

June 8, 2009

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## Commercial Real Estate Sales Down in Metro Denver

Commercial real-estate sales in metro Denver dropped in the first quarter of 2009 from the prior-year quarter, with the office market having no significant sales, according to data from LoopNet Inc. Metro-area sales for the 12 months ended March 31, compared to the previous 12-month period, also were down, especially in the office market. The LoopNet information, released this week, included office, retail and industrial buildings as well as apartments, but not land, hotels and health-care facilities. Minimum selling price of deals included in the data was \$2.5 million. The office market had one of the biggest declines in sales among property types, with no sales of more than \$2.5 million for the first quarter, compared to \$380 million in sales for 2008's first period, according to LoopNet. Other data providers include the Colorado State Land Board's first-quarter purchase of a new headquarters building at 1127 Sherman St. in downtown Denver for \$4.7 million. That sale closed March 31, according to Denver County real estate records. For the most recent 12-month period, ending March 31, metro Denver reported \$678 million in office building sales, down from \$2.9 billion for the previous 12-month period. Over the past 12 months, downtown Denver had the most metro-area office-property sales, with seven buildings trading for a total of \$332 million, according to LoopNet. Two downtown deals were among the period's largest -- the \$157.8 million sale of the two-building World Trade Center and Millennium Financial Center's \$47.9 million sale, both in October 2008. Based in San Francisco, LoopNet (NASDAQ: LOOP) provides information services to the commercial real estate industry, including sales listings. LoopNet customers include CB Richard Ellis Group Inc., Grubb & Ellis Co., Lincoln Property Co., Trammell Crow Co. and RREEF Funds LLC. Other Denver-area commercial real estate sales for the periods include:

**Industrial** -- \$40 million in sales in Q1 2009, compared to \$207 million in Q1 2008; \$404 million in sales for the 12 months ended March 31, compared to \$658 million for the previous 12 months. Among the largest recent industrial sales was Denver-based ProLogis Inc.'s (NYSE: PLD) sale of Building 8 in ProLogis Park 70 for \$19.3 million in March. Major industrial buyers in the past 12 months included Hines Interests LP, IBC Holdings LLC and TA Associates Realty, and major sellers, besides ProLogis, included First Industrial Realty Trust Inc. (NYSE: FR) and SVN Equities LLC.

**Retail** -- \$13 million in Q1 2009 sales, down from \$69 million in Q1 2008; \$430 million in sales for the past 12 months, compared to \$838 million for the previous 12-month period. Biggest first-quarter retail sales include a former Circuit City store on South Colorado Boulevard in Denver, which sold for \$7.5 million. Among the biggest retail sales in the past 12 months were the \$161 million sale of Southlands, metro Denver's largest shopping center, in December 2008, and the \$94.5 million sale of the Denver Pavilions mall in downtown Denver last summer. Top retail buyers in the past 12 months were Southlands buyer BlackRock Inc. of New York as well as Denver-based Gart Properties LLC and ING Real Estate, partners in the Denver Pavilions acquisition. Major sellers included Southlands developer Alberta Development Partners LLC of Greenwood Village, and Pavilions investors Arthur Hill & Co. LLC and Roche Finanz GmbH.

**Apartments** -- \$29 million in sales for Q1 2009, down from \$194 million for the first period of 2008; \$528 million in 12-month sales, down from \$1.77 billion for the previous comparable period. Among the largest recent apartment transactions was the \$20.9 million sale of The Boulders in Boulder in January. Major buyers of apartment properties, over the last 12 months, included Bascom Group LLC and Asset Plus Corp., and top sellers included Principal Capital and Apartment Investment and Management Co. (NYSE: AIV) of Denver. **(Denver Business Journal)**

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**If You Want To Be in the Right Place When the Recovery Starts, That Place May Be in Colorado, Idaho, Oregon, Texas or Washington**

The recession didn't start at the same time in every state, and it won't end at the same time either. A new forecast from Moody's Economy.com predicts that jobs growth will return first in those five states, starting in the last quarter of this year. Four of those states benefit from strong high-tech industries, and the fifth, Texas, has a strong base of energy industries. A second wave of jobs growth, in the first quarter of 2010, is predicted in seven states: Alabama, Georgia, Nebraska, New Mexico, North Carolina, North Dakota and South Dakota. The next wave, in the second quarter of 2010, is expected in seven states: Alaska, Arkansas, Iowa, New Hampshire, South Carolina, Tennessee and Wyoming. That leaves 31 states and the District of Columbia waiting until the third quarter of 2010 for jobs to start growing again. The new forecast is released along with the monthly Adversity Index. Each month, Moody's Economy.com and msnbc.com use data on employment, industrial production, housing starts and house prices to label each state or metro area as expanding, at risk of recession, in recession or recovering. Like a jigsaw puzzle nearing completion, the index shows that the recession reached 373 of the nation's 381 metro areas, and 49 out of 50 states (Alaska was spared), by the end of March. Why will some states recover faster than others? High-tech industry is one element. A slowdown in technology spending in 2008 and 2009 has created a pent-up demand for technology — businesses that know they need to upgrade and are waiting for the ability to spend. "States that have a high concentration in tech-related industries are well positioned to take advantage of this trend, which is particularly true of Colorado, Idaho, Oregon and Washington and to a lesser extent Texas," said economist Andrew Gledhill of Moody's Economy.com. "Although not scheduled to begin its recovery until a quarter later, New Mexico also fits into this category of benefiting from a tech recovery." Why is Texas, which has less high-tech industry, on the list for early job growth? "The state had largely missed out on the housing boom (as did Colorado) and was among the last to join the recession, in large part due to lingering impacts from the energy boom of years past," Gledhill said. "Similarly, other expected early risers such as Washington and Colorado were also relatively late to join the recession for various reasons. Thus, as conditions begin to turn nationally, they have less of a hole to dig themselves out of." Another element for those early risers: better credit ratings. "One factor that the five early job recovery states all have in common is less erosion in household credit conditions, with the worst of the group being Idaho," Gledhill said. "As a result, once it seems apparent that recovery is setting in, households in these states will be more able to turn and inject money back into their local economies. There is less de-leveraging of household balance sheets in these

states. This will in turn prompt a more favorable trend in certain types of service industries." How about the states in the second group? "The Plains states, including North and South Dakota, have suffered relatively minor recessions, with comparably minor job losses," Gledhill said. "North Dakota has the lowest unemployment rate in the country. Once the U.S. economy begins to firm and there is less weight on cyclical industries such as manufacturing, it does not take much to turn minor losses into minor gains." Farm states are also helped by relatively high farm prices, Gledhill said. The states that missed out on the housing bubble — and the housing bust — are also better positioned to recover quickly. "Alabama, Nebraska, North Dakota and South Dakota have only minor housing imbalances," Gledhill said. "None of these states recorded the exorbitant price appreciation that was common in years past that has subsequently turned into a steep price correction and the negatives that follow. These markets are feeling this correction, but not to the drastic extent seen in many other states." Of the 50 states, only Alaska was showing enough growth to delay a declaration of recession by the end of March. Add the District of Columbia to that list, too. A month earlier, North Dakota and Wyoming were also avoiding the recession. Among metro areas, 98 percent were in recession by the end of March, up from 96 percent in the February data. That's 373 in recession, up from 367. All eight metro areas still not in recession are judged to be at risk of recession, meaning they are decelerating toward the downturn. The eight are Anchorage, Alaska; Bismarck, N.D.; Killeen-Temple-Fort Hood, Texas; Laredo, Texas; Las Cruces, N.M.; Midland, Texas; Odessa, Texas, and Texarkana, Texas-Arkansas. Most of those benefit from energy production. Laredo also benefits from trade with Mexico. Not a single metro area in the nation was judged to be in recovery in February. (MSNBC.com)

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### **U.S. Unemployment Rate 9.4% in May, But New Layoffs Down**

U.S. unemployment rose to 9.4 percent in May from 8.9 percent in April and 8.5 percent in March, topping a quarter-century-old level, the U.S. Department of Labor reported Friday. But the number of newly laid-off people nationwide eased somewhat, to 345,000, the lowest in eight months. In April, employment fell by 563,000. The steepest job losses were in manufacturing, with losses lessening in construction and professional services, the Labor Department's Bureau of Labor Statistics said in its monthly employment report. About 14.5 million Americans were unemployed in May. The number of jobless people has risen by 7 million since the U.S. recession officially began in December 2007, BLS said. The number of "long-term" unemployed -- those without jobs for 27 weeks or more -- rose by 268,000 in May from the previous month, to a total of 3.9 million. That figure has tripled since the recession began, BLS said. Manufacturing employment fell by 156,000 in May from April, construction by 59,000, and professional and business services by 51,000. But health care employment increased by 24,000 in May.

**In Colorado, unemployment in April** -- the latest month for which numbers have been released -- was 7.4 percent, down slightly from 7.5 percent in March, the state's Department of Labor and Employment reported May 22. May numbers for the state will be released June 19.

**In the Denver-Aurora metro area, unemployment in April** was 7.5 percent, two-thirds of a point lower than the March rate of 8.2 percent, BLS said in a report Wednesday. But the metro area's jobless rate was still well above the 4.3 percent rate of April 2008. **(Denver Business Journal)**

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**Economists See Modest Colorado Employment Rebound in 2010**

Colorado employment will drop 1.4 percent this year from 2008 but will see a modest 0.8 percent increase in 2010, predicts a report by Arizona State University drawing on a team of economists. Personal income in Colorado will likely grow 2.9 percent this year and 3.8 percent next year, ASU's W.P. Carey School of Business says in its Blue Chip Economic Forecast of western state economies, issued Monday. The forecast sees single-family housing permits in Colorado decreasing 4.7 percent in 2009 but then increasing 16.4 percent next year. The report draws on forecasts by economists in several western states, including Colorado's Tucker Hart Adams of the Adams Group Inc., Natalie Mullis of the Colorado Legislative Council and Richard Wobbekind of the University of Colorado at Boulder's Leeds School of Business. The report is a consensus and individual economists may not agree with all of its conclusions. **(Denver Business Journal)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
<b>FED FUNDS RATE</b>	.25	.25	2.00
<b>3 MONTH LIBOR</b>	.63	.99	2.68
<b>PRIME RATE</b>	3.25	3.25	5.00
<b>10 YEAR TREASURY</b>	3.84	3.15	4.04
<b>30 YEAR TREASURY</b>	4.63	4.09	4.74