

Frederick Ross

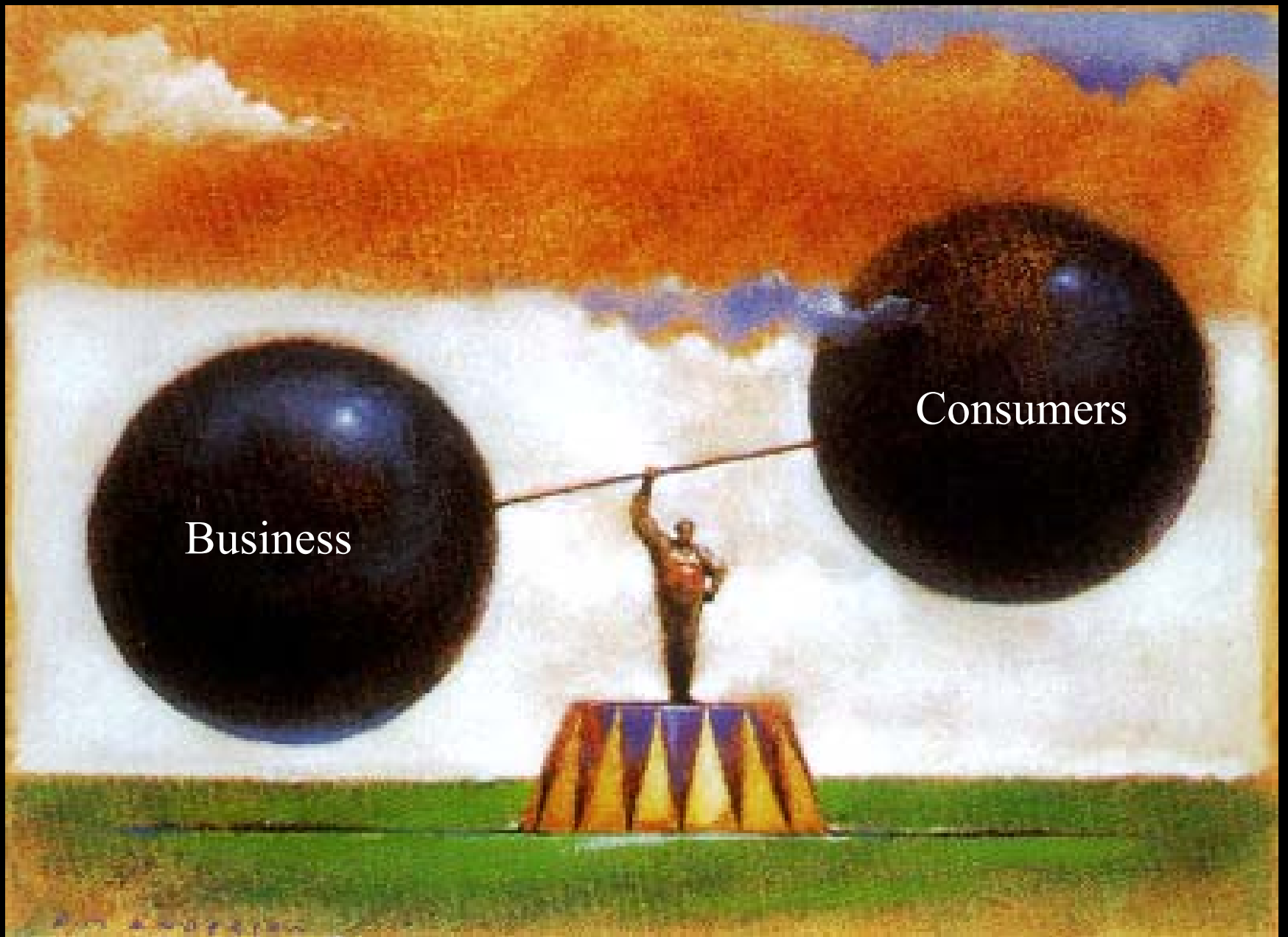


**Real Estate
Market Overview**

Presented by:
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*Senior Vice President
Frederick Ross
Company*

January 2003

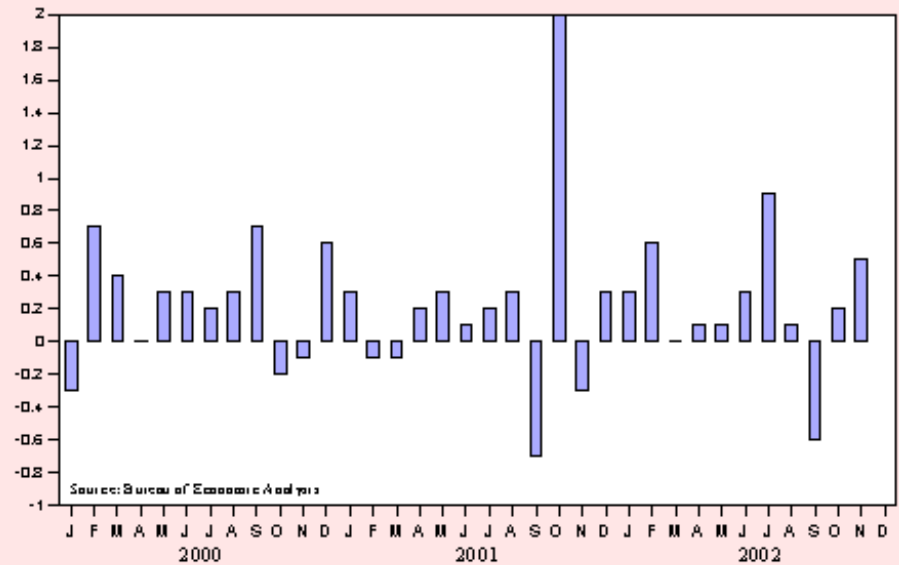




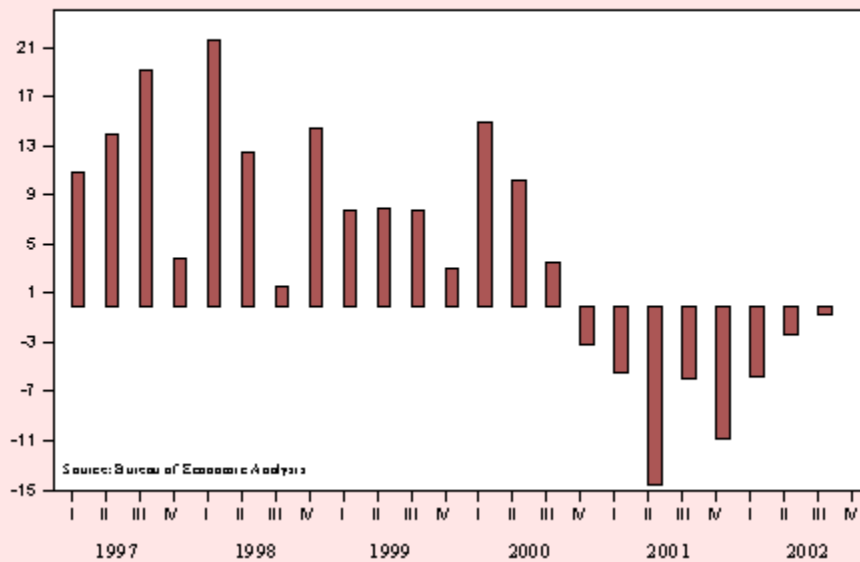
Business

Consumers

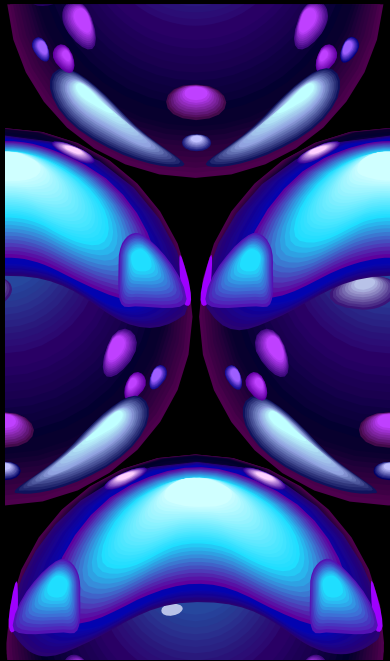
Real Personal Consumption Expenditures (Percent change from preceding month)



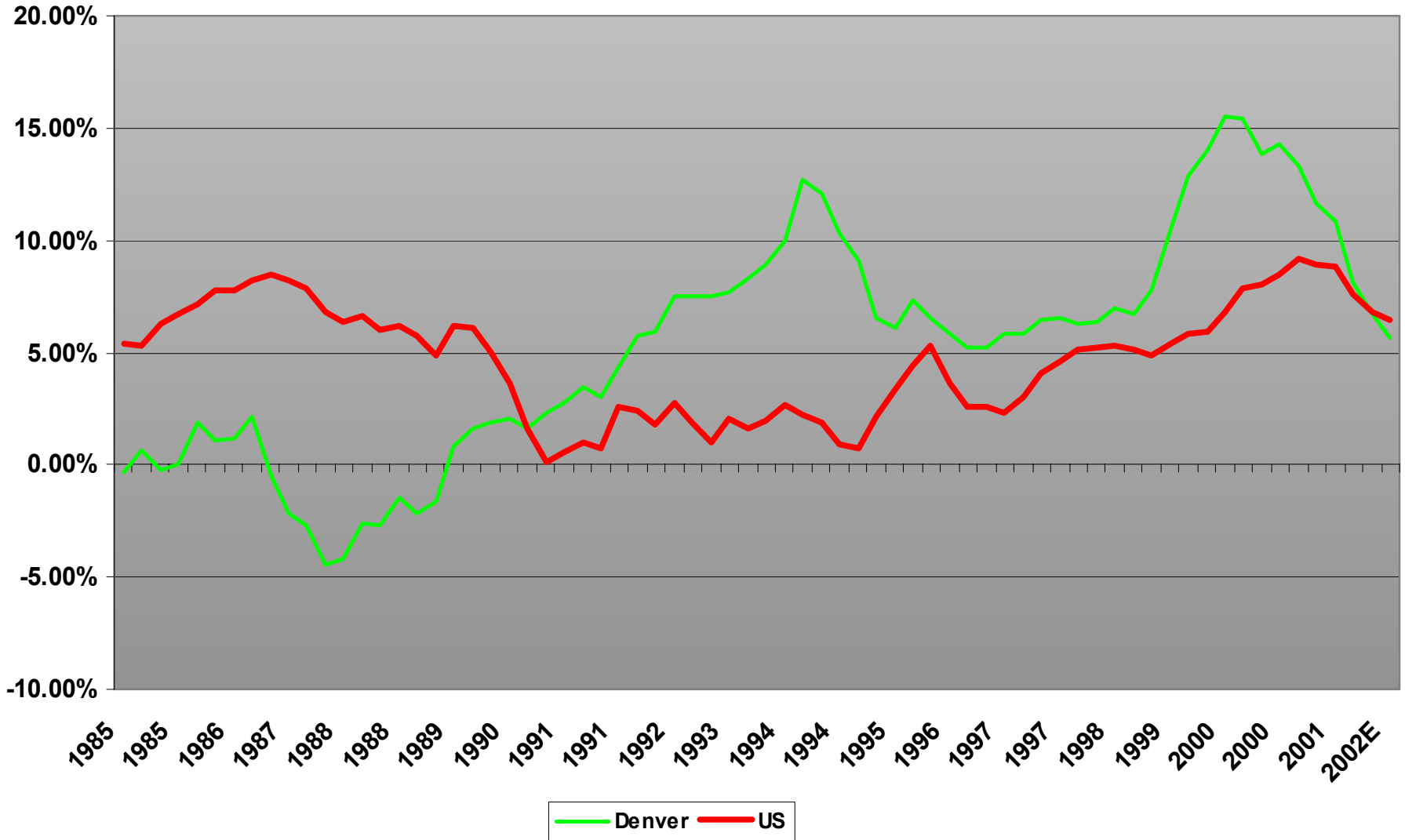
Nonresidential Fixed Investment (Percent change, seasonally adjusted annual rate)



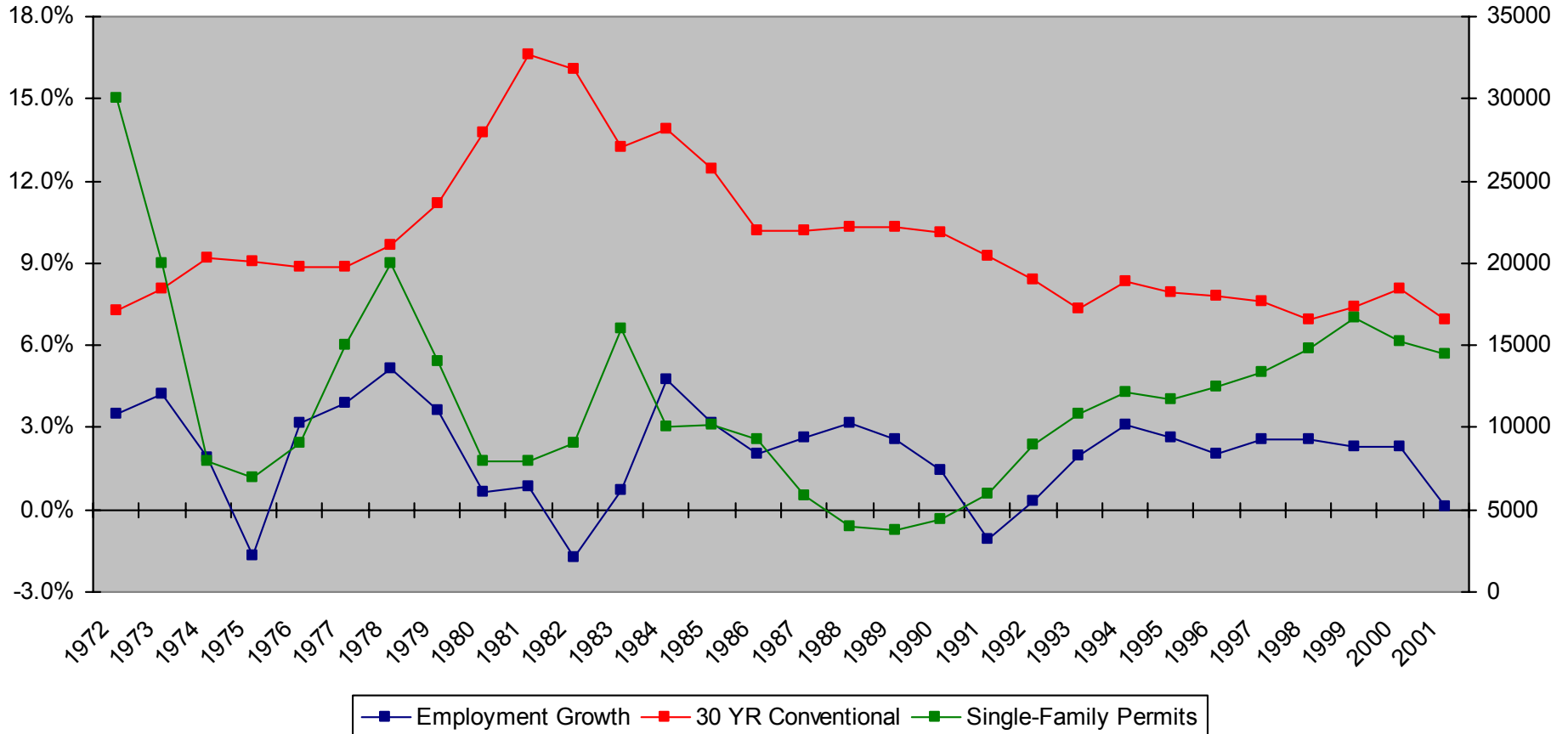
Source: BEA, Ross Research



House Price Index: YOY Quarterly Home Appreciation

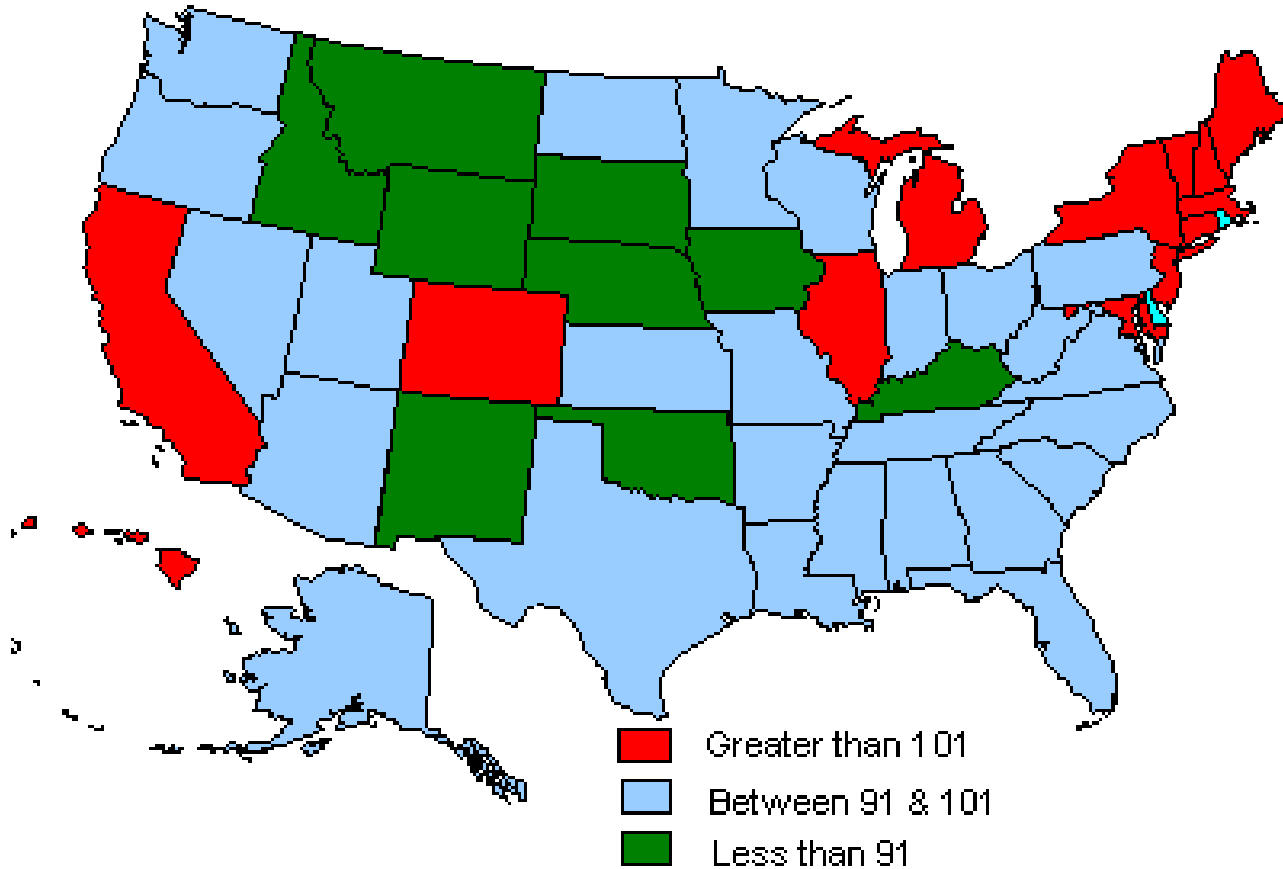


30 Year Mortgage Rates and Denver Job Growth



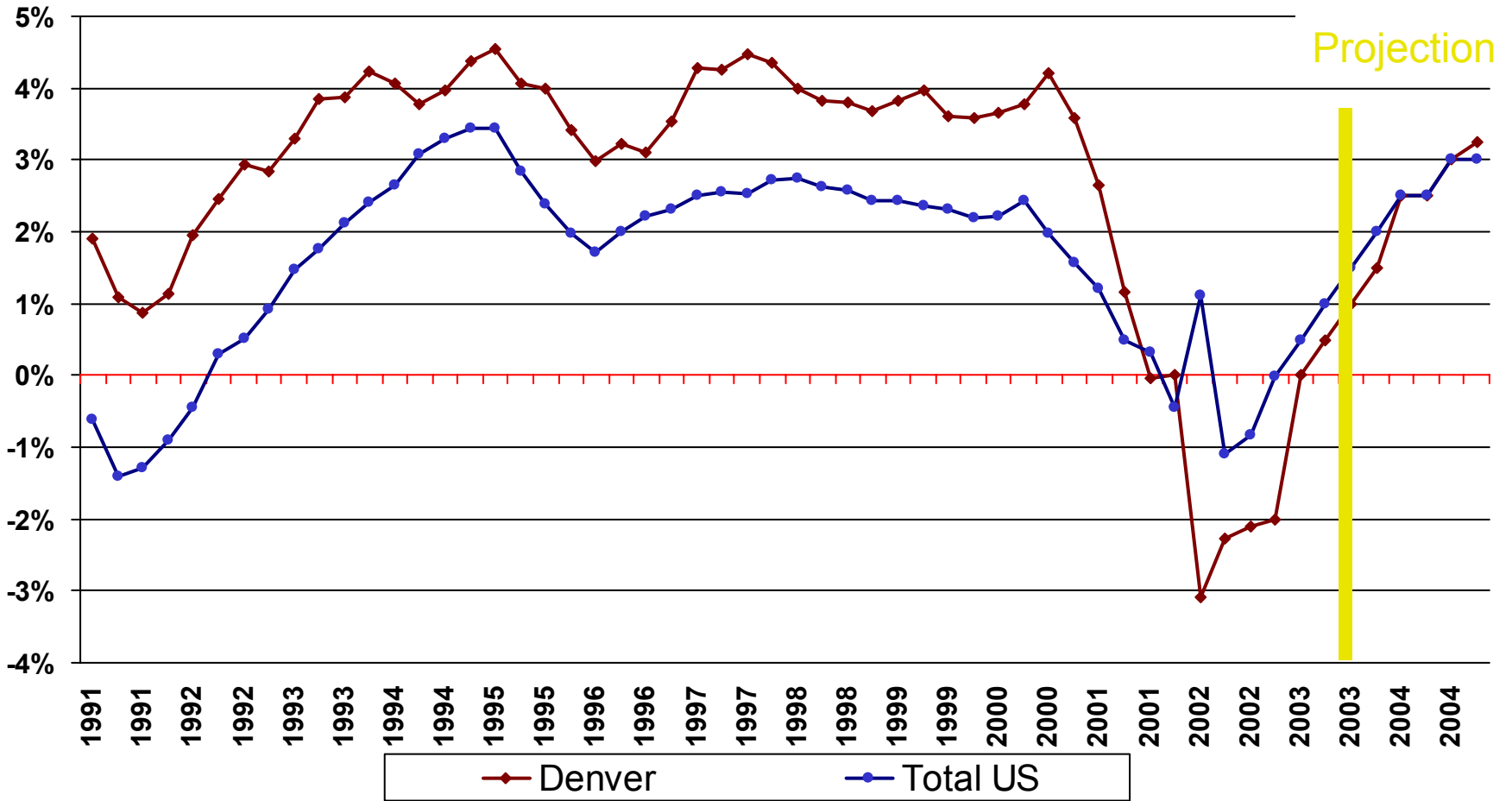
Source: Federal Reserve, BLS, Ross Research

Relative Business Cost by State



Denver versus U.S. Employment Growth

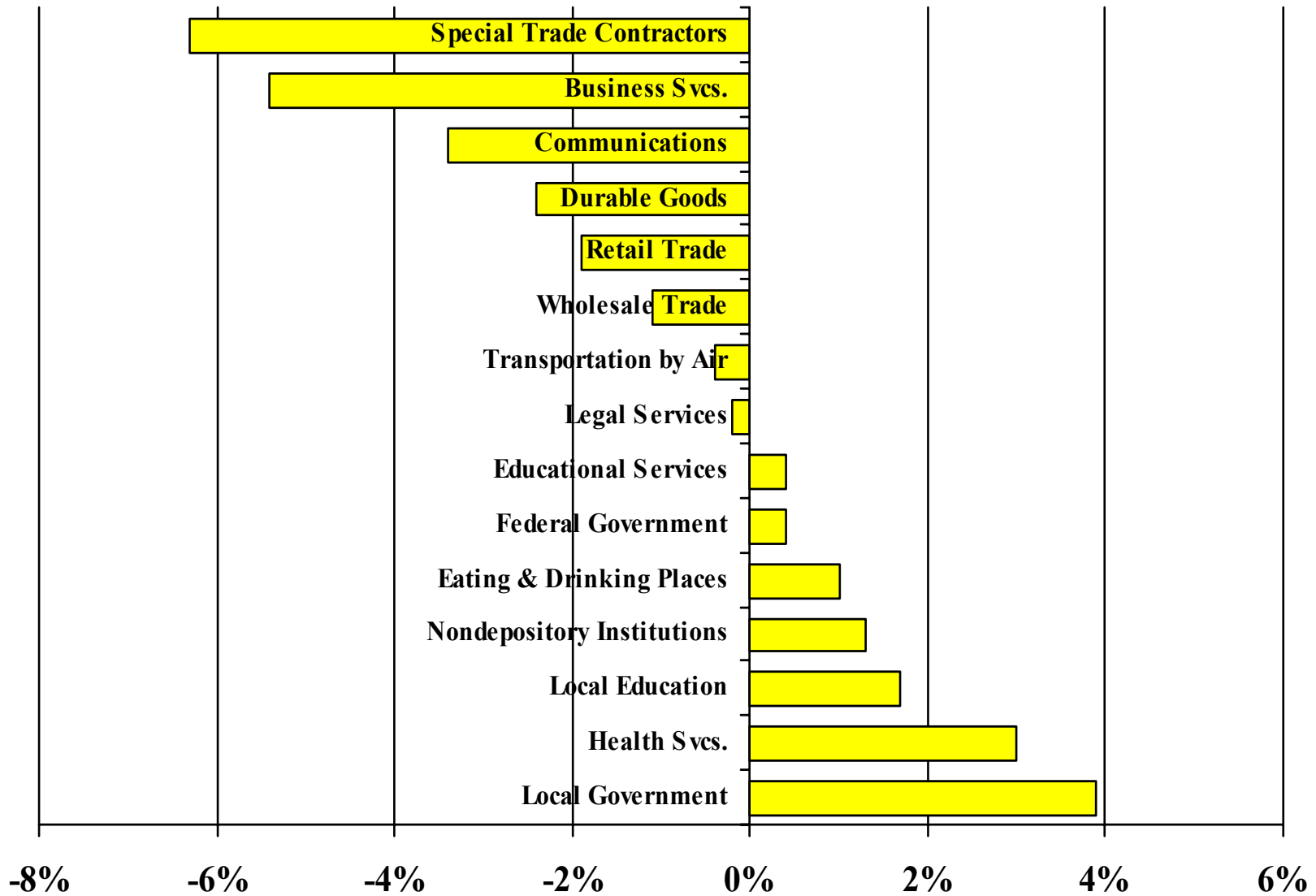
Year-Over-Year Percentage Growth by Quarter



Source: BLS, Ross Research

Percent Change in Employment - Denver MSA

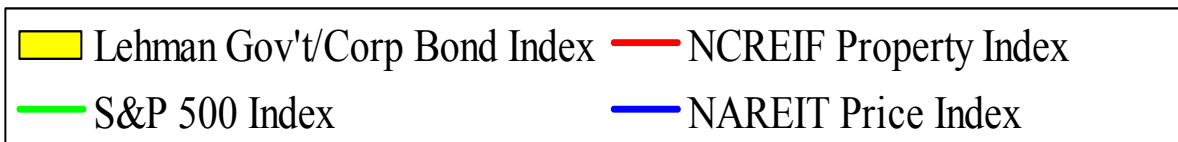
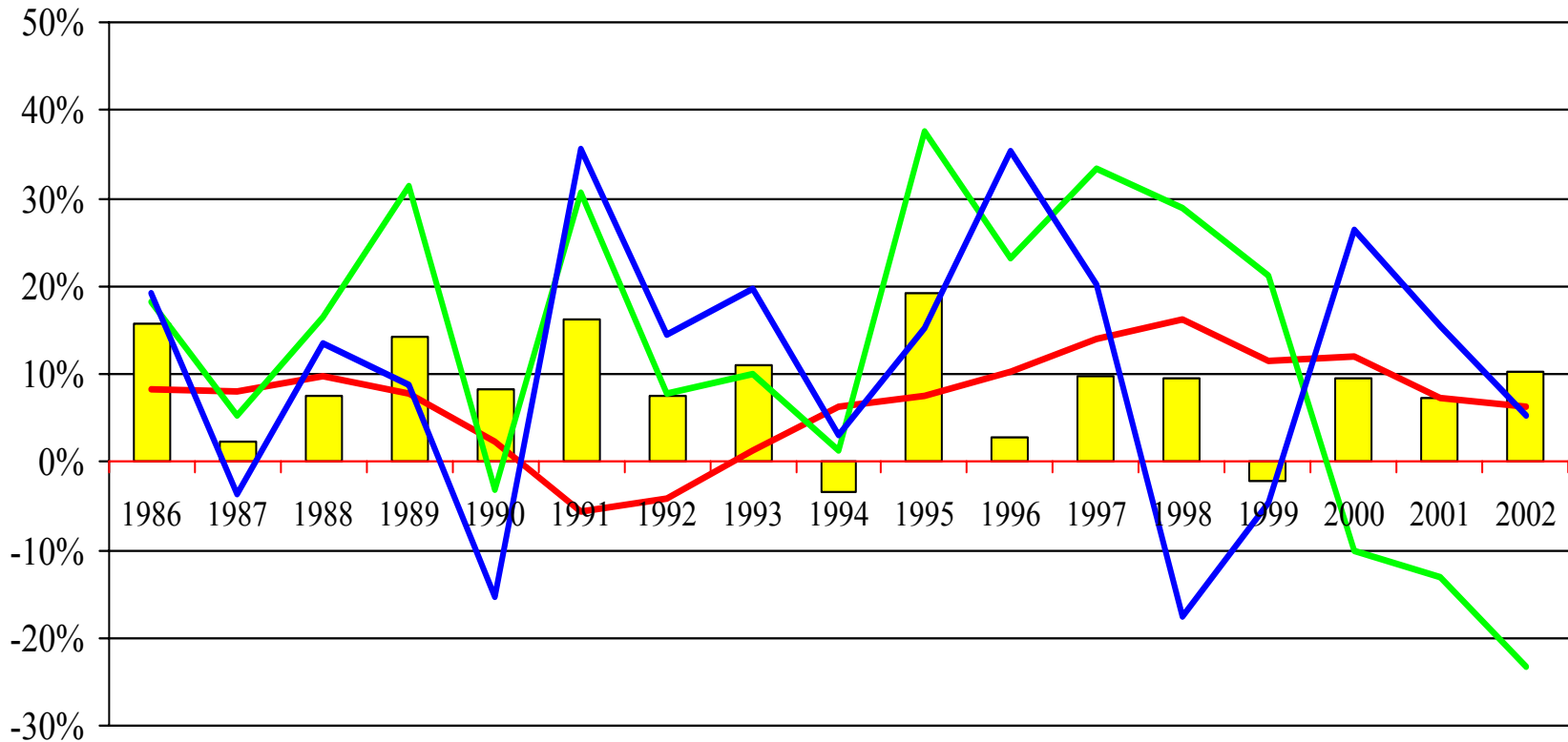
November 02 over November 01



Source: BLS, Ross Research

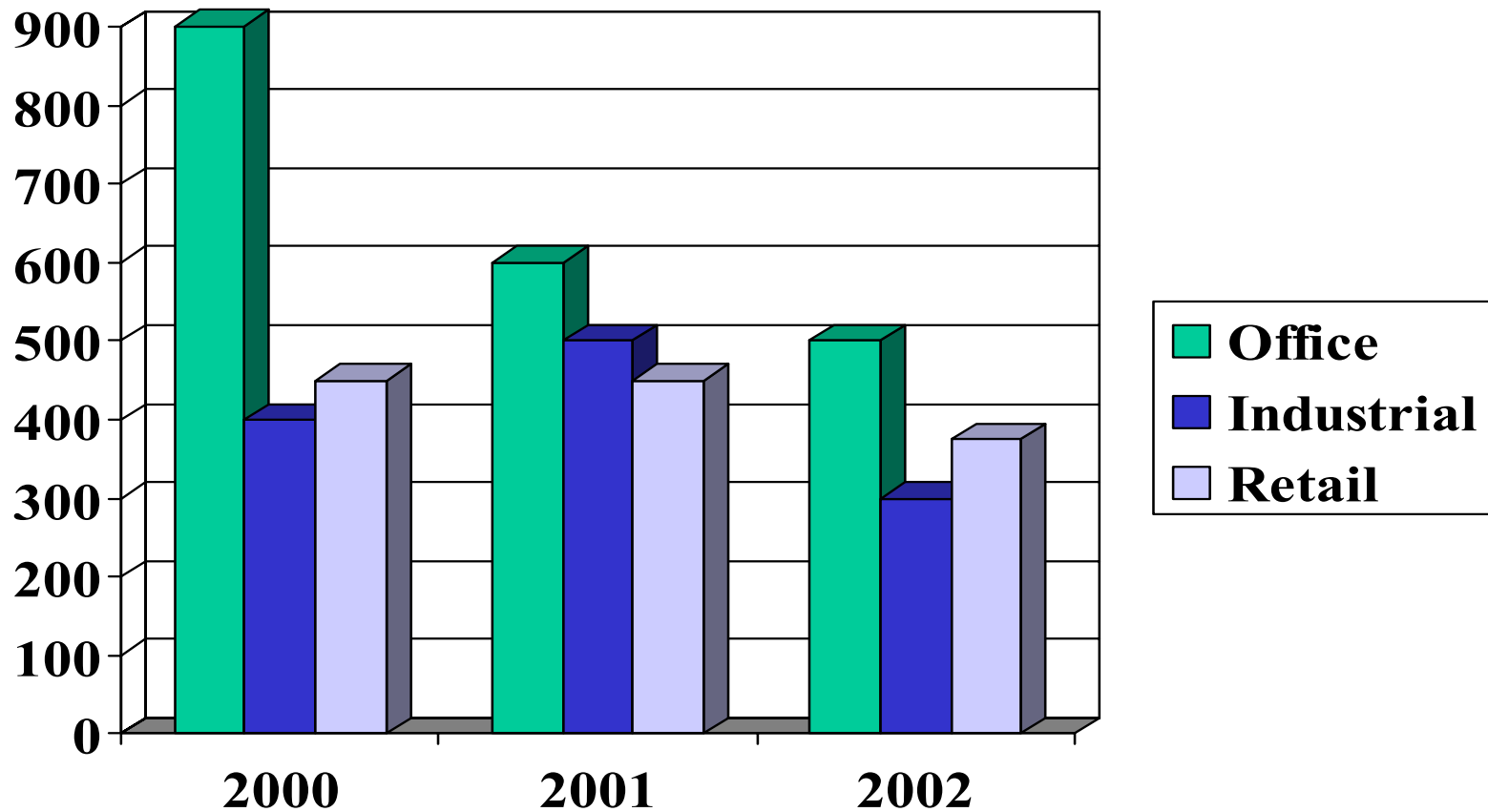
Comparative Investment Performance

Various Asset Classes



Investment Sale Volumes

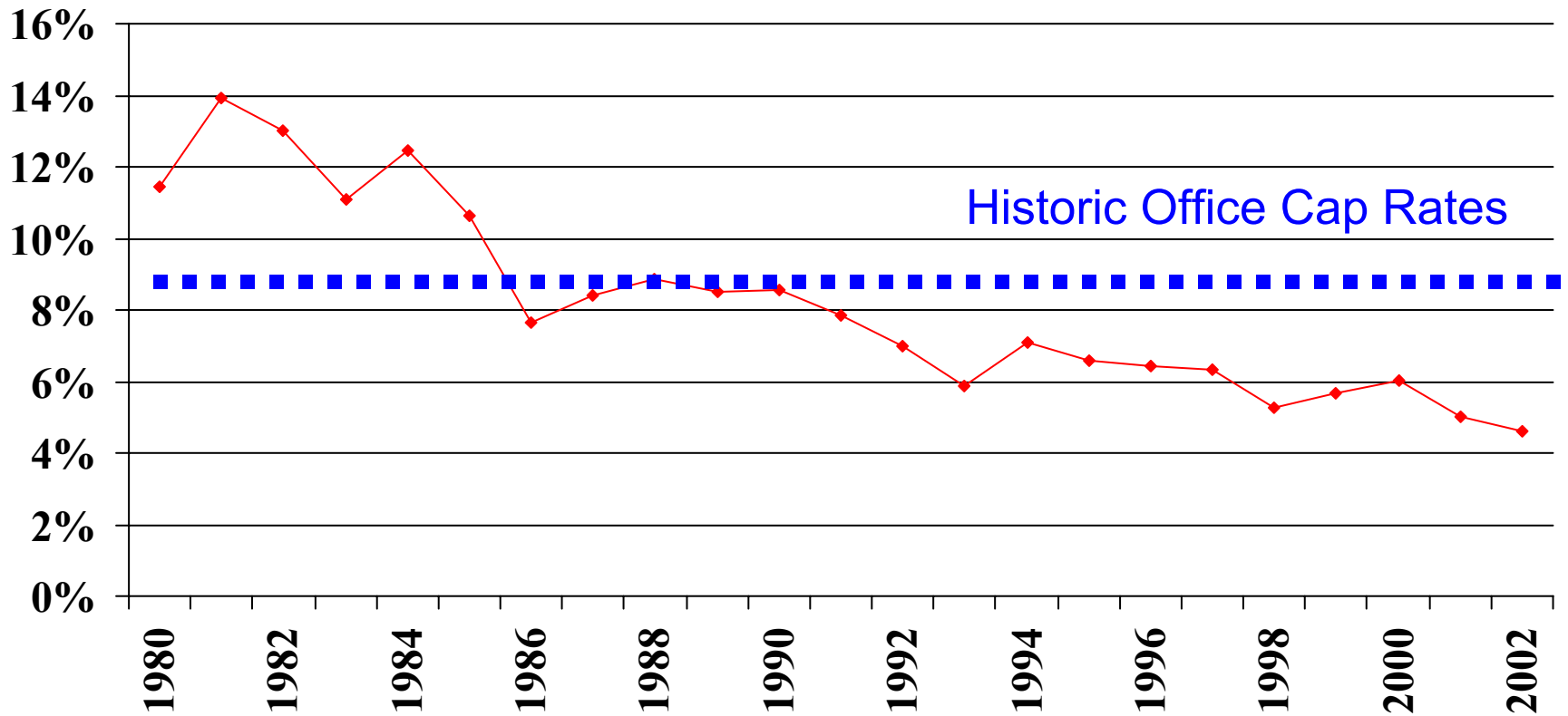
Dollar Volume by Various Product Classes



Source: CoStar Group, Ross Research

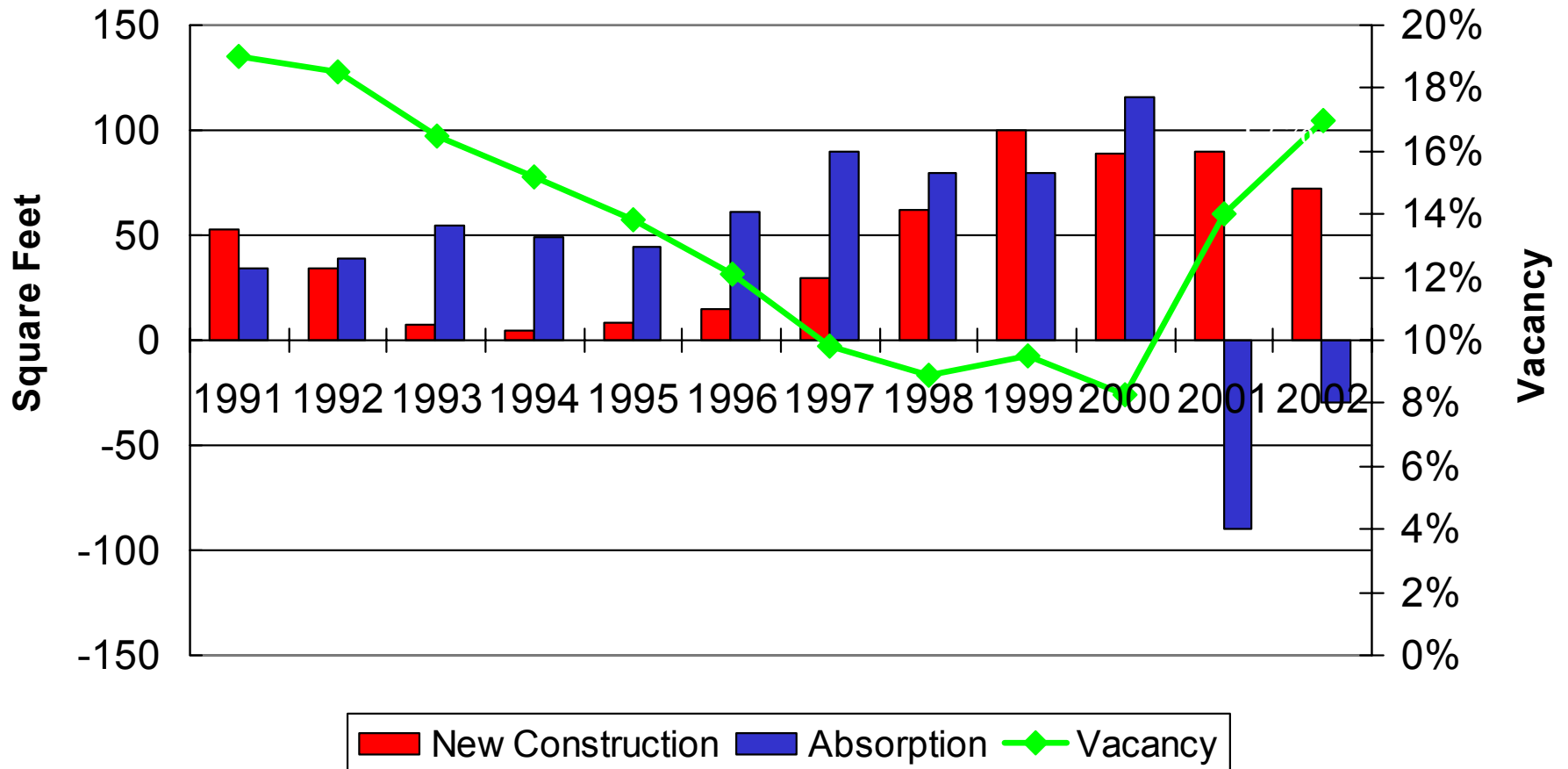
10 Year Treasury Yields

Average 1980 - 2002



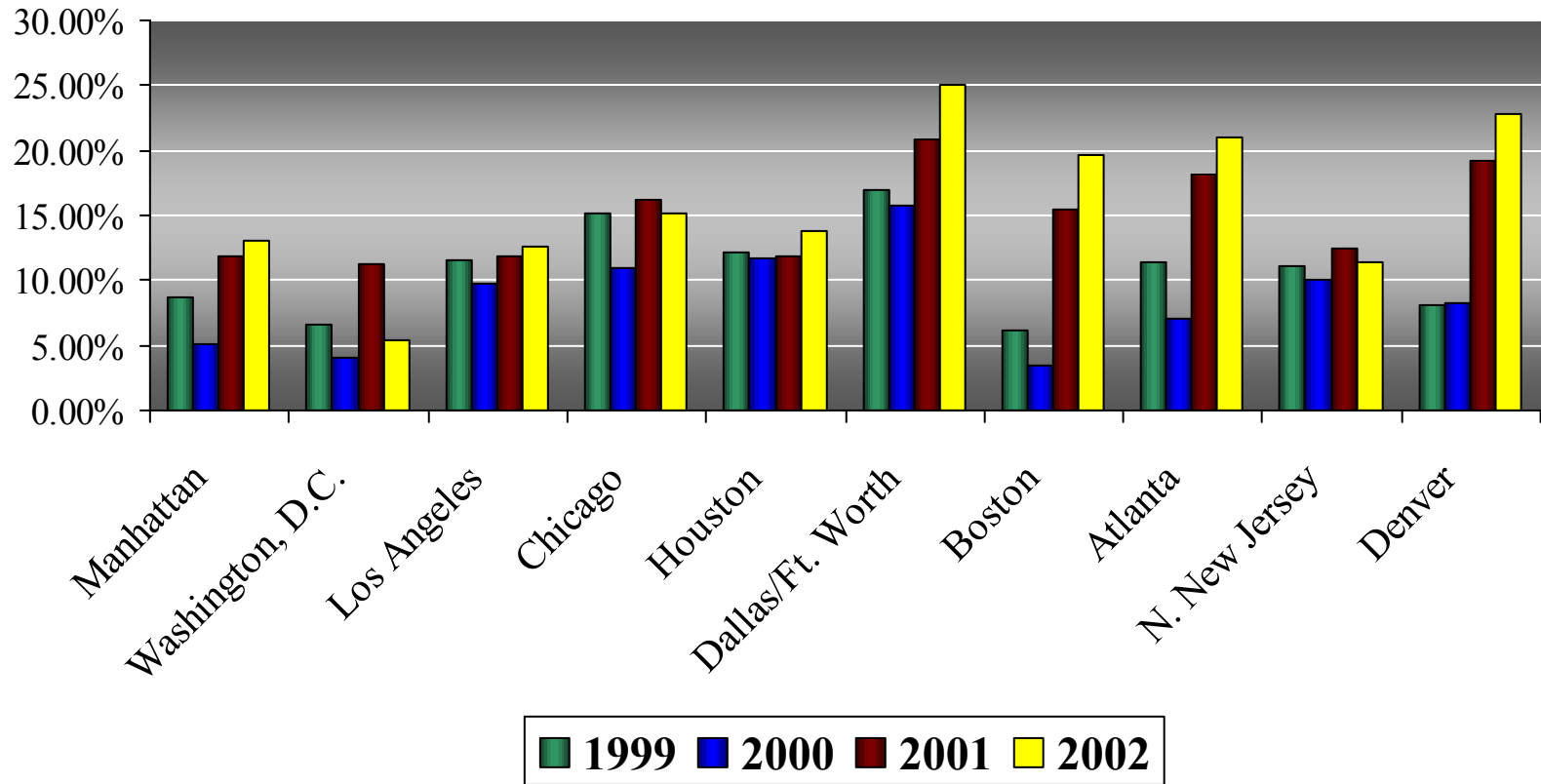
Source: NCREIF, Federal Reserve, Ross Research

National Office Market Balance



Source: Oncor, Ross Research

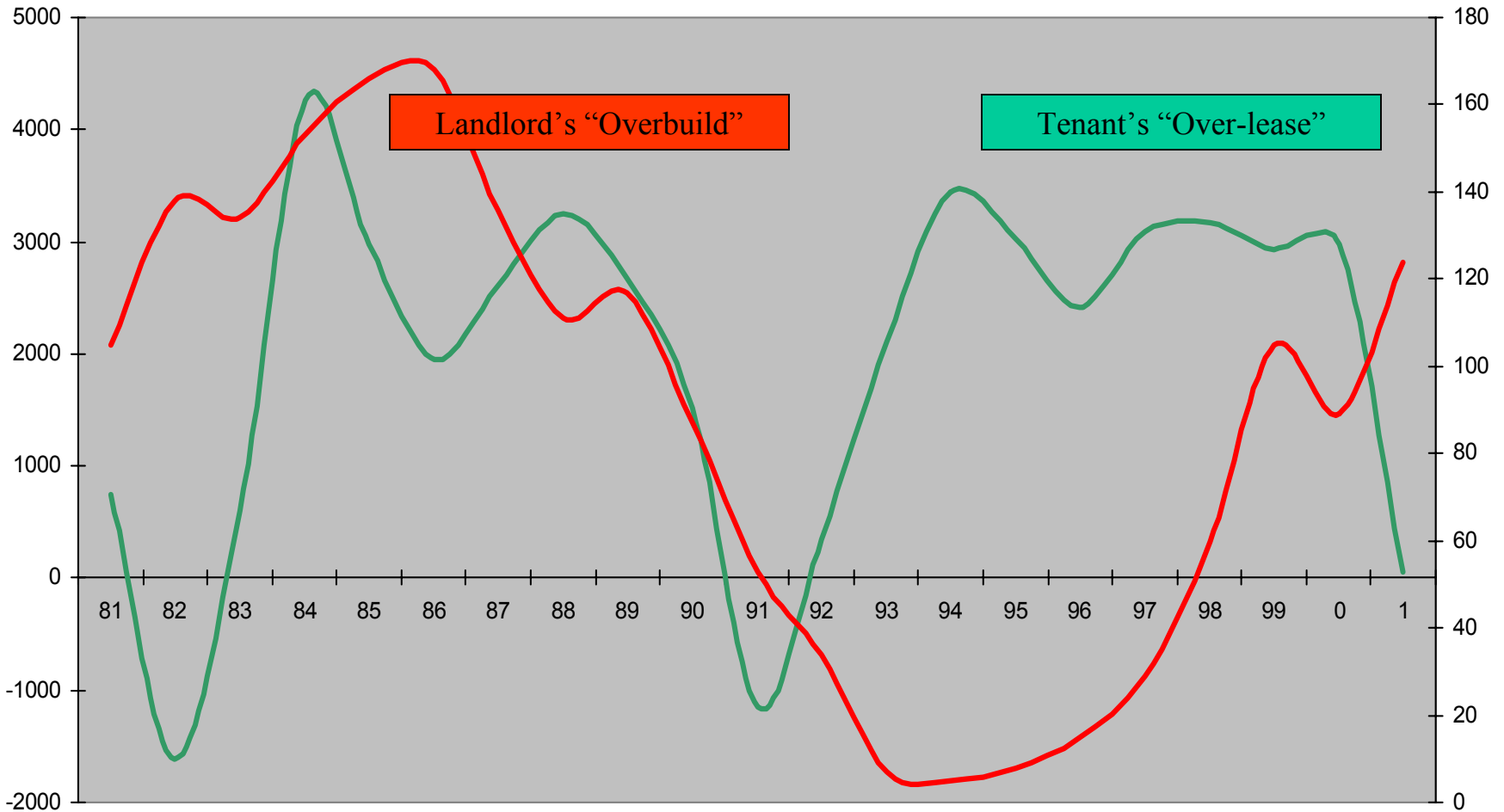
North American Office Market 1999 to 2001 - Change in Vacancy Rates



Source: Oncor, Ross Research

Tenant Hangover

Job Creation (demand) Vs. New Office Construction (supply)



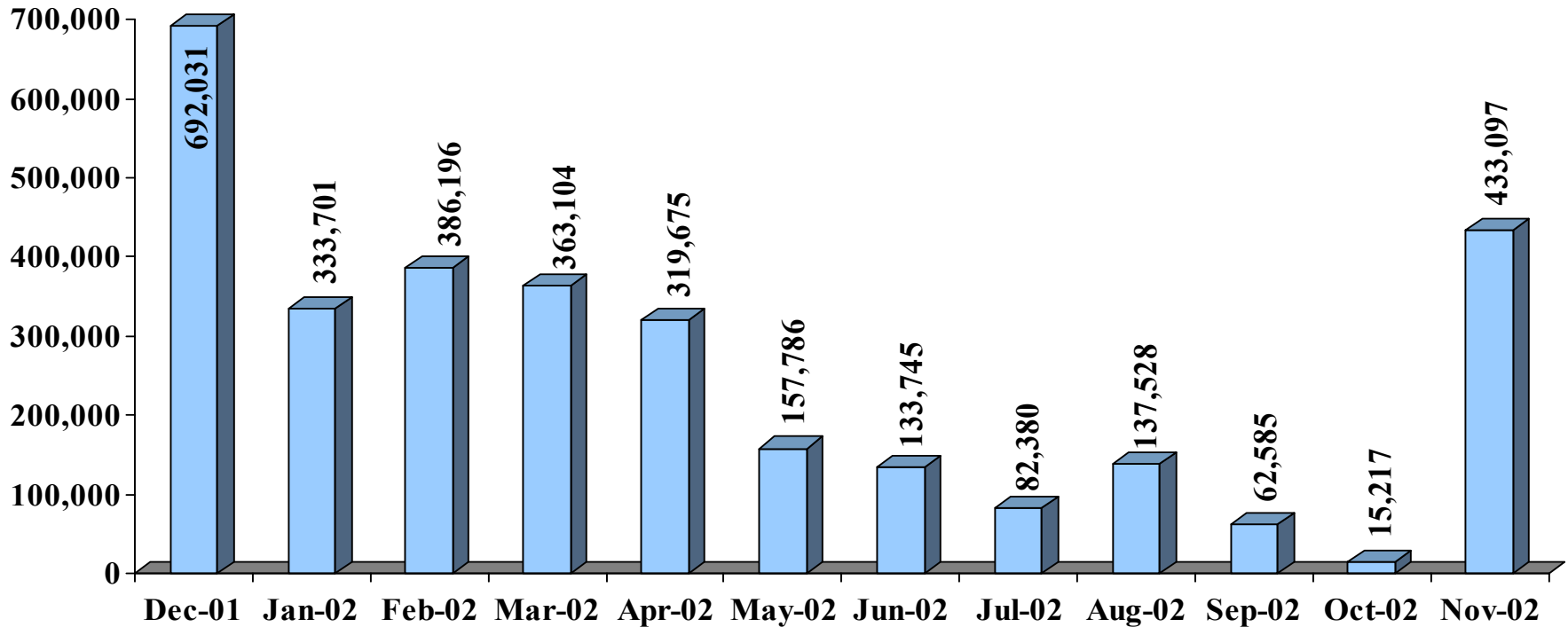
Source: Ross Research Services
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— Job Growth — New Office Buildings

Source: BLS, Oncor, Ross Research

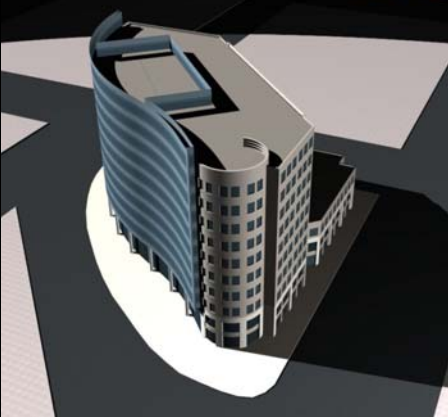
Historical Sublease - Addition to Denver Metro Market

NEW SUBLEASE SPACE
(12 mo avg is 259,754 RSF)
(6 mo avg is 144,092 RSF)



Source: Ross Research

Central Business District



	YE01	YE02
Vacancy Rate	11.80%	16.70%
SF Vacant	2.7 Million	3.87 Million
Absorption	(1,300,000)	(1,100,000)
5 YR Avg. Absorption	534,000	
New Construction U/C	285,000	285,000
Class A Rates	\$26-\$30	\$22-\$30
Sublease	1,200,000	1,000,000

Northwest/Boulder Corridor



	YE01	YE02
Vacancy Rate	35.2%	34.7%
SF Vacant	3.2 Million	3.5 Million
Absorption	60,000	85,000
5 YR Avg. Absorption	400,000	
New Construction U/C	330,000	70,000
Class A Rates	\$20-\$24	\$18-\$24
Sublease	1,000,000	600,000

Southeast Suburban



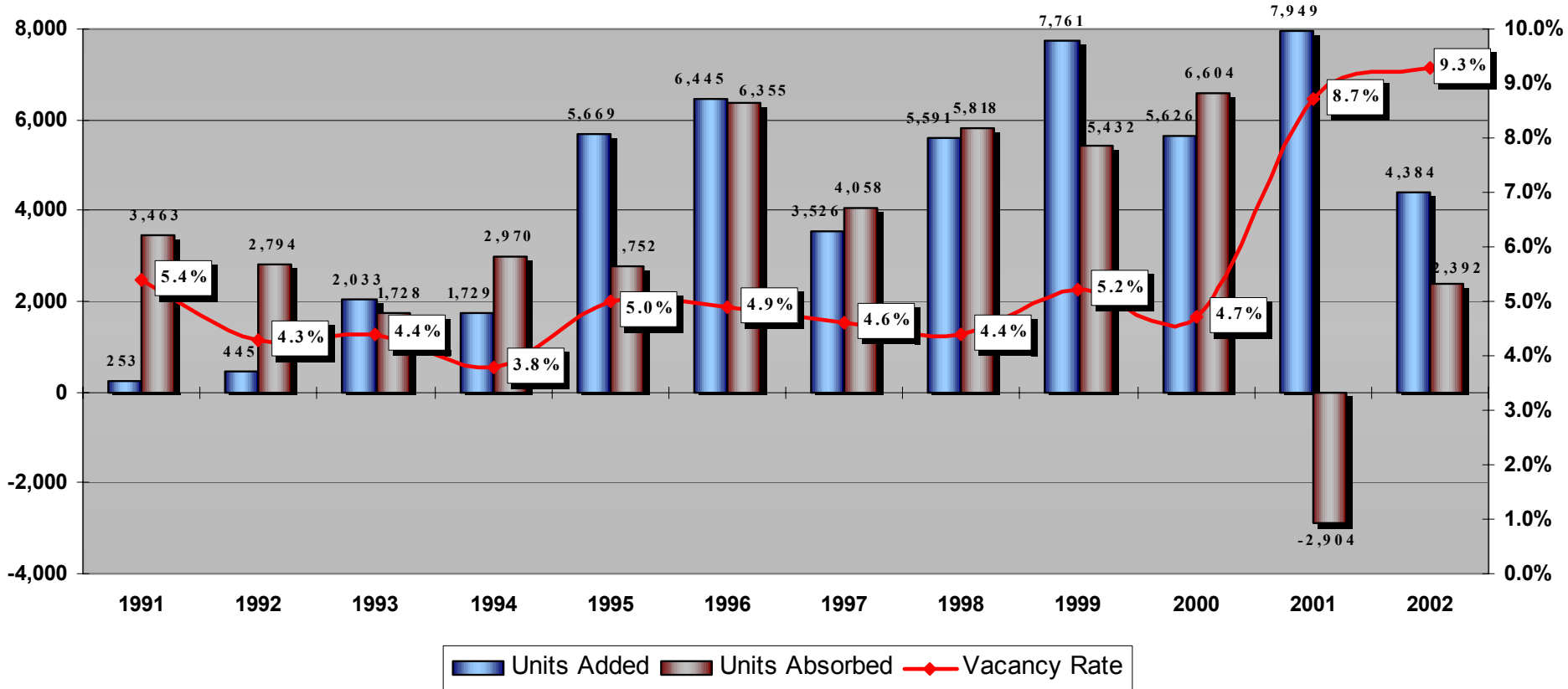
	YE01	YE02
Vacancy Rate	23.4%	27.6%
SF Vacant	6.3 Million	7.7 Million
Absorption	(2,100,000)	(500,000)
5 YR Avg. Absorption	900,000	
New Construction U/C	220,000	116,000
Class A Rates	\$23-\$28	\$20-\$26
Sublease	1,200,000	1,500,000

Total Office Market

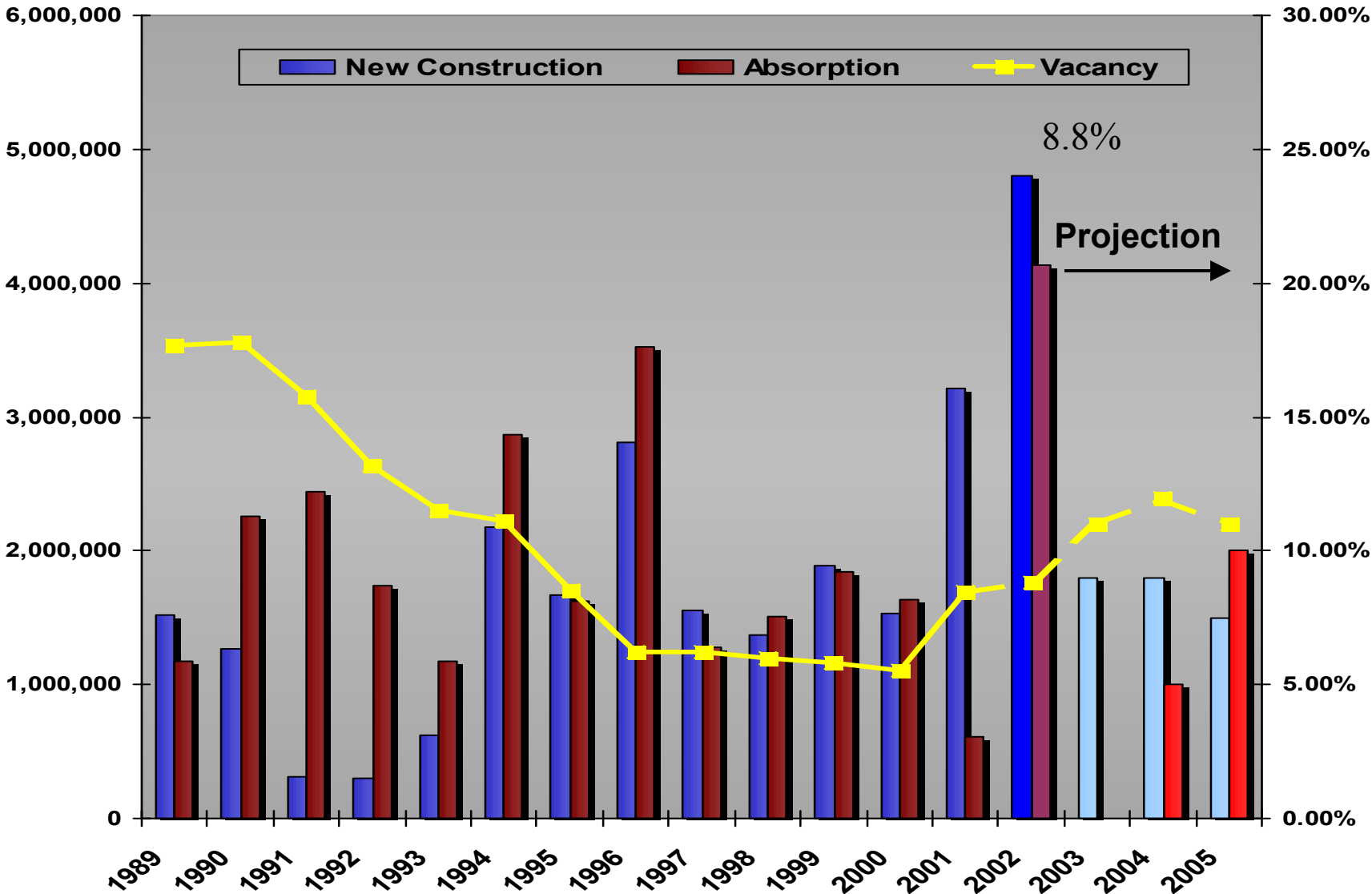


	YE01	YE02
Vacancy Rate	19.29%	22.80%
SF Vacant	15.8 Million	19.2 Million
Sublease	4 Million	3.7 Million
New Construction U/C	1.6 Million	720,000
Absorption	(4.1 Million)	(1.9 Million)
	8.4 million sf	Years to 10%
2000 (Boom) Absorption	3.5 Million	3.0 Yrs
5 YR Median Absorption	2.4 Million	4.5 Yrs

Denver Area Apartment Trends

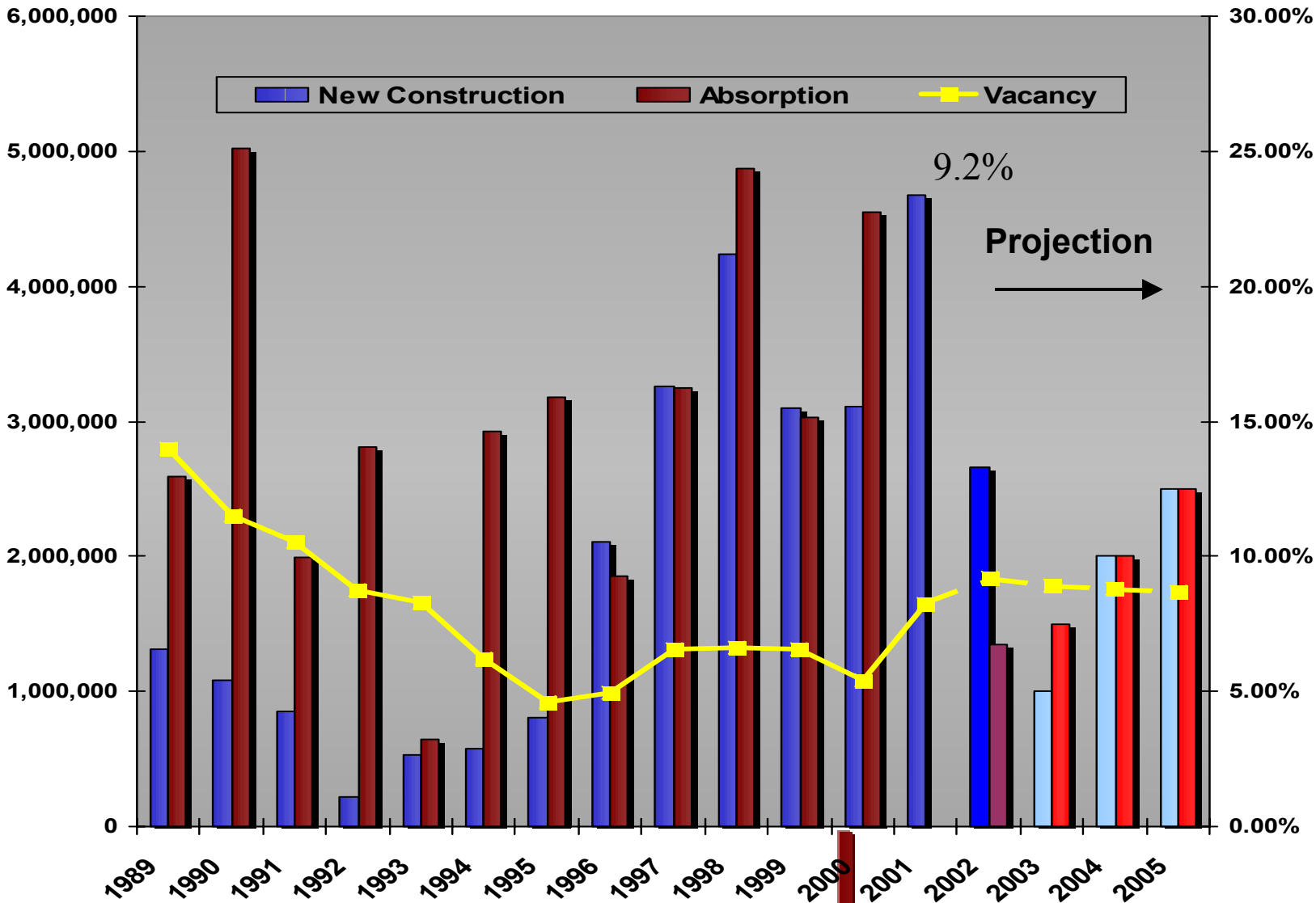


Denver Market Balance: Retail



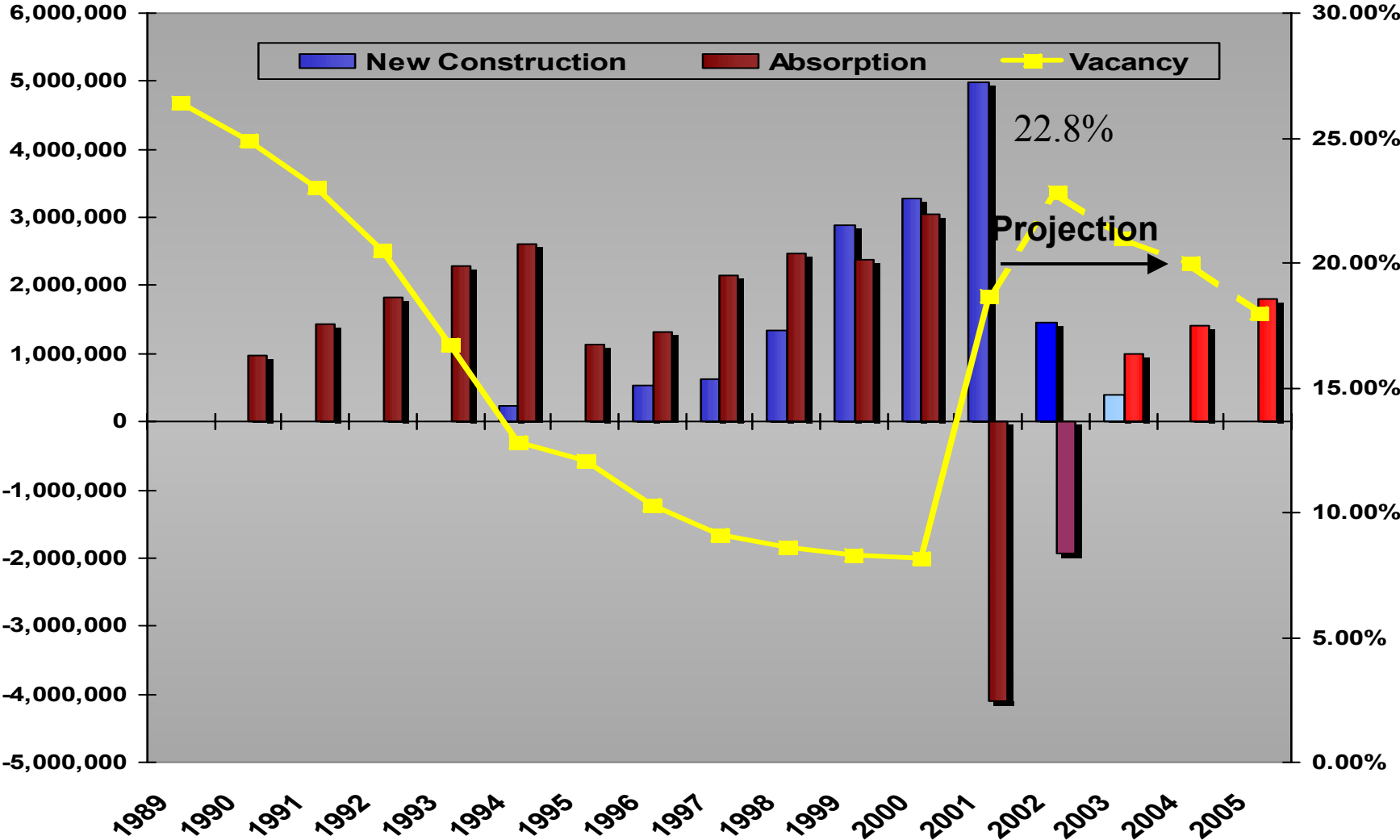
Source: Ross Research.

Denver Market Balance: Industrial



Source: Ross Research.

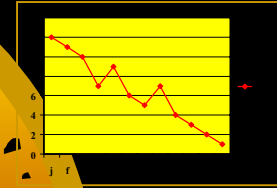
Denver Market Balance: Office



Source: Ross Research.

Economic Clock

Fed Raises Interest Rates
to Cool Economy and Curb
Inflation



Strong Earnings
High Production
High Consumption
High Job Growth
High Wages
Real Estate “Expands”
(Development)

Earnings Decline
Investment Stalls
Layoffs Emerge
Consumption Declines
Real Estate “Contracts”
(Sublet)

Profitability Emerges
Confidence Returns
Investment Returns
Consumption Grows
Real Estate “Emerges”
(Absorption and
Investment)

Earnings Negative
Job Losses Peak
Cost Cutting is King
Real Estate is “Cut”
(Disposition)

P&L’s Stabilize
Capacity and Demand Balance
Real Estate = “Efficiency”
(Densification/Class Moves)

Questions & Answers

