

DENVER INDUSTRIAL MARKET REPORT

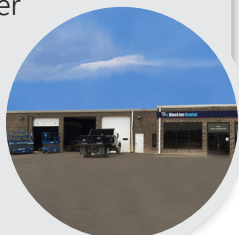


INDUSTRIAL SALES ACTIVITY

The number of industrial sales continued to rise in the third quarter in comparison to the second quarter 2016.* During the third quarter, the Denver market experienced 50 industrial transactions that totaled 2,953,490 square feet and averaged \$89.43 per square foot. This compares to 35 sales transactions in the second quarter that totaled 2,114,263 square feet for an average price per square foot of \$85.63.

Total sales activity for industrial buildings also increased in 2016 compared to the activity reported in 2015. During the first nine months, the industrial market had 130 sales transactions that occurred with a total sales volume of \$626,851,49. The price per square foot averaged \$86.10 compared to \$73.43 reported the previous year.

Overall cap rates have decreased in 2016, averaging 7.25%, compared to the same period in 2015 when they averaged 7.67%. One of the largest industrial sales transactions that occurred this year in Denver for Unique Properties was 1200 W. Dartmouth Avenue. The Property sold for \$2,075,000 in December 2016.



*sales of 15,000 SF or larger

FOURTH QUARTER 2016

Industrial overview

The Denver industrial vacancy rate slightly increased in the fourth quarter, ending the year at 4.8%. Specifically, both industrial-flex projects and warehouse projects experienced an increase in vacancy over the last quarter but slightly fluctuated throughout all four quarters. Vacant sublease space increased from 899,222 square feet to 1,061,336 square feet during Q4 2016. During the fourth quarter, 1,613,589 square feet of new industrial space was delivered to the market. This compares to the ten buildings that were delivered to the market totaling 979,150 square feet in the previous quarter. Net absorption for the overall Denver industrial market was posted at a positive 506,367 square feet. This compares to a positive 1,319,751 square feet in the third quarter.

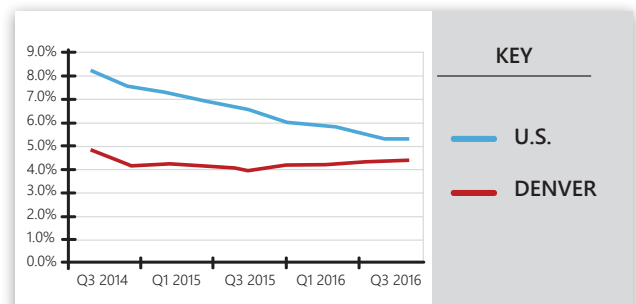
Average quoted rental rates for available industrial space was \$8.31 per square foot per year at the end of the fourth quarter 2016 in the Denver market area. This represents a 1.0% increase in quoted rents from the end of the third quarter 2016, when rents were reported at \$8.23 per square foot.

Source: CoStar

DENVER | VACANCY

PERIOD	INDUSTRIAL VACANCY %	FLEX VACANCY %	WAREHOUSE VACANCY %	NET ABSORPTION
Q1 2016	4.3%	9.7%	3.2%	628,489 SF
Q2 2016	4.5%	9.2%	3.5%	1,319,751 SF
Q3 2016	4.5%	9.1%	3.5%	781,574 SF
Q4 2016	4.8%	9.3%	3.9%	506,367 SF

U.S. INDUSTRIAL VACANCY COMPARISON



TOTAL INDUSTRIAL MARKET STATISTICS

Q4 2016

MARKET	EXISTING INVENTORY		VACANCY			YTD NET	YTD	UNDER	QUOTED
	# BLS	TOTAL RBA	DIRECT SF	TOTAL SF	VAC %	ABSORPTION	DELIVERIES	CONST SF	RATES
Aurora Ind	100	2,331,509	250,938	257,039	11.0%	(232)	0	0	\$8.32
Boulder Ind	486	15,104,740	476,215	583,126	3.9%	173,206	10,190	33,636	\$13.11
Broomfield Ind	151	4,389,257	150,230	150,230	3.4%	84,210	0	0	\$9.77
Central Ind	681	12,852,613	199,042	236,295	1.8%	34,251	0	0	\$7.22
Clear Creek County Ind	9	125,233	9,634	9,634	7.7%	10,021	5,000	0	\$10.67
East I-70/Montbello Ind	1,409	78,856,061	3,362,794	3,923,568	5.0%	1,572,900	2,968,125	918,181	\$5.85
Elbert County Ind	15	123,601	0	0	0.0%	0	0	0	\$10.00
Fort Collins/Loveland Ind	862	19,359,238	1,379,756	1,545,381	8.0%	321,148	452,450	295,726	\$8.68
Gilpin County Ind	3	17,306	0	0	0.0%	0	0	0	\$0.00
Glendale Ind	150	2,638,948	38,337	38,337	1.5%	(503)	0	12,500	\$7.00
Longmont Ind	229	6,111,494	778,738	783,295	12.8%	297,446	0	0	\$8.84
North Central Ind	893	19,941,638	405,269	428,269	2.1%	(165,763)	0	0	\$8.89
North Denver Ind	267	8,428,124	573,315	573,315	6.8%	151,549	113,025	120,324	\$9.76
Northeast Denver Ind	702	19,336,708	1,885,656	1,885,656	9.8%	403,631	957,998	976,252	\$7.90
Northwest Denver Ind	678	18,559,171	718,561	737,000	4.0%	340,915	371,786	358,363	\$8.38
Park County Ind	14	92,071	17,500	17,500	19.0%	19,246	0	0	\$15.00
Parker/Castle Rock Ind	108	1,264,804	31,184	31,184	2.5%	1,772	0	52,350	\$14.26
South Central Ind	980	14,516,456	283,087	283,087	2.0%	(108,430)	0	10,000	\$8.10
Southeast Denver Ind	513	16,804,996	1,195,541	1,207,523	7.2%	(134,352)	101,000	232,902	\$10.35
Southwest Denver Ind	526	10,721,506	161,994	272,323	2.5%	(41,956)	33,500	0	\$9.47
Weld County Ind	1,042	23,078,470	720,930	731,295	3.2%	198,711	96,374	208,530	\$8.22
West Denver Ind	524	19,975,961	462,817	468,817	2.3%	78,411	164,828	9,000	\$9.01
TOTALS	10,342	294,629,905	13,101,538	14,162,874	4.8%	3,236,181	5,274,276	3,227,764	\$8.31

HISTORICAL COMPARISON

PERIOD	EXISTING INVENTORY		VACANCY			YTD NET	DELIVERIES		UNDER CONST		QUOTED
	# BLS	TOTAL RBA	DIRECT SF	TOTAL SF	VAC %	ABSORPTION	# BLS	TOTAL RBA	# BLS	TOTAL RBA	RATES
2016 4q	10,342	294,629,905	13,101,538	14,162,874	4.8%	506,367	13	1,613,589	49	3,227,764	\$8.31
2016 3q	10,331	293,068,253	12,208,367	13,107,589	4.5%	781,574	10	979,150	55	4,335,001	\$8.23
2016 2q	10,324	292,295,645	12,498,390	13,116,555	4.5%	1,319,751	13	2,020,062	45	4,105,482	\$8.23
2016 1q	10,315	290,454,297	11,946,433	12,594,958	4.3%	628,489	11	661,475	40	4,205,038	\$8.18
2015 4q	10,306	289,814,022	11,405,457	12,583,172	4.3%	(357,111)	11	410,295	39	3,921,373	\$7.99
2015 3q	10,302	289,507,512	10,824,800	11,919,551	4.1%	697,066	2	357,040	35	3,019,641	\$7.82
2015 2q	10,302	289,174,975	11,226,408	12,284,080	4.2%	675,158	7	685,491	21	1,749,814	\$7.68
2015 1q	10,297	288,775,876	11,518,535	12,560,139	4.3%	447,754	4	597,977	20	1,984,025	\$7.55
2014	10,293	288,177,899	11,384,502	12,409,916	4.3%	7,484,809	50	3,920,669	15	2,105,330	\$7.25
2013	10,258	284,640,536	15,101,772	16,357,362	5.7%	4,473,061	20	2,129,008	36	2,763,049	\$6.70
2012	10,258	285,696,743	20,251,858	21,886,630	7.7%	3,669,702	22	872,818	14	1,911,797	\$5.96
2011	10,248	285,401,838	24,015,739	25,261,427	8.9%	(622,010)	13	398,130	11	884,832	\$5.88
2010	10,240	285,160,276	22,731,155	24,397,855	8.6%	2,584,787	26	1,320,621	6	161,765	\$5.96
2009	10,215	283,842,720	23,841,670	25,665,086	9.0%	(1,002,838)	25	764,078	17	1,169,234	\$6.14
2008	10,193	283,105,842	22,584,653	23,925,370	8.5%	928,764	114	4,615,957	22	675,576	\$6.43
2007	10,090	280,901,729	21,882,053	22,650,021	8.1%	4,868,391	92	3,981,522	62	2,638,680	\$6.19

Source: CoStar

FEATURED Q4 INDUSTRIAL SALE TRANSACTION

Unique Properties Transactions



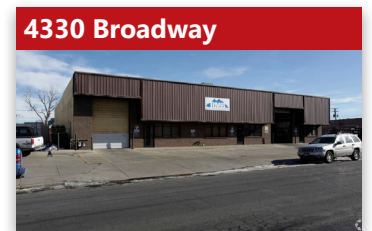
AURORA
PRICE: \$2,075,000
SIZE: 8,143 SF



DENVER
PRICE: \$720,000
SIZE: 12,000 SF



COLORADO SPRINGS
PRICE: \$1,800,000
SIZE: 26,856 SF



DENVER
PRICE: \$1,362,000
SIZE: 10,000 SF