

## At A Glance

	Year End 2018	First Half 2019	Year End 2019
<b>Availability</b>	5.9%	6.1%	4.9%
<b>Lease Rates PSF/YR</b>	\$8.56	\$9.23	\$8.99
<b>Net Absorption</b>	1,101,564	462,948	898,300

## Hot Topics

- indieDwell commits to Colorado.** The Idaho-based affordable home builder expanded operations leasing 94,994 SF of warehouse distribution space at **205 N. Elizabeth St. , Pueblo.** indieDwell secured \$5.5 MM from the Silicon Valley Community Foundation as well as \$1.7 MM from the Pueblo Economic Development Fund to expand into the Colorado market. The facility is anticipated to generate significant jobs and economic impact in Southern Colorado.
- Scannell** has announced its second large-scale project in Colorado Springs with the proposed construction of two 131, 040 SF industrial distribution warehouse buildings at **2500 Zeppelin Road.** It's first project pre-leased ahead of delivery in 2019.
- 3Q2019 Amazon delivered 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.

## Industrial Team



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## Colorado Springs Industrial Market Year End 2019

The Colorado Springs Industrial market was strong and competitive in 2019 with record low vacancy rates, low dwell time of product on market, high lease rates, high absorption, and a record high price per square foot in sales. There continued to be more demand than supply for product allowing landlords to secure increased lease rates while decreasing lease incentives such as free rent and tenant improvement allowances. With the vacancy rate dipping to 4.9% at year end from 6.1% in the first half, tenants who would have liked to relocate to facilities to those which are more functionally appropriate for their businesses were forced to renew because they could not find better alternatives in the marketplace. To further compound the issue of demand, there has been little speculative development in the Colorado Springs Industrial Market. In the Third Quarter 2019, 2640 Zeppelin Rd., a speculative 99,960 SF warehouse distribution facility, delivered in the Southeast Industrial Submarket with 100% of space pre-leased.

Sales have also seen upward pressure in demand and average price per square foot. The average price per square foot for all industrial properties was \$116.30 at year end. Industrial properties in highest demand, 15,000 SF and under, were nearly \$130 per square foot. Industrial sales between 30,000 SF and 50,000 SF were increased to \$121.43/SF primarily due to increased sales of Flex properties within that size range.

The City is seeing continued economic growth with the construction of several new hotels and apartment complexes. Several highly-anticipated projects are anticipating delivery in 2020 including: the U.S. Olympic Museum, Scheels All Sport, In-n-Out Burgers and its 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 with ground breaking expected this year. Construction has also begun on the new City for Champions project - a downtown sports arena expected to draw attention from tourists, prospective residents, and investors.

## By The Numbers



**34 + M**  
Total Market SF



**\$8.99**  
Average Lease Rate/SF



**4.9%**  
Overall Vacancy Rate



**898,300**  
SF Absorbed

# By The Numbers: Sales



**1,294,014**  
Total SF Sales Volume



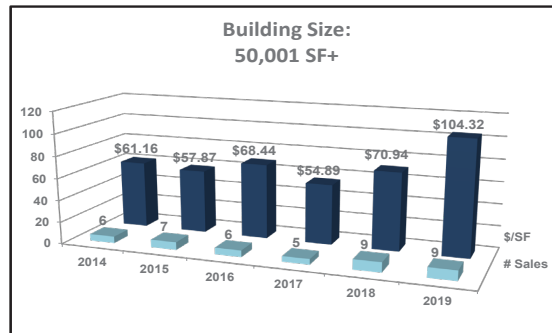
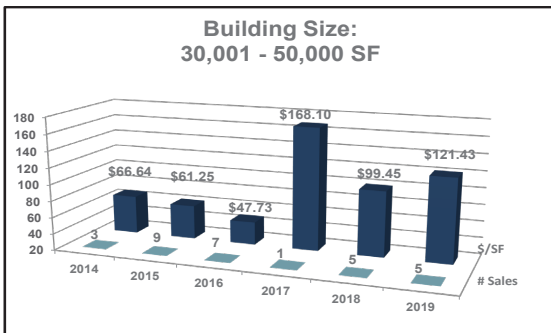
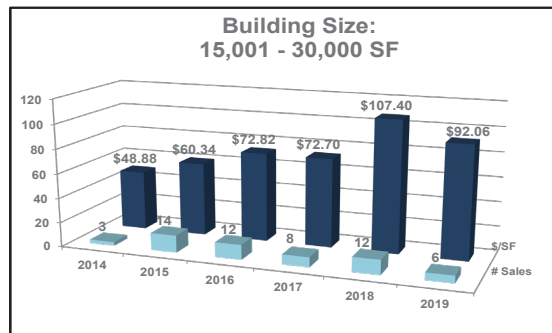
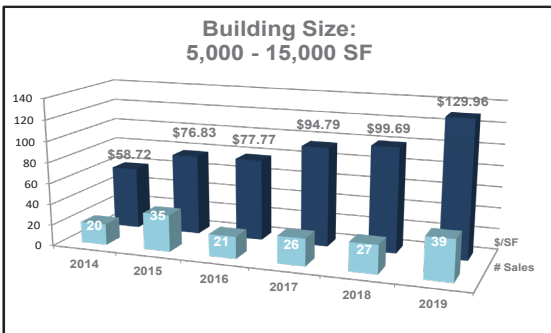
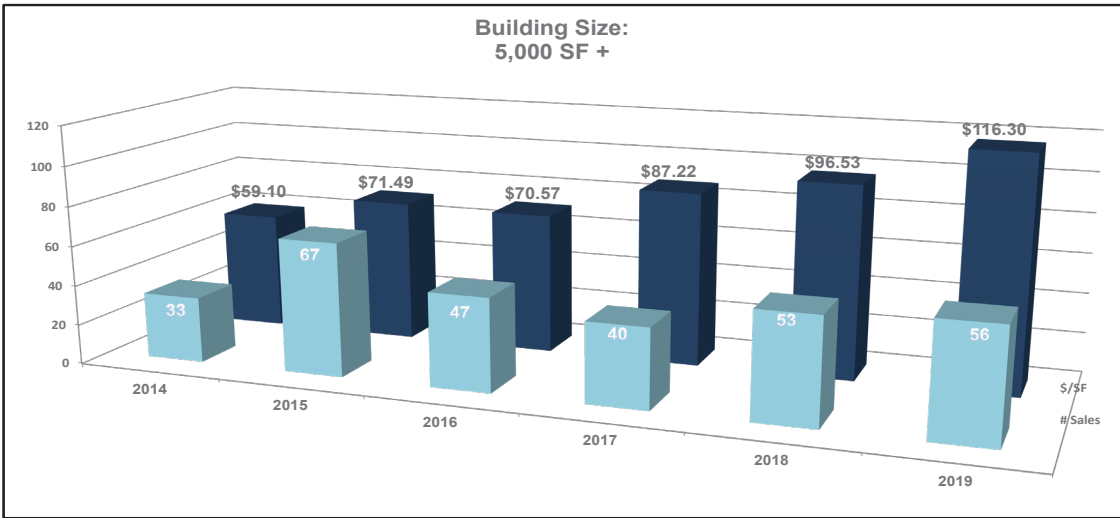
**23,107**  
Average SF Sale



**\$116.30**  
Average Price/SF Sale



**56**  
Total Number Sales 2019



## Featured Industrial Properties



**Pueblo Distribution Warehouse**  
205 N. Elizabeth St.  
126,882 SF  
Investment Sale



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



**Office/Warehouse/Manufacturing**  
1110 Bayfield Dr.  
164,582  
For Lease



**Aerotech R&D**  
1915-1925 Aerotech Dr.  
3,347-23,000 SF  
For Lease



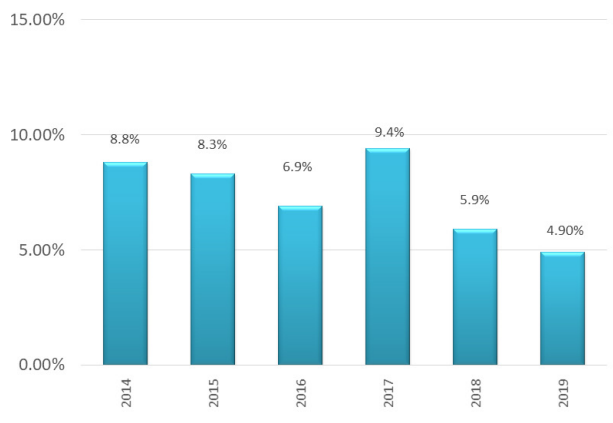
**Mountain Shadows Industrial**  
4805 N. 30th St.  
5,062 SF  
For Lease



**Peak Innovation Business Park**  
Airport Submarket  
900+ Acres  
Mixed Use Development

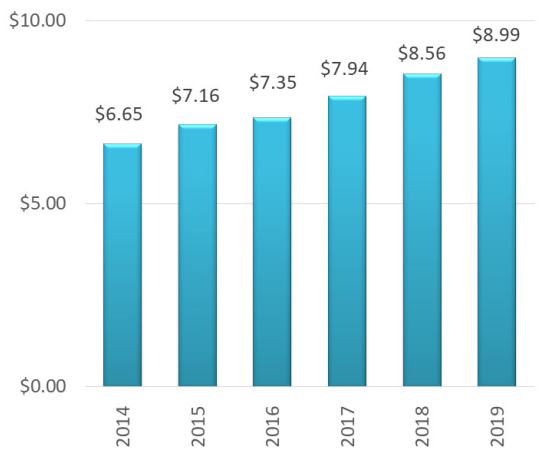
**AVAILABILITY**

The overall direct industrial vacancy rate for the Colorado Springs Industrial Market at Year End 2019 was 4.9%. This rate was down marginally from Year End 2018's rate of 5.9%. Overall absorption was positive with 898,300 total square feet absorbed for the year. At the end of the year there was only approximately, 1.6MM SF of available industrial product in the Colorado Springs Market. Product coming to market is seeing an average time to lease of less than 8 months - a significant decrease in dwell time over previous years. Additionally, landlords are enjoying very high lease rates and longer lease terms at execution.



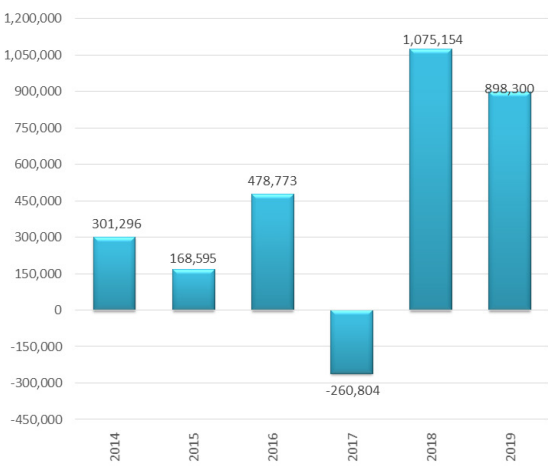
**LEASE RATES (NNN, Annual Per RSF)**

Historically low availability and delivery of new Class A Industrial product has led to a high average asking lease rate of \$8.99 per square foot across all product types. This upward trend is consistent with Year End 2018's average asking lease rate of \$8.92 per square foot. Average asking rates for industrial products at Year End 2019 were as follows: High-Tech Industrial product \$7.50/SF; Manufacturing \$8.83/SF; Industrial Flex \$10.29/SF; and Warehouse \$9.20/SF. These rates represent a significant increase over the previous year and are expected to continue their upward climb as demand increases and available vacant space decreases.



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

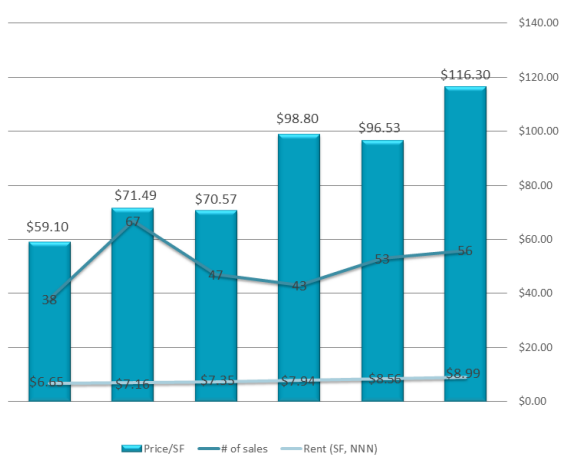
The industrial market absorbed a total of 898,300 square feet in 2019, down from 2018's absorption figure of 1,075,154 SF. Flex, Manufacturing, and Warehouse products showed positive absorption throughout 2019 while High-Tech Industrial product absorption remained flat throughout the year. With a significant portion of the new construction deliveries pre-leased, the trend is likely to continue into 2020.



**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 2019 numbered 56 with an average sales price for industrial product of \$116.30 per square foot - exceeding the previous year's average price of \$96.53 per square foot (53 total sales). The average price per square foot was highest in buildings in the 5,000 to 15,000 SF range at \$129.26 per square foot, as demand was highest. Buildings sold between 30,000 and 50,000 SF also commanded a high price at an average of \$121.43 per square foot; however, many of the buildings of this size were flex with heavy office and/or higher quality industrial with high-tech amenities.



# 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](http://www.cushmanwakefield.com)

## About Our Industrial Brokers



Aaron Horn has focused exclusively on the Colorado Springs Industrial and Office market for the past fifteen 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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Heather Mauro became a broker in 2019 and is primarily focused on the leasing and sales of industrial and office properties in Colorado Springs, with a focus on both landlord and tenant representation. Prior to her role as an Associate Broker, Heather was the Executive Assistant and

Marketing Coordinator, joining the firm in 2016. In her time with the firm, Heather has been responsible for gathering and analyzing commercial industrial market data giving her expert knowledge, insights, and perspectives on market trends.

Before commercial real estate, Heather worked in the legal field and volunteered as a children's advocate in family court. Community focused, Heather maintains active and current memberships in the Colorado Springs Chapter Junior League, Daughters of the American Revolution, and Southern Colorado Commercial Brokers.

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