



DENVER

quarterlyREPORT

We are a Denver Based Commercial Real Estate Firm Specializing in:

Office Industrial Land Investments Tenant Representation Landlord Representation

Denver Office Market

Metro Denver's Office Market posted a relatively strong start to the year ending the first quarter with strong positive net absorption not seen since 2007. Several large transactions were completed during the quarter, most notably United Launch Alliance's decision to retain their headquarters in Centennial, as well as several government agencies leasing space both downtown and southeast. A sense of confidence has returned to the market as activity was rather robust to begin the year. What so far has been a jobless recovery hopes to continue as employers begin to hire again primarily in the financial services, technology and health care industries. Large institutions seemed poised to start hiring after dramatic cost cuts, while locally grown businesses are still struggling due to a lack of available credit. Without strong job growth, backfilling all of the available space will present a serious challenge. While both the vacancy rate and rental rates seem to have bottomed out, there is still a long and uncertain road to recovery ahead. A lack of new construction on the horizon will greatly help the equation. The investment market is beginning to show signs of life with a trickle of properties hitting the market for sale, though many wonder why sell now at the bottom of the market. Overall both the market's psyche and fundamentals are vastly improved from a year ago, and the question is not if the market will improve but rather how long will it take to recover?

Denver Industrial Market

The first quarter of 2010 showed signs of improvement in the Denver Industrial Market with an increase of both sales and leasing activity in most submarkets. This activity is slowly translating into signs of continued decreasing vacancy rates and increasing absorption. Lease rates declined only slightly as rent abatement is common, but we feel the bottom is near as larger landlords breathe a sigh of relief as vacant space is absorbed. In many cases however, the active tenants in the market are out shopping for ammo to strike renewals with their existing landlords. These Tenants are well aware of the opportunities that exist to strike a great deal or move to higher quality space. The main driver for the sales market is that banks and lending institutions are starting to open the coffers and deploy some of their dry powder. Lending parameters are still stringent but those that do get through the gauntlet are enjoying low interest rates and reasonable loan-to-value requirements. Surprisingly, the deluges of distressed industrial assets have yet to come to the market. This is largely based on the aforementioned improvement in the capital markets and the fact that banks really cannot afford to take these properties back and are pursuing workouts with their borrowers. Also worth mentioning is the improvement that REIT stocks have made in 2010. Their underlying strong fundamentals and balance sheets, and the confidence that Wall Street is displaying in the sector, is yet another indicator that 2010 is heading in a positive direction.

OFFICE	Lease	Company	Square Feet	Property	Submarket
		United Launch Alliance Social Security Administration TransFirst	450,000 99,000 93,000	Waterview/Panorama 1001 17th Street Mountain View	SES CBD NW
OFFICE	Sale	Buyer	Seller	Property	Price
		West End Investments, LLC LRS Bay Road Investments Government Properties Trust	Kabili & Co. Farmers Insurance Alameda Natpark, LLC	West End Plaza - Boulder Park Meadows Corp Center National Park Service Bldg.	\$321/SF \$183/SF \$170/SF

INDUSTRIAL	Lease	Company	Square Feet	Property	Submarket
		New Breed Veterans Green Jobs Spyder Active Sports	245,340 90,870 46,811	4250 Oneida Street 2627 West 6th Ave 3850 Frontier	East - 170 CEN Boulder
INDUSTRIAL	Sale	Buyer	Seller	Property (Size)	Price
		Playtime LLC Case Concord Mariposa LLC	IBC Holdings IBC Holdings Littleton Capital	Concord Bus Center (85,008 SF) Concord Bus Center (54,280 SF) 275 Mariposa (48,796 SF)	\$90/SF \$70/SF \$58/SF

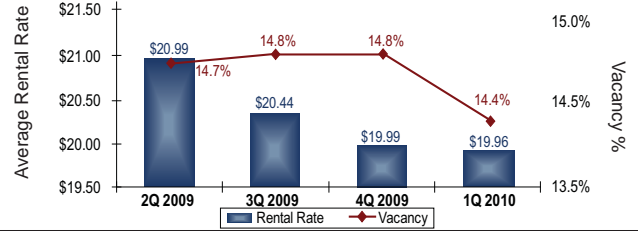


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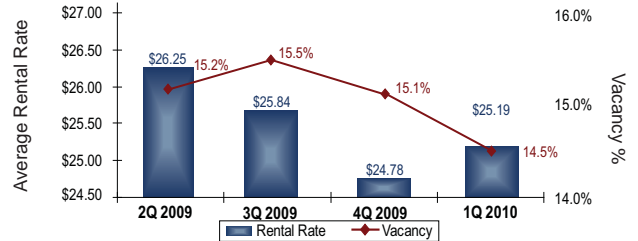
Overall Office

↓	Vacancy	14.4%
↔	Rates	\$19.96/SF
↑	Net Absorption	677,508 SF
↔	Construction Activity	1,178,998 SF



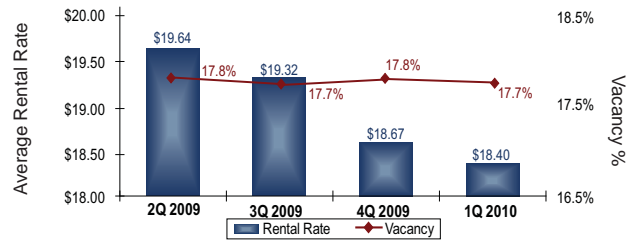
CBD Office

↓	Vacancy	14.5%
↔	Rates	\$25.19/SF
↔	Net Absorption	169,239 SF
↔	Construction Activity	496,359 SF



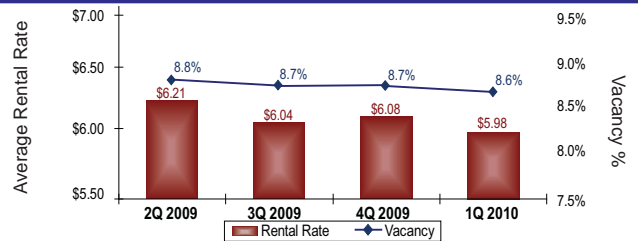
Southeast Suburban Office

↔	Vacancy	17.7%
↔	Rates	\$18.40/SF
↔	Net Absorption	64,263 SF
↔	Construction Activity	0 SF



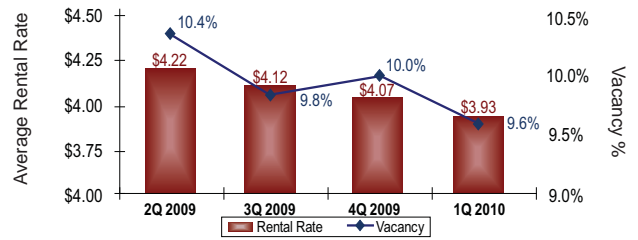
Overall Industrial

↔	Vacancy	8.6%
↔	Rates	\$5.98/SF
↑	Net Absorption	340,878 SF
↔	Construction Activity	0 SF



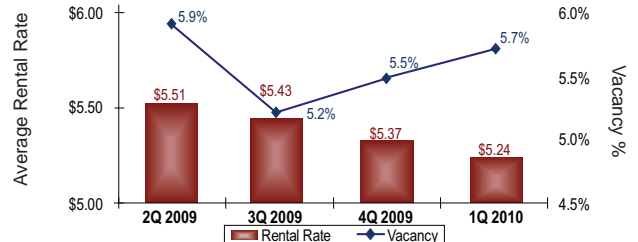
Airport/Montbello Industrial

↓	Vacancy	9.6%
↔	Rates	\$3.93/SF
↑	Net Absorption	316,430 SF
↔	Construction Activity	0 SF



Central Industrial

↑	Vacancy	5.7%
↔	Rates	\$5.24/SF
↑	Net Absorption	(46,942) SF
↔	Construction Activity	0 SF



(Information contained herein, while not guaranteed, is from sources Bitzer Real Estate Partners/CORFAC International believes to be reliable.) Source: CoStar

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