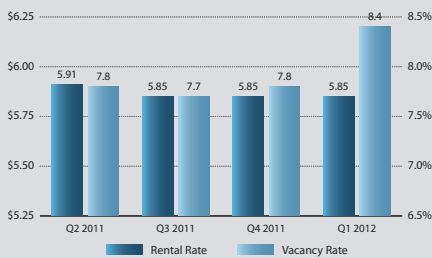




Market Overview

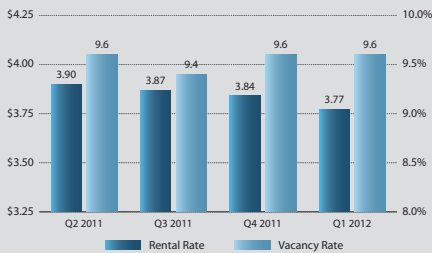
Overall Industrial

- ▲ Vacancy 8.4%
- ◀▶ Rates \$5.85/SF
- ▲ Net Absorption 336,964 SF
- ◀▶ Construction Activity 375,859 SF



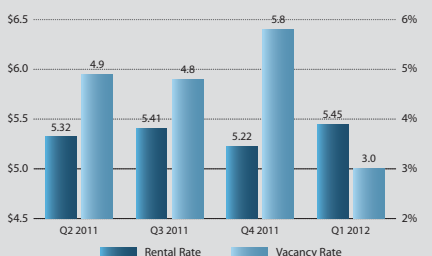
Airport/Montbello Industrial

- ◀▶ Vacancy 9.6%
- ◀▶ Rates \$3.77/SF
- ◀▶ Net Absorption 18,146 SF
- ▲ Construction Activity 220,000 SF



Central Industrial

- ▼ Vacancy 3.0%
- ◀▶ Rates \$5.45/SF
- ▼ Net Absorption (97,152) SF
- ◀▶ Construction Activity 0 SF



Denver Industrial Market

Slow and steady... That is how many of the experts are characterizing the Denver Industrial market today. While our last newsletter predicted multiple large lease deals to be announced in early 2012, we are still waiting on most of them. Only a handful of large deals were completed in the first quarter, most notably the recent announcement by UNFI (United Natural Foods) and the Pauls Corporation to build a 553,000 SF food distribution facility in Aurora. This is a major expansion for UNFI who has been leasing several buildings within Gateway Park. Another large signing was by FedEx ParcelPost, who committed to lease a building within the Majestic Commercenter. Make that 2 in a row for Majestic Realty (FedEx and GE Solar), who have lowered their overall park vacancy significantly over the past few quarters. One trend we are following is the lack of large blocks of space in the market. In the Airport Montbello submarket, our largest distribution market, there are only 5 available options of buildings offering in excess of 150,000 SF, 3 of which are Class A and 2 which are considered Class B. So developers are starting to consider speculative development, although most say we need a significant jump in lease rates to make spec construction pencil out. With a few more large lease signings, landlords left with large blocks of space will be looking to raise rates significantly. While we are predicting a more active 2nd quarter, we are also forecasting "slow but steady" improvement throughout the rest of the year.

Transactions

Lease	Tenant	Sq. Ft.	Property	Submarket
	FedEx SmartPost	200,000	Majestic Commercenter – Bldg 7	AM
	Condit Exhibits	107,524	Colorado Trade Center	CEN
	Natural Grocers	107,134	4403 Table Mtn Drive	WEST

Sale	Buyer	Seller	Property	Price
	Haleakala Ranch Co.	United Properties	Coors Tech Center (65,000 SF)	\$145/SF
	Ascendant Development	Terraden Corporation	18400 East 22nd (50,000 SF)	\$107/SF

Source: CoStar