



OFFICE

INDUSTRIAL

RETAIL

QUICK STATS

	Current	Change from last	
		Year	Qtr.
Vacancy	10.47%	▲	▲
Lease Rates	\$6.86	▲	▲
Lease Activity	1,146,600	▲	▲
Net Absorption (406,934)		▲	▲

TOP LEASE / SALES TRANSACTIONS

- 4202 Mark Dabling Blvd.: 47,750 SF warehouse/distribution facility sold for \$1,071,600
- Kaspar Ranch Hand Equipment: Leased 11,915 SF at 4315 N. Nevada Ave.
- 786 Hathaway Dr.: 10,000 SF Office/Warehouse facility sold for \$656,000

HOT TOPICS

- The Colorado Department of Corrections, after seeking proposals from other cities, decides to remain in Colorado Springs. The Department has outgrown its current facility and will move into a new 100,000 square foot facility in June 2010.
- The US Army announces that Fort Carson will add an Apache helicopter battalion in March, adding 500 soldiers and their 150 dependents to the Army base on the south side of Colorado Springs.
- The Powers Blvd. / Woodmen Rd. interchange is completed ahead of schedule, creating an overpass and adding lanes to major thoroughfares in the fastest growing area of Colorado Springs.

Two thousand and eight was expected to mark the beginning of a recovery for the stagnant local industrial market. Due to turmoil within national and international monetary markets along with an uneasy political climate, the industrial sector remained in a static condition throughout the year.

The reduction in residential development and decreased retail sales also adversely impacted the rate of recovery in industrial product. Vacancy rates of over 10% will remain in place throughout 2009 as the national economy looks to stabilize and the Colorado

Spring manufacturing sector continues to adjust to the 35% reduction in jobs from the early part of the decade. Industrial sale transactions were down 25% from the previous two years, however, the price per square foot remained stable, which is a positive sign. In fact, industrial properties have held their value in spite of the previously diffi-

cult years. Having little new construction has helped existing properties retain value, however, there has been limited appreciation in industrial investments over the past three years. As the economy recovers in the next year or two, existing industrial properties are positioned to realize increased value.

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Lease rates will stay flat for most of 2009 with incremental improvement later in the year and into 2010. The opportunity to acquire competitively priced industrial real estate will exist and buyers finding well located, functional product with the potential for renovation will be rewarded over the longer term. New construction costs currently are approximately \$100 per square foot including land, compared to industrial sale comparables currently in the \$50-\$60 per square foot range. Clearly the upside potential is there for the knowledgeable and patient investor/owner.

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	5,529,743	599,783	10.85%	11.16%	\$9.90	\$13.68	\$10.01
Office/Showroom	3,031,927	298,734	9.85%	9.85%	\$6.87	\$0.00	\$6.87
Office/Warehouse	6,923,237	1,015,443	14.67%	14.92%	\$6.67	\$6.98	\$6.68
Manufacturing/Assembly	8,377,531	762,509	9.10%	10.61%	\$5.34	\$5.50	\$5.34
Warehouse/Distribution	6,235,558	475,372	7.62%	7.62%	\$6.12	\$0.00	\$6.12
Total	30,097,996	3,151,841	10.47%	11.01%	\$6.93	\$6.55	\$6.86

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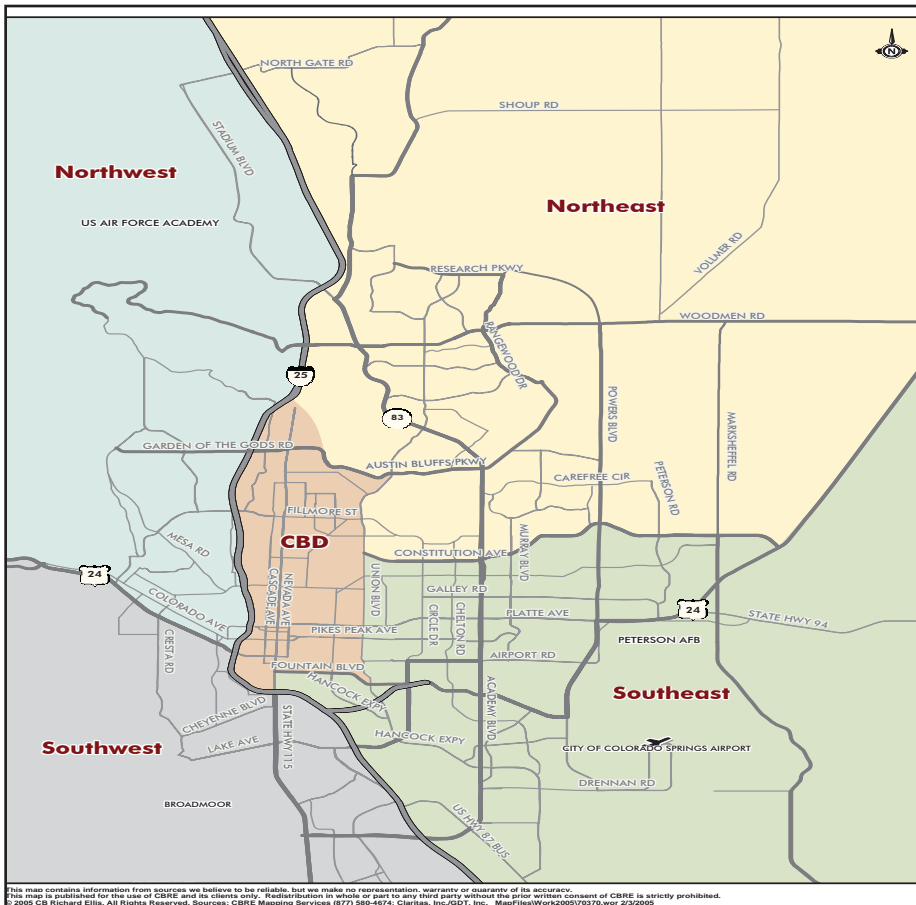
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METRO INDUSTRIAL STATISTICS

Industrial Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Average Asking Lease Rate	Leasing Activity	Absorption SF
CBD	6,805,442	477,707	7.02%	7.02%	\$5.62	497,624	180,009
Northwest	7,630,569	690,449	9.05%	9.09%	\$7.87	207,773	(111,356)
Northeast	3,270,018	313,669	9.59%	10.03%	\$9.78	23,567	(10,692)
Southeast	10,941,426	1,654,435	15.12%	16.43%	\$6.33	396,891	(481,303)
Southwest	1,450,541	15,581	1.07%	1.07%	\$6.83	20,745	16,408
Total	30,097,996	3,151,841	10.47%	11.01%	\$6.86	1,146,600	(406,934)

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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