

Q1 2016

# DENVER INDUSTRIAL MARKET REPORT



## INDUSTRIAL SALES ACTIVITY

The number of industrial building sales fell during the first quarter 2016 in comparison to the fourth quarter 2015.\* During the fourth quarter the Denver market experienced 50 buildings that sold totaling 2,301,813 square feet and averaged \$93.77 per square foot. This compares to 53 sale transactions totaling \$228,334,716 in the third quarter with a total square footage of 3,148,836 for an average price per square foot of \$72.51.

The total industrial building sale activity fell in 2015 compared to the activity reported in 2014. As a whole, during 2015 the industrial market experienced 192 sale transactions with a total sales volume of \$802,420,043. The price per square foot averaged \$78.13 compared to \$66.13 the previous year.

Overall cap rates have decreased in 2015, having an average of 7.68%, compared to the same period in 2014 when they averaged 8.01%. One of the largest Q1 industrial sales in Denver for Unique Properties is the sale of 4375 Brighton Boulevard which sold for \$3,500,000 in February 2016.



\*sales of 15,000 s.f. or larger

## FIRST QUARTER 2016

### Industrial overview

The overall Denver industrial vacancy rate ended the first quarter at 4.3%, a slight decrease from the 4.4% vacancy reported the previous quarter. More specifically, industrial-flex projects and warehouse projects both experienced a slight decrease in vacancy from the fourth quarter 2015. Vacant sublease space decreased, ending at 742,529 square feet. Rental rates ended at \$8.16, an increase over the fourth quarter 2015. Currently there are 4,812,543 square feet of industrial buildings under construction in the market, having had a total of eight buildings delivered to the market totaling 462,675 square feet during Q1 2016.

The overall Denver industrial market had positive absorption of 746,744 square feet during Q1 2016. This compares to last quarter's negative absorption of 393,974 square feet.

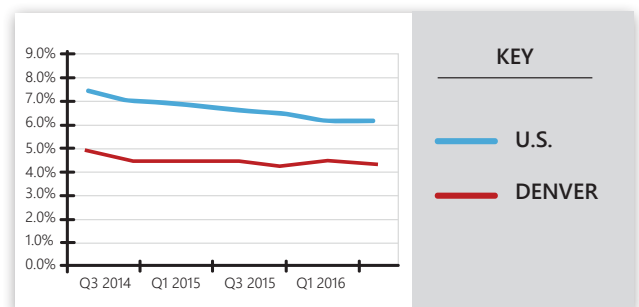
First quarter rental rates were reported at \$8.16, an increase over the previous quarter. This represented a 2.3% increase in rental rates from the year-end numbers reported in Q4 2015.

Source: CoStar

## DENVER | VACANCY

PERIOD	INDUSTRIAL VACANCY %	FLEX VACANCY %	WAREHOUSE VACANCY %	NET ABSORPTION
Q2 2015	4.4 %	10.9 %	3.0%	712,289 SF
Q3 2015	4.1 %	10.1 %	2.9%	899,068 SF
Q4 2015	4.4 %	9.5%	3.3%	(393,974 SF)
Q1 2016	4.3 %	9.4%	3.2%	746,744 SF

## U.S. INDUSTRIAL VACANCY COMPARISON



## TOTAL INDUSTRIAL MARKET STATISTICS

Q1 2016

MARKET	EXISTING INVENTORY		VACANCY			YTD NET ABSORPTION	YTD DELIVERIES	UNDER CONST SF	QUOTED RATES
	#BLDGS	TOTAL RBA	DIRECT SF	TOTAL SF	VAC %				
Aurora Ind	100	2,374,742	260,818	266,919	11.2%	(10,112)	0	0	\$7.85
Boulder Ind	484	15,206,004	593,663	624,525	4.1%	80,452	10,190	35,000	\$12.16
Broomfield Ind	148	4,347,499	195,511	195,511	4.5%	47,229	0	0	\$8.75
Central Ind	678	12,795,747	262,852	312,777	2.4%	(35,077)	0	0	\$6.74
Clear Creek County Ind	9	125,233	14,655	14,655	11.7%	5,000	5,000	0	\$10.24
East I-70/Montbello Ind	1,398	76,067,077	2,162,910	2,585,536	3.4%	98,282	0	2,774,300	\$5.89
Elbert County Ind	13	112,688	4,000	4,000	3.5%	(4,000)	0	0	\$6.21
Fort Collins/Loveland Ind	853	19,174,260	1,379,145	1,399,145	7.3%	347,577	303,000	147,333	\$9.02
Gilpin County Ind	3	17,306	0	0	0.0%	0	0	0	\$0.00
Glendale Ind	152	2,697,940	64,778	64,778	2.4%	14,780	0	0	\$6.80
Longmont Ind	231	6,538,655	1,006,279	1,006,279	15.4%	123,542	0	0	\$7.92
North Central Ind	900	20,076,270	480,567	507,107	2.5%	(63,795)	0	0	\$8.74
North Denver Ind	261	8,201,611	552,027	552,027	6.7%	3,052	0	43,025	\$10.22
Northwest Denver Ind	695	18,350,755	1,341,471	1,361,471	7.4%	43,688	61,870	896,128	\$7.62
Northwest Denver Ind	681	18,372,584	739,237	857,523	4.7%	(21,892)	0	377,552	\$7.64
Park County Ind	14	92,071	19,250	19,250	20.9%	17,496	0	0	\$15.00
Parker/Castle Rock Ind	108	1,264,804	61,528	61,528	4.9%	(28,572)	0	0	\$11.09
South Central Ind	980	14,540,372	254,752	256,202	1.8%	(93,397)	0	0	\$7.91
Southeast Denver Ind	517	16,891,785	896,225	933,389	5.5%	71,270	0	107,000	\$10.12
Southwest Denver Ind	529	10,851,783	232,651	236,651	2.2%	34,985	33,500	0	\$9.51
Weld County Ind	1,023	22,859,499	881,987	881,987	3.9%	(27,814)	18,700	12,792	\$7.77
West Denver Ind	521	19,849,738	262,190	267,765	1.3%	144,050	30,415	419,413	\$8.73
<b>Totals</b>	<b>10,298</b>	<b>290,808,423</b>	<b>11,666,496</b>	<b>12,409,025</b>	<b>4.3%</b>	<b>746,744</b>	<b>462,675</b>	<b>4,812,543</b>	<b>\$8.16</b>

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2016 1q	10,298	290,808,423	11,666,496	12,409,025	4.3%	746,744	8	462,675	35	4,812,543	\$8.16
2015 4q	10,290	290,345,748	11,460,755	12,693,094	4.4%	(393,974)	8	308,517	34	4,475,511	\$7.98
2015 3q	10,283	290,087,231	10,945,852	12,040,603	4.2%	899,068	2	355,840	29	2,861,198	\$7.82
2015 2q	10,283	289,755,894	11,550,662	12,608,334	4.4%	712,289	7	683,691	17	1,684,971	\$7.70
2015 1q	10,277	289,086,630	11,609,755	12,651,359	4.4%	599,545	3	580,308	17	1,873,492	\$7.57
2014	10,274	288,506,322	11,645,182	12,670,596	4.4%	7,395,735	46	3,869,165	12	1,972,261	\$7.27
2013	10,242	285,008,063	15,312,482	16,568,072	5.8%	4,346,079	20	2,129,008	34	2,743,924	\$6.70
2012	10,242	286,064,270	20,335,586	21,970,358	7.7%	3,550,630	21	830,026	13	1,861,309	\$5.98
2011	10,232	285,798,101	24,009,131	25,254,819	8.8%	(552,732)	13	398,572	11	897,332	\$5.89
2010	10,224	285,556,097	22,793,383	24,460,083	8.6%	2,583,443	26	1,320,621	8	167,922	\$5.98
2009	10,199	284,238,541	23,884,127	25,725,970	9.1%	(1,034,630)	25	742,517	19	1,227,876	\$6.14
2008	10,177	283,523,224	22,635,306	23,976,023	8.5%	959,522	115	4,689,991	22	669,114	\$6.44
2007	10,073	281,245,077	21,889,430	22,657,398	8.1%	4,905,153	93	3,990,787	76	2,906,838	\$6.21
2006	9,984	277,518,027	22,739,697	23,835,501	8.6%	4,515,514	110	3,719,765	66	3,561,804	\$6.04
2005	9,878	273,847,337	23,761,792	24,680,325	9.0%	4,552,923	132	2,878,742	72	2,279,004	\$5.88
2004	9,751	271,384,086	25,018,648	26,769,997	9.9%	4,231,006	99	4,036,904	95	2,287,971	\$5.97

Source: CoStar

## FEATURED Q1 INDUSTRIAL SALE TRANSACTION

Unique Properties Transactions

8101 E. 40th Ave.



DENVER

PRICE: \$3,375,000

SIZE: 18,158 SF

704-706 Sierra Madre



COLORADO SPRINGS

PRICE: \$2,390,000

SIZE: 40,488 SF

4321-4395 Broadway



DENVER

PRICE: \$2,600,000

SIZE: 27,718 SF

3855 Quentin St.



DENVER

PRICE: \$1,300,000

SIZE: 12,240 SF