Current Market Conditions

*Denver’s Strengths:*

- Long-term population growth
- Positive job growth in 2008
- Diversified economy
- Comparison to other markets
Current Market Conditions

**Denver’s Challenges:**

- High inventory of homes
- High rate of foreclosures
- Surplus of platted lots
- Market perception
Population and Household Estimates

Denver Metropolitan Area

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1,088,397</td>
<td>1,088,397</td>
</tr>
<tr>
<td>2015</td>
<td>3,073,308</td>
<td>2,777,497</td>
</tr>
<tr>
<td>2030</td>
<td>3,875,198</td>
<td>1,565,810</td>
</tr>
</tbody>
</table>
Foreclosure Filings

8 County Denver Metro Area

*Forecasted by Fuller Real Estate
Single-Family Building Permits

Denver Metropolitan Area

*Forecasted by Fuller Real Estate

<table>
<thead>
<tr>
<th>Year</th>
<th>Permits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>17,377</td>
</tr>
<tr>
<td>2005</td>
<td>16,461</td>
</tr>
<tr>
<td>2006</td>
<td>11,569</td>
</tr>
<tr>
<td>2007</td>
<td>6,862</td>
</tr>
<tr>
<td>2008*</td>
<td>5,500</td>
</tr>
</tbody>
</table>
Single-Family Median Home Price

Denver Metropolitan Area

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$239,100</td>
</tr>
<tr>
<td>2005</td>
<td>$247,100</td>
</tr>
<tr>
<td>2006</td>
<td>$249,500</td>
</tr>
<tr>
<td>2007</td>
<td>$245,400</td>
</tr>
<tr>
<td>2008 (Q1)</td>
<td>$223,500</td>
</tr>
</tbody>
</table>
Forecasted Market Conditions

• Foreclosures will decrease in 2008 and trend downward thereafter

• Residential permits will bottom out in 2008 and 2009

• Supply of homes on the market will decrease

• Denver will not experience significant additional depreciation in home values
Land Prices

Where are they today from 2007?

- Residential → 20% to 30%
- Retail → 5% to 10%
- Office ↔ Flat
- Industrial ↔ Flat
Land Prices

Where are they headed in the second half of 2008?

- Residential: Additional 10% to 20%
- Retail: Additional 10% to 15%
- Office: 5% to 10%
- Industrial: Flat
Forecast for Land Market
Second Half of 2008

• Sellers will show more motivation
• Banks will play greater role
• Land investors will continue to be selective
• Builders will re-enter the market (slowly)
• Increase in transaction volume
• Recovery will be on the horizon