

October 24, 2005

A Denver Based Commercial Real Estate Investment and Management Company  
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### **NorthMarq Closes \$32 Million Loan for LoDo Office Tower**

Westfield Capital Partners LLC received \$32 million in financing, arranged by the Denver regional office of NorthMarq Capital Inc., for its recent acquisition of the Guaranty Bank Building in Lower Downtown Denver. Nationwide Life Insurance Co. funded the loan, which is interest only for four years with a 30-year amortization thereafter, and a 10-year term. Steve Bye, Steve Koeneke and Dale Stewart of NorthMarq Capital arranged the nonrecourse loan, which was 65 percent of the acquisition price. "It was a competitive, well-sought-after loan," Bye said of the financing for the 12-story, 218,906-square-foot office building at 1331 17th St., which sold for \$49.5 million. **(Colorado Real Estate Journal)**

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### **Colorado Job Picture Steady**

Colorado's unemployment rate increased one-tenth of a percentage point to 5.1 percent in September as the economy made adjustments with the changing seasons, a state labor official said today. The unemployment rate matched the 5.1 percent rate logged nationally last month. It compared with a 5 percent unemployment rate in August and 5.4 percent rate in September 2004. The work force totaled 2.23 million, up 46,700 from September 2004 based on seasonally adjusted figures from the Colorado Department of Labor and Employment. Five of the 11 industry sectors reported job declines, with the steepest loss of 1,200 occurring in the professional and business services division. "We are seeing the usual pattern of summer activities winding down as school starts, coupled with stable unemployment rates," Rick Grice, department executive director, said in a statement. **(Denver Post)**

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### **Investors Flood TIC Market**

Seeking the promise of stable, low-risk returns, investors have flooded the tenant-in-common market with cash. The market, often referred to by its initials TIC, will reach that level with some \$4 billion of equity raised largely from individual investors, according to Omni Brokerage Inc. In contrast, the TIC market totaled \$160 million in 2001, according to data from Marcus & Millichap Real Estate Investment Brokerage Co. TICs are groups of investors that fractionally share the purchase and ownership of a property. **(LoopNews)**

## Apartment Market Exhibits Positive Signs

A recent Apartment Research Report by Marcus & Millichap says that the local multifamily market offers investors healthy current income and potential for asset appreciation. And with the economy poised for solid growth and new supply limited, effective rents will continue to grow at a steady pace. "The Denver apartment market is positioned for continued improvement over the next year," says Adam P. Christofferson, vice president and regional manager of the firm's Denver office. "New construction has fallen from recent highs and employment and income gains are fueling tenant demand. The market is well positioned for asset appreciation with occupancies and rents forecast to steadily improve. With regard to the investment market, per-unit prices are still relatively inexpensive compared to other growth markets." The report notes that Denver-area employers are on track to add 29,500 positions in 2005, a 2.5% increase. The professional and business services sector is expected to add nearly 5,700 jobs, followed by the education and health services sector, which is on track to add 4,250 positions. Key growth drivers include the relocation of companies to the city and the flow of venture capital into the technology sector. Also, only 1,830 apartment units are slated for delivery in Denver this year. Construction remains low compared to 2000 through 2003, when deliveries ranged from 5,800 to 8,200 units per year. While conditions are improving, the large spike in vacancy during the recent economic downturn has made developers wary of overbuilding, the report notes. Currently, the largest projects are positioned along the new T-Rex, Southeast Corridor light-rail route, which is on track to open in December 2006. The report adds that the vacancy rate fell 1.3% during the first half of the year and is expected to decline further to 7.9% by year's end. "With employment growing strongly and new apartment supply limited, a significant improvement in vacancy is expected this year," the report notes. "Job growth is boosting apartment demand at a rate that is outpacing new development. The vacancy rate for class A apartments will remain higher than for class B and class C properties due to competition from single-family homes and the condominium market." As fundamentals improve, asking rents are expected to rise 1.5% in 2005 to \$834 per month. With vacancy improving, owners are beginning to limit concessions, and effective rents will rise 2.7%, according to Marcus & Millichap. As far as various submarkets, the high rent levels in some of the new class A projects in Denver North brought the average monthly asking rent in the submarket up 10.9% during the past 12 months to \$1,093. Concessions remain in place for many of the new projects, however, and effective rent growth was limited to 3.4% over the same period. Asking rents gained 4.4% in the Southeast Metro submarket during the past year to \$881 per month; however, concessions kept effective rents flat at \$694 per month. Meanwhile, per-unit prices and transaction volumes are expected to grow steadily as the local economy continues to improve. Investment in Denver apartment properties is picking up, with dollar volume during the past 12 months exceeding \$1 billion, a 34% increase from the previous 12-month period. **(Globest.com)**

## Office Vacancy Rate Falls Along Southeast Corridor

The vacancy rate along the Southeast office market finally broke the 15% mark, if only barely. It now stands at 14.94%, according to the latest Market Update report by the CB Richard South Denver office team of Sergio Castaneda, senior vice president; John Marold, senior vice president; Mitch Bradley, vice president; Cameron Brown, senior associate; and Brett Nathan, associate. The last time the vacancy rate was this low was in the second quarter of 2002, when the vacancy rate stood at 14.53%, according to the team's report. In other good news, the corridor, which has more total office space than Downtown Denver, absorbed 266,090 sf. However, while the direct office space is dwindling, the corridor is not out of the woods yet. "While we have seen market improvement, availability is still 19.7%," the report notes. Availability includes sublease space and space that is not officially on the market, but could be leased, often called "shadow" space, which is excessive space owned or lease by corporations, but not fully utilized. Also, leasing activity has slowed down since the summer months. This could be foreshadowing a slowdown in the fourth quarter absorption rate, the team cautions. "We expect this roller-coaster market to continue through 2006," according to the report. If the team's activity is a microcosm of the entire market, it shows a dramatic drop since the summer ended. In August and September, the team handled a total of 209,039 sf in deals. However, the activity wasn't evenly split between the months. In August, the team handled 23 transactions for a total of 144,474 sf. The biggest deal was 26,539 sf for the Colorado Foundation Medical Care at 23 Inverness in the Inverness Business Park. The smallest deal was 484 sf for Science Curriculum at Union Plaza. In September the team handled about 30% fewer deals, and the square footage dropped by 55.3%. The 16 deals the team handled in September equated to 64,565 sf. The largest deal was 10,900 sf at the Triad office building and the smallest was 1,177 sf for Harris Kocher. In the first three quarters, the team has completed 151 assignments for a total of 1.36 million sf. That equates to an average of 126,252 sf in deals each month so far this year. **(Globest.com)**

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|                         | <b>CURRENT</b> | <b>1 MONTH PRIOR</b> | <b>1 YEAR PRIOR</b> |
|-------------------------|----------------|----------------------|---------------------|
| <b>FED FUNDS RATE</b>   | 3.75           | 3.75                 | 1.75                |
| <b>3 MONTH LIBOR</b>    | 4.20           | 3.96                 | 2.10                |
| <b>PRIME RATE</b>       | 6.75           | 6.75                 | 4.75                |
| <b>10 YEAR TREASURY</b> | 4.42           | 4.17                 | 4.00                |
| <b>30 YEAR TREASURY</b> | 4.64           | 4.46                 | 4.77                |