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OFFICE MARKET REPORT

Northern Colorado

4th Quarter 2015

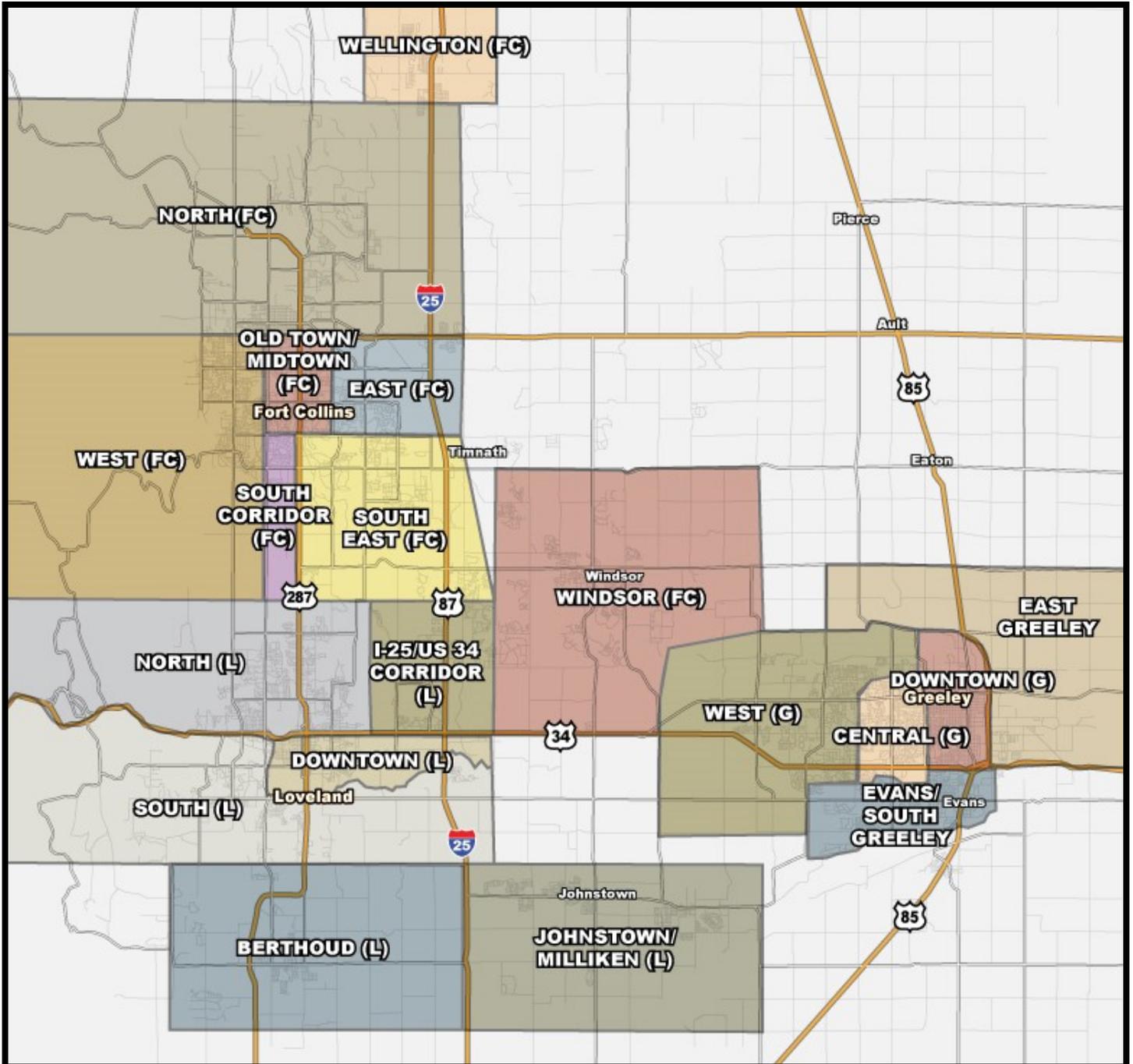


Xceligent is a leading provider of verified commercial real estate information which assists real estate professionals, appraisers, owners, investors and developers that make strategic decisions to lease, sell, buy and develop commercial properties.

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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.

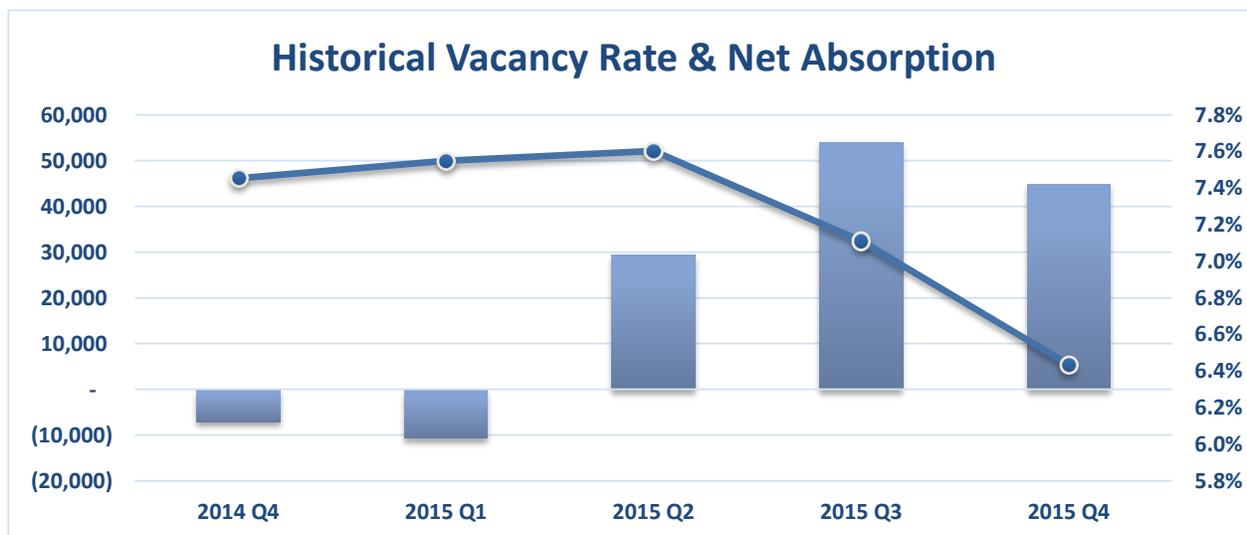
Tracked Inventory (Office)	The total square feet of all existing single and multi tenant office buildings greater than 10,000 SF, excluding medical, government and owner occupied buildings.
Class A	Most prestigious buildings competing for premier office users with rents above the market average. Buildings 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.

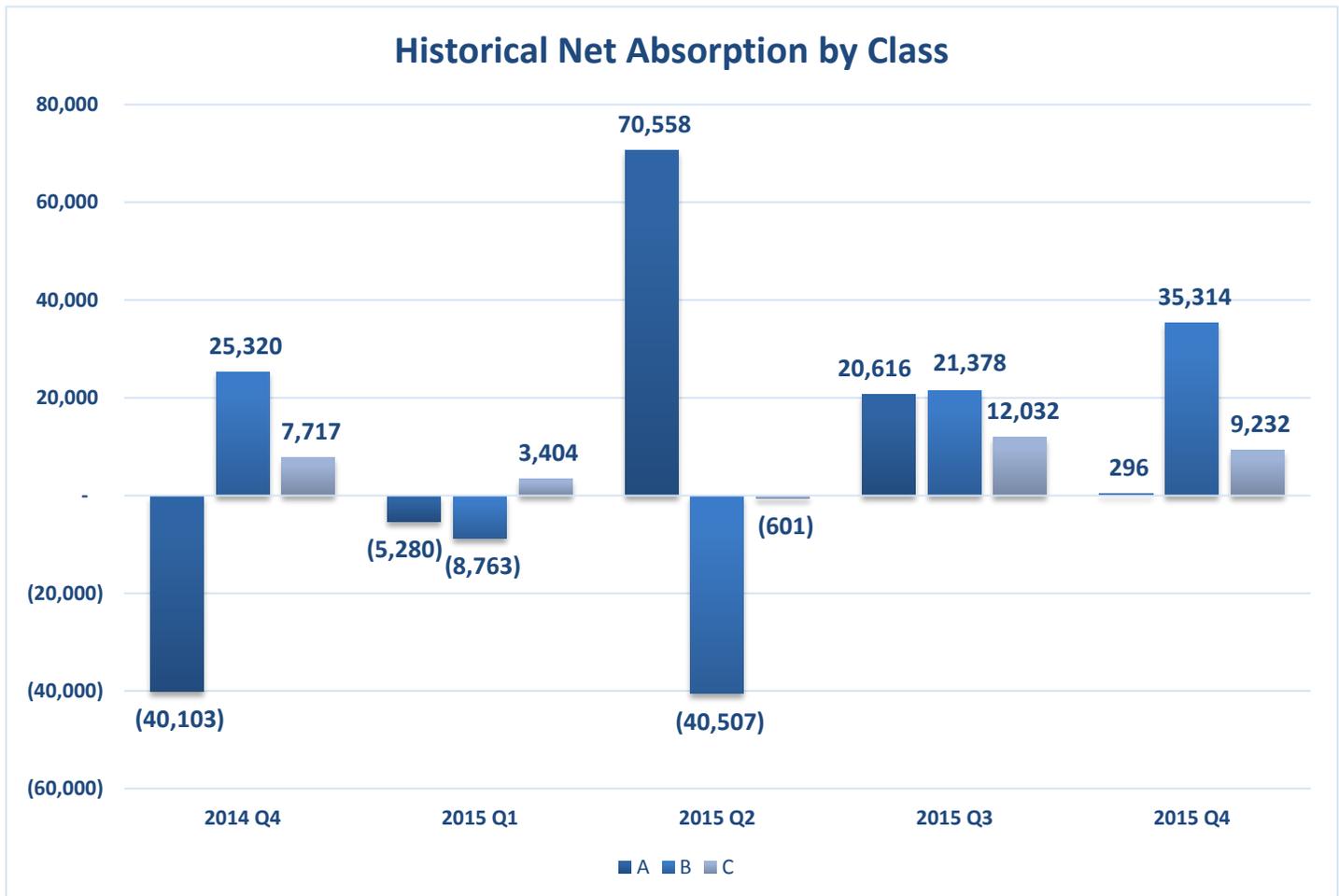
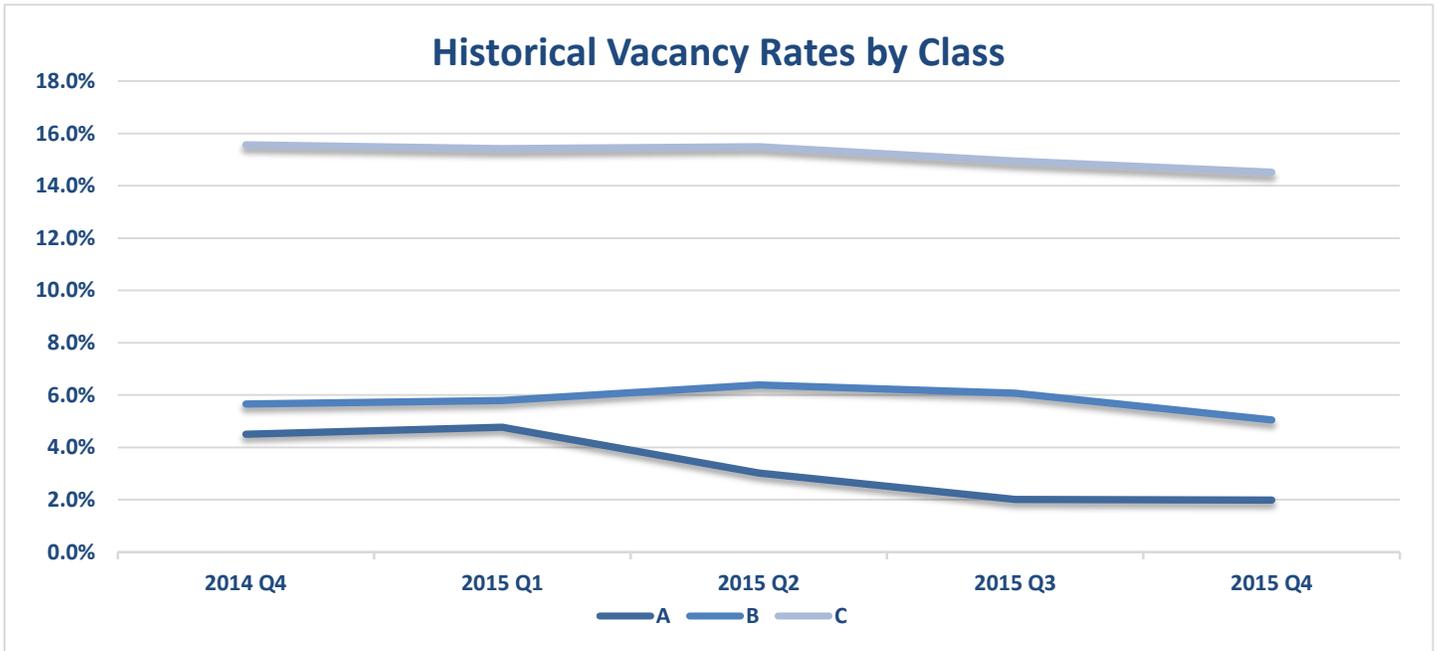


Overview

- The Northern Colorado Office market recorded 44,482 square feet of positive absorption for the quarter, and 124,825 square feet for the year.
- Despite the positive net absorption, leasing and sales activity is beginning to slow down.
- Approximately 90% of the leasing transactions that have happened during the 4th Quarter came from tenants moving around the market. There were not many "out of area" tenants that came into the market.
- 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.
- As construction costs continue to rise for material, labor and land, Landlords need to get \$21-\$22 per square foot in order to make get new buildings built.
- For the first time since 2007 there is speculative construction due to lack of quality supply, i.e., McWhinney's Hahns Peak Two with 56,000 square feet and Meyers two building project with 33,000 square feet.

	# of Bldgs	Inventory (SF)	Total Available (SF)	Total Vacant (SF)	Total Vacancy Rate (%)	Direct Available (SF)	Direct Vacant (SF)	Direct Vacancy Rate (%)	Available Sublease (SF)	Quarterly Net Absorption (SF)	YTD Net Absorption
A	41	2,022,017	109,266	40,193	2.0%	102,425	40,193	2.0%	6,841	296	86,190
B	337	6,360,494	452,307	321,435	5.1%	446,168	321,435	5.1%	6,139	35,314	14,568
C	156	2,197,569	417,587	319,190	14.5%	390,169	318,452	14.5%	27,418	9,232	24,067
Grand Total	534	10,580,080	979,160	680,818	6.4%	938,762	680,080	6.4%	40,398	44,842	124,825

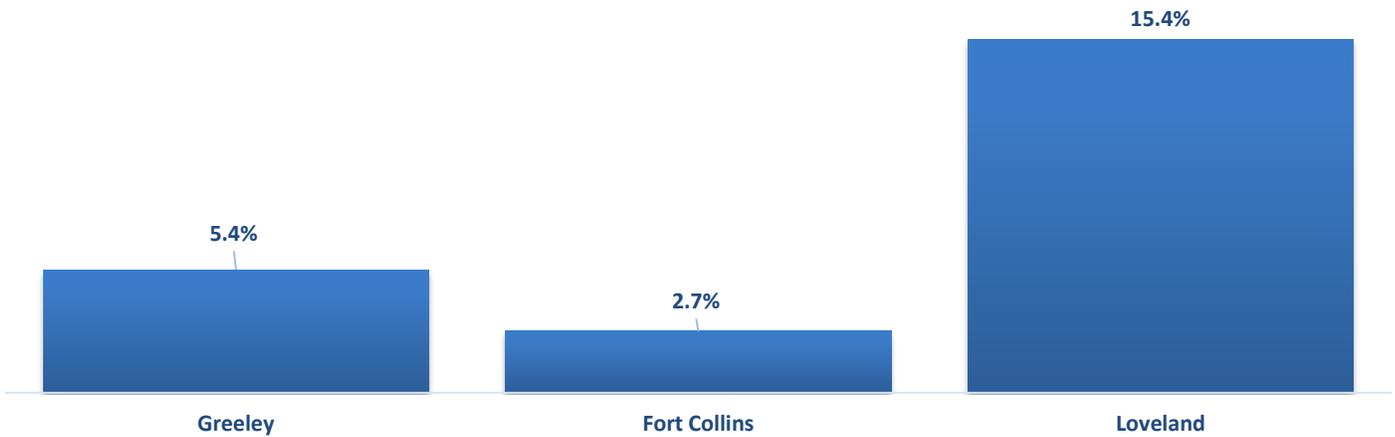




	# of Bldgs	Inventory (SF)	Total Available (SF)	Available Sublease (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption
Greeley	139	3,056,867	201,774	-	5.4%	25,643	4,677
A	6	274,539	3,716	-	1.4%	-	2,646
B	90	2,333,818	165,278	-	5.8%	25,643	1,881
C	43	448,510	32,780	-	5.4%	-	150
Fort Collins	280	5,045,975	239,084	11,835	2.7%	9,877	118,773
A	23	1,186,802	18,683	3,944	0.6%	296	43,295
B	184	2,853,158	187,339	4,473	3.9%	(732)	48,585
C	73	1,006,015	33,062	3,418	1.7%	10,313	26,893
Loveland	115	2,477,238	538,302	28,563	15.4%	9,322	1,375
A	12	560,676	86,867	2,897	5.3%	-	40,249
B	63	1,173,518	99,690	1,666	6.2%	10,403	(35,898)
C	40	743,044	351,745	24,000	37.4%	(1,081)	(2,976)
Grand Total	534	10,580,080	979,160	40,398	6.4%	44,842	124,825

	Vacancy Rate %						Weighted Asking Rate (NNN)				
	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4		2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
Greeley	5.5%	6.5%	6.3%	6.3%	5.4%		\$17.85	\$17.83	\$17.84	\$16.49	\$16.25
A	2.3%	2.2%	2.1%	1.4%	1.4%		\$17.28	\$17.78	\$17.78	\$18.06	\$18.06
B	5.9%	7.3%	6.9%	7.0%	5.8%		\$18.62	\$18.51	\$18.36	\$17.02	\$16.84
C	5.2%	5.2%	5.4%	5.4%	5.4%		\$11.89	\$11.89	\$13.79	\$13.79	\$13.79
Fort Collins	4.7%	4.2%	4.2%	3.6%	2.7%		\$20.77	\$20.54	\$20.71	\$21.10	\$20.71
A	1.1%	1.2%	0.6%	0.6%	0.6%		\$26.92	\$25.36	\$25.36	\$25.46	\$25.13
B	6.0%	5.2%	5.5%	4.9%	3.9%		\$20.30	\$20.84	\$21.27	\$21.57	\$21.11
C	4.6%	4.2%	4.1%	3.0%	1.7%		\$19.13	\$16.87	\$16.18	\$17.16	\$15.84
Loveland	15.8%	16.1%	16.7%	15.9%	15.4%		\$16.95	\$15.49	\$16.08	\$16.76	\$16.73
A	12.5%	13.3%	8.5%	5.3%	5.3%		\$28.72	\$20.02	\$18.31	\$29.01	\$28.87
B	4.1%	4.3%	7.7%	7.5%	6.2%		\$18.18	\$17.87	\$21.33	\$21.90	\$22.83
C	37.0%	37.0%	37.3%	37.3%	37.4%		\$13.88	\$13.95	\$13.96	\$14.02	\$14.04
Grand Total	7.5%	7.6%	7.6%	7.1%	6.4%		\$18.31	\$17.40	\$17.69	\$18.11	\$17.80

Vacancy Rate by Submarket

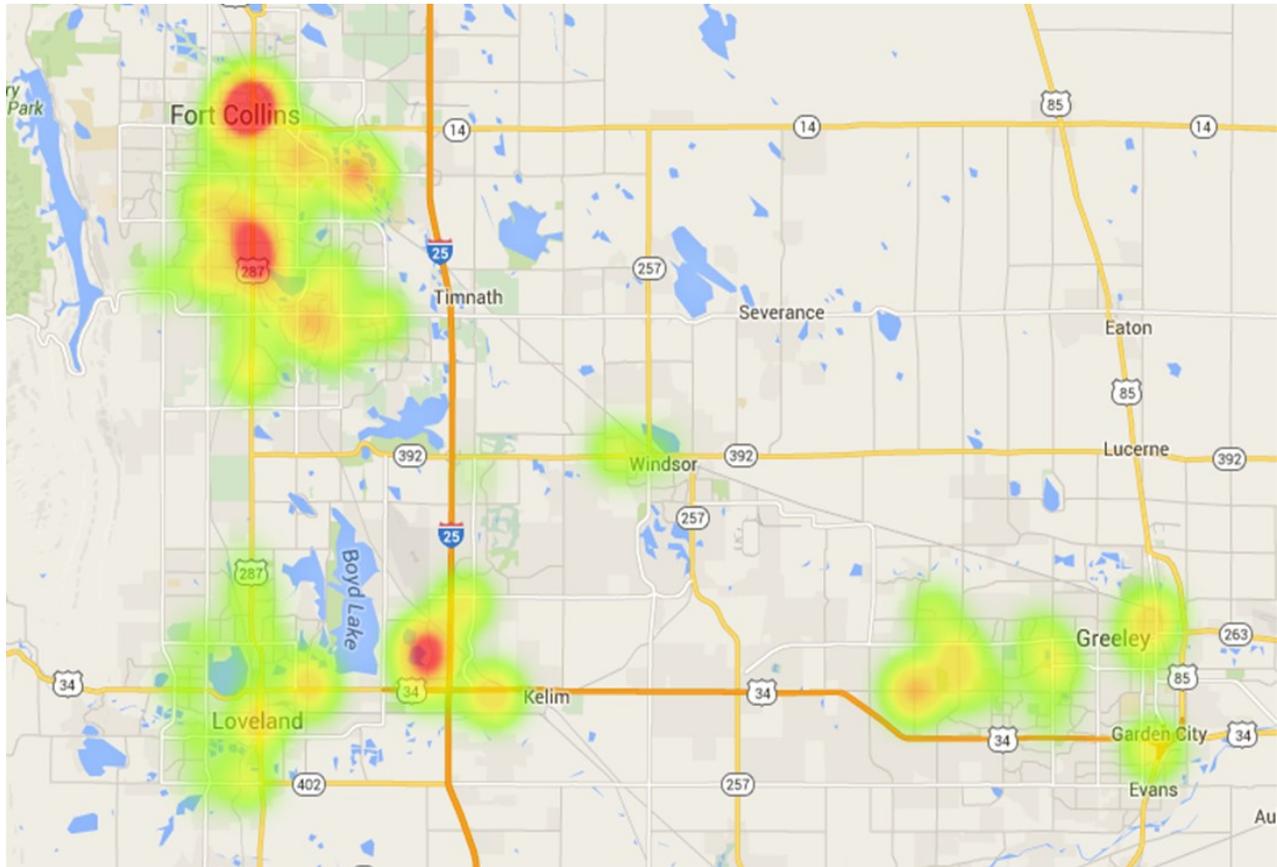


Weighted Asking Rates by Submarket



Asking Lease Rate Range by Class (NNN)

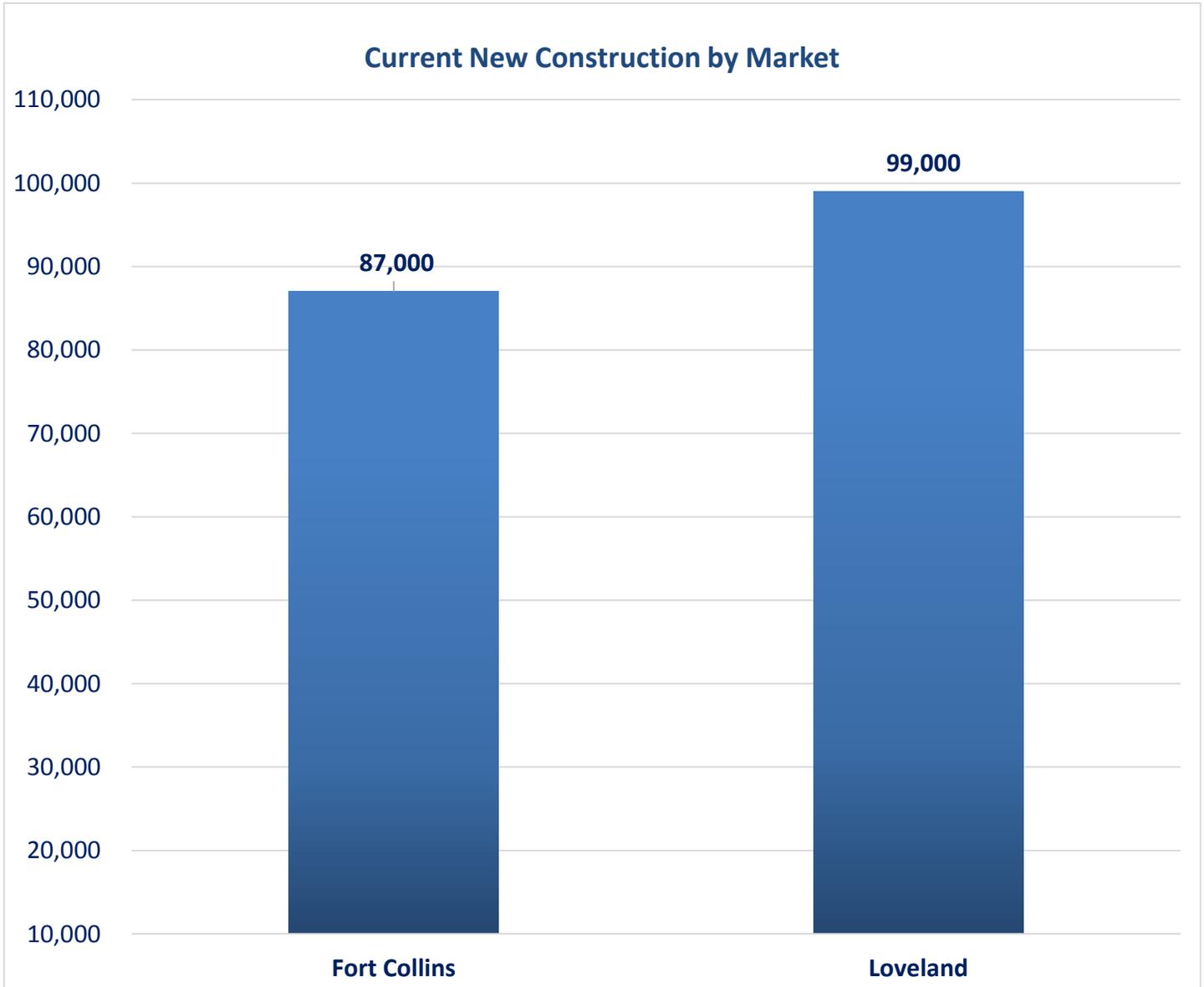




Largest Absorption Changes

Property Name	SF Occupied or Vacated	Tenant Name	Market	Building Class
3000 S College Avenue	4,730 sf	Fairway Independent Mortgage and PSI Services	Fort Collins	B
4065 St. Cloud Drive	3,009 sf	HUB International	Loveland	B
1221 E Elizabeth Street	3,000 sf	Distinct Dental Care	Fort Collins	C
1605 Foxtail Drive	2,640 sf	Suncrest Hospice, LLC	Loveland	B
1625 Foxtail Drive	(3,285) sf	Country Financial	Loveland	B
5110 Granite Street	(4,228) sf	Centrad Healthcare, LLC	Loveland	C
3351 Eastbrook Drive	(8,423) sf	CACI	Fort Collins	B

Top Transactions						
Property Name	Sale Price	SF Sold	Buyer	Seller	Market	Building Class
Arete Surgical Center	\$9,100,000	15,270 sf	DOC-4397 Ronald Reagan Boulevard ASC LLC	Spine and Orthopedic Surgery Center LLC	Loveland	A
Shores Office Park Bldg 5	\$3,100,000	13,589 sf	Lewis Melvin Johnson	Shores V LLC	Fort Collins	B
700 Centre Ave	\$1,825,000	10,870 sf	John Robert Wilson	Monday Capital LLC	Fort Collins	B
1544 Oakridge Dr	\$1,650,000	7,264 sf	1544 Oakridge Highpointe LLC	1544 Oakridge LLC	Fort Collins	B
Fireside Square	\$1,400,000	16,626 sf	LED Enterprises LLC et al	29TH LLC	Loveland	C
1808 Boise Ave	\$930,000	4,295 sf	John M Percival Revocable Trust	SSKM LLC	Loveland	B



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

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