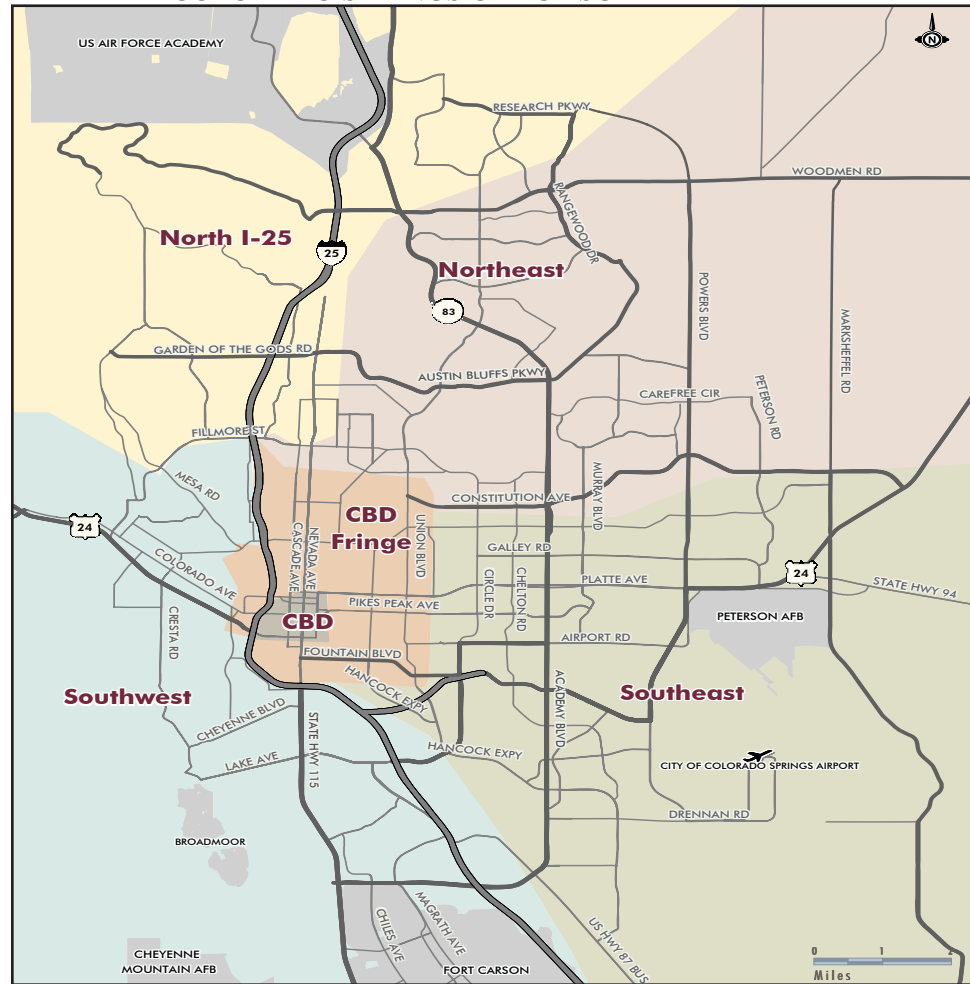


OFFICE INDUSTRIAL RETAIL

TOP COLORADO SPRINGS LEASE AND SALES TRANSACTIONS

Size (Sq. Ft.)	Tenant/Building	Address	Sale / Lease
13,177	Offices at the Park	2760 N. Academy	Sale
11,296	Beverly Business Center	4345 Beverly	Sale
10,978	Cole-Hecox Building	316 N. Tejon	Sale
8,309	The Rimrock Group	10807 New Allegiance	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
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



The Colorado Springs office market totals nearly 28 million square feet at the end of 2009, which reflects a nominal increase from year end 2008. This increase in supply has primarily appeared in the North I-25 corridor. The vacancy rate posted for the overall market is currently 17% vs. 14% registered for the same period a year earlier.

occupancy. In the 1990's, local employment growth was 5-6% per year for a good part of the decade and we saw employment increases of 8,000-13,000 new jobs annually. This is not to imply that it will happen in 2010, but this growth has occurred in the past and it will occur again.

...new development will be key in the resurgence of the office market, and future land development will be crucial.

Due to the current economic climate, investment and land sales are virtually non-existent in the office sector and will remain at this level until further recovery is experienced.

As the economy rebounds, new development will be key in the resurgence of the office market, and future land development will be crucial. Currently, there are nearly 49,000 acres of vacant land within the city limits of Colorado Springs out of a total of 126,000 acres. Twenty-six percent of this land, or nearly 13,000 acres, is zoned for commercial use, while 42% is zoned for residential and 11% agriculture.

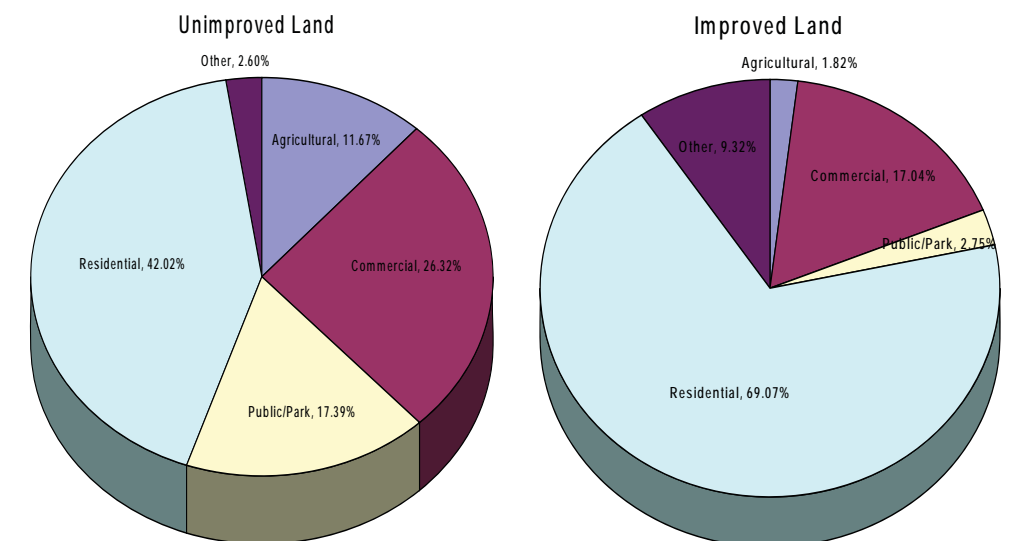
QUICK STATS

	Current	Year	Qtr.
Vacancy	16.93%	▲	▲
Lease Rates	\$11.92	▲	▲
Net Absorption	(274,969)	▲	▲
Lease Activity	874,461	▲	▲

HOT TOPICS

- Area voters in November pass Issue 300, which will stop the city from collecting revenue from its enterprises, including the Stormwater Enterprise. Voters also defeated Issue 2C, a property tax increase.
- An Immigration and Customs Enforcement office opens in Colorado Springs, intended to investigate illegal immigration and criminal cases that span international borders.
- Colorado Springs ranks #9 in Forbes.com's "Best Bang For The Buck Cities", based on housing affordability, real estate taxes, travel time, jobs forecast, and other criteria.

CITY OF COLORADO SPRINGS LAND ZONING BREAKDOWN



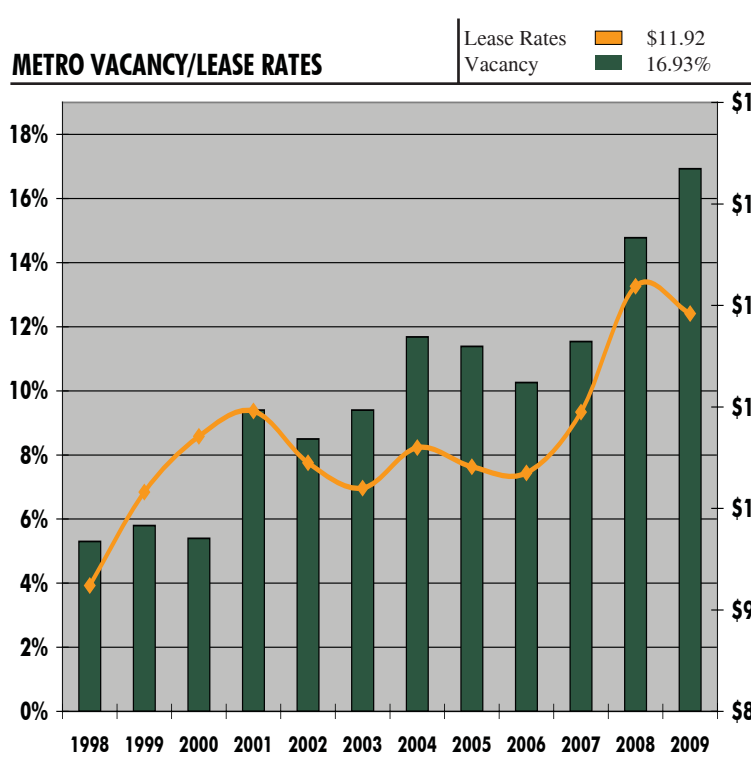
SIERRA COMMERCIAL REAL ESTATE, INC.
102 S. Tejon, Suite 750, Colorado Springs, Colorado 80903
T. 719.955.2000 • F. 719.955.2019

www.sierracre.com

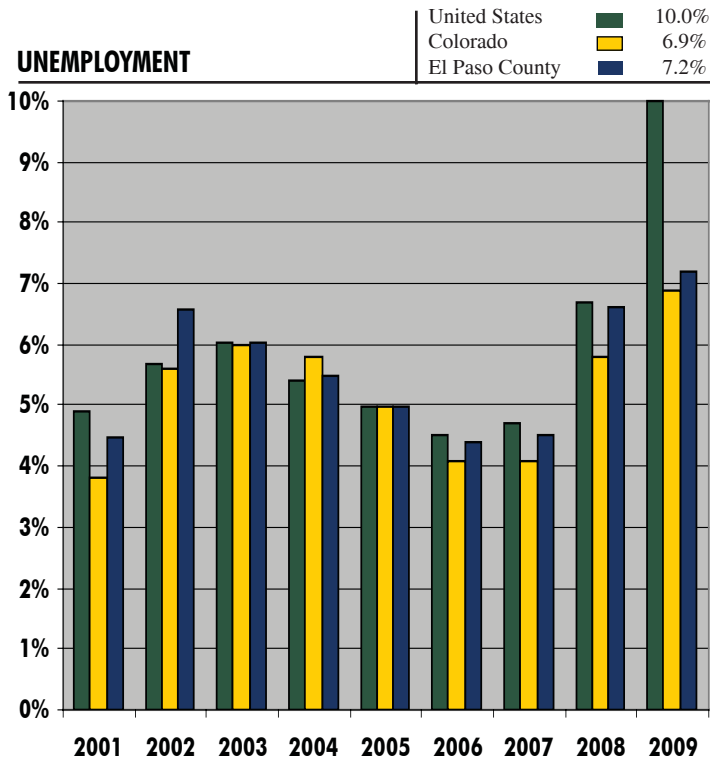
METRO OFFICE STATISTICS

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	3,363,982	426,001	12.66%	13.62%	\$13.85	80,425	(21,259)
CBD Fringe	2,698,766	172,784	6.40%	6.71%	\$11.04	118,910	43,860
North I-25	12,036,451	2,442,831	20.30%	21.04%	\$13.12	411,701	(159,124)*
Northeast	3,457,451	459,599	13.29%	14.35%	\$10.10	162,760	(13,111)
Southeast	4,329,329	926,072	21.39%	22.08%	\$9.45	62,718	(111,607)
Southwest	1,717,667	245,600	14.30%	15.01%	\$10.00	37,947	(13,728)
Total	27,603,646	4,672,887	16.93%	17.68%	\$11.92	874,461	(274,969)

* 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.



Vacancy rates during 2009 have risen from year end 2008, currently at 16.93%. Lease rates have declined in 2009, currently at \$11.92/SF/NNN.

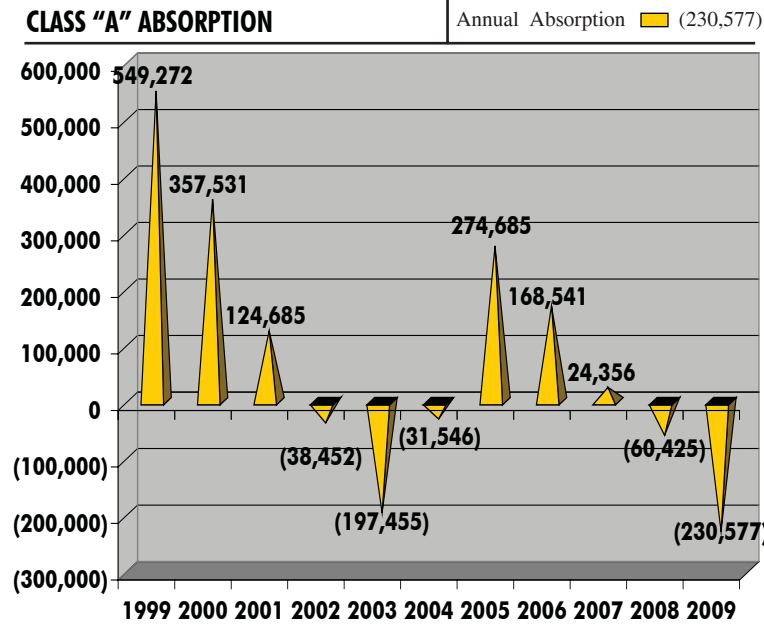


The unemployment rate in El Paso County has risen during 2008 and 2009 to a current rate of 7.2%. Unemployment rates both locally and nationally have been increasing steadily since 2006.

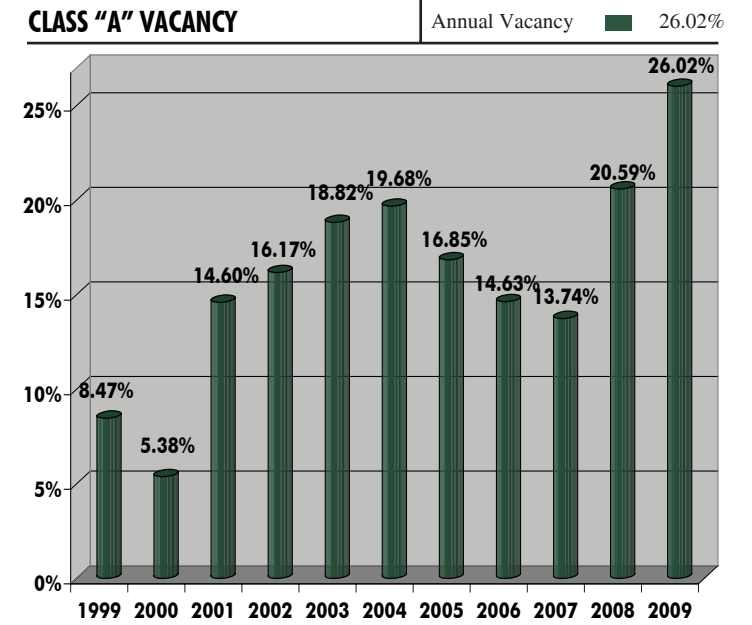
CLASS "A" OFFICE STATISTICS

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*	1,347,467	28.96%	\$13.42	247,206	(123,747)
CBD	1,791,741	201,004	11.22%	\$16.49	36,301	(7,918)
Southeast	1,472,851	511,540	34.73%	\$13.00	36,734	(98,912)
Total	7,917,891	2,060,011	26.02%	\$13.62	320,241	(230,577)

*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



Absorption in the Class "A" market was negative 230,577 square feet during 2009, continuing a trend of declining absorption that began in 2006.



Class "A" vacancy rates have increased since the end of 2007, currently at 26.02%. Rental rates have declined during 2009 to a current rate of \$13.62/SF/NNN.

MARKET OUTLOOK FOR 2010

It is anticipated that in 2010 improvement will continue in the office sector. The North I-25 market should experience positive absorption by the second or third quarter. The single story vacancy will decline as the national economy improves and this product is absorbed by information handling users (i.e., customer support centers and software engineering). The Southeast market will strengthen when the new administration begins to expand defense spending. Watch for corporate earnings and employment growth next year as this will signal the beginning of a recovery.

