

Northern Colorado

3rd Quarter 2015

INDUSTRIAL

Market Trends

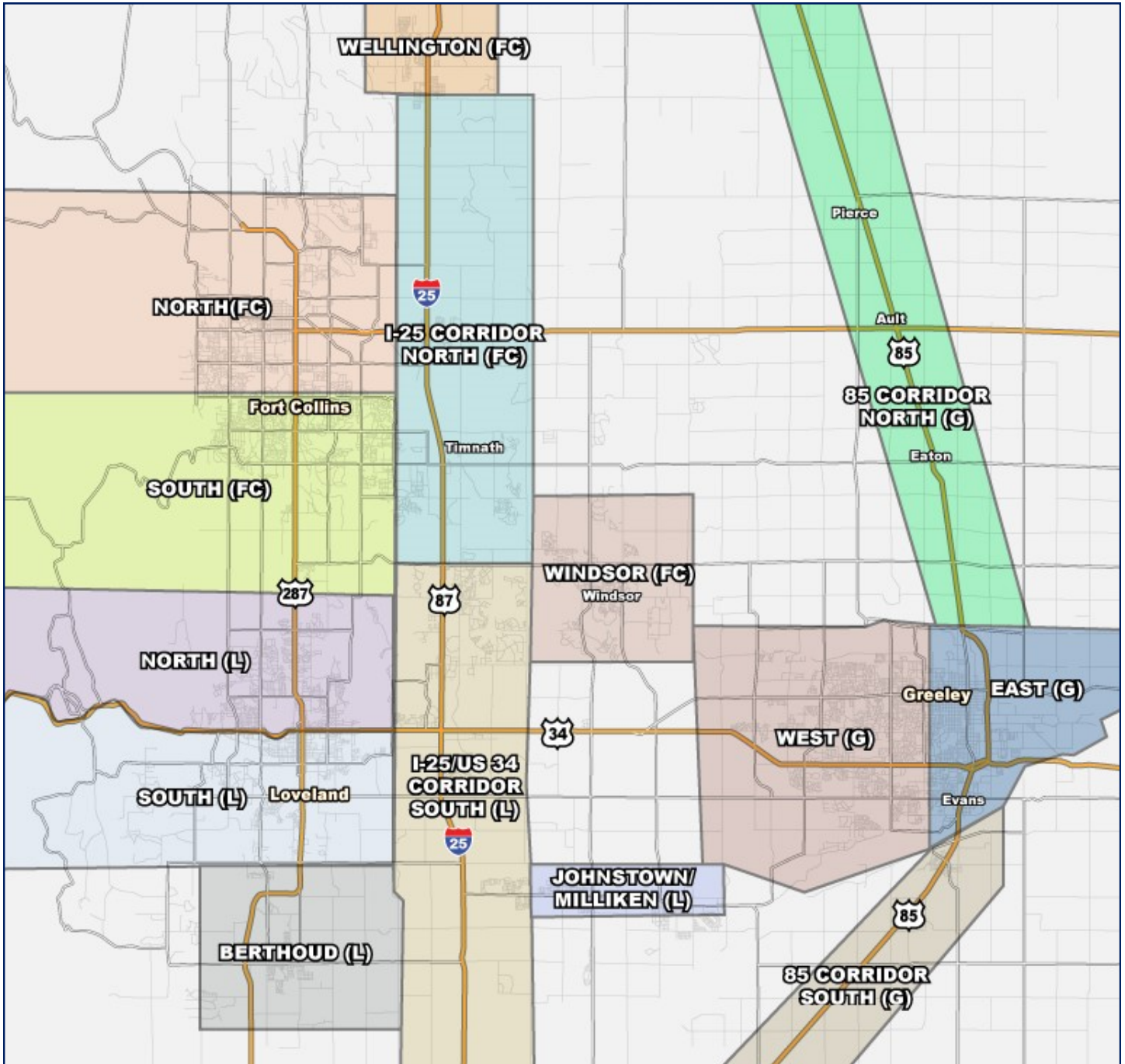


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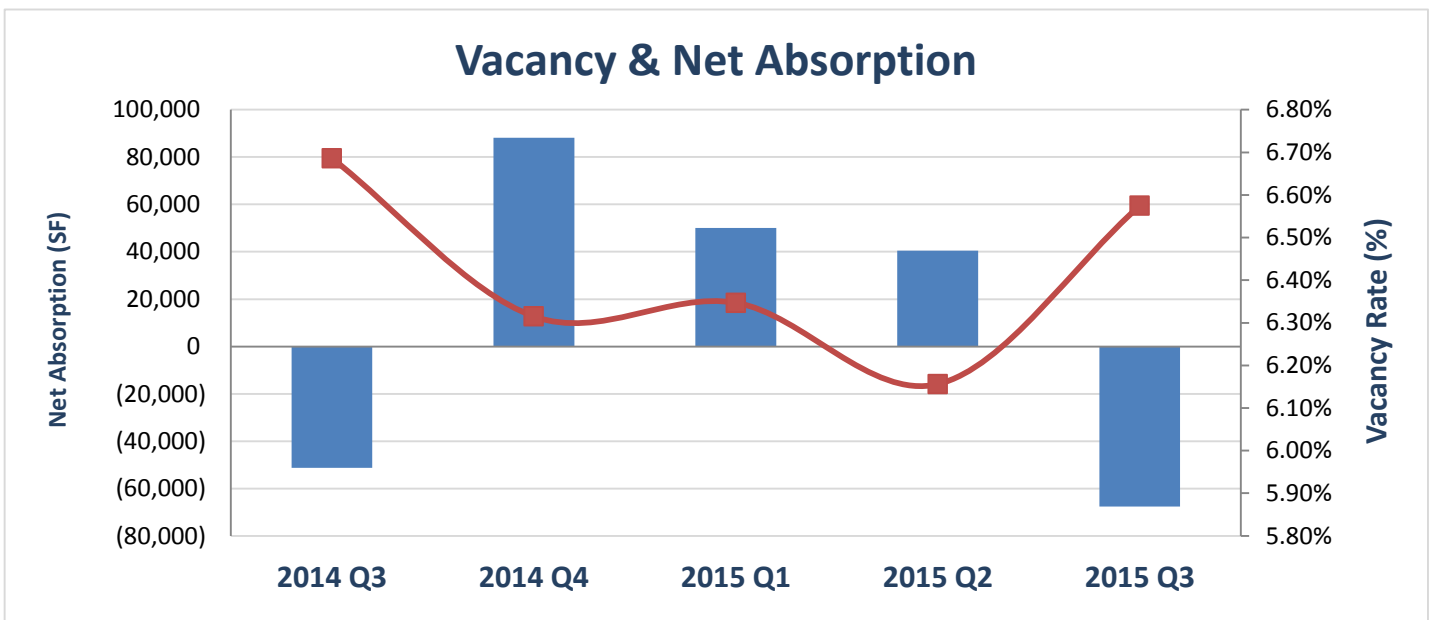
Table of Contents/Methodology of Tracked Set	2
Northern Colorado Industrial Market Map	3
Q3 2015 Overview	4
Overview by Submarket/ Building Type	5
Vacancy & Lease Rates	6
Available Space	7
Notable Transactions	8
Vacancy & Absorption	9
Xceligent Northern Colorado Contact	10

The Northern Colorado tracked set consists of an inventory of buildings considered to be competitive within the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

Investment Grade Properties	Hard wall construction, greater than 100,000 SF, built since 1995. They have a clear height of 28’ or greater and are fully sprinklered.
Inventory	The total square feet of all existing single and multi tenant industrial properties greater than 10,000 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 all of the vacant square footage within a building, including both direct and sublease space.
Direct Vacant SF	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Sublease SF	Space that is offered for lease by a current tenant, or his agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.



- Vacancy in the Northern Colorado industrial market increased slightly for the first time in the past four quarters, with a 6.6% total vacancy rate at the close of third quarter.
- Rental rates have stabilized, but are expected to remain on the high side for the next 18-24 months.
- There is a lack of buildings in the 30,000 - 40,000 square foot range, and there is not enough new product that is under construction to help balance out this demand.
- The Northern Colorado market has seen a lot of movement in Flex product during the quarter. Multiple users have moved into their own facilities, leaving a significant amount of Flex product vacant.
- Oil prices are slowing and pipeline construction costs are increasing which has created a slow down in the Oil & Gas industry.



Market Overview by Building Type

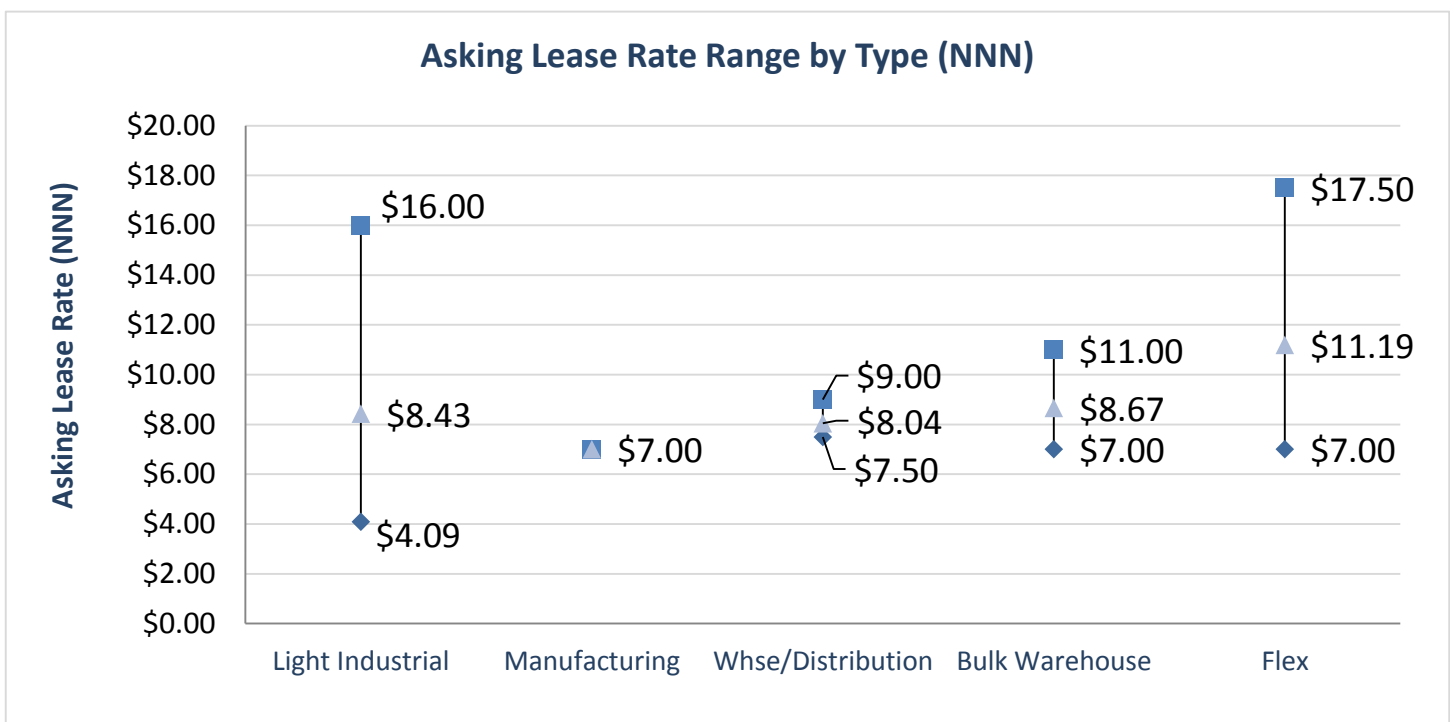
Overall Market	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Direct Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
Light Industrial	270	6,306,626	248,201	43,631	0.7%	235,530	43,631	0.7%	12,671	13,557	(1,830)
Manufacturing	18	4,168,149	19,500	0	0.0%	19,500	0	0.0%	0	0	0
Whse/Distribution	32	3,293,547	262,931	185,494	5.6%	262,931	185,494	5.6%	0	0	(5,198)
Bulk Warehouse	87	2,554,828	106,561	68,761	2.7%	106,561	68,761	2.7%	0	13,950	22,683
Flex	81	4,847,471	1,273,836	1,094,037	22.6%	1,226,078	1,094,037	22.6%	47,758	(95,148)	10,019
Grand Total	488	21,170,621	1,911,029	1,391,923	6.6%	1,850,600	1,391,923	6.6%	60,429	(67,641)	25,674

Overview by Submarket/ Building Type

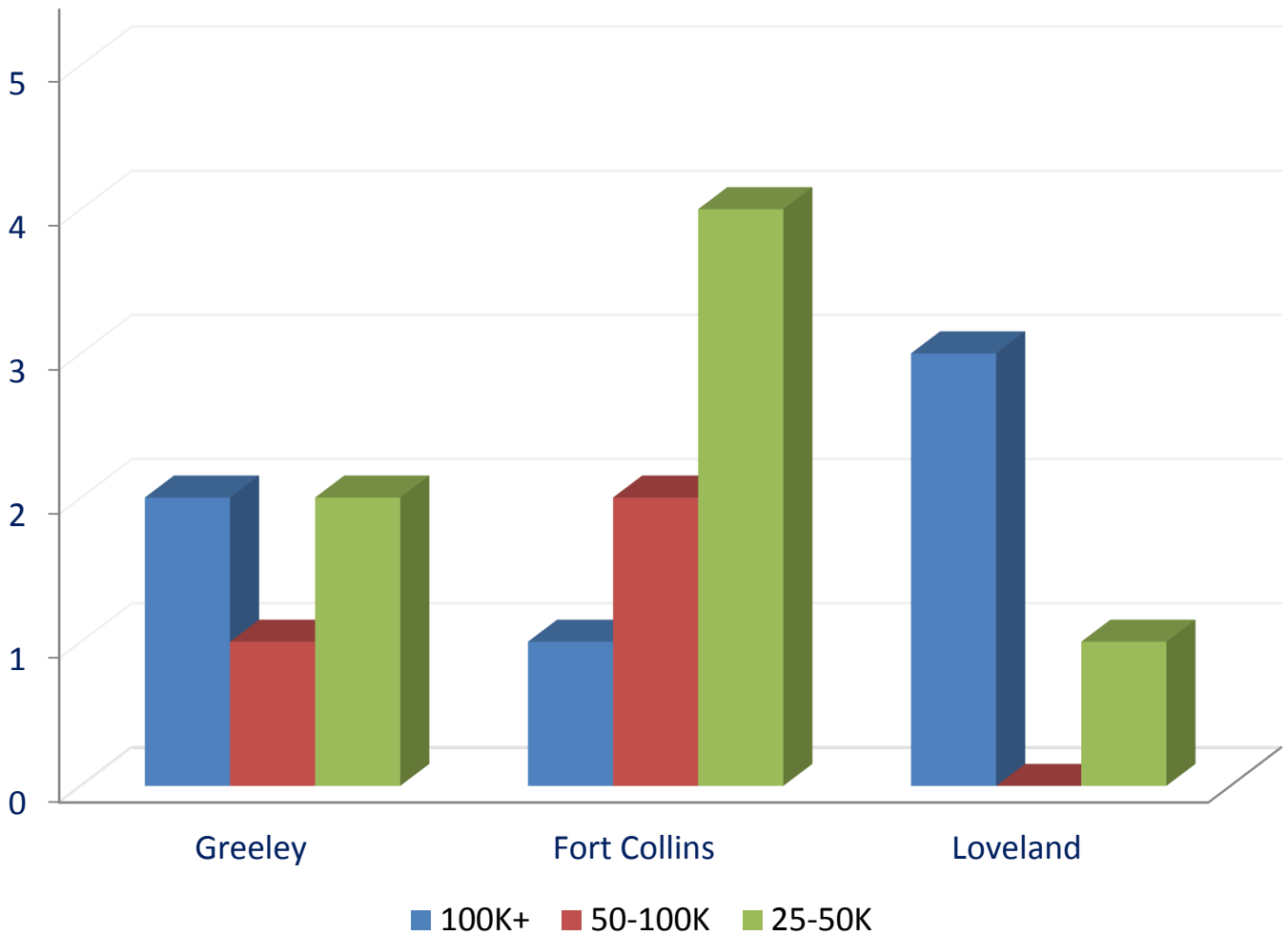


	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Direct Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
Fort Collins	223	9,775,664	656,276	349,958	3.6%	608,518	349,958	3.6%	47,758	(86,143)	7,079
Light Industrial	129	3,109,776	126,705	5,694	0.2%	126,705	5,694	0.2%	0	14,790	5,678
Manufacturing	5	1,719,525	19,500	0	0.0%	19,500	0	0.0%	0	0	0
Whse/Distribution	18	1,163,275	97,817	40,000	3.4%	97,817	40,000	3.4%	0	0	(5,198)
Bulk Warehouse	15	360,533	42,761	42,761	11.9%	42,761	42,761	11.9%	0	0	0
Flex	56	3,422,555	369,493	261,503	7.6%	321,735	261,503	7.6%	47,758	(100,933)	6,599
Greeley	107	5,519,647	544,784	460,240	8.3%	544,784	460,240	8.3%	0	(8,600)	(10,700)
Light Industrial	56	1,309,475	19,925	16,925	1.3%	19,925	16,925	1.3%	0	(8,600)	(10,700)
Manufacturing	7	2,005,169	0	0	0.0%	0	0	0.0%	0	0	0
Whse/Distribution	7	680,388	165,114	145,494	21.4%	165,114	145,494	21.4%	0	0	0
Bulk Warehouse	30	1,074,229	26,000	26,000	2.4%	26,000	26,000	2.4%	0	0	0
Flex	7	450,386	333,745	271,821	60.4%	333,745	271,821	60.4%	0	0	0
Loveland	158	5,875,310	709,969	581,725	9.9%	697,298	581,725	9.9%	12,671	27,102	29,295
Light Industrial	85	1,887,375	101,571	21,012	1.1%	88,900	21,012	1.1%	12,671	7,367	3,192
Manufacturing	6	443,455	0	0	0.0%	0	0	0.0%	0	0	0
Whse/Distribution	7	1,449,884	0	0	0.0%	0	0	0.0%	0	0	0
Bulk Warehouse	42	1,120,066	37,800	0	0.0%	37,800	0	0.0%	0	13,950	22,683
Flex	18	974,530	570,598	560,713	57.5%	570,598	560,713	57.5%	0	5,785	3,420
Grand Total	488	21,170,621	1,911,029	1,391,923	6.6%	1,850,600	1,391,923	6.6%	60,429	(67,641)	25,674

	Direct Vacancy Rate %					Asking Direct Lease Rate (NNN)				
	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
Fort Collins	2.83%	2.70%	2.58%	2.36%	3.58%	\$8.08	\$8.43	\$8.90	\$8.29	\$9.43
Light Industrial	0.15%	0.28%	0.25%	0.66%	0.18%	\$7.04	\$7.09	\$6.89	\$7.05	\$9.18
Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$7.00
Whse/Distribution	0.00%	0.00%	0.00%	3.44%	3.44%	\$6.25	\$6.25	\$0.00	\$0.00	\$7.97
Bulk Warehouse	11.86%	11.86%	11.86%	11.86%	11.86%	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
Flex	6.71%	6.21%	5.90%	3.71%	7.64%	\$8.84	\$9.39	\$9.86	\$8.87	\$12.17
Greeley	9.39%	8.14%	8.14%	8.18%	8.34%	\$4.04	\$3.25	\$3.65	\$3.57	\$8.81
Light Industrial	1.74%	0.48%	0.48%	0.64%	1.29%	\$8.19	\$0.00	\$9.00	\$9.00	\$5.53
Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Whse/Distribution	21.38%	21.38%	21.38%	21.38%	21.38%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bulk Warehouse	2.42%	2.42%	2.42%	2.42%	2.42%	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
Flex	71.88%	60.35%	60.35%	60.35%	60.35%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Loveland	10.56%	10.40%	10.71%	10.36%	9.90%	\$8.83	\$8.84	\$8.93	\$8.97	\$8.94
Light Industrial	1.79%	1.28%	2.71%	1.50%	1.11%	\$8.20	\$8.01	\$8.56	\$8.54	\$8.11
Manufacturing	0.00%	0.00%	0.00%	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Whse/Distribution	0.00%	0.00%	0.00%	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bulk Warehouse	2.03%	2.03%	1.25%	1.25%	0.00%	\$7.28	\$7.44	\$7.44	\$7.75	\$8.00
Flex	57.89%	57.89%	57.89%	58.13%	57.54%	\$9.01	\$9.04	\$9.11	\$9.03	\$9.07
Grand Total	6.69%	6.26%	6.29%	6.10%	6.57%	\$8.13	\$8.27	\$8.47	\$8.27	\$9.09



Largest Blocks of Available Space



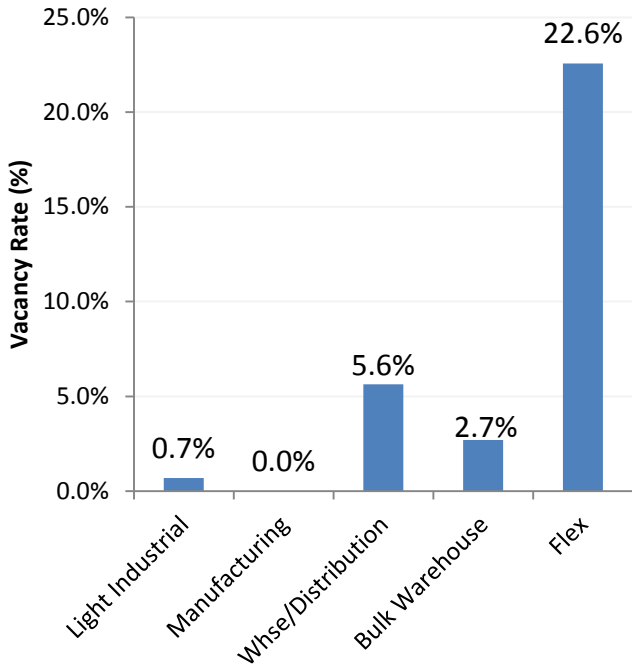
Historical Blocks of Space

Quarter	100K+	50-100K	25-50K
2014 Q3	6	4	9
2014 Q4	6	3	10
2015 Q1	5	3	7
2015 Q2	5	3	6
2015 Q3	6	3	7

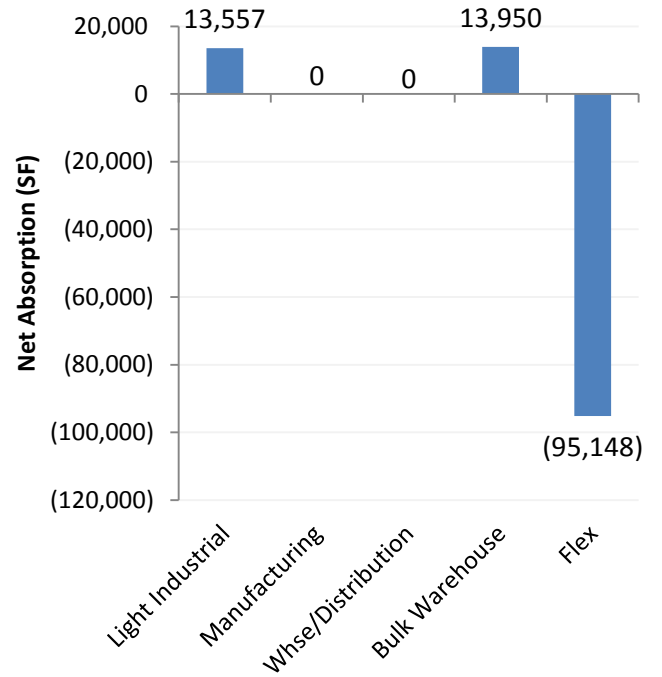
Key Lease Transactions				
Property Name	SF Leased	Company Name	Market	Type
4424-4430 Innovation Dr	91,884	Advanced Energy	South	Flex/R&D
1415 Blue Spruce Dr	10,000	Toddy	North	Light Industrial
1106 Boise Ave	10,000	Denver Post	South	Light Industrial
600 Lone Tree Cir	8,000	Hall Trucking	85 Corridor North	Light Industrial

Key Sale Transactions				
Property Name	SF Sold	Company Name	Market	Type
3800 Clydesdale Pkwy	115,778	Anheuser-Busch LLC	I-25 Corridor South	Warehouse
1830 Laporte Ave Bldg A	108,555	Salud Health Center LLC	North	Light Industrial
3325 S Timberline Rd	41,890	RPM Timberline TNC LLC	South	Flex/R&D
1531 E 11th St	22,530	Frontier Group LLC et al	South	Light Industrial

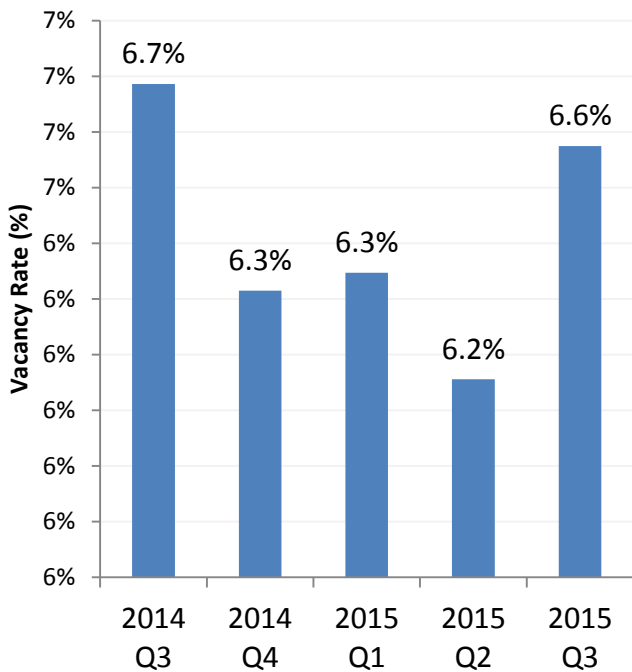
Vacancy Rate by Type



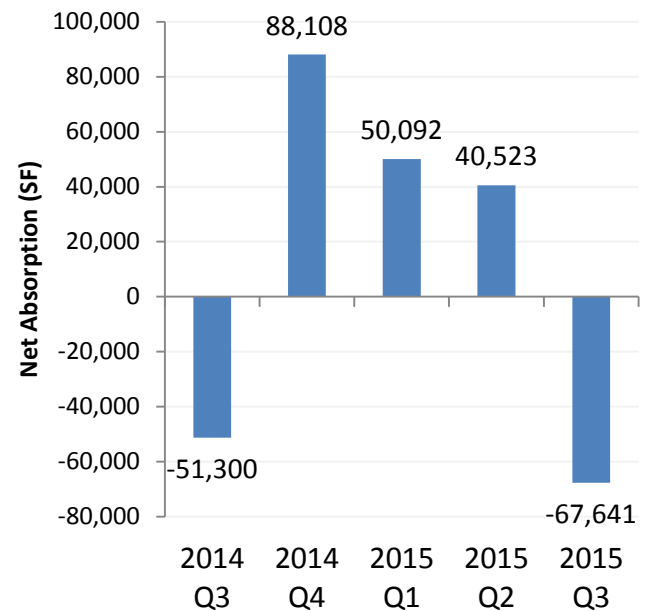
Net Absorption by Type



Vacancy Rate by Quarter



Net Absorption by Quarter



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.

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