

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate decreased 1.5 percentage points from 4.0% in April 2016 to 2.5% in April 2017. The unemployment rate decreased due to more people finding jobs and is up slightly when compared to Colorado (2.3%) and lower than the US (4.1%). The Colorado Springs statistical area nonfarm job creation was up 1.7% totaling 4,700 jobs over the past year. Retail using jobs (industries include trade transportation and utilities) added 1,500 jobs from April 2016 to April 2017.

Market Overview

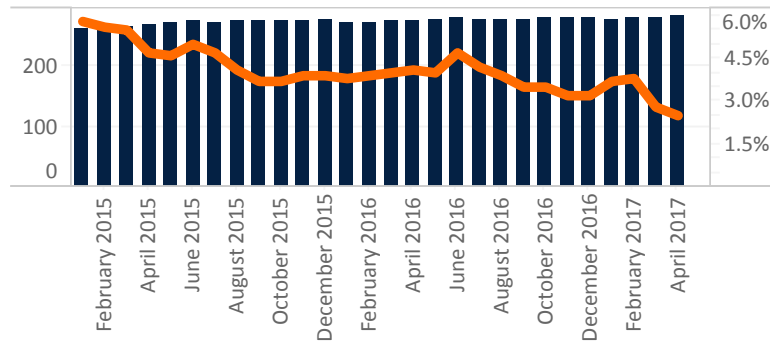
The Colorado Springs retail market recorded 37,259 square feet (sf) of positive absorption during 2Q 2017. The total vacancy rate has decreased slightly from 7.1% in 2Q 2016 to 6.7% at the close of 2Q 2017. Direct vacancy rates decreased 0.3 percentage points from 7.0% to 6.7% during the same time period. Weighted average rent growth continued to improve during 2Q 2017 especially Freestanding/General type properties in the CBD, Central, Northwest and Westside/Manitou submarkets. Weighted average asking rents in all classes increased 6.5% from 2Q 2016 bringing the 2Q 2017 overall rate to \$12.23 psf.

Market Highlights

Leasing and sales activity was strong in 2Q 2017 with many new "concepts" looking to enter into the market. 'Quick Serve' type restaurants remain extremely active, while full service restaurants are sluggish. Primary drivers of 2Q 2017 leasing activity continued to be food, fitness and entertainment. All of the newer "hot" areas continue to lease at a very quick pace, which is putting upward pressure on already high rental rates. Leasing activity in older centers, however, is flat. Mid-sized and Big Box type buildings are suffering due primarily to the vacancies of several large national retailers.

Colorado Springs Employment

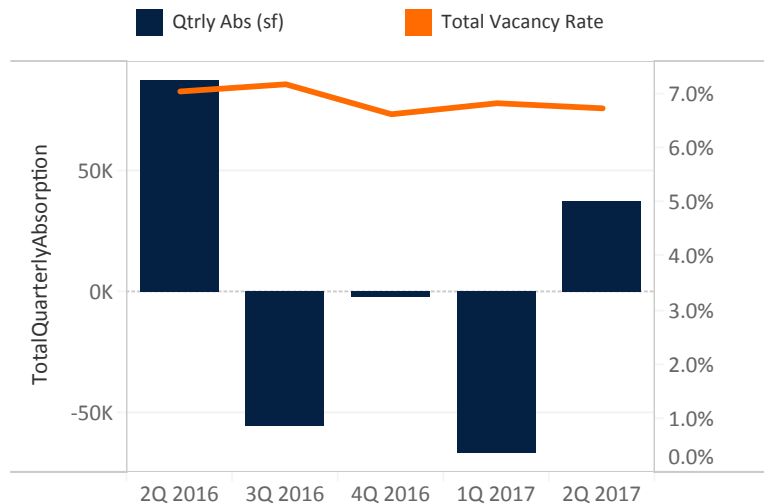
Source: BLS



Market Recap

Inventory (sf)	34,756,008
# of Bldgs	1,466
Qtrly Abs (sf)	37,259
Total Avail Rate	7.5%
Total Vacancy Rate	6.7%
U/C Inventory (sf)	705,666
Delivered (sf)	22,800
Weighted Average Asking Rate (NNN)	\$12.23

Absorption and Vacancy Rate



Overview by Specific Use (Total)

Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	3,241,716	378,599	274,465	8.5%	-4,820	5,093
Free/Gen	13,947,822	656,932	518,277	3.7%	-5,052	-34,715
Nbrhd/Comm Ctr	14,436,625	1,366,347	1,342,565	9.3%	47,131	-1,912
Reg/Power Ctr	3,129,845	209,693	209,693	6.7%	0	-6,628
Overall	34,756,008	2,611,571	2,345,000	6.7%	37,259	-38,162

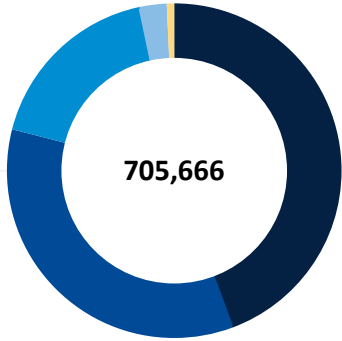
Overview by Market (Total)

Market Name	Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
CBD	Conv/Strip Ctr	4,278	0	0	0.0%	0	0
	Free/Gen	641,017	22,282	15,460	2.4%	4,400	0
	Nbrhd/Comm Ctr	36,446	0	0	0.0%	0	0
	<i>Subtotal</i>	681,741	22,282	15,460	2.3%	4,400	0
Central	Conv/Strip Ctr	817,925	99,558	77,268	9.4%	-2,600	344
	Free/Gen	3,330,324	193,892	107,410	3.2%	1,290	-16,241
	Nbrhd/Comm Ctr	4,702,804	841,450	659,933	14.0%	26,463	-535
	Reg/Power Ctr	911,698	148,535	148,535	16.3%	0	-10,066
	<i>Subtotal</i>	9,762,751	1,283,435	993,146	10.2%	25,153	-26,498
East	Conv/Strip Ctr	275,507	52,945	17,609	6.4%	2,441	4,860
	Free/Gen	1,119,626	13,026	16,881	1.5%	0	0
	Nbrhd/Comm Ctr	1,572,729	46,437	195,924	12.5%	9,235	21,073
	Reg/Power Ctr	1,162,424	11,158	11,158	1.0%	0	3,438
	<i>Subtotal</i>	4,130,286	123,566	241,572	5.8%	11,676	29,371
Falcon	Conv/Strip Ctr	106,283	380	380	0.4%	0	0
	Free/Gen	274,870	5,754	5,200	1.9%	0	0
	Nbrhd/Comm Ctr	492,244	6,928	6,928	1.4%	-4,088	-5,528
	<i>Subtotal</i>	873,397	13,062	12,508	1.4%	-4,088	-5,528
Ftn/ Scrty/ Wdfld	Conv/Strip Ctr	148,006	35,014	35,014	23.7%	0	-9,519
	Free/Gen	366,833	1,670	1,670	0.5%	0	0
	Nbrhd/Comm Ctr	733,582	37,306	37,306	5.1%	0	0
	Reg/Power Ctr	207,450	0	0	0.0%	0	0
	<i>Subtotal</i>	1,455,871	73,990	73,990	5.1%	0	-9,519
Grtr Dwtm	Conv/Strip Ctr	122,097	0	0	0.0%	0	0
	Free/Gen	944,526	42,056	36,555	3.9%	0	-6,541
	Nbrhd/Comm Ctr	315,714	11,000	11,000	3.5%	0	0
	<i>Subtotal</i>	1,382,337	53,056	47,555	3.4%	0	-6,541
Northeast	Conv/Strip Ctr	611,629	11,260	11,260	1.8%	0	3,505
	Free/Gen	2,053,596	34,333	9,474	0.5%	-1,238	15,248
	Nbrhd/Comm Ctr	2,959,708	182,407	167,839	5.7%	6,230	-23,304
	Reg/Power Ctr	848,273	50,000	50,000	5.9%	0	0
	<i>Subtotal</i>	6,473,206	278,000	238,573	3.7%	4,992	-4,551
Overall	34,756,008	2,611,571	2,345,000	6.7%	37,259	-38,162	

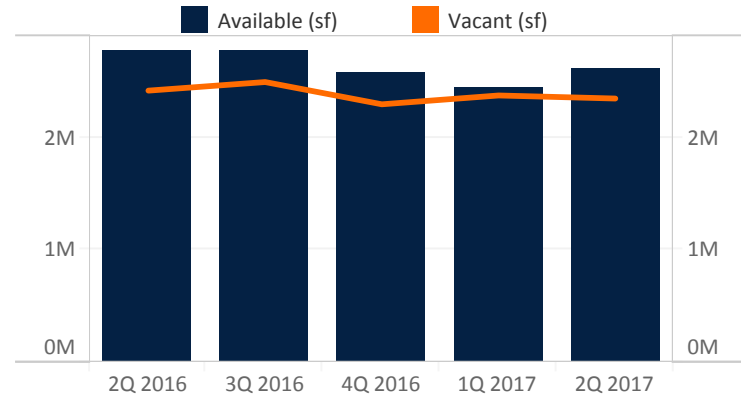
Overview by Market (Total) Cont'd

Market Name	Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Northwest	Conv/Strip Ctr	297,374	23,255	18,133	6.1%	-2,804	-6,504
	Free/Gen	1,262,470	54,877	44,811	3.5%	0	-10,349
	Nbrhd/Comm Ctr	596,978	17,766	16,436	2.8%	221	-6,218
	<i>Subtotal</i>	2,156,822	95,898	79,380	3.7%	-2,583	-23,071
Southeast	Conv/Strip Ctr	281,275	52,941	9,700	3.4%	-223	15,164
	Free/Gen	773,811	177,827	177,827	23.0%	0	17,960
	Nbrhd/Comm Ctr	1,307,451	171,577	208,602	16.0%	4,454	4,653
	<i>Subtotal</i>	2,362,537	402,345	396,129	16.8%	4,231	37,777
Southwest	Conv/Strip Ctr	426,612	86,675	88,530	20.8%	1,815	1,815
	Free/Gen	1,743,899	30,430	18,033	1.0%	-3,145	-2,407
	Nbrhd/Comm Ctr	836,108	40,376	26,367	3.2%	5,036	8,514
	<i>Subtotal</i>	3,006,619	157,481	132,930	4.4%	3,706	7,922
Tllr Cty/ WdlnD Pk	Conv/Strip Ctr	70,473	9,851	9,851	14.0%	-3,449	-5,099
	Free/Gen	78,630	0	8,050	10.2%	0	0
	Nbrhd/Comm Ctr	79,000	0	0	0.0%	0	0
	<i>Subtotal</i>	228,103	9,851	17,901	7.8%	-3,449	-5,099
Tri-Lakes	Conv/Strip Ctr	35,840	6,720	6,720	18.8%	0	527
	Free/Gen	427,655	14,638	20,238	4.7%	0	6,038
	Nbrhd/Comm Ctr	233,609	8,168	9,298	4.0%	1,480	1,333
	<i>Subtotal</i>	697,104	29,526	36,256	5.2%	1,480	7,898
W Side/ Mntu	Conv/Strip Ctr	44,417	0	0	0.0%	0	0
	Free/Gen	930,565	66,147	56,668	6.1%	-6,359	-38,423
	Nbrhd/Comm Ctr	570,252	2,932	2,932	0.5%	-1,900	-1,900
	<i>Subtotal</i>	1,545,234	69,079	59,600	3.9%	-8,259	-40,323
Overall		34,756,008	2,611,571	2,345,000	6.7%	37,259	-38,162

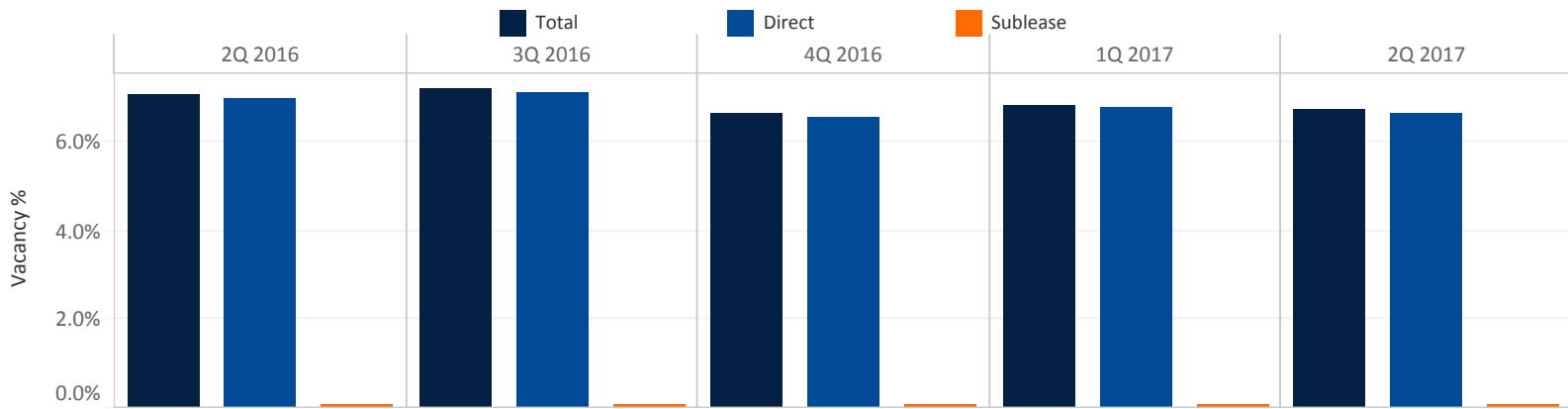
Construction by Market



Total Available and Vacant



Vacancy Rate



Overview by Specific Use (Direct)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	3,241,716	378,599	274,465	8.5%	-4,820	29,206
Free/Gen	13,947,822	629,494	491,797	3.5%	-5,052	2,173
Nbrhd/Comm Ctr	14,436,625	1,366,347	1,342,565	9.3%	47,131	6,768
Reg/Power Ctr	3,129,845	209,693	209,693	6.7%	0	-6,628
Overall	34,756,008	2,584,133	2,318,520	6.7%	37,259	31,519

Overview by Specific Use (Sublease)

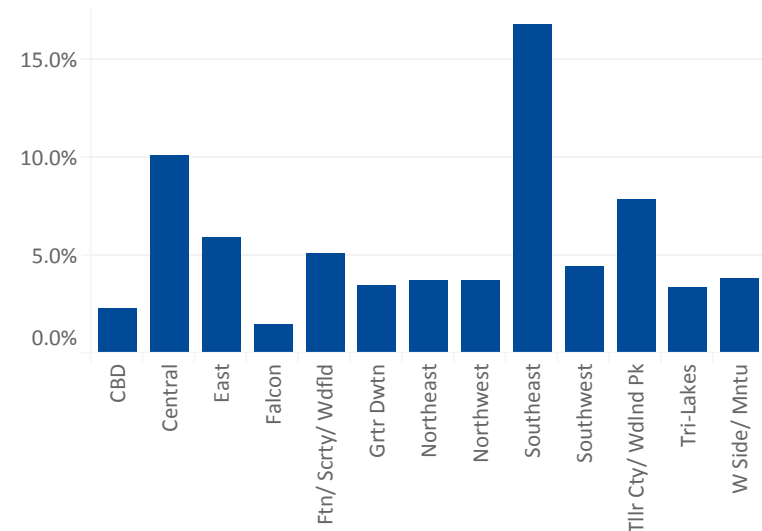
Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	3,241,716	0	0	0.0%	0	-24,113
Free/Gen	13,947,822	27,438	26,480	0.2%	0	-36,888
Nbrhd/Comm Ctr	14,436,625	0	0	0.0%	0	-8,680
Reg/Power Ctr	3,129,845	0	0	0.0%	0	0
Overall	34,756,008	27,438	26,480	0.1%	0	-69,681

Direct Vacancy Rate

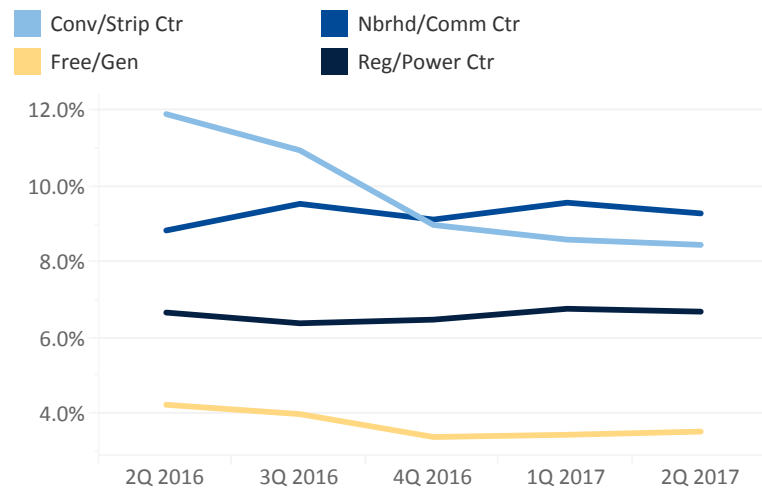
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
CBD	Conv/Strip Ctr	0.0%	0.0%	0.0%	0.0%	0.0%
	Free/Gen	6.5%	2.5%	2.4%	3.1%	2.4%
	Nbrhd/Comm Ctr	0.0%	0.0%	0.0%	0.0%	0.0%
Central	Conv/Strip Ctr	11.0%	12.8%	11.8%	9.6%	9.4%
	Free/Gen	3.3%	3.6%	3.2%	3.2%	2.8%
	Nbrhd/Comm Ctr	12.8%	13.8%	14.0%	14.5%	14.0%
	Reg/Power Ctr	15.2%	15.2%	15.2%	16.3%	16.3%
East	Conv/Strip Ctr	6.4%	5.8%	8.3%	7.4%	6.4%
	Free/Gen	2.0%	0.8%	0.7%	1.0%	1.5%
	Nbrhd/Comm Ctr	12.1%	12.1%	12.5%	12.6%	12.5%
	Reg/Power Ctr	1.8%	1.1%	1.3%	1.2%	1.0%
Falcon	Conv/Strip Ctr	4.7%	0.4%	0.4%	0.4%	0.4%
	Free/Gen	1.9%	1.9%	1.9%	1.9%	1.9%
	Nbrhd/Comm Ctr	1.6%	0.6%	0.3%	0.6%	1.4%
Ftn/ Scrtly/ Wdfld	Conv/Strip Ctr	49.4%	49.4%	17.2%	17.2%	23.7%
	Free/Gen	2.8%	3.3%	0.5%	0.5%	0.5%
	Nbrhd/Comm Ctr	5.8%	4.7%	5.1%	5.1%	5.1%
	Reg/Power Ctr	0.0%	0.0%	0.0%	0.0%	0.0%
Grtr Dwtm	Conv/Strip Ctr	1.3%	1.3%	0.0%	0.0%	0.0%
	Free/Gen	4.1%	4.4%	3.2%	3.7%	3.9%
	Nbrhd/Comm Ctr	3.5%	3.5%	3.5%	3.5%	3.5%
Northeast	Conv/Strip Ctr	2.7%	1.4%	1.4%	2.3%	1.8%
	Free/Gen	1.2%	1.2%	1.2%	0.4%	0.5%
	Nbrhd/Comm Ctr	2.3%	5.0%	4.9%	5.9%	5.7%
	Reg/Power Ctr	5.8%	5.8%	5.9%	5.9%	5.9%
Northwest	Conv/Strip Ctr	11.2%	6.4%	3.9%	5.2%	6.1%
	Free/Gen	3.7%	3.5%	3.4%	4.0%	3.5%
	Nbrhd/Comm Ctr	2.6%	2.6%	1.7%	2.8%	2.8%
Southeast	Conv/Strip Ctr	10.0%	11.2%	8.9%	7.2%	3.4%
	Free/Gen	21.2%	21.2%	23.5%	23.5%	23.0%
	Nbrhd/Comm Ctr	21.4%	21.1%	16.7%	17.4%	16.0%
Southwest	Conv/Strip Ctr	16.5%	21.3%	21.2%	21.2%	20.8%
	Free/Gen	1.7%	1.7%	0.9%	0.9%	1.0%
	Nbrhd/Comm Ctr	4.4%	4.0%	4.2%	3.8%	3.2%
Tlir Cty/ Wdlnl Pk	Conv/Strip Ctr	6.6%	6.6%	6.7%	9.1%	14.0%
	Free/Gen	10.2%	10.2%	10.2%	10.2%	10.2%
	Nbrhd/Comm Ctr	0.0%	0.0%	0.0%	0.0%	0.0%
Tri-Lakes	Conv/Strip Ctr	18.3%	14.6%	20.2%	18.8%	18.8%
	Free/Gen	5.0%	5.0%	2.9%	2.9%	1.6%
	Nbrhd/Comm Ctr	3.5%	3.5%	4.6%	4.6%	4.0%
W Side/ Mntu	Conv/Strip Ctr	0.0%	0.0%	0.0%	0.0%	0.0%
	Free/Gen	5.9%	5.4%	2.5%	3.0%	6.1%
	Nbrhd/Comm Ctr	0.2%	0.2%	0.2%	0.2%	0.5%
Overall		7.0%	7.1%	6.6%	6.8%	6.7%

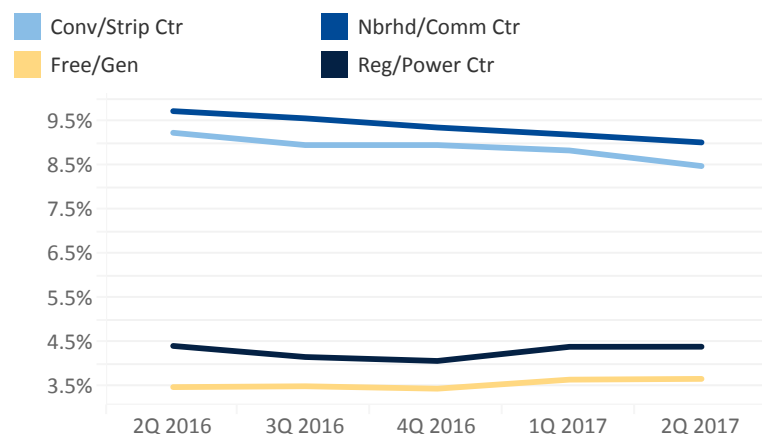
By Market



Colorado Springs by Specific Use



National by Specific Use

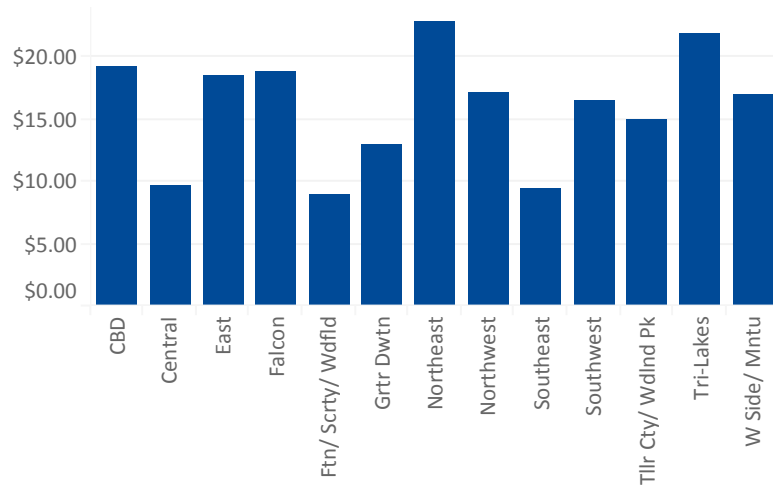


Direct Weighted Average Asking Rates (NNN)

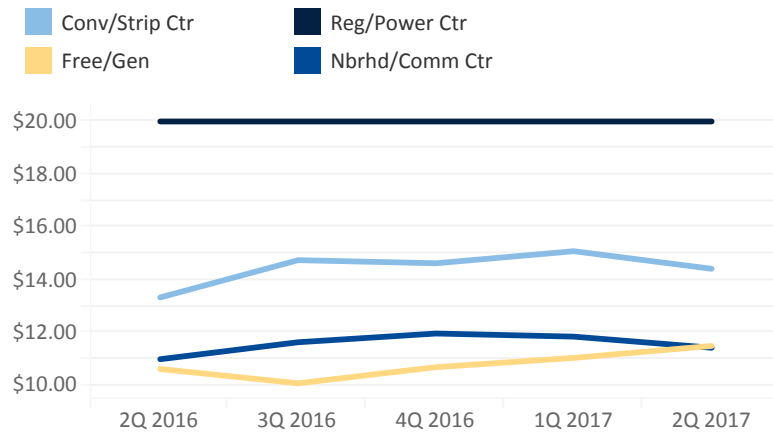
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
CBD	Conv/Strip Ctr	-	-	-	-	-
	Free/Gen	\$14.56	\$15.78	\$15.88	\$16.90	\$19.18
	Nbrhd/Comm Ctr	-	-	-	-	-
Central	Conv/Strip Ctr	\$9.56	\$10.30	\$10.81	\$11.06	\$10.41
	Free/Gen	\$9.59	\$9.65	\$9.47	\$9.43	\$11.41
	Nbrhd/Comm Ctr	\$9.83	\$10.24	\$10.33	\$9.77	\$9.43
	Reg/Power Ctr	-	-	-	-	-
East	Conv/Strip Ctr	\$16.66	\$15.82	\$16.59	\$20.08	\$20.18
	Free/Gen	\$16.86	\$21.50	\$21.50	\$21.50	\$21.50
	Nbrhd/Comm Ctr	\$19.32	\$18.72	\$18.07	\$15.83	\$15.83
	Reg/Power Ctr	-	-	-	-	-
Falcon	Conv/Strip Ctr	\$19.11	\$22.51	\$22.51	\$32.00	\$32.00
	Free/Gen	\$23.98	\$18.64	\$18.64	-	-
	Nbrhd/Comm Ctr	\$19.00	\$20.00	\$20.00	\$20.00	\$18.01
Ftn/ Scrty/ Wdfld	Conv/Strip Ctr	\$11.00	\$11.00	\$11.00	\$11.00	\$9.58
	Free/Gen	\$14.79	\$14.79	\$14.79	\$24.00	-
	Nbrhd/Comm Ctr	\$7.66	\$8.13	\$8.35	\$8.35	\$8.35
	Reg/Power Ctr	-	-	-	-	-
Grtr Dwtm	Conv/Strip Ctr	-	-	-	-	-
	Free/Gen	\$11.46	\$11.79	\$13.42	\$13.24	\$13.52
	Nbrhd/Comm Ctr	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
Northeast	Conv/Strip Ctr	\$25.56	\$26.32	\$24.76	\$18.63	\$24.76
	Free/Gen	\$17.62	\$22.10	\$22.21	\$23.39	\$23.09
	Nbrhd/Comm Ctr	\$22.32	\$22.73	\$22.72	\$23.32	\$24.47
	Reg/Power Ctr	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Northwest	Conv/Strip Ctr	\$15.40	\$16.28	\$15.61	\$16.20	\$16.91
	Free/Gen	\$14.43	\$10.68	\$10.52	\$13.13	\$21.56
	Nbrhd/Comm Ctr	\$13.93	\$14.02	\$13.15	\$13.76	\$13.60
Southeast	Conv/Strip Ctr	\$8.57	\$9.45	\$10.98	\$11.22	\$12.05
	Free/Gen	\$7.15	\$7.18	\$7.15	\$7.15	\$7.40
	Nbrhd/Comm Ctr	\$9.33	\$9.77	\$11.58	\$12.74	\$13.40
Southwest	Conv/Strip Ctr	\$9.62	\$16.70	\$16.46	\$16.99	\$16.68
	Free/Gen	\$14.34	\$14.11	\$14.67	\$15.44	\$15.46
	Nbrhd/Comm Ctr	\$16.96	\$16.95	\$16.72	\$15.59	\$16.32
Tlir Cty/ Wdln Pk	Conv/Strip Ctr	\$13.74	\$13.74	\$17.37	\$16.61	\$14.92
	Free/Gen	-	-	-	-	-
	Nbrhd/Comm Ctr	-	-	-	-	-
Tri-Lakes	Conv/Strip Ctr	\$22.36	\$22.70	\$22.52	\$25.12	\$25.12
	Free/Gen	\$26.50	\$26.50	\$26.50	\$26.50	\$26.50
	Nbrhd/Comm Ctr	\$19.25	\$20.02	\$19.57	\$21.61	\$18.35
W Side/ Mntu	Conv/Strip Ctr	-	-	-	-	-
	Free/Gen	\$17.58	\$11.65	\$18.81	\$17.50	\$17.05
	Nbrhd/Comm Ctr	\$14.00	\$14.00	\$14.00	\$14.00	\$15.00
Overall		\$11.48	\$12.02	\$12.31	\$12.39	\$12.23

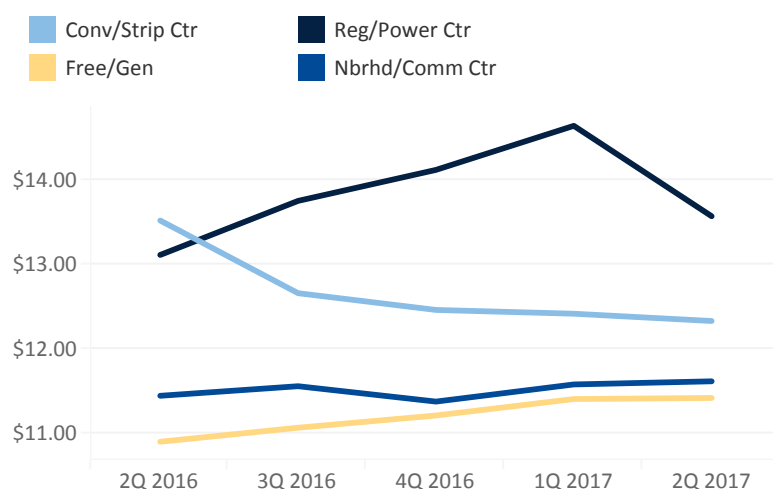
By Market



Colorado Springs by Specific Use

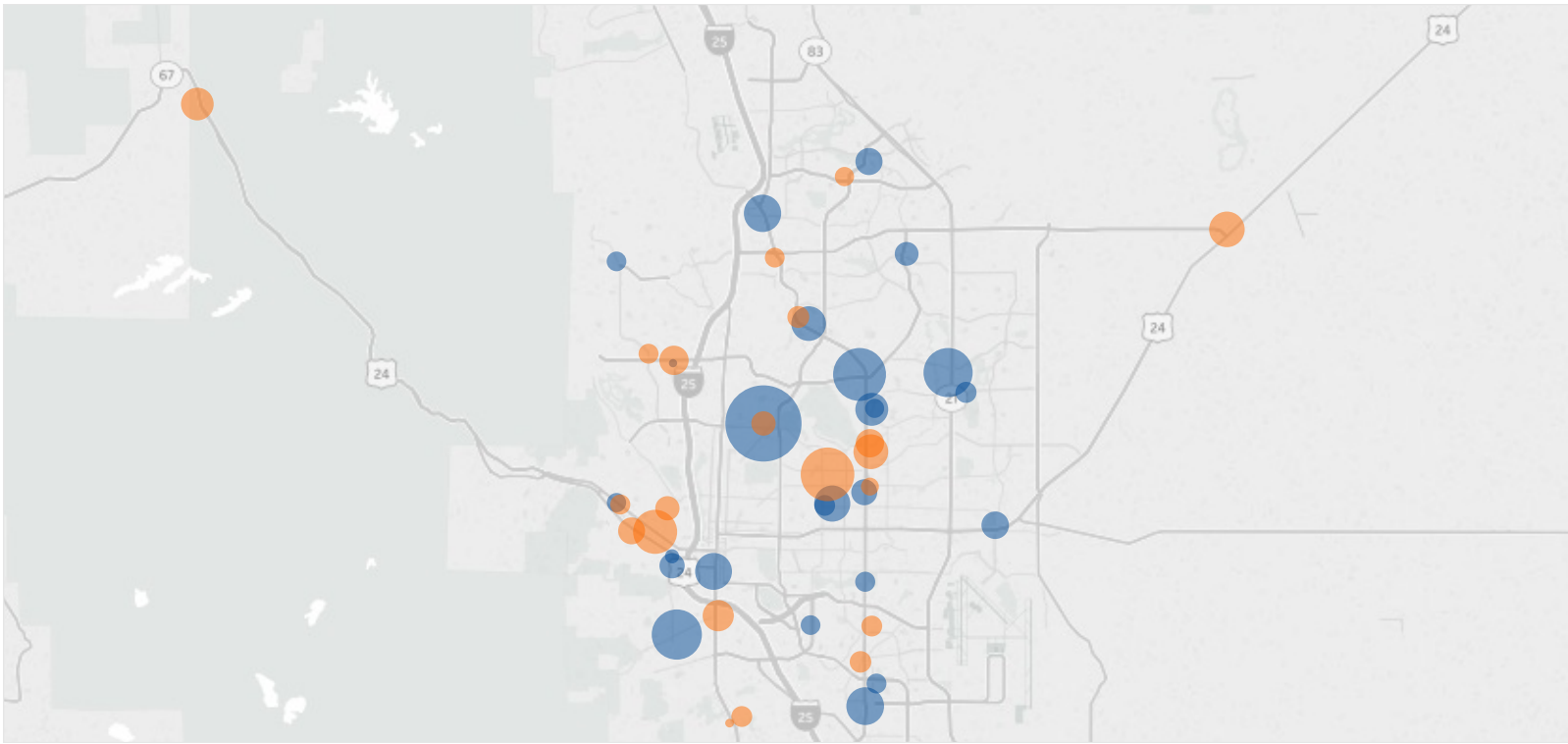


National by Specific Use



Absorption Map

● Negative
 ● Positive



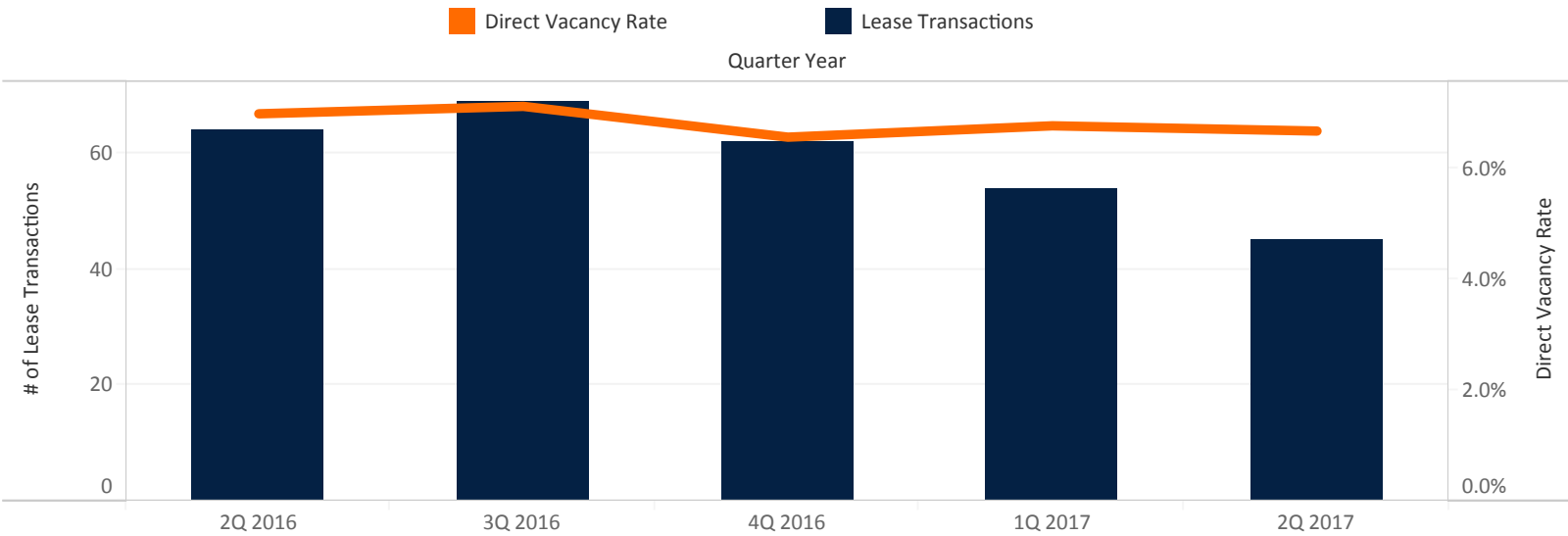
Largest Positives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
3025 Hancock Ave	Undisclosed buyer	Central	Nbrhd/Comm Ctr	18,744
Marketplace at Austin Bluffs	Pet Supplies Plus	Central	Nbrhd/Comm Ctr	9,040
Cheyenne Plaza	Pet Pantry; Salon Tana	Southwest	Nbrhd/Comm Ctr	8,124
Sprouts	Sprouts	East	Nbrhd/Comm Ctr	7,800
Southpointe Plaza	Pins & Needles Tattoo	Southeast	Nbrhd/Comm Ctr	4,600
The Plaza at Chapel Hills	Gatherings	Northeast	Nbrhd/Comm Ctr	4,500
525-527 S Tejon St	Cycle Gear	CBD	Free/Gen	4,400
Pioneer Plaza	Carbonella Creations; Iron Bird Brewing Co.	Central	Nbrhd/Comm Ctr	4,216

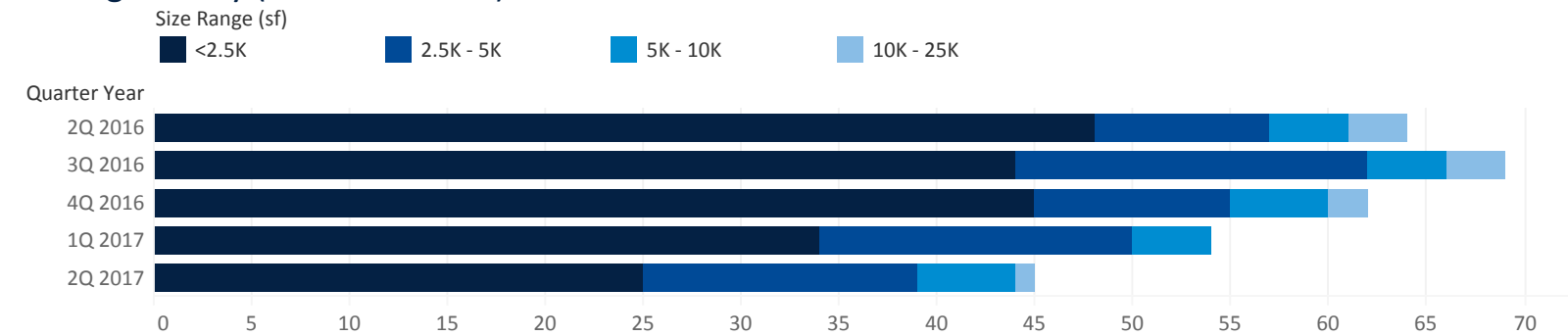
Largest Negatives (Direct)

PropertyName	Significant Transactions	Market Name	Specific Use	
North Circle Plaza	Inglesia Avengolica Pentecostal	Central	Nbrhd/Comm Ctr	-9,286
1502-1506 W Colorado Ave	ReTouch Salon	W Side/ Mntu	Free/Gen	-6,266
7635-7673 N McLaughlin Rd	Falcon Dental Care	Falcon	Nbrhd/Comm Ctr	-4,088
2359-2427 N Academy Blvd	All Billiards Pro Shop	Central	Nbrhd/Comm Ctr	-3,900
Woodland Park Plaza	Peak Internet; Smoker Friendly	Tllr Cty/ WdInd Pk	Conv/Strip Ctr	-3,449
1609 S Nevada Ave	Enlightened Care Plus	Southwest	Free/Gen	-3,145
750 W Garden of the Gods Rd	Nvision Dance Studio	Northwest	Conv/Strip Ctr	-2,774
Markets At Maizeland	The Crawl Space; Locksmith; Computer Guy; Phone Store	Central	Conv/Strip Ctr	-2,600

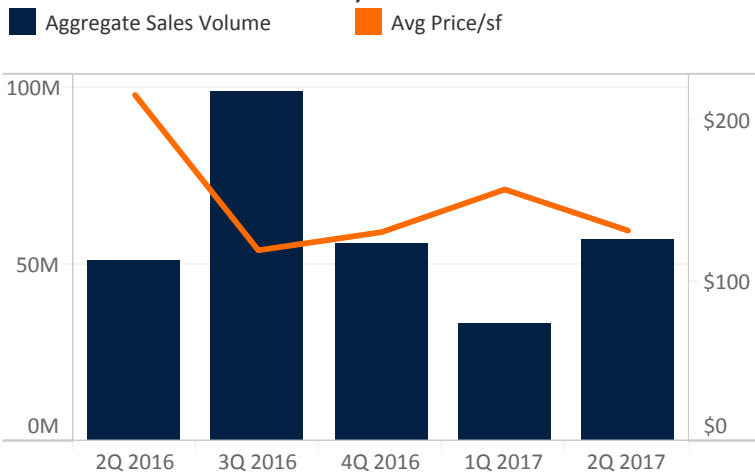
Leasing Activity Trends



Leasing Activity (# of New Deals)



Sales Volume vs. Price/SF



Top Sales

Property	Sale Date	Buyer	Sale Price
The Market at Sand Creek	04/28/2017	Kelly & Kristine Lu	\$9,100,000
Mike Maroone Honda	05/15/2017	Mike Maroone Colorado	\$8,733,300
Erindale Square	06/14/2017	Cannon Commercial Inc	\$8,100,000
MAD Greens Building	05/18/2017	East West Wellness Medical Center	\$7,000,000
Kum & Go	05/22/2017	James R Harris Family Trust	\$4,000,000

Terminology

Term	Definition
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 Net Absorption (sf)	The net change in occupied square feet from quarter to quarter, expressed in square feet.
Total Vacant (sf)	The total of the direct vacant square footage in a building that is being marketed.
Tracked Inventory	The total square feet (sf) of all existing single and multi tenant retail properties greater than 2,500 sf.
Weighted Average Direct Lease Rent	The weighted average of all direct asking lease rents expressed as triple net (NNN) rents and weighted on total direct available square feet.

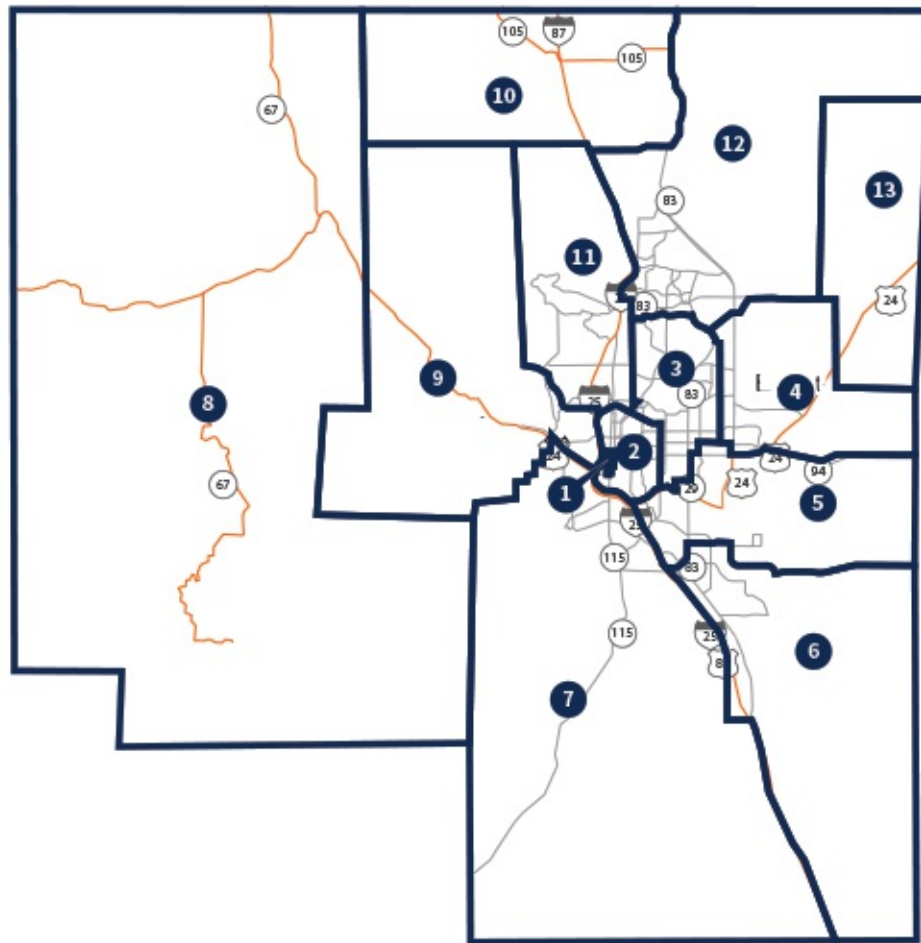
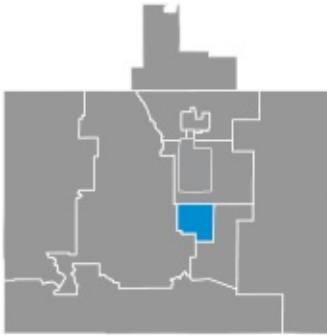
This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy.

Advisory Board Members

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

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- 1 CBD
- 2 Greater Downtown
- 3 Central
- 4 East
- 5 Southeast
- 6 Fountain / Security / Widefield
- 7 Southwest
- 8 Teller County / Woodland Park
- 9 West Side / Manitou
- 10 Tri Lakes
- 11 Northwest
- 12 Northeast
- 13 Falcon