



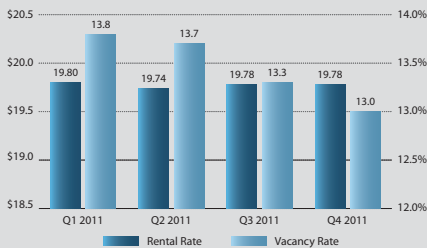
Office Market Report

Q4 2011

Market Overview

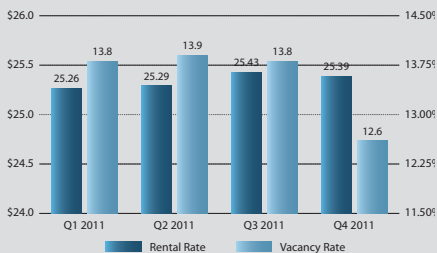
Overall Office

- ▼ Vacancy 13.0%
- ◀▶ Rates \$19.78/SF
- ▲ Net Absorption 556,275 SF
- ◀▶ Construction Activity 872,660 SF



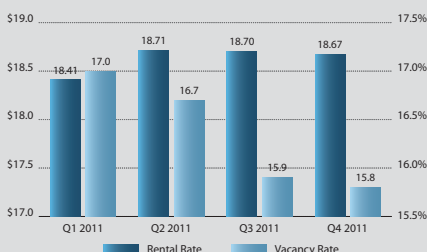
Downtown Office

- ▼ Vacancy 12.6%
- ◀▶ Rates \$25.39/SF
- ▲ Net Absorption 385,506 SF
- ▼ Construction Activity 270,000 SF



Southeast Suburban Office

- ▼ Vacancy 15.8%
- ◀▶ Rates \$18.67/SF
- ▼ Net Absorption 48,136 SF
- ◀▶ Construction Activity 0 SF



Denver Office Market

2011 ended up being another relatively good year for the office market. Market fundamentals overall continue to improve as the vacancy rate continues its steady decline with another quarter of positive absorption. Rental rates have stabilized across the market and continue to press upward in select submarkets such as downtown, LoDo and in well located Class A suburban properties. The resurgence of strong activity in the southeast suburban submarket was a welcome sight as several large lease transactions were completed in the 4th quarter.

While leasing activity has continued to pick up momentum over the last several quarters, the real story of the quarter and the year itself was the return of the institutional investment market. Not only did several high-end properties exchange hands in both downtown and LoDo, but several other large institutional transactions took place throughout the market from Boulder, along the 36 corridor and quite a few more in the southeast suburban submarket. Institutional investors are more focused than ever on metro Denver as the local economy continues to recover, and 2012 should continue to see more investment sales from out of state buyers.

Another sign that the office market is headed in the right direction is the renewed marketing of several future developments, such as One Union Station in LoDo and 100 Saint Paul in Cherry Creek. All signs point to another strong year for Denver's office market in 2012.

Transactions

Lease	Tenant	Sq. Ft.	Property	Submarket
	URS Corporation	185,988	Denver Corporate Center II	SES
	ProBuild Company	86,937	Crossroads DTC	SES
	XTO Energy	53,820	9127 S. Jamaica Street	SES

Sale	Buyer	Seller	Property	Price
	Brookfield Properties	PSEG Energy Holdings	1801 California (1,317,046 SF)	\$163/SF
	Cornerstone Advisors	The Nichols Partnership	1899 Wynkoop (165,727 SF)	\$318/SF
	Crow Holdings	First Century Development	1755 Blake St. (112,928 SF)	\$360/SF

Source: CoStar