

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate rose .01 percentage points from 3.8% in January 2016 to 3.7% in January 2017. The unemployment rate decreased due to less people looking for work and compares favorably to Colorado (5.5%) and lower than the US (5.1%). The Colorado Springs statistical area nonfarm job creation was up 3.1% totaling 8,500 jobs over the past year. Industrial using jobs (industries include manufacturing and trade transportation and utilities) added 2,000 jobs from January 2016 to January 2017.

Market Overview

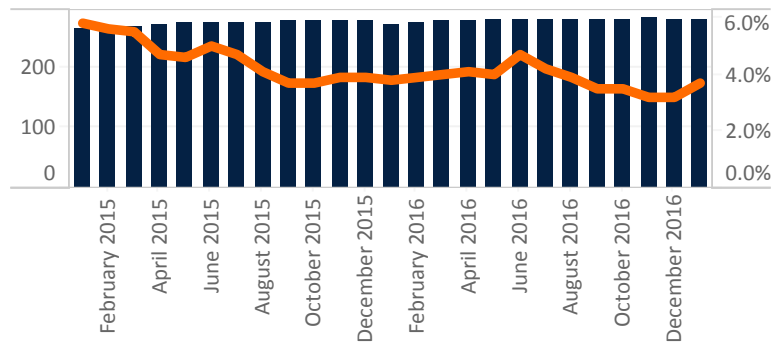
The Colorado Springs industrial market recorded negative 53,134 square feet (sf) of absorption during 1Q 2017. Absorption, although negative, was up from the negative 146,335 sf recorded during 4Q 2016. The total vacancy rate has increased slightly from 11.2% recorded in 4Q 2016 to 11.3% at the close of 1Q 2017. Direct vacancy rates increased 0.1 percentage points from 11.2% to 11.3% during the same time period. Weighted average rent growth continued to improve during 1Q 2017 especially in Flex properties in Northeast and Northwest parts of the region. Weighted average asking rents in all classes increased 6.4% recording \$7.80 per square foot (psf) at the close of 1Q 2017 compared to \$7.33 psf recorded at the end of 4Q 2016.

Market Highlights

Leasing and sales activity for 1Q 2017 was sluggish due to the continued lack of desirable space in the market. Most of the leasing activity for the quarter came from owner-user companies purchasing buildings, company expansions and/or lease renewals. Tenant size requirements has been growing, especially in the 8,000 – 15,000 square feet range, however, there continues to be a shortage of viable buildings to lease in that size range. This poses a problem for businesses who are looking for buildings with at least 22 feet or greater ceiling heights. There are minimal amounts of speculative construction planned throughout the area due to the ever increasing cost of land, materials and labor. Currently, there is only 45,800 sf of new construction in the Southeast and West Side/Manitou areas of the region.

Colorado Springs Employment

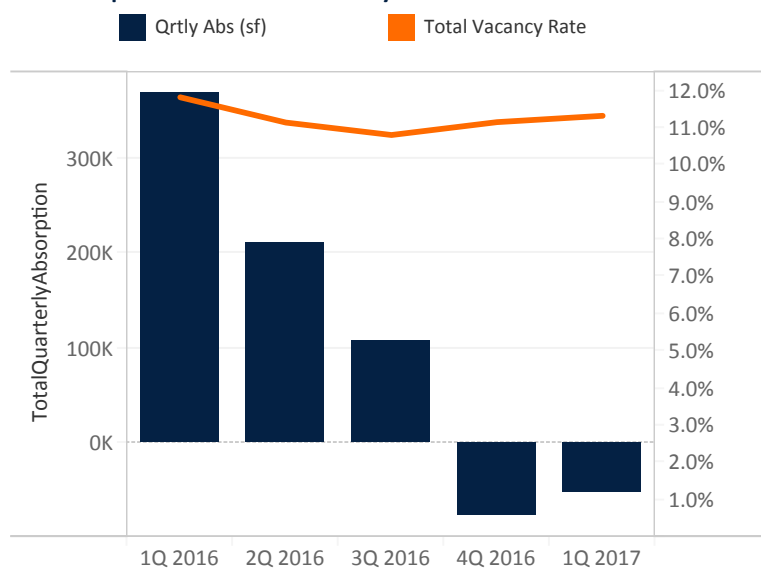
Source: BLS



Market Recap

Inventory (sf)	31,797,729
# of Bldgs	1,463
Qrtly Abs (sf)	-53,134
Total Avail Rate	13.5%
Total Vacancy Rate	11.3%
U/C Inventory (sf)	45,800
Delivered (sf)	
Weighted Average Asking Rate (NNN)	\$7.80

Absorption and Vacancy Rate



Overview by Specific Use (Total)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Flex	8,167,343	1,400,623	961,751	11.8%	64,207	64,207
Lt Ind	13,310,227	1,392,044	1,225,552	9.2%	-9,745	-9,745
Mfg	1,154,521	70,200	280,200	24.3%	0	0
Whse/Dist	9,165,638	1,415,102	1,135,467	12.4%	-107,596	-107,596
Overall	31,797,729	4,277,969	3,602,970	11.3%	-53,134	-53,134

Overview by Market (Total)

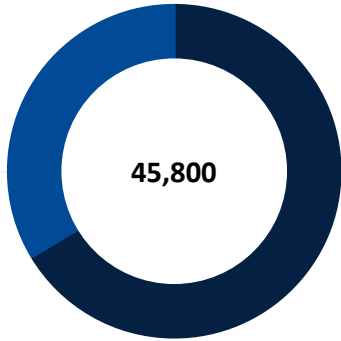
Market Name	Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Central	Flex	245,545	0	0	0.0%	0	0
	Lt Ind	689,670	51,996	43,601	6.3%	1,505	1,505
	Whse/Dist	88,176	5,100	0	0.0%	0	0
East	Flex	452,148	28,688	28,688	6.3%	-18,104	-18,104
	Lt Ind	1,845,850	29,616	33,406	1.8%	0	0
	Mfg	145,594	70,200	70,200	48.2%	0	0
	Whse/Dist	653,905	65,574	65,571	10.0%	3,400	3,400
Falcon	Flex	20,077	0	0	0.0%	0	0
	Lt Ind	180,727	0	0	0.0%	0	0
	Whse/Dist	52,218	0	0	0.0%	0	0
Ftn/ Scrty/ Wdfld	Flex	12,500	0	0	0.0%	0	0
	Lt Ind	633,309	0	0	0.0%	0	0
	Whse/Dist	1,100,173	367,200	367,200	33.4%	0	0
Grtr Dwtm	Flex	171,008	0	0	0.0%	0	0
	Lt Ind	1,082,195	148,026	148,026	13.7%	0	0
	Whse/Dist	579,574	20,000	20,000	3.5%	0	0
Northeast	Flex	1,728,810	524,865	207,106	12.0%	0	0
	Lt Ind	104,856	0	0	0.0%	0	0
	Whse/Dist	285,575	0	0	0.0%	0	0
Northwest	Flex	3,051,992	433,814	383,202	12.6%	57,538	57,538
	Lt Ind	4,654,747	903,412	782,312	16.8%	-13,027	-13,027
	Mfg	646,038	0	210,000	32.5%	0	0
	Whse/Dist	2,588,413	493,656	419,924	16.2%	-25,832	-25,832
Southeast	Flex	2,007,170	342,957	295,456	14.7%	24,773	24,773
	Lt Ind	2,733,192	221,157	189,666	6.9%	-7,823	-7,823
	Whse/Dist	3,522,840	445,372	246,572	7.0%	-85,164	-85,164
Southwest	Flex	210,186	23,000	0	0.0%	0	0
	Lt Ind	719,868	10,939	16,200	2.3%	0	0
	Mfg	206,647	0	0	0.0%	0	0
	Whse/Dist	147,551	16,200	16,200	11.0%	0	0
Overall		31,797,729	4,277,969	3,602,970	11.3%	-53,134	-53,134

Overview by Market (Total) Cont'd

Market Name	Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Tllr Cty/ WdInd Pk	Flex	112,698	43,677	43,677	38.8%	0	0
	Lt Ind	114,107	0	0	0.0%	0	0
	Whse/Dist	8,996	0	0	0.0%	0	0
Tri-Lakes	Flex	106,152	3,622	3,622	3.4%	0	0
	Lt Ind	241,888	18,900	4,343	1.8%	0	0
	Mfg	140,987	0	0	0.0%	0	0
	Whse/Dist	21,450	2,000	0	0.0%	0	0
W Side/ Mntu	Flex	49,057	0	0	0.0%	0	0
	Lt Ind	309,818	7,998	7,998	2.6%	9,600	9,600
	Mfg	15,255	0	0	0.0%	0	0
	Whse/Dist	116,767	0	0	0.0%	0	0
Overall		31,797,729	4,277,969	3,602,970	11.3%	-53,134	-53,134

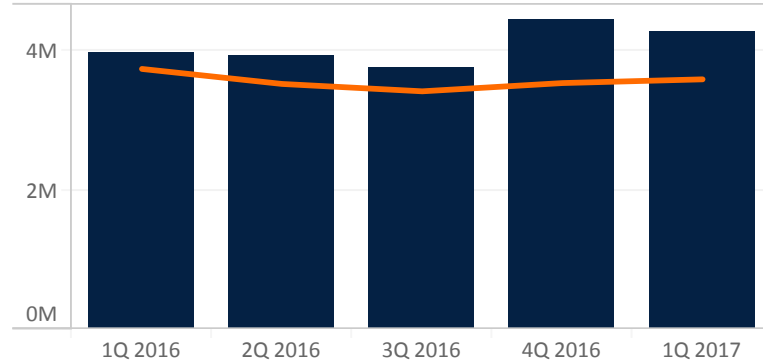
Construction by Market

■ Southeast
■ W Side/ Mntu



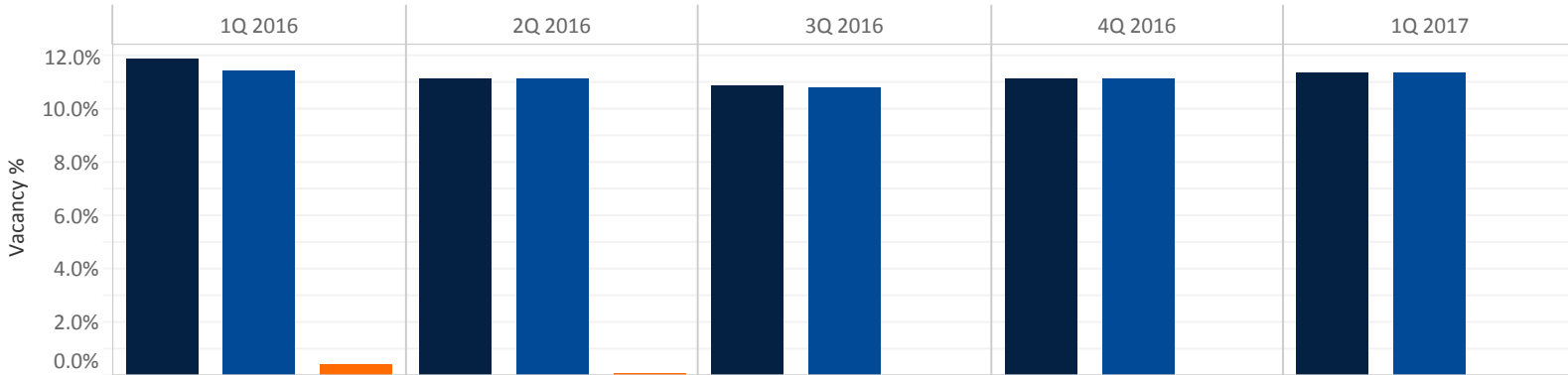
Total Available and Vacant

■ Avail (sf) ■ Vacant (sf)



Vacancy Rate

■ Total ■ Direct ■ Sublease



Overview by Specific Use (Direct)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Flex	8,167,343	1,386,623	961,751	11.8%	64,207	64,207
Lt Ind	13,310,227	1,392,044	1,225,552	9.2%	-9,745	-9,745
Mfg	1,154,521	70,200	280,200	24.3%	0	0
Whse/Dist	9,165,638	1,320,850	1,135,467	12.4%	-107,596	-107,596
Overall	31,797,729	4,169,717	3,602,970	11.3%	-53,134	-53,134

Overview by Specific Use (Sublease)

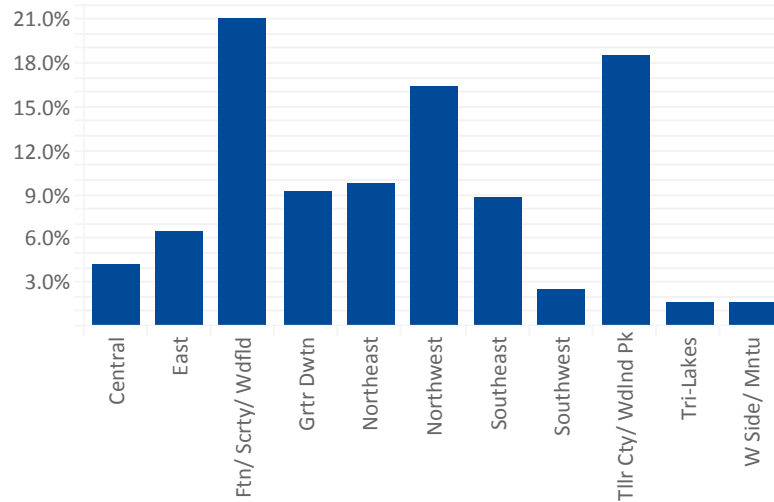
Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Flex	8,167,343	14,000	0	0.0%	0	0
Lt Ind	13,310,227	0	0	0.0%	0	0
Mfg	1,154,521	0	0	0.0%	0	0
Whse/Dist	9,165,638	94,252	0	0.0%	0	0
Overall	31,797,729	108,252	0	0.0%	0	0

Direct Vacancy Rates

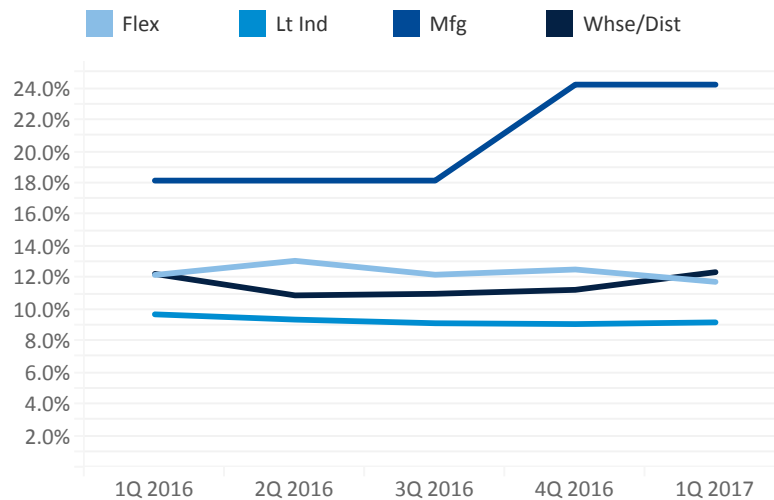
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Central	Flex	13.3%	0.0%	0.0%	0.0%	0.0%
	Lt Ind	6.3%	6.5%	6.5%	6.5%	6.3%
	Whse/Dist	0.0%	0.0%	0.0%	0.0%	0.0%
East	Flex	2.8%	2.3%	2.3%	2.3%	6.3%
	Lt Ind	3.4%	1.6%	1.7%	1.8%	1.8%
	Mfg	0.0%	0.0%	0.0%	48.2%	48.2%
	Whse/Dist	10.6%	6.7%	6.0%	10.5%	10.0%
Falcon	Flex	0.0%	0.0%	0.0%	0.0%	0.0%
	Lt Ind	0.0%	0.0%	0.0%	0.0%	0.0%
	Whse/Dist	0.0%	0.0%	0.0%	0.0%	0.0%
Ftn/ Scrtly/ Wdfld	Flex	0.0%	0.0%	0.0%	0.0%	0.0%
	Lt Ind	0.0%	0.0%	0.0%	0.0%	0.0%
	Whse/Dist	33.4%	33.4%	33.4%	33.4%	33.4%
Grtr Dwtm	Flex	0.0%	0.0%	0.0%	0.0%	0.0%
	Lt Ind	15.6%	15.6%	13.7%	13.7%	13.7%
	Whse/Dist	4.3%	4.1%	3.5%	3.5%	3.5%
Northeast	Flex	3.1%	9.4%	9.4%	12.0%	12.0%
	Lt Ind	0.0%	0.0%	0.0%	0.0%	0.0%
	Whse/Dist	0.0%	0.0%	0.0%	0.0%	0.0%
Northwest	Flex	17.5%	17.5%	15.2%	14.4%	12.6%
	Lt Ind	15.9%	16.5%	16.5%	16.4%	16.8%
	Mfg	32.5%	32.5%	32.5%	32.5%	32.5%
	Whse/Dist	17.3%	16.5%	17.2%	15.5%	16.2%
Southeast	Flex	16.0%	15.8%	15.6%	16.0%	14.7%
	Lt Ind	7.9%	7.2%	6.9%	6.6%	6.9%
	Whse/Dist	5.7%	3.5%	3.5%	4.6%	7.0%
Southwest	Flex	0.0%	0.0%	0.0%	0.0%	0.0%
	Lt Ind	3.7%	2.3%	2.3%	2.3%	2.3%
	Mfg	0.0%	0.0%	0.0%	0.0%	0.0%
	Whse/Dist	11.0%	11.0%	11.0%	11.0%	11.0%
Tllr Cty/ WdInd Pk	Flex	36.4%	36.4%	36.4%	38.8%	38.8%
	Lt Ind	0.0%	0.0%	0.0%	0.0%	0.0%
	Whse/Dist	0.0%	0.0%	0.0%	0.0%	0.0%
Tri-Lakes	Flex	1.9%	5.3%	5.3%	3.4%	3.4%
	Lt Ind	4.1%	1.8%	2.3%	1.8%	1.8%
	Mfg	0.0%	0.0%	0.0%	0.0%	0.0%
	Whse/Dist	0.0%	0.0%	0.0%	0.0%	0.0%
W Side/ Mntu	Flex	0.0%	0.0%	0.0%	0.0%	0.0%
	Lt Ind	7.3%	5.7%	5.7%	5.7%	2.6%
	Mfg	0.0%	0.0%	0.0%	0.0%	0.0%
	Whse/Dist	0.0%	0.0%	0.0%	0.0%	0.0%
Overall		11.4%	11.1%	10.8%	11.2%	11.3%

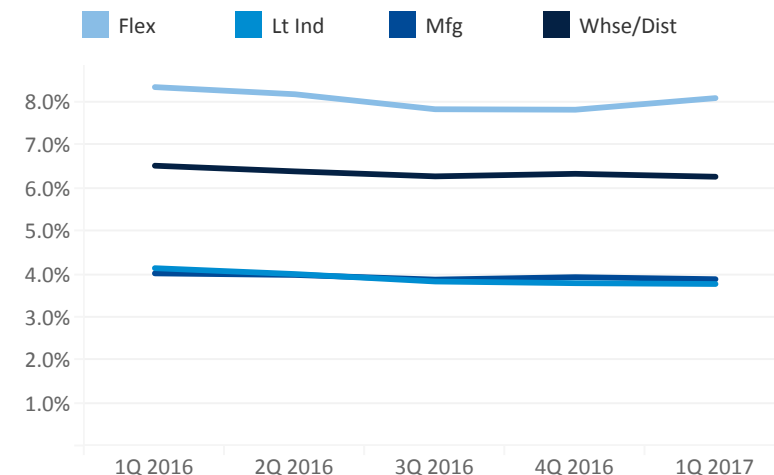
By Market



Colorado Springs By Specific Use



National by Specific Use

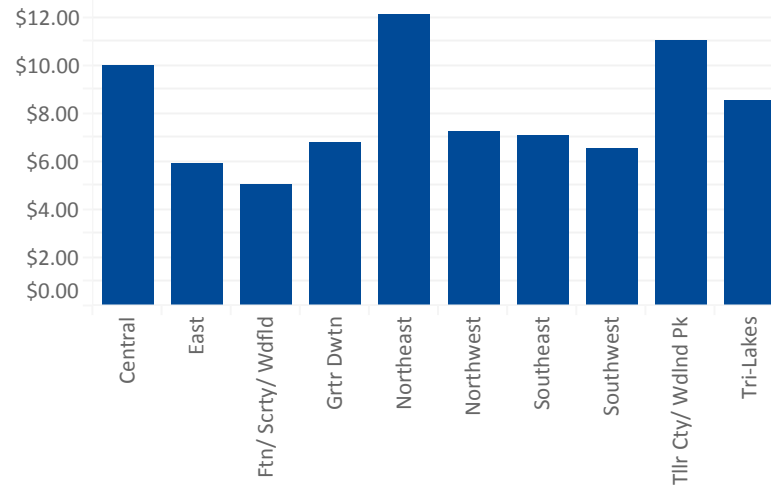


Direct Weighted Average Asking Rates (NNN)

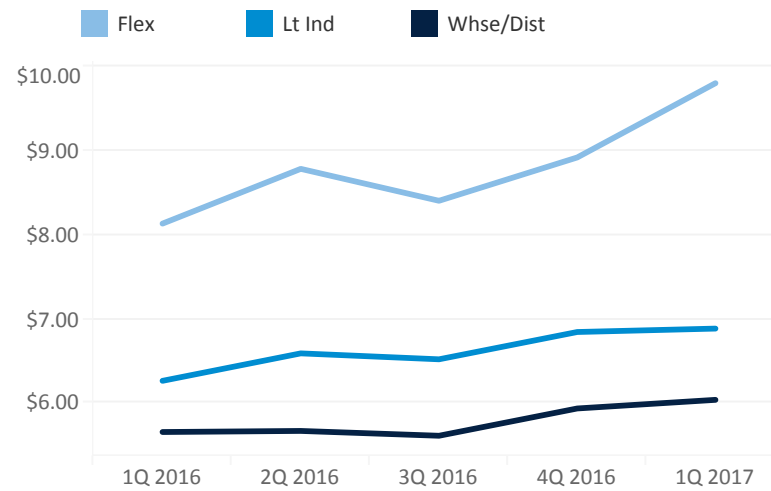
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017
Central	Flex	\$6.00	-	-	-	-
	Lt Ind	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
	Whse/Dist	-	-	-	-	-
East	Flex	\$6.99	\$6.99	\$6.99	\$7.16	\$7.43
	Lt Ind	\$8.60	\$8.99	\$8.74	\$8.62	\$7.85
	Mfg	-	-	-	-	-
	Whse/Dist	\$6.16	\$5.86	\$5.78	\$5.45	\$5.21
Falcon	Flex	-	-	-	-	-
	Lt Ind	-	-	-	-	-
	Whse/Dist	-	-	-	-	-
Ftn/ Scrtly/ Wdfld	Flex	-	-	-	-	-
	Lt Ind	-	-	-	-	-
	Whse/Dist	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Grtr Dwtm	Flex	-	-	-	-	-
	Lt Ind	\$5.25	\$5.25	\$5.00	\$7.00	\$7.00
	Whse/Dist	\$6.50	\$8.23	\$6.70	\$6.70	\$6.75
Northeast	Flex	\$12.39	\$12.45	\$9.43	\$10.75	\$12.16
	Lt Ind	-	-	-	-	-
	Whse/Dist	-	-	-	-	-
Northwest	Flex	\$7.43	\$7.58	\$7.84	\$8.08	\$8.64
	Lt Ind	\$5.94	\$6.26	\$6.31	\$6.63	\$6.71
	Mfg	-	-	-	-	-
	Whse/Dist	\$6.58	\$5.69	\$5.75	\$6.31	\$6.49
Southeast	Flex	\$7.30	\$7.46	\$7.31	\$7.01	\$7.06
	Lt Ind	\$6.60	\$7.16	\$6.48	\$6.56	\$6.92
	Whse/Dist	\$5.98	\$6.56	\$6.58	\$6.86	\$7.13
Southwest	Flex	-	-	-	\$6.95	\$6.95
	Lt Ind	-	-	-	-	-
	Mfg	-	-	-	-	-
	Whse/Dist	-	-	-	-	\$6.00
Tllr Cty/ WdInd Pk	Flex	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
	Lt Ind	-	-	-	-	-
	Whse/Dist	-	-	-	-	-
Tri-Lakes	Flex	\$8.50	\$8.50	\$8.50	-	-
	Lt Ind	\$9.25	\$9.25	\$9.25	-	-
	Mfg	-	-	-	-	-
	Whse/Dist	-	-	-	\$8.50	\$8.50
W Side/ Mntu	Flex	-	-	-	-	-
	Lt Ind	\$5.99	-	-	-	-
	Mfg	-	-	-	-	-
	Whse/Dist	-	-	-	-	-
Overall		\$6.84	\$7.11	\$7.01	\$7.33	\$7.80

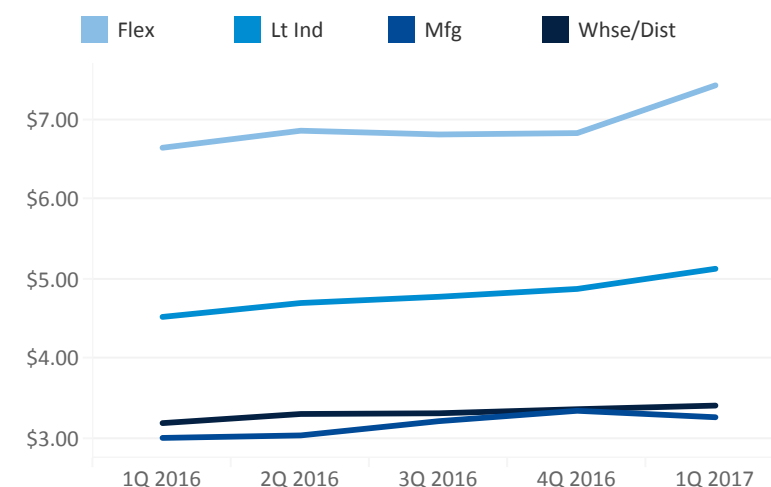
By Market



Colorado Springs by Specific Use

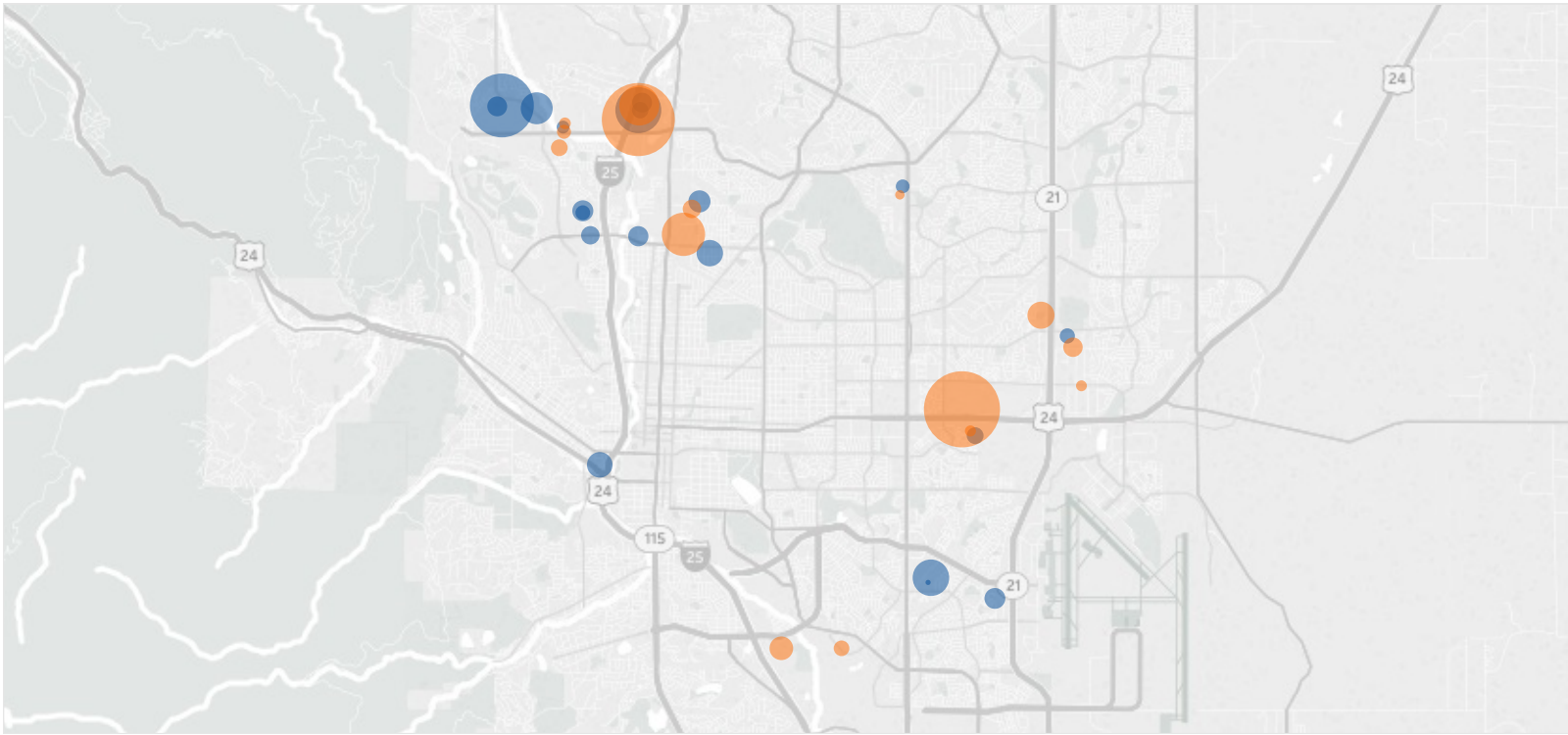


National by Specific Use



Absorption Map

■ Negative
 ■ Positive



Largest Positives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
PLS Mechanical	PLS Mechanical	Northwest	Flex	60,000
4920 Northpark Loop	Undisclosed Tenant	Northwest	Lt Ind	31,090
1775-1793 S Murray Blvd	Harris (expansion)	Southeast	Flex	19,609
4830-4860 List Dr	HOM Solutions, Inc	Northwest	Lt Ind	15,000
Fillmore Business Park	Summit Roofing and West Peak	Northwest	Lt Ind	10,250
620 W Vermijo Ave	Building sold to Undisclosed Buyer	W Side/ Mntu	Lt Ind	9,600
3410 N Prospect St	Peak Performance Automotive and Montoya Automotive	Northwest	Lt Ind	7,200
3430 Fillmore Ridge Heights	Building sold to Larry L Losasso	Northwest	Lt Ind	6,493

Largest Negatives (Direct)

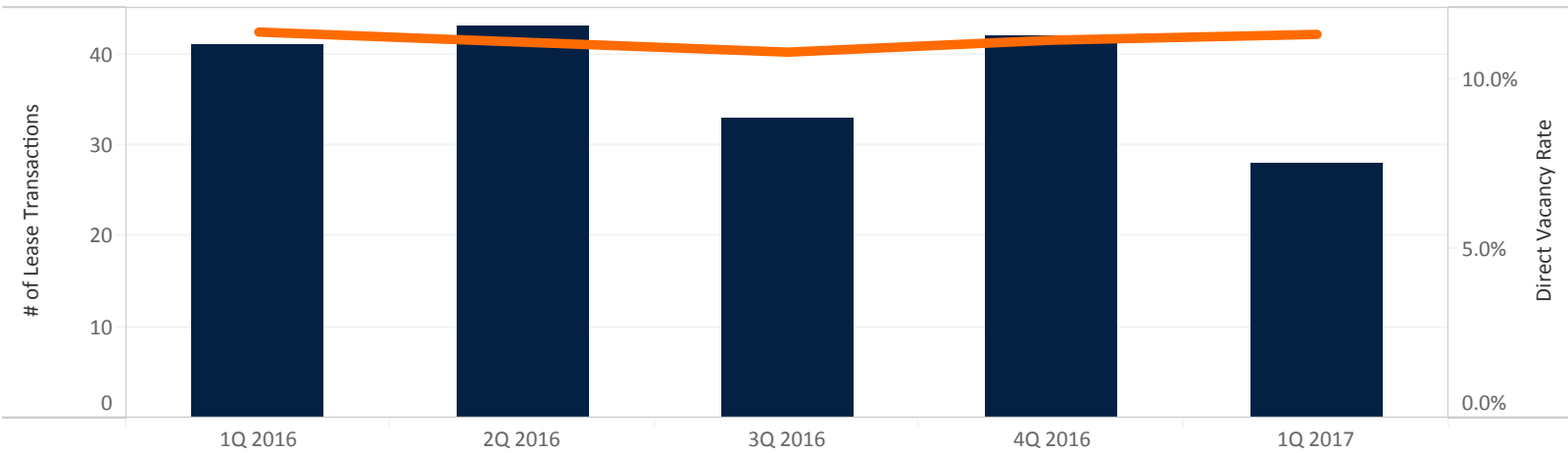
PropertyName	Significant Transactions	Market Name	Specific Use	
4510 Edison Ave	Rockey's Moving and Storage	Southeast	Whse/Dist	-85,164
4710 Northpark Dr	RMC Distributing	Northwest	Lt Ind	-78,380
3111 N Stone Ave	Mattress Recyclers	Northwest	Whse/Dist	-27,519
4910 Northpark Dr	Signature Offset	Northwest	Lt Ind	-23,680
1930 Frequent Flyer	Frequent Flyer Network	East	Flex	-10,824
2780 Janitell Rd	Diggers Estate and Thrift	Southeast	Lt Ind	-8,213
The Paonia Center - Bldg B	Undisclosed Tenant	East	Flex	-5,540
3380 N El Paso St	McKibbon Excavating Inc and KC Truck Performance Center	Northwest	Lt Ind	-5,000

Leasing Activity Trends

Direct Vacancy Rate

Lease Transactions

Quarter Year



Leasing Activity (# of New Deals)

Size Range (sf)

<2.5K

2.5K - 5K

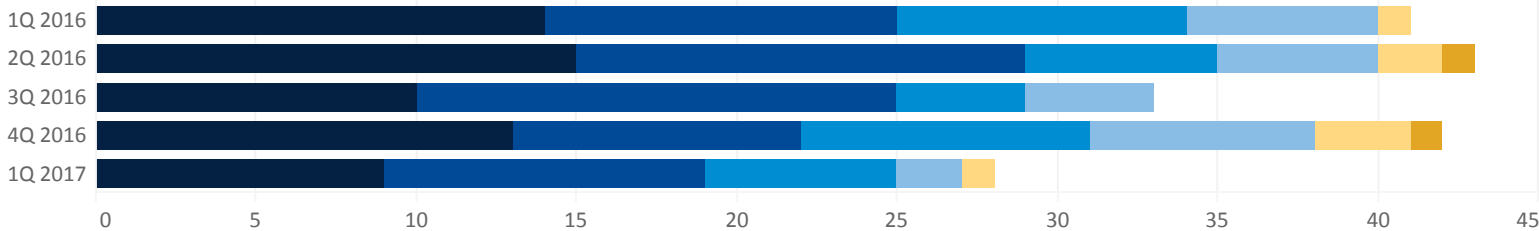
5K - 10K

10K - 25K

25K - 50K

>50K SF

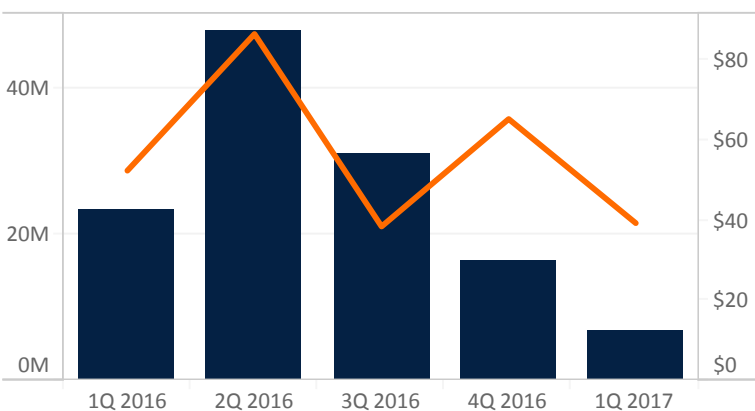
Quarter Year



Sales Volume vs. Price/SF

Aggregate Sales Volume

Avg Price/sf



Top Sales

Property	Sale Date	Buyer	Sale Price
4910 Northpark Dr	01/13/2017	Melrjno3lllp	\$1,325,000
1725 S Nevada Ave	01/01/2017	Arum Amin	\$1,020,000
715 Valley St	03/24/2017	Valley Colorado Springs LLC	\$882,000
3470 N Chelton Loop	03/29/2017	Clarke Team Management LLC	\$875,000
American Numismatic Associa..	01/25/2017	American Numismatic Association	\$540,000

Terminology

Term	Definition
Inventory	The total square feet (sf) of all existing single and multi tenant industrial properties greater than 5,000 sf.
Net Absorption (sf)	The net change in occupied square feet from quarter to quarter, expressed in square feet.
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 Sublease (sf)	Space that is offered for lease by a current tenant, or his agent, within a property.
Total Vacant (sf)	The total of the direct vacant square footage in a building that is being marketed.
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.

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.

Advisory Board Members

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

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