

280 Main St. Investment Analysis: Mixed-Use Property Opportunity in Brighton, CO

A comprehensive financial and market analysis of a prime mixed-use property offering multiple income streams and value-add potential in downtown Brighton's growing commercial district.



Property Overview & Investment Highlights

Property Details

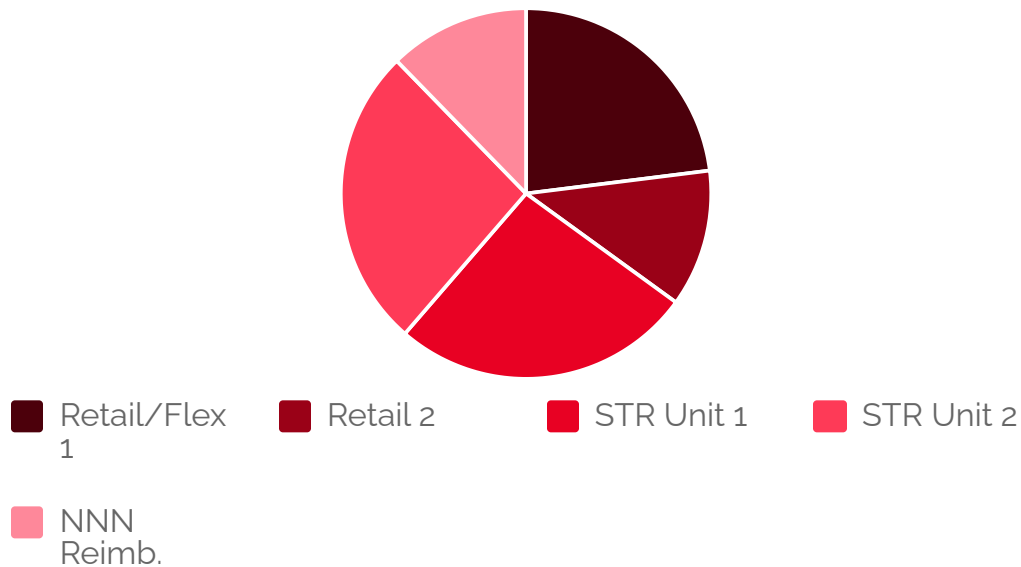
- **Address:** 280 Main St., Brighton, CO 80601
- **Property Type:** Mixed-Use (Retail/Flex/Short Term Rental)
- **Rentable Area:** 4,280 SF
- **List Price:** \$1,000,000
- **Zoning:** DT (Downtown) - Allows wide range of commercial uses, including live/work

Key Investment Benefits

- 7.47% Cap Rate - above market average for similar mixed-use properties
- Diversified income stream (commercial + STR)
- Recent residential renovations (2021)
- Downtown location with growing foot traffic
- Value-add potential through optimization of space usage
- Enterprise Zone/Opportunity Zone tax advantages

This property represents an exceptional opportunity to acquire a stabilized mixed-use asset in Brighton's dynamic downtown corridor. The flexible zoning designation and diverse tenant mix create multiple pathways to enhance returns, whether through commercial tenant improvements, short-term rental optimization, or eventual repositioning.

Income Analysis & Revenue Streams



Total Gross Operating Income: **\$110,778**

The property generates income from multiple sources, creating stability through diversification:

- **Commercial Retail/Flex:** 2,280 SF at \$17/SF generating \$38,760 annually
- **Short-Term Rentals:** Two 1,000 SF units generating \$58,400 annually
- **NNN Reimbursements:** \$13,618 annually (based on \$5.97/SF for 2,280 SF)

The retail rate of \$17/SF appears aligned with market rates for downtown Brighton commercial space, while the short-term rental income is dependent on occupancy rates, nightly pricing strategy, and management efficiency.

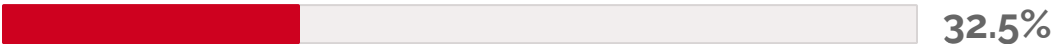
A professional market analysis indicates potential for modest rent increases on the commercial spaces within the next 24 months as Brighton's downtown continues to develop. The short-term rental units show particular promise for revenue optimization through improved marketing, strategic pricing, and enhanced guest experiences.

Operating Expenses & NOI Analysis



Operating Margin

The property demonstrates strong cash flow potential with a healthy operating margin, converting 67.5% of gross income to NOI.



Expense Ratio

Total operating expenses represent 32.5% of gross income, which is competitive for mixed-use properties with short-term rental components.

Expense Breakdown

Expense Category	Annual Cost	% of Expenses
Property Insurance	\$10,500	29.1%
STR Property Management (18%)	\$10,512	29.1%
Real Estate Taxes (2024)	\$7,354	20.4%
Utilities (Electric, Gas, Water)	\$6,180	17.1%
Trash Service	\$1,524	4.2%
Total Operating Expenses	\$36,070	100%

Net Operating Income

NOI = Gross Operating Income - Operating Expenses

NOI = \$110,778 - \$36,070 = **\$74,708**

The property's NOI of \$74,708 generates a compelling capitalization rate of 7.47% based on the \$1,000,000 list price, providing an attractive return compared to similar mixed-use investments in the Denver metropolitan area.

Financial Performance Metrics

7.47%

Capitalization Rate

The updated cap rate of 7.47% significantly exceeds the market average for similar mixed-use properties in secondary Colorado markets, which typically range from 5.5-6.25%.

\$74,708

Annual Cash Flow

This represents the property's cash flow before debt service, providing substantial annual returns for an investor purchasing with significant equity position.

\$32.77

NOI Per Square Foot

This metric demonstrates the property's efficiency in generating income relative to its size, significantly exceeding regional benchmarks of \$15-16 PSF.

10.3X

Gross Rent Multiplier

This ratio of property price to gross rental income indicates a favorable valuation below typical market standards of 13-16x for similar properties.

The financial metrics demonstrate that 280 Main St. represents an even stronger investment opportunity with excellent immediate cash flow and potential for long-term appreciation. The property's performance indicators suggest it is competitively priced in the current market, with multiple pathways to enhance returns through operational improvements and strategic repositioning.

Location Analysis & Market Dynamics



Downtown Brighton's commercial district has experienced significant revitalization in recent years, with increasing foot traffic and growing appeal to both residents and visitors.

The property's downtown zoning (DT) provides exceptional flexibility for future uses, allowing the investor to adapt to changing market conditions and maximize returns. Its location within both an Enterprise Zone and Opportunity Zone creates potential tax advantages that enhance the overall investment thesis. The property's position within walking distance to restaurants, retail, and community amenities supports both commercial tenant demand and short-term rental occupancy rates.

Brighton Market Fundamentals

- **Population Growth:** Brighton has experienced 30.5% population growth since 2010, significantly outpacing the national average
- **Retail Vacancy:** Downtown vacancy rates have declined to 4.8% in 2023, indicating strong demand
- **Rental Growth:** Commercial rents have increased 3.2% annually over the past five years
- **Tourism Impact:** Visitor traffic has grown 18% since 2019, supporting short-term rental demand
- **Development Pipeline:** Over \$40M in public and private investment is planned for downtown through 2026

Value-Add Opportunities & Enhancement Strategies

1 Short-Term Rental Optimization

The current STR management fee of 18% is above market average. Negotiating a reduced rate of 12-15% or implementing self-management could immediately increase NOI by \$1,750-3,500 annually. Additionally, strategic pricing algorithms, enhanced listing quality, and improved guest experiences could potentially increase STR revenue by 10-15%, adding \$9,716-14,574 to annual income (based on new potential rental income of \$97,160).

2 Commercial Space Reconfiguration



The lower level spaces could be reconfigured to attract higher-paying retail or service tenants. Contemporary buildouts with enhanced storefront visibility could justify rent increases of \$2-3 PSF upon lease renewal, potentially increasing commercial income by \$4,560-6,840 annually.

3 Operational Efficiency Improvements

Implementing energy-efficient systems and fixtures could reduce utility expenses by 15-20%, saving approximately \$930-1,240 annually. Additionally, bundling insurance policies and renegotiating service contracts could yield an estimated \$1,200-1,800 in annual savings.

Through strategic implementation of these value-enhancement initiatives, a new owner could potentially increase the property's NOI by \$18,156-25,954 annually within 24 months. This would elevate the cap rate from the current 7.47% to approximately 9.3-10.1% based on the acquisition price of \$1,000,000, significantly enhancing investment returns.

Risk Assessment & Mitigation Strategies

\$		
<p>Market Risks</p> <ul style="list-style-type: none">• Rising interest rates impacting financing costs• Potential economic slowdown affecting retail tenant stability• Increased competition in the short-term rental market <p>Mitigation: Secure long-term fixed-rate financing; implement tenant retention programs; develop differentiated STR marketing strategy.</p>	<p>Property Risks</p> <ul style="list-style-type: none">• Potential deferred maintenance issues not visible during inspection• Future capital expenditure requirements• Compliance with evolving STR regulations <p>Mitigation: Comprehensive property inspection; establish capital reserve fund of \$20-25K; maintain relationships with local regulatory authorities.</p>	<p>Financial Risks</p> <ul style="list-style-type: none">• Vacancy periods exceeding projections• Unexpected expense increases• Cash flow disruptions <p>Mitigation: Conservative underwriting with 8% vacancy factor; maintain operating reserve of 6 months' expenses; develop contingency budget scenarios.</p>

While every real estate investment carries inherent risks, the diversified income streams of this property provide natural risk mitigation. The mixed-use nature means that weakness in one sector (retail, for example) can be offset by strength in another (short-term rentals). Additionally, the property's location in Brighton's established downtown district, combined with the flexible zoning designation, creates multiple exit strategies for investors seeking to limit downside exposure.

Due Diligence Checklist & Timeline

Critical Due Diligence Items

1

Property Inspection & Environmental

- Comprehensive building inspection
- Environmental Phase I assessment
- Roof and HVAC system evaluation
- ADA compliance verification

2

Financial Verification

- Two years of operating statements
- Current rent roll with lease terms
- STR performance metrics and occupancy data
- Tax records and assessment information

3

Legal & Regulatory Review

- Title examination and survey
- Zoning compliance verification
- STR license and permit status
- Outstanding code violations check

Recommended Timeline



A thorough due diligence process typically requires 30-45 days and should include consultation with qualified professionals:

- Commercial real estate attorney
- Certified property inspector
- Commercial tax accountant
- Commercial mortgage broker
- Insurance specialist familiar with mixed-use and STR properties

Early identification of any issues allows for renegotiation or resolution prior to the expiration of contingency periods.

Contact Information & Next Steps

Your Expert Commercial Team

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Recommended Next Steps

1. Schedule a property tour with our team to evaluate the condition and potential of all spaces
2. Review complete financial package including historical operating statements and current leases
3. Discuss financing options with our recommended commercial lenders who understand mixed-use properties
4. Develop a customized financial model based on your investment goals and timeline
5. Submit an offer with strategically structured contingencies to protect your interests while remaining competitive

This property at 280 Main St. represents a compelling investment opportunity with its diversified income streams, prime downtown location, and attractive returns. Our experienced commercial team is ready to guide you through every step of the acquisition process, from initial analysis through successful closing. Contact us today to begin your investment journey.