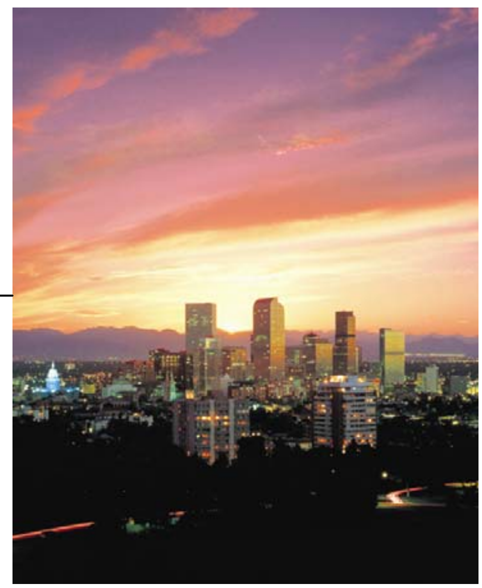
Monthly Economic Summary

A Monthly Summary of Economic Conditions in Metro Denver

(Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties)



Released July 8, 2009

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MONTHLY ECONOMIC SUMMARY

The Monthly Economic Summary is a comprehensive analysis of economic conditions in the seven-county Metro Denver area, or the region comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties. There are two metropolitan statistical areas (MSAs) located within the Metro Denver region: the Boulder-Longmont MSA (Boulder County) and the Denver-Aurora-Broomfield MSA (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties). This report presents recent data and long-term trends for the seven-county region, MSAs, or counties, depending on availability. The analysis includes four sections: labor force and employment, the consumer sector, residential real estate, and commercial real estate.

Notable Rankings

- A forecast recently released by Moody's Economy.com and MSNBC names Colorado among five states most likely to recover first. Economists expect the states – Colorado, Texas, Washington, Oregon, and Idaho – could report growth by year's end thanks to milder housing downturns, strong energy and technology sectors, and relatively stable household credit.
- A recent report by the Milken Institute ranks the Denver-Aurora-Broomfield MSA 18th among U.S. metro areas for its concentration of high-tech jobs. The report ranks metro areas based on their 2007 concentration of high-tech jobs and their share of total North American tech jobs and wages. The Boulder MSA ranked 28th and the Colorado Springs MSA ranked 50th.
- A study released by the Brookings Institution ranks the Denver-Aurora-Broomfield MSA 39th among the nation's 100 largest metropolitan areas for economic performance through the first quarter of 2009. The rankings are based on each area's unemployment rate and employment change, home prices, and gross metropolitan product. Brookings analysts say Metro Denver's moderate pre-recession increase in home prices has helped the area remain more stable, although high foreclosure rates have weakened some of that advantage. The best-performing metro areas were mostly concentrated in Texas, Oklahoma, and other central states.
- Colorado ranked fifth in the nation for venture capital secured by renewable energy companies between 2006 and 2008, according to a report recently released by The Pew Charitable Trusts. *The Clean Energy Economy Report* also ranked Colorado 18th in the nation for renewable energy job growth between 1998 and 2007.
- Metro Denver ranks first among the nation's 25 largest metropolitan areas as the best place to buy a home, according to a recent report by *Forbes*. The rankings were based on each area's frequency and geographic distribution of home sales and the change in price per square foot.
- Next Generation Consulting recently named four Colorado communities on its lists of "Next Cities," or areas that offer the best living and working environment for young professionals. The lists identify 20 cities in each of three size classes and rank the cities based on cost of living, vitality, nightlife, and other factors. Fort Collins ranked first and Pueblo ranked ninth on the "Mighty Micros" list of smaller cities. Colorado Springs ranked third among "Midsized Magnets." Denver ranked fifth on the "Super Cities" list.
- *U.S. News and World Report* ranked Loveland seventh on its 2009 list of ten "Best Places to Live." Affordability, economic stability, and recreational options were key considerations in this year's ranking, and Loveland's parks, trails, and Arts in Public Places program received special notice.
- An annual report by the Trust for America's Health and the Robert Wood Johnson Foundation shows Colorado has the nation's lowest rate (18.9 percent) of adult obesity. The report shows obesity rates for the three-year period between 2006 and 2008 increased from the prior period in 23 states and remained unchanged in the remaining states, which included Colorado. The national average rate of obesity now exceeds 33 percent, and two-thirds of all U.S. adults are considered obese or overweight.

- The Great Place to Work Institute recently named four Metro Denver companies among the 50 best workplaces in the U.S. Englewood-based InsureMe ranked 19th in the best small business category, and The Integer Group of Lakewood ranked ninth in the medium-sized business category. The medium-sized business list also included Ehrhardt Keefe Steiner & Hottman PC of Denver (16th) and Pinnacol Assurance of Denver (20th).
- Colorado has the nation's 13th-highest prevalence of Internet usage, according to data recently released by the U.S. Census Bureau. Slightly more than 67 percent of Colorado residents age three and older use the Internet, compared to 62.4 percent of residents nationwide.
- Ratings inspectors for the American Automobile Association (AAA) recently named the Brown Palace Hotel and Spa among America's ten favorite historic hotels. The Denver landmark received four out of a possible five diamonds.

Policy Watch

Proposed regulatory reforms are unfolding as financial markets show early signs of recovery. Fiscal challenges are only just starting for some local governments, however, as many forms of tax revenue lag the overall economy.

- Ten banks – including Morgan Stanley, JP Morgan Chase & Co., and U.S. Bancorp – received government approval to repay a combined $68 billion in funds received under the Troubled Asset Relief Program (TARP). To receive approval, a bank must have a stable capital base and must be able to raise private funds through stock or debt offerings.
- President Obama recently unveiled a broad package of financial regulatory reforms designed to prevent future market failures. The reforms would consolidate several regulatory bodies into oversight councils and would give the Federal Reserve new supervisory authority. New rules and restrictions would also apply for securities and derivatives, and a Consumer Financial Protection Agency would be formed. Congress will consider the reforms package later this year.
- Recent stimulus disbursements received in Colorado include $3.3 million to support workers displaced by off shoring and $509 million for public schools and universities. The Regional Transportation District (RTD) also received $18.6 million for transit work at the Union Station redevelopment site. Additional stimulus awards are still pending, and government officials are also planning to bid for competitive grants.
- Colorado legislators warn that programs and services could be cut to help fill a $384 million gap in the state budget for the 2009-2010 fiscal year. Analysts say declines in Colorado sales tax revenues have been sharper than expected.

General Economic Overview

Economic conditions in five of the 12 U.S. Federal Reserve districts are showing signs of improvement, according to the most recent *Beige Book* reports. While conditions in all districts have remained weak or worsened since the last report, negative trends in several regions – including Colorado, Kansas, and Wyoming in the Kansas City district – have moderated. Tenth District spokespeople say the region's manufacturers expect better conditions in the coming months, and residential real estate markets are beginning to improve. Weakening trends in consumer spending, commercial real estate, and energy industry activity are still risks for the region, however.

Other economic data suggest considerable instability also remains at the international level. Data from the U.S. Department of Commerce show the nation's trade deficit increased for the second-consecutive month in April as exports contracted more than imports. Higher oil prices have helped offset ongoing weakness in non-petroleum imports, which have fallen to the lowest level reported since February 2004. As the recession continues in the global economy, U.S. exports have fallen to the lowest level since January 2006.

Weak demand both here and abroad is keeping pressure on the nation's economic output, which fell 5.5 percent between the fourth quarter of 2008 and the first quarter of 2009. This final estimate of GDP decline was slightly less severe than the 5.7 percent rate economists originally expected, although underlying data still show significant weakness in foreign trade, residential real estate, and business spending on buildings, equipment, and software. The U.S. Bureau of Economic Analysis will release an advance estimate of second quarter GDP on July 31.

Recent improvements in the largest contributor to GDP – household spending – signal that the nation's economy may be stabilizing, according to the Federal Open Market Committee of the Federal Reserve. Committee members note that labor markets, business confidence, and household balance sheets still need time to improve, however, and they voted at a June meeting to leave the target federal funds rate near zero percent. Committee members also reiterated plans to purchase significant numbers of mortgage-backed securities and other debt instruments in a move they hope will keep money flowing through credit markets.

Economic Indexes

Many economic indexes are slowly moving towards more positive readings.

National Economy

- The Conference Board Leading Economic Index rose for the second consecutive month in May. Strengths and weaknesses among the index's ten indicators have become more balanced over the past several months, and a six-month increase in the index for the period ended in May was the first of its kind in almost two years.
- A May increase in the Institute for Supply Management's Purchasing Managers Index suggests the contraction in the nation's manufacturing sector continues to slow. The May reading (42.8) is still below the growth-neutral point of 50, but respondent comments suggest many businesses are nearing the bottom of their inventories and are preparing to accommodate new orders.
- The Institute for Supply Management's Index of Non-Manufacturing Business Activity rose between April and May, although the index remained below the level that indicates service sector growth. Some respondents to the ISM survey noted improving conditions, while others said customers are still limiting their purchases.

Local Economy

- The Leeds Business Confidence Index for the third quarter rose to 47.5 from 35.5 in the second quarter as business leaders reported a mix of positive and negative expectations. Notably, local business leaders are increasingly optimistic about Colorado's economy and their third-quarter sales prospects. At the same time, business leaders remain cautious about their near-term capital investment and hiring plans. (*Note: the Leeds Business Confidence Index was formerly called the Colorado Business Leaders' Confidence Index.*)
- The Mountain States Business Conditions Index rose from 38.9 in May to 41.4 in June, which suggests that the pace of the ongoing economic contraction in Colorado, Utah, and Wyoming has slowed. Economists say mountain region trends should grow progressively less negative over the coming months, although more recent weakness in the region's critical energy industry are a risk to recovery.
- The Vectra Bank Colorado Small Business Index weakened slightly between April and May. Economists familiar with the index note, however, that improving stock markets could foretell better conditions for small businesses over the next six to 12 months.

MONTHLY ECONOMIC SUMMARY

Labor Force and Employment

Metro Denver's labor market beat state and national trends in May as the region's employers added more than 12,000 jobs. The increase was roughly consistent with seasonal norms, while gains at the state and national levels represented some of the weakest May hiring in years. Each of the 11 Metro Denver industry supersectors except manufacturing and information added jobs between April and May, with the strongest gains in leisure and hospitality and professional and business services. Much of the gain in professional and business services occurred in the business services side of the industry, which suggests that janitorial companies, call centers, temporary job services, and other similar businesses have added workers. Additional months' data are necessary to confirm a true turning point in the labor market, but increased hiring activity in the business services sector often precedes stronger business activity overall.

Nonfarm Wage & Salary Employment
(000s, not seasonally adjusted)

	Month of May-09 (p)	Month of Apr-09	Month of May-08	Year-to-Date Average 2009	Year-to-Date Average 2008	Year-to-Date Average % Change	Annual Growth Rate 2004	Annual Growth Rate 1999
Total 11-County Metro Denver*	1,376.8	1,364.2	1,432.9	1,365.9	1,414.3	-3.4%	0.8%	4.0%
Denver-Aurora MSA	1,212.1	1,200.4	1,261.3	1,201.9	1,245.3	-3.5%	0.8%	3.9%
Boulder-Longmont MSA	164.7	163.8	171.6	164.0	169.0	-2.9%	0.9%	4.4%
Natural Resources & Construction	86.0	84.4	99.4	84.6	96.8	-12.6%	-0.7%	10.4%
Manufacturing	81.6	82.1	88.0	83.2	88.4	-5.9%	-0.4%	-1.5%
Wholesale & Retail Trade	205.4	203.7	215.9	205.3	215.1	-4.6%	-0.1%	3.2%
Transp., Warehousing & Utilities	50.7	50.7	52.8	50.8	52.8	-3.8%	0.5%	6.1%
Information	55.0	55.3	57.9	55.4	57.9	-4.4%	-5.4%	11.7%
Financial Activities	100.5	100.0	105.3	100.4	105.5	-4.9%	-0.1%	3.8%
Professional & Business Services	231.3	227.5	247.2	228.6	243.9	-6.3%	3.5%	5.9%
Education & Health Services	158.2	157.2	153.0	156.7	151.4	3.5%	3.2%	1.3%
Leisure & Hospitality	145.1	142.0	151.3	140.3	145.0	-3.2%	2.6%	4.6%
Other Services	52.2	51.9	53.6	53.0	53.3	-0.6%	1.7%	1.9%
Government	210.8	209.4	208.5	207.9	204.2	1.8%	-0.2%	1.4%
Federal Gov't	30.4	30.8	30.4	30.3	30.2	0.4%	-1.6%	-1.5%
State & Local Gov't	180.4	178.6	178.1	177.5	173.9	2.1%	0.1%	2.1%
Colorado	2,262.2	2,260.1	2,359.8	2,266.4	2,339.6	-3.1%	1.2%	3.6%
United States	132,667	132,348	138,190	132,306	136,975	-3.4%	1.1%	2.4%

**Includes the Denver-Aurora-Broomfield MSA (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties) and the Boulder-Longmont MSA (Boulder County).*
Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary

Metro Denver Industry Cluster Headlines

Aerospace: Spokespeople for Boulder-based Ball Aerospace and Technologies Corp. say the company was recently awarded a $9.7 million contract from the NASA Langley Research Center. Under the contract, Ball will assess and potentially recondition the Stratospheric Aerosol and Gas Experiment (SAGE III) spaceflight instrument. The instrument – which measures gases in the Earth's atmosphere – has been in storage since the Columbia space shuttle was lost in 2003 and has never been committed to a mission.

Aviation: Indianapolis, Indiana-based Republic Airways Holdings has offered more than $108 million for all of the equity in Denver-based Frontier Airlines and its subsidiary Lynx Aviation. If the bid gains court approval, Frontier will exit bankruptcy this fall and will become a wholly owned Republic subsidiary. Frontier spokespeople say the deal would not change the airline's operations, although a pilot's union representative noted that labor agreements could change and the airline may be asked to fly larger planes. Shortly after they unveiled a bid for Frontier, Republic officials announced they are also finalizing a deal to purchase Midwest Airlines.

As discussions over Frontier's financial future continue, the carrier is readying for changes in its flight schedule. Beginning this fall, the airline will add additional daily roundtrip flights to Las Vegas, Phoenix, Sacramento, Orlando, and Ft. Lauderdale. Also in September, Frontier subsidiary Lynx Aviation will begin flights to Albuquerque, Salt Lake City, and Omaha and will end service to El Paso and Grand Junction. Frontier spokespeople also indicated that the carrier will join Midwest Airlines in a code share agreement, or an arrangement that allows the airlines to sell tickets on each other's routes. Passengers will also be able to use both airlines' frequent flyer programs when the agreement takes effect in late summer.

Like some of Denver's largest airlines, Denver's airport is also poised for change. Spokespeople for Denver International Airport recently unveiled plans for a redesigned Great Hall that would allow connecting passengers to pass through the main terminal without additional security screening. The redesign is part of $1 billion in potential improvements that also include a new FasTracks station and rail plaza plus an off-concourse hotel. Airport officials are working to select a program manager for the improvements and say they will be funded by airport revenues and, potentially, bond levies.

Energy: The National Renewable Energy Laboratory (NREL) will partner with the University of Colorado at Boulder to create a renewable energy institute on the university's campus. The institute will offer undergraduate- and graduate-level curriculum with courses in engineering, business, science, and law, and personnel from the university and from NREL will teach. Spokespeople for the program say the curriculum will be designed this fall, and enrollment could begin next year.

Also in Boulder, spokespeople for Tendril Networks Inc. say the company has secured new venture capital funding and will add roughly 100 employees over the next 18 months. One of the company's key products, the Tendril Residential Energy Ecosystem, helps consumers monitor their residential energy usage in real time.

Further east, phase one construction on the Aurora Campus for Renewable Energy is nearing completion. The City of Aurora owns the 1,760-acre campus and leases the land to the Solar Technology Acceleration Center (SolarTAC), which is a research partner of the Colorado Renewable Energy Collaboratory. SolarTAC will be the first tenant at the Aurora campus, and spokespeople say the entity's researchers will begin testing products at the facility late this year.

An energy-related development east of Denver includes a new, 34-turbine wind power facility to be built near Burlington by North Carolina-based Duke Energy Corp. Duke will sell energy generated at the facility – the Kit Carson Wind Power Project – to Westminster-based Tri-State Generation and Transmission Association Inc. Company spokespeople say the project will be Duke Energy's first in Colorado and will also be Tri-State's first wind energy commitment.

Information Technology: Spokespeople for Dallas-based Affiliated Computer Services Inc. say the company will expand its Colorado operations with a new customer service center in Colorado Springs. The company – which provides information technology services and business process outsourcing – has invested $3 million to renovate a leased site and will hire approximately 600 customer care agents and managers.

A second information technology company, Hosting.com, is also preparing for a new presence in Metro Denver. The web-hosting company was purchased by Denver-based HostMySite.com earlier this year and is now relocating its Kentucky headquarters to a Metro Denver facility. The building will eventually house both companies plus a 30,000-square-foot data center.

Employment Outlook

Results from the most recent *Manpower Employment Outlook Survey* suggest a majority of business owners are taking a wait-and-see approach to hiring. *More than three-quarters of survey respondents in the Denver-Aurora-Broomfield MSA said they would keep staffing levels unchanged in the third quarter,* compared to 55 percent of employers who planned no staffing changes at the same time last year. Respondents from the Boulder MSA were slightly more optimistic, with 64 percent expecting no change in staffing and 18 percent expecting to add jobs in the third quarter. The share of employers planning third quarter layoffs declined slightly in both areas, which suggests that employers – while not yet committed to hiring – are taking a more moderate approach to job cuts. The local survey results were largely similar to the national outlook, which showed 67 percent of employers planning no changes in third quarter staffing, 15 percent planning to hire, and 13 percent planning layoffs.

Employment Outlook Survey

	Quarter 3 2009	Quarter 2 2009	Quarter 3 2008	YTD Avg 2009	YTD Avg 2008	Ann Avg 2004
Denver-Aurora MSA						
Percent of Companies Hiring	9%	10%	32%	11%	27%	24%
Percent of Companies Laying Off	11%	13%	8%	12%	10%	7%
Percent of Companies No Change	77%	73%	55%	73%	49%	62%
Percent of Companies Unsure	3%	4%	5%	3%	15%	8%
Boulder MSA						
Percent of Companies Hiring	18%	14%	20%	17%	18%	N/A
Percent of Companies Laying Off	14%	15%	13%	14%	10%	N/A
Percent of Companies No Change	64%	66%	54%	65%	68%	N/A
Percent of Companies Unsure	4%	5%	13%	4%	4%	N/A

Note: 2009 results are for the Denver-Aurora-Broomfield and Boulder MSAs. Prior years' data are for slightly different geographies but are roughly comparable to 2009 figures.
Source: Manpower Inc.

The Metro Denver unemployment rate registered 7.3 percent in both April and May. A flat unemployment trend is typical for this time of year, although the nationwide unemployment rate rose by one-half of one percentage point in May to a 26-year high of 9.1 percent. May unemployment rates in the seven Metro Denver counties ranged from six percent in Boulder County to 8.5 percent in Adams County, where unemployment has risen the most on a year-to-date basis.

The pace of filings for unemployment insurance in Metro Denver was steady between April and May. An average of 2,437 claims were filed each week in May, which suggests the pace of claim filings has nearly doubled from the rate of filings in May 2008. The pace of claim filings statewide eased slightly between April and May, but the May weekly average was almost twice the average reported at the same time last year.

Labor Force Statistics
(000s, not seasonally adjusted civilian labor force)

	May 2009 (p)		2009 YTD Avg		2008 YTD Avg		2004	1999
	Labor Force	Unemploy-ment Rate	Labor Force	Unemploy-ment Rate	Labor Force	Unemploy-ment Rate	Ann Avg Unemploy-ment Rate	Ann Avg Unemploy-ment Rate
Metro Denver	1,543.3	7.3%	1,535.2	7.5%	1,538.4	4.5%	5.8%	2.4%
Adams County	227.3	8.5%	226.2	8.8%	225.0	5.1%	6.5%	2.7%
Arapahoe County	312.9	7.2%	311.0	7.4%	312.0	4.5%	5.7%	2.1%
Boulder County	178.7	6.0%	178.0	6.0%	179.0	3.8%	4.9%	2.6%
Broomfield County*	30.7	6.9%	30.5	6.9%	30.7	4.2%	5.8%	
Denver County	324.4	8.0%	323.2	8.4%	322.6	5.0%	6.6%	3.1%
Douglas County	158.3	6.2%	157.2	6.3%	158.6	3.9%	4.7%	1.4%
Jefferson County	311.1	7.1%	309.1	7.2%	310.4	4.4%	5.4%	2.2%
Colorado	2,701.0	7.4%	2,711.3	7.5%	2,708.3	4.6%	5.6%	2.9%
United States	154,336	9.1%	153,829	8.8%	153,135	5.2%	5.5%	4.2%

**Broomfield County was formed in November 2001 from parts of Adams, Boulder, Jefferson, and Weld Counties.*
Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary

Weekly First-Time Unemployment Insurance Claims

	Month of May-09	Month of Apr-09	Month of May-08	YTD Avg 2009	YTD Avg 2008	YTD Avg % Change
Metro Denver	2,437	2,448	1,291	2,687	1,389	93.4%
Colorado	4,730	4,810	2,394	5,036	2,510	100.7%

Note: Reference week data includes the 19th day of the month for all months except November and December, which include the 12th day of the month.
Source: Colorado Department of Labor and Employment, Labor Market Information.

Consumer Sector

A report recently released by Longwoods International shows visitors spent a record $3.1 billion in Denver last year, even as travel trends weakened nationwide. While the total number of overnight visitors to Denver was unchanged between 2007 and 2008, tourism officials say the Democratic National Convention and other convention activity, a good local nightlife, and abundant museums and cultural venues coaxed visitors to spend more.

As Denver travel trends beat the national norm last year, tourism officials also expect Colorado and the greater Western U.S. to outperform other parts of the country during this year's critical July 4 travel period. The weak economy and rising gas prices are crimping travel plans nationwide, but analysts say a comparatively strong economy in the West should help support more travel activity in the region. Final travel data are not yet available, but a forecast released in late June by the American Automobile Association (AAA) suggested the West may be the only U.S. region to report an over-the-year increase in July 4 travel. Some Colorado venues have already reported near-record visitor volumes for the weekend, and officials with the Colorado Department of Transportation say traffic counts for Eisenhower Tunnel over the holiday weekend were the fifth highest ever.

Even better-than-expected travel trends could mean Colorado resorts host fewer visitors than they have in the past, however. A recent report by the Denver-based Mountain Travel Research Program (MTRiP) shows summer-season bookings at a group of resorts in Colorado, Utah, California, and British Columbia are down 15 percent from 2008, and average room rates have declined. Separately, Colorado Ski Country USA reported a 5.5 percent over-the-year decline in skier visits during the 2008-2009 season. Spokespeople for MTRip and Colorado Ski Country both noted, however, that increased visitor activity by Colorado residents is helping to offset generally weak travel trends.

Recent declines in travel activity are not surprising in light of new data on household wealth, savings, and income. A report by the Federal Reserve shows the net worth of U.S. households fell 16.3 percent between the first quarters of 2008 and 2009 as stock market and real estate losses curbed spending power. Separately, the U.S. Bureau of Economic Analysis reported that the nation's personal savings rate has risen to the highest levels seen in almost 15 years. While the higher savings rates largely reflect cautious consumers, analysts also note that one-time government stimulus payments to Social Security recipients have skewed savings rates in recent months.

A different measure of household finances, personal income, rose 0.4 percent in Colorado between the first quarters of 2008 and 2009. According to the U.S. Bureau of Economic Analysis, the Colorado gain was less than the 0.8 percent increase reported nationwide and ranked 35th fastest in the nation. Six of the fifty states reported a decline in personal income in the first quarter, with the largest drops reported in Nevada (-2 percent) and Florida (-1.2 percent).

As income pressures and job insecurity persist, policymakers hope new incentives will give some consumers reason to spend. President Obama recently signed legislation that establishes the Car Allowance Rebate System (CARS), informally known as the "cash-for-clunkers" program. The $1 billion program runs through November 1 and will make trade-in credits of $3,500 to $4,500 available for owners of older vehicles that get low mileage. The credit amount depends on the mileage rating of an owner's new car, and trade-in vehicles must be 25 years old or less, have a fuel economy rating of 18 miles per gallon or less, and must be registered and insured for at least one year to be eligible. The credit does not apply in addition to a vehicle's trade-in value, so the credit amount shrinks as a vehicle's value approaches $4,500. The incentive will also not flow directly to consumers but will be credited to dealers when they apply a voucher to a customer's trade-in. Government officials hope the program will help spur the struggling auto industry.

Other retail industries are also struggling as consumers continue to limit their purchases. Data from the U.S. Department of Commerce show U.S. retail trade sales rose less than one percent between April and May, and total retail sales have now fallen below the prior year's level for nine consecutive months. For Metro Denver, data through March show total retail sales down 9.7 percent from sales in the first three months of 2008. Retail sales have declined the most on a year-to-date basis in Adams County (-15.3 percent), Jefferson County (-12.5 percent), and the City and County of Broomfield (-12.3 percent). Retail sales also declined on a year-to-date basis in the remaining four Metro Denver counties with the smallest decline (-3.5 percent) reported in Boulder.

Total Retail Sales ($000s)

	Month of Mar-09	Month of Feb-09	Month of Mar-08	YTD Total 2009	YTD Total 2008	YTD Total % Change	Annual Growth 2004	Annual Growth 1999
Total Metro Denver	6,801,729	5,879,798	7,689,913	18,533,645	20,520,902	-9.7%	7.4%	7.0%
Adams County	1,057,745	997,993	1,320,022	3,002,121	3,545,983	-15.3%	11.7%	10.5%
Arapahoe County	1,483,290	1,110,219	1,494,271	3,742,800	4,138,605	-9.6%	2.6%	10.2%
Boulder County	687,119	554,056	767,277	1,840,505	1,907,906	-3.5%	2.1%	4.1%
Broomfield County	125,777	112,904	144,896	326,788	372,654	-12.3%	49.4%	
Denver County	1,920,748	1,823,681	2,166,081	5,478,624	5,893,825	-7.0%	8.1%	2.2%
Douglas County	496,226	420,637	562,737	1,360,768	1,481,910	-8.2%	16.9%	18.3%
Jefferson County	1,030,824	860,308	1,234,629	2,782,039	3,180,019	-12.5%	3.8%	7.3%
Colorado	11,608,940	9,795,463	13,143,660	31,430,620	35,061,529	-10.4%	7.8%	7.4%

Source: Colorado Department of Revenue.

As consumers remain largely sidelined, consumer prices are essentially flat. Data from the U.S. Bureau of Labor Statistics show the Consumer Price Index (CPI-U) has fluctuated by one-tenth of one percentage point each month between March and May. An increase in gasoline prices offset falling prices for housing, food, and apparel in May, and prices for new and used automobiles rose slightly. While the over-the-year decline in May CPI was the largest reported in almost 60 years, core inflation – the measure of prices for all goods less food and energy – has been relatively stable.

The CPI data continue to show how significant an effect oil prices have on overall inflation trends. The heavy economic influence of oil prices is one reason their recent rise has many analysts concerned, although price increases have moderated recently. According to the AAA *Daily Fuel Gauge Report*, the nationwide average price per gallon of regular gasoline was $2.63 as July began and had increased roughly 10 cents per gallon from the prior month's average. In Metro Denver, the average price per gallon reached $2.48 in an increase of roughly seven cents per gallon from the prior month. Oil prices have recently fluctuated around $70 per barrel, or half the all-time high price reported in July 2008.

Fluctuating gas prices and inconsistent labor market trends are likely among factors keeping consumers cautious. *The U.S. Consumer Confidence Index retreated in June following a strong increase in May*. Respondents to the June confidence survey were less optimistic about near-term business conditions, job prospects, and income gains than they were in the prior survey, and respondents also felt less encouraged about the current economic climate. The Mountain Region Confidence Index edged up slightly between May and June and was one of only two of the nine U.S. regions to report an improved confidence measure.

Consumer Confidence Index

	Month of Jun-09 (p)	Month of May-09	Month of Jun-08	YTD Avg 2009	YTD Avg 2008	YTD Avg % Change	Ann Avg 2004
Mountain	69.7	69.2	69.2	46.9	89.0	-47.3%	108.8
United States	49.3	54.8	51.0	39.1	66.9	-41.6%	96.1

Source: The Conference Board. (p) =preliminary

Metro Denver hotel occupancy rates rose slightly between April and May, but the May rate remained almost ten percentage points below the occupancy rate from May 2008. The region's average room rate declined between April and May, and the average rate for the first five months of 2009 was down 5.8 percent from the average for the same months in 2008.

Metro Denver Hotel Statistics

	Month of May-09	Month of Apr-09	Month of May-08	YTD Avg 2009	YTD Avg 2008	YTD Avg % Change	Annual 2004	Annual 1999
Percent of Hotel Rooms Occupied	58.8%	57.8%	67.3%	54.7%	62.5%	-12.5%	61.9%	67.2%
Average Hotel Room Rate	$105.07	$111.54	$115.38	$106.62	$113.18	-5.8%	$84.42	$87.36

Source: Rocky Mountain Lodging Report.

Passenger traffic at Denver International Airport (DIA) followed a typical seasonal trend and declined between March and April. Total passenger traffic through the first four months of 2009 fell 5.1 percent from traffic in the same months last year, and monthly traffic totals have now declined on an over-the-year basis for four consecutive months. Local traffic trends are still more stable than traffic counts at the national level, however. According to the U.S. Bureau of Transportation Statistics, total U.S. passenger traffic in March was down 9.1 percent from March 2008.

Denver International Airport Passengers

	Month of Apr-09	Month of Mar-09	Month of Apr-08	YTD Total 2009	YTD Total 2008	YTD Total % Change	Annual 2004	Annual 1999
Number of Airline Passengers	3,941,539	4,303,736	4,078,112	15,436,572	16,270,649	-5.1%	42,275,913	38,034,017

Source: Denver International Airport, Traffic Statistics.

Stock markets rose further in June, although analysts note the second-quarter rally would need to repeat nearly three more times before markets reach pre-crisis levels. *The NASDAQ posted the largest year-to-date return (16.4 percent) through June, followed by the S&P 500 (+1.8 percent year-to-date). The year-to-date return on the Bloomberg Colorado index reached 15.2 percent in June even as the index closed slightly lower over-the-month.*

Stock Market Indexes

	Month of Jun-09	Month of May-09	Month of Jun-08	YTD Return 2009	YTD Return 2008	Ann Avg Return 2004
Bloomberg Colorado	254.1	257.4	423.0	15.2%	-6.0%	17.7%
S&P 500	919.4	919.1	1,280.0	1.8%	-12.8%	9.0%
NASDAQ	1,835.0	1,774.3	2,293.0	16.4%	-13.5%	8.6%
DJIA (Dow Jones)	8,448.1	8,500.3	11,350.0	-3.7%	-14.4%	3.1%

Sources: Bloomberg.com, Yahoo! Finance.

Residential Real Estate

Banking experts say rising mortgage rates could dampen some of the early housing market recovery. A recent *Weekly Mortgage Applications Survey* by the Mortgage Bankers Association (MBA) shows 30-year fixed mortgage rates are now in the mid-five percent range after touching rates below five percent in May. While the rates are still low from a historical perspective, they are above the level that would make refinancing a viable option for many homeowners. The MBA survey shows the share of all mortgage applications that are refinancings declined from 75 percent in May to roughly 54 percent in late June. The slowdown in refinancing activity is one reason why the MBA recently downgraded its forecast for 2009 loan originations.

The still-weak housing market recently claimed another homebuilder with Metro Denver ties. John Laing Homes – a brand under the bankrupt California-based WL Homes LLC – recently ceased its Metro Denver operations after WL Homes opted to liquidate its assets.

Home Resales

A 2.4 percent increase in existing home sales in May represented the first consecutive monthly sales gain since September 2005, according to the National Association of Realtors (NAR). The May sales gain was smaller than expected, however, and total May sales were 3.6 percent below sales from May 2008. Economists with the NAR link the weaker sales gain to widespread problems with low home appraisals, which some industry experts claim are the unintended byproducts of the newly enacted Home Valuation Code of Conduct. Despite these challenges, the existing homes market appears increasingly active. Survey data from the NAR suggest the number of would-be homebuyers in the marketplace has increased 10 percentage points from 2008, and first-time buyers represent almost 30 percent of transactions as new homeowners take advantage of tax credits. May home sales increased from April in each U.S. region except the West and South, but the West remains the only U.S. region where existing home sales have risen on an over-the-year basis.

Metro Denver existing home sales increased seven percent between April and May, but sales remained more than 20 percent below 2008 levels. The region's unsold inventory continues to contract, however, and the decline in average home sales prices has slowed in recent months. The May average sales price for a single-family home in Metro Denver was down 5.2 percent on an over-the-year basis, and the average condominium sales price was down 1.9 percent. At the same time last year, the average single-family and condominium sales prices were down 13.3 percent and 4.4 percent over-the-year, respectively.

Previously-Owned Home Sales Activity

	Month of May-09	Month of Apr-09	Month of May-08	YTD Total 2009	YTD Total 2008	YTD Total % Change	Ann Avg 2004	Ann Avg 1999
Home Sales (Under Contract)	5,343	5,183	6,338	23,366	28,175	-17.1%	66,196	38,248
Home Sales (Closed)	3,628	3,390	4,664	15,177	18,626	-18.5%	54,012	46,742
Unsold Homes on Market	20,734	20,705	26,333	20,734	26,333	-21.3%	23,267	9,350
Average Sales Price-Single Family	$262,066	$254,442	$276,374	$248,940	$275,129	-9.5%	$289,803	$208,274
Average Sales Price-Condo	$172,454	$150,560	$175,758	$154,025	$172,869	-10.9%	$180,986	$122,562
Median Sales Price-Single Family	$220,000	$210,000	$226,500	$203,007	$223,000	-9.0%	$236,240	
Median Sales Price-Condo	$137,000	$130,000	$148,000	$125,000	$137,000	-8.8%	$157,000	

Note: Data includes the seven-county Metro Denver region plus Elbert, Park, Gilpin, and Clear Creek Counties as well as portions of the Loveland area.
Source: MetroList, Inc.

Home Prices

Data from the NAR show the national median home price declined 16.8 percent over-the-year in May. Distressed properties declined as a share of all sales between April and May, but NAR analysts say the discounted properties and the large number of first-time buyers in the market are still keeping downward pressure on median prices. May median prices declined the most over-the-year in the West (-30.6 percent), while prices declined by smaller margins in the Northeast (-12.5 percent), Midwest (-10.4 percent), and South (-9.9 percent).

Annual declines in different measures of home prices, the S&P/Case-Shiller 10-City and 20-City composite home price indices, have grown progressively smaller over the past several months. Still, both indices remained near 2003 levels in April. Annual declines in the price indices for thirteen of the 20 metropolitan areas shrank between March and April, and the annual decline in the index for Denver (4.9 percent) ranked smallest overall.

The National Association of Realtors will release a third measure of home prices, second quarter metropolitan area median home prices, in mid-August. The first quarter U.S. median home price of $169,000 was down 13.8 percent from the first quarter of 2008, and the Denver-Aurora median of $192,900 declined by a similar 13.7 percent over-the-year. While the region's price decline is substantial, the Denver-Aurora area ranked towards the middle in a group of 134 metropolitan areas that reported over-the-year declines in median home price in the first quarter. Specifically, the Denver-Aurora region reported the 59th-largest decline in median home price, while the Boulder-Longmont median declined by the 89th-largest margin. Eighteen metro areas – primarily in the Midwest – reported an over-the-year increase in median home price in the first quarter.

Median Sales Price of Existing Single-Family Homes ($000s)

	Quarter 1 2009 (p)	Quarter 4 2008 (r)	Quarter 1 2008	YTD Avg 2009	YTD Avg 2008	YTD Avg % Change	Median 2004	Median 1999
Boulder-Longmont MSA	$328.4	$324.7	$355.7	$328.4	$355.7	-7.7%	$325.3	n/a
Denver-Aurora-Broomfield MSA	$192.9	$200.8	$223.5	$192.9	$223.5	-13.7%	$239.1	$171.3
United States	$169.0	$180.2	$196.1	$169.0	$196.1	-13.8%	$195.2	$141.2

Source: National Association of REALTORS. (p) =preliminary (r) =revised

Foreclosures

The number of U.S. properties with foreclosure filings declined six percent between April and May but remained 18 percent above 2008 levels, according to data from RealtyTrac. The data show Nevada has the nation's highest rate of foreclosure activity with one filing for every 64 households. In Colorado, the May rate of filings was approximately one in 436 households.

Metro Denver public trustees say foreclosure filings declined between April and May in each of the region's seven counties. On a year-to-date basis, filings have declined the most in the City and County of Denver (-17.5 percent), Arapahoe County (-17.2 percent), and Adams County (-15.2 percent). A recent report by the Colorado Division of Housing confirms that foreclosure filings have fallen in many of the metro counties most affected by foreclosure in 2006 and 2007, but filing activity has increased recently in El Paso County, Pueblo County, Larimer County, and other areas. As a result, Division of Housing economists say the state's 2009 foreclosure filings could roughly equal counts from 2007 and 2008. They note, however, that completed foreclosures – or foreclosure sales – could fall below counts from prior years. These trends suggest that a significant number of homeowners remain at risk of foreclosure, but increased emphasis on loan workouts, refinancing programs, and other measures could be helping residents keep their homes.

Real Estate Foreclosures

	Month of May-09	Month of Apr-09	Month of May-08	YTD Total 2009	YTD Total 2008	YTD Total % Change	Annual Total 2004
Total Metro Denver*	2,058	2,683	2,256	10,788	12,436	-13.3%	12,252
Adams County	430	683	555	2,440	2,877	-15.2%	2,498
Arapahoe County	465	630	500	2,429	2,935	-17.2%	3,125
Boulder County	113	125	96	529	486	8.8%	524
Broomfield County	28	40	27	138	136	1.5%	134
Denver County	489	604	541	2,617	3,172	-17.5%	3,345
Douglas County	199	239	210	1,013	1,066	-5.0%	800
Jefferson County	334	362	327	1,622	1,764	-8.0%	1,826

**Foreclosure data for Metro Denver represents the total number of election and demand setups received by the county public trustee in the month received. Some defaults are cured or withdrawn, so not all of the foreclosures listed are real-estate owned properties.*
Sources: Various county public trustees in Metro Denver.

New Homes

Data from the U.S. Department of Commerce show new home sales declined in May after a slight gain in April, and May new home sales fell 32.8 percent on an over-the-year basis. The nationwide decline was driven by an over-the-month sales decline in the South, as sales increased in each of the remaining U.S. regions. New home sales in all U.S. regions are still down over-the-year, however, with declines ranging from 12.9 percent in the Northeast to 35.9 percent in the South.

While housing markets are still weak in historical terms, signs of improvement continue to surface. A separate Department of Commerce report shows U.S. housing starts rose 17.2 percent between April and May thanks to double-digit increases in all U.S. regions except the Northeast. Even with the increases, though, residential building markets still have significant ground to recover. Total U.S. housing starts in May fell 45.2 percent below the May 2008 level, and over-the-year declines in the four sub-regions ranged from 33.9 percent in the West to 58.5 percent in the Northeast.

Given the depth of the downturn in U.S. housing markets, improvements are likely to be slow. That and other concerns – including limited credit availability for housing production, higher interest rates, and the November expiration of the first-time homebuyers' tax credit – are keeping builders cautious, according to analysts with the

National Association of Homebuilders (NAHB). The NAHB/Wells Fargo Housing Market index declined one point to 15 in June as builders reported slightly weaker six-month sales expectations.

The considerable uncertainty lingering in housing markets is contributing to broad fluctuations in Metro Denver building permits. *The region's permit activity rebounded in April after a weak showing in March, but the total count of April permits was less than half of the total from April 2008.* The year-over-year decline in permitting activity continues to be most severe for single-family attached housing, although previously strong trends in apartment permit activity have weakened as well.

Residential Building Permits

	Month of Apr-09	Month of Mar-09	Month of Apr-08	YTD Total 2009	YTD Total 2008	YTD Total % Change	Total 2004	Total 1999
Single-Family Detached Units	214	121	433	607	1,412	-57.0%	14,260	17,523
Single-Family Attached Units	59	36	459	199	772	-74.2%	4,843	2,883
Multi-Family Units	173	0	243	342	1,032	-66.9%	2,681	4,784
Total Units	446	157	1,135	1,148	3,216	-64.3%	21,784	25,190

Source: Home Builders Association of Metro Denver.

Apartment Rental Market

Metro Denver's average apartment vacancy rate in the first quarter of 2009 rose to the highest level (8.4 percent) since the first quarter of 2005. Real estate experts say weak labor markets and renters' decisions to share space are driving higher vacancy rates. First quarter rates increased over-the-year in each of the seven Metro Denver counties. More specifically, first quarter rates ranged from six percent in the Boulder/Broomfield area to 9.7 percent in Arapahoe County. Despite higher vacancy rates, the Metro Denver average rental rate rose to $882 per month in the first quarter from $861 in the first quarter of 2008.

Apartment Statistics

	Quarter 1 2009	Quarter 4 2008	Quarter 1 2008	YTD Average 2009	YTD Average 2008	YTD Average % Change	Annual Average 2004	Annual Average 1999
Apartment Vacancy Rate	8.4%	7.9%	5.9%	8.4%	5.9%		9.7%	4.5%
Average Monthly Rental Rate (all units)	$882	$889	$861	$882	$861	2.4%	$817	$717

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

Commercial real estate markets remain generally weak, although developments and sales deals are still progressing in some areas. Construction at Parker Adventist Hospital, for example, is ongoing as builders work to complete a two-phase expansion and a new medical office building. Hospital spokespeople say the office building should be completed this August, and builders should finish the expansion project in 2011. Spokespeople also say the expanded hospital will support more than 100 additional medical personnel.

Medical facility projects are also underway in Jefferson County, where the new $498 million St. Anthony Central Hospital is scheduled to open in early 2010. In nearby Wheat Ridge, the Exempla Lutheran Medical Center is undergoing a $225 million renovation and expansion. Jefferson County development projects outside of the healthcare sector include a new facility at the National Renewable Energy Laboratory in Golden, an air traffic control tower at Rocky Mountain Metropolitan Airport, and the West Corridor of FasTracks.

Plans for new development are also unfolding downtown, where a Denver developer and the British designer of the Museum of Contemporary Art say they will build a hotel and cultural center. The site – at 15th and Delgany Streets across from the museum – was originally slated for a condominium project, but economic concerns and the nature of the neighborhood have made the boutique hotel and cultural facility a better fit, according to the developer. Ground-breaking is scheduled for late 2010.

New development plans suggest investors have positive expectations for Metro Denver commercial property markets despite weaker trends today. Vacancy, lease rate, and construction trends in Metro Denver's office market were fairly flat between the first and second quarters of 2009. *According to data from CoStar Realty Information, Inc., the region's direct office market vacancy rate for the second quarter of 2009 was unchanged from the first quarter at 13.6 percent.* Average second quarter lease rates were also flat over-the-quarter at $21.04 per square foot, and office market construction activity rose slightly from the first quarter. Compared to construction volume in the second quarter of 2008, however, the second quarter 2009 volume was down more than 45 percent. The largest office properties completed so far this year are at 1515 Wynkoop in Denver and at Village Center Station in Greenwood Village.

Office Market Statistics

	Quarter 2 2009	Quarter 1 2009	Quarter 2 2008	Quarter 2 2007	Quarter 2 2006	Quarter 2 2005
Number of Buildings	5,208	5,176	5,132	5,060	5,014	4,954
Existing Square Feet (millions)	161.3	160.7	158.6	157.3	155.4	154.1
Vacant Square Feet (direct, millions)	22.0	21.8	18.9	19.0	19.9	21.9
Vacancy Rate (direct)	13.6%	13.6%	11.9%	12.1%	12.8%	14.2%
Vacancy Rate (with sublet)	14.8%	14.8%	12.8%	12.8%	13.9%	15.6%
Avg. Lease Rate (direct, per sq. ft, full service)	$21.04	$21.03	$21.62	$20.20	$17.92	$16.93
New Construction Completed (year-to-date)	0.69 MSF, 15 Bldgs	0.40 MSF, 9 Bldgs	0.57 MSF, 24 Bldgs	0.79 MSF, 19 Bldgs	0.40 MSF, 21 Bldgs	0.30 MSF, 20 Bldgs
Currently Under Construction	1.93 MSF, 13 Bldgs	1.85 MSF, 24 Bldgs	3.54 MSF, 51 Bldgs	2.15 MSF, 88 Bldgs	1.56 MSF, 40 Bldgs	0.86 MSF, 31 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

While Metro Denver's office market appeared to stabilize between the first and second quarters of 2009, the region's industrial market weakened slightly. *According to data from CoStar Realty Information, Inc., the region's direct industrial market vacancy rate rose in the second quarter of 2009 to 7.2 percent, or a rate almost two percentage points higher than the vacancy rate reported one year ago.* Average industrial market lease rates declined slightly to $5 per square foot in the second quarter, and industrial construction halted. The Denver Business Center on East 55th Avenue is the largest Metro Denver industrial property completed so far this year.

Trends in Metro Denver's flex market were flat between the first and second quarters of 2009, according to data from CoStar Realty Information, Inc. *The region's direct flex market vacancy rate was unchanged between the first and second quarter at 14.5 percent, and average lease rates declined slightly to $9.52 per square foot.* Second quarter flex market construction volume was roughly 42 percent of the volume in progress at the same time last year, and newly completed construction represented roughly 27 percent of last year's volume. So far this year, flex projects have been completed only in Adams, Boulder, and Jefferson Counties.

Industrial Market Statistics

	Quarter 2 2009	Quarter 1 2009	Quarter 2 2008	Quarter 2 2007	Quarter 2 2006	Quarter 2 2005
Number of Buildings	6,581	6,564	6,541	6,492	6,443	6,396
Existing Square Feet (millions)	212.6	212.4	210.8	208.4	206.2	203.9
Vacant Square Feet (direct, millions)	15.3	15.2	13.7	13.0	15.4	15.8
Vacancy Rate (direct)	7.2%	7.1%	6.5%	6.3%	7.5%	7.8%
Vacancy Rate (with sublet)	7.4%	7.5%	6.9%	6.4%	7.8%	8.3%
Avg. Lease Rate (direct, per square foot, NNN)	$5.00	$5.11	$5.18	$4.97	$4.86	$4.64
New Construction Completed (year-to-date)	0.19 MSF, 4 Bldgs	0.11 MSF, 2 Bldgs	0.32 MSF, 12 Bldgs	0.65 MSF, 8 Bldgs	1.08 MSF, 14 Bldgs	0.27 MSF, 13 Bldgs
Currently Under Construction	0 MSF, 0 Bldgs	0.06 MSF, 1 Bldg	1.16 MSF, 20 Bldgs	1.87 MSF, 22 Bldgs	1.35 MSF, 14 Bldgs	0.73 MSF, 18 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

Flex Space Statistics

	Quarter 2 2009	Quarter 1 2009	Quarter 2 2008	Quarter 2 2007	Quarter 2 2006	Quarter 2 2005
Number of Buildings	1,338	1,335	1,315	1,294	1,277	1,250
Existing Square Feet (millions)	37.7	37.6	36.9	36.3	35.9	35.4
Vacant Square Feet (direct, millions)	5.5	5.4	4.7	4.3	4.6	5.0
Vacancy Rate (direct)	14.5%	14.5%	12.8%	11.9%	12.9%	14.1%
Vacancy Rate (with sublet)	15.2%	15.1%	13.4%	12.5%	13.5%	15.4%
Avg. Lease Rate (direct, per square foot, NNN)	$9.52	$9.58	$9.89	$9.04	$8.49	$8.19
New Construction Completed (year-to-date)	0.10 MSF, 5 Bldgs	0.06 MSF, 3 Bldgs	0.37 MSF, 8 Bldgs	0.14 MSF, 5 Bldgs	0.29 MSF, 8 Bldgs	0.10 MSF, 5 Bldgs
Currently Under Construction	0.20 MSF, 4 Bldgs	0.22 MSF, 5 Bldgs	0.48 MSF, 19 Bldgs	0.14 MSF, 7 Bldgs	0.23 MSF, 9 Bldgs	0.22 MSF, 11 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

Vacancy and lease rates in Metro Denver's retail market weakened further in the second quarter of 2009, according to data from CoStar Realty Information, Inc. *The direct retail vacancy rate rose in the second quarter to 9.2 percent, or a rate roughly one-percentage point above the year-ago level.* Average lease rates fell to $17.05 per square foot in the second quarter from $17.11 per square foot in the first quarter and are now down $0.88 per square foot from the year-ago level. As is the case with other property types, construction in the retail market has slowed considerably. Specifically, retail construction volume in the second quarter was roughly 20 percent of the volume in progress in the second quarter of 2008. The largest retail projects completed so far this year include space at the River Point development in Sheridan and portions of the Streets of Southglenn development in Centennial.

Retail Market Statistics

	Quarter 2 2009	Quarter 1 2009	Quarter 2 2008	Quarter 2 2007	Quarter 2 2006	Quarter 2 2005
Number of Buildings	7,404	7,325	7,224	7,126	7,007	6,849
Existing Square Feet (millions)	148.1	146.6	144.0	140.5	137.1	132.2
Vacant Square Feet (direct, millions)	13.6	13.2	11.5	10.3	10.5	8.1
Vacancy Rate (direct)	9.2%	9.0%	8.0%	7.3%	7.7%	6.2%
Vacancy Rate (with sublet)	9.6%	9.5%	8.3%	7.6%	7.9%	6.5%
Avg. Lease Rate (direct, per square foot, NNN)	$17.05	$17.11	$17.93	$17.29	$16.45	$16.19
New Construction Completed (year-to-date)	1.05 MSF, 37 Bldgs	0.68 MSF, 27 Bldgs	1.56 MSF, 33 Bldgs	0.67 MSF, 16 Bldgs	N/A	N/A
Currently Under Construction	0.62 MSF, 24 Bldgs	0.33 MSF, 15 Bldgs	3.15 MSF, 58 Bldgs	5.90 MSF, 71 Bldgs	N/A	N/A

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

Metro Denver Indicator Summary

Indicator	Monthly/Quarterly Direction	Annual Direction	Summary of Recent Changes
Nonfarm Employment Growth	⇑	⇓	Employment increased by 12,600 jobs Apr to May; YTD emp. down 3.4% through May 2009.
% Companies Hiring (Denver Area)	⇓	⇓	9% of companies expect to add workers in Q3 2009 and 77% expect no change.
Unemployment Rate	⇐⇒	⇑	Metro rate 7.3% in May; YTD avg. rate of 7.5% up from 4.5% in 2008.
Initial Unemployment Insurance Claims	⇓	⇑	Claims decreased Apr to May; YTD claims up 93.4% through May 2009.
Total Retail Sales	⇑	⇓	Metro retail sales increased Feb to Mar; total sales down 9.7% YTD through Mar 2009.
Consumer Confidence Index	⇑	⇓	Mountain Region up to 69.7 in Jun from 69.2 in May; index down 47.3% YTD through Jun 2009.
Hotel Occupancy	⇑	⇓	Hotel occupancy increased from 57.8% in Apr to 58.8% in May; occupancy down 12.5% YTD.
DIA Passengers	⇓	⇓	Traffic decreased Mar to Apr; traffic down 5.1% YTD through Apr 2009.
Bloomberg Colorado Index	⇓	⇑	Bloomberg Colorado Index down 1.3% from May to Jun; year-to-date return at 15.2%.
Dow Jones Industrial Average	⇓	⇓	DOW decreased 0.6% May to Jun; year-to-date return at -3.7%.
Home Sales (closed)	⇑	⇓	Home sales increased 7% Apr to May; YTD sales down 18.5% through May.
Median Home Price (Denver-Aurora MSA)	⇓	⇓	Median home price in Denver MSA down 3.9% Q4 to Q1 2009; YTD price down 13.7%
Foreclosures	⇓	⇓	Foreclosures decreased 23.3% Apr to May; YTD down 13.3% through May 2009.
Residential Building Permits (Total)	⇑	⇓	Total permits increased between Mar and Apr; YTD down 64.3% through Apr 2009.
Apartment Vacancy Rate	⇑	⇑	Vacancy rate increased from 7.9% in Q4 to 8.4% in Q1; avg rental rate at $882 per month.
Office Vacancy Rate (with Sublet)	⇐⇒	⇑	Vacancy rate steady at 14.8% in Q1, Q2 2009; avg lease rate up to $21.04/sq.ft.
Industrial Vacancy Rate (with Sublet)	⇓	⇑	Vacancy rate decreased from 7.5% in Q1 to 7.4% in Q2; avg lease rate down to $5.00/sq. ft. (NNN)
Retail Space Vacancy Rate (with Sublet)	⇑	⇑	Vacancy rate up from 9.5% in Q1 to 9.6% in Q2; avg. lease rate down to $17.05/sq. ft. (NNN)
Positive Changes	**9 of 18**	**2 of 18**	

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