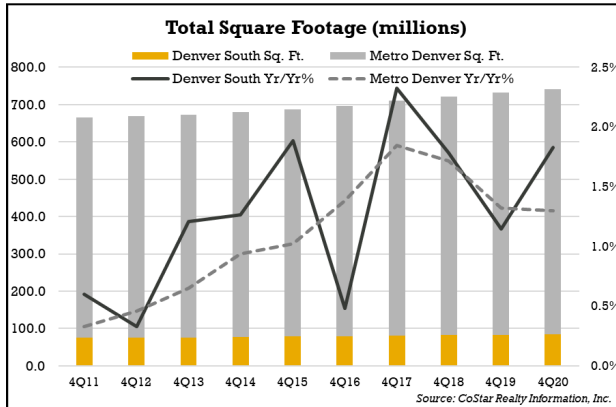


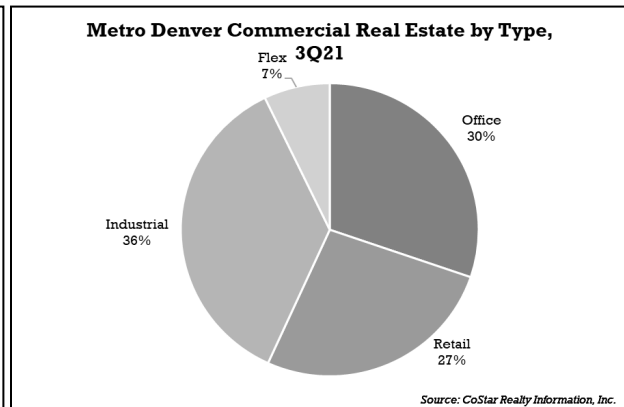
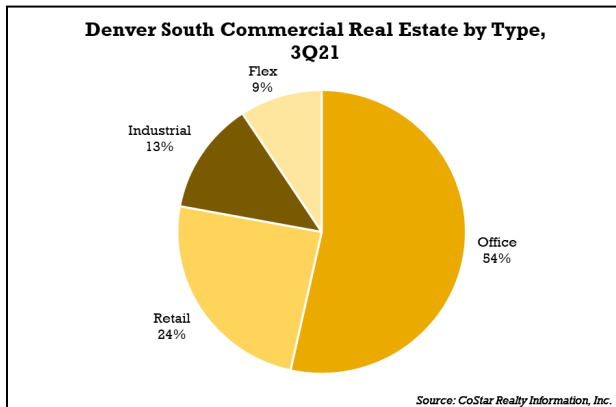
Commercial Real Estate

- The Denver South region has nearly 85.7 million square feet of combined office, industrial, flex, and retail space in over 2,200 buildings as of the third quarter of 2021.
 - Office space (53 percent) accounted for the largest share of space among the four market types in Denver South, while industrial represented the largest share of Metro Denver’s commercial real estate market (36 percent).
 - Historically, the Denver South region has contained nearly 13 percent of the total space in Metro Denver.
 - Since 2011, the Denver South region added over 10.5 million square feet of total space.



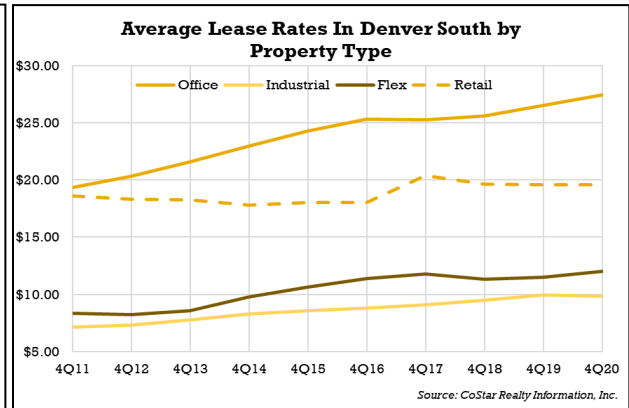
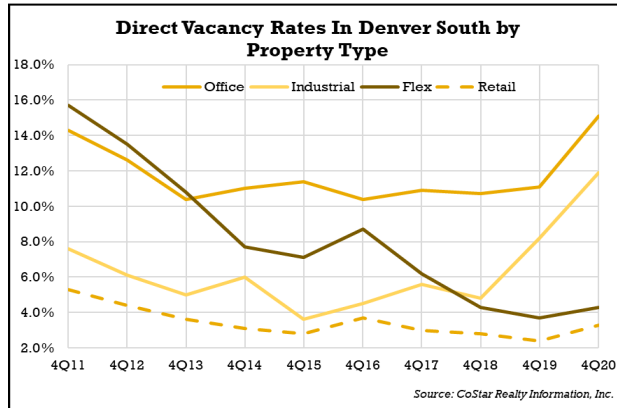
Regional Business Parks	
8081 Orchard Road	Inverness Business Park
Belleview Station	Jones District
Centennial Airport Center	Lincoln Executive Center
Centennial InterPort	Lincoln Station
Compark Business Campus	Meridian International Business Park
Concord Business Center	Panorama Corporate Center
Denver Technology Center (DTC)	Park Meadows Corporate Center
Dove Valley Business Park	ParkRidge Corporate Center
East Village	Rampart Business Center
Elevate at Central Centennial	RidgeGate
Encompass Business Park	Southfield Park
Greenwood Plaza	Southgate Corporate Center
Highfield Business Park	Village Center
INOVA Aero	Westray
INOVA Dry Creek	

Source: Denver South Economic Development Partnership.



Historical Trends

- The commercial real estate markets in the Denver South region reported significant improvements from 2011 to 2019, recording record low vacancy rates and record high average lease rates. However, commercial real estate fundamentals worsened for all four property types in 2020 with rising vacancy rates and modest growth in lease rates.
- The vacancy rates in the Denver South region fell in three of the four market types between 2011 and 2019, but fluctuated over the period. Vacancy rates across all four market types began trending upward in 2020, led by strong increases in the office market.
- The average lease rates in Denver South generally climbed in all four market types between 2011 and 2020.



Current Trends

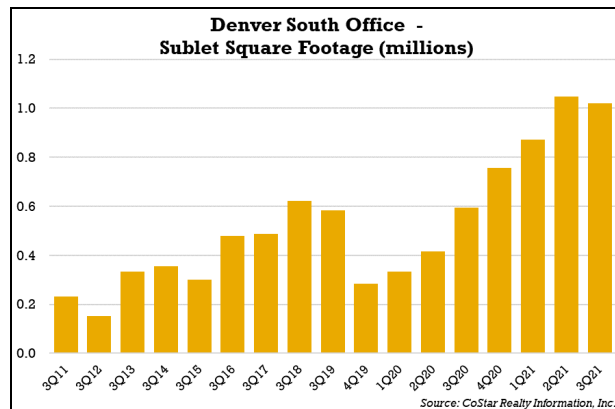
- The vacancy rate in the Denver South region rose in three of the four markets between the third quarters of 2020 and 2021, with the flex market recording the largest increase of 2.8 percentage points.
 - The vacancy rates in Metro Denver rose in all four market types over-the-year. The office market recorded the largest increase of 2.1 percentage points.
- The average lease rate increased in all four market types in the Denver South region over-the-year. The retail market recorded the largest increase in the average lease rate between the third quarters of 2020 and 2021, rising 6.6 percent to \$19.62 per square foot.
 - Similar to the Denver South region, the average lease rates increased in all four market types in Metro Denver over-the-year, with the flex market recording the largest increase of 10.2 percent.

Denver South Commercial Vacancy and Lease Rates by Property Type

		Total Existing Square Footage (millions)		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		3Q 2020	3Q 2021	3Q 2020	3Q 2021	3Q 2020	3Q 2021
Office	Denver South	45.5	45.8	13.5%	15.0%	\$26.81	\$27.76
	Metro Denver	198.5	200.6	10.1%	12.2%	\$28.55	\$29.36
Industrial	Denver South	10.3	11.0	11.1%	12.3%	\$9.79	\$9.92
	Metro Denver	232.7	238.8	5.0%	6.0%	\$8.62	\$8.95
Flex	Denver South	7.9	7.9	4.6%	7.4%	\$11.73	\$12.43
	Metro Denver	47.5	47.6	6.9%	7.2%	\$13.10	\$14.44
Retail	Denver South	20.9	20.9	3.6%	3.2%	\$18.41	\$19.62
	Metro Denver	175.7	176.1	4.9%	5.0%	\$18.39	\$18.82

Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Industrial, flex, and retail lease rates are triple-net; office rates are triple-net.
Source: CoStar Realty Information, Inc.

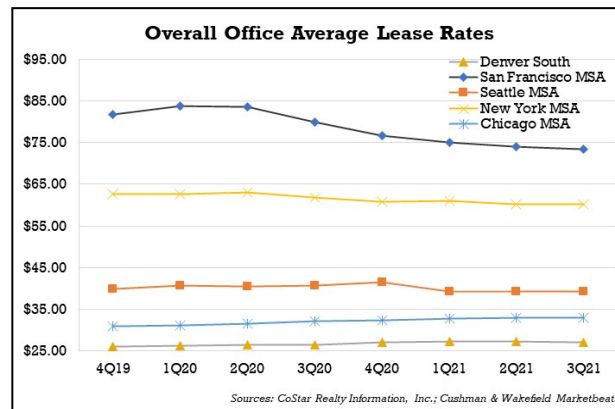
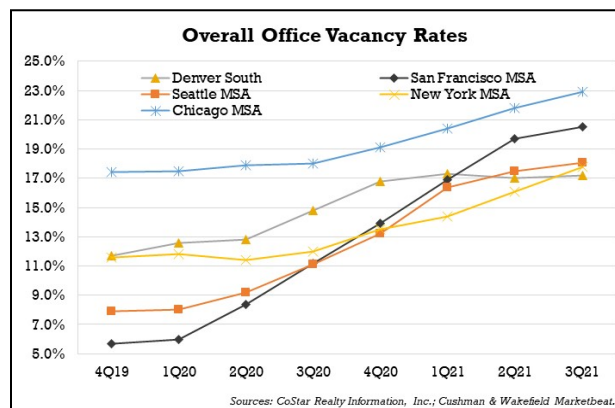
- The office market has been one of the most impacted by the pandemic. Many businesses have explored ways to shed existing office square footage in response to increased remote work and hybrid office models.
- Office sublease space in Denver South grew to over 1 million square feet in 3Q 2021 for the second-consecutive quarter, up 71.5 percent or the addition of 425,461 square feet from one-year ago.



- The amount of space under construction in the Denver South region reached over a combined 1 million square feet across all four market types in the third quarter of 2021, down 50.6 percent compared with 3Q 2020 and represented 2 fewer buildings under construction during the period.
 - The largest projects under construction in the Denver South region were 3 industrial buildings at E. Caley Ave. in Centennial, which will add 224,829 square feet and the Amazon Delivery Station which will add 200,000 square feet of industrial space.

Office Vacancy & Average Lease Rates for Competitor MSAs

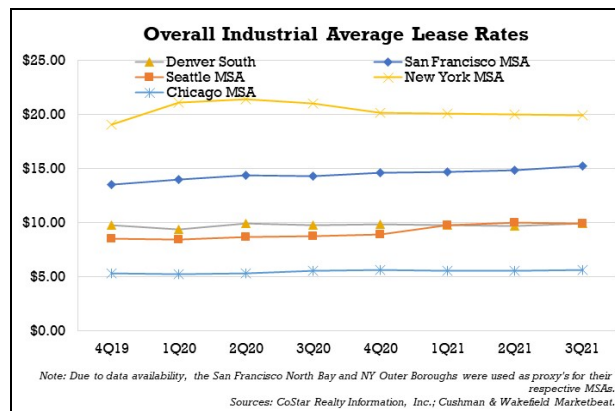
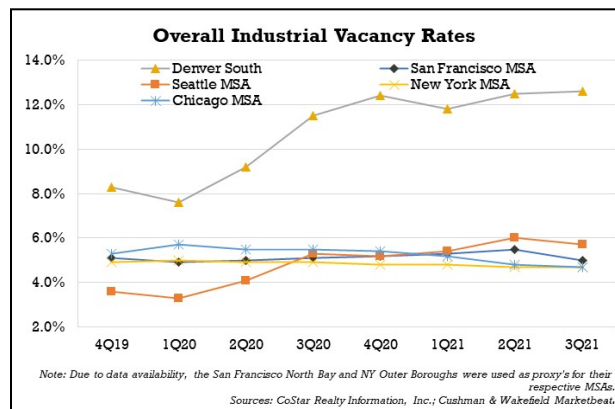
- The overall office vacancy rates have increased in all competitor MSAs since the pandemic began.
 - The Denver South region's overall office vacancy rate was the second lowest among the competitor MSAs.
 - The Chicago MSA had the highest overall office vacancy rate in the third quarter of 2021 at 22.9 percent. The San Francisco MSA had the largest overall increase in the office vacancy rate, rising 9.3 percentage points over-the-year.
- The Denver South MSA had the lowest overall office average lease rate among the competitor MSAs at \$27.12 in the third quarter of 2021. The average lease rate in the Denver South region rose 2.5 percent over-the-year.
 - Office average lease rates declined in three of the competitor MSAs, led by the San Francisco MSA (-8 percent) and the Seattle MSA (-3.7 percent).



- The San Francisco MSA has historically had the highest average office lease rate among the competitor MSAs. The San Francisco MSA's overall average lease rate is nearly 3 times higher than the average lease rate in the Denver South region.

Industrial Vacancy & Average Lease Rates for Competitor MSAs

- The Denver South region's overall industrial vacancy rate was the highest among the competitor MSAs at 12.6 percent in 3Q 2021.
 - The overall industrial vacancy rate declined in three of the competitor MSAs over-the-year, led by the Chicago MSA (-0.8 percentage points) and the New York MSA (-0.2 percentage points).
- Fierce competition for industrial space contributed to rising average lease rates in the 3Q 2021 for the majority of the competitor MSAs.
 - The Denver South region's overall average lease rate was the second lowest among the competitor MSAs.
 - Four competitor MSAs recorded increases over-the-year, led by the Seattle MSA (+13.4 percent) and the San Francisco MSA (+6.6 percent).



Commercial Vacancy and Lease Rates by Property Type

		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		3Q 2020	3Q 2021	3Q 2020	3Q 2021
Office	Denver South	14.8%	17.2%	\$26.45	\$27.12
	San Francisco MSA	11.2%	20.5%	\$79.85	\$73.46
	Seattle MSA	11.1%	18.1%	\$40.70	\$39.21
	New York MSA	12.0%	17.8%	\$61.84	\$60.15
	Chicago MSA	18.0%	22.9%	\$32.26	\$32.96
Industrial	Denver South	11.5%	12.6%	\$9.78	\$9.92
	San Francisco MSA	5.1%	5.0%	\$14.27	\$15.21
	Seattle MSA	5.3%	5.7%	\$8.79	\$9.97
	New York MSA	4.9%	4.7%	\$21.06	\$19.96
	Chicago MSA	5.5%	4.7%	\$5.55	\$5.67

Notes: Vacancy rates and average lease rates are for direct & sublet space. Due to data availability, the San Francisco North Bay and NY Outer Boroughs were used as proxy's for their respective MSAs.
Sources: CoStar Realty Information, Inc.; Cushman & Wakefield Marketbeat.