



#### QUICK STATS

	Current	Change from last:	
		Year	Quarter
Vacancy	15.66%	▲	▲
Lease Rates	\$13.81	▲	▲
YTD Absorption	29,884	▲	▲

#### HOT TOPICS

- The Associates in General and Vascular Surgery and Memorial Health System enter into a physician-employment agreement, joining eight doctors and over 20 office staff from AGVS with Memorial.
- Kiplinger.com names Colorado Springs one of its "10 Great Cities for College Grads", based on the state of the economy, rent affordability, access to public transportation, culture, nightlife, and other factors.
- Pikes Peak Hospice opens a new 16-bed in-patient facility at Penrose Hospital. The new unit advances end-of-life care in the community.

At the end of the 2nd quarter, the medical office market has slowed slightly. The vacancy rates increased slightly to 15.66% which is up from 15.31% at the end of the first quarter. Lease rates have also decreased from \$13.92 to \$13.81. While the slowdown is not encouraging, the overall positive trend seems to be continuing.

The primary cause of the increase in vacancy rates can be attributed to the central market which had negative absorption of approximately 30,000 square feet in the second quarter. This was the result of a number of smaller spaces being vacated vs. one larger block of space. However there is some strong activity in the submarket as preleasing of the new on-campus medical office building at Penrose Main is very strong. This activity

won't be reported statistically until the building is completed. It is expected that the 70,000 square foot building will open with nearly 100% occupancy.

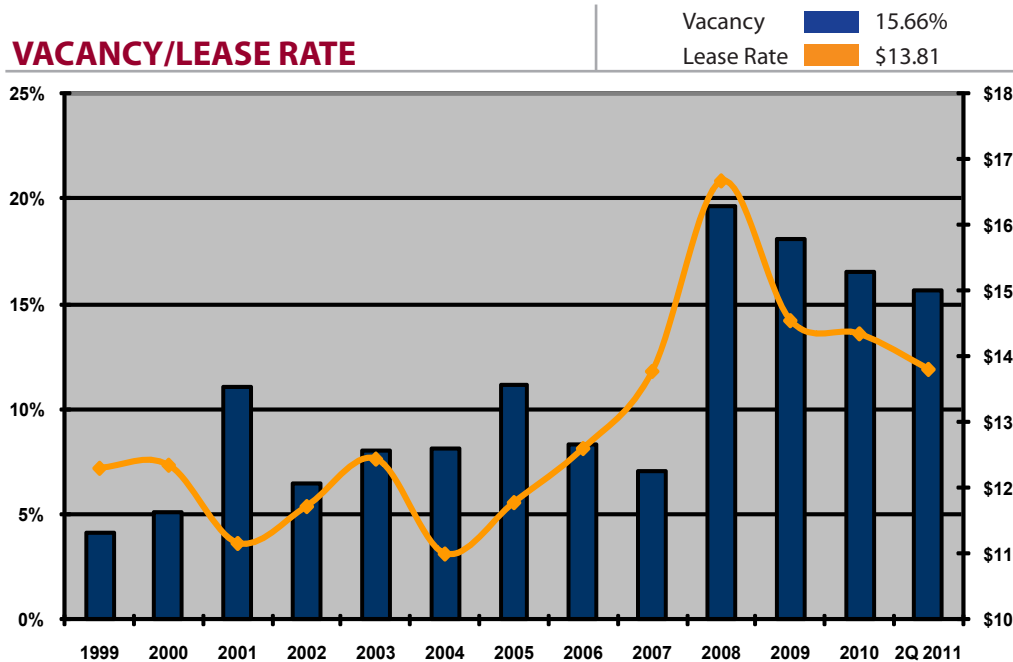
We are seeing an increasing trend of relationship vs. real estate in how transactions are completed. What we mean by this is that different groups

**...different groups are coming together to form stronger relationships, and real estate transactions are completed as a result.**

are coming together to form stronger relationships, and real estate transactions are completed as a result. This looks like the beginning of a new trend as the regulatory pressures from healthcare reform will continue to push these relationships.

The second quarter is likely a good predictor for the remainder of the year, with a few small steps forward and backwards, but overall positive trending.

#### 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, Storms Allergy and Colorado Springs Orthopaedic Group.

### Springs Medical Center

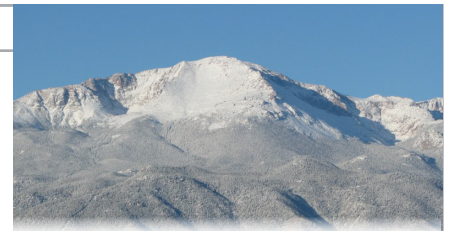
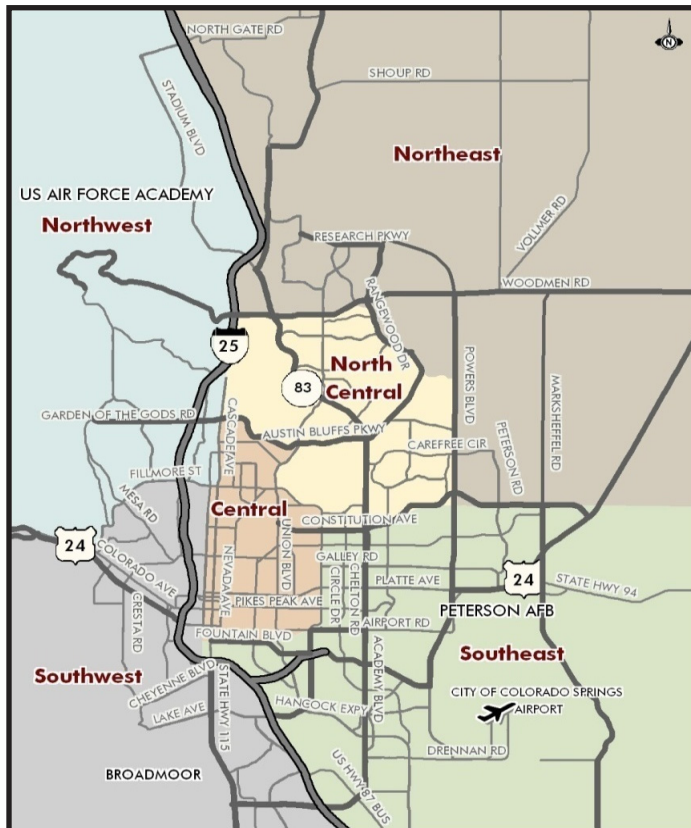
The Springs Medical Center provides a great central location in the Printers Park submarket, with existing medical space at a competitive market rate. Space from 2,400 square feet to 26,000 square feet is available to accommodate a variety of medical providers. For larger users, on-building signage is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