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Fed Projects Near-Zero Interest Rates Through 2014

The Federal Reserve said Wednesday that it would keep interest rates near zero through 2014 or longer to help boost the economy, and, for the first time, it set an explicit inflation target of 2 percent, signaling that the central bank is frustrated with the weak pace of growth. The decision to maintain extraordinarily low rates extends the Fed's time frame by 18 months, and in a news conference, Chairman Ben Bernanke said the central bank was prepared to take more action if necessary to keep the economy moving. Bernanke did not say what tools the Fed might use, but in the future it could, for example, buy up additional mortgage assets to drive down rates. By announcing an inflation target of 2 percent, Bernanke said the Fed believed that making the public more aware of what was behind the central bank's decisions would help ease financial conditions and maintain price stability. He said the Fed was not concerned about rising inflation. The action on interest rates reflects Fed projections that the unemployment rate is likely to remain well north of 7 percent for three more years, but it did not say how far the jobless rate would have to drop before it considers tightening its monetary policy. "The maximum level of employment is largely determined by nonmonetary factors that affect the structure and dynamics of the labor market," the Fed statement said. "These factors may change over time and may not be directly measurable. Consequently, it would not be appropriate to specify a fixed goal for employment." The vast majority of the Fed leaders agreed with the decision on interest rates. Eleven Fed leaders said it is appropriate to start raising rates in 2014 or beyond, 18 months longer than previously planned; just six said it is more appropriate to raise rates this year or next. Previously, the Fed said it would keep interest rates near zero through mid-2013. Most Fed leaders also suggested that when the central bank does act to raise interest rates, it should do so very gradually. Most believe that interest rates should still be well below 1 percent at the end of 2014, according to the projections. **(Denver Post)**

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Plans Unveiled for New Denver Mixed-Use Project

Developers Thursday laid out plans for a retail center, luxury apartment complex and retirement community for the high-profile corner of I-25 and East Hampden Avenue in southeast Denver. Construction on the Highpointe Neighborhood – it's supposed to be the highest elevation point in Denver – could begin as soon as the second quarter. D.H. Friedman Properties LLC of Denver will handle the retail portion of the site, northeast of the high-traffic intersection where first a Marriott, then the Four Points by Sheraton, stood since 1974. The hotel was demolished in 2010. "This is going to be a unique development with three distinct uses by three separate ownerships," said David Friedman, owner. Friedman's comments came at a meeting organized by Denver City Councilwoman Peggy Lehmann, District 4. About 100 people attended the meeting at Calvary Baptist Church. Friedman provided few specifics about the retailers going in to the Shoppes at Highpointe, but said they had been talking to operators of a full-service restaurant for the site – hopefully with a rooftop patio so customers can soak up the mountain-view to the west. Audience members urged Friedman to bring a local restaurant, rather than a chain. One blurted out: "Has Trader Joe's talked to you?" "We've begged Trader Joe's to come to this site, but so far it

appears they're talking to others," Friedman said of the specialty grocer that recently filed paperwork with the Secretary of State's office to operate in Colorado. Denver-based Spectrum Retirement Communities LLC's Mike Longfellow, senior vice president, showed renderings for a 90-unit assisted living retirement community near the north side of the property, where Holly Place turns into Locust Street. Audience members cheered when Longfellow announced Spectrum had pulled a request to Denver to lower the number of parking spaces required there, apparently worried cars would spill into the adjoining residential neighborhood. Forum Real Estate Group LLC's Kevin Foltz, development director, said the Veranda Highpointe apartments would include 362 units in a five-story complex. Forum, of Denver, is also doing an apartment community at Kent Place, a new development at Hampden and University Boulevard. The 360-degree architecture design would wrap the apartments around a 520-stall parking garage and two courtyards. Plans include an outdoor rooftop deck on the west side of the planned complex off Holly Place. "We're looking for expansive windows and views," Foltz said. About 65 percent of the units will be one-bedroom. The size of the units range from 521 square feet to 1,365, with the average unit being 851 square feet. "They're going to be nicely appointed and highly amenitized," Foltz said. He assured neighbors traffic would be directed to a south main entrance and every effort would be made to keep cars off Holly Place. Audience members peppered the developers with questions about storm drainage, traffic concerns, lighting on Holly Place and concerns about where the apartment residents' pets would "go." Demolition on the existing parking garage is slated to begin in two weeks. Veranda units could be available by the end of 2013 and the Spectrum facility by mid-2013. "We plan to keep this site, so it's important to get it right," Friedman said. **(Denver Business Journal)**

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Metro Denver EDC Calls 2011 'Encouraging' for Priority Industry Clusters

The Front Range economy may have turned the corner last year, based on employment data in a new Metro Denver Economic Development Corp. report released Wednesday. Seven industry clusters or subclusters posted positive employment growth last year, compared with only the clean-tech subsector showing growth in 2010. "Adding employment across multiple industries is the encouraging news we've been hoping for," Tom Clark, CEO of the Metro Denver EDC, said in a statement. "These results make those of us in economic development keenly aware of the importance of using a diversified industry cluster approach in our marketing efforts." The Metro Denver EDC is focusing its economic development activities on eight industry clusters — aerospace, aviation, bioscience, broadcasting and telecommunications, energy, financial services, health care and wellness, and information technology-software. The seventh annual Industry Cluster Study ([download here](#)) was done by Metro Denver EDC's chief economist, Patty Silverstein, of Littleton-based Development Research Partners. In aerospace, metro Denver is first among the 50 largest metros for total private aerospace workers with 19,500 people employed at aerospace companies. The sector showed 1.7 percent employment growth in 2011 from the year before, and has seen 11.9 percent employment growth since 2006. The Metro Denver EDC added the health care and wellness cluster as a new industry for inclusion in the study this year. With 169,150 workers dispersed throughout a nine-county region in metro Denver and northern Colorado, the industry posted the largest job growth — 9.5 percent — of the eight industry clusters. "This industry emerged as a new cluster because of its high overall impact on our region's

economy," Clark said. "Plus, we recognize that our healthy community is a major part of our brand, and is an incredible asset to economic development." Other clusters or subsectors that showed year-over-year growth in 2011 were medical devices, fossil energy, clean-tech, investments and IT-software. **(Denver Business Journal)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED TARGET RATE	.25	.25	.25
3 MONTH LIBOR	.55	.58	.30
PRIME RATE	3.25	3.25	3.25
10 YEAR TREASURY	1.93	1.92	3.39
30 YEAR TREASURY	3.07	2.92	4.56