



QUICK STATS

	Change from last		
	Current	Yr.	Qtr.
Vacancy	8.61%	▲	▲
Lease Rates	\$13.88	▲	▲
YTD Absorption	4,919	▲	▲

HOT TOPICS

- The U.S. Olympic Committee accepts a \$53 million incentives package from the City of Colorado Springs to remain in Colorado Springs for the next 25 years. The incentives include new office space in a downtown office building and an overhaul of the USOC training center.
- Penrose Community Hospital announces plans to close the hospital at 3205 N. Academy Blvd. to help fund the construction of their new hospital at Woodmen Road & Powers Blvd.
- Tejon Street, from Bijou to Vermijo, is converted to two-way traffic after 37 years of one-way traffic to help ease flow for downtown retailers.

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The first quarter of 2008 looks like it will be a good indicator of things to come in the Medical Office Market for remainder of 2008. At the end of the quarter we saw vacancies rates increase to 8.61% at the same time we had positive absorption in the market. This tells us that we are seeing new construction coming into the market, and indeed that is correct with new projects completed in the Northwest and Southwest markets. Lease activity for the quarter was fair with just over 30,000 square feet of activity, and lease rates edged up to \$13.88.

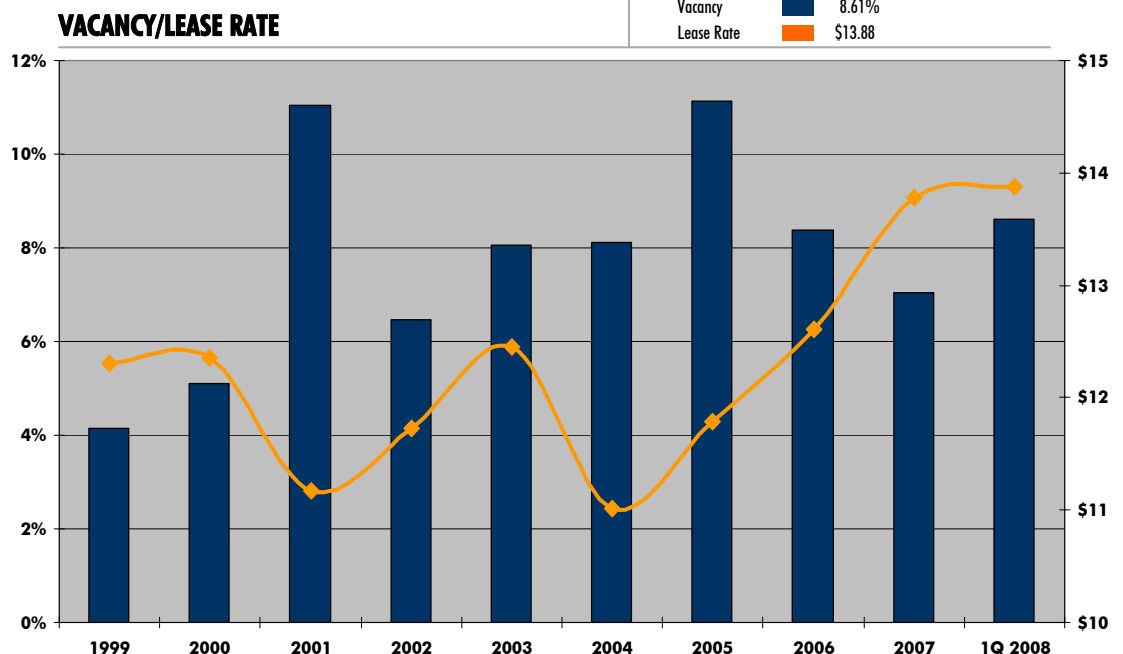
The remainder of 2008 looks like it will provide many new leasing opportunities for providers...

We should see a continuation of this trend for the remainder of the year, with vacancy and lease rates edging up. The largest impact will be at the end of the second or beginning of the third quarters with the completion of the new projects

around the new hospitals.

The slowdown in the investment market has continued, and we attribute this directly to the national credit markets. A secondary factor to the change in activity is the large number of properties that sold over the last few years, it will be sometime before these projects come back to the market for resale. Office condominiums continue to see some activity, and it seems to be entirely driven by location. The lending environment for condominiums remains favorable for borrowers, and most of the projects that started last year are near completion.

The remainder of 2008 looks like it will provide many new leasing opportunities for providers, and increasing competition for building owners seeking to lease space. These opportunities will come at a higher cost than we have seen in our market, as the market rents for the new projects reflect the ever increasing construction costs.



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. Second generation medical suites are able to accommodate users from 1,300 square feet.

155 Printers Parkway

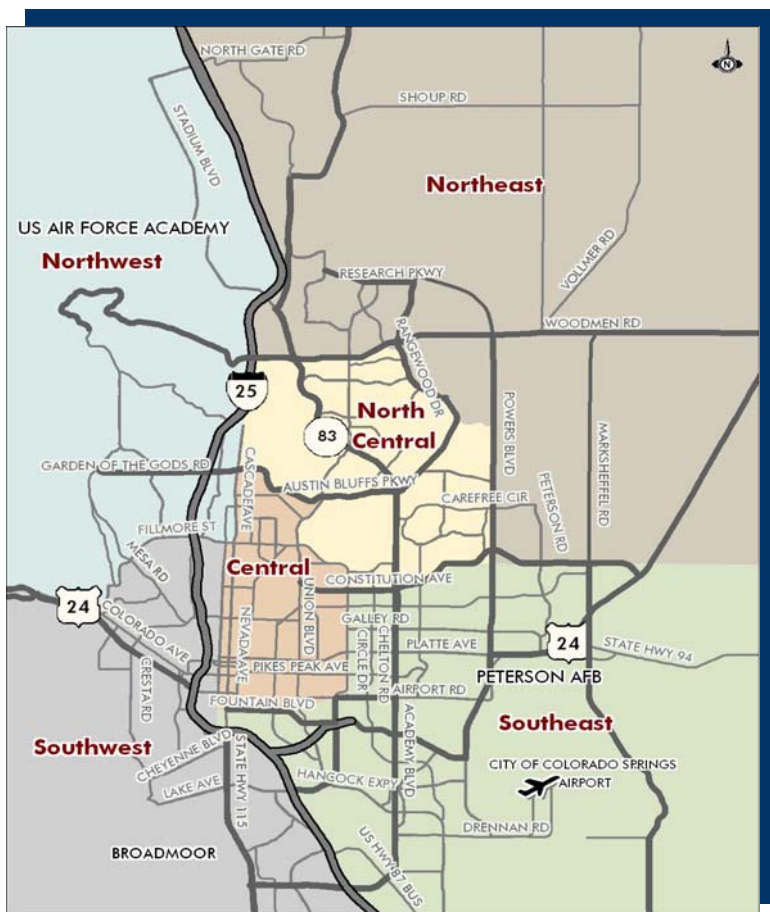
Located minutes east of downtown, this new medical building offers covered/uncovered parking, public transportation, easy access to hospitals and build-to-suit suites! A generous \$30.00 per square foot tenant finish allowance on unfinished suites with a 10 year lease!

Woodmen Medical Park

New 10,000 square foot medical/office building recently completed. Just east of Rangewood, the building has great visibility on Woodmen. Features flexible space plans, great views, high visibility and easy access to both Memorial Hospital North and the new Penrose St. Francis Hospital. This property is ideally suited for healthcare providers and businesses serving this growing market.

For additional information, contact Brian Wagner at 719-955-2000

COLORADO SPRINGS MEDICAL SUBMARKET MAP



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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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