

Colorado Springs Industrial Market First Quarter 2020

Total Market - At A Glance

	Year End 2018	Year End 2019	First Q 2020
Availability	5.9%	4.9%	7.6%
Lease Rates PSF/YR	\$8.56	\$8.99	\$9.33
Net Absorption	1,101,564	898,300	59,599



Amazon Distribution Center and Construction Site of 4MM SF Distribution Center at Peak Innovation

Industrial Market News

- Amazon 68,000 SF warehouse/distribution facility at Peak Innovation Park competed and began operations 4Q2019 and subsequently began construction on a second 4MM SF warehouse distribution facility at Peak Innovation Park with delivery anticipated by 1Q2021.
- Scannell announced construction of it's second Class-A Industrial product in Colorado Springs in as many years with delivery anticipated 2Q2021
- In-N-Out distribution facility breaks ground in Colorado Springs. The California-based chain will make has broken 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



\$9.33
Average Lease Rate/SF



\$98.17
Average Sale Price/SF



7.6%
Overall Vacancy Rate



59,599
SF Absorbed



231,000
Proposed/Future Construction
4,000,000
BTS Amazon Distribution

Industrial Team



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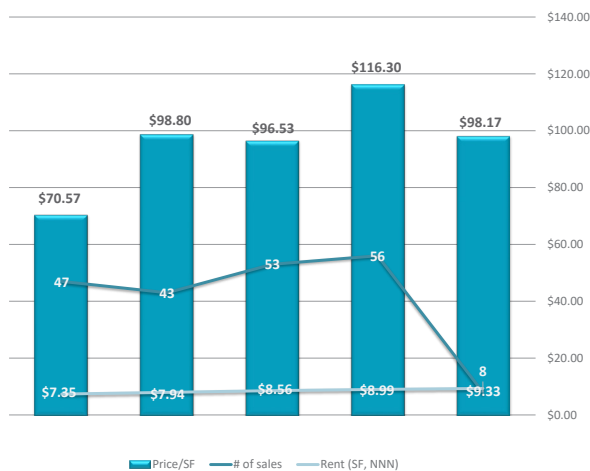
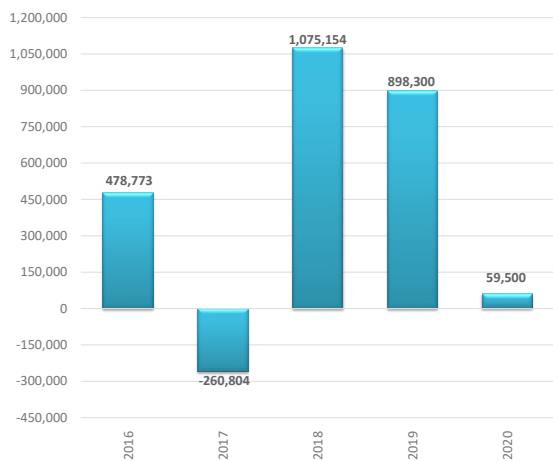
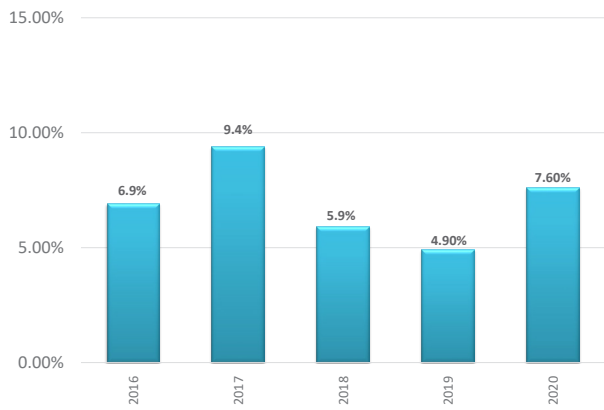


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Overall Market - Reflections

- The 1Q2020 and 1Q2019 numbers are remarkably similar in terms of absorption, vacancy rate, and average sale price per foot.
- Lease rates are approximately 4% higher than the year before.
- Scannell has announced their second large-scale speculative industrial construction project in Colorado Springs with delivery anticipated for 2021. Overall speculative construction in the market however remains flat.
- Large-scale build to suit projects are expected to attract large users in 2020 and beyond.



AVAILABILITY

The overall direct industrial vacancy rate for the Colorado Springs Industrial Market the First Quarter 2020 was 7.6%. In contrast, Year End 2019 was 4.9%. The sharp rise in vacancy over the previous quarter was due in part to some building reclassification and availability in the Flex/Industrial sector of the market. However, availability in warehouse (4.9% Vacancy) and manufacturing (5% Vacancy) industrial products remained extremely low. Overall absorption was positive with 59,599 total square feet absorbed for the First Quarter.

LEASE RATES (NNN, Annual Per RSF)

Low vacancy rates and delivery of new Class A Industrial product has led to a high average asking lease rate of \$9.33 per square foot across all product types. This upward trend is consistent with Year End 2019's average asking lease rate of \$8.99 per square foot. Average asking rates for industrial products for First Quarter 2020 were as follows: High-Tech Industrial product \$7.50/SF; Manufacturing \$9.62/SF; Industrial Flex \$11.06/SF; and Warehouse \$9.36/SF. These rates represent a significant increase over the previous year.

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

The industrial market absorbed a total of 59,599 square feet in First Quarter 2020, that is in keeping with the previous quarter's figures in 2019. Year End 2019 was 898,300 with the bulk of the absorption taking place in the Second to Fourth Quarters.

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 First Quarter 2020 numbered 8 with an average sales price of \$98.17 per square foot that is just slightly under 2019's Year End figure of \$116.30 per square foot (56 total sales) but still exceeding the 2018's average price of \$96.53 per square foot (53 total sales).