



XCELIGENT[™]
BUILDING DATA. EVERYWHERE.

INDUSTRIAL MARKET REPORT

Colorado Springs

2nd Quarter 2016

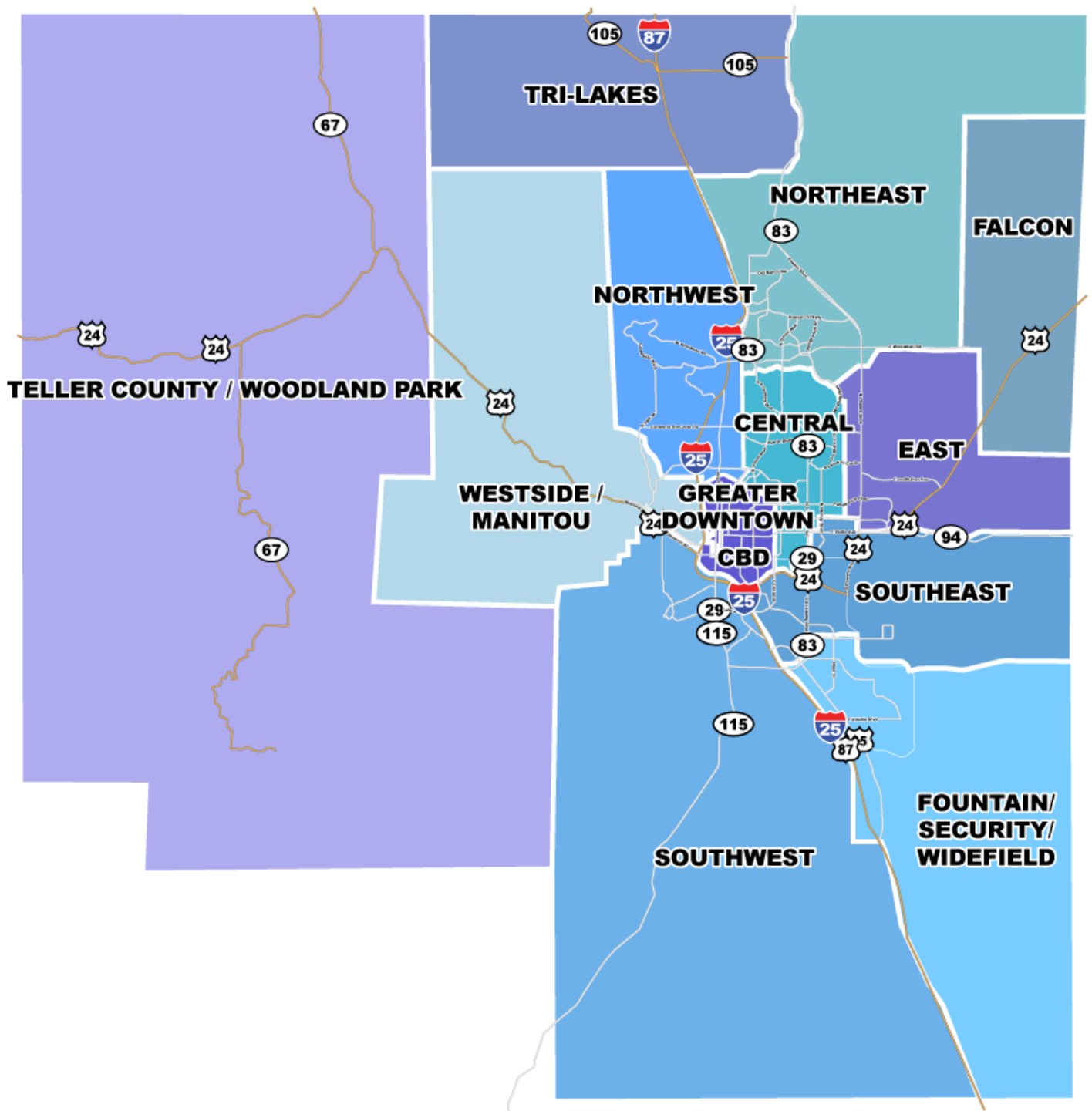


Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

Table of Contents and Methodology	2
Industrial Submarket Map	3
Market Overview	4-5
Statistics by Market	6
Vacancy Rates & Asking Rates	7-9
Leasing & Absorption	10-11
New Construction	12
Industrial Advisory Board Members	13
Xceligent Team	14

The Colorado Springs tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for the market area.

Tracked Inventory (Industrial)	The total square feet of all existing single and multi tenant industrial properties greater than 2,500 SF.
Available SF	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Vacant SF	The total of the direct vacant square footage in a building that is being marketed.
Net Absorption	The net change in occupied square feet from quarter to quarter, expressed in square feet.
Flex	Building size is usually 100,000 square feet or less, with higher than normal amount of glass. Has extensive landscaping with a campus like, park setting. 30% or more of office build-out with a parking ratio of greater than 3.0/1,000 square feet.
Light Industrial	Usually medium sized buildings of 50,000 square feet or less with varying ceiling height and minimal amount of loading doors. Has a 15%-30% office build-out and may have its own parking lot.
Manufacturing	Usually a very large building of 100,000 square feet and greater with varying ceiling height and access to rail. 15% or less of office build-out and has heavy power and may have crane service. Has very little or no space for parking.
Warehouse/Distribution	Usually very large in size with a minimum of 50,000 square feet with higher than normal ceiling height to allow for stacking of product and very minimal office build-out. Usually has lots of loading doors and loading docks and may have access to rail.
Bulk Warehouse	Usually very large in size with a minimum of 100,000 square feet with higher than normal ceilings height to allow for stacking of product and very minimal office build-out. Usually has a high amount of loading doors and may have access to rail.
Note	This report reflects Direct Vacancy and Absorption; Sublease space is excluded.



Overview

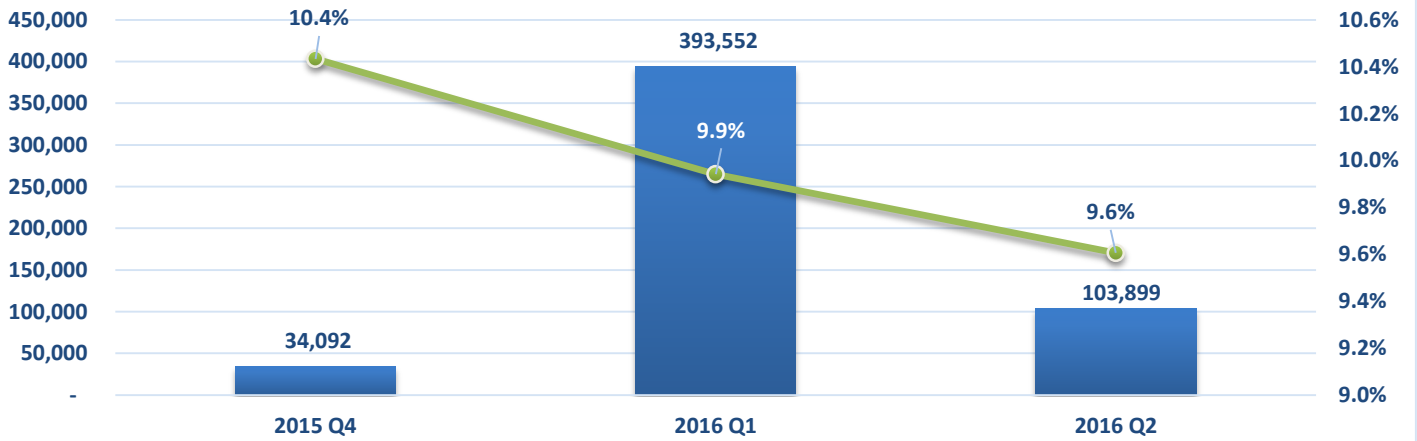
- The Colorado Springs Industrial market closed the second quarter of 2016 with over 100,000 square feet of positive absorption.
- Leasing and sales activity for the second quarter was strong, however, there is still a slow down in overall activity due to lack of quality product in the market.
- The shortage of viable buildings in the 2,000 - 35,000 square foot range remains an issue, especially for businesses that need 22 foot or greater ceiling heights.
- There is a minimal amount of speculative construction planned throughout the area due the ever increasing cost of land, materials and labor. Currently, there is 10,400 square feet of new construction in the Southeast submarket of the greater Colorado Springs area.
- Asking rents are still increasing in many of the submarkets throughout the greater Colorado Springs area as demand exceeds the supply of desirable product.

	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Total Quarterly Net Absorption (SF)	YTD Total Net Absorption (SF)
Light Industrial	909	13,217,377	958,053	595,121	4.5%	68,675	144,919
Manufacturing	13	1,168,992	224,471	224,471	19.2%	-	-
Bulk Warehouse	20	936,782	74,268	74,268	7.9%	-	25,376
Flex	273	8,184,218	1,429,913	1,045,711	12.8%	-65,649	-13,787
Whse/Dist	239	8,399,052	1,372,530	1,125,482	13.4%	100,873	340,943
Grand Total	1,454	31,906,421	4,059,235	3,065,053	9.6%	103,899	497,451

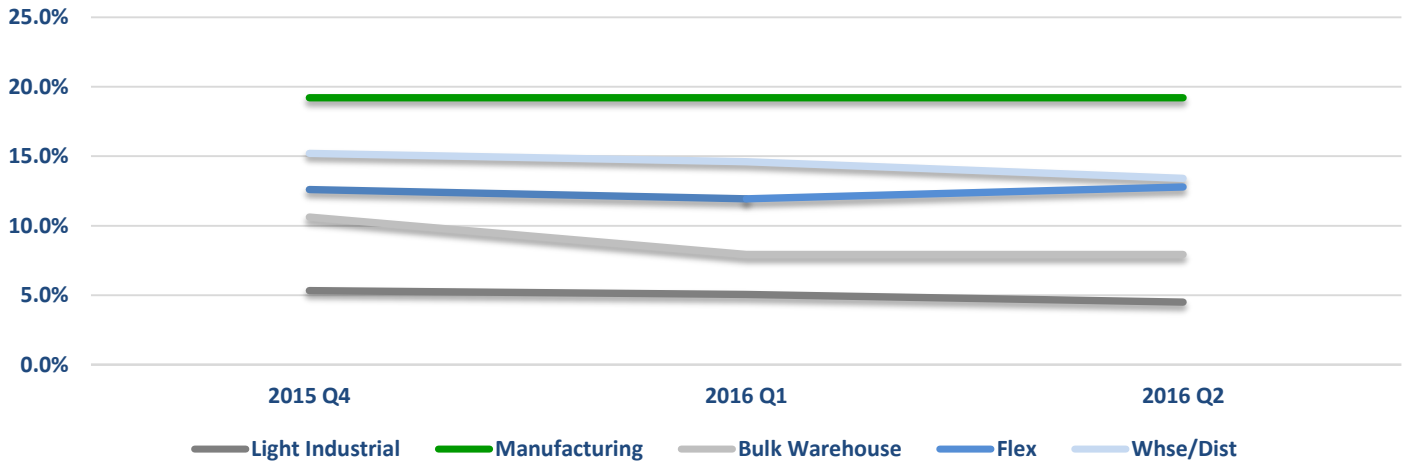
	# of Bldgs	Inventory (SF)	Sum of Direct Available SF	Direct Vacant (SF)	Direct Vacancy Rate (%)	Direct Quarterly Net Absorption (SF)	YTD Direct Net Absorption (SF)
Light Industrial	909	13,217,377	915,980	580,048	4.4%	68,675	149,319
Manufacturing	13	1,168,992	224,471	224,471	19.2%	-	-
Bulk Warehouse	20	936,782	74,268	74,268	7.9%	-	25,376
Flex	273	8,184,218	1,333,196	999,711	12.2%	-65,649	-13,787
Whse/Dist	239	8,399,052	1,325,908	1,125,482	13.4%	100,873	340,943
Grand Total	1,454	31,906,421	3,873,823	3,003,980	9.4%	103,899	501,851

	# of Bldgs	Inventory (SF)	Available Sublease (SF)	Sublease Vacant (SF)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (SF)	YTD Sublease Net Absorption (SF)
Light Industrial	909	13,217,377	42,073	15,073	0.1%	-	-4,400
Manufacturing	13	1,168,992	-	-	0.0%	-	-
Bulk Warehouse	20	936,782	-	-	0.0%	-	-
Flex	273	8,184,218	96,717	46,000	0.6%	-	-
Whse/Dist	239	8,399,052	46,622	-	0.0%	-	-
Grand Total	1,454	31,906,421	185,412	61,073	0.2%	-	-4,400

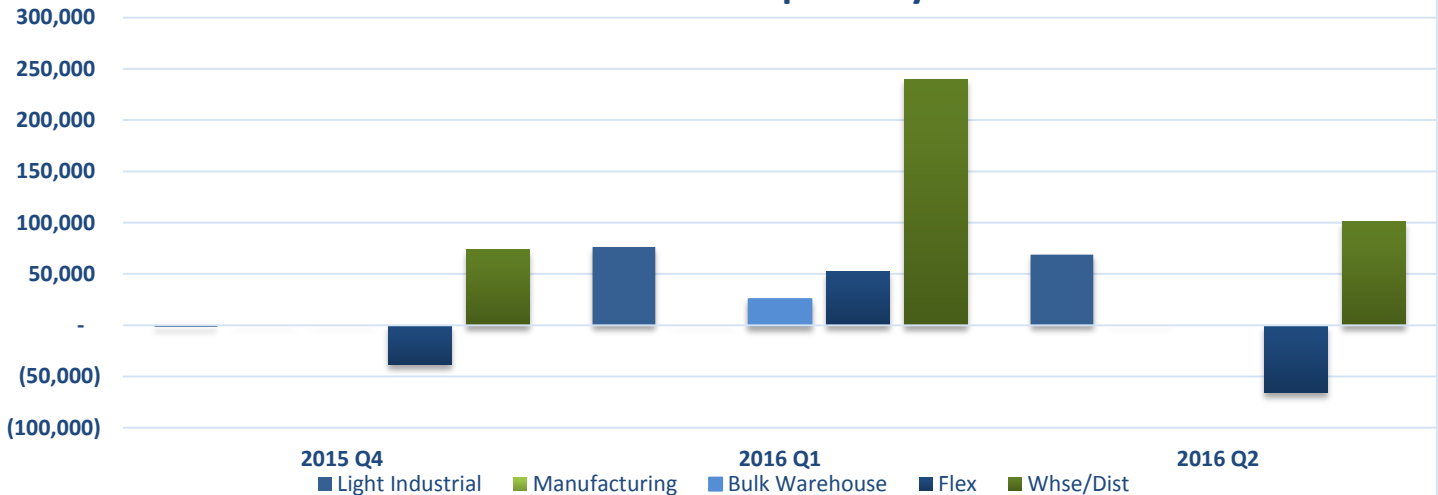
Historical Vacancy Rate & Net Absorption



Historical Vacancy Rates by Use



Historical Net Absorption by Use

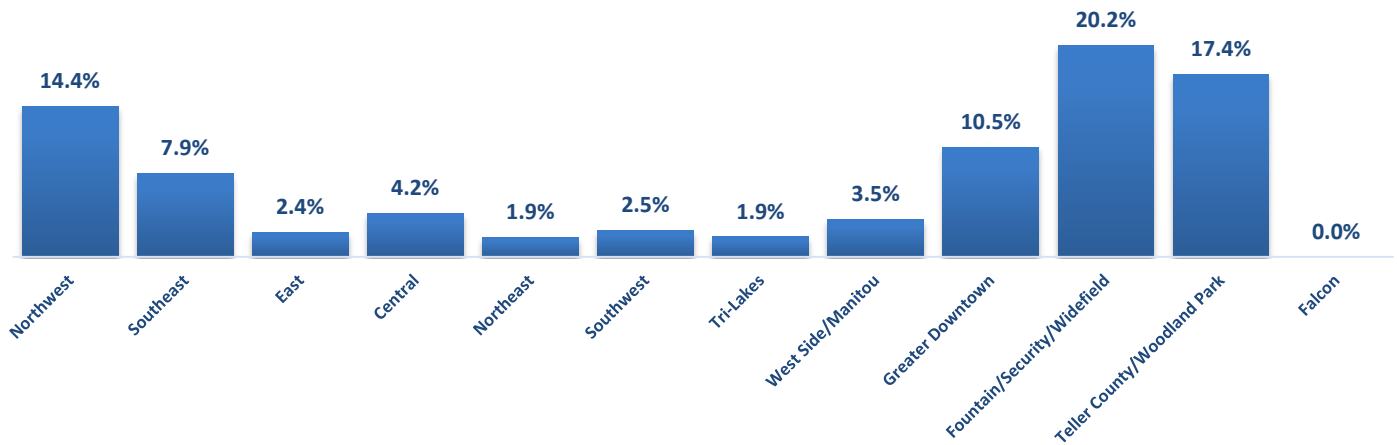


	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Vacancy Rate (%)	Total Quarterly Absorption	YTD Total Net Absorption (SF)
Northwest	393	11,054,768	1,589,604	46,000	14.4%	-64,153	-15,281
Light Industrial	224	4,667,729	127,933	-	2.7%	7,825	10,075
Manufacturing	6	646,038	210,000	-	32.5%	-	-
Bulk Warehouse	4	218,272	8,100	-	3.7%	-	-
Flex	81	3,009,837	636,708	46,000	21.2%	-82,771	-53,219
Whse/Dist	78	2,512,892	606,863	-	24.1%	10,793	27,863
Southeast	321	8,309,165	660,107	12,654	7.9%	81,826	356,684
Light Industrial	177	2,736,231	198,850	12,654	7.3%	6,500	13,432
Manufacturing	1	14,471	14,471	-	100.0%	-	-
Bulk Warehouse	10	458,871	66,168	-	14.4%	-	25,376
Flex	79	2,069,545	312,778	-	15.1%	11,326	30,876
Whse/Dist	54	3,030,047	67,840	-	2.2%	64,000	287,000
East	211	3,085,641	72,854	2,419	2.4%	62,236	56,612
Light Industrial	150	1,837,850	19,019	2,419	1.0%	34,906	39,506
Manufacturing	2	145,594	-	-	0.0%	-	-
Bulk Warehouse	2	97,212	-	-	0.0%	-	-
Flex	23	451,788	10,224	-	2.3%	2,250	-7,974
Whse/Dist	34	553,197	43,611	-	7.9%	25,080	25,080
Central	98	1,023,391	42,606	-	4.2%	5,340	2,540
Light Industrial	67	689,670	42,606	-	6.2%	-1,828	-4,628
Flex	24	245,545	-	-	0.0%	7,168	7,168
Whse/Dist	7	88,176	-	-	0.0%	-	-
Northeast	39	2,119,252	39,351	-	1.9%	-	10,284
Light Industrial	11	104,856	-	-	0.0%	-	-
Flex	23	1,728,821	39,351	-	2.3%	-	10,284
Whse/Dist	5	285,575	-	-	0.0%	-	-
Southwest	110	1,281,256	32,400	-	2.5%	10,470	10,470
Light Industrial	78	719,868	16,200	-	2.3%	10,470	10,470
Manufacturing	2	206,647	-	-	0.0%	-	-
Bulk Warehouse	1	52,543	-	-	0.0%	-	-
Flex	18	207,190	-	-	0.0%	-	-
Whse/Dist	11	95,008	16,200	-	17.1%	-	-
Tri-Lakes	31	522,101	9,965	-	1.9%	2,010	5,898
Light Industrial	22	253,512	4,343	-	1.7%	5,632	6,820
Manufacturing	1	140,987	-	-	0.0%	-	-
Flex	6	106,152	5,622	-	5.3%	-3,622	-922
Whse/Dist	2	21,450	-	-	0.0%	-	-
West Side/Manitou	50	496,172	17,598	-	3.5%	5,170	5,170
Light Industrial	40	315,093	17,598	-	5.6%	5,170	5,170
Manufacturing	1	15,255	-	-	0.0%	-	-
Bulk Warehouse	1	43,439	-	-	0.0%	-	-
Flex	2	49,057	-	-	0.0%	-	-
Whse/Dist	6	73,328	-	-	0.0%	-	-
Greater Downtown	129	1,832,777	192,340	-	10.5%	1,000	9,800
Light Industrial	95	1,082,195	168,572	-	15.6%	-	8,800
Bulk Warehouse	2	66,445	-	-	0.0%	-	-
Flex	11	171,008	-	-	0.0%	-	-
Whse/Dist	21	513,129	23,768	-	4.6%	1,000	1,000
Fountain/Security/Widefield	45	1,817,676	367,200	-	20.2%	-	55,274
Light Industrial	27	633,309	-	-	0.0%	-	55,274
Flex	1	12,500	-	-	0.0%	-	-
Whse/Dist	17	1,171,867	367,200	-	31.3%	-	-
Teller County/Woodland Park	16	235,801	41,028	-	17.4%	-	-
Light Industrial	12	114,107	-	-	0.0%	-	-
Flex	3	112,698	41,028	-	36.4%	-	-
Whse/Dist	1	8,996	-	-	0.0%	-	-
Falcon	11	128,421	-	-	0.0%	-	-
Light Industrial	6	62,957	-	-	0.0%	-	-
Flex	2	20,077	-	-	0.0%	-	-
Whse/Dist	3	45,387	-	-	0.0%	-	-
Grand Total	1,454	31,906,421	3,065,053	61,073	9.6%	103,899	497,451

	Vacancy Rate %			Average Weighted Direct Asking Rate		
	2015 Q4	2016 Q1	2016 Q2	2015 Q4	2016 Q1	2016 Q2
Northwest	13.6%	13.4%	14.4%	\$7.31	\$6.95	\$6.52
Light Industrial	2.2%	2.9%	2.7%	\$6.26	\$5.88	\$6.18
Manufacturing	32.5%	32.5%	32.5%	-	-	-
Bulk Warehouse	3.7%	3.7%	3.7%	\$6.95	\$6.95	\$6.95
Flex	18.1%	17.1%	21.2%	\$7.85	\$7.60	\$7.69
Whse/Dist	25.3%	24.6%	24.1%	\$7.06	\$6.55	\$5.63
Southeast	9.9%	8.9%	7.9%	\$6.56	\$6.67	\$7.11
Light Industrial	7.8%	7.5%	7.3%	\$6.36	\$6.60	\$7.20
Manufacturing	100.0%	100.0%	100.0%	-	-	-
Bulk Warehouse	19.9%	14.4%	14.4%	\$5.53	\$6.75	\$6.75
Flex	16.7%	15.7%	15.1%	\$7.30	\$7.30	\$7.46
Whse/Dist	4.7%	4.4%	2.2%	\$5.43	\$5.70	\$6.45
East	4.4%	4.6%	2.4%	\$6.87	\$7.03	\$6.75
Light Industrial	3.5%	3.3%	1.0%	\$8.46	\$8.60	\$8.99
Manufacturing	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-
Flex	0.5%	2.8%	2.3%	-	\$6.99	\$6.99
Whse/Dist	12.4%	12.4%	7.9%	\$6.22	\$6.16	\$5.86
Central	6.3%	7.2%	4.2%	\$6.00	\$7.98	\$10.00
Light Industrial	4.5%	5.9%	6.2%	-	\$10.00	\$10.00
Manufacturing	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-
Flex	13.3%	13.3%	-	\$6.00	\$6.00	-
Whse/Dist	-	-	-	-	-	-
Northeast	2.4%	2.4%	1.9%	\$9.19	\$12.47	\$12.49
Light Industrial	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-
Flex	3.0%	2.9%	2.3%	\$9.19	\$12.47	\$12.49
Whse/Dist	-	-	-	-	-	-
Southwest	3.4%	3.3%	2.5%	-	-	-
Light Industrial	3.7%	3.7%	2.3%	-	-	-
Manufacturing	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-
Flex	-	-	-	-	-	-
Whse/Dist	17.1%	17.1%	17.1%	-	-	-
Tri-Lakes	3.0%	2.3%	1.9%	\$8.86	\$9.01	\$9.01
Light Industrial	4.4%	3.9%	1.7%	\$9.25	\$9.25	\$9.25
Manufacturing	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-
Flex	4.4%	1.9%	5.3%	\$8.50	\$8.50	\$8.50
Whse/Dist	-	-	-	-	-	-

	Vacancy Rate %			Average Weighted Direct Asking Rate		
	2015 Q4	2016 Q1	2016 Q2	2015 Q4	2016 Q1	2016 Q2
West Side/Manitou	4.6%	4.6%	3.5%	\$5.99	\$5.99	-
Light Industrial	7.2%	7.2%	5.6%	\$5.99	\$5.99	-
Manufacturing	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-
Flex	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-
Greater Downtown	11.0%	10.5%	10.5%	\$5.47	\$5.47	\$6.47
Light Industrial	16.4%	15.6%	15.6%	\$5.25	\$5.25	\$5.25
Manufacturing	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-
Flex	-	-	-	-	-	-
Whse/Dist	4.8%	4.8%	4.6%	\$6.50	\$6.50	\$8.23
Fountain/Security/Widefield	23.2%	20.2%	20.2%	\$5.00	\$5.00	\$5.00
Light Industrial	8.7%	-	-	\$4.99	-	-
Manufacturing	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-
Flex	-	-	-	-	-	-
Whse/Dist	31.3%	31.3%	31.3%	\$5.00	\$5.00	\$5.00
Teller County/Woodland Park	17.4%	17.4%	17.4%	\$11.00	\$11.00	\$11.00
Light Industrial	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-
Flex	36.4%	36.4%	36.4%	\$11.00	\$11.00	\$11.00
Whse/Dist	-	-	-	-	-	-
Falcon	-	-	-	-	-	-
Light Industrial	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-
Flex	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-
Grand Total	10.4%	9.9%	9.6%	\$6.76	\$6.88	\$7.03

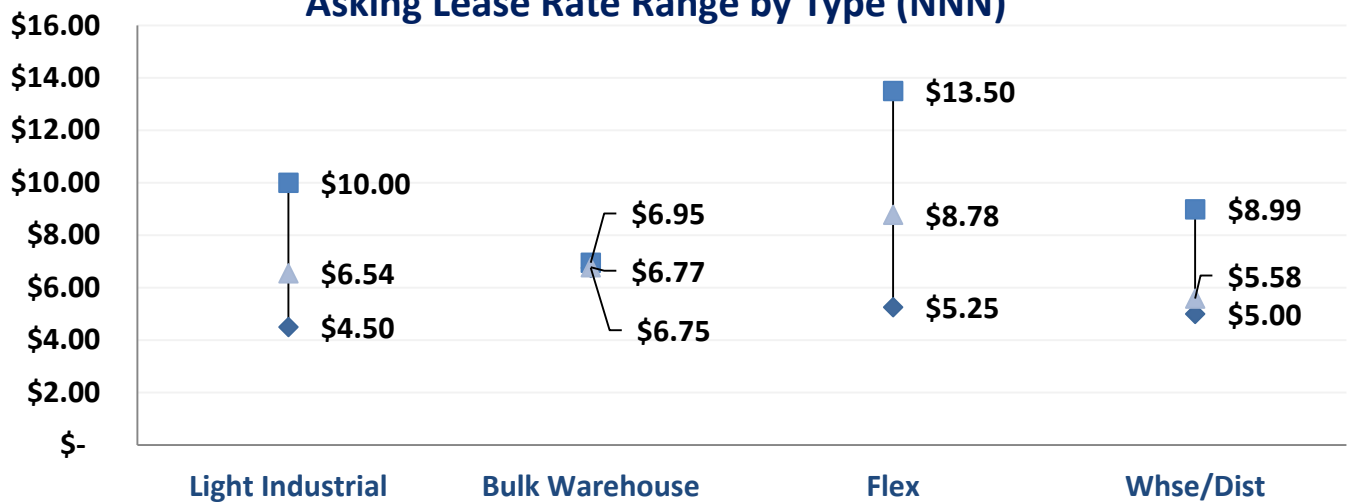
Vacancy Rate by Submarket

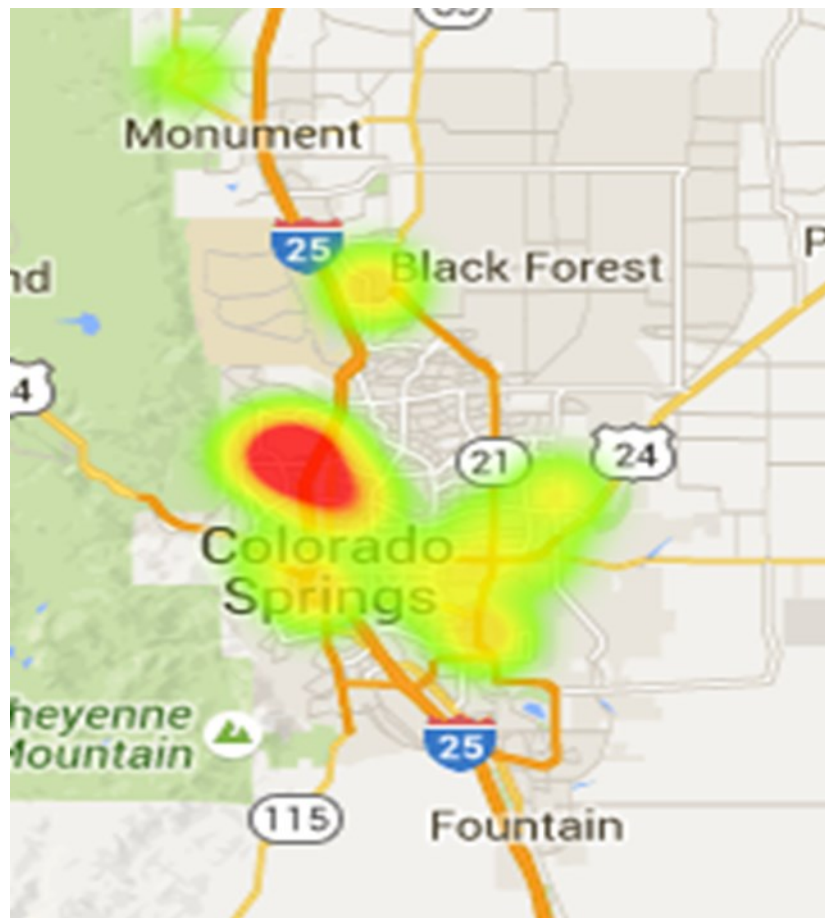


Average Weighted Asking Rates by Submarket



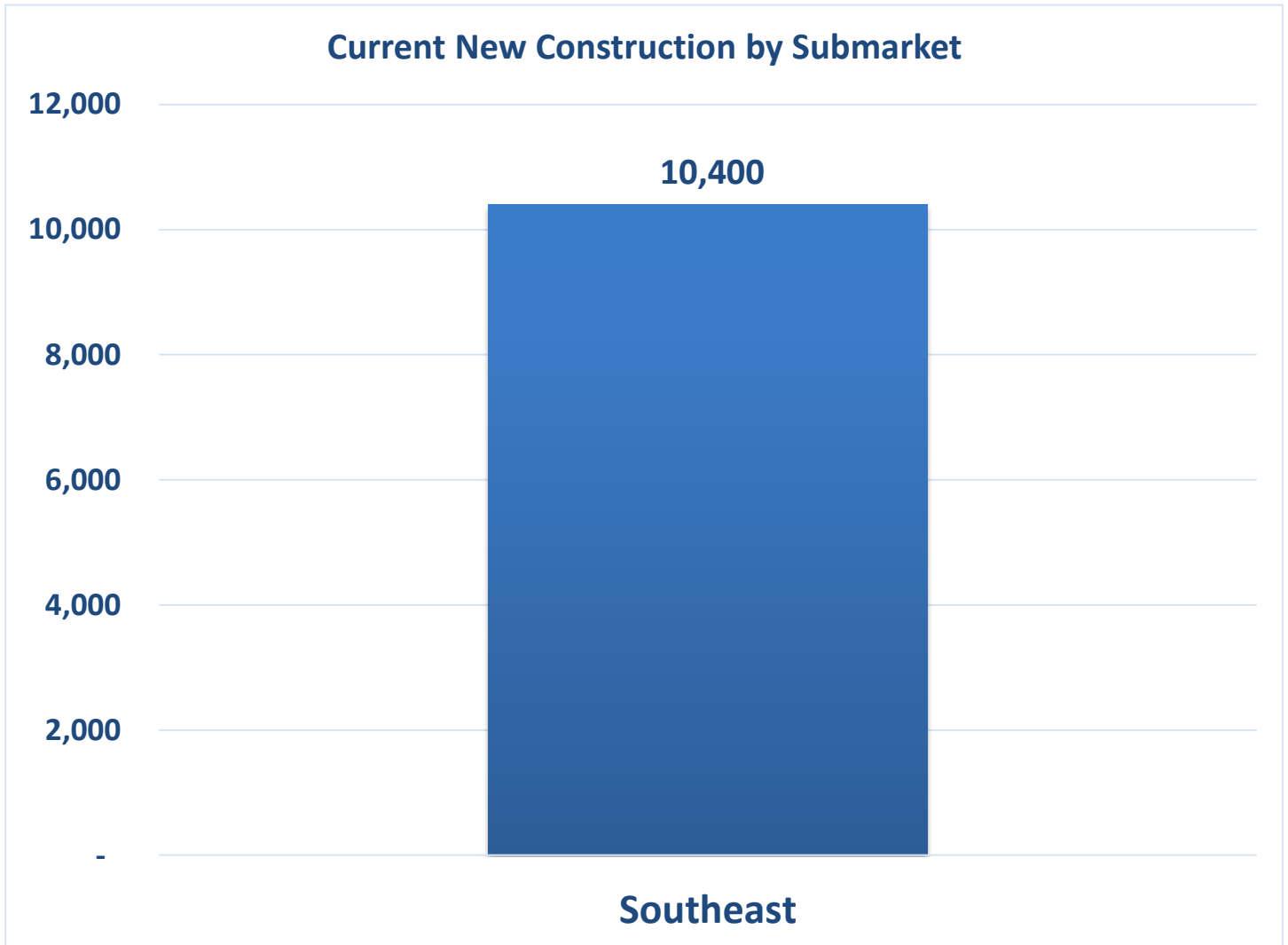
Asking Lease Rate Range by Type (NNN)





Largest Absorption Changes				
Property Name	SF Occupied or Vacated	Tenant Name	Submarket	Specific Use
2520 Aviation Way - Bldg A	76,800	New Age Beverage and K & H Manufacturing	Southeast	Warehouse/Distribution
707 Hathaway Dr	27,418	Building sold to HAA Associates, Inc.	East	Light Industrial
880 Elkton Dr	23,300	Fast Plastics	Northwest	Light Industrial
4805 N 30Th St	22,665	Home Delivery Link	Northwest	Flex
5610 Industrial Pl	15,000	Superior Glass of America	Southeast	Flex
1335 Valley St	7,488	Building sold to Joseph Apsey Vaughn	East	Light Industrial
2070 Aerotech Dr	(4,800)	Bridgepoint Communications	Southeast	Flex
3200-3250 N Nevada Ave	(5,179)	BH Diesel	Northwest	Warehouse/Distribution
3102 Beacon St	(6,000)	Integrity Manufacturing	Northwest	Light Industrial
70-80 Talamine Ct	(8,352)	Henderson Auto Trim	Northwest	Flex
250 N Chelton Rd	(8,414)	Eldorado Cleaners	Central	Light Industrial
2545 Carmel Dr	(12,800)	Buehler Company	Southeast	Warehouse/Distribution

Top Transactions						
Property Name	Sale Price	SF Sold	Buyer	Seller	Submarket	Specific Use
FedEx Distribution Center	\$28,845,500	223,000	MREIC Colorado Springs CO LLC	SunCap Colorado Springs LLC	Southeast	Warehouse/ Distribution
4710 Northpark Dr	\$4,000,000	78,657	New Northpark LLC	Barley Equities I LLC	Northwest	Light Industrial
1525-1589 Vapor Trl	\$2,000,000	52,130	1525-1589 Vapor Trl	Newport Center LLC	Southeast	Flex
705 Nichols Blvd	\$1,720,000	37,800	Junction Kia LLC	WGN Partnership GP	Northwest	Light Industrial
Frito Lay Distribution Facility	\$1,675,000	25,080	Hendren Land Holdings LLC	Rolling Frito Lay Sales LP	East	Warehouse/ Distribution
11145-11161 E Highway 24	\$1,400,000	13,700	Triple A Real Estate LLC	Tamarac Business Park LLC	Falcon	Light Industrial



Colorado Springs

Bearing Commercial Appraisal	Greg Baker
Cameron Butcher	Caleb David
CBRE	Brad Bird Nicola Myers - Murty
Cushman & Wakefield	Aaron Horn
NAI Highland	Bob Garner
Newmark Grubb Knight Frank	Simon Penner
Land Title Guarantee	Ben Lowe
Quantum Commercial	Susan Beitle
Re/Max	Rob Rolley
Weichert Commercial	Chuck Armstrong Weldon Shaver

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy. **For more information, please contact :**

Eric Groth	Director of Analytics - Colorado	(916) 494-1386	egroth@xceligent.com
Aaron Knight	Director of Client Services	(303) 503-1657	aknight@xceligent.com
David Verwer	Regional VP of Sales	(480) 889-4555	dverwer@xceligent.com
Brad Hauser	Regional VP of Analytics	(214) 613-5683	bhauser@xceligent.com

