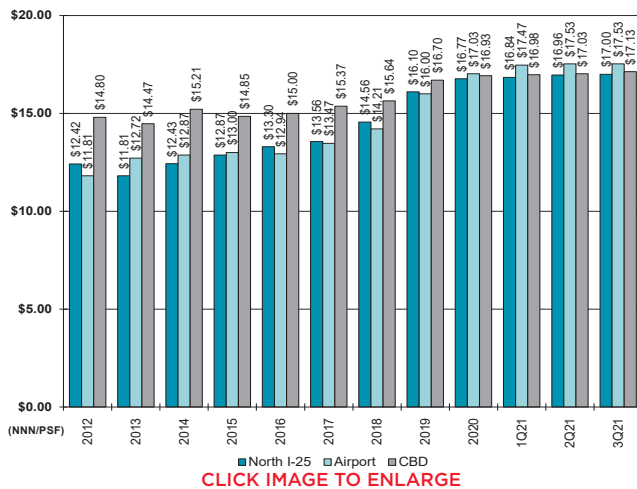


QUICK STATS

	3Q21	YoY	2Q21
Vacancy	12.88%	▲	▲
Lease Rates	\$17.14	▲	▲
Net Absorption	-25,952	▼	▲

LEASE RATES



CLASS A/B OFFICE MARKET OVERVIEW

As we wrapped up the Colorado Springs office market in the third quarter 2021, we saw the same trends that we have throughout the first half of the year. The tenant activity for users requiring 5,000 square feet and less remained relatively strong. We also saw signs of life in the larger users, with activity increasing on a weekly basis, as the environment seems to be more accepting of what the future will hold for office real estate in our city. While we saw modest negative absorption in the third quarter, the amount of sublease space did not increase dramatically and we do not anticipate a large amount of negative absorption going forward.

As we have talked about in many of our past newsletters, currently one of the strongest factors in the Colorado Springs' office market is that we 'missed' the building cycle in the 2015 time frame, and therefore, have very limited speculative product; and as a market, in all three submarkets, we are not over-built for the demand (even if demand is decreased due to COVID-19). The combination of increased construction costs along with limited new product on the market has continued to put upward pressure on lease rates (which we saw again in the third quarter - see *Lease Rates* graph). Our anticipation for the following six to twelve months is a continued increase in demand, with lease rates maintaining their climb upward, and this trend likely continues for the foreseeable future for the higher quality assets.



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CLASS A/B OFFICE STATISTICS

Submarket	Total Bldg. SF	Available SF	Sublease Space	Vacancy Rate	Absorption	Lease Rate	NNN Exp.
NORTH I-25 CORRIDOR:							
3rd Quarter 2021	4,366,829	764,701	119,190	17.51%	(43,573)	\$17.00	\$8.92
YTD 2021					(95,498)		
AIRPORT (SOUTHEAST) AREA:							
3rd Quarter 2021	1,404,317	108,362	29,636	7.72%	9,322	\$17.53	\$7.88
YTD 2021					16,951		
CENTRAL BUSINESS DISTRICT:							
3rd Quarter 2021	1,994,054	127,092	38,127	6.37%	8,299	\$17.13	\$9.53
YTD 2021					(3,840)		
TOTAL CLASS A MARKET:							
TOTALS FOR 3rd Q 2021	7,765,200	1,000,155	186,953	12.88%	(25,952)	\$17.14	\$8.87
TOTALS YTD 2021					(82,387)		

12.88%
Direct Vacancy Rate

15.29%
Overall Vacancy Rate