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A Denver Based Commercial Real Estate Investment and Management Company  
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### **119 Office Tenants Actively Seeking More Than 1M SF**

Looking to sign leases during the next 12 months, a total of 119 tenants are seeking to fill 1.41 million sf of office space along the Southeast suburban corridor, according to November report from the South Denver office team of CB Richard Ellis. The team includes senior vice president Sergio Castaneda, senior vice president John Marold, vice president Mitch Bradley, senior associate Cameron Brown and associate Brett Nathan. The report says there are currently three tenants seeking 75,000 sf or more, for a total of 310,00 sf; two tenants seeking between 50,000 sf and 74,999 sf, for a total of 105,000 sf; 14 tenants seeking 25,000 sf to 49,999 sf, for a total of 425,000 sf; 19 tenants seeking between 10,000 sf and 24,999 sf for a total of 245,365 sf; 23 tenants seeking 5,000 sf to 9,999 sf for a total of 151,900 sf; and 58 tenants seeking 5,000 sf or less, for a total of 170,714 sf. The South Denver office team completed 20 assignments in October for a total of 200,717 sf. Deals ranged from a 2.6-acre land sale to Resolute Investments LCL at 7372 S. Alton Way to 483 sf leased to Nu Horizons at 1101 W. 120th Ave. In the first 10 months of the year, the team has either leased or sold a total of 1.3 million sf of space. **(Globest.com)**

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### **Job-Growth Rate Slows**

Colorado continues to add jobs at a rate faster than the nation as a whole, but the growth rate continues to slow. The 2.24 million jobs in the state in October were 1.9 percent above October 2004 levels. It was the third time this year that the Colorado job-growth rate failed to top 2 percent. (Nationally, jobs grew at a 1.4 percent rate in October.) The Denver area's year-over-year job-growth rate of 1.3 percent was below the national average, but year to date, Denver still outpaces the nation. Colorado's unemployment rate, derived from a separate survey, was 4.9 percent in October, down from 5.2 percent in September. Denver's rate decreased to 4.8 percent from 5.2 percent in September, according to statistics released Tuesday from the Colorado Department of Labor and Employment. Patty Silverstein of Development Research Partners says Colorado and Denver job growth remains strong compared with the national average. The growth rate slowdown is something "I'm not too disturbed over, but I am concerned." "The growth rates for the second half of the year are lower than what we thought they'd be based on the first half of the year," Silverstein said. Silverstein said about 26,100 positions have been added to the metro area economy in 2005. The hot sectors: natural resources and construction (up 4 percent), education and health services (up 3.3 percent) and professional and business services (up 3.3 percent). The Information sector is the only losing area with a 6.1 percent decline, or 3,800 jobs, from October 2004. Richard Wobbekind, a University of Colorado economist charged with compiling the Colorado Business Economic Outlook, said the committee preparing the forecast for Dec. 5 sees the job numbers as a reflection of the national job picture slowing. "They're reading it more as a temporary blip on the radar screen rather than a permanent trend," he said. **(Rocky Mountain News)**

## Real Estate Pioneer

Louise Vigoda, a low-profile but pioneer developer in Cherry Creek North, recently sold her main holding in the heart of the tony district for \$14 million. Chicago-based Next Realty paid about \$400 per square foot for the approximately 35,000-square-foot Cherry Creek Square at 3000 E. Third Ave., which is anchored by high-profile tenants such as Cook's Mart and Paul Garcia's hair stylist. Next Realty, in its first Denver purchase, paid what is believed to be a record price on a per-square-foot basis for a major retail space in the metro area. "I think like a lot of places across the country, the best real estate is not cheap," said Dave Worth of Next Realty. "We couldn't love that market and that piece of real estate more. It's a wonderful piece of real estate, a phenomenal place to walk around." Although some tenants have speculated Next will eventually develop the parking lot with high-end retail on the ground floor and residential above, Worth said no decisions have been made. "I'd rather not speculate," Worth said. "I'd just say we're thrilled to be part of Cherry Creek North. We would love to buy more property in Denver, particularly in Cherry Creek." Vigoda, a youthful-looking 76, started investing in Cherry Creek North real estate in the mid-1960s, about the same time the much more high-profile Dana Crawford started investing and saving historic buildings in downtown Denver.

**(Rocky Mountain News)**

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## Commercial Real Estate Vacancies Dropping

Metro Denver's commercial real estate market continued to gain strength in the third quarter, led by the retail and industrial segments. A new survey by the Frederick Ross Co. brokerage of Denver reported that vacancy rates dropped or stayed flat in those product categories as well as the office market. Space continued to be absorbed, as well. The metro area's retail segment demonstrated "strong market fundamentals" with a third-quarter decrease in vacancy to 7.22 percent from 7.54 at midyear. Retailers absorbed more than 250,000 square feet of space during the period, and it was the ninth consecutive quarter of positive absorption. Only 150,000 square feet of new retail space was added. Absorption is the rate at which rentable space is filled. In the pipeline, though, are more than 6 million square feet of new space, including outdoor-oriented shopping centers such as Larkridge in Thornton, The Promenade Shops at Centerra in Loveland and NorthField at Stapleton. Future gains in the retail market also could be offset by the closing of Colorado's nine Mervyn's stores next year, including all six metro Denver locations. Ross thinks the closings "should put a significant dent" in the single-tenant sector, since Mervyn's buildings include 50,000 to 80,000 square feet of space. Third-quarter retail investment activity stayed robust, as eight properties traded hands for more than \$3 million each. Capitalization rates stayed low, at 7 percent to 8 percent for quality product. Denver's upscale Cherry Creek retail area sees retail space selling for \$300 to \$400 a square foot, with 7 percent cap rates. Capitalization, or cap, rates are the rate of return used to figure the capital value of a property's income stream. Vacancy of industrial space -- warehouses, research/development buildings and flex space -- dipped to 8.2 percent in the third period. That's the lowest vacancy rate

since 2000's 5.11 percent. New construction combined with positive leasing activity combined to create 435,000 square feet of absorption. All geographic areas with industrial space did relatively well in the quarter, but the southeastern submarket fared especially well with 197,000 square feet of absorption. Purchases of industrial space were steady, as six properties sold for \$3 million or more each during the quarter. The Denver-area office market absorbed 426,925 square feet of space in the third quarter, causing the vacancy rate to inch down to 20.03 percent from 20.36 percent at midyear. The office market continues to recover from the 4 million square feet of occupancy it lost in 2001. It's on pace to absorb 2 million square feet for 2005, "one sign of a healthy market," according to the report. Most of that absorption will be in top, Class A space. The Denver area's major office submarkets include:

- Denver's central business district (CBD), with high rises such as Republic Plaza, Norwest Center and Qwest Tower;
- Southeastern suburbs, which includes the Denver Technological Center, Inverness and Meridian office parks; and
- Northwestern area that includes the Interlocken office park.

The CBD office market's third-quarter vacancy rate remained relatively flat from the previous period at 17.05 percent. The southeastern area's vacancy rate inched up to 22.53 percent, while the northwestern region cut its vacancy rate to 22.73 percent. **(Denver Business Journal)**

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### **Expectations Running High for Vacant Lot**

A vacant lot near the Tabor Center is being marketed to potential buyers for development as a residential or hotel tower. Equity Office Properties, the nation's largest owner of office properties, is selling the site, which already has zoning that would allow for any use. The site, on the southeast corner of 17th and Larimer streets, has no height restrictions. "We expect national and international interest because the corner of 17th and Larimer is the undisputed crossroads between the ever-improving downtown and the abundant amenities of Lower Downtown," said Brian Ross, managing director of U.S. operations for Jones Lang LaSalle, which is marketing the site. "Downtown Denver has matured to the point where we believe there is considerable demand for the kind of world-class assets that are being built in Manhattan, on Michigan Avenue and in downtown San Francisco." Asked whether he had spoken with real estate tycoon Donald Trump about the site, Ross said, "No comment." Trump responded to a request for qualifications to redevelop Denver's Union Station and has said he's negotiating on a second real estate deal in Denver. "If Mr. Trump has an interest, we would be delighted to talk to him," said Ross, who is based in Denver. The site can accommodate an office building of up to 770,000 square feet. However, if it's developed for residential use, the building can be bigger, Ross said. Residential use is a smart play given the 12 percent vacancy in downtown office space, said John Bitzer, managing partner of Bitzer Real Estate Partners. But

there is probably enough demand to absorb up to 250,000 square feet of office in that part of the city. "There are still so many people, law firms included, that want to be at that end of downtown," he said. Currently, the Tabor Center includes a 430-room Westin Hotel, a 135,000-square-foot retail center with three restaurants, and a 557,000-square-foot office tower. **(Denver Post)**

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	<b>CURRENT</b>	<b>1 MONTH PRIOR</b>	<b>1 YEAR PRIOR</b>
<b>FED FUNDS RATE</b>	4.00	3.75	2.00
<b>3 MONTH LIBOR</b>	4.40	4.22	2.39
<b>PRIME RATE</b>	7.00	6.75	5.00
<b>10 YEAR TREASURY</b>	4.43	4.59	4.19
<b>30 YEAR TREASURY</b>	4.66	4.80	4.84

