

2005

CENTRAL MARKET INDUSTRIAL YEAR IN REVIEW



A Real Estate Publication

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**FEEL FREE TO CONTACT ME
FOR A FREE OPINION OF
VALUE OF YOUR PROPERTY
OR TO DISCUSS CURRENT
MARKET CONDITIONS
IN DETAIL**

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OVERALL DENVER MARKET

The overall Denver Industrial market ended the year 2005 with a vacancy rate of 9.4%. This rate is down from the previous year along with asking rates which ended the year at \$5.87/SF. Net absorption was positive for the year which consisted of over 3,422,209 SF. First quarter 2005 experienced negative absorption of (75,591) SF; however ended the year with positive absorption of 1,068,481 SF.

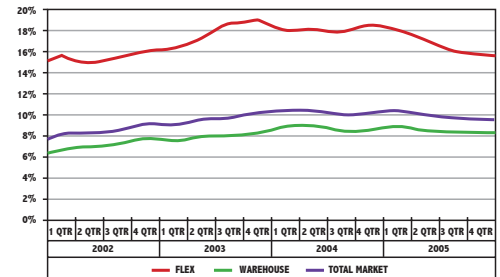
The warehouse building market recorded absorption of negative (324,216) SF for the first quarter 2005. The year ended with the fourth quarter absorbing 799,725 SF while the second quarter experienced the greatest level of absorption with 1,128,137 SF.

FLEX MARKET

Flex building is a type of building designed to be versatile, which may be used in a combination with office, research and development, quasi-retail sales, and including but not limited to industrial, warehouse and distribution uses. Typically the building would have ceiling heights of 16' or less and have at least one drive-in door. These type spaces usually consist of unit sizes smaller than 5,000 SF.

The overall Denver flex building market recorded positive absorption in 2005. 247,625 SF was absorbed in the first quarter 2005 compared to 268,756 SF in the fourth quarter 2005. The third quarter 2005 experienced the greatest level of positive absorption which was 583,823 SF.

VACANCY RATES BY BUILDING TYPE



OVERALL DENVER METRO SALES

Total industrial building sales activity for 2005 was up compared to those in 2004. For the first nine months of 2005 there were 128 industrial sale transactions with a total volume of \$506,705,395. The first nine months of 2004 saw 119 industrial sale transactions with a total volume of \$395,376,762. The average price per SF for buildings greater than 15,000 SF rose to \$56.78/SF in 2005 compared to \$50.69/SF in 2004.

Capitalization rates have continued to lower in 2005 which averaged 8.25%, compared to the first nine months of 2004 when they averaged 8.92%. Capitalization rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. Cap rates are calculated by dividing the annual new operating income by the sales price.

Many sellers are recognizing that now may be the best time to sell stabilized assets; as capital far exceeds supply and yield expectations remain low.

Looking forward, 2006 stands to be another record breaking year with several large portfolios coming to market. The depth and diversity of capital for commercial real estate will continue to propel the market well into next year.

DID YOU KNOW:

Owner occupied buildings in the Denver industrial market comprise of 30% of the total industrial market.

2005

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CURRENTLY LISTED BY JEFF KUMMER:

FOR LEASE



777 Umatilla Street
15,531 SF Office / Warehouse

FOR SALE



1010 Yuma Street
3,800 SF Office / Warehouse

FOR SALE



3960 Niagara Street
3,500 SF Office / Warehouse
Divisible to 1,750 SF

FOR SALE



6535 York Street
24,850 Multi-Tenant
Office / Warehouse Investment

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SALES TRANSACTIONS - CENTRAL MARKET

2005

SF	Sales	Average Price	Total Value
3,000-5,000	10	\$113.95/SF	\$4,443,000.00
5,001-10,000	18	\$81.44/SF	\$11,652,050.00
10,001-15,000	11	\$46.84/SF	\$6,731,653.00
15,001- 20,000	7	\$63.48/SF	\$8,095,000.00
20,001- 30,000	8	\$51.26/SF	\$10,072,700.00
30,001- 40,000	4	\$68.81/SF	\$9,513,267.00
40,001- 60,000	5	\$52.37/SF	\$13,552,600.00

PER QUARTER

Quarter	Sales
1st	17
2nd	22
3rd	16
4th	10

NEW IN 2005

CENTERPARK AT DENVER'S CROSSROADS



New state-of-the-art 500,000 SF facility developed by Lowe Enterprises Real Estate Group and is located in the Central market off I-70 & I-25. This new project offers Central Denver businesses an opportunity to be centrally located and benefit from 24' to 30' ceilings, ESFR sprinklers and cross-dock design.

Centerpark can accommodate users from 12,000 to 78,000 SF. Building D is 78,000 SF and could be sold to an owner/user.

LEASING ACTIVITY - CENTRAL MARKET

There are a total of 1,352 buildings consisting of 31,729,370 SF in the Denver Central market. Net absorption was negative (170,449) SF for 2005.

The flex market consists of 101 buildings that total 1,728,095 SF in the Denver Central market. 2005 ended with 131,660 SF available which was a vacancy rate of 7.6%. Net absorption was negative (59,837) SF with the average quoted rental rate of \$8.70 per SF.

The Denver Central warehouse market consists of 1,251 buildings which totals 30,001,275 SF. The year ended with 1,721,188 SF available with a vacancy rate of 5.7%. The average quoted rate was \$5.13 per SF.

How does the year 2004 compare to 2005? 2004 ended the year with 1,672,399 SF available with negative absorption of (72,908) SF. Overall, vacancy rose for the year 2005 from 5.2% at the end of 2004 to 5.8%. The most noticeable difference between 2004 and 2005 was the absorption amount posted for the third quarter of each year. 2004 ended the third quarter with positive absorption of 173,239 SF while 2005 finished with negative absorption of (110,663).

Information provided by costar.com

ABOUT COLLIERS

Colliers Bennett & Kahnweiler, Inc., specializes in the sale, leasing and management of industrial properties. Colliers Bennett & Kahnweiler is an owner/member of Colliers International, a global corporation of independently owned commercial real estate firms. We offer our clients a single point of contact to serve their commercial real estate needs in 238 markets in 51 countries around the world and has served our clients in the Rocky Mountain Region since 1966.

Do you have specific questions regarding your building, looking to sell/lease or acquire property?
Please feel free to contact me.