

At A Glance

	Year End 2017	Year End 2018	First Half 2019
Availability	9.4%	5.9%	6.1%
Lease Rates PSF/YR	\$7.94	\$8.56	\$9.23
Net Absorption	-260,804	1,101,564	780,109

Hot Topics

- Amazon breaks ground on a 68,000 SF warehouse/distribution facility at Peak Innovation Park
- 99,960 SF of speculative warehouse/distribution under construction at 2640 Zeppelin Rd. delivery anticipated 4Q2019
- SAP America leased 100,000 SF of high-tech industrial space at T5@Colorado Springs in the Southeast Submarket.
- The City of Colorado Springs continues reinvestment projects aimed at attracting business, residents, and tourism to the local area.

Industrial Team



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Colorado Springs Industrial Market First Half 2019

The First Half 2019 remained strong for the Colorado Springs Industrial market. There continues to be more demand than supply for product allowing landlords to get increased lease rates while decreasing incentives such as free rent and tenant improvement allowances to tenants. With the vacancy rate hovering around 6%, tenants who would have liked to relocate to facilities which are more functionally appropriate for their businesses are being forced to renew because they cannot find better alternatives in the marketplace. There has been little speculative development in the Colorado Springs Market. In the First Quarter 2019, 2640 Zeppelin Rd., a speculative 99,000 SF warehouse distribution facility nears completion in the Southeast Industrial Submarket with 33,000 SF of space released.

Buyers are also feeling frustrated at the lack of industrial properties on the market. Price per square foot for all industrial properties was \$114.26 while price for all industrial properties 15,000 SF and under was \$120.25 per square foot.

Amazon committed to Colorado Springs and purchased 17 acres at Peak Innovation Park at the Colorado Springs Airport and have begun construction on a 68,000 SF fulfillment center. They are currently servicing the Colorado Springs region from a 17,000 SF modular building in Peak Innovation Park.

The City is seeing continued economic growth with the construction of several new hotels and apartment complexes. Scheels All Sport has committed to construct a retail facility in Colorado Springs' North Submarket joining In-n-Out Burgers 100,000 SF distribution center at Victory Ridge. The City has also approved plans for a visitors center and entertainment complex at the U.S. Air Force Academy. The U.S. Olympic Museum in Downtown Colorado Springs is nearing completion and is expected to open to visitors 2020.

By The Numbers



33.7 + M
Total Market SF



\$9.23
Average Lease Rate/SF



\$114.26
Average Sale Price/SF



6.1%
Overall Vacancy Rate



780,109
SF Absorbed

HOT TOPICS IN COLORADO SPRINGS 2019

The First Half of 2019 has been an exciting time for the Colorado Springs Commercial Industrial Team. Several significant market developments and transactions are worth noting regarding the health of the Colorado Springs Industrial Market:

- **In-N-Out commits to Colorado Springs.** The California-based chain will make its long-awaited splash in Colorado Springs in the summer of 2020 by way of a 100,000 SF distribution facility and a 150,000 SF office building, complete with a helipad. They will also open their first Colorado restaurant on the 22-acre site in Colorado Springs' North Summarket.
- **Scannell** has begun construction has begun on its second large scale project in two years in Colorado Springs with the construction of a 99,960 SF building at **2640 Zeppelin Road**. The first project, 2570 Zeppelin Rd of 131,040 SF, delivered First Quarter 2019, was fully pre-leased ahead of delivery.
- **T5@Colorado Springs**, delivered a **100,000 SF build-to-suit data center**. T5@Colorado Springs is a master planned data center facility with up to 800,000 SF of development planned for high tech industrial and data centers.
- **Amazon breaks ground on a 68,000 SF fulfillment center in Peak Innovation Park**, a 900-acre master planned business park at the Colorado Springs Airport. The distribution facility is anticipated to generate a significant number of jobs in the Colorado Springs Market.



DAVID BACON ANNOUNCES RETIREMENT

After nearly 40 years in the industrial commercial real estate business, David Bacon has announced his retirement.

David, is well respected in the Colorado Springs Industrial Market. David consistently earned accolades for his outstanding production and sales achievements. On multiple occasions, he was named Commercial Realtor of the Year and received their Transaction of the Year Award in each commercial specialty including: industrial, retail, land and office from the Realtor Commercial & Industrial Society (RCIS). David also received CoStar's Power Broker award multiple years. In 2015, he received the "Most Notable Industrial Transaction" of the year award from the Southern Colorado Commercial Brokers (SCCB). In 2016, he was recognized as one of the Colorado Real Estate Journal's "Icons in Brokerage and Leadership" in 2016. Rounding out his awards, David was presented the 2017 Legacy Award from the Southern Colorado Commercial Brokers Association (SCCB) for his body of work in commercial real estate.

David is an avid outdoorsman and traveler and plans to spend his retirement traveling extensively with his wife Bonnie and family.

Featured Industrial Properties



Pueblo Distribution Warehouse
205 N. Elizabeth St.
122,931 SF For Lease or Sale



Manufacturing/Distribution
3305 N. Cascade Ave.
24,576 SF For Sale



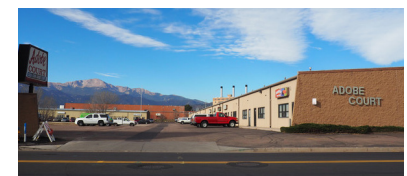
Aerotech R&D
1915-1925 Aerotech Dr.
3,347-76,000 SF For Lease or Sale



Mountain Shadows Industrial
2270 W. Garden of the Gods Rd.
5,767 SF For Lease



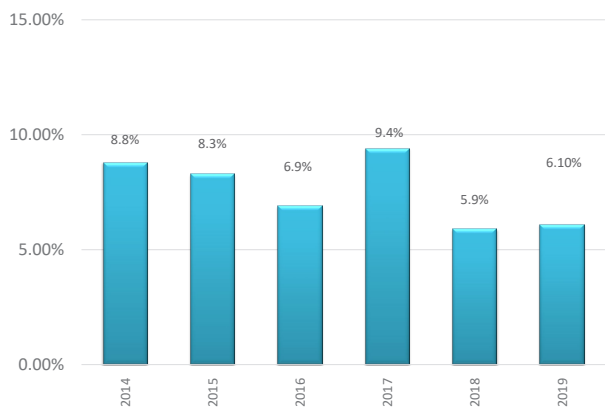
Newly Renovated Office Warehouse
3185 Janitell Rd
9,700 SF For Lease



Adobe Court Business Park
3302-3368 Adobe Court
1,750 SF and up For Lease

AVAILABILITY

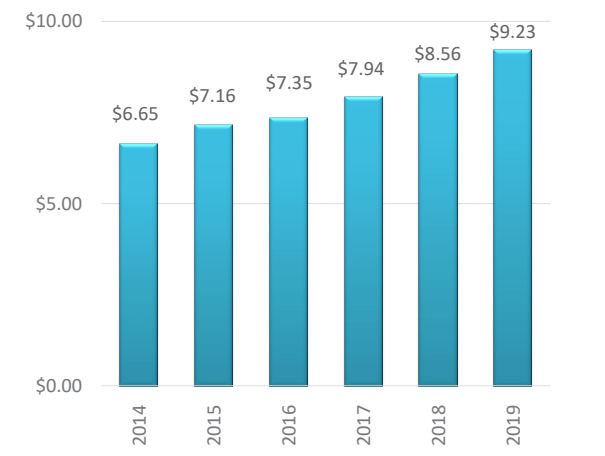
The overall direct industrial vacancy rate for the Colorado Springs Industrial Market in First Half 2019 was 6.1%. This rate was up marginally from the previous year end 2018's rate of 5.9%. Net absorption was positive with 780,109 total square feet absorbed for the First Half 2019. Two significant projects were delivered First Half 2019 (2507 Zeppelin and T@5 Data Center) and ground broke on another two large scale industrial projects including the second Zeppelin and Peak Innovation projects. By and large, the current available inventory in the Colorado Springs Industrial Market is considered to be of low quality or functionally obsolete - higher class product is in short supply in the marketplace and Landlords are enjoying high lease rates and longer lease terms at execution.



LEASE RATES

(NNN, Annual Per RSF)

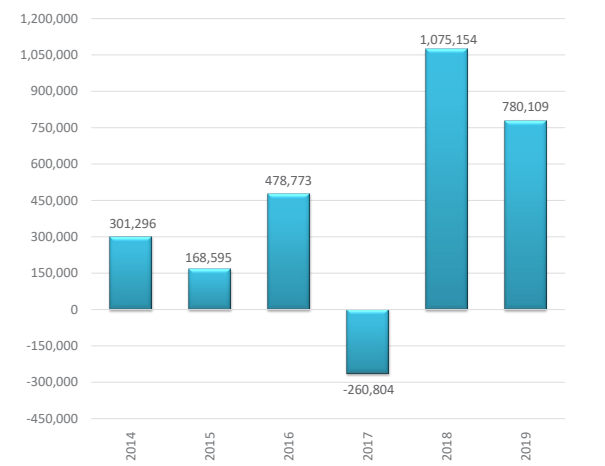
Historically low availability and delivery of new Class A Industrial product has led to the highest lease rates on record with an average asking rate of \$9.23 per square foot across all product types. The year closed with average asking lease rates for available space in 2018 at \$8.92 per square foot. Average asking rates for industrial products in the First Half 2019 were as follows: High-Tech Industrial product \$8.75/SF; Manufacturing \$8.47/SF; Industrial Flex \$9.66/SF; and Warehouse \$9.51/SF. These rates represent a 3.48% increase over the previous year.



ABSORPTION

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

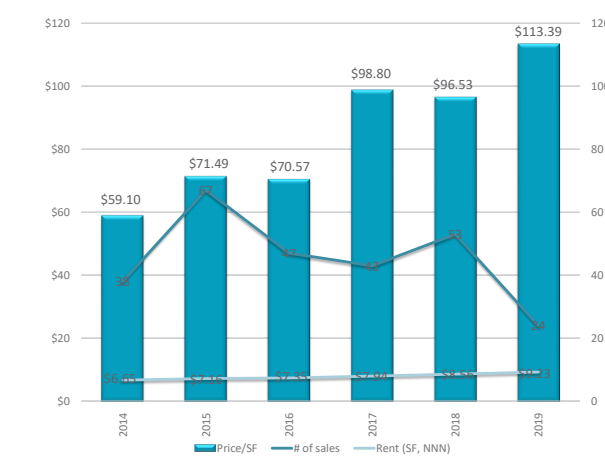
The industrial market absorbed a total of 780,109 square feet in First Half 2019. This is in keeping with the previous year's positive absorption figure. Flex, Manufacturing, and Warehouse products showed positive absorption in First 2019 while High-Tech Industrial product absorption remained flat throughout the year. With a significant portion of the new construction deliveries pre-leased, the trend is likely to continue through the year's end.



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 2019 numbered 24* with an average sales price for industrial product of \$114.26 per square foot - exceeding the previous year's asking price of \$96.53 per square foot (58 total sales). First Half 2019 average sales price is approximately 15.5% higher than Year End 2018.



*As of the date of this printing The El Paso County Assessor has only published the Industrial Sales Data through May 2019.

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

About Our Industrial Brokers



Aaron Horn has focused exclusively on the Colorado Springs Industrial and Office market for the past twelve 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 2018 CoStar PowerBroker Award in Industrial Sales Transactions. In addition, he has won the CoStar Power Broker award for 2013, 2015, and 2017 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.

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Chase Murphy is the newest addition to the Colorado Springs Commercial Industrial Team. Focused solely on Office and Industrial products, Chase uses his knowledge and expertise to assist Tenants and Landlords with the successful execution of their commercial real estate

leases. Chase is a member of the Southern Colorado Commercial Brokers (SCCB). Chase is a graduate of Colorado College where he earned a Bachelor's of Arts. As an active member of the community, Chase coaches youth lacrosse.

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