

NATIONAL INDUSTRIAL MARKET

Market Overview – Looking Back at 2014 & Now

Source: CBRE Research / Econometric Advisors / Federal Reserve

BUSINESS INVENTORIES

ALL TIME HIGH OF
\$1.75 TRILLION

ALL TIME
RECORD

IMPORTS


2.8%

AVAILABILITY RATES



Fall From
Recessionary
Peak
14.5% to 10.6%

INDUSTRIAL PRODUCTION INDEX

105.1

HIGHEST
LEVEL EVER

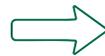
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BUSINESS INVENTORIES

ALL TIME HIGH OF
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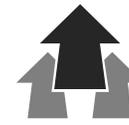


ALL TIME HIGH OF
\$1.82 TRILLION

ALL TIME
RECORD

ALL TIME
RECORD

IMPORTS



2.8%



3.4%

AVAILABILITY RATES



Fall From
Recessionary
Peak
14.5% to 10.6%



Fall From
Recessionary
Peak
14.5% to 9.6%

21ST CONSECUTIVE QUARTER WITH AN
AVAILABILITY DECLINE
LOWEST SINCE Q3/2001

INDUSTRIAL PRODUCTION INDEX

105.1

HIGHEST
LEVEL EVER



107.2

HIGHEST
LEVEL EVER

NATIONAL INDUSTRIAL MARKET

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FULL-YEAR RENT GROWTH

4.3%
2015
Rent Growth

NET ABSORPTION

(vs. historical national average of 34M SF)

166.0M
square feet

POSITIVE NET ABSORPTION



Consecutive
Quarter

2014 FULLY RECOVERED

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FULL-YEAR RENT GROWTH

4.3%
2015
Rent Growth

5.6%
Forecasted for
2016

NET ABSORPTION

(vs. historical national average of 34M SF)

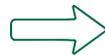
166.0M square feet → **174.3M** square feet

MOST SPACE ABSORBED DURING THE FIRST 3 QUARTERS OF A YEAR SINCE 2005

POSITIVE NET ABSORPTION



Consecutive
Quarter



Consecutive
Quarter

**3rd Strongest Quarter of
Absorption in the Current Cycle**

2014 FULLY RECOVERED

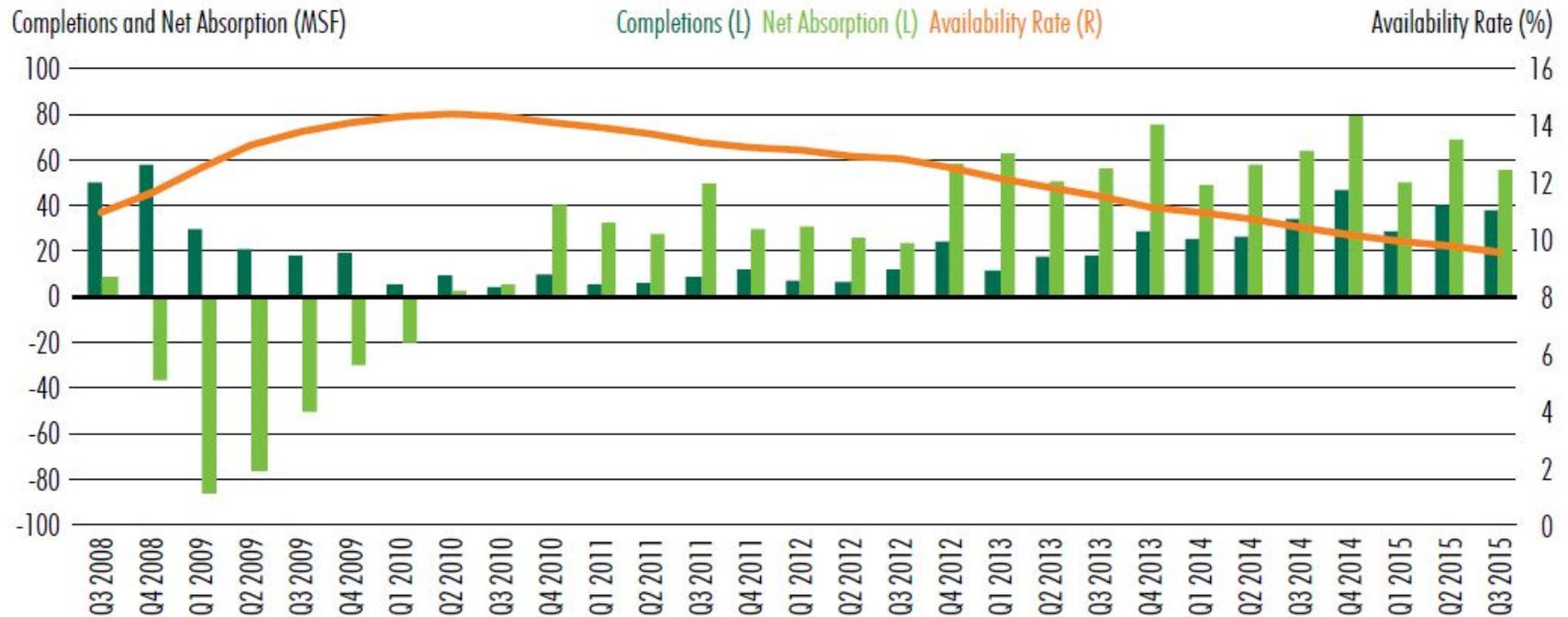
2015 PASSING PREVIOUS PEAK

NATIONAL INDUSTRIAL MARKET

Market Overview – 2015 Update

Source: CBRE Econometric Advisors, Q3 2015

U.S. Industrial Supply and Demand



DENVER INDUSTRIAL MARKET

Market Overview – Looking Back at 2014 & Now

Source: CBRE Econometric Advisors

INVENTORY BY PRODUCT TYPE



DENVER INDUSTRIAL MARKET

Market Overview – Looking Back at 2014 & Now

Source: CBRE Econometric Advisors

FUNDAMENTALS

4.8%

RECORD LOW
VACANCY
RATE

2.5M SF

UNDER CONSTRUCTION

1,548,612

PRE-LEASED

NET ABSORPTION

2014 Q3:
2.08M SF

POSITIVE ABSORPTION

18
QUARTERS

LEASE RATES UP

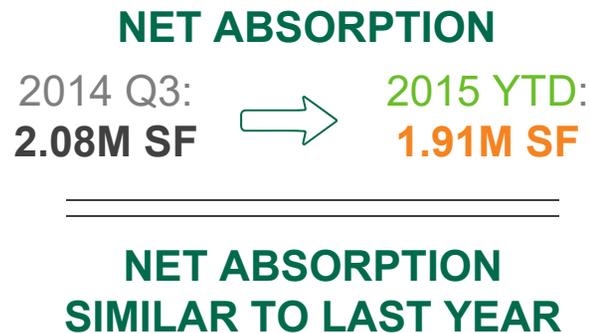
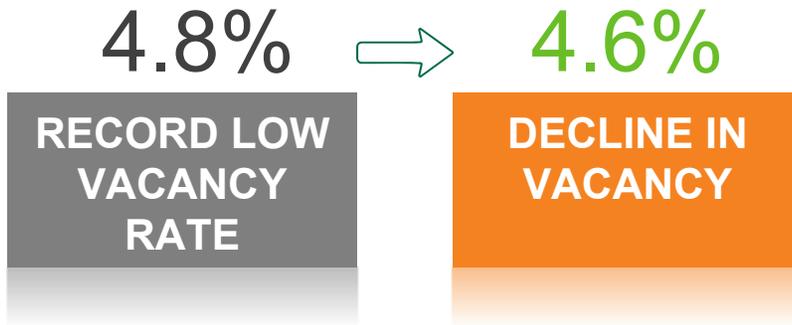
10.1%
Q3/2014
\$6.72/SF NNN

DENVER INDUSTRIAL MARKET

Market Overview – Looking Back at 2014 & Now

Source: CBRE Econometric Advisors

FUNDAMENTALS

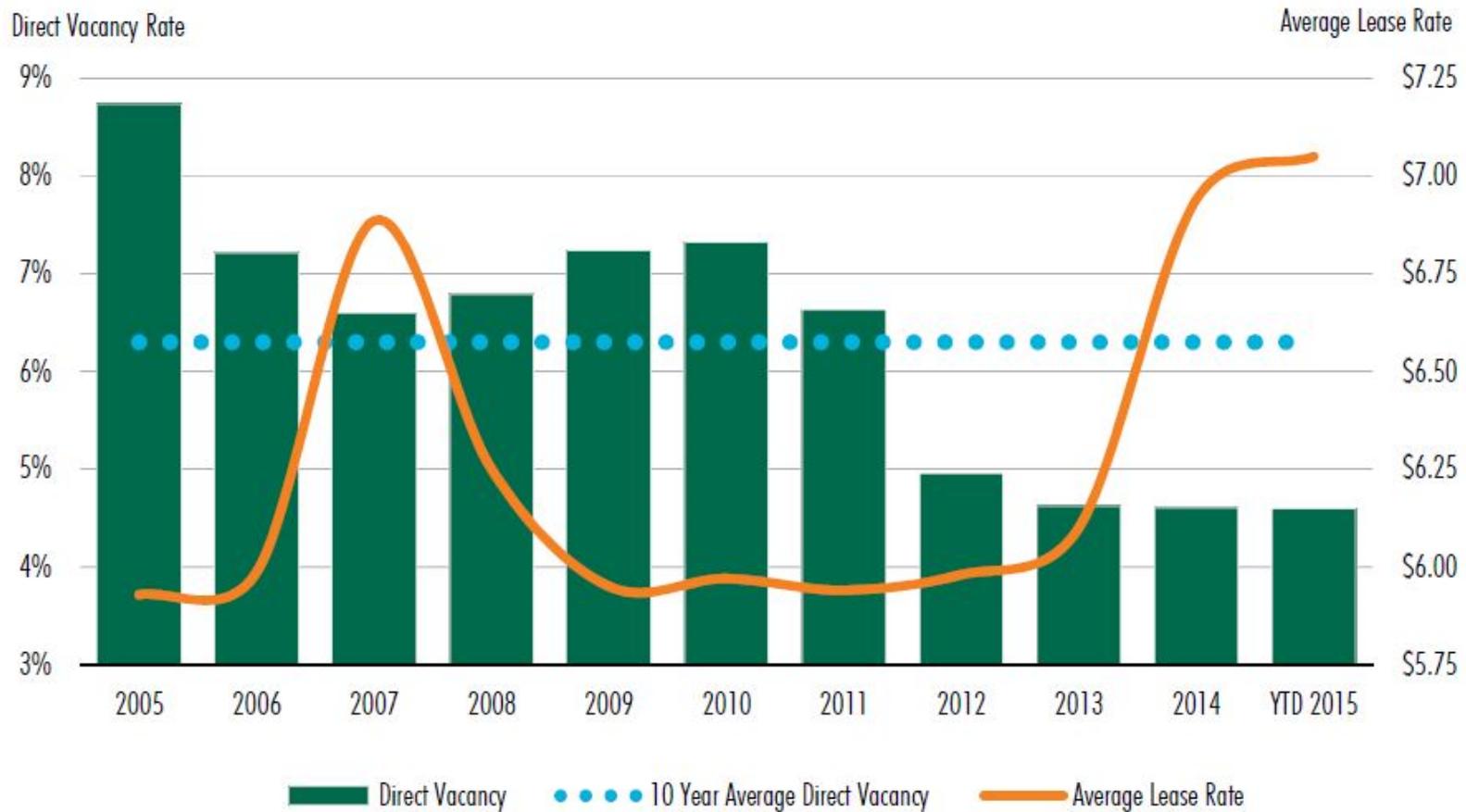


DENVER INDUSTRIAL MARKET

Market Overview – 2015 Update

Source: CBRE Research

Vacancy Rate vs. Lease Rate (Chart from Q3 Denver)



DENVER INDUSTRIAL MARKET

Market Overview - Looking Back at 2014 & Now

Source: CBRE Research / Real Capital Analytics / US Census Bureau

Denver Industrial Sales Volume
(Rolling 12 mo. total through Q1 2015)
\$668.5 million



40,500

Jobs added in Denver
(YTD as of August 2015)



5,851

Single-family home starts:
up 15.8% YTD
(August 2015)



34,848

People moved to Denver in 2013

Denver Industrial Sales Volume
(Rolling 12 mo. total through Q3 2015)
\$537.0 million



44,100

Jobs added in Denver
(YTD as of October 2015)



8,627

Single-family home starts:
up 14.0% YOY
(Q3 2015)



30,630

People moved to Denver in 2014



DENVER INDUSTRIAL MARKET

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Source: CBRE Research / Real Capital Analytics / US Census Bureau

ULI TOP MARKETS TO WATCH

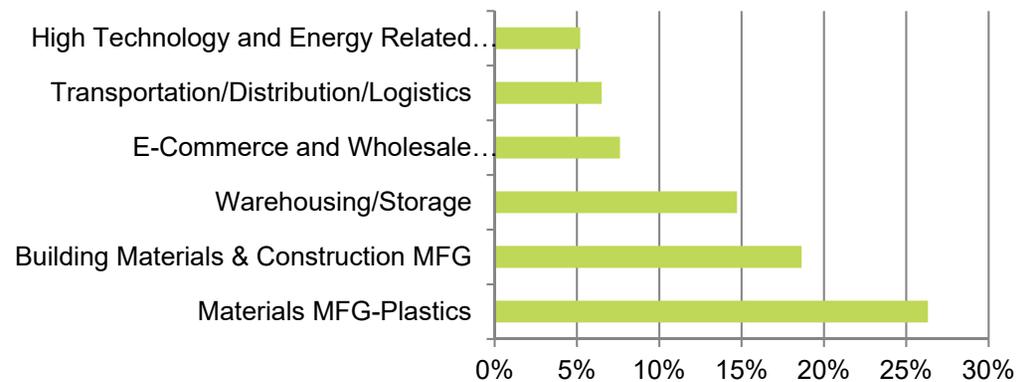
	Investment	Development	Homebuilding
1 Dallas/Fort Worth (2, 3, 1)	3.87	3.79	4.34
2 Austin (4, 1, 2)	3.82	3.83	4.17
3 Charlotte (11, 5, 4)	3.71	3.69	4.07
4 Seattle (3, 10, 5)	3.84	3.57	4.00
5 Atlanta (5, 6, 8)	3.79	3.68	3.93
★ 6 Denver (8, 13, 3)	3.74	3.51	4.14
7 Nashville (7, 2, 14)	3.75	3.81	3.67
8 San Francisco (9, 14, 12)	3.73	3.51	3.77
9 Portland, OR (10, 7, 16)	3.71	3.63	3.64
10 Los Angeles (1, 8, 25)	3.87	3.61	3.50
11 Raleigh/Durham (20, 15, 10)	3.57	3.50	3.88
12 San Jose (6, 11, 17)	3.78	3.54	3.61
13 Boston (14, 4, 27)	3.66	3.69	3.48
14 Orange County (12, 26, 11)	3.68	3.31	3.78
15 New York–Manhattan (13, 9, 40)	3.67	3.59	3.26

Why Denver?

- > Strength of the local economy
- > Ability to attract a qualified workforce through culture and location
- > Exposure to tech industry
- > Forward-looking public and private infrastructure investment
- > Housing market that is expected to remain hot in 2016
- > Solid investment opportunities in the industrial market
- > Mentioned as an “18-hour city” or hip, lower-cost, secondary market

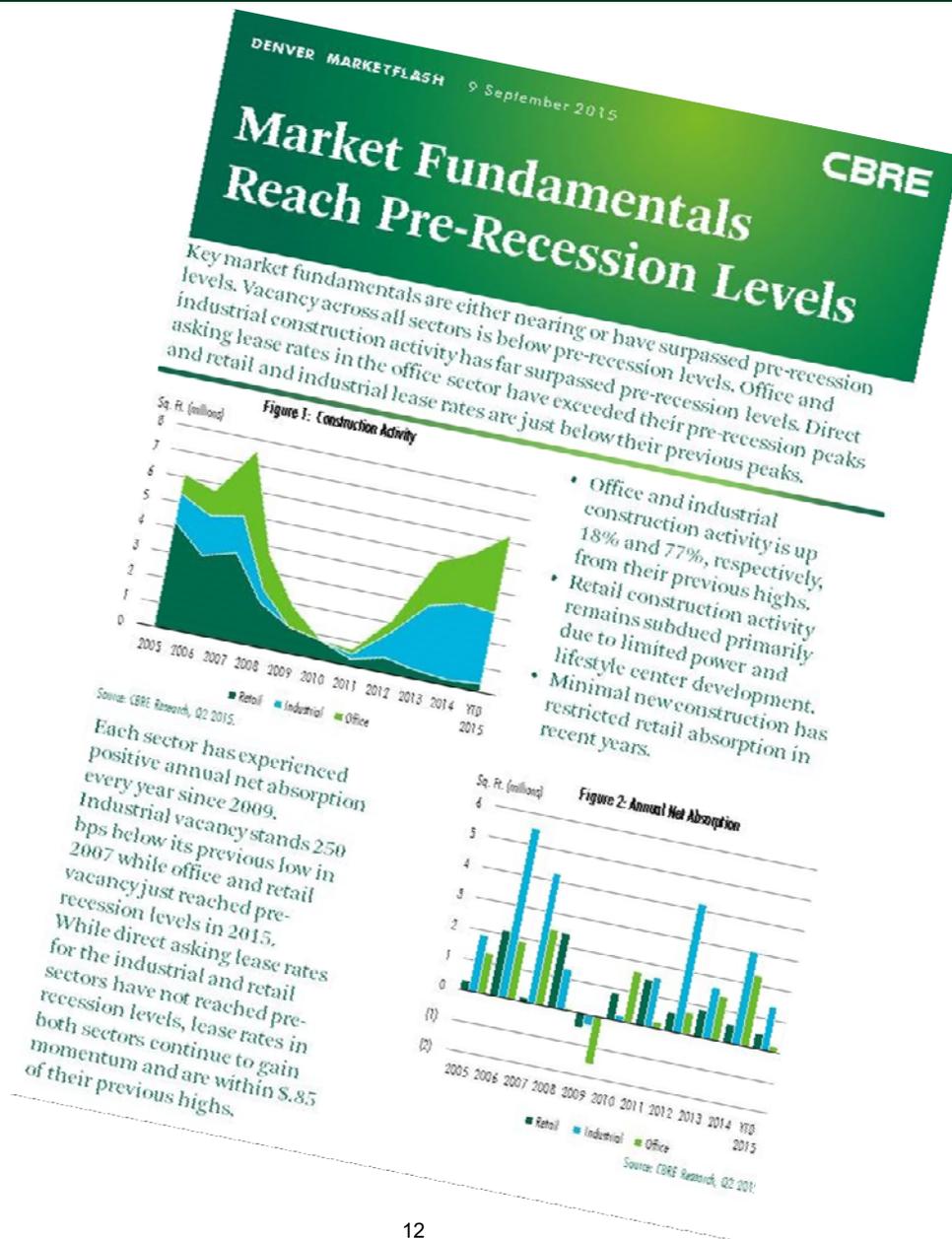
DRIVER'S OF INDUSTRIAL ACTIVITY

Industrial Drivers as a % of Leasing Activity



MARKET FUNDAMENTALS REACH PRE-RECESSION LEVELS

Source: CBRE Research



THE ELEPHANT IN THE ROOM

Denver Marijuana Real Estate Characteristics

Source: CBRE Research



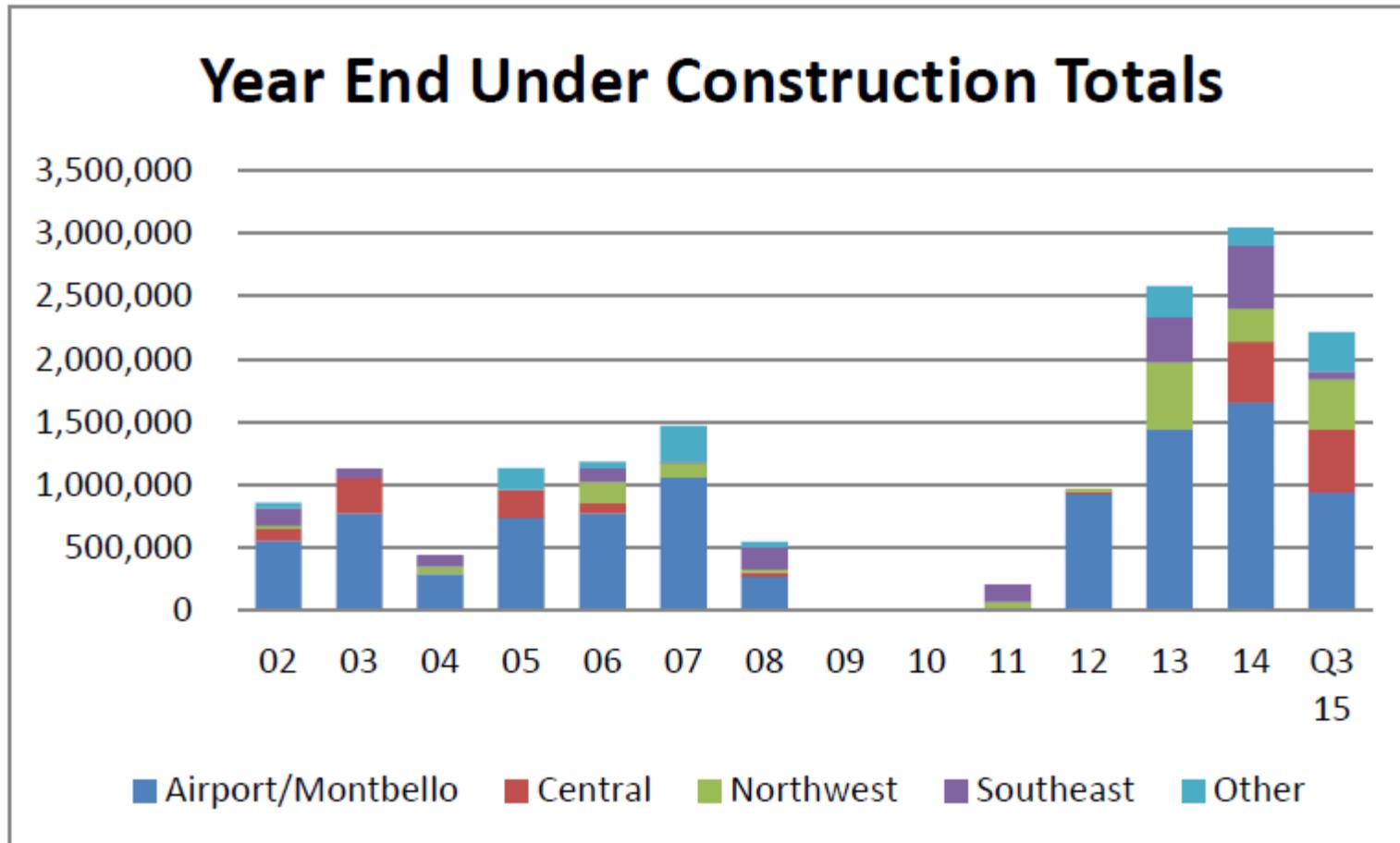
	Industrial
Denver Footprint	3.7 million sq. ft.
Share of Market	2.6% of warehouse space
Average Tenant Lease	Range: 2,000-100,000 sq. ft. Typical Lease: 10,000-20,000 sq. ft.
Type of Properties	Warehouse; Class B & C
Tenant Location Pattern	Along major highways (I-25 and I-70)
Key Submarkets	Airport/Montbello, Central, North Central and Southwest
Marijuana Lease Rates	2-3 times the average warehouse rate
Zoning	I-A and I-B / Light and General Industrial
Zoning Restrictions	1,000 ft. from residential zones

Note: * estimated

CONSTRUCTION TIMELINE

The Progress of Commercial Construction in Denver

Source: CBRE Research

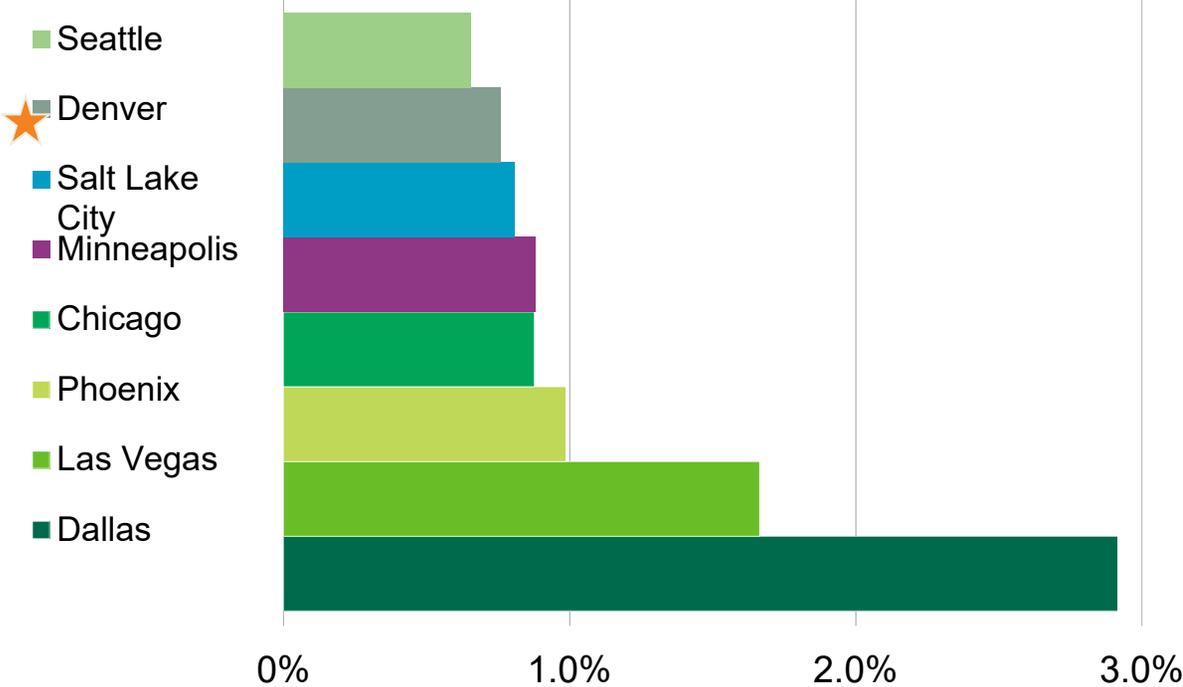


CONTROLLED CONSTRUCTION KEY TO MARKET HEALTH

The Progress of Commercial Construction in Denver

Source: CBRE Research

Industrial Construction as a % of Market



E-COMMERCE & TECHNOLOGY

Future Driver

Source: CBRE Research



“ E-commerce has driven the most disruptive movement of our time, changing the supply chain landscape forever - led by new consumer behaviors. “

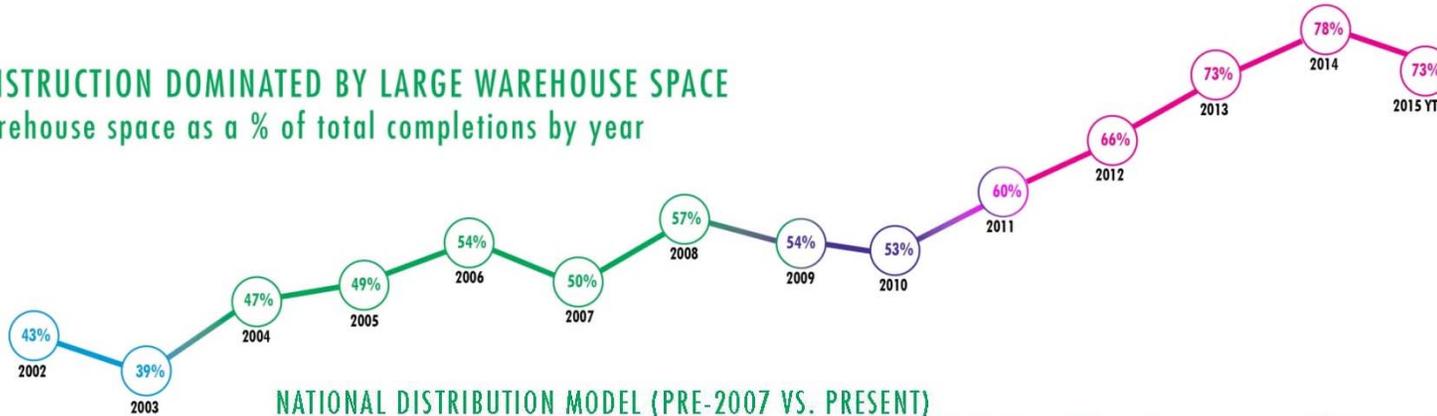
-Adam Mullen, Head of Supply Chain Services

E-COMMERCE & TECHNOLOGY

Future Drivers

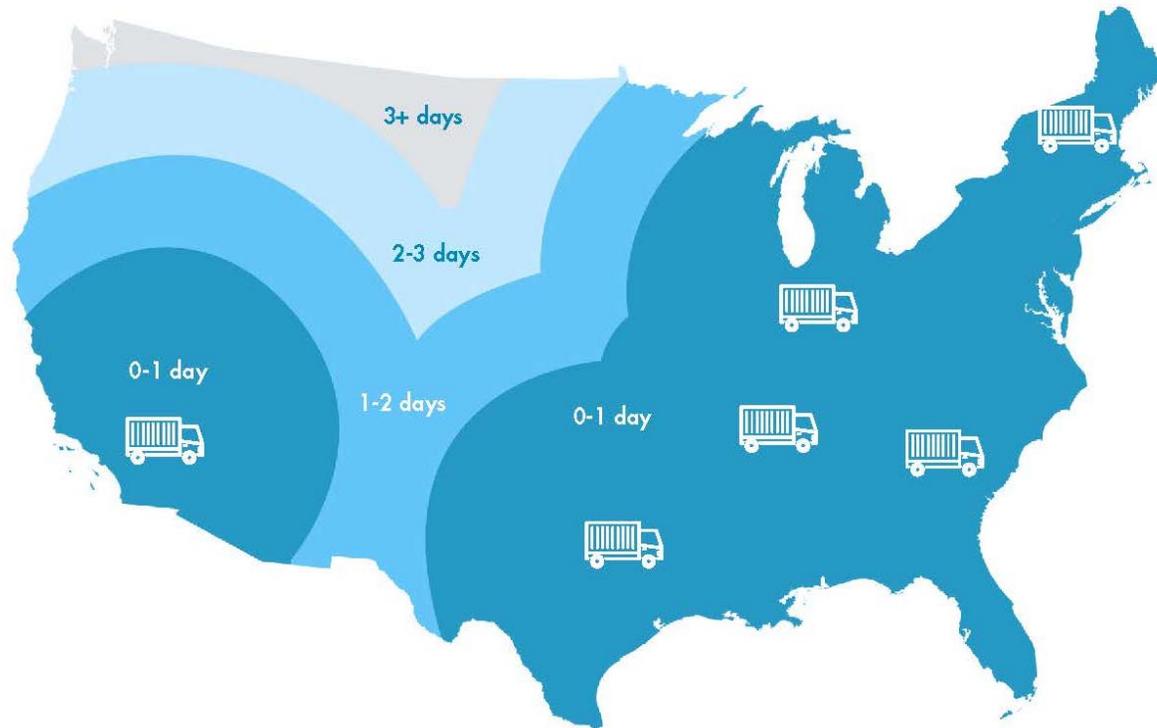
Source: CBRE Research

NEW CONSTRUCTION DOMINATED BY LARGE WAREHOUSE SPACE
Large warehouse space as a % of total completions by year



NATIONAL DISTRIBUTION MODEL (PRE-2007 VS. PRESENT)

Changing consumer preferences and expectations forced supply chain models to become more efficient nationwide.

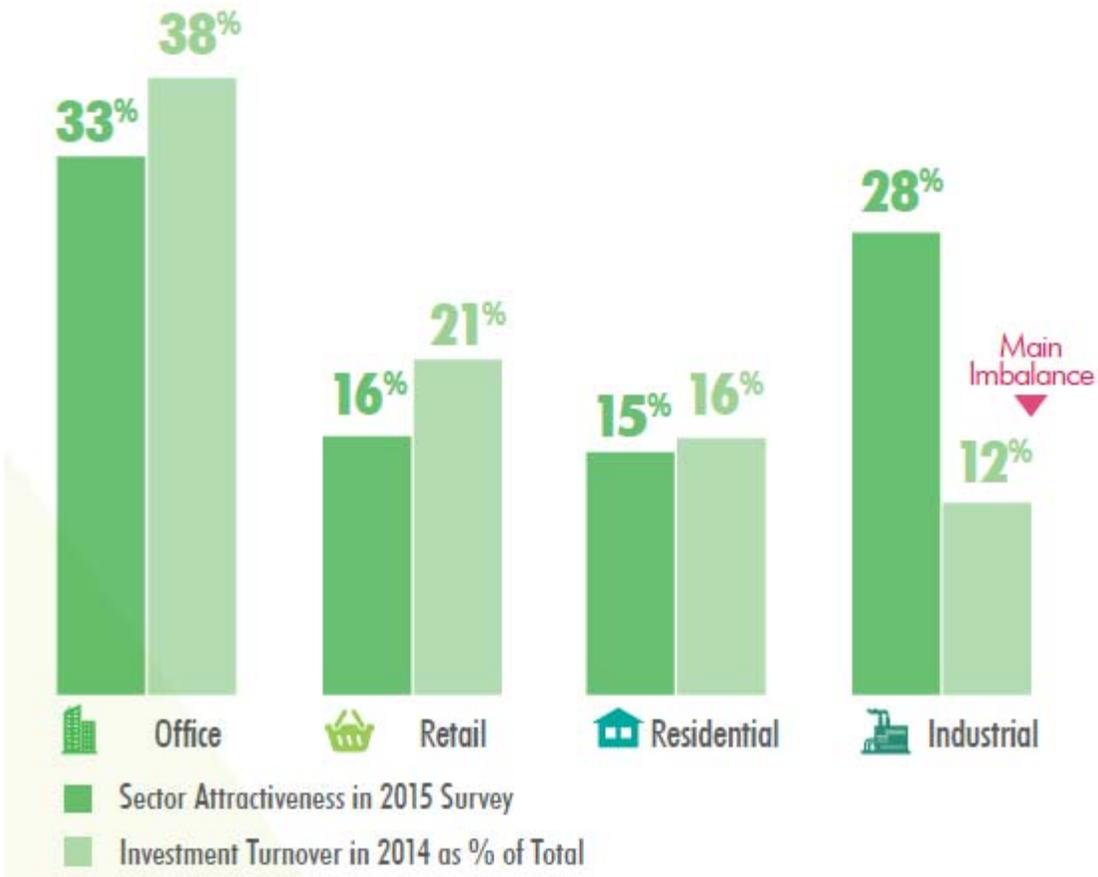




Denver's industrial sector will not be negatively affected by low, volatile oil prices, as the industry represents a negligible share of leasing activity and occupied sf. Ft. The boost to consumption will translate into increased demand for warehousing and logistics space. In fact, the Q2 2015 vacancy rate of 4.5% is down from 4.9% a year earlier. On the other hand, Northern Colorado's industrial market will soften as oil production in the Denver-Julesburg basin stalls.

CAPITAL CANNOT LOCATE ENOUGH INDUSTRIAL PRODUCT

Imbalance in Investor Intentions vs. Actual Activity

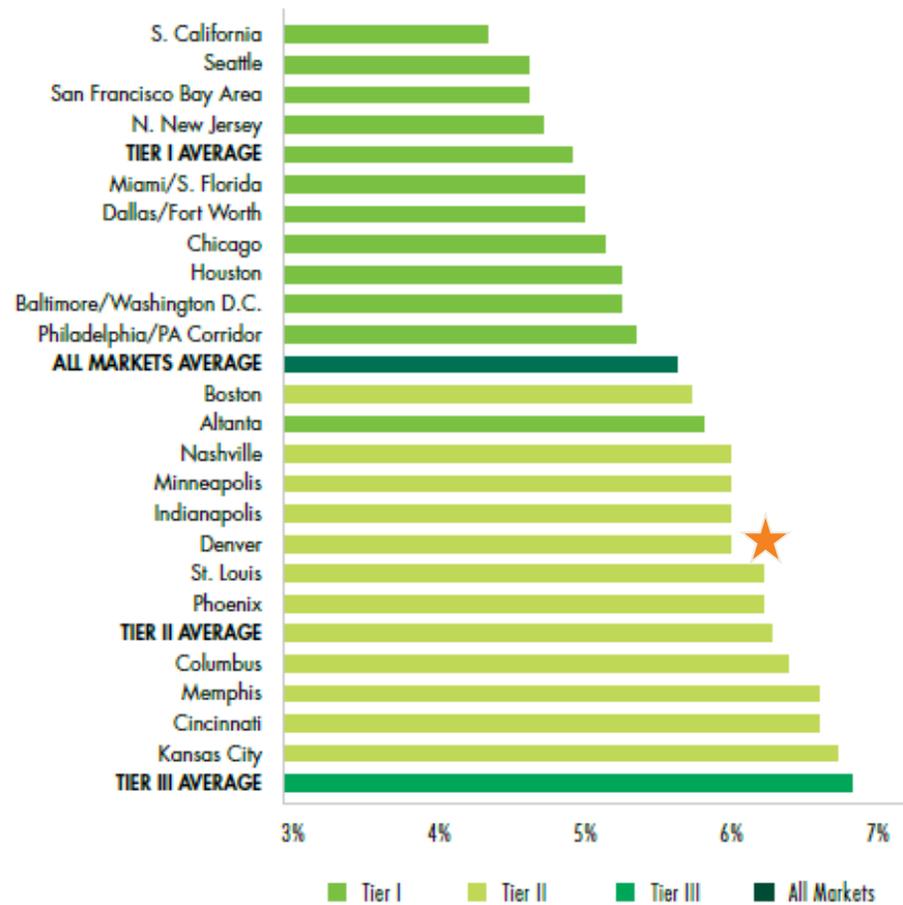


INDUSTRIAL CLASS A CAP RATES

Capital Markets

Source: CBRE Research

FIGURE 15. INDUSTRIAL - CLASS A CAP RATES, H1 2015 - TIER I & II METROS



WHERE ARE
WE IN THE
CYCLE?