

Colorado Springs Industrial Market YTD 2019

Total Market - At A Glance

	Year End 2017	Year End 2018	YTD 2019
Availability	9.4%	5.9%	5.4%
Lease Rates PSF/YR	\$7.94	\$8.56	\$9.14
Net Absorption	-260,804	1,101,564	1,454,440

Industrial Market News

- In-N-Out commits to Colorado Springs. The California-based chain will make has committed to breaking ground on a 100,000 SF distribution facility and a 150,000 SF office building adjacent to its NE Colorado Springs' restaurant site by Summer 2020.
- The City of Colorado Springs continues reinvestment projects aimed at attracting business, residents, and tourism to the local area.

Overall Market - By The Numbers



34 + M
Total Market SF



\$9.14
Average Lease Rate/SF



\$133.10
Average Sale Price/SF



5.4%
Overall Vacancy Rate



1,454,440
SF Absorbed



231,000
Proposed/Future Construction

Class A Market - At A Glance

	Year End 2017	Year End 2018	YTD 2019
Availability	0%	0%	0%
Lease Rates PSF/YR	N/A	\$6.93	\$7.33
Net Absorption	0	131,040	99,960

Class A Market News

- Amazon 68,000 SF warehouse/distribution facility at Peak Innovation Park nears completion
- 99,960 SF of speculative warehouse/distribution at 2640 Zeppelin Rd. delivered and fully leased in 3Q2019

Class A Market - By The Numbers



1.285 + M
Total Market SF



\$7.33
Average Lease Rate/SF



\$N/A
Average Sale Price/SF



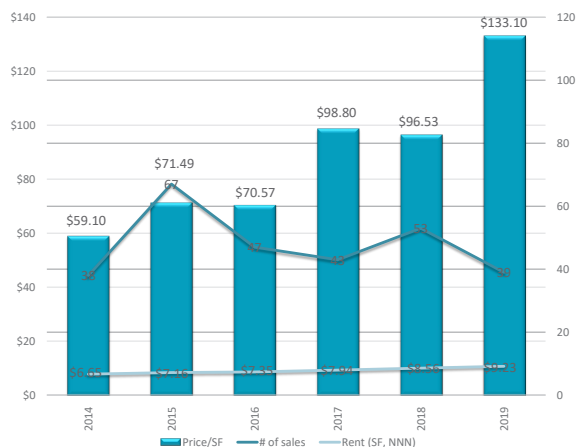
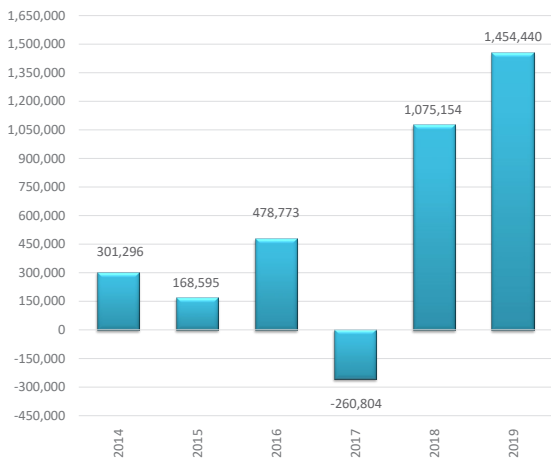
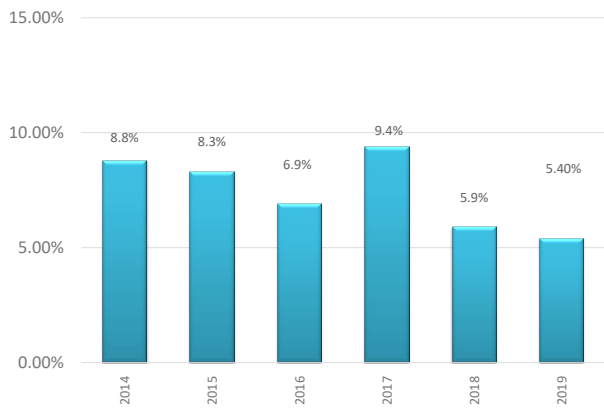
0%
Overall Vacancy Rate



99,960
SF Absorbed



231,000
Proposed/Future Construction



AVAILABILITY

The overall direct industrial vacancy rate for the Colorado Springs Industrial Market in 3Q2019 was 5.4%. This rate was down marginally from the previous quarter's overall vacancy rate of 6.1%. Net absorption was positive with 1,454,440 total square feet absorbed YTD2019. Two significant projects were delivered First Half 2019 (2507 Zeppelin and T@5 Data Center) with both fully leasing ahead of delivery in the Third Quarter. Current available inventory in the Colorado Springs Industrial Market is considered to be of low quality or functionally obsolete - as higher rated industrial product is in short supply in the marketplace.

LEASE RATES

(NNN, Annual Per RSF)

Historically low availability and delivery/pre-leasing of new Class A Industrial product has led to the highest lease rates on record. The overall average asking rate for 3Q2019 is \$9.14/SF across all product types and classes in the market. Average asking rates for industrial products in 3Q2019 were as follows: High-Tech Industrial product \$8.75/SF; Manufacturing \$9.13/SF; Industrial Flex \$9.52/SF; and Warehouse \$9.20/SF. Class A Industrial product saw the largest total lease values and averaged \$7.33/SF.

ABSORPTION

(Absorption is defined as the net change in occupied space from one period to the next.)

The industrial market absorbed a total of 1,454,440 square feet in YTD2019. This is in keeping with the previous year's positive absorption figure. Flex, Manufacturing, and Warehouse products showed positive absorption in YTD2019 while High-Tech Industrial product absorption has remained flat throughout the year. With low historically low vacancies and little speculative development within the market, absorption is expected to take a downward turn in the Fourth Quarter.

INDUSTRIAL SALES

(5,000 SF + - Number of Sales vs. Average Price Per SF)

The number of overall industrial building sales 5,000 square feet and larger buildings in the YTD2019 numbered 39* with an average sales price for industrial product of \$133.10 per square foot - exceeding the previous year's asking price of \$96.53 per square foot (58 total sales). The highest average asking rate, \$147.72 remains with product in the 5,000 SF to 20,000 SF range as low vacancies are placing downward pressure on users to purchase quality product as it becomes available on the market. *As of the date of this printing The El Paso County Assessor has only published the Industrial Sales Data through July 2019.