



DENVER

quarterlyREPORT

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

Office Industrial Land Investments Tenant Representation Landlord Representation

Denver Office Market

The free fall that began in mid 2008 seems to be nearing an end as Denver's office market is showing signs of stability. The overall vacancy rate rose ever so slightly over the past quarter as quoted rental rates have begun to bottom out in most markets and activity is picking up mainly among smaller tenants and government agencies. As the last remaining office developments near completion, the market is still experiencing negative absorption but should begin to see positive absorption again in the next few quarters. Tenants who have been hesitant to make a decision amongst the economy's uncertainty are now beginning to show confidence in the near term recovery and exploring the options available to them in the office market. Investment sales continue to be non-existent as the only sales to have occurred thus far in the year have been owner users with the exception of Seventeenth Street Plaza. A few properties have gone back to the lender, but not at the alarming numbers that many have predicted and the majority being Class C properties located in inferior submarkets. Wall Street continues to fear the possible affects of a commercial real estate melt down on the economy, but until now the level of foreclosures have been minimal. As the end of the recession has been declared by some, Denver's office market hopes to outperform the rest of the nation but will only do so with a strong job recovery in all employment sectors.

Denver Industrial Market

The Denver Industrial Real Estate market stabilized in the 3rd Quarter of 2009 and this was the first quarter since 3Q2008 to experience positive absorption in the warehouse sector which accounts for 84% of existing inventory. This can be attributed to the signing of several of the largest lease deals of the year. Denver is receiving national accolades as one of the most stable industrial markets across the country, mainly due to the fact that our vacancy rate, currently at 8.9%, has remained in check compared to other major markets. All new speculative construction is still on hold, while the only new buildings getting the green light are build-to-suit projects for solid credit users. Lease rates have only decreased slightly as Landlords are offering more rent concessions instead of lowering lease rates. We forecast lease rates for Class A space to remain stable for the remainder of 2009 and anticipate these rates to increase in 2010 as the availability of quality space diminishes. Year-to-date sales activity is only a third of what it was at this point last year and average CAP Rates have increased to 9.19%. The wave of anticipated foreclosures has been staved off as banks continue to take a "pretend and extend" approach to maturing loans. Unless a new loan program is developed to replace the CMBS market, lenders may only be delaying the inevitable. Stay tuned...

OFFICE	Lease	Company	Square Feet	Property	Submarket
		Policy Studies	73,000	1515 Wynkoop St.	LoDo
		Black Hills Exploration	47,000	1515 Wynkoop St.	LoDo
		MarkWest Energy	36,000	1515 Arapahoe St.	CBD
		CO Dept of Corrections	29,000	950 Broadway	Midtown
		General Dynamics	27,000	Westmoor Technology Park	NW
		US Dept of Agriculture	24,000	One Gateway Centre	Airport

INDUSTRIAL	Lease	Company	Square Feet	Property	Submarket
		Larsen Warehousing	126,320	11685 E 53rd Ave	East I-70
		Metech Recycling	112,653	500 W. 53rd Pl.	NW
		US Bank	65,885	Enterprise Park	East I-70
	Sale	Buyer	Seller	Property (Size)	Price
	County of Boulder	Fresh Produce	5600 Flatiron Pky (76,700SF)	\$8M	
	Broe Group	Karl Bohn	3620 Weiker Dr. (250,000 SF)	\$8.9M	
	L&Sons	Ascendant	3701 Paris St. (12,358 SF)	\$1.1M	

FEATURED PROPERTIES



**2228 Blake St
Denver, Colorado**

- Avail. Space: 1,500-17,000 SF
- Lease Rate: \$22/SF FSG

**13100 West 43rd Drive
Golden, Colorado**

- Building Size: 16,819 SF
- Price: \$2,250,000



Contact Bitzer Real Estate Partners for more information.

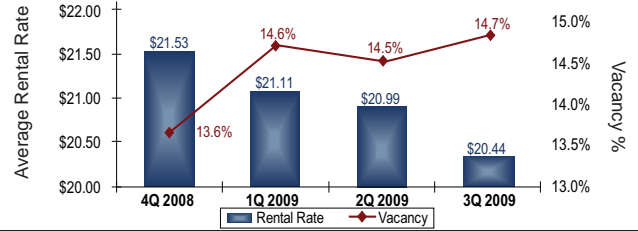


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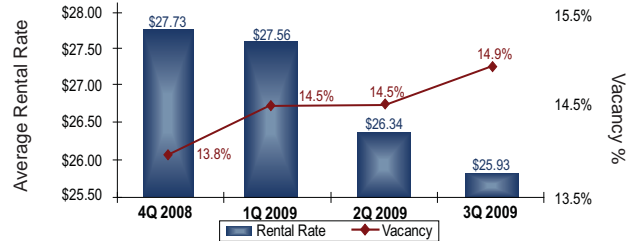
Overall Office

↑	Vacancy	14.7%
↓	Rates	\$20.44/SF
↓	Net Absorption	(242,595) SF
↓	Construction Activity	1,780,508 SF



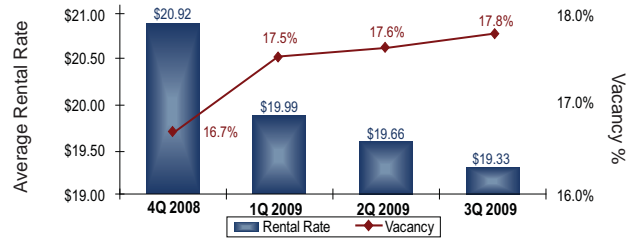
CBD Office

↑	Vacancy	14.9%
↓	Rates	\$25.93/SF
↓	Net Absorption	(121,425) SF
↓	Construction Activity	929,569 SF



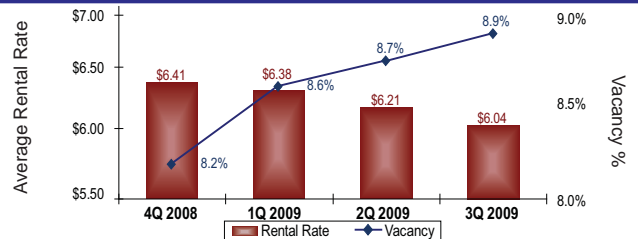
Southeast Suburban Office

↑	Vacancy	17.8%
↓	Rates	\$19.33/SF
↔	Net Absorption	64,239 SF
↓	Construction Activity	8,000SF



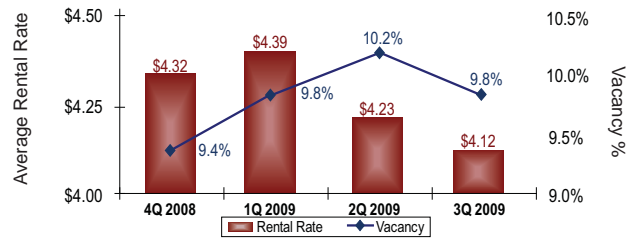
Overall Industrial

↑	Vacancy	8.9%
↓	Rates	\$6.04/SF
↓	Net Absorption	(96,515) SF
↔	Construction Activity	660,000 SF



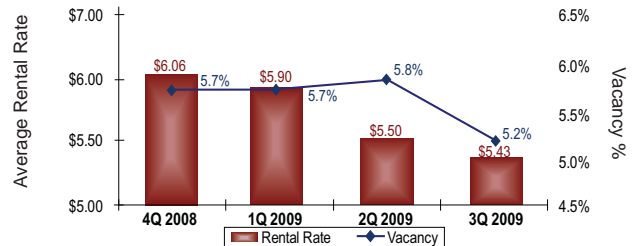
Airport/Montbello Industrial

↓	Vacancy	9.8%
↓	Rates	\$4.12/SF
↑	Net Absorption	264,661 SF
↔	Construction Activity	0 SF



Central Industrial

↓	Vacancy	5.2%
↓	Rates	\$5.43/SF
↑	Net Absorption	139,959 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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