



**COLORADO SPRINGS INDUSTRIAL**

**FOURTH QUARTER 2005**

After a slow start to 2005, vacancy rates in the Colorado Springs industrial market have been improving during the second half of the year, ending the year at 11.60%. Although the market is slightly behind 2004 year end rates of 11.20%, the trend has shifted downward from a second quarter 2005 high of 11.87%.

Manufacturing job losses in El Paso County continue to be problematic for the local commercial real estate industry, particularly the industrial market. There are currently 18,689 manufacturing jobs in the county, down from 28,761 in 2000. This 35% decline has made recovery in the industrial sector challenging.

The industrial market has also displayed positive absorption for the second year in a row, ending 2005 with 172,355 SF of absorption. This is a

*The industrial market produced over 1 million SF in leasing activity for the first time since 2000*

sharp contrast from 2002, when absorption approached negative 500,000 SF. Leasing activity also was strong during 2005, though slower during the 4<sup>th</sup> quarter. The industrial market produced over 1 million SF in leasing activity for the first time since 2000, ending 2005 at 1,390,062 SF.

2005 also recorded the best year for industrial sales since 2000. Eighty industrial buildings sold in 2005, totaling just over 1.3 million SF. The total price of these sales was

\$73.2 million, with an average price of \$52.90/SF. Of the 80 industrial sales, 50 were purchased by owner/users, while 30 properties were purchased by speculative investors. This increasing ratio signifies a shift in corporate strategies from leasing space to owning facilities.

**QUICK STATS**

	Current	Change from last	
		Yr.	Qtr.
Vacancy	11.60%	↓	↓
Lease Rates	\$6.66	↓	↓
Lease Activity	1,390,062	↑	↓
Absorption	172,355	↑	↓

**TOP 2005 LEASE / SALES TRANSACTIONS**

- Sale of the 68 acre Patriot Park at the northwest corner of Platte & Powers.
- Chef's Catalog: 105,000 SF lease at 5050 and 5070 Centennial Blvd.
- Ferguson Enterprises: 53,600 SF lease at 1480 Newport Circle.
- Armstrong Moving & Storage: 52,300 SF lease at 1460 Newport Circle.
- Aerotech Industrial Condominiums: 3,200 SF sold for \$352,000.

**HOT TOPICS**

- Colorado voters approve Referendum C, allowing the state to keep and spend an estimated \$3.7 billion on education, transportation, and health care.
- Southwest Airlines bypasses Colorado Springs and chooses Denver to provide commercial air service.
- Powers Blvd. extends north to Colorado Hwy. 83, providing easier access to the Powers corridor from the city's north side.
- Congress announces \$120 million appropriation for military construction at Fort Carson, Peterson Air Force Base, and the U.S. Air Force Academy.

**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	5,649,291	870,827	15.41%	16.34%	\$9.22	\$7.59	\$8.68
Office/Showroom	3,021,757	239,704	7.93%	7.93%	\$7.57	-	\$7.57
Office/Warehouse	6,596,570	976,836	14.81%	14.88%	\$6.31	\$7.01	\$6.31
Manufacturing/Assembly	8,488,903	1,027,842	12.11%	12.11%	\$5.48	-	\$5.48
Warehouse/Distribution	5,827,030	316,786	5.44%	5.44%	\$4.18	-	\$4.18
<b>Total</b>	<b>29,583,551</b>	<b>3,431,995</b>	<b>11.60%</b>	<b>11.79%</b>	<b>\$6.69</b>	<b>\$7.55</b>	<b>\$6.66</b>

## 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	645,712	9.35%	9.35%	\$5.77	332,793	28,437
Northwest	7,609,320	739,319	9.72%	10.23%	\$7.05	263,641	83,441
Northeast	3,288,387	581,035	17.67%	17.67%	\$9.82	120,860	(43,923)
Southeast	10,389,739	1,445,798	13.92%	14.08%	\$5.66	664,736	115,968
Southwest	1,391,854	20,131	1.45%	1.45%	\$6.70	8,032	(11,568)
<b>Total</b>	<b>29,583,551</b>	<b>3,431,995</b>	<b>11.60%</b>	<b>11.79%</b>	<b>\$6.66</b>	<b>1,390,062</b>	<b>172,355</b>

### COLORADO SPRINGS INDUSTRIAL SUBMARKET MAP



### INDUSTRIAL BROKERAGE SERVICES

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#### 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.

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