

MarketView

Third Quarter 2023



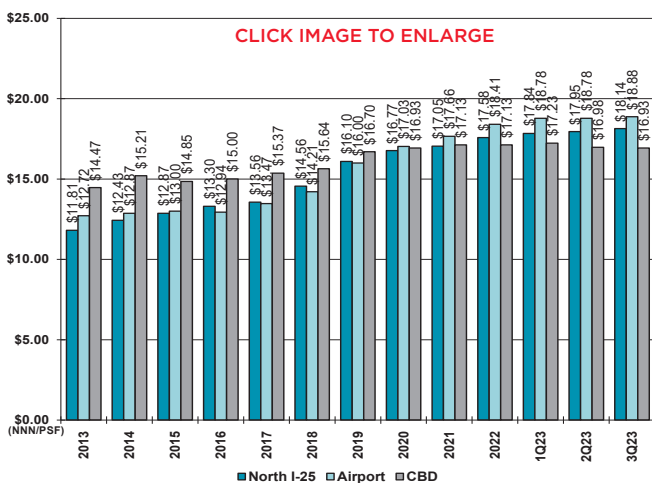
CUSHMAN & WAKEFIELD

Colorado Springs Commercial

QUICK STATS

	3Q23	2Q23	3Q22
Vacancy	13.29%	▼	▲
Lease Rates	\$17.97	▲	▲
Net Absorption	6,903	▲	▲

LEASE RATES



CLASS A/B OFFICE MARKET OVERVIEW

As we approach the end of 2023, the office market in Colorado Springs has remained relatively active (certainly relative to many of the major markets across the country). We continue to see a fair amount of lease activity with the small office tenants (smaller than 5,000 square feet), as well as the larger office tenants (greater than 40,000 square feet). The vast majority of the larger users are defense related tenants. The mid-market has remained relatively sluggish.

While we only saw modest positive absorption in the third quarter, leasing activity remains positive. Despite the fact that every transaction seems to be very labored, and reaching resolution is a challenge, transactions are still getting completed.

Average asking lease rates across-the-board continue to climb and we anticipate that well into next year. The primary driver for that is the increase in tenant improvement costs that we continue to see escalating well above current inflation rates. In addition to the fact that lease rates are increasing in order to keep up with the tenant improvements, we are seeing an increasing number of transactions where tenants are having to come out of pocket to fund their own tenant improvements in order to deliver space that suits their requirements.

The forecast for the balance of the year is that we likely see things slow down in the fourth quarter and early into 2024, but given momentum in the market, an overall sentiment, combined with the fact that most companies have sorted out their post-COVID space needs, we anticipate activity picking up early in 2024.



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CLASS A/B OFFICE STATISTICS

Submarket	Total Bldg. SF	Available SF	Sublease Space	Vacancy Rate	Absorption	Lease Rate	NNN Exp.
NORTH I-25 CORRIDOR:							
3rd Quarter 2023	4,366,829	756,256	306,789	17.32%	(22,897)	\$18.14	\$9.27
2023					(140,715)		
AIRPORT (SOUTHEAST) AREA:							
3rd Quarter 2023	1,404,317	82,021	6,390	5.84%	32,914	\$18.88	\$7.95
2023					37,960		
CENTRAL BUSINESS DISTRICT:							
3rd Quarter 2023	1,994,054	193,421	24,530	9.70%	(3,114)	\$16.93	\$10.29
2023					(5,671)		
TOTAL CLASS A MARKET:							
TOTALS FOR 3rd Q 2023	7,765,200	1,031,698	337,709	13.29%	6,903	\$17.97	\$9.28
TOTALS 2023					(108,426)		

13.29%
Direct Vacancy Rate

17.64%
Overall Vacancy Rate

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