



**COLORADO SPRINGS INDUSTRIAL**

**SECOND QUARTER 2005**

The industrial market in Colorado Springs is continuing to show stable vacancy rates and little absorption in the overall market. Much of the lease activity is being created by companies moving into alternative existing space that contain larger floorplates or more efficient space. Several defense contractors, such as SI International and Scitor, have build-to-suit plans to construct new facilities, resulting in increased lease activity, with little market absorption. As DOD contractors, their Pending relocations are relevant to the industrial market, but the new facilities will be included in the office inventory upon completion.

**Sierra Commercial Real Estate, Inc. has taken the industrial statistics to a new level...**

investors capture the dynamics of the Colorado Springs industrial market, but it also provides competitive vacancy rates and lease rates that accurately reflect industrial product types. For example, a higher vacancy rate of 18.63% in Office/R&D is not surprising considering this product type is made up of buildings with larger floorplates. The Office/R&D buildings compete closely with office tenants that are searching for space with reduced lease rates. The lower vacancy in the Office/Showroom type reflects the influence the stronger retail market has on this product type. Office/Showroom buildings tend to attract retail type tenants that provide products and services to homebuyers and builders.

Finally, it should be noted that Sierra Commercial Real Estate, Inc. continues to reevaluate the industrial database and the change in net rentable area is a direct result.

Sierra Commercial Real Estate, Inc. has taken the industrial statistics to a new level than previously seen in the marketplace, and classified the industrial buildings by product type. The five industrial types are shown in the chart below. Not only does the new classification help owners and

**QUICK STATS**

	Current	Change from last	
		Yr.	Qtr.
Vacancy	11.85%	↑	↔
Lease Rates	\$6.87	↑	↔
Lease Activity	951,985	↑	↑
Absorption	146,832	↓	↓

**HOT TOPICS**

- Defense contractor SI International breaks ground on a 123,200 SF campus at the Newport Tech Center
- Defense contractor Scitor Corporation to move to 51,500 SF facility at Patriot Park; construction to start this summer
- Northrup Grumman leases 50,000 SF at Aerospace Technology Center
- Wooten Properties plans redevelopment for the 235,000 SF Ampex facility
- Entegris Inc. expands workforce in Colorado Springs by 40%
- TMC leases 13,000 SF space at 7765 Electronic Drive
- U.S. Building Supply takes 15,750 SF at 1260 Newport Road

**INDUSTRIAL STATISTICS by PROPERTY TYPE**

Industrial Property Type	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Asking Rate	Sublease Asking Rate	Average Asking Lease Rate
Office/R&D	5,253,155	978,799	18.63%	20.10%	\$8.85	\$8.75	\$8.68
Office/Showroom	3,195,068	244,993	7.67%	7.83%	\$7.82	\$6.29	\$7.72
Office/Warehouse	6,594,281	1,025,119	15.55%	16.13%	\$6.39	\$5.88	\$6.37
Manufacturing/Assembly	8,541,512	869,358	10.18%	10.24%	\$5.96	\$10.00	\$5.87
Warehouse/Distribution	5,851,894	368,700	6.30%	7.50%	\$4.51	\$7.57	\$5.00
<b>Total</b>	<b>29,435,910</b>	<b>3,486,969</b>	<b>11.85%</b>	<b>12.51%*</b>	<b>\$6.87</b>	<b>\$7.73</b>	<b>\$6.87*</b>

\* Includes sublease space

## **METRO INDUSTRIAL STATISTICS**

Industrial Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Average Asking Lease Rate	Leasing Activity	Absorption SF
CBD	6,903,293	512,764	7.43%	7.55%	\$5.84	268,560	133,001
Northwest	7,601,840	728,858	9.59%	10.60%	\$7.02	195,047	106,318
Northeast	3,051,252	744,285	24.39%	24.39%	\$9.46	65,207	(86,385)
Southeast	10,487,671	1,476,499	14.08%	15.14%	\$6.03	423,171	9,898
Southwest	1,391,854	24,563	1.76%	1.76%	\$6.90	0	(16,000)
<b>Total</b>	<b>29,435,910</b>	<b>3,486,969</b>	<b>11.85%</b>	<b>12.51%*</b>	<b>\$6.87 *</b>	<b>951,985</b>	<b>146,832</b>

\* Includes sublease space

### 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.

#### **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.

#### **AVAILABILITY RATE**

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

#### **ASKING LEASE RATE**

Rate determined by multiplying the asking net lease rate for each building by its vacant space, summing the products, then dividing by the sum of the 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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