

C3 QUARTERLY

APRIL - JUNE 2008
MARKET INDICATORS

Contrasting Indicators: What's Next for Denver's Office Sector?

Colorado is weathering the national economic slowdown better than the majority of the nation. The area's diverse industry base has insulated the state from significant business losses, while creating pockets of activity that defy national trends.



Office leasing has shown inconsistent indicators (vacancy rates, absorption, etc.) across product classes and from submarket to submarket, representing a market that is in transition.

The Central Business District (CBD) continues to bustle with new construction deliveries and what appear to be ever-increasing rents. Class A properties throughout the state have posted lower vacancy rates than they have experienced since 3Q02. Class B properties are beginning to benefit from Tenants that are experiencing sticker shock from Class A renewal rate pricing.

Tenant leasing activity has increased due to conservative management directives to strengthen cash flow and operating reserves in an effort to improve companies' abilities to weather the slow recovery ahead. C3 believes there will be a continued reshuffling of rent rolls as tenants look for ways to cut costs and juggle the effects of a weakened dollar and increased inflation.

Although leasing activity has been solid, for the first time in five straight quarters, 2Q08 posted negative net absorption (the net change in occupied space over a given period). This trend may indicate the beginning of a flattening of rents, as it appears that an influx of sublease space has begun tipping the scale toward increased supply.

Although investment velocity has slowed, Denver is still considered to be one of the top ten markets for commercial investment nationwide. In first quarter, 26 office buildings totaling 2.2M square feet sold for \$280,267,702, or an average of \$138.27/SF. Denver's assets are comparatively affordable to buildings in other major cities and continued positive gains in rental rates continue to support investor interest in the area.

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

For Any Questions, Please Contact:

Natasha Felten, President

Matthew Ball, Associate Broker

Helen Harper Marketing Associate

INSIDE THIS ISSUE:

• The 2008 Democratic National Convention	2
• Featured Listing: 8 West Dry Creek	2



In April 2007, Democratic National Committee Chairman Howard Dean announced that Denver would host the 2008 Democratic National Convention from August 25 to August 28, 2008. Denver was selected due to the Denver host committee's strong bid and growing Democratic gains in the Rocky Mountain West. For up to date information on Convention activities, visit www.demconvention.com. An outline of the most current schedule of events includes:

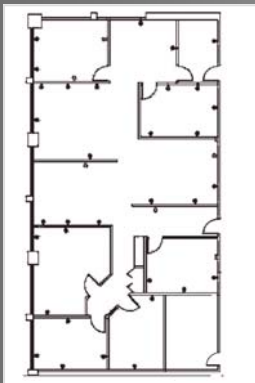
08/25/08: DNC Chairman Governor Howard Dean acts as the Temporary Chair of the 2008 Convention and will call the Convention to order. The first item of formal business for the Convention to act on is the report of the Credentials Committee, which will resolve all questions concerning the seating of delegates. The second item of business is the report of the Rules Committee. Among its many responsibilities, the Rules Committee will recommend the permanent Convention Officers, including the Permanent Convention Chair. Following approval of the Rules Committee report by Convention delegates, it is presumed that Speaker Nancy Pelosi will take the gavel as the Permanent Convention Chair. At past Conventions, the keynote address has typically been on Monday evenings.

08/26/08: Debate and discussion of the Party's proposed National Platform.

08/27/08: In the past, the Wednesday of the Convention kicked off the Party's formal presidential nominating process with nominating and seconding speeches for presidential candidates being given. The alphabetical roll call of states and territories by the Convention Secretary is a memorable feature of past Wednesday nights. Sometimes the Party's presumptive vice presidential candidate will also speak on Wednesday.

08/28/08: Features the nomination of the vice presidential candidate. The Convention concludes with the acceptance speech of the Party's presidential nominee.

Featured Listing: 8 West Dry Creek Littleton, CO 80120



+/-1,200—3,400 RSF
Options Available



Affordable Building with
Ready-to-Occupy Space



Excellent Littleton Location;
Close to C-470 and
the South DTC

8 West Dry Creek offers users an easy-to-access Littleton address with a variety of smaller spaces ranging in size from 1,142 RSF to 3,336 RSF. This 25,990 RSF building offers professional ownership and management, operable windows and a campus-like setting within the Highline Office Park, three blocks north of C-470.

- YOC: 1982
- Total RSF: ±25,990 RSF
- Available RSF: ±1,142—3,336 RSF
- Rate: \$15.00—\$16.50/RSF Full Service Gross
- Annual Escalations: Negotiable
- Minimum Term: 1 to 5 Years
- Leasehold Improvement Allowance: Negotiable
- Parking Ratio: 4.0:1,000; Surface, Free
- Signage: Monument Signage Available

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

No warranty or representation, express or implied, is made as to the accuracy of the information contained herein, and the same is submitted subject to errors and omissions and changes by our Principals.