

DEAR MR. LUCAS,

6 MONTHS AGO I JOINED NAIOP AND
BEGAN A CAREER AS A COMMERCIAL REAL
ESTATE BROKER.

DID I MAKE THE RIGHT DECISION?

*LOST IN SPACE -
DENVER, CO*

Denver Office Market Overview

Is the glass
half full or
half empty?



Panel DISCUSSION 10-20-10

Vacancy & Absorption

VACANCY

• METRO WIDE	14.5%
• CBD	14.0%
• SOUTHEAST	17.5%
• NORTHWEST	14.0%

ABSORPTION

• METRO WIDE	1,258,000 SF
• CBD	847,296 SF
• SOUTHEAST	226,773 SF
• NORTHWEST	118,902 SF



Panel DISCUSSION 10-20-10

Large Blocks of Space

How many
and where
are they?



Panel DISCUSSION 10-20-10

Large Blocks of Space

OVER 50,000 SF - 49 BUILDINGS IN DENVER METRO

OVER 100,000 SF - 14 BUILDINGS IN DENVER METRO



Size Matters

Where were the big deals in 2010?

Over 100,000 SF
5 new leases

Over 50,000 SF
20 new leases

Largest Deal YTD

United Launch
Alliance
452,733 SF



Panel DISCUSSION 10-20-10

Sublease Space

The good, the bad
and the ugly . . .

GOOD -

2.7 million feet
available

BAD -

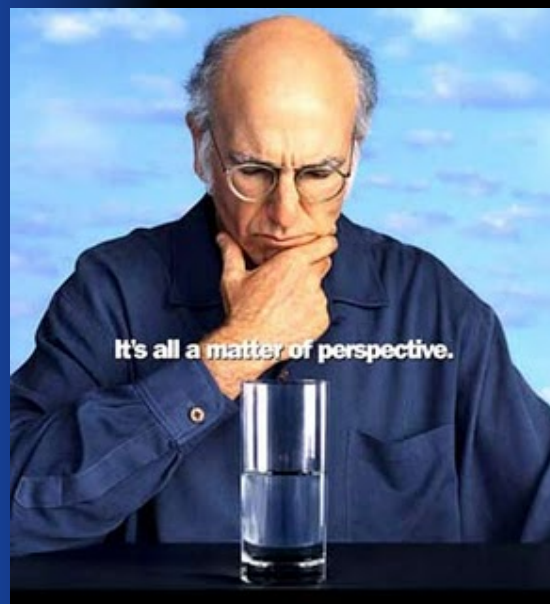
Most are short
term converting
to direct space in
1-3 years

UGLY -

Sublessor credit
issues



Panel DISCUSSION 10-20-10



Glass Half Full? Or Half Empty?

	Metro	CBD	SES	Northwest
Glass:	½ Full	½ Full	½ Empty	½ Empty
Inventory:	179.3 m SF	23.3 m SF	41.2 m SF	15.2 m SF
Current Vacancy (Sq Ft):	25,578,939	3,367,494	7,263,809	2,141,576
Current Vacancy (%):	14.3%	14.4%	17.6%	14.1%
Year End '09 Vacancy:	14.6%	13.7%	17.3%	11.3%
Net Absorption:	1,298,323 SF	847,000 SF	226,773 SF	118,902 SF



Panel DISCUSSION 10-20-10

The Extended Forecast *Southeast and Northwest*

- RENTS DROP OVER THE NEXT 12 MONTHS
- LITTLE CHANGE IN THE VACANCY RATE FOR THE NEXT 12 MONTHS
- LEASING ACTIVITY WILL PICK-UP
- TENANTS WILL PURSUE STRONG, STABLE OWNERS WITH CASH
- COMPETITION ON ALL LEVELS WILL BE MORE FIERCE



Panel DISCUSSION 10-20-10

The Extended Forecast

CBD

- STABILIZED RENTS, BUT NOT RENT APPRECIATION IN THE NEXT 12 MONTHS
- VACANCY TO DECLINE SLOWLY IN THE NEXT 12 – 18 MONTHS
- LEASING ACTIVITY TO INCREASE FOR THE NEXT 12 – 24 MONTHS
- TENANTS WILL PURSUE STRONG, STABLE OWNERS WITH CASH
- SMALLER TENANTS WILL MOVE OUT OF THEIR BASEMENTS
- CONCESSIONS WILL SLOWLY DIMINISH



Panel DISCUSSION 10-20-10

