



OFFICE

INDUSTRIAL

RETAIL

**QUICK STATS**

	Change from last		
	Current	Year	Qtr.
Vacancy	11.79%	↘	↘
Lease Rates	\$6.34	↘	↘
Lease Activity	938,027	↘	↘
Net Absorption (612,054)		↘	↘

**TOP LEASE / SALES TRANSACTIONS**

- 1575 Garden of the Gods Rd.: 1.4 million SF former Intel campus sold to Industrial Realty Group for \$15.1 million
- Agility Logistics: 50,000 SF lease at 600 Wooten Rd.
- SRS Acquisition Corp.: 30,000 SF lease at 3270 Astrozon Blvd.

**HOT TOPICS**

- Area voters in November pass Issue 300, which will stop the city from collecting revenue from its enterprises, including the Stormwater Enterprise. Voters also defeated Issue 2C, a property tax increase.
- An Immigration and Customs Enforcement office opens in Colorado Springs, intended to investigate illegal immigration and criminal cases that span international borders.
- Colorado Springs ranks #9 in Forbes.com's "Best Bang For The Buck Cities", based on housing affordability, real estate taxes, travel time, jobs forecast, and other criteria.

In 2009, the 30 million square foot local industrial market struggled to withstand the pressures of the national recession and continued manufacturing job losses. Prior to the economic downturn, the industrial sector had been realizing incremental gains in occupancy. Landlords were adjusting product to offset job losses in manufacturing by readapting space to appeal to broader tenant uses. However, the onset of the recession was too great a factor for even the most creative landlords to overcome during the last half of 2008 and all of 2009, seeing industrial vacancy reach nearly 12%. More than 600,000 square feet of industrial space has been vacated during 2009, driving up vacancy rates to 11.79%, compared to 10.47% at the end of 2008. The increase in available space and lack of a new tenant pool have forced landlords to cut asking rental rates to a current average of \$6.34/SF/NNN, down over \$0.50/SF for the year.

*While rent reduction places cash flow stress on owners, the decline should help attract new industrial employers to Colorado Springs.*

While rent reduction places cash flow stress on owners, the decline should help attract new industrial employers to Colorado Springs. Compared to cities that regularly compete with Colorado Springs for new employers, local industrial rental rates have dropped at a faster rate. As industrial users look to move or expand when the recovery begins, Colorado Springs will be more attractive based on real estate affordability and availability.

The outlook is not all negative, however. While the national recession grabs all the headlines, local conditions indicate a slight recovery that will undoubtedly help the industrial market. Residential housing permits, while still down significantly compared to 2005-2006 levels, are beginning to tick upwards. With continued momentum, construction suppliers and other industrial users will begin to enter the market and expand to help fill the three million plus square feet of available industrial space.

INDUSTRIAL STATISTICS by PROPERTY TYPE

Industrial Property Type	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Average Asking Lease Rate	Leasing Activity	Absorption SF
Office/R&D	5,568,671	766,066	13.76%	14.85%	\$9.43	19,252	(163,459)
Office/Showroom	2,980,965	330,306	11.08%	11.52%	\$6.62	119,329	(60,422)
Office/Warehouse	7,152,542	1,014,886	14.19%	14.69%	\$6.12	312,144	(48,131)
Manufacturing/Assembly	8,789,692	1,162,769	13.23%	14.17%	\$5.08	218,356	(308,723)
Warehouse/Distribution	6,305,972	356,328	5.65%	6.73%	\$5.65	268,946	(31,319)
<b>Total</b>	<b>30,797,842</b>	<b>3,630,355</b>	<b>11.79%</b>	<b>12.63%</b>	<b>\$6.34</b>	<b>938,027</b>	<b>(612,054)</b>

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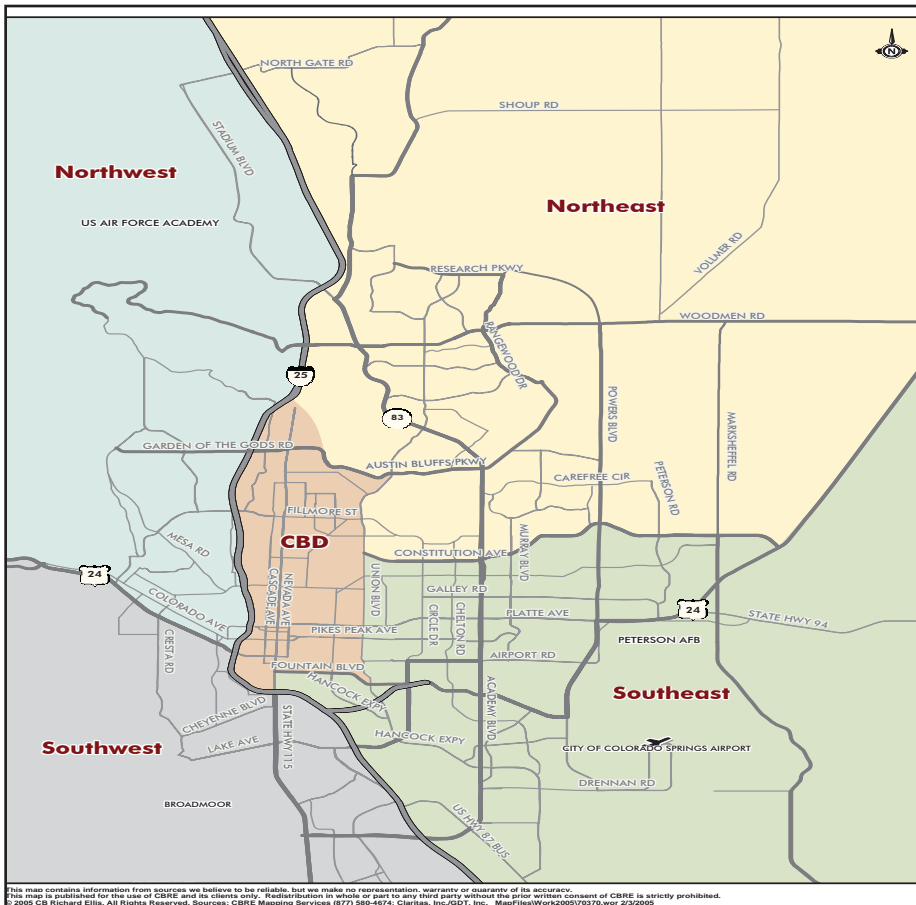
**INDUSTRIAL**

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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>	6,958,824	612,142	8.80%	9.21%	\$5.20	156,335	(5,102)
<b>Northwest</b>	7,796,195	721,086	9.25%	9.85%	\$7.99	297,571	(77,060)
<b>Northeast</b>	3,308,148	422,798	12.78%	13.39%	\$9.72	96,129	(87,922)
<b>Southeast</b>	11,191,763	1,809,769	16.17%	17.62%	\$5.52	379,742	(390,127)
<b>Southwest</b>	1,542,912	64,560	4.18%	4.31%	\$5.72	8,250	(51,843)
<b>Total</b>	<b>30,797,842</b>	<b>3,630,355</b>	<b>11.79%</b>	<b>12.63%</b>	<b>\$6.34</b>	<b>938,027</b>	<b>(612,054)</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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