



Colorado Springs, CO

INDUSTRIAL MARKET VIEW | FIRST HALF 2024



AARON HORN

Sr. Managing Director

ahorn@coscommercial.com

+1 719 330 4162



HEATHER MCKEEN

Director

hmckeen@coscommercial.com

+1 719 568 1389

INDUSTRIAL MARKET OVERVIEW

The First Half Colorado Springs Industrial Market could be described as slow but steady. Absorption has been positive for the past several quarters. Construction deliveries combined with the vacancy of a few large industrial assets have flipped the trend to a negative absorption. Despite the downturn in absorption, net leasing remained relatively steady with 251,107 square feet leased in the First Half. The total available square footage remained flat with approximately 1.5 million square feet available in the market. With the movement of a few players overall absorption is expected to positively correct by year's end. In other words, we have not seen any large or dramatic swings in our market, a trend we anticipate continuing.

The average asking lease rate for the Colorado Springs industrial market have continued to climb, ending the second quarter at \$10.83 per square foot, NNN. Lease rates increased approximately 22% over the past 5 years. Year to date, we are closer to a 5% annualized increase in asking rates and is likely to continue in the near term.

Average sale prices for the First Half dipped. This trend is not unusual. Previous years show steady market interest by owner/users throughout the year followed by a predictable strong investor engagement in the second half of the year.

The flattening of interest rates has sparked activity among speculative industrial developers and investors. The initial shutter felt by the market seems to have waned in the First Half. Investors have begun to reengage in speculative Class-A Industrial development with names such as - SunCap, Thompson Thrift, United Properties and others making a play for sites in Colorado Springs. This bodes well for a stable and growing industrial market in Colorado Springs. However, with nearly all investors focused squarely on the large-scale projects, the small-bay market has been left to stagnate with many renewals executed due to lack of functional market alternatives for local and small businesses.

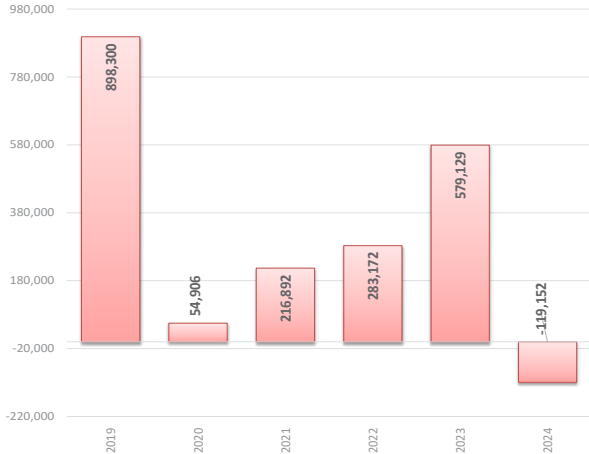
Historically, we have seen how the overall political climate of an election year affects the business world. Deal timing and velocity have slowed. Large or small, deals are taking longer than normal to complete and have been frustratingly encumbered. We anticipate the second half of the year to slow. What the long-term impacts of whichever direction the presidency ends up in at the end of the year, is anybody's guess. That said, we do not anticipate major shifts in our marketplace one way or the other through 2025.

QUICK STATS

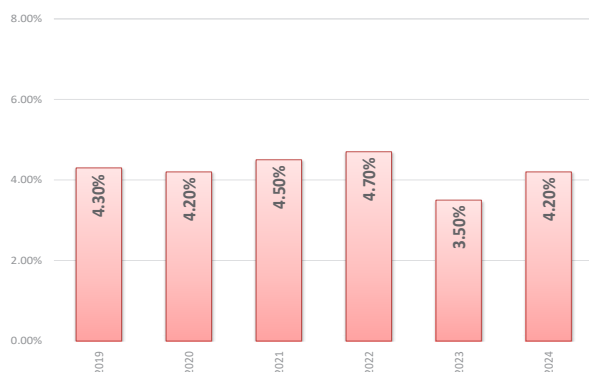
	2Q24	1Q24	4Q23
Vacancy	4.4%	▲	▼
Lease Rates	\$10.83	▲	▲
Net Absorption	-119,152	▼	▲

ABSORPTION

CLICK GRAPH IMAGE TO ENLARGE



VACANCY



Colorado Springs, CO

INDUSTRIAL

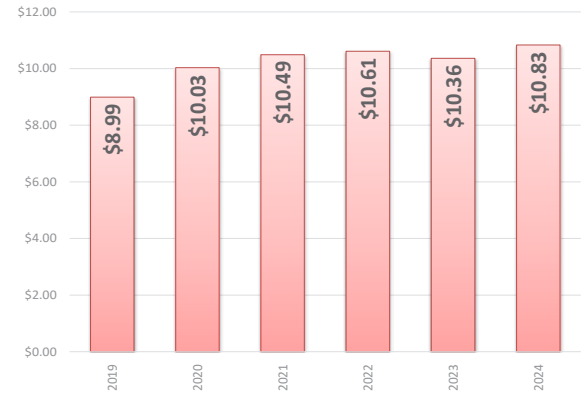
MARKET VIEW | FIRST HALF 2024

HOT TOPICS

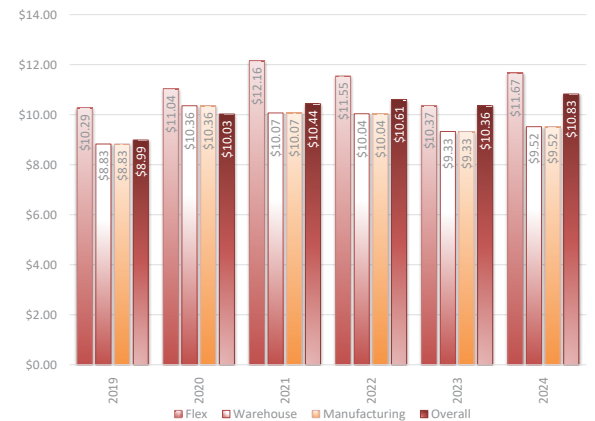
- Colorado's unemployment rate remained at 3.3% in November, keeping below the national unemployment 3.7% rate.
- Home construction in the Colorado Springs area declined to its lowest level in just over a decade, while sales on the resale side of the market fell to a 9-year low. Pikes Peak Regional Building Department issued 2,259 single-family home permits, falling 26.4% from 2022 and nearly 50% from 2020. Sales for 2023 totaled 11,742, down 23% from 2022
- The smokestacks of the 100-year-old Martin Drake Power Plant will be gone from the downtown skyline by the end of 2024 as Colorado Springs Utilities continues its demolition of the plant.
- Colorado Aerospace Business Center will be breaking ground on a speculative development of 185,000 SF + of Class A Industrial product this August.
- 875 Vapor Trail - Vapor Trail Logistics Center was fully leased in the First Half. Pepsi, Canteen, and Arlun Design Group round out the 185,500 square foot Class-A Industrial property in Colorado Springs' Southeast Submarket.
- The construction of Frito Lay's 121,000 square foot property nears its completion with occupancy anticipated in late 3Q2024.
- The new Budweiser distribution facility is under construction and scheduled to deliver over 264,000 SF of product to the North Submarket.

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LEASE RATES



LEASE RATES BY SUBTYPE



INDUSTRIAL SERVICES

Cushman and Wakefield | Colorado Springs Commercial's Industrial Team is staffed with seasoned professionals who strive to consistently provide results that exceed client expectations.

As consistent top producers in the market, they have extensive experience in all categories of industrial real estate in the Colorado Springs metropolitan area. The Industrial Team is equipped to provide exceptional service for your office/warehouse, showroom, manufacturing, research & development, warehouse/distribution, laboratory, adaptive use or other industrial requirement, including commercial land.

Colorado Springs Commercial is an alliance of Cushman & Wakefield benefiting from the support of its global real estate research team, experts, and capital advisors. Cushman & Wakefield is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. The firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. www.cushmanwakefield.com



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SALES

