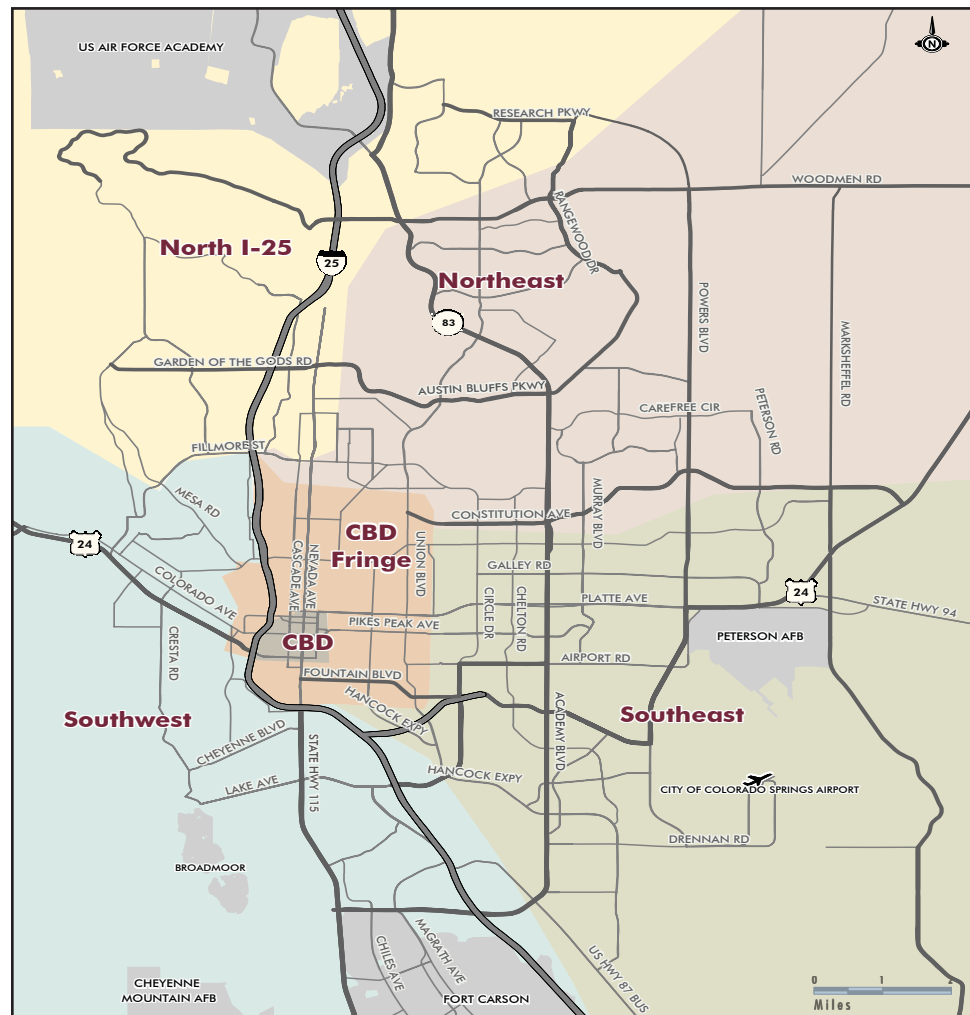


OFFICE INDUSTRIAL RETAIL

TOP COLORADO SPRINGS LEASE AND SALES TRANSACTIONS

Size (Sq. Ft.)	Tenant/Building	Address	Sale / Lease
43,721	Plasmon	9925 Federal Dr.	Lease
25,220	Central Bancorp	1 S. Nevada Ave.	Lease
11,731	HDR Engineering	2060 Briargate Pkwy.	Lease
9,707	Intelligent Software Solutions	5450 Tech Center Dr.	Lease

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, Managing 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.
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	Qtr.
Vacancy	14.78%	▲	▲
Lease Rates	\$12.19	▲	▲
Net Absorption	156,721	▲	▲
Lease Activity	1,310,225	▲	▲

HOT TOPICS

- The Colorado Department of Corrections, after seeking proposals from other cities, decides to remain in Colorado Springs. The Department has outgrown its current facility and will move into a new 100,000 square foot facility in June 2010.
- The US Army announces that Fort Carson will add an Apache helicopter battalion in March, adding 500 soldiers and their 150 dependents to the Army base on the south side of Colorado Springs.
- The Powers Blvd. / Woodmen Rd. interchange is completed ahead of schedule, creating an overpass and adding lanes to major thoroughfares in the fastest growing area of Colorado Springs.

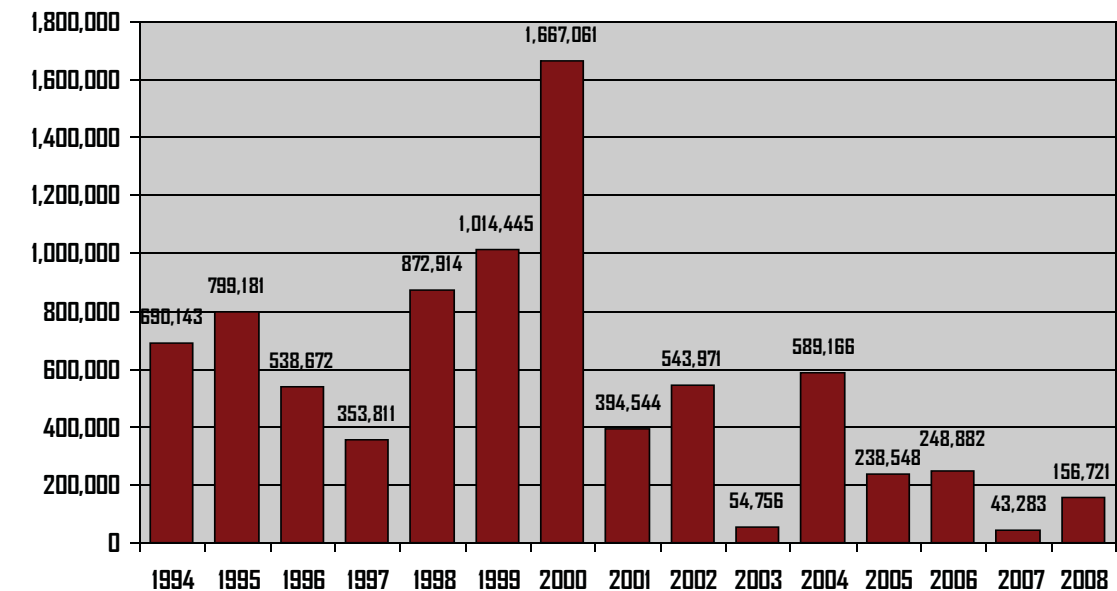
When reviewing the office market for calendar year 2008, it is difficult to be very positive, and pretty easy to find negative. National economic conditions have created a dark cloud over commercial real estate in general, and although 2008 was anticipated to be soft due to the impact from residential markets, the level of distress was not foreseen. As the residential environment continued to worsen it impacted everything around it, including non-real estate related industries. The depth and severity of the credit crunch was not anticipated one year ago or fully comprehended during the first part of 2008. These extreme dips in the marketplace seem to be much more painful upon arrival versus the anticipation of the occurrence.

The depth and severity of the credit crunch was not anticipated one year ago or fully comprehended during the first part of 2008.

The total office market in Colorado Springs is approximately 27 million square feet, and at year end 2008 the vacancy rate is 14.78% compared to 11.5% at year end 2007. This increase occurred despite positive absorption of 156,721 square feet in the overall market because absorption was offset by a dramatic increase in the supply of office space. Demand for expansion space is still registering, but not in the primary Class A submarkets.

The investment market for all practical purposes has not experienced any activity for trades during 2008. This market can be expected to remain flat until credit begins to flow and job growth reverses current trends.

METRO OFFICE MARKET ANNUAL ABSORPTION



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

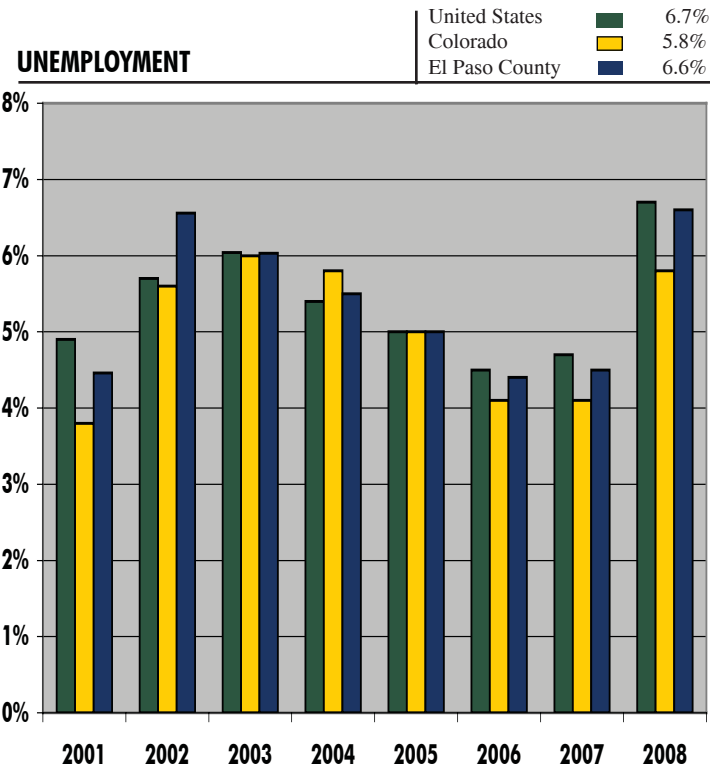
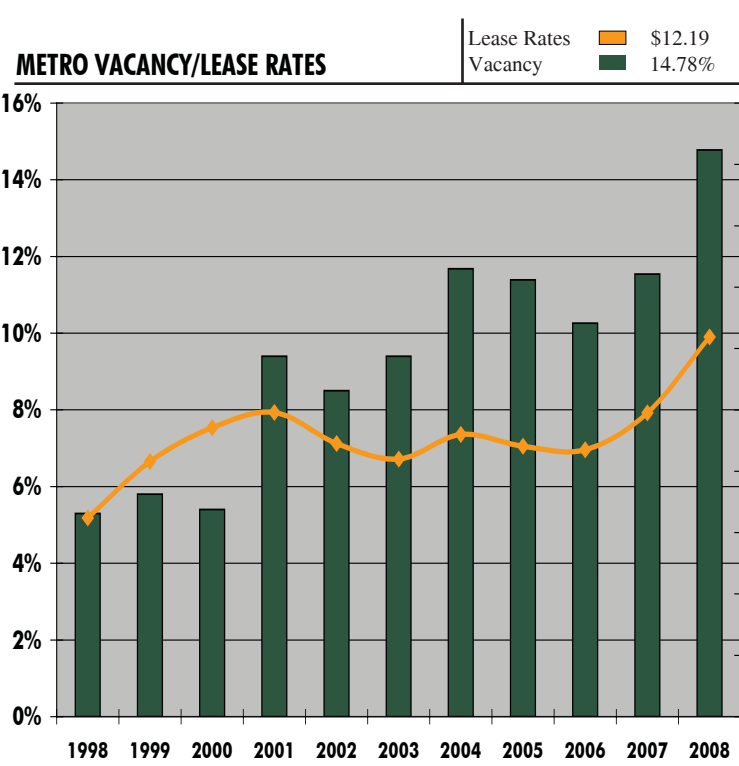
METRO OFFICE STATISTICS

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	3,305,969	445,881	13.49%	13.63%	\$12.44	140,489	(2,910)
CBD Fringe	2,676,262	208,485	7.79%	8.10%	\$10.12	52,995	(31,090)
North I-25	11,724,078	1,974,993	16.85%	18.84%	\$13.92	504,260	35,842
Northeast	3,419,653	449,134	13.13%	13.72%	\$11.45	220,844	28,272
Southeast	4,278,677	708,398	16.56%	18.85%	\$8.59	316,704	162,266
Southwest	1,711,723	222,116	12.86%	12.86%	\$11.24	74,933	(35,659)
Total	27,116,362	4,007,007	14.78%	16.12%	\$12.19	1,310,225	156,721

CLASS "A" OFFICE STATISTICS

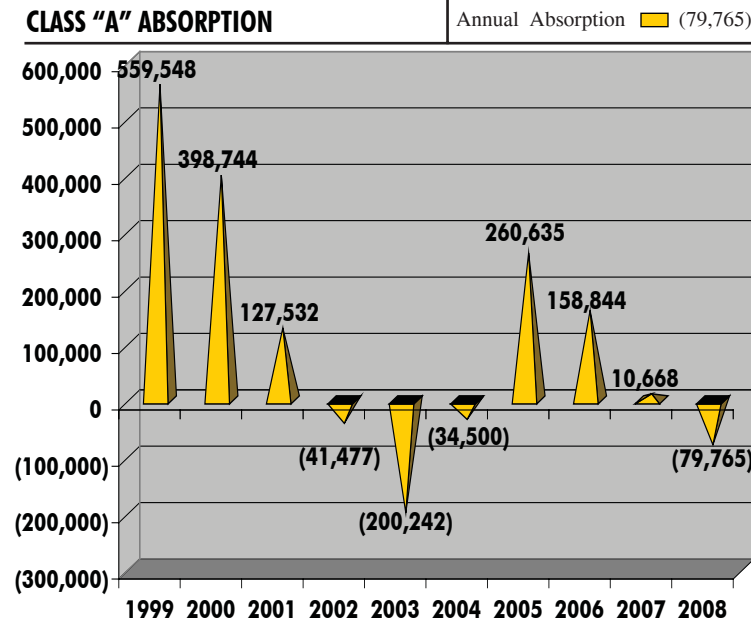
Office Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
North I-25	4,781,024	1,163,459	24.33%	\$14.26	219,445	(128,529)
CBD	1,820,906	187,014	10.27%	\$15.91	79,092	29,373
Southeast	1,378,896	308,095	22.34%	\$12.38	131,398	19,391
Total	7,980,826	1,658,568	20.78%	\$14.10	429,935	(79,765)

* The 50,000 SF Former Gateway Computer facility at 980 Elkton Drive was added to the Class A subset during the 2nd quarter of 2008
 * The 65,680 SF Federal Express facility at 5550 Tech Center Drive was added to the Class A subset during the 4th quarter of 2008
 * The 60,000 SF SI International II facility at 1055 N. Newport Road was added to the Class A subset during the 4th quarter of 2008

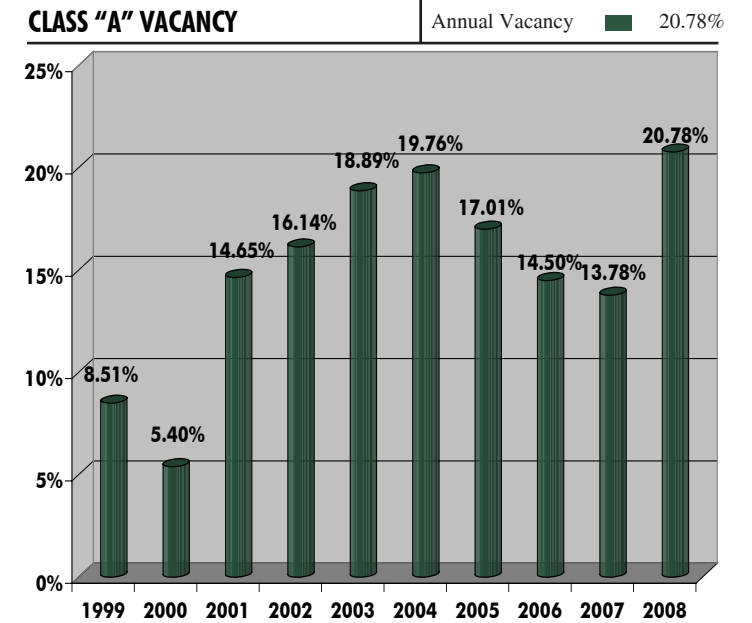


Vacancy rates during 2008 have risen from year end 2007, currently at 14.78%. Lease rates have also risen during 2008, currently at \$12.19/SF/NNN.

The unemployment rate in El Paso County has risen during 2008, from 4.5% to 6.6%. Unemployment rates both locally and nationally have been increasing steadily since 2006.



Absorption in the Class "A" market was negative during 2008. Total Class "A" absorption for the year is negative 79,765 SF.



Class "A" vacancy rates have increased since the end of 2007, currently at 20.78%. Rental rates also increased during 2008 to a current rate of \$14.10 SF/NNN.

MARKET OUTLOOK FOR 2008

Overall, prospects still remain strong for Colorado Springs. Although a number of these down markets have occurred in the past, in general the economy in Colorado Springs remains healthy. While there has not been a significant amount of expansion, on the reverse side there has not been much contraction. As the national economy begins to heal, so will the office market in Colorado Springs.

