REAL ESTATE OUTLOOK

DENVER OFFICE MARKET WATCH

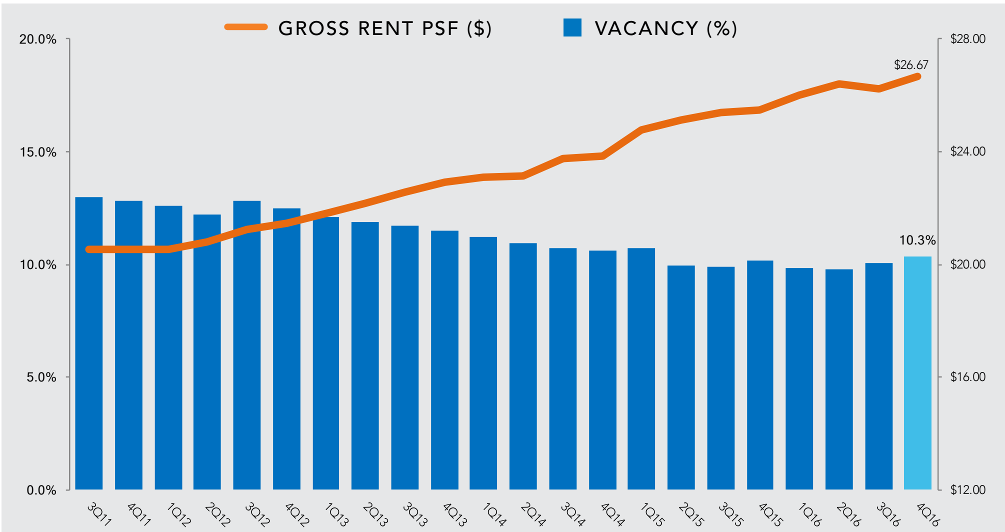
JANUARY 2017

RATES
$26.54/FS

DIRECT VACANCY
10.51%

Y.T.D DIRECT ABSORPTION
(244,387 SF)

OFFICE LEASE STATISTICS :: VACANCY & GROSS RENTAL RATE



SOURCE: Transwestern, CoStar. Class A and B buildings over 25,000sf. Excludes government-owned buildings.

Office Market Statistics By Submarket - January 2017

SUBMARKET	INVENTORY	NO. OF BLDGS	DIRECT VACANCY RATE	OVERALL VACANCY RATE	DIRECT VACANT & AVAILABLE SF	SUBLEASE TOTAL AVAILABLE SF	YTD DIRECT ABSORPTION	YTD NET ABSORPTION	YTD COMPLETIONS	UNDER CONSTRUCTION	ASKING DIRECT RATE PER COSTAR	$/PSF TREND FROM PREVIOUS MONTH
Downtown												
Class A	22,055,908	55	11.79%	13.79%	2,599,605	886,310	17,521	1,673	112,651	2,262,015	$34.35/fs	▼
Class B	10,534,588	117	9.27%	10.63%	976,358	268,097	(103,162)	(70,925)	0	53,478	$29.37/fs	▼
Totals	32,590,496	172	10.97%	12.77%	3,575,963	1,154,407	(85,641)	(69,252)	112,651	2,315,493	$32.99/fs	▼
Southeast Suburban												
Class A	22,342,596	142	8.65%	10.00%	1,931,661	837,858	(76,553)	(185,614)	0	2,018,940	$27.50/fs	▼
Class B	18,735,297	272	13.43%	14.28%	2,516,232	227,358	(62,775)	(66,159)	0	129,314	$22.53/fs	▲
Totals	41,077,893	414	10.83%	11.95%	4,447,893	1,065,216	(139,328)	(251,773)	0	2,148,254	$25.35/fs	▲
Suburban (Non S. East)												
Class A	17,738,539	129	8.79%	10.13%	1,559,655	627,370	(41,914)	(95,152)	0	974,738	$28.66/fs	▲
Class B	41,986,097	639	10.56%	10.89%	4,433,496	328,434	22,496	(2,225)	0	457,900	$21.72/fs	▲
Totals	59,724,636	768	10.03%	10.67%	5,993,151	955,804	(19,418)	(97,377)	0	1,432,638	$23.70/fs	▲
Denver Metro												
Class A	62,137,043	326	9.80%	11.38%	6,090,921	2,351,538	(100,946)	(279,093)	112,651	5,255,693	$30.22/fs	▼
Class B	71,255,982	1,028	11.12%	11.74%	7,926,086	823,889	(143,441)	(139,309)	0	640,692	$22.97/fs	▲
Totals	133,393,025	1,354	10.51%	11.57%	14,017,007	3,175,427	(244,387)	(418,402)	112,651	5,896,385	$26.54/fs	▼
Totals With Class C	140,488,781	1,503	10.22%	11.23%	14,351,895	3,181,861	(236,476)	(409,945)	112,651	5,896,385	$26.32/fs	▼

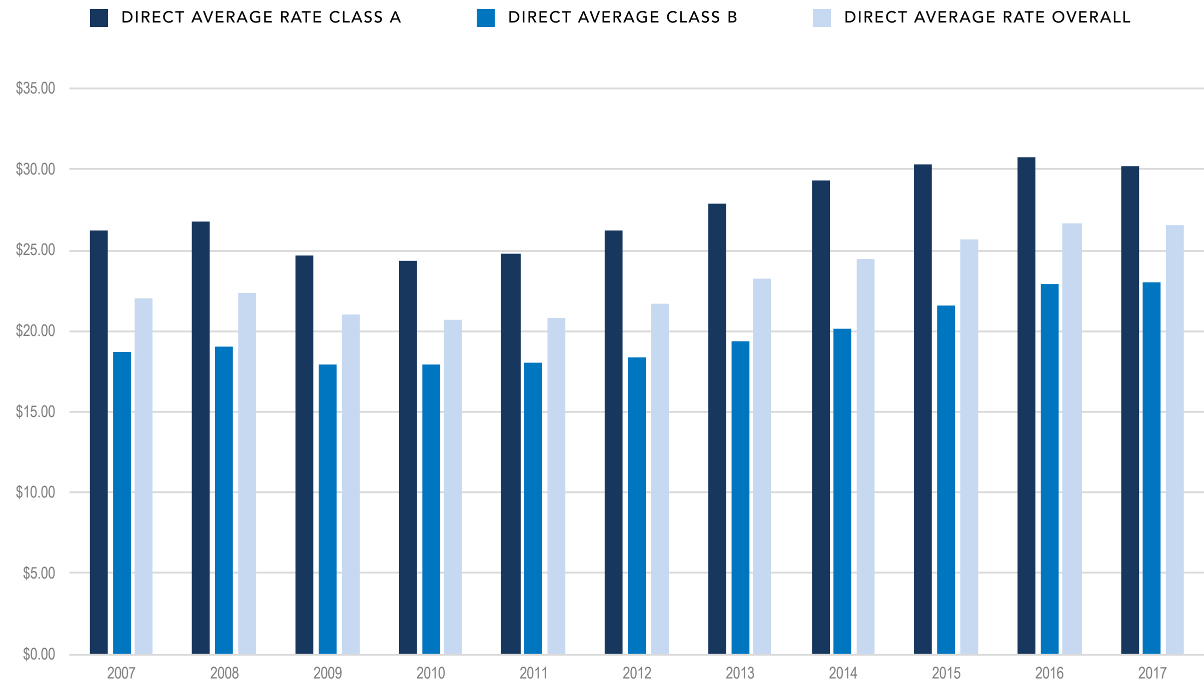
*Source: Transwestern, CoStar. The information in this report is the result of a compilation of information on the office properties located in the Denver metropolitan area. This report includes single tenant, multi-tenant, and owner-user office properties over 25,000 SF and larger excluding properties owned and occupied by a government agency.

TRANSWESTERN®

DENVER OFFICE MARKET WATCH

JANUARY 2017

Direct Average Asking Rate



Office Market Statistics By Submarket

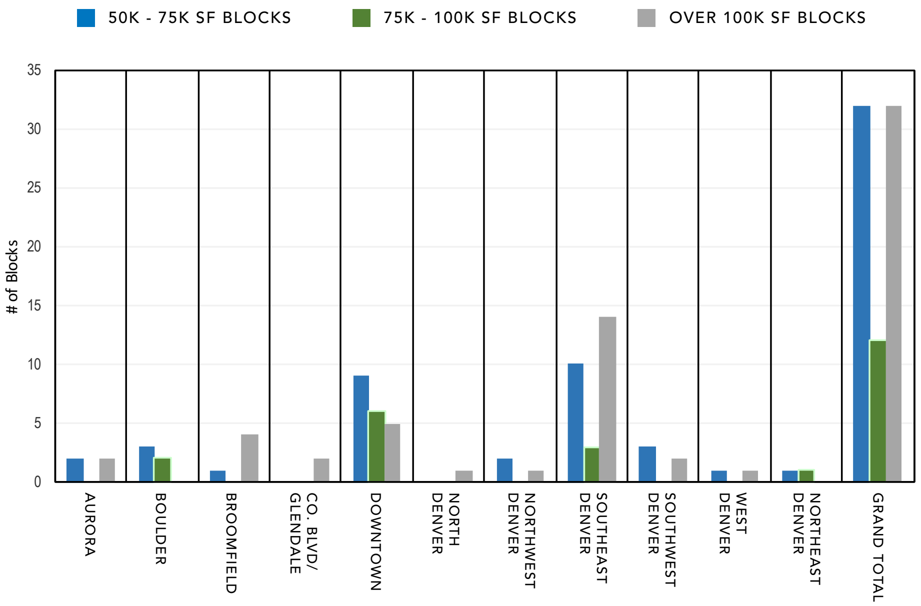
SUBMARKET	INVENTORY	NO. OF BLDGS	DIRECT VACANCY RATE	OVERALL VACANCY RATE	DIRECT VACANT & AVAILABLE SF	SUBLEASE TOTAL AVAILABLE SF	YTD DIRECT ABSORPTION	YTD NET ABSORPTION	YTD COMPLETIONS	UNDER CONSTRUCTION	ASKING DIRECT RATE PER COSTAR	$/PSF TREND FROM PREVIOUS MONTH
CBD												
Class A	17,846,605	32	12.56%	14.59%	2,241,911	756,882	(49,970)	(40,992)	0	760,000	$33.27/fs	▼
Class B	6,600,383	53	10.32%	11.72%	680,982	193,737	(20,233)	(18,390)	0	0	$26.35/fs	▼
Totals	24,446,988	85	11.96%	13.82%	2,922,893	950,619	(70,203)	(59,382)	0	760,000	$31.82/fs	▼
LoDo (LoDo and Platte River)												
Class A	4,209,303	23	8.50%	10.37%	357,694	129,428	67,491	42,665	112,651	1,502,015	$42.34/fs	▼
Class B	3,934,205	64	7.51%	8.80%	295,376	74,360	(82,929)	(52,535)	0	53,478	$34.32/fs	▲
Totals	8,143,508	87	8.02%	9.61%	653,070	203,788	(15,438)	(9,870)	112,651	1,555,493	$37.97/fs	↔
Midtown (Capital Hill and South Midtown)												
Class A	912,819	5	1.67%	1.67%	15,231	0	(9,167)	(9,167)	0	0	$31.76/fs	↔
Class B	2,883,200	41	3.31%	3.37%	95,320	4,415	10,284,200	8,797	0	300,000	$25.45/fs	▲
Totals	3,796,019	46	2.91%	2.96%	110,551	4,415	10,275,033	(370)	0	300,000	$27.26/fs	▲
Cherry Creek												
Class A	1,046,784	9	14.96%	14.96%	156,626	0	3,959	3,959	0	112,000	$38.19/fs	▲
Class B	1,161,473	19	10.19%	10.30%	118,312	10,500	(3,339)	(3,339)	0	0	$30.31/fs	▼
Totals	2,208,257	28	12.45%	12.51%	274,938	10,500	620	620	0	112,000	$35.85/fs	▲
Co Blvd/Glendale												
Class A	2,811,037	15	11.70%	12.25%	328,869	88,247	(35,722)	(40,972)	0	338,564	$28.15/fs	▼
Class B	5,348,892	67	7.53%	7.90%	402,866	57,119	148,016	134,829	0	0	$22.15/fs	▲
Totals	8,159,929	82	8.97%	9.40%	731,735	145,366	112,294	93,857	0	338,564	$25.37/fs	▲

SOURCE: Transwestern, CoStar. Class A and B buildings over 25,000 sf. Excludes government-owned buildings.

DENVER OFFICE MARKET WATCH

JANUARY 2017

Contiguous Large Block Availabilities by Submarket Cluster



Contiguous Large Block Availabilities*

1144 15th St	446,911 SF	Downtown
6165 S Willow Dr	284,217 SF	Southeast Denver
7001 E Belleview Ave	267,258 SF	Southeast Denver
10825 E Geddes Ave	222,083 SF	Southeast Denver
2000 S Colorado Blvd	218,101 SF	Colorado Blvd/Glendale
5500 S Quebec St	215,000 SF	Southeast Denver
3840 S Wadsworth Blvd	199,418 SF	Southwest Denver
5050 S Syracuse St	184,508 SF	Southeast Denver
13601-13699 Via Varra	176,588 SF	Broomfield
730 Simms St	171,932 SF	West Denver
12121 Grant St	144,364 SF	North Denver
1 Environmental Way	144,000 SF	Broomfield
333 Inverness Dr S	140,162 SF	Southeast Denver
6901 S Havana St	138,000 SF	Southeast Denver
6061 S Willow Dr	136,592 SF	Southeast Denver
1001 17th St	131,692 SF	Downtown
10375 E Harvard Ave	129,862 SF	Aurora
169 Inverness Dr W	124,756 SF	Southeast Denver
4340 S Monaco St	118,267 SF	Southeast Denver
1090 W Hampden Ave	118,167 SF	Southwest Denver

*Top 20 Largest Blocks Available
Red denotes properties under construction

Office Market Statistics By Submarket

SUBMARKET	INVENTORY	NO. OF BLDGS	DIRECT VACANCY RATE	OVERALL VACANCY RATE	DIRECT VACANT & AVAILABLE SF	SUBLEASE TOTAL AVAILABLE SF	YTD DIRECT ABSORPTION	YTD NET ABSORPTION	YTD COMPLETIONS	UNDER CONSTRUCTION	ASKING DIRECT RATE PER COSTAR	$/PSF TREND FROM PREVIOUS MONTH
Northwest (Northwest and Broomfield County)												
Class A	5,188,197	39	8.78%	10.08%	455,272	214,958	4,165	(28,559)	0	176,588	$27.31/fs	▲
Class B	6,034,453	91	9.22%	9.78%	556,666	55,466	21,782	8,818	0	57,700	$23.32/fs	▼
Totals	11,222,650	130	9.02%	9.92%	1,011,938	270,424	25,947	(19,741)	0	234,288	$25.05/fs	▼
North												
Class A	706,944	5	2.35%	3.07%	16,590	5,090	0	0	0	0	$21.00/fs	↔
Class B	2,435,156	33	9.76%	9.76%	237,773	4,575	(10,040)	(10,040)	0	0	$21.39/fs	▼
Totals	3,142,100	38	8.10%	8.26%	254,363	9,665	(10,040)	(10,040)	0	0	$21.34/fs	▼
Aurora/Northeast (Aurora, Northeast, and East I-70/Montbello)												
Class A	2,303,313	18	5.35%	5.35%	123,159	104,846	2,953	2,953	0	43,586	$24.69/fs	▲
Class B	6,808,984	93	9.20%	9.34%	626,568	9,629	(2,355)	(2,355)	0	0	$19.24/fs	▲
Totals	9,112,297	111	8.23%	8.33%	749,727	114,475	598	598	0	43,586	$20.29/fs	▲
Southwest												
Class A	1,359,634	6	12.35%	13.72%	167,965	18,524	0	0	0	0	$26.57/fs	↔
Class B	4,330,470	75	17.89%	18.13%	774,900	20,069	(49,775)	(43,649)	0	0	$17.47/fs	▲
Totals	5,690,104	81	16.57%	17.08%	942,865	38,593	(49,775)	(43,649)	0	0	$18.36/fs	▲
West												
Class A	1,824,166	17	9.65%	10.53%	175,980	70,725	(6,048)	(21,312)	0	104,000	$25.88/fs	▲
Class B	7,033,633	112	15.26%	15.29%	1,073,412	28,035	(2,578)	(2,578)	0	0	$21.65/fs	▲
Totals	8,857,799	129	14.10%	14.31%	1,249,392	98,760	(8,626)	(23,890)	0	104,000	$22.21/fs	▲

DENVER OFFICE MARKET WATCH

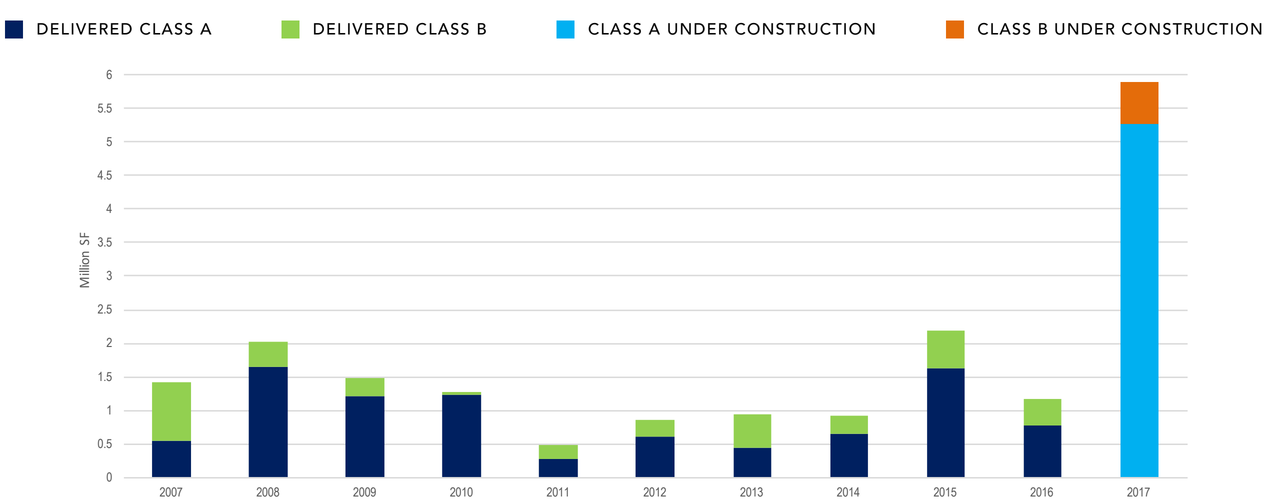
JANUARY 2017

Office Market Statistics By Submarket

SUBMARKET	INVENTORY	NO. OF BLDGS	DIRECT VACANCY RATE	OVERALL VACANCY RATE	DIRECT VACANT & AVAILABLE SF	SUBLEASE TOTAL AVAILABLE SF	YTD DIRECT ABSORPTION	YTD NET ABSORPTION	YTD COMPLETIONS	UNDER CONSTRUCTION	ASKING DIRECT RATE PER COSTAR	TREND FROM PREVIOUS MONTH
Boulder (Boulder and Boulder County)												
Class A	1,585,645	15	7.57%	14.81%	119,963	124,980	(2,054)	(2,054)	0	200,000	$36.83/fs	▲
Class B	5,949,836	108	9.20%	10.23%	547,679	138,626	(86,337)	(92,708)	0	100,200	$24.80/fs	▲
Totals	7,535,481	123	8.86%	11.19%	667,642	263,606	(88,391)	(94,762)	0	300,200	$26.74/fs	▲
Denver Tech Center												
Class A	7,347,042	38	11.35%	13.13%	834,169	308,933	(34,214)	(99,554)	0	802,702	$28.32/fs	▲
Class B	3,218,458	36	22.86%	23.88%	735,709	37,522	(26,253)	(26,212)	0	0	$23.24/fs	▲
Totals	10,565,500	74	14.86%	16.40%	1,569,878	346,455	(60,467)	(125,766)	0	802,702	$26.99/fs	▲
Greenwood Village												
Class A	3,673,480	17	6.46%	6.75%	237,314	95,134	(5,636)	(6,536)	0	306,000	$28.68/fs	▲
Class B	4,544,991	55	16.88%	17.87%	767,001	80,114	(319)	20,853	0	0	$23.05/fs	▲
Totals	8,218,471	72	12.22%	12.90%	1,004,315	175,248	(5,955)	14,317	0	306,000	$25.22/fs	▲
Inverness												
Class A	2,059,579	16	19.24%	20.32%	396,347	39,875	(35,196)	6,227	0	558,718	$27.01/fs	▼
Class B	2,900,220	44	15.52%	17.06%	450,162	56,114	(35,547)	(48,967)	0	0	$22.50/fs	▲
Totals	4,959,799	60	17.07%	18.41%	846,509	95,989	(70,743)	(42,740)	0	558,718	$25.11/fs	▲
Meridian												
Class A	2,414,818	19	3.45%	7.51%	83,204	195,033	13,015	(77,340)	0	0	$25.69/fs	▼
Class B	792,570	7	3.05%	3.57%	24,160	4,117	7,188	7,188	0	0	$23.11/fs	▼
Totals	3,207,388	26	3.35%	6.53%	107,364	199,150	20,203	(70,152)	0	0	$25.29/fs	▼
Lone Tree												
Class A	2,238,279	17	6.42%	6.42%	143,678	24,000	6,246	12,357	0	0	$30.34/fs	▲
Class B	493,560	11	15.53%	15.53%	76,637	0	0	0	0	0	$30.48/fs	▼
Totals	2,731,839	28	8.06%	8.06%	220,315	24,000	6,246	12,357	0	0	$30.40/fs	↔
Balance Of Southeast (Arapahoe Rd, Centennial, Panorama/Highland Park East Hampden, Highlands Ranch and Parker/Castle Rock)												
Class A	4,609,398	35	5.14%	6.03%	236,949	174,883	(20,768)	(20,768)	0	351,520	$23.48/fs	▲
Class B	6,785,498	119	6.82%	7.28%	462,563	49,491	(7,844)	(19,021)	0	129,314	$20.07/fs	▲
Totals	11,394,896	154	6.14%	6.78%	699,512	224,374	(28,612)	(39,789)	0	480,834	$21.51/fs	▲

SOURCE: Transwestern, CoStar. Class A and B buildings over 25,000 sf. Excludes government-owned buildings.

Denver/Boulder Office Delivered by Class



DENVER OFFICE MARKET WATCH

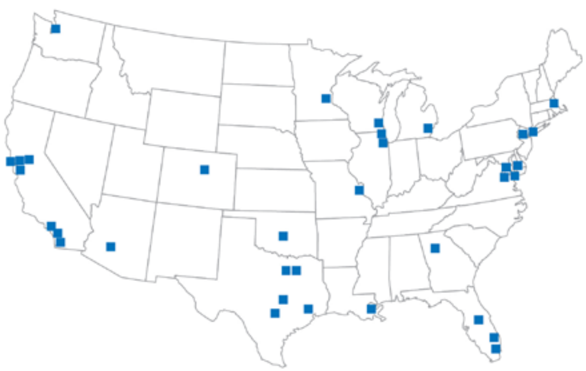
JANUARY 2017

About Transwestern

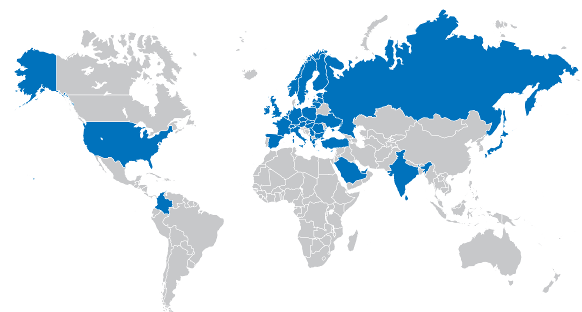
Transwestern is a privately held real estate firm of collaborative entrepreneurs who deliver a higher level of personalized service — ***The Transwestern Experience.*** Specializing in Agency Leasing, Management, Tenant Advisory, Capital Markets, Research and Sustainability services, our fully integrated global enterprise adds value for investors, owners and occupiers of all commercial property types. We leverage market insights and operational expertise from members of the Transwestern family of companies specializing in development, real estate investment management and research. Transwestern has 34 U.S. offices and assists clients through more than 180 offices in 37 countries as part of a strategic alliance with BNP Paribas Real Estate.

Experience Extraordinary at Transwestern.com/denver and @TranswesternCO.

Transwestern Locations



An alliance member of
BNP PARIBAS
REAL ESTATE



CONTACT:

Kevin Roberts :: President, Southwest
713.270.3347 :: kevin.roberts@transwestern.com

Bill Lawrence :: Senior Vice President
303.407.1460 :: bill.lawrence@transwestern.com

Jeffrey Buckingham :: Research Analyst
303.952.5606 :: jeffrey.buckingham@transwestern.com

*Source

Transwestern, CoStar. The information in this report is the result of a compilation of information on the office properties located in the Denver metropolitan area. This report includes single tenant, multi-tenant, and owner-user office properties over 25,000 SF and larger excluding properties owned and occupied by a government agency.

Net absorption occurs when a lease is signed, not when physically occupied, pre-leased space counts as net absorption when a building delivers. Vacant space that is not available for direct lease is excluded, sublease space is excluded.

TRANSWESTERN®

4643 S. Ulster Street, Suite 300
Denver, CO 80237

T 303.639.3000
www.transwestern.com/denver