



OFFICE

INDUSTRIAL

RETAIL

**QUICK STATS**

	Current	Change from last	
		Year	Qtr.
Vacancy	9.43%	▲	▲
Lease Rates	\$6.87	▲	▲
Lease Activity	1,457,644	▲	▲
Net Absorption	82,834	▲	▲

**TOP LEASE / SALES TRANSACTIONS**

- NL Ventures VI Universal LLC: Purchased 194,879 SF facility at 4607 Forge Rd. for \$7,574,400
- Watt Investments LLC: Purchased 38,715 SF facility at 11675 Ridgeline Dr. for \$5,400,000
- Palen Development LLC: Purchased 10,800 SF facility at 1845 Deer Creek Rd. for \$1,300,000

**HOT TOPICS**

- The Pentagon announced in December that an additional 4,877 troops will be stationed at Fort Carson by 2013, increasing the active-duty population of the army base to nearly 30,000.
- The Colorado Springs Metro Interstate Expansion (COSMIX) project was completed, improving traffic flow by expanding Interstate 25 to six lanes through Colorado Springs.
- Denver-based Frontier Airlines announced plans to build a maintenance hangar at the Colorado Springs airport, resulting in approximately 225 high-paying jobs. Frontier also plans to launch daily flights to Denver in the spring of 2008.

The 30 million square foot industrial market ended 2007 with vacancy rates rising to 9.43%; 9.68% with sublease space included. Lease rates have declined throughout 2007 to a current level of \$6.87/sf NNN. Absorption fell in the fourth quarter to end the year at a positive 82,834 SF. New industrial development was modest and sporadic due to concern that current lease rates do not yet support new development.

*The properties doing well locally are those that recognize the industrial market is structurally changing.*

When Intel Corporation announced the closure of their 1.4 million square foot manufacturing facility, 800 primary positions were lost. This pattern of plant closures has resulted in the reduction of high-tech jobs, plaguing the manufacturing sector in Colorado Springs for several years. Positive job gains in 2007 have not been

enough to offset these losses.

The majority of activity in 2007 has been with smaller to middle sized companies either relocating to reduce costs or adjusting size to remain competitive within their respective industries. Companies that are well positioned in their disciplines have announced expansion plans, providing a spark of optimism in limited areas.

The properties doing well locally are those that recognized the industrial market is structurally changing. These owners have made the necessary reinvestment that accommodates alternative uses to be functionally and financially competitive. Lease rates remain somewhat stagnant so return on these investments will be realized over the longer term.

**INDUSTRIAL STATISTICS by PROPERTY TYPE**

Industrial Property Type	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Vacant Asking Rate	Sublease Asking Rate	Average Asking Lease Rate
Office/R&D	5,530,288	567,265	10.26%	10.26%	\$9.32	\$0.00	\$9.32
Office/Showroom	3,158,929	267,623	8.47%	8.47%	\$7.82	\$0.00	\$7.82
Office/Warehouse	6,809,499	939,890	13.80%	14.18%	\$6.77	\$7.45	\$6.79
Manufacturing/Assembly	8,343,610	559,804	6.71%	6.99%	\$5.12	\$5.50	\$5.12
Warehouse/Distribution	6,143,421	494,409	8.05%	8.47%	\$5.93	\$6.50	\$5.96
<b>Total</b>	<b>29,985,747</b>	<b>2,828,991</b>	<b>9.43%</b>	<b>9.68%</b>	<b>\$6.96</b>	<b>\$6.51</b>	<b>\$6.87</b>

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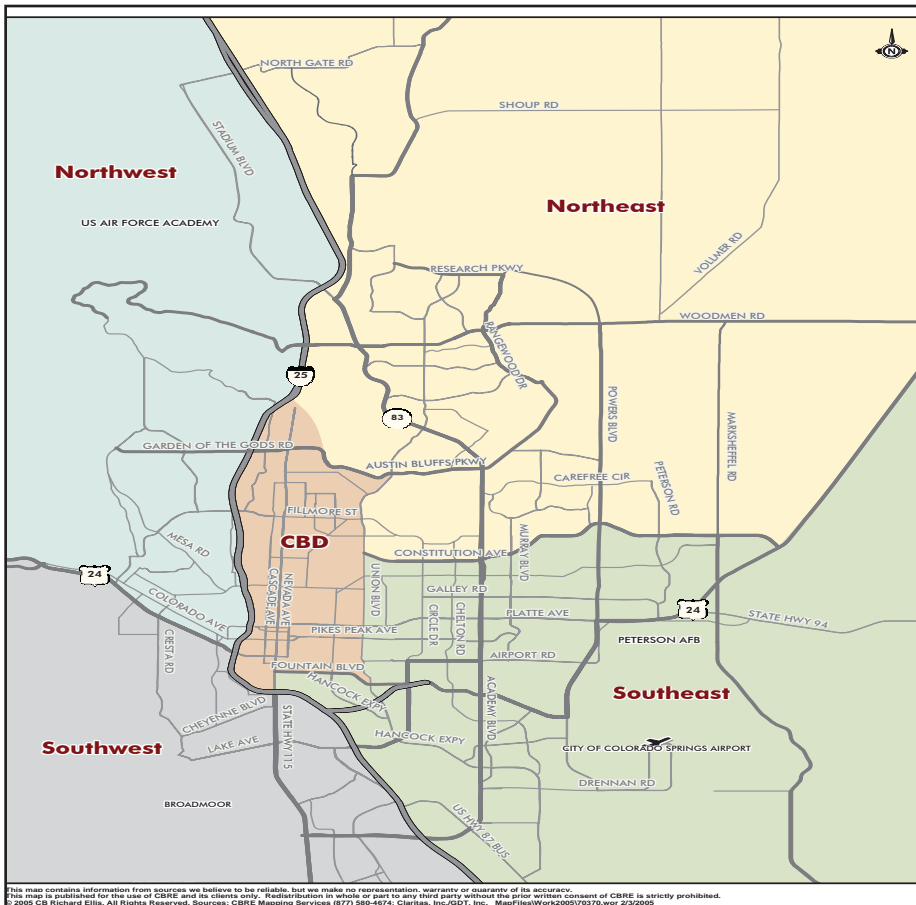
**INDUSTRIAL**

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**METRO INDUSTRIAL STATISTICS**

Industrial Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Average Asking Lease Rate	Leasing Activity	Absorption SF
<b>CBD</b>	6,737,689	633,041	9.40%	9.74%	\$5.52	361,677	(112,977)
<b>Northwest</b>	7,681,195	614,904	8.01%	8.32%	\$7.52	174,192	(44,955)
<b>Northeast</b>	3,239,098	317,677	9.81%	9.81%	\$9.25	294,482	169,273
<b>Southeast</b>	10,882,224	1,231,380	11.32%	11.57%	\$6.81	607,886	68,220
<b>Southwest</b>	1,445,541	31,989	2.21%	2.21%	\$7.52	19,407	32,73
<b>Total</b>	<b>29,985,747</b>	<b>2,828,991</b>	<b>9.43%</b>	<b>9.68%</b>	<b>\$6.87</b>	<b>1,457,644</b>	<b>82,834</b>

**COLORADO SPRINGS INDUSTRIAL SUBMARKET MAP**



**INDUSTRIAL BROKERAGE SERVICES:**

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**DEFINITION OF TERMS**

**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 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.



For more information regarding the MarketView, please contact one of the industrial brokers listed.

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