

ATTRACTIVE OWNER-USER BUILDING
IN SUPPLY CONSTRAINED LITTLETON OFFICE
MARKET WELL BELOW REPLACEMENT VALUE



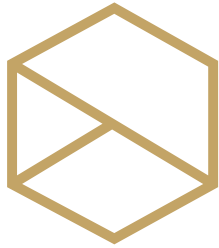
1501
W. MINERAL



1501 W. MINERAL AVE. LITTLETON, CO 80120

O F F E R I N G M E M O R A N D U M

CBRE



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WORLDVENTURE

1501

1501





30th Street 1/2
Park Ave 1
38th Ave 1
Junction I-70 1/2



01 EXECUTIVE SUMMARY

THE OFFERING

CBRE is pleased to offer for sale, the opportunity to acquire 1501 W. Mineral Ave, a 41,030 SF Class A office building built in 1999. The property is excellently located on the northeast corner of W. Mineral and S. Windermere St. within a 5 minute drive of Littleton Adventist Hospital, Health South Rehabilitation Hospital, and Children's Hospital. The entire building served as the Headquarters of WorldVenture since 1999 and has recently been vacated. The parcel directly to the North of the property is currently being developed as a new Memory Care Center; 1501 W. Mineral has also been zoned and approved for Memory Care. The building has been impeccably maintained with quarterly service contracts on all systems. The two-story office property consists of four wings with a large cafe and kitchen on each floor. Three wings contain office build-outs that include cube space, private offices, conference rooms and training facilities. One wing contains 11 private offices or suites, each with their own full bathroom. There is a partial basement providing excellent storage or a use for fitness facility. The building offers great parking in the supply constrained Littleton office market with excellent demographics and retail amenities in the immediate area.



INVESTMENT HIGHLIGHTS



Class A Owner/User Opportunity located in the supply constrained Littleton office market



Located a 5 minute drive from Littleton Adventist Hospital, Health South Rehabilitation Center and Children's Hospital



Ample Parking at 3.95/1000



\$200,000 Credit to Buyer at closing for future roof replacement/parking



Excellent Access and Visibility (located at signalized intersection of West Mineral Ave at Windemere Street just 5 min from 470) offering easy ingress and egress within Littleton and Metro Denver



Numerous Retail Amenities in immediate vicinity








Highly visible Building and Monument Signage



PROPERTY FACTS

PROPERTY ADDRESS	1501 W. MINERAL AVE
YEAR BUILT	1999
CONSTRUCTION TYPE	STEEL FRAME WITH BRICK EXTERIOR
TOTAL BUILDING AREA	48,719 SF (41,030 RSF)
NUMBER OF BUILDINGS	1
ELEVATORS	2
ZONING	CITY OF LITTLETON PLANNED DEV.- COMMERCIAL (PD-C)
PARKING	3.95/1000
LAND AREA	4.66 ACRES (193,842 SF)

PROXIMITY TO MAJOR METRO DENVER POINTS OF INTEREST

 LITTLETON ADVENTIST HOSPITAL 5 MINUTES	 CHILDREN'S HOSPITAL COLORADO SOUTH 6 MINUTES	 SOUTH SUBURBAN GOLF COURSE 9 MINUTES
 DOWNTOWN DENVER 25 MINUTES	 DENVER INTERNATIONAL AIRPORT 40 MINUTES	









02 PROPERTY DESCRIPTION

PROPERTY DESCRIPTION

Constructed in 1999, 1501 W. Mineral Avenue offers attractive design and quality construction in one of Metro Denver's strongest performing submarkets within a 5-minute drive of major Healthcare providers. Originally designed and constructed for the owner-occupant, WorldVenture, the property has been impeccably maintained since completion.

With nearly 4.00/1,000 parking ratio, this Class A owner/user investment is an incredible opportunity for an owner-occupant trying to enter the supply constrained Littleton office market at less than half the replacement value. Currently vacant, an owner/user can immediately occupy and use the space for office or easily convert the efficient layout to Medical office.

The two story Class A building is quality steel frame construction with a brick facade. The building features a two-story glass atrium entrance providing abundant natural light to the central core of the building. There is a unique "compass" designed into the front stone entry. The first floor includes a central common area cafe which connects both the north and south wings, as well as an intensive office build-out on the south wing and 11 private suites, each with their own full bathroom on the north wing. The second floor is built out as office with another café/common area and balcony with expansive mountain views. There is a partial basement with excellent ceiling height for storage or other uses. There is elevator service and an exterior stairwell that provide access to the basement area. The property is on a 4.66 acre lot. The site includes 162 parking spaces, equating to a parking ratio of 3.95 per 1,000 square feet. The building is surrounded by well-manicured landscaping, a designated outdoor area and a retention pond, creating an attractive natural setting. The property is located at the signalized intersection of W. Mineral and Windemere Street, allowing Users to benefit from significant visibility and signage opportunities. Traffic counts at this interchange exceed 23,000 cars per day. The top floor of the subject property offers dramatic Front Range views. The building is serviced by two Otis elevators in addition to two stairwells on the north and south wings of the property and a separate outdoor stairwell entrance for the lower level on the south wing of the property.

Nearby amenities include The Market at Southpark, Littleton Adventist Hospital, hotels, restaurants, entertainment, golf courses and biking trails.

Designed by M+O+A Architectural Partnership, Denver, Colorado

Structural Steel Frame with Brick Exterior

Suspended Acoustical Tile Ceilings

ADA Compliant, all common areas of the property have accessibility

Elevators are serviced by Otis Elevators (Maintained Quarterly), two internal staircases, one exterior staircase to lower level

7 break areas in the property with sinks

Fully sprinklered building with monitored fire safety and alarm systems

Ground mounted HVAC unit dedicated to the mechanical room to serve the roof top cell tower

11 dedicated Heat/Air system units in the south wing to allow office suites with full bathrooms and individual temperature control

All HVAC systems are on a current contract insurance plan with Haynes Mechanical, allowing for repair and/or replacement of equipment

Building and Monument Signage

Men's and Women's four stall, triple lavatory restrooms on each level. 11 dedicated full bathrooms with tub/shower combinations

EPDM roof. Owner offering new buyer monetary credit at closing for future roof replacement

Full building recently converted to LED bulbs (at a cost of \$100,000), which has significantly reduced the power bills

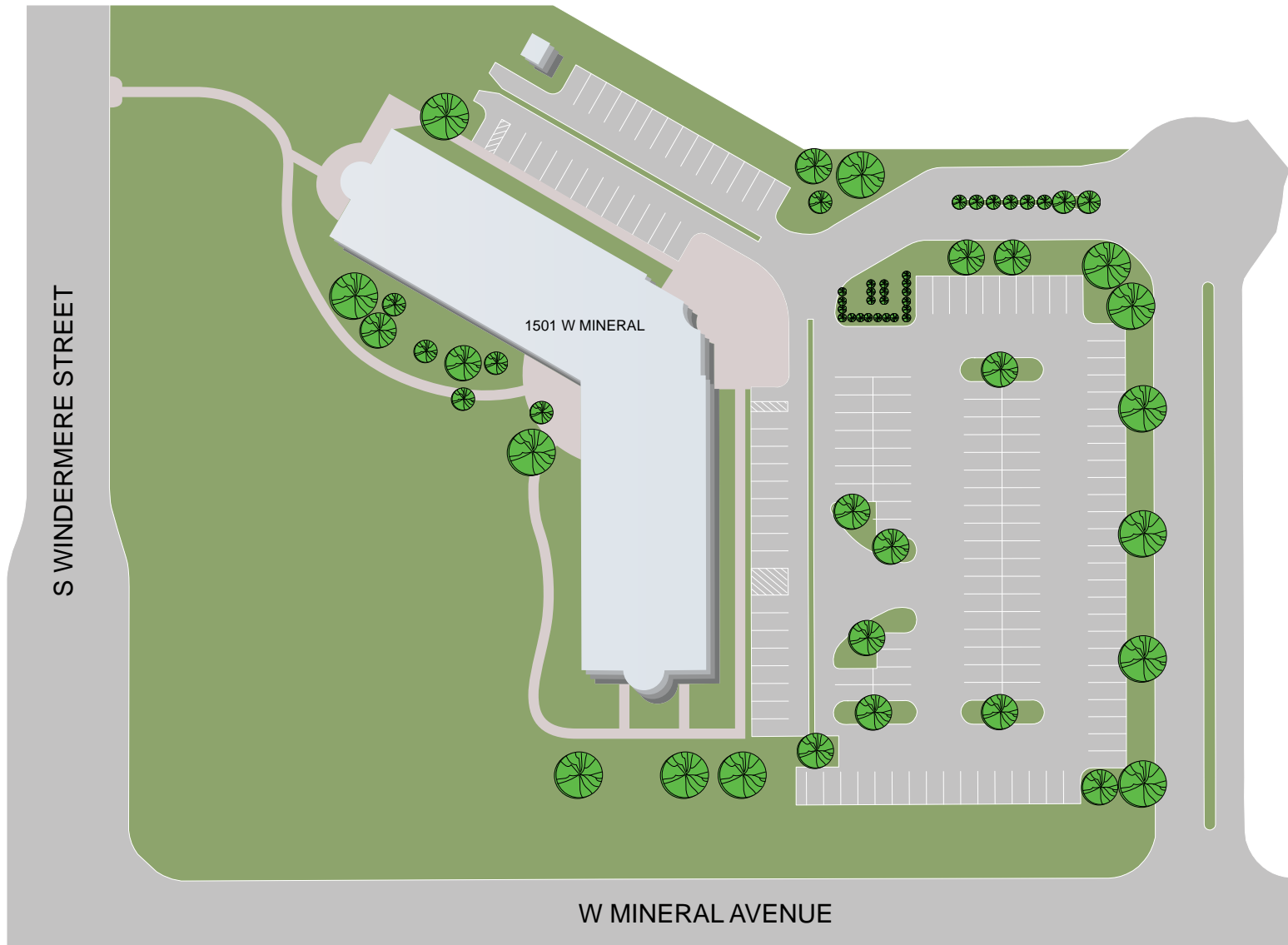
Full building water filtration system

20 year income easement in place for cell tower revenue

Lot 1, Block 1, Southbridge Sub 12th FLG

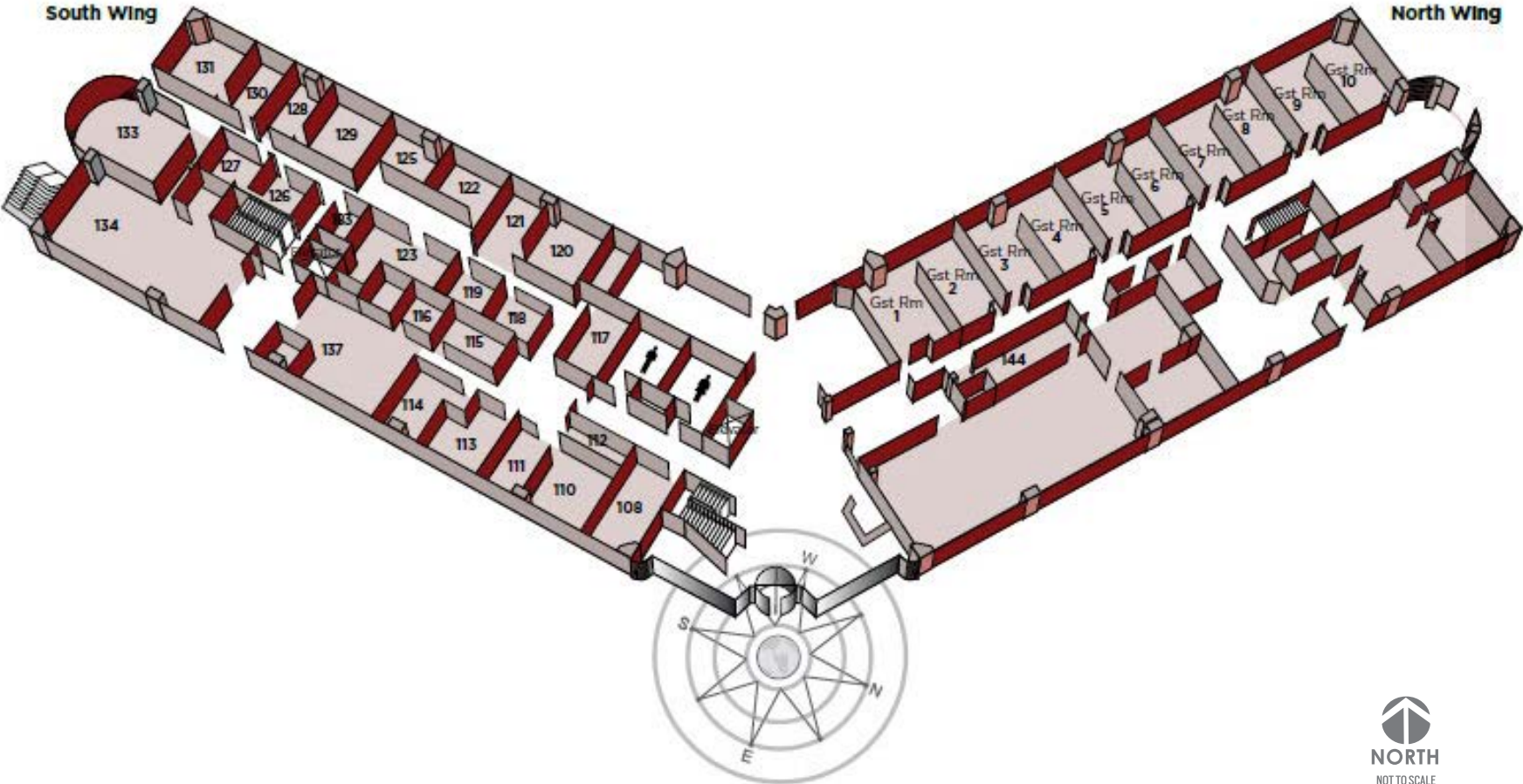
Parcel #: 2077-33-1-18-002 Arapahoe County, Colorado

SITE PLAN



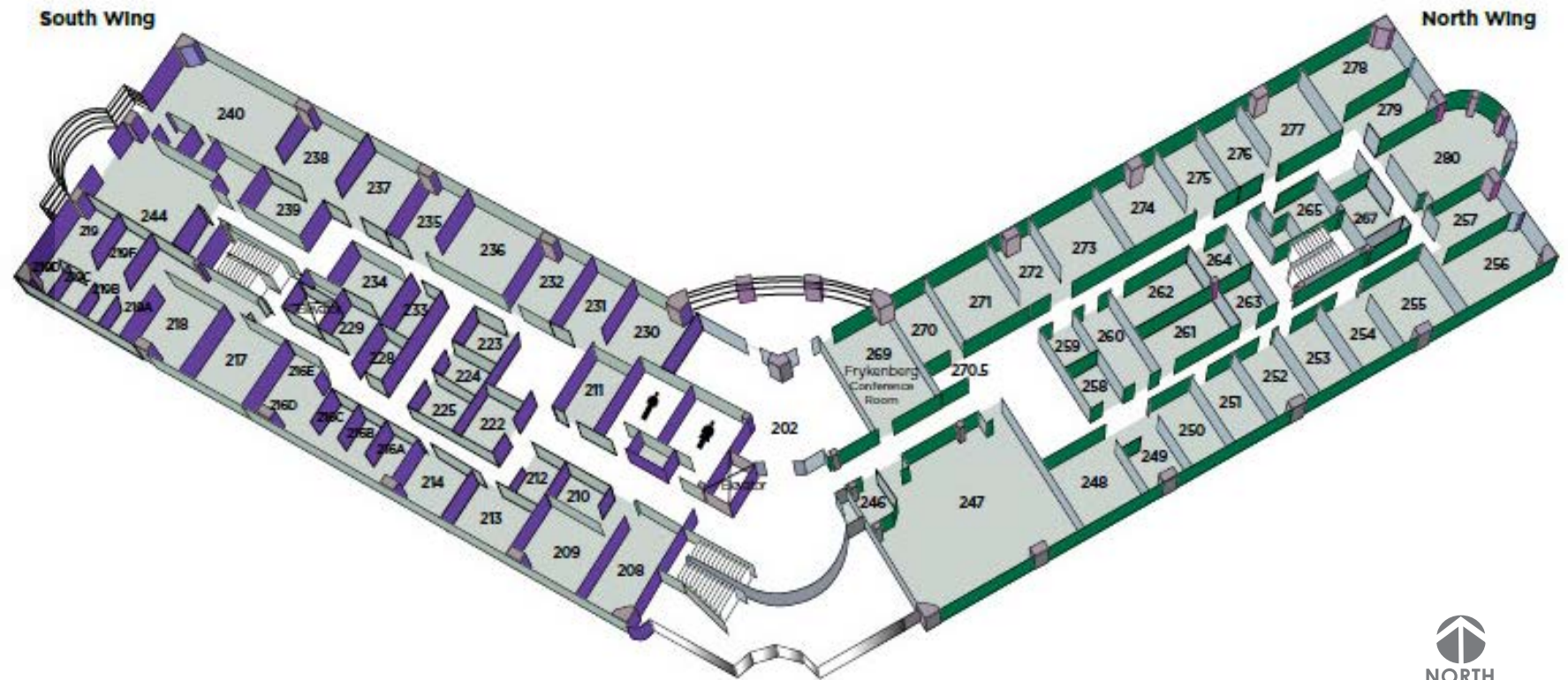
FLOOR PLANS | FIRST FLOOR

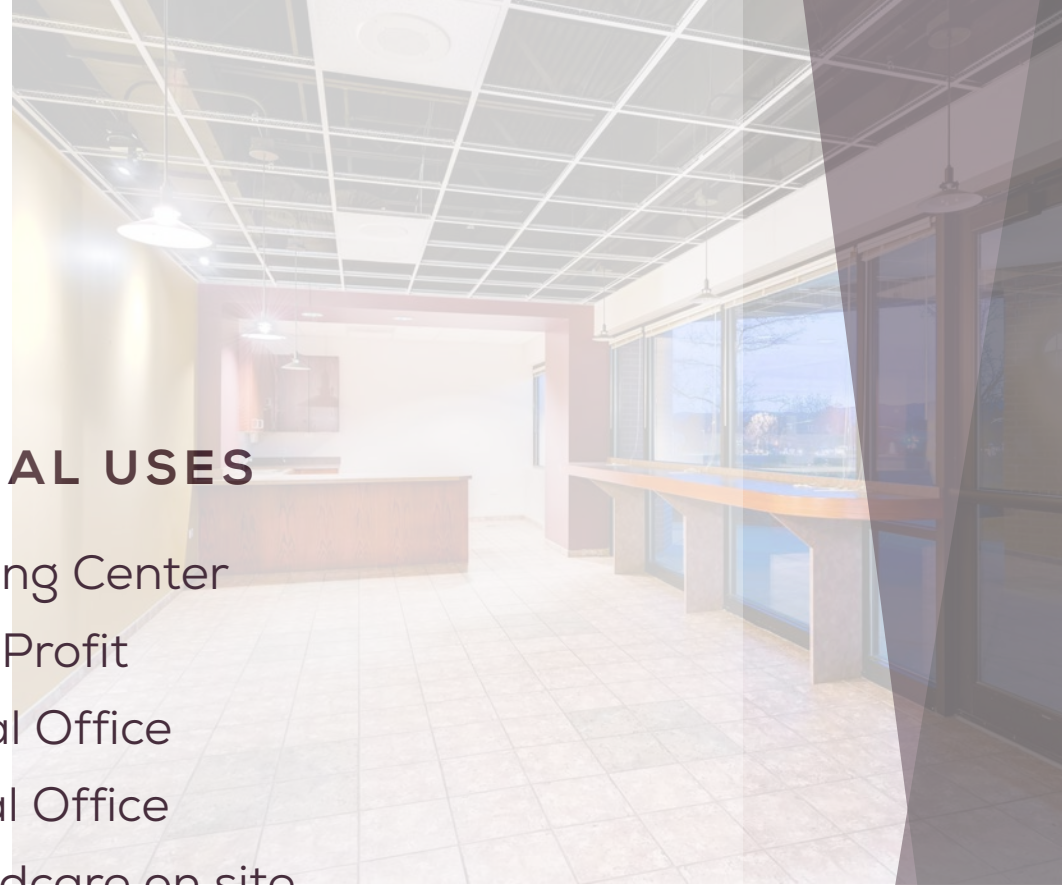
20,515 RSF



FLOOR PLANS | SECOND FLOOR

20,515 RSF





POTENTIAL USES

Co-Working Center

Non-Profit

General Office

Medical Office

HQ with Childcare on site







20th Street 160
Park Ave 1
38th Ave 1
Junction I-70 112



03 MARKET OVERVIEW

LITTLETON OVERVIEW

The Class A Littleton office market has become a destination for national and international tenants on the southwest side of Metro Denver. Its access to Littleton and Highlands Ranch' broad talent base has led developers, users and owners to invest in the Littleton market. The Littleton office market is historically characterized by high and stable occupancy rates, strong net absorption and limited numbers of large blocks of available space, all of which contribute to significant increases in rental rates in strong economic times. Most consider the Littleton office market to be a rare combination of excellent access to Highlands Ranch, Littleton and the DTC with major Medical Users (Littleton Adventist Hospital and Children's Hospital) minutes away, but also a rare pocket of newer quality suburban office product.

1501 W. Mineral is located within the Southwest office market that reported a direct vacancy rate of 9.1% at the end of the first quarter 2018 with an average rental rate of \$24.82 FSG PSF annually (full service gross) for Class A space. The Southwest office submarket consists of 5 separate micro markets and 1501 W Mineral Ave is part of the Southpark/Mineral Ave. Corridor submarket.

The City of Littleton is an affluent community located 15 miles south of Downtown Denver. The subject property is easily accessible from Santa Fe and C-470 at both the W Mineral Ave and South Broadway exits respectively. The community includes abundant housing options with access to over a dozen public elementary, middle and high schools (part of the prestigious Arapahoe County School District) as well as several private schools.

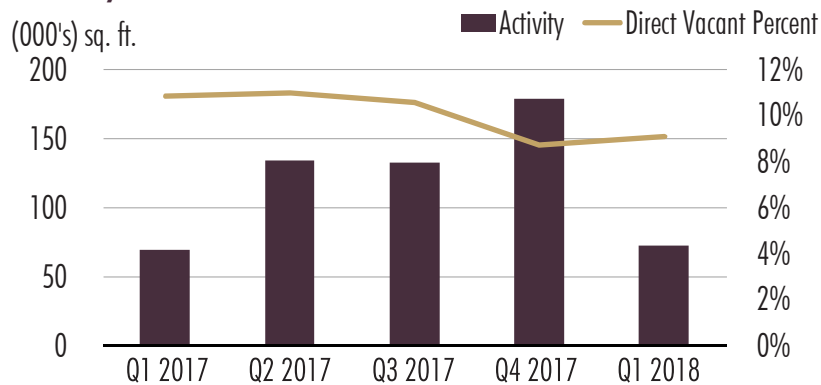


MARKETVIEW SNAPSHOT

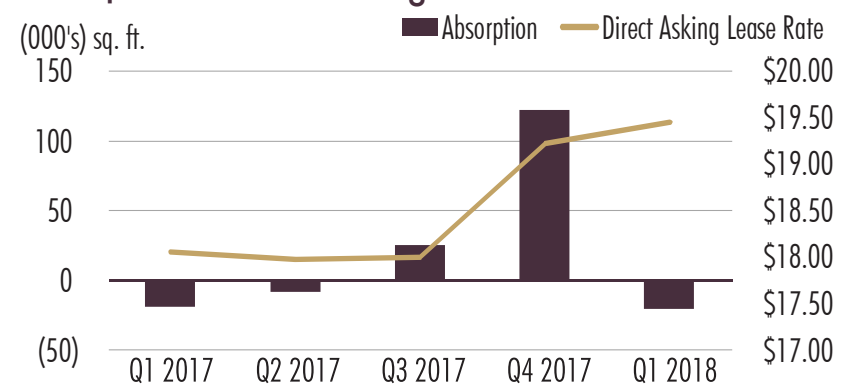
SOUTHWEST OFFICE, Q1 2018

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
TOTAL NRA	5,754,599	5,754,599	5,754,599	5,571,168	5,571,168
UNDER CONSTRUCTION SF	N/A	N/A	40,000	N/A	N/A
DIRECT VACANT %	10.8	11	10.6	8.7	9.1
SUB. VACANT %	0.8	1	1.4	1.9	1.8
DIRECT AVAILABLE %	13	12.9	12	10.4	10.1
SUB. AVAILABLE %	2.4	1.7	1.4	2	2.4
SUB. AVAILABLE SF	137,791	97,168	79,104	114,154	131,672
ABSORPTION SF	-19,345	-8,285	24,773	121,785	-20,289
DIRECT ASKING LEASE RATE- \$	18.06	29.64	18	19.22	19.45
ACTIVITY SF	69,491	133,761	132,199	178,114	72,263

Activity vs. Direct Vacant Percent



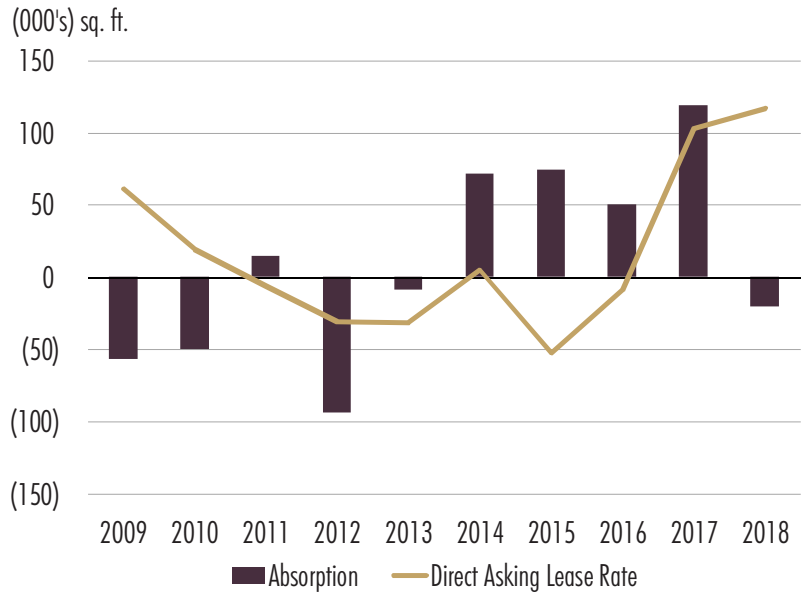
Absorption vs. Direct Asking Lease Rate



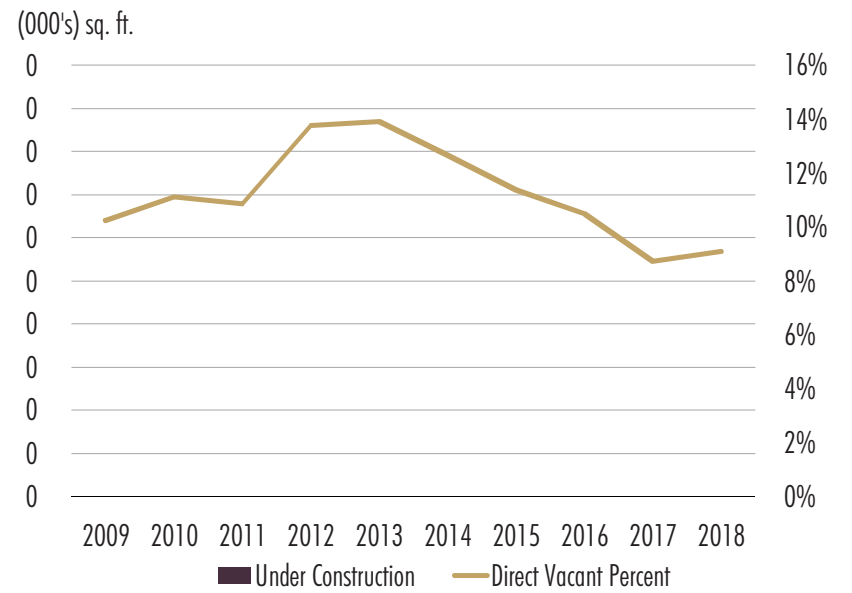
SOUTHWEST OFFICE, Q1 2018

ANNUAL STATS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
# OF BUILDINGS	94	94	94	96	96	96	96	96	95	95
TOTAL NRA	5,669,818	5,669,818	5,669,818	5,752,933	5,754,599	5,754,599	5,754,599	5,754,599	5,571,168	5,571,168
UNDER CONSTRUCTION	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DIRECT VACANT %	10.20%	11.10%	10.90%	13.80%	13.90%	12.70%	11.40%	10.50%	8.70%	9.10%
TOTAL AVAILABLE %	15.80%	17.30%	20.40%	18.10%	17.70%	18.60%	15.70%	15.30%	12.40%	12.50%
SUB. AVAILABLE SF	153,681	82,911	122,719	113,373	102,430	66,096	74,687	158,145	114,154	131,672
YTD CHANGE IN AVAIL.	24,072	83,077	175,484	-119,461	-21,315	51,130	-163,929	-23,344	-189,987	2,881
DIRECT ASKING LEASE RATE	\$18.52	\$17.83	\$17.40	\$16.99	\$16.98	\$17.59	\$16.63	\$17.35	\$19.22	\$19.45
ABSORPTION	-56,707	-50,164	14,279	-93,887	-8,893	71,685	74,343	50,378	118,928	-20,289
ACTIVITY	312,905	211,526	231,448	573,107	479,612	317,991	403,581	368,322	513,565	72,263

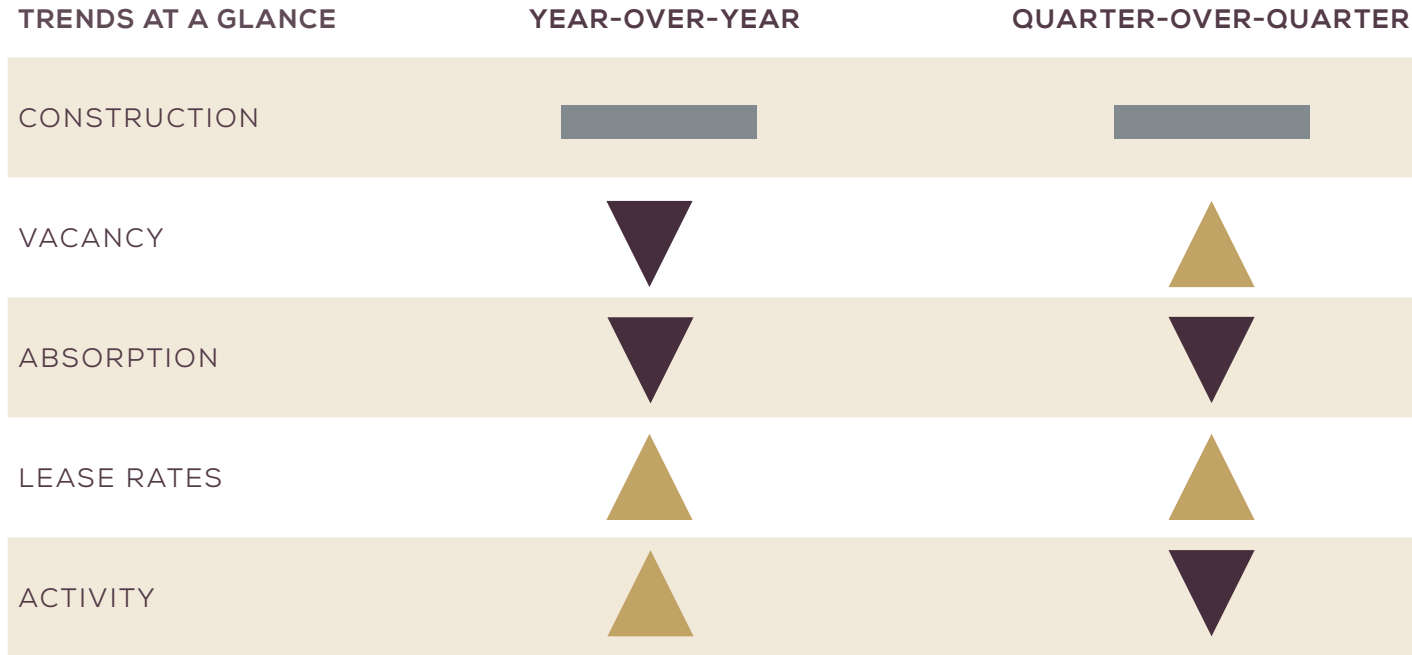
Absorption vs. Direct Asking Lease Rate



Under Construction vs. Direct Vacant Percent

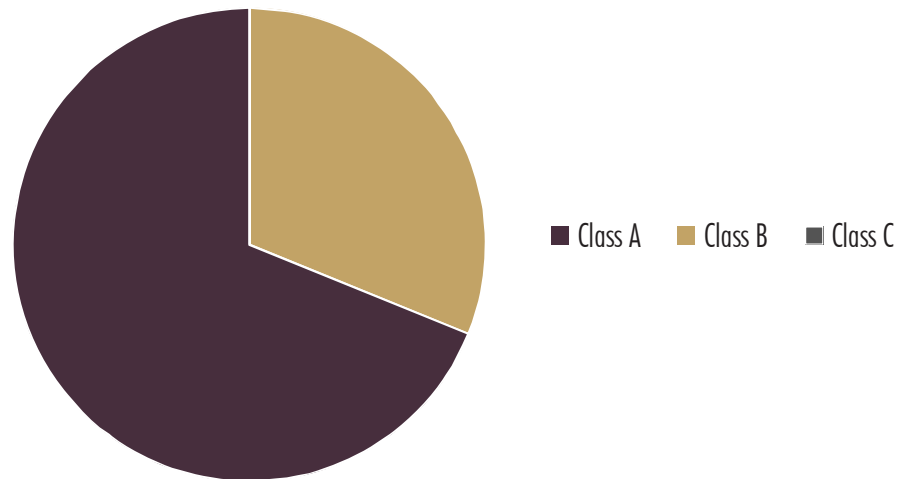


SOUTHWEST OFFICE, Q1 2018



* The arrows indicate trends over a time period and don't represent a positive or negative value (e.g. absorption could be negative, but represent a positive trend).

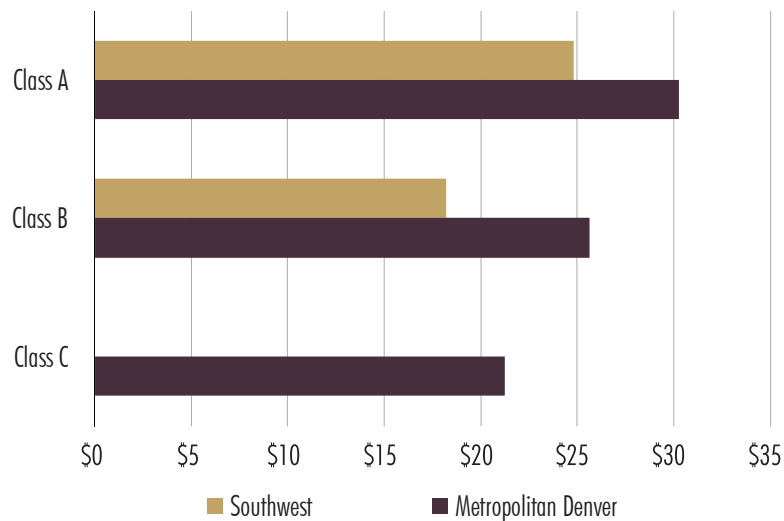
Southwest NRA by Class



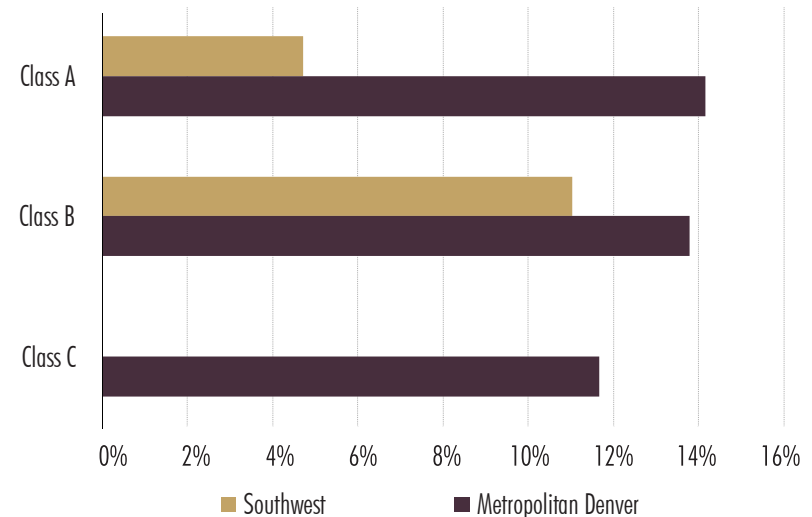
SOUTHWEST OFFICE, Q1 2018

CLASS STATISTICS	NET RENTABLE AREA	"DIRECT ASKING LEASE RATES"	DIRECT VACANCY
METROPOLITAN DENVER	115,152,958	\$27.06	13.7%
CLASS A	48,315,269	\$30.27	14.2%
CLASS B	52,748,825	\$25.67	13.8%
CLASS C	14,088,864	\$21.25	11.7%
SOUTHWEST	5,571,168	\$19.45	9.1%
CLASS A	1,733,648	\$24.82	4.7%
CLASS B	3,837,520	\$18.23	11.1%
CLASS C	N/A	N/A	N/A

Direct Asking Lease Rates



Direct Vacancy

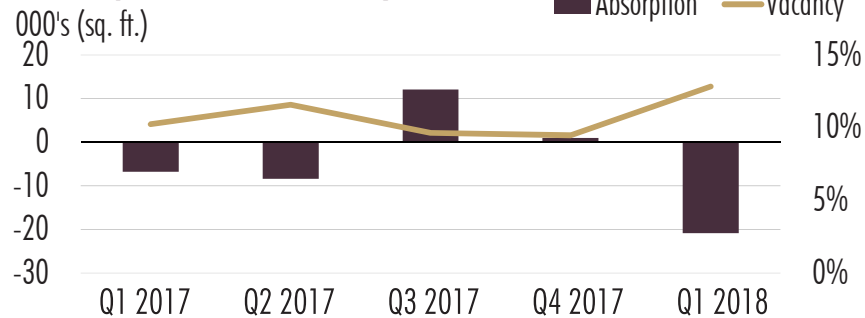




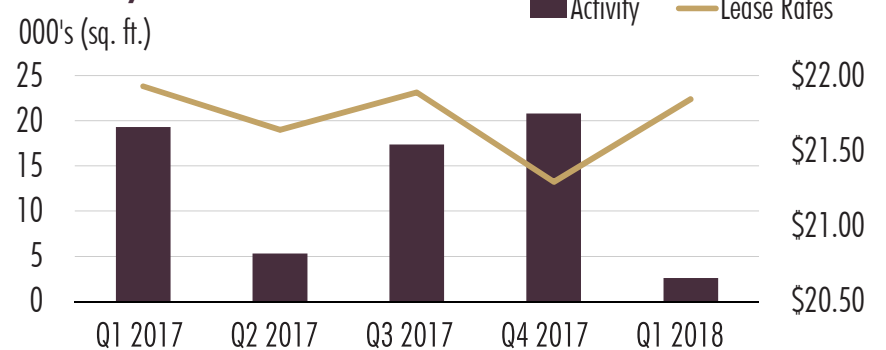
SOUTHPARK/MINERAL AVE/CORRIDOR OFFICE, Q1 2018

QUARTERLY STATS	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
# OF BUILDINGS	19	19	19	19	19
TOTAL NRA	624,133	624,133	624,133	624,133	624,133
VACANT PERCENT	10.20%	11.60%	9.60%	9.50%	12.80%
AVAILABLE PERCENT	12.40%	13.60%	14.70%	13.30%	14.20%
ACTIVITY	19,315	5,309	17,396	20,809	2,574
YTD ACTIVITY	19,315	24,624	42,020	62,829	2,574
ABSORPTION	-6,777	-8,385	12,102	1,001	-20,886
YTD ABSORPTION	-6,777	-15,162	-3,060	-2,059	-20,886
DIRECT LEASE RATES	\$21.93	\$21.64	\$21.89	\$21.29	\$21.85

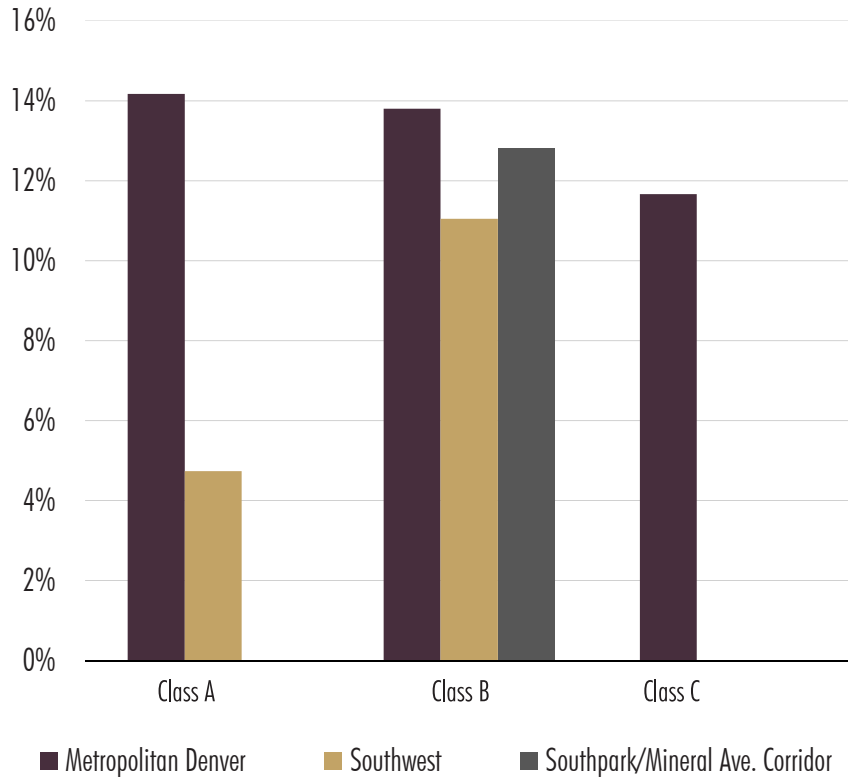
Absorption vs. Vacancy



Activity vs. Lease Rates



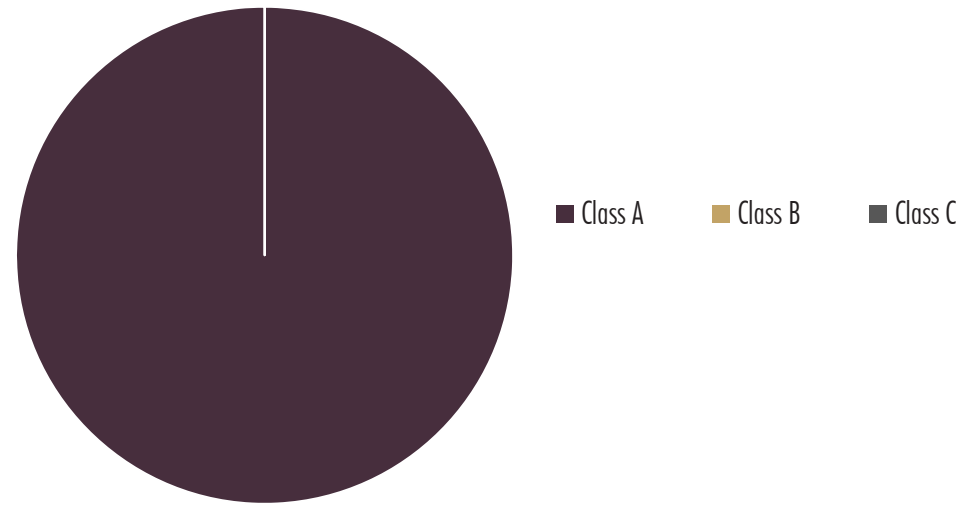
Class Vacancy Comparison



CURRENT CLASS STATS	NRA	LEASE RATES	VACANCY
METROPOLITAN DENVER	115,152,958	\$27.06	13.70%
CLASS A	48,315,269	\$30.27	14.20%
CLASS B	52,748,825	\$25.67	13.80%
CLASS C	14,088,864	\$21.25	11.70%
SOUTHWEST SUBMARKET	5,571,168	\$19.45	9.10%
CLASS A	1,733,648	\$24.82	4.70%
CLASS B	3,837,520	\$18.23	11.10%
CLASS C	N/A	N/A	0.00%
SOUTHPARK/MINERAL AVE. CORRIDOR	624,133	\$21.85	12.80%
CLASS A	N/A	N/A	0.00%
CLASS B	624,133	\$21.85	12.80%
CLASS C	N/A	N/A	0.00%

HISTORIC CLASS VACANCY	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
METROPOLITAN DENVER	12.90%	12.60%	12.80%	13.70%	13.70%
CLASS A	12.00%	12.40%	12.40%	12.40%	14.20%
CLASS B	13.90%	13.70%	13.20%	13.50%	13.80%
CLASS C	11.00%	11.40%	11.20%	11.10%	11.70%
SOUTHWEST SUBMARKET	10.80%	11.00%	10.60%	8.70%	9.10%
CLASS A	3.80%	3.90%	4.30%	4.70%	4.70%
CLASS B	13.90%	14.10%	13.30%	10.50%	11.10%
CLASS C	0.00%	0.00%	0.00%	0.00%	0.00%
SOUTHPARK/MINERAL AVE. CORRIDOR	10.20%	11.60%	9.60%	9.50%	12.80%
CLASS A	0.00%	0.00%	0.00%	0.00%	0.00%
CLASS B	10.20%	11.60%	9.60%	9.50%	12.80%
CLASS C	0.00%	0.00%	0.00%	0.00%	0.00%

**Current Southpark/Mineral Ave. Corridor
NRA by Class**

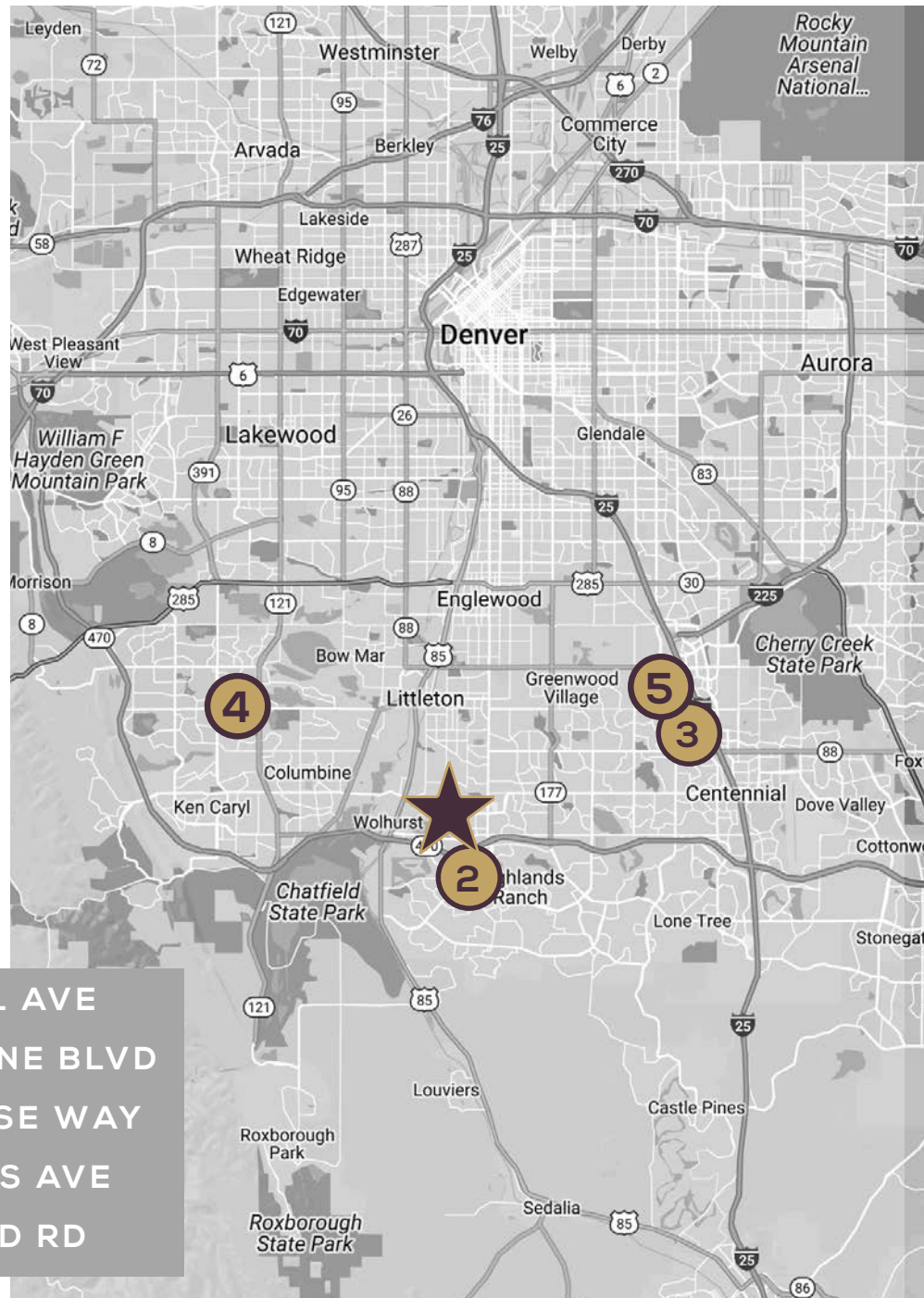


SALES COMPARABLES

The most similar sale comparables for Class A and B office buildings (owner/user sales) in the Littleton area have recently ranged from approximately \$86-\$164 per square foot. This area has had limited inventory for "User" Buyers whom have purchased vacant office properties and renovated the properties to their specific needs. 1501 W. Mineral is priced at \$131 per square foot and has been impeccably maintained.

The 41,030 square foot 1501 W Mineral Ave was built by WorldVenture in 1999 as a BTS property.

1501 W Mineral Ave is located on approximately 4.66 acres of PD-C zoned land one half mile west of Littleton Adventist Hospital. WorldVenture designed the office property to have the majority of space as dedicated office and cube space with one wing containing 11 dedicated suites, each with their own private full bathroom. In 2016, WorldVenture announced it would be vacating the location allowing the property to become available in a supply constrained office market.



- ★ 1501 W MINERAL AVE
- ② 9092 S RIDGELINE BLVD
- ③ 6160 S SYRACUSE WAY
- ④ 8906 W BOWLES AVE
- ⑤ 7355 E ORCHARD RD

OFFICE SALES COMPARABLES



SUBJECT PROPERTY



PROPERTY #2



PROPERTY #3



PROPERTY #4



PROPERTY #5

LOCATION	1501 W MINERAL AVE LITTLETON, CO	9092 S RIDGELINE BLVD HIGHLANDS RANCH, CO	6160 S. SYRACUSE WAY GREENWOOD VILLAGE, CO	8906 W BOWLES AVE LITTLETON, CO	7355 E ORCHARD RD GREENWOOD VILLAGE, CO
CLASS	A	B	B	B	C
SIZE (SF)	41,030	11,173	71,699	22,601	11,265
YEAR BUILT/RENOVATED	1999	2000	1983/2006	1985	1980
OCCUPANCY	0%	N/A	100%	N/A	N/A
# OF STORIES	2	1	4	2	1
SELLER	WORLDVENTURE	SAVANNAH-LUCK, INC.	SPERRY COMMERCIAL	FIRST NATIONAL DENVER	DJW PROPERTIES LLC
BUYER	TBD	OTMV HOLDINGS LLC	AUGUSTINE INSTITUTE	OHMART ORTHODON- TICS	BOONE HEART INSTITUTE
SALE DATE	TBD	JAN-18	NOV-17	JUL-16	NOV-17
SALE PRICE	TBD	\$1,835,000	\$8,508,123	\$1,950,000	\$1,430,500
PRICE PSF	TBD	\$164.24	\$118.66	\$86.28	\$126.99
CAP RATE	TBD	N/A	N/A	N/A	N/A
MAJOR TENANTS	N/A	FIT 36 LLC, OAKMADE ARROW SPACE INC.	AUGUSTINE INSTITUTE	OHMART ORTHODONTICS	BOONE HEART INSTITUTE, WEBCOM COMMUNICATIONS
ASKING RENT PSF	\$16.00/SF NNN	UNDISCLOSED	\$20.00/SF FSG	\$19.00/SF FSG	\$16.00/SF FSG
COMMENTS	CURRENTLY VACANT - MARKET RENTS: \$15.00/ SF NNN, ROOF NEEDS REPLACEMENT - PARKING: 3.95/1000	OWNER/USER PURCHASE - PARKING: 4.00/1000	PURCHASED BY AUGUSTINE PROPERTIES LLC (OCCUPY 70% OF THE BLDG.), PARKING: 4.38/1000	PURCHASED BY ORTHODONTICS PRACTICE (MEDICAL), PARKING: 4.00/1000	PURCHASED BY BOONE HEART INSTITUTE (HEART DISEASE PRACTICE AND TENANT), PARKING: 3.00/1000



- Chick-fil-A
- P.S.A. Bank
- Pier 1 Imports
- THE CHILDREN'S PLACE
- BANANA REPUBLIC POTTERY BARN
- GAP
- AÉROPOSTALE
- Eddie Bauer
- francesca's
- WILLIAMS-SONOMA
- WHITE HOUSE BLACK MARKET
- VICTORIA'S SECRET
- TALBOTS
- Starbucks

1501
W. MINERAL

HealthSouth
Rehabilitation Center

Littleton
Adventist Hospital





20th Street 160
Park Ave 1
38th Ave 1
Junction I-70 112



04 AREA OVERVIEW

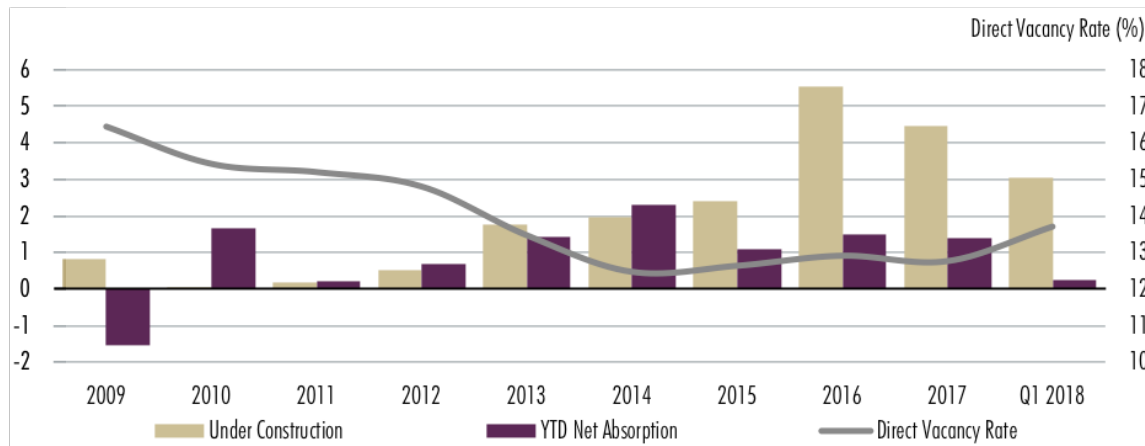
DENVER OFFICE, Q1 2018

NEW CONSTRUCTION DRIVES RECORD HIGH LEASE RATES

 Vacancy Rate 13.7%	 Lease Rate \$27.06 FSG	 Net Absorption 260,889 SF	 Under Construction 3.1 Million SF	 Completions 1.6 Million SF
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*Arrows indicate change from previous quarter.

Figure 1: Construction, Net Absorption and Vacancy



Source: CBRE Research, Q1 2018

The metro Denver office market experienced strong fundamentals at the start of 2018. Denver posted 260,889 sq. ft. of positive net absorption in Q1 2018, with occupancy of newly delivered Class A space in the Southeast submarket as the driving force. Direct vacancy increased by 92 basis points (bps) year-over-year to 13.7% and is expected to continue rising into Q2 2018 as new construction delivers with a delay in tenant occupancy. The average direct asking lease rate in metro Denver continued to see steady growth, increasing 2.9% year-over-year to \$27.06 per sq. ft. full service gross (FSG). Development activity slowed slightly, but remained heightened with nearly 3.1 million sq. ft. under construction. Investment activity in metro Denver continued to trend upward with total sales volume reaching \$977.9 million in Q1 2018, an 82.5% increase year-over-year.

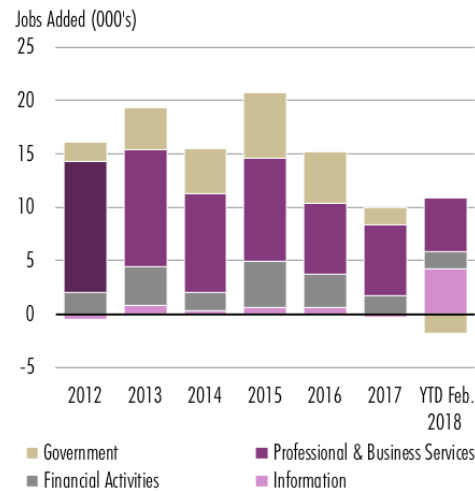
- Positive net absorption of 260,889 sq. ft. was recorded in Q1 2018, up 2.6% from Q4 2017.
- The average direct asking lease rate increased to a record high of \$27.06 per sq. ft. FSG, a 2.9% increase year-over-year.
- The direct vacancy rate increased 92 bps year-over-year to 13.7%.
- Investment activity in metro Denver reached \$977.9 million in Q1 2018, an 82.5% increase year-over-year.
- Notable lease transactions in the quarter included Newmont Mining (142,000 sq. ft.) in the proposed 270,000-sq.-ft. Belleview Station Block E in the Southeast submarket and Cigna (135,000 sq. ft.) at Colorado Center Tower III in the Colorado Blvd/Midtown submarket.

Figure 2: Market Statistics

SUBMARKET	NET RENTABLE AREA (NRA) (SQ. FT.)	DIRECT VACANCY RATE (%)	NET ABSORPTION (SQ.FT.)	UNDER CONSTRUCTION (SQ.FT.)	AVERAGE FSG LEASE RATE (\$/SF/YR)	AVAILABILITY RATE (%)	SUBLEASE AVAILABILITY (SQ.FT.)
AURORA	5,787,133	11	63,176	0	19.87	15.3	6,307
BOULDER	6,259,232	9.4	1,125	78,293	33.1	13.9	164,157
CAPITOL HILL	2,244,467	7.2	12,306	65,805	25.67	9.7	20,182
CHERRY CREEK	2,389,272	10.3	9,977	141,027	34.42	14.7	24,971
COLORADO BLVD/MIDTOWN	6,642,139	15.3	-98,129	0	25.56	19.5	97,076
DOWNTOWN	28,373,651	16	38,876	764,219	34.62	19	681,650
LONGMONT	929,909	7.8	78,129	0	19.96	10.9	6,825
NORTH	3,018,110	18.1	31,917	0	16.15	20.9	32,819
NORTHEAST	929,922	19.1	60,317	0	22.44	20.8	1,369
NORTHWEST	8,017,456	15.1	-118,228	260,685	24.57	23.6	208,065
RIVER NORTH	1,045,534	23	75,174	1,015,951	35.11	24.5	0
SOUTHEAST	35,744,416	12.5	95,252	558,000	25.21	19.7	768,914
SOUTHWEST	5,571,168	9.1	-20,289	0	19.45	12.5	131,672
WEST	7,262,198	17.1	3,199	175,000	22.66	20.9	107,187
WEST HAMPDEN/ALAMEDA	938,351	11.2	28,087	0	16.88	11.5	2,596
DENVER	115,152,958	13.7	260,889	3,058,980	27.06	18.6	2,253,790

Source: CBRE Research, Q1 2018

Figure 3: Office Using Employment Growth



Source: U.S. Bureau of Labor Statistics, March 2018.



ECONOMIC/ UNEMPLOYMENT

Metro Denver continued to see moderated employment growth in Q1 2018. All-industry job growth was 2.1%, or 33,750 jobs, on an average year-to-date basis through February 2018 over the previous year. Unemployment was 3.1% for metro Denver and 3.3% for Colorado (not seasonally adjusted) in February. Denver was still in the 40 lowermost metros for unemployment rate, but it appears labor market conditions are easing slightly since 2017 when Denver had the absolute lowest rate among large metros. Office-using employment—including jobs in the information, financial activities, professional and business services, and government sectors—rose 1.3% on a year-to-date basis through February 2018. The information sector experienced the greatest gain of 7.9%, followed by the professional and business services at 1.7%. The strong local economy, ongoing job growth and persistent net in-migration will support office leasing activity in coming quarters.

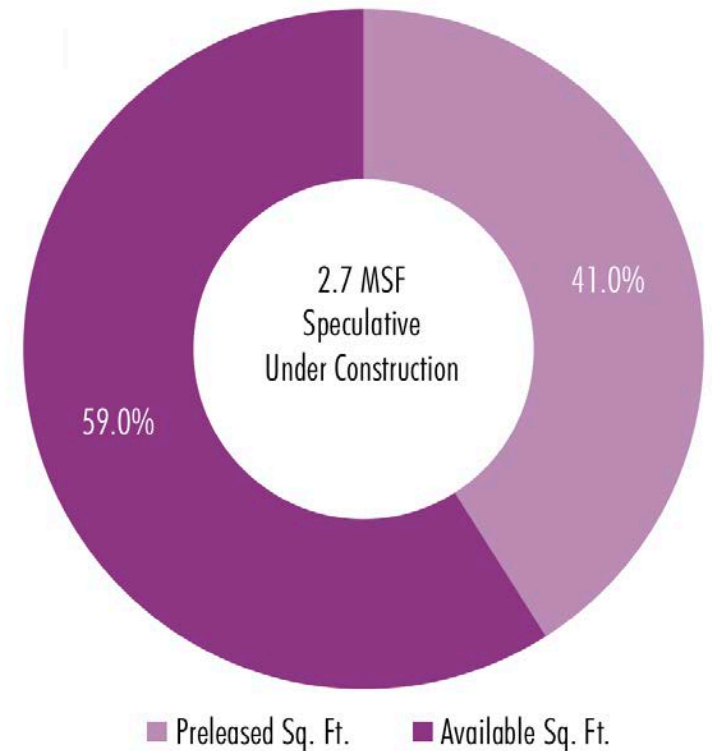
CONSTRUCTION

Development activity slowed in Q1 2018 but remained heightened with nearly 3.1 million sq. ft. under construction in metro Denver. Of the 3.1 million sq. ft. underway, 2.7 million sq. ft. (87.7%) were speculative projects with 41.0% of space preleased. Suburban submarkets accounted for 75.0% of the total development activity. The remaining 765,000 sq. ft. were speculative Downtown projects, of which 47.2% was preleased. The River North (RiNo) submarket's expansive growth continued into Q1 2018, with over 1.0 million sq. ft. under development, 33.2% of the metro total.

Two buildings broke ground in Q1 2018- Platte Fifteen (135,545 sq. ft.) and Market Station (95,000 sq. ft.), both in the Downtown submarket. The largest projects still underway included 16 Chestnut (428,219 sq. ft.) in the Downtown submarket and Village Center Station II (306,000 sq. ft.) and 50 Fifty (185,000 sq. ft.) in the Southeast submarket. All three projects are slated to deliver in Q2 2018.

Nine buildings delivered in Q1 2018, totaling over 1.6 million sq. ft. Notable completions in the Downtown submarket included the highly anticipated 664,817-sq.-ft. 1144 Fifteenth, the 202,263-sq.-ft. Riverview at 1700 Platte, and the 87,776-sq.-ft. Circa Building. Significant completions outside of the Downtown submarket included the 222,070-sq.-ft. INOVA at Dry Creek II in the Southeast submarket and the 100,313-sq.-ft. Zeppelin Station in the RiNo submarket. New construction deliveries metro-wide were 61.1% preleased at completion. Downtown projects were 79.1% preleased and suburban projects were 35.0% preleased at delivery. Though preleasing in new construction was strong in Q1 2018, most of the completed buildings delivered vacant with tenant improvements underway.

Figure 4: Speculative Preleased Construction



Source: CBRE Research, Q1 2018.

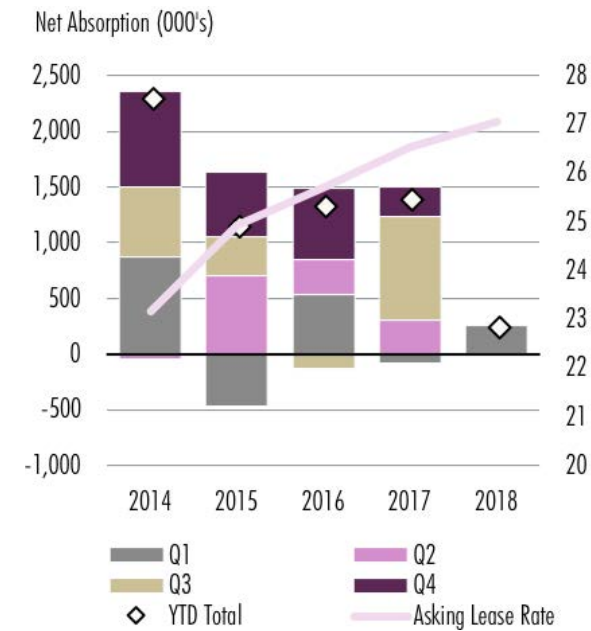
VACANCY/AVAILABILITY ABSORPTION

Metro Denver posted 260,889 sq. ft. of positive net absorption in Q1 2018, a 2.6% increase over Q4 2017. Class A space led the overall market with 413,369 sq. ft. of positive net absorption while Class B and Class C buildings recorded 73,884 sq. ft. and 78,596 sq. ft. of negative net absorption, respectively. Occupancy of newly delivered Class A office space helped drive positive absorption in the Southeast submarket, which recorded 95,252 sq. ft. of positive net absorption.

The metro Denver direct vacancy rate increased by 92 bps year-over-year to 13.7%. Vacancy is expected to continue to increase in the near term as over 1.7 million sq. ft. of new construction will begin delivering in Q2 2018. Though preleasing for these projects is strong at 67.0%, committed tenants will await buildout completions before moving into their preleased space.

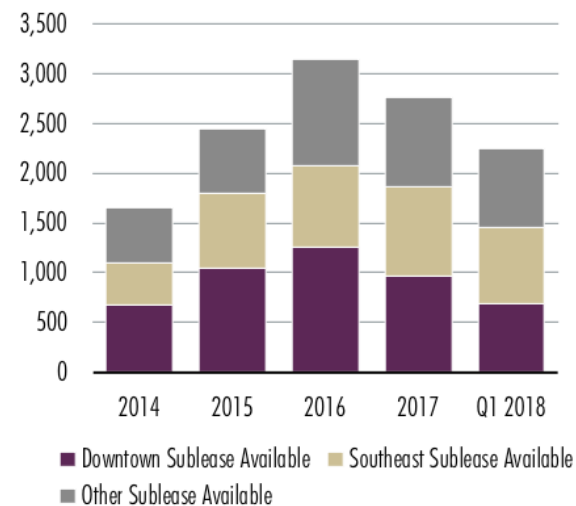
Available sublease space metro-wide was nearly 2.3 million sq. ft. in Q1 2018, a 29.9% decrease year-over-year. Of the total sublease availability, 47.9% was Class A space and 49.3% was Class B space. The Southeast submarket had the largest amount of available sublease space at 768,914 sq. ft., 34.1% of the metro total. The Downtown submarket followed with 681,650 sq. ft. of available sublease space, 30.2% of the metro Denver total. Sublease availability in the Southeast and Downtown submarkets decreased 23.1% and 40.0% year-over-year, respectively.

Figure 5: Net Absorption vs. Lease Rate



Source: CBRE Research, Q1 2018.

Figure 6: Sublease Availability



Source: CBRE Research, Q1 2018.

AVERAGE ASKING LEASE RATES

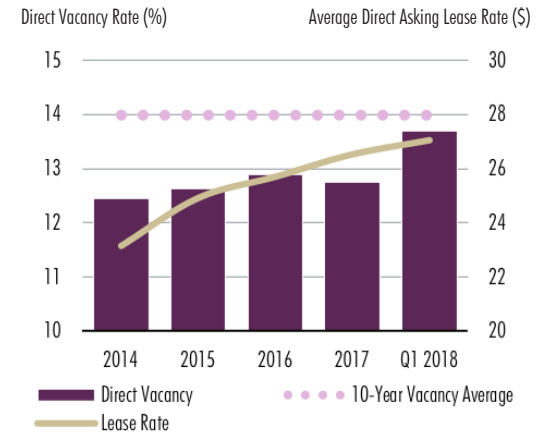
Class A new construction and consistent demand for high-quality space significantly contributed to the rise in the overall lease rate in metro Denver. The metro-wide Q1 2018 average direct asking lease rate reached an all-time high of \$27.06 per sq. ft. FSG, a 2.0% increase quarter-over-quarter. The average Class A lease rate jumped 2.9% from Q4 2017 to \$30.27 per sq. ft. FSG. The average Class B lease rate remained relatively stable, increasing 0.4% quarter-over-quarter to \$25.67 per sq. ft. FSG. The average Class C lease rate increased 2.8% quarter-over-quarter to \$21.25 per sq. ft. FSG.

Growth in the average direct asking lease rate was recorded in both the suburban and downtown markets. The Southeast submarket recorded an average direct asking lease rate of \$25.21 per sq. ft. FSG, an all-time high for the submarket. The average direct asking lease rate in the Downtown submarket also reached a record high in Q1 2018, rising 1.8% year-over-year to \$34.62 per sq. ft. FSG.

INVESTMENT TRENDS

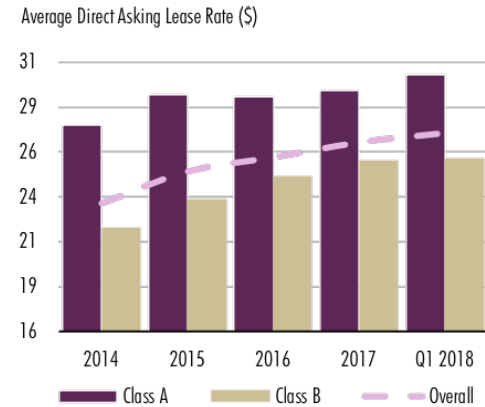
Metro Denver investment sales experienced another strong quarter with record pricing in Q1 2018. Twenty-two properties changed hands with a total investment sales volume of \$977.9 million, an 82.5% increase year-over-year. On a price per sq. ft. basis, sales averaged \$316.58 per sq. ft., a 29.3% increase over Q4 2017. Quarterly sales activity was evenly distributed between the downtown and suburban submarkets. Sales volume in the Downtown submarket reached \$443.8 million, 45.4% of the metro total. Suburban sales totaled \$534.1 million, 54.6% of the metro total. The Downtown submarket saw the largest transaction of the quarter with the partial interest sale of 1801 California for \$285.6 million. The largest suburban sales were in the Southeast submarket, which alone claimed 36.4% of the total Q1 2018 transactions. The \$152.0 million sale of One Belleview Station was the largest sale in the Southeast at \$477.90 per sq. ft., followed by the \$115.2 million sale of the RE/MAX Headquarters at \$475.00 per sq. ft.

Figure 7: Lease Rate vs. Vacancy



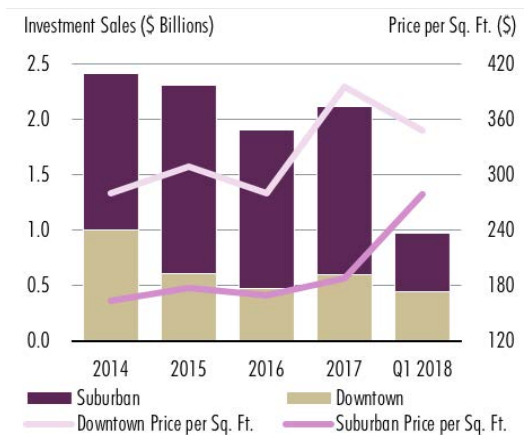
Source: CBRE Research, Q1 2018

Figure 8: Average Asking Lease Rates

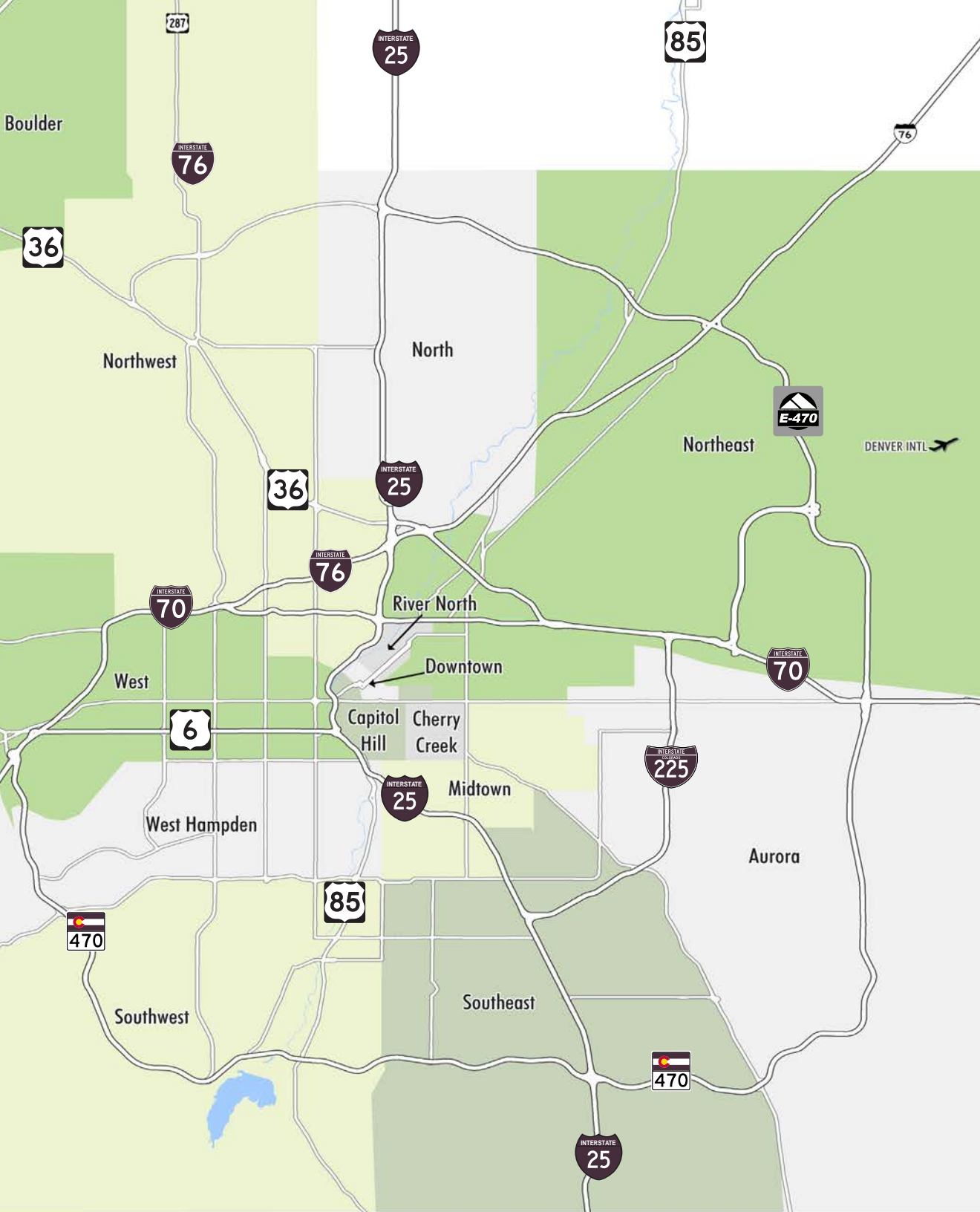


Source: CBRE Research, Q1 2018

Figure 9: Investment Sales



Source: CBRE Research, Q1 2018



MARKET OUTLOOK

New construction deliveries and tight labor conditions could bring moderation to the metro Denver office sector in 2018. Growth in the technology, business services, and financial services industries will continue to boost fundamentals and drive the market toward equilibrium. Healthy development activity will continue to grow metro Denver's footprint throughout the year. Nearly 1.8 million sq. ft. of speculative space is expected to deliver in 2018 in addition to the 1.6 million sq. ft. that delivered in Q1 2018. Heightened asking lease rates for new, premium space will likely be offset by landlords offering discounted rates and increased incentives to attract tenants to existing buildings. Overall leasing activity is expected to remain strong as Denver continues to attract both demand and supply of labor.



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