

July 9, 2007

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

Colorado Economy Forecast to Perk Up

Colorado's economy is growing at a slower pace this year than last but will likely pick up steam in the second half, according to a midyear update of an economic forecast by the University of Colorado at Boulder. The update was released Thursday. "We went into the year predicting a little bit of a slowdown, a 1.9 percent job growth rate," said Richard Wobbekind, an economist with CU-Boulder's Leeds School of Business. "Right now we're slightly lower than that, but actually we're pretty much on the mark because we think the second half of the year is going to be stronger." The state's information sector, after languishing since the early 2000s, is turning upward more sharply than expected. Professional and business services, natural resources and mining, health care and tourism are also strong. A sharp drop in new homes has left construction weaker than expected. Manufacturing also remains a disappointment, with the state shedding jobs in that sector at a rate faster than the national average. Colorado's unemployment rate in May stood at 3.6 percent, down from 4.5 percent a year earlier. **(Denver Post)**

...

DPC Acquires Chapel Hills Atrium Building for \$8.15m

A multitenant office building with a quarter of its space vacant recently sold to a Denver-based buyer in a value-added play. DPC Development Co. paid \$8.15 million for the Chapel Hills Atrium building, a three-story building at 1125 Kelly Johnson Blvd. in Colorado Springs. The approximately 78,000-square-foot property was purchased by DPC Development Co., which is expected to not only make upgrades to the 1985 office building and its atrium but also lease up its available space, noted co-listing broker John Rodgers of Grubb & Ellis|Quantum Commercial Group. **(Colorado Real Estate Journal)**

...

Corporate Centre Office Building Sells for \$7.08m

A Washington-based buyer debuted in the Colorado Springs market with its acquisition of the Corporate Centre office building. WA Corporate Centre Acquisitions LLC paid \$7.08 million, or \$156.68 per square foot, for the three-story Class A building at 6760 Corporate Drive. The 45,157-sf building sold at a 7.39 percent cap rate. "The buyer is bullish on the Colorado Springs office market, especially the north and northeast submarkets," said Sperry Van Ness' Troy Meyer. **(Colorado Real Estate Journal)**

...

Slowdown May Be Ending

The nation's economic slowdown may finally be coming to an end, with both the service and manufacturing sectors showing surprising strength in June even as prices for raw materials rise. The Institute for Supply Management said Thursday that its index of business activity in the non-manufacturing sector, which includes banking, retail and travel, registered 60.7 in June. The reading was higher than May's 59.7 and Wall Street's expectation of 58.1. It was the highest reading since April 2006, when it registered 61.1. A reading above 50 indicates expansion, while one below

indicates contraction. "It's a continuation of recent trends and shows the economy is firming up," said Gary Bigg, an economist with Bank of America. The report followed Monday's ISM report that the manufacturing sector expanded at its fastest pace in at least a year. The index, which covers factories, plants and utilities, among others, registered 56, higher than the May reading of 55 and the market expectation of 55.4. Separately, the Labor Department reported Thursday that the number of newly laid-off people signing up for jobless benefits rose last week. The level of claims, though slightly higher than economists were expecting, was still in a range that pointed to a sturdy job market. The service industries covered by the ISM report represent about 80 percent of economic activity and span diverse fields including banking, construction, retailing, mining, agriculture and travel. All 14 industries surveyed by the ISM reported growth, while none reported decreased business activity compared with May. Strength in the new-orders index, which registered 56.9, bodes well for growth in coming months, Bigg said. The employment index, another forward-looking indicator of business confidence, rose to 55 in June from 54.9 in May. The prices-paid index grew more slowly than in the previous month, suggesting inflation may be moderating. The index fell to 65.5 in June from 66.4 in May. The service economy report is the latest sign that the economy may be waking up from its nearly year-long sluggishness. "It's premature to say the economy is reviving in a consistent way, but I think it's safe to say the economy isn't going to weaken any further," said Mark Zandi, an economist with Moody'sEconomy.com. **(Denver Post)**

...

	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	5.25	5.25	5.25
3 MONTH LIBOR	5.36	5.36	5.51
PRIME RATE	8.25	8.25	8.25
10 YEAR TREASURY	5.19	4.90	5.22
30 YEAR TREASURY	5.28	5.02	5.25