

Colorado Springs Industrial Market First Quarter 2021

Total Market - At A Glance

	Year End 2019	Year End 2020	YTD 2021
Availability	4.9%	5.5%	5.0%
Lease Rates PSF/YR	\$8.99	\$10.03	\$10.01
Net Absorption	898,300	54,906	95,905



1110 Bayfield Dr. was awarded a 10-year 124,915 SF lease valued at over \$46mm in March 2021.

Industrial Market News

- GSA has awarded a 10-year 124,915 SF lease at former Honeywell facility 1110 Bayfield Dr. Aaron Horn and Heather Mauro of Cushman & Wakefield | Colorado Springs Commercial represented the owner in this transaction.
- Amazon is slated to deliver its 4MM SF warehouse distribution facility at Peak Innovation Park by 2Q2021. Cushman & Wakefield | Colorado Springs Commercial's Industrial Team assisted in this build-to-suit transaction.
- Scannell has broken ground on two large-scale speculative distribution warehouse facilities totaling 240,240 SF with delivery of the Class-A Industrial product anticipated for 4Q2021.
- Construction of In-N-Out's 100,000 SF distribution center in Colorado Springs' North Sub-market is expected Summer 2020.
- The City of Colorado Springs continues reinvestment projects aimed at attracting business, residents, and tourism to the local area. The newly constructed Weidner Field is anticipated to deliver 2Q2021 with many entertainment, hotel, and multi-family projects underway in the Downtown Colorado Springs footprint.

Overall Market - By The Numbers



34 + M
Total Market SF



\$10.01
Average Lease Rate/SF



\$131.27
Average Sale Price/SF



5.0%
Overall Vacancy Rate



95,905
SF Absorbed



281,659
Speculative Construction
4,035,000
BTS Construction

Industrial Team



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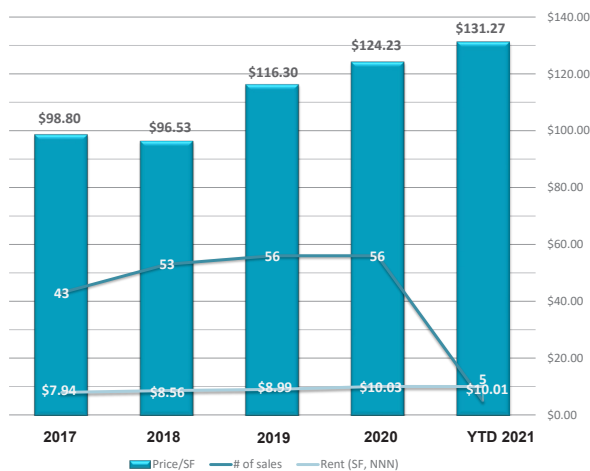
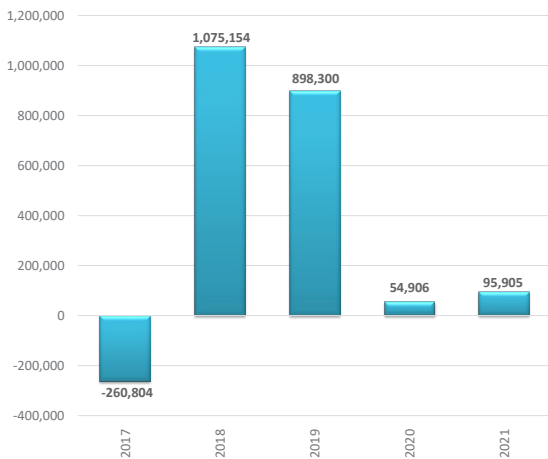
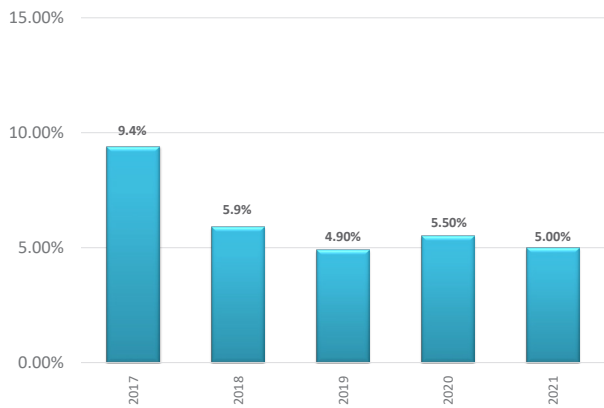


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Overall Market - Reflections

- The 1Q2021 market is thriving! Vacancy is down, lease and sales prices are up, demand is high, and speculative development has returned to the market.
- Overall Asking Lease Rates are \$10.01 (\$9.88/SF Manufacturing; \$11.64/SF Flex; \$9.74 Warehouse)
- Large-scale speculative and build to suit projects are expected to attract more large users in 2021 and beyond.



AVAILABILITY

The overall direct industrial vacancy rate for the Colorado Springs Industrial Market the First Quarter 2021 was 5.0% falling just below the Year End 2020 figure of 5.5%. This figure is in keeping with the recent years' trend. First Quarter 2021 Availability among industrial product subtypes were: Warehouse 4.2% Vacancy; Manufacturing 6.3% Vacancy; Flex 8.3% Vacancy; High-Tech 0.0% Vacancy. Overall absorption was positive with 95,505 total square feet absorbed for the First Quarter 2021.

LEASE RATES (NNN, Annual Per RSF)

Low vacancy rates, high demand/market activity, and delivery of new Class A Industrial product has led to a high average asking lease rate of \$10.01 per square foot across all product types. This upward trend is consistent with Year End 2020's average asking lease rate of \$10.03 per square foot. Average asking rates for industrial products for First Quarter 2021 were as follows: High-Tech Industrial product \$8.00/SF; Manufacturing \$9.88/SF; Industrial Flex \$11.64/SF; and Warehouse \$9.74/SF. These rates represent a consistent trend of price increases over the previous six years.

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

The industrial market absorbed a total of 95,905 square feet in First Quarter 2021, that is a precipitous rise over Year End 2020's figure of 54,906 square feet. The positive absorption of the First Quarter 2021 points to the continued health and rebounding activity from 2020's pandemic market shock.

INDUSTRIAL SALES

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

The number of overall industrial sales of buildings 5,000 square feet and larger in First Quarter 2021 numbered 5* with an average sales price of \$131.27 per square foot that is just exceeding 2020's Year End figure of \$124.23 per square foot (56 total sales). The average price per square foot for properties between 5,000 and 15,000 square feet was \$139.84 (3 total sales). Properties above 15,000 square feet sold for \$118.42 (2 total sales).

*Sales data verified through El Paso County Assessor's Office for January to February 2021 as the agency publishes sales in arrears. March 2021 data to be included in First Half 2021 MarketView.