

### At A Glance

|                       | Year End<br>2018 | Year End<br>2019 | First Half<br>2020 |
|-----------------------|------------------|------------------|--------------------|
| Availability          | 5.9%             | 4.9%             | 5.0%               |
| Lease Rates<br>PSF/YR | \$8.56           | \$8.99           | \$9.32             |
| Net<br>Absorption     | 1,101,564        | 898,300          | 408,172            |

### Hot Topics

- **BalSeal Engineering Property Sold - \$17,000,000!** The 154,816 SF of warehouse and manufacturing space located at **1350 Bellprat View** sold to Connecticut investment firm Kaman.
- Newly constructed 99,960 SF Class-A Building at **2640 Zeppelin Road** Sold - **\$14,600,000!**
- **Scannell** has announced its second large-scale project in Colorado Springs with the proposed construction of two 131,040 SF industrial distribution warehouse buildings at **2500 Zeppelin Road**.
- **Construction is underway for the 4MM SF Amazon distribution facility at Peak Innovation Park** a 900-acre master planned business park at the Colorado Springs Airport. The distribution facility is anticipated to be one of the largest in the United States and generate a significant number of jobs in the Colorado Springs Market.

### Industrial Team



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### Colorado Springs Industrial Market First Half 2020

The Colorado Springs Industrial Market, like the rest of the world markets at large, is a story of cautious optimism. The First Half 2020 started strongly with a First Quarter 2020 on track to meet or exceed previous year expectations. The trends of low vacancy rates, high absorption rates, shortened marketing times for properties, and record high lease rates were showing no signs of slowing in the First Quarter 2020. The sudden emergence of the coronavirus pandemic and subsequent state quarantines at the start Second Quarter 2020 changed the commercial real estate market's landscape at the macro and micro levels.

Beginning in mid-March markets screeched to a halt with a complete pause in both supply and demand. Landlords were no longer bringing properties to market and new inquiries for industrial lease and sale product evaporated. Moreover, due to global uncertainty, the deal pipeline for in-progress leasing and sales halted. As a result, many deals were placed on hold or died on the vine. As coronavirus rates slowed, businesses began phased reopening mid-May. By June deals again showed signs of life.

While there is still a lot of trepidation and insecurity in the market generally entering the Third Quarter 2020, the Colorado Springs Industrial Market seems to be rebounding from the impact of two months of stagnation. There has been a rise in the number of new inquiries and new properties brought to market, vacancy continues to be low, and absorption remained positive. The Colorado Springs Industrial Market's recovery speaks to the underlying strength of the local market's foundation going into the crisis. In addition, the Colorado Springs Industrial Market saw few rent deferrals or force majeure requests throughout the shelter period.

The First Half 2020 vacancy remains low at 5%, only 0.10% higher than Year End 2019's figure of 4.9%. Average asking lease rates continued to rise from \$8.99/SF/Year for 2019 to \$9.32/SF/Year for First Half 2020. Despite market stagnation for much of the Second Quarter 2020, absorption remained positive at 408,172 SF absorbed in First Half 2020. The current absorption figure pales in comparison to the 780,109 SF absorbed in same period 2019. However, the low absorption speaks to the immobility of the market rather than any negative movement by tenants.

Sales while slower than previous quarters also show forward momentum with an average sale price of \$125.70/SF and 404,124 square feet of product sold in the First Half 2020. Additionally, two significant sales occurred the market. First, the 154,816 SF BalSeal Engineering property at 1350 Bellprat View sold for \$17mm (\$109.81/SF). Then the recently constructed 99,960 SF Scannell building at 2460 Zeppelin Road sold for \$14.6mm (\$146.06/SF).

## By The Numbers



**34 + M**  
Total Market SF



**\$9.32**  
Average Lease Rate/SF

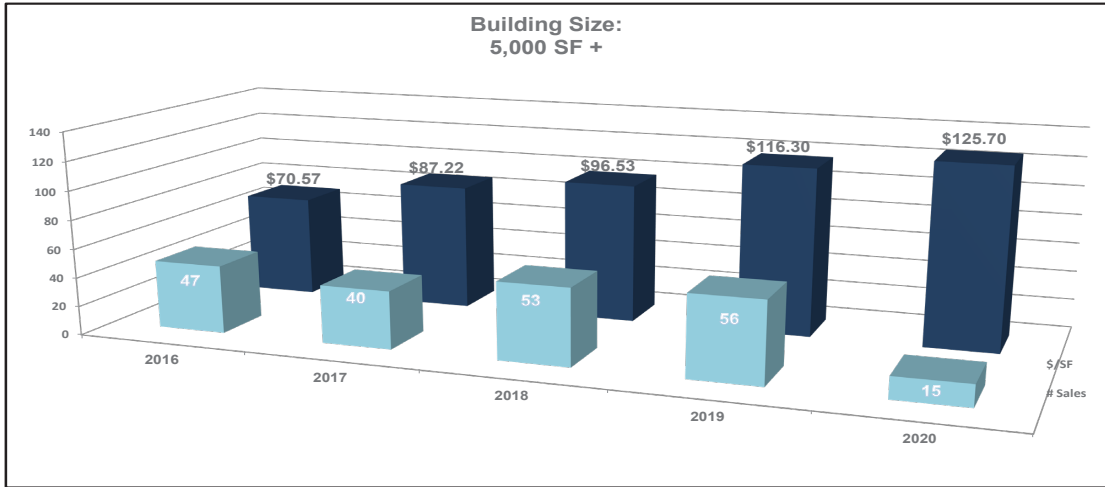


**5.0%**  
Overall Vacancy Rate



**408,172**  
SF Absorbed

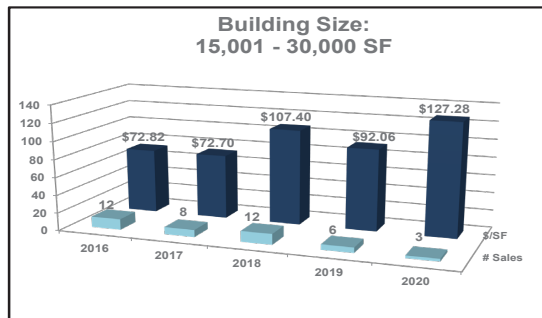
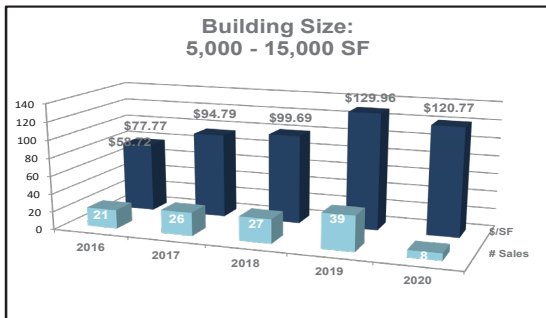
## By The Numbers: Sales



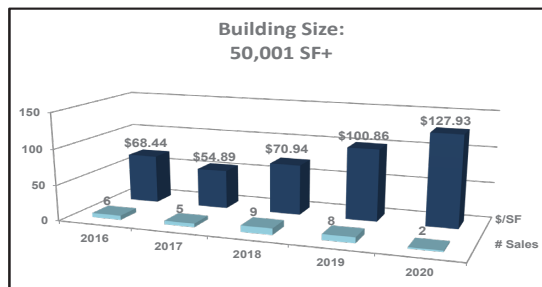
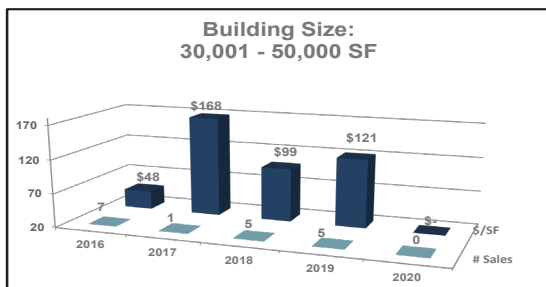
**404,124**  
Total SF Sales Volume



**26,942**  
Average SF Sale



**\$125.70**  
Average Price/SF Sale



**15**  
Total Number YTD Sales

## Featured Industrial Properties



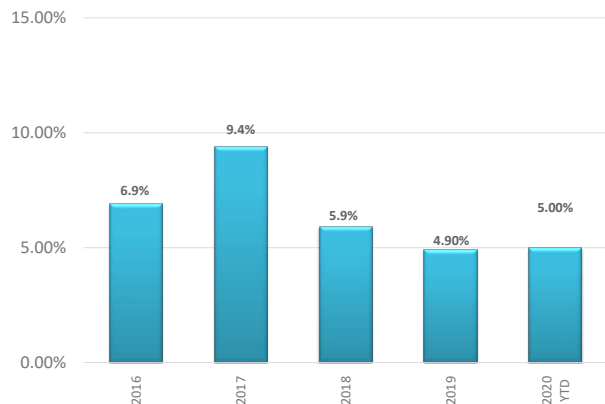
Claremont Business Park  
1471 Woolsey Hts.  
10,000 SF  
For Lease



Office/Warehouse/Manufacturing  
1110 Bayfield Dr.  
164,582 SF  
For Lease



Manufacturing Warehouse  
3305 Cascade Ave  
24,576 SF  
For Sale



## AVAILABILITY

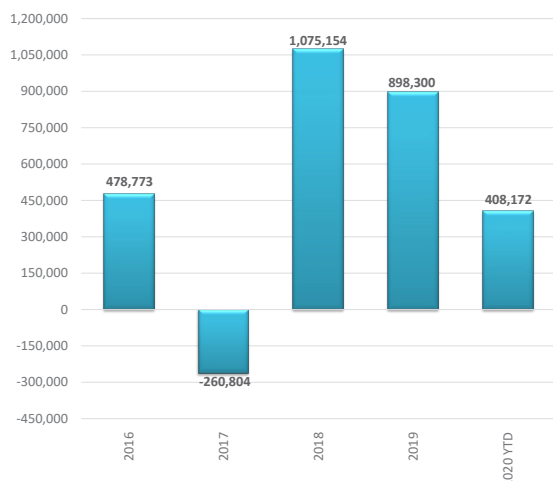
The overall direct industrial vacancy rate for the Colorado Springs Industrial Market for First Half 2020 was 5.0%. This rate was up marginally from Year End 2019's rate of 4.9%. Overall absorption was positive with 204,358 total square feet absorbed year to date. At the end of the year there was only approximately, 1.9MM SF of available industrial product in the Colorado Springs Market. Product coming to market is seeing an average time to lease of approximately 6 months - a significant decrease in dwell time over previous years.

## LEASE RATES (NNN, Annual Per RSF)



Low availability and delivery of new Class A Industrial product has led to a high average asking lease rate of \$9.32 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 and Year End 2018's rate of \$8.56. Average asking rates for industrial products at Year End 2019 were as follows: High-Tech Industrial product \$7.50/SF; Manufacturing \$10.16/SF; Industrial Flex \$10.64/SF; and Warehouse \$9.44/SF. These rates represent a precipitous increase over the previous years. As the deal pipeline recovers this upward pressure on demand and lease rates is expected to continue.

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



The stagnation of the market through the second quarter had a dramatic impact on the Colorado Springs Industrial Market. The industrial market absorbed a total of 408,172 square feet in First Half 2020, down from 2019's absorption figure for the same period of 780,109 square feet. The low figure points to the impact of the pandemic crisis on the market. However, the positive absorption figure indicates that despite a stalled market for much of First Half 2020, leasing still took place and landlords were able to hold onto their existing tenants. This is optimistic and points to the Colorado Springs Industrial Market as being somewhat insulated from the pandemic crisis as trending in the national industrial market.

## 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 Half 2020 numbered 15 with an average sales price for industrial product of \$125.70/SF - exceeding the 2019's average price of \$116.30/SF (56 total sales). Properties within the 5,000 SF to 15 SF had 8 sales and an average of \$120.72/SF. There were 3 sales in the 15,000 SF to 30,000 SF with an average price of \$127.28/SF. There were two significant sales exceeding 50,000 SF with the market's highest sale price - averaging \$127.93.

# Cushman and Wakefield | Colorado Springs Commercial

## Real Estate's 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. Whether it's an assignment of 2,000 or 200,000 square feet, each deal is equally important to the principals involved.

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](http://www.cushmanwakefield.com)

### About Our Industrial Brokers



Aaron Horn has focused exclusively on the Colorado Springs Industrial and Office market for the past sixteen years working with both owners and users to help with their commercial real estate needs. Aaron has served as the President of the Southern

Colorado Commercial Brokers Association (SCCB). Aaron was the top Industrial Sales Broker for Colorado Springs, receiving the 2019 and 2018 CoStar PowerBroker Award in Industrial Sales Transactions. In addition, he has won the CoStar Power Broker award for 2013, 2015, 2017, and 2019 and was a member of the Xceligent Advisory Board 2015-2017. Aaron also received the 2015 & 2017 "Most Notable Industrial Transaction" of the year award from the Southern Colorado Commercial Brokers (SCCB) organization. Aaron possesses strong financial analysis skills helping his clients evaluate multiple real estate scenarios.

#### Aaron Horn

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Heather Mauro became a broker in 2019 and is primarily focused on the leasing and sales of industrial and office properties in Colorado Springs, with a focus on both landlord and tenant representation. Prior to her role as an Associate Broker, Heather was the Executive Assistant and

Marketing Coordinator, joining the firm in 2016. In her time with the firm, Heather has been responsible for gathering and analyzing commercial industrial market data giving her expert knowledge, insights, and perspectives on market trends.

Before commercial real estate, Heather worked in the legal field and volunteered as a children's advocate in family court. Community focused, Heather maintains active and current memberships in the Colorado Springs Chapter Junior League, Daughters of the American Revolution, and Southern Colorado Commercial Brokers.

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