

MarketView 2Q25



CUSHMAN &
WAKEFIELD

Colorado Springs
Commercial

QUICK STATS

	2Q25	vs 1Q25	vs 2Q24
Vacancy	12.15%	▲	▼
Lease Rates	\$18.43	▲	▲
Net Absorption	(7,486)	▼	▼

HOT TOPICS

- *Colorado Springs' single-family home supply hit a nearly 11-year high in June, 4,055 homes, a 36.4% increase over the same month last year, & median home prices reached record high of \$500,000. 114 single-family permits were issued in the first weeks of April, showing an increasing average pace of permitting; PPRBD issued 264 permits in March & 174 in February.*
- *Downtown Development Authority kicked off the 1st phase of Tejon Revitalization Project; the project includes wider sidewalks, expanded outdoor dining areas, designated delivery zones, & mature trees for shade — creating a more vibrant and welcoming Downtown experience.*
- *Strong demand and slowdown in construction push multi-family vacancy rates lower, falling to 12.8% at the end of May, from a peak of 14.1% at the end of 2024.*
- *The Colorado Springs Chamber & EDC announced the launch of the Colorado Aerospace & Defense Economic Council (CAD-EC) — a new initiative designed to strengthen Colorado's position as a national leader in aerospace, defense, & cybersecurity.*
- *The unemployment rate in El Paso County hit 4.5% in May, down from 4.7% in April, & lower than the long-term average of 5.39% for the county.*
- *Colorado Springs ranked 4th in the nation for cities where the cost of living has decreased the fastest, seeing a 1.93% decrease in living costs year over year.*



GREG PHANEUF

Principal
+1 719 339 9062



PETER SCOVILLE

Principal
+1 719 330 8339



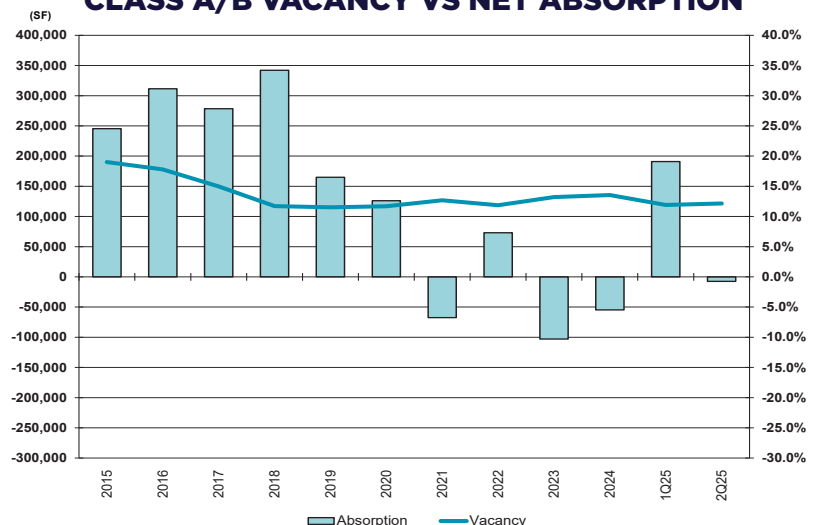
CLASS A/B OFFICE MARKET OVERVIEW

As we look back at the first half of 2025, it was an incredibly active start to the year. Despite the absorption numbers being relatively flat, there was a significant amount of lease activity within the market. Specifically, our office year to date has completed 87 transactions in roughly 560,000 square feet. Obviously there has been some giveback of space, as the market appears to be flat when just looking at the metrics. The chart below outlining vacancy versus net absorption is really interesting. When you look back on a 10-year horizon it becomes clearly evident that the supply has not increased in the market, despite fluctuations in absorption as the vacancy has remained relatively steady over a 10-year time frame.

All of this to say that our market continues to plug along at a fairly consistent rate. We do not see big fluctuations in the future, as demand is still prevalent in the market and supply has not changed in any meaningful way. Given the uncertainties in the national and political climate, we do not see speculative development in the office sector in the near term.

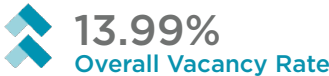
Coming into 2025, we had anticipated the capital markets activity would increase significantly and we have yet to see that come to fruition. At this point, we don't anticipate seeing multiple investment transactions being completed in the second half of the year. The insight we get from multiple different sources all indicates that 2026 should see things begin to free up as far as the capital markets are concerned, but that remains a big question at this point.

CLASS A/B VACANCY VS NET ABSORPTION



CLASS A/B OFFICE STATISTICS

Submarket	Total Bldg. SF	Available SF	Sublease Space	Vacancy Rate	Absorption	Lease Rate	NNN Exp.
NORTH I-25 CORRIDOR:							
2nd Quarter 2025	5,141,829	718,703	150,780	13.98%	(4,108)	\$18.35	\$10.08
2025					170,900		
AIRPORT (SOUTHEAST) AREA:							
2nd Quarter 2025	1,404,317	65,588	1,690	4.67%	(4,080)	\$19.32	\$8.98
2025					2,540		
CENTRAL BUSINESS DISTRICT:							
2nd Quarter 2025	1,994,054	252,971	5,152	12.69%	702	\$18.02	\$11.26
2025					10,047		
TOTAL CLASS A MARKET:							
TOTALS FOR 2nd Quarter 2025	8,540,200	1,037,262	157,622	12.15%	(7,486)	\$18.43	\$10.16
TOTALS 2025					183,487		



2Q25 vs 1Q25

SIGNIFICANT TRANSACTIONS

BUILDING NAME	ADDRESS	TENANT	SQ FT	QTR
LEASE TRANSACTIONS				
Centennial Tech Center	4920 Centennial Blvd	Carrio Cabling Corporation	57,547	2Q25
Patriot Park VII	565 Space Center Dr	Undisclosed DoD	37,149	2Q25
Patriot Park VII	565 Space Center Dr	ExoAnalytic Solutions	23,590	1Q25
Palmer Center	90 S Cascade Ave	Stockmen Kast Ryan + Company	15,098	1Q25
Penrose Pavilion	2312 N Nevada Ave	CSNA	15,084	1Q25
Epic One	10807 New Allegiance Dr	Albert Vein Institute	14,244	2Q25
Briargate Research Center	2075 Research Pkwy	NetAlly	13,592	1Q25
Centennial Tech Center	4820 Centennial Blvd	Colorado Structures	10,221	2Q25
One Gateway Plaza	1330 Inverness Dr	Skyward Federal	8,159	1Q25
Briargate Medical Center	595 Chapel Hills Dr	Perio1	6,907	2Q25

BUILDING NAME	ADDRESS	SALE PRICE/PER SF	SALE TYPE	QTR
SALE TRANSACTIONS				
Tech Center VI	5575 Tech Center Dr	\$17,250,000 / \$165.00	Investor	1Q25
1155 Academy Park	1155 Academy Park Loop	\$9,220,000 / \$184.00	Investor	2Q25
1150 Kelly Johnson	1150 Kelly Johnson Blvd	\$9,000,000 / \$197.00	Investor	2Q25

FEATURED OFFICE PROPERTIES



VICTORY RIDGE

10855 Hidden Pool Hts

1,500-23,677 RSF

Class A space, stunning mountain views, prime location, spec suites



NORTH CREEK

5725, 5755, & 5775 Mark Dabling Blvd

980-36,467 RSF

Campus environment, on-site cafe, renovated fitness center & common areas



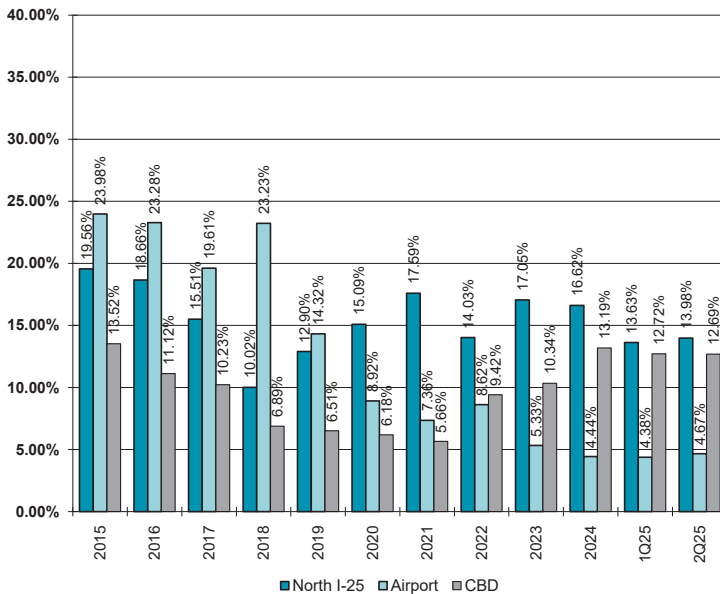
CHAPEL HILLS ATRIUM

1125 Kelly Johnson Blvd

1,786-8,509 RSF

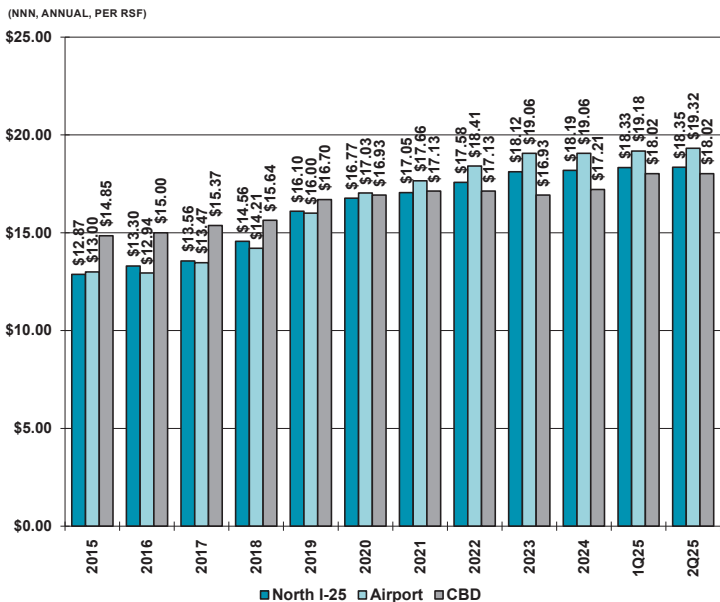
Spec suites with high-end finishes, unique 3-story atrium lobby, minutes to I-25

CLASS A/B VACANCY



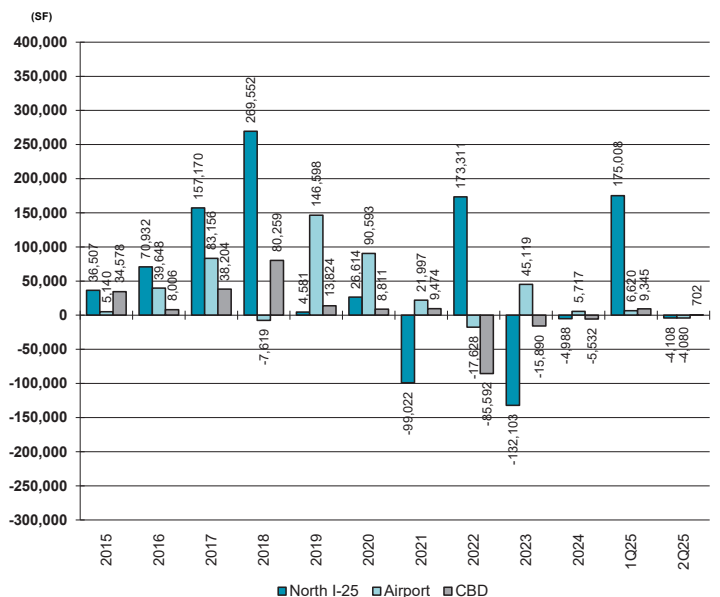
Vacancy rates have remained stable in the first half of the year. The direct vacancy rate in the 2nd Quarter was 12.15%, down from the 2024 year-end rate of 13.54% and modestly up from 1st Quarter, 11.90%. Lease activity has been strong and space is quickly getting leased up with both small and larger tenant requirements. The Airport submarket saw a slight uptick in vacancy rate over the prior quarter, up to 4.67% from 4.38% in the 1st Quarter; because the demand for this submarket remains high, we expect the vacancy in this submarket to decline in the second half of the year. Vacancy rates in the North I-25 submarket were down almost 16% from year-end 2024, and the CBD down almost 4%, and we forecast that this trend will continue for the remainder of 2025.

CLASS A/B LEASE RATES



Average asking rates have climbed steadily in all submarkets. The average asking rate in the 2nd Quarter was \$18.43, up from the year-end 2024 average of \$18.12 PSF. All markets are still experiencing a shortage of quality space, and we expect building owners to continue to push rates higher. Although larger blocks of space are pulling down the average lease rate, especially in single-story product, increasing tenant improvement costs continue to drive rates up and require tenants to consider longer terms.

CLASS A/B ABSORPTION



The overall market saw a slight negative absorption of 7,486 SF for the quarter, a marked difference from the positive absorption of 190,973 SF in the 1st Quarter. The Airport and North I-25 submarkets both experienced slight negative absorption, and the CBD submarket had modest positive absorption. The overall market saw positive absorption of 183,487 SF in the first half of 2025, and the amount of active prospects seeking space remains strong. We anticipate lease activity will continue to be healthy, and with no meaningful new construction on the horizon, we forecast absorption to remain overall positive by year-end.

MEDICAL OFFICE MARKET STATISTICS

2nd QUARTER 2025

TOTAL BLDG SF	AVAILABLE SF	SUBLEASE SPACE	VACANCY RATE	YTD ABSORPTION	LEASE RATE	NNN EXP.
1,826,859	203,332	7,939	11.13%	20,304 SF	\$21.33	\$12.54

11.13%
Direct Vacancy Rate

11.56%
Overall Vacancy Rate

2Q25 vs 1Q25

MEDICAL OFFICE MARKET OVERVIEW

The MOB market in Colorado Springs remains healthy in all aspects. Average asking lease rates continue their upward trend, vacancy declined, and we saw positive absorption in the first half of the year. Leasing activity is strong and supply is being outpaced by demand. Medical office buildings on hospital campuses are well-positioned as the hospitals expand and need additional space.

The current obstacle the medical office market faces is the cost of tenant improvements; construction costs have risen considerably, a trend we forecast to continue, which has impaired tenants' ability to relocate without substantial investment in the improvements. Consequentially, we do not anticipate speculative projects in the near future and we expect to see lease rates continue to escalate and vacancy rates to decrease in 2025.

FEATURED MEDICAL PROPERTIES



PAVILION MEDICAL CENTER
320 E Fontanero Street
1,542-6,746 RSF

1/2 mile from Penrose Hospital, dental offices available



PREMIER HEALTH PLAZA
3920 N Union Boulevard
1,156-8,724 RSF

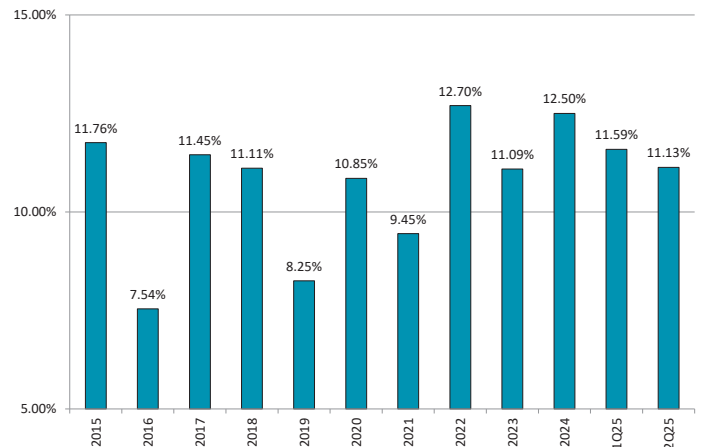
Class A medical office space, efficient floor plans



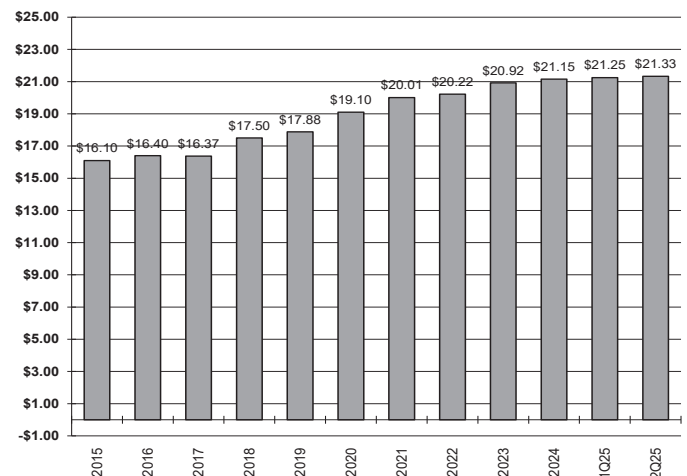
BRIARGATE MEDICAL CENTER
595 Chapel Hills Drive
1,390-5,968 RSF

High parking ratio, building fitness center & conference room

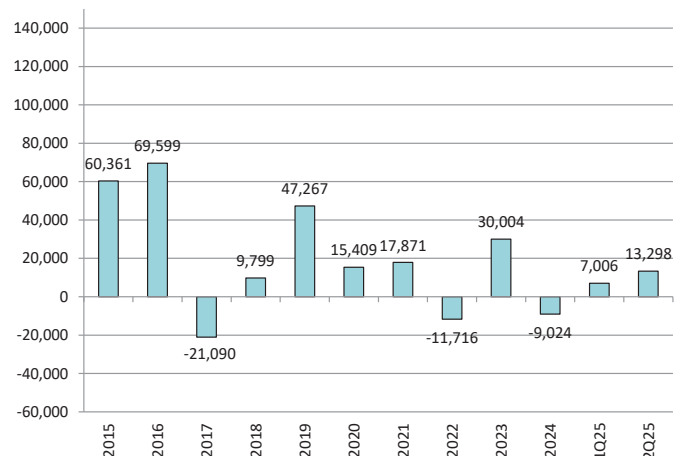
VACANCY



LEASE RATES



ABSORPTION



CUSHMAN & WAKEFIELD

Colorado Springs Commercial