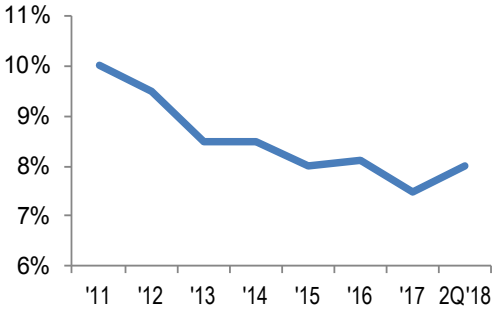


### Average Capitalization Rates

Closed Sales



## Investor interest in well located Class B properties has increased as market fundamentals have improved.

The recent sale of Academy Professional Campus to a California investor is a strong indication of investors' willingness to acquire older, well located assets that have been renovated and stabilized. The four-building portfolio recently sold for \$9,265,000 (\$132.65 psf). The properties were acquired in January 2017 for \$5,000,000 (\$71.58 psf) and were upgraded and stabilized with new tenants. As construction prices continue to increase, replacement costs for new office buildings are now at all-time highs. Investors are willing to pay higher prices for older, stabilized properties in good locations.

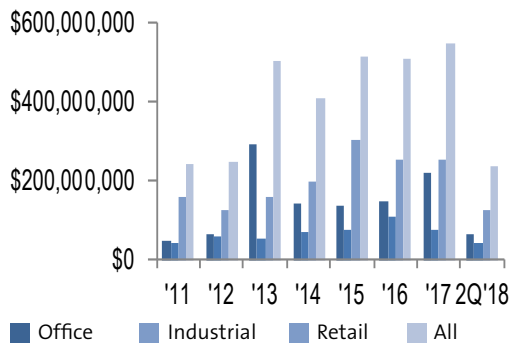
Sales of multi-family properties continue at a strong pace in Colorado Springs. Vacancy is still below 4% and rent growth is accelerating. Strong population and job growth continues to foster demand for more apartments. Investors perceive multi-family assets in Colorado Springs as a better opportunity for higher returns and less risk when compared with the Denver market. With 25,000 new units under construction, the risk of overbuilding is much higher in Denver. The recent portfolio sale of seven Class B and C apartment complexes to a Denver investor for \$102,250,000 is a clear indication of the attraction of investors to the Colorado Springs multifamily market.

Medical office buildings (MOB's) are attracting investors for a variety of reasons. Most MOB's have credit tenants with solid financials. Investment in tenant finish and expensive medical equipment also promote long term leases. MOB's typically have a lower turn-over of tenants that reduces the amount of leasing commissions and tenant improvements. The aging population is fostering more construction of medical assets, a trend that will continue well into the future.

Strong job growth and improving economic conditions is expected to continue in Colorado Springs. There are predictions by some economists that Colorado Springs will continue to have the strongest population and job growth of any of the front range cities. Investors are aware of the current and future strengths of the market which influence buyers' decisions to invest in Colorado Springs.

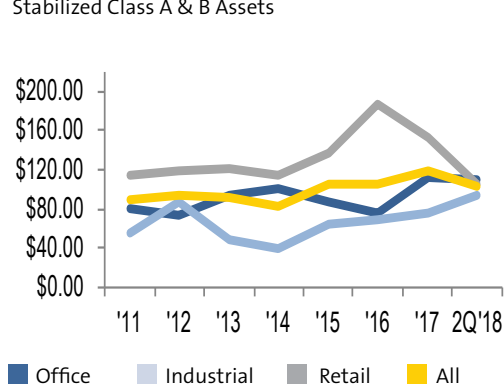
Cap rates are very specific to asset classes, age of property, location and stabilized income. The lowest cap rates are achieved in multi-family, medical and industrial assets.

### Property Sales Volume



### Price Per Square Foot

Stabilized Class A & B Assets



Source: CoStar

### KEY TRANSACTIONS

\*Transaction Represented by Quantum Commercial

<p><b>*601 El Camino Real LLC</b> purchased 9,585 SF at 1699 Medical Center Point from 1699 Medical Center Point, LLC \$2,950,000</p>	<p><b>Baird Investment Company</b> purchased 86,889 SF at Academy Professional Campus 5426-5540 N Academy Blvd. from DCP Academy, LLC \$9,265,000</p>	<p><b>*3G Venture II</b> purchased 700,000 SF at Former Intel Campus 1565 Garden of the Gods Rd. from Industrial Realty Group \$13,000,000</p>
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