



QUICK STATS

	Change from last		
	Current	Yr.	Qtr.
Vacancy	18.13%	▲	▲
Lease Rates	\$14.48	▲	▲
YTD Absorption	35,696	▲	▲

HOT TOPICS

- The Woodmen Road widening project begins construction. With estimated completion by September 2011, the project will widen Woodmen Rd. to three continuous lanes in each direction, as well as replace the Academy Blvd. interchange with a grade separated interchange.
- The Fourth Judicial District approves the issuing of \$38 million in certificates of participation by the City of Colorado Springs to help finance the new USOC headquarters located downtown.
- Colorado Springs ranks #3 in Forbes.com's "Best Cities For A Housing Recovery", based on foreclosure resales, sales activity, and other criteria.

The end of the third quarter continued our trend of small improvements to the vacancy rate in the medical office market, which dropped from 18.73% to 18.13%. This change was brought on by a quarterly lease activity of 35,000 square feet. We have seen a decrease in the average asking rental rate to \$14.48, which is down nearly 10% from the previous quarter.

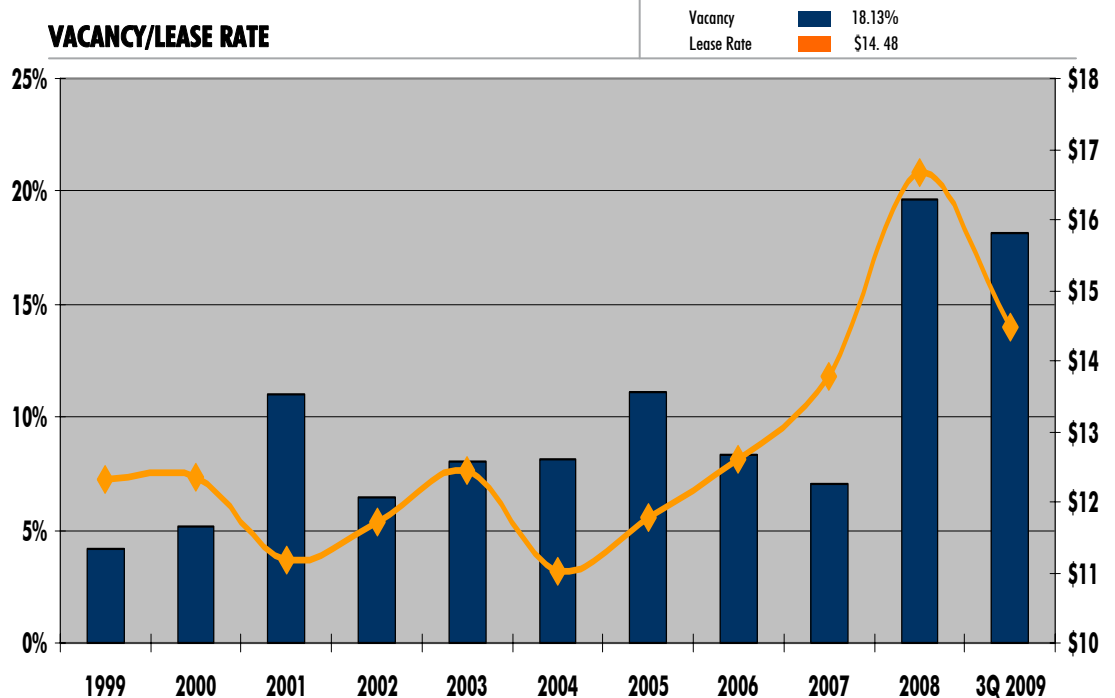
A recovery in the medical office market will be driven by the activity in the northeast market.

stable submarket with an 8.5% vacancy rate. The northeast market, with 900,000 square feet, has experienced rapid growth, and has a vacancy rate of nearly 40%. A recovery in the medical office market will be driven by the activity in the northeast market. Until the market begins to see a strong increase in leasing and absorption, lease rates will continue to see downward pressure, and the market will be stagnant.

To better understand where we are in the cycle, it is helpful to take a more detailed view of our major submarkets, the central and northeast, which account for 70% of the total market. The central market is our largest submarket with 1.4 million square feet, and is the most

The fourth quarter of 2009 should be very quiet in the market due to the seasonal slow-down, and also to the uncertainty caused by the national discussion of healthcare reform.

VACANCY/LEASE RATE



FEATURED PROPERTIES

Printers Park Medical

Located minutes east of downtown, this new medical building offers covered/uncovered parking, public transportation, easy access to hospitals and built-to-suit suites! A generous \$30.00 per square foot tenant finish allowance on unfinished suites with a 10 year lease!

Briargate Medical Center

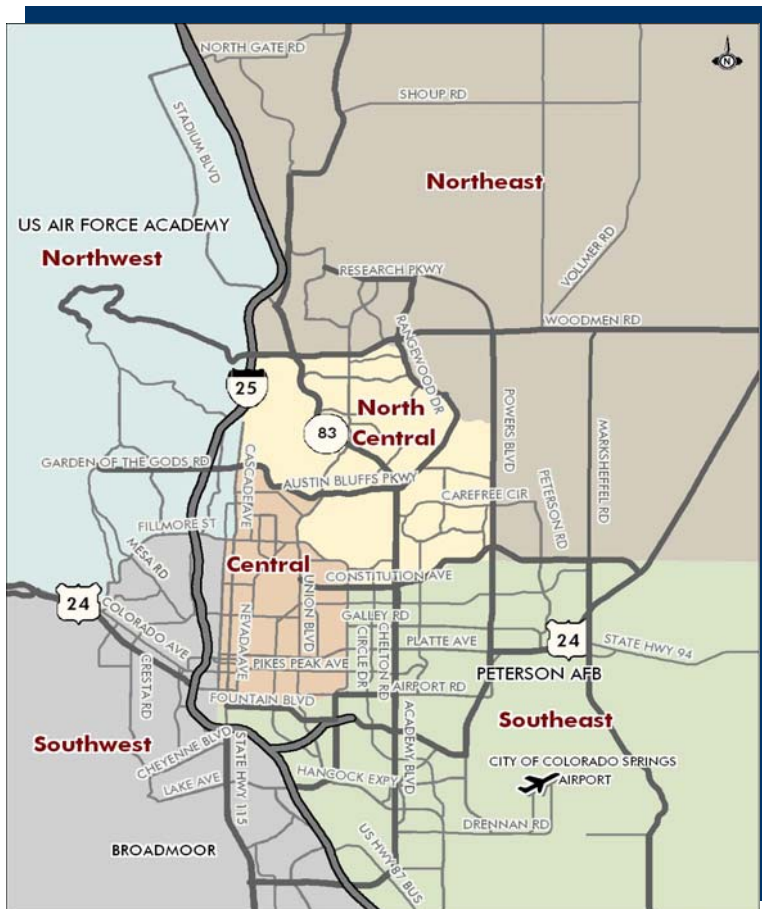
This three-story medical building is strategically located in the Briargate Business Campus, at the intersection of Research Parkway and Chapel Hills Drive. We have second generation dental space on the first floor and lower level space ranging from 900 to 3,500 square feet. 17,930 square feet coming available December 1, 2009.

Research Professional Building II

New Class A Medical office building 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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