

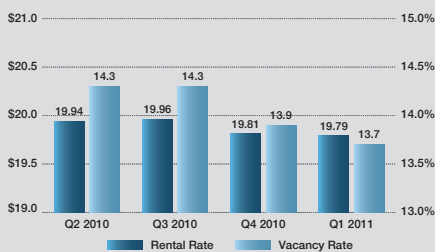
Office Market Report

Q1 2011

Market Overview

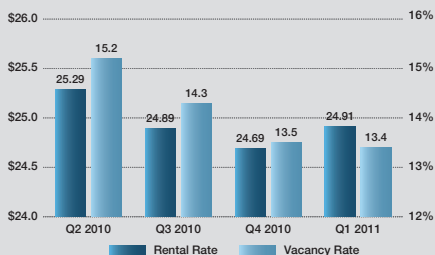
Overall Office

▼	Vacancy	13.7%
▶▶	Rates	\$19.79/SF
▶▶	Net Absorption	392,167 SF
▶▶	Construction Activity	400,816 SF



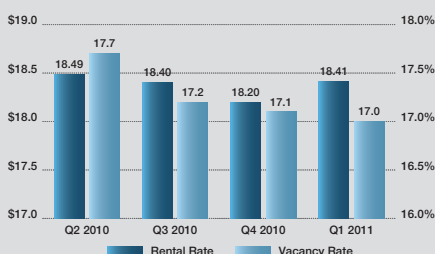
CBD Office

▶▶	Vacancy	13.4%
▶	Rates	\$24.91/SF
▶▶	Net Absorption	46,662 SF
▶▶	Construction Activity	0 SF



Southeast Suburban Office

▶▶	Vacancy	17.0%
▶	Rates	\$18.41/SF
▼	Net Absorption	(71,761) SF
▶▶	Construction Activity	0 SF



Denver Office Market

The Metro Denver Office Market continues on a gradual road to recovery marking its sixth consecutive quarter of positive net absorption. After a surprisingly strong year in 2010, there is a bit of uncertainty in the air as to how the office market will react to minimal job growth, higher oil prices and an unpredictable stock market that resembles spring time in the Rockies. Though rising energy prices are often looked upon favorably amongst the region's growing alternative energy and traditional oil & gas sectors. With a continual decline in the vacancy rate, stabilized asking rental rates and little new construction, the fundamentals suggest the office market will continue to prosper. These same fundamentals have encouraged many institutional property owners to test the investment sales market. Locally based Westfield Development was successful in selling the LEED Platinum 1800 Larimer earlier this year for a record per-square foot price, a telling sign that investors are very much interested in Denver and willing to pay top dollar for well located trophy assets. As a result, there are several institutional grade properties currently on the market for sale. While both tenants and landlords seem more confident about the economy, the question is whether or not there is enough deal flow in the pipeline to keep the office market headed in the right direction.

Transactions

Lease	Tenant	Sq. Ft.	Property	Submarket
	Bridgepoint Education	151,331	Park Central - 1515 Arapahoe	CBD
	Children's Hospital	150,000	Fitzsimons Village	Aurora
	DirecTV	66,823	One & Two Greenwood Plaza	SES

Sale	Buyer	Seller	Property	Price
	Invesco Real Estate	Westfield Development	1800 Larimer St (495,518 SF)	\$430/SF
	Lowe Enterprises	Legacy Partners	Solarium 7400 E. Orchard Rd (171,189 SF)	\$82/SF
	Northstar Commercial Partners	Prudential Insurance	14103-14123 Denver West Pkwy (151,119 SF)	\$76/SF