



XCELIGENT[™]
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OFFICE MARKET REPORT

Colorado Springs

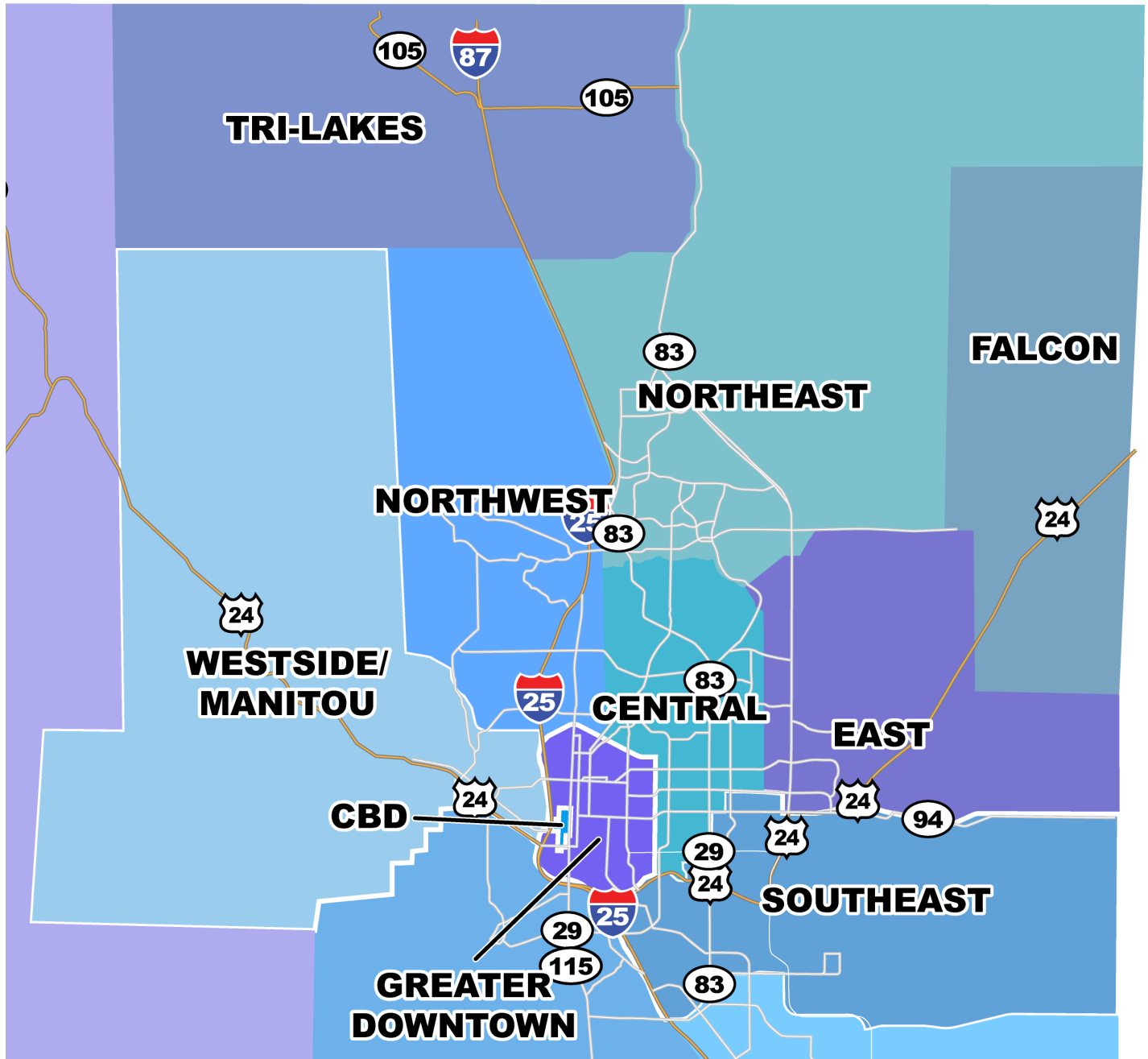
1st Quarter 2016

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

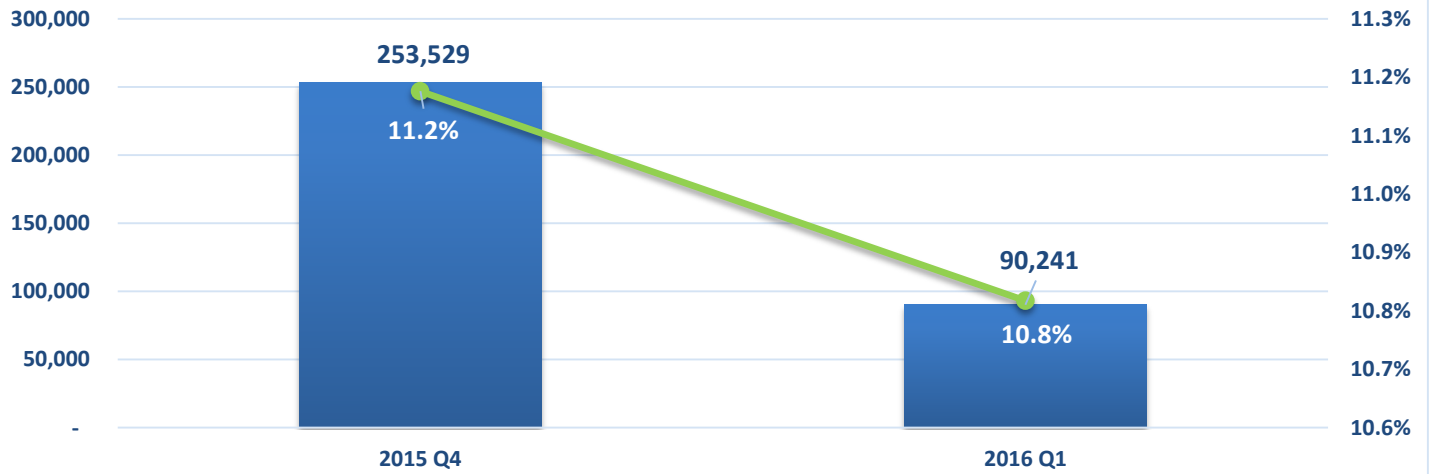
- The Colorado Springs office market ended the first quarter of 2016 with 90,241 square feet of positive absorption.
- Lease rates are still at all time highs, but are stabilizing. Class B buildings are leasing below the asking rates and landlords are offering concessions to prospective tenants.
- Speculative construction levels are very low due to the high cost of rents, materials and labor. Currently, there is only 28,806 square feet of new construction in the Northeast part of the greater Colorado Springs area.
- The Colorado Springs Office market closed the first quarter of 2016 with a 10.8% vacancy rate down from the fourth quarter of 2015 where vacancy rates were at 11.2%.

	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
A	114	8,808,577	1,425,358	1,079,828	12.3%	63,043	63,043
B	682	16,692,630	2,306,418	1,808,173	10.8%	31,735	31,735
C	272	4,708,981	487,109	379,857	8.1%	(4,537)	(4,537)
Grand Total	1,068	30,210,188	4,218,885	3,267,858	10.8%	90,241	90,241

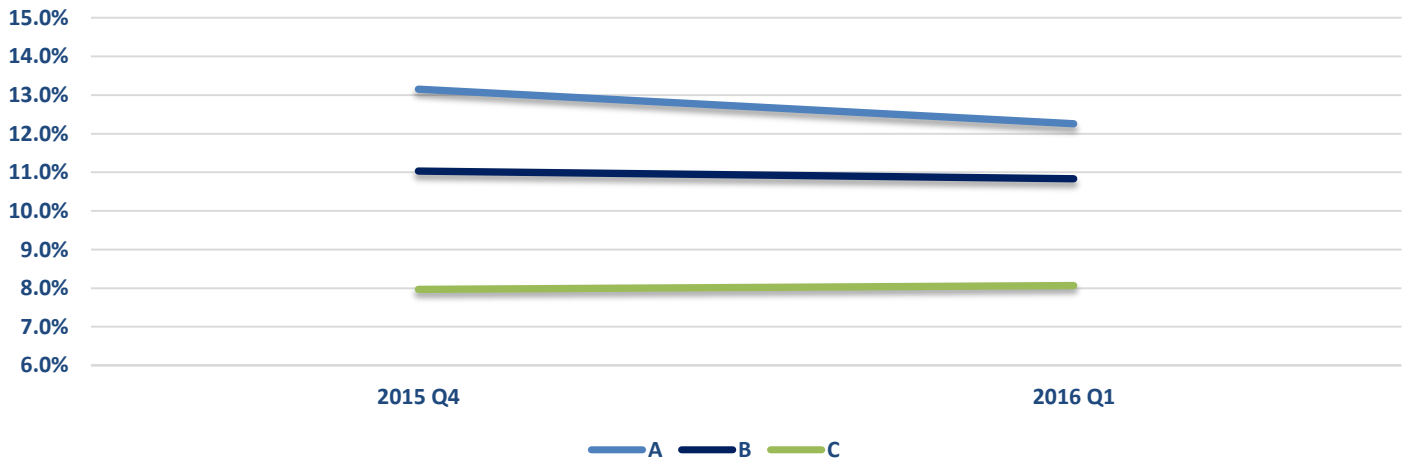
	# of Bldgs	Inventory (SF)	Direct Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Direct Quarterly Absorption (SF)	YTD Direct Net Absorption (SF)
A	114	8,808,577	1,219,037	1,029,968	11.7%	63,043	63,043
B	682	16,692,630	2,197,217	1,801,379	10.8%	31,735	31,735
C	272	4,708,981	473,819	379,857	8.1%	(4,537)	(4,537)
Grand Total	1,068	30,210,188	3,890,073	3,211,204	10.6%	90,241	90,241

	# of Bldgs	Inventory (SF)	Sublease Available (SF)	Sublease Vacant (SF)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (SF)	YTD Sublease Net Absorption (SF)
A	114	8,808,577	206,321	49,860	0.6%	-	-
B	682	16,692,630	109,201	6,794	0.0%	-	-
C	272	4,708,981	13,290	-	0.0%	-	-
Grand Total	1,068	30,210,188	328,812	56,654	0.2%	-	-

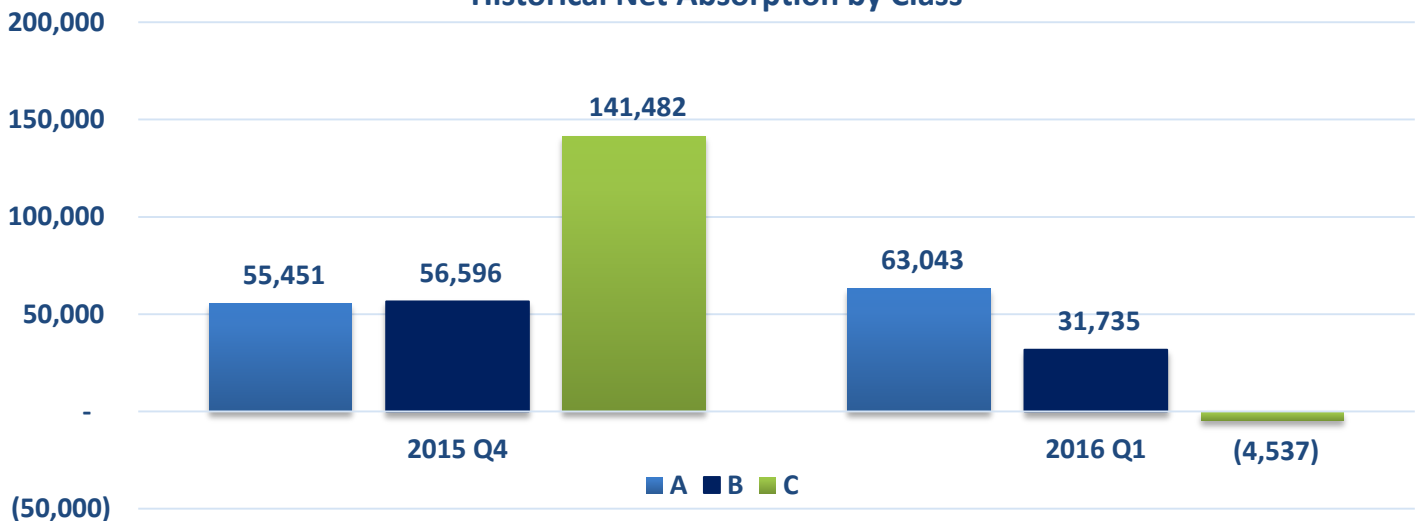
Historical Vacancy Rate & Net Absorption



Historical Vacancy Rates by Class

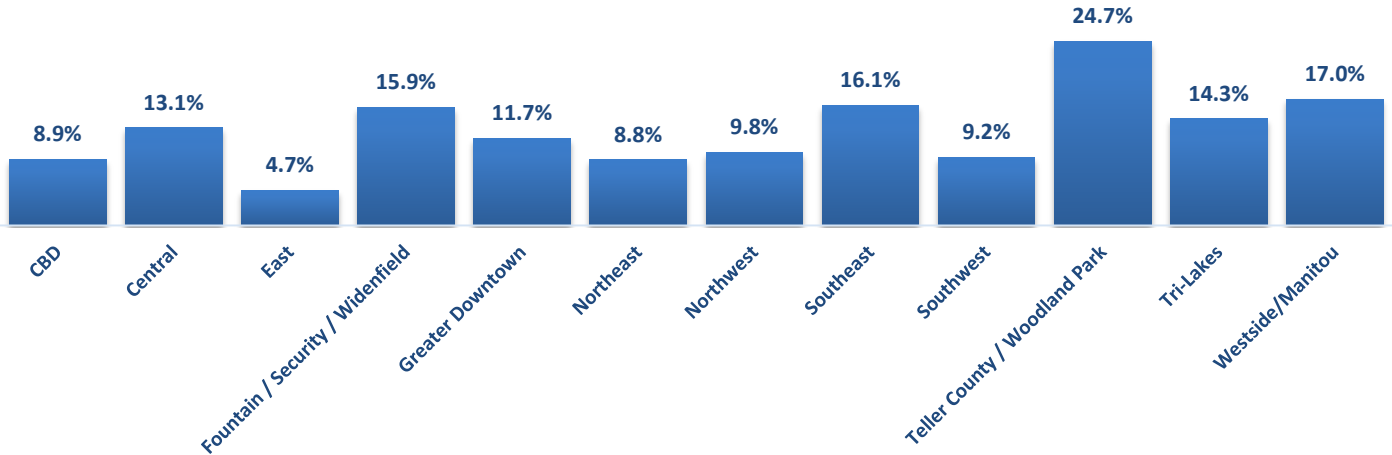


Historical Net Absorption by Class

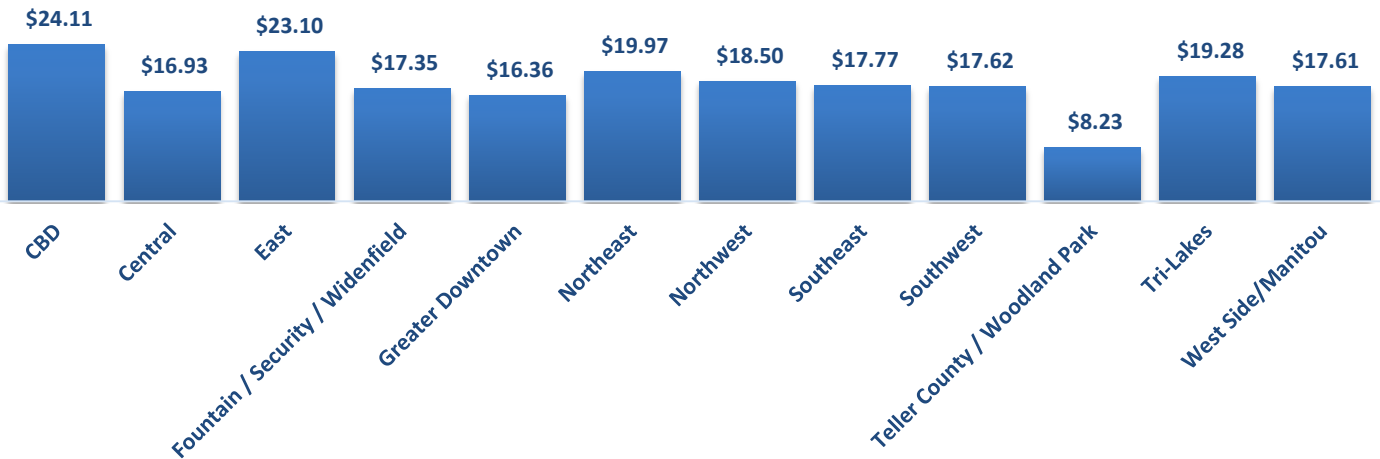


	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Total Vacancy Rate (%)	Total Qtrly Net Absorption (SF)	YTD Total Net Absorption (SF)
Southeast	55	2,653,811	426,819	43,945	16.1%	4,017	4,017
A	13	1,002,492	240,902	43,945	24.0%	5,054	5,054
B	31	1,402,119	171,595	-	12.2%	2,522	2,522
C	11	249,200	14,322	-	5.7%	(3,559)	(3,559)
Southwest	90	1,375,006	126,199	-	9.2%	(1,121)	(1,121)
A	10	199,160	38,205	-	19.2%	1,265	1,265
B	58	927,487	59,920	-	6.5%	(1,386)	(1,386)
C	22	248,359	28,074	-	11.3%	(1,000)	(1,000)
Fountain / Security / Widenfield	12	141,199	22,400	-	15.9%	-	-
B	10	123,069	12,000	-	9.8%	-	-
C	2	18,130	10,400	-	57.4%	-	-
Westside/Manitou	41	460,425	78,225	-	17.0%	11,225	11,225
B	23	286,176	69,913	-	24.4%	3,725	3,725
C	18	174,249	8,312	-	4.8%	7,500	7,500
Greater Downtown	179	3,478,318	406,496	-	11.7%	(1,063)	(1,063)
A	10	328,769	41,275	-	12.6%	-	-
B	108	2,222,822	308,883	-	13.9%	10,973	10,973
C	61	926,727	56,338	-	6.1%	(12,036)	(12,036)
CBD	73	3,705,085	330,212	5,915	8.9%	1,135	1,135
A	7	948,344	110,688	5,915	11.7%	(7,255)	(7,255)
B	40	2,177,459	148,071	-	6.8%	9,260	9,260
C	26	579,282	71,453	-	12.3%	(870)	(870)
Central	259	3,714,911	487,114	-	13.1%	(2,980)	(2,980)
A	5	324,529	35,868	-	11.1%	-	-
B	189	2,663,339	371,883	-	14.0%	(1,069)	(1,069)
C	65	727,043	79,363	-	10.9%	(1,911)	(1,911)
East	19	206,504	9,646	-	4.7%	1,200	1,200
A	2	71,500	7,916	-	11.1%	1,200	1,200
B	10	91,741	1,730	-	1.9%	-	-
C	7	43,263	-	-	0.0%	-	-
Northwest	165	7,418,271	724,268	-	9.8%	50,450	50,450
A	27	3,100,151	399,316	-	12.9%	34,547	34,547
B	107	3,577,135	266,974	-	7.5%	8,033	8,033
C	31	740,985	57,978	-	7.8%	7,870	7,870
Northeast	136	6,647,396	585,112	6,794	8.8%	25,625	25,625
A	37	2,793,780	205,658	-	7.4%	28,232	28,232
B	78	2,926,682	338,748	6,794	11.6%	(2,210)	(2,210)
C	21	926,934	40,706	-	4.4%	(397)	(397)
Teller County / Woodland Park	13	123,280	30,435	-	24.7%	200	200
A	3	39,852	-	-	0.0%	-	-
B	7	66,255	17,658	-	26.7%	200	200
C	3	17,173	12,777	-	74.4%	-	-
Tri-Lakes	26	285,982	40,932	-	14.3%	1,553	1,553
B	21	228,346	40,798	-	17.9%	1,687	1,687
C	5	57,636	134	-	0.2%	(134)	(134)
Grand Total	1,068	30,210,188	3,267,858	56,654	10.8%	90,241	90,241

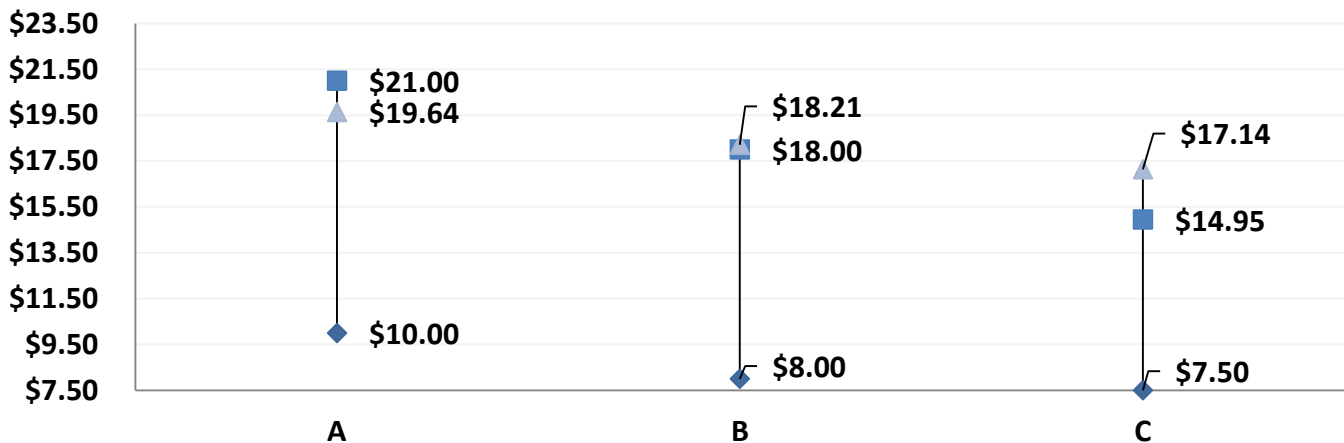
Vacancy Rate by Market

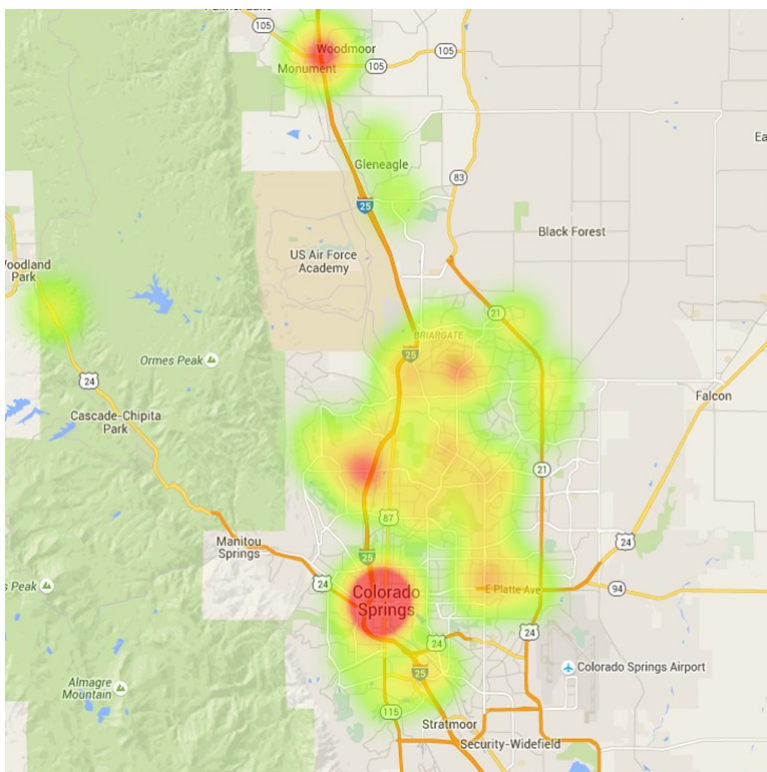


Average Asking Rates by Market (NNN)



Asking Weighted Lease Rate Range by Class (NNN)





Largest Absorption Changes

Property Name	SF Occupied or Vacated	Tenant Name	Submarket	Building Class
15 W Cimarron St	5,510	Cornerstone Home Lending, Inc and Gaddis, Kin, Herd & Craw P.C.	Greater Downtown	B
6071 E Woodmen Rd	4,353	Healthcare Realty	Northeast	B
685 Citadel Dr E	4,097	Otologix Hearing Aids and Boxer Workplace Solutions	Central	B
104 S Cascade	3,461	Leader One Financial, Tom Perry P.C., Cattle Empire and Unified Title	Greater Downtown	B
4575 Galley Rd	2,472	Calibrating Air Heating & Cooling	Southeast	B
5245 Centennial Blvd	2,055	Shayne Clinard	Northwest	B
5525 N Union Blvd	(2,400)	Transamerica	Central	B
2233 Academy Pl	(2,928)	Sterling Care Adult Day Services	Central	B
Prime Center At Briargate Bldg E	(6,143)	State Farm Insurance	Northeast	B

Top Transactions						
Property Name	Sale Price	SF Sold	Buyer	Seller	Market	Building Class
1050-1090 N Newport Rd	\$8,235,000	124,597	LSREF4 Dual LLC	BRE West Pooled Office Owner LLC	Southeast	A
5225 N Academy Blvd	\$5,450,000	44,009	Great Western Foloh LLC	WyChy LLC and 100 Wadsworth LLC	Central	A
1120 W Moreno Ave	\$1,498,000	10,187	Moreno Properties LLC	Dunn Realty Inc	Southwest	B
2620 Tenderfoot Hill St	\$1,224,000	11,437	Bros2G LLC	Larry J Rush	Southwest	B
1015 E Pikes Peak Ave	\$1,050,000	15,166	Greccio Housing Unlimited Inc	Tenfifteen LLC	Greater Downtown	B

Colorado Springs	
Bearing Commercial Appraisal	Greg Baker
Cameron Butcher	Caleb David
CBRE	Brad Bird Nicola Myers - Murty
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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