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MID-YEAR ECONOMIC FORECAST: COLORADO "LAST IN, FIRST OUT" OF RECESSION

In December 2007, the U.S. economy entered the most severe recession in decades. A number of instabilities contributed to the downturn, but a global pattern of inflated housing trends and financial market failures was a key factor.

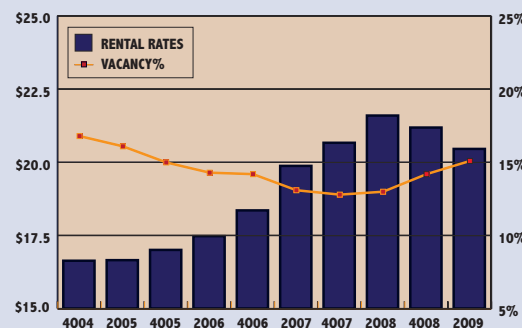
U.S. job losses between December 2007 and June 2009 totaled nearly 6.5 million, which is also the vast majority of jobs created since the 2001 recession. Because so many jobs have been lost, the U.S. labor market could take several years to recover once employment growth resumes.

Colorado employers did not begin significant and sustained layoffs until September 2008, almost a full year after the nation officially entered recession. Layoffs spiked quickly, however, and unemployment rose dramatically.

While the state's labor and housing markets have suffered some of the largest downturns in decades, Colorado is still in a comparatively better economic position than many states nationwide. According to a recent forecast by Moody's Economy.com, Colorado, Idaho, Texas, Oregon, and Washington will be the first states to recover in late 2009. While each state's economy is unique, the five states have generally better household credit ratings, milder housing downturns, and concentrations of business in energy, technology, and other industries that should benefit from pent-up demand.

"Because of Colorado's diverse economy, we expect we'll be 'last in, first out' of the recession," stated Tom Clark, executive vice president of the Metro Denver Economic Development Corporation. "Plus, Metro Denver is on the radar for international and national

DENVER METRO



TRENDS

- Vacancy ↑
- Net Absorption ↓
- Construction ↑
- Rental Rates ↓

STATISTICS

Market Size	148,225,027 SF
Vacancy Rate	15.10%
Vacant Space	22,289,240 SF
Absorption	(733,287 SF)
Rental Rate	\$20.45

company relocations and expansions that could further stabilize our labor market."

Like Colorado's economy, the Metro Denver economy is weathering some of the most difficult labor, housing, and financial market conditions reported in decades. Still, the regional economy has several advantages that should support a stronger and earlier recovery than many metropolitan areas are likely to experience.

First, Metro Denver's housing market has been more stable than other markets nationwide. Foreclosure rates have improved in the region's most-affected counties, and the region's home price declines are

DENVER METRO AREA SIGNIFICANT TRANSACTIONS

Company	Building	SF Leased	Market	Quarter
Zoll Data Systems	The Views II	67,200	Northwest	1st
Rothgerber Johnson Lyons	Taber Center	56,179	CBD	2nd
Black Hills Energy	1550 Wynkoop	47,492	CBD	2nd
Colorado Judicial Dept	DNA	47,441	CBD	2nd
Nellcor Puritan Bennett, Inc.	Corporate Place 2	47,380	Boulder	2nd
Scottish RE, Inc.	1290 Broadway	41,734	CBD	2nd
Hosting.com	Broadway Station	41,373	Co Blvd	2nd

2009

Colliers International

MID-YEAR MARKET REPORT



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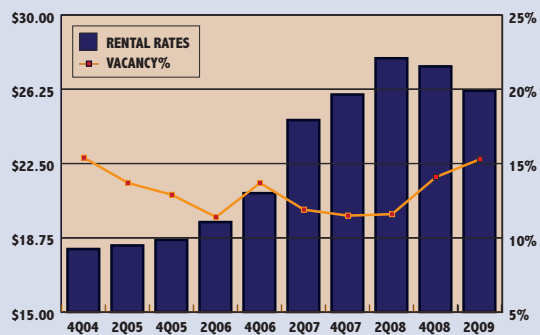
consistently smaller than declines reported for other metropolitan areas. In fact, foreclosures through the first five months of 2009 fell 13.3 percent from the same months in 2008. Notably, the counties which reported the most foreclosures in 2006 and 2007 – Adams County, Arapahoe County, and the City and County of Denver – have reported some of the largest declines in foreclosures so far this year.

Metro Denver commercial real estate markets are also in a better position than markets elsewhere, partly because of sustained business interest and partly because of more restrained development prior to the downturn. These and other factors including a well-educated workforce and high quality of life continue to attract businesses to Metro Denver, even during recession.

The Metro Denver economy still has room for improvement, particularly as consumers and businesses remain cautious and governments work through a damaging combination of lower sales, property, and income taxes. Even so, improvements in the Metro Denver economy – particularly in housing – will become more apparent through the second half of 2009.

Source:
Metro Denver Economic Development Corporation

CBD



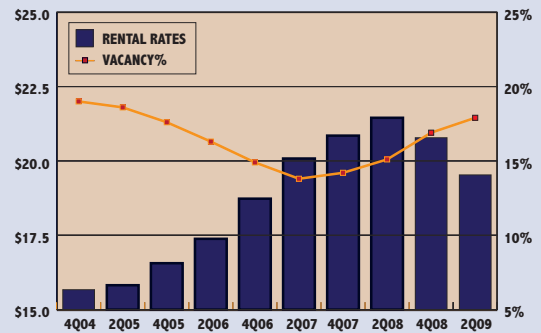
TRENDS

Vacancy	↑
Net Absorption	↓
Construction	↑
Rental Rates	↓

STATISTICS

Market Size	30,677,584 SF
Vacancy Rate	15.30%
Vacant Space	4,679,933 SF
Absorption	(98,315 SF)
Rental Rate	\$26.17

SOUTHEAST



TRENDS

Vacancy	↑
Net Absorption	↓
Construction	↔
Rental Rates	↓

STATISTICS

Market Size	37,835,491 SF
Vacancy Rate	17.90%
Vacant Space	6,730,849 SF
Absorption	(172,056 SF)
Rental Rate	\$19.53

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