

QUICK STATS

	3Q20	YoY	2Q20
Vacancy	11.54%	▼	▼
Lease Rates	\$16.87	▲	▲
Net Absorption	30,410	▲	▼

CLASS A/B OFFICE MARKET OVERVIEW

While uncertainty has been an overwhelming theme in virtually all aspects of business and office real estate for the past 7 months, and something that we all expect to continue for the foreseeable future, there are a few key factors that are providing us with solid optimism about the future of the Colorado Springs office market.

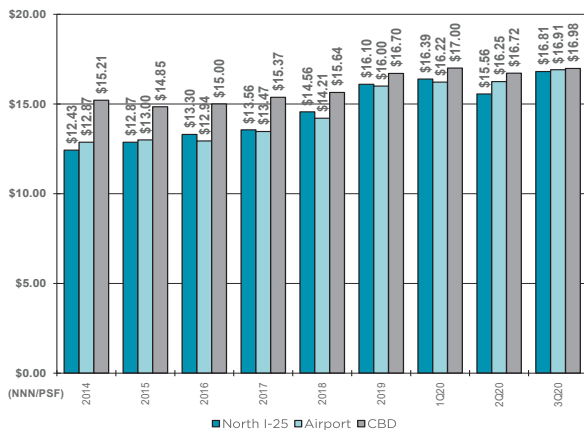
First, as of the end of the 3rd Q 2020, we saw positive absorption in the overall market of 30,410 SF and YTD positive absorption of 137,529 SF. In short, there has been and continues to be solid lease activity in the market. There are certainly companies downsizing and there is good amount of unpredictability about future space needs, but so far this has been offset by the number of companies that are looking both at short-term and long-term needs and moving forward with future operation plans now.

Secondly, lease rates have actually increased slightly over the 2nd Q 2020 numbers to \$16.87 psf NNN average asking rate. With most ownership groups in strong positions, combined with the lack of speculative product on the market (and pricing for new product in the \$28.00+ psf NNN range), we anticipate lease rates to remain steady through the rest of the year.

Lastly, the city of Colorado Springs as a whole has performed very well through out the pandemic. The housing market is extremely active and the perception of a smaller market with less density but still having most of the benefits of the larger cities is proving to be a big driver of growth and interest in companies looking to the future. Colorado Springs has been positioning itself as a top-tier market and growth city for the past decade and, despite the global economy, it is seeing the stability provided from those efforts.

Although we are very aware of the volatility the pandemic and the political environment has provided for the economy and real estate markets and 'we don't know what we don't know' yet, our forecast relative to many other markets remains strong.

LEASE RATES



CLICK IMAGE FOR FULL SIZE VIEW



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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:							
2nd Quarter 2020	4,366,829	656,330	71,830	15.03%	5,411	\$16.81	\$8.57
YTD 2020					29,193		
AIRPORT (SOUTHEAST) AREA:							
2nd Quarter 2020	1,404,317	128,258	8,885	9.13%	31,803	\$16.91	\$7.89
YTD 2020					87,628		
CENTRAL BUSINESS DISTRICT:							
2nd Quarter 2020	1,994,054	111,355	25,598	5.58%	(6,804)	\$16.98	\$9.42
YTD 2020					20,708		
TOTAL CLASS A MARKET:							
TOTALS FOR 2nd Q 2020	7,765,200	895,943	106,313	11.54%	30,410	\$16.87	\$8.66
TOTALS YTD 2020					137,529		

11.54%
Direct Vacancy Rate

12.91%
Overall Vacancy Rate