

INDUSTRIAL MARKET VIEW | YEAR END 2024



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The 2024 Colorado Springs Industrial Market was marked by deceleration. The total transaction volume in both sales and leasing decreased when compared to the previous five years. Commercial real estate experts assigned the slowing of the 2024 cycle to several factors including the presidential election, inflation, interest rates, and construction costs.

Despite the slowed pace of the 2024 Colorado Springs Industrial Market, the metrics reveal a foundation of strength and resilience.

Absorption positive at 146,828 square feet despite a negative start to the year. This figure is down from 2023's 579,129 square feet; however, the total square feet leased in 2024 approached 1.2 million square feet, new construction deliveries approached, 1.5 million square feet, and the total available square footage remained relatively flat throughout the year with approximately 1.5 million square feet available in the market. In other words, we have not seen any large swings of industrial product in our market. However, a deal which loomed hopeful and large now seems doomed for sublease. Meyer Burger, the Swiss solar company, scrapped its plans to open doors at 1565 High Tech Way, representing 700,000 square feet of high-tech manufacturing space to return to the market and the loss of hundreds of tech jobs to and revenue for the region.

The average asking lease rate for the 2024 Colorado Springs Industrial Market rose 1.5% to \$11.00 per square foot with the average deal execution rate at \$12.16 per square foot. For Landlords and Tenants, this represents an 22% increase in lease rates over the past 5 years.

The overall average sales volume and sales price for buildings in the 2024 Colorado Springs Industrial Market dipped from the 2023 figures. 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. However, that predictable trend of market demand and more importantly on-market supply did not materialize. The Year End 2024 average price per square foot fell to \$173.57 per square foot a 5.6% decrease in sales price from 2023 but a 49% increase in over the last five years.

The Fed cut interest rates twice in 2024. Unfortunately, the rate cuts did not spark as much activity in the commercial real estate market as hoped. Fewer investors came to the market seeking that next deal - be it on market, or off. Moreover, there simply weren't many owner/users looking for a new location. On the bright side, developers, who were initially spooked by the rising cost of capital associated with the interest rates, reengaged in speculative Class-A Industrial development in Colorado Springs. Companies both large and small are still in the pipeline looking to call Colorado Springs home. While many of the big name companies will find speculative and build-to-suit options available, many small companies will struggle to find new product on the market. Nearly all developer/investors have focused squarely on large-scale projects, while 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.

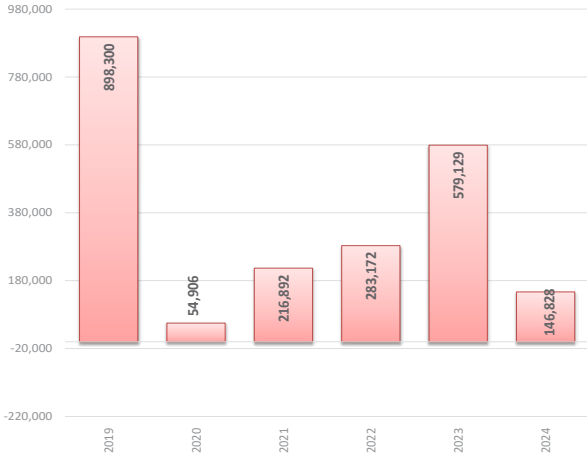
Historically, we have seen how the overall political climate of an election year affects the business world. Deal timing and velocity slowed in 2024. Interestingly, within days of the election the deal pipeline turned on with roar and tenants, landlords, and investors reemerged. What a second Trump presidency and a shift in the balance of power from one party to the other truly means for the Colorado Springs Industrial Market in 2025, is anybody's guess. What we do know is this, the Colorado Springs Industrial Market is highly desired, our metrics are strong and well insulated. The year ahead looks positive and we are poised and ready to provide our clients with the best service and information in the market.

QUICK STATS

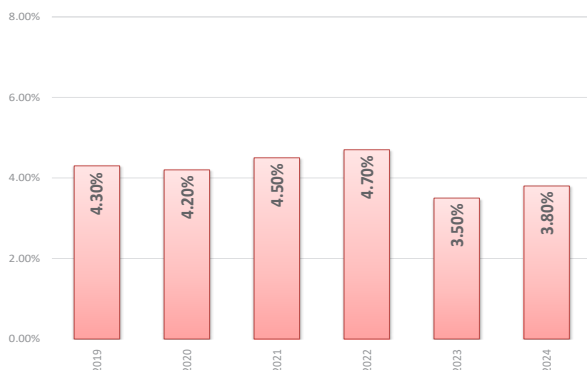
| | 4Q24 | 4Q24 | 4Q23 |
|----------------|---------|------|------|
| Vacancy | 3.8% | ▲ | ▼ |
| Lease Rates | \$11.00 | ▲ | ▲ |
| Net Absorption | 146,828 | ▼ | ▲ |

ABSORPTION

CLICK GRAPH IMAGE TO ENLARGE



VACANCY



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HOT TOPICS

- Colorado's unemployment rate rose to 4.3% from 3.3% YE2023, slightly above the national unemployment 4.1% rate.
- Pikes Peak Regional Building Department issued 2,854 single-family home, 42 condo, and 838 multi-family permits in 2024. The PPRBD estimates the total value of commercial projects in the region to be \$3.4 Billion.
- Colorado Aerospace Business Center has begun raising walls on its speculative development of 85,000 SF + of Class A Industrial product. Phase I of this project is scheduled to deliver by August 2025. The developer, AZ Opportunity Fund plans to break ground on Phase II of the project immediately thereafter.
- Frito Lay's 121,000 square foot distribution center has delivered at Peak Innovation Park. The project is the latest industrial project within the City-Owned mixed use development site.
- Budweiser's distribution facility, located at Falcon Commerce Center in Monument, was delivered. This 264,000 SF facility is being delivered to the market with an approximately 80,000 SF of additional Class-A distribution center space available for lease.
- Clark Investments, an industrial development firm out of Kansas, will deliver 136,000 SF of Class-A industrial space for lease. The developer of this speculative project, expected to deliver 2Q25, has delivered the message that it is (for now) seeking a single tenant user.

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



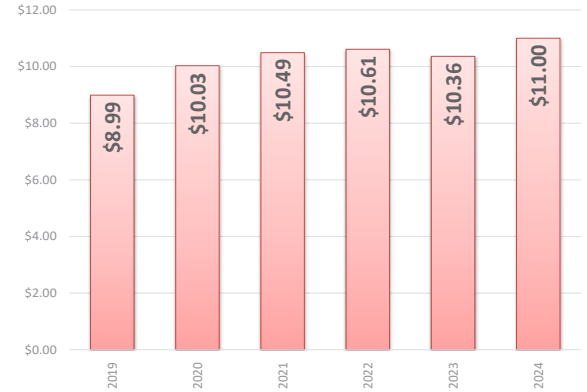
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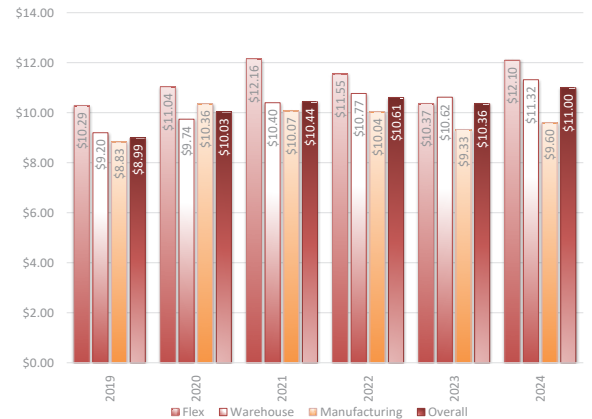
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LEASE RATES



LEASE RATES BY SUBTYPE



SALES

