SIERRA
COMMERCIAL REAL ESTATE, INC

MarketView 2008: Q1
Colorado Springs

QUICK STATS

	Current	Change from last Year	Change from last Qtr.
Vacancy	10.67%		
Lease Rates	$6.82		
Lease Activity	353,981		
Net Absorption	(390,690)		

TOP LEASE / SALES TRANSACTIONS

- CCI-B 2150 GOG LLC: Purchased 75,988 SF facility at 2150 W. Garden of the Gods Rd. for $4,725,000
- Carleton Real Estate Investments LLC: Purchased 48,570 SF facility at 1775 S. Murray Blvd. for $3,250,000
- Maharishi Ayur-Ved Products International Inc.: Purchased 45,156 SF facility at 1068 Elkton Dr. for $5,225,000

HOT TOPICS

- The U.S. Olympic Committee accepts a $53 million incentives package from the City of Colorado Springs to remain in Colorado Springs for the next 25 years. The incentives include new office space in a downtown office building and an overhaul of the USOC training center.
- Penrose Community Hospital announces plans to close the hospital at 3205 N. Academy Blvd. to help fund the construction of their new hospital at Woodmen Road & Powers Blvd.
- Tejon Street, from Bijou to Vermijo, is converted to two-way traffic after 37 years of one-way traffic to help ease flow for downtown retailers.

The Colorado Springs industrial market began 2008 with the vacating of the 360,000 square foot Sanmina/SCI manufacturing facility in Fountain. The market failed to recover that loss of space during the remainder of the first quarter. As a result, industrial vacancy increased sharply from 9.43% to 10.67%, driven by negative absorption of 390,690 square feet. The average asking lease rate decreased slighlty from the end of 2007, to a current level of $6.82/sf NNN.

A silver lining in the industrial market was leasing activity remaining relatively healthy. During the first quarter of 2008, leasing activity registered 353,981 square feet. Breaking down leasing further, 56% was generated by deals of less than 10,000 square feet.

While large, headline grabbing industrial deals have declined, there is still a strong demand from smaller users. Warehouse/Distribution space in particular has benefited from this, and as a result, is the only industrial property type that experienced declining vacancy in the first quarter.

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On the other side of the coin, however, are small tenants vacating space. Approximately 143,329 square feet was lost from users of less than 10,000 square feet during the first quarter. Much of this loss is the result of the weak housing market. As fewer homes are built in El Paso County, many contractors and suppliers are either going out of business or cutting back operations, requiring less space.

INDUSTRIAL STATISTICS by PROPERTY TYPE

Industrial Property Type	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Vacant Asking Rate	Sublease Asking Rate	Average Asking Lease Rate
Office/ R&D	5,530,288	584,124	10.56%	10.88%	$9.78	$13.68	$9.89
Office/ Showroom	3,158,929	300,639	9.52%	9.59%	$7.50	$7.00	$7.47
Office/ Warehouse	6,827,770	965,772	14.14%	14.52%	$6.87	$6.03	$6.85
Manufacturing/ Assembly	8,369,006	900,511	10.76%	12.55%	$5.38	$5.50	$5.38
Warehouse/ Distribution	6,157,826	455,914	7.40%	8.28%	$5.94	$6.50	$6.00
Total	***30,043,819***	***3,206,960***	***10.67%***	***11.50%***	***$6.95***	***$6.36***	***$6.82***

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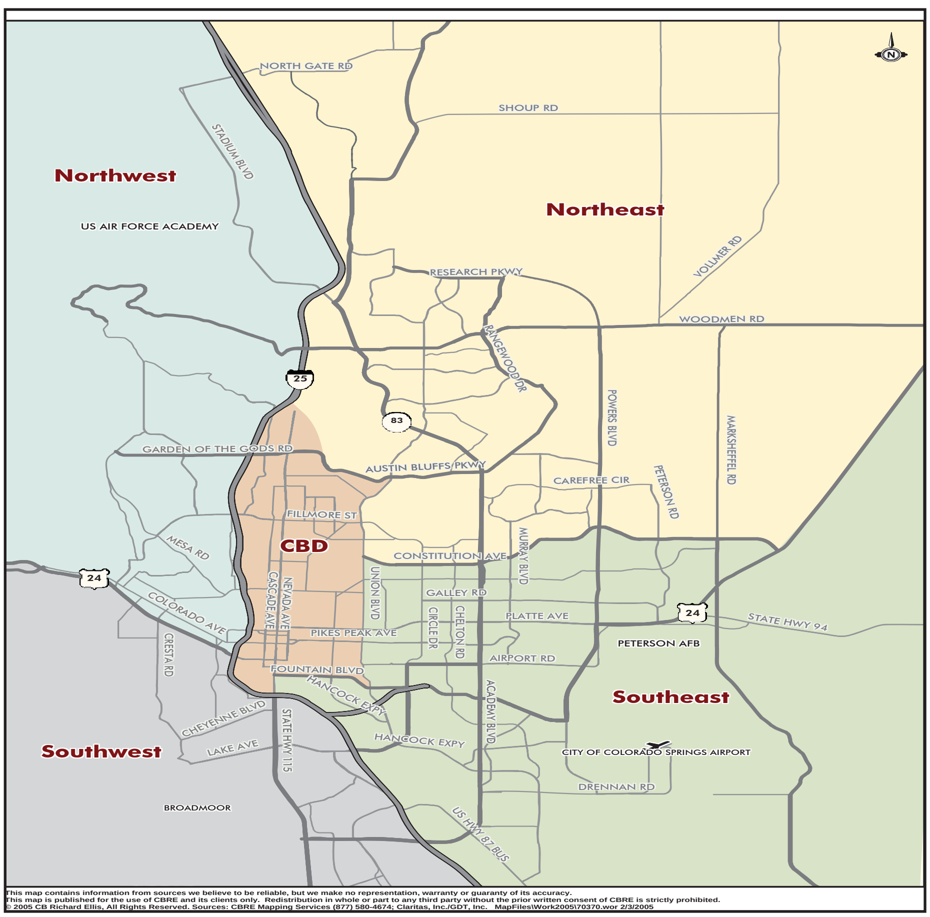
METRO INDUSTRIAL STATISTICS

Industrial Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Average Asking Lease Rate	Leasing Activity	Absorption SF
CBD	6,749,833	600,318	8.89%	9.27%	$5.48	156,175	34,793
Northwest	7,681,196	630,568	8.21%	8.56%	$7.90	34,483	(35,655)
Northeast	3,239,098	306,647	9.47%	9.91%	$9.65	11,030	11,030
Southeast	10,928,151	1,638,688	15.00%	16.66%	$6.50	151,043	(402,108)
Southwest	1,445,541	30,739	2.13%	2.13%	$7.82	1,250	1,250
Total	***30,043,819***	***3,206,960***	***10.67%***	***11.50%***	***$6.82***	***353,981***	***(390,690)***

COLORADO SPRINGS INDUSTRIAL SUBMARKET MAP



INDUSTRIAL BROKERAGE SERVICES:

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DEFINITION OF TERMS

Average Asking Lease Rate
Rate determined by multiplying the asking net lease rate forr each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary.

Net Leases
Includes all lease types whereby the tenant pays an agreed rent plus most, or all, of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses.

Market Coverage
Includes all competitive industrial buildings 5,000 square feet and greater in size.

Net Absorption
The change in occupied square feet from one period to the next.

Net Rentable Area
The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas.

Occupied Square Feet
Building area not considered vacant.

Under Construction
Buildings which have begun construction as evidenced by site excavation or foundation work.

Available Square Feet
Available Building Area which is either physically vacant or unoccupied, including sublease space.

Availability Rate
Available Square Feet divided by the Net Rentable Area. This calculation includes vacant and sublease space and is given as a percentage.

Vacant Square Feet
Existing Building Area which is physically vacant or immediately available and does not include sublease space.

Vacancy Rate
Vacant Building Feet divided by the Net Rentable Area. This calculation is given as a percentage and includes vacant space but does not include sublease space.

Normalization
Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and Vacancy figures for those buildings have been adjusted in previous quarters.

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For more information regarding the MarketView, please contact one of the industrial brokers listed.

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