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A Denver Based Commercial Real Estate Investment and Management Company
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GB Fund Buys Quebec Corporate Plaza

A Colorado Springs investor that is honing in on the Denver area made an \$18.5 million buy in the southeast suburban office market. GB Value Fund II paid just under \$114 per square foot for Quebec Corporate Plaza. The 162,372-sf office building is located at 5600 S. Quebec St., next to the new Landmark mixed-use development. "We think it's a Class A location," said Gary Winegar, chief investment officer for Colorado Springs-based Griffis/Blessing Inc., which manages GB Value Fund II. "It's right next to the Landmark, which can only help it and help that area. "We like some of the dynamics we're seeing in the southeast office market," Winegar added. "The office market in general is improving, and the trends look good."
(Colorado Real Estate Journal)

Fed Fix Works For Now

The Federal Reserve's latest dose of medicine to calm the credit crunch appears to be working in at least the all-important mortgage-bond market where yields have dropped in recent days. "Every little bit of support in the mortgage market helps every other single market out there," said Jim Vogel, head of agency debt research at securities firm FTN Financial. "The Fed, by a combination of actions, is giving people more assurance that things are better for now." The sigh of relief in the \$4.1 trillion market for bonds guaranteed by Fannie Mae and Freddie Mac came even as investors in other fixed-income markets, stocks and commodities grew negative yesterday following the euphoria over Tuesday's 0.75 percentage point cut in short-term interest rates by the Fed. Ultimately, though, the mortgage market has broad impact on the economy and other markets, so any improvement there could bring relief to other markets as well. Of course, the good news doesn't mean the financial crisis is over. The mortgage-market calm is fragile and could easily be undone if, say, default rates again lurch higher, another high-profile financial firm fails or more multibillion-dollar write-downs force banks to curtail lending further and seek emergency capital. "There is no such thing as an all-clear siren at the moment," Mr. Vogel said. "It's too soon to say, 'Dismantle your bomb shelter.'" Things have improved over the past few days. Yields on Fannie- and Freddie-backed bonds have fallen nearly a full percentage point since rising March 6, a day after Carlyle Capital Corp. disclosed that it couldn't meet margin calls from some of its bankers. The difference on the yield on 30-year mortgage-bonds compared with a blend of U.S. Treasuries fell to 2.74 percentage points, from 2.87 Tuesday, said FTN. That difference, or spread, compared with a 20-year high of 3.7 percentage points March 6. The disclosure by Carlyle Capital, created by private-equity giant Carlyle Group, proved to be the spark that set a wildfire through mortgage markets and other parts of the financial system. Carlyle Capital held \$21 billion in mortgage-backed securities, and investors feared the firm or its bankers would dump them. That roiled mortgage markets and set off fears of wider financial contagion. This chapter of the credit crisis culminated in the emergency sale of Bear Stearns Cos. to J.P. Morgan Chase & Co. for just \$236 million. To combat the fear in the markets, the Fed created a new \$200 billion lending facility, allowed brokers, not just banks, to borrow funds and financially backed the Bear Stearns sale. Those actions, coupled with Tuesday's interest-rate cut, helped to reverse the climb in mortgage-bond yields. That brought buyers back into the market. Noted bond investor Bill Gross, who

manages the \$123 billion Pimco Total Return fund at Allianz SE's Pacific Investment Management Co., said in an interview Tuesday that he was actively buying mortgage bonds. Then yesterday, the regulator for Fannie and Freddie agreed to reduce the amount of capital the firms' have to hold, allowing them to buy or guarantee more mortgages. At the same time Fannie and Freddie agreed to raise more capital, effectively allowing them to buy or guarantee still more bonds. Finally, the board that oversees the nation's Federal Home Loan Banks is close to voting on a plan to raise the amount of mortgage bonds the banks can hold against capital. The restoration of calm in the mortgage-bond market is likely to have a broad, salutary effect. Lower bond yields translate into lower borrowing costs for would-be home buyers and homeowners looking to refinance. **(Wall Street Journal)**

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UCD Business School Acquires Downtown Site

The University of Colorado Denver's Business School has taken a big step in getting its own building in downtown Denver, with the CU Foundation paying \$24 million for the office building at 1475 Lawrence St. More than 2,500 students are expected to use the building, which has nearly 100,000 square feet. Currently, the department's classes are spread among six buildings. CU Denver plans to buy the building back from the foundation. The school needs to raise about \$15 million to renovate the building, constructed in 1986, for a total cost of \$39 million. The business school could be open by 2010 at 1475 Lawrence, if fundraising efforts are successful. **(Rocky Mountain News)**

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Stapleton Will Get Another Office Building

Forest City Stapleton Inc. plans to build another office building at its Stapleton mixed-use project. The five-story building will include 125,000 square feet of space, and be located at Martin Luther King Boulevard and Syracuse Street in Denver. Dubbed the Syracuse building, the project will seek LEED gold certification. LEED stands for Leadership in Energy and Environmental Design, and is the U.S. Green Building Council's designation for energy efficient, environmentally friendly design. Last month, Forest City said it teamed up with the Etkin Johnson Group of Denver to develop a three-building office and industrial complex called Enterprise Park at Stapleton. The project will include a total of 441,597 square feet of space. Located on the site of the former Stapleton International Airport, the Stapleton mixed-use project is being developed by Forest City Enterprises Inc. (NYSE: FCE A/B) of Cleveland. At 4,700 acres, Stapleton includes residential and commercial development. The project already includes 186,000 square feet of office space, situated mostly in and around the East 29th Avenue Town Center. The Syracuse building was designed by MOA Architecture, a Native American-owned firm based in Denver, and will include more than 530 parking spaces. The structure eventually will have access to light rail, as part of the FasTracks mass-transit program. **(Denver Business Journal)**

Reports Suggest Economy Weakening More

A rise in jobless claims and a drop in a key forecasting gauge provided the latest evidence that the U.S. economy is faltering and may be slipping into recession. The Conference Board, a business-backed research group, said Thursday that its index of leading economic indicators fell in February for the fifth consecutive month. The index, which is designed to forecast where the nation's economy is headed in the next three to six months, dipped 0.3 percent to 135.0 in February after slumping 0.4 percent the month before. In Washington, meanwhile, the Labor Department said that applications for unemployment benefits totaled 378,000 last week. That was an increase of 22,000 from the previous week and the highest level in nearly two months. The four-week average for new claims rose to 365,250, which was the highest level since a flood of claims caused by the 2005 Gulf Coast hurricanes. Ken Goldstein, labor economist at the Conference Board, said in a statement accompanying the leading indicators report that economic signals "are flashing yellow." He said the numbers indicate "the economy may be grinding to a halt" and that "a small contraction in economic activity cannot be ruled out." A Federal Reserve reading of business activity in the Philadelphia area showed contraction - but not as much as analysts expected. The news helped the stock market on Thursday recover from a drop the day before. In afternoon trading, the Dow Jones industrial average climbed 158.02, or 1.3 percent, to 12,257.68. Other indexes also were up. The economy has been hard hit by rising gas prices, falling home prices and tightening credit markets, which have forced consumers and businesses to cut spending. As a result, the U.S. economy may have stopped growing in the current quarter and could continue faltering in the second quarter. That would meet a technical definition of a recession - two consecutive quarters of economic contraction. Pessimism about short-term U.S. economic prospects was voiced by the Organization for Economic Cooperation and Development, which on Thursday downgraded its growth forecasts for the United States, the euro zone and Japan. The OECD, a Paris-based institution that supports global development, cut its forecast for first-quarter gross domestic product in the United States to 0.1 percent and predicted that GDP would be flat in the second quarter. Like the OECD, most experts expect any downturn to be relatively mild and probably short-lived. That's because the Federal Reserve in recent months has aggressively lowered interest rates and made more funds available to banks and brokerages. And the Bush administration has been moving on several fronts to boost the economy, including the promise of tax rebates starting in the summer. Scott Brown, chief economist with Raymond James & Associates in St. Petersburg, Fla., predicts that U.S. economic growth could be "close to zero, maybe negative" in the first half of the year but likely improve in the second half. "It will take some time before the Fed rate cuts since January have an effect on the economy," Brown said. And the rebates and other fiscal stimulus are likely to kick in to boost spending this summer, he added. The economic weakness already is showing up in higher layoffs and weaker hiring numbers. The Labor Department's report said the total number of payroll jobs fell by 63,000 in February, an even bigger decline than the drop of 22,000 jobs in January, which had been the first monthly decline since mid-2003. "We have no doubt that the trend in claims is upwards and is approaching the levels seen in the earlier stage of the recession in 2001," said Ian Shepherdson, chief U.S. economist at High Frequency Economics. The reading for the Conference Board's index of leading indicators was in line with the 0.3 percent decline expected by analysts surveyed by Thomson Financial/IFR. The Conference Board said the leading index has declined 1.5 percent since August,

with eight of its 10 components showing declines. In the latest month, the biggest negative influences were unemployment insurance claims, building permits, vendor performance and consumer expectations. The coincident index, which measures current activity, was unchanged for a third consecutive month at 124.9. The lagging index was up 0.2 percent in February after rising 0.1 percent in January. **(AP)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	2.25	3.00	5.25
3 MONTH LIBOR	2.61	3.12	5.32
PRIME RATE	5.25	6.00	8.25
10 YEAR TREASURY	3.34	3.89	4.58
30 YEAR TREASURY	4.17	4.36	4.78