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A Denver Based Commercial Real Estate Investment and Management Company
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New Owner Aims to Lift High Point

A Miami company has purchased the 1,800-acre High Point development, a move that will accelerate the project near Denver International Airport. LNR Property Corp. bought the property last week from Landmark Properties Group, the Denver development firm headed by Ray Pittman. Terms of the deal were not disclosed. "We felt the project has tremendous potential and really needed a stronger balance sheet behind it to bring the vision into reality," Pittman said. "LNR is a very large, very well-capitalized player that will allow us to fulfill our plans and vision." Pittman expects the infusion of new capital to hasten development of the master-planned community, which will include residences, offices, a hotel and conference center, a golf course and a charter school. He has lobbied hard for a rail station near the East 68th Avenue and Tower Road project. LNR, a spinoff of national homebuilder Lennar Corp., has \$4 billion in assets. High Point is LNR's first major investment in Colorado. LNR has been looking for development opportunities in Colorado for more than a year, said Curt Stephenson, president of LNR's national land division. High Point is a good project for LNR because of its diverse product type, he said. "We are comfortable building office, retail apartments and industrial," Stephenson said. "High Point has that capability. We have a good relationship with Lennar and other public builders, so the residential component didn't scare us at all." Pittman will continue to oversee the development. He will become senior vice president of the mountain region for LNR and will work to expand the company's Denver presence. It's difficult to determine the value of the deal because Pittman already has the appropriate approvals to develop the property with a mix of residences, office and retail space, said Steward Mosko, senior vice president of Fuller Real Estate. "Having that entitlement takes it a step above being raw land," Mosko said. **(Denver Post)**

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Re/Max Already too Big for New HQ

Re/Max International has outgrown its new headquarters at the Denver Tech Center - before it's even moved in. Nearly 400 employees will fill the 238,000-square-foot building, expected to be completed in January. Re/Max, which has 625 employees worldwide, is continuing to hire people, said Dave Liniger, the company's co-founder and chairman. Founded in the Denver Tech Center in 1973, Re/Max has more than 119,000 sales associates in 65 countries. The company adds up to 15,000 sales associates each year and handles about 2 million transactions annually. Liniger said he's scouting for sites for another building in several years but doesn't have a location in mind. "Three years ago, we thought this building would handle our growth for the next 10 years," Liniger said. The company recently launched a national multiple listing service, giving consumers access to information about home sales previously available only to real estate agents. The site currently has more than 2 million listings. When it's complete, there will be about 4 million, Liniger said. "Consumers want as much information as they can get without talking to somebody," he said. Over the past few years, there has been speculation that Re/Max is preparing to go public. Liniger said an initial public offering is not imminent. Previously, he has said the company might go public to raise cash to buy back franchises and to limit estate taxes if Liniger and his wife were to die. The new

building initially was slated for completion in November, but the cement shortage last fall threw construction off schedule, Liniger said. The 12-story building at 5075 S. Syracuse St. was designed by Barber Architects and is being built by Weitz Construction. The building includes an 800-car parking garage and production and studio facilities for the Re/Max Satellite Network, the company's in-house satellite television education network. The center has two large classrooms, which will be used for week-long training sessions for new franchisees. The company sells about 500 U.S. franchises a year. Previously, it held its training courses at hotel conference centers. **(Denver Post)**

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LoDo Building to be Green, Tony

Denver-based Urban Villages plans to start construction later this year on a \$40 million building along the 16th Street Mall. The 10-story Sugar3 building will charge the highest office rates in Denver and be energy efficient, said Grant McCargo, chief executive of Urban Villages. "It's going to be absolutely the greenest building ever built in Denver," McCargo said. "And the apartments will be the kind you might find in midtown New York or San Francisco, but there's nothing like this in Denver." He said the 37 apartments, which will rent from \$1,200 to \$5,000 each month, will have "the type of finishes you find in \$2 million condos in the Central Platte Valley." The target market, he said, will be busy executives who don't live in Denver but do a lot of business in the city - those who could afford to buy a \$2 million pad downtown but prefer to rent. And its office leases will range from \$32 to \$34 per square foot. "That's the top of the market," McCargo said. "It's more than at (the nearby) 16 Market Square, but this building takes everything to the next level." One of the partners at Urban Villages is Will Fleissig, who most recently was a principal at Continuum Partners, developer of 16 Market Square. The 197,000-square-foot Sugar3 building, which the Lower Downtown Design Review Board recently approved, is at the corner of Blake and 16th streets, adjacent to the historic Sugar building, which is owned by an affiliate of Urban Villages. Kuwabara Payne McKenna Blumberg Architects, which is headquartered in Toronto, designed the building. Its one- and two-level urban apartments will include features such as wood floors, granite countertops, stainless steel appliances and steam showers. Residents will have some of the largest terraces and balconies available downtown, and all residential and office tenants will have access to concierge services. The retail lease space of the building, located along the entire 16th Street frontage, is made up of 8,000 square feet on the ground floor. Urban Villages plans to include a restaurant tenant in the building and has added restaurant accommodations in the first-floor design. Office space will be located on floors two through four and consist of 50,000 square feet of Class A rentable space. All three floors of office will have access to outdoor terraces. Todd Wheeler of Cushman Wakefield is the listing broker for the office space. Urban Villages will select a general contractor by the end of this month. Construction is expected to begin in September and be completed in January 2008. **(Rocky Mountain News)**

Economy Grows at 5.3% in First Quarter

Emerging from a year-end rut, the economy dashed ahead in the opening quarter of this year at a 5.3 percent pace, the fastest in 2 1/2 years and even stronger than previously thought. The new snapshot showed that gross domestic product during the January-to-March period exceeded the 4.8 percent annual rate initially estimated a month ago, the Commerce Department reported Thursday. Gross domestic product measures the value of all goods and services produced within the United States and is considered the best barometer of the country's economic fitness. The upgraded reading on GDP, based on more complete information, mostly reflected stronger U.S. exports and better inventory building by businesses. Economists, however, were predicting an even bigger upgrade to the first-quarter reading. Before the release of the report, they were forecasting economic growth to clock in at a 5.8 percent pace. Even though the revised figure fell short of that, it nonetheless made clear that the economy had snapped out of its end-of-year lull. Sales of existing homes fell in April, and the median price posted the smallest increase in 4 1/2 years, new signals that the nation's once red-hot housing market has cooled. The National Association of Realtors said Thursday that sales of previously owned single-family homes and condominiums dropped by 2 percent last month to a seasonally adjusted sales pace of 6.76 million units. The median price of homes sold in April rose to \$223,000, an increase of 4.2 percent from April 2005. That was the smallest year-over-year price gain since September 2001. **(Rocky Mountain News)**

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ICSC Report: Retail Good Times Roll On, But Experts Urge Caution

A panel of experts preached caution in the midst of retail prosperity this week at the International Council of Shopping Centers' annual convention in Las Vegas. Setting the stage during a panel discussion sponsored by Marcus & Millichap Real Estate Investment Brokerage Co., Hessam Nadji, managing director of research services, painted a changing but still basically positive picture. Retail growth is slowing from 9 percent last year to a still healthy 6 percent projected in 2006. At the same time, mortgage debt has ballooned to 118 percent of disposable income from 60 percent five years ago. "The consumer is clearly stretched--overstretched is the word," he said. Consumers are taking less equity out of their homes through refinancing, but 12 million new jobs since December 2003 is picking up the slack and maintaining a healthy supply of disposable income. Encouraged by trends like this, retailers are continuing robust expansion programs. "We are trying to get 50 or so Costcos done per year, so we have an appetite for deals," noted panelist Paul Moulton, Costco's executive vice president for real estate development. Yet the panel members cited multiple danger signs. "Too many developers are getting overextended on their deals. People are getting in trouble," said Daniel Hurwitz, senior executive vice president & chief investment officer at Developers Diversified Realty. "(Failing to) understand the development process today for some can be fatal." Bobby Turner, managing partner of Canyon Capital Real Estate Advisors, offered several words to the wise--maintain discipline, identify risks, invest in markets you understand. Hurwitz noted that properties are yielding returns in the 10 percent range, but said, "Despite double digit returns in the industry, we're taking a lot more risk. . . . Institutional capital has to understand that with those returns come risk. That's why

sponsorship is so important.” And many retail properties are overvalued, and the opportunities to get top dollar for them may only last for 18 to 24 months. “If you’ve got lower-quality deals you’ve got a window and you’ve got to get ride of them,” said Bernard Haddigan, managing director of Marcus & Millichap’s national retail group.

(Commercial Property News)

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	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	5.00	4.75	3.00
3 MONTH LIBOR	5.23	5.13	3.32
PRIME RATE	8.00	7.75	6.00
10 YEAR TREASURY	5.03	4.99	4.03
30 YEAR TREASURY	5.13	5.07	4.36