



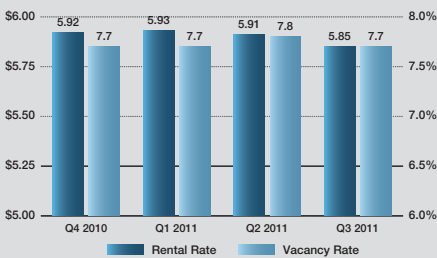
Industrial Market Report

Q3 2011

Market Overview

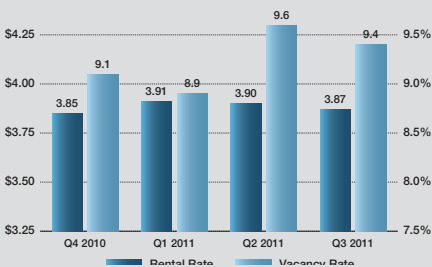
Overall Industrial

◀▶ Vacancy	7.7%
◀▶ Rates	\$5.85/SF
▲ Net Absorption	891,467 SF
◀▶ Construction Activity	15,796 SF



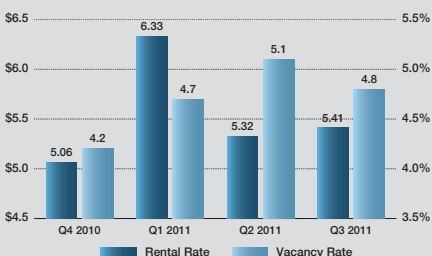
Airport/Montbello Industrial

◀▶ Vacancy	9.4%
◀▶ Rates	\$3.87/SF
▲ Net Absorption	152,213 SF
◀▶ Construction Activity	0 SF



Central Industrial

◀▶ Vacancy	4.8%
▲ Rates	\$5.41/SF
▲ Net Absorption	(2,369) SF
◀▶ Construction Activity	4,921 SF



Denver Industrial Market

The Denver Industrial Market continues to show steady improvement with a positive absorption of almost 900,000 SF, and a slightly lower vacancy rate (7.7%), according to CoStar. Amongst the brokerage community the sentiment has been that the 1st two quarters were relatively active and then the dog days of summer set in and transaction volume slowed considerably. In addition, transactions are taking much longer to complete as peoples sense of urgency has been replaced with an companies take an extremely cautious approach to transactions. With unpredictable economic outlooks and tepid job growth in the region we anticipate the market to resume it tortoise type recovery. A bright spot for our industrial market is the announcement of GE's plans to construct a \$300 million solar manufacturing facility for its subsidiary PrimeStar Solar. They will retrofit and expand the existing 200,000 SF former L'Oreal warehouse in Majestic Commercenter. In addition there are rumors of other big deals circling the market for lease or even build-to-suit opportunities including two large food distribution companies looking at buildings in excess of 500,000 SF. If some of these rumors come to fruition, we will definitely carry positive momentum into 2012. All speculative construction remains on hold; however developers are permit ready and anxious to get a shovel in the ground if our market does indeed improve. On the industrial investment front we still anticipate 1-2 larger transactions to close in 2011 as year-end deadlines and fund closeouts approach.

Transactions

Lease	Tenant	Sq. Ft.	Property	Submarket
	ConAgra	126,153	13331 E 37th Avenue	AM
	Western Aero	82,500	5995 Washington Street	Central
	Baru Sports	41,152	12770 E 39th Avenue	AM

Sale	Buyer	Seller	Property	Price
	Cooper Industries	CSM Corporation	18001 E Cofax (190,035 SF)	\$41.41/SF
	DCT Industrial	Younggreen Family LLC	5330 Pecos Street (117,745 SF)	\$56.48/SF
	Wolverine Real Estate	Barton Supply	14800 E Moncrieff (130,000 SF)	\$35.38/SF

Source: CoStar

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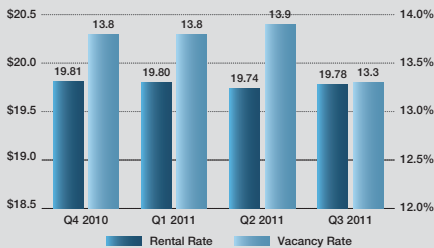
Office Market Report

Q3 2011

Market Overview

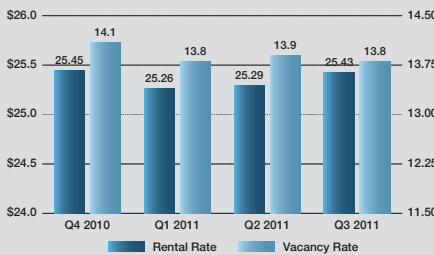
Overall Office

▼	Vacancy	13.3%
▶▶	Rates	\$19.78/SF
▶▶	Net Absorption	560,357 SF
▶▶	Construction Activity	930,760 SF



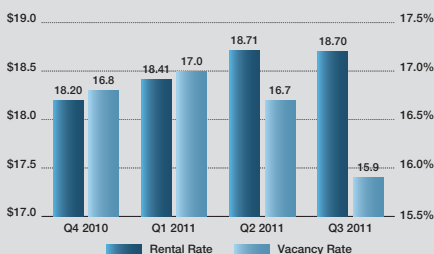
Downtown Office

▶▶	Vacancy	13.8%
▶▶	Rates	\$25.43/SF
▶▶	Net Absorption	30,439 SF
▶▶	Construction Activity	321,000 SF



Southeast Suburban Office

▼	Vacancy	15.9%
▶	Rates	\$18.70/SF
▶▶	Net Absorption	324,599 SF
▼	Construction Activity	0 SF



Denver Office Market

The 3rd quarter was not a pretty one economically with the European debt crisis continuing to spread and the American public's disdain over the growing partisanship in the U.S. Congress at an all-time high over the recent debt-ceiling crisis that led to the first ever downgrade of the U.S. government's debt. Even the U.S. stock market ended its worst performing quarter since the end of 2008, at the height of the global financial crisis, with fears of a possible default by Greece and the increasing likelihood of a global recession. Despite all of the economic turmoil and uncertainty, Denver's office market has performed as well as could be expected with solid fundamentals continuing to lead the market on the road to recovery and eventual stabilization. Once again the overall vacancy rate has declined and positive net absorption was up significantly compared to the previous quarter. Downtown and LoDo continue to lead the market in a positive direction with another quarter of strong leasing activity, and several large tenants are in the market for the few remaining large blocks of office space remaining. The ongoing trend of "flight to quality" has greatly benefitted the Class A office market in all submarkets, with below market vacancies and diminishing blocks of high quality space. As for the investment market, at least a handful of institutional grade properties remain on the market for sale downtown, with several more in the southeast suburban submarket, though investment sales have cooled considerably since the end of the 2nd quarter. The 4th quarter is usually a strong quarter for both the leasing and investment markets, and as long as confidence remains high in the local and state economy, metro Denver should continue to benefit.

Transactions

Lease	Tenant	Sq. Ft.	Property	Submarket
	Bridgepoint Education	85,000	Tabor Center	CBD
	Wheeler Trigg O'Donnell	75,663	Republic Plaza	CBD
	Kiewit/TIC	74,500	Meridian Corp Center II	SES

Sale	Buyer	Seller	Property	Price
	The ROC Fund	SITQ Immobilier	Cherry Creek Corporate Center (594,044 SF)	\$104/SF
	Miller Global	KBS Realty	The Point at Inverness (193,815 SF)	\$141/SF
	TA Associates Realty	Guggenheim Real Estate	Orchard Pointe (113,353 SF)	\$120/SF

Source: CoStar

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