



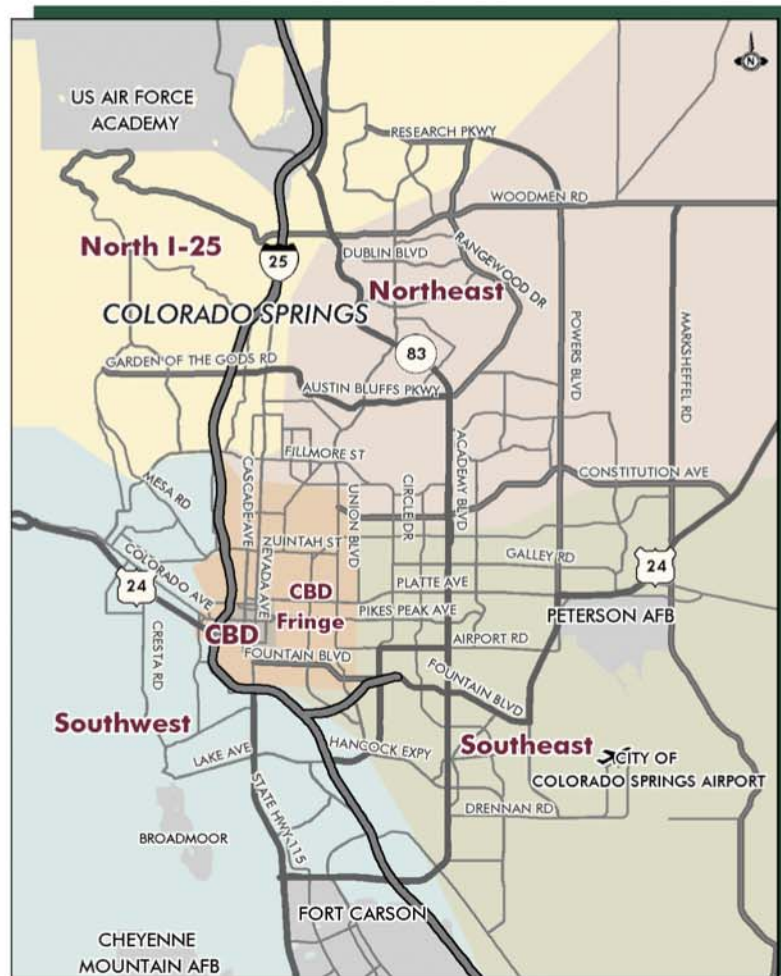
MARKET VIEW

COLORADO SPRINGS OFFICE

TOP COLORADO SPRINGS LEASE TRANSACTIONS

Size (Sq. Ft.)	Tenant	Address
123,200	SI International	Aerotech Dr. & Powers Blvd.
49,986	The Boeing Company	5555 Tech Center Dr.
43,515	Well Fargo Bank	2335 Briargate Pkwy.
30,483	Colorado Springs Charter Academy	2577 N. Chelton Rd.
24,320	Principal Financial Corporation	1755 Telstar
14,673	CH2M Hill	5755 Mark Dabling Blvd.
6,628	Col. Springs Construction News Service	4775 Centennial Blvd.

COLORADO SPRINGS OFFICE SUBMARKET MAP



OFFICE BROKERAGE SERVICES:
 Kenton R. Mau, Senior Managing Director 719.955.2013 kmau@sierracre.com
 Randy Miller, Managing Director 719.955.2015 rmiller@sierracre.com
 Greg Phaneuf, Director 719.955.2014 gphaneuf@sierracre.com
 Brian Wagner, Director 719.955.2016 bwagner@sierracre.com



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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 Colorado Springs office market, please contact one of the office brokers listed.
Kimberly R. Charity, Director of Market Research
 Sierra Commercial Real Estate, Inc.
 102 South Tejon, Suite 750
 Colorado Springs, Colorado 80903
 T. 719.955.2000 • F. 719.955.2019
 kcharity@sierracre.com

QUICK STATS

	Current	Yr.	Qtr.
Vacancy	11.00%	↑	↓
Lease Rates	\$10.20	↓	↓
Net Absorption	163,142	↓	↓

HOT TOPICS

- California State Auto Association adds up to 150 more employees
- Entegris Inc. expands workforce in Colorado Springs by 40%
- Colorado Springs named one of the top 25 arts destinations by AmericanStyle magazine among cities with populations between 100,000 and 499,999
- Fort Carson plans non-profit military museum on 25 acres
- Citadel Terrace sells for \$11.8M

As the second quarter of 2005 closes, the Colorado Springs office market continues its slow, but steady rebound. Vacancy rates are continuing to level off and show improvement from last quarter. The current vacancy rate for the metro market is 11.00%, down from 11.32% in the first quarter. Lease rates dipped slightly from the first quarter to \$10.20, and metro absorption is 163,142 SF.

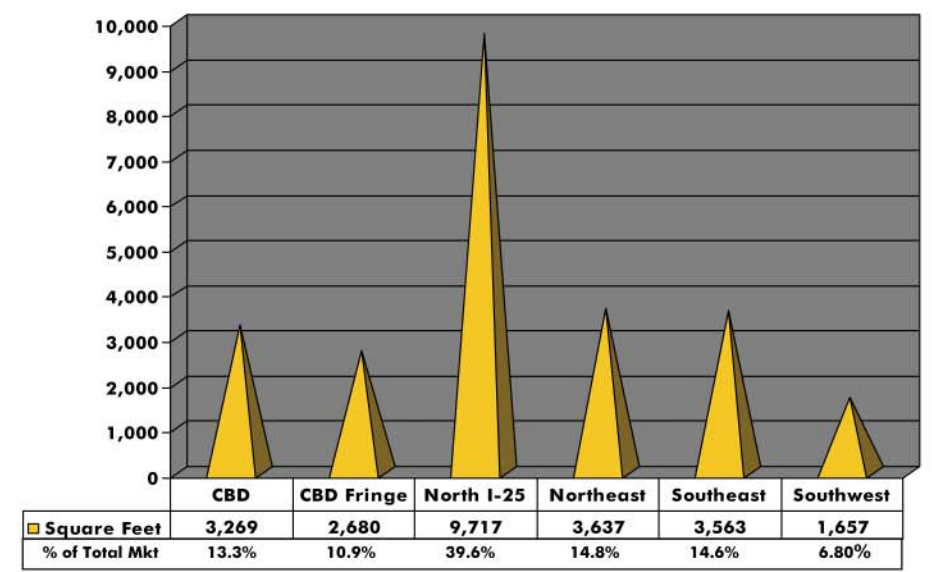
Lease activity remains slow, with the Class "A" market comprising over a third of the total lease activity in the Colorado Springs market. Increased lease activity in the CBD came from transactions occurring in the Alamo Corporate Center, the Holly Sugar Building, the Majestic Building, Pueblo Bank & Trust, and the Atrium at Palmer Center. The

increased lease activity in the North I-25 market kept overall absorption positive and helped counter the effects of new available space in the Northeast submarket.

Over the past year and a half, Sierra Commercial Real Estate, Inc. has developed an office database made up of approximately 1,300 buildings. In the chart below, the office submarkets are broken down by millions of square feet and demonstrate the percentage of office space within the six submarkets. Over 50% of total office space is located in the North I-25 and Northeast submarkets. The CBD and CBD Fringe comprise 24% of the total office space citywide.

Over 50% of the total office space is located in the North I-25 and Northeast submarkets.

OFFICE MARKET DISTRIBUTION



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	3,269,398	226,900	6.94%	9.31%	\$13.12	62,125	34,861
CBD Fringe	2,693,260	196,321	7.29%	7.88%	\$10.53	52,150	(18,515)
North I-25	9,731,657	1,283,170	13.19%	14.21%	\$9.91	369,020	114,550
Northeast	3,637,410	371,407	10.21%	10.42%	\$11.21	75,123	(48,993)
Southeast	3,563,269	490,889	13.78%	15.76%	\$8.87	114,357	35,879
Southwest	1,657,463	133,243	8.04%	8.23%	\$9.54	57,435	45,360
Total	24,552,457	2,701,930	11.00%	12.12%	\$10.20	730,210	163,142

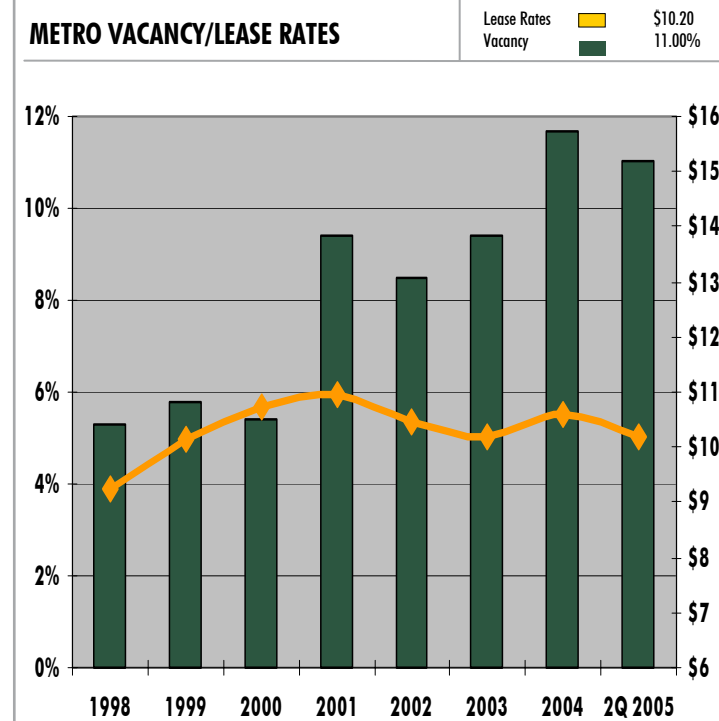
The Former Progressive Building located in the North I-25 submarket is now owner occupied. It reflects absorption and lease activity of 119,350 SF.

CLASS "A" 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
North I-25	4,285,204	875,122	20.42%	22.45%	\$10.00	190,702	159,213
CBD	1,766,482	120,228	6.81%	8.91%	\$15.20	37,857	29,599
Southeast	1,306,157	285,630	21.87%	23.26%	\$8.41	41,423	7,234
Total	7,357,843	1,280,980	17.41%	19.34%	\$10.13	269,918	196,046

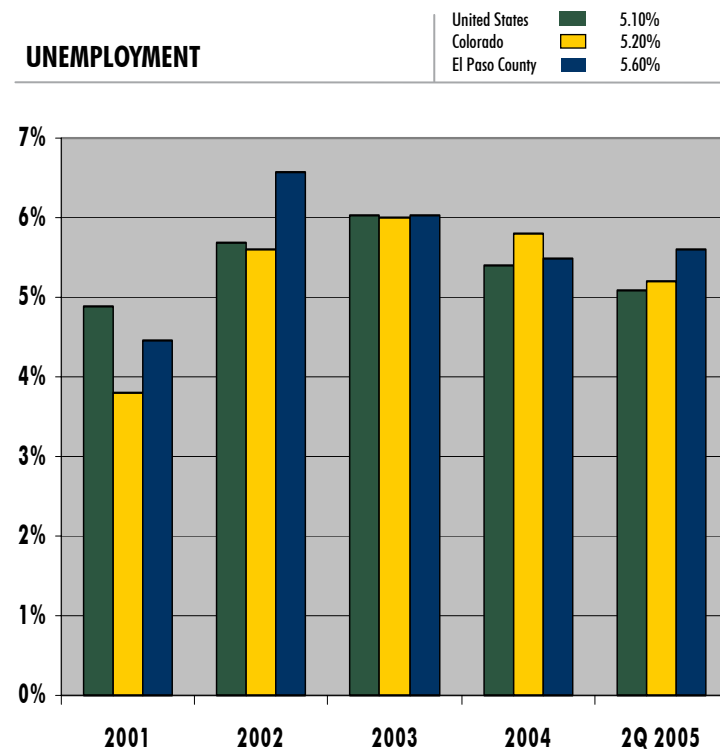
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METRO VACANCY/LEASE RATES



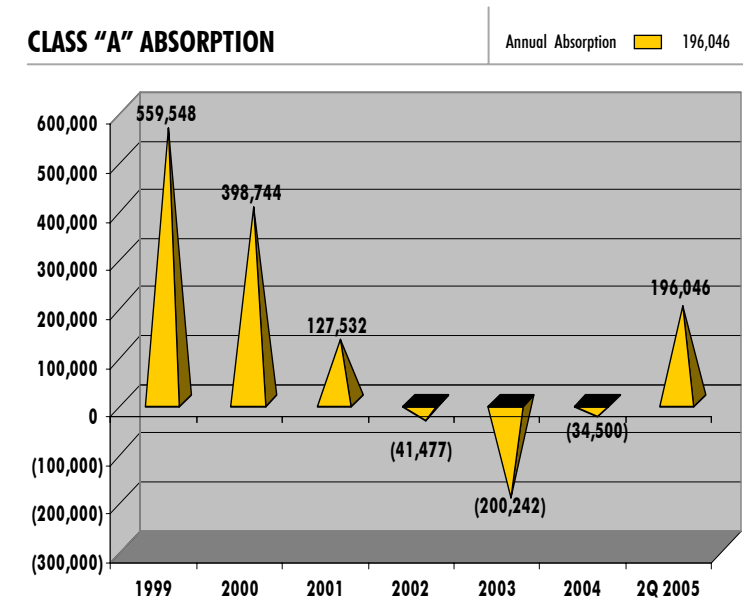
Vacancy rates are declining and are at 11.00% for the 2nd quarter of 2005. Lower vacancy rates are the continued projection for the Colorado Springs office market throughout the remainder of 2005. Lease rates, however, also decreased slightly this quarter to \$10.21.

UNEMPLOYMENT



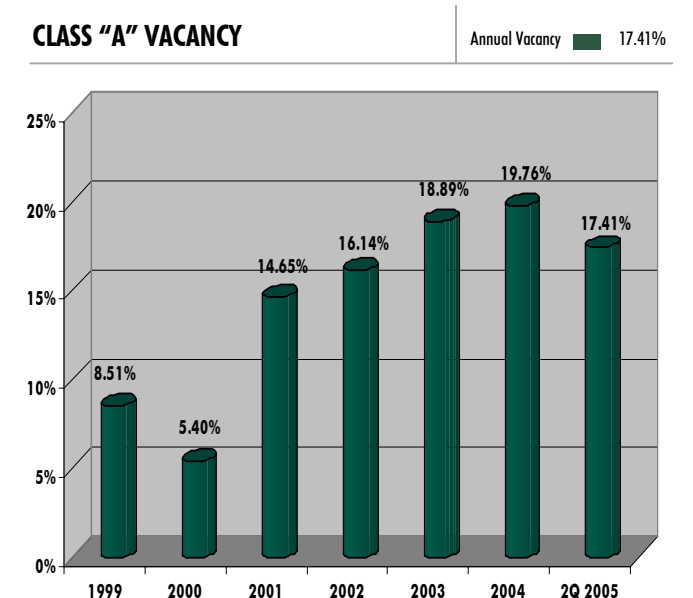
The unemployment rate for El Paso County remains steady at 5.6%, up only by .1% since March 2005. The state unemployment rate is in line with the nation's unemployment rate at 5.2%. California State Automobile Association, Entegris Inc., and Xanthus are three companies that have added to their workforce in Colorado Springs in 2005.

CLASS "A" ABSORPTION



Absorption for the Class "A" market is remaining positive after the first two quarters of 2005. The North-I25 submarket experienced positive absorption as a result of the Progressive Building changing to owner occupied space.

CLASS "A" VACANCY



Vacancy rates for the Class "A" Market are continuing to remain lower compared to the end of 2004. By year end 2005, a decrease in Class "A" vacancy is expected which signifies a continued strengthening economy.

MARKET OUTLOOK FOR 2005

The metro office market is experiencing continued stabilization and employers are starting to add to their workforces. Increasing employment will cause vacancy rates to move downward.

Several large Class "A" properties are either currently on the market or becoming available in the market for sale. These include the Woodmen Office Campus, Tech Center VI, and two larger buildings to be identified in the third quarter. Capitalization rates are at historical lows for the Colorado Springs market, and capital is readily available from investors. Year-to-date lease activity remains slow but steady in both the metro and Class "A" markets. There is significant development activity being planned for 2006 in the office market for the CBD, Airport, and North I-25 submarkets.

