



**QUICK STATS**

	Change from last		
	Current	Yr.	Qtr.
Vacancy	19.28%	↘	↘
Lease Rates	\$16.69	↘	↘
YTD Absorption	15,283	↘	↘

**HOT TOPICS**

- Colorado Springs ranks #10 on Forbes' 11th annual Best Places for Business and Careers list. Four of the top twenty cities on the list are in Colorado.
- Colorado Springs Utilities receives approval from Fremont County to build a water pipeline, known as the Southern Delivery System, from the Arkansas River to east Colorado Springs. The pipeline will carry an estimated 78 million gallons of water a day, easing water concerns as the city continues to grow.
- Penrose-St. Francis Health Services is named a HealthGrades America's 50 Best Hospital, the only Colorado hospital to make the list. Nearly 5,000 hospitals were evaluated.

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The medical office market began to stabilize at the end of the first quarter of 2009. Vacancy rates held relatively steady at 19.28%, however, 15,283 square feet of positive absorption occurred. This modest amount of positive absorption will be the beginning of what we feel will be the new trend. The changing trend will be a slow but steady decline in vacancy rates. At the same time, lease rates will begin to level out and in some cases come down slightly.

*The overall tone in the market today is very quiet. While we see a few active prospects in the market, tenants seem to be taking a cautious approach.*

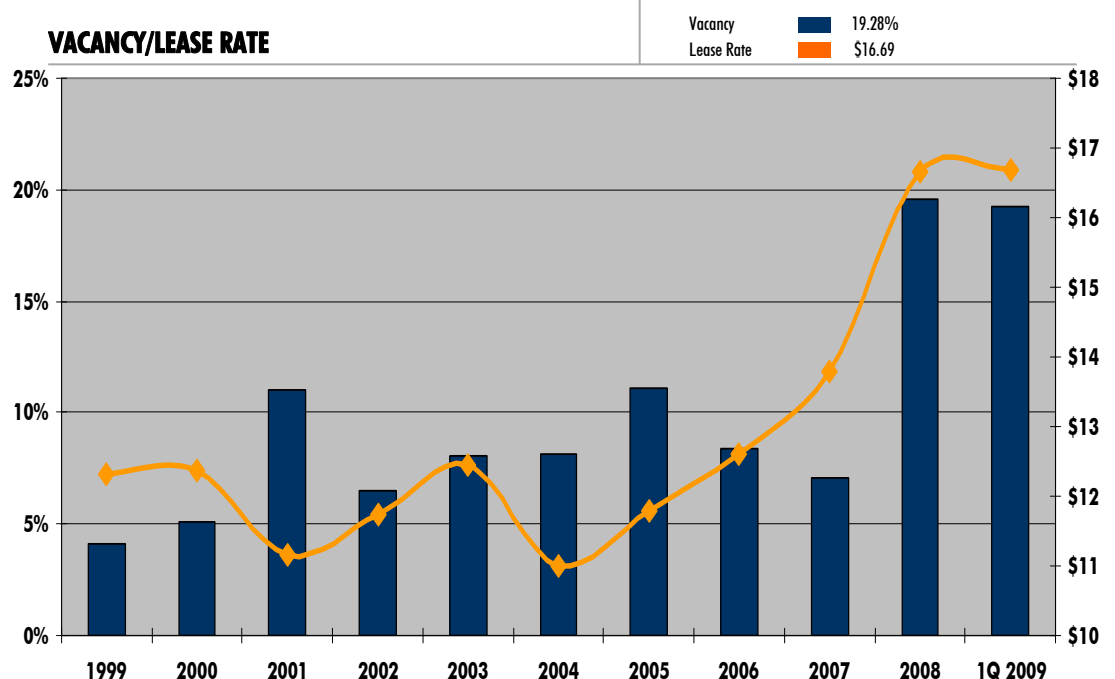
conversions of older medical properties to general office use and we will adjust our statistics accordingly.

In the investment market we are seeing very little activity. This is due to the difficulty in the credit markets, and the tightening terms provided by lenders. We do expect to see some smaller properties sell this year as there is some demand for these properties. We expect the sales to fall below the valuations we saw in 2007 and 2008.

The overall tone in the market today is very quiet. While we see a few active prospects in the market, tenants seem to be taking a cautious approach. There are a few larger multi-tenant development projects being contemplated, but without significant preleasing they face high hurdles to get started. In the North Central submarket, we continue to see

Looking forward through the remainder of 2009, we should see a continuation of market gains in absorption. With over 550,000 square feet of medical office space delivered to the market in the past twelve months, these changes will likely not have a significant impact on the market, and it feels more and more like a tenant's market.

**VACANCY/LEASE RATE**



## 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.

### Lake Plaza Office Condominiums

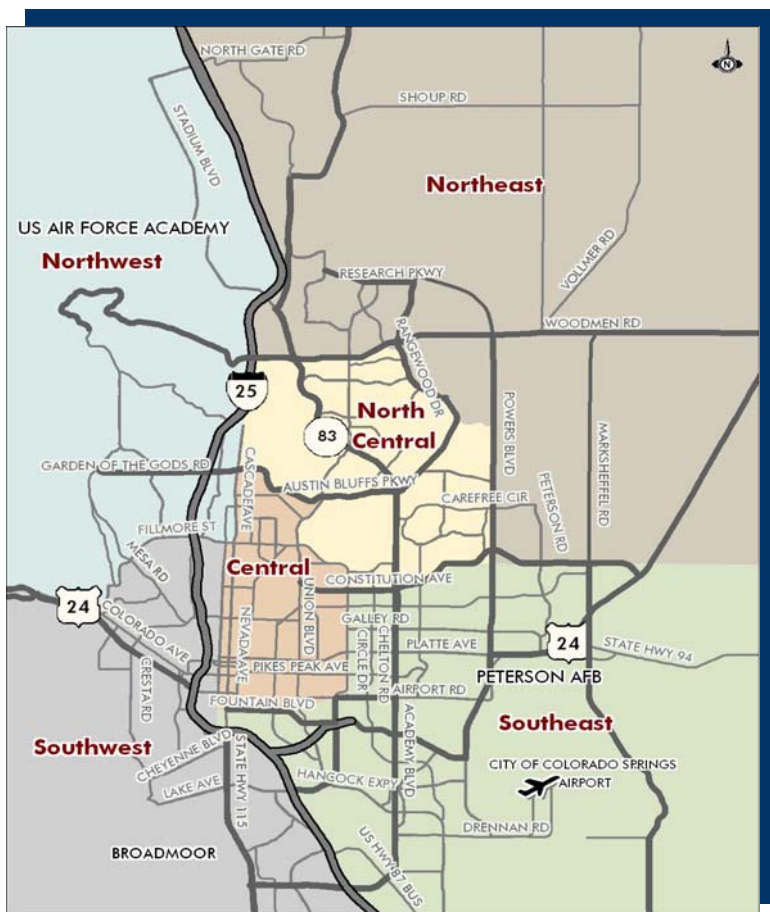
Conveniently located at the corner of Venetucci and Tenderfoot Hill Road, Lake Plaza Office Condominiums is offering office space for sale or lease. Tenants/Buyers will have the opportunity to control their occupancy costs while building equity. Tenants will enjoy Class A office space professionally designed to meet their needs at competitive lease rates.

### Research Professional Buildings I & II

Two new Class A Medical office buildings for sale or lease. Located at the northwest corner of Powers Blvd. and Research Pkwy., Research Professional provides central access to both Memorial Hospital North and the new St. Francis Hospital.

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

### COLORADO SPRINGS MEDICAL SUBMARKET MAP



Contact:  
**Brian Wagner, Managing Director**  
 Office/Medical Brokerage Services  
 719.955.2016 [bwagner@sierracre.com](mailto:bwagner@sierracre.com)

#### 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:

Brian Wagner  
 102 South Tejon, Suite 750  
 Colorado Springs, Colorado 80903  
 T. 719.955.2000 F. 719.955.2019

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