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INDUSTRIAL MARKET REPORT

Colorado Springs

4th Quarter 2016

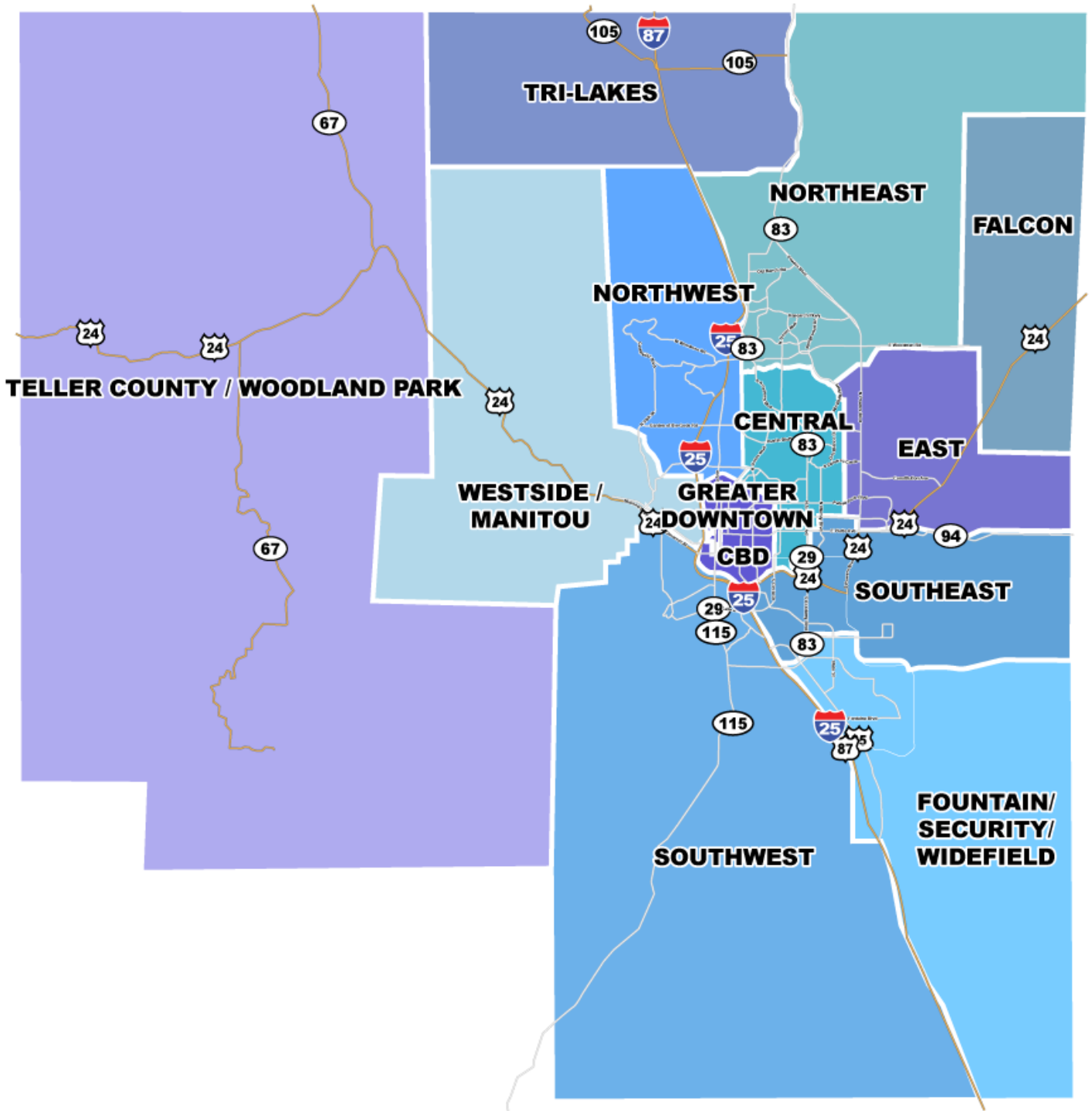


Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

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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 Sublease (sf)	Space that is offered for lease by a current tenant, or his agent, within a property.
Net Absorption (sf)	The net change in occupied square feet from quarter to quarter, expressed in square feet.
Weighted Average Direct Lease Rent	The weighted average of all direct asking lease rents expressed as triple net (NNN) rents and weighted on total direct available square feet.



Overview

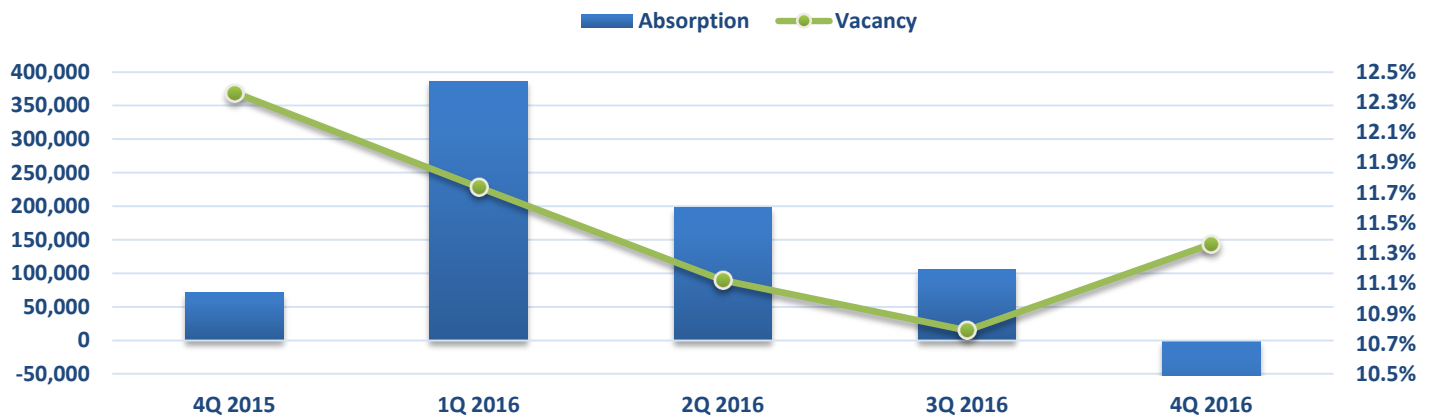
- The Colorado Springs industrial market closed 4Q16 with negative 146,335 square feet (sf) of net absorption; although still positive with 554,736 sf year-to date.
- Leasing and sales activity for 4Q16 was sluggish due to the continued lack of desirable space in the market. Most of the leasing activity for 4Q16 came from company expansions and/or lease renewals.
- There continues to be a shortage of viable buildings in the 2,000 - 35,000 sf range, especially in buildings between 7,000-15,000 sf. This poses a problem for businesses looking for buildings with at least 22 foot or greater ceiling
- There is very minimal amounts of speculative construction planned throughout the area due to the ever increasing cost of land, materials and labor. Currently, there is only 30,400 sf of new construction in the Southeast submarket.
- Asking rents continue to increase 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)
Bulk Warehouse	21	972,782	166,676	112,068	11.5%	-1,800	23,576
Flex	271	8,166,983	1,465,840	1,084,685	13.3%	-98,658	60,780
Light Industrial	907	13,242,972	1,525,289	1,241,381	9.4%	-34,475	124,099
Manufacturing	12	1,154,521	210,000	210,000	18.2%	-	-
Whse/Dist	238	8,137,437	1,123,891	950,443	11.7%	-11,402	346,281
Overall	1,449	31,674,695	4,491,696	3,598,577	11.4%	-146,335	554,736

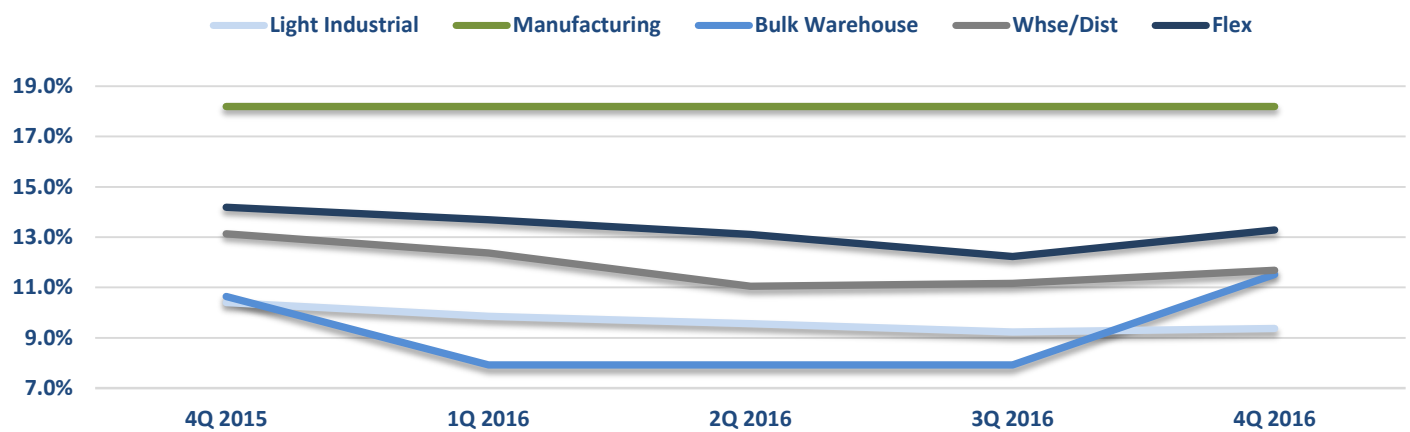
	# of Bldgs	Inventory (sf)	Sum of Direct Available (sf)	Direct Vacant (sf)	Direct Vacancy Rate (%)	Direct Quarterly Net Absorption (sf)	YTD Direct Net Absorption (sf)
Bulk Warehouse	21	972,782	166,676	112,068	11.5%	-1,800	23,576
Flex	271	8,166,983	1,451,840	1,084,585	13.3%	-98,658	-60,240
Light Industrial	907	13,242,972	1,522,870	1,238,962	9.4%	-34,475	111,445
Manufacturing	12	1,154,521	210,000	210,000	18.2%	-	-
Whse/Dist	238	8,137,437	1,098,009	950,443	11.7%	-11,402	338,281
Overall	1,449	31,674,695	4,449,395	3,596,058	11.4%	-146,335	413,062

	# of Bldgs	Inventory (sf)	Available Sublease (sf)	Sublease Vacant (sf)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (sf)	YTD Sublease Net Absorption (sf)
Bulk Warehouse	21	972,782	-	-	0.0%	-	-
Flex	271	8,166,983	14,000	-	0.0%	-	121,020
Light Industrial	907	13,242,972	2,419	2,419	0.0%	-	12,654
Manufacturing	12	1,154,521	-	-	0.0%	-	-
Whse/Dist	238	8,137,437	25,882	-	0.0%	-	8,000
Overall	1,449	31,674,695	42,301	2,419	0.0%	-	141,674

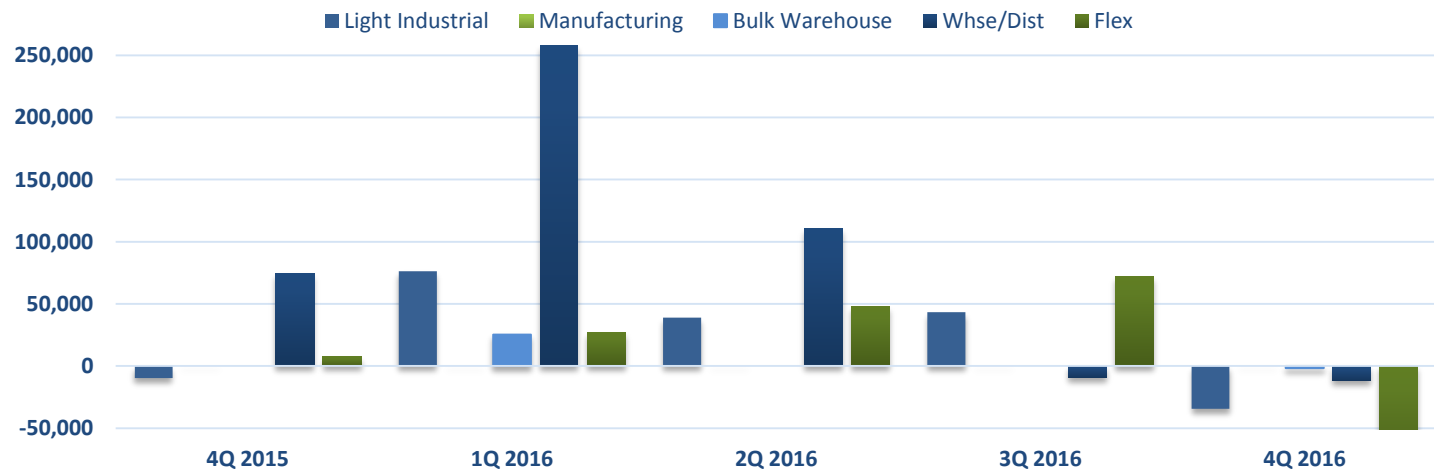
Historical Vacancy Rate & Net Absorption



Historical Vacancy Rates by Use



Historical Net Absorption by Use

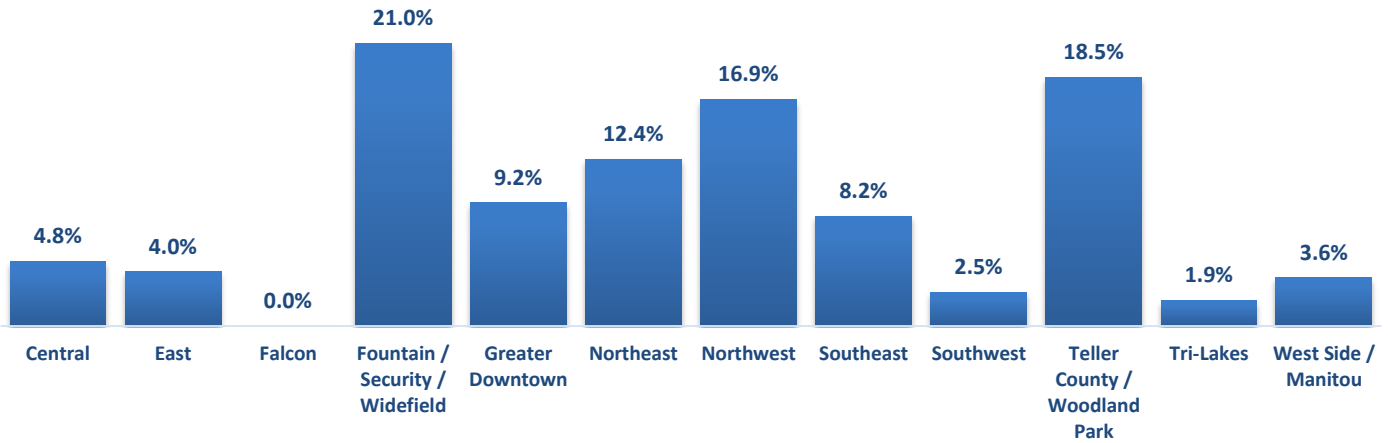


	# of Bldgs	Inventory (sf)	Total Vacant (sf)	Sublease Vacant (sf)	Vacancy Rate (%)	Total Quarterly Absorption (sf)	YTD Total Net Absorption (sf)
Central	98	1,023,391	49,006	-	4.8%	-3,900	24,240
Flex	24	245,545	-	-	0.0%	-	32,768
Light Industrial	67	689,670	45,106	-	6.5%	-	-4,628
Whse/Dist	7	88,176	3,900	-	4.4%	-3,900	-3,900
East	211	3,087,641	123,955	2,419	4.0%	-41,195	11,511
Bulk Warehouse	2	97,212	-	-	0.0%	-	-
Flex	23	451,788	10,224	-	2.3%	-	-7,974
Light Industrial	150	1,839,850	34,820	2,419	1.9%	-1,195	29,705
Manufacturing	2	145,594	-	-	0.0%	-	-
Whse/Dist	34	553,197	78,911	-	14.3%	-40,000	-10,220
Falcon	11	128,421	-	-	0.0%	-	-
Flex	2	20,077	-	-	0.0%	-	-
Light Industrial	6	62,957	-	-	0.0%	-	-
Whse/Dist	3	45,387	-	-	0.0%	-	-
Fountain / Security / Widefield	44	1,745,982	367,200	-	21.0%	-	55,274
Flex	1	12,500	-	-	0.0%	-	-
Light Industrial	27	633,309	-	-	0.0%	-	55,274
Whse/Dist	16	1,100,173	367,200	-	33.4%	-	-
Greater Downtown	129	1,832,777	168,026	-	9.2%	-	34,114
Bulk Warehouse	2	66,445	-	-	0.0%	-	-
Flex	11	171,008	-	-	0.0%	-	-
Light Industrial	95	1,082,195	148,026	-	13.7%	-	29,346
Whse/Dist	21	513,129	20,000	-	3.9%	-	4,768
Northeast	39	2,119,241	263,736	-	12.4%	-100,955	-82,097
Flex	23	1,728,810	263,736	-	15.3%	-100,955	-82,097
Light Industrial	11	104,856	-	-	0.0%	-	-
Whse/Dist	5	285,575	-	-	0.0%	-	-
Northwest	391	10,933,792	1,846,277	-	16.9%	18,284	111,874
Bulk Warehouse	4	218,272	8,100	-	3.7%	-	-
Flex	81	3,051,992	440,740	-	14.4%	24,266	103,236
Light Industrial	222	4,691,799	793,445	-	16.9%	-40,880	-62,395
Manufacturing	6	646,038	210,000	-	32.5%	-	-
Whse/Dist	78	2,325,691	393,992	-	16.9%	34,898	71,033
Southeast	320	8,270,399	676,737	-	8.2%	-17,108	380,931
Bulk Warehouse	11	494,871	103,968	-	21.0%	-1,800	23,576
Flex	77	2,007,170	320,686	-	16.0%	-19,320	18,418
Light Industrial	178	2,741,031	181,843	-	6.6%	6,412	54,337
Whse/Dist	54	3,027,327	70,240	-	2.3%	-2,400	284,600
Southwest	110	1,284,252	32,400	-	2.5%	-	10,470
Bulk Warehouse	1	52,543	-	-	0.0%	-	-
Flex	18	210,186	-	-	0.0%	-	-
Light Industrial	78	719,868	16,200	-	2.3%	-	10,470
Manufacturing	2	206,647	-	-	0.0%	-	-
Whse/Dist	11	95,008	16,200	-	17.1%	-	-
Teller County / Woodland Park	16	235,801	43,677	-	18.5%	-2,649	-2,649
Flex	3	112,698	43,677	-	38.8%	-2,649	-2,649
Light Industrial	12	114,107	-	-	0.0%	-	-
Whse/Dist	1	8,996	-	-	0.0%	-	-
Tri-Lakes	31	522,101	9,965	-	1.9%	1,188	5,898
Flex	6	106,152	5,622	-	5.3%	-	-922
Light Industrial	22	253,512	4,343	-	1.7%	1,188	6,820
Manufacturing	1	140,987	-	-	0.0%	-	-
Whse/Dist	2	21,450	-	-	0.0%	-	-
West Side / Manitou	49	490,897	17,598	-	3.6%	-	5,170
Bulk Warehouse	1	43,439	-	-	0.0%	-	-
Flex	2	49,057	-	-	0.0%	-	-
Light Industrial	39	309,818	17,598	-	5.7%	-	5,170
Manufacturing	1	15,255	-	-	0.0%	-	-
Whse/Dist	6	73,328	-	-	0.0%	-	-
Overall	1,449	31,674,695	3,598,577	2,419	11.4%	-146,335	554,736

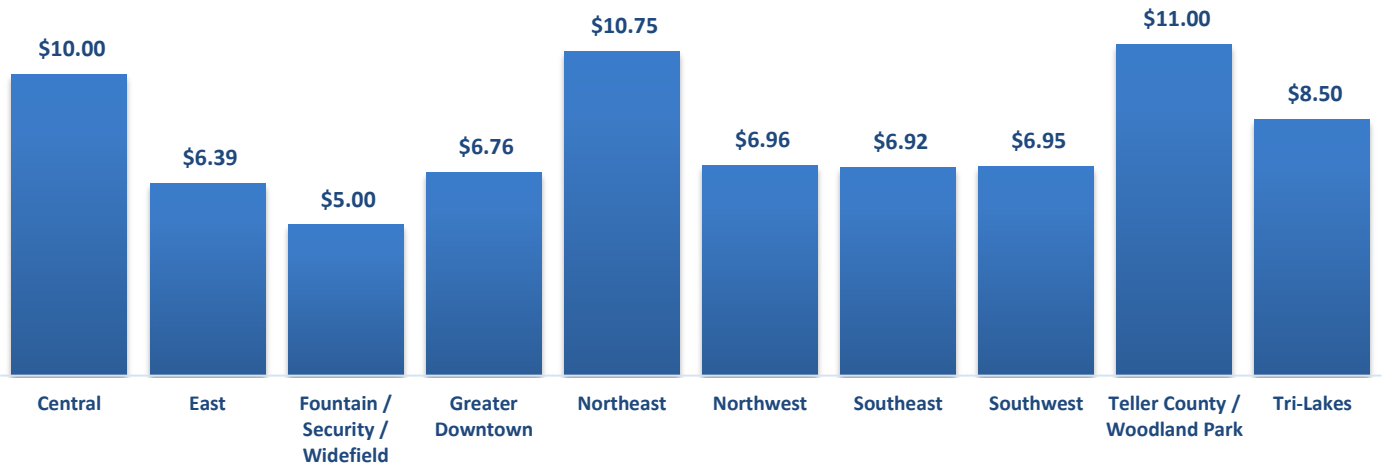
	Vacancy Rate %					Weighted Average Asking Rent (NNN)				
	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016
Central	6.5%	7.4%	4.4%	4.4%	4.8%	\$6.00	\$7.98	\$10.00	\$10.00	\$10.00
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	13.3%	13.3%	-	-	-	\$6.00	\$6.00	-	-	-
Light Industrial	4.9%	6.3%	6.5%	6.5%	6.5%	-	\$10.00	\$10.00	\$10.00	\$10.00
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	4.4%	-	-	-	-	-
East	4.4%	4.6%	2.8%	2.7%	4.0%	\$6.87	\$7.03	\$6.75	\$6.77	\$6.39
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	0.5%	2.8%	2.3%	2.3%	2.3%	-	\$6.99	\$6.99	\$6.99	\$7.16
Light Industrial	3.5%	3.3%	1.8%	1.8%	1.9%	\$8.46	\$8.60	\$8.99	\$8.74	\$8.68
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	12.4%	12.4%	7.9%	7.0%	14.3%	\$6.22	\$6.16	\$5.86	\$5.78	\$5.45
Falcon	-	-	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-	-	-
Light Industrial	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-	-	-
Fountain / Security / Widefield	-	-	-	-	21.0%	-	-	-	-	\$5.00
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-	-	-
Light Industrial	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	33.4%	-	-	-	-	\$5.00
Fountain/Security/Widefield	24.2%	21.0%	21.0%	21.0%	-	\$5.00	\$5.00	\$5.00	\$5.00	-
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-	-	-
Light Industrial	8.7%	-	-	-	-	\$4.99	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	33.4%	33.4%	33.4%	33.4%	-	\$5.00	\$5.00	\$5.00	\$5.00	-
Greater Downtown	11.0%	10.5%	10.5%	9.2%	9.2%	\$5.47	\$5.47	\$6.47	\$5.93	\$6.76
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-	-	-
Light Industrial	16.4%	15.6%	15.6%	13.7%	13.7%	\$5.25	\$5.25	\$5.25	\$5.00	\$7.00
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	4.8%	4.8%	4.6%	3.9%	3.9%	\$6.50	\$6.50	\$8.23	\$6.70	\$6.70
Northeast	8.8%	8.2%	7.7%	7.7%	12.4%	\$9.19	\$12.39	\$12.45	\$9.43	\$10.75
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	10.8%	10.1%	9.4%	9.4%	15.3%	\$9.19	\$12.39	\$12.45	\$9.43	\$10.75
Light Industrial	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-	-	-
Northwest	17.9%	17.7%	17.7%	17.2%	16.9%	\$7.23	\$6.85	\$6.57	\$6.62	\$6.96
Bulk Warehouse	3.7%	3.7%	3.7%	3.7%	3.7%	\$6.95	\$6.95	\$6.95	\$6.95	\$5.24
Flex	17.8%	17.5%	17.5%	15.2%	14.4%	\$7.70	\$7.43	\$7.58	\$7.84	\$8.08
Light Industrial	15.9%	15.9%	16.4%	16.4%	16.9%	\$6.25	\$5.87	\$6.18	\$6.25	\$6.58
Manufacturing	32.5%	32.5%	32.5%	32.5%	32.5%	-	-	-	-	-
Whse/Dist	19.3%	18.6%	17.7%	18.4%	16.9%	\$7.06	\$6.55	\$5.66	\$5.73	\$6.45

	Vacancy Rate %					Weighted Average Asking Rent (NNN)				
	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016
Southeast	10.2%	9.2%	8.2%	7.9%	8.2%	\$6.56	\$6.67	\$7.10	\$7.00	\$6.92
Bulk Warehouse	19.9%	14.4%	14.4%	14.4%	21.0%	\$5.53	\$6.75	\$6.75	\$6.75	\$7.17
Flex	17.0%	16.0%	15.8%	15.6%	16.0%	\$7.30	\$7.30	\$7.46	\$7.31	\$7.03
Light Industrial	9.1%	8.8%	8.1%	7.3%	6.6%	\$6.36	\$6.60	\$7.16	\$6.48	\$6.56
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	4.7%	4.4%	2.2%	2.2%	2.3%	\$5.43	\$5.70	\$6.45	\$6.42	\$6.41
Southwest	3.4%	3.3%	2.5%	2.5%	2.5%	-	-	-	-	\$6.95
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-	-	\$6.95
Light Industrial	3.7%	3.7%	2.3%	2.3%	2.3%	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	17.1%	17.1%	17.1%	17.1%	17.1%	-	-	-	-	-
Teller County / Woodland Park	-	-	-	-	18.5%	-	-	-	-	\$11.00
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	-	-	-	-	38.8%	-	-	-	-	\$11.00
Light Industrial	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-	-	-
Teller County/Woodland Park	17.4%	17.4%	17.4%	17.4%	-	\$11.00	\$11.00	\$11.00	\$11.00	-
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	36.4%	36.4%	36.4%	36.4%	-	\$11.00	\$11.00	\$11.00	\$11.00	-
Light Industrial	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-	-	-
Tri-Lakes	3.0%	2.3%	1.9%	2.1%	1.9%	\$8.86	\$9.01	\$9.01	\$9.01	\$8.50
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	4.4%	1.9%	5.3%	5.3%	5.3%	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50
Light Industrial	4.4%	3.9%	1.7%	2.2%	1.7%	\$9.25	\$9.25	\$9.25	\$9.25	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-	-	\$8.50
West Side / Manitou	-	-	-	-	3.6%	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-	-	-
Light Industrial	-	-	-	-	5.7%	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-	-	-
West Side/Manitou	4.6%	4.6%	3.6%	3.6%	-	\$5.99	\$5.99	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-	-	-
Light Industrial	7.3%	7.3%	5.7%	5.7%	-	\$5.99	\$5.99	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-	-	-
Overall	12.5%	11.9%	11.3%	10.9%	11.4%	\$6.73	\$6.84	\$7.11	\$7.01	\$7.33

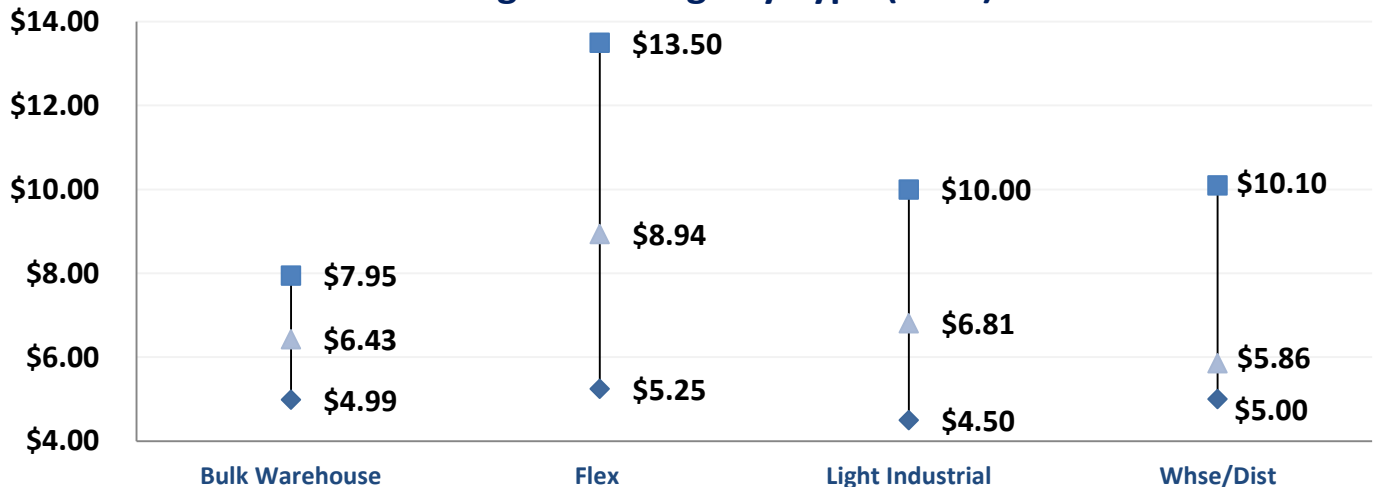
Vacancy Rate by Submarket

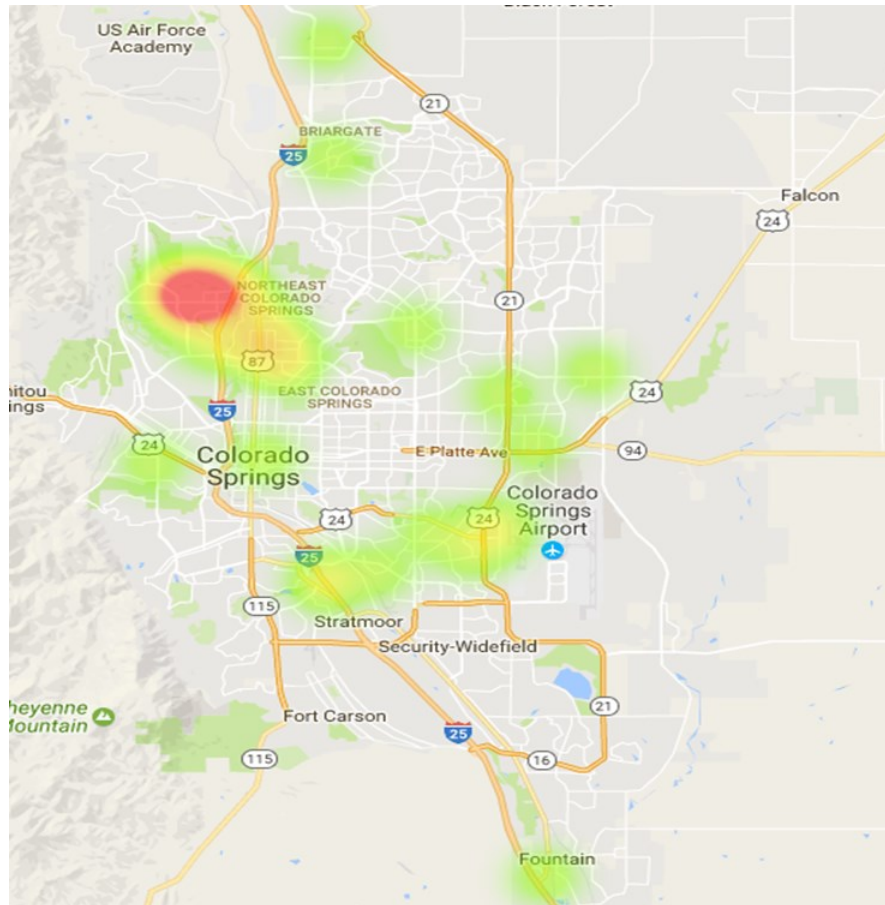


Weighted Average Asking Rent by Submarket (NNN)



Asking Rent Range by Type (NNN)





Largest Absorption Changes

Property Name	Occupied or Vacated (sf)	Tenant Name	Submarket	Specific Use
Talamine Business Center	24,266	Clubstore Outlet and HomeRun Electronics	Northwest	Flex
Janitell Executive Center	13,500	Companion Habitats	Northwest	Warehouse/Distribution
1935 Jamboree Dr	6,225	Jakt Muscle	Northeast	Flex
2025 Aerospace Dr	3,450	Hardwood Flooring Specialists	Southeast	Flex
1835-1853 S Murray Blvd	-7,088	Consolidated Utility Services	Southeast	Light Industrial
5735 Industrial Pl	-11,667	Furnace Physician & A/C Specialists	Southeast	Flex
613-615 Valley St	-40,000	5 Star Moving & Storage	East	Warehouse/Distribution
8145-8425 N Union Blvd	-107,180	Direct Checks	Northeast	Flex

Top Transactions

Property Name	Sale Price	Sold (sf)	Buyer	Seller	Submarket	Specific Use
5090 Centennial Blvd	\$2,870,000	60,000	PLS Mechanical	Elkco Properties et al	Northwest	Flex
2850 N El Paso St	\$2,660,000	50,300	Barbara J Siek	Walter Lind	Northwest	Light Industrial
3550 Out West Dr	\$1,800,000	26,973	BBP Real Estate Holdings LLC	General Shale Brick Inc	Southeast	Light Industrial
1095 Ford St	\$1,300,000	12,250	B & M Transmission Inc	The Equity Group	East	Light Industrial
1370 N Newport Rd	\$1,015,000	12,470	Wall Development Group	Bonitz Inc	Southeast	Flex

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 :**

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