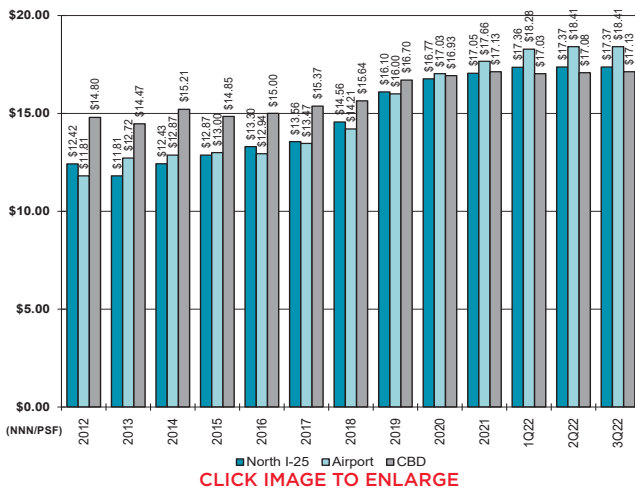


QUICK STATS

	3Q22	3Q21	2Q22
Vacancy	11.57%	▼	▲
Lease Rates	\$17.52	▲	▲
Net Absorption	(31,274)	▼	▼

LEASE RATES



CLASS A/B OFFICE MARKET OVERVIEW

The third quarter of 2022 in the Colorado Springs office market can best be categorized as "more of the same". We had been forecasting that we would continue to see an increase in overall leasing and activity in the market throughout the last 18 months and that has played out as forecasted. That said, there have been companies that have changed their business models throughout the pandemic and now require less office space than pre-2020 requirements. The offset of being in a high-growth market while operating in the shadow of COVID-19 and a redefining 'partial work from home' environment has had our market relatively flat overall. The positive in the market is that companies do continue to grow, the market is not overbuilt, and therefore lease rates have remained very healthy.

One of the key factors that separates this downturn from others historically is that it happened over a period of 36 months during the COVID-19 pandemic and not in a quick acute event such as what happened in 2008/2009 with the subprime meltdown. With a slower downturn filled with lots of uncertainty about what would be ahead for companies, it substantially softened the blow for sublease space immediately coming to market and/or companies making volatile decisions about shutting down offices immediately. The result is a much softer landing that spread out over a period of time, which is what we have seen play out for the last couple of years. With an increase in activity, primarily with the smaller under 10,000 square-foot type tenants, we anticipate the market to continue it's slow but healthy recovery throughout the year.



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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 2022	4,366,829	617,228	258,248	14.13%	40,822	\$17.37	\$9.04
YTD 2022					148,321		
AIRPORT (SOUTHEAST) AREA:							
3rd Quarter 2022	1,404,317	119,523	24,195	8.51%	(27,140)	\$18.41	\$7.93
YTD 2022					(16,207)		
CENTRAL BUSINESS DISTRICT:							
3rd Quarter 2022	1,994,054	161,740	20,870	8.11%	(44,956)	\$17.13	\$9.76
YTD 2022					(56,509)		
TOTAL CLASS A MARKET:							
TOTALS FOR 3rd Q 2022	7,765,200	898,491	303,313	11.57%	(31,274)	\$17.52	\$9.01
TOTALS YTD 2022					75,605		

11.57%
Direct Vacancy Rate

15.42%
Overall Vacancy Rate