



QUICK STATS

	Current	Change from last	
		Yr.	Qtr.
Vacancy	7.88%	▲	▲
Lease Rates	\$13.16	▲	▲
YTD Absorption	28,670	▲	▲

HOT TOPICS

- The Colorado Springs Metro Interstate expansion (COSMIX) project opens a new bridge at Bijou Street, reestablishing access from Interstate 25 to the central business district.
- The Banning Lewis Ranch officially opens with twenty houses built in northeastern Colorado Springs. The development projects 1,000 homes to be built in the next year.
- PRC, a local customer service call center, announces plans to add 400 jobs to its payroll, just six months after arriving in Colorado Springs and creating 500 jobs.

The medical office market ended the third quarter in close to the same way it started, with the lease rates edging up to an average of \$13.16/square foot NNN and vacancy rates relatively stable. Year to date lease activity is at nearly 71,000 square feet with absorption coming in at just under 30,000 square feet.

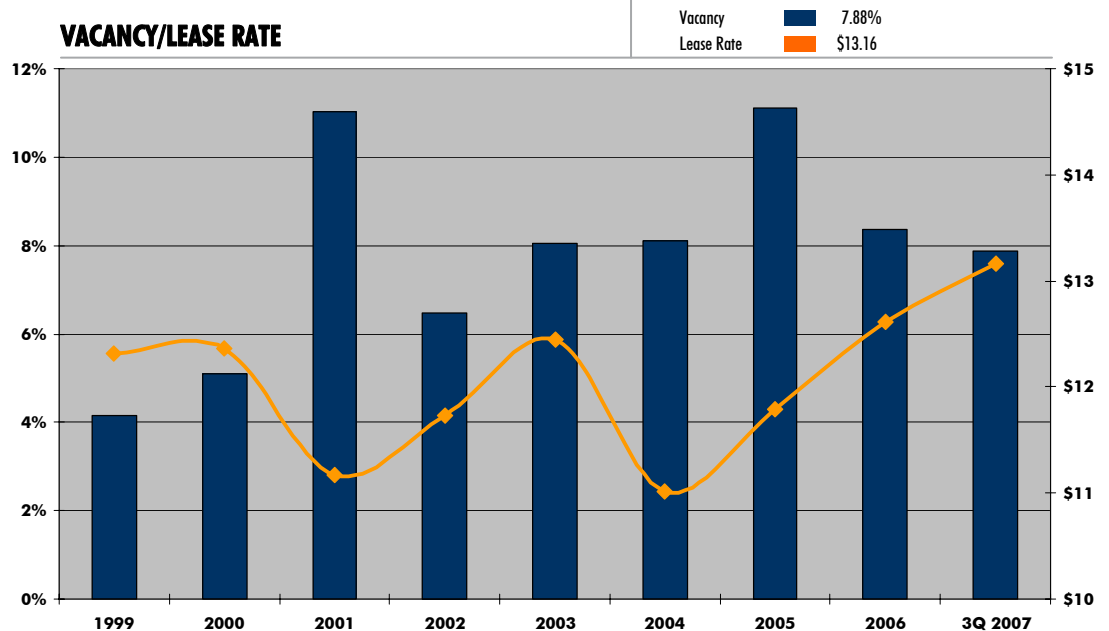
Construction continues on new medical office buildings in the Northeast market near the new hospital campuses. The three main projects, Northcare at St. Francis, The Medical Pavilion at Briargate, and Memorial Hospital North Campus will cumulatively deliver 370,000 square feet of medical space by the

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end of the 3rd quarter of 2008. Thus far, the two projects have leased approximately 150,000 square feet and their continued pre-leasing efforts will determine the impact on the market. However, it seems safe to say that it will take several years for the market to fully absorb the additional space.

In the investment market we saw one of the largest transactions in Colorado Springs with the sale of two major properties by Memorial Health Systems to Nexcore Group. However, the difficulties in the credit markets could slow the investment market in the short term as we wait for the markets to stabilize.

VACANCY/LEASE RATE



FEATURED PROPERTIES

7610 N. Union Blvd.

This recently renovated medical/office building offers flexible floor plans to accommodate users from 650 to 13,000 square feet. Features such as easy access to central and north hospital campuses, public transportation, excellent parking and Class A office finishes in common areas makes this medical/office building very desirable.

Union Medical Campus

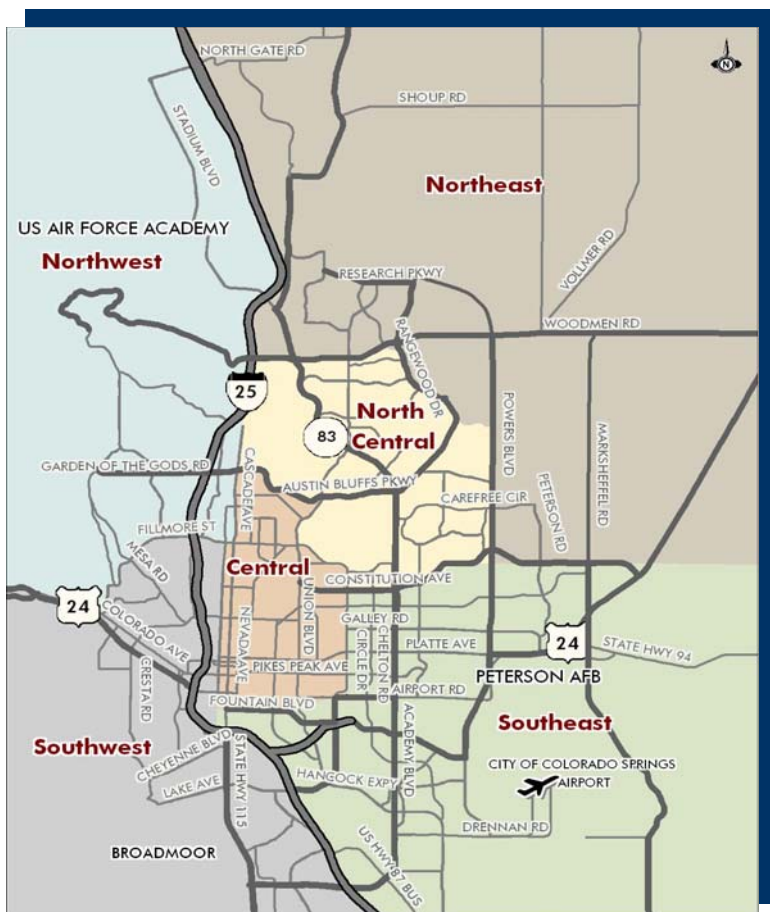
Union Medical Campus is the premier medical facility in Colorado Springs. Features such as central location, flexible space plans, close proximity to hospitals and public transportation make this medical campus very desirable. Second generation medical suites are able to accommodate users from 900 square feet.

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



Contact:
Brian Wagner, 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



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