

NAIOP BREAKFAST

Jim Bolt

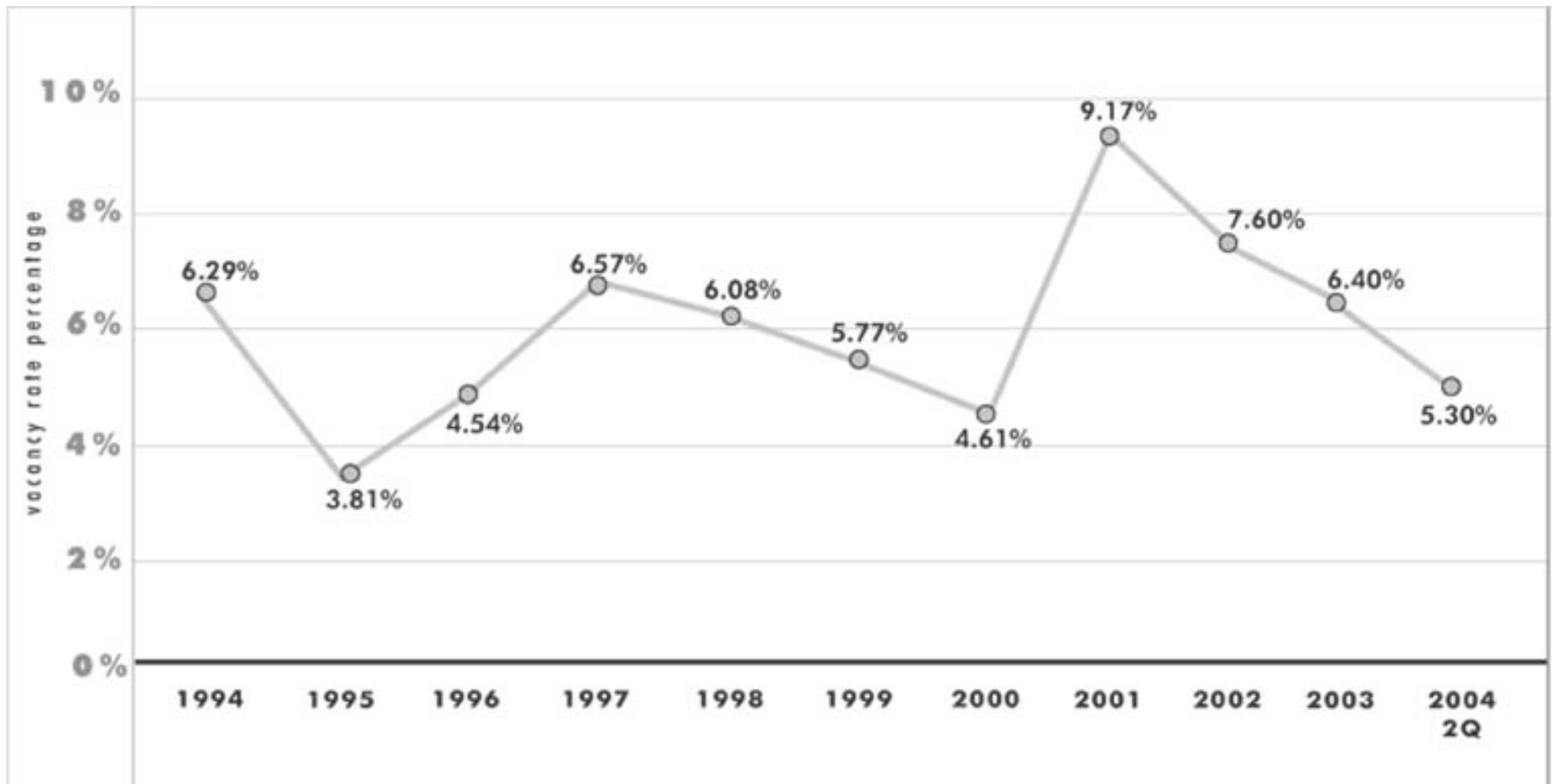
**Senior Vice President
Industrial Services**



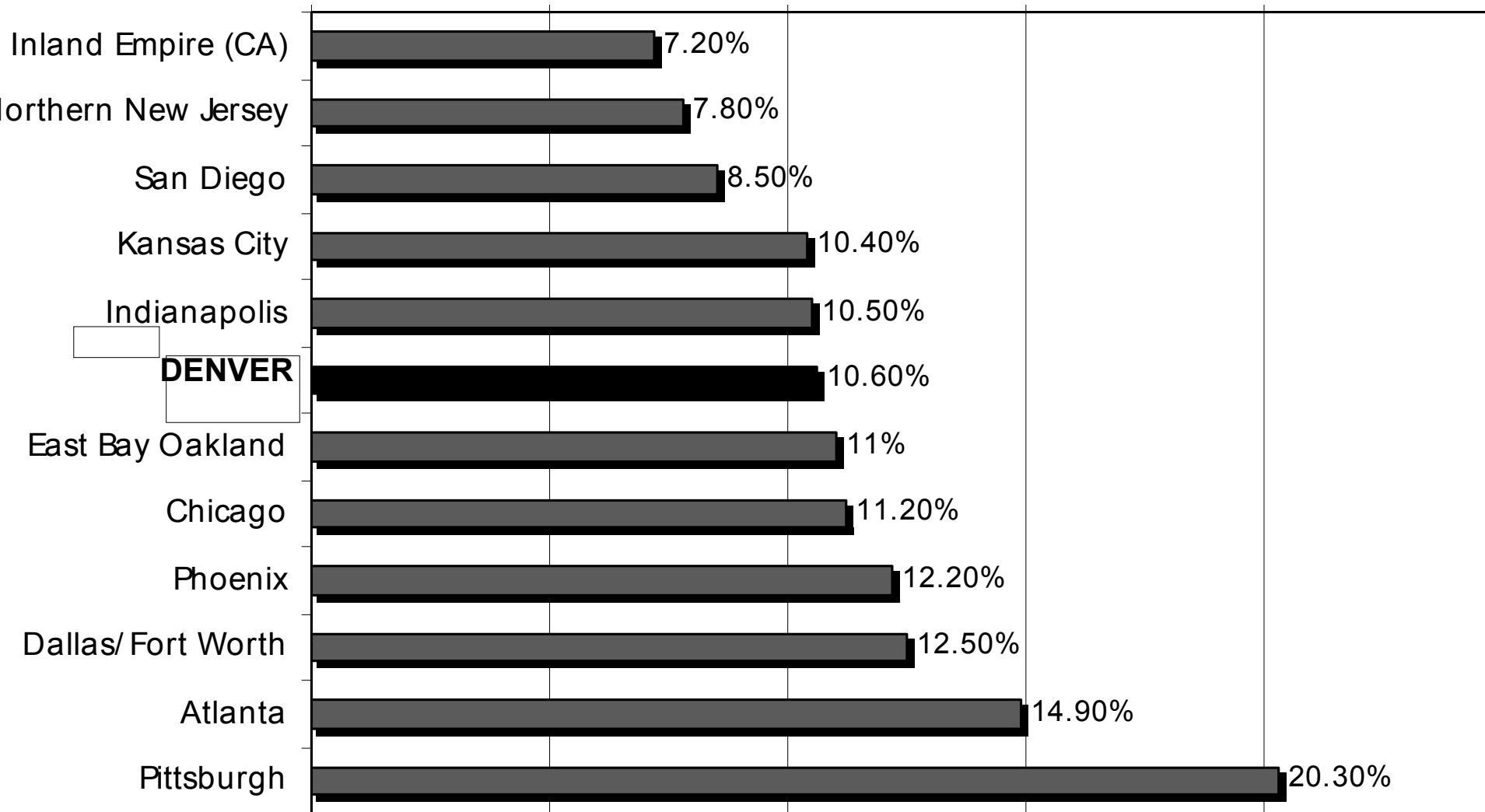
July 13, 2004

CBRE
CB RICHARD ELLIOTT

- **+/- 190 Million Square Feet.**
- **19th Largest Industrial Market.**
- **2nd Tier Distribution Market.**
- **Center of the Rocky Mountain Region.**
- **Large Geography.**
- **Small Population.**
- **Key Location for National Users.**

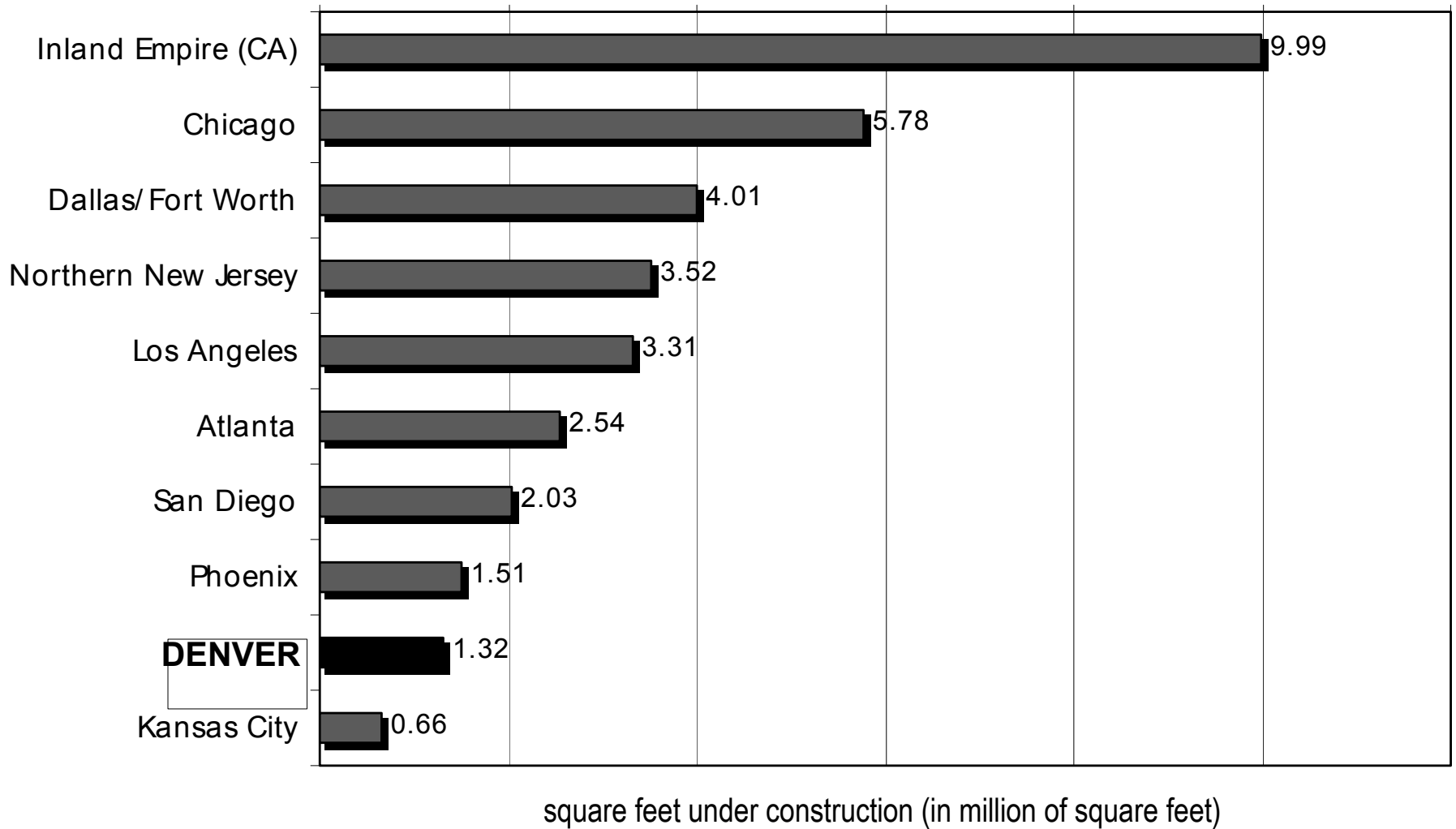


U.S. Industrial Markets Ranked by % Vacant for 1st Quarter 2004

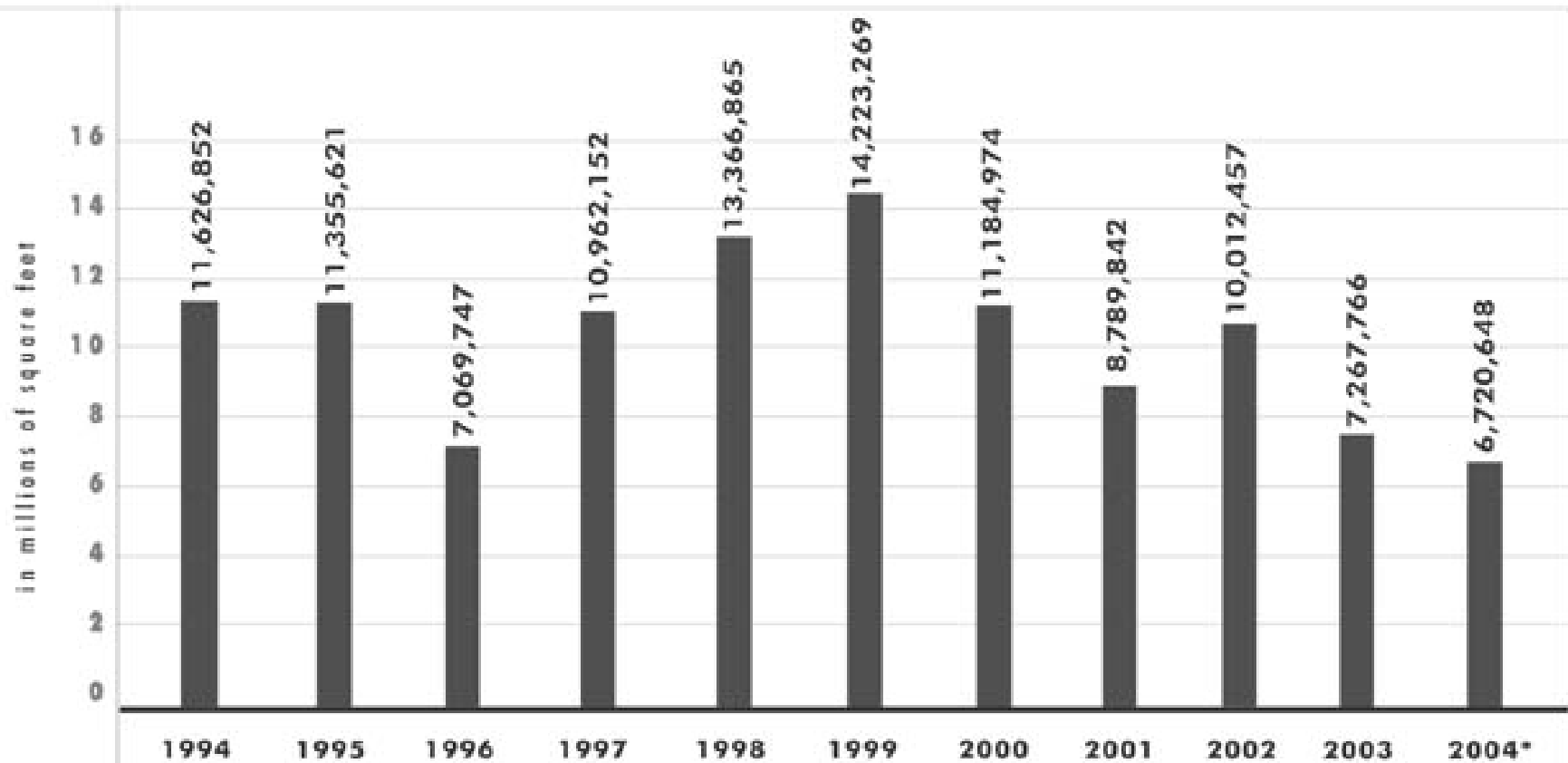


* As reported by CoStar Advisor, Volume 5, Issue 2, Spring 2004

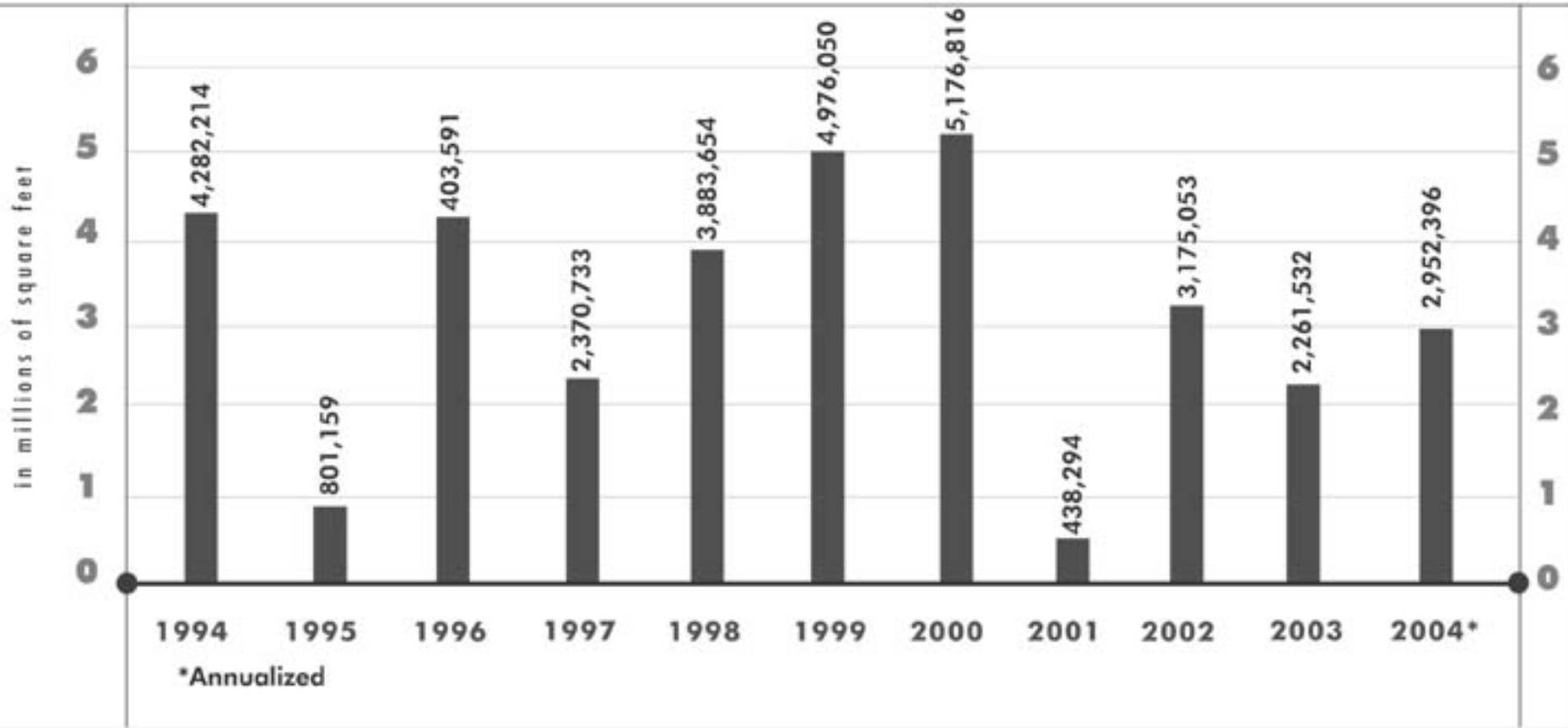
U.S. Industrial Markets Ranked by Under Construction SF for 1st Quarter 2004



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*Annualized



■ S.P. Richards	210,600 SF
■ Leggett & Platt	161,797 SF
■ 5151 Franklin	143,610 SF
■ Safilo	138,066 SF
■ Echosphere	132,810 SF
■ The Computer Group	127,955 SF
■ Best Buy	123,309 SF
■ Mesa Systems, Inc.	118,916 SF
■ University of Colorado, Health Sciences	100,000 SF
■ Fusion Specialists, Inc.	82,000 SF
■ FedEx Ground	80,000 SF
■ Nationwide Distribution	76,572 SF
■ Roper Apparel & Footwear	74,100 SF
■ GA Wright	73,000 SF
■ Environmental Metals	73,000 SF
■ Exel	70,289 SF
■ Confidential	65,203 SF
■ Contractors Heating Supply	66,220 SF
■ Spyder Active Sports Inc.	64,000 SF

- **Gateway Park**
- **Thrivent**
- **Lend Lease / Morgan Stanley**
- **Castle Rock Industries**
- **Dartmouth Industrial Center**
- **Peoria Business Center**
- **Airport Distribution Center**
- **Denver Distribution Center**

- **Unprecedented Pricing.**
- **7 Cap Rate Range.**
- **Sub 9 IRR Range.**
- **Low Interest Rates.**
- **Lack of Alternative Investments.**
 - Equities
 - Bonds
- **Still Below Replacement Cost.**

- **Steel – 160%**
- **Lumber – 115%**
- **Plywood – 141%**
- **Gypsum Wallboard – 125%**
- **Copper – 116%**
- **Ductile – 117%**

- **Developers will remain conservative with new construction.**
- **Active user purchase demand in conjunction with interest rates remaining low.**
- **Possible overbuilding of spec for sale product.**
- **Vacancy rate to stabilize in the 5% range in mid-2005.**
- **Moderate rental rate growth of 2-3%.**
- **Rental rate spike in the near future.**
- **Record transaction volume for lease investment properties.**