

C 3 Q U A R T E R L Y

MARKET INDICATORS

Economic Recalibration Promises A Challenging and Opportunistic 24 Months

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

Personal savings rates in the United States fell to 1.7% of net disposable income at year end '07. During 2007, personal saving rates dipped into negative percentages three times, the lowest levels tracked since 1938.



Americans' reliance on leveraging the equity in their homes, as well as their over use of credit to finance lifestyles that exceed earnings, collapsed like a house of cards as the subprime mortgage fallout began to ripple through national and international economies at the beginning of 3Q08.

Tenants are sensing the user market. Tenant representatives find that bringing deals to fruition is taking longer, as their clients carefully weigh all options, often touring the market two to four times. Uncertainty regarding the economy results in shorter terms and decisions to lease the smallest possible space. Low producers, as well as employees with high salary to low revenue-producing ratios are laid off, while multi-taskers are retained. Capital expenditures are tougher for users to fund and expansion is put on hold.

Sales

Sellers seek to move assets by circumventing lenders. Terms including seller financing and more aggressive pricing for cash buyers are offered.

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For commercial real estate the effects of these reverberations will be seen and felt for months to come.

Leasing

Landlords are negotiating renewals 12-18 months in advance. Face rates are being lowered and concessions are increasing. Service and tenant retention are key to survival. Pro forma numbers are replaced with realistic leasing scenarios.

Buyers realize that yields are decreasing due to higher costs of capital and lower leveraging ratios. Realistic underwriting begins to take over.

Lenders begin to weed through convoluted asset portfolios. Workouts and foreclosures begin to percolate through the system. Distressed funds gear up to become active players and make money in 2009.

The Top Ten Opportunities In the Market

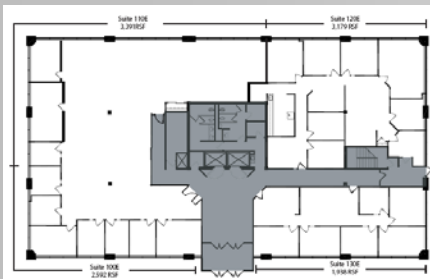
Despite sagging consumer confidence numbers, C3 believes the current and future market presents significant opportunities for servicing our landlord, tenant and investor clients. We believe the glass is half full, not half empty. The top ten opportunities for brokers to add value in this market are:

1. **Retention**—High-service listing teams that know their building occupants achieve higher retention and better deal terms than volume brokers.
2. **Negotiation**—Tenant's may seek Landlord bailouts. Tenant brokers with real-time, working knowledge of the rapidly changing market add significant value through recasting lease obligations, or subletting excess capacity.
3. **Synergy**—Investors with liquidity are positioned to buy quality assets off market. Brokers with market knowledge bring the two opportunities together, to the economic benefit of all parties.
4. **Creativity**—Brokers are valued more now for their resourcefulness and ability to get deals done. Those with the best response time, the creativity to author flexible deal structures and the broadest networks excel.
5. **Efficiency**—Tenants have too many space alternatives to easily evaluate. Brokers add efficiency to the tenant decision making process and translate operational requirements into easy-to-quantify space attributes.
6. **Marketing**—Brokerage teams with set procedures and transmission timeframes for print, electronic, personal and media communications perform.
7. **Anticipation**—Proper use of data can lead to accurate, proactive decisions. Brokers with memberships to multiple property databases create custom tools for their landlord, tenant, and investor clients.
8. **Exploitation**—Construction costs fall. Users and investors that have been planning on acquiring or building a facility are positioned to buy existing buildings or land at lower cost. For the first time in years, retrofits and build-to-suits benefit from reasonably priced planning, engineering, materials, and labor costs.
9. **Knowledge**—Brokers' knowledge of seller-financed properties results in acquisition opportunities for tenants that would otherwise need to lease.
10. **Preparation**—Brokers who keep the pulse of the market help landlords, tenants, and investors maintain a proactive approach in the ever-changing commercial real estate market.



Featured Listing: Quebec Centre

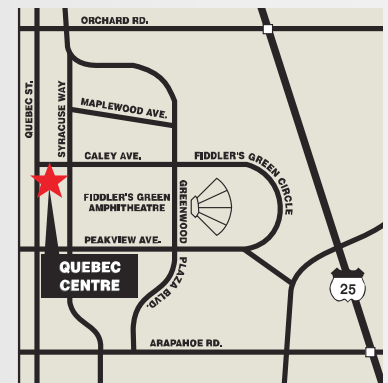
7340, 7400, 7430 East Caley Avenue Centennial CO 80111



+/-1,200—12,000 RSF
Options Available



Affordable Building with
Ready-to-Occupy Space



Excellent Location;
Close to I-25 & Arapahoe

Quebec Centre offers users an easy-to-access Centennial, Colorado address with a variety of spaces ranging in size from 1,242 RSF to 12,176 RSF. This 3-building complex totals 106,865 RSF and offers professional ownership and management, and a park-like campus setting with easy access to I-25 via Arapahoe and Orchard Roads.

- 24-Hour HVAC available; individually zoned
- Two elevators per building
- On-site US Mail, UPS, and Fed-Ex overnight boxes
- Rate: \$17.95—\$18.95/RSF Full Service Gross
- Minimum Term: 1 to 5 Years
- Parking Ratio: 3.0:1,000; Surface, Free
- Park-like campus setting
- Downtown and front range views
- Restaurants, hotels, and service providers nearby

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

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