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#### Four Office Tenants Consume 376,039 Sf

Four tenants devoured big blocks of office space in the Denver area, trimming the list of options available to 100,000-square-foot users. ViaSat Inc., parent company of WildBlue Communications, leased a never-occupied 98,445-square-foot Class A building in Englewood. The U. S. Bureau of Prisons leased 90,750 sf in Aurora. Webroot took 100,000 sf at a new building in Broomfield, and Health- Grades is moving from the west metro area to 86,844 sf in downtown Denver. "There have been a number of lease deals that have taken a lot of the large blocks.

Consequently, there are not a lot of options for a 100,000-squarefoot tenant in the metro area," said Chuck Zeman of Grubb & Ellis Co., who represented owner LBA Realty in the HealthGrades deal. "For the large tenants, quality blocks of space have dwindled," he said. HealthGrades, currently in 60,000 sf in two west metro office buildings, will move to Denver Place, a LEED Gold building at 999 18th St., in December. "They are experiencing significant growth within their company. They also felt it was important for HealthGrades to have a much more prominent image in Denver," said Andy Cullen of Jones Lang LaSalle, who represented the tenant with JLL brokers Barry Dorfman and Tim Bourdelais. HealthGrades will have signage on the Class A building. The health care ratings company wanted minimal impact on existing and future employees, and, "Downtown worked for everybody," Cullen said. "We're excited to have a dynamic group like Health- Grades come into the downtown market. It's a great boost for the occupancy and the absorption in the downtown CBD," said Zeman, who represented the owner with Grubb & Ellis brokers Phil Sweeney, Tim Harrington and Alan Polacsek. Between Health- Grades and U.S.

General Services Administration tenants, the building generated 190,000 sf of absorption in a little more than a month. ViaSat signed its lease at Parkside Office Plaza at Inverness, a Class A, LEED Gold building that Opus Northwest completed in October 2008 and recently sold to Founders Properties LLC. ViaSat last year acquired WildBlue Communications, a satellite broadband service provider that occupies about 58,000 sf in Greenwood Corporate Plaza in Greenwood Village. "It's great news for southeast Denver that they are going to stay here and that they're growing and expanding into Douglas County," commented Peter Coakley of Inverness Properties. Coakley represented the owner in the transaction. JLL's Dorfman, along with Jones Lang LaSalle broker Bill Byrne, represented the tenant in the long-term deal. Parkside Office Plaza is located at 349 Inverness Drive S. in Englewood. The U.S.

Bureau of Prisons, whose lease at an existing Aurora location expires in October, will be moving to Southeast Corporate Center at 11900 E. Cornell Ave. The location gives the agency an additional 13,000 sf and was selected through a competitive process. The Bureau of Prisons signed a 10-year lease for space in two of the center's three buildings, said Frederick Ross Co. Broker Jamie Gard, who represented property owner DCI Tech Holdings. The center's buildings, which are connected to one another, were built in the 1980s. Webroot is relocating from Boulder to Central Park Tower at 385 Interlocken Crescent Blvd., a new 300,000-sf LEED Gold building on the Denver-Boulder corridor that is seeing a lot of activity. The company will bring with it more than 200 jobs. With recent 28,000-sf leases by Cloud Peak Energy and Sybase, the building is more than half leased. Chris Phenicie and David Hart of CB Richard Ellis Inc. are the listing brokers. Chris Silvestri of CresaPartners represented Webroot. Metrowide, there now are 17 blocks of Class A space available for tenants in the 100,000- sf range, said Zeman. Denver's central business district has six of the large blocks, and the southeast suburban office market has two. "A year ago

there was probably double that," Zeman said. Smaller tenants have "a million" choices, he said. "If you have 30,000 or 40,000 square feet, the market is very favorable," said Dorfman. "It's probably still a favorable market for the larger tenants," he added. United Launch Alliance's absorption of 453,000 sf earlier this year made a big dent in the southeast suburban submarket, Dorfman said. But downtown, the 345,430 sf the GSA leased while it modernizes federal buildings will come back on the market in three to four years, he noted. Qwest also will vacate a big chunk downtown. **(Colorado Real Estate Journal)**

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### **Waterproofed**

A pair of Class A buildings with waterfalls, mountain views and strong credit tenants sold for \$14 million. Waterpark II and III at 2530 and 2550 S. Parker Road in Aurora were 99.3 percent leased at the time of the sale. Kaiser Foundation Health Plan, the state of Colorado, Wells Fargo, AT&T and BonaKemi's U.S. headquarters occupy more than 90 percent of the space. Waterpark II & III LLC, an entity managed by Matrix Group Inc., bought the property from KBS Realty Advisers. Waterpark II is a 104,208-square-foot building that was built in 1982. Waterpark III, which consists of 106,629 sf, was completed two years later. "The occupancy and types of tenants that we have there are demonstrating the quality of the buildings," said Matrix Group President John Webb. "This is a great location for them." Kaiser is the largest tenant, occupying approximately 90,000 sf. Leases in the buildings won't expire for a number of years, and KBS just completed extensive capital improvements that included modernizing the elevator components, window replacements and other upgrades. The six-story buildings at Havana and South Parker Road are accentuated by outdoor waterfalls and fountains, as well as mountain views from every floor. Peter Keeper of Essex Financial Group arranged acquisition financing, which was provided by New York Life. Cushman & Wakefield of Colorado Inc. brokers Mike Winn and Tim Richey Represented the seller. Webb didn't disclose the cap rate on the transaction, but called it "very attractive." Matrix Group is a Denver-based commercial real estate firm that owns approximately 1 million sf in the metro area and is looking for additional office, retail and industrial acquisitions. **(Colorado Real Estate Journal)**

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### **Colorado's Firms See Growth Ahead**

State businesses are confident they can grow this quarter despite ambiguous signals from the national economy, according to the latest survey from the University of Colorado's Leeds School of Business. The Leeds Business Confidence Index rose to 54.8 for the third quarter of 2010, its highest level in three years. The index pierced the "neutral" rating last quarter to reach 51.7 after staying negative for the previous 11 quarters. Most of the 268 firms that responded also reported more positive outlooks for sales, profits, hiring and capital expenditures in their businesses. "I think they see a general tone of optimism," said Richard Wobbekind, director of the Leeds School's Business Research Division. Confidence in the national economy was the only survey metric that fell, showing that some Colorado businesses see trouble in the country's private sector even as their own sales look ready to rebound. Sales are the driving force behind companies' ability to afford new capital expenditures, make profits and hire new people, Wobbekind said. Industry sales expectations for

this quarter reached 59.4, also the highest level since the same time in 2007. Plans for capital expenditures and hiring swung positive for the first time since 2007 to 53.7 and 53.3, respectively. Confidence in the state economy rose to 56.1, its highest since 2006. "I don't think anyone's going to believe the recovery's been in place until we see better hiring numbers locally and nationally," Wobbekind said. "If they're saying they're hiring, you have to think they're telling us the truth." At the same time, headlines from New York and Washington add to state businesses' uncertainty. Markets reacted negatively Wednesday after minutes released from a June meeting of Federal Reserve officials showed lowered expectations for the overall economy. Some Colorado firms share their out-of-state counterparts' pessimism. Manufacturers continue to struggle, Wobbekind said, even as white-collar professional business services say they're ready to hire. The state's small businesses are also less confident than large firms that their sales will rise, said Tony Gagliardi, Colorado director of the National Federation of Independent Business. "We keep talking about access to capital for small businesses," Gagliardi said. "When I talk to my members in manufacturing, they are not expanding. They are not going to borrow, because they don't have customers coming through the door." The NFIB's monthly Small Business Economic Trends survey found optimism among its nationwide membership last month. **(Denver Post)**

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|                         | <b>CURRENT</b> | <b>1 MONTH PRIOR</b> | <b>1 YEAR PRIOR</b> |
|-------------------------|----------------|----------------------|---------------------|
| <b>FED TARGET RATE</b>  | .25            | .25                  | .25                 |
| <b>3 MONTH LIBOR</b>    | .49            | .54                  | .50                 |
| <b>PRIME RATE</b>       | 3.25           | 3.25                 | 3.25                |
| <b>10 YEAR TREASURY</b> | 3.02           | 3.12                 | 3.54                |
| <b>30 YEAR TREASURY</b> | 4.01           | 4.06                 | 4.44                |