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Power Drives Honda to Build Data Center in Longmont

Power was a big driver in Honda's decision to build a 60,000-square-foot data center in Longmont, according to the broker who handled the deal. "We looked metro wide, and this was in the determination of Honda the best site," said CB Richard Ellis broker Frank Kelley. The 11-acre site at 1601 Dry Creek Drive, which Honda purchased from Macy Development Co. for \$2.28 million, is served by the Platte River Power Authority. The authority offers inexpensive power in comparison with other providers, which was important for the power-intensive use, said Kelley. Longmont also has power and fiber optic loops that offer redundancy to the site, he said, adding the city, power authority and Longmont Area Economic Council all were "extremely cooperative" in helping Honda with its plans for the \$20 million facility. **(Colorado Real Estate Journal)**

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Colorado Springs Bounces Back From Its Technology Tumble

The military, insurance and professional services -- plus an expected boost from a large planned community -- are helping Colorado Springs recover from the painful tech meltdown. A metro region of more than 500,000 residents some 70 miles south of Denver, Colorado Springs lost 8,000 or more tech jobs after the dot-com bust, with many of them in high-paying areas such as chip making and disk-drive manufacturing shifting permanently overseas. The Defense Department is leading the rebound. Over the next several years, between 9,000 and 12,000 additional Army personnel are slated to be relocated to Fort Carson as part of a Defense Department plan to reduce overseas outposts in favor of a more rapidly deployable U.S.-based force. Of those troops, 70% plus their families are expected to live off-base, creating a population influx, by some estimates, of 38,000. In addition, Peterson Air Force Base east of downtown is headquarters of the Air Force Space Command. Defense contractors aren't far behind. In June, software provider SI International Inc., of Reston, Va., received a \$14 million award to provide technical assistance to the Space Command and the North American Air Defense Command nearby. Northrop Grumman Corp. of Los Angeles is building a 125,000-square-foot facility near the city's airport to consolidate current operations and plans an adjacent 110,000-square-foot building. Meanwhile, a regional branch of AAA, the automotive, travel and financial-services association based in Heathrow, Fla., together with Mayfield, Ohio, auto insurer Progressive Corp., have located call centers in the area over the past two years. Many workers displaced by the tech crash have stayed put and launched small consulting firms. During the first half of 2006, commercial absorption, or the amount of space newly occupied, grew by more than 1.5 million square feet, or almost double the increase in the year-earlier period, according to a report by Turner Commercial Research in Colorado Springs. The report also noted that industrial-space occupancy levels grew by 619,339 square feet, nearly a 50% jump from the year-earlier increase. Office-space occupancy levels gained 512,469 square feet, a 45% increase. Shopping-center absorption, which declined by more than 6,000 square feet during the second quarter of 2005, surged by 399,843 square feet during the first half of 2006, according to the report. "This is the best year we've ever had," the report's author, Paul M. Turner, says. In all, 50 industrial,

office and shopping center projects were completed in the second quarter -- a total of one million square feet, the Turner report adds. Less than 10% of the new space remains vacant. An additional 29 projects are being built, while 41 more are in the planning stages, the report says. The job market reflects the gains. During the first five months of 2006, the unemployment rate fell to 4.5% from 5.4% in the year-earlier period, slightly below the June national average of 4.6%.

Apartment vacancy rates fell to 9.8% in the first quarter this year from 13.4% a year earlier, still soft but "significantly improved," according to the Department of Housing and Urban Development. Nationally, the first-quarter vacancy rate was 9.5%.

Colorado Springs is expanding in several directions. Big-box retail is growing along a three-mile strip on the city's east side. To the northeast, the community of Falcon has seen significant residential growth, with retail and other services following home construction. The biggest project is Banning Lewis Ranch, being built by Capital Pacific Holdings Inc. of Newport Beach, Calif. The initial phase is set to open early next year. It encompasses 21,000 acres with a mixture of homes, schools, retail and light industry. Over 30 to 40 years, 75,000 homes could be built. That's a substantial development in a region where scarce water supplies can easily quash expansion plans. But Colorado Springs has secured the water rights to keep taps flowing until 2039, with enough water to serve 560,000 people -- or nearly 200,000 more than the current population of the city itself, a representative for the utility says. Those water rights will enable work to continue on Banning Lewis Ranch, located inside the city limits. To safeguard their own expansion plans, though, some communities surrounding Colorado Springs may need to scramble to secure increased water supplies. "Water is king in the West," says Fred Crowley, associate director of the Southern Colorado Economic Forum. **(Wall Street Journal)**

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Metro Denver Sustains Promising Employment Growth

Metro Denver is being recognized once again as a region that offers healthy job opportunities. For the 18th consecutive month, year-to-date employment growth in Metro Denver through the second quarter outpaced the nation, according to data compiled by the Metro Denver Economic Development Corporation (Metro Denver EDC) in its Monthly Economic Summary for August 2006. U.S. employment is up only 1.5% through the first half of 2006, while total employment in Colorado is up 2.2%. These percentages are exemplified by Denver's 10th place ranking for the number of entry-level jobs open to recent college graduates, according to CollegeGrad.com. Additionally, the Spring 2006 Job Vacancy Survey by the Colorado Department of Labor & Employment found that 39,700 positions were open for immediate hire in Metro Denver compared to just 23,300 open positions one year earlier. Indeed, average annual employment in Metro Denver is 28,800 positions higher through the first half of 2006 compared to the same period in 2005. Job growth, in addition to nightlife, culture, and 'coolness' led to Metro Denver's first place ranking in *Forbes* magazine's list of "The Best Cities for Singles" for the third year in a row. "These sustained favorable rankings and promising employment growth numbers are supportive of Metro Denver's economic stability," stated Tom Clark, executive vice president of the Metro Denver Economic Development Corporation. "Our largest employment growth continues to be in the natural

resources and construction sector, making our designation as the balanced energy capital of the West evident." Year-to-date gains through June in the Natural Resources & Construction sector reported the strongest percentage gain of 6.7% through June, followed by a 3.3% increase in Professional & Business Services employment and a 2.9% increase in Transportation, Warehousing & Utilities employment. Information sector employment is down 3.7% for the year. The most recent monthly economic data for Metro Denver reveals that 13 of the 18 indicators moved in a positive direction for the month, up from just nine last month. Annualized activity remained relatively constant with 15 economic variables posting positive changes for the year, down from 16 indicators last month. As in previous months, the most troublesome area remains the residential real estate market. Home sales have declined, housing inventory levels are up, and foreclosure activity is strong – all factors that seem contrary to the healthy growth in employment and wages in Metro Denver. As foreclosures are a lagging indicator, recent activity reflects job losses that occurred during the 2002-2004 period and the prevalent use of interest-only and adjustable rate mortgages beginning in 2004. However, the number of foreclosures is likely to be helped by the recent passage of the Mortgage Brokers Registration Act that took effect July 1, 2006. The new law requires brokers to register with the state and involves an FBI background check and posting a \$25,000 bond. Prior to the law's passage, only Alaska and Colorado did not regulate mortgage brokers. **(Metro Denver Economic Development Corporation)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	5.25	5.25	3.25
3 MONTH LIBOR	5.50	5.49	3.75
PRIME RATE	8.25	8.25	6.25
10 YEAR TREASURY	4.99	5.22	4.28
30 YEAR TREASURY	5.07	5.25	4.47