



Economic Forecast 2012

Industrial Future Forecast

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T.J. Smith, SIOR



Accelerating success.



2011 Statistics



> HOW DENVER SIZES UP

MARKET	Existing Inventory Q3 2011 (SF)	Deliveries YTD 2011 (SF)	Absorption YTD 2011 (SF)	Vacancy Rate Q3 2011 (%)	Sales Price Q3 2011	Cap Rate (%)
DENVER	280,075,583	346,307	556,777	7.7	\$56.75	8.0
ATLANTA, GA	639,001,298	1,620,006	5,530,410	13.3	\$25.85	9.0
BOSTON, MA	494,016,562	212,355	486,582	11.3	\$57.00	8.5
CHICAGO, IL	1,146,197,721	1,912,421	5,902,529	11.6	\$48.00	6.9
DALLAS / FT. WORTH, TX	764,697,683	1,232,801	8,834,742	10.5	\$55.00	8.0
LOS ANGELES, CA	1,521,073,916	1,775,033	11,979,948	6.1	\$71.00	5.9
PHOENIX, AZ	291,163,028	647,600	3,450,390	14.4	\$52.00	9.2



2011 Statistics

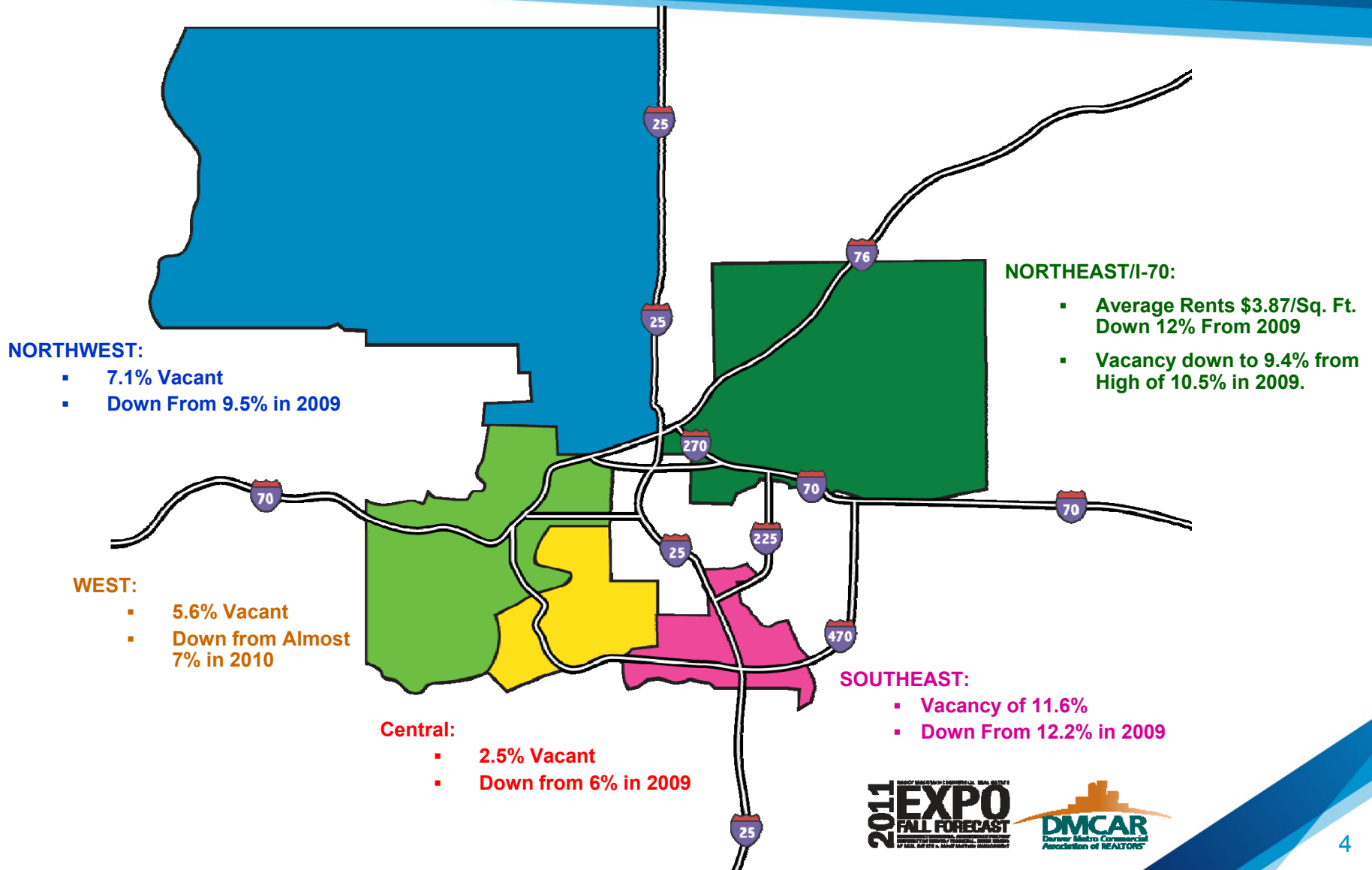


> HISTORICAL SNAPSHOT

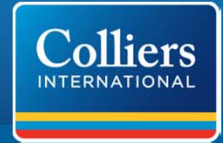
	2006	2007	2008	2009	2010	2011
VACANCY	8.3%	7.2%	8.1%	8.6%	7.8%	7.7%
ABSORPTION	4,500,000 SF	5,800,000 SF	1,316,935 SF	(629,243) SF	2,500,000 SF	550,000 SF
DELIVERIES	3,400,000 SF	3,400,000 SF	4,400,000 SF	1,064,000 SF	192,000 SF	200,000 SF
AVERAGE RATE	\$6.04/SF	\$6.16/SF	\$6.37/SF	\$6.07/SF	\$5.91/SF	\$5.85/SF



Submarket Highlights



Demand/Drivers/Availabilities



> NEW DEALS SIGNED IN 2011

TENANT	SIZE	PROPERTY
GE Solar	280,000 SF	Majestic
Pending	200,000 SF	Majestic
Con Agra	156,153 SF	13331 East 37 th Avenue
SMA Solar	148,902 SF	Enterprise Park
Echostar	127,951 SF	Upland Distribution Center II, Building 3
Goodwill	94,132 SF	Dartmouth Industrial Park

> PROSPECTS OVER 100,000 SF

> NUMBER OF VIABLE OPTIONS

> QUOTED RATES



Speculative Building Reality



> 100,000 SF SPEC

Core/shell site work	\$38.00-41.00/SF
Soft costs	\$2.00-3.00/SF
Interest carry on construction loan	\$1.50/SF
Land @ \$3.00/SF @ 45% coverage	\$7.00/SF
Tenant improvements	\$7.00/SF
Commissions @ 8%	\$1.50-2.00/SF

\$57.00-61.00/SF

Yield Requirements @ 8-9% (Build/Hold)	\$4.56-5.25/SF (Required Rent)
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\$3.70/SF \Rightarrow \$4.50/SF \Rightarrow **22-30%** Rental Growth



Capital Markets



> NATIONAL

- Billions Vs. Millions
- First 9 months of 2011, \$17.8 billion nationally for industrial, **down 57%** from 2010
- Cap rates declined and stabilized
 - National average – 8.65% down from 9.04% in the 1Q 2010

> DENVER SALES ACTIVITY

	2007	2008	2009	2010	2011
AMOUNT	\$1,262,192,247	\$864,664,000	\$584,239,000	\$387,500,000	\$316,643,000
TRANSACTIONS	684	591	503	449	296

> OFFICE VS. INDUSTRIAL SUPPLY

> VALUE ADD VS. STABILIZED RETURNS









2012 PROJECTIONS



> NATIONALLY

- Economy decelerating (delayed expansion)
- Disconnect between buyers' and sellers' expectations
- Pricing based on fundamentals, not financial engineering
- Virtually no Spec development
- Investment climate has cooled compared to second half of 2010
- Stabilized/GSA cap rate compression continues

> DENVER

- Leasing Activity 
- Lease Rates 
- Vacancy 
- Sales Volume 
- Cap Rates 
- Interest Rates 

TEMPERED OPTIMISM

