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Industrial Market - First Quarter 2013

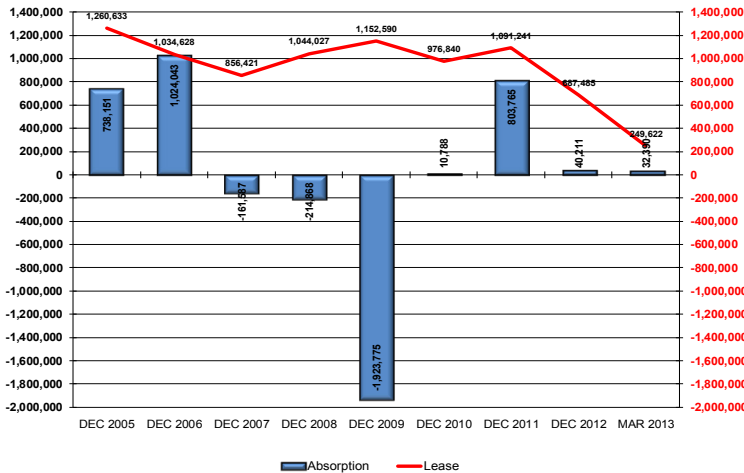
The Industrial Market consists of roughly 33.7 million square feet. Vacancy at the end of the first quarter was recorded at 9.3%, which remains relatively flat since 2011's posting of over 800,000 square feet of positive absorption. 2012 recorded only 40,000 square feet of positive absorption and roughly 32,000 square feet of positive absorption was recorded in the first quarter

of this year.

Those numbers would usually signal weak market conditions, but that is tempered by the relative lack of quality industrial product in the marketplace. Many high end industrial facilities have either undergone conversions to adaptive use like churches, schools, charity organizations, indoor recreation and even medical marijuana grow operations, or are now owner-occupied and no longer part of the available market. This has created a dilution in the market and the rates at which this type of space has been leased does not support speculative development.

Even though there is over 3 million square feet of industrial space currently available, a large portion of that could be considered functionally obsolete or it has poor location or condition issues. For example, there are only a few buildings market wide that can accommodate 20,000 SF or more of high cube (20' or more clear height), with heavy power and multiple dock high and drive in loading doors. Rates for this type of product should trend upward which could spur speculative development for the first time since the downturn that began in 2007. However, our market still needs quality job growth before a full recovery will be possible.

Industrial Buildings Leasing and Absorption



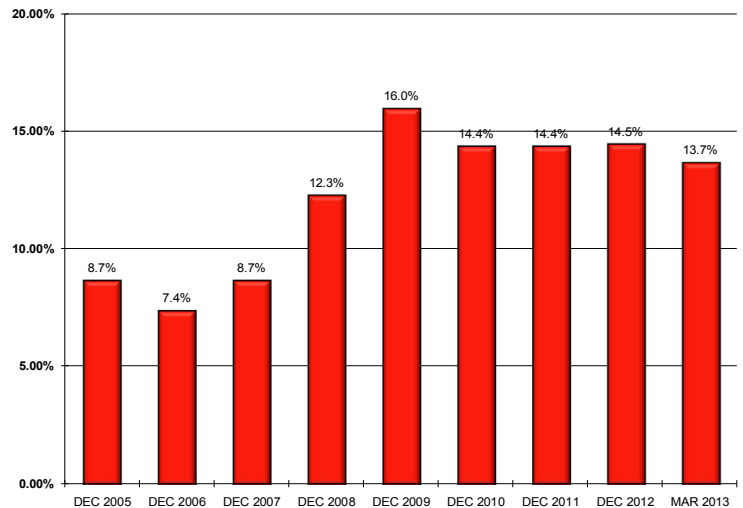
Courtesy of Turner Commercial Research

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Class B/C Office Market - First Quarter 2013

The Metro Office Market contains approximately 29.1 million square feet and posted a 13.7% vacancy rate at the end of the first quarter, the lowest level since 2009. This positive trend is mirrored by unemployment figures, which are also at their lowest level over the same period. Roughly 248,000 SF of positive absorption occurred in the first quarter versus 199,000 square feet in all of 2012. Current trends are expected to continue for the remainder of 2013, so landlords and tenants can expect an increase in lease rates and a decrease in concessions. The pool of user prospects in this market might also increase due to the diminishing inventory of bargain Class A deals.

Class B/C Office Buildings Vacancy Rates



Courtesy of Turner Commercial Research

Year-end data for 2012 shows the average per square foot price paid for office properties market wide fell by 12.4% below the prior year, but that was driven primarily by two large floor plate office buildings that sold for an average of roughly \$35 per square foot. All of these trends being considered, it will be important for tenants and buyers to approach negotiations from a "win-win" perspective because discerning landlords and sellers might turn away deals due to perceived opportunity costs being too high.