

March 3, 2008

A Denver Based Commercial Real Estate Investment and Management Company
Contact Ken Gillis at 303-407-8715

Bernanke Signals Fed Ready to Cut Rates to Help Economy

The Federal Reserve is ready to lower interest rates again to brace the wobbly economy even as zooming oil prices spread inflation, Chairman Ben Bernanke signaled to Congress on Wednesday. He is fighting to keep the economy afloat after mighty blows from the housing and credit crises, while trying to contain inflation. For now, the priority is shoring up the economy, Bernanke suggested in an appearance before the House Financial Services Committee. He pledged anew to slice a key interest rate to help the economy, which many fear is on the verge of a recession, if not already in one. Since last summer, the housing slump has worsened, credit problems have intensified and the job market has deteriorated. He said that bad news has made people and businesses more cautious about spending and investing, further weakening the economy. The country should prepare for "sluggish economic activity in the near term," he said. **(Rocky Mountain News)**

ConocoPhillips Hub Seen as Boon for Colorado

Score one more for the "New Energy Economy." ConocoPhillips' announcement last week that it would open a renewable-energy research hub and corporate learning center in Louisville was hailed by state officials as another example of Gov. Bill Ritter's work to make Colorado a leader on alternatives to fossil fuels and create what he calls the New Energy Economy. Economic development officials and researchers said ConocoPhillips' announcement will go a long way to attracting more like-minded companies. "Having a well-established company in this industry with the wherewithal to do what they say they're going to do will certainly lend to our ability to attract other companies to Colorado's New Energy Economy," said Matt Cheroutes, spokesman for the state Office of Economic Development and International Trade. "We will have a global center for research and development in our back yard," he said. Cheroutes said he was unaware of any conversations about grants ConocoPhillips could receive, but said it was still early. "As long as there's no government subsidy or corporate welfare, I think it's fantastic," said Jon Caldara, president of the Independence Institute, a conservative think tank. "Unfortunately, renewable energy is one of the largest recipients of corporate welfare. What government does for one industry it needs to do for all." ConocoPhillips has long worked with research institutions in Colorado, including the National Renewable Energy Lab in Golden, on renewable energy. More recently, it was one of the early sponsors of the Colorado Center for Biorefining and Biofuels, known as C2B2. That center allows companies to share in biofuels research by NREL, Colorado State University, the University of Colorado at Boulder and the Colorado School of Mines. The Governor's Energy Office said ConocoPhillips' decision validates the institutions' work. "We're looking forward to seeing Colorado being recognized as an international leader in renewable energy," said Megan Castle, a spokeswoman for the office. ConocoPhillips has not said how many jobs would be based at the campus, which is scheduled to open in 2012. However, Ritter said thousands of employees each year were expected to visit the corporate learning center, which would serve as the company's worldwide training center. The company's Global Technology Center, meanwhile, would be a hub for company research on renewable energy and high-tech carbon fuels recovery, Ritter said. University of Colorado chemical and biological engineering professor Alan Weimer said the big winners would be

university students researching renewable energy. Since Ritter's election in 2006, the Legislature has created a \$7 million clean energy fund. Ritter recommended that half be dedicated for economic development purposes, such as luring renewable energy businesses. A year ago, he signed an agreement forming the Colorado Renewable Energy Collaboratory, setting up a research relationship among the NREL, CSU, CU-Boulder and the Colorado School of Mines. Five months later, the state launched C2B2. Its budget is about \$1.5 million to \$2 million a year but is expected to reach \$3 million to \$5 million within a few years with a combination of fees from member companies and state matching funds, said Weimer, executive director for C2B2. Weimer expected ConocoPhillips' support for C2B2 would continue even as it adds its own research facility. The culture also is changing. Even as the oil and gas industry booms in Colorado, the state has passed laws requiring state fleet vehicles to use biofuels and investor-owned utilities to get 20 percent of their power from renewable sources by 2020. Weimer said the ConocoPhillips center could be a catalyst for other energy companies to house research in the Denver area, much like high-tech companies flocked to northern California. "That's how Silicon Valley got started. That may very well happen for the Denver, Colorado, area, that it ends up being the same thing for energy research," Weimer said. **(Denver Post)**

...

Richer Digs for Newmont

Downtown will lose a corporate headquarters when Newmont Mining Corp. relocates to Greenwood Village by the end of the year. Newmont is leasing 166,000 square feet in the \$100 million Palazzo Verdi, a 300,000-square-foot building that developer John Madden is constructing at 6401 S. Fiddler's Green Circle. One of the largest gold producers in the world, Newmont is moving its 400 Denver employees to the new building from about 99,000 square feet in downtown's Wells Fargo Center, also known as the cash-register building, and from 33,000 square feet in the Denver Technological Center. "Consolidating our Denver offices allows Newmont and our employees to leverage the benefits that come from working together in the same space," Newmont spokesman Omar Jabara said. "Our new CEO, Richard O'Brien, feels very strongly that we will be more effective, efficient and aligned by uniting our Denver-area offices." Moving out of downtown will result in significant savings for the firm, said Rob Link, executive vice president of commercial real estate firm Studley, which represented Newmont. "They were in a building that had served them very well as their headquarters, but the building could not accommodate their future growth, and the costs associated with staying downtown are quite significant compared to Palazzo Verdi," Link said. Tami Door, president and chief executive of the Downtown Denver Partnership, said it's unfortunate that downtown is losing jobs, but she's thankful the company is staying in the region. "Those employees will still be located here," she said. "They'll still use downtown to shop or dine and go to the theater." It's likely the vacancy Newmont leaves at Wells Fargo Center will be snapped up relatively quickly, said Tom Lee, senior managing director at Frederick Ross Co. "We believe we're going to absorb 850,000 feet in 2008 downtown. It's very high-end space." Lee said the vacancy rate for high-end office space is less than 3 percent. Newmont is asking \$32 to \$34 a square foot to sublease the space. Similar space leases in the upper \$30s and low \$40s. **(Denver Post)**

Federal Center Unveils Big Plans

A new master plan for the Denver Federal Center in Lakewood calls for 3.6 million square feet of new development and 1,400 residential units. Combined with some of the existing buildings, the Federal Center will have a total of 6.4 million square feet on the 640-acre site within the next 20 years. The Federal Center property, which houses government offices, including the U.S. Geological Survey, the Environmental Protection Agency and the Mine Safety Health Administration, is owned by the General Services Administration. The GSA sought a master plan for the site to take advantage of the development potential brought about by the FasTracks project, which will bring an RTD light-rail line through the property, and by the relocation of St. Anthony Hospital to the site. "Now that the plan is completed, we will be working diligently with our national office and others to secure the real estate tools to implement the plan," said Doug Flanders, senior adviser to the regional administrator of the GSA. The plan calls for a mix of land-use districts centered around:

- A "Federal Quad."
- Higher-density pedestrian-friendly districts near the planned intermodal transit station.
- Increased recreational amenities for federal tenants and the general public.

The development will be less dense going from north to south approaching West Alameda Avenue and from west to east approaching Kipling Street. RTD, which purchased 15.5 acres on the site, is negotiating with Golden-based Aardex to develop a transit-oriented development on the land it acquired for the station, said Bill Sirois, manager of transit-oriented development for FasTracks. Aardex's initial plans include a hotel, Sirois said. RTD initially envisioned a surface parking lot for the light-rail station, but the GSA and Lakewood officials requested the agency build structured parking. "We went out with an RFP (request for proposals) to see if a developer could come up with something where we would remain whole and they would build a development," Sirois said. The new parking structure and bus facility must be completed by 2010 to replace the Cold Springs park-n-Ride off Union Boulevard. The light-rail tracks will run through that lot. In October, construction of the new \$400 million St. Anthony West Hospital started on part of a 50-acre parcel that the hospital acquired from the Federal Center. St. Anthony is moving from its cramped 16-acre home of 115 years in northwest Denver. **(Denver Post)**

...

	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	3.00	3.50	5.25
3 MONTH LIBOR	3.06	3.24	5.35
PRIME RATE	6.00	6.50	8.25
10 YEAR TREASURY	3.53	3.63	4.55
30 YEAR TREASURY	4.41	4.38	4.68