



QUICK STATS

	Current	Change from last	
		Yr.	Qtr.
Vacancy	7.04%	▲	▲
Lease Rates	\$13.78	▲	▲
YTD Absorption	70,156	▲	▲

HOT TOPICS

- The Pentagon announced in December that an additional 4,877 troops will be stationed at Fort Carson by 2013, increasing the active-duty population of the army base to nearly 30,000.
- The Colorado Springs Metro Interstate Expansion (COSMIX) project was completed, improving traffic flow by expanding Interstate 25 to six lanes through Colorado Springs.
- Denver-based Frontier Airlines announced plans to build a maintenance hangar at the Colorado Springs airport, resulting in approximately 225 high-paying jobs. Frontier also plans to launch daily flights to Denver in the spring of 2008.

Activity in the Medical Office Market was stable at the end of 2007, with vacancy rates decreasing to 7.04% and rents increasing slightly to \$13.78 per square foot. Positive absorption of 70,000 SF was observed for the year, with total lease activity of 114,000 SF. Given the factors of declining vacancy and positive absorption, tenants may experience pricing pressure as the quantity and quality of available space decreases. This trend will continue through the first half of 2008, while new projects are under construction.

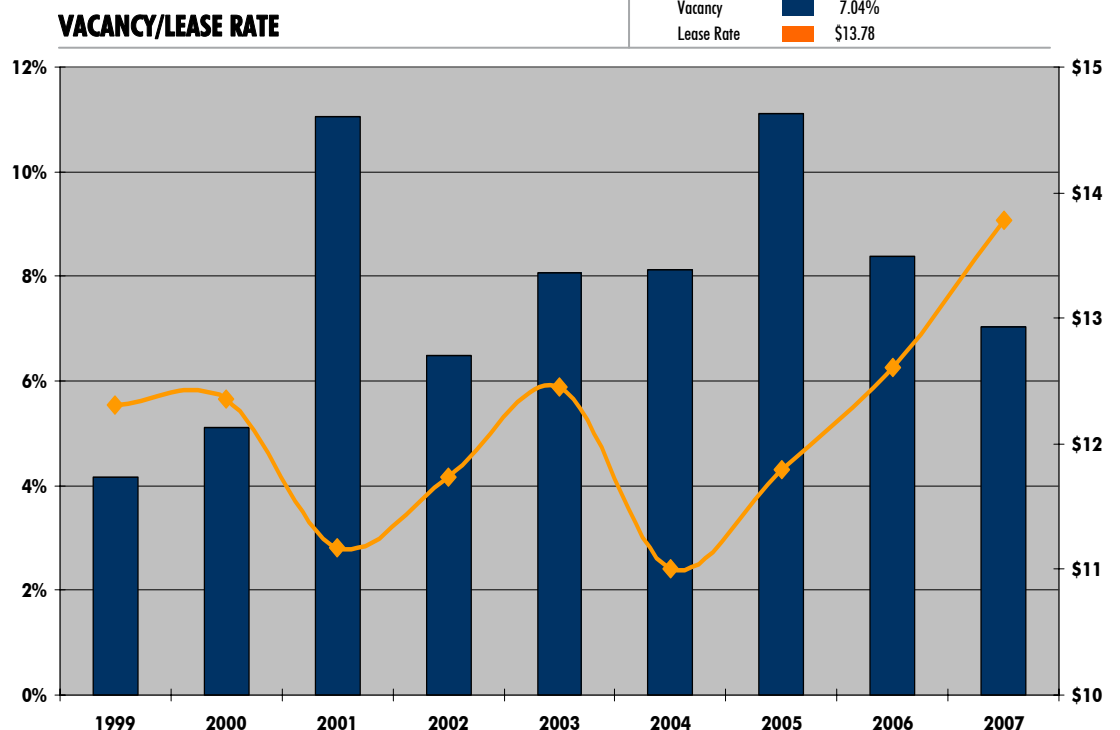
In the Medical Office Submarkets, there was positive absorption overall except in the North Central

Market, which includes the area around Penrose Community Hospital. Negative absorption likely will continue in this vicinity in 2008 as providers move to the new St. Francis Medical Center.

The investment market will exhibit a slowdown as lending requirements for speculative investments tighten. However, demand for owner/user developments will remain steady for smaller finished lots.

... 2008 should be one of the most dynamic years to date.

Looking back at 2007, a key element in the Medical Office Market was the significant momentum in the Northeast submarket. As it continues, 2008 should become one of the most dynamic years to date.



FEATURED PROPERTIES

Powers Professional Center II

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.

Stetson Business Park

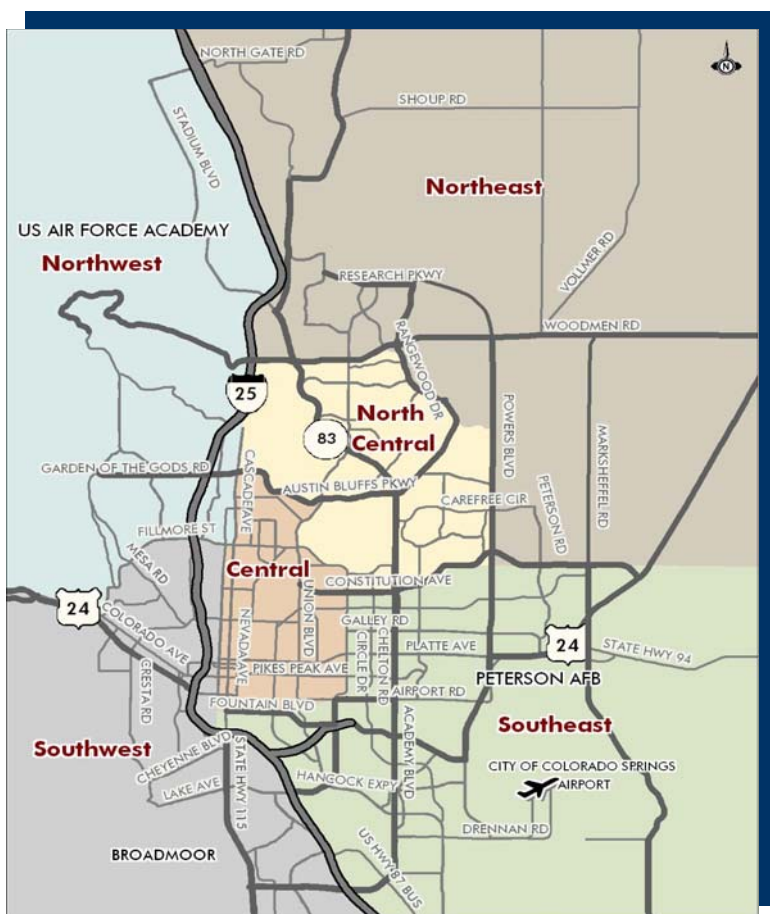
1-2 acre retail and office pad sites available for sale or for lease (build to suit). Pad sale prices ranging from \$10-\$12 per square foot.

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



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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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