



QUICK STATS

	Current	Change from last:	
		Year	Quarter
Vacancy	16.15%	↘	↘
Lease Rates	\$13.87	↘	↘
YTD Absorption	14,979	↘	↘

HOT TOPICS

- Kiplinger Magazine ranks Colorado Springs #4 in its "10 Best Value Cities for 2011" list. The magazine cited Colorado Springs' relatively low unemployment, cost of living, and reasonable median household income.
- Progressive Insurance announces plans to hire 150 employees by year's end, the third job expansion announcement by the company in the past 13 months.
- A study released by the Brookings Institution ranks Colorado Springs ninth among the top 100 metro areas in the country for its position to recover from the economic downturn. The study compared the resiliency of an area's industries and the gap between education of the workforce and the needs of employers.

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At the end of the third quarter 2011, the medical office market is beginning to show signs of stability. Vacancy rates edged up slightly to 16.15%. While this number is up from the previous quarter, it is still down from the previous year. For the first time in several years, lease rates have increased from the previous quarter to \$13.87 per square foot from \$13.81.

Leasing absorption has slowed for the second consecutive quarter which is primarily caused by four major contractions in the Central submarket. The Central submarket has posted over 59,000 square feet of negative absorption this year. Just a year ago the Central submarket, our largest submarket, was the most stable with less than 8% vacancy rate and today its vacancy rate is slightly below 12%.

A majority of this year's leasing activity occurred in the Northeast submarket. This submarket has captured over 100,000 of the 128,000 square feet of leasing activity. The Northeast submarket continues to attract and capture medical providers with its future growth potential, large contiguous blocks of shell space & aggressive Tenant Improvement packages.

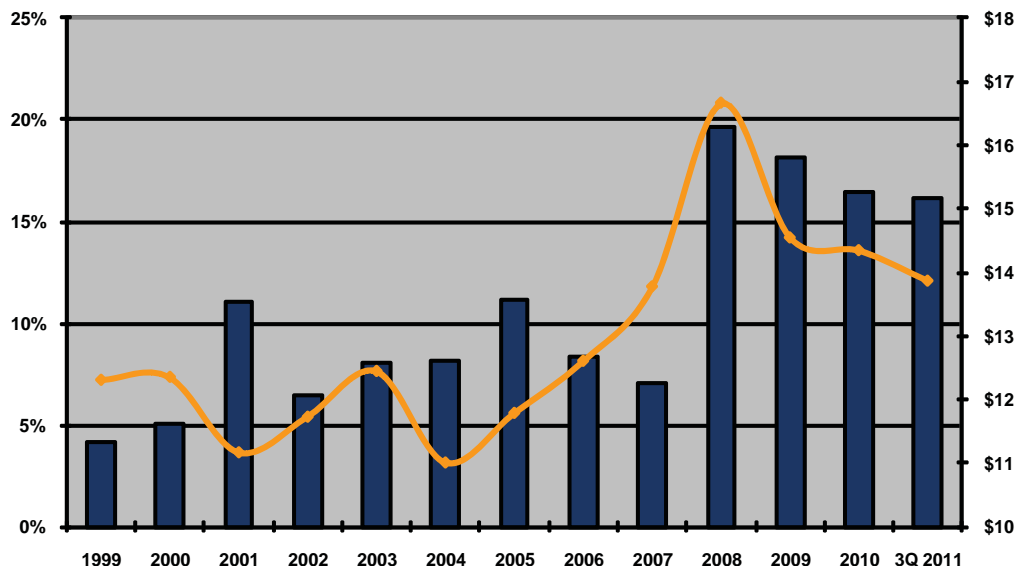
The Northeast submarket will continue to attract medical providers with its aggressive owners and high vacancy rate.

In conclusion, we anticipate very few changes for the remainder of 2011. The Northeast submarket will continue to attract medical providers with its aggressive owners

and high vacancy rate. The leasing activity and absorption will remain fairly low for the remainder of the year, as providers focus on the new year and wait to see what the City of Colorado Springs decides to do with Memorial Hospital.

VACANCY/LEASE RATE

Vacancy 16.15%
Lease Rate \$13.87



FEATURED PROPERTIES

Union Medical Campus

Union Medical Campus is the premier medical facility in Colorado Springs. Features such as central location, flexible space plans, close proximity to hospitals and public transportation make this medical campus very desirable. Existing tenants include Colorado Springs Health Partners, Storms Allergy and Colorado Springs Orthopaedic Group.

Springs Medical Center

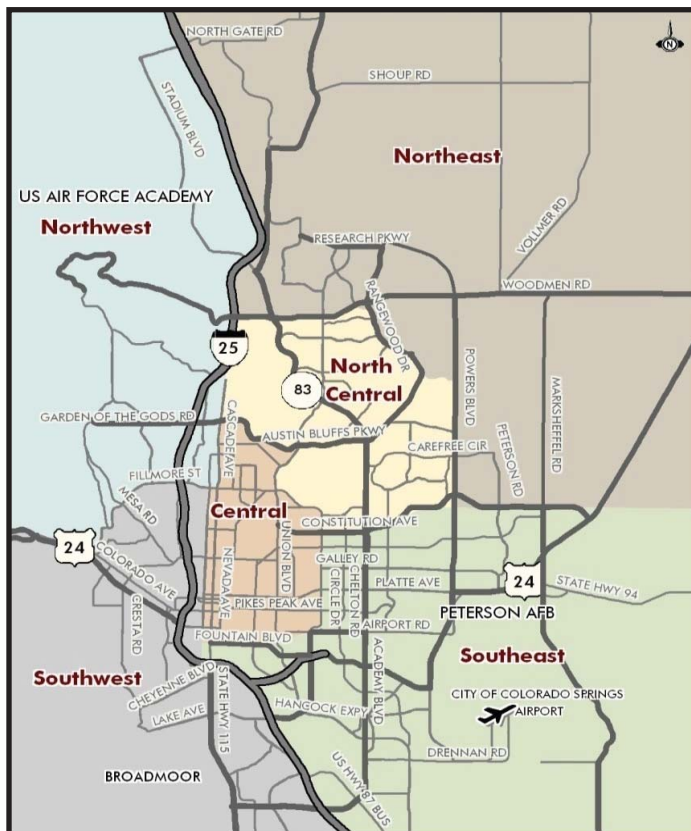
The Springs Medical Center provides a great central location in the Printers Park submarket, with existing medical space at a competitive market rate. Space from 2,400 square feet to 26,000 square feet is available to accommodate a variety of medical providers. For larger users, on-building signage is available. Take advantage of this central location with easy access and aggressive ownership.

Pavilion Medical Center

Pavilion Medical Center is a premier, Class A medical office project located at Wahsatch Avenue and Fontanero Street. This location provides the ideal setting for specialty groups working out of both Memorial and Penrose Hospital, as well as primary care practices that serve all areas of Colorado Springs. Approximately 15,232 square feet of second generation medical space is available.

**For additional information,
contact Brian Wagner or Mark O'Donnell
at 719-955-2000**

COLORADO SPRINGS MEDICAL SUBMARKET MAP



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 multi-tenant medical buildings.

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 that have begun construction as evidenced by site excavation or foundation work.

AVAILABLE SQUARE FEET

Available Building Area that 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 Colorado Springs medical market, please contact:

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