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OFFICE MARKET REPORT

Northern Colorado

1st Quarter 2016

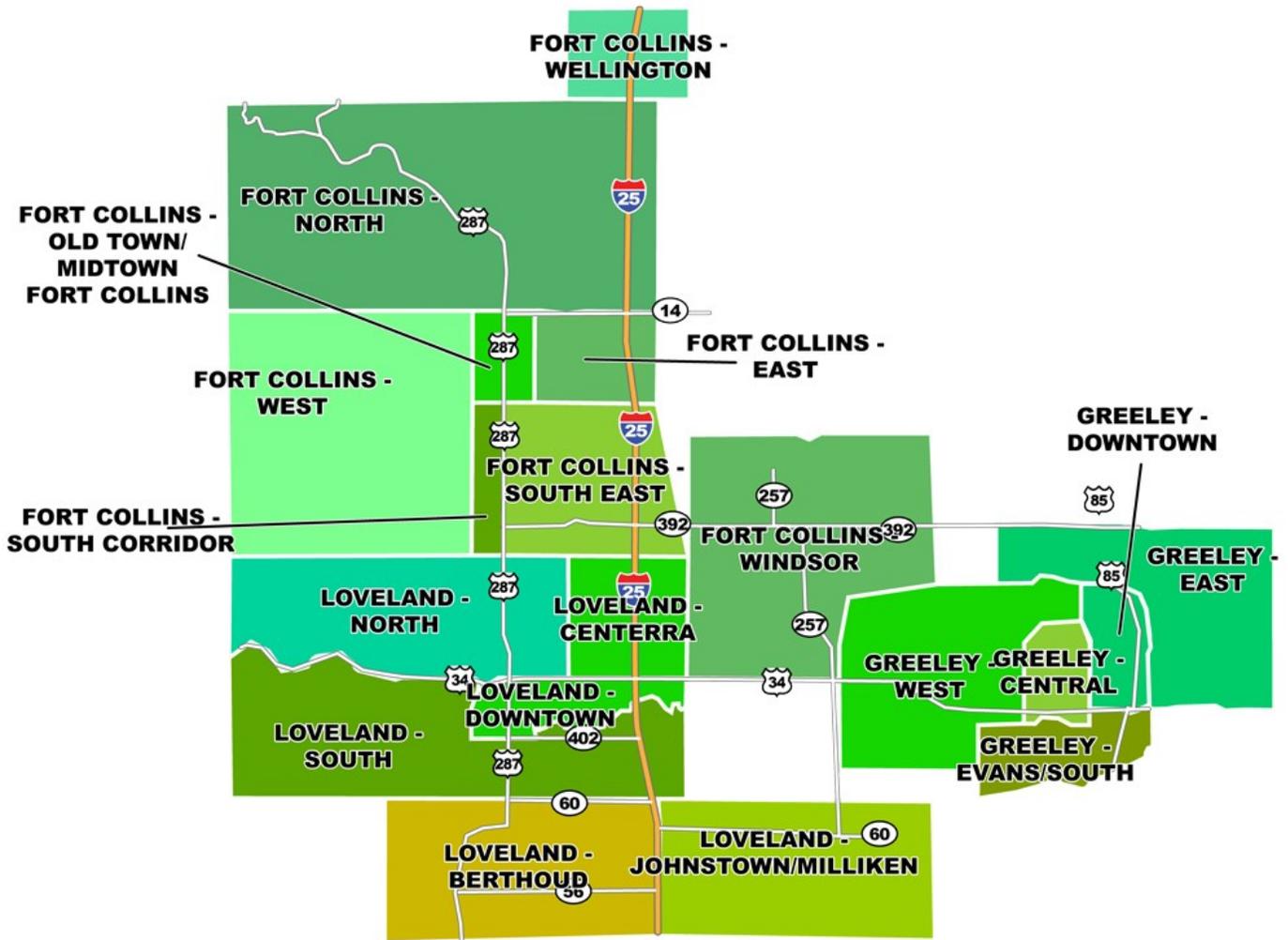


Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

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

Tracked Inventory (Office)	The total square feet of all existing single and multi tenant office buildings greater than 10,000 SF, excluding medical, government and owner occupied buildings.
Class A	Most prestigious buildings competing for premier office users with rents above the market average. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.
Class B	Buildings competing for a wide range of office users with average market rents. Building finishes are fair to good for the area and systems are adequate, but the property does not compete with Class A product.
Class C	Buildings competing for office users requiring functional office space at rents below the market average for the area.
Total Available Sqft	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 Vacant Sqft	The total of all of the vacant square footage within a building, including both direct and sublease space.
Direct Vacant Sqft	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Sublease Sqft	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.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.
Weighted Average Direct	The weighted average of all direct asking lease rates expressed as a full service/gross rental rate and weighted on total direct available square feet. Non-full service rates (such as NNN) have been grossed up to reflect a full service/gross rate.



Overview

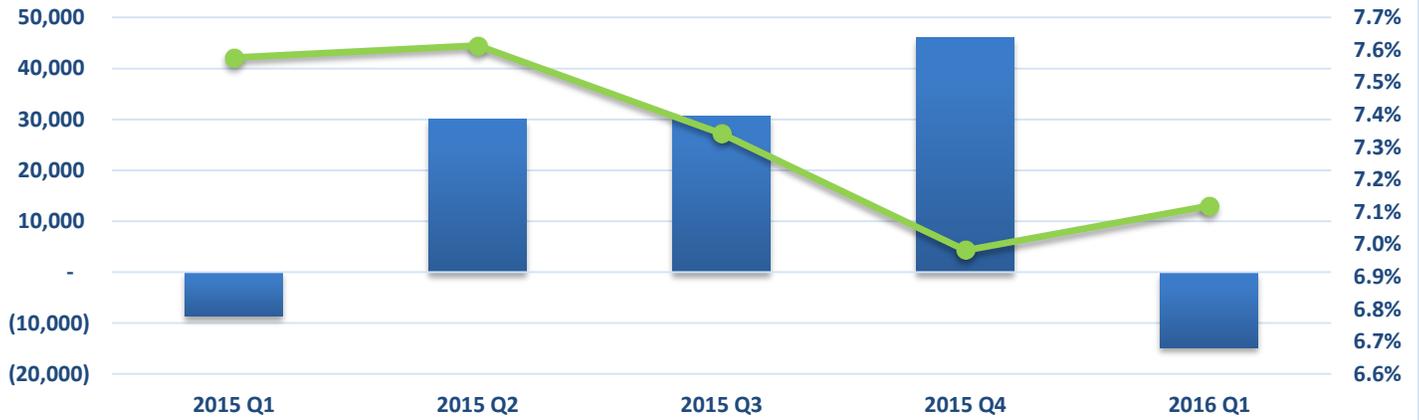
- The Northern Colorado Office market recorded a negative 14,805 square feet of absorption for the first quarter of 2016.
- Due to the high volume of tenants looking in the market, there is a lack of good inventory for them to choose from.
- Rental rates have stabilized and are actually starting to drop in some areas. There will be no significant rent increases in the next 6-12 months in the Fort Collins area in particular.
- Oil & Gas companies continue to leave the area which is bringing more sublease space to the market.
- There is very little Speculative Construction going on right now due to the continued high costs for material, labor and land.
- Landlords are wanting a minimum of 5 year lease terms for older buildings and up to 7 year lease terms for new buildings.

	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Quarterly Net Absorption (SF)	YTD Net Absorption (SF)
A	41	2,022,017	62,255	48,171	2.4%	(564)	(564)
B	348	7,030,864	542,640	423,321	6.0%	(5,395)	(5,395)
C	158	2,230,381	428,512	331,719	14.9%	(8,846)	(8,846)
Grand Total	547	11,283,262	1,033,407	803,211	7.1%	(14,805)	(14,805)

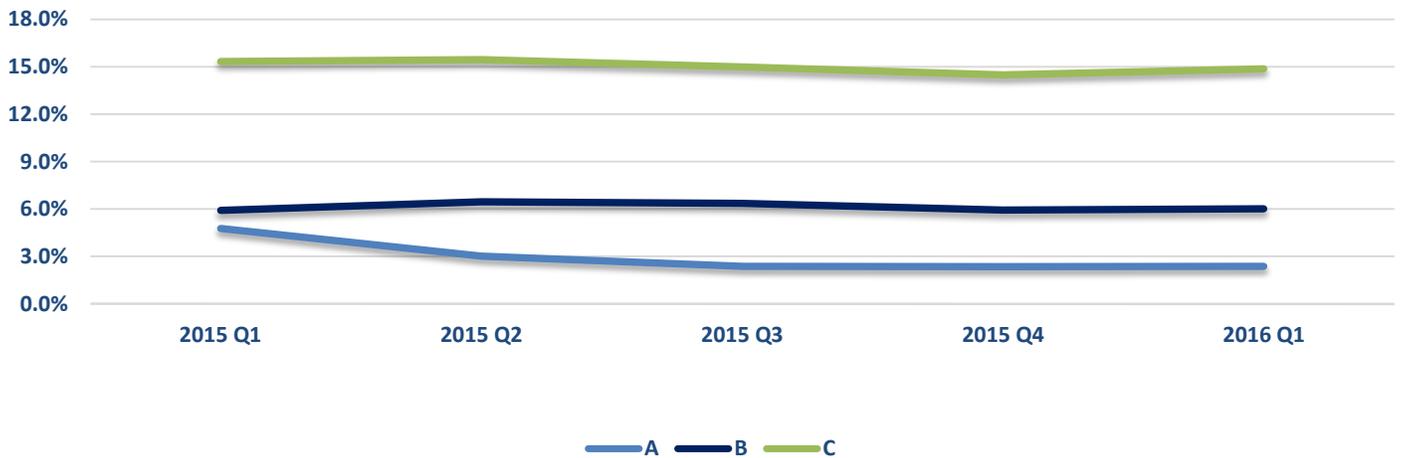
	# of Bldgs	Inventory (SF)	Direct Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Direct Quarterly Absorption (SF)	YTD Direct Net Absorption (SF)
A	41	2,022,017	58,311	48,171	0	(564)	(564)
B	348	7,030,864	524,760	423,321	0	(5,395)	(5,395)
C	158	2,230,381	398,518	329,143	0	(6,270)	(3,610)
Grand Total	547	11,283,262	981,589	800,635	0	(12,229)	(9,569)

	# of Bldgs	Inventory (SF)	Sublease Available (SF)	Sublease Vacant (SF)	Sublease Vacancy Rate (%)	Sublease Quarterly Absorption (SF)	YTD Sublease Net Absorption (SF)
A	41	2,022,017	3,944	-	-	-	-
B	348	7,030,864	17,880	-	-	-	-
C	158	2,230,381	29,994	2,576	0	(2,576)	(5,236)
Grand Total	547	11,283,262	51,818	2,576	0	(2,576)	(5,236)

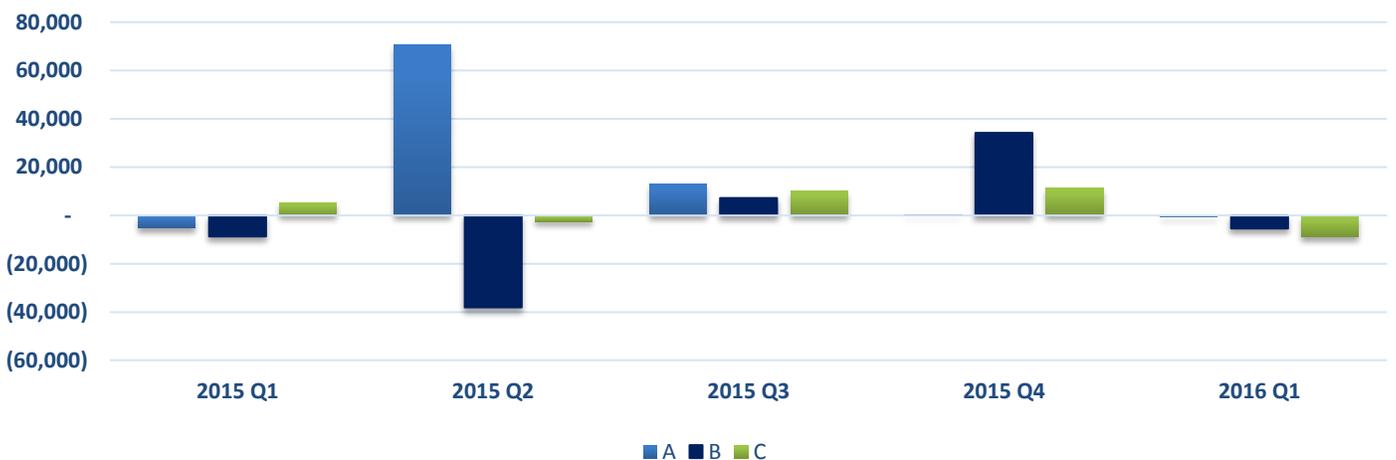
Historical Vacancy Rate & Net Absorption



Historical Vacancy Rates by Class



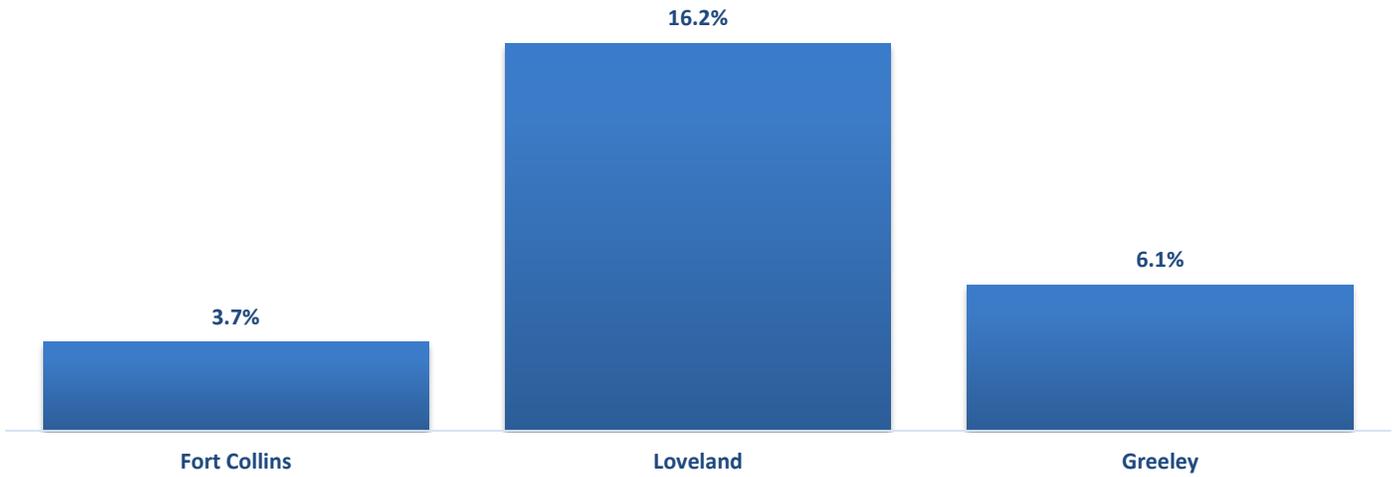
Historical Net Absorption by Class



	# of Bldgs	Inventory (SF)	Total Vacant (SF)	Sublease Vacant (SF)	Total Vacancy Rate (%)	Total Qtrly Net Absorption (SF)	YTD Total Net Absorption (SF)
Southeast	105	2,527,330	86,698	-	3.4%	(2,275)	(2,275)
A	15	924,825	7,301	-	0.8%	(564)	(564)
B	76	1,470,641	75,310	-	5.1%	(1,711)	(1,711)
C	14	131,864	4,087	-	3.1%	-	-
North	117	2,065,790	58,261	-	2.8%	(2,950)	(2,950)
A	9	276,977	1,086	-	0.4%	-	-
B	61	1,063,959	42,709	-	4.0%	(527)	(527)
C	47	724,854	14,466	-	2.0%	(2,423)	(2,423)
Midtown	64	890,770	44,096	-	5.0%	1,648	1,648
B	45	672,924	33,922	-	5.0%	1,648	1,648
C	19	217,846	10,174	-	4.7%	-	-
Downtown	54	1,368,866	357,656	-	26.1%	(4,447)	(4,447)
A	1	77,354	-	-	0.0%	-	-
B	19	619,590	78,736	-	12.7%	-	-
C	34	671,922	278,920	-	41.5%	(4,447)	(4,447)
Central	54	623,997	60,457	-	9.7%	(687)	(687)
A	2	80,422	2,988	-	3.7%	-	-
B	35	385,542	41,231	-	10.7%	(1,287)	(1,287)
C	17	158,033	16,238	-	10.3%	600	600
South I-25 Corridor	33	885,557	70,460	-	8.0%	-	-
A	8	333,942	28,654	-	8.6%	-	-
B	22	523,986	41,806	-	8.0%	-	-
C	3	27,629	-	-	0.0%	-	-
West	57	1,840,461	79,467	-	4.3%	(3,200)	(3,200)
A	4	194,117	728	-	0.4%	-	-
B	49	1,611,014	78,739	-	4.9%	(3,200)	(3,200)
C	4	35,330	-	-	0.0%	-	-
South	6	71,380	1,600	-	2.2%	-	-
B	3	27,974	-	-	0.0%	-	-
C	3	43,406	1,600	-	3.7%	-	-
East	39	698,779	32,501	2,576	4.7%	(2,894)	(2,894)
B	25	511,276	26,267	-	5.1%	(318)	(318)
C	14	187,503	6,234	2,576	3.3%	(2,576)	(2,576)
South College Corridor	11	135,221	4,601	-	3.4%	-	-
B	8	103,227	4,601	-	4.5%	-	-
C	3	31,994	-	-	0.0%	-	-
Evans/South Greeley	4	33,918	-	-	0.0%	-	-
B	4	33,918	-	-	0.0%	-	-
Berthoud	1	6,813	-	-	0.0%	-	-
B	1	6,813	-	-	0.0%	-	-
Centerra	2	134,380	7,414	-	5.5%	-	-
A	2	134,380	7,414	-	5.5%	-	-
Grand Total	547	11,283,262	803,211	2,576	7.1%	(14,805)	(14,805)

	Vacancy Rate %					Average Asking Rate (FSG)				
	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1
Southeast	4.1%	3.8%	3.6%	3.3%	3.4%	\$20.80	\$20.21	\$21.42	\$22.13	\$21.99
A	1.5%	0.8%	0.8%	0.7%	0.8%	\$25.36	\$25.36	\$25.47	\$24.93	\$25.89
B	5.2%	5.3%	5.0%	5.0%	5.1%	\$21.25	\$21.13	\$22.95	\$22.96	\$21.60
C	8.6%	8.6%	9.0%	3.1%	3.1%	\$11.74	\$12.91	\$12.69	\$13.04	\$12.12
North	2.4%	2.7%	2.5%	2.7%	2.8%	\$15.09	\$15.94	\$15.63	\$15.42	\$14.02
A	1.1%	0.4%	0.4%	0.4%	0.4%	\$23.65	\$25.40	\$25.40	\$25.40	\$25.40
B	3.3%	3.8%	3.8%	4.0%	4.0%	\$16.68	\$18.79	\$18.93	\$19.90	\$17.49
C	1.7%	1.8%	1.6%	1.7%	2.0%	\$13.58	\$13.07	\$12.98	\$12.60	\$12.19
Midtown	7.4%	8.0%	6.5%	5.1%	5.0%	\$19.68	\$19.28	\$20.50	\$20.36	\$20.05
A	-	-	-	-	-	-	-	-	-	-
B	7.2%	8.2%	7.4%	5.3%	5.0%	\$20.37	\$20.21	\$21.05	\$22.40	\$21.41
C	8.0%	7.3%	3.8%	4.7%	4.7%	\$14.38	\$15.18	\$18.33	\$14.77	\$15.04
Downtown	26.8%	26.4%	26.4%	25.8%	26.1%	\$12.70	\$13.32	\$13.25	\$13.10	\$13.07
A	-	-	-	-	-	-	-	-	-	-
B	14.6%	13.6%	13.8%	12.7%	12.7%	\$10.90	\$14.64	\$13.46	\$12.00	\$12.00
C	41.1%	41.2%	41.0%	40.8%	41.5%	\$13.07	\$13.15	\$13.20	\$13.21	\$13.18
Central	9.2%	9.0%	10.1%	9.6%	9.7%	\$14.26	\$14.24	\$13.79	\$13.64	\$14.29
A	3.7%	3.7%	3.7%	3.7%	3.7%	\$18.06	\$18.06	\$18.06	\$18.06	\$18.06
B	10.0%	9.3%	10.8%	10.4%	10.7%	\$14.57	\$14.21	\$13.07	\$12.83	\$14.22
C	9.9%	11.0%	11.4%	10.7%	10.3%	\$11.93	\$13.28	\$13.78	\$14.02	\$12.96
South I-25 Corridor	6.2%	9.2%	9.2%	8.0%	8.0%	\$20.79	\$24.43	\$24.57	\$23.73	\$24.25
A	13.6%	8.6%	8.6%	8.6%	8.6%	\$18.08	\$18.50	\$18.50	\$21.08	\$18.02
B	1.9%	10.1%	10.1%	8.0%	8.0%	\$24.66	\$24.92	\$24.85	\$24.93	\$24.83
C	-	-	-	-	-	-	-	-	-	-
West	4.3%	4.2%	4.2%	4.1%	4.3%	\$18.60	\$18.65	\$16.31	\$15.78	\$15.52
A	1.6%	1.5%	0.4%	0.4%	0.4%	\$17.50	\$17.50	\$21.98	\$21.98	\$21.98
B	4.7%	4.7%	4.7%	4.7%	4.9%	\$18.67	\$18.72	\$16.12	\$15.52	\$15.38
C	-	-	-	-	-	-	-	-	-	-
South	2.4%	-	2.2%	2.2%	2.2%	\$20.00	-	\$8.00	\$8.00	-
A	-	-	-	-	-	-	-	-	-	-
B	6.2%	-	-	-	-	\$20.00	-	-	-	-
C	-	-	3.7%	3.7%	3.7%	-	-	\$8.00	\$8.00	-
East	5.4%	4.1%	3.5%	4.2%	4.7%	\$18.80	\$19.20	\$18.57	\$18.09	\$18.87
A	-	-	-	-	-	-	-	-	-	-
B	5.5%	3.8%	3.4%	5.0%	5.1%	\$19.17	\$19.85	\$19.26	\$18.35	\$19.33
C	5.1%	5.1%	4.0%	2.0%	3.3%	\$16.94	\$16.94	\$16.81	\$16.32	\$16.32
South College Corridor	3.4%	3.8%	3.4%	3.4%	3.4%	\$20.02	\$20.02	\$20.02	\$20.02	\$20.02
A	-	-	-	-	-	-	-	-	-	-
B	4.4%	4.9%	4.5%	4.5%	4.5%	\$20.02	\$20.02	\$20.02	\$20.02	\$20.02
C	-	-	-	-	-	-	-	-	-	-
Evans/South Greeley	19.8%	19.8%	19.8%	-	-	-	-	-	-	-
A	-	-	-	-	-	-	-	-	-	-
B	19.8%	19.8%	19.8%	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-
Berthoud	-	-	-	-	-	-	-	-	-	-
A	-	-	-	-	-	-	-	-	-	-
B	-	-	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-
Centerra	-	-	-	-	5.5%	-	-	-	-	\$26.54
A	-	-	-	-	5.5%	-	-	-	-	\$26.54
B	-	-	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-
Grand Total	7.4%	7.5%	7.4%	7.0%	7.1%	\$15.98	\$16.71	\$16.72	\$16.90	\$16.16

Vacancy Rate by Market

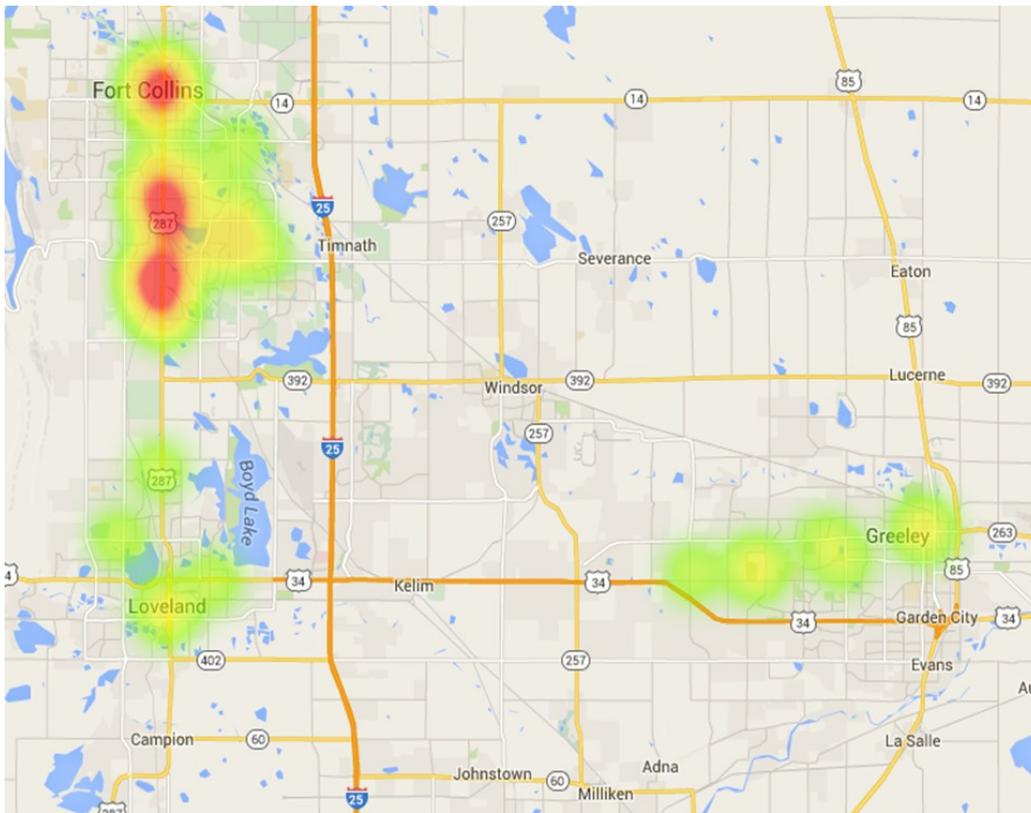


Average Asking Rates by Market (FSG)



Asking Lease Rate Range by Class (FSG)

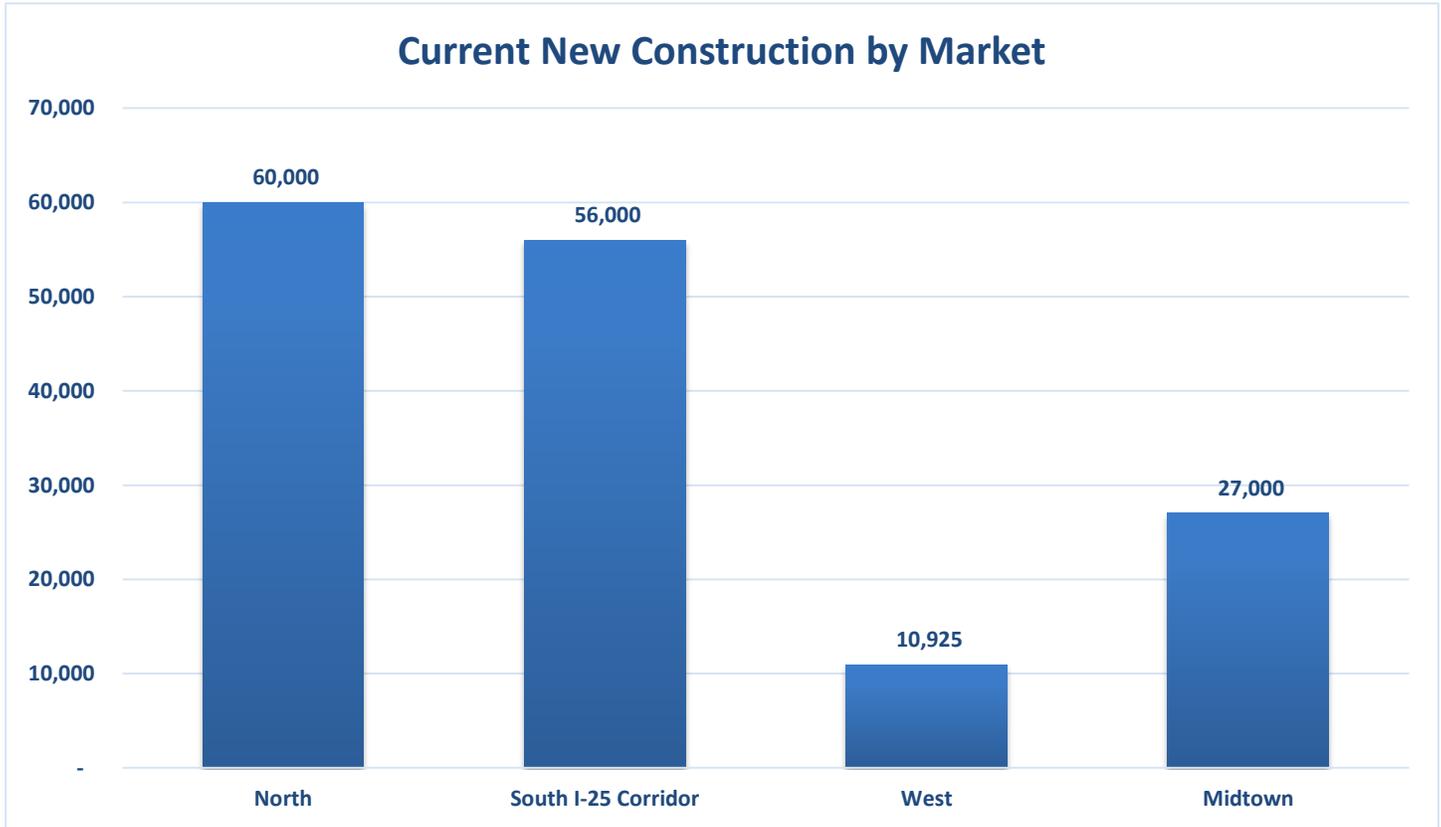




Largest Absorption Changes

Property Name	SF Occupied or Vacated	Tenant Name	Submarket	Building Class
Shores Office Park Bldg 3	3,385	PCIC	Southeast	B
5110 Granite St	3,255	Colorado Civil Group, Inc	North	C
Key Bank	2,129	TWC Admin LLC - Time Warner	North	B
Legacy Plaza	1,997	Rocky Mountain Offender Management Systems, LLC	Midtown	B
2020 Caribou Dr	1,833	Meriwether Land Services, LLC	Southeast	A
Loveland Commerce Center	(2,048)	Advantage Insurance Group	Downtown	C
100 W 29th St	(3,000)	Gateway Chiropractic	North	B
8217 W 20th St	(3,000)	Secure Energy Partners	West	B
Lincoln Office Center	(3,018)	Ameri-Quote Insurance & Financial Service	North	C

Top Transactions						
Property Name	Sale Price	SF Sold	Buyer	Seller	Market	Building Class
244 Dundee Ave	\$10,400,000	122,944	EWE Warehouse Investments XL LTD	Adevco Contact Centers - Greeley LLC	West	B
Mountain Vista Office Park Bldg L	\$2,850,000	13,686	JDLB Farm LLC	Advantage Bank	West	B
1275 58th Ave	\$2,500,000	13,323	1275 58th Ave LLC	Pinnacle Investments LLC	West	B
California Plaza	\$2,400,000	18,444	Imago Enterprises Inc	Highland Properties 4015 LLC	Midtown	C
451 N Railroad Ave	\$900,000	12,304	High Country Investments LLC	Barry J Floyd	Downtown	C
436-512 5th St	\$709,000	4,857	American Chemical Society Division of Chemical Edu	Front Range LLC	Berthoud	B



Northern Colorado	
Brinkman Commercial	Josh Guernsey
CBRE	Peter Kast
Chrisland Commercial RE	Jake Hallauer
	Ryan Schaefer
Cushman & Wakefield	Jared Goodman
	Nate Heckel
LC Real Estate Group	Nate Klein
RealTec	Mark Bradley
	Ron Kuehl
Sperry Van Ness	Steve Kawulok
The Group Inc.	Craig Hau
Wheeler Management Group	Jim Vetting
WW Reynolds	Terri Hanna

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. **For more information, please contact :**

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