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A Denver Based Commercial Real Estate Investment and Management Company
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Corporex Gets Financing for First Phase of Fitzsimons Project in Aurora

Covington, KY-based Corporex is moving forward on the first phase of Fitzsimons Village, a 32-acre mixed-use development across from the Anschutz Medical Campus in Aurora, CO, east of Denver, after securing \$80 million in financing. The financing transactions will enable construction of a 153-room hotel and a six-story, 170,000-square-foot office building, with The Children's Hospital Association and administrative and staff offices for Children's Hospital serving as anchor. Denver-based Vectra Bank Colorado, a wholly owned subsidiary of Zions Bancorporation, and TCF Bank's Denver office provided financing for the Fitzsimons Life Sciences Campus. The office project includes ground floor retail spaces and a freestanding parking structure. A second office building is planned for an adjacent parcel. Construction will begin immediately on the new 153-room Springhill Suites By Marriott Hotel. Three Denver banks, including Citywide as the lead bank and Community Banks as a participant, provided financing for the hotel. In addition, a tax-increment financing bond totaling more than \$17 million will be issued to pay for business park infrastructure and a pedestrian bridge spanning Colfax Avenue, which connects the development to the Anschutz Medical Campus at Fitzsimons and hospitals that have been built on the north side of Colfax. Land for the Fitzsimons Village development was assembled and entitled by BWAB Fitzsimons, LLC; a partnership between Westside Investment Partners and BWAB. Corporex also acquired an option on five future development sites within the complex. Corporex is focusing on master development of the site and will begin efforts in cooperation with the Fitzsimons Redevelopment Authority to develop a conference center and full-service hotel, as well as a banking and retail center to support the University of Colorado's Anschutz Medical Campus, Children's Hospital, and the Veteran's Administration, which is now breaking ground on a new 800-bed facility on the campus. At full build out, the Fitzsimons medical complex project will exceed \$5 billion in investment and employ more than 35,000 people, Corporex said. **(CoStar)**

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AGR Building Pays \$14.5M for West End Plaza

AGR Building purchased the West End Plaza at 1035 Pearl St. in Boulder, CO, from Kabilli & Co. Investors. The 45,227-square-foot building sold for \$14.5 million, or approximately \$320 per square foot. The five-story, multi-tenant office building was fully leased at the time of sale. The Class B property was recently renovated in 2007 for an estimated \$5 million. West End Plaza is in the Boulder submarket and includes 4,400 square feet of retail space. The buyer and seller were self-represented. **(CoStar)**

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Tenants Put Dent in Class A Vacancy Rate

The vacancy rate for Class An office space on the Denver- Boulder corridor has dropped to the single digits with two big tenants taking space in Interlocken Advanced Technology Environment. TransFirst signed a longterm lease for 92,575 square feet of space at Mountain View Corporate Center, and Vail Resorts is adding approximately 39,000 to the 83,620 sf it occupies at 390 Interlocken. "We are seeing the bigger blocks of space dissipate. I think the first quarter is going to catch

a lot of people by surprise," said CB Richard Ellis broker Chris Phenicie. Phenicie, who declined to comment on the transactions, said tenants looking for large blocks of Class A space in Interlocken have a single option: Franklin Street Properties' new Central Park Tower. The 300,000-sf building, slated for completion at 385 Interlocken this summer, is getting "great activity" from tenants growing within the market, outgrowing opportunities in Boulder, wanting to upgrade their image and/or seeking corporate headquarters space, said Phenicie. "Tenants are definitely showing their preference to be at the best location at the best building they can afford." There also is 40,000 sf of "solid B" space on two floors at 360 Interlocken, he said. TransFirst, a transaction processing company, is moving to Mountain View Building 3 at 12202 Airport Way from approximately 73,000 sf of Class B space at Superior Point in Superior. Phenicie and David Hart of CB Richard Ellis represented the building owner, Hines. Todd Wheeler of Cushman & Wakefield of Colorado Inc. represented the tenant. Vail Resorts is expanding to combine its accounting staff in Keystone with its central corporate accounting function in Broomfield, said Kelly Ladyga, director of communications. About 100 juniorlevel employees are impacted by the consolidation. Brendan Fisher of Cresa- Partners represented Vail Resorts in the deal, and CresaPartners' Phillip Infelise is the project manager. Phenicie and Hart represented Franklin Street Properties, which owns the building. The deals helped direct vacancy for Class A space on the Denver-Boulder corridor shrink to 6 percent, down from 15 percent in fourth quarter 2009 and boding well for that segment of the market. "I would expect to see rising rental rates," said Phenicie. "I think it's going to have to be a nudge at first," he said, adding that by the third of fourth quarter, "I expect it to spike. I think that rising tide will help float some of the boats." The market will have to prove itself – and the lending will have to loosen up – before any new construction gets under way, however, he noted. The Denver-Boulder corridor remains flush with Class B space because of a flight to quality brought on by the downturn and the fact that the corridor contains more Class B than Class A product, said Phenicie. As a result, the corridor's overall vacancy rate edged down only slightly in the first quarter to 20 percent, from 21 percent in the fourth quarter, according to a market analysis prepared by Phenicie and Hart. "This is not going to be an instant snap back to prerecession days, and the second quarter is expected to be slower than the first quarter. While there are still deals in the pipeline that are expected to be completed within 90 days, the overall level of activity has waned considerably," they said. Corporate tenants like Trans- First and Vail Resorts are driving absorption, while small tenants that typically make up 65 percent of the activity have been stifled by the recession. They account for less than 15 percent of current activity. Small tenants are starting to find ways to grow and compete, said Phenicie, and eventually they will account for more than half of the activity. But across the market, "steady, cautious" growth is most likely for the remainder of 2010. **(Colorado Real Estate Journal)**

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Could ULA Launch Recovery?

United Launch Alliance's absorption of 453,000 square feet of Class A office space could signal a turn in the tide for the southeast suburban office market. "There are still options out there, but this was a watershed event. We think this may be the bottoming of the market," said Frederick Ross Co. Broker Tom Lee. United Launch Alliance, a joint venture between Lockheed Martin and Boeing Corp. that makes launch vehicles for NASA, the U.S. Department of Defense and others, is

consolidating 2,000 employees into a single campus in Centennial. It signed 10-year leases for:

- Waterview IV at 7958 S. Chester St., a 167,917-sf office building;
- Panorama I at 7630 S. Chester, which totals 106,213 sf;
- Panorama IV, a 144,202-sf building at 9501 E. Panorama Circle; and
- 34,400 sf in Panorama II, a 102,182-sf building at 7670 S. Chester.

ULA will relocate from 450,000 sf at Lockheed Martin Space Systems Co.'s Waterton Campus and 67,000 sf it leases at South Park in Littleton. "It allows them to get all of their folks together. They were spread out by about 23 miles," said Colliers Bennett & Kahnweiler broker David Hazlett, who represented ULA with CBK brokers Brad Calbert and Bob Whittelsey. "The driving force behind it was to save money, and there's a lot of money being saved in this consolidation," Hazlett said. United Launch Alliance will begin its move into about 70,000 sf of space by the end of this year and occupy all four buildings by late 2011. It leases a 160,572-sf building at 9100 E. Mineral Circle and will decide next year whether to remain in that space.

"We were very fortunate that all of these Class A buildings were available or coming available within their time period," said Hazlett. "You're going to have a very difficult time finding space over 100,000 sf with this deal getting done." "ULA had no other option than us – or a build-to-suit," said Lee, who was part of the Frederick Ross team led by Nathan Johnson that represented owners of the three buildings in Panorama Corporate Center. Given that there is well over a half-million sf of activity in the market – and Panorama was a "very, very good alternative for a number of people" – Lee said the building owners also were fortunate to have available the space ULA needed. "We were in the right place at the right time to make the ULA transaction," he said. Equity Office and Blackstone Group own the Panorama buildings. CalSTRs, which was represented by Frederick Ross Co. Broker Jeff Castleton, owns Waterview IV. The deal represents new growth to the southeast suburban office submarket, where the office vacancy rate is around 20 percent. It also could signal the start of a recovery, said Johnson, noting Denver's past two turnarounds were marked by consumption of large blocks of space. "There is about 450,000 sf of big blocks of space that are being tied up or being taken off the market. When the big blocks start to go away, that's when the recovery starts," he said. In mid-2009, there were 28 large blocks available for tenants from 50,000 to 100,000 sf, today there are 16, according to Ross. Tenants that were looking for large spaces now have a "heightened sense of urgency," and rates will reflect the demand, Johnson and Lee agreed. "It's almost like you're getting a two-tiered pricing structure," said Johnson. "For tenants 50,000 sf or larger, this transaction will have a serious impact on the marketplace," stated Johnson, whose team also included Frederick Ross brokers Pete Staab and Jane Grubich. United Launch Alliance, which formed four years ago, has successfully launched 39 consecutive, successful missions for the Department of Defense, NASA, National Reconnaissance Office and commercial customers. Hazlett said the company put great effort into creating a real estate strategy for the transaction. "It was a very exciting deal working with these guys. They're a bunch of rocket scientists, so the brain power within that company is significant," he said. **(Colorado Real Estate Journal)**

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Qwest Acquisition Expected to Pad List of Downtown Office Vacancies

With the announcement Thursday that it will be acquired by CenturyTel, Qwest's quest for new office space appears to be over. Denver-based Qwest had been

looking for about 400,000 square feet of office space, where it planned to move when the lease on the 1.4-million- square-foot building at 1801 California St. expires in 2012. Qwest already has relocated many of its headquarters' 2,500 employees to other offices throughout the metro area, including a building on Mineral west of Broadway in Littleton. It has subleased about 400,000 square feet in the downtown tower to other tenants and continues to occupy a portion of the remaining 1 million square feet. Over the past 10 years, the telecommunications giant has shed office space. At one point, it occupied as much as 15 percent of the downtown office market, compared with about 4 percent today, said Tom Lee, senior managing director of Frederick Ross Co. "If this had happened 10 years ago, it would have affected the real estate market a lot more than it would today," Lee said. "Now we're more diversified." The downtown market would have been hit whether Qwest was acquired or not because the telecom planned to move many of its employees to other locations, said Bill Mosher, area director and principal of Trammell Crow Co. "The downtown market was going to get hit either way," Mosher said. "If there are headquarters jobs leaving, it will hurt downtown and the region." The downtown market has about 25.9 million square feet of office space, of which 17 percent is vacant, according to a report by Grubb & Ellis. If Qwest leaves its headquarters building, it creates an opportunity for other tenants looking for large blocks of space, said Todd Roebken, managing director at Jones Lang LaSalle. "There is a lot of activity from larger tenants right now," he said. "That would throw a big block of space on the market that would be pretty attractive." (Denver Post)

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	.25	.25	.25
3 MONTH LIBOR	.32	.29	1.07
PRIME RATE	3.25	3.25	3.25
10 YEAR TREASURY	3.84	3.85	2.98
30 YEAR TREASURY	4.67	4.75	3.88