

Denver's Industrial Snapshot

The Northeast market is Denver's leading warehouse/distribution area, due to its proximity to trucking routes, rail lines, and Denver International Airport. Current vacancy is 7.5%, down from 8.2% 4Q '09.

The Northwest market houses the majority of Colorado's specialty manufacturing and flex space. Current vacancy is 8.8%, down from 9.0% 4Q '09.

The Central market is comprised of older, second generation product that can be functionally obsolete by today's standards. The submarket's immediate access to regional arterials and the downtown core has kept vacancy relatively low. Current vacancy is 3.7%, down from 5.8% 4Q '09.

The Southwest market provides many smaller user buildings, but has experienced a lack of new construction, due to the cost of land. This lack of supply has resulted in relatively low vacancy of 6.7%, down from 7.1% 4Q '09.

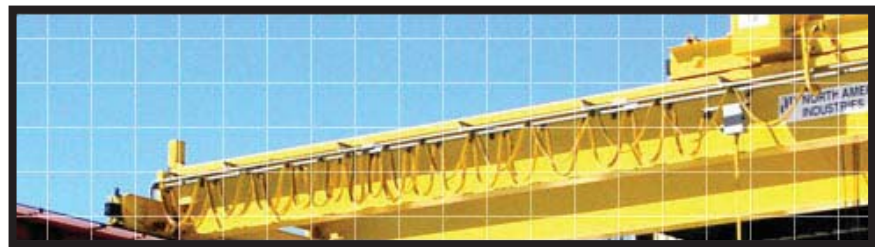
The Southeast submarket features the highest concentration of second generation flex/office/service center product. Current vacancy is 11.6%, down from 12.1% 4Q '09.

2009 PREDICTIONS vs. 2010 TRENDS

Overall industrial indicators showed the following trends for 1Q and 2Q 2010, as compared to Colorado Commercial Companies 2009 year end predictions:

Indicator	2009 Prediction	Q1 2010	Q2 2010	Prediction YE 2010
Overall Vacancy:	↑	8.80%	8.60%	↓
Overall Sublease Availability:	↓	986,000 SF	936,000 SF	↓
Overall Rental Rate:	↓	\$4.20/SF	\$4.10/SF	↓
Overall Absorption:	↔	345,000 SF	1,750,000 SF	↑
Overall Construction:	↔	37,000 SF (2 Buildings)	668,000 SF (2 Buildings)	↑
Overall Sales:	↑	18 Transactions \$42.7 M \$55.82/SF Average	Data Not Available	↑

C3 successfully predicted 5 of the 6 indicators at year end looking forward over first and second quarter 2010. The flat absorption and construction trends were noted to turn positive over the first half of 2010, as Class A space waned and users pushed for additional second generation and first generation space.



Traditionally the industrial segment is the first to lead Denver out of downturns. Slight declines may continue to slow then reverse as consumers, users and owners carefully observe local economic trends for verification that the cycle has bottomed. Current general indicators show job losses slowing, net migration increasing by 15,000 and revenue declines for industrial, consumer and office oriented firms are decreasing.

Colorado Commercial Companies
1777 South Harrison Street
Suite 780
Denver, CO 80210
t 303-327-5800 • f 303-327-5801
www.colocomm.com

ON THE FLIP SIDE:

- Industrial Statistics
- Top Industrial Leases

Second Quarter 2010 Industrial Statistics by Sector

WAREHOUSE											
Mkt.	Market	Inventory	Bldgs.	YTD Direct Absorption	Direct Availability	Direct Vacancy	Sublease Availability	Overall Availability	Overall Vacancy	Overall Net Rental Rate	
NW	Northwest	19,510,000	423	104,300	1,692,000	8.70%	59,100	1,751,000	9.00%	\$4.52	
NE	Northeast	81,635,000	1,193	672,300	6,803,000	8.30%	511,000	7,314,000	9.00%	\$3.74	
CEN	Central	15,411,000	433	293,000	547,300	3.60%	102,000	649,200	4.20%	\$4.03	
SE	Southeast	6,969,000	146	238,200	435,000	6.20%	8,600	443,500	6.40%	\$6.48	
SW	Southwest	12,189,000	398	-93,200	713,100	5.90%	28,200	741,300	6.10%	\$5.21	
TOTAL		135,714,000	2,593	1,214,600	10,190,400	7.51%	708,900	10,899,000	8.03%	\$4.80	
MANUFACTURING											
Mkt.	Market	Inventory	Bldgs.	YTD Direct Absorption	Direct Availability	Direct Vacancy	Sublease Availability	Overall Availability	Overall Vacancy	Overall Net Rental Rate	
NW	Northwest	22,945,200	162	-14,500	425,000	1.90%	480,600	905,200	3.90%	\$6.03	
NE	Northeast	9,732,000	164	316,400	789,500	8.10%	114,400	904,000	9.30%	\$3.31	
CEN	Central	4,035,100	89	-325,000	417,300	10.30%	0	417,300	10.30%	\$4.51	
SE	Southeast	941,000	18	0	8,600	0.90%	0	8,600	0.90%	\$5.50	
SW	Southwest	4,649,500	172	-13,100	221,400	4.80%	0	221,400	4.80%	\$4.68	
TOTAL		42,302,800	605	-36,200	1,861,800	4.40%	595,000	2,456,500	5.80%	\$4.81	
OFFICE SERVICE CENTER / HIGH TECH											
Mkt.	Market	Inventory	Bldgs.	YTD Direct Absorption	Direct Availability	Direct Vacancy	Sublease Availability	Overall Availability	Overall Vacancy	Overall Net Rental Rate OS	Overall Net Rental Rate HT
NW	Northwest	14,697,300	367	181,000	1,623,000	11.04%	354,500	1,977,500	13.50%	\$8.90	\$10.81
NE	Northeast	5,719,100	161	-148,300	923,300	16.10%	0	923,300	16.10%	\$5.76	\$0.00
CEN	Central	1,493,300	48	-7,000	56,200	3.80%	0	56,200	3.80%	\$7.15	\$0.00
SE	Southeast	11,338,700	254	-53,000	1,723,000	15.20%	36,000	1,759,000	15.50%	\$8.86	\$9.29
SW	Southwest	4,617,200	149	-1,200	511,100	11.06%	3,700	514,800	11.14%	\$8.90	\$5.44
TOTAL		37,865,600	979	-28,500	4,836,600	12.80%	394,200	5,230,800	13.80%	\$7.91	\$5.11
ALL BUILDING TYPES											
Mkt.	Market	Inventory	Bldgs.	YTD Direct Absorption	Direct Availability	Direct Vacancy	Sublease Availability	Overall Availability	Overall Vacancy	Overall Net Rental Rate	
NW	Northwest	57,153,000	952	270,600	3,737,000	6.50%	894,100	4,633,100	8.10%	\$6.88	
NE	Northeast	97,086,500	1,518	840,400	8,516,000	8.80%	625,200	9,141,000	9.40%	\$3.90	
CEN	Central	20,939,000	570	-38,700	1,021,000	4.90%	102,000	1,123,000	5.40%	\$4.32	
SE	Southeast	19,248,000	418	185,000	2,166,300	11.30%	44,500	2,211,000	11.50%	\$8.41	
SW	Southwest	21,455,400	719	-107,400	1,445,500	6.70%	32,000	1,478,000	6.90%	\$6.35	
TOTAL		215,881,900	4,177	1,149,900	16,885,800	7.82%	1,697,800	18,586,100	8.61%	\$5.97	



INDUSTRIAL LEASES

The Top Industrial Lease Signings for the Denver Metro Area First and Second Quarter 2010 Include:

- ◆ 245,340 SF - New Breed Logistics at 4250 Oneida, Denver
- ◆ 150,000 SF - Cenovo Corp. at 3500 Rockmont Drive, Denver
- ◆ 90,870 SF - Veterens Green Jobs at 2627 W. 6th Avenue, Denver
- ◆ 85,000 SF - Playtime at Concord Center Phase II, Building 2, Englewood
- ◆ 74,119 SF - GE Analytical Instruments at 6060 Spine Road, Boulder
- ◆ 70,594 SF - Sunlight Supply, Inc. at 3550 Odessa Way, Aurora
- ◆ 70,145 SF - Rocky Mountain Bottle Co. at 16200 Table Mountain Parkway, Golden
- ◆ 66,780 SF - Denver Hardwood Co. at 5151 Franklin Street, Denver
- ◆ 65,550 SF - HD Supply Waterworks, Ltd. at 4735 Leyden Street, Denver
- ◆ 63,024 SF - Pack Rat at 4700 Florence Street, Aurora
- ◆ 61,588 SF - Superior Well Services at 9540 E. 104th Avenue, Henderson
- ◆ 60,000 SF - Wal-Mart Stores East at 4600 Jason Street, Denver
- ◆ 57,200 SF - OneSource, LLC at 16163 W. 45th Drive, Golden