



**QUICK STATS**

	Current	Change from last	
		Yr.	Qtr.
Vacancy	18.11%	▲	▲
Lease Rates	\$14.55	▲	▲
YTD Absorption	36,415	▲	▲

**HOT TOPICS**

- Area voters in November pass Issue 300, which will stop the city from collecting revenue from its enterprises, including the Stormwater Enterprise. Voters also defeated Issue 2C, a property tax increase.
- An Immigration and Customs Enforcement office opens in Colorado Springs, intended to investigate illegal immigration and criminal cases that span international borders.
- Colorado Springs ranks #9 in Forbes.com's "Best Bang For The Buck Cities", based on housing affordability, real estate taxes, travel time, jobs forecast, and other criteria.

www.sierracre.com

As we look back on the Medical Office Market in 2009 we see little activity. The overall vacancy rate decreased from 19.61% in the fourth quarter of 2008, to 18.11% year end 2009 as only 36,415 rentable square feet of lease absorption occurred. Average lease rates fell nearly 13% from \$16.67 to \$14.55 per square foot as the vacancy rate stabilized and rates are beginning to feel downward pressure.

Tenants will likely remain in their current holding pattern until the economy strengthens and the proposed healthcare legislation is more defined. Those tenants in the market will most likely remain focused on second generation space to keep their initial investment in Tenant Improvements substantially lower. This will provide some flexibility for these tenants. We anticipate a majority of the active prospects to come from

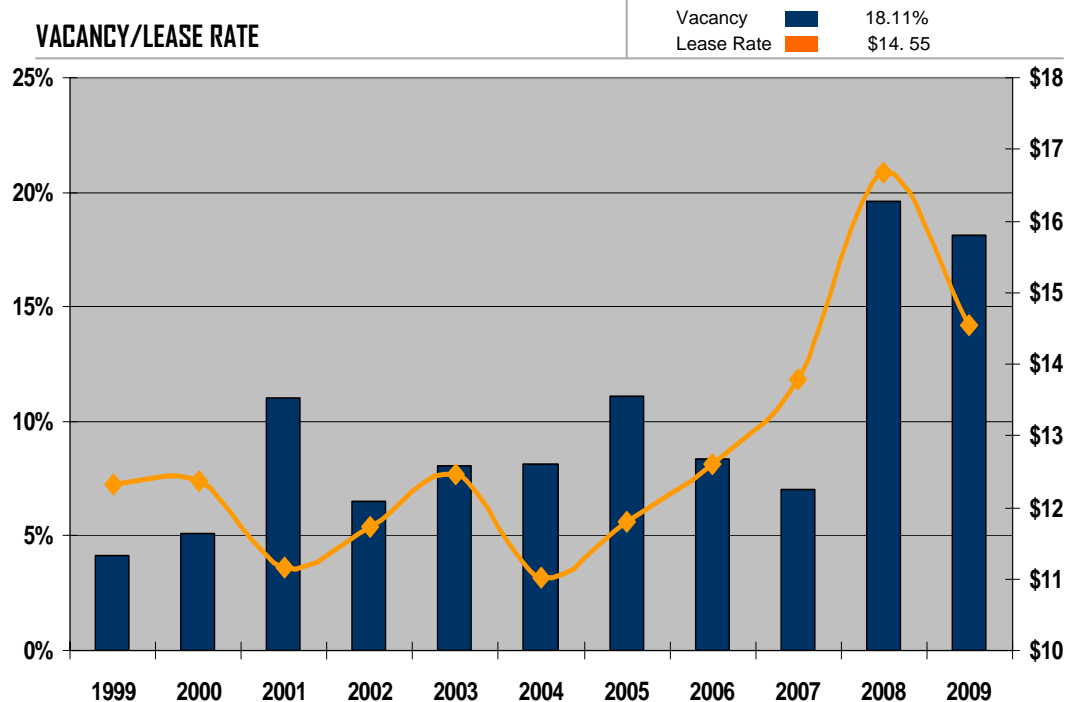
existing buildings that have experienced significant changes in operating expenses or operations.

The investment market is expected to be slow in returning in 2010 as it was absent most of 2009. The recent national focus on the healthcare industry will likely create added interest in the sector for investment funds, and we could see stronger activity in the investment market for medical office space than the general office market in 2010.

Looking into 2010, we expect to see a gradual decrease in vacancy and continuing downward pressure on rental rates which will be primarily driven by the northeast submarket. We expect to see landlords act aggressively to capture deals as this tenant friendly market continues.

**Tenants will likely remain in their current holding pattern until the economy strengthens and the proposed healthcare legislation is more defined.**

**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

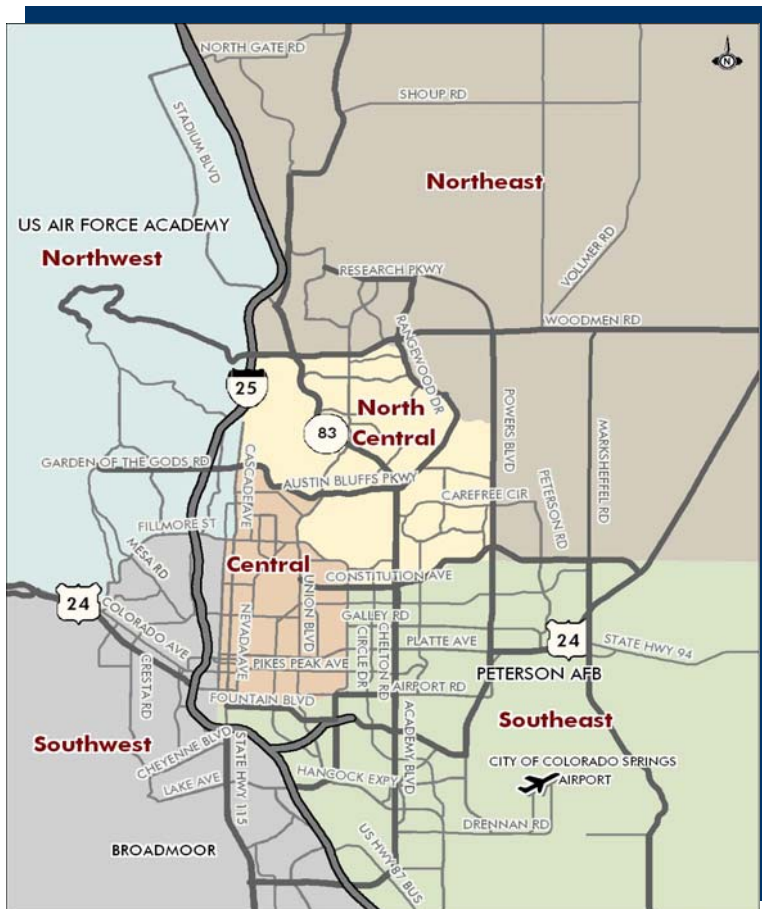
This three-story medical building is strategically located in the Briargate Business Campus, at the intersection of Research Parkway and Chapel Hills Drive. We have second generation dental space on the first floor and lower level space ranging from 900 to 3,500 square feet. 17,930 square feet coming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



Contact:  
**Brian Wagner, Managing Director**  
 Office/Medical Brokerage Services  
 719.955.2016 [bwagner@sierracre.com](mailto: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](http://www.sierracre.com)

