



Jeremy Ballenger
Executive Vice President



Erik Toll
Vice President



Parker Brown
Vice President



Chad Flynn
Senior Vice President

Erik Toll

Vice President



Comparing Renting vs. Owning

Overall Rent vs. Own Analysis – Single-Family	
2022 Metro Denver Median Single-Family Home Value	\$625,000
Down Payment (20% of Purchase Price)	\$125,000
Mortgage Amount	\$500,000
Monthly Payment (30 Year Conventional @6.40%)	\$3,128
Monthly Taxes & Insurance	\$501
Monthly Cost of Ownership	\$3,628
Metro Denver Overall Market Rent	\$1,864
Annual Discount to Ownership	\$21,167
Overall Discount to Ownership (%)	49%

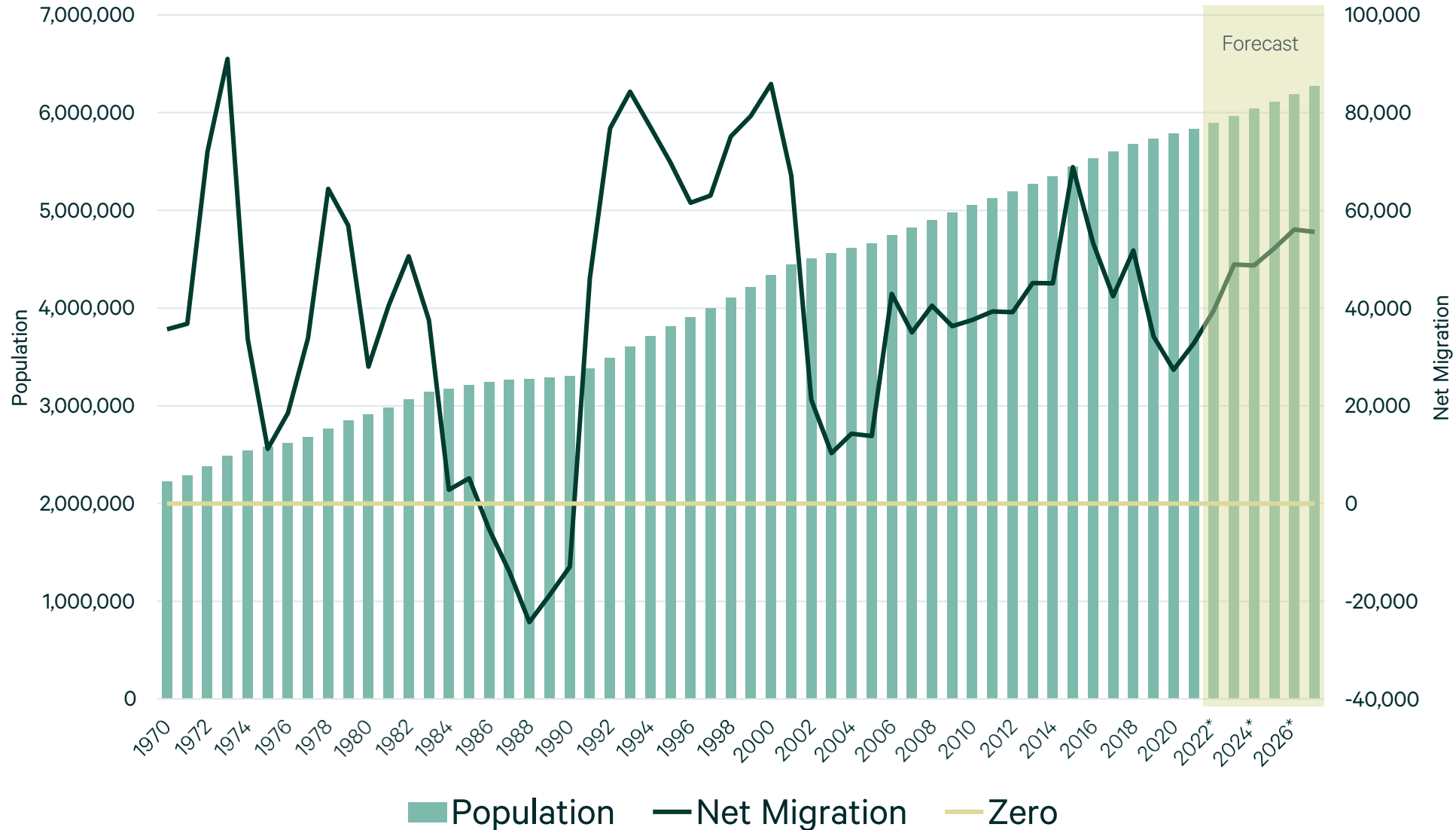
Overall Rent vs. Own Analysis – Townhome & Condo	
2022 Metro Denver Median Townhome/Condo Value	\$420,000
Down Payment (20% of Purchase Price)	\$84,000
Mortgage Amount	\$336,000
Monthly Payment (30 Year Conventional @6.40%)	\$2,102
Monthly HOA Fees	\$200
Monthly Taxes & Insurance	\$336
Monthly Cost of Ownership	\$2,638
Metro Denver Overall Market Rent	\$1,864
Annual Discount to Ownership	\$9,288
Overall Discount to Ownership (%)	29%

**METRO DENVER
FOR-SALE
HOUSING STATS**

Median single-family prices increased **11.6%** in 2022

Median townhome & condo prices increased **12%** in 2022

Colorado Population & Net Migration

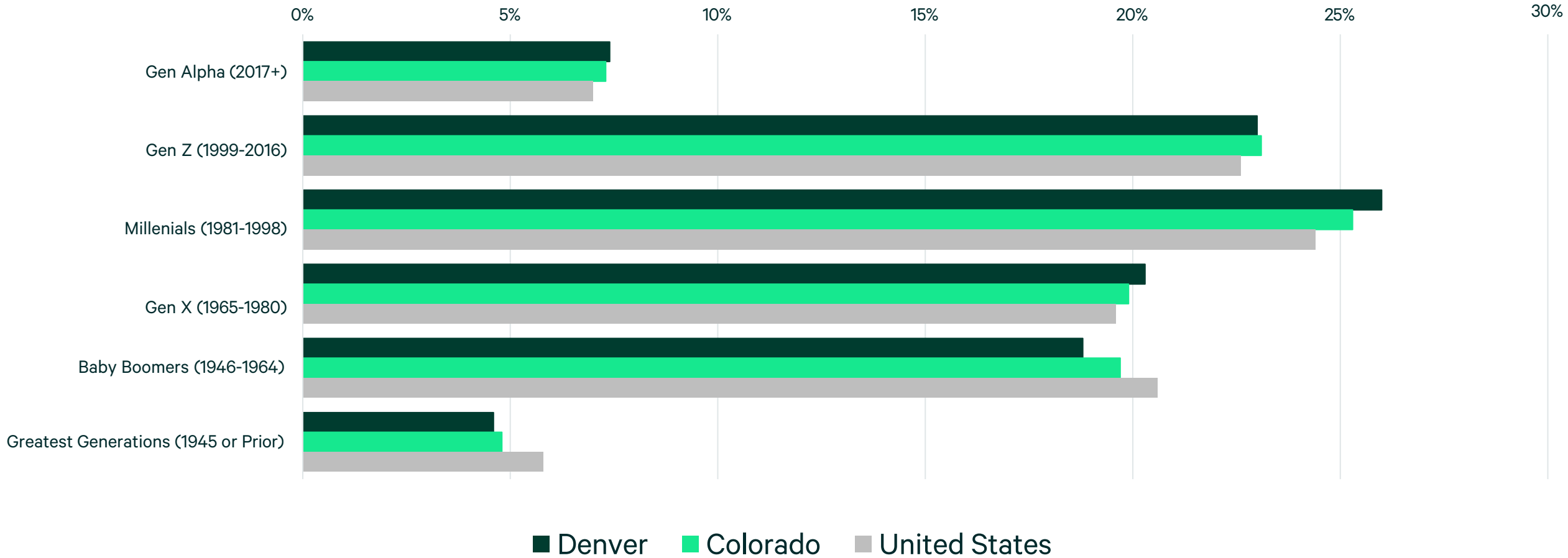


Colorado is expected to add 330,000 residents by 2027

157,000 of those new residents (48%) will be in Metro Denver

Denver Hosts High Millennial & Gen Z Population

Current Population by Generation



Metro Denver Multifamily Overview

\$1,862 Avg Rent

\$109 Increase Year-over-Year

5.6% Vacancy Rate

Up 89 BPS Year-Over-Year

+6,457 Units Absorbed
Trailing 12 Months

Lowest Since 2017

\$772 Million Transaction
Volume in Q4

Lowest Since Q2 2020

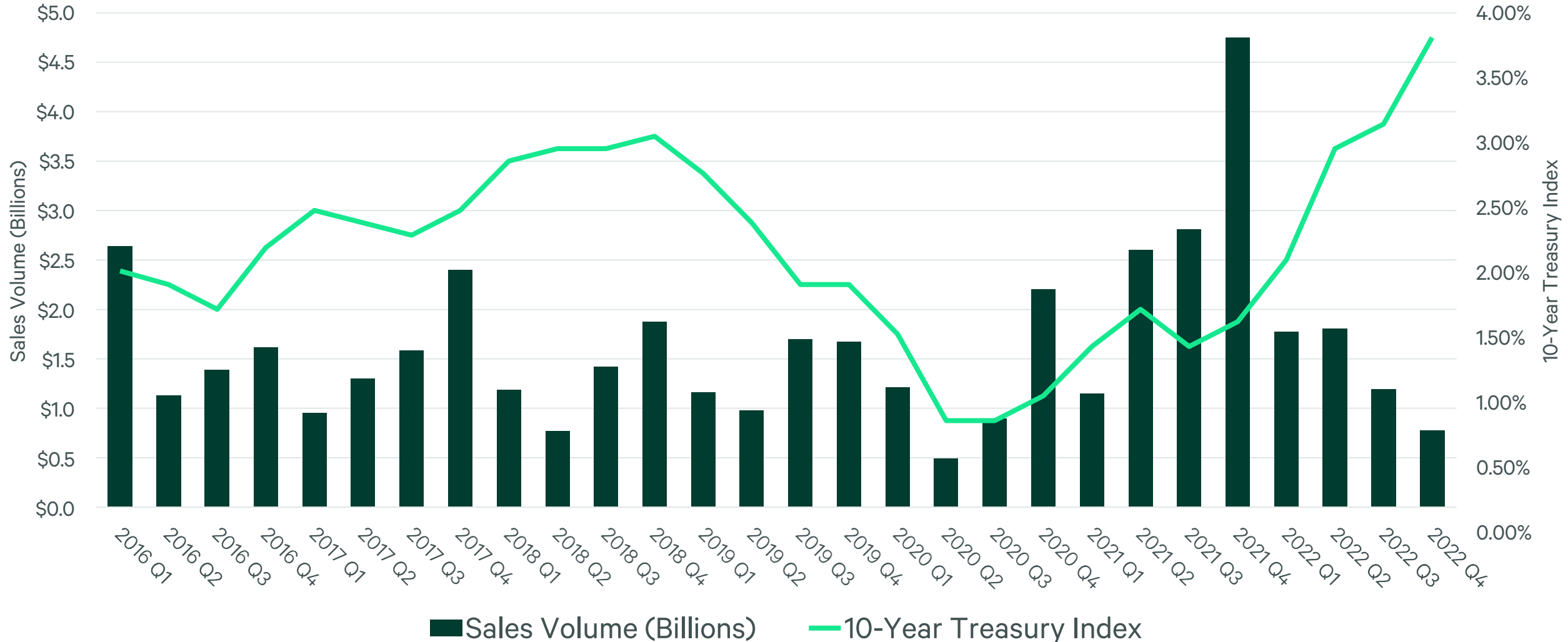
Sources: Apartment Insights, CBRE, Q4 2022.

Annual Market Rent vs. Vacancy



Rents have increased 6.7% annually since 2011, while vacancy has remained relatively stable near 5%

Sales Volume Compared with the 10-Year Treasury



2023 Challenges

Interest Rates

Macro Economy

Increasing Expenses

Inflation

2023 Predictions

Mild Recession

Continued Barriers to Homeownership

Creative Financing

Construction Pipeline Easing

Normalized Vacancy & Rents

Political Headwinds

Strong 2nd Half of 2023

Parker Brown

Vice President



FIGURES | U.S. RETAIL | Q4 2022

2022 Marks One of Retail Sector's Best Years



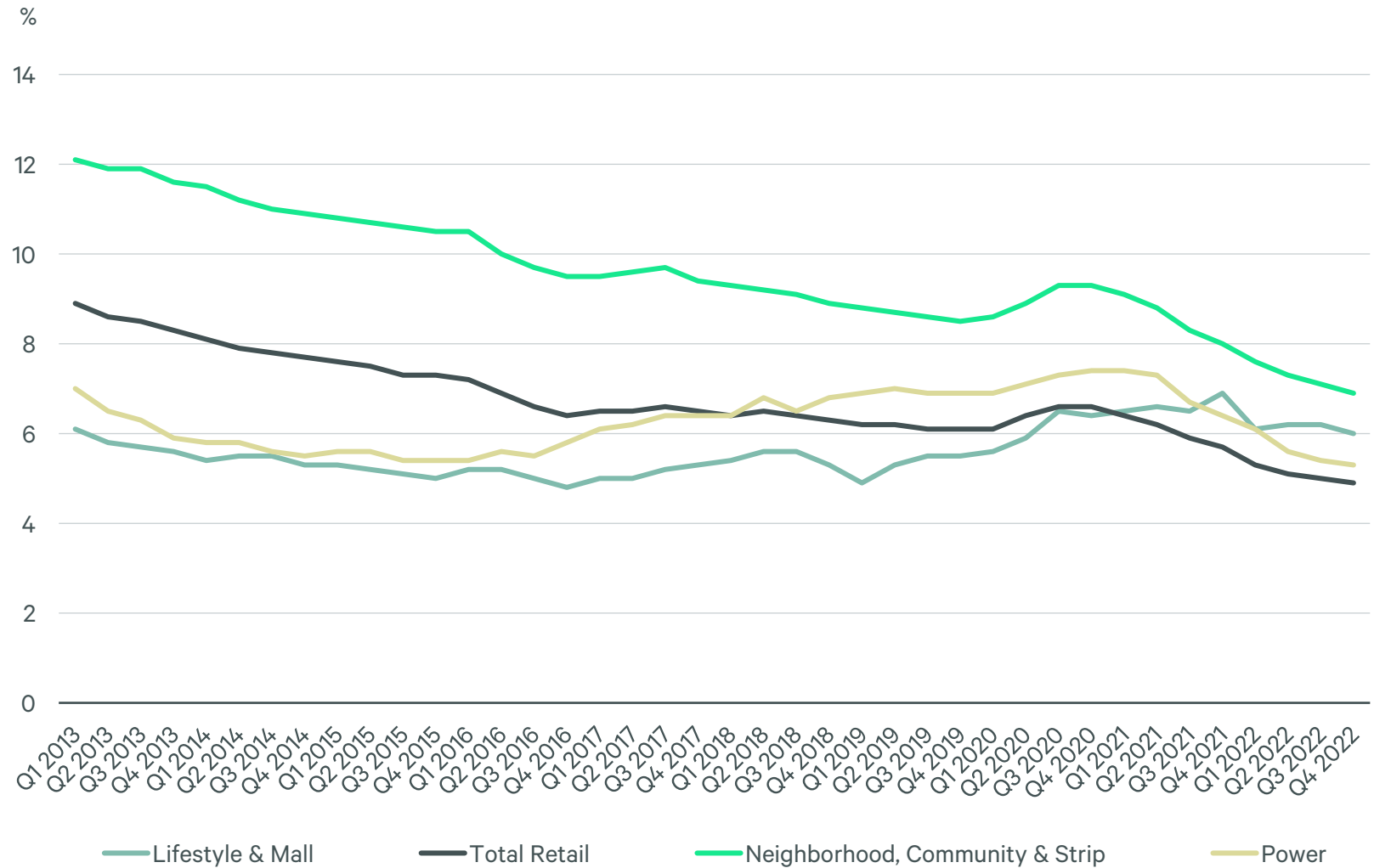
Arrows indicate change from previous quarter. *EA Asking Rent is a new rent methodology produced by CBRE Econometric Advisors that leverages the repeat rent methodology and building-level interpolation method.

Executive Summary

- Consistent demand for retail space and little new construction throughout 2022 dropped the retail availability rate below 5% and raised the average asking rent by 2.5% in Q4.
- The neighborhood, community & strip center sector had the strongest performance for the year, while the lifestyle & mall segment remained inconsistent.
- Consumer sentiment ticked up slightly in Q4 2022 but remained at a near-record low despite continued job and wage growth.
- Easing inflation and plummeting gasoline prices contributed to lower total retail sales, although restaurant and grocery sales remained strong on both a quarter-over-quarter and year-over-year basis.

Figure 2 Availability rate dips below 5% for first time

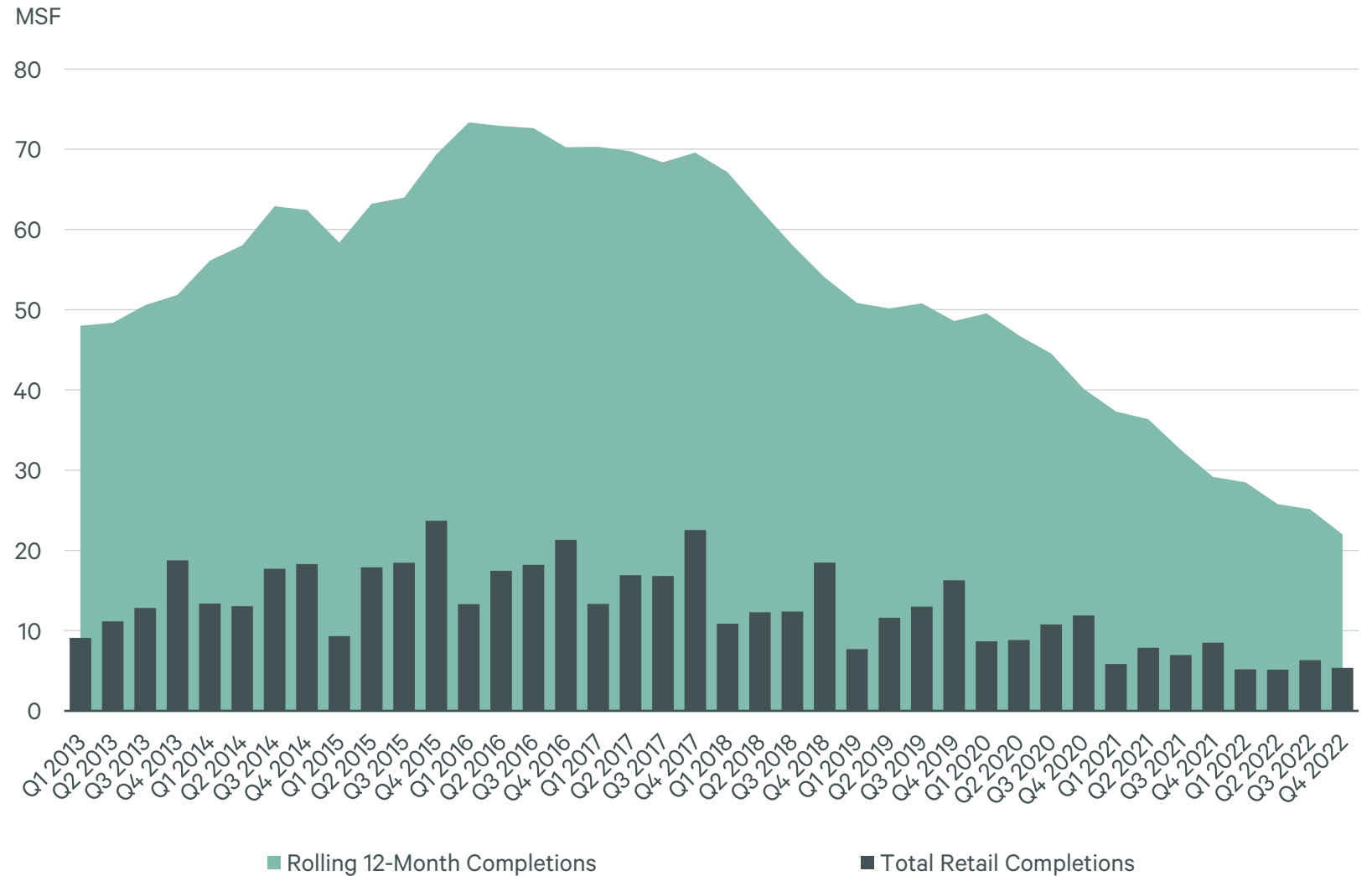
- After hitting a high of 6.6% in Q4 2020, the retail availability rate fell to 4.9% in Q4 2022—the lowest level since CBRE began tracking the market in 2005.
- The neighborhood, community & strip center and lifestyle & mall formats had the biggest reductions in availability in Q4, both down by 20 basis points (bps) to 6.9% and 6.0%, respectively.
- On a year-over-year basis, the neighborhood, community & strip center and power center segments’ availability rates both fell by 110 bps to 6.9% and 5.3%, respectively.
- Although neighborhood, community & strip centers have the highest availability rate of any retail segment, they remain one of the best-performing retail types in terms of availability rate, which has fallen 240 bps over the past five years and 520 bps over the past 10.



Source: CBRE Econometric Advisors, Q4 2022.

Figure 3 Record-low new deliveries

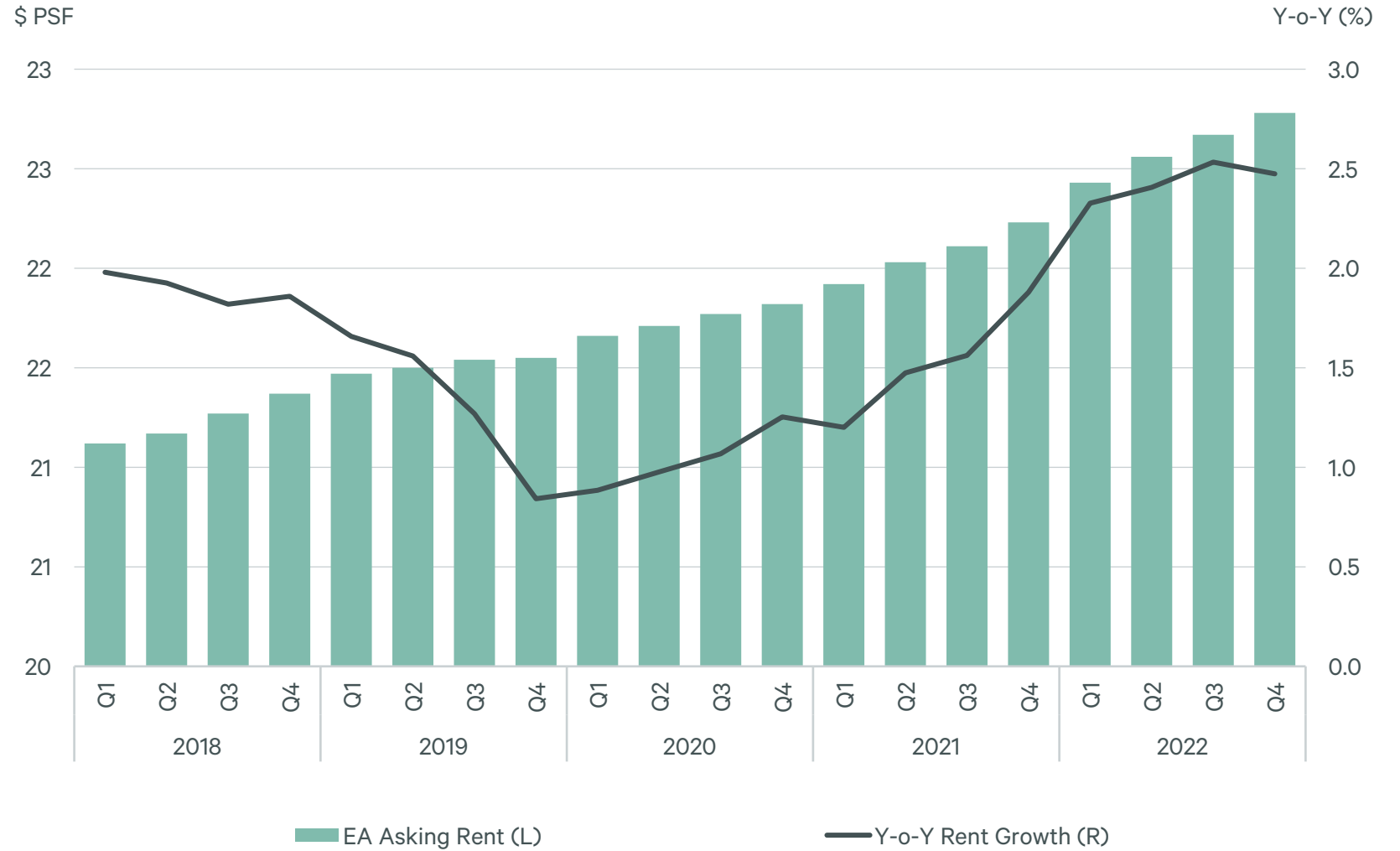
- Nearly 5.4 million sq. ft. of retail space was delivered in Q4 2022, which is 140% less than the 10-year quarterly average of 12.7 million sq. ft. For the year, deliveries set a new annual low of less than 22 million sq. ft.
- Total construction deliveries reached a new low in 2022 for the third consecutive year. In addition, construction starts in Q4 fell by 40% quarter-over-quarter and 18% year-over-year to 10.7 million sq. ft., according to Dodge Data and Analytics.
- Texas markets remained active for new development, with Dallas, Houston and San Antonio among the top five markets for new supply in 2022.



Source: CBRE Econometric Advisors, Q4 2022.

Figure 4
Rent growth continues

- Average retail asking rent grew by 2.5% year-over-year for the second consecutive quarter to close 2022 at \$22.78 per sq. ft., driven by strong demand a lack of new supply.
- Neighborhood, community & strip centers had the strongest asking rent growth both quarter-over-quarter (0.6%) and year-over-year (3.0%).
- By comparison, lifestyle & mall performance remained tepid, as asking rents fell 0.7% quarter-over-quarter although were 0.4% higher than a year ago.



Source: CBRE Econometric Advisors, Q4 2022.

FIGURES | DENVER RETAIL | Q4 2022

Retail availability continues to compress around suburban Denver

▼ 6.3%

Direct Vacancy Rate

▲ 333K

SF Net Absorption

▼ 90K

SF Completed

▼ 692K

SF Under Construction

▶ \$20.11

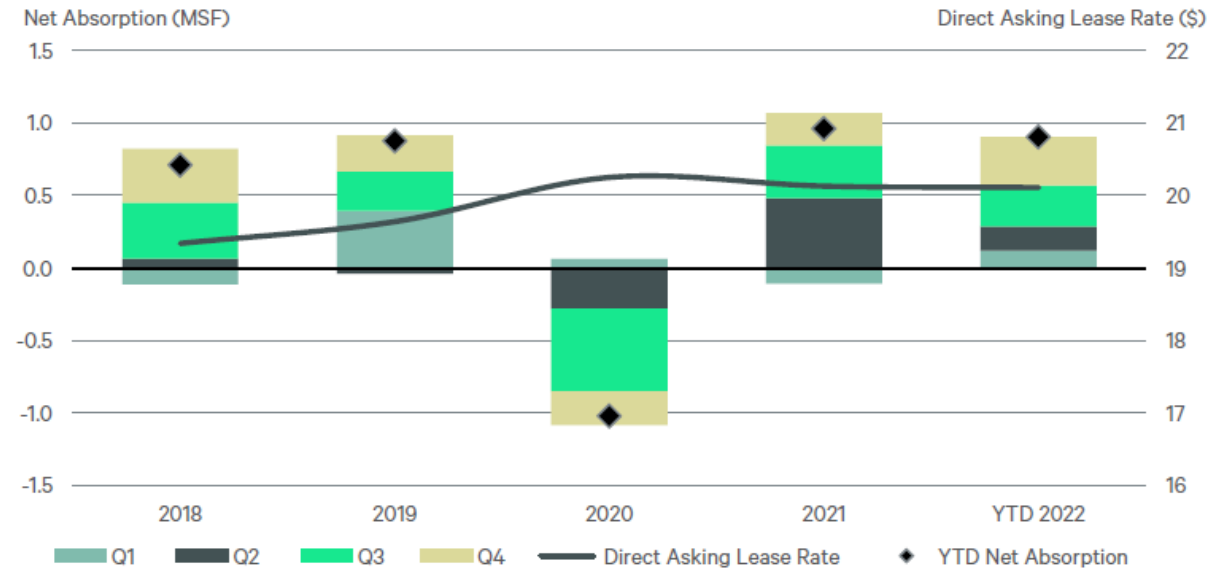
NNN / Asking Lease Rate

Note: Arrows indicate change from previous quarter.

HIGHLIGHTS

- Over 333,000 sq. ft. of net absorption was recorded in Q4 2022, pushing the YTD total to just over 903,000 sq. ft.—the second consecutive year of positive absorption.
- Direct vacancy declined 50 basis points (bps) year-over-year to 6.3%, while availability dropped 100 bps to 7.0%.
- The average asking lease rate was largely stable in 2022 after falling less than 1.0% year-over-year to \$20.11 per sq. ft. NNN.
- The construction pipeline dipped below 700,000 sq. ft. as of year end 2022. Eight buildings totaling just over 90,000 sq. ft. delivered in the fourth quarter, pushing annual delivery volume to 407,000 sq. ft.
- Sales volume totaled \$350.2 million in Q4 2022, a 4.3% decrease quarter-over-quarter. Fourth quarter activity pushed YTD sales volume to \$1.7 billion, 26.3% greater than 2021's total volume.

FIGURE 1: Net Absorption Vs. Average Asking Lease Rate



Source: CBRE Research, Q4 2022

Chad Flynn

Senior Vice President



DENVER OFFICE INVESTMENT UPDATE

January 2023

CBRE THE TEAM
RICHEY | KNOWLTON | WILL | FLYNN

tim.rihey@cbre.com | chad.flynn@cbre.com | jenny.knowlton@cbre.com |
charley.will@cbre.com

CBRE sets record amidst challenging Capital Markets

2022 CBRE RECORD SETTING OFFICE SALES INCLUDE



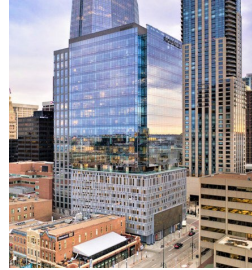
1800 LARIMER

Denver, CO
Sold: January 2022



ONE DTC WEST

Denver, CO
Sold: May 2022



1401 LAWRENCE

Denver, CO
Sold: June 2022

2022 HIGHLIGHTS INCLUDE


\$1.2B


Total Transaction
Sales Volume


\$1.1B

Total Office
Sales Volume


20

Total Sales


Transactions
71%

Office Market Share
(25M+ since 2017)



Tim Richey

Vice Chairman



Jenny Knowlton

Senior Vice President



Charley Will

Senior Vice President



Chad Flynn

Senior Vice President



Alex Mulvihill

Associate Vice President



Amber Horsley

Investment Sales Manager



Chessa Pike

Senior Financial Analyst



Quinn Kennedy

Financial Analyst



Morgan Layton

Transaction Manager

DOWNTOWN DENVER



DOWNTOWN LEASING FUNDAMENTALS Q4 2022

INVENTORY

- + METRO DENVER: 121,261,286 SF
- + CBD: 30,660,569 SF
- + RINO: 2,054,403 SF

AVERAGE DIRECT RENTAL RATES

- + METRO DENVER: \$31.95 PSF FSG (flat QOQ)
- + CBD: \$39.68 PSF FSG (flat QOQ)
- + RINO: \$47.38 PSF FSG (up 2.5% QOQ)

SUBLEASE ACTIVITY

- + CBD: 2.5 MSF available (up 45% YOY)

DIRECT VACANCY

- + METRO DENVER: 17.1% (up 2 bps QOQ)
- + CBD: 22.5% (down 23 bps QOQ)
- + RINO: 24.5% (up 12 bps QOQ)

OVERALL AVAILABILITY

- + METRO DENVER: 26.3% (up 78 bps QOQ)
- + CBD: 33.3% (up 106 bps QOQ)
- + RINO: 32.7% (up 45 bps QOQ)

ABSORPTION

- + METRO DENVER: 23K SF (up 150K SF QOQ)
- + CBD: 13K SF

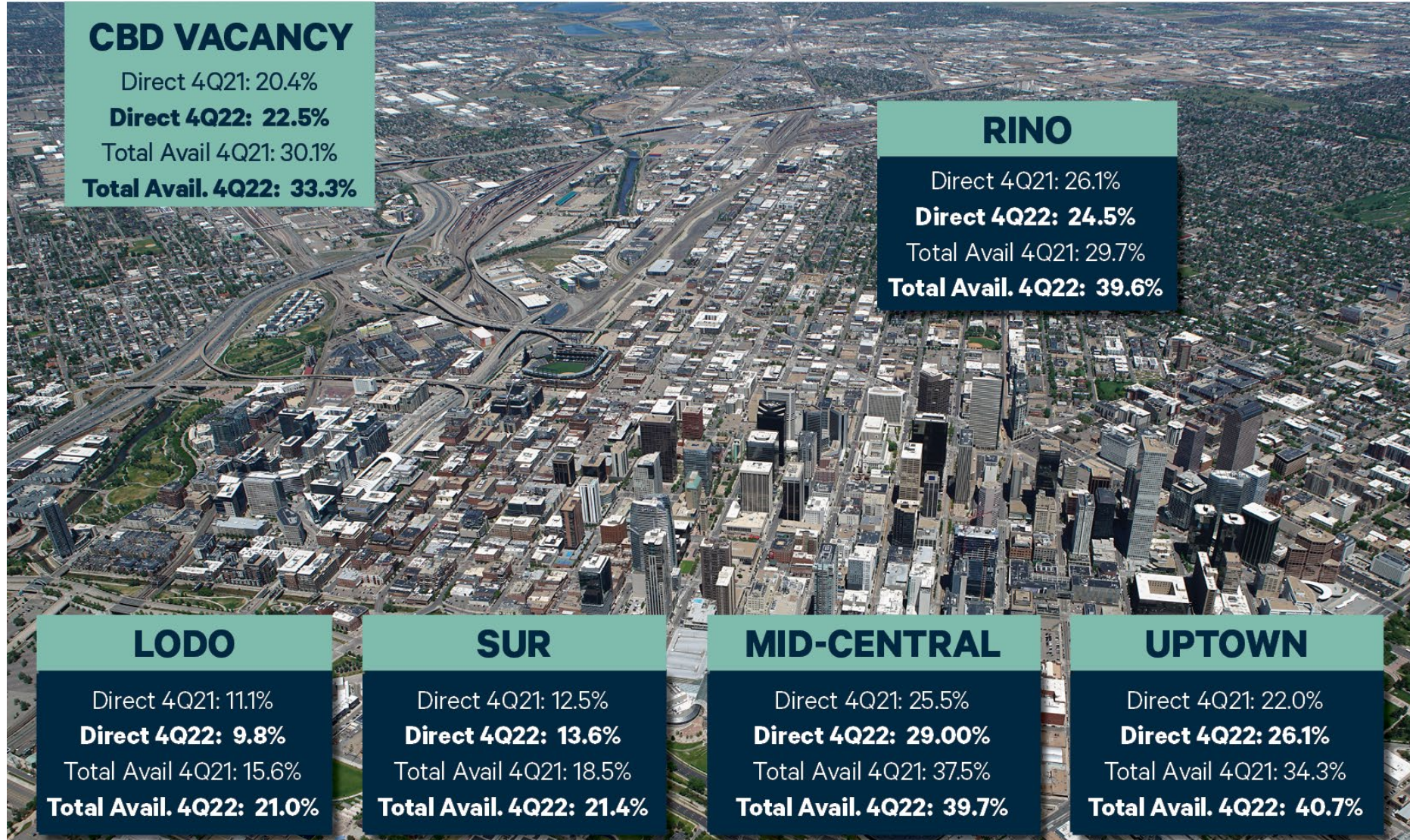
Headquarters, Expansions & Tech in Metro Denver

Since 2020, at least 30 companies have expanded or opened a HQ location in Colorado. Expected to establish 10,000 new jobs and absorb over 2.5 million SF.

Company	Type	From	Emp. Change	Added SF (est.)	Industry
Palantir	Relo HQ	CA	500	65,000	Technology
Apple	Expansion	CA	700	100,000	Technology
Amazon	Expansion	WA	100	72,496	Technology
Facebook	Expansion	CA	125	25,000	Technology
Pfizer	Expansion	CO	230	25,000	BioTech
Lockheed Martin	Expansion	MD	750	180,000	Aerospace
Emerson	Expansion	MO	250	180,000	Engineering
AGC Biologics	Expansion	Japan	280	300,000	BioTech



OFFICE VACANCY IN DOWNTOWN DENVER



OFFICE VACANCY IN DENVER'S MID-CENTRAL/UPTOWN

	Available/ Direct Vacancy	YTD Absorption (SF)
Entire CBD	32%/26%	(433,389)
Uptown	40%/35%	(41,921)
Mid-Central	34%/29%	(458,099)

**AN ADDITIONAL 1.325M SF (4.3% OF THE CBD'S INVENTORY) COULD BE CONVERTED TO RESIDENTIAL WITHIN THE NEXT 1-3 YEARS, BRINGING THE DIRECT VACANCY DOWN ±200 BPS*



1900 GRANT
120,760 SF
CURRENT VACANCY: 25%
PROJECTED VACANCY: 59%

WELLS FARGO CENTER
1,219,058 SF
CURRENT VACANCY: 18%
PROJECTED VACANCY: 25%

1801 CALIFORNIA
1,315,428 SF
CURRENT VACANCY: 15%
PROJECTED VACANCY: 35%

DENVER ENERGY CENTER
766,553 SF
CURRENT VACANCY: 55%
PROJECTED VACANCY: 65%

INDEPENDENCE PLAZA
716,198 SF
CURRENT VACANCY: 32%
PROJECTED VACANCY: 57%

1001 17TH STREET
659,074 SF
CURRENT VACANCY: 29%
PROJECTED VACANCY: 35%

LINCOLN CROSSING
435,672 SF
CURRENT VACANCY: 37%
PROJECTED VACANCY: 72%

1600 BROADWAY
445,756 SF
CURRENT VACANCY: 18%
PROJECTED VACANCY: 31%

TRINITY PLACE
189,163 SF
CURRENT VACANCY: 42%
PROJECTED VACANCY: 55%

REPUBLIC PLAZA
1,232,432 SF
CURRENT VACANCY: 21%
PROJECTED VACANCY: 40%

BLOCK 162
606,140 SF
CURRENT VACANCY: 52%
PROJECTED VACANCY: 40%

DOMINION TOWERS
613,527 SF
CURRENT VACANCY: 23%
PROJECTED VACANCY: 30%

410 17TH STREET
433,046 SF
CURRENT VACANCY: 35%
PROJECTED VACANCY: 60%

THE LINK
225,016 SF
CURRENT VACANCY: 90%
PROJECTED VACANCY: 85%

1700 BROADWAY
394,151 SF
CURRENT VACANCY: 38%
PROJECTED VACANCY: 38%

1660 LINCOLN
274,582 SF
CURRENT VACANCY: 37%
PROJECTED VACANCY: 42%

CAPITOL CENTER
165,000 SF
CURRENT VACANCY: 63%
PROJECTED VACANCY: 78%

FLIGHT TO QUALITY

Downtown Pipeline

CLASS AA ASSETS (2013-2022 YOC | 14% OF CBD INVENTORY)

+ 5.0% direct vacancy (3.6M SF)

CLASS A ASSETS (2000 – 2012 YOC | 10% OF CBD INVENTORY)

+ 8.4% direct vacancy (3.0M SF)

CLASS A- ASSETS (“TROPHY” 1980’S VINTAGE | 16% OF CBD INVENTORY)

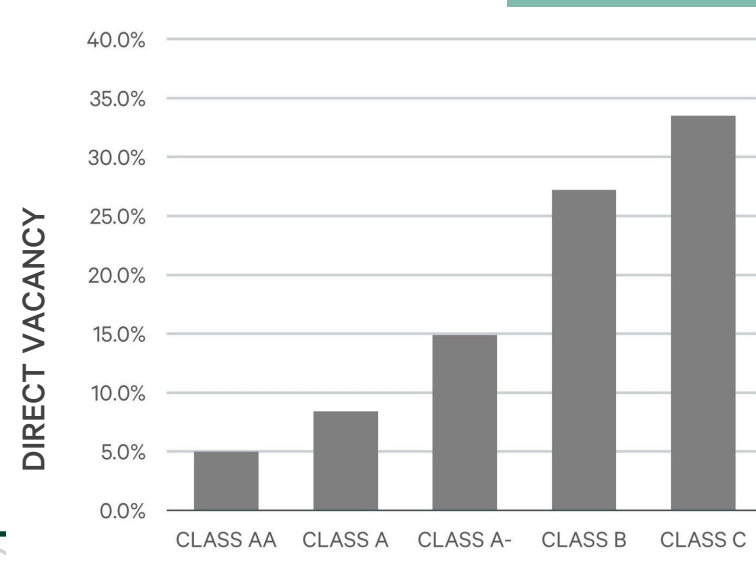
+ 14.9% direct vacancy (5.0M SF)

CLASS B ASSETS (47% OF CBD INVENTORY)

+ 27.2% direct vacancy (14.3M SF)

CLASS C ASSETS (13% OF CBD INVENTORY)

+ 33.5% direct vacancy (4.0M SF)



DENVER HAS TREMENDOUS BIFURCATION OF VALUES = TREMENDOUS OPPORTUNITY

FLIGHT TO QUALITY



NEW CONSTRUCTION PIPELINE

Downtown Pipeline

Limited New Construction: Only 1 project U/C

1900 LAWRENCE

- + 704K SF
- + ±5% pre-leased
- + Developer = Riverside
- + New high rent for CBD at \$45 NNN



RiNo Pipeline

4 Projects U/C Totaling 965K SF

THE CURRENT RIVER NORTH

- + 238K SF / ±18% pre-leased
- + Developer = Schnitzer West

PARADIGM RIVER NORTH

- + 200K SF / ±40% pre-leased
- + Developer = Rockefeller Group

T3 RiNo

- + 230K SF / ±0% pre-leased
- + Developer = Hines

STEEL HOUSE (COMING SOON)

- + 300K SF / ±0% pre-leased
- + Developer = Elevation



NEW CONSTRUCTION PIPELINE

Cherry Creek Pipeline

4 Projects U/C Totaling 296K SF

FILLMORE @ THIRD

- + 60K SF / ±28% pre-leased
- + Developer = Midwest Prop. Grp.

200 CLAYTON

- + 76K SF / ±100% pre-leased
- + Developer = BROE Group

300 UNIVERSITY

- + 60K SF / ±100% pre-leased
- + Developer = Elevation

255 FILLMORE

- + 100K SF / ±100% pre-leased
- + Developer = BMC

Boulder Pipeline

2 Projects U/C Totaling 394K SF

BOULDER 29

- + 163K SF / ±0% pre-leased
- + Developer = Corum RE

APPLE CAMPUS

- + 231K SF / ±100% pre-leased
- + Developer = Crescent



DOWNTOWN / INFILL OFFICE PRICING

<u>EQUITY</u>	1H 2022	Today/1Q 2023
Class AA	\$750-\$950 PSF 4.50%-5.00% cap rate	\$500-\$700 PSF 6.00%-6.50% cap rate
Class A	\$450-\$600 PSF 5.25%-5.75% cap rate	\$300-\$450 PSF 6.25%-7.00% cap rate
Class B	\$300-\$400PSF 6.25%-6.75% cap rate	\$100-\$300 PSF 7.50%-8.50%+ cap rate

<u>DEBT</u>	1H 2022	Today/1Q 2023
TERM SOFR	±5 bps	±450 bps
10-Year Treasury	±195 bps	±345 bps
Spreads	Debt Funds: 300-400 bps Fixed Rate: 150-180 bps	Debt Funds: 475-700 bps Fixed Rate: 190- 300 bps
Coupon	Debt Funds: ±3.00% - ±4.00% Fixed Rate: ±3.45% - ±3.75%	Debt Funds: ±9.00% - ±11.30% Fixed Rate: ±6.00% - ±7.15%
LTC/LTV Range	Debt Funds: up to 70% LTC Fixed Rate: up to 65% LTV	Debt Funds: up to 65% LTC Fixed Rate: up to 55% LTV

CBD KEY TAKEAWAYS

- + HIGHEST VACANCY RATES DENVER HAS SEEN IN DECADES**
- + 3-4 IMMINENT FORECLOSURES**
- + CORPORATE AMERICA FAVORS DENVER, BUT LEASING IS STILL LAGGING**
- + LIMITED NEW CONSTRUCTION PIPELINE**
- + FLIGHT TO QUALITY CONTINUES - WITHIN CLASSES MORE SO THAN BETWEEN CLASSES**
- + TREMENDOUS VALUE CREATION 2023-2026**

BOULDER & CHERRY CREEK = OUTPERFORMERS

INVENTORY

- + CHERRY CREEK: 2,733,665 SF
- + BOULDER: 7,093,125 SF

DIRECT VACANCY RATES

- + CHERRY CREEK: 7.9% (down 59 bps QoQ)
 - + Class A: 4.8%
- + BOULDER: 12.7% (up 103 bps QoQ)
 - + Class A: 15.9%

TOTAL AVAILABILITY

- + CHERRY CREEK: 10.1% (down 147 bps QoQ)
- + BOULDER: 23.4% (up 212 bps QoQ)

DIRECT RENTAL RATES

- + CHERRY CREEK: \$37.72 PSF FSG (down 2.5% QoQ)
- + BOULDER: \$37.23 PSF FSG (down 5.6% QoQ)



SUBURBAN DENVER



SOUTHEAST LEASING FUNDAMENTALS Q4 2022

INVENTORY

- + METRO DENVER: 121,261,286 SF
- + SOUTHEAST: 37,246,633 SF (30% of Metro Inventory)
 - + Largest submarket in Denver

AVERAGE DIRECT RENTAL RATES

- + METRO DENVER: \$31.95 PSF FSG (flat QoQ)
- + SOUTHEAST: \$27.91 PSF FSG (down 1% QoQ)

SUBLEASE ACTIVITY

- + SOUTHEAST: 2.1 MSF available (up 45% YOY)

DIRECT VACANCY

- + METRO DENVER: 17.1% (up 2 bps QoQ)
- + SOUTHEAST: 15.8% (down 17 bps QoQ)

OVERALL AVAILABILITY

- + METRO DENVER: 20.0% (up 22 bps QOQ)
- + SOUTHEAST: 18.9% (down 38 bps QoQ)

ABSORPTION

- + METRO DENVER: 23K SF (up 105K SF QoQ)
- + SOUTHEAST: 158K SF (up 315K SF QoQ)



SUBURBAN DENVER = GREAT OFFICE INVESTMENT OPPORTUNITIES

FLIGHT TO QUALITY



NEW CONSTRUCTION PIPELINE

SUBURBAN DENVER

Only Build-to-Suits in SE

+ 0% Spec Construction

KIEWIT CORPORATE CAMPUS IN LONE TREE

+ 252K SF on 12 AC Sit



SUBURBAN OFFICE PRICING

Suburban Denver	1H 2022	Today/1Q 2023
Class AA	\$575-\$675 PSF 4.80%-5.25% cap rate	\$500-\$600 PSF 5.75%-6.25% cap rate
Class A	\$225-\$300 PSF 6.00%-6.50% cap rate	\$150-\$250 PSF 7.50%-8.00% cap rate
Class B	\$130-\$180 PSF 6.00%-7.00% cap rate	\$90-\$150 PSF 7.50%-9.00% cap rate

SUBURBAN KEY TAKEAWAYS

- + SUBURBS OUT-PERFORMING CBD
- + IMMINENT FORECLOSURES
- + LIMITED TENANT MIGRATION FROM CBD TO BURBS
- + LIMITED NEW CONSTRUCTION
- + FLIGHT TO QUALITY - WITHIN CLASSES MORE SO THAN BETWEEN CLASSES
- + TREMENDOUS VALUE CREATION 2023-2026