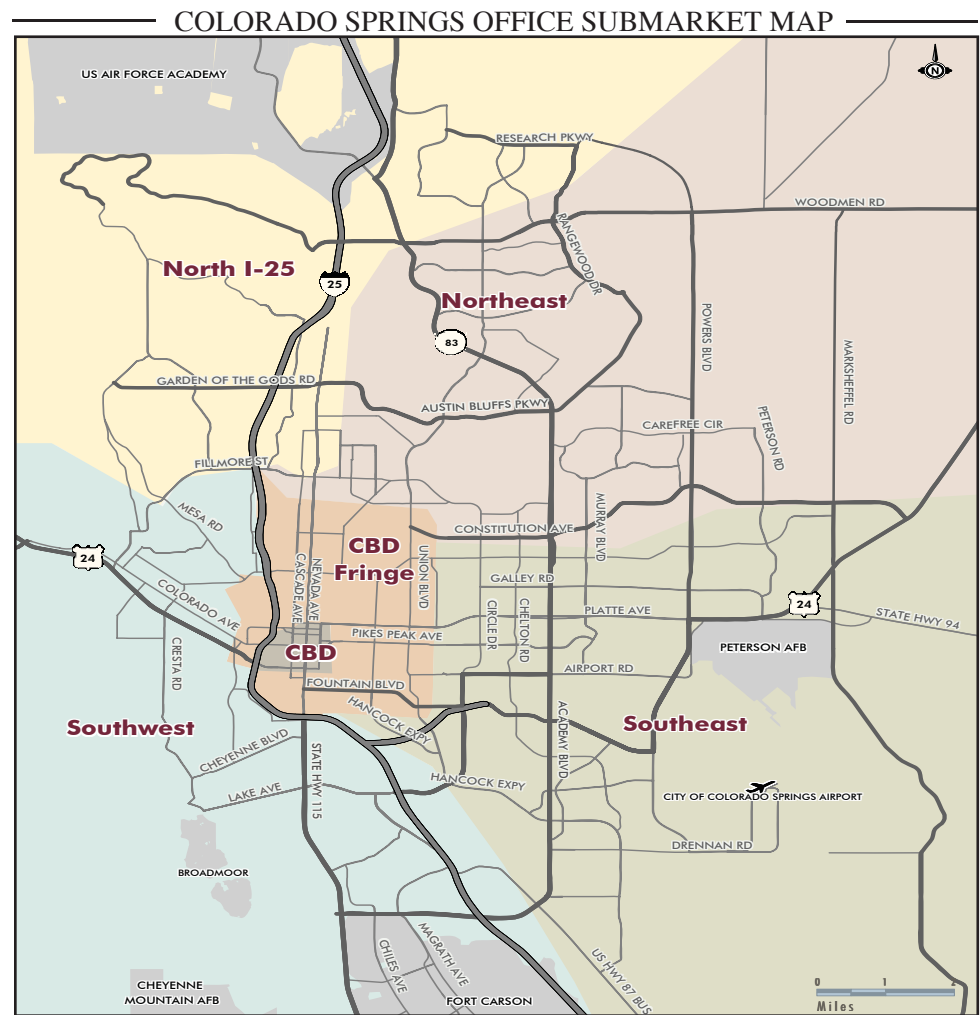


OFFICE INDUSTRIAL RETAIL

TOP COLORADO SPRINGS LEASE AND SALES TRANSACTIONS

Size (Sq. Ft.)	Tenant/Building	Address	Sale / Lease
38,327	Criterion Business Centre	8570 Criterion	Sale
34,604	Vantage Point	5373 N. Union	Sale
10,522	Jaxson Engineering & Maint.	1975 Research	Lease
10,000	Envision Radiology	8610 Explorer	Lease



OFFICE BROKERAGE SERVICES:

Kenton R. Mau, Senior Managing Director 719.955.2013 kmau@sierracre.com	Mark G. O'Donnell, Jr., Broker Associate 719.955-2017 modonnell@sierracre.com
Randy Miller, Managing Director 719.955.2015 rmiller@sierracre.com	Nicola Myers-Murty, Broker Associate 719.955.2021 nmyersmurty@sierracre.com
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.
Sierra Commercial Real Estate, Inc.
102 S. Tejon, Suite 750
Colorado Springs, Colorado 80903
T. 719.955.2000 F. 719.955.2019

www.sierracre.com



QUICK STATS

	Current	Year	Change from last	Qtr.
Vacancy	17.01%	▲	▲	▲
Lease Rates	\$11.87	▲	▲	▲
Net Absorption (246,940)	▲	▲	▲	▲
Lease Activity	740,691	▲	▲	▲

HOT TOPICS

- The Woodmen Road widening project begins construction. With estimated completion by September 2011, the project will widen Woodmen Rd. to three continuous lanes in each direction, as well as replace the Academy Blvd. interchange with a grade separated interchange.
- The Fourth Judicial District approves the issuing of \$38 million in certificates of participation by the City of Colorado Springs to help finance the new USOC headquarters located downtown.
- Colorado Springs ranks #3 in Forbes.com's "Best Cities For A Housing Recovery", based on foreclosure resales, sales activity, and other criteria.

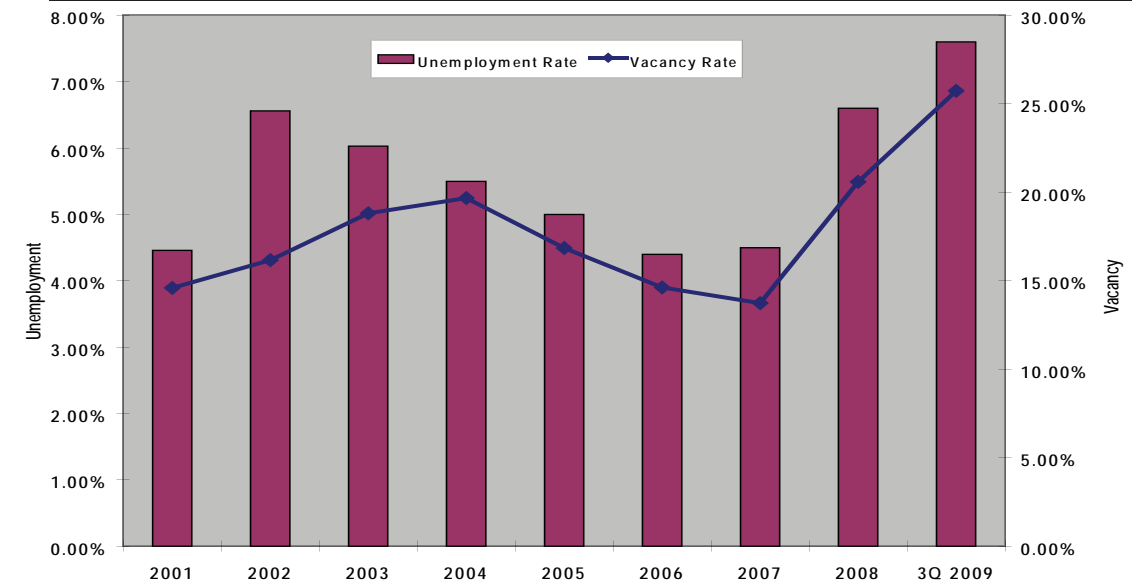
The office market in Colorado Springs is beginning to show signs that a recovery may not be too far in the future. While year to date absorption is still negative 246,940 square feet, absorption during the third quarter alone was positive. The metro office vacancy rate during the third quarter was unchanged at 17.01%, but remains nearly 300 basis points higher than the 14.03% reported in the third quarter of 2008. Average asking lease rates continue to decline due to pressures of increased supply. The current average asking rate of \$11.87/SF/NNN is \$0.28 lower than three months ago, and \$0.45 lower than a year ago.

...the large wave of new construction has come to a close after delivering over 600,000 square feet of new product during the last two years.

Colorado Crossing site, the large wave of new office construction has come to a close after delivering over 600,000 square feet of new product during the last two years. The large amount of new unleased office space has contributed more to the increasing vacancy rate than has negative absorption.

In the near term, improved employment conditions are a necessity to fill the 4.6 million square feet of vacant office space in Colorado Springs. Unemployment continues to rise locally, but at a much slower rate than nationally. Job losses are occurring at a slower pace than during the first half of 2009. When the trend reverses and job losses turn into job gains, office users will express more confidence in the future and begin to expand once again.

EL PASO COUNTY UNEMPLOYMENT RATE AND CLASS "A" VACANCY RATE



SIERRA COMMERCIAL REAL ESTATE, INC.
102 S. Tejon, Suite 750, Colorado Springs, Colorado 80903
T. 719.955.2000 • F. 719.955.2019

www.sierracre.com

METRO OFFICE STATISTICS

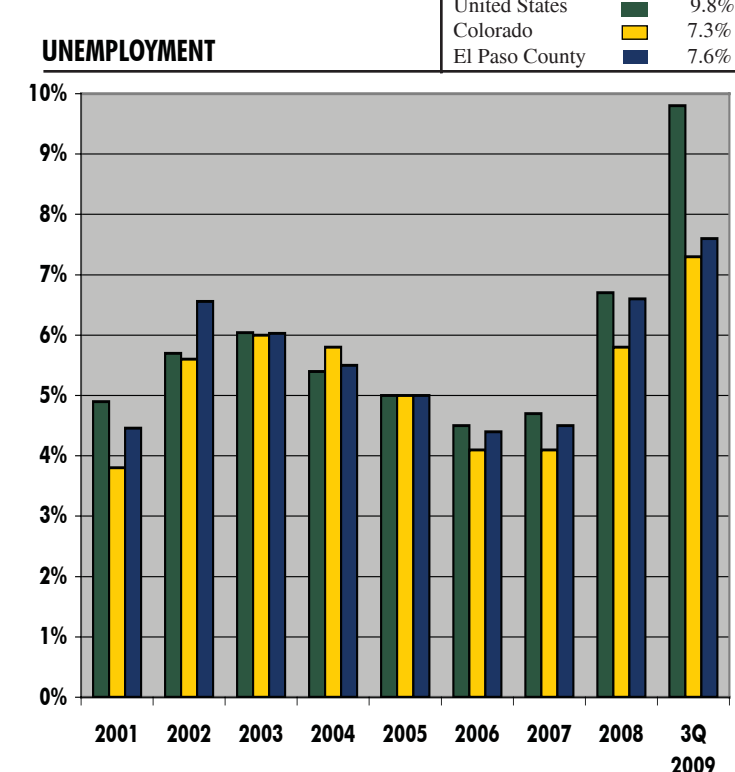
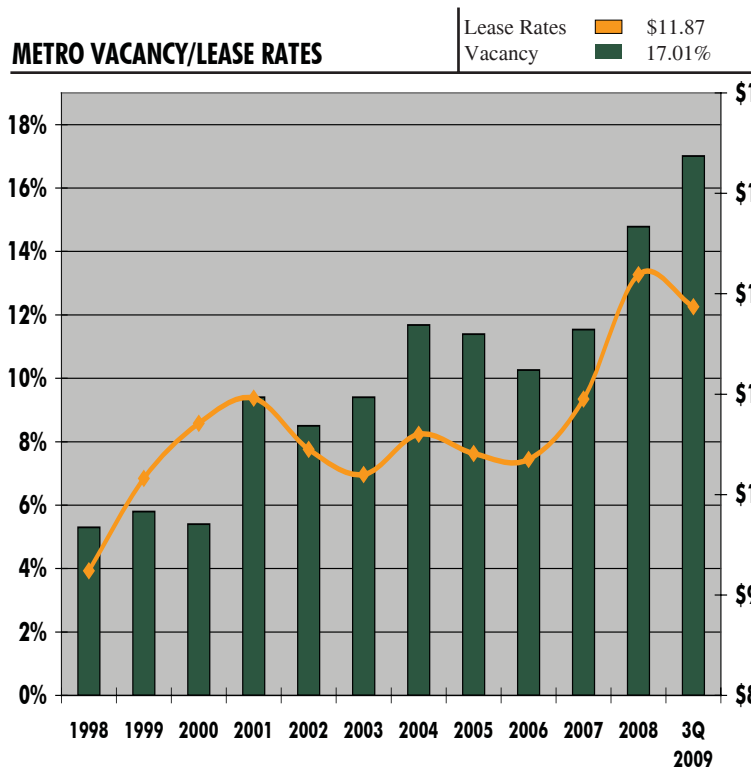
Office Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
CBD	3,335,146	384,795	11.54%	12.50%	\$13.50	75,732	19,947
CBD Fringe	2,699,135	173,104	6.41%	6.73%	\$10.17	86,631	15,073
North I-25	12,023,284	2,521,681	20.97%	21.75%	\$13.02	351,710	(159,118)*
Northeast	3,467,451	478,042	13.79%	13.95%	\$10.39	133,959	(25,589)
Southeast	4,329,329	893,857	20.65%	21.34%	\$9.43	59,407	(83,601)
Southwest	1,717,667	238,024	13.86%	14.57%	\$10.40	33,252	(13,652)
Total	27,572,012	4,689,503	17.01%	17.67%	\$11.87	740,691	(246,940)

* Realignment of 55,500 SF was recorded at 2424 Garden of the Gods Rd. during the 3rd quarter. The current figure has been adjusted to reflect the realignment. No absorption occurred.

CLASS "A" OFFICE STATISTICS

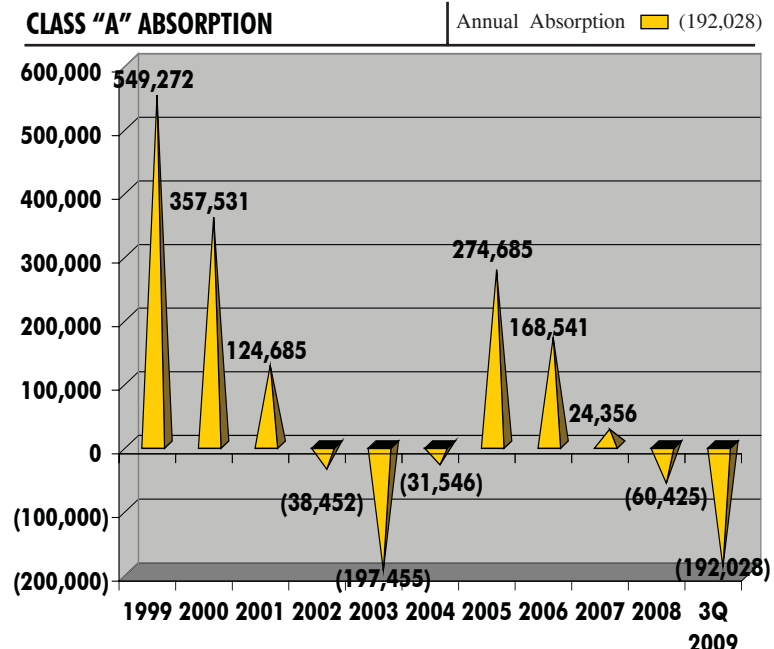
Office Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
North I-25	4,653,299*	1,383,829	29.74%	\$13.44	204,722	(143,776)
CBD	1,791,741	170,734	9.53%	\$16.07	34,668	22,352
Southeast	1,472,851	483,232	32.81%	\$13.15	33,725	(70,604)
Total	7,917,891	2,037,795	25.74%	\$13.59	273,115	(192,028)

*Buildings under 40,000 square feet were removed from the Class A subset during the 2nd quarter of 2009. The graphs below reflect the new Class A base.
 *Removed Buildings: 540 Elkton Drive - 32,370 SF; 1915 Jamboree - 38,872 SF; 1935 Jamboree - 38,872 SF; 1485 Kelly Johnson - 29,035 SF; 1880 Office Club - 30,641 SF; 5520 Tech Center - 24,787 SF; 5540 Tech Center - 18,173 SF; 1310 United Heights - 33,365 SF

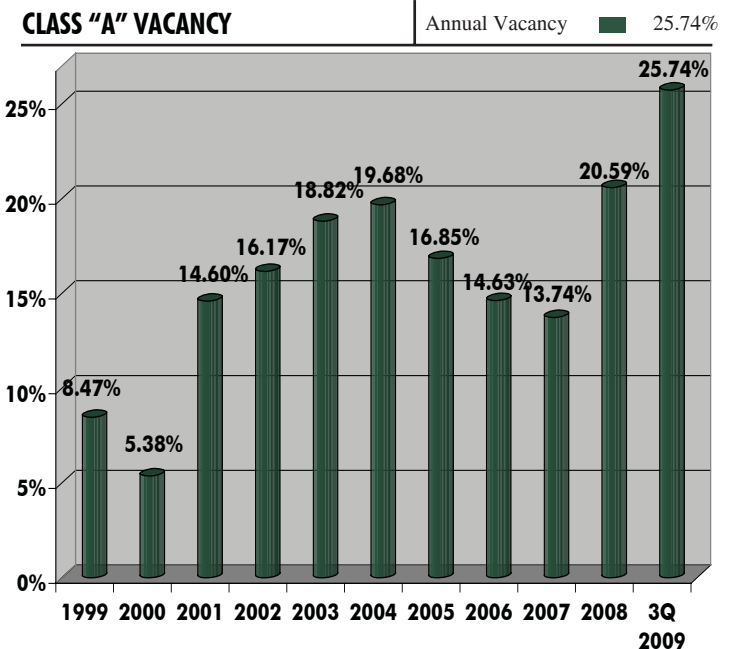


Vacancy rates during the third quarter of 2009 have risen from year end 2008, currently at 17.01%. Lease rates have declined in 2009, currently at \$11.87/SF/NNN.

The unemployment rate in El Paso County has risen during 2008 and into 2009 to a current rate of 7.6%. Unemployment rates both locally and nationally have been increasing steadily since 2006.



Absorption in the Class "A" market was negative 192,028 square feet during the first three quarters of 2009, continuing a trend of declining absorption that began in 2006.



Class "A" vacancy rates have increased since the end of 2007, currently at 25.74%. Rental rates have declined during the first half of 2009 to a current rate of \$13.59 SF NNN.

MARKET OUTLOOK FOR 2009

The Class A office market continues to struggle with high vacancy due to new construction that had very little pre-leasing activity. This historically high vacancy coupled with the forecasted wave of commercial mortgage-backed security maturities and loan defaults are keeping activity in the investment market to a minimum. Traditionally, the commercial real estate market lags residential real estate and employment during cycles of economic recovery. Expect this time to be no different. While a recovery in the market will occur, it will be after significant improvement in other sectors of the economy.

