



OFFICE

INDUSTRIAL

RETAIL

QUICK STATS

	Current Year	Change from last Year	Qtr.
Vacancy	10.33%	↘	↘
Lease Rates	\$6.04	→	↘
Lease Activity	1,054,267	↘	↘
Net Absorption	309,480	↘	↘

TOP LEASE / SALES TRANSACTIONS

- Bal Seal Engineering: Purchased 17.75 acres for a 160,000 square foot manufacturing facility for \$3.363 million
- Atlas Preparatory School: Purchased 53,731 square foot facility at 1602 S. Murray Blvd. for \$1.575 million
- American Realty Capital: Purchased 34,114 square foot facility at 1555 N. Newport Rd. for \$7.25 million

HOT TOPICS

- After hosting a successful prologue in the 2011 USA Pro Cycling Challenge, Colorado Springs is awarded the finish of the fifth stage of the seven day race for the 2012 event in August. The stage will begin in Breckenridge and finish in downtown Colorado Springs.
- ACS announces plans to hire an additional 225 people for its call center in Colorado Springs. The positions are for service and billing inquiries of a Fortune 500 client.
- Colorado Springs ranks 2nd in the nation on Livability.com's Top 10 Cities for Veterans. The rankings were based on quality of life indicators, favorable climate, access to VA hospitals and services, and vicinity to military installations.

Industrial property in the Colorado Springs market experienced significant gains during 2011, with vacancy rates dropping from 11.24% at the end of 2010 to 10.33% at the end of 2011. The decline in vacancy can be attributed to a lack of new speculative development and positive absorption of over 300,000 square feet of existing available product. During the last two years, over 750,000 square feet of positive absorption has occurred in the industrial market, helping to offset the loss of over one million square feet during the previous two years. Lease rates have stabilized as supply has begun to decline and demand has increased. After dipping to a low during the second quarter of \$5.91/SF NNN, average asking lease rates have rebounded at the end of the year to a current average of \$6.04/SF NNN.

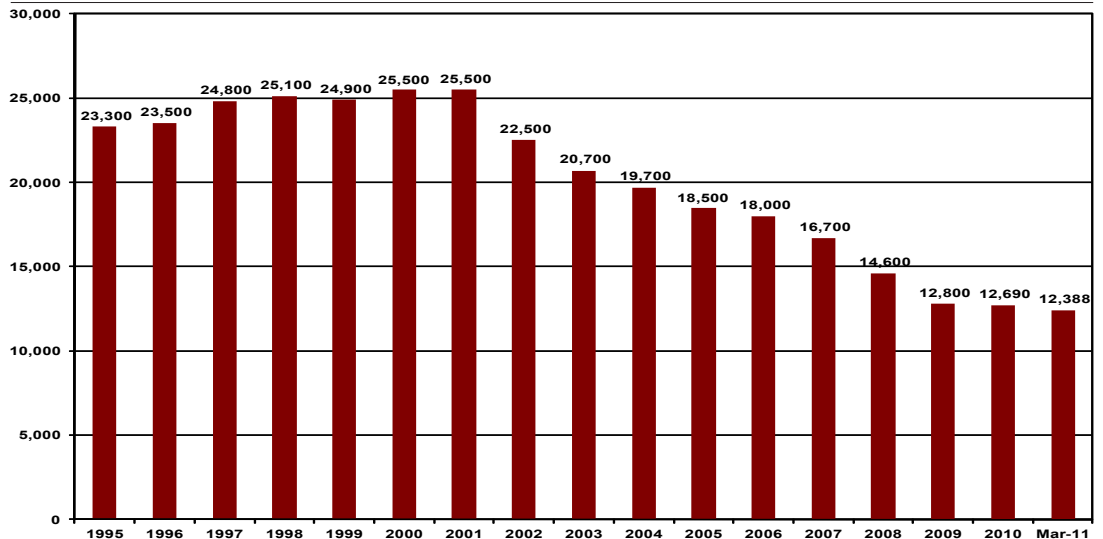
During the last two years, over 750,000 square feet of positive absorption has occurred in the industrial market...

Industrial building sales remain sluggish for the third year in a row. In 2011, there were only 19 sales of industrial buildings over 5,000 square feet, compared to pre-recession levels

consistently in the 40 building sales per year average. On the positive side, sale prices have recovered somewhat during 2011, with an average sale price of \$68.83/SF, compared to \$57.95/SF during 2010 - an increase of nearly 19%. Overall, sales expectations for 2012 will be similar to 2011, however, expect an increase in industrial foreclosures to occur keeping values for 2012 static.

Three noteworthy announcements occurred during the second half of 2011 that further bolster the outlook in the industrial market. In September, Wal-Mart announced plans to build a 210,000 square foot data center in InterQuest Park, to be completed in late 2012. Also in September, Agilent announced that it will add a 55,000 square foot data and technology center expansion to its existing campus on Garden of the Gods Road, and most significantly from an employment perspective, Bal Seal Engineering announced plans to construct a 160,000 square foot manufacturing facility in InterQuest Park which will add 210-plus new high-paying jobs.

MANUFACTURING EMPLOYMENT - EL PASO COUNTY



Source: Colorado Department of Labor & Employment

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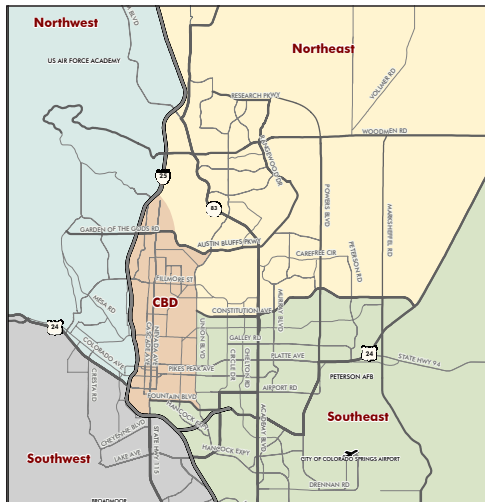
METRO INDUSTRIAL STATISTICS

Industrial Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Average Asking Lease Rate	YTD Leasing Activity	YTD Absorption SF
CBD	6,974,652	592,772	8.50%	9.06%	\$5.11	286,395	32,404
Northwest	7,455,296	646,912	8.68%	8.89%	\$6.57	228,560	134,018
Northeast	3,196,533	393,782	12.32%	20.79%	\$7.95	69,979	(6,775)
Southeast	11,172,167	1,443,742	12.92%	14.44%	\$5.60	432,339	137,191
Southwest	1,542,912	55,766	3.61%	3.61%	\$5.01	36,994	12,642
Total	30,341,560	3,132,974	10.33%	11.96%	\$6.04	1,054,267	309,480

INDUSTRIAL STATISTICS BY PROPERTY TYPE

Industrial Property Type	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Average Asking Lease Rate	YTD Leasing Activity	YTD Absorption SF
Office/ R&D	5,515,172	599,709	10.87%	11.16%	\$7.11	73,961	25,622
Office/ Showroom	2,987,037	310,2365	10.39%	10.39%	\$6.42	97,543	(6,451)
Office/ Warehouse	7,176,765	788,431	10.99%	11.47%	\$5.72	374,213	31,334
Manufacturing/ Assembly	8,328,887	813,907	9.77%	14.35%	\$5.12	327,743	296,213
Warehouse/ Distribution	6,333,699	620,691	9.80%	10.80%	\$5.46	180,807	(37,238)
Total	30,341,560	3,132,974	10.33%	11.96%	\$6.04	1,054,267	309,480

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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