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A Denver Based Commercial Real Estate Investment and Management Company
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Commercial Real Estate Sales Pass \$5 Billion

More than \$5 billion in Denver-area commercial real estate sold in 2006, topping the record set in 2005 by \$2 billion - a 64.5 percent increase. "It was a \$5 billion year that was just phenomenal by any measure," said Brad Neiman, senior vice president of Denver-based Northstar Commercial Partners. "And it wasn't just Denver," said Neiman, who has been tracking investment sales of offices, retail and industrial properties for the past quarter of a century. "Denver was part of a tide that was sweeping the nation. Every major city in the U.S. had record sales last year." Last year, Chicago-based Equity Office Properties, which is being taken private in a \$36 billion deal by the privately held Blackstone Group, sold its eight-building Denver Tech Center portfolio for \$260 million, one of the largest single transactions ever in the Denver area. Government Properties paid \$91.3 million for the 275,645-square-foot Environmental Protection Agency building at 1595 Wynkoop St., or more than \$330 per square foot, a record price per square foot for a downtown office tower. Both the Equity Office and the EPA building were sold by the Cushman & Wakefield team of Tim Richey and Mike Winn, which sold about \$1.5 billion in properties last year. The CB Richard Ellis team of Mary Sullivan, Tim Swan and Ron Urgitus sold about \$1.1 billion in properties in 2006. Their tally would have been even higher, but the team's listing of the Equity Office Properties' downtown portfolio, which includes the Tabor Center and the previous Denver Post building, didn't close last year. "It was an absolutely blockbuster year," Sullivan said. "There were a lot of large, large transactions. It is a clear indication that the Denver marketplace is widely accepted by investment capital across the country, as well as internationally. "The office market's fundamentals are improving by every measure - leasing activity, absorption and lease rates," even though office building leases are low compared with other parts of the country. Last year was unusual in that the 10 top sales were all office buildings, Neiman said. The \$95.7 million sale of Clayton Lane was the only retail deal that came close to breaking into the top 10, but it was bumped by the year-end sales of the Park Central and Chase Manhattan buildings downtown. Those sales are so recent that Neiman has yet to get the sales records. Neiman's numbers also didn't include Shea Properties' \$150 million purchase of the Denver Tech Center, because that included about 1,300 acres of land. Nor did he include the \$90 million sale of the Grand Hyatt Denver hotel downtown, the \$72 million sale of the JW Marriott in Cherry Creek North and the \$31 million sale of the Hotel Teatro downtown. "I don't track the hotel market, but you would find that they also had a record year in 2006," Neiman said. Neiman said that he thinks this year could equal or even slightly edge the 2006 sales volume. **(Rocky Mountain News)**

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TIAA-CREF Data Center to Open by March

TIAA-CREF conducted a national search for data-center space before landing in 92,800 square feet in Broomfield, according to a company spokeswoman. The financial services company signed a 12-year lease at Broomfield Corporate Center, where it will open the new center. "I think Broomfield provided for us the best fit in meeting our data-center objectives," said Jennifer Compton, senior media relations officer. TIAA-CREF, which occupies 415,000 sf of office space in downtown Denver, will transition out of 135,000 sf in Republic Plaza, where it currently has a data

center, into the new center at 11525 Main St. and 280,000 sf it occupies at 1670 Broadway over the next several months, Compton said. **(Colorado Real Estate Journal)**

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CA Partnership Acquires The Commons 6000 for \$4.8M

Lagomarsino Group and Beretta Property Management acquired The Commons 6000 from Legacy Partners Commercial Inc. for \$4.8 million, or about \$95 per square foot. The 50,599-square-foot, multitenant office building, at 6000 Greenwood Plaza Blvd., is within the Greenwood Commons complex. Several of the Greenwood Commons buildings offer unobstructed Rocky Mountain views as well as the opportunity for building signage. Steve Suechting and Joe Sereino of Trammell Crow Co. represented the seller. Nate Bradley and Ryan Stout represented the buyer. **(CoStar)**

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2007 Forecast for Office, Industrial & Retail

A strong economy will continue to strengthen office markets nationwide in 2007 while the weak housing sector could hurt industrial and retail property, reports Grubb & Ellis. Continued demand for office space should cause rents to rise by 5% or more in 20 central business districts, according to the firm's report. Demand for industrial space, meanwhile, is projected to drop by 30 million sf. The retail property market overall will remain in equilibrium, but there will be drops in absorption and construction, particularly of retail centers targeting new residential neighborhoods. **(LoopNews)**

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Dec. Comp Sales Rise 3.1%

Same-store sales in December rose by 3.1% year over year, as consumers continued the trend of shopping late for holiday gifts, according to an International Council of Shopping Centers report. The results were better than expected, but would have come in even more favorably if warm weather hadn't prevented the sales of seasonable clothing at some chains. Wholesale clubs were the best-performing sector in the industry, posting a 6.2% gain. Costco shot up 9%, followed by Sam's Club's 3.5% gain. BJ's Wholesale inched up 0.9%. Department stores, with a 3.6% increase, came in below their monthly average gain of 3.6%. High-end chain Nordstrom soared up 9%, while Federated Department Stores came in with a 4.4% rise. Struggling Dillards posted a 5% drop. Apparel chains were hit the hardest, falling 0.9% as a group. Gap Inc. plummeted 8%, Deb Shops sank 7.5% and Cato Corp. dropped 6%. Strong gains were posted by American Eagle Outfitters, rising 13%, and Limited Brands, up 4%. In the discount sector, up 2.3% as a whole, Dollar General's 7.1% push came in front, followed by TJX Cos.' 6% increase. Target reported a 6% gain, while Wal-Mart inched up 1.3%. ICSC's research team is predicting a 2.5% to 3% gain in January, as consumers spend their holiday gift cards. **(Globest.com)**

Encana Lease Cements Value of Republic Plaza

Encana Oil & Gas(USA) has leased 452,000 square feet in Republic Plaza in one of the largest office leases in downtown Denver. The total value of the 12-year lease at the 56-story Republic Plaza, Denver's tallest building, is estimated to be worth in the neighborhood of \$175 million. Encana already subleases about 170,000 square feet from TIAA-CREF, which is vacating the 56-story Republic Plaza, the largest building in Colorado. "We are thrilled to have Encana here," said Bill Lucas, vice president of Brookfield Properties, the building's owner. "We have a long-term corporate relationship with Encana," which is based in Calgary, Alberta. With this five-phase deal, Encana basically will control the entire lower bank at Republic, as well as several other floors. The company currently employs about 800 people in downtown Denver, and likely will have 1,200 to 1,400 people when it occupies all of the space, said Doug Wulf, a broker with Fuller and Co. "This is the largest lease I can think of in downtown Denver," Wulf said, although he said it is possible that energy companies in the early 1980s took more space. With this deal, the occupancy rate at the 1.2 million-square-foot Republic rises to 97 percent, while it stood at 88 percent a year ago. Brookfield recently paid \$6 million for Duffy's Shamrock Restaurant and Bar, according to public records, giving Brookfield control of the entire block bordered by Tremont and Court places, and 17th and 16th streets. Some industry observers speculated that Brookfield's proposal for a 1,000-space garage on the Duffy's site was a driving force for Encana renewing and expanding its lease, but that is not the case. Brookfield has not even approved the construction of the garage. "This is a great move for the building, and a great building for the tenant," said Dave Morrison, a broker with Grubb & Ellis, who formerly was an executive with Broomfield. With the Encana deal, and the Duffy's site, it cements the value of Republic at north of \$300 per square foot, if Brookfield plans to sell, Morrison and other said. In 2005, Brookfield had Republic on the market, but it didn't sell it. The Encana deal is wonderful news for downtown and the state, said Tom Clark, executive vice president of the Metro Denver Economic Development Corp. "It certainly makes a statement regarding Encana's long-term intentions about downtown and Colorado," Clark said. "What a shot of confidence in the arm for downtown. The oil and gas industry pays an average salary of \$78,000, so we're talking about a really big payroll. Also, I'm sure developers of new office buildings will greet this news with a great deal of enthusiasm." Paul Keilt, a broker with the CRESA Partners, said he believes the last time a lease of this magnitude was signed was in 1984, when ARCO Coal took about 450,000 square feet. "You could draw an analogy with this deal to the old oil and gas days of the 1980s," Keilt said. "We've come full circle." **(Rocky Mountain News)**

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	5.25	5.25	4.25
3 MONTH LIBOR	5.36	5.35	4.55
PRIME RATE	8.25	8.25	7.25
10 YEAR TREASURY	4.65	4.43	4.37
30 YEAR TREASURY	4.74	4.55	4.56