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### Ugly Duckling Fontius Revealing its Handsome Self

The Fontius building at Welton and 16th streets is undergoing a major renovation. "What we're really doing is taking it 90 years back in time," project manager Todd Piccone said. What is now commonly called the Fontius building opened in the heart of downtown in 1923 at Welton and 16th streets. "It was a lively time," said Denver historian Tom Noel, who co-wrote an 85-page essay on the building for Evan Makovsky, the developer who is in the midst of a sweeping renovation of the structure. Eighty-five years ago, the four-story building housed the Steel department store. It was built in an area that was originally home to Indians and later became the upscale residential area for pioneers, such as Frances Wisebart Jacobs, founder of what is now National Jewish Medical and Research Center. By the time the Steel building opened, Denver had a worldwide reputation as a City of Lights, but, as if foreshadowing its fate decades later, the department store failed after only a year or two. In recent years, the building has been called Denver's biggest eyesore, blighted and a rotting corner. The Fontius shoe store was the anchor tenant starting in 1966, but after it left in 1989, the building stood mostly empty and uninviting. Another former tenant was Duplers Furs, and its faded sign, painted on the bricks along the alley at the back, will remain as the building is renovated. Makovsky, principal of Shames-Makovsky, came to the rescue last year by buying the building and other properties on what is called Block 162. Last week, workers began hanging large windows that pivot just as the original ones did. The new energy-efficient windows cost about \$1 million. Makovsky had to get permission from the Landmark Preservation Commission to replace the originals. Without energy-efficient windows, the entire project could have been scrapped. And the terra-cotta exterior has been restored on the upper floors, which from the 16th Street Mall reveals a handsome building that had been hidden for decades under dirt and disrepair. An artist has been hired to mold 9 tons of clay by hand the way craftsmen did in the 1920s to restore the terra-cotta exterior of the bottom floors for the Renaissance Revival-style building, Todd Piccone, project manager of Milender White Construction Co., said on a tour of the 53,000-square-foot building. "What we're really doing is taking it 90 years back in time," he said. The building was designed by Merrill Hoyt, a North High School graduate, who was the brother and business partner of Burnham Hoyt, one of the most prominent architects of the time. Whenever they can, workers are using the original equipment as well as the original blueprints, Piccone said. For example, they found 20 pieces of hardware for the pivoting windows, shined them and installed them. They hired a company in Michigan to reproduce exact copies of the hardware for the vast majority of the windows. "I think we're going to start a trend with these," said Robert Johnson, in charge of business development for Milender White, as he watched a worker demonstrate how the window pivots. "When people see these, everyone is going to want one." A 60-year-old elevator, now being used to ferry construction workers and equipment, will be utilized as a service elevator. A rooftop deck will provide views of the mountains as well as the 16th Street Mall. There are about 55 construction workers on the site each day. The exterior work should be done this summer before the Democratic National Convention in August, but interior work will continue. The building likely will be completed in 2009. Brian Klipp, the architect for the renovation, said the building was built using a structural frame that was the latest technological advance in that era. Using a structural frame instead of load-bearing walls allowed more and bigger windows to be built, he said. "It's a very

transparent building," Klipp said. "It has a very light, floating quality to it. With the terra cotta and the many windows, it is a very delicate building." **(Rocky Mountain News)**

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### **Zell Sees Commercial Real Estate Investment Resurging**

Billionaire Sam Zell said institutional investors are beginning to return to the market for mortgage-backed securities that finance commercial real estate deals and new construction. "I believe the overall market has already started to ease," Zell, chairman of Equity Residential, the largest U.S. apartment owner, said in an interview in New York. "Is it in large volumes? No. Is it the first natural step in the evolution? Yes." For the first time since July, when credit markets froze in reaction to rising home-loan defaults, investors are starting to move their money from Treasury bonds, whose returns are below the inflation rate, and into commercial mortgage-backed securities. Insurance companies and pension funds need to earn at least 6 percent to cover their liabilities, Zell said. The yield on the two-year Treasury note closed at 2.258 percent yesterday, while one measure of the cost of commercial real estate borrowing, 10-year fixed conduit spreads, dropped 28 percent in the last month, according to Morgan Stanley. Zell, 66, sold Equity Office Properties Trust, the largest owner of U.S. office buildings, for \$39 billion including debt in February 2007, five months before the credit crunch. The value of the best office buildings in city centers will weather the slowing economy, Zell said. He said he's more concerned about flashy glass towers built in far suburbs. "I'm sure there's going to be some casualties, particularly in what I would call ex-urban, the glass-block commodity office building," he said. "I don't think there is going to be any casualties in Manhattan, I don't think there's going to be any casualties in any of the first-class office space around the country. The commercial real estate market is going to do terrific no matter what the economy does, short of a depression." International investments will also continue to boost U.S. commercial real estate, with available opportunities overriding overseas antipathy toward President George W. Bush, Zell said. "After they get through bashing George Bush, the very next question is, 'Where's my visa?'" Zell said. "There is not another environment in the world that matches the U.S. in terms of opportunity, creativity, acceptance of change, acceptance of failure." In June, Zell bought Chicago-based media company Tribune Co. for \$8.3 billion and took it private. Tribune's holdings include the Chicago Tribune newspaper, the Chicago Cubs baseball team and its Wrigley Field home, and WGN-TV. He remains chairman of Equity Residential, the largest U.S. owner of rental property. Zell ranked 164th on Forbes Magazine's list of the richest people in the world for 2008. **(Bloomberg)**

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### **Economy Shows Resilience; Jobless Rate Falls as Dollar Rises**

The economy showed off unexpected signs of resilience Friday as job losses slowed, the dollar gained a bit of muscle for a change and there were even indications that food prices may be easing. The unemployment rate dipped, though that may not last. The latest barometers flashed encouraging signs that the economic slowdown may not be as pronounced as some had feared. Still, there's much caution—about housing, credit and other problems. "Economic or financial conditions could take an unexpected stumble at any time," warned Stephen Stanley, chief economist at RBS

Greenwich Capital. Employers eliminated 20,000 jobs in April—not nearly as many as the 81,000 in March, and the fewest monthly losses so far this year, the Labor Department reported. The unemployment rate dropped to 5 percent, from 5.1 percent. Stresses were still evident. It was the fourth straight month that employers cut jobs—bringing total losses to 260,000. Many analysts were bracing for much more carnage. Yet, the new figures "can't be taken as a signal that the economy is out of the recession woods," said Nigel Gault, of Global Insight. On Wall Street, investors initially responded enthusiastically to the employment news, with the Dow Jones industrial average rising more than 100 points, but the market gave back part of that gain and closed up 48.20 points. Investors were keeping their euphoria in check, especially since stocks had already shot nearly 190 points higher on Thursday. Still, the tone in the market was clearly more upbeat. Thursday's advance came on a growing sense that the economy isn't as wounded from the credit crisis as many people have feared. Investors were also reassured by the dollar's show of strength this week. The greenback's latest gains have come on expectations that the Federal Reserve is likely to hold interest rates steady—a trend that makes U.S. assets more attractive to overseas buyers. The U.S. currency rose this week to a five-week high against the euro. In turn, the dollar's advance has had an impact in the commodities market. Food prices—such as for wheat and soybeans—eased. And while oil did rise Friday, that was because of supply concerns rather than moves in the dollar. "Things are a little brighter," Ken Mayland, president of ClearView Economics, said of all the developments. "The economy is seen as doing a little bit better" and that's contributing to the stronger dollar and calmer food prices, he said. Another report out Friday showed orders to U.S. factories rose a bigger-than-expected 1.4 percent in March after two straight months of declines. Higher prices, though, accounted for part of the gain. Businesses are handing out pink slips as they cope with an economy that is teetering on the edge of a recession, or possibly in one already. A severe housing slump, harder-to-get credit and financial turmoil have forced people and businesses to be more cautious in their spending. And that has hurt the economy. To help relieve credit problems, the Federal Reserve announced Friday it would boost the availability of short-term loans to commercial banks to \$150 billion in May from the \$100 billion supplied in April. The goal is to supply a source of cash to squeezed banks so that they'll keep lending. On the employment front, construction companies, manufacturers, retailers, mortgage brokers and temporary help firms were among those shedding jobs in April. Those losses eclipsed gains elsewhere, including education, health, hotels and motels, bars and restaurants, and the government. All told, there were 7.6 million people unemployed as of April, up from 6.8 million a year earlier. Voters are keenly worried about the country's economic problems and so are politicians—in Congress, in the White House and on the campaign trail. President Bush expressed hope Friday that the economic-stimulus rebates beginning to reach taxpayers this week will help lift activity. "This economy is going to come on. I'm confident it will," Bush said. Workers with jobs saw scant wage gains. Average hourly earnings for jobholders rose to \$17.88 in April, a tiny 0.1 percent rise from the previous month. Over the past 12 months, wages have grown by 3.4 percent. If the job market weakens in the months ahead, wage growth probably will slow, too, making people even less inclined to spend. That would spell further trouble for the economy. The new jobs figures come from two different statistical surveys, which can provide—as in Friday's case—a somewhat conflicting picture. The seasonally adjusted overall civilian unemployment rate—5 percent in April—is based on a survey of 60,000 households. It showed that 362,000 people said they found employment last month, outpacing

the number of new people who couldn't find work. Economists tend to put more stock, however, in the much broader business survey of 400,000 work sites that was used to calculate the job loss figure. To help bolster the economy, the Fed lowered interest rates on Wednesday, but signaled that its rate-cutting campaign could be drawing to a close. Fed officials and the Bush administration are hoping that the Fed's aggressive rate cuts since September plus the government's \$168 billion stimulus package will lift the country out of its slump in the second half of the year. Even if that happens, economists predict the unemployment rate will climb higher, hitting 6 percent early next year. Employers often are reluctant to beef up hiring until they feel certain that a recovery has staying power. The economy advanced at a snail's pace of just 0.6 percent in the first three months of this year as people and businesses clamped down on their spending. That marked the second quarter in a row of such feeble growth. "I think we are in a recession," said Mark Zandi, chief economist at Moody's Economy.com. Even though the employment news was "encouraging ... it is much too premature to signal that the economic coast is clear."  
(AP)

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	<b>CURRENT</b>	<b>1 MONTH PRIOR</b>	<b>1 YEAR PRIOR</b>
<b>FED FUNDS RATE</b>	2.00	2.25	5.25
<b>3 MONTH LIBOR</b>	2.77	2.70	5.36
<b>PRIME RATE</b>	5.00	5.25	8.25
<b>10 YEAR TREASURY</b>	3.89	3.58	4.67
<b>30 YEAR TREASURY</b>	4.57	4.40	4.84

