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INDUSTRIAL MARKET REPORT

Northern Colorado

1st Quarter 2016

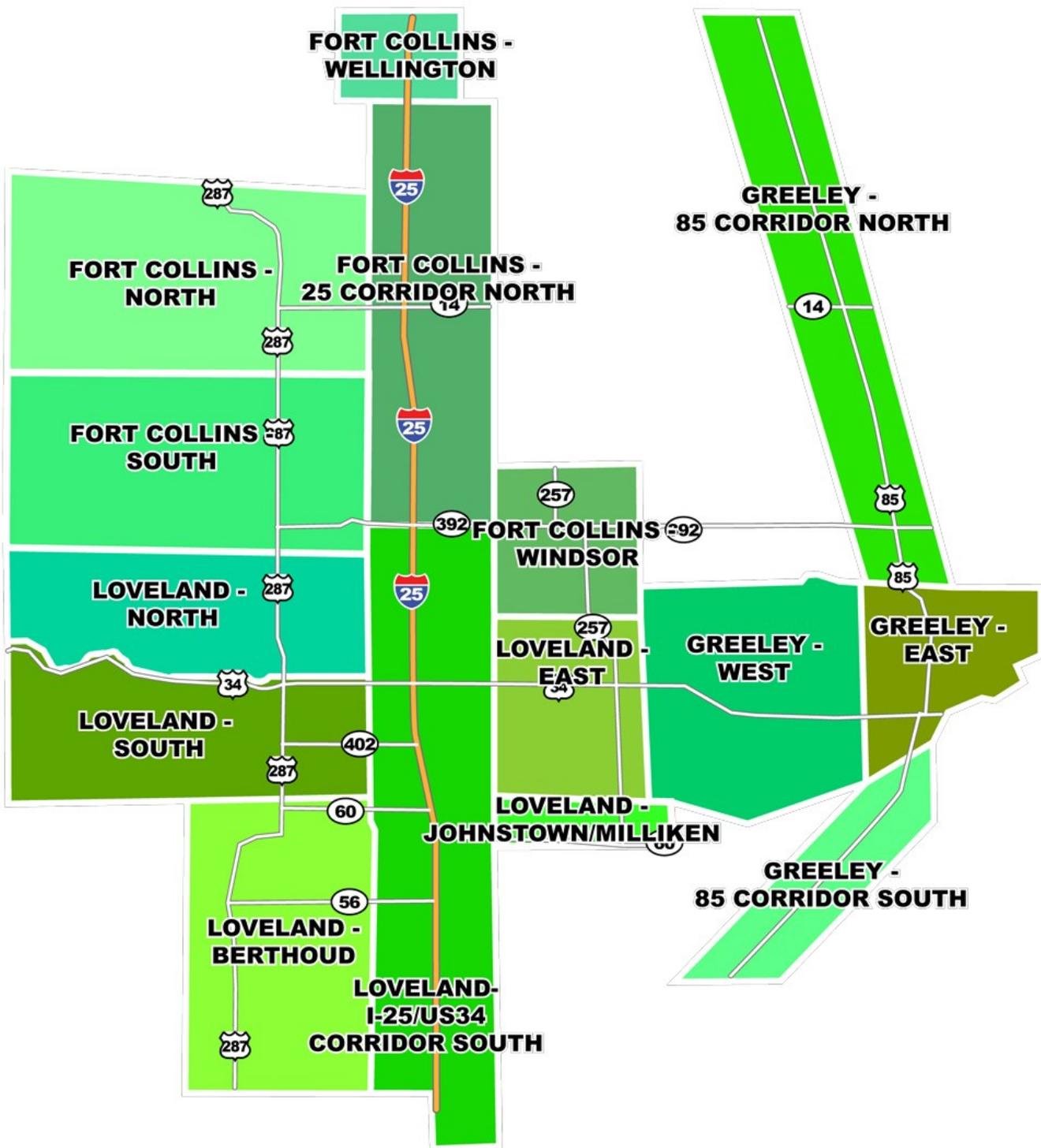


Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

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The Northern Colorado 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 10,000 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.
Note	This report reflects Direct Vacancy and Absorption; Sublease space is excluded.



Overview

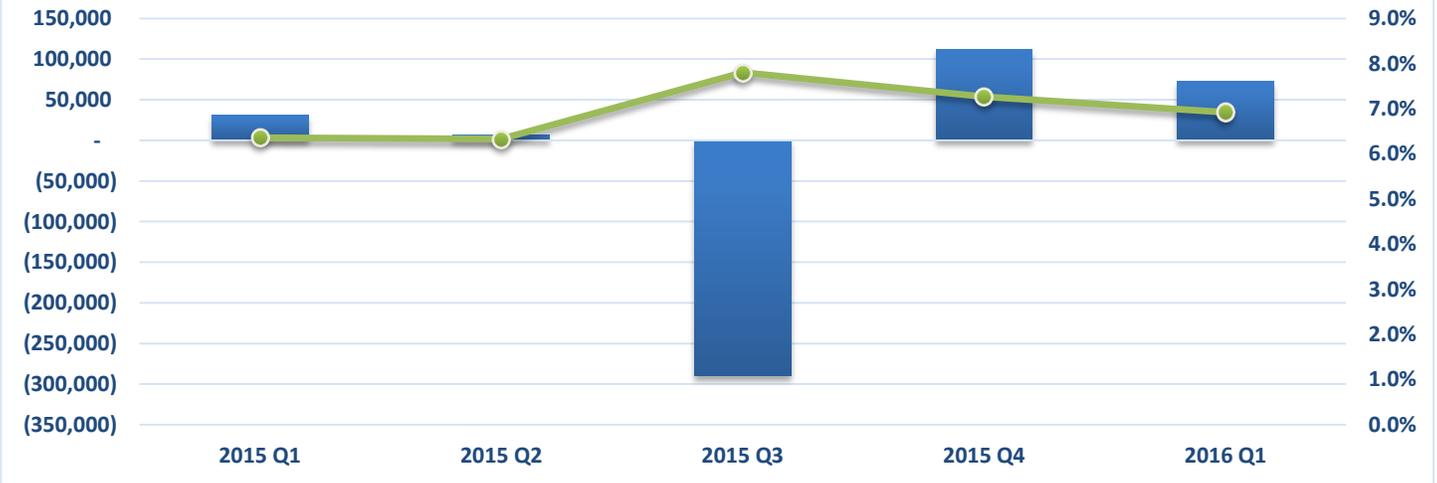
- The Northern Colorado Industrial market experienced another quarter of positive absorption of 72,886 square feet, despite a slow down in overall activity due to lack of desirable product.
- Rental rates are still at all time highs but are beginning to stabilize and there are no significant increases expected in the next 12-16 months.
- Speculative construction is at a near stand-still due to the ever increasing costs of construction. Currently, there is a 12-24 month of lag in construction, which is causing potential tenants to look at other areas.
- Landlords have seen an increase in the quality of tenants due to the higher rent costs. The less credit worthy tenants are being pushed out of the market because Landlords can be more selective in who they rent to.
- Landlords are wanting a minimum lease term of 5 years on older buildings and 7+ year lease terms on new product. Landlord concessions are very rare and most deals are happening at or above asking rates.

	# 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	311	7,166,748	258,172	135,946	1.9%	28,655	28,655
Manufacturing	16	3,171,726	-	-	0.0%	0	0
Bulk Warehouse	85	2,494,013	71,120	52,220	2.1%	42,761	42,761
Flex	89	4,785,191	1,210,234	1,047,502	21.9%	1,470	1,470
Whse/Dist	35	3,502,132	449,781	226,521	6.5%	0	0
Grand Total	536	21,119,810	1,989,307	1,462,189	6.9%	72,886	72,886

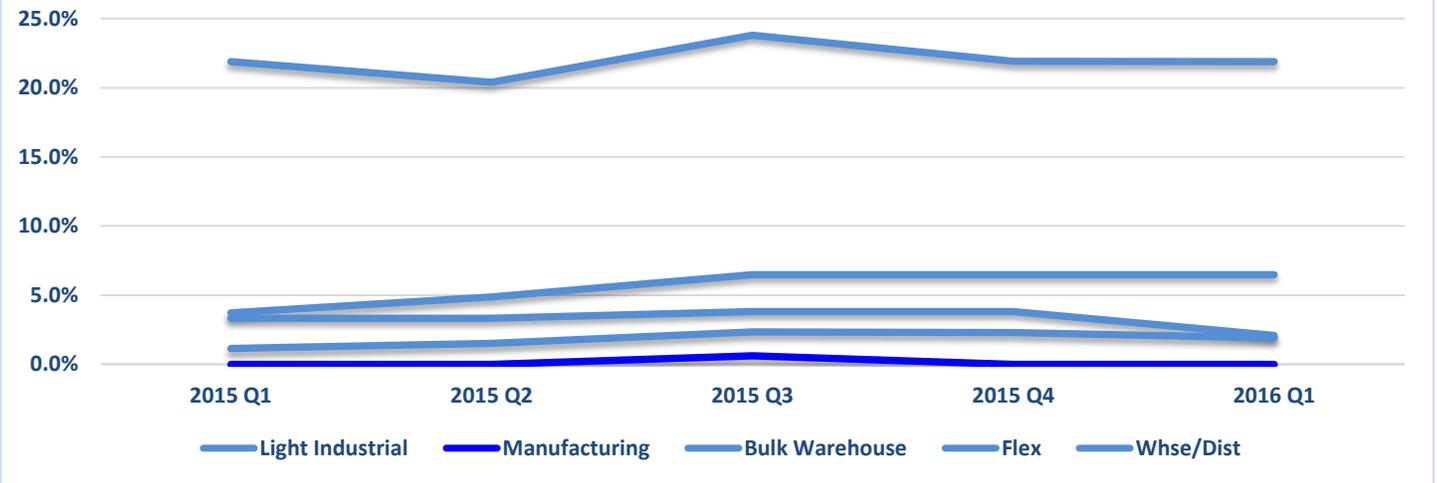
	# of Bldgs	Inventory (SF)	Sum of Direct Available SF	Direct Vacant (SF)	Direct Vacancy Rate (%)	Direct Quarterly Net Absorption (SF)	YTD Direct Net Absorption (SF)
Light Industrial	311	7,166,748	258,172	135,946	1.9%	26,575	26,575
Manufacturing	16	3,171,726	0	0	0.0%	0	0
Bulk Warehouse	85	2,494,013	71,120	52,220	2.1%	42,761	42,761
Flex	89	4,785,191	1,199,157	1,047,502	21.9%	1,470	1,470
Whse/Dist	35	3,502,132	284,156	226,521	6.5%	0	0
Grand Total	536	21,119,810	1,812,605	1,462,189	6.9%	70,806	70,806

	# of Bldgs	Inventory (SF)	Available Sublease (SF)	Sublease Vacant (SF)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (SF)	YTD Sublease Net Absorption (SF)
Light Industrial	311	7,166,748	-	-	0.0%	2,080	2,080
Manufacturing	16	3,171,726	-	-	0.0%	-	-
Bulk Warehouse	85	2,494,013	-	-	0.0%	-	-
Flex	89	4,785,191	11,077	-	0.0%	-	-
Whse/Dist	35	3,502,132	165,625	-	0.0%	-	-
Grand Total	536	21,119,810	176,702	-	0.0%	2,080	2,080

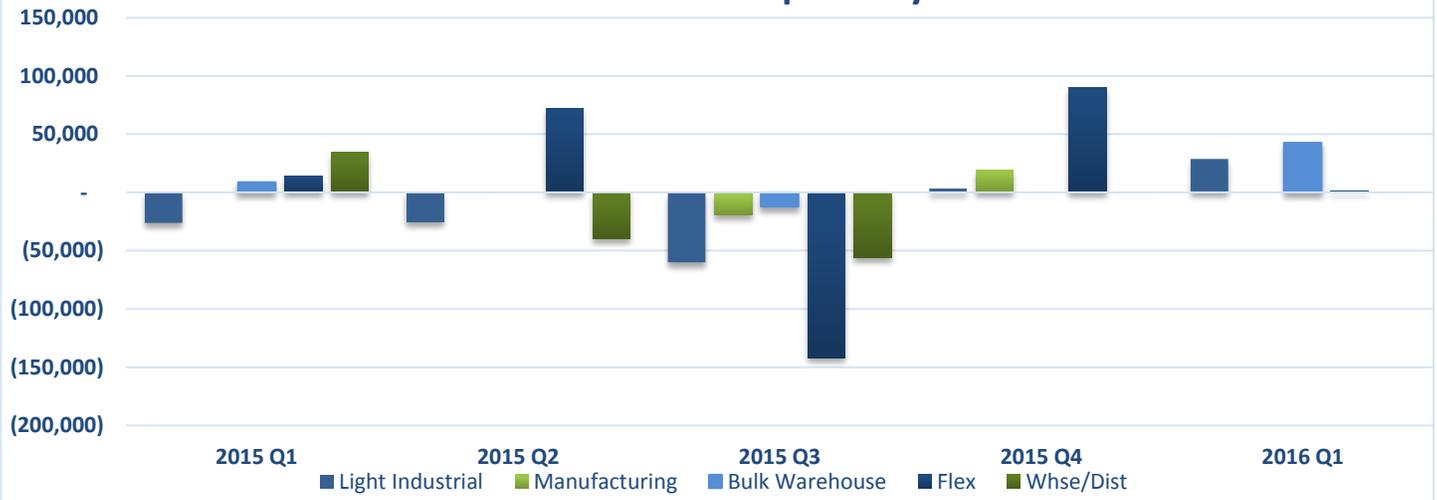
Historical Vacancy Rate & Net Absorption



Historical Vacancy Rates by Use



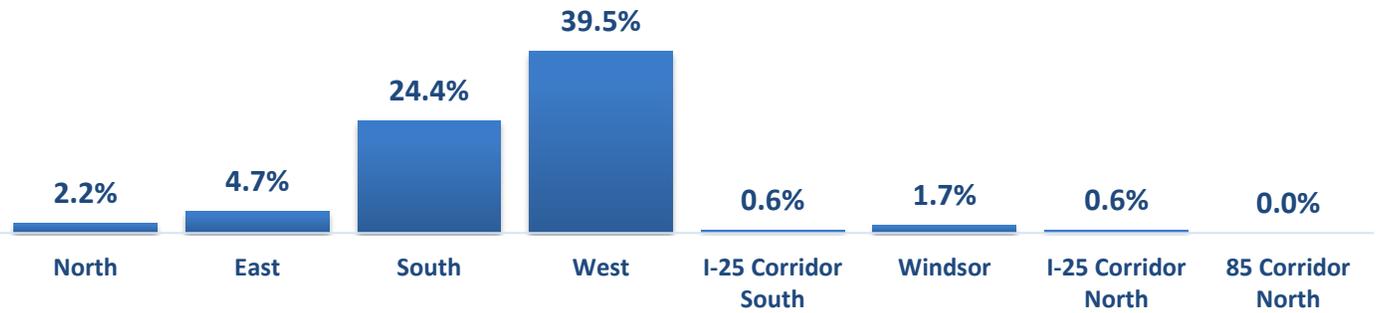
Historical Net Absorption by Use



	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Vacancy Rate (%)	Total Quarterly Absorption	YTD Total Net Absorption (SF)
North	143	3,807,581	83,070	-	2.2%	2,970	2,970
Light Industrial	101	2,144,295	8,295	-	0.4%	1,500	1,500
Manufacturing	2	179,576	-	-	0.0%	-	-
Bulk Warehouse	9	273,340	-	-	0.0%	-	-
Flex	23	816,267	19,973	-	2.4%	1,470	1,470
Whse/Dist	8	394,103	54,802	-	13.9%	-	-
East	82	3,403,190	161,013	-	4.7%	54,994	54,994
Light Industrial	44	1,001,390	4,519	-	0.5%	12,233	12,233
Manufacturing	5	1,008,746	-	-	0.0%	-	-
Bulk Warehouse	26	755,369	26,000	-	3.4%	42,761	42,761
Flex	1	56,530	-	-	0.0%	-	-
Whse/Dist	6	581,155	130,494	-	22.5%	-	-
South	119	3,550,031	867,966	-	24.4%	1,940	1,940
Light Industrial	61	1,432,709	100,102	-	7.0%	1,940	1,940
Manufacturing	1	15,247	-	-	0.0%	-	-
Bulk Warehouse	22	496,869	-	-	0.0%	-	-
Flex	29	1,395,002	726,639	-	52.1%	-	-
Whse/Dist	6	210,204	41,225	-	19.6%	-	-
West	17	702,215	277,605	-	39.5%	-	-
Light Industrial	9	222,705	-	-	0.0%	-	-
Bulk Warehouse	2	85,654	-	-	0.0%	-	-
Flex	6	393,856	277,605	-	70.5%	-	-
I-25 Corridor South	106	4,096,210	26,315	-	0.6%	(6,670)	(6,670)
Light Industrial	61	1,299,797	23,030	-	1.8%	(6,670)	(6,670)
Manufacturing	3	248,632	-	-	0.0%	-	-
Bulk Warehouse	19	563,409	-	-	0.0%	-	-
Flex	14	350,903	3,285	-	0.9%	-	-
Whse/Dist	9	1,633,469	-	-	0.0%	-	-
Windsor	23	1,559,894	26,220	-	1.7%	-	-
Light Industrial	12	415,056	-	-	0.0%	-	-
Manufacturing	2	295,646	-	-	0.0%	-	-
Bulk Warehouse	3	51,470	26,220	-	50.9%	-	-
Flex	5	582,972	-	-	0.0%	-	-
Whse/Dist	1	214,750	-	-	0.0%	-	-
I-25 Corridor North	41	3,627,774	20,000	-	0.6%	19,652	19,652
Light Industrial	21	610,656	-	-	0.0%	19,652	19,652
Manufacturing	3	1,423,879	-	-	0.0%	-	-
Bulk Warehouse	2	34,360	-	-	0.0%	-	-
Flex	11	1,189,661	20,000	-	1.7%	-	-
Whse/Dist	4	369,218	-	-	0.0%	-	-
85 Corridor North	5	372,915	-	-	0.0%	-	-
Light Industrial	2	40,140	-	-	0.0%	-	-
Bulk Warehouse	2	233,542	-	-	0.0%	-	-
Whse/Dist	1	99,233	-	-	0.0%	-	-
Grand Total	536	21,119,810	1,462,189	-	6.9%	72,886	72,886

	Vacancy Rate %					Average Weighted Direct Asking Rate				
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1
North	1.2%	2.3%	2.7%	2.3%	2.2%	\$9.38	\$9.85	\$8.90	\$8.32	\$8.34
Light Industrial	0.4%	1.4%	0.8%	0.5%	0.4%	\$7.40	\$7.81	\$8.00	\$7.71	\$8.05
Manufacturing	-	-	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	4.7%	4.3%	3.7%	2.6%	2.4%	\$9.93	\$10.55	\$10.61	\$10.36	\$10.42
Whse/Dist	-	5.1%	13.9%	13.9%	13.9%	-	-	\$7.63	\$7.12	\$7.12
East	6.0%	6.1%	6.4%	6.3%	4.7%	\$10.60	\$10.67	\$8.81	\$8.82	\$10.85
Light Industrial	0.6%	0.8%	2.0%	1.7%	0.5%	\$9.00	\$9.00	\$5.53	\$5.71	\$9.00
Manufacturing	-	-	-	-	-	-	-	-	-	-
Bulk Warehouse	9.1%	9.1%	9.1%	9.1%	3.4%	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
Flex	-	-	-	-	-	-	-	-	-	-
Whse/Dist	22.5%	22.5%	22.5%	22.5%	22.5%	-	-	-	-	-
South	17.3%	18.1%	24.7%	24.5%	24.4%	\$8.94	\$8.72	\$8.96	\$9.69	\$8.82
Light Industrial	1.9%	3.3%	7.7%	7.1%	7.0%	\$7.55	\$7.73	\$7.55	\$8.04	\$7.64
Manufacturing	-	-	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	\$7.33	-	-	-	-
Flex	42.2%	41.3%	52.1%	52.1%	52.1%	\$9.21	\$8.83	\$9.15	\$9.83	\$8.89
Whse/Dist	-	9.5%	19.6%	19.6%	19.6%	-	-	\$9.00	\$9.00	\$8.95
West	38.7%	38.7%	39.5%	39.5%	39.5%	-	-	-	-	-
Light Industrial	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	69.0%	69.0%	70.5%	70.5%	70.5%	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-	-	-
I-25 Corridor South	1.4%	1.1%	0.5%	0.5%	0.6%	\$9.16	\$8.95	\$8.69	\$8.31	\$9.24
Light Industrial	3.2%	1.5%	1.5%	1.3%	1.8%	\$9.00	\$9.00	\$9.00	-	\$10.60
Manufacturing	-	-	-	-	-	-	-	-	-	-
Bulk Warehouse	2.5%	2.5%	-	-	-	\$7.75	\$7.75	\$8.00	\$7.50	\$7.50
Flex	-	3.8%	0.9%	0.9%	0.9%	\$14.00	\$14.00	\$10.62	\$10.62	\$14.00
Whse/Dist	-	-	-	-	-	-	-	-	-	-
Windsor	4.5%	-	3.0%	1.7%	1.7%	\$10.00	-	-	\$8.00	\$8.50
Light Industrial	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	50.9%	50.9%	50.9%	-	-	-	-	-
Flex	12.0%	-	3.6%	-	-	\$10.00	-	-	\$8.00	\$8.50
Whse/Dist	-	-	-	-	-	-	-	-	-	-
I-25 Corridor North	2.2%	2.3%	2.8%	1.1%	0.6%	\$8.50	\$8.53	\$9.36	\$10.75	\$11.57
Light Industrial	-	0.4%	0.4%	3.2%	-	-	-	\$12.90	\$12.36	\$16.00
Manufacturing	-	-	1.4%	-	-	-	-	\$7.00	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	6.7%	6.7%	6.7%	1.7%	1.7%	\$8.50	\$8.53	\$8.50	\$8.50	\$8.50
Whse/Dist	-	-	-	-	-	-	-	\$7.50	\$7.50	\$7.50
85 Corridor North	-	-	-	-	-	-	-	-	-	-
Light Industrial	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-
Bulk Warehouse	-	-	-	-	-	-	-	-	-	-
Flex	-	-	-	-	-	-	-	-	-	-
Whse/Dist	-	-	-	-	-	-	-	-	-	-
Grand Total	6.4%	6.3%	7.8%	7.3%	6.9%	\$9.06	\$8.85	\$8.99	\$9.50	\$8.95

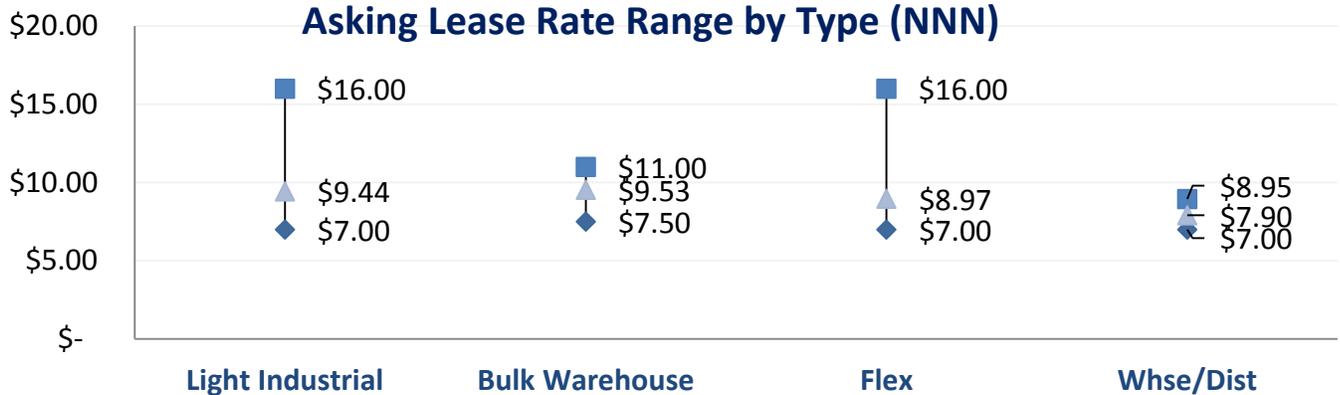
Vacancy Rate by Submarket

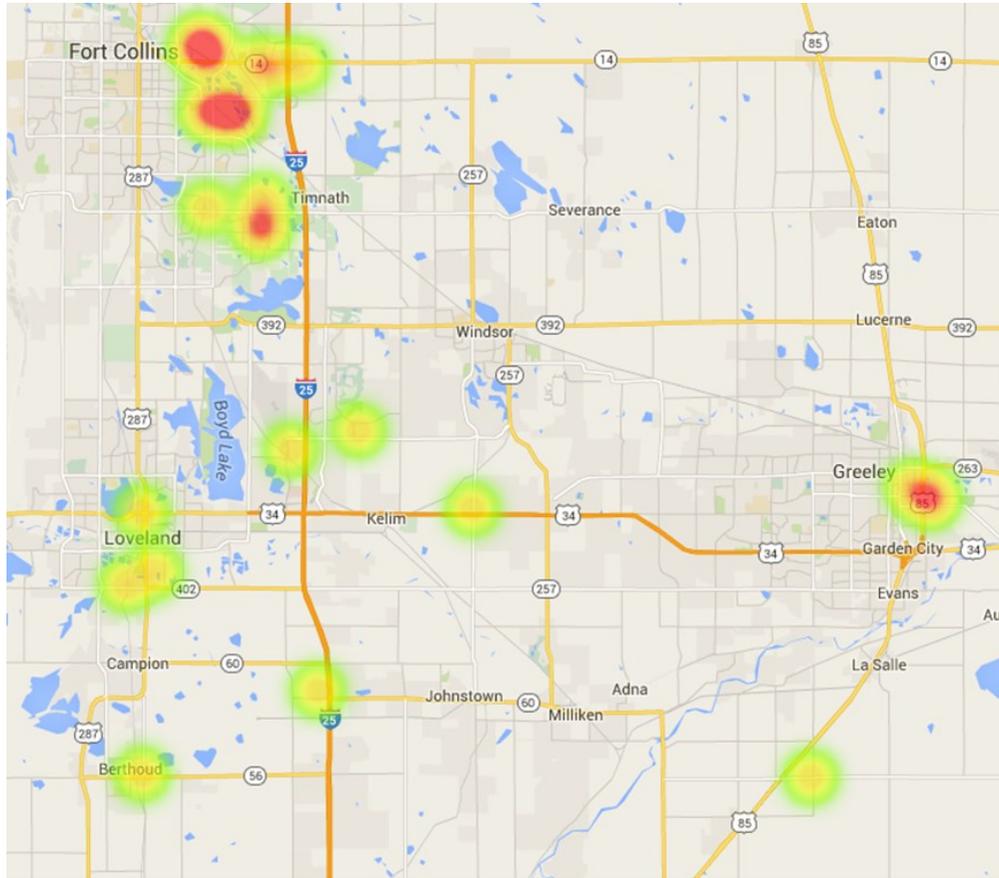


Average Asking Rates by Submarket (NNN)



Asking Lease Rate Range by Type (NNN)

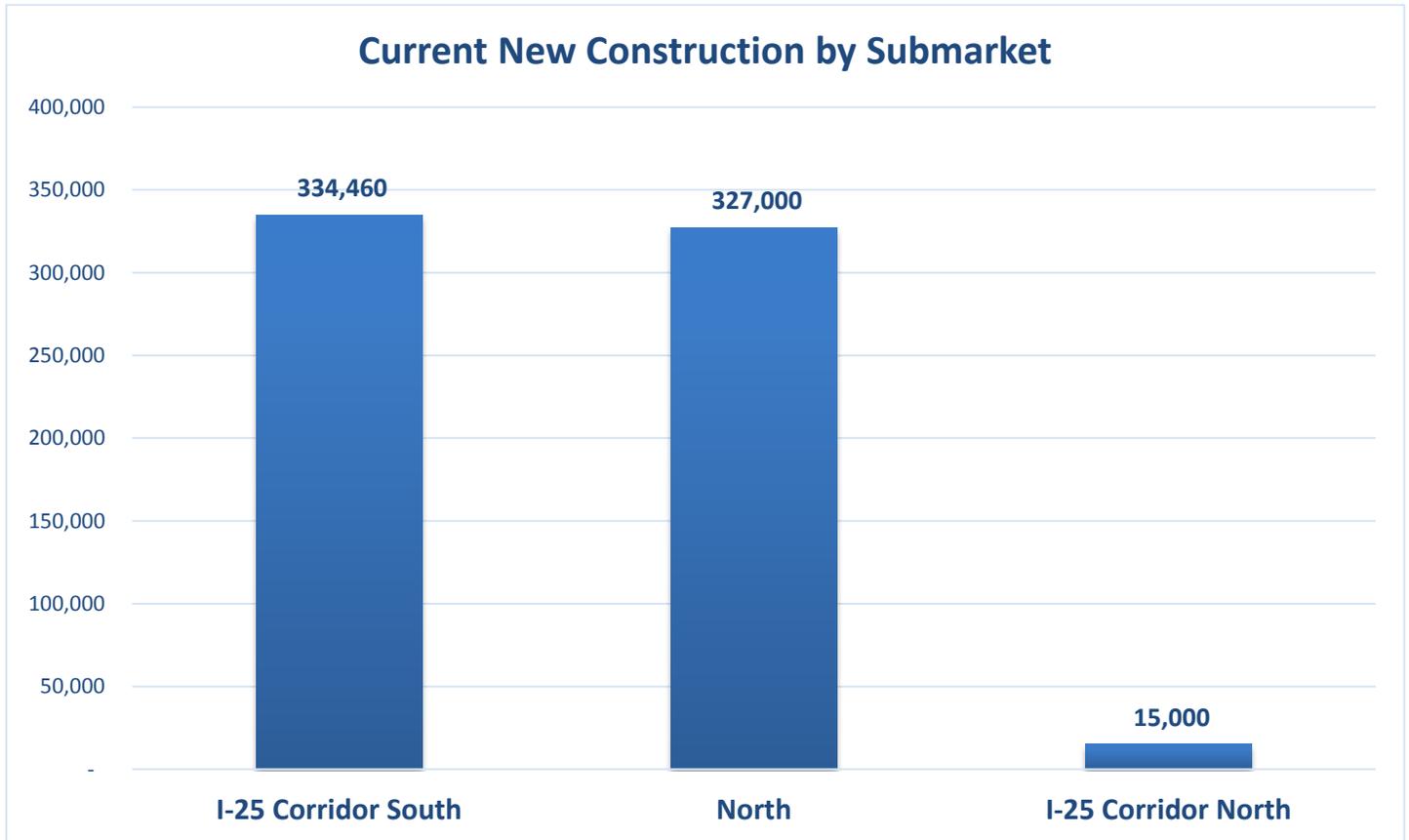




Largest Absorption Changes

Property Name	SF Occupied or Vacated	Tenant Name	Submarket	Specific Use
753 Champion Drive	42,761	Auto Source	Loveland	Bulk Warehouse
3325 S Timberline Road	15,473	Stantech	South	Flex
4563 Denrose Court	13,940	Mill Brothers	I-25 Corridor North	Light Industrial
514 14th Street	12,233	Building Sold to Olando, LLC.	East	Light Industrial
3665 Canal Drive	5,712	Benchmark Electrical	I-25 Corridor North	Light Industrial
604 SE 8th Street	5,400	Big Thompson Automotive	South	Light Industrial
4117 S Valley Drive	(8,750)	Finishing Touch	I-25 Corridor South	Light Industrial

Top Transactions						
Property Name	Sale Price	SF Sold	Buyer	Seller	Submarket	Specific Use
920 N 7th Ave	\$8,500,000	77,677	Mountain States Rosen LLC	Swift Beef Company	East	Warehouse - Cooler/Freezer
1820 14th St SE Bldg 4	\$2,500,000	50,352	Oldcastle Precast Inc	402 East LLC	South	Warehouse - Distribution
1005 N 2nd St	\$2,295,000	25,962	CEM and Associates LLC	Loveland Screw Machine LTD	Berthoud	Light Industrial
710 14th St	\$2,105,000	14,488	City of Loveland	Alistair and Doreen MacDonald	South	Light Industrial
1400 Duff Dr	\$1,850,000	19,328	Weaver Holdings LLC	Balla Investments LLC	North	Light Industrial
4004 Medford Dr	\$1,800,000	44,489	Saddlenotch LLC	Mesa Partners LLC	I-25 Corridor South	Warehouse - Distribution



Northern Colorado	
Brinkman Commercial	Josh Guernsey
CBRE	Peter Kast
Chrisland Commercial RE	Jake Hallauer
	Ryan Schaefer
Cushman & Wakefield	Jared Goodman
	Nate Heckel
LC Real Estate Group	Nate Klein
RealTec	Mark Bradley
	Ron Kuehl
Sperry Van Ness	Steve Kawulok
The Group Inc.	Craig Hau
Wheeler Management Group	Jim Vetting
WW Reynolds	Terri Hanna

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