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A Denver Based Commercial Real Estate Investment and Management Company  
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### **Inverness Bldg. Sells for \$9.5m**

An 84,458-square-foot office building in Inverness recently sold for \$9.5 million. Inverness Properties LLC sold the property at 61 Inverness Drive E. to Alliance Commercial Partners. The Denver-based buyer plans to complete a number of interior and exterior improvements to the building in coming months with the expectation that the property will compete effectively in the improving Inverness Business Park submarket. Inverness Properties will continue to provide property management, brokerage and buildings services for the asset. **(Colorado Real Estate Journal)**

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### **Sales of Centerra Office Condos Prompt New Building Construction**

The first office condos to be offered at Centerra in Loveland have exceeded expectations, prompting construction of a new building. The 12,000-square-foot building is the last of four planned for Foxtrail Office Park, whose first three buildings are 85 percent sold. "We did not expect to start that building until spring 2008," said Ron Kuehl, vice president of real estate for McWhinney. At the rate sales are going, "I would anticipate that the entire Foxtrail park will be sold out by late summer of '08," he said. Office condo sales in general in Northern Colorado were strong 12 to 24 months ago, said Kuehl. "I think we've generally seen that slow down a little bit over the broad market, but in terms of our office condominium project, we've sold or leased these buildings well ahead of projections." **(Colorado Real Estate Journal)**

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### **Trio of Briargate Office Buildings Sells for \$35.6 Million**

Westcore Properties sold a trio of office buildings in the Briargate Business Campus for \$35.6 million. Colorado Springs Office Buildings Inc., an affiliate of Phoenix Property Co. of Dallas, made its first acquisition in the market with its purchase the Corporate Point at Briargate building and the Tech Center East and West buildings in northern Colorado Springs at around a 6 percent cap rate. The sale of the office properties is believed to be not only the highest priced office sale to close in Colorado Springs this year but also the highest total dollar volume sale ever of speculative office development in the city, noted Sierra Commercial Real Estate Inc.'s Kent Mau. **(Colorado Real Estate Journal)**

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### **Credit Crunch Widens Locally**

The mortgage meltdown and resulting credit crunch that have rocked the housing market nationwide are reaching their tentacles into commercial real estate. In metro Denver, several office transactions have fallen through because of the tightened credit markets. The World Trade Center downtown is back on the market after a contract with Broadway Capital Partners fell through; and International Capital Partners pulled out of a deal to buy Plaza Quebec in Englewood, according to people in the commercial real-estate industry. Other sales that have fallen through because of financing difficulties include Cherry Creek Corporate Center, Denver Corporate Center and a building in the Mountain View office park in Broomfield, those people

said. "Any business in America right now that's borrowing money is impacted by the credit crunch, whether it's Cerberus Capital that's trying to buy Chrysler or KKR trying to buy First Data," said Mike Winn, an investment broker with Cushman & Wakefield. Private-equity firm Kohlberg Kravis Roberts & Co. offered \$26 billion for credit- and debit-card processor First Data Corp. in April in a leveraged buyout. Rising mortgage defaults and fears of a glut of leveraged-buyout debt rocked credit markets over the summer, making it a struggle to raise the money to finance the deal. KKR's investment bankers had to cut the size of their planned loan sale from \$14 billion to \$5 billion and lower the price by 4 percent. KKR's investment banks were able to sell about \$7 billion of the First Data deal's debt, according to press reports. "Any business that requires debt is impacted because the cost of debt has changed," Winn said. "Right now, risk is being repriced. It's just part of the cycles that financial markets go through." Winn was involved in some of the deals that have been affected but declined to comment on those transactions. John Becker, vice president at Fuller Real Estate, said he's aware of two southeast suburban Class B office buildings that were about to go into foreclosure before they sold. He knows of another that sold for less than the seller paid for it. "To me, that's an ominous sign that values are starting to slip a little bit on some of these office buildings," he said. "That bodes poorly for the market as a whole that we may be seeing some deterioration." It's not just building sales that are falling apart. Large construction projects also are having trouble with financing. Developer Randy Nichols stopped construction on Spire after the German lender yanked its \$160 million loan because of uncertainty in the international market. Nichols is working on securing new financing for the project. Still, the fundamentals of Denver's commercial real-estate market are strong. Borrowing terms may be different, but there's still plenty of money available, said Craig Poulter, executive vice president of CoBiz Financial's real-estate capital-markets group. "While there's a lot of puckering and liquidity is being taken out, there still is a lot of capital to go around," Poulter said. "The fundamentals of the commercial real-estate market are no less sound today than they were before the credit crunch hit." Highly leveraged borrowers are feeling the most impact from the credit crunch. Those who were borrowing 80 percent two months ago now can borrow only 70 percent, said Eric Tupler, managing director of CB Richard Ellis' capital-markets group. "In a nutshell, we're seeing a reduction in the availability of debt and an increased cost in the debt that is available," Tupler said. Still, the uncertainty over credit has prompted CB Richard Ellis investment broker Mary Sullivan to advise clients with high-priced buildings to wait until the first quarter of 2008 to list them. "This is an emotional reaction to the subprime meltdown, which isn't even a meltdown - it's a ripple," Sullivan said. "When this settles down and the fear is taken out of the market, and you can begin to price debt again with certainty, then you're going to get better pricing. "For (brokers), we eat what we kill," she said. "If we're saying take a couple of animals off the market, we're going to eat a little less. But you have your client's best interest in mind." (Denver Post)

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### **Toma West Buys 90 Percent-Leased 633 17th St. Building**

A Norwegian company with an appetite for downtown Denver office buildings added another one to its growing portfolio, bucking a trend of sales failing because of financing woes. The price Toma West paid Friday for 633 17th St. was not disclosed, but records indicate it sold for about \$115 million. This is thought to be the first

high-rise sale downtown since the crisis in the capital markets began last month. The real estate industry is buzzing about the World Trade Center buildings in downtown, as well as the Mountain View building along the U.S. 36 corridor, not closing because the financing fell apart. Together, those two deals would have approached \$300 million. Both the World Trade Center and Mountain View are expected to sell later, when the financial markets recover, brokers say. The 32-story building at 633 17th St., formerly known as First Interstate North, was built in 1973 and is about 90 percent leased. "It is a very stable building," said Mary Sullivan, who sold it on behalf of Triple Net with fellow CB Richard Ellis team members Tim Swan and Ron Urgitus. The company owns several other buildings downtown, including the nearby United Western Bank building at 17th and California streets, Sullivan said. Sullivan said the state and the federal government lease about 42 percent of the 633 17th St. building. "The market has done a complete 180-degree turn," Sullivan said. "Until recently, buyers actually paid a premium for empty space," with the idea that the building would become more valuable as the space was leased. But because of the turmoil in the markets, which started with the meltdown in the residential subprime market and quickly spread to the healthy commercial market, buildings with high, stable occupancies, such as those at 633 17th St., are the most sought after, Sullivan said. "I call it mortgage flu," said David Morrison, a broker with Grubb & Ellis. "It's a sickness that you have for a few days and then you recover," Morrison said. "Denver's market is still very robust, so it will weather this. The problem is some of these lenders don't even know how many bad loans they are holding, so they have to figure that out." Sullivan said Toma West, which also acquired the five-story Plaza Garage parking lot and a surface parking lot with 633 17th St., also showed interest in the building because it sits on a light-rail line. **(Rocky Mountain News)**

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	<b>CURRENT</b>	<b>1 MONTH PRIOR</b>	<b>1 YEAR PRIOR</b>
<b>FED FUNDS RATE</b>	4.75	5.25	5.25
<b>3 MONTH LIBOR</b>	5.24	5.72	5.37
<b>PRIME RATE</b>	7.75	8.25	8.25
<b>10 YEAR TREASURY</b>	4.65	4.55	4.60
<b>30 YEAR TREASURY</b>	4.87	4.85	4.73