



STATE OF DOWNTOWN DENVER

SEPTEMBER 2012



DOWNTOWN DENVER
PARTNERSHIP, INC.



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STATE OF DOWNTOWN DENVER

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INTRODUCTION

Dear Downtown Denver Stakeholder,

Thank you for picking up a copy of the Downtown Denver Partnership's annual State of Downtown Denver report, a fact-driven report that provides timely, objective and accurate data about Downtown Denver. This year we are proud to collaborate with Newmark Knight Frank Frederick Ross to bring you the most complete statistics and analysis about Downtown Denver.

In his 2012 State of the City address, Mayor Michael B. Hancock remarked that a vibrant downtown core is essential to the health of the city. At the 2012 Rocky Mountain Urban Leadership Symposium, Governor Hickenlooper and other leaders in the Rocky Mountain West stressed the importance of urban centers in creating strong place-based economies that attract and retain top talent. Downtown Denver is one of the nation's leaders in this regard, with Denver being the number one city in the nation where young professionals are moving. This future workforce can be an incredible asset to our economy. It is critically important that we work to attract and retain this future workforce by continuing to improve Downtown Denver's amenities, high quality of life, transportation options, walkable urbanism, and its healthy and growing rental market.

Downtown Denver remains the hub of the region with approximately 112,000 employees, 17,000 residents in the urban core, 65,000 residents in City Center neighborhoods, and 44,000 university students. Downtown Denver has seen approximately \$3.6 billion of non-residential development in the last 10 years. Downtown Denver is also a leader in sustainability and we are proud to have helped launch Downtown's new green business rating, Certifiably Green Denver, a certification program that allows businesses to showcase their environmentally sustainable practices.

We invite you to turn the page and read the facts, figures and case studies in this report that showcase the current state of Downtown Denver. Please share this information with private sector leaders, investors, developers and decision makers and feel free to download additional copies of the report at www.downtowndenver.com.

Sincerely,

Tamara Door
President & CEO
Downtown Denver Partnership

Cole Finegan
Board Chair
Downtown Denver Partnership

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Tamara Door, President & CEO Cole Finegan, Board Chair

KEY FACTS

- Denver, with its amenities, highly educated population, transportation options and attractive urban center, is the #1 city in the U.S. where the future workforce (ages 25-34) is moving.
- Downtown Denver covers approximately 1,800 acres and is divided into 8 districts.
- Downtown Denver has an office vacancy rate of 15.9%.
- Downtown Denver has a 4.9% retail vacancy rate.
- Annual Downtown Denver sales tax revenue increased 6.8% from 2010 to 2011.



• Downtown Denver businesses generated over \$34 million in sales tax revenue for the City & County of Denver in 2011.

• About one third of all of the City and County of Denver's jobs are located in Downtown Denver.

- Downtown Denver is home to 17,000 residents. This number grew over 25% in just the past year.



- Approximately 65,000 residents live in the City Center neighborhoods.
- Approximately 44,000 students attend a college or university in Downtown Denver.
- Over \$1 billion in public and private sector development is scheduled to open in 2013 and 2014.

• Over half of Downtown Denver commuters use transit, bicycle, walk or share the ride to work.

• 87% of Downtown Denver visitors, including residents, tourists, and employees, say Downtown Denver has a vibrant atmosphere.

- Downtown Denver welcomes 13.2 million overnight visitors who spend \$3.3 billion annually.
- The Colorado Convention Center hosted 839,000 convention center attendees in 2011.

Sources: Brookings Institution 2011; City and County of Denver 2011-2012; Claritas 2012; Downtown Denver Area Plan 2007; Downtown Denver Partnership 2011; LED On the Map 2012; Longwoods 2012; Newmark Knight Frank Frederick Ross 2012; VISIT Denver, 2011.

For the purposes of this report, "Downtown Denver" is defined by the boundaries of the 2007 Downtown Area Plan and includes the following areas: Commercial Core, Cultural Core, Lower Downtown (LoDo), Arapahoe Square, Ballpark, Central Platte Valley, Auraria and the Golden Triangle.

The "City Center" encompasses Downtown Denver as well as its surrounding neighborhoods within a 1.5 mile radius. This includes the distinct neighborhoods of Capitol Hill, Highland, Curtis Park, Five Points, Jefferson Park, La Alma and Lincoln Park and Uptown.



Figure 1: Downtown Denver

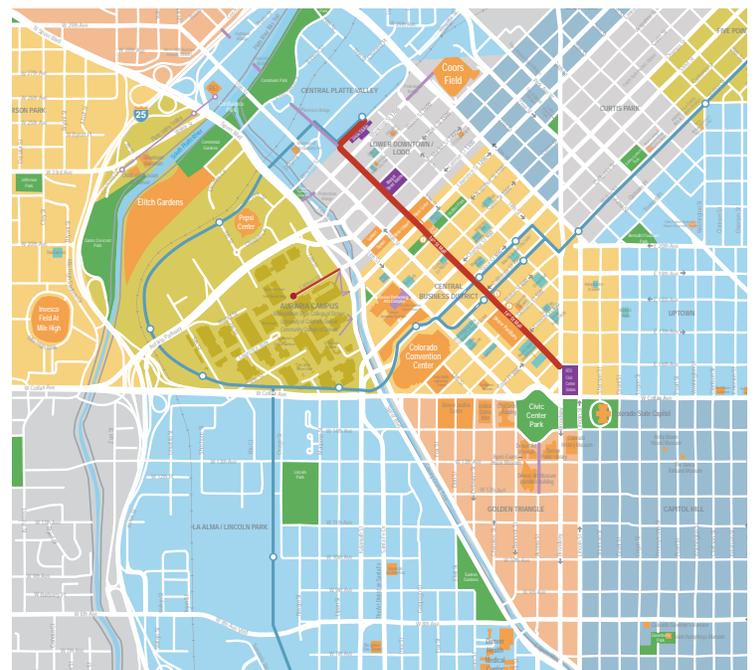


Figure 2: Downtown Denver and City Center neighborhoods

DENVER'S DOWNTOWN AREA PLAN

In 2007, the public and private sectors came together to build upon the 1986 Downtown Area Plan with an updated vision and set of goals and recommendations for Downtown Denver. The Downtown Area Plan outlines the major components to make Downtown Denver one of the most livable places in the world. The vision elements and accompanying strategies guiding Downtown Denver are:

PROSPEROUS

- The Downtown of the Rocky Mountain Region
- Energizing the Commercial Core
- A Comprehensive Retail Strategy
- Clean and Safe

WALKABLE

- An Outstanding Pedestrian Environment
- Building on Transit
- Bicycle City
- Park the Car Once
- Grand Boulevards

DIVERSE

- Downtown Living
- A Family-Friendly Place
- Embracing Adjacent Neighborhoods
- An International Downtown

DISTINCTIVE

- District Evolution
- Connecting Auraria
- Downtown's New Neighborhood: Arapahoe Square

GREEN

- An Outdoor Downtown
- A Rejuvenated Civic Center
- Sustainable Use of Resources



THE CITY OF DENVER'S NOTABLE RANKINGS

QUALITY OF LIFE

- Denver is the #1 city where 25-34 year olds are moving (*Brookings Institution, 2011*)
- Denver is the #1 city where people want to live (*Harris Poll, 2011*)
- Denver is America's healthiest city (*Food and Wine Magazine, 2012*)
- Denver is America's fittest city (*Newsweek Online, 2011*)
- Denver has the nation's best microbrew beer (*Travel + Leisure, 2011*)
- Denver is the #1 athletic and active city in the U.S. (*Travel + Leisure, 2011*)
- Denver ranks 3rd among the top U.S. growth cities for relocating families (*U-Haul International Inc., 2012*)
- Denver is the 5th best city for young adults (*Kiplinger, 2012*)
- Denver is the 5th most attractive city (*Travel + Leisure, 2011*)
- Denver is the 5th safest city (*Travel + Leisure, 2011*)

SUSTAINABILITY

- Downtown Denver has the nation's 1st LEED Platinum skyscraper (1800 Larimer)
- Denver is the 2nd best city for public parks and outdoor access (*Travel + Leisure, 2011*)
- Denver ranks 11th in the United States for Energy Star buildings (*The U.S. Environmental Protection Agency, 2011*)
- Denver is 5th greenest city in the U.S. (*Siemens, 2011*)

TOURISM

- Denver is the 8th top place to go in the world in 2012 (*Fodors, 2011*)
- Denver is the 6th top U.S. travel destination for 2011 (*Lonely Planet, 2011*)
- Denver is the 4th best city base for day trips (*Travel + Leisure, 2011*)
- Denver is the nation's 2nd best weekend vacation city (*Forbes, 2011*)
- Denver is the nation's best city for a pet-friendly vacation (*Travel + Leisure, 2011*)

BUSINESS

- Denver is the world's best city for conventions (*Globe and Mail of Toronto, 2011*)
- Denver is 2nd best city for finance jobs (*Accounting Principles, 2011*)
- Denver is the 2nd best city for doing business (*Area Development Magazine, 2011*)
- Denver is the 3rd best city for startups (*Venture Beat, 2012*)
- Denver is the 4th best city for recent college graduates (*CareerBuilder.com, 2011*)
- Denver's employment forecast is 5th best in the nation (*Manpower, 2012*)
- Denver is the 8th hottest place to start a business (*The Fiscal Times, 2011*)
- Denver has the 10th highest average annual salary among metro areas in the western states (*Bureau of Labor Statistics, 2009*)

TRANSPORTATION

- Denver ranks #1 for public transportation (*U.S. News and World Report, 2011*)
- Denver International Airport is tied for America's Favorite Airport (*Executive Travel Magazine, 2011*)
- Denver International Airport is the 5th busiest U.S. airport and is 10th busiest airport in the world (*Federal Aviation Administration, 2010*)
- Denver is the nation's 12th best city for bicycling (*U.S. Census, 2010*)
- Denver is the 5th best city for teleworking (*Microsoft 'Work Without Wall' Report: U.S. Telework Trends, 2011*)

STATE OF COLORADO RANKINGS

- Colorado is ranked 1st for growth in the startup job sector (*StartUpHire, 2012*)
- Colorado is ranked the 2nd best state for entrepreneurship and innovation (*U.S. Chamber, 2012*)
- Colorado is ranked the 3rd best state for economic competitiveness (*Beacon Hill Institute, 2012*)
- Colorado is ranked 5th in entrepreneurial activity (*2011 Kauffman Index of Entrepreneurial Activity*)
- Colorado has more LEED-certified buildings than any other state (*U.S. Green Building Council, 2011*)
- Colorado is the 6th happiest state on well-being index (*Gallup, 2012*)
- Colorado is America's 6th top creative class state (*Atlantic Cities, July 2012*)
- Colorado ranks 5th among states where people want to live (*Harris Poll, 2011*)
- Colorado is the least obese state in the nation (*Centers for Disease Control and Prevention, 2011*)





OFFICE MARKET

The last two years have brought an influx of new and expanding tenants to Downtown Denver, including Bridgepoint Education, HealthGrades, DaVita, Jacobs Engineering, AON, Suncor Energy, Intrawest, Pentax Imaging and Hub International. The highly desirable dynamics of Downtown Denver will continue to draw tenants from other submarkets, and many of the Commercial Core's large tenants, particularly in the law, business services, engineering and oil and gas sectors, are in a growth mode.

Illustrating this commitment to the Downtown Denver office market, Brookfield Office Properties bought 1801 California for \$215 million in December 2011 and has committed to investing \$50 million in improvements to transform the building. Renovations will include improvements to the plaza on 18th and California Streets, a new ground floor conference center and installation of glass to open up the lobby.



1801 California

Photo: Inside Real Estate News

Major office market purchases since July 2011 include:

- Beacon Capital Partners purchased 1700 Lincoln Street for \$387.5 million. The 1.2-million-square-foot "Cash Register" building is one of the icons of the Downtown Denver skyline.
- Beacon Capital Partners acquired a 98% interest in a three-building 1.6-million-square-foot portfolio, made up of 410 17th Street, 600 17th Street and 1560 Broadway, for \$268 million.
- Brookfield Properties purchased 1801 California for \$215 million with plans to create a transformative multitenant building.

Downtown Denver's office market boasts:

- 27.4 million square feet of office space.
- 15.9% office vacancy rate (down from 17.4% in year-over-year comparisons), in leased buildings, compared to an 18% office vacancy rate of the region's suburban office market and to higher vacancy rates in other downtowns across the United States.
- 11.1% office vacancy rate (down 0.7% in the last year) in leased and owned buildings.
- \$24.35 per square foot direct median asking rate compared to Metro Denver's direct median asking rate of \$17.67 per square foot.
- 105,000 square feet of positive net absorption in the first half of 2012.

Sources: Newmark Knight Frank Frederick Ross, 2012; The Denver Business Journal, 2012, Development Research Partners 2012.

**DOWNTOWN
DENVER'S
OFFICE MARKET
BOASTS
27.4
MILLION SF
OF OFFICE
SPACE**



SPOTLIGHT: Downtown's Expanding Office Market Near Denver Union Station

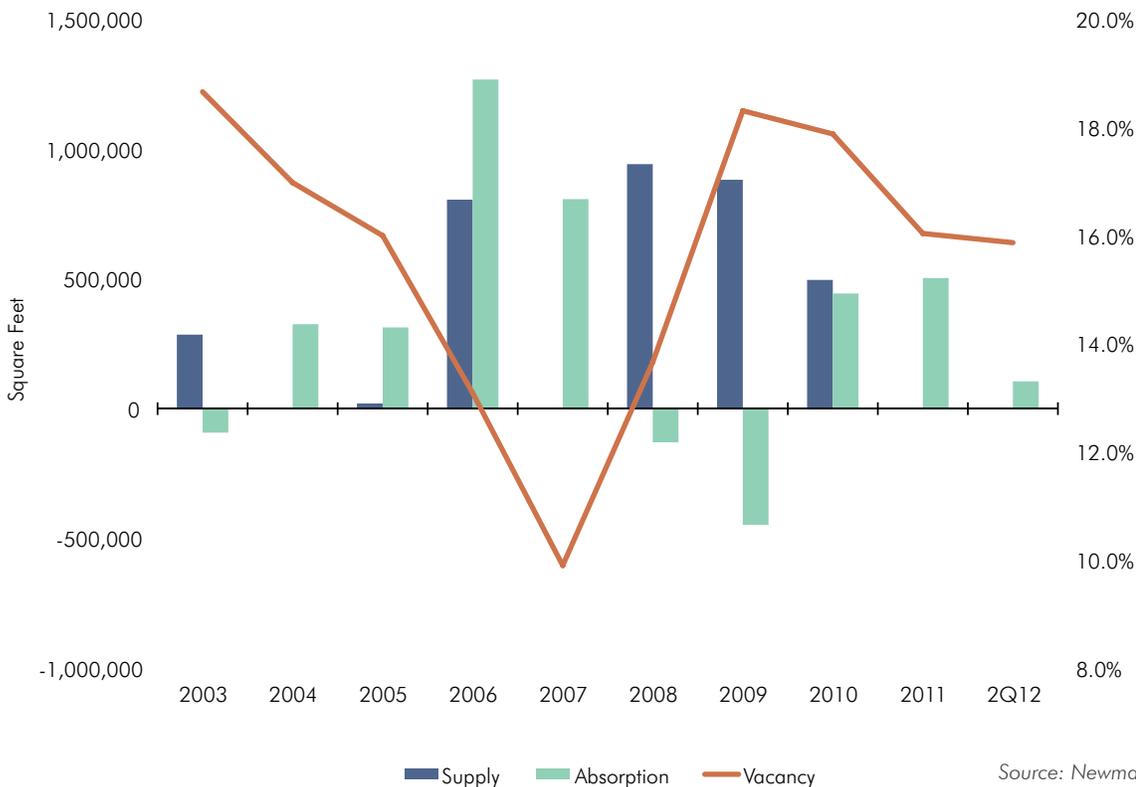
Denver Union Station is taking shape with redevelopment plans for the historic building and new office and multi-family projects moving forward. The \$32 million, 108,000-square-foot IMA Financial Center is under construction, and One Union Station will break ground in the fall of 2012, anchored by Antero Resources' 68,000-square-foot lease. Nearby, DaVita's new 270,000-square-foot headquarters opened in Summer 2012. In the LoDo micromarket, vacancy plunged to 10.6% from 22.0% at year-end 2010, with demand being driven by proximity to Denver Union Station and the variety of amenities it will provide long-term. Also in LoDo, the mixed-use 16M project, featuring 130,000 square feet of office space, 15,000 square feet of retail space and 43 residential units, will soon begin construction for a 2014 delivery. LoDo is one of the few micromarkets in the Metro Denver office market that can support speculative development because of strong demand, extremely limited supply of large blocks of space, and high Class A rental rates.



Rendering: SOM Red Square

Source: Newmark Knight Frank Frederick Ross, 2012.

Downtown Denver Office Market Balance



Source: Newmark Knight Frank Frederick Ross Research.

EMPLOYERS & EMPLOYEES

- Downtown Denver is the employment hub of the city, region and state, with 112,285 employees, making up approximately one third of all the jobs in the City and County of Denver, while constituting less than 1% of the City and County of Denver's land mass. Downtown Denver employment numbers are up 2.6% in the fourth quarter of 2011 compared to the fourth quarter of 2010. The largest employment sectors in Downtown Denver are professional and business services (33,455), government (23,380), leisure and hospitality (16,837) and financial activities (14,199).
- Downtown Denver is home to several Fortune 500 companies, including Wells Fargo, CenturyLink and DaVita, and is becoming an increasingly attractive place for companies looking to relocate. Companies such as Jacobs Engineering and SendGrid have relocated to or added offices in Downtown Denver in the past year. In August 2012, the U.S. Patent and Trademark Office announced that it had decided to locate a new regional office in Downtown Denver. Downtown Denver is also home to many energy companies, as well as the emerging high tech industries.



Sources: LED On the Map U.S. Census Data 2010; DDP 2012; Development Research Partners 2012.



A Strong Oil and Gas Industry

Downtown Denver has large employer presence in the oil and gas industry with Encana Oil & Gas taking the top spot of square footage occupied in Downtown Denver. The oil and gas sector is booming in the Commercial Core of Downtown, with current tenants such as Newfield Exploration, Anadarko Petroleum Corporation, EOG Resources, and Williams Exploration & Production taking full-floor or multiple floor expansions. As of the second quarter 2012, approximately 3.2 million square feet of space, or 15% of the Commercial Core's total occupied space, was leased by the primary oil and gas industry, which has experienced significant growth over the past several years. Recent and future

growth in the oil and gas sector equates to approximately 1.6 million square feet of positive absorption, with an estimated 100,000 to 200,000 square feet of absorption occurring in the next 18 months.

Downtown Denver's Largest Oil & Gas Firms*

Company	Address	SF Occupied
Encana Oil & Gas	370 17th Street (Republic Plaza)	452,000
Anadarko Petroleum Corporation	1099 18th Street (Granite Tower)	310,000
Newfield Exploration	1001 17th Street	233,000
EOG Resources	600 17th Street (Dominion Towers)	160,000
QEP Resources	1050 17th Street (Independence Plaza)	150,000
DCP Midstream	370 17th Street (Republic Plaza)	146,000
Noble Energy	1625 Broadway (World Trade Center II)	132,000
Forest Oil Corporation	707 17th Street	121,000
MarkWest Energy Partners	1515 Arapahoe Street	110,000
WPX Energy	1001 17th Street	102,000

*By square feet occupied

Source: Newmark Knight Frank Frederick Ross, 2012.

STARTUPS & HIGH TECH

Due in part to its high quality of life, engaged community and startup events, Downtown Denver is quickly becoming a magnet for web developers, high tech companies, small businesses and entrepreneurs. ReadyTalk, an audio & web-conferencing company occupying 47,000 square feet on two floors at 1900 16th Street, was named 2012's best place to work in the United States by Outside Magazine. ReadyTalk has established a culture that centers on creating an environment that fosters collaboration with employees and customers. It does this by offering weekly yoga in the office, office bikes, a Nintendo Wii (with Guitar Hero), and free RTD Eco Passes, an all-inclusive transit pass offered to employers.

“Our young staff enjoys the amenities that come with being in Downtown Denver.”

– Dan King, CEO, ReadyTalk

Creating a place where people want to live and connect with each other will attract talent, which will in turn attract companies. In the first half of 2012, Downtown Denver hosted a variety of tech events including the International Drupal conference, the Denver i4c Campaign, the Colorado Code for Communities Hackathon, the Denver Business Technology Exposition, monthly Startup Colorado meetings, and monthly High-Tech meetup.com meetings.

Downtown Denver Employment

	Q4 2011	Q4 2010	% Change
PRIVATE SECTOR			
Natural Resources & Construction	7,955	6,898	15.3%
Manufacturing	889	877	1.4%
Wholesale and Retail Trade	3,631	3,551	2.3%
Transp., Warehousing & Utilities	1,353	1,469	-7.9%
Information	5,159	6,282	-17.9%
Financial Activities	14,199	14,236	-0.3%
Professional & Business Services	33,455	30,556	9.5%
Education & Health Services	2,886	2,223	29.8%
Leisure & Hospitality	16,837	16,743	0.6%
Other Services	2,540	2,692	-5.7%
GOVERNMENT	23,380	23,911	-2.2%
Total Downtown Employees	112,285	109,437	2.6%

Source: Development Research Partners, 2012.

— COLORADO IS — HIGH TECH & STARTUP FRIENDLY



- 2nd most educated population, by percentage of residents with a Bachelor's Degree or higher (U.S. Census Data, 2010)
- 2nd top state for high-tech business (U.S. Chamber of Commerce, 2012)
- 3rd in small business innovative research grants (Toward a More Competitive Colorado, 2011)
- 3rd in venture capital investments per \$1,000 for state GDP (Toward a More Competitive Colorado, 2011)
- 3rd in concentration of high-tech workers in the nation (TechAmerica, 2011)
- 3rd top state for business (CNBC, 2012)
- 4th as the friendliest state toward entrepreneurs (Kauffman Foundation Index of Entrepreneurial Activity, 2012)
- 4th in number of new companies per 1,000 employees (U.S. Bureau of Labor Statistics, 2011)
- 4th for early-stage venture capital investment (MoneyTree, 2012)
- 4th in number of proprietors as a percent of total employment (U.S. Bureau of Labor Statistics, 2011)
- 8th top state for "Talent Pipeline" (U.S. Chamber of Commerce, 2012)
- 9th in the Small Business Survival Index of 2011 (Small Business & Entrepreneurship Council, 2011)



AT THIS LOCATION

- Between 11:30am to 1:30pm, approximately 6,000 pedestrians pass along the 16th Street Mall in front of the Denver Pavilions.
- In one year, approximately 17 million pedestrians pass by the Denver Pavilions.

Source: Downtown Denver Business Improvement District, 2012.

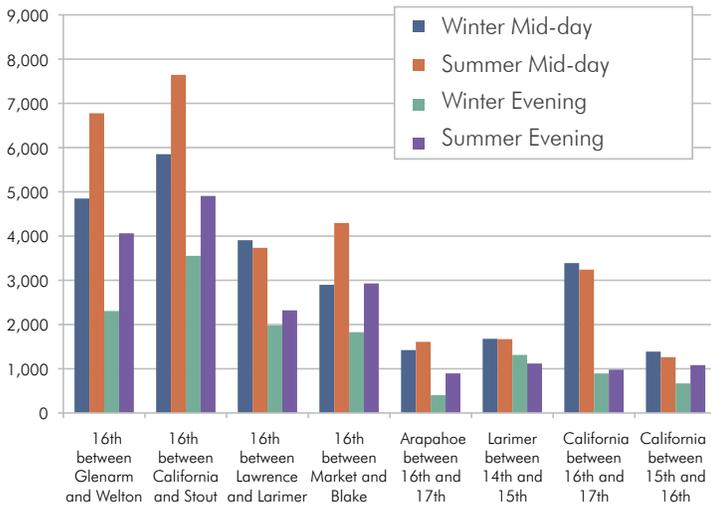
RETAIL & RESTAURANTS

- Downtown Denver has over 1,000 retail establishments and restaurants. The retail and restaurant sector employs 20,468 people in Downtown Denver, a 1% increase from a year ago.
- In 2011, Downtown sales tax revenue accounted for 6.8% of the City and County of Denver’s total sales tax revenue, with \$34,182,816 in sales tax revenue collected or over \$554,000,000 in total sales. Sales tax revenue increased 6.8% from 2010 to 2011.
- Establishments along the 16th Street Mall (including the ½ block extending on side streets) collected nearly \$10.8 million in sales tax revenue in 2011, representing almost 32% of Downtown Denver’s total sales tax revenue.
- The 16th Street Mall’s percentage of Downtown’s total sales tax revenue steadily rose over the last years from 2009 to 2011.
- There is a total of 3.2 million square feet of total retail square footage in Downtown Denver with a 4.9% retail vacancy rate (leased buildings) or 2.8% retail vacancy rate (owned and leased buildings). The median asking rate for retail leases is \$21.70 NNN per square foot.
- Over 30 retailers and restaurants have opened since July 2011, including: H+M, LoDo Spokes, The Kitchen, Apricot Lane, Blue Sushi Sake Grill, Le Grand Bistro and Oyster Bar, Lucky Pie, Row 14 Bistro and Wine Bar, Zydeco’s and Udi’s Bread Café.
- The 16th Street Mall remains the most popular tourist destination in Denver, attracting locals and visitors alike to its retail and restaurant establishments.

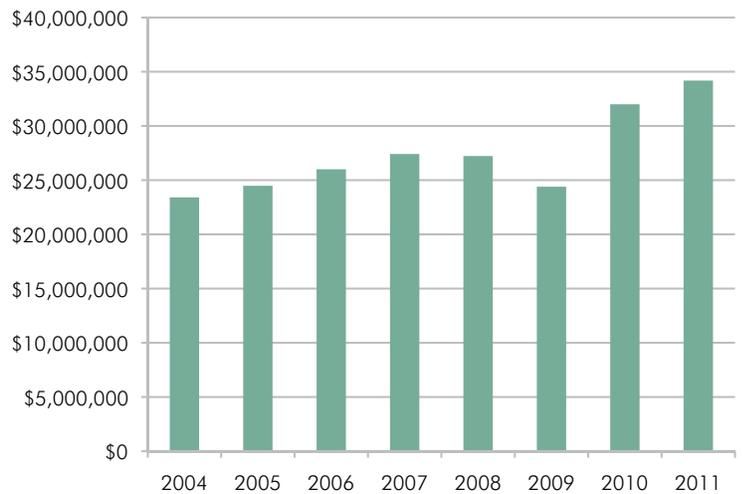
Sources: Newmark Knight Frank Frederick Ross, 2012; City and County of Denver, 2012; Downtown Denver Partnership, 2012; Development Research Partners, 2012; Longwoods, 2012.

Downtown Denver Pedestrian Counts

5 year average by time of day and season, based on averages from 2006-2011; mid-day is 11:30am - 1:30pm and evenings are 5 - 7pm.



Downtown Sales Tax Collected - Annual Totals



Sources: Downtown Denver Business Improvement District, 2012; City & County of Denver, 2012.

SPOTLIGHT: Marketplace on the Mall

In 2011, the Downtown Denver Business Improvement District revamped, diversified, and expanded the 16th Street Mall Vending Program into the newly branded “Marketplace on the Mall.” The retail and food vending cart and kiosk program on the 16th Street Mall focuses on bringing local, regional and first-to-market retailers and food vendors to Downtown. Marketplace on the Mall continues to activate the pedestrian space adjacent to the buildings and along the medians, by adding quality, diverse vendors to Downtown Denver’s current outdoor retail and food vending program. A variety of annual and seasonal (summertime) vendors were added to the program in the past year including Gigi’s Cupcakes, Wystone’s Teas, Donut Maker, Doc Popcorn, Climax Jerky, LOL Caricature, Taste of the Philippines, Spice India, Slyderman and Maui Wowi. Photo: H. Wilson Photography



DOWNTOWN RESIDENTS

Denver is the #1 city in the nation in attracting 25-34 year olds. CEOs for Cities recently reported that the population of 25-34 year olds with a four-year degree in the City Center neighborhoods grew 25%, while this population decreased by 1% in the rest of the region during the past 10 years. Almost a quarter (22%) of the City Center's residents are 25-34 years old. Denver's top five walkable neighborhoods are all in Downtown Denver or its surrounding neighborhoods, with the Central Business District ranked as the #1 most walkable neighborhood in Denver. Not surprisingly, 23% of Downtown Denver residents walk to work and 24% do not own a vehicle.

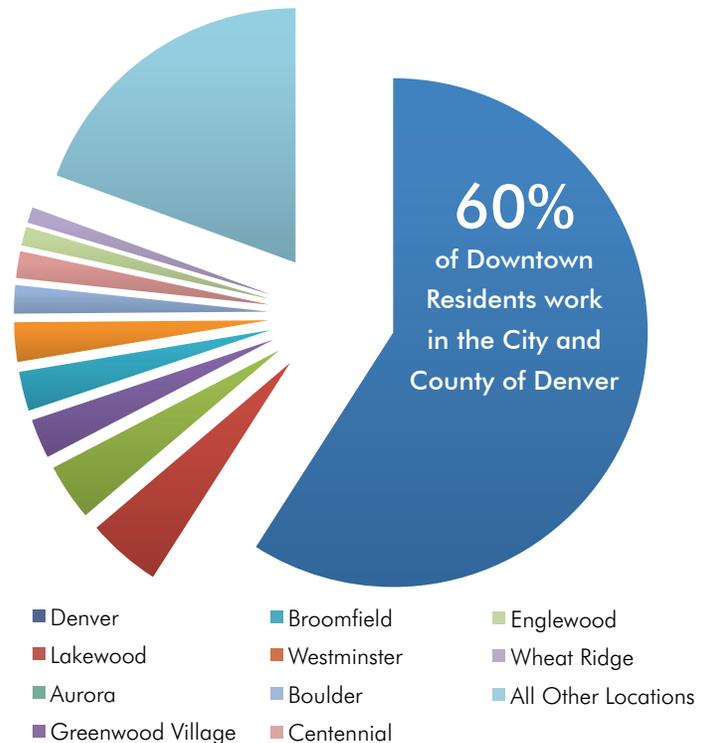
Responding to the recent demand for housing in walkable urban environments, Downtown Denver developers are taking steps to provide an adequate housing stock. Recent projects have included The Four Seasons Private Residences, Solera and Renaissance Uptown Lofts. The Solera, a LEED-Gold Certified multi-family, mixed-use building was 92% leased by October 2011 and sold for the highest per unit sales price in Colorado history. Nearly a quarter of the 25 projects either planned or underway Downtown as of April 2012 had more than 300 units. As of the first quarter 2012, there were 5,582 rental units and 50 for-sale units under construction or planned for Downtown Denver's residential market. Near Denver Union Station, several apartment projects are under construction, including 19th and Chestnut, 17th and Chestnut and Alta House.

- The residential population of Downtown Denver has grown 86% from 2000 to 2012. This reflects a 35% increase in growth over the last year in Downtown Denver.
- The City Center population (neighborhoods within a 1.5 mile radius of Downtown Denver) grew 22% between 2000 and 2012 and has stayed relatively stable over the past year. The City Center population is projected to reach 70,057 by 2017.
- Over the last 12 years, the number of Downtown Denver households increased by 110% and the City Center households grew by 32%.

Sources: Claritas, 2012; LED On the Map, 2012.

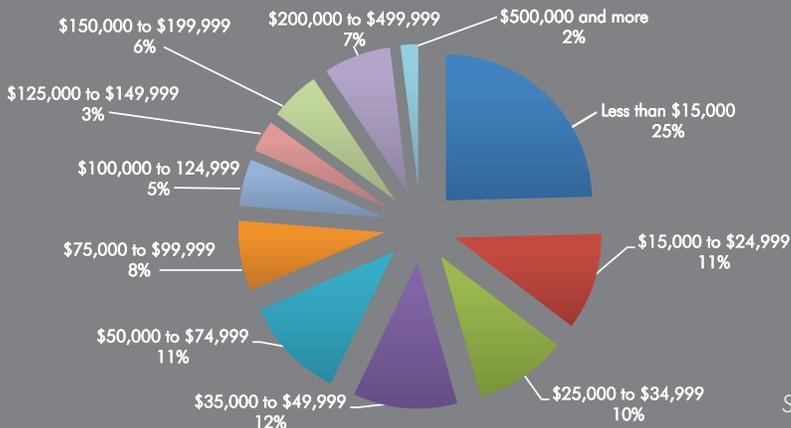
Downtown Population	City Center Population
Residential Population: 16,959	Residential Population: 65,093
Number of Households: 10,667	Number of Households: 39,861
Median Age: 47.5	Median Age: 40
Racial Breakdown:	Racial Breakdown:
84.4% Caucasian	78.25% Caucasian
5.35% Black	7.62% Black
4.26% Asian	2.64% Asian
.8% American Indian	1.41% American Indian
(5.19% Other)	(10.08% Other)
Sex: 58.95% Male	Sex: 55.55% Male
41.05% Female	44.45% Female
Households with no vehicles: 24%	Households with no vehicles: 23%
Average Income: \$78,859	Average Income: \$55,724
Median Income: \$40,733	Median Income: \$35,377
Population with a Bachelor's Degree or Higher: 57%	Population with a Bachelor's Degree or Higher: 49%
Median Housing Value (Owner Occupied): \$377,682	Median Housing Value (Owner Occupied): \$256,158
Average Household Size: 1.39	Average Household Size: 1.52

Where Downtown Denver Residents are Employed



SPOTLIGHT: The Economic Power of Downtown Denver Residents

Data indicates that the growing Downtown Denver residential population is well educated, tends to rent, appreciates the amenities Downtown offers, uses various forms of transportation and has a high average household income. Downtown Denver residents have an average household income of \$78,859, a median income of \$40,733 and a per capita income of \$51,298. The Downtown Denver average household income (\$78,859) is significantly higher than the citywide average household income (\$45,501). In the upper brackets, 45% of Downtown households make over \$50,000 a year and 31% of those make over \$75,000.



Sources: ACS Census Data, 2010; Claritas, 2012; New York Times, 2010.



SPOTLIGHT: Downtown Denver Multi-Family Rental Market

After taking a substantial hit in 2009 and 2010, the Downtown Denver apartment market has recovered at a faster rate than the rest of the nation. Vacancy rates remain historically low and effective rents continue to climb. In 2011, the average vacancy rate in Downtown decreased to an average of 5.25% and has stayed there in 2012. This represents the lowest vacancy rate in Downtown in a decade and is expected to remain there as construction lags behind Downtown's growing demand.

The desire of the echo boomers and young professionals to live in a central, urban location has tightened Downtown Denver's market substantially and caused effective rents to grow at significant rates. In 2011, effective rents in Downtown increased 14.0% over 2010, to an average of \$1,386 per unit. Effective rents have already increased 6.2% in 2012 and are expected to rise as the year progresses.

Over the last 30 years, Downtown Denver has accumulated 5,100 apartment units, or 3.4% of metro Denver's inventory. Due to a significant cultural and lifestyle shift for the younger population, there are more than 6,000 units proposed or under construction in more than a dozen developments in Downtown over the next five years. Although there are more units proposed and under construction in Downtown than the current inventory, Downtown Denver has become the largest and trendiest destination for the younger generation. In the past year, Downtown's total population has grown by 35% to 16,959 residents. The strong population increase is the result of both organic growth and in-migration, as suburbanites move into the city and out-of-staters relocate to find jobs. This demand will continue as the economy approaches pre-recession levels and the transformation of Denver Union Station creates a new dynamic for workers that want to live in Downtown Denver.

Source: Apartment Realty Advisors, 2012.

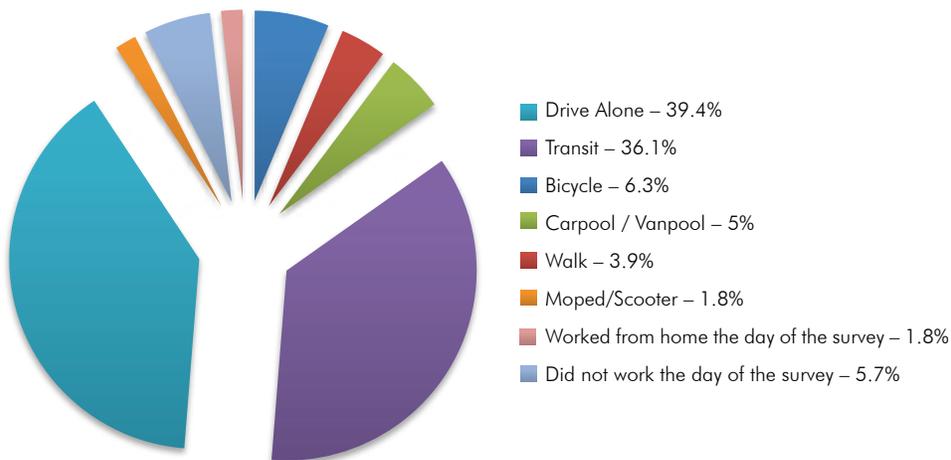
TRANSPORTATION

Downtown Denver is the transportation hub for the entire metropolitan region and continues to advance transportation options for its residents, visitors, employees and employers. Such advancements include improvements to the U.S. 36 highway system leading into Downtown Denver, the 122-mile build out of FasTracks bus and rail systems, various streetscaping projects enhancing the pedestrian environment and increasing the amount of bicycle infrastructure in and around Downtown. Approximately 50 transit-oriented developments are planned along eight different light rail and commuter rail lines as part of RTD's FasTracks program extending in all directions from the downtown core, making Downtown Denver accessible to workers, residents, and visitors from every corner of the metro area. These investments in transportation choice are coming at an opportune time for Denver as the future workforce and the baby boomers are looking for more transportation choices in their daily lives.

Overview

- 53% of Downtown Denver employees use alternative modes of transportation, including transit, bicycling, walking, carpooling, vanpooling and telecommuting.
- 46% of Downtown Denver commuters travel via active transportation (bicycling, walking, transit).

How Downtown Denver Employees Get to Work



Source: Downtown Denver Partnership, 2011.

Transit

- 48 bus routes and 5 light rail routes serve Downtown Denver.
- 48,693 people boarded the free 16th Street Mall Shuttle every weekday in 2011.
- 13 million trips were made at Downtown Denver RTD light rail stations in 2011.
- RTD's most active light rail stations (in terms of boardings) are in Downtown Denver: Colfax at Auraria and the 16th Street Stations.
- Over one third of Downtown Denver commuters (36%) ride mass transit, compared to just 6% in the City and County of Denver and just under 5% in the United States.
- Two thirds of Downtown Denver employees (66%) receive some type of transit pass from their employer.
- When an employer pays for a transit pass, over half of the Downtown commuters surveyed will take transit to work (53%) and driving alone dips down to 32%. When employers do not offer the incentive of paying for a transit pass, 53% drive alone to work.

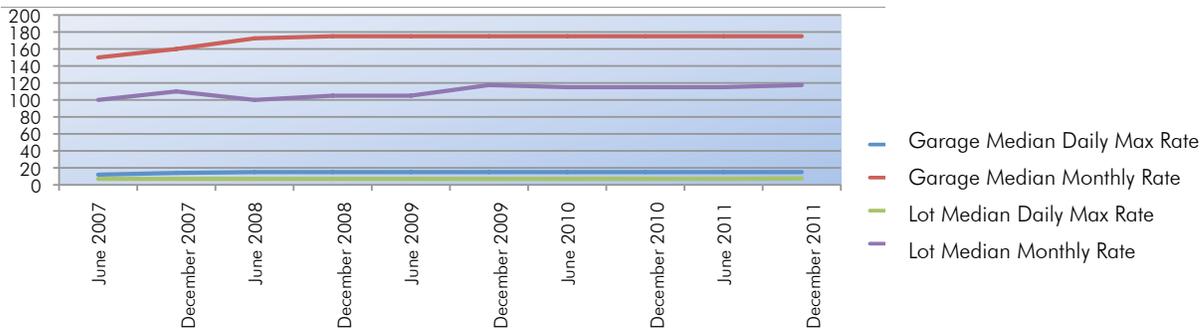
Sources: RTD 2012; Downtown Denver Partnership, 2011.



Automobiles

- There are 43,637 off-street parking spaces in Downtown Denver: 32,998 garage spaces and 10,639 surface lot spaces.
- The median rates for parking garages and surface parking lots have remained relatively stable over the past few years with median daily rates of \$15.00 for garages and \$7.50 for lots, and \$175.00 median monthly rates for garages and \$117.50 for lots.

Downtown Denver Parking Lot Rate Trends: June 2007 to December 2011



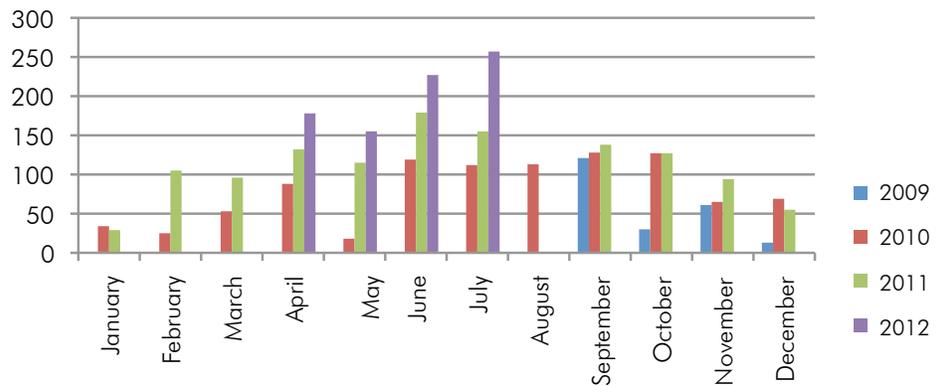
Source: Downtown Denver Partnership, 2012.

Bicycling

- 6.3% of Downtown Denver commuters ride a bicycle to work, compared to 2.2% in the City and 0.5% in the nation.
- Bicycle commuting has doubled in Downtown Denver since 2007, from 3.7% to 6.6% in 2011.
- There are 20.5 miles of bicycle facilities in Downtown Denver, with 5 more miles proposed.
- Historical bicycle counts at 16th Avenue and Broadway show a 91% increase in bicyclists over the last two years in the 7 - 9am time period.
- Bicycle counts also reveal that separated facilities, such as Downtown's Cherry Creek Trail at Market Street and 14th Street have higher percentages of women riding when compared to other locations Downtown.

Sources: Downtown Denver Partnership 2012; ACS Census Data 2010; City and County of Denver 2012.

Peak Hour (7 - 9am) Bicycle Counts at 16th and Broad-



Walking

- 4% of all Downtown Denver commuters walk to work, compared to just 1.9% in the Denver metro area.
- The number of commuters who bike and walk to work in Downtown Denver has steadily increased over the past three years.

Sources: Downtown Denver Partnership 2012; ACS Census Data 2010.

Carsharing & Bike Sharing

- Carsharing allows users to rent a car for a short period of time and is often a convenient option for those without a car who may only need a car for certain trips. Three carsharing companies have 21 cars located within Downtown Denver.
- Designed for short, urban trips, Denver's bike sharing program, Denver B-cycle, allows users to rent a bike for a quick trip around town. Denver B-cycle has 25 B-cycle stations in Downtown Denver, with docks for 354 B-cycles. At these stations, there were 108,275 checkouts in 2011.

Sources: Denver B-cycle 2012; eGo Carshare, Hertz on Demand, Occasional Car 2012.

STUDENTS & UNIVERSITIES

Downtown Denver is home to 43,664 students in public, not-for-profit, institutions of higher education, as well as over 12,000 students at various trade schools and private, for-profit, institutions that have offices or classroom space in Downtown Denver. An educated population stimulates the culture of downtown. The Brookings Institution noted that the young, emerging workforce is choosing to locate in highly educated areas, where “young people can feel connected and have attachments to colleges or universities among highly educated residents.” This culture of higher education is exemplified by Downtown Denver’s residential population, 57% of whom have Bachelor’s Degrees or higher, compared to 45% in downtown Seattle and 44% in downtown Washington D.C.

Sources: Auraria Higher Education Center, 2012; Colorado State University Executive MBA Program, 2012; Downtown Denver Partnership 2012; Downtown Seattle Association, 2011; and Downtown DC Business Improvement District, 2010.

Schools in Downtown Denver	Fall 2011 Enrollment
University of Colorado, Denver	13,491
Metropolitan State University of Denver	21,898
Community College of Denver	8,241
Colorado State University Executive MBA Program	34
Total Downtown Denver Students	43,664

SPOTLIGHT: Auraria Master Plan Update 2012



The Auraria Master Plan was updated in 2012. Key elements of the original plan included creating neighborhoods for the three institutions where each institution can create a unique identity, moving athletic and recreational fields to the west end of campus, and opening Larimer as a pedestrian, and possible transit, connection to the Auraria West station from Downtown Denver.

The updated plan refines the original 2007 plan and addresses changes in direction that have occurred within the community over the last five years and reinforces the goal of creating a more outward looking, urban campus, as recommended in the 2007 Downtown Area Plan. The 2012 update expands upon the neighborhood concept, linking each institution to an adjacent transportation corridor. Additionally, the 2012 update focuses on improving the circulation of modes around campus by looking at re-aligning certain streets and thinking more carefully about how specific modes are considered on each street that runs through the campus.

Source: Auraria Higher Education Center, 2012.



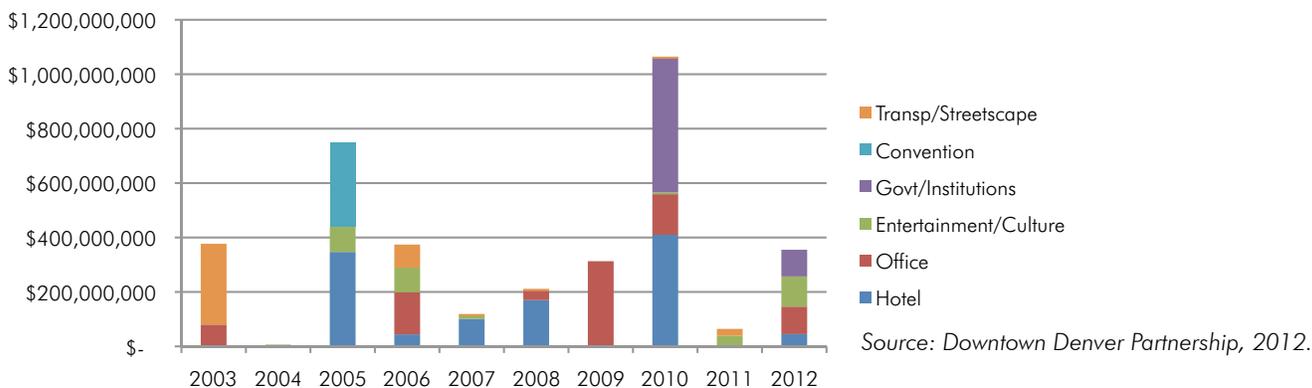
Downtown Denver has 43,664 students

DEVELOPMENT & INVESTMENT

There was approximately \$3.6 billion of documented, non-residential public and private sector investment in Downtown Denver between 2003 and 2012. Residential investment during this same time period is estimated at over \$1 billion. There is also well over \$1 billion in public and private sector projects under construction in Downtown Denver, due to open in 2013 and 2014 alone.

Many of the large projects that have been completed within the past ten years include major hotels, transportation infrastructure, cultural facilities, office buildings, mixed-use development and landmark projects such as the Denver Justice Center and the 14th Street Streetscaping project.

Downtown Denver Development & Investment 2003-2012



Development Highlights From The Past Decade:

Public Projects:

- The 1.5 million-square-foot expansion of the Colorado Convention Center was completed in 2004 and the adjacent Hyatt Regency celebrated its grand opening in 2005.
- After the completion of a \$92 million renovation, the Ellie Caulkins Opera House opened at the Denver Performing Arts Complex in 2005. The world-class 2,268-seat hall is home to Opera Colorado, Colorado Ballet and The Cleo Parker Robinson Dance Company.
- The Denver Art Museum's new wing, the Frederic C. Hamilton Building, opened in 2006. The titanium and glass addition, which is cantilevered across 13th Avenue, was designed by Daniel Libeskind.
- The newly-renovated Denver Justice Center opened in 2010. The complex is composed of the 448,000-square-foot, \$159 million Van Cise-Simonet Detention Center and the 310,000-square-foot, \$136 million Lindsey-Flanigan Courthouse.
- History Colorado Center opened its new 200,000-square-foot, \$110.8 million museum in 2012. The museum's former site was demolished to make way for the Ralph L. Carr Judicial Complex.

Private Sector Projects:

- Denver's Ritz-Carlton opened in 2008, and the Four Seasons Hotel and Residences opened in late 2010, filling Downtown Denver's void of luxury hotels.
- Spire, a 42-story, 496-unit, LEED certified luxury condominium tower was completed in 2009. The residential units range in price from the low \$200,000s to \$1 million.
- 1800 Larimer, Westfield Company's 495,000-square-foot, 22-story tower, was completed in 2010. The LEED Platinum project is home to Xcel Energy's 340,000-square-foot headquarters.
- A new 403-room Embassy Suites opened in 2010. The LEED-certified hotel is located across from the Colorado Convention Center.
- In 2009, DaVita announced that it would relocate its corporate headquarters from Southern California to Downtown Denver. The kidney dialysis provider leased interim space at 1551 Wewatta while its 270,000-square-foot build-to-suit headquarters was completed in July 2012 in the Central Platte Valley.

DEVELOPMENT PROJECTS ON THE HORIZON

- 16th Street Mall Renovation
- Denver Union Station Redevelopment
- Ralph L. Carr Judicial Complex
- Homewood Suites / Hampton Inn & Suites
- Marriott Renaissance
- One Union Station
- IMA Financial Center
- 16M

• Source: Newmark Knight Frank Frederick Ross, 2012,
• Downtown Denver Partnership, 2012.



SUSTAINABILITY

Downtown Denver is a national leader in the movement to conduct business more sustainably. Sustainability is not only important to Downtown Denver's residents, employees, and visitors but it is also important to businesses and the future workforce they are trying to attract. The Wall Street Journal reports that eco-friendly policies can help companies attract talent as "80% of young professionals are interested in securing a job that has a positive impact on the environment and 92% would be more inclined to work for a company that is environmentally friendly."

Sustainability by the Numbers:

- 49 LEED certified buildings are located in Downtown Denver.
- 2,072 trees are located in the Downtown Denver Business Improvement District.
- 38,005 square feet of green roofs are located in Downtown Denver.
- The nation's 1st LEED Platinum skyscraper, 1st LEED Gold museum and the 1st LEED Gold state cultural history museum are all in Downtown Denver (1800 Larimer, Denver's Museum of Contemporary Art, and the History Colorado Center, respectively).
- 31 Downtown Denver companies participate in Certifiably Green Denver, a sustainability certification program, presented as a partnership between the City and County of Denver and the Downtown Denver Partnership.
- 65 Downtown Denver companies participate in Watts to Water, a regional program dedicated to the reduction of energy and water consumption.
- The Colorado Convention Center in Downtown Denver is rated LEED-EB (LEED Existing Building Operations and Maintenance certification). Its solar power could support 48 homes each year and the building diverts 981,965 pounds of waste from landfills, annually.
- The Denver Performing Arts Complex is Energy Star Certified.

Sources: CoStar, 2011; Downtown Denver Business Improvement District, 2012; Museum of Contemporary Art, 2012; DCPA 2012; Certifiably Green Denver, 2012.



SPOTLIGHT: History Colorado Center

The History Colorado Center is the country's first LEED Gold state cultural history museum. The building's design "promotes water and energy conservation by incorporating native landscaping, low-or zero-flow water systems, and fritted glass, and by taking advantage of natural light and heat provided by the Atrium." It also incorporates recycled and regional materials as well as certified wood products. This building hopes to have a long life cycle, to stand for over 100 years. Ed Nichols, History Colorado President and CEO said, "The hundred-year life cycle is perhaps the most important sustainable element of the History Colorado Center." The museum serves as a way to observe the past and present, while seriously looking into the future. Building a sustainable museum is a key way to serve as a model for Colorado's future.

Source: History Colorado Center, 2012. Photo: Frank Ooms



CULTURE, ENTERTAINMENT, SPORTS, & EVENTS

Downtown Denver hosted the opening of two new museums in the last 12 months, the History Colorado Center and the Clyfford Still Museum.

The Clyfford Still Museum, located adjacent to the Denver Art Museum, opened in November 2011 and hosts a collection of approximately 2400 paintings, drawings, prints and sculptures, from the late Clyfford Still, a mid-century abstract expressionist artist. As the majority of these pieces have never been on public display before, a visit to the museum provides an unprecedented opportunity to reflect on the full scope of Still's legacy and his profound influence on American art. Just a few blocks away, the History Colorado Center opened its doors shortly after the Clyfford Still Museum in Spring 2012. The History Colorado Center allows History Colorado, a 132-year-old state agency, to continue creatively engaging Coloradans locally and across the state in discovering, preserving, and taking pride in its places of architectural, archaeological and historical significance through museum exhibitions, public programs and educational services.

Although not new to the area, the Denver Art Museum attracted significant attention in 2012 when it hosted the exhibit, Yves Saint Laurent: The Retrospective, "a stunning selection of 200 haute couture garments along with numerous photographs, drawings, and films that illustrate the development of Saint Laurent's style and the historical foundations of his work." The Denver Art Museum was the only North American venue selected to feature the exhibit. Not to be outdone by its cultural competitors, Denver Center Attractions was chosen to launch the national touring premiere of the Broadway hit "The Book of Mormon" at the Ellie Caulkins Opera House in August 2012. Finally, the Denver Museum of Contemporary Art (MCA) hosted the innovative "Thinking About Flying" exhibit in 2011. Museum visitors were invited to participate by taking home a pigeon in a carrying case and releasing the pigeon to fly back to its loft on the museum's roof, expanding the traditional view and scope of an art museum.

In addition to Downtown Denver's cultural facilities, Downtown Denver also hosts over 200 games at three major sports facilities: The Pepsi Center, Coors Field and Sports Authority Stadium at Mile High. Downtown Denver is home to six professional sports teams: Denver Broncos, Colorado Rockies, Denver Nuggets, Colorado Avalanche, Colorado Mammoth and the Denver Outlaws. In addition to professional sports, Downtown Denver played host to several high profile sporting events in the last 12 months, including the USA Pro-Cycling Challenge and the NCAA Women's Final Four.



16,752
school children attended
theatre performances at the
Denver Center for Performing
Arts in 2011.



A new event in 2012,
Make Music Denver increased
pedestrian traffic along the
16th Street Mall by
23%.



In 2011 and 2012, the USA Pro-Cycling
Challenge, a state-wide race, finished
in Downtown Denver where over
250,000 watched the final
stage, generating \$83.5 million and
drawing spectators from 17 countries.

Photo: John Pierce, PhotoSport International

TOURISM

The 16th Street Mall is the most popular tourist destination in Denver, making Downtown Denver the metropolitan area's center for tourism. The Colorado Convention Center hosted 839,000 annual visitors in 2011. Recent conventions include International Association of Fire Chiefs, Urban Land Institute, EDUCAUSE, DrupalCon, American Solar Energy Society, Green Schools National Network.

Downtown Denver currently has 22 hotels, with over 8,400 hotel rooms, representing 18.8% of the entire metro area's hotels. There are also over 600 hotel rooms planned as of August 2012; with over 1,000 rooms under construction and 630 rooms recently completed.

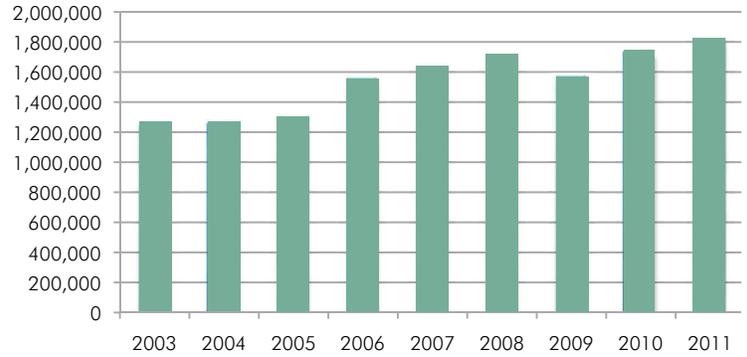
Sources: Downtown Denver Partnership, 2012; VISIT Denver, 2012, Colorado Convention Center, 2012.

Downtown Denver's 2011 hotel market boasts:

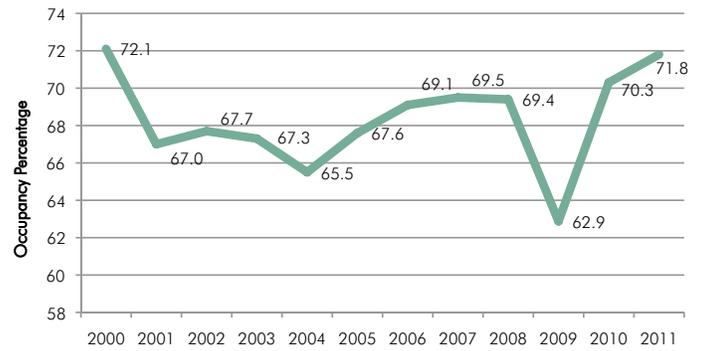
- 71.7% hotel occupancy
- 1,806,131 occupied rooms
- \$144.70 average daily rate
- \$103.69 revenue per available room (rev par)



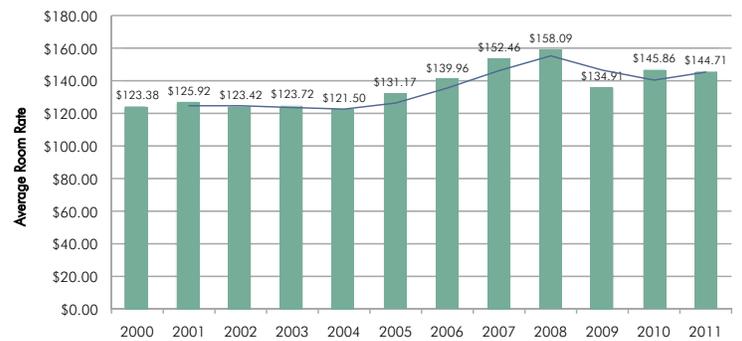
Downtown Denver Hotel Room Nights



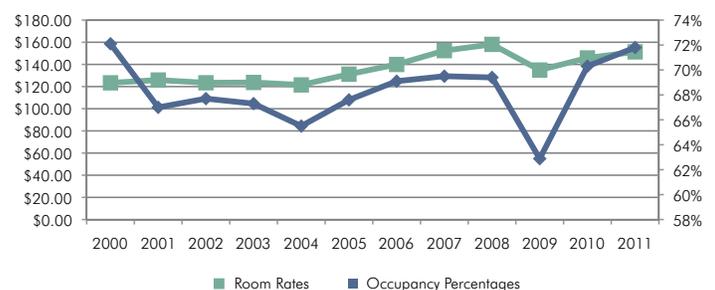
Downtown Denver Hotel Market Occupancy Percentage Trends 2000 - 2011



Downtown Denver Hotel Market Average Room Rates 2000 - 2011



Downtown Hotel Occupancy and Room Rates



Source: Rocky Mountain Lodging Report 2000-2011.

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Information Sources

ACS Census Data
 Apartment Realty Advisors
 Auraria Higher Education Center
 Brookings Institution
 Certifiably Green Denver
 City and County of Denver
 Claritas
 Clyfford Still Museum
 Colorado State University
 CoStar
 Denver Art Museum
 Denver B-cycle
 Denver Business Journal
 Denver Center for Performing Arts
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Please visit www.downtowndenver.com

“Cities have the capability
of providing something for
everybody, only because,
and only when, they are
CREATED BY EVERYBODY.”

- Jane Jacobs



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