



Commercial Real Estate

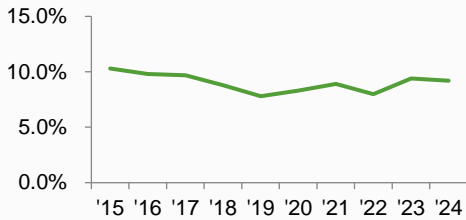
Market Watch

OFFICE MARKET

The Colorado Springs office market showed improvement in 2024, with net absorption turning positive at 70,502 square feet after a steep decline of negative 392,499 square feet in 2023. Vacancy rates decreased slightly to 9.2%, down from 9.4% the prior year and asking rental rates rose to \$17.41 PSF NNN, reflecting continued demand despite ongoing shifts in work models. Key contributions to absorption included 2424 W Garden of the Gods, a hub for defense-related tenants.

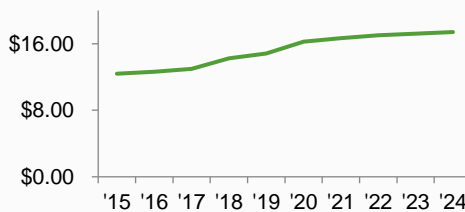
Sales volume in the office sector remains subdued compared to pre-2023 levels, hindered by higher interest rates, economic uncertainty, and evolving office dynamics driven by remote and hybrid work trends. With no new office completions in 2024, developers appear cautious, focusing on adapting to current market conditions rather than expanding supply.

VACANCY RATE

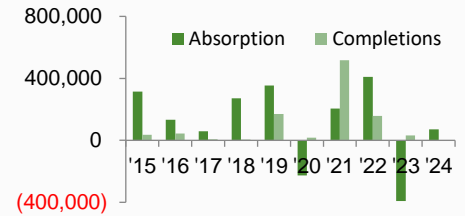


Source: CoStar™

ASKING RENTAL RATES



COMPLETION VS. ABSORPTION

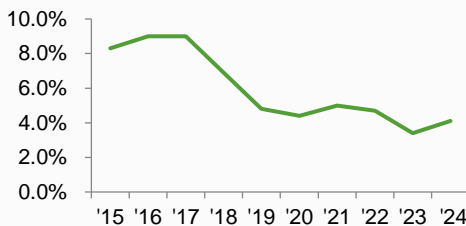


INDUSTRIAL/FLEX MARKET

The Colorado Springs industrial/flex market saw positive net absorption in 2024 though it was down from year-end 2023 at 191,769 square feet versus 474,106 square feet respectively. At the same time, there were new industrial developments adding 507,060 square feet to the market, the highest completion figure since 2021. The new deliveries contributed to a slight increase in the vacancy rate to 4.1%, up from 3.4% at the end of 2023, but well below historical averages. Average asking rents climbed to \$11.11 PSF NNN, continuing a steady upward trend driven by tenant demand and rising costs of construction.

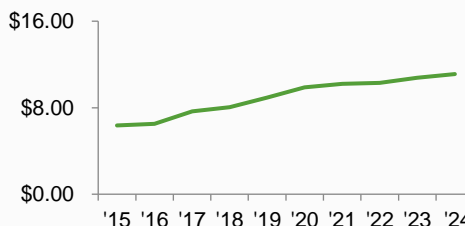
Though sales volume remained relatively low due mainly to higher interest rates, industrial/flex properties are expected to remain a key growth area in Colorado Springs heading into 2025.

VACANCY RATE

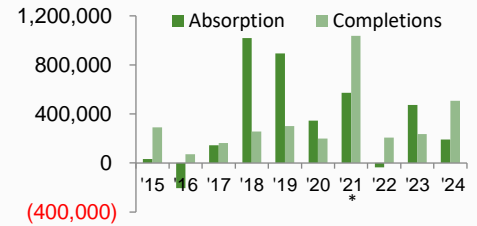


Source: CoStar™

ASKING RENTAL RATES



COMPLETION VS. ABSORPTION



* 2021 Figures exclude 4 Million SF Amazon Distribution Center



RUSSELL STROUD, CCIM
Principal | 719.238.8695
rstroud@sococre.com



MARY FRANCES COWAN, CCIM
Principal | 719.337.1500
mcowan@sococre.com

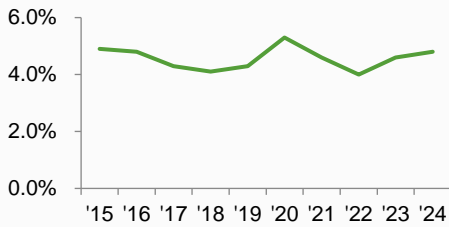
SOCO Commercial Real Estate **Market Watch**

RETAIL MARKET

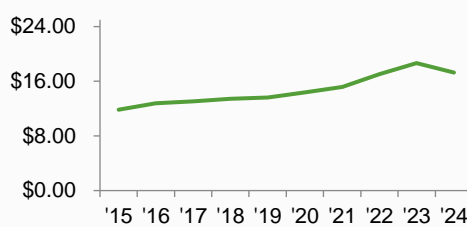
The retail vacancy rate in Colorado Springs increased slightly to 4.8% at the end of 2024, up from 4.6% at the end of 2023. This shift reflects a minor softening in tenant demand despite ongoing activity in high-growth areas such as Interquest and Northgate. Asking rental rates declined to \$17.27 per square foot from \$18.66 at the close of 2023, marking the first notable dip in years after consistent growth. Net absorption in 2024 turned negative at (2,721) square feet. With the election over and confidence in sustained economic growth in Colorado Springs, Tenant demand will increase, and leasing should gain momentum in 2025.

There is sustained demand from buyers for well-located retail assets in high growth areas. Smaller, private investors continue to target single-tenant net leased retail properties with long-term leases backed by corporate credit. Buyers frequently seek retail assets under \$5 million for 1031 exchanges. These buyers have cash and are typically less reliant on debt. Cap rates for single tenant retail assets with long-term credit tenants can often be less than 6%. Average cap rates for newer retail assets averaged 6.7%. Look for 2025 to be a good year for retail leasing and sales as our market fundamentals remain strong and population growth continues.

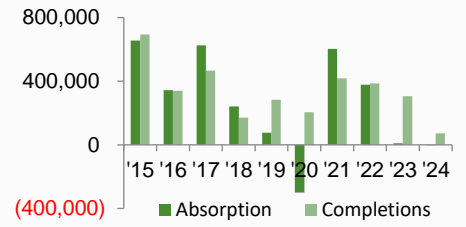
VACANCY RATE



ASKING RENTAL RATES



COMPLETION VS. ABSORPTION



Source: CoStar™

INVESTMENT MARKET

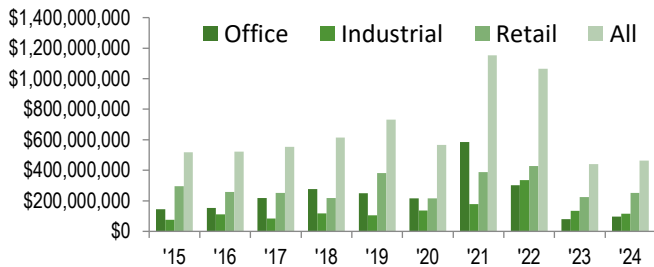
Sales volume in Colorado Springs remained subdued through 2024 totaling 463.4 million for office, industrial and retail assets. This was a slight increase from \$440 million in 2023 but far below the \$1.06 billion recorded in 2022. The per square foot prices of retail and office assets increased slightly while industrial assets declined to \$173.57 per square foot, a 5.6% decrease over 2023. Sales were \$198 million for multifamily in the last quarter of 2024 and included the sale of Apex Apartments, 360 units, and Outlook West Mesa, 312 units.

Cap rates vary widely depending on type of asset, age of property and location. Cap rates for newer, well located

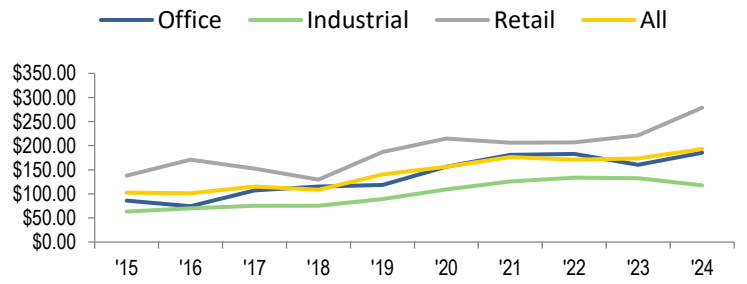
multifamily properties with over 100 units averaged 5.24%. Office, retail and industrial cap rates averaged 7.75% in the fourth quarter of 2024 with cap rates over 8% for older properties with higher vacancies. Single tenant net leased properties with long-term credit leases averaged 5.5%.

The Milken Institute recently ranked Colorado Springs as the 5th best-performing city in the US based on balanced economic growth and robust job market. With the election over, activity from investors has already increased in early 2025. Expect an increase in investor activity in Colorado Springs in 2025 with investors focusing on well-located assets that provide targeted investment returns or discounted assets with significant upside potential.

PROPERTY SALES VOLUME



AVERAGE PRICE PER SQUARE FOOT



Source: CoStar™

2024 KEY TRANSACTIONS

Retail – 52,269 SF
 Valli Hi Shopping Center
 405-525 S Circle Dr
 Sale Price: \$5,300,000 (\$101.59 PSF)

Office (Medical) – 118,367 SF
 Sisters Grove Pavilion
 6011 E Woodmen Rd
 Sale Price: \$31,200,000 (\$268.12 PSF)

Industrial/Flex (Telecom) – 249,958 SF
 311 S Rockrimmon Blvd
 Sale Price: \$13,200,000 (\$52.81 PSF)

©2025 SOCO COMMERCIAL REAL ESTATE, LLC. THE INFORMATION CONTAINED HEREIN WAS OBTAINED FROM SOURCES BELIEVED TO BE RELIABLE, HOWEVER, SOCO COMMERCIAL REAL ESTATE, LLC MAKES NO GUARANTEES, WARRANTIES, OR REPRESENTATIONS AS TO THE COMPLETENESS OR ACCURACY THEREOF.