

NAIOP MID-YEAR FORECAST *LAND MARKET*

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Current Market Conditions

Denver's Strengths:

- Long-term population growth
- Positive job growth in 2008
- Diversified economy
- Comparison to other markets

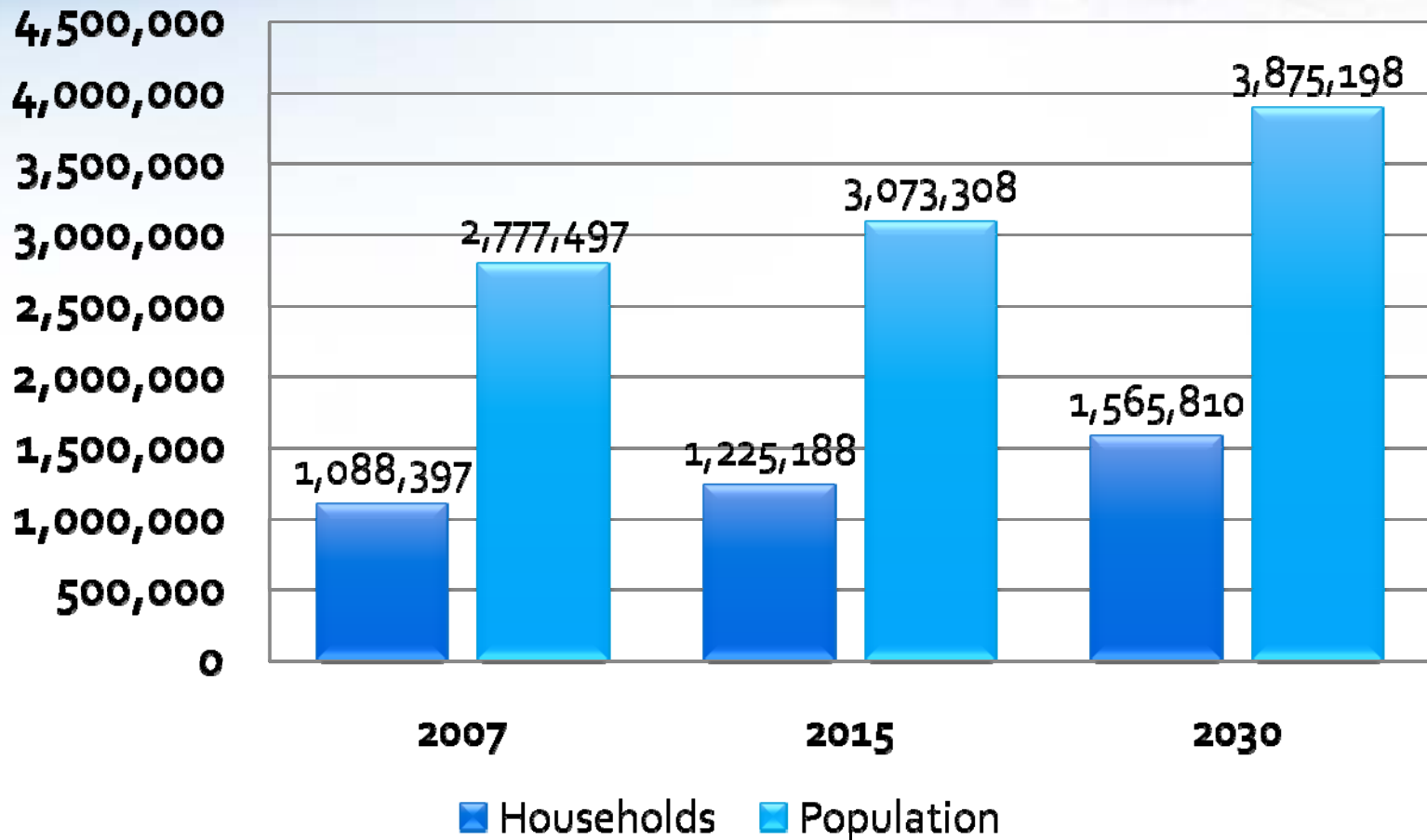
Current Market Conditions

Denver's Challenges:

- High inventory of homes
- High rate of foreclosures
- Surplus of platted lots
- Market perception

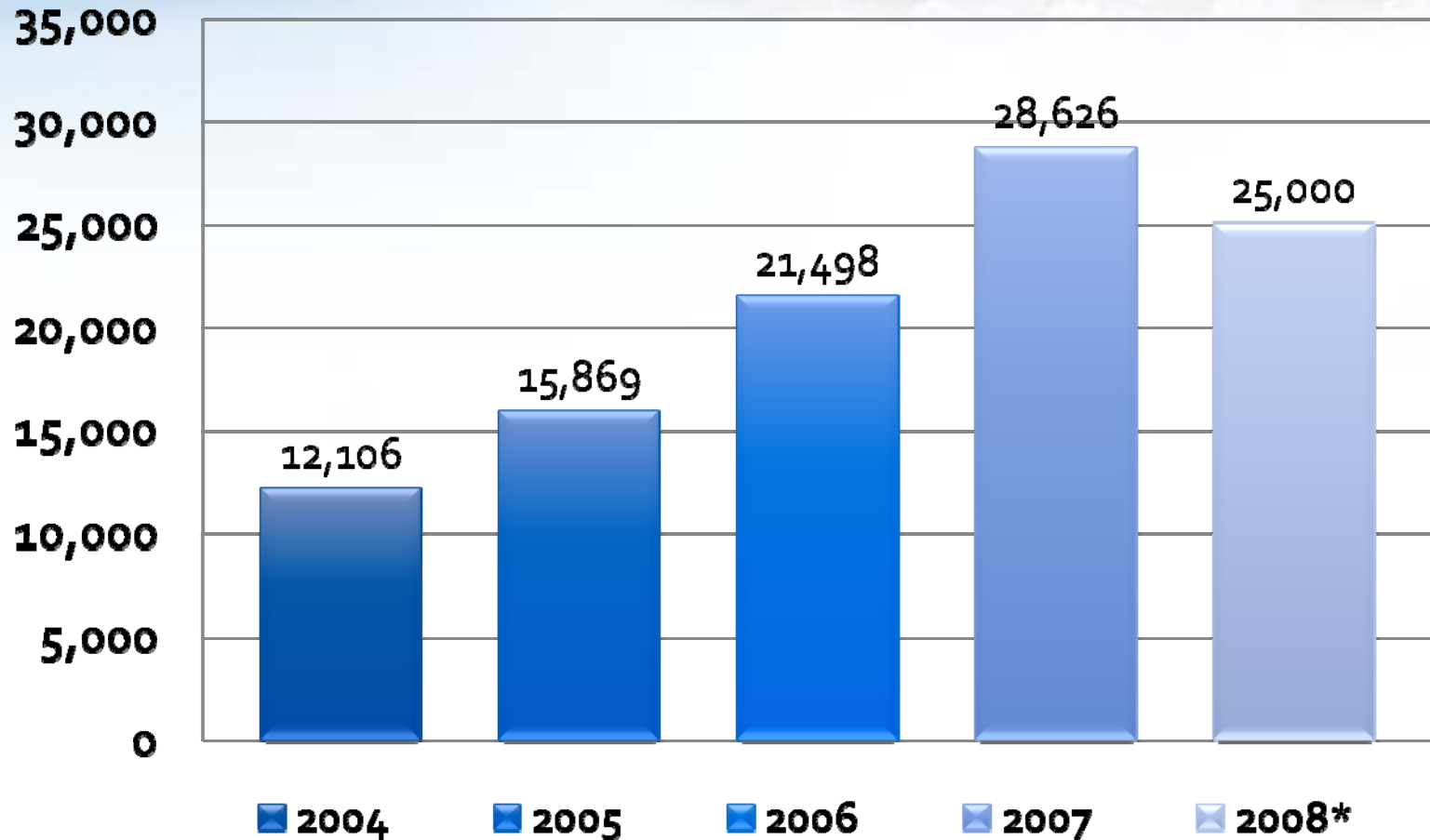
Population and Household Estimates

Denver Metropolitan Area



Foreclosure Filings

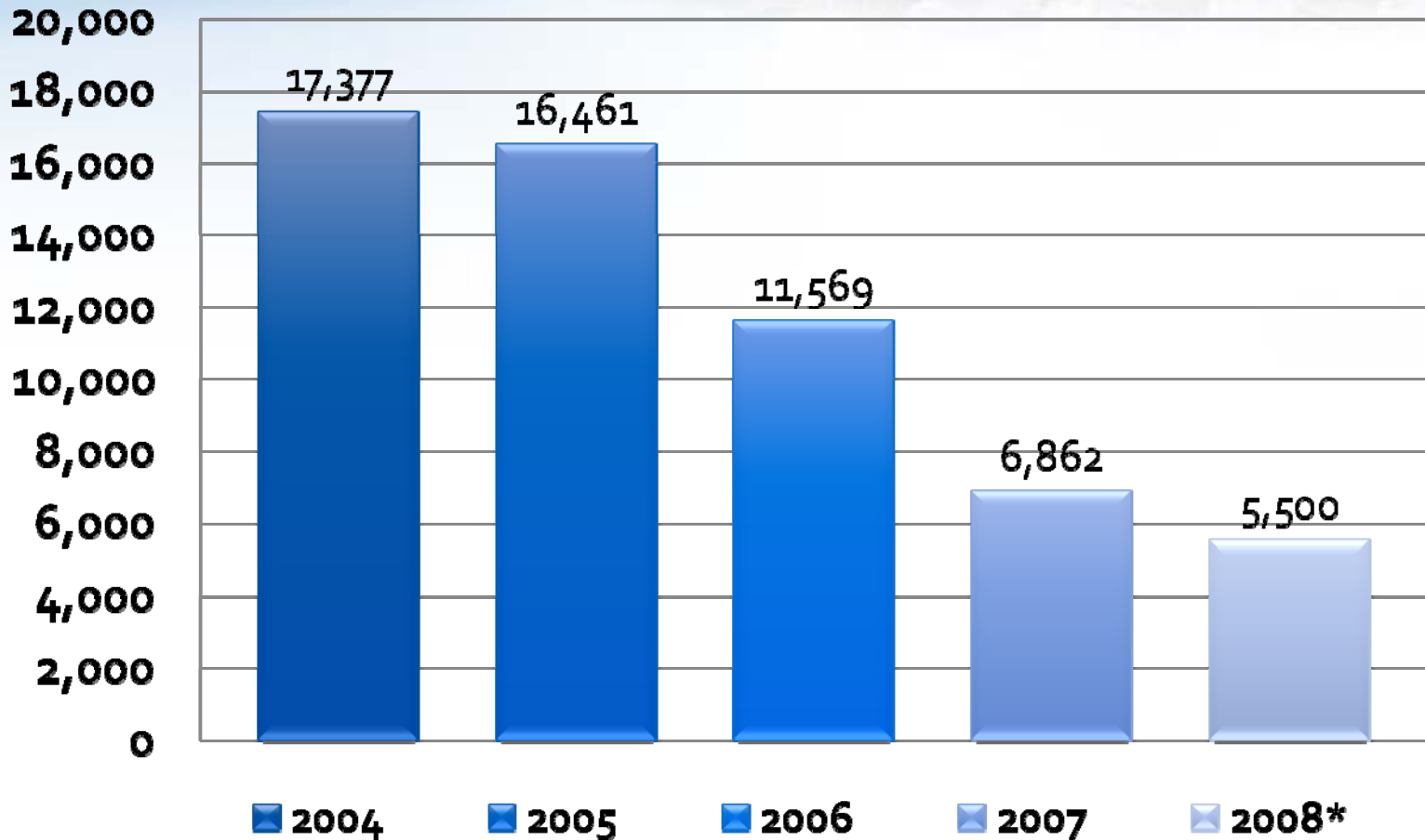
8 County Denver Metro Area



**Forecasted by Fuller Real Estate*

Single-Family Building Permits

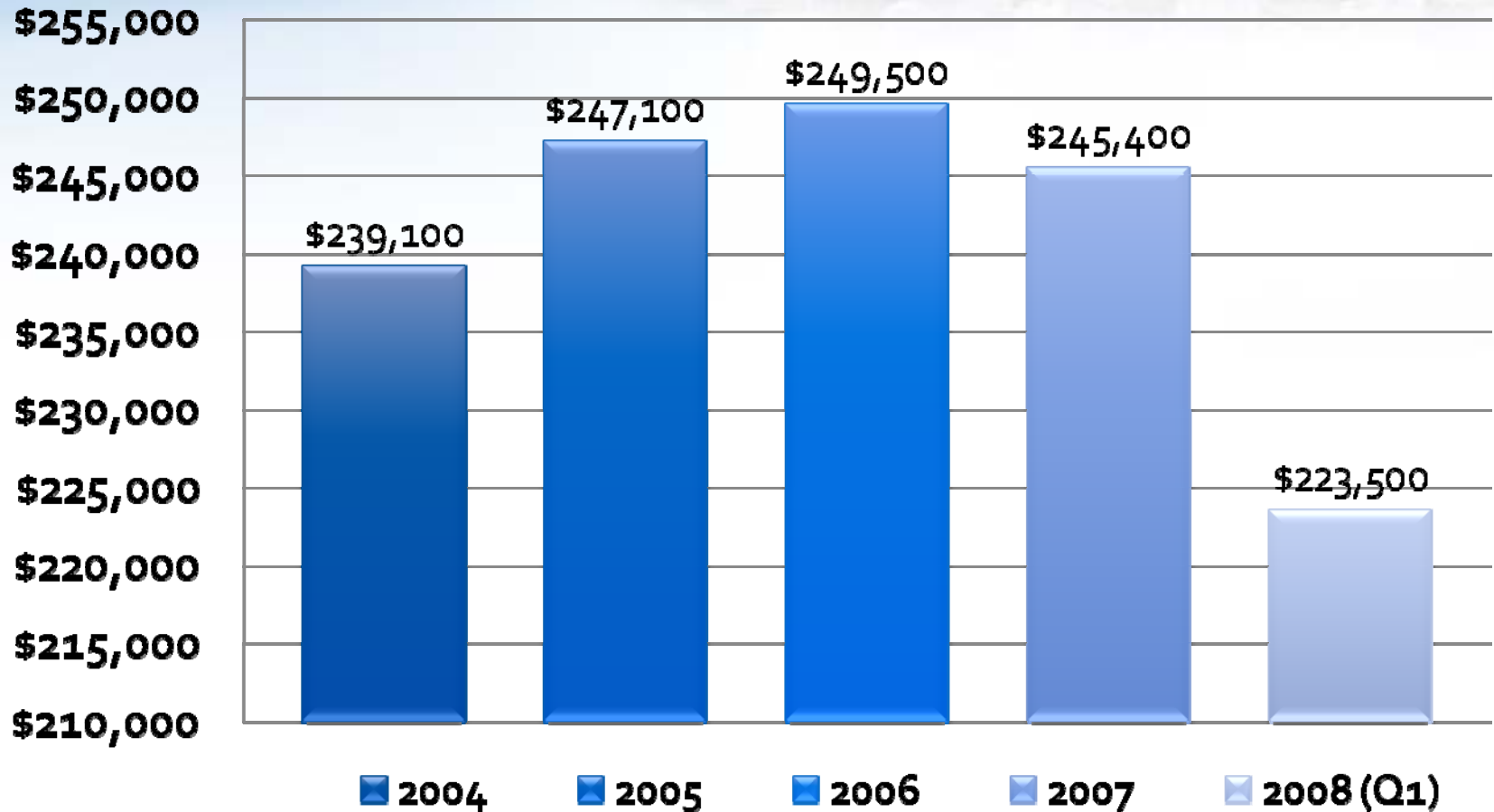
Denver Metropolitan Area



**Forecasted by Fuller Real Estate*

Single-Family Median Home Price

Denver Metropolitan Area



Forecasted Market Conditions

- Foreclosures will decrease in 2008 and trend downward thereafter
- Residential permits will bottom out in 2008 and 2009
- Supply of homes on the market will decrease
- Denver will not experience significant additional depreciation in home values

Land Prices

Where are they today from 2007?

• Residential



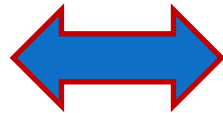
20% to 30%

• Retail



5% to 10%

• Office



Flat

• Industrial



Flat

Land Prices

Where are they headed in the second half of 2008?

- Residential



Additional 10% to 20%

- Retail



Additional 10% to 15%

- Office



5% to 10%

- Industrial



Flat

Forecast for Land Market

Second Half of 2008

- **Sellers will show more motivation**
- **Banks will play greater role**
- **Land investors will continue to be selective**
- **Builders will re-enter the market (slowly)**
- **Increase in transaction volume**
- **Recovery will be on the horizon**