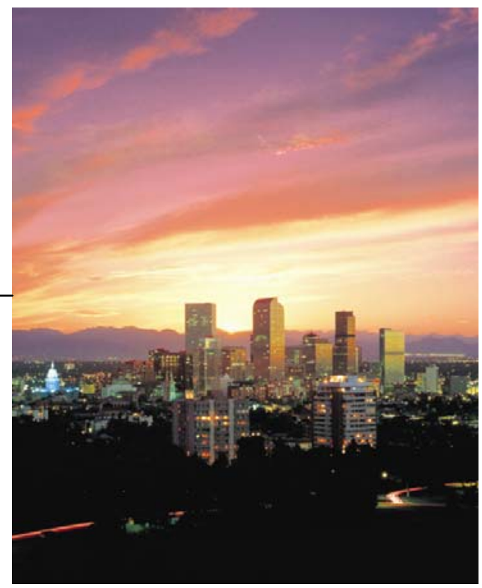
Monthly Economic Summary

A Monthly Summary of Economic Conditions in Metro Denver

(Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties)



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MONTHLY ECONOMIC SUMMARY

The Monthly Economic Summary is a comprehensive analysis of economic conditions in the seven-county Metro Denver area, or the region comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties. There are two metropolitan statistical areas (MSAs) located within the Metro Denver region: the Boulder-Longmont MSA (Boulder County) and the Denver-Aurora MSA (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties). This report presents recent data and long-term trends for the seven-county region, MSAs, or counties, depending on availability. The analysis includes four sections: labor force and employment, the consumer sector, residential real estate, and commercial real estate.

Notable Rankings

- Colorado ranked eighth in the nation for 2007 NASA contract funding, according to the federal space agency. Colorado contracts totaled $354.6 million last year, and major recipients included Lockheed Martin, Ball Aerospace, and the University of Colorado (CU). Agency spokespeople note that CU receives the nation's largest amount of NASA university research funding and currently holds more than 300 active grants. At the state level, Texas, California, and Maryland received the largest amounts of 2007 NASA dollars.
- Broomfield-based Range Fuels raised the nation's largest amount of venture capital ($130 million) in the first quarter of 2008, according to the *MoneyTree* survey by PricewaterhouseCoopers and the National Venture Capital association. Aurora-based Taligen Therapeutics and three medical device manufacturers – SomaLogic, Lanx, and IntelliDx – drew a combined $82 million in first quarter investments and helped bring Colorado's total first quarter capital to $297.7 million. According to the report, first quarter investments in Colorado companies reached the largest amount since 2001.
- *Forbes.com* recently recognized Metro Denver's real estate market as one of the best and worst for sellers. Specifically, Metro Denver ranked tenth on the list of "America's Worst-Selling Housing Markets" and seventh on the list of "Best Cities for Home Sellers." Both rankings cited high foreclosure rates and overbuilding as negative factors, but the "Best Cities" list also named stable job growth and markedly slower construction activity as positive trends. A position on both rankings seems contradictory, but the author claims they serve different purposes. The "Worst Selling" list examines current housing market indicators, while the "Best Cities" list considers economic outlook and the market's potential for recovery.
- Colorado had the nation's third-highest concentration of high-tech workers in 2006, according to the *Cyberstates 2008* study by the American Electronics Association (AeA). Colorado maintained a high ranking despite five consecutive years of tech-centered job losses, and the state's tech workers earned the fifth-highest wages in the nation. AeA analysts say the state's high-tech job losses are concentrated in telecommunications, where downsizing and consolidation have continued even past the tech-led recession in 2001. Overall, Colorado tech workers represented 83 of every 1,000 private sector laborers in 2006.
- Fares for flights originating from Denver are slightly lower than the national average but have risen at a faster pace, according to a recent report by the U.S. Bureau of Transportation Statistics. Prices for tickets from Denver International Airport (DIA) rose five percent between fourth quarter 2006 and fourth quarter 2007, which surprised analysts who expected competition from Southwest Airlines to reduce DIA fares. Nationwide, airfares increased four percent between the fourth quarters of 2006 and 2007, and fares will likely end 2008 even higher as oil prices put more pressure on airlines.

General Economic Overview

GDP grew at a 0.6 percent annual rate in the first quarter of 2008, according to the U.S. Bureau of Economic Analysis (BEA). In essence, first quarter national economic growth was minimal and unchanged from fourth quarter, when the GDP growth rate also measured 0.6 percent. According to the BEA, an increase in business inventories was primarily responsible for the GDP gain. Imports, investment in commercial buildings, and consumer spending – the largest portion of GDP – all trended negatively between fourth quarter and first quarter. BEA analysts also note these data are advanced estimates, or figures subject to revision. A more comprehensive, preliminary estimate of first quarter GDP growth is due May 29.

The latest GDP figures underscore a slowdown in consumer spending that would theoretically improve the nation's balance of trade. So far, though, the deficit has trended higher. In February, a $6.3 million increase in imports tied to consumer goods and automobiles exceeded a $3 million gain in exports, and the deficit widened to $62.3 billion from $59 billion in January. The increase was particularly surprising as the U.S. petroleum deficit contracted for the first time in the past eight months.

Conflicting economic trends are also complicating policy decisions for the Federal Open Market Committee of the Federal Reserve (FOMC). Citing continued problems with housing and credit, slower household spending, and a sagging labor market, the committee recently voted to lower its target federal funds rate by 25 basis points to two percent. The recent move was the seventh in a string of consecutive rate cuts that began last September, but committee minutes suggest increasing concern over inflation is making additional cuts less certain. For now, the FOMC expects slower resource utilization to ease price pressures, and the committee will re-evaluate at its next meeting in late June.

Price pressures remain a significant concern for businesses nationwide, particularly for those with already-low profit margins. Still, many businesses are maintaining a positive outlook. According to the Federal Reserve's *Beige Book* report for the tenth district – which includes Denver – the region's retailers, bankers, and manufacturers reported poor conditions but expected improvements within the year.

Economic Indexes

National and local economic indicators are largely mixed. Interest rate cuts have benefitted some businesses and customer traffic has increased for some industries, but actual sales continue to lag and price pressures are compounding stress in the marketplace.

National Economy

- The Conference Board's Index of Leading Economic Indicators increased 0.1 percent in March following five consecutive declines. Positive movements in the indicators for real money supply, the yield curve, and vendor performance offset negative movements in unemployment insurance claims, building permits, and stock prices.
- The Institute for Supply Management's Purchasing Managers Index was unchanged from March at 48.6 in April. Analysts note the index has stayed below 50, the point above which manufacturers expect growth, for three consecutive months. Survey respondents expressed concern over the combination of weak demand and commodity-driven price increases.
- The Institute for Supply Management's Index of Non-Manufacturing Business Activity rose from 50.8 in February to 52.2 in March, although many respondents said increased business activity has not necessarily meant more customer spending. The overall Non-Manufacturing Index declined in March as respondents remained concerned about commodity prices.

Local Economy

- The Denver Manufacturing Purchasing Managers' Index continued a volatile trend and declined from 58.1 in February to 44.5 in March. Index readings below 50 occur when a majority of respondents report poor conditions, and recent fluctuations around that level point to uncertainty in the local manufacturing sector. The Non-Manufacturing Purchasing Mangers' Index was essentially unchanged between February and March and continued to register slightly below 50. The College of Business at the University of Colorado Denver and the

National Association of Purchasing Managers – Denver jointly produce the manufacturing and non-manufacturing indexes.

- The Vectra Bank Colorado Small Business Index rose from a revised 92.9 in February to 93.6 in March, but underlying trends driving the index were mixed. Recent interest rate cuts have a positive influence as lower rates can improve small business access to financing, and higher unemployment rates increase labor availability and boost the index. At the same time, slower job gains, weaker income growth, and reduced retail sales have a negative influence on the index.
- The Colorado Business Leaders Confidence Index declined from 45.1 in first quarter to 41.7 in second quarter. In essence, survey respondents expect continued economic weakness in second quarter as consumer spending and business investment slow. Despite the lower confidence reading, many Colorado business leaders remain optimistic about the state's economy. Nearly 73 percent of respondents expect the nation's economy to contract in the short term, but only 48 percent feel the state's economy will decline.

Labor Force and Employment

Employment in the Metro Denver region increased by 10,400 jobs between February and March, but year-to-date job growth dipped slightly to 1.9 percent from two percent in the prior month. Ongoing difficulties in credit and mortgage markets contributed to a 2.5 percent year-to-date decline in Metro Denver financial activities employment. In manufacturing, the region's only other supersector to report losses, job counts through March were down one percent from the same months in 2007. Among the remaining nine supersectors, year-to-date job growth ranged from one percent in information to 3.9 percent in education and health services.

Year-to-date job growth rates in the Denver-Aurora and Boulder MSAs measured 1.9 percent and 1.8 percent, respectively. The education and health services industry reported the strongest year-to-date growth of the Denver-Aurora supersectors (+4.0 percent), while natural resources and construction reported the largest gains (+6.2 percent) in Boulder. Statewide job growth reached two percent year-to-date, and national job gains measured 0.6 percent. Overall, recent employment figures reflect slowing job growth in Metro Denver, Colorado, and the nation.

Employment trends for several of Metro Denver's industry clusters continue to be strong, although fuel prices are taking a toll on local aviation companies and their competitors nationwide.

Aviation: Denver-based Frontier Airlines announced its Chapter 11 bankruptcy filing in early April but plans to continue business uninterrupted. Frontier spokespeople say the filing was necessary because the company's main credit card processor, Greenwood Village-based First Data, increased its mandatory withholding amount on ticket purchases and threatened the airline's cash flow. Frontier spokespeople say the filing has no immediate impact on customers or employees, but they announced temporary pay cuts for company executives and ended an 11-year partnership with regional carrier Republic Airways. The carrier has been offering regional flights under the Frontier brand, so the severance will eliminate Frontier service to Missoula, Memphis, and four other cities.

Service reductions on other airlines could also affect Denver passengers as oil prices remain at all-time highs. United Airlines plans to cut 1,100 jobs, trim its flight schedule, and reduce the size of its fleet after a large first quarter loss. United officials have not specifically defined where the job and capacity reductions will occur but say changes will affect Denver and other large hubs.

Not all airlines, however, are planning route reductions. Southwest Airlines will grow its Denver service with routes to Indianapolis and Portland, Oregon that begin in June. The carrier will fly two daily round trips to each of the cities and will also add additional flights to its Las Vegas and San Antonio routes this summer.

Aviation industry changes are also underway outside of DIA. A Russian private equity firm recently purchased Centennial-based Adam Aircraft in a bankruptcy sale and plans to reopen the business. The new owner, AAI Acquisition Inc., purchased the bankrupt company for $10 million and kept 50 former Adam Aircraft employees. AAI spokespeople say work will continue on the A700 and A500 aircraft, and the new company could employ as many as 300 within a year.

Nonfarm Wage & Salary Employment
(000s, not seasonally adjusted)

	Month of Mar-08 (p)	Month of Feb-08	Month of Mar-07	Year-to-Date Average 2008	Year-to-Date Average 2007	Year-to-Date Average % Change	Annual Growth Rate 2003	Annual Growth Rate 1998
Total 11-County Metro Denver*	1,408.9	1,398.5	1,387.0	1,399.9	1,374.2	1.9%	-1.4%	4.0%
Denver-Aurora MSA	1,241.1	1,232.0	1,221.4	1,233.6	1,211.0	1.9%	-1.2%	4.0%
Boulder-Longmont MSA	167.8	166.5	165.6	166.2	163.2	1.8%	-2.8%	4.0%
Natural Resources & Construction	97.7	95.3	96.2	95.7	93.7	2.2%	-7.1%	11.9%
Manufacturing	87.7	87.7	88.7	87.9	88.7	-1.0%	-4.9%	1.4%
Wholesale & Retail Trade	215.1	214.3	211.9	215.6	212.1	1.7%	-1.9%	3.0%
Transp., Warehousing & Utilities	52.1	52.1	51.4	52.1	51.5	1.2%	-8.0%	15.8%
Information	56.5	56.7	56.2	56.7	56.1	1.0%	3.4%	6.1%
Financial Activities	104.9	104.5	107.4	104.5	107.2	-2.5%	-1.3%	3.3%
Professional & Business Services	241.8	240.1	235.6	240.2	233.2	3.0%	2.6%	2.3%
Education & Health Services	151.0	150.5	145.8	150.1	144.5	3.9%	-0.6%	2.1%
Leisure & Hospitality	144.2	141.9	140.5	142.7	138.0	3.4%	-0.4%	2.1%
Other Services	52.4	51.9	52.0	52.1	51.6	1.1%	0.2%	2.0%
Government	205.5	203.5	201.3	202.2	197.6	2.3%	0.5%	0.2%
Federal Gov't	30.0	30.0	30.7	30.0	30.7	-2.1%	-2.9%	1.8%
State & Local Gov't	175.5	173.5	170.6	172.2	166.9	3.2%	1.4%	2.7%
Colorado	2,344.8	2,327.2	2,306.3	2,328.9	2,283.1	2.0%	-1.4%	3.9%
United States	137,015	136,441	136,533	136,456	135,709	0.6%	-0.3%	2.6%

**Includes the Denver-Aurora MSA (Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park counties) and the Boulder-Longmont MSA (Boulder County).*
Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary

Beverage Production: Colorado is home to the nation's second-largest number of craft brewers, according to a report by the Brewers Association. California ranked first with eight craft brewers, or those that produce fewer than two million barrels annually. Colorado ranked second with six, and the report notes that New Belgium Brewing Company in Fort Collins is the nation's third-largest craft brewer.

Bioscience: Covidien Ltd. – formerly Tyco Healthcare – recently broke ground on an expansion for its Boulder campus. The 55,000-square-foot addition will house some of Covidien's 1,437-person staff plus a new facility where surgeons can test the company's medical devices and supplies. Covidien consolidated its Valleylab and Nellcor Puritan Bennett divisions under one name last year.

A second member of Boulder's biotech community is also planning to grow. California-based Quark Pharmaceuticals intends to use $27 million in new funding to grow the clinical development arm of its business and add to its Boulder staff. The company is currently working on a treatment for macular degeneration and a drug that prevents surgery-related kidney damage. Spokespeople say the company's local workforce could grow to 25 positions by the end of this year.

In other biotech news, Louisville pharmaceutical company Replidyne announced it will discontinue testing of an oral antibiotic and close an 11-employee office in Connecticut. Company spokespeople describe both moves as cash conservation measures.

IT/Software: California-based Sun Microsystems Inc. plans to reduce its more than 33,300-person workforce by as much as seven percent. Sun spokespeople would not provide a timeline for the cuts or say how they might affect the company's Broomfield campus, which houses about 3,400 workers. According to some reports, difficult economic conditions and costs related to the company's recent acquisition of MySQL are driving efforts to downsize.

Employment Outlook

The hiring outlook in Metro Denver has been somewhat volatile over the past two quarters. According to the Manpower Employment Outlook Survey, the share of Denver Area employers planning to hire in the second quarter declined to 22 percent from 27 percent in the prior survey and 42 percent one year ago. However, a decline in the share of employers planning layoffs in the coming quarter partly offset the more negative hiring outlook. Overall, smaller shares of employers reported plans to hire, lay off workers, or maintain their current payroll, and a larger percentage of respondents said they were unsure about their near-term personnel strategies.

Boulder County employers have a mixed hiring outlook for the coming quarter. The share of employers planning to hire rose to 20 percent from 13 percent in the prior survey, but the share planning layoffs also increased. Sixty-seven percent of Boulder County survey participants plan to maintain their current staff levels in second quarter, down from 84 percent in the prior survey. In the national survey, 26 percent of employers reported plans to hire, while 9 percent plan to reduce payrolls and 60 percent will maintain their current staffing.

Employment Outlook Survey

	Quarter 2 2008	Quarter 1 2008	Quarter 2 2007	YTD Avg 2008	YTD Avg 2007	YTD Avg 2006
Denver Area*						
Percent of Companies Hiring	22%	27%	42%	25%	42%	34%
Percent of Companies Laying Off	7%	14%	12%	11%	10%	10%
Percent of Companies No Change	44%	47%	43%	46%	43%	50%
Boulder County						
Percent of Companies Hiring	20%	13%	13%	17%	20%	33%
Percent of Companies Laying Off	13%	3%	10%	8%	9%	5%
Percent of Companies No Change	67%	84%	77%	76%	72%	59%

**Includes Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson Counties.*
Source: Manpower Inc.

The Metro Denver unemployment rate was essentially unchanged at 4.7 percent in March, but year-to-date unemployment was higher than the 4.1 percent rate for the first three months of last year. Unemployment rates in the seven Metro Denver counties were stable in March and ranged from a low of four percent in Boulder County to a high of 5.3 percent in Adams County. The Colorado and national average unemployment rates for March were also unchanged at 4.7 percent and 5.2 percent, respectively.

Unemployment insurance claims in Metro Denver and Colorado declined in March, although year-to-date counts of claims have risen considerably over the same months of 2007. In Metro Denver, the average monthly count of claims through March reached 1,447 in a 17.3 percent gain over 2007. Statewide, the year-to-date monthly average is 12.4 percent ahead of the same period last year.

Labor Force Statistics
(000s, not seasonally adjusted civilian labor force)

	March 2008 (p)		2008 YTD Avg		2007 YTD Avg		2003	1998
	Labor Force	Unemploy-ment Rate	Labor Force	Unemploy-ment Rate	Labor Force	Unemploy-ment Rate	Ann Avg Unemploy-ment Rate	Ann Avg Unemploy-ment Rate
Metro Denver	1,546.1	4.7%	1,540.3	4.7%	1,498.5	4.1%	6.4%	2.9%
Adams County	227.1	5.3%	226.5	5.3%	220.4	4.8%	7.2%	3.6%
Arapahoe County	316.6	4.7%	315.3	4.6%	306.5	3.9%	6.3%	2.7%
Boulder County	179.4	4.0%	178.5	4.0%	174.0	3.5%	5.8%	3.3%
Broomfield County*	26.6	4.7%	26.5	4.6%	25.8	4.0%	6.4%	
Denver County	320.2	5.2%	319.1	5.2%	310.4	4.6%	7.3%	4.1%
Douglas County	158.3	4.1%	157.6	4.1%	153.1	3.3%	5.3%	1.7%
Jefferson County	317.9	4.5%	316.8	4.5%	308.2	3.9%	5.9%	2.8%
Colorado	2,744.7	4.7%	2,742.1	4.7%	2,665.9	4.1%	6.1%	3.8%
United States	153,135	5.2%	152,822	5.3%	152,013	4.8%	6.0%	4.5%

**Broomfield County was formed in November 2001 from parts of Adams, Boulder, Jefferson, and Weld Counties.*
Source: Colorado Department of Labor and Employment, Labor Market Information. (p) =preliminary

Weekly First-Time Unemployment Insurance Claims

	Month of Mar-08	Month of Feb-08	Month of Mar-07	YTD Avg 2008	YTD Avg 2007	YTD Avg % Change
Metro Denver	1,216	1,371	945	1,447	1,234	17.3%
Colorado	2,064	2,296	1,670	2,511	2,233	12.4%

Note: Reference week data includes the 19th day of the month with the exception of November and December, which includes the 12th day of the month.
Source: Colorado Department of Labor and Employment, Labor Market Information.

Consumer Sector

Metro Denver per capita personal income increased roughly $2,300 from 2005 to reach $45,350 in 2006. While essentially on par with statewide income growth, the region's 5.2 percent growth rate fell slightly behind national per capita income growth of 5.6 percent in 2006. Analysts say faster population growth might be dampening income gains in the Metro Denver data, because larger percentage changes are more difficult to maintain with a growing demographic base. Still, per capita personal income exceeded the 2006 national average in each of the seven Metro Denver counties except Adams and Broomfield.

The region's relatively high personal income is helping some Metro Denver retailers perform better than their peers in other cities. Sales gains have been slowing at Metro Denver malls, but retail analysts note local stores are still outperforming the national average. February data show over-the-year sales gains at Park Meadows, Cherry Creek, and Northfield Stapleton, while Flatiron Crossing and Colorado Mills reported sales declines. Slowing trends at all metro area malls began late last year when December sales fell flat, but high personal income and a strong tourist element has helped offset the downtrend in some locations.

The most recent available figures on Metro Denver retail also suggest that a milder housing correction and higher personal income have helped local retail sales remain strong, although annual revisions dropped 2007 sales growth slightly below expectations. Preliminary data suggested that the region's sales increased 9.9 percent between 2006 and 2007, while the revised series shows a nine percent gain over the year. Data users should note, though, that an upward revision to 2006 sales caused the decline in the over-the-year growth rate.

Of the seven Metro Denver counties, 2007 retail sales increased the most in Boulder (+15.3 percent) and Adams (+14.6 percent) Counties. Among the remaining counties, 2007 retail sales growth ranged from six percent in Jefferson County to 9.3 percent in the City and County of Broomfield.

Total Retail Sales ($000s)

	Month of Dec-07	Month of Nov-07	Month of Dec-06	YTD Total 2007	YTD Total 2006	YTD Total % Change	Annual Growth 2002	Annual Growth 1997
Total Metro Denver	11,160,561	6,823,361	10,094,893	87,994,903	80,728,196	9.0%	-0.5%	5.8%
Adams County	1,434,267	1,121,305	1,258,561	14,022,951	12,232,719	14.6%	-0.3%	7.7%
Arapahoe County	2,125,329	1,465,775	2,074,543	18,435,434	17,362,152	6.2%	1.6%	0.7%
Boulder County	1,595,390	589,044	1,198,307	8,725,092	7,567,431	15.3%	-14.5%	3.8%
Broomfield County	241,569	130,313	226,128	1,710,958	1,565,042	9.3%		
Denver County	3,219,869	1,961,603	3,099,765	25,200,069	23,352,535	7.9%	-3.2%	4.9%
Douglas County	812,407	524,389	681,945	6,513,724	6,022,512	8.2%	3.6%	30.9%
Jefferson County	1,731,730	1,030,932	1,555,644	13,386,675	12,625,805	6.0%	-2.5%	8.7%
Colorado	19,530,641	11,290,183	17,252,934	148,664,444	135,542,818	9.7%	0.3%	6.4%

Source: Colorado Department of Revenue.

While some types of retail sales remain strong, high prices, slower consumer spending, and a slumping household sector are taking a larger toll on others. Linens Holdings Co., doing business as Linens ‘n Things, recently filed for Chapter 11 bankruptcy and plans to close stores in Broomfield, Aurora, Denver, and Lakewood. The Metro Denver stores are among 120 the company says are underperforming, and a company press release says the nationwide decline in household-related retail sales drove the bankruptcy filing.

High prices and slower sales are also affecting restaurants. Denver-based VICORP Restaurants, Incorporated – the owner of Village Inn and Bakers Square – has also filed for bankruptcy protection. A VICORP news release says the company has secured funds to support its operations and payroll, but company officials are weighing menu changes and other cost-saving measures. Restaurant industry analysts say the combination of rising food prices, a slowing economy, and over-expansion in recent years is taking a toll on many businesses. Reports of same-store sales declines are increasingly common for establishments across all price points, from McDonald’s to Ruby Tuesday, Morton’s, and McCormick and Schmick’s. Analysts also say a recovery for the restaurant industry could take longer than it has in the past, because higher quality prepared foods available at grocery stores and demographic factors are driving more people to eat at home.

Many of the factors driving higher costs for food – including stronger global demand, weather patterns, and energy issues – are also likely to remain for longer periods of time. According to the U.S. Bureau of Labor Statistics, March prices for bread and milk were up 14.7 percent and 13.3 percent over the year, and prices for cereal and bakery products have also increased significantly. Overall, the March reading for food in the U.S. Consumer Price Index for All Urban Consumers (CPI-U) was up 4.4 percent over March 2007, slightly less than costs increases for medical care (+4.6 percent) and transportation (+8.2 percent). Overall, the CPI-U increased 0.9 percent between February and March, and the gain pushed the total increase in consumer prices to four percent since March 2007.

As the CPI data suggest, U.S. consumers are noticing higher prices most when they buy groceries or pay for gasoline. Refinery shutdowns, geopolitical tensions, and a weak U.S. dollar continued to drive oil prices over the month, and they touched new highs near $120 per barrel in April. As a result, regular gasoline prices beat the previous record set in May 2007 and reached $3.60 and $3.50 in the U.S. and Colorado, respectively. With the peak travel season still approaching, some analysts say Colorado drivers could pay $4 per gallon by early summer. Despite the recent increases, Colorado gas prices are still lower than those of many states. The statewide average price for regular gasoline ranked 39th highest in the nation in April and fell $0.50 per gallon below the nation's current high price of $3.91 in California.

Metro Denver's April average of $3.45 per gallon was slightly below the statewide average price. As in other regions nationwide, the most recent price increases in Metro Denver pushed averages past the May 2007 record, and analysts are expecting further gains by Memorial Day weekend. They note, too, that distributors and trucking companies are already facing diesel prices in excess of $4 per gallon. At the end of April, national average diesel prices ranged from a low of $4.07 in Oklahoma to $4.59 in New York.

Recent research by JD Power & Associates suggests sustained highs in gas prices are driving new trends in sales of smaller cars. The report shows one in five cars sold in the U.S. in April was compact or subcompact, compared to one in ten cars nearly ten years ago. Sales of cars with four-cylinder engines also exceeded six-cylinder sales for the first time in April, and SUV sales are down more than 25 percent so far this year. Industry analysts are not sure how a broad switch towards smaller cars will affect total oil consumption, because some consumers will also alter their driving habits.

The U.S. Consumer Confidence Index declined in March to a five-year low. The Expectations subindex – which combines consumer outlooks on business conditions, jobs, and income – also declined to a record 35-year low. The Mountain Region Consumer Confidence Index declined from 102.1 in February to 96.5 in March, but it remains second highest among the nine regional indexes.

Consumer Confidence Index

	Month of Mar-08 (p)	Month of Feb-08	Month of Mar-07	YTD Avg 2008	YTD Avg 2007	YTD Avg % Change	Ann Avg 2003
Mountain	96.5	102.1	143.0	107.1	138.7	-22.8%	89.4
United States	64.5	76.4	108.2	76.1	109.9	-30.8%	79.8

Source: The Conference Board. (p) =preliminary

The Metro Denver hotel occupancy rate increased between February and March, but year-to-date occupancy fell 3.4 percent below the rate from the first three months of 2007. Room rates have risen despite slightly lower occupancy levels, suggesting that area hotels are facing higher costs. Specifically, the average room rate for the first three months of 2008 was 5.2 percent higher than the average for the same months of 2007.

Metro Denver Hotel Statistics

	Month of Mar-08	Month of Feb-08	Month of Mar-07	YTD Avg 2008	YTD Avg 2007	YTD Avg % Change	Annual 2003	Annual 1998
Percent of Hotel Rooms Occupied	62.5%	59.1%	66.2%	59.2%	61.3%	-3.4%	59.5%	70.0%
Average Hotel Room Rate	$111.05	$110.75	$106.31	$110.42	$104.99	5.2%	$84.79	$87.52

Source: Rocky Mountain Lodging Report.

Passenger traffic at Denver International Airport increased between January and February, and year-to-date traffic was up 5.2 percent over the same months in 2007. (Note: The month of February was one day longer in 2008 than it was in 2007.)

Denver International Airport Passengers

	Month of Feb-08	Month of Jan-08	Month of Feb-07	YTD Total 2008	YTD Total 2007	YTD Total % Change	Annual 2003	Annual 1998
Number of Airline Passengers	3,834,362	3,760,828	3,520,982	7,595,190	7,222,279	5.2%	37,505,267	36,831,400

Source: Denver International Airport, Traffic Statistics.

Each of the national stock market indexes increased between March and April despite negative news from the labor market and poor earnings reports. Even with the April rally, year-to-date returns remained negative for each of the indexes and ranged from -9 percent (NASDAQ) to -3.4 percent (Dow Jones Industrial Average). The Bloomberg Colorado Index also posted a negative annual return despite a gain in April.

Stock Market Indexes

	Month of Apr-08	Month of Mar-08	Month of Apr-07	YTD Return 2008	YTD Return 2007	YTD Return 2006
Bloomberg Colorado	433.2	415.6	420.3	-3.8%	9.9%	10.1%
S&P 500	1,385.6	1,315.2	1,482.4	-5.6%	4.5%	5.0%
NASDAQ	2,412.8	2,261.2	2,525.1	-9.0%	4.5%	5.3%
DJIA (Dow Jones)	12,820.1	12,216.4	13,062.9	-3.4%	4.8%	6.1%

Sources: Bloomberg.com, Yahoo! Finance.

Residential Real Estate

A newsletter recently released by the Genesis Group suggests Metro Denver's economic fundamentals will help offset several negative milestones from 2007. Specifically, 2007 was the first time since the early 1990s that detached home sales numbered fewer than 6,000, and fourth quarter 2007 was the first time the supply of new attached homes exceeded seven months. Still, the report emphasizes Metro Denver's stable job growth, well-educated workforce, and good quality of life as factors that will help the region weather the housing downturn more smoothly than other areas.

A report recently released by PMI Mortgage Insurance Company suggests that the nationwide decline in home prices is, at best, only halfway complete. The report describes accelerating price declines and a large imbalance of housing supply and demand as factors that will prolong price recovery. The report also notes, though, that different regions will see vastly different trends in home prices. Specifically, the report finds homes in the Denver-Aurora MSA have only a one percent chance of falling below their fourth quarter 2007 value in fourth quarter 2009. The report identified the greatest risks of price declines in three metropolitan areas: Riverside-San Bernardino-Ontario, California (93 percent chance of decline in two years); Las Vegas-Paradise, Nevada (92 percent chance); and Orlando-Kissimmee, Florida (85 percent chance).

Home Resales

U.S. existing home sales declined in March, essentially reversing a February improvement and falling 19.3 percent below the sales pace from March 2007. According to the National Association of Realtors (NAR), sales conditions across U.S. regions remained mixed with recent gains in the Northeast and West paired with losses in the South and Midwest. NAR analysts attribute the volatile market activity to hesitant buyers and lenders and say accelerating inflation could ultimately raise mortgage rates and interrupt a market recovery. Overall, the total inventory of unsold homes rose from a 9.6-month supply in February to a 9.9-month supply in March.

Metro Denver's inventory of unsold homes was essentially unchanged between February and March, which could reflect a generally longer wait between contract and closing. According to Metrolist data, both the number of *closed home sales and the number of homes under contract increased as the spring selling season began, although the year-to-date count of sales remained 11 percent below sales from the first three months of 2007. Increased contract and sales activity is typical for this time of year, but March gains were somewhat weaker than they have been over the past several years.*

Previously-Owned Home Sales Activity

	Month of Mar-08	Month of Feb-08	Month of Mar-07	YTD Total 2008	YTD Total 2007	YTD Total % Change	Ann Avg 2003	Ann Avg 1998
Home Sales (Under Contract)	5,874	5,126	6,122	15,550	15,343	1.3%	29,703	40,916
Home Sales (Closed)	3,709	3,001	4,274	9,697	10,904	-11.1%	47,966	45,951
Unsold Homes on Market	25,516	25,037	26,430	25,516	26,430	-3.5%	24,660	12,583
Average Sales Price-Single Family	$274,693	$278,871	$302,084	$277,975	$297,728	-6.6%	$277,856	$185,785
Average Sales Price-Condo	$173,493	$171,817	$183,451	$170,482	$175,159	-2.7%	$175,215	$115,235
Median Sales Price-Single Family	$224,900	$221,486	$240,000	$220,000	$238,000	-7.6%	$230,000	
Median Sales Price-Condo	$132,000	$133,750	$153,000	$170,482	$150,075	13.6%	$154,000	

Source: MetroList, Inc.

Note: Data includes the seven-county Metro Denver region plus Elbert, Park, Gilpin, and Clear Creek Counties as well as portions of the Loveland area.

Home Prices

The national median home price for all types of single-family housing was $200,700 in March, down 7.7 percent from the March 2007 median of $217,400. According to the NAR, median home prices have corrected the most in the West, where the March median of $285,100 fell 14.7 percent below the median from the prior year. March median home prices in the Midwest and South were down 5.3 percent and 7.1 percent over-the-year, while prices in the Northeast rose 4.6 percent over the 2007 median.

According to the most recent S&P/Case-Shiller Home Price Indices, the nationwide decline in existing, single-family home values steepened in February. Each of the indices for the 20 metropolitan areas has now declined for six consecutive months, and annual declines for 17 of the indices have reached record levels. The 20-City Composite Index for February declined 12.7 percent from February 2007, and the indices for Las Vegas, Miami, and Phoenix each declined more than 20 percent over the year. *With a 5.5 percent price decline over the year, the Denver index ranked among the few cities with more moderate price changes. Only the indices for Seattle, Portland, Dallas, Charlotte, and Boston outperformed the Denver index in February.*

Quarterly median home prices help smooth the volatility of monthly figures, but the National Association of Realtors will not release first quarter price data until mid-May. As of the last release, Metro Denver median prices had remained more stable than the national average. On an annual basis, the median home price in the Denver-Aurora MSA was down 1.6 percent in 2007, while the median in the Boulder-Longmont area rose 2.7 percent. At the national level, median home prices declined 1.8 percent between 2006 and 2007.

Median Sales Price of Existing Single-Family Homes ($000s)

	Quarter 4 2007 (p)	Quarter 3 2007 (r)	Quarter 4 2006	Ann Avg 2007	Ann Avg 2006	Ann Avg % Change	Median 2002	Median 1997
Boulder-Longmont MSA	$371.1	$375.8	$358.9	$376.2	$366.4	2.7%	$317.6	n/a
Denver-Aurora MSA	$230.1	$254.1	$245.6	$245.4	$249.5	-1.6%	$228.1	$140.6
United States	$206.2	$220.3	$219.0	$217.8	$221.9	-1.8%	$167.6	$129.0

Source: National Association of REALTORS. (p) =preliminary (r) =revised

Foreclosures

According to California-based RealtyTrac, the number of U.S. homes affected by some sort of foreclosure filing increased between February and March, and the March count of filings was up 57 percent from the prior year. Using RealtyTrac methodology, foreclosure rates are highest in Nevada, California, and Florida. Rates in Arizona and Colorado rank fourth and fifth highest, respectively, although a RealtyTrac report notes that Colorado foreclosure filings in March were down 1.4 percent from the prior year.

The count of Metro Denver foreclosures increased in March, but over-the-year growth in foreclosures slowed for the third consecutive month. In other words, Metro Denver foreclosures have recently been rising at a slower pace. On a year-to-date basis, the count of Metro Denver foreclosure starts was up 18.9 percent over the first three months of 2007.

Real Estate Foreclosures

	Month of Mar-08	Month of Feb-08	Month of Mar-07	YTD Total 2008	YTD Total 2007	YTD Total % Change
Total Metro Denver*	2,925	2,505	2,622	7,652	6,434	18.9%
Adams County	606	612	596	1,727	1,456	18.6%
Arapahoe County	695	580	604	1,851	1,551	19.3%
Boulder County	107	80	85	278	216	28.7%
Broomfield County	20	25	26	79	59	33.9%
Denver County	898	705	852	2,042	1,940	5.3%
Douglas County	234	202	191	665	373	78.3%
Jefferson County	365	301	268	1,010	839	20.4%

**Foreclosure data for Metro Denver represents the total number of election and demand setups received by the county public trustee in the month received. Some defaults are cured or withdrawn, so not all of the foreclosures listed are real-estate owned properties.*
Sources: Various County Public Trustees in Metro Denver.

New Homes

Several reports on new construction show continued weakness in the market for new homes. According to the U.S. Department of Commerce, sales of new single-family homes declined 8.5 percent between February and March and 36.6 percent over the year. Annual declines in new home sales were the largest in the Northeast (-64.6 percent) and Midwest (-50 percent), followed by declines in the West (-39.3 percent) and South (-25.9 percent). The national inventory of unsold homes continues to build in the slower sales environment and reached an 11-month supply in March.

Weak trends in the new homes market continue to depress building activity nationwide. *A separate Department of Commerce report shows private housing starts declined 11.9 percent between February and March and 36.5 percent over the year.* Each of the four U.S. regions reported significant over-the-year declines in building starts, although the pace of construction starts declined the most in the Midwest (-46.5 percent) and West (-38 percent).

Not surprisingly, regional readings of builder confidence are lowest in the Midwest. According to the National Association of Homebuilders (NAHB)/Wells Fargo Housing Market Index (HMI), builder confidence is currently highest in the Northeast and South, followed by the West and Midwest. Even where builder confidence indexes are stronger, though, they still fall significantly below the break-even point of 50. *Overall, the national builder confidence index remained at 20 for the third consecutive month in April. Analysts call the recent trend a "marginal" improvement from December 2007, when the index registered a record low of 18.*

Trends in Metro Denver construction activity are largely consistent with the nationwide weakness. The region's total number of residential permits ticked up between January and February, but the year-to-date total remained *roughly 44 percent below permits from the same months of 2007. Permits for attached single-family homes – or townhomes, condominiums, and duplexes – have declined the most so far this year.*

Residential Building Permits

	Month of Feb-08	Month of Jan-08	Month of Feb-07	YTD Total 2008	YTD Total 2007	YTD Total % Change	Total 2003	Total 1998
Single-Family Detached Units	331	339	551	670	1,087	-38.4%	12,656	16,058
Single-Family Attached Units	139	88	175	227	789	-71.2%	3,755	3,527
Multi-Family Units	376	210	412	586	754	-22.3%	1,858	7,794
Total Units	846	637	1,138	1,483	2,630	-43.6%	18,269	27,379

Source: Home Builders Association of Metro Denver.

Apartment Rental Market

The Metro Denver apartment vacancy rate increased from 5.3 percent in the third quarter of 2007 to 6.1 percent in fourth quarter. A year-end increase is consistent with seasonal trends, but this year's gain was slightly larger than those of prior years. Slower job growth and less-aggressive landlords are factors in the fourth quarter gain, but analysts note the overall vacancy rate is still the lowest recorded since 2001. Fourth quarter vacancy rates across the seven Metro Denver counties ranged from 4.4 percent in Boulder and Broomfield Counties to 6.9 percent in Adams County.

Average rents in Metro Denver's apartment market have been fairly stable over the past three quarters. The average rose to $864 in second quarter 2007 before falling to $858 in third quarter and settling at $860 in the fourth quarter. For all of 2007, Metro Denver average rents reached $856, up 0.8 percent from the 2006 average of $849. Over-the-year rent increases were largest in Denver County (3.9 percent), followed by Adams (1.2 percent) and Boulder and Broomfield Counties (0.2 percent). Arapahoe County average rents declined slightly over the year (-0.9 percent), as did rents in Jefferson (-0.8 percent) and Douglas (-0.6 percent) Counties.

Apartment Statistics

	Quarter 4 2007	Quarter 3 2007	Quarter 4 2006	YTD Average 2007	YTD Average 2006	YTD Average % Change	Annual Average 2002	Annual Average 1997
Apartment Vacancy Rate	6.1%	5.3%	7.0%	6.2%	7.0%		9.8%	4.9%
Average Monthly Rental Rate (all units)	$860	$858	$850	$856	$849	0.8%	$822	$650

Source: Denver Metro Apartment Vacancy and Rent Survey.

Commercial Real Estate

Market Overview

A first quarter report by CB Richard Ellis suggests Metro Denver's office market began 2008 at a steady pace. The vacancy rate was essentially unchanged at 12.5 percent, but the availability rate increased with a gain in sublease space. Still, average lease rates rose to $20.44 from $20.04 per square foot in fourth quarter. According to the report, Metro Denver lease rates rank third lowest among the nation's 15-most competitive office markets, and the lease rate advantage should continue to attract investors even as the market slows.

A first quarter report by Frederick Ross Company also describes Metro Denver's office market as stable. The region's first quarter vacancy rate declined as absorption remained steady from fourth quarter, and the median *rental rate reached $19.33 per square foot.* The report claims organic growth has driven much of the market's recent absorption, but major new employers including ConocoPhillips are keeping interest in new investment and development high. While restrictive credit conditions markedly reduced Metro Denver investment volume in the first quarter, the report suggests a strong regional economy will help the market weather nationwide economic troubles.

Data from CoStar Realty Information, Inc. also show a steady office market. Metro Denver's first quarter direct vacancy rate was unchanged at 10.6 percent, and total vacancy including sublease space was also stable at 11.5 percent. Lease rates increased slightly to average $20.66 per square foot in first quarter, and new office construction continued at a brisk pace. Nearly 3.5 million square feet of space was under construction in first quarter, and buildings in Denver and Arapahoe Counties represented almost 70 percent of that total. Recent deliveries included eight buildings with a combined total of 80,000 square feet of space.

Office Market Statistics

	Quarter 1 2008	Quarter 4 2007	Quarter 1 2007	Quarter 1 2006	Quarter 1 2005	Quarter 1 2004
Number of Buildings	4,906	4,899	4,844	4,804	4,750	4,704
Existing Square Feet (millions)	155.6	155.5	154.4	152.7	151.6	150.7
Vacant Square Feet (direct, millions)	16.4	16.4	18.3	20.0	21.9	22.4
Vacancy Rate (direct)	10.6%	10.6%	11.8%	13.1%	14.5%	14.9%
Vacancy Rate (with sublet)	11.5%	11.5%	12.8%	14.3%	15.9%	16.9%
Avg. Lease Rate (direct, per sq. ft, full service)	$20.66	$20.35	$19.32	$17.52	$17.00	$16.92
New Construction Completed (year-to-date)	0.08 MSF, 8 Bldgs	1.38 MSF, 58 Bldgs	0.34 MSF, 5 Bldgs	0.18 MSF, 9 Bldgs	0.16 MSF, 11 Bldgs	0.48 MSF, 10 Bldgs
Currently Under Construction	3.49 MSF, 65 Bldgs	3.36 MSF, 66 Bldgs	2.23 MSF, 76 Bldgs	1.21 MSF, 31 Bldgs	1.02 MSF, 32 Bldgs	0.58 MSF, 22 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

A first quarter report by CB Richard Ellis suggests Metro Denver's industrial market could weaken through 2008. Vacancy rates declined to 6.4 percent compared to 7.1 percent in first quarter 2007, but vacancy could increase as more businesses postpone new lease commitments until the economy strengthens. The report also notes that demand for Class B industrial space continues to decline, and positive trends for Class A space might not fully offset Class B weakness. Average lease rates declined for the second consecutive quarter to end first quarter at $5.73 per square foot, and analysts note that landlords may offer additional rent concessions as the economy attempts to recover.

A first quarter report by Frederick Ross Company takes a somewhat different view. The report suggests that tight credit conditions are affecting industrial investors more than they are users, and it expects leasing activity to accelerate through subsequent quarters of 2008. The transaction for the former StorageTek campus dominated first quarter industrial sales, but analysts suggest the industrial market could continue to attract more interest as some investors avoid more volatile retail and office space.

Data from CoStar Realty Information, Inc. suggest that Metro Denver's industrial market gave back some of its 2007 improvement as 2008 began. The direct vacancy rate rose from 5.4 percent in fourth quarter to 5.9 percent in first quarter, and total vacancy with sublease space rose from 5.6 percent to 6.2 percent. Overall, first quarter vacancy rates were essentially the same as those from first quarter 2007. Despite the increase in vacancy, first quarter average lease rates were up slightly from fourth quarter and reached $5.11 per square foot. Fifteen industrial buildings with a combined 1.3 million square feet were under construction in the first quarter, and building activity in Adams County represented nearly 60 percent of that space. Recent deliveries also numbered fifteen buildings with a combined 340,000 square feet of space.

Industrial Market Statistics

	Quarter 1 2008	Quarter 4 2007	Quarter 1 2007	Quarter 1 2006	Quarter 1 2005	Quarter 1 2004
Number of Buildings	6,301	6,286	6,258	6,224	6,189	6,148
Existing Square Feet (millions)	206.4	206.1	204.6	202.9	201.1	199.4
Vacant Square Feet (direct, millions)	12.2	11.1	11.9	15.4	16.4	16.1
Vacancy Rate (direct)	5.9%	5.4%	5.8%	7.6%	8.2%	8.0%
Vacancy Rate (with sublet)	6.2%	5.6%	6.2%	8.0%	8.8%	8.9%
Avg. Lease Rate (direct, per square foot, NNN)	$5.11	$5.03	$4.98	$4.80	$4.57	$4.61
New Construction Completed (year-to-date)	0.34 MSF, 15 Bldgs	1.67 MSF, 29 Bldgs	0.07 MSF, 2 Bldgs	0.73 MSF, 6 Bldgs	0.18 MSF, 8 Bldgs	0.48 MSF, 7 Bldgs
Currently Under Construction	1.26 MSF, 15 Bldgs	1.80 MSF, 21 Bldgs	2.49 MSF, 28 Bldgs	0.83 MSF, 17 Bldgs	0.57 MSF, 9 Bldgs	1.26 MSF, 17 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

Vacancy rates in Metro Denver's flex market improved slightly in the first quarter, although average lease rates were largely flat. According to CoStar Realty Information, Inc., the direct vacancy rate tightened from 11.2 percent in fourth quarter to 11 percent in first quarter, and total vacancy with sublease space was essentially unchanged at 12.1 percent. Average lease rates were also unchanged at $9.30 per square foot, and five flex buildings with a combined 260,000 square feet were recently completed. Fifteen buildings with a combined 350,000 square feet remained under construction in first quarter, and Arapahoe, Boulder, Denver, and Jefferson Counties represented fairly even portions of the building activity.

Flex Space Statistics

	Quarter 1 2008	Quarter 4 2007	Quarter 1 2007	Quarter 1 2006	Quarter 1 2005	Quarter 1 2004
Number of Buildings	1,306	1,302	1,293	1,279	1,251	1,234
Existing Square Feet (millions)	37.8	37.5	37.3	36.9	36.4	36.1
Vacant Square Feet (direct, millions)	4.2	4.2	4.4	4.9	5.7	5.9
Vacancy Rate (direct)	11.0%	11.2%	11.8%	13.4%	15.7%	16.5%
Vacancy Rate (with sublet)	12.1%	12.2%	12.7%	14.1%	17.0%	18.1%
Avg. Lease Rate (direct, per square foot, NNN)	$9.30	$9.30	$8.73	$8.47	$8.23	$8.12
New Construction Completed (year-to-date)	0.26 MSF, 5 Bldgs	0.25 MSF, 12 Bldgs	0.00 MSF, 0 Bldgs	0.02 MSF, 1 Bldgs	0.06 MSF, 3 Bldgs	0.0 MSF, 0 Bldgs
Currently Under Construction	0.35 MSF, 15 Bldgs	0.16 MSF, 6 Bldgs	0.11 MSF, 3 Bldgs	0.50 MSF, 13 Bldgs	0.46 MSF, 18 Bldgs	0.08 MSF, 3 Bldgs

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

According to a first quarter report by CB Richard Ellis, weakness in credit and housing is having the largest impact on the retail market. Vacancy rates ticked up from fourth quarter with negative absorption in first quarter 2008. The report says declining consumer demand will continue to affect retailers even beyond home furnishings and other housing-related categories. Still, Metro Denver average lease rates increased slightly in first quarter, and 4.5 million square feet of new retail space remained under construction. While the report expects demand for regional mall redevelopment, mixed-use projects, and large lifestyle centers to continue, it notes that the development pace for these projects will depend largely on the economy's performance this year.

A first quarter retail report by Frederick Ross Company also observes the retail market in a state of correction. First quarter vacancy rates increased slightly with negative absorption, and median rental rates declined in several submarkets. While flattening consumer demand is affecting retailers of all sizes and product lines, the report notes that some "top tier" stores and certain market areas continue to perform well. Specifically, the

Central Business District and Cherry Creek markets continue to attract retail tenants, and the report notes that several major retail developments are occurring in areas with strong demographics. Still, a slower economy will continue to dampen the retail market, particularly areas with older strip malls and neighborhood centers.

Data from CoStar Realty Information, Inc. show Metro Denver's retail market essentially flat in first quarter. The direct vacancy rate measured 5.6 percent, essentially the same as the 5.7 percent rate from fourth quarter. Average lease rates were also stable at $16.67 per square foot, and new deliveries totaled 12 buildings with a combined 200,000 square feet. Although building activity slowed somewhat in first quarter, a still-healthy 4.4 million square feet of space remained under construction. The largest projects underway in first quarter included Riverpoint at Sheridan and Cornerstar in Arapahoe County and Prairie Center in Adams County.

Retail Market Statistics

	Quarter 1 2008	Quarter 4 2007	Quarter 1 2007	Quarter 1 2006	Quarter 1 2005	Quarter 1 2004
Number of Buildings	5,953	5,940	5,905	5,845	5,696	5,590
Existing Square Feet (millions)	139.1	138.8	137.7	134.8	127.1	123.6
Vacant Square Feet (direct, millions)	7.8	7.9	8.6	9.7	7.8	7.5
Vacancy Rate (direct)	5.6%	5.7%	6.2%	7.2%	6.1%	6.0%
Vacancy Rate (with sublet)	5.8%	5.9%	6.5%	7.3%	6.4%	6.2%
Avg. Lease Rate (direct, per square foot, NNN)	$16.67	$16.68	$16.85	$16.33	$15.90	$13.81
New Construction Completed (year-to-date)	0.20 MSF, 12 Bldgs	1.60 MSF, 41 Bldgs	0.38 MSF, 7 Bldgs	N/A	N/A	N/A
Currently Under Construction	4.40 MSF, 72 Bldgs	6.30 MSF, 81 Bldgs	5.79 MSF, 62 Bldgs	N/A	N/A	N/A

Source: CoStar Realty Information, Inc. MSF=Million Square Feet

Metro Denver Indicator Summary

Indicator	Monthly/Quarterly Direction	Annual Direction	Summary of Recent Changes
Nonfarm Employment Growth	⇑	⇑	Employment increased by 10,400 jobs Feb to Mar; employment up 1.9% through Mar 2008
% Companies Hiring (Denver Area)	⇓	⇓	22% of companies expect to add workers in Q2 2008
Unemployment Rate	⇐⇒	⇑	Metro rate 4.7% in Mar; YTD avg. rate of 4.7% up from 4.1% in 2007
Initial Claims	⇓	⇑	Claims decreased Feb to Mar; YTD 2008 claims up 17.3% from 2007.
Total Retail Sales	⇑	⇑	Metro retail sales up 63.6% from Nov to Dec; annual retail sales up 9%
Consumer Confidence Index	⇓	⇓	Mountain Region index down from 102.1 in Feb to 96.5 in Mar; index down 22.8% year-to-date
Hotel Occupancy	⇑	⇓	Hotel occupancy increased from 59.1% in Feb to 62.5% in Mar; occupancy down 3.4% YTD
DIA Passengers	⇑	⇑	Traffic increased 2% Jan to Feb; traffic up 5.2% through Feb 2008.
Bloomberg Colorado Index	⇑	⇓	Bloomberg Colorado Index up 4.3% from Mar to Apr; year-to-date return at -3.8%.
Dow Jones Industrial Average	⇑	⇓	DOW increased 4.9% Mar to Apr 2008; year-to-date return at -3.4%
Home Sales (closed)	⇑	⇓	Home sales increased 23.6% from Feb to Mar; YTD sales down 11.1% through Mar.
Median Home Price (Denver-Aurora MSA)	⇓	⇓	Median home price in Denver MSA decreased to $230,100 in Q4 2007; annual price down 1.6%
Foreclosures	⇑	⇑	Foreclosures increased 16.8% Feb to Mar; YTD up 19% through Mar 2008.
Residential Building Permits (Total)	⇑	⇓	Total permits increased between Jan and Feb; YTD down 43.6% through Feb 2008.
Apartment Vacancy Rate	⇑	⇓	Vacancy rate increased from 5.3% in Q3 to 6.1% in Q4; avg rental rate up to $860 per month
Office Vacancy Rate (with Sublet)	⇐⇒	⇓	Vacancy rate unchanged at 11.5% in Q4 and Q1; avg lease rate up to $20.66 per sq.ft.
Industrial Vacancy Rate (with Sublet)	⇑	⇐⇒	Vacancy rate increased from 5.6% to 6.2% in Q1; avg lease rate up to $5.11 per square foot (NNN)
Flex Space Vacancy Rate (with Sublet)	⇓	⇓	Vacancy rate down to 12.1% in Q1 2008; average lease unchanged at $9.30 per square foot (NNN)
Positive Changes	**10 of 18**	**6 of 18**	

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