

2011 Rocky Mountain Commercial Real Estate Expo and Fall Forecast: Multi-Family

University of Denver

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Occupancy

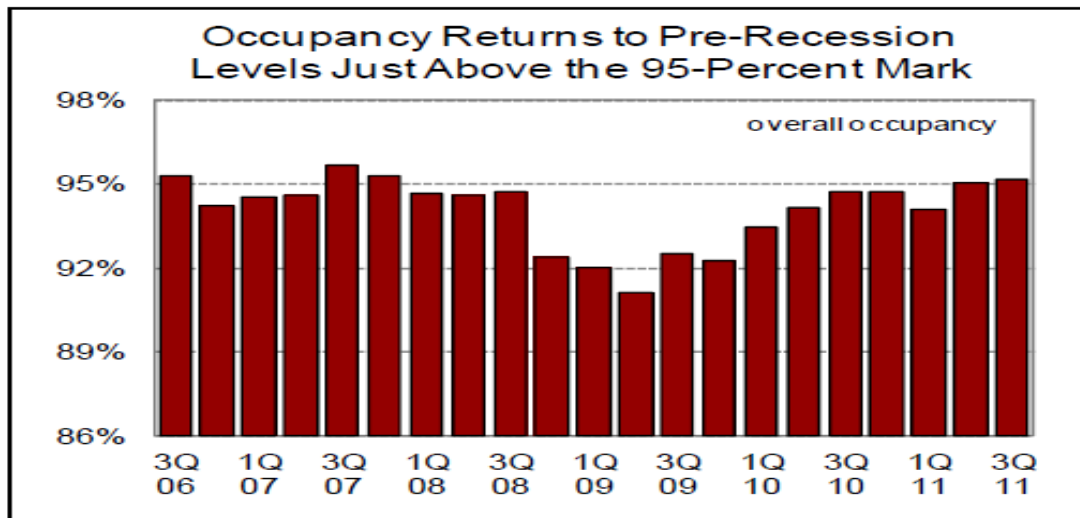


1. Minimal Vacancies

- Continual improvement despite the lack of new jobs being generated
 - Only 1,100 new jobs created for the year end August 2011

2. Overall Occupancy Improvements

- *Back to pre-downturn levels*, 95.2% for metro Denver
 - Huge improvement from 90.6% in 2009
- Current occupancy *higher than 95%* in most of Denver Submarkets
- 16,000 units have been absorbed since 2009



Source: MPF Research 3Q 2011 Denver Apartment Report

Fall 2011 Occupancy	
Submarket	Overall Occupancy
Boulder County	97.2%
Douglas County	96.8%
Intown Denver	96.3%
Lakewood	96.0%
Tech Center	96.0%
Arvada/Golden	95.8%
Westminster	95.4%
DENVER AREA	95.2%
South Denver/West Englewood	95.1%
Littleton	94.6%
Thornton/DIA	94.2%
South Aurora	93.9%
North Aurora	92.5%

Source: MPF Research 3Q 2011 Denver Apartment Report

Rental Rates

1. Rental Rates Trend Upward

- Surpassing inflation rates
- Less concessions being offered - under 3%
- *Metro Denver Rates in September 2011 average: \$926*

2. Revenues Increase

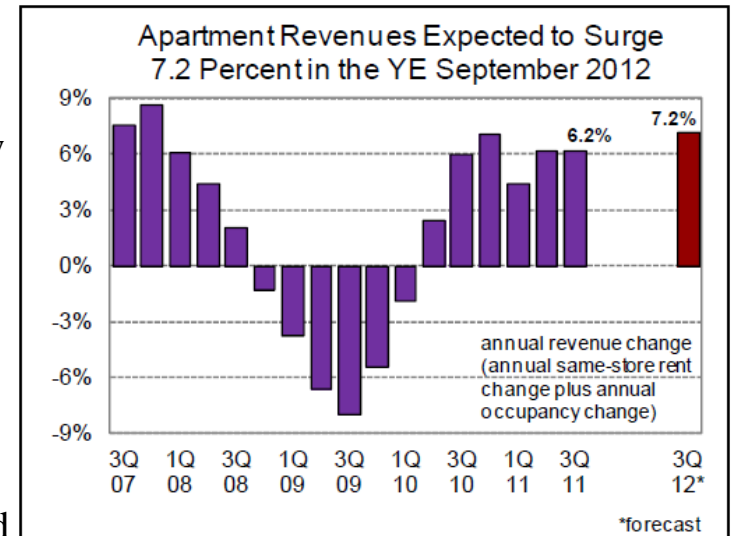
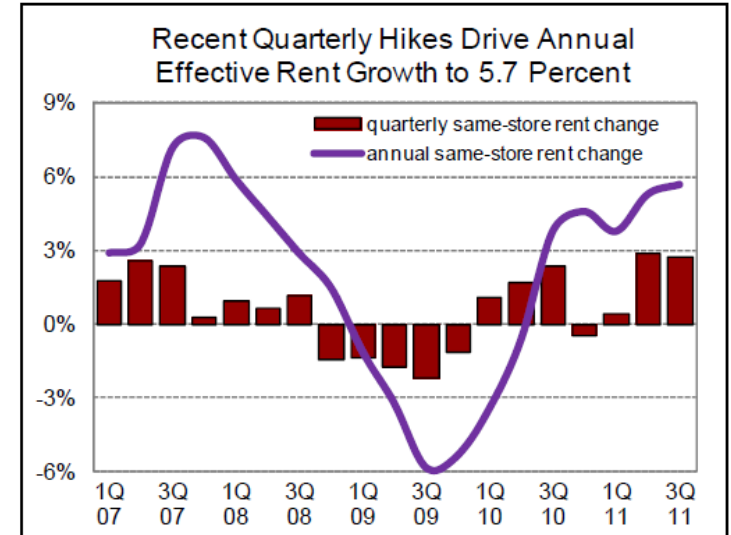
- *6.2% increase for 3Q 2011, ranking Denver in the top 20 metros nationally*
- *3Q 2012 is projected to produce the highest year-over-year increase in revenues since 2007 (Source: MPF Research 3Q 2011)*

3. Submarkets with the Largest Increases

- **Washington Park:** \$143 increase - mostly influenced by the new Alexan Broadway Station (*source: 2011 Apartment Insights Statistics/Trends Summary*)
- **Boulder North:** \$62 increase
- **Denver International Airport:** \$61 increase

4. Submarkets with Rent Declines

- Boulder South (\$30), Denver Southeast, Denver South Central, and Aurora East



Source: MPF Research 3Q 2011 Denver Apartment Report

Demand Drivers

1. Positive Demand

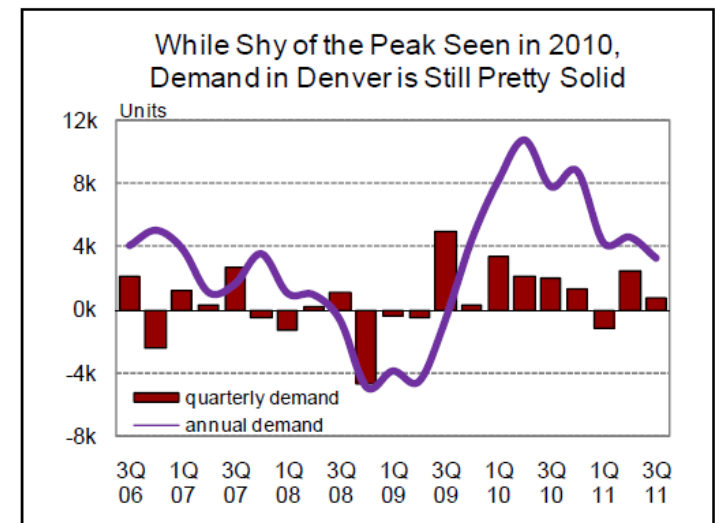
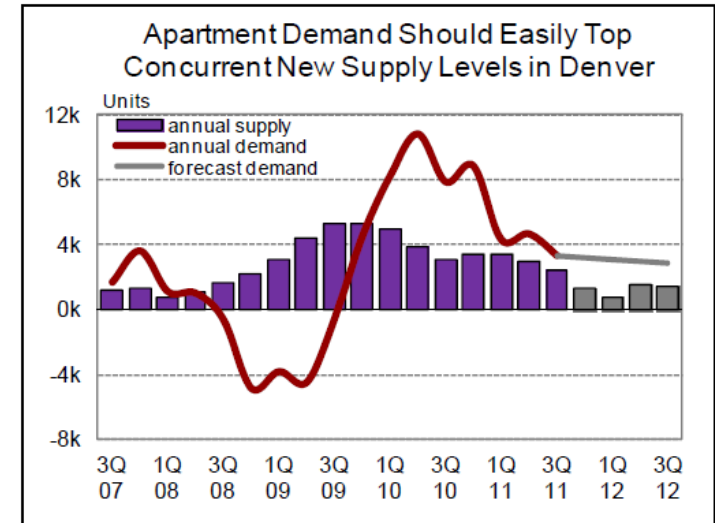
Apartment renters are not being lost to home purchases:

- A. Tougher credit underwriting
- B. Buyers insecure about job status
- C. Buyers still afraid of “Catching Falling Knife” on prices

2. Fewer Single-Family Building Permits

Permits issued for only 3,745 units as of August 2011

- 1% fewer permits compared to the prior year
- Permits for **15,700 units** issued annually between 2001-2007 in the Denver Area



Source: MPF Research 3Q 2011 Denver Apartment Report

Performance – Public Company



Apartment REIT Company Operating Results Reported - Denver

	<u>2010</u>				<u>2011</u>											
	<u>2010 v 2009</u>				<u>1Q11 v 1Q10</u>				<u>2Q11 v 2Q10</u>				<u>3Q11 v 3Q10</u>			
	% Change				% Change				% Change				% Change			
	Units	Rev.	Exp	NOI	Units	Rev.	Exp	NOI	Units	Rev.	Exp	NOI	Units	Rev.	Exp	NOI
AIV	2,553	2.4%	-1.3%	4.4%	2,553	3.7%	-8.0%	10.0%	2,177	4.8%	-1.6%	8.1%	2,177	5.2%	-3.3%	9.4%
CPT	1,851	0.5%	3.4%	-1.0%	1,851	6.1%	12.6%	2.9%	1,851	5.7%	4.6%	6.3%	1,851	6.1%	4.7%	6.9%
EQR	7,759	1.3%	1.6%	1.2%	7,759	5.1%	-0.7%	8.2%	7,759	6.9%	5.0%	7.9%	7,759	7.9%	0.2%	12.2%

- 3q 2011 earnings calls were generally very positive about the future rent trends of Denver

Supply Levels remain Minimal

- Denver was building a large volume when the recession hit, but levels have remained stable since the 3Q 2009

2011 New Construction is well below the Average

- **495 units completed in 3Q 2011**, bringing the YTD to 3,280 units *(Source: Apartment Insights 3rd Quarter 2011 Statistic/Trends Report)*

Totals	Under Construction	Planned*
Greater Denver Total	3,611	15,708
Property Totals	24	69
Percentages in Denver proper	62.1%	51.5%
TC & Senior deals	8	13

- * **All stages of approval including**
 - Preliminary plan
 - Pending development approval
 - Zoning approval received
 - Zoning approval requested
 - Glimmer in the eye

Includes Conventional, Tax Credit & Senior living properties.

Source: 2011 Apartment Insights, 3Q New Construction Report

- **Most of the “planned” transactions will not occur due to the lack of development equity or inability of sponsors to obtain attractive construction debt.**