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A Denver Based Commercial Real Estate Investment and Management Company  
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### **CMCB Lands Phase One of 500-Acre Retail Development**

Locally based CMCB Development Co., headed by Carl Chang, brother of former tennis great Michael Chang, is the successful bidder for the 17-acre retail development on the Denver International Airport property along Peña Boulevard. The development--called the Peña Project--is the first phase in what could be a 500-acre retail development along the major highway in and out of DIA. "We were pleased with all the companies that submitted proposals, but CMCB's was very strong and shared our overall goals for the Peña Project," says Stan Koniz, DIA chief financial officer. He says the project, which will incorporate the airport's 45-minute waiting area, will "deliver a quality retail village that will serve the 30,000 workers at DIA, as well as provide attractive retail outlets for people to wait for arriving passengers." He says the goal is with this type of development is to increase non-airline revenues. "Every dollar we earn from concessions and other sources reduces the cost to our airlines and their passengers," he says. Koniz said DIA's concessions program has been extremely successful, totaling more than \$1 billion in gross sales since the airport opened in 1995. He said the Peña Project "will allow us to boost that figure even higher." DIA's steadily decreasing airline fees were a major factor in attracting Southwest Airlines, he says. Non-airline revenues allowed DIA officials to lower the fees charged to airlines and helped bring Southwest to Denver. "Denver International Airport is a trendsetter in this type of commercial land development program," says Susan Stanton, vice president of the DIA Partnership, a regional economic development organization comprised of public, private and community leaders. "Our research has shown that airports throughout the country are looking at their land as an asset and a way to provide more services to their customers, which in turn would reduce costs to the airlines that serve them." Stanton tells GlobeSt.com that the retail center on the 17-acre site likely will be in the neighborhood of 100,000 sf to 150,000 sf. It's too early to say how much it will cost, she tells GlobeSt.com. "I have not heard of any capital number attributed to it," she says. And it's way too early to speculate on what will be built or how many sf will be constructed on the entire 500-acre project, she tells GlobeSt.com. "At this point, we don't know," she says. "But any commercial development on the land has to be airport-related in some way." Redwood Real Estate Partners LLC will be CMCB's financial partner, and SullivanHayes Brokerage will lease the property. The Chang family bought SullivanHayes from Denver developer Jim Sullivan for an undisclosed price. SullivanHayes has leased or sold more than 15 million sf of retail property in the last five years at properties like Arapahoe Crossings, Stapleton, Northfield at Stapleton and Westminster City Center. **(Globest.com)**

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### **Colorado Springs Real Estate Market Booming**

Commercial real estate is booming in Colorado Springs, CO, according to a report issued by Paul Tuner. Office, industrial, and retail vacancies have been reduced and accompanied by a modest increase in the average asking price for rents. The office market segment enjoyed the biggest gain with 423,420 square feet of space

absorbed in the first quarter of 2006. That surge brought the local vacancy rate down to 7.9%, nearly a point below the fourth quarter of 2005. **(LoopNews)**

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### **Two Teams Remain in Battle for \$1B Union Station Project**

Two of the four teams this week say they have dropped out of the \$1-billion plan for the redevelopment of Denver Union Station, leaving two final teams. The two teams withdrawing from the developer selection process are Denver Crossroads Developers and Forest City. Denver Crossroads is headed by Phelps Development, the development arm of Hensel Phelps, based in Greeley, and one of the largest general contractors based in the state. That team also included Denver developer Bill Mosher and Trammell Crow. The second drop out, Forest City, is currently developing Stapleton, among other large projects in the Denver area. "Forest City did not say anything in writing, but clearly they have got a lot of other big projects going on," Liz Orr, head of the selection team for the development, tells GlobeSt.com. "The same thing is true with Denver Crossroads. They said in a letter that they had to make a resource-allocation decision." One of the final teams remaining is Cherokee Investment Partners, LLC. That team includes: Dakota Ridge Development, LLC; New Boston Fund; Sage Hospitality Resources; and Williams Jackson Ewing. Also on the team are Buchanan Yonuschewski Group and Kohn Pederson Fox. Cherokee is in charge of cleaning up the pollution at the former Gates property site at Broadway and Interstate 25. The other team is headed by Denver-based Continuum Partners and East West Partners. Also on the team are Aecom, DMJM Harris; Kiewit Construction; and Skidmore, Owings & Merrill. Continuum, in addition to other projects, is developing the \$750-million Belmar, a mixed-use development that is serving as the downtown for Lakewood. East West Partners is developing the \$1-billion Riverfront Park mixed-use development in the Central Platte Valley behind Union Station. As part of the next step in the process, the remaining teams must give more details of their development visions and expectations for the Denver Union Station site. Each proposal must include an estimated financial plan and an offer to acquire development rights. The selection committee expects to name a master developer in September 2006. **(Globest.com)**

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### **Office Market Uptick Predicted**

Downtown space harder to find as vacancy rate declines Today's office market is poised to rebound, said Dave Morrison, a broker at CB Richard Ellis, despite a slight setback in the first quarter. A first-quarter report released by CBRE showed that the overall downtown office market's vacancy rate is 12 percent compared with 15.5 percent for the overall Denver-area office market. When sublease and other available space is included, the downtown office vacancy rate is 15 percent, compared with 19.2 percent for the Denver-area market. A year earlier, the direct vacancy rate downtown was 13.6 percent, and the availability rate, including subleased space, was 18.6 percent. "All markets are cyclical, although we're less cyclical than in the past because our economy is better diversified," said Morrison,

who was in charge of Brookfield's operation in Denver before becoming a broker last year. Brookfield owns the 56-story Republic Plaza office building downtown and last year sold its interest in the Colorado State Bank building. "Downtown is about in the same place, as far as vacancies, as it was in 1996," Morrison said. "And from 1997 to 2000, we had this spike in lease rates and a drop in vacancies." The average lease rate is \$19.47 per square foot downtown, about 14 percent higher than the overall lease rate of \$17.07 per square foot. The only downside in the first quarter was that downtown showed "negative absorption" of 30,153 square feet, while the overall market absorbed, or gained, 259,078 square feet. The downtown office market in the first quarter 2005 showed stronger absorption, with a total of 135,240 square feet of net absorption. Absorption measures the change in leasing over a period of time. If a company was leasing 100 square feet and it moved into 75 square feet, it would show negative absorption of 25 square feet. "There was a minor setback in net absorption because of Wells Fargo leaving part of its space" and taking less than before, Morrison said. Sam DePizzol, a broker at CB Richard Ellis who represents tenants, said the market downtown is improving at a faster clip than the numbers show. Earlier in the year, he represented Exclusive Resorts, which took about 80,000 square feet in the Park Central building at 1515 Arapahoe St. Exclusive Resorts had an option to lease another 60,000 square feet in a tower at Park Central, but it didn't need the space, so it let it expire. Beacon Properties, owner of the building, "called in those options today," DePizzol said last week, because it had several tenants who wanted the space. And they are paying higher rates than what Exclusive Resorts had locked in nine months ago. Chuck Zeman, a CB Richard Ellis broker, said he is looking for 25,000 square feet for a financial institution and fewer choices are available than a year ago. Morrison said the market is so strong that at least four new office buildings are on the drawing boards, which would add about 500,000 square feet of office space to the market over the next five years. He said the metro area created about 26,000 jobs last year and is projected to create another 28,000 this year. Based on those numbers, he estimates that downtown will absorb at least 500,000 square feet this year. Most of the downtown absorption will come from existing companies growing rather than big companies entering the market, he said. "That's what we want," Morrison said. "We want organic growth. That is the best indicator of the health of the economy and the health of the market."  
**(Rocky Mountain News)**

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### **Westin Tabor Center Hotel Sold**

The sale of the 430-room Westin Tabor Center hotel in downtown Denver was completed Monday. The sale was part of a 28-property portfolio that changed hands. The hotel's former owner, Starwood Hotels & Resorts Worldwide Inc. (NYSE: HOT) of White Plains, N.Y., sold the portfolio to Host Marriott Corp. (NYSE: HMT) of Bethesda, Md. The entire Host Marriott-Starwood deal includes 35 properties, selling for \$4.23 billion. But the sale of seven hotels abroad has been deferred, because some consents haven't been received and some notice periods haven't yet lapsed, according to Starwood. On Monday, Starwood shareholders received \$2.8 billion, or 66 percent of the total price, in the form of Host stock, and \$119 million in cash. The Starwood company received \$738 million -- \$600 million in cash, \$77 million in debt that Host assumed and \$61 million in Host stock. The seven deferred hotels

include Sheratons in London, Rome and Fiji, plus Westins in Madrid, Fiji as well as Milan and Venice, Italy. The 19-story Westin Tabor Center is located at 1672 Lawrence St., and is part of the Tabor Center commercial complex, which includes an office tower, shopping center and restaurants. The hotel opened in 1985 and finished a three-phase, \$8 million renovation in 2004. The redo included upgrading both rooms and public areas including lobbies. The property has 24,000 square feet of meeting space in 20 rooms. The Westin employed 250 people as of the Denver Business Journal's most recent list of metro-area hotels, published in August 2005. Monday's Starwood-Host deal included mostly North American properties, but also some international ones -- 14 Sheratons from Boston to Warsaw, Poland; nine Westins, including Denver's; two Ws; the St. Regis Houston; the Capitol Hill Suites in Washington, D.C.; and the San Cristobal Tower in Santiago, Chile. The largest hotel in the transaction is the 1,746-room Sheraton New York Hotel & Towers in New York City. The smallest was the 139-room San Cristobal Tower. **(Denver Business Journal)**

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### **Green Grumblings**

A new green building proposal in Washington, D.C., has many developers on edge. While green ordinances are nothing new, D.C.'s Bill 16-515, if enacted, would extend beyond government buildings to mandate compliance in the private sector. "Bill 16-515 reaches well beyond the practice of other green jurisdictions," said developer Robert Braunohler at a Feb. 10 hearing on the measure. Braunohler, a regional vice president at Louis Dreyfus Property Group, opposes establishing a compliance officer for pre-permitting plan reviews and inspections, which he said carries "threats of stop-work orders and certificates of occupancy denials." A working group formed by the Committee on Consumer and Regulatory Affairs is currently fine-tuning the bill's requirements, enforcement language and incentives program. The measure is expected to come up for further consideration later this year. Under the proposal, any construction or renovation involving 20,000 sq. ft. or more must meet green building energy-efficiency standards, posing added costs for developers and landlords alike. Dozens of speakers praised the spirit of the ordinance, drafted by Councilmember Sharon Ambrose, but most called for refinement to avoid stifling renovations and development. At least 43 cities and 14 states encourage energy efficiency and the use of environmentally friendly materials and construction methods, according to the U.S. Green Building Council. Nearly all of those policies are limited to government-owned buildings, however, or offer incentives to encourage commercial developers to meet standards for Leadership in Energy & Environmental Design (LEED) ratings on new properties. What worries landlords and developers about D.C.'s Green Building Act is that the plan extends green building requirements to non-government projects. As currently proposed, even refinishing the interior of a 20,000 sq. ft. space in an aging office building would require compliance with the latest green building standards, potentially involving the replacement of ventilation and hot water systems or other high-dollar items. "When you're dealing with a renovation, or even the development of an interior space, those standards make no sense," says David Briggs, an attorney in the land-use and government practice group of Holland & Knight in Washington. Briggs serves on a working group that is attempting to convince District leaders to adjust the bill's

provisions. Another alarming feature of the bill, say some developers, is that it would use the District's own inspectors to ensure compliance with the new rules, rather than deferring to the existing LEED system. While Washington, D.C. is trying to push the envelope, other cities have already adopted more aggressive green building codes. Late last year, the city council in Pasadena, Calif., adopted an ordinance requiring all new commercial and residential construction to meet at least the minimum LEED level of certification. The legislation is driven in part by environmentalism, but many cities also see green building as a way to control energy usage on power grids that struggle to keep up with increased demand brought on by new construction. "Buildings consume 40% of the available energy in the United States," says Rick Fedrizzi, president, CEO and founding chair of the U.S. Green Building Council. "We have the power, and the responsibility, to reduce our energy consumption through high-performance green building." **(National Real Estate Investor/Matt Hudgins)**

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	<b>CURRENT</b>	<b>1 MONTH PRIOR</b>	<b>1 YEAR PRIOR</b>
<b>FED FUNDS RATE</b>	4.75	4.50	2.75
<b>3 MONTH LIBOR</b>	5.08	4.91	3.14
<b>PRIME RATE</b>	7.75	7.50	5.75
<b>10 YEAR TREASURY</b>	4.98	4.77	4.35
<b>30 YEAR TREASURY</b>	5.05	4.77	4.66