

At A Glance

	Year End 2018	Year End 2019	Year End 2020
Availability	5.9%	4.9%	5.5%
Lease Rates PSF/YR	\$8.56	\$8.99	\$10.03
Net Absorption	1,101,564	898,300	54,906

Hot Topics

- 3.7MM SF Amazon distribution facility** Scheduled to deliver Summer 2021 at Peak Innovation Park. The distribution facility is anticipated to be one of the largest in the United States generating a significant number of jobs in the Colorado Springs Market.
- Flywheel Capital** set to break ground 1Q2021 on Colorado Springs' largest speculative office complex since 2001 with 5 buildings totalling 210,000 SF at Peak Innovation Park.
- 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**.
- 1535 N. Newport Rd.** A 64,800 SF speculative industrial development is slated to break ground 2021

Industrial Team



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Colorado Springs Industrial Market Year End 2020

Without a doubt, 2020 was year of unprecedented turmoil and uncertainty for markets the world over. The Coronavirus pandemic and the economic consequences plunged many markets into upheaval - this has remained especially true for retail and office sectors. Despite the overwhelming uncertainty, industrial markets have remained strong. In fact, many are thriving.

The Colorado Springs Industrial Market has remained strong in 2020. The year began strongly with ongoing trends of low vacancy rates, high absorption rates, shortened marketing times for properties, and record high lease rates.

The First Half 2020 began with a vacancy rate of 5%, an average asking lease rate of \$9.32/SF/Year, and positive absorption of 408,172 SF. The Second Quarter was characterized by stagnation in both the sales and lease markets leaving property owners and lessors uncertain about their ability to perform. Despite a three month closure due to the pandemic, the Colorado Springs Industrial Market saw few rent deferrals or force majeure requests. In fact, starting in the Third Quarter 2020, the deal pipeline reactivated with vigor and continued through the end of the year.

The Colorado Springs Industrial Sales Market demonstrated increased health and vitality. The market saw a total of 56 sales with an average sale price of \$123.32/SF. Several significant sales occurred the market. First, the 154,816 SF BalSeal Engineering manufacturing property at 1350 Bellprat View sold for \$17mm (\$109.81/SF). Then the recently constructed and fully leased 99,960 SF distribution center at 2460 Zeppelin Road sold for \$14.6mm (\$146.06/SF). 5825 Mark Dabling Blvd. a 151,363 SF flex property sold for \$17,000,000 (\$112.31/SF). The Carrier Building at 215 Cimarron Ave. sold as a downtown redevelopment project for over \$216/SF to a multi-family developer.

By The Numbers



34 + M
Total Market SF



\$10.03
Average Lease Rate/SF

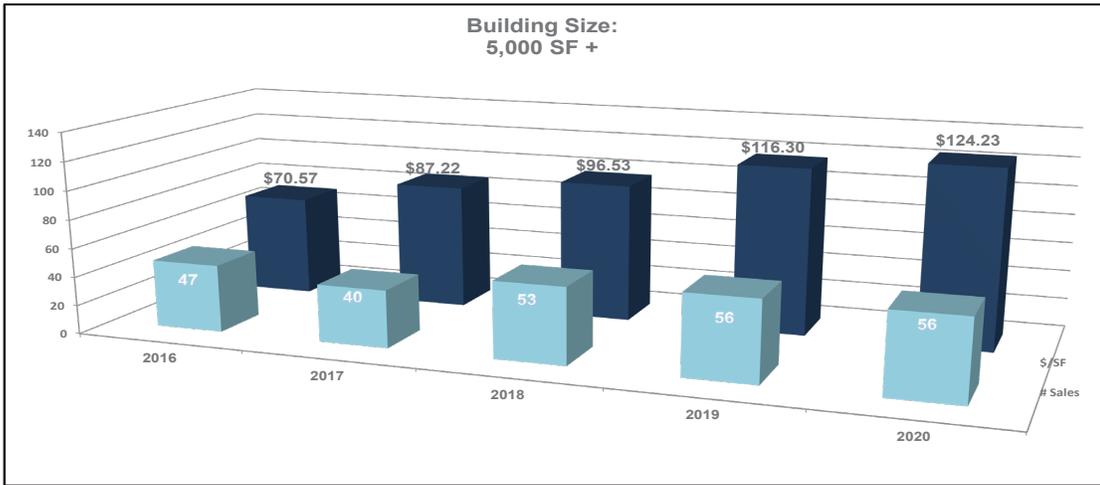


5.5%
Overall Vacancy Rate



54,906
SF Absorbed

By The Numbers: Sales 2020



1,102,988
Total SF Sales Volume



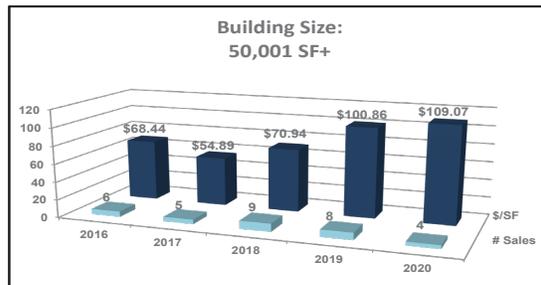
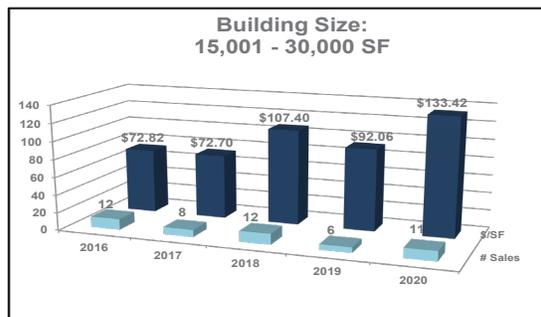
19,696
Average SF Sale



\$124.23
Average Price/SF Sale



56
Total Number Sales



Notable Industrial Sales



Claremont Business Park
1471 Woolsey Hts.
10,000 SF
\$1,750,000 (\$175.00/SF)



BalSeal Engineering Building
1350 Bellprat Ave.
154,816 SF
\$17,000,000 (\$109.81/SF)



Carrier Building Redevelopment
211-215 Cimarron Ave.
25,452 SF
\$5,500,000 (\$216.09/SF)

Featured Industrial Property Listings



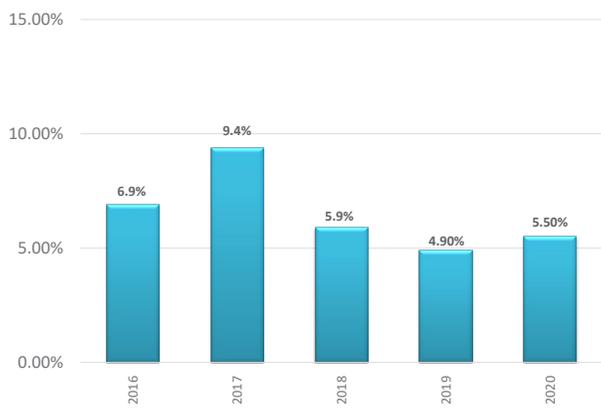
Mountain Shadows Business Park
4805 N 30th St
25,145 SF
\$8.75/SF/YR NNN



Office/Flex
1110 Bayfield Dr.
164,582 SF
Contact Broker for Lease Rate



Santa Fe Portfolio
1045-1109 Santa Fe Dr.
72,000 SF
\$3,250,000



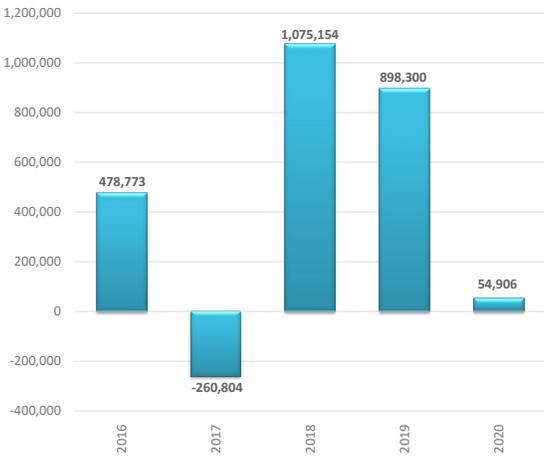
AVAILABILITY

The overall direct industrial vacancy rate for the Colorado Springs Industrial Market for Year End 2020 was 5.5%. This rate was up marginally from Year End 2019's rate of 4.9%. Overall absorption remained positive with 54,906 total square feet absorbed for the year. At the end of the year there was approximately, 2 MM SF of available industrial product in the Colorado Springs Market. Several notable speculative developments are scheduled to deliver 2021 providing tenants with highly desired functional Class A Industrial product.

LEASE RATES (NNN, Annual Per RSF)

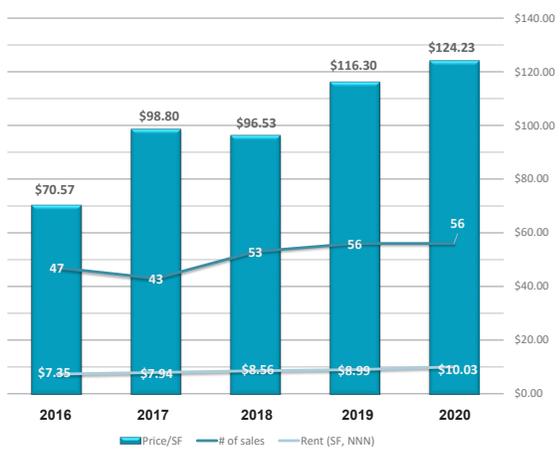


Low availability and high demand have placed upward pressure on lease rates. Year End 2020 average asking lease rates reached an all time high of \$10.03 per square foot across all product types. Lease rates have been increasing precipitously with Year End 2019's average asking lease rate of \$8.99/SF and Year End 2018's rate of \$8.56/SF. Average asking rates for industrial products by product type Year End 2020 were as follows: High-Tech Industrial product \$10.00/SF; Manufacturing \$10.36/SF; Industrial Flex \$11.04/SF; and Warehouse \$9.74/SF. As the deal pipeline recovers this upward pressure on demand and lease rates is expected to continue. While this scenario is great for owners, lessees may begin to consider other locations in absence of affordable product. Product coming to market is seeing an average time to lease of approximately 3 to 6 months.



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

The Year End 2020 industrial market absorbed 54,906 SF, although positive, was markedly lower than the 2019 figure of 898,300 SF. The low figure points to the impact of the pandemic crisis on the market as well as the negative absorption figure of a few larger spaces in the second half of the year. However, the positive absorption figure indicates that despite a stalled market for much of First Half 2020, leasing still took place and landlords were able to hold onto their existing tenants through renewals. This is optimistic and points to the Colorado Springs Industrial Market as being somewhat insulated from the pandemic crisis as trending in the national industrial market.



INDUSTRIAL SALES

(5,000 SF + - Number of Sales vs. Average Price Per SF)

The Colorado Springs Industrial Market saw a significant rise in the overall average sale price over previous years at \$124.23/SF for 56 total sales. The majority of sales occurred in properties between 5,000 and 15,000 square feet. Year End 2020 saw several significant sales exceeding 50,000 SF averaging \$109.09/SF. Products between 30,000 and 50,000 square feet saw the highest sales price at an average of \$133.42/SF. Interestingly, several sales exceeded \$150/SF pointing to the vitality of the market.

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 sixteen 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 2019 and 2018 CoStar PowerBroker Award in Industrial Sales Transactions. In addition, he has won the CoStar Power Broker award for 2013, 2015, 2017, and 2019 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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