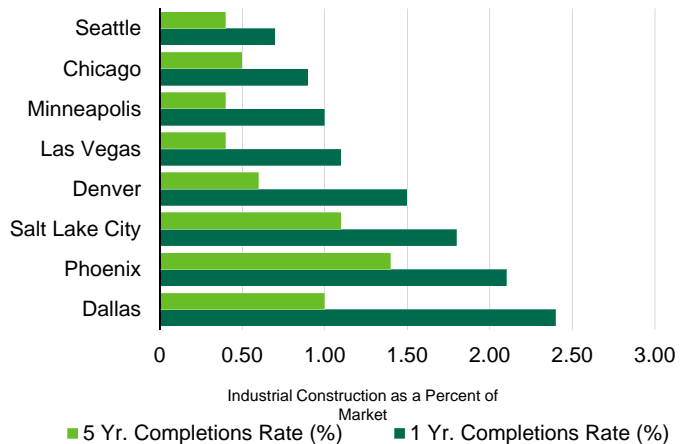




LAST YEARS PREDICTION – THE PAST

- Conservative Supply of New Spec Space
- Increase in Build-to-Suit Activity
- Spike in Class B and Class C Rental Rates

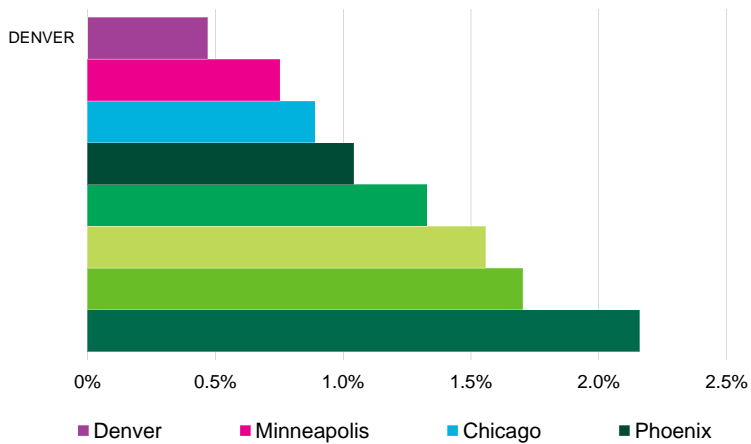
CONTROLLED CONSTRUCTION KEY TO MARKET HEALTH



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LOOKING AHEAD...CONSERVATIVE TREND CONTINUES



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LAST YEARS PREDICTION – THE PAST

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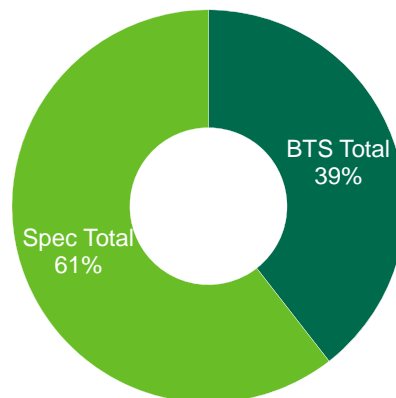


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BTS ACTIVITY PICKS UP MOMENTUM ... WILL CONTINUE

Based on the 38 delivered and under construction properties across Metro Denver since 2014
15 – BTS
23 - SPEC



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LAST YEARS PREDICTION – THE PAST

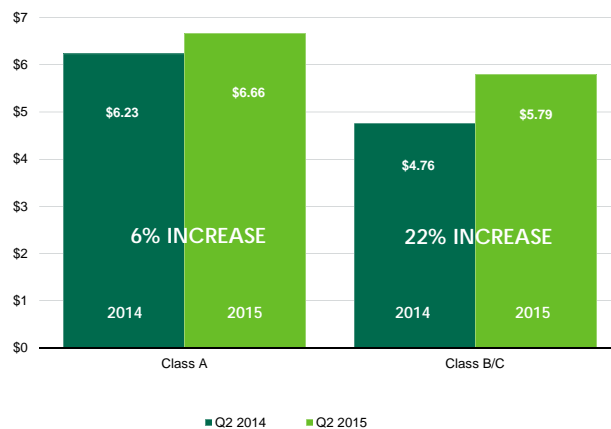
- Conservative Supply of New Spec Space
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- Spike in Class B and Class C Rental Rates



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LEASE RATE APPRECIATION SHARPEST IN B & C



Source: Costar Lease Rates
 - Class A – 24' clear, ESFR, 1 DH, 1997-YTD YOC



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DENVER ECONOMIC OVERVIEW – THE PRESENT

Broad-based economic growth



+4.3%
GMP growth



4.7%
Increase in retail sales



8,439
Single-family permits up
15.3%



28,690
People moved to
Denver in 2014



52,650
Jobs added in
Denver/Boulder
(+3.6%)

Source: Moody's Data Buffet, Colorado Dept. of Revenue.



DENVER INDUSTRIAL MARKET – THE PRESENT

Market Overview

INVENTORY
By Product Type

903 Manufacturing
45.6 million SF

2,708 Warehouse /
Distribution
141.3 million SF

716 Flex / R&D
33.7 million SF

4,519 TOTAL
228.0 million SF

PEAK TO TROUGH TO PRESENT
Fundamentals

	Peak – Last Cycle	Trough – Q1 2010	Present – Q2 2015
Vacancy	6.03% Q3 2007	7.90%	4.30%
U/C	2.85M SF Q2 2007	0 SF	2.8M SF
Lease Rate	\$7.22/SF NNN Q2 2004	\$5.85/SF NNN	\$6.83/SF NNN
Net Absorption	2,907,569 SF Q2 2006	(1,072,331) SF	1,424,485 SF

Source: CBRE Research Q2 2015



CENTRAL/NORTHEAST CONSTRUCTION



Of the 3.68M SF Completed 60% is Occupied
1.37M SF will be Coming On-line



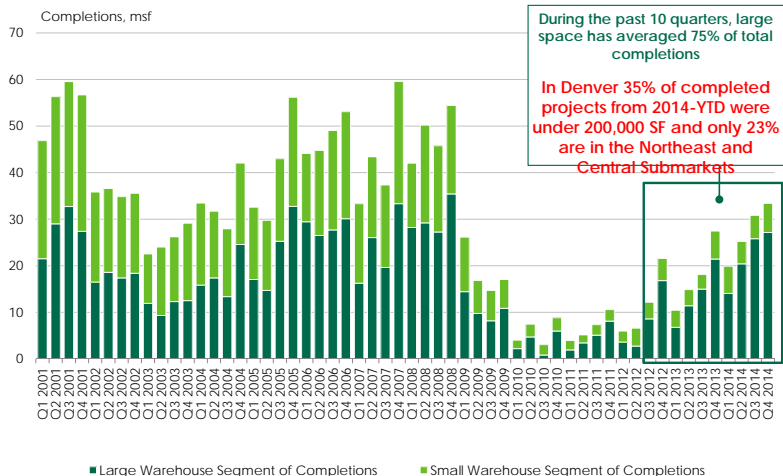
DRIVERS OF INDUSTRIAL ACTIVITY – THE PRESENT

Q2 2014 RO Q2 2015



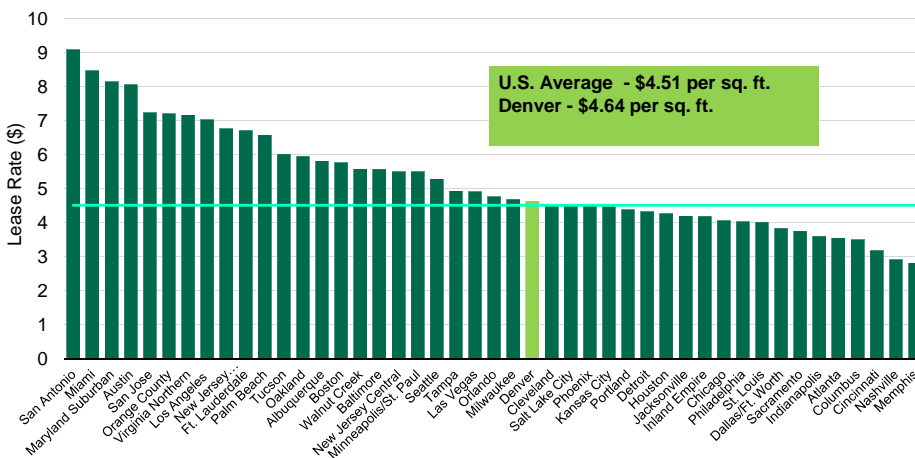
SEVERE LACK OF SMALL BAY WAREHOUSE – THE FUTURE

Small Warehouse Space in the U.S.



DENVER INDUSTRIAL LEASE RATES HAVE ROOM TO GROW – THE FUTURE

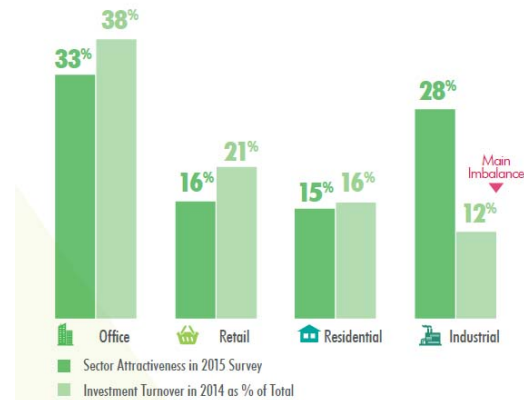
Top 50 Markets



CAPITAL CANNOT LOCATE ENOUGH INDUSTRIAL PRODUCT – THE FUTURE

Industrial shows main imbalance

Institutional Investment Imbalance



Source: CBRE Investor Intentions Survey, April 2015.

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2015-2016 BOLD PREDICTIONS

- Cap Rates: Sub 5.25% Cap Rates
- Small Bay Class A Rates Will Reach Replacement Cost Rents
- If Jim Bolt Wins NAIOP Industrial Broker of the Year Award *AGAIN*, He Will Either Be On Vacation or Will Forget About the Next Forecast Event

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