Archuleta County / Pagosa Springs

Q2 2026 Commercial Market Update

Market Summary

Archuleta County recorded no closed commercial transactions in Q2 2026, against three sales totaling $1,000,000 in Q2 2025. With a comparison base that small, the transaction count is the least informative number in this report — a single mid-sized closing swings the quarter either direction. The more useful read is a market absorbing two large disruptions at once while its demand-side fundamentals continue to strengthen.

The U.S. 160 reconstruction through the downtown business district entered its second and final season, shifting work to the north side of the corridor. Downtown access, parking and visibility have been constrained since March 2025, and at least one downtown business has publicly reported revenue down 40 percent. Archuleta County committed $100,000 to a business assistance grant program administered through the Pagosa Springs Community Development Corporation.

Countywide sales tax receipts for the quarter totaled $4,516,987, down 2.2 percent from $4,619,848 in Q2 2025. The trajectory inside the quarter matters more than the total: April fell 9.07 percent, May was essentially flat at negative 0.48 percent, and June returned to growth at positive 1.63 percent. Receipts were recovering as the quarter closed.

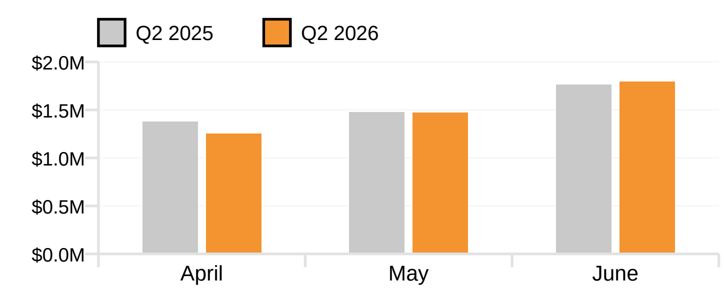
With the highway corridor scheduled for completion in fall 2026 and a lodging tax question on the November ballot, the market has two known unknowns resolving within six months. Pricing clarity on both should precede any meaningful return of transaction volume.

Looking to the back half of 2026, three dates matter more than any comparable set. The U.S. 160 corridor is scheduled to reopen in the fall, ending roughly twenty months of constrained access to the downtown business district. The Nov. 3 ballot will settle whether lodging outside town limits carries a 6 percent tax beginning Jan. 1, 2027. The county's Comprehensive Plan update will begin signaling where commercial entitlement gets easier and where it gets harder. Each of the three has been a defensible reason for a buyer or a seller to wait, and once they resolve, most of the reasons to wait go with them. For anyone underwriting Archuleta commercial over the next two quarters, the useful posture is to price the lodging tax outcome into hospitality and short-term rental deals now rather than after the vote. A quarter with no closings is not the same as a market without demand. The fundamentals underneath this one — a materially expanded flagship resort, a workforce training center breaking ground, and a rebuilt downtown corridor — are stronger leaving Q2 than they were entering it.

Key Indicators

Metric	Q2 2025	Q2 2026	% +/–
Velocity — source: CREN Paragon — Archuleta County commercial sold, Q2			
Commercial Sales Volume	$1,000,000	**$0**	-100.0%
Commercial Transactions	3	**0**	-100.0%
Vacancy Rate			
Commercial Vacancy	8.0%	**9.5%**	+18.8%
Cap Rate			
Average Cap Rate	7.25%	**7.75%**	**+6.9%**
Tax Indicators — source: Archuleta County Finance Director monthly releases; lodging tax not published quarterly			
All Sales Tax	$4,619,848	**$4,516,987**	-2.2%
Lodging Taxes	n/a	**n/a**	n/a

NNN rental rates, 2025/2026: $12 – $22 per SF



Countywide sales tax receipts by month — town + county combined

Recent and Current Happenings

PUBLIC POLICY

- On Aug. 18, the Board of County Commissioners unanimously approved Resolution 2026-63, placing a lodging tax increase on the Nov. 3 ballot — from 2 percent to 6 percent effective Jan. 1, 2027, projected to generate an additional $1,080,000 annually. Allocation: 80 percent county road maintenance, 10 percent public safety and emergency dispatch, 10 percent workforce child care.
- The county lodging tax applies only outside Town of Pagosa Springs boundaries; the town levies its own 4.9 percent lodgers' tax and is expressly excluded from the ballot measure.
- The county's 2 percent lodging tax has not been increased since voters approved it in November 1987.
- A town-only 1 percent sales tax (Ballot Measure 2A, approved November 2025) took effect Jan. 1, 2026, bringing the in-town combined rate to 7.9 percent against 6.9 percent elsewhere in the county.
- Archuleta County began a Comprehensive Plan update in 2026 with community engagement running throughout. Land use regulation changes emerging from that process will shape commercial entitlement timelines.

HAPPENINGS

- The Springs Resort completed its major expansion — 78 additional hotel rooms, double the geothermal soaking pools, a two-level spa, and a new indoor/outdoor restaurant. It is the largest single addition to the county's lodging inventory in years.
- Build Pagosa is moving toward groundbreaking on its Regional Workforce Center, an approximately 10,000 SF first phase on the Pagosa Springs High School campus, with a second phase of similar size contemplated. The town planning commission has approved the sketch design.
- U.S. 160 downtown reconstruction is in its final season with completion anticipated fall 2026: concrete replacement between 2nd and 8th streets, intersection improvements at Harman Park Drive and Piedra Road, expanded sidewalks, ADA ramps and pedestrian signal upgrades.
- Archuleta County earmarked $100,000 for business assistance grants to downtown businesses disrupted by the highway project, administered through the Pagosa Springs CDC.

COMMERCIAL REAL ESTATE

- No commercial transactions closed in Archuleta County in Q2 2026, against three closings totaling $1,000,000 in Q2 2025. In a market this thin, quarter-over-quarter velocity should be read as noise until a multi-quarter trend establishes.
- Downtown retail and restaurant space along the U.S. 160 corridor remains the most challenged segment. Construction-period access constraints are suppressing both leasing interest and investor appetite until the corridor reopens.
- Lodging and hospitality is the county's strongest commercial fundamental, reinforced by the Springs Resort expansion. A move to a 6 percent county lodging tax in 2027 would raise the effective cost of stays outside town limits and belongs in any hospitality or short-term rental acquisition underwriting from here forward.
- Sales tax by category showed Real Estate, Rental and Leasing up every month of the quarter — 8.05 percent in April, 59.91 percent in May, 7.32 percent in June — against a declining countywide total. Transaction-adjacent activity held up materially better than the headline figure suggests.
- Construction receipts swung hard inside the quarter, down 47.14 percent in April and up 8.42 percent in June, consistent with project timing rather than a durable directional trend.

KEY TRANSACTIONS

- **NO CLOSINGS** **$0** No commercial transactions closed in Archuleta County during Q2 2026 (Q2 2025: 3 sales, $1,000,000)