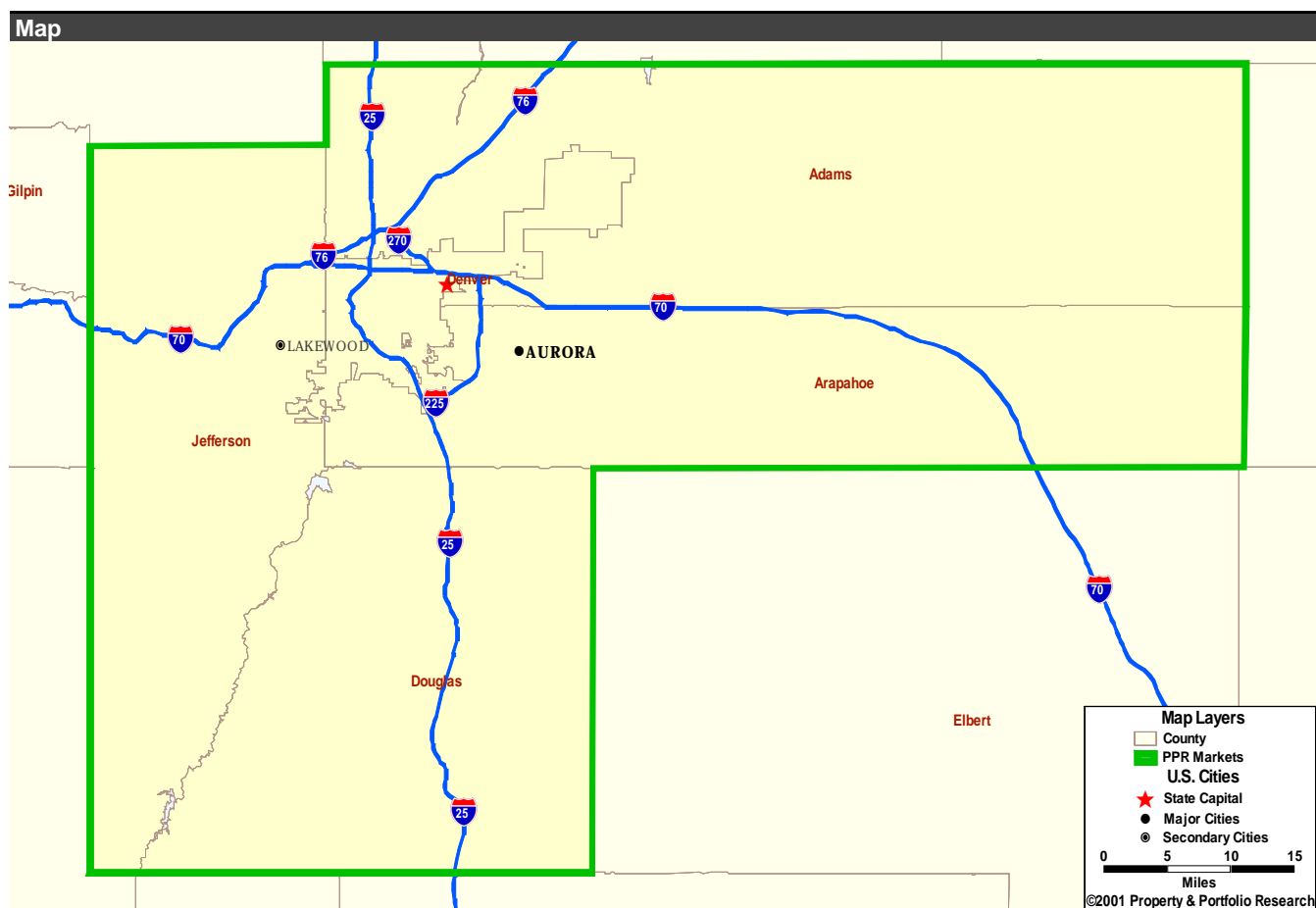


DENVER

Overview



Summary of Last Twelve Months vs. Historical Minimum, Maximum, and Average

	Current Vacancy*	Net New Supply (000SF)**	Net Absorption (000SF)**
Apartment	↑ 7.5% 4.2% — 12.7% — 82:2 — 89:2 — 91:4 — 860	↑ 7,497 9,662 — 84:4 — 89:2 — 958	↓ 1,458 7,910 — 85:3
Office	↑ 17.1% 4.5% — 26.9% — 82:1 — 84:2 — 92:4 — 580	↔ 4,695 11,835 — 83:1 — 01:4 — 3,163	↓ -2,913 8,038 — 82:1
Retail	↑ 11.1% 6.5% — 23.8% — 00:2 — 87:3 — 92:2 — 335	↓ 3,028 3,833 — 97:2 — 02:1 — 712	↓ -712 6,873 — 00:1
Warehouse	↑ 8.4% 2.8% — 12.6% — 82:2 — 89:4 — 89:4 — 106	↑ 2,285 4,224 — 98:3 — 89:4 — 886	↓ -176 3,554 — 98:3
Hotel	↓ 60.1% 71.5% — 53.8% — 95:2 — 88:2 — 95:2 — 77	↓ 1,650 3,487 — 86:2 — 02:1 — 1,463	↓ -1,463 2,569 — 01:1

*Occupancy for Hotels

**Apartment and Hotel data are in units.

DENVER

Analysis/Economy

Notable Economic and Real Estate Market Events

- **ECON** – Denver's labor force grew by more than 3% year-over-year as of March, despite a **3% decline in the net number of new jobs**. Nearly every sector of the economy is shedding jobs, with the TCPU and services sectors suffering the largest declines. Telecom layoffs continue at **Qwest Communications, Avaya Communications, AT&T Broadband and TeleTech**. In the FIRE sector, **Merrill Lynch is closing down its Denver Meridian Complex by June, eliminating more than 1,000 local positions** and ING is cutting 130 local employees as part of its nationwide layoffs. Passenger traffic through the Denver International Airport declined for the sixth consecutive month in March, but cargo traffic increased by 1% on a year-over-year basis.
- **APT** – With the sharp downturn in employment growth over the past 18 months, **vacancies have climbed to their highest level in ten years**. The number of **approved permits declined by 18% in the first quarter** and outside of Greystar's 500-unit Summit at Main Street in Broomfield, which broke ground in February, new starts are down considerably. However, **current construction remains strong with more than 6,000 units expected to complete this year**. In the Southeast, the 660-unit Crown Point Apartments, the 450-unit Meadows at Meridian and the 325-unit Parker Ranch at Twenty Mile Village are all underway in Parker. Lincoln Property, the Hanover Company, Steele Street Associates and Archstone Communities are all active downtown. **The high price of single family homes in the metro should support apartment demand going forward.**
- **OFF** – As with many technology-driven metros, the Denver market has deteriorated rapidly over the last 18 months and **vacancies are expected to top 18% this year**. Companies such as Qwest, Avaya, Level 3, Charles Schwab and Wells Fargo have returned large amounts of space to the market, resulting in approximately **six million SF of available sublease space**. Vacancies are highest in the Northwest Corridor, where the 250,000 SF 390 Interlocken recently completed without a signed tenant. **Construction activity is strongest in the Southeast**, with over one million SF still underway. **Several large leases have been signed this year**, including 216,000 SF by the Washington Group International in the Denver Tech Center (50,000 SF more than expected), 128,500 SF by Stone & Webster at the Vista in Englewood, 94,600 SF by Kaiser Hill at the Mountain View Corporate Center in the Northwest Corridor, and 69,400 SF by Sloan's Managed Care at Fiddler's Green Center in Greenwood Village.
- **RET** – A steady stream of new construction has met with a sharp downturn in consumer spending, pushing **economic vacancies back up into the double-digits**. Construction will remain strong in the near-term, with Mills' **1.2 million SF Colorado Mills scheduled to open this fall**. Signed tenants include the Saks Fifth Avenue outlet, Off 5th, the Neiman Marcus outlet, Last Call, Gart Sports, Off Broadway Shoes, Bath & Body Works and The Children's Place. **Forest City's 740,000 SF Quebec Square in Stapleton announced another 15 tenants in May**, to join anchors Home Depot, Super Wal-Mart, and Sam's Club. Approximately 500,000 SF will open in late August, with the remainder expected by year-end. In Aurora, a 150,000 SF Super Target is under construction. The store is part of the first phase of the 600,000 SF Aurora City Center.
- **WHS** – **Vacancies are expected to peak at just under 9% this year**, well below their 1989–1990 highs. **Speculative construction has slowed dramatically** and current construction is largely build-to-suit, with **Coors and Firestone both building large facilities**. Infrastructure improvements near Denver International Airport are expected to attract new development going forward. Catellus Development continues to add onto the Stapleton Business Center near the former airport. **After securing a 200,000 SF lease from Ford, Catellus began construction of a 314,500 SF warehouse in December**, bringing total capacity at the business park to two million SF.
- **HOT** – The city of Denver pulled out of negotiations with developer Bruce Berger on a planned **1,100-room Hyatt Regency Hotel to adjoin the expanding Convention Center**. Mayor Webb intends to build the hotel with publically financed tax-exempt bonds. **Colorado's first SpringHill Suites by Marriott**, which caters to business travelers, recently opened in Westminster.

Demographic Trends

Category	2002*		Annual Growth Rates					
	Market	U.S.	1982-1991		1992-2001		2002-2006	
			Market	U.S.	Market	U.S.	Market	U.S.
Population	2,199	288,644	1.2%	1.0%	2.5%	1.2%	1.3%	0.9%
Households	859	107,714	1.6%	1.3%	2.3%	1.3%	1.4%	1.0%
Median Household Income	\$65,806	\$44,333	4.1%	4.4%	5.1%	3.7%	3.1%	3.1%
Apartment-Renting Households	290	35,788	3.0%	1.7%	1.5%	0.5%	1.5%	1.0%
Real Retail Sales Per Capita	\$5,631	\$4,518	0.3%	1.4%	2.0%	1.7%	1.6%	1.7%

Employment Trends

SIC Category	2002*		Annual Growth Rates					
	Employment	Location Quotient	1982-1991		1992-2001		2002-2006	
			Market	U.S.	Market	U.S.	Market	U.S.
Total Services	369	1.0	3.8%	4.3%	4.2%	3.7%	3.4%	2.5%
Business Services	109	1.3	4.5%	6.6%	6.3%	6.2%	4.0%	3.0%
Other Services	260	0.9	3.6%	3.8%	3.4%	3.0%	3.2%	2.4%
Retail Trade	204	1.0	1.8%	2.5%	3.1%	2.0%	1.4%	1.6%
Government	162	0.9	1.4%	1.6%	1.8%	1.3%	1.1%	0.7%
Manufacturing	84	0.6	-1.2%	-0.6%	-0.8%	-0.6%	3.1%	0.1%
F.I.R.E.	94	1.4	1.6%	2.2%	3.5%	1.5%	2.5%	0.9%
Wholesale Trade	72	1.2	-0.0%	1.3%	2.0%	1.4%	3.3%	1.2%
Trans., Comm., Util.	95	1.5	2.0%	1.1%	3.2%	2.0%	1.0%	1.1%
Construction	89	1.5	-2.1%	1.4%	9.3%	4.2%	2.1%	0.3%
Mining	6	1.2	-9.6%	-6.0%	-4.5%	-1.6%	-1.1%	-1.1%
Total Employment	1,175	1.0	1.3%	1.9%	3.1%	2.0%	2.3%	1.4%
Office-Using Employment	326	1.2	2.2%	3.0%	3.8%	2.9%	2.9%	1.9%
Trucking/Warehouse Employment	89	1.1	0.5%	1.5%	2.2%	1.7%	3.1%	1.2%

*All units (except for dollar denominated figures) in thousands.

Current Economic Indicators

Employment Growth 3/02	Labor Force Growth 3/02	Unemployment Rate 3/02	Employment Volatility Ratio	Net Migration (000) 2001	Cost Indices (U.S. = 100)	
					Business	Living
-3.1%	3.1%	5.9%	0.9	16.9	99	110

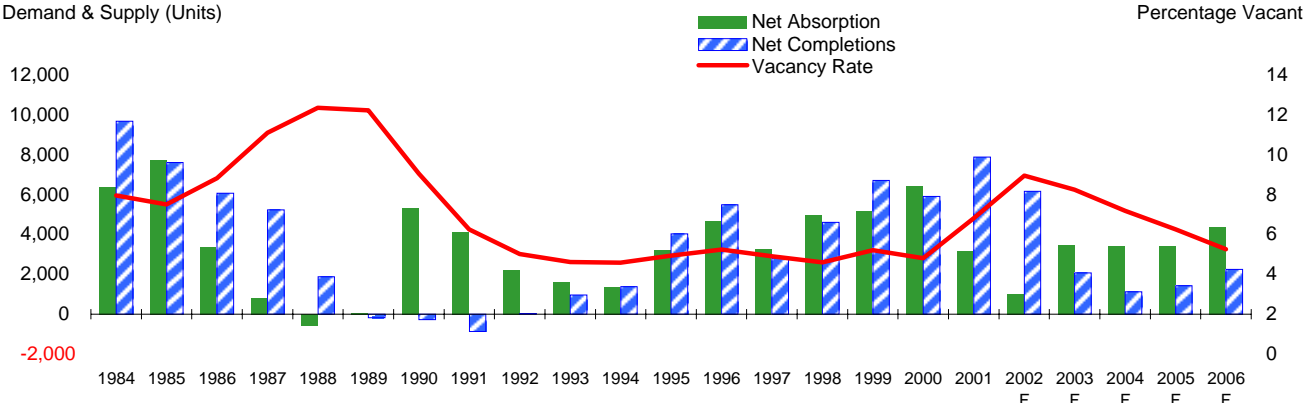
Sources: PPR; Economy.com

DENVER

Apartment

Supply, Demand, and Vacancy

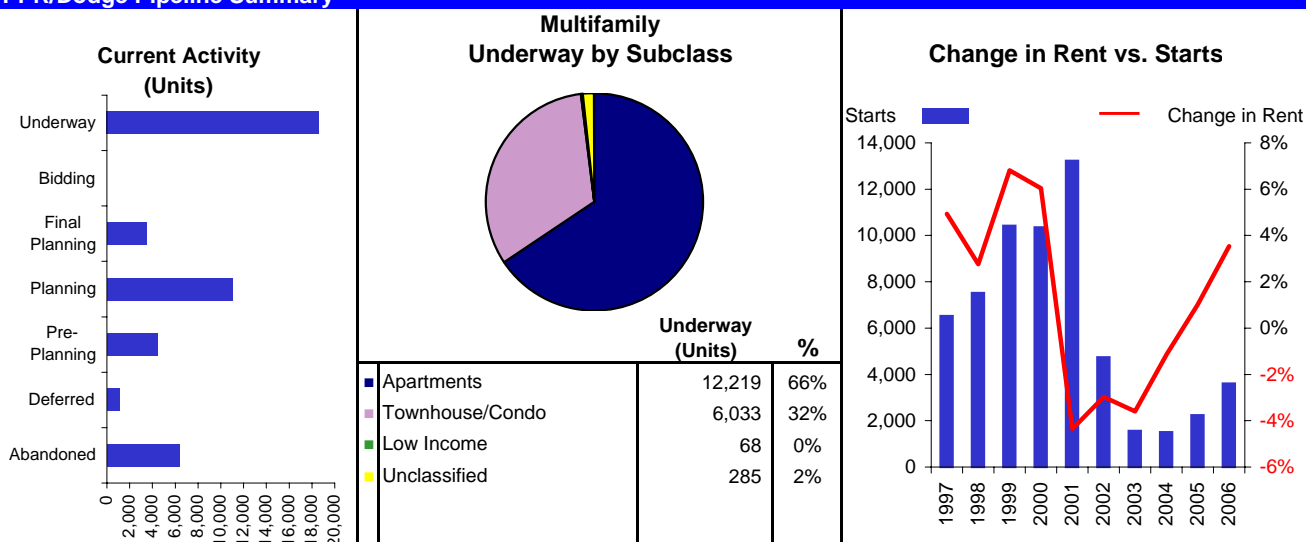
Demand & Supply (Units)



Apartment Market Statistics (Units)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Apt. Vacancy	4.9%	4.6%	5.2%	4.8%	6.8%	8.9%	8.2%	7.2%	6.2%	5.3%
Apt. Net Absorption	3,286	4,962	5,177	6,419	3,192	999	3,475	3,406	3,415	4,348
% Growth	1.9%	2.7%	2.8%	3.4%	1.6%	0.5%	1.7%	1.7%	1.6%	2.1%
Multifamily Starts	6,523	7,525	10,415	10,348	13,229	4,746	1,566	1,507	2,233	3,609
% Change	16.1%	15.4%	38.4%	-0.6%	27.8%	-64.1%	-67.0%	-3.8%	48.2%	61.6%
Net Apt. Completions	2,803	4,604	6,692	5,897	7,868	6,156	2,070	1,122	1,422	2,250
Apt. Inventory	189,877	194,481	201,173	207,070	214,938	221,094	223,165	224,287	225,709	227,959
% Growth	1.5%	2.4%	3.4%	2.9%	3.8%	2.9%	0.9%	0.5%	0.6%	1.0%
Apt. Rent Index	105	108	115	122	117	113	109	108	109	113
% Change	4.9%	2.8%	6.8%	6.0%	-4.4%	-3.0%	-3.6%	-1.1%	1.0%	3.5%

PPR/Dodge Pipeline Summary



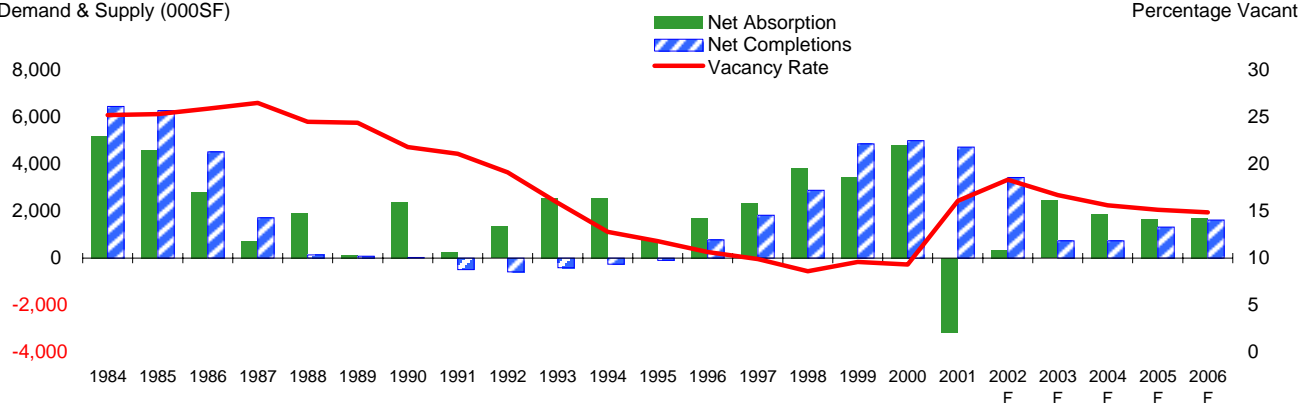
Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

DENVER

Office

Supply, Demand, and Vacancy

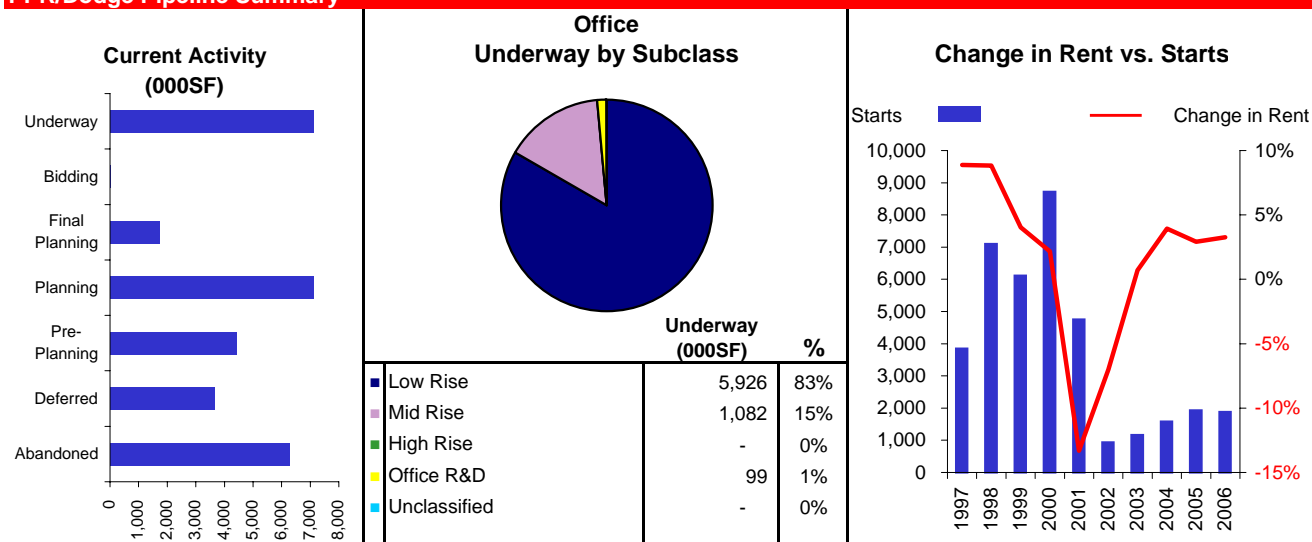
Demand & Supply (000SF)



Office Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	9.9%	8.6%	9.6%	9.3%	16.1%	18.3%	16.7%	15.6%	15.1%	14.9%
Net Absorption	2,323	3,836	3,444	4,806	-3,163	360	2,450	1,869	1,644	1,695
% Growth	2.9%	4.6%	4.0%	5.3%	-3.3%	0.4%	2.6%	2.0%	1.7%	1.7%
Starts	3,851	7,095	6,111	8,718	4,754	929	1,163	1,581	1,926	1,874
% Change	27.4%	84.3%	-13.9%	42.7%	-45.5%	-80.4%	25.2%	35.9%	21.8%	-2.7%
Net Completions	1,825	2,883	4,863	4,994	4,720	3,423	737	740	1,321	1,623
Inventory	92,348	95,231	100,094	105,088	109,808	113,231	113,968	114,708	116,029	117,652
% Growth	2.0%	3.1%	5.1%	5.0%	4.5%	3.1%	0.7%	0.6%	1.2%	1.4%
Rent Index	109	118	123	126	109	102	102	106	109	113
% Change	8.9%	8.8%	4.0%	2.2%	-13.3%	-7.0%	0.7%	3.9%	2.9%	3.3%

PPR/Dodge Pipeline Summary



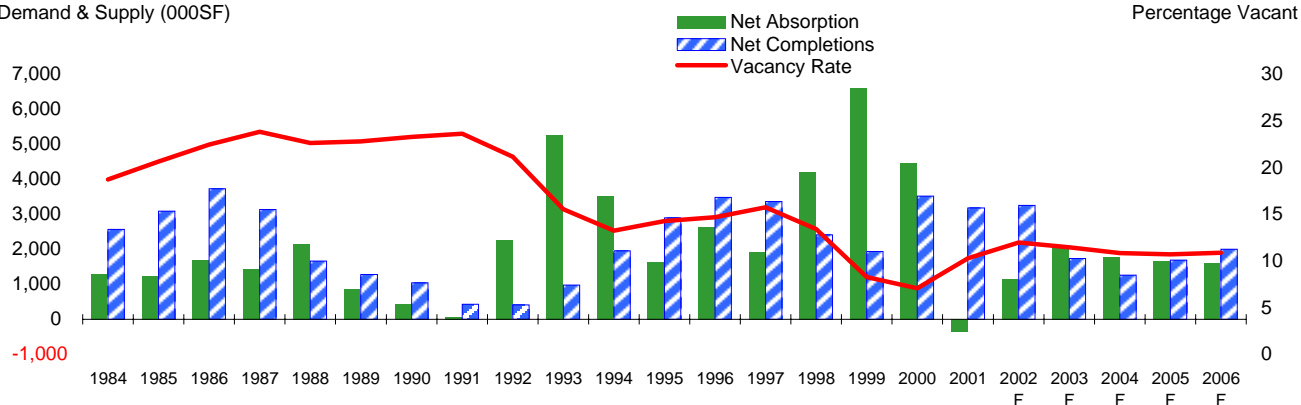
Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

DENVER

Retail

Supply, Demand, and Vacancy

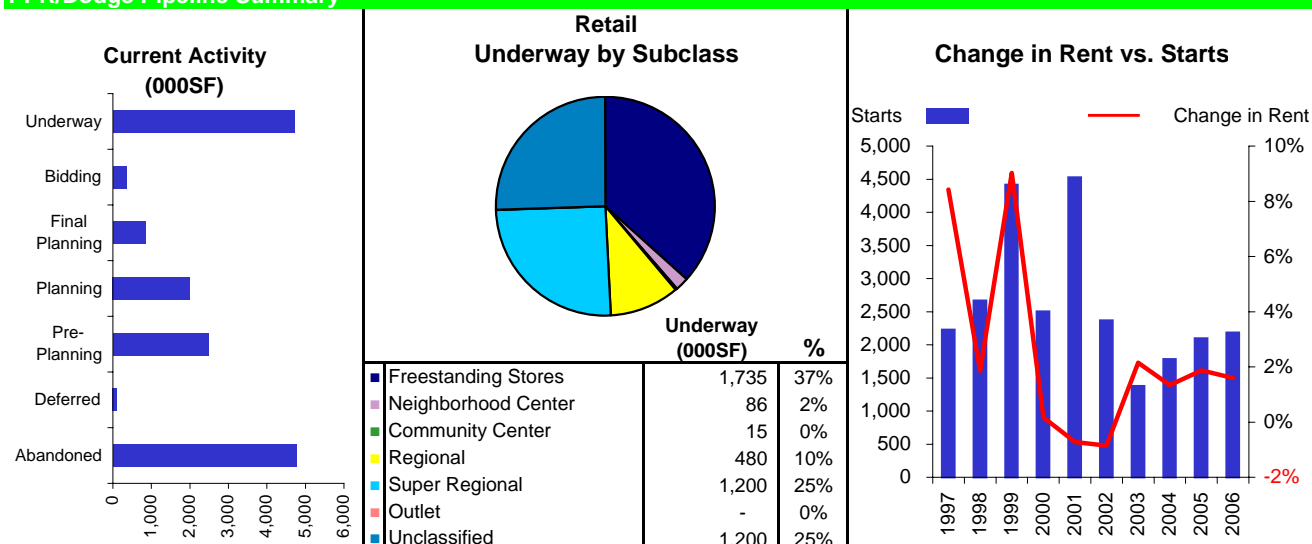
Demand & Supply (000SF)



Retail Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	15.7%	13.4%	8.3%	7.0%	10.3%	12.0%	11.4%	10.8%	10.7%	10.9%
Net Absorption	1,909	4,202	6,587	4,446	-353	1,144	2,090	1,762	1,654	1,615
% Growth	2.5%	5.5%	8.1%	5.1%	-0.4%	1.2%	2.2%	1.9%	1.7%	1.6%
Starts	2,226	2,666	4,417	2,505	4,527	2,366	1,375	1,783	2,098	2,182
% Change	-45.9%	19.8%	65.7%	-43.3%	80.7%	-47.7%	-41.9%	29.6%	17.6%	4.0%
Net Completions	3,364	2,408	1,938	3,520	3,182	3,247	1,738	1,254	1,692	2,003
Inventory	91,247	93,655	95,592	99,112	102,294	105,542	107,280	108,533	110,225	112,228
% Growth	3.8%	2.6%	2.1%	3.7%	3.2%	3.2%	1.6%	1.2%	1.6%	1.8%
Rent Index	108	110	120	121	120	119	121	123	125	127
% Change	8.4%	1.9%	9.0%	0.2%	-0.7%	-0.8%	2.2%	1.3%	1.9%	1.6%

PPR/Dodge Pipeline Summary

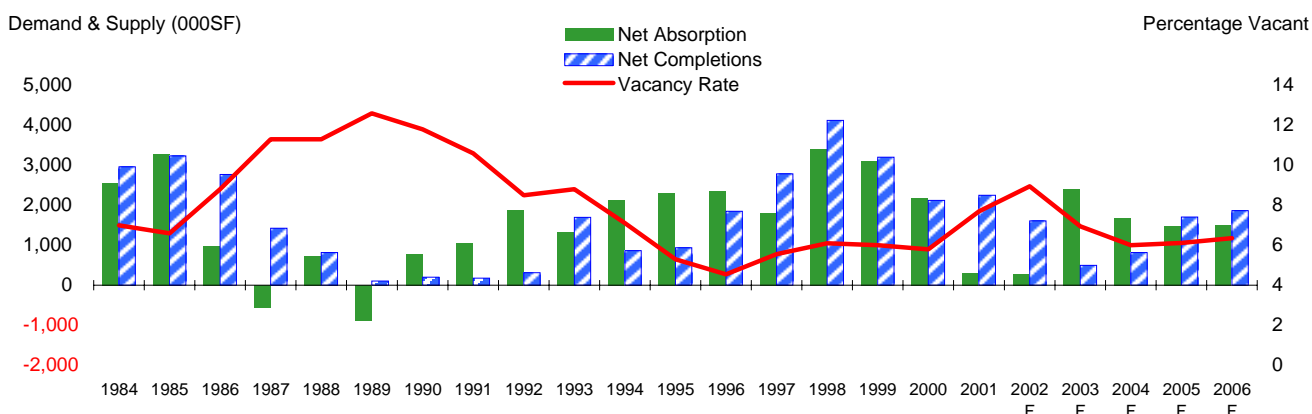


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

DENVER

Warehouse

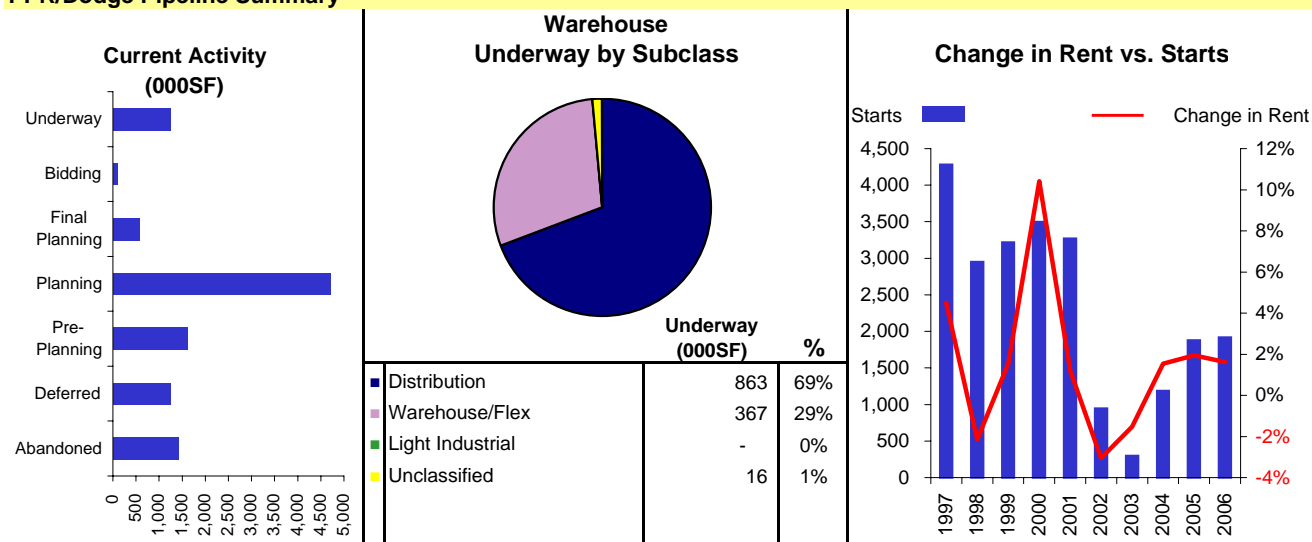
Supply, Demand, and Vacancy



Warehouse Market Statistics (000SF)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vacancy	5.6%	6.1%	6.0%	5.8%	7.7%	8.9%	6.9%	6.0%	6.1%	6.4%
Net Absorption	1,817	3,408	3,093	2,184	294	273	2,407	1,686	1,482	1,507
% Growth	2.3%	4.3%	3.7%	2.5%	0.3%	0.3%	2.7%	1.8%	1.6%	1.6%
Starts	4,280	2,951	3,215	3,497	3,272	944	298	1,185	1,879	1,918
% Change	51.8%	-31.1%	9.0%	8.8%	-6.4%	-71.2%	-68.4%	297.9%	58.5%	2.1%
Net Completions	2,786	4,122	3,197	2,124	2,246	1,604	495	812	1,702	1,862
Inventory	84,190	88,312	91,509	93,633	95,879	97,483	97,977	98,789	100,491	102,353
% Growth	3.4%	4.9%	3.6%	2.3%	2.4%	1.7%	0.5%	0.8%	1.7%	1.9%
Rent Index	105	102	104	115	116	112	111	112	115	116
% Change	4.5%	-2.2%	1.5%	10.4%	1.2%	-3.1%	-1.5%	1.5%	1.9%	1.6%

PPR/Dodge Pipeline Summary

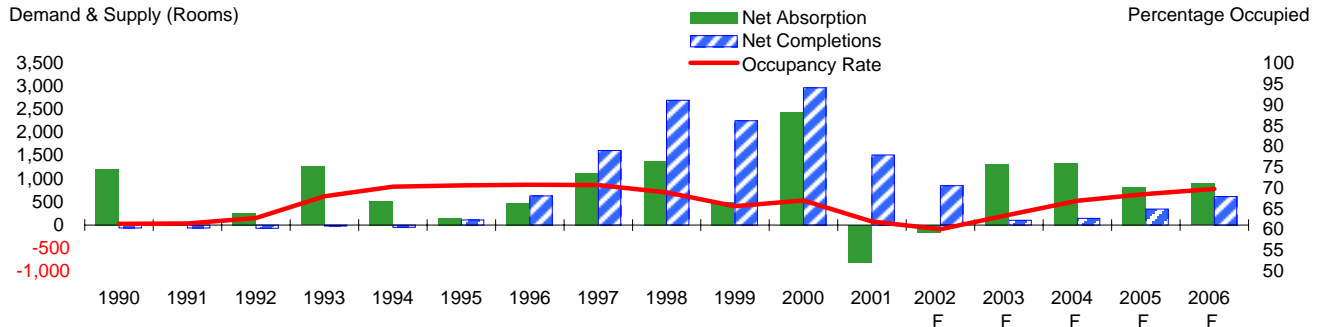


Sources: PPR; McGraw-Hill Construction - Dodge; National Real Estate Index

DENVER

Hotel

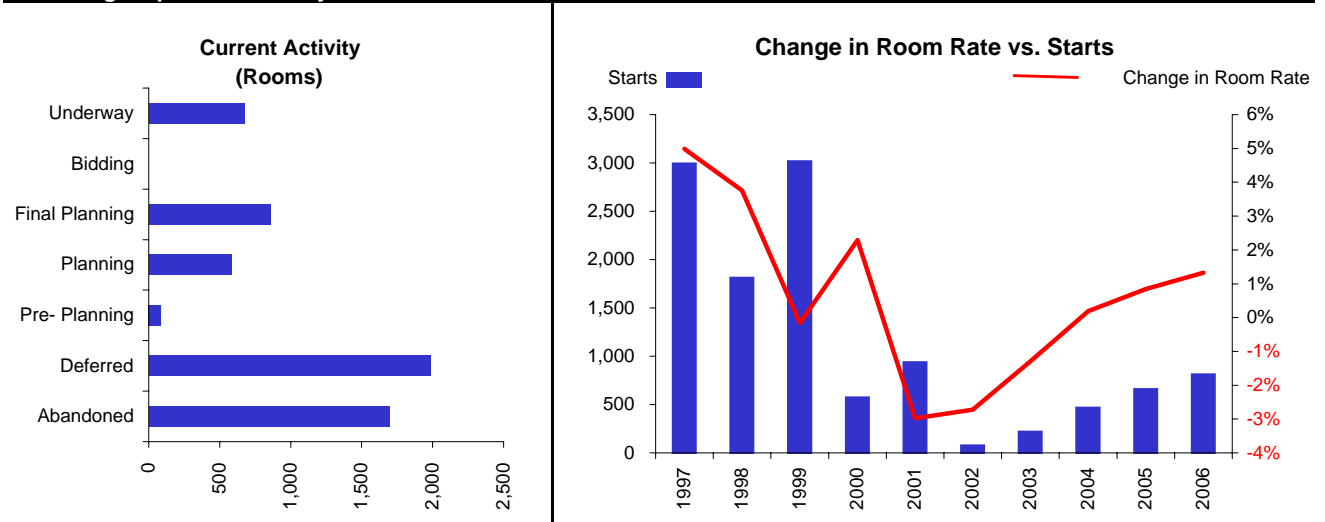
Supply, Demand, and Occupancy



Hotel Market Statistics (Rooms)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Occupancy	70.8%	69.0%	65.6%	67.0%	62.0%	60.1%	63.5%	66.9%	68.6%	69.8%
Net Absorption	1,125	1,387	506	2,446	-806	-159	1,323	1,353	833	903
% Growth	6.4%	7.4%	2.5%	11.9%	-3.5%	-0.7%	6.0%	5.8%	3.4%	3.5%
Starts	2,994	1,812	3,016	574	938	77	218	466	659	812
% Change	53.2%	-39.5%	66.4%	-81.0%	63.4%	-91.8%	183.1%	113.8%	41.4%	23.2%
Net Completions	1,614	2,700	2,257	2,976	1,514	849	99	145	348	613
Inventory	26,470	29,170	31,427	34,403	35,917	36,766	36,865	37,010	37,358	37,971
% Growth	6.5%	10.2%	7.7%	9.5%	4.4%	2.4%	0.3%	0.4%	0.9%	1.6%
Room Rate Index	105	109	109	111	108	105	104	104	105	106
% Change	5.0%	3.8%	-0.2%	2.3%	-3.0%	-2.7%	-1.3%	0.2%	0.8%	1.3%
RevPar Index	103	109	101	105	89	88	95	99	103	106
% Change	3.5%	5.0%	-7.1%	3.9%	-15.4%	-0.8%	8.0%	4.3%	3.6%	3.4%

PPR/Dodge Pipeline Summary

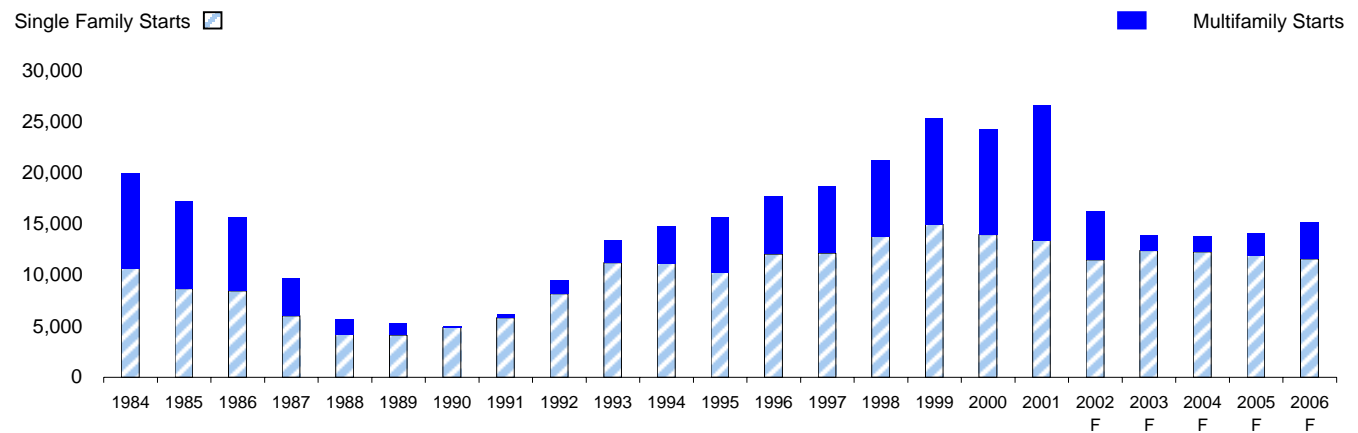


Sources: PPR; McGraw-Hill Construction - Dodge; Smith Travel Research

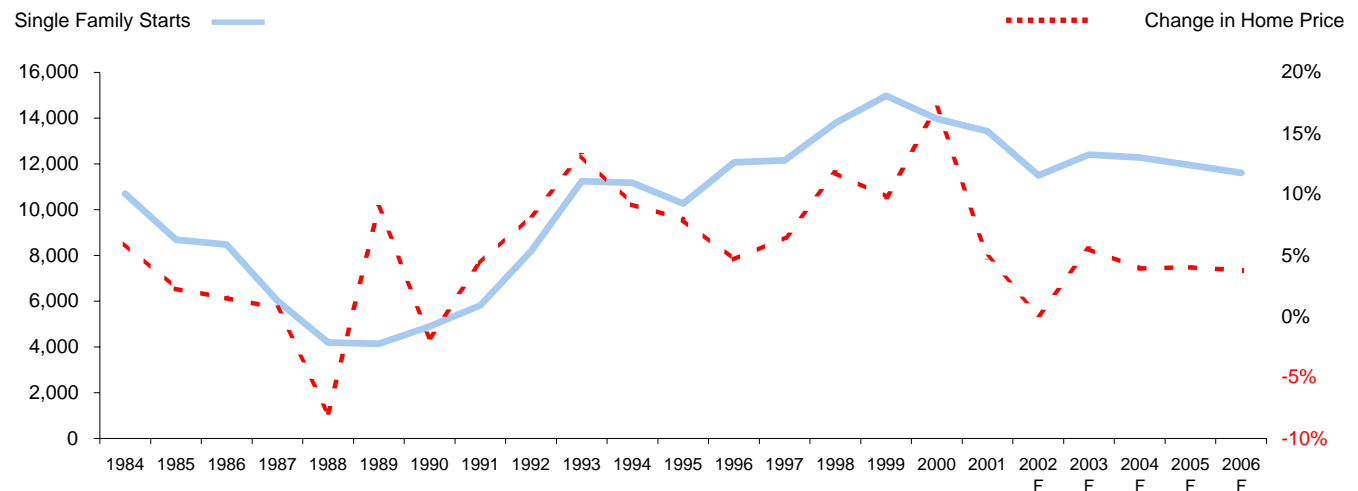
DENVER

Single Family

Housing Starts



Single Family Market



Sources: PPR; Economy.com

Single Family Market Statistics

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Starts	12,150	13,792	14,975	13,973	13,422	11,500	12,400	12,273	11,939	11,603
% Change	0.7%	13.5%	8.6%	-6.7%	-3.9%	-14.3%	7.8%	-1.0%	-2.7%	-2.8%
Completions	12,063	12,896	14,988	13,860	14,565	11,540	12,046	12,388	12,102	11,680

Apartment Market Statistics

Multifamily Starts	6,523	7,525	10,415	10,348	13,229	4,746	1,566	1,507	2,233	3,609
% Change	16.1%	15.4%	38.4%	-0.6%	27.8%	-64.1%	-67.0%	-3.8%	48.2%	61.6%
Apartment Completions	2,803	4,604	6,692	5,897	7,868	6,156	2,070	1,122	1,422	2,250

Sources: PPR; McGraw-Hill Construction - Dodge

DENVER

Apartment Projects

Projects

Title	Address	Units	Stage	Target Start	Target Completion
Crown Point Apartments	Parker Douglas County	660	Underway	9/01	3/03
Estates at Wexford Apartment Complex	Huron at 123rd Ave, Westminster Adams County	504	Underway	9/01	11/02
The Meadows at Meridian Apartments	10215 Crescent Meadow, Parker Douglas County	450	Underway	7/01	9/02
Prospect Park Apartment Complex	20th to 31st Aves, CBD Denver County	415	Underway	12/01	11/03
Dry Creek Apartments at Southcreek	E Jamison Dr and E Dry Creek Rd, Littleton Arapahoe County	342	Underway	10/01	12/02
Parker Ranch at Twenty Mile Village Apartments	Mainstreet & Parker Rd, Parker Douglas County	325	Underway	12/01	2/03
First Creek Park (formerly Singletree Apartments at DIA)	58th & Genoa, Aurora Arapahoe County	320	Underway	12/01	7/03
Bassett Street Apartments	Central Platte Valley	266	Completed		6/01
Madison Park Apartments	3351 E 120th Ave, Thornton Adams County	184	Completed	1/00	1/01
Madison Park Apartments - Phase 2	120th & Madison, Thornton Adams County	160	Underway	8/02	10/02

DENVER

Office Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Crosswinds Office Park	at former Lowry Air Force Base, Lowry	600	Planned		
Invesco Office Headquarters	4350 & 4340 S Monaco St, Denver Southeast	498	Completed	10/00	3/02
Legacy Plaza Tenants: Matrix Bancorp	15th and Wewatta Streets, CBD	290	Underway	11/01	11/03
Centre Tech Business Park Tenants: Raytheon Co.	Aurora Southeast	175	Completed		8/01
McData Headquarters Office Building	112th Ave & Simms Street, Westminster Northwest	167	Completed	2/01	3/02
Meridien II Tenants: First Data Corp.	Greenwood Plaza, Douglas County Southeast	166	Underway	4/01	6/02
Union Plaza	East Union Ave and S. Ulster St. Southeast	136	Underway	5/01	8/02
Westmoor Office Building #9	11300 Westmoor Circle, Westminster Northwest	133	Completed	7/00	7/01
Visa USA Office Complex	near C-470, Highlands Ranch Southeast	110	Completed	3/01	3/02
TRW Office Building BTS	17455 E Exposition Dr, Aurora Southeast	104	Underway	11/01	8/02

DENVER

Retail Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Colorado Mills	Intersection of I-70, Colfax Ave. and Indiana Ave., Lakewood West Tenants: Off 5th, Last Call, Gart Sports, Off Broadway Shoes	1,200	Underway	4/01	10/02
Quebec Square Regional Retail Center	Former Denver Airport, Stapleton Denver Tenants: Home Depot, Super Wal-Mart, Sam's Club, Borders Books, Just for Feet, Linens N' Things, Office Depot	740	Underway	5/01	11/02
Thorncreek Crossing Shopping Center	120th and Washington, Thornton North	380	Completed	9/00	9/01
Aspen Grove Lifestyle Center	Mineral Ave, Littleton South	300	Completed		11/01
SuperTarget Retail/Grocery Store (Aurora Town Center)	Alameda Ave & I-225, Aurora Southeast	185	Underway	4/02	6/02
Home Depot & Garden Center	I-25 and Founders Pkwy, Castle Rock Northwest	135	Underway	6/01	5/02
Lowry Town Center @ former Lowry Airforce Base	Lowry	118	Underway	7/01	7/03
Tenants: Albertson's, Citwide Bank, Lowry Liquors, Timbuk Toys					
Gaylan's Trading Co. in Park Meadows	Douglas County	80	Planned		
Safeway Grocery Store	2660 Federal Blvd, CBD	48	Completed	5/01	11/01
Best Buy	1350 Denver W Blvd, Lakewood West	45	Underway	10/01	6/02

DENVER

Warehouse Projects

Projects

Title	Address	SF (000)	Stage	Target Start	Target Completion
Stapleton Business Center (Bldg A-3)	along I-70, west of Havana St, Central/Northeast	349	Completed		6/01
Stapleton Business Center (Building D-3)	along I-70, west of Havana St, Central/Northeast	315	Underway	12/01	8/02
Coors Distribution Facility (2 of 2)	Golden West	263	Underway	1/02	9/02
Firestone Building Products Manufacturing & Storage Bldg	21250 E 36th Dr, Aurora East	262	Completed	9/01	3/02
Coors Distributing Office/Warehouse (1 of 2)	5400 Pecos St - North Pecos Northwest	221	Completed	7/01	4/02
Majestic Office/Warehouse Bldgs #21	Aurora Southeast	200	Completed	12/00	12/01
Stapleton Business Center (Bldg C-3)	along I-70, west of Havana St, Central/Northeast	156	Completed		3/02
Stapleton Business Center (Building C-1)	along I-70, west of Havana St, Central/Northeast	147	Completed	9/01	3/02
Stapleton Business Center (Building C-5)	47th Ave & Florence St, Stapleton Central Denver	100	Underway	12/01	12/02
USF Distribution Building	9801 E 102 Ave, Commerce City North Denver	43	Underway	10/01	7/02

DENVER

Hotel Projects

Projects

Title	Address	Rooms	Stage	Target Start	Target Completion
Denver Airport Westin	Jeppeson terminal building, DIA Central Denver	528	Deferred		
Colorado Center Hotel	SE corner I-25 & Colorado Blvd Southeast	350	Proposed		
Parkridge Marriott Hotel	10325 Park Meadows Dr, Littleton Southeast	270	Underway	10/01	6/03
Church Ranch Marriott Hotel	103rd & Church Ranch Blvd, Westminster Northwest	250	Deferred		
Embassy Suites DIA	7001 Yampa St, DIA Central Denver	174	Underway	8/01	12/02
Colorado SpringHill Suites by Marriott	off U.S. 36 at West 104th Avenue, Westminster Northwest Denver	164	Completed		4/02
Cherry Creek Residence Inn	625 S Cherry, Cherry Creek Central Denver	150	Completed		
Hilton Garden Inn	US Hwy 6 & C-470, Golden West Denver	123	Proposed		
Wingate Inn	8000 E Peakview Ave, Greenwood Village Southeast	103	Planned		
Convention Center Hotel	Denver CBD		Planned		