



QUICK STATS

	Current	Change from last:	
		Year	Quarter
Vacancy	16.01%	▲	▲
Lease Rates	\$13.84	▲	▲
YTD Absorption	24,736	▲	▲

HOT TOPICS

- After hosting a successful prologue in the 2011 USA Pro Cycling Challenge, Colorado Springs is awarded the finish of the fifth stage of the seven day race for the 2012 event in August. The stage will begin in Breckenridge and finish in downtown Colorado Springs.
- ACS announces plans to hire an additional 225 people for its call center in Colorado Springs. The positions are for service and billing inquiries of a Fortune 500 client.
- Colorado Springs ranks 2nd in the nation on Livability.com's Top 10 Cities for Veterans. The rankings were based on quality of life indicators, favorable climate, access to VA hospitals and services, and vicinity to military installations.

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The Colorado Springs Medical Office Market closed out 2011 with nominal changes when compared to year-end 2010. At the close of the 4th quarter, the medical market posted only 24,736 square feet of absorption which decreased the overall vacancy rate to 16.01%, down from 16.76% year-end 2010. Average rental rates decreased from \$14.35 to \$13.84 per square foot, NNN when compared to year-end 2010.

The largest medical submarket, the Central submarket, recorded the greatest losses of all the medical submarkets [with just under 54,000 square feet of negative absorption with only 12,000 square feet of leasing activity]. The Northeast medical submarket is the second largest submarket and saw the greatest absorption with 89,866 square feet and 104,656 square feet of leasing activity. This submarket

has the highest vacancy rate of 27.05% with over 260,000 square feet of vacant space. With its large number of options and proximity to the new hospitals, we expect it will continue to attract a majority of medical providers seeking new space.

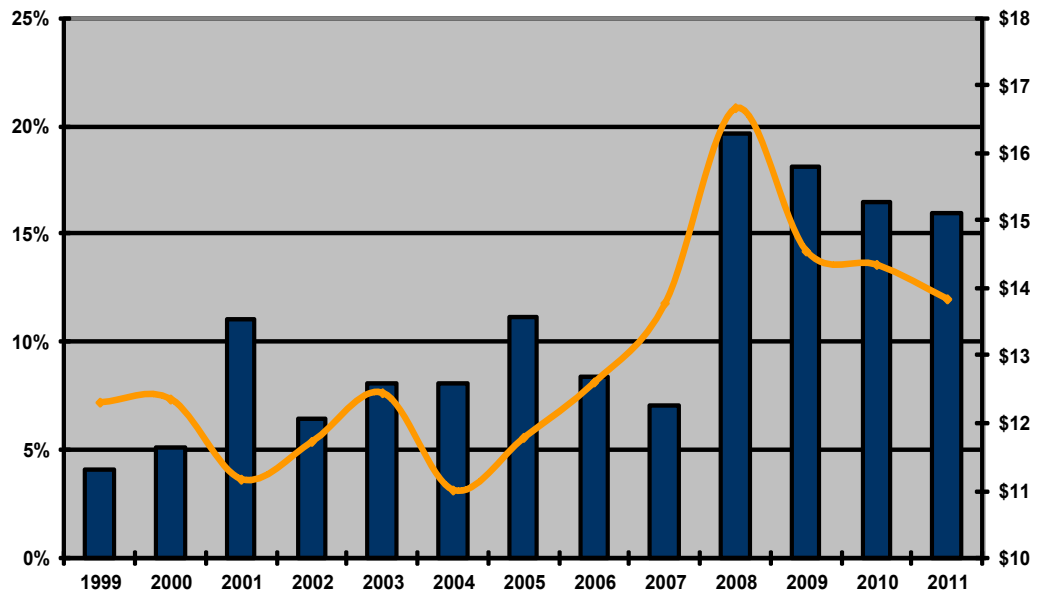
The investment market remained non-existent in 2011. We expect to see some new activity in 2012 as opportunities on distressed assets present themselves.

Looking into 2012, we anticipate seeing rental rates begin to flatten out as vacancy rates continue to slowly stabilize. An increase in velocity is possible after the ownership status of Memorial Hospital is resolved. A key element in the Medical Office Market's recovery will be the stabilization of the Northeast submarket.

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VACANCY/LEASE RATE

Vacancy 16.01%
Lease Rate \$13.84



FEATURED PROPERTIES

Rangewood Medical

Rangewood Medical offers medical/dental spaces from 922 to 3,017 square feet in a professional medical/office building in Briargate. This building provides easy access to Powers Boulevard as well as both new hospital campuses and unobstructed views of the Front Range.

Springs Medical Center

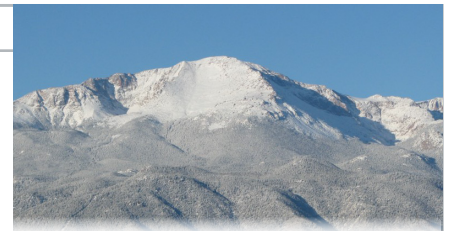
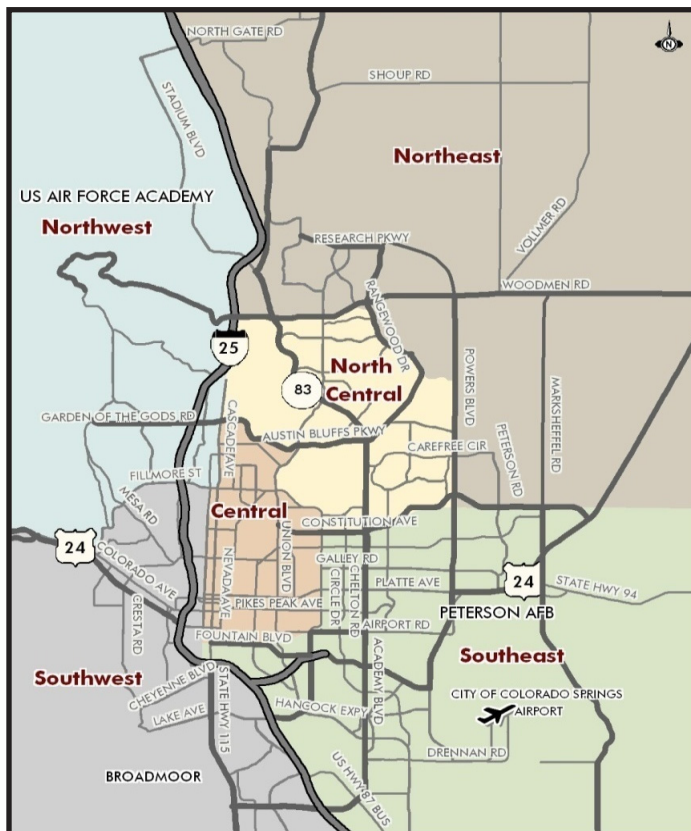
The Springs Medical Center provides a great central location in the Printers Park submarket, with existing medical space at a competitive market rate. Space from 2,400 square feet to 26,000 square feet is available to accommodate a variety of medical providers. For larger users, on-building signage is available. Take advantage of this central location with easy access and aggressive ownership.

Pavilion Medical Center

Pavilion Medical Center is a premier, Class A medical office project located at Wahsatch Avenue and Fontanero Street. This location provides the ideal setting for specialty groups working out of both Memorial and Penrose Hospitals, as well as primary care practices that serve all areas of Colorado Springs. Approximately 15,232 square feet of second generation medical space is available.

**For additional information,
contact Brian Wagner or Mark O'Donnell
at 719-955-2000**

COLORADO SPRINGS MEDICAL SUBMARKET MAP



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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