



XCELIGENT[™]
BUILDING DATA. EVERYWHERE.

INDUSTRIAL MARKET REPORT

Colorado Springs

3rd Quarter 2016

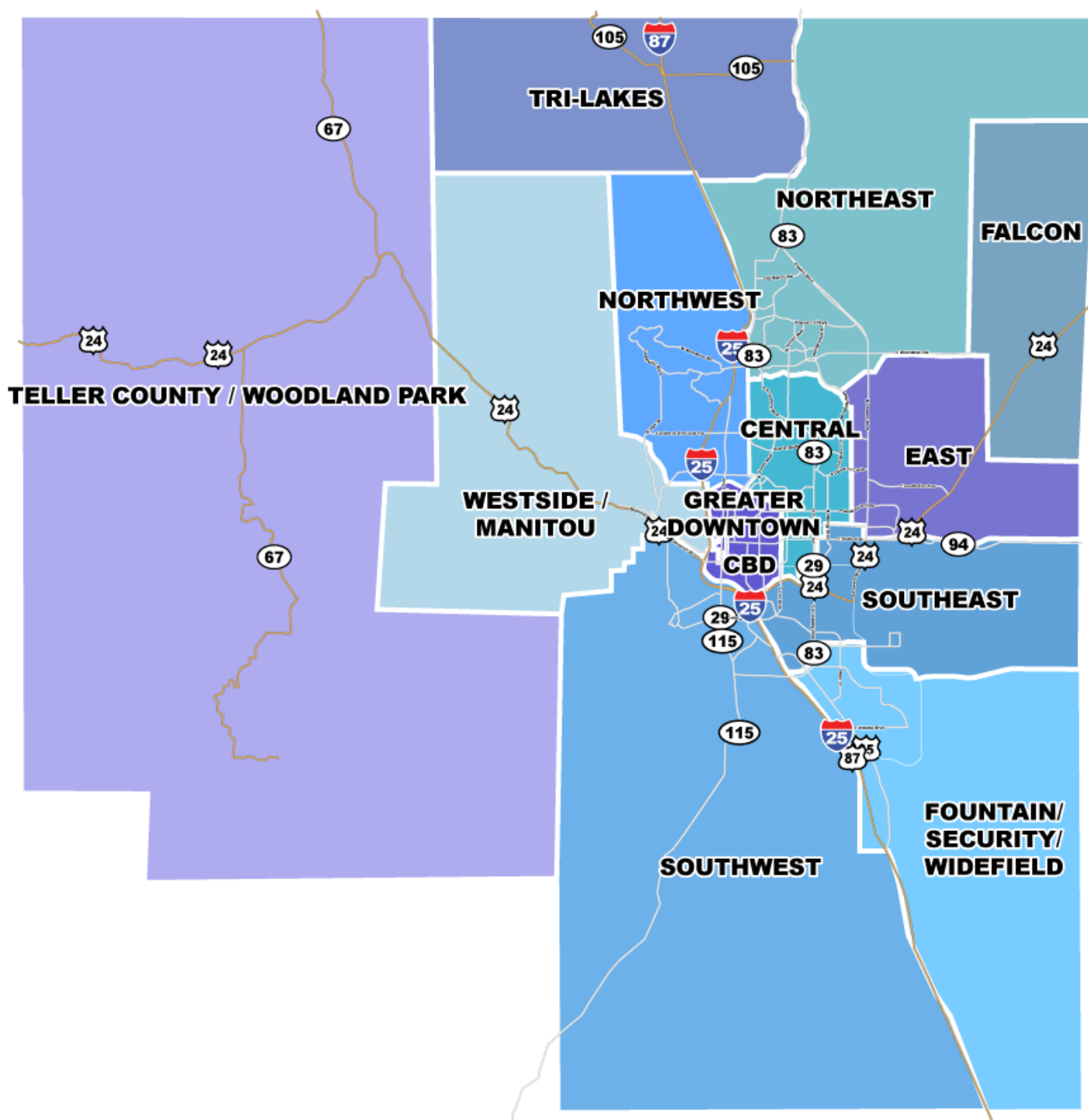


Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

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

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 (sf) of all existing single and multi-tenant industrial properties greater than 5,000 sf.
Total 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.
Total Vacant (sf)	The total of the direct vacant square footage in a building that is being marketed.
Total Net Absorption (sf)	The net change in occupied square feet from quarter to quarter, expressed in square feet.



Overview

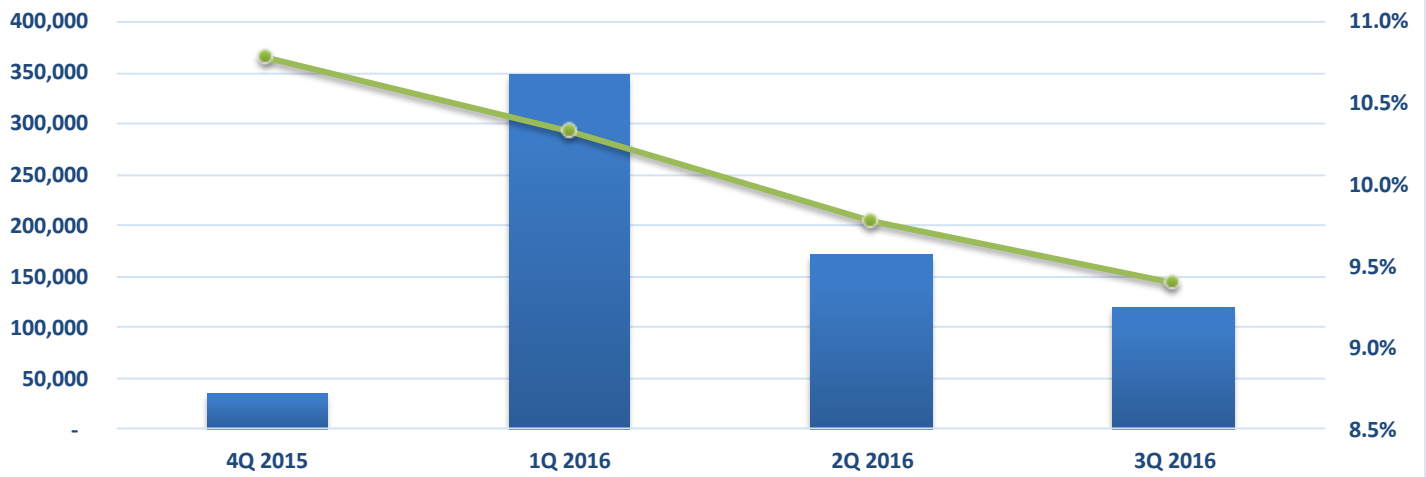
- The Colorado Springs industrial market closed 3Q 2016 with over 120,000 square feet (sf) of positive absorption.
- Despite the positive absorption, leasing and sales activity for 3Q 2016 was sluggish due to the continued lack of desirable space in the market.
- The shortage of viable buildings in the 2,000 - 35,000 sf range remains an issue, especially for businesses that need 22 foot or greater ceiling heights.
- There is very minimal amounts of speculative construction planned throughout the area due the increasing cost of land, materials and labor. Currently, there is only 66,400 sf of new construction in the Southeast submarket.
- Asking rents are still increasing in many of the submarkets throughout the greater Colorado Springs area as demand exceeds the supply.

	# 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	906	13,099,302	860,585	517,970	4.0%	58,188	186,756
Manufacturing	12	1,154,521	210,000	210,000	18.2%	-	-
Bulk Warehouse	20	936,782	74,268	74,268	7.9%	-	25,376
Whse/Dist	239	8,399,052	1,326,990	1,124,742	13.4%	-9,085	341,683
Flex	272	8,167,465	1,456,058	1,058,207	13.0%	71,018	86,226
Overall	1,449	31,757,122	3,927,901	2,985,187	9.4%	120,121	640,041

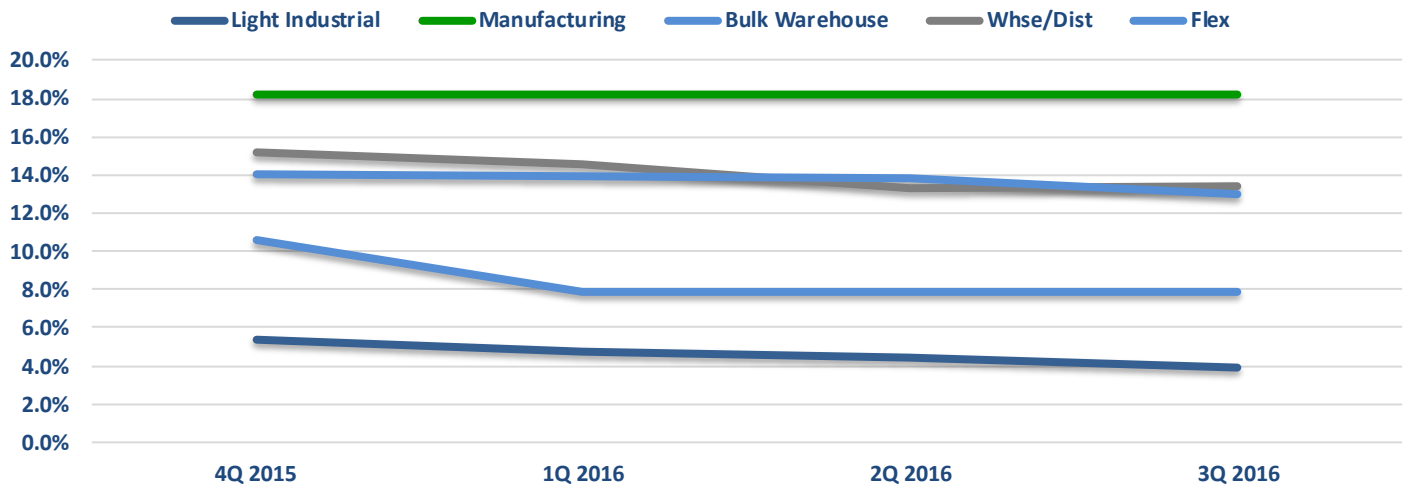
	# of Bldgs	Inventory (sf)	Direct Available (sf)	Direct Vacant (sf)	Direct Vacancy Rate (%)	Direct Quarterly Net Absorption (sf)	YTD Direct Net Absorption (sf)
Light Industrial	906	13,099,302	831,166	515,551	3.9%	45,534	211,824
Manufacturing	12	1,154,521	210,000	210,000	18.2%	-	-
Bulk Warehouse	20	936,782	74,268	74,268	7.9%	-	25,376
Whse/Dist	239	8,399,052	1,280,368	1,124,742	13.4%	-9,085	341,683
Flex	272	8,167,465	1,410,058	1,012,207	12.4%	71,018	11,206
Overall	1,449	31,757,122	3,805,860	2,936,768	9.2%	107,467	590,089

	# of Bldgs	Inventory (sf)	Available Sublease (sf)	Sublease Vacant (sf)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (sf)	YTD Sublease Net Absorption (sf)
Light Industrial	906	13,099,302	29,419	2,419	0.0%	12,654	-25,068
Manufacturing	12	1,154,521	-	-	0.0%	-	-
Bulk Warehouse	20	936,782	-	-	0.0%	-	-
Whse/Dist	239	8,399,052	46,622	-	0.0%	-	-
Flex	272	8,167,465	46,000	46,000	0.6%	-	75,020
Overall	1,449	31,757,122	122,041	48,419	0.2%	12,654	49,952

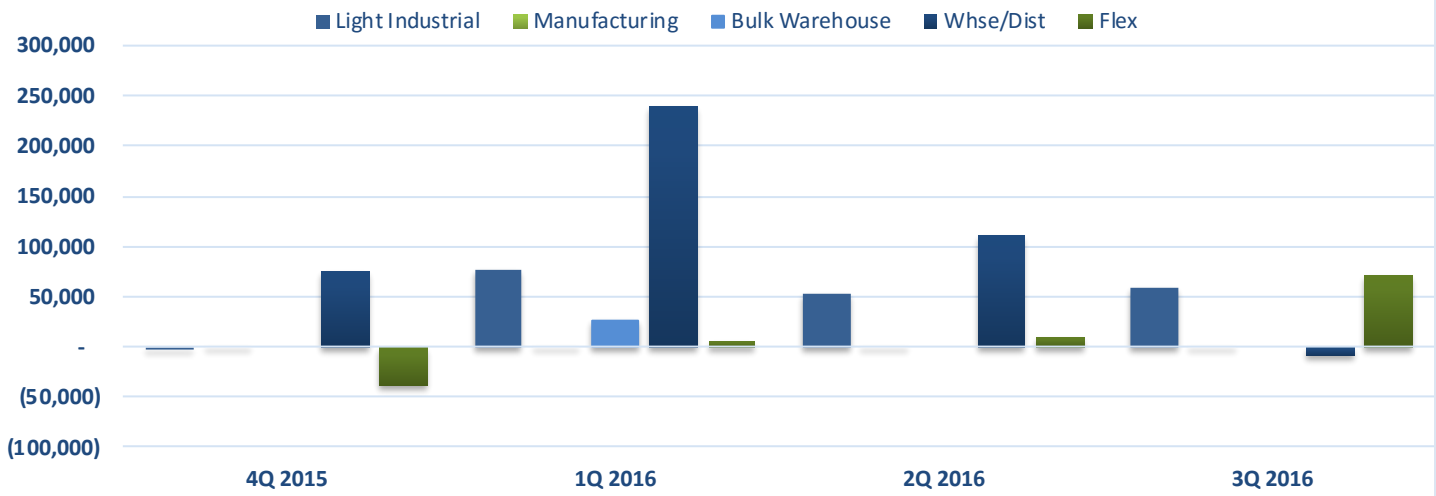
Historical Vacancy Rate & Net Absorption



Historical Vacancy Rates by Use



Historical Net Absorption by Use

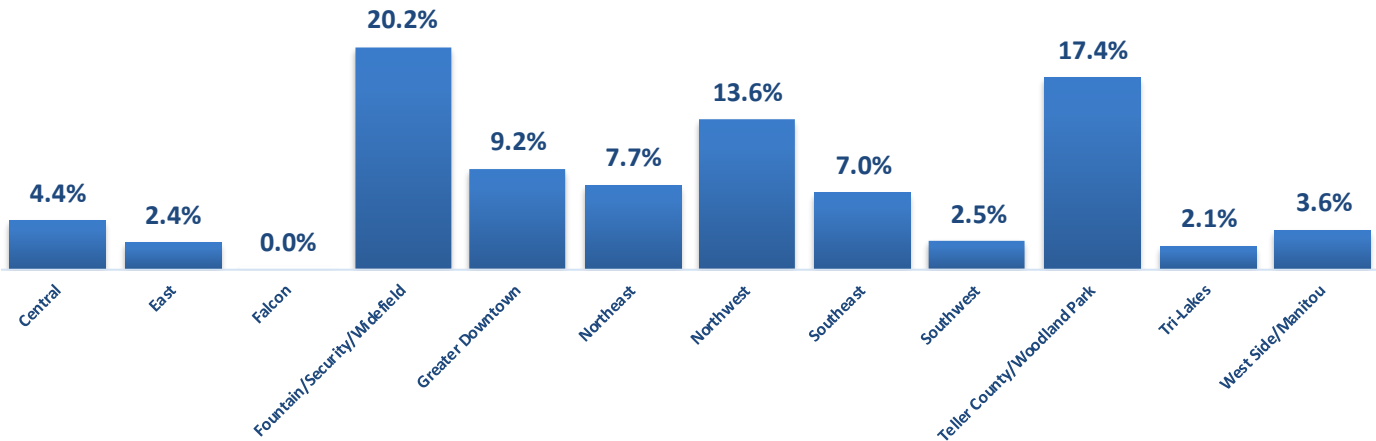


	# of Bldgs	Inventory (sf)	Total Vacant (sf)	Sublease Vacant (sf)	Vacancy Rate (%)	Total Quarterly Absorption (sf)	YTD Total Net Absorption (sf)
Central	98	1,023,391	45,106	-	4.4%	-	28,140
Light Industrial	67	689,670	45,106	-	6.5%	-	-4,628
Whse/Dist	7	88,176	-	-	0.0%	-	-
Flex	24	245,545	-	-	0.0%	-	32,768
East	211	3,085,641	75,354	2,419	2.4%	-2,500	60,112
Light Industrial	150	1,837,850	26,219	2,419	1.4%	-7,200	38,306
Manufacturing	2	145,594	-	-	0.0%	-	-
Bulk Warehouse	2	97,212	-	-	0.0%	-	-
Whse/Dist	34	553,197	38,911	-	7.0%	4,700	29,780
Flex	23	451,788	10,224	-	2.3%	-	-7,974
Falcon	11	128,421	-	-	0.0%	-	-
Light Industrial	6	62,957	-	-	0.0%	-	-
Whse/Dist	3	45,387	-	-	0.0%	-	-
Flex	2	20,077	-	-	0.0%	-	-
Fountain/Security/Widefield	45	1,817,676	367,200	-	20.2%	-	55,274
Light Industrial	27	633,309	-	-	0.0%	-	55,274
Whse/Dist	17	1,171,867	367,200	-	31.3%	-	-
Flex	1	12,500	-	-	0.0%	-	-
Greater Downtown	129	1,832,777	168,026	-	9.2%	24,314	34,114
Light Industrial	95	1,082,195	148,026	-	13.7%	20,546	29,346
Bulk Warehouse	2	66,445	-	-	0.0%	-	-
Whse/Dist	21	513,129	20,000	-	3.9%	3,768	4,768
Flex	11	171,008	-	-	0.0%	-	-
Northeast	39	2,118,231	162,781	-	7.7%	-	18,858
Light Industrial	11	104,856	-	-	0.0%	-	-
Whse/Dist	5	285,575	-	-	0.0%	-	-
Flex	23	1,727,800	162,781	-	9.4%	-	18,858
Northwest	391	10,971,036	1,490,600	46,000	13.6%	49,553	6,178
Light Industrial	222	4,554,929	125,523	-	2.8%	-	-24,515
Manufacturing	6	646,038	210,000	-	32.5%	-	-
Bulk Warehouse	4	218,272	8,100	-	3.7%	-	-
Whse/Dist	78	2,512,892	614,591	-	24.5%	-17,553	20,135
Flex	81	3,038,905	532,386	46,000	17.5%	67,106	10,558
Southeast	319	8,249,894	573,941	-	7.0%	49,942	417,015
Light Industrial	177	2,736,231	133,767	-	4.9%	46,030	71,701
Bulk Warehouse	10	458,871	66,168	-	14.4%	-	25,376
Whse/Dist	54	3,030,047	67,840	-	2.2%	-	287,000
Flex	78	2,024,745	306,166	-	15.1%	3,912	32,938
Southwest	110	1,281,256	32,400	-	2.5%	-	10,470
Light Industrial	78	719,868	16,200	-	2.3%	-	10,470
Manufacturing	2	206,647	-	-	0.0%	-	-
Bulk Warehouse	1	52,543	-	-	0.0%	-	-
Whse/Dist	11	95,008	16,200	-	17.1%	-	-
Flex	18	207,190	-	-	0.0%	-	-
Teller County/Woodland Park	16	235,801	41,028	-	17.4%	-	-
Light Industrial	12	114,107	-	-	0.0%	-	-
Whse/Dist	1	8,996	-	-	0.0%	-	-
Flex	3	112,698	41,028	-	36.4%	-	-
Tri-Lakes	31	522,101	11,153	-	2.1%	-1,188	4,710
Light Industrial	22	253,512	5,531	-	2.2%	-1,188	5,632
Manufacturing	1	140,987	-	-	0.0%	-	-
Whse/Dist	2	21,450	-	-	0.0%	-	-
Flex	6	106,152	5,622	-	5.3%	-	-922
West Side/Manitou	49	490,897	17,598	-	3.6%	-	5,170
Light Industrial	39	309,818	17,598	-	5.7%	-	5,170
Manufacturing	1	15,255	-	-	0.0%	-	-
Bulk Warehouse	1	43,439	-	-	0.0%	-	-
Whse/Dist	6	73,328	-	-	0.0%	-	-
Flex	2	49,057	-	-	0.0%	-	-
Overall	1,449	31,757,122	2,985,187	48,419	9.4%	120,121	640,041

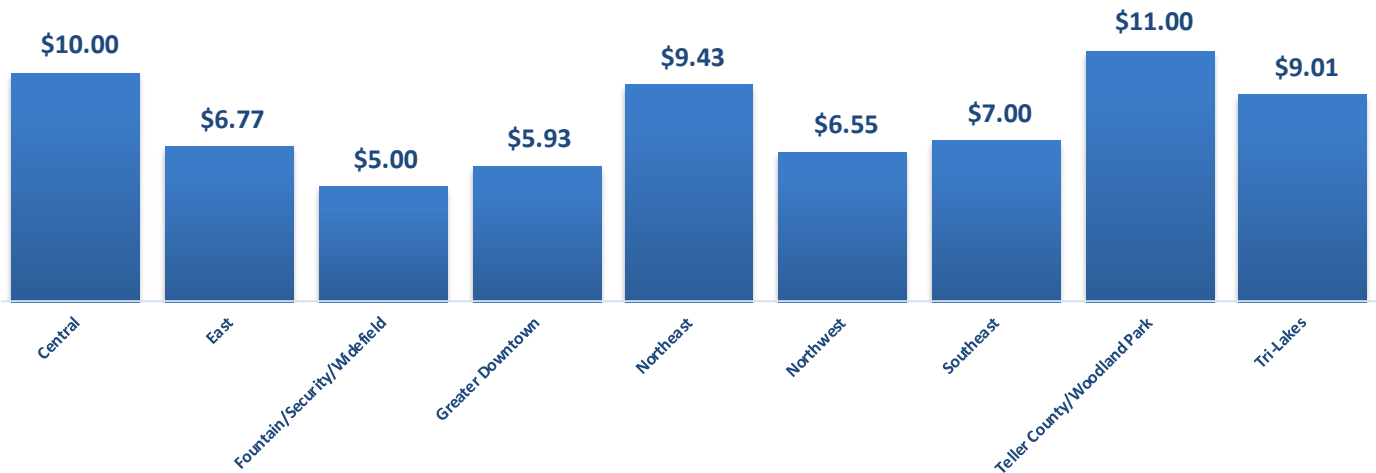
	Vacancy Rate %				Weighted Average Asking Rent (NNN)			
	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2015	1Q 2016	2Q 2016	3Q 2016
Central	6.5%	7.4%	4.4%	4.4%	\$6.00	\$7.98	\$10.00	\$10.00
Light Industrial	4.9%	6.3%	6.5%	6.5%	-	\$10.00	\$10.00	\$10.00
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-
Flex	13.3%	13.3%	-	-	\$6.00	\$6.00	-	-
East	4.4%	4.6%	2.4%	2.4%	\$6.87	\$7.03	\$6.75	\$6.77
Light Industrial	3.5%	3.3%	1.0%	1.4%	\$8.46	\$8.60	\$8.99	\$8.74
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-
Whse/Dist	12.4%	12.4%	7.9%	7.0%	\$6.22	\$6.16	\$5.86	\$5.78
Flex	0.5%	2.8%	2.3%	2.3%	-	\$6.99	\$6.99	\$6.99
Falcon	-	-	-	-	-	-	-	-
Light Industrial	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-
Fountain/Security/Widefield	23.2%	20.2%	20.2%	20.2%	\$5.00	\$5.00	\$5.00	\$5.00
Light Industrial	8.7%	-	-	-	\$4.99	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-
Whse/Dist	31.3%	31.3%	31.3%	31.3%	\$5.00	\$5.00	\$5.00	\$5.00
Flex	-	-	-	-	-	-	-	-
Greater Downtown	11.0%	10.5%	10.5%	9.2%	\$5.47	\$5.47	\$6.47	\$5.93
Light Industrial	16.4%	15.6%	15.6%	13.7%	\$5.25	\$5.25	\$5.25	\$5.00
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-
Whse/Dist	4.8%	4.8%	4.6%	3.9%	\$6.50	\$6.50	\$8.23	\$6.70
Flex	-	-	-	-	-	-	-	-
Northeast	8.3%	8.2%	7.7%	7.7%	\$9.19	\$12.39	\$12.45	\$9.43
Light Industrial	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-
Flex	10.3%	10.1%	9.4%	9.4%	\$9.19	\$12.39	\$12.45	\$9.43
Northwest	13.6%	13.6%	14.0%	13.6%	\$7.31	\$6.94	\$6.49	\$6.55
Light Industrial	2.2%	2.2%	2.8%	2.8%	\$6.25	\$5.87	\$6.18	\$6.30
Manufacturing	32.5%	32.5%	32.5%	32.5%	-	-	-	-
Bulk Warehouse	3.7%	3.7%	3.7%	3.7%	\$6.95	\$6.95	\$6.95	\$6.95
Whse/Dist	25.3%	24.6%	23.8%	24.5%	\$7.06	\$6.55	\$5.62	\$5.62
Flex	17.9%	18.3%	19.7%	17.5%	\$7.85	\$7.60	\$7.72	\$8.03

	Vacancy Rate %				Weighted Average Asking Rent (NNN)			
	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2015	1Q 2016	2Q 2016	3Q 2016
Southeast	9.6%	8.7%	7.6%	7.0%	\$6.56	\$6.67	\$7.10	\$7.00
Light Industrial	7.6%	7.3%	6.6%	4.9%	\$6.36	\$6.60	\$7.16	\$6.48
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	19.9%	14.4%	14.4%	14.4%	\$5.53	\$6.75	\$6.75	\$6.75
Whse/Dist	4.7%	4.4%	2.2%	2.2%	\$5.43	\$5.70	\$6.45	\$6.42
Flex	16.9%	15.9%	15.3%	15.1%	\$7.30	\$7.30	\$7.46	\$7.31
Southwest	3.4%	3.3%	2.5%	2.5%	-	-	-	-
Light Industrial	3.7%	3.7%	2.3%	2.3%	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-
Whse/Dist	17.1%	17.1%	17.1%	17.1%	-	-	-	-
Flex	-	-	-	-	-	-	-	-
Teller County/Woodland Park	17.4%	17.4%	17.4%	17.4%	\$11.00	\$11.00	\$11.00	\$11.00
Light Industrial	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-
Flex	36.4%	36.4%	36.4%	36.4%	\$11.00	\$11.00	\$11.00	\$11.00
Tri-Lakes	3.0%	2.3%	1.9%	2.1%	\$8.86	\$9.01	\$9.01	\$9.01
Light Industrial	4.4%	3.9%	1.7%	2.2%	\$9.25	\$9.25	\$9.25	\$9.25
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-
Flex	4.4%	1.9%	5.3%	5.3%	\$8.50	\$8.50	\$8.50	\$8.50
West Side/Manitou	4.6%	4.6%	3.6%	3.6%	\$5.99	\$5.99	-	-
Light Industrial	7.3%	7.3%	5.7%	5.7%	\$5.99	\$5.99	-	-
Manufacturing	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-
Overall	10.8%	10.3%	9.8%	9.4%	\$6.76	\$6.88	\$7.02	\$6.95

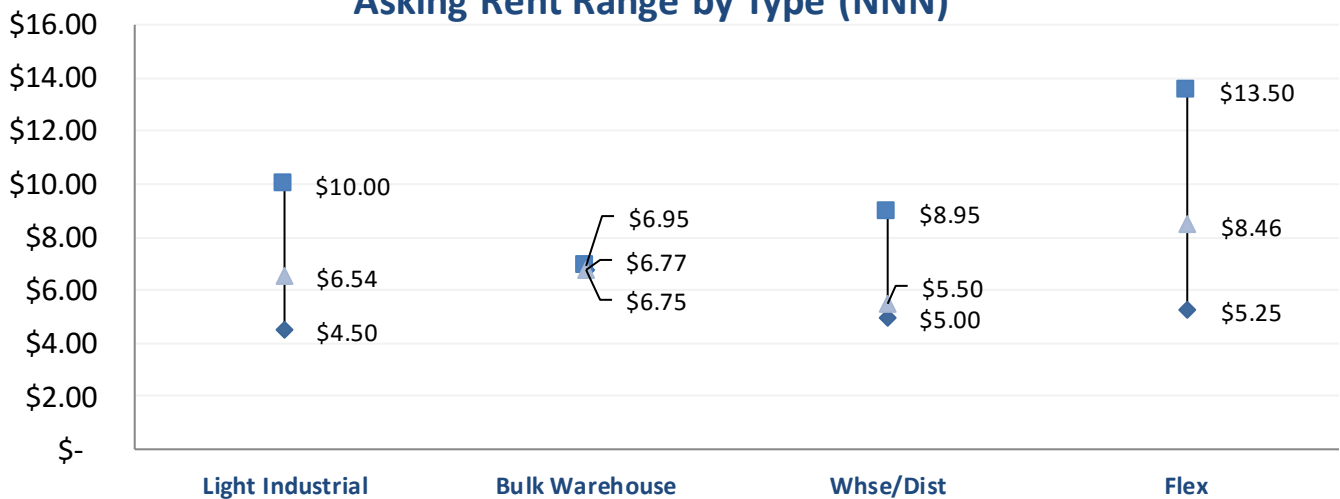
Vacancy Rate by Submarket

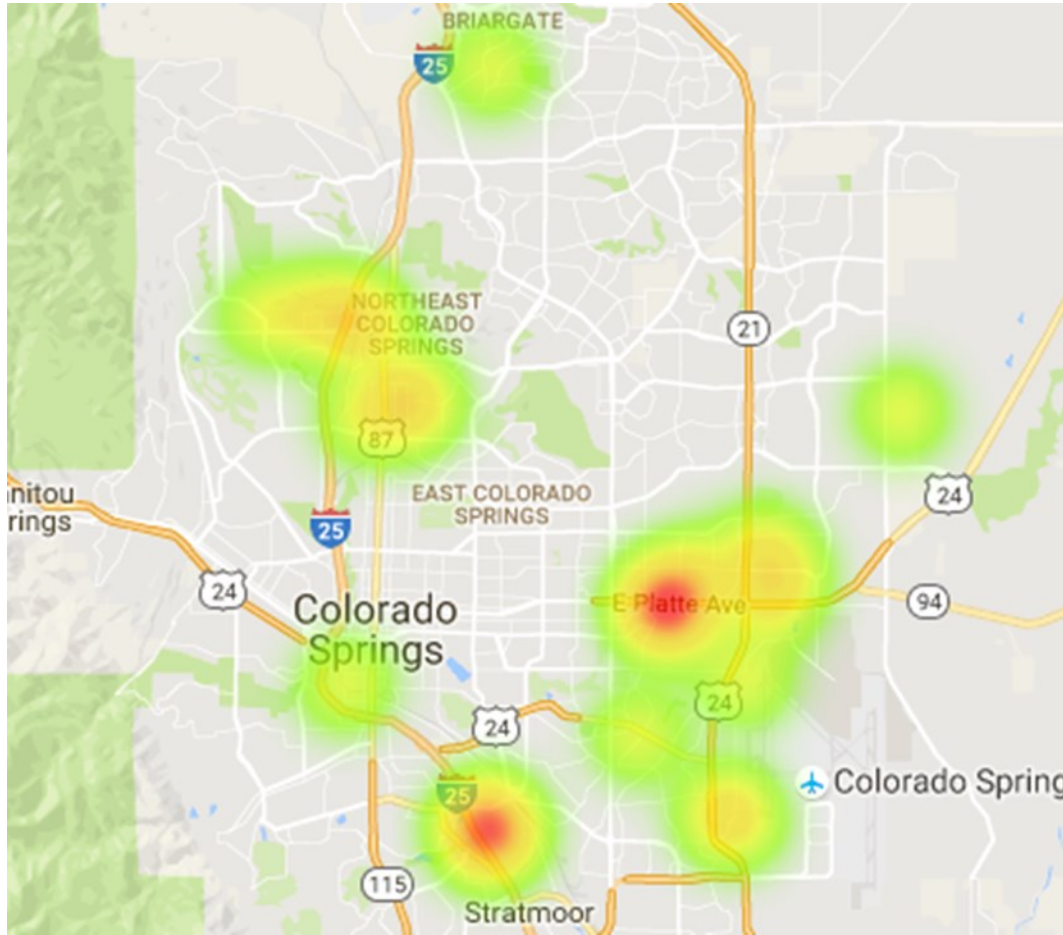


Weighted Average Asking Rents by Submarket (NNN)



Asking Rent Range by Type (NNN)





Largest Absorption Changes

Property Name	Occupied or Vacated (sf)	Tenant Name	Submarket	Specific Use
1835 - 1853 S Murray Blvd	12,654	Cetis	Southeast	Light Industrial
5695 Parachute Cir	8,000	AZCO Inc	Southeast	Light Industrial
920-960 Ford St	4,700	Devault	East	Warehouse/Distribution
842 S Sierra Madre St	3,768	Krueger Brothers Constructiion	Greater Downtown	Warehouse/Distribution
4725 Town Center Dr	2,112	Restored Investments	Southeast	Flex
6240 Lake Shore Ct	-2,200	Aspen View Homes	East	Light Industrial
4740 Forge Rd	-2,850	Fobe Fabrication, Ltd	Northwest	Warehouse/Distribution
3320 - 3333 N El Paso St	-4,712	Solidus Technologies	Northwest	Flex
3626 N Stone St	-7,000	DELogistics/Microcrafts	Northwest	Flex
4703 - 4755 Northpark Dr	-7,502	Pioneer Sand Company	Northwest	Flex
885 Elkton Dr	-14,703	Meriwether Publishing	Northwest	Warehouse/Distribution

Top Transactions

Property Name	Sale Price	Sold (sf)	Buyer	Seller	Submarket	Specific Use
5070 Centennial Blvd	\$4,020,000	75,000	Terratec LLC	Centennial Realty Partners LLLP	East	Flex/R&D
1460 N Newport Rd	\$3,985,000	53,881	Jackson Street Partners LLC	Bar Spur Ranches LLC	Southeast	Warehouse/Distribution
5050 Centennial Blvd	\$3,700,000	75,000	5050 Centennial LLC	FSK Venture NO 3 LLC	Northwest	Warehouse/Distribution
1030-1050 S Academy Blvd	\$3,100,000	77,700	1050 South Academy LLC	Kaiohu Academy Point LLC	Southeast	Flex/R&D



Colorado Springs	
Bearing Commercial Appraisal	Greg Baker
Cameron Butcher	Caleb David
CBRE	Brad Bird Nicola Myers - Murty Dan Rodriguez Whitney Johnson
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

