



QUICK STATS

	Current	Change from last	
		Yr.	Qtr.
Vacancy	8.37%	▲	▲
Lease Rates	\$12.61	▲	▲
YTD Absorption	103,161	▲	▲

HOT TOPICS

- The Colorado Springs Economic Development Corporation announces that over 2,000 new primary jobs were created in 2006, including the recent announcement that PRC will open an inbound call center that will employ approximately 550 people.
- City Initiatives 200 & 201, two tax-cut and debt limitation initiatives, were defeated by Colorado Springs voters in the November election.
- The Colorado Springs Metro Interstate Expansion (COSMIX) project began work on I-25 near the Central Business District, working on bridges at Colorado Avenue and Cimarron Avenue. The Bijou Street bridge was demolished the first week of January 2007.

The fourth quarter of 2006 ended with a bang in leasing activity and absorption. Approximately 75,000 square feet of lease activity was recorded in the year's final quarter, which brought the year-to-date total to 121,787 square feet. Consequently, the medical market absorbed almost 70,000 square feet in the 4th Quarter, bringing the year-to-date absorption to 103,161 square feet. This activity resulted in a decrease in the market vacancy rate to 8.37%. Lease rates increased to \$12.61, and this increase is driven by the higher rates in the new buildings in the northeast submarket.

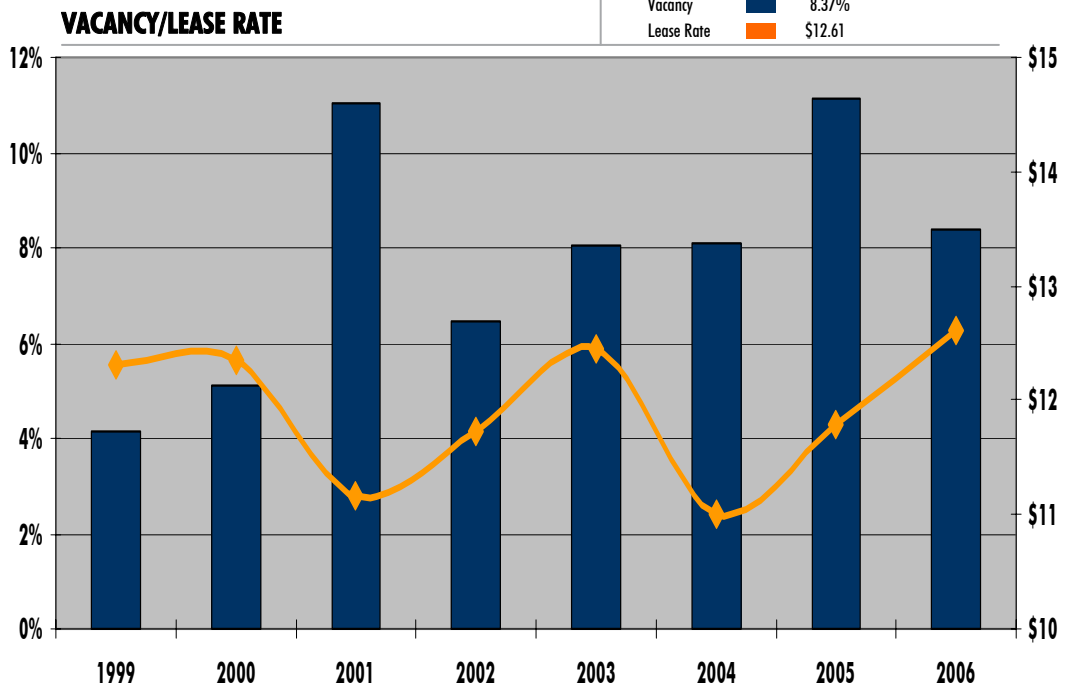
...2006 was a very active year in the market and 2007 is lining up in the same way.

medical properties. There are several Class A MOB's currently on the market and we expect this trend to continue in 2007.

We have begun to see the next wave of development in the medical office market and expect approximately 300,000 square feet of new Class A space to begin speculative development in 2007. This represents an addition of nearly 10% of the total medical office market. This development will push rents higher to justify the cost of new construction, and will temporarily result in an increased vacancy rate.

Investment activity in the medical office market was also at record levels in 2006 with approximately 240,000 square feet of building sales. These buyers were out of state, institutional investors that focus on

All in all, 2006 was a very active year in the market and 2007 is lining up in the same way. Providers and developers will need to carefully evaluate their options and give serious consideration to their long term plans.



FEATURED PROPERTIES

Powers Professional Center

New Class A Medical/Professional office building located just south of the new St. Francis Hospital on Powers Blvd. The project has great visibility from Powers and offers flexible space plans and competitive, economic packages. This is a great location for all types of medical uses with no on-site use restrictions.

2504 E. Pikes Peak Avenue

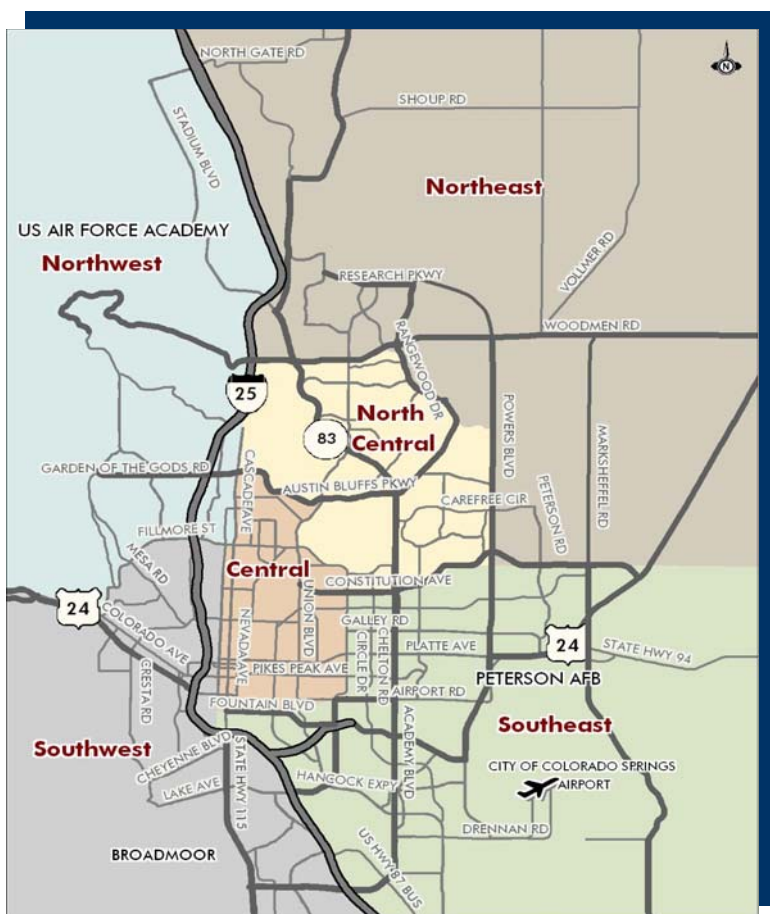
Located minutes from downtown, this 30,000 square foot building offers very functional suites, ample parking and great views. It is centrally located to provide easy access to all major medical facilities. Recently renovated common areas.

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.

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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