

# 2013 COLORADO OFFICE MARKET CLEARED FOR TAKEOFF

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*November 14<sup>th</sup>, 2013*



# FLIGHT PLAN

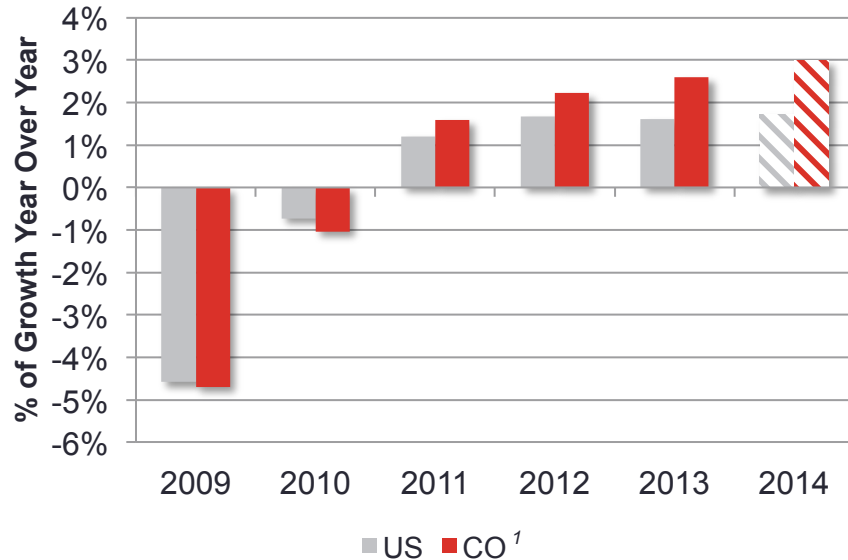
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- Pre-flight Checklist
  - Demand for office space in Colorado
  - Current supply characteristics of Colorado office space
  - Trends affecting office usage and users
- Take-off!

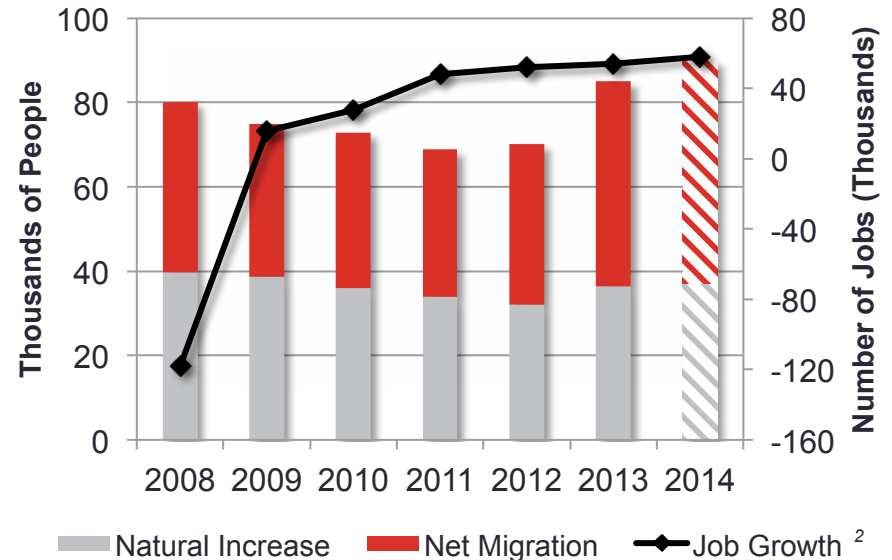
# Colorado Post-Recession Job Growth

-  Demand
-  Supply
-  Trends

## Colorado Job Growth Exceeds US Data



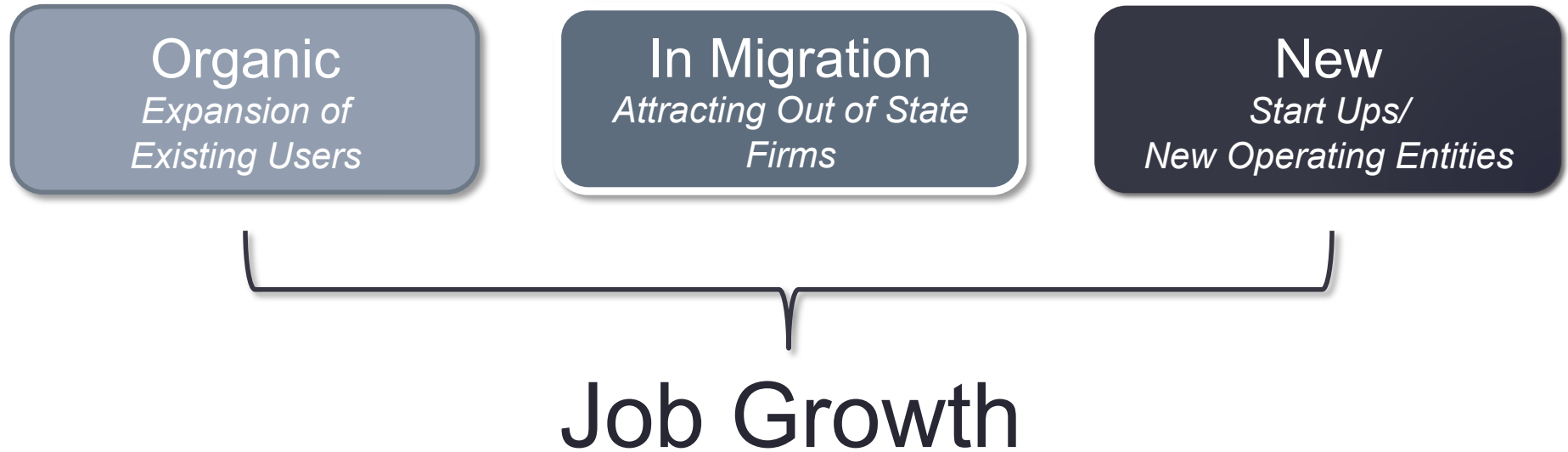
## Colorado Population Increases & Job Growth



Source:  
<sup>1</sup> US Census Bureau  
<sup>2</sup> Colorado State Demography Office

# Market Demand for Office Space is Growing

- Demand
- Supply
- Trends



# Some Companies Driving Demand in 2013...

- Demand
- Supply
- Trends

## Organic

- Kaiser Permanente
- 24-7
- Intouch
- Charles Schwab
- Anthem Blue Cross and Blue Shield
- Rally Software
- Digital Globe
- Intrex Aerospace

## In Migration

- Sunetric
- Selling Simplified
- Cool Planet Energy Systems
- Canada Goose Inc.
- Summit Materials, LLC
- MDReview
- EcoSys
- Sympoz

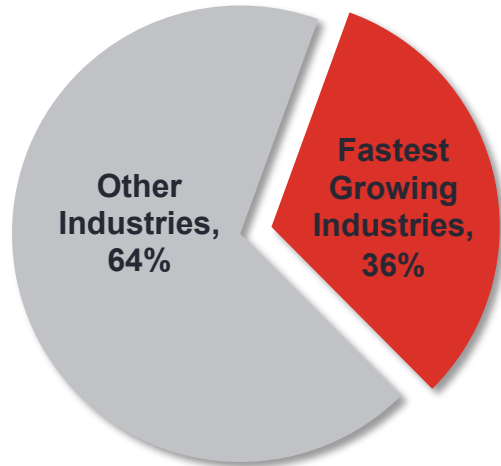
## New

- Datu Health Inc.
- Ardent Mills
- Intelivideo
- SeedPaths

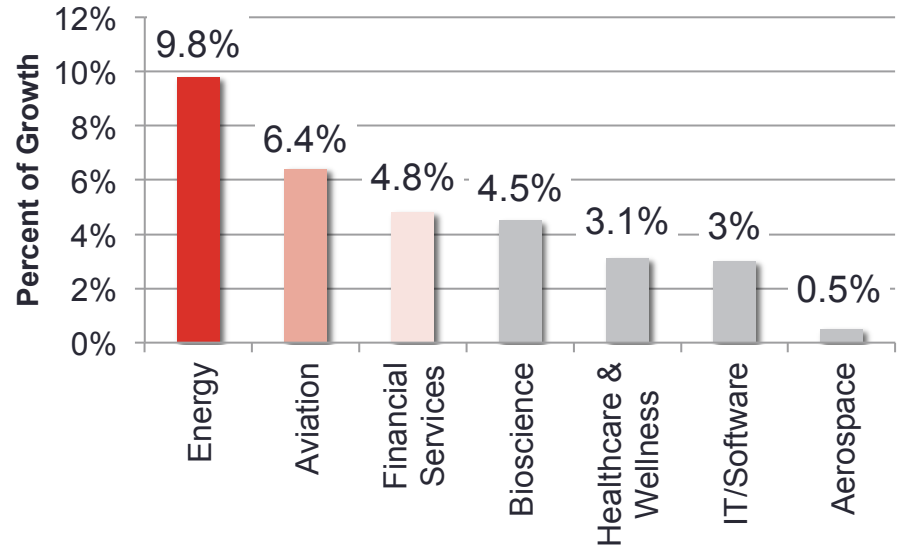
# Office Demand Requires White Collar Jobs

- Demand
- Supply
- Trends

Total White Collar Jobs: 1,300,000



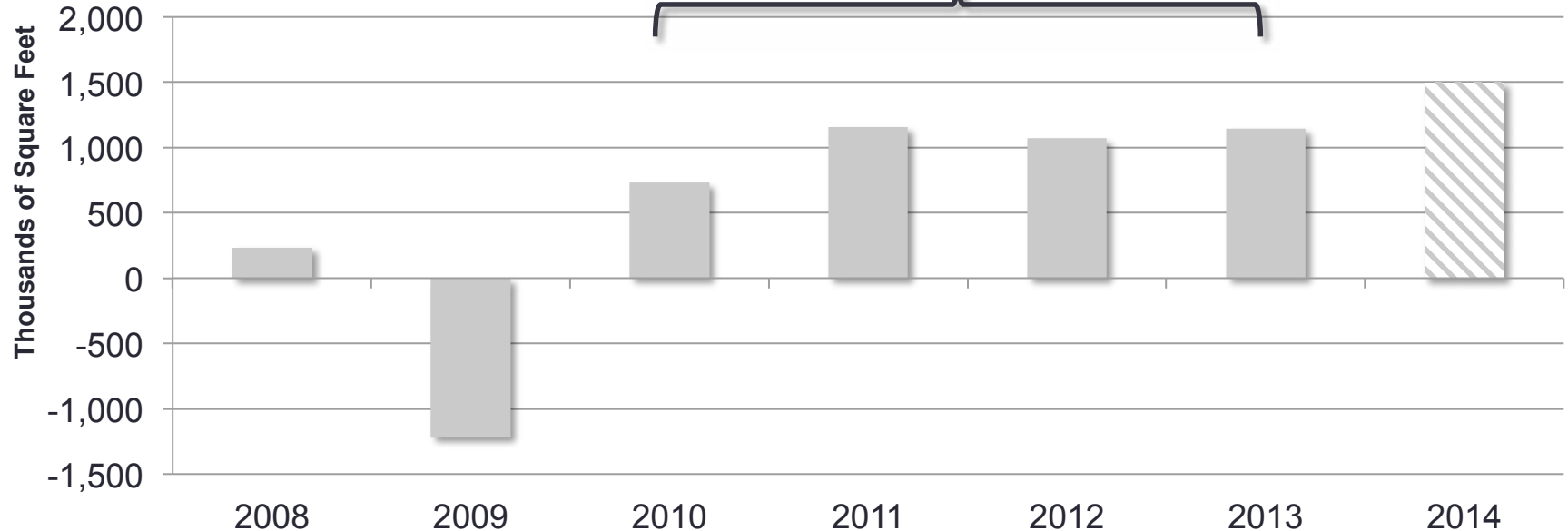
2012 Key Industry Growth



# Positive Absorption Results from Demand

- Demand
- Supply
- Trends

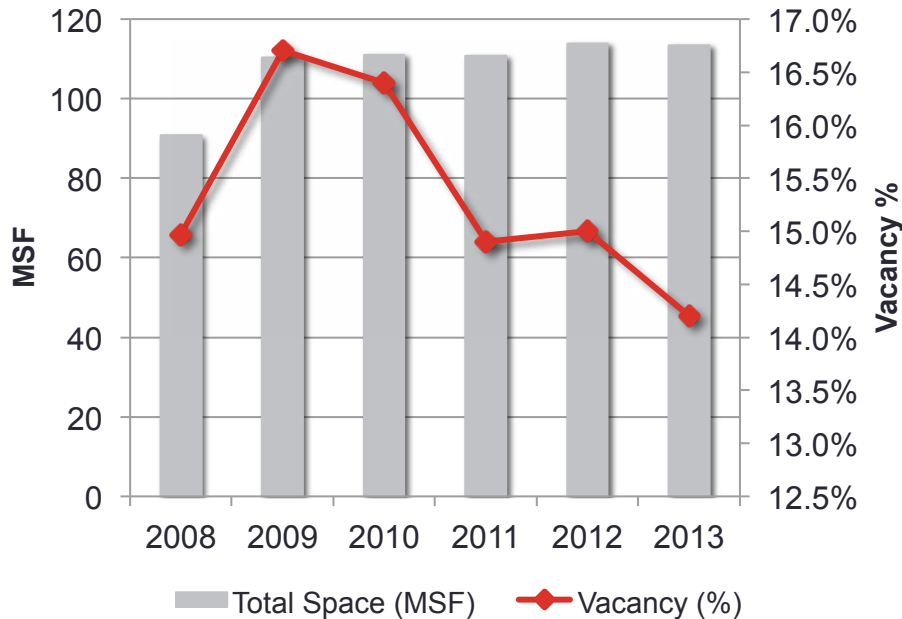
Sustained positive absorption in Colorado for 15 consecutive quarters



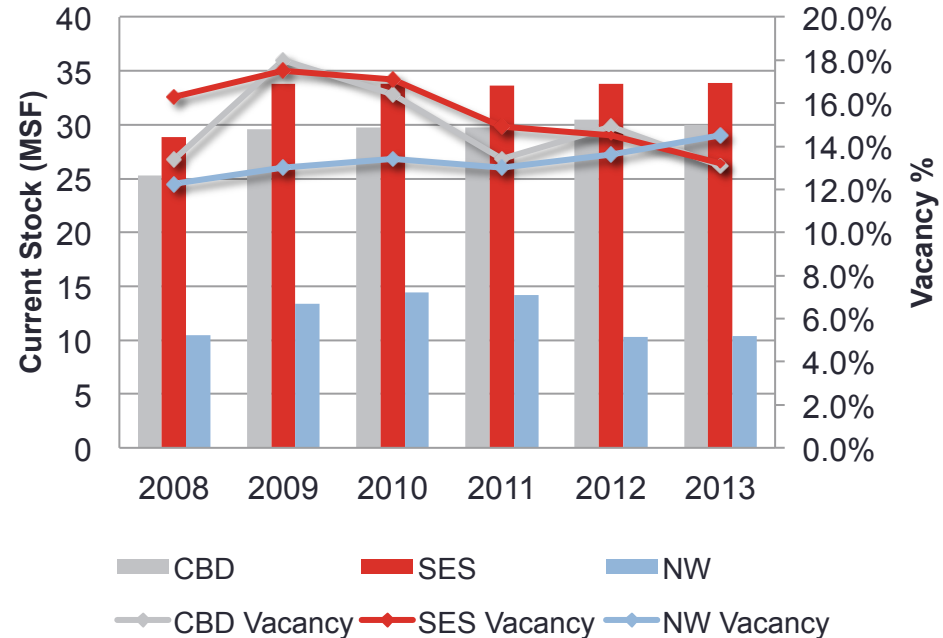
# How Does Current Supply Meet Demand?

- Demand
- Supply
- Trends

## Total Office Space Inventory & Vacancy



## Current Inventory & Vacancy by Submarket



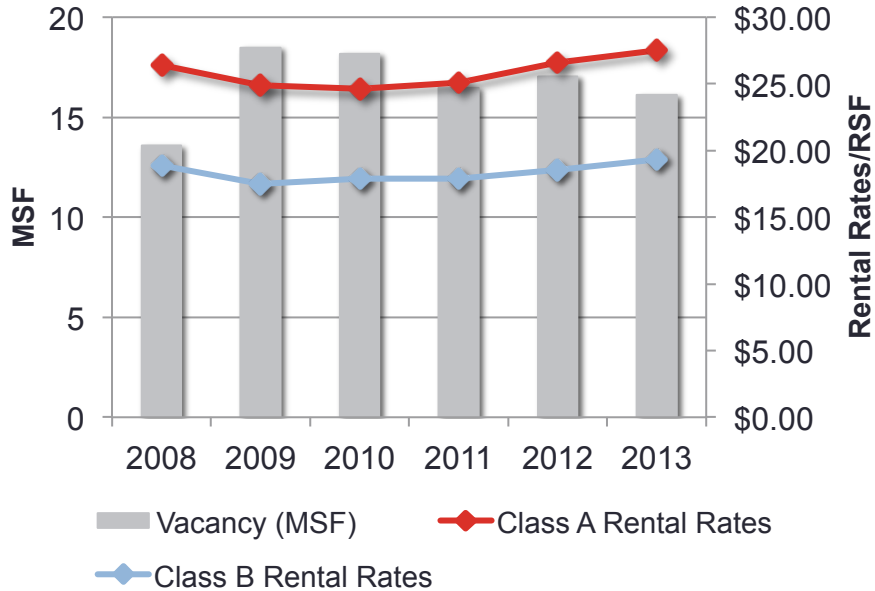
Source:  
Jones Lang LaSalle Research



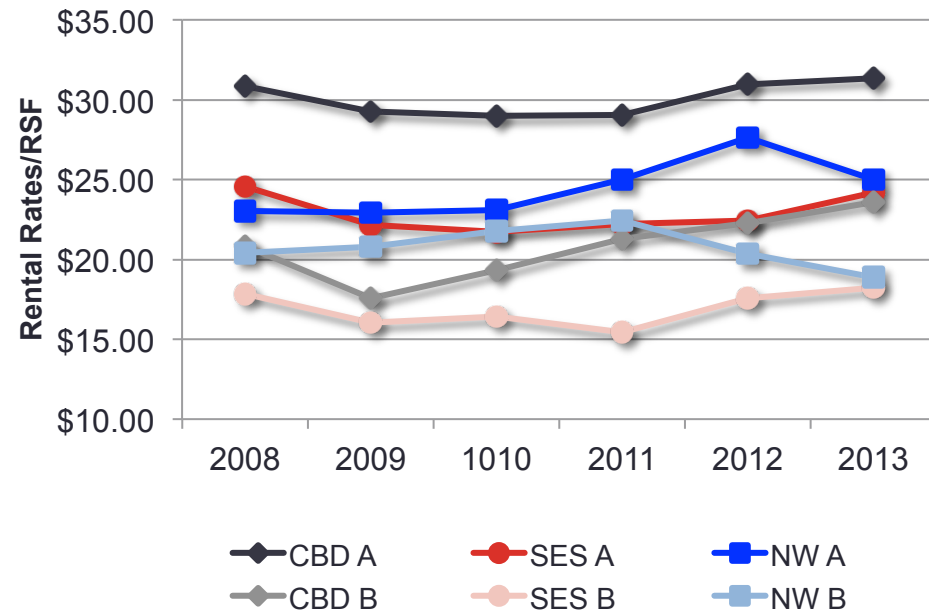
# Colorado Office Pricing Trends

- Demand
- Supply
- Trends

## Total Office Space Vacancy & Rental Rates



## Average Rents PSF by Submarket & Class

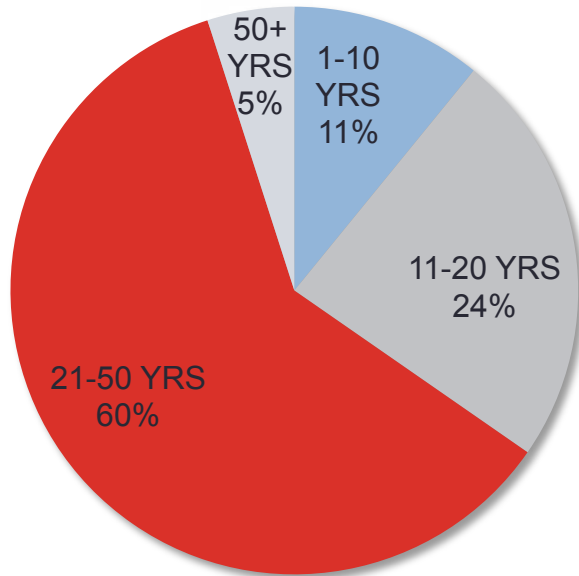


Source:  
Jones Lang LaSalle Research

# Colorado's Aging Office Inventory

- Demand
- Supply
- Trends

Office Building Age

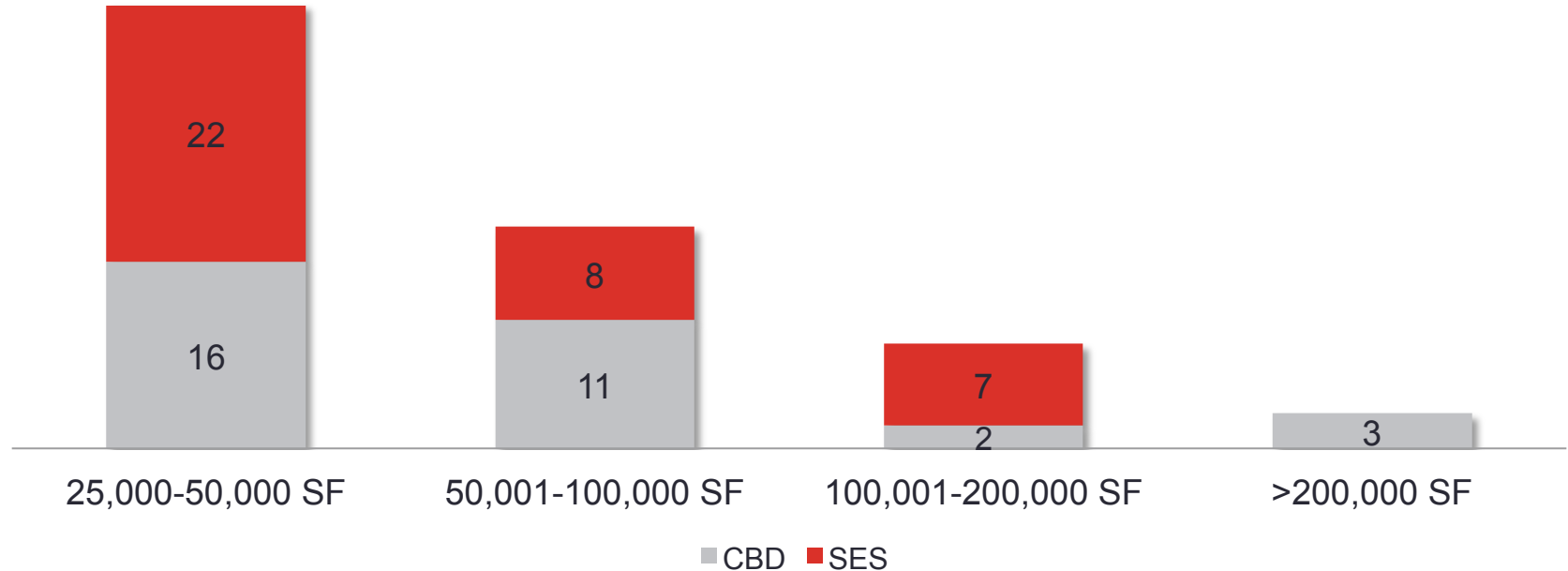


- 88% of CBD buildings > 21 years old
- 54% of SES buildings > 21 years old
- 73% of NW buildings < 20 years old

# Colorado's Few Large Blocks

- Demand
- Supply
- Trends

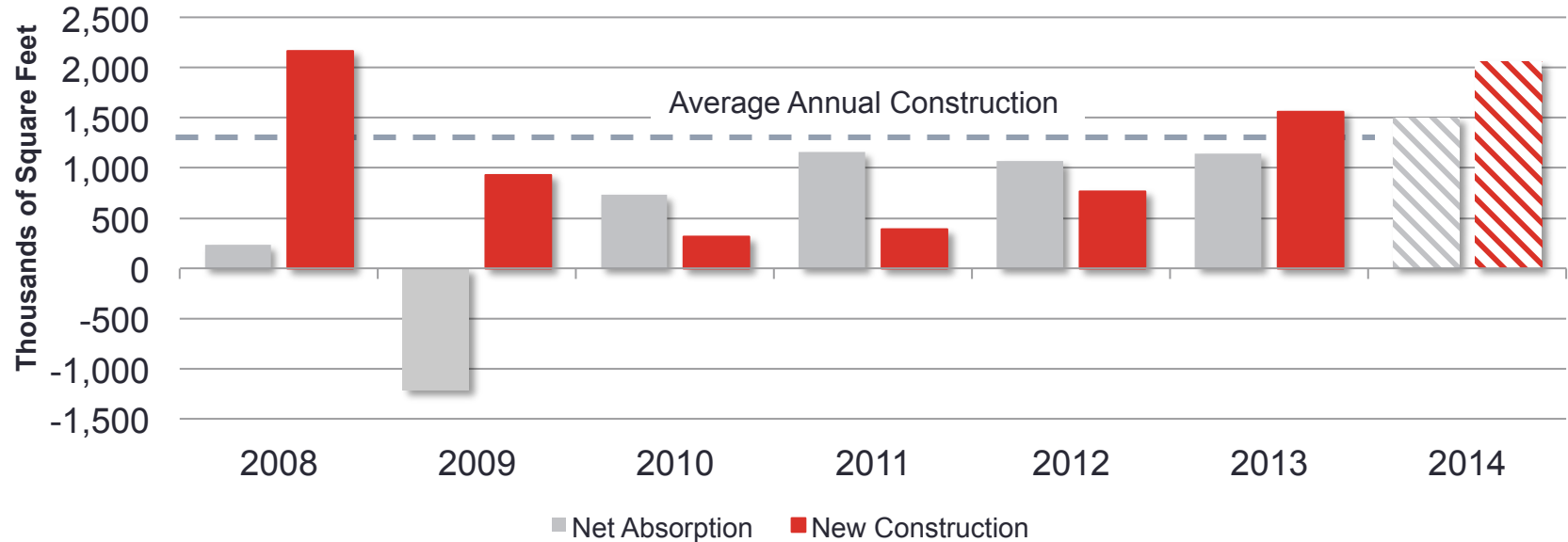
Current Class A Blocks of Contiguous Office Space



# Colorado is in Need of New Office Product

- Demand
- Supply
- Trends

## Colorado Net Absorption & New Construction



# Colorado's Current Office Development

- Demand
- Supply
- Trends

## 99 Sites Proposed

+/- 10.5 Million Square Feet

9.3% of Total Inventory

● 100,000+ RSF

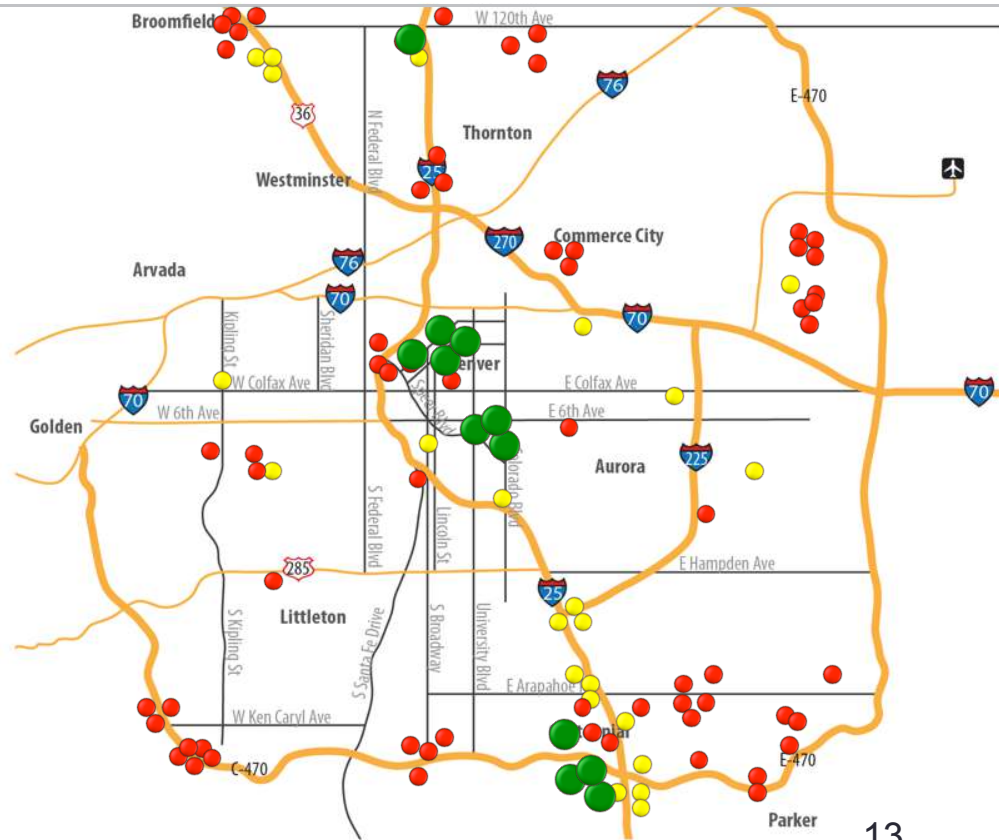
● <100,000 RSF

## 10 Sites Under Construction

+/- 2.0 Million Square Feet

1.8% of Total Inventory

● 26,252-299,990 RSF



# Office Buildings Under Construction

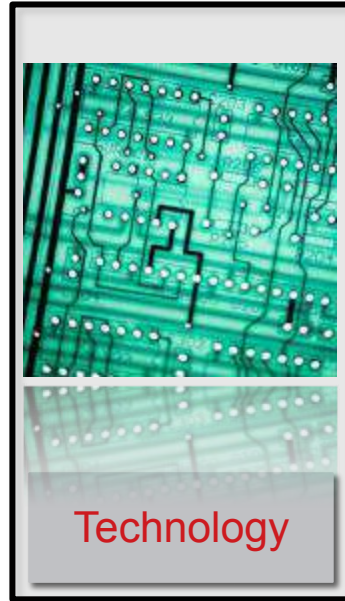
- Demand
- Supply
- Trends

 <b>S</b>	1601 Wewatta	LoDo	299,990 RSF	Hines	
	Park 12 Hundred	North	297,172 RSF	IBC Holdings	
	100 St Paul	CC	150,500 RSF	The Pauls Corporation	
	16M	LoDo	145,158 RSF	Integrated Properties Inc. & Elevations Group LLC	
 <b>S</b>	Union Station North Wing	LoDo	109,034 RSF	First Century Development, LLC	
	Union Station South Wing	LoDo	105,974 RSF	East West Partners	
	250 Columbine	CC	89,000 RSF	Western Development Group	
 <b>S</b>	215 St Paul	CC	26,252 RSF	Adolph Coors Foundation	
	Kaiser Permanente	SES	275,000 RSF	Kaiser Permanente	
	Charles Schwab Complex	SES	562,500 RSF	Charles Schwab	
<b>UNDER CONSTRUCTION TOTAL</b>				<b>2,060,580 RSF</b>	<b>1.8% of Total Inventory</b>



# Trends Impacting Office Supply & Demand

- Demand
- Supply
- Trends



# Detecting Opportunities & Avoiding Threats

- Demand
- Supply
- Trends

## Sustainability/ Infrastructure

- Colorado Values
- LEED
- DIA
- Union Station
- Fast Tracks
- TODs

## Technology

- Cloud
- Mobile Devices
- Alternative Work Spaces

## Gen Y Demographic

- Unconventional
- Social
- Tech Savvy
- Live/Work/Play

## External Forces

- Government
- Global Economics
- Conflict





# Colorado's Commercial Office Market - Clear for Takeoff!

- ☑ Demand
- ☑ Supply
- ☑ Trends

