

## Quick Stats

	2Q17	CHANGE FROM LAST YEAR
Availability	9.7%	▲
Lease Rates PSF/YR	\$7.42	▲
Net Absorption	6,159	▼

## Hot Topics

- Groundbreaking of Olympic Museum and Hall of Fame
- Vectrus secures \$212 M contract extension
- Colorado Springs area unemployment reaches lowest levels in decades
- Colorado Springs ranked as one of the best places to live in the U.S.



David L. Bacon, Senior Managing Director  
 dbacon@coscommercial.com  
 719.418.4068



Aaron L. Horn, Managing Director  
 ahorn@coscommercial.com  
 719.418.4070

## Industrial Market Overview

The first half of 2017 was quite interesting for the industrial market in Colorado Springs. Lease rates continued to rise to the current average asking rate of \$7.42/SF NNN. Leasing activity, however, was stagnant as industrial lease prospects requiring quality space for industrial properties 25,000 SF and less were often unsuccessful in finding properties which met their criteria. There were many instances of current tenants renewing existing leases at their current locations, having no other choices for similarly suited space in the market.

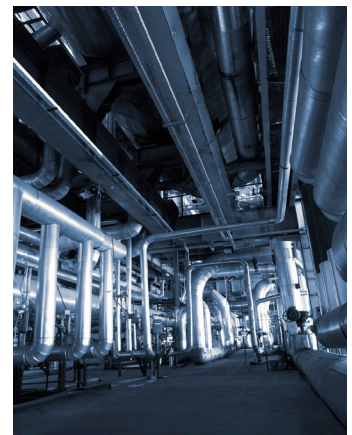
There is minimal available leasing inventory for properties less than 25,000 SF in Colorado Springs. Of the 66 recorded leases in the first half of 2017, fifty-six leases were for spaces 10,000 SF and less, 9 leases for spaces 10,001 – 25,000 SF and only one lease was completed for a space greater than 25,000 SF. There were no leases greater than 50,000 SF recorded in the first half of 2017.

There have been 13 sales of industrial properties greater than 5,000 SF through May 2017. Much like industrial tenants looking for quality space to lease, buyers also are finding a lack of quality industrial properties available for purchase which is undoubtedly impacting the number of industrial properties sold in Colorado Springs.

The improving market is enticing developers to consider speculative development. Scannell Properties is building a 131,040 SF industrial building in the Southeast sub-market of which 54,600 SF is still available for lease. Smaller local developers have projects slated to deliver 10,000 – 20,000 SF buildings in 2018. Lease prospects and buyers of industrial properties will welcome the new alternatives next year

### Paul Turner Retires:

Paul Turner, of Turner Commercial Research, produced the market statistic reports, which many relied on for statistical data in the Colorado Springs commercial real estate market for over 20 years. Colorado Springs Commercial will now utilize a different source for overall market statistics. Some inconsistencies from past MarketViews may be noticed as reporting methodologies might be different. Thank you Paul for being the authoritative voice on the health of the market, we all will miss you and wish you the best.





# Colorado Springs Market News

**Several recent significant transactions are worth noting regarding the improvement of the market:**

- Groundbreaking of the \$75 Million Olympic Museum and Hall of Fame in Downtown Colorado Springs. The addition is expected to attract thousands of tourists from all over the world annually. The impending construction of the Olympic Museum helps to solidify Colorado Springs' image as Olympic City USA.
- Vectrus secures \$212 M contract extension with the Army Network Enterprise Technology Command servicing communications equipment and information support systems.
- Colorado Springs area unemployment reaches lowest level since 1990 to 2.5%. Colorado Springs job market is booming according to the U.S. Bureau of Labor Statistics reaching the lowest level of unemployment for the area since the 90's. Moreover, Colorado boasts the nation's lowest jobless rate in the second quarter 2017.
- Colorado Springs ranked as one of the best places to live in the U.S. Colorado springs attracts students, professionals, and military personnel to the area with a cash of military bases, nationally ranked colleges, and booming construction. In addition Colorado Springs' quality of life is enhanced by booming residential construction, quality schools, parks, and cultural attractions.

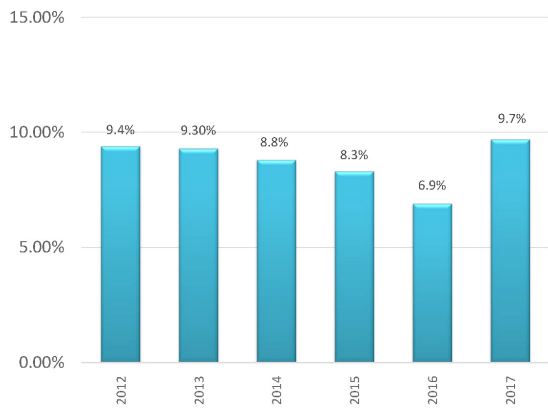
## Featured Industrial Properties



**1915-1925 Aerotech**  
**5,210-38,000 SF For Lease**



**4435 Arrowswest**  
**20,000-85,319 SF For Sale or Lease**



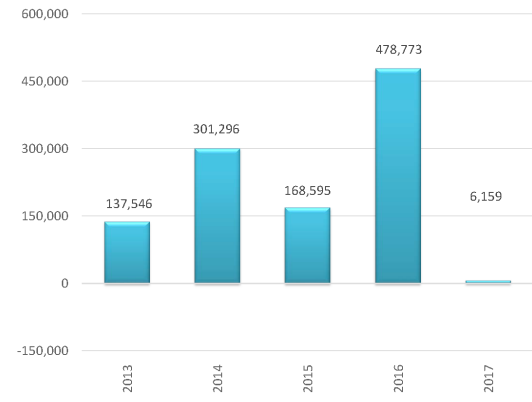
**AVAILABILITY**

Quality industrial product remains tight in the Colorado Springs market, especially for spaces under 25,000 SF. Many users who would like to upgrade to either more functional or larger spaces have been forced to renew at their current locations as they have been unable to find desirable alternatives.



**LEASE RATES  
(NNN, Annual, Per RSF)**

Average lease rates have increased from \$7.35/SF in 2016 to \$7.42/SF in 2017. Owners of small industrial properties are offering fewer incentives such as rent abatement and tenant improvements as a result of the increased demand for smaller space. Landlords of spaces 50,000 SF or larger still must be aggressive in offering leasing incentives to attract the few prospective large tenants.



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

In the first half of 2017, there was a total of 308,909 SF of leasing and sales activity. Occupiers relinquished a total of 302,750 SF; the most notable being 78,380 SF by Rocky Mountain Coors Distributing Company and 68,829 SF vacated by Cypress Semi-Conductor. The Net Absorption for the first half of 2017 was 6,159 SF.



**INDUSTRIAL SALES  
(>5,000 SF - Number of Sales vs. Average Price Per SF)**

Thirteen industrial buildings sold in the first five months of 2017. The most activity was in the 5,00 to 15,000 SF range. Only one property above 50,000 SF sold in the same time period. Availability of the acceptable buildings is the driving force of this stronger activity along with a demand for small to mid-sized buildings. Overall, price per square feet will continue to rise with this increased demand and shortage of supply.

# Cushman and Wakefield|Colorado Springs Commercial Real Estate's Industrial Services

Cushman and Wakefield | Colorado Springs Commercial 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, 20,000 or 200,000 square feet, we recognize that each deal is equally important to the principals involved. For that specific reason, the Industrial Team maintains a limited portfolio of assignments in order to provide the appropriate amount of focus to be better poised to achieve maximum results. As consistent top producers in the market, we 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 land.

Cushman & Wakefield is the world's largest privately held commercial real estate services firm. Founded in 1917, it has 253 offices in 60 countries, employing more than 15,000 professionals. It offers a complete range of services for all property types, including leasing, sales and acquisitions, equity, debt and structured finance, corporate finance and investment banking, corporate services, property management, facilities management, project management, consulting and appraisal. The firm has more than \$3.7 billion in assets under management globally. A recognized leader in local and global real estate research, the firm publishes its market information and studies online at [WWW.CUSHMANWAKEFIELD.COM/KNOWLEDGE](http://WWW.CUSHMANWAKEFIELD.COM/KNOWLEDGE).

## About Our Industrial Brokers



David Bacon brings more than 35 years of sales and marketing experience to Colorado Springs Commercial. He has consistently earned recognition for his outstanding production achievements. Dave was named Commercial Realtor of the Year and received their

Transaction of the Year Award on multiple occasions in each specialty including: industrial, retail, land and office from the Realtor Commercial & Industrial Society (RCIS) and most recently received the "Most Notable Industrial Transaction" of the year award from the newly formed Southern Colorado Commercial Brokers (SCCB) organization. Dave is also a recipient of CoStar's Power Broker award and has been recognized as one of the Colorado Real Estate Journal's Icons in Brokerage and Leadership in 2016.

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



Colorado Commercial Brokers Association (SCCB), has won the CoStar PowerBroker award for 2013 and 2015 and is a member of the Xceligent Advisory Board. As a CCIM candidate, Aaron possesses strong financial analysis skills helping his clients evaluate multiple real estate scenarios.