2020 DENVER

MID-YEAR REPORT

Colliers INTERNATIONAL

Colliers
INTERNATIONAL

2020
Mid-Year Report

Never has the great American phrase been more applicable...

"When the going gets tough, the tough get going"

...Adversity generates opportunity!

BRAD CALBERT
President

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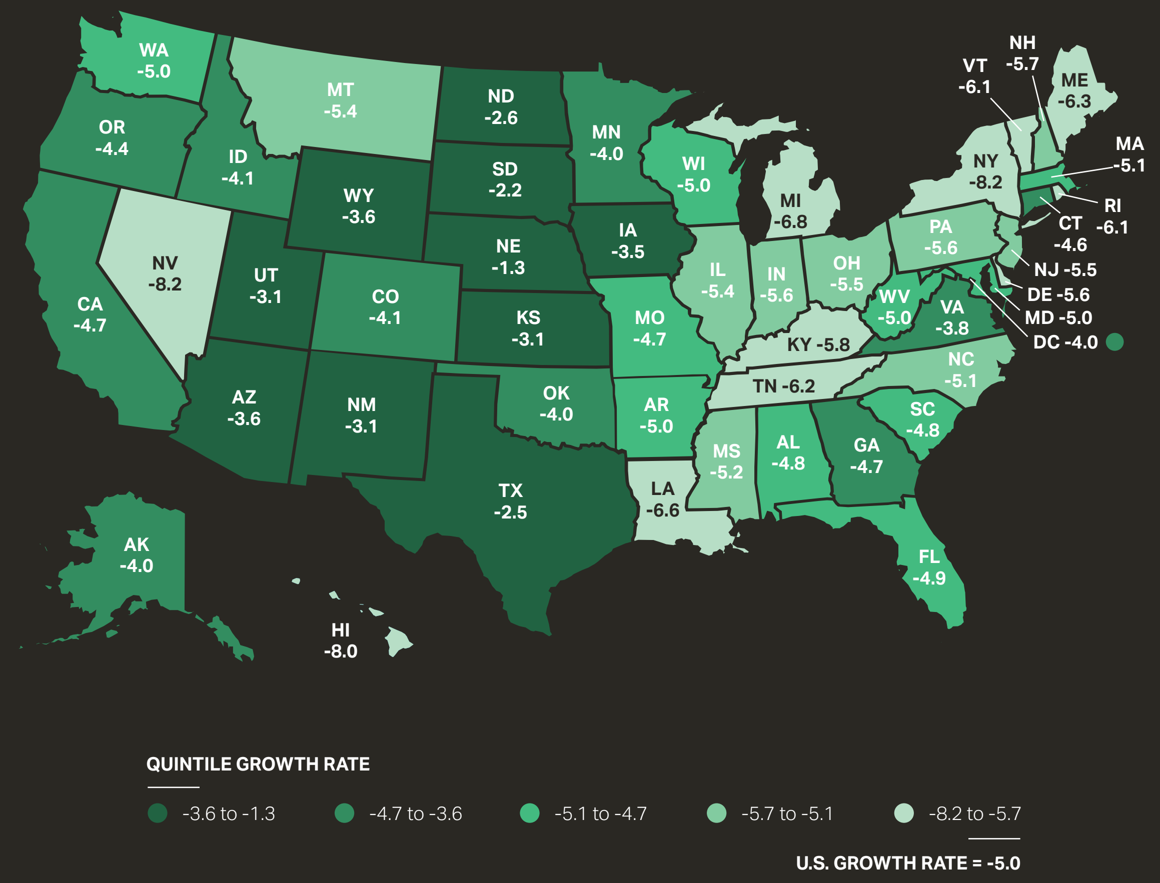
Economy National | Local

The longest bull market in history, lasting from March 9, 2009 to March 11, 2020, fell victim to the one-two punch of the COVID-19 pandemic and oil price war, producing a Q1 GDP of -5.0% and Q2 GDP of -32.9% loss. ***Consumer sentiment reached an eight-year low of 71.8 points in April reflecting the stay-at-home economy and rising unemployment rate, which stood at 13.3% as of May 2020.*** In response to the pandemic, ***the Federal Reserve cut the Fed Funds Rate to 0.04% in April, marking an all-time low.***

The 5.0% decline in first quarter GDP was, in part, due to the response to the spread of COVID-19, as governments issued "stay-at-home" orders beginning in March. This led to rapid changes in demand, as businesses and schools switched to remote work or cancelled operations, and consumers adjusted their spending. The decline reflected negative contributions from personal consumption expenditures, non-residential fixed investment, exports, and private inventory investment, but was partly offset by increases in residential fixed investment, federal government spending, and state and local government spending. The second quarter's 32.9% GDP decline continues to display the pandemic's detrimental impact.

Percent Change in Real GDP by State, 2019:Q4-2020:Q1

Source: Bureau of Economic Analysis



National Economy

The Coronavirus Aid Relief and Economic Security (CARES) Act was signed into effect on March 27th. The $2 trillion piece of legislation includes:

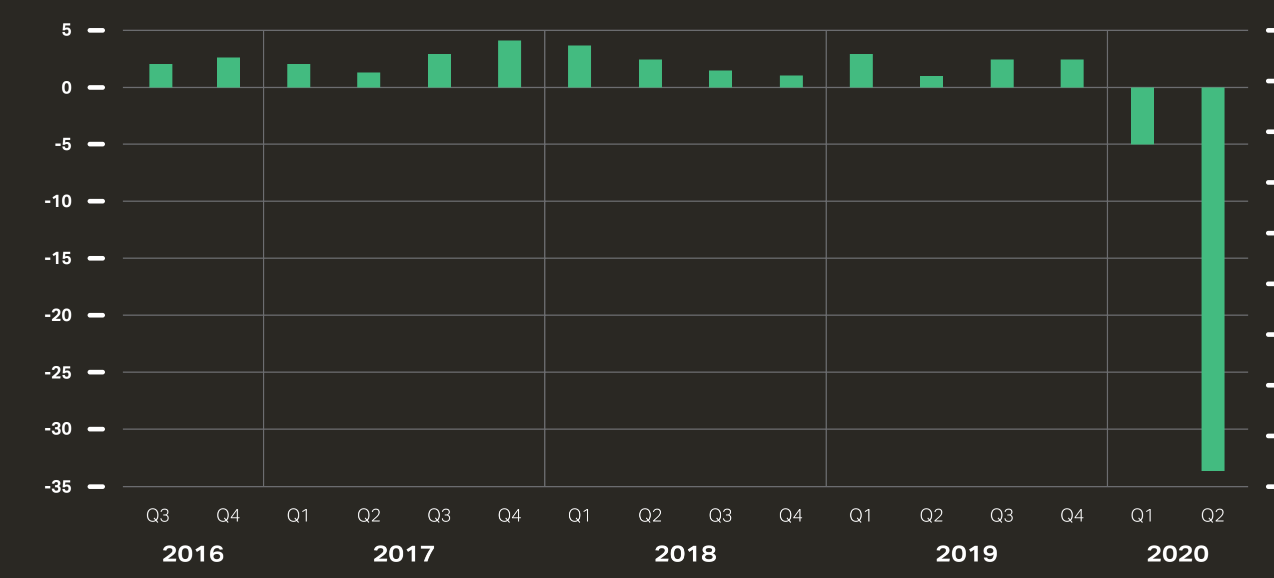
- $500 billion for assisting large businesses
- $377 billion for assisting small businesses
- $340 billion for state and local government programs
- $300 billion for individual payment aid ($1,200 per individual)
- $260 billion for expansionary employee assistance
- $100 billion for hospitals responding to COVID-19
- $25 billion for food assistance programs

The CARES relief checks and higher unemployment payments have helped to curb economic hardship, but those programs have not acted to stimulate discretionary spending due to the uncertain future of the pandemic. However, a growing number of consumers expect the economy to improve from its recent standstill while widespread price discounting and low interest rates have helped to reinvigorate consumer spending.

History has shown that corrections are a normal part of the economic cycle and last for a significantly shorter length of time than expansionary periods. Dating back to 1950, there have been 38 official stock market corrections, defined as a decline of over 10% from a closing high. Excluding the current correction, 23 of the previous 37 corrections in the S&P 500 have lasted 104 days or fewer, equating to only 3.5 months. The current correction is due to the panic surrounding the pandemic while market fundamentals largely remain intact, suggesting that a positive correction may take place relatively quickly as vaccine research and the pandemic response continue to improve.

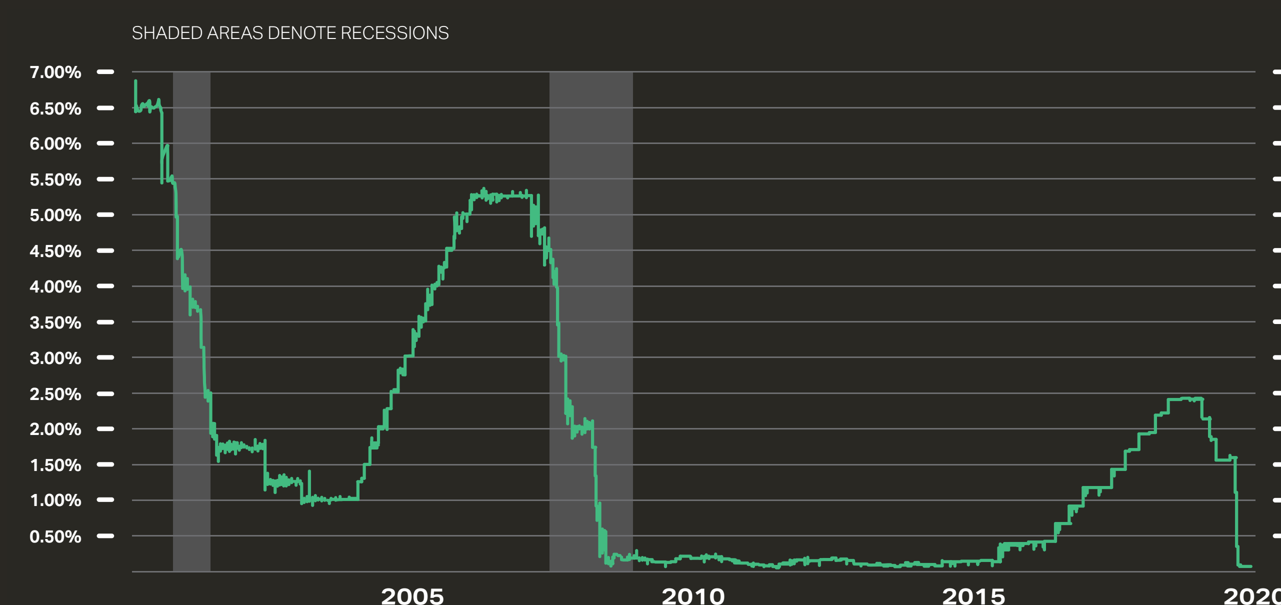
Real GDP % Change From Prior Quarter

Source: U.S. Bureau of Economic Analysis



Federal Funds Rate

Source: Macrotrends



Local Economy

Colorado remains in the national spotlight due to its unrivaled quality of life, unique geographical location, and diversified local economy. Awards earned by the state in 2019 include the highest increase in personal income, best state for female entrepreneurs, and the 3rd best state for business. ***Denver also ranked as the 4th hottest job market, the 5th fastest growing city, and the most searched location for out-of-state movers.***

Net migration remains the driving force for Colorado's population growth, with 69% of the estimated 75,673 new residents in 2019 moving in from out of state. Millennials continue to flock to the metro area for its progressive tech friendly atmosphere and unrivaled work/life balance.

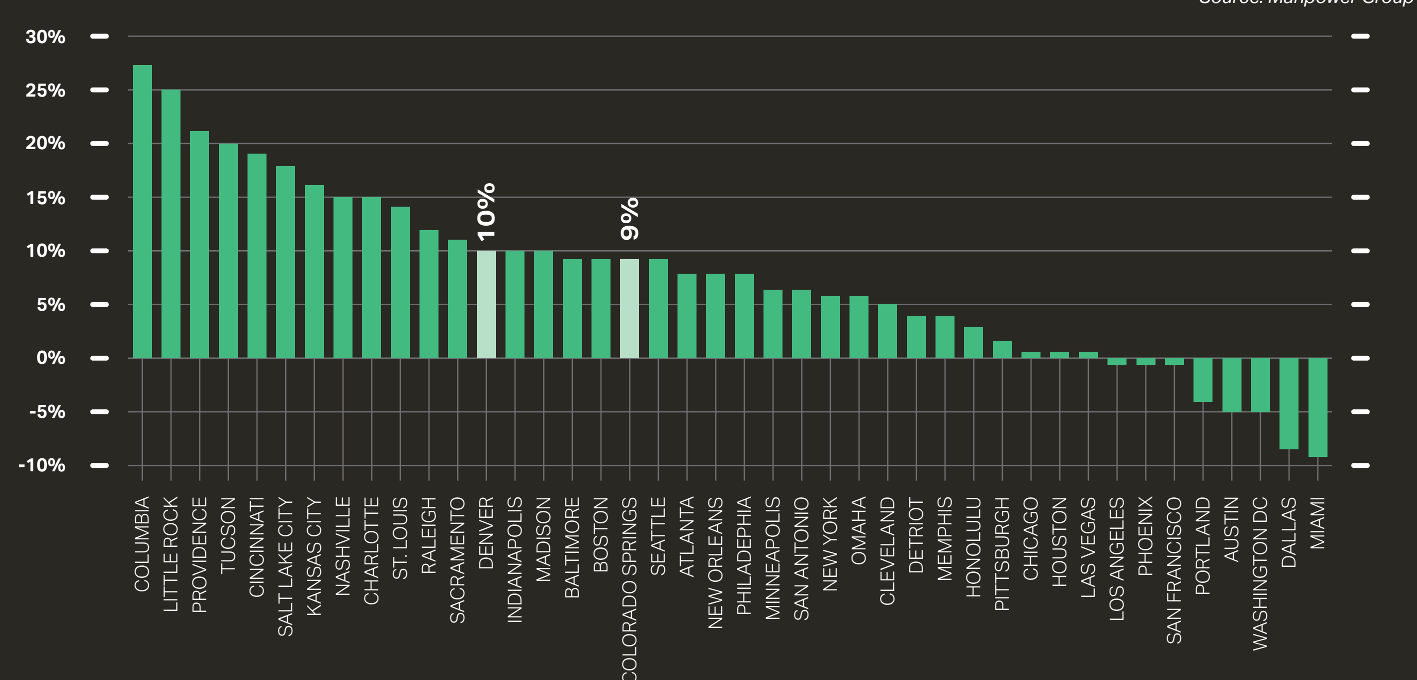
Downtown Denver

Downtown Denver added over 6,500 new jobs in 2019 (4.7%), resulting in record total employment of 145,770. This was fueled through 13 new company announcements and major expansions, including Bitly, Blitz, Concord, Facebook, Front, Lyft, Pointsbet, Propeller, Robinhood, SalesForce, Silicon Valley Bank, Snapdocs, ViewRay, and VF Corp.

Downtown tenant sectors remain well-diversified, but have concentrations in professional and business services (32%), technology (9%), and oil and gas (7%). Due to Denver's ability to attract young talent, technology based positions have continued to see rapid growth. ***There are over 13,000 technology based jobs downtown, increasing its share from 5% in 2010 to 9% in 2019.***

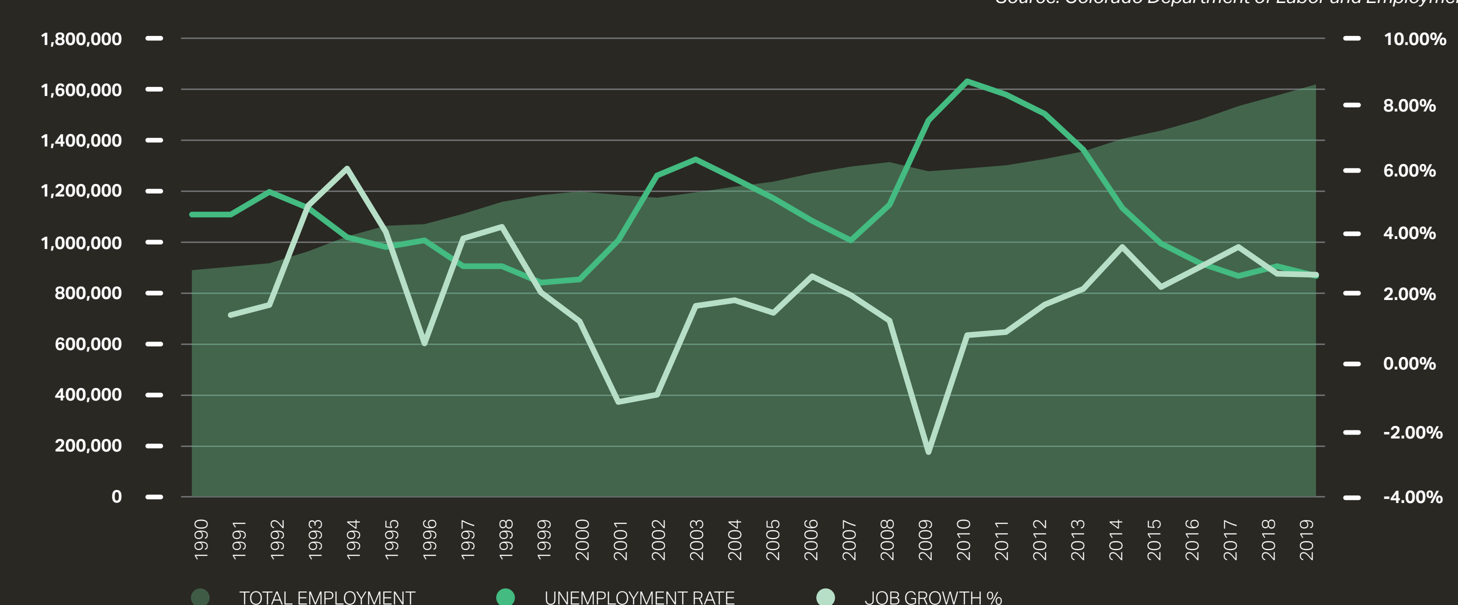
Projected 3Q20 Net Employment Growth

Source: Manpower Group



Total Employed vs. Employment & Job Growth %

Source: Colorado Department of Labor and Employment



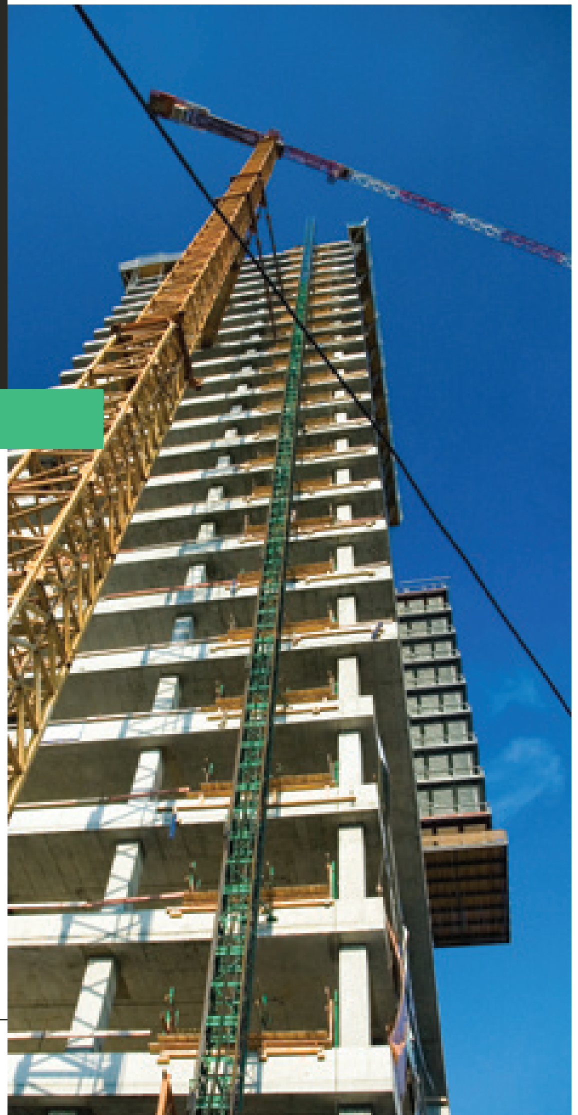
Non-Farm Wage & Salary Employment

Source: Colorado Department of Labor and Employment

(000s, NOT SEASONALLY ADJUSTED	MAY 20	APR 20	MAY 19	M-O-M	Y-O-Y
Total Civilian Labor Force	3,049.7	3,039.5	3,119.5	10.2%	-69.8%
Unemployment	305.6	369.7	80.7	-64.1%	2.2%
Unemployment Rate (%)	10.0	12.2	2.6	-2.2%	7.4%
Employment	2,744.1	2,669.8	3,038.8	74.3%	-294.8%
Mining & Logging	24.1	24.5	29.2	-0.4%	-5.1%
Construction	171.5	162.4	178.6	9.1%	-7.1%
Manufacturing	144.6	138.1	149.6	6.5%	-5.0%
Trade, Transportation, & Utilities	436.2	431.8	469.8	4.4%	-33.6%
Information	74.1	75.3	75.6	-1.2%	-1.5%
Financial Activities	170.5	167.4	172.3	3.1%	-1.8%
Professional & Business Services	434.1	424.1	437.2	10.0%	-3.1%
Educational & Health Services	327.9	305.6	346.5	22.3%	-18.6%
Leisure & Hospitality	203.7	180.7	334.7	23.0%	-131.0%
Other Services	98.3	91.5	112.9	6.8%	-14.6%
Government	451.7	458.1	467.9	-6.4%	-16.2%
TOTAL NON-AG	2,536.7	2,459.5	2,774.3	77.2%	-237.6%

Downtown Denver (Cont.)

Over the last five years, Metro Denver's labor force has grown by nearly 200,000 to 1.7 million people. With 11 four-year colleges and universities educating over 160,000 students annually in Colorado, ***Denver has experienced the fifth highest growth rate in the share of college-educated adults and the eighth highest share of adults with advanced post-graduate degrees in the country.*** This large and talented workforce combined with a high quality of life make Denver a natural fit for companies seeking to expand.



Construction Deemed Essential

Governor Jared Polis deemed construction as an essential business throughout the duration of the stay-at-home orders issued in early April. The reduction in daily commuters has also benefitted many construction projects, allowing for improved material transit times. There are currently three major road improvement projects underway, as well as significant enhancements to the Denver International Airport and National Western Stock Show complex.

Road Improvements

Central 70 Project (I-70)

The $1.2 billion Central 70 project is in the process of reconstructing a ten mile stretch of the Interstate between I-25 and Chambers Road. The project will add one new express lane in each direction, remove the 56-year-old viaduct, lower the Interstate between Brighton and Colorado Boulevards, and construct a 4-acre park over the lowered Interstate. Kiewit is completing the project in four phases with an expected completion in 2022.

The project will provide a major improvement to one of Colorado's economic backbones by upgrading a section of Interstate that carries over 200,000 vehicles per day and connects the metro area to the Denver International Airport. The rapidly expanding industrial submarkets of East I-70/270, Central I-70/Montbello, and SW DIA/Peña Blvd. will benefit from reduced congestion and improved connections to business centers.

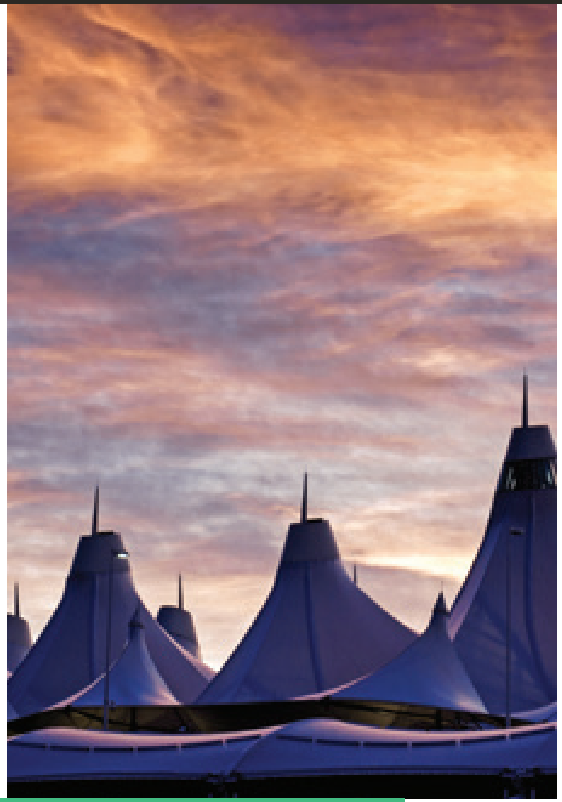
Other Major Projects

Peña Boulevard

Denver City Council approved the expansion of Peña Boulevard to add three lanes going both directions spanning from I-70 to Jeppesen Terminal at Denver International Airport. The $93.4 million project is expected to begin construction in the second half of 2020. The funding will also add a new ground transportation lot. Estimated completion is May 2022. Phase 1 will focus on the roadway between Jackson Gap Road and Jeppesen Terminal.

I-25 South Gap

Travel between Colorado Springs and Denver has historically presented companies with a logistical headache. The $350 million South Gap project seeks to alleviate these issues by widening and improving an 18-mile stretch of interstate from Castle Rock to Monument. A newly constructed third lane will operate as a tolled Express Lane or will be free for vehicles with three or more passengers. The project is expected to be completed in 2022 and will also introduce improvements to wildlife safety, pavement, and access.



Denver International Airport

Denver International Airport currently has two mega construction projects underway. The Great Hall renovation is back on track after the original contractor Great Hall Partners was fired, at the end of 2019. The airport has since hired new contractor Hensel Phelps to finish the renovation resuming construction in March. The renovation's original budget was $650 million, but has now increased to $770 million with the estimated completion date pushed back to 2024. On the other side of the tarmac, the $1.5 billion, 39 gate addition, has made giant leaps since the end of last year. The first phase on Concourse B is estimated to be completed at the end of the year with four additional gates on the concourse's west side. The additional gates on Concourses A and C, as well as the east side of Concourse B, are estimated to be completed in 2021. It will expand the airport's gate capacity by 30%. United Airlines has been approved for all new gates added to Concourse B. Southwest Airlines has requested all-new additional gates at Concourse C as the airline looks to expand its operations at the airport.

National Western Stock Show

Work just commenced on the National Western Stock Show's total facility overhaul. The project will cost roughly $756 million with an estimated completion in 2025. Plans are to reconfigure the 250 acres into a year round gathering spot. There will be an addition of 500,000 square feet of new buildings; equestrian sports arena, barn, and a paddock center. To accommodate crowds, a new 1,050 space parking garage will be included. Colorado State University, who is a big partner in the overhaul, will add water resources, animal health and food/agricultural centers.

Local Housing Market

Denver's housing market remained among the nation's "hottest" until the COVID-19 pandemic took the area and world by storm in early March. As the state began to reopen in late April, so did the market as Denver saw a large rebound in the number of listings and pending sales in May. ***Once stay at home orders were lifted, the market's new listings skyrocketed 56.44% to 7,312 compared to April.*** Year-over-year, listings are down 16.87%. The median close price slightly decreased -0.19% to $439,150 from April but up over 2.10% year over year. ***On another note, the number of pending sales in May skyrocketed 114.86% to 6,809 from April's 3,169,*** representing a 11.92% increase over the previous year. The lack of contracts signed from late March to early April is a result of the pandemic, as in-person showings were limited and open houses were banned in the state. ***Sales volume is down an astounding 49.5% or $1,534,198,572 from last year***, simply displaying the pandemic's massive impact on the local market.

Rates on 30-year mortgages can be found in the low 3% range, fueling motivation for potential buyers. Those buyers, a majority believed to be older millennials, are looking to leave renting in the rear view mirror. There is no question that it is still a sellers market due to how competitive it is, with average days on market remaining in the low 20's throughout the pandemic. Post pandemic, Denver is still forecasted to remain among the most competitive housing markets in the country due to continued net in migration and strong fundamentals.

Capital Markets

The explosion seen in capital markets since the great recession produced unparalleled levels of liquidity, creating a very nimble and aggressive investment environment. While COVID has tempered some of this investment appetite, market fundamentals still remain strong and an economic recovery is increasingly likely to be more V-shaped than U-shaped. While some players are expected to sit on the sidelines to avoid uncertainty, the expectation of a quick recovery will assist in once again establishing a wide and diverse field.

Investments Activity Slows Due To Economic Uncertainty

While 2019 did not match the blazing pace of 2018, institutional investment still produced the 3rd highest year of sales volume on record, falling short of only 2015 and 2018. The first quarter of 2020 saw the highest quarterly transaction volume of the previous three years, with $238 billion in transactions throughout the United States. Notable transactions in the Denver Metro area include the 482 unit Waterfield Court Apartment House transacting as part of Harbor Group International's $1.85 billion 37-property multifamily portfolio acquisition and the $85.7 million Enterprise Business Center Building 6, representing a premier 647,483 SF single-tenant industrial center.

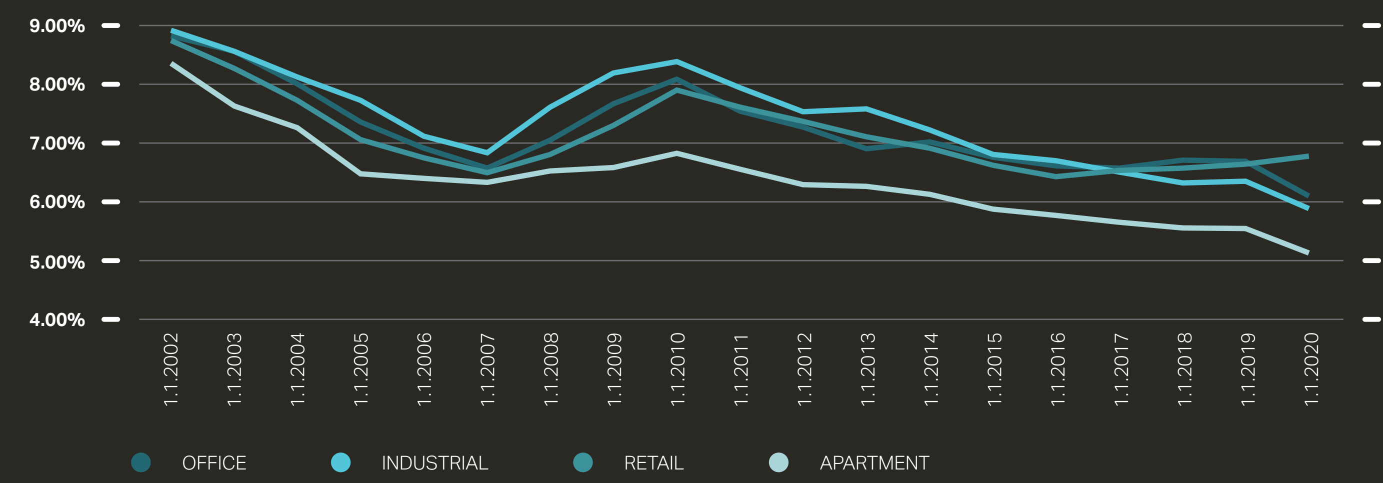
Fed Funds Rate at an All-Time Low

To help bolster a struggling economy, the Fed sought to cut rates to near zero, and did so by reducing the rate to an all-time low of effectively zero in March. During the regularly scheduled June meeting, Chairman Jerome Powell took a firm stance, stating, "We're not thinking about raising rates. We're not even thinking about thinking about raising rates." Despite the stock markets sharp rally from March lows, the Fed's downbeat economic outlook is a product of the uncertainty surrounding the staggered reopening of stores and the decline in demand that is filtering through the economy, affecting households and industries not directly affected by the lockdowns.

The Fed's first set of post-COVID projections forecast unemployment for year-end 2020 at 9.3%, followed by 6.5% in 2021 and 5.5% in 2022. Core personal consumption expenditure inflation is expected to remain below the target of 2% throughout the three year forecast period. ***Fed projections further estimate that the economy at year-end 2020 will be similar, but slightly worse, than in 2009 and that at year-end 2021 the economy will be at operating levels similar to 2013.*** The overarching uncertainty and estimates to return to a fully functioning economy add to the Fed's decision to not even think about hiking rates.

Historical Cap Rates

Source: Real Capital Analytics

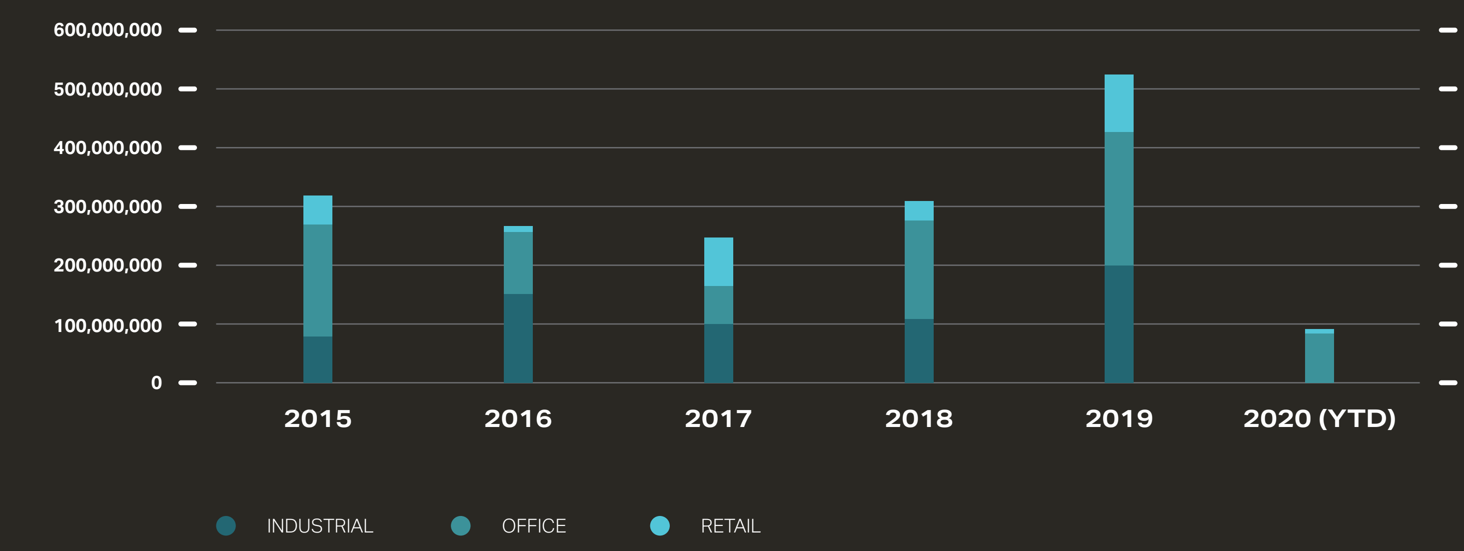


Notable Mid-Year Portfolio Sales

DATE	PORTFOLIO	TYPE	PROPERTIES	SF	PRICE	BUYER
JAN-20	Aragon Holdings	Multi-Family	37	12,971,176	$1,850,000,000	Harbor Group International
FEB-20	Healthpeak/ Brookdale	Health Care	18	1,329,986	$405,500,500	Healthpeak Properties
JAN-20	Mapletree Industrial Trust	Industrial	12	1,337,405	$557,300,000	Mapletree Investments Pte
MAR-20	-	Multi-Family	13	3,871,490	$514,500,000	PFA Ejendomme A/S
MAR-20	-	Office	2	335,059	$54,590,500	TerraCap Management, LLC
JAN-20	Compark	Industrial	3	263,734	$41,000,000	Compark Portfolio

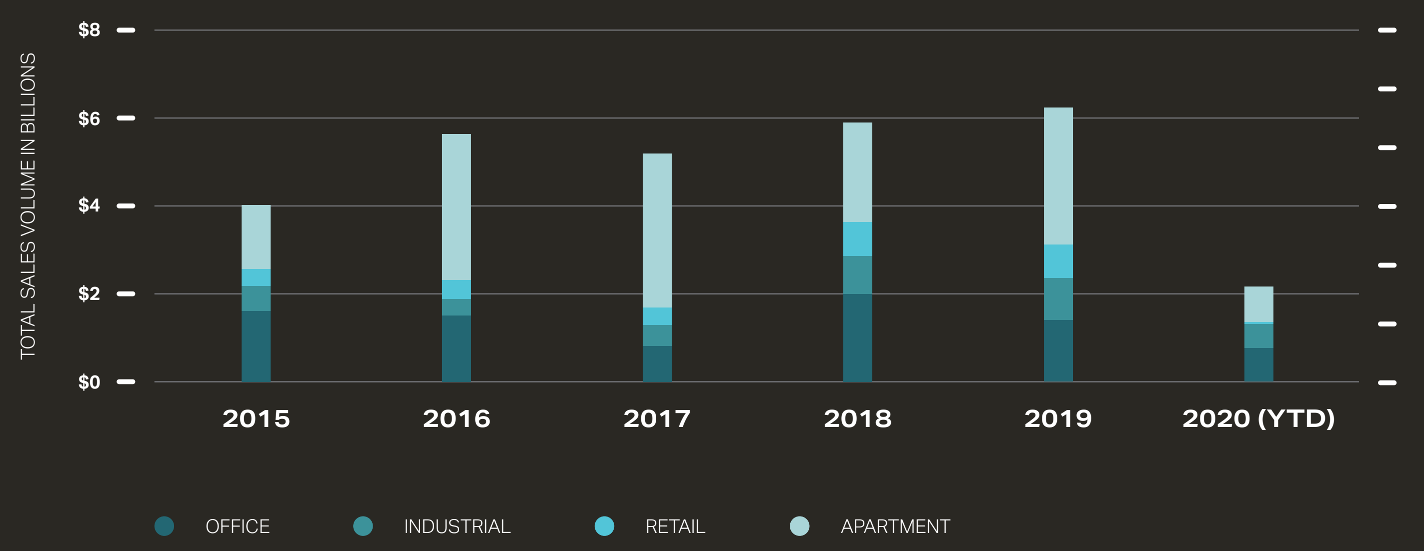
Historical Single Tenant Sales

Source: Real Capital Analytics



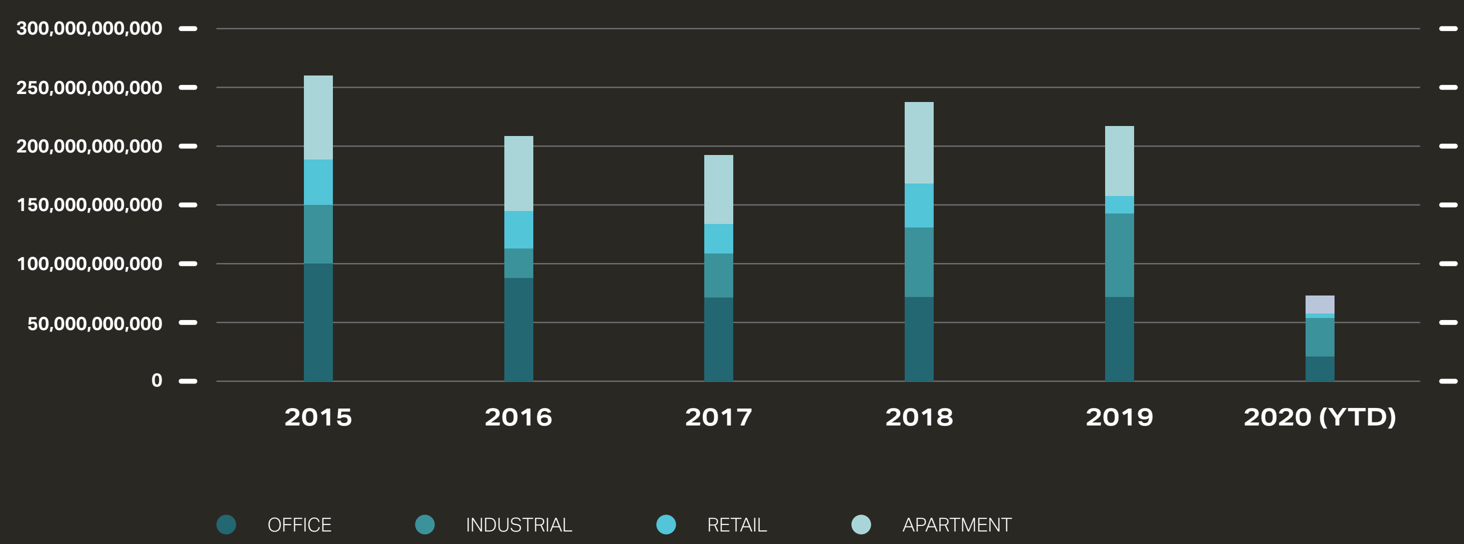
Denver Metro Investments > $2.5M

Source: Real Capital Analytics



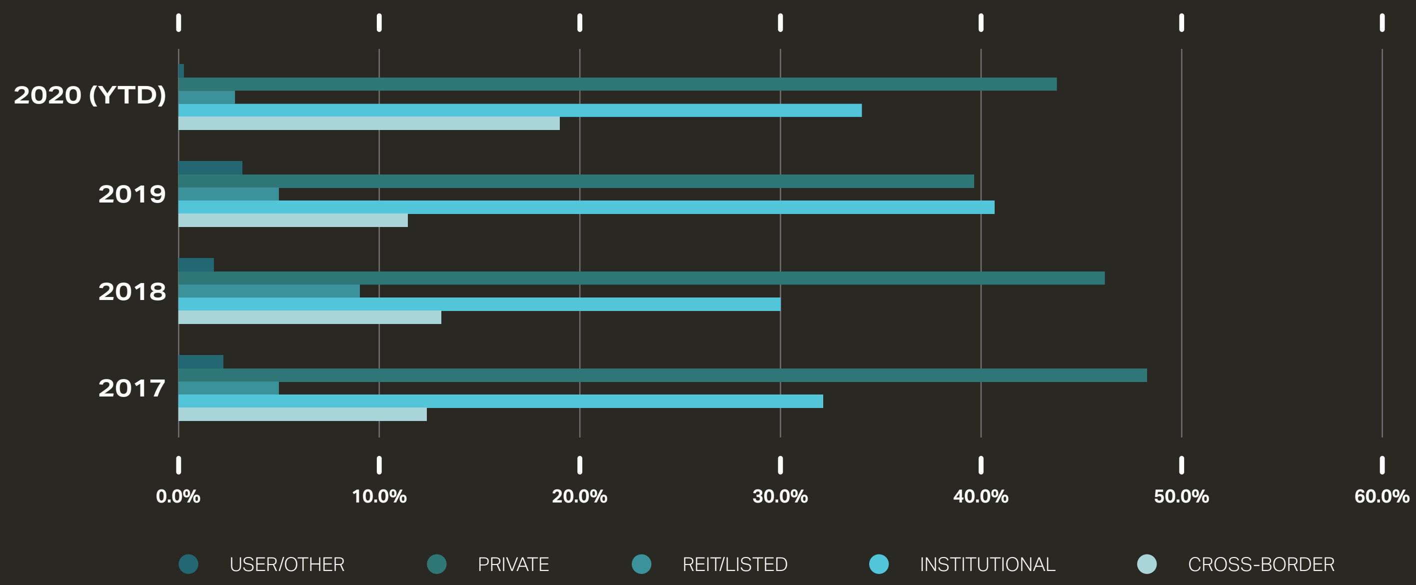
United States Investment Sales > $2.5M

Source: Real Capital Analytics



Denver Metro Buyer Distribution All Sales Over $2.5M

Source: Real Capital Analytics



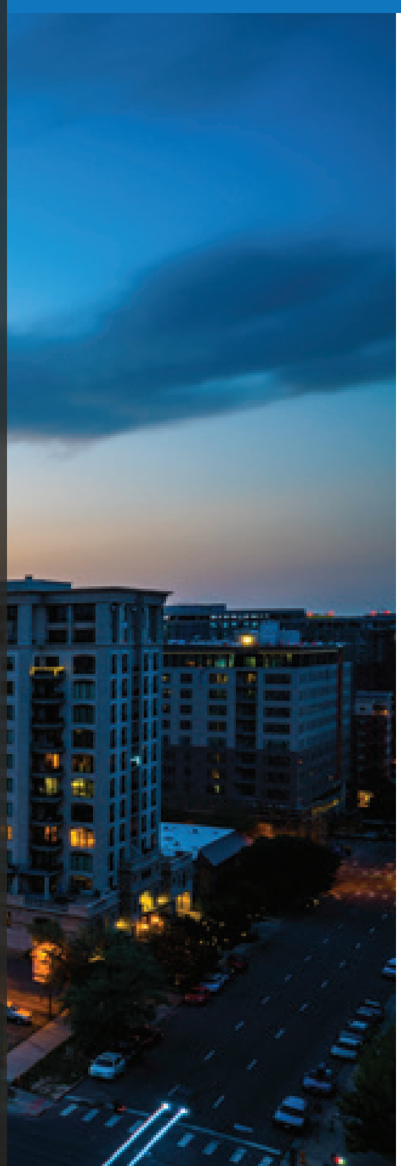
Office Market

Broker Spotlight

After a decade of employment growth, positive absorption and rising rents, Colorado and the Denver MSA have been hit by the effects of Covid-19 and oil price volatility resulting in -796k SF of absorption thus far in 2020. Total negative absorption is -1.88M SF when new construction deliveries are added.

However, Colliers International predicts this will be a short-lived event. With corporate America moving toward a hub and spoke model, the responsible nature in which Colorado has been re-opening the economy, and the ongoing interest in companies relocating to or expanding in the Denver MSA, the office market will turn positive in 2021. We just need to work together, work hard, and remain optimistic!

ROBERT WHITTELSEY



What seemed poised for another solid year, the COVID-19 pandemic hit the Denver office market in full force. The oil and gas industry crashed, co-working companies backed out of large leases and shuttered doors for good, while tech and other companies issued "work-from-home" orders. While it is too early to tell if remote working will become ingrained in the future, subleasing availability has increased and is expected to remain high throughout 2020. With oil and gas companies such as Occidental putting 130,000 SF on the market and other industries taking a major hit because of COVID-19, ***nearly 1 million square feet of office space for sublease has hit the market just in Downtown Denver.***

Annual Metrics 3 Year Time Span

Source: CoStar

VACANCY RATE
11.2% AVERAGE
10.8% LOW
11.5% CURRENT
11.5% HIGH

CLASS A LEASE RATES
$31.50 AVERAGE
$30.35 LOW
$32.65 CURRENT
$32.65 HIGH

NET ABSORPTION
852,415 SF AVERAGE
-796,549 SF LOW
-796,549 SF CURRENT
3,333,222 SF HIGH

LEASING ACTIVITY
10,222,012 SF AVERAGE
3,002,400 SF LOW
3,002,400 SF CURRENT
12,792,595 SF HIGH

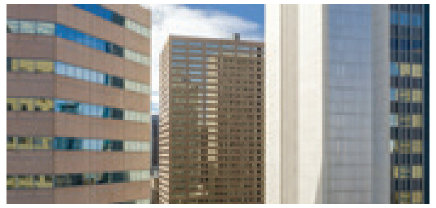
UNDER CONSTRUCTION
3,891,019 SF AVERAGE
3,379,502 SF LOW
3,558,484 SF CURRENT
4,987,654 SF HIGH

Current = YTD

Notable Mid-Year Offices Leases

DATE	PROPERTY	ADDRESS	CLASS	LEASE SF	TENANT
APR-20	10475 Park Meadows Dr.	Southeast Denver	A	166,708	Lockheed Martin
FEB-20	105 Edgeview Dr.	Broomfield County	A	125,036	Gogo, Inc.
APR-20	349 Inverness Dr. S.	Southeast Denver	A	99,797	ViaSat, Inc.
JAN-20	7595 Technology Way	Southeast Denver	A	70,170	AECOM
APR-20	1700 Broadway	Downtown	A	45,778	Colorado Secretary of State
FEB-20	1401 Lawrence St.	Downtown	A	44,078	Freshworks
FEB-20	9777 Pyramid Ct.	Southeast Denver	B	32,093	EN Engineering

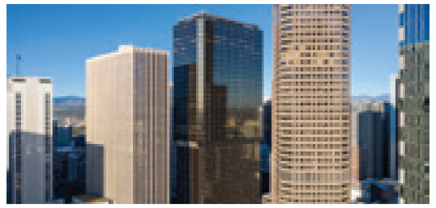
Notable Mid-Year Offices Sales



Johns Manville Plaza
717 17th St.
Denver, CO

Brookfield Property Partners purchased 759,700 SF for

$205,000,000 ($270/SF)



City Center
707 17th St.
Denver, CO

Brookfield Property Partners purchased 522,071 SF for

$195,000,000 ($374/SF)

Tabor Center
1200 17th St.
Denver, CO

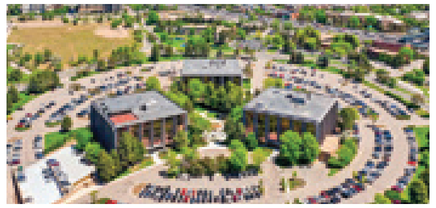
Beacon Capital Partners purchased 754,862 SF for

$203,600,000 ($530/SF)

Cherry Creek Plaza I & II
600-650 S. Cherry St.
Denver, CO

Terracap Management Corp. purchased 335,059 SF for

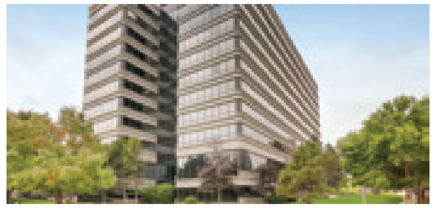
$54,590,500 ($163/SF)



Triad at Orchard Station
5660 Greenwood Plaza Blvd.
Greenwood Village, CO

Focus Property Group purchased 414,831 SF for

$54,000,000 ($130/SF)



4601 DTC
4601 DTC Blvd.
Denver, CO

DPC Development Companies purchased 249,449 SF for

$46,000,000 ($184/SF)

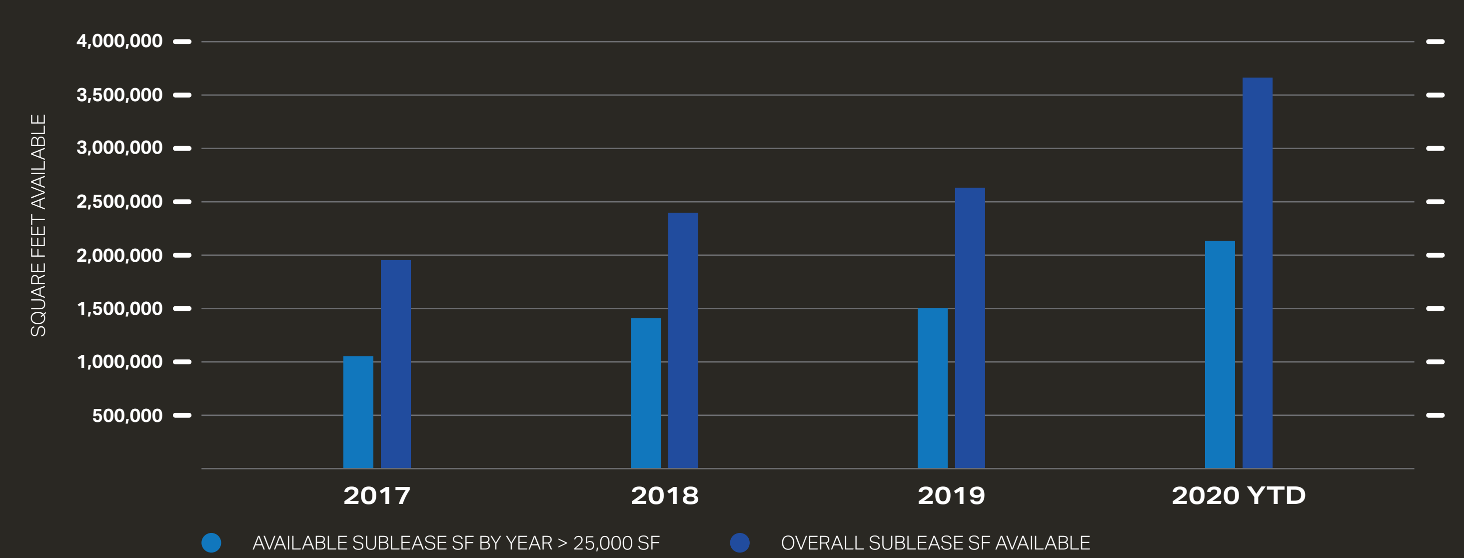
Office Overview Q2 2020

	EXISTING PROPERTIES						ACTIVITY	ABSORPTION		CONSTRUCTION			RENTS
SUBMARKET/ CLASS	BLDGS	TOTAL INVENTORY SQ FT	DIRECT VACANCY RATE	SUBLEASE VACANCY RATE	VACANCY RATE CURRENT	VACANCY RATE PRIOR QTR	LEASING ACTIVITY SF	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	DELIVERIES CURRENT QTR SF	DELIVERIES YTD SF	UNDER CONSTRUCTION SF	AVG RENTAL RATE (NNN)
DOWNTOWN													
CENTRAL BUSINESS DISTRICT/LODO/CENTRAL PLATTE VALLEY													
A	78	26,590,365	10.0%	3.4%	13.4%	13.7%	242,498	(312,540)	(178,754)	70,000	70,000	1,506,614	$38.94
B	137	11,576,894	15.6%	1.3%	16.9%	15.3%	23,288	(192,029)	(276,340)	-	-	60,000	$30.60
C	20	1,127,386	4.0%	0.0%	4.0%	3.7%	-	(3,512)	(3,512)	-	-	-	$28.39
Total	**235**	**39,294,645**	**11.5%**	**2.7%**	**14.2%**	**12.7%**	**265,786**	**(508,081)**	**(458,606)**	**70,000**	**70,000**	**1,566,614**	**$36.45**
MIDTOWN													
SOUTH MIDTOWN/CAPITOL HILL													
A	12	1,463,313	8.1%	1.2%	9.3%	5.9%	11,402	(50,558)	(66,405)	-	-	145,972	$32.85
B	52	3,348,514	8.9%	0.0%	8.9%	9.0%	2,592	3,499	47,095	-	-	-	$25.38
C	35	1,504,913	3.3%	1.8%	5.1%	4.6%	0	(7,117)	(34,273)	-	-	-	$26.30
Total	**99**	**6,316,740**	**7.4%**	**0.7%**	**8.1%**	**7.2%**	**13,994**	**(54,176)**	**(53,583)**	**-**	**-**	**145,972**	**$28.88**
SUBURBAN													
AURORA													
A	12	1,531,371	9.5%	0.0%	9.5%	9.5%	-	0	0	-	-	-	$23.16
B	79	5,597,942	8.7%	0.1%	8.8%	8.4%	39,346	(18,540)	22,334	-	-	-	$21.05
C	20	765,169	4.2%	0.0%	4.2%	2.1%	635	(16,558)	(16,702)	-	-	-	$12.56
Total	**111**	**7,894,482**	**8.4%**	**0.1%**	**8.5%**	**8.0%**	**39,981**	**(35,098)**	**5,632**	**-**	**-**	**-**	**$21.21**
BOULDER													
A	28	2,497,356	4.3%	1.4%	5.6%	5.9%	8,174	7,029	206,274	–	120,000	216,334	$36.67
B	169	8,604,087	7.1%	0.6%	7.8%	8.4%	34,111	59,606	41,244	–	-	148,500	$24.70
C	12	545,240	1.2%	3.1%	4.3%	1.2%	29,301	(17,026)	(17,026)	–	–	-	$24.64
Total	**209**	**11,646,683**	**6.2%**	**0.9%**	**7.1%**	**7.6%**	**71,586**	**49,609**	**230,492**	**-**	**120,000**	**364,834**	**$26.73**
BROOMFIELD													
A	26	3,658,185	10.6%	0.0%	10.6%	12.1%	9,618	56,018	28,590	-	-	-	$28.11
B	34	2,953,000	7.6%	0.6%	8.2%	8.9%	0	21,775	3,459	-	-	-	$25.48
Total	**60**	**6,611,185**	**9.3%**	**0.3%**	**9.5%**	**10.7%**	**9,618**	**77,793**	**32,049**	**-**	**-**	**-**	**$27.26**
COLORADO BOULEVARD/GLENDALE													
A	31	4,888,670	11.5%	0.3%	11.8%	12.0%	40,371	7,917	(20,111)	–	-	327,065	$31.19
B	92	6,302,625	11.1%	0.7%	11.9%	10.1%	60,715	(51,134)	(47,067)	64,680	64,680		$27.78
C	25	995,951	9.7%	0.9%	10.5%	9.5%	0	(10,132)	(20,203)	-	-	-	$24.15
Total	**148**	**12,187,246**	**11.2%**	**0.6%**	**11.7%**	**10.8%**	**101,086**	**(53,349)**	**(87,381)**	**64,680**	**64,680**	**327,065**	**$29.07**
LONGMONT													
A	1	104,805	62.8%	0.0%	62.8%	62.8%	0	0	(950)	–	-	–	$25.52
B	20	715,173	3.4%	0.0%	3.4%	3.1%	612	(2,374)	(14,813)	-	–		$22.94
C	5	159,558	0.0%	0.0%	0.0%	0.0%	0	0	2,007	-	-	-	$18.30
Total	**26**	**979,536**	**9.2%**	**0.0%**	**9.2%**	**9.0%**	**612**	**(2,374)**	**(13,756)**	**-**	**-**	**-**	**$24.84**
NORTH													
A	9	832,387	2.0%	0.0%	2.0%	1.8%	0	(1,455)	345	–	-	–	$25.48
B	45	3,041,800	10.6%	2.4%	12.9%	13.3%	18,637	27,209	(24,008)	20,000	20,000		$24.20
C	4	128,181	1.1%	0.0%	1.1%	1.8%	1,463	866	3,150	-	-	-	$14.00
Total	**58**	**4,002,368**	**8.5%**	**1.8%**	**10.3%**	**10.5%**	**20,100**	**26,620**	**(20,513)**	**20,000**	**20,000**	**-**	**$24.24**
NORTHEAST													
A	7	583,612	7.7%	0.0%	7.7%	7.7%	0	0	(4,132)	-	-	-	$25.27
B	36	2,513,970	7.1%	0.1%	7.2%	5.5%	4,736	(43,371)	(46,018)	-	–	-	$22.02
C	15	935,719	2.5%	0.2%	2.7%	3.6%	2,500	8,545	3,431	-	-	-	$16.00
Total	**58**	**4,033,301**	**6.1%**	**0.1%**	**6.2%**	**5.4%**	**7,236**	**(34,826)**	**(46,719)**	**-**	**-**	**-**	**$22.20**
NORTHWEST													
A	18	1,999,428	11.2%	1.0%	12.2%	16.4%	2,146	83,620	112,951	-	-	243,433	$28.56
B	60	2,440,350	10.9%	0.4%	11.3%	10.9%	14,639	(10,509)	21,746	-	-	-	$20.38
C	18	515,579	3.1%	0.0%	3.1%	2.0%	1,494	(6,100)	17,814	-	-	-	$16.02
Total	**96**	**4,955,357**	**10.2%**	**0.6%**	**10.8%**	**12.2%**	**18,279**	**67,011**	**152,511**	**-**	**-**	**243,433**	**$25.43**
PARKER/CASTLE ROCK													
A	7	408,714	10.6%	0.0%	10.6%	10.7%	-	299	6,284	-	21,406	30,000	$29.98
B	28	1,003,276	5.6%	0.4%	6.0%	6.1%	7,877	113	(3,506)	-	-		$27.65
C	1	26,000	3.0%	0.0%	3.0%	0.0%	0	(767)	433	-	-	-	$20.00
Total	**36**	**1,437,990**	**7.0%**	**0.3%**	**7.3%**	**7.3%**	**7,877**	**(355)**	**3,211**	**-**	**21,406**	**30,000**	**$28.91**
SOUTHEAST													
A	163	25,424,910	10.7%	1.5%	12.2%	12.4%	218,190	75,852	40,996	-	-	880,566	$30.09
B	305	19,105,427	15.0%	0.7%	15.7%	14.7%	142,586	(185,792)	(528,698)	-	24,000	-	$23.45
C	32	1,368,587	5.6%	0.0%	5.6%	2.9%	1,267	(37,936)	(38,737)	-	-	-	$18.76
Total	**500**	**45,898,924**	**12.3%**	**1.1%**	**13.4%**	**13.1%**	**362,043**	**(147,876)**	**(526,439)**	**-**	**24,000**	**880,566**	**$26.96**
SOUTHWEST													
A	7	1,552,623	4.9%	0.8%	5.7%	5.7%	0	0	(8,082)	-	0	-	$30.09
B	103	5,106,590	12.0%	0.2%	12.2%	11.9%	33,614	(16,636)	(33,846)	-	0	-	$18.08
C	18	670,509	1.9%	0.0%	1.9%	1.4%	3,452	(3,496)	1,113	-	0	-	$14.46
Total	**128**	**7,329,722**	**9.6%**	**0.3%**	**9.9%**	**9.6%**	**37,066**	**(20,132)**	**(40,815)**	**-**	**0**	**-**	**$19.58**
WEST													
A	21	2,583,951	3.1%	2.0%	5.1%	5.5%	9,666	11,722	14,410	-	-	-	$28.51
B	134	8,810,628	10.4%	0.3%	10.7%	9.7%	55,888	(90,718)	14,870	-	-	-	$24.06
C	26	773,116	1.6%	0.0%	1.6%	0.7%	2,438	(6,424)	(1,912)	-	-	-	$15.96
Total	**181**	**12,167,695**	**8.3%**	**0.6%**	**8.9%**	**8.2%**	**67,992**	**(85,420)**	**27,368**	**-**	**-**	**-**	**$24.44**
SUBURBAN TOTAL													
A	330	46,066,012	9.7%	1.1%	10.8%	11.3%	288,165	241,002	376,575	-	141,406	1,697,398	$29.92
B	1,105	66,194,868	11.0%	0.6%	11.5%	11.0%	412,761	(310,371)	(594,303)	84,680	108,680	148,500	$23.56
C	176	6,883,609	4.1%	0.4%	4.5%	3.2%	42,550	(89,028)	(66,632)	-	-	-	$23.21
Total	**1,611**	**119,144,489**	**10.1%**	**0.8%**	**10.9%**	**10.7%**	**743,476**	**(158,397)**	**(284,360)**	**84,680**	**250,086**	**1,845,898**	**$26.26**
DENVER MARKET GRAND TOTAL													
A	420	74,119,690	9.8%	1.9%	11.7%	11.5%	542,065	(122,096)	131,416	70,000	211,406	3,349,984	$33.25
B	1,294	81,120,276	11.6%	0.6%	12.2%	11.5%	438,641	(498,901)	(823,548)	84,680	108,680	208,500	$24.62
C	231	9,515,908	3.9%	0.6%	4.5%	3.5%	42,550	(99,657)	(104,417)	-	-	–	$22.97
Total	**1,945**	**164,755,874**	**10.3%**	**1.2%**	**11.5%**	**11.0%**	**1,023,256**	**(720,654)**	**(796,549)**	**154,680**	**320,086**	**3,558,484**	**$28.95**
DENVER MARKET QUARTERLY COMPARISON AND TO													
Q2 2020	**1,945**	**164,755,874**	**10.3%**	**1.2%**	**11.5%**	**11.0%**	**1,023,256**	**(720,654)**	**(796,549)**	**154,680**	**320,086**	**3,558,484**	**$28.95**
Q1 2020	**1,942**	**164,601,194**	**10.1%**	**0.9%**	**11.0%**	**10.8%**	**1,979,144**	**(75,925)**	**(75,925)**	**282,406**	**282,406**	**3,546,431**	**$28.91**
Q4 2019	**1,939**	**164,340,110**	**10.0%**	**0.8%**	**10.8%**	**10.9%**	**2,578,879**	**392,849**	**1,867,238**	**-**	**1,607,260**	**3,578,435**	**$28.57**
Q3 2019	**1,939**	**164,212,206**	**10.0%**	**0.9%**	**10.9%**	**11.7%**	**3,020,637**	**(14,433)**	**1,488,822**	**371,974**	**1,607,260**	**3,357,616**	**$28.15**
Q2 2019	**1,935**	**163,987,232**	**10.8%**	**1.0%**	**11.7%**	**11.1%**	**2,576,109**	**902,805**	**1,739,335**	**247,185**	**1,235,286**	**3,337,946**	**$27.93**

Source: CoStar

COVID-19 Impact on Sublease Availabilities

Source: CoStar



COVID-19 & Office

What Will Be the Future Of The Office Environment After COVID?

COVID-19 may have changed the office environment forever. As the state begins to reopen, ***employees could be greeted with specific guidelines once returning to the office now and into the future.*** The main priority will be enforcing social distancing. It is believed that tenants will look to increase their office footprint by making personal work spaces, break rooms, and collaborative work spaces larger than to keep employees at a safe distance from one another. For that reason, collaborative workspaces may be halted in the short term. Breakrooms will have limited capacity and the implementation of one way traffic to get from one part of the office to the other may become normal. ***Cleaning will also become a major priority with tenants installing surfaces that are easy to clean such as laminates and plastics.*** With these new surfaces installed, more intensive cleaning schedules are expected to make employees feel more comfortable. With no one in the office at the start of the pandemic, Zoom quickly became a workplace solution as the software has made communication safe and easy for employees staying put in the comfort of their homes.

The Downtown submarket is being significantly impacted due to its concentration in energy and exposure to coworking, both of which are expected to bear the largest impact from COVID. The Southeast submarket has square footage concentrations in financial institutions, communications, and insurance. While these industries have a moderate COVID impact rating, the ability for these professions to work effectively from home is of concern. The evolving nature of the work-from-home environment and company sentiment on the practice will continue to be monitored.

Is working remotely the future?

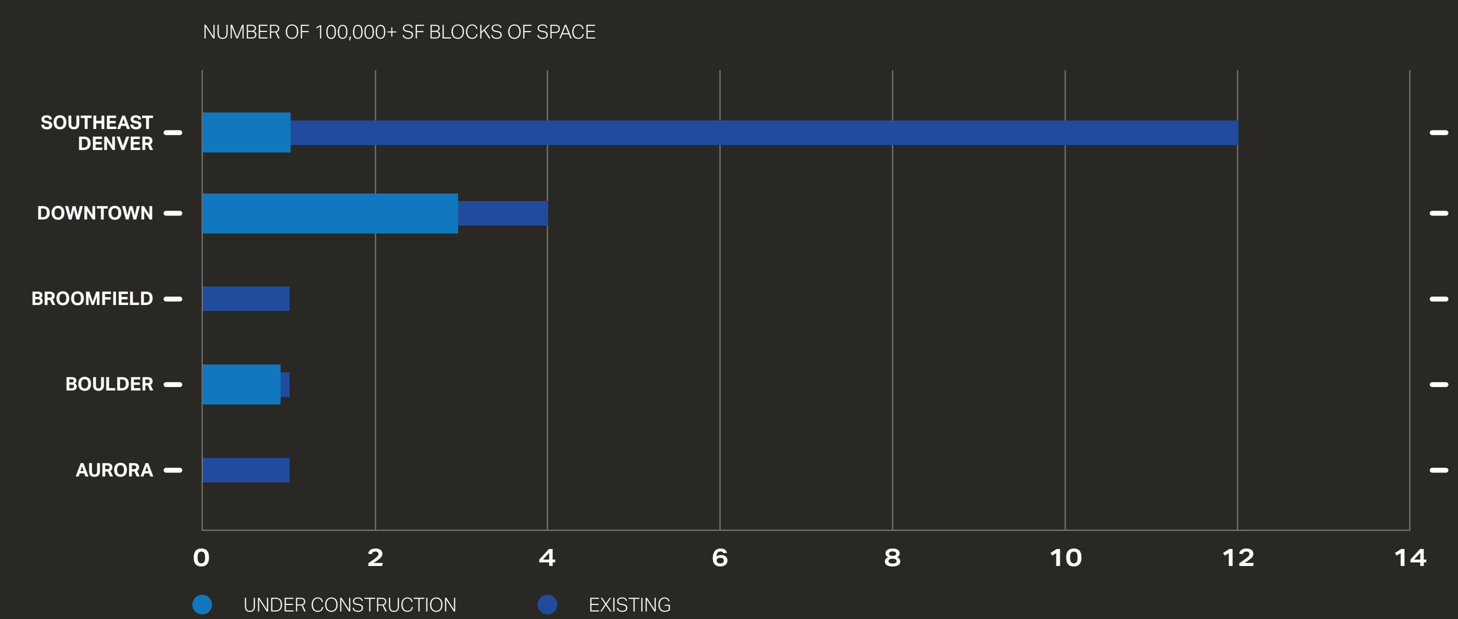
The pandemic is forcing employers to reconsider many aspects of office life. With many workers wondering when, if ever, they will go back to the office, the most common sentiment seems to be that while most will, the office environment will be forever changed. Take for example Accenture with more than 500,000 employees worldwide. Before the stay-at-home orders, no more than 10% of them worked remotely on a given day. By mid-March, nearly all were home based. After the transition, Accenture's Chief Technology Officer, Paul Daugherty, was amazed to find that despite the benefits of face-to-face contact, productivity didn't sink and even increased according to several metrics. Research conducted prior to the pandemic found that a remote structure offers significant benefits for both employee and employer in terms of productivity, employee autonomy, and decreased real estate costs. While it's difficult to predict the sustainability of remote work, it's possible that many companies will continue allowing or even enforcing a work from home structure, such has been the case with Facebook, Twitter, and Google.

Suburban Office Environments the New Normal?

With individuals and families retreating to the suburbs and leaving the city behind, ***there is strong potential that larger companies will look to set up satellite campuses in the suburban office markets.*** It appears to be a win-win situation for both parties saving time and resources. Rents and other expenses will be cheaper and employees have the ability to drive and find parking at the office without having to worry about the train schedule or sitting in traffic. With office buildings located in the suburbs tending to be much smaller in size, employees have the ability to take the stairs without getting into an elevator. It is likely that demand for office space in the suburban submarkets will be more sought after compared to downtown submarkets throughout the pandemic.

Large Blocks of Space Currently Available

Source: CoStar



Office Outlook

All things considered, the office sector is set for change. The office market will recover but not at the same pace as industrial or multifamily. With large subleases available downtown from the oil and gas sector as well as other industries, time will only tell how long it will take for tenants to move in. Working remotely could become the norm for some companies to reduce costs.

Block 162, a 30-story 600,000 square foot Class A office tower located downtown, will be delivered next January but little information has been provided about what tenants are going to ink a lease. McGregor Square saw WeWork back out of over 200,000 square feet leaving the space vacant once delivered. Vacancies are set to jump in the downtown submarket but are expected to recover in the next few years. Facebook could be a game changer to the Denver market if they consider the city as their new hub by shining the spotlight on Denver as a city ready for major technology companies. Could Denver become the next Silicon Valley?

On a high note, according to Moody's Investors Service, ***Denver is listed as one of four U.S. cities best positioned to rebound after COVID.*** The percentage of Class A and B office space leased is expected to increase in 2021. The pace of corporate expansion and relocation into Denver from the western states will be expedited by the pandemic.

Industrial Market

Broker Spotlight

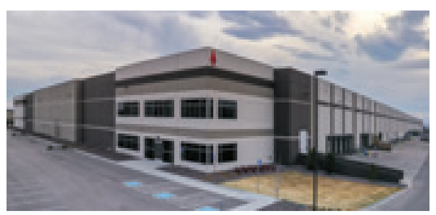
As other product types adjust expectations for a new post COVID reality for the balance of 2020, the Denver Industrial market continues to show its strength. New construction continues to deliver to the market with strong absorption to match despite the global pandemic. As supply stock requirements continue to increase concurrently with e-commerce sales, the need for space may yet again get outpaced by supply in the coming years. With favorable market fundamentals tempered by a slight pause on decision making, we expect to see a healthy industrial market close to equilibrium for the next half year.

TJ SMITH, SIOR

Despite the COVID-19 pandemic hitting the office and retail sectors relatively hard, the Denver industrial market has remained quite resilient throughout the duration of the global crisis. Fueled by the robust demand in e-commerce, net migration, and the retooling of inventories, industrial companies are looking to cement their presence in the Denver area. Due to high demand, the market continues to remain as tight as ever and investors both large and small continue to compete for prime industrial and flex space.

The market has ***experienced a 37 basis point decline in vacancy rates*** during the first half of the year as ***nearly 2.1 million square feet of industrial and flex product*** was absorbed in Q2. ***With an additional 8 million square feet currently under construction, vacancy rates (currently at 5.77%)***, are expected to see a gradual upward trend in the short term. Even with large amounts of space under construction, ***demand remains strong*** as the market is projected for more than 4 million square feet to be absorbed by year's end. Construction starts remained robust in Q2, with nearly an additional 1.5 million SF now underway.

Notable Mid-Year Industrial Sales



Enterprise Business Center
9410 E. Ave.
Denver, CO

Zurich Asset Management purchased 647,483 SF for

$85,700,000 ($132/SF)

Steele Property
3821-3851 N. Steele St.
Denver, CO

ScanlanKemperBard/Habert Management Corp. purchased 482,700 SF for

$76,600,000 ($159/SF)

18101 E. Colfax Ave.
Aurora, CO

Blackstone purchased 794,255 SF for

$58,640,000 ($74/SF)

11325 Main St.
Broomfield, CO

Stockbridge purchased 239,816 SF for

$47,826,000 ($199/SF)

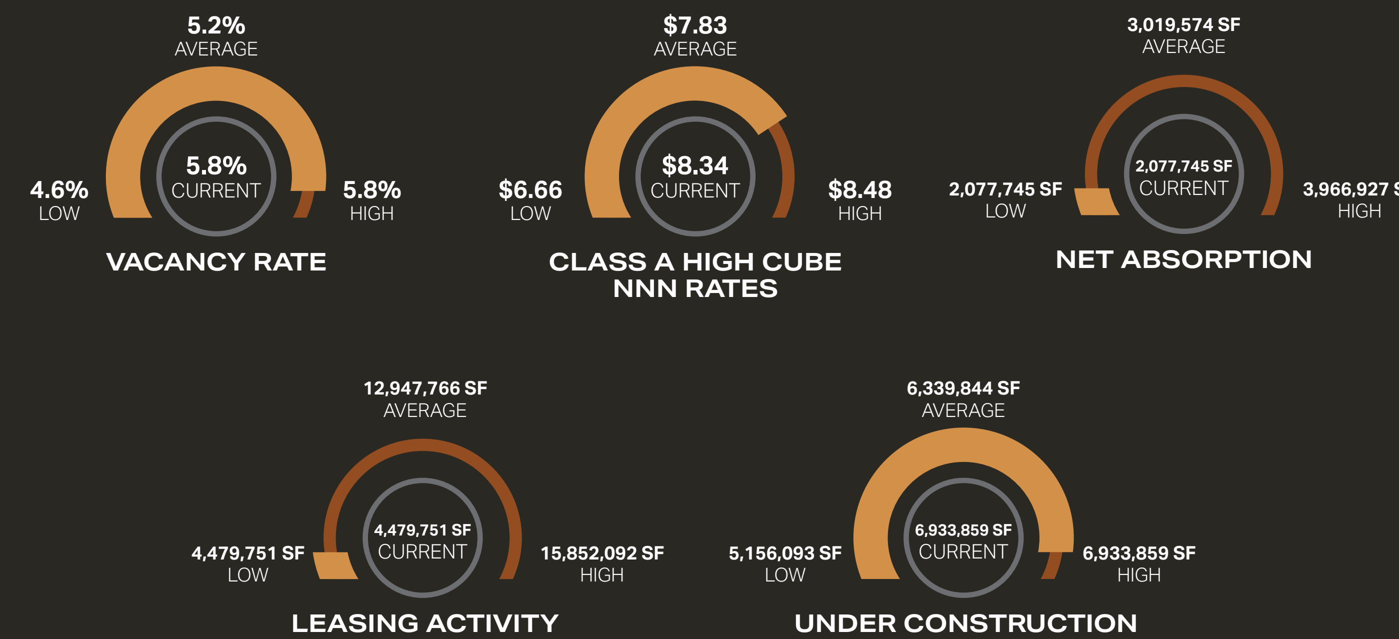
8490 Upland Dr.
Englewood, CO

Kenai Capital purchased 263,734 SF for

$41,000,000 ($155/SF)

Annual Metrics 3 Year Time Span

Source: CoStar, Catylist



Current = YTD

Notable Mid-Year Industrial Leases

DATE	PROPERTY	SUBMARKET	BLDG TYPE	LEASED SF	TENANT
MAR-20	2889 Himalaya Rd.	E. I-70/Montbello	Whse/Dist	701,900	Amazon
JUN-20	900 E. 128th Ave.	North Denver	Whse/Dist	151,668	Amazon
JUN-20	18901 E. 38th Ave.	E. I-70/Montbello	Whse/Dist	133,848	Sprouts
JAN-20	22905 E. 19th Ave.	E. I-70/Montbello	Whse/Dist	99,239	Safilo
JUN-20	26100-26120 E. 68th Ave.	E. I-70/Montbello	Whse/Dist	94,813	Ceva Freight
FEB-20	8251 Quintero St.	Northeast	Whse/Dist	94,621	TJX Companies
MAR-20	21250 E. 36th Dr.	E. I-70/Montbello	Whse/Dist	94,424	1-800 Pack Rat

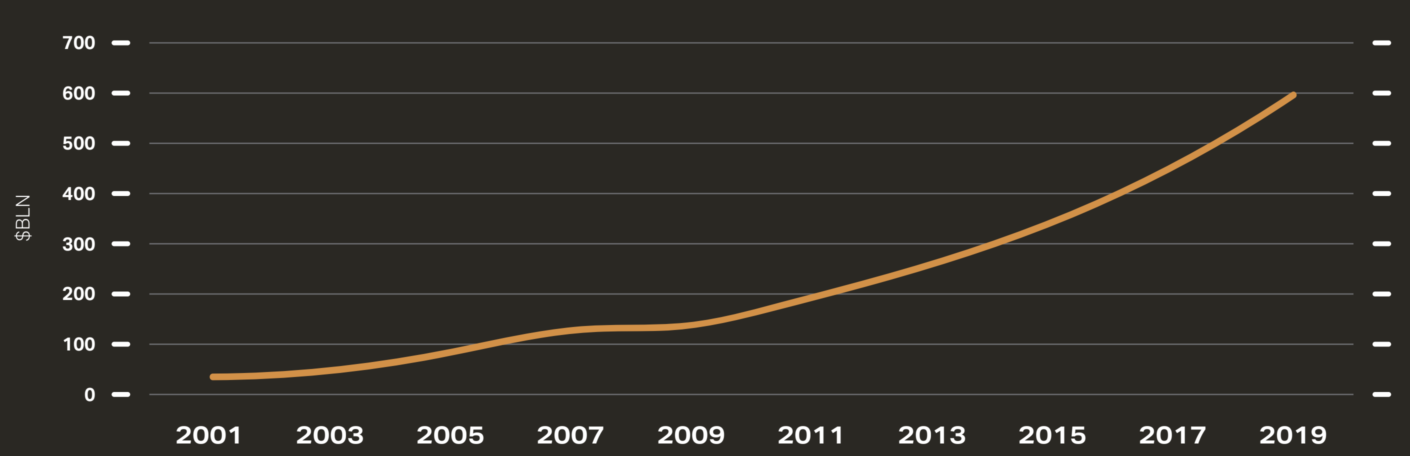
Investments Stay Active

Sales volume in the Denver area and nationwide have witnessed dramatic change compared to previous years due to the pandemic. However, activity is primed for a comeback for the second half of 2020 as the state begins to reopen and COVID restrictions are eased.

2020 started off with a bang for industrial investments as Denver-based Black Creek Group sold over 750,000 square feet to Prologis in a $78,000,000 multi-property portfolio sale across multiple submarkets in the Denver area. Then in May, Zurich Asset Management acquired one of Denver's largest single tenant industrial properties from United Properties totaling 647,483 square feet for $85,700,000. The sale is one of Denver's highest sale prices for a single tenant property in history. One of the more eye catching sales was a 50% occupancy sale in February. In which, Brennan Investment Group sold 150,000 square feet to Westcore Properties for $23,000,000.

U.S. E-Commerce Sales

Source: U.S. Bureau of Labor Statistics



COVID-19 & Industrial

With strong demand, it is believed that the Denver industrial market will fare better than other real estate sectors such as retail and office. E-commerce has realized unprecedented growth in response to the stay-at-home economy. Due to e-commerce's high demand, ***it is possible that nearly 40% of retail sales will be e-commerce by 2030.*** To put it in perspective, only 19% of sales were through e-commerce in 2019. ***Online transactions in most retail sectors witnessed a 74% rise in March alone compared to March 2019.*** In addition, the Denver industrial market is extremely diverse compared to other markets nationwide while also having a unique geographic location. The market is home to manufacturing, distribution, warehouses, and flex space. Light flex buildings can accommodate healthcare, while also helping technology companies in need of a lab for R&D space.

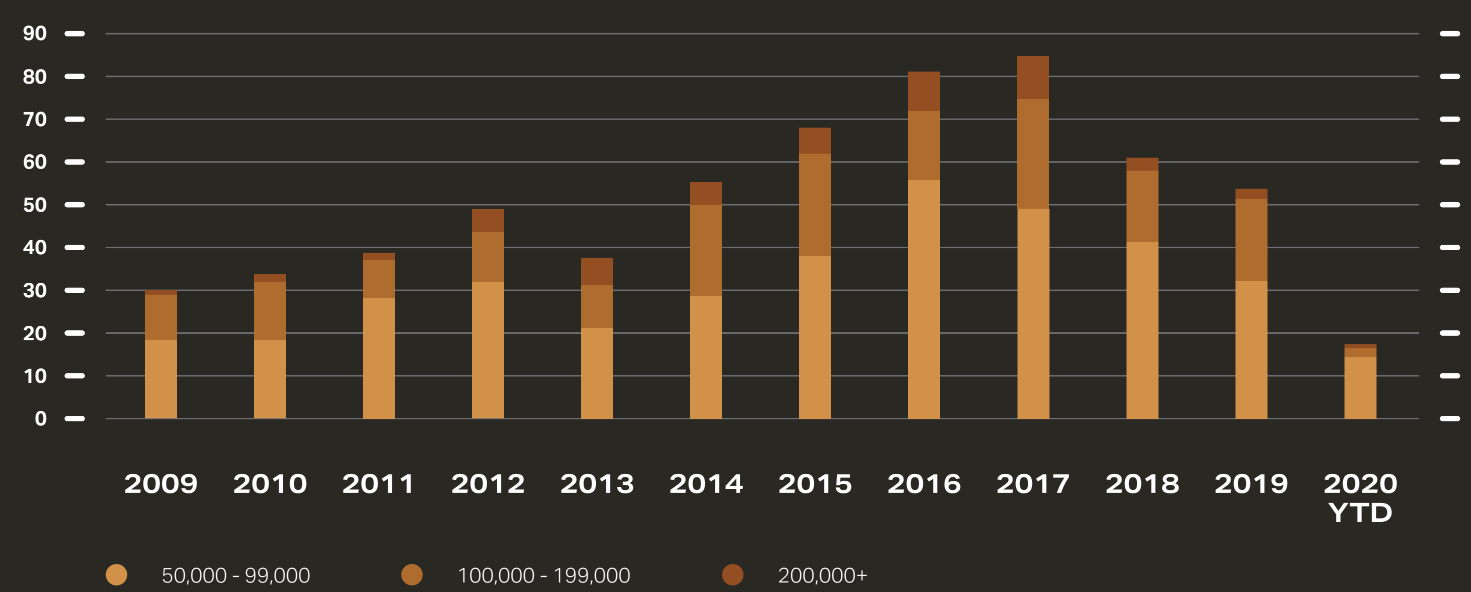
Investment sales pricing hasn't been affected for the industrial market due to investors' appetite for core real estate still achieving aggressive pricing despite transacting during the pandemic.

Growth in Logistics Based Industrial

Prologis has released a monthly report on COVID's impact on industrial logistics properties. The reports have found that the fundamentals for logistics based industrial real estate remain strong due to a diverse and resilient tenant base, with demand increasing for large customer industries such as food and beverage, diversified retail, and consumer products. Accelerated e-commerce adoption and inventory retooling have the potential to generate 150 to 200 million square feet of additional nationwide demand per year for two to three years.

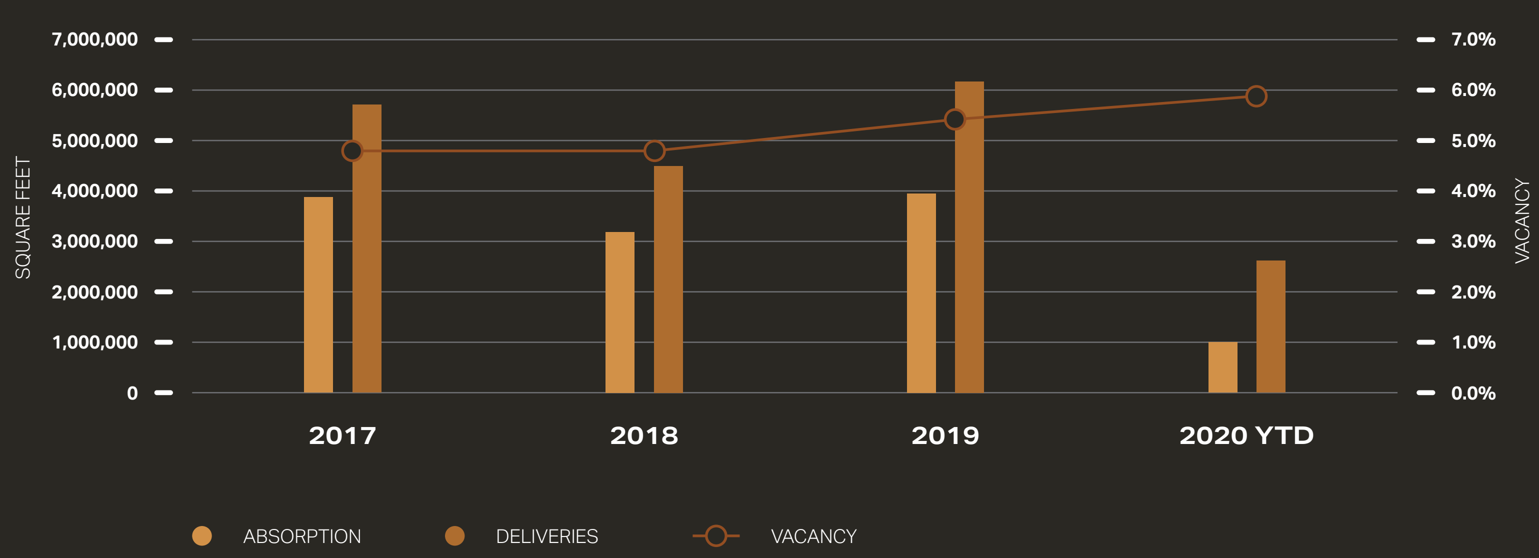
Annual Lease Deals by Size

Source: Colliers Research



Annual Absorption Vacancy & Deliveries

Source: CoStar

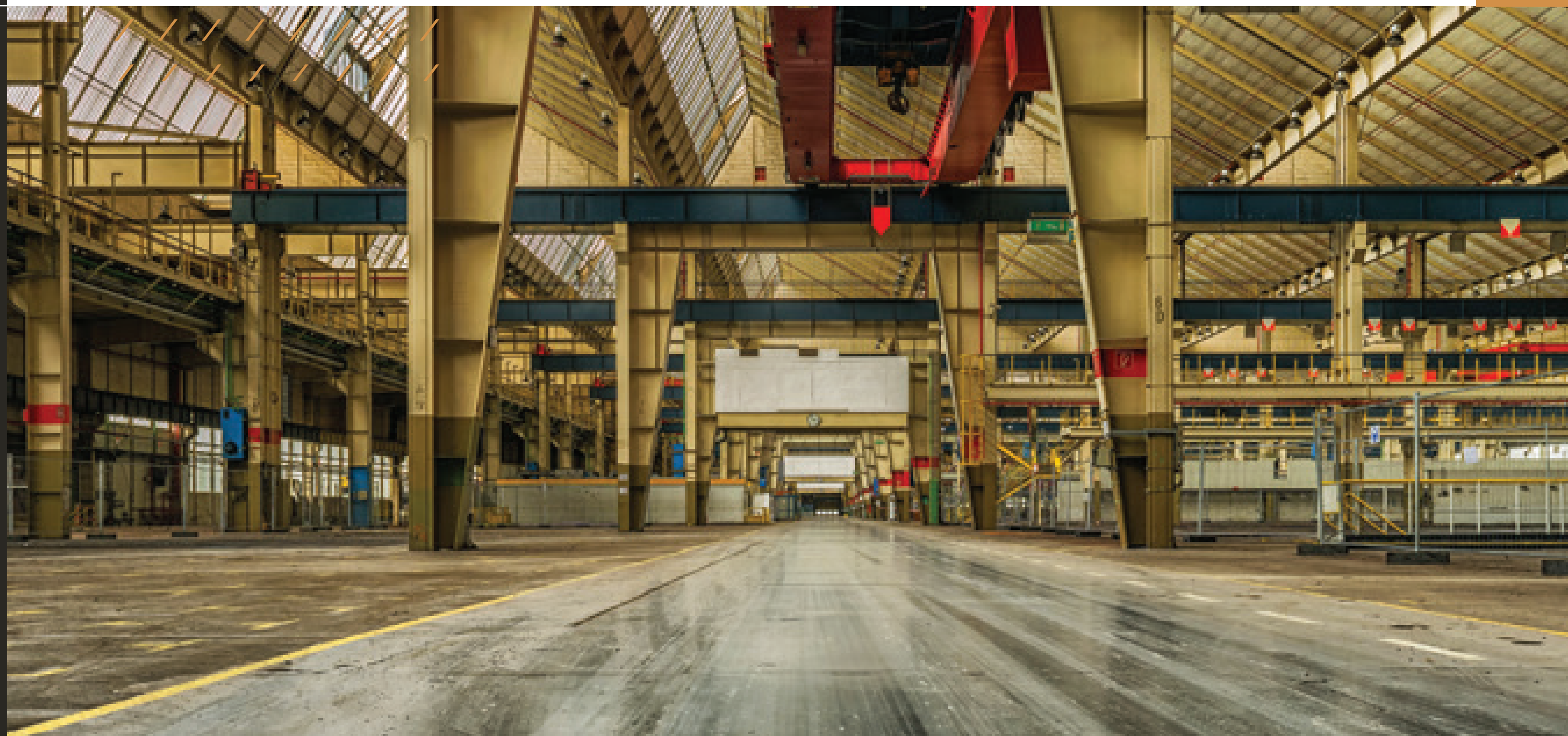


COVID-19 & Industrial

Growth in Logistics Based Industrial (Cont.)

U.S. e-commerce penetration jumped to more than 25% in April 2020 from 15% at year-end 2019, pulling forward several years of adoption. E-commerce requires more than 3x the logistics space of brick-and-mortar sales due to more product variety, deeper inventory levels, parcel shipping operations, and further processing space needs. Each 100 basis points of share shift from bricks and mortar to online translates to 46 million square feet of net demand in the U.S.

Prologis also estimates that many customers will build higher inventory levels to ensure resilient supply chains and to meet increased e-fulfillment This retooling of supply chains may create incremental net demand of 140-185 million square feet in total. Inventories could increase by 5-10% in a bid for resiliency, producing 285-570 million square feet of aggregate incremental demand.



Industrial Overlook

SUBMARKET/ CLASS	# OF BUILDINGS	TOTAL SF	TOTAL AVAILABLE	TOTAL VACANT	VACANCY %	ABSORPTION	WEIGHTED AVERAGE RENT
AURORA							
Total	33	1,204,230	77,520	69,887	5.80%	12,590	$9.70
CENTRAL BOULDER							
Total	27	1,300,711	118,604	131,019	10.07%	-99,177	$13.06
DENVER NORTH							
Total	167	8,023,508	784,990	600,365	7.48%	330,271	$11.23
DENVER NORTH CENTRAL							
Total	733	26,188,669	2,428,696	1,568,610	5.99%	-107,048	$9.19
DENVER NORTHWEST							
Total	779	26,038,299	1,728,598	1,333,796	5.12%	292,300	$10.15
DENVER SOUTH CENTRAL							
Total	1,079	22,041,263	926,768	549,162	2.49%	-77,011	$8.45
DENVER SOUTHEAST							
Total	533	19,692,918	1,068,257	881,035	4.47%	158,949	$11.03
DENVER SOUTHWEST							
Total	395	11,231,569	594,646	344,287	3.07%	267,212	$10.61
DENVER WEST							
Total	245	7,498,663	176,135	97,954	1.31%	10,592	$10.14
EAST BOULDER							
Total	151	4,978,668	111,704	70,644	1.42%	52,516	$13.32
GUNBARREL							
Total	79	4,009,487	652,358	437,629	10.91%	-70,706	$8.75
I-76/BRIGHTON							
Total	320	11,459,062	147,675	61,331	0.54%	54,534	$11.26
LONGMONT							
Total	191	7,162,701	1,007,082	818,994	11.43%	-19,091	$12.20
MIDTOWN							
Total	93	2,228,484	60,451	57,478	2.58%	8,886	$10.38
NORTHEAST/AIRPORT							
Total	1,205	88,570,329	6,047,149	4,539,186	5.12%	1,379,309	$6.75
RIVER NORTH							
Total	103	3,419,783	292,947	198,480	5.80%	-116,381	$13.96

	UNDER CONSTRUCTION	# OF BUILDINGS	TOTAL SF	TOTAL AVAILABLE	TOTAL VACANT	SUBLET AVAILABLE	DIRECT AVAILABLE	DIRECT VACANCY %	ABSORPTION	WEIGHTED AVERAGE RENT
DENVER METRO SUBTOTAL										
Total	**6,933,859**	**6,133**	**245,048,344**	**16,223,580**	**11,759,857**	**2,088,397**	**14,135,184**	**5.77%**	**2,077,745**	**$10.74**

Source: Catylist

CAP Rate Distribution

Source: Real Capital Analytics

Industrial Overlook

As the demand for e-commerce accelerates, the Denver industrial market will continue to benefit. ***Amazon continues to make their presence known in the market with 4 million square feet proposed in Colorado Springs and over 1.2 million square feet leased throughout Denver in 2020 alone.*** Vacancy rates are expected to continue on an upward trend as industrial and flex spaces are currently under construction and becoming available to market. A large portion of space is expected to be occupied by current tenants as demand for large blocks of space (400,000+) remains scarce in the central corridor and out by the airport.

Development activity going forward is expected to decrease although lease rates will slowly begin to stabilize. For investments, demand is forecasted to remain strong, although not as strong as in previous years, as Denver remains a desired location for foreign companies to plant their flag. Leasing activity in the area has started to pick up as deals that were put on hold before the pandemic are gaining traction once again. It is forecasted that the industrial market will start normalizing in Q3 and Q4 with big leases being signed for long-term deals.

Retail Market

What is next for retail? COVID-19 hit office and retail the hardest out of all other real estate sectors. However, there is a silver lining as states begin to reopen, in that an abundance of jobs were added to the restaurant and beverage industries. With less commuting into downtown, the average daytime population has been significantly reduced affecting the downtown retail market. According to a recent post by CoreSight Research, it is estimated that 25,000 retail locations across the nation will shut their doors by the end of the year. Pre-COVID, the Denver market posted solid numbers in Q1 with a positive absorption of over 68,000 square feet and posting the same vacancy rate as Q4 2019 at 6.2%. Rates saw a slight decrease topping at $15.98/SF at the end of Q2.

As previously mentioned, e-commerce continues to remain the most dominant industry for retail with ***online transactions in most retail sections witnessing a 74% rise in March alone compared to March 2019.*** The question is, what area of retail is going to take the biggest hit? Statistics show that mom and pop shops are shutting their doors for good while restaurants and bars will fare much better if they can survive the initial turbulence.

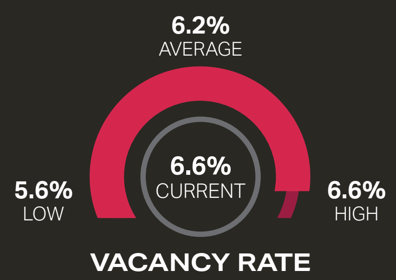
Broker Spotlight

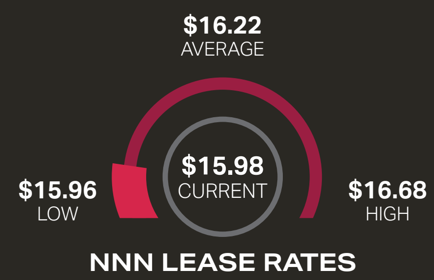
"Unprecedented times for retailers, landlords, and consumers. We are seeing incredibly stressful and challenging times right now between landlords and tenants. Tenants don't want to pay rent if they are shut down and that leaves landlords in a tough position. Most landlord decisions are made on a case by case basis. The landlord has to decide whether a tenant is worth working with and investing in by granting them rent abatement, a deferment or a combination of the two. These decisions are often times based on how well the tenant was doing pre-COVID and if they think the tenant will be able to weather the storm and be around in the next year or two. For the few tenants that are actually doing deals, we are starting to see more concessions from landlords and rents starting to go down. Most new leases will have some sort COVID-19 or Force Majeure language going forward.

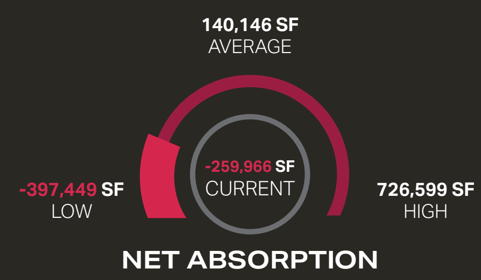
JAY LANDT

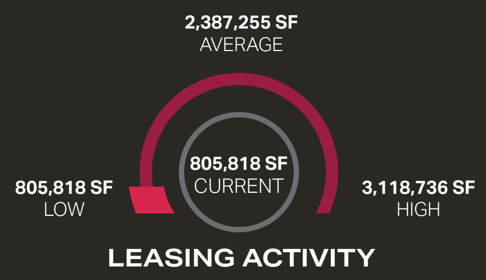
Annual Metrics 3 Year Time Span

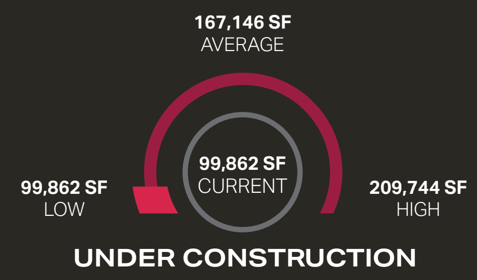
Source: CoStar











Current = YTD

Notable Mid-Year Retail Leases

DATE	PROPERTY	SUBMARKET	BLDG TYPE	LEASED SF	TENANT
FEB-20	7353-7399 Federal Blvd.	Northwest	Neighborhood Center	56,127	Vasa Fitness
JAN-20	9320-9380 Sheridan Blvd.	Northwest	Power Center	42,900	Golf Galaxy
FEB-20	9131-9191 Washington St.	Northeast	Neighborhood Center	29,727	Arc Thrift Stores Colorado
JAN-20	13801-14157 E. Exposition Ave.	Aurora	Community Center	18,884	Innovative Services
APR-20	5492-5590 S. Parker Rd.	Southeast	Neighborhood Center	11,714	Dollar Tree
FEB-20	5107-5197 W. 64th Ave.	Northwest	Neighborhood Center	10,472	Gen-X

Notable Mid-Year Retail Sales

560 Corona St.
Denver, CO

Gary & Donna Marudas purchased 51,609 SF for

$16,383,490 ($317/SF)

40-100 S. Abilene St.
Aurora, CO

PREP Property Group purchased 104,725 SF for

$14,929,158 ($143/SF)

10853 Hwy. 285
Conifer, CO

Hoo Ig Lim purchased 86,658 SF for

$12,250,000 ($141/SF)

5220 Wadsworth Bypass
Arvada, CO

Maly Commerical Realty purchased 38,711 SF for

$10,633,000 ($275/SF)

14140-14180 E. Ellsworth Ave.
Aurora, CO

PREP Property Group purchased 72,172 SF for

$10,288,539 ($143/SF)

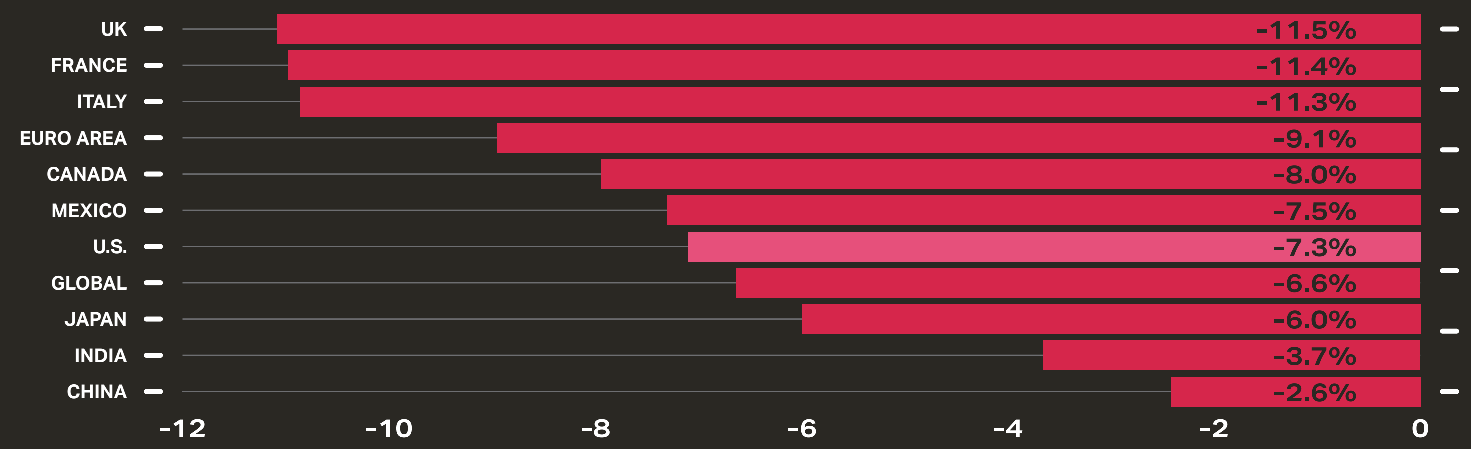
COVID-19 & Retail

To a surprise, American consumers were shopping more often than forecasted during the pandemic. ***Millennials account for 60% of consumer spending and are the largest contributing segment to online retail shopping.*** Entertainment and alcohol were found on the must-have lists. With alcohol and entertainment remaining in high demand, there has been a spike of nearly 250% of pre-packaged alcoholic beverages deemed an "essential service" (grocery type goods) from delivery apps such as Saucy, Bevvi, MiniBar, and Drizly. ***Wallethub's recent survey states that respondents admit to using drinking (23%) and entertainment (29%) to take the edge off during the pandemic. Online grocery sales for home delivery and pickup reached a new record of $5.3 billion in 30 days, which represented a 37% increase in March sales.*** Because of this, companies such as Instacart, are growing and experienced a 150% increase in order volume in the spring. Amazon's grocery sales are 50 times higher than normal. With the growth and demand, companies from Peapod to Fresh Direct are adding thousands of jobs.

E-commerce platforms that are being used by mega-retailers are faring well. Walmart, Target, and Lowe's all reported Q1 earnings beating expectations. With more people staying home, home improvement spending increased. ***Lowe's saw an 80% increase in online sales while Home Depot reported a 79% increase in online sales.*** Both Walmart and Target also reported a rise in e-commerce sales.

GDP How Hard Will It Be Hit In 2020?

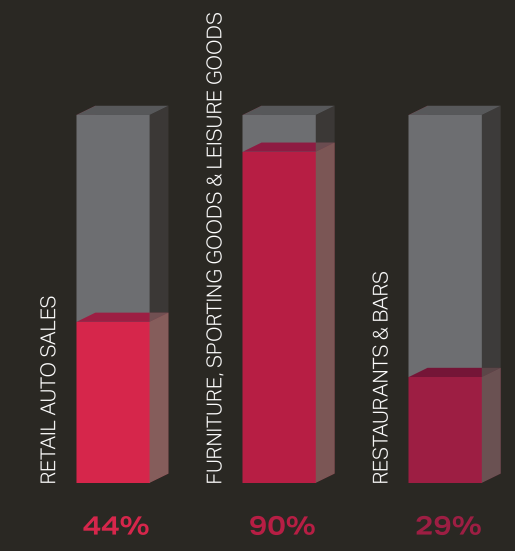
Source: Statista



SINGLE HIT REFERS TO A SCENARIO WHERE A SECOND WAVE OF INFECTIONS DOES NOT OCCUR BEFORE THE END OF 2020

Month-Over-Month Sales Rebound

Source: Capital Economics



Consumers have been quick to return to stores as lockdown measures have been eased. Clothing saw a 188% increase whereas spending on health and personal care was broadly unchanged, highlighting that sectors most affected by ongoing social distancing requirements will take longer to recover.

Retail Overlook

EXISTING PROPERTIES			VACANCY				ACTIVITY	ABSORPTION		CONSTRUCTION			RENTS
SUBMARKET/ CLASS	BLDGS	TOTAL INVENTORY SF	DIRECT VACANCY RATE	SUBLEASE VACANCY RATE	VACANCY RATE CURRENT	VACANCY RATE PRIOR QTR	LEASING ACTIVITY SF	NET ABSORPTION CURRENT QTR SF	NET ABSORPTION YTD SF	DELIVERIES CURRENT QTR SF	DELIVERIES YTD SF	UNDER CONSTRUCTION SF	AVG RENTAL RATE (NNN)
AURORA													
Total	173	7,669,780	6.5%	0.0%	6.5%	6.7%	12,321	15,080	14,737	-	-		$12.25
BOULDER													
Total	130	5,416,415	8.4%	0.6%	8.9%	6.9%	18,836	(113,172)	56,935	-	-	-	$21.04
CENTRAL													
Total	166	6,412,237	3.8%	0.0%	3.9%	3.7%	19,182	(7,338)	(39,580)	-	45,800		$16.14
COLORADO BLVD/CHERRY CREEK													
Total	59	2,932,844	3.4%	0.4%	3.8%	4.0%	4,930	4,637	(11,459)	-	-	-	$23.50
DOWNTOWN													
Total	9	616,636	1.7%	0.0%	1.7%	1.7%	-	0	(1,604)	-	-	-	$47.00
LONGMONT													
Total	72	3,039,847	5.0%	0.0%	5.0%	4.9%	1,556	23,242	48,154	27,443	27,443		$16.03
NORTHEAST													
Total	170	8,431,244	7.9%	0.0%	7.9%	7.8%	6,257	(4,526)	(3,685)	-	-	89,862	$14.85
NORTHWEST													
Total	293	14,316,472	7.9%	0.0%	7.9%	7.7%	75,823	(27,909)	(138,678)	-	-	-	$13.95
SOUTH													
Total	204	11,200,313	5.8%	0.5%	6.4%	5.2%	46,371	(129,336)	(175,012)	-	-	-	$14.79
SOUTHEAST													
Total	207	8,981,326	5.5%	0.7%	6.2%	6.5%	86,034	34,121	65,462	11,700	11,700	10,000	$20.15
SOUTHWEST													
Total	128	6,753,063	6.6%	0.0%	6.6%	5.3%	32,747	(87,576)	(121,273)	-	-		$14.32
WEST													
Total	254	11,239,421	6.6%	0.0%	6.7%	6.6%	5,046	(5,978)	46,037	-	-		$16.00
MARKET TOTAL													
Total	**1,865**	**87,009,598**	**6.4%**	**0.2%**	**6.6%**	**6.2%**	**309,103**	**(298,755)**	**(259,966)**	**39,143**	**84,943**	**99,862**	**$15.98**
DENVER MARKET QUARTERLY COMPARISON AND TOTALS													
Q2 20	**1,865**	**87,009,598**	**6.4%**	**0.2%**	**6.6%**	**6.2%**	**309,103**	**(298,755)**	**(259,966)**	**39,143**	**84,943**	**99,862**	**$15.98**
Q1 20	1,863	86,970,455	6.1%	0.2%	6.2%	6.2%	514,107	38,789	38,789	45,800	45,800	139,005	$16.02
Q4 19	1,862	86,924,655	6.1%	0.2%	6.2%	6.1%	676,916	(118,880)	(381,388)	34,200	206,173	174,805	$15.88
Q3 19	1,860	86,890,455	5.8%	0.2%	6.1%	6.2%	820,246	206,729	(262,508)	126,204	171,973	181,562	$16.00
Q2 19	1,858	86,764,251	5.9%	0.2%	6.2%	6.0%	788,851	(117,356)	(469,237)	22,686	45,769	238,266	$16.56
Q1 18	1,843	85,875,163	5.8%	0.3%	6.0%	6.3%	639,655	254,978	254,978	50,000	50,000	1,085,914	$16.45

Source: CoStar

Retail Outlook

Because of continued migration and high desirability, Denver's retail market should fare better than other cities across the country. Local malls have begun to reopen and produce revenue. Larimer Square, Glenarm Place and other popular areas across Denver have closed down their streets in favor of outdoor seating for restaurants, which have turned out to be very successful and will continue throughout the duration of the summer.

With high vacancies almost inevitable, rents will begin to stabilize across the market. Without question, e-commerce will continue to push the retail market forward as well as delivery companies.

Multi-Family Market

Broker Spotlight

Despite the major economic shutdown from the global pandemic, most owners and property managers are reporting nearly full rent collections. Also defying some expectations, demand on for sale homes remained robust with a record number of homes going under contract in June. The bid ask gap widened for apartment sales during the second quarter of this year due to uncertainty in the debt markets and property performance. As we enter the third quarter, mortgage interest rates are incredibly attractive and property level performance strong, perhaps the bid ask gap will narrow and the Denver market will see more apartment investment sales from now to the end of the year.

CRAIG STACK

Similar to the industrial sector, Denver multifamily market remains resilient despite the pandemic. With the state beginning to reopen, the job market remains diverse with aerospace, technology, and healthcare industries remaining high in demand. Furthermore, ***Denver continues to remain one of the most desired places to live in in the United States.*** Throughout the pandemic, ***landlords in the area saw their tenants pay close to 90% of rent on time in May, up from April's estimated 84%.*** The impressive numbers came in even as Governor Jared Polis issued a statewide ban on late fees and evictions due to the pandemic back in late April. This comes to show that a majority of tenants in apartments are still receiving income.

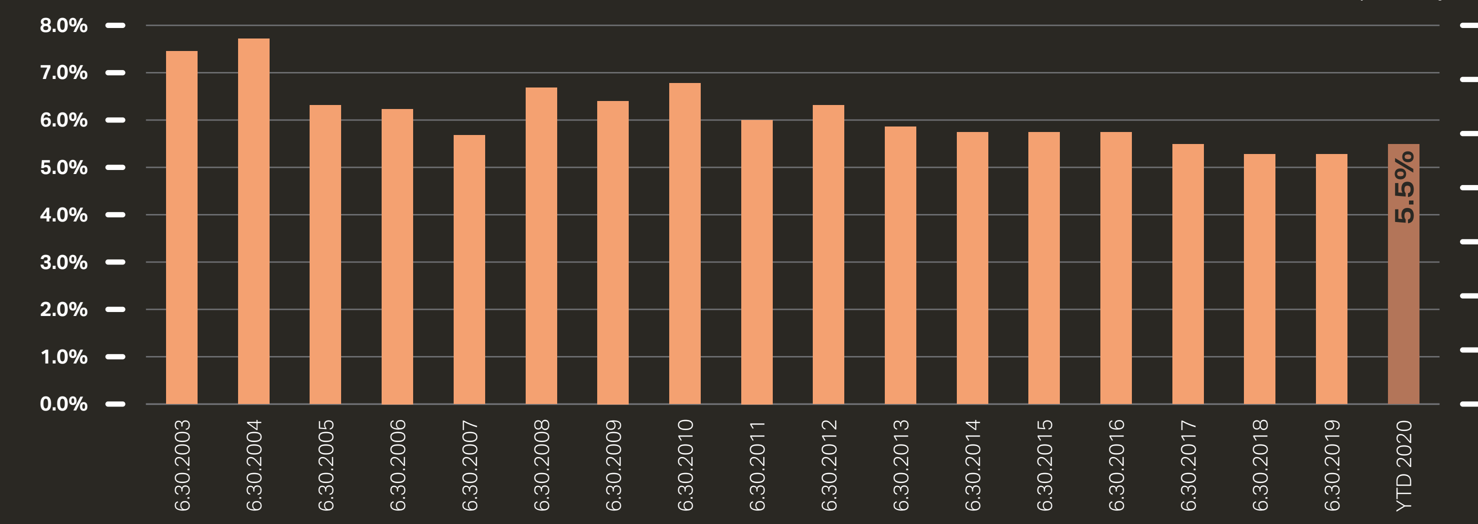
More & More Development Underway

A trend that Denver has continued to see over the past several years is the desired demand of new projects proposed, built, and delivered to the market at extraordinary levels. Highly desirable areas remain near Downtown such as Golden Triangle, LoDo, and RiNo. Other sought after areas around Denver include West Denver, Boulder, and (the soon to be renamed) Stapleton submarkets. Numerous projects are being proposed while some are in the works in close proximity and adjacency to light rail stations.

As of early April, more than 19,500 units are currently underway, 35% of the units are located within close proximity to the downtown area. The Golden Triangle neighborhood itself, currently has more than 1,600 units under construction and proposed with developer Lennar Multifamily Communities across five apartment buildings. ***The metro area is on pace to complete more than 15,700 units in 80 properties by year's end, with an average of over 12,100 units per year since 2017. In total, more than 48,600 units have been delivered since 2017.***

Historical Cap Rates

Source: Real Captial Analytics



Notable Mid-Year Multi-Family Sales

DATE	PROPERTY	ADDRESS	UNITS	PRICE	PRICE PER UNIT	BUYER
JAN-20	Kallisto at Bear Creek	2605 S. Miller Dr.	472	$145,500,000	$308,262	Gelt Inc.
JAN-20	The Richfield Apartments	2134 S. Richfield Way	688	$143,000,000	$207,848	Oak Coast Properties
JUN-20	Avana Thornton Station	2525 E. 104th Ave.	480	$119,000,000	$247,916	Greystar
APR-20	Waterford Court Apartment Homes*	3499 S. Uravan Way	482	$102,777,778	$213,231	Harbor Group International
MAY-20	Caliber at Flatirons	13872 Del Corso Way	288	$90,720,000	$315,000	Oakmont Properties
JAN-20	Fusion 355	355 Eldorado Blvd.	286	$90,090,000	$315,000	Oakmont Properties
MAY-20	Cortland Flatirons	13585 Via Varra	297	$89,100,000	$300,000	Cortland
JAN-20	Skyline*	8849 Pearl St.	464	$88,388,889	$190,493	Harbor Group International
MAY-20	Heritage at Stone Mountain	11625 Community Center Dr.	320	$83,000,000	$259,375	Priderock Capital Partners
JAN-20	Santana Ridge Apartments*	1355 S. Galena St.	384	$74,000,000	$192,708	Harbor Group International

**Part of Portfolio Sale*

Continued Millennial Movement

In Apartment List's most recent "Renter Migration Report", ***Denver was the number 1 city attracting renters from elsewhere,*** indicating that 48% of searches for Denver apartments are coming from other cities (Baltimore ranked 2nd at 47%). The study included that the top three cities expressing interest in Denver are ***Washington DC, Chicago, and Colorado Springs.***

Although the millennial migration has redefined the work environment, it is still too early to determine what COVID-19's impact will have on the future work space. The highly desired live-work-play environment still exists in Denver, such as the Union Station area in lower downtown, but what is in place for "work" going forward?

In recent times, we have seen many large corporations such as Salesforce and VF Corp. make their move into the Denver area from the Bay Area and elsewhere. It seems like this trend isn't going to slow down any time soon as demand and desire remains strong. Facebook recently announced that Denver was among a shortlist, along with Atlanta and Dallas, in creating a new hub for the company as they look to decentralize their workforce in the company's "second phase" of remote hiring. Founder and CEO Mark Zuckerberg stated that half of the Facebook employees will begin working from home. In June, Oakland, CA-based Marqeta recently announced Denver to become the company's second headquarters with plans to hire over 540 people. CommercialCafe in a recent blog, named Denver as the ***number 1 metro area for millenials who want to relocate.*** Austin, Texas and Raleigh, North Carolina rounded off the top three.

Strong Investor Demand Leaps Forward

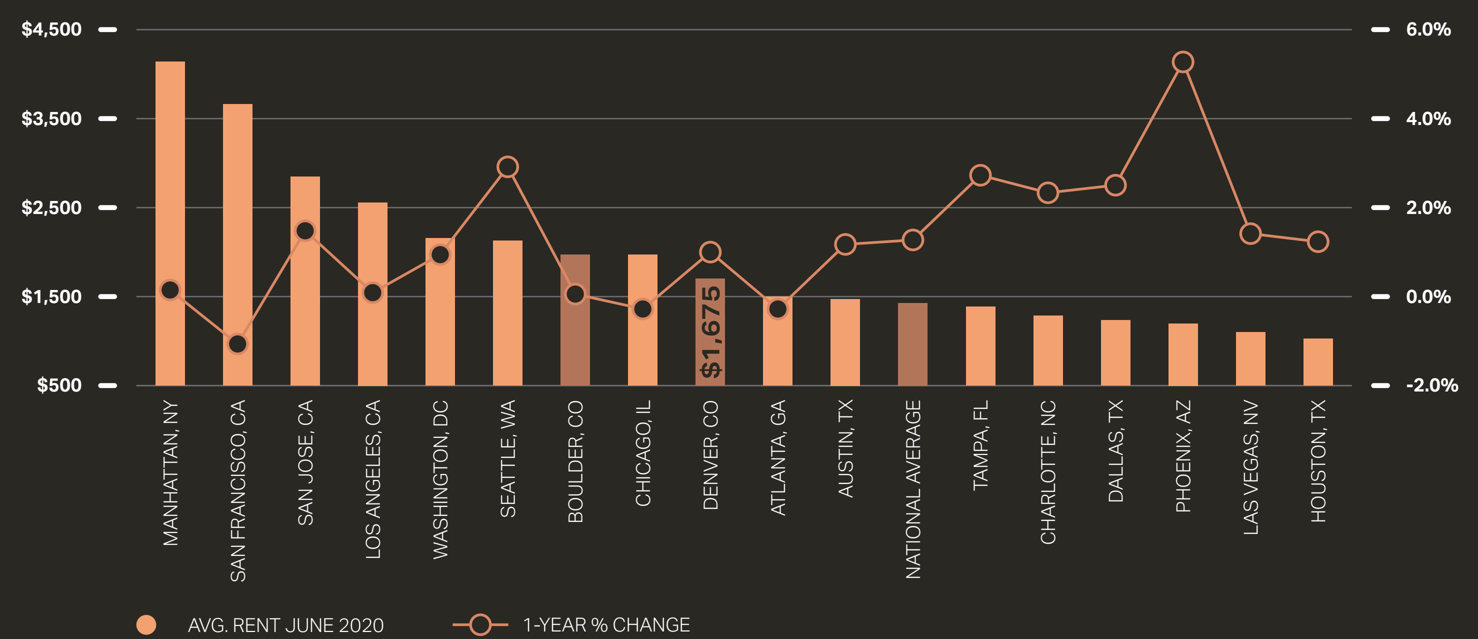
Investors continue to show plenty of interest in Denver despite the pandemic. With Denver quickly becoming a top destination city, there's no question that the investment market remains bullish. As of late, Denver has witnessed it's lease rates trend more toward decreasing than in previous years with continued demand. ***First half transaction volume in 2020 finished at $1.5 billion***, slightly behind last year's $1.7 billion, but closer than originally anticipated. The final half of the year is forecasted to remain robust .

On a positive note, ***cap rates continue to hover around 5.0%***, on par with the first halves of 2019 and 2018, proving the market remains extremely competitive and desired. ***Private firms remain the majority of buyers in the market at 54% with institutional rounding off the final 46%.*** However, the buyer type was much more diverse during the first half of 2019 with the inclusions of REITs and Private Equity firms.

One of the most notable portfolio transactions of the year occurred in mid January just before the COVID-19 pandemic struck the country. Virginia-based Harbor Group International acquired over 13,000 units across 36 properties within eight states for $1.8 billion from Aragon Holdings. Just in Denver, the company acquired 8 properties totaling 2,500 units for a little over $500 million. One of those properties was Waterfield Court Apartment Homes located in Aurora, comprising 482 units and sold for more than $102,000,000.

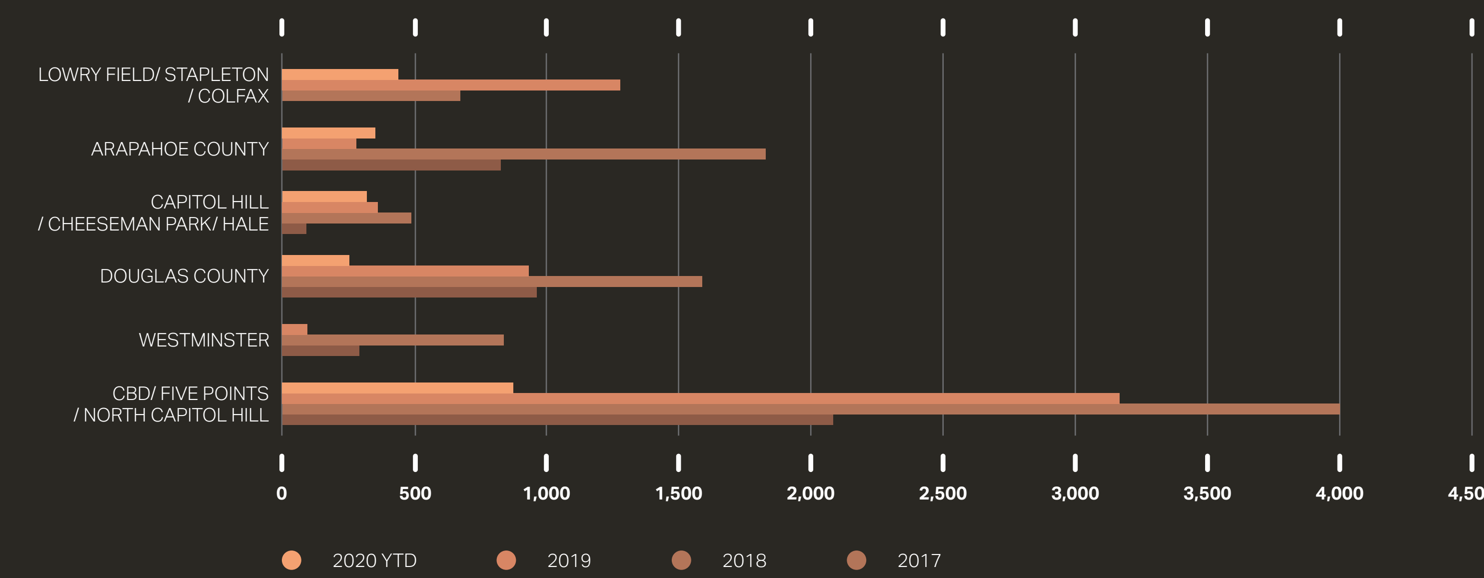
Average Rent vs % Change

Source: Yardi Matrix



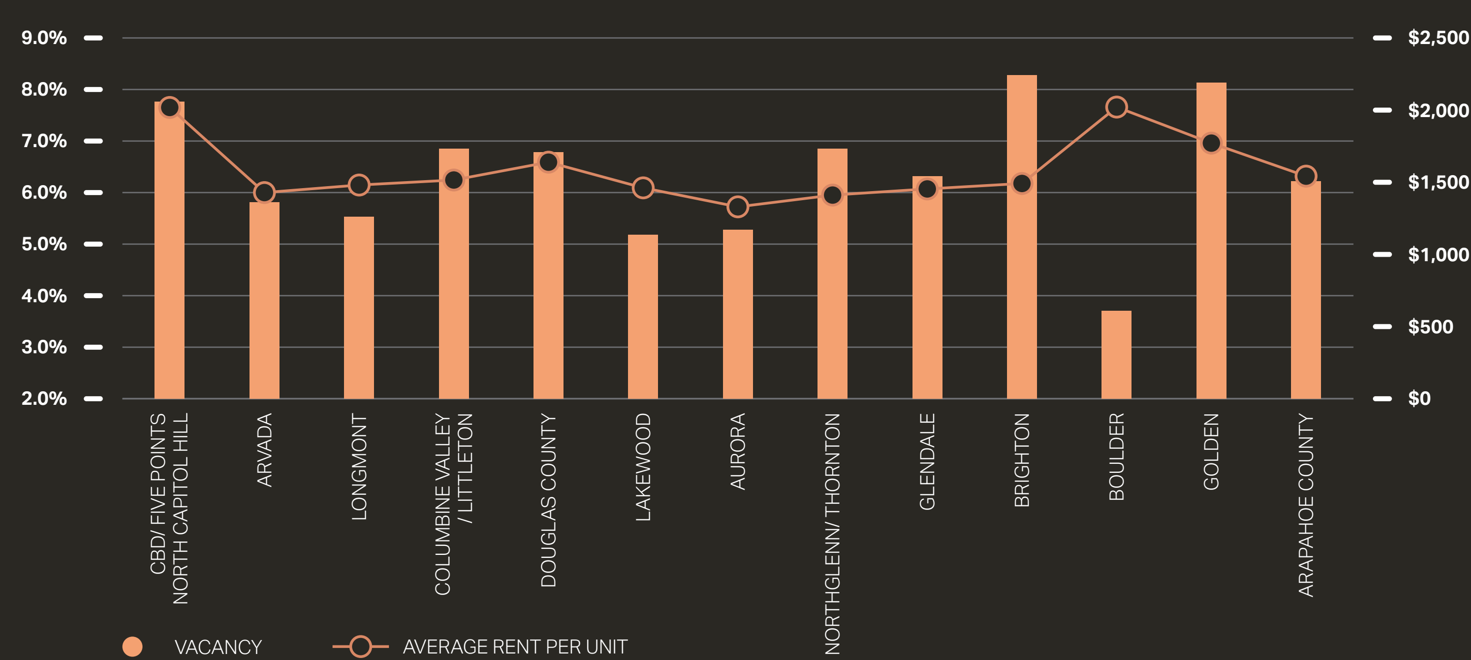
Submarket Unit Completions by Year

Source: Yardi Matrix



Rent & Vacancy by Submarket

Source: Yardi Matrix



COVID-19 & Multi-Family

Households are struggling with the economic volatility caused by COVID-19. Post pandemic personal spending patterns have been usual due to the massive influx of CARES Act spending offsetting temporary lost job wages. The Fed's June survey on consumer expectations showed that households expect rising inflation and falling earnings, which will create a sharp decline in real expected earnings over the next year. While the recent stimulus checks and increased unemployment benefits provide a temporary stopgap, expectations for household incomes will continue to deteriorate unless job gains accelerate or there is a further extension to the CARES Act.

Post-Pandemic Multi-Family Amenities

Adam Meshberg of Brooklyn-based architecture and design firm Meshberg Group, recently discussed how the pandemic could affect multifamily common spaces. The demand for added separation may result in larger spaces with dispersed amenities, potentially leading to fewer units. Fitness centers will require adequately distanced equipment, with the challenge of not wasting space. This may result in a rise of multiple segregated rooms that feature fitness-on-demand screens. Outdoor amenities may also become more important as a source of social distancing. Pool areas will likely see limits on the number of users at a given time and require a sign-in system to utilize. However, many of the modifications to make apartment living safer from infectious disease are already underway with the adoption of Well Building, Passive House, and other green building standards.

Multi-Family Outlook

Denver's multifamily market looks to be in solid shape post COVID-19. The metro area continues to remain on the radar of all age demographics with its unparalleled quality of life and diverse job opportunities. Thousands of new units are under construction and being delivered to the market while leasing rates are starting to decrease. Investment activity in the area continues to remain competitive as sales are similar that are often comparable to previous years.

Summary

Reports from Moody's Analytics, Yardi Matrix, and Forbes have ranked Denver as one of the best cities to recover from the pandemic while also proving to be one of the most durable. The pandemic is likely to cause a shift in living sentiment with portions of the population opting to live in less densely populated places due to the inherent risks of living in large cities. While dynamic cities such as New York, Los Angeles, Boston, and San Francisco are resilient enough to make an eventual full economic recovery, out-migration may accelerate in the short and medium term. If so, companies will follow those workers, creating a shift in regional patterns. Spacious areas with substantial access to single-family housing and who rely on personal commuting are likely to realize the largest benefit. Moody's Analytics studied measures such as population density, workforce quality, and educational attainment to estimate America's most resilient cities. In doing so, it found that Denver stands as one of the ten best-positioned cities for recovery and ***is likely to retake its crown as one of the fastest-rising metros in the US.***

Since March, there have been a total of 540,506 Coloradans that have sought unemployment relief. Among that, 389,507 have filed for continuing relief according to the Colorado Department of Labor and Employment. They will be eligible for additional support in the coming weeks. The number of weekly claims have been in decline since April for the most part despite a brief jump between the end of May into early June. The state continues their downward trend in the number of daily COVID cases, deaths, and hospitalizations, faring much better than other neighboring states.

In the commercial real estate industry, both industrial and multifamily sectors are full speed ahead. Industrial continues to pump out positive numbers across the board with good absorption and a slight uptick in vacancy with millions of square feet delivered. Once available, big box properties are scooped up rather quickly due to scarcity. Foreign and national companies continue to make their presence known in the area finding their own way to get a piece of the action. Logistics based industrial is expected to remain strong due to accelerated e-commerce adoption and higher inventory levels, which have the potential to generate an additional 400 million SF of additional U.S. logistics real estate demand.

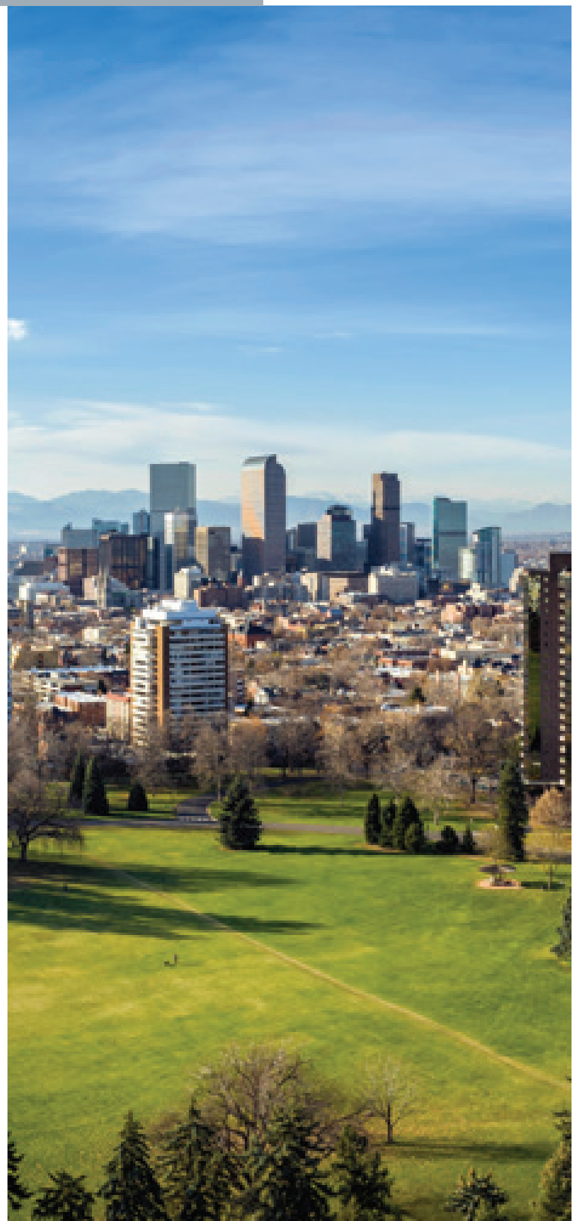
Investment activity in multifamily continues to drive the market with high pricing transactions. Demand for multifamily units continues to remain high as new areas around downtown are poised to be the next up and coming area. The Golden Triangle is one of those areas with more than 1,600 units planned across five buildings. One of those buildings is currently under construction at 10th Avenue and Acoma Street, which will stand at 17 stories and will have 393 units. ***Denver witnessed over 90% of renters pay their rent on time to their landlords in May.*** With housing prices still relatively high in the area, the younger population finds renting the most affordable option.

The retail market is beginning to transition into the e-commerce market as more and more consumer spending continues online. Restaurants and bars have fully adapted to the pandemic with multiple precautions but are still generating revenue. Not only in Denver, restaurants and bars in other large cities across the country have closed down busy streets to accommodate for outdoor seating. Online delivery companies have hit the jackpot with their products whether its alcohol, groceries, food, and more.

As for office, it's a little too early to determine what the future holds. An abundance of sublease space is available downtown and southeast, but tech companies continue to make their migration into the area and could fill that space. With those high vacancies, rents will begin to flatten drastically. More than 3 million square feet of office space is currently under construction proving that there is still demand. It is believed that the market will turn back in favor of the tenant opposed to the landlord going forward. In addition, working from home may be beneficial for some companies but not for others.

Denver's strong workforce continues to push the economy forward

Ranked 3rd nationally for most educated states, the workforce that is more than 1.7 million strong, employers continue to take the notice of Denver as an expansionary or relocation target. Over 14 major companies, including Robinhood, Snapdocs, and VF Corp., made Denver home in the past 12-months and seven more have announced plans to relocate or expand in 2020. High net migration continues as millennials and Gen Z seek the high quality of life provided by Denver's robust employment market and Colorado's great outdoors. While Denver is not immune to the economic effects of COVID, its firmly cemented status as a place that people want to live and work will dampen the detriment and position Denver as a city that will rebound from the pandemic quickly.



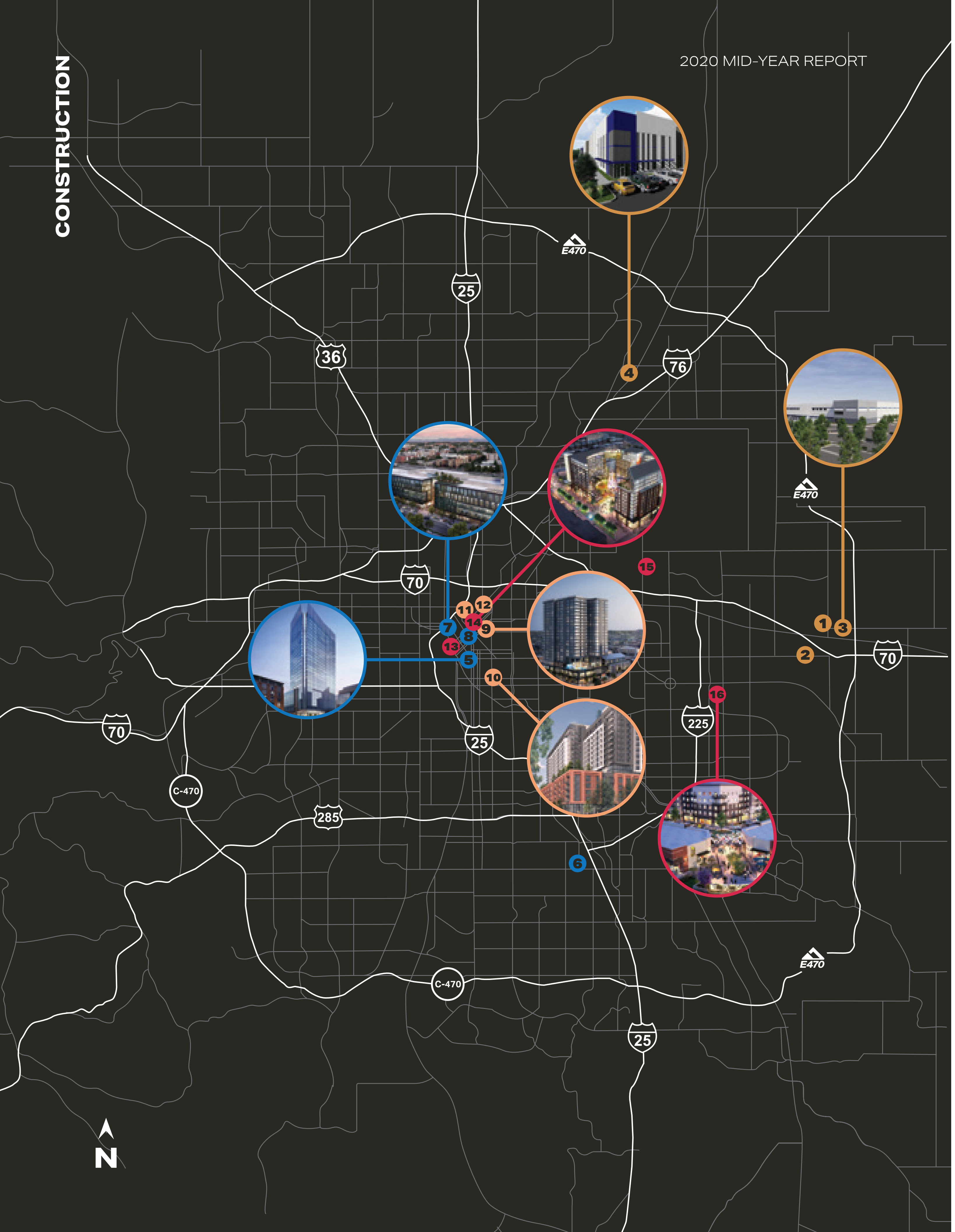
as payrolls rose by 2.5 million. Of the 22.5 million unemployed in April 2020, 17.9 million are considered as temporarily unemployed suggesting that the job will return as the economy rebounds. ***Denver's unemployment rate at 10.2%, is much lower than other major cities across the United States.***

1031 Exchanges Eliminated?

The upcoming 2020 Presidential election has caused uncertainty surrounding capital gains tax breaks through 1031 exchanges. Biden's latest proposal calls for phasing out the 1031 exchange program for investors making over $400k a year, removing a powerful incentive for continued commercial real estate investment. If passed, the proposal could have long-standing effects on deal flow, investor appetite, and property values as investors would look to other investment vehicles. The additional tax revenue would assist in funding a $775B program to help support childcare, eldercare, and Medicare services.

Proponents of the proposal point to wealthy investors being able to use 1031 exchanges to avoid paying capital gains taxes in perpetuity and the closing of the tax code for items such as industrial equipment and rental cars through the Tax Cuts and Jobs Act of 2017. Opponents of the proposal argue that terminating the nearly 100-year-old system is too risky as commercial real estate values and transaction velocity have been battered by the pandemic and that the reality would be a reduction in transactions, lower property values, and lower tax revenue for local governments.

While the outcome of this proposal is unknown and will continue to evolve, it is something that will be closely monitored by Colliers International and relayed to clients.

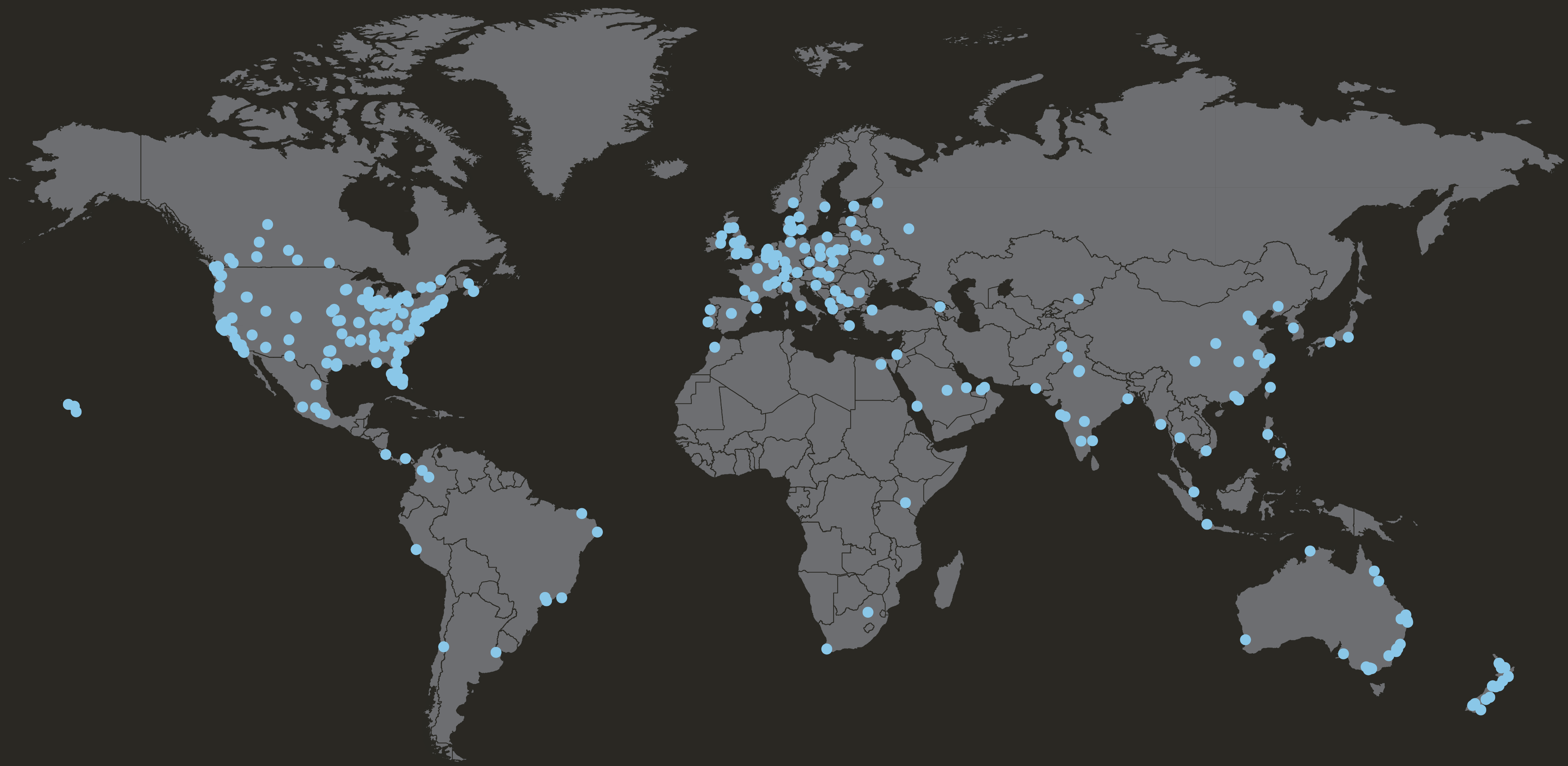


Notable Commerical Real Estate Projects

UNDER CONSTRUCTION

	Development	Submarket	Expected Delivery Date	Square Feet
INDUSTRIAL				
1. E. 32nd Ave. & Picadilly Rd.	Shamrock Foods	East I-70/Montbello	Q4 2020	900,000
2. 20500 E. Colfax Ave.	Stafford Logistics Center Building 1	East I-70/Montbello	Q3 2020	598,500
3. E. 19th Ave.	Ferguson Enterprises	East I-70/Montbello	Q2 2021	450,000
4. 112th Ave. & Highway 85	Colorado Logistics Park Building D	Northeast	Q3 2020	330,250
OFFICE				
5. 675 15th St.	Block 162	CBD	Q4 2020	595,000
6. 6900 Layton Ave.	6900 Layton	Southeast	Q3 2020	384,712
7. 1701 Platte St.	One Platte	CBD	Q2 2022	250,402
8. 1901 Wazee St.	McGregor Square	CBD	Q1 2021	205,000
MULTI-FAMILY				Units
9. 2100 Arapahoe St.	X Denver 2	CBD	Q2 2021	410
10. 140 W. 10th Ave.	10th & Acoma	CBD	Q3 2021	393
11. 3325 Denargo St.	AMLI RiNo	CBD	Q4 2021	390
12. 3433-3463 Walnut St.	Edit at River North	CBD	Q2 2021	381
RETAIL				
13. 1601 Market St.	Market Station Retail	CBD	Q3 2020	88,500
14. 1901 Wazee St.	McGregor Square Retail	CBD	Q1 2021	75,500
15. 18620 Green Valley Ranch Blvd.	Tower Commons	Northeast	Q3 2020	65,000
16. 14531 E. Alameda Ave.	Parkside @ City Centre	Aurora	Q3 2020	43,250

Colliers At A Glance



400 Offices | **68** Countries | **6** Continents

United States	EMEA	Asia Pacific	Canada	Latin America
109	**88**	**44**	**43**	**18**

Revenue
$3.3B
(US$)

Transaction Value
$127B
(US$)

Managing
2B
Square Feet

Lease/Sale Transactions
69,000

Assets Under Management
$26B
(US$)

Comprised of
17,000+
Professionals

Colliers
INTERNATIONAL

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Sources: Colliers Research, CoStar, Catylist, Real Capital Analytics, Yardi Matrix, U.S. Bureau of Labor Statistics, Colorado Department of Labor & Employment, Colorado Office of Economic Development and International Trade, Development Research Partners, Metro Denver EDC, Downtown Denver Partnership, Denver Metro Association of Realtors, Colorado Real Estate Journal, Denver Post, Denver Business Journal, CRE Tech, International Council of Shopping Centers, GlobeSt, Bisnow, CRE Confidential, Regional Transportation District (RTD), Colorado Department of Transportation (CDOT), The Motley Fool, Organisation for Economic Co-operation and Development (OECD), University of Michigan Survey of Consumers, Ballotpedia, U.S. Bureau of Economic Analysis, CoreSight Research, Wallethub, Colorado Apartment Association, Apartment List, Commercial Cafe, Moody's Analytics, Macrotrends, Manpower Group, Statista, Captial Economics

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