

Charting a New (Economy) Course

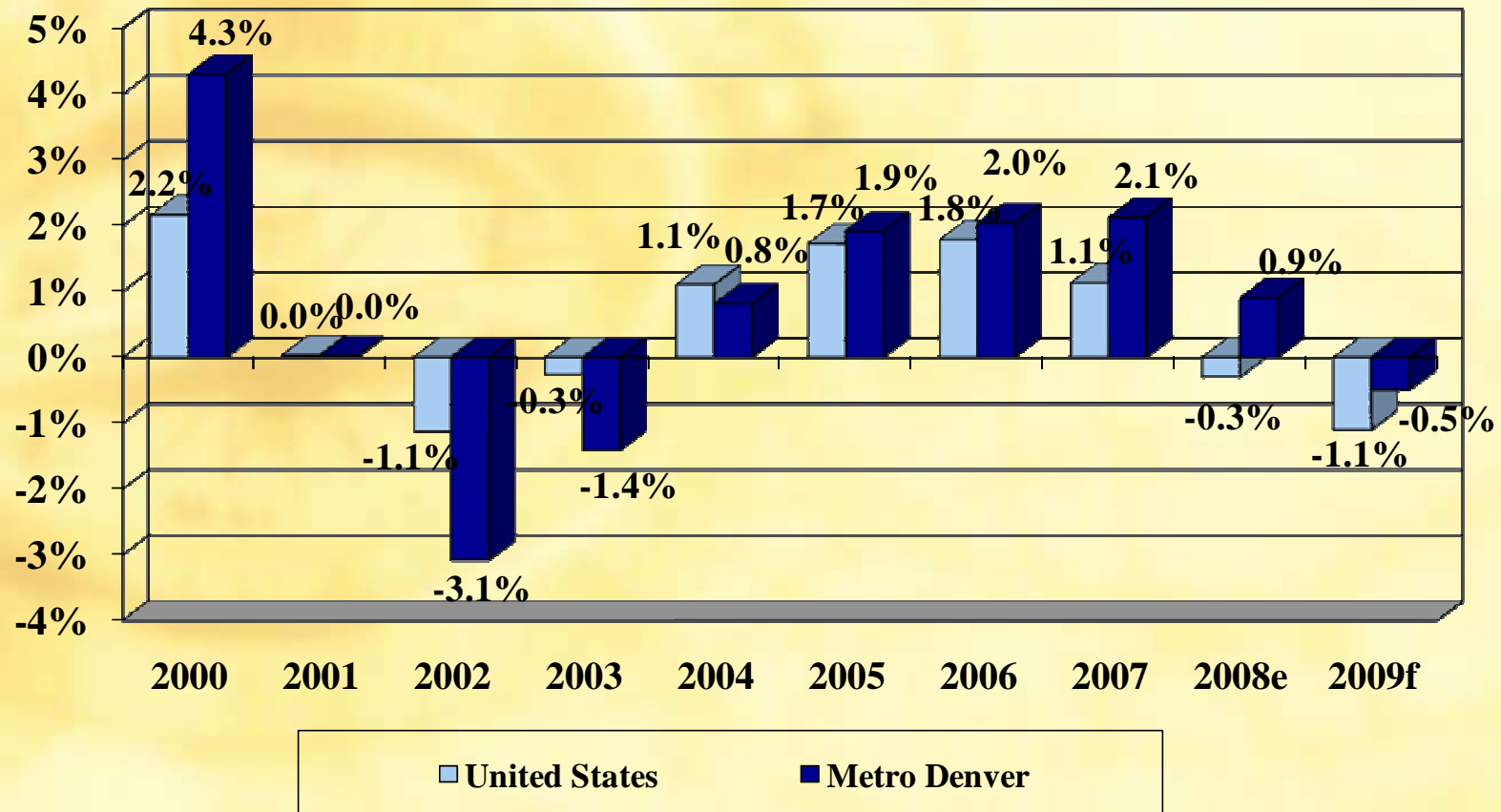
**Metro Denver
2009 Economic Forecast
January 2009**



Colorado Outperforms the U.S.

<i>2009 forecast values</i>	Colorado	United States
Job losses less severe	-0.4%	-1.1%
Unemployment rate lower	6.4%	7.7%
Inflation Rate slightly higher	2.2%	1.9%
Real Retail Trade Sales more stable	0.0%	-3.5%
Home Prices more stable*	1%	0%
Median Home Price higher*	\$228,000	\$199,100
Total Personal Income growing faster	2.7%	2.0%
Per Capita Personal Income higher (2008)	\$43,100	\$40,200
<i>*Data for Metro Denver</i>		

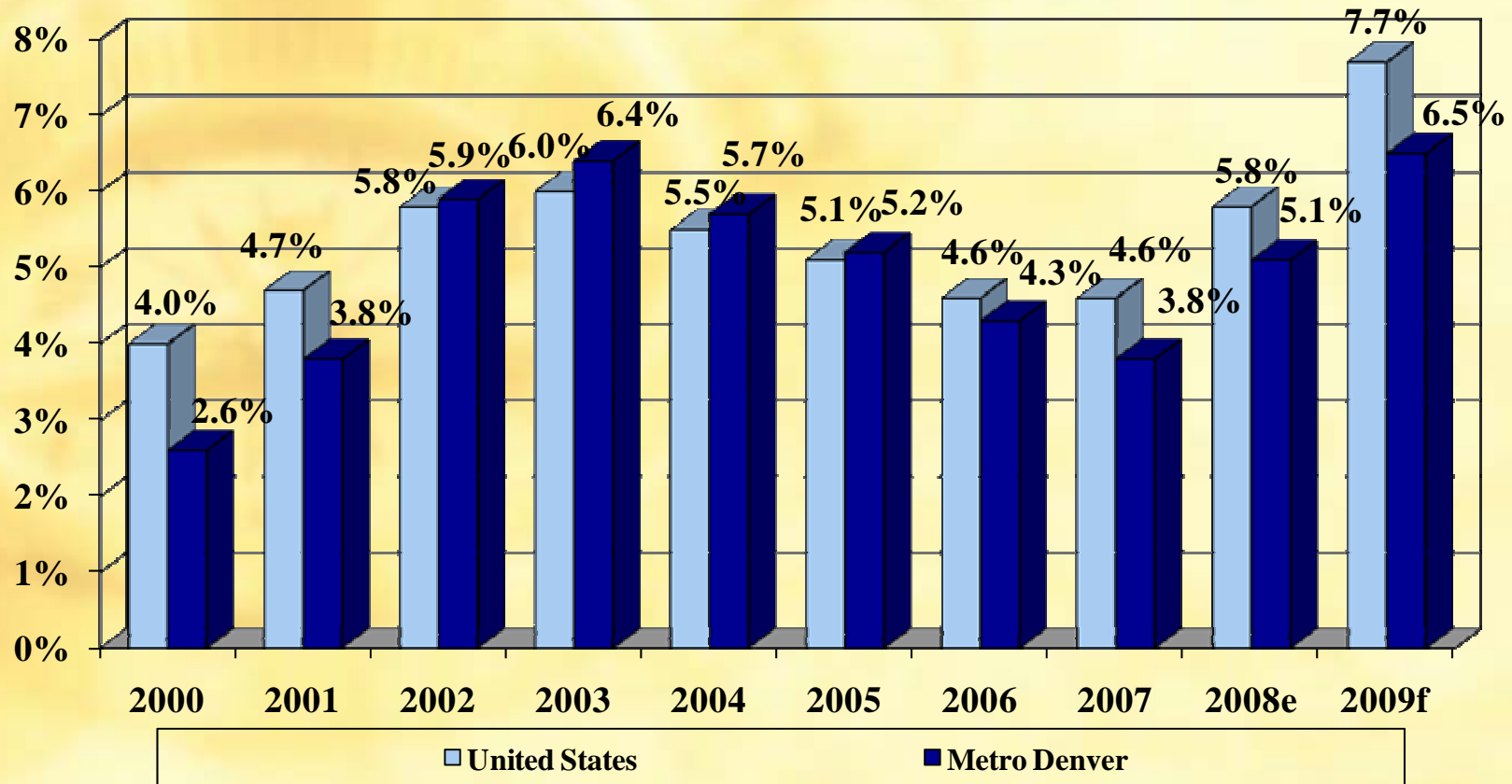
Nonfarm Job Growth Rates



Sources: U.S. Dept. of Labor; CO Dept. of Labor & Employment

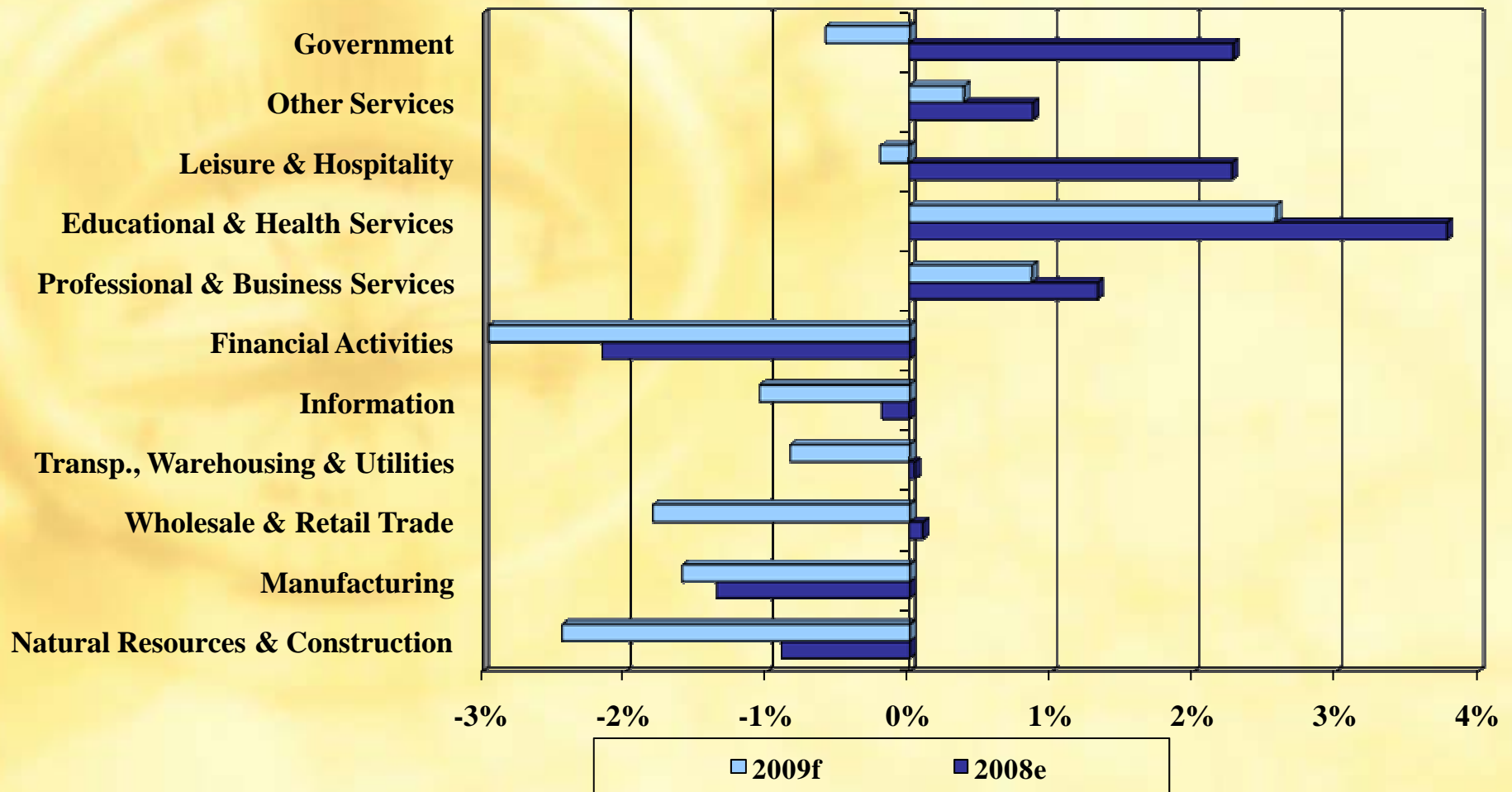
Unemployment Rates

Metro Denver Total Labor Force = 1.5 million



Sources: U.S. Dept. of Labor; CO Dept. of Labor & Employment

Metro Denver Annual Employment Growth Rate by Industry



Source: Colorado Department of Labor & Employment

Key Metro Denver Industry Clusters

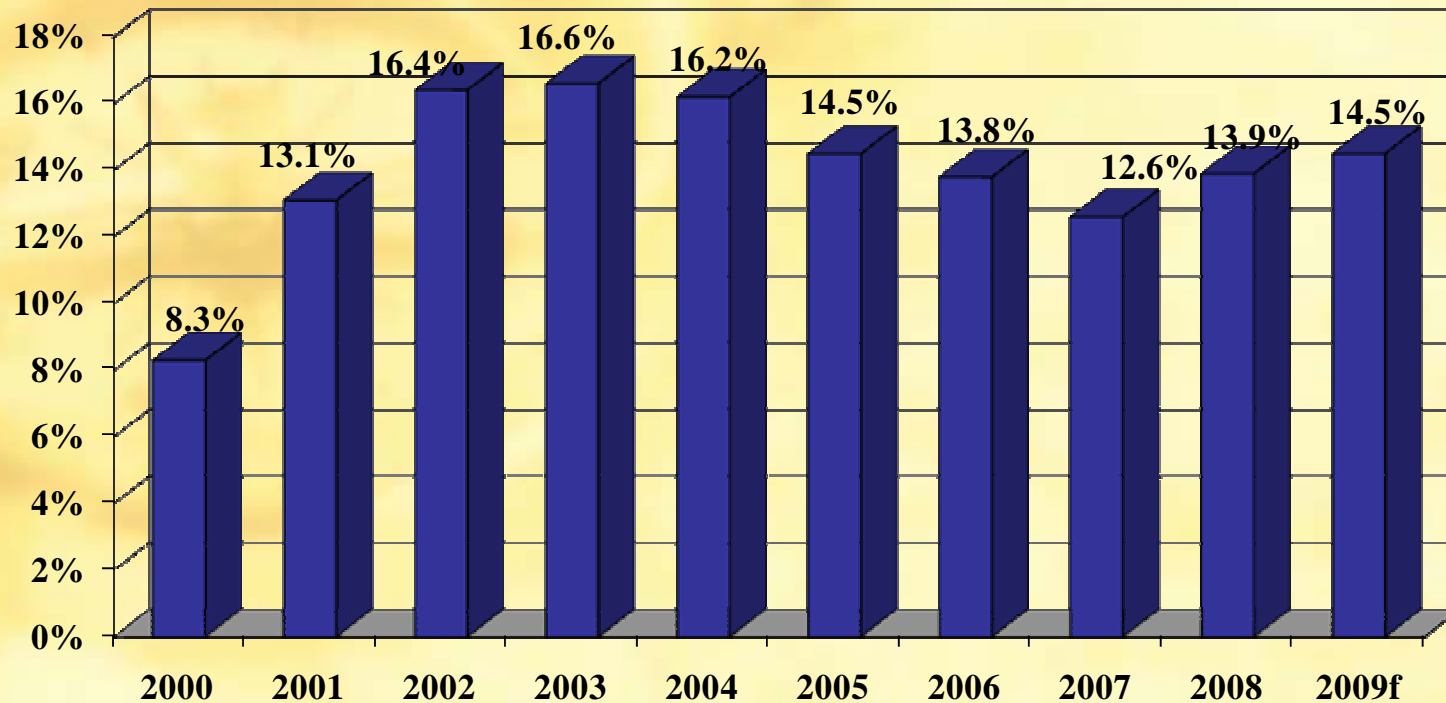
	Employment	2007 Job Growth	Absolute Ranking (50 largest metros)
Aerospace	20,500	12.6%	1
Bioscience			
Pharmaceuticals and Biotechnology	5,500	2.1%	16
Medical Devices and Instruments	10,000	6.7%	7
Energy			
Fossil Energy	14,600	2.0%	2
Renewable Energy & Energy Research	13,900	3.0%	6
IT/Software	45,800	1.4%	11
Aviation	14,200	1.3%	8
Financial Services			
Banking & Finance	44,500	-0.1%	9
Investments	23,400	-0.9%	10
Insurance	28,000	0.7%	12

Metro Denver Office Vacancy Rates

(with sublet)

Existing Square Feet = 159.4 million

Completed YTD = 2.2 MSF; Under Construction = 2 MSF



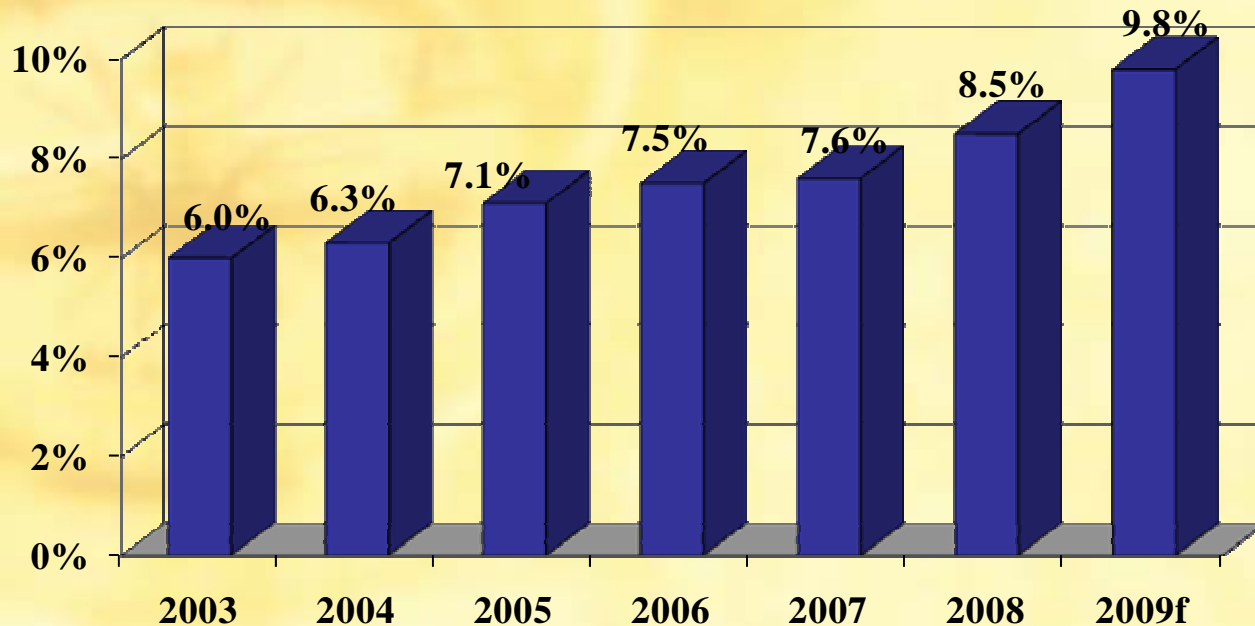
Source: CoStar Realty Information, Inc.

Metro Denver Retail Vacancy Rates

(with sublet)

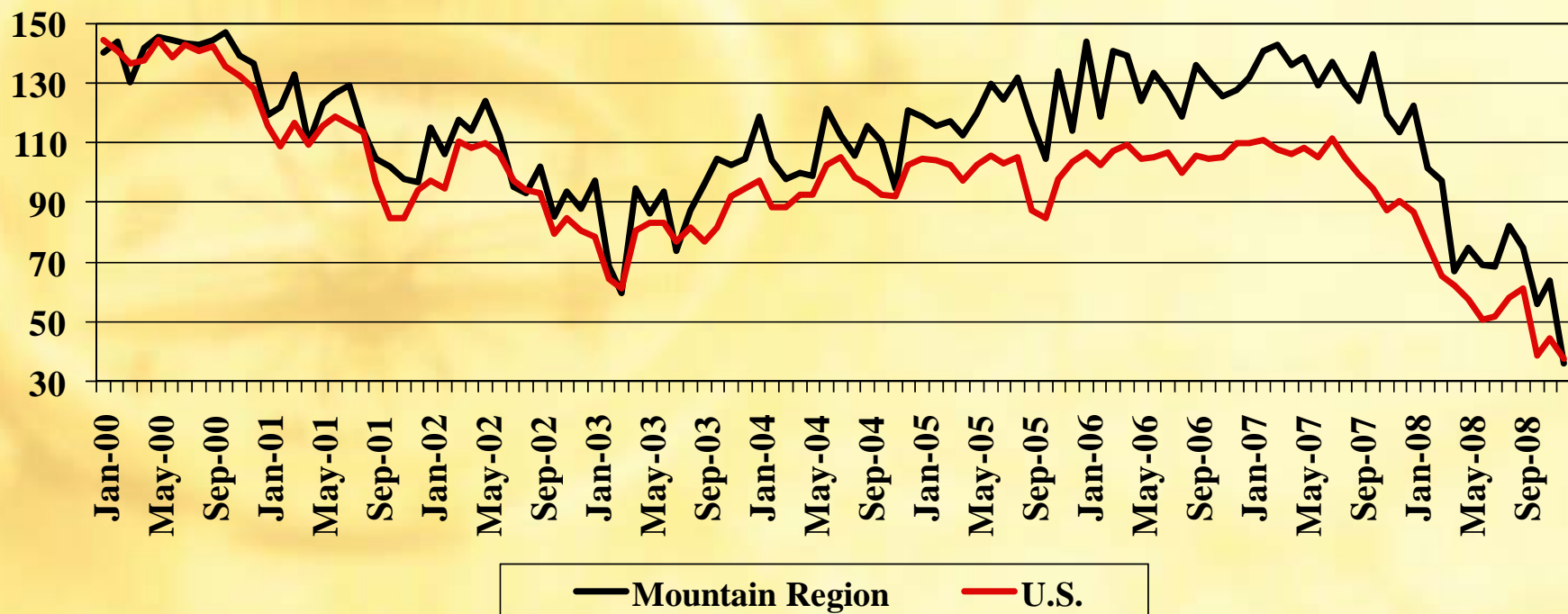
Existing Square Feet = 143.9 million

Completed YTD = 2.6 MSF; Under Construction = 2.9 MSF



Source: CoStar Realty Information, Inc.

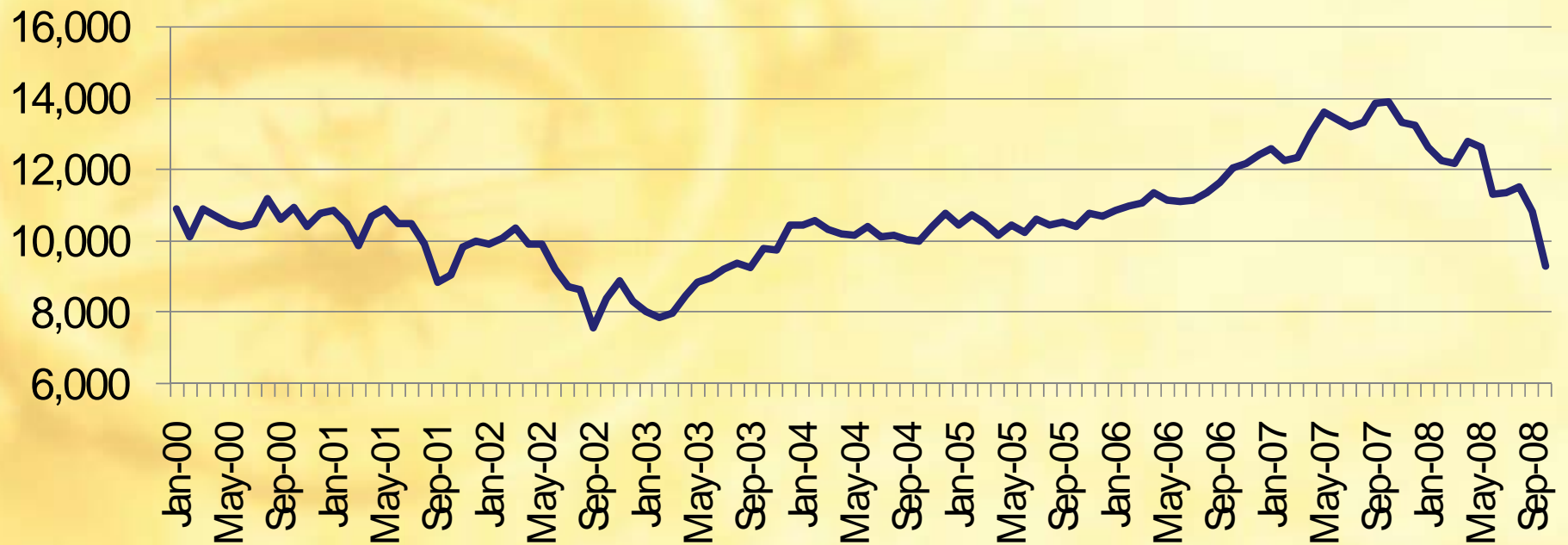
Consumer Confidence Index



Source: The Conference Board

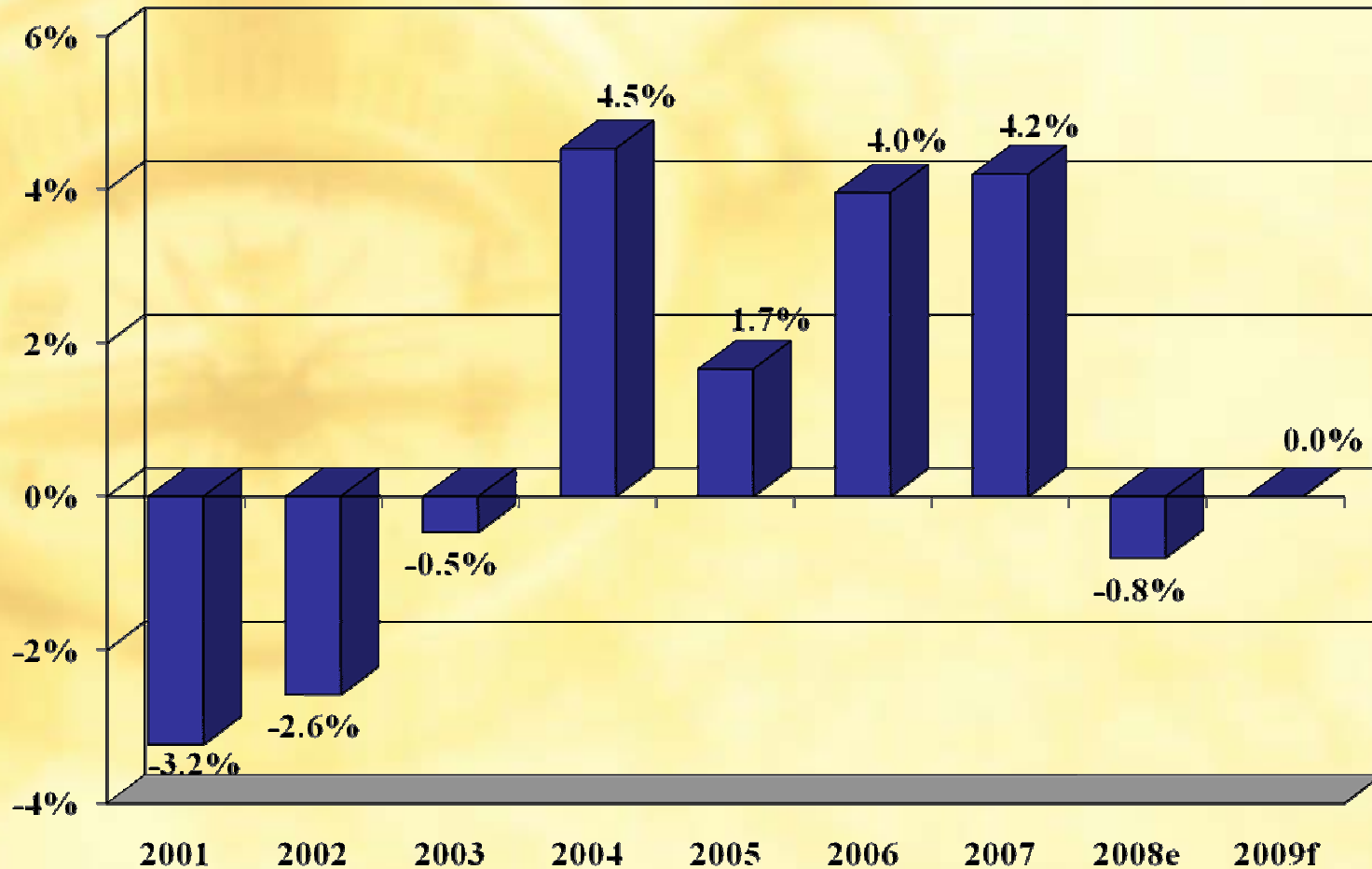
Stock Market Volatility (DJIA)

2004: 21% of U.S. families have stocks; 50% have retirement accounts



Source: Yahoo! Finance

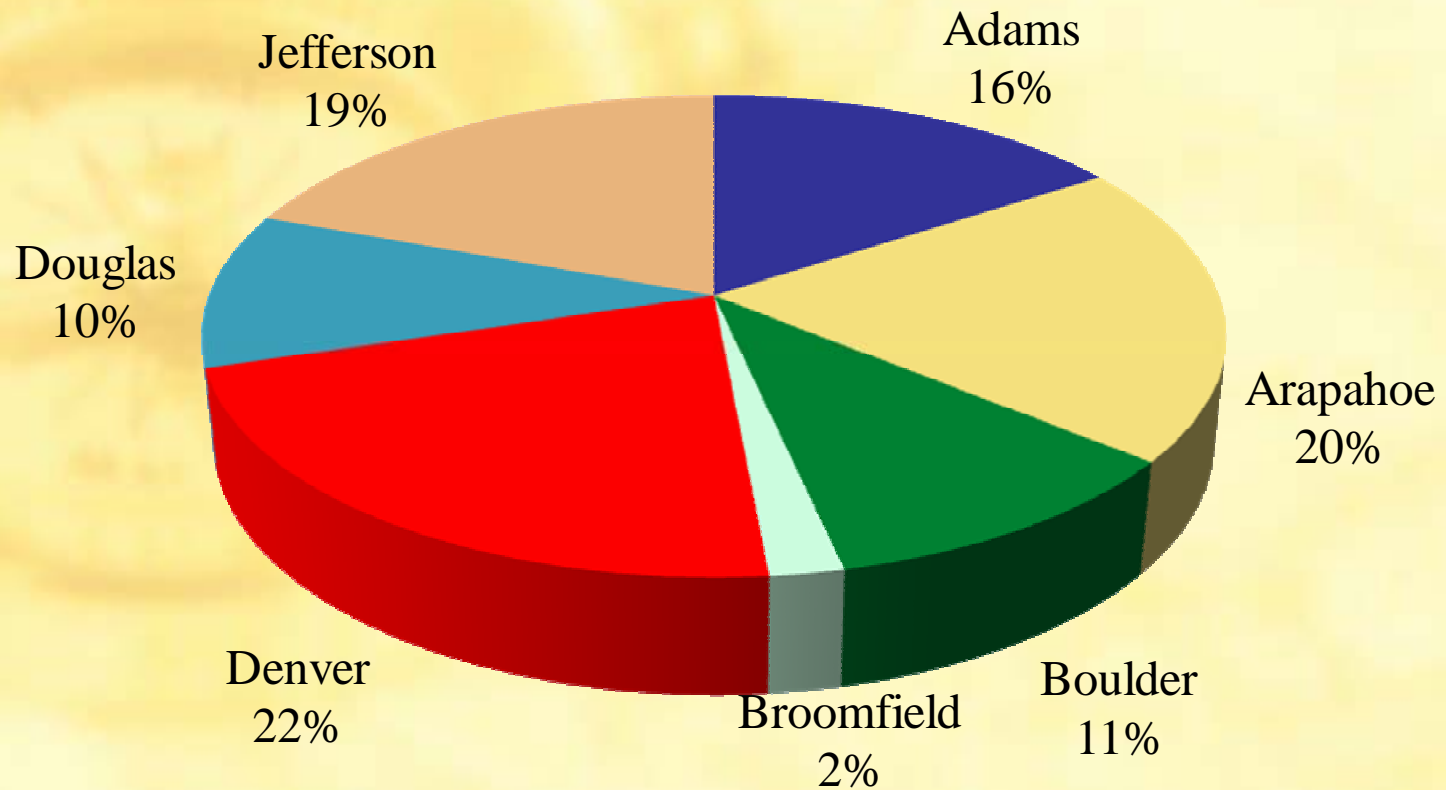
Metro Denver Real Retail Trade Sales Growth Rates



Source: Colorado Department of Revenue

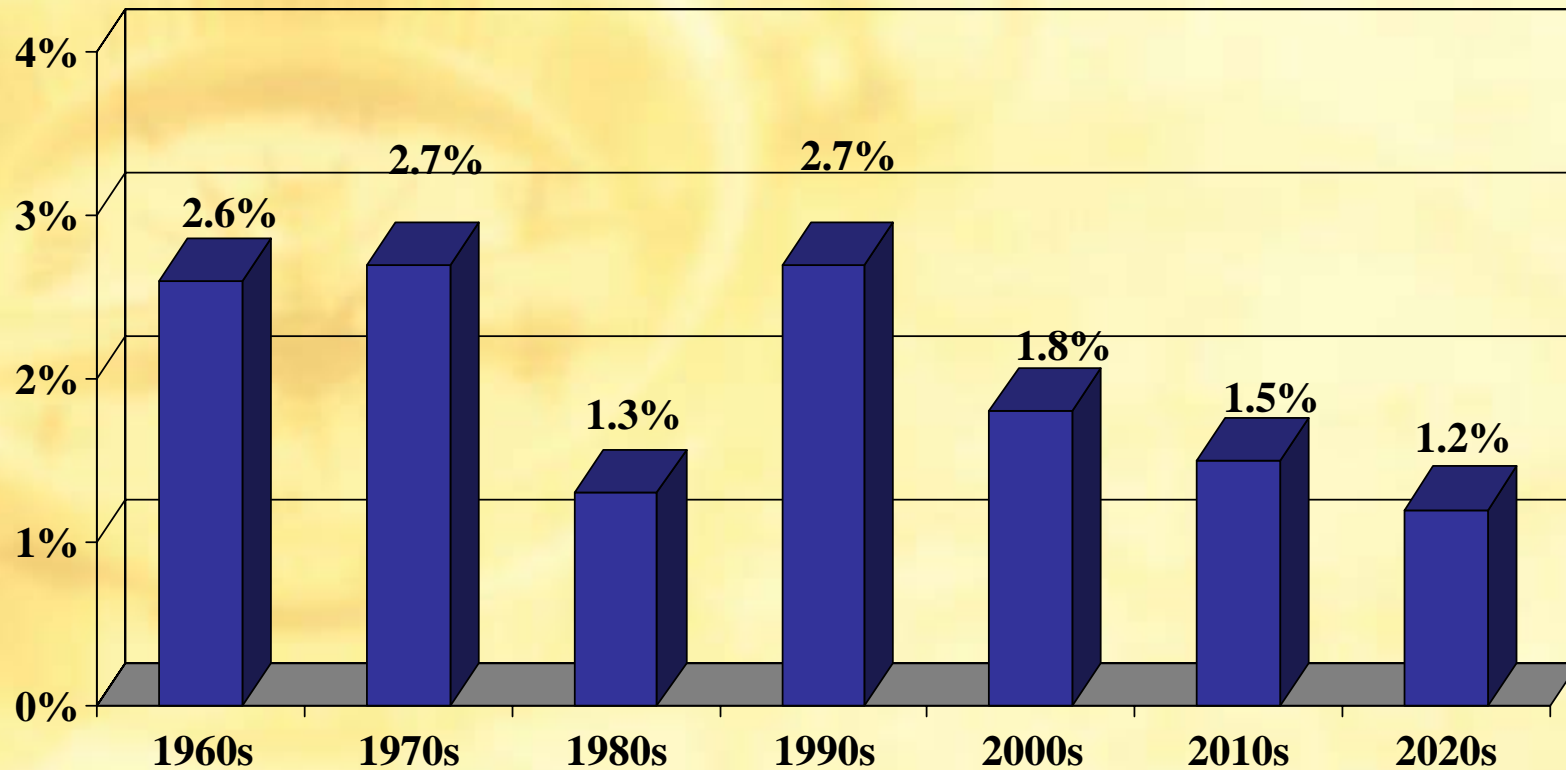
Population by County

2009 Population = 2.83 million



Metro Denver Average Annual Population Growth

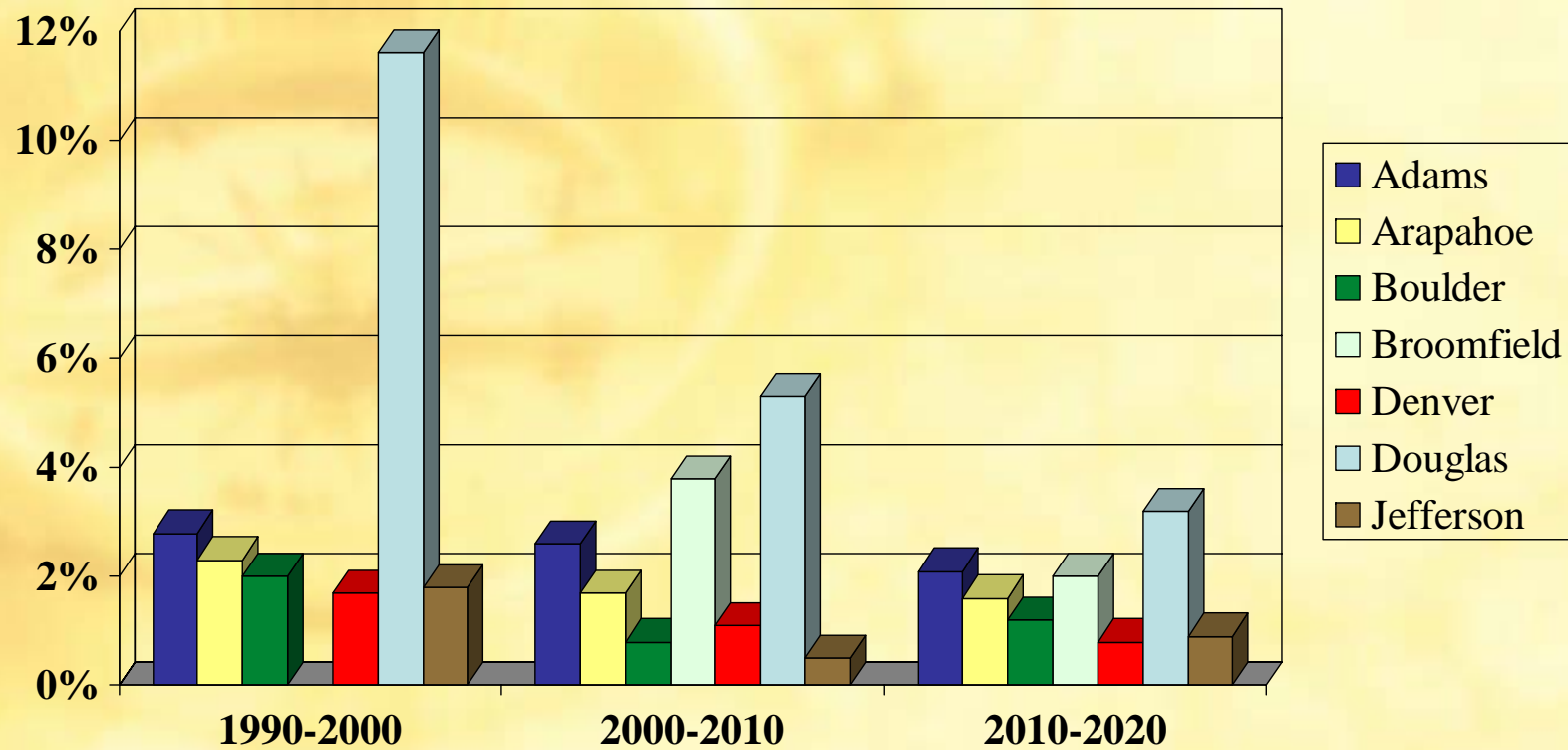
2009 population = 2.83 million



Source: Colorado Division of Local Government

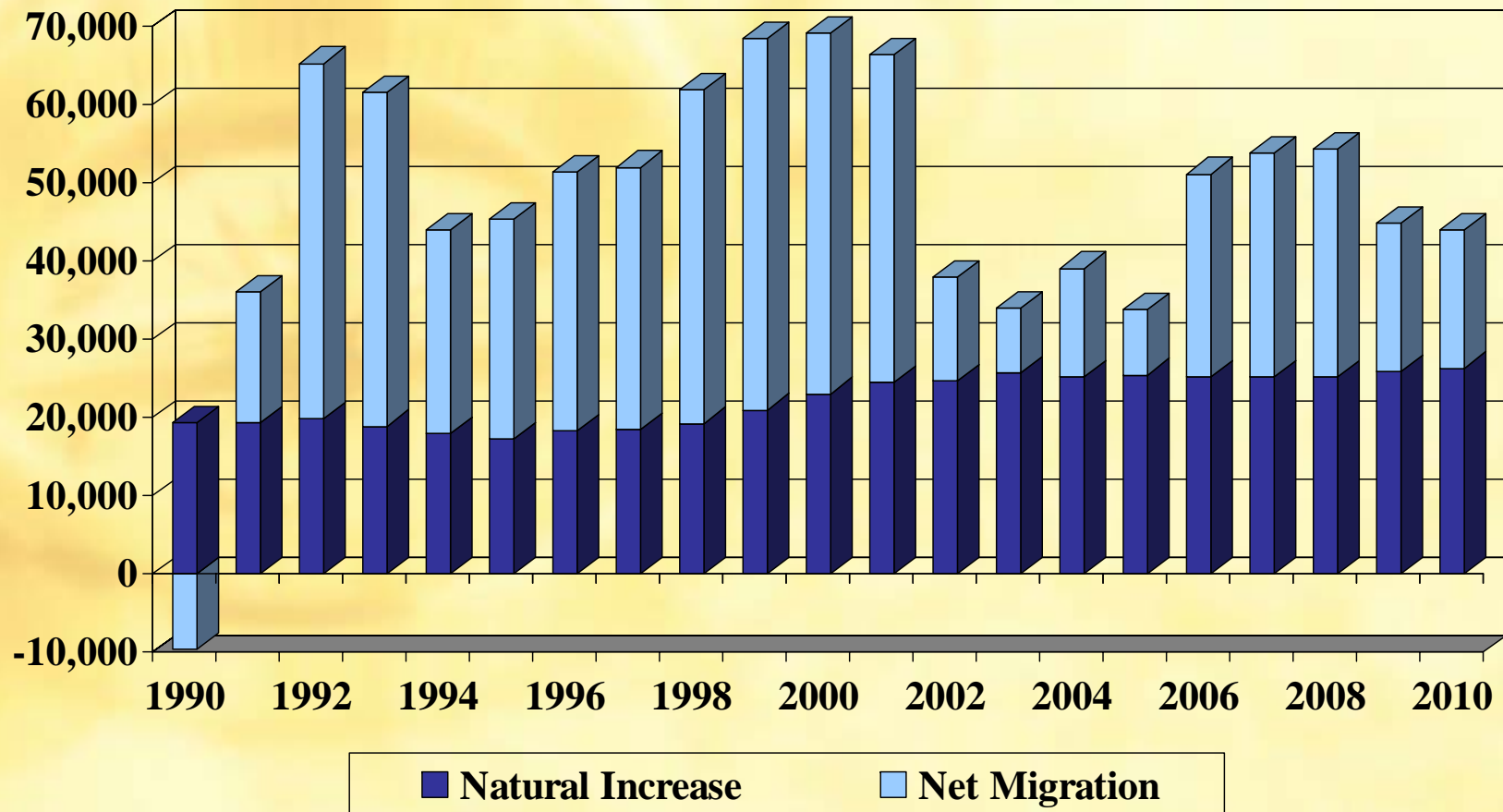
Average Annual Population Growth by County

1.8% average annual growth 2000-2010



Source: Colorado Division of Local Government

Metro Denver Annual Change in Population



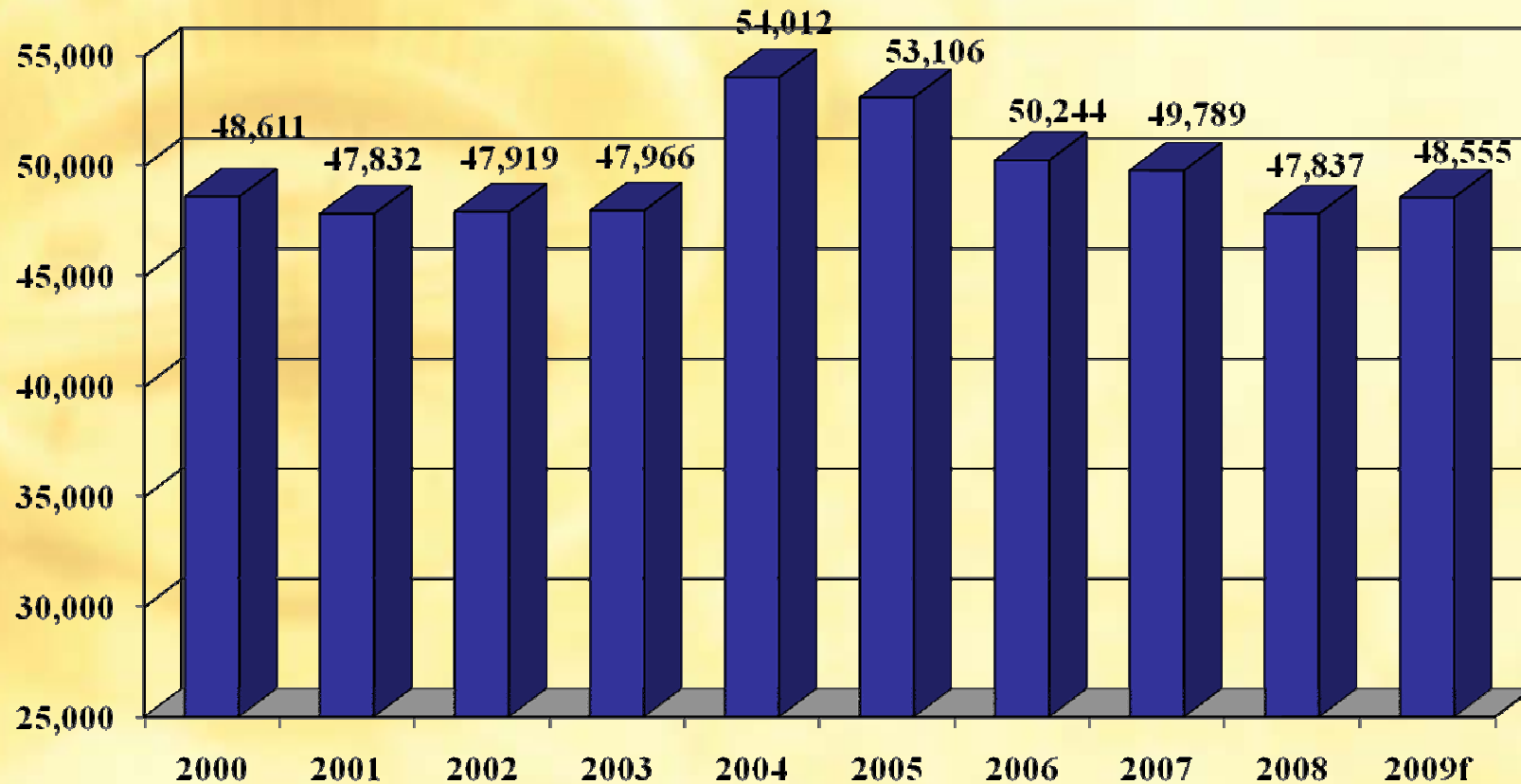
Source: Colorado Division of Local Government

Aging of the Baby Boomers

- ◆ **First “Boomers” (born 1946-1964) reach 65 in 2011 (Ages 45 to 63 in 2009)**
- ◆ **26.7% of Metro Denver’s population are Baby Boomers compared to 25.7% for U.S.**
- ◆ **Between 2008 and 2018, Metro Denver’s population 65 years+ will expand from 9% of the population to nearly 14% (from 252,000 to 450,000 people)**

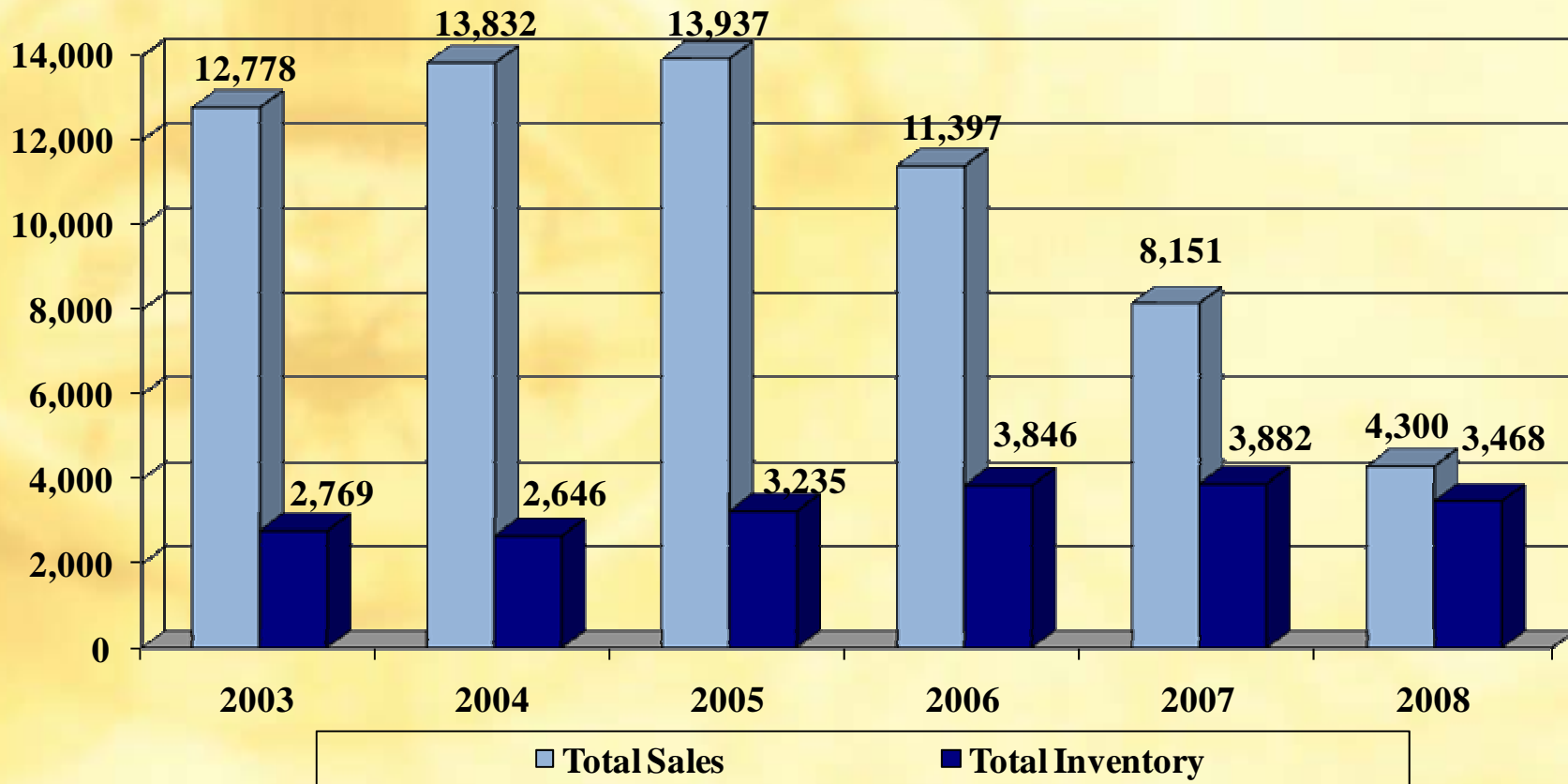
Source: Colorado Division of Local Government, State Demography Office

Metro Denver Existing Home Sales



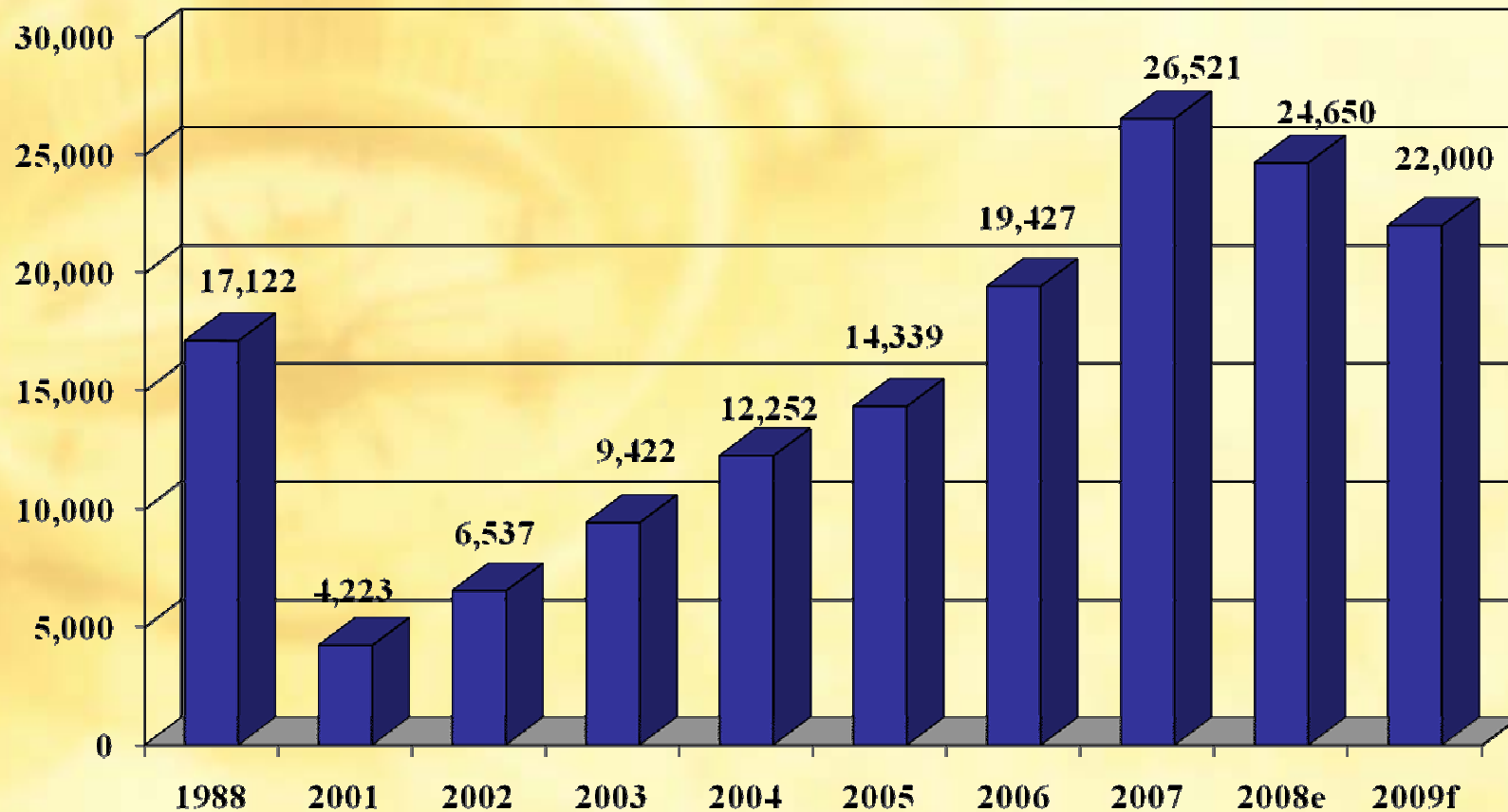
Source: Metrolist, Inc.

New Production Built Housing (through Third Quarter of each year)



Source: Hanley Wood Market Intelligence

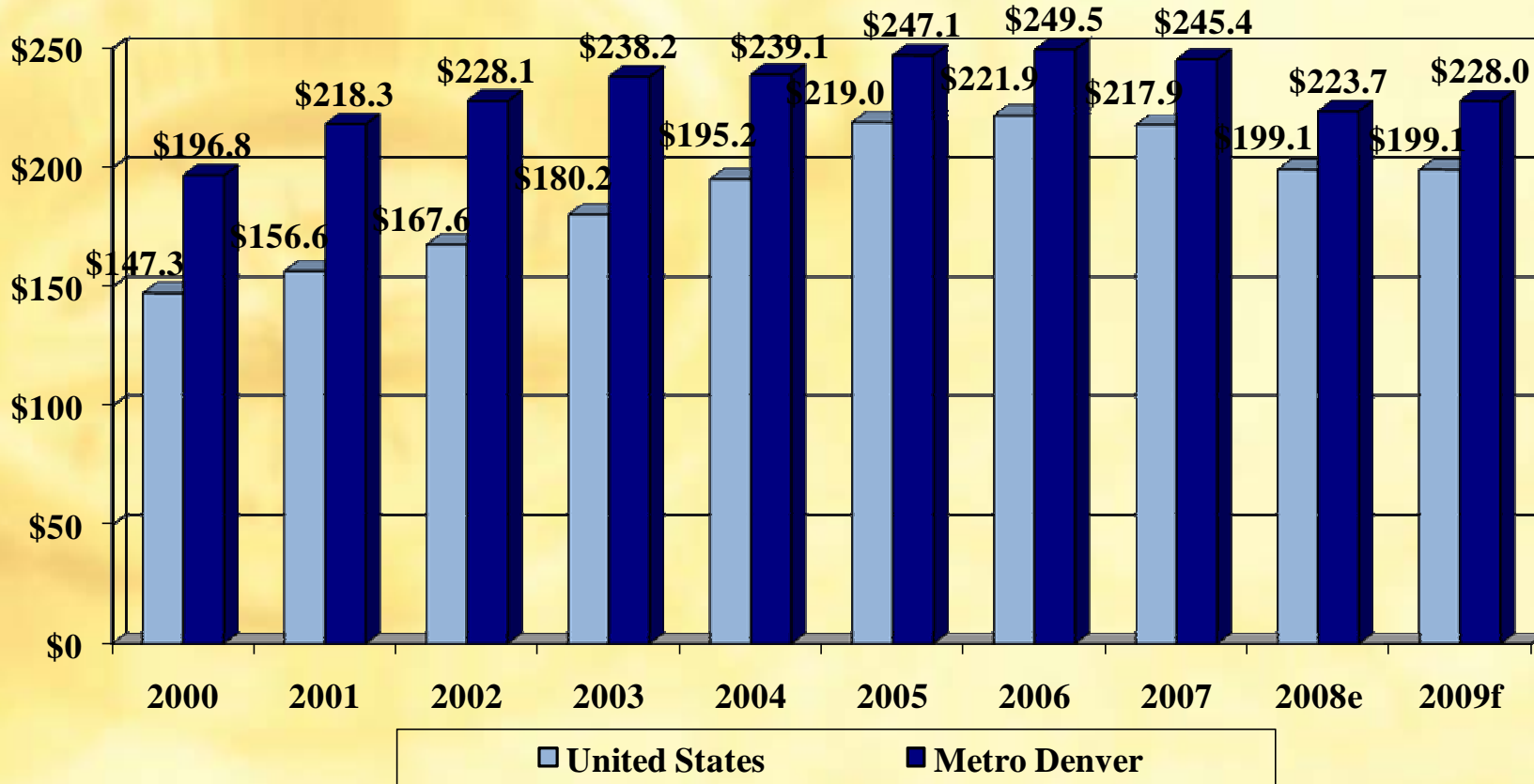
Metro Denver Foreclosures



Sources: CB Richard Ellis; County Public Trustees

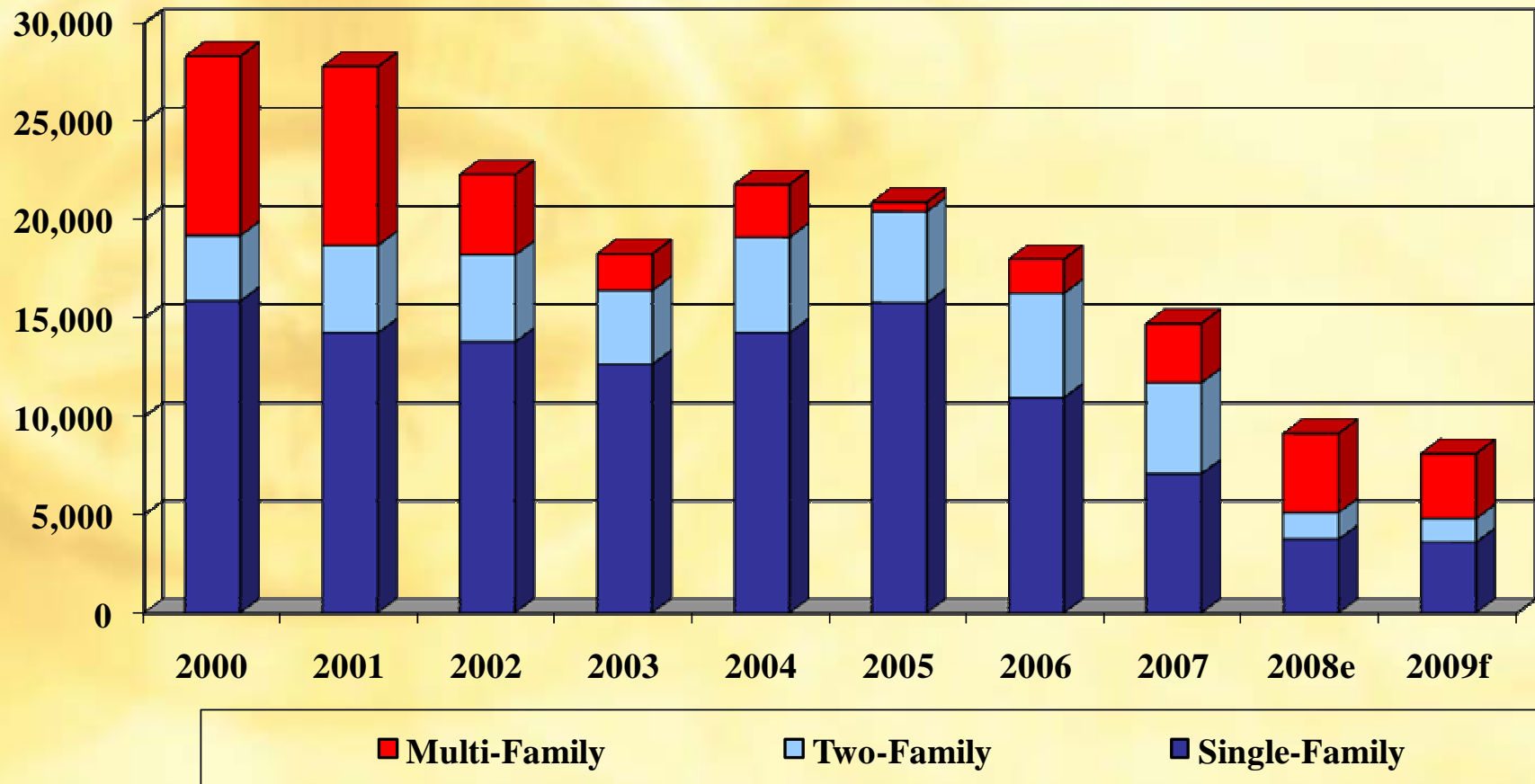
Median Home Price

(in thousands)



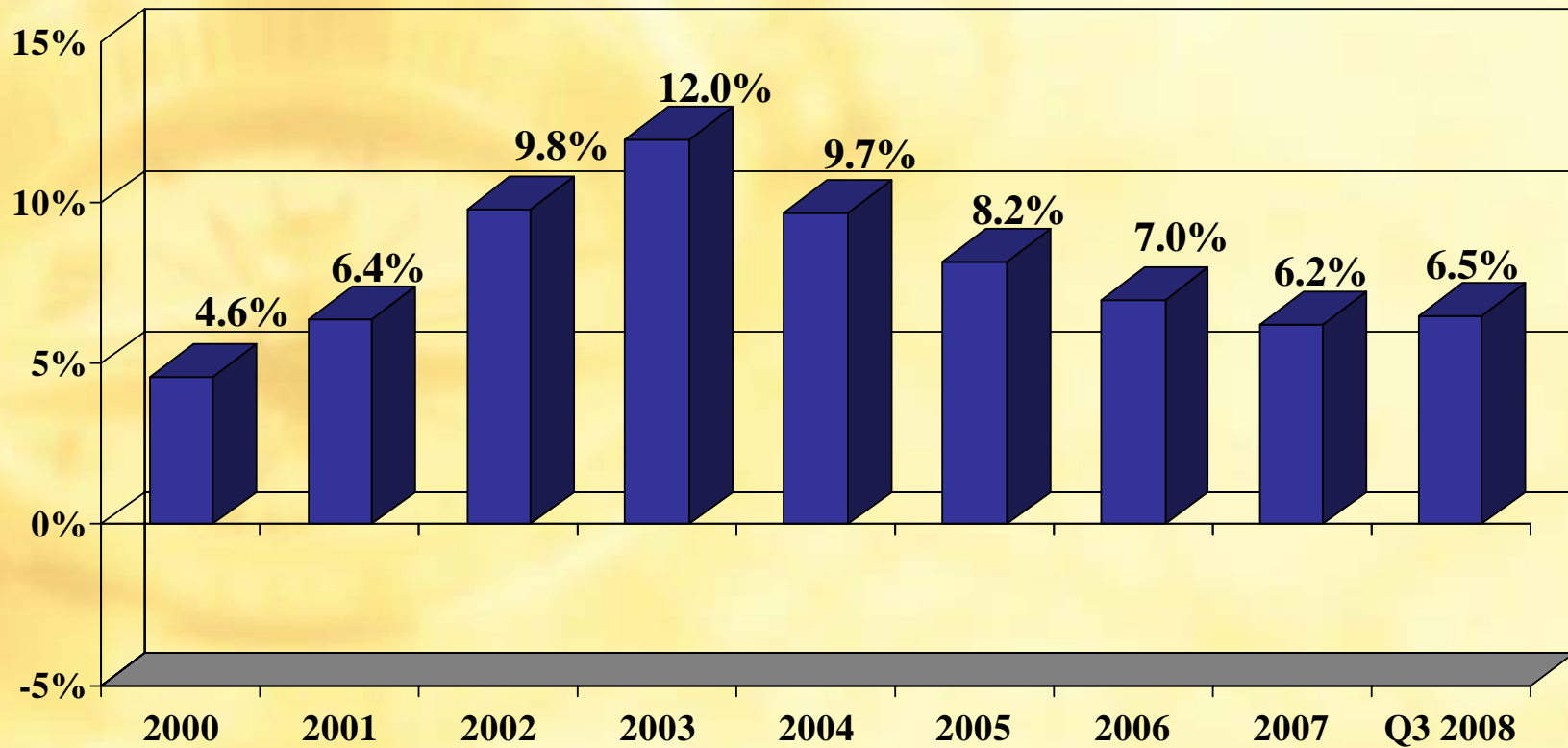
Source: National Association of REALTORS

Metro Denver Building Permits



Source: Home Builders Association of Metropolitan Denver

Metro Denver Apartment Vacancy Rate



Source: Denver Metro Apartment Vacancy & Rent Survey

Charting a New Course...

▲ Basics matter

- **Business spending – focus on increased efficiency, profitability. Adaptations to more limited financing options.**
- **Lending practices – reassessment of risk, purging of bad assets. Return to more sound financial underwriting takes time.**
- **Household budgets – painful adjustments to new price levels and spending priorities. Review of options for re-growing wealth.**

▲ Governments face new challenges

- **Declining tax revenues from auto sales, fuel sales, other retail**
- **Declining property tax revenues – lower property values and/or residents unable to pay**
- **Debt financing more difficult to obtain**

▲ The darkest hour is just before dawn

Development Research Partners

10184 West Belleview Avenue, Suite 100

Littleton, Colorado 80127

(303) 991-0070

www.DevelopmentResearch.net



Patricia Silverstein, President
Patty@DevelopmentResearch.net