

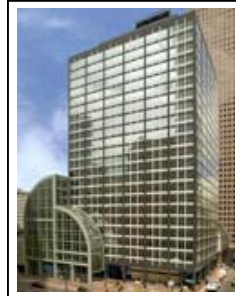
C3 QUARTERLY

JANUARY – MARCH 2008

MARKET INDICATORS

Colorado Leasing and Sales Trends 1Q08

Office



Colorado's office market continues to steadily improve with overall market vacancy decreasing to 12.9% (the lowest level in the past seven years) and average market-wide lease rates climbing to \pm \$21.50/RSF. Net absorption for the market is positive, despite increases in sublease inventories and the delivery of 12 new buildings for \pm 145,800 SF.

The most active submarket throughout Denver continues to be the Central Business District, with average lease rates of \$27.75/RSF and first quarter vacancy of 11.6%. Leasing activity across metro Denver is anticipated to continue to post positive gains, while construction activity clears the inventory in the pipeline, but projects in the planning stage slow.

Total office sales slowed first quarter, as tighter capital markets reduced buyer access to financing. 2007 logged 144 sales for approximately \$1.9B, an average of \$160/SF. In 2006, 162 transactions closed for \$2.7B; an average \$130/SF.

Industrial

Demand for industrial for lease space throughout Colorado has remained solid, as first quarter average rents climbed for the eighth straight quarter to approximately \$6.25/SF. Flex product rates averaged \$9.50/SF, while warehouse product averaged \$5.25/SF.



Despite strong activity, the market appears to be recalibrating after the delivery of 2.4M SF of spec space in 2007. First Quarter vacancy throughout the market increased .9%. This increase appears to be partially attributable to the fact that as tenants absorb new space, they leave behind greater amounts of vacated second generation space. This is due to the higher clear heights and greater efficiencies gained through newer construction techniques.

An additional block of approximately 2.0M SF of space will come to market 2/3Q08, however developers have begun to reign in plans for future construction in an effort to avoid over building. Since 25% of Denver's industrial market is comprised of owner/users, it is anticipated that users and developers will continue to purchase recently vacated buildings for renovation. 2007 industrial sales activity slowed, compared to 2006 with 144 transactions closed vs. 162; however the price per square foot increased in 2007 to \$160/SF from \$130/SF, indicating that the market is still finding value in available product, even at a higher price point.

TEAM C3:

- C3 is a Privately Held, Full Service Commercial Real Estate Firm
- C3 Specializes in Tenant Representation, Third Party Agency & Commercial Real Estate Investment

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Development Snapshot: Denver's Southeast /Central Transit Oriented Sites

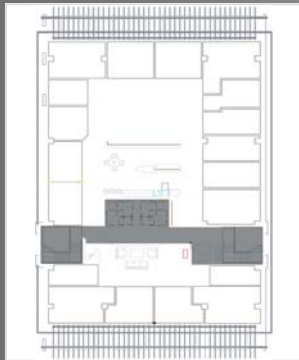
Recently, several transit-oriented developments (TOD's) have broken ground throughout the metro area. These sites provide integrated environments with retail, residential and office space offered in a densely planned area. According to the Denver Regional Council of Governments, more than 300 sites near light rail stops have been planned throughout Denver. The following table compares several of the more prominent TOD's that are underway:

Project Name	Submarket	Residential Units	Hotels Planned	Retail SF	Office SF; Rate/SF/FSG	Ground Breaking (Completion)
Gates	I-25/Broadway Central Denver	2,500	2	1.0M SF	1.0M SF; Negotiable	11/07 (11/08)
Bellevue Station	I-25/Bellevue Southeast	250	1	100,000 SF	2.0M SF; Negotiable	01/07 (08/09)
Village Center at Arapahoe Station	I-25/Arapahoe Southeast	TBD	2	TBD	505,000 SF; \$23.00/RSF	03/07 (08/09)
Lincoln Station	I-25/Lincoln Southeast	73	0	18,800 SF	34,500 SF; \$24.50/RSF	07/07 (08/08)

TOD's create neighborhoods that are conducive to live-work users. The proximity of these sites to rapid transit hubs results in convenience for employers, their staff and customers. If you are a user that is interested in pursuing the relocation of your business to a TOD please give C3 a call. We track all TOD projects throughout metro Denver.

Featured Listing:: Mile High Bank Building

3650 East First Avenue, Denver, CO



+/-6,000 RSF
Build to Suit Penthouse;
Two Large Exterior Patios

New Construction with Numerous Upgrades

Cherry Creek Address;
Easy Colorado Boulevard Access;
Extensive Neighborhood Amenities

The Mile High Bank Building is conveniently located at First Avenue and Colorado Boulevard. The property features highly upgraded finishes and an available penthouse suite that can be built to suit. Users are provided with a Cherry Creek location and distinctive Italianate finishes, exceptional identity and unparalleled visibility. Available spaces provide top floor patios featuring western and eastern views, an on-site bank, immediate access to rapid transit, covered parking and monument signage.

- YOC: 2007
- Total RSF: ±18,500 RSF
- Available RSF: ±2,500RSF—±6,000 RSF
- Rate: \$32.00—\$35.00/RSF Full Service Gross
- Annual Escalations: Negotiable
- Minimum Term: 5+ Years
- Leasehold Improvement Allowance: Negotiable
- Covered Parking Ratio: 2.0:1,000; \$50.00/Space/Month
- Signage: Monument and Building Signage Possible

Please call to schedule a tour 303.327.5800; or visit our website for a brochure at www.colocomm.com

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