

Quick Stats

	First Half 2018	CHANGE FROM LAST YEAR
Availability	6.9%	▼
Lease Rates PSF/YR	\$8.13	▲
Net Absorption	522,328	▲

Hot Topics

- Colorado Springs Commercial broker, Aaron Horn closes largest deal for the first half of 2018.
- Former FedEx distribution warehouse, a 68,370 SF industrial building was purchased 2Q18.
- Mountain Shadows Business Park, a 9,684 SF industrial portfolio was purchased 1Q18
- SAP Americas leases 100,000 SF of high-tech industrial space at T5@ Colorado Springs.



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Industrial Market Overview

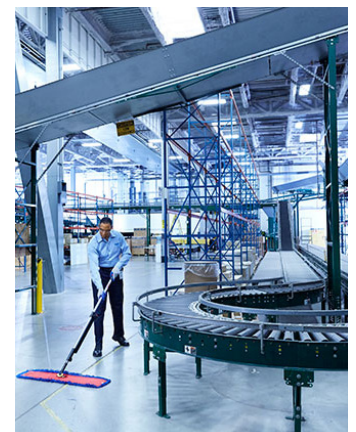
In the first half of 2018 the Colorado Springs Industrial Market realized notable and significant activity in larger leases, industrial investment sales, and new large speculative developments resulting in increased lease rates and higher building sales prices.

Overall vacancy rates decreased to 6.9% in the first half of 2018 from 7.9% at the end of the first quarter 2018. These figures show improvement over fourth quarter 2017 vacancy rates which were 9.4%. Absorption in both first and second quarters 2018 were positive with a total of 522,328 square feet absorbed in the first half of the year. Low vacancy rates and high absorption in the Colorado Springs industrial market demonstrate a thriving market which is expected to continue to improve into the second half of 2018.

Average asking industrial lease rates increased in the first quarter of 2018 to \$8.07 per square foot. The second quarter again saw an increase in industrial lease rates to \$8.13 per square foot. By comparison, lease rates at the end of 2017 were \$7.94 per square foot. Asking rates in all product types saw a significant increase leasing to an overall higher asking lease rate in the Colorado Springs Industrial Market. Warehouse asking lease rates increased from \$7.36 per square foot year end 2017 to \$7.45 in the first half of 2018. Flex asking rates remained high at \$11.33 per square foot at the end of the first half of 2018 in Colorado Springs.

In the first half of 2018 there were 17 industrial sales (building 5,000 SF and above) with an average sales price of \$92.40 per square foot - a decrease over the previous year's asking price of \$98.80 per square foot.

The improving market is enticing developers to consider speculative development in the Colorado Springs market. This has led to a number of large-scale developments breaking ground in the market with many expected to deliver in 2018 and 2019.





Colorado Springs Notable Transactions

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

- Colorado Springs Commercial broker Aaron Horn completed the largest sale transaction of the first half 2018 with the sale of former 68,370 SF FedEx distribution warehouse at 2050 Cygnet Heights. The property sold for \$5.8 Million/(\$84.83 PSF).
- New construction of 2640 Zeppelin Road n the Powers Blvd. Corridor of Colorado Springsill break ground on a 99,960 SF warehouse with delivery planned for 2019.
- New construction of T5@Colorado Building in southern Colorado Springs nearing completion. The T5@Colorado Building - 3819 Janitell Road is a planned 800,00 square-foot data center complex with 150,000 SF being delivered by year end 2018.
- Colorado Springs continues its reinvestment in city infrastructure with the support of the recently passed 2A ballot initiative which dedicated funds to invest to fix failing water control systems, completion of the Southern Delivery System, improve roads, and increased the public safety budget. This initiative was put forward to make Colorado Springs more attractive to local and incoming businesses, residents, and the thousands of tourists who visit the City of Colorado Springs each year.

Featured Industrial Properties



Salvation Army
505 S. Weber St.
63,780 SF For Sale



Intermountain Coach
3204-3208 E. Platte Ave.
43,143 SF For Sale



5045 List Dr.
30,400 SF For Sale



Aerotech R&D
1915-1925 Aerotech Dr.
5,210-38,000 SF For Lease or Sale



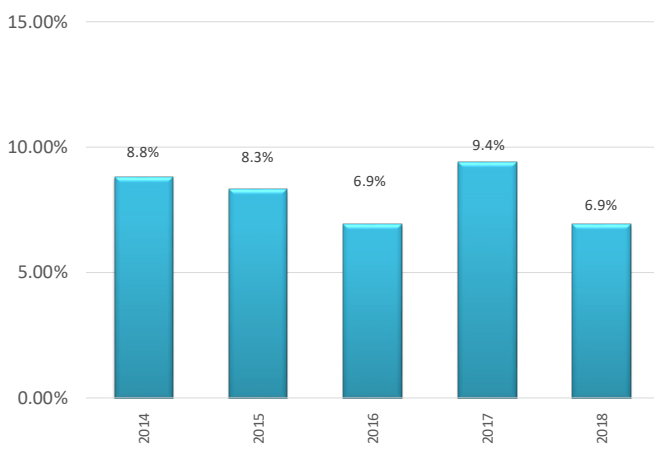
Peak Innovation Park
900 Acre Master Planned Business Park
Build to Suit 10,000 SF and up



Monument Industrial
1945 Deer Creek Rd.
32,500 SF Pre-Leasing

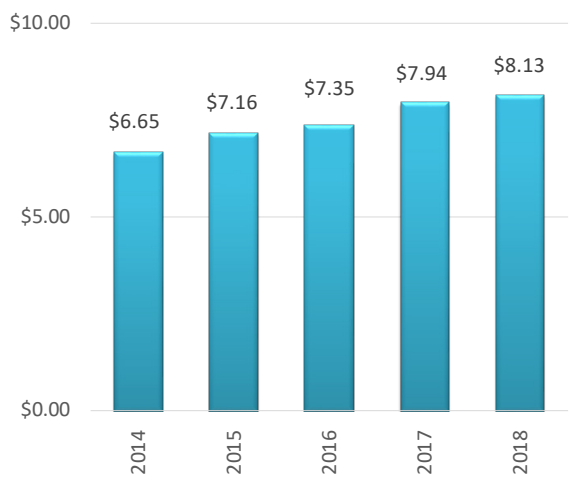
AVAILABILITY

The overall industrial vacancy rate for the first half 2018 was 6.9%. This rate was down from the previous year's rate of 9.4%. Net absorption was positive with 522,328 square feet absorbed in the first half of the year. This is a significant improvement over the fourth quarter 2017 year figured which showed -260,804 square feet of absorbed. No new industrial product was delivered in the first half of 2018. Approximately 250,000 SF of new construction industrial projects are underway with expected delivery in early 2019.



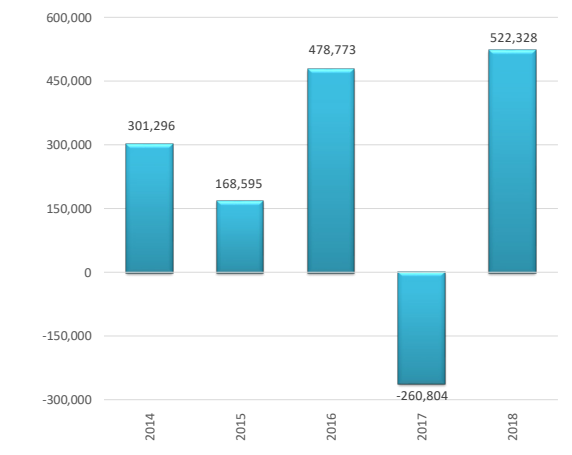
LEASE RATES (NNN, Annual Per RSF)

Average asking lease rates for available space in the first half of 2018 increased to an average asking rate of \$8.13 per square foot. By comparison, lease rates at the end of 2017 were \$7.94 per square foot. Increases to asking rates were seen in all products. Average asking rates for industrial products for the first half 2018 were as follows: High-Tech Industrial product \$7.50/SF; Manufacturing \$7.24/SF; Industrial Flex \$11.33/SF; and Warehouse \$7.45/SF. These rates represent a 2.39% increase over the previous year.



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

The overall absorption for the first half of 2018 was positive with a total of 522,328 square feet absorbed. This is a significant improvement over the previous year which ended the second half of 2017 with negative absorption at -260,804 square feet. Manufacturing and Warehouse products showed positive absorption in the first half of 2018 while High-Tech Industrial and Flex products experienced flat absorption.



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 the first half 2018 numbered 17. First half 2018 showed an average sales price of \$92.40 per square foot - a decrease over the previous year's asking price of \$98.80 per square foot. These figures are in keeping with the previous years first half sales and is anticipated to meet or exceed year end 2017's total of 43 industrial sales and overall price per square foot.



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 400 offices in 70 countries, employing more than 14,000 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 \$6.9 billion in assets under management globally. A recognized leader in local and global real estate research, the firm publishes its market information and studies on-line at 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 was recognized as one of the Colorado Real Estate Journal's Icons in Brokerage and Leadership in 2016. David received the 2017 Legacy Award from the Southern Colorado Commercial Brokers Association (SCCB) for his body of work in commercial real estate.

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 Power Broker award for 2013, 2015, and 2017 and was a member of the Xceligent Advisory Board 2017. Aaron possesses strong financial analysis skills helping his clients evaluate multiple real estate scenarios.