



### COLORADO SPRINGS INDUSTRIAL

FIRST QUARTER 2005

The industrial metro market is showing signs of stabilization. Vacancy rates are beginning to level off and have increased slightly from 11.2% at the end of 2004 to 11.55% at the end of the first quarter 2005. Asking lease rates have dropped to \$6.59 from \$6.84, reported at the end of 2004. However, if absorption numbers continue to stay positive throughout 2005, an increased asking rate is expected to follow. Absorption reported in the the first quarter of '05 is 301,145 SF. The CBD and Northeast submarkets

**The most notable change in the industrial sector is the redefining of the industrial submarkets.**

led the way by turning out several large leases. Armstrong Transportation Services, leasing over 50,000 SF, and Tropical Sun Imports, leasing 25,000 SF, are two examples of transactions that contributed to the positive absorption figure.

The past year has also seen former industrial buildings being considered for alternative uses. The most recent facility that was converted into a retail use is a former 151,000 SF high-tech manufacturing firm, which is now Mr. Bigg's Family Fun Center.

The most notable change in the industrial sector is the redefining of the industrial sub-markets. For the past 20 years, the industrial market was made up of eight sub-markets. Sierra Commercial Real Estate, Inc. has now established five submarkets to more accurately reflect the changing growth patterns and define the industrial market areas and product types. Statistics will be based upon industrial properties over 5,000 SF in size.

#### QUICK STATS

	Current	Change from last	
		Yr.	Qtr.
Vacancy	11.55%	▲	▲
Lease Rates	\$6.59	▲	▲
Absorption	301,145	▲	▲
Construction	57,614	▼	▲

#### HOT TOPICS

- Colorado Springs captures several DOD contracts totaling approximately \$1.5 billion in 2004
- SI International captures more than half of Colorado Spring's DOD dollars awarded in 2004
- Former ChannelPointe facility, totaling 151,000 SF, converted to alternative use as Mr. Bigg's Family Fun Center
- Chef's Catalog continues to add jobs in Colorado Springs

#### METRO INDUSTRIAL STATISTICS

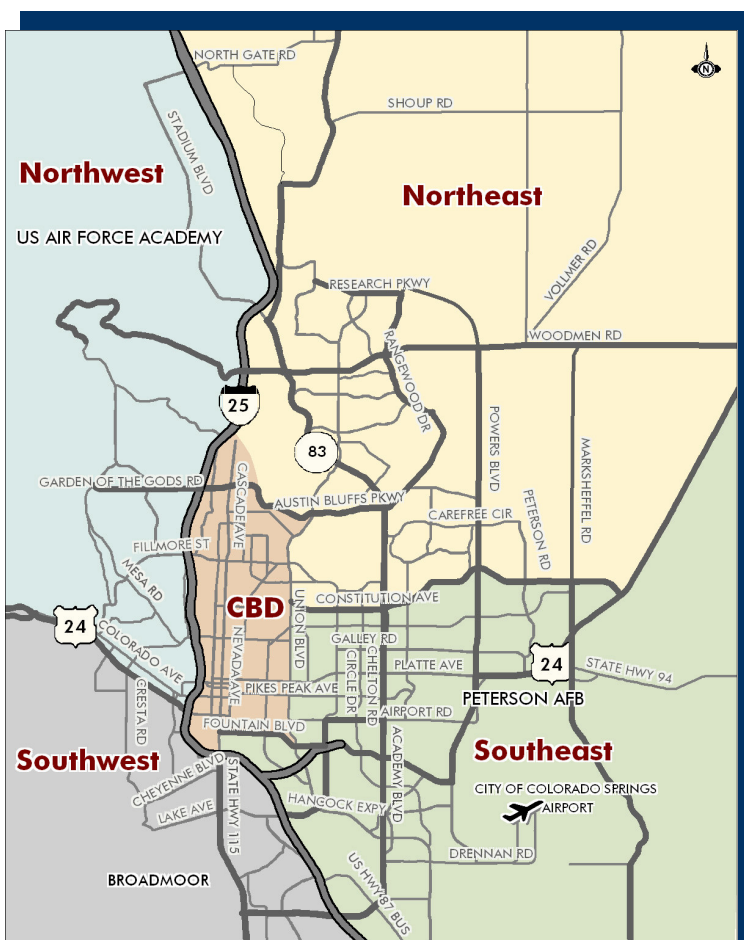
Industrial Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Net Average Asking Lease Rate \$ SF/YR	Leasing Activity	Absorption SF
CBD	6,918,309	587,547	8.49%	8.51%	\$5.81	168,430	106,218
Northwest	7,851,503	811,242	10.33%	11.53%	\$7.11	143,520	92,214
Northeast	3,051,252	599,693	19.65%	19.65%	\$8.89	58,207	58,207
Southeast	11,111,780	1,519,366	13.67%	13.72%	\$5.71	130,457	44,506
Southwest	1,596,135	8,563	0.54%	0.54%	\$5.79	0	0
<b>Total</b>	<b>30,528,979</b>	<b>3,526,411</b>	<b>11.55%</b>	<b>11.88%</b>	<b>\$6.59</b>	<b>500,614</b>	<b>301,145</b>



## TOP INDUSTRIAL TRANSACTIONS

Size	Tenant/Buyer	Address
52,300 SF	Armstrong Transportation Services	1460 N. Newport Road
15,000	Guy's Floor Service	870 - 890 Elkton Drive
15,100	Carlson Systems	870 - 890 Elkton Drive
25,000	Tropical Sun Imports	3106 N. Stone Avenue
3,072	Micro Metals, sublease	618 Garden of the Gods Road
14,000	PDC	410 S. Fillmore Ridge Heights
64.89 acres	Patriot Park LLC	Powers Boulevard

## COLORADO SPRINGS INDUSTRIAL SUBMARKET MAP



### AVERAGE ASKING LEASE RATE

Rate determined by multiplying the asking net lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary.

### NET LEASES

Includes all lease types whereby the tenant pays an agreed rent plus most, or all, of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses.

### MARKET COVERAGE

Includes all competitive multi-tenant industrial buildings 5,000 square feet and greater in size.

### NET ABSORPTION

The change in occupied square feet from one period to the next.

### NET RENTABLE AREA

The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas.

### OCCUPIED SQUARE FEET

Building area not considered vacant.

### UNDER CONSTRUCTION

Buildings which have begun construction as evidenced by site excavation or foundation work.

### AVAILABLE SQUARE FEET

Available Building Area which is either physically vacant or unoccupied, including sublease space.

### AVAILABILITY RATE

Available Square Feet divided by the Net Rentable Area. This calculation includes vacant and sublease space and is given as a percentage.

### VACANT SQUARE FEET

Existing Building Area which is physically vacant or immediately available and does not include sublease space.

### VACANCY RATE

Vacant Building Feet divided by the Net Rentable Area. This calculation is given as a percentage and includes vacant space but does not include sublease space.

### NORMALIZATION

Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and Vacancy figures for those buildings have been adjusted in previous quarters.

## INDUSTRIAL BROKERAGE SERVICES

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