



COLORADO SPRINGS INDUSTRIAL

THIRD QUARTER 2005

The Colorado Springs industrial market continues to show improvement in vacancy rates citywide. Although year to date absorption has decreased from the 2nd quarter 2005, the change is minimal compared to the negative absorption recorded in the previous quarter. This positive momentum shift in absorption will help improve industrial leasing in the near term. Lease rates, currently at \$6.60 SF NNN, have dropped from \$6.87 SF NNN in the second quarter.

The database being constructed at Sierra Commercial Real Estate has the ability to break down the industrial market into more detailed and relevant information.

experienced an increase in vacancy, from 10.18% in the second quarter 2005 to 12.52% in the third quarter. This breakdown exposes a shift in the industrial sector from Manufacturing/ Assembly facilities into other uses for these property types. Although average industrial lease rates are currently at \$6.60 SF NNN, Warehouse / Distribution properties have an average asking rate of \$4.16 SF NNN, while Office/R&D properties are priced at an average of \$8.68 SF NNN.

The database being constructed at Sierra Commercial Real Estate has the ability to break down the industrial market into more detailed and relevant information. Properties can be analyzed to define exactly where and what your competition is and to help shed light on the correct plan for definable success.

When the industrial sector is further broken down into property types, more details emerge about the condition of the market. For example, although vacancy rates have dropped overall, the 182 buildings that compose the Manufacturing / Assembly segment of the industrial market have

QUICK STATS

	Current	Change from last	
		Yr.	Qtr.
Vacancy	11.76%	▲	▲
Lease Rates	\$6.60	▲	▲
Lease Activity	1,291,680	▲	▲
Absorption	133,300	▲	▲

HOT TOPICS

- 12,000 additional troops to relocate to Fort Carson due to nationwide base closures and relocations.
- Banning Lewis Ranch "open for business" with 500 housing units coming on board in 2006.
- Phase One of \$150 million COSMIX I - 25 improvements produces expanded Woodmen / I - 25 interchange. Work begins on Nevada and Rockrimmon area.
- Referendum C & D gives voters a chance to modify Tabor Law.

TOP LEASE / SALES TRANSACTIONS

- Sale of the 68 acre Patriot Park at the northwest corner of Platte and Powers.
- Plasmon lease renewal of 110,000 SF at 4425 Arrows West Dr.
- 35,290 SF leased to Colorado Springs Charter Academy at 2577 N. Chelton Rd.

INDUSTRIAL STATISTICS by PROPERTY TYPE

Industrial Property Type	Net Rentable Area	Direct Vacant SF	Direct Vacancy Rate %	Combined Availability Rate %	Direct Asking Rate	Sublease Asking Rate	Average Asking Lease Rate
Office/R&D	5,523,242	929,557	16.83%	17.77%	\$9.18	\$7.97	\$8.68
Office/Showroom	3,195,296	226,204	7.08%	7.08%	\$7.47	-	\$7.47
Office/Warehouse	6,482,377	897,967	13.85%	14.14%	\$6.46	\$5.86	\$6.45
Manufacturing/Assembly	8,488,903	1,062,975	12.52%	12.52%	\$5.44	-	\$5.44
Warehouse/Distribution	5,895,094	363,246	6.16%	6.16%	\$4.16	-	\$4.16
Total	29,584,912	3,479,946	11.76%	12.01%	\$6.71	\$7.41	\$6.60

METRO INDUSTRIAL STATISTICS

Industrial Submarket	Net Rentable Area	Direct Vacant SF	Direct Vacancy Rate %	Combined Availability Rate %	Average Asking Lease Rate	Leasing Activity	Absorption SF
CBD	6,904,251	664,712	9.63%	9.63%	\$5.74	312,113	9,437
Northwest	7,601,840	738,509	9.71%	10.23%	\$7.11	248,681	96,640
Northeast	3,260,259	590,147	18.10%	18.10%	\$9.95	99,348	(59,435)
Southeast	10,426,708	1,466,447	14.06%	14.41%	\$5.75	623,506	98,226
Southwest	1,391,854	20,131	1.45%	1.45%	\$6.70	8,032	(11,568)
Total	29,584,912	3,479,946	11.76%	12.01%	\$6.60	1,291,680	133,300

COLORADO SPRINGS INDUSTRIAL SUBMARKET MAP



INDUSTRIAL BROKERAGE SERVICES

Stephen G. Bach, Senior Managing Director
719.955.2020 sbach@sierracre.com

Michal L. McDowell, Managing Director
719.955.2010 mmcdowell@sierracre.com

David L. Bacon, Managing Director
719.955.2009 dbacon@sierracre.com

Michael Helwege, Director
719.955.2021 mhelwege@sierracre.com



MARKET COVERAGE

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

NET RENTABLE AREA

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

DIRECT VACANT SQUARE FEET

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

DIRECT 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.

COMBINED AVAILABILITY RATE

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

DIRECT ASKING LEASE RATE

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

SUBLEASE ASKING LEASE RATE

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

AVERAGE ASKING LEASE RATE

Rate determined by multiplying the direct and sublease asking net lease rates for each building by its vacant space, summing the products, then dividing by the sum of the direct space and sublease space with net leases for all buildings in the summary.

NET ABSORPTION

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

For more information regarding the Colorado Springs industrial market, please contact one of the industrial brokers listed.
102 South Tejon, Suite 750
Colorado Springs, Colorado 80903
T. 719.955.2000 • F. 719.955.2019



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