December 12, 2005

Schuck Unveils $10B TransPort Plan Surrounding Front Range Airport

The Schuck Corp., a Colorado Springs-based developer, recently released details of its $10 billion, 30-year-plus TransPort development on 6,300 acres around the Front Range Airport in Aurora and Adams County. The Framework Development Plan recently presented to the City of Aurora would comprise 275 million sf of land housing 100 million sf of development. "The development of TransPort will have important local, regional, national and even international economic impacts," Bill Schuck, president of his namesake company says. "TransPort, as an inland port, will take ultimate advantage of the Denver area's strategic location at the very center of the world--almost equal distant from Pacific Rim and European markets as well as North and South American markets. What will be created at TransPort is a true international port that takes advantage of all forms of rapid transportation." He adds that the damage done by Hurricane Katrina to the Port of New Orleans makes such "inland ports" as TransPort more important than ever. TransPort eventually is expected to create 38,000 new jobs. As an inland port, TransPort will house a multi-modal rail industrial complex. There are five miles of existing Union Pacific railroad tracks on the TransPort property. Schuck says that he is in discussion with numerous national and international companies who wish to develop warehousing and distribution centers at TransPort. Besides its rail multi-modal center, almost 1,000 acres at TransPort will be devoted to biotech businesses. And almost 1,500 acres contiguous to Front Range slated for general industrial and corporate aviation uses. In addition, acreage has been earmarked for office, retail and commercial development. Schuck compares TransPort to the Alliance Multi-Modal Center developed by Ross Perot Jr. in Fort Worth. The public-private partnership started with $152 million in public funding, he says. Since then, he adds, it has attracted $4.2 billion in private investments and created more than 20,000 jobs. **(Globest.com)**

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Samsonite Demolition, New Construction Impact Industrial Market

Trammell Crow Co., in its Northeast Industrial Market report for the third quarter, says two significant events impacted the market. The first is the demolition of the 512,000-sf Samsonite assembly plant along Interstate 70, between Stapleton and the Denver International Airport. The second seminal event is the delivery of 670,000 sf of new construction. The razing of the assembly plant removed 500,000 sf from the base and resulted in 250,000 sf of negative net absorption in the quarter, Trammell Crow notes. And the 670,000 sf of new buildings in the third quarter led to a 0.75% vacancy rate increase to end the quarter at 11.41%. A year ago, it was at 10.76%. For comparison, at the end of 2002 the overall vacancy rate stood at 9.38%. Since 2002, the Northeast industrial market, the largest and most important in the metro area, has added about four million sf. The total market now has 51.3 million sf, while it had 47.1 million sf in 2002. Currently, 5.9 million sf is vacant. The class A multitenant vacancy increased to 20.84%, up from 17.75% in the second quarter. “While this is not great news, we expect the vacancy rate to drop over the next several quarters," states Trammell Crow, whose industrial team includes Murray Platt, Doug Viseur, Paul Kluck, Todd Wittty and Mark Dwyer. "There is currently no speculative space under construction in the Northeast market, with only one speculative building to be delivered in the next 12 months." **(Globest.com)**

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Hickenlooper Lauds Developers, Others

Mayor John Hickenlooper recently gave the first Mayor's Design Awards to 15 business owners and developers in the city, whom Hickenlooper says made design excellence a priority. "Great cities are just as enriched by many small and beautiful design interventions as they are by large and bold civic gestures," Hickenlooper says. "The business owners we recognize didn't have to go the extra mile to invest time and money in their property. But because they did, we all can benefit from it. They are helping to create a culture of good design in our city and encouraging other business owners to follow suit." "The Mayor's Design Awards recognizes and encourages well designed small projects throughout our neighborhoods," adds Denver planning manager Peter J. Park. "Good design happens on its own when enlightened owners recognize the benefit and invest in quality design." Those recognized include: Marczyk's Fine Foods; Potager; Side Street; Box City, an annual event encouraging children to build a city using their imaginations; and Clayton Lanes, developed by Randy Nichols, which includes the first J.W. Marriott hotel in Denver and the Janus world headquarter office. Additional awards went to: Forest Room 5 in the Highland neighborhood; Museo de las Americas on Santa Fe Drive; Tommy's Thai on East Colfax Avenue; Broadway Central, an urban retail development at 6th Avenue and Broadway; Sushi Den; Oblio's Pizzeria; Buzz Café; the Potted Garden; Aperture, an apartment building with antique cameras and photographs as a theme that was developed by Zvi Rudawsky and Grant Barnhill; and Bang!, a restaurant in the West Highland neighborhood. **(Globest.com)**

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Good News Forecast for Colorado in 2006

Colorado's employment growth rate for 2006 is expected to surpass that of the nation as a whole, according to a new forecast laid out by University of Colorado at Boulder economist Richard Wobbekind. His forecast was part of Monday's Business Economic Outlook Forum hosted by CU-Boulder's Leeds School of Business and by Compass Bank. Wobbekind expects Colorado to add 52,100 jobs next year, and reach an employment growth rate of 2.3 percent while the nation's employment growth rate should trail at 1.8 percent. Total employment early next year is forecast to move past the 2.25 million figure that marked the number of people employed in 2001 before the recession slammed Colorado. "While we went into a recession in 2001, that was also the year we reached a record level of employment in Colorado," Wobbekind said in a statement. "It has taken us four years to get those jobs back."

Job growth will come in the professional and business services sector, which includes engineers and computer systems designers. This sector is forecast to add 11,700 jobs in 2006. On the losing end will be the information sector, which includes telecommunications and publishing, which Wobbekind expects will drop about 800 jobs. **(Denver Business Journal)**

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CMBS Market Sets Record in 2005

2005 has been a record-breaking year for the CMBS market and it's not expected to slow. So far this year just over $140 billion of CMBS has been issued, nearly 50 percent greater than the $93.8 billion that was floated all of last year. An additional $23 billion of CMBS is slated to be priced before the end of the year, according to Commercial Real Estate Direct's CMBS Pipeline. If all the scheduled deals price, December would become the most active month of the year. **(LoopNews)**

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Lincoln Center for Sale Again

The San Francisco company that bought one of Denver's first skyscrapers in August has put the building back on the market. Page Mill Properties is marketing the 30-story Lincoln Center, 1660 Lincoln St., as part of a package that includes more than 4 million square feet of office space, primarily in the San Francisco Bay Area. "Normally, we might have held it longer, but we started getting interest in the asset as soon as we bought it," said David Taran, Page Mill's chief executive. Page Mill is asking for bids on the entire portfolio as well as individual buildings, Taran said. Page Mill, a $290 million fund created by Divco West, paid nearly $36 million for the 274,582-square-foot Lincoln Center. Lincoln Center is the second Denver office building to be put up for sale recently as part of a larger package including mainly California buildings. An Australian company, Macquarie Properties, is buying an 80 percent stake in downtown Denver's Wells Fargo Center, better known as the "cash-register building" for its curved design, in a deal expected to close by the end of the year. Like Lincoln Center, it would be the second time the building will have changed hands in less than a year. An Australian group also is looking at Page Mill's portfolio, said Taran, who declined to name the company or other groups that are interested in the properties. Australians increasingly are looking to the United States to invest money in real estate and large infrastructure projects such as roads and bridges. The country's wealth is a result of a 14-year economic boom combined with a 1992 law requiring workers to set aside big chunks of income for retirement, according to a report in The Wall Street Journal. The retirement pool, which is invested by private-sector managers, is about $550 billion, with about $70 billion to $80 billion more added each year. As a result, the pool of assets under management in Australia is among the largest in the world, but because Australia's economy isn't big enough to absorb the cash, investors there have had to find ways to spend it elsewhere. The demand for investment properties is creating a spike in valuations, said lawyer Jay Kamlet, co-founder of Kamlet Shepherd & Reichert LLP, a Denver law firm that focuses on real-estate transactions and finance. "The demand is so much greater that people are bidding on these properties more to get their money out the door than is justified by the income of the buildings," he said. Existing real-estate private-equity funds held $17.5 billion of capital to invest from funds raised through the end of 2004, and they expected to raise an additional $18 billion in 2005, according to an Ernst & Young LLP survey of 60 U.S.-based fund sponsors representing over 175 individual funds. The survey indicates the real-estate private-equity sector will have well over $100 billion of leveraged purchasing power for new acquisitions heading into 2006. **(Denver Post)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	4.00	4.00	2.00
3 MONTH LIBOR	4.48	4.33	2.47
PRIME RATE	7.00	7.00	5.00
10 YEAR TREASURY	4.53	4.64	4.18
30 YEAR TREASURY	4.73	4.84	4.84