

**Northern Colorado**

**1st Quarter 2015**

**OFFICE**  
**Market Trends**

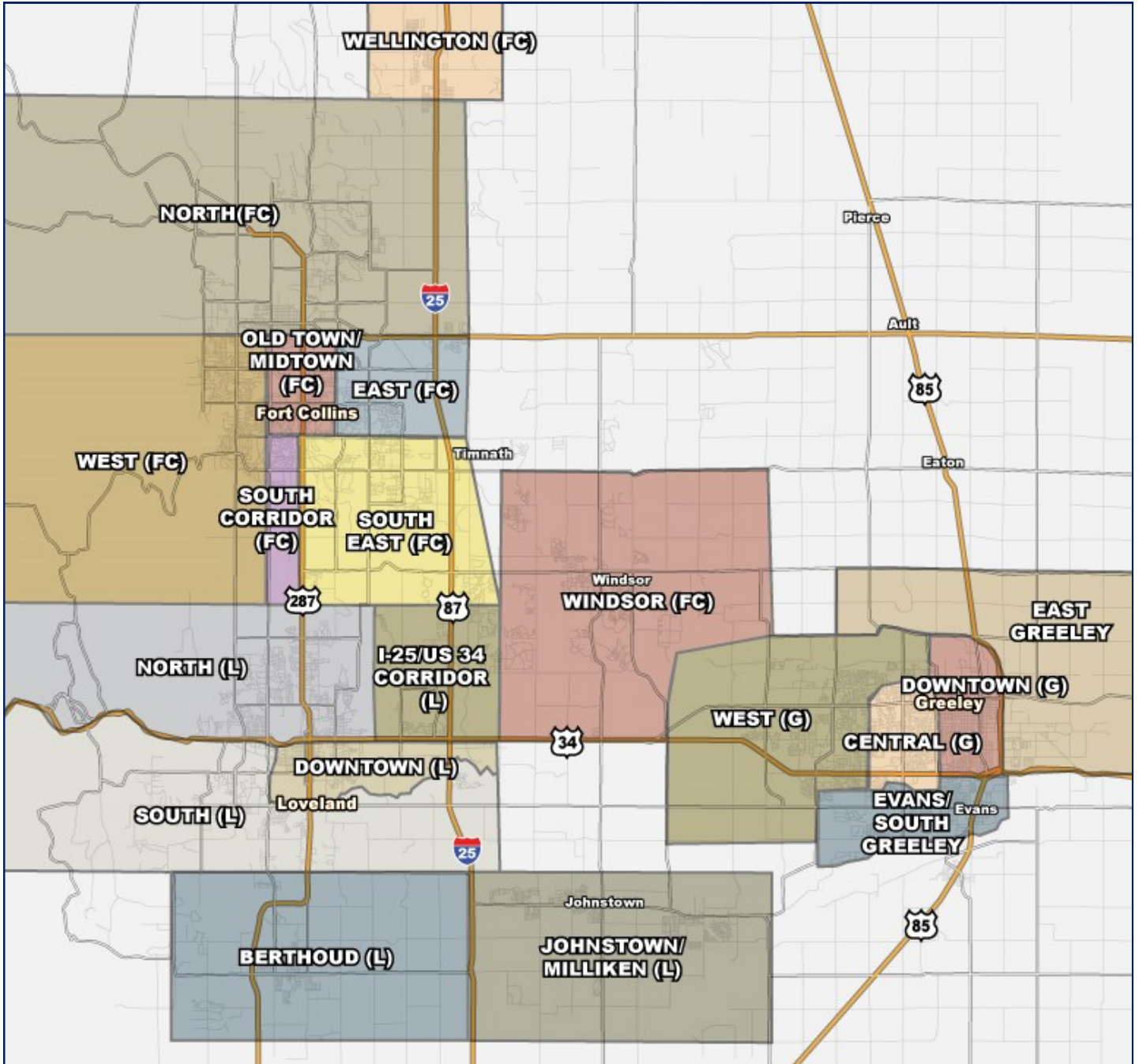


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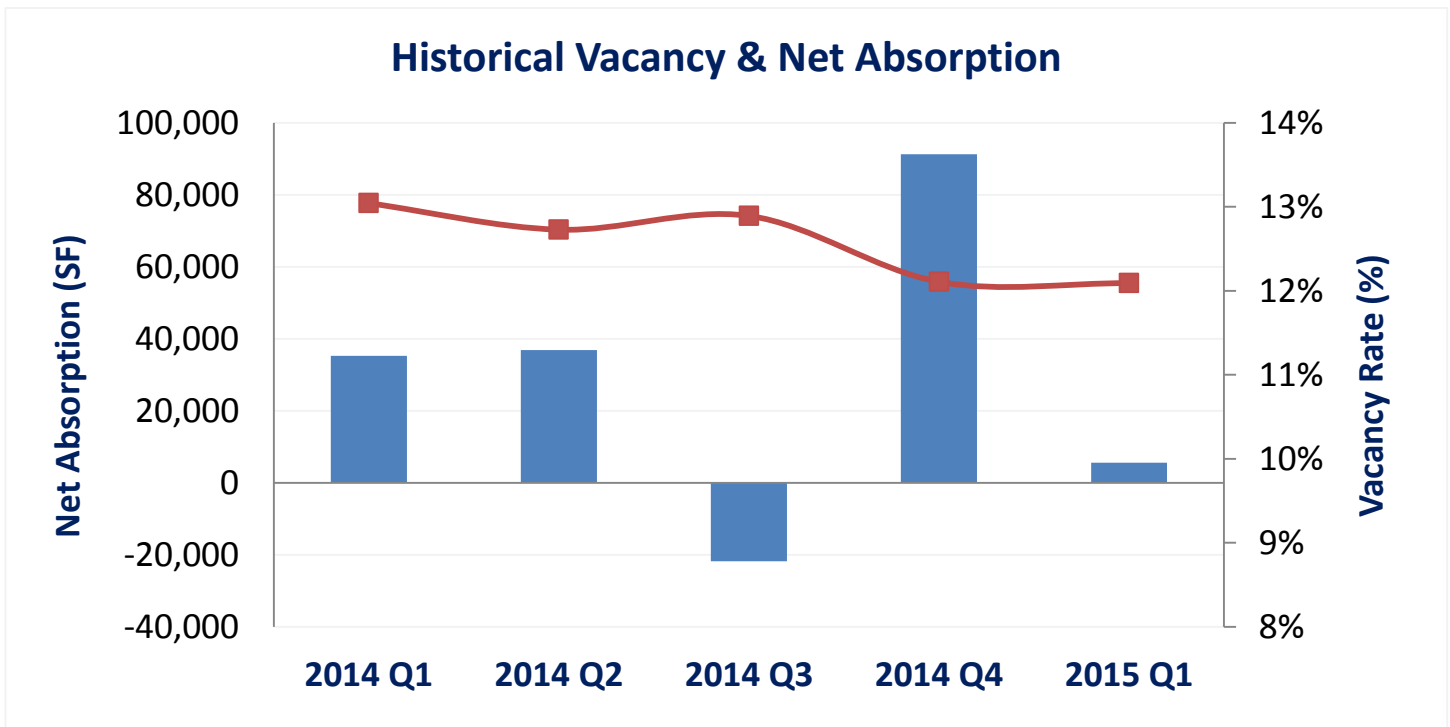
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The Northern Colorado tracked set consists of an inventory of buildings considered to be competitive within the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

<b>Inventory</b>	The total square feet of all existing single and multi tenant office buildings greater than 20,000 SF, excluding owner occupied and medical buildings.
<b>Total Available SF</b>	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.
<b>Total Vacant SF</b>	The total of all of the vacant square footage within a building, including both direct and sublease space.
<b>Direct Vacant SF</b>	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
<b>Sublease SF</b>	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.
<b>Net Absorption</b>	The net change in occupancy from quarter to quarter, expressed in square feet.



- Northern Colorado's office market saw 25,248 square feet of absorption in 1Q15. The market continues to see a strong demand for quality space paired with a lack of supply.
- Rental Rates have increased across the region in each building class, with the average price per square foot landing at \$20.15.
- There is a disconnect between landlords and oil & gas tenant lease terms - landlords prefer 10-15 year leases while oil & gas tenants are asking for 3-5 year terms, due to the uncertainty in the industry.
- The market continues to see a surge in interest for new development along the I-25 corridor, largely from out of town users.
- Seattle-based Unico Properties purchased 1.5 million square feet of office space in Boulder & Fort Collins from W.W. Reynolds, positioning them as one of the largest property owners in the region.



Market Overview by Building Class										
	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Qtrly Net Absorption (SF)	YTD Net Absorption (SF)
A	39	1,955,193	114,886	88,400	4.5%	86,564	4.4%	1,836	-5,118	-5,118
B	350	6,736,139	537,407	392,246	5.8%	390,970	5.8%	4,511	29,446	29,446
C	157	2,197,719	427,663	342,128	15.6%	341,848	15.6%	24,280	920	920
<b>Grand Total</b>	<b>546</b>	<b>10,889,051</b>	<b>1,079,956</b>	<b>822,774</b>	<b>7.6%</b>	<b>819,382</b>	<b>7.5%</b>	<b>30,627</b>	<b>25,248</b>	<b>25,248</b>

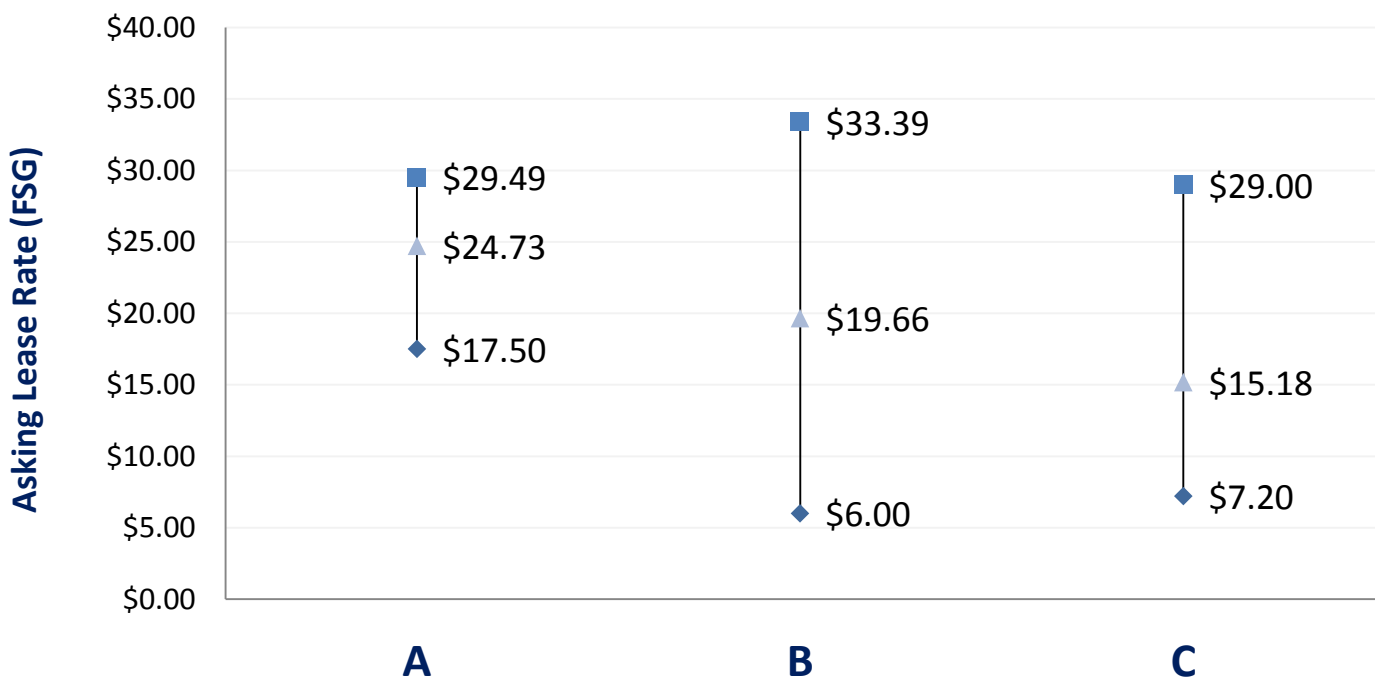
## Overview by Submarket/ Building Class



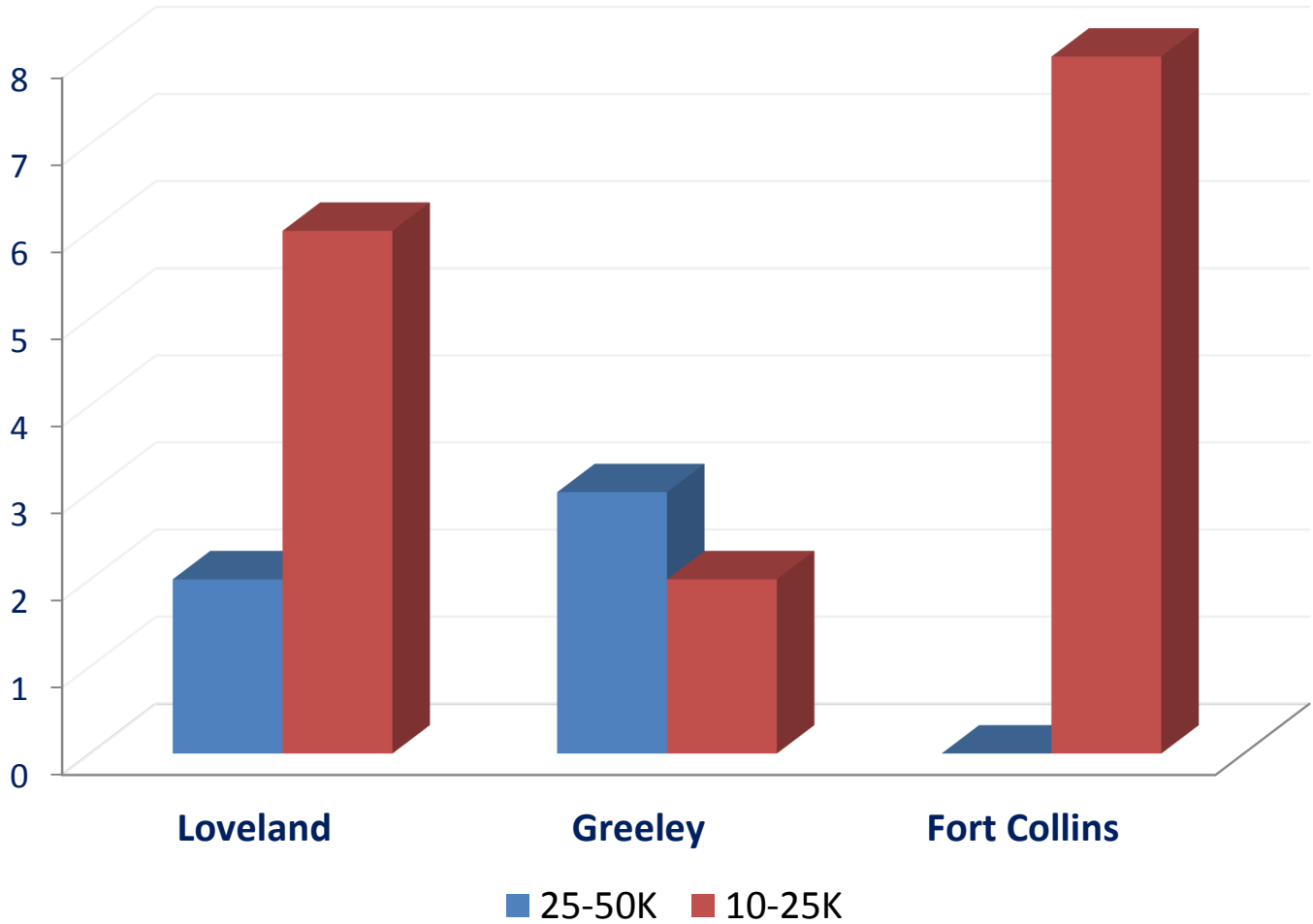
	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Qtrly Net Absorption (SF)	YTD Net Absorption (SF)
<b>Loveland</b>	<b>117</b>	<b>2,513,092</b>	<b>501,446</b>	<b>396,948</b>	<b>15.8%</b>	<b>395,672</b>	<b>15.7%</b>	<b>25,276</b>	<b>-4,840</b>	<b>-4,840</b>
A	13	563,514	86,530	71,135	12.6%	71,135	12.6%	0	-4,431	-4,431
B	64	1,195,959	69,406	50,907	4.3%	49,631	4.1%	1,276	-409	-409
C	40	753,619	345,510	274,906	36.5%	274,906	36.5%	24,000	0	0
<b>Greeley</b>	<b>142</b>	<b>3,140,641</b>	<b>244,228</b>	<b>194,866</b>	<b>6.2%</b>	<b>194,866</b>	<b>6.2%</b>	<b>0</b>	<b>-5,006</b>	<b>-5,006</b>
A	5	251,467	6,103	3,014	1.2%	3,014	1.2%	0	360	360
B	95	2,462,376	206,195	168,333	6.8%	168,333	6.8%	0	-5,366	-5,366
C	42	426,798	31,930	23,519	5.5%	23,519	5.5%	0	0	0
<b>Fort Collins</b>	<b>287</b>	<b>5,235,318</b>	<b>334,282</b>	<b>230,960</b>	<b>4.4%</b>	<b>228,844</b>	<b>4.4%</b>	<b>5,351</b>	<b>35,094</b>	<b>35,094</b>
A	21	1,140,212	22,253	14,251	1.2%	12,415	1.1%	1,836	-1,047	-1,047
B	191	3,077,804	261,806	173,006	5.6%	173,006	5.6%	3,235	35,221	35,221
C	75	1,017,302	50,223	43,703	4.3%	43,423	4.3%	280	920	920
<b>Grand Total</b>	<b>546</b>	<b>10,889,051</b>	<b>1,079,956</b>	<b>822,774</b>	<b>7.6%</b>	<b>819,382</b>	<b>7.5%</b>	<b>30,627</b>	<b>25,248</b>	<b>25,248</b>

	Total Vacancy Rate %					Asking Direct Lease Rate (NNN)				
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
<b>Loveland</b>	<b>14.7%</b>	<b>14.4%</b>	<b>14.8%</b>	<b>15.6%</b>	<b>15.8%</b>	<b>\$20.53</b>	<b>\$20.23</b>	<b>\$19.95</b>	<b>\$20.60</b>	<b>\$20.76</b>
A	3.3%	3.8%	5.2%	11.6%	12.6%	\$27.01	\$26.51	\$27.04	\$27.40	\$26.36
B	5.8%	5.1%	5.6%	4.3%	4.3%	\$20.17	\$20.03	\$20.03	\$19.80	\$21.05
C	37.3%	37.2%	36.8%	36.5%	36.5%	\$16.21	\$15.66	\$15.51	\$13.91	\$14.66
<b>Greeley</b>	<b>6.6%</b>	<b>6.3%</b>	<b>6.0%</b>	<b>5.5%</b>	<b>6.2%</b>	<b>\$16.49</b>	<b>\$16.34</b>	<b>\$16.50</b>	<b>\$16.32</b>	<b>\$16.44</b>
A	3.7%	4.4%	4.4%	4.4%	1.2%	\$20.00	\$20.17	\$19.69	\$19.69	\$17.50
B	7.4%	6.8%	6.7%	6.0%	6.8%	\$15.61	\$16.02	\$15.43	\$15.31	\$17.16
C	5.7%	5.8%	4.4%	4.2%	5.5%	\$0.00	\$8.00	\$0.00	\$0.00	\$12.31
<b>Fort Collins</b>	<b>5.7%</b>	<b>5.3%</b>	<b>4.9%</b>	<b>4.5%</b>	<b>4.4%</b>	<b>\$19.71</b>	<b>\$20.40</b>	<b>\$20.83</b>	<b>\$20.74</b>	<b>\$20.85</b>
A	2.1%	1.8%	1.1%	1.1%	1.2%	\$26.40	\$26.11	\$28.83	\$28.00	\$25.08
B	6.5%	6.6%	6.1%	5.8%	5.6%	\$19.77	\$20.54	\$20.69	\$20.74	\$21.30
C	7.4%	5.6%	5.5%	4.5%	4.3%	\$17.28	\$17.97	\$18.21	\$17.44	\$17.62
<b>Grand Total</b>	<b>8.0%</b>	<b>7.7%</b>	<b>7.5%</b>	<b>7.4%</b>	<b>7.6%</b>	<b>\$19.54</b>	<b>\$19.77</b>	<b>\$20.10</b>	<b>\$20.07</b>	<b>\$20.15</b>

Asking Lease Rate Range by Class (FSG)



### Largest Blocks of Available Space



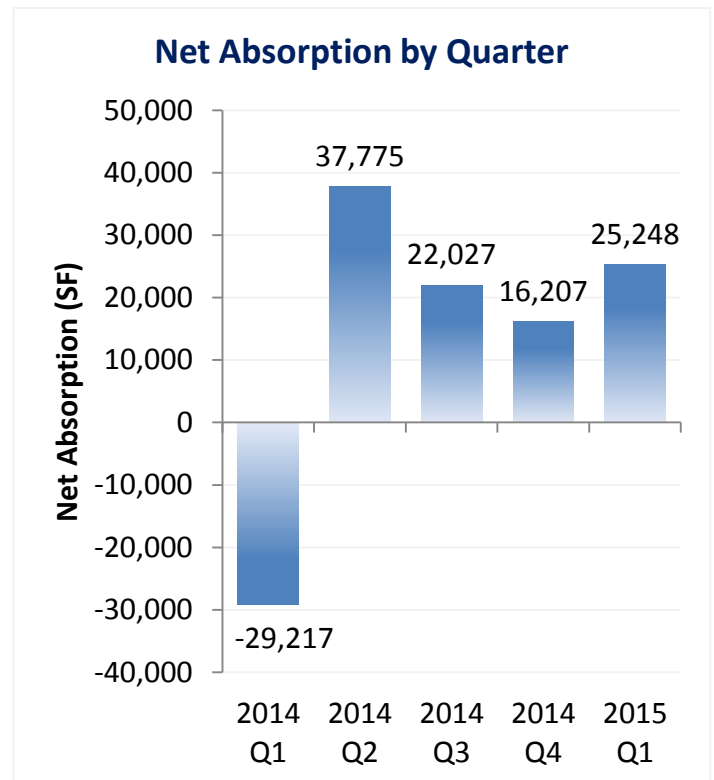
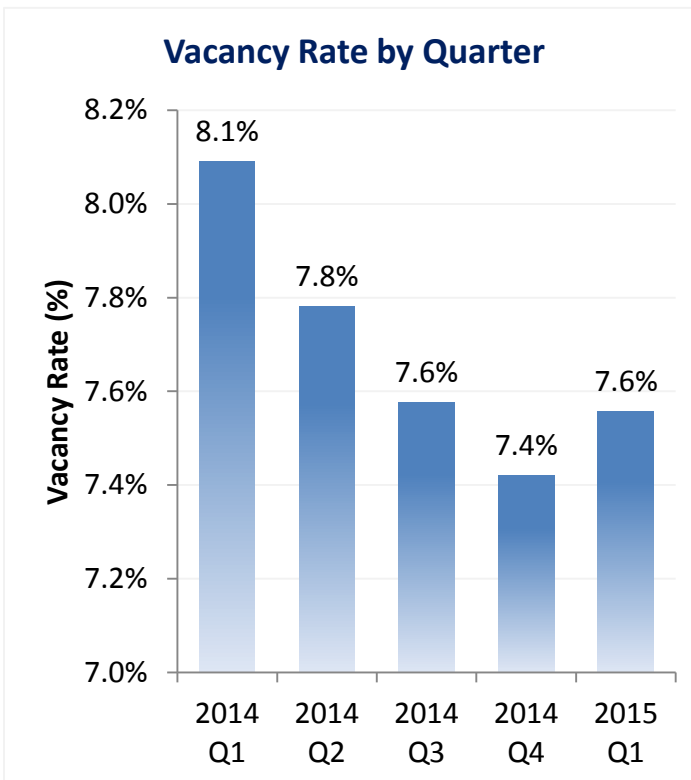
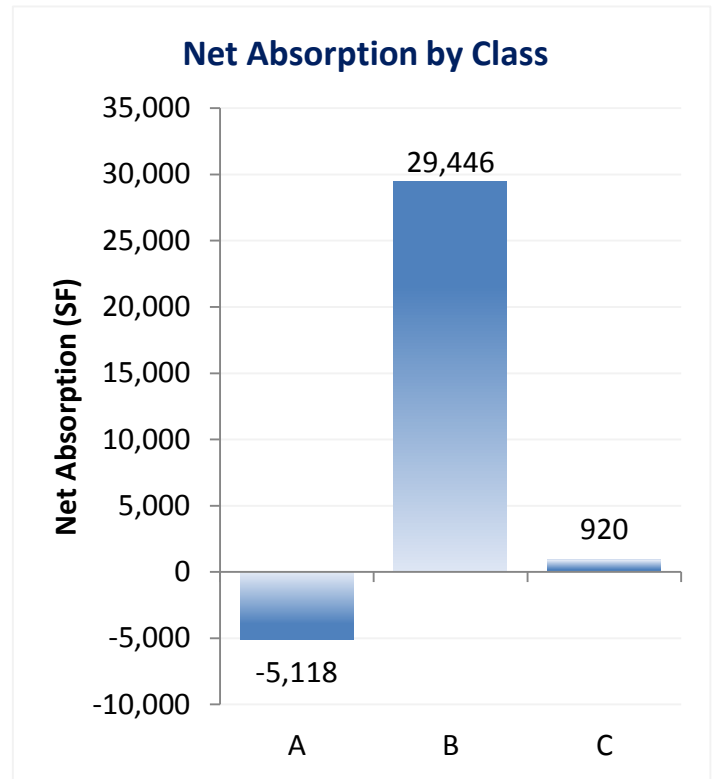
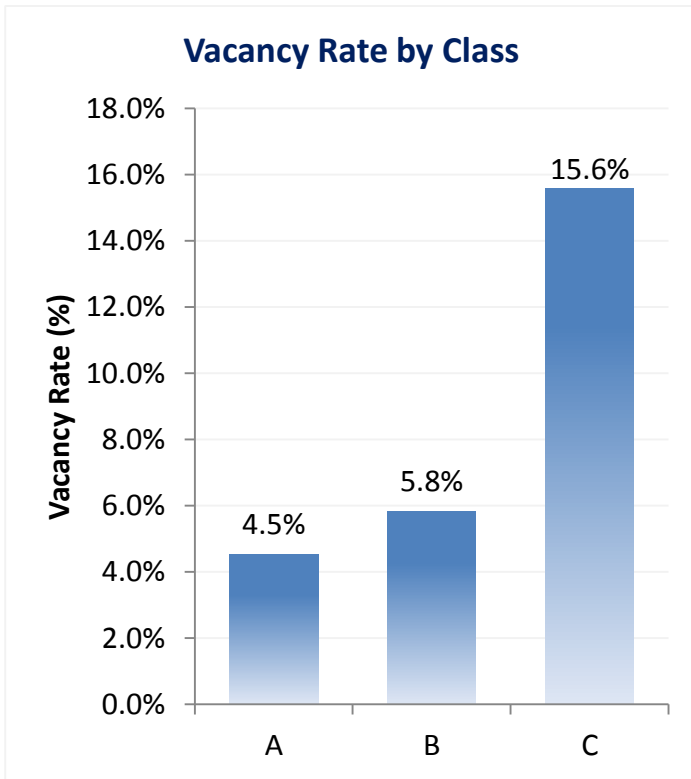
### Historical Blocks of Space

Quarter	50-100K	25-50K	10-25K
2014 Q1	1	2	22
2014 Q2	0	3	20
2014 Q3	0	3	21
2014 Q4	0	6	19
2015 Q1	0	5	16

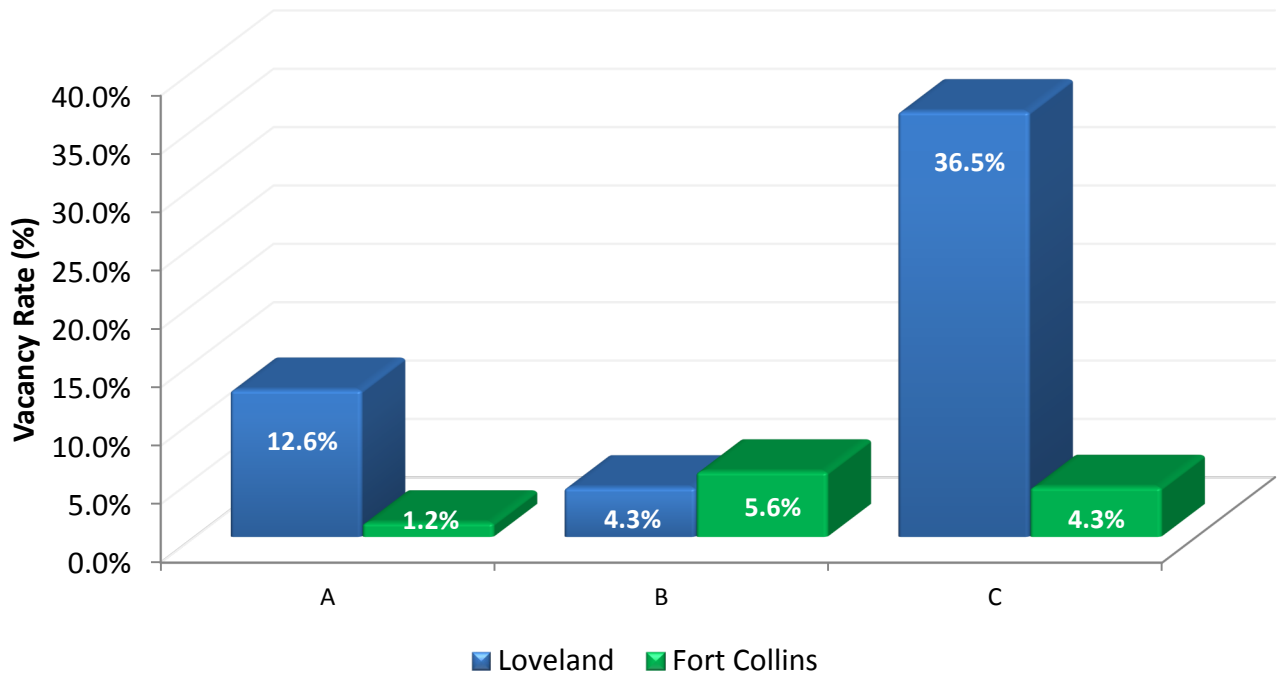
Key Lease Transactions				
Property Name	SF Leased	Company Name	Market	Bldg Class
4745 S Boardwalk Dr	5,100	J U B Engineering	Fort Collins	B
1027 W Horsetooth Rd	4,840	Worthington Miller Environmental	Fort Collins	B
201 Linden	2,748	Miller Geotechnical Consultants	Fort Collins	B
7800 S Highway 287	2,035	SJR Engineering	Fort Collins	B

Key Sale Transactions				
Property Name	SF Sold	Company Name	Market	Bldg Class
One Prospect	153,210	Unico Properties	Fort Collins	B
Lake Center One	38,920	Unico Properties	Fort Collins	B
2057 Vermont Dr	24,850	Highland Properties	Fort Collins	B

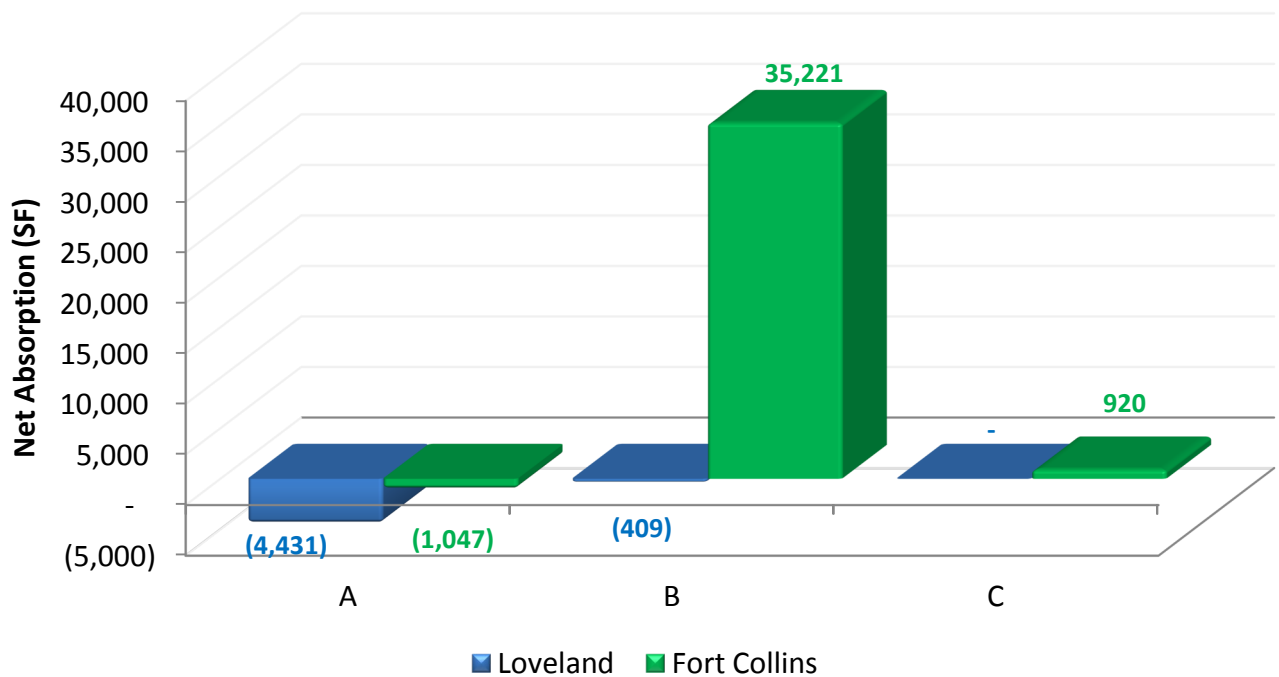




Vacancy Rate by Class



Net Absorption by Class



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.

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