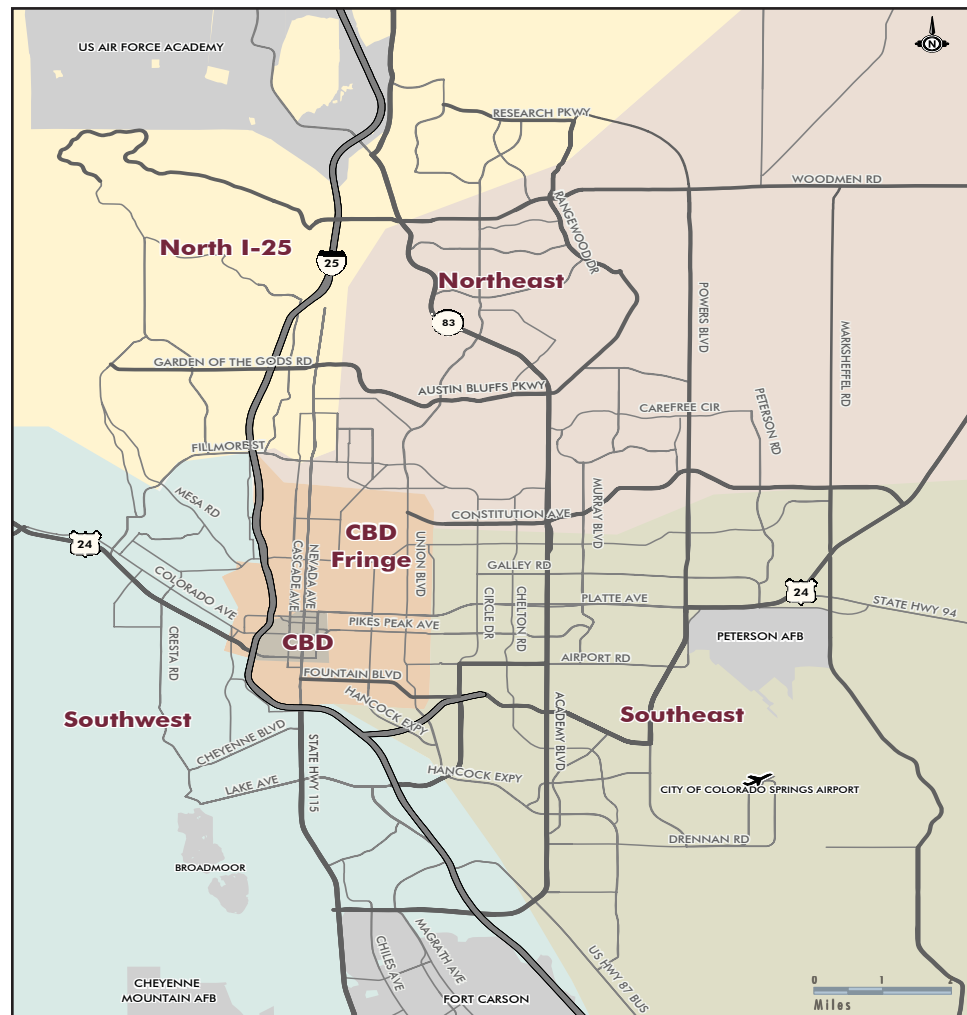


OFFICE INDUSTRIAL RETAIL

TOP COLORADO SPRINGS LEASE AND SALES TRANSACTIONS

Size (Sq. Ft.)	Tenant/Building	Address	Sale / Lease
77,700	Academy Point Service Center	1050 S. Academy Blvd.	Sale
75,000	ITT Corporation	655 Space Center Dr.	Lease
39,388	Center City Plaza	455 E. Pikes Peak Ave	Sale
14,310	Trans-Citadel Building	825 E. Citadel Dr.	Sale

COLORADO SPRINGS OFFICE SUBMARKET MAP



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, Director 719.955.2016 bwagner@sierracre.com	Amanda Gaden, Broker Associate 719.955.2003 agaden@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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Colorado Springs, Colorado 80903  
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**QUICK STATS**

	Current	Change from last	
		Year	Qtr.
Vacancy	11.54%	▲	▲
Lease Rates	\$10.95	▲	▲
Net Absorption	43,283	▲	▲
Lease Activity	1,238,345	▲	▲

**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.

The office market for the year ended 12/31/07 reflected a slight increase in vacancy to 11.54% from 10.26% at the end of 2006. Two large facilities closed in 2007, a call center totaling 150,000 square feet and an insurance claims operation equaling 70,000 square feet, creating an offset to an otherwise normal year of absorption. Modest growth in 2007 was primarily caused by a lack of quality space availability, not poor economic conditions.

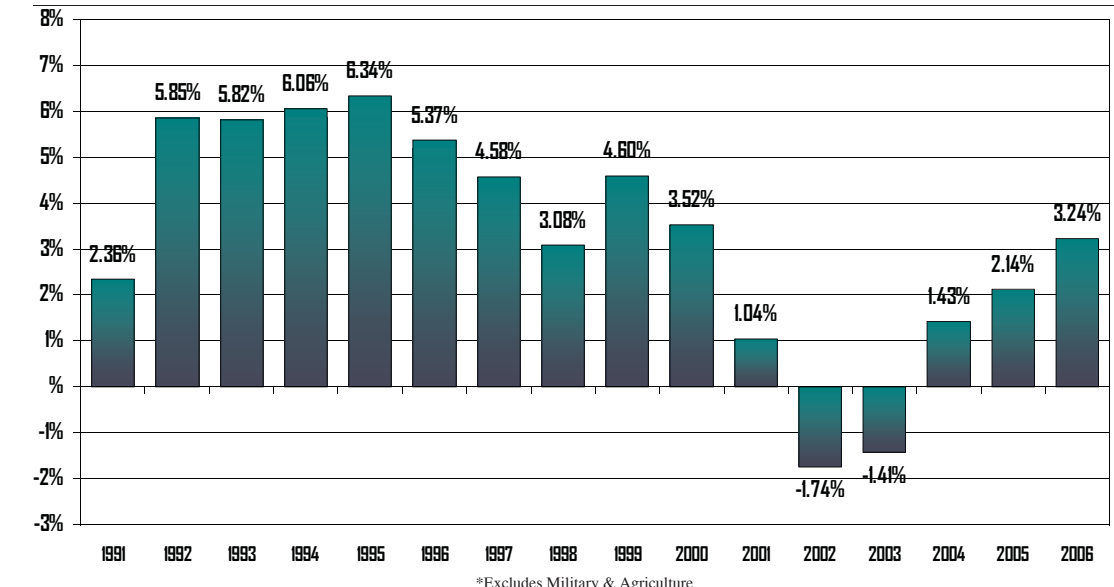
**Modest growth in 2007 was primarily caused by a lack of quality space availability, not poor economic conditions.**

The Class A office market experienced a softening in absorption from 1999 to 2003 and again from 2005 to 2007, with 10,668 SF of positive absorption recorded in 2007. This progression of declining absorption could be

seen as a weakening in the Class A office market, but in reality Class A office vacancy rates have dropped during 2007 and now reside at 13.78%, creating little opportunity for traffic in quality space. Removing several large floorplates and less competitive space from the statistics, the Class A office vacancy is nearing stabilized occupancy. As a result, the Colorado Springs Class A office market is poised for growth, subject to population and employment growth occurring.

With the Class A office market tightening, particularly in the North I-25 corridor, new construction will be required to boost Class A absorption in the coming years.

EL PASO COUNTY EMPLOYMENT CHANGE\*



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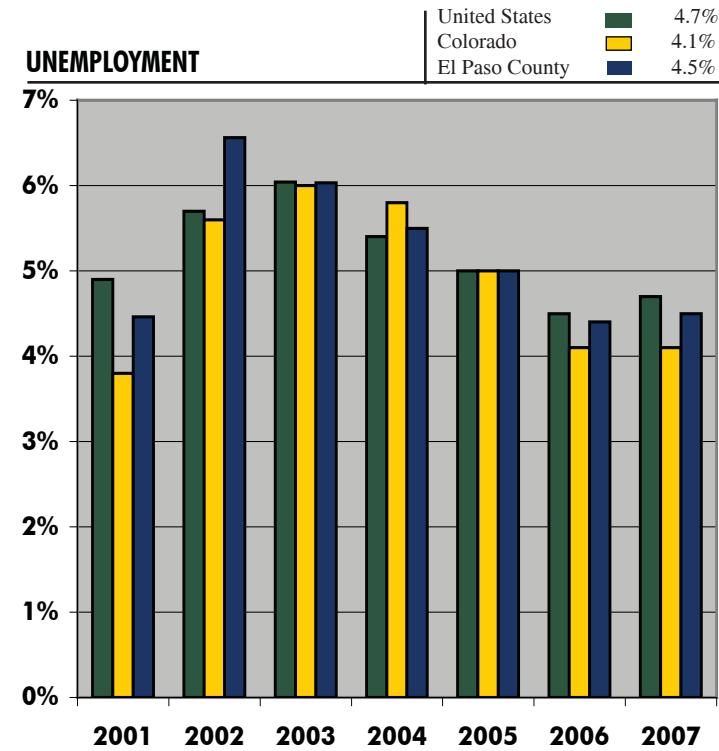
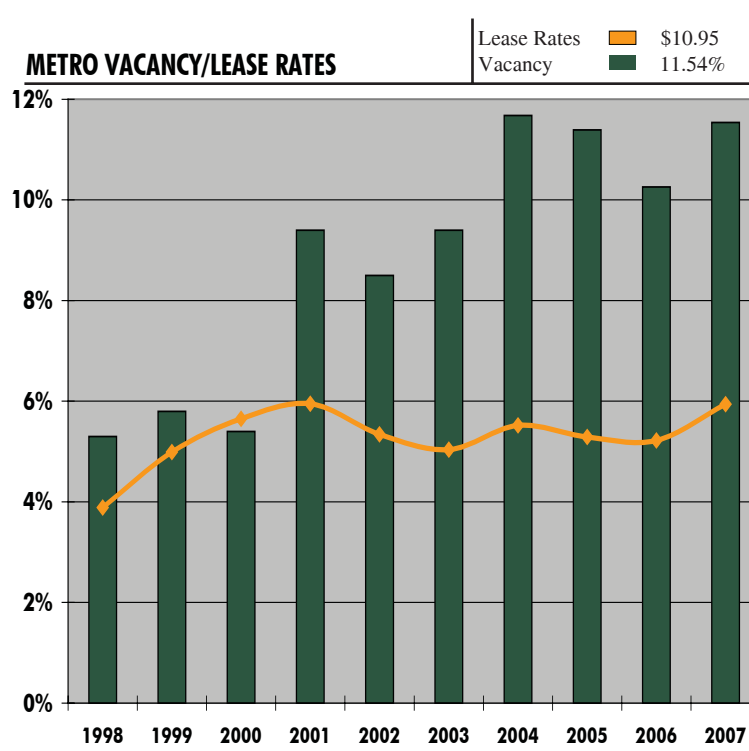
### METRO OFFICE STATISTICS

Office Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
<b>CBD</b>	3,305,063	405,538	12.27%	13.03%	\$12.35	146,877	(20,985)
<b>CBD Fringe</b>	2,710,689	1161,784	5.97%	5.97%	\$10.10	96,752	25,757
<b>North I-25</b>	10,900,229	1,303,973	11.96%	12.73%	\$10.80	446,943	(105,705)
<b>Northeast</b>	3,370,962	358,251	10.63%	11.82%	\$12.12	182,398	1,834
<b>Southeast</b>	3,972,852	606,585	15.27%	20.02%	\$9.98	304,595	145,467
<b>Southwest</b>	1,676,958	156,716	9.35%	10.07%	\$10.50	60,780	(3,085)
<b>Total</b>	<b>25,936,753</b>	<b>2,992,847</b>	<b>11.54%</b>	<b>12.89%</b>	<b>\$10.95</b>	<b>1,238,345</b>	<b>43,283</b>

### CLASS "A" OFFICE STATISTICS

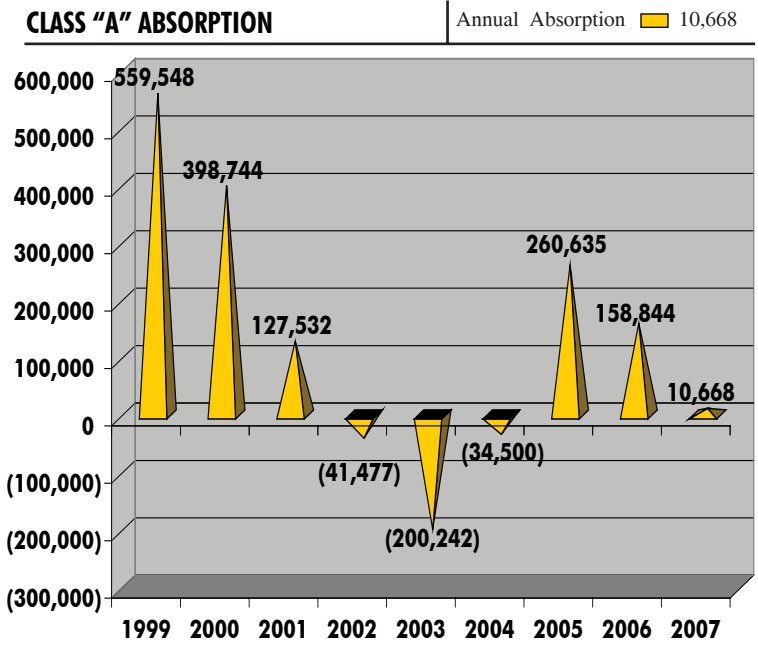
Office Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
<b>North I-25</b>	4,249,432	624,001	14.68%	\$11.80	225,932	45,825
<b>CBD</b>	1,766,482	161,960	9.17%	\$14.94	32,612	(17,154)
<b>Southeast</b>	1,214,378	210,424	17.33%	\$12.37	42,831	(18,003)
<b>Total</b>	<b>7,230,292</b>	<b>996,385</b>	<b>13.78%</b>	<b>\$12.43</b>	<b>301,375</b>	<b>10,668</b>

North I-25 Submarket: 1110 Chapel Hills - 119,350 SF building was removed from the Class "A" subset during the second quarter of 2007.  
 Southeast Submarket: 3990-4140 E. Bijou - 227,748 SF Town & Country Business Park was removed from the Class "A" subset. 66,953 SF at 1450 Academy Park Loop & 76,118 SF at 1625 S. Murray were added to the Class "A" subset during the second quarter of 2007.

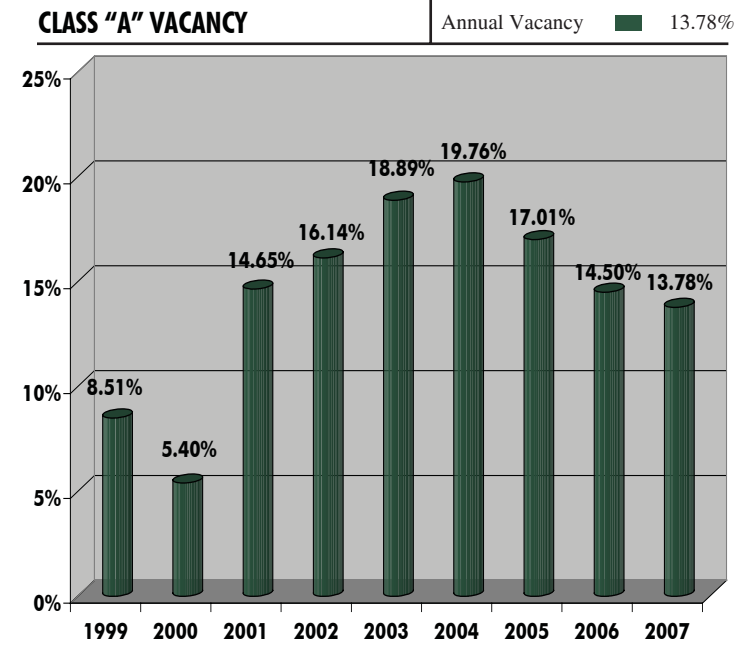


Vacancy rates in the fourth quarter of 2007 have risen from year end 2006, currently at 11.54%. Lease rates have also increased during 2007, currently at \$10.95.

The unemployment rate in El Paso County has risen slightly in 2007, from 4.4% to 4.5%. Unemployment rates both locally and nationally are at or near their lowest levels since 2001.



Absorption in the Class "A" market was relatively flat during the fourth quarter of 2007. Total Class "A" absorption year to date is positive at 10,668 SF.



Class "A" vacancy rates have dropped since the end of 2006, currently at 13.78%. Rental rates have risen to a current rate of \$12.43 SF NNN.

### MARKET OUTLOOK FOR 2008

The Colorado Springs office market is positioned for growth, but expect 2008 to look like the past eighteen months. New construction will occur when developers can generate \$16 to \$17 NNN lease rates for single story product and \$18 to \$20 NNN rents for multi-story. Early 2009 should be about right for significant growth to begin.

