



OFFICE

INDUSTRIAL

RETAIL

QUICK STATS

	Current	Change from last	
		Year	Qtr.
Vacancy	10.34%	↗	↘
Lease Rates	\$6.78	↗	↗
Lease Activity	729,849	↗	↗
Net Absorption (323,354)		↘	↘

TOP LEASE / SALES TRANSACTIONS

- Comcor Inc.: Purchased 131,875 SF facility at 3525 N. Stone Ave. for \$4,000,000
- GB 2 855 Aeroplaza LLC: Purchased 50,146 SF facility at 855 Aeroplaza Dr. for \$2,550,000
- Plasmon: Leased 43,721 SF at 9925 Federal Dr.

HOT TOPICS

- Colorado Springs was ranked as one of the ten best places to live, work and play in the June issue of Kiplinger's Personal Finance magazine.
- Hewlett-Packard Co. announces plans to close its customer service center in Colorado Springs, resulting in the laying off or transfer of 800 employees.
- The Cimarron Street bridge, which was closed for six months due to structural issues, reopens, allowing traffic to resume flowing from the central business district to Highway 24.
- Frontier Airlines puts plans for a 225 employee maintenance hangar at the Colorado Springs Airport on hold after filing for bankruptcy protection.

The industrial market in Colorado Springs ended the first half of 2008 with over 3.1 million square feet of vacant space, nearly 300,000 square feet more than at the end of 2007. Vacancy rates for the market, while down since the end of the first quarter, are still significantly higher than year end 2007, currently at 10.39%. Leasing activity for the year is a modest 729,849 square feet, resulting in absorption of negative 323,354 square feet. Lease rates have decreased slightly during 2008, currently averaging \$6.78/SF NNN.

This lack of construction has kept the vacancy rate relatively stable, in spite of negative absorption in the market.

While the office and retail markets continue to bring new buildings online, construction in the industrial market

has been sluggish. This lack of construction has kept the vacancy rate relatively stable, in spite of negative absorption in the market.

The short term outlook for the local industrial market continues to be relatively slow. Plasmon is scheduled to vacate 110,000 square feet on Arrowswest Drive during the third quarter, leasing a significantly smaller space on Federal Drive. Longer term, however, the industrial market is well positioned. When the local and national economies begin to cycle upward, industrial vacancies could be the first to decline with little new construction to compete for increased demand.

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	544,402	9.84%	12.20%	\$9.63	\$8.32	\$9.38
Office/Showroom	3,157,749	315,820	10.00%	10.00%	\$7.80	\$0.00	\$7.80
Office/Warehouse	6,851,162	951,676	13.89%	13.31%	\$6.72	\$7.20	\$6.72
Manufacturing/Assembly	8,363,817	874,624	10.46%	11.97%	\$5.28	\$5.50	\$5.28
Warehouse/Distribution	6,188,496	440,522	7.12%	7.12%	\$5.98	\$0.00	\$5.98
Total	30,091,512	3,110,844	10.34%	11.20%	\$6.86	\$6.93	\$6.78

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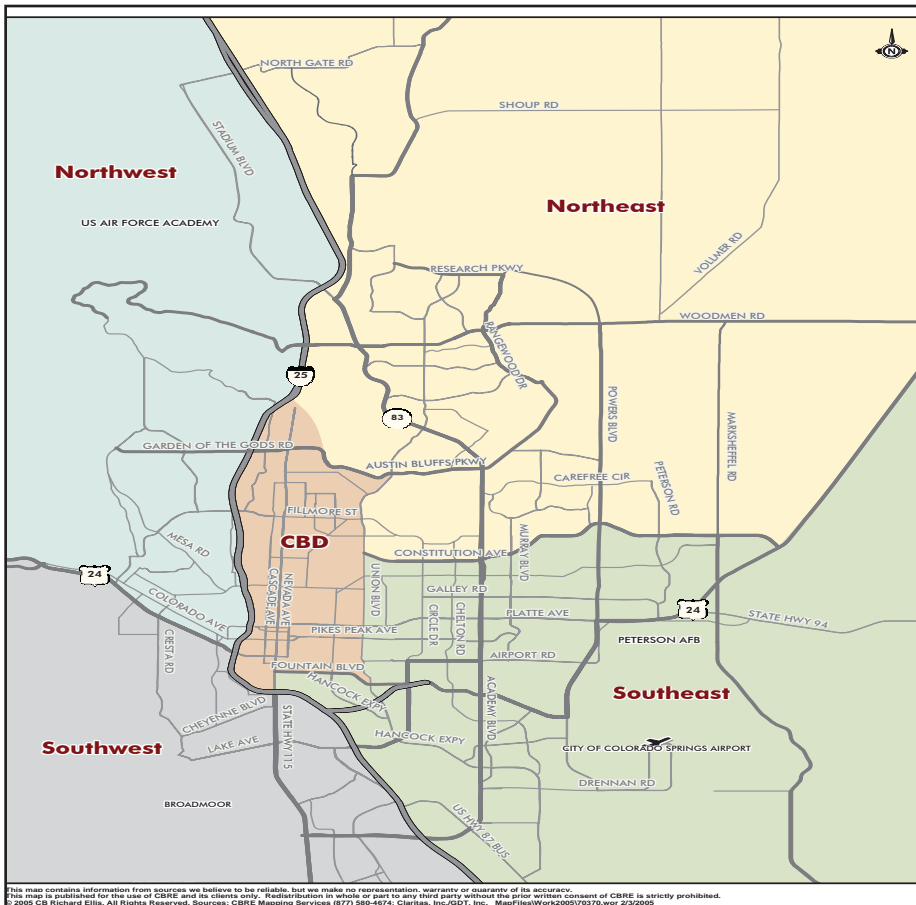
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METRO INDUSTRIAL STATISTICS

Industrial Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Average Asking Lease Rate	Leasing Activity	Absorption SF
CBD	6,759,421	509,863	7.54%	7.54%	\$5.26	317,008	134,248
Northwest	7,716,046	653,038	8.46%	9.93%	\$7.76	74,213	(55,445)
Northeast	3,239,098	266,569	8.23%	8.77%	\$9.60	21,217	26,008
Southeast	10,926,406	1,672,588	15.31%	16.48%	\$6.46	308,741	(435,168)
Southwest	1,450,541	24,986	1.72%	1.72%	\$8.48	8,670	7,003
Total	30,091,512	3,110,844	10.34%	11.20%	\$6.78	729,849	(323,354)

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 for 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.



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

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