

# INDUSTRIAL

MARKET VIEW | YEAR END 2025



Colorado Springs  
Commercial



Colorado Springs, CO

## BY THE NUMBERS | YEAR END 2025



While year-end statistics suggest a sharp shift in performance, the Colorado Springs Industrial Market remains fundamentally strong. Reported negative absorption and rising vacancy were largely driven by a data reporting error that prematurely included 716,845 square feet of proposed construction, combined with the reintroduction of a 689,000-square-foot obsolete manufacturing facility to the market. In reality, leasing velocity remained active with more than 809,000 square feet of new leasing and over 415,000 square feet of renewals in 2025. Demand for quality Class-A and mid-bay product continues to outpace supply, and when adjusted for reporting distortions, vacancy trends closer to historical norms near 4%, reflecting a resilient and supply-constrained market rather than a downturn.

## OVERVIEW

	CHANGE	4Q 2025	4Q 2024	4Q 2023
VACANCY	▲	5.8%	3.8%	3.5%
LEASE RATES	▲	\$11.82	\$11.00	\$10.36
NET ABSORPTION	▼	-588,170	146,828	579,129

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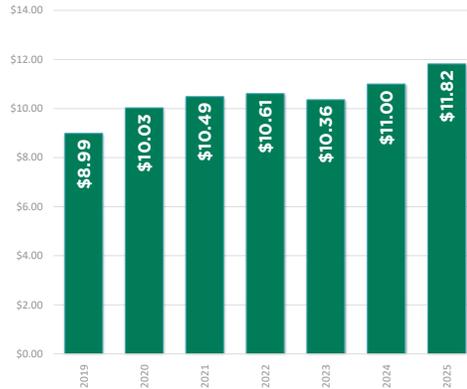
# SUMMARY OF KEY FINDINGS

The Colorado Springs Industrial Market in 2025 was characterized by several key trends

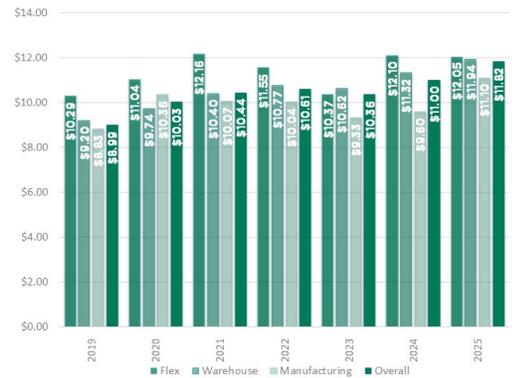
## LEASE RATES

The 2025 average asking lease rate increased to \$11.82 per square foot from \$11.00 per square foot at year-end 2024. Rates increased 7.45% from the last year and 31.48% from 2019. New lease deals for spaces over 10,000 square feet commanded a premium, averaging \$12.82 per square foot.

### LEASE RATE



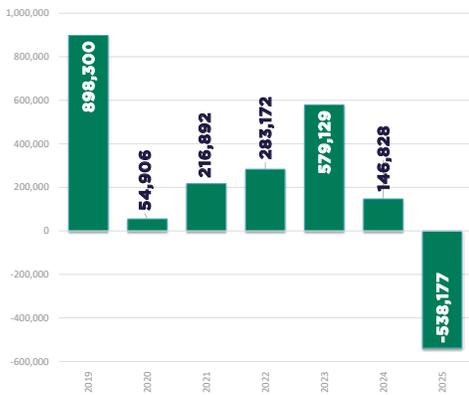
### LEASE RATE W/ SUBTYPE



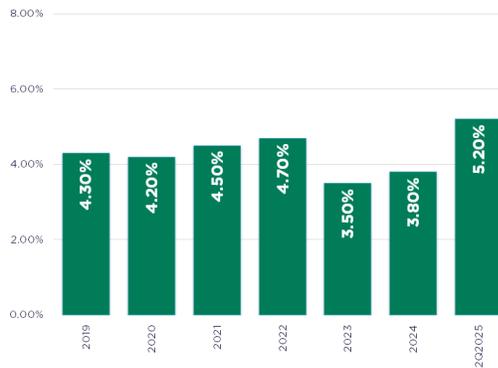
## LEASING ACTIVITY

The market saw 809,917 square feet in new leasing. Notably, a lack of available inventory combined with upward pricing pressure meant many users renewed in place in properties with significant distress. The largest lease in the market went to food distribution giant, Kroger, renewing 297,000+ square feet at 702 Bandlely Dr. KBR, Inc. leased over 43,000 SF in the Powers Boulevard Corridor at 2506 Zeppelin Rd. - the second largest lease deal in the market in 2025.

### ABSORPTION



### VACANCY



## ABSORPTION & VACANCY

Official data showed a negative absorption of -588,170 square feet, a significant drop from the positive 146,828 square feet at year-end 2024. This figure is highly misleading due to a data error that included 716,845 square feet of proposed—not delivered—buildings. Another stand alone building, a former chip manufacturing facility in the Garden of the Gods corridor came back on the market adding approximately 689,000 SF of manufacturing space to the market. The true vacancy rate remains low, estimated nearer to 4% or approximately 2mm SF.

## SALES MARKET

Investor confidence remained firm, with sales volume on track with previous years. The average sales price was \$180.82 per square foot for 53 total properties sold. Sales prices ranged widely, from a high of \$655 to a low of \$40 per square foot, demonstrating the diverse range of products and conditions offered.

### INDUSTRIAL SALES



Colorado Springs, CO

# A DEEPER LOOK AT THE MARKET

## LEASING AND SALES: HEALTHY MARKET TRENDS

The overall lease rate saw an increase, the market for quality industrial spaces remained robust. The premium paid for new leases over 10,000 square feet indicates strong, specific demand that outpaces average market conditions. There remains a significant need for new small bay multi-tenant (up to 15,000 square feet) industrial space. However there has been a reluctance on the part of developers to provide this product to the market - due largely in part to construction pricing. This resilience is mirrored in the sales market, where consistent volume and pricing at an average of \$182 per square foot show that investors continue to view Colorado Springs industrial properties as a stable, long-term asset. The wide range in sales prices—from a low of \$40 to a high of \$655 per square foot—also demonstrates the diverse quality and type of products available. Lease rates varied by product type: manufacturing averaged \$11.10 per square foot, office flex \$12.44 per square foot, and warehouse \$11.94 per square foot, with an overall average of \$11.82 per square foot.

## THE ABSORPTION ANOMALY EXPLAINED

If one were to look at the numbers alone, the Colorado Springs Industrial Market would appear to be on the down swing. However, that would be a complete misrepresentation of the true health and vitality of the market. In order to understand the numbers, it is necessary to understand the nuances the numbers don't accurately portray - and there is a lot brewing in the numbers.

For example, absorption fell from a positive 146,828 square feet at the end of 2024 to a negative -588,170 square feet in 2025. The Colorado Springs market saw in excess of 809,917 square feet of new leasing and 415,192 square feet of renewals in 2025 (for properties exceeding 10,00 square feet) with increasing lease rates, and healthy demand and deal velocity. We look to excess products coming onto the market and find the sources of our negative number. First, is the former HP chip manufacturing plant on Garden of the Gods, this property added over 689,000 square feet of product to the market - unfortunate collateral damage of the failed Meyer Burger deal. This product is, without question, functionally and economically obsolete. Moving forward, several proposed projects were erroneously reported as having been delivered in the first half 2025 adding 716,845 square feet of product to the market that does not otherwise exist. All told, the falsely reported deliveries and functionally obsolete product approached 1.5 million square feet of product skewing the overall market numbers. In a market with only 41.2 million square feet of product these numbers are not insignificant.

The 2025 Colorado Springs Industrial Market saw two much-needed Class-A deliveries include a 136,000 square foot Class A property by Clark Investments at 15707

Terrazzo Drive, and an 84,750 square foot property by AZ Opportunity Fund at Colorado Aerospace Business Center. Ground broke on two more Class-A industrial buildings at Falcon Commerce Center (115,000 square feet and 250,000 square feet).

When we true up the numbers, the market's statistics begin to make much more sense. The true vacancy rate, when adjusted for errors, moves closer to the 4% levels seen in previous years and absorption moves into positive territory. This context is crucial for understanding that demand has not collapsed; rather, the data was skewed.

## DEVELOPMENT, DEMAND, AND ECONOMIC HEADWINDS

Despite some choppy economic headwinds for much of 2025, investment and development has continued in Colorado Springs. The market saw 220,750 square feet of new industrial space delivered in 2025, with 136,000 square feet delivered in Q1 and 84,750 square feet in Q2. Despite these additions, the most significant challenge remains a lack of product, particularly for users in both large properties but more significantly for those needing 15,000 square feet or less. Heavy renewal activity is a direct result of this supply shortage, not a lack of demand. In addition to deliveries, two new Class-A industrial buildings broke ground at Falcon Commerce Center (a 115,000 square feet build-to-suit project and 250,000 square feet of speculative development). They are anticipated to deliver late 2026. Opus, Mortenson, Coca-Cola all announced significant construction projects for 2026.

## CONCLUSION

The Colorado Springs Industrial Market of 2025 is best described as fundamentally strong but externally cautious. This reflects what we are seeing in the day-to-day. Core metrics like sales stability and demand for premium space point to solid fundamentals. However, misleading absorption data, a critical shortage of large-scale inventory, and national economic uncertainty create a complex picture. Moving forward, the key challenge will be delivering new industrial product to meet the clear and present demand.

As we look forward to 2026, we expect the market to behave as it has in the past 5 years - strong demand, steadily paced deal velocity, and increased pricing pressures. We anticipate the recent announcements by Mortenson, Opus, and Coca-Cola in the airport submarket combined with the product under construction in Monument will attract national tenants and place increased demand pressures for Class-A Industrial product.



**INDUSTRIAL TEAM**

*Staffed with seasoned professionals who consistently provide results that exceed client expectations.*

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.



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Aaron specializes in industrial, office and investment products doing Tenant/Buyer and Landlord/Seller representation. He began his career as a warehouse logistics consultant working with local and national hard-goods supply companies, moving to commercial real estate in 2006. Currently with Colorado Springs Commercial, LLC an alliance of Cushman & Wakefield, Aaron is actively involved in his community serving on the board of the Southern Colorado Commercial Brokers Association (SCCB) the premier association for the southern Colorado region.

Aaron has conducted over \$170,000,000 in transactions and represented over 3.2 Million square feet in commercial real estate sales and leases.



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Heather McKeen specializes in industrial leasing, sales, and strategic advisory services at Cushman & Wakefield | Colorado Springs Commercial. She began her career with the firm in 2016, advancing from Executive Assistant and Marketing Coordinator to Broker in 2019. Heather has built a strong reputation in industrial development, site selection, and tenant representation across the Colorado Springs market.

She has worked with clients such as Amazon, DoorDash, and Campbell's, and represented DIS Colorado, LLC in a landmark \$46,000,000 lease to Space Command. Her experience makes her a trusted advisor to developers and investors seeking success in industrial real estate.



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Max Stanton is an associate broker at Colorado Springs Commercial, bringing a strong background in commercial real estate, client service, and account management. Known for his empathy and leadership, Max builds lasting relationships and serves as a trusted extension of his clients' teams.

Before joining the firm, he spent over two years with Tributary Real Estate in Denver, focusing on office tenant representation. His prior experience includes client management roles at Dish Network and Diversant, as well as positions with the Denver Broncos and Mercedes-Benz. Max is a licensed broker in Colorado and continues to grow his market knowledge.