



XCELIGENT[™]
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OFFICE MARKET REPORT

Colorado Springs

4th Quarter 2015

Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

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The Colorado Springs tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for the market area.

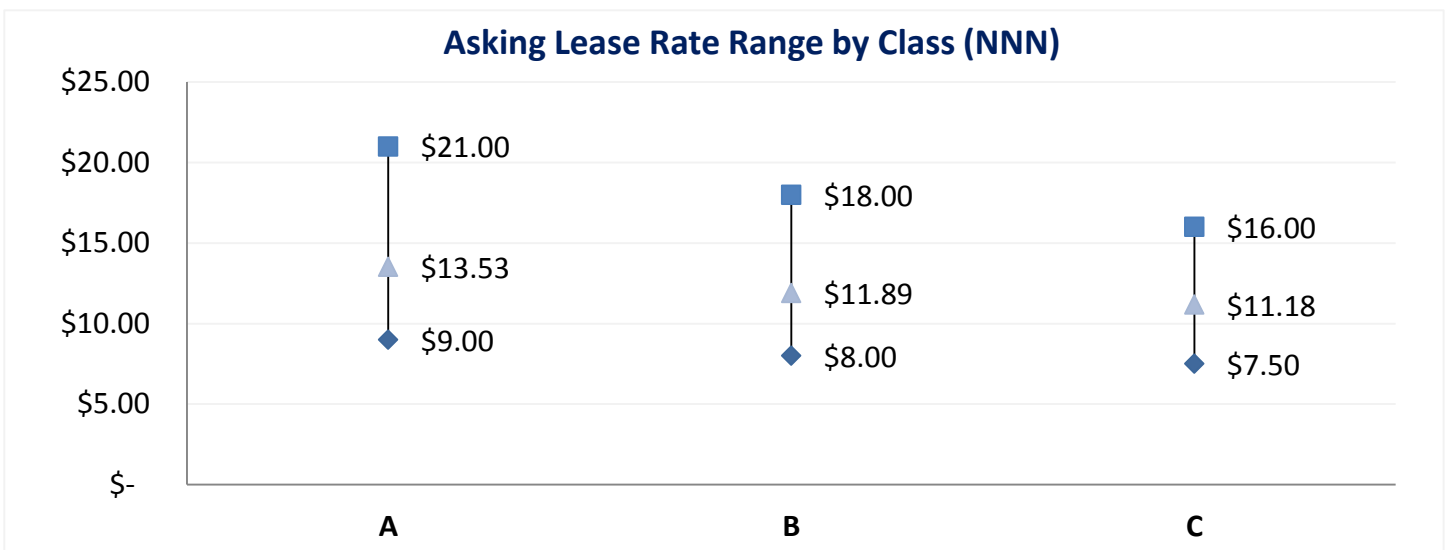
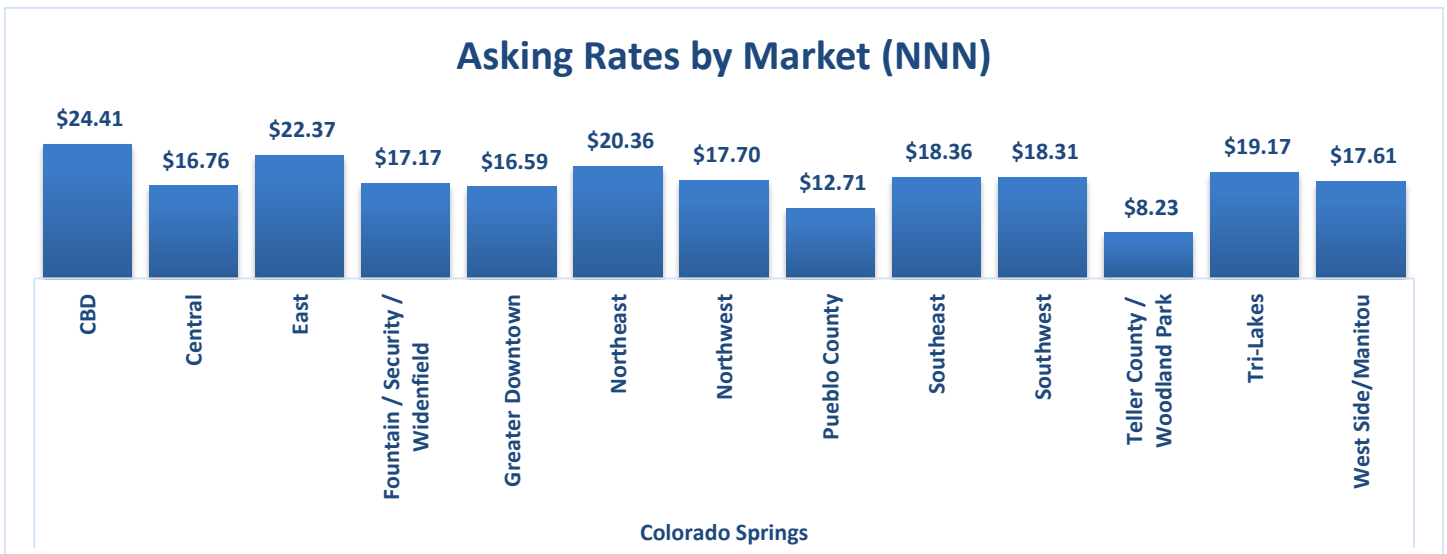
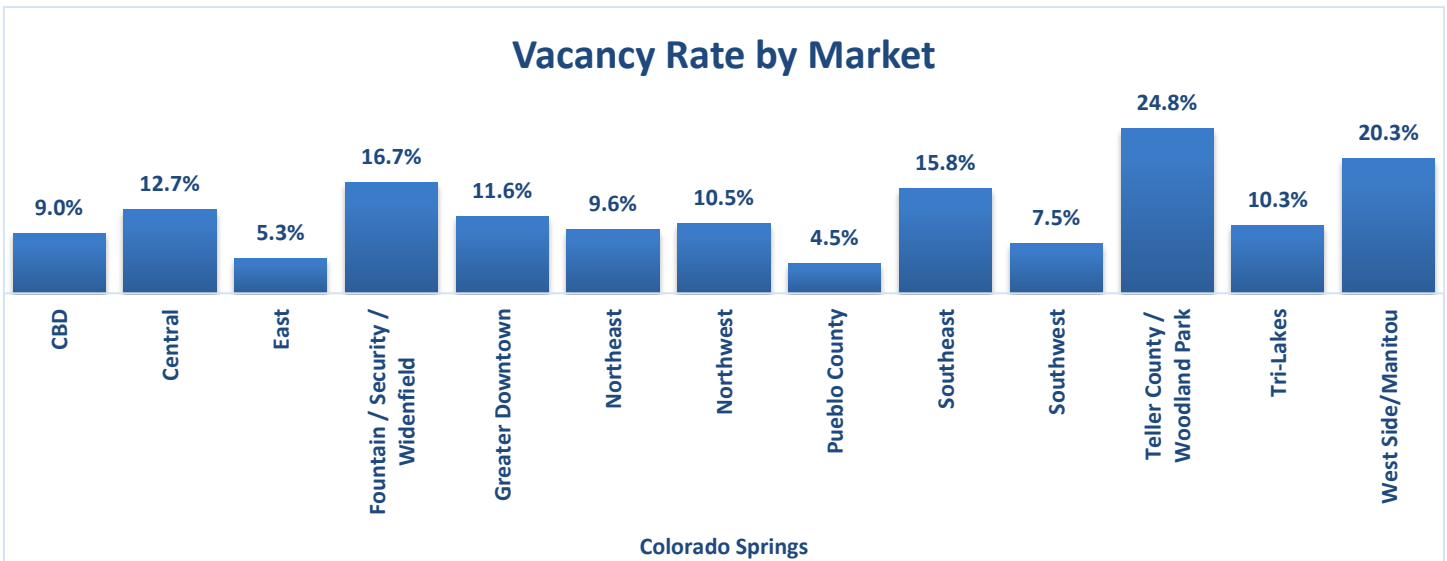
Tracked Inventory (Office)	The total square feet of all existing single and multi tenant office buildings greater than 5,000 SF, excluding medical, government and owner occupied buildings.
Class A	Most prestigious buildings competing for premier office users with rents above the market average. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.
Class B	Buildings competing for a wide range of office users with average market rents. Building finishes are fair to good for the area and systems are adequate, but the property does not compete with Class A product.
Class C	Buildings competing for office users requiring functional office space at rents below the market average for the area.
Total Available SF	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Total Vacant SF	The total of all of the vacant square footage within a building, including both direct and sublease space.
Direct Vacant SF	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Sublease SF	Space that is offered for lease by a current tenant, or his agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.
Weighted Average Direct Lease Rate	The weighted average of all direct asking lease rates expressed as a full service/gross rental rate and weighted on total direct available square feet. Non-full service rates (such as NNN) have been grossed up to reflect a full service/gross rate.

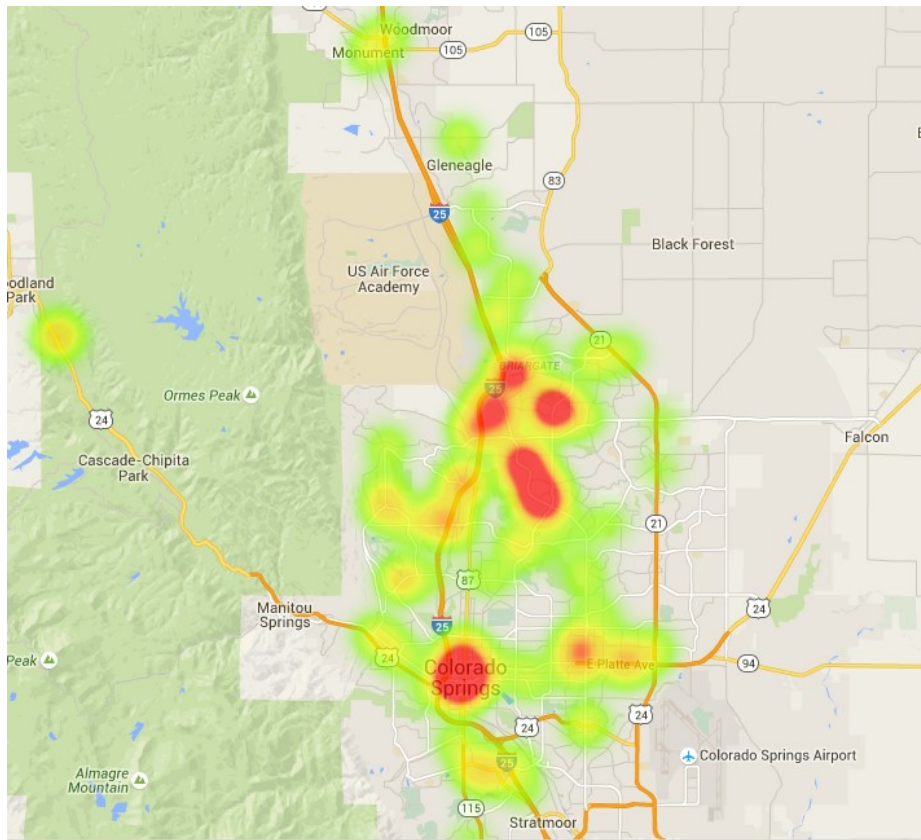
Overview

- The Colorado Springs office market ended the year with 186,444 square feet of absorption for the fourth quarter.
- Lease rates are at all time highs, but are stabilizing. Class B buildings are leasing below the asking rates and Landlord are offering concessions to prospective tenants to help close the deal.
- The market saw several expansions from businesses outside of the immediate area. Most leasing activity during the fourth quarter came from tenants moving around the area.
- Speculative construction levels are very low due to the ever increasing costs of land, materials and labor.
- The fourth quarter of 2015 closed with a 10.5 % vacancy rate for the Colorado Springs office market. This is a continuance of a downward trend from the beginning of the year, as first quarter closed with a 13.2% vacancy rate.

	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Direct Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Quarterly Net Absorption (SF)
A	120	9,069,374	1,408,985	1,195,478	13.2%	1,199,280	1,145,618	12.6%	209,705	46,527
B	793	18,348,548	2,240,405	1,868,129	10.2%	2,215,276	1,861,335	10.1%	25,129	(494)
C	320	5,331,322	454,891	387,176	7.3%	446,759	387,176	7.3%	8,132	140,411
Grand Total	1,233	32,749,244	4,104,281	3,450,783	10.5%	3,861,315	3,394,129	10.4%	242,966	186,444

	# of Bldgs	Inventory (SF)	Total Available (SF)	Available Sublease (SF)	Vacancy Rate (%)	Net Absorption (SF)
Colorado Springs	1,233	32,749,244	4,104,281	242,966	10.5%	186,444
CBD	73	3,705,085	356,350	26,293	9.0%	3,811
A	7	948,344	119,361	21,843	10.9%	(7,124)
B	40	2,177,459	166,406	4,450	7.4%	10,935
C	26	579,282	70,583	-	12.2%	-
Central	259	3,714,911	541,870	-	12.7%	115,388
A	5	324,529	39,870	-	11.1%	26,466
B	188	2,640,234	410,057	-	13.5%	62,251
C	66	750,148	91,943	-	10.6%	26,671
East	19	206,504	12,376	-	5.3%	1,796
A	2	71,500	9,116	-	12.7%	1,796
B	10	91,741	3,260	-	1.9%	-
C	7	43,263	0	-	0.0%	-
Fountain / Security / Widenfield	12	141,199	23,610	-	16.7%	-
B	10	123,069	12,000	-	9.8%	-
C	2	18,130	11,610	-	64.0%	-
Greater Downtown	179	3,478,318	427,687	4,470	11.6%	108,428
A	10	328,769	45,745	4,470	12.6%	(2,314)
B	108	2,222,822	333,372	-	14.3%	6,728
C	61	926,727	48,570	-	4.8%	104,014
Northeast	135	6,646,492	748,914	26,643	9.6%	(20,181)
A	38	2,823,916	277,110	3,384	9.1%	(14,024)
B	76	2,898,642	392,895	15,127	11.9%	(7,757)
C	21	923,934	78,909	8,132	4.4%	1,600
Northwest	166	7,444,273	916,230	5,532	10.5%	(1,291)
A	27	3,100,151	443,622	1,230	14.0%	23,206
B	108	3,603,137	394,235	4,302	7.9%	(24,497)
C	31	740,985	78,373	-	8.9%	-
Pueblo County	167	2,549,806	130,937	-	4.5%	(65,224)
A	5	230,661	20,539	-	8.9%	395
B	116	1,731,909	77,397	-	3.5%	(66,648)
C	46	587,236	33,001	-	5.6%	1,029
Southeast	53	2,574,963	659,045	178,778	15.8%	41,566
A	13	1,002,492	401,862	178,778	24.5%	24,707
B	29	1,323,271	246,420	-	11.4%	16,859
C	11	249,200	10,763	-	4.3%	-
Southwest	90	1,375,006	125,273	-	7.5%	(9,158)
A	10	199,160	51,760	-	23.8%	(6,581)
B	58	927,487	70,963	-	5.7%	(2,577)
C	22	248,359	2,550	-	1.0%	-
Teller County / Woodland Park	13	123,280	30,635	-	24.8%	(192)
A	3	39,852	0	-	0.0%	-
B	7	66,255	17,858	-	27.0%	(192)
C	3	17,173	12,777	-	74.4%	-
Tri-Lakes	26	328,982	35,031	1,250	10.3%	1,472
B	20	256,346	35,031	1,250	13.2%	1,472
C	6	72,636	0	-	0.0%	-
West Side/Manitou	41	460,425	96,323	-	20.3%	10,029
B	23	286,176	80,511	-	27.1%	2,932
C	18	174,249	15,812	-	9.1%	7,097
Grand Total	1,233	32,749,244	4,104,281	242,966	10.5%	186,444





Largest Absorption Changes

Property Name	SF Occupied or Vacated	Tenant Name	Market	Building Class
4110 Briargate Parkway	32,454 SF	Colorado Springs Orthopedic Group	North	A
5225 N Academy Boulevard	19,930 SF	Rocky Mountain Financial Services, Serve Now, Synergy Real Estate Group, Sleep Works	Northeast	A
460 Wooten Road	17,370 SF	Lockheed and CSC Govt Solutions	Southeast	B
Tech Center VI	8,573 SF	Travelers	Northwest	A
Patriot Park I	5,806 SF	CBRE and MTSI	East	A
Tech Center V	5,671 SF	Business Tech	Northwest	A
1365 Garden of the Gods Road	(13,066) SF	Travelers	Central	B
Briargate Tech Building	(16,222) SF	New Office Systems	Northeast	B

Top Transactions						
Property Name	Sale Price	SF Sold	Buyer	Seller	Market	Building Class
Lexington Center	\$3,937,600	75,272 SF	7899 Lexington LLC	Lexington HP LLC	Northeast	B
Wells Fargo Office Building	\$3,689,565	109,238 SF	Starworth Properties LLC	200 South Broadway LLC	Pueblo	A
5225 N Academy Blvd	\$3,200,000	44,009 SF	WyChy LLC & 100 Wadsworth LLC	Juanita J Meyer Trust	Northeast	A
215 S Parkside Dr	\$2,500,000	19,078 SF	Kaiser Foundation Health Plan of Colorado	TTM Holdings LLC	Southeast	B
506 N Cascade Ave	\$1,065,000	15,477 SF	Hearthstone Inn Apartments LLC	Hearthstone Apartments LLC	Greater Downtown	C

Colorado Springs	
Bearing Commercial Appraisal	Greg Baker
Cameron Butcher	Caleb David
CBRE	Brad Bird
	Nicola Myers
Cushman & Wakefield	Aaron Horn
NAI Highland	Bob Garner
Newmark Grubb Knight Frank	Simon Penner
Land Title Guarantee	Ben Lowe
Quantum Commercial	Susan Beitle
Re/Max	Rob Rolley
Weichert Commercial	Chuck Armstrong
	Weldon Shaver

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy. **For more information, please contact :**

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