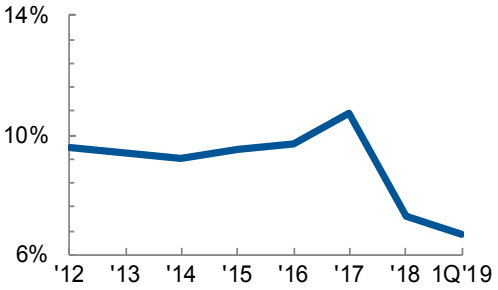
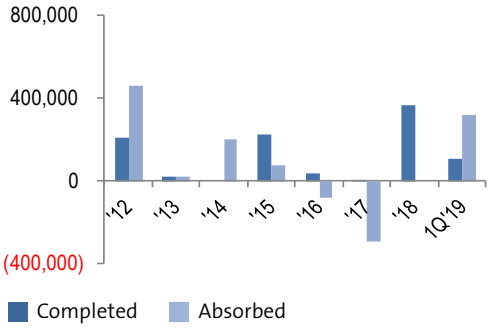
Industrial Market Report • 1st Quarter 2019
Colorado Springs, CO

Quantum Commercial Group Inc

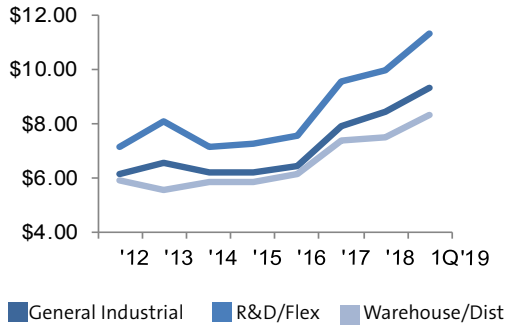
Vacancy Rates
Year-to-Date



Absorption
Year-to-Date



Asking Rental Rates
Year-to-Date ($/SF/Yr. Full Service)



Source: CoStar

The Colorado Springs Industrial Market is off to a Solid Start in the First Quarter of 2019.

The Colorado Springs Industrial market continues to tighten up as we move into 2019 and all indicators are showing that it is a very strong sector in the market. The current conditions, however, are making it much harder for groups to find new locations to purchase or lease whether they are looking to expand, downsize or even move into the market.

The overall Industrial vacancy rate, recorded a rate of 6.8% at the end of the first quarter 2019, which is historically very low and clearly shows that the demand for Industrial space is high throughout the market. This rate is a drop from 7.4% at the end of the fourth quarter 2018 and is the lowest recorded overall vacancy rate over the past 11 years. The Flex sector vacancy rate is lagging at the end of the first quarter 2019 at 13.6% compared to the Warehouse sector which stands at 5.1%.

At the end of the first quarter 2019 the overall net absorption for the Industrial market was recorded at positive 322,991 square feet. The Warehouse and Flex sectors were nearly equal in net absorption through the first quarter 2019, which the Warehouse sector totaled positive 162,105 square feet and the Flex sector recorded positive 160,886 square feet.

The average asking rental rates for the Industrial market has yet again increased through the first quarter 2019 recording $9.30 per square foot (NNN), which compared to $8.56 per square foot (NNN) at the end of the fourth quarter 2018. This increase is due to the spike in the average asking rental rate for the Flex sector, which recorded an average quoted rate of $11.34 per square foot (NNN). This represents a substantial increase of $1.80 per square foot from the fourth quarter 2018. The Warehouse sector is continuing a steady trend of increases and recorded $8.33 per square foot (NNN) at the end of the first quarter 2019.

Colorado Springs saw a total of 112,000 square feet of industrial product completed at the end of the first quarter 2019, along with 165,870 square feet reportedly under construction.

There was a total of 32 sales transactions recorded in the first quarter 2019, with a total sales volume of $28,360,000 at an average price per square foot of $87.15. The largest transaction that occurred was a large portfolio sale in which two of the properties purchased were Industrial product in the Colorado Springs Market. The two properties totaled 146,304 square feet and sold for a total of $12,443,211.

Although the overall vacancy rates are low and all other indicators show a strong industrial market, there is still a need for larger users/tenants throughout the market. The total vacancy of contiguous space above 20,000 square feet totaled 1.9 million square feet (53% vacancy rate) at the end of the fourth quarter 2018. This vacancy accounts for approximately 70% of the total vacancy throughout the Colorado Springs Industrial market. Conversely, there continues to be a lack of smaller Industrial product causing a high demand for new construction.

KEY TRANSACTIONS

** Transaction Represented by Quantum Commercial Group*

United Floor
leased
20,000 SF
at
5730 Observation Ct
Colorado Springs, CO
in the Southeast Submarket

Berkeley Partners
purchased
91,955 SF & 54,349 SF
2460 Waynoka Pl & 4815 List Dr
from
Etkin Johnson Real Estate Partners 1
$7,715,010 & $4,728,201

Semtech Colorado Inc
purchased
51,588 SF
10045 Federal Dr
from
Bett Ventures LLC
$4,100,000

Quantum Commercial Group
101 N. Cascade Avenue, Suite 200
Colorado Springs, CO 80903
www.quantumcommercial.com

Prepared by:
Andrew Oyler
719.228.3605 • aoyler@quantumcommercial.com

Prepared by:
Taylor Stamp
719.228.3623 • tstamp@quantumcommercial.com

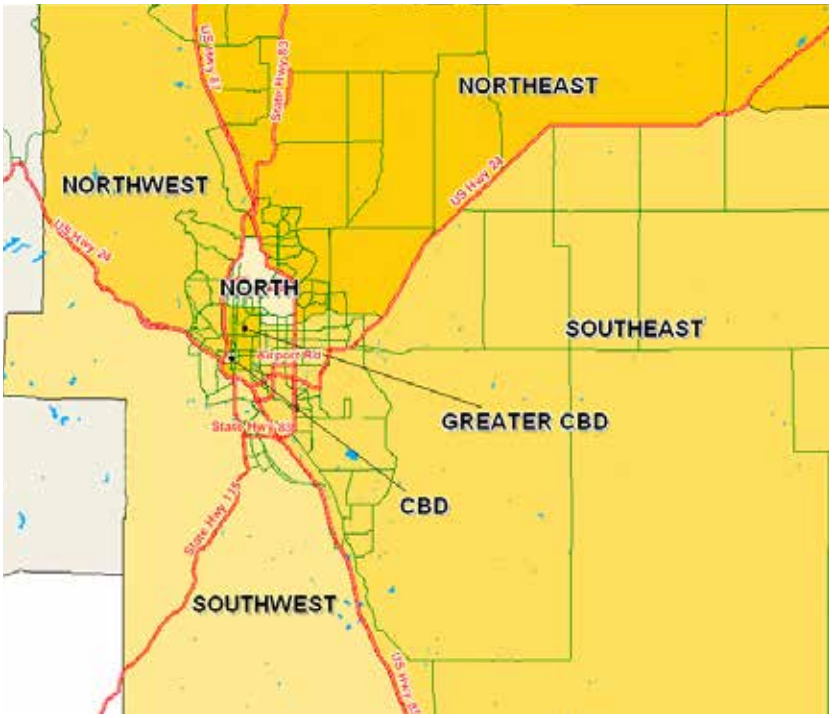
Commercial Real Estate Solutions

2019 Quantum Commercial Group Inc

Industrial Market Report • 1st Quarter 2019
Colorado Springs, CO

Source: CoStar

Market	# Blds	Total SF	Direct Vacant	Total Vacant	Vacant %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
CBD Ind	36	442,710	45,044	45,044	10.2%	0	0	0	$6.08
Greater CBD Ind	138	1,521,806	20,665	20,665	1.4%	11,500	0	0	$8.40
North Ind	308	5,444,498	300,127	324,627	6.0%	65,874	12,000	0	$7.83
Northeast Ind	109	2,651,510	159,965	351,146	13.2%	(88,068)	0	24,000	$13.36
Northwest Ind	221	7,363,845	963,058	963,058	13.1%	6,203	0	0	$9.06
Southeast Ind	907	14,483,487	648,435	648,435	4.5%	86,792	0	241,870	$9.01
Southwest Ind	193	2,761,221	15,322	15,322	0.6%	143,210	0	0	$10.36
Teller County Ind	22	290,984	2,520	2,520	0.9%	(2,520)	0	0	$12.59
Totals	**1,934**	**34,960,061**	**2,155,136**	**2,370,817**	**6.8%**	**222,991**	**12,000**	**265,870**	**$9.31**



Quantum Commercial Group Real Estate Advisors

Dale Stamp, President
719.228.3601
dstamp@quantumcommercial.com

Andrew Oyler
719.228.3605
aoyler@quantumcommercial.com

Taylor Stamp
719.228.3623
tstamp@quantumcommercial.com

INDUSTRIAL TERMS AND DEFINITIONS

Total SF: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 10,000 square feet.

Industrial Buildings Classifications: Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

** Quantum Commercial Group Inc. (QCG) & CoStar may revise reported quarterly and final year-end figures.*

Reproduction in whole or part is permitted only with the written consent of QCG. Some of the data in this report has been gathered from third party sources and has not been independently verified by QCG. QCG makes no warranties or representations as to the completeness or accuracy thereof.

2019 Quantum Commercial Group Inc