

C 3 Q U A R T E R L Y

APRIL—JUNE 2006

MARKET INDICATORS

The Next Best Thing to a Crystal Ball

As Colorado tenants, landlords and investors look for verification that the economic recovery continues to gain momentum, several key national and local indicators are being scrutinized. C3 presents this data below for your convenience.

US Unemployment (UE):

- Non-farm employment rose by 121,000 jobs, for a total UE rate of 4.6% in June
- Jobs increases in healthcare, business services, and mining/manufacturing
- Colorado's second quarter unemployment matched the national trend at 4.5%

As the labor market continues to tighten, wages begin to increase. Companies are determining whether to increase prices to offset wage escalations, or to cut profitability to absorb additional labor expenses. Tightening employment markets may cut into operating efficiencies, as less qualified workers are pulled into the workforce. Workers are in demand, which bodes well for the state economy, although Colorado's low unemployment may produce worker shortages for skilled positions.

GDP:

- The primary indicator of the status of the national economy increased at an annual rate of 2.5 percent in the second quarter of 2006

Following the recent cyclical trough of GDP in the third quarter of 2001 (-0.4% growth), estimates show that real GDP has increased from 1Q 2003 to 2Q 2006 at an average annual rate of 3.1%. This healthy trend supports the national and local consensus that the recovery continues to gain momentum.

Interest Rates:

- Federal Reserve Board raised interest rates for the 17th straight time in June
- The current Federal Funds Rate (FFR) is 5.25%.

For consumers, the FFR affects rates on a variety of loans, including credit cards and corporate loans. Interest rates are hiked in an attempt to slow inflationary pressures in an expansionary economy. A higher FFR may limit corporate expansion through use of debt.

Consumer Spending/Inflation:

- The YTD Consumer Price Index is tracking at a 4.7%, compared to 3.4% in 2005
- Inflation has increased, however consumer response will be delayed

The cost of oil has effected consumers at the gas pump, while also increasing secondary product prices. Wage increases derived from the strong demand for workers are being eroded by the increased cost of living. The Fed has attempted to stem inflation through rate hikes. Although there are challenges in the current economic picture, many Colorado commercial real estate professionals feel that the next 12-18 months will present significant opportunities within the industry.

TEAM C3:

- C3 is a Privately Held, Full Service Commercial Real Estate Firm
- C3 Currently Represents Over 900,000 SF of Third Party Listings; and Over 55,000 SF of Tenant Space Requirements

For Any Questions You May Have, Please Contact:

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Colorado Commercial Companies

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The Greening of Denver

On July 12, 2006, Mayor Hickenlooper announced a long-term, citywide initiative called Greenprint Denver to promote the importance of sustainable development and ecologically-friendly practices throughout the community. With a comprehensive action plan, the city aims to integrate environmental impact considerations into its programs and policies. Participation from the community is vital for the city to meet a series of goals over the next five years. Greenprint Denver outlines the following action items:



- Reduce Denver Per Capita Greenhouse Gas Emissions
- Increase City Forest Coverage
- Reduce Waste by Increasing Recycling
- Utilize Renewable Energies
- Increase Green Built Affordable Housing
- Implement City Green Building Policy
- Expand City's Green Motor Fleet
- Promote and Leverage Mass Transit
- Improve, Protect and Conserve Water
- Promote Green Industry Economic Development

“As an exploration geologist-turned-small businessman, I have always maintained what I considered a healthy perspective on the need to balance environmental and economic considerations in my decisions.”

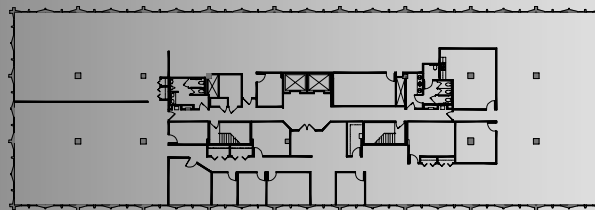
—Mayor John W. Hickenlooper

The final action item on this list has the potential to broadly effect the Colorado commercial real estate industry. For additional information on Greenprint Denver, access www.greenprintdenver.org

Featured Listing: Lake Plaza Center, Lakewood, Colorado



44 Union Boulevard



14,916 RSF, Full Floor Available!



134 Union Boulevard

Lake Plaza Center is a 188,045 rentable square foot , two building office complex that provides tenants with a west Denver location with easy access to Denver's CBD, the Highway 36 corridor and surrounding suburbs including Ken Caryl, Highlands Ranch, Evergreen and Golden.

On-site amenities include a four person management and engineering team, updated mechanical and electrical systems throughout the property, a campus like setting with outdoor seating areas, office suites with mountain and downtown views, monument signage, a 4.0:1,000 parking ratio, a vending room and an owner with a reputation for excellent tenant service and retention.

Current availabilities include suites that can accommodate users from 455 RSF to 21,255 RSF. Rental rates are \$17.50-\$18.00/RSF, full service gross. Most new three to five year lease terms include a negotiable leasehold improvement allowance. Lake Plaza's South tower offers a +/- 15,000 SF for a full floor user. Union Square provides tenants with a central location with access to hotels, restaurants and multiple retail service providers.

Visit the property for a virtual tour at www.colocomm.com/listings/lakeplaza/default.shtml. Come see why Lake Plaza offers something for everyone. If you are a broker representing a tenant, sign a lease at Lake Plaza Center by September 1, 2006 to qualify for the Hot Broker Promotion!