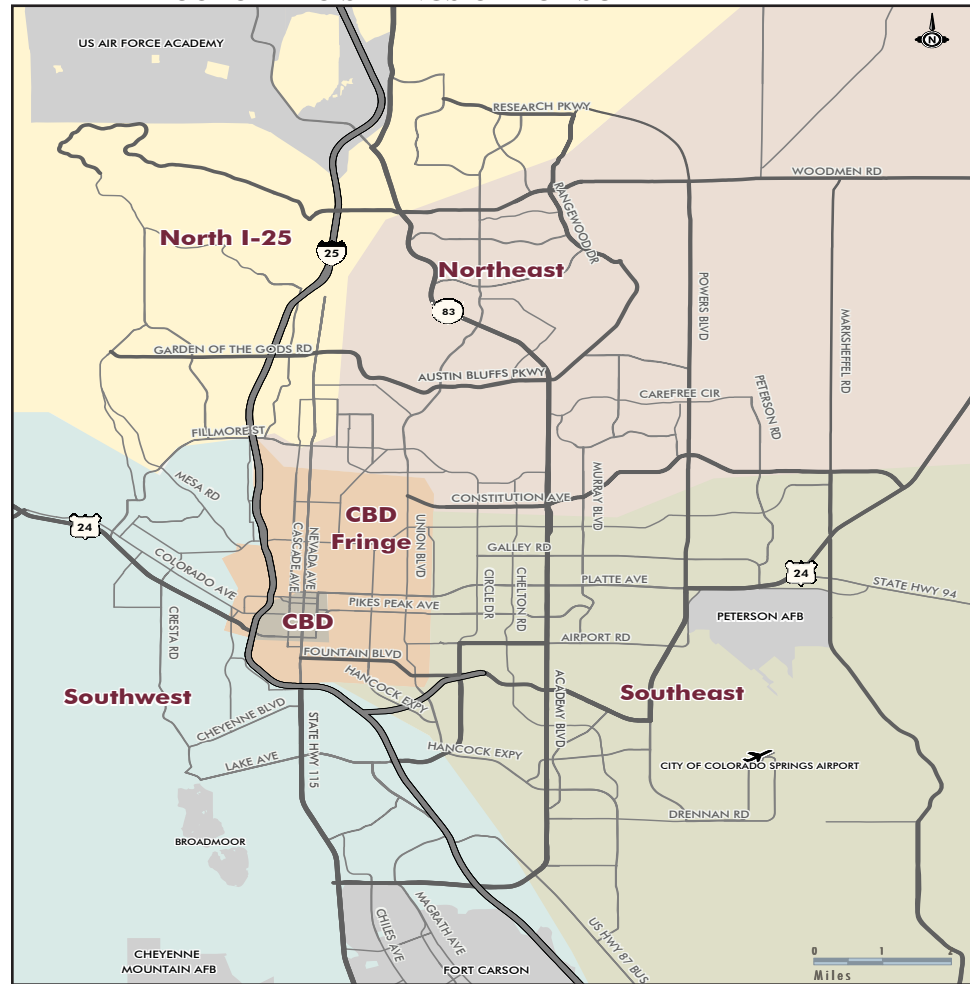


OFFICE INDUSTRIAL RETAIL

TOP COLORADO SPRINGS LEASE AND SALES TRANSACTIONS

Size (Sq. Ft.)	Tenant/Building	Address	Sale / Lease
80,000	Everest College	1575 Garden of the Gods	Lease
63,210	CSHP	1633 Medical Center Point	Lease
63,180	Federal Express Bldg.	5550 Tech Center Dr.	Sale
42,470	Christian Bookseller's Bldg.	9240 Explorer Dr.	Sale

COLORADO SPRINGS OFFICE SUBMARKET MAP



OFFICE BROKERAGE SERVICES:

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Brian Wagner, Managing Director 719.955.2016 bwagner@sierracre.com	Amanda Gaden, Broker Associate 719.955.2003 agaden@sierracre.com
Lonnie Wagner, Managing Director 719.955.2031 lwagner@sierracre.com	

DEFINITION OF TERMS

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 office buildings 5,000 square feet and greater in size.

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 which have begun construction as evidenced by site excavation or foundation work.

Available Square Feet
Available Building Area which 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 MarketView, please contact one of the office brokers listed.

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HOT TOPICS

- Colorado Springs receives a diversity award from the National League of Cities, citing the Colorado Springs Diversity Forum's efforts in promoting cultural diversity.
- The Front Range Express (FREX) commuter bus system between Colorado Springs and Denver announces that it will be able to run through at least the end of the year after selling nine surplus buses for \$1.4 million.
- Women's Health and Men's Health magazines rank Colorado Springs the 10th best city to be a woman and 15th best city to be a man, based on 35 criteria regarding health, life, and fitness.

During the first quarter of 2010, the Colorado Springs metro office market experienced relatively healthy leasing activity of 357,883 square feet, while net absorption recorded negative 18,063 square feet. Vacancy rates in the office market rose to 18.79%, primarily due to over 500,000 square feet of office space at the former Intel facility on Garden of the Gods Road returning to the active market. The increase in vacancy rates continues to push average asking lease rates downward, to a current level of \$11.46/SF/NNN. This is down from the all-time high average of \$12.19/SF/NNN at the end of 2008.

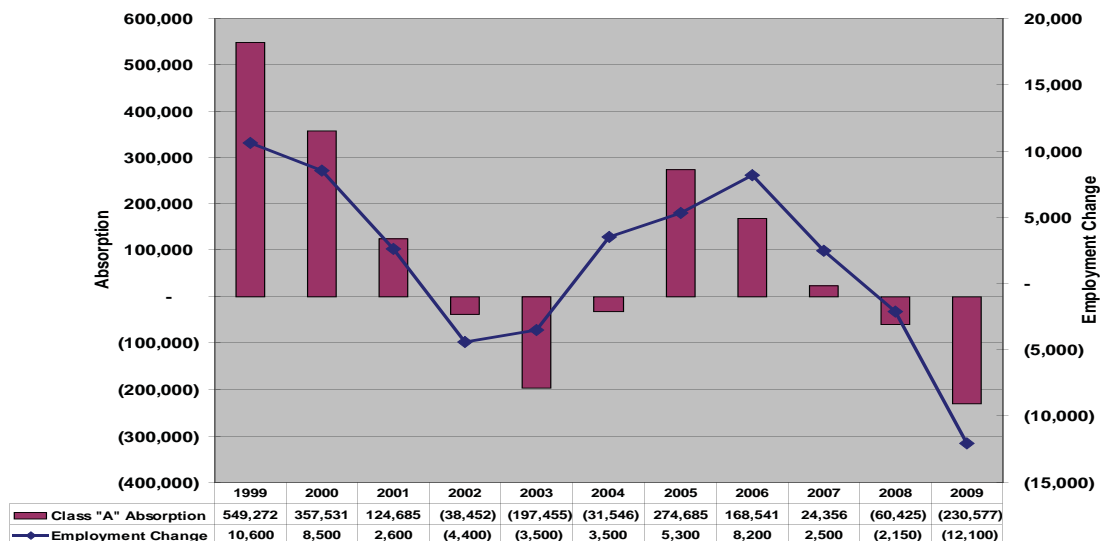
...the negative momentum in both the metro and the Class A markets is beginning to slow as the national and local economies begin to demonstrate some signs of life.

Similarly, the Class A office market continues to experience higher vacancy rates, currently at 26.12%, negative absorption of 36,165 square feet, and decreasing average asking lease rates of \$12.97/SF/NNN. However, the negative momentum in both

the metro and the Class A markets is beginning to slow as the national and local economies begin to demonstrate some signs of life. Several larger leasing and sales transactions occurred during the last three months, including an 80,000 square foot lease by Everest College at the former Intel facility, now called Corporate Ridge.

With the conclusion of the current wave of speculative Class A construction and the introduction of Corporate Ridge, the spike in new office supply has come to a close. With the employment market expected to gradually improve in the coming months and little to no new office development, expanding companies will begin to slowly absorb the five million square feet of available office product in the market. Vacancy rates will begin to stabilize and lower, however, 10% vacancy rates and better will have a timeline of several years to accomplish.

CLASS A ABSORPTION AND EL PASO COUNTY EMPLOYMENT CHANGE



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METRO OFFICE STATISTICS

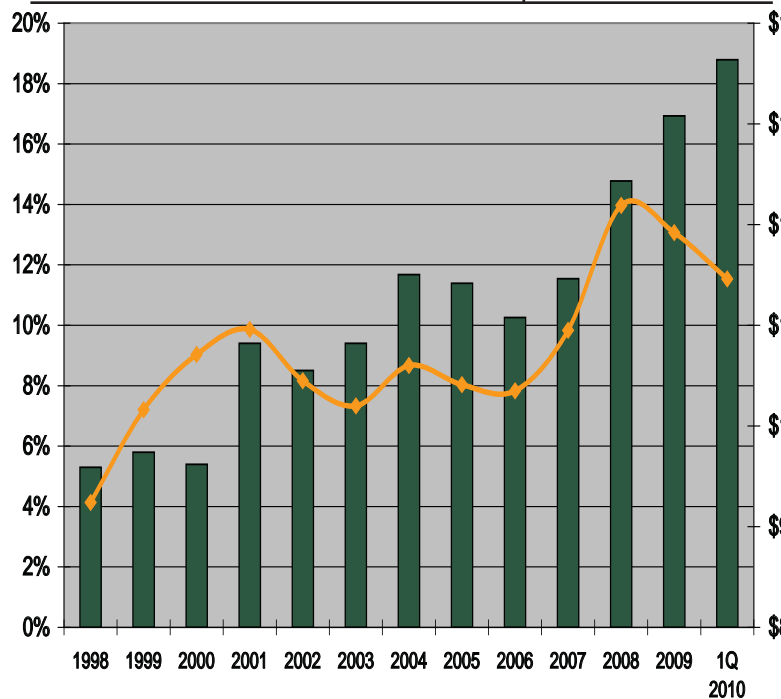
Office Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
CBD	3,282,678	429,454	13.08%	13.44%	\$12.33	17,366	(17,423)
CBD Fringe	2,744,816	171,842	6.26%	6.52%	\$9.80	35,375	14,800
North I-25	12,265,585	2,911,254*	23.74%	24.42%	\$12.47	200,946	60,499
Northeast	3,445,781	480,557	13.95%	15.03%	\$10.04	48,740	(19,408)
Southeast	4,329,329	925,206	21.37%	22.15%	\$9.32	41,697	866
Southwest	1,725,731	302,997	17.56%	18.27%	\$10.23	13,759	(57,397)
Total	27,793,920	5,221,310	18.79%	19.46%	\$11.46	357,883	(18,063)

* Over 500,000 SF of vacant office space at the former Intel facility on Garden of the Gods Rd. (Corporate Ridge) was reintroduced to the office statistics during the first quarter of 2010

CLASS "A" OFFICE STATISTICS

Office Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
North I-25	4,653,299	1,355,593	29.13%	\$12.80	55,913	(8,124)
CBD	1,791,741	208,831	11.66%	\$14.01	7,659	(7,827)
Southeast	1,429,857	492,754	34.46%	\$12.99	0	(20,214)
Total	7,874,897	2,057,178	26.12%	\$12.97	63,572	(36,165)

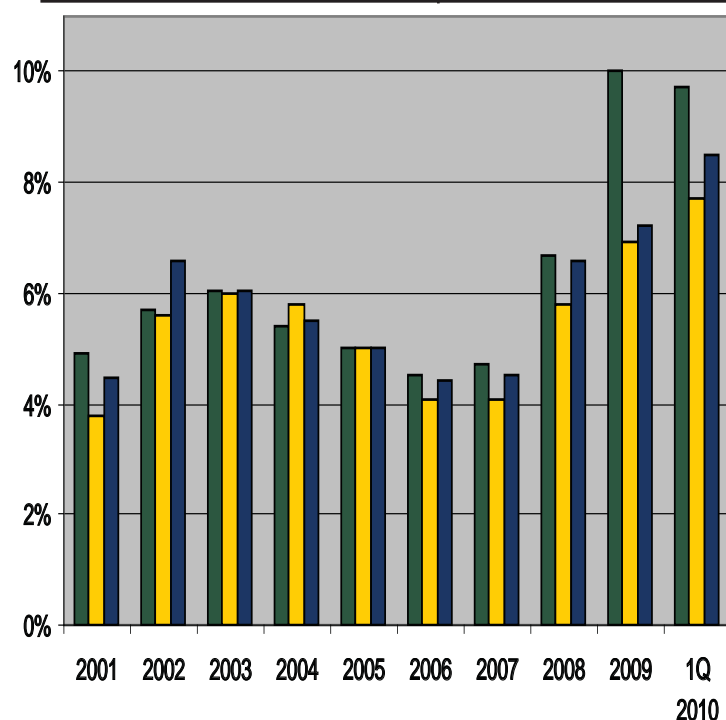
METRO VACANCY/LEASE RATES
 Lease Rates \$11.46
 Vacancy 18.79%



Vacancy rates during 2009 and the first quarter of 2010 have risen from year end 2008, currently at 18.79%. Lease rates have declined in 2009 and 2010, currently at \$11.46/SF/NNN.

UNEMPLOYMENT

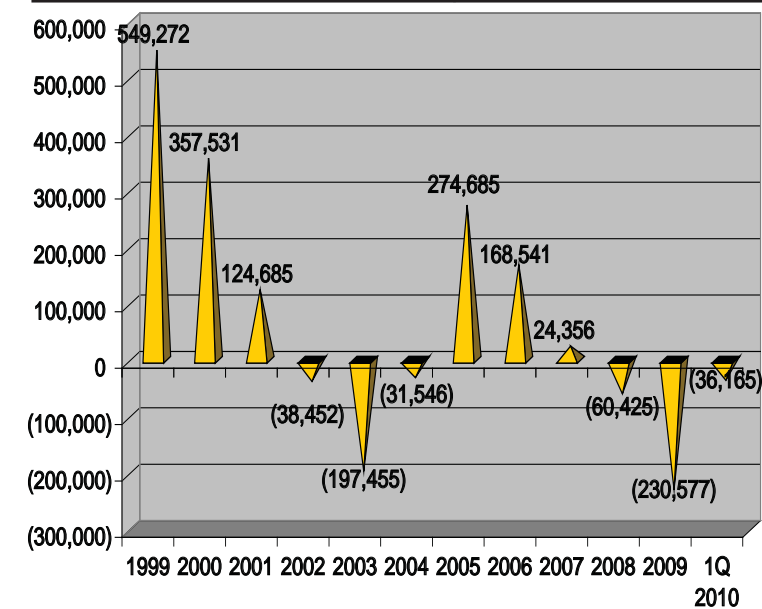
United States 9.7%
 Colorado 7.7%
 El Paso County 8.5%



The unemployment rate in El Paso County has risen since 2007 to a current rate of 8.5%. Unemployment rates both locally and nationally have been increasing steadily since 2006.

CLASS "A" ABSORPTION

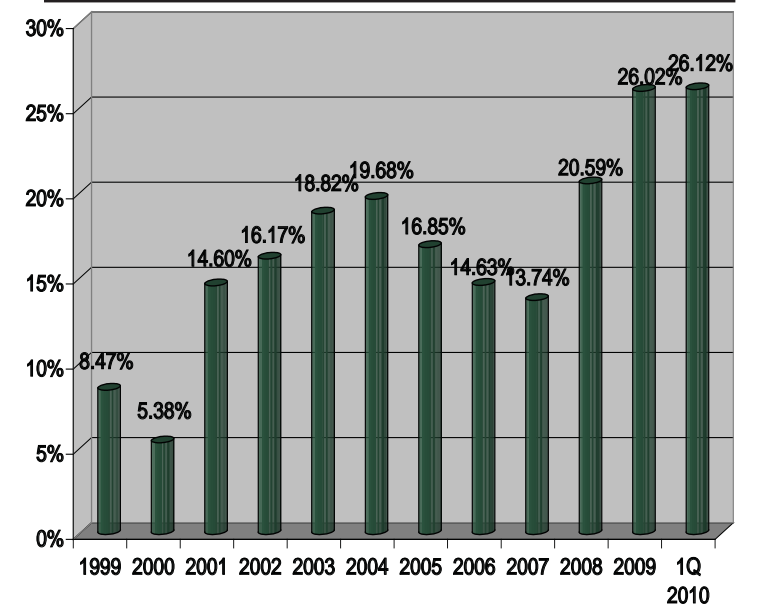
Annual Absorption (36,165)



Absorption in the Class "A" market was negative 36,165 square feet during the first quarter of 2010, continuing a trend of declining absorption that began in 2006.

CLASS "A" VACANCY

Annual Vacancy 26.12%



Class "A" vacancy rates have increased since the end of 2007, currently at 26.12%. Rental rates have declined during the first quarter of 2010 to a current rate of \$12.97/SF NNN.

MARKET OUTLOOK FOR 2010

The Class A office market is slowly beginning to gain positive traction, particularly in the North I-25 sub-market. As the economy continues to show signs of recovery and jobs gradually return to Colorado Springs, positive absorption will occur. With lease rates in the Class A sector decreasing at a faster rate than Class B and C product, more office users will likely migrate to relatively affordable Class A office space.

