



QUICK STATS

	Current	Change from last	
		Yr.	Qtr.
Vacancy	18.00%	▲	▶
Lease Rates	\$14.38	▲	▶
YTD Absorption	5,874	▲	▶

HOT TOPICS

- Colorado Springs receives a diversity award from the National League of Cities, citing the Colorado Springs Diversity Forum's efforts in promoting cultural diversity.
- The Front Range Express (FREX) commuter bus system between Colorado Springs and Denver announces that it will be able to run through at least the end of the year after selling nine surplus buses for \$1.4 million.
- Women's Health and Men's Health magazines rank Colorado Springs the 10th best city to be a woman and 15th best city to be a man, based on 35 criteria regarding health, life, and fitness.

At the end of the first quarter of 2010, not much has changed in the medical office market. With only 5,800 square feet of absorption, we saw the vacancy rate hold steady at 18%. Lease rates continued to decline slowly to \$14.38 from \$14.55.

Tenant activity in the market has been very slow in 2010, and we do not see anything on the horizon to change

the trend. With all of the uncertainty related to reimbursement rates, we see most tenants holding steady.

In five of the six submarkets we track the vacancy rates are on the high side of normal, ranging from

Tenant activity in the market has been very slow in 2010, and we do not see anything on the horizon to change the trend.

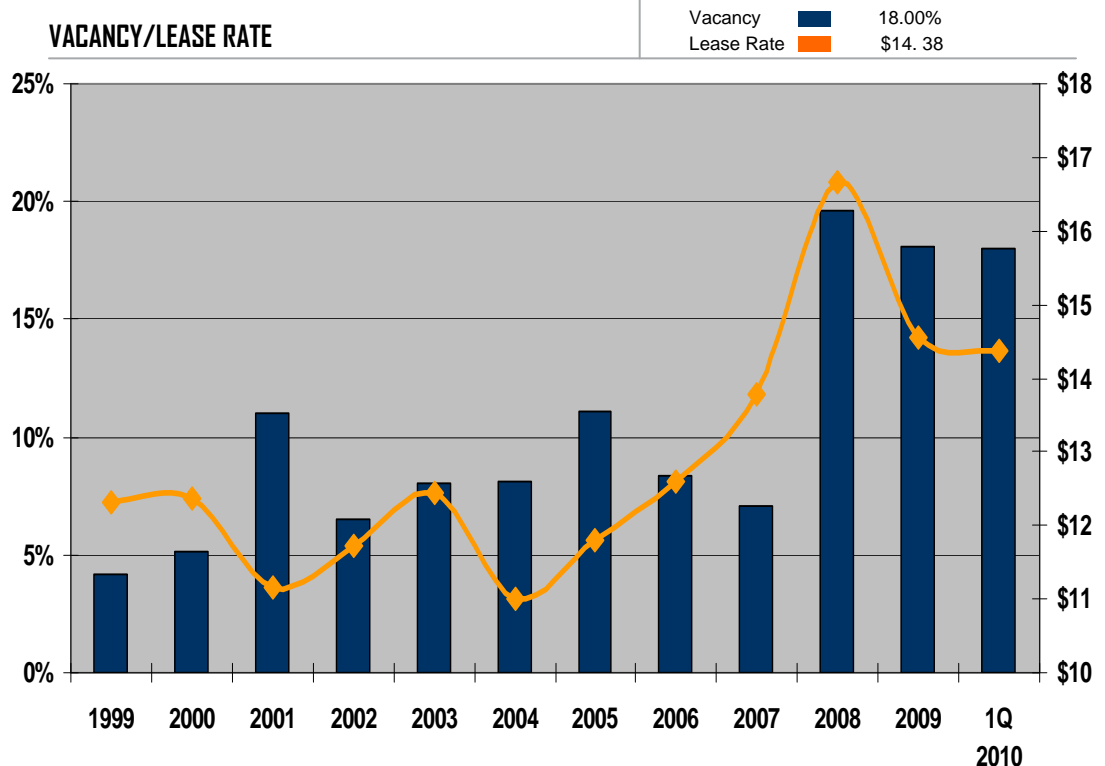
8% to 13%. The major imbalance in the market continues to be in the Northeast submarket with a vacancy rate of 40%. The positive to take away from the market is that we have seen five consecutive quarters of positive absorption in this submarket.

So it appears that we are on the right path to stabilized occupancy.

With so little activity in the market, we are taking the lack of

negative news as good news. The remainder of the year should be status quo with small patches of activity in the market, but minimal impacts to the big picture.

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. Existing tenants include Colorado Springs Health Partners, Total Healthcare and Colorado Springs Orthopedic Group.

Springs Medical Center

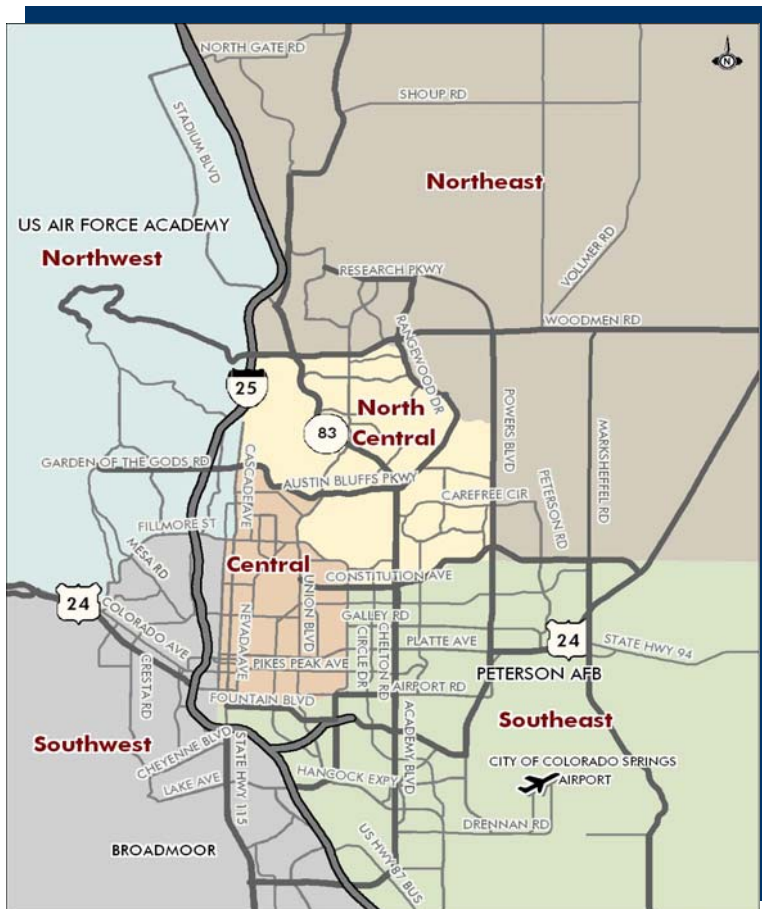
The Springs Medical Center provides a great *central location* in the Printers Park submarket, with existing medical space at a *competitive market rate*. Space from 2,400 square feet to 13,300 square feet is available to accommodate a variety of medical providers. For larger users, *on-building signage* is available. Take advantage of this central location with easy access and aggressive ownership.

The Doctors @ Lake Pointe

Located in the prominent Southwest submarket, 2620 Tenderfoot Hill Street offers existing Class A medical space at competitive rates. Space is available from 1,000 to 3,500 square feet and provides efficient and modern layouts for physicians.

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

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
www.sierracre.com

