



Metro Denver Office Leasing Update

NAIOP 2017 Mid Year Economic Forecast

Presented by:

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Executive Managing Director
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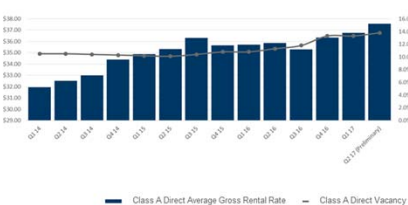
CBD Office Market

Overview



	2016 YE	2Q 2017
Market Size	28,045,368 SF	28,494,538 SF
Direct Vacancy	13.3%	14.6%
Sublease Vacancy	2.9%	2.2%
Overall Vacancy	16.1%	16.8%
Class A Direct Gross Average Rate	\$36.33	\$37.57
Under Construction		1,358,358 SF / 5 buildings 50.1% leased

CBD Class A Direct Rental vs. Direct Vacancy



CBD Direct & Net Absorption



Cherry Creek Office Market Overview

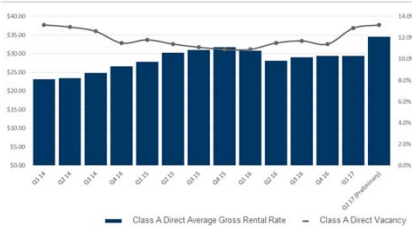


	2016 YE	2Q 2017
Market Size	7,787,471 SF	7,860,702 SF
Direct Vacancy	11.4%	13.2%
Sublease Vacancy	0.3%	0.4%
Overall Vacancy	11.7%	13.6%
Class A Direct Gross Average Rate	\$29.39	\$34.52

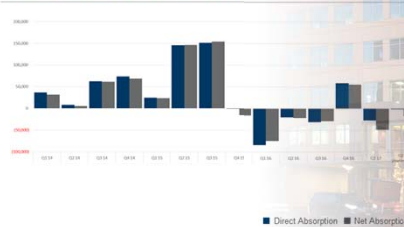
Under Construction

99,774 SF / 1 buildings
0% leased

Cherry Creek Class A Direct Rental vs. Direct Vacancy



Cherry Creek Direct & Net Absorption



Southeast Suburban Office Market Overview

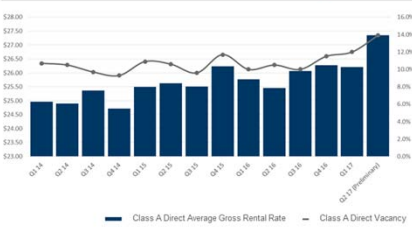


	2016 YE	2Q 2017
Market Size	31,148,368 SF	31,747,934 SF
Direct Vacancy	11.5%	13.9%
Sublease Vacancy	1.6%	1.2%
Overall Vacancy	13.1%	15.1%
Class A Direct Gross Average Rate	\$26.27	\$27.35

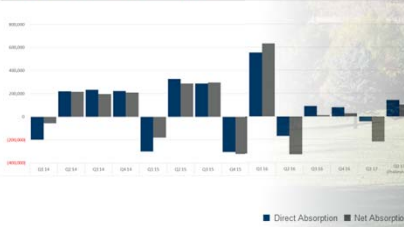
Under Construction

804,689 SF / 5 buildings
30.7% leased

SES Class A Direct Rental vs. Direct Vacancy



SES Direct & Net Absorption

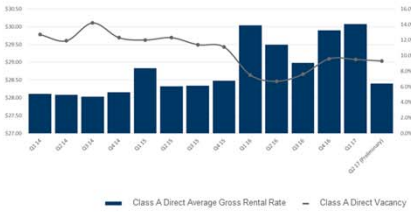


Northwest Office Market Overview

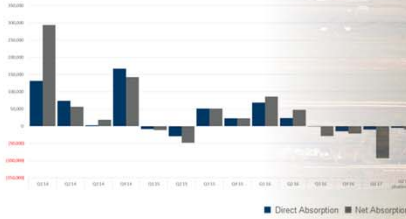


	2016 YE	2Q 2017
Market Size	13,845,204 SF	13,904,687 SF
Direct Vacancy	10.5%	10.0%
Sublease Vacancy	0.6%	1.4%
Overall Vacancy	11.1%	11.5%
Class A Direct Gross Average Rate	\$26.36	\$27.12
Under Construction	248,914 SF / 3 buildings 0% leased	

NW Class A Direct Rental vs. Direct Vacancy



NW Direct & Net Absorption

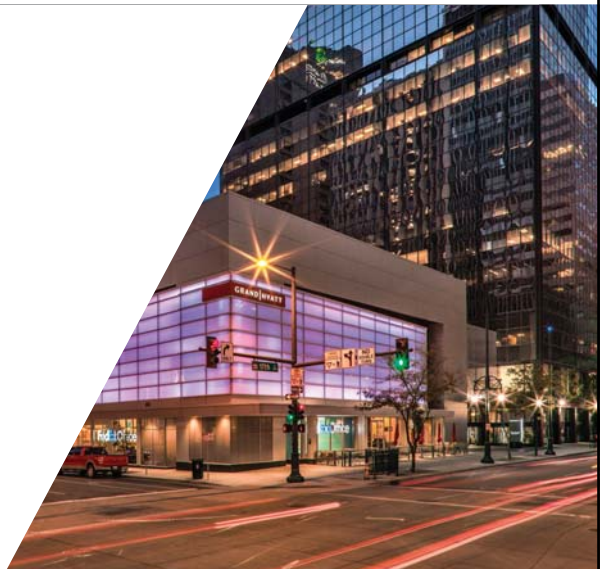


Forecast Vacancy



Vacancy will trend downward due to:

- New construction leasing
- Business confidence and expansion
- Continued growth in tech sector
- Stabilization of oil and gas sector



Forecast

Absorption & Rental Rates



- New construction market-wide will be 85% leased by year end 2017
- New speculative construction to be announced by year end in CBD and SES
- Absorption in existing product to remain flat through 2017
- Overall rental rates will continue to grow due to new construction
- Older Class A product rental rates to remain flat through 2017

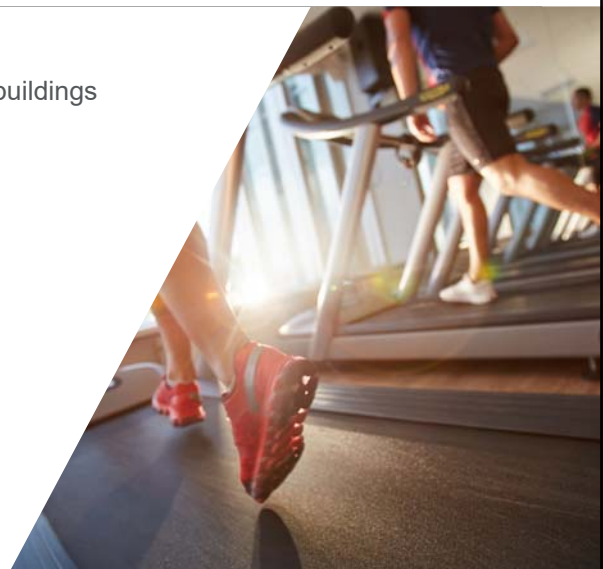


Forecast

Amenities, Amenities, Amenities!



- Tenants will continue to demand more from office buildings (Amenities, Amenities, Amenities)
- Flight to quality and/or amenitized assets (recruit and retain)
- If you build it, they will come (progressive vacancy prep & spec suites)



Forecast

Concerns



- Rising cost of tenant improvements
- Increasing real estate taxes
- Low unemployment rate
- Rising home prices and cost of living



Thank you!

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