



DENVER

quarterly REPORT

BITZER MARKET REPORT

From the desk of

Brady Welsh

Bitzer Real Estate Partners

is a Denver Based Commercial Real Estate Firm Specializing in:

- Office
- Industrial
- Land
- Investments
- Tenant Representation
- Landlord Representation

Denver Office Market

While leasing activity has decreased in each of the past four quarters, the overall vacancy rate remains flat due primarily to nominal gains in net absorption. As the market continues to cool, several major leases were signed downtown with the largest being Newmont Mining's decision to relocate their corporate headquarters to Greenwood Village. Contrary to slowing activity in the market, rental rates continue to rise albeit at a slower pace than last year. New construction continues to remain focused on the downtown and the southeast suburban submarkets with no major announcements for this quarter. Developers continue to be cautious with their future planning as underwriting standards have become even more stringent. While the investment market has taken a hiatus over the past six months, there are signs the institutional buyers are ready to step back into the game. With no major glut of sublease space on the market, the overall market fundamentals remain healthy. As the stock market looks for a bottom coupled with the looming election in November, look for more of the same for the upcoming months.

Denver Industrial Market

The metro Denver industrial market held steady in the 1st quarter of 2008. The vacancy rate inched upward due to new construction and a general slowdown of leasing activity, while absorption levels and lease rates remained flat. The Denver Post Site located at the intersection of I-25 and I-70 sold to a local development group who plans to re-tenant the existing facility and redevelop the excess land. Other notable transactions demonstrate that the Front Range is officially on the renewable energy bandwagon. ConocoPhillips emerged as the buyer of the 432-acre former StorageTek campus, with plans to construct a new Global Technology Center to serve as a hub for the company's R&D of renewable energy sources. Two other large transactions in the first quarter involved start up solar energy companies; AVA Solar and Ascent Solar. Both have chosen Colorado for their first manufacturing facilities in this very competitive and growing industry. We do anticipate a slowdown in leasing activity across all submarkets for the remainder of 2008. While the downturn in the housing industry and credit markets has affected several sectors of tenants in the Denver industrial market, evolving industries and continued investment should allow the Denver market to remain stable.

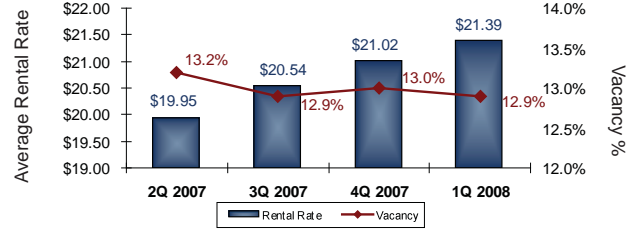
OFFICE MARKET	Lease	Company	Square Feet	Property	Submarket
		Newmont Mining Quiznos CoBiz Financial	156,075 89,253 67,279	Palazzo Verdi 1001 17th Street 821 17th Street	SES CBD CBD
OFFICE MARKET	Sale	Buyer	Seller	Property	Price/SF
		IVG Institutional Funds Univ of Colorado Capitol Center LLC	Aardex Legacy Partners Sherman Street Properties	Signature Centre 1475 Lawrence St. 1600 Sherman Street	\$247 \$243 \$138
OFFICE MARKET	Development	Developer	Square Feet	Property	Delivery
		Westfield Development Trammell Crow Alberta Development	496,359 409,491 140,000	1800 Larimer Street 1900 Sixteenth Street The Streets at Southglenn	2010 2009 2009
INDUSTRIAL MARKET	Lease	Company	Square Feet	Property	Submarket
		AVA Solar Oakwood Homes Shamrock Foods	126,384 100,486 80,000	9586 I-25 Frontage Rd. 445 West 53rd Place 1101 W. 48th Ave.	North Central Central Central
INDUSTRIAL MARKET	Sale	Buyer	Seller	Property	Price/SF
		Ascendant Development Delos Development Kwal Paint	Denver Newspaper Agency G. Greenberg Mountain West	4400 S Fox Street 5200 S. Evans 21301 East 33rd Drive	\$59 \$59 \$34
INDUSTRIAL MARKET	Development	Developer	Square Feet	Property	Delivery
		Panattoni Etkin Johnson Principal Real Estate Investors	410,000 153,000 79,650	Whirlpool Enterprise Park at Stapleton Airways Business Center #5	2008 2008 2008



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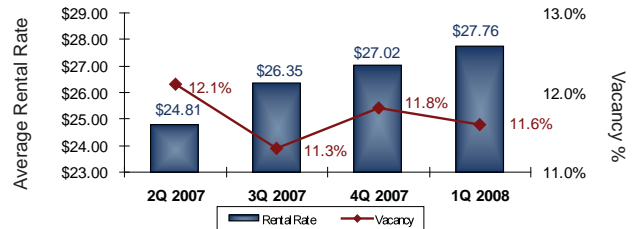
Overall Office

↔	Vacancy	12.9%
↑	Rates	\$21.39/SF
↓	Net Absorption	37,179 SF
↔	Construction Activity	3,688,133 SF



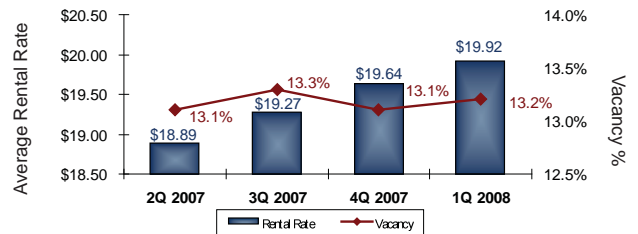
CBD Office

↓	Vacancy	11.6%
↑	Rates	\$27.76/SF
↓	Net Absorption	64,616 SF
↑	Construction Activity	1,461,570 SF



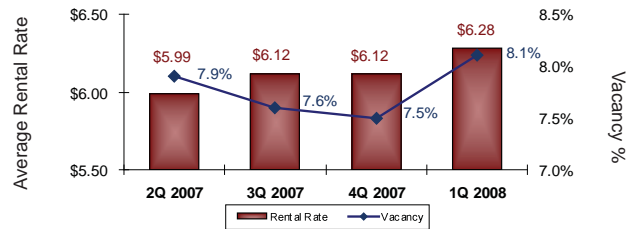
Suburban Office

↔	Vacancy	13.2%
↑	Rates	\$19.92/SF
↓	Net Absorption	(27,437) SF
↑	Construction Activity	2,226,563 SF



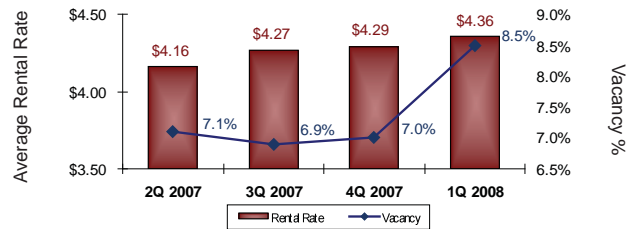
Overall Industrial

↑	Vacancy	8.1%
↔	Rates	\$6.28/SF
↓	Net Absorption	(1,043,987) SF
↔	Construction Activity	1,950,701 SF



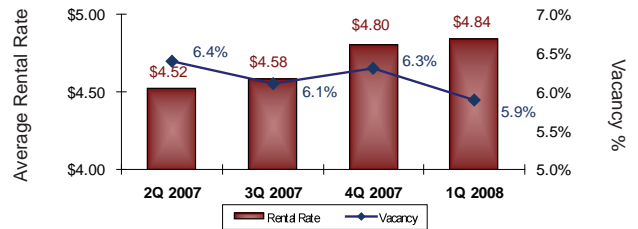
Airport/Montbello Industrial

↑	Vacancy	8.5%
↔	Rates	\$4.36/SF
↑	Net Absorption	1,004,480 SF
↔	Construction Activity	1,292,760 SF



Central Industrial

↓	Vacancy	5.9%
↔	Rates	\$4.84/SF
↓	Net Absorption	(86,703) SF
↔	Construction Activity	0 SF



Source: CoStar

(Information contained herein, while not guaranteed, is from sources Bitzer Real Estate Partners/CORFAC International believes to be reliable.)

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