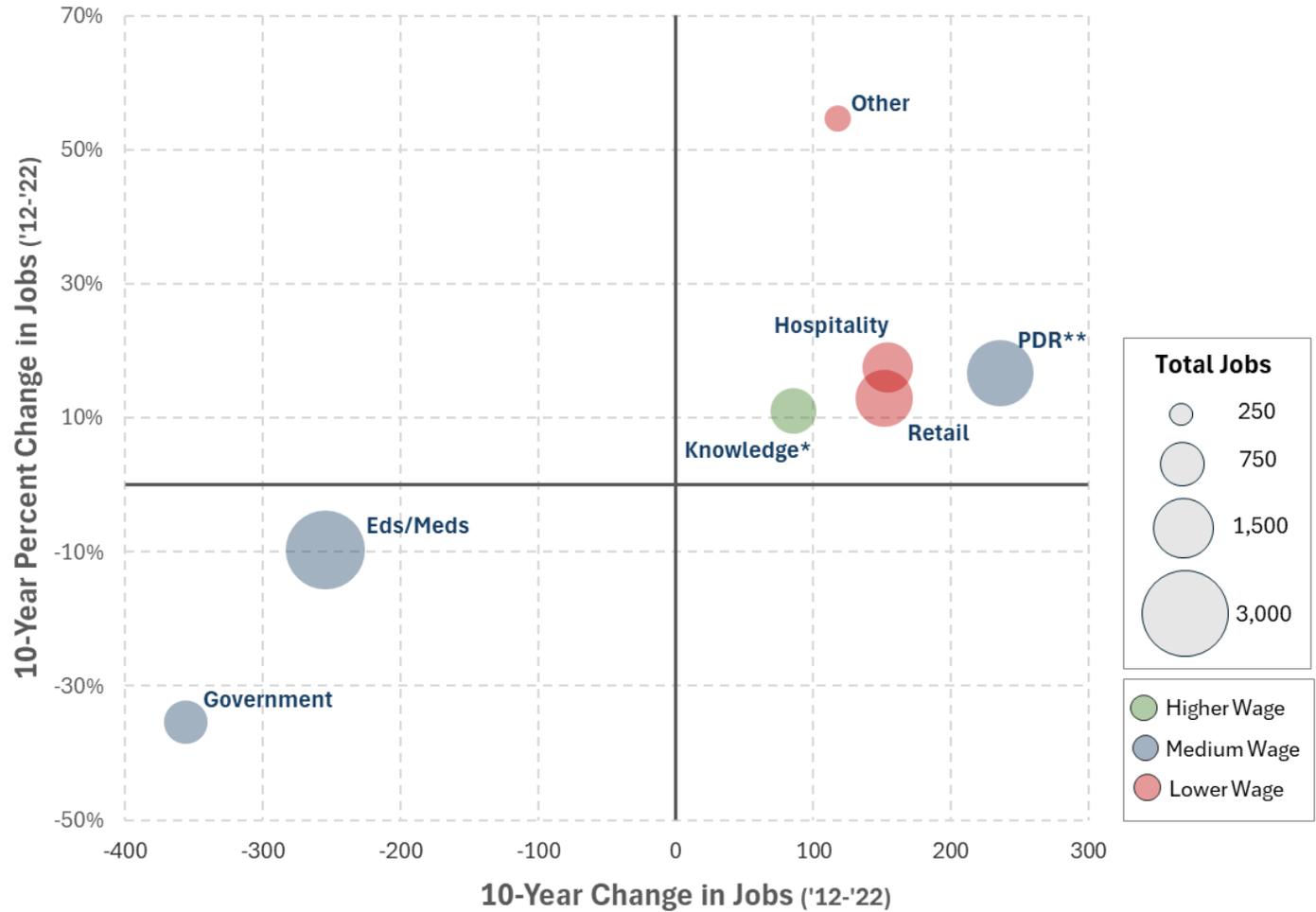
As Montezuma County's largest job sector, the nearly 10% drop in Eds/Meds jobs helps explain the overall flat rate of job growth in the county.

Source(s): US Census, Longitudinal Employer-Household Dataset (LEHD)  
 \*\* PDR = Production, Distribution, and Repair industry sectors (e.g., Ag., Mfg., Const., Trans., Util., etc.)  
 \* Knowledge = Consists of "knowledge-based" industry sectors (e.g., Info., Fin., Prof. Svcs., etc.)

# Socio-Economic Analysis | Employment Growth Trends

## Montezuma County

### Change in Jobs by Industry Sector 2012-2022



The graph to the left helps visualize how the loss of Eds/Meds and Government since 2012 has counter-balanced the growth in other job sectors.

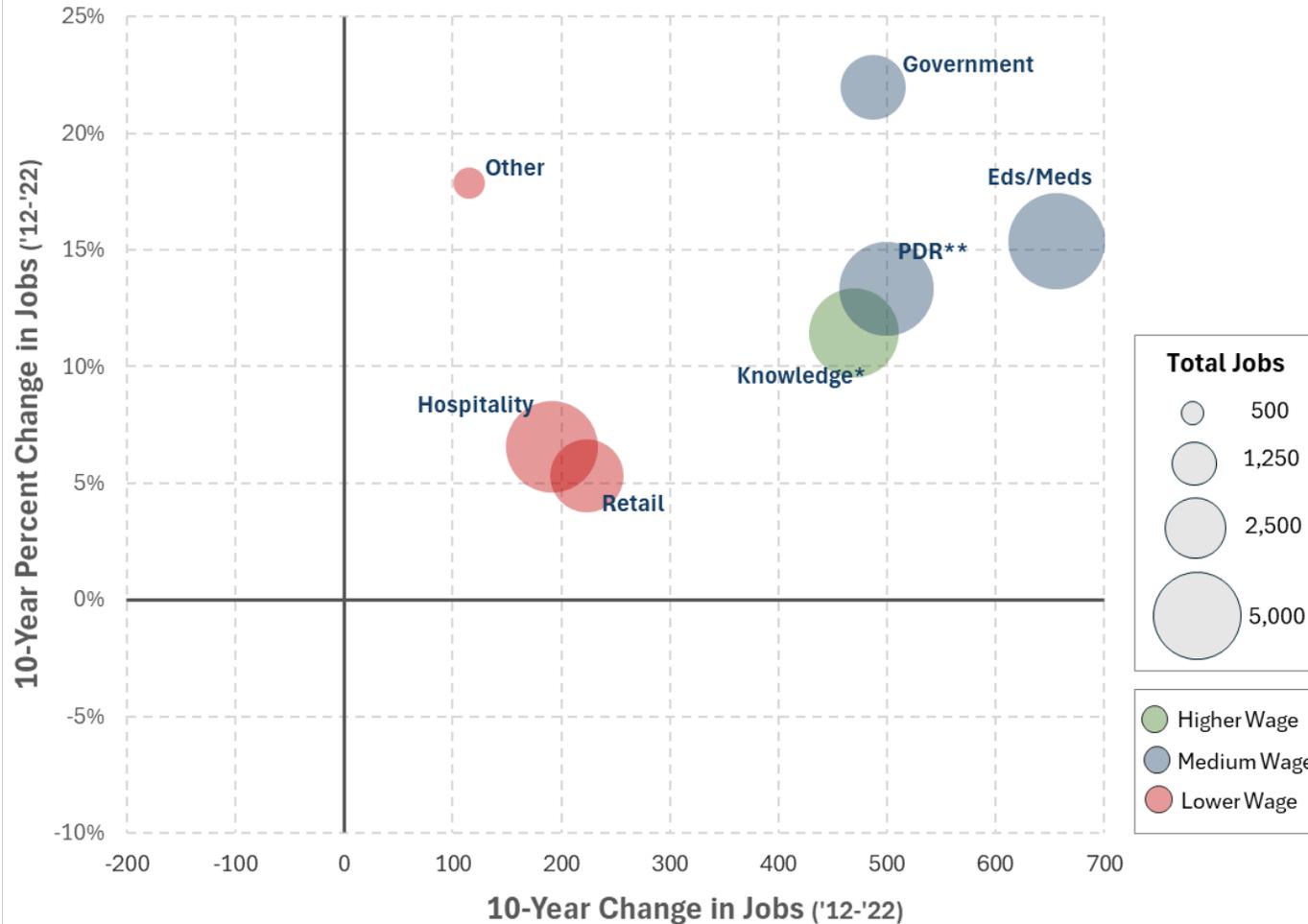
The graph also depicts which sectors tend to be dominated by lower, medium, or higher-wage jobs. This provides some insight into the trends related to the spending power of Montezuma County households.

Source(s): US Census, Longitudinal Employer-Household Dataset (LEHD)  
 \*\* PDR = Production, Distribution, and Repair industry sectors (e.g., Ag., Mfg., Const., Trans., Util., etc.)  
 \* Knowledge = Consists of "knowledge-based" industry sectors (e.g., Info., Fin., Prof. Svcs., etc.)

# Socio-Economic Analysis | Employment Growth Trends

## La Plata County

### Change in Jobs by Industry Sector 2012-2022

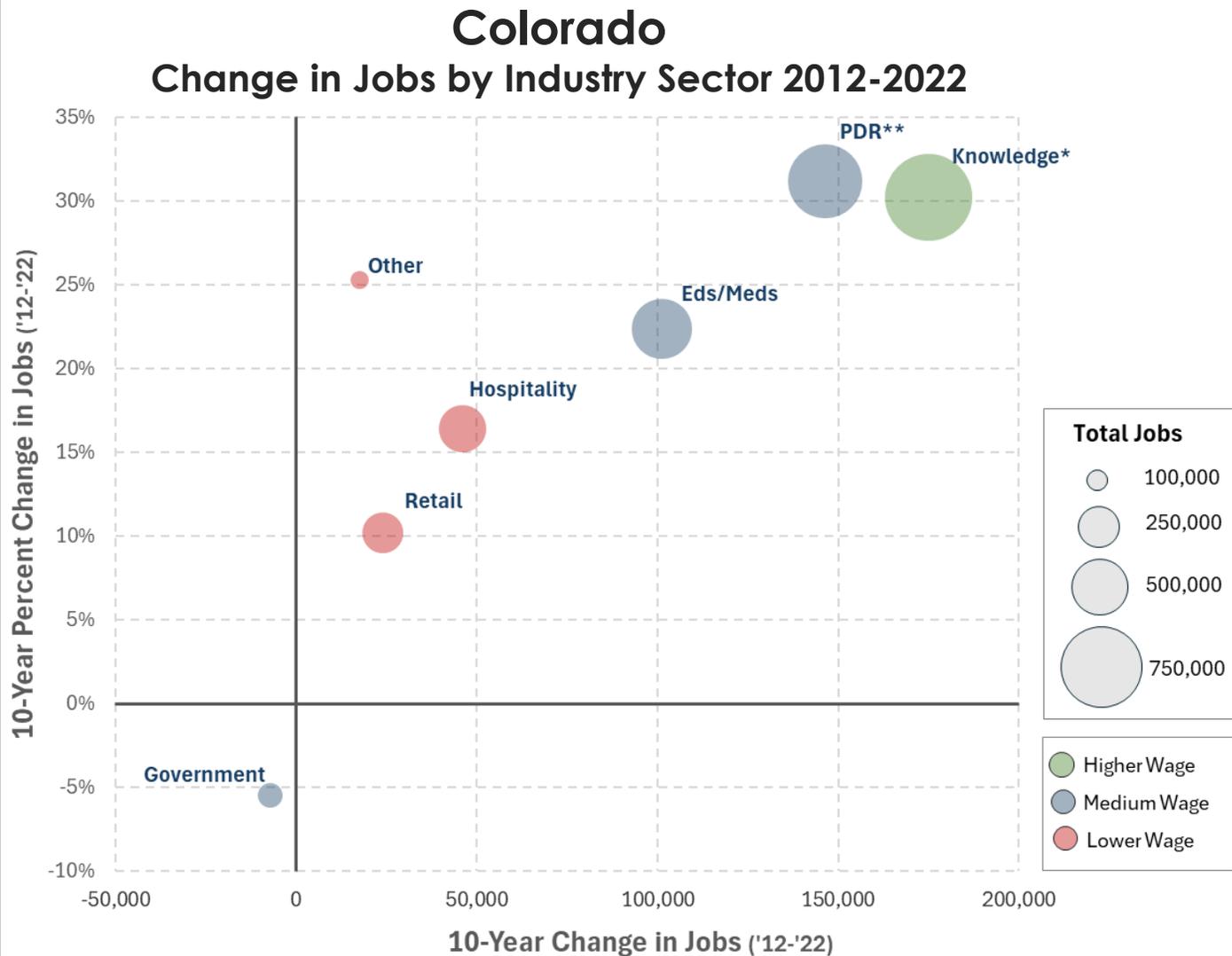


**Since 2012, all of La Plata County's job sectors have been growing.**

Moreover, except for the Other job sector, the sectors with the highest rate of growth are dominated by medium- or higher-wage jobs.

Source(s): US Census, Longitudinal Employer-Household Dataset (LEHD)  
 \*\* PDR = Production, Distribution, and Repair industry sectors (e.g., Ag., Mfg., Const., Trans., Util., etc.)  
 \* Knowledge = Consists of "knowledge-based" industry sectors (e.g., Info., Fin., Prof. Svcs., etc.)

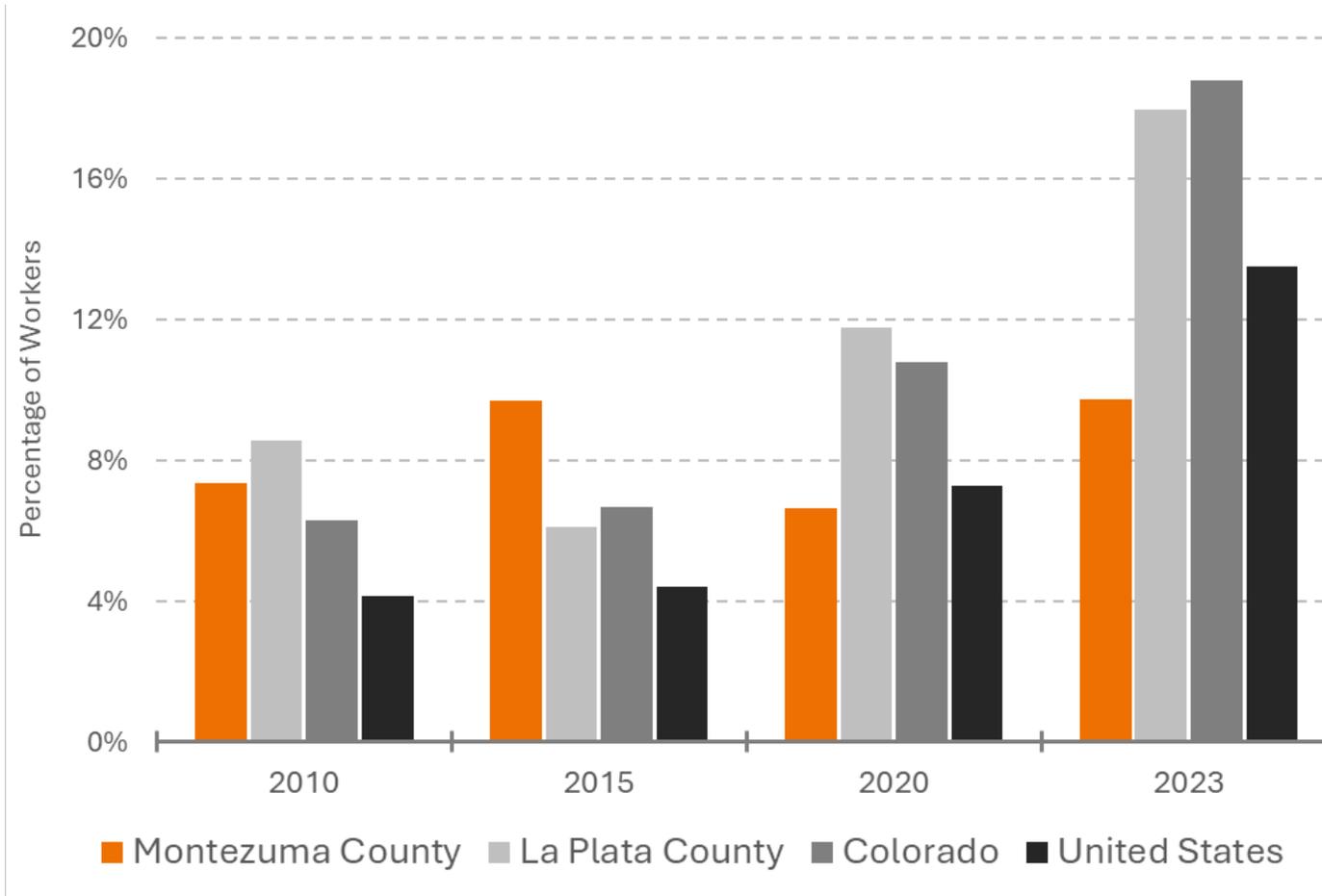
# Socio-Economic Analysis | Employment Growth Trends



Statewide, job growth has been heavily concentrated in the PDR and Knowledge sectors, both of which tend to consist of more well-paid jobs relative to the other sectors.

Source(s): US Census, Longitudinal Employer-Household Dataset (LEHD)  
 \*\* PDR = Production, Distribution, and Repair industry sectors (e.g., Ag., Mfg., Const., Trans., Util., etc.)  
 \* Knowledge = Consists of "knowledge-based" industry sectors (e.g., Info., Fin., Prof. Svcs., etc.)

## Workers Who Work From Home 2010-2023



**Montezuma and La Plata counties and Colorado have historically had high rates of persons working from home.**

Western Colorado, including Montezuma and La Plata counties, has been well-known as a haven for persons who work remotely because of the access to outdoor recreation. As recent as 2015, nearly 10% of Montezuma County workers worked from home, which was more than twice the national rate.

With the advent of the Covid pandemic, many workers across the country began to work from home out of necessity. This has resulted in a dramatic increase in workers working from home. However, much of this behavior is concentrated within the Knowledge job sectors. Because Montezuma County has an overall lower proportion of Knowledge sector jobs, the impact has not been as dramatic as most other places.

# Retail Market Conditions

MOTEL

Tomhawk

728



NEW UNIT  
FREE  
WASH & DRY

VACANCY



# Retail Market Analysis | Overview

Retail is one of the most competitive and fluid real estate market sectors. Existing stores are constantly being challenged by new concepts, locations and competitors.

It is important to monitor this constant market change to ensure that the total size of available retail space is in line with retail demand. When available retail space is beyond the size that can be supported by market demand, vacancies become more common.

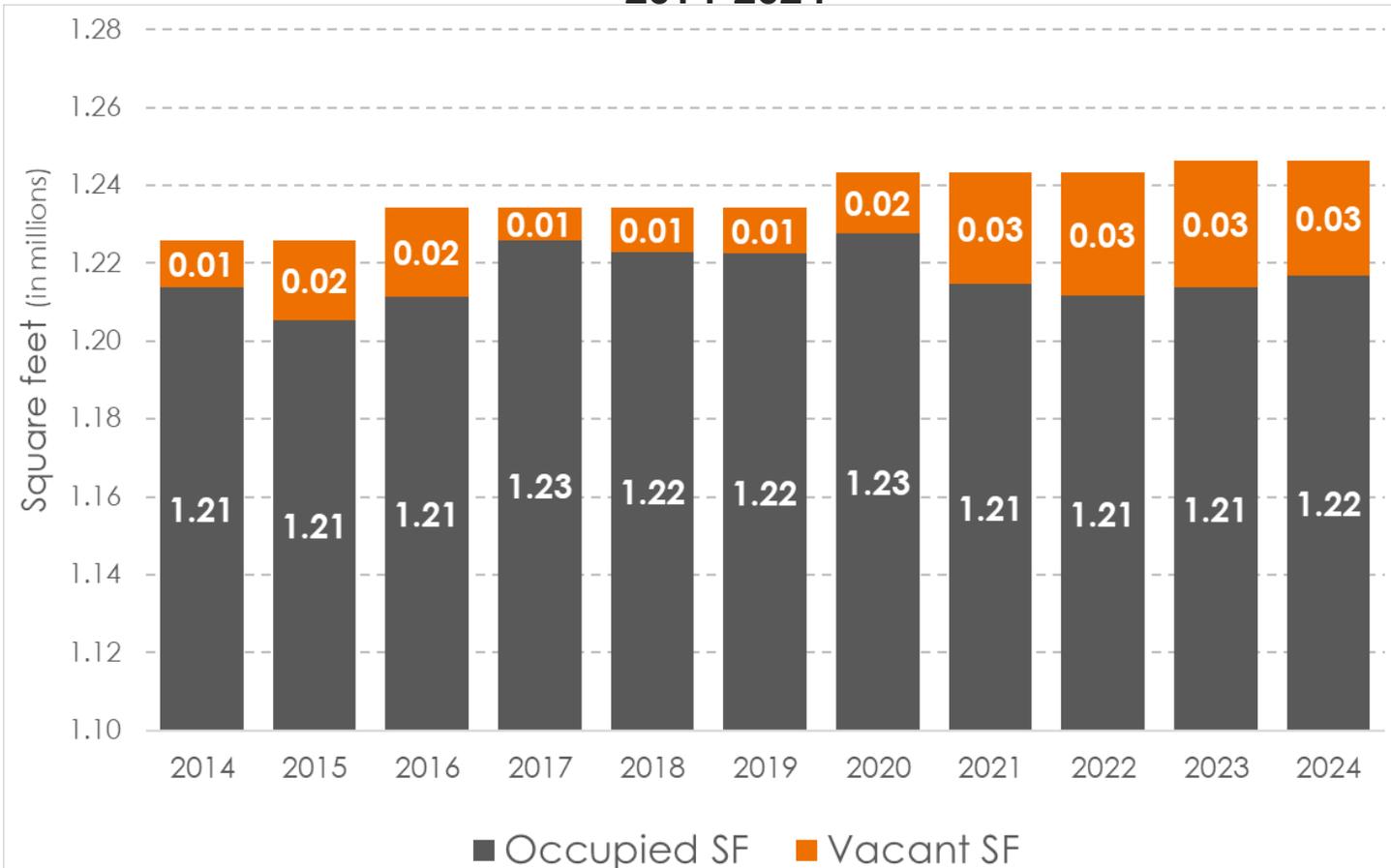
Excess retail supply also puts downward pressure on lease rates, which can reduce the cash flow available to landlords for making the strategic reinvestments necessary for their property to remain competitive. This can lead to an overall decline in retail quality and can lead to negative impacts that can be a community concern.

The other reason to monitor the size of the retail market is to prevent an overly restrictive retail environment. When a community does not provide sufficient retail areas to satisfy market demand, then the variety of retail options available to its customers may be reduced and economic activity is diverted to other retail districts or communities.

It is, therefore, important that communities attempt to find a balance between the amount of retail development and retail market demand.



## Montezuma County Retail Inventory 2014-2024



Source(s): CoStar

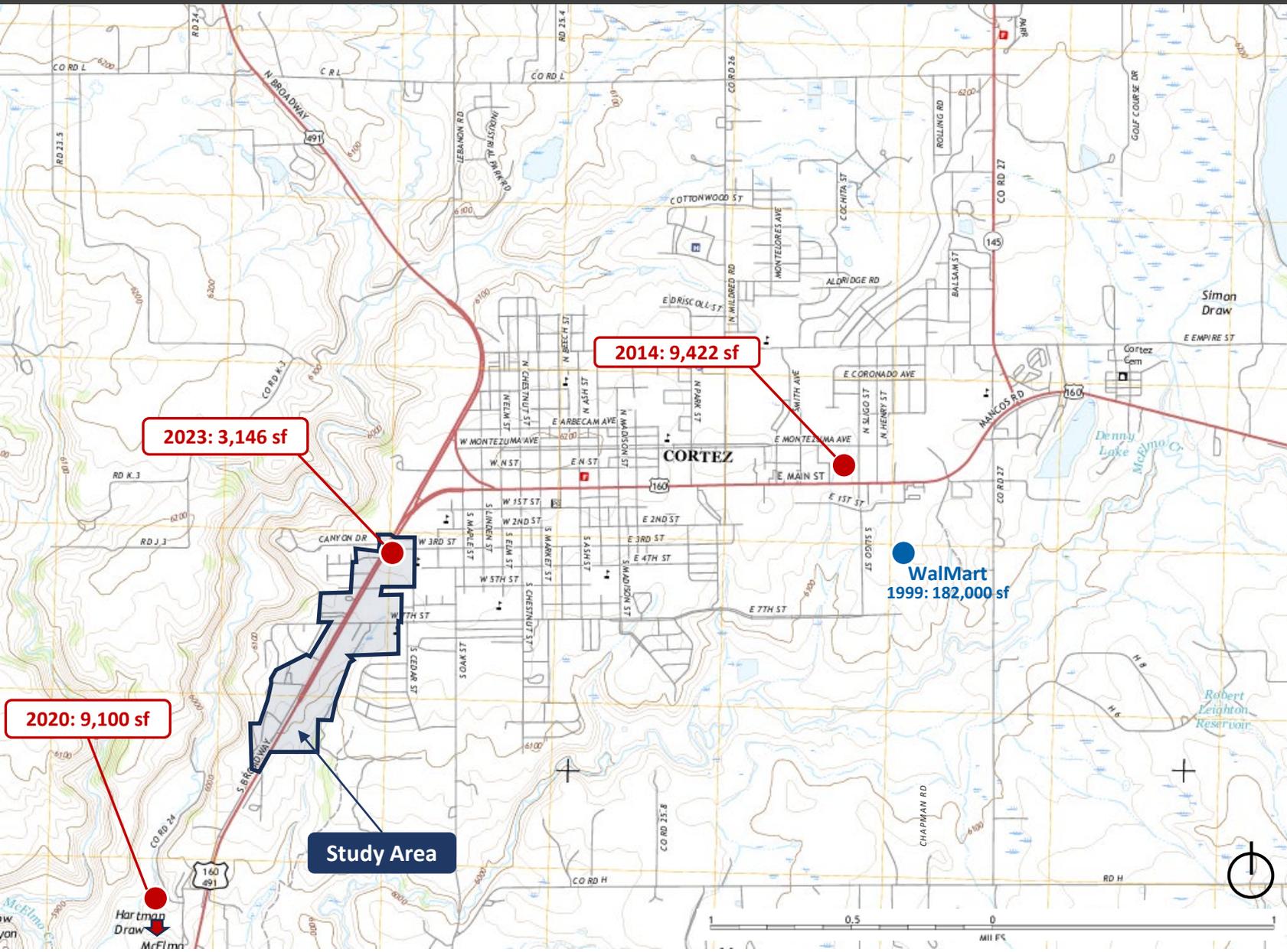
**Montezuma County's retail inventory consists of 150 properties with a total of 1.2 million square feet (SF). Over 97% of the inventory is currently occupied.**

Montezuma County's inventory of retail space has been largely static since 2014. In the 10-year period from 2014-2024, the net amount of retail space grew by only 1.7% (roughly 21,000 SF).

Despite the slow pace of retail construction since 2014, vacant retail space in Montezuma County has crept up slightly, increasing from 1.0% to 2.4%. This suggests that the current supply of available retail space may not be in alignment with market demand.

Limited retail absorption over the past ten years may also be driven in part by slower rates of population and household growth, an aging population with less disposable income, and an overall slowdown in the economy.

# Retail Market Analysis | Retail Development Since 2014



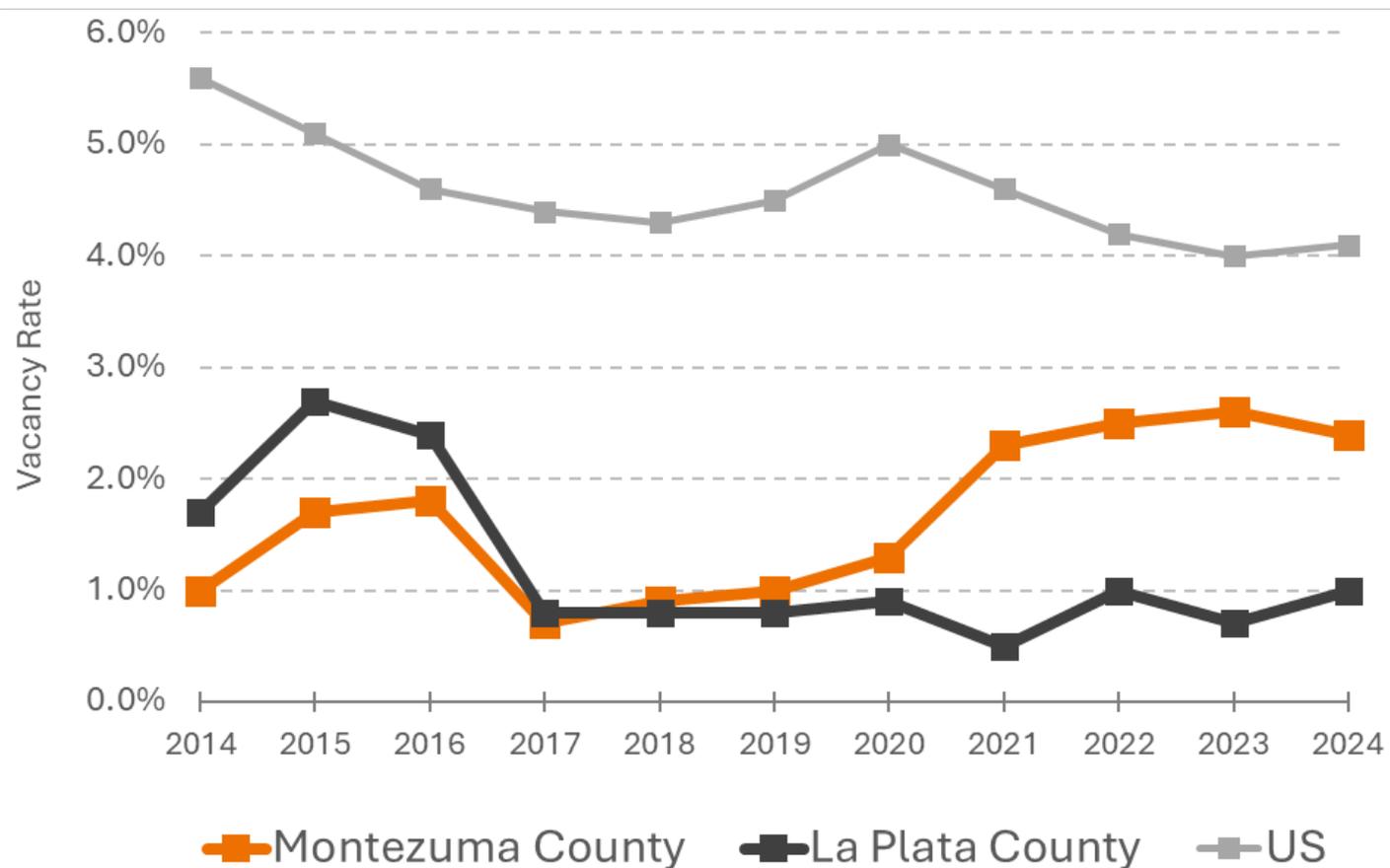
**There has been minimal development of new retail space in Cortez since 2014.**

Only three new retail buildings with a total of 26,000 square feet have been built in or near Cortez in the last 10 years. This represents about 2.7% of Cortez's overall supply of retail space.

To reinforce how much retail development has slowed down in recent years, the 10-year period between 1993-2003 saw 296,000 square feet of new retail development in Cortez. A significant majority of this amount (182,000 sf) was the WalMart store. Even discounting the WalMart store, over 100,000 square feet of new space was built during this period.

# Retail Market Analysis | Retail Vacancy

## Retail Vacancy Trends



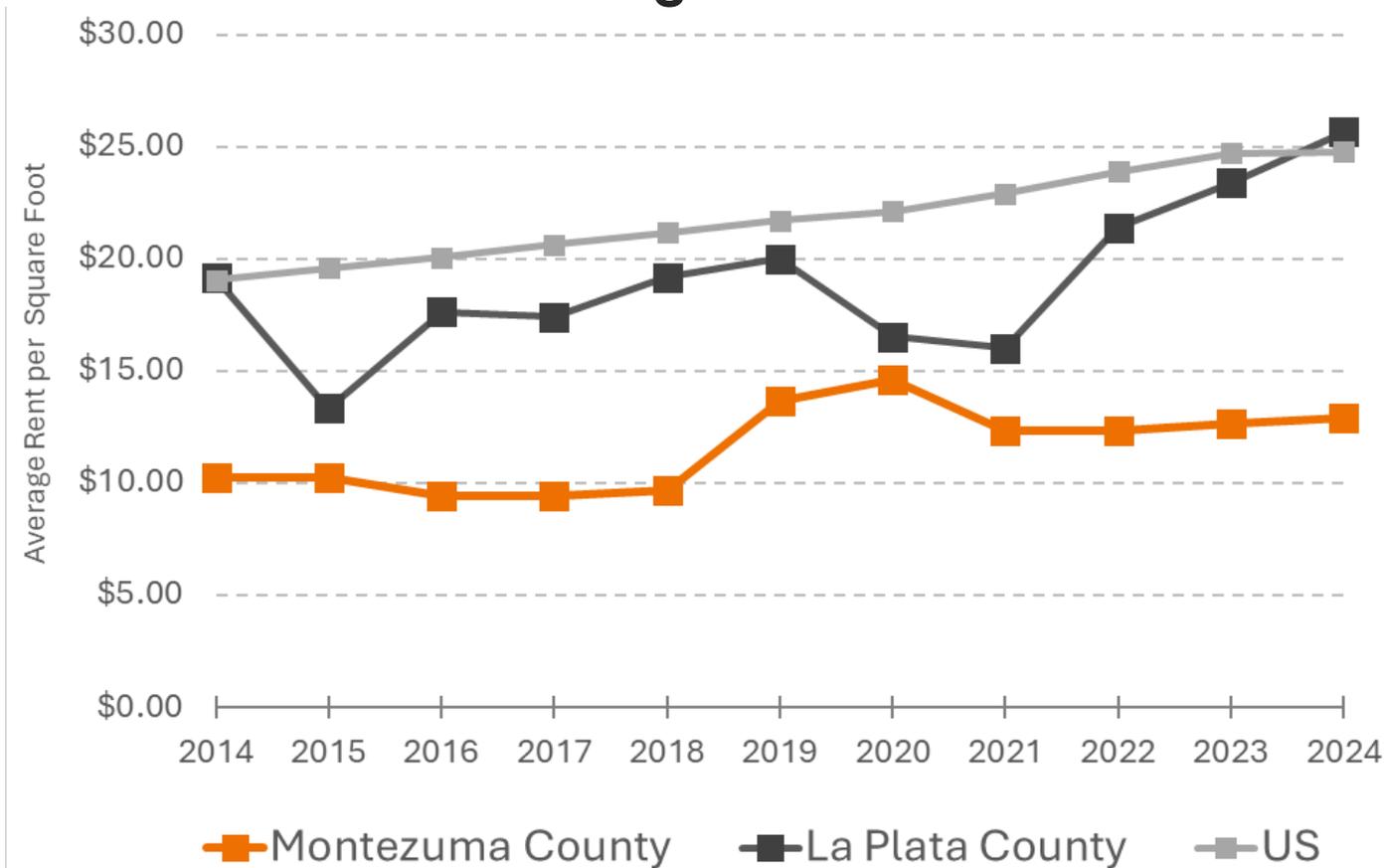
**Retail vacancy in Montezuma County has remained below 3% for over 10 years.**

The minimal amount of retail development in Montezuma County, and more specifically, Cortez, has helped keep vacancy levels relatively low, especially when compared to national trends. Neighboring La Plata County has also experienced a relatively low rate of retail vacancy for many years. Low vacancy can often be an indicator of pent-up demand for additional space.

Although low vacancy can be a positive market indicator, it can also be symptomatic of other issues, such as high construction or financing costs. Lack of adequate space due to high construction costs, for example, can limit market opportunities, despite the presence of market demand.

# Retail Market Analysis | Retail Rents

## Average Retail Rent



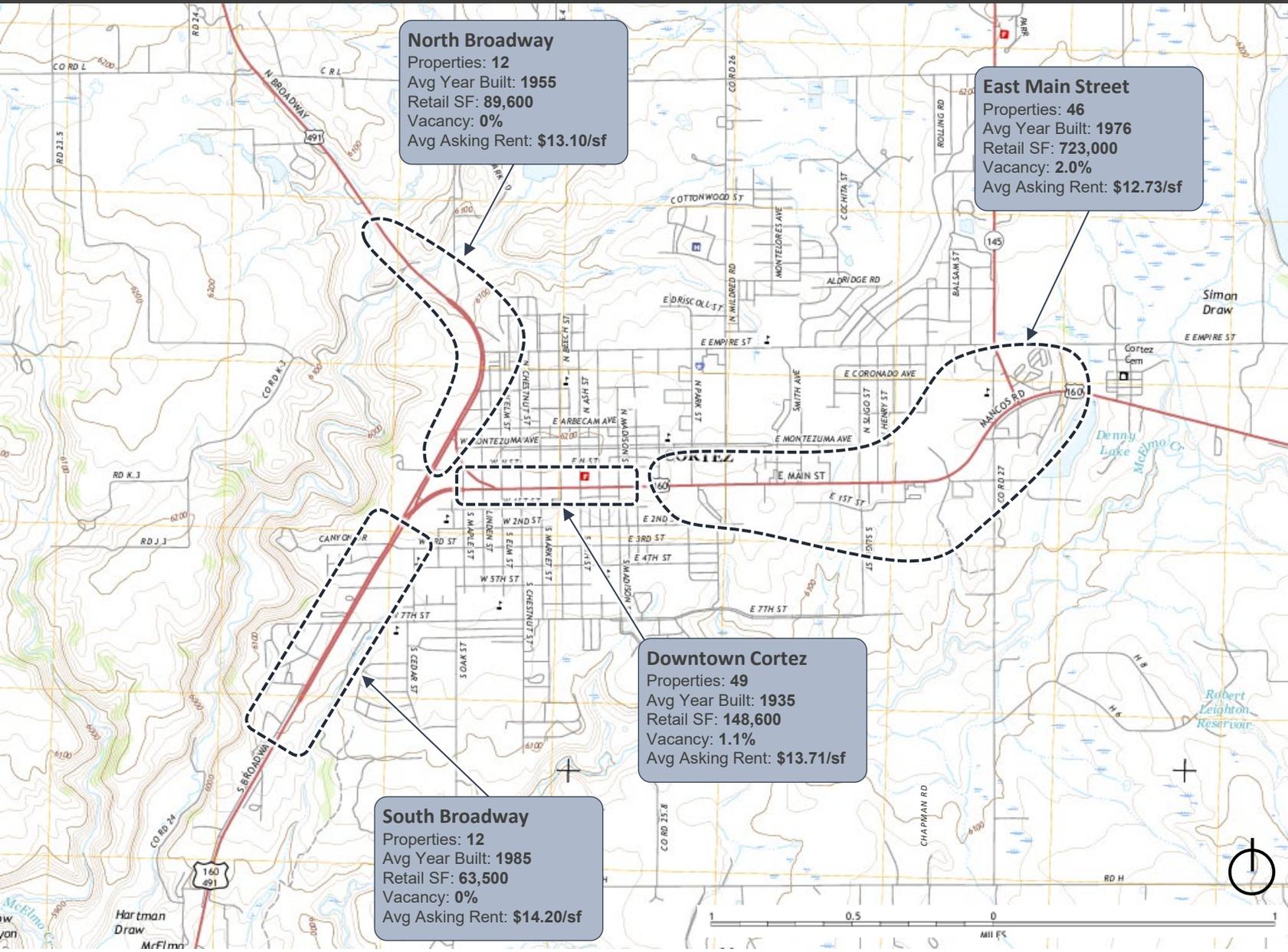
**The 2024 average retail rent in Montezuma County was \$12.93 per square foot. This is well below the 2024 average for La Plata County (\$25.68) and the US (\$24.78).**

Lower retail rents in Montezuma County are largely due to a combination of its smaller market size and lower household incomes, which cannot generate sales volumes that help support high rents.

When comparing 10-year rent growth trends, Montezuma County's growth of 26% lags slightly behind La Plata County (34%) and the US (30%). Therefore, although overall rents are below comparison geographies, the rate of change in rents has been somewhat similar since 2014.

It should be noted that for smaller markets, such as Montezuma and La Plata counties, retail rents can have dramatic fluctuations because of a smaller sample size of data. This is because there are often only a small number of properties for rent at any time.

# Retail Market Analysis | Cortez Retail Districts



**There are four primary retail districts in Cortez. South Broadway is the smallest district in terms of retail properties (12) and overall square feet (63,500).**

The dominant retail district is a 1½ mile stretch of East Main Street that extends roughly from Harrison Street to the eastern limits of Cortez. This district contains 723,000 square feet of retail space, which is nearly 60% of all the retail space in Montezuma County. Major retailers in this district, include Wal-Mart, Safeway, Big-R Stores, and the City Market, all of which generate significant traffic that helps support other nearby retailers.

Downtown Cortez, with its stock of older retail buildings that directly front Main Street, has the second largest concentration of retail space in Montezuma County with nearly 150,000 square feet of space among 49 properties.

# Office Market Conditions

MOTEL

Tomhawk

7  
2  
8

NEW UNIT AVAILABLE  
FREE MEALS  
TOWNSHIP

WACANON

WACANON



# Office Market Analysis | Overview

Office markets are made up of two primary types of users:

- 1) Large tenants, such as corporate offices, that tend to concentrate in major population centers with a large pool of qualified workers; and
- 2) Small tenants who provide professional services to the communities they are located in.

In order to attract and retain workers, large office tenants often locate at regionally centralized locations with amenities both in or near the office (e.g., fitness center, nearby retail district, parks, etc.).

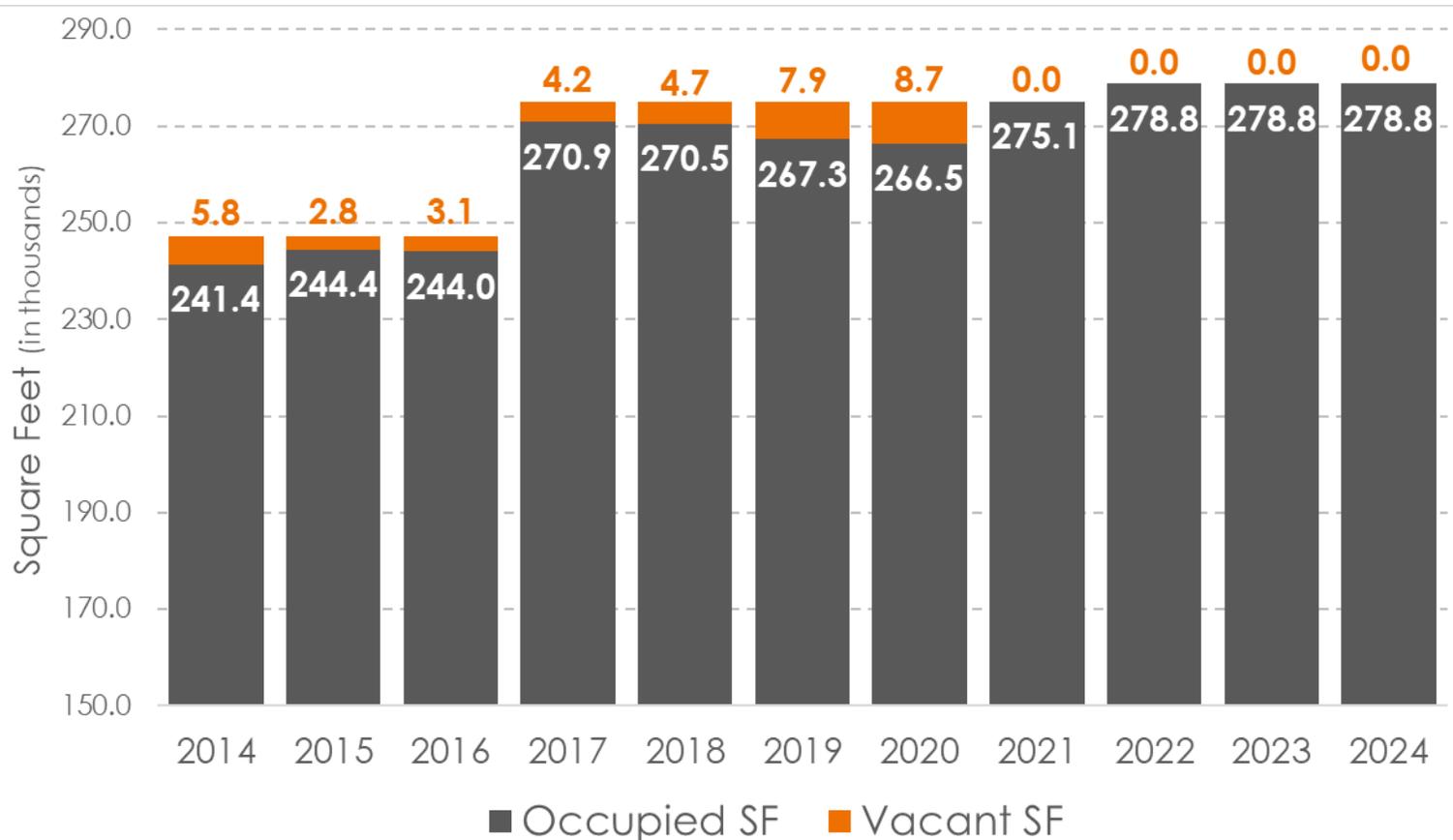
Smaller office tenants are commonly small businesses that require traditional office space (i.e., desktop workstations, document storage, etc.) and the ability to easily accommodate visitors because their customer base is primarily local. As a result, location requirements for these types of office users tend to straddle the needs of both workers and customers and thus often locate in quasi-retail locations. Examples of these types of businesses include medical offices, insurance sales, lawyers, and architects.

This section addresses the condition of the Montezuma County (and Cortez) office market and the potential of the South Broadway Corridor study area to capture current and future office demand.



# Office Market Analysis | Office Inventory

## Montezuma County Office Inventory 2014-2024



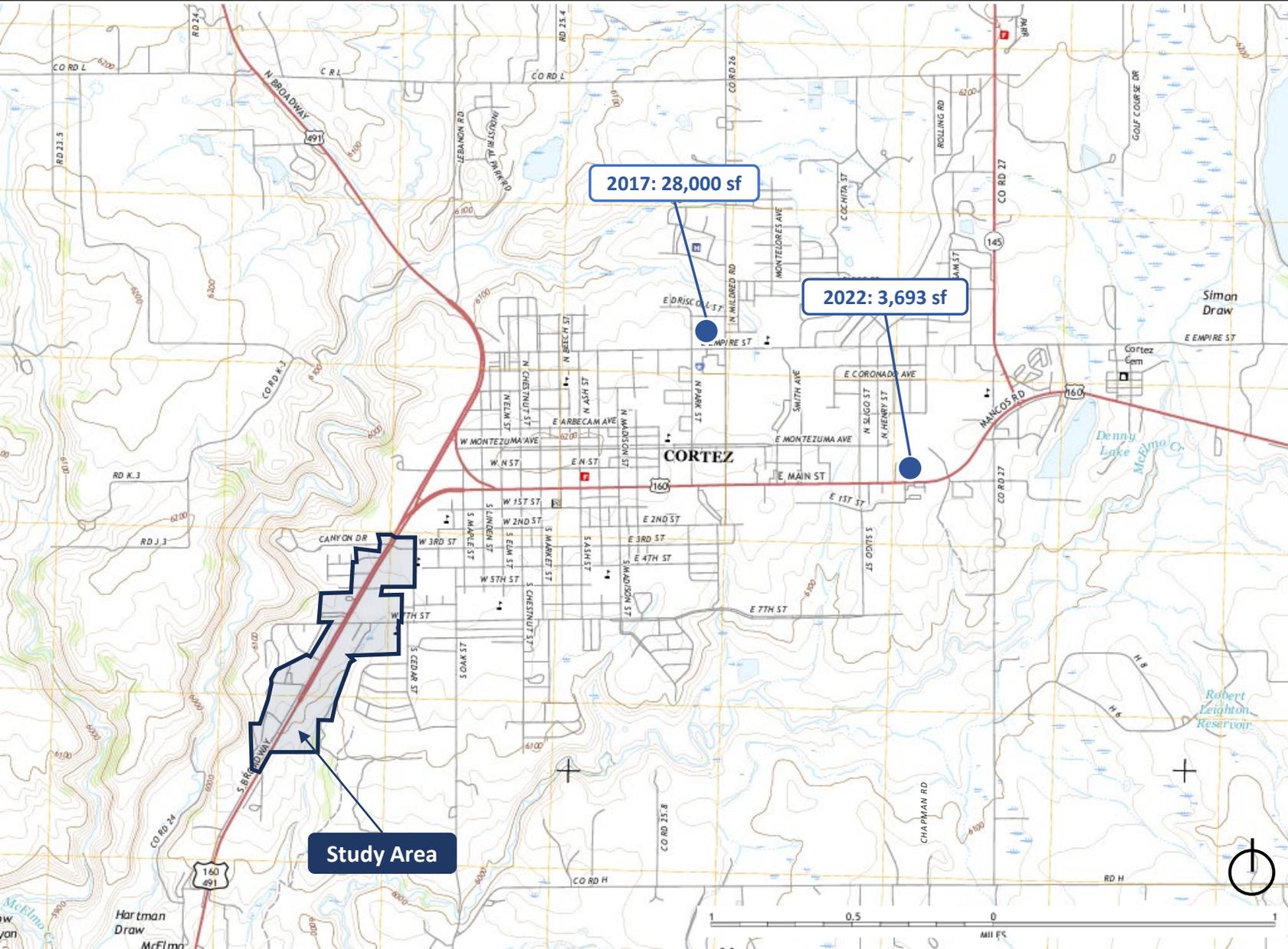
Source(s): CoStar

**Montezuma County's office inventory consists of 37 properties with a total of 279,000 square feet (SF). 100% of the inventory is currently occupied.**

Montezuma County's inventory of office space has been largely static since 2017, when the new Osprey headquarters were built in Cortez. In the 10-year period from 2014-2024, the net amount of office space grew by 12.8% (roughly 32,700 SF).

Despite the intermittent pattern of office construction since 2014, vacant office space in Montezuma County has dropped to effectively 0%. In typical market dynamics, this would likely indicate a significant degree of pent-up demand. However, despite 0% vacancy since 2020, no new office development or conversions have occurred in Montezuma County during this period. This suggests that there has been very little demand for traditional office space and that any existing demand has been met through the use of home office spaces, retail spaces, or industrial spaces.

# Office Market Analysis | Office Development Since 2014

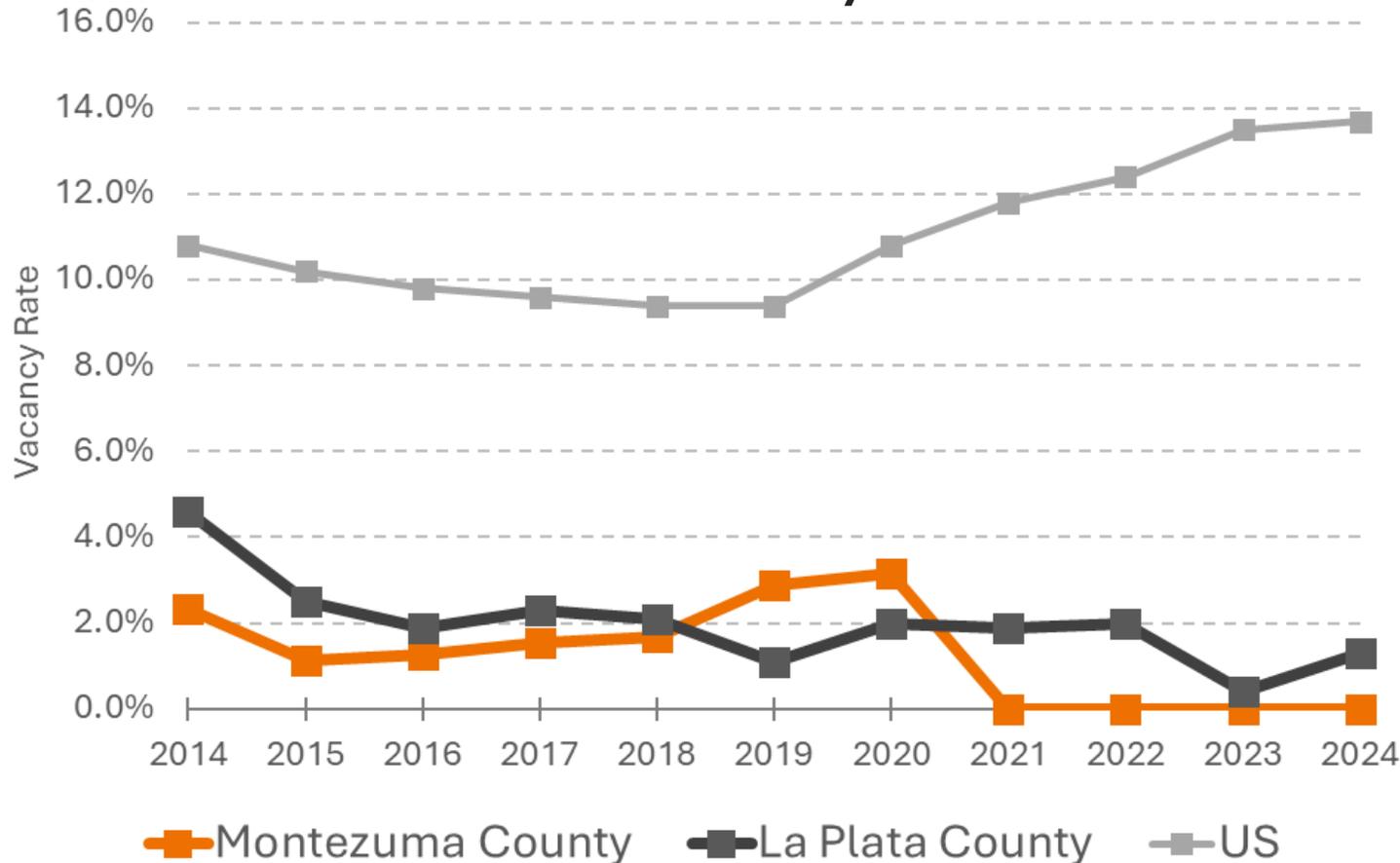


**Only two new office buildings have been built in Cortez since 2014.**

One of these buildings is the new Osprey headquarters, which is a single-tenant, owner-occupied building. The other is a medical office building located along East Main Street that functions more like a retail property because the user is dependent on frequent patient visits and benefits from a location with high visibility and accessibility.

# Office Market Analysis | Office Vacancy

## Office Vacancy Trends



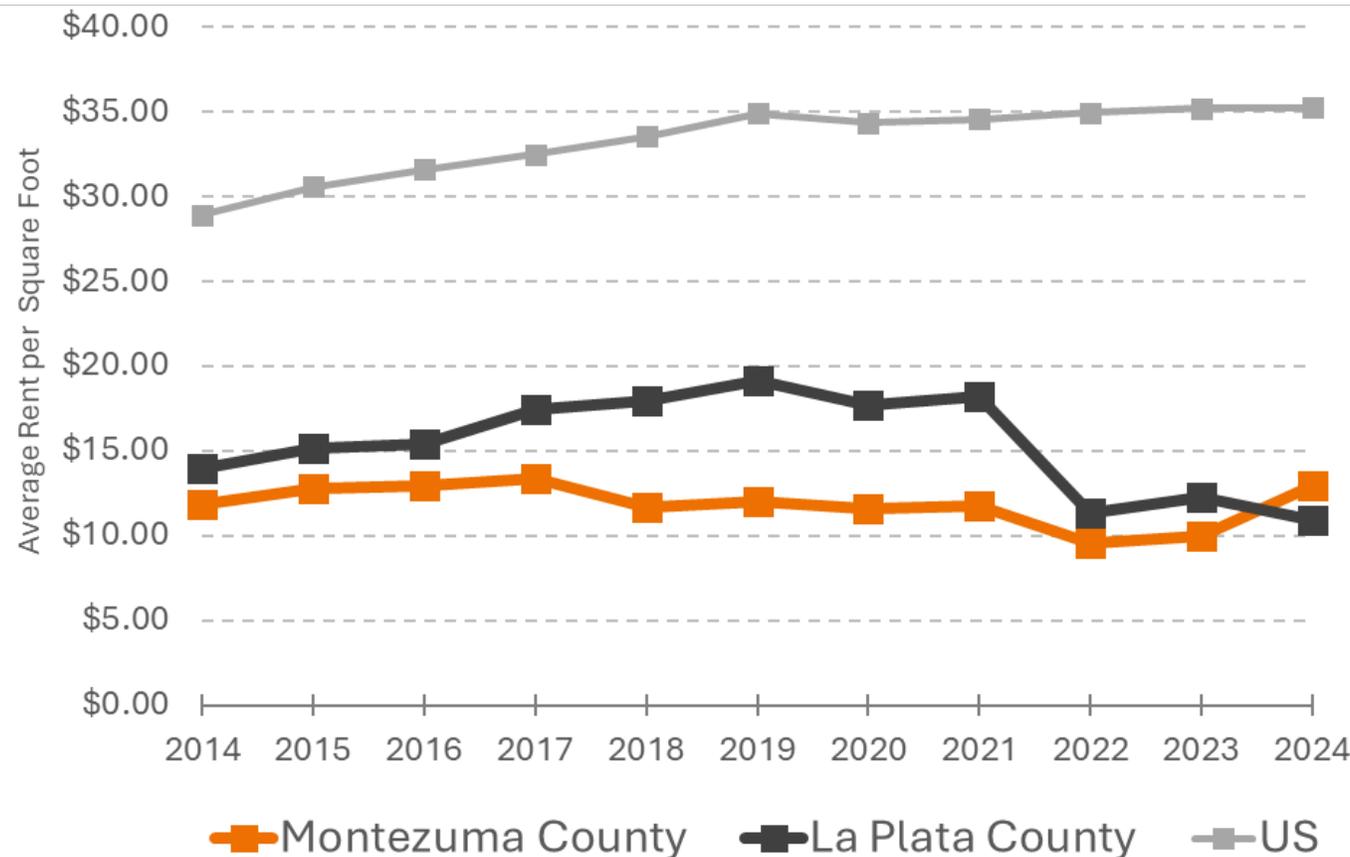
**Office vacancy in Montezuma County oscillated between 1% and 3% between 2014 to 2020 and then dropped to functionally 0% since 2020.**

The lack of multi-tenant office development in Montezuma County, and more specifically, Cortez, has driven vacancy levels to extremely low levels. A similar trend has also been observed in La Plata County with extremely low vacancy rates. Nationally, though, the trend has been very different with historic vacancy rates averaging 10% between 2014 and 2019, and then experiencing a sharp rise to nearly 14% by 2024.

Smaller markets, such as Montezuma and La Plata Counties, often experience much lower vacancy rates relative to larger markets because there are very few large office users. Office users in smaller markets tend to be dominated by small professional service firms, who often utilize retail or even industrial spaces to meet their needs.

# Office Market Analysis | Office Rents

## Average Office Rent



**The 2024 average office rent in Montezuma County is \$13 per square foot. This is slightly higher than the La Plata County average (\$11) and much lower than the national average (\$35).**

The dramatic difference in average office rents in southwestern Colorado compared to the US is generally due to the lack of large, corporate office users in smaller non-metropolitan areas.

Prior to 2019, the average rent for office space generally trended upward regardless of geography. Once the pandemic hit and many office users were impacted by work-from-home trends, especially large corporate offices, rents stabilized or even declined.

# Housing Market Conditions

MOTEL

Tomhawk

7  
2  
8

NEW UNIT AVAILABLE  
FREE MEALS  
TUES & WEDS

VACANCY

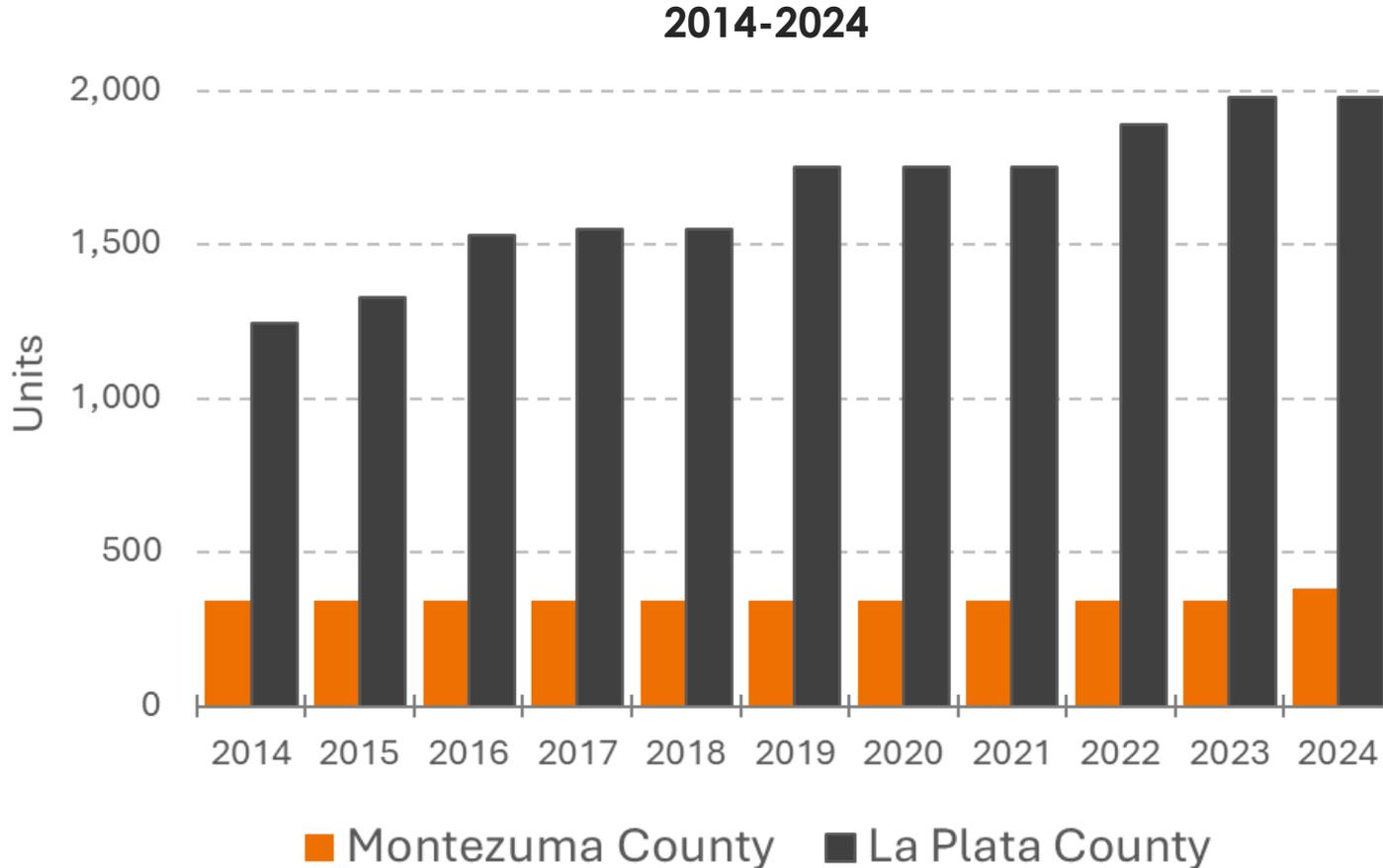
Show Your Card  
Member Discount

# Housing Market Analysis | Overview

This section addresses the condition of the multi-family housing market in Montezuma and La Plata Counties and the potential of the South Broadway Corridor study area to capture current and future demand for additional multi-family housing in Cortez.



## Rental Multi-Family Housing Inventory 2014-2024

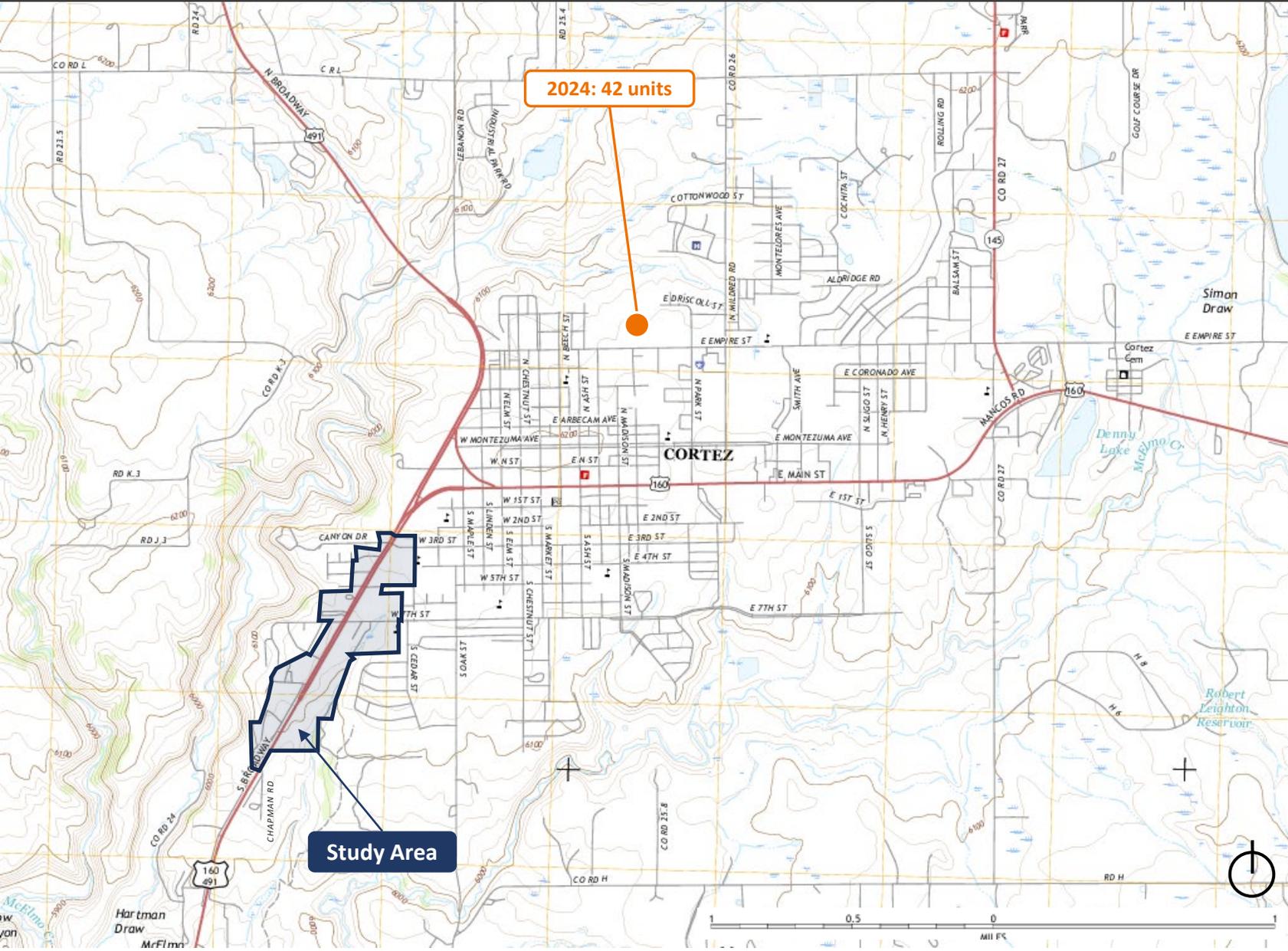


**Montezuma County's supply of multi-family rental housing is significantly less than La Plata County's supply.**

Montezuma County's multi-family inventory consists of 14 properties with a combined total of 384 units, which accounts for roughly 2.5% of all housing units in the county. La Plata County's multi-family inventory consists of 50 properties and nearly 2,000 units, which is roughly 7.5% of its overall housing inventory or three times that of Montezuma County.

Since 2014, 42 new units of multi-family rental housing have been constructed in Montezuma County. All of these units are in the Tawi Kaan Apartments in Cortez that opened in November 2024. In La Plata County, the multi-family inventory has increased by nearly 750 units since 2014, a 60% increase.

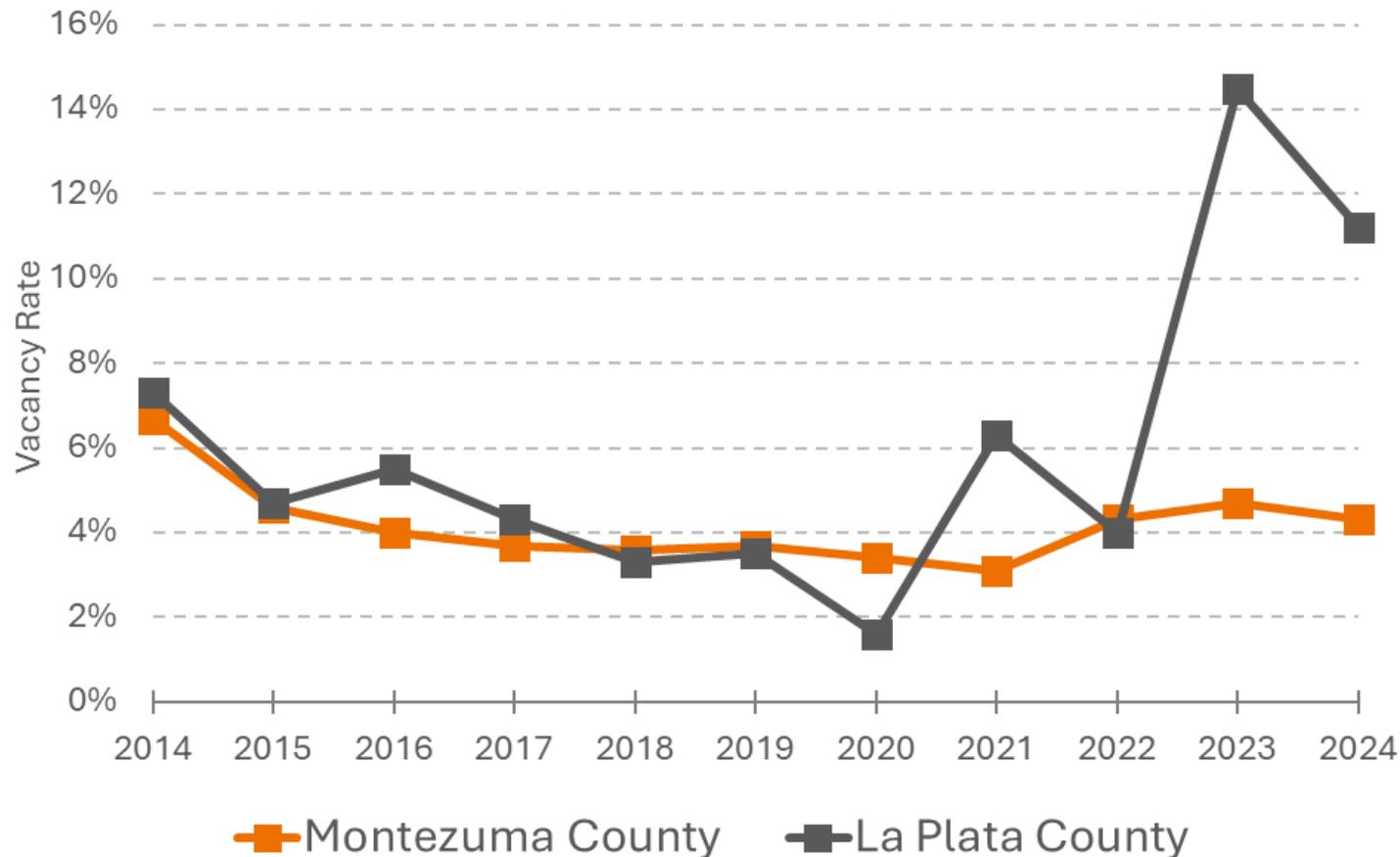
# Housing Market Analysis | Recent Development



**The 42-unit Tawi Kaan Apartments is the first newly constructed apartment building in Cortez in over 20 years.**

# Housing Market Analysis | Multi-Family Vacancy

## Multi-Family Rental Vacancy Trends



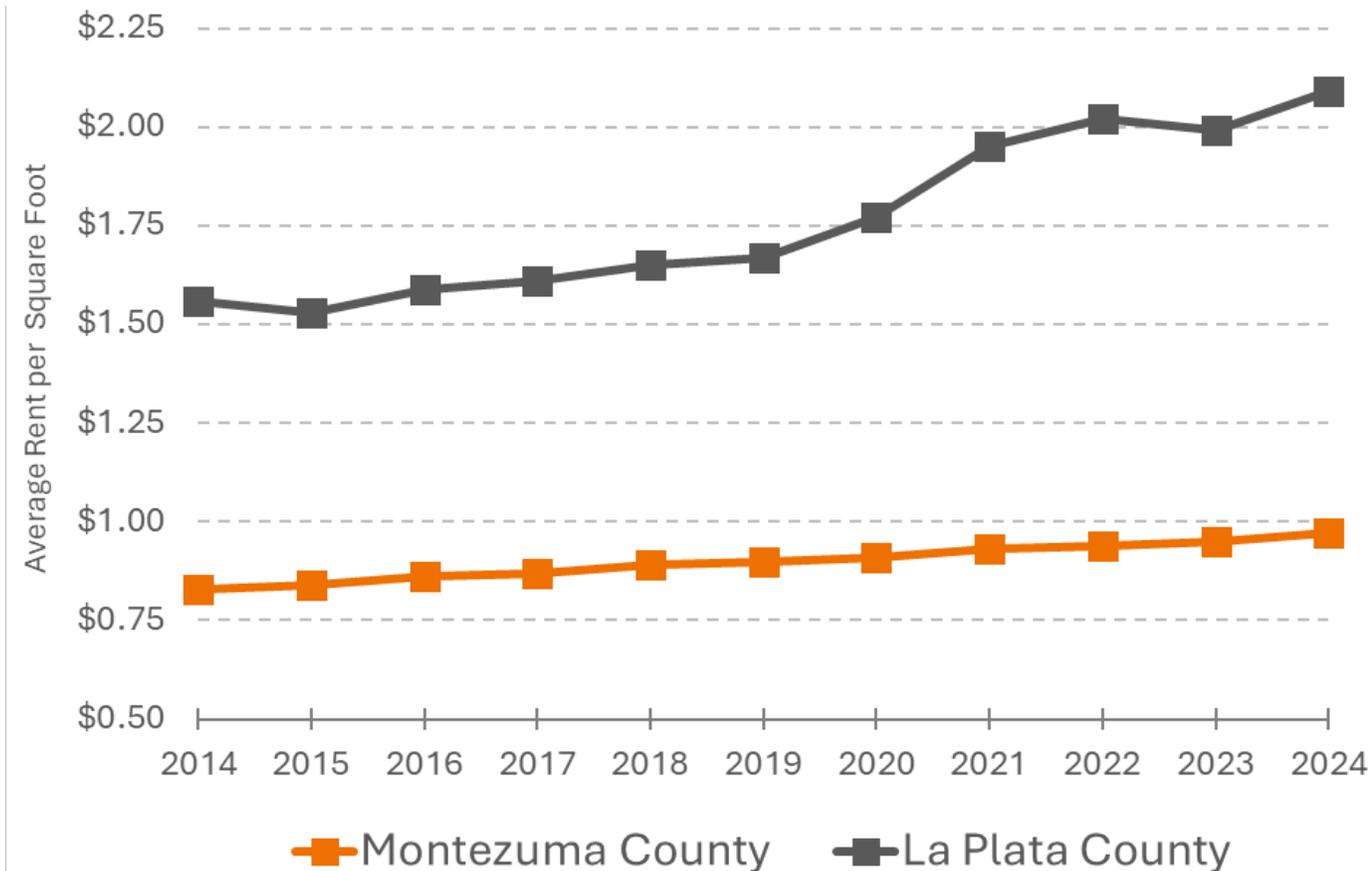
**Multi-family vacancy in Montezuma County has remained below 5% for over 10 years.**

The minimal amount of multi-family development in Montezuma County, and more specifically, Cortez, has helped keep vacancy levels relatively low. A vacancy rate of 5% is often considered “equilibrium”, where enough units are available to provide adequate choice for prospective renters but not so many as to prevent landlords from generating enough revenue to help keep the units in good condition.

Neighboring La Plata County experienced a relatively low rate of vacancy for many years as well, but recent development has caused a temporary spike in vacancy as new units are rented and “absorbed” by the market.

# Housing Market Analysis | Multi-Family Rents

## Multi-Family Market Rate Rent Trends



**The 2024 average monthly rent for an apartment in Montezuma County is just under \$1.00 per square foot, which is significantly below the average monthly rent in neighboring La Plata County (\$2.09 psf).**

The lower average rent in Montezuma County is mostly due to lower household incomes, especially in relation to neighboring La Plata County. Strong job growth in La Plata County has caused strong upward pressure on housing costs. Therefore, many of those with lower wage jobs in La Plata County who cannot afford the rents commute from communities, such as Cortez, where housing costs are lower.

The 10-year trend for average monthly rent highlights this issue. In Montezuma County, the average monthly rent for apartments increased 17% from 2014 to 2024. Meanwhile, it increased 34% in La Plata County. Although, some of this difference in the rate of increase is due to the recent construction of new market-rate apartments in La Plata County, it does not account for the entire difference.

# Expert Interviews

MOTEL

Tomhawk

7  
2  
8



FREE  
WASH & WAX

WAGANON



Show Your Card  
Receive Rewards

## INTRODUCTION

Previous sections of this study presented quantitative data on the local and regional market for retail, office, and multi-family uses. In order to augment this data with more qualitative data, several persons familiar with real estate trends and real estate development in Cortez were interviewed to gather their perspectives on the opportunities and challenges associated with redevelopment in the South Broadway Corridor study area. The following are key findings summarized from the interviews:

*[Disclaimer: All of the comments in this section are solely the opinions of interviewees and not of Stantec.]*

### Development Challenges/Barriers

- Blight (or the perception of blight) is significant in the corridor and that this is a barrier to attracting new development. Conversely, most interviewees felt that any new development along the corridor, regardless of type, would not only remove blight, but also send a positive signal that the corridor will continue to improve.
- The existing road patterns and poor access to many sites along the corridor is an issue. A cited example of this condition

is the inability of northbound traffic to access existing gas stations. Another cited example is that West 7<sup>th</sup> Street is the only intersection in the study area that is signalized that allows for safer crossings/connections for pedestrians, cyclists and motorists.

- The transition of former roadside motels to temporary housing has had a negative impact on attracting new development and investment to the corridor. This is due to increased incidents of criminal and/or dangerous behavior among those living in the former hotels. [It should be noted that comments related to this observation were not supported by statistics.]
- Multiple attempts to redevelop one of the former hotel sites have failed, which has contributed to a perception that new development in the corridor is too challenging and/or not profitable.
- Recent and planned development at the intersection of South Broadway and Road G, which is a little over a mile south of the corridor study area, has been siphoning away development opportunities. Reasons cited for this are the presence of larger tracts of land with more development

# Expert Interviews

flexibility and the effect of creating an emerging node of activity that serves to attract customers and users.

- In and near the study area are topographical and watershed constraints that restrict development, especially to the west. These constraints limit the potential to build new housing, particularly single-family housing, which would support current and future commercial uses along the corridor.
- High interest rates have stifled construction. This has impacted all types of development. For housing, high interest rates have made it very difficult, nearly impossible, to build financially-accessible entry-level or middle-market housing (both owned and rented). For commercial uses, high interest rates have driven up costs for both construction materials and labor to the point that most businesses are unable to afford the rents needed to pay back commercial mortgages.

## Development Opportunities

- South Broadway has strong traffic volumes that can support a variety of commercial uses.

- The study area corridor at one time was the primary location for motels and hotels that served visitors to the Four Corners area. As these old facilities have closed or converted to temporary housing, there is opportunity to reintroduce newer, nicer chain hotels along the corridor.
- Although interest rates have driven-up the cost of housing and made it, by-and-large, unavailable to many households, there remains a great deal of need/demand for housing in Cortez, especially product that would be typically targeted to middle-income households.
- Cortez has a large catchment area for retailers that extends into adjacent counties to the north, west, and southwest. The nearest cities with competitive retail offerings are Durango (45-min drive) and Farmington (90-min drive).
- There is a distinct lack of RV campgrounds in the study area corridor. These types of campgrounds have become increasingly popular among tourists because of their relative affordability.

# Expert Interviews

- Cortez is proximate to a variety of recreational activities (1 hour to either skiing or canyonlands). Many newcomers to Cortez are attracted to these recreational activities.
- Cortez has a general lack of sit-down, family-oriented restaurants, especially along the study area corridor.
- New development at the intersection of South Broadway and Road G, though outside of the study area, could bring more traffic and general vitality to the corridor.
- Better connections (vehicular and non-vehicular) to the Hawkins Preserve would help bring more visitors to the study area corridor.
- There is a lack of full-scale grocery stores in or near the study area. All existing full-scale grocery stores in Cortez are located on the east side of the city.
- Infill development with multi-family housing would be an opportunity in the study area corridor.
- Working with the Ute Mountain Ute Tribe is an untapped opportunity because the casino, located 10 miles to the south of the study area corridor, draws people to southwest Cortez.

# Conclusions & Recommendations

MOTEL

Tomhawk

728  
WAGAWAY  
FREE

WAGAWAY



# Conclusions & Recommendations

## INTRODUCTION

The previous sections of this study provided data and analysis on a variety of factors that influence the market potential to redevelop and/or rehabilitate sites within the South Broadway Corridor study area.

These factors included the locational attributes of the study area, the socio-economic conditions of Cortez, Montezuma County, and La Plata County, as well as detailed market data regarding the current and forecasted condition of retail, office, and multi-family uses. This information was augmented by interviews with various real estate experts familiar with the City of Cortez and the South Broadway Corridor study area.

This section synthesizes those findings into relevant conclusions and recommendations and provides insight into how best to illustrate conceptual changes in the study area.

## KEY FINDINGS

### Study Area Context

- ***The study area corridor is well situated within Cortez to capture commercial development.*** It is the primary gateway into Cortez from the southwest and has a daily traffic volume of nearly 13,000 vehicles.
- In terms of prominence, though, ***the study area corridor is secondary to East Main Street, which is the primary commercial corridor in Cortez.*** East Main Street has 10 times the amount of retail space as the study area and has a much wider selection of store types. Despite this difference, if Cortez continues to grow, the study area would be a logical location for businesses who would want to primarily serve the west side of Cortez.
- ***The study area corridor is dominated by automobile-oriented uses,*** such as car dealerships, auto repair shops, auto parts stores, and gas stations. Even if businesses aren't directly related to automobiles

themselves, they heavily cater to automobile accessibility by use of drive-throughs, prominent signage, and multiple curb-cuts. Therefore, any new development along the corridor will likely need to accommodate this environment in some manner if it is to be successful.

- ***Regionally, Cortez and the study area corridor are proximate to a significant number of national parks and other outdoor destinations that generate significant tourist activity.*** As a result, Cortez serves as an important tourist destination for lodging, dining, and supplies. Moreover, recent visitor data from the National Park Service shows visits to nearby parks has outpaced national trends in recent years, indicating a likely growth in local demand for tourism-based services. Historically, the study area corridor contained a significant concentration of roadside motels and restaurants that catered to tourists. As many of these properties became obsolete due to changing tourist demands, they have either closed or been converted to other uses, such as temporary housing for at-risk populations.

# Conclusions & Recommendations

- Despite its location as a gateway, ***the study area corridor has numerous blighted properties that contribute to a perception that it is uninviting and unsafe.*** Although perception may not equal reality, it has dampened redevelopment interest along the corridor. Conversely, though, perceptions among real estate experts are that new development would not only remove blight but also change perceptions of the corridor, thus increasing the potential for new investment.

## Socio-Economic Trends

- ***Population projections for Montezuma County show flat growth over the next 25 years.*** If this projection holds, this will likely limit demand for new development to mostly buildings that replace derelict or obsolete structures. However, housing in neighboring La Plata County is already much more expensive than in Cortez. Therefore, if La Plata County's population continues to grow significantly per projections, this may cause many households to choose Cortez as a more affordable location to live, which will drive population growth and the

need for more development to meet the needs of this growing population.

- ***The profile of Cortez's population is aging.*** Persons aged 55 and older have become the largest age group. This is not unique to Cortez. Nationally, the trend is the same. What this means is that Cortez businesses that primarily serve the needs of residents will need to adapt to an older population base. In this environment, development opportunities will be driven by the need for more housing that can accommodate aging in place, more retailers with goods and services oriented to older adults, and greater availability of medical services.
- ***Montezuma County's household incomes are much lower than neighboring La Plata County, and the trend over the last 20 years is that this gap has continued to widen.*** There are many reasons for this dynamic, such as a rapidly aging population and a concentration of low-wage jobs. Nevertheless, a trend toward lower incomes will suppress construction that is primarily driven by national builders and retailers. However, this will also

open doors for local and regional builders and retailers to leverage their knowledge and understanding of southwest Colorado to creatively meet the needs of the marketplace.

- Although overall job growth in Montezuma County has lagged behind neighboring La Plata County and Colorado over the past 10 years, ***the industry sector with the largest percentage and numeric growth over that period has been the Hospitality sector.*** The strength of the Hospitality sector is driven by Cortez's proximity to numerous national parks and extensive year-round outdoor recreation (e.g., nearby mountains for skiing in the winter and canyonlands for hiking/biking in the summer). These attractions draw a wide range of visitors to Cortez lodging, dining, and supplies. Recent visitor data from National Park Service shows an increase to parks near Cortez. If these trends persist, this will increase the demand for hospitality-based businesses and jobs.

# Conclusions & Recommendations

- **Montezuma County has historically been a magnet for persons who work remotely because of its access to a plethora of outdoor recreational amenities.** These households tended to be older (often semi-retired) professional services workers. Until 2020, such work arrangements were typically limited to a small percentage of workers with substantial leverage and influence who could dictate these terms with their employers. With the onset of the Covid pandemic in 2020, many employers were forced to adopt this type of work arrangement out of necessity and exposed huge swaths of the workforce to working remotely. Although many employers have begun reinstating policies that promote working at an office, a foundational shift has occurred in the workplace.

Although the full impact of this shift is not clear, a broader acceptance of working from home is evident. The impact for Cortez is unclear as well. However, given Cortez's history as a magnet for remote workers, if more workers have the flexibility to work anywhere, this suggests that more workers will relocate to

Cortez to take advantage of its proximity to nearby outdoor amenities.

## Retail Development Potential

- **Retail development in Cortez has been minimal over the last 20 years.** Roughly 12,500 square feet of new retail space has been developed during that time (<2% of Cortez's total retail inventory). The lack of new retail development has likely been due to a slow down in population growth, declining incomes, and a period of rapid retail development in the late 1990s and early 2000s that saw a 35% expansion of the city's retail inventory, which would have caused an oversupply of space that took many years to absorb. Moreover, in recent years, high interest rates have slowed down construction contributing to an unfavorable market.
- **Retail rents in Cortez have been stagnant since 2014 despite relatively low vacancy rates and minimal new development.** Sluggish rents are evidence that national retailers have not been prominent in Cortez for some time because they are typically the entities

that drive up rents because of their ability to leverage significant capital and outbid local and regional businesses for optimal locations.

- **Local developers with an acumen for cultivating and fostering independent businesses are the most likely path toward new retail development in Cortez.** This typically means smaller developments overall and more renovations/conversions instead of new construction.
- **Tourism-oriented retail will have the strongest growth potential, especially along the study area corridor.** This can be seen in the recent investment of new or improved fast food restaurants, such as Popeye's, Sonic, and Arby's. These uses have become anchors for the corridor, which are primarily supported by nearby workers and tourists.
- **Local experts noted the lack of grocery stores and family-oriented sit-down restaurants that serve the west side of Cortez.** These are examples of retail uses that will benefit from an increase in visitors to nearby

# Conclusions & Recommendations

parks and other outdoor amenities. A successful grocery store along the corridor will need to find a niche not currently being met by existing grocery stores in Cortez. As each of these stores likely have a trade area that includes the west side of Cortez. A sit-down, family-oriented restaurant has a lot of potential, especially the proliferation of fast-food restaurants along the study corridor. Moreover, family-oriented sit-down restaurants will be especially appealing to tourists visiting nearby destinations.

## Office Development Potential

- **Similar to the retail market, very little office development has occurred in Cortez over the last 20 years.** This is not unusual in smaller markets, such as Cortez, where most of the office needs are driven by local professionals providing services to local businesses and residents, such as law firms, insurance sales, and architecture and engineering firms. As population growth in Cortez has slowed, understandably, so has the demand for office space.

- **Limited office development, though, has resulted in a striking lack of available office space.** Currently, the vacancy rate for office space in Cortez is 0% according to CoStar, a national provider of commercial real estate information. Such a limited supply would suggest, at minimum, that a small office development would be feasible. Construction costs, though, remain a major obstacle given that office rents have not appreciably increased in over 10 years.
- **Within the office category, medical offices have the best potential to be supported by market demand.** Nationally, office development in recent years has been dominated by medical offices. This is due in large part to the rapid growth of persons over the age of 65 in need of greater levels of care. It also has been driven by greater diversification and corporatization within healthcare.
- **If an office deal could be supported, the challenge for the study area is that the east side of Cortez contains more neighborhood amenities that help attract and retain office workers, such as a wider variety of**

**restaurants and retail options.** This is also compounded by the fact that the east side still has plenty of available land to accommodate new development. Therefore, the cost to develop in the east side of Cortez is not significantly different than the west side.

## Housing Development Potential

- **The challenge with the housing market is not a demand side issue.** Even though Cortez has not grown significantly in recent years, the housing stock is generally old and in need of upgrades or replacement. Thus, the issue is mostly a supply-side issue and the ability to construct new residential units that align with prevailing wages, which have stagnated in recent years.
- **The average market rate rent for an apartment in Montezuma County is under \$1.00 per square foot, which is less than half the average rent in neighboring La Plata County (\$2.09).** Such low rents are due to a combination of low wages and older housing stock. This presents a significant barrier to constructing new rental housing driven by

# Conclusions & Recommendations

common market forces. Instead, it means most of the need for housing is among households who are unable to afford market rate rents. Therefore, almost all newly constructed rental housing in Cortez will require a significant subsidy.

- ***Multifamily rental housing in the study area corridor would be an excellent complementary use.*** More residences in the corridor will help support existing and future businesses. New housing will also contribute to a sense of revitalization that would further support additional investment in the corridor.

## RECOMMENDATIONS

To improve business attraction and retention in the South Broadway Corridor and assist Cortez overall, we recommend creation of a sit-down restaurant, multifamily housing developments, and upscale hotels in the area, as well as more and better traffic control along with a system of multi-purpose trails that better connect nearby neighborhoods to the corridor. Also, the creation of more retail and office space, which are generally lacking throughout Cortez.

It is recommended that Cortez focus future business attraction efforts on employers in the Eds & Meds market sector because this is more likely to sustainably raise incomes and have a cascading effect (increase property values, attract more upscale retail and established commercial and housing developers, etc.). It is also consistent with expected future aging of the population in Cortez.