



OFFICE

INDUSTRIAL

RETAIL

QUICK STATS

	Current	Change from last	
		Year	Qtr.
Vacancy	11.46%	↗	↗
Lease Rates	\$6.65	↘	↘
Lease Activity	461,061	↘	↘
Net Absorption (415,393)		↘	↘

TOP LEASE / SALES TRANSACTIONS

- 6035 Galley Rd.: 34,264 SF facility sold for \$1.43 million
- 110 S. Sierra Madre: 32,325 SF facility sold for \$1.85 million
- Synthes Ltd.: Leased 28,800 SF of office/warehouse space at 1705 Jet Stream Dr.

HOT TOPICS

- 3,800 troops from the 1st Brigade Combat Team of the 4th Infantry Division arrive at Fort Carson. By the end of 2009, Fort Carson is expected to be home to 25,000 troops, an increase of 11,000 troops since 2003.
- Affiliated Computer Services, a Dallas-based outsourcing company, announces plans to open a Colorado Springs customer-service center and hire 600 employees by the end of August.
- According to a Manpower Employment Outlook Survey released in June, employers in Colorado Springs plan to hire at the fastest rate in the state during the third quarter. Twenty-two percent of surveyed employers plan to hire new employees, compared to 14% in Ft. Collins/Loveland, 18% in Boulder, and 9% in Denver.

During the second quarter of 2009, the Colorado Springs industrial market continued the trend of increasing vacancy rates and negative absorption. The vacancy rate currently stands at 11.46%, up from 10.47% at the end of 2008. 415,393 square feet of negative absorption has been recorded during the first six months of 2009. While average asking lease rates in the industrial market have held steady during the first year of the national recession, prolonged conditions have caused them to begin to yield to market forces, falling \$0.30/SF during the second quarter alone to a current average of \$6.65/SF/NNN. Leasing activity also continues to lag behind historical averages, with 461,061 square feet of activity recorded during the first half of 2009, a 37% decline over the first half of 2008.

Erosion in the industrial tenant market has also caused building sales activity to decrease significantly during 2009.

has also caused building sales activity to decrease significantly during 2009. While 87 industrial buildings traded in 2007 and 69 traded in 2008, only ten industrial buildings have sold during the first six months of 2009. Average sales prices also continue to decline as owners of speculative properties attempt to keep cap rates relatively competitive in an environment of declining property income. Sellers of owner-user properties have less access to capital and can't wait for the market, or their business, to rebound

and may be forced to sell at steep discounts.

The recovery of the local industrial market will depend heavily on the speed and magnitude of a national economic recovery. Job creation is and always will be paramount to a healthy and growing industrial real estate market.

Erosion in the industrial tenant market

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	5,568,671	736,752	13.23%	14.05%	\$9.59	\$11.32	\$9.70
Office/Showroom	2,980,965	353,097	11.85%	11.91%	\$6.75	\$6.50	\$6.72
Office/Warehouse	7,051,288	995,484	14.12%	14.56%	\$6.56	\$6.12	\$6.55
Manufacturing/Assembly	8,526,252	978,567	11.48%	12.97%	\$5.38	\$1.90	\$5.38
Warehouse/Distribution	6,284,446	420,687	6.69%	7.55%	\$5.97	\$6.50	\$6.03
Total	30,411,622	3,484,587	11.46%	12.31%	\$6.82	\$5.06	\$6.65

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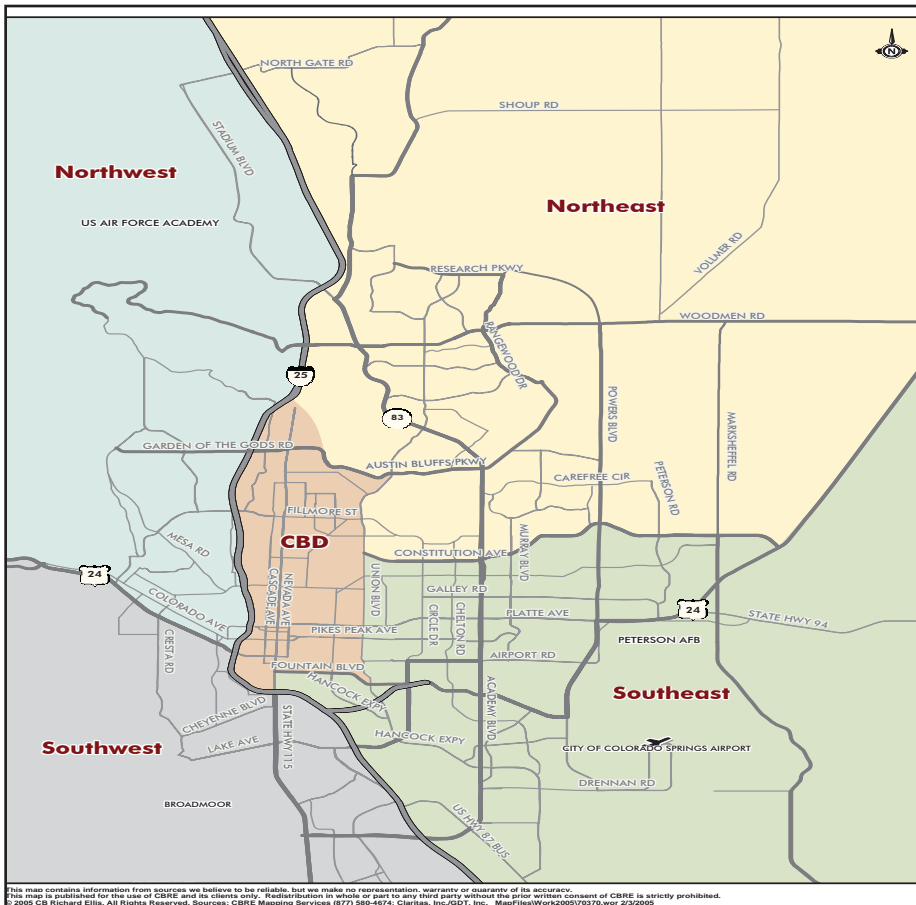
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METRO INDUSTRIAL STATISTICS

Industrial Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Average Asking Lease Rate	Leasing Activity	Absorption SF
CBD	6,907,539	591,125	8.56%	8.62%	\$5.48	77,395	(15,567)
Northwest	7,669,558	753,549	9.83%	10.30%	\$8.26	151,787	(74,523)
Northeast	3,292,766	396,120	12.03%	12.03%	\$10.27	51,467	(61,244)
Southeast	11,085,718	1,721,416	15.53%	17.49%	\$5.70	173,662	(254,399)
Southwest	1,456,041	22,377	1.54%	1.67%	\$6.85	6,750	(9,660)
Total	30,411,622	3,484,587	11.46%	12.31%	\$6.65	461,061	(415,393)

COLORADO SPRINGS INDUSTRIAL SUBMARKET MAP



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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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