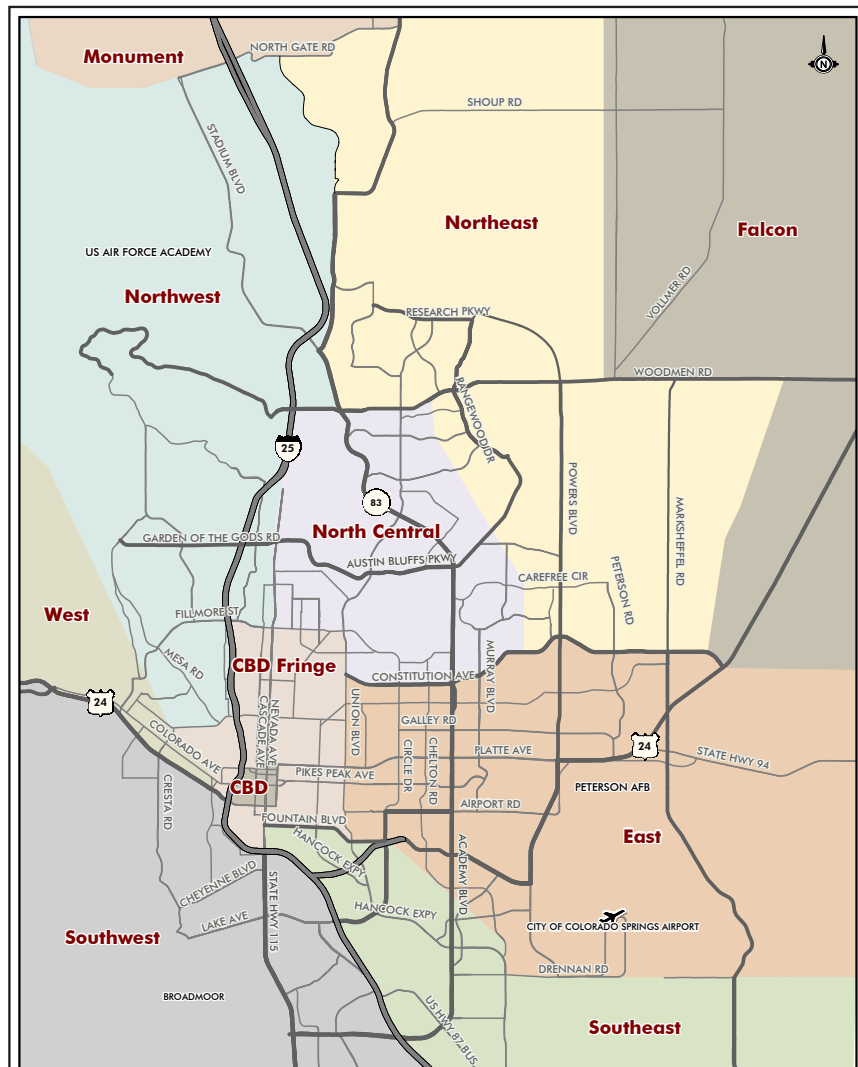


OFFICE INDUSTRIAL **RETAIL**

TOP COLORADO SPRINGS LEASE AND SALES TRANSACTIONS

Size (Sq. Ft.)	Tenant/Building	Address	Sale / Lease
103,000	Lowe's Home Improvement	701 N. Academy Blvd.	Sale
43,000	Wal-Mart Market	4142 Austin Bluffs Pkwy.	Lease
8,000	Family Dollar	6960 Mesa Ridge Pkwy.	Lease
5,500	Sephora	1885 Briargate Pkwy.	Lease

COLORADO SPRINGS RETAIL SUBMARKET MAP



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 retail 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.



QUICK STATS

	Current	Change from last Year	Qtr.
Vacancy	10.58%	↓	↓
Lease Rates	\$12.70	↓	↓
Net Absorption	287,980	↑	↑
Lease Activity	804,073	↑	↑

HOT TOPICS

- After hosting a successful prologue in the 2011 USA Pro Cycling Challenge, Colorado Springs is awarded the finish of the fifth stage of the seven day race for the 2012 event in August. The stage will begin in Breckenridge and finish in downtown Colorado Springs.
- ACS announces plans to hire an additional 225 people for its call center in Colorado Springs. The positions are for service and billing inquiries of a Fortune 500 client.
- Colorado Springs ranks 2nd in the nation on Livability.com's Top 10 Cities for Veterans. The rankings were based on quality of life indicators, favorable climate, access to VA hospitals and services, and vicinity to military installations.

The Colorado Springs retail market continued to show measured gains during 2011. Vacancy ended the year at 10.58%, down from 11.59% at the end of 2010. Absorption during the year is positive 287,980 square feet. While there were not as many large individual leases during the year compared to 2010, an increase in smaller deals helped to keep absorption positive for the year. Downward pressure on lease rates appears to be subsiding as well, with average asking lease rates dropping \$0.31/SF NNN during the year to \$12.70/SF NNN after falling \$0.70/SF NNN the previous year.

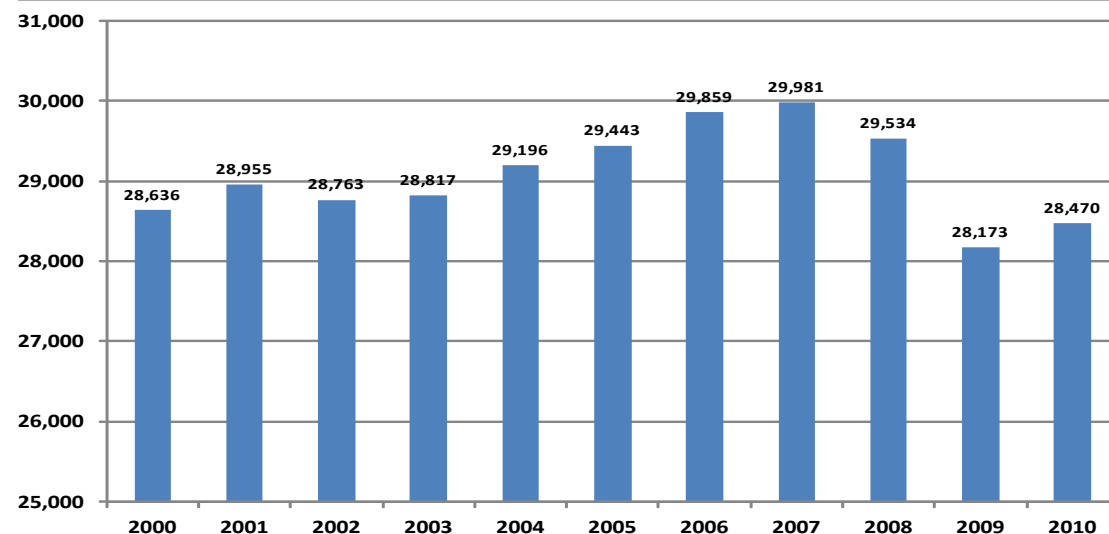
For the first time in over a decade, anchored shopping centers built before 1994 are poised to outperform their newer counterparts. While both subsets of anchored centers will record positive gains during 2011, vacancy in older centers ended the year at 15.95%, a decrease of nearly 3% during the year. While this is still well above the average vacancy of 10.58%, the

decline is noteworthy. Newer anchored centers ended the year at 4.14% vacancy, a decrease of 0.3%. Several factors are responsible for this reverse in historical activity. Four sizable leases have occurred during 2011 in older centers, including a 103,000 square foot Lowe's Home Improvement Center, a 59,000 square foot Wal-Mart Market, a 45,000 square foot Event Center at Rustic Hills, and a 42,000 square foot Willowstone Antique Marketplace. Conversely, newer centers didn't see many large transactions during the year, largely because of an abundance of activity that was completed in 2010. With average asking lease rates over 50% lower in older

centers compared to newer centers and little new construction added to the market during the year, retailers are taking a harder look at locating in older centers. With homebuilding remaining near 10-year lows, retailers are also reexamining the need to serve a more central population, located in older neighborhoods.

With homebuilding remaining near 10-year lows, retailers are also reexamining the need to serve a more central population...

RETAIL TRADE EMPLOYMENT - EL PASO COUNTY



Source: Colorado Department of Labor & Employment

RETAIL BROKERAGE SERVICES:
Mark M. Useman, Senior Managing Director 719.955.2008 museman@sierracre.com
David Price, Broker Associate 719.955.2022 dprice@sierracre.com



For more information regarding the MarketView, please contact one of the retail 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

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

METRO RETAIL STATISTICS

Retail Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
CBD	242,935	16,449	6.77%	6.77%	\$15.86	19,245	4,241
CBD Fringe	466,866	31,849	6.82%	6.82%	\$11.75	31,551	18,267
Northwest	1,729,817	219,993	12.72%	13.01%	\$14.07	80,721	17,688
Northeast	4,655,082	338,152	7.26%	7.46%	\$21.36	79,516	32,191
East	3,913,430	665,812	17.01%	17.01%	\$7.91	312,278	178,184
Southeast	1,798,662	178,239	9.91%	9.91%	\$9.48	52,724	19,303
Southwest	2,118,413	95,945	4.53%	4.53%	\$18.87	33,760	(14,846)
West	552,801	12,237	2.21%	2.21%	\$9.81	11,352	6,882
North Central	3,816,886	575,092	15.07%	15.07%	\$12.13	145,808	6,890
Monument	881,385	10,697	1.21%	1.21%	\$16.30	25,350	18,103
Falcon	487,491	42,700	8.76%	8.76%	\$18.53	11,768	1,077
Total	20,663,768	2,187,165	10.58%	10.65%	\$12.70	804,073	287,980

ANCHORED SHOPPING CENTERS BUILT AFTER JAN. 1, 1995

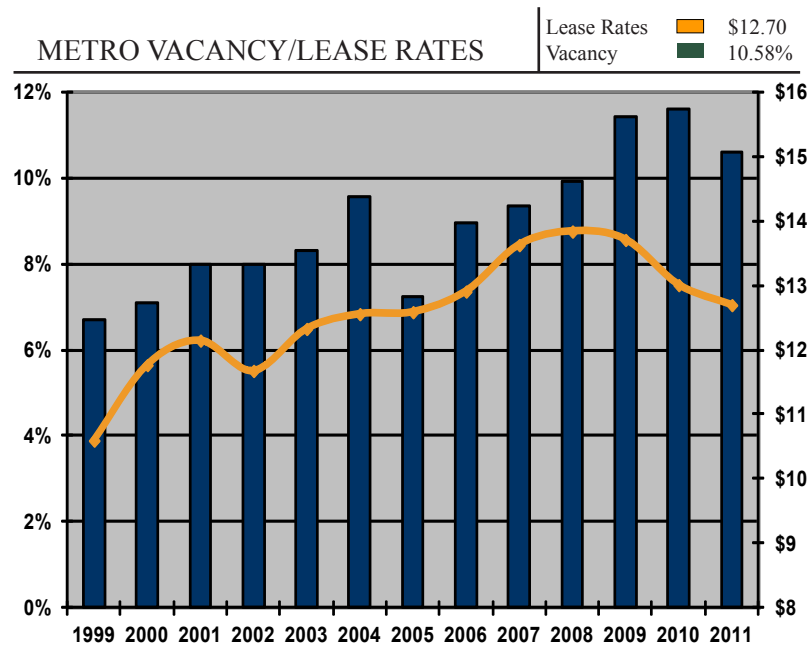
Retail Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
Northwest	654,333	20,559	3.14%	3.14%	\$26.21	60,602	60,602
Northeast	3,738,558	224,927	6.02%	6.26%	\$23.62	37,874	1,708
East	318,997	1,341	0.42%	0.42%	\$23.00	4,853	4,853
Southeast	401,004	21,256	5.30%	5.30%	\$13.75	6,250	(3,106)
Southwest	1,354,507	42,067	3.11%	3.11%	\$26.76	8,297	(19,554)
North Central	608,166	11,712	1.93%	1.93%	\$25.00	0	0
Monument	668,962	1,230	0.18%	0.18%	\$26.00	12,333	11,103
Falcon	384,806	13,463	3.50%	3.50%	\$21.00	6,068	(1,692)
Total	8,129,333	336,555	4.14%	4.25%	\$23.50	136,277	54,976

The anchored shopping center market consists of centers greater than 40,000 SF. Of the 31 newer anchored shopping centers in the Colorado Springs market, 19 are located in the Northeast and Southwest submarkets, and 14 of these are over 200,000 square feet. For the fourth quarter of 2011, 25 centers have available space for lease. Newer anchored shopping centers command higher asking lease rates at an average of \$23.50/SF NNN, and carry a lower vacancy rate of 4.14%.

ANCHORED SHOPPING CENTERS BUILT BEFORE JAN. 1, 1995

Retail Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Net Average Asking Lease Rate \$ SF/YR	YTD Leasing Activity	YTD Absorption SF
Northwest	294,429	24,428	8.30%	8.30%	\$12.11	0	(16,708)
Northeast	168,515	20,117	11.94%	11.94%	\$11.30	0	0
East	1,697,849	359,249	21.16%	21.16%	\$6.36	259,458	189,822
Southeast	933,488	108,040	11.57%	11.57%	\$7.60	26,949	6,084
Southwest	196,377	12,741	6.49%	6.49%	\$13.12	7,884	(2,857)
West	236,105	2,000	0.85%	0.85%	\$18.00	0	0
North Central	2,047,489	362,422	17.70%	17.70%	\$12.73	99,749	34,539
Total	5,574,252	888,997	15.95%	15.95%	\$9.50	394,040	210,880

The majority of older anchored shopping centers in the Colorado Springs market are located in the East and North Central submarkets. Of the 39 older anchored centers, 30 are under 200,000 square feet. For the fourth quarter of 2011, 35 centers have space available for lease.



Vacancy rates in 2011 have decreased from year-end 2010, currently at 10.58%. Average lease rates are beginning to stabilize, currently at \$12.70/SF NNN.

MARKET OUTLOOK

The retail market is poised for continued growth during 2012, although the amount of growth is largely dependent on economic recovery and employment gains in the region. Light development is expected, especially in the InterQuest area and along North Powers Boulevard. A new Wal-Mart Supercenter and Sam's Club at South Academy Boulevard and Interstate 25 will give some much needed energy to the southern market, and a new American Furniture Warehouse will be built on North Powers Boulevard.

An improvement in the investment market in the last half of 2011, as well as multiple shopping center foreclosures causing ownership to change hands, will require new creativity in the marketing, selling, and repositioning of retail property in the area.

