



QUICK STATS

	Change from last		
	Current	Yr.	Qtr.
Vacancy	18.73%	↔	↔
Lease Rates	\$16.05	↔	↔
YTD Absorption	33,354	↔	↔

HOT TOPICS

- 3,800 troops from the 1st Brigade Combat Team of the 4th Infantry Division arrive at Fort Carson. By the end of 2009, Fort Carson is expected to be home to 25,000 troops, an increase of 11,000 troops since 2003.
- Affiliated Computer Services, a Dallas-based outsourcing company, announces plans to open a Colorado Springs customer-service center and hire 600 employees by the end of August.
- According to a Manpower Employment Outlook Survey released in June, employers in Colorado Springs plan to hire at the fastest rate in the state during the third quarter. Twenty-two percent of surveyed employers plan to hire new employees, compared to 14% in Ft. Collins/Loveland, 18% in Boulder, and 9% in Denver.

At the end of the second quarter we saw some small incremental improvements in the medical office market. The vacancy rate seems to have stabilized at 18.73% and year-to-date leasing activity is just over 55,000 square feet. While the market appears to be leveling off, we still have over 600,000 square feet of vacant space which could take years to lease up at our current activity.

We are beginning to see some ownership opportunities for users as the market stresses begin to impact some current users.

Construction activity has come nearly to a complete stop with only a few user buildings underway. Given the vacancy in the market we do not expect this to change any time soon. The Northeast market continues to register the highest vacancy, which corresponds to the recent

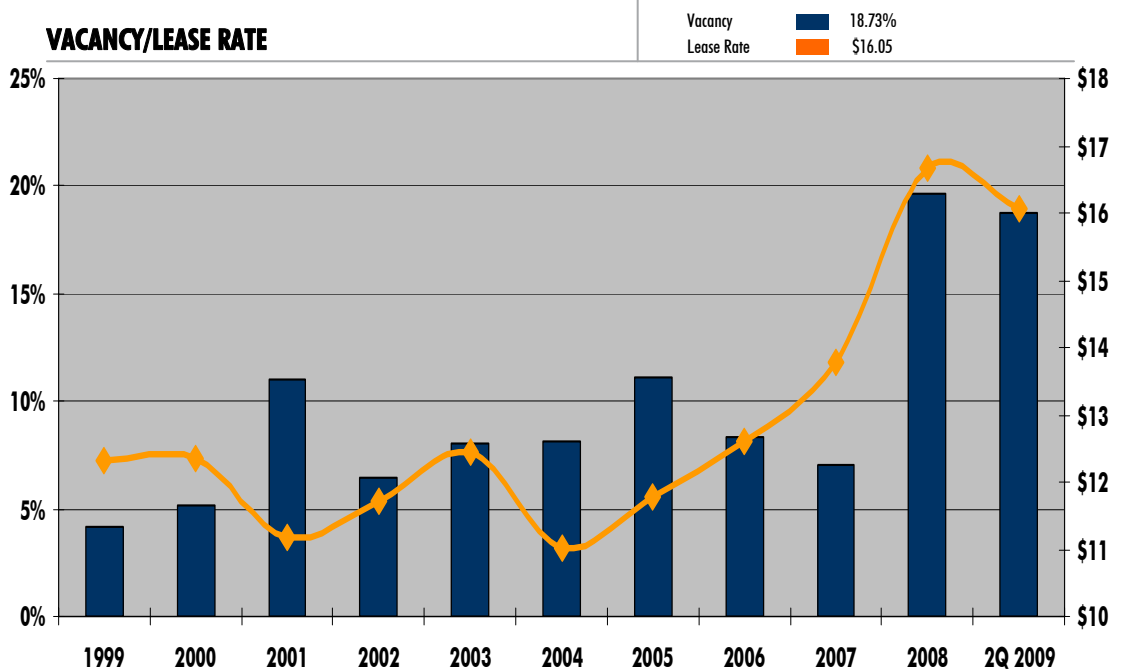
construction activity. It is, however, the best potential submarket to capture new lease activity given the new hospitals and strong demographics.

The investment market continues to be very quiet and we do not expect to see much change until the capital markets have stabilized. We are beginning to see some ownership opportunities for users as the market stresses

begin to impact some current users.

The remainder of 2009 should be relatively uneventful in the medical office market, as we will continue to see a slow but steady leasing 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

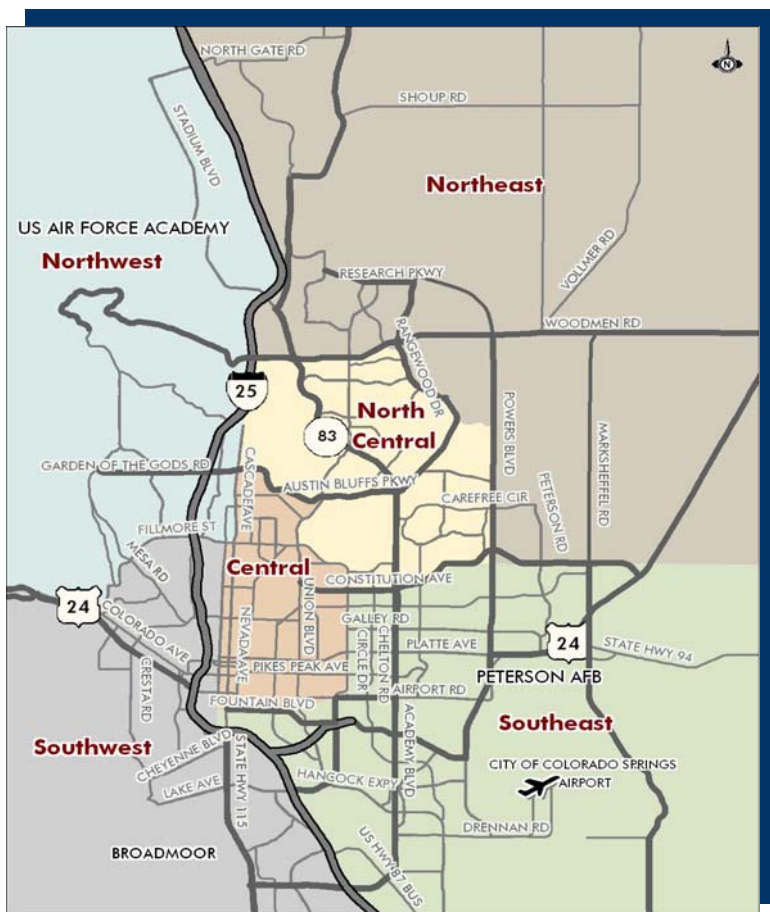
Conveniently located at the corner of Venetucci and Tenderfoot Hill Road, Lake Plaza Office Condominiums is offering office space for sale or lease. Tenants/Buyers will have the opportunity to control their occupancy costs while building equity. Tenants will enjoy Class A office space professionally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



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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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