



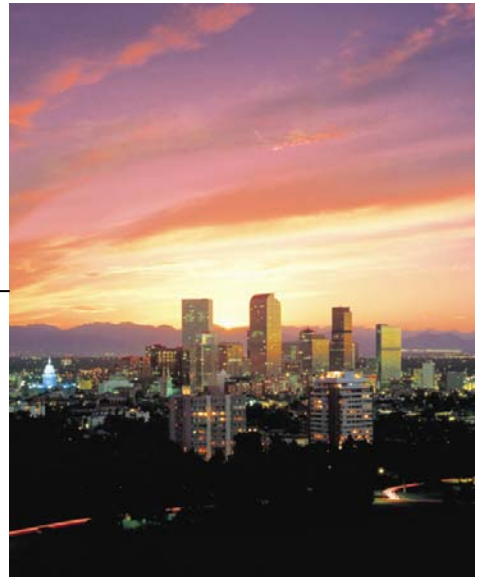
Metro Denver
Economic Development Corporation

Monthly Economic Summary

A Monthly Summary of Economic Conditions in Metro Denver

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

Released April 1, 2008



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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 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

- ◆ Metro Denver is one of the world's top 40 "megas," or areas with high concentrations of economic activity and good quality of life. According to Richard Florida's recently published *Who's Your City*, Metro Denver's reputation for economic opportunities, leadership, and community well-being make the region one of the world's best places to live and work.
- ◆ A stable economy and outdoor lifestyle make Metro Denver one of the top places to live and start a business, according to CNNMoney.com. Metro Denver ranked seventh between Portland, Oregon and Charlotte, North Carolina on the online magazine's 2008 "Best Places to Live and Launch" list. CNN reporters highlighted Metro Denver's transportation infrastructure and well-educated workforce as key enticements for entrepreneurs.
- ◆ Colorado attracted the nation's third-largest amount of venture capital for clean technology in 2007, according to a recent report from Dow Jones VentureSource. With eight deals valued at \$64 million, Colorado ranked behind Massachusetts and California, whose Silicon Valley companies attracted more than half of all clean-technology venture capital last year.
- ◆ Fort Collins is the nation's third-best place for business, according to the *Forbes* 2008 "Best Places for Business and Careers" ranking. The report gives Fort Collins high marks for its well-educated population, rapid income growth, and comparatively low cost of doing business. Denver ranked 31st among the 200 largest metropolitan areas on the list, and Boulder ranked 77th.
- ◆ The latest college comparisons by *U.S. News and World Report* recognize twelve University of Colorado (CU) programs among the top ten of their kind. The rankings consider research achievements as well as student and faculty quality at U.S. colleges and universities. The atomic, molecular, and optical physics program at CU-Boulder ranked first among all such programs in the country. In Denver, three of the CU School of Medicine programs ranked in the nation's top ten, and the environmental law program ranked sixth overall. Four of the CU-Denver nursing programs also ranked in the top ten, as did the physician assistant program.
- ◆ Teenagers in Colorado are more prone to depression, drinking, and drug use than youth in many other states, according to a report by the Substance Abuse and Mental Health Services Administration. The *2005-2006 National Survey on Drug Use and Health* shows 9.7 percent of Colorado's 12 to 17-year-old survey group had at least one major depressive episode in the past year. That percentage ranked highest in the nation, and the data on Colorado teens also showed a high prevalence of alcohol and drug dependency. Officials with local community organizations say limited funding for mental health programs contributes to higher numbers of Colorado youth in crisis.
- ◆ Colorado state government earned a C+ grade in the *2008 Grading the States* report. Released by the Pew Center for the States, the report gives Colorado government scores ranging from C to C+ in each of four core areas – money, personnel, infrastructure, and information. While the report praises Colorado for suspending tax limitations via Referendum C, it notes that the legislation's upcoming expiration poses a considerable fiscal challenge. The national average grade on the 2008 report was a B-.

MONTHLY ECONOMIC SUMMARY

General Economic Overview

A final estimate of fourth quarter GDP by the U.S. Bureau of Economic Analysis confirms that U.S. economic growth slowed to 0.6 percent as 2007 ended. Declines in inventory investment, business purchases of buildings and equipment, and residential investment helped slow GDP growth to less than one percent from 4.9 percent in the third quarter.

Declines in exports also slowed fourth quarter GDP growth, and weaker export trends persisted in January. The U.S. balance of trade widened slightly from December as imports exceeded exports, although the imbalance was largely driven by rising oil prices. The rapid increases drove the nation's petroleum deficit above its non-petroleum deficit for the first time since 1992.

Higher oil prices translate into higher costs for nearly all goods and services, as a February increase in core inflation confirmed. While the Federal Open Market Committee of the Federal Reserve (FOMC) acknowledges price pressures, committee statements site unstable financial markets as a larger risk to the nation's economy than inflation. The Federal Reserve added \$200 billion in liquidity to the markets in March and guided the buyout of failed investment bank Bear Stearns shortly thereafter. Both moves occurred before the FOMC's scheduled meeting on March 18, when the committee announced a 75 basis-point cut to the target federal funds rate. The March 18th cut was the third so far this year, and it left the target federal funds rate at 2.25 percent. The FOMC next convenes on April 29th and 30th.

FOMC policy currently emphasizes financial market instability, but the most recent Federal Reserve *Beige Book* suggests that local businesses are more concerned about rising costs. Metro Denver is part of the Federal Reserve's 10th District, where bank economists observed a slowing economy in January and February. Retailers across the district reported weaker consumer spending, sluggish residential real estate activity, and slowing commercial markets. Economic trends were somewhat stronger in the agriculture- and energy-intensive regions of the 10th District, but businesses across nearly all regions voiced concern over price pressures.

Economic Indexes

Recent economic indicators continue to give mixed signals. Some industries and regions are performing well, but a slowing national economy and higher prices are increasingly universal concerns.

National Economy

- ◆ The Conference Board's Index of Leading Economic Indicators declined for the fifth-straight month in February. Five of the 10 indicators made a negative contribution, including unemployment insurance claims, building permits, and consumer expectations. Only two of the 10 indicators have increased over the past six months.
- ◆ The Institute for Supply Management's Purchasing Managers Index increased from 48.3 in February to 48.6 in March. Index values below 50 result when a majority of respondents observe softening conditions, so the most recent results suggest the manufacturing sector is contracting, albeit at a slower pace. While some survey respondents said export demand remains strong, many manufacturers are struggling with high material costs and slowing sales.
- ◆ The Institute for Supply Management's Index of Non-Manufacturing Business Activity rose from 41.9 to 50.8 in February, suggesting that the U.S. service sector is again expanding after a month of contraction. Survey respondents' views of current economic conditions ranged from "strong" by companies in the professional and business services industry to "significantly weaker" by companies in wholesale and retail trade.

MONTHLY ECONOMIC SUMMARY

Local Economy

- ◆ The Denver Manufacturing Purchasing Managers' Index rose to 58.1 in February from 39 in January. While the index's monthly trends have been somewhat volatile, the most recent results suggest that local manufacturing business conditions have improved. The Non-Manufacturing Purchasing Managers' Index, however, points to weaker conditions in the local service sector. The index registered 49.2 in both January and February, which suggests that a slowing trend has persisted but not worsened. The College of Business at the University of Colorado Denver and the National Association of Purchasing Managers – Denver jointly produce the manufacturing and non-manufacturing indexes.
- ◆ The Vectra Bank Colorado Small Business Index rose from a revised 90.1 in January to 92.8 in February. The Colorado unemployment rate has the largest influence on the index, and recent increases in the rate have a positive impact on labor availability and the overall index value. Despite the positive results, bank economists expect slower growth in Colorado personal income to limit retail sales gains and weaken the index later in the year. The U.S. Small Business Index declined from 83.6 in January to 82.4 in February.
- ◆ The Creighton University Business Conditions Index for the Mountain States region declined to 57.6 in February from a January reading of 65.5, which suggests that the regional economy is expanding at a slower pace. Despite the still-healthy reading, the index's business confidence measure has weakened considerably.
- ◆ The Metro Denver leading index declined to 100.5 in December after five months of essentially stable readings. Data for six of the seven leading indicators showed negative annual trends, and one indicator – average weekly hours in manufacturing – was unchanged. Overall, the weaker index value suggests the Metro Denver economy will slow in the coming months.

Labor Force and Employment

The Metro Denver economy added roughly 7,100 jobs between January and February, and year-to-date job growth was essentially stable at two percent. Financial activities and manufacturing were the only two of the 11 industry supersectors to report year-to-date job declines, with losses totaling 2.7 percent and one percent, respectively. Year-to-date job growth across the remaining industry sectors ranged from one percent in transportation, warehousing, and utilities to 4.1 percent in education and health services. Job growth in leisure and hospitality was second fastest at 3.9 percent.

Year-to-date job growth rates in the Denver-Aurora and Boulder MSAs were roughly equal in February, although industry activity varied considerably by region. Denver-Aurora job growth through February was the fastest in the education and health services and leisure and hospitality supersectors, while natural resources and construction grew fastest in the Boulder MSA. Statewide, all-industry job growth through February reached 2.2 percent, and national job growth was essentially unchanged at 0.7 percent year-to-date.

MONTHLY ECONOMIC SUMMARY

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

	Month of Feb-08 (p)	Month of Jan-08	Month of Feb-07	Year-to- Date Average 2008	Year-to- Date Average 2007	Year-to- Date Average % Change	Annual Growth Rate 2003	Annual Growth Rate 1998
Total 11-County Metro Denver*	1,399.3	1,392.2	1,372.9	1,395.8	1,367.9	2.0%	-1.4%	4.0%
Denver-Aurora MSA	1,232.7	1,227.8	1,209.0	1,230.3	1,205.8	2.0%	-1.2%	4.0%
Boulder-Longmont MSA	166.6	164.4	163.9	165.5	162.1	2.1%	-2.8%	4.0%
Natural Resources & Construction	95.2	94.1	92.9	94.7	92.4	2.4%	-7.1%	11.9%
Manufacturing	87.5	88.2	88.6	87.9	88.8	-1.0%	-4.9%	1.4%
Wholesale & Retail Trade	215.1	217.4	210.9	216.3	212.2	1.9%	-1.9%	3.0%
Transp., Warehousing & Utilities	52.0	52.2	51.4	52.1	51.6	1.0%	-8.0%	15.8%
Information	57.1	56.9	56.2	57.0	56.1	1.6%	3.4%	6.1%
Financial Activities	104.5	104.0	107.4	104.3	107.1	-2.7%	-1.3%	3.3%
Professional & Business Services	239.7	238.7	232.7	239.2	232.1	3.1%	2.6%	2.3%
Education & Health Services	150.6	148.9	144.8	149.8	143.9	4.1%	-0.6%	2.1%
Leisure & Hospitality	142.1	142.0	137.0	142.1	136.7	3.9%	-0.4%	2.1%
Other Services	52.0	52.1	51.4	52.1	51.4	1.4%	0.2%	2.0%
Government	203.5	197.7	199.6	200.6	195.8	2.5%	0.5%	0.2%
Federal Gov't	30.0	30.1	30.6	30.1	30.7	-2.0%	-2.9%	1.8%
State & Local Gov't	173.5	167.6	169.0	170.6	165.1	3.3%	1.4%	2.7%
Colorado	2,327.7	2,314.6	2,280.5	2,321.2	2,271.6	2.2%	-1.4%	3.9%
United States	136,451	135,926	135,641	136,189	135,297	0.7%	-0.3%	2.6%

*Includes the Denver-Aurora 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

Recent headlines show a dynamic mix of reductions, expansions, closures, and new ventures in Metro Denver's industry clusters.

Aerospace: The Colorado School of Mines' 8th Continent Project recently secured a \$150,000 grant to partially fund an aerospace incubator. Combined with funding from other partners, the grant will pay for legal, consulting, and venture capital services as well as a space-focused chamber of commerce. An application process for companies hoping to access the 8th Continent resources opens later this year.

Aviation: Aviation analysts say capacity reductions could affect Denver and other midsize markets. Denver-based Frontier Airlines is reducing its fleet, cutting routes, and exploring ways to reduce oil usage. United Airlines – the largest carrier at Denver International Airport (DIA) – is also reducing its fleet and schedule, and some airline officials expect United's long-held majority of DIA capacity to drop below 50 percent. Both United and Frontier have added fuel surcharges to flight fares, and analysts say consumers should expect more changes as high oil prices and economic weakness persist.

Beverage Production: Molson Coors Brewing Company will outsource between 340 and 390 jobs to an overseas branch of Hewlett Packard Company. Outsourcing will primarily affect jobs in human resources, finance, and information technology, and officials plan to implement the changes at the company's Golden, Toronto, and U.K.-based locations. About 40 of the affected positions will transfer to Hewlett Packard, but the remaining employees face layoff.

MONTHLY ECONOMIC SUMMARY

Bioscience: Biopharmaceutical company ARCA Discovery Inc. will move its headquarters from downtown Denver to the mixed-used Arista Place community in Broomfield. Company officials also plan to increase their current workforce from 27 positions to more than 60 positions by the end of this year.

Downsizing will affect another bioscience company in nearby Louisville. Officials with Massachusetts-based Inverness Medical Innovations, Inc. plan to close the company's Biostar manufacturing plant. The Louisville facility currently houses 56 employees who produce diagnostic testing supplies.

Energy: Denmark-based Vestas Wind Systems recently opened its first U.S. manufacturing plant in Windsor. The \$65 million facility will house 650 employees by summer, and Vestas officials are reportedly growing the company's payroll by 20 employees per week.

A second member of Northern Colorado's energy community, Woodward Governor Company, is also growing its business. The Fort Collins-based supplier to wind turbine companies plans to hire 100 more workers and add an additional production line. The new line will expand the company's existing wind turbine inverter business in Germany, and officials say pilot production will begin this fall.

The public side of Northern Colorado's energy ventures is also growing. Officials with Colorado State University in Fort Collins recently unveiled plans for Cenergy, a multi-disciplinary enterprise dedicated to research and development of renewable energy technology. More than 100 faculty from all eight of the university's colleges will contribute to research and policy efforts, and the program's founders expect it to create additional renewable energy companies and jobs.

One of Northern Colorado's existing energy companies plans to relocate a large-scale manufacturing facility. AVA Solar, a thin-film module manufacturer with roots at Colorado State University, announced plans to move its proposed factory from a redevelopment site in Fort Collins to an existing building in Longmont. Spokespeople say the redevelopment project proved impractical in a fast-moving energy market, but the company headquarters will stay in Fort Collins.

The fast-moving energy industry is also changing other portions of the state. Xcel Energy recently unveiled plans for a new transmission line that will carry electricity from the northeast corner of the state to the Front Range. According to company spokespeople, Xcel is building the \$120 million line to accommodate additional power generation, including power from wind and natural gas. The project's construction timeline runs from 2010 to 2013, but Xcel ratepayers will pay portions of the cost as soon as building begins.

Xcel Energy officials also announced plans for existing energy infrastructure. Xcel selected the City of Boulder to pilot the "Smart Grid" project, which allows customers to access real-time information on energy prices and peak use periods. Officials hope the information will help customers modify their usage and limit the burden on the city's power grid. Phase one of the \$100 million project begins in August.

The neighboring City and County of Broomfield is also part of the growing energy industry. British company Renewable Energy Systems Americas Inc. recently moved its U.S. headquarters from Austin, Texas to Broomfield and plans to double its 70-person workforce over the next year. The company, which develops and builds wind farms, already has plans for a wind farm project located in Elbert and Lincoln Counties. Project construction could begin late this year or early next year, and the finished wind farm will produce enough power to support more than 80,000 homes when it begins operation around 2010.

The Colorado energy industry is also incorporating new advances in biofuels. A biofuels research project at the University of Colorado received a \$1 million grant from the Biomass Research and Development Initiative, a joint program of the U.S. Department of Agriculture and the Department of Energy. The CU project team was one of 21 that will work to develop reactor systems that convert biomass to fuel.

Financial Services: Financial services provider Charles Schwab reportedly plans to consolidate some of its Phoenix and San Francisco operations in a Denver office. The company currently occupies offices in downtown

MONTHLY ECONOMIC SUMMARY

and southeast Metro Denver, and company officials are reportedly seeking additional southeast office space. The move could bring as many as 500 financial services jobs to the region.

IT/Hardware: Officials with Fort Collins-based Advanced Energy Industries plan to reduce the company's 1,700-person global workforce by 50 positions. The company's fourth quarter 2007 profits declined due to continued weakness in demand for semiconductors and related components.

IT/Software: California-based software company VMware plans to expand its Broomfield workforce by as many as 300 positions over the next several years. Company officials are finalizing a lease at Interlocken Business Park and hope to hire local employees with engineering expertise.

Telecommunications: Denver-based Qwest Communications will be the official telecommunications provider for the Republican National Convention in Minneapolis. Qwest will provide internet, voice, data, and tech support services for the September event.

Employment Outlook

The hiring outlook in Metro Denver has been somewhat volatile over the past two quarters. According to the Manpower Employment Outlook Survey, the share of Denver Area employers planning to hire in the second quarter declined to 22 percent from 27 percent in the prior survey and 42 percent one year ago. However, a decline in the share of employers planning layoffs in the coming quarter partly offset the more negative hiring outlook. Overall, smaller shares of employers reported plans to hire, lay off workers, or maintain their current payroll, and a larger percentage of respondents said they were unsure about their near-term personnel strategies.

Boulder County employers have a mixed hiring outlook for the coming quarter. The share of employers planning to hire rose to 20 percent from 13 percent in the prior survey, but the share planning layoffs also increased. Sixty-seven percent of Boulder County survey participants plan to maintain their current staff levels in second quarter, down from 84 percent in the prior survey. In the national survey, 26 percent of employers reported plans to hire, while 9 percent plan to reduce payrolls and 60 percent will maintain their current staffing.

Employment Outlook Survey

	Quarter 2 2008	Quarter 1 2008	Quarter 2 2007	YTD Avg 2008	YTD Avg 2007	YTD Avg 2006
Denver Area*						
Percent of Companies Hiring	22%	27%	42%	25%	42%	34%
Percent of Companies Laying Off	7%	14%	12%	11%	10%	10%
Percent of Companies No Change	44%	47%	43%	46%	43%	50%
Boulder County						
Percent of Companies Hiring	20%	13%	13%	17%	20%	33%
Percent of Companies Laying Off	13%	3%	10%	8%	9%	5%
Percent of Companies No Change	67%	84%	77%	76%	72%	59%

**Includes Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson Counties.
Source: Manpower Inc.*

MONTHLY ECONOMIC SUMMARY

The Metro Denver unemployment rate was unchanged between January and February, but the region's year-to-date unemployment rate of 4.7 percent was up from 4.3 percent in 2007. As of February, Boulder County's four percent unemployment rate was the region's lowest, and Adams County had the region's highest rate of 5.3 percent. The Colorado unemployment rate reached 4.7 percent in February, and the national average rate reached 5.2 percent.

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

	February 2008 (p)		2008 YTD Avg		2007 YTD Avg		2003	1998
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Ann Avg Unemployment Rate	Ann Avg Unemployment Rate
Metro Denver	1,538.6	4.7%	1,537.4	4.7%	1,495.7	4.3%	6.4%	2.9%
Adams County	226.2	5.3%	226.1	5.3%	216.4	5.1%	7.2%	3.6%
Arapahoe County	314.9	4.6%	314.7	4.6%	306.9	4.1%	6.3%	2.7%
Boulder County	178.7	4.0%	178.0	4.0%	175.4	3.6%	5.8%	3.3%
Broomfield County*	26.5	4.6%	26.4	4.5%	25.3	4.2%	6.4%	
Denver County	318.7	5.2%	318.6	5.2%	311.1	5.0%	7.3%	4.1%
Douglas County	157.4	4.1%	157.3	4.0%	147.3	3.5%	5.3%	1.7%
Jefferson County	316.3	4.5%	316.2	4.5%	313.2	4.1%	5.9%	2.8%
Colorado	2,738.9	4.7%	2,740.8	4.7%	2,666.4	4.2%	6.1%	3.8%
United States	152,503	5.2%	152,828	5.3%	151,924	5.0%	6.0%	4.5%

*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

Slower job growth over the past several months has caused generally higher numbers of unemployment insurance claims. The count of Metro Denver claims declined between January and February, but the year-to-date average rose 13.3 percent over the same months of 2007. The statewide count of claims rose 8.7 percent year-to-date.

Weekly First-Time Unemployment Insurance Claims

	Month of	Month of	Month of	YTD Avg	YTD Avg	YTD Avg
	Feb-08	Jan-08	Feb-07	2008	2007	% Change
Metro Denver	1,371	1,754	1,053	1,563	1,379	13.3%
Colorado	2,296	3,173	1,844	2,735	2,515	8.7%

Note: Reference week data includes the 19th day of the month with the exception of November and December, which includes the 12th day of the month.
Source: Colorado Department of Labor and Employment, Labor Market Information.

Consumer Sector

New data from the U.S. Bureau of Economic Analysis show Colorado per capita personal income grew by 3.9 percent between 2006 and 2007. The state's income growth rate ranked 45th-fastest in the nation and fell behind the national average growth rate of 5.2 percent. Per capita personal income divides total personal income – which is the sum of total wages and earnings, government transfer payments, and income from dividends, interest, and rent – by total population. While the relationship between growth in population and per capita income is complex, the high population growth seen in Colorado and several other states can dampen income gains. Still, Colorado's 2007 per capita income of \$41,042 was 106 percent of the national average and ranked 10th highest in the nation.

MONTHLY ECONOMIC SUMMARY

Current-dollar estimates of income only describe part of the U.S. consumer environment. Inflation adjustment reduces U.S. per capita personal income growth from 5.2 percent to 2.9 percent in 2007, and data from the U.S. Bureau of Labor Statistics suggest that U.S. consumers lost more buying power as 2008 began. Over-the-year increases in the U.S. Consumer Price Index for all urban consumers (CPI-U) measured 4.3 percent in January and four percent in February. While seasonally adjusted figures show moderating prices for clothing and transportation in February, the costs of housing and food increased.

Price increases for flour and baked goods have been particularly sharp, as weather patterns, global demand, and ethanol production continue to tighten grain supplies. Corn prices have also increased, and new reports say the gains are likely to affect theaters and moviegoers. As more farmers replace popcorn crops with ethanol-producing varieties, raw popcorn costs have climbed steadily upward and even doubled, according to some reports. As the costs continue to increase, popcorn wholesalers say they will soon charge more for both microwave and movie theater snacks.

U.S. gasoline prices are also following an upward trend. Oil industry experts say U.S. gasoline demand has declined as price pressures and environmental concerns change household driving habits. Still, crude oil prices on the New York Mercantile Exchange (NYMEX) rose in excess of \$110 per barrel in early March. Industry experts say investments in oil futures are largely to blame for the price increases, which could drive consumer gasoline prices above \$3.50 per gallon as summer approaches.

Average Metro Denver gas prices are also increasing. According to the *AAA Fuel Gauge Report*, the region's prices for regular gasoline rose from \$3.02 per gallon in February to \$3.13 per gallon in March. Still, the Metro Denver average price remained below the state and national average prices of \$3.19 and \$3.28, respectively.

With gas prices rising, analysts say the nation's retailers – particularly specialty stores – are increasingly at risk. Catalog retailer Lillian Vernon, the Bombay Company, and The Sharper Image have filed for or have already completed bankruptcy proceedings, and other retailers including Talbots, Ann Taylor, and Wilsons Leather have recently closed stores. Retail markets have generally weakened nationwide, but the slowdown has been most severe where housing markets are more distressed.

A milder housing correction has helped local retail sales remain reasonably strong, although annual revisions to Metro Denver data dropped 2007 growth slightly below expectations. Preliminary data suggested that the region's sales increased 9.9 percent between 2006 and 2007, while the revised series shows a nine percent gain over the year. Data users should note, though, that an upward revision to 2006 sales caused the decline in the over-the-year growth rate.

Of the seven Metro Denver counties, 2007 retail sales increased the most in Boulder (+15.3 percent) and Adams (+14.6 percent) Counties. Among the remaining counties, 2007 retail sales growth ranged from six percent in Jefferson County to 9.3 percent in the City and County of Broomfield.

MONTHLY ECONOMIC SUMMARY

Total Retail Sales (\$000s)

	Month of Dec-07	Month of Nov-07	Month of Dec-06	YTD Total 2007	YTD Total 2006	YTD Total % Change	Annual Growth 2002	Annual Growth 1997
Total Metro Denver	11,160,561	6,823,361	10,094,893	87,994,903	80,728,196	9.0%	-0.5%	5.8%
Adams County	1,434,267	1,121,305	1,258,561	14,022,951	12,232,719	14.6%	-0.3%	7.7%
Arapahoe County	2,125,329	1,465,775	2,074,543	18,435,434	17,362,152	6.2%	1.6%	0.7%
Boulder County	1,595,390	589,044	1,198,307	8,725,092	7,567,431	15.3%	-14.5%	3.8%
Broomfield County	241,569	130,313	226,128	1,710,958	1,565,042	9.3%		
Denver County	3,219,869	1,961,603	3,099,765	25,200,069	23,352,535	7.9%	-3.2%	4.9%
Douglas County	812,407	524,389	681,945	6,513,724	6,022,512	8.2%	3.6%	30.9%
Jefferson County	1,731,730	1,030,932	1,555,644	13,386,675	12,625,805	6.0%	-2.5%	8.7%
Colorado	19,530,641	11,290,183	17,252,934	148,664,444	135,542,818	9.7%	0.3%	6.4%

Source: Colorado Department of Revenue.

The Mountain Region Consumer Confidence Index declined in February as consumer assessments of both the present economic situation and the near-term outlook weakened. The U.S. Consumer Confidence Index fell to a five-year low, and the future expectations subindex reached a 17-year low.

Consumer Confidence Index

	Month of Feb-08 (p)	Month of Jan-08	Month of Feb-07	YTD Avg 2008	YTD Avg 2007	YTD Avg % Change	Ann Avg 2003
Mountain	104.9	122.8	141.2	113.9	136.6	-16.7%	89.4
United States	75.0	87.3	111.2	81.2	110.7	-26.7%	79.8

Source: The Conference Board. (p) =preliminary

The Metro Denver hotel occupancy rate rose between January and February but remained below last year's level. On a year-to-date basis, hotel occupancy fell 1.9 percent below the same months in 2007, but average room rates were up 5.6 percent.

Metro Denver Hotel Statistics

	Month of Feb-08	Month of Jan-08	Month of Feb-07	YTD Avg 2008	YTD Avg 2007	YTD Avg % Change	Annual 2003	Annual 1998
Percent of Hotel Rooms Occupied	59.1%	56.0%	60.1%	57.5%	58.6%	-1.9%	59.5%	70.0%
Average Hotel Room Rate	\$110.75	\$109.37	\$105.69	\$110.06	\$104.18	5.6%	\$84.79	\$87.52

Source: Rocky Mountain Lodging Report.

January passenger traffic at Denver International Airport declined from the holiday peak but remained 1.6 percent higher than passenger counts from January 2007. Put a different way, the airport handled nearly 60,000 more passengers this January than it did in January of last year.

Denver International Airport Passengers

	Month of Jan-08	Month of Dec-07	Month of Jan-07	YTD Total 2008	YTD Total 2007	YTD Total % Change	Annual 2003	Annual 1998
Number of Airline Passengers	3,760,828	3,886,366	3,701,297	3,760,828	3,701,297	1.6%	37,505,267	36,831,400

Source: Denver International Airport, Traffic Statistics.

MONTHLY ECONOMIC SUMMARY

Each of the national stock market indexes declined between February and March, and the year-to-date losses increased slightly. The NASDAQ posted the largest year-to-date loss of 14.7 percent, followed by the S&P 500 and the Dow Jones Industrial Average. The Bloomberg Colorado Index rose slightly over the month, but the year-to-date return remained negative.

Stock Market Indexes

	Month of Mar-08	Month of Feb-08	Month of Mar-07	YTD Return 2008	YTD Return 2007	YTD Return 2006
Bloomberg Colorado	415.6	411.6	405.7	-7.7%	6.1%	9.6%
S&P 500	1,315.2	1,330.6	1,420.9	-10.4%	0.2%	3.7%
NASDAQ	2,261.2	2,271.5	2,421.6	-14.7%	0.3%	6.1%
DJIA (Dow Jones)	12,216.4	12,266.4	12,354.4	-7.9%	-0.9%	3.7%

Sources: Bloomberg.com, Yahoo! Finance.

Residential Real Estate

Home Resales

U.S. existing home sales rose 2.9 percent from January to February, and analysts with the National Association of Realtors (NAR) say the gain reflects an increasingly favorable environment for homebuyers. The February increase in sales helped total housing inventory decline to a 9.6-month supply from a 10.2-month supply in January. Monthly sales rose in each U.S. region except the West. Still, February home sales remained 24 percent below sales from last February, and NAR forecasters do not expect sustained improvements in housing markets until the second half of this year.

While aggregate data reflect poor housing conditions for the western U.S. as a whole, the severity of the correction varies distinctly across the region. According to MetroList, Metro Denver total home sales increased slightly (+0.5 percent) between January and February. While the year-to-date count of closed home sales remains nearly 10 percent below sales from the same period last year, a stronger count of homes under contract suggests local market activity could be gaining momentum.

Previously-Owned Home Sales Activity

	Month of Feb-08	Month of Jan-08	Month of Feb-07	YTD Total 2008	YTD Total 2007	YTD Total % Change	Ann Avg 2003	Ann Avg 1998
Home Sales (Under Contract)	5,126	4,550	4,929	9,676	9,221	4.9%	29,703	40,916
Home Sales (Closed)	3,001	2,987	3,090	5,988	6,630	-9.7%	47,966	45,951
Unsold Homes on Market	25,037	24,489	24,838	25,037	24,838	0.8%	24,660	12,583
Average Sales Price-Single Family	\$278,871	\$281,203	\$292,143	\$280,039	\$294,886	-5.0%	\$277,856	\$185,785
Average Sales Price-Condo	\$171,817	\$165,510	\$169,498	\$168,719	\$170,029	-0.8%	\$175,215	\$115,235
Median Sales Price-Single Family	\$221,486	\$216,950	\$235,000	\$219,900	\$235,000	-6.4%	\$230,000	
Median Sales Price-Condo	\$133,750	\$134,000	\$144,950	\$134,000	\$149,900	-10.6%	\$154,000	

Source: MetroList, Inc.

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.

Home Prices

According to the NAR, the February national median home price of \$195,900 was down 8.2 percent from the February 2007 median. Median home prices were down over-the-year in each of the U.S. regions except for the Northeast, where the February median price increased modestly (+0.4 percent). Median home prices in the West have fallen the most and remained 13.4 percent below the median from February 2007.

MONTHLY ECONOMIC SUMMARY

The S&P/Case-Shiller Home Price Indices are based on a slightly different data series, but they reflect similar weakness in U.S. home prices. The 10-City and 20-City Composite Indices both declined in February, and their annual returns fell to -11.4 percent and -10.7 percent, respectively. All 20 of the metropolitan area indices have declined each month since September 2007, even in markets where homes are still appreciating. The Denver price index declined 1.5 percent in February and posted a -5.1 percent annual return, which was fairly consistent with local home price data from Metrolist. In the Metrolist data series, the year-to-date average price of a Metro Denver single-family home was just over \$280,000 in February, down five percent from the average for the same months of last year.

While declining prices reduce home equity and put more homeowners at risk of foreclosure, the correction has helped make Metro Denver real estate more affordable. A joint report by Global Insight and the National City Corporation classified Denver and Boulder as “fairly valued” housing markets based on fourth quarter 2007 home prices, interest rates, local household income, and other factors. Data in the report suggested that both markets – Boulder in particular – were nearing a “moderately overvalued” price point in 2003, but the region’s price increases were shallower than those of other western metropolitan areas. The report classified housing markets in Phoenix and Salt Lake City, for example, as moderately overvalued in fourth quarter 2007. Most of the housing markets the report classified as “severely overvalued,” or at risk of a significant decline in prices, were located on the east and west coasts.

Fourth quarter median home prices show continued depreciation throughout the nation and much of Metro Denver. At \$230,100, the Denver-Aurora fourth quarter median home price was 9.4 percent lower than the median from third quarter and 6.3 percent below the median from fourth quarter 2006. Median home prices were more stable in the Boulder-Longmont MSA. The Boulder area median declined 1.3 percent from third quarter but remained more than three percent ahead of the median price from fourth quarter 2006. *On an annual basis, the Denver-Aurora MSA posted a 1.6 percent decline in the median home price in 2007, while the median in the Boulder-Longmont area rose 2.7 percent. At the national level, median home prices declined 1.8 percent between 2006 and 2007. The National Association of Realtors will release metropolitan area median home prices for first quarter 2008 in May.*

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

	Quarter 4 2007 (p)	Quarter 3 2007 (r)	Quarter 4 2006	Ann Avg 2007	Ann Avg 2006	Ann Avg % Change	Median 2002	Median 1997
Boulder-Longmont MSA	\$371.1	\$375.8	\$358.9	\$376.2	\$366.4	2.7%	\$317.6	n/a
Denver-Aurora MSA	\$230.1	\$254.1	\$245.6	\$245.4	\$249.5	-1.6%	\$228.1	\$140.6
United States	\$206.2	\$220.3	\$219.0	\$217.8	\$221.9	-1.8%	\$167.6	\$129.0

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

Foreclosures

According to California-based RealtyTrac, the number of U.S. households receiving some sort of foreclosure filing declined between January and February but was up 60 percent over-the-year. The most recent RealtyTrac report also suggests that Colorado had the nation’s fifth-highest rate of foreclosure activity in February. Data users should note, though, that the RealtyTrac methodology is inconsistent with the reporting methods of Colorado public trustees.

Metro Denver foreclosure filings ticked up in February as counts in Adams, Arapahoe, and Denver counties increased. The Metro Denver foreclosure count for the first two months of 2008 was 24 percent higher than the same months in 2007.

MONTHLY ECONOMIC SUMMARY

Real Estate Foreclosures

	Month of Feb-08	Month of Jan-08	Month of Feb-07	YTD Total 2008	YTD Total 2007	YTD Total % Change
Total Metro Denver*	2,505	2,222	2,091	4,727	3,812	24.0%
Adams County	612	509	434	1,121	860	30.3%
Arapahoe County	580	576	462	1,156	947	22.1%
Boulder County	80	91	66	171	131	30.5%
Broomfield County	25	34	19	59	33	78.8%
Denver County	705	439	767	1,144	1,088	5.1%
Douglas County	202	229	84	431	182	136.8%
Jefferson County	301	344	259	645	571	13.0%

*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

Nationwide sales of new, single-family homes declined 1.8 percent between January and February, and the February sales level was 29.8 percent below sales for the same period last year. The data from the U.S. Department of Commerce also showed new home sales down the most in the West, where the February sales total fell nearly 43 percent below sales from February 2007. Across all U.S. regions, the inventory of unsold new homes remained at a 9.8-month supply in both January and February.

Weak home sales continued to idle builders in February, and the decline in private housing starts accelerated. The nationwide count of starts fell 7.8 percent between January and February, and the February total fell nearly 37 percent below starts from the same period last year. Not surprisingly, the Commerce Department data show housing starts down the most in the West, where the February count of starts was down roughly 45 percent over the year.

Builder confidence in the West reflects the poor sales conditions. The National Association of Homebuilders (NAHB)/Wells Fargo Housing Market Index (HMI) for the West registered the lowest reading of all four regional subindexes. The national index remained unchanged at 20 in both February and March, and survey respondents described a market where interested homebuyers are either waiting for lower prices or struggling to obtain financing. The HMI has a considerable distance to recover, as readings above 50 suggest a majority of builders observe positive market conditions.

At the local level, Metro Denver builders are still restricting their activity. The January total of all residential building permits was less than half the total from January 2007, and the number of permits for single-family attached housing decreased nearly 86 percent over-the-year. Permits for apartment projects and single-family detached housing also fell in January, with year-to-date totals down 38.6 percent and 36.8 percent, respectively.

Residential Building Permits

	Month of Jan-08	Month of Dec-07	Month of Jan-07	YTD Total 2008	YTD Total 2007	YTD Total % Change	Total 2003	Total 1998
Single-Family Detached Units	339	296	536	339	536	-36.8%	12,656	16,058
Single-Family Attached Units	88	122	614	88	614	-85.7%	3,755	3,527
Multi-Family Units	210	973	342	210	342	-38.6%	1,858	7,794
Total Units	637	1,391	1,492	637	1,492	-57.3%	18,269	27,379

Source: Home Builders Association of Metro Denver.

MONTHLY ECONOMIC SUMMARY

Apartment Rental Market

The Metro Denver apartment vacancy rate increased from 5.3 percent in third quarter to 6.1 percent in fourth quarter. A year-end increase is consistent with seasonal trends, but this year's gain was slightly larger than those of prior years. Cooler job growth and less-aggressive landlords are factors in the fourth quarter gain, but analysts note the overall vacancy rate is still the lowest recorded since 2001. Fourth quarter vacancy rates across the seven Metro Denver counties ranged from 4.4 percent in Boulder and Broomfield Counties to 6.9 percent in Adams County.

Average rents in Metro Denver's apartment market have been fairly stable over the past three quarters. The average rose to \$864 in second quarter 2007 before falling to \$858 in third quarter, and fourth quarter's average hit \$860. For all of 2007, Metro Denver average rents reached \$856, up 0.8 percent from the 2006 average of \$849. Over-the-year rent increases were largest in Denver County (3.9 percent), followed by Adams (1.2 percent) and Boulder and Broomfield Counties (0.2 percent). Arapahoe County average rents declined slightly over the year (-0.9 percent), as did rents in Jefferson (-0.8 percent) and Douglas (-0.6 percent) Counties.

Apartment Statistics

	Quarter 4 2007	Quarter 3 2007	Quarter 4 2006	YTD Average 2007	YTD Average 2006	YTD Average % Change	Annual Average 2002	Annual Average 1997
Apartment Vacancy Rate	6.1%	5.3%	7.0%	6.2%	7.0%		9.8%	4.9%
Average Monthly Rental Rate (all units)	\$860	\$858	\$850	\$856	\$849	0.8%	\$822	\$650

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

Market Overview

Financial market instability slowed or halted some commercial real estate deals in the second half of 2007, and rising uncertainties kept investors cautious. As a result, the Metro Denver office market flattened between third and fourth quarters. According to the latest data from CoStar Realty Information, Inc., the direct office market vacancy rate was roughly 12 percent in both third and fourth quarter, and average lease rates ended the year just over \$20 per square foot.

Tighter credit conditions also made construction financing a challenge, but many local projects obtained financing before the mortgage collapse. Nearly 3.4 million square feet of office space was in the pipeline as 2007 ended, with the largest projects located near Sixteenth and Wynkoop Streets in downtown Denver. The RE/MAX International Headquarters, the Signature Centre at Denver West, and the Lone Tree Medical Plaza were Metro Denver's largest completed projects in 2007, followed by the Exempla Lutheran Medical Center Southwest.

MONTHLY ECONOMIC SUMMARY

Office Market Statistics

	Quarter 4 2007	Quarter 3 2007	Quarter 4 2006	Quarter 4 2005	Quarter 4 2004	Quarter 4 2003
Number of Buildings	4,853	4,819	4,780	4,736	4,655	4,606
Existing Square Feet (millions)	155.2	154.8	153.7	152.1	151.3	149.9
Vacant Square Feet (direct, millions)	18.6	18.8	19.6	20.1	21.9	21.2
Vacancy Rate (direct)	12.0%	12.1%	12.8%	13.2%	14.5%	14.2%
Vacancy Rate (with sublet)	13.0%	13.0%	13.8%	14.5%	16.2%	16.5%
Avg. Lease Rate (direct, per sq. ft, full service)	\$20.32	\$20.01	\$18.68	\$17.47	\$17.01	\$17.34
New Construction Completed (year-to-date)	1.38 MSF, 58 Bldgs	1.06 MSF, 39 Bldgs	1.55 MSF, 41 Bldgs	0.73 MSF, 42 Bldgs	1.20 MSF, 38 Bldgs	1.24 MSF, 39 Bldgs
Currently Under Construction	3.36 MSF, 66 Bldgs	2.94 MSF, 74 Bldgs	1.33 MSF, 53 Bldgs	1.34 MSF, 38 Bldgs	0.72 MSF, 28 Bldgs	0.82 MSF, 24 Bldgs

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

Data from CoStar Realty Information, Inc. shows a flattening industrial market. Metro Denver industrial vacancy rates were stable between third and fourth quarter and ended 2007 at 5.6 percent. Average, triple-net lease rates rose just past \$5 per square foot in fourth quarter, marking a gain from early 2007 that was nonetheless slower than lease rate increases seen over the past two years.

Industrial construction also slowed through 2007, but a still healthy 1.8 million square feet of space was in the pipeline as the year ended. The vast majority of industrial construction activity was located in Denver and Adams Counties, as were the majority of projects completed throughout the year. In 2007, Adams County alone accounted for 70 percent of the industrial construction projects completed in Metro Denver.

Industrial Market Statistics

	Quarter 4 2007	Quarter 3 2007	Quarter 4 2006	Quarter 4 2005	Quarter 4 2004	Quarter 4 2003
Number of Buildings	6,248	6,222	6,200	6,162	6,069	6,028
Existing Square Feet (millions)	210.6	210.3	208.9	207.0	205.1	203.1
Vacant Square Feet (direct, millions)	11.8	12.0	13.5	15.7	16.0	14.8
Vacancy Rate (direct)	5.6%	5.7%	6.4%	7.6%	7.8%	7.3%
Vacancy Rate (with sublet)	5.9%	5.9%	6.9%	7.9%	8.4%	8.1%
Avg. Lease Rate (direct, per square foot, NNN)	\$5.04	\$5.01	\$4.96	\$4.71	\$4.60	\$4.69
New Construction Completed (year-to-date)	1.67 MSF, 29 Bldgs	1.34 MSF, 20 Bldgs	1.65 MSF, 28 Bldgs	1.30 MSF, 40 Bldgs	1.82 MSF, 34 Bldgs	2.07 MSF, 38 Bldgs
Currently Under Construction	1.80 MSF, 21 Bldgs	1.17 MSF, 23 Bldgs	2.11 MSF, 28 Bldgs	0.86 MSF, 19 Bldgs	0.33 MSF, 14 Bldgs	1.20 MSF, 12 Bldgs

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

The Metro Denver flex market behaved much the same as the office and industrial markets in fourth quarter 2007. Data from CoStar Realty Information, Inc. shows vacancy rates unchanged at 12.9 percent in both third and fourth quarters, but average lease rates increased to end the year at \$9.32 per square foot.

Flex projects in Boulder accounted for the largest portion of Metro Denver construction as 2007 ended, but projects in Arapahoe County including the Ridge at SouthPark also made measurable contributions. Overall, slightly less than 200,000 square feet of Metro Denver flex space was under construction in fourth quarter, and about 250,000 square feet of space had been added to the market throughout the year.

MONTHLY ECONOMIC SUMMARY

Flex Space Statistics

	Quarter 4 2007	Quarter 3 2007	Quarter 4 2006	Quarter 4 2005	Quarter 4 2004	Quarter 4 2003
Number of Buildings	1,294	1,283	1,277	1,262	1,229	1,218
Existing Square Feet (millions)	37.6	37.4	37.2	36.7	36.3	36.1
Vacant Square Feet (direct, millions)	4.8	4.8	5.2	5.2	5.7	6.3
Vacancy Rate (direct)	12.9%	12.9%	14.0%	14.3%	15.6%	17.6%
Vacancy Rate (with sublet)	14.0%	14.1%	14.8%	14.9%	17.0%	19.1%
Avg. Lease Rate (direct, per square foot, NNN)	\$9.32	\$9.21	\$8.55	\$8.40	\$8.30	\$8.03
New Construction Completed (year-to-date)	0.25 MSF, 12 Bldgs	0.16 MSF, 8 Bldgs	0.46 MSF, 15 Bldgs	0.37 MSF, 21 Bldgs	0.12 MSF, 6 Bldgs	0.22 MSF, 10 Bldgs
Currently Under Construction	0.16 MSF, 6 Bldgs	0.38 MSF, 11 Bldgs	0.09 MSF, 2 Bldgs	0.46 MSF, 15 Bldgs	0.37 MSF, 17 Bldgs	0.05 MSF, 1 Bldg

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

The credit crunch hit the retail sector hardest, mostly because of the market's exposure to weak consumer spending. According to CoStar Realty Information, Inc., Metro Denver retail vacancy rates increased from seven percent in third quarter 2007 to 7.3 percent in fourth quarter. With vacancy on the rise, average lease rates declined from \$16.87 in third quarter to end the year at \$16.60 per square foot.

Still, the Metro Denver retail market remains active. Spokespeople for Westminster's Orchard Town Center, a 215-acre outdoor shopping pavilion, say the facility is ready to open on April 3. Several major retailers including Macy's, JCPenny, and SuperTarget anchor the development that also includes more than 40 smaller retailers.

Retail Market Statistics

	Quarter 4 2007	Quarter 3 2007	Quarter 4 2006	Quarter 4 2005	Quarter 4 2004	Quarter 4 2003
Number of Buildings	5,694	5,684	5,655	5,557	5,430	5,317
Existing Square Feet (millions)	138.1	137.8	136.6	131.6	126.1	121.9
Vacant Square Feet (direct, millions)	10.1	9.6	9.8	8.7	7.1	6.8
Vacancy Rate (direct)	7.3%	7.0%	7.2%	6.6%	5.6%	5.6%
Vacancy Rate (with sublet)	7.7%	7.3%	7.6%	6.9%	5.9%	5.8%
Average Lease Rate (direct, per square foot, NNN)	\$16.60	\$16.87	\$16.63	\$15.11	\$15.39	\$13.28
New Construction Completed (year-to-date)	1.60 MSF, 41 Bldgs	1.04 MSF, 26 Bldgs	4.77 MSF, 54 Bldgs	N/A	N/A	N/A
Currently Under Construction	6.30 MSF, 81 Bldgs	5.94 MSF, 127 Bldgs	4.71 MSF, 60 Bldgs	N/A	N/A	N/A

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

MONTHLY ECONOMIC SUMMARY

Metro Denver Indicator Summary

Indicator	Monthly/Quarterly Direction	Annual Direction	Summary of Recent Changes
Nonfarm Employment Growth	↑	↑	Employment increased by 7,100 jobs Jan to Feb; employment up 2% through Feb 2008
% Companies Hiring (Denver Area)	↓	↓	22% of companies expect to add workers in Q2 2008
Unemployment Rate	↔	↑	Metro rate 4.7% in Feb; YTD avg. rate of 4.7% up from 4.3% in 2007
Initial Claims	↓	↑	Claims decreased Jan to Feb; YTD 2008 claims up 13.3% from 2007.
Total Retail Sales	↑	↑	Metro retail sales up 63.6% from Nov to Dec; annual retail sales up 9%
Consumer Confidence Index	↓	↓	Mountain Region index down from 122.8 in Jan to 104.9 in Feb; index down 16.7% year-to-date
Hotel Occupancy	↑	↓	Hotel occupancy increased from 56% in Jan to 59.1% in Feb; occupancy down 1.9% YTD
DIA Passengers	↓	↑	Traffic decreased 3.2% Dec to Jan; traffic up 1.6% compared to Jan 2007
Bloomberg Colorado Index	↑	↓	Bloomberg Colorado Index up 1% from Feb to Mar; year-to-date return at -7.7%.
Dow Jones Industrial Average	↓	↓	DOW decreased 0.4% Feb to Mar 2008; year-to-date return at -7.9%
Home Sales (closed)	↑	↓	Home sales increased 0.5% from Jan to Feb; YTD sales down 9.7% through Feb.
Median Home Price (Denver-Aurora MSA)	↓	↓	Median home price in Denver MSA decreased to \$230,100 in Q4 2007; annual price down 1.6%
Foreclosures	↑	↑	Foreclosures increased 12.7% Jan to Feb; YTD up 24% through Feb 2008.
Residential Building Permits (Total)	↓	↓	Total permits decreased between Dec and Jan; Jan 2008 permits down 57.3% compared to Jan 2007
Apartment Vacancy Rate	↑	↓	Vacancy rate increased from 5.3% in Q3 to 6.1% in Q4; avg rental rate up to \$860 per month
Office Vacancy Rate (with Sublet)	↔	↓	Vacancy rate unchanged at 13% in Q3 and Q4; avg lease rate up to \$20.32 per sq.ft.
Industrial Vacancy Rate (with Sublet)	↔	↓	Vacancy rate unchanged at 5.9% in Q3 and Q4; avg lease rate up to \$5.04 per square foot (NNN)
Flex Space Vacancy Rate (with Sublet)	↓	↓	Vacancy rate down to 14% in Q4 2007; average lease rate up to \$9.32 per square foot (NNN)
<i>Positive Changes</i>	7 of 18	7 of 18	



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